H1 2021

FIXED INCOME INVESTORS PRESENTATION

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Santander

Important information

Non-IFRS and alternative performance measures

This presentation contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Santander Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for our management and investors to compare operating performance between accounting periods, as these measures exclude items outside the ordinary course performance of our business, which are grouped in the "management adjustment" line and are further detailed in Section 3.2 of the Economic and Financial Review in our Directors' Report included in our Annual Report on Form 20-F for the year ended 31 December 2020. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. For further details on APMs and Non-IFRS Measures, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2020 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 26 February 2021, as well as the section "Alternative performance measures" of the annex to the Banco Santander, S.A. ("Santander") Q2 2021 Financial Report, published as Inside Information on 28 July 2021. These documents are available on Santander's website (www.santander.com). Underlying measures, which are included in this presentation, are non-IFRS measures.

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries.

Forward-looking statements

Santander advises that this presentation contains "forward-looking statements" as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words like "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future" and similar expressions. Found throughout this presentation, they include (but are not limited to) statements on our future business development, economic performance and shareholder remuneration policy. However, a number of risks, uncertainties and other important factors may cause actual developments and results to differ materially from our expectations. The following important factors, in addition to others discussed elsewhere in this presentation, could affect our future results and could cause materially different outcomes from those anticipated in forward-looking statements: (1) general economic or industry conditions of areas where we have significant operations or investments (such as a worse economic environment; higher volatility in the capital markets; inflation or deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the COVID-19 pandemic in the global economy); (2) exposure to various market risks (particularly interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices); (3) potential losses from early repayments on our loan and investment portfolio, declines in value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the United Kingdom, other European countries, Latin America and the US (5) changes in legislation, regulations, taxes, including regulatory capital and liquidity requirements, especially in view of the UK exit of the European Union and increased regulation in response to financial crisis; (6) our ability to integrate successfully our acquisitions and related challenges that result from the inherent diversion of management's focus and resources from other strategic opportunities and operational matters; and (7) changes in our access to liquidity and funding on acceptable terms, in particular if resulting from credit spreads shifts or downgrade in credit ratings for the entire group or significant subsidiaries.

Important information

Numerous factors could affect our future results and could cause those results deviating from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

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H1'21 Highlights

Growth

- **Net operating income up 13% YoY** driven by **the 8% increase in total income** (volumes: +2% loans; +4% deposits; +18% mutual funds) and efficiency improvement
- **Widespread growth across** regions and businesses
- Greater revenue generation and improved efficiency driven by **increased digitalization**
- **Strong digital adoption: 52%** of sales through digital channels in H1'21 (44% in H1'20) and 45 million **digital customers (+14% YoY)**

Profitability

- **Q2'21 profit of EUR 2,067 mn.** Excluding SRF contribution: +8% QoQ
- **H1'21 Group attributable profit** of EUR 3,675 mn[1] and **H1'21 underlying profit of EUR 4,205 mn** (+153% YoY)
- **Increased profitability: underlying RoTE** of 12.6% and **underlying EPS** of EUR 22.7 cents
- We announced an agreement to acquire **Amherst Pierpont** and a proposal to acquire the **minorities** SHUSA does not own (20%) in **SC USA**

Strength

- **Cost of credit improved** to 0.94%. Loan-loss reserves stood at EUR 24 bn, with a coverage ratio of 73%
- **CET1 ratio** of 12.11% with continued organic generation (7 bps in Q2'21[2]). In addition, regulatory and models' impact (-24 bps)
- **TNAVps increased 4% QoQ** to EUR 3.98 as of June 2021

Broad-based growth in H1'21 while we focus on building a more resilient, inclusive and greener business

Note: changes in constant euros
(1) Q1'21: -EUR 530 mn (net of tax) mainly due to expected restructuring charges for FY21
(2) As indicated by the consolidating supervisor, a pay-out of 50%, the maximum within the target range (40%-50%), was applied for the calculation of the capital ratio

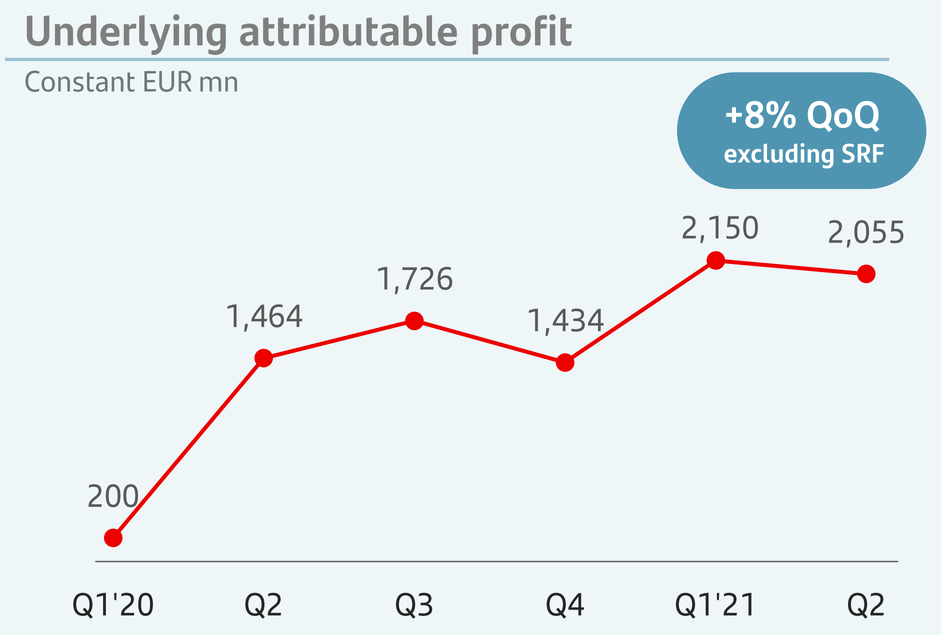
H1 underlying profit of EUR 4.2 billion, driven by solid net operating income growth (+13%[1] YoY) and lower cost of credit

EUR million	H1'21	H1'20	% change Euros	% change Constant euros
NII	16,196	16,202	0	8
Net fee income	5,169	5,136	1	8
Trading and other income	1,330	1,180	13	20
Total income	**22,695**	**22,518**	**1**	**8**
Operating expenses	-10,377	-10,653	-3	3
Net operating income	**12,318**	**11,865**	**4**	**13**
LLPs	-3,753	-7,027	-47	-42
Other results	-937	-997	-6	-2
Underlying PBT	**7,628**	**3,841**	**99**	**123**
Underlying att. profit	**4,205**	**1,908**	**120**	**153**
Net capital gains and provisions[2]	-530	-12,706	-96	-96
Attributable profit	**3,675**	**-10,798**	**—**	**—**

H1'21 vs. H1'20	Underlying att. profit[1] (EUR mn)	Contribution to Group's Underlying profit[3]
Europe	1,426 +172%	27%
North America	1,628 +178%	31%
South America	1,645 +41%	31%
Digital Consumer Bank	569 +11%	11%

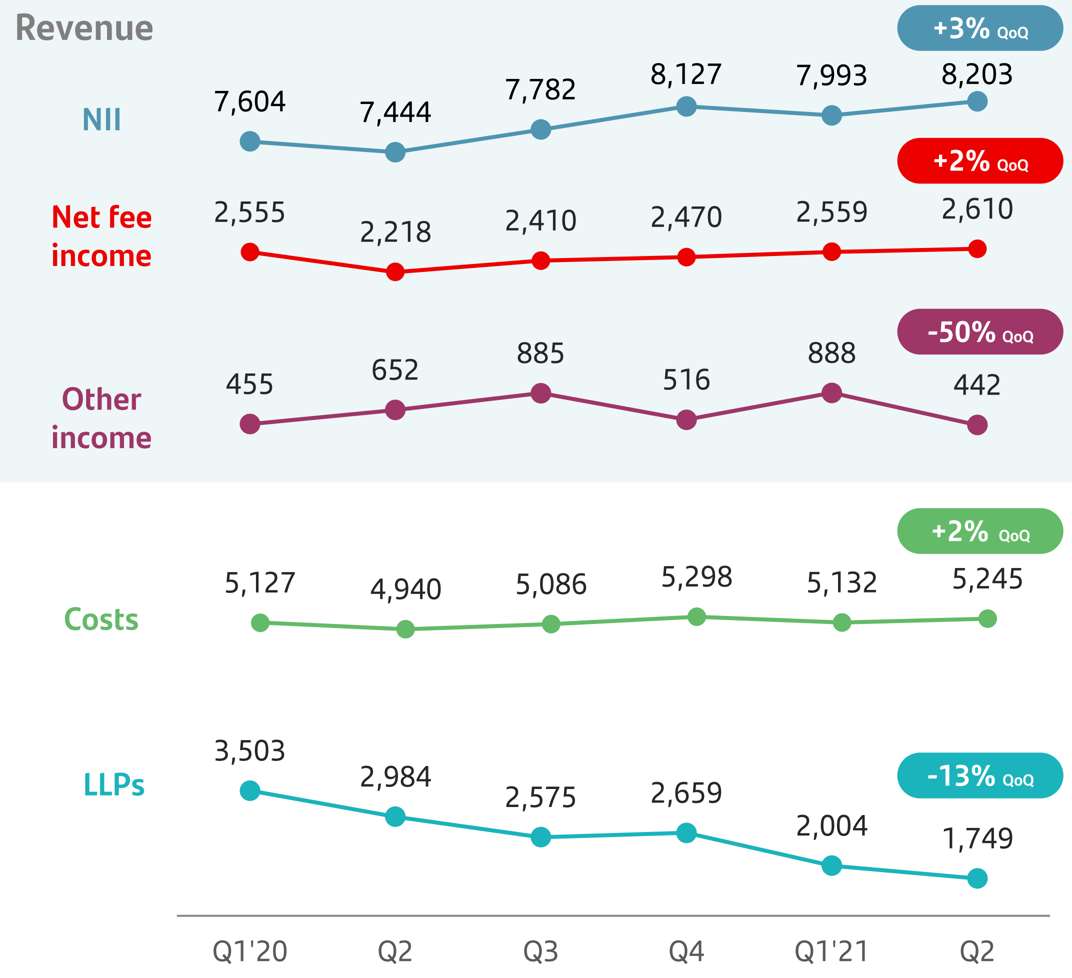
(1) Changes in constant euros
(2) H1'21: restructuring costs (net of tax), corresponding mainly to the UK and Portugal. H1'20: adjustments to the valuation of goodwill & deferred tax assets and other
(3) Contribution as a % of operating areas and excluding the Corporate Centre

Positive customer revenue performance and continued LLP reduction drove profit increase QoQ excluding SRF contribution[1]



Underlying attributable profit (EUR mn)

377	1,531	1,750	1,423	2,138	2,067



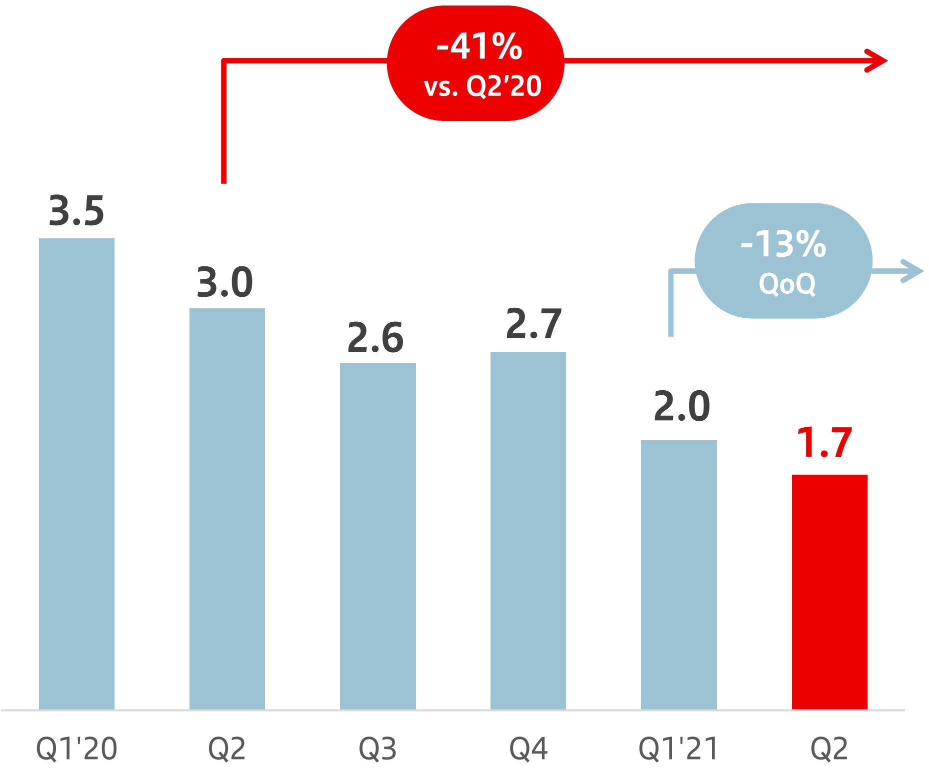
(1) SRF contribution: EUR 367 million

Note: data in constant euros

Further improvement in cost of credit, with lower LLPs in most countries, notably Brazil, the US and the UK

