

ORDINARY GENERAL SHAREHOLDERS' MEETING
OF BANCO SANTANDER, S.A. – APRIL 2019

- Item One** **Annual accounts and corporate management.**
- One A.** **Examination and, if appropriate, approval of the annual accounts (balance sheet, profit and loss statement, statement of recognised income and expense, statement of changes in total equity, cash flow statement, and notes) and the directors' reports of Banco Santander, S.A. and its consolidated Group, all with respect to the Financial Year ended 31 December 2018.**
- One B.** **Examination and, if appropriate, approval of the consolidated statement of non-financial information for the Financial Year ended 31 December 2018 and which is part of the consolidated directors' report.**
- One C.** **Examination and, if appropriate, approval of the corporate management for Financial Year 2018.**

Proposals:¹

- One A.-** To approve the annual accounts (balance sheet, profit and loss statement, statement of recognised income and expense, statement of changes in total equity, cash flow statement, and notes) and the directors' reports of Banco Santander, S.A. and of its consolidated Group, all with respect to the Financial Year ended 31 December 2018.
- One B.-** To approve the consolidated statement of non-financial information for the Financial Year ended 31 December 2018, which is part of the consolidated directors' report for said financial year ("Santander vision" and "Responsible Banking" chapters of the 2018 annual report).
- One C.-** To approve the corporate management for Financial Year 2018.

¹ Each of the proposals made under items One A to One C will be submitted to a separate vote.

Item Two**Application of results obtained during Financial Year 2018.****Proposal:**

To approve the application of results in the amount of 3,301,177,629 euros obtained by the Bank in Financial Year 2018, to be distributed as follows:

Euros	3,292,060,318.24	for the payment of dividends already paid out prior to the date of the Ordinary General Meeting (2,104,227,289.06 euros), for the acquisition of bonus share rights (<i>derechos de asignación gratuita</i>), with a waiver of the exercise thereof, from those shareholders who opted to receive in cash the remuneration equal to the second interim dividend (132,455,722.95 euros) under the <i>Santander Dividendo Elección</i> scrip dividend scheme and for the payment of the final cash dividend in the total amount of 1,055,377,306.23 euros which will take place after next 2 May.
Euros	<u>9,117,310.76</u>	to increase the Voluntary Reserve.
Euros	3,301,177,629	in total.

- Item Three** **Board of directors: appointment, re-election or ratification of directors.**
- Three A.** **Setting the number of directors.**
- Three B.** **Appointment of Mr Henrique de Castro.**
- Three C.** **Re-election of Mr Javier Botín-Sanz de Sautuola y O’Shea.**
- Three D.** **Re-election of Mr Ramiro Mato García-Ansorena.**
- Three E.** **Re-election of Mr Bruce Carnegie-Brown.**
- Three F.** **Re-election of Mr José Antonio Álvarez Álvarez.**
- Three G.** **Re-election of Ms Belén Romana García.**

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING THE PROPOSALS REFERRED TO IN ITEM THREE OF THE AGENDA FOR THE GENERAL SHAREHOLDERS’ MEETING CALLED FOR 11 APRIL 2019, ON FIRST CALL, AND FOR 12 APRIL 2019, ON SECOND CALL

This report is prepared in compliance with the provisions of section 529 *decies* of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*) and is intended to provide a rationale for the proposals for appointment, ratification or re-election of directors of Banco Santander, S.A. (the “**Bank**” or the “**Company**”) that are submitted for the approval of the shareholders acting at the general shareholders’ meeting under item Three of its agenda, evaluating for such purposes the expertise, experience and merits of the persons whose appointment, ratification or re-election is proposed at the meeting.

Part Three A also includes a proposal to set the number of the Bank’s directors at 15, which is within the threshold established by Recommendation 13 of the current Good Governance Code of Listed Companies.

In light of the foregoing, the board’s evaluations of the expertise, experience and merits of Mr Javier Botín-Sanz de Sautuola y O’Shea, Mr Ramiro Mato García-Ansorena, Mr Bruce Carnegie-Brown, Mr José Antonio Álvarez Álvarez and Ms Belén Romana García are separately included below, in view of the reasoned proposal made by the appointments committee on 25 February 2019, in accordance with the aforementioned section 529 *decies* of the Spanish Capital Corporations Law and articles 18.4 and 26 of the rules and regulations of the board, and with which the board concurs in all respects. The aforementioned proposal of the appointments committee is attached as an Exhibit to this directors’ report.

It is also noted that the proposed appointment of Mr Henrique de Castro submitted to a vote under item Three B) of the agenda is subject to obtaining the regulatory approval provided for in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Council Regulation (EU) 1024/2013 of 15 October 2013 and in Regulation (EU) No 468/2014 of the European Central Bank regarding suitability. If said approval is not obtained and the European Central Bank rejects the suitability of the candidate, it is expected that the existing vacancy on the board will be covered either by interim appointment of another candidate by the board itself after the holding of the meeting or by appointment of another candidate at a subsequent meeting.

Similarly, for the purposes of section 518.e) of the Spanish Capital Corporations Law, this report contains full information on the identity, curriculum vitae and category of each of the directors.

(i) **Mr Henrique de Castro (item Three B)**

(a) Profile description:

- Born in 1965 in Lisbon (Portugal). Degree in Business Administration from the Lisbon School of Economics and Management (Portugal) and Master's Degree in Business Administration (MBA) from the University of Lausanne (Switzerland).
- He is an independent director and member of the risk committee of First Data Corporation, and an independent director and member of the audit and finance committee and of the infrastructure and investment committee of Target Corporation. Besides these activities, which performance complies with the limits established under section 26 of Law 10/2014 on the organisation, supervision and solvency of credit institutions, it is expected that, as a result of his appointment as a director of Banco Santander, Mr de Castro will resign from his other professional functions in other operating companies, including those pertaining to the Cantor Fitzgerald Group.
- Other significant positions: he was the chief operating officer of Yahoo. Previously, he was the manager of the worldwide devices, media and platform business of Google, the sales and business development manager for Europe of Dell Inc. and a consultant at McKinsey & Company.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Mr Henrique de Castro, who has successfully held various management positions and independent director positions, demonstrate that he has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Mr Henrique de Castro to be an independent director, as he fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board, although, as stated, the relevant regulatory approvals and evaluations regarding the candidate are still pending.

(ii) **Mr Javier Botín-Sanz de Sautuola y O'Shea (item Three C)**

(a) Profile description:

- Born in 1973 in Santander. Degree in Law. He was appointed as a director of the Company by the board of directors at its meeting of 25 July 2004.
- He is chairman of JB Capital Markets, Sociedad de Valores, S.A.U.
- Other significant positions: in addition to his professional activities in the financial sector, he collaborates with various non-profit institutions. Since 2014 he has been chairman of Fundación Botín and is also a member of the board of trustees of Fundación Princesa de Girona.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and career of Mr Javier Botín-Sanz de Sautuola y O’Shea at the Santander Group and in management positions outside the Group demonstrate that he has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

Mr Javier Botín-Sanz de Sautuola y O’Shea is an external director, pursuant to sub-section 2 of section 529 *duodecies* of the Spanish Capital Corporations Law and article 6.2 of the rules and regulations of the board.

(iii) Mr Ramiro Mato García-Ansorena (item Three D)

(a) Profile description:

- Born in 1952 in Madrid. Degree in Economics from the Universidad Complutense de Madrid and in Programme Management Development from Harvard Business School. He was appointed as a director of the Company on an interim basis at the board meeting of 28 November 2017 (which appointment was ratified by the shareholders at the ordinary general shareholders’ meeting of 23 March 2018), the relevant regulatory approval having been previously obtained.
- Other significant positions: he has held various positions at Banque BNP Paribas, including chairman of the group in Spain. Previously he held various significant positions at Argentaria. He has been a member of the board of directors of the Asociación Española de Banca (AEB) and of Bolsas y Mercados Españoles, S.A. (BME) and a member of the board of trustees of the Fundación Española de Banca para Estudios Financieros (FEBEF).

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and professional career of Mr Ramiro Mato García-Ansorena, who has successfully held various management positions, demonstrate that he has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Mr Ramiro Mato García-Ansorena to be an independent director, as he fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board.

(iv) Mr Bruce Carnegie-Brown (item Three E)

(a) Profile description:

- Born in 1959 in Freetown (Sierra Leone). Master of Arts degree in English Language and Literature from the University of Oxford. He was appointed as a director of the Company on an interim basis at the board meeting of 25 November 2014, his appointment becoming effective on 12 February 2015. He is vice-chairman and lead independent director of the Company.

- Other significant positions: he has been non-executive chairman of Aon UK Ltd (2012-2015), founder and managing partner of the listed private equity division of 3i Group Plc., chairman and chief executive officer of Marsh Europe, and has held various positions at JP Morgan Chase and Bank of America. He has also been a non-executive director of Jardine Lloyd Thompson Group plc (2016-2017), a non-executive director of Santander UK Group Holding Ltd (2014-2017), a non-executive director of Santander UK plc (2012-2017), and lead independent director at Close Brothers Group plc (2006-2014) and at Catlin Group Ltd (2010-2014). He is currently the non-executive chairman of Moneysupermarket.com Group Plc and of Lloyd's of London.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Mr Bruce Carnegie-Brown demonstrate that he has the expertise, experience and merits necessary to hold the positions of director, vice-chairman and lead independent director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Mr Bruce Carnegie-Brown to be an independent director, as he fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board.

(v) **Mr José Antonio Álvarez Álvarez (item Three F)**

(a) Profile description:

- Born in 1960 in León. Degree in Economics and Business and MBA from the University of Chicago. He was appointed as a director of the Company on an interim basis at the board meeting of 25 November 2014, his appointment becoming effective on 13 January 2015 after the relevant regulatory approval was obtained. His appointment was ratified by the shareholders at the general shareholders' meeting of 27 March 2015. He is vice-chairman and chief executive officer of the Bank.
- He joined Banco Santander in 2002, and in 2004 he was appointed as group chief financial officer. At present, he is also a director of Banco Santander (Brasil) S.A. He has also been a director of SAM Investment Holdings Limited, of Santander Consumer Finance, S.A. and of Santander Holdings USA, Inc. as well as a member of the supervisory board of Santander Consumer AG, of Santander Consumer Holding GMBH and of Bank Zachodni WBK, S.A. In addition, he has been a director of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME). He is the Company's chief executive officer.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and professional career of Mr José Antonio Álvarez Álvarez within the Santander Group demonstrate that he has the expertise, experience and merits necessary to hold the position of director, chief executive officer and vice-chairman.

(c) Category of director:

Mr José Antonio Álvarez Álvarez is vice-chairman and the chief executive officer of the Company, and in his capacity as such, he must be classified as an executive director pursuant to sub-section 1 of section 529 *duodecies* of the Spanish Capital Corporations Law and article 6.2(a) of the rules and regulations of the board.

(vi) **Ms Belén Romana García (item Three G)**

(a) Profile description:

- Born in 1965 in Madrid. Degree in Economics and Business from the Universidad Autónoma de Madrid and Government Economist (*Economista del Estado*). She was appointed as a director of the Company on an interim basis at the board meeting of 22 December 2015. Her appointment was ratified by the shareholders at the general shareholders' meeting of 18 March 2016.
- She is a non-executive director of Aviva plc, London and of Aviva Italia Holding spa, and a member of the advisory council of Fundación Rafael del Pino, as well as co-chair of the Digital Future Society board of trustees.
- Other significant positions: she has been director-general for Economic Policy and director-general of the Treasury of the Ministry of Economy of the Spanish Government, as well as a director of the Bank of Spain and of the Spanish National Securities Market Commission. She has also held the position of director at Instituto de Crédito Oficial and at other institutions on behalf of the Spanish Ministry of Economy. She has been a non-executive director of Banesto and executive chair of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB).

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Ms Belén Romana García, who has successfully held various management positions, demonstrate that she has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Ms Belén Romana García to be an independent director, as she fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board.

EXHIBIT
REASONED PROPOSAL OF THE APPOINTMENTS COMMITTEE
(25 FEBRUARY 2019)

REASONED PROPOSAL OF THE APPOINTMENTS COMMITTEE OF BANCO SANTANDER, S.A. REGARDING THE APPOINTMENT, RATIFICATION AND RE-ELECTIONS OF DIRECTORS OF BANCO SANTANDER, S.A. WHICH ARE SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS ACTING AT THE NEXT ORDINARY GENERAL MEETING

This reasoned proposal is made in accordance with the provisions of section 529 *decies* of the Spanish Capital Corporations Law and of articles 18.4 and 26 of the rules and regulations of the board, and is intended to propose to the board of directors of Banco Santander, S.A. (the “**Bank**” or the “**Company**”) the appointments, ratifications and re-elections of directors to be submitted to the shareholders acting at the next ordinary general shareholders’ meeting.

Pursuant to the aforementioned article 26 of the rules and regulations of the board of the Company, the appointments committee shall prepare a reasoned report on and proposal for appointments, re-elections and ratifications of directors, regardless of the category to which they are assigned. Similarly, in the event of re-election or ratification of a director, the proposal shall contain an evaluation of work performed and effective dedication to the position during the last period of time during which the proposed director held office.

The analysis of the board’s competencies matrix performed in 2018 found that the skills to be emphasised in order to engage the profiles best aligned with the strategic objectives of the Group were the following: experience in auditing and new technologies, as well as institutional or regulatory experience, without prejudice to the need to continue strengthening international experience and skills relating to sustainability. This is the basis for the proposed appointment of Mr Henrique de Castro. Likewise, in view of the board’s current competencies matrix, it is also considered appropriate to re-elect the persons referred to in section II of this report, also taking into account the analysis that is included herein regarding the evaluation of their work and effective dedication. The 2018 annual report on corporate governance, which will be published upon the call to the next ordinary general meeting, includes the board’s competencies matrix and describes the process of analysing the needs of the board in greater detail.

In addition, as regards diversity, the Bank has verified compliance with the objective so far in effect consisting of ensuring the presence of at least thirty per cent of women on the board of directors; taking into account the proposal made by the appointments committee, complying with the provisions of section 31.3 of Law 10/2014 on the organisation, supervision and solvency of credit institutions, to the effect of reaching a balanced presence of men and women on the board of directors by 2021, upon the terms established in additional provision one of Organic Law 3/2007 of 22 March on effective equality between women and men, the Bank has established as new objective that of reaching the aforementioned balanced composition in 2021, such that, as from said financial year 2021, the board shall endeavour to ensure that persons of either sex do not exceed sixty per cent nor represent less than forty per cent of the members of such body. The proposals for appointment and re-election of directors described below are submitted as part of that commitment.

By virtue of all of the foregoing, the proposal of this committee includes setting the number of directors at fifteen, and as to the specific appointments, ratifications and re-elections of directors, is based on the following:

I. Appointment of Mr Henrique de Castro

By virtue of the powers legally vested therein, this committee submits to the board of directors the proposed appointment of Mr Henrique de Castro as independent director, as described below.

He has a Degree in Business Administration from the Lisbon School of Economics and Management (Portugal) and a Master's Degree in Business Administration (MBA) from the University of Lausanne (Switzerland), so he has the relevant academic background for the performance of his position.

Mr Henrique de Castro has developed an extensive professional career in large global companies in the technology sector, in which he has held executive positions of the highest level, with a significant number of persons reporting to him. He has deep knowledge and broad experience in the field of new corporate technologies, as well as in accountability and auditing. He is considered a world leader in digital technology, with extensive experience in growth and transformation in customer-oriented companies.

During his professional career he has been chief operating officer of Yahoo, leading the strategic and operating management of the company worldwide. Previously, he was the manager of the worldwide devices, media and platform business of Google. Under his management, said business went from a mere concept to a key driver for the company's growth. Earlier, he was the sales and business development manager for Europe of Dell Inc. and a consultant at McKinsey & Company.

Currently he is an independent director and member of the risk committee of First Data Corporation, a company listed on NYSE, and an independent director and member of the audit and finance committee and of the infrastructure and investment committee of Target Corporation, which is listed on S&P 100. Besides these activities, which performance complies with the limits established under section 26 of Law 10/2014 on the organisation, supervision and solvency of credit institutions, it is expected that, as a result of his appointment as a director of Banco Santander, Mr de Castro will resign from his other professional functions in other operating companies, including those pertaining to the Cantor Fitzgerald Group.

Consequently, it is considered that Mr Henrique de Castro has the expertise, experience and merits necessary to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; in Royal Decree 84/2015 of 13 February, which further develops Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; and in Banco Santander directors' recruitment, suitability assessment and succession policy, this committee reaffirms that, at this date, Mr Henrique de Castro possesses the necessary knowledge and experience to hold the position of director of the Company and that he is able to carry out good governance thereof. This occurs after having assessed the content and currency of the suitability assessment questionnaire completed by Henrique de Castro and his professional background and once confirmed, according to the information provided, that Mr Henrique de Castro is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, considering therefore that he is able to devote

sufficient time to performing the duties of his position. In view of the foregoing, it is thus verified his suitability for the performance of the position of director. His appointment as director will in any event be subject to effective receipt of the relevant regulatory approvals. If they are not obtained and the European Central Bank does not confirm the suitability of the candidate, the resulting vacancy could be filled on an interim basis after the holding of the general shareholders' meeting or the appointment of a new candidate would be proposed at a subsequent meeting.

Finally, with respect to the category of director, this committee considers that Mr Henrique de Castro fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board to be considered an independent director, although the relevant regulatory approvals and evaluations regarding the candidate are still pending.

II. Re-elections

Pursuant to article 55.1 of the Bylaws, the term of office of directors shall be three years, though it is established that one-third of the board shall be renewed every year, following the order established by the length of service of each director on the board, according to the date and order of the respective appointment. Furthermore, when a seat is not subject to re-election, it will be maintained until its expiration in the terms provided for in the law and the Bylaws.

Consequently, it is proposed to re-elect Mr Javier Botín-Sanz de Sautuola y O'Shea, Mr Ramiro Mato García-Ansorena, Mr Bruce Carnegie-Brown, Mr José Antonio Álvarez Álvarez and Ms Belén Romana García.

A detailed report for each one of these directors is set forth below:

(a) Mr Javier Botín-Sanz de Sautuola y O'Shea

It is proposed to re-elect him as an external director (neither proprietary nor independent), for the Bylaw-mandated period of three years.

He holds a degree in Law, and therefore has an academic background that is relevant to the holding of his position. In addition, he has held positions involving high responsibility, complexity and expertise in the management of various institutions for more than ten years.

He joined the Group in 2004 as a director of Banco Santander.

He is currently chairman of JB Capital Markets, Sociedad de Valores, S.A.

In addition to his professional activities in the financial sector, he collaborates with various non-profit institutions. He has been chairman of Fundación Botín since 2014 and is a member of the board of trustees of Fundación Princesa de Girona.

Consequently, it is considered that Mr Javier Botín-Sanz de Sautuola y O'Shea has the expertise, experience and merits necessary to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; in Royal Decree 84/2015 of 13 February, which further develops Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; and in Banco Santander directors' recruitment, suitability assessment and succession policy, this committee reaffirms that, at this date, Mr Javier Botín-Sanz de Sautuola y O'Shea

possesses the necessary knowledge and experience to hold the position of director of the Company and that he is able to carry out good governance thereof. This occurs after having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and his professional background and once confirmed, according to the information provided, that Mr Javier Botín-Sanz de Sautuola y O’Shea is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, considering therefore that he is able to devote sufficient time to performing the duties of his position. In view of the foregoing, it is thus verified his suitability for the performance of the position of director.

With regard to the evaluation of the work and effective dedication of the director from his re-election at the ordinary general meeting in financial year 2016 to the present date, this committee notes the adequate performance of the duties of his position as well as his attendance at and informed participation in the meetings of the board that have been held.

Finally, with respect to the category of director, this committee considers that Mr Javier Botín-Sanz de Sautuola y O’Shea fulfils the requirements established in subsection 3 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2 of the rules and regulations of the board to be considered an external director (neither proprietary nor independent).

(b) Mr Ramiro Mato García-Ansorena

It is proposed to re-elect him as an independent director, for the Bylaw-mandated period of three years.

He has a degree in Economics from the Universidad Complutense de Madrid and in Programme Management Development from Harvard Business School.

Mr Ramiro Mato García-Ansorena has significant experience as a business manager and has held executive positions at the highest level at institutions in the financial sector. During his professional career, he has held positions of responsibility which entail a deep knowledge of the banking business.

He has held various positions at Banque BNP Paribas, including chairman of the group in Spain. Earlier, he held various significant positions at Argentaria. He has been a member of the board of directors of the Asociación Española de Banca (AEB) and of Bolsas y Mercados Españoles, S.A. (BME) and a member of the board of trustees of the Fundación Española de Banca para Estudios Financieros (FEBEF).

Consequently, it is considered that Mr Ramiro Mato García-Ansorena has the expertise, experience and merits necessary to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; in Royal Decree 84/2015 of 13 February, which further develops Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; and in Banco Santander directors’ recruitment, suitability assessment and succession policy, this committee reaffirms that, at this date, Mr Ramiro Mato García-Ansorena possesses the necessary knowledge and experience to hold the position of director of the Company and that he is able to carry out good governance thereof. This occurs after

having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and his professional background and once confirmed, according to the information provided, that Mr Ramiro Mato García-Ansorena is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, considering therefore that he is able to devote sufficient time to performing the duties of his position. In view of the foregoing, it is thus verified his suitability for the performance of the position of director.

With regard to the evaluation of the work and effective dedication of the director, this committee notes the adequate performance of the duties of his position and his attendance at and informed participation in the meetings of the board and of the executive, audit, risk supervision, regulation and compliance, and responsible banking, sustainability and culture committees since his appointment on an interim basis on 28 November 2017 (which appointment was ratified at the general shareholders' meeting of 23 March 2018) to the present date.

Finally, with respect to the category of director, this committee considers that Mr Ramiro Mato García-Ansorena fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board to be considered an independent director.

(c) Mr Bruce Carnegie-Brown

It is proposed to re-elect him as an independent director, for the Bylaw-mandated period of three years.

He holds a university degree (Master of Arts in English Language and Literature) from the University of Oxford, and he has held positions involving high responsibility and complexity at institutions in various sectors, including the financial sector, for more than thirty years.

He was an external director of Jardine Lloyd Thompson Group plc (2016-2017), external director of Santander UK Group Holding Ltd (2014-2017), external director of Santander UK plc (2012-2017); held the non-executive presidency of AON UK Ltd (2012-2015); was the founder and managing partner of the listed private equity division of 3i Group plc; and was president and chief executive officer of Marsh Europe. Furthermore, he was lead independent director at Close Brothers Group plc (2006-2014) and at Catlin Group Ltd (2010-2014). Previously, he worked at JPMorgan Chase for 18 years and at Bank of America for four years. He is currently non-executive chairman of Moneysupermarket.com Group plc and of Lloyd's of London.

Consequently, it is considered that Mr Bruce Carnegie-Brown has the necessary expertise, experience and merits to hold the position of director. Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; in Royal Decree 84/2015 of 13 February, which further develops Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; and in Banco Santander directors' recruitment, suitability assessment and succession policy, this committee reaffirms that, at this date, Mr Bruce Carnegie-Brown possesses the necessary knowledge and experience to hold the position of director of the Company and that he is able to carry out good

governance thereof. This occurs after having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and his professional background and once confirmed, according to the information provided, that Mr Bruce Carnegie-Brown is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, considering therefore that he is able to devote sufficient time to performing the duties of his position. In view of the foregoing, it is thus verified his suitability for the performance of the position of director.

With regard to the need to evaluate the work and effective dedication of the director from his re-election at the ordinary general meeting in financial year 2017 to the present date, this committee notes the adequate performance of the duties of his position and his attendance at and informed participation in the meetings of the board, the executive committee, the appointments committee, the remuneration committee, the risk supervision, regulation and compliance committee (of which he ceased to be a member as of 1 January 2019) and the innovation and technology committee.

Finally, with respect to the category of director, this committee considers that Mr Bruce Carnegie-Brown fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board to be considered an independent director.

(d) Mr José Antonio Álvarez Álvarez

It is proposed to re-elect him as an executive director, for the Bylaw-mandated period of three years.

He holds a degree in Economics and Business and an MBA from the University of Chicago. He joined the Bank in 2002. Prior to being appointed as chief executive officer of the Bank, he was the group chief financial officer. While holding such position, to which he was appointed in 2004, he participated actively in the definition and development of the international expansion of the Santander Group. He also gave proof of his management skills as chief financial officer of the Group during the recent financial crisis.

Earlier, he was head of the finance division at important institutions like Banco Bilbao Vizcaya, S.A. (1999-2002), Argentaria (1995-1999) and Banco Hipotecario de España (1993-1995). Previously, he was deputy director of Finpostal Gestión Fondos de Inversión y Pensiones (1990-1993), technical expert at the research department of Banco de Crédito Industrial (1987-1990) and technical expert at the Instituto Nacional de Industria (1984-1987). All of these positions have provided him with sound technical knowledge of the financial sector and of the risks that must be managed.

He has also been a director of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME) (2006-March 2014), a member of the board of directors of Banco de Crédito Local, S.A. (2000-2002), a member of the “Covered Bonds” committee of the European Mortgage Association (1995-1999), chairman of Europea de Titulización Securitization Company in Spain (1995-2002) and chairman of the Banking Supervision Committee of the European Banking Federation (2009).

Currently, he is also a director of Banco Santander (Brasil) S.A. He has also been a director of SAM Investment Holdings Limited, of Santander Consumer Finance, S.A. and of Santander Holdings USA, Inc., as well as a member of the supervisory committee of Santander Consumer AG, of Santander Consumer Holding GMBH and of Bank Zachodni WBK, S.A.

Consequently, it is considered that Mr José Antonio Álvarez Álvarez has the necessary expertise, experience and merits to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; in Royal Decree 84/2015 of 13 February, which further develops Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; and in Banco Santander directors' recruitment, suitability assessment and succession policy, this committee reaffirms that, at this date, Mr José Antonio Álvarez Álvarez possesses the necessary knowledge and experience to hold the position of director of the Company and that he is able to carry out good governance thereof. This occurs after having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and his professional background and once confirmed, according to the information provided, that Mr José Antonio Álvarez Álvarez is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, considering therefore that he is able to devote sufficient time to performing the duties of his position. In view of the foregoing, it is thus verified his suitability for the performance of the position of director.

With regard to the evaluation of the work and effective dedication of the director from his re-election at the ordinary general meeting of 2017 to the present date, this committee notes the adequate performance of the duties of his position as well as his attendance at and informed participation in the meetings of the board, of the executive committee and of the innovation and technology committee.

Finally, with respect to the category of director, this committee considers that Mr José Antonio Álvarez Álvarez fulfils the requirements established in sub-section 1 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(a) of the rules and regulations of the board to be considered an executive director.

