

Banco Santander, S.A.

Special Report on the issuance of Preferred
Shares Contingently Convertible into ordinary
shares excluding the pre-emptive subscription
right

6 May 2021

Madrid, 6 May 2021

Banco Santander, S.A.

Paseo de Pereda, nº 9 to 12
39004 Santander

SPECIAL REPORT ON THE ISSUANCE OF PREFERRED SHARES CONTINGENTLY CONVERTIBLE INTO SHARES EXCLUDING THE PRE-EMPTIVE SUBSCRIPTION RIGHT

To the attention of the General Shareholders' Meeting of Banco Santander, S.A.

We issue this Special Report in accordance with the assignment received from Banco Santander, S.A. (hereinafter, "Banco Santander", the "Bank" or the "Company") and by appointment of Mrs. Emilia Tapia Izquierdo, Commercial and Personal Property Registrar of Santander, who appointed Deloitte, S.L. on 28 January 2021 (hereinafter, "Deloitte") as the auditor for the preparation of the mandatory Special Report. This Special Report was requested to analyze the issuance of preferred securities contingently convertible into ordinary shares of the Company, and the analysis of the reasonableness of the directors' report (the "Directors' Report"). This Special Report will also include the suitability of the conversion ratio and, if applicable, its adjustment formulas, to offset the possible dilution of the shareholders' equity, in accordance with articles 414, 417 and 511 of the Spanish Companies Act (hereinafter, the "Companies Act").

1. Background

Banco Santander is a Spanish company formed under and governed by private law and is subject to the laws and regulations on banking institutions operating in Spain. The Bank's ordinary shares are listed on the Continuous Market of the Spanish Stock Exchanges and on the New York, London, Warsaw and Mexico exchanges. All ordinary shares have the same features and carry the same rights. In addition to the business it carries out directly, the Bank is the parent company of a group of subsidiaries that engage in various activities and, together with the Bank, form the Santander Group (the "Group" or "Santander Group").

According to the information and documentation received, at its meeting of 4 May 2021, the Executive Committee of the Bank, using powers delegated to it by the shareholders at the General Meeting of 12 April 2019, and the subsequent delegation of powers of the Board of Directors of that same date in their favor, resolved to issue preferred shares contingently convertible into newly issued ordinary shares of the Bank in an amount of up to €2,000,000,000 (TWO BILLION EUROS) or, its equivalent in US Dollars, whichever is applicable, excluding the pre-emptive subscription rights, and on a perpetual basis (except if conversion or early redemption occurs) (the "Contingently Convertible Preferred Shares" or the "Preferred Shares") (collectively, the "Issue"). At its meeting of 4 May 2021, the Executive Committee also adopted the mandatory directors' report on the issuance of the Contingently Convertible Preferred Shares (the "Directors' Report"), which states the reasonableness of the financial terms of the issue and the suitability of both the conversion ratio and the formulas for its adjustment as well as the exclusion of the pre-emptive rights.

Appendix I and II to this Report contains the resolutions of the Executive Committee of Banco Santander, S.A. dated 4 May 2021 relating to the adoption of the Directors' Report (which includes attached the Directors' Report) and the issuance of the Contingently Convertible Preferred Shares.

According to the information obtained, the issue will be carried out pursuant to the terms and conditions set out in the Directors' Report and in the resolution of the Executive Committee of that same date. Such terms are specified in the minutes of decisions setting the terms of the issue of 6 May 2021, by Ms. Silvana Borgatti Casale, Director of the Corporate Issuance Department of the Financial Management Area of Banco Santander, S.A., in the exercise of the delegation conferred by the Executive Committee of the Company by resolution adopted at its meeting held on 4 May 2021 and that is attached as Appendix III.

2. Purpose of our engagement

The objectives of our engagement were:

- To state, after application of the procedures established in the Technical Standard for the preparation of the Special Report on Convertible Securities under Article 414 of the Companies Act, whether the Directors' Report contains the information required by the Technical Standard, including an explanation of the terms and modes of conversion of the Preferred Shares.
- To issue a technical opinion on the reasonableness of the data provided in the Directors' Report on the issuance of the Preferred Shares excluding the pre-emptive subscription rights, and on the suitability of the ratio of conversion of the Preferred Shares and the formulas for adjustment to offset any dilution of the shareholders' economic interest, in accordance with Article 417 of the Companies Act. Our opinion was to be based, by analogy and to the applicable extent, on the

Technical Standard published in the ICAC Resolution of 16 June 2004 on the preparation of the Special Report on the exclusion of pre-emptive subscription rights.

The purpose of our engagement was not to certify the price of issue or conversion of the Preferred Shares. The financial and accounting information used for this engagement was obtained from Santander Group's consolidated quarterly report as of 31st March 2021.

3. Procedures of our engagement

We carried out the following procedures to perform our engagement:

- Obtain and analyze the following information:
 - Appointment of an auditor designated by the Commercial and Personal Property Registrar of Santander on 28 January 2021.
 - The Directors' Report which was approved by the Executive Committee on 4 May 2021 related to the terms of the Issuance, which is included in Appendix I.
 - Certification of the resolution of the Ordinary General Shareholders' Meeting of Banco Santander of 12 April 2019 related to the delegation of the issuance of Preferred Securities to the Board of Directors and the exclusion of the pre-emptive subscription right.
 - Certification of date 4 November 2019 of the resolution of the Board of Directors of 12 April 2019 related to the delegation of responsibilities to the Executive Committee.
 - Certification of the resolution of the Executive Committee of 4 May 2021 regarding the approval of the Directors' Report by the Executive Committee, which is included in Appendix I.
 - Certification of the resolution of the Executive Committee of 4 May 2021 regarding the final terms and conditions of the Issuance, which is included in Appendix II.
 - Minutes of decisions of Ms. Silvana Borgatti Casale, Director of the Corporate Issuance Department of the Financial Management Area of Banco Santander, S.A dated on 6 May 2021 related to the determination and completeness of the final terms and conditions of the Issuance, included in Appendix III.
 - Consolidated Annual Accounts and Management Report of Banco de Santander, S.A. and its subsidiaries for the year ended 31 December 2021 and the Independent Audit Report issued by PricewaterhouseCoopers Auditores, S.L., on 23 February 2021, in which it is expressed a favorable opinion.
 - Confirmation of PricewaterhouseCoopers Auditores, S.L., in its capacity as auditor of the Company's accounts, on possible facts or significant factors relating to the economic and equity situation of the Group subsequent to the issuance of its audit report on the Financial Statements for the Fiscal Year 2020 until the date of issuance of this Special Report.
 - Unaudited financial report on the results as of March 31, 2021 of Banco Santander, which has been prepared by the directors of the Bank.
 - Certification of the Governing Bodies of the Madrid Stock Exchange, S.A.U. in relation to: (i) the simple change in the weighted average changes in Banco Santander's stock for the three-month period prior to the calculation date, (ii) the closing change in the Company's

stock trading on the calculation date and (iii) the simple change in the daily weighted average changes in Banco de Santander, S.A.'s stock market trading for the five-day period prior to the date of issue of this Special Report., which is included in Appendix IV.

- Information and explanations provided by management of the Company which regard to the following aspects:
 - The evolution of contingent liabilities or significant commitments existing at the date of the audited balance sheet and their existence at the date that the inquiry on other contingent liabilities or significant commitments is made.
 - Changes in share capital or significant changes in long-term debt or Working Capital that may have occurred between the date of the last annual audited accounts and the date of our Special Report.
 - The current situation of items reflected in the audited financial statements, which were determined based on provisional, preliminary or non-definitive data.
 - The existence of abnormal adjustments or changes in several accounting principles until the date of our Special Report.
 - Communications of privileged information or other relevant information communicated to the National Securities Market Commission from the date of the last audit report to the date of this Report.
 - The existence of other events that could significantly affect the latest financial statements.
- Explanations provided by certain members of management regarding the justifications given by the Executive Committee in its report, regarding the corporate interest to justify the proposal to issue contingently convertible preferred securities and fully eliminate pre-emptive subscription rights.
- Verification that the Directors' Report contains the necessary and sufficient information, including the information indicated in the Resolution of the Institute of Accounting and Auditing of Accounts on 16 June 2004. In particular, we have executed the following procedures in the Directors' Report:
 - Verification of the calculations of the valuation methods used in the Directors' Report in determining the bases and methods for the conversion and other rights, if any, guaranteed to the subscribers of the Preferred Shares.
 - Verification that the Directors' Report justifies the elimination of the shareholders' pre-emptive subscription rights of the perpetual securities convertible into shares of the Company.
 - Check that the accounting information in the Directors' Report agrees with the accounting data of the Company that served as the basis for the preparation of the unaudited consolidated quarterly financial report as of 31 March 2021 of Banco Santander.
 - Verification that, according to the Directors' Report, there are no significant subsequent events that could affect the Issue.

- Analysis of the suitability of the conversion ratio, and where appropriate, of its adjustment formulas, to compensate for a possible dilution of the shareholders' equity.
- Given that the proposed conversion ratio is variable, verification that the formula established by the Executive Committee, applicable as the basis to determine the conversion price, guarantees that such conversion price is not, in any case, lower than the company's shares market price.
- Obtaining a letter signed by an agent of the Company in which they confirm that they have provided us with all the relevant hypotheses, data and information, as well as all the information necessary for the preparation of our Report, and that no events have not been brought to our attention that have occurred after the approval of the Directors' Report up until the issuance of this Special Report, which could significantly affect the results of our work.
- We held meetings with the management of Banco Santander and/or their legal advisers for this transaction seeking clarification on issues detected in the course of our engagement and other useful information.
- Analysis of the price trend of the Company's shares and determination of the average price of these shares during the last representative period prior to the date of the Special Report as indicative value of the fair value of Banco Santander.
- Verification that the Minimum Conversion Price is greater than the nominal value of Banco Santander's shares on the date of the Consolidated Financial Statements, corresponding to the twelve-month period ended on 31 December 2020.
- Analysis and evaluation of whether the conversion price fixed by the Executive Committee and that determines the type of issuance of the shares, corresponds, at least, to the fair value of the Company's shares that arises from the information that we have obtained.

The purpose of our work is not to certify the conversion price, but to exclusively express, by application of the procedures established in the Technical Standard for the preparation of special reports on Issuance of Convertible Obligations in the case of article 414 and 417 of the restated text of the Companies Act, if the Directors' Report contains the required information set forth in the said Technical Standard, which includes the explanation of the bases and modalities of the conversion; analyze the reasonableness of the Directors' Report and the suitability of the conversion ratio and its adjustment formulas, as applicable.

These analyses and verifications do not aim to verify compliance with any legal or formal obligation and have been carried out using information provided by the Company, so we assume no responsibility for the veracity of the data that has been used in the Directors' Report other than those covered by the purpose of this Special Report.

Our work does not correspond to an audit of financial statements, it has not include the necessary procedures by the generally accepted professional standards for the performance of an audit of accounts and, therefore, we do not express a professional opinion about the financial information that we have been provided for the issuance of this Special Report. If we had conducted an audit of the financial statements in accordance with generally accepted professional standards or if we had performed additional procedures or with a different scope, additional aspects of interest that we would have reported. Additionally, it should be considered that the scope of our work has not included a review and evaluation of the fiscal, environmental, legal, regulatory or labour situation of the companies

involved in the proposed operation. Therefore, any risks arising from such situations have not been considered in this Special Report.

Our work is of an independent nature and therefore does not imply any recommendation to the management of the Company, its shareholders and creditors or third parties with regard to the position they should take in relation to the assets, shares or obligations of the Company and its equity investments. Our work is not intended to analyse the suitability of the Company's current or past business strategies or its investees, nor the reasons for the operation, nor analyse any potential business decision involving the Company or its investees.

4. Justification for the exclusion of the pre-emptive subscription rights

The Executive Committee of the Bank believes that from the standpoint of the Company's interests in the exclusion of pre-emptive subscription rights is entirely justified, and necessary to the success of the proposed transaction. The Directors' Report sets out the following considerations:

- a) Issue placement method (accelerated bookbuild): the proposed issue is intended to raise capital while benefiting from the financing terms now available on the market and from some investors' current appetite for instruments of this kind. The exclusion of pre-emptive subscription rights allows for carrying out the issue by means of an accelerated bookbuild. This is the process that best meets the requirements of international capital markets, as it minimizes the time needed to complete the transaction so that "market windows" and opportunities can be grasped, while lowering the costs of raising funds and making it possible to attract finance terms on the market that are better than those that would be available if pre-emptive subscription rights were in effect. In general, the process raises the chances that the transaction will be a success.
- b) Product complexity and restrictions on marketing the issue as a public offering: the complex characteristics of instruments of this kind – a corollary of the prudential rules that render them eligible as additional tier 1 capital – determine that the issue should be aimed at professionals and eligible¹ counterparties only, owing to their enhanced financial sophistication and expertise. Given the regulatory requirements for marketing instruments of this kind, carrying out the proposed issue while Bank shareholders' pre-emptive subscription rights are still in effect is not suitable. Furthermore, placing all the Preferred Shares among investors qualifying as "professionals" or "eligible counterparties" affords access to international markets and, as seen in earlier issues of this type, funds can be raised in larger amounts and on better terms.
- c) Strengthened and more efficiently managed capital: the proposed issue would enable the Bank to raise funds that would be eligible as additional tier 1 capital at an especially good time, in the light of current market conditions. This would enhance Banco Santander's capital ratios under current and future regulations, improve gearing and place the Group on a sound footing to comply with total loss absorption capacity ("TLAC") requirements, while providing room for manoeuvre for managing the maturities of liabilities and redemption options.
- d) Suitability of the issue for the proposed purpose: an issue of contingently convertible preferred shares is the most suitable instrument for meeting, at one and the same time, all the objectives referred to in the previous paragraph: the Preferred Shares would be eligible as additional tier 1

¹ As defined in point (10) of Article 4 (1) and Article 30, respectively, of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II") and which have been transposed into Spanish law in articles 205 and 207, respectively, of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October (the "TRLMV").

(AT1) capital and, therefore, also eligible to cover the Minimum Requirement for own funds and Eligible Liabilities (“MREL”) and required TLAC. This transaction is more suitable than an issue of ordinary shares for the following reasons:

- First, the issue of AT1-eligible instruments optimizes Santander Group’s cost of tier 1 capital. The implied cost of the instruments to be issued (Preferred Shares) is lower than the cost of common equity tier 1 capital (ordinary shares).
 - Preferred Shares are flexible instruments that, in a normal scenario, involve no dilution for shareholders, because they are converted into ordinary shares only in exceptional situations where the Bank’s solvency is in question. Conversion would only take place if the Bank or its consolidable group were to display a common equity tier 1 (“CET1”) capital ratio, as calculated in accordance with Regulation (EU) No 575/2013 of 26 June (CRR), or the own funds regulations applicable to the Bank at the given time, of less than 5.125%.
 - Moreover, even if the Preferred Shares should at some time have to be converted into ordinary shares, the issue price of such ordinary shares would be maximized: under the terms of the Preferred Shares, conversion would go through at a price at least equal to the market price, thus preventing economic dilution of Banco Santander.
- e) Proportionality of the exclusion: finally, the Executive Committee believes that the exclusion of pre-emptive subscription rights is consistent with the due proportionality that must hold between benefits for the Bank and any inconvenience to shareholders by reason of political and/or economic dilution, as explained in further detail in section 4 of this Report, below.

In view of the foregoing, the Executive Committee understands that the combination of the factors described above makes it the ideal alternative for the corporate interest to proceed with the issue of the Preferred Shares, only for qualified investors and consequently excluding the shareholders' preemptive subscription rights.

5. Assessment of the conversion ratio and its adjustment formulas

The purpose of the Issuance referred to in this Special Report is to raise funds eligible as additional Tier 1 capital, which contribute to the construction of the available sub-fund for this type of funds within the Group's minimum capital requirements under the CRR. The Issue, therefore, allows to advance in the fulfillment of the Group's financing plan, reinforcing its regulatory equity.

As the CRR-eligible capital instruments will be "eligible" for the purposes of TLAC and MREL requirements, the Issuance is also intended to help position the Bank for the phase-in of the TLAC/MREL requirements.

Finance terms of the issue:

The finance terms of the issue, and the terms and modes of conversion, are as follows:

a) Amount of the issue

The aggregate nominal value of the Issue amounts to ONE THOUSAND FIVE HUNDRED EIGHTY-THREE MILLION THREE HUNDRED THIRTY-THREE THOUSAND THREE HUNDRED AND THIRTY-THREE EUROS AND THIRTY-THREE CENTS (EUR 1,583,333,333.33), being (i) the aggregate nominal amount of the series 10 (U.S. \$ 1,000,000,000 4.750% Non-Step-Up Non-Cumulative Contingent Convertible Perpetual Preferred

Tier 1 Securities) (“Series 10”) ONE THOUSAND MILLION U.S. DOLLARS (USD 1,000,000,000), equivalent to approximately EIGHT HUNDRED THIRTY-THREE MILLION THREE HUNDRED THIRTY-THREE THOUSAND THREE HUNDRED AND THIRTY-THREE EUROS AND THIRTY-THREE CENTS (EUR 833,333,333.33) at the euro/U.S. dollar exchange rate on 5 May 2021 as appearing on the relevant page of Bloomberg, which amounted to 1.200 U.S. dollars per euro (the “Prevailing Exchange Rate”); and (ii) the aggregate nominal amount of the series 11 (EUR 750,000,000 4.125% Non-Step-Up Non-Cumulative Contingent Convertible Perpetual Preferred Tier 1 Securities) (“Series 11”) SEVEN HUNDRED FIFTY MILLION EUROS (EUR 750,000,000).

