

17th March 2020

European Financials Conference

Morgan Stanley

Ana Botín

Group Executive Chairman



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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) as Other Relevant Information 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

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COVID-19 Update

- Santander has **taken action to protect the wellbeing of our employees, customers and shareholders** while ensuring that we continue to meet our obligations to all stakeholders
 - Employees in large centres **working from home where possible**
 - **Shareholders to participate remotely in the AGM** instead of attending in person
 - Access to **liquidity provided for customers** where required
- Santander has **in place the necessary contingency plans to ensure business continuity**

Impact of Covid-19 on the business

- We have not yet seen any relevant impact on business activity; **do not expect any material impact in Q1**
- **Expect underlying earnings in Q1 broadly in line with previous quarters** as well as organic capital generation in line with guidance offset by one-off impacts of Allianz acquisition (-10bps) and IFRS9 (-5bps)
- Looking ahead, at this stage it is **too soon to predict the impact and will depend on how the situation evolves. In a V-shape impact scenario, negative impact of c.5% for 2020 full-year earnings** without including mitigating measures
- Our strong pre-provision profit (c.€26 billion in 2019, 3x cost of risk) means that **we are well positioned to withstand even a severe stress scenario**
- Based on current outlook we still target to be at the **top end of our CET1 FL guidance range by the end of 2020**



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Achievements & delivery

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Santander for the future

In 2015 we set a strategy focused on customer loyalty...



...while building a more responsible and sustainable bank

Culture

Engagement

86% of employees proud to work for SAN (+5pp vs peers¹)

Women

40% Group Board
23% Group leadership (+3pp vs. 2018)



Leader

Sustainability

€18bn

mobilised in Green finance (+7% vs. 2018)

€1bn

Santander first green bond issuance

Most sustainable bank in the world

Dow Jones index²

Communities

1.2mn

people helped through our community programs

66k

scholarships granted

Financial inclusion

1.6mn

people financially empowered

€277mn

credit to microentrepreneurs³ (+73% vs. 2018)

Note: figures as of 2019 (not audited yet) and changes on a YoY basis (2019 vs. 2018)

(1) Source: Mercer benchmark

(2) Dow Jones Sustainability index 2019

(3) Microentrepreneurs are already included in the people financially empowered metric

We have delivered strong growth based on Scale, Customer Focus and Diversification



Scale

c.145 mn
total customers in Europe
and the Americas


Top 3 bank²
in 9 markets



Customer Focus

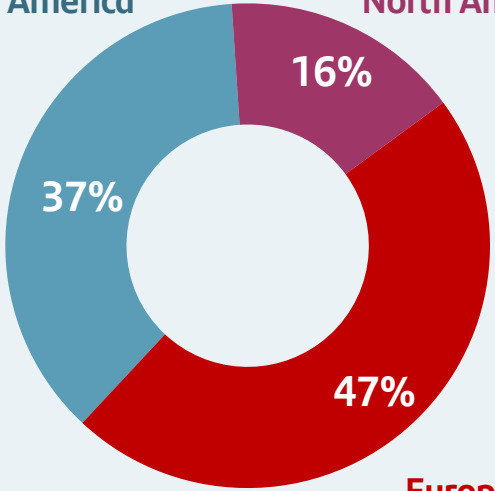
Top 3 in NPS¹ in 6 countries

+72% Loyal customers 2014 - 2019



Diversification

2019 underlying attributable profit by region³



Region	Percentage
Europe	47%
South America	37%
North America	16%

Our strategy has delivered on our Growth, Profitability and Strength

2019 (vs. 2014)

Strong performance in the last 5 years...

 **Growth**

EPS¹ **+22%**

TNAVps² **+19%**

 **Profitability**

RoTE **+84 bps**

RoRWA **+34 bps**

 **Strength**

FL CET1 **+€22 bn³**

while increasing **2.3x** Cash DPS⁴

...supported by
investments

>€2bn

Transformation
charges

€5bn

Investment in
digital and
technology p.a.

(1) In constant €; Adjusting for share count increase coming from scrip dividends;

