

Strategic and Financial Analysis. Financial Division

Institutional Presentation

2019



Index

- 1 Our business model
- 2 Group structure and businesses
- 3 2019 results and activity
- 4 Our three-pillar plan and medium-term goals
- 5 Grupo Santander financial information
















1

● Our business model

Santander, a leading financial group

2019 Highlights

	Total assets (EUR billion)	1,523
	Customer loans (EUR billion excluding reverse repos)	919
	Customer deposits + mutual funds (EUR billion excluding repos)	966
	Branches	11,952
	2019 Attributable profit (EUR million)	6,515
	2019 Underlying attributable profit (EUR million)	8,252
	Market capitalisation (EUR billion; 31-12-19)	62
	People (headcount)	196,419
	Customers (millions)	145
	Shareholders (millions)	4.0
	Communities (million people financially empowered)	2.0

Our strategy is built around a virtuous circle based on loyalty



Simple

Personal

Fair

The Santander Way

We continue to do business in a more responsible and sustainable way



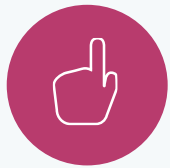
OUR PURPOSE

To help people and businesses prosper



OUR AIM AS A BANK

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



OUR HOW

Everything we do should be

Simple

Personal

Fair

Santander business model

Our business model **drives predictable and profitable growth**

1

SCALE

Local scale and global reach

2

CUSTOMER FOCUS

Unique personal banking relationships
strengthen customer loyalty

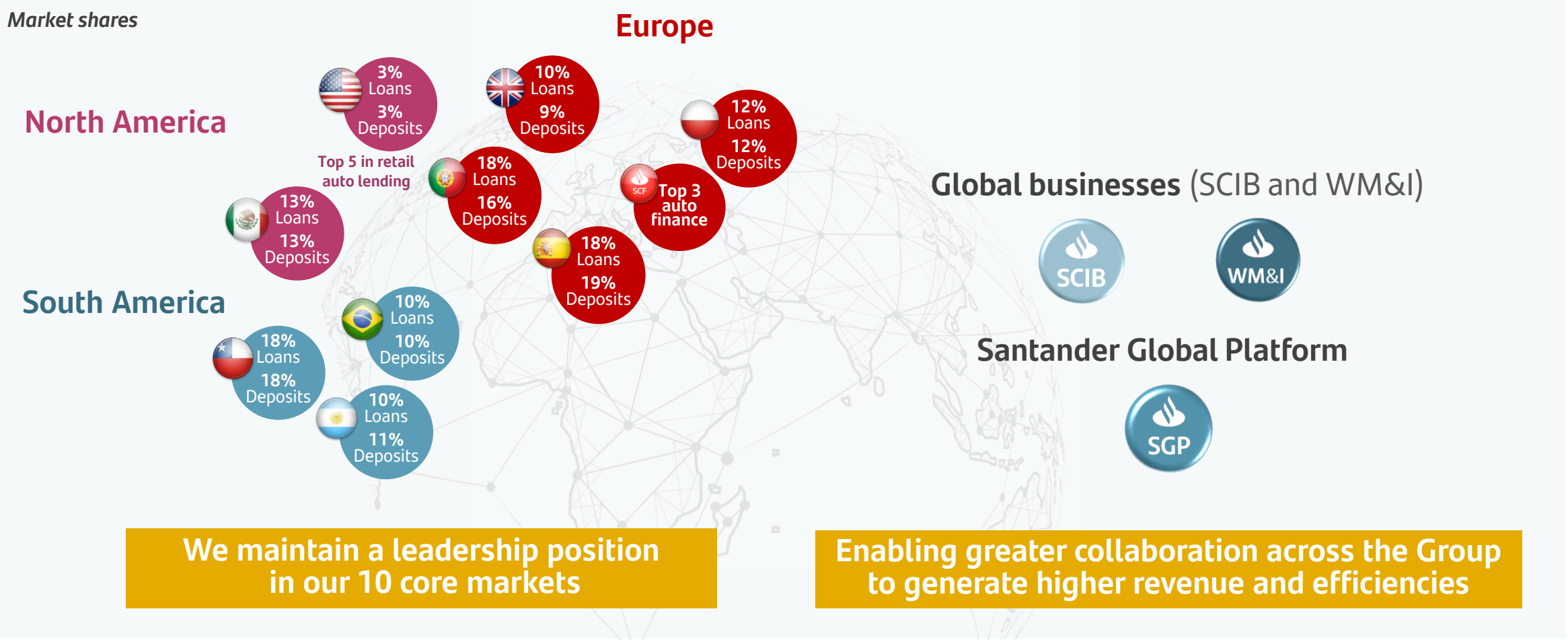
3

DIVERSIFICATION

Our **geographic and business diversification**
make us more resilient under adverse circumstances

1 Scale

Local scale based on three geographic regions with **global reach** backed by our global businesses



We maintain a leadership position in our 10 core markets

Enabling greater collaboration across the Group to generate higher revenue and efficiencies



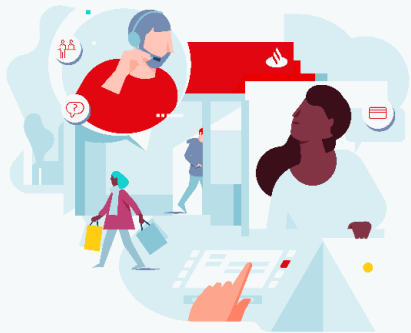
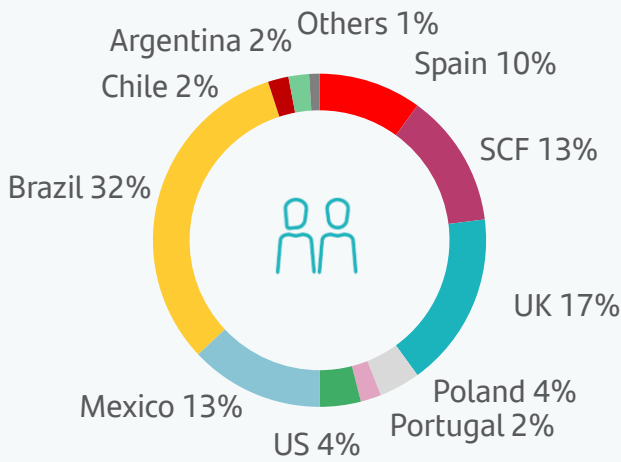
Market share data: as at Sep-19 and the US and SCF latest available. The UK: includes London Branch. Poland: including SCF business in Poland. The US: in all states where Santander Bank operates. Brazil: deposits including debenture, LCA (agribusiness notes), LCI (real estate credit notes), financial bills (*letras financeiras*) and COE (*certificates of structured operations*)

2

Customer focus

Customer satisfaction is essential to build loyalty

Customers by market, Dec-19



Top 3

in NPS¹ in 6 countries

+72%

Loyal customers² 2014 - 2019

145 million customers, in markets with a total population of more than one billion

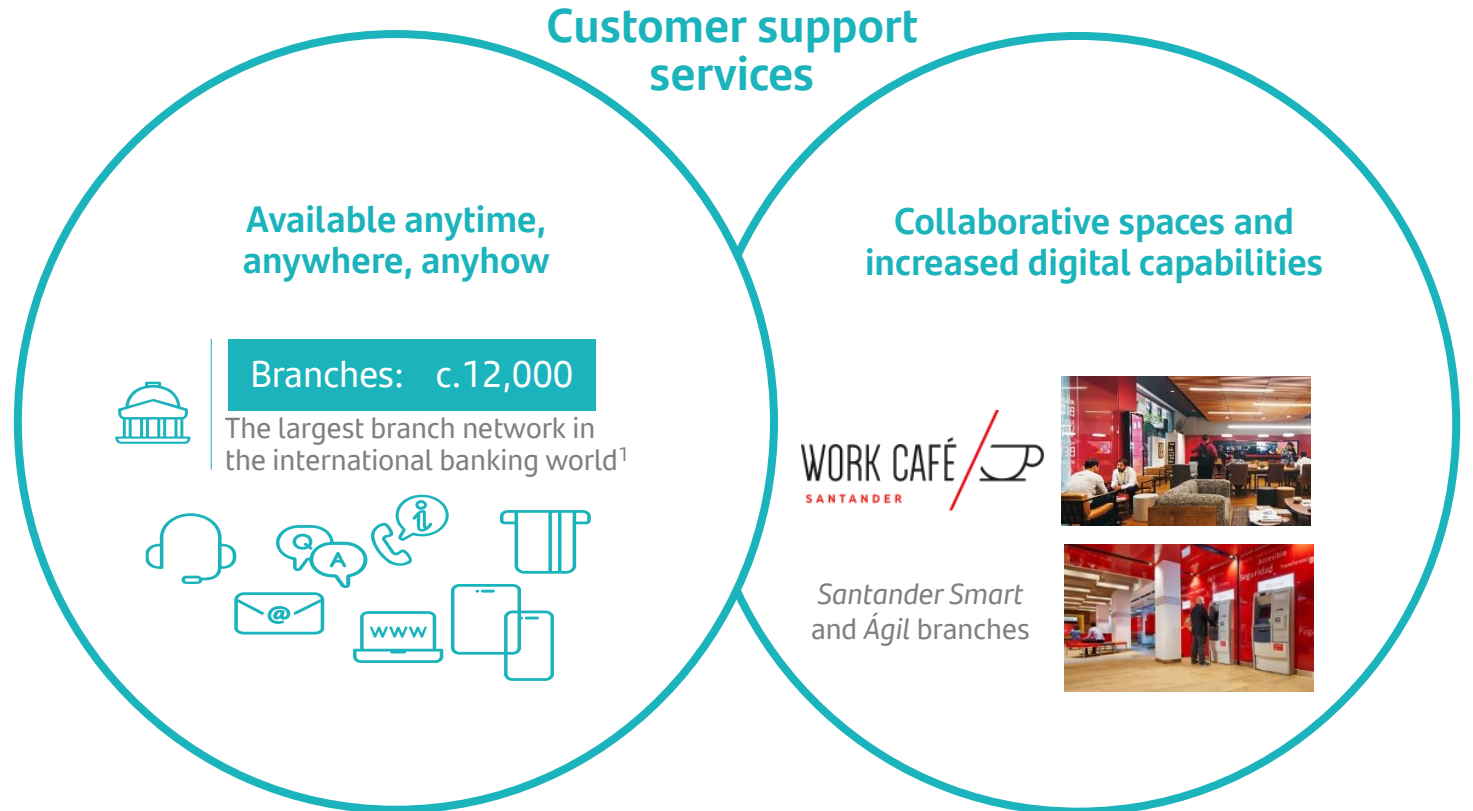
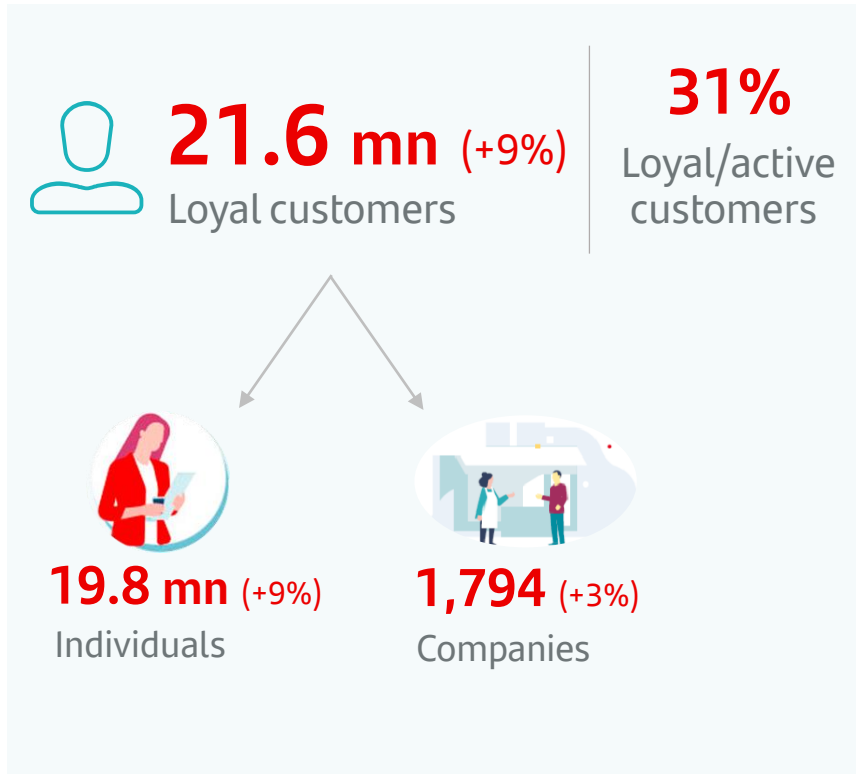
The trust and loyalty of our customers are the most important assets for Santander



(1) NPS = Net Promoter Score. Customer Satisfaction internal benchmark of active customers audited by Stiga / Deloitte
 (2) Active customer who receive most of their financial services from the Group according to the commercial segment to which they belong. Various engaged customer levels have been defined taking profitability into account

2 Customer focus

Unique personal banking relationships with over 100,000 people talking to our customers every day in our branches and other customer support services



2

Customer focus

Digital customers are engaging and transacting more



36.8 mn (+15%)

Digital customers¹

36%

Digital sales²
as % of total sales



5

Accesses to digital touchpoints per customer per week



2x

Increase in mobile sales vs 2018

Digital technology boosting financial access



Traditional banking

Branches, ATMs, retail agents, ...