Loan-loss provisions

Constant EUR bn



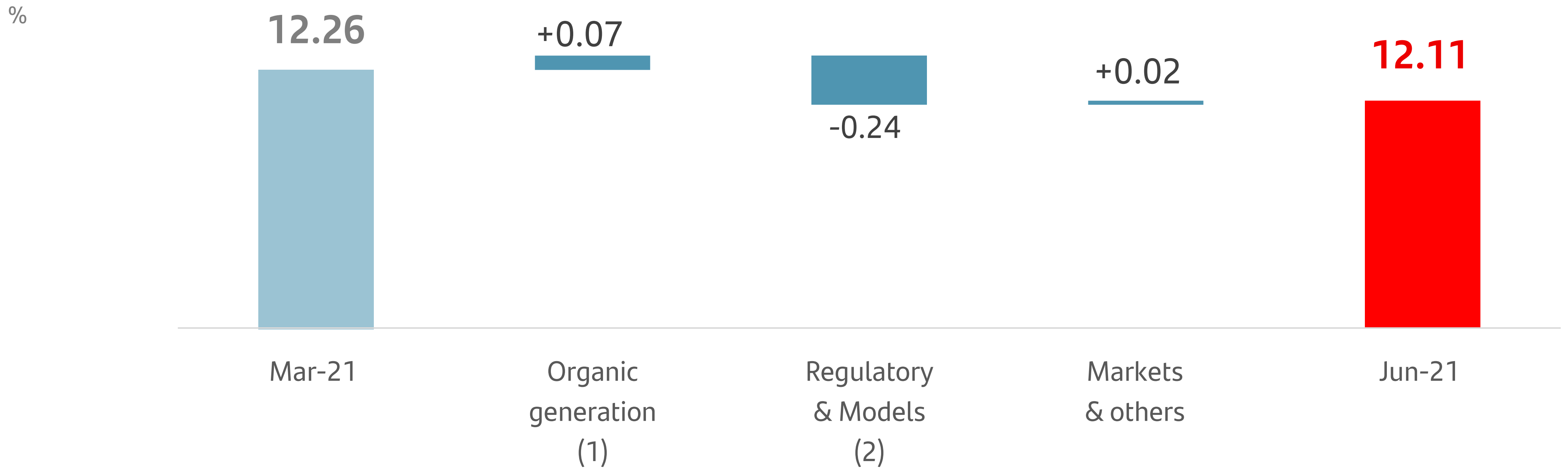
Credit quality indicators

	Jun-20	Mar-21	Jun-21
Cost of credit[1]	1.26%	1.08%	0.94%
NPL ratio	3.26%	3.20%	3.22%
Coverage ratio	72%	74%	73%

(1) Provisions to cover losses due to impairment of loans in the last 12 months / average customer loans and advances of the last 12 months. Considering annualized H1'21 provisions, cost of credit would be 0.79% (1.46% in H1'20)

Continued organic generation, which enabled us to maintain our solid capital position

CET1 ratio quarterly evolution



FL CET1 ratio 11.85 11.70

	Q2'20	Q2'21	Diff.
FL CET1 ratio	11.46%	11.70%	24 bps
FL Total capital ratio	15.08%	15.42%	34 bps
FL Leverage ratio	4.64%	5.01%	37 bps

Note: as indicated by the consolidating supervisor, a pay-out of 50%, the maximum within the target range (40%-50%), has been assumed for the calculation of the capital ratios in 2021. Previously, 40% cash pay-out was considered

(1) Including -18 bps for potential shareholder remuneration equivalent to up to 50% of Q2'21 underlying profit

(2) TRIM low defaults (-9 bps), SA-CCR (-11 bps)

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Our business model drives predictable and profitable growth

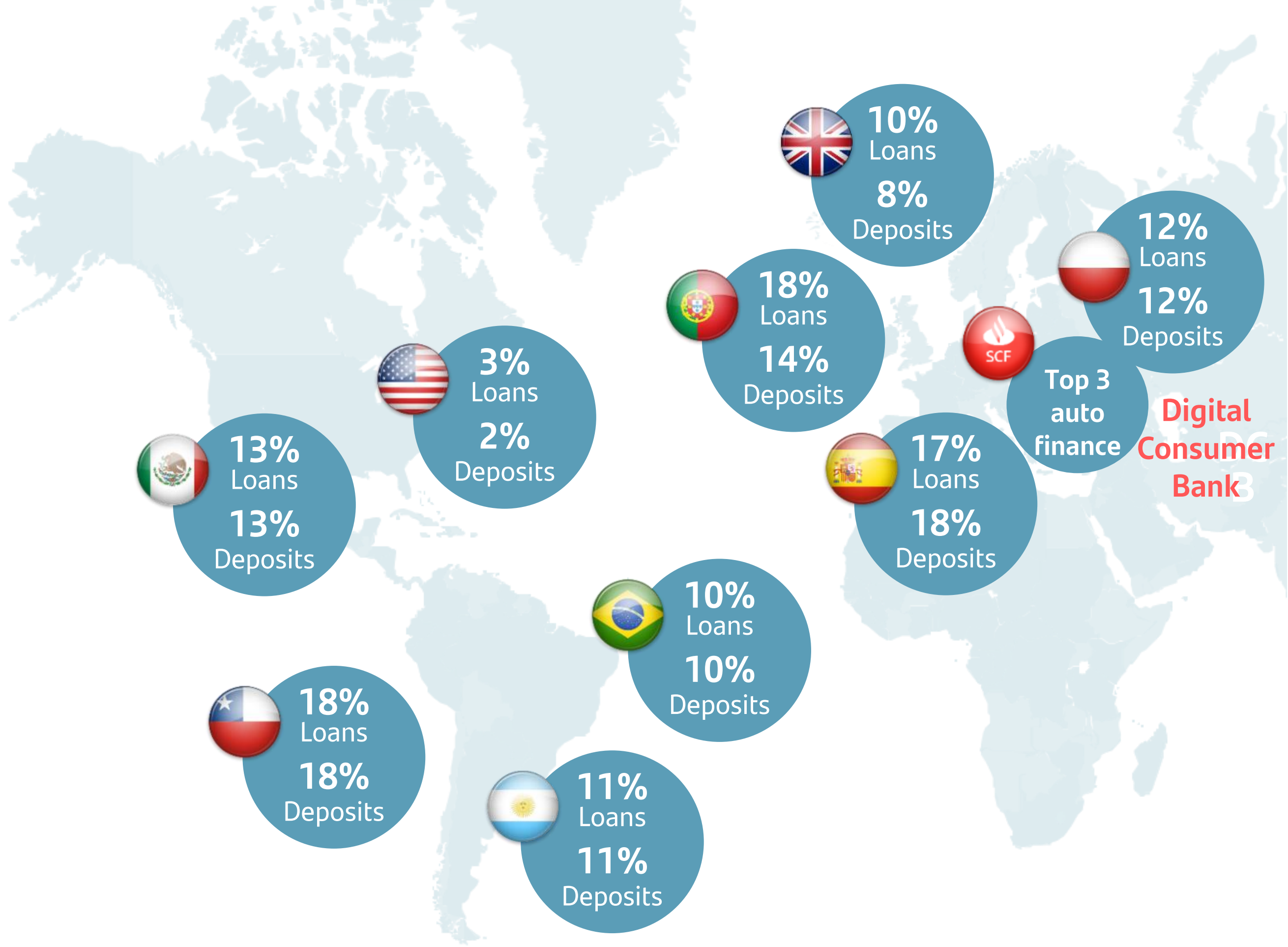
Our business model **is based on three pillars**

1	SCALE	**Local scale** and **leadership.** **Worldwide reach** through our global businesses and PagoNxt
2	CUSTOMER FOCUS	**Unique personal banking relationships** strengthen customer loyalty
3	DIVERSIFICATION	Our **geographic and business diversification** makes us more resilient under adverse circumstances

We have in-market scale in our core markets, with customers distributed across geographies with high growth potential

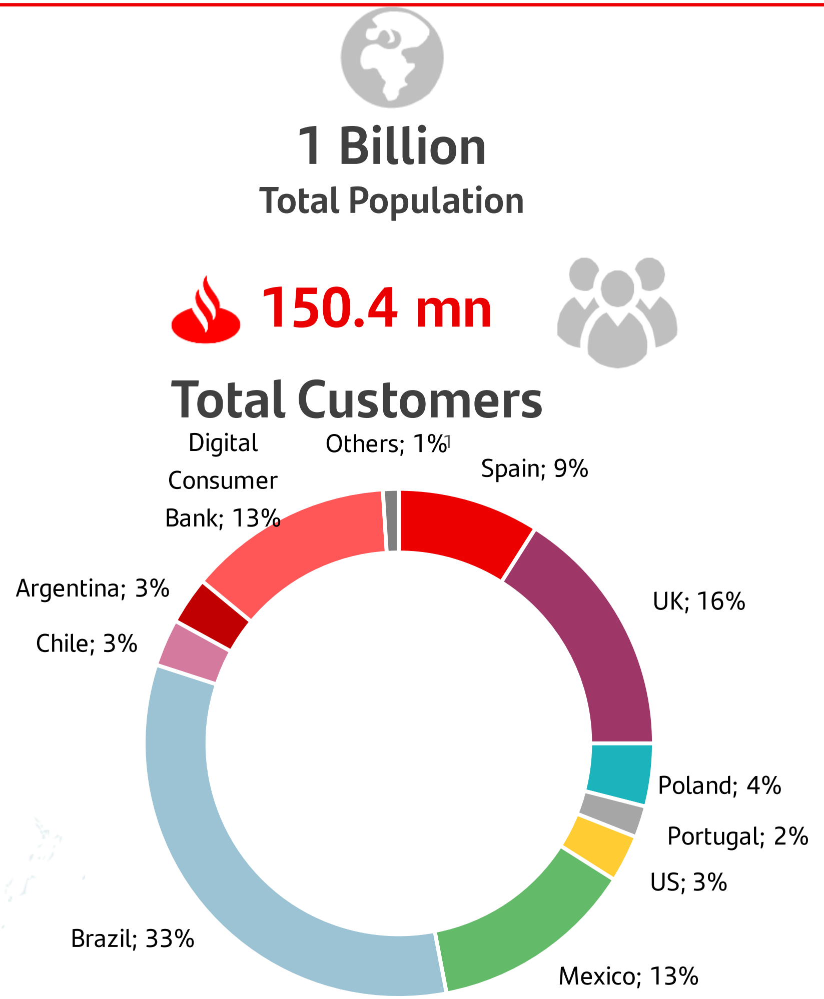
1

Market shares



Customers distributed across geographies

Jun-21



Market share data: as at Mar-21 and Argentina, USA and Digital Consumer Bank latest available. Spain includes Santander España (public criteria) + Hub Madrid + SCF España + Openbank and Other Resident sectors in Deposits. The UK: includes London Branch and SCF business in UK. Poland: including SCF business in Poland. The US: in all states where Santander Bank operates. Brazil: deposits including debenture, LCA (agribusiness notes), LCI (real estate credit notes), financial bills (letras financeiras) and COE (certificates of structured operations)

Greater revenue generation (+8% YoY) and improved efficiency driven by increased digitalization…

H1'21 and YoY changes

Metric	H1'21	YoY
Total customers	150 mn	+3%
# Digital transactions	1,757 mn	+38%
Digital sales	52%	+8 pp

Mortgages	Consumer	Cards	Deposits	Investments & Insurance
+9 pp	+10 pp	+6 pp	+12 pp	+9 pp

H1'21 and YoY changes in constant euros

Metric	H1'21	YoY
Total income	>EUR 22 bn	+8%
Net operating income	>EUR 12 bn	+13%
Efficiency	45.7%	-159 bps

Top 3 NPS in 7 markets

… and doing business in a more responsible and sustainable way…

2

E Environmental

Ambition to be Net Zero by 2050

Founding Member of the **Net-Zero Banking Alliance**

We have **set an specific target to strive** to reduce **emission intensity on power generation portfolio** by 2030[1]

Santander Green Bond Issuances

EUR 1 bn in H1'21
Santander has issued to date: 3 Green bonds (EUR 3 bn)

Green finance mobilized

EUR 8 bn in H1'21; EUR 42 bn since 2019
2025 goal: EUR 120 bn

Renewable project finance – H1'21 Global League tables position

#1 by **deals**
Top 3 by **volume**

In **Bloomberg** Clean Energy &
Dealogic Wind, Renewables Fuel

S Social

Santander finance for all: providing access, microfinance and financial education

Financially empowering people

1.1 mn in H1'21; 6.0 mn since 2019
2025 goal: 10 mn

Microcredit

EUR 261 mn H1'21;
EUR 1.2 bn since 2019

G Governance

An independent and diverse Group Board

>60% Independent directors

40% Women

ESG metrics are part of our executive compensation bonus scorecard[2]

Including our public target on **women in senior positions**

Santander

Dealogic - Regional Renewable Energy MLA Rankings – H1'21
Bloomberg NEF Clean Energy - Asset finance - lead arrangers – H1'21
(1) Going from 0.23 tCO_2/MWh to 0.11 tCO_2/MWh
(2) Also including contribution to the climate project, development of green finance and contribution to financially empowering people

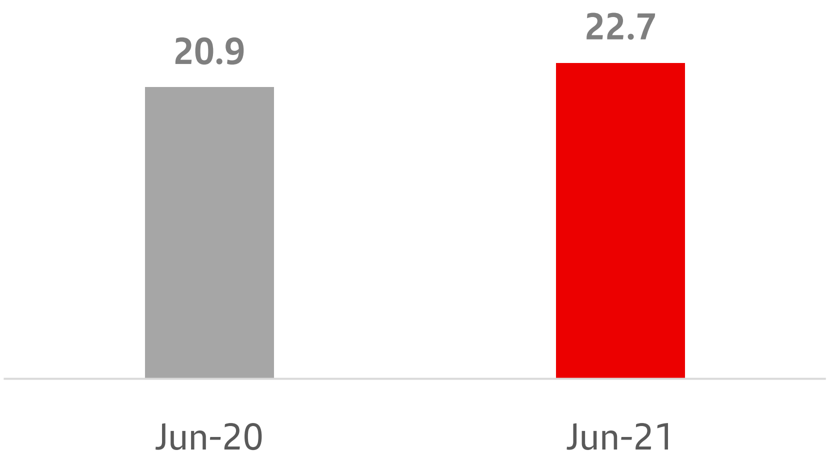
UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING
PRI Principles for Responsible Investment
THE GLOBAL COMPACT WE SUPPORT
2020 Bloomberg Gender-Equality Index
Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA
EUROMONEY AWARDS FOR EXCELLENCE 2021 LATIN AMERICA BEST BANK FOR SUSTAINABLE FINANCE

… improves operational excellence by helping to deliver resilient top line performance and increased cost savings

2

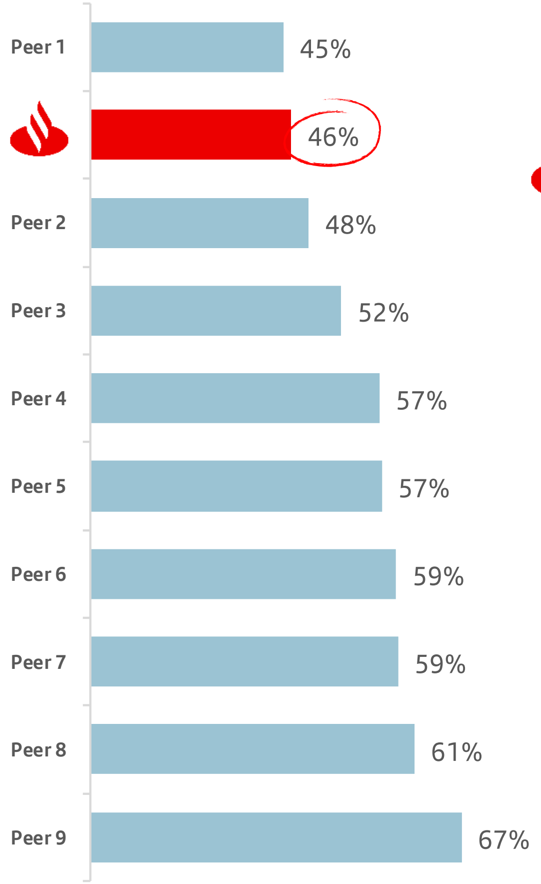
Resilient revenue despite covid-19 crisis…

Total income, constant EUR mn



…with one of the best cost-to-income among peers[1]

Cost-to-income, Peer data Q1'21, Santander H1'21



11 pp better than peer avg.

