

September 2019

Santander

Bank of America Merrill Lynch
24th Annual Financials CEO Conference 2019

Delivering in a world of extremes

Bank of America 
Merrill Lynch

 Santander



Important Information

Non-IFRS and alternative performance measures

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

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.

Important Information

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Historical performance is not indicative of future results

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



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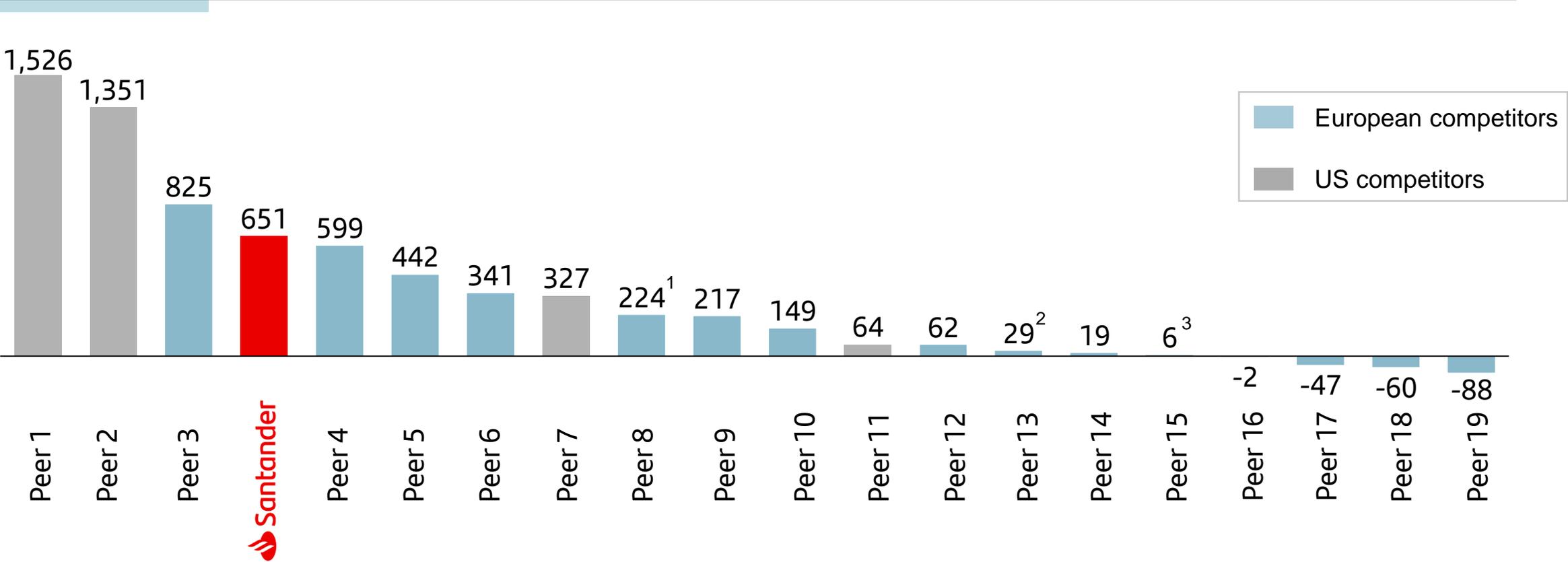
01 Santander 25 years

02 Santander 2014-2019

03 Santander for the future

We have been top quartile last 25 years vs. our comparables...

Total Shareholder Return (TSR) – Cumulative since 1995 (%)

