



INVESTOR DAY 2015

LONDON, 23-24 SEPTEMBER

Opening session

Ana Botín

Group Executive Chairman

A series of five horizontal, wavy lines in a light red color that sweep across the bottom of the slide, starting from the left edge and ending on the right edge.

Banco Santander, S.A. ("Santander") cautions that this presentation contains forward-looking statements. 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. 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. These factors include, but are not limited to: (1) general market, macro-economic, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties. The risk factors that we have indicated in our past and future filings and reports, including those with the Securities and Exchange Commission of the United States of America (the "SEC") could adversely affect our business and financial performance. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date on which they are made and are based on the knowledge, information available and views taken on the date on which they are made; such knowledge, information and views may change at any time. Santander does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The information contained in this presentation is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by Santander. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in the presentation. In making this presentation available, Santander gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Santander or in any other securities or investments whatsoever.

Neither this presentation nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. Nothing contained in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000.

Note: Statements as to historical performance, share price 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 year. Nothing in this presentation should be construed as a profit forecast.

Note: The businesses included in each of our geographical segments and the accounting principles under which their results are presented here may differ from the businesses included in our public subsidiaries in such geographies and the accounting principles applied locally. Accordingly, the results of operations and trends shown for our geographical segments may differ materially from those disclosed locally by such subsidiaries.

Welcome to Santander Investors Day 2015

1

Santander has delivered throughout the cycle, and has a model well suited for the new regulatory and business environment

2

In 2015 we laid the most important foundations...

- Capital reinforcement
- Corporate governance and senior management strengthening
- New culture and strategy already in execution

...whilst we continued to deliver for shareholders. In 1H' 2015:

- PAT +24% (up to €3.4bn)
 - Increased RoTE to 11.5%
 - Best in class C/I of 46.9%
 - FL CET1 of 9.83%
-

3

And we are now well underway in our commercial transformation

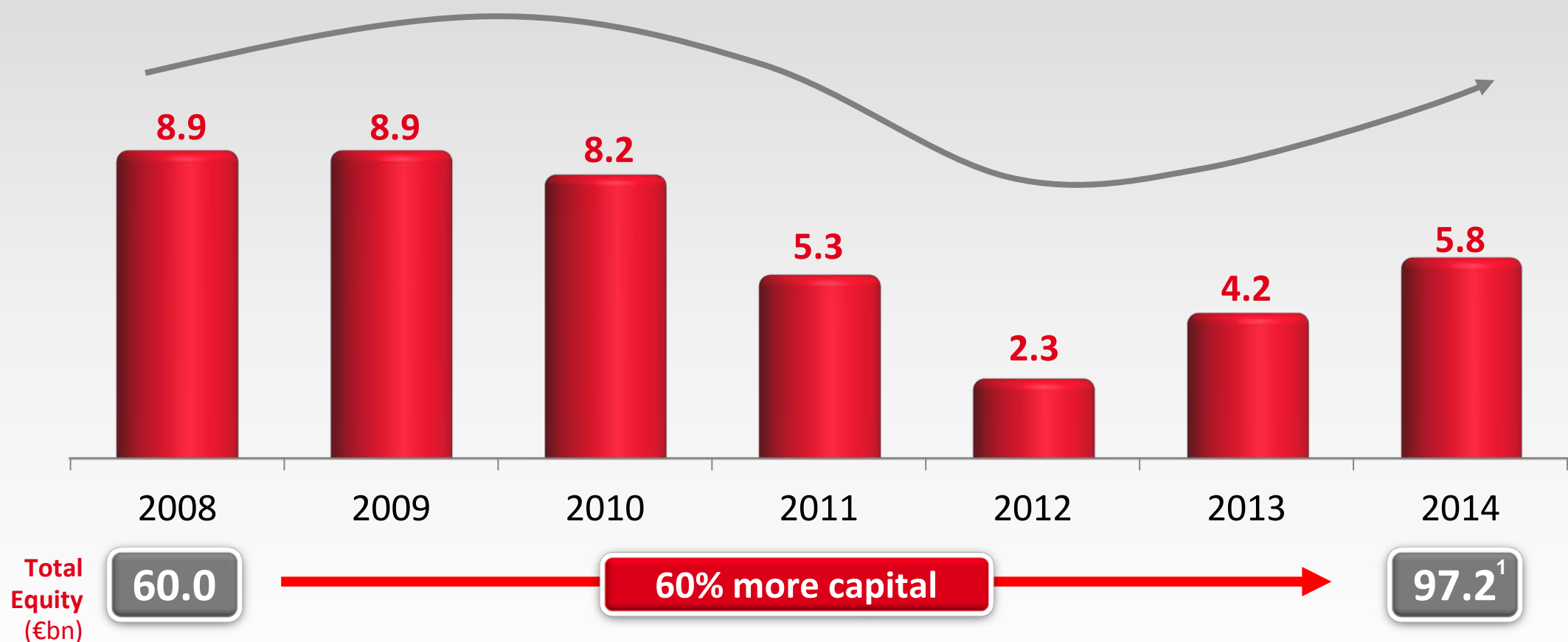
Note: 2015 PAT, ROTE and C/I figures exclude €835M of attributable profit due to the net result of the reversal of tax liabilities in Brazil

1

Santander today

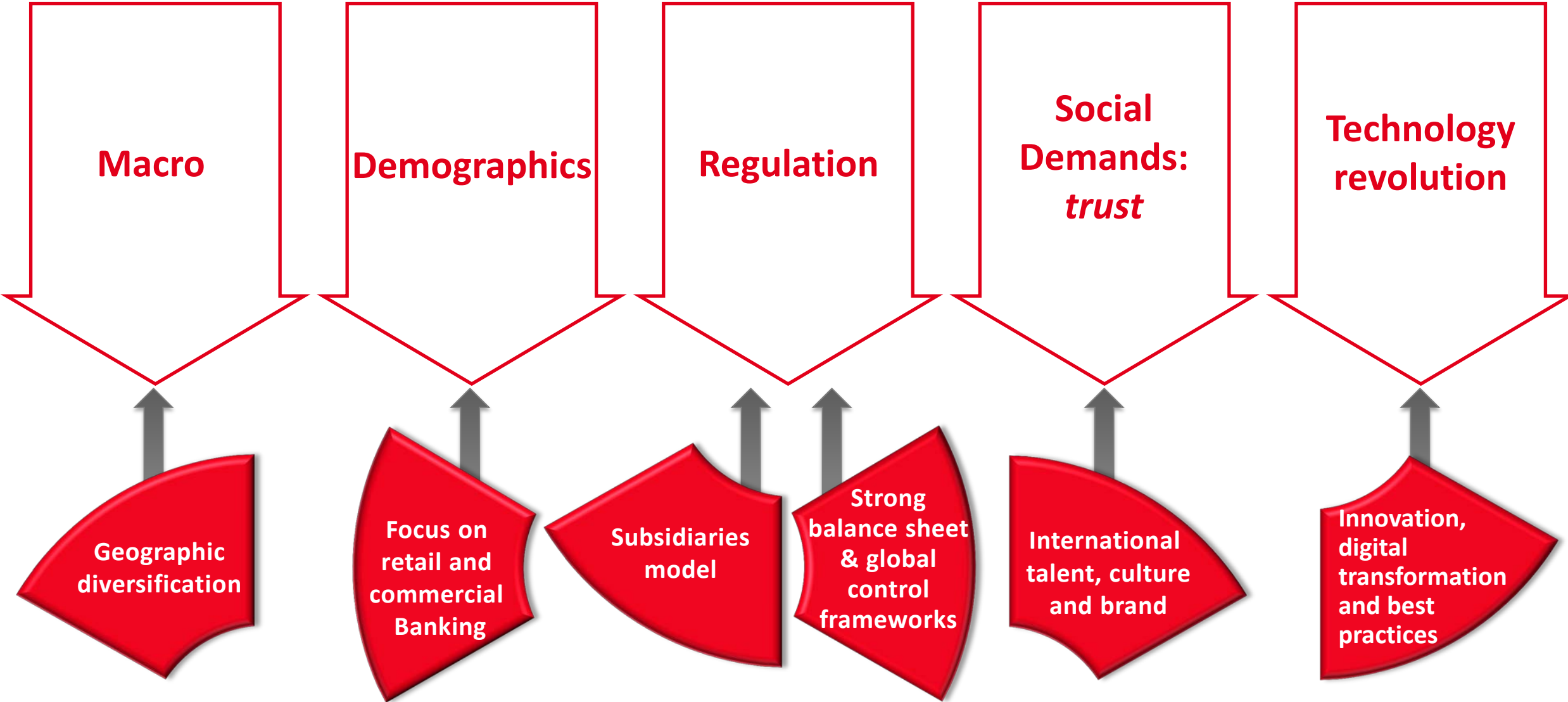
In spite of the recent crisis, Santander has delivered profit every year, paid dividends every quarter and reinforced its capital base

Group Statutory Profit (€bn)