(e) Ms Belén Romana García

It is proposed to re-elect her as an independent director for the Bylaw-mandated period of three years.

She is a graduate in Economics from the Universidad Autónoma de Madrid and has pursued postgraduate studies at Tufts University, United States, as well as an International Economics programme at Harvard University. She is also a Government Economist (*Economista del Estado*).

Ms Belén Romana García has significant experience as a business manager and has held executive positions at the highest level in institutions from various sectors and countries.

She is currently an external director of Aviva Plc. London and member of the risks, appointments, and corporate governance committees of said company, as well as

an external director of Aviva Italia Holding SpA and member of its risks and audit committees. Furthermore, she is a member of the advisory board of the Fundación Rafael del Pino and co-chair of the Digital Future Society board of trustees.

In the past, she has held various executive positions both in the public and the private sector. Specifically, she (i) worked at Fraser Consulting A.G., Essen, Germany; (ii) was a trader in fixed-income securities, options and futures at Bestinver; (iii) worked as Government Economist at the Directorate-General of Economic Policy; (iv) was director-general for Economic Policy; (v) was director-general of the Treasury and Financial Policy; (vi) was secretary-general of the Círculo de Empresarios; (vii) was director of strategy and corporate development at ONO; and (viii) was executive chair of the Sareb.

In addition to the aforementioned executive positions, Ms Romana has held non-executive positions, including the following, among others: (i) member of the boards of directors of various companies and governmental agencies in various sectors and areas on behalf of the Ministry of Economy of the Kingdom of Spain; (ii) member of the Board of Governors of the Bank of Spain and the Spanish National Securities Market Commission; (iii) head of the Spanish delegation at the Financial Services, Banking Supervision and Securities Committees of the European Union, on behalf of the Directorate-General of the Treasury and Financial Policy; (iv) independent director and member of the appointments and remuneration committee of Fortis Holding SA/NV; (v) independent director, chair of the remuneration committee and member of the audit committee of Banesto; (vi) independent director and chair of the audit committee of Acerinox; and (vii) member of the European Expert Group on Eurobills and Debt Redemption Fund.

Consequently, it is considered that Ms Belén Romana García has the expertise, experience and merits necessary to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; in Royal Decree 84/2015 of 13 February, which further develops Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; and in Banco Santander directors' recruitment, suitability assessment and succession policy this committee reaffirms that, at this date, Ms Belén Romana García possesses the necessary knowledge and experience to hold the position of director of the Company and that she is able to carry out good governance thereof. This occurs after having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and her professional background and once confirmed, according to the information provided, that Ms Belén Romana García is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, considering therefore that she is able to devote sufficient time to performing the duties of her position. In view of the foregoing, it is thus verified her suitability for the performance of the position of director.

With regard to the evaluation of the work and effective dedication of the director from her ratification at the ordinary general shareholders' meeting of 2016 to the present date, this committee notes the adequate performance of the duties of her position as well as her attendance at and informed participation in the meetings of the board, the executive committee, the audit committee, the risk supervision,

regulation and compliance committee, the innovation and technology committee, and the responsible banking, sustainability and culture committee.

Finally, with respect to the category of director, this committee considers that Ms Belén Romana García fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board to be considered an independent director.

Proposals:¹

Three A.- To set the number of directors at 15, which is within the maximum and the minimum established by the Bylaws.

Three B.- To appoint Henrique de Castro as a director, with the classification of independent director. The effectiveness of this appointment is subject to obtaining the regulatory approvals provided for in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Council Regulation (EU) No 1024/2013 of 15 October 2013 and in Regulation (EU) No 468/2014 of the European Central Bank regarding suitability.

With regard to the annual renewal of one-third of the board positions as provided by article 55 of the Bylaws, to re-elect the following persons for a new three-year period:

Three C.- To re-elect Mr Javier Botín-Sanz de Sautuola y O’Shea as a director, with the classification of external director.

Three D.- To re-elect Mr Ramiro Mato García-Ansorena as a director, with the classification of independent director.

Three E.- To re-elect Mr Bruce Carnegie-Brown as a director, with the classification of independent director.

Three F.- To re-elect Mr José Antonio Álvarez Álvarez as a director, with the classification of executive director.

Three G.- To re-elect Ms Belén Romana García as a director, with the classification of independent director.

¹ Each of the proposals regarding the setting of the number of directors, their appointment, ratification or re-election made under items Three A to Three G shall be submitted to a separate vote.

Item Four**Re-election of the external auditor for Financial Year 2019.**

It is proposed to re-elect PricewaterhouseCoopers Auditores, S.L. as accounts auditor of the Bank and the Group for financial year 2019. The proposal has been made by the audit committee, which has submitted it to the board of directors for subsequent submission thereof to the shareholders at the general meeting.

The partner of PricewaterhouseCoopers Auditores, S.L. who is responsible for the audit of Banco Santander and of its Group is Mr Alejandro Esnal, who has 25 years' experience in audits in the Spanish banking sector. He has also led a large number of projects in Spain, London and New York, both in connection with auditing and with internal control activities at financial institutions. Mr Alejandro Esnal participates actively in the committees and working groups of the audit sector and collaborates with regulators in matters relating to the improvement of the practices and regulations of financial institutions.

Proposal:

To elect PricewaterhouseCoopers Auditores, S.L., with its registered office in Madrid, at Paseo de la Castellana, no 259 B, with Tax Identification Number (*CIF*) B-79031290 and registered with the Official Registry of Accounts Auditors of the Institute of Accounting and Audit of Accounts of the Ministry of Economy and Business Affairs under number S0242, as external auditor to verify the annual accounts and the directors' report of the Bank and of the consolidated Group for Financial Year 2019.

Item Five

Authorisation for the Bank and its subsidiaries to acquire treasury shares pursuant to the provisions of sections 146 and 509 of the Spanish Capital Corporations Law, depriving of effect, to the extent not used, the authorisation granted by resolution Four II) of the shareholders acting at the ordinary general shareholders' meeting of 23 March 2018.

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING THE PROPOSAL REFERRED TO IN ITEM FIVE OF THE AGENDA FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 11 APRIL 2019, ON FIRST CALL, AND FOR 12 APRIL 2019, ON SECOND CALL

This report is submitted to provide the rationale for the proposal made to the shareholders at the general shareholders' meeting contained in item Five of the agenda regarding the grant of powers to the board of directors of Banco Santander, S.A. (the "**Bank**" or the "**Company**") to acquire own shares, rescinding, to the extent of the unused amount, the authorisation approved under resolution Four II) at the general shareholders' meeting of 23 March 2018.

The board of directors considers it highly appropriate to have the powers allowed under current laws and regulations so as to be at all times in a position to acquire own shares of the Company with any of the following main purposes:

- managing discretionary trading of own shares in accordance with the Bank's treasury stock policy (available at the Company's corporate website (www.santander.com)) with the aim of:
 - providing liquidity or a supply of securities, as applicable, in the market of the shares of the Bank, giving depth to such market and minimizing possible temporary imbalances between supply and demand; and
 - benefiting shareholders as a whole, taking advantage of situations of weakness in the price of the shares in relation to prospects of changes in the medium-term;
- the acquisition of shares, if any, to be delivered directly to employees and directors of the Company and its Group or as a consequence of the exercise of option rights held by such employees or directors; or
- as a potential novelty, the launch of a buy-back programme addressed to all shareholders in accordance with article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures or in accordance with another mechanism with a similar purpose.

Such programme may be aimed at a subsequent reduction of the share capital of the Company through the redemption of the acquired shares, subject to the prior agreement to be granted by the general shareholders' meeting and the obtaining of the corresponding regulatory approvals.

The maximum volume of the buy-back programme could be established, among others, by reference to the number of shares issued by the Company under its *Santander Dividendo Elección* scrip dividend scheme or taking into account specific market circumstances, such that the Company has more flexibility in defining shareholders remuneration.

In any event, whether these mechanisms will be used has not been decided and will depend on the Group's performance.

In view of the above, it is advisable to renew the authorisation granted by shareholders acting at the general shareholders' meeting of 23 March 2018 to the board of directors for the acquisition of own shares and to approve a new authorisation, also for a 5 year term, as it is proposed under item Five of the agenda.

Proposal:

I) To deprive of effect, to the extent not used, the authorisation granted by Resolution Four II) of the shareholders acting at the ordinary general shareholders' meeting of 23 March 2018 for the derivative acquisition of treasury shares by the Bank and by the subsidiaries making up the Group.

II) To expressly authorise the Bank and the subsidiaries making up the Group to acquire shares representing the share capital of the Bank for any valuable consideration allowed by law, within such limits and subject to such requirements as are legally applicable, until reaching a maximum number of shares (added to those already held) equal to ten per cent of the share capital existing at any time or to such higher maximum percentage as may be established by law during the effectiveness of this authorisation, such shares being totally paid up, at a minimum price per share equal to the nominal value thereof and a maximum price of up to 3 per cent in excess of the last listing price for trading operations in which the Bank does not act for its own account on the Continuous Market of the Spanish Stock Exchanges (including the block market) prior to the relevant acquisition. This authorisation may only be used within a term of five years as from the date the meeting is held.

It is expressly stated that shares may be acquired pursuant to this authorization both in order to transfer or cancel them, and in order to apply them for the remuneration systems contemplated in the third paragraph of letter a) of number 1 of article 146 of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*), or to hedge any remuneration system to be settled in shares or linked to share capital.

In particular, in the context of this authorisation for the acquisition of own shares, the board of directors may resolve to launch a buy-back programme addressed to all shareholders in accordance with article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures or in accordance with another mechanism with a similar purpose. Such programme may be aimed at a subsequent reduction of the share capital of the Company through the redemption of the acquired shares, subject to the prior agreement to be granted by a general shareholders' meeting to be held after the end of the term of the corresponding programme.

Item Six

Increase in share capital by such amount as may be determined pursuant to the terms of the resolution, by means of the issuance of new ordinary shares having a par value of one-half (0.5) euro each, with no share premium, of the same class and series as those that are currently outstanding, with a charge to reserves. Offer to acquire bonus share rights (*derechos de asignación gratuita*) at a guaranteed price. Express provision for the possibility of less than full allotment. Delegation of powers to the board of directors, which may in turn delegate such powers to the executive committee, to establish the terms and conditions of the increase as to all matters not provided for by the shareholders at this general meeting, to take such actions as may be required for implementation thereof, to amend the text of sections 1 and 2 of article 5 of the Bylaws to reflect the new amount of share capital, and to execute such public and private documents as may be necessary to carry out the increase. Application to the appropriate domestic and foreign authorities for admission to trading of the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through Spain's Automated Quotation System (*Mercado Continuo*) and on the foreign Stock Exchanges on which the shares of Banco Santander are listed in the manner required by each of such Stock Exchanges.

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING THE PROPOSAL REFERRED TO IN ITEM SIX OF THE AGENDA FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 11 APRIL 2019, ON FIRST CALL, AND FOR 12 APRIL 2019, ON SECOND CALL

This report is prepared in connection with the proposal to increase share capital which will be submitted for approval under item Six of the agenda for the said ordinary general shareholders' meeting of Banco Santander, S.A. ("**Banco Santander**", "**Santander**" or the "**Bank**").

The report is issued in compliance with the requirements established in sections 286 and 296 of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*), pursuant to which the board of directors must issue a report justifying the proposal to be submitted to the shareholders at the general shareholders' meeting, given that the approval and execution of such proposal necessarily implies the amendment of sections 1 and 2 of article 5 of the Bylaws concerning share capital.

For purposes of facilitating comprehension of the transaction giving rise to the proposed capital increase submitted at the meeting, shareholders are first provided with a description of the purpose of and rationale for such capital increase. Next, a description of the main terms and conditions of the capital increase charged to reserves that constitutes the subject matter of this report is provided. Last, the proposed resolution to increase share capital which is submitted for the approval of the shareholders at the general meeting is included.

I. PURPOSE OF AND RATIONALE FOR THE PROPOSAL

1. Purpose

The purpose of the proposed share capital increase submitted to the shareholders at the ordinary general shareholders' meeting is to enable the, total or partial, implementation of the remuneration corresponding to one interim dividend for financial year 2019

through the application of the *Santander Dividendo Elección* scrip dividend scheme, pursuant to which all shareholders of the Bank are offered the option to receive such remuneration in shares or in cash, at the election of the shareholder.

2. Structure and options open to the shareholders

The offer made to the shareholders to choose to receive, at their discretion, either shares of Banco Santander or cash upon the application of the *Santander Dividendo Elección* scheme (the “**Alternative Option**”) is structured through a share capital increase to be charged to reserves (the “**Increase**” or the “**Capital Increase**”), which is submitted for approval by the shareholders at the ordinary general shareholders’ meeting under item Six of the agenda.

Whenever the board of directors, or the executive committee by delegation therefrom, decides to carry out the Capital Increase:

- (a) The shareholders of the Bank will receive a bonus share right (*derecho de asignación gratuita*) for each share of Santander that they own. These rights will be tradable and, as such, may be traded on the Spanish Stock Exchanges during a period of at least 15 calendar days. Once this period ends, the rights will automatically be converted into newly-issued shares of the Bank that will be allotted to their holders. The exact number of shares to be issued in the Increase, and therefore, the number of rights needed to receive one new share, will depend on the market price of the shares of the Bank at the time the Increase is carried out (the “**Market Price**”), in accordance with the procedure described in this report. In any case, as further explained below, the maximum number of shares to be issued in the Increase will be such that the market value of those shares calculated at the Market Price will be approximately the amount set forth.
- (b) The Bank, or an entity of its Group, will make an irrevocable commitment to acquire the bonus share rights for a fixed price from the shareholders who have received them free of charge (the “**Purchase Commitment**”). Such fixed price will be calculated prior to the beginning of the trading period of the bonus share rights, on the basis of the Market Price (such that the price for each right will be the result of dividing the Market Price by the number of rights needed to receive one new share plus one). Thus, the Bank assures all its shareholders of the possibility of turning the bonus share rights into cash.

Therefore, upon the implementation of the Increase, the shareholders of Banco Santander will have the option, at their discretion¹:

- (a) Not to transfer their bonus share rights. In this case, at the end of the trading period, the shareholders shall receive, entirely free of charge, the corresponding number of new shares.
- (b) To transfer all or part of their bonus share rights to the Santander Group pursuant to the Purchase Commitment. Thus, instead of receiving shares, the shareholders would be opting to convert their rights into cash and to receive the Alternative Option in cash.

¹ The options available to the indirect shareholders of the Bank, such as participants in ADS program in the United States, as holders of CDIs through the nominee services sponsored by Banco Santander in the United Kingdom or for any other reason, may bear certain differences with respect to the options herein described due to the specific terms and conditions applicable to the programmes in which these shareholders participate.

- (c) To transfer all or part of their bonus share rights on the market. In this case, the shareholders would also be opting to convert their rights into cash, albeit not at a guaranteed fixed price, unlike in option (b) above.

The gross value received by the shareholder in options (a) and (b) will be equivalent, given that the Market Price will be used to determine both the fixed price of the Purchase Commitment and the number of bonus share rights needed to receive one new share. In other words, the gross price that a shareholder will receive for selling to the Group all his bonus share rights under the Purchase Commitment will be approximately equal to the value of the new shares that he would receive if he did not sell his rights, calculated at Santander's market price on the date the Increase is carried out. However, the tax treatment of each option is different at present; option (a) has a more favourable tax treatment than option (b). The current tax treatment of the sales contemplated in options (b) and (c) is also different, although generally the effect thereof may be similar for certain investors (particularly for individual shareholders resident in Spain). See section II.6 below for a summary of the tax regime applicable to this transaction in Spain.

3. Coordination with traditional dividends

The Capital Increase would make it possible to apply the *Santander Dividendo Elección* scrip dividend scheme for the total or partial replacement of one interim dividend for financial year 2019, it being expected that the other dividends with a charge to that financial year will be paid in cash.

The board of directors, or the executive committee by delegation therefrom, may also decide not to apply the scheme in lieu of any interim dividends, paying them in cash. In that case, the Increase would be ineffective pursuant to the provisions of section II.7 below and the board of directors could propose to apply the *Santander Dividendo Elección* scheme to the final dividend corresponding to financial year 2019, for which the board of directors would submit the corresponding capital increase resolution to the shareholders at the 2020 ordinary general meeting.

4. Amount of the Alternative Option and price of the Purchase Commitment

If *Santander Dividendo Elección* scrip dividend scheme is applied, Banco Santander would offer the shareholders bonus shares whose market value would come to the amount set by the board of directors, or by the executive committee acting by delegation therefrom, subject to the limit of 750 million euros (the value that is set by the board of directors or the executive committee, the “**Amount of the Alternative Option**”).²

Given that, as stated above, the purpose of the Purchase Commitment is to allow the shareholders to convert the Amount of the Alternative Option into cash, and considering that in the Increase each outstanding share will grant its holder one bonus share right, the gross price per right at which the Purchase Commitment will be made would be equivalent to the amount per share of the Amount of the Alternative Option.³

The Amount of the Alternative Option and the purchase price of the bonus share rights will be determined and made public as provided in section II.3.

² Subject to rounding, if required, in accordance with the formulas set forth in section II.1 of this report.

³ Subject to rounding, if required, in accordance with the formulas set forth in section II.1 of this report.

II. MAIN TERMS AND CONDITIONS OF THE CAPITAL INCREASE

The main terms and conditions of the Capital Increase are described below.

1. Amount of the Capital Increase, number of shares to be issued and number of bonus share rights needed to receive one new share

The number of shares to be issued in the Capital Increase will be the result of dividing the Amount of the Alternative Option by the value of the shares of the Bank at the time the board of directors, or the executive committee by delegation therefrom, decides to carry out the Increase (i.e., the Market Price). The number so calculated will be rounded in order to obtain a whole number of shares and a ratio for conversion of rights into shares that is also whole. Additionally, for the same purposes, Banco Santander will ensure that a Santander Group company that holds Santander shares waives the necessary number of bonus share rights.

Once the number of shares to be issued is established, the amount of the Capital Increase will be the result of multiplying that number by the par value of the Banco Santander shares (0.5 euro per share). Thus, the Capital Increase will be made at par value, with no share premium.

Specifically, when the decision is made to carry out the Increase, the board of directors, or the executive committee by delegation therefrom, will determine the number of shares to be issued and, therefore, the amount of the Increase and the number of bonus share rights needed to receive one new share, using the following formula (rounded downwards to the nearest whole number):

$$\text{NNS} = \text{TNShrs} / \text{Num. rights}$$

where,

NNS = Number of new shares to be issued;

TNShrs = Number of outstanding shares of Banco Santander on the date the board of directors, or the executive committee by delegation therefrom, resolves to implement the Increase; and

Num. rights = Number of bonus share rights needed for the allotment of one new share, which number will be obtained by applying the following formula, rounded up to the nearest whole number:

$$\text{Num. rights} = \text{TNShrs} / \text{Num. provisional shares}$$

where,

$$\text{Num. provisional shares} = \text{Amount of the Alternative Option} / \text{ListPri}$$

For the purposes hereof:

“Amount of the Alternative Option” is the market value of the Increase, which shall be determined by the board of directors, or the executive committee by delegation therefrom, within the limit established in section I.4 above, based on the number of outstanding shares (i.e., TNShrs) and the remuneration paid through such time with a charge to financial year 2019.

“ListPri” is the arithmetic mean of the average weighted prices of the Bank’s shares on the Spanish Stock Exchanges in the 5 trading sessions ended prior to the resolution of the board of directors, or of the executive committee by delegation therefrom, to carry out the Capital Increase, rounded to the nearest one-thousandth of a euro and, in case of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth (amount referred to as “Listing Price” in this report).

Example of calculation of the number of new shares to be issued, the amount of the Increase and the number of bonus share rights needed to receive one new share:

Solely for the purpose of facilitating an understanding of how the formula should be applied, an example is given below. The results of these calculations are not representative of what the results will be when the Capital Increase is carried out, which results will depend on the various variables used in the formula.

For the purposes of this example:

- **The Amount of the Alternative Option is 570 million euros.**
- **A ListPri of 4.084 euros (closing price of Santander’s shares on 19 February 2019) is assumed.**
- **The TNShrs is 16,236,573,942 (number of shares of Santander outstanding on the date of this report).**

Therefore:

Num. provisional shares = Amount of the Alternative Option / ListPri = 570,000,000 / 4.084 = 139,569,049.9510

Num. rights = TNShrs / Num. provisional shares = 16,236,573,942 / 139,569,049.9510 = 116.333628 = 117 (rounded upwards)

NNS = TNShrs / Num. rights = 16,236,573,942 / 117 = 138,774,136.26 = 138,774,136 (rounded downwards)

Consequently, in this example, (i) the number of new shares to be issued in the Increase would be 138,774,136, (ii) the amount of the Increase would be 69,387,068 euros (138,774,136 x 0.5), and (iii) 117 bonus share rights (or old shares) would be needed to receive one new share.⁴

2. Bonus share rights

Each outstanding share of the Bank will grant its holder one bonus share right.

The number of bonus share rights needed to receive one new share will be automatically determined according to the proportion between the number of new shares issued in the Increase and the number of outstanding shares, calculated in accordance with the formula set forth in section II.1 above.

The holders of debentures or instruments convertible into shares of Banco Santander existing at any time shall have no bonus share rights; however, if applicable, they will be entitled to a modification of the ratio for conversion of debentures into shares (or of the minimum and/or maximum limits of such ratio, when the ratio is variable) in proportion to the amount of the Increase.

⁴ In this example, a Santander Group company would have to waive 30 bonus share rights corresponding to 30 Santander shares owned by it, so that a whole number of shares is issued.

If the number of bonus share rights needed to receive one share (117 in the example above) multiplied by the number of new shares (138,774,136 in the same example) is lower than the number of outstanding shares (16,236,573,942), Santander, or a company of its Group, will waive a number of bonus share rights equal to the difference between the two figures (i.e. 30 rights in the above-mentioned example) for the sole purpose of having a whole number of new shares and not a fraction.

The bonus share rights will be allotted to the shareholders of Banco Santander who have acquired their respective shares and who appear as such in the book-entry registries of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) on the corresponding dates in accordance with the applicable rules for clearing and settlement of securities. The bonus share rights may be traded for the term determined by the board of directors, or by the executive committee by delegation therefrom, subject to a minimum term of fifteen calendar days.

3. Commitment to Purchase bonus share rights

As explained before, upon the implementation of the Increase, the Bank and/or, with the Bank's guarantee, any company of its Group, will make an irrevocable commitment to purchase the bonus share rights (the "Purchase Commitment", as defined above), so that the shareholders of the Bank will be assured of the possibility of selling to the Bank, or to an entity of its Group, the bonus rights received, receiving in return, at their choice, all or a part of the Alternative Option in cash. The Purchase Commitment will be in force and may be accepted within the trading period of the bonus share rights established by the board, or by the executive committee by delegation therefrom. The purchase price under the Purchase Commitment will be fixed and will be calculated prior to the opening of the trading period of the bonus share rights according to the following formula (in which the definitions set out in section II.1 above apply), rounded to the nearest one-thousandth of a euro and, in the event of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth (the "**Purchase Price**"):

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1).$$

The final Purchase Price so calculated will be fixed and made public when the Increase is carried out.

It is expected that Banco Santander will waive entitlement to the new shares corresponding to the bonus share rights acquired by Banco Santander under the Purchase Commitment, and the Bank's share capital will only be increased by the amount corresponding to the bonus share rights not waived.

4. Rights of the new shares

The new shares to be issued in the Capital Increase will be ordinary shares with a par value of one-half (0.5) euro each, of the same class and series as those currently outstanding, represented in book-entry form, the records of which will be kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) and its member entities. The new shares will grant their holders the same economic, voting and related rights as the currently outstanding ordinary shares of the Bank from the time at which the Increase is declared to have been subscribed and paid up. The new shares will be delivered fully paid-up and entirely free of charge.

5. **Balance sheet and reserves to which the Capital Increase will be charged**

The balance sheet used for the purposes of the Capital Increase is that corresponding to 31 December 2018, which was audited by PricewaterhouseCoopers Auditores, S.L. on 28 February 2019 and which is submitted for approval of the shareholders at the ordinary general shareholders' meeting under item One A of the agenda therefor.

The Capital Increase will be charged entirely to the reserves contemplated in section 303.1 of the Spanish Capital Corporations Law. When the Increase is carried out, the board of directors, or the executive committee by delegation therefrom, shall determine the reserve to be used and the amount thereof in accordance with the balance sheet used for the purposes of the Increase.

6. **Tax regime**

The tax regime applicable to shareholders in Spain will generally be as follows (without prejudice to the special provisions applicable to shareholders who are non-residents or who are subject to taxation in regional (foral) territories of the Basque Country or in the Foral (Autonomous) Community of Navarre, as well as to potential future regulatory changes that may affect the applicable tax regime):

Reception of new shares entirely free of charge

The delivery of the shares issued in the Capital Increase will be considered for tax purposes as a delivery of fully paid-up bonus shares, and therefore, shall not be considered shareholders' income for purposes of Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) (“**IRPF**”), Corporate Income Tax (*Impuesto sobre Sociedades*) (“**IS**”), or Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*) (“**IRNR**”), whether or not the shareholders act through a permanent establishment in Spain.

The acquisition value, both of the new shares received in the Capital Increase and of the shares from which they arise, will be the result of dividing the total cost by the applicable number of shares, both old and new. The acquisition date of the new shares will be that of the shares from which they arise.

Transfer of all or part of the bonus share rights on the market

If the shareholders sell their bonus share rights on the market, the amount so obtained will be taxed as follows:

- For purposes of the IRPF and the IRNR without permanent establishment, the amount obtained in the sale of the bonus share rights on the market will be considered as a capital gain for the seller. For shareholders subject to IRPF, that capital gain will be subject to IRPF tax withholding at the corresponding taxation rate. This withholding will be applied by the relevant depository, or in the absence thereof by the financial broker or commercial notary participating in the transfer.
- Taxation under the IS and the IRNR with permanent establishment in Spain, to the extent that a full business cycle has been completed, will be determined in accordance with the applicable accounting rules and the applicable rules of the aforementioned taxes.

Transfer of all or part of the bonus share rights pursuant to the Purchase Commitment

In the event that the holders of the bonus share rights accept the Purchase Commitment made by the Group, the tax regime applicable to the amount obtained in the transfer to

the Bank or to a subsidiary thereof of the bonus share rights held in their capacity as shareholders will be that applicable to cash dividends and, therefore, shall be subject to the applicable tax withholding and the corresponding taxation.