(2) Adjusting for share count increase coming from scrip dividends

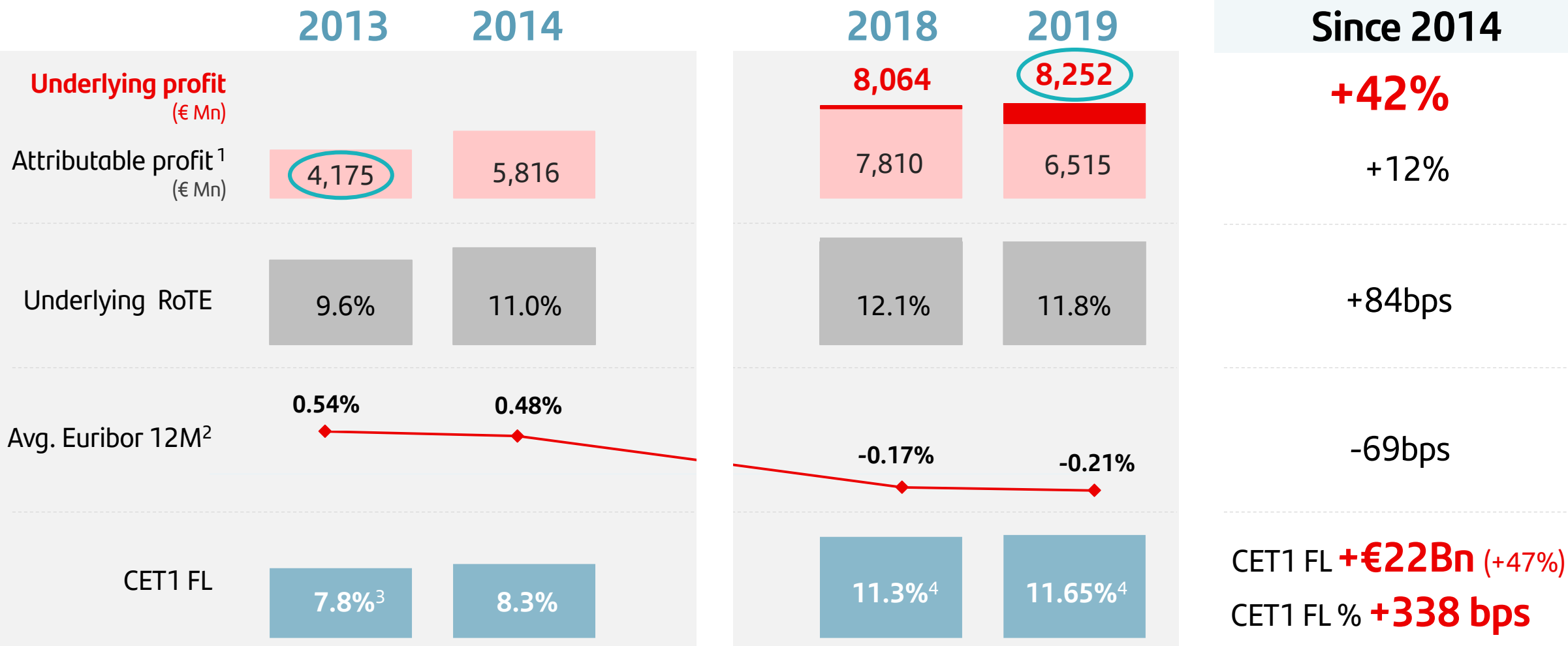
(3) FL CET1 (€mn) accumulated since 2014; Including January 2015 ABB (€7.5bn)

(4) €20 cents cash dividend in 2019 compared to €8.6 cents in 2014 (coming from the cash take-up of the 2014 €60 cents scrip dividend) - Board has proposed to the 2020 AGM that the total payment of the remuneration against 2019 results will be 0.23 euros per share, out of which 0.20 euros per share will be paid in cash