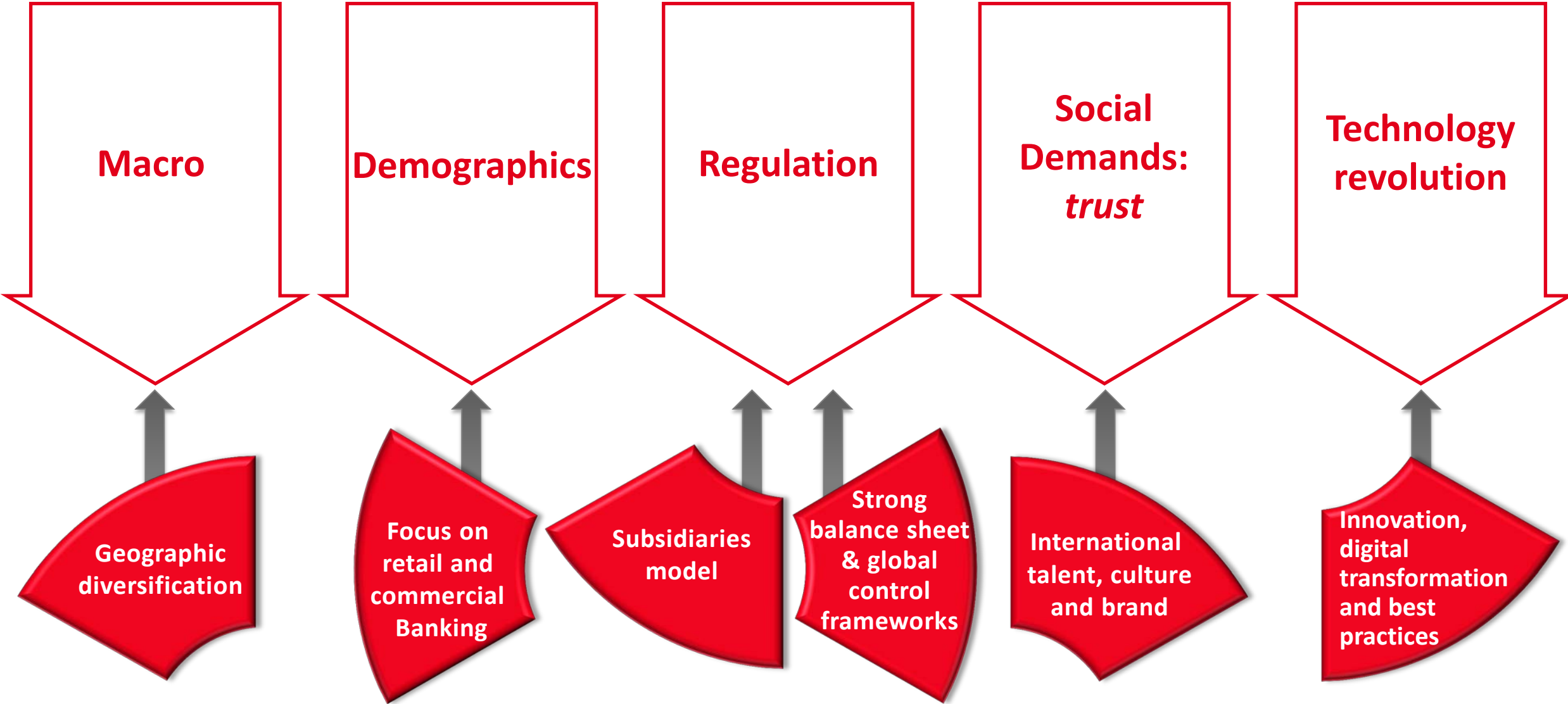


(1) After the capital increase of January 8, 2015

The banking sector faces a set of challenges and opportunities ahead...

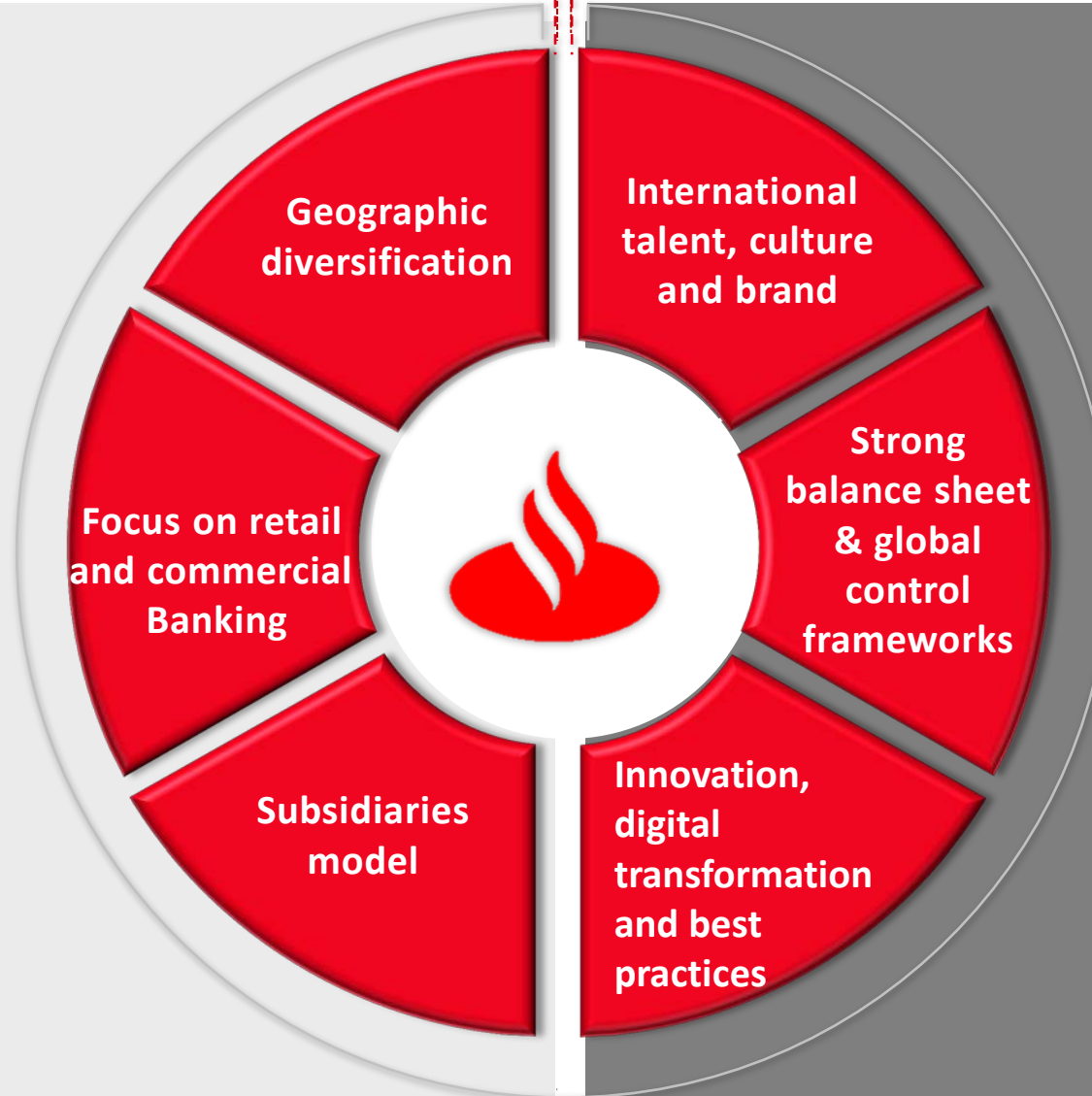


...that the Santander Model is well positioned to address



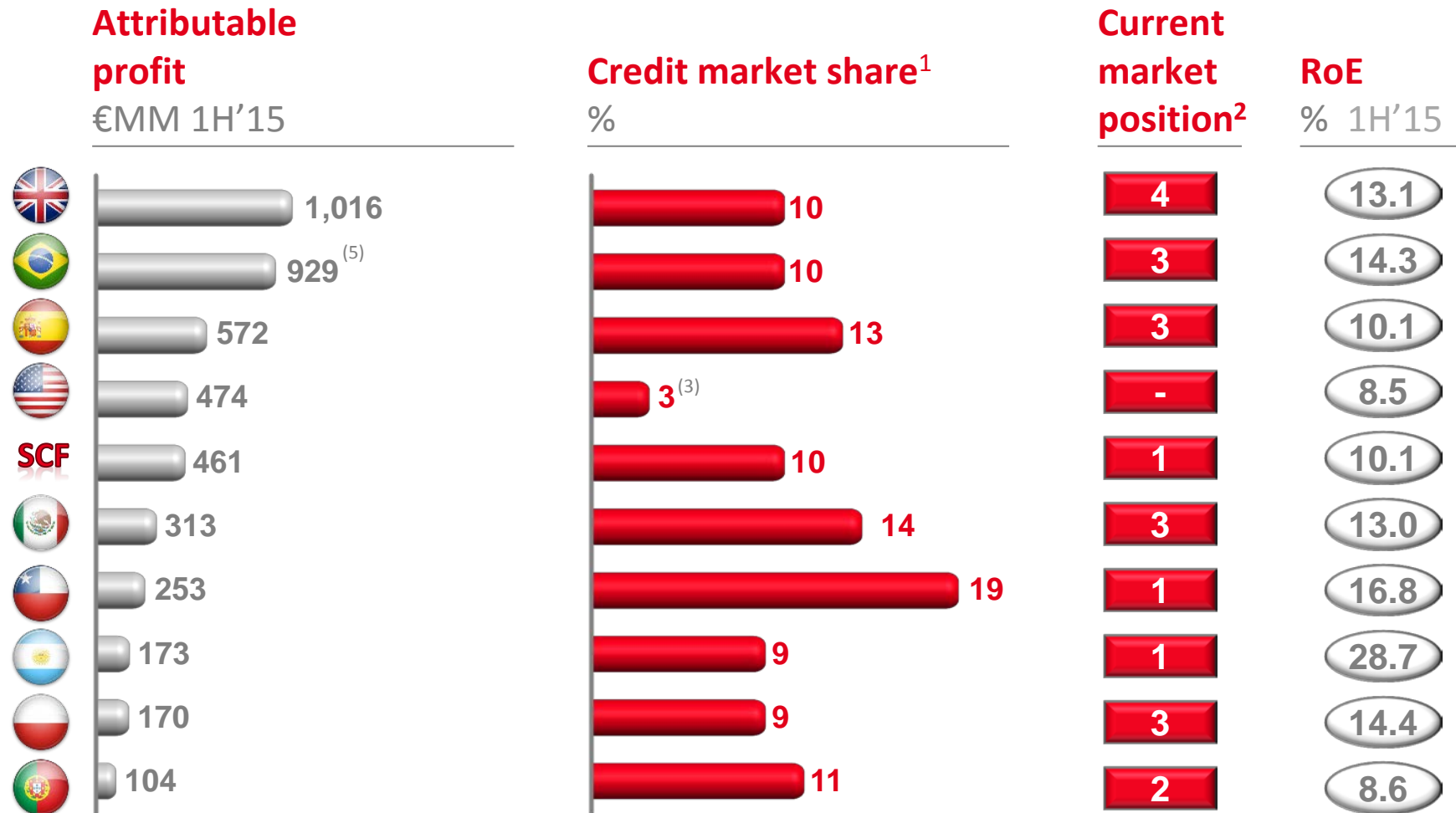
...that the Santander Model is well positioned to address

**Large, yet
simple**



**Value adding
Corporate
Centre**

Sizeable presence in 10 key markets: a potential of 1bn customers



- Our aim is to be the best in all of our 10 markets for customers and shareholders
- Balanced mix of mature emerging markets
- RoE > CoE⁴

(1) 1H2015; Brazil: only private banks (excl. BNDES & Caixa.), data as of Dec'14. US: Blended North East + SCUSA. SCF: New retail cars; Portugal: Retail & commercial
 (2) In loans. Brazil: Only private banks; SCF: Does not include brand captive consumer finance units ; Argentina: Private banks ; Portugal: Only private banks; UK: UK banking
 (3) SBNA + SCUSA blend. For SBNA Includes the following states: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New York, New Jersey, Pennsylvania, Delaware
 (4) In most markets / geographies; CoE = Cost of Equity (5) excluding €835M of attributable profit due to the net result of the reversal of tax liabilities