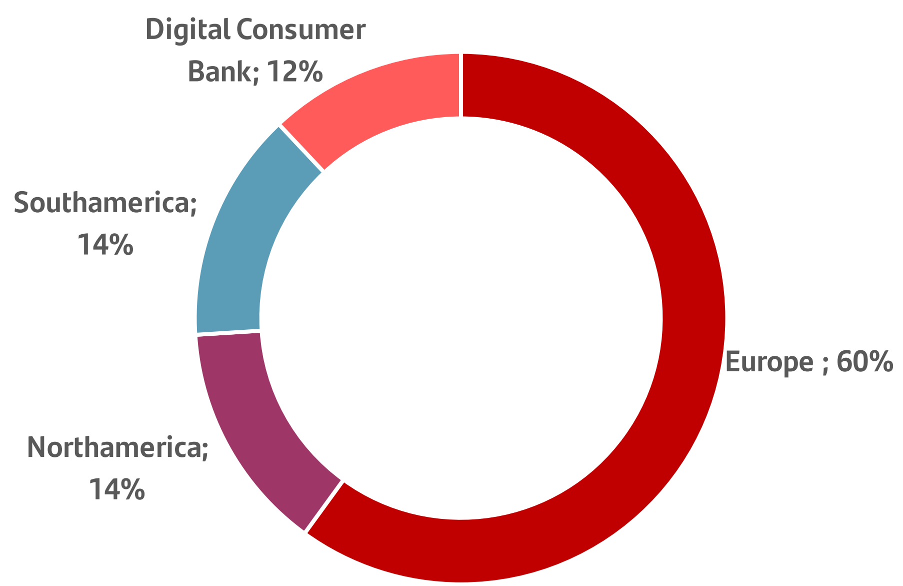
(1) Peers included are: BBVA, BNP Paribas, Citibank, Credit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit. Santander calculations

Our geographic and business diversification, coupled with our subsidiaries model...

3

Loans and advances to customers by area

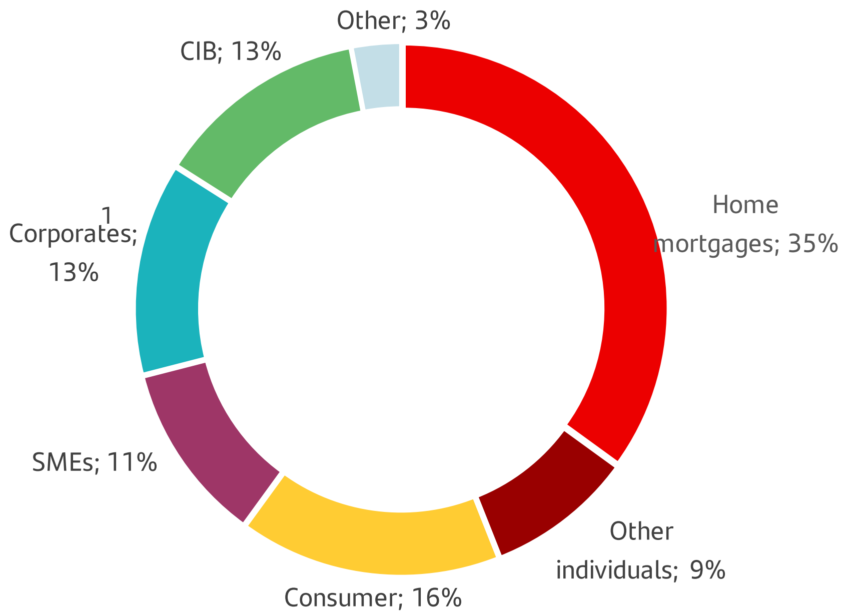
Breakdown of total gross loans excluding reverse repos, % of operating areas Jun-21



- Total gross loans excluding reverse repos: EUR 940 bn
- RWAs[2]: EUR 585 bn

Loans and advances to customers by business

Breakdown of total gross loans excluding reverse repos, Jun-21



- 87% of loan portfolio is Retail, 13% Wholesale

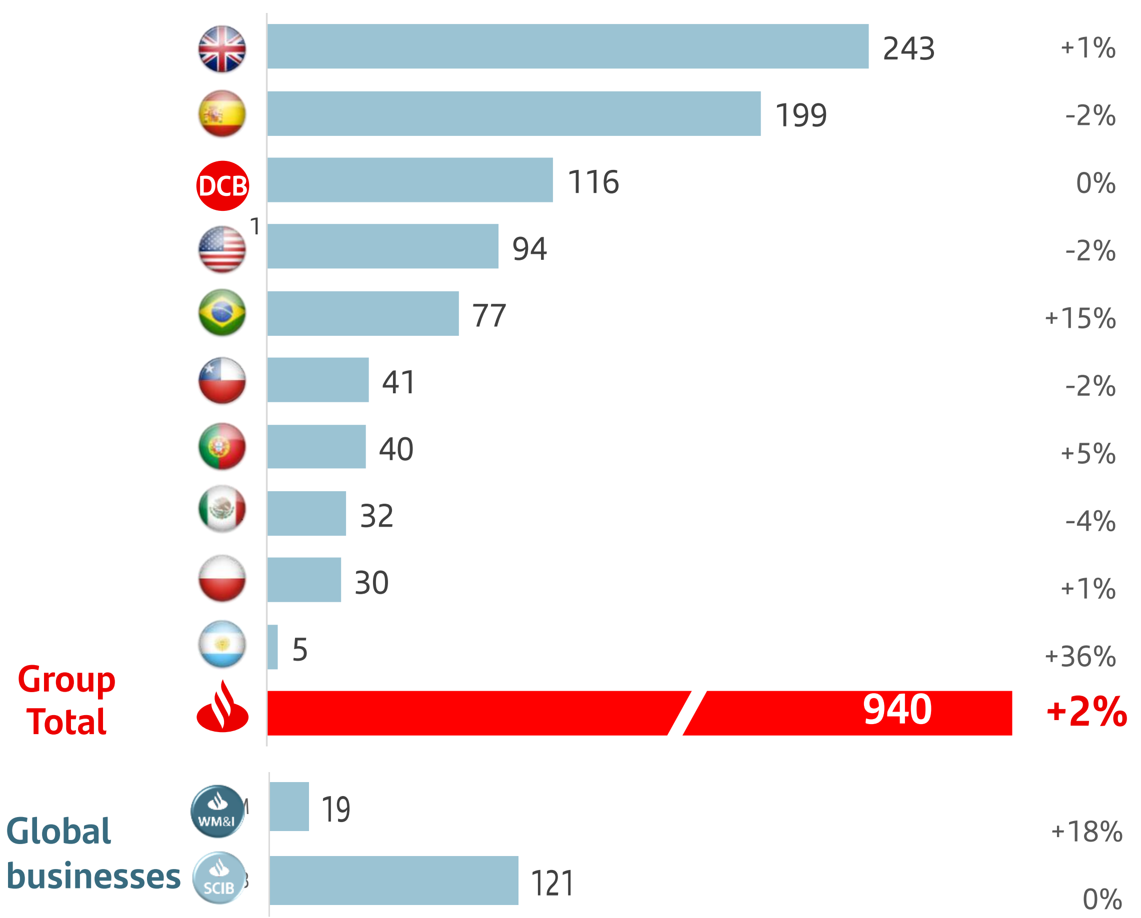
(1) Corporates and institutions
(2) RWAs fully-loaded

... with balance sheet growth...

3

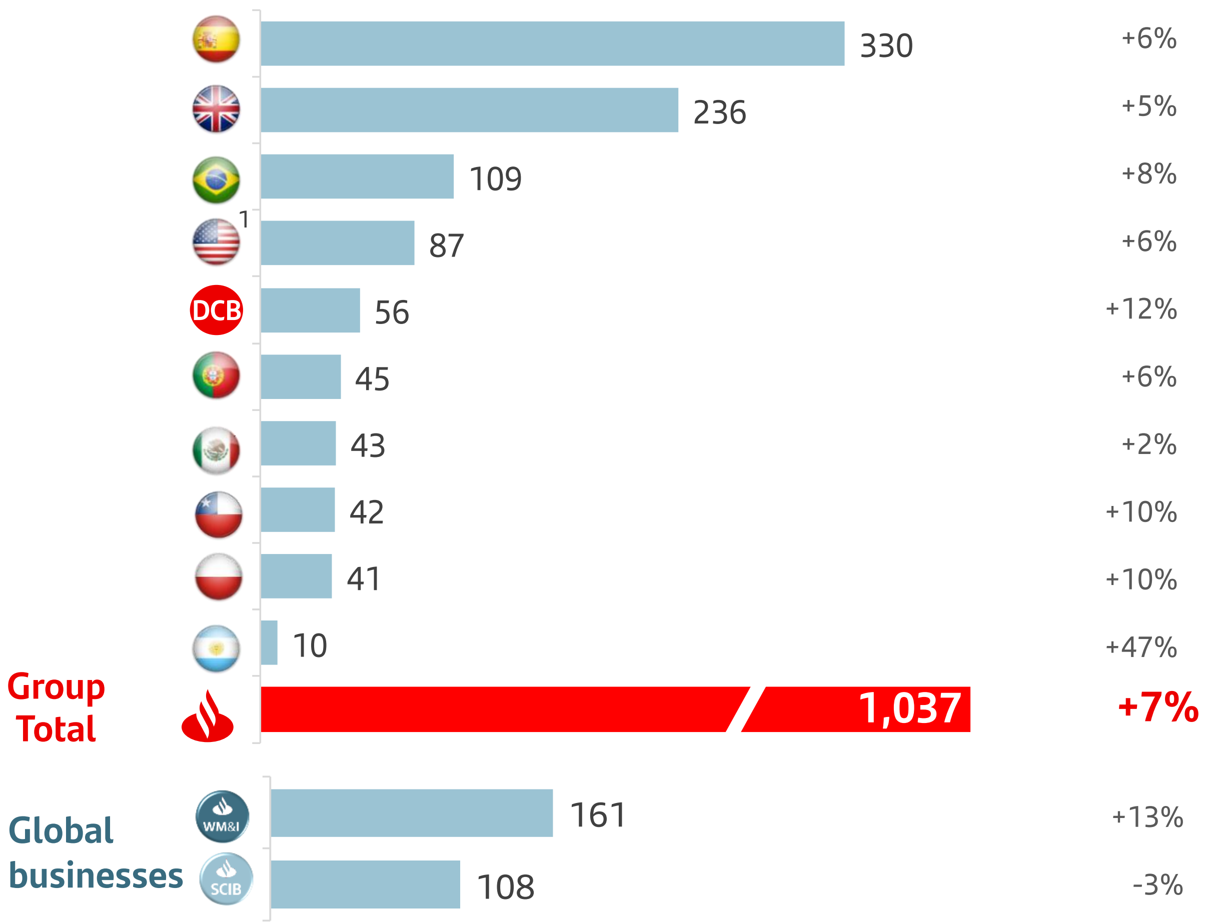
Loans and advances to customers in core markets

EUR bn and YoY growth % (constant euros), Jun-21



Customer funds in core markets

EUR bn and YoY growth % (constant euros), Jun-21



Note: Loans and advances to customers excluding reverse repos. Customer funds: customer deposits excluding repos + marketed mutual funds
Group Total includes Other Europe (mainly SCIB) with loans: EUR 50.8 bn (+16% YoY) and customer funds: EUR 29.9 bn (+5% YoY)
(1) If excluding disposal of Puerto Rico and Bluestem impact: loans +1% and funds +11%.