Doubled profits and increasing CET1 since 2013

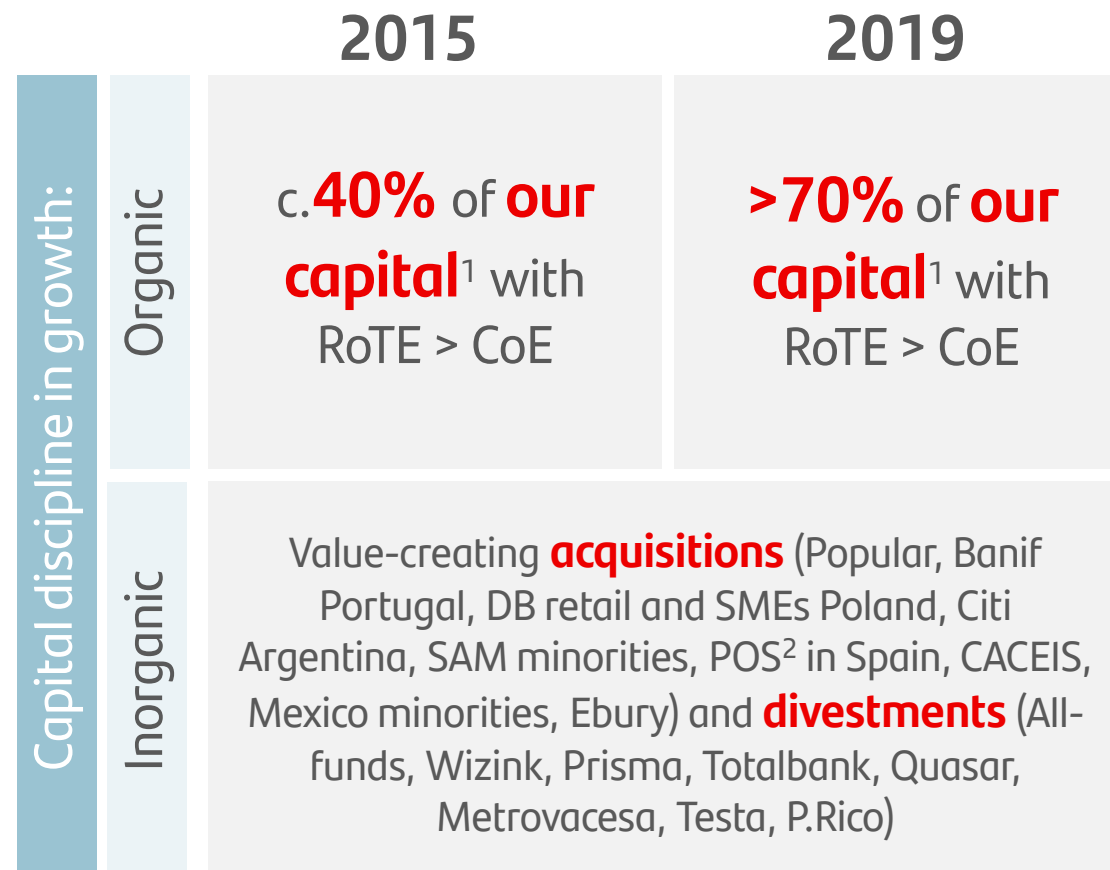
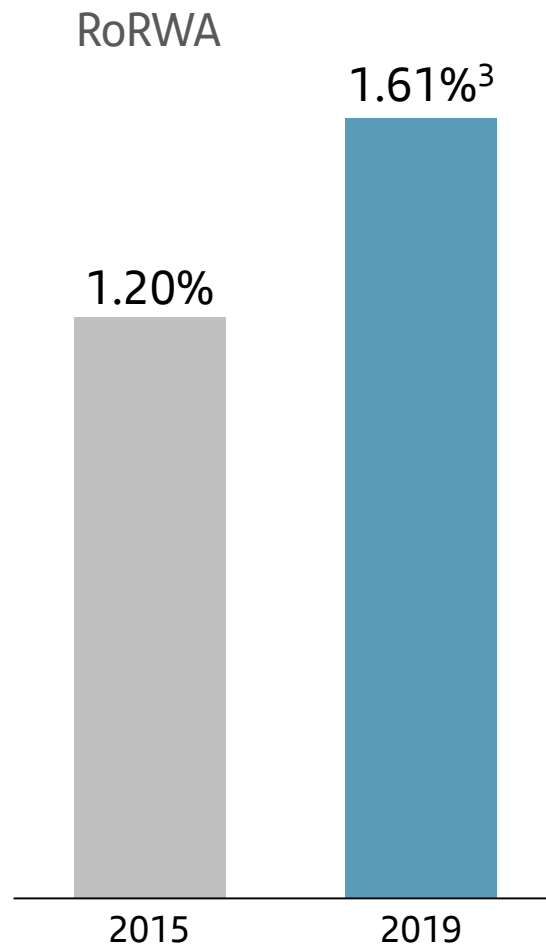
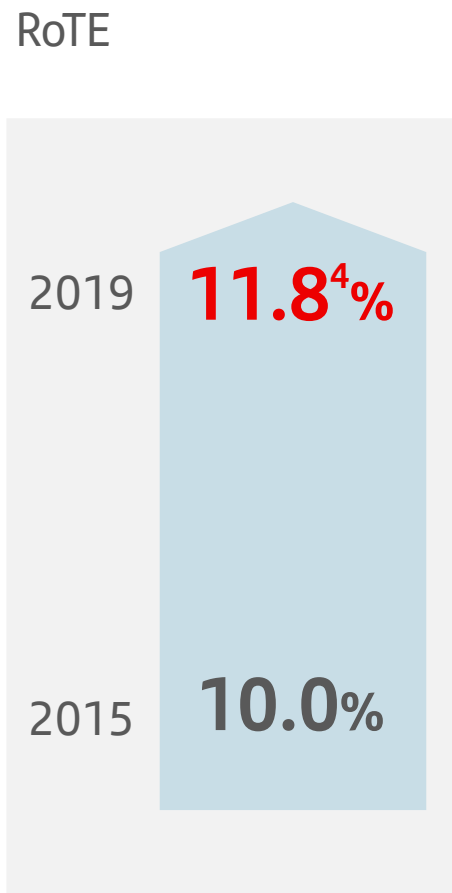