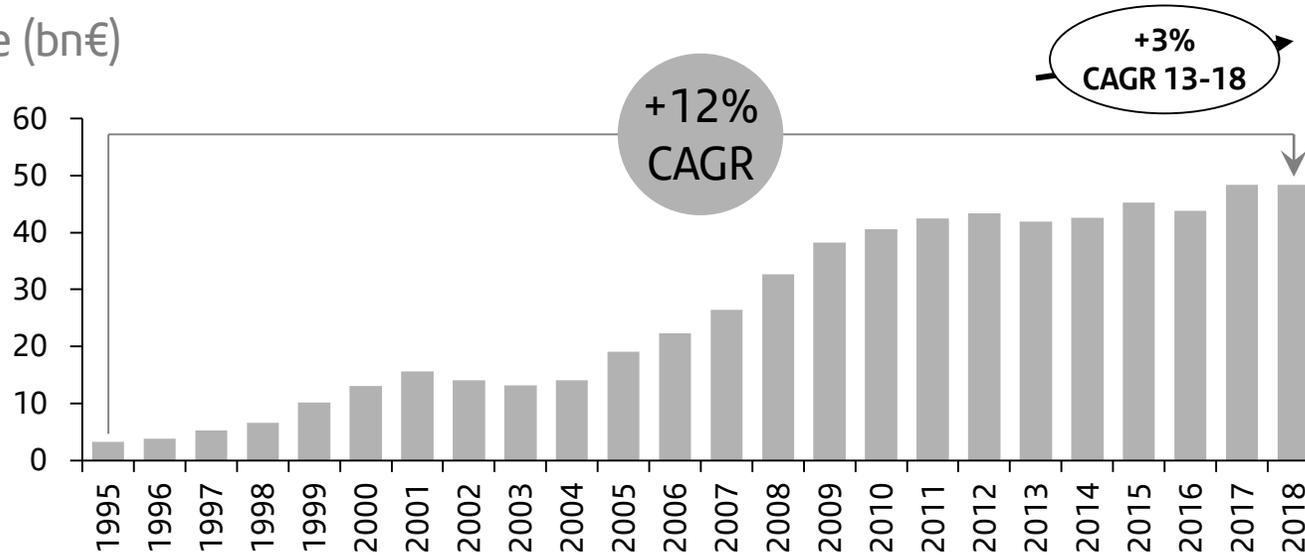


...thanks to share evolution and dividend yield among best performers

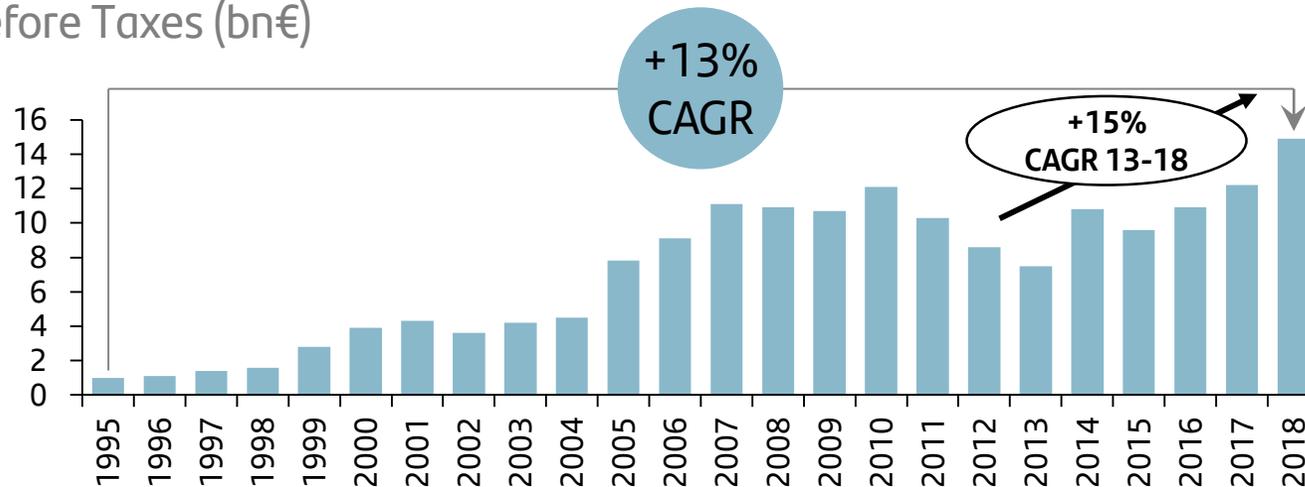
		Competitors ¹			Santander
		Top quartile	2 nd and 3 rd quartiles	Bottom quartile	
	TSR (%)	990	187	-38	651
	Share price evolution (CAGR %)	378	39	-65	117
	Dividend yield (Aggregated %)	612	149	27	534

Historic trends in revenues and Profit Before Tax

Revenue (bn€)



Profit Before Taxes (bn€)



Since 2000,
€1.2Bn/year of economic value
added on top
of CoE



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01 Santander 25 years

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Solid and strong results delivered in the last 5 years

2018 (vs. 2013³)

Growth

Profitability

Strength

Customer revenues¹

€45.8Bn (+20%; +€7.6Bn)

Statutory RoTE

11.7% (+210 bps)

Cash DPS²

€0.203 (2.7x)

Attributable profit¹

€7.8Bn (+87%; +€3.6Bn)

Efficiency ratio

47.0% (-110 bps)

Total cash dividends paid

€13Bn

Best in class among peers

5y accumulated attrib. profits

€32.4Bn

FL CET1

11.3% (+350 bps)

In 2015 we set a clear strategy focused on customer loyalty and building a responsible bank

Earn lasting customer loyalty

Be the **bank of choice** for our customers, delivering **superior customer experience**



Deliver all products and services through **E2E digital channels** in a **fast and efficient way**

