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Group Executive Chairman
Closing presentation

Helping people and
businesses prosper

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GROUP STRATEGY UPDATE

NY, October 10th

2017



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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.

In addition to the financial information prepared under International Financial Reporting Standards ("IFRS"), this presentation includes certain alternative performance measures as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es) as well as Non-IFRS measures. The APMs and Non-IFRS Measures are performance measures that have been calculated using the financial information from the Santander Group but that are not defined or detailed in the applicable financial information framework and therefore have neither been audited nor are capable of being completely audited. These APMs and Non-IFRS Measures are used to allow for a better understanding of the financial performance of the Santander Group but should be considered only as additional information and in no case as a replacement of the financial information prepared under IFRS. Moreover, the way the Santander Group defines and calculates these APMs and Non-IFRS Measures may differ to the way these are calculated by other companies that use similar measures, and therefore they may not be comparable. For further details on 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, see Section 26 of the Documento de Registro de Acciones for Banco Santander filed with the CNMV on July 4, 2017 (available on the Web page of the CNMV - www.cnmv.es- and at Banco Santander - www.santander.com), Item 3A of the Form 20-F and "Presentation of Financial and Other Information" and "Selected Consolidated Financial Information" in the Form 6-K. For a discussion of the accounting principles used in translation of foreign currency-denominated assets and liabilities to euros, see note 2(a) to our consolidated financial statements on Form 20-F and to our consolidated financial statements available on the CNMV's website (www.cnmv.es) and on Banco Santander's website (www.santander.com).

We are delivering ahead of plan on our commitments

	2015	2016	1H'17 ⁴	2017	
Loyal customers (MM)	13.8	15.2	16.3	17	✓
Digital customers (MM)	16.6	20.9	23.0	25	✓
Fee income ¹	4.3%	8.1%	11%	Increase	✓
Cost of credit risk	1.25%	1.18%	1.19%	Improve	✓
Cost-to-income	47.6%	48.1%	46.3%	Broadly stable	✓
EPS (€)	0.40	0.41	0.24	Increase	✓
DPS (€) ²	0.20	0.21	0.22	Increase	✓
FL CET1	10.05%	10.55%	10.72%	+40bps Organic per year	✓
RoTE ³	11.0%	11.1%	11.7%	Increase	✓

(1) % change (constant euros) (2) Total dividends charged to 2017 earnings are subject to the Board and AGM approval (3) Underlying (4) Group ex-Popular

A unique model of profitable growth

Critical mass



131MM customers.
Top player in 10 markets
with ~1Bn people

Geographic diversification



Predictability and growth in earnings = less capital or capital at a lower cost

Scalable digital transformation



Working as a Group within our subsidiary model creates synergies and operational excellence

Our 10 Local banks '**Supertankers**' and our Global Platforms '**Speedboats**' are well connected

Supertankers

Our **Supertankers** are being transformed into digital banks



Profitable growth

Speedboats

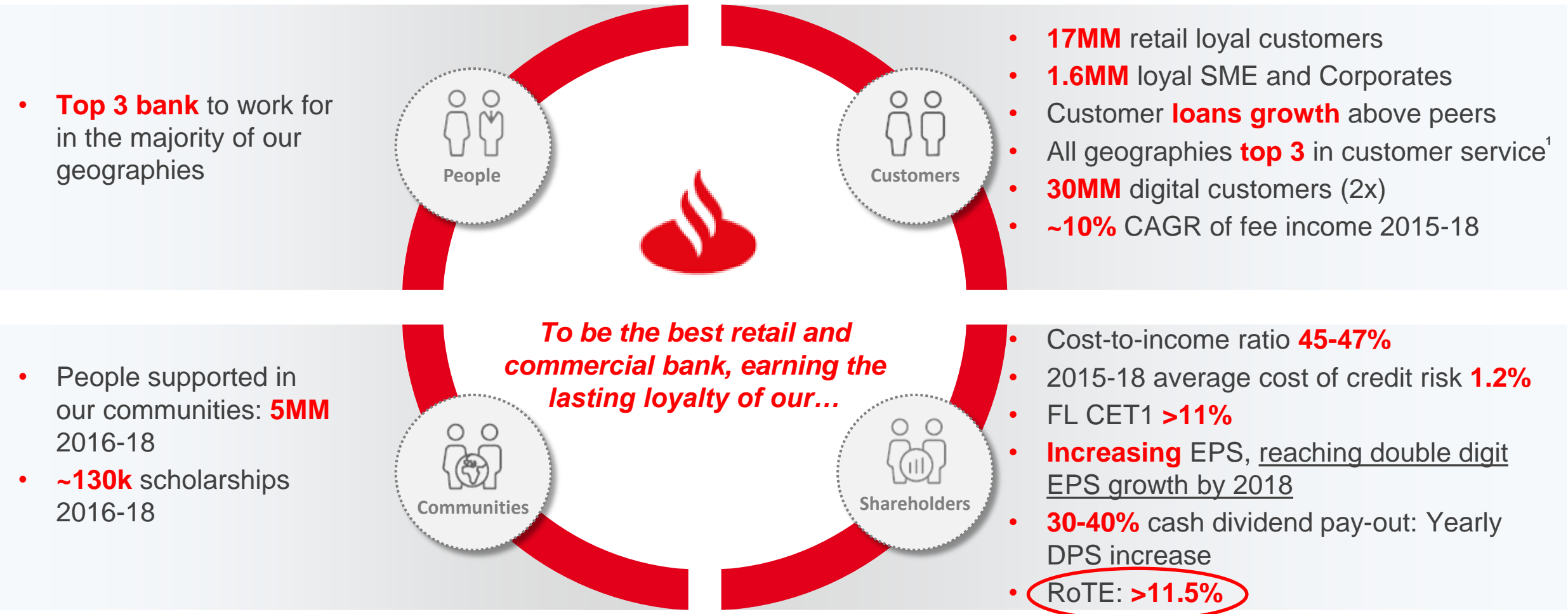
Independent Global Platforms.
Led by **independent CEOs** but sponsored by **Country Heads**



Start-up model + Group support

Image Credit: Cymon Taylor / RM Sotheby's

We increase our 2018 RoTE target to >11.5% and confirm all other targets



(1) Except for the US - approaching peers

Our vision

Our purpose

To help people and businesses prosper

Our aim

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

A bank that is...

SIMPLE | PERSONAL | FAIR



Show respect



Truly listen



Keep promises



Talk straight



Embrace change



Support people



Bring passion



Actively collaborate

- We are **delivering** ahead of plan on our 3-year commitments and increased our 2018 RoTE target to **>11.5%**
 - We are driving a **cultural and digital transformation**: Attracting the **best talent**, delivering **customer value** whilst achieving **best in class efficiency and growing EPS, TNAVPS and cash DPS**
 - In parallel we are investing in **Global Platforms** at low cost and risk to continue delivering customer and shareholder value for decades to come



Thank you

Our purpose is to help people and businesses prosper.

Our culture is based on the belief that everything we do should be

Simple | Personal | Fair

