Santander’s Global Sustainable Bonds Framework

Green Bond Framework
Important Information

Non-IFRS and alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, this presentation contains certain financial measures that constitute 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"). The financial measures contained in this presentation that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander Group but are not defined or detailed in the applicable financial reporting framework and have neither been audited nor 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 management and investors to facilitate operating performance comparisons from period to period. While we believe that these APMs and non-IFRS measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in our industry, may calculate or use such measures differently, which reduces their usefulness as comparative measures. For further details of the APMs and Non-IFRS Measures used, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see 2019 2Q Financial Report, published as Relevant Fact on 23 July 2019 and 2018 Annual Financial Report, filed with the Comisión Nacional del Mercado de Valores of Spain (CNMV) on 28 February 2019. These documents are available on Santander’s website (www.santander.com).

Forward-looking statements

Santander cautions that this presentation contains statements that constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as “expect”, “project”, “anticipate”, “should”, “intend”, “probability”, “risk”, “VaR”, “RoRAC”, “RoRWA”, “TNAV”, “target”, “goal”, “objective”, “estimate”, “future” and similar expressions. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The following important factors, in addition to those discussed elsewhere in this presentation, could affect our future results and could cause outcomes to differ materially from those anticipated in any forward-looking statement: (1) general economic or industry conditions in areas in which we have significant business activities or investments, including a worsening of the economic environment, increasing in the volatility of the capital markets, inflation or deflation, and changes in demographics, consumer spending, investment or saving habits; (2) exposure to various types of market risks, principally including interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices; (3) potential losses associated with prepayment of our loan and investment portfolio, declines in the value of collateral securing our loan portfolio, and counterparty risk; (4) political instability in Spain, the UK, other European countries, Latin America and the US; (5) changes in laws, regulations or taxes, including changes in regulatory capital and liquidity requirements, including as a result of the UK exiting the European Union and increased regulation in light of the global financial crisis; (6) our ability to integrate successfully our acquisitions and the challenges inherent in diverting management’s focus and resources from other strategic opportunities and from operational matters while we integrate these acquisitions; and (7) changes in our ability to access liquidity and funding on acceptable terms, including as a result of changes in our credit spreads or a downgrade in our credit ratings or those of our more significant subsidiaries. Numerous factors could affect the future results of Santander and could result in those results deviating materially 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 presentation and are based on the knowledge, information available and views taken on such date; such knowledge, information and views may change at any time. Santander does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.
Important Information

No offer

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Historical performance is not indicative of future results

Statements as to historical performance or financial accretion are not intended to mean that future performance, share price or future earnings (including earnings per share) for any period will necessarily match or exceed those of any prior period. Nothing in this presentation should be construed as a profit forecast.
Executive Summary

Rationale

- Santander’s Global Sustainable Bonds Framework is linked to our Responsible Banking strategy and in line with our intention to deploy additional capital for responsible and sustainable projects.

- This Global Framework, through its funding facilities, enables a connection between sustainable lending to customers and dedicated investor demand, allowing to build a more responsible and sustainable credit portfolio.

Investment Highlights

- Santander is the leading financial entity of the Euro zone with total assets of €1,506.2bn as of March 2019.

- Solid business model which enables to generate value based on profitability, efficiency and innovation, and obtain profits on a recurring basis.

- Santander is strengthening its capital ratios and improving credit quality. The CET1 (+23 bps y/y) stood at 11.23% after organically generating 20 bps in the first quarter of 2019.

- Santander has an historical good performance on sustainability, being part of DJSI since 2000 and among the top positions in the last years, having ranked 1st in 2019.

- Santander has a long history of leadership in financing renewable energy projects. In the last ten years, Santander has been nine times within the top 3 banks in renewable project financing, and always within the top 5. In 2018 Santander participated in:
  - Financing of renewable energy projects, with a generation capacity equivalent to the consumption of 5.7 million households.
  - Green bond client issuances, acting as Lead Manager/Arranger, for a total value of €730 million, and in €2,017 million in ESG syndicated loans.
1. Santander Sustainable Funding Strategy—Green Bond Framework
2. Responsible banking at Santander
3. Capital strength & Funding plan
Santander Sustainable Funding Strategy - Global Sustainable Bonds Framework & Green Bond Framework
Santander’s Global Sustainable Bonds Framework

- The Global Sustainable Bonds Framework constitutes our formal concept to govern all the potential Green, Social or Sustainable bonds.
- For each type of bond issuance, a specific Framework under the Global Framework’s guidelines will be published.
- The Programme is aligned with the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines; is coherent with Santander’s sustainability strategy and contributes to achieve our sustainability commitments.
- Under this Global Framework, the aim is to issue periodically sustainable, social or green bonds.

