

ORDINARY GENERAL SHAREHOLDERS' MEETING
OF BANCO SANTANDER, S.A. – APRIL 2020

- Item One** **Annual accounts and corporate management.**
- One A.** **Examination and, if appropriate, approval of the annual accounts (balance sheet, profit and loss statement, statement of recognised income and expense, statement of changes in total equity, cash flow statement, and notes) and the directors’ reports of Banco Santander, S.A. and its consolidated Group, all with respect to the Financial Year ended 31 December 2019.**
- One B.** **Examination and, if appropriate, approval of the consolidated statement of non-financial information for the Financial Year ended 31 December 2019, which is part of the consolidated directors’ report.**
- One C.** **Examination and, if appropriate, approval of the corporate management for Financial Year 2019.**

Proposals¹:

- One A.-** To approve the annual accounts (balance sheet, profit and loss statement, statement of recognised income and expense, statement of changes in total equity, cash flow statement, and notes) and the directors’ reports of Banco Santander, S.A. and of its consolidated Group, all with respect to the Financial Year ended 31 December 2019.
- One B.-** To approve the consolidated statement of non-financial information for the Financial Year ended 31 December 2019, which is part of the consolidated directors’ report for said financial year (“Responsible Banking” chapter of the 2019 annual report).
- One C.-** To approve the corporate management for Financial Year 2019.

¹ Each of the proposals made under items One A to One C will be submitted to a separate vote.

Item Two

Application of results obtained during Financial Year 2019.

Proposal:

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:

Euros	3,423,331,603.89	for the payment of dividends already paid out prior to the date of the Ordinary General Meeting (1,661,811,458.20 euros), for the cash payment of a portion of the final dividend (1,661,811,458.20 euros) and for the acquisition of bonus share rights (<i>derechos de asignación gratuita</i>), with a waiver of the exercise thereof, from those shareholders who are believed to opt to receive in cash the remuneration equal to the remaining portion of the final dividend to be paid under the <i>Santander Dividendo Elección</i> scrip dividend scheme (99,708,687.49 euros). If the amount used to acquire bonus share rights in the <i>Santander Dividendo Elección</i> scrip dividend scheme is less than the aforementioned amount, including if such acquisition and waiver were to be paid for with a charge to the share premium pursuant to the resolution proposed under item Seven A, the difference will be automatically allocated to increase the Voluntary Reserve. If greater, the difference will be deducted from the amount allocated to increase the Voluntary Reserve.
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It is expected that payment of the portion of the final dividend in cash will take place beginning on 5 May, and that payment in cash to those shareholders opting to receive it under the *Santander Dividendo Elección* scrip dividend scheme will take place beginning on 18 May.

Euros	106,884,702.26	to increase the Voluntary Reserve, which sum will automatically be increased or reduced by the amount, if any, required in accordance with the foregoing.
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Euros	3,530,216,306.15	in total.
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- Item Three** **Board of directors: appointment, re-election or ratification of directors.**
- Three A.** **Setting of the number of directors.**
- Three B.** **Appointment of Mr Luis Isasi Fernández de Bobadilla.**
- Three C.** **Appointment of Mr Sergio Agapito Lires Rial.**
- Three D.** **Ratification of the appointment and re-election of Mrs Pamela Ann Walkden.**
- Three E.** **Re-election of Ms Ana Patricia Botín-Sanz de Sautuola y O’Shea.**
- Three F.** **Re-election of Mr Rodrigo Echenique Gordillo.**
- Three G.** **Re-election of Ms Esther Giménez-Salinas i Colomer.**
- Three H.** **Re-election of Ms Sol Daurella Comadrán.**

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING THE PROPOSALS REFERRED TO IN ITEM THREE OF THE AGENDA FOR THE GENERAL SHAREHOLDERS’ MEETING CALLED FOR 2 APRIL 2020, ON FIRST CALL, AND FOR 3 APRIL 2020, ON SECOND CALL

This report has been prepared in compliance with the provisions of section 529 *decies* of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*) and is intended to provide a rationale for the proposals for appointment, ratification or re-election of directors of Banco Santander, S.A. (the “**Bank**” or the “**Company**”) that are submitted for the approval of the shareholders acting at the general shareholders’ meeting under item Three of its agenda, evaluating for such purposes the expertise, experience and merits of the persons whose appointment, ratification or re-election is proposed at the meeting.