Profitability



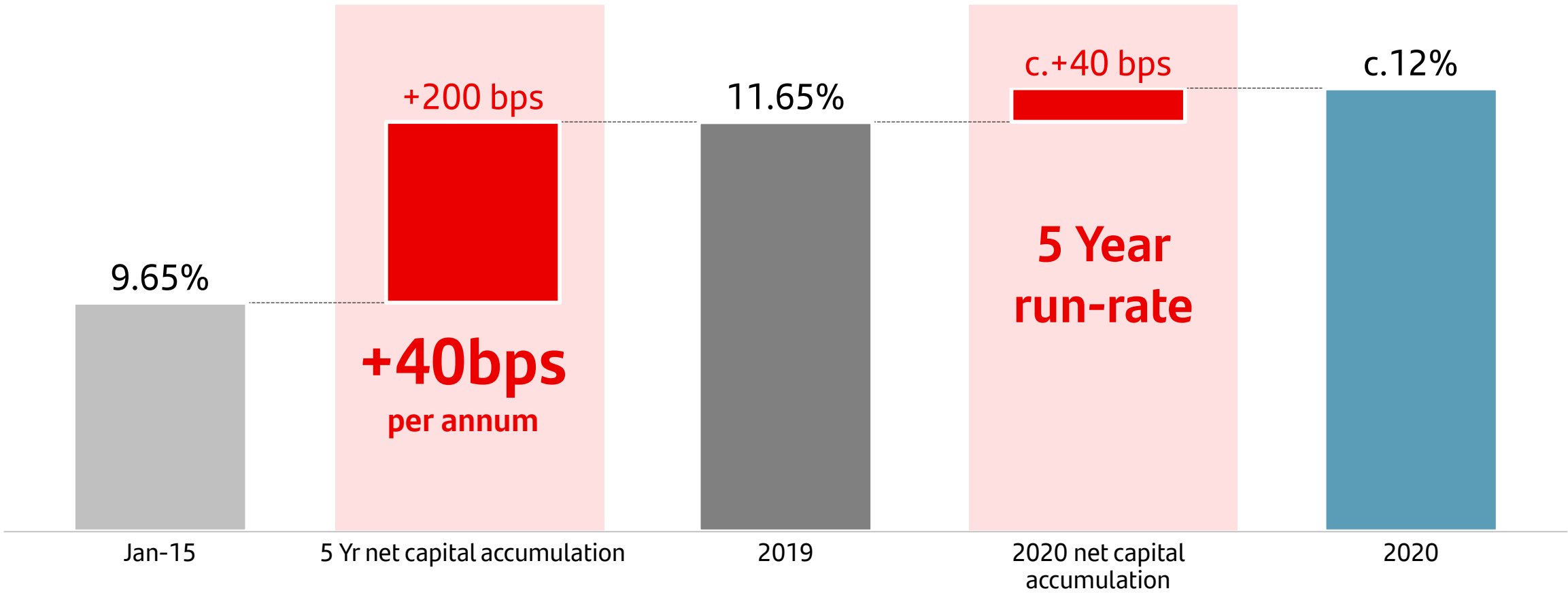


Significant improvement in profitability since 2015...