The total amount of the Issue will be the amount that corresponds to the nominal value of the CCPS that are effectively subscribed and paid-up, and it will have no effect as regards the rest.

It is stated that, if the Issue were subscribed in full, (i) the amount used out of the maximum amount authorised pursuant to the Seventh Resolution adopted by the Ordinary General Shareholders’ Meeting of the Bank held on 12 April 2019 would be THREE THOUSAND EIGHTY-THREE MILLION THREE HUNDRED THIRTY-THREE THOUSAND THREE HUNDRED AND THIRTY-THREE EUROS AND THIRTY-THREE CENTS (EUR 3,083,333,333.33) and (ii) SIX THOUSAND NINE HUNDRED SIXTEEN MILLION SIX HUNDRED SIXTY-SIX THOUSAND SIX HUNDRED AND SIXTY-SIX EUROS AND SIXTY-SEVEN CENTS (EUR 6,916,666,666.67) would remain available for drawdown.

b) Nominal value, issue price and form of representation

The nominal value of each Contingently Convertible Preferred Shares is 200,000 U.S. dollars (TWO HUNDRED THOUSAND US DOLLARS) (for Series 10 of the Preferred Shares) or, if applicable, 200,000 euros (TWO HUNDRED THOUSAND EUROS) (for Series 11 of the Preferred Shares), which is an amount higher than the nominal value of the shares of the Company (EUR 0.50).

c) Rate of remuneration

The Preferred Shares will have an annual remuneration (the “Remuneration”):

- i. Series 10: (a) from the disbursement date to the first reset date, at 4.750%, and (b) from the first reset date onwards, for each five-year period, at the rate resulting from the addition of 375.3 basis points to the 5-year UST; and
- ii. Series 11: (a) from the disbursement date to the first reset date, at 4.125%, and (b) from the first reset date onwards, for each five-year period, at the rate resulting from the addition of 431.1 basis points to the rate resulting from the 5-year mid-swap applicable.

d) Date of maturity and early redemption

Contingently Convertible Preferred Shares are perpetual securities with no maturity.

Notwithstanding the foregoing,

- i. The Contingently Convertible Preferred Shares of the Series 10 may be redeemed, at the option of the Bank, in accordance with the procedure provided for in articles 77 and 78 of CRR, at any time within the six months prior to 12 May 2027 (first reset date of Series 10) and thereafter on any of the remuneration payment dates; and
- ii. The Contingently Convertible Preferred Shares of the Series 11 may be redeemed, at the option of the Bank, in accordance with the procedure provided for in articles 77 and 78 of CRR, at any

time within the six months prior to 12 May 2028 (first reset date of Series 11) and thereafter on any of the remuneration payment dates.

Additionally, at any time during the life of the Issue, under certain circumstances (mainly related to a change of circumstances of a fiscal or regulatory nature), the Bank may also proceed to their redemption.

e) Basis and methods of conversion

The Preferred Shares would necessarily be converted in their entirety into newly issued ordinary shares of the Bank if the Bank or the Bank's consolidable group for regulatory purposes reaches a common equity tier 1 ratio of less than 5.125%, as calculated in accordance with CRR.

f) Guarantees

The Preferred Shares will in all cases be guaranteed by the general credit of Banco Santander in accordance with the rank and priority indicated in the following section. They will not benefit from any additional guarantees.

g) Order of priority

The payment obligations in respect of principal under the Preferred Shares, while they qualify as Additional Tier 1 Instruments (as such term is defined below) will rank, by order of priority, junior to the payment obligations in respect of principal under Tier 2 Instruments (as such term is defined below) and shall constitute direct, unconditional, unsecured and subordinated obligations of the Bank pursuant to Article 281.1.2^o of the Insolvency Law and in accordance with the Additional Provision 14.3 of Law 11/2015, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise).

- "Additional Tier 1 Instruments" means any subordinated obligation of the Bank pursuant to Article 281.1.2 of the Insolvency Law, qualifying as additional tier 1 instruments under Additional Provision 14.3 (c) of Law 11/2015.
- "Tier 2 Instruments" means any subordinated obligation of the Bank according to Article 281.1.2 of the Insolvency Law, qualifying as tier 2 instruments under Additional Provision 14.3 (b) of Law 11/2015

h) Conversion ratio

The ratio of conversion (hereinafter referred to as the "Conversion Ratio") of Preferred Shares will be variable. In the event of conversion, the number of ordinary shares to be allotted to each holder of Preferred Shares would be equal to the quotient of the nominal value of the Preferred Shares held by that holder at the time of conversion and the Conversion Price, as defined below. Any fraction of an ordinary share resulting from the calculation will be rounded down. The Bank shall not pay any compensation for such fractions. According to the content of the Directors' Report, the resolution of the Executive Committee of May 4, 2021 and the minutes of decisions of 6 of May 2021, for the purposes of the conversion ratio:

- the value of the Preferred Shares shall be their nominal value; and
- the "Conversion Price" of the Bank's ordinary shares shall, if the ordinary shares were then listed, be the greater of:

- market value at the reference date, calculated as the mean of volume-weighted prices of Banco Santander shares in the five trading days immediately before the reference date, calculated in accordance with the issue resolution of the Executive Committee of 4 May 2021 and converted in the case of the Serie 10 into US dollars at the euro / US dollar exchange rate at 12:00 hours (London time) displayed on the relevant page of Bloomberg, Reuters or other provider, at the choice of Banco Santander, on such given date, and if such day cannot be determined, it will be the exchange rate displayed at 12:00 hours (London time) on the immediately preceding day on which it can be determined, or if the exchange rate cannot be so determined will be the one determined by an independent expert. in good faith (“Applicable Exchange Rate”).
- The minimum conversion price will be 2.129 euros that results from applying the 66% of the listing price of the Banco Santander’s shares at the close of the market on 5 May 2021. For the purposes of Series 10, and applying the prevailing exchange rate, the Minimum Conversion Price of Series 10 is 2.555 U.S. dollars.
- the nominal value of the Bank’s shares at the time of conversion (in the case of the Serie 10 converted to US dollars at the Applicable Exchange Rate) in compliance with Article 415 of the Companies Act.

If appropriate, the minimum conversion price will be modified by the anticipated anti-dilution adjustments under the Executive Committee resolution of 4 May 2021 and as set out in the terms and conditions of the Issue (attached to the minutes of decisions whose certification is attached to this Special Report as Appendix II).

If the Issuance is fully subscribed, the capital increase, which is expected to be carried out in the event of conversion, would give rise to the issuance of a number of common shares that will depend on the applicable conversion price. Taking the Minimum Conversion Price set in the Record of Decision of 6 May 2021 (and without prejudice to any anti-dilution adjustments to be applied), the maximum number of common shares to be issued would be 743,667,496 shares.

If at that time the ordinary shares were not traded on an exchange, the Conversion Price would be whichever were greater of the minimum conversion price or the nominal value of ordinary shares at that date converted for the Serie 10 to US dollars (by the Applicable Exchange Rate).

Ordinary shares shall in no event be issued at a price below their nominal value. As of the date of the Special Report, the par value per share of Banco Santander is 0.5 euros per share.

Hence the Conversion Price proposed by the Executive Committee must at least equal the fair value of ordinary shares at the date of conversion.

The price per share at the close of 5 May 2021 date of the last available day prior to the issuance of the present report was 3.2250 euro, and the average price per share in the three-month period ending on 5 May 2021 was 2.9298 euro.

The unit book value of consolidated equity and valuation adjustments of Banco Santander, disregarding non-controlling interests, came to 4.76 euros per share at 31 March 2021 according to the unaudited Consolidated quarterly financial report of Banco Santander as of 31 March 2021. This amount exceeds the listed prices referred to above, and the Minimum Conversion Price defined in the Directors' Report. Additionally, taking into account the financial data relating to the consolidated Financial Statements of Banco Santander corresponding to fiscal year 2020 and audited by PricewaterhouseCoopers Auditores,

S.L., the unit book value amounted to 4.70 euros.

The variable nature of the Conversion Price avoids economic dilution of the Bank's shareholders for the following reasons:

- The conversion is contingent, not necessary. The conversion scenario is contingent and futuristic, so it does not necessarily have to occur and the Preferred Shares would only be converted in certain situations in which the solvency of Banco Santander or the Group, for regulatory purposes, would have a Common Equity Tier 1 ratio of less than 5.125%. In this regard, we must point out that as of March 31, 2021 and according to the unaudited quarterly financial report of Banco Santander has a Common Equity Tier 1 ratio of 12.30% *phase-in* and 11.89% *fully-loaded*.
- In the event of a forced conversion into shares, the conversion ratio has been defined on a variable basis. The basis for the market conversion has been set based on the Bank's share price, calculated as the average of the volume-weighted average prices of Banco Santander shares in the five trading days immediately prior to the date on which the conversion assumption occurs.

Therefore, the issue rate of the shares that, if applicable, would be issued for the conversion corresponds, at least, to the market value of the Banco Santander share at the time of conversion (or at a fixed price per share of 2.129 euros for Serie 11 and 2.555 U.S. dollars for Serie 10, if the market value were lower) and, therefore, at least to their fair value, so that there would be no economic dilution of the Bank's shareholders.

- Finally, the conversion mechanism features a minimum conversion price that, by definition, if applied, would exceed the market value of ordinary shares at the time: shareholders' economic dilution would be negative. If necessary, the minimum conversion price would be adjusted in accordance with the standard anti-dilution terms and conditions for the issue of convertible securities, and would never be lower than the nominal value of an ordinary share at the time (it is now 0.5 euros).

Therefore, the notional value of the pre-emptive subscription rights that are proposed to be excluded would be nil. The Conversion Price would be set as whichever were greater of the quoted price of ordinary shares at the time of conversion of the Contingently Convertible Preferred Shares or the minimum conversion price, as adjusted if need be by the anti-dilution mechanisms described in the Directors' Report, which are specified in the Executive Committee's resolution to issue, always making for a price that exceeds the nominal value of Bank ordinary shares.

6. Relevant aspects to consider when interpreting the results of our work

On May 3, 2021 an amendment was made to Article 510 of the Companies Act. Our appointment in relation to this Special Report took place prior to the amendment of article 510 of the Companies Act. In this sense, we must point out that our Special Report gives conformity to the amendment of said article.

Both the interpretation of what is required in articles 414, 417, 510 and 511, of the Companies Act, and the opinions expressed in this Special Report imply, in addition to objective factors, other subjective factors that require judgement. Therefore, it is not possible to ensure that third parties are necessarily in agreement with the interpretation and judgements expressed in this Special Report.

The information required to carry out our work has been provided to us by Banco Santander's

Management, its advisors or it has been obtained from public sources.

The contrast of the information obtained from public sources with external evidence has not been part of our work, however, we have verified as far as possible that the information presented is consistent with other data obtained during the course of our work.

Since the Conversion Ratio is based on a Conversion Price whose value will be determined when the future event of the conversion occurs, it is not possible to determine the value according to that future event and we are not obligated to update our report because of facts that may occur after the date of issuance. The content of this report must be understood by referring to all of the information received on events that occurred prior to the date of the report.

We have assumed that all the authorizations and records that may be relevant in Spain and in the other jurisdictions in which Banco Santander is present for the effectiveness of the projected transaction and that significantly affect our analysis, will be obtained without any adverse effect for the transaction that is the subject of our analysis.

Finally, it is important to highlight that our work is of an independent nature and, therefore, does not imply any recommendation to the Banco Santander's management, to its shareholders or to third parties of the position that they should take in relation to the analysed issuance of the Preferred Shares.

7. Conclusion

Based on the work performed, the scope described in the preceding paragraphs, and subject to the relevant issues to be considered in the interpretation of our findings, and considering that our work has been performed for the sole purpose of complying with the requirements set out in articles 414, 417, 510 and 511 of the Companies Act, in our opinion as independent experts:

- The attached Banco Santander Directors' Report dated 4 May 2021, regarding the proposal for the issuance of preferred securities into Banco Santander's shares, excluding the pre-emptive subscription right, contains the information required by the articles 414 and 417 of the Consolidated Text of the Capital Companies Act and as applicable in the Technical Standard for the preparation of the Special Report and the data contained in the Directors' Report are reasonable having been correctly documented and presented, and
- The conversion ratio for the Preferred Shares into Banco Santander's shares, excluding the pre-emptive subscription right, and if applicable, its adjustment formulas are suitable for compensating for a potential dilution of the shareholders' financial interest.

This Special Report and the information contained in it have been exclusively prepared for the purposes of articles 414, 417, 510 and 511 of the Companies Act and, therefore, it should not be used for any other purpose.

DELOITTE, S.L.

(Signed on the original in Spanish)

- Appendix I:** Directors' Report dated 4 May 2021 regarding the terms of the Issue.
- Appendix II:** Certification of the resolution of the Executive Committee dated 4 May 2021 regarding the terms of the Issue.
- Appendix III:** Minutes of decisions of Ms. Silvana Borgatti Casale, Director of the Corporate Issuance Department of the Financial Management Area of Banco Santander, S.A 6 May 2021 of Banco Santander, S.A.
- Appendix IV:** Certification of the Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. (Governing Body of the Madrid Stock Exchange).

Appendix I: Directors' Report dated 4 May 2021 regarding the terms of the Issue.

JAIME PÉREZ RENOVALES, GENERAL SECRETARY AND SECRETARY OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE COMMITTEE OF “BANCO SANTANDER, S.A.”

I HEREBY CERTIFY: That in accordance with the minutes of the meeting, on 4 May 2021, following the opportune call, the Executive Committee of Banco Santander, S.A. was held, in writing and without a meeting, in accordance with the provisions of Articles 248 of the Companies Act and 25 of the Regulations of the Board of Directors, and without opposition from any of its members, Ms. Ana Patricia Botín-Sanz de Sautuola y O'Shea, Mr. Bruce Carnegie-Brown, Mr. José Antonio Álvarez Álvarez, Mr. Luis Isasi Fernández de Bobadilla, Mr. Ramiro Mato García-Ansorena and Ms. Belén Romana García, in order to, by virtue of the delegation by the Board of Directors of the powers received from the General Shareholders' Meeting, to adopt resolutions relating to the issuance of contingently convertible preferred securities into shares for an amount of up to two thousand million euros (EUR 2,000,000,000,000) and/or its equivalent in U.S. dollars. All the aforementioned members of the Executive, by means of the opportune communication, via e-mail, received by the last of them on the above-mentioned date, expressed their agreement with, as indicated above, the holding of the meeting in writing, as well as with the aforementioned resolutions and the corresponding minutes. Among said resolutions, as it appears from the referred minutes, is the one that literally reads as follows:

“I Approval of the report of the Executive Committee regarding the issue of one or more series of contingently convertible preferred securities into shares for an amount of up to two thousand million euros (EUR 2,000,000,000,000) and/or its equivalent in U.S. dollars

Annex 1 hereto includes the report regarding the issue of one or more series of contingently convertible preferred securities into ordinary shares of Banco Santander, S.A. (hereinafter “**Banco Santander**” or the “**Bank**”) for an amount of up to two thousand million euros and/or its equivalent in U.S. dollars (the “**CCPS**”) which execution is being considered and pursuant to the authorization included in resolution Seven of the agenda of the Bank’s ordinary general shareholders meeting held on 12 April 2019 and the subsequent delegation of powers in favor of the Executive Committee approved by the Board of Directors on the same date (the “**Issue’s Report**”).

For the purposes of the requirements of articles 286 and 414.2 (in relation to the bases and modalities of the conversion of securities and the capital increase necessary for such purpose) and 417.2 and 511 (with regard to the exclusion of pre-emptive rights) and 510 (with regard to the reasonableness of the financial terms of the issue and on the suitability of the conversion ratio and its adjustment formulas) of the consolidated text of the Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July (the “**Companies Act**”) and in the aforementioned resolution Seven of the ordinary general shareholders meeting held on 12 April 2019, the Executive Committee unanimously approves the drafting of the Issue’s Report. This report is issued by the Executive Committee in compliance with articles 249 bis.f) of the Companies Act and 16.4 in relation with 3.2.t) of the Regulations of the Board of Banco Santander.

Pursuant to the provisions of article 511 of the Companies Act and of resolution Seven of the ordinary general shareholders meeting held on 12 April 2019, this report, prepared by the Executive Committee in compliance with the requirements of articles 414.2, 417.2 and 510 of the Companies Act, together with the report of an independent expert to be issued pursuant to the provisions of articles 414.2 and 417.2 of the Companies Act, shall be made available to the shareholders and reported to the first general shareholders meeting of the Bank to be held following the adoption of the resolution to issue PPCC. Likewise, in compliance with Recommendation 5 of the Code of Good Governance of Listed Companies approved by the Board of the Spanish National Securities Market Commission (CNMV) in February 2015 and revised in June 2020, the Bank would publish this report, together with the aforementioned report of the independent expert, on its corporate website once the conditions of the issue of the CCPS have been established.”

I finally CERTIFY that in what is omitted there is nothing that restricts, annuls or conditions what has been previously stated.

And, for the record, I issue the present certificate, approved by Mr. José Antonio Álvarez Álvarez, Vice President, in Boadilla del Monte, on 5 May 2021.

