

September 2019

Santander's Global Sustainable Bonds Framework

Green Bond Framework



Important Information

Non-IFRS and alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, this presentation contains certain financial measures that constitute alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"). The financial measures contained in this presentation that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander Group but are not defined or detailed in the applicable financial reporting framework and have neither been audited nor reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. While we believe that these APMs and non-IFRS measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in our industry, may calculate or use such measures differently, which reduces their usefulness as comparative measures. For further details of the APMs and Non-IFRS Measures used, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see 2019 2Q Financial Report, published as Relevant Fact on 23 July 2019 and 2018 Annual Financial Report, filed with the Comisión Nacional del Mercado de Valores of Spain (CNMV) on 28 February 2019. These documents are available on Santander's website (www.santander.com).

Forward-looking statements

Santander cautions that this presentation contains statements that constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future" and similar expressions. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The following important factors, in addition to those discussed elsewhere in this presentation, could affect our future results and could cause outcomes to differ materially from those anticipated in any forward-looking statement: (1) general economic or industry conditions in areas in which we have significant business activities or investments, including a worsening of the economic environment, increasing in the volatility of the capital markets, inflation or deflation, and changes in demographics, consumer spending, investment or saving habits; (2) exposure to various types of market risks, principally including interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices; (3) potential losses associated with prepayment of our loan and investment portfolio, declines in the value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the UK, other European countries, Latin America and the US (5) changes in laws, regulations or taxes, including changes in regulatory capital and liquidity requirements, including as a result of the UK exiting the European Union and increased regulation in light of the global financial crisis; (6) our ability to integrate successfully our acquisitions and the challenges inherent in diverting management's focus and resources from other strategic opportunities and from operational matters while we integrate these acquisitions; and (7) changes in our ability to access liquidity and funding on acceptable terms, including as a result of changes in our credit spreads or a downgrade in our credit ratings or those of our more significant subsidiaries. Numerous factors could affect the future results of Santander and could result in those results deviating materially from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date of this presentation and are based on the knowledge, information available and views taken on such date; such knowledge, information and views may change at any time. Santander does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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No offer

The information contained in this presentation is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by Santander. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this presentation. No investment activity should be undertaken on the basis of the information contained in this presentation. In making this presentation available Santander gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Santander or in any other securities or investments whatsoever.

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Historical performance is not indicative of future results

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



Executive Summary

Rationale

- Santander's Global Sustainable Bonds Framework is linked to our Responsible Banking strategy and in line with our intention to deploy additional capital for responsible and sustainable projects.
- This Global Framework, through its funding facilities, enables a connection between sustainable lending to customers and dedicated investor demand, allowing to build a more responsible and sustainable credit portfolio.

Investment Highlights

- Santander is the leading financial entity of the Euro zone with total assets of €1,506.2bn as of March 2019.
- Solid business model which enables to generate value based on profitability, efficiency and innovation, and obtain profits on a recurring basis.
- Santander is strengthening its capital ratios and improving credit quality. The CET1 (+23 bps y/y) stood at 11.23% after organically generating 20 bps in the first quarter of 2019.
- Santander has an historical good performance on sustainability, being part of DJSI since 2000 and among the top positions in the last years, having ranked 1st in 2019.
- Santander has a long history of leadership in financing renewable energy projects. In the last ten years, Santander has been nine times within the top 3 banks in renewable project financing, and always within the top 5. In 2018 Santander participated in:
 - Financing of renewable energy projects, with a generation capacity equivalent to the consumption of 5.7 million households.
 - Green bond client issuances, acting as Lead Manager/Arranger, for a total value of €730 million, and in €2,017 million in ESG syndicated loans.

1. Santander Sustainable Funding Strategy-Green Bond Framework
2. Responsible banking at Santander
3. Capital strength & Funding plan

Santander Sustainable Funding Strategy- Global Sustainable Bonds Framework & Green Bond Framework



01



Santander's Global Sustainable Bonds Framework






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





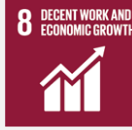



Santander's Global Sustainable Bonds Framework

Green eligible categories

Category - SDG	Description ¹
Energy efficiency 	<ul style="list-style-type: none"> Energy savings and consumption. Contribution to climate change mitigation. Green buildings: In order for green building financing to be included the asset must possess environmental certification.
Renewable energy 	<ul style="list-style-type: none"> Renewable energy production, sources: wind, solar, biogas, biomass, thermal, hydro. Manufacture of components of renewable energy technology: wind turbines, solar panels, etc. Transmission and distribution projects when connecting to defined energy assets.
Sustainable Water Manag. 	<ul style="list-style-type: none"> Contribute to access to safe and affordable drinking water. Recycling of water and pollution prevention and control. Aquatic biodiversity conservation.
Sustainable Waste Manag.  	<ul style="list-style-type: none"> Water collection, treatment, recycling, re-use, etc. Contribute to hygiene and access to adequate and equitable sanitation. Recycling of waste and pollution prevention and control.

Social eligible categories

Category - SDG	Description ²
Healthcare 	<ul style="list-style-type: none"> Hospitals financing, medical equipment and healthcare technologies.
Education 	<ul style="list-style-type: none"> Education, primary and secondary schools, Universities, training programs, scholarships, etc.
SME financing 	<ul style="list-style-type: none"> Contribute to access to decent work and economic growth. Facilitate job conservation or creation, revitalise economically depressed areas and reduce poverty. Access to banking in underserved populations.
Affordable housing 	<ul style="list-style-type: none"> Access to adequate, safe and affordable housing for excluded and/or marginalised population or communities.



Green Bond Framework

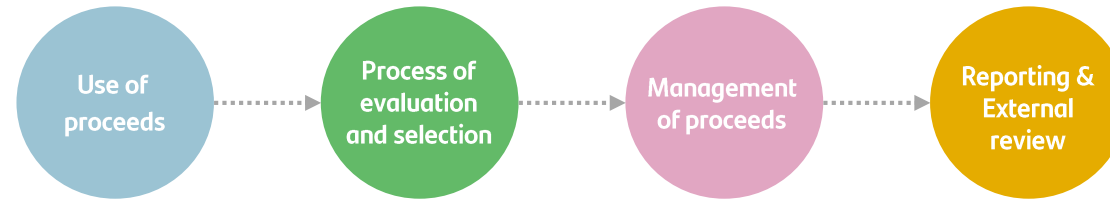
Rationale to issue Green Bonds

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








Green Bond Framework



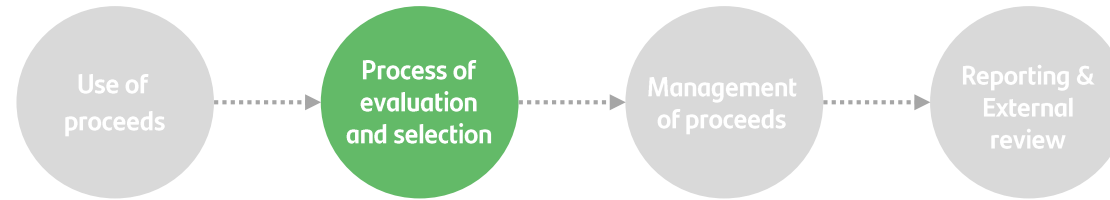
Use of proceeds

- The net proceeds of green bond issuances under the scope of this Green Bond Framework (the “Green Bond”) will be used to finance and refinance loans related to renewable energy (Wind and Solar).
- Eligible assets categories have been identified by Santander to provide financing for renewable energy production in projects located in core countries for the Bank (Europe, US and Latin America) and funded by Banco Santander S.A.
- The Green Bond Notes net proceeds will be divided between existing wind and solar assets on Santander balance sheet and new assets of the same nature that will be added. The Refinancing share of eligible assets won’t exceed 50% during the term of the Green Bond. The new eligible assets will include 2019 and onwards production.
- CO₂ emissions avoided: calculated and estimated on annual basis by the issuer.

