Santander earns €6,515 million in attributable profit in 2019 as fourth quarter profit increased by 35% to €2,783 million

Underlying profit for the quarter increased to €2,072 million, up 5% versus Q4 2018 on a constant currency basis

The Group's CET1 capital ratio increased to 11.65%

The board will propose to shareholders at the annual general meeting an increase in cash dividend per share and a total dividend of €0.23 per share

Madrid, 29 January 2020 - PRESS RELEASE

- Through successful execution of its strategy, Santander generated record total annual revenues of more than €49 billion in 2019, up 2% (+3% on a constant currency basis), supported by strong growth in customer revenues in the Americas.
- The Group delivered solid growth in business volumes, with loans and customer funds increasing by 4% and 6% respectively year on year on a constant currency basis.
- The global businesses, Santander CIB (corporate and investment banking) and Wealth Management & Insurance, have continued to show superior growth, leveraging the strength of Santander, contributing 26% of the Group's underlying profit.
- Loyal customers increased 9% to 21.6 million and digital customers grew to 37 million in 2019. The number of sales through mobile doubled in the year.
- Credit quality remained very strong with the Group's non-performing loan ratio falling by 41 basis points (bps) year-on-year to 3.32%, while the cost of credit remained broadly stable at 1%.
- The Group's digital transformation continued to drive increased customer engagement while allowing Santander to maintain a best-in-class efficiency ratio of 47%.
- Santander made capital gains of €711 million in the quarter, primarily related to the custody business transaction. Including the net charges announced in previous quarters, net gains and provisions for the year were -€1,737 million.
- The CET1 capital ratio for the Group increased in the quarter by 35 basis points (bps) to 11.65%. Strong capital generation in the last 12 months (97 bps) was partially offset by regulatory headwinds (-62 bps). The bank expects its CET1 capital ratio to be close to 12% by end of 2020.
- Santander's board of directors has proposed to increase the cash dividend per share with a second and final dividend against 2019 of €0.13 per share, subject to shareholder approval, comprised of €0.10 in cash and €0.03 in scrip.
- Including the €0.10 per share dividend paid last November, Santander's full dividend for 2019 would be €0.23 per share, comprised of €0.20 in cash and €0.03 in scrip, representing a c.3% increase in cash dividend per share versus 2018, subject to shareholder approval.

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Banco Santander Group Executive Chairman, Ana Botín, said:

"Our 2019 results show we are successfully executing on our strategy, generating predictable, sustainable and balanced growth, with a very strong fourth quarter, confirming underlying positive trends. We earned the loyalty of our customers, delivering record annual revenues and strong underlying profit. This allowed us to further strengthen our capital base and grow our CET1 capital ratio to 11.65%.

Our focus on customer loyalty, geographic diversification and scale drove strong operating performance across all regions. Our South American business continued to generate healthy growth; we maintained strong momentum in North America, with the US delivering among the fastest growing underlying profit of all markets; and in Europe we achieved a 10% return on tangible equity, despite a challenging interest rate environment.

Across the Group we see significant opportunities to continue growing our business in a responsible way - further improving operating performance by leveraging the strength of the Group, advancing our digital transformation, including the development of the Santander Global Platform, while continuing to optimise capital allocation.

We are well on track to achieve our medium-term goals and expect to deliver high single digit average annual earnings per share growth over the next three years, while continuing to invest for the future. As a result of the very strong performance we are proposing to increase our cash dividend per share again this year, meaning that cash DPS has more than doubled since 2014."