Approved by,
Vice President

ANNEX 1

REPORT PREPARED BY THE EXECUTIVE COMMITTEE OF BANCO SANTANDER, S.A. ON THE ISSUE OF ONE OR MORE SERIES OF CONTINGENTLY CONVERTIBLE PREFERRED SECURITIES INTO SHARES FOR AN AMOUNT UP TO TWO THOUSAND MILLION EUROS (EUR 2,000,000,000) AND/OR ITS EQUIVALENT IN U.S. DOLLARS TO BE APPROVED PURSUANT TO THE AUTHORISATION GRANTED BY THE SHAREHOLDERS AT THE GENERAL SHAREHOLDERS' MEETING HELD ON 12 APRIL 2019 UNDER ITEM SEVEN OF THE AGENDA

This report is prepared in connection with the resolution to issue one or more series of preferred securities contingently convertible into common shares of Banco Santander, S.A. ("**Banco Santander**", the "**Bank**", or the "**Company**") for up to two thousand million euro (EUR 2,000,000,000) or its equivalent in U.S. dollars (the "**CCPS**") that will be submitted to and, if appropriate, approved by the Bank's Executive Committee on the date of this report in reliance on the authorisation provided by the shareholders at the general shareholders' meeting held on 12 April 2019, under item Seven of the agenda and the subsequent delegation of powers on the Executive Committee approved by the Board of Directors on the same date. This report is issued by the Executive Committee in compliance with articles 249 bis.f) of the Companies Act (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010 of 2 July (the "**Companies Act**"), and 16.4 in relation with 3.2.t) of the Regulations of the Board of Banco Santander.

This report is issued in compliance with the requirements established in articles 286 and 414.2 (in connection with the basis and methods for the conversion of debentures and the capital increase required for that purpose), 417.2 and 511 (as regards the exclusion of pre-emptive rights) and 510 (in connection with the reasonableness of the financial terms of the issue and the suitability of both the conversion ratio and the formulas for its adjustment) of the Companies Act and resolution Seven adopted by the shareholders at the general shareholders' meeting of 12 April 2019.

The following are the two reports issued pursuant to the requirements of the cited articles of the Companies Act.

Pursuant to the provisions of article 511 of the Companies Act and resolution Seven adopted at the general shareholders' meeting of 12 April 2019, this report and the report that the independent expert appointed for that purpose by the Commercial Registry of Cantabria will prepare concerning the basis and methods for conversion, the fairness of the information included in this report and the suitability of both the conversion ratio and the formulas for its adjustment to offset a potential economic dilution for the shareholders, will be made available to the shareholders, and reported to the shareholders at the first general shareholders' meeting to be held following the resolution approving the issue of the CCPS. Likewise, in compliance with Recommendation 5 of the Code of Good Governance of Listed Companies approved by the Council of the Spanish Stock Market Commission ("**CNMV**") in February 2015 and revised in June 2020, the Bank will publish this report, together with the aforementioned independent expert's report, on its corporate website once the conditions of the issue of the CCPS have been established.

1. RATIONALE FOR THE ISSUE OF CCPS

In accordance with the framework of solvency and own funds defined by Regulation (EU) 575/2013 of 26 June (“**CRR**”) and Directive 2013/36/EU of 26 June (as transposed into Spanish national law¹, “**CRD**”), which implement the regulatory framework known as “Basel III” in Europe, Banco Santander, as a Spanish credit institution and parent company of a consolidable group of credit institutions, is subject to —on an individual and consolidated basis— a minimum capital requirement (known as “Pillar 1”²), a specific capital requirement (known as “Pillar 2R”) and an additional requirement denominated “combined buffers requirement” (which must be met with Common Equity Tier 1 (“**CET 1**”), in addition to the CET 1 intended to comply with Pillar 1 and Pillar 2³). The Pillar 2 requirement (both Pillar 2R and Pillar 2G) is set by the European Central Bank ad hoc for each institution on an annual basis taking into account the outcome of the assessment and supervisory-review process (“SREP”). In the case of Banco Santander, as a result of the SREP, the European Central Bank required the Bank to maintain from 1 January 2020 (the “**2019 SREP Decision**”): (i) a CET 1 ratio of at least 9.7%⁴ on a consolidated basis and at least 8.6% on an individual basis, and (ii) total capital ratio of at least 13.2% on a consolidated basis and at least 12.1% on an individual basis. On 24 November 2020 the Bank received the European Central Bank’s SREP communication for the 2020 cycle in which the supervisor has chosen to follow a pragmatic approach for this 2020 SREP cycle focusing on the ability of supervised entities to meet the challenges of the Covid-19 crisis and its impact on their current and future risk profiles. This communication is not a supervisory measure and does not amend or repeal the 2019 SREP Decision and therefore confirms the validity of the requirements included therein. Therefore, as of the date of this report, the CET1 requirement for Banco Santander at the consolidated level is at least 8.85%⁵.

On 31 March 2021, the Bank’s total capital ratio was 16.16% on a consolidated basis, with the Bank’s CET 1 capital ratio at 12.30% on a consolidated basis. These ratios comfortably exceed the regulatory capital requirements currently applicable to Banco Santander.

Notwithstanding the fact that —as indicated— the Bank currently complies comfortably with all capital requirements and has sufficient issuances of specific instruments to meet its capital requirements efficiently, it is proposed to issue new securities that qualify as AT1 for strengthening its capital ratios and maintaining adequate management margins above the capital requirements applicable to the Bank and to enable Banco Santander to at all times strengthen and preserve sound capital position of

¹ Transposed into Spanish law through Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities (“**LOSS**”), Royal Decree 84/2015, of 13 February, which implements the Law 10/2014, and Bank of Spain Circular 2/2014 and Bank of Spain Circular 2/2016.

² The Pillar 1 capital requirements are the following: 8% of total own funds (which is the aggregate of tier 1 and tier 2), 6% of tier 1 (which is the aggregate of CET 1 and AT1) and 4.5% of common equity tier 1 ratio (CET 1); all those percentages measured on the risk-weighted assets (“RWA”).

³ Pillar 2 of capital is formed by a requirement (or Pillar 2R, for the “r” of requirement) that can be partially satisfied with AT1 and tier 2 instruments and in the stacking order it is placed above the requirement of Pillar 1 but before the combined buffers requirement; and a guidance or non-binding recommendation (or Pillar 2G, for the “g” of guidance).

Pillar 2G must be satisfied entirely with CET 1 and is placed in *stacking order* above the combined buffers requirement. Its main characteristic is that it is a *guidance* and not a requirement, and therefore its eventual breaches do not trigger the obligation to calculate the “maximum distributable amount” and the limitations and restrictions arising from it.

⁴ This requirement includes, on the date of the requirement: the minimum Pillar 1 requirement (4.5%), the Pillar 2R requirement (1.5%), the capital conservation buffer (2.5%), the requirement derived from its consideration as a Global Systemic Financial Institution (1%) and the requirement regarding the counter-cyclical capital buffer (0.2% of CET1, stemming from the activities of the group in the United Kingdom and in the Northern Countries).

⁵ This requirement includes: the Pillar 1 requirement (4.5%), the Pillar 2R requirement (which is now 0.84% due to the capital relaxation measures approved by the European Central Bank in March 2020 and which allow institutions to partially use additional Tier 1 and Tier 2 capital instruments for this purpose), the capital conservation buffer (2.5%), the requirement derived from the consideration as global systemic financial institution (1%) and the countercyclical capital buffer requirement (0.01% of CET 1).

the Bank and its group in the most efficient way, seeking the appropriate balance between the cost that one or other type of instruments may imply for the institution and the computability of those instruments for the purposes of various regulatory requirements and the expectations of investors and the market.

In addition, the issue of the CCPS will enable the proactive and orderly management of market expectations as well as the maturities and early-redemption options of the outstanding issuances of the Bank's eligible liabilities, guaranteeing at all times efficient compliance with the solvency requirements and taking advantage, eventually, of the favorable market circumstances existing at each moment (notwithstanding the fact that the relevant junctures for the purposes of determining the suitability of the early-redemption of each issue are those existing on the date of its redemption or early maturity), which is in Banco Santander's best interest.

Likewise, the following is of note:

- (i) Similar to other issues of AT1 instrument in recent years, the proposed securities contribute to the substitution for previous issues of preferred securities that are affected by the progressive disqualification set out in article 486 of CRR. Article 486 establishes that the elements and instruments that qualify as additional tier 1 capital that were issued before 31 December 2011 and no longer meet the qualification requirements set out in articles 51 and 52 of CRR will gradually lose their corresponding qualification at 10% per year (for a period from 1 January 2014 and 31 December 2021). This gradual disqualification makes substitution for new instruments that meet the requirements desirable.
- (ii) Furthermore, this type of issues are useful for strengthening the leverage ratio. In accordance with the provisions of article 429 of CRR, the leverage ratio is calculated as the tier 1 capital divided by the total exposure of the entity, for which the AT1 instruments issues strengthen the leverage ratio by increasing its numerator.

In addition, the additional buffer in the leverage ratio for G-SIBs (among which is Banco Santander) is scheduled to come into effect as of 1 January 2023. Therefore, this type of issues will contribute to the fulfilment of these requirements once they are in force.

- (iii) Moreover, since the capital instruments that qualify under CRR are eligible for the purposes of the TLAC (Total Loss Absorbing Capacity)⁶ (and the MREL —*Minimum Required Eligible Liabilities*—), the issue of the CCPS that are the subject of this report places the Bank in a favourable position for the purposes of a phase-in implementation of the TLAC/MREL.
- (iv) Finally, and in relation to the package of reforms aimed at strengthening the regulations applicable to European Banks approved in 2019, the possibility that part of the Pillar 2 requirement could be satisfied with AT1 instruments was introduced (in particular, 18.75%⁷ of the requirement, although the competent authority reserves the right to adjust it downward or upward). Therefore, the issue of this type of securities could also be used to comply with this requirement.

The Executive Committee further believes that, again, as happened with the contingently convertible preferred securities issues in the past by the Bank, the best way to capitalise on this interest, or "market window", is through an accelerated bookbuilding process, which allows for: (a) raising funds

⁶ "Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution. Total Loss-absorbing Capacity (TLAC) Term Sheet". Financial Stability Board (FSB), 9 November 2015.

⁷ See new article 104a.4 introduced by CRD (pending partial transposition). 3/4 of the requirement must be met with Tier 1 elements and, out of those Tier 1 elements, 3/4 must be CET 1 ($0.75 * 0.25 = 0.1875$).

within a very short period of time; (b) raising such funds efficiently on the financial terms and conditions prevailing in the market, reducing the costs and risks inherent in the transaction by reducing the periods during which the placement of the securities is exposed to market volatility, and finally (c) to place the offered CCPS on market terms that are more advantageous for the Company than the terms that might be expected to be obtained if the issue were to be carried out recognising shareholders' pre-emptive rights, and with less uncertainty concerning the outcome and risk of the transaction.

In order to be able to carry out a bookbuilding process in connection with an issue of preferred securities contingently convertible into newly-issued shares such as the one proposed by the Bank, it is essential to exclude shareholders' pre-emptive rights in order to seek expressions of interest in subscribing for the securities from professional investors specialising in this type of instrument, who are those who are in a position to offer the Bank the most efficient financial terms and conditions for this product; accordingly, this exclusion is inherent in the type of placement selected. Section 4 below provides a detailed rationale, including these and other reasons for requiring the exclusion of such rights from the standpoint of the corporate interest.

The exclusion of the pre-emptive rights makes necessary the drafting of this report pursuant to articles 417.2 and 511 of the Companies Act. Moreover, in accordance with Article 510 of the Companies Act, the appointment of an independent expert to issue the corresponding report has been requested to the Commercial Registry.

2. LEGAL FRAMEWORK GOVERNING THE CCPS

CCPS that are intended to be issued are considered hybrid own-funds instruments of a perpetual nature and are eligible as additional tier 1 capital pursuant to articles 51 through 55 of CRR. In addition, CCPS are governed, for tax purposes, by additional provision one of the LOSS.

The legal framework governing these instruments requires that a mechanism is made available for the participation of the holders thereof for absorbing the institution's current or future losses, which includes conversion of preferred securities into instruments eligible as common tier 1 capital (e.g. common shares). That mechanism is, in fact, the mechanism proposed for the issue of the CCPS. Their convertible nature, while contingent, does not detract from the perpetual nature of the issue of the CCPS, which will only be converted into shares upon the occurrence of any of the "trigger events" required by law —relating to situations in which the Bank's solvency is at risk— and which could be redeemed early if the applicable legal requirements are met.

3. DESCRIPTION OF THE PLACEMENT METHOD

The Bank will carry out an accelerated bookbuilding process in order to obtain indications of investors' interest in the issue.

To such end, the Company will retain the services of reputable institutions (known as joint lead managers or underwriters of the process) to carry out the bookbuilding process among professional clients interested in subscribing the issue. The bookbuilding process is not expected to take more than 48 hours.

Once this process ends, the final terms and conditions of the issue will be set in accordance with the resolution approving the issue, if any, that is foreseen to be approved by the Executive Committee on the date of this report, in reliance on the authorisation granted by the shareholders at the general shareholders' meeting held on 12 April 2019, under item Seven of the agenda and the subsequent delegation of powers approved by the Board of Directors on the same date.

Specifically, after the passing of resolution on the issue by the Executive Committee, the person or persons to whom it delegates such power will, on the basis of the bookbuilding process, set the total amount of the issue, the number of series comprising the issue, the type or types of remuneration, the period from which the early-redemption of each series may be exercised by the Bank, if appropriate, as well as the date for subscription and payment of the CCPS.

4. THE EXECUTIVE COMMITTEE'S REPORT FOR THE PURPOSES OF ARTICLES 417, 510 AND 511 OF THE COMPANIES ACT

The issue of the CCPS that will be submitted to the Executive Committee and, if appropriate, approved on the date of this report, acting pursuant to the delegation of powers that were previously delegated to the Board of Directors at the general shareholders' meeting and subsequently delegated by it in favour of the Executive Committee, requires that the pre-emptive right that shareholders would otherwise have in connection with the issue of convertible obligations be excluded in full.

Accordingly, and pursuant to articles 417, 510 and 511 of the Companies Act, a report must be prepared that provides a detailed rationale for the proposed exclusion and the suitability of both the conversion ratio and the formulas for its adjustment, which must be made available to the shareholders. Notice of the report must be given to the shareholders at the first general shareholders' meeting to be held following that in which the resolution approving the issue was passed. Likewise, as indicated, in compliance with Recommendation 5 of the Code of Good Governance of Listed Companies approved by the Council of CNMV in February 2015 and revised in June 2020, the Bank will publish the report on its corporate website once the conditions of the issue of CCPS have been established.

The Executive Committee believes that the exclusion of pre-emptive rights is fully justified from the standpoint of the corporate interest and that it is necessary to undertake the proposed transaction. And, in order to evidence that conclusion in detail, the following is noted:

One.- Accelerated bookbuilding. Capitalising on "market windows", lesser exposure to market volatility and cost savings.

The purpose of the proposed issue is to raise own funds taking advantage of the favourable financing conditions in the market and the interest of certain types of investors in instruments such as the one the Bank intends to issue. The exclusion of pre-emptive rights makes it possible to carry out the issue through the bookbuilding process, which is the one best suited to the requirements of international capital markets, reducing the execution time of the transaction to the minimum possible, which makes it possible to take advantage of possible "market windows" or suitable opportunities for financial transactions, reduces the cost of raising funds, makes it possible to obtain the financial conditions prevailing in the market which are more favourable for the issue than those that would be obtained if it were made with pre-emptive rights and, in general, increases the likelihood that the transaction will be successful.

Without the approval of the exclusion of pre-emptive rights, it would be impossible to structure the issue as designed, which would prevent the implementation of the bookbuilding process at the time identified as especially appropriate for such purpose.

Accordingly, the exclusion of pre-emptive rights will allow to target the issue towards investors classified as professional clients, from whom it is proposed to seek statements of interest in subscribing for the CCPS through the bookbuilding process to be conducted in connection with the issue.

Such process will allow the Company to:

- take advantage of the “market window” at the precise moment in which it becomes available , removing the uncertainty as to whether such window would remain open for a hypothetical preferred subscription period of at least 15 days;
- facilitate the placement work of the joint lead managers or underwriters as to the nature of professional clients, the typology and geographical location of the potential investors whom they might contact;
- take advantage of the opportunity to carry out a transaction that will allow it to improve the structure and quality of its financial liabilities and set the amount of the issue, the conversion price, and the remuneration to be paid at the end of the respective bookbuilding process or in the immediately previous days, instead of having to do so prior to the commencement of the preferred subscription period, as would be necessary if pre-emptive rights were not excluded. This should allow the Bank to optimise the conversion price and the cost of the remuneration as compared to the one that would result if it had to set it in advance (as would be required in a transaction with pre-emptive rights), by setting it on the basis of market response and the listing price of the shares at the time of the accelerated bookbuilding; and
- reduce the impact of the issue on the listing price of the shares of the Company by enabling it to obtain firm subscription commitments from “professional clients” within a very short period of time, compared to the longer period of time that would be required for the issue from the notice to the market of the Bank’s intention to issue if pre-emptive rights would have been maintained.

Two.- Complexity of the product and commercial restrictions under the public offer framework.

The complex nature of this type of instrument, required under CRR for its qualification as additional tier 1 capital, makes it desirable to allocate the entire issue for its disbursement among professional clients and eligible counterparties⁸ given their higher degree of expertise and financial knowledge. In this sense, both the additional provision four of the Law on the Securities Markets (*Ley del Mercado de Valores*) and the additional provision one of the LOSS (in this second case, for the purposes of benefiting from the special tax regime) require, in the event of the commercialisation of this type of securities, a tranche exclusively targeted to professional clients of at least half the issue. This is consistent with the Joint Statement of the EBA and ESMA on the treatment of retail holdings of debt financial instruments subject to the Bank Recovery and Resolution Directive of 30 May 2018 on the subject of debt instruments subject to bank resolution regulations in the hands of retail investors, which recommend that financial institutions avoid the commercialisation of these products to retail clients, —category which, in the case of the Bank, many of its shareholders fall under— and which reflect the restrictions deriving from BRRD II⁹. In the same vein, the Circular of the CNMV 1/2018, of 12 March, on warnings relating to financial instruments, establishes that the instruments qualifying as additional tier 1 capital (as it is the case of CCPS) are products that, due to their particular complexity, are not suitable for retail clients.