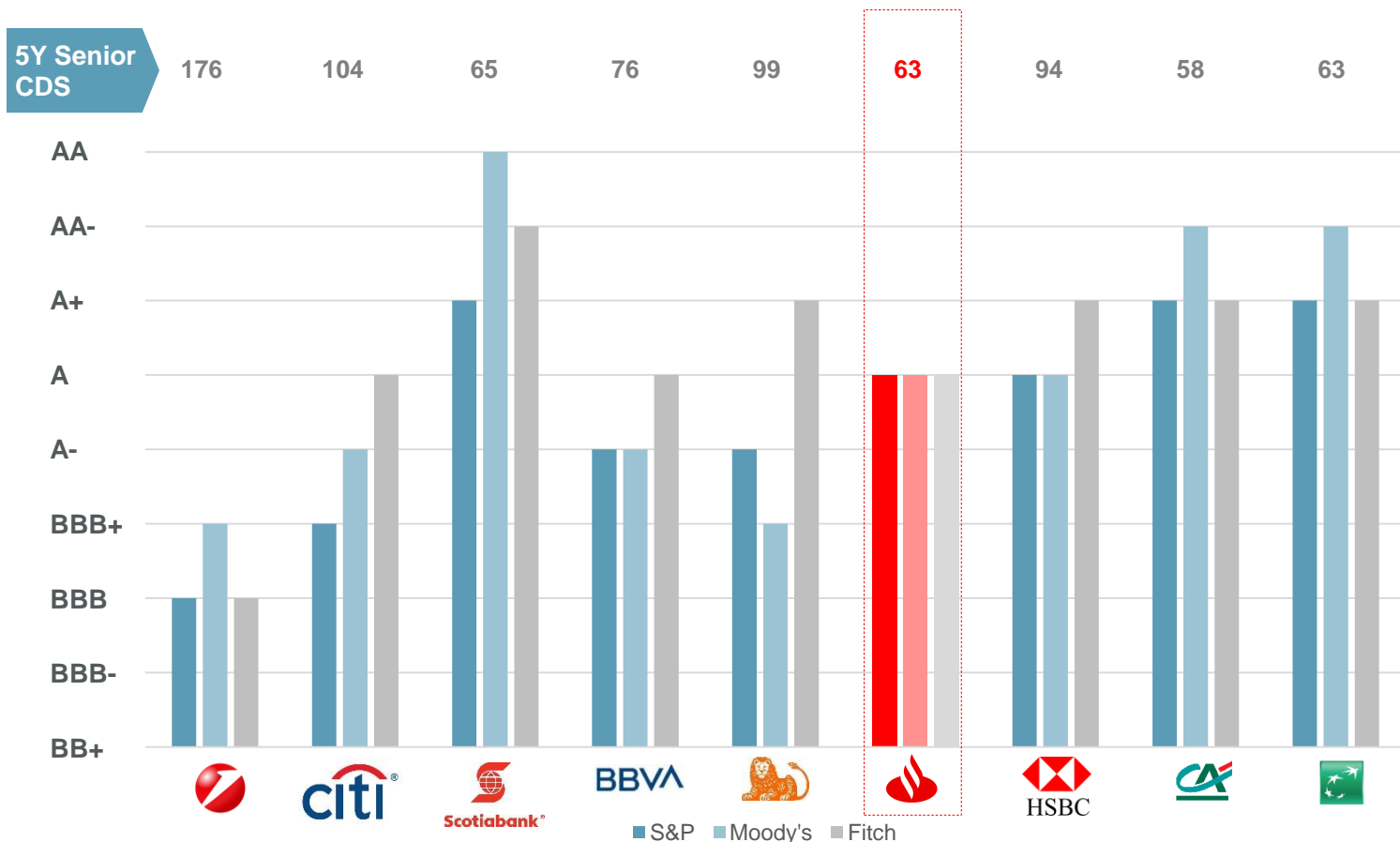
This strong profitability has led to a significant and increasing capital accumulation

FL CET1 Jan 2015-2020

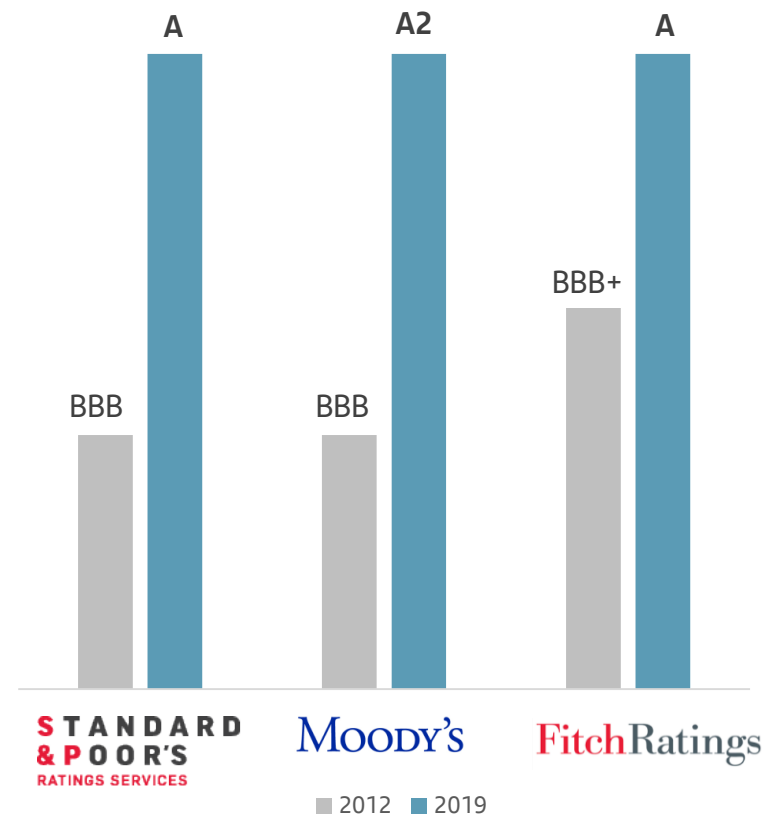


Better credit profile and CDS spreads than the European peers' average...