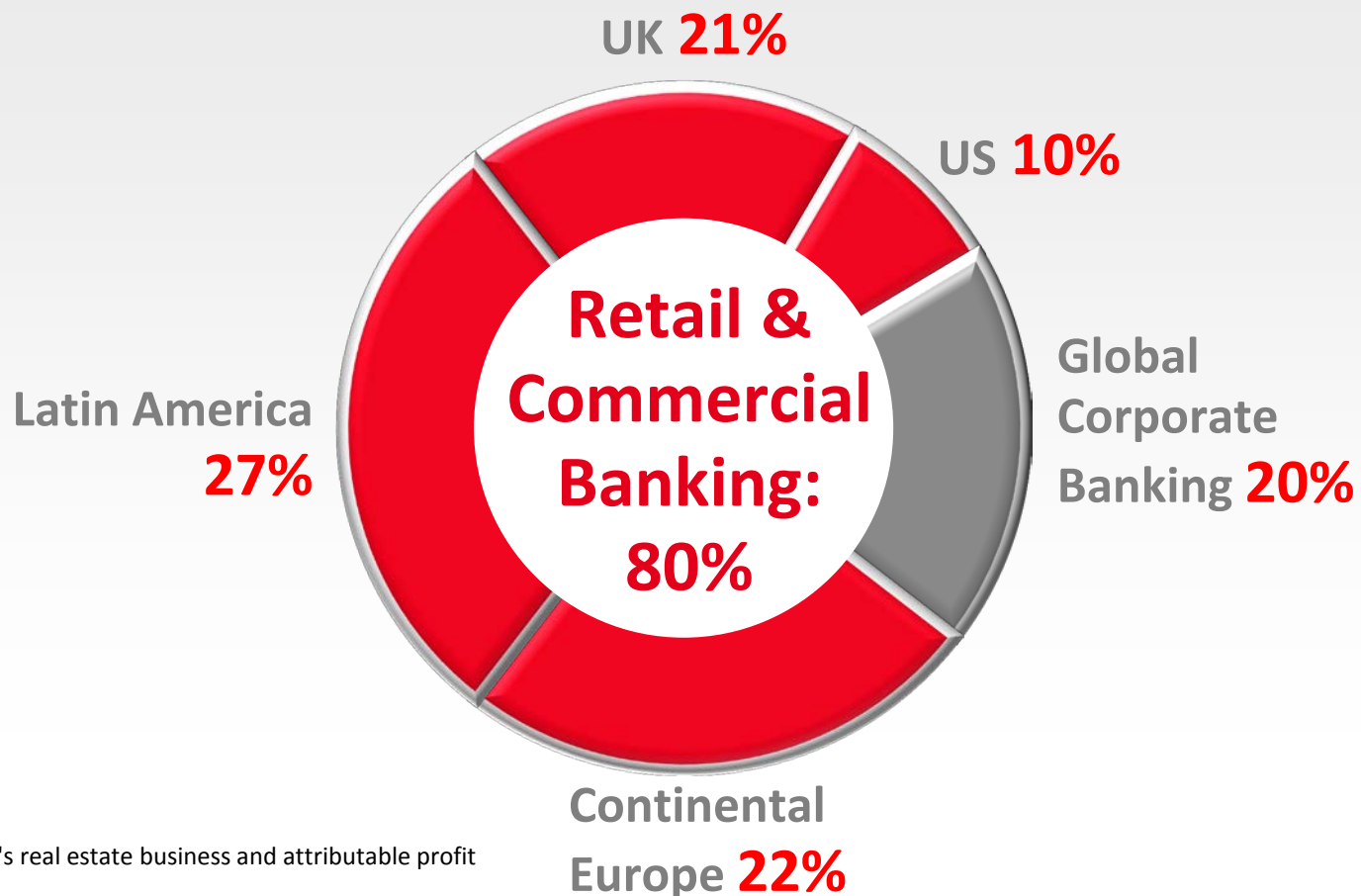
Retail and Commercial banking focus with the customer at the center

Key figures (1H'15)

- **Assets²: €1.27tr**
- **Loans: €799bn**
- **Deposits + AuMs: €1.1tr**
- **Employees: 190k**
- **Branches: c.13K**

Business profile

Attributable profit by operating business segments¹

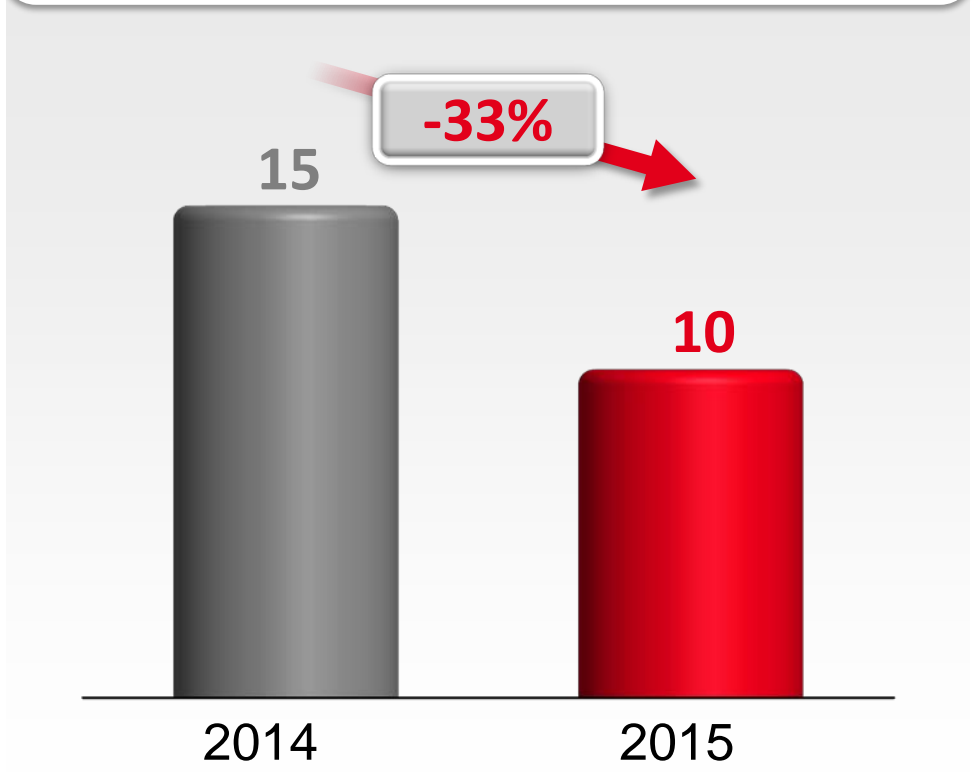


(1) 1H'15. Percentage over operating areas ordinary attributable profit, excluding Spain's real estate business and attributable profit of €835MM due to the net result of the reversal of tax liabilities in Brazil