Category - SDG	Description	SDG
 Renewable Energy	<ul style="list-style-type: none"> ▪ Contribution to climate change mitigation ▪ Energy savings and consumption ▪ Project finance loans related to: <ul style="list-style-type: none"> • Photovoltaic plants • Concentrated Solar Power, mostly parabolic through solar thermal plants • Onshore wind farms • Offshore wind farms, for now with ground-mounted foundations 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="text-align: center;"> <p>7</p> <p>Affordable and Clean Energy</p>  </div> <div style="text-align: center; margin-top: 20px;"> <p>13</p> <p>Climate Action</p>  </div> </div>



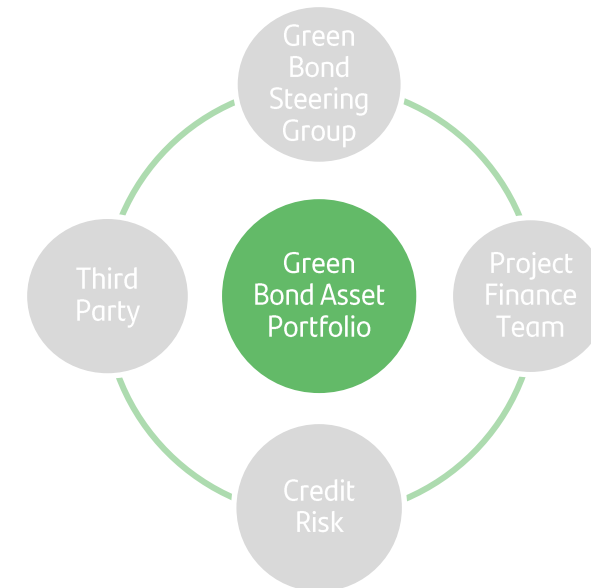
Green Bond Framework



Process of evaluation and selection

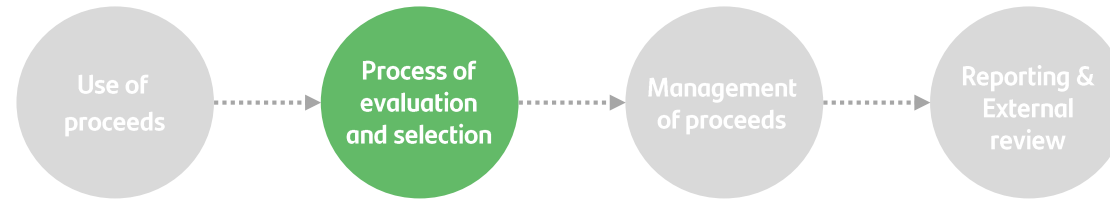
Evaluation and selection of Eligible Assets based on relevant internal and external expertise with well-defined roles and responsibilities:

- Green Bond Steering Group to review and validate eligible assets that comply with the Green Bond Framework.
- Responsibility of a specialised finance team for renewable energy projects to select and finance assets potentially eligible for Green Bonds.
- The technical, legal, insurance, model audit and tax and market due diligences are carried out by external consultants.
- Risk and compliance teams, undergo E&S analysis, ensure the compliance of all assets with the due diligence process, Equator Principles and Santander's sustainability policies.





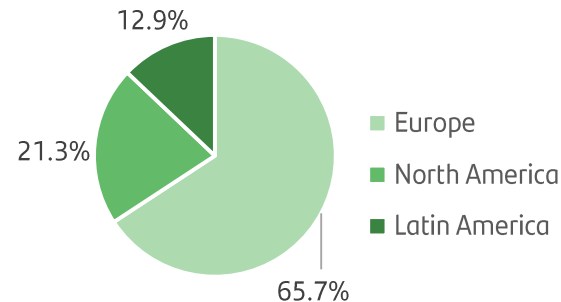
Green Bond Framework



Eligible Assets

- Eligible Assets will contribute to defined environmental objectives, have expected environmental benefits and will meet a set of eligibility criteria defined by the Issuer:
 - The Eligible Assets categories are clearly defined and relevant to the identified objectives and benefits.
 - The chosen Eligible Assets categories are aligned with Santander's Sustainability Strategy.
 - The objectives and expected environmental benefits of the Eligible Assets categories are clearly defined, measurable, relevant, and precise.
- Santander is one of the global leaders project finance for renewables, with a strong positioning in our core markets (Europe, North America and Latin America). As of close of 2018, Santander had granted project finance loans for renewables for a total remaining debt of about €9.8bn, circa 50% of our overall project finance portfolio.
- Distribution of our Project finance renewables portfolio (as of 31/12/2018)⁽⁴⁾:

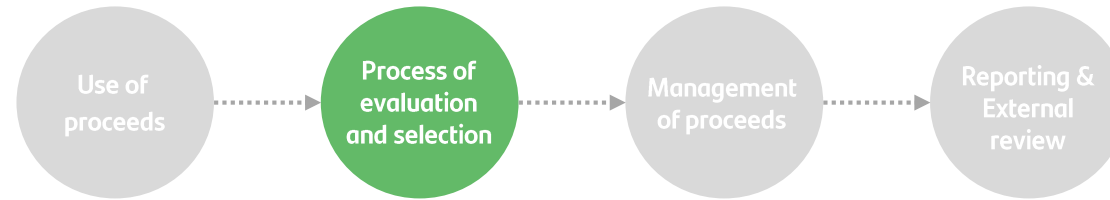
Eligible Asset categories	Number of assets ⁽³⁾	Total Santander loan exposure (M €) ⁽³⁾	% of Exposure	% of deal count
Offshore Wind projects	20	1,185	12%	6%
Onshore Wind projects	151	3,433	35%	42%
Solar projects ⁽¹⁾	145	4,566	46%	40%
Others ⁽²⁾	45	663	7%	12%
Total	361	9,846	100%	100%



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



Green Bond Framework



Green Bond Steering Group



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



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



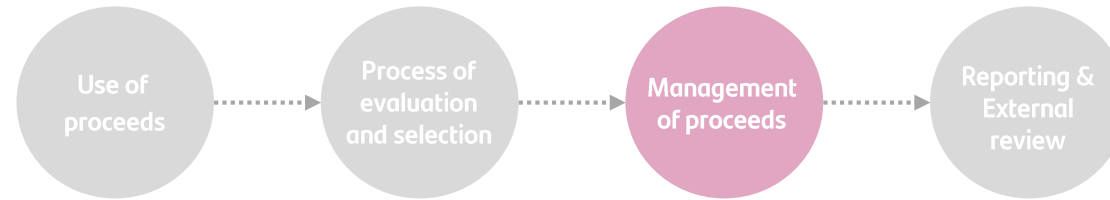
- Chaired by the Head of Sustainability at Banco Santander S.A.
- Current members: Sustainability function, Funding and IR functions, Corporate & Investment Banking, Risk and any other team deemed necessary to participate.



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



Green Bond Framework

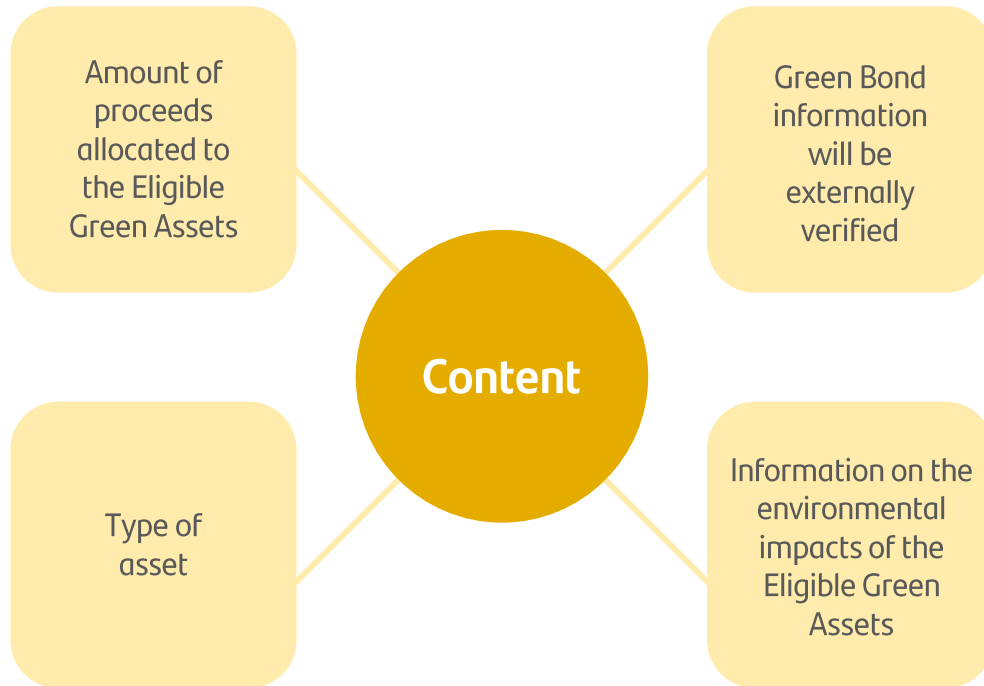
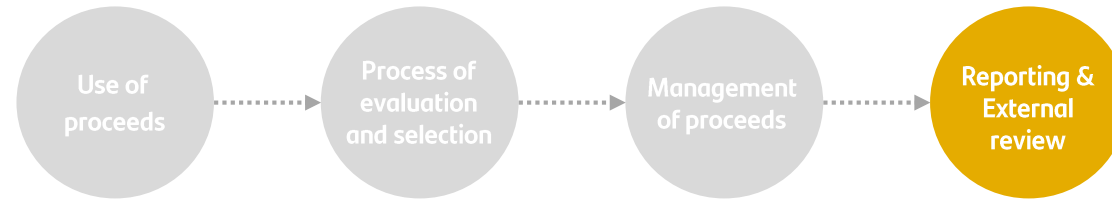