Senior unsecured LT ratings peer comparison

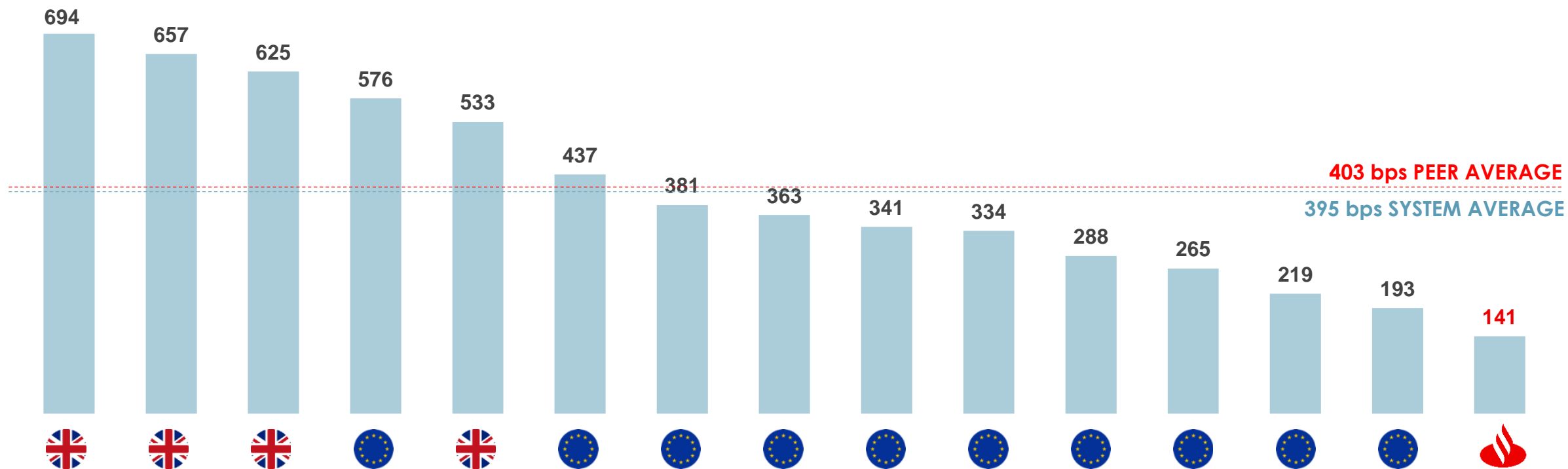


Santander senior unsecured ratings evolution



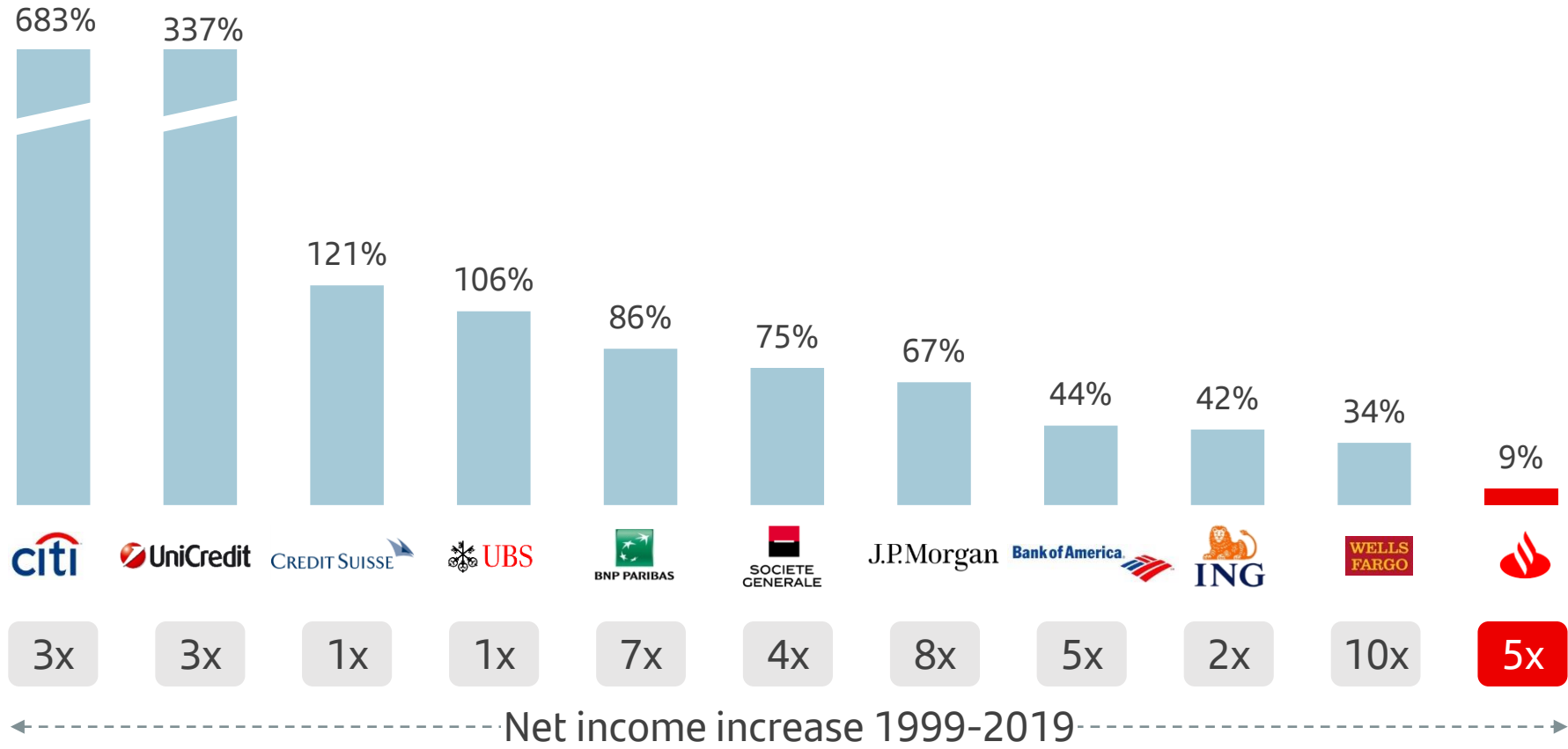
...being the strongest European bank under the 2018 EBA stress test adverse scenario