… support strong Group net operating income growth (+13%) …

3

H1'21 vs. H1'20	Digital customers (mn)	Customer loans (EUR bn)	Customer deposits (EUR bn)	Net operating income (EUR mn)	Underlying att. profit (EUR mn)	Underlying RoTE
Europe	15.7 +6%	562 +1%	579 +3%	3,947 +37%	1,426 +172%	7% +4.5 pp
North America	6.3 +10%	126 0%[1]	105 +5%[1]	3,145 +2%	1,628 +178%	15%[2] +8.8 pp
South America	22.7 +20%	130 +10%	116 +12%	4,793 +11%	1,645 +41%	20% +3.9 pp
Digital Consumer Bank	0.7 +28%	116 0%	54 +9%	1,392 +2%	569 +11%	12% +1.5 pp

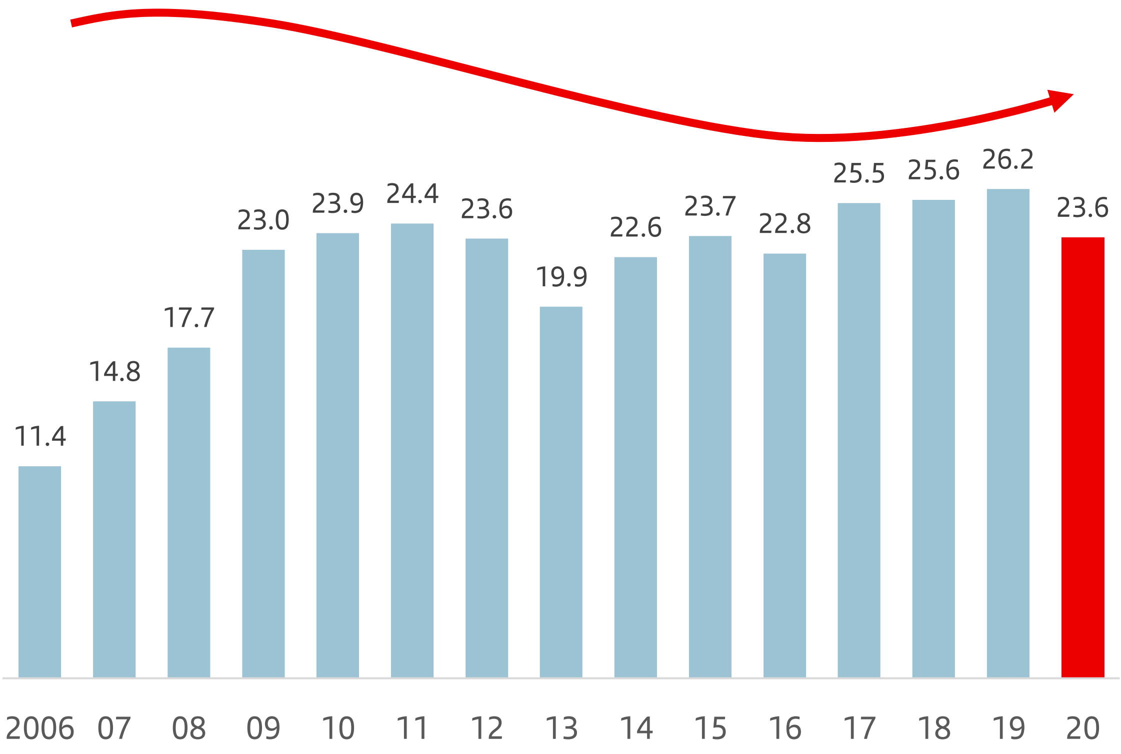
Note: YoY changes in constant euros. Loans and advances to customers excluding reverse repos. Customer deposits excluding repos
(1) Excluding Puerto Rico and Bluestem disposal impact. Otherwise, loans -3% and deposits +1%
(2) RoTE adjusted for excess capital in the US: 23%

… which is resilient throughout the cycle

3

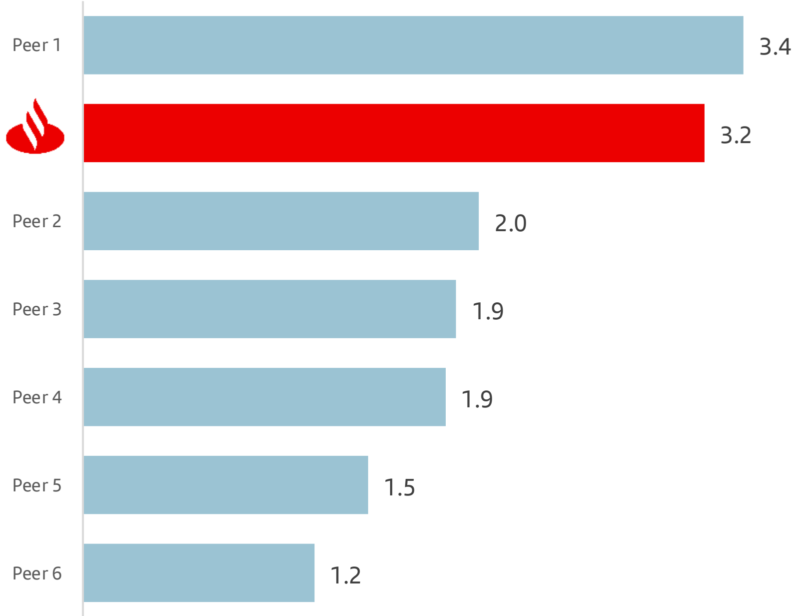
Resilient profit generation throughout the cycle

Group pre-provision profit, EUR bn



PPP/Loans well above most European peers[1]

%, Peers Mar-21, Santander data Jun-21



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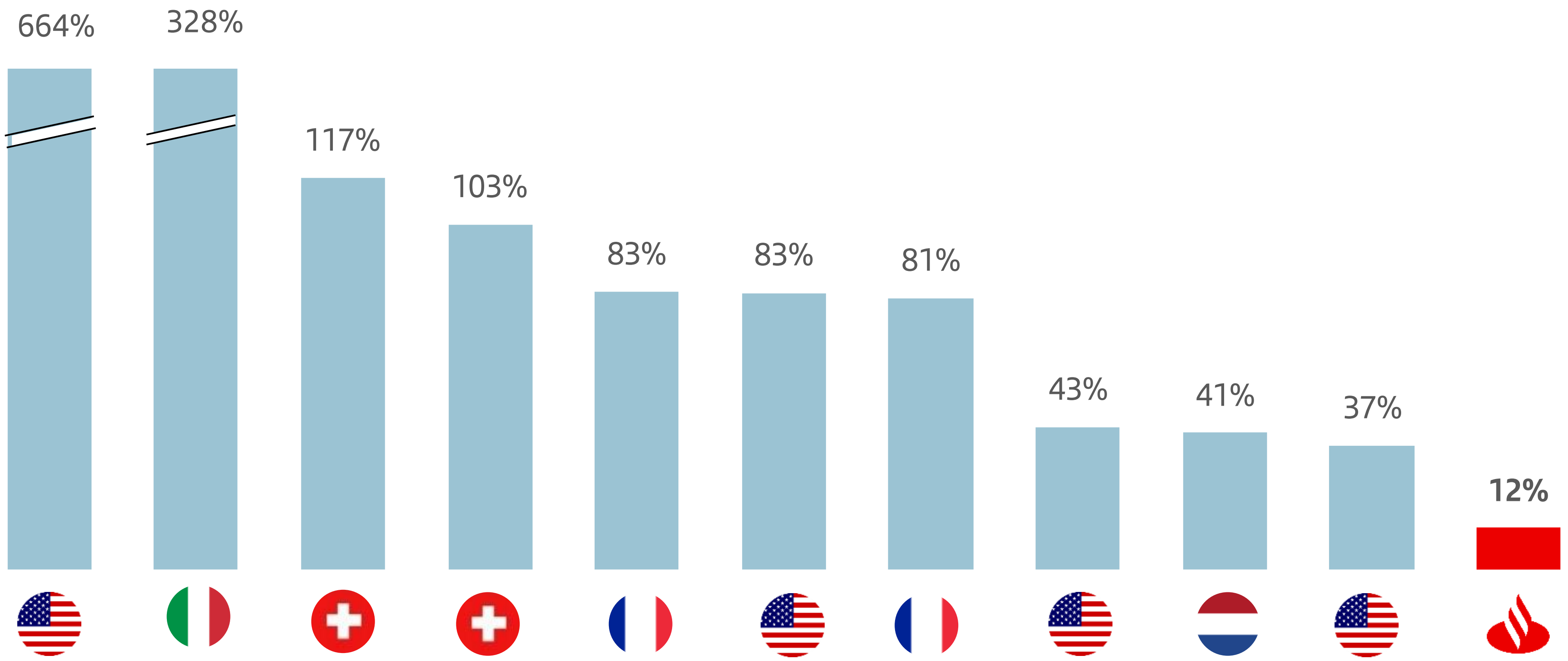
(1) European peers include: BBVA, BNP Paribas, Credit Agricole, HSBC, ING and Unicredit. Santander calculations using publically available data.

Moreover, our results show long-term stable and predictable growth

3

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

Quarterly reported EPS volatility[1], 1999-Q1'21



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

We will continue to allocate capital to higher growth opportunities

3

Disciplined capital allocation

1

High RoRWA organic growth

Primarily in **Americas**

2

Fee income businesses

SCIB, Wealth Management, Payments Software

3

Santander of Tomorrow

One Santander, PagoNxt and **Digital Consumer Bank**

EPS + TNAVps growth

Dividend growth

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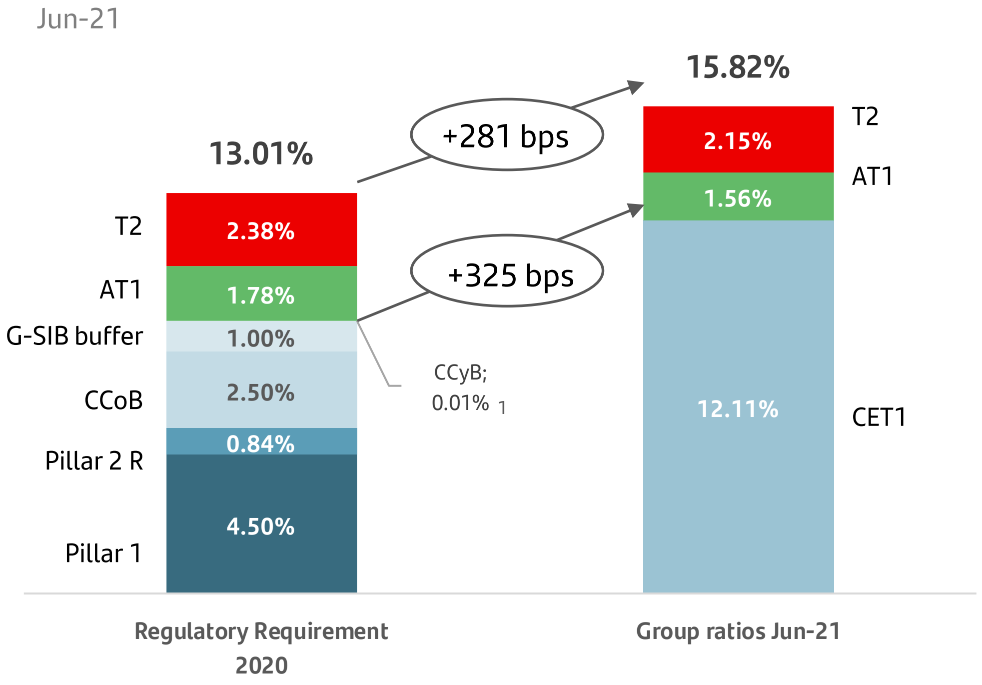
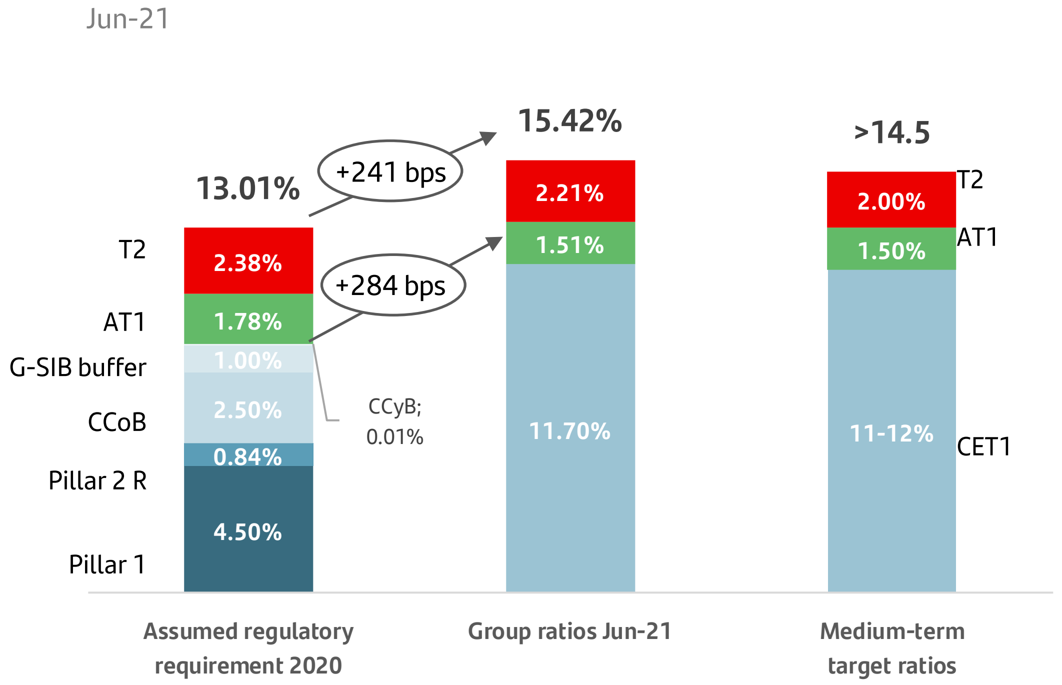
Santander's capital levels, both phased-in and fully loaded, exceed minimum regulatory requirements

SREP capital requirements and MDA*



Assumed capital requirements (fully-loaded)



- Following regulatory changes in response to the COVID-19 crisis, the **minimum CET1** to be maintained by the Group is **8.86%** (was 9.69% pre-changes)
- As of Jun-21, the distance to the MDA is 281 bps[2] and the CET1 management buffer is 325 bps
- AT1 and T2 issuance are planned to be zero to target 1.5% and 2% of RWAs respectively assuming constant RWAs

* The phased-in ratio includes the transitory treatment of IFRS 9, calculated in accordance with article 473 bis of the Regulation on Capital Requirements (CRR) and subsequent amendments introduced by Regulation 2020/873 of the European Union. Additionally, the Tier 1 and total phased-in capital ratios include the transitory treatment according to chapter 2, title 1, part 10 of the aforementioned CRR.
(1) Countercyclical buffer.
(2) MDA trigger = 3.25% - 0.22% - 0.23% = 2.81% (22 bps of AT1 and 23 bps of T2 shortfall is covered with CET1).