(1) Proceeds will be exclusively applied to finance or re-finance a combination of both Green and Social Projects.
Santander’s Global Sustainable Bonds Framework

### Green eligible categories

<table>
<thead>
<tr>
<th>Category - SDG</th>
<th>Description¹</th>
</tr>
</thead>
</table>
| Energy efficiency | • Energy savings and consumption.  
• Contribution to climate change mitigation.  
• Green buildings: In order for green building financing to be included the asset must possess environmental certification. |
| Renewable energy | • Renewable energy production, sources: wind, solar, biogas, biomass, thermal, hydro.  
• Manufacture of components of renewable energy technology: wind turbines, solar panels, etc.  
• Transmission and distribution projects when connecting to defined energy assets. |
| Sustainable Water Manag. | • Contribute to access to safe and affordable drinking water.  
• Recycling of water and pollution prevention and control.  
• Aquatic biodiversity conservation. |
| Sustainable Waste Manag. | • Water collection, treatment, recycling, re-use, etc.  
• Contribute to hygiene and access to adequate and equitable sanitation.  
• Recycling of waste and pollution prevention and control. |

¹ Green eligible categories may include other projects in accordance with any update of the ICMA Green Bond Principles at any time.

### Social eligible categories

<table>
<thead>
<tr>
<th>Category - SDG</th>
<th>Description²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>• Hospitals financing, medical equipment and healthcare technologies.</td>
</tr>
<tr>
<td>Education</td>
<td>• Education, primary and secondary schools, Universities, training programs, scholarships, etc.</td>
</tr>
</tbody>
</table>
| SME financing | • Contribute to access to decent work and economic growth.  
• Facilitate job conservation or creation, revitalise economically depressed areas and reduce poverty.  
• Access to banking in underserved populations. |
| Affordable housing | • Access to adequate, safe and affordable housing for excluded and/or marginalised population or communities. |

² Social eligible categories may include other projects in accordance with any update of the ICMA Social Bond Principles at any time.  
Sustainable eligible categories may include other projects in accordance with any update of the ICMA Sustainability Bond Guidelines.
Green Bond Framework
Rationale to issue Green Bonds

- The issuer is fulfilling its purpose acting in a responsible way collaborating to address the climate change challenge, fulfilling its mission, serving shareholders and benefiting society as a whole.
- The issuance support Santander’s Responsible Banking agenda, specifically contributes towards out green finance targets.
- Enable private capital to help finance new and existing projects in the renewable space.
- Demonstrate our support to the transition to a lower carbon economy by reporting the impact of the activities financed.
- Diversify investor base and build valuable dialogue with green driven investors, while optimising our pricing power.
- Showcase our leadership in renewable financings.
Green Bond Framework

Use of proceeds

- The net proceeds of green bond issuances under the scope of this Green Bond Framework (the “Green Bond”) will be used to finance and refinance loans related to renewable energy (Wind and Solar).

- Eligible assets categories have been identified by Santander to provide financing for renewable energy production in projects located in core countries for the Bank (Europe, US and Latin America) and funded by Banco Santander S.A.

- The Green Bond Notes net proceeds will be divided between existing wind and solar assets on Santander balance sheet and new assets of the same nature that will be added. The Refinancing share of eligible assets won’t exceed 50% during the term of the Green Bond. The new eligible assets will include 2019 and onwards production.

- CO₂ emissions avoided: calculated and estimated on annual basis by the issuer.

<table>
<thead>
<tr>
<th>Category - SDG</th>
<th>Description</th>
<th>SDG</th>
</tr>
</thead>
</table>
| Renewable Energy | - Contribution to climate change mitigation  
| | - Energy savings and consumption  
| | - Project finance loans related to:  
| | - Photovoltaic plants  
| | - Concentrated Solar Power, mostly parabolic through solar thermal plants  
| | - Onshore wind farms  
| | - Offshore wind farms, for now with ground-mounted foundations | 7  
| | Affordable and Clean Energy  
| | 13  
| | Climate Action |
Green Bond Framework

Process of evaluation and selection

Evaluation and selection of Eligible Assets based on relevant internal and external expertise with well-defined roles and responsibilities:

- Green Bond Steering Group to review and validate eligible assets that comply with the Green Bond Framework.