Management of proceeds

- The net proceeds of the Green Bond will be managed by Santander's Funding Team (within the Financial Division) in the form of liquidity in a single funding pool in accordance with Santander's normal liquidity management policy.
- The allocation of funds to Eligible Assets will be tracked by the Green Bond Steering Group using a relevant internal system, and ensuring that a portfolio of Eligible Assets at least notionally equivalent to the Green Bond outstanding is maintained all the time.
- Santander has committed to allocate all the proceeds to Eligible Assets at settlement or, within 36 months thereof.
- Unallocated proceeds will be kept in the Bank's liquidity reserve, composed of cash and Spanish Government securities, securitisations and covered bonds and will not be invested in loans to clients who participate in activities explicitly excluded from the Bank's regular lending policies.
- In case of divestment or if an asset fails to comply with the eligibility criteria, the issuer has committed to preferably replace this asset with another asset respecting the eligibility criteria within 12 months. An ad hoc report regarding eventual changes in the Green Bond will be made available to investors.
- An independent party will verify the tracking and allocation of funds from the Green Bond proceeds once a year until full allocation.



Green Bond Framework



Reporting

The monitoring process is based on relevant internal expertise:

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

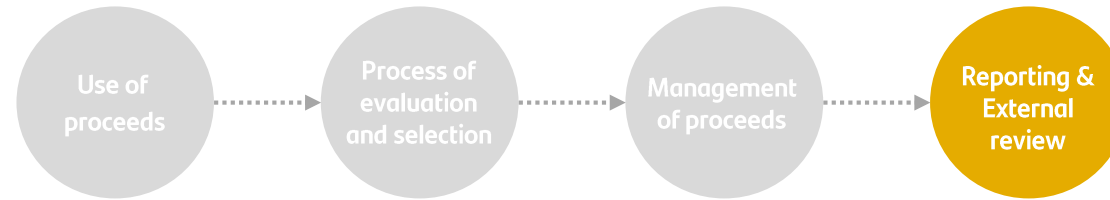


Green Bond documents to be published on Santander’s website annually:

- Green Bond Framework
- Second Party Opinion
- Annual Report
- Issuance documentation



Green Bond Framework



External review

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

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

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

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

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

- The sustainability consultant review, i.e. the hereby Second Party Opinion performed by Vigeo Eiris, on the sustainability credentials of the Green Bond, based on pre-issuance commitments and covering the key features of the Green Bond, i.e. Issuer's sustainability profile and commitments related to the issuance.
- An annual verification, i.e. the Third-Party auditor, covering the allocation of funds, the compliance with all material respects of the Eligible Assets criteria set forth in the Green Bond Framework, until the full allocation of proceeds and later in the case of any material change in the list of Eligible Green Projects, and the reporting metrics, until the maturity date of the bond.



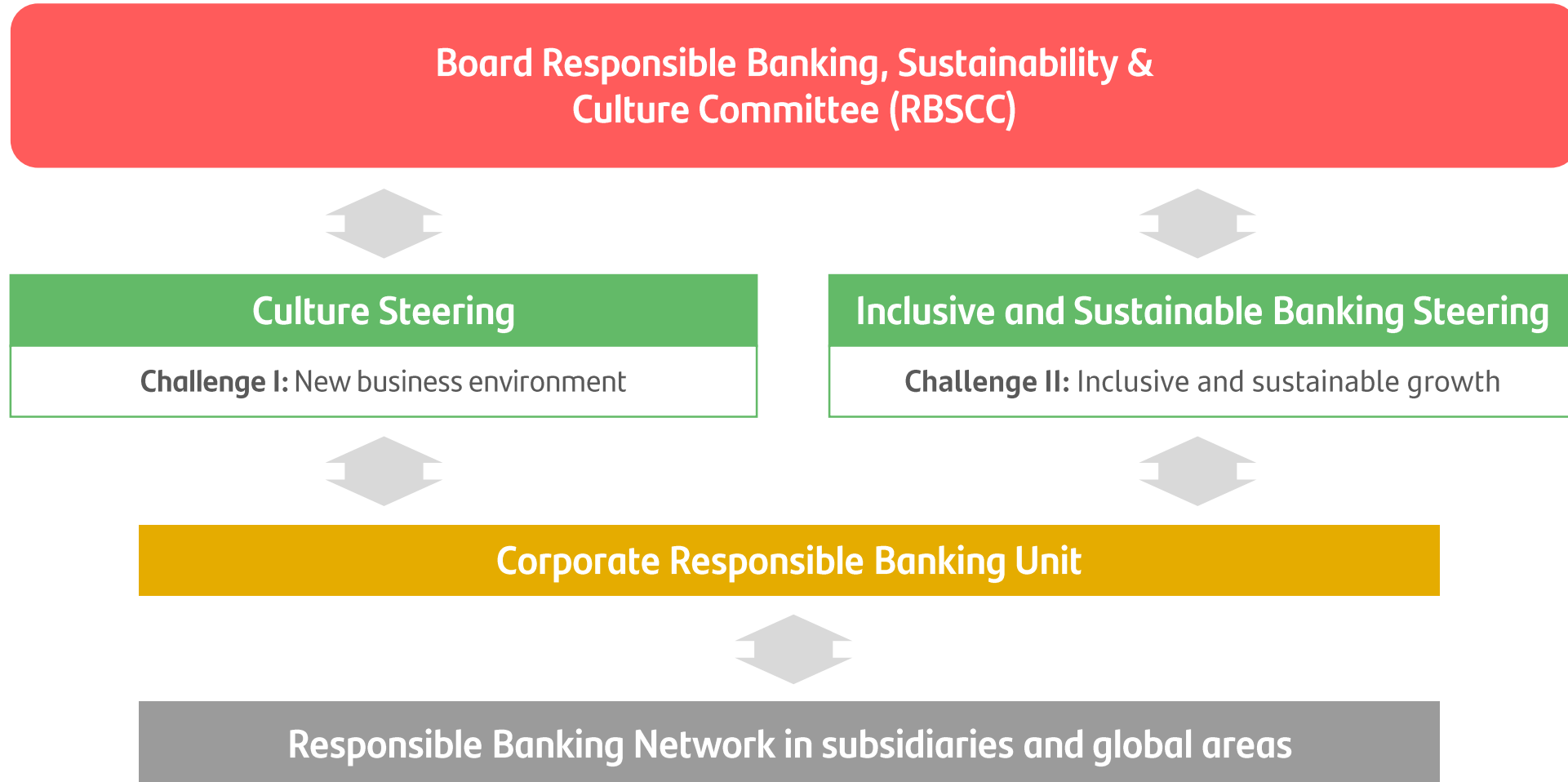
Responsible banking at Santander



02



Santander's responsible banking governance framework





Building a responsible bank from our core strengths



OUR PURPOSE

To help people and businesses prosper



OUR AIM

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



OUR CHALLENGES

I. New business environment

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

II. Inclusive and sustainable grow

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








OUR PRIORITIES

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

- Boost financial & social inclusion agenda
- Grow sustainable & responsible products
- Embed environmental and social risks analysis into business decisions
- Drive climate change strategy