⁸ As defined in point (10) of Article 4 (1) and in Article 30, respectively, of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“MiFID II”), which have in turn been transposed into Spanish law by articles 205 and 207, respectively, of the consolidated text of the Spanish Law on the Securities Market, approved by Royal Legislative Decree 4/2015, of 23 October (the “Law on the Securities Market”).

⁹ The new article 44a of BRRD (transposed in Spain in the Fourth Additional Provision of the Law on the Securities Market) has also introduced, for issuances executed from 28 December 2020 onwards, trading restrictions among retail investors of MREL eligible liabilities.

These requirements are irreconcilable with the proposed issuance of CCPS with pre-emptive rights in favour of the Bank's shareholders.

Furthermore, the full placement of the CCPS among investors classified "professional clients" and "eligible counterparties" allows access to international markets, on which the large volume of funds traded, together with Banco Santander's quality and prestige, make it possible to —as it has been proved in the last issues of this type of instruments— secure a higher volume of funds on more favourable terms. Given the foregoing, it is necessary to exclude the pre-emptive rights of the current shareholders of the Bank in respect of the CCPS.

Three.- *Strengthening of capital and efficiency in its management.*

The proposed issue would allow the Bank to raise additional resources that qualify as tier 1 capital at a particularly favourable time in the market, increasing Banco Santander's capital ratios in accordance with current and future applicable regulations, strengthening its leverage ratio and, furthermore, placing the group in a favourable position for compliance with the "TLAC/MREL" requirements, as well as enabling it to manage the maturity of its liabilities and redemption options with a certain margin. See section 1 for further details on the prudential requirements applicable to the group and the need for efficient management of these requirements.

Assuming that the CCPS issue is subscribed in full, the effect on the Bank's main solvency indicators would be as follows:

Data in percentages (rounded by approaching)	30.03.2021	Pro forma after this issue
<i>Common Equity Tier 1</i>	12.30%	12.30%
<i>Additional Tier 1</i>	1.60%	1.96%
<i>Tier 1</i>	13.90%	14.26%
<i>Tier 2</i>	2.26%	2.26%
<i>Own funds</i>	16.16%	16.51%

Four.- *Suitability of the issue for the intended purpose.*

An issue of contingently convertible preferred securities is the suitable instrument for simultaneously meeting all the goals identified above. As indicated, the CCPS would qualify as additional tier 1 capital and, consequently, they would be also eligible for TLAC /MREL.

Compared to an issue of shares, the issue of CCPS is more appropriate for the following reasons:

- (i) On the one hand, the issue of AT1 instruments optimises the Santander Group's cost of capital for raising tier 1 capital by issuing an instrument (CCPS) with an implicit cost lower than that associated with the common equity tier 1 ratio (shares).
- (ii) On the other hand, CCPS are flexible instruments that do not entail, in the most common scenario, any dilution for the shareholders since they will only be converted into shares under exceptional circumstances linked to a solvency impairment affecting the Bank. In particular, the "trigger event" of the conversion will only occur should the Bank or the Bank's consolidable group have a common equity tier 1 ratio lower than 5.125%, as calculated in

accordance with the CRR and the own-funds regulation applicable to the Bank from time to time.

Additionally, even in the event that the CCPS were to be converted into shares at any time, that circumstance nevertheless maximises the issue price of such shares since, according to the terms of the CCPS, the conversion must occur at a price not lower than the market price, therefore avoiding the economic dilution of Santander's shareholders even in a situation of crisis (which, as mentioned, would represent the only scenario in which the CCPS would be converted into shares).

Five.- Proportionality of the exclusion given that the dilutive effects are very limited or non-existent.

Finally, the Executive Committee believes that the exclusion of pre-emptive rights complies with the necessary due proportionality between the advantages for the Bank and the potential disadvantages that the shareholders could potentially suffer for reasons of political or economic dilution:

- Firstly, the CCPS are "contingently" convertible securities, rather than "necessarily" convertible securities and, therefore, in the most common scenario, they will not result in either an economic or political dilution of the Bank's shareholders since conversion into shares will not take place. In this regard, conversion is not the natural aim of the CCPS¹⁰ they would only be converted in specific circumstances in which the Santander Group's solvency is significantly impaired (the CET1 ratio calculated in accordance with CRR and other applicable regulations is below 5.125%).
- Secondly, a variable conversion ratio is established in the event of automatic conversion into shares based on the Bank's share price at that time¹¹, as a result of which, as mentioned, the shareholders will not experience any economic dilution, considering that the shares would be issued at their market value at the time of conversion (or, if the minimum conversion rate applies, at a price higher than their market value at that time so that the economic dilution of the shareholders in that scenario would even be negative), and therefore the proposed conversion ratio guarantees that the conversion price will in no case be lower than the fair value of the Company. All of the above, coupled with the fact that the interest rate applicable to the remuneration of the CCPS will be calculated in accordance with market conditions, determines that the notional value of the pre-emptive rights for which exclusion is proposed should be zero or negative.
- Thirdly, the established conversion ratio contains a minimum conversion price, making it possible to limit the maximum political dilution that the Bank's shareholders might suffer in the event of a conversion event. That minimum conversion price will be adjusted, if necessary, by applying the anti-dilution clauses that are customary in the issue of

¹⁰ In addition, it can be assumed that the investment purpose of a CCPS subscriber is not to become a shareholder of the issuer of these securities. The purpose of the investment is similar to that of a fixed-yield investor who expects to receive interest, accepting an additional specific level of subordination (and, therefore, of risk) in exchange for the expectation of higher remuneration (and, in any case, although discretionary, it is both predetermined and limited, as opposed to an investment in equity, for which dividends are not limited to a percentage of the initial investment).

¹¹ The basis for the market conversion are established based on the market price of the Bank's shares at the time of conversion. Thus, it is established that the market value of the Bank's shares for the purposes of the conversion shall be set by the Executive Committee in accordance with the market price of one day or the average of several days' trading of Banco Santander's shares, and converted into U.S. dollars, where applicable.

convertible securities of Banco Santander and traditionally accepted by the market, and will in no event be lower than the nominal value of the shares.

Considering the foregoing, the Executive Committee believes that the exclusion of the pre-emptive rights of the shareholders in the issue of the contingently convertible preferred securities to which this report refers is amply justified by reasons of corporate interest and the conversion ratio and its adjustment formulas are suitable for the proposed purpose.

5. THE EXECUTIVE COMMITTEE'S REPORT FOR THE PURPOSES OF ARTICLES 414, 510 AND 511 OF THE COMPANIES ACT

If approved by the Executive Committee on the date of this report, in reliance on the authorisation granted by the shareholders at the ordinary general shareholders' meeting held on 12 April 2019 under item Seven of the agenda and the subsequent delegation of powers approved by the Board of Directors on the same date, the Bank will issue securities contingently convertible into newly-issued shares of Banco Santander.

In accordance therewith, and in view of the provisions of articles 414.2, 510 and 511.3 of the Companies Act, the Executive Committee must prepare a report to explain and justify the reasonableness of the basis and methods for the conversion of the CCPS; the report must be made available to the shareholders and reported to the shareholders at the first general shareholders meeting to be held following the resolution approving the issue. Additionally, as previously indicated, the Bank must publish the report on its corporate website once the terms of the issue of CCPS have been established.

The following is an explanation and analysis of the indicated basis and method for the conversion, along with the most important data on the issue, which will be indicated in the resolution approving the issue or, if appropriate, by the person or persons to whom the Executive Committee delegates the respective powers. References to resolutions or decisions of the Executive Committee therefore include the actions and decisions of its representatives, if any.

One. Data of the issuer

The issuer is Banco Santander, S.A., with registered office in Santander, Spain, at Paseo de Pereda, 9 to 12, and holder of Tax Identification Number A-39000013. Its current share capital totals EUR 8,670,320,651 represented by 17,340,641,302 common shares, each with a nominal value of EUR 0,50, all fully paid in and carrying the same rights.

The Banks corporate purpose is stated in Article 2 of its by-laws:

"1. *The Company's corporate purpose is the following:*

a) The performance of activities and transactions, and the provision of services of any kind, that are typical of the banking business in general that are permitted under current law.

b) The acquisition, possession, enjoyment and disposal of all types of securities.

2 *The activities making up the corporate purpose may be performed totally or partially in an indirect manner, in any of the manners permitted by law and, in particular, through the ownership of shares or the holding of stakes in companies which purpose is identical or similar, incidental or supplemental to such activities".*

Two. Amount of the issue

The maximum amount of the issue will be TWO THOUSAND MILLION EUROS (EUR 2,000,000,000) or, if applicable, its equivalent in U.S. dollars, with a provision for incomplete subscription.

The amount of the maximum amount authorised used pursuant to resolution Seven adopted at the Bank's ordinary general shareholders' meeting held on 12 April 2019 will depend on the final amount issued and subscribed in this issue. For illustration purposes only, if the maximum amount were issued and if it were subscribed in full¹², (i) the amount of the maximum amount authorised used pursuant to resolution Seven adopted at the Bank's ordinary general shareholders meeting held on 12 April 2019 would be THREE THOUSAND FIVE HUNDRED MILLION EUROS (EUR 3,500,000,000) and (ii) SIX THOUSAND FIVE HUNDRED MILLION EUROS (EUR 6,500,000,000) would remain available for drawdown.

Three. Nature

The CCPS are securities that are perpetual in nature (absent conversion or early-redemption, in the latter case, upon previously obtaining the necessary authorisations pursuant to articles 77 and 78 of CRR and complementary regulations) and contingently convertible, that are eligible as additional tier 1 capital.

Preferred securities are governed (i) by articles 51 through 55 of CRR, and (ii), as to its tax regime, by the additional provision one of LOSS.

Four. Nominal value, issue price and form of representation

The issue price of the CCPS will be at par, i.e., at 100% of their nominal value. The nominal value of each CCPS will be, at least, one hundred thousand euros (EUR 100,000) or its equivalent in U.S. dollars, which is an amount higher than the nominal value of the shares of the Company (EUR 0.50).

Accordingly, if the currency used for the issue is the euro, the maximum number of CCPS issued will be twenty thousand (20,000), with an express provision established for any event involving a less than full subscription. The maximum number of CCPS may be higher if the issue as a whole (or any of the series) uses U.S. dollars as its currency.

The CCPS may belong to one or more series, having all the CCPS that belong to the same series the same terms and conditions, thereby conferring the same rights upon their holders.

The CCPS will be initially represented by one or more global notes.

Five. Remuneration rate and events of cancellation of the payment of remuneration

The CCPS will have an annual, non-cumulative remuneration (the "**Remuneration**"):

(a.i) in the event that the issue is carried out in euros or for, if applicable, the series that is/are carried out in that currency, from the Closing Date (included) and until the first date on which the remuneration is reset (the "**First Reset Date**") (excluded) which shall consist of a percentage applied to the nominal value of the CCPS that may not exceed (a) 4.25% if any of the attorneys appointed under section (U) of this resolution finally sets the First Reset Date six years or six years and six months from the Closing Date, (b) 4.375% if any of the attorneys appointed under section (U) of this resolution finally sets the First Reset Date seven years or seven years and six months from the Closing Date, or (c) 4.625% if any of the attorneys appointed under section (U) of this resolution finally sets the First Reset Date ten years or ten years and six months from the Closing Date;

(a.ii) in the event that the issue is carried out in U.S. dollars or for, if applicable, the series that is/are carried out in that currency, from the Closing Date (included) and until the First Reset Date (excluded) at an annual interest rate that may not exceed (a) 5.00% if any of the attorneys appointed

¹² In January 2020, the Bank executed an issue of contingently convertible preferred securities charged to this delegation for an amount of EUR 1,500,000,000, remaining available for drawdown EUR 8,500,000,000.

under section (U) of this resolution finally sets the First Reset Date six years or six years and six months from the Closing Date, (b) 5.25% if any of the attorneys appointed under section (U) of this resolution finally sets the First Reset Date seven years and seven years and six months from the Closing Date, or (c) 5.50% if any of the attorneys appointed under section (U) of this resolution finally sets the First Reset Date ten years or ten years and six months from the Closing Date; and

(b.i) in the event the issue were to be carried out in euros or for, if applicable, the series that is/are carried out in euros, from the First Reset Date, at the rate resulting from the five-year mid-swap euro rate applicable (calculated in the manner and on the dates established by any of the attorneys appointed under section (U) of this resolution) plus a margin that may not exceed (a) 445.8 basis points if the First Reset Date was fixed six years or six years and six months from the Closing Date, (b) 450.5 basis points if the First Reset Date was fixed seven years or seven years and six months from the Closing Date, or (c) 453.4 basis points if the First Reset Date was fixed ten years or ten years and six months from the Closing Date;

(b.ii) in the event the issue were to be carried out in euros or for, if applicable, the series that is/are carried out in U.S. dollars, from the First Reset Date, at the rate resulting from the 5-year UST applicable (calculated in the manner and on the dates established by any of the attorneys appointed under section (U) of this resolution) plus a margin that may not exceed (a) 393.6 basis points if the First Reset Date was fixed six years or six years and six months from the Closing Date, (b) 397.9 basis points if the First Reset Date was fixed seven years or seven years and six months from the Closing Date, or (c) 391.9 basis points if the First Reset Date was fixed ten years or ten years and six months from the Closing Date.

The Remuneration will accrue from the disbursement date (the “**Closing Date**”) and will be payable on a quarterly basis, in arrears, provided the conditions for payment are present and the Bank has not decided to cancel its payment. In the resolution approving the issue the events for which Remuneration must necessarily, and in accordance with the current legal framework, be cancelled will be established.

These ranges for setting the Remuneration have been determined on the basis of market research carried out by the Bank’s Finance Department with the support of investment banks commissioned for this purpose, and will be finalised (resulting in the final initial remuneration rate/s to be applied as well as the margin/s) once the accelerated bookbuilding process has finalised in the light of the indications of interest received from investors, for which reason this Executive Committee considers the economic reasonableness of these terms to be duly justified.

Six. Subscription and disbursement of the CCPS

The subscription of the CCPS will occur on the date or during the period determined by the Executive Committee or by the person or persons to whom it delegates the respective powers.

The CCPS will be subscribed by a limited number of professional clients and eligible counterparties¹³ or, failing this, by the joint lead managers or underwriters, and will be paid for on the Closing Date, which will be determined by the Executive Committee or by the person or persons to whom the Board of Directors delegates the respective powers.

Seven. Maturity date and early redemption

The CCPS are perpetual securities with no maturity date.

¹³ As defined in point (10) of Article 4 (1) and in Article 30, respectively, MiFID II, which have in turn been transposed into Spanish law by articles 205 and 207, respectively, of the Law on the Securities Markets.

Notwithstanding the foregoing, on the sixth anniversary (or on any other date or period established for each series by the Executive Committee or by the person or persons to whom it delegates the respective powers) of the Closing Date and, from that time on, on each date of payment of the Remuneration, and subject to the prior authorisation of the appropriate authorities, all (but not part) of the CCPS belonging, if applicable, in each of the series of the issue may be redeemed early at the behest of the Bank pursuant to the terms and conditions that may ultimately be approved by the Executive Committee or by the person or persons to whom it delegates. Furthermore, at any time during the life of the issue, under certain circumstances (mainly relating to a change in tax-related or regulatory circumstances), the Bank may also redeem the CCPS pursuant to the terms established by the Executive Committee or by the person or persons to whom it delegates.

Eight. Basis and methods for conversion

The basis and methods for conversion, which comply with the corresponding provisions of the resolution on the delegation of authority adopted by the shareholders at the general shareholders' meeting on 12 April 2019, are the following:

Events of contingent conversion

The CCPS must mandatorily be converted, in their entirety, into newly-issued common shares of the Bank in the event that the Bank or the Bank's consolidable group has a common equity tier 1 ratio, calculated in accordance with the CRR, of less than 5.125%.

Conversion ratio

The conversion ratio of the CCPS will be variable.

The number of shares to which each holder of CCPS will be entitled to receive if the conversion occurs will be the result of dividing the value of the CCPS of each series, if applicable, held by the holder by the value attributed to the Bank's common shares at the time of conversion (the "**Conversion Price**"). If this results in fractional shares, the fractions will in all cases be rounded down, and the Bank will not be obliged to pay remuneration for the remaining fractional shares.

For purposes of the conversion ratio:

- The value of the CCPS will be their nominal value; and
- The Conversion Price of the Bank's common shares will be, if the shares are then admitted to trading, the highest from among:
 - (a) The Market Value of a single common share of the Bank, calculated as determined by the Executive Committee and translated, as the case may be, into U.S. dollars;
 - (b) the Minimum Conversion Price; and
 - (c) the nominal value of the Bank's shares at the time of conversion, translated, as the case may be, into U.S. dollars, such that the provisions of Article 415 of the Companies Law are in all cases satisfied.

Where:

- "**Minimum Conversion Price**" is an amount denominated in euros or its equivalent in U.S. dollars that results from applying the 66% to the listing price (converted into, as the case may be, U.S. dollars) for one day or for the mean of several days' listing prices of the Bank's shares, which will also be established by the Executive Committee.

The Minimum Conversion Price will be modified, if appropriate, by applying the anti-dilution adjustments established by the Executive Committee, in accordance with the Bank's usual practice for this type of issues.

