



**FREE TRANSLATION OF THE ORIGINAL IN SPANISH. IN CASE OF A DISCREPANCY THE  
SPANISH VERSION PREVAILS**

September 21, 2020

Banco Santander, S.A.  
Ciudad Financiera Grupo Santander  
Avenida de Cantabria s/n  
28660 Boadilla del Monte  
Madrid, Spain

For the attention of the Board of Directors

Dear Sirs:

The notice of the General Shareholders' Meeting of Banco Santander, S.A. (the Bank) dated February 28, 2020 includes the following Proposal for the Application of Profits agreed by the Board of Directors in their meeting of February 27, 2020:

	<u>Millions of euros</u>
Dividend distributed at December 31*	1 662
Complementary dividend (including, if appropriate, cash dividend of shareholders opting to receive cash in <i>scrip dividend</i> )**	1 761
	<u>3 423</u>
Voluntary reserves	<u>107</u>
Profit for the year	<u>3 530</u>

\* Recognised in in Shareholders' equity – Interim dividends.

\*\* Assuming % of requests for cash of 20%.

This proposal is also included in note 4 to the Bank's standalone and consolidated financial statements for the year ended December 31, 2019, which were prepared by the Board of Directors of the Bank at the aforementioned meeting and in respect of which on February 28, 2020 we issued our audit report which expressed, in both cases, an unqualified opinion.



As indicated in the attached Appendix, the Bank's Board of Directors, in their meeting of September 21, 2020 took the decision to replace the agreed initially Proposal for the Application of Profits, once agreed in the Board of Directors in their meeting of April 2, 2020 the deferral of the decision on the aforementioned initial Proposal for the Application of Profits was agreed for the General Shareholders' meeting of April 3, 2020:

	Millions of euros
The payment of the dividend already paid prior to the date of the General Shareholders' Meeting *	1 662
Voluntary reserves	1 868
Profit for the year	3 530

\* Recognised in Shareholders' equity – Interim dividends.

In this context, we confirm that this decision of the Bank's Board of Directors related to the proposal for the distribution of dividends of 2019 issued on September 21, 2020 would not have modified our audit opinion expressed in our audit reports dated February 28, 2020 in respect to the standalone and consolidated financial statements of Banco Santander, S.A. for the year ended December 31, 2019, had we known of the new proposal at the time of our signing such reports.

This document refers exclusively to the decision to modify the proposal that will be submitted to the General Shareholders' Meeting for approval in relation to the application of the results. Since February 28, 2020, the date of issuance of our audit reports, we have not performed any audit procedures on any other matters or in respect of subsequent events that may have occurred since that date.

This letter is issued at the request of the Bank's Board of Directors, for the purposes of informing the General Shareholders' Meeting of Banco Santander, S.A., in accordance with the requirements included in article 40.6 bis of Royal Decree Law 8/2020, of March 17, on extraordinary and urgent measures to address the economic and social impact of COVID-19 in relation with the Proposal for the Application of Profits of mercantile companies in the context of the COVID-19 health crisis, and may not be used for any other purpose.

PricewaterhouseCoopers Auditores, S.L.

(Original in Spanish signed by)

Alejandro Esnal Elorrieta  
Partner

**BANCO SANTANDER, S.A. BOARD OF DIRECTORS' RESOLUTION**  
**APPROVED AT ITS 21 SEPTEMBER 2020 MEETING**

The Board of Directors of the Bank in its meeting of 21 September 2020 has resolved to call the Ordinary General Shareholders' Meeting to be held on 27 October 2020 on second call in the event that, due to failure to reach the required quorum, the meeting cannot be held on first call, which has also been called for 26 October 2020, including the following proposal of application of results for financial year 2019 as it has been drawn up by the Board of Directors in the same session of 21 September 2020:

**To approve the application of results in the amount of 3,530,216,306.15 euros obtained by the Bank in financial year 2019, to be distributed as follows:**

<b>Euros</b>	<b>1.661.811.458,20</b>	<b>to the payment of the dividend already paid prior to the date of the ordinary General Meeting.</b>
<b>Euros</b>	<b>1.868.404.847,95</b>	<b>to increase the Voluntary Reserve.</b>
<b>Euros</b>	<b>3.530.216.306,15</b>	<b>in total.</b>