Digital banking

Internet, mobiles, tablets, smartphones and smartwatches...



Guaranteeing access for all segments

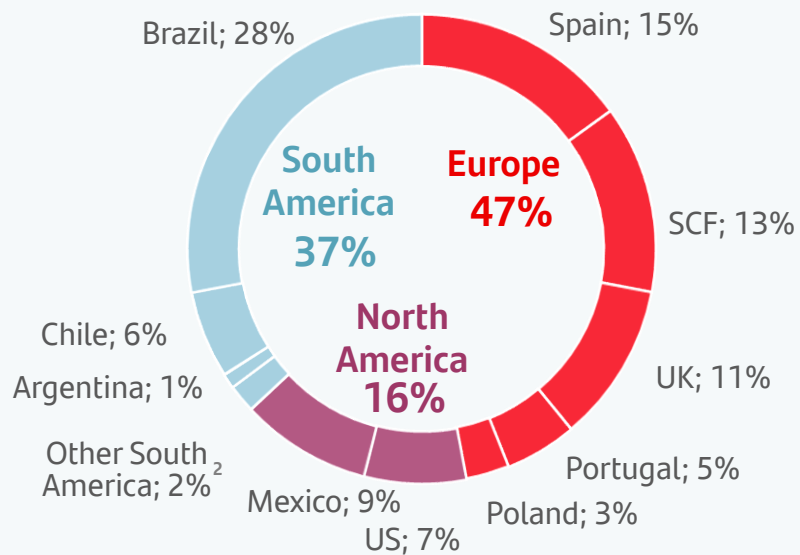
- Sparsely populated communities
- Low-income communities
- Most vulnerable groups
- University students

3

Diversification

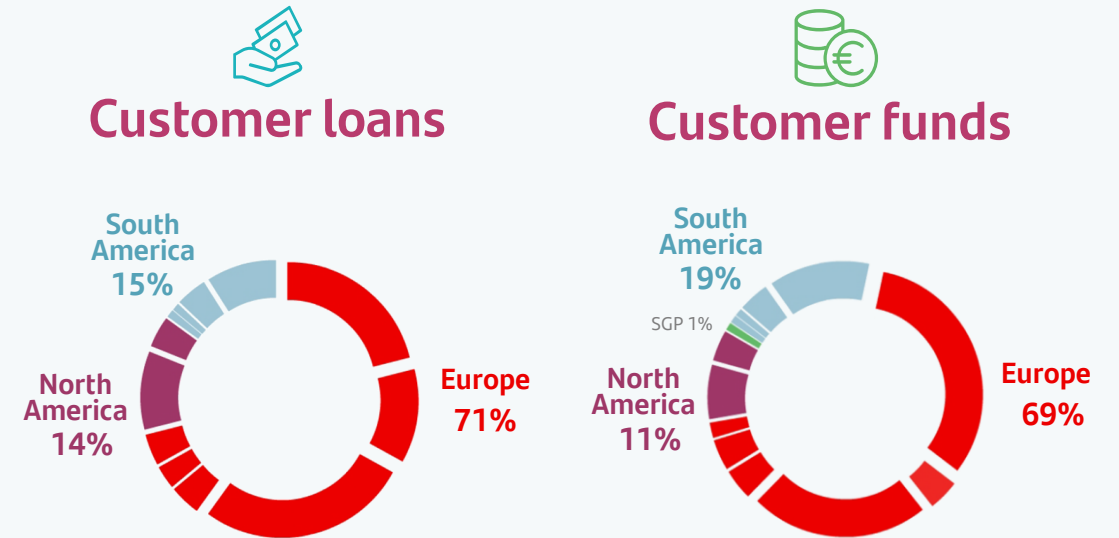
Geographic diversification in **three regions**, with a good balance between mature and developing markets

Contribution to 2019 underlying attributable profit¹



Well-balanced profit distribution between Europe and the Americas. SCIB and WM&I contribution: 26%

2019 Group's contribution³ by regions

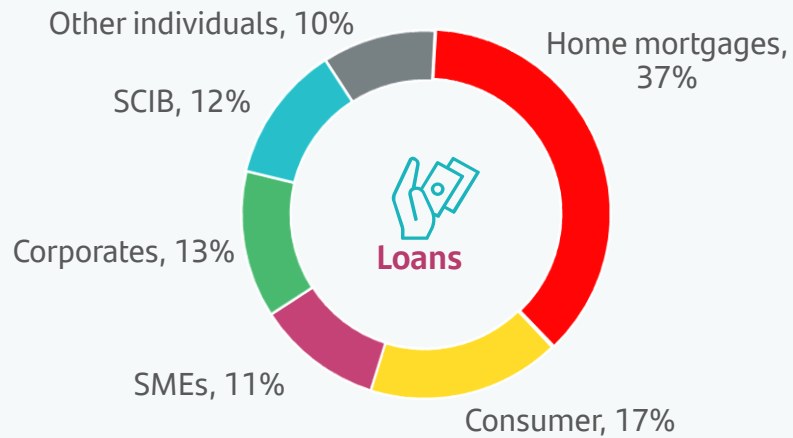


Higher exposure in Europe, greater opportunity to grow in the Americas

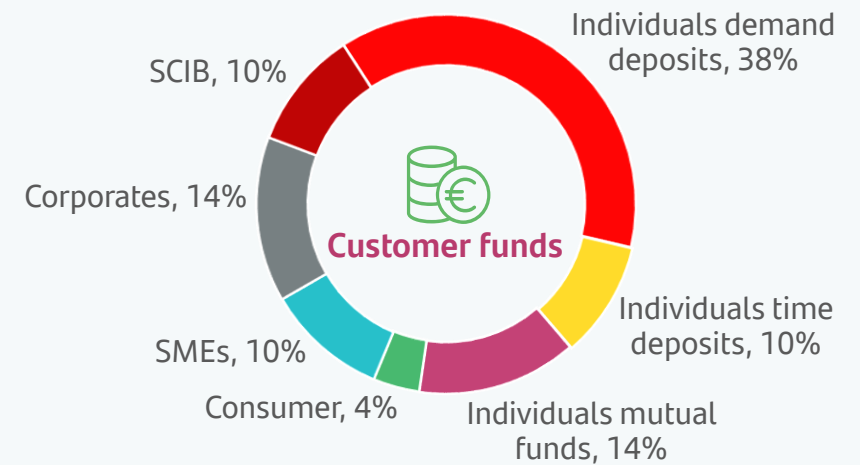
3 Diversification

Business diversification among customer segments (individuals, SMEs, corporates and large corporates)

Customer loans by business, Dec-19

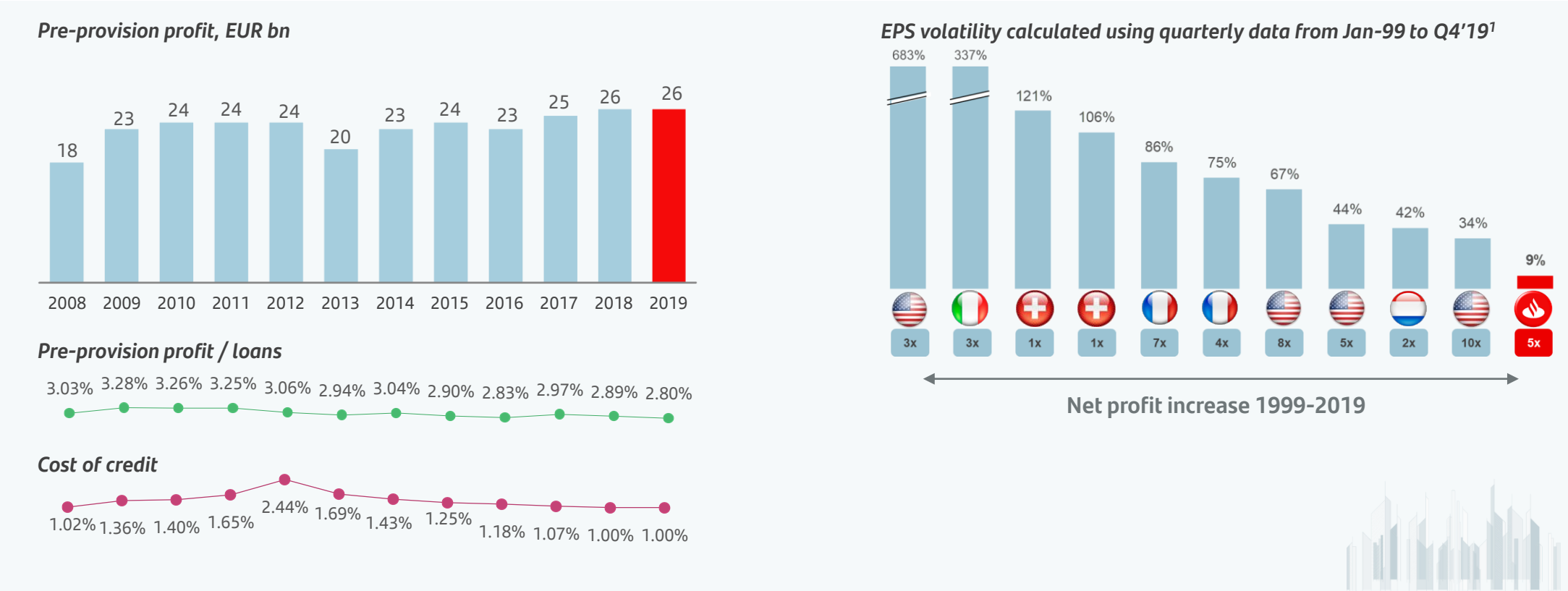


Customer funds by business, Dec-19



Our strength and resilience of our model drives predictable and profitable growth

Recurring pre-provision profit with the lowest earnings per share volatility



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

Our model as well as successful execution of our strategic priorities, delivered strong profitability, higher generation capacity and shareholder value creation

GPS¹ targets since 2014

Growth

EPS² **+22%**

TNAVps³ **+19%**

Profitability

RoTE **+84 bps**

RoRWA **+34 bps**

Strength

FL CET1 **+EUR 22 bn⁴**

Shareholder value creation⁵

Cash dividend per share

EUR 0.20 in 2019	c.+3% vs 2018	2.3x vs 2014
----------------------------	-------------------------	------------------------

Total dividend per share

EUR 0.23 in 2019

TNAV + cash DPS

EUR 4.52 **+8%**
in 2019 vs 2018⁶



Amongst the largest banks in the Eurozone
by market capitalisation



Santander has paid dividends
uninterruptedly the last 80 years



And we continue doing business in a more responsible and sustainable way

Culture

Engagement

86% of employees proud to work for Santander (+1pp vs 2018)

Women

40% Group Board
23% Group leadership (+2pp vs. 2018)



Sustainability

EUR 19 bn

mobilised in Green finance

EUR 1 bn

Santander first green bond issuance

Most sustainable bank in the world



Dow Jones index²

Communities

1.6 mn

people helped through our community programmes

69 k

scholarships granted

Financial inclusion

2.0 mn

people financially empowered

EUR 277 mn

credit to microentrepreneurs³ (+73% vs. 2018)