- **“Market Value”** means, for any given date, the listing price on a single day or the mean of several days' listing prices of the shares of Banco Santander as determined by the Executive Committee and converted, if applicable, into U.S. dollars.
- In the event that the shares were not, at that date, admitted to trading, the Conversion Price will be the higher of the Minimum Conversion Price and the nominal value of the shares at that date.

The basis and methods for conversion of the CCPS are determined on the basis that it is and has been the usual practice for this type of issues in the market in recent years, establishing a variable conversion ratio linked to the market value of the Bank at the time of conversion and a minimum conversion price of 66%, in line with Banco Santander's usual practice in issues made in recent years and accepted in the market. Therefore, this Executive Committee considers that both the established conversion ratio and the minimum conversion price are reasonable.

Nine. Guarantees

The CCPS will in all cases be guaranteed by the general credit of Banco Santander in accordance with the rank and priority indicated in the following section. They will not benefit from any additional guarantees.

Ten. Order of priority

The payment obligations of the Bank under the CCPS on account of the nominal value or otherwise of principal, while they qualify as Additional Tier 1 Instruments (as such term is defined below) will rank, by order of priority, junior to the payment obligations in respect of principal of Tier 2 Instruments (as such term is defined below) and shall constitute direct, unconditional, unsecured and subordinated obligations of the Bank pursuant to Article 281.1.2^o of the consolidated text of the Insolvency Law, approved by Royal Legislative Decree 1/2020 of 5 May 2000 (the **“Insolvency Law”**) and in accordance with the Additional Provision 14.3 of Law 11/2015, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise).

“Additional Tier 1 Instruments” means any subordinated obligation (*créditos subordinados*) of the Bank pursuant to Article 281.1.2 of the Insolvency Law, qualifying as additional tier 1 instruments under Additional Provision 14.3 (c) of Law 11/2015.

“Tier 2 Instruments” means any subordinated obligation (*créditos subordinados*) of the Bank according to Article 281.1.2 of the Insolvency Law, qualifying as tier 2 instruments under Additional Provision 14.3 (b) of Law 11/2015.

Eleven. Capital increase

The Executive Committee, acting pursuant to the powers delegated to it by the Board of Directors in connection with the issue of convertible securities approved by the shareholders at the ordinary general shareholders' meeting of 12 April 2019 under item Seven of the agenda, and as approved by the shareholders at the ordinary general shareholders' meeting of Banco Santander of April 3, 2020, under item Six of the agenda in connection with the delegation to increase the share capital, will therefore approve the capital increase necessary to accommodate for the potential conversion of the CCPS.

Twelve. Admission to listing

Banco Santander will submit an application for the listing of the CCPS on an organised secondary market. Notwithstanding the foregoing, Banco Santander may submit an application for the listing of the CCPS on any market, whether official or unofficial, regulated or unregulated, organised or unorganised, domestic or foreign, during the life of the CCPS.

Thirteen. Other terms

The terms for the issue of the CCPS shall be governed by the provisions of the Companies Act, the bylaws of Banco Santander and the resolution adopted by the shareholders at the general shareholders' meeting held on 12 April 2019, under item Seven of the agenda and, within the limits established therein, by the terms and conditions that may be established by the Executive Committee in the resolution approving the issue.

Fourteen. Independent expert report

Pursuant to Article 510 of the Companies Act, the appointment of an independent expert to issue the corresponding report has been requested to the Commercial Registry of Cantabria (pursuant to articles 414 and 417 of the Companies Act) on the basis and methods for conversion of the CCPS, on the fairness of the data set forth in this report and on the suitability of the conversion ratio and its adjustment formulas to offset a possible economic dilution of the shareholders.

In response to the request the Commercial Registry designated Deloitte, S.L. as independent expert, to which the Bank will submit this report and such other information that the auditor deems appropriate in order to issue its report for the purposes indicated in articles 414, 417, 510 and 511 of the Companies Act, along with the audit reports of the individual annual accounts of Banco Santander and of the consolidated annual accounts of Banco Santander and its subsidiaries for the year ended on 31 December 2020.

Fifteen. Subsequent events

There are no events that are significant for Banco Santander subsequent to 31 December 2020 other than those for which the Bank has given notice after such date to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) as privileged information or other relevant information in compliance with the provisions of article 17 of Regulation (EC) 596/2014 and article 226 of the Law on the Securities Markets, or which are included in the periodic public information communicated to that Committee.

* * *

Appendix II: Certification of the resolution of the Executive Committee dated 4 May 2021 regarding the terms of the Issue.

JAIME PÉREZ RENOVALES, GENERAL SECRETARY AND SECRETARY OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE COMMITTEE OF “BANCO SANTANDER, S.A.”

I HEREBY CERTIFY: That in accordance with the minutes of the meeting, on 4 May 2021, following the opportune call, the Executive Committee of Banco Santander, S.A. was held, in writing and without a meeting, in accordance with the provisions of Articles 248 of the Companies Act and 25 of the Regulations of the Board of Directors, and without opposition from any of its members, Ms. Ana Patricia Botín-Sanz de Sautuola y O'Shea, Mr. Bruce Carnegie-Brown, Mr. José Antonio Álvarez Álvarez, Mr. Luis Isasi Fernández de Bobadilla, Mr. Ramiro Mato García-Ansorena and Ms. Belén Romana García, in order to, by virtue of the delegation by the Board of Directors of the powers received from the General Shareholders' Meeting, to adopt resolutions relating to the issuance of contingently convertible preferred securities into shares for an amount of up to two thousand million euros (EUR 2,000,000,000,000) and/or its equivalent in U.S. dollars. All the aforementioned members of the Executive, by means of the opportune communication, via e-mail, received by the last of them on the above-mentioned date, expressed their agreement with, as indicated above, the holding of the meeting in writing, as well as with the aforementioned resolutions and the corresponding minutes. Among said resolutions, as it appears from the referred minutes, is the one that literally reads as follows:

“II.- Resolution for the issue of contingently convertible preferred securities, in one or more series, for an amount of two thousand million euros (EUR 2,000,000,000) and/or its equivalent in U.S. dollars

Having considered the report approved by the executive committee in this same meeting, prepared for purposes of articles 414.2, 417.2 and 511 of the Companies Act, it is resolved under the authorization granted to the board of directors by the general shareholders meeting of Banco Santander, S.A. (“**Banco Santander**”, the “**Bank**” or the “**Company**”) held on April 12, 2019 under resolution Seven of the agenda and the subsequent delegation of powers in favor of the executive committee approved by the board of directors on the same date and in the context of the registration statement of the base prospectus registered by the Bank with the Securities and Exchange Commission of the United States of America (SEC) on May 14, 2020 (the “**Registration Statement**”), the issue of one or more series of preferred securities contingently convertible into common shares of newly issued shares of the Bank, (the “**CCPS**”) for a nominal aggregate amount of up to two thousand million euros (EUR 2,000,000,000) and/or its equivalent in U.S. dollars, according to the characteristics, terms and conditions set forth below, which shall necessarily be specified by any of the attorneys in section 0, within the limits established in this resolution (the “**Terms and Conditions**”).

The possibility of executing the issue of one or more series in euros and/or one or more series in U.S. dollars are both authorized, leaving the determination of this aspect to the consideration of any of the attorneys in section (U) of this resolution in view of the evolution of the markets.

In accordance with international practice, it is resolved, that the CCPS will be placed through a bookbuilding process with the purpose of obtaining indication of interests from the investors. As a result of this process, the final Terms and Conditions will be determined, including the final amount of the issue, the number of series integrating the issue, the distribution of the securities, and the date of subscription and payment.

Likewise, the Company, the designated underwriters and Santander Investment Securities Inc. and/or Banco Santander, S.A., as underwriter entity (the “**Underwriters**”) will execute one or several Underwriting Agreements of the CCPS (jointly, the “**Underwriting Agreement**”), under which the Bank will undertake to take all measures necessary for the effective issue of the CCPS and the Underwriters will undertake to provide investors for the CCPS and, otherwise, to subscribe them themselves (with the exception of Santander Investment Securities Inc. and/or Banco Santander, as applicable). The attorneys designated under section (U) below will be entitled to designate the entities that they deem appropriate to act as Underwriters of the issue and sign the Underwriting Agreement of the CCPS.

Likewise, the Bank and The Bank of New York Mellon, acting through its London Branch in its capacity as trustee, will enter into a base indenture agreement and a supplemental indenture (which will modify

and supplement the base indenture), under which the CCPS will be issued. Likewise, a prospectus supplement will also be registered for the purposes of the issue.

(A) Issuer

The issuer is Banco Santander, S.A., with registered office in Santander, Spain, at Paseo de Pereda, 9 to 12, and holder of Tax Identification Number A-39000013. Its current share capital totals EUR 8,670,320,651, represented by 17,340,641,302 common shares, each with a nominal value of EUR 0.50, all fully paid in and carrying the same rights.

The Bank corporate purpose is stated in Article 2 of its by-laws:

“1. *The Company’s corporate purpose is the following:*

a) The performance of activities and transactions, and the provision of services of any kind, that are typical of the banking business in general that are permitted under current law.

b) The acquisition, possession, enjoyment and disposal of all types of securities.

2 *The activities making up the corporate purpose may be performed totally or partially in an indirect manner, in any of the manners permitted by law and, in particular, through the ownership of shares or the holding of stakes in companies which purpose is identical or similar, incidental or supplemental to such activities”.*

(B) Amount of the issue

The maximum amount of the issue will be TWO THOUSAND MILLION EUROS (EUR 2,000,000,000) and/or its equivalent in U.S. dollars. Any of the attorneys designed in section 0 of this resolution may, individually, set up the currency of the issue as well as the final amount and the currency corresponding to each of the series that, if applicable, form part of the issue, considering at their discretion the result of the bookbuilding process of the CCPS.

It is expressly foreseen that the issue may be subscribed in part. Accordingly, the final amount of the issue will be that corresponding to the CCPS effectively subscribed for and paid up, and the rest will remain without effect.

It is hereby stated that, if this issue is subscribed in full in the maximum amount foreseen of up to TWO THOUSAND MILLION EUROS, (i) the amount of the maximum amount authorised used pursuant to resolution Seven adopted at the Bank’s ordinary general shareholders meeting held on 12 April 2019 would be¹ THREE THOUSAND FIVE HUNDRED MILLION EUROS (EUR 3,500,000,000), and (ii) considering the amount of the issue and any other disposals made prior to this resolution, SIX THOUSAND FIVE HUNDRED MILLION EUROS (EUR 6,500,000,000) would remain available for drawdown.

(C) Nature

The CCPS are securities that are perpetual in nature (absent conversion or early redemption as set forth in this resolution and, in the case of early redemption, under the procedure provided for in articles 77 and 78 of CRR -as this term is defined below- and complementary regulations) and, therefore, without due date, and contingently convertible.

The conditions for the computation of this type of securities are governed by articles 51 to 55 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, on the prudential requirements for credit institutions and investment firms (“**CRR**”) and, as to their tax regime, by the first additional provision of Law 10/2014 of 26 June on ordenation, supervision and solvency of credit entities (*Ley 10/2014, de 26 de junio, de ordenación, supervisión solvencia de entidades de crédito*) (the “**Law 10/2014**”).

¹ In January 2020, the Bank executed an issue of contingently convertible preferred securities charged to this delegation for an amount of EUR 1,500,000,000, remaining available for drawdown EUR 8,500,000,000.

(D) Nominal value, issue price and form of representation

The issue price of the CCPS will be at par, i.e., at 100% of their nominal value. The nominal value of each CCPS will be TWO HUNDRED THOUSAND EUROS (EUR 200,000) (if one or both series are carried out in euros) or TWO HUNDRED THOUSAND U.S. DOLLARS (USD 200,000) (if the currency of one or more series comprising the issue is U.S. dollars).

Accordingly, in the event that the currency of the issue is the euro, the maximum number of CCPS issued will be ten thousand (10,000), with an express provision established for any event involving a less than full subscription. The maximum number of CCPS may be higher if the issue as a whole (or any of the series) uses U.S. dollars as its currency. The CCPS may belong to one or more series, and the CCPS of the same series being governed by the same terms and conditions, thereby conferring the same rights upon their holders.

In the event that the U.S. dollar is used as the currency for one or more series of the issue, the CCPS will be initially represented by one or more global notes, which will be deposited at the Closing Date (as defined below) with a custodian of the Depositary Trust Company, New York (DTC) and they will be registered in the name of Cede & Co. as the nominee by the DTC. In the event that the euro is used as the currency for one or more series of the issue, the CCPS will initially be represented by one or more global notes deposited with a common depositary on behalf of Euroclear and Clearstream Luxembourg.

(E) Subscription and payment

It is hereby stated that the issue of the CCPS will not be a public offer for the subscription of securities in accordance with articles 35.2.a) and d) of the consolidated text of the Law on the Securities Market, approved by Royal Legislative Decree 4/2015, of October 23 (“**TRLMV**”), and 38.1.a) and d) of Royal Decree 1310/2005. Likewise, for the purposes of Articles 16.3 and 24.2 of Directive 2014/65 (“**MiFID II**”) and Articles 9 and 10 of the Delegated Directive of the Commission 2017/593 (as transposed into Spanish law in Chapter 4 of Title IV of the Royal Decree 217/2008, of 15 February, on the legal regime of service companies and other entities providing investment services) it is stated that the Bank and the Underwriters will design and establish as target market for the CCPS “professional clients” and “eligible counterparties” only, as these terms are defined in Articles 4 (1.10) and 30 of MiFID II and which have been transposed into Spanish Law in Articles 205 and 207, respectively, of TRLMV.

The date (or period) for the subscription and the payment date of the CCPS (the “**Closing Date**”) will be determined by any of the attorneys appointed under section 0 below. The issue date will coincide with the Closing Date.

(F) Exclusion of shareholders pre-emption rights

Considering the requirements of the corporate interest and the reasons given by the Bank’s executive committee in the report approved on the date hereof, the pre-emptive rights of the shareholders are excluded in their entirety.

Pursuant to the provisions of article 511 of the Companies Act and of resolution Seven of the shareholders passed at the general shareholders’ meeting held on 12 April 2019, the aforementioned report, prepared by the executive committee in compliance with the requirements of articles 417.2 (as regards the exclusion of pre-emptive rights) and 414.2 (in connection with the basis for and methods of conversion of debentures) of the Companies Act, together with the report of an independent expert referred to in articles 417.2.b) and 414.2, and that will also be received pursuant to the provisions of article 510 of the Companies Act, shall be made available to the shareholders and reported to the first general shareholders’ meeting of the Bank to be held following the adoption of this resolution approving the issue. Likewise, in compliance with Recommendation 5 of the Code of Good Governance of Listed Companies approved by the Council of the CNMV in February 2015 and revised in June 2020, the Bank will publish the directors’ report, together with the abovementioned independent expert report, on its corporate website once the conditions of the issue of the CCPS have been established.

(G) Distributions

(G.1) Distribution Rate

Subject on each payment date to the events described in section (G.2) below, the CCPS shall accrue non-cumulative distributions, (the "**Remuneration**"), calculated at a nominal interest rate per annum:

- (a.i) in the event that the issue is carried out in euros or, if applicable, for the series that is carried out in that currency, from the Closing Date (included) and until the first date on which the remuneration is reset (the "**First Reset Date**") (excluded) that will be an annual interest rate that may not exceed (a) 4.25% if any of the attorneys appointed under section (U) of this resolution finally sets the First Reset Date six years or six years and six months from the Closing Date, or (b) 4.375% if the First Reset Date was fixed seven years or seven years and six months from the Closing Date by any of the attorneys appointed under section (U) of this resolution, or (c) 4.625% if the First Reset Date was fixed ten years or ten years and six months from the Closing Date by any of the attorneys appointed under section (U) of this resolution;
- (a.ii) in the event that the issue is carried out in U.S. Dollars, or, if applicable, for the series that is carried out in that currency, from the Closing Date (included) until the First Reset Date (excluded) at an annual interest rate that may not exceed (a) 5.00% if any of the attorneys appointed under section (U) of this resolution finally sets the First Reset Date six years or six years and six months from the Closing Date, or (b) 5.25% if the First Reset Date was fixed seven years or seven years and six months from the Closing Date by any of the attorneys appointed under section (U) of this resolution, or (c) 5.50% if the First Reset Date was fixed ten years or ten years and six months from the Closing Date by any of the attorneys appointed under section (U) of this resolution; and
- (b.i) in the event that the issue is carried out in euros, or, if applicable, for the series that is carried out in that currency, from the First Reset Date, at the rate resulting from the 5-year mid-swap applicable (calculated in the manner and on the dates established by any of the attorneys appointed under section 0 of this resolution) plus a margin that may not exceed (a) 445.8 basis points if the First Reset Date was fixed six years or six years and six months from the Closing Date, (b) 450.5 basis points if the First Reset Date was fixed seven years or seven years and six months from the Closing Date, or (c) 453.4 basis points if the First Reset Date was fixed ten years or ten years and six months from the Closing Date;
- (b.ii) in the event that the issue is carried out in U.S. Dollars, or, if applicable, for the series that is carried out in U.S. Dollars, from the First Reset Date, at the rate resulting from the 5-year UST applicable (calculated in the manner and on the dates established by any of the attorneys appointed under section 0 of this resolution) plus a margin that may not exceed (a) 393.6 basis points if the First Reset Date was fixed six years or six years and six months from the Closing Date, (b) 397.9 basis points if the First Reset Date was fixed seven years or seven years and six months from the Closing Date, or (c) 391.9 basis points if the First Reset Date was fixed ten years or ten years and six months from the Closing Date.