Results Summary

	Q419 (m)	Q419 v Q418.	Q419 v Q418 (EX FX)	2019 (m)	2019 v 2018	2019 v 2018 (EX FX)
Total income	€12,592	0%	+4%	€49,494	+2%	+3%
Operating expenses	(€5,971)	+1%	+5%	(€23,280)	+2%	+3%
Net operating income	€6,621	0%	+3%	€26,214	+2%	+3%
Net loan-loss provisions	(€2,573)	+5%	+8%	(€9,321)	+5%	+5%
Underlying profit before tax	€3,506	-1%	+2%	€14,929	+1%	+2%
Tax	(€1,109)	-6%	-1%	(€5,103)	-2%	-1%
Underlying profit	€2,072	+2%	+5%	€8,252	+2%	+3%
Net capital gains and provisions	€711	-	-	(€1,737)	-	-
Attributable Profit	**€2,783**	**+35%**	**+38%**	**€6,515**	**-17%**	**-16%**

Banco Santander achieved an attributable profit of €6,515 million in 2019, 17% less than in 2018, after recording net charges amounting to -€1,737 million. The charges related primarily to the UK goodwill impairment announced in September last year (-€1,491 million), as well as restructuring costs in several markets and other provisions. They were partly offset by the €693 million net capital gain from the custody business transaction which concluded in December 2019 and other capital gains.

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Excluding net charges, the underlying attributable profit in 2019 was €8,252 million, up 2% year-on-year (+3% on a constant currency basis), driven by further growth in customers and business volumes.

In the fourth quarter alone, attributable profit increased to its highest level ever at €2,783 million (up 35% YoY). Excluding net charges, underlying profit was €2,072 million in the quarter, up 2% (+5% on a constant currency basis), with an underlying return on tangible equity (RoTE), a key measure of profitability, remaining among the highest of our peer group at 11.6% (11.8% for the full year).

In 2019, the results continued to reflect solid underlying trends, with customer revenues (net interest income and net fee income) increasing, costs beginning to reflect the synergies obtained in various units and the cost of credit, the rate at which the bank needs to provision when lending money, remaining at very low levels (1%).

The bank's commercial and digital transformation also continued to improve the quality and recurrence of its revenues, with net interest income (revenues generated by interest-bearing assets minus costs of deposits) increasing to €35,283 million, up 3% (+4% on a constant currency basis).

Santander generated record total annual revenues of more than €49 billion, up 2% year-on-year (+3% on a constant currency basis), supported by strong growth in customer revenues in the Americas, Santander CIB (corporate and investment banking) and Wealth Management & Insurance (private banking, asset management and insurance). 95% of the bank's income came from customer revenues (net interest income plus net fee income), well above the average of its competitors, demonstrating the quality and stability of the bank's earnings.

The bank continued to leverage its scale and global capabilities to improve operating performance with a new regional management structure, new efficiencies and the successful conclusion of the Popular integration. Group costs fell 0.4% in real terms (without inflation) as the bank progressed in its strategic aim to operate as "One Europe", while North America improved synergies as a region, and South America maintained a disciplined approach to cost management.

The rapid growth in digital adoption continued, with the number of customers using internet banking or mobile increasing by five million to 37 million, 52% of total active customers. Digital customers connect to the bank on average five times a week, which has helped increase the proportion of sales made through digital to 36% out of total sales. The number of sales through mobile doubled in the year.

The number of loyal customers (customers using Santander as their primary bank) grew 9% to 21.6 million. This supported solid growth in business volumes, with loans and customer funds increasing by 4% and 6% respectively on a constant currency basis.

To accelerate progress towards becoming the best open financial services platform, the bank consolidated all its digital services under the new Santander Global Platform area with the goal of building platforms once for all of Santander's markets in order to offer the best digital services. This new reporting unit includes mainly: Global Merchant Services (GMS) and Global Trade Services (GTS), which are focused on payments services for SMEs; Superdigital and Openbank, which offer digital banking solutions for individuals, as well as other initiatives such as the InnoVentures fund, and Santander Digital Assets.

In summary, Santander Global Platform offers digital services based on payment solutions as the main driver of loyalty. In 2019, Santander also announced a strategic investment in Ebury, the best-in-class trade and exchange facilitator for SMEs trading internationally.