2



Group structure
and businesses



Leveraging One Santander to accelerate the execution of our strategy










- ◉ Three geographic regions (with 10 core markets) to improve operating performance
- ◉ Global businesses to enhance our local scale with global reach and collaboration
- ◉ Santander Global Platform to accelerate digital transformation
- ◉ The Corporate Centre and other functions servicing the whole Group



**Three
geographic regions
(with 10 core markets)**





Building one European banking platform, with enhanced profitability

2019 Highlights		
	Branches	5,336
	Employees	86,574
	Loyal customers (mn)	9.9
	Digital customers (mn)	13.8
	Customer loans (EUR bn)	651
	Customer funds (EUR bn)	671
	Underlying attributable profit (EUR mn)	4,878
	Underlying RoTE	10%
	Contribution to Group's profit	47%










Strategic priorities

In a lower for longer interest rate and low growth environment, we are working to simplify our European business model and structure:

- Adaptation of our **technological platforms** and **leveraging of our digital transformation** to improve customer experience 
- Simplification of our business model, **reducing the number of products** to gain efficiency and agility, **while maintaining a full value proposition** 
- Continued achievement of **additional synergies** from the integration and transformation processes 



Santander España remains committed to maintaining its leadership. In 2019, we successfully completed the integration of Popular's branches and customers in Santander

2019 Highlights		
	Branches	3,235
	Employees	27,630
	Loyal customers (mn)	2.5
	Digital customers (mn)	4.7
	Customer loans (EUR bn)	191
	Customer funds (EUR bn)	309
	Underlying attributable profit (EUR mn)	1,585
	Underlying RoTE	10%
	Contribution to Group's profit	15%

Strategic priorities

Focus on optimising the commercial network. Accelerate the digital transformation to improve customer experience

▼

Continue growing SMEs and corporate segments

▼

Develop a sustainable profit and profitability model (optimal capital allocation and focus on profitable segments & products)

 **Santander Empresas**

 **Smart Bank**

 **SO:FIA**



 **One Pay FX**












Cuenta Mundo for non-residents





SCF is the consumer finance leader in Europe, with advanced captive car finance and strong foothold in consumer with presence in 15 countries

2019 Highlights		
	Branches	416
	Employees	14,448
	Active customers (mn)	19,3
	Point-of-sales (k)	>130
	Customer loans (EUR bn)	105
	Customer funds (EUR bn)	40
	Underlying attributable profit (EUR mn)	1,314
	Underlying RoTE	15%
	Contribution to Group's profit	13%

Strategic priorities

Remain best-in-class profitability and efficiency, while reorganising business in Germany under the same brand

▼

Help our partners with their transformation plans. Collaboration with fintechs

▼

Boost growth in consumer finance with new digital business model and signing agreements with the main retailers

- Countries:**
- ⦿ Austria
 - ⦿ Belgium
 - ⦿ Denmark
 - ⦿ Finland
 - ⦿ France
 - ⦿ Germany
 - ⦿ Italy
 - ⦿ Norway
 - ⦿ Poland
 - ⦿ Portugal
 - ⦿ Spain
 - ⦿ Sweden
 - ⦿ Switzerland
 - ⦿ The Netherlands
 - ⦿ The United Kingdom¹

e-commerce open platform




(1) UK data included in Santander UK

Note.- Customer loans: Gross loans excluding reverse repos. Customer funds: customer deposits excluding repos + marketed mutual



Uniquely placed as the leading UK scale challenger bank with an innovative value proposition for retail customers and small businesses

2019 Highlights

	Branches	616
	Employees	24,490
	Loyal customers (mn)	4.6
	Digital customers (mn)	5.8
	Customer loans (EUR bn)	249
	Customer funds (EUR bn)	219
	Underlying attributable profit (EUR mn)	1,077
	Underlying RoTE	7%
	Contribution to Group's profit	11%

Strategic priorities

Grow customer loyalty by providing an outstanding customer experience



Simplify and digitalise the business for improved efficiency and returns



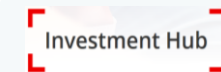
Invest in our people and ensure they have the skills and knowledge to thrive



Further embed sustainability across our business



**BEST
FIRST TIME
BUYER
MORTGAGE
LENDER
SANTANDER**














Portugal



Santander Totta is the largest privately-owned bank in Portugal by assets and loans

2019 Highlights		
	Branches	542
	Employees	6,582
	Loyal customers (k)	778
	Digital customers (k)	775
	Customer loans (EUR bn)	36
	Customer funds (EUR bn)	42
	Underlying attributable profit (EUR mn)	525
	Underlying RoTE	13%
	Contribution to Group's profit	5%

Strategic priorities

- Progress in our digital transformation and streamlining workflow
- Improve efficiency and maintain low cost of credit
- Continue gaining profitable market share and leveraging our position in the corporate sector, especially in SMEs












WORK CAFÉ / SANTANDER

mundo 123 Contas à Ordem

CONTA Happy Cresce conosco Para os mais pequenos nasceu uma conta feliz.



Santander is the second largest bank in Poland in terms of assets and maintains its leadership position in digital banking

2019 Highlights		
	Branches	515
	Employees	11,049
	Loyal customers (mn)	2.0
	Digital customers (mn)	2.5
	Customer loans (EUR bn)	31
	Customer funds (EUR bn)	38
	Underlying attributable profit (EUR mn)	349
	Underlying RoTE ¹	20%
	Contribution to Group's profit	3%

Strategic priorities

Become a more agile organisation in order to increase customer loyalty and retention



Remain the leader in digital channels in Poland and strengthen Santander brand



Enhance our position in Private Banking and Asset Management












#1 in mobile banking








Investing together to improve commercial capabilities










2019 Highlights		
	Branches	2,043
	Employees	37,866
	Loyal customers (mn)	3.5
	Digital customers (mn)	5.2
	Customer loans (EUR bn)	131
	Customer funds (EUR bn)	113
	Underlying attributable profit (EUR mn)	1,667
	Underlying RoTE ¹	13%
	Contribution to Group's profit	16%

Strategic priorities

The US and Mexico are increasing collaboration as they continue to pursue joint initiatives, such as:

- Accelerate execution of regional strategy**, increase profitability and contribute to efficiency objectives 
- Continued development of the **USMX trade corridor** (revenue growth: +41% SCIB; +23% Corporate) 
- Cooperation between** the Technology, HR, Legal and Audit areas to develop joint programmes in order to align policies, improve governance and optimise costs 

Santander US includes a Northeast US regional bank, a nationwide auto finance business, an international private banking operation and a broker-dealer. In 2019, strong growth in volumes and increased profitability

2019 Highlights		
	Branches	621
	Employees	17,372
	Loyal customers (k)	332
	Digital customers (k)	1,010
	Customer loans (EUR bn)	96
	Customer funds (EUR bn)	73
	Underlying attributable profit (EUR mn)	717
	Underlying RoTE ¹	9%
	Contribution to Group's profit	7%

Strategic priorities

- Improve customer experience in order to drive volume growth
- Seize collaboration opportunities across our businesses in order to drive value
- Cost management and efficiency improvement and continue resolving legacy regulatory issues



(1) RoTE adjusted for excess capital. Otherwise 5%










Note.- Customer loans: Gross loans excluding reverse repos. Customer funds: customer deposits excluding repos + marketed mutual

On 21 October 2019, it was announced that Grupo Santander has agreed to sell its retail and commercial banking franchise in Puerto Rico to FirstBank Puerto Rico for approximately USD 1.1 bn.

The sale includes Santander's 27 bank branches in Puerto Rico and total assets of USD 6.2 billion. The transaction is expected to close in the middle of 2020, subject to regulatory approvals.



Santander México, a leading financial group in the country, focused on commercial transformation and innovation, with strong digital customer growth

2019 Highlights		
	Branches	1,422
	Employees	20,494
	Loyal customers (mn)	3.2
	Digital customers (mn)	4.2
	Customer loans (EUR bn)	35
	Customer funds (EUR bn)	41
	Underlying attributable profit (EUR mn)	950
	Underlying RoTE	21%
	Contribution to Group's profit	9%

Strategic priorities

Continue the retail banking transformation: enhancing our attention model and expand new businesses

Focus on attracting payrolls, drawing on our strong position in SMEs and Corporates

Enhance customer service quality across the Bank





Select Me





Natural reweighting and high profitable growth opportunity

2019 Highlights

	Branches	4,572
	Employees	69,508
	Loyal customers (mn)	7.9
	Digital customers (mn)	17.3
	Customer loans (EUR bn)	131
	Customer funds (EUR bn)	171
	Underlying attributable profit (EUR mn)	3,924
	Underlying RoTE	21%
	Contribution to Group's profit	37%

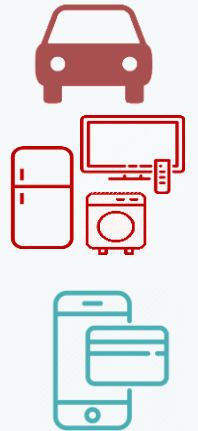
Strategic priorities

This region remains a growth engine and aims to generate profitable growth and export positive experiences to other countries in the region with focus on leveraging our products & services with strong expected medium-term growth, such as:

Auto financing using experience from the Group and Brazil to boost growth in other countries (e.g. Colombia has signed two alliances with digital vehicle platforms)
Financing goods and services (plan to export Uruguay's successful model to other regions)










Payments methods (we are one of the largest card issuers & merchant acquirers in the region): exploring e-commerce strategies, instant domestic and international transfers, and the roll-out of *Getnet* to the rest of Latin America

Further develop the retail franchise: strengthen new channels in the low income segment (Microfinance with *Prospera*, agribusiness, and digital - e.g. Chilean *Life* model) and *Work Café* branches opening in Chile, Brazil and Argentina in the year





Santander Brasil has a strong growth strategy, underpinned by a solid and sustainable business model

2019 Highlights		
	Branches	3,656
	Employees	46,682
	Loyal customers (mn)	5.7
	Digital customers (mn)	13.5
	Customer loans (EUR bn)	80
	Customer funds (EUR bn)	122
	Underlying attributable profit (EUR mn)	2,939
	Underlying RoTE	21%
	Contribution to Group's profit	28%

Strategic priorities

- Attract new customers while cultivating the existing relationships
- Leverage our business in current markets and also expand with new ventures
- Maximise loyalty, increase opportunities among our business units
- Maintain operational efficiency



SMEs



Agribusiness

Santander Chile is the country's leading privately-owned bank by assets and customers

2019 Highlights

	Branches	375
	Employees	11,580
	Loyal customers (k)	704
	Digital customers (k)	1,247
	Customer loans (EUR bn)	40
	Customer funds (EUR bn)	35
	Underlying attributable profit (EUR mn)	630
	Underlying RoTE	18%
	Contribution to Group's profit	6%

Strategic priorities

Accelerate the commercial transformation via the new branch network model and digital banking



Improve customer service quality and grow loyal and digital customer base



Focus on mass market through Santander *Life*. Develop the acquiring business and Superdigital



Ahora paga con tu celular.



Nueva Tarjeta Santander LIFE LATAM Pass.





Argentina



Santander Argentina is the country's largest privately-owned bank by banking business

2019 Highlights		
	Branches	438
	Employees	9,178
	Loyal customers (mn)	1.4
	Digital customers (mn)	2.2
	Customer loans (EUR bn)	5
	Customer funds (EUR bn)	8
	Underlying attributable profit (EUR mn)	144
	Underlying RoTE	22%
	Contribution to Group's profit	1%

Strategic priorities

Profitable growth increasing revenue with efficient capital allocation and maintained high dollar liquidity ratio

▼

Customer-centric decisions, helping people and businesses prosper

▼

Progressing towards a simple and more efficient model, driven by digital transformation

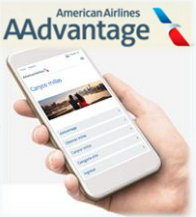
nova.
Tu tarjeta, tus cosas.



Token Virtual Agro



WOMEN
El programa más innovador para la mujer.