Strong fundamentals for AT1 bond holders

Distance to trigger[1]

- Santander Group's CET1 levels are well above the **minimum loss absorption trigger** of 5.125%: **>EUR 40 bn**
- The first line of defense is the Group's strong pre-provision profitability providing a high capacity to absorb provisions during the crisis and should continue to underpin the Group's earnings generation capacity

MDA

- As of Jun-21, the **distance to the MDA** is **2.81%**[2]
- Targeting a **comfortable management buffer**, in line with Santander's business model and predictable results

ADIs

- Santander Parent Bank has **EUR 55 bn in Available Distributable Items**, best-in-class.
- This amount of ADI represents >120 times the full Parent AT1 cost budgeted for 2021
- Santander has never been prohibited from making a Tier 1 payment or dividend due to insufficient ADIs. Santander has never cancelled the payment of coupons of any of its Tier 1 securities

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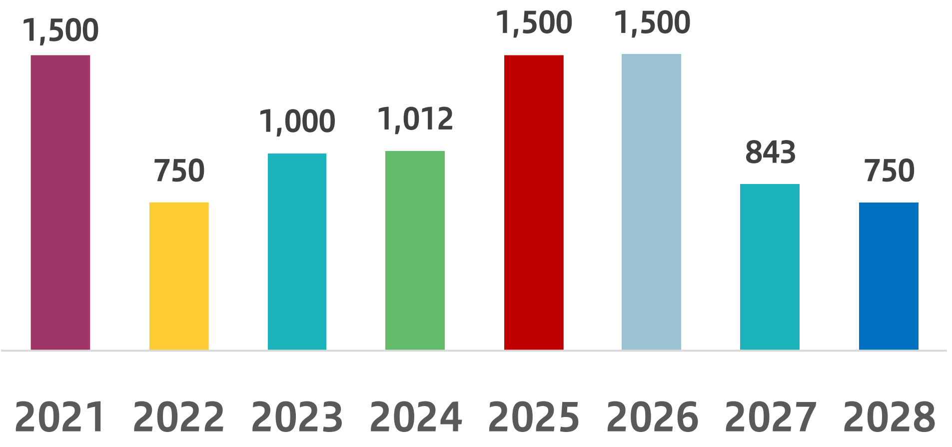
(1) CET1 level below which AT1 capital instruments must either convert into ordinary shares or have their principal about written down
(2) MDA trigger = 3.25% - 0.22% - 0.23% = 2.81% (22 bps of AT1 and 23 bps of T2 shortfall is covered with CET1).

AT1 issuances distributed by call date

AT1 issuances outstanding at Jun-21

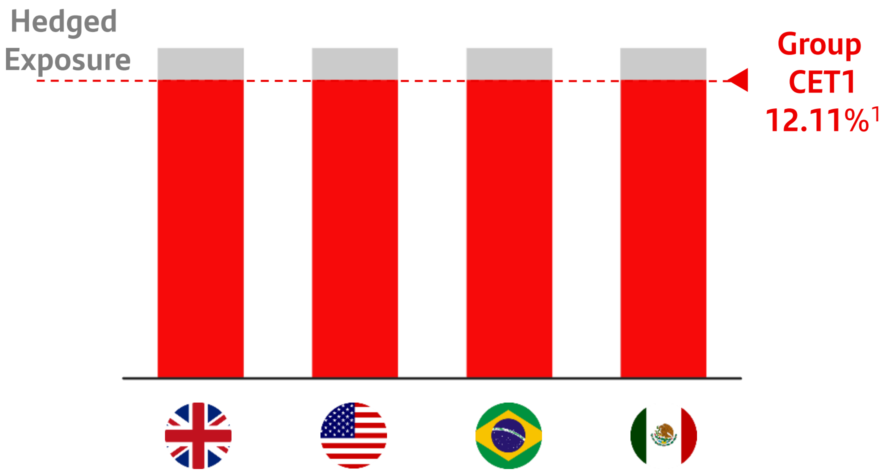
EUR mn	Currency	Nominal EUR	Coupon	Structure	Next call date	Reset Spread
Banco Santander S.A.	EUR	1,500	6.25%	PNC7	11-Sep-21	564 bps
Banco Santander S.A.	EUR	750	6.75%	PNC5	25-Apr-22	680.3 bps
Banco Santander S.A.	EUR	1,000	5.25%	PNC6	29-Sep-23	499.9 bps
Banco Santander S.A.	EUR	1,500	4.75%	PNC7	19-Mar-25	409.7 bps
Banco Santander S.A.	USD	1,012	7.50%	PNC5	8-Feb-24	498.9 bps
Banco Santander S.A.	EUR	1,500	4.38%	PNC6	14-Jan-26	453.4 bps
Banco Santander S.A.	USD	843	4.75%	PNC6	12-May-27	375.3 bps
Banco Santander S.A.	EUR	750	4.13%	PNC7	12-May-28	431.1 bps

Call date



FX hedging policy on capital ratio and P&L…

Stable capital ratio hedge



- Managed to mitigate FX volatility in our CET1 ratio
- Based on Group regulatory capital and RWAs by currency

Our P&L Policy

- Strategic management of the exposure to exchange rates on equity and dynamic on the countervalue of the units' annual results in euros
- Mitigate impact of FX volatility
- Corporate Centre assumes all hedging costs

(1) Phased-in ratio

… and interest rate risk hedging

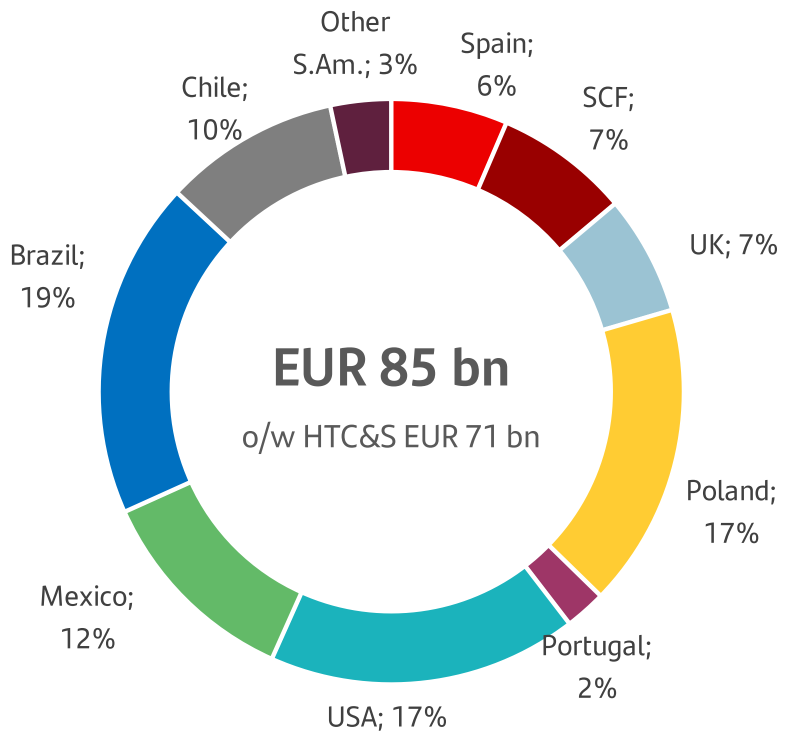
Mostly positive interest rate sensitivity

Net interest income sensitivity* to a +/-100 bp parallel shift
EUR mn, May-21

	+100 bps	-100 bps
[1]	+975	-490
[2]	+398	-676
[3]	+160	-89
	-86	+86

ALCO portfolios reflect our geographic diversification

Distribution of ALCO portfolios by country
%, Jun-21



(1) Parent bank
(2) Ring-fenced bank
(3) SBNA. SC USA has positive sensitivity under a -100 bp shift scenario
***NOTE. Different criteria vs. Q4'20 presentation: -100 bps sensitivities affected by removal of management floors.**

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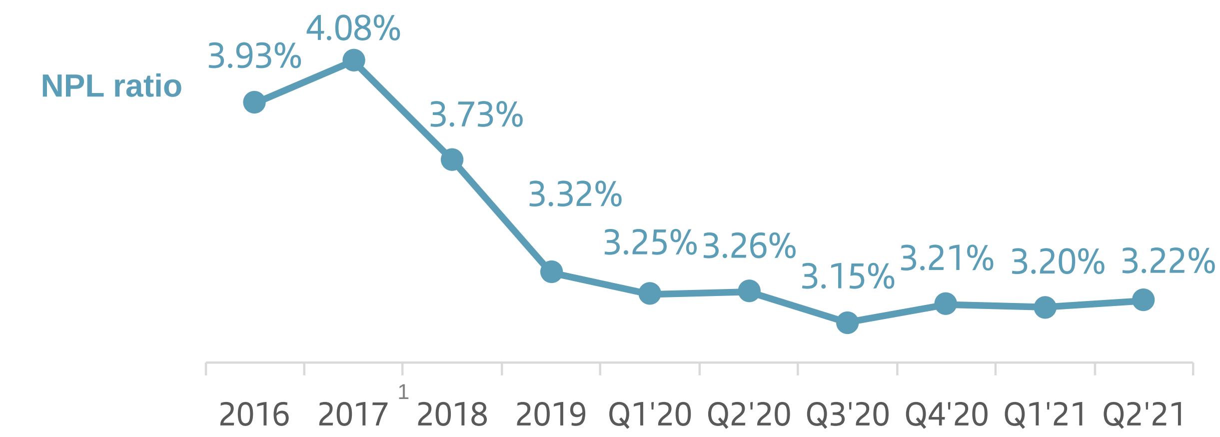
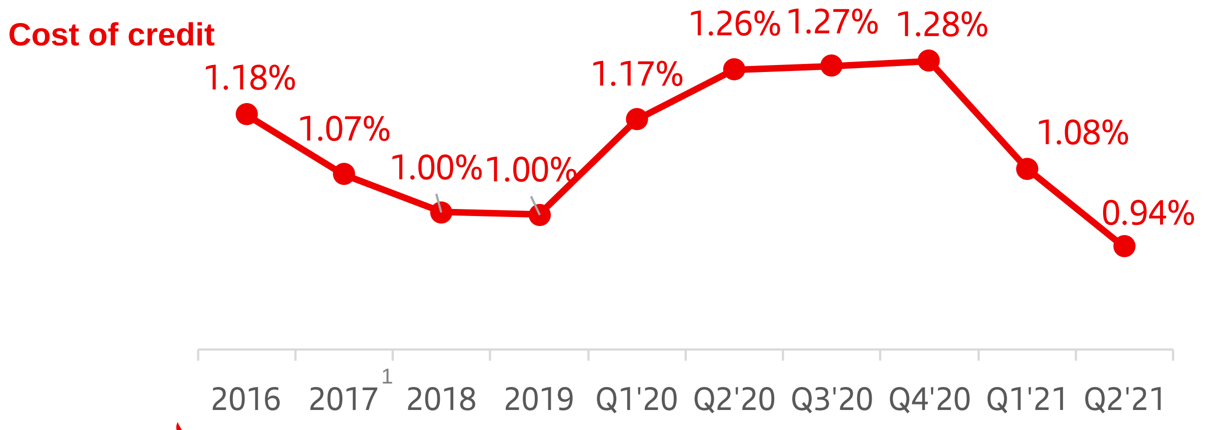
Improved cost of credit driven by lower LLPs in most countries, particularly in the US and Brazil

Credit quality ratios

%





NPL ratios by country

%

	Q2 2020	Q2 2021
Spain	6.55	6.22
UK	1.10	1.30
Poland	4.57	4.58
Portugal	4.43	3.71
US	1.49	2.00
Mexico	2.50	3.10
Brazil	5.07	4.55
Chile	4.99	4.57
Argentina	3.15	3.34
DCB	2.31	2.18

Cost of credit ratios by country

%

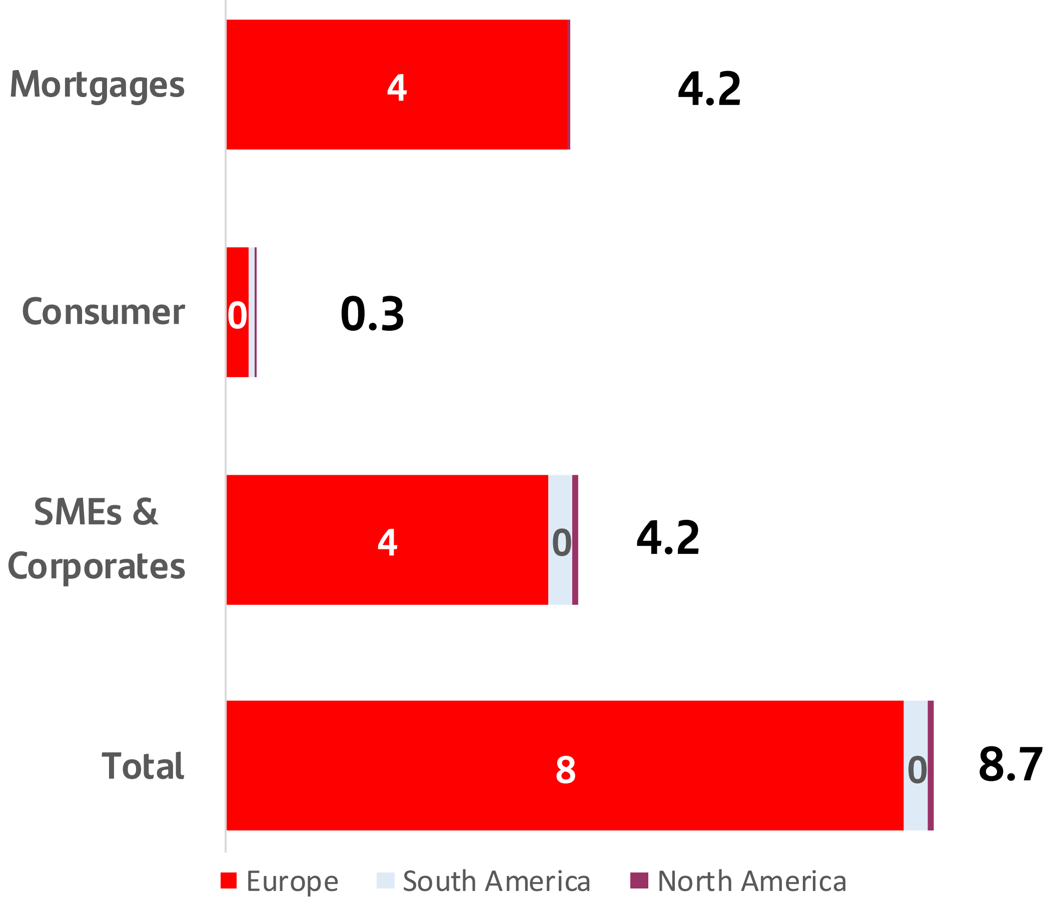
	Q2 2020	Q2 2021
Spain	0.68	1.00
UK	0.22	0.09
Poland	0.96	0.88
Portugal	0.30	0.41
USA	3.30	1.34
Mexico	2.95	2.74
Brazil	4.67	3.51
Chile	1.46	1.07
Argentina	5.67	3.94
DCB	0.74	0.64