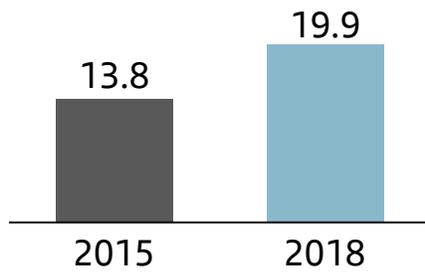
Digitalise our Core Banks

While building a responsible bank

We have delivered: Strong growth based on loyalty and becoming the most sustainable bank in the world²

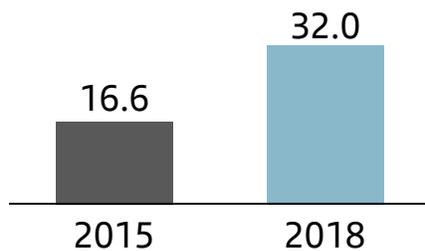
Loyal customers (Mn)

+44%



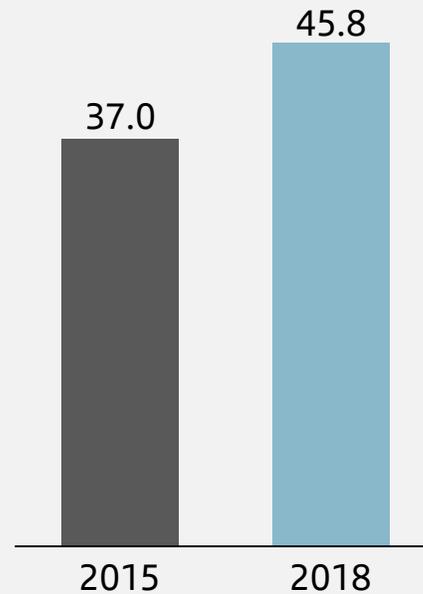
Digital customers (Mn)

+93%

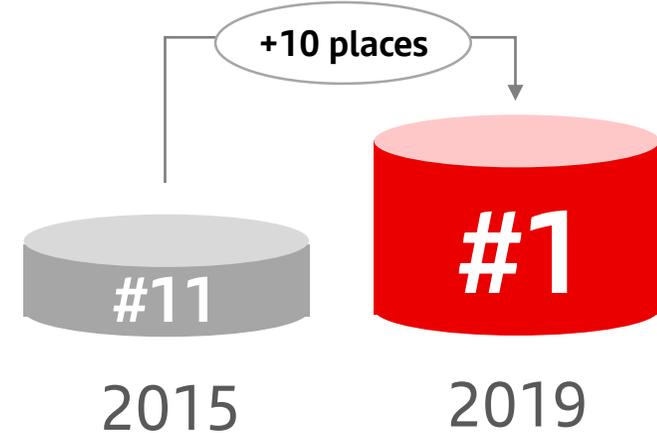


Customer revenues
(Constant €Bn¹)

+24%



DJSI ranking



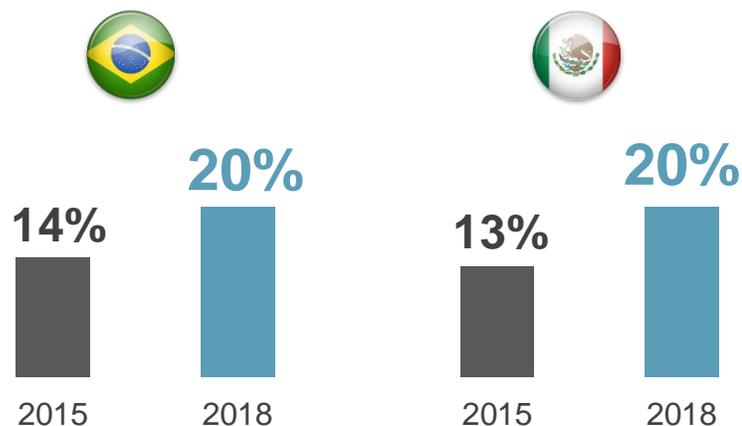
MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

(1) +9% in current euros.
(2) Dow Jones Sustainability Index 2019.

90% of our capital¹ with RoTE > CoE in 2018 vs. 40% in 2015 thanks to the turnaround of some core geographies

In 2 countries representing 25% of Group's TNAV, RoTE increased to **20%**

RoTE



Digital customers

x2.6

x3.3

Loyal customers

+65%

+81%

Positive evolution in **SBNA**



Attributable Profit

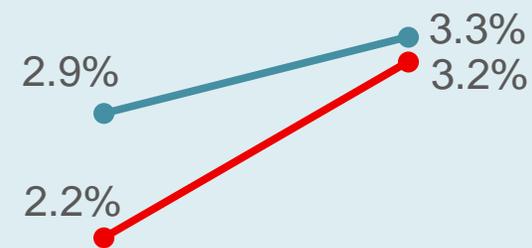
2018

\$345Mn (c.3.5x)