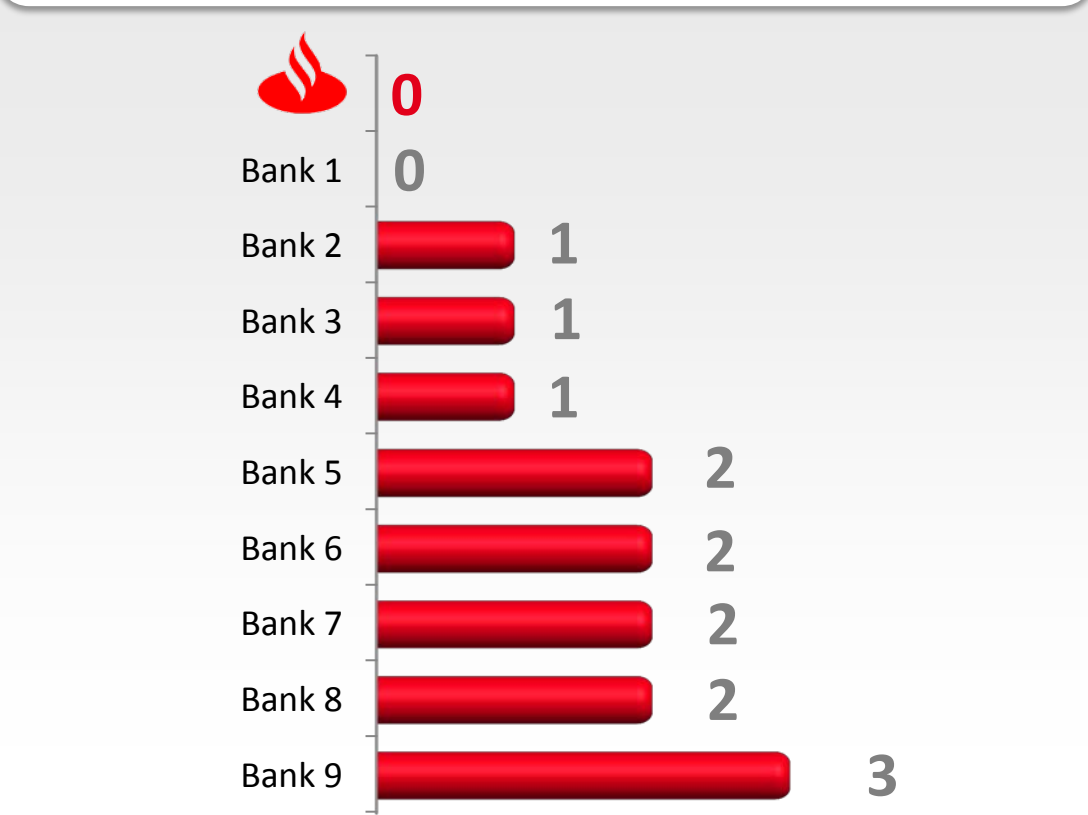
(2) Excluding trading derivatives

A lean organisation to foster accountability

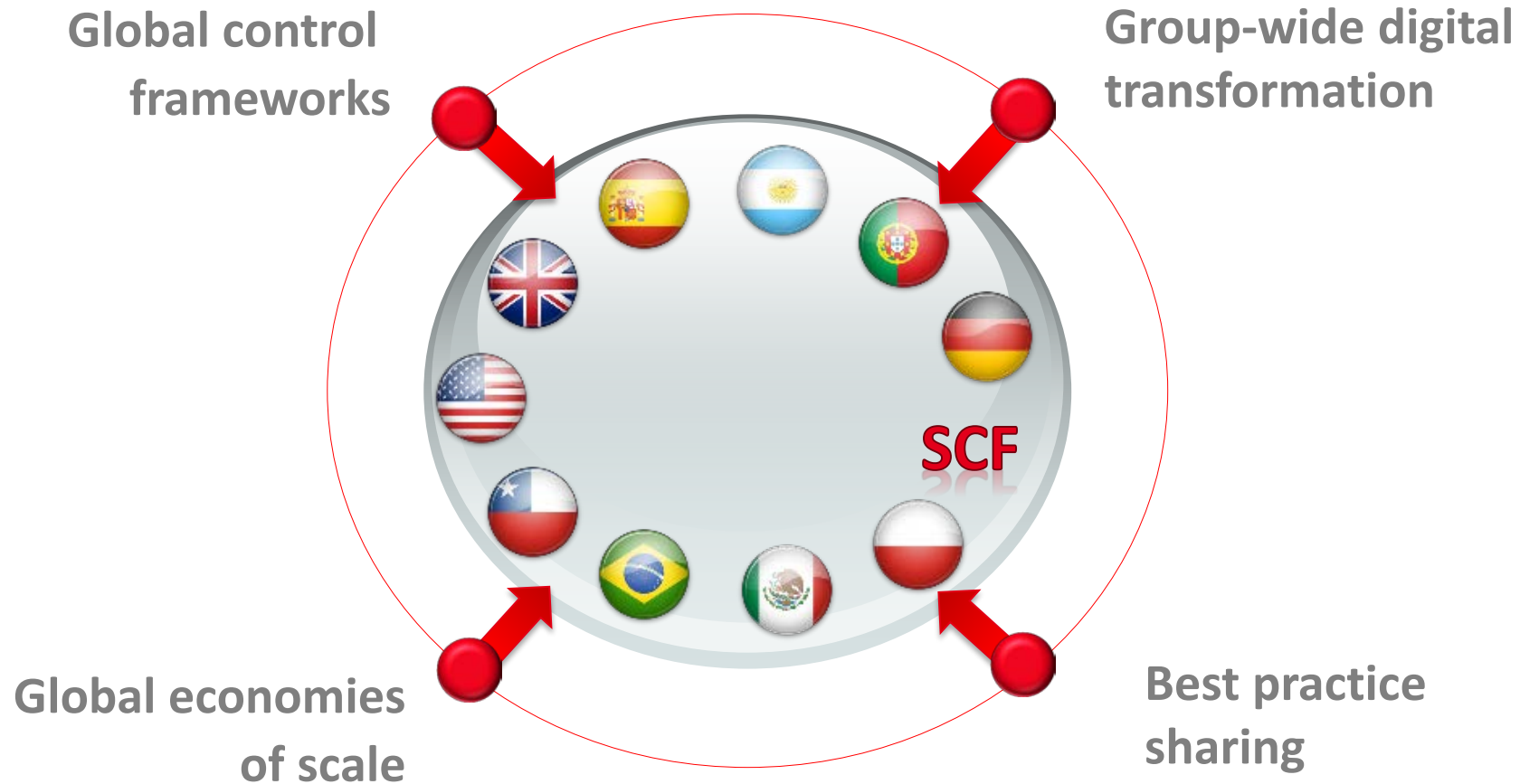
Number of divisions



Reporting levels between Country Head and Group CEO

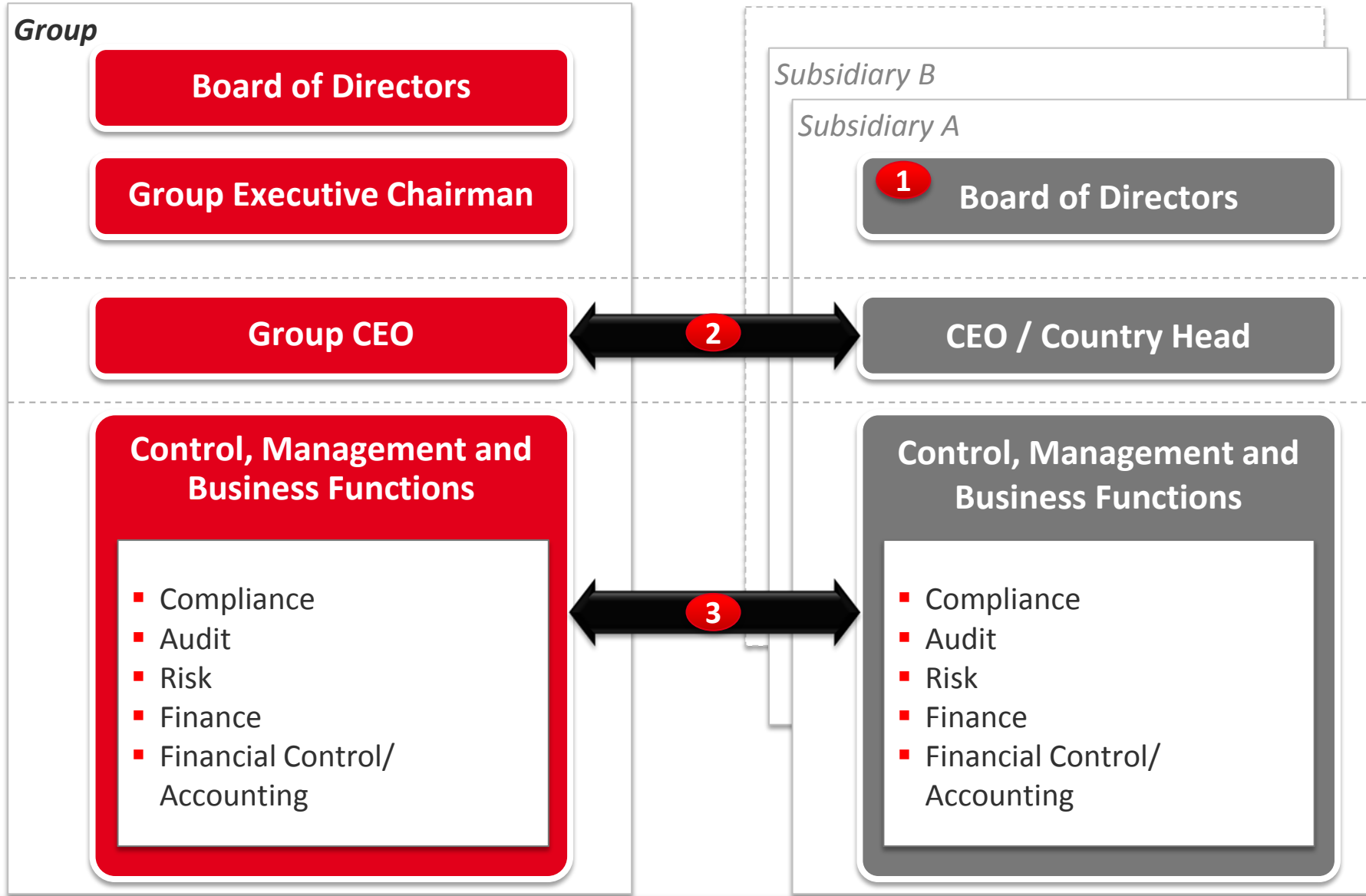


The corporate centre adds value to subsidiaries providing control, best commercial practices, global businesses and economies of scale



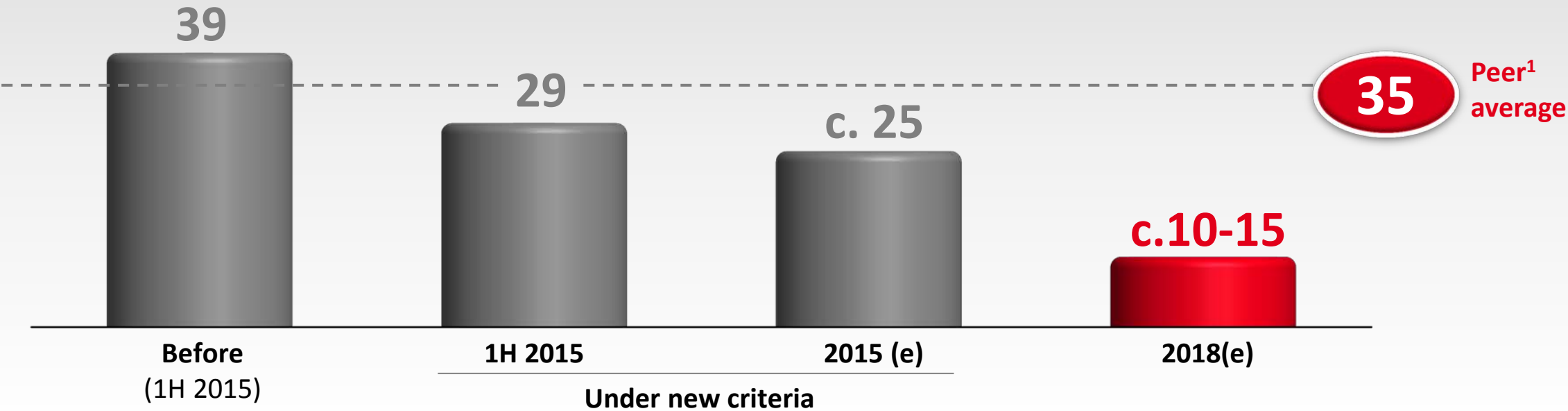
- Group is worth more than just the sum of its parts
- Leaner corporate centre structure to foster simplicity & transparency