(1) Acquisition of Banco Popular in 2017

92% of moratoria has expired, with only 5% at stage 3. From the 8% still active, 71% is secured and most of it is in Europe

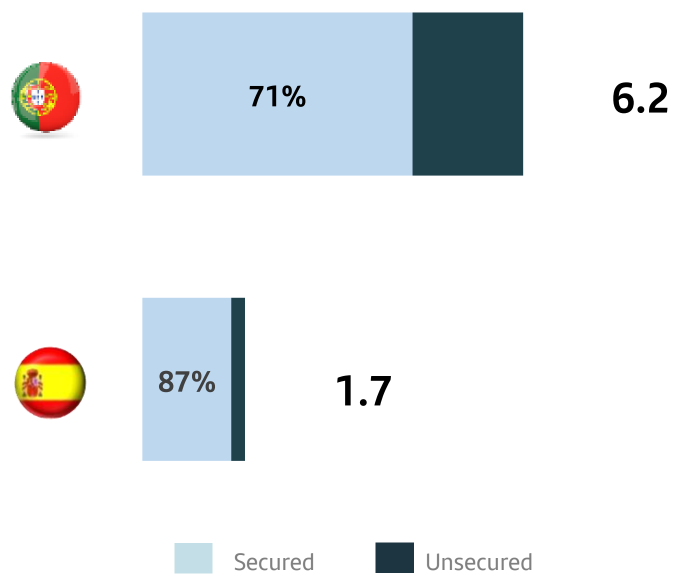
Distribution of loans subject to moratoria

Active moratoria as of 30th Jun 21, EUR bn



Main units

Active moratoria as of 30th Jun 21, EUR bn



- **Portugal and Spain** represent **91%** of active moratoria and **74%** is **secured**

Note: Data aligned with EBA disclosure template

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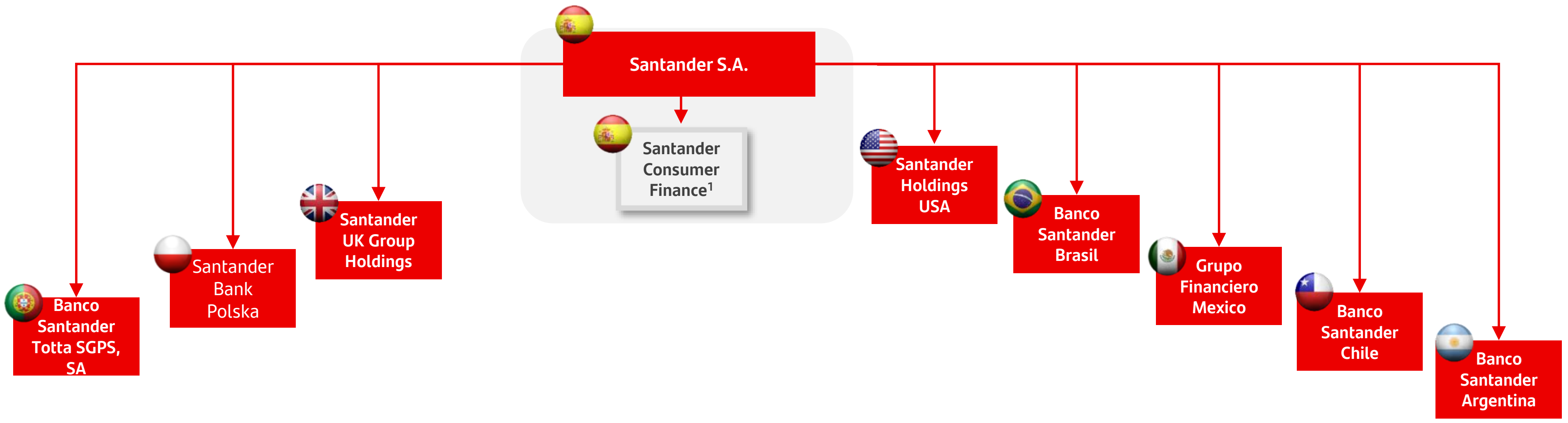
The Group's business model combines local knowledge with global best practices through legally, financially and operationally autonomous subsidiaries…

Legal autonomy structure

Dec-20



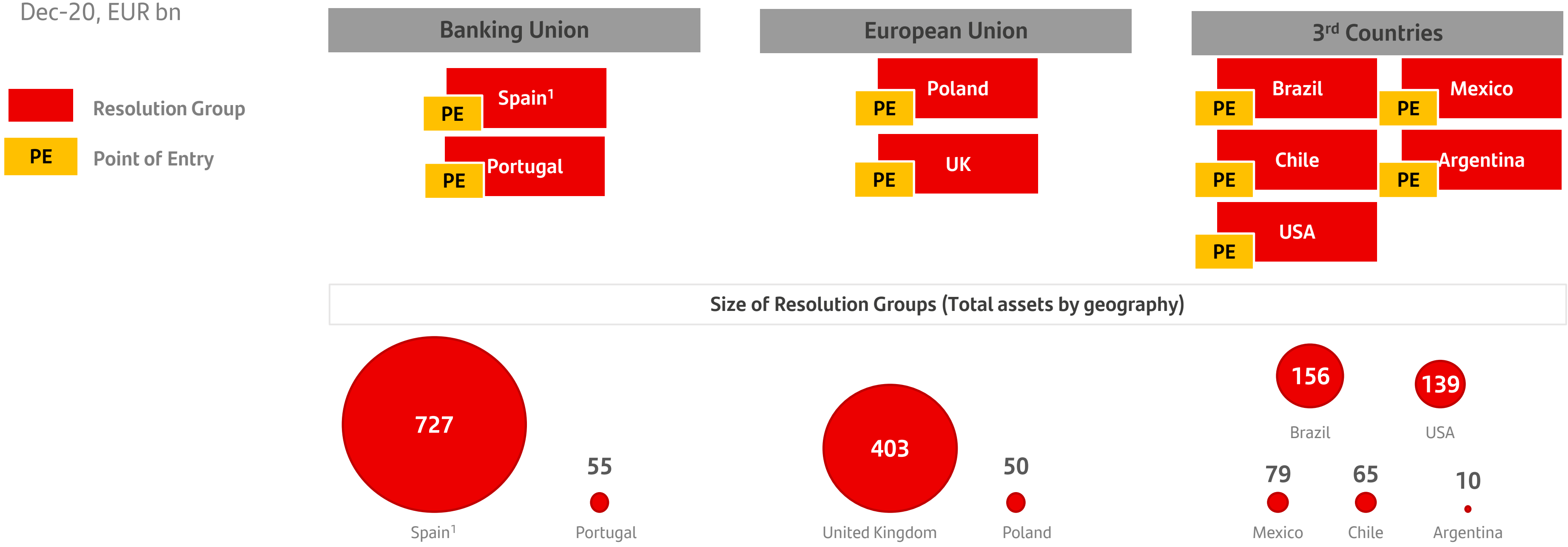
- **Legal autonomy:** There are no legal commitments that entail financial support
- **Financial autonomy:** Financial interconnections are limited and at market prices
- **Operational autonomy:** Shared services are limited and carried out through autonomous factories. Access to FMIs through other Group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

(1) Spain Resolution Group headed by Santander S.A. Includes, among others, SCF

… divided into different resolution groups that can be resolved separately though multiple entry points

MPE resolution strategy

Dec-20, EUR bn



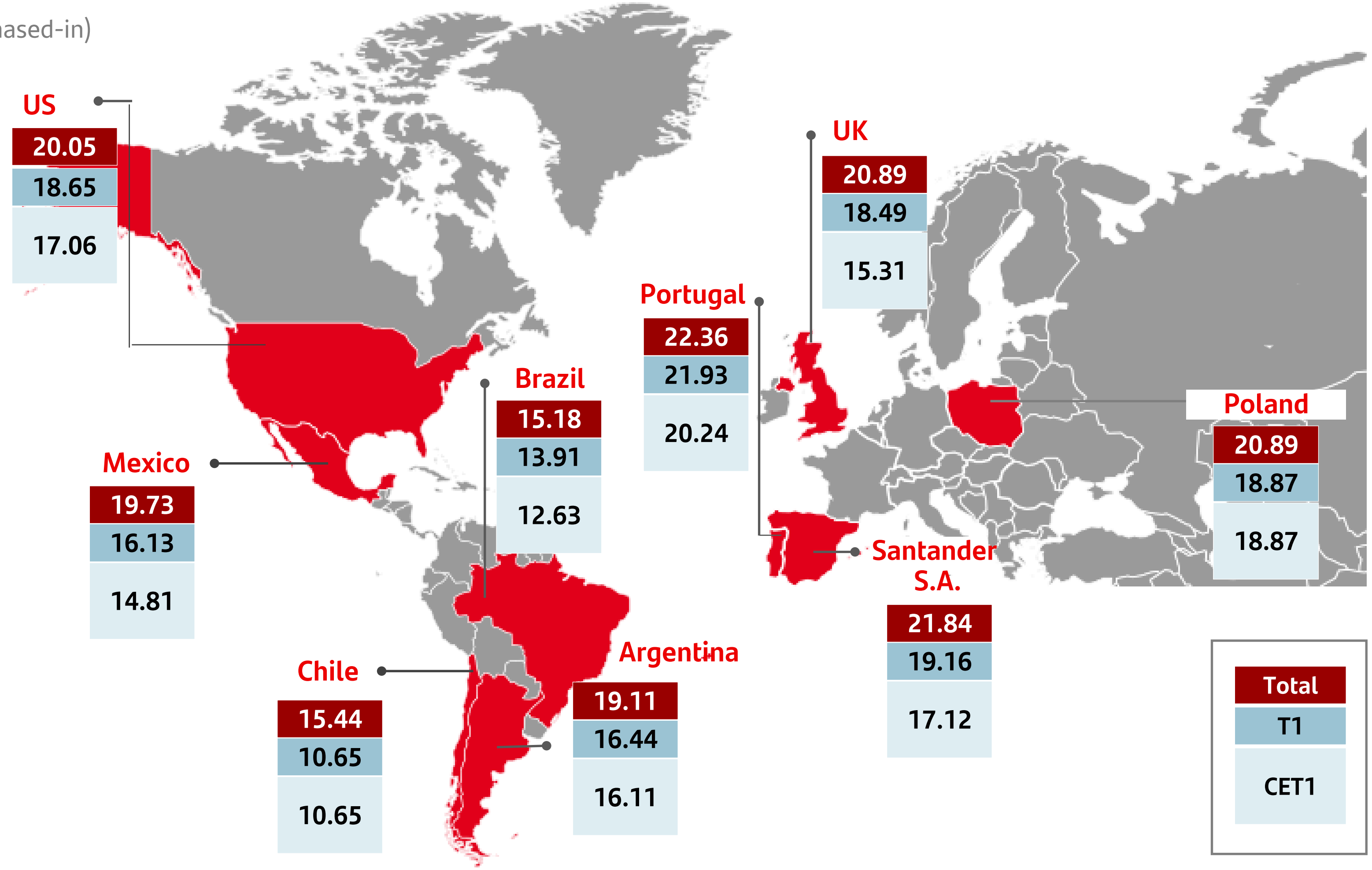
- We have defined the **Resolution Groups (RGs) mirroring the model of autonomous financial groups** so that all entities have been assigned to one RG
- Each RG comprises the entity identified as the entry point in resolution and the entities that belong to it

(1) Spain Resolution Group headed by Santander S.A. Includes, among others, SCF

Santander follows an autonomous capital and liquidity model

Capital ratios by country

Mar-21, %, local figures (phased-in)



SCF: Total Capital Ratio: 17.07%; T1: 15.58% and CET 1: 13.57%

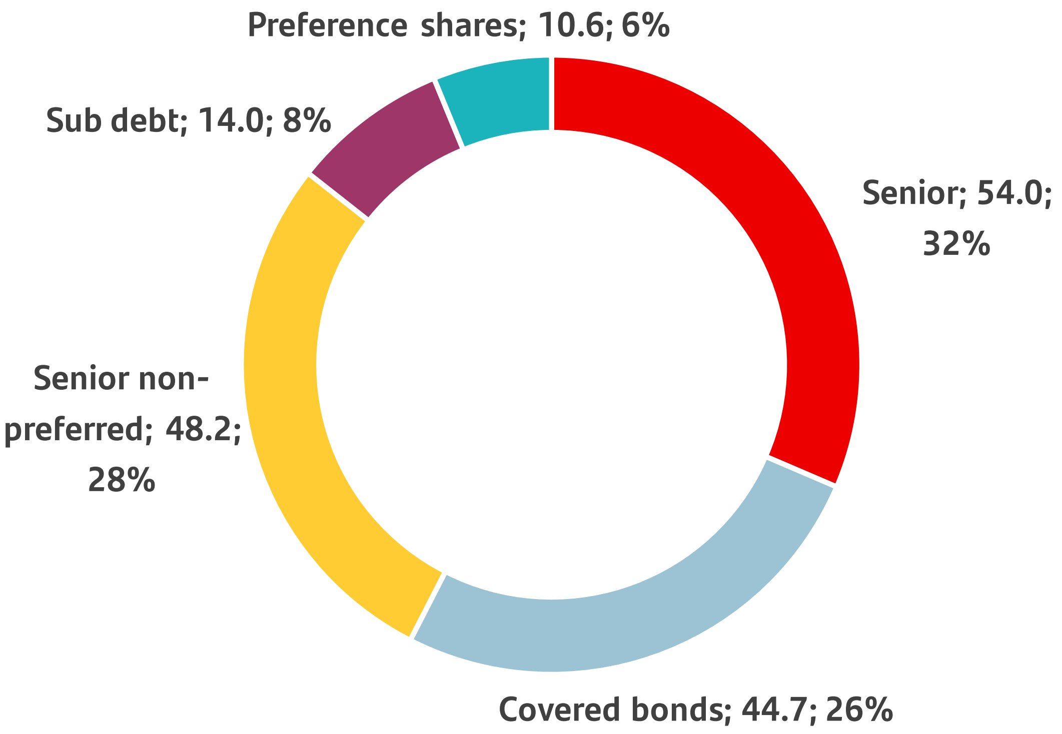
Santander's liquidity management is based on the following principles