(increase from \$96Mn in 2017)

NIM

SBNA vs Peers average (2015-18)



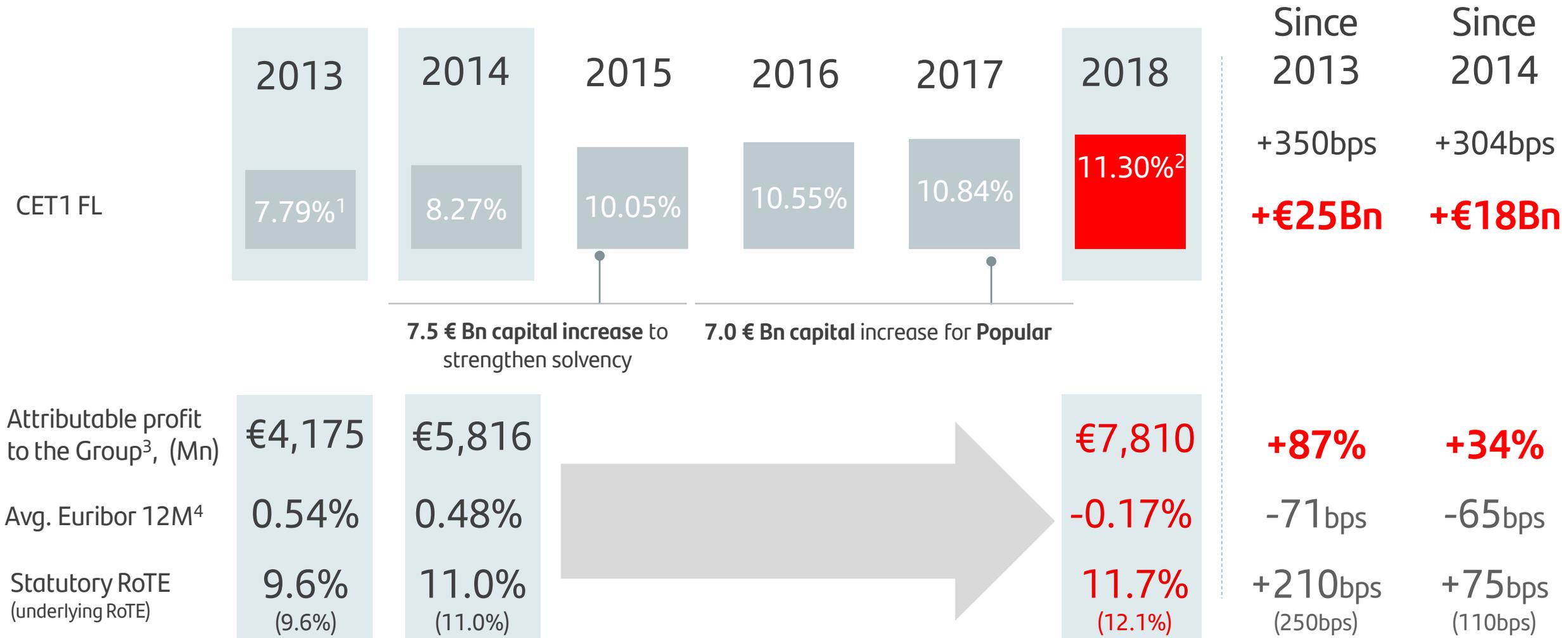
+62bps²

(Gap reduction)

(1) Capital allocated by country.

(2) Comparison with SBNA peer median in 4Q15 and 4Q18 NIM on earning assets.

Increased profit in high double digits while adding +€25bn capital



(1) For comparison purposes, capital ratio is calculated by applying Basel III (BIS II 11.71%).

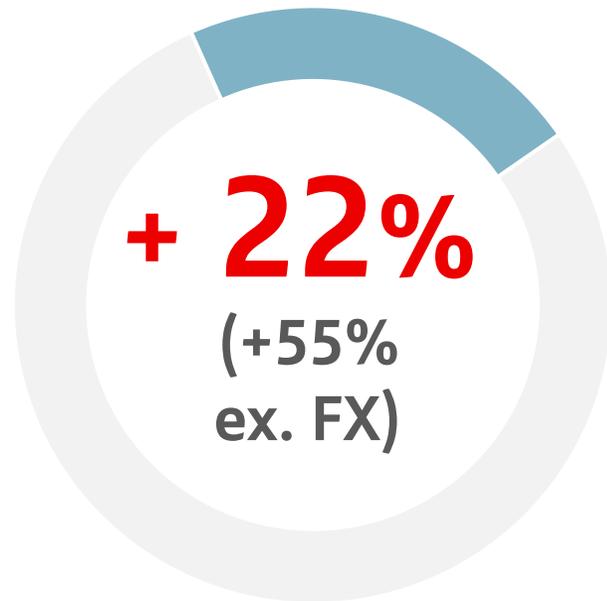
(2) Data calculated using the IFRS 9 transitional arrangements.