Any of the attorneys appointed in section 0 of this resolution is authorised to set up, if applicable, for each series, the initial remuneration rate to be applied until the relevant First Reset Date, the relevant First Reset Date and the relevant margin, acting individually and based on the outcome of the bookbuilding of the CCPS, at the attorney's discretion.

(G.2) Payment of the Remuneration

1 Events of cancellation

The holders of the CCPS shall not receive the Remuneration in the following events:

1.1 *Distributable items*: to the extent that payment of the Remuneration, together with the remuneration intended to be paid during the current financial year on any other Pari Passu Securities or CET1 capital securities, exceeds the Distributable Items.

“**Distributable Items**” means the profits and reserves (when applicable) of the Bank available at each time for the payment of the Remuneration in accordance with applicable laws and regulations. This concept is currently defined in article 4(1)(128) of the CRR.

The term “**Pari Passu Securities**” means any preferred securities (*participaciones preferentes*) issued under Law 13/1985 of 25 May on investment coefficients, own funds and information obligations of financial intermediaries (*Ley 13/1985, de 25 de mayo, de coeficientes de inversion, recursos propios y obligaciones de información de los intermediarios financieros*) and/or Royal Decree-law 14/2013 of 29 November, on urgent measures to adapt the Spanish system to EU rules on supervision and solvency of financial institutions (*Real Decreto-ley 14/2013, de 29 de noviembre, de medidas urgentes para la adaptación del derecho español a la normativa de la Unión Europea en materia de supervisión y solvencia de entidades financieras*) and/or Law 10/2014 and/or under the CRR from time to time by the Bank or by any Subsidiary (as defined in the Terms and Conditions) and which are guaranteed by the Bank or any preferential participations, preferential shares or preference shares (*acciones preferentes*) ranking *pari passu* with any preferred securities (*participaciones preferentes*) issued from time to time by the Bank or by any Subsidiary and which are guaranteed by the Bank or any other instrument issued or guaranteed by the Bank ranking *pari passu* with the CCPS.

1.2 *European Central Bank requirement*: even if the Distributable Items are sufficient as provided in 1.1 above, if the European Central Bank, the Bank of Spain, Fund for Orderly Bank Restructuring or the Single Resolution Board (or the appropriate authority) requires that payment of the Remuneration be cancelled, in accordance with the applicable regulations on solvency or resolution.

Likewise, in the event that payment of the remuneration constitutes a breach of any regulatory restriction or prohibition on payments in connection with additional tier 1 capital instruments under applicable banking regulations (including, without limitation, the restrictions arising from a breach of the combined buffer requirement and the consequent calculation of the “maximum distributable amount” in accordance with article 48 of Law 10/2014, and article 141 of Directive 2013/36/EU of the European Parliament and the Council of June 26 and related regulations).

1.3 *Cancellation in the Bank’s discretion*: pursuant to the provisions of sub-section 1.I).(iii) of article 52 of the CRR, the Bank may, in its sole discretion, decide to cancel payment of the Remuneration (in whole or in part) whenever it deems necessary or appropriate.

In the event that the limitations established in 1.1, 1.2 and 1.3 apply, the consequences described in section (G.3) below shall occur.

2 *Events of partial receipt*

In the event that the limitations established in paragraphs 1.1, 1.2 and 1.3 above apply in part, the Bank may declare a partial payment of the Remuneration.

(G.3) General

(i) If the Remuneration is cancelled on a given payment date owing to any of the events described in section (G.2) above, the holders of CCPS shall lose their right to receive the Remuneration or the unpaid portion thereof, as the case may be, and the Bank shall be under no obligation to pay the Remuneration for that period, the unpaid portion, or interest thereon, even if the Remuneration is paid on subsequent payment dates.

(ii) The cancellation of the Remuneration shall under no circumstances constitute an event of default of the Terms and Conditions, nor will it be considered a failure to perform obligations for purposes of determining the Bank's insolvency status or failure to meet its payment obligations, pursuant to the provisions of the Royal Legislative Decree 1/2020, of May 5, 2010, approving the revised text of the Insolvency Law (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*) (the “**Insolvency Law**”).

(G.4) Dates, place and procedure for payment of the Remuneration

The calculation of the amount of Remuneration, the accrual period thereof, the dates for payment thereof, where appropriate, and the form and procedure for payment will be the ones determined in the Terms and Conditions by any of the attorneys appointed under section 0 of this resolution.

(H) Basis for and methods of conversion

(H.1) Conversion ratio

The conversion ratio of the CCPS will be variable, and a maximum limit shall be established on the number of the Bank's common shares to be delivered upon conversion.

The number of shares to which each holder of CCPS will be entitled to receive if the conversion occurs will be the result of dividing the nominal value of each series, if applicable, of the CCPS held by the holder by the value attributed to the Bank's common shares at the time of conversion (the "**Conversion Price**"). If this results in fractional shares, the fractions will in all cases be rounded down, and the Bank will not be obliged to pay remuneration for the remaining fractional shares.

For purposes of the conversion ratio:

- The value of the CCPS will be their nominal value; and
- The Conversion Price will be, if the Bank's common shares are by then admitted to trading, the highest from among:
 - (a) The Market Value on the Reference Date of a single common share of the Bank;
 - (b) the Minimum Conversion Price; and
 - (c) the nominal value of the Bank's common shares at the time of conversion (converted, if applicable, to U.S. dollars at the Applicable Exchange Rate), such that the provisions of Article 415 of the Companies Law are in all cases satisfied.

Where:

- "**Minimum Conversion Price**" will be an amount in euros equivalent to, approximately, 66% of the listing price of the shares of Banco Santander at the close of the market on the trading day before the final Terms and Conditions of the issue are set and converted, if applicable, to U.S. Dollars at the Applicable Exchange Rate.

The Minimum Conversion Price will be modified, if appropriate, by applying the anti-dilution adjustments referred to in section (I) below.

- "**Market Value on the Reference Date**" means, for any given date and in respect of one common share of the Bank, the mean of the volume weighted average price of the share on the five trading days immediately preceding such date, calculated as provided in the Terms and Conditions and converted, if applicable, to U.S. Dollars at the Applicable Exchange Rate.
- "**Applicable Exchange Rate**" means, for a given date, the Euro/U.S. dollar exchange rate at 12.00 hours (London time) displayed on the relevant page of Bloomberg, Reuters or other provider, at the choice of the Issuer, on such given date, and if such day cannot be determined, it will be the exchange rate displayed at 12:00 hours (London time) on the immediately preceding day on which it can be determined, or if the exchange rate cannot be so determined will be the one determined by an independent expert in good faith.
- If the Bank's common shares are not admitted to trading as of such date, the Conversion Price shall be the greater of the Minimum Conversion Price and the nominal value of the shares as of such date (converted, if applicable, to U.S. Dollars at the Applicable Exchange Rate).
- For the sake of clarity, no shares will be issued at a price below their par value expressed in euro.

(H.2) Conversion events

The CCPS shall mandatorily be converted into common shares of the Bank in their entirety if the Bank or the Bank's consolidable group has a common equity Tier 1 ratio, calculated in accordance with the CRR or the regulations governing own funds that may be applicable to the Bank at any time, of less than 5.125%.

(H.3) Conversion procedure

If an event of conversion occurs, the CCPS shall be converted into common shares of the Bank following the procedure to be established in the Terms and Conditions.

(I) Anti-dilution clause

It is included as **Annex I** to these resolutions the anti-dilution mechanisms which will be subject, as is customary for this type of transaction, both the Minimum Conversion Price and the conversion ratio derived therefrom, and which will be included in the Terms and Conditions.

(J) Pre-emptive rights

The holders of the CCPS will not have pre-emptive rights in the issues of securities that the Bank may approve in the future.

(K) Political Rights

The CCPS will have no political rights.

(L) Rank

The payment obligations of the Bank under the CCPS on account of the nominal value or otherwise of principal, while they qualify as Additional Tier 1 Instruments will rank, by order of priority, junior to the payment obligations in respect of principal of Tier 2 Instruments (as such term is defined below) and shall constitute direct, unconditional, unsecured and subordinated obligations of the Bank pursuant to Article 281.1.2^o of the Insolvency Law and in accordance with the Additional Provision 14.3^o of Law 11/2015, but subject to any other ranking that may apply as a result of any mandatory provision of law (or by any other circumstance).

"Additional Tier 1 Instruments" means any subordinated obligation (*créditos subordinados*) of the Bank pursuant to Article 281.1.2^o of the Insolvency Law, qualifying as additional tier 1 instruments under Additional Provision 14.3^o (c) of Law 11/2015.

"Tier 2 Instruments" means any subordinated obligation (*créditos subordinados*) of the Bank according to Article 281.1.2^o of the Insolvency Law, qualifying as tier 2 instruments under Additional Provision 14.3^o (b) of Law 11/2015.

(M) Early redemption

(M.1) Redemption price

In the event of redemption, each CCPS gives the holder thereof the right to receive a redemption price that will consist of the nominal value of the CCPS plus an amount equal to the Remuneration accrued and unpaid through the date set for early redemption, and that has not been cancelled in accordance with section (G.2).1 above (the **"Redemption Price"**).

(M.2) Date, place and procedure for redemption

The CCPS are issued for an indefinite period. However, all (but not part) of the CCPS integrating, if applicable, each of the series of the issue may be redeemed at the option of the Bank, on any of the dates of payment of the Remuneration, after a minimum period of six years from the Closing Date has elapsed —or seven years or ten years, if pursuant to sub-section (G.1) of this resolution, the initial remuneration rate for the relevant series would have been set for a period of six years or six years and

six months, seven years or seven years and six months, or ten years or ten years and six months —, and under the procedure provided for in articles 77 and 78 of CRR.

Any of the attorneys appointed in section 0 of this resolution is authorised to set up for the issue as a whole or, if applicable, for each series, the minimum period from which CCPS integrating, if applicable, each series, may be redeemed in their entirety, at the attorney's discretion.

In addition, even if the referred minimum period for early redemption at the option of the Bank has not elapsed since the Closing Date, the Bank may at any time proceed to the early redemption of the issue, or if applicable the single series or both series affected (in case of creating more than one) in the event that there is a change in the tax regime of the CCPS or if the CCPS are no longer eligible as tier 1 capital under the procedure provided for in articles 77 and 78 of CRR. Likewise, the Terms and Conditions may include other cases of voluntary or compulsory early redemption in the terms that, if appropriate, any of the attorneys appointed in section 0 of this resolution may determine.

The authorisation of the holders of the CCPS is not required for the redemption thereof.

(M.3) Acquisition by entities of the Santander Group

The Issuer or any company of its group may repurchase, in whole or in part, the CCPS at any price on the market or in any other way, in accordance with applicable laws and restrictions and limitations deriving from them.

(N) Payments on liquidation

In the event of liquidation of the Bank, the holders of CCPS will be entitled to receive out of the assets of the Bank available for distribution to the holders of Additional Tier 1 Instruments, a liquidation payment for each CCPS equal to the nominal value thereof plus an amount equal to the accrued and unpaid Remuneration (that has not been cancelled in accordance with section (G.2).1 above) for the then current remuneration period and through the date of the liquidation payment.

The holders of the CCPS shall receive such amounts prior to the distribution of assets among common shareholders or among the holders of any other kind of securities of the Bank ranking, as to participation in its assets, behind the CCPS.

(O) Additional issues

The Bank may, at any time and without authorization of the holders of the CCPS, create and issue, without limitation in terms of number, additional securities (for one or any of the series, if there are several) under the same terms and conditions as the CCPS of, if applicable, the series that are being increased (if there are several) in all respects, except for the offer price to the public (if applicable), date when interest begins to accrue, date of issue and date on which the first payment of interest is due. However, these additional securities will not have the same CUSIP or ISIN (or any other identification number) as the outstanding CCPS remaining in that series, unless such additional securities are fungible with respect to those CCPS that remain outstanding for American federal income tax purposes. The additional obligations issued in each series and the CCPS of each series will form a single series.

(P) Contractual recognition of bail in and the exercise of other resolution instruments

In compliance with Article 46 of Law 11/2015, of June 18, on the recovery and resolution of credit institutions and investment services companies, the CCPS will be contractually subject to the relevant resolution authority exercising the redemption and conversion powers provided for in the above mentioned law, and the holders of the CCPS will accept contractually to respect any reduction of the principal amount or interest associated with the CCPS and any conversion or cancellation derived from such exercise as well as the modification of their terms to give effect to the such exercise.

(Q) Security

The CCPS shall in all cases be secured by the general credit of Banco Santander in accordance with the order of priority described under (L) above, but shall have no additional security.

(R) Applicable law

The CCPS that are covered by this resolution, except as specifically provided for in the following paragraph, shall be governed by the law of the State of New York.

The Bank's capacity to issue the CCPS, the corresponding corporate resolutions, the rank of the CCPS for the purpose of credit priority, the value at which the CCPS may be issued, certain minimum requirements with respect to the conversion price and the legal regime applicable to the exclusion of pre-emptive subscription rights will be governed by Spanish common law.

Pursuant to articles 403 and 405.3 of the Companies Act, and article 42 TRLMV, no bondholder syndicate will need to be set up or commissioner appointed for the purpose of the issue in accordance with Spanish law and, specifically, the Companies Act and the Commercial Registry Regulations.

(S) Capital increase

In reliance on the delegation of powers relating to the issuance of convertible securities approved by the shareholders at the ordinary general shareholders' meeting of Banco Santander of 12 April 2019, under item Seven of the agenda and the subsequent delegation of powers by the board of directors in favour of this executive committee, and in accordance with the provisions of article 414 of the Companies Act and in accordance with the approval by the ordinary general shareholders' meeting of Banco Santander of 3 April 2020, under item Six of the Agenda, it is hereby resolved to increase the share capital by the maximum amount required to accommodate the conversion of the CCPS, should it take place, express provision being made for the possibility of an incomplete subscription.

Such capital increase shall be implemented on each occasion that may be necessary to accommodate the conversion of the CCPS, by means of the issue of new common shares with the same nominal value and with the same content as to rights as the common shares outstanding on the date or dates of implementation of the respective resolution approving the increase. Each time that this resolution is implemented as aforesaid, the article of the bylaws relating to capital shall be amended accordingly. The number of common shares of the Bank to be issued and the amount of the capital increase will be determined in accordance with the provisions of section (H.1) above, and subject to the anti-dilution adjustments provided in section (I).

Pursuant to the provisions of article 304.2 of the Companies Act, the shareholders of the Bank shall have no pre-emptive rights in the capital increase or increases resulting from the contingent conversion of the CCPS.

It is impossible at this time to determine the amount of share capital that would be necessary to accommodate the contingent conversion of the CCPS, given that the conversion ratio thereof is variable and is subject to the possible anti-dilution adjustments. However, once the Minimum Conversion Price applicable, if any, to each series, has been determined, and subject to possible anti-dilution adjustments, the maximum number of shares (and thus, applying the nominal value, the maximum amount of the increase) that might be required to accommodate the conversion of the CCPS, may be determined as the sum of the quotients (rounded off by default, as the case may be) resulting from dividing the total nominal amount of each series integrating the issue of CCPS by the Minimum Conversion Price (expressed in the corresponding currency) (notwithstanding the anti-dilution adjustments that may be applicable).

It is hereby resolved to carry out such formalities and actions as may be necessary and to file such documents as may be required with the appropriate bodies of the Stock Exchanges where the shares of Banco Santander are listed on the implementation date or dates of the respective resolution of increase, for admission to listing of the new shares issued as a result of the capital increase resolved to be made. This executive committee and the attorneys appointed in section 0 of this resolution are hereby authorised, following implementation of this resolution, such that any of them may make the respective requests, prepare and submit all appropriate documents on such terms as s/he deems appropriate and to take any actions as may be necessary for such purpose.

(T) Admission to listing

It is hereby resolved to apply for the listing of the CCPS on the the New York Stock Exchange and being the clearing and settlement of the CCPS carried out through the Depository Trust Company (DTC), in the event that the U.S. dollar is used as the currency for one or more series of the issue, or through Euroclear and Clearstream Luxembourg, in the event that the euro is used as the currency for one or more series of the issue. Notwithstanding the foregoing, any of the attorneys appointed in section 0 of this resolution may make application for listing on any other market, official or unofficial, regulated or not, organised or not, domestic or foreign, at the moment of the issue and during the life of the CCPS, to supplement or replace the listing on the New York Stock Exchange as well as modify the clearing and settlement system of the CCPS.

It is also stated that the Bank is aware of and accepts the requirements and conditions for admission to trading on the New York Stock Exchange and, therefore, the Bank agrees to comply with such requirements with respect to the trading of such instruments.