- Responsibility of a specialised finance team for renewable energy projects to select and finance assets potentially eligible for Green Bonds.

- The technical, legal, insurance, model audit and tax and market due diligences are carried out by external consultants.

- Risk and compliance teams, undergo E&S analysis, ensure the compliance of all assets with the due diligence process, Equator Principles and Santander’s sustainability policies.
Green Bond Framework

Eligible Assets

- Eligible Assets will contribute to defined environmental objectives, have expected environmental benefits and will meet a set of eligibility criteria defined by the Issuer:
  - The Eligible Assets categories are clearly defined and relevant to the identified objectives and benefits.
  - The chosen Eligible Assets categories are aligned with Santander’s Sustainability Strategy.
  - The objectives and expected environmental benefits of the Eligible Assets categories are clearly defined, measurable, relevant, and precise.

- Santander is one of the global leaders project finance for renewables, with a strong positioning in our core markets (Europe, North America and Latin America). As of close of 2018, Santander had granted project finance loans for renewables for a total remaining debt of about €9.8bn, circa 50% of our overall project finance portfolio.

- Distribution of our Project finance renewables portfolio (as of 31/12/2018)(4):

<table>
<thead>
<tr>
<th>Eligible Asset categories</th>
<th>Number of assets (3)</th>
<th>Total Santander loan exposure (M €) (3)</th>
<th>% of Exposure</th>
<th>% of deal count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore Wind projects</td>
<td>20</td>
<td>1,185</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>Onshore Wind projects</td>
<td>151</td>
<td>3,433</td>
<td>35%</td>
<td>42%</td>
</tr>
<tr>
<td>Solar projects (1)</td>
<td>145</td>
<td>4,566</td>
<td>46%</td>
<td>40%</td>
</tr>
<tr>
<td>Others (2)</td>
<td>45</td>
<td>663</td>
<td>7%</td>
<td>12%</td>
</tr>
<tr>
<td>Total</td>
<td>361</td>
<td>9,846</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) Includes Solar photovoltaic and thermosolar.
(2) Includes hydro, biomass, energy from waste, cogeneration.
(3) Gross loan exposures, as of 31/12/2018.
(4) Distribution per geography based on exposures.
Green Bond Framework

Green Bond Steering Group

- Review and validate the pool of eligible green assets.
- Validate the annual reporting information and related documents to be included in Santander’s Annual Report; review the appropriate external independent auditors’ report and address any issues arising.
- Monitor on-going evolution of the green bond market practices.

Role

- Chaired by the Head of Sustainability at Banco Santander S.A.
- Current members: Sustainability function, Funding and IR functions, Corporate & Investment Banking, Risk and any other team deemed necessary to participate.

Frequency

- The Green Bond Steering Group shall meet at least twice per year.

Members

- Decisions shall be approved by a majority of those present, and in the event of a tied vote the Chairman of the Green Bond Steering Group will have a casting vote.
Green Bond Framework

Management of proceeds

- The net proceeds of the Green Bond will be managed by Santander’s Funding Team (within the Financial Division) in the form of liquidity in a single funding pool in accordance with Santander's normal liquidity management policy.
- The allocation of funds to Eligible Assets will be tracked by the Green Bond Steering Group using a relevant internal system, and ensuring that a portfolio of Eligible Assets at least notionally equivalent to the Green Bond outstanding is maintained all the time.
- Santander has committed to allocate all the proceeds to Eligible Assets at settlement or, within 36 months thereof.

- Unallocated proceeds will be kept in the Bank’s liquidity reserve, composed of cash and Spanish Government securities, securitisations and covered bonds and will not be invested in loans to clients who participate in activities explicitly excluded from the Bank’s regular lending policies.
- In case of divestment or if an asset fails to comply with the eligibility criteria, the issuer has committed to preferably replace this asset with another asset respecting the eligibility criteria within 12 months. An ad hoc report regarding eventual changes in the Green Bond will be made available to investors.
- An independent party will verify the tracking and allocation of funds from the Green Bond proceeds once a year until full allocation.
Green Bond Framework

Content
- Amount of proceeds allocated to the Eligible Green Assets
- Green Bond information will be externally verified
- Information on the environmental impacts of the Eligible Green Assets
- Type of asset

Reporting
The monitoring process is based on relevant internal expertise:

- Relevant people across Santander’s Project Finance business units will be responsible for collecting and transmitting environmental and social information to the Steering Group, who will be responsible for monitoring the assets.
- Santander’s Funding team will track and report on proceeds disbursements to the Green Bond Steering Group until all net proceeds are allocated.
- The Green Bond Steering Group will consolidate all the data and transfer it to the Sustainability business unit, responsible for creating and including the Green Bond’s impact reporting, which will be included in the Annual Report.