- Decentralised liquidity model
- Needs derived from medium- and long-term activity must be financed by medium- and long-term instruments
- High contribution from customer deposits, due to the retail nature of the balance sheet
- Diversification of wholesale funding sources by instruments/investors, markets/currencies and maturities
- Limited recourse to wholesale short-term funding
- Availability of sufficient liquidity reserves, including the discount window / standing facility in central banks to be used in adverse situations
- Compliance with regulatory liquidity requirements both at Group and subsidiary level, as a new conditioning management factor

Stock of issuances shows diversification across instruments and entities

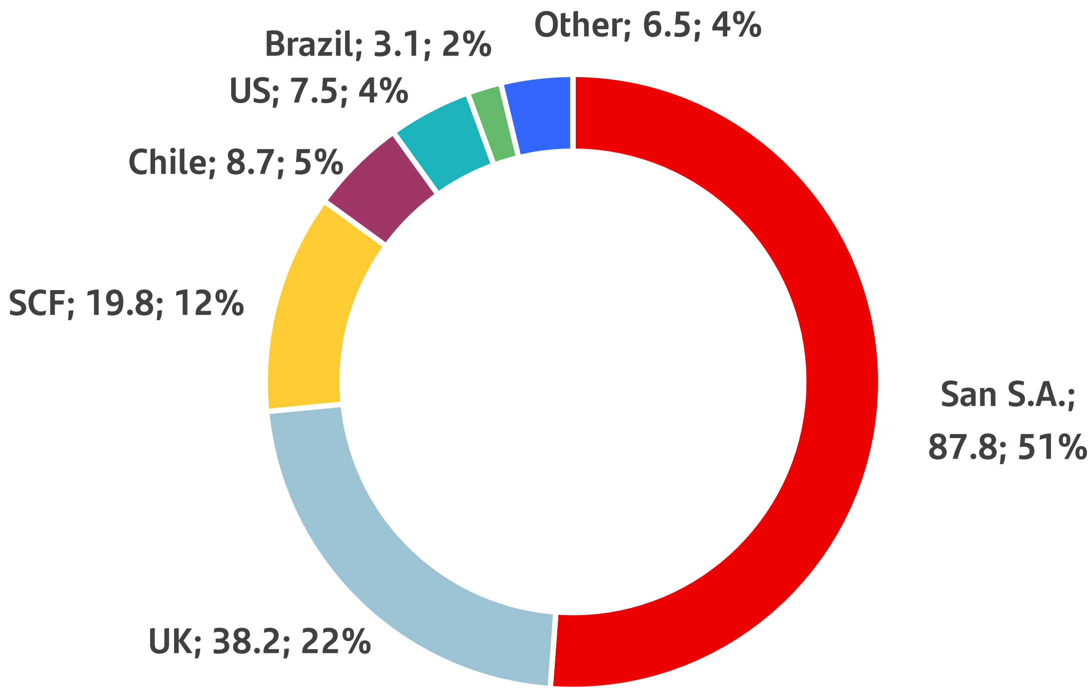
Debt outstanding by type

EUR bn and %, Jun-21



Debt outstanding by issuer entity

EUR bn and %,Junr-21

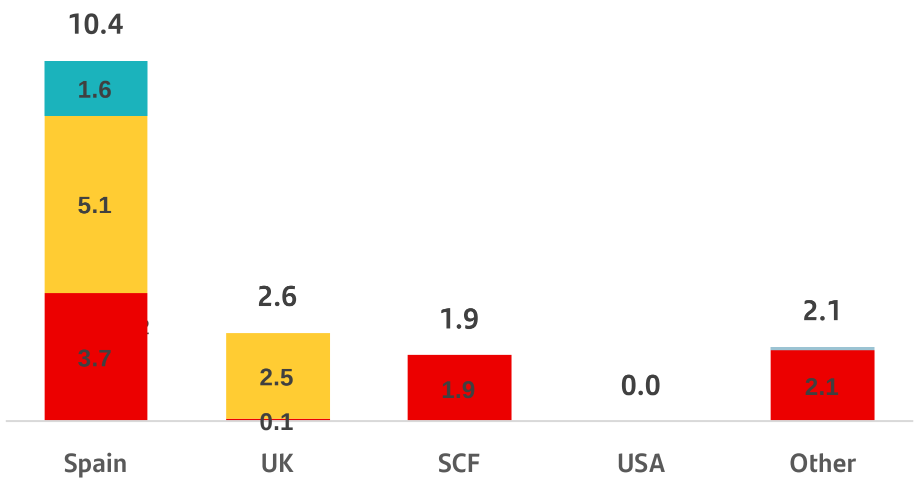


Note: preference shares also includes other AT1 instruments.

Conservative and decentralized liquidity and funding model

EUR 8.8 bn[1] issued in public markets in Q2'21

EUR bn, Jun-21

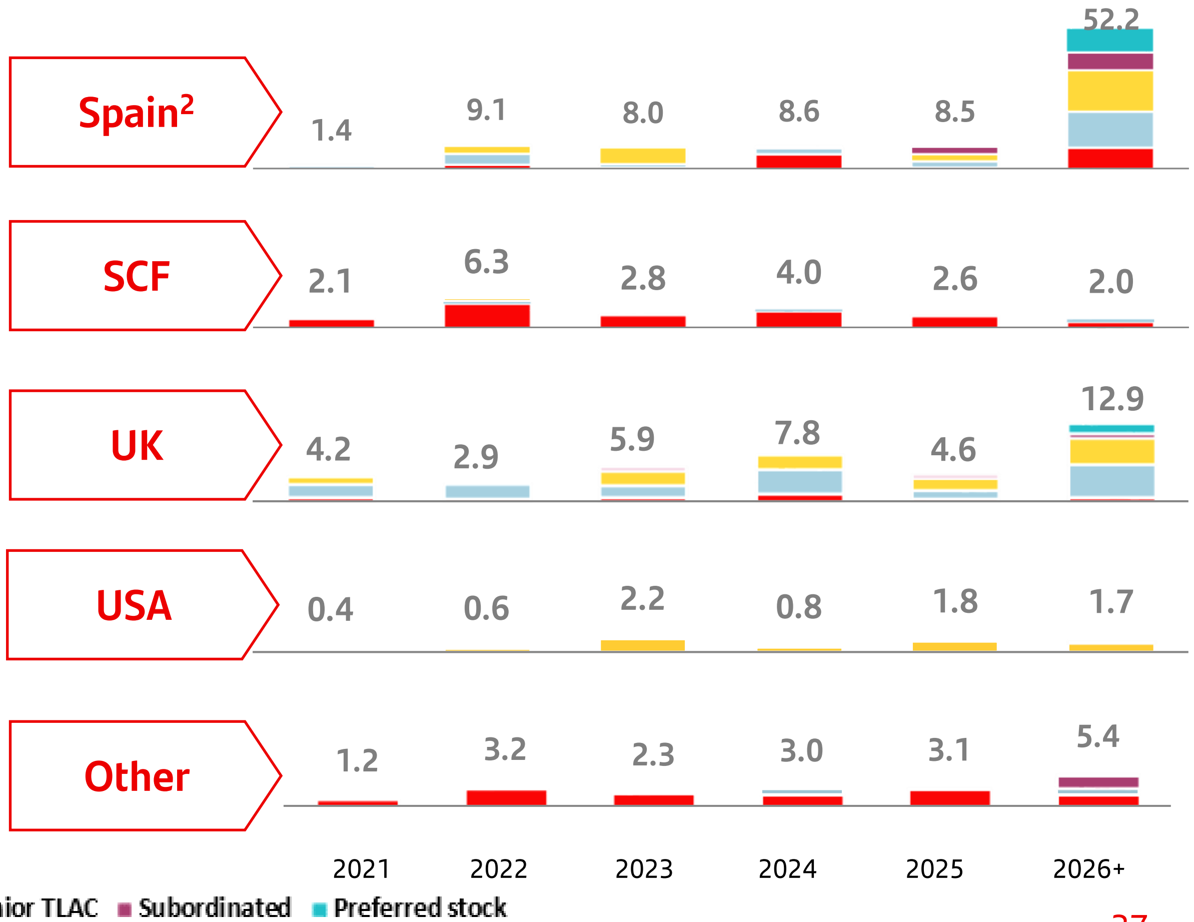


Average exchange rate

- Other includes issuances in Brazil, Chile, Argentina and Mexico

Very manageable maturity profile

EUR bn, Jun-21



(1) Data includes public issuances from all units with period-average exchange rates. Excludes securitisations. Two T2 instruments issued in Q4'20 as prefunding for 2021, totalling EUR 2.3 billion, are not included.
(2) Includes Banco Santander S.A. and Santander International Products PLC

Note: preference shares also includes other AT1 instruments.

Issuances YTD against funding plan

2021 Funding plan and issuances

EUR bn, Jun-21

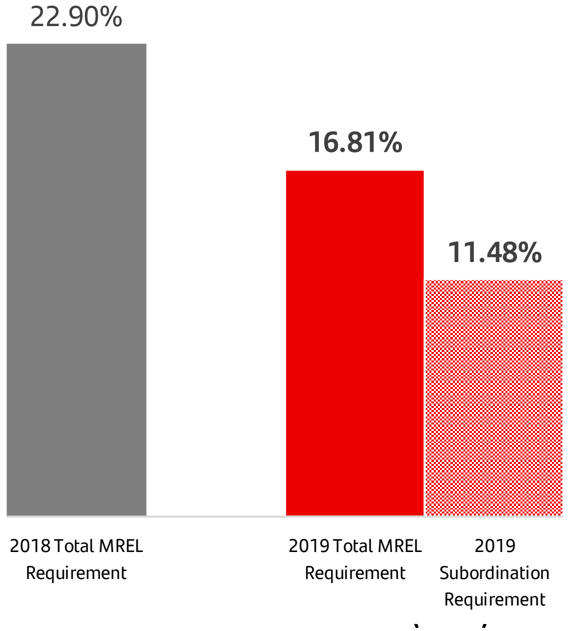
	Snr Non-Preferred + Snr		Hybrids		Covered Bonds		TOTAL	
	Plan	Issued	Plan	Issued	Plan	Issued	Plan	Issued
Santander S.A	8-10	8.1	2-3	3.9[1]	-	-	10-13	12.0
SCF	3-4	1.9	-	-	0-1	-	3-5	1.9
UK	2.5-3.5	2.6	-	-	-	-	2.5-3.5	2.6
SHUSA	3-4	-	-	-	-	-	3-4	-
Other [2]	2.5-3.5	2.1	0-0.5	-	-	0.1	2.5-4	2.1
TOTAL [2]	**19-25**	**14.6**	**2-3.5**	**3.9**	**0-1**	**0.1**	**21-29.5**	**18.6**

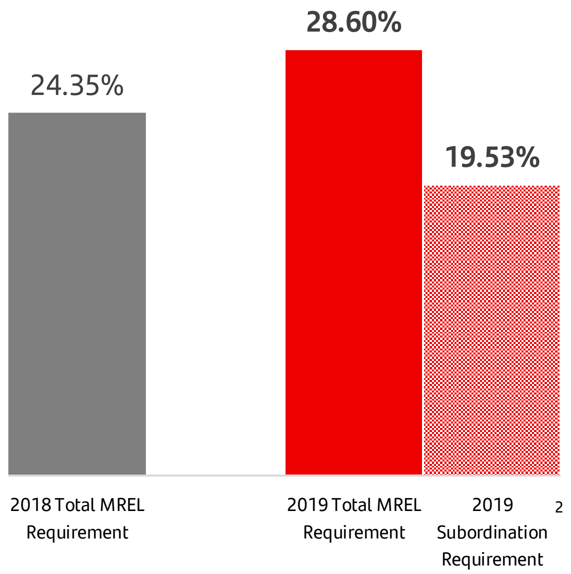
Banco Santander S.A.'s 2021 funding plan contemplates the following:

- The Financial Plan is focused on covering TLAC/MREL requirements, with no secured issuances, to:
  - continue building up TLAC/MREL buffers.
  - pre-finance senior non-preferred / senior preferred transactions which lose TLAC eligibility due to entering in the <1 year window.
  - cover the increase in estimated RWAs which are the base of both requirements.

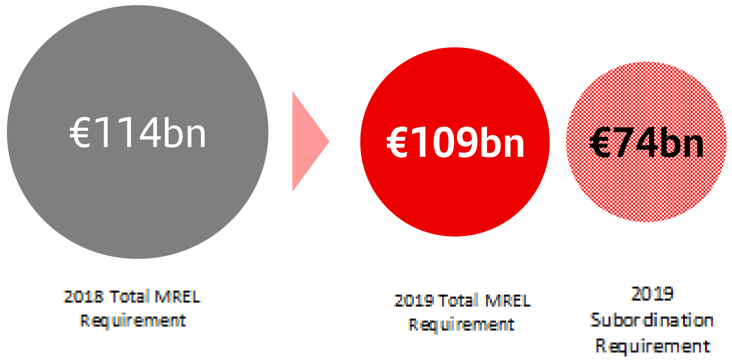
Note: Issuance plan subject to, amongst other considerations, market conditions and regulatory requirements. Other secured issuances (for example ABS, RMBS, etc.) are not considered in the table above. (1) Two T2 instruments issued in Q4'20 as prefunding for 2021,totalling EUR 2.3 billion: EUR 1 billion issued 22-Oct-20 with a coupon of 1.625% and USD 1.5 billion issued 3-Dec-20 with a coupon of 2.749%. Issuance of additional hybrid securities will depend on RWA growth, to continue fulfilling the AT1 and T2 buffers (1.5% and 2% respectively).
(2) Santander International Products, Plc. Is not included in the table: in H1'21 issued EUR 0.72 bn of Senior Unsecured

Santander S.A. MREL requirement[1]





Equivalent % in Risk Weighted Assets (RWAs)



Equivalent amount in EUR billion

The variation in the MREL requirement with respect to 2018 is accounted for mainly by two factors:

- A change in the scope of consolidation of the Resolution Group, which now includes new companies
- A modification in the calculation of capital consumption due to equity risk

According to our estimates, the **Resolution Group complies with the new MREL requirement and the subordination requirement**. Future requirements are subject to ongoing review by the resolution authority

New MREL requirement based on BRRD II pending of formal communication by resolution authorities

Note: 2018 values as communicated 24/05/18, 2019 values as communicated 28/11/19.