(3) Statutory attributable profit to the Group. 2013 financial information re-expressed as reported in the 2014 financial statements.

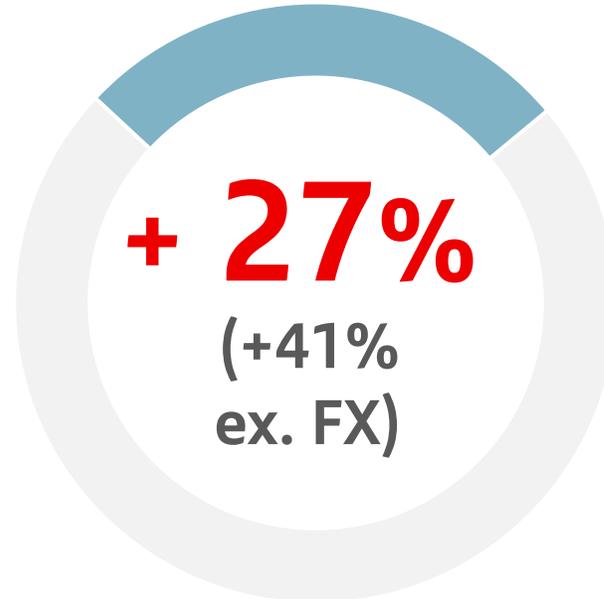
(4) Source: Bloomberg average Euribor 12 month per year.

In summary, we have delivered strong value for our shareholders...