It should be kept in mind that this summary does not explain all possible tax consequences of the various options relating to the *Santander Dividendo Elección* scrip dividend scheme or the implementation of the Capital Increase. In particular, there is no description of the consequences that may arise in their countries of residence for shareholders who are not resident in Spain for tax purposes. Therefore, shareholders are advised to consult with their tax advisors regarding the specific tax impact of the proposed remuneration system, taking into account the particular circumstances of each shareholder or holder of bonus share rights, and to focus on the changes that may occur to both applicable law on the date of this report and the standards of interpretation thereof.

Finally, the holders of American Depositary Receipts (ADRs) and CREST Depository Interests (CDIs) are advised to consult with their tax advisors before making a decision regarding the *Santander Dividendo Elección* scrip dividend scheme or the implementation of the Capital Increase.

7. Delegation of powers and implementation of each Increase

It is proposed to delegate to the board of directors, with express authority to delegate in turn to the executive committee or to any director with delegated powers, the power to decide the date on which the Increase to be approved by the shareholders at the ordinary general meeting will be implemented, as well as to establish the terms and conditions of the Capital Increase as to all matters not provided for by the shareholders at the general meeting, all upon the terms established in section 297.1.a) of the Spanish Capital Corporations Law. Notwithstanding the foregoing, if the board of directors, after taking into account the market conditions, among other matters, does not consider it advisable to carry out the Capital Increase, it will be entitled to decide not to carry out such Increase, in which case it shall report such decision to the shareholders at the next ordinary general meeting. The Increase shall be null and void if the board of directors does not exercise the powers delegated thereto within the one-year period established by the shareholders for implementation of the resolution.

When the board of directors, or the executive committee by delegation therefrom, agrees to carry out the Increase and establish all the terms and conditions thereof not already established by the shareholders at the general meeting, the Bank will make those terms and conditions public. In particular, prior to the beginning of the period for trading the bonus share rights, the Bank will make publicly available a document containing information on the number and nature of the shares and the reasons for the Increase, all in accordance with section 26.1.e) of Royal Decree 1310/2005, of 4 November, which partially develops the provisions of Law 24/1988, of 28 July, on the Securities Market.

Upon completion of the bonus share rights trading period:

- (a) The new shares will be allotted to the holders of bonus share rights in the corresponding proportion.
- (b) The board of directors, or the executive committee by delegation therefrom, will declare the bonus share rights trading period closed and will reflect in the Bank's accounts the application of the reserves to the Capital Increase in the required amount, thus fully paying up the new shares.

Finally, the board of directors, or the executive committee or any director with delegated powers by delegation therefrom, will adopt the corresponding resolutions amending the Bylaws in order to reflect the new amount of share capital resulting from the Capital Increase and applying for admission to listing of the new shares.

8. Admission to listing of the new shares

The Bank will apply for the admission to listing of the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through Spain's Automated Quotation System (*Mercado Continuo*), and will take the necessary steps and actions before the competent authorities of the foreign Stock Exchanges on which Banco Santander's shares are traded from time to time in order for the new shares issued through the Increase to be admitted to listing.

III. PROPOSED RESOLUTION TO BE SUBMITTED TO THE SHAREHOLDERS AT THE GENERAL MEETING

The full text of the Capital Increase proposal that is submitted to the shareholders at the ordinary general shareholders' meeting under item Six of the agenda is as follows:

"Increase in share capital with a charge to reserves

1.- Capital increase

It is resolved to increase the share capital by the amount that results from multiplying (a) the par value of one-half (0.5) euro per share of Banco Santander, S.A. ("Banco Santander" or the "Bank") by (b) the determinable number of new shares of Banco Santander resulting from the formula set forth under section 2 below (the "New Shares").

The capital increase is carried out through the issuance and flotation of the New Shares, which shall be ordinary shares with a par value of one-half (0.5) euro each, of the same class and series as those currently outstanding, represented in book-entry form.

The capital increase is entirely charged to reserves of the type contemplated in section 303.1 of the Spanish Capital Corporations Law.

The New Shares are issued at par value, i.e., for their par value of one-half (0.5) euro, with no share premium, and will be allotted free of charge to the shareholders of the Bank.

Pursuant to section 311 of the Spanish Capital Corporations Law, provision is made for the possibility of less than full allotment.

2.- New Shares to be issued

The number of New Shares will be obtained by applying the following formula, rounded down to the nearest whole number:

$$\text{NNS} = \text{TNShrs} / \text{Num. rights}$$

where,

NNS = Number of New Shares to be issued;

TNShrs = Number of Banco Santander shares outstanding on the date the board of directors, or the executive committee by delegation therefrom, resolves to implement the capital increase; and

Num. rights = Number of bonus share rights needed for the allotment of one New Share, which number will be obtained by applying the following formula, rounded up to the nearest whole number:

$$\text{Num. rights} = \text{TNShrs} / \text{Num. provisional shares}$$

where,

$$\text{Num. provisional shares} = \text{Amount of the Alternative Option} / \text{ListPri}$$

For the purposes hereof:

“Amount of the Alternative Option” is the market value of the capital increase, which shall be determined by the board of directors, or by the executive committee by delegation therefrom, based on the number of outstanding shares (i.e. TNShrs) and the remuneration paid to the shareholders to that date with a charge to financial year 2019, and which shall not exceed 750 million euros.

“ListPri” is the arithmetic mean of the average weighted prices of the Bank’s shares on the Spanish Stock Exchanges in the 5 trading sessions ended prior to the resolution of the board of directors, or of the executive committee by delegation therefrom, to carry out the capital increase, rounded to the nearest one-thousandth of a euro and, in case of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth.

3.- Bonus share rights

Each outstanding share of the Bank will grant its holder one bonus share right.

The number of bonus share rights needed to receive one New Share will be automatically determined according to the proportion existing between the number of New Shares and the number of outstanding shares (TNShrs). Specifically, shareholders will be entitled to receive one New Share for as many bonus share rights held by them, determined in accordance with section 2 above (Num. rights).

The holders of debentures or instruments convertible into shares of Banco Santander existing at any time shall have no bonus share rights; however, if applicable, they will be entitled to a modification of the ratio for conversion of debentures into shares (or of the minimum and/or maximum limits of such ratio, when the ratio is variable), in proportion to the amount of the capital increase.

In the event that (i) the number of bonus share rights needed for the allotment of one share (Num. rights) multiplied by the New Shares (NNS) is lower than (ii) the number of outstanding shares (TNShrs), Banco Santander, or a company of its Group, will waive a number of bonus share rights equal to the difference between the two figures, for the sole purpose of having a whole number of New Shares and not a fraction.

The bonus share rights will be allotted to the shareholders of Banco Santander who have acquired their respective shares and appear as such in the book-entry registries of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) on the corresponding date in accordance with the applicable rules for clearing and settlement of securities. During the bonus share rights trading period, a sufficient number of bonus share rights may be acquired on the market, in the proportion needed to subscribe for New Shares. The bonus share rights may be traded on the market for the period determined by the board of directors, or by the executive committee by delegation therefrom, subject to a minimum term of fifteen calendar days.

4.- Irrevocable commitment to acquire bonus share rights

The Bank or, with the Bank's guarantee, the company of its Group that shall be determined, will make an irrevocable commitment to purchase the bonus share rights at the price specified below. The purchase commitment will not cover the bonus share rights purchased or otherwise acquired on the market. The purchase commitment will be in force and may be accepted by such shareholders during the term, within the bonus share rights trading period, which is determined by the board of directors, or by the executive committee by delegation therefrom. To this end, it is resolved to authorise the Bank, or the corresponding company of its Group, to acquire such bonus share rights (as well as the shares corresponding to those rights), subject to the maximum limit of the total number of rights issued and to the duty to comply in all cases with any limitations established by law. The "Purchase Price" of each bonus share right will be equal to the price resulting from the following formula, rounded to the nearest one-thousandth of a euro and, in the case of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth:

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1)$$

5.- Balance sheet for the transaction and reserve to which the increase will be charged

The balance sheet used for purposes of this capital increase is the balance sheet as of 31 December 2018, duly audited and approved by the shareholders at this ordinary general shareholders' meeting.

As mentioned above, the capital increase will be charged in its entirety to reserves of the type contemplated in section 303.1 of the Spanish Capital Corporations Law. Upon implementation of the increase, the board of directors or, by delegation therefrom, the executive committee, will determine the reserve to be used and the amount thereof in accordance with the balance sheet used for the transaction.

6.- Representation of the new shares

The shares to be issued shall be represented in book-entry form and the relevant records shall be kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) and its member entities.

7.- Rights of the new shares

The new shares will confer the same economic, voting and related rights upon their holders as the currently outstanding ordinary shares of Banco Santander as from the time at which the capital increase is declared to have been subscribed and paid up.

8.- Shares on deposit

Once the bonus share rights trading period has ended, the New Shares that it has not been possible to allot for reasons not attributable to Banco Santander will be held on deposit and will be available to those who evidence lawful ownership of the respective bonus share rights. Three years after the date of conclusion of the bonus share rights trading period, the shares that have still to be allotted may be sold as provided in section 117 of the Spanish Capital Corporations Law, for the account and at the risk of the interested parties. The net proceeds from the sale will be deposited with Bank of Spain or with the General Deposit Bank (*Caja General de Depósitos*) and will be at the disposal of the interested parties.

9.- Application for admission to listing

It is resolved to apply for the listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through Spain's Automated Quotation System (*Mercado Continuo*),

as well as to take the steps and actions that may be necessary and file the required documents with the competent authorities of the foreign Stock Exchanges on which Banco Santander shares are from time to time traded, for the New Shares issued under this capital increase to be admitted to listing, expressly stating Banco Santander's submission to such rules as may now be in force or hereafter be issued on stock exchange matters and, especially, on trading, continued listing and delisting.

It is expressly stated for the record that, if the delisting of the Banco Santander shares is subsequently requested, the delisting resolution will be adopted with the same formalities that may be applicable and, in such event, the interests of shareholders opposing or not voting on the delisting resolution will be safeguarded in compliance with the requirements established in the Spanish Capital Corporations Law and related provisions, all in accordance with the provisions of the restated text of the Securities Market Law and its implementing provisions in force at any time.

10.- Implementation of the capital increase

Within one year of the date of this resolution, the board of directors, or the executive committee by delegation therefrom, may resolve to carry out the capital increase and to set the conditions therefor as to all matters not provided for in this resolution. However, if the board of directors does not consider it advisable to carry out the capital increase, it may decide not to do so and shall report such decision to the shareholders at the first ordinary general meeting held thereafter. In particular, in deciding to implement the increase, the board of directors, or the executive committee by delegation therefrom, will analyse and take into account market conditions, among other issues, and in the case that such conditions or other elements mean it is not advisable in the view of the board to implement the increase, it may decide not to do so, reporting such decision to the shareholders at the general meeting on the aforementioned terms. The capital increase to which this resolution refers shall be null and void if the board of directors, or the executive committee by delegation therefrom, does not exercise the powers delegated thereto within the one-year period set by the shareholders at the meeting for implementation of the resolution.

Upon completion of the bonus share rights trading period:

- (a) The New Shares will be allotted to those who, in accordance with the book-entry registry of Iberclear and its member entities, are holders of bonus share rights in the proportion resulting from section 3 above.
- (b) The board of directors, or the executive committee by delegation therefrom, will declare the bonus share rights trading period closed and will reflect in the Bank's accounts the application of reserves in the amount of the capital increase, which increase will thus be fully paid up.

Likewise, upon conclusion of the bonus share rights trading period, the board of directors, or the executive committee by delegation therefrom, will adopt the relevant resolutions amending the Bylaws in order to reflect the new amount of share capital resulting from the capital increase and applying for admission to listing of the new shares on the Spanish and foreign Stock Exchanges on which the shares of the Bank are listed.

11.- Delegation for purposes of implementation

Pursuant to the provisions of section 297.1.a) of the Spanish Capital Corporations Law, it is resolved to delegate to the board of directors the power to establish the terms and conditions of the capital increase as to all matters not provided for in this resolution. Specifically, and for illustrative purposes only, the following powers are delegated to the board of directors:

- 1.- To determine, within one year as from approval thereof, the date on which the resolution so adopted to increase the share capital is to be implemented, and to set the Amount of the Alternative Option, the reserves out of which the capital increase is to be made from among those provided for in the resolution, the record date and time for the allotment of the bonus share rights, and the duration of the bonus share rights trading period.
- 2.- To determine the exact amount of the capital increase, the number of New Shares and the bonus share rights needed for the allotment of New Shares in accordance with the rules established by the shareholders at this meeting.
- 3.- To declare the capital increase to be closed and implemented.
- 4.- To amend sections 1 and 2 of article 5 of Banco Santander's Bylaws regarding share capital to conform it to the result of the implementation of the capital increase.
- 5.- To waive the right to the New Shares corresponding to the bonus share rights acquired by the Bank or by the corresponding company of its Group under the purchase commitment.
- 6.- To carry out all formalities that may be necessary to have the New Shares issued in the capital increase registered in the book-entry registry of Iberclear and admitted to listing on the domestic and foreign Stock Exchanges on which the shares of the Bank are listed, in accordance with the applicable procedures established at each of such Stock Exchanges.
- 7.- To take such actions as may be necessary or appropriate to implement and formalise the capital increase before any public or private, Spanish or foreign authorities or agencies, including actions for purposes of statement, supplementation or correction of defects or omissions that might prevent or hinder the full effectiveness of the preceding resolutions".

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

In consideration of the foregoing, the shareholders are requested to approve the proposal submitted by the board of directors.

Item Seven

Delegation to the board of directors of the power to issue all kinds of fixed-income securities, preferred interests (*participaciones preferentes*) or debt instruments of a similar nature (including warrants) that are convertible into shares of the Company. Establishment of criteria for determining the basis for and terms and conditions applicable to the conversion; and granting to the board of directors of the power to increase capital by the required amount and to exclude the pre-emptive rights of the shareholders. To deprive of effect, to the extent unused, the delegation of powers granted under resolution Ten A II) approved at the ordinary general shareholders' meeting held on 27 March 2015.

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING THE PROPOSAL REFERRED TO IN ITEM SEVEN OF THE AGENDA FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 11 APRIL 2019, ON FIRST CALL, AND FOR 12 APRIL 2019, ON SECOND CALL

This report is submitted to provide the rationale for the proposal made to the shareholders at the general shareholders' meeting contained in item Seven of the agenda regarding the grant of powers to the board of directors to issue, on one or more occasions, debentures, bonds, preferred interests and other fixed-income securities or debt instruments of a similar nature (including warrants) that are convertible into shares of Banco Santander, S.A. (the "**Bank**", the "**Company**" or the "**Entity**"), depriving of effect, to the extent unused, the delegation of powers approved under resolution Ten A II) at the ordinary general shareholders' meeting of 27 March 2015.

The board of directors considers it highly appropriate to have the delegated powers allowed under current laws and regulations so as to be at all times in a position to raise funds on the primary securities markets that are necessary for proper management of the corporate interests. The purpose of the delegation is to give the management decision-making body of the Bank the manoeuvrability and the responsiveness that is required by the competitive environment in which it operates, where the success of a given transaction or of a strategic initiative often depends on the ability to carry it out promptly, without the delays and costs that a new call to and holding of a general shareholders' meeting inevitably entails.

Furthermore, in view of the fact that pursuant to the solvency and own funds requirements established by Regulation (EU) No 575/2013 of 26 June (the "CRR") and Directive 2013/36/EU of 26 June (as transposed into our domestic law, and together with the CRR, the "CRDIV"), which implement the regulatory framework known as "Basel III" in Europe, Banco Santander is subject, on an individual and on a consolidated basis, to compliance with minimum requirements in terms of regulatory capital, specifically, with the so-called Pillar 1, a specific capital requirement, known as Pillar 2R, and, in addition, a requirement known as "combined buffer requirement", and without prejudice to the Bank currently meeting all of them comfortably and having sufficient issues of specific instruments to efficiently address its legal requirements, the board of directors believes it highly appropriate to have the delegated powers allowed under current laws and regulations to be able to issue new securities that may be computed as regulatory capital, in order to strengthen its ratios and maintain appropriate management margins beyond the requirements that may apply to it at any time and that allow Banco Santander to strengthen and preserve a sound capital position for the Bank and its group at all times.

For this purpose, in accordance with the general rules for the issuance of debentures contained in sections 401 *et seq.* of the Spanish Capital Corporations Law and within the scope of the

provisions of article 319 of the Regulations of the Commercial Registry, a proposed resolution is submitted to the shareholders at the general shareholders' meeting, formulated under item Seven of the agenda, regarding the delegation to the board of directors of the power to issue, on one or more occasions, fixed-income securities, preferred interests or debt instruments of a similar nature (including warrants) that are convertible into shares of the Company, within a period of five years, for cash consideration.

The proposal establishes a maximum aggregate limit on issuances made under the delegation of 10,000 million euros or the equivalent thereof in another currency.

The proposed resolution also provides for authorisation to the board of directors so that, if it decides to issue securities that are convertible into newly-issued shares of the Company, it may approve an increase in capital necessary to accommodate the conversion, provided that such increase, added to any increases that may have been approved pursuant to authorisations granted by the shareholders at a general shareholders' meeting, does not exceed one-half of the amount of share capital, as provided by section 297.1.b) of the Spanish Capital Corporations Law. Therefore, the increases in capital that are necessary to accommodate the conversion of the securities shall be deemed to be included within the limit available at any time under the authorisation to the board to increase the share capital pursuant to the aforementioned section, which authorisation was granted by the shareholders at the general shareholders' meeting of 23 March 2018 under item Seven of the agenda therefor, or, if applicable, under an equivalent authorisation that may replace it in the future.

The proposed resolution also establishes the standards for determination of the bases for and terms and conditions applicable to the conversion, although it entrusts to the board of directors, in the event that it resolves to use the authorisation given by the shareholders acting at the meeting, the specification of some of such bases and terms and conditions for each issuance, within the limits of, and in accordance with, the standards established by the shareholders acting at the meeting.

Thus, the board of directors will determine the specific conversion ratio and, for such purpose, at the time of approving an issuance of convertible securities within the scope of the authorisation granted by the shareholders acting at the meeting, will prepare a directors' report detailing the specific bases for and terms and conditions of the conversion applicable to such issuance, which shall also be the subject of the corresponding accounts auditor's report referred to in section 414 of the Spanish Capital Corporations Law, provided, however, that, based on a systematic interpretation following the amendments made to the Spanish Capital Corporations Law and, specifically, to section 417.2 b) thereof, by Law 22/2015 of 20 July on accounts auditing, the reference included in such section to an "accounts auditor" (*auditor de cuentas*) other than the accounts auditor of the Bank must be deemed to mean an "independent expert" other than the accounts auditor of the Company.

Specifically, the resolution submitted by the board for approval at the general shareholders' meeting provides that the securities issued thereunder shall be valued at their nominal amount and the shares shall be valued at the exchange rate determined in the corresponding resolution of the board of directors or at the exchange rate determinable on the date or dates specified in such resolution of the board, based on the listing price of the shares of the Bank on the date(s) or during the period(s) taken as a reference in such resolution, with or without a premium or with or without a discount, and in any case subject to a minimum of the greater of (i) the average (whether arithmetic or weighted) exchange rate for the shares on the Continuous Market of the Spanish Stock Exchanges, according to the closing prices, average prices or other listing reference during a period to be determined by the board, which shall not be greater than three months nor less than three calendar days and which shall end no later than the day prior to the

adoption by the board of the resolution providing for the issuance of the reference securities, and (ii) the exchange rate for the shares on such Continuous Market according to the closing price on the day preceding the day of the adoption of such issuance resolution. In this way, the board believes that it will be given a sufficient margin of flexibility to set the price of the shares for purposes of the conversion based on market conditions and other applicable considerations, although such price must be at least substantially equivalent to the market value of the shares at the time the board resolves to issue the securities.

The issuance of convertible securities at a variable conversion ratio may also be approved. In such case, the price of the shares for purposes of the conversion shall be the arithmetic or weighted mean of the closing prices, average prices or other listing references for the shares of the Company on the Continuous Market during a period to be determined by the board of directors, which shall not be greater than three months nor less than three calendar days and which shall end no later than the day prior to the date of conversion, as applicable, with a premium or a discount on such listing prices. The premium or discount may be different for each date of conversion of each issuance (or for each tranche, if any, of an issuance), provided, however, that if the board sets a discount on such price per share, such discount may not exceed 30%. The board also believes that this gives it sufficient manoeuvrability to set the variable conversion ratio in accordance with market circumstances and with the other considerations to be taken into account by the board, but establishing a maximum discount so as to ensure that the issue price of the new shares in cases of conversion, if a discount is granted, does not differ by more than 30% from the market value of the shares at the time of conversion. Additionally, a minimum and/or maximum reference price may be set for the shares for purposes of the conversion upon the terms established by the board.

In both cases and as specified in section 415.2 of the Spanish Capital Corporations Law, the resolution provides that no debentures may be converted into shares when the nominal value of the former is lower than that of the latter.

Likewise, it should be noted that the authorisation for the issuance of securities convertible into new shares of the Bank includes, in accordance with the provisions of sections 308, 417 and 511 of the Spanish Capital Corporations Law, the attribution to the board of directors of the power to exclude, in whole or in part, the pre-emptive rights of the shareholders, where such exclusion is required to obtain funds in the markets or is otherwise justified in the interest of the Company.

The board of directors believes that this additional option, which significantly expands the margin for manoeuvrability and the responsiveness offered by the simple delegation of the power to issue convertible securities, is justified by the flexibility and agility with which it is necessary to act in the current financial markets in order to be able to take advantage of times when market conditions are most favourable. This rationale also applies to obtaining funds in international markets, where the quality and prestige of the Bank, along with the large volume of resources traded on such financial markets, and the agility and speed with which it acts on them, make it possible to obtain a large volume of funds under very favourable conditions, provided that it is possible to carry out an issuance in such markets at the most appropriate time, which cannot be determined a priori. Further, the exclusion of pre-emptive rights may be necessary when capital is sought through the use of bookbuilding techniques, as well as when equity instruments are issued that can be computed as own funds, as additional provision four of the current Securities Market Law requires that at least 50% of the issuance be placed among professional investors (the achievement of which percentage could not be ensured if pre-emptive rights were not excluded), or, finally, when otherwise justified in the interest of the Company. Last, the elimination of pre-emptive rights allows for a relative reduction in the

financial cost of the debt and of the costs associated with the transaction (especially including the fees of the financial entities participating in the issue) as compared to an issuance with pre-emptive rights, and at the same time causes lesser distortion in the trading of the Company's shares during the issuance period. The proposal is also consistent with the delegation to the board of directors of the power to increase share capital granted by the shareholders at the ordinary general shareholders' meeting held on 23 March 2018 under item Seven of the agenda therefor, although, and with the exception described below, it is expected that in the event of exclusion of pre-emptive rights, the aggregate amount of the increases in capital carried out under the delegation of powers to issue convertible securities now proposed to the shareholders be limited to a maximum of 10% of the share capital.

Among other instruments, the solvency regulations provide for the possibility that issues that are perpetual or that have no conversion and/or repayment period and under which conversion is contingent and contemplated to meet regulatory requirements for the computability of the securities issued as equity instruments pursuant to the solvency regulations applicable at any time ("**Contingently Convertible Issues**" or "**CoCos**") may be computed as additional tier 1 equity instruments and, therefore, be eligible for compliance with the solvency requirements, so long as provision is made, among other characteristics, for their contingent conversion into newly-issued shares when the solvency ratios fall below a pre-established threshold. This possibility allows credit institutions to meet their solvency requirements in a more flexible manner and under more suitable financial and capital management conditions, such that the issue of these types of securities that are contingently convertible has become a customary practice at many credit institutions, including the Bank, and independently of the fact that the equity ratios, both individual and consolidated, are, in the case of the Bank, higher than those applicable. For this reason, it is also believed appropriate to provide that the aforementioned 10% limit for issues in which pre-emptive rights are excluded shall not apply in connection with the issue of CoCos to be made pursuant to the delegation of powers proposed to the shareholders at the Meeting, to which the general limit of one-half of the share capital shall therefore apply, in accordance with the resolution approved at the ordinary General Shareholders' Meeting of 23 March 2018 under item Seven II).

However, it should be noted that the exclusion of pre-emptive rights is an option that the shareholders acting at a general meeting delegate to the board of directors, and that, taking into account the specific circumstances and complying with legal requirements, the board is responsible for deciding in each case whether or not the exclusion of such rights is appropriate. Accordingly, if the board decides to eliminate pre-emptive rights with respect to a specific issuance that it may decide to make within the scope of the authorisation requested at the general shareholders' meeting, it shall, at the time of approval of the issuance, prepare a report detailing the specific reasons of corporate interest that justify such measure, which shall be the subject of the corresponding report of an independent expert other than the Company's accounts auditor and appointed by the Commercial Registry, in accordance with a systematic interpretation based on the provisions of section 511.3 of the Spanish Capital Corporations Law under a cross-reference from sections 308, 417.2 and 505 of such Law. Both reports shall be made available to the shareholders and shall be communicated to them at the first general shareholders' meeting held after the adoption of the capital increase resolution. They shall also be immediately included on the Company's website.

Additionally, the proposed resolution provides that the rules established in connection with the issuance of convertible fixed-income securities shall apply, *mutatis mutandis*, in the event of the issuance of warrants or similar securities that might entitle the holders thereof, directly or indirectly, to subscribe for newly-issued shares of the Company; the delegated authority

includes the broadest powers, with the same scope as described above, to decide all matters it deems appropriate in connection with those kinds of securities.

In the case of issuances of securities that do not include the possibility of conversion because they are merely exchangeable for shares of the Company, the proposal establishes that they will be governed by the delegation for the issuance of non-convertible securities to which item Eight of the agenda refers. Issuances of convertible and exchangeable securities will be governed by the provisions of this delegation, and it will be possible to establish that the Company reserves itself the right to choose at any time between converting them into newly issued shares of the Company or exchanging them for outstanding shares. The Company may also opt to deliver a combination of newly issued shares and outstanding shares, always ensuring that all the securities holders who convert or exchange on the same date are treated equally.

Furthermore, a proposal is made for the adoption of the resolutions required so that the securities that are issued by virtue of this delegation may be admitted to trading on any secondary market, organised or not, official or unofficial, domestic or foreign.

The proposal contemplates providing for the possibility that the delegable powers of all kinds granted to the board of directors may in turn be delegated by the board to the executive committee or to any director with delegated powers.

Proposal:

I) To rescind and deprive of effect, to the extent unused, resolution Ten A II) approved at the ordinary general shareholders' meeting of 27 March 2015.