Openbank, Santander's full-service digital bank, delivered solid growth with a 134% increase in mortgage sales year-on-year and a 50% increase in credit card purchases in the same period. The bank now serves 1.3 million customers in Spain and in Q4 began to open accounts to customers in Germany, Netherlands and Portugal and expects to launch in Argentina this year.

Superdigital increased its number of active customers by 59% and it was launched in Chile this year, adding to its existing presence in Brazil and Mexico. Santander also made a number of new investments through the venture capital arm InnoVentures in areas such as identity verification, digital debt platforms, and blockchain. During the year the bank issued the first ever bond to be managed end-to-end using entirely blockchain technology.

This acceleration in digital adoption, combined with growth in customer revenue and cost management, allowed the bank to maintain a 'best-in-class' cost-to-income ratio of 47%.

Credit quality improved further in the year, with the non-performing loan ratio falling by 41 basis points (bps) in the year to 3.32%. Cost of credit remained stable at 1%.

In 2019, Santander achieved a record of 97 bps in gross capital generation, which was partially offset by regulatory headwinds (-62 bps). As a result, the Group's CET1 ratio increased by 35 bps in the year to 11.65% at 31 December 2019. In the last five years, the bank has generated an average of 40 bps in CET1 capital per year and expect to be close to 12% by end of 2020 and achieve high single digit average annual earnings per share (EPS) growth over the next three years.

Santander's board of directors has decided to propose to the next annual general meeting a second dividend against 2019 results of €0.13 per share, comprised of €0.10 in cash and €0.03 in scrip.

Including the €0.10 per share dividend paid last November, Banco Santander's full dividend against the 2019 results would be, if approved by the annual general meeting, €0.23, representing a c.3%[1] increase in cash dividend per share versus 2018, within the announced payout ratio over the underlying attributable profit of 40-50%. The 2020 annual general meeting will be called following the next meeting of the board. Banco Santander's full dividend against the 2018 results was €0.23 (€0.195 in cash and 0.035 in scrip).

At the bottom of the press release, there is further information on this remuneration, including expected key dates for its recognition and payment if approved at Banco Santander's annual general meeting.

Markets Summary (2019 vs 2018)

To better reflect the local performance of each market, the year-on-year percentage changes provided below are presented on a constant currency basis. Variations in current euros are available in the financial report.

Santander's unique geographic diversification and scale continues to drive predictable and profitable growth, with European franchises contributing 47% of Group underlying attributable profit, South America contributing 37% and North America contributing 16%. Brazil continues as the growth engine for the Group, contributing 28% of the total Santander underlying profit, followed by Spain (15%), Santander Consumer Finance (13%), the UK (11%), Mexico (9%), the US (7%) and Chile (6%).

[1] Cash dividend per share against 2019 results would be €0.20, while the 2018 cash dividend per share was €0.195.

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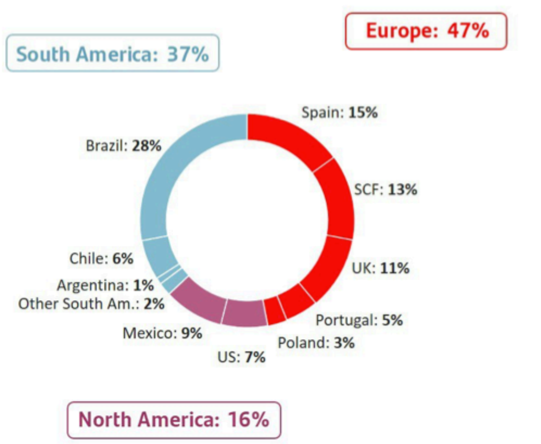
Europe. Underlying profit in Europe was €4,878 million in 2019, 3% lower year-on-year due to higher provisions and reductions in both gains on financial transaction and net fee income in CIB. Costs were down 1% (-2.4% in real terms) in the region after the bank achieved around €200 million in net cost savings in the year by simplifying the business model and structure to operate in a more integrated way, resulting in an underlying RoTE of 10%. Loans increased by 2% with digital customers growing 9% to 13.8 million, while loyal customers grew 6% to 10 million.