Strong local governance reinforced with Group oversight



Our corporate centre will account for a declining share of our profit

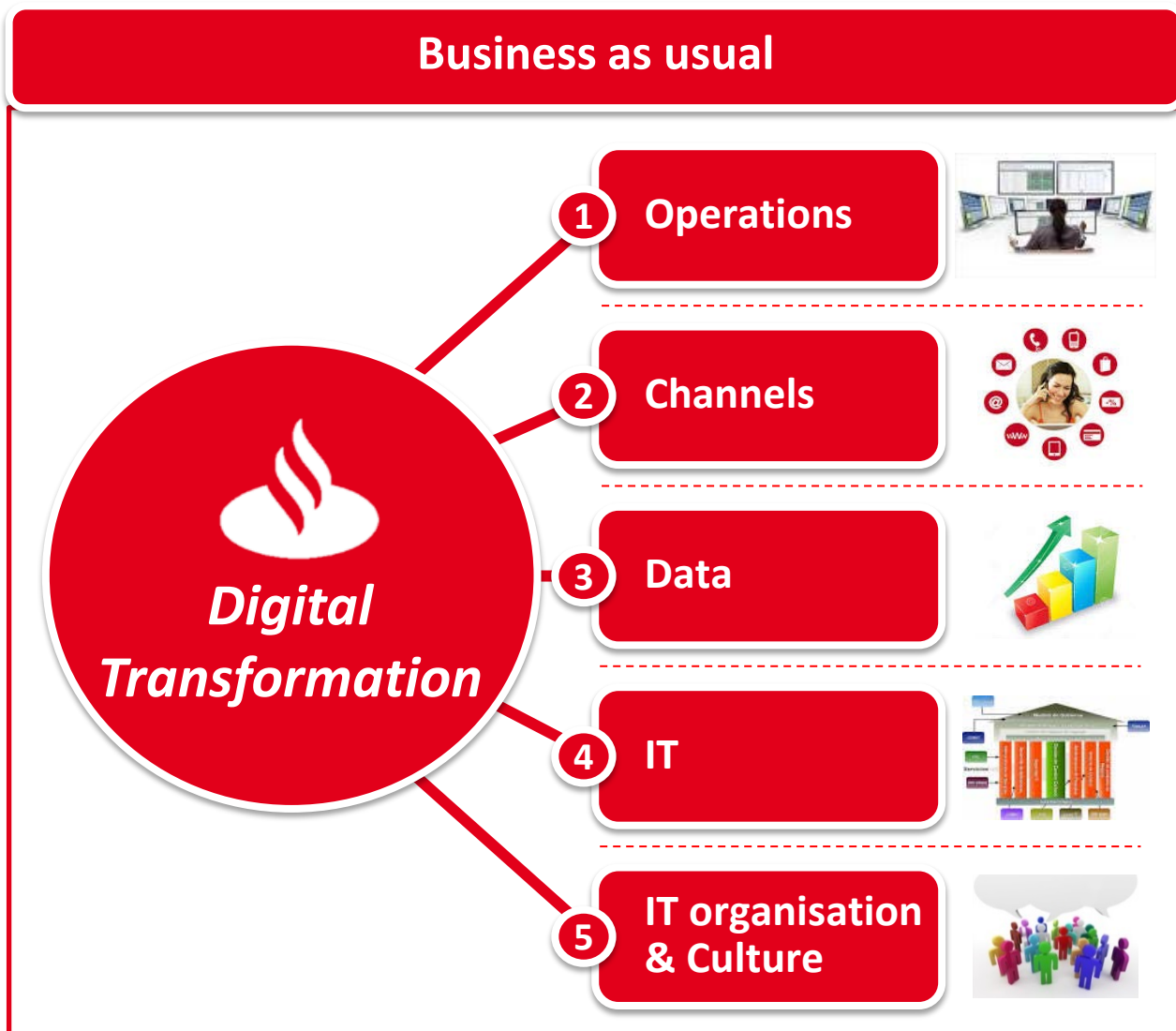
Increasing divisional transparency
Corporate centre attributable loss / total attributable profit, %



2018 target: C/I <45%

(1) Societe Generale, BBVA, BNP, Intesa, Unicredit, Credit Agricole

Our digital transformation is contributing to our operational excellence

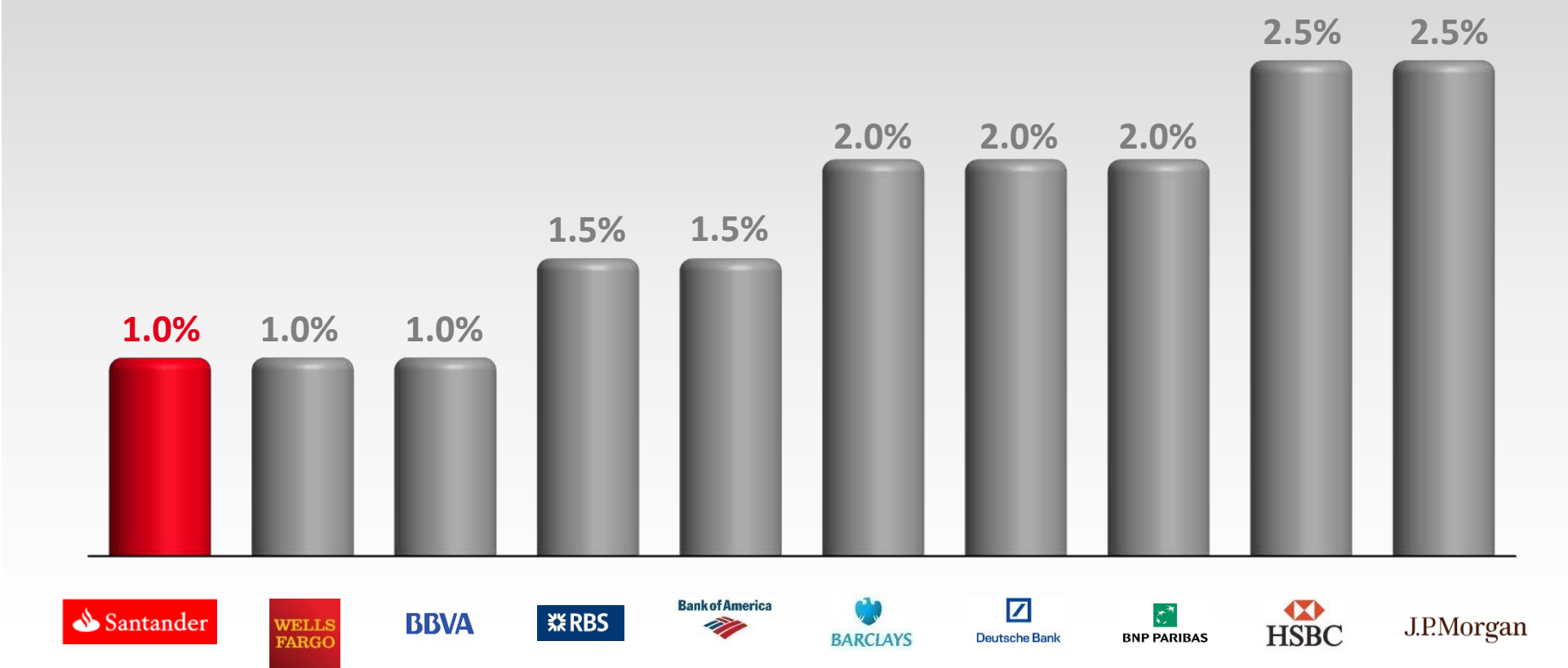


+



Our simple and geographically ring-fenced subsidiary model results in the lowest FSB additional capital recommendation

Recommended additional capital¹ by FSB on top of Basel III requirements (%)



(1) Additional level common equity capital as a percentage of risk weighted assets (phase-in capital requirements) Grouping of Institutions into buckets based on: size, interconnectedness, infrastructure, complexity and cross-jurisdictional activity

Source: Financial Stability Board

2

Vision and strategy



Our purpose

*To help people
and businesses
prosper*

Our aim

*To be the best retail and commercial
bank, earning the lasting loyalty of our
people, customers, shareholders and
communities*

A bank that is...

SIMPLE | PERSONAL | FAIR



Our aim is to be the best retail and commercial bank





We are transforming our internal culture

Led by the Group Executive Chairman, CEO and Top Executives

More than **6,000** interviews in all countries (customers and employees)

Talent management

Different ways to work

Simplified organisation

- ✓ Refreshed Top Management Team
21 are new or have a new role out of 31
- ✓ Increased engagement levels
Internal surveys
70% 2014 → 76% 2015
- ✓ Simplified organisational structure



2018 target:

Top 3 bank to work for in the majority of our geographies

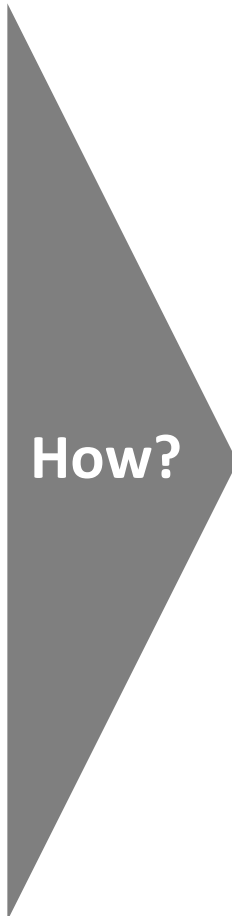


Customer loyalty and operational excellence will be cornerstones of the new way of managing our businesses

+117M customers¹

Opportunity:
only ~11% loyal

Loyal: x4 – x5 revenues



How?