Santander Uruguay is the country's leading privately-owned bank

2019 Highlights

	Underlying att. profit (EUR mn)	144
	Underlying RoTE	22%

Strategic priorities

Focused on improving efficiency and enhancing the quality of service, through digital transformation and commitment to the community



Activity focused on corporates, the country's large companies and the Group's global customers (SCIB)

2019 Highlights

	Underlying att. profit (EUR mn)	48
	Underlying RoTE	21%

Strategic priorities

Digital transformation and expand our customer base, increasing customer loyalty and maintaining credit quality



Focus on corporate and SCIB, and new alliances in auto finance

2019 Highlights

	Underlying att. profit (EUR mn)	16
	Underlying RoTE	12%

Strategic priorities

Digital transformation and results growth focused on most segments



Global businesses and Santander Global Platform

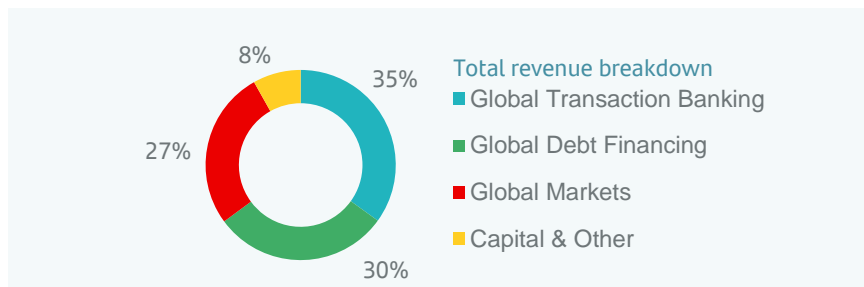




Santander Corporate Investment & Banking

SCIB is the global business division for corporate and institutional customers who require a tailored service and value-added wholesale products suited to their complexity and sophistication

2019 Highlights		
	Customer loans (EUR bn)	114
	Customer funds (EUR bn)	92
	Total revenue (EUR mn)	5,284
	Collaboration revenue	+17% YoY
	Underlying RoRWA	1.8%
	Underlying attributable profit (EUR mn)	1,761
	Contribution to Group's profit	17%



Strategic priorities

Fully leverage our customer-centric model, to drive greater penetration of our franchise and faster growth in retail banking business (collaboration revenue)

▼

Strengthen the global value proposition, focusing on increasing our presence in the US, the UK and Continental Europe

▼

Continue the implementation of the GIP¹, while embracing the digital transformation

▼

Maintain disciplined use of capital, while keeping strict cost control

Continued transformation of the business from a lender to a strategic advisor to our global clients












Committed to the Responsible Banking agenda partnering with our clients and contributing to inclusive and sustainable growth. SCIB acted as sole Sustainable Structuring Advisor and Joint Bookrunner for the inaugural Santander Green Bond and remains at the top of renewables league tables²


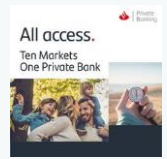

















Santander launched the first ever end-to-end (E2E) blockchain bond in Sep-19. Santander issued the USD 20 mn bond, opening the door to new disruptive technology that can make issuing bonds faster, more efficient and simpler



(1) Implementation of the Global Infrastructure Programme (GIP) following the regulatory agenda (2) Source: Dealogic & MergeMarket
Note.- Customer loans: Gross loans excluding reverse repos. Customer funds: customer deposits excluding repos + marketed mutual
For more information (awards, etc.) see <https://www.santandercib.com>

Our aim: become the best and most responsible Wealth Manager in Europe and the Americas

2019 Highlights		
	Assets under management ¹	EUR 395 bn; +13% YoY
	Total fees generated as % of the Group's total fees ²	30%
	Private Banking clients (k)	c.200
	Private banking collaboration revenue	+20% YoY
	SAM net sales	EUR 5.7bn
	SAM market shares in most core markets	Higher YoY
	Insurance gross written premiums ³	+13% YoY
	Underlying RoRWA	8.9%
	Underlying attributable profit (EUR mn)	960
	Contribution to Group's profit	9%
	Total contribution to Group's profit ⁴ (EUR mn)	2,494

Strategic priorities										
 <p>Single truly global Private Banking platform</p>	<ul style="list-style-type: none"> One Global value proposition Develop a global Private Wealth proposition to c.1,700 clients with >EUR 20 mn⁵ growing +18% Execute the digital transformation 									
 <p>Best provider of savings and investments solutions in Ibero-america</p>	<ul style="list-style-type: none"> Become the best local supplier – strengthening leadership and commitment in our 10 core markets Implement the new IT platform aladdin[®] by BLACKROCK[®] Build a competitive edge on our global capabilities + develop institutional business <p>New funds: alternatives, private debt and infrastructure and Santander GO» product range</p>									
 <p>First choice of insurance for Santander customers</p>	<ul style="list-style-type: none"> Reach our full potential by completing our value proposition in our core markets <table border="1"> <tr> <td>Motor</td> <td>Home</td> <td>Health</td> </tr> <tr> <td>Accidents</td> <td>SME</td> <td>Term life</td> </tr> <tr> <td>Savings</td> <td>     </td> <td></td> </tr> </table> <ul style="list-style-type: none"> E2E digital journeys and online open platforms 	Motor	Home	Health	Accidents	SME	Term life	Savings	     	
Motor	Home	Health								
Accidents	SME	Term life								
Savings	     									

Pensions and Wealth Planning

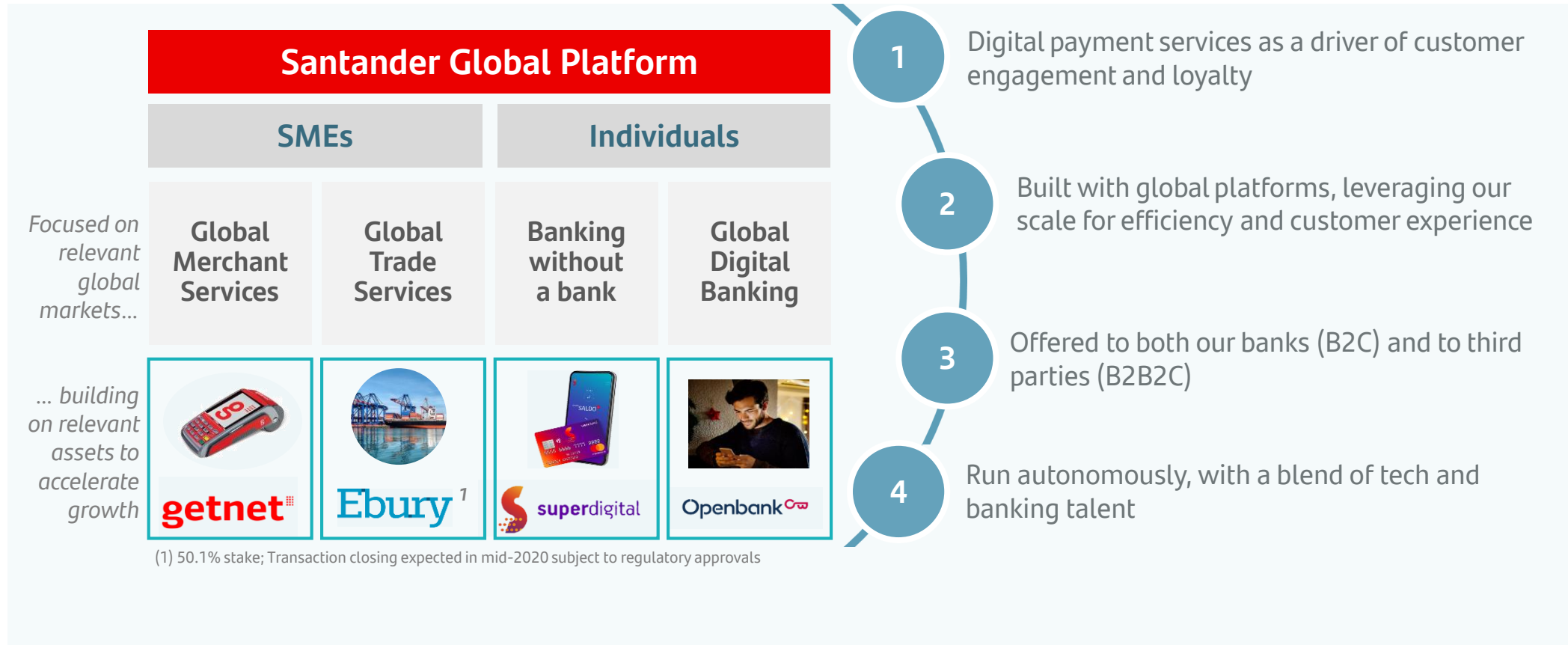
Responsible Banking; Environmental, Social and Governance (ESG)





Santander Global Platform (SGP)

Accelerating our digitalisation process by developing global digital banking solutions with payments at the core for SMEs and individuals



Group functions and Corporate Centre activities

- Global T&O strategy
- HR strategy
- Risk management and control
- Corporate governance and internal control
- Our brand



T&O strategy is aligned with our two-pronged approach: digitalising our core banks and global businesses and building SGP focusing on better serving our customers' needs

Global T&O capabilities are key for our commercial and digital transformation

Composed of **four main domains** that contribute to the digital transformation

Technology



Cybersecurity



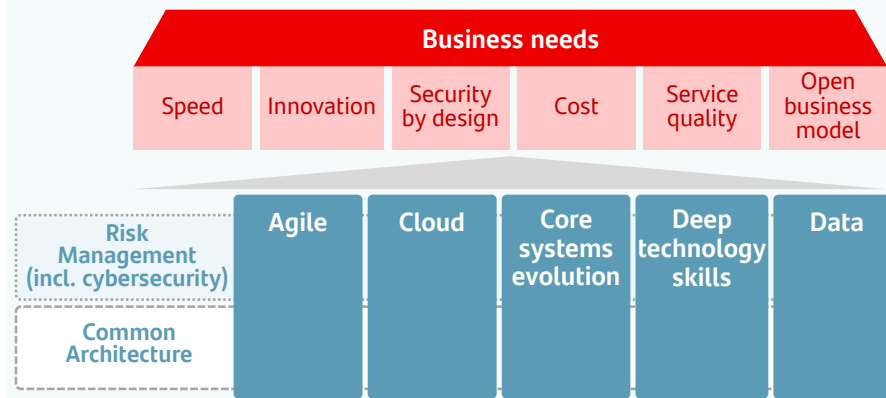
Operations



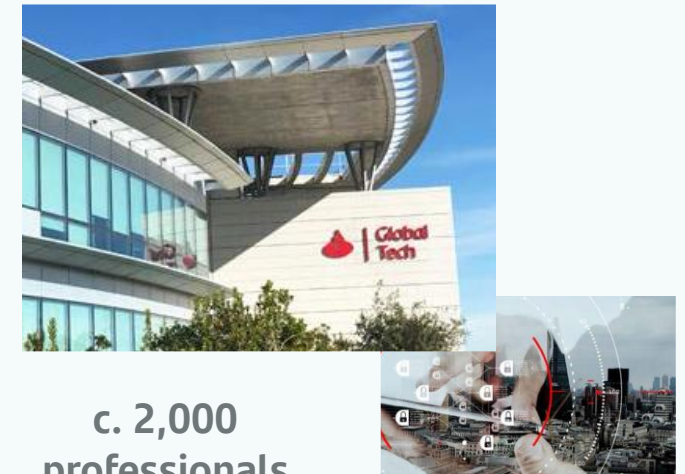
Data



Focused on **five technological pillars** to respond to the changing business needs



Operating model oriented to develop global products and digital services, guaranteeing their quality and security



c. 2,000 professionals



T&O is reducing technology costs while absorbing inflation and significant growth coming from digital transformation

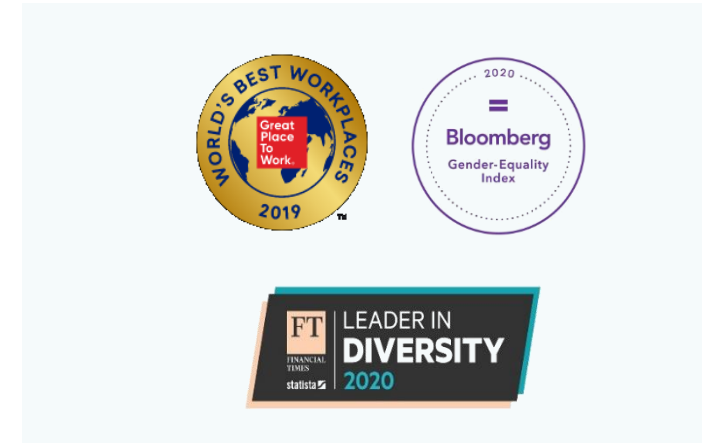
HR strategy: our aim is to be an employer of choice

Focus on employee engagement, leveraging our SPF culture to retain and attract the best talent

 **196,419**
Employees, Dec-19

96%
Employees with permanent contracts in 2018¹

10.4 years
Average length of employment in 2018¹



The **SPF culture** is based on our 8 corporate behaviours and 4 leadership commitments

 Show respect	 Truly listen	 Talk straight	 Keep promises	 Being open and inclusive	 Encouraging the team to prosper	Our corporate management evaluation model	 <p>50% what we do</p> <p>40% how we do it</p> <p>10% Risk</p>
 Support people	 Embrace change	 Actively collaborate	 Bring passion	 Leading by example	 Inspiring and executing transformation		

Risk management and control

The risk management and control model is Santander's cornerstone to ensure that we remain a robust, safe and sustainable bank that helps people and businesses prosper

This model relies on:



A clear **Risk Strategy** with well defined priorities



Common **Risk Principles** which are mandatory and must be applied all times.