Underlying attributable profit geographic distribution*

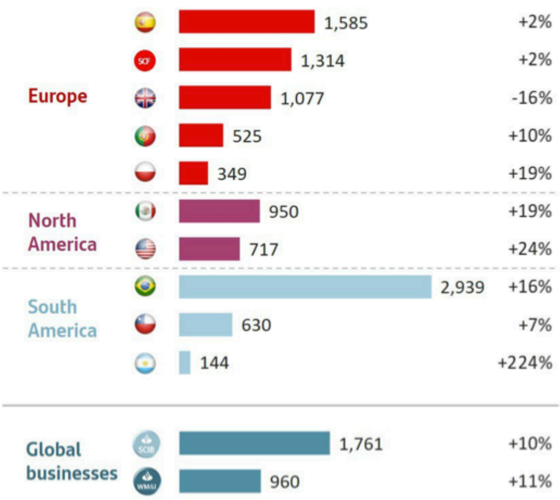
2019



(*) As a % of operating areas. Excluding Corporate Centre and Santander Global Platform.

Underlying attributable profit 2019. Core markets

EUR million. % change YoY in constant euros



- In Spain, underlying profit was €1,585 million, up 2%, thanks to an acceleration in cost reductions due to the integration of Banco Popular. In 2019, Santander successfully completed the migration of all Popular branches and customers to the Santander platform while maintaining the highest level of service. The bank grew loyal customers (+5%) and this was reflected in the positive evolution of key activity indicators, with growth in consumer lending (+24%) and international business (+15%).

- In Santander Consumer Finance (SCF), underlying profit grew 2% in 2019 to €1,314 million. SCF maintained its position as the market leader in European consumer finance, increasing new lending by 5% and growing in almost all countries despite the fall in car sales in the European market. This supported a high level of profitability, with an underlying RoTE of 15.3% in the period. SCF reached two strategic agreements during the year: the acquisition of 51% of Hyundai Capital in Germany, which strengthened SCF's leadership in the country, and an agreement with Ford Motor Company to buy their captive finance company in the Nordic countries.

- In the UK, underlying profit was €1,077 million, down 16% reflecting the ongoing competitive pressures. Business activity remained robust with growth in mortgage lending, leading to a gross loan growth of 4%. The focus on digitalisation meant that one in two new current accounts opened in 2019 was through digital channels, and almost two thirds of new credit cards were opened online. Cost fell 3% in real terms, showing the first synergies from the business transformation plan.

- In Portugal, underlying profit increased by 10% to €525 million due to improving efficiency and the low cost of credit. Santander strengthened its position as the largest privately-owned bank in Portugal, with its market share in new lending to companies and mortgages at around 20%. Loans fell 1% while customer deposits increased 6%. Costs fell 3% thanks to the revision and simplification of internal processes and the optimisation of the branch network.

- In Poland, underlying attributable profit increased 19% to €349 million thanks to improvements in net interest income and efficiency. Loans and customer deposits both increased by 5%. The bank continued to focus on the integration of Deutsche Bank Polska's retail and SME business in order to achieve the expected synergies while strengthening its position as the second largest bank in terms of assets in the country.

North America. Underlying profit in North America increased by 21% to €1,667 million in 2019, driven by positive revenue performance and improved cost of credit. Loans and customer funds increased by 10% and 7%, respectively. The number of digital customers reached five million, 35% more than the previous year while loyal customers increased 22% to 3.5 million.

- In the US, underlying profit was €717 million, up 24%, as improving trends in lending and higher revenues offset the impact of rate decreases. Credit quality ratios also improved, with the non-performing loan ratio falling 72 basis points at 2.2%, and a high coverage of 162%. Santander US is 10th largest bank in the Northeast region, while Santander Consumer USA, the US consumer finance business, continued to deliver strong profitability, with a 20% underlying RoTE (adjusted for excess capital).