Green Bond documents to be published on Santander’s website annually:
- Green Bond Framework
- Second Party Opinion
- Annual Report
- Issuance documentation

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Green Bond Framework

External review

“Vigeo Eiris confirms that the Bond considered by Santander is a “Green Bond” with positive contribution to sustainable development, globally aligned with the Green Bond Principles.”

“The reporting process and commitments are good, covering both the funds allocation and the environmental objectives and benefits of all the Eligible Assets categories, reaching an overall reasonable level of assurance of the Issuer’s capacity to report on the Green Bond’s use, outputs and impacts.”

“The Issuer’s Green Bond Framework is coherent with its main sustainability priorities, and contributes to achieve its commitments.”

“Vigeo Eiris has a reasonable level of assurance on Santander’s capacity to address the relevant issues in terms of environmental responsibility with its investments.”

Santander’s Green Bond issuance is supported by external reviews:

- The sustainability consultant review, i.e. the hereby Second Party Opinion performed by Vigeo Eiris, on the sustainability credentials of the Green Bond, based on pre-issuance commitments and covering the key features of the Green Bond, i.e. Issuer’s sustainability profile and commitments related to the issuance.

- An annual verification, i.e. the Third-Party auditor, covering the allocation of funds, the compliance with all material respects of the Eligible Assets criteria set forth in the Green Bond Framework, until the full allocation of proceeds and later in the case of any material change in the list of Eligible Green Projects, and the reporting metrics, until the maturity date of the bond.
Responsible banking at Santander
Santander’s responsible banking governance framework

Board Responsible Banking, Sustainability & Culture Committee (RBSCC)

Culture Steering
- **Challenge I**: New business environment

Inclusive and Sustainable Banking Steering
- **Challenge II**: Inclusive and sustainable growth

Corporate Responsible Banking Unit

Responsible Banking Network in subsidiaries and global areas
Building a responsible bank from our core strengths

**OUR PURPOSE**
To help people and businesses prosper

**OUR AIM**
To be the best open financial services platform, by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities

**OUR CHALLENGES**

**OUR PRIORITIES**

I. **New business environment**
Ensuring we have the right culture, skills, governance, digital and business practices to meet stakeholders’ expectations. A bank that aspires to be Simple, Personal and Fair

- Simplify processes
- Promote diversity & inclusion
- Enhance data trust
- Improve design, commercialisation and post-sales of products and services

II. **Inclusive and sustainable grow**
Supporting small businesses to create new jobs and helping people access finance, supporting finance the low carbon economy and fostering sustainable consumption. Deliver in our purpose

- Boost financial & social inclusion agenda
- Grow sustainable & responsible products
- Embed environmental and social risks analysis into business decisions
- Drive climate change strategy
### Independent recognition for our progress

<table>
<thead>
<tr>
<th><strong>Dow Jones Sustainability Indices</strong></th>
<th><strong>FTSE4Good</strong></th>
<th><strong>CDP</strong></th>
<th><strong>Bloomberg Gender-Equality Index</strong></th>
<th><strong>SUSTAINALYTICS</strong></th>
<th><strong>ISS-oekom</strong></th>
<th><strong>MSCI</strong></th>
<th><strong>Top Employers Europe 2019</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>In Collaboration with RobecoSAM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Banco Santander included in the Dow Jones Sustainability Index since 2000.**

In 2019 Santander is the world leader, ranking first among the 25 banks in the index this year.

**Banco Santander is also listed on the FTSE4Good index since 2003.**

In 2017 absolute score in the ESG rating of 4.5 points (five being the maximum score).

**Santander has also been participating as CDP signatory since 2007.**

**Banco Santander, world leader in the Bloomberg Gender-Equality Index (GEI).**

With an evaluation of 95.32 points out of 100.

**Above industry average scores and in most cases improving the performance over the last year.**

Sustainalytics, Vigeo Eiris, MSCI and ISS-oekom.