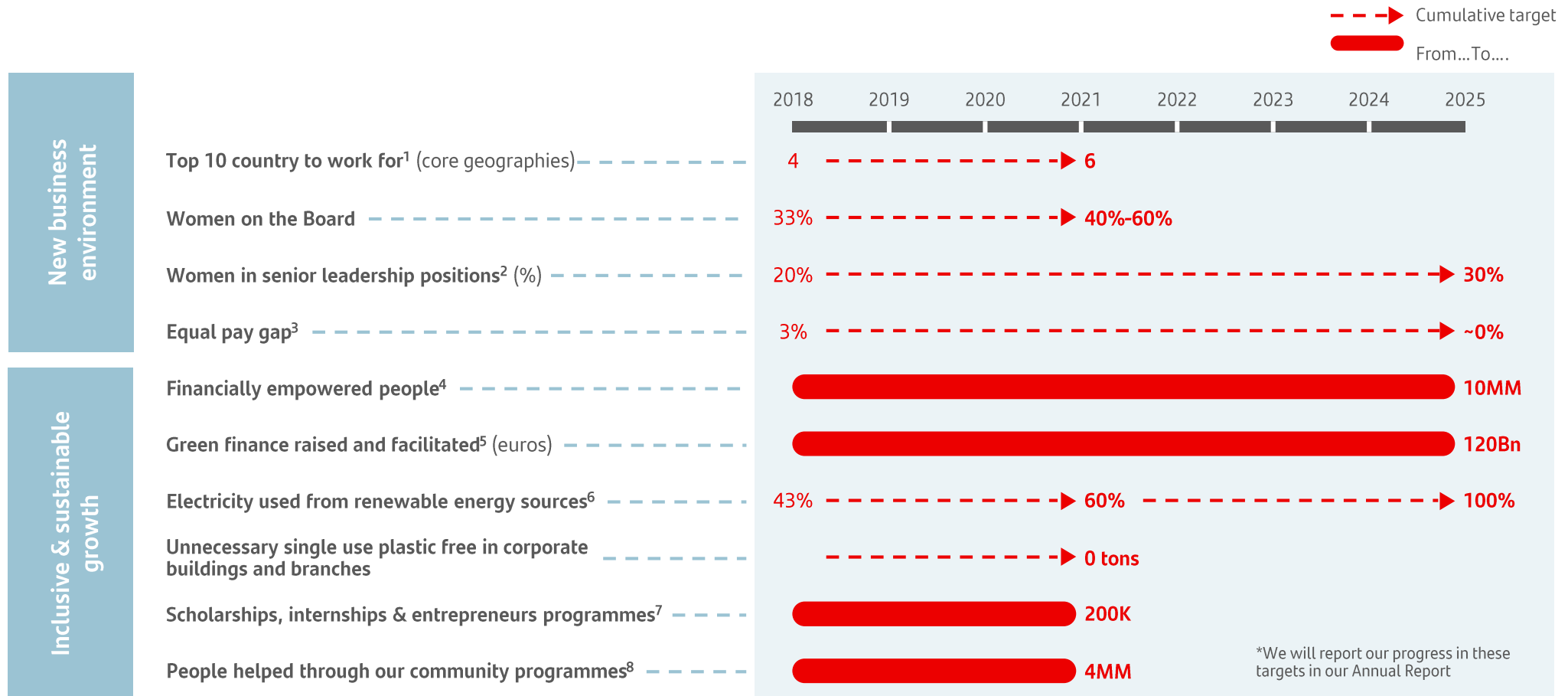
Independent recognition for our progress

<p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p>	 FTSE4Good	 DISCLOSURE INSIGHT ACTION			
<p>Banco Santander included in the Dow Jones Sustainability Index since 2000.</p> <p>In 2019 Santander is the world leader, ranking first among the 25 banks in the index this year.</p>	<p>Banco Santander is also listed on the FTSE4Good index since 2003.</p> <p>In 2017 absolute score in the ESG rating of 4.5 points (five being the maximum score).</p>	<p>Santander has also been participating as CDP signatory since 2007.</p>	<p>Banco Santander, world leader in the Bloomberg Gender-Equality Index (GEI).</p> <p>With an evaluation of 95.32 points out of 100.</p>	<p>Above industry average scores and in most cases improving the performance over the last year. Sustainalytics, Vigeo Eiris, MSCI and ISS-oekom.</p>	<p>In 2019 Santander received Top Employers Europe 2019 certification which acknowledges the working conditions companies create for their employees.</p> <p>Likewise, in 2018 Santander ranked in the top 3 of the best financial institutions to work in Latin America, according to Great Place to Work.</p>

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Santander's Responsible Banking public commitments



Notes: (1) According to a well-known external source in each country (Great Place to Work, Top Employer, Merco, etc.), (2) Senior positions represent 1% of total workforce, (3) Calculation of equal pay gap compares employees of the same job, level and function, (4) Financially empowered people (mostly unbanked and underbanked), through products and services and social investment initiatives, to get access to the financial system, receive tailored finance and increase their knowledge and resilience through financial education, (5) Includes Santander overall contribution to green finance: project finance, syndicated loans, green bonds, capital finance, export finance, advisory, structuring and other products to help our clients in the transition to a low carbon economy. Commitment from 2019 to 2030 is 220Bn, (6) In those countries where it is possible to certify renewable sourced electricity for the properties occupied by the Group, (7) People supported through Santander Universities initiative (students who will receive a Santander scholarship, will achieve an internship in an SME or participate in entrepreneurship programmes supported by the Bank), (8) People helped through our community investment programmes (excluded Santander Universities and financial education initiatives).



Collaborating globally to tackle UN SDGs

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



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



PRINCIPLES FOR RESPONSIBLE BANKING

Collective Commitment on Climate



Formal support to TCFD and UNEP FI pilot participation



Active participation in the working groups further to application of requirements



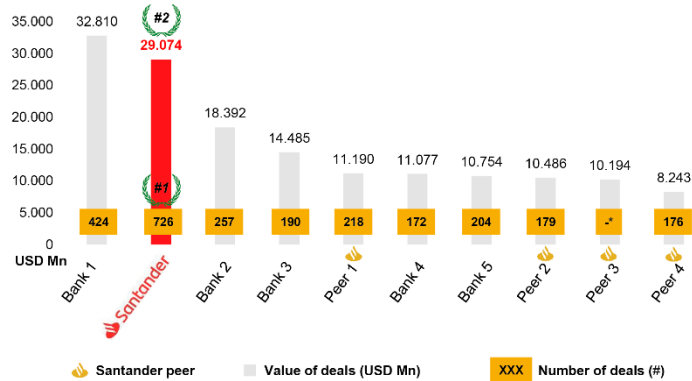
UNSGSA

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

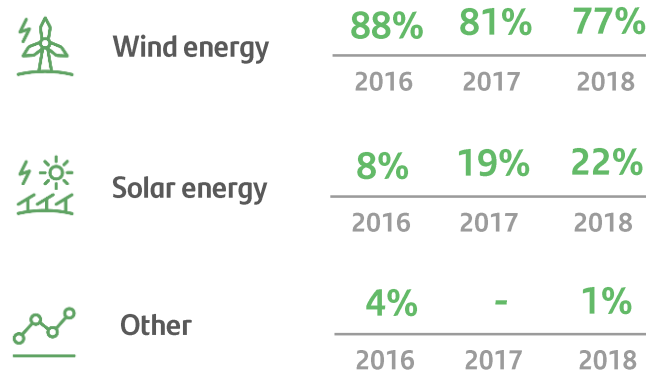


Santander's leadership in green finance

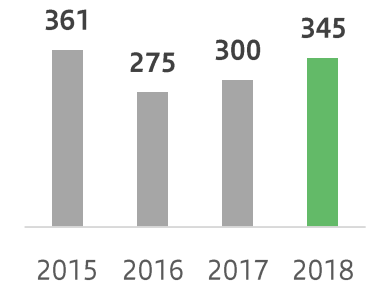
- Market leader in renewables finance (2009-2018)



- Breakdown of MW financed by type of renewable energy



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



* EIB: European Investment Bank. EBRD: European Bank for Reconstruction and Development. IFC: International Finance Corporation.

Green bonds & ESG loans

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

Financing low-emissions, electric and hybrid vehicles

In Spain Santander finances a fleet of **24,665 vehicles**. In 2018 we financed **7,463 transactions**

Funding sustainable agriculture and livestock farming

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

Socially Responsible Investment

We manage **9 SRI funds**: seven in Spain, one in Brazil and one in Portugal.