II) To delegate to the board of directors, in accordance with the general regulations on the issuance of debentures and pursuant to the provisions of article 319 of the Regulations of the Commercial Registry, the power to issue, on one or more occasions, debentures, bonds, preferred interests and other fixed-income securities or debt instruments of a similar nature (including warrants) that are convertible into shares of the Company, all in accordance with the following conditions:

1. Securities to be issued. The securities covered by this delegation may be debentures, bonds, preferred interests and other fixed-income securities or debt instruments of a similar nature in any of the forms admitted by law and that are convertible into shares of the Company. The delegated powers also cover warrants or similar securities that might give the holders thereof, directly or indirectly, the right to subscribe for shares of the Company, payable by physical delivery or by set-off.

The issuance of securities which are at the same time convertible and exchangeable will be governed by the provisions of this delegation.

Issuances that do not include the possibility of conversion because they are merely exchangeable for shares of the Company will be governed by the provisions of delegation for the issuance of non-convertible securities to which item Eight of the agenda refers.

2. Period of the delegation. The securities may be issued on one or more occasions, at any time, within a maximum period of five (5) years from the date of adoption of this resolution.
3. Maximum amount. The aggregate maximum amount of the issuance or issuances of securities to be made under this delegation is 10,000 million euros or the equivalent thereof in another currency. For purposes of calculating the above-mentioned limit, in the case of warrants there shall be taken into account the sum of the premiums of the warrants under

each issuance approved pursuant to the powers delegated hereby (or in the case of warrants payable by physical delivery, the sum of premiums and exercise prices).

4. Scope of the delegation. In the exercise of the delegated powers granted herein, and by way of example and not of limitation, the board of directors shall be responsible for determining the amount of each issuance, always within the stated overall quantitative limit; the place of issuance –domestic or foreign– and the currency and, if it is foreign, the equivalent thereof in euros; the denomination, whether bonds (*bonos*), debentures (*obligaciones*), preferred interests (*participaciones preferentes*) or any other denomination permitted by Law (including equity instruments among those contemplated by articles 51 to 55 or 62 to 65 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms; the issuance date(s); whether the securities are mandatorily, contingently or voluntarily convertible, and if voluntarily, whether at the option of the holder of the securities or the issuer; the interest rate, dates and procedures for payment of the coupon; whether they are to be callable or not (including, if applicable, the possibility of redemption by the issuer) and, if applicable, the redemption period and events of redemption (in whole or in part), whether they are to be with or without a maturity date and, in the former case, the maturity date; the type of repayment, premiums and tranches; guarantees, including mortgages; form of representation, whether certificated or as book entries; the number of securities and the nominal value thereof, which, in the case of convertible securities, shall not be less than the nominal value of the shares; pre-emptive rights, if any, and subscription procedure; applicable law, whether domestic or foreign; the application, if any, for admission to trading on official or unofficial, organised or unorganised, domestic or foreign secondary markets of the securities that are issued in compliance with the requirements in each case established by applicable laws and regulations; and, in general, any other condition applicable to the issuance, and, if applicable, appointing the Examiner (*Comisario*) and approving the basic rules that are to govern the legal relations between the Bank and the Syndicate, if any and allowed, of holders of the securities that are issued.

The delegation also includes the grant to the board of directors of the power, in each case, to decide the conditions for repayment of the securities issued in reliance on this authorisation, including the power to use, to the extent applicable, the redemption means referred to in section 430 of the Spanish Capital Corporations Law or any other means that may be appropriate. In addition, the board of directors is authorised, whenever it deems appropriate, and subject to the necessary official authorisations being obtained as well as, if required, approval at the Meetings of the respective Syndicates or bodies representing the holders of the securities, to modify the conditions for repayment of the securities issued and the maturity thereof, as well as the interest rate, if any, of those included in each of the issuances made pursuant to this authorisation.

5. Bases for and terms and conditions applicable to the conversion. In the event of issuances of securities that are convertible into shares of the Company and for purposes of determining the bases for and terms and conditions applicable to the conversion, the following standards are hereby approved:
 - (i) Securities issued pursuant to this resolution shall be convertible into new shares of the Bank in accordance with a conversion ratio that may be fixed (determined or determinable) or variable (in which case, it may include maximum and/or minimum limits on the conversion price), with the board of directors being authorised to determine whether they are mandatorily, contingently or voluntarily convertible, and if voluntarily, whether at the option of their holder or of the issuer, at the intervals

and during the maximum term established in the issuance resolution, which shall not exceed fifty (50) years from the date of issuance. Such maximum term shall not apply to securities without a maturity date that are convertible.

- (ii) In the case of a fixed conversion ratio, for purposes of the conversion, the fixed-income securities shall be valued at their nominal amount and the shares shall be valued at the exchange rate determined in the resolution of the board of directors making use of this delegation, or at the exchange rate determinable on the date or dates specified in the resolution of the board, and based on the listing price of the Bank's shares on the Stock Exchange on the date(s) or during the period(s) taken as a reference in such resolution, with or without a premium or with or without a discount, and in any case subject to a minimum of the greater of (a) the average (whether arithmetic or weighted) exchange rate for the shares on the Continuous Market of the Spanish Stock Exchanges, based on closing prices, average prices or other listing reference, during a period to be determined by the board that shall not be greater than three months nor less than three calendar days and which shall end no later than the day prior to the adoption by the board of the resolution providing for the issuance of the reference securities, and (b) the exchange rate for the shares on such Continuous Market according to the closing price on the day preceding the day of adoption of such issuance resolution.
- (iii) The issuance of convertible fixed-income securities at a variable conversion ratio may also be approved. In such case, the price of the shares for purposes of the conversion shall be the arithmetic or weighted mean of the closing prices, average prices or other listing reference for the shares of the Company on the Continuous Market during a period to be determined by the board of directors, which shall not be greater than three months nor less than three calendar days and which shall end no later than the day prior to the date of conversion, as applicable, with a premium or a discount on such price per share. The premium or discount may be different for each conversion date under each issuance (or under each tranche of an issuance, if any), provided, however, that if a discount is set on the price per share, such discount may not be greater than 30%. Additionally, a minimum and/or maximum reference price may be set for the shares for purposes of the conversion thereof upon the terms established by the board.
- (iv) If the issuance is convertible and exchangeable, the board may also provide that the issuer reserves the right to choose at any time between conversion into newly-issued shares or exchange for outstanding shares, specifying the nature of the shares to be delivered at the time of the conversion or exchange, and may also choose to deliver a combination of newly-issued shares and existing shares. In any event, the issuer must respect equality of treatment among all of the holders of the fixed-income securities that are converted or exchanged on the same date.
- (v) Upon conversion, the fractional shares that may need to be delivered to the holder of the debentures shall be rounded by default to the immediately lower whole number. The board shall decide whether any difference that might result should be paid to each holder in cash.
- (vi) Under no circumstances shall the value of the shares for the purposes of the ratio for the conversion of the debentures into shares be lower than the nominal value thereof. Pursuant to the provisions of section 415.2 of the Spanish Capital Corporations Law, debentures shall not be converted into shares when the nominal value of the former

is lower than that of the latter. Convertible debentures shall likewise not be issued for an amount lower than their nominal value.

Upon approval of an issuance of convertible securities pursuant to the authorisation granted by the shareholders at the meeting, the board of directors shall prepare a directors' report further developing and specifying the bases for and terms and conditions of the conversion that are specifically applicable to such issuance, based on the above-described standards. This report shall be accompanied by the corresponding accounts auditor's report referred to in section 414 of the Spanish Capital Corporations Law, provided, however, that, based on a systematic interpretation following the amendments made to the Spanish Capital Corporations Law and, specifically, to section 417.2 b) thereof, by Law 22/2015 of 20 July on accounts auditing, the reference included in such section to a "accounts auditor" (*auditor de cuentas*) other than the accounts auditor of the Bank must be deemed to mean an "independent expert" other than the accounts auditor of the Company.

6. Increase in capital and exclusion of pre-emptive rights in connection with convertible securities. The delegation to the board of directors shall also include, by way of example and not of limitation, the following powers:

- (i) The power for the board of directors, within the scope of the provisions of sections 308, 417 and 511 of the Spanish Capital Corporations Law, to totally or partially exclude the pre-emptive rights of the shareholders when such exclusion is required to obtain funds in international markets, for the use of bookbuilding techniques, or when it is in any other manner justified by the Company's interest within the framework of a specific issuance of convertible securities approved by the board under this authorisation. In any event, if the board decides to eliminate pre-emptive rights with respect to a specific issuance that it may decide to make in reliance on this authorisation, at the time of approving the issuance and in accordance with applicable laws and regulations, it shall prepare a report detailing the specific reasons of corporate interest that justify such measure, which shall be the subject of the corresponding report prepared by an independent expert other than the accounts auditor of the Company and appointed by the Commercial Registry, in accordance with a systematic interpretation based on the provisions of section 511.3 of the Spanish Capital Corporations Law, under a cross-reference from sections 308, 417.2 and 505 of the Spanish Capital Corporations Law. Said reports shall be made available to the shareholders and shall be communicated to them at the first general shareholders' meeting held after the adoption of the issuance resolution. They shall also be immediately included on the Company's website.
- (ii) The power to increase capital by the amount necessary to accommodate the requests for conversion. Such power may only be exercised to the extent that the board, adding together the capital that is increased in order to cover the issuance of convertible debentures and, if applicable, any other increases in capital that may have been approved within the scope of authorisations granted by the shareholders at the general shareholders' meeting, does not exceed the limit of one-half of the share capital amount specified in section 297.1.b) of the Spanish Capital Corporations Law or 10% of such total amount of share capital if the pre-emptive rights of the shareholders are excluded in the issuance of the convertible securities. This 10% limit shall not apply in connection with issues that are perpetual or that have no conversion and/or repayment period and under which conversion is contingent and contemplated to meet regulatory requirements for the computability of the securities issued as equity instruments pursuant to the solvency regulations applicable at any time

(“Contingently Convertible Issues” or “CoCos”), in which pre-emptive rights are excluded and which may be approved under this delegation, such that the general limit of one-half of the share capital shall apply to these issuances in accordance with the resolution approved at the ordinary General Shareholders’ Meeting of 23 March 2018 under item Seven II) or the authorisation that may replace it in the future. This authorisation to increase capital includes authorisation to issue and float, on one or more occasions, the shares representing such capital that are necessary to implement the conversion, as well as authorisation to amend the text of the article of the Bylaws relating to the amount of share capital and, if applicable, to nullify the portion of such increase in capital that was not needed for a conversion into shares.

- (iii) The power to further develop and specify the bases for and terms and conditions applicable to the conversion, taking into account the standards set forth in section 5 above and, in general and as broadly as possible, to determine all matters and conditions that may be necessary or appropriate for the issuance.

At subsequent general shareholders’ meetings held by the Company, the board of directors shall inform the shareholders of the use, if any, that has been made through such time of the delegated power to issue securities that are convertible into shares of the Company.

7. Convertible warrants. The rules set forth in sections 5 and 6 above shall apply, *mutatis mutandis*, in the event that warrants or other similar securities are issued that might entitle the holders thereof, directly or indirectly, to subscribe for newly-issued shares of the Company; the delegation includes full powers, with the same scope as in the previous sections hereof, to decide on all matters it deems appropriate in connection with those kinds of securities.
8. Admission to trading. When appropriate, the Company shall apply for admission to trading of the securities issued pursuant to the powers delegated hereby on official or unofficial, organised or unorganised, domestic or foreign secondary markets, with the board of directors being authorised to carry out such formalities and activities before the competent authorities of the various domestic or foreign securities markets as may be necessary for admission to listing.
9. Substitution. The board of directors is authorised to delegate in turn (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

Item Eight

Delegation to the board of directors of the power to issue all kinds of fixed-income securities, preferred interests (*participaciones preferentes*) or debt instruments of a similar nature (including certificates (*cédulas*), promissory notes and warrants) that are not convertible, depriving of effect, to the extent unused, the delegation of powers granted in this regard under resolution Seven II) approved at the ordinary general shareholders' meeting held on 7 April 2017.

Proposal:

I) To rescind and deprive of effect, to the extent unused, resolution Seven II) approved at the ordinary general shareholders' meeting of 7 April 2017.

II) To authorise the board of directors such that, in accordance with the general rules and regulations on the issuance of debentures and pursuant to the provisions of article 319 of the Regulations of the Commercial Registry, it may issue, on one or more occasions, up to 50,000 million euros, or the equivalent thereof in another currency, in fixed-income securities in any of the forms admitted by Law, including bonds, certificates, promissory notes, debentures and preferred interests or debt instruments of a similar nature (including warrants payable by physical delivery or set-off). This power may be exercised by the board of directors within a maximum period of five years from the date of adoption of this resolution by the shareholders, at the end of which period it shall be cancelled to the extent of the unused amount.

In the exercise of the delegated powers granted hereby, and by way of example and not of limitation, the board of directors shall be responsible for determining the amount of each issuance, always within the stated overall quantitative limit; the place of issuance –domestic or foreign– and the currency and, if it is foreign, the equivalent thereof in euros; the denomination, whether bonds (*bonos*), debentures (*obligaciones*), preferred interests (*participaciones preferentes*) or any other denomination permitted by Law (including equity instruments among those contemplated by articles 51 to 55 or 62 to 65 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, or of another kind or origin); the issuance date(s); the possibility of their being exchangeable, in whole or in part, for shares or other existing securities of the Bank or other entities (and, if exchangeable, the fact that they may be mandatorily, contingently or voluntarily exchangeable and, if voluntarily, at the option of the holder of the securities or of the issuer) or of including a call option on such shares; the interest rate, dates and procedures for payment of the coupon; whether they are to be callable or not, with or without the return of principal, and, if applicable, the redemption periods and events of redemption (in whole or in part), as well as, if applicable, the fact that the securities are mandatorily callable with or without the return of principal and interest, including on a contingent basis, and any events of return of principal; whether they are to be with or without a maturity date and, in the former case, the maturity date; the type of repayment, premiums and tranches; guarantees, including mortgages; form of representation, whether certificated or as book entries; the number of securities and the nominal value thereof; subscription procedure; applicable law, whether domestic or foreign; the application, if any, for admission to trading of the securities that are issued on official or unofficial, organised or unorganised, domestic or foreign secondary markets in compliance with the requirements in each case established by applicable laws and regulations; and, in general, any other condition applicable to the issuance, and, if appropriate, appointing the Examiner (*Comisario*) and approving the basic rules that are to govern the legal relations between the Bank and the syndicate, if any and allowed, of holders of the securities that are issued.

The delegation also includes the grant to the board of directors of the power, in each case, to decide the conditions for repayment of the fixed-income securities issued in reliance on this authorisation, and the power to use, to the extent applicable, the redemption means referred to in section 430 of the Spanish Capital Corporations Law or any other means that may be appropriate. In addition, the board of directors is authorised, whenever it deems appropriate, and subject to the necessary official authorisations being obtained, as well as, if required, approval at the Meetings of the respective syndicates or bodies representing the holders of the securities, to modify the conditions for repayment of the fixed-income securities issued and the maturity thereof, as well as the interest rate, if any, of those included in each of the issuances made pursuant to this authorisation.

As to the limits on the delegation, the aforementioned amount of 50,000 million euros is the maximum overall limit that may be reached at any time by the outstanding nominal balance of the promissory notes or similar securities issued, added to the nominal amount issued of other securities also issued under this authorisation granted to the board of directors. In the case of warrants, the sum of the premiums of the warrants from each issuance approved in accordance with this delegation shall be taken into account for the calculation of the above-mentioned limit (or in the case of warrants payable by physical delivery, the sum of premiums and exercise prices).

The board of directors is authorised to delegate in turn (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

Item Nine **Director remuneration policy.**

REASONED PROPOSAL SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING ITEM NINE OF THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED FOR 11 APRIL 2019, ON FIRST CALL, AND FOR 12 APRIL 2019, ON SECOND CALL

Under item Nine of the agenda, the director remuneration policy of Banco Santander, S.A. (the “**Bank**” or the “**Company**”), formulated as provided by section 529 *novodecies* of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*) (the “**Remuneration Policy**”), is submitted to the shareholders for approval at the general meeting.

The board has decided to submit to the shareholders at the general meeting the referred Director Remuneration Policy, which text is contained in section 6.4 of the “Corporate Governance” chapter of the consolidated directors’ report, included in the 2018 annual report which is available on the corporate website (www.santander.com) as from the date of the call of the meeting and which is also available to the shareholders for its delivery or mailing free of charge. The text of the referred policy stems from the report and proposal received from the remuneration committee, which report and proposal the board adopts as its own as to all the terms thereof.

Although the aforementioned section 529 *novodecies* would allow the approval of a policy until 2022, the period covered by the Remuneration Policy only includes financial years 2019, with respect to which the policy approved at the last meeting is completed and updated, 2020 and 2021. Consequently, the board shall propose to the shareholders at the general meeting the approval of a new remuneration policy no later than financial year 2021.

The remuneration of the directors in their capacity as such included in the Remuneration Policy is consistent with the remuneration system contemplated in article 58 of the Bylaws and article 33 of the rules and regulations of the board and with the proposed establishment of the maximum amount of such remuneration submitted to the shareholders at the general shareholders’ meeting under item Ten of the agenda.

In addition, the remuneration for performance of executive duties that is also described in the Remuneration Policy complies with the requirements provided by the Spanish Capital Corporations Law and with the principles and rules set forth in the Company’s Bylaws and rules and regulations of the board, as well as with such existing provisions as are especially applicable to the directors of the Company because of the status thereof as a credit institution (primarily, Law 10/2014 of 26 June on organisation, supervision and solvency of credit institutions –which transposes in Spain the content of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms–, Circular 2/2016 of 2 February from Banco de España to credit institutions on supervision and solvency, which completes the adjustment of the Spanish legal system to Directive 2013/36/EU and to Regulation (EU) no 575/2013, and related provisions).

The board believes that the Remuneration Policy proposed for approval is reasonably in proportion to the importance of the Company, is in line with the financial situation thereof and is consistent with market standards at comparable companies. Furthermore, the factors that affect the various components of remuneration for the performance of executive duties are compatible with an appropriate and effective management of risks, without offering the executive directors incentives to assume risks that exceed the level tolerated by the Company,

which is also consistent with the Company's strategy, objectives, values and interests over the long term.

Proposal:

To approve, pursuant to the provisions of section 529 *novodecies* of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*), the director remuneration policy of Banco Santander, S.A. for financial years 2019, 2020 and 2021, the text of which has been made available to the shareholders within the framework of the call to the general meeting, which is contained in section 6.4 of the “Corporate Governance” chapter of the consolidated directors’ report, included in the 2018 annual report, and which, regarding the variable components of the remuneration of executive directors for 2019 and to the extent that they make up a remuneration system that includes the delivery of shares of the Bank or of rights thereto, is also submitted at the meeting under Item Twelve A.

Item Ten

Director remuneration system: setting of the maximum amount of annual remuneration to be paid to all of the directors in their capacity as such.

Proposal:

To approve, for purposes of the provisions of section 2 of article 58 of the Bylaws, the fixed annual amount of remuneration of the directors acting as such at 6,000,000 euros, an amount that shall be applicable to remuneration corresponding to financial year 2019 and that shall remain effective until the shareholders acting at a general shareholders' meeting resolve to amend it, the board of directors being able to reduce it on the terms established in the aforementioned provision of the Bylaws.

Item Eleven

Remuneration system: approval of maximum ratio between fixed and variable components of total remuneration of executive directors and other employees belonging to categories with professional activities that have a material impact on the risk profile.

DETAILED PROPOSAL AND RECOMMENDATION SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING ITEM ELEVEN OF THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED FOR 11 APRIL 2019, ON FIRST CALL, AND FOR 12 APRIL 2019, ON SECOND CALL

Under item Eleven of the agenda, the establishment of the maximum limit for the variable components of the total remuneration of a certain group within Banco Santander, S.A. (the “**Bank**” or the “**Company**”) and its Group is submitted to the shareholders for approval at the general meeting, such limit being stated as the maximum percentage that the variable components of remuneration represent with respect to the fixed components thereof (the “**Maximum Variable Remuneration Ratio**”).

Article 58.6 of the Bylaws and Law 10/2014 of 26 June on organisation, supervision and solvency of credit institutions (“**Law 10/2014**”), which transposes in Spain the content of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (“**Directive CRD IV**”), provide for the need to submit to the shareholders for approval at a general meeting the establishment of a Maximum Variable Remuneration Ratio in excess of 100%, which, in any event, shall not exceed 200%.

The group with respect to which such approval is required is made up of certain persons included within the scope of application of section 32.1 of Law 10/2014, i.e. persons belonging to “*categories of staff whose professional activities have a material impact on the risk profile of the institution, its group, parent company or subsidiaries*” (the group defined by said provision, the “**Identified Staff**” or “**Material Risk Takers**” or “**MRTs**”). This definition –which includes the executive directors of the Bank, among others– derives from article 92(2) of Directive CRD IV and has been further developed by Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution’s risk profile (the “**Delegated Regulation**”). The proposal submitted to the shareholders at the meeting entails renewing the authorisation of a Maximum Variable Remuneration Ratio of 200% only for a portion of the Identified Staff of the Santander Group and not for all members thereof.

The remuneration policy for the Identified Staff within the Santander Group is guided by principles similar to those described in connection with executive directors in the director remuneration policy, which is submitted to the shareholders for approval under item Nine of the agenda. Therefore, the purpose of variable remuneration of the Identified Staff¹ is to reward employee performance consistently with rigorous risk management, without encouraging inappropriate risk-taking and seeking an alignment with the interests of the shareholders and with the Group’s strategic objectives, thus fostering the creation of value over the long term.

¹ In accordance with the standards established by the Delegated Regulation, certain persons that do not currently receive variable remuneration, such as the Bank’s non-executive directors, are included in the Identified Staff (or Material Risk Takers) at the Santander Group.

Without prejudice to the foregoing, the total remuneration package for each employee and the structure thereof must be competitive, such that it facilitates attracting and retaining, as well as adequately remunerating, the persons included in the Identified Staff, taking into account the duties and responsibilities assigned to each of them. In this regard, the following considerations are in order:

- Compliance with the regulatory provisions mentioned above (Law 10/2014 and Directive CRD IV) is required of European credit institutions regardless of where they operate, whereas non-European Community institutions are required to comply with them only with respect to their activities in Europe. As a consequence, global institutions like the Santander Group must compete in terms of talent attraction and retention with institutions that are not subject to the same regulations, such that it is advisable to have maximum flexibility in remuneration matters within applicable legal limits.
- Even in the European banking sector, the Bank has verified that its main competitors approved Maximum Variable Remuneration Ratios in excess of 100% in financial year 2018, as they did in prior years. Therefore, the proposal submitted to the shareholders at the general meeting under item Eleven of the agenda will allow Banco Santander to compete on similar terms with the European institutions whose activities and size are similar to those of Banco Santander.
- The renewal of the resolution for a portion of the Identified Staff is due to the advisability of maintaining the Bank's flexibility to compete in the international markets, without provision being made for the ratios to exceed 100% in all cases, whilst at the same time taking into account the remunerative structure for each group of employees when more precisely defining the group benefiting from the resolution being proposed at the general meeting.

In practice, the average ratio of variable components to fixed components of the remuneration of all of the categories of management or employees within the Identified Staff during the past financial year is far less than the approved maximum percentage of 200%. Specifically, on average in 2018, the variable components of remuneration of Identified Staff represented 105% of the fixed components (131% for the executive directors). Approximately 31% of members of the Identified Staff exceeded the ratio of 100% in 2018, the median being a 83% ratio and percentile 75 reaching a 115% ratio. Just 2% of the Identified Staff reached ratios over 195%.

- In addition, the renewal of Maximum Variable Remuneration Ratios of 200% for certain members of the Identified Staff continues to allow for simpler and more efficient payroll management. The annual adjustment of the components of remuneration of the members of the Identified Staff with a view to maintaining an appropriate level of motivation, the high level of internal mobility within the Group, and the remuneration structure that is peculiar to each business area² make it advisable to have as much flexibility as possible.
- Moreover, the authorisation of higher Maximum Variable Remuneration Ratios within legal limits is more efficient as a tool to retain talent in view of possible competitor moves than increasing the amount of the fixed components of remuneration to cover

² For example, a feature of the wholesale business is that it adopts remuneration structures in which the weight of variable remuneration over fixed remuneration is more significant than in other businesses. Talent attraction and retention in this business requires maintaining remuneration structures that are aligned with market practices, and therefore, it is particularly desirable to obtain the authorisation to pay a Maximum Variable Remuneration Ratio in excess of 100% to those who perform duties in this area. In this regard, approximately 22% of the Identified Staff performs duties in the Group's wholesale business.

items traditionally associated with the variable components of remuneration, which, if it occurred, might entail an increase in the Group's fixed costs.

- Finally, without prejudice to all other regulations applicable in the area of remuneration in order to avoid excessive risk-taking by Group employees, a Maximum Variable Remuneration Ratio of up to 200% would also allow, in certain positions that are key to the prudent achievement of results and business objectives, for a more significant portion of total remuneration to be subject to the achievement of such results and objectives, thus making it possible to reward outstanding performance where necessary.

The foregoing constitutes the rationale for the proposal submitted to the shareholders for approval at the general shareholders' meeting under item Eleven of the agenda. In addition, as stated above, the authorisation of a Maximum Variable Remuneration Ratio for certain categories of employees that is higher than generally provided gives the Bank greater flexibility to adapt the remuneration schemes applicable to each employee profile, without jeopardising the general objectives of bringing the remuneration policy into line with the Group's risk profile, as such ratio is subject in all cases to the legal limit of 200%, to the remuneration policy approved by the Company, and to all other legal restrictions applicable to variable remuneration.

In this regard, the remuneration policy for the members of the Identified Staff follows standards that are similar to those included with respect to the executive directors in the director remuneration policy that is submitted to the shareholders at the general meeting for approval under item Nine of the agenda. Thus, the variable components of remuneration of this group for 2019 include, inter alia, an Award (whether Award A or Award B, according to the definition of these terms in the directors' report and the proposed resolutions included under item Twelve below), to be received partly in cash and partly in shares, with collection of a portion of such Award being deferred over a period of three to five or even seven years (depending on the beneficiary's profile and any local regulations that might apply). The accrual of the Award is subject to metrics that allow for the alignment thereof with the Group's strategic plan and which take into account, among other aspects, the quality of the results achieved, the appropriate management of risk and the efficient use of capital, in addition to the accrual of part of the deferred remuneration in the case of Award A being subject to fulfilment of specific long-term metrics allowing for confirmation, if applicable, that the decisions initially made have resulted in sustainable long-term results.³

For purposes of calculating the Maximum Variable Remuneration Ratio in compliance with the aforementioned provisions, the total remuneration of the relevant members of the Identified Staff members for all items has been taken into account, with a breakdown into variable components (i.e. those the accrual of which is subject to the achievement of results or specific objectives) and fixed components (all other remuneration items), as described in more detail in the director remuneration policy.