**In 2019 Santander received Top Employers Europe 2019 certification which acknowledges the working conditions companies create for their employees.**

Likewise, in 2018 Santander ranked in the top 3 of the best financial institutions to work in Latin America, according to Great Place to Work.

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Santander’s Responsible Banking public commitments

New business environment

- Top 10 country to work for (core geographies)
- Women on the Board
- Women in senior leadership positions (%)
- Equal pay gap
- Financially empowered people
- Green finance raised and facilitated (euros)
- Electricity used from renewable energy sources
- Unnecessary single use plastic free in corporate buildings and branches
- Scholarships, internships & entrepreneurs programmes
- People helped through our community programmes

Inclusive & sustainable growth

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>6</td>
<td>33%</td>
<td>40%-60%</td>
<td>20%</td>
<td>30%</td>
<td>0%</td>
<td>10MM</td>
<td>120Bn</td>
</tr>
<tr>
<td>3%</td>
<td>10MM</td>
<td>43%</td>
<td>60%</td>
<td>0 tons</td>
<td>0%</td>
<td>200K</td>
<td>4MM</td>
<td></td>
</tr>
</tbody>
</table>

Cumulative target
From...To....

Notes: (1) According to a well-known external source in each country [Great Place to Work, Top Employer, Merco, etc.]. (2) Senior positions represent 1% of total workforce. (3) Calculation of equal pay gap compares employees of the same job, level and function. (4) Financially empowered people [mostly: unbanked and underbanked], through products and services and social investment initiatives, to get access to the financial system, receive tailored finance and increase their knowledge and resilience through financial education. (5) Includes Santander overall contribution to green finance: project finance, syndicated loans, green bonds, capital finance, export finance, advisory, structuring and other products to help our clients in the transition to a low carbon economy. Commitment from 2019 to 2030 to 250Bn. (6) In those countries where it is possible to certify renewable sourced electricity for the properties occupied by the Group. (7) People supported through Santander Universities initiative [students who will receive a Santander scholarship, will achieve an internship in an SME or participate in entrepreneurship programmes supported by the Bank]. (8) People helped through our community investment programmes (excluded Santander Universities and financial education initiatives).

"We will report our progress in these targets in our Annual Report."
Collaborating globally to tackle UN SDGs

Focus mainly on 4 out of 17 SDGs and working with key organisations on sustainability

Group Executive Chairman of Banco Santander, is a member of the WBCSD Executive Committee, since 2015

Active participation in the working groups further to application of requirements

CEO Partnership for Financial Inclusion with 10 companies joining forces to accelerate financial inclusion around the world, using their complementary assets, expertise, and collective commitment to meaningfully expand financial services
Santander’s leadership in green finance


- Breakdown of MW financed by type of renewable energy

- Green credit lines with multilateral entities* (€ million)

Green bonds & ESG loans
In 2018, we have participated as Lead Manager/Arranger in green bond issuances for a total value of €730 million, and €2,017 million in ESG syndicated loans

Financing low-emissions, electric and hybrid vehicles
In Spain Santander finances a fleet of 24,665 vehicles. In 2018 we financed 7,463 transactions

Funding sustainable agriculture and livestock farming
Bunge, Santander Brazil and The Nature Conservancy joined forces to offer soy farmers long-term loans to expand production without clearing native habitat in the Brazilian region of Cerrado

Socially Responsible Investment
We manage 9 SRI funds: seven in Spain, one in Brazil and one in Portugal.


(2) No data of the number of deals for peer 3.
Market leader in renewables finance and low presence in fossil fuel

- Financing of renewable energy (MW financed)

In 2018 Santander participated in the financing of renewable energy projects, with a generation capacity equivalent to the consumption of 5.7 million households\(^1\)

- Low presence in fossil fuel finance

\(^2\) by the Banking on Climate Change 2019 Report

\(^1\) Equivalence calculated using data on the average electricity usage in households for countries in which renewable energies projects have been funded, published by the World Energy Council (2014).

\(^2\) Data source: https://www.bankingonclimatechange.org/AnnualReport and Annual accounts. The graphic report totals loans and subscriptions and the percentage of total financing that goes to fossil fuel financing (Ratio %) from 33 global banks to 1,800 companies throughout the fossil fuel industry as a whole.

\(^3\) Data source: Annual Report and Annual accounts.
Santander’s leadership in green finance

We believe that we can support our customers by helping them in the transition to the green economy.