3 lines of defence model with a robust structure of risk committees



Clearly defined **management and control processes**



Advanced risk management tools which a comprehensive and forward-looking approach to all risks



Risk Profile Assessment

The identification and assessment of the various risks that it is exposed to



Risk appetite & structure of limits

The amounts and type of risks considered prudent to assume



Scenario Analysis

Analysis of impacts triggered by different scenarios



Risk Reporting Structure

Complete, precise and recurring information

Climate change and risk management



Our risk management and control model is a key driver of Santander's contribution to sustainable economic growth

Risk culture


93%


of employees declare that they are able to identify and feel responsible for the risks they face in their daily work


risk pro
Everyone's business


Corporate governance and internal control

As a responsible bank, we have clear and robust governance with well-defined accountability and prudent management of risks and opportunities

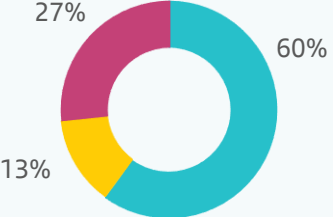

Diversified and well-balanced
 shareholder base


Effective engagement
 with our shareholders


Effective board of directors

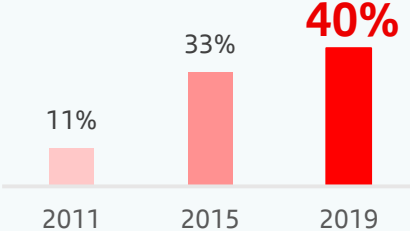

 Focus on **responsible business practices** and attention to all stakeholders' interests

Composition of the Board, Dec-19




- Non-executive directors (independent)
- Executive directors
- Non-executive directors (neither proprietary nor independent)

Women on the Board



2011: 11% 2015: 33% 2019: 40%



Board committees

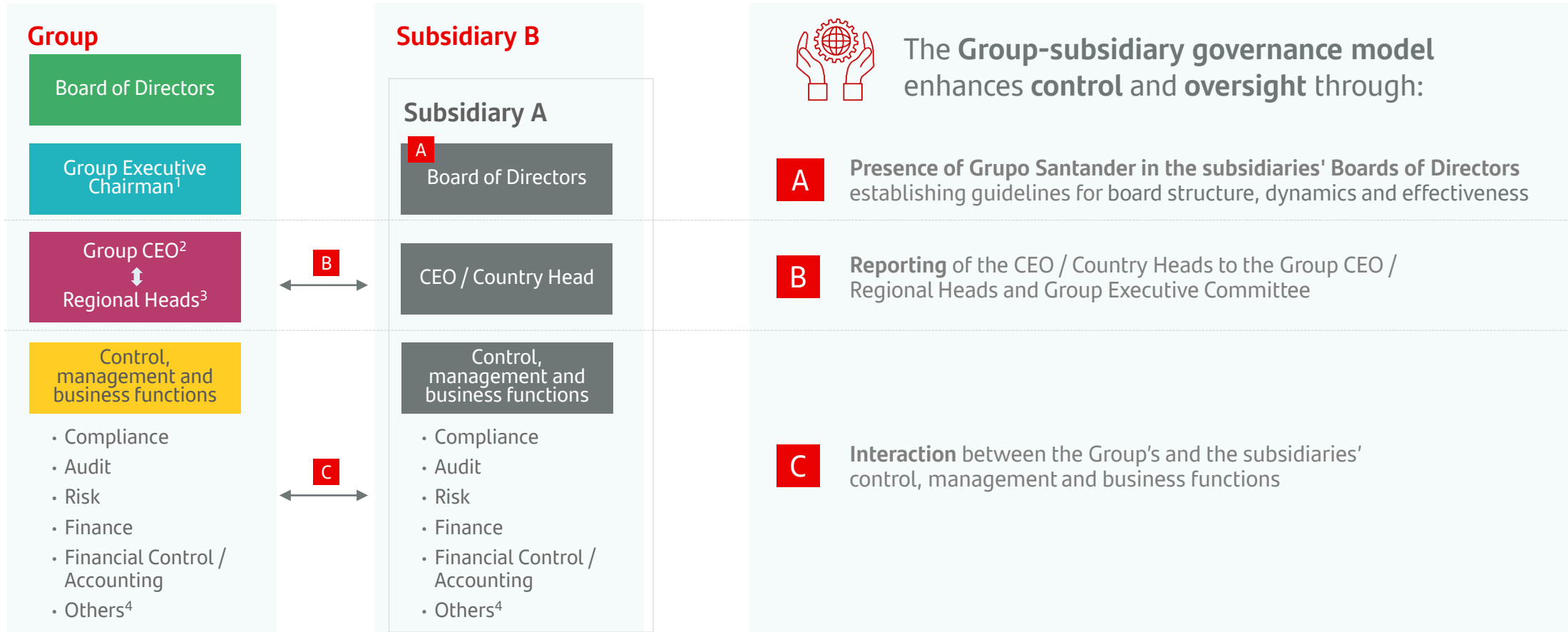


External advisory board
 International advisory board

Corporate governance and internal control

Best practices on robust governance are channelled to all subsidiaries

Group-subsidary governance model



Our brand embeds the essence of the Group's culture and identity

Santander is one of the most valued brands in the world

5th best global bank brand by BrandZ ranking, 2019
best global banking brand by BGB 2019, Interbrand Ranking



As one of our most important strategic assets, our brand helps us connect with people and businesses, demonstrating our commitment to prosperity and determination to bring it to life in a positive and sustainable manner every day



More information: <https://brand.santander.com/en>



3

● 2019
results and activity

Delivering Growth, Profitability and Strength in a responsible way

2019 (vs. 2018)

Growth

Loyal customers

21.6 mn (+9%)

Customer revenue

EUR 47.1 bn (+4%¹)

Profitability

Underlying RoTE

11.8 % (-29 bps)

Underlying RoRWA

1.61 % (+5 bps²)

Strength

FL CET1

11.65 % (+35 bps)

NPL ratio

3.3 % (-41 bps)

Proposed³ increasing cash DPS to **EUR 0.20** (c.+3% YoY) and **total 2019 DPS of EUR 0.23**

(1) In constant euros

(2) Excluding RWA inflation coming from TRIM and other regulatory impacts, otherwise +2 bps increase

(3) Board intends to propose to the 2020 AGM that the total payment of the remuneration against 2019 results will be EUR 0.23 per share split in (1) a dividend in cash of EUR 0.20 per share and (2) a scrip dividend that will entail the payment in cash, for those shareholders who so choose, of EUR 0.03 per share

Profitable growth and solid organic capital generation

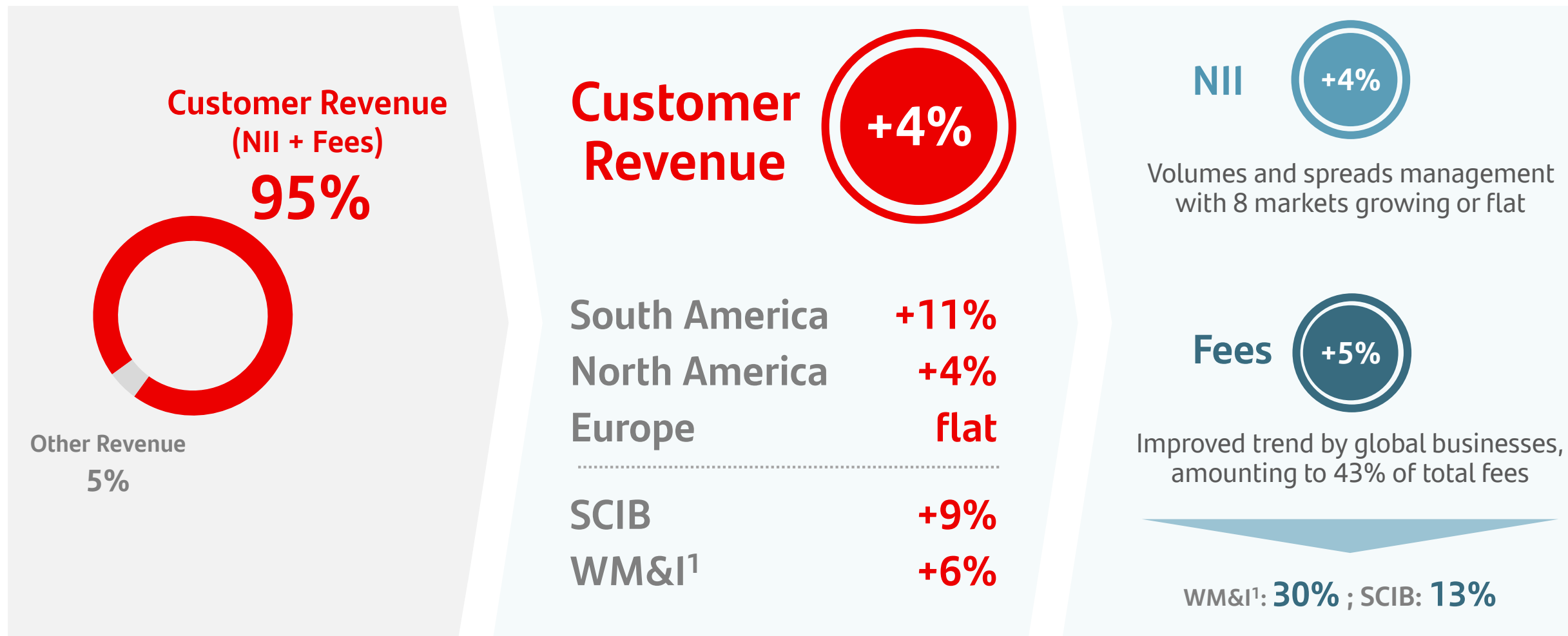
EUR mn	Change vs. 2018		
	2019	%	% constant €
Net interest income	35,283	3	4
Net fee income	11,779	3	5
Customer revenue	47,062	3	4
Trading and other income	2,432	-6	-8
Total income	49,494	2	3
Operating expenses	-23,280	2	3
Net operating income	26,214	2	3
Loan-loss provisions	-9,321	5	5
Other results	-1,964	-2	0
Underlying PBT	14,929	1	2
Underlying attributable profit	8,252	2	3
Attributable profit	6,515	-17	-16

All-time record year in revenue












Underlying profit growth +5%¹ in Q4'19 vs. Q4'18

Strong organic capital generation: FL CET1 at 11.65% and increasing cash DPS

High quality revenue: customer revenue deliver 95% of the total and grew 4% YoY driven by the Americas and Global Businesses