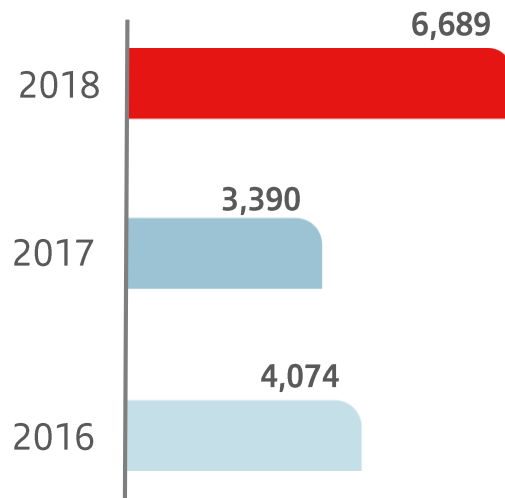
Santander Pensiones SA SGFP in Spain (since 2010) and Santander Asset Management Brazil (since 2008), are signatories to the **United Nations Principles for Responsible Investment**



Market leader in renewables finance and low presence in fossil fuel

- Financing of renewable energy (MW financed)

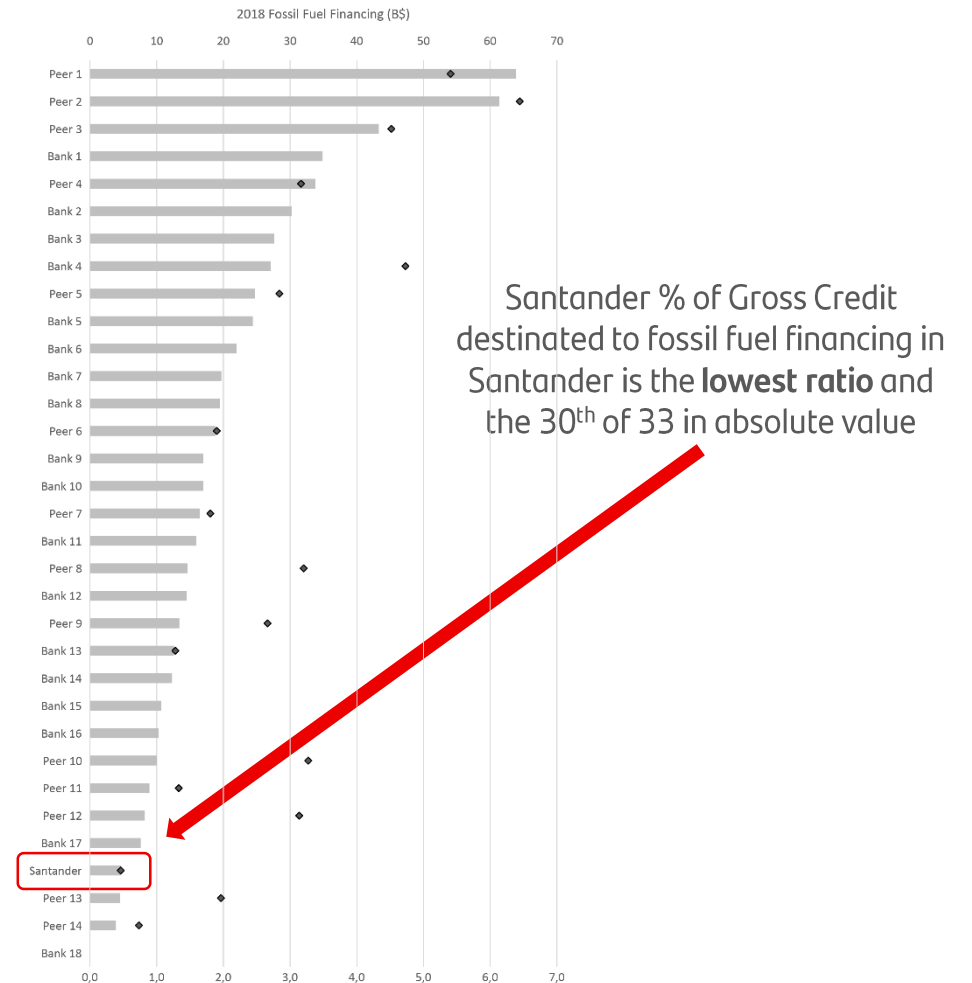
In 2018 Santander participated in the financing of renewable energy projects, with a generation capacity equivalent to the consumption of 5.7 million households¹



(1) Equivalence calculated using data on the average electricity usage in households for countries in which renewable energies projects have been funded, published by the World Energy Council (2014).
 (2) Data source: <https://www.ran.org/bankingonclimatechange2019/>
 Data source: Annual Report and Annual accounts. The graphic report totals loans and subscriptions and the percentage of total financing that goes to fossil fuel financing (Ratio %) from 33 global banks to 1,800 companies throughout the fossil fuel industry as a whole.
 (3) Data source: Annual Report and Annual accounts.

- Low presence in fossil fuel finance

30 by the Banking on Climate Change 2019 Report²



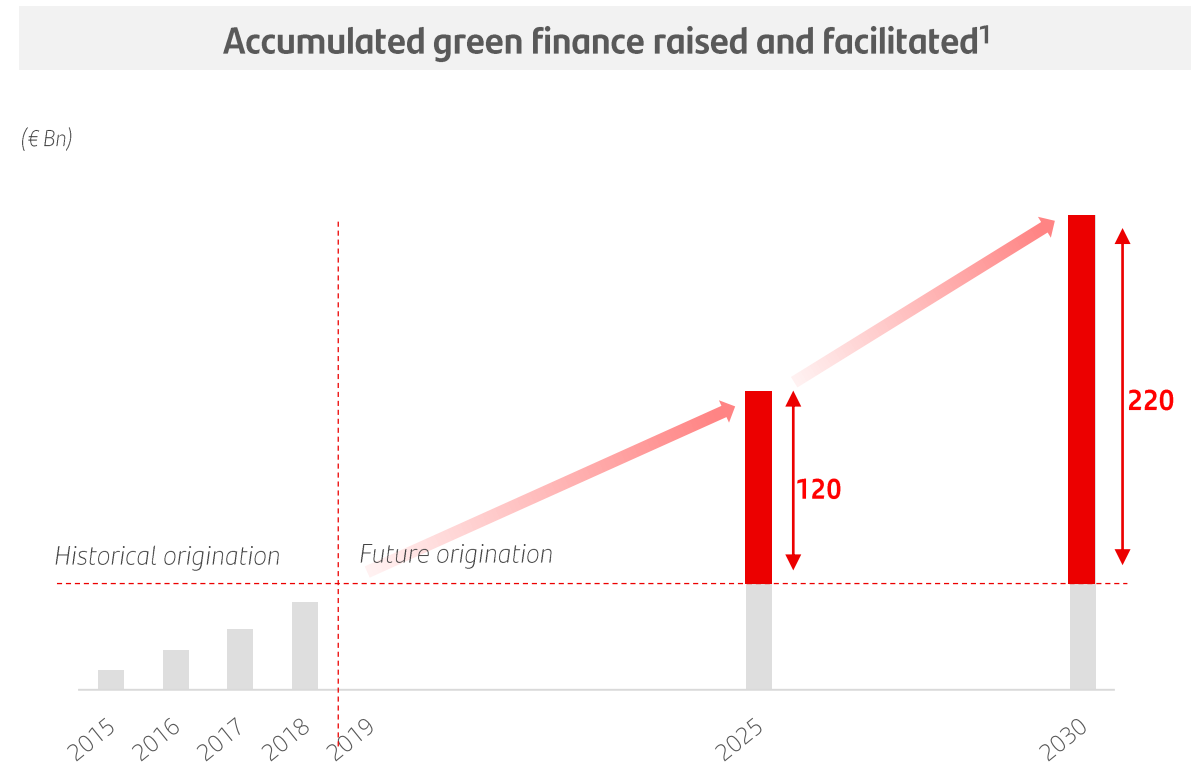
◆ Percentage of the gross credit destined to fossil fuel in 2018³