So we aim to raise 120Bn funding to 2025 and 220Bn to 2030 in green finance to help tackling climate change challenge.

Source: Dealogic, Santander

[1] Includes project finance, syndicated loans, green bonds, capital finance, export finance, advisory, structuring and other products to help our clients in the transition to a low carbon economy. Commitment from 2019 to 2030 is 220Bn. Same criteria applies to both historical and future origination.
Santander investing in communities & promoting financial empowerment

- **Financial empowerment**: helping low income and vulnerable people access to financial services and promoting financial knowledge

  - **2019-2025 target**: 10 million financially empowered customers¹

- **Access** to basic financial services
  - *Superdigital >500k* active customers

- **Resilience**: Programs to improve people’s financial knowledge
  - +360k people benefited from financial education programmes in 2018

- **Finance**: supporting low income people
  - Micro-finance
  - **160 million** in outstanding credit to micro-entrepreneurs at the end of 2018
  - **> 273,000** micro-entrepreneurs supported in 2018

- **Social Investing** in the communities where we are present, with focus to extend and improve access to higher education

  - **121 million** in higher education through Santander Universities and Universia
  - **58 million** through local initiatives to support inclusive growth in the communities where Santander operates

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¹ All 2018 data except (1): Cumulative number of people whom serve with our financial empowerment and inclusion initiatives in any of our geographies during the period 2019-2025. These initiatives target mostly unbaked, underbanked and vulnerable groups.
Capital strength & Funding plan
Santander’s capital levels, both phased-in and fully loaded, exceed minimum regulatory requirements

- The **minimum CET1** to be maintained by the Group as of 2019 following the results of the Supervisory Review and Evaluation Process (SREP) is 9.70%
- As of Jun-19, the distance to the MDA for 2019 is 160 bps²

Note: Data calculated using the IFRS 9 transitional arrangements.
1. Estimated Counter cyclical buffer 2: MDA trigger = min (A+B+C) × 1.60%; (A) Group CET1 (11.30%) + AT1 (1.57%) + T2 (1.96%) vs. Regulatory Total Capital (13.20%) = 1.63%; (B) Group CET1 (11.30%) + AT1 (1.57%) vs. Regulatory Tier 1 Capital (11.20%) = 1.67%; (C) Group CET1 (11.30%) vs. Regulatory CET1 Capital (9.70%) = 1.50%
2. Parent bank, preliminary data.

- AT1 and T2 issuance to target 1.5% and 2% of RWAs respectively is close to zero assuming constant RWAs
- Santander currently complies with the minimum required eligible liabilities (MREL)² following the MREL eligible issuances over the last two years
Capital

2018 EBA stress test - Fully loaded CET1: adverse scenario

<table>
<thead>
<tr>
<th>Fully loaded CET1: adverse scenario (%)</th>
<th>FL CET1: 2017 vs 2020 adverse scenario (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017: 10.61</td>
<td>-141 bps</td>
</tr>
<tr>
<td>2020: 9.20</td>
<td>-193 bps</td>
</tr>
</tbody>
</table>

Santander is the bank with lowest fully loaded CET1 capital destroyed in the adverse scenario compared to its peers.
... has allowed us to generate high and recurring pre-provision profit, leading to resilient growth through the economic cycle...
... and to generate stable and predictable growth

Predictable results with the lowest volatility among peers coupled with growth in earnings

Quarterly reported EPS volatility\(^2\), 1999-Q1'19

<table>
<thead>
<tr>
<th>Country</th>
<th>Net Income Increase 1999-2018</th>
<th>Quarterly EPS Volatility</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>2x</td>
<td>695%</td>
</tr>
<tr>
<td>IT</td>
<td>2x</td>
<td>344%</td>
</tr>
<tr>
<td>CH</td>
<td>0x</td>
<td>123%</td>
</tr>
<tr>
<td>CH</td>
<td>0x</td>
<td>108%</td>
</tr>
<tr>
<td>FR</td>
<td>6x</td>
<td>88%</td>
</tr>
<tr>
<td>FR</td>
<td>4x</td>
<td>76%</td>
</tr>
<tr>
<td>US</td>
<td>6x</td>
<td>61%</td>
</tr>
<tr>
<td>US</td>
<td>4x</td>
<td>44%</td>
</tr>
<tr>
<td>NL</td>
<td>1x</td>
<td>42%</td>
</tr>
<tr>
<td>US</td>
<td>10x</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>5x</td>
<td>9%</td>
</tr>
</tbody>
</table>