FL CET1 erosion under the adverse scenario (bps)



Building on a differentiated business model that has delivered best-in-class predictable earnings growth for the last 20 years

Quarterly reported EPS volatility¹
1999-Q4'19



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



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Achievements & delivery

2

Santander for the future

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



2019 Mid-term goal

Underlying
RoTE

10%

12-14%

Efficiency

53%

47-49%

Goal

Building one European banking platform, with enhanced profitability

North America



2019 Mid-term goal

13%¹

14-16%²

43%

39-41%

Investing together to improve commercial capabilities

South America



2019 Mid-term goal

21%

20-22%

36%

33-35%

Natural reweighting and high profitable growth opportunity



Ongoing capital allocation optimization to improve profitability



Rebalancing to more profitable businesses



Improved pricing, processes and governance



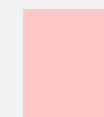
Active management and senior team alignment

Strong profitability improvement leading to higher capital generation capacity



Group
RoRWA¹

1.3%



2014

1.6%



2019

1.8-2.0%



Mid-term
goal



Accelerating digitalisation and building Santander Global Platform

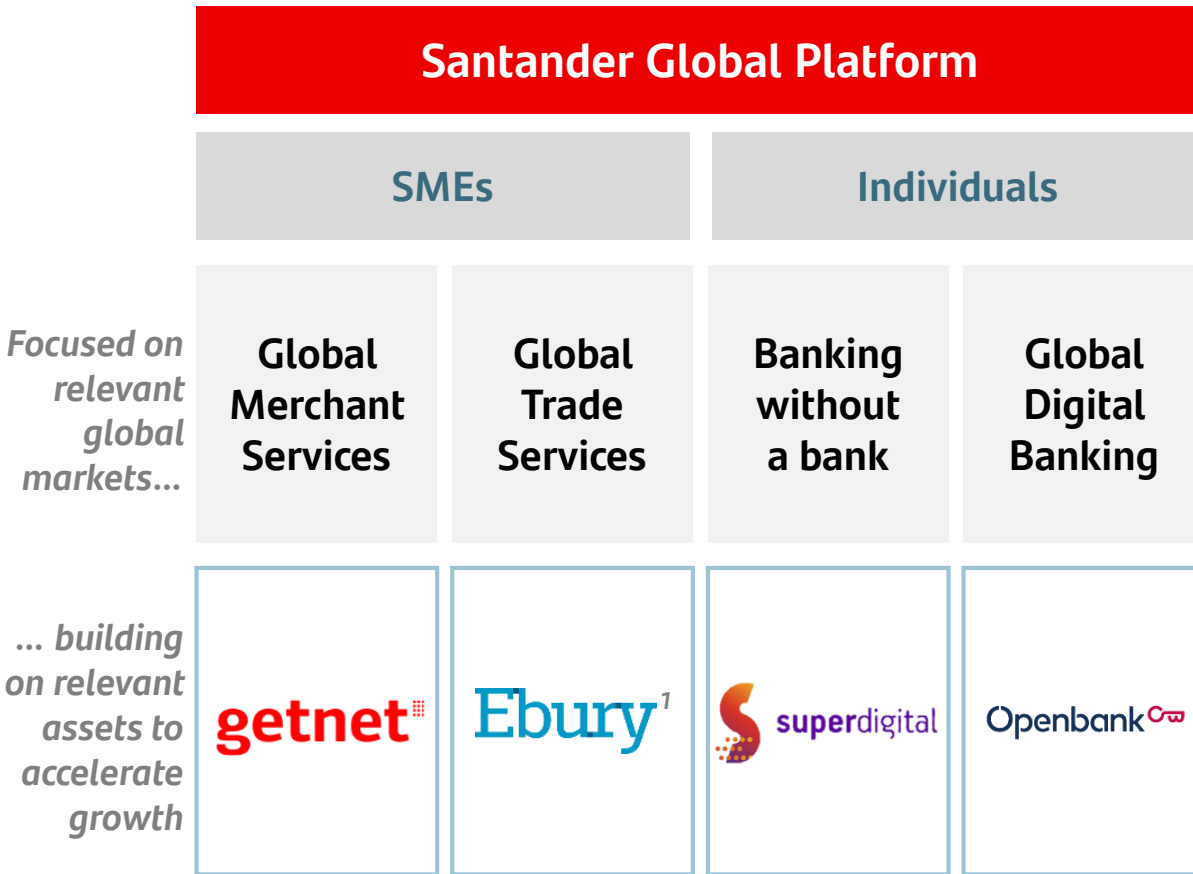
Accelerate the transformation of our 'core Banks'



Provide faster and better global payments and solutions

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

Best-in-class global payments and digital banking open solutions to serve SMEs and individuals



- 1 Built with **global open platforms**, leveraging our scale for efficiency and customer experience
- 2 Run **autonomously with dedicated management**, with a blend of tech and banking talent
- 3 Offered to both our banks (B2C) and to **third parties (B2B2C) in an open platform model**
- 4 **Digital payment services** as a driver of customer engagement and loyalty

Leveraging SGP to bring best-in-class Global payments solutions to SMEs



Global Merchant Services

Leveraging Getnet to build Global Merchant Services

€42bn

Revenue pool for global merchant services¹

c.7%