Santander's leadership in green finance

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

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





Santander investing in communities & promoting financial empowerment

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

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



Access to basic financial services



Superdigital >500k active customers



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



Finance: supporting low income people
Micro- finance

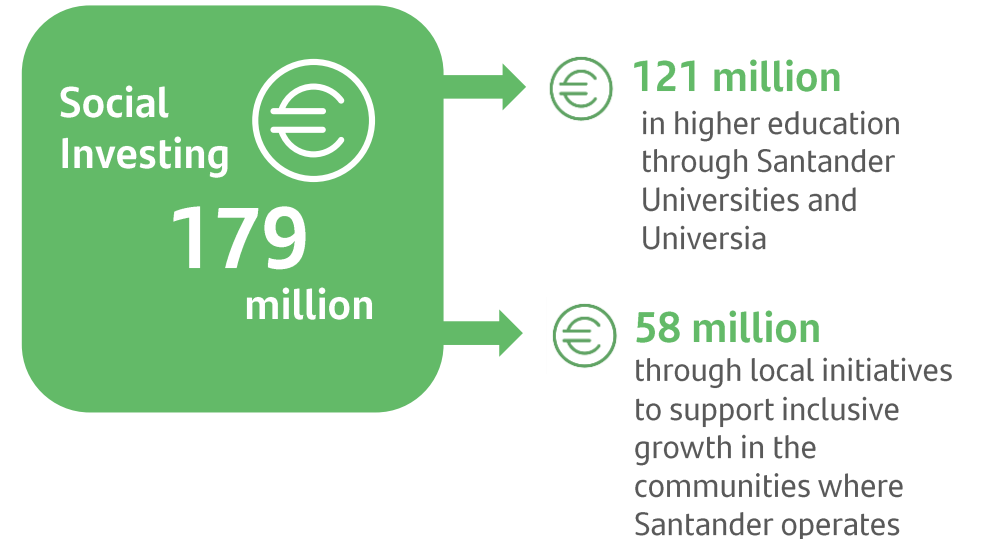


160 million
in outstanding credit to micro-entrepreneurs at the end of 2018



> 273,000
micro-entrepreneurs supported in 2018

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



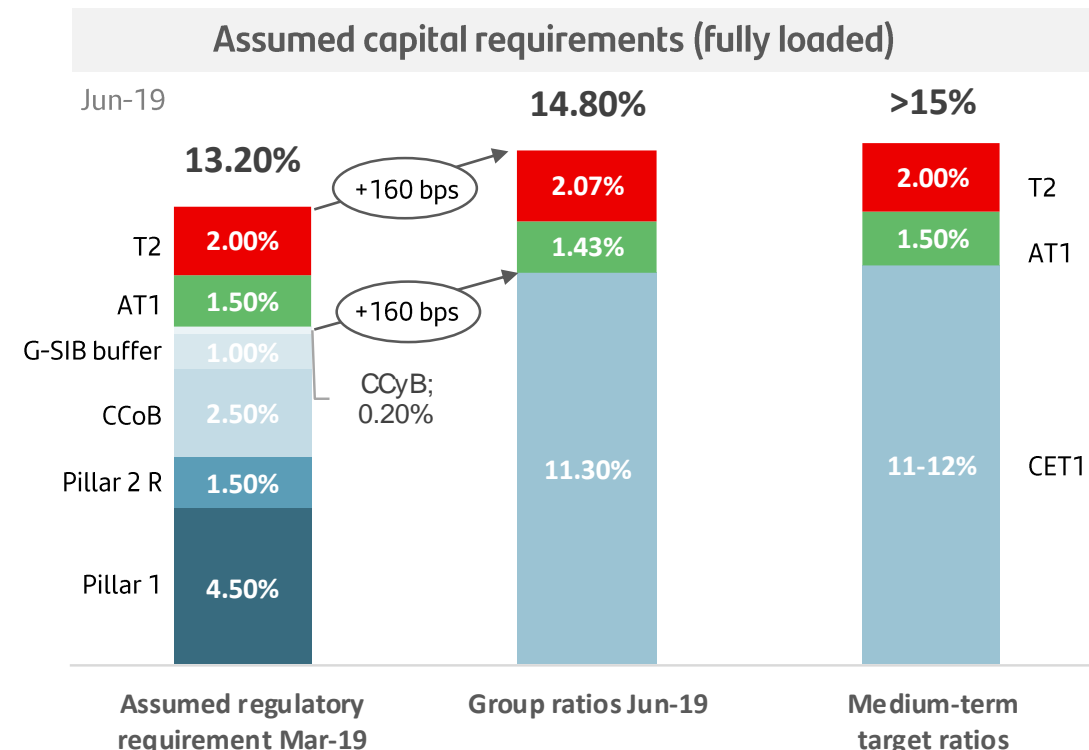
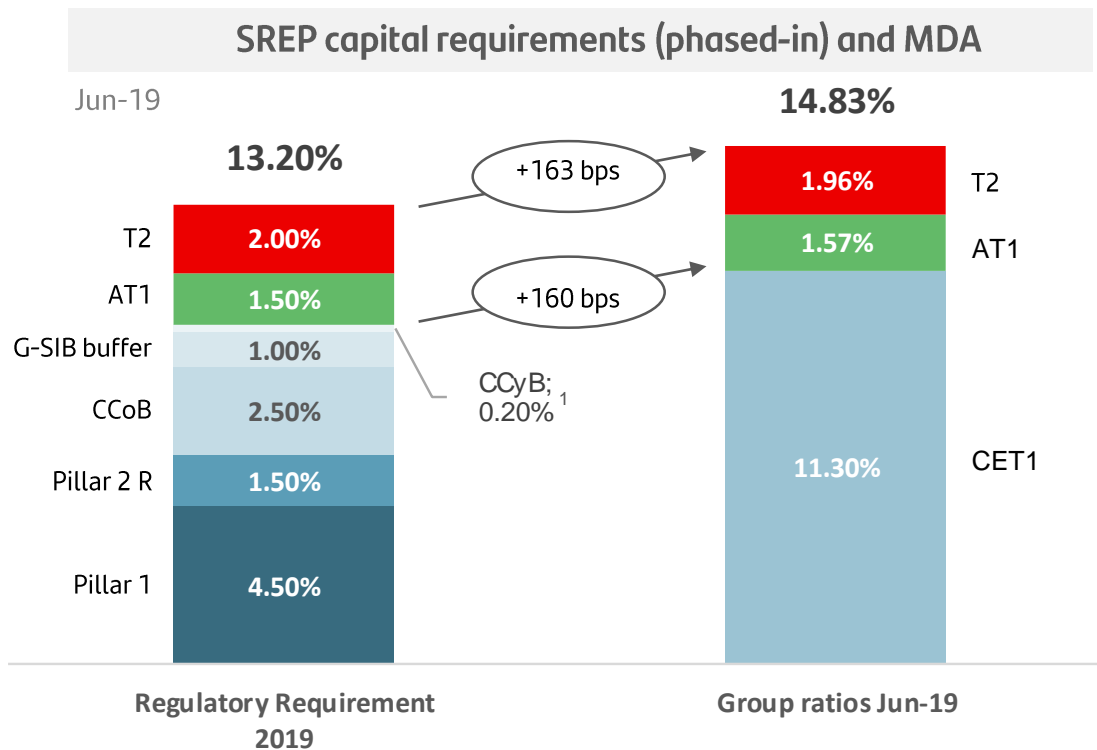


Capital strength & Funding plan

03



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



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

- ▶ AT1 and T2 issuance to target 1.5% and 2% of RWAs respectively is close to zero assuming constant RWAs
- ▶ **Santander currently complies with the minimum required eligible liabilities (MREL)³** following the MREL eligible issuances over the last two years

Note: Data calculated using the IFRS 9 transitional arrangements.