(1) Source: Bloomberg, with GAAP Criteria. Note: Standard deviation of the quarterly EPS starting from the first available data since Jan'99.
Financially autonomous subsidiaries

Legal autonomy structure

- **Legal autonomy:** There are no legal commitments that entail financial support
- **Financial autonomy:** Financial interconnections are limited and at market prices
- **Operational autonomy:** Shared services are limited and carried out through autonomous factories. Access to FMIs through other Group entities is very limited

(1) Spain Resolution Group headed by Santander S.A. includes, among others, SCF.
## Santander S.A. funding plan

<table>
<thead>
<tr>
<th></th>
<th>2018 issued</th>
<th>2019 issued YtD</th>
<th>2019 issuance plan</th>
<th>2019 plan²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered bonds</td>
<td>1.6</td>
<td>1.5</td>
<td>3 – 5</td>
<td></td>
</tr>
<tr>
<td>Senior preferred</td>
<td>0.5</td>
<td>4.3</td>
<td>3 – 5</td>
<td></td>
</tr>
<tr>
<td>Senior non-preferred</td>
<td>6.1</td>
<td>0.0</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Hybrids</td>
<td>2.8</td>
<td>1.1</td>
<td>1.5*</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>10.9</strong></td>
<td><strong>6.9</strong></td>
<td><strong>7.5 - 11.5</strong></td>
<td></td>
</tr>
<tr>
<td>o/w Subordinated</td>
<td>8.9</td>
<td>1.1</td>
<td>1.5</td>
<td></td>
</tr>
</tbody>
</table>

Santander S.A. meets current MREL requirement¹ and Group capital buffers (AT1: 1.5%; T2: 2%)

During the last 2 years Santander S.A.'s Funding Plan was focused on TLAC-eligible instruments...

... and in 2019 the Funding Plan is expected to cover debt maturities, and manage our funding structure

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¹ Santander’s understanding of current policy under the existing recovery and resolution rules.
² Issuance plan subject to, amongst other considerations, market conditions and regulatory requirements.
³ €1.1bn AT1 issued in February 2019 however €1.3bn AT1 amortised in Q2 2019.
⁴ Net issuance. Includes AT1 (€500mn) and T2 (€1bn).
Thank You.

Our purpose is to help people and businesses prosper.

Our culture is based on believing that everything we do should be:

**Simple Personal Fair**
Glossary

(APMs) Alternative Performance Measures
(AT1) Additional Tier 1
(Bn) Billion
(bps) Basis points
(CCoB) Capital Conservation Buffer
(CCyB) Countercyclical Capital Buffer
(CET1) Common Equity Tier 1
(CNMV) Comisión Nacional del Mercado de Valores
(DJSI) Dow Jones Sustainability Index
(EBA) European Banking Authority
(EBRD) European Bank for Reconstruction and Development
(EIB) European Investment Bank
(EPS) Earnings Per Share
(E&S) Environmental & Social
(ESG) Environment Social Governance
(ESMA) European Securities and Markets Authority
(FMI) Financial Market Infrastructure
(GAAP) Generally Accepted Accounting Principles
(GEI) Gender- Equality Index
(G-SIB) Global Systemically Important Banks
(ICMA) International Capital Market Association
(IFC) International Finance Corporation
(IFRS) International Financial Reporting Standards
(IR) Investors Relations
(MDA) Maximum Distributable Amount
(Mn) Million
(MREL) Minimum Required Eligible Liabilities
(MW) Megawatts
(PPP) Public-private partnership
(RBSCC) Responsible Banking Sustainability & Culture Committee
(RoRAC) Return on Risk-Adjusted Capital
(RoRWA) Return on Risk-Weighted Assets
(RWA) Risk-Weighted Assets
(SDG) Sustainable Development Goal
(SME) Small and Medium-sized Enterprise
(SREP) Supervisory Review and Evaluation Process
(SRI) Socially Responsible Investment
(TCFD) Task force on Climate-Financial Disclosures
(TLAC) Total Loss Absorbing Capacity
(TNAV) Tangible Net Asset Value
(UK) United Kingdom
(UN) United Nations
(UNSGSA) UN Secretary-General’s Special Advocate for Inclusive Finance for Development
(US) United States