- In Mexico, underlying profit increased by 19% to €950 million, driven by solid growth in net interest income and net fee income and lower loan-loss provisions. During the period, the Group increased its stake in its Mexican unit to 91.65%, from 74.96%, following the completion of a share buy-back. Lending increased to both individuals and companies (consumer credit and credit cards grew 6%, and mortgage loans 7%), while digital customers continued to grow, reaching 4.2 million, a 45% increase in 2019.

South America. Underlying profit in South America was €3,924 million, up 18%. Total income increased 11%, underpinned by strong growth in customer revenue, due to good spread management, higher volumes in all countries and increased loyalty. As a result, underlying RoTE was 20.6%. Digital customers reached 17.3 million, up 15%, while loyal customers increased to 7.9 million, up 7%.

- In Brazil, underlying profit was €2,939 million, up 16%, reflecting greater productivity and improved efficiency. The strategic focus on customer service was reflected in sustainable revenue growth, which, combined with good cost control, resulted in the best efficiency ratio in recent years at 33%. Net interest income rose by 6% and net fee income 12%, with good performance in almost all revenue lines. This resulted in an underlying RoTE increase of 1.5 percentage points to 21.2%. Loans increased by 8% in 2019 (including over €2 billion in mortgages), while digital customers grew 18% to 13.5 million.

- In Chile, underlying profit was €630 million, up 7%. Santander captured over 24% of new account openings in the country, while loans increased by 8% in the period. The bank continued to open more Work Café branches and pilot branches of Work Café 2.0, with good initial results in efficiency and productivity. Profitability improved, with underlying RoTE reaching 18.1%.

- In Argentina, underlying profit was €144 million, up 224%, thanks to the growth of net interest income and efficiency improvements.

- In the rest of South America, which includes, Uruguay and the Andean Region (Peru and Colombia), underlying profit increased to €213 million (+24%).

Banco Santander is one of largest banks in the world and with a market capitalisation of c.€60 billion. It has a strong and focused presence in ten core markets across Europe and the Americas with four million shareholders and nearly 200,000 employees serving 145 million customers.

Proposed dividend against 2019 results

The Board of Directors of the Bank has resolved to submit to the next annual general Shareholders meeting that the second payment of the remuneration against the results of 2019 amounts to 0.13 euros per share by means of (1) a final dividend in cash of 0.10 euros per share (the "**Final Cash Dividend**") and (2) a scrip dividend (under the "*Santander Dividendo Elección*" scheme) (the "**SDE Scheme**") that will entail the payment in cash, for those shareholders who so choose, of 0.03 euros per share.

If shareholders approve this proposal, the percentage of 2019 underlying attributable profit applied to shareholder remuneration (payout) will be of 46.3% (within the 40-50% range indicated at the beginning of 2019) and the proportion of cash dividend will be 89.6%[2] (thus exceeding that of 2018, also as announced at the beginning of the year).

If this remuneration is approved it is envisaged that the key dates for the recognition and payment will be as follows:

Expected timeline for the Final Cash Dividend

29 April 2020 (23:59 hours CET)	Last trading date: Those shareholders who have acquired their shares until this date (inclusive) and who therefore appear as shareholders in the registries of Iberclear at 23:59 hours CET on 4 May 2020 (record date), will be entitled to receive the Final Cash Dividend.
30 April 2020	Ex-date: Santander shares start trading ex-coupon with respect to the Final Cash Dividend.
4 May 2020 (23:59 hours CET)	Record date, as indicated in the first row.
5 May 2020	Date from which the Final Cash Dividend will be paid

Expected timeline for the SDE Scheme[3]

28 April 2020	Execution of the capital increase. Communication of the number of rights needed to receive one share and of the final price of the right-purchase commitment[4], which shall be determined considering the stock price of the Santander share on 21, 22, 23, 24 and 27 April.
29 April 2020 (23:59 hours CET)	Last trading date: Those shareholders who have acquired their shares until this date (inclusive) and who therefore appear as shareholders in the registries of Iberclear at 23:59 hours CET on 4 May 2020 (record date), will be entitled to participate in the SDE Scheme.
30 April 2020	Ex-date: Commencement of the rights trading period. Santander shares start trading ex-coupon with respect to the SDE Scheme.
4 May 2020 (23:59 hours CET)	Record date, as indicated in the second row
11 May 2020	Last date to request remuneration in cash (sale of rights to Grupo Santander).