1. Estimated Countercyclical buffer 2. MDA trigger = min (A;B;C) = 1.60%; (A) Group CET1 (11.30%) + AT1 (1.57%) + T2 (1.96%) vs. Regulatory Total Capital (13.20%) = 1.63%;

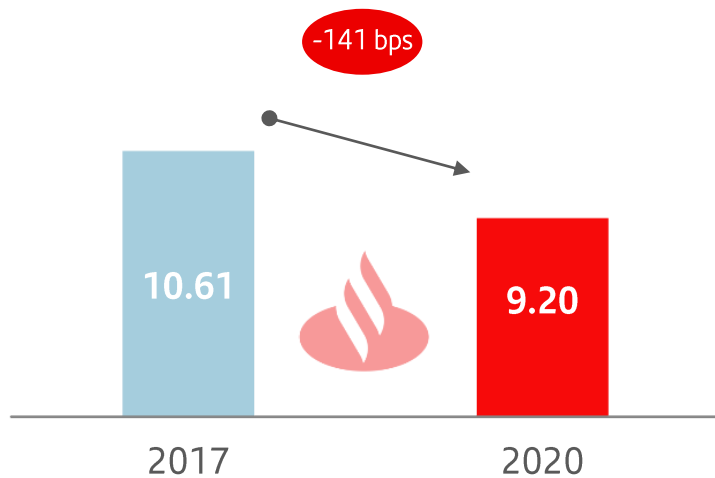
(B) Group CET1 (11.30%) + AT1 (1.57%) vs. Regulatory T1 Capital (11.20%) = 1.67%; (C) Group CET1 (11.30%) vs. Regulatory CET1 Capital (9.70%) = 1.60%.

3. Parent bank, preliminary data.



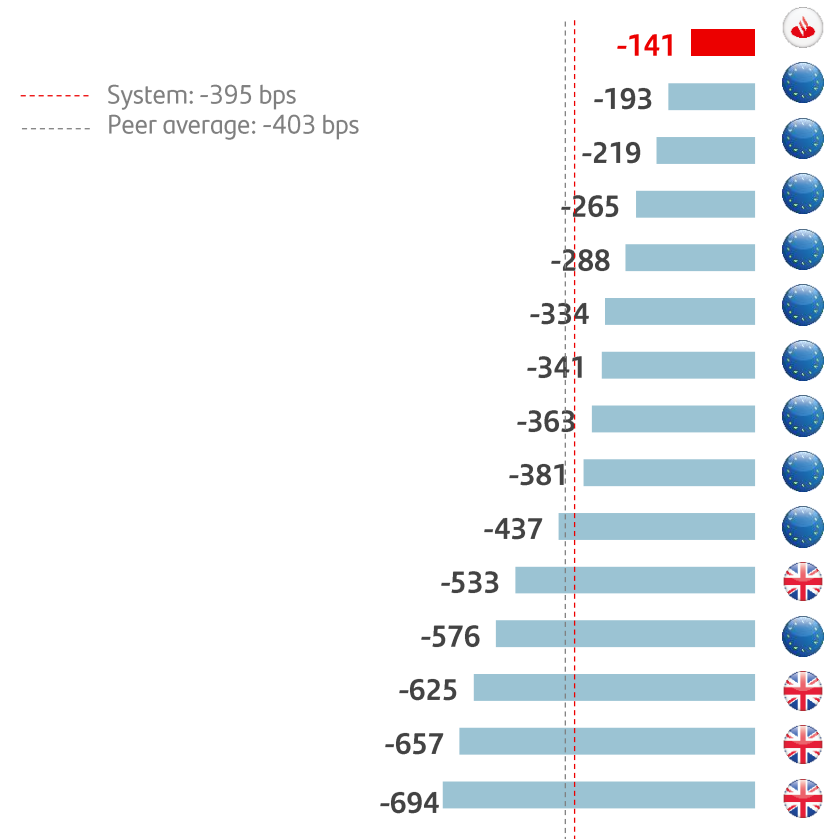
2018 EBA stress test - Fully loaded CET1: adverse scenario

Fully loaded CET1: adverse scenario (%)



Santander is the bank with lowest fully loaded CET1 capital destroyed in the adverse scenario compared to its peers

FL CET1: 2017 vs 2020 adverse scenario (bps)

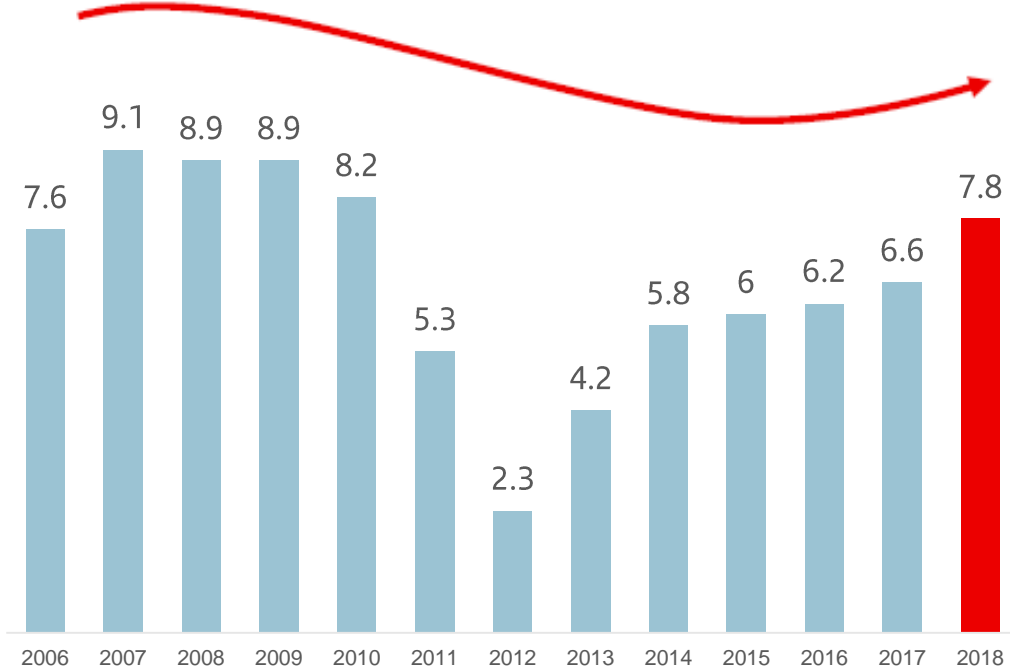




... has allowed us to generate high and recurring pre-provision profit, leading to resilient growth through the economic cycle...

Resilient profit generation throughout the cycle

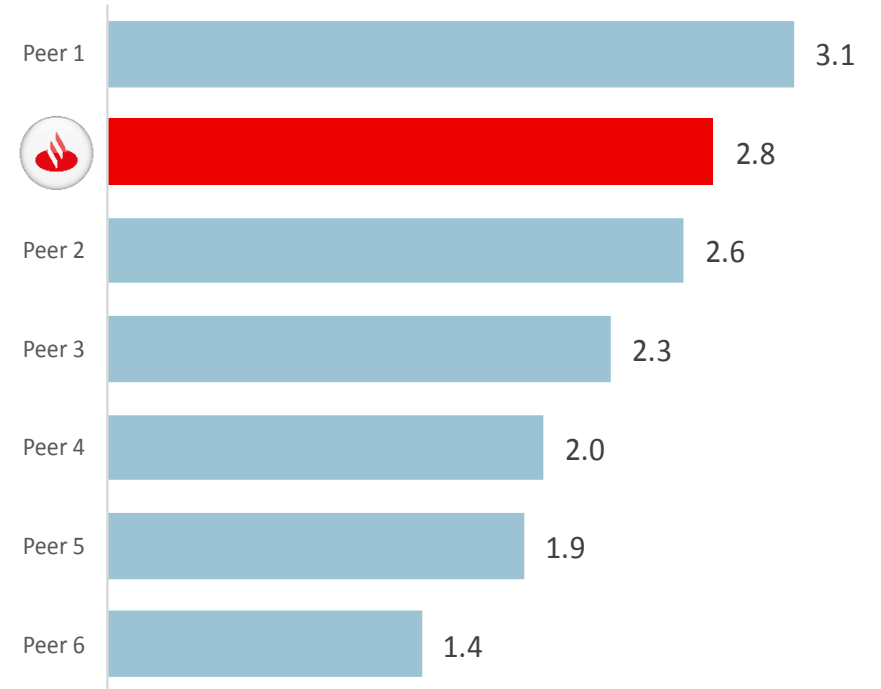
Group attributable profit, € bn



(1) European peers include: BBVA, BNP Paribas, Credit Agricole, HSBC, ING and Unicredit.