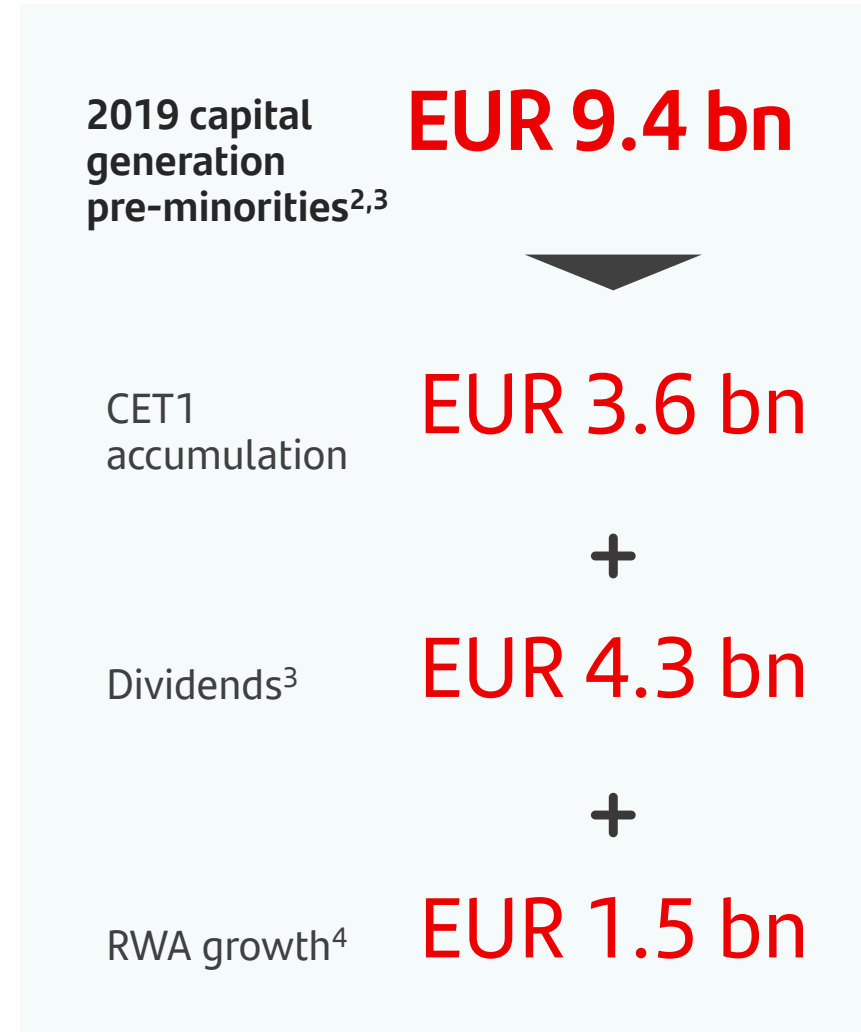
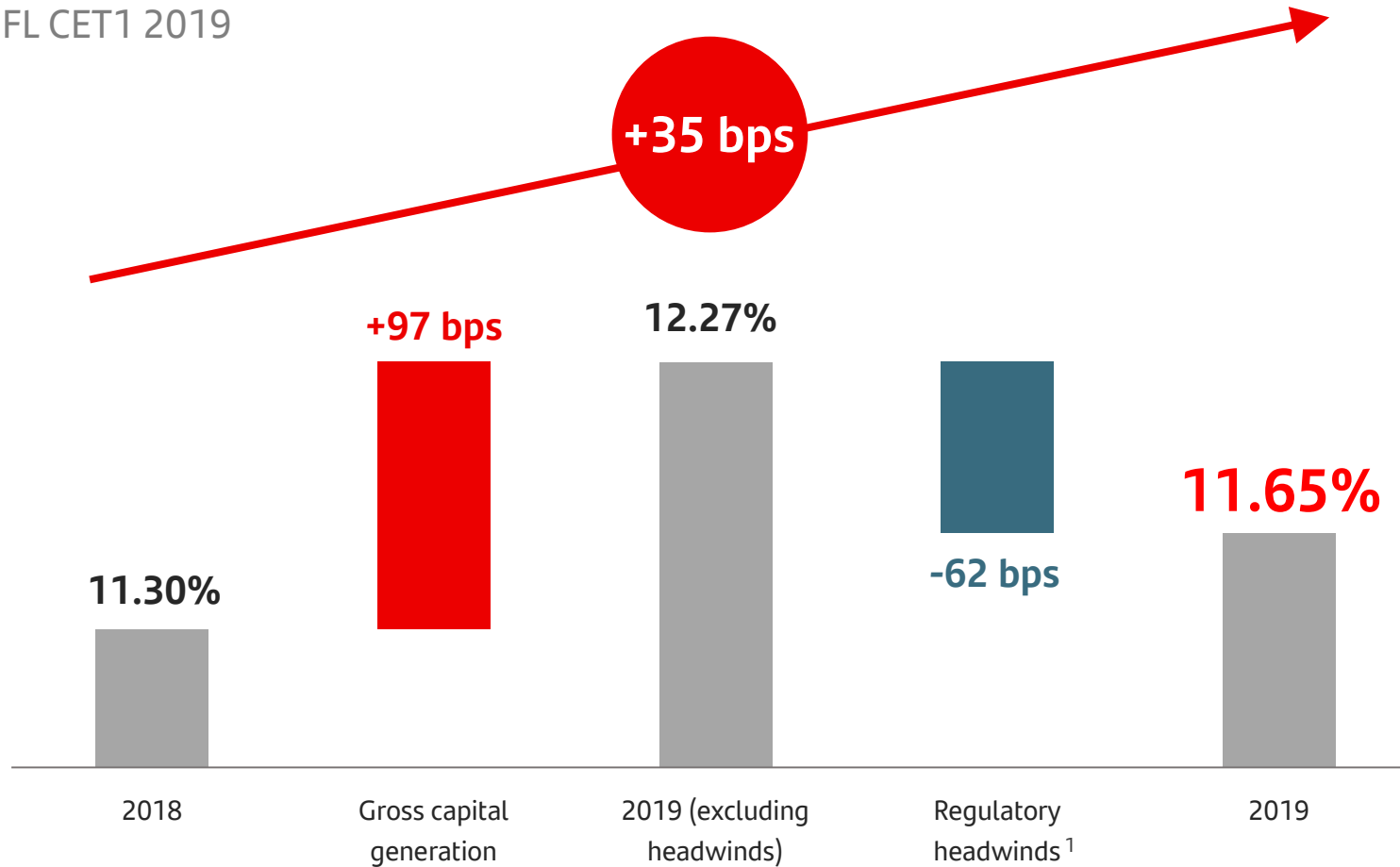


We continue leveraging our scale and global capabilities to improve productivity and generate new efficiencies

YoY change in constant euros		Nominal costs	Costs in real terms		
Europe		-1.3%	-2.4%	 -8%  -3%  -4%	Operating as "One Europe"
North America		5.1%	2.6%	 2%  4%	Synergies as a region and joint investments
South America¹		4.6%	1.0%	 1%  0%	Regional revenues and cost management
Group		3.4%	-0.4%		

2019 a record-high year in terms of gross capital generation, partially offset by regulatory headwinds

FL CET1 2019



(1) Impacts: 19 bps IFRS16; 43 bps TRIM & others
 (2) Not considering other elements in the CET1 YoY change: OCI, cost of FX hedges, AT1 coupons, etc.
 (3) Including dividends paid to minorities by subsidiaries, otherwise dividends 3.4 bn and total capital generation EUR 8.5 bn
 (4) Capital consumption coming from RWA inflation

Sound credit quality underpinned by lower NPL and high coverage ratios. Cost of credit remains at very low levels

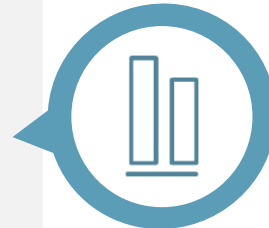


Better credit quality ratios

	2018	2019
Cost of credit	1.0%	1.0%
NPL ratio	3.73%	3.32%
Coverage ratio	67%	68%



Lower or stable **cost of credit**
in 8 core markets



NPL ratio fell YoY in most markets






High level of **allowances to total loans**

Details by geographic regions and global businesses



Strong operating performance across our regions...

2019 ¹ (vs. 2018)		Loyal customers (mn)	Loans (EUR bn)	Underlying profit (EUR mn)	RoTE (%)	
	Europe	9.9 +6%	651 +2%	4,878 -3%	10% -86 bps	Stable revenue and executing cost synergy opportunities
	North America	3.5 +22%	131 +10%	1,667 +21%	13%² +112 bps	Improving capabilities and high operational leverage
	South America	7.9 +7%	131 +9%	3,924 +18%	21% +179 bps	Double-digit earnings growth and returns

...with Global Businesses driving network effects and contributing 26% of the Group's earnings