(1) The Resolution Group comprises Banco Santander, S.A. and the entities that belong to the same European resolution group (Santander Consumer Finance. S.A.) At 31 December 2017, the Resolution Group had risk-weighted assets amounting to EUR 379,835 million and TLOF amounting to EUR 646,233 million

(2) The SRB considers that the subordination requirement can be covered by non-subordinated instruments in an amount equivalent to 2.5% of risk-weighted assets, 1.47% in terms of TLOF, having considered the absence of material adverse impact on resolvability. If this allowance were taken into account, the requirement that would have to be covered by subordinated instruments would be 10.01% in terms of TLOF and 17.03% in terms of RWAs, using data as of December 2017 as a reference

TLAC ratios for the Resolution Group headed by Banco Santander, S.A.

TLAC Ratio

EUR mn	30 September 2020	31 December 2020	31 March 2021	30 June 2021 E
Own Funds	**86,191**	**86,836**	**86,879**	**86,148**
of which: Common Equity Tier 1 (CET1) capital	70,829	69,451	69,594	69,043
of which: Additonal Tier 1 (AT1) capital	7,740	7,723	7,591	7,676
of which: Tier 2 (T2) capital	7,621	9,662	9,694	9,430
Eligible Liabilities	**30,650**	**30,434**	**32,531**	**34,711**
Subordinated instruments	860	964	1,120	2,817
Non preferred senior debt	22,912	22,540	24,352	24,730
Preferred senior debt and instruments with the same insolvency ranking	6,878	6,930	7,059	7,164
TLAC BEFORE DEDUCTIONS	**116,841**	**117,270**	**119,410**	**120,860**
Deductions	**52,622**	**51,134**	**48,893**	**48,758**
TLAC AFTER DEDUCTIONS	**64,6219**	**66,136**	**70,517**	**72,102**
Risk Weighted Assets (RWAs)	**275,124**	**277,178**	**282,373**	**286,579**
TLAC RATIO (% RWAs)	**23.3%**	**23.9%**	**25.0%**	**25.2%**
Leverage Exposure (LE)	**635,439**	**632,194**	**689,334**	**672,990**
TLAC RATIO (% LE)	**10.1%**	**10.5%**	**10.2%**	**10.7%**

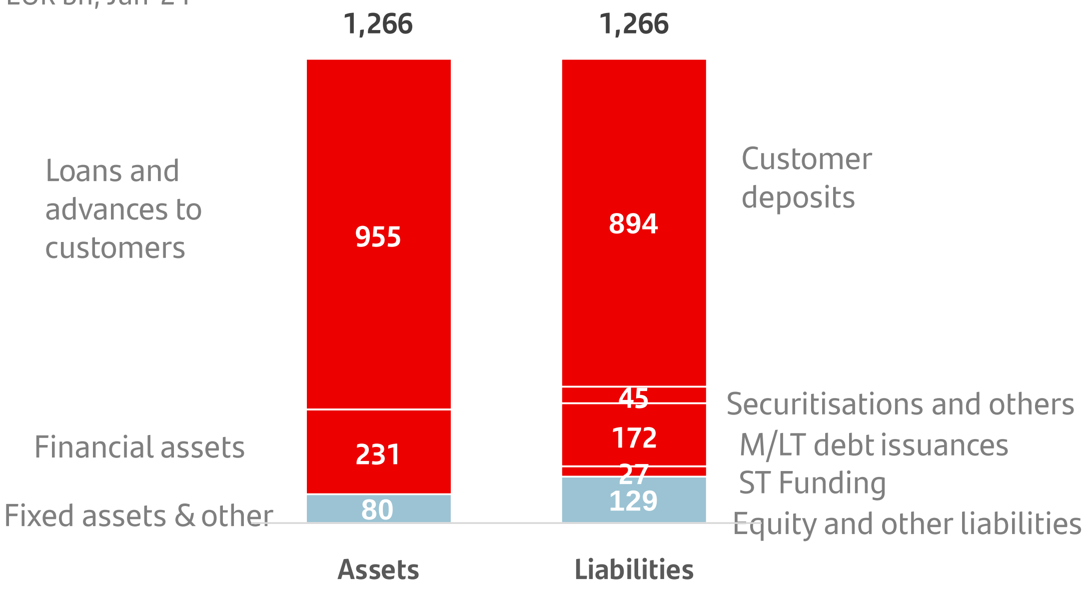
- TLAC ratio increased in the second quarter of 2021 from 25% to 25.2% of RWAs (compared with the fully-loaded TLAC requirement of 21.5% as of January 2022 and the current requirement of 19.5 % as of June 2021) since the growth driven by instruments more than offset the increase in RWAs.
- The instruments before deduction have increased by EUR 1.45 bn, as the issuances carried out (AT1 (EUR 1.6bn) and SNP (EUR 1.8bn)) offset the loss of computability in the quarter (SNP: EUR 1.3 bn), the drop in the CET1 (EUR 0.5 bn) and the impact of exchange rates (EUR 0.2bn). Additionally, SP (EUR 1.7 bn) was issued in the quarter (without impact on the TLAC ratio, due to the cap on senior preferred debt).
- In the quarter, RWAs grew by EUR 4.2 bn, mainly due to the increase in credit risk under internal models, due to regulatory impacts (CCFs and SA-CCR).

March 21 figures show the Closing data, not the estimates shown in the first quarter earnings presentation

Well-funded, diversified, prudent and highly liquid balance sheet (large % contribution from customer deposits), actively reinforced already strong LCR ratios following covid-19 crisis

Liquidity Balance Sheet

EUR bn, Jun-21



HQLAs[3]

EUR bn, Jun-21

HQLAs Level 1	260.8
HQLAs Level 2	8.9
Level 2A	4.0
Level 2B	4.9

	Liquidity Coverage Ratio (LCR)		Net Stable Funding Ratio (NSFR)
	Jun-21 [1]	Mar-21	Mar-21
Spain[2]	159%	176%	116%
UK[2]	146%	138%	130%
Portugal	132%	133%	121%
Poland	199%	222%	152%
US	143%	156%	127%
Mexico	167%	195%	130%
Brazil	172%	162%	116%
Chile	142%	136%	119%
Argentina	352%	271%	189%
SCF	490%	534%	117%
Group	**164%**	**173%**	**121%**

Santander

Note: Liquidity balance sheet for management purposes (net of trading derivatives and interbank balances)
(1) Provisional data
(2) Spain: Parent bank, UK: Ring-fenced bank
(3) 12 month average, provisional data

The main metrics show the strength and stability of the Group's liquidity position

Evolution of key liquidity metrics[1]

	2017	2018	2019	2020	Jun-21
Loans / net assets[2]	75%	76%	77%	76%	75%
Loan-to-deposit ratio (LTD)[2]	109%	113%	114%	108%	107%
Customer deposits and medium- and long-term funding / loans[2]	115%	114%	113%	116%	116%
Short-term wholesale funding / net liabilities	2%	2%	3%	2%	2%
Structural liquidity surplus / net liabilities	15%	13%	13%	15%	16%
Encumbrance	28%	25%	24%	27%	27%[2]

LTD and MLT funding metrics by geography

Junr-21

	LTD Ratio	(Deposits + M/LT funding) / Loans[2]
Spain[3]	76%	145%
UK	107%	108%
Portugal	94%	113%
Poland	80%	130%
USA	118%	118%
Mexico	91%	119%
Brazil	96%	117%
Chile	120%	105%
Argentina	57%	176%
DCB	209%	76%
GROUP	**107%**	**116%**

(1) Loans and advances to customers
(2) Latest data 3M''21
(3) Spain public management criteria

Banco Santander S.A. ratings

	Moody's			S&P			Fitch		
	Rating	Date last change	Direction last change	Rating	Date last change	Direction last change	Rating	Date last change	Direction last change
Covered Bonds	**Aa1**	03/12/2019	-	**-**	-	-	**AA**	04/12/2019	↑
Senior Debt	**(P)A2**	17/04/2018	↑	**A**	06/04/2018	↑	**A**	17/07/2018	↑
Senior Non-preferred	**Baa1**	27/09/2017	↑	**A-**	06/04/2018	↑	**A-**	09/02/2017	Initial
Subordinated	**(P)Baa2**	04/03/2014	↑	**BBB+**	06/04/2018	↑	**BBB**	27/03/2020	↓
AT1	**Ba1**	20/04/2017	↑	**-**	-	-	**BB+**	27/03/2020	↑
Short Term Debt	**P-1**	17/04/2018	↑	**A-1**	06/04/2018	↑	**F2**	17/07/2018	↓

Santander Parent & Subsidiaries' Senior Debt Ratings

	Moody's				S&P				Fitch			
	Rating	Date last change	Direction last change	Outlook	Rating	Date last change	Direction last change	Outlook	Rating	Date last change	Direction last change	Outlook
Group	**(P)A2**	17/04/2018	↑	STABLE	**A**	06/04/2018	↑	STABLE	**A**	17/07/2018	↑	STABLE
San UK PLC	**A1**	20/10/2020	↑	STABLE	**A**	09/06/2015	↑	STABLE	**A+**	01/03/2019	↑	STABLE
San UK Group Holding PLC	**(P)Baa1**	16/09/2015	↓	STABLE	**BBB**	10/04/2015	↑	STABLE	**A**	20/12/2019	↑	STABLE
Santander Consumer Finance S	**A2**	17/04/2018	-	STABLE	**A-**	06/04/2018	-	STABLE	**A**	28/10/2019	-	STABLE
Banco Santander Totta SA	**Baa3**	16/10/2018	↓	STABLE	**BBB**	18/03/2019	↑	STABLE	**BBB+**	21/12/2017	↑	STABLE
Santander Holding US	**Baa3**	18/10/2016	↓	STABLE	**BBB+**	06/04/2018	↑	STABLE	**BBB+**	17/11/2017	↑	STABLE
Banco Santander Mexico	**Baa1**	22/04/2020	↓	NEG	-	-	-	-	**BBB+**	13/06/2012	↓	STABLE
Banco Santander Chile	**A1**	27/07/2018	↓	NEG	**A-**	25/03/2021	↓	STABLE	**-**	-	-	-
Santander Bank Polska	**A3**	03/06/2019	↑	STABLE	**-**	-	-	-	**BBB+**	18/09/2018	Initial	STABLE
Banco Santander Brasil	**Ba1**	25/02/2016	↓	STABLE	**BB-**	12/01/2018	↓	STABLE	**-**	-	-	
Kingdom of Spain*	**Baa1**	18/09/2020	↑	STABLE	**Au**	20/09/2019	↑	NEG	**A-**	19/01/2018	↑	STABLE

Santander Note: Santander México decided to withdraw the S&P ratings

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Concluding Remarks

- The Group's stable capital generation has been supported by strong pre-provision profits providing Santander with a high capacity to absorb provisions
- Strong capital levels in line with Santander's business model based on geographic diversification, solid market positions in areas where it operates and independent subsidiary model in terms of capital and liquidity
- The Group is well above the regulatory capital requirement with significant payment capacity from available distributable items, while maintaining comfortable margins to conversion and MDA triggers
- According to June-21 data, the Santander S.A. Resolution Group complies with the MREL and subordination requirements, TLAC and Group capital buffers
- Comfortable liquidity position reinforced further: compliance with regulatory liquidity requirements established at Group and subsidiary levels ahead of schedule, with high availability of liquidity reserves

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Glossary and Acronyms

- **ADIs:** Available distributable items
- **bn:** Billion
- **bps**: Basis points
- **BTL:** Buy-to-Let
- **CCoB**: Capital Conservation Buffer
- **CCyB**: Countercyclical buffer
- **CET1:** Common equity tier 1
- **CIB:** Corporate & Investment Banking
- **Covid-19:** Corona Virus Disease 19
- **DGF**: Deposit Guarantee Fund
- **DPS:** Dividend per share
- **EPS:** Earning per share
- **FL:** Fully loaded
- **G-SIBs**: Global Systemically Important Banks
- **HTC:** Held to collect portfolio
- **HTC&S:** Held to collect & sell portfolio
- **k**: thousands
- **LTV:** Loan-to-Value
- **LLPs:** Loan-loss provisions
- **MDA**: Maximum distributable amount
- **M/LT:** Medium- and long-term
- **mn:** Million
- **MPE:** Multiple Point of Entry
- **MREL:** Minimum Required Eligible Liabilities
- **NII**: Net interest income
- **NPL:** Non-performing loans
- **PBT:** Profit before tax
- **P&L:** Profit and loss
- **PPP:** Pre-Provision Profit
- **QoQ:** Quarter-on-Quarter
- **RoRWA:** Return on risk-weighted assets
- **RWA:** Risk-weighted assets
- **RoTE:** Return on tangible equity
- **SCF:** Santander Consumer Finance
- **SMEs:** Small and Medium Enterprises
- **SRB**: Single Resolution Board
- **SRF:** Single Resolution Fund
- **ST:** Short term
- **SVR:** Standard variable rate
- **TLAC**: Total Loss-Absorbing Capacity
- **TNAV:** Tangible net asset value
- **YoY:** Year-on-Year

Thank You.

Our purpose is to help people and businesses prosper.

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

Simple Personal Fair

Santander

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good