PPP/Loans well above most European peers¹

%, Jun-19, Santander calculations

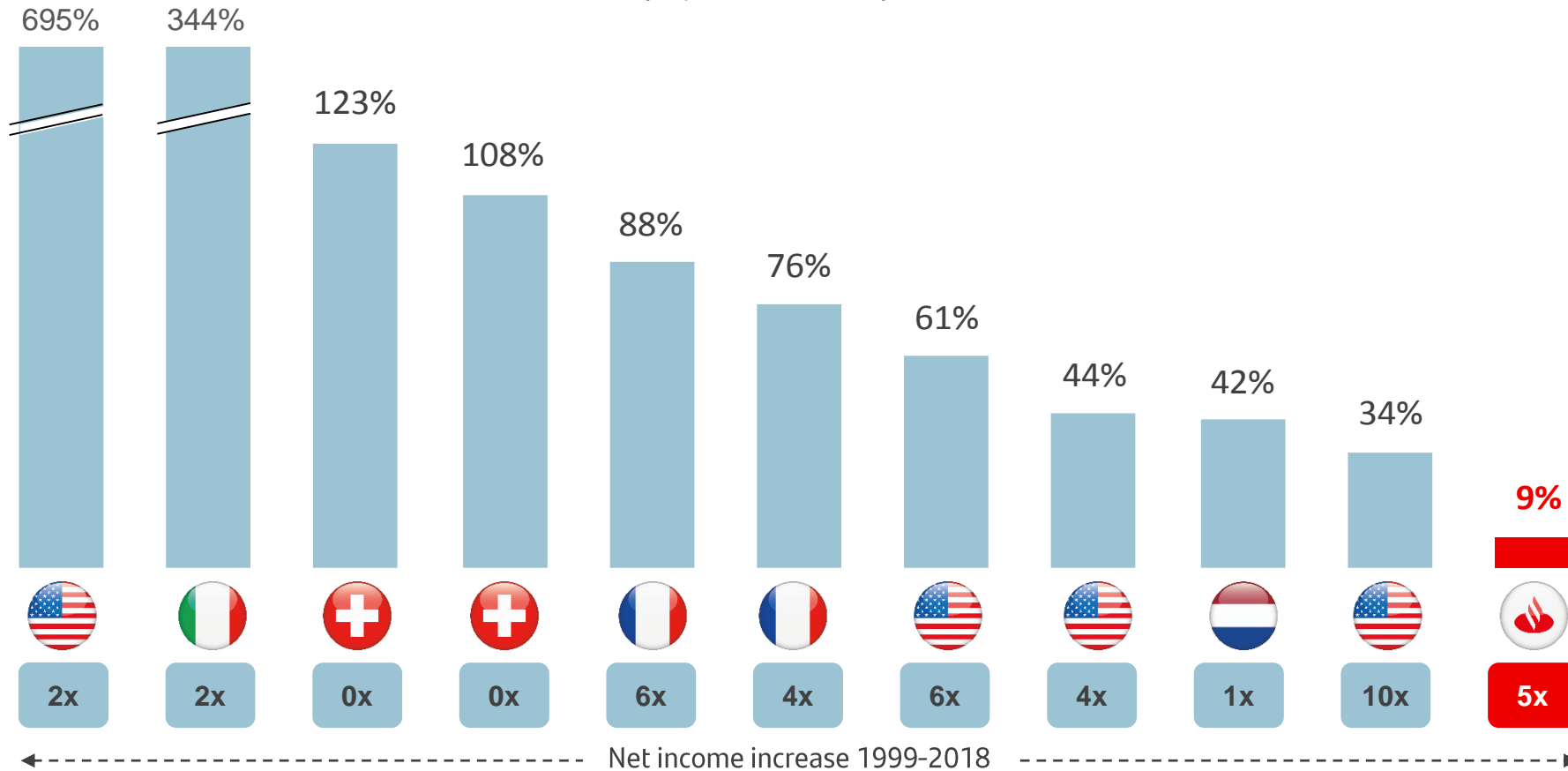




... and to generate stable and predictable growth

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

Quarterly reported EPS volatility¹, 1999-Q1'19



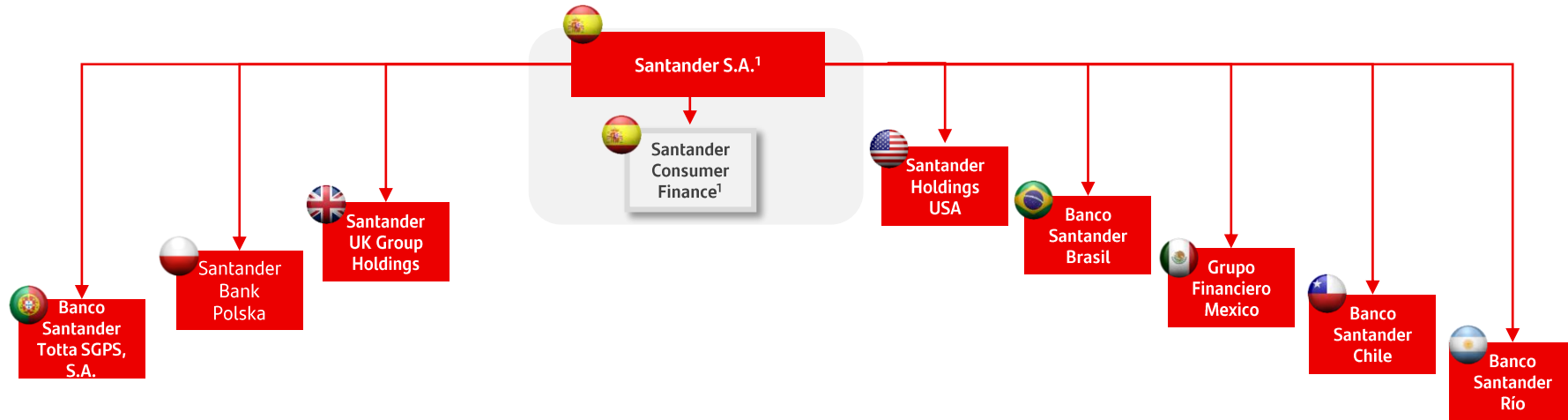
(1) Source: Bloomberg, with GAAP Criteria. Note: Standard deviation of the quarterly EPS starting from the first available data since Jan-99.



Financially autonomous subsidiaries

Legal autonomy structure

Dec-18



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

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



Santander S.A. funding plan

€ bn	2018 issued	2019 issued YtD	2019 issuance plan ²
Covered bonds	1.6	1.5	3 – 5
Senior preferred	0.5	4.3	3 – 5
Senior non-preferred	6.1	0.0	--
Hybrids	2.8	1.1 ³	1.5*
TOTAL	10.9	6.9	7.5 -11.5
o/w Subordinated	8.9	1.1	1.5



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



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



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

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

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



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good

Glossary

(APMs) Alternative Performance Measures

(AT1) Additional Tier 1

(Bn) Billion

(bps) Basis points

(CCoB) Capital Conservation Buffer

(CCyB) Countercyclical Capital Buffer

(CET1) Common Equity Tier 1

(CNMV) Comisión Nacional del Mercado de Valores

(DJSI) Dow Jones Sustainability Index

(EBA) European Banking Authority

(EBRD) European Bank for Reconstruction and Development

(EIB) European Investment Bank

(EPS) Earnings Per Share

(E&S) Environmental & Social

(ESG) Environment Social Governance

(ESMA) European Securities and Markets Authority

(FMI) Financial Market Infrastructure

(GAAP) Generally Accepted Accounting Principles

(GEI) Gender- Equality Index

(G-SIB) Global Systemically Important Banks

(ICMA) International Capital Market Association

(IFC) International Finance Corporation

(IFRS) International Financial Reporting Standards

(IR) Investors Relations

(MDA) Maximum Distributable Amount

(Mn) Million

(MREL) Minimum Required Eligible Liabilities

(MW) Megawatts

(PPP) Public-private partnership

(RBSCC) Responsible Banking Sustainability & Culture Committee

(RoRAC) Return on Risk-Adjusted Capital

(RoRWA) Return on Risk-Weighted Assets

(RWA) Risk-Weighted Assets

(SDG) Sustainable Development Goal

(SME) Small and Medium-sized Enterprise

(SREP) Supervisory Review and Evaluation Process

(SRI) Socially Responsible Investment

(TCFD) Task force on Climate-Financial Disclosures

(TLAC) Total Loss Absorbing Capacity

(TNAV) Tangible Net Asset Value

(UK) United Kingdom

(UN) United Nations

(UNSGSA) UN Secretary-General's Special Advocate for Inclusive Finance for Development

(US) United States