Santander Corporate & Investment Banking

Underlying profit **EUR 1,761 mn** +10%

RoRWA **1.8%** +18 bps

Customer-centric & capital-light model



Wealth Management & Insurance

Underlying profit **EUR 960 mn** +11%

RoRWA **8.9%** +1 pp

Closing the gap to our natural market share



Santander Global Platform

International SMEs / GTS

Ebury¹

+40%
Revenue CAGR²

Individuals – Mass market

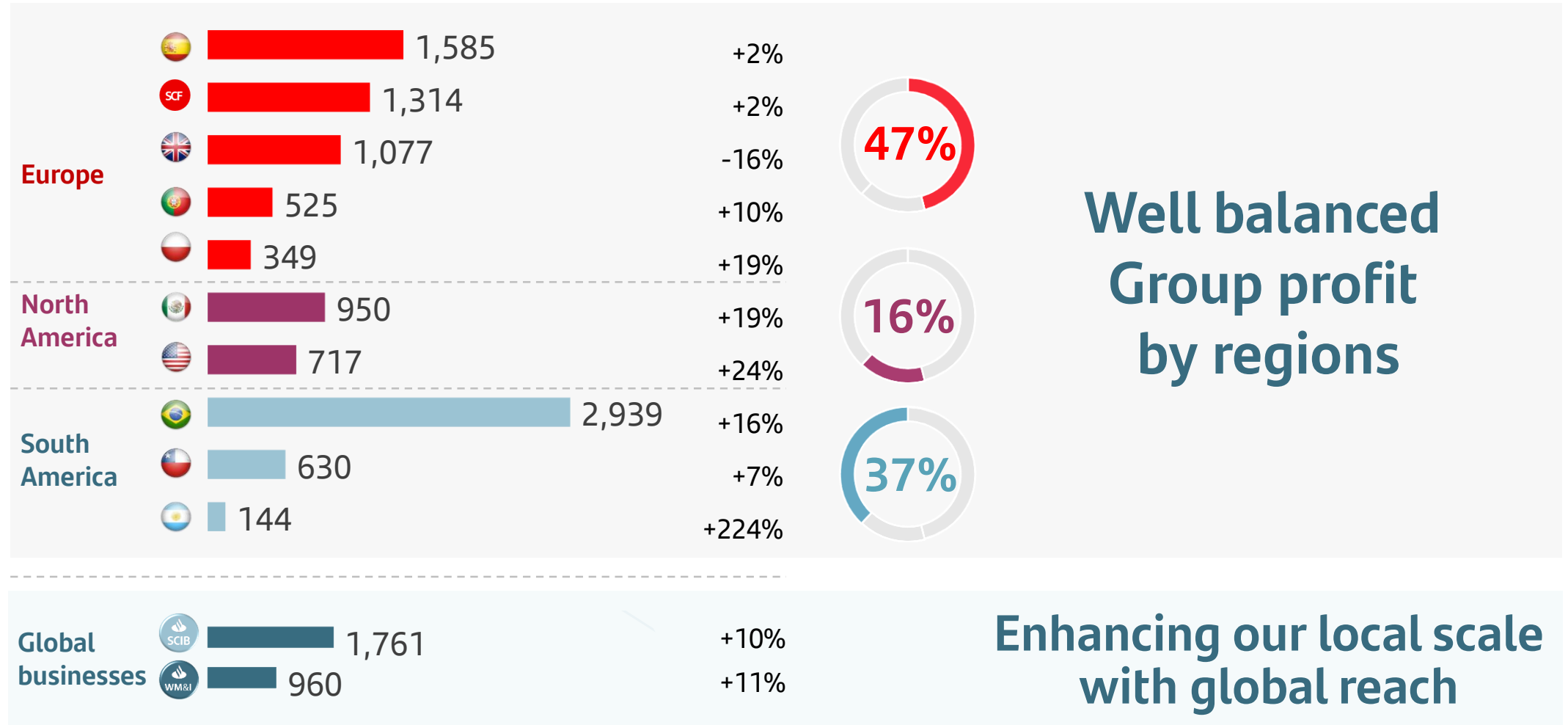
superdigital

640k
active
customers
+59% YoY

Overall profit growth by regions and markets

2019 Underlying attributable profit

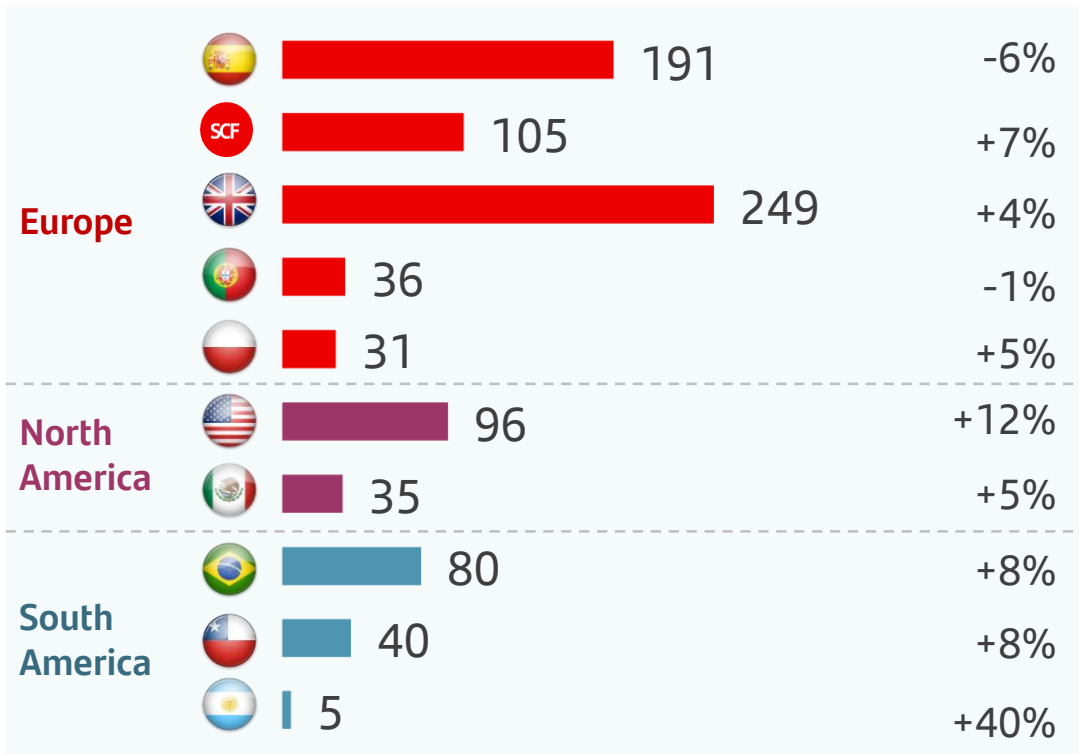
EUR mn and % change vs. 2018 in constant EUR



Volume growth driven by the Americas and our consumer businesses

2019 Loans and advances to customers

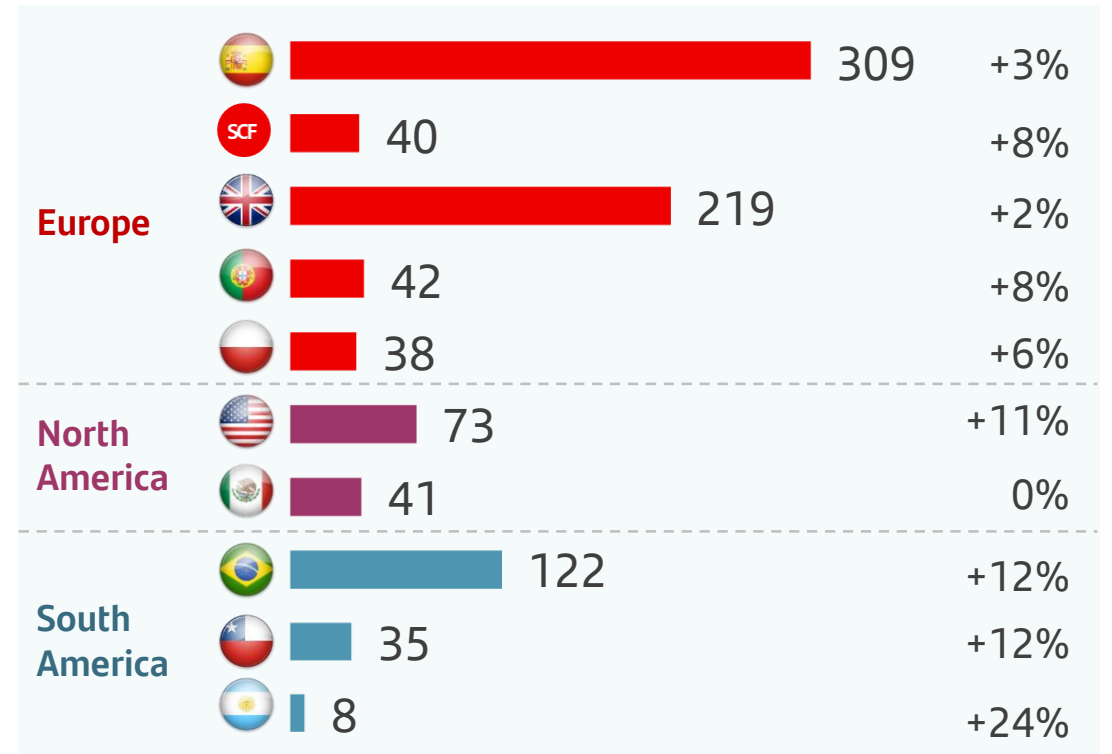
EUR bn and % change vs. 2018 in constant EUR



+4%

2019 Customer funds

EUR bn and % change vs. 2018 in constant EUR



+6%

Results also supported by a disciplined execution against our strategic priorities



Improve operating performance

Simplified **regional management structure**

Europe c. EUR 200 mn¹ cost reduction
(20% of c. EUR 1 bn plan)

Popular integration successfully concluded



Optimise capital allocation

Mexico minorities acquisition

High return businesses investments
(eg. Insurance, acquiring, etc.)

Custody business partnership and **Puerto Rico** retail bank disposal²



Accelerate digitalisation through SGP

Santander Global Platform creation

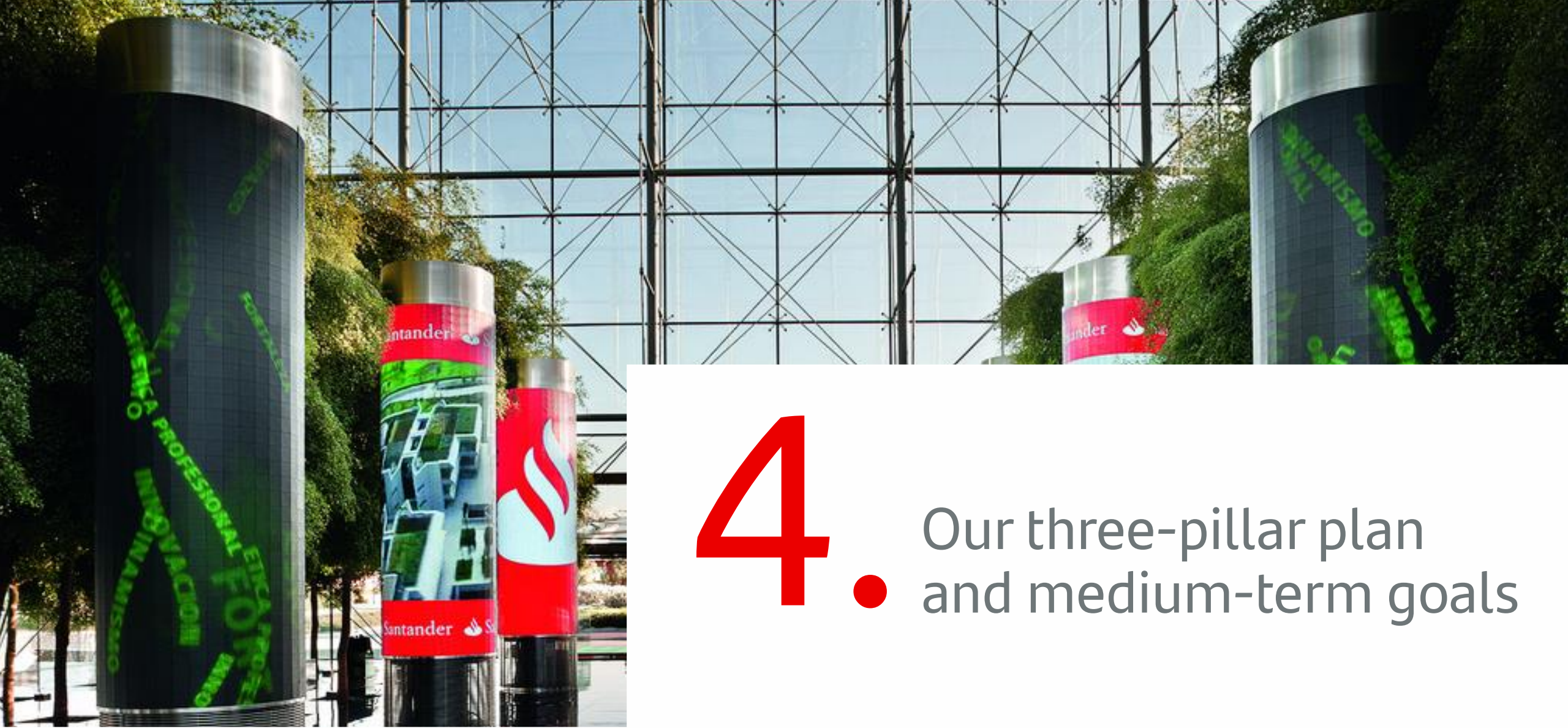
Ebury strategic partnership²
(base for Global Trade Services)

Openbank expansion in Europe



Building a Responsible Bank

Recognised as the **most sustainable bank in the world** by Dow Jones Sustainability Index in 2019



4

- Our three-pillar plan and medium-term goals

Execution of our three-pillar plan to drive profitable growth in a responsible way



Improve operating performance



Optimise capital allocation



Accelerate digitalisation through Santander Global Platform



Continue building a more Responsible Bank

Improving operating performance leveraging One Santander



	Europe		North America		South America	
	2019	Mid-term goal	2019	Mid-term goal	2019	Mid-term goal
Underlying RoTE	10%	12-14%	13% ¹	14-16% ²	21%	20-22%
Efficiency	53%	47-49%	43%	39-41%	36%	33-35%
	Building one European banking platform, with enhanced profitability		Investing together to improve commercial capabilities		Natural reweighting and high profitable growth opportunity	