For purposes of this resolution, the persons for which approval is requested for a Maximum Variable Remuneration Ratio of 200% have been selected on the grounds described above from among all persons making up the Identified Staff as at 31 December 2018. The Exhibit to this report includes a breakdown of the aforementioned number of beneficiaries at 31 December 2018 and the respective positions thereof. The natural evolution of the members of the Identified Staff, the possibility of regulatory changes to the definition thereof, and the possibility that new persons may be included in this group, make it advisable to ask approval

³ Further information on the metrics and conditions to which the Award is subject can be found in the report from the remuneration committee and in the directors' report regarding item Twelve of the agenda.

from the shareholders for up to a maximum of 50 new persons not included in the Exhibit also to be beneficiaries of a Maximum Variable Remuneration Ratio of 200%, for which reason the maximum number of members of the Identified Staff for which the approval is requested, including those listed in the Exhibit, is 1,071 (0.53% of the total staff).

The reasoning behind this additional prevision is the convenience of having an adequate degree of flexibility that allows combining the application of new remuneration policies with the incorporation of new businesses to the Group, as well as with the rigorous process of determining the identified staff each year. Thus, during 2018 the identified staff increased by 129 persons (125 in 2017), 45 of which correspond to the acquisition of Santander Asset Management in 2018 (62 due to the acquisition of Banco Popular in 2017). It is expected that this evolution will continue during the ongoing financial year, including the effects that the Bank's digital transformation process will have and the subsequent incorporation of new positions.

As stated, the ratio of 200% is not expected to be reached for all the members of the Identified Staff for which this limit is requested, taking into account their benchmark awards and the variable remuneration policy established for this financial year. In fact, under a standard scenario of fulfilment of targets, the total amount of the variable components of the remuneration would be equivalent to the total amount of the fixed components thereof (i.e., an average ratio of 99%). Assuming a scenario where targets are fulfilled at 125%, the excess of the variable components of remuneration over 100% of the fixed components would be 105 million euros, considering only those who would exceed a ratio of 100%. Not all the members of the Identified Staff benefiting from a 200% ratio would have reached a ratio in excess of 100% in such estimate, though it is not possible to estimate the number of persons that in fact would, since this will depend on the level of achievement of the objectives of the Group and its units in 2019, among other circumstances.

The hypothetical maximum amount in 2019 of the excess of the variable components of remuneration over 100% of the fixed components for the 1,021 persons benefiting from this proposal at 31 December 2018, if all such persons reached the Maximum Variable Remuneration Ratio of 200%, would be 361 million euros.

In view of this data and of the considerations set forth above regarding the alignment of remuneration with the Group's long-term interests, it is noted that the decision to approve a maximum level of variable remuneration for the persons indicated above would not affect the Bank's maintenance of a solid equity base or its obligations under the solvency rules. Specifically, the impact on both the total phase-in and fully loaded capital ratios of the Santander Group at 31 December 2018 in the aforementioned circumstances estimated by the Bank (105 million euros of excess of variable remuneration over 100% of the fixed components) would amount to 2 basis points, considering only those who would exceed a ratio of 100%, and, in a scenario in which the ratio for all members of the Identified Staff for which approval is requested reached 200%, would amount to 6 basis points. Furthermore, for purposes of the provisions of rule 39, section 6 of Circular 2/2016 of 2 February from Banco de España to credit institutions on supervision and solvency, which completes the adjustment of the Spanish legal system to Directive 2013/36/EU and to Regulation (EU) no 575/2013, it is noted that the board has especially taken into consideration the fact that Banco Santander is not expected to be subject to restrictions on its dividend policy during financial year 2019 pursuant

to the current recommendations of the European Central Bank⁴ and the levels of and changes in the solvency of the Group.

Moreover, the proposed resolution is understood without prejudice to the need for the companies of the Group in which the members of the Identified Staff to which the resolution refers provide services to comply with the obligations that correspond thereto in each case for purposes of permitting the 100% ratio to be exceeded.

⁴ Recommendation of the European Central Bank of 7 January 2019 on dividend distribution policies (ECB/2019/1).

EXHIBIT

MEMBERS OF THE IDENTIFIED STAFF AT 31 DECEMBER 2018 WITH RESPECT TO WHICH APPROVAL IS REQUIRED FOR A MAXIMUM VARIABLE REMUNERATION RATIO OF 200%

Role	No.
ARGENTINA	15
GERENTE GENERAL	1
GERENTE PRINCIPAL	12
PRESIDENTE	1
SUPERINTENDENTE CIB	1
BRAZIL	137
CEO BONSUCESSO	1
CEO GETNET	1
CEO SUPER	1
DIR PRESIDENTE	1
DIR VICE PRESIDENTE EXEC	7
DIR VICE PRESIDENTE EXEC SR	1
DIRETOR	31
DIRETOR EXECUTIVO	3
DIRETOR PRESIDENTE	1
DIRETOR SANTANDER TECNOLOGIA	2
ECONOMISTA CHEFE	1
SENIOR EXECUTIVE	29
SUPTTE COML PRIVATE BANKING	2
SUPTTE EXEC CANAIS RELAC	1
SUPTTE EXEC COMERCIAL	1
SUPTTE EXEC COML ASSET	1
SUPTTE EXEC COML PRIV BANKING	2
SUPTTE EXEC CORPORATE	7
SUPTTE EXEC EMPRESAS	1
SUPTTE EXEC FINANCEIRO	2
SUPTTE EXEC GESTAO DE FUNDOS	2
SUPTTE EXEC INVESTIMENTOS	1
SUPTTE EXEC JUR NEGOCIOS	1
SUPTTE EXEC JURIDICO	1
SUPTTE EXEC PRIVATE BANKING	1
SUPTTE EXEC PROD ASSET	1
SUPTTE EXEC PRODUTOS	2
SUPTTE EXEC REDE	9
SUPTTE EXECUTIVO	7
SUPTTE GESTAO FUNDOS	1
TRADER GBM III	2
TRADER GBM SENIOR	5
TRADER SENIOR	1
TRADING MANAGER I	7

Role	No.	Role	No.
CORPORATE CENTRE			
			212
ASESOR ESTRATÉGICO	1	GLOBAL CHIEF HUMAN RESOURCES OFFICER	1
ASSET & LIABILTY MANAGER I	1	GLOBAL CHIEF INVEST. OFFICER	1
BRANCH MANAGER	2	GLOBAL HEAD	21
BUSINESS DEV MANAGER II	2	GLOBAL HEAD / CIB&FIG	2
BUSINESS PERF. & CONTROL DTOR.	1	GLOBAL PRODUCTS	1
CEO GLOBAL	1	GLOBAL SENIOR ADVISOR	1
CHIEF INFORMATION SECURITY OFFICER	1	HEAD	13
CHIEF OF STAFF	1	HEAD DIGIT TRANSF COORD OFFICE	1
CHIEF OPERATING OFFICER, ASIA PACIFIC	1	HEAD IT TRANSFORMATION	1
CONSEJERO	2	HEAD OF CORPORATE & INVESTMENT BANKING, CHINA	1
CONSEJERO DELEGADO	1	HEAD OF CORPORATE FINANCE, ASIA PACIFIC	1
DIRECTOR	3	HEAD OF DOMAIN - NEW VENTURES & USER EXPERIENCE	1
DIRECTOR AQUANIMA	2	HEAD OF GLOBAL DEBT FINANCING	1
DIRECTOR ASG	1	HEAD OF GLOBAL DEBT FINANCING, ASIA PACIFIC	1
DIRECTOR DE AREA	32	HEAD OF GLOBAL MARKETS, ASIA PACIFIC	1
DIRECTOR DE DEPARTAMENTO	1	HEAD OF IT MARKETS	1
DIRECTOR DE GOVERNANCE	1	HEAD OF MULTINATIONALS	1
DIRECTOR DE SEGUROS	1	HEAD OF PAYMENTS	1
DIRECTOR DEPARTAMENTO ASESORIA	1	HEAD OF PDM - EUROPE	1
DIRECTOR GLOBAL	1	HEAD OF PRODUCT GLOBAL	1
DIRETOR GERAL SSS	1	HEAD OF SCIB CONTINENTAL EUROPE	1
DTOR ANÁLISIS ESTRATÉG Y FINAN	1	IT MANAGING DIRECTOR	1
DTOR ÁREA CORPORATIVA	2	LEGAL DIRECTOR	1
DTOR ÁREA CORPORATIVA COSTES	1	MANAGING DIRECTOR, CORPORATE & INVESTMENT BANKING	1
DTOR ASESORÍA FISCAL	1	MG, CORPORATE & INVESTMENT BANKING, ASIA PACIFIC	1
DTOR ASUNTOS INSTITUCIONALESUE	1	MANAGING DIRECTOR, CORPORATE SALES, GLOBAL MARKETS	1
DTOR BANCA RESPONSABLE	1	MANAGING DIRECTOR, GLOBAL MARKETS SALES	2
DTOR BANCA TRANSACCIONAL	1	MG, HEAD OF CORP & INVESTMENT BANKING, ASIA PACIFIC	1
DTOR BANCO MADESANT	1	MG, HEAD OF CORP & INVESTMENT BANKING, NORTH EAST ASIA	1
DTOR COMPENSACIÓN	1	MANAGING DIRECTOR, HEAD OF TRADING, ASIA PACIFIC	1
DTOR COMPENSACIÓN Y BENEFICIOS	1	MANAGING DIRECTOR, REGIONAL HEAD OF HUMAN RESOURCES	1
DTOR COORDINAC.SUPERV.EUROPEOS	1	MANAGING DIRECTOR, TREASURY SALES	1
DTOR COSTES	1	MARK. & PUBLIC RELAT. DIRECTOR	1
DTOR DESARROLLO CORPORATIVO	1	MD, HEAD OF GLOBAL TRANSACTION BANKING, ASIA	1
DTOR DESARROLLO NEGOCIO	3	MD, HEAD OF GLOBAL TRANSACTION BANKING, ASIA PACIFIC	1
DTOR DIVISIÓN	6	MD/COO GCB	1

DTOR DIVISIÓN ADJUNTO	1	PRESIDENTA	1
DTOR DOMINIO	3	PRODUCT MANAGER II	8
DTOR EMISIONES INSTITUCIONALES	1	PRODUCTS&INVESTMENTS DIRECTOR	1
DTOR GEOBAN	1	REGIONAL HEAD FOR ASIA PACIFIC OF GRUPO SANTANDER	1
DTOR GESBAN	1	RESEARCH MANAGER II	1
DTOR GESTIÓN FINAN MERCADOS	1	SALES MANAGER II	1
DTOR MEDIOS PAGO Y CREDITO	1	SANTANDER COOP LEADER FOR THE BANK OF SHANGHAI PROJECT	1
DTOR PROYECTO CORPORATIVO	7	SENIOR ADVISOR	1
DTOR PROYECTO SENIOR	1	SENIOR BANKER III	4
DTOR RELACIONES CON INVERSORES	1	SENIOR OFFICER	1
DTOR RELACIONES LABORALES	1	SPECIALIST-SANTANDER DIGITAL	1
DTOR TECNOLOGÍA Y OPERACIONES	1	TRADING MANAGER II	10
DTOR TYO ÁMBITOS CC	2	UK DIRECTOR	1
EXECUTIVE DIRECTOR, GLOBAL MARKETS SALES	2	VICEPRESIDENTE CONS. EJECUTIVO	1
FINANCE & STRATEGY DIRECTOR	1	CO-HEAD, ASIA PACIFIC	1
GENERAL MANAGER	1	MANAGING DIRECTOR, ASIA PACIFIC	1

Role	No.	Role	No.
CHILE	21	SPAIN	75
GERENTE GENERAL	1	ASSET & LIABITLITY MANAGER II	1
HEAD BANKING-CORPORATE FINANCE	1	CONSEJERO DELEGADO	1
HEAD CORPORATE INVESTMENT BANK	1	DIR BCA DIGITAL E INNOVACIÓN	1
HEAD FS Y A	1	DIR RED COMERCIAL	2
HEAD GLOBAL MARKETS	1	DIR SANTANDER PERSONAL & CC	1
JEFE AREA ADMINISTRACION	1	DIRECTOR COMERCIAL EMPRESAS	5
JEFE DIVISION BEI	1	DIRECTOR DE AREA	10
JEFE DIVISION CLIENTES EXP Y C	1	DIRECTOR DE INTEGRACIÓN	1
JEFE DIVISION COMERCIAL	1	DIRECTOR GRANDES EMPRESAS	1
JEFE DIVISION FINANCIERA	1	DIRECTOR MARKETING	1
JEFE DIVISION PERSONAS Y COMUN	1	DIRECTOR ORGANIZACION	1
JEFE DIVISION TECNOLOGIA Y OPE	1	DIRECTOR SANTANDER TECNOLOGÍA	1
JEFE FIXED INCOME SAM	1	DIRECTOR SEGMENTO MINORISTA	1
JEFE GESTION FINANCIERA	1	DTOR ADJUNTO	2
JEFE RED BANCO	1	DTOR AS JURIDICA BCA COMERCIAL	1
JEFE RELACION CON INVERSIONISTAS	1	DTOR ASESORÍA JCA MAYORISTA	2
JEFE RRL Y SERVICIO A PERSONAS	1	DTOR COMPENSACIÓN Y BENEFICIOS	1
JEFE SERVICIOS	1	DTOR COSTES	1
JEFE SERVICIOS OPERACIONALES	1	DTOR CRM	1
PRESIDENTE EJECUTIVO	1	DTOR EMPRESAS Y PYMES	1
JEFE TECNOLOGICO Y OPERATIVO	1	DTOR ESTRATEGIA	1
COLOMBIA	2	DTOR GEOBAN ESPAÑA	1
PRESIDENTE	1	DTOR GESTIÓN RRHH EEII-RED	1
VICEPRESIDENTE	1	DTOR INSTITUCIONES	1
		DTOR INSTITUCIONES TERRIT	2
		DTOR OPERACIONES	1
		DTOR PLANES NEGOCIOS	3
		DTOR PRODUCTOS C/P	1
		DTOR TECNOLOGÍA	2
		DTOR TECNOLOGÍA Y OPERACIONES	1
		DTOR TERRITORIAL	17
		HEAD	5
		PRODUCT MANAGER II	1
		SALES MANAGER II	2

Role	No.	Role	No.
USA			152
BONDS SYNDICATION	2	EVP OPERATIONS MANAGEMENT	1
BUSINESS CONTROL OFFICER	1	INFORMATION SYSTEMS	1
CEVF MANAGING DIRECTOR	1	EVP SERVICING STRATEGY	1
CFO	1	EVP STRATEGIC OPS	1
CFO CBB FINANCE	1	EXCHANGE TRADED DERIVATIVES SIS	1
CFO SHARED SERVICES	1	EXECUTIVE DIRECTOR, COMPENSATION, BENEFITS, & PAYROLL	1
CHIEF COMMUNICATIONS OFFICER	1	FI & INST. SALES	2
CHIEF CREDIT OFFICER	1	FIC-STM	1
CHIEF EXEC OFFICER SHUSA	1	FINANCIAL INSTITUTION GROUP	1
CHIEF FINANCIAL OFFICER	2	GENERAL MANAGER	1
CHIEF HUMAN RESOURCES OFFICER	3	HD OF GOV AFRS & PUBLIC POLICY	1
CHIEF INFO SECURITY OFFICER US	1	HEAD OF ANLYTIC/DEC SCIENCES	1
CHIEF INFORMATION OFFICER	4	HEAD OF BUSINESS BANKING	1
CHIEF INFORMATION SECURITY OFFICER	2	HEAD OF CONSUMER & BUS BANKING	1
CHIEF INVESTMENT OFFICER	2	HEAD OF CONSUMER LENDING & INNOVATION	1
CHIEF LEGAL OFFICER	2	HEAD OF CORP REAL EST & SVCS	1
CHIEF PRODUCT, MKTING & ONLINE	1	HEAD OF INFRASTRUCTURE SBNA	1
CHIEF TECHNOLOGY OFFICER	2	HEAD OF INTERNAL CONTROL	2
CIB MANAGING DIRECTOR	2	HEAD OF IT OPERATIONS	1
CIO OF DATA & CORPORATE FUNCTIONS	1	HEAD OF PRICING & OPS STRATEGY	1
COMM BANK HEAD OF PORT MANAG, UNDERWRITING, AND STRATEGY, SBNA	1	HEAD OF PRICING MODELS AND BUSINESS ANALYTICS	1
COMMERCIAL DIRECTOR	1	HEAD OF TALENT US	1
CO-PRESIDENT & HEAD OF COMM BK	1	HEAD OF TRADE AND WORKING CAPITAL SOLUTIONS	1
CORPORATE PROJECTS	1	HR SR. BUS PARTNER DIRECTOR	1
CORPORATE SECRETARY	1	IT SPECIAL ADVISOR	1
COUNTRY HEAD (CEO)	1	MANAGING DIRECTOR	2
CREDIT DIRECTOR I	1	MANAGING DIRECTOR, GTB	2
CREDIT DIRECTOR II	3	MARKET MAKING CREDIT	5
CREDIT INSTITUTIONAL SALES USA	1	MARKET MAKING FX	2
CREDIT RSK MNGT MKT DIR II	2	MD MORTGAGE BANKING & OPS	1
CRO SPECIALTY & C&I	1	MG DIR GLOBAL BKG	2
CRP MARKET DIRECTOR I	2	MG DIR PROD & INTRNL BUSINESS	1
CRP MARKET DIRECTOR II	2	MG DIR RETAIL NETWORK	1
DEBT CAPITAL MARKETS	1	NATIONAL BUSINESS DIRECTOR	1
DEBT CAPITAL MARKETS USA	6	PMO PROGRAM DIRECTOR II	1
DIR GBM CREDIT	1	PRESIDENT & CEO	1
DIR I CORP DEVELOPMENT	1	PRESIDENT, CHRYSLER CAPITAL AND AUTO RELATIONSHIPS	1
DIR OF STRAT & CAP PLANNING	1	PRIVATE DEBT MOBILIZATION	1
DIR, OFFICE OF THE CEO	1	RE & COML BKG MANAGING DIR	1
DIR, PROJECT & ACQ FINANCE	1	REGIONAL DIRECTOR	3
DIR, SANTANDER INVSTMNT SVCS	1	SALES DIRECTOR	1
		SECTOR HEAD	4

DIRECTOR OF GOVERNANCE & REGULATORY	1	SENIOR BANKER	2
DIRECTOR OF OPERATIONS	1	SENIOR BANKER II	1
DIRECTOR OF OPERATIONS EXCELLENCE	1	SENIOR DEPUTY GENERAL COUNSEL	5
DIRECTOR OF SEGMENTS	1	SHUSA CFO	1
DTOR ULTRA HIGH NET WORTH	1	SHUSA TREASURER	1
EQUITY RESEARCH	1	SR BUSINESS FINANCE OFFICER, COMMERCIAL BANKING	1
EQUITY SALES	1	STRATEGY PROJECTS DIRECTOR	1
EQUITY SALES TRADING	2	SVP OPERATIONAL STRATEGY	1
EVP CHRYSLER CAPITAL	1	SVP VENDOR MANAGEMENT	1
EVP CUSTOMER SERVICE	1	SVP, CUSTOMER COMPLAINTS & EXPERIENCE	1
EVP HEAD OF OPERATIONS	1	TREASURER	1
EVP HEAD OF ORIGINATIONS	1	US CHIEF TAX OFFICER	1
EVP HEAD OF SERVICING	1	DIR RTL BNK	1
EVP OPERATIONAL SUPPORT	1		

Role	No.	Role	No.
MEXICO			46
BANQUERO DIR UHNW	1	DIR GRAL ADJ NUEVOS NEGOCIOS	1
DGA ESTR ASU PUB JEF GAB PR EJ	1	DIR GRAL ADJ RED COMERCIAL	1
DGA RECURS CORPOR RECUPERACION	1	DIR GRAL ADJ TECNOL Y OPERAC	1
DIR EJEC ACPM	1	EXECUTIVE DIRECTOR	5
DIR EJEC BANCA DIGITAL	1	MANAGING DIRECTOR	3
DIR EJEC BUSIN DEV FINA CTR MO	1	PRESIDENTE EJEC DIR GRAL GF	1
DIR EJEC CASH EQUITY RESEARCH	1	VICEPRESIDENTE BANCA COMERCIAL	1
DIR EJEC CIB CORPOR INVEST BAN	1	OPENBANK	1
DIR EJEC CREDITO PARTICULARES	1	CEO	1
DIR EJEC DE CAPITAL	1		
DIR EJEC DE ESTRATEGIA	1		
DIR EJEC DESLLO Y ESTR CANALES	1		
DIR EJEC EQUITY	1		
DIR EJEC ESTRATEGIA CLIENTES	1		
DIR EJEC FINAN SOLUTI ADVISORY	1		
DIR EJEC GESTION FINANCIERA	1		
DIR EJEC GLOB TRANSACT BANKING	1		
DIR EJEC HEAD OF CREDIT MARKET	1		
DIR EJEC INSTITUCIONALES	1		
DIR EJEC MERCADOS	1		
DIR EJEC NEGOCIO RECUPERACIONE	1		
DIR EJEC OPERACIONES	1		
DIR EJEC PLANEACION COMERCIAL	1		
DIR EJEC PROD TRANS RETENCION	1		
DIR EJEC RECUPERACIONES	1		
DIR EJEC RECURSOS HUMANOS	1		
DIR EJEC RELACION INVERSIONIST	1		
DIR EJEC TRANSF COMERC INNOVA	1		
DIR EJEC UHNW	1		
DIR GRAL ADJ BCA EMP E INST	1		
DIR GRAL ADJ ETRATEGIA NEGOCIO	1		
DIR GRAL ADJ FACTORIA DIGITAL	1		
DIR GRAL ADJ GLOBAL CORP BANK	1		

Role	No.	Role	No.
PORTUGAL			47
ADJ ADM ACORES E MADEIRA	1	RESP AREA DE EMPRESAS	1
ADJ ADM AR RECUP DESINVESTIM	1	RESP AREA FOMENTO CONSTRUCAO	1
ADJ ADM AREA CUST ORG IMOV SEG	1	RESP DC OPERACOES	1
ADJ ADM AREA FINANCEIRA	1	RESP.AREA INTELIGENCIA COMER.	1
ADJ ADM GLOBAL CORPOR BANKING	1	VOGAL CONSELHO ADMINISTRACAO	2
ADJ ADM INTERM PROTECAO E INV	1	RG SEG INFORM TECNOL	1
ADJ ADM REDE PART E NEG NORTE	1	PERU	3
ADJ ADM TECNOLOGIA E OPERACOES	1	DIRECTOR COMERCIAL	1
ADJUNTO ADM.PEL COMERCIAL PN	1	DIRECTOR COMERCIAL DE NEGOCIOS RETAIL	1
ADM AREA DE MEIOS	1	GERENTE GENERAL	1
ADM BGC RE FC CI NG INT GA SEG	1	POLAND	17
ADM COMUN MARK CORP QUALIDADE	1	BOARD MEMBER	3
ADM FINANC ORG CUST INTEL IMOV	1	BRANCH MANAGER	1
ADM JUR SG INSP PBC CPL REC RH	1	CEO POLAND	1
ADM MEIOS PAG MULT UNIV, SUST.	1	Director del Departamento de Transacciones Financieras	1
ADM P&N PRIV PMI DCCDR INT IRR	1	Director de Gestión de Activos y Pasivos	1
D DESIGN AUTHORITY	1	Director del Área Bancaria "Korpor"	1
D NEGÓCIO INTERNACIONAL	1	Director de Área de Transformación	1
D SISTEMAS DE INFORMAÇÃO	1	Director del OB. Central OP.	1
DC ASS.JURIDICOS E SECRETARIA	1	Director de Área Bancaria "BI"	1
DC CONTRATACAO DE CREDITO	1	Director del Área de Mercado Financiero	1
DC CONTROLO E SEG. IRREGULARES	1	Presidente del Consejo	1
DC EST.GEST.MULTICANAL	1	Vicepresidente del Consejo	4
DC FUNDOS INVEST IMOBIL	1		
DC GRANDES EMPRESAS	1		
DC INTERNACIONAL BANCA INSTIT	1		
DC MARKETING	1		
DC MEIOS DE PAGAMENTO	1		
DC NEGOCIOS	1		
DC PRIVATE BANKING	1		
DC PRODUTOS E SERVICOS	1		
DC RECUPERAÇÕES	1		
DC RECURSOS HUMANOS	1		
DC REDE PART.NEG.SUL	1		
DC TECNOLOGIA DIGITAL	1		
DD DE APOIO JURIDICO À REDE	1		
DD FISCALIDADE	1		
PRESIDENTE ASSET MANAGEMENT	1		
PRESIDENTE CE SEGURADORA	1		
PRESIDENTE EXECUTIVO DA CE	1		