[2] Assuming a ratio of cash options in the SDE Scheme of 80%.
[3] The term for the acceptance of the right-purchase commitment and the envisaged payment date for those who request cash and the date of delivery of shares may not be coincidental with those set out above in respect of those shareholders holding Santander shares in the various foreign stock exchanges in which the Bank is listed from time to time.
[4] The option to receive cash throughout the sale of rights to Grupo Santander will only be available with regard to the rights allotted to those who have acquired their shares in Banco Santander until the relevant reference date (last trading date) (inclusive), and who appear as shareholders in the registries of Iberclear at 23:59 hours CET on 4 May 2020. This option will not be available with regard to rights acquired on market.

14 May 2020	End of the trading period of the rights. Acquisition of rights by Grupo Santander from those shareholders who have requested cash.
18 May 2020	Payment of cash to shareholders who have so requested.
27 May 2020	Commencement of the ordinary trading of the new shares in the Spanish Stock Exchanges, subject to the granting of the relevant authorizations[5]. Shareholders who have opted for new shares have them delivered.

[5] Estimated date. Admission to listing of the new shares in the foreign stock exchanges where the Bank is listed from time to time shall also be requested.

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Key consolidated data (from financial report)

BALANCE SHEET (EUR million)	Dec-19	Sep-19	%	Dec-19	Dec-18	%	Dec-17
Total assets	**1,522,695**	1,517,885	0.3	**1,522,695**	1,459,271	4.3	1,444,305
Loans and advances to customers	**942,218**	916,003	2.9	**942,218**	882,921	6.7	848,915
Customer deposits	**824,365**	814,285	1.2	**824,365**	780,496	5.6	777,730
Total funds	**1,050,765**	1,035,651	1.5	**1,050,765**	980,562	7.2	985,702
Total equity	**110,659**	108,526	2.0	**110,659**	107,361	3.1	106,832

Note: Total funds includes customer deposits, mutual funds, pension funds and managed portfolios

INCOME STATEMENT (EUR million)	Q4'19	Q3'19	%	2019	2018	%	2017
Net interest income	**8,841**	8,806	0.4	**35,283**	34,341	2.7	34,296
Total income	**12,327**	12,466	(1.1)	**49,229**	48,424	1.7	48,355
Net operating income	**6,356**	6,744	(5.8)	**25,949**	25,645	1.2	25,362
Profit before tax	**3,831**	2,181	75.7	**12,543**	14,201	(11.7)	12,091
Attributable profit to the parent	**2,783**	501	455.5	**6,515**	7,810	(16.6)	6,619

Changes in constant euros: Q4'19 / Q3'19: NII: +0.4%; Total income: -1.0%; Net operating income: -5.1%; Attributable profit: +412.0%
2019 / 2018: NII: +3.5%; Total income: +2.6%; Net operating income: +1.9%; Attributable profit: -15.9%

UNDERLYING INCOME STATEMENT (1) (EUR million)	Q4'19	Q3'19	%	2019	2018	%	2017
Net interest income	**8,841**	8,806	0.4	**35,283**	34,341	2.7	34,296
Total income	**12,592**	12,466	1.0	**49,494**	48,424	2.2	48,392
Net operating income	**6,621**	6,744	(1.8)	**26,214**	25,645	2.2	25,473
Profit before tax	**3,506**	3,844	(8.8)	**14,929**	14,776	1.0	13,550
Attributable profit to the parent	**2,072**	2,135	(3.0)	**8,252**	8,064	2.3	7,516