Ongoing capital allocation optimisation to improve profitability



Rebalancing to more profitable regions and businesses

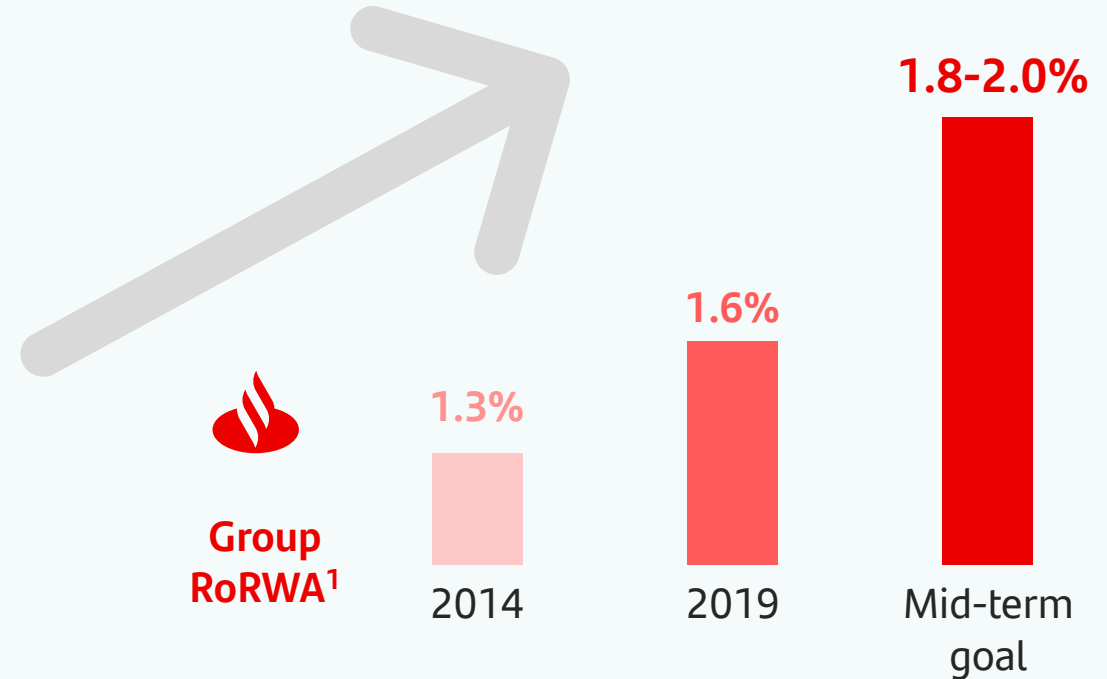


Improved pricing, processes and governance

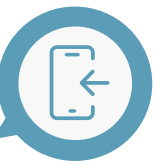


Active management and senior team alignment

Strong profitability improvement leading to higher capital generation capacity



Accelerating digitalisation and building Santander Global Platform



Digitalisation
& SGP

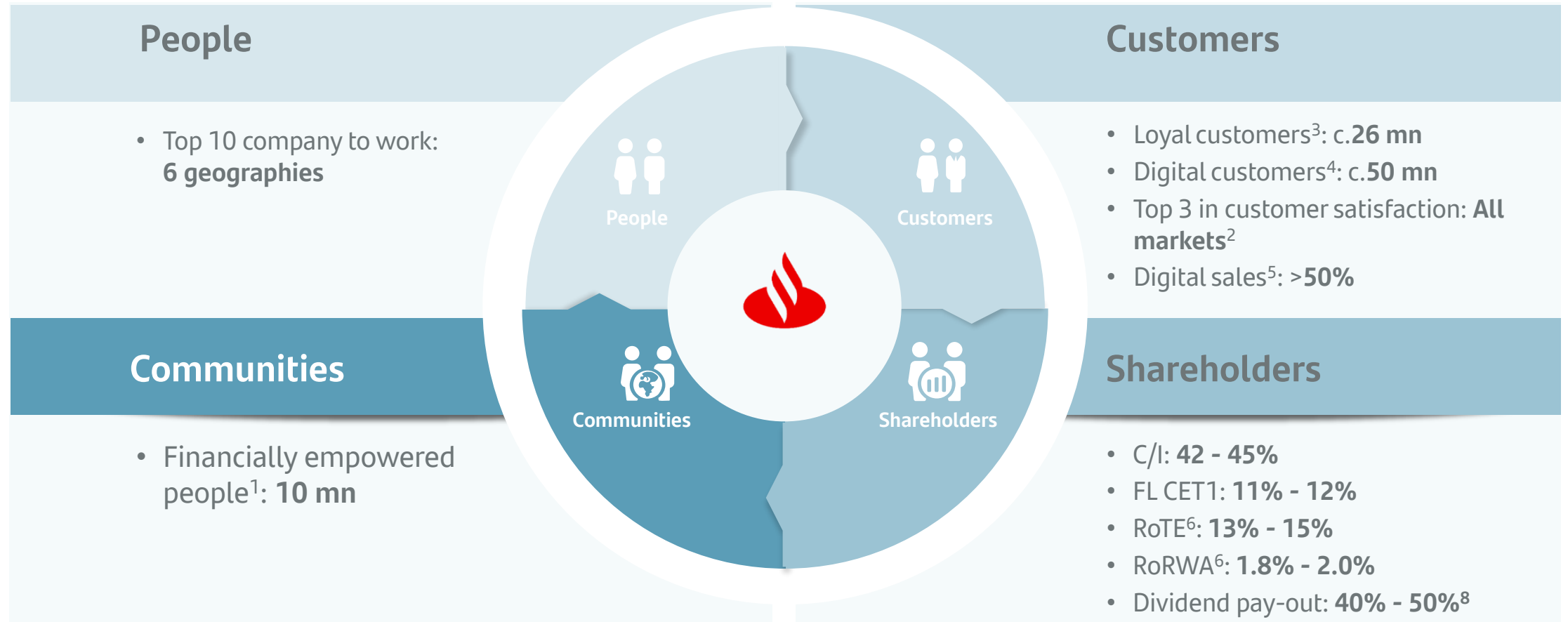
Accelerate the transformation of our 'core Banks'



Provide faster and better global payments and solutions

Moving towards ONE SANTANDER to build simpler, faster and better services

Our business model, our track record and the three-pillar plan support the delivery of our mid-term goals while we are building a Responsible Bank



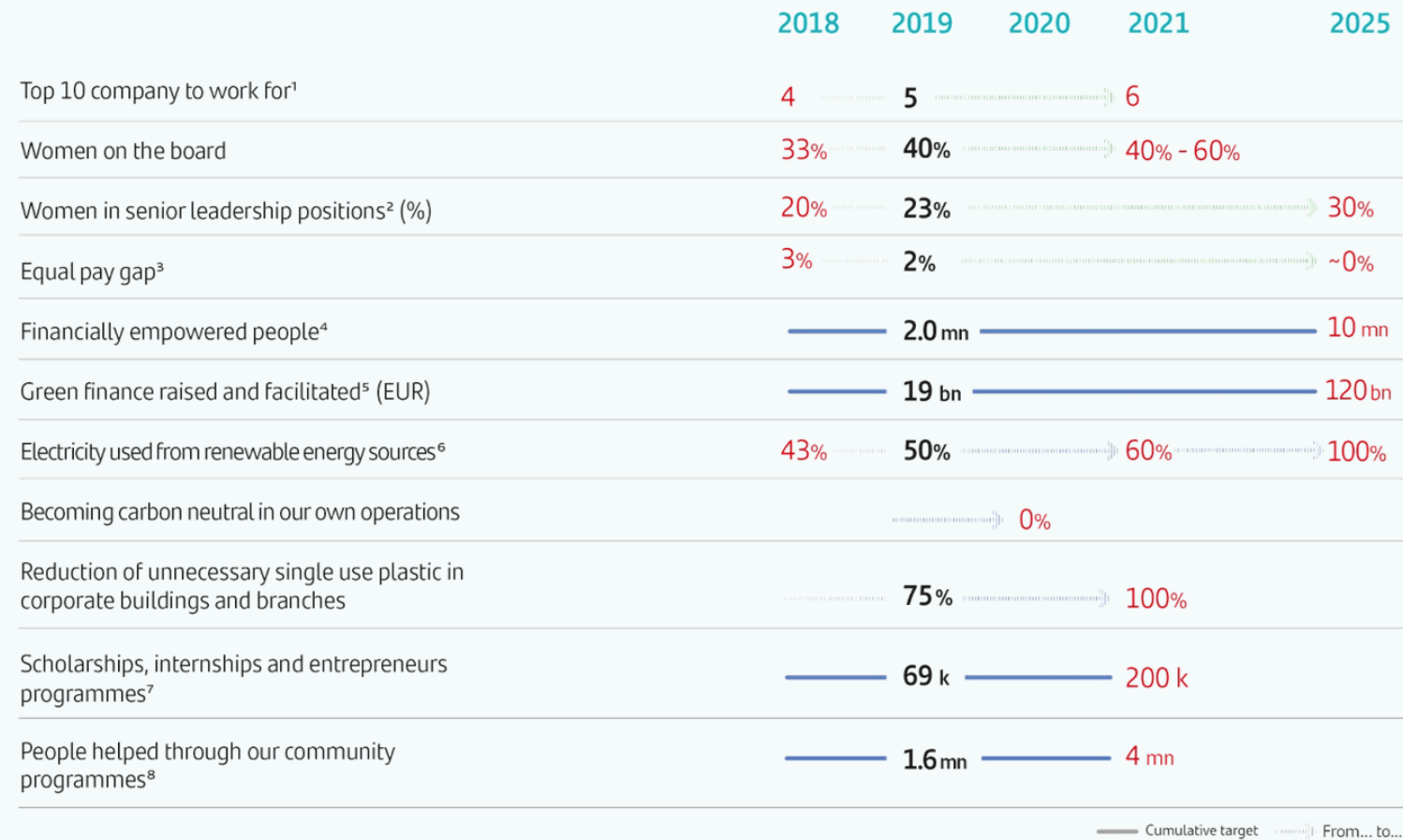
High-single digit EPS 3Y CAGR⁷



(1) Cumulative number of people whom we serve with our financial empowerment and inclusion initiatives in any of our geographies during the period 2019-2025. These initiatives target mostly unbanked, underbanked and vulnerable groups
 (2) CSAT: Customer Satisfaction internal benchmark of active customers' experience and satisfaction audited by Stiga / Deloitte. In the medium term we will be also following NPS as indicator; Ex US;
 (3) Active customers who receive most of their financial services from the Group according to the commercial segment to which they belong.
 (4) Every physical or legal person, that, being part of a commercial bank, has logged in its personal area of internet banking or mobile phone or both in the last 30 days
 (5) The percentage of new business carried out through digital channels in the period (6) Underlying (7) 2019-22 underlying EPS CAGR (8) Dividends charged to the results of the year divided by the underlying attributable profit

Santander Responsible Banking goals

We are building a more Responsible Bank aligned with our commitments



(1) According to relevant external indexes in each country (Great Place to Work, Top Employer, Merco, etc.)

(2) Senior positions represent 1% of total workforce

(3) Calculation of equal pay gap compares employees of the same job, level and function

(4) People (unbanked, underbanked or financially vulnerable), who are given access to the financial system, receive tailored finance and increase their knowledge and resilience through financial education

(5) Includes Santander overall contribution to green finance: project finance, syndicated loans, green bonds, capital finance, export finance, advisory, structuring and other products to help our clients in the transition to a low carbon economy. Commitment from 2019 to 2030 is EUR 220 bn

(6) In those countries where it is possible to certify renewable sourced electricity for the properties occupied by the Group

(7) People supported through Santander Universities initiative (students who will receive a Santander scholarship, will achieve an internship in an SME or participate in entrepreneurship programmes supported by the bank)

(8) People helped through our community investment programmes (excluded Santander Universities and financial education initiatives)



Help millions around the world realise their dreams and prosper.

#TheSantanderEffect



5

- Grupo Santander financial information

Grupo Santander financial information

For additional information on the Group, please click on the images, icons or flags below

Quarterly financial results

Financial report



Earnings presentation



Series (excel)



Shareholders report (interactive)



Country presentations



Press release



Executive Chairman's video (3 minutes)



Fixed income presentation



Other information

2019 Annual report

Strategic Overview & Executive Chairman and CEO's letters



Annual report



Overview of our Corporate Governance presentation



Important information

Non-IFRS and alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) and derived from our financial statements, this presentation contains certain financial measures that constitute alternative performance measures (“APMs”) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures (“Non-IFRS Measures”). The financial measures contained in this presentation that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander Group but are not defined or detailed in the applicable financial reporting framework and have neither been audited nor reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. While we believe that these APMs and non-IFRS measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in our industry, may calculate or use such measures differently, which reduces their usefulness as comparative measures. For further details of the APMs and Non-IFRS Measures used, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2019 Annual Financial Report, filed with the Comisión Nacional del Mercado de Valores of Spain (CNMV) on 28 February 2020. This document is available on Santander’s website (www.santander.com).

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

Forward-looking statements

Santander cautions that this presentation contains statements that constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as “expect”, “project”, “anticipate”, “should”, “intend”, “probability”, “risk”, “VaR”, “RoRAC”, “RoRWA”, “TNAV”, “target”, “goal”, “objective”, “estimate”, “future” and similar expressions. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance and our shareholder remuneration policy. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The following important factors, in addition to those discussed elsewhere in this presentation, could affect our future results and could cause outcomes to differ materially from those anticipated in any forward-looking statement: (1) general economic or industry conditions in areas in which we have significant business activities or investments, including a worsening of the economic environment, increasing in the volatility of the capital markets, inflation or deflation, and changes in demographics, consumer spending, investment or saving habits; (2) exposure to various types of market risks, principally including interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices; (3) potential losses associated with prepayment of our loan and investment portfolio, declines in the value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the UK, other European countries, Latin America and the US (5) changes in laws, regulations or taxes, including changes in regulatory capital and liquidity requirements, including as a result of the UK exiting the European Union and increased regulation in light of the global financial crisis; (6) our ability to integrate successfully our acquisitions and the challenges inherent in diverting management’s focus and resources from other strategic opportunities and from operational matters while we integrate these acquisitions; and (7) changes in our ability to access liquidity and funding on acceptable terms, including as a result of changes in our credit spreads or a downgrade in our credit ratings or those of our more significant subsidiaries. Numerous factors could affect the future results of Santander and could result in those results deviating materially from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

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Thank you

Our purpose is to help people
and business prosper

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

Simple Personal Fair



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



FTSE4Good