Role	No.	Role	No.
UK			218
AFM STAFF	3	HEAD OF EXTERNAL AFFAIRS & PUBLIC POLICY	1
ASSET & LIABILITY MANAGER I	1	HEAD OF FIG IN SGCB	1
BANKER III (WHL)	1	HEAD OF FINANCIAL SOLUTIONS & ADVISORY UK	1
CEO - PSA FINANCE	1	HEAD OF GTB UK	1
CHIEF EXECUTIVE OFFICER	1	HEAD OF INFLATION TRADING	1
CHIEF FINANCIAL OFFICER	1	HEAD OF INNOVATION PRODUCT STRATEGY	1
CHIEF HR OFFICER	1	HEAD OF M&A	1
CHIEF INFORMATION & CHANGE OFFICER	1	HEAD OF NEW BUSINESS MODELS	1
CHIEF INFORMATION OFFICER SGCB	1	HEAD OF PRIVATE PLACEMENTS	1
CHIEF LEGAL & REGULATORY OFFICER	1	HEAD OF PUBLIC SECTOR COVERAGE	1
CHIEF MARKETING OFFICER	1	HEAD OF RETAIL BANKING AND DEPUTY CEO OF THE RINGFENCED BANK	1
CHIEF OF STAFF TO THE CHIEF OPERATING OFFICER	1	HEAD OF SANTANDER CORPORATE AND COMMERCIAL BANKING	1
CHIEF OPERATING OFFICER	1	HEAD OF SANTANDER GLOBAL BANKING & MARKETS UK / HEAD OF UK MARKETS	1
CHIEF OPERATING OFFICER, PROJECT WAVE	1	HEAD OF SANTANDER INVOICE FINANCE	1
CHIEF OPERATING OFFICER, SANTANDER CORPORATE BANK UK	1	HEAD OF SECURITISATION	1
COMMERCIAL DIRECTOR - SANTANDER CONSUMER FINANCE	1	HEAD OF SPECIALISED & PROJECT FINANCE	1
COMPANY SECRETARY	1	HEAD OF STRATEGY & CORPORATE DEVELOPMENT	1
COMPANY SECRETARY AND HEAD OF REGULATORY	1	HEAD OF STRATEGY AND BUSINESS PERFORMANCE – CORPORATE & COMMERCIAL BANKING	1
COO AND SENIOR LEGAL COUNSEL	1	HEAD OF STRUCTURED TRADE FINANCE	1
COO FOR HR	1	HEAD OF TRANSFORMATION & CEO OFFICE	1
CORPORATE BANK T&O	1	HEALTHCARE MIDLANDS	1
CUSTOMER TRANSFORMATION DIRECTOR	1	HEALTHCARE NORTH	1
DEPUTY CEO - PSA FINANCE	1	HR DIRECTOR	1
DEPUTY CEO - PSAF	1	HR DIRECTOR, BUSINESS PARTNERS	1
DEPUTY MLRO	1	HR DIRECTOR, TRANSFORMATION	1
DIGITAL AND TRANSFORMATION DIRECTOR	1	IT & OPERATIONS DIRECTOR - SANTANDER CONSUMER FINANCE	1
DIRECTOR - CUSTOMER CONTACT & COLLECTIONS	1	MANAGING DIRECTOR	1
DIRECTOR - FRAUD & FINANCIAL CRIME OPERATIONS	1	MANAGING DIRECTOR, CORPORATE & COMMERCIAL BANKING	1
DIRECTOR - PAYMENTS, CORPORATE & BUSINESS BANKING	1	MANAGING DIRECTOR, HEAD OF FI DERIVATIVES TRADING & LVA	1
DIRECTOR BUSINESS	1	MANAGING DIRECTOR, PORTFOLIO MANAGEMENT	1
DIRECTOR MORTGAGE MARKETING	1	MANAGING DIRECTOR, PORTFOLIO MANAGEMENT (SECONDED)	1
DIRECTOR OF ALM	1	MANAGING DIRECTOR, REAL ESTATE FINANCE	1

DIRECTOR OF BANKING, INCLUDING CREDIT CARDS AND UPL'S	1	MANAGING DIRECTOR, SPECIALIST SECTORS GROUP	1
DIRECTOR OF BUSINESS ASSURANCE & FINANCIAL CRIME	1	MANAGING DIRECTOR, STRUCTURED FINANCE	1
DIRECTOR OF BUSINESS ASSURANCE & SUPERVISION	1	MANAGING DIRECTOR, WEALTH MANAGEMENT & PRIVATE BANKING	1
DIRECTOR OF CAPITAL MANAGEMENT	1	MANAGING DIRECTOR, HEAD OF CREDIT SALES EUROPE (EX IBERIA) & FIXED INCOME CURRENCY EMERGING MARKETS EUROPE	1
DIRECTOR OF CHANGE & TRANSFORMATION – RETAIL & BUSINESS BANK	1	MD - SOLUTIONS FI / RSG	1
DIRECTOR OF CONTROL, RETAIL	1	MD FINANCIAL PLANNING & SELECT SERVICES	1
DIRECTOR OF COPORATE COMMUNICATIONS	1	MD HOTELS & LEISURE	1
DIRECTOR OF CUSTOMER INSIGHT & NEEDS	1	MD SANTANDER BUSINESS	1
DIRECTOR OF CUSTOMER OPERATIONS, RETAIL & BUSINESS BANKING	1	MD, HEAD OF COLLABORATION REVENUES	1
DIRECTOR OF CUSTOMER SOLUTIONS	1	MD, HEAD OF SHORT TERM MARKETS & CO-HEAD EUROPEAN SECURITIES FINANCE	1
DIRECTOR OF DIGITAL	1	MD, OFFSHORE & CATER ALLEN	1
DIRECTOR OF DIGITAL SERVICES	1	MD, PRODUCTS & INTERNATIONAL BUSINESS	1
DIRECTOR OF FINANCIAL CRIME (UK MRLO)	1	MD, RCC	1
DIRECTOR OF FORENSIC INVESTIGATION	1	MD, REGIONAL CORPORATE BANKING	1
DIRECTOR OF FUNDING & COLLATERAL MANAGEMENT	1	MD, UK HEAD OF FIG DCM	1
DIRECTOR OF GOVERNANCE & CONTROL AND CLIENT RELATIONS	1	MD, HEAD OF SYNDICATED LOANS	1
DIRECTOR OF GOVERNANCE CONTROL & SUPPORT SERVICES	1	MIDDLE OFFICE MANAGER II (WHL)	1
DIRECTOR OF INSURANCE	1	PEOPLE DIRECTOR AND DEPUTY CHIEF HR OFFICER	1
DIRECTOR OF MORTGAGES	1	PRODUCT LEADERSHIP	1
DIRECTOR OF OPERATIONS & AUTOMATION SERVICES	1	PRODUCT MANAGER I	2
DIRECTOR OF ORGANISATIONAL CAPABILITIES AND SOLUTIONS	1	PRODUCT MANAGER I (WHL)	1
DIRECTOR OF PENSIONS	3	PROGRAMME MANAGER NON RING-FENCED BANK	1
DIRECTOR OF PLATFORM SERVICES	1	RD INNER LONDON (CONSUMER)	1
DIRECTOR OF REMEDIATION AND REGULATORY PROJECTS	1	RD INNER LONDON (INDUSTRIAL)	1
DIRECTOR OF SECURITY & PRIVACY SERVICES	1	RD INNER LONDON (PROFESSIONAL)	1
DIRECTOR OF SERVICE DELIVERY & OPERATIONS	1	RD INNER LONDON (PROFESSIONAL) (SECONDED)	1
DIRECTOR OF TALENT, LEARNING AND RESOURCING	1	REAL ESTATE MIDLANDS	1
DIRECTOR OF TRANSFORMATION & SUPPORT, RETAIL DISTRIBUTION	1	REAL ESTATE NORTH	1
DIRECTOR OF WEALTH MANGEMENT	1	REGULATORY PROJECTS	1
DIRECTOR, LEGAL - LITIGATION, CONTENTIOUS REGULATORY & COMPETITION	1	RELATIONSHIP DIRECTOR, CAMBRIDGE & ANGLIA	1

DIRECTOR, MORTGAGE DISTRIBUTION	1	RELATIONSHIP DIRECTOR, MERSEYSIDE	1
DIRECTOR, REGTECH	1	RELATIONSHIP DIRECTOR, SCOTLAND & NI	1
DMD NORTH, RCB	1	RELATIONSHIP DIRECTOR, WEST MIDLANDS	1
DMD SOUTH, RCB	1	RELATIONSHIP LEADERSHIP	8
DMD, LONDON & EAST	1	RESEARCH MANAGER I	1
DMD, LONDON AND EAST DIVISION	1	RETAIL BUSINESS STRATEGY & PERFORMANCE DIRECTOR	1
DMD, MIDLANDS, RCB	1	REWARD & PERFORMANCE MANAGEMENT DIRECTOR	1
DMD, NORTH	2	SALES MANAGER I	1
DMD, NORTH (SECONDED)	1	SALES MANAGER I (WHL)	5
DMD, SOUTH WEST & CENTRAL	2	SALES MANAGER II	1
ED, MRG CORPORATE FX SALES (CERT)	1	SALES MANAGER II (WHL)	2
ED, PROJECT & ACQUISITION FINANCE (CERT)	1	SCF DIRECTOR, SPECIAL PROJECTS	1
ED, TECHNOLOGY, TELECOMS AND MEDIA, CIB	1	SCF GLOBAL ACCOUNT DIRECTOR	1
ER, POLICY & CHANGE DIRECTOR	1	SENIOR BANKER I (WHL)	2
EXECUTIVE VICE PRESIDENT AND GENERAL MANAGER	1	SENIOR BANKER II	5
GENERAL COUNSEL SANTANDER UK	1	SENIOR BANKER II (WHL)	3
GLOBAL CO-HEAD OF FINANCIAL INSTITUTIONS GROUP	1	SENIOR MANAGER	1
HEAD OF BALANCE SHEET MANAGEMENT	1	SME BANKING LEGAL DIRECTOR	1
HEAD OF CHANGE, SANTANDER SERVICES	1	STRCTRED PRODUCTS MGR I (WHL)	1
HEAD OF CORPORATE & STRUCTURED FINANCE	2	STRUCTURAL REFORM LEAD	1
HEAD OF CORPORATE BANKING	1	STRUCTURED PRODUCTS MANAGER I	1
HEAD OF CORPORATE INVESTMENT BANK	1	STRUCTURED PRODUCTS MANAGER I - WHL CERT	1
HEAD OF CUSTOMER AND INNOVATION	1	T&O WEALTH MANAGEMENT & INSURANCE	1
HEAD OF CUSTOMER INTERACTIONS	1	TRADER III	1
HEAD OF DCM ORIGINIATION & SYNDICATE	1	TRADING MANAGER I	3
HEAD OF DEPARTMENT	6	TRADING MANAGER II	2
HEAD OF DEPARTMENT (INVESTOR RELATIONS)	1	UK PROCESSES & CHANGE MANAGEMENT	1
HEAD OF E-COMMERCE FX/RATES	1	HEAD OF SOLUTIONS	1
HEAD OF EQUITY - QUANTS	1	DIRECTOR, THIRD PARTY MANAGEMENT	1
HEAD OF EUROPEAN INSTITUTIONAL RATES SALES	1		

Role	No.	Role	No.
SANTANDER ASSET MANAGEMENT	25	SANTANDER CONSUMER FINANCE (SCF)	41
CEO	1	BOARD MEMBER	5
CEO LOCAL	1	CEO - SANTANDER CONSUMER FINANCE	2
CEO UK	1	CEO AND GENERAL DIRECTOR	1
CHIEF EXECUTIVE OFFICE	1	CHIEF EXECUTIVE OFFICER	4
CHIEF INVESTMENT OFFICER	1	DIRECTOR	3
CIO UK	1	DIRECTOR COORDINACIÓN DE PAÍSES	1
COMMERICAL DIRECTOR	1	DIRECTOR CORPORATIVO DE OPERACIONES	1
DIR COMERCIAL REDES INTERNAS	1	DIRECTOR DE AREA	8
DIR NEGOCIO INSTITUCIONALES	1	DIRECTOR DE ASESORÍA JURÍDICA	1
DIR RENTA VARIABLE	1	DIRECTOR DESARROLLO NEGOCIO	1
DIRECTOR COMERCIAL	1	DIRECTOR GESTIÓN DE LA INFORMACIÓN	1
DIRECTOR COMERCIAL EUROPA - RED	1	DIRECTOR GESTIÓN FINANCIERA	2
DTOR PREVISIÓN COLECTIVOS	1	DIRECTOR TESORERÍA	1
DTOR. DE PRODUCT & MI	1	DIRECTOR UNIDAD SCF	1
DTOR. VENTAS INSTITUCIONALES	1	DIRETOR GERAL	1
GLOBAL BUSINESS MANAGER	1	DTOR DESARROLLO NEGOCIO	1
GLOBAL CHIEF OPERATIONS OFFICER	1	DTOR DESARROLLO Y PROYECT CORP	1
HEAD OF FUND MANAGEMENT (GLOBAL MULTI ASSET SOLUTIONS)	1	DTOR DIVISIÓN	1
HEAD OF HR	1	HEAD CUSTOMER CARE SCB	1
HEAD OF INVESTMENT TEAM	3	HEAD SCB	1
HEAD OF LATAM FIXED INCOME	1	MANAGING DIRECTOR, HEAD OF CONSUMER FINANCE, ASIA PACIFIC	1
RESEARCH DIRECTOR	1	PRESIDENT OF THE MANAGEMENT BOARD	1
SNR PORTIFOLIO MANAGER	1	UNIT HEAD	1
SWITZERLAND	7	URUGUAY	2
GENERAL MANAGER	1	DEPUTY CEO	1
SENIOR BANKER	2	GERENTE GENERAL	1
TEAM LEADER, EXECUTIVE BANKER	1		
TEAM LEADER, EXECUTIVE PRODUCT SPECIALIST	1		
TEAM LEADER, SENIOR BANKER	2		
TOTAL			1.021

Proposal:

To approve a maximum ratio of 200% between the variable and fixed components of the total remuneration of the executive directors and of certain employees belonging to categories with professional activities that have a material impact on the risk profile of the Group upon the terms set forth below:

- (i) Number of affected persons: certain members of the Identified Staff (1,021 at 31 December 2018, as itemised in the Exhibit to the detailed recommendation prepared by the board of directors), and up to 50 additional beneficiaries, up to a total maximum of 1,071 persons.

The beneficiaries of this resolution include the executive directors of Banco Santander and other employees of Banco Santander or other companies of the Group belonging to the “**Identified Staff**” or “**Material Risk Takers**”, i.e. to categories with professional activities that have a significant impact on the risk profile of the Bank or of the Group, including senior executives, risk-taking employees or employees engaged in control functions, as well as other workers whose total remuneration places them within the same remuneration bracket as that of the preceding categories. However, it is noted that the categories of personnel who engage in control duties are generally excluded from the scope of this resolution. The members of the Identified Staff have been selected pursuant to the standards established in Commission Delegated Regulation (EU) No 604/2014, of 4 March 2014, supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify the categories of staff whose professional activities have a material impact on an institution’s risk profile and those of the policy for determining the Group’s Identified Staff.

- (ii) Authorisation.

Without prejudice to the general provisions set forth in item Thirteen or to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors of the Bank is hereby authorised, to the extent required, to implement this resolution, with the power to elaborate, as necessary, on the content hereof and that of the agreements and other documents to be used or adapted for such purpose. Specifically, and merely by way of example, the board of directors shall have the following powers:

- (a) To determine any modifications that should be made in the group of Identified Staff members that benefit from the resolution, within the maximum limit established by the shareholders at the general meeting, as well as the composition and amount of the fixed and variable components of the total remuneration of said persons.
- (b) To approve the basic contents of the agreements and of such other supplementary documentation as may be necessary or appropriate.
- (c) To approve all such notices and supplementary documentation as may be necessary or appropriate to file with the European Central Bank, the Bank of Spain or any other public or private entity.
- (d) To take any action, carry out any procedure or make any statement before any public or private entity or agency to secure any required authorisation or verification.
- (e) To interpret the foregoing resolutions, with powers to adapt them to the circumstances that may arise at any time without affecting their basic content,

including any regulations or provisions or supervisory body recommendations that may prevent their implementation upon the terms approved or that require the adjustment thereof.

- (f) In general, to take any actions and execute all such documents as may be necessary or appropriate.

The board of directors is authorised to delegate (with the power of substitution when appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

The Company shall communicate the approval of this agreement to all Group companies engaging executives or employees belonging to the Identified Staff and who are beneficiaries of this resolution, without prejudice to the exercise by such of the Bank's subsidiaries as may be appropriate in each case of the powers they hold to implement the remuneration policy with respect to those executives and employees and, if applicable, to adjust such policy to regulations or to the requirements of competent authorities in the respective jurisdiction, as well as to comply with the obligations that bind them for such purpose.

<u>Item Twelve</u>	Approval of the application of remuneration plans involving the delivery of shares or share options:
Twelve A.	Deferred Multiyear Objectives Variable Remuneration Plan.
Twelve B.	Deferred and Conditional Variable Remuneration Plan.
Twelve C.	Digital Transformation Award.
Twelve D.	Application of the Group’s buy-out regulations.
Twelve E.	Plan for employees of Santander UK Group Holdings plc. and other companies of the Group in the United Kingdom by means of options on shares of the Bank linked to the contribution of periodic monetary amounts and to certain continuity requirements.

REPORT AND PROPOSALS SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING ITEMS TWELVE A, TWELVE B, TWELVE C AND TWELVE D OF THE AGENDA FOR THE GENERAL SHAREHOLDERS’ MEETING CALLED FOR 11 APRIL 2019, ON FIRST CALL, AND FOR 12 APRIL 2019, ON SECOND CALL

Within the framework of its policy on remuneration tied to the delivery of shares, Banco Santander, S.A. (the “**Bank**” or the “**Company**”) has maintained the Deferred and Conditional Variable Remuneration Plan (*Plan de Retribución Variable Diferida y Condicionada*) in effect since 2011, which plan conformed at that time to Directive 2010/76/EU of 24 November and to the Guidelines on Remuneration Policies and Practices approved by the Committee of European Banking Supervisors (CEBS), published on 10 December 2010, and which since financial year 2014 has conformed to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (“**Directive CRD IV**”).

Directive CRD IV, which was transposed into Spanish law by Law 10/2014 of 26 June on organisation, supervision and solvency of credit institutions (“**Law 10/2014**”), entailed a revision of the rules previously in effect in two ways: (i) there was a tightening of the rules governing the variable remuneration of a certain group of employees of the relevant institutions (for example, by setting limits on the amount of the variable components of remuneration; see the report on item Eleven of the agenda), and (ii) the group to which such rules apply (hereinafter, the “**Identified Staff**” or “**Material Risk Takers**” or “**MRTs**”) was redefined in more stringent terms. As stated above, such changes were reflected by the Bank in the policies on variable remuneration for the Identified Staff or Material Risk Takers from financial year 2014 and onwards.

In addition, for financial year 2016, changes were made to the policy on variable remuneration of the Identified Staff taking into account changes in the best international practices as regards remuneration and the recommendations issued in this respect by the competent authorities, including the recent Guidelines on Sound Remuneration Policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and Disclosures under Article 450 of Regulation (EU) No 575/2013, published by the European Banking Authority (EBA) on 21 December 2015 and which have applied since 1 January 2017, superseding the aforementioned Guidelines on Remuneration Policies and Practices of 2010.

The main new features of said policy were intended to: (i) simplify the beneficiary remuneration structure, by integrating the variable components of the total remuneration within a single plan¹; (ii) improve the *ex ante* risk adjustment of the variable remuneration, using a single group of annual quantitative and qualitative metrics that allow appropriate decisions within the appropriate risk framework to be compensated and strengthen the alignment of the variable remuneration with the long-term interests and objectives of the Bank and its shareholders; and (iii) increase the impact of the long-term elements and the multiyear performance measures, particularly for those members of the Identified Staff who have the largest impact on the institution's risk profile, and combine more effectively the short-term and long-term objectives (since fulfilment of short-term objectives would determine the maximum amount of the long-term amount and such amount could only be reduced, but not increased).

Furthermore, as a result of the approval and entry into force of Circular 2/2016 of 2 February from Banco de España to credit institutions on supervision and solvency, which completes the adjustment of the Spanish legal system to Directive CRD IV and to Regulation (EU) no 575/2013, recovery or "clawback" clauses were introduced into the variable components of remuneration for financial year 2016, approving a new *malus* and clawback policy as part of the Group's remuneration policies.

The variable remuneration policy for the Identified Staff for financial year 2019 (hereinafter, the "**2019 Variable Remuneration Policy**") is a continuation of the policy applied during financial years 2016, 2017 and 2018, with the only significant new aspect being the introduction of a Digital Transformation Award. This award is aimed at a limited number of employees of Santander Group, excluding the directors of Banco Santander, and is intended to attract and retain the best talent to advance, accelerate and deepen the digital transformation of Santander Group, which is one of its strategic priorities.

The main features of the 2019 Variable Remuneration Policy are described below.

I. Purpose and Beneficiaries

The 2019 Variable Remuneration Policy, which is applicable to all of the Identified Staff² or Material Risk Takers (and which, regarding the Digital Transformation Award, may also apply to some of the Identified Staff and to non-Identified Staff), regulates the provisions for the payment and, where applicable, quantification of the variable remuneration of said Identified Staff in line with the objectives of the Bank's remuneration policies and in compliance with applicable laws and regulations.

Taking into account the varying impacts that different members of the Identified Staff may have on the Santander Group's risk profile, the variable remuneration for financial year 2019 is implemented as follows:

- (i) for executive directors, senior management, country heads, other key executives of the main countries in which the Group operates, and, in general, Faro executives of the Group, through the fourth cycle of the plan called the Deferred Multiyear Objectives

¹ Except, where applicable, for contributions to benefits schemes that are calculated based on the variable remuneration and are therefore considered a variable component of total remuneration.

² It is noted that pursuant to the standards established in Commission Delegated Regulation (EU) No 604/2014, the Identified Staff or Material Risk Takers includes certain persons who do not receive any variable remuneration. Therefore, such persons do not form part of the group of beneficiaries of the 2019 Variable Remuneration Policy.

Variable Remuneration Plan (the variable remuneration calculated through this plan, “**Award A**”), to which item Twelve A of the agenda refers;

- (ii) for the rest of the Identified Staff, through the ninth cycle of the Deferred and Conditional Variable Remuneration Plan (the variable remuneration calculated through this plan, “**Award B**” and, together with Award A, the “**Award**”), to which item Twelve B of the agenda refers; and
- (iii) for certain members of the Identified Staff (excluding the directors of Banco Santander) whose performance is essential to the growth and digital transformation of Santander Group, through the so-called Digital Transformation Award (the variable remuneration calculated through this award, the “**Digital Award**”), to which item Twelve C of the agenda refers. The Digital Award may also be awarded to employees of Santander Group who are not part of the Identified Staff.

The beneficiaries of Award A will not receive Award B, and vice versa.

The envisaged number of beneficiaries of Award A is approximately 300 persons, the number of beneficiaries of Award B is approximately 1,200 persons and the number of beneficiaries of the Digital Award is 250 persons (without prejudice to the specific number of appointments, removals and promotions that finally occur during financial year 2019).

II. General Features of the Variable Remuneration of the Identified Staff (including also non-Identified Staff regarding the Digital Award)

- *Components of variable remuneration.* The variable components of the total remuneration of the beneficiaries of the 2019 Variable Remuneration Policy will include:
 - (a) an Award (Award A or Award B, as appropriate), to be received partly in cash and partly in shares, while deferring collection of a portion thereof over a period of three or five years, as applicable, according to the beneficiary’s profile³; and
 - (b) a Digital Award (applicable to certain members of the Identified Staff –excluding the directors of Banco Santander– and other employees of Santander Group who are not part of the Identified Staff). This award is to be received partly in shares and partly in share options, which payment (or, in the case of the share options, the exercise period) will be fully deferred in line with the current deferral policy for Identified Staff.
- *Scope of application.* As stated, the 2019 Variable Remuneration Policy will apply to all of the members of the Identified Staff who receive variable remuneration (at 31 December 2018, the Identified Staff is comprised of 1,384 persons, without prejudice to the final number of persons making up this group for 2019), plus the non-Identified Staff beneficiaries of the Digital Award, and provides for the delivery of shares, share options or similar instruments of Banco Santander or, if applicable, of shares, share options or similar instruments of its listed subsidiaries. Specifically, the possibility of total or partial delivery of securities, share options or equivalent instruments of the respective listed subsidiary in Mexico, Chile, Brazil, Poland and Santander Consumer USA is

³ In relation to certain members of the Identified Staff, the variable components of their remuneration include contributions to benefits schemes calculated based on the variable remuneration of the corresponding member.

In certain countries, the deferral period or percentage may be longer to comply with applicable local regulations or with the requirements of the competent authority in each case.

contemplated. The board of directors, upon a proposal of the remuneration committee, may approve total or partial payment in shares of Banco Santander and/or of the corresponding subsidiary in the proportion that it deems appropriate in each case and subject, in any case, to the maximum number of Santander shares that the shareholders at the meeting resolve to deliver and to any regulatory restrictions that may be applicable in each jurisdiction.

Taking the foregoing into account, regarding the authorisation for the delivery of shares and share options of the Company (and not of the respective subsidiaries), the proposals submitted to the shareholders at the general meeting under:

- (a) item Twelve A contemplates a decision on the application of a fourth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan;
 - (b) item Twelve B contemplates a decision on the application of a ninth cycle of the Deferred and Conditional Variable Remuneration Plan; and
 - (c) item Twelve C contemplates a decision on the application of the Digital Award.
- *Limitations on variable remuneration.* Any variable components of total remuneration that will be paid to each member of the Identified Staff in connection with financial year 2019 shall not exceed 100% of the fixed components or, for some members of this group, 200% of such fixed components if the resolution contemplated in item Eleven of the agenda is approved.
- *Buy-out regulations.* Pursuant to what is provided under the remuneration policy and as established in the previous years, there is a buy-out regulation aimed at establishing homogeneous rules applicable to hiring by any entity of the Santander Group in which such entity assumes, as a part of the offer to the corresponding executive or employee (whether or not he or she belongs to the Identified Staff), the cost of the variable remuneration that such persons would have been paid by their previous company and that they would lose as a consequence of accepting the offer from the Group. This type of rules is compatible with the regulations and recommendations applicable to the Company and is widespread in the market; the purpose is to maintain a degree of flexibility to be able to attract the best talent and to be fair with respect to the loss of rights that an executive or employee assumes due to joining the Group.

Until then, the Group generally paid the executive or employee the corresponding amounts in cash. However, the new buy-out regulations introduced the possibility of paying such amounts in Santander shares, which permits a better alignment with the Company's long-term interests.

The delivery of shares of the Bank within the framework of the application of the aforementioned regulations with respect to hiring during 2019 and before the next ordinary general meeting (whether or not the person hired will be included within Identified Staff) is submitted for the approval of the shareholders at the general meeting under item Twelve D of the agenda. Therefore, the application of these buy-out regulations will be regardless of the possible inclusion of the executive or employee hired among the beneficiaries of Award A or of Award B, as applicable and depending on the category to which they are assigned within the Group, or, as the case may be, the Digital Award.

III. Award A and Award B

- *Determination of Award.* At the beginning of 2020 and following a proposal of the remuneration committee, the board of directors will verify if the targets on which the

maximum amount of the 2019 Award is contingent have been met. Subsequently, if applicable, the 2019 Award for each member of the Identified Staff will be established based on the target award for such financial year. The Award setting will take into account the quantitative metrics and qualitative factors applicable to the Award and which have been revised with respect to those of previous financial years.

- *Form of payment of the Award.* The Award will be paid 50% in cash and 50% in shares, part in 2020 and part on a deferred basis over three or five years, as follows:

Beneficiaries of Award A:

- 40% to 60% of Award A, depending on the category to which the beneficiary belongs, will be paid in 2020, in halves and net of taxes (after applying the corresponding withholdings or payments on account), in cash and in shares (this part of the total amount of Award A, the “**Immediate Payment Amount**”).
- The amount corresponding to the remaining percentage (the “**Deferred Amount**”) will be deferred by thirds or fifths, as applicable, and will be paid, if applicable, in the following financial years (until financial year 2023 or 2025, as applicable). Each year the respective amount will be paid, net of taxes (after applying the corresponding withholdings or payments on account), half in cash and half in shares.