Item Three A) also includes a proposal to set the number of the Bank’s directors at 15, which is within the threshold established by Recommendation 13 of the current Good Governance Code of Listed Companies. This proposal takes into account the decision of Mr Guillermo de la Dehesa Romero to resign as a director effective at the time that the shareholders acting at the ordinary general shareholders’ meeting approve the proposed appointment of Mr Luis Isasi Fernández de Bobadilla as a director of the Company, which circumstance is referred to under item Three B) of the agenda.

Furthermore, in relation to the proposed appointment of Mr Sergio Agapito Lires Rial (Sergio Rial), it is noted for the record that he will fill the vacancy to be left by Mr Ignacio Benjumea Cabeza de Vaca, who has given notice of his decision to not seek re-election at this general meeting as would apply pursuant to the provisions of the Bylaws and to resign from his position with effect at the time the regulatory approval provided for in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Council Regulation (EU) No 1024/2013 of 15 October 2013 and in Regulation (EU) No 468/2014 of the European Central Bank regarding suitability is obtained regarding Mr Sergio Rial’s appointment, and he accepts his appointment.

For purposes of items Three B) to Three H), there is included below a separate evaluation by the board of the expertise, experience and merits of all of the persons whose appointment,

ratification or re-election is submitted to the shareholders at the general meeting, namely Mr Luis Isasi Fernández de Bobadilla, Mr Sergio Rial, Mrs Pamela Ann Walkden, Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea, Mr Rodrigo Echenique Gordillo, Ms Esther Giménez-Salinas i Colomer and Ms Sol Daurella Comadrán. All of the foregoing is carried out in view of the reasoned proposal made by the appointments committee on 24 February 2020, in accordance with the aforementioned section 529 *decies* of the Spanish Capital Corporations Law and articles 18.4 and 26 of the rules and regulations of the board, and with which the board concurs in all respects. The aforementioned proposal of the appointments committee is attached as an Exhibit to this directors' report.

It is also noted that the appointments of Mr Luis Isasi and of Mr Sergio Rial submitted to a vote under items Three B) and Three C), respectively, of the agenda are subject to obtaining the regulatory approval provided for in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Council Regulation (EU) No 1024/2013 of 15 October 2013 and in Regulation (EU) No 468/2014 of the European Central Bank regarding suitability. If said approval is not obtained and the European Central Bank rejects the suitability of the candidate(s), it is expected that the existing vacancy or vacancies on the board, if any, will be covered either by interim appointment of another candidate by the board itself after the holding of the general meeting or by appointment of another candidate at a subsequent general meeting.

Similarly, for the purposes of section 518.e) of the Spanish Capital Corporations Law, this report contains full information on the identity, curriculum vitae and category of each of the directors.

Detailed information is provided below regarding each of the persons included in the proposed appointment, ratification or re-election in each case submitted to the shareholders at the general meeting.

(i) Mr Luis Isasi Fernández de Bobadilla (item Three B)

(a) Profile description:

- Born in 1956 in Jerez de la Frontera. Degree in Economics and Business Administration and Master of Business Administration (MBA) from Columbia Business School.
- Having broad experience in the financial and securities market sector, Mr Luis Isasi began his career at Abengoa and then held various executive positions at JP Morgan in New York and First National Bank of Chicago in London. In 1987 he joined Morgan Stanley, where he was Managing Director of investment banking for Europe and, as from 1997, Chairman and Country Head in Spain, a position he left in February 2020.
- Other significant positions: he has been a director of Madrileña Red de Gas, S.A. and of Sociedad Rectora de la Bolsa de Madrid, S.A. He is currently an independent director at Grifols, S.A., and it is expected that he will be appointed non-executive chair of Santander España concurrently with his appointment as a director of the Bank.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Mr Luis Isasi, who has successfully held various management positions in the financial and securities

market sector as well as independent director positions, demonstrate that he has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Mr Luis Isasi to be an external director. Even though both the appointments committee and the board are of the opinion that Mr Luis Isasi meets the requirements to be classed as an independent director, in view of the remuneration he would receive as non-executive chair of Santander España, in addition to what he is entitled to receive as a director, and of the special nature of this body as supervisor of a business unit without its own corporate identity different from Banco Santander, S.A., it is considered preferable, applying a prudence criterion, to classify him as an external director, all the aforementioned pursuant to the provisions of sub-sections 2 to 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and of article 6.2 of the rules and regulations of the board.