Changes in constant euros: Q4'19 / Q3'19: NII: +0.4%; Total income: +1.1%; Net operating income: -1.2%; Attributable profit: -2.3%
2019 / 2018: NII: +3.5%; Total income: +3.2%; Net operating income: +3.0%; Attributable profit: +3.2%

EPS, PROFITABILITY AND EFFICIENCY (%)	Q4'19	Q3'19	%	2019	2018	%	2017
EPS (euro)	**0.161**	0.021	670.3	**0.362**	0.449	(19.4)	0.404
Underlying EPS (euro) (1)	**0.116**	0.121	(4.0)	**0.468**	0.465	0.7	0.463
RoE	**9.10**	7.02		**6.62**	8.21		7.14
RoTE	**12.62**	9.86		**9.31**	11.70		10.41
Underlying RoTE (1)	**11.63**	12.19		**11.79**	12.08		11.82
RoA	**0.68**	0.56		**0.54**	0.64		0.58
RoRWA	**1.69**	1.39		**1.33**	1.55		1.35
Underlying RoRWA (1)	**1.57**	1.65		**1.61**	1.59		1.48
Efficiency ratio	**47.4**	45.9		**47.0**	47.0		47.4

SOLVENCY AND NPL RATIOS (%)	Dec-19	Sep-19	%	Dec-19	Dec-18	%	Dec-17
CET1 (2)	**11.65**	11.30		**11.65**	11.30		10.84
Fully loaded Total Capital ratio (2)	**15.02**	14.68		**15.02**	14.77		14.48
NPL ratio	**3.32**	3.47		**3.32**	3.73		4.08
Coverage ratio	**68**	67		**68**	67		65

MARKET CAPITALISATION AND SHARES	Dec-19	Sep-19	%	Dec-19	Dec-18	%	Dec-17
Shares (millions)	**16,618**	16,618	—	**16,618**	16,237	2.3	16,136
Share price (euro)	**3.730**	3.737	(0.2)	**3.730**	3.973	(6.1)	5.479
Market capitalisation (EUR million)	**61,986**	62,094	(0.2)	**61,986**	64,508	(3.9)	88,410
Tangible book value per share (euro)	**4.36**	4.25		**4.36**	4.19		4.15
Price / Tangible book value per share (X)	**0.86**	0.88		**0.86**	0.95		1.32
P/E ratio (X)	**10.30**	13.90		**10.30**	8.84		13.56

OTHER DATA	Dec-19	Sep-19	%	Dec-19	Dec-18	%	Dec-17
Number of shareholders	**3,986,093**	4,025,074	(1.0)	**3,986,093**	4,131,489	(3.5)	4,029,630
Number of employees	**196,419**	201,017	(2.3)	**196,419**	202,713	(3.1)	202,251
Number of branches	**11,952**	12,691	(5.8)	**11,952**	13,217	(9.6)	13,697

(1) In addition to financial information prepared in accordance with International Financial Reporting Standards (IFRS) and derived from our consolidated financial statements, this report 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 and other non-IFRS measures, including the figures related to "underlying" results, as they are recorded in the separate line of "net capital gains and provisions", above the line of attributable profit to the parent. Further details are provided on page 12 of this report.

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 2018 Annual Financial Report, published in the CNMV on 28 February 2019, our 20-F report for the year ending 31 December 2018 registered with the SEC in the United States as well as the "Alternative performance measures" section of the annex to this report.

(2) 2019 and 2018 data applying the IFRS 9 transitional arrangements.

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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 2018 Annual Financial Report, filed with the *Comisión Nacional del Mercado de Valores of Spain* (CNMV) on 28 February 2019, as well as the section "Alternative performance measures" of the annex to the Banco Santander, S.A. ("Santander") 2019 4Q Financial Report, published as Relevant Fact on 29 January 2020. 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 document contains statements that constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. 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. 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.

Forward-looking statements speak only as of the date of this document and are based on the knowledge, information available and views taken on such date; 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.

No offer

Neither this document 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 document 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.

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.