These deferral periods and the deferred amount may be increased (but not reduced) in certain territories to conform them to applicable legal provisions in such jurisdiction or to the requirements of the competent authority.

Beneficiaries of Award B:

- 40% to 60% of Award B, depending on the remuneration level of the beneficiary, will be paid in 2020, in halves and net of taxes (after applying the corresponding withholdings or payments on account), in cash and in shares (this part of the total amount of Award B, the “**Immediate Payment Amount**”).
- The amount corresponding to the remaining percentage (the “**Deferred Amount**”) will be deferred by thirds or fifths, as applicable, and will be paid, if applicable, in the following financial years (until financial year 2023 or 2025, as applicable). Each year the respective amount will be paid, net of taxes (after applying the corresponding withholdings or payments on account), half in cash and half in shares.

This deferral period may be extended (but not reduced) in certain territories to conform it to applicable legal provisions in such jurisdiction or to the requirements of the competent authority.

By way of exception, if the regulations so allow, it is possible that Awards of less than 50,000 euros will not be deferred.

- *Conditions for the accrual of the deferred portion of the Award.* In addition to the beneficiary remaining within the Santander Group, the accrual of the deferred part of both Award A and Award B is conditional upon the non-existence of “bad actor” (*malus*) provisions revealing improper risk-taking in accordance with the Group’s *malus* and clawback policy.

Furthermore, pursuant to applicable legal provisions, the amounts paid for the Award shall be subject to clawback clauses in the instances provided for in the applicable policy of the Bank.

Additionally, the accrual of the deferred portion of Award A to be paid in financial years 2023 and, if applicable, 2024 and 2025 (the “**Deferred Portion Subject to Objectives**”) is subject to compliance with certain targets for the 2019-2021 period (the “**Multiyear Objectives**”) and to the metrics and compliance scales associated with such Multiyear Objectives, which are those set forth below:

- (a) Compliance with the consolidated earnings-per-share (“**EPS**”) growth target of Banco Santander for 2021 compared to 2018. The coefficient corresponding to this target (the “**EPS Coefficient**”) will be obtained from the following table:

2021 EPS growth (% over 2018)	EPS Coefficient
≥ 15%	1
≥ 10% but < 15%	0 - 1 ^(*)
< 10%	0

- (*) Straight-line increase in EPS Coefficient based on the specific percentage of growth of 2021’s EPS with respect to 2018’s EPS within this bracket of the scale.

The total or partial compliance of the target also requires that during 2019 and 2020 the EPS growth is greater than zero.

- (b) Relative performance of total shareholder return (“**TSR**”) of the Bank for the 2019-2021 period compared to the TSRs of a group of 9 credit institutions (the “**Peer Group**”), assigning the corresponding TSR Coefficient depending on the Bank’s TSR position within the Peer Group.

TSR position of Santander	“TSR Coefficient”
Exceeding percentile 66	1
Between percentiles 33 and 66 (both inclusive)	0-1 ^(*)
Below percentile 33	0

- (*) Proportional increase in TSR Coefficient according to the number of positions moved up in the ranking within this bracket of the scale.

TSR measures a shareholder’s return on investment as the sum of the change in the share price plus dividends and other similar items (including the *Santander Dividendo Elección* scrip dividend scheme) that the shareholder may receive during the period under consideration.

The Peer Group will be made up of the following institutions: BBVA, BNP Paribas, Citi, Credit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit.

- (c) Compliance with the fully-loaded common equity tier 1 (“**CET1**”) ratio target of the Santander Group for financial year 2021. The coefficient corresponding to this target (the “**CET1 Coefficient**”) will be obtained from the following table:

CET1 in 2021	CET1 Coefficient
≥ 12%	1
≥ 11.5% but < 12%	0.5 – 1 ^(*)
< 11.5%	0

- (*) Straight-line increase in CET1 Coefficient based on 2021’s CET1 within this bracket of the scale.

In order to verify if this target has been met, any potential increase in CET1 deriving from share capital increases (other than those implemented under the *Santander Dividendo Elección* scrip dividend scheme) will be disregarded. Moreover, the CET1 ratio at 31 December 2021 may be adjusted in order to remove the effects of any regulatory change on the calculation rules thereof that may occur until such date.

The following formula will be applied to determine the annual amount of the Deferred Portion Subject to Objectives, if any, for each beneficiary in financial years 2023 and, if applicable, 2024 and 2025 (each one of these payments, a “**Final Annual Payment**”), without prejudice to any adjustments that may result from “bad actor” (*malus*) clauses:

$$\text{Final Annual Payment} = \text{Amt.} \times (1/3 \times \text{A} + 1/3 \times \text{B} + 1/3 \times \text{C})$$

where,

- “**Amt.**” corresponds to a fifth or a third, based on the beneficiary’s profile, of the Deferred Amount of Award A.
- “**A**” is the EPS Coefficient according to the scale and terms and conditions in paragraph (a) above based on EPS growth in 2021 compared to 2018.
- “**B**” is the TSR Coefficient according to the scale in paragraph (b) above based on the relative performance of the TSR of the Bank for the 2019-2021 period with respect to the Peer Group.
- “**C**” is the CET1 Coefficient resulting from compliance with the CET1 target for 2021 described in paragraph (c) above.

Finally, and in relation to the Deferred Multiyear Objectives Variable Remuneration Plan, provision is made to include within the board’s powers the ability to adjust positively or negatively, following a proposal of the remuneration committee, the level of achievement of the Multiyear Objectives when inorganic transactions, material changes to the Group’s composition or size or other extraordinary circumstances have occurred which affect the suitability of the metric and achievement scale approved in each case and resulting in an impact not related to the performance of the executive directors and senior executives being evaluated.

IV. Digital Award

The financial sector is undergoing a profound transformation. With the move towards digital solutions, Santander Group is taking firm steps towards transforming its culture, people and business in line with a new paradigm.

Now more than ever, the need to attract and retain the best talent to advance, accelerate and deepen the digital transformation of Santander Group is essential. The Digital Transformation Award is designed to provide Santander Group with a tool to attract and retain resources that drive long term share value creation through the achievement of key digital milestones.

Key elements of this Digital Transformation Award include:

- An objective to attract and retain the best talent to advance, accelerate and deepen the digital transformation of Santander Group.
- Provide compensation elements that are competitive with remuneration systems being offered by companies with whom Santander Group competes for digital talent.

- Participation is restricted to a maximum of 250 employees that are critical to drive the digital transformation. Executive Directors are not eligible to participate in the plan.
- The total amount for the incentive is limited to €30 million in aggregate.
- The plan is subject to achieving specific milestones connected with digital transformation while also aiming at fostering long term share value creation.
- The award will be paid out in restricted shares and share options of Banco Santander (both 50%) and is subject generally to malus and clawback provisions.
- Shares and share options will vest in three tranches (third, fourth and fifth anniversaries) in line with the Identified Staff deferral schemes currently in place within Santander Group (or in full at the third anniversary for the least restrictive deferral scheme), thus driving emphasis on fostering long term share value creation (non-Identified Staff will follow the least restrictive schedule in this regard).
- The plan design is aligned with regulation, internal risk and governance frameworks and does not encourage improper risk-taking. Deferral, malus & clawback, and other regulatory elements are aligned and are consistent with existing Santander Group policy on those matters.

Proposals¹:

Twelve A

Deferred Multiyear Objectives Variable Remuneration Plan

To approve the implementation of the fourth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan, inasmuch as it is a remuneration system that includes the delivery of shares of the Bank or rights thereon, which has been approved by the board of directors on the terms and conditions described below:

I. Purpose and Beneficiaries

The fourth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan will be implemented in connection with the variable remuneration or award (hereinafter, “**Award A**”) for financial year 2019 that is approved by the board of directors or the appropriate body in each case, for executive directors of Banco Santander, senior management, country heads, other key executives from the main countries in which the Group operates and, in general, the Faro executives of the Group, all of them belonging to the “**Identified Staff**” or “**Material Risk Takers**” (that is, to categories of staff whose professional activities have a material impact on the risk profile of the institution or its Group in accordance with section 32.1 of Law 10/2014 of 26 June on organisation, supervision and solvency of credit institutions, and the regulations in implementation thereof).

The number of beneficiaries of Award A is expected to be 300 persons, though this resolution does not affect those persons whose Award A is not paid, either in whole or in part, in shares or similar instruments of Banco Santander, but rather in shares or similar instruments of subsidiaries of Banco Santander. Taking into account possible changes in the workforce, the number of beneficiaries of this resolution may change. The board of directors, or the executive committee acting by delegation therefrom, may approve inclusions (through promotion or hiring at the Santander Group) or exclusions, without at any time changing the authorised maximum total number of shares to be delivered.

The purpose of this fourth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan is (a) to defer a portion of Award A over a period of three to five years, depending on the beneficiary, subject to the non-occurrence of certain circumstances, (b) in turn, to link a portion of such amount to the performance of the Bank over a multiyear period, (c) for its payment, if applicable, in cash and in Santander shares, and (d) also paying the other portion of such variable remuneration in cash and in Santander shares at the outset, all in accordance with the rules set forth below.

II. Operation

Award A of the beneficiaries for financial year 2019 will be paid according to the following percentages, depending on the time of payment and on the group to which the beneficiary belongs (the “**Immediate Payment Percentage**”, to identify the portion for which payment is

¹ Each of the items Twelve A to Twelve E shall be submitted to a separate vote.

not deferred, and the “**Deferred Percentage**”, to identify the portion for which payment is deferred):

	Immediate Payment Percentage	Deferred Percentage (*)	Deferral Period (*)	Deferred Portion Subject to Objectives (*)
Executive directors and members of the Identified Staff whose total target(**) variable remuneration is \geq €2.7 mill. (***)	40%	60%	5 years	Last 3 years (3/5 of Deferred Percentage)
Senior management, country heads of countries representing at least 1% of the Group’s financial capital and other Faro executives whose total target variable remuneration(**) is \geq €1.7 mill. (< €2.7 mill.). (***)	50%	50%	5 years	Last 3 years (3/5 of Deferred Percentage)
Rest of Faro executives who are beneficiaries of Award A (***)	60%	40%	3 years	Last year (1/3 of Deferred Percentage)

(*) In certain countries, the deferred percentage and the deferral period may be different to comply with applicable local regulations or with the requirements of the competent authority in each case. Likewise, the deferred portion subject to objectives may apply to years that are not the last years, but not before the third year.

(**) Benchmark variable remuneration for standard compliance (100% of objectives).

(***) The average closing exchange rates for the fifteen trading days prior to Friday, exclusive, for the week prior to the date on which the board of directors approved the variable remuneration of the executive directors of the Bank for financial year 2018 (29 January 2019), shall be used to assign a beneficiary to the corresponding category for variable remuneration not denominated in euros.

Taking the foregoing into account, Award A for financial year 2019 will be paid as follows:

- (i) Each beneficiary will receive in 2020, depending on the group to which such beneficiary belongs, the Immediate Payment Percentage applicable in each case, in halves and net of taxes (after applying the corresponding withholdings or payments on account), in cash and in Santander shares (the “**Initial Date**”, meaning the specific date on which the Immediate Payment Percentage is paid).
- (ii) Payment of the Deferred Percentage of Award A applicable in each case depending on the group to which the beneficiary belongs will be deferred over a period of 3 or 5 years (the “**Deferral Period**”) and will be paid in thirds or fifths, as applicable, within thirty days of the anniversaries of the Initial Date in 2021, 2022 and 2023 and, if applicable, 2024 and 2025 (the “**Anniversaries**”), provided that the conditions described below are met.
- (iii) The deferred portion will be paid in thirds or fifths (each one, an “**Annual Payment**”), which will determine the maximum amount to be paid, if applicable, on each one of the Anniversaries.
- (iv) Each one of the payments that are applicable on the Anniversaries will be paid 50% in cash and the other 50% in Santander shares, after applying any withholding or interim payments applicable at any time.

- (v) The beneficiaries receiving Santander shares pursuant to paragraphs (i) to (iv) above may not hedge them, either before or after their delivery, directly or indirectly. They may likewise not transfer them for one year as from each delivery of shares.
- (vi) On occasion of each payment of the deferred amount in cash, and subject to the same requirements, the beneficiary may be paid an amount in cash that offsets the effect of inflation on said deferred amount in cash.

In addition to continuity of the beneficiary within the Santander Group,² the accrual of all Annual Payments is subject to none of the circumstances giving rise to the application of *malus* provisions as set out in the *malus* and clawback chapter of the Group's remuneration policy having occurred during the period before each of the deliveries. Likewise, amounts of Award A already paid shall be subject to possible clawback by the Bank in the instances and for the period described in said policy, all upon the terms and conditions set forth therein.

The application of *malus* and clawback provisions is activated in those events in which there is a deficient financial performance of the entity as a whole or of a specific division or area thereof or of exposures generated by the staff, and which must take into account at least the following factors:

- (i) Significant failures in risk management committed by the entity or by a business or risk control unit.
- (ii) An increase in the capital needs of the entity or a business unit that was not expected at the time the exposures were generated.
- (iii) Regulatory sanctions or court sentences for facts that might be attributable to the unit or to the staff responsible for them. Also a breach of the entity's internal codes of conduct.
- (iv) Improper conduct, whether individual or collective. Negative effects from the sale of unsuitable products and the responsibilities of the persons or bodies making such decision shall be especially considered.

The individual policies of each country may also include any other standard required by legal provisions or by local regulators.

Additionally, the accrual of the third and, if applicable, fourth and fifth Annual Payments (these Annual Payments, together, the “**Deferred Portion Subject to Objectives**”) is subject to compliance with certain targets referring to the 2019-2021 period (the “**Multiyear Objectives**”)

² When termination of the relationship with Banco Santander or another entity of the Santander Group is due to retirement, early retirement or pre-retirement of the beneficiary, for a termination judicially declared to be improper, unilateral separation for good cause by an employee (which includes, in any case, the situations set forth in section 10.3 of Royal Decree 1382/1985 of 1 August governing the special relationship of senior management, for the persons subject to these rules), permanent disability or death, or as a result of an employer other than Banco Santander ceasing to belong to the Santander Group, as well as in those cases of mandatory redundancy, the right to delivery of the shares and the cash amounts that have been deferred, as well as any amounts arising from the inflation adjustment of deferred amounts in cash, shall remain under the same conditions in force as if none of such circumstances had occurred.

In the event of death, the right shall pass to the successors of the beneficiary.

In cases of justified temporary leave due to temporary disability, suspension of the contract of employment due to maternity or paternity, or leave to care for children or a relative, there shall be no change in the rights of the beneficiary.

If the beneficiary goes to another company of the Santander Group (including through international assignment and/or expatriation), there shall be no change in the rights thereof.

If the relationship terminates by mutual agreement or because the beneficiary obtains a leave not referred to in any of the preceding paragraphs, the terms of the termination or temporary leave agreement shall apply.

None of the above circumstances shall give the right to receive the deferred amount in advance. If the beneficiary or the successors thereof maintain the right to receive deferred remuneration in shares and in cash, such remuneration shall be delivered within the periods and upon the terms set forth in the plan rules.

and to the metrics and compliance scales associated with such Multiyear Objectives, which are those set forth below:

- (a) Compliance with the consolidated earnings-per-share (“EPS”) growth target of Banco Santander for 2021 compared to 2018. The coefficient corresponding to this target (the “**EPS Coefficient**”) will be obtained from the following table:

2021 EPS growth (% over 2018)	EPS Coefficient
≥ 15%	1
≥ 10% but < 15%	0 – 1 ^(*)
< 10%	0

(*) Straight-line increase in EPS Coefficient based on the specific percentage of growth of 2021’s EPS with respect to 2018’s EPS within this bracket of the scale.

The total or partial compliance of the target also requires that during 2019 and 2020 the EPS growth is greater than zero.

- (b) Relative performance of total shareholder return (“TSR”) of the Bank for the 2019-2021 period compared to the TSRs of a peer group of 9 credit institutions.

For these purposes:

- “**TSR**” means the difference (expressed as a percentage) between the final value of an investment in ordinary shares of Banco Santander and the initial value of the same investment, taking into account that for the calculation of such final value, dividends or other similar items (such as the *Santander Dividendo Elección* scrip dividend scheme) received by the shareholder due to such investment during the corresponding period of time will be considered as if they had been invested in more shares of the same class at the first date on which the dividend or similar item is owed to the shareholders and at the average weighted listing price on said date. To calculate TSR, the average weighted daily volume of the average weighted listing prices corresponding to the fifteen trading sessions prior to 1 January 2019 (excluded) (for the calculation of the initial value) and of the fifteen trading sessions prior to 1 January 2022 (excluded) (for the calculation of the final value) will be taken into account.
- “**Peer Group**” means the group made up of the following 9 financial institutions: BBVA, BNP Paribas, Citi, Credit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit.

For this TSR metric, the following achievement scale is established:

TSR position of Santander	“TSR Coefficient”
Exceeding percentile 66	1
Between percentiles 33 and 66 (both inclusive)	0-1 ^(*)
Below percentile 33	0

(*) Proportional increase in TSR Coefficient according to the number of positions moved up in the ranking within this bracket of the scale.

- (c) Compliance with the fully-loaded common equity tier 1 (“**CET1**”) ratio target of the Santander Group for financial year 2021. The coefficient corresponding to this target (the “**CET1 Coefficient**”) will be obtained from the following table:

CET1 in 2021	CET1 Coefficient
≥ 12%	1
≥ 11.5% but < 12%	0.5 – 1 (*)
< 11.5%	0

(*) Straight-line increase in CET1 Coefficient based on 2021’s CET1 within this bracket of the scale.

In order to verify if this target has been met, any potential increase in CET1 deriving from share capital increases (other than those implemented under the *Santander Dividendo Elección* scrip dividend scheme) will be disregarded. Moreover, the CET1 ratio at 31 December 2021 may be adjusted in order to remove the effects of any regulatory change on the calculation rules thereof that may occur until such date.

To determine the amount of the Deferred Portion Subject to Objectives that, if applicable, must be paid to each beneficiary on the corresponding Anniversaries (each payment, a “**Final Annual Payment**”), the following formula will be applied, without prejudice to the adjustments that may result from application of the aforementioned *malus* policy:

$$\text{Final Annual Payment} = \text{Amt.} \times (1/3 \times \text{A} + 1/3 \times \text{B} + 1/3 \times \text{C})$$

where,

- “**Amt.**” corresponds to the amount of Award A equivalent to an Annual Payment.
- “**A**” is the EPS Coefficient according to the scale and terms and conditions in paragraph (a) above based on EPS growth in 2021 compared to 2018.
- “**B**” is the TSR Coefficient according to the scale in paragraph (b) above based on the relative performance of the TSR of the Bank for the 2019-2021 period with respect to the Peer Group.
- “**C**” is the CET1 Coefficient resulting from compliance with the CET1 target for 2021 described in paragraph (c) above.

III. Maximum Number of Shares to Be Delivered

The final number of shares delivered to each beneficiary, including both those for immediate payment and those for deferred payment, shall be calculated taking into account: (i) the amount resulting from applying applicable taxes (or withholdings or payments on account), and (ii) the average weighted daily volume of the average weighted listing prices of the shares of Santander for the fifteen trading sessions prior to the Friday (exclusive) of the previous week to the date on which the board of directors approves Award A for the executive directors of the Bank for financial year 2019 (hereinafter, the “**2020 Listing Price**”).

Taking into account that the board of directors has estimated that the maximum amount of Award A to be delivered in shares to the beneficiaries of the fourth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan will come to 143 million euros (the “**Maximum Amount of Award A Distributable in Shares**” or “**MAAADS**”), the maximum number of shares of Santander that may be delivered to such beneficiaries under this plan (the “**Limit of Award A in Shares**” or “**LAAS**”) will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$\text{LAAS} = \frac{\text{MAAADS}}{2020 \text{ Listing Price}}$$

Included in the Maximum Amount of Award A Distributable in Shares is the estimated maximum amount of Award A to be delivered in shares to the executive directors of the Bank, which comes to 11.5 million euros (the “**Maximum Amount Distributable in Shares for Executive Directors**” or “**MADSED**”). The maximum number of Santander shares that may be delivered to the executive directors under this plan (the “**Limit on Shares for Executive Directors**” or “**LSED**”) will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$\text{LSED} = \frac{\text{MADSED}}{2020 \text{ Listing Price}}$$

IV. Other Rules

In the event of a change in the number of shares due to a decrease or increase in the par value of the shares or a transaction with an equivalent effect, the number of shares to be delivered will be modified so as to maintain the percentage of the total share capital represented by them.

Information from the stock exchange with the largest trading volume will be used to determine the listing price of the share.

If necessary or appropriate for legal, regulatory or similar reasons, the delivery mechanisms provided for herein may be adapted in specific cases without altering the maximum number of shares linked to the plan or the basic conditions upon which the delivery thereof is made contingent. Such adaptations may include the substitution of the delivery of shares with the delivery of equivalent amounts in cash, or vice versa.

The shares to be delivered may be owned by the Bank or by any of its subsidiaries, be newly-issued shares, or be obtained from third parties with whom agreements have been signed to ensure that the commitments made will be met.

V. Authorisation

Without prejudice to the general provisions set forth in item Thirteen or in preceding sections or to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors of the Bank is hereby authorised, to the extent required, to implement this resolution, with the power to elaborate, as necessary, on the rules set forth herein and on the content of the agreements and other documents to be used. Specifically, and merely by way of example, the board of directors shall have the following powers:

- (i) To approve the basic contents of the agreements and of such other supplementary documentation as may be necessary or appropriate.
- (ii) To approve all such notices and supplementary documentation as may be necessary or appropriate to file with any government agency or private entity, including, if required, the respective prospectuses.
- (iii) To take any action, carry out any procedure or make any statement before any public or private entity or agency to secure any required authorisation or verification.
- (iv) To determine the specific number of shares to be received by each of the beneficiaries of the plan to which this resolution refers, observing the established maximum limits.
- (v) To specify which executives or employees are beneficiaries of Award A and to determine the assignment of the beneficiaries of the plan to one category or another of those described in this resolution, without altering the maximum amount of Award A to

be delivered in shares, except in the event that Faro executives or executives in a similar category initially ascribed to the remuneration plan to which item Twelve B refers are finally ascribed to this plan implementing Award A, in which case the board will be entitled to use for Award A the excess of the maximum amount set under item Twelve B (so that, altogether, the maximum amount set under items Twelve A and Twelve B is under no circumstances exceeded).

Additionally, the board will be entitled to apply the measures and mechanisms that may be appropriate to compensate for the dilution effect, if any, that may occur as a result of corporate transactions and shareholder distributions for so long as the shares are not delivered to the beneficiaries; and, in the event that the maximum amount distributable in shares to be delivered is exceeded in relation to any of the three groups to which the plan is directed, to authorise the deferral and payment of the excess in cash.

- (vi) To approve, where applicable, the engagement of one or more internationally recognised third parties to verify the achievement of the Multiyear Objectives. In particular, and merely by way of example, it may ask such third parties: to obtain, from appropriate sources, the data upon which the calculations of TSR are to be based; to perform the calculations of the TSR of the Bank and the TSRs of the Peer Group's entities; to compare the Bank's TSR with the TSRs of the institutions within the Peer Group; to recalculate CET1 removing the effects of share capital increases and regulatory changes; and to provide advice on the decision as to how to act in the event of unexpected changes in the Peer Group that may require adjustments to the rules for comparison among them or on the amendment of the Peer Group in light of objective circumstances that justify such amendment (such as inorganic transactions or other extraordinary circumstances).
- (vii) To interpret the foregoing resolutions, with powers to adapt them, without affecting their basic content, to the circumstances that may arise at any time, including in particular adapting the delivery mechanisms, without altering the maximum number of shares linked to the plan or the basic conditions upon which the delivery thereof is made contingent, which may include the substitution of the delivery of shares with the delivery of equivalent amounts in cash, or the alteration of the mechanisms for net delivery of shares under the procedures that are established for the payment of taxes, or when so required for regulatory, tax, operational or contractual reasons. In addition, the board may adapt the aforementioned plan (including the adjustment or removal of any metrics and scales of compliance for the Multiyear Objectives, the inclusion of additional targets for the delivery of any deferred amount of Award A or the increase of the Deferred Percentages or of the Deferral Period) to any mandatory regulations or administrative interpretation that may prevent the implementation thereof on the approved terms.
- (viii) To adjust positively or negatively, following a proposal of the remuneration committee, the level of achievement of the Multiyear Objectives when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances have occurred which affect the suitability of the metric and achievement scale approved in each case and resulting in an impact not related to the performance of the executive directors and senior executives being evaluated.
- (ix) To develop and specify the conditions upon which the receipt by the beneficiaries of the corresponding shares or deferred amounts is contingent, as well as to determine whether, according to the plan to which this resolution refers, the conditions upon which the receipt by the beneficiaries of the respective shares or cash amounts is made contingent have been fulfilled, with the power to modulate the cash amounts and the number of

shares to be delivered depending on the existing circumstances, all following a proposal of the remuneration committee.

- (x) In general, to take any actions and execute all such documents as may be necessary or appropriate.

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

The provisions of this resolution are deemed to be without prejudice to the exercise by such of the Bank's subsidiaries as may be appropriate in each case of the powers they hold to implement the variable remuneration policy, the plan and the cycles thereof with respect to their own executives and employees and, if applicable, to adjust them to regulations or to the requirements of competent authorities in the respective jurisdiction.

Twelve B

Deferred and Conditional Variable Remuneration Plan

To approve the implementation of the ninth cycle of the Deferred and Conditional Variable Remuneration Plan, inasmuch as it is a remuneration system that includes the delivery of shares of the Bank or of rights thereon, which has been approved by the board of directors on the terms and conditions described below:

I. Purpose and Beneficiaries

The ninth cycle of the Deferred and Conditional Variable Remuneration Plan will be implemented with respect to the variable remuneration or award (hereinafter, "**Award B**") to be approved by the board of directors, or by the appropriate body in each case, for financial year 2019 for categories of staff whose professional activities have a material impact on the risk profile of the institution or its Group (all of them together, the "**Identified Staff**" or "**Material Risk Takers**" and identified under section 32.1 of Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, and the regulations in implementation thereof), or other persons included in this group under regulatory or corporate standards in a specific country, and who are not beneficiaries of the plan to which item Twelve A above refers.