Expected revenue pool CAGR²

High growth and large addressable market...

getnet 

High engagement

2x

Market share in Brazil in 5 years

High growth

+30%

2013-2019 transaction volume CAGR

...with engaging propositions showing high growth..

Scaling from **1** to **8** markets

... and ambitious mid-term goals

Global Trade Services

One global platform to serve international SMEs

\$200bn

Revenue pool for Global Transaction Banking services

>200k

SAN SME customers trading internationally

Ebury ³

High engagement

+20%

2017-2019 transactions per customer CAGR

High growth

+45%

Revenue growth YoY

Scale to serve over **20** markets



Leveraging SGP to offer fully digital banking solutions to individuals



Financial inclusion platform to cost-effectively serve the bottom of the pyramid



Our global, full-service digital bank

>300mn

Underserved¹ population in LatAm

c.60mn

Middle class² expansion by 2030 (+20%)

High growth and large addressable market...

1bn

Population in the markets the Group operates

68%

Of total assets in Europe held in current accounts



High engagement

1.8x

Transactions growth over customers³ growth

High growth

+105%

Annual transaction growth

...with engaging propositions showing high growth..



High engagement

4.4

Average products per loyal customer

High growth

+134%

Mortgage sales growth over last 12m

Targeting **>5mn** active customers in **7** markets

... and ambitious mid-term goals

Scale from **4** to **10** markets in Europe and Americas



(1) Including 200mn+ unbanked and 100mn+ underbanked
 (2) USD \$10-50 per capita daily income (PPP); Source: Interamerican Development Bank, 2016
 (3) Active customers (30 days)

Our business model and track record support delivery of our mid-term goals

	2019	'19 Investor Day Mid-term goals
Loyal customers ¹	22mn	c.26mn
Digital customers ²	37mn	c.50mn
Digital sales ³	36%	>50%
C/I	47%	42-45%
FL CET1	11.65%	11-12%
Underlying RoTE	11.8%	13-15%
Underlying RoRWA	1.61%	1.8-2.0%
Pay-out	40-50%	40-50%

New goal:

High-single digit EPS

3Y-CAGR⁴

Thank You.

Our purpose is to help people and businesses prosper.

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

Simple Personal Fair