EPS growth¹
2015-18



TNAVps + cum. Cash DPS¹
2015-18



Total dividend per share²
Since 2015 capital increase

€1.15

19%
dividend yield

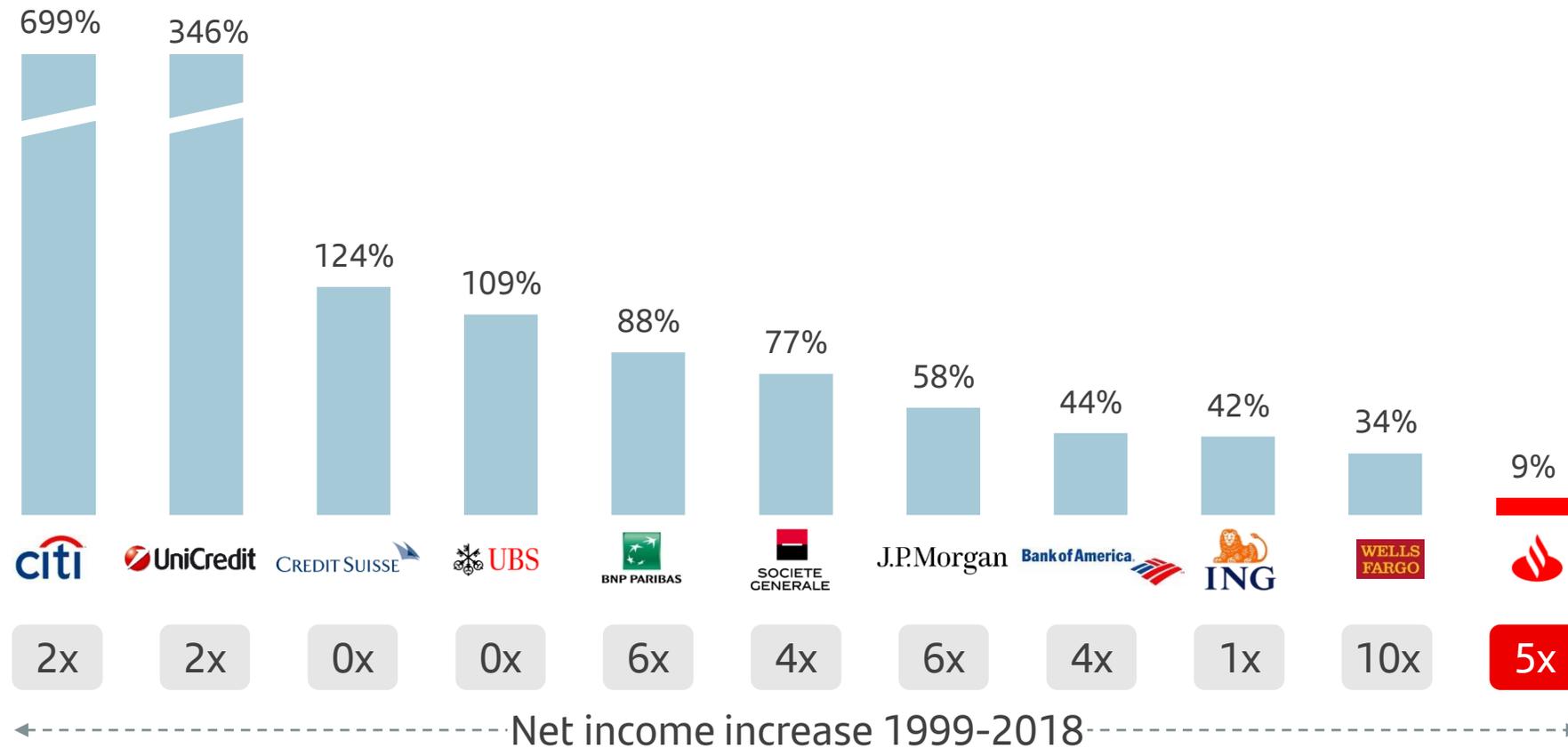
Since 2017 capital increase

€0.45

9%
dividend yield

...building on our strong foundations to achieve higher earnings predictability and growth

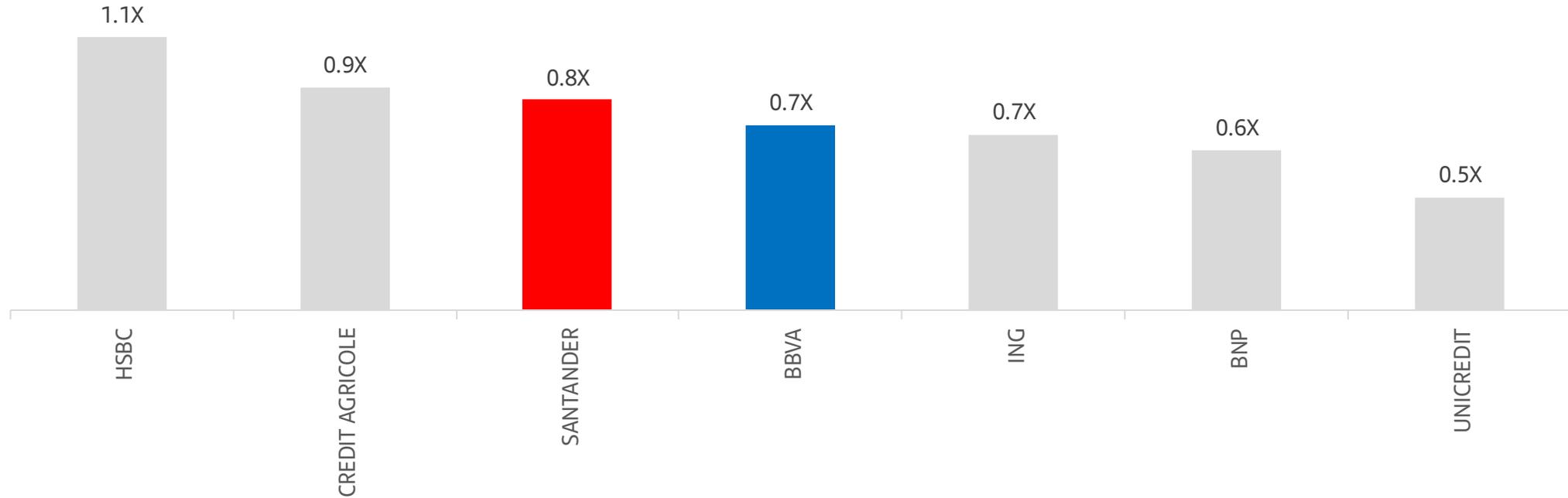
Quarterly reported EPS volatility¹
1999-2018



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

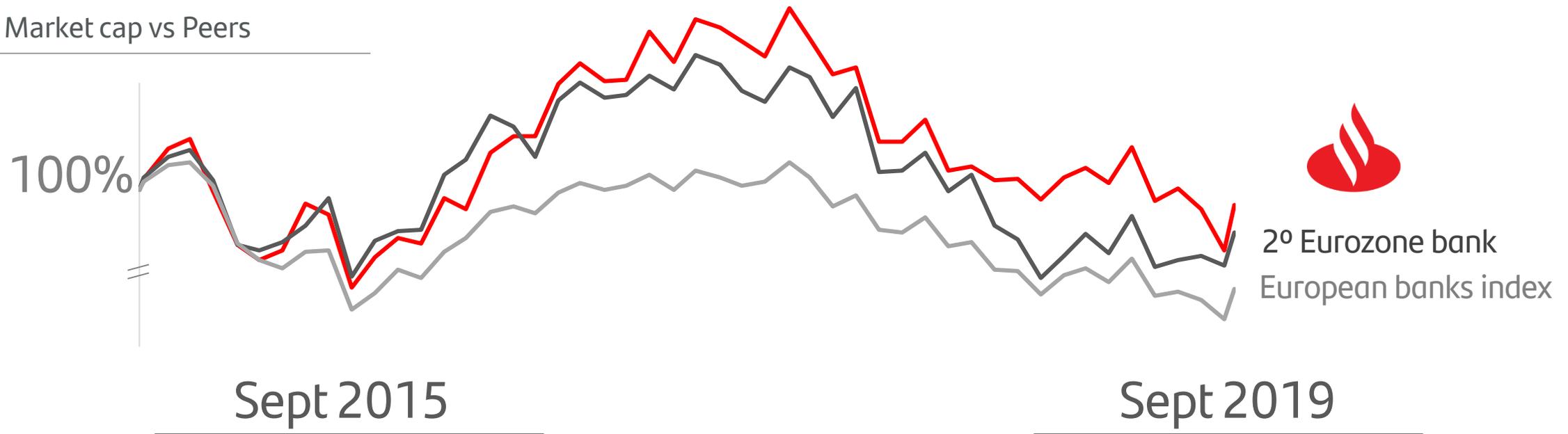
As a result, Santander is amongst the best valued banks in Europe