The number of members of the Identified Staff who would be beneficiaries of this plan comes to approximately 1,200 persons, though this resolution does not affect those whose Award is not paid, either in whole or in part, in shares or similar instruments of Banco Santander, but rather in shares or similar instruments of subsidiaries of Banco Santander. Taking into account possible changes in the workforce, the number of beneficiaries of this resolution may change. The board of directors, or the executive committee acting by delegation therefrom, may approve inclusions (through promotion or hiring at the Group) in or exclusions from the members of the Identified Staff that are beneficiaries of this plan, without at any time changing the authorised maximum total number of shares to be delivered.

The purpose of this ninth cycle of the Deferred and Conditional Variable Remuneration Plan is to defer a portion of Award B for a period of three years (or five years in the case of beneficiaries with incentive levels comparable to those of certain categories of Award A) for its payment, if applicable, in cash and in Santander shares (subject to the non-occurrence of certain

circumstances), also paying the other portion of such variable remuneration in cash and in Santander shares at the outset, all in accordance with the rules set forth below.

II. Operation

Award B of the beneficiaries for financial year 2019 will be paid according to the following percentages, depending on the time of payment and the remuneration level of the beneficiary (the “**Immediate Payment Percentage**”, to identify the portion for which payment is not deferred, and the “**Deferred Percentage**”, to identify the portion for which payment is deferred):

	Immediate Payment Percentage	Deferred Percentage (*)	Deferral Period (*)
Beneficiaries of Award B whose total target variable remuneration(**) is \geq €2.7 mill. (***)	40%	60%	5 years
Beneficiaries of Award B whose total target variable remuneration(**) is \geq €1.7 mill. (< €2.7 mill.). (***)	50%	50%	5 years
Other beneficiaries of Award B. (***)	60%	40%	3 years

(*) In certain countries, the deferred percentage or the deferral period may be different to comply with applicable local regulations or with the requirements of the competent authority in each case.

(**) Benchmark variable remuneration for standard compliance (100% of objectives).

(***) The average closing exchange rates for the fifteen trading days prior to Friday, exclusive, for the week prior to the date on which the board of directors approved the variable remuneration of the executive directors of the Bank for financial year 2018 (29 January 2019), shall be used to assign a beneficiary to the corresponding category for variable remuneration not denominated in euros.

Taking into account the foregoing, the Award B for financial year 2019 will be paid as follows:

- (i) Each beneficiary will receive the Immediate Payment Percentage of Award B in 2020, in halves and net of taxes (after applying the corresponding withholdings or payments on account), in cash and in Santander shares (the “**Initial Date**”, meaning the specific date on which said percentage of Award B is paid).
- (ii) Payment of the Deferred Percentage of Award B will be deferred over a period of 3 or 5 years (the “**Deferral Period**”) and will be paid in thirds or fifths, as applicable, within thirty days of the anniversaries of the Initial Date in 2021, 2022, 2023 and, if applicable, 2024 and 2025 (the “**Anniversaries**”), provided that the conditions described below are met.
- (iii) The deferred portion will be paid in thirds or fifths (each one, an “**Annual Payment**”), which will determine the maximum amount to be paid, if applicable, on each one of the Anniversaries.
- (iv) Each one of the payments that are applicable on the Anniversaries will be paid 50% in cash and the other 50% in Santander shares, after applying any withholding or interim payments applicable at any time.
- (v) The beneficiaries receiving Santander shares pursuant to paragraphs (i) to (iv) above may not hedge them, either before or after their delivery, directly or indirectly. They may likewise not transfer them for one year as from each delivery of shares.

- (vi) On occasion of each payment of the deferred amount in cash, and subject to the same requirements, the beneficiary may be paid an amount in cash that offsets the effect of inflation on said deferred amount in cash.

In addition to continuity of the beneficiary within the Santander Group,³ the accrual of all Annual Payments is subject to none of the circumstances giving rise to the application of *malus* provisions as set out in the *malus* and clawback chapter of the Group's remuneration policy having occurred during the period before each of the deliveries. Likewise, amounts of Award B already paid shall be subject to possible clawback by the Bank in the instances and for the period described in said policy, all upon the terms and conditions set forth therein.

The application of *malus* and clawback provisions is activated in those events in which there is a deficient financial performance of the entity as a whole or of a specific division or area thereof or of exposures generated by the staff, and which must take into account at least the following factors:

- (i) Significant failures in risk management committed by the entity or by a business or risk control unit.
- (ii) An increase in the capital needs of the entity or a business unit that was not expected at the time the exposures were generated.
- (iii) Regulatory sanctions or court sentences for facts that might be attributable to the unit or to the staff responsible for them. Also a breach of the entity's internal codes of conduct.
- (iv) Improper conduct, whether individual or collective. Negative effects from the sale of unsuitable products and the responsibilities of the persons or bodies making such decision shall be especially considered.

The individual policies of each country may also include any other standard required by legal provisions or by local regulators.

If the foregoing requirements are met on each Anniversary, the beneficiaries shall receive the cash and shares, in thirds or fifths, as applicable, within thirty days of the first, second, third and, if applicable, fourth and fifth Anniversary.

³ When termination of the relationship with Banco Santander or another entity of the Santander Group is due to retirement, early retirement or pre-retirement of the beneficiary, for a termination judicially declared to be improper, unilateral separation for good cause by an employee (which includes, in any case, the situations set forth in section 10.3 of Royal Decree 1382/1985 of 1 August governing the special relationship of senior management, for the persons subject to these rules), permanent disability or death, or as a result of an employer other than Banco Santander ceasing to belong to the Santander Group, as well as in those cases of mandatory redundancy, the right to delivery of the shares and the cash amounts that have been deferred, as well as any amounts arising from the inflation adjustment of deferred amounts in cash, shall remain under the same conditions in force as if none of such circumstances had occurred.

In the event of death, the right shall pass to the successors of the beneficiary.

In cases of justified temporary leave due to temporary disability, suspension of the contract of employment due to maternity or paternity, or leave to care for children or a relative, there shall be no change in the rights of the beneficiary.

If the beneficiary goes to another company of the Santander Group (including through international assignment and/or expatriation), there shall be no change in the rights thereof.

If the relationship terminates by mutual agreement or because the beneficiary obtains a leave not referred to in any of the preceding paragraphs, the terms of the termination or temporary leave agreement shall apply.

None of the above circumstances shall give the right to receive the deferred amount in advance. If the beneficiary or the successors thereof maintain the right to receive deferred remuneration in shares and in cash, such remuneration shall be delivered within the periods and upon the terms set forth in the plan rules.

III. Maximum Number of Shares to Be Delivered

The final number of shares delivered to each beneficiary, including both those for immediate payment and those for deferred payment, shall be calculated taking into account: (i) the amount resulting from applying applicable taxes (or withholdings or payments on account), and (ii) the average weighted daily volume of the average weighted listing prices of the shares of Santander for the fifteen trading sessions prior to the Friday (exclusive) of the previous week to the date on which the board of directors approves Award A for the executive directors of the Bank for financial year 2019 (hereinafter, the “**2020 Listing Price**”).

Taking into account that the board of directors has estimated that the maximum amount of Award B to be delivered in shares to the beneficiaries of the ninth cycle of the Deferred and Conditional Variable Remuneration Plan comes to 171 million euros (the “**Maximum Amount of Award B Distributable in Shares**” or “**MAABDS**”), the maximum number of Santander shares that may be delivered to such beneficiaries under this plan (the “**Limit of Award B in Shares**” or “**LABS**”) will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$\text{LABS} = \frac{\text{MAABDS}}{\text{2020 Listing Price}}$$

IV. Other Rules

In the event of a change in the number of shares due to a decrease or increase in the par value of the shares or a transaction with an equivalent effect, the number of shares to be delivered will be modified so as to maintain the percentage of the total share capital represented by them.

Information from the stock exchange with the largest trading volume will be used to determine the listing price of the share.

If necessary or appropriate for legal, regulatory or similar reasons, the delivery mechanisms provided for herein may be adapted in specific cases without altering the maximum number of shares linked to the plan or the basic conditions upon which the delivery thereof is made contingent. Such adaptations may include the substitution of the delivery of shares with the delivery of equivalent amounts in cash, or vice versa.

The shares to be delivered may be owned by the Bank or by any of its subsidiaries, be newly-issued shares, or be obtained from third parties with whom agreements have been signed to ensure that the commitments made will be met.

V. Authorisation

Without prejudice to the general provisions set forth in item Thirteen or in preceding sections or to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors of the Bank is hereby authorised, to the extent required, to implement this resolution, with the power to elaborate, as necessary, on the rules set forth herein and on the content of the agreements and other documents to be used. Specifically, and merely by way of example, the board of directors shall have the following powers:

- (i) To approve the basic contents of the agreements and of such other supplementary documentation as may be necessary or appropriate.
- (ii) To approve all such notices and supplementary documentation as may be necessary or appropriate to file with any government agency or private entity, including, if required, the respective prospectuses.

- (iii) To take any action, carry out any procedure or make any statement before any public or private entity or agency to secure any required authorisation or verification.
- (iv) To determine the specific number of shares to be received by each of the beneficiaries of the plan to which this resolution refers, observing the established maximum limits.
- (v) Without altering the maximum amount of Award B to be delivered in shares, to specify which executives or employees are beneficiaries of the plan; to apply the measures and mechanisms that may be appropriate to compensate for the dilution effect, if any, that may occur as a result of corporate transactions and shareholder distributions for so long as the shares are not delivered to the beneficiaries; and, in the event that the maximum amount distributable in shares to be delivered to the beneficiaries of the plan is exceeded, to authorise the deferral and payment of the excess in cash.
- (vi) To interpret the foregoing resolutions, with powers to adapt them, without affecting their basic content, to the circumstances that may arise at any time, including in particular adapting the delivery mechanisms, without altering the maximum number of shares linked to the plan or the basic conditions upon which the delivery thereof is made contingent, which may include the substitution of the delivery of shares with the delivery of equivalent amounts in cash, or the alteration of the mechanisms for net delivery of shares under the procedures that are established for the payment of taxes, or when so required for regulatory, tax, operational or contractual reasons. In addition, the board may adapt the aforementioned plan (including the introduction of new conditions for the delivery of any deferred amount of Award B or the amendment of existing conditions and, if applicable, the increase of the deferred percentages or the deferral period) to any mandatory regulations or administrative interpretation that may prevent the implementation thereof on the approved terms.
- (vii) To develop and specify the conditions upon which the receipt by the beneficiaries of the corresponding shares or deferred amounts is contingent, as well as to determine whether, according to the plan to which this resolution refers, the conditions upon which the receipt by the beneficiaries of the respective shares or cash amounts is made contingent have been fulfilled, with the power to modulate the cash amounts and the number of shares to be delivered depending on the existing circumstances, all following a proposal of the remuneration committee.
- (viii) In general, to take any actions and execute all such documents as may be necessary or appropriate.

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

The provisions of this resolution are deemed to be without prejudice to the exercise by such of the Bank's subsidiaries as may be appropriate in each case of the powers they hold to implement the variable remuneration policy, the plan and the cycles thereof with respect to their own executives and employees and, if applicable, to adjust them to regulations or to the requirements of competent authorities in the respective jurisdiction.

Twelve C

Digital Transformation Award

The Digital Transformation Award for 2019 (the “**Digital Award**”) is a remuneration system that includes the delivery of shares and share options of the Bank that has been approved by the board of directors on the terms and conditions described below:

I. Purpose and Beneficiaries

The Digital Award will be implemented in connection with the variable remuneration policy for financial year 2019 and the specific award will be approved by the board of directors or the appropriate body as detailed below.

The purpose of the Digital Award is to attract and retain talent that will advance, accelerate and deepen the digital transformation of Santander Group. With this program, Santander Group offers a compensation element that is competitive with remuneration systems being offered by other market players competing for digital talent.

The number of beneficiaries of the Digital Award is limited to a maximum of 250 persons, and the total amount of the incentive is limited to €30 million. Participants will be nominated by senior management of Santander Group. Consequently, nominations will be reviewed and finally approved by the remuneration committee or the board of directors, as appropriate. Notwithstanding the above, inclusions of beneficiaries (through promotion, mobility or hiring at the Group) may be approved at any given time, without at any time changing the authorised maximum number of shares or share options to be delivered.

II. Operation

The qualifier for the Digital Award is meeting important milestones that are aligned with the Group’s digital roadmap and determined by the board of directors, taking into account the digitalization strategy of the Group.

The funding of the Digital Transformation award is subject to Santander Group's ability to achieve key milestones in the transformation of the Bank, supporting its evolution to be the best open, responsible global financial services platform. These milestones and the metrics to evaluate its achievement level, will be set by the board of directors upon proposal from the remuneration committee at the beginning of every year. In 2019 and regarding the Digital Award, the performance conditions to be evaluated will be set against the success of five global platform initiatives:

1. The launch of a global trade services (GTS) platform.
2. The launch of a global merchant services (GMS) platform.
3. The migration of our fully digital bank, OpenBank, to a "next generation" platform and launch in 3 countries.
4. The extension of SuperDigital in Brazil to at least one other country.
5. The launch of our blockchain-based international payments app to non-Santander customers.

At the beginning of 2020 and following a proposal of the remuneration committee, the board of directors will verify if the milestones on which the amount of the 2019 Digital Award is contingent have been met. Subsequently, if applicable, the 2019 Digital Award for each beneficiary will be granted (awarding a specific number of shares and granting a specific

number of share options). The Digital Award will be implemented 50% in shares of Banco Santander and 50% in share options of Banco Santander, based on the fair value of the share options when they are granted.

For Identified Staff members subject to a 5-year deferral period, the award (shares and share options) will vest in thirds on the 3rd, 4th and 5th anniversary of the grant. For Identified Staff members subject to a 3-year deferral period, and staff with no deferral requirement, the award will vest in full on the 3rd anniversary of the grant. In both cases, the deferral drives emphasis on fostering long term share value creation. Share options vested can be exercised until maturity; with all options lapsing after 10 years from granting.

Any delivery of shares, whether direct or through share option exercise, will be subject generally to the Santander Group’s general *malus & clawback* provisions as described in Santander Group’s remuneration policy and to the continuity of the beneficiary within the Santander Group. In this regard, the board may define specific rules for non-Identified Staff.

III. Maximum number of shares to be delivered and rules applicable

The final number of shares directly delivered to each beneficiary shall be calculated taking into account: (i) the amount resulting from applying applicable taxes (including withholdings and payments on account), and (ii) the average weighted daily volume of the average weighted listing prices of the shares of Santander for the fifteen trading sessions prior to the Friday (exclusive) of the previous week to the date on which the board of directors, or the appropriate body in each case, approves the Digital Award for financial year 2019 (the “**2020 Listing Price**”).

Taking into account that the maximum amount of the Digital Award to be delivered in shares to the beneficiaries of this award amounts to 15 million euros (the “**Maximum Amount of the Digital Award Distributable in Shares**” or “**MADADS**”), the maximum number of shares of Santander that may be delivered to such beneficiaries under this award (the “**Limit of Digital Award in Shares**” or “**LDAS**”) will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$LDAS = \frac{MADADS}{2020 \text{ Listing Price}}$$

Consistent with Group policy for Identified Staff members, Santander shares received by Identified Staff cannot be transferred for one year following each delivery of shares.

IV. Maximum number of share options to be delivered and rules applicable

Each share option will have only one share as underlying asset and the strike price of each option is equal to the 2020 Listing Price.

The maximum number of shares to be delivered to each beneficiary as a consequence of the exercise of the share options shall be calculated taking into account: (i) the fair value (FV) calculated according to general applicable accounting rules (IFRS - International Financial Reporting Standards) for share-based payments as of the options grant date, which will be a fraction of the 2020 Listing Price; and (ii) the 2020 Listing Price.

Taking into account that the maximum amount of the Digital Award to be delivered in share options to its beneficiaries amounts to 15 million euros (the “**Maximum Amount of the Digital Award Distributable in Share Options**” or “**MADADSO**”), the maximum number of shares to be delivered upon the exercise of the share options (the “**Limit of Digital Award in Share**”

Options” or “**LDASO**”) will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$\text{LDASO} = \frac{\text{MADADSO}}{2020 \text{ Listing Price} \times \text{FV}}$$

Exercising options may only be allowed during specific timeframes within the year as determined in the relevant plan regulations.

Liquidation of the options upon exercise may take place by delivery of Santander shares upon payment of the strike price or through a settlement by difference between the strike price for the option and the applicable Santander share market price at exercise.

If physical delivery of Santander shares takes place, those shares acquired upon the share option exercise are not subject to a holding period.

V. Other Rules

In the event of a change in the number of shares due to a decrease or increase in the par value of the shares or a transaction with an equivalent effect, the number of shares and the conditions of the exercise of the share options to be delivered will be modified so as to maintain the percentage of the total share capital represented by those shares or, by any other means, correct the effect of such change.

Information from the stock exchange with the largest trading volume will be used to determine the listing price of the share.

If necessary or appropriate for legal, regulatory or similar reasons, the delivery mechanisms provided for herein may be adapted in specific cases without altering the maximum number of shares or share options linked to the award or the basic conditions upon which the delivery thereof is made contingent. Such adaptations may include the substitution of the delivery of shares or the share options with the delivery of equivalent amounts in cash, or vice versa.

The shares to be delivered, directly or as a consequence of the exercise of the share options by the beneficiaries, may be owned by the Bank or by any of its subsidiaries, be newly-issued shares, or be obtained from third parties with whom agreements have been signed to ensure that the commitments made will be met.

VI. Authorisation

Without prejudice to the general provisions set forth in item Thirteen or in preceding sections or to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors of the Bank is hereby authorised, to the extent required, to implement this resolution, with the power to elaborate, as necessary, on the rules set forth herein and on the content of the agreements and other documents to be used. Specifically, and merely by way of example, the board of directors shall have the following powers:

- (i) To approve the basic contents of the agreements and of such other supplementary documentation as may be necessary or appropriate.
- (ii) To approve all such notices and supplementary documentation as may be necessary or appropriate to file with any government agency or private entity, including, if required, the respective prospectuses.
- (iii) To take any action, carry out any procedure or make any statement before any public or private entity or agency to secure any required authorisation or verification.

- (iv) To determine the specific number of shares and shares options to be received by each of the beneficiaries of the award to which this resolution refers, observing the established maximum limits.
- (v) To define whether upon their exercise the share options are to be liquidated in kind through the delivery of shares or will be settled by differences and to regulate any mechanisms necessary or convenient to implement such exercise, including the procedure for determination of the applicable share market price.
- (vi) Without altering the maximum amount of the Digital Award, to set the rules or criteria to specify which senior managers or employees are beneficiaries of the award and, when appropriate, to directly designate them; to apply the measures and mechanisms that may be appropriate to compensate for the dilution effect, if any, that may occur as a result of corporate transactions and shareholder distributions.
- (vii) To interpret the foregoing resolutions, with powers to adapt them, without affecting their basic content, to the circumstances that may arise at any time, including in particular adapting the delivery mechanisms, without altering the maximum number of shares and share options linked to the award or the basic conditions upon which the delivery thereof is made contingent, which may include the substitution of the delivery of shares or share options with the delivery of equivalent amounts in cash, or the alteration of the mechanisms for net delivery of shares or share options under the procedures that are established for the payment of taxes, or when so required for regulatory, tax, operational or contractual reasons. In addition, the board may adapt the Digital Award to any mandatory regulations or administrative interpretation that may prevent the implementation thereof on the approved terms.
- (viii) To determine, develop and specify the conditions upon which the receipt by the beneficiaries of the corresponding shares and share options is subject, as well as to determine whether, according to the award to which this resolution refers, the conditions upon which the receipt by the beneficiaries of the respective shares or share options is subject have been fulfilled, with the power to modulate the number of shares and share options to be delivered depending on the existing circumstances, all following a proposal of the remuneration committee.
- (ix) In general, to take any actions and execute all such documents as may be necessary or appropriate.

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

The provisions of this resolution are deemed to be without prejudice to the exercise by such of the Bank's subsidiaries as may be appropriate in each case of the powers they hold to implement the variable remuneration policy, the award thereof with respect to their own executives and

employees and, if applicable, to adjust them to regulations or to the requirements of competent authorities in the respective jurisdiction.

Twelve D

Application of Santander Group's buy-out regulations

To authorise, inasmuch as it is a remuneration system that includes the delivery of shares of the Bank or of rights thereon or that is linked to the price of the shares, the (immediate or deferred) delivery of shares of the Bank within the application of the Group's buy-out regulations which have been approved by the board of directors of the Bank, following a proposal of the remuneration committee.

Such buy-out regulation is an instrument to be selectively used in the engagement of executives or employees who, as a result of accepting a job offer from the Bank (or from other Santander Group's companies), lose the right to receive certain variable remuneration from their previous company. Therefore, these rules, which takes into account regulations and recommendations that apply to the Bank, allows the maintenance of certain flexibility to be able to attract the best talent and to be fair with respect to the loss of rights that an executive or employee assumes due to joining the Group, given that the conditions of the buy-out take into account the conditions applicable to the remunerations the loss of which is compensated.

The maximum number of shares that may be delivered under this resolution is a number such that, multiplying the number of shares delivered (or recognised) on each occasion by the average weighted daily volume of the averaged weighted listing prices for Santander shares corresponding to the fifteen trading sessions prior to the date on which they are delivered (or recognised), does not exceed the amount of 40 million euros.

The authorisation granted hereby may be used to undertake commitments to deliver shares in relation to the engagements that occur during financial year 2019 and during financial year 2020, until the ordinary general meeting is held.

Twelve E

Plan for employees of Santander UK Group Holdings plc. and other companies of the Group in the United Kingdom by means of options on shares of the Bank linked to the contribution of periodic monetary amounts and to certain continuity requirements.

To approve, inasmuch as it is a remuneration system that includes the delivery of shares of the Bank or of rights thereon or that is linked to the price of the shares, the implementation of a voluntary savings plan ("sharesave scheme") intended for the employees of Santander UK Group Holdings plc., of companies within the subgroup thereof and of the other companies of the Santander Group registered in the United Kingdom (in which the Group directly or indirectly holds at least 90% of the capital), including employees at United Kingdom branches of Banco Santander, S.A. or of companies within its Group (and in which the Group directly or indirectly holds at least 90% of the capital), which has been approved by the board of directors on the terms and conditions described below:

A plan in which between 5 and 500 pounds Sterling is deducted from the employee's net pay every month, as chosen by the employee, who may, at the end of the chosen period (3 or 5 years), choose between collecting the amount contributed, the interest accrued and a bonus (tax-exempt in the United Kingdom), or exercising options on shares of Banco Santander, S.A. in

an amount equal to the sum of such three amounts at a fixed price. In case of voluntary resignation, the employee will recover the amount contributed to that time, but will forfeit the right to exercise the options.

The exercise price in pounds Sterling will be the result of reducing by up to a maximum of 20% the average of the purchase and sale prices of Santander shares at the close of trading in London for the 3 trading days prior to the reference date. In the event that these listing prices are unavailable for any reason, such reduction will be applied to the average price weighted by average traded volumes on the Spanish *Mercado Continuo* for the 15 trading days prior to the reference date. This amount will be converted into pounds Sterling using, for each day of listing, the average exchange rate for that day as published in the Financial Times, London edition, on the following day. The reference date will be set in the final approval of the plan by the British Tax Authority (“invitation date”) and will occur between 21 and 41 days following the date of publication of the consolidated results of Banco Santander, S.A. for the first half of 2019.

The employees must decide upon their participation in the plan within a period between 42 and 63 days following publication of the consolidated results of Banco Santander, S.A. for the first half of 2019.

The maximum monthly amount that each employee may assign to all voluntary savings plans subscribed by such employee (whether for the plan to which this resolution refers or for other past or future “sharesave schemes”) is 500 pounds Sterling.

The maximum number of shares of Banco Santander, S.A. to be delivered under this plan, approved for 2019, is 9,600,000, equal to 0.059% of the share capital as of the date of the call to meeting.

The plan is subject to the approval of the tax authorities of the United Kingdom. Each of the subgroups and companies covered by the plan will ultimately decide whether or not to implement this plan in connection with its employees.

Without prejudice to the generality of the provisions of Resolution Thirteen below, and without prejudice to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors is hereby authorised, as required, to the broadest extent permitted by law and with the express power of delegation to the executive committee, to carry out any acts that may be necessary or merely appropriate in order to implement the aforementioned plan, as well as to further develop and elaborate, to the extent required, on the rules set forth herein. All of the foregoing will also be deemed to be without prejudice to the acts that the decision-making bodies of Santander UK Group Holdings plc., of companies within the subgroup thereof and of the other companies of the Santander Group registered in the United Kingdom or having branches therein and referred to in the first paragraph above, have already performed or may hereafter perform in the exercise of their powers, within the framework defined by this resolution of the shareholders acting at the meeting, in order to implement the plan and to establish, develop and elaborate on the rules applicable thereto.

Item Thirteen

Authorisation to the board of directors to interpret, remedy, supplement, implement and develop the resolutions approved by the shareholders at the meeting, as well as to delegate the powers received from the shareholders at the meeting, and grant of powers to convert such resolutions into notarial instruments.

Proposal:

Without prejudice to the delegations of powers contained in the preceding resolutions, it is hereby resolved:

A) To authorise the board of directors to interpret, remedy, supplement, carry out and further develop the preceding resolutions, including the adjustment thereof to conform to verbal or written evaluations of the Commercial Registry or of any other authorities, officials or institutions which are competent to do so, as well as to comply with any requirements that may legally need to be satisfied for the effectiveness thereof, and in particular, to delegate to the executive committee or to any director with delegated powers all or any of the powers received from the shareholders at this general shareholders' meeting by virtue of the preceding resolutions as well as under this Resolution Thirteen.

B) To authorise Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea, Mr José Antonio Álvarez Álvarez, Mr Rodrigo Echenique Gordillo, Mr Jaime Pérez Renovales and Mr Óscar García Maceiras so that any of them, acting severally and without prejudice to any other existing power of attorney whereby authority is granted to record the corporate resolutions in a public instrument, may appear before a Notary Public and execute, on behalf of the Bank, any public instruments that may be required or appropriate in connection with the resolutions adopted by the shareholders at this general shareholders' meeting. In addition, the aforementioned persons are empowered, also on a several basis, to carry out the required filing of the annual accounts and other documentation with the Commercial Registry.

ITEM TO BE SUBMITTED TO A CONSULTATIVE VOTE

Item Fourteen Annual director remuneration report.

Annual director remuneration report

The shareholders are asked to provide a consultative vote on the annual director remuneration report, approved by the board of directors following a proposal of the remuneration committee, on the terms established by law and in Circular 4/2013 of 12 June, of the National Securities Market Commission (as amended by Circular 7/2015, of 22 December and by Circular 2/2018 of 12 June). The aforementioned annual report is included in sections 6 (except for 6.6), 9.4 and 9.5 of the “Corporate Governance” chapter of the consolidated directors’ report, which is part of the 2018 annual report.