I

Loyalty strategies

II

Operational excellence

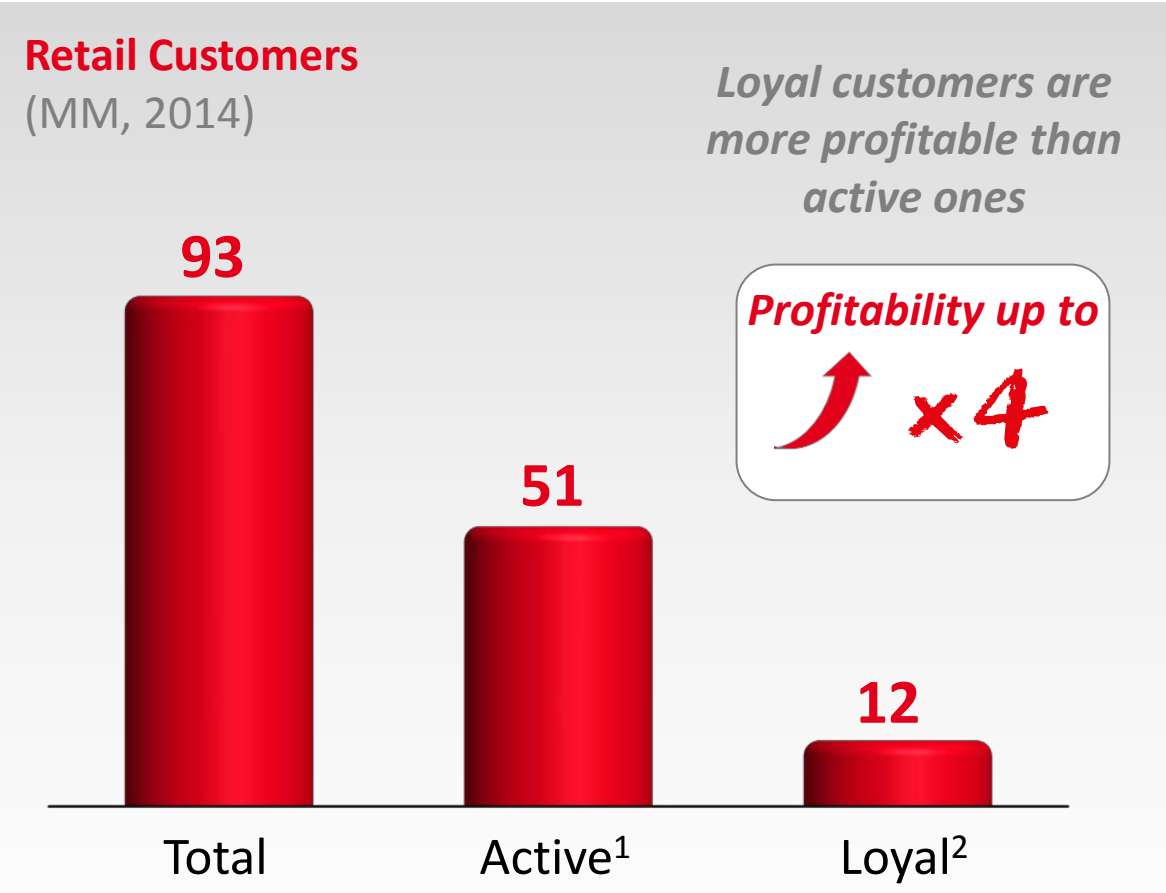
Simple | Personal | Fair

(1) Retail + Corporate + Global Corporate Banking + SCF

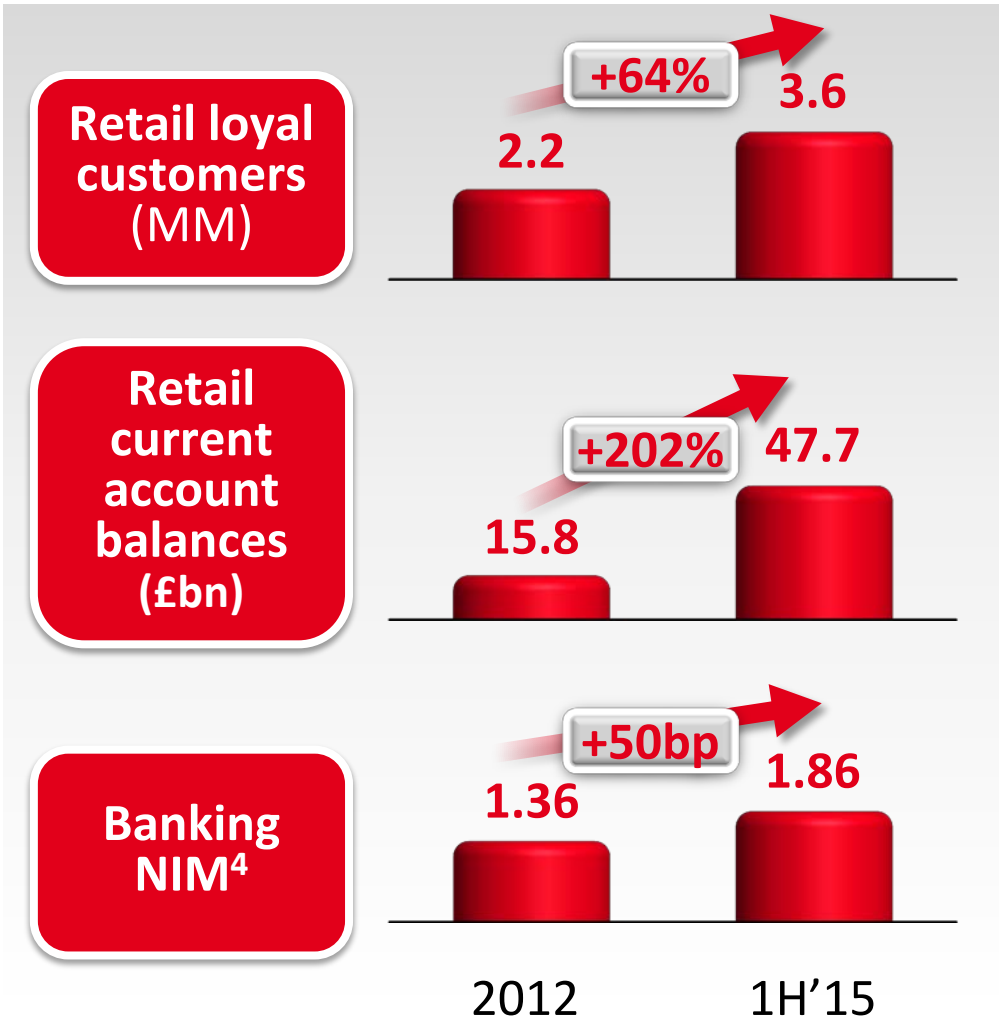


Growing loyal customers is at the core of the 1|2|3 strategy

Our opportunity



Example: 1|2|3 strategy in the UK³



(1) Customers that have a minimum level of activity with the bank, which we defined as a minimum credit or deposit balance or a minimum number of monetary transactions in the last 3 months. The threshold depend on the segments. (2) Customers that have a primary relationship with the bank. The requirements for a customer to be considered loyal include a minimum product holding and a minimum number of monetary transactions per month. The threshold depend on the segments. Does not equal to 1|2|3 Customers (3) UK accounting criteria (4) Banking NIM: Annualized net interest income /average customer loans

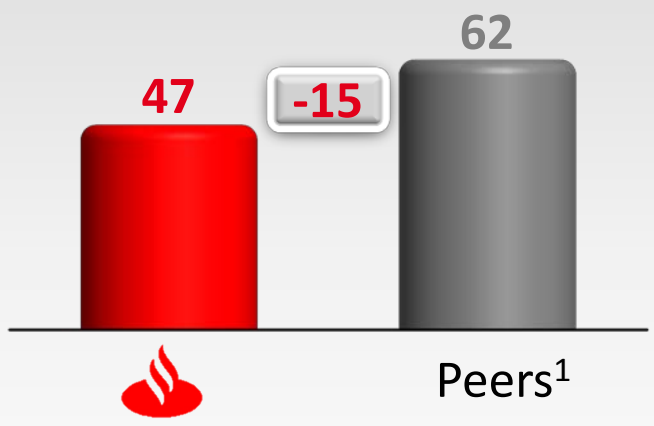
2 CUSTOMERS



Operational excellence will remain a prime focus; simplification, digitalisation and our economies of scale and scope will be the key enablers

Best-in-class efficiency ratio

C/I ratio
(1H'15, %)



2018 **C/I < 45%**

Room for improvement in customer experience

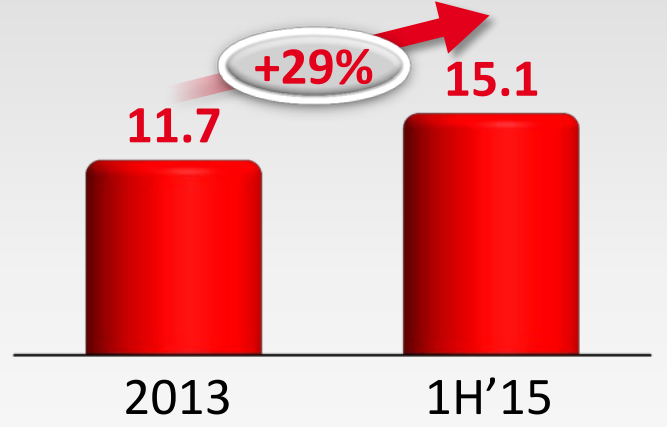
Customer satisfaction¹
(1H'15, ranking)



2018 **Top 3 bank in customer satisfaction**
in most geographies²

Growing digital channels adoption

Digital Customers
(MM)



2018 **30MM**
digital customers

NOTE: Peer Group: BBVA, BNP Paribas, Citigroup, Deutsche, HSBC, Intesa Sanpaolo, Itaú, JPMorgan Chase, Lloyds, Société Générale, UBS, UniCredit, Bank of America, Wells Fargo, Barclays, Standard Chartered and ING Group
(1) Santander Group Customer satisfaction benchmark with leading external firms in each market (2) US will approach peers

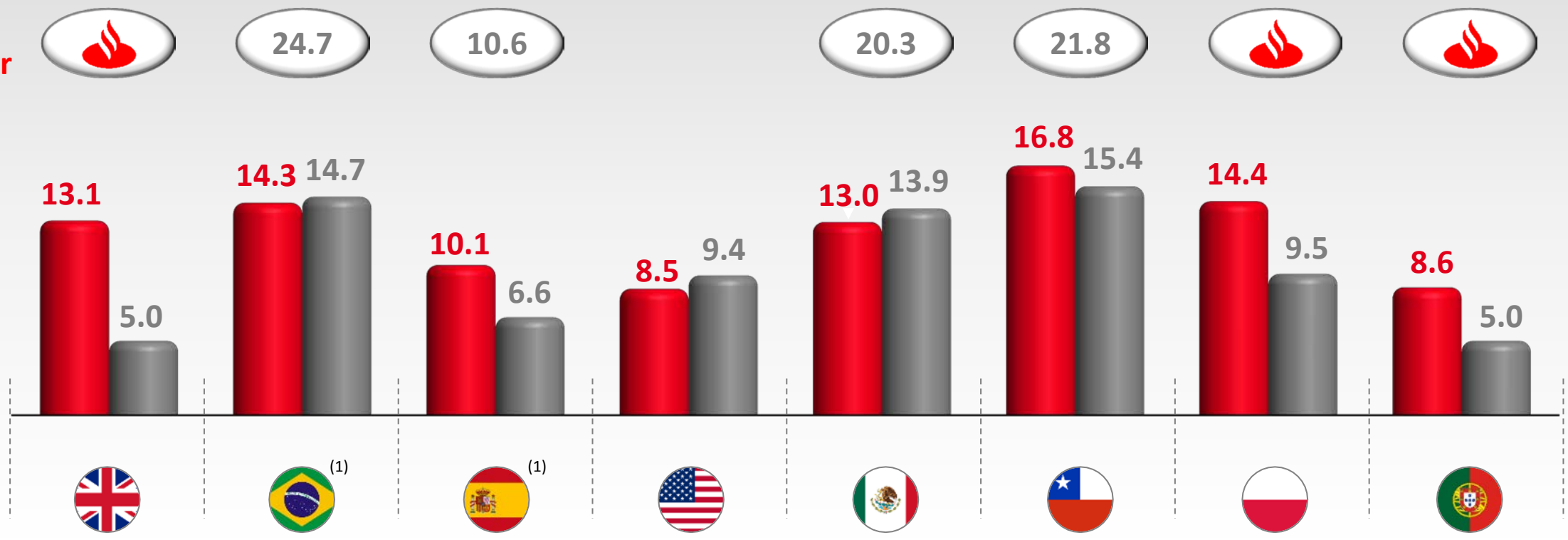


Santander delivers higher ROEs than market, yet there is still important upside potential in some of our larger operations

ROE Santander subsidiary vs. local peer group average
(1H'15, %)

Santander²
 Local Market Avg.