(U) Grant of powers

Without prejudice to the specific delegations of powers included in the preceding sub-sections, as well as any other powers that they may have, it is resolved to authorise any member of the board of directors of the Bank, Mr. Jaime Pérez Renovales, Mr. José García Cantera, Mr. José Antonio Soler Ramos, Ms. Silvana Leticia Borgatti Casale, Ms. Marta González Deprit, Mr. Juan Urigoen Irusta, Mr. Francisco Javier Illescas Fernández-Bermejo, Mr. Francisco Javier Lleó Fernández and Mr. José María Ciruelos Lozano, as fully as required by Law, such that any one of them, indistinctly, by him or herself, may implement this resolution, with authority to do the following, without limitation:

- (i) Determine or, if appropriate, modify the date or dates of commencement of the bookbuilding and of the launching of the issue and even to decide not to implement the resolution approving the issue in the event that market conditions or other relevant considerations in their opinion make it advisable, and report such decision, if any, to the first meeting of this executive committee to be held.
- (ii) Determine or, if appropriate, modify, the final Terms and Conditions of the issue, with authority to, by way of illustration, set the final nominal amount of the issue within the limit established in section (B) as well as the nominal amount of each series; determine, if applicable for each series, the currency and the nominal value of the CCPS; determine, if applicable for each series, the initial remuneration rate and the period during which it accrues, the First Reset Date, the margin, the Remuneration accrual periods and the Remuneration payment dates; the subscription procedure; determine the subscription date or period; further develop the basis for and methods of conversion; determine de Minimum Conversion Price, if applicable for each series; determine the period after which the CCPS integrating, if applicable, each series may be redeemed within the limits established in section 0, determine the Closing Date; determine the full or partial subscription of the issue; and, in general, to set any condition of the issue, specifying the matters not contemplated in this resolution that may be necessary for the successful completion of the transaction, as well as to state the amount drawn with respect to the limit of the delegation made by the shareholders at the general shareholders' meeting and the amount that remains undrawn, and to make the decisions to be made by the Company pursuant to the Terms and Conditions of the issue during the entire term of the issue, and in particular: to declare, if applicable, the cancellation of the Remuneration on the CCPS, in whole or in part, if appropriate, to apply the anti-dilution mechanisms; and, if appropriate, adjust the Conversion Price of the CCPS (or of each series, if applicable); and determine the nominal amount of the capital increase that would be needed in the event of conversion of the CCPS; and determine, if appropriate, the early redemption of the issue for tax reasons or for capital disqualification event or for the amendment, in such cases, of the terms of the issue. Likewise, to determine, where applicable, any other, voluntary or mandatory, early redemption event of the issue as well as to modify the early redemption events contemplated in section 0. Also determine and, if appropriate, amend the Remuneration regime provided for in sub-section 0, the anti-dilution mechanisms and any other terms and conditions of the CCPS provided for in

this agreement. Any of the aforementioned representatives shall report to the executive committee the final Terms and Conditions of the issue at the first meeting of this body to be held following such determination.

- (iii) Once the issue is launched, and with the prior consent of all the holders of CCPS affected for the situations where it is required, modify the Terms and Conditions of the issue in accordance with all they consider necessary or appropriate for accomplishing the ends of the issue and adapt it to market standards.
- (iv) Upon conversion of the CCPS: (i) implement the resolution on increasing the capital of the Company, and issue and list such common shares of the Bank as may be necessary to carry out the conversion of the CCPS, and amend the article of the bylaws concerning capital, depriving of effect the part of such capital increase that was not required for the conversion into shares, granting the public deeds and performing any acts that might be necessary for that purpose, and if applicable (ii) make application for listing of the shares thus issued on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through Spain's Electronic Trading System (Continuous Market); as well as, if applicable, carry out all acts and formalities that might be necessary and submit all documents that are required, before the competent bodies or organisation of the foreign Stock Exchanges in which the shares of Banco Santander are listed on the date or dates of implementation of the relevant resolution of capital increase, for the admission to trading of the new common shares of the Bank.
- (v) Appear before a notary public and execute the respective public deed of issue of the CCPS, as well as the notarial minutes of subscription and disbursement (*acta de suscripción y desembolso*) of the issuance and, if appropriate, the respective deeds of redemption, and request the registration of the aforementioned public deeds and of the notarial minutes of subscription and disbursement with the Mercantile Registry.
- (vi) Carry out any formality, make any request or appointment that may be necessary by law to secure the registration of the issue of the CCPS with the Mercantile Registry or with any other public or private agency or entity.
- (vii) Cure, clarify, interpret, make more precise or supplement this resolution with such deeds or documents as may be executed by way of implementation thereof and, in particular, all defects, omissions or errors of substance or form that prevent access of the resolutions and the consequences thereof to the Mercantile Registry or any other Registry.
- (viii) Negotiate, sign and execute such agreements and public or private documents and take such actions as may be required (even in those instances that might involve self-dealing or in which there might be a conflict of interest), including, without limitation, subscription, placement and/or underwriting agreements (including but not limited to the signing of the Underwriting Agreement and the power to choose the Underwriters), the Base Indenture, the Supplemental Indenture and any other agreements that may be necessary or appropriate to launch the issuance, the offering of the CCPS, the bookbuilding, the issue, payment and admission to listing of the securities and on the terms and conditions that may be deemed most appropriate, and appoint the institutions that are to carry out the duties described in the agreements and documents executed.
- (ix) Approve, sign and subscribe the global title(s) representing the CCPS, and any other agreements, certificates or documents which are necessary or appropriate to execute in connection with the issue, under the terms and conditions which are more convenient for the Bank and for the successful completion of the issue, and negotiate, sign and deliver them.
- (x) Take any action, make any statement or carry out any proceeding, as well as draft, sign and register, assuming responsibility for the content thereof if necessary, any prospectus, supplemental prospectus, memorandum, supplement, summary, offering document or document for admission to trading with or to any appropriate domestic or foreign agency or authority, including, without limitation, DTC and/or any of its nominees, Euroclear and Clearstream Luxembourg and/or any of their common depositaries, the New York Stock

Exchange, the European Central Bank, the Bank of Spain, the Single Resolution Board and any other public or private agency, entity or registry to confirm the eligibility of the CCPS as additional Tier 1 capital, the issue thereof, or for admission to trading thereof on the markets, as well as any other action that may be necessary in connection with the implementation and subsequent admission to trading of the issue of the CCPS. All of the foregoing with the changes, modifications and inclusions decided by the attorney upon the formalization of such requests, agreements, notifications and documents. Such decision will be irrefutably evidenced by their execution, for the purpose of reporting to the public officials, employees or representatives of the New York Stock Exchange or the relevant Clearing and Settlement Entity, as the case may be, and to take whatever action the abovementioned attorney deems necessary or appropriate for the CCPS to be admitted to trading on the New York Stock Exchange or be admitted for clearing and settlement in the relevant Clearing and Settlement Entity. In addition, to sign any certificate, notice, instruction and document, including those relating to the Underwriting Agreement, the Base Indenture and the Supplemental Indenture.

- (xi) Execute and submit to the SEC, on behalf of the Bank, the supplements and modifications to the Registration Statement, including the prospectus supplement and the free writing prospectus of the issue, which are deemed necessary or appropriate by the attorneys, at their discretion, in any event, together with any necessary or appropriate annexes, consents and other documents.
- (xii) Make application for listing of the CCPS on the markets provided for in this resolution and decide, and in such case, make application for trading of the CCPS on any other domestic or foreign secondary markets, official or unofficial, regulated or not, organized or not, and sign such documents and carry out such formalities as may be required for such purpose, and take any other subsequent actions that may be required for such listing.
- (xiii) Draft, sign, execute and, if appropriate, certify any kind of document, request or communication (including communications of privileged information or any other relevant information) related to the issue of the CCPS and take any additional measures that may be necessary or convenient for the purposes set forth in this agreement, including, but not limited to, authorizing the payment of the SEC's and the New York Stock Exchange's fees.
- (xiv) Execute in the name of Banco Santander such public or private documents as may be necessary or appropriate for the issue of the CCPS that are covered by this resolution and, in general, carry out such formalities as may be required in any jurisdiction for the implementation of this resolution and the effective flotation of the CCPS, including, in particular and without limitation, taking any necessary or advisable measures on behalf of the Bank to enable the registration or admission, or to request an exemption from such registration or admission, of all or part of the CCPS under the securities laws or "Blue Sky" of any of the states of the United States of America or other jurisdictions; and in connection with the above, to formalize, recognize, verify, deliver, submit and publish any requests, reports, provisions, agreements and other documents and instruments that may be required by the aforementioned laws, and take any necessary or advisable additional action to maintain their registration or admission, or exemption.

Furthermore, it is also agreed that the following individuals are authorized in the United States to sign on behalf of Banco Santander, SA, New York Branch: Mr. Francisco de Lera, Mr. James Bathon and Ms. Mercedes Pacheco (the "**U.S. Authorized Representatives**"); as well as to designate, indistinctly and individually, any of the U.S. Authorized Representatives, at the offices of the Bank at 45 East 53rd Street, New York, New York 10022 or, alternatively, to Banco Santander, S.A., New York Branch, as process agent or authorized agent for notifications purposes and as authorized representative of the Bank in the United States in connection with the issue.

To the extent permitted by the current legislation and the Bank's bylaws, it is agreed to indemnify and hold harmless all directors, board members and agents of the Bank in respect of any losses, actions, claims, damages or liabilities arising from them or those to which they may be subject to the extent that such losses, actions, claims, damages or liabilities derive from the issue, and to reimburse to each of

said directors, board members or agents any legal or other expenses which they have reasonably incurred, in such a case, in their defence against any such actions or claims.”

I finally CERTIFY that in what is omitted there is nothing that restricts, annuls or conditions what has been previously stated.

And, for the record, I issue the present certificate, approved by Mr. José Antonio Álvarez Álvarez, Vice President, in Boadilla del Monte on 5 May 2021.

Approved by,
Vice President

ANNEX I
ANTI-DILUTION MECHANISMS

Anti-Dilution Adjustment of the Floor Price

For the purposes of this section “—*Anti-Dilution Adjustment of the Floor Price*” only (a) references to the “issue” of Common Shares or Common Shares being issued shall, if not otherwise expressly specified in this “Description of Contingent Convertible Capital Securities”, include the transfer and/or delivery of Common Shares, whether newly issued and allotted or previously existing or held by or on behalf of Banco Santander or any member of the Group, and (b) Common Shares held by or on behalf of Banco Santander or any member of the Group (and which, in the case of sub-paragraphs (d) and (f) below, do not rank for the relevant right or other entitlement) shall not be considered as or treated as in issue or issued or entitled to receive any Dividend, right or other entitlement.

Upon the happening of any of the events described below and unless otherwise provided in the relevant prospectus supplement, the Floor Price of any series of contingent convertible capital securities shall be adjusted as follows:

(a) If and whenever there shall be a consolidation, reclassification/redesignation or subdivision affecting the number of Common Shares, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such consolidation, reclassification/redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Common Shares in issue immediately before such consolidation, reclassification/redesignation or subdivision, as the case may be; and
- B is the aggregate number of Common Shares in issue immediately after, and as a result of, such consolidation, reclassification/redesignation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification/redesignation or subdivision, as the case may be, takes effect.

(b) If and whenever Banco Santander shall issue any Common Shares credited as fully paid to Shareholders by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve) other than (i) where any such Common Shares are or are to be issued instead of the whole or part of a Cash Dividend which Shareholders would or could otherwise have elected to receive, (ii) where Shareholders may elect to receive a Cash Dividend in lieu of such Common Shares or (iii) where any such Common Shares are or are expressed to be issued in lieu of a Dividend (whether or not a Cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Common Shares in issue immediately before such issue; and
- B is the aggregate number of Common Shares in issue immediately after such issue.

Such adjustment shall become effective on the first day on which Common Shares are traded ex-rights on the relevant Stock Exchange.

(c) (i) If and whenever Banco Santander shall pay any Extraordinary Dividend to its shareholders, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A - C}$$

where:

- A is the Current Market Price of one Common Share on the Effective Date;
- B is the portion of the Fair Market Value of the aggregate Extraordinary Dividend attributable to one Common Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend by the number of Common Shares entitled to receive the relevant Dividend; and
- C is the amount (if any) by which the Reference Amount determined in respect of the Relevant Dividend exceeds an amount equal to the aggregate of the Fair Market Values of any previous Cash Dividends per Common Share paid or made in such Relevant Year (where C shall equal zero if such previous Cash Dividends per Common Share are equal to, or exceed, the Reference Amount in respect of the Relevant Year). For the avoidance of doubt, "C" shall equal the Reference Amount determined in respect of the Relevant Dividend where no previous Cash Dividends per Common Share have been paid or made in such Relevant Year.

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Extraordinary Dividend can be determined.

"Effective Date" means, in respect of this sub-paragraph (i), the first date on which the Common Shares are traded ex-the relevant Cash Dividend on the Relevant Stock Exchange.

"Extraordinary Dividend" means (i) any Cash Dividend which is expressly declared by Banco Santander to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to its shareholders or any analogous or similar term (including any distribution made as a result of any capital reduction), in which case the Extraordinary Dividend shall be such Cash Dividend; or (ii) any Cash Dividend (the "Relevant Dividend") paid or made in a financial year of Banco Santander (the "Relevant Year") if (A) the Fair Market Value of the Relevant Dividend per Common Share or (B) the sum of (I) the Fair Market Value of the Relevant Dividend per Common Share and (II) an amount equal to the aggregate of the Fair Market Value or Fair Market Values of any other Cash Dividend or Cash Dividends per Common Share paid or made in the Relevant Year (other than any Cash Dividend or part thereof previously determined to be an Extraordinary Dividend paid or made in such Relevant Year), exceeds the Reference Amount, and in that case the Extraordinary Dividend shall be the amount by which the Reference Amount is so exceeded.

"Reference Amount" means an amount per Ordinary Share that is consistent with the dividend policy of Banco Santander as applied or to be applied for a period or projected period of at least three years.

(ii) If and whenever Banco Santander shall pay or make any Non-Cash Dividend to Shareholders, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Common Share on the Effective Date; and
- B is the portion of the Fair Market Value of the aggregate Non-Cash Dividend attributable to one Common Share, with such portion being determined by dividing the Fair Market Value of the aggregate Non-Cash Dividend by the number of Common Shares entitled to receive the relevant Non-Cash Dividend (or, in the case of a purchase, redemption or buy back of Common Shares or any depositary or other receipts or certificates representing Common Shares by or on behalf of Banco Santander or any member of the Group, by the number of Common Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Common Shares, or any Common Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Non-Cash Dividend is capable of being determined as provided herein.

“Effective Date” means, in respect of this sub-paragraph (ii), the first date on which the Common Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Common Shares or any depositary or other receipts or certificates representing Common Shares by or on behalf of Banco Santander or any member of the Group, the date on which such purchase, redemption or buy back is made (or, in any such case if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein) or in the case of a Spin-Off, the first date on which the Common Shares are traded ex-the relevant Spin-Off on the Relevant Stock Exchange.

(iii) For the purposes of the above, Fair Market Value shall (subject as provided in paragraph (a) of the definition of “Dividend” and in the definition of “Fair Market Value”) be determined as at the Effective Date.

(iv) In making any calculations for the purposes of this paragraph (c), such adjustments (if any) shall be made as an Independent Financial Adviser may determine in good faith to be appropriate to reflect (A) any consolidation or sub-division of any Common Shares or (B) the issue of Common Shares by way of capitalization of profits or reserves (or any like or similar event) or (C) any increase in the number of Common Shares in issue in the Relevant Year in question.

(d) If and whenever Banco Santander shall issue Common Shares to its shareholders as a class by way of rights, or Banco Santander or any member of the Group or (at the direction or request or pursuant to any arrangements with Banco Santander or any member of the Group) any other company, person or entity shall issue or grant to its shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Common Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to acquire, any Common Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Common Share which is less than 95 percent of the Current Market Price per Common Share on the Effective Date, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Common Shares in issue on the Effective Date;

- B is the number of Common Shares which the aggregate consideration (if any) receivable for the Common Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued or granted by way of rights and for the total number of Common Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Common Share; and
- C is the number of Common Shares to be issued or, as the case may be, the maximum number of Common Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase or other rights of acquisition in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate, provided that if at the first date on which the Common Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange (as used in this sub-paragraph (d), the "Specified Date") such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this sub-paragraph (d), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (d), the first date on which the Common Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

(e) If and whenever Banco Santander or any member of the Group or (at the direction or request or pursuant to any arrangements with Banco Santander or any member of the Group) any other company, person or entity shall issue any ^oSecurities (other than Common Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire any Common Shares or Securities which by their terms carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or rights to otherwise acquire, Common Shares) to its shareholders as a class by way of rights or grant to its shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Securities (other than Common Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire Common Shares or Securities which by their term carry (directly or indirectly) rights of conversion into, or exchange or subscription for, rights to otherwise acquire, Common Shares), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Common Share on the Effective Date; and
- B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Common Share.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (e), the first date on which the Common Shares are traded ex-the relevant Securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

(f) If and whenever Banco Santander shall issue (otherwise than as mentioned in sub-paragraph

(d) above) wholly for cash or for no consideration any Common Shares (other than Common Shares issued on conversion of the any series of contingent convertible capital securities or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, or right to otherwise acquire Common Shares) or if and whenever Banco Santander or any member of the Group or (at the direction or request or pursuant to any arrangements with Banco Santander or any member of the Group) any other company, person or entity shall issue or grant (otherwise than as mentioned in sub-paragraph (d) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Common Shares (other than the contingent convertible capital securities of any series, which for this purpose include any Further Contingent Convertible Capital Securities), in each case at a price per Common Share which is less than 95 percent of the Current Market Price per Common Share on the date of the first public announcement of the terms of such issue or grant, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Common Shares in issue immediately before the issue of such Common Shares or the grant of such options, warrants or rights;
- B is the number of Common Shares which the aggregate consideration (if any) receivable for the issue of such Common Shares or, as the case may be, for the Common Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Common Share on the Effective Date; and
- C is the number of Common Shares to be issued pursuant to such issue of such Common Shares or, as the case may be, the maximum number of Common Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights,

provided that if at the time of issue of such Common Shares or date of issue or grant of such options, warrants or rights (as used in this sub-paragraph (f), the "Specified Date"), such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this sub-paragraph (f), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (f), the date of issue of such Common Shares or, as the case may be, the grant of such options, warrants or rights.