P/TBV 12M fwd



Increasing the gap vs the 2nd Eurozone bank since the Investor Day 2015...

Santander Market cap vs Peers



SAN Market cap. vs.
2° Eurozone bank

+4%



+12%

SAN relative performance
vs. European banks index

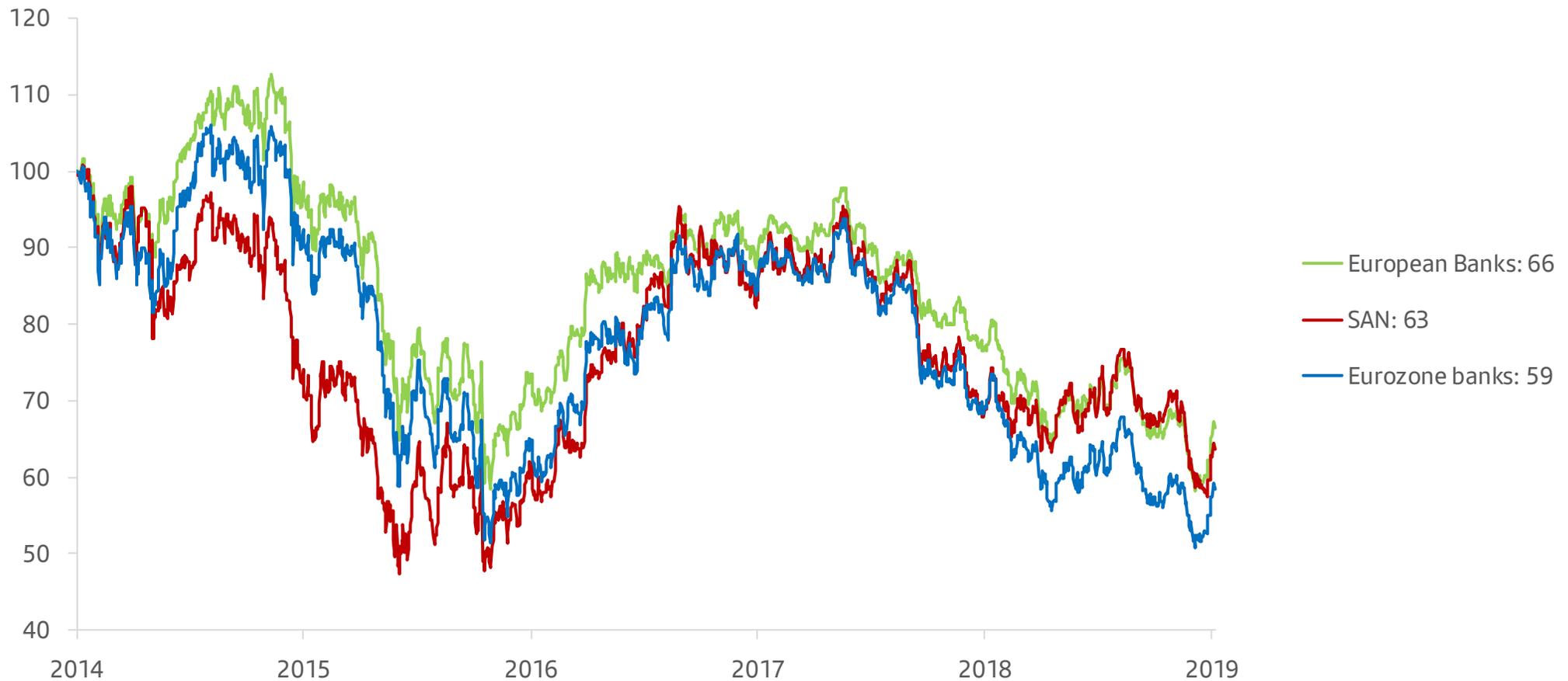
+0%

+21%

Note: Source: Bloomberg from 24-Sep-15 to 13-Sep-19.
European banks index: Stoxx Europe 600 Banks (SX7P). Relative performance of Santander Market capitalization vs the European banks index performance.