Best performer



(1) 2014

(2) Group criteria

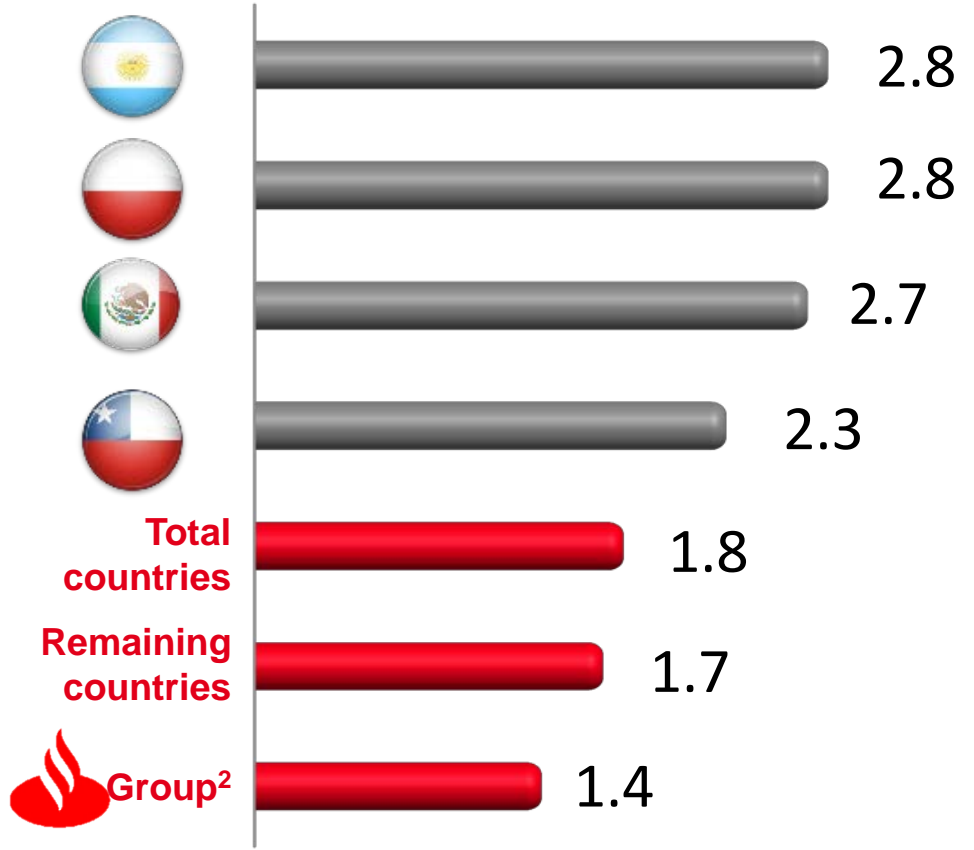
Local market averages sources Banco de España; Central bank of Brazil; SBIF; Federal Reserve Bank of St Louis; Banco de Portugal; Polish Financial Supervision Authority; CNBV; European Central Bank



Several countries, plus Santander Consumer, are delivering best-in-class returns

RoRWA (%; 1H'15)

Market position¹



#1

#3

#3

#1

- c.25% of Group attributable profit
- Leading market positions
- Benchmark for other countries

(1) Argentina only private banks (2) Including corporate centre



We will deliver dividend growth from 2016 and achieve double digit EPS growth by 2018

Our capital management...

- 1** | Listing of subsidiaries no longer a priority
- 2** | More visibility of corporate activities
- 3** | Disciplined M&A
- 4** | RWA optimisation
- 5** | Advanced Risk Management

... will deliver

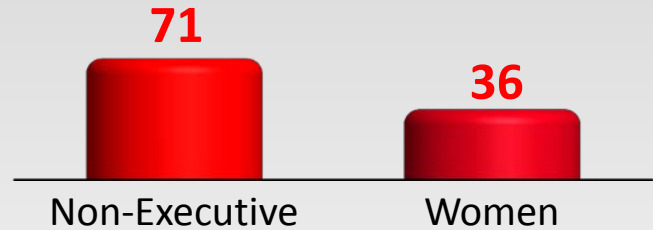
- Increasing EPS, reaching double digit growth by 2018
- Organic capital accumulation
 - FL CET1 2018 >11%
- Growing our dividend:
 - 30-40% cash payout policy



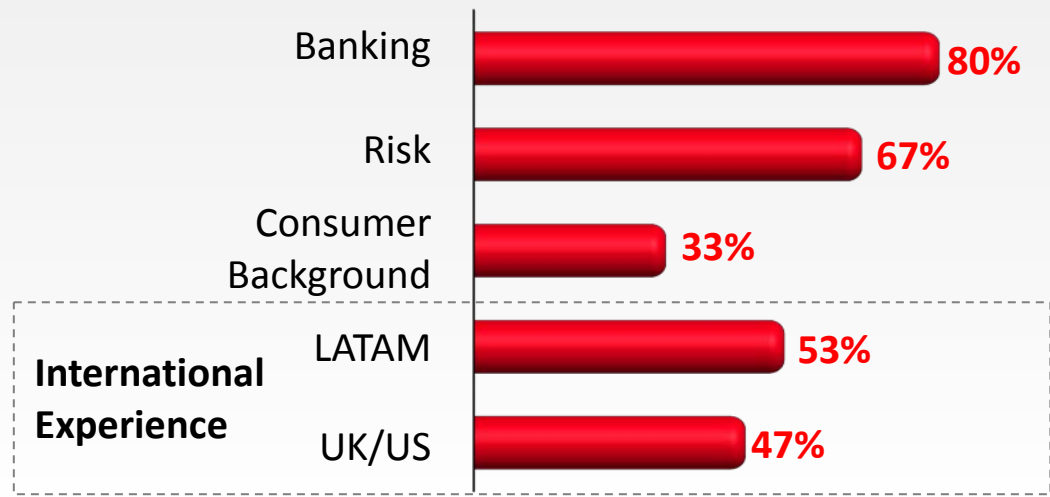
Strong corporate governance is a priority

Board Composition

Independence and diversity

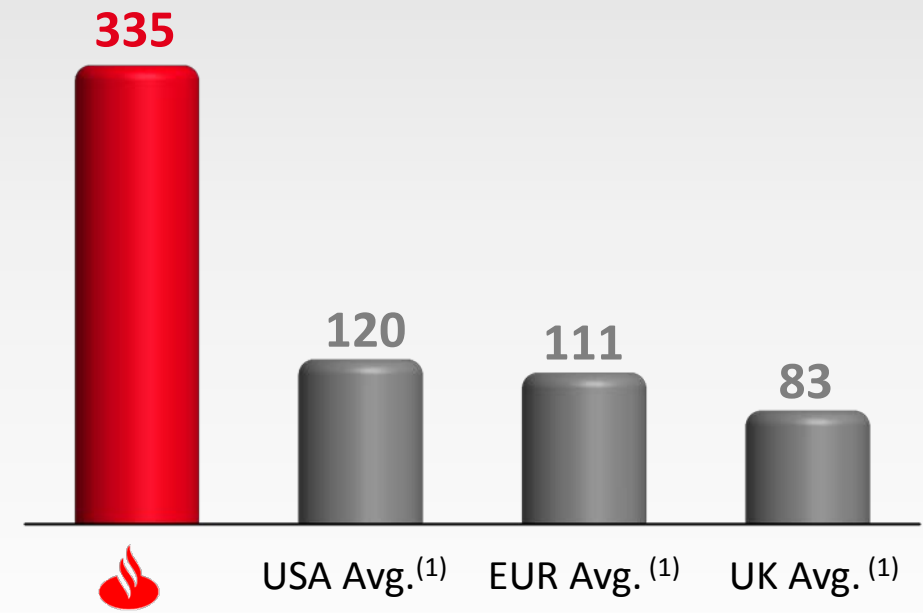


% of board members with relevant experience



Board dedication

Hours dedicated by Board Directors (hours per director in 2014)



Source: Russel Reynolds Associates

(1) Benchmark: Bank of America, Goldman Sachs, JP Morgan, Citigroup, Morgan Stanley, Wells Fargo, Societe Generale, BNP Paribas, BBVA, Credit Suisse, Deutsche Bank, UBS, Unicredit, Intesa San Paolo, Nordea, Lloyds, Barclays, Standard Chartered, HSBC



4 COMMUNITIES

Our contribution to local communities is aligned to our business goals, increasing the engagement of our teams

High standards for social responsibility:



- Highest **global standards, Sustainability, risk and environmental** policies
- In the 11th position in **Dow Jones Sustainability Index** in 2015

Consistent, Group-wide support of higher education:



- **C. 1,300 Universities** supported
- **c.36k students awarded scholarships** per year

Strong, local community programmes:



- Financial **inclusion** and education
- **c.7k entrepreneurs** and **c.500 start-ups** supported per year

Note: 2015 figures

3

2018 Targets

Over the past 12 months we laid the foundations for the Bank we want for the next 10 years



Capital

- €7.5bn **capital increase**
- Commitment to **FL CET1 > 11% capital base** by 2018
- **New dividend policy, increased cash dividend** (30 – 40% cash payout)
- **Organic capital generation**



Governance and team

- Changes on the **Board** (Group and subsidiaries)
- **Group Governance and Group-Subsidiary Governance**
- **New management team** in Corporate Centre and Countries¹
- Simplified **corporate structure** with greater transparency



Strategy and Culture

- Commercial **loyalty** strategies
- Investments in **infrastructure, digitalisation and regulatory projects**
- **Cultural transformation** programme

(1) UK, Brazil, Spain, Mexico and US

2016-2018: Commercial model transformation: all about execution

2015

Laying the foundations for our transformation



-  **Capital** 
-  **Governance and team** 
-  **Strategy and Culture** 

2016 – 2018

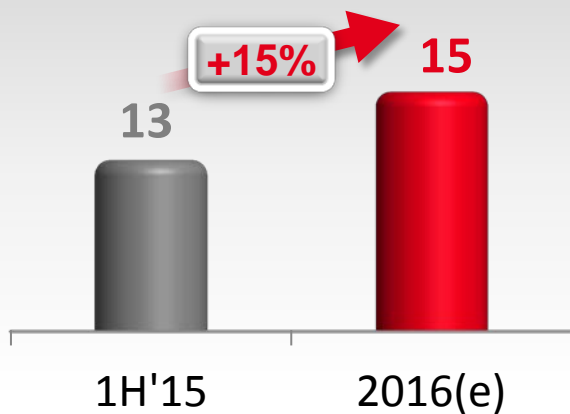
Transformation of our commercial model

- 
- **Loyal customers:** 18.5MM by 2018
 - **Digitalisation:** 30MM digital customers by 2018
 - **Operational excellence:**
 - C/I < 45% by 2018
 - Top 3 in customer satisfaction
 - Organic **capital accumulation**
 - **Simple | Personal | Fair**