(g) If and whenever Banco Santander or any member of the Group or (at the direction or request of or pursuant to any arrangements with Banco Santander or any member of the Group) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (d), (e) or (f) above) shall issue wholly for cash or for no consideration any Securities (other than contingent convertible capital securities of any series) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, purchase of, or rights to otherwise acquire, Common Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be reclassified/redesignated as Common Shares, and the consideration per Common Share receivable upon conversion, exchange, subscription, purchase, acquisition or redesignation is less than 95 percent of the Current Market Price per Common Share on the date of the first public announcement

of the terms of issue of such Securities (or the terms of such grant), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Common Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, purchase of, or rights to otherwise acquire Common Shares which have been issued, purchased or acquired by Banco Santander or any member of the Group (or at the direction or request or pursuant to any arrangements with Banco Santander or any member of the Group) for the purposes of or in connection with such issue, less the number of such Common Shares so issued, purchased or acquired);
- B is the number of Common Shares which the aggregate consideration (if any) receivable for the Common Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to such Securities or, as the case may be, for the Common Shares to be issued or to arise from any such reclassification/ redesignation would purchase at such Current Market Price per Common Share; and
- C is the maximum number of Common Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange, subscription, purchase or acquisition price or rate or, as the case may be, the maximum number of Common Shares which may be issued or arise from any such reclassification/redesignation;

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this sub-paragraph (g), the "Specified Date") such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or, as the case may be, such Securities are reclassified/redesignated or at such other time as may be provided), then for the purposes of this sub-paragraph (g), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, reclassification/redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (g), the date of issue of such Securities or, as the case may be, the grant of such rights.

(h) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any Securities (other than the contingent convertible capital securities of any series) as are mentioned in sub-paragraph (g) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Common Share receivable has been reduced and is less than 95 percent of the Current Market Price per Common Share on the date of the first public announcement of the proposals for such modification, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

$$A + C$$

where:

- A is the number of Common Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Common Shares which have been issued, purchased or acquired by Banco Santander or any member of the Group (or at the direction or request or pursuant to any arrangements with Banco Santander or any member of the Group) for the purposes of or in connection with such Securities, less the number of such Common Shares so issued, purchased or acquired);
- B is the number of Common Shares which the aggregate consideration (if any) receivable for the Common Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Common Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and
- C is the maximum number of Common Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Adviser in good faith shall consider appropriate for any previous adjustment under this sub-paragraph (h) or sub-paragraph (g) above;

provided that if at the time of such modification (as used in this sub-paragraph (h), the “Specified Date”) such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided) then for the purposes of this sub-paragraph (h), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

“Effective Date” means, in respect of this sub-paragraph (h), the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

(i) If and whenever Banco Santander or any member of the Group or (at the direction or request of or pursuant to any arrangements with Banco Santander or any member of the Group) any other company, person or entity shall offer any Securities in connection with which its shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Floor Price falls to be adjusted under sub-paragraphs (b), (c), (d), (e) or (f) above or sub-paragraph (j) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 percent of the Current Market Price per Common Share on the relevant dealing day under sub-paragraph (e) above)) the Floor Price shall be adjusted by multiplying the Floor Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Common Share on the Effective Date; and
- B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Common Share.

Such adjustment shall become effective on the Effective Date.

“Effective Date” means, in respect of this sub-paragraph (i), the first date on which the Common Shares are traded ex-rights on the Relevant Stock Exchange.

(j) If Banco Santander determines that a reduction to the Floor Price should be made for whatever reason, the Floor Price will be reduced (either generally or for a specified period as notified to holders of the contingent convertible capital securities of such relevant series) in such manner and with effect from such date as Banco Santander shall determine and notify to the holders of the relevant series of contingent convertible capital securities.

Notwithstanding the foregoing provisions:

- (i) where the events or circumstances giving rise to any adjustment of the Floor Price have already resulted or will result in an adjustment to the Floor Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Floor Price or where more than one event which gives rise to an adjustment to the Floor Price occurs within such a short period of time that, in the opinion of Banco Santander, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result; and
- (ii) such modification shall be made as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate (A) to ensure that an adjustment to the Floor Price or the economic effect thereof shall not be taken into account more than once and (B) to ensure that the economic effect of a Dividend is not taken into account more than once.

For the purpose of any calculation of the consideration receivable or price pursuant to sub-paragraphs (d), (f), (g) and (h) above, the following provisions shall apply:

- (i) the aggregate consideration receivable or price for Common Shares issued for cash shall be the amount of such cash;
- (ii) (A) the aggregate consideration receivable or price for Common Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (B) the aggregate consideration receivable or price for Common Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by Banco Santander to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date as referred to in sub-paragraphs (d), (f), (g) or (h) above, as the case may be, plus in the case of each of (A) and (B) above, the additional minimum consideration receivable or price (if any) upon the conversion or

exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (C) the consideration receivable or price per Common Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (A) or (B) above (as the case may be) divided by the number of Common Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (iii) if the consideration or price determined pursuant to (I) or (II) above (or any component thereof) shall be expressed in a currency other than the Share Currency, it shall be converted into the Share Currency at the Prevailing Rate on the relevant Effective Date (in the case of (I) above) or the relevant date of first public announcement (in the case of (II) above);
- (iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Common Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- (v) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable regardless of whether all or part thereof is received, receivable, paid or payable by or to Banco Santander or another entity.

If the record date in respect of any consolidation, reclassification/redesignation or sub-division as is mentioned in sub-paragraph (a) above, or the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in sub-paragraphs (b), (c), (d), (e) or (i) above, or the date of the first public announcement of the terms of any such issue or grant as is mentioned in sub-paragraphs (f) and (g) above or of the terms of any such modification as is mentioned in sub-paragraph (h) above, shall be after the Trigger Event Notice Date in relation to the conversion of any contingent convertible capital security of any series but before the date on which the resolution of issuance of the relevant Common Shares is approved, then Banco Santander shall procure the execution of the corresponding adjustment mechanism pursuant to this section “—*Anti-Dilution Adjustment of the Floor Price*” so that there shall be issued and delivered to the Settlement Shares Depository, for onward delivery to the holders of the relevant contingent convertible capital securities, in accordance with the instructions contained in the Delivery Notices received by the Settlement Shares Depository, such number of Common Shares that could be required to be issued and delivered on such conversion taking into account the relevant adjustment to the Floor Price pursuant to this section “—*Anti-Dilution Adjustment of the Floor Price*” and all references to the issue and/or delivery of Common Shares or Conversion Shares in this prospectus and the contingent convertible capital securities indenture shall be construed accordingly.

If any doubt shall arise as to whether an adjustment falls to be made to the Floor Price or as to the appropriate adjustment to the Floor Price, and following consultation between Banco Santander and an Independent Financial Adviser, a written determination of such Independent Financial Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of willful default, bad faith or manifest error.

No adjustment will be made to the Floor Price where Common Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person)

or their spouses or relatives, in each case, of Banco Santander or any of member of the Group or any associated company or to a Trustee or Trustees or intermediary to be held for the benefit of any such person, in any such case pursuant to any share or option or similar scheme.

On any adjustment, the resultant Floor Price, if a number of more decimal places than the initial Floor Price, shall be rounded down to such decimal place. No adjustment shall be made to the Floor Price where such adjustment (rounded down if applicable) would be less than 1 percent of the Floor Price then in effect. Any adjustment not required to be made and/or any amount by which the Floor Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Floor Price shall be given by Banco Santander to holders of the contingent convertible capital securities of any series through the filing of an inside information/other relevant information (*información privilegiada/otra información relevante*) announcement with the CNMV and its publication in accordance with the rules and regulations of any applicable stock exchange or other relevant authority and in accordance with “—Notices” below promptly after the determination thereof.

Appendix III: Minutes of decisions of Ms. Silvana Borgatti Casale, Director of the Corporate Issuance Department of the Financial Management Area of Banco Santander, S.A 6 May 2021 of Banco Santander, S.A.

**MINUTES OF DECISIONS MADE BY THE MANAGER OF THE DEPARTMENT OF CORPORATE
ISSUES OF THE FINANCIAL MANAGEMENT AREA OF BANCO SANTANDER, S.A.**

In Madrid, on 6 May 2021, at Ciudad Financiera del Grupo Santander, Avenida de Cantabria s/n, 28660, Boadilla del Monte (Madrid), the Manager of the department of Corporate Issues of the Financial Management area of Banco Santander, S.A. ("**Banco Santander**", the "**Bank**" or the "**Company**"), Ms. Silvana Borgatti Casale, hereby states the following decisions made by her on the date hereof:

In exercise of the powers granted to the Manager of the department of Corporate Issues of the Financial Management area of Banco Santander, Ms. Silvana Borgatti Casale, by the executive committee of the Company by virtue of the resolution adopted at its meeting held on 4 May 2021 in accordance with the powers delegated to the board of directors of the Company by virtue of the Seventh Resolution adopted by the Ordinary General Shareholders' Meeting of the Bank held on 12 April 2019 and the subsequent substitution of powers carried out by the Board in favour of the said executive committee at its meeting held on the aforementioned date relating to the issue of contingently convertible preferred securities into newly-issued ordinary shares of Banco Santander, with the exclusion of the pre-emptive rights, for a maximum amount of two thousand million euros (EUR 2,000,000,000) and/or the equivalent in U.S. dollars (the "**Issue Resolution**" and the "**CCPS**", respectively), considering the accelerated bookbuilding process carried out on the date hereof by Barclays Capital Markets, Inc., BNP Paribas Securities Corp., BofA Securities, Inc., Citigroup Global Markets, Inc., Deutsche Bank Securities, Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Santander Investment Securities, Inc., on one side and by Santander, S.A. itself (in its capacity as underwriter), Barclays Bank Ireland PLC, BNP Paribas, BofA Securities Europe, SA, Citigroup Global Markets Europe AG, Deutsche Bank Aktiengesellschaft, J.P. Morgan AG, Morgan Stanley Europe SE, on the other side, in order to obtain indications of interest from the American, European and Asian markets, respectively. I proceed to supplement, in the name and on behalf of the Bank, the terms and conditions of the said issue, as regards anything not established in the Issue Resolution adopted by the executive committee, as well as to adjust them as necessary in accordance with the accelerated bookbuilding process by defining them with the following terms and in the terms supplemented and specified herein, will be hereinafter referred to as the "**Issue**":

FIRST.- Determination of the number of series in which the Issue is divided and of the aggregate nominal value of the Issue

In view of the prevailing market conditions, it has been decided to create two series (10 and 11) for the issuance of the CCPS, one in US dollars and the other in euros.

The aggregate nominal value of the Issue amounts to ONE THOUSAND FIVE HUNDRED EIGHTY-THREE MILLION THREE HUNDRED THIRTY-THREE THOUSAND THREE HUNDRED AND THIRTY-THREE EUROS AND THIRTY-THREE CENTS (EUR 1,583,333,333.33.-), being (i) the aggregate nominal amount of the series 10 (*U.S. \$ 1,000,000,000 4.750% Non-Step-Up Non-Cumulative Contingent Convertible Perpetual Preferred Tier 1 Securities*) ("**Series 10**") ONE THOUSAND MILLION U.S. DOLLARS (USD 1,000,000,000.-), equivalent to approximately EIGHT HUNDRED THIRTY-THREE MILLION THREE HUNDRED THIRTY-THREE THOUSAND THREE HUNDRED AND THIRTY-THREE EUROS AND THIRTY-THREE CENTS (EUR 833,333,333.33.-) at the euro/U.S. dollar exchange rate on 5 May 2021 as appearing on the relevant page of Bloomberg, which amounted to 1.200 U.S. dollars per euro (the "**Prevailing Exchange Rate**"); and (ii) the aggregate nominal amount of the series 11 (*EUR 750,000,000 4.125% Non-Step-Up Non-Cumulative Contingent Convertible Perpetual Preferred Tier 1 Securities*) ("**Series 11**") SEVEN HUNDRED FIFTY MILLION EUROS (EUR 750,000,000.-).

The total amount of the Issue will be the amount that corresponds to the nominal value of the CCPS that are effectively subscribed and paid-up, and it will have no effect as regards the rest.

It is stated that, if the Issue were subscribed in full, (i) the amount used out of the maximum amount authorised pursuant to the Seventh Resolution adopted by the Ordinary General Shareholders'

Meeting of the Bank held on 12 April 2019 would be THREE THOUSAND EIGHTY-THREE MILLION THREE HUNDRED THIRTY-THREE THOUSAND THREE HUNDRED AND THIRTY-THREE EUROS AND THIRTY-THREE CENTS (EUR 3,083,333,333.33.-) and (ii) SIX THOUSAND NINE HUNDRED SIXTEEN MILLION SIX HUNDRED SIXTY-SIX THOUSAND SIX HUNDRED AND SIXTY-SIX EUROS AND SIXTY-SEVEN CENTS (EUR 6,916,666,666.67.-) would remain available for drawdown.

It is also stated that, in accordance with the provisions of the Issue Agreement, the nominal value of each CCPS shall be TWO HUNDRED THOUSAND UNITED STATES DOLLARS (U.S. \$200,000.-) (for Series 10 of the CCPS) or TWO HUNDRED THOUSAND EUROS (EUR 200,000.-) (for Series 11 of the CCPS).

SECOND.- Determination of the Minimum Conversion Price

In accordance with the Issue Resolution, the Minimum Conversion Price will be EUR 2.129 (the 66% of the listing price of the Banco Santander's shares at the close of the market on 5 May 2021). For the purposes of Series 10, and applying the Prevailing Exchange Rate, the Minimum Conversion Price of Series 10 is 2.555 U.S. dollars.

Therefore, the maximum number of shares that might be required to accommodate the conversion of the CCPS, will amount to 743,667,496 shares resulting from the sum of (a) the quotient (rounded off by default, where applicable) from dividing (i) the aggregate nominal amount of the Series 10 (USD 1,000,000,000.-); *by* (ii) the Minimum Conversion Price of 2.555 U.S. dollars (subject to and notwithstanding the anti-dilution adjustments to the Minimum Conversion Price); *plus* (b) the quotient (rounded off by default, where applicable) from dividing (i) the aggregate nominal amount of the Series 11 (EUR 750,000,000.-); *by* (ii) the Minimum Conversion Price of 2.129 euros (subject to and notwithstanding the anti-dilution adjustments to the Minimum Conversion Price).

Therefore, the maximum amount of the capital increase that will be required to carry out the conversion of all the CCPS would amount to 371,833,748 euros, resulting from multiplying the 743,667,496 shares by their nominal value.

THIRD.- Determination of remuneration rate of the CCPS

The annual remuneration rate for the CCPS is fixed for each series as follows:

(i) Series 10: (a) from the Disbursement Date (as defined in the Fourth Decision below) (included) to the First Reset Date (excluded) (set forth in the Fourth Decision below), at 4.750%, and (b) from the First Reset Date onwards, for each five-year period, at the rate resulting from the addition of 375.3 basis points to the 5-year UST; and

(ii) Series 11: (a) from the Disbursement Date (included) to the First Reset Date (excluded) (set forth in the Fourth Decision below), at 4.125%, and (b) from the First Reset Date onwards, for each five-year period, at the rate resulting from the addition of 431.1 basis points to the rate resulting from the 5-year mid-swap applicable.

FOURTH.- Determination of the subscription period, the disbursement date for the CCPS and the remuneration accrual period, determination of the First Reset Date and early redemption

In accordance with the Issue Resolution, the subscription period of the CCPS is established to be: from 08:00 hours (Madrid time) on 12 May 2021 to 10:00 hours (Madrid time) on 12 May 2021.

Likewise, it is established that the subscription and disbursement date for the CCPS, in accordance with the Issue Resolution, will be on 12 May 2021 (the "**Disbursement Date**"). Consequently, in compliance with the provisions of the Issue Resolution, the remuneration of the CCPS will be accrued from the Disbursement Date and will be payable quarterly in arrears; where applicable, the payment of the remuneration will be made on the following days: 12 February, 12 May, 12 August and 12 November of each year.

Likewise, the "**First Reset Date**" is fixed for the Series 10 on 12 May 2027, and for the Series 11 on 12 May 2028.

Finally, the CCPS may be redeemed, in accordance with the procedure provided for in articles 77 and 78 of CRR, at the discretion of the Bank: (i) for the CCPS of Series 10, at any time within the six months prior to 12 May 2027 (First Reset Date of Series 10) (included) and thereafter on any of the remuneration payment dates; and (ii) for the CCPS of the Series 11, at any time within the six months prior to 12 May 2028 (First Reset Date of Series 11) (included) and thereafter on any of the remuneration payment dates.

Ms. Silvana Borgatti Casale

**Appendix IV: Certification of the Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U.
(Governing Body of the Madrid Stock Exchange).**

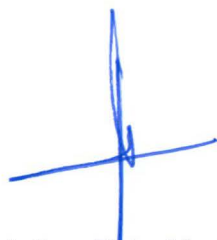
DOÑA CRISTINA BAJO MARTÍNEZ, VICESECRETARIA DEL CONSEJO DE ADMINISTRACIÓN DE LA SOCIEDAD RECTORA DE LA BOLSA DE VALORES DE MADRID, S.A.U.

CERTIFICA que, de los antecedentes que existen en esta Secretaría a su cargo y de los correspondientes a las restantes Bolsas españolas de Valores, resulta que, durante el período comprendido entre el día 05/02/2021 y el día 05/05/2021 ambos inclusive, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de **BANCO SANTANDER, S.A.**, con código ISIN ES0113900J37, fue de 2,9298 euros.

Asimismo, el día 5 de mayo de 2021, el cambio de cierre de las citadas acciones fue de 3,2250 euros.

Lo que, a petición de BANCO SANTANDER, S.A, y para que surta los efectos oportunos, hace constar en Madrid, a 6 de mayo de 2021.

LA VICESECRETARIA



Cristina Bajo Martínez