...and outperforming Eurozone banks since September 2014

Share performance since 10-Sep-2014¹ (base 100)



(1) Source Bloomberg as of 12-September-2019.
Santander considering dividend and capital increases.



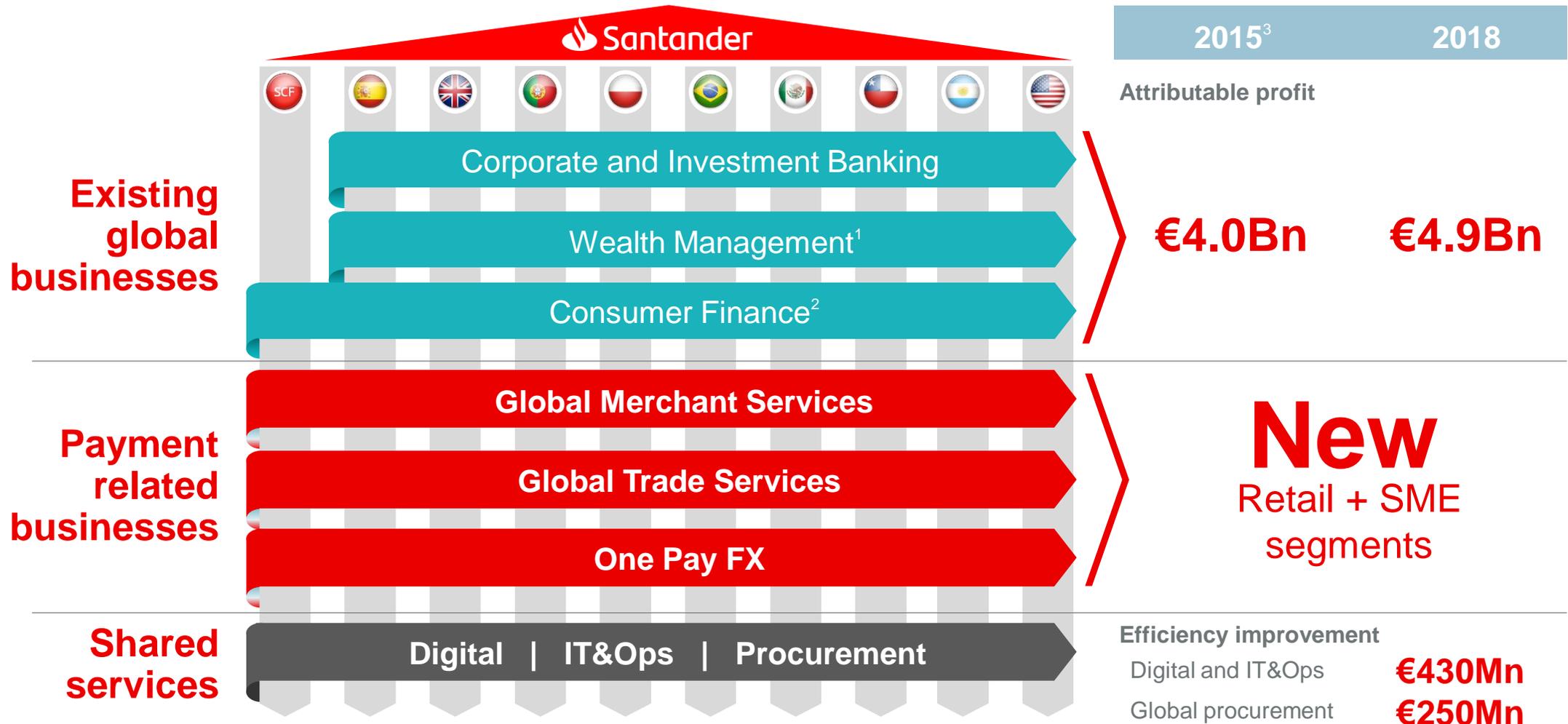
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Group knowledge and scale add increasing value to our retail and commercial franchises



Our medium-term goals



- We are **the leading LatAm bank**
- Continue **structural profitable growth**
- Mid-term **RoTE¹ 20-22%**
- **C/I 33-35%**



- **Laid foundations** for accelerating growth
- Mid-term **RoTE¹ 11-13%²**
- **C/I 39-41%**



- **Leading European bank** in profitability and growth
- Mid-term **RoTE¹ 12-14%**
- **C/I 47-49%**

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
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Sustainability Indices**
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FTSE4Good