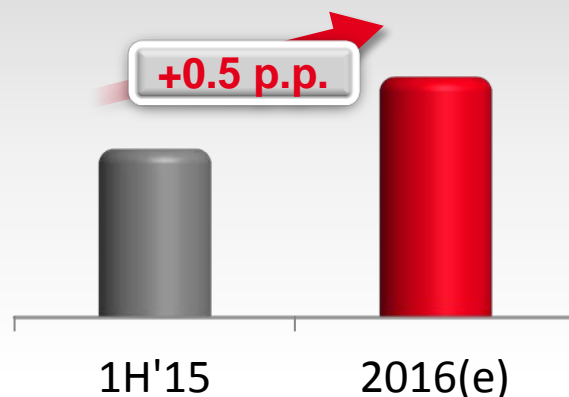
+ Increasing EPS, reaching double digit growth by 2018 and growing our dividend every year

Transparent performance Group metrics in 2016

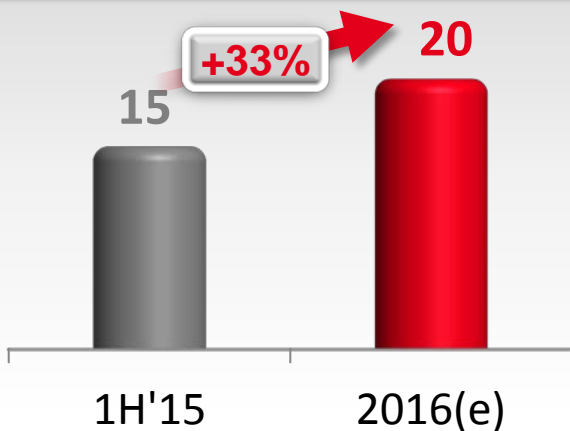
Loyal retail and commercial customers (MM)



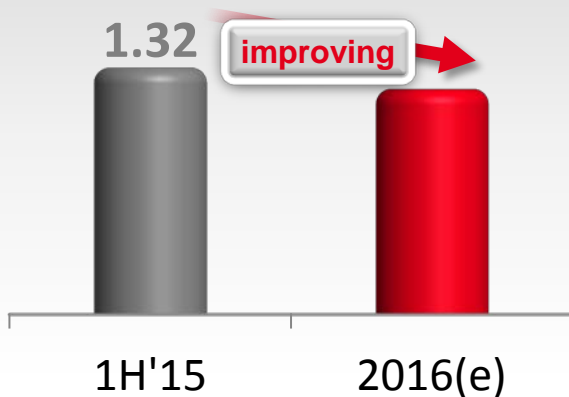
Average SME and Corp. market share growth



Digital customers (MM)



Cost of risk (%)



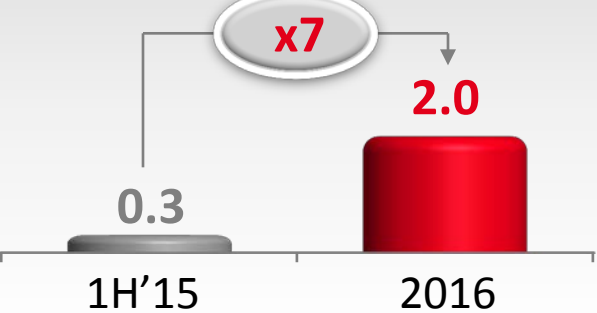
2016 vs. 2015:

- Accelerating fee income growth
- Stable C/I
- Growth in dividend and EPS

Transparent performance metrics cross all businesses in 2016

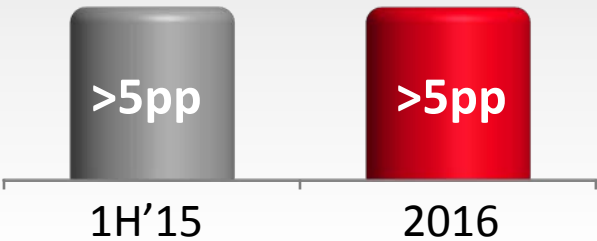
Spain

1|2|3 accounts
(MM)



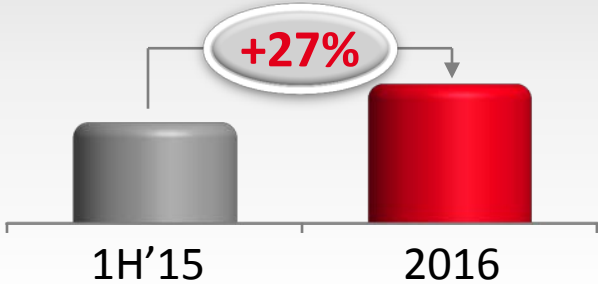
UK

SMEs loan growth vs. market
(Jaws, percentage points)



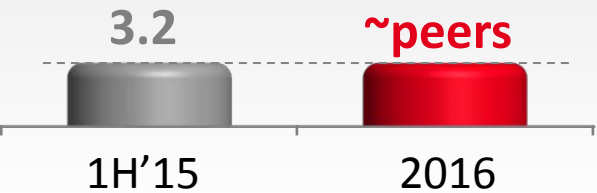
Mexico

Loyal SME and Corporates
(% change)



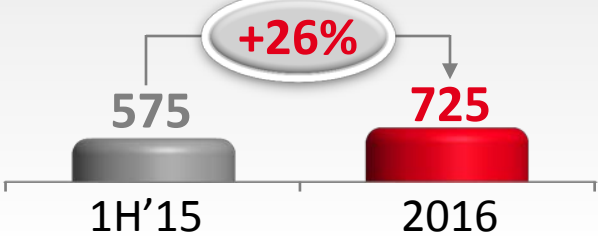
Brazil

NPLs¹
(%)



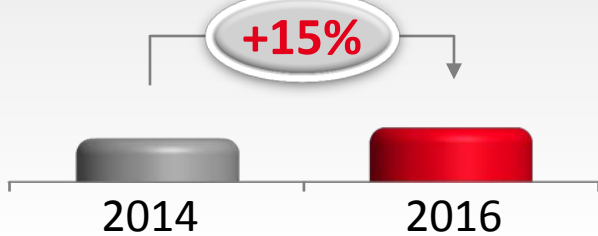
USA: Bank

- Significant progress in regulatory agenda
- **Digital customers** (k)



SCF

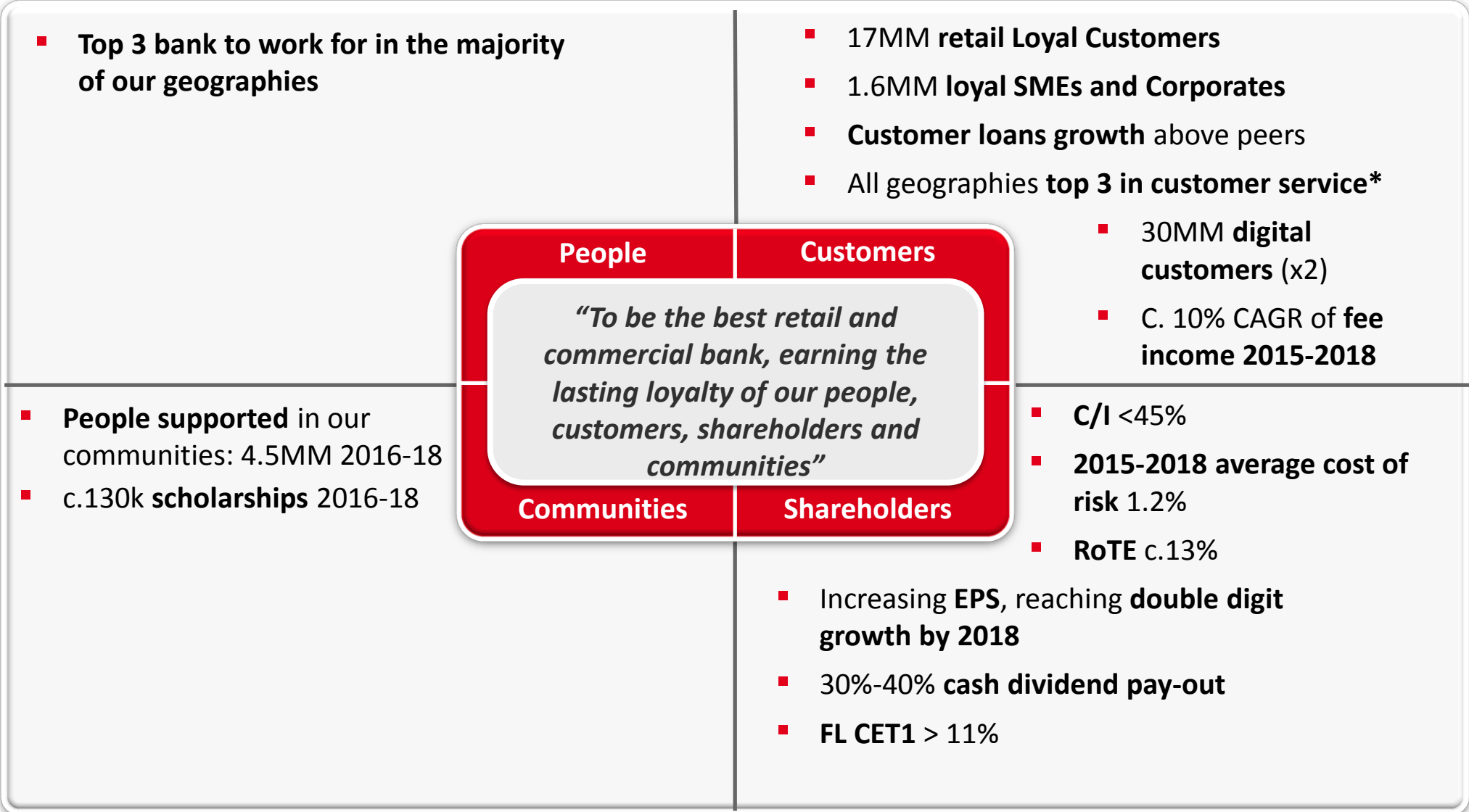
Loan portfolio CAGR²
(%)



(1) BR GAAP; Private banks

(2) 2014-2016, all SCF countries (excluding SC UK and the PSA operation)

Our 2018 targets



* Except for the US – approaching peers

Key takeaways of our Investor Day



A scale retail and commercial bank operating in **10 markets, well balanced between developed and emerging economies**



Foundations laid to:

- Simplify operations in those 10 markets
- Maximise service and efficiency benefits of being part of the Santander Group
- Capture opportunities in the new era of digital banking, and increase customer loyalty
- Be at the forefront in meeting regulatory and societal expectations



The best bank for our people and customers in a majority of our 10 markets by 2018, **with improved and sustainable risk adjusted financial returns for our shareholders**





Simple | Personal | Fair