(ii) **Mr Sergio Rial (item Three C)**

(a) Profile description:

- Born in 1960 in Rio de Janeiro (Brazil). Degree in Law and Economics and postgraduate studies from the Instituto Brasileiro do Mercado de Capitais, Insead, Harvard Business School and Wharton Business School.
- He joined the Group as chairman of the board of Banco Santander (Brazil), S.A. in 2015. In 2016 he became chief executive officer (CEO) and vice-chairman of Banco Santander (Brazil), S.A. Since 2018 he has also been a director of Banco Santander International and, since April 2019, regional head for South America of the Group.
- In the banking and financial sector, he held various executive positions in ABN Amro group between 1982 and 2004, including Chief Executive Officer for Asia and member of the global ExCo.

He also held various executive positions at Cargill Inc. between 2004 and 2012, including executive vice-chairman, member of the board of directors and global chief financial officer. He has also been chief executive officer (CEO) at Seara Foods and Marfrig Global Foods and a director of Mosaic Fertilizers. He is currently an independent director of Delta Airlines Inc.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Mr Sergio Rial, who has successfully held various management positions in the banking and financial sector and other productive sectors, as well as independent director positions, demonstrate that he has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Mr Sergio Rial to be an executive director, as he is an executive director at a Santander Group company, pursuant to sub-section 1 of section 529 *duodecies* of the Spanish Capital Corporations Law and article 6.2(a)

of the rules and regulations of the board, although, as stated, the relevant regulatory approvals and evaluations regarding the candidate are still pending.

(iii) Mrs Pamela Ann Walkden (item Three D)

(a) Profile description:

- Born in 1960 in Worcester (England). Degree in Economics from the University of Cambridge. She was appointed as a director of the Company by the board of directors at its meeting of 29 October 2019.
- She is a member of the Welfare and Ethics Committee of the Royal Veterinary College.
- Other significant positions: Mrs Pamela Ann Walkden has extensive experience in the banking industry. She has held various top management positions, primarily at Standard Chartered Bank, where she has been Head of Human Resources, Head of Risks, Head of Assets and Liabilities Management and Regional Markets, Head of Internal Audit, and Head of Institutional Relations and Investor Relations. She has been an independent member of the United Kingdom Prudential Regulatory Authority (PRA) and a member of the Stakeholder Group of the European Banking Authority.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Mrs Pamela Ann Walkden, including her performance both within the Company since her appointment as a director and in management positions outside the Company, demonstrate that she has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Mrs Pamela Ann Walkden to be an independent director, as she fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2 (c) of the rules and regulations of the board.

(iv) Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea (item Three E)

(a) Profile description:

- Born in 1960 in Santander. Degree in Economics from Bryn Mawr College (Pennsylvania, United States). She joined the Company's board on 4 February 1989.
- She joined the Bank after working at JP Morgan (New York, 1980-1988) and in 1992 was appointed senior executive vice president of the Company. Between 1992 and 1998 she led the expansion of the Bank in Latin America. In 2002, she was appointed executive chairman of Banesto. Between 2010 and 2014 she was chief executive officer of Santander UK. Since 2014 she has been the executive chairman of the Company.
- Other significant positions: she is a member of the board of directors of The Coca-Cola Company and of the advisory board of the Massachusetts Institute of Technology.

In 2019 she was appointed as a non-executive director of Santander Holdings USA, Inc. and of Santander Bank, N.A. She is also a non-executive director of Santander UK Plc and in Santander UK Group Holdings Plc.

She is also founder and chairman of the CyD Foundation (which supports and promotes the contribution of Spanish universities to the economic and social development of Spain) and of the Empieza por Educar Foundation (the Spanish subsidiary of the international NGO Teach for All, which mission is to provide teacher training to new undergraduates with a good record). She is also chairman of Universia Holding, S.L. and of Universia España Red de Universidades, S.A., which is considered one of the largest university co-operation networks focused in Latin America, comprising over a thousand universities.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Ms Ana Botín-Sanz de Sautuola y O'Shea within the Santander Group, as well as in management positions outside the Group, demonstrate that she has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

Ms Ana Botín-Sanz de Sautuola y O'Shea is the executive chairman of the Company and, in such capacity and as found by both the appointments committee and the board itself, in accordance with sub-section 1 of section 529 *duodecies* of the Spanish Capital Corporations Law and articles 48 of the Bylaws and 6.2(a) of the rules and regulations of the board, she must be categorised as an executive director.

(v) **Mr Rodrigo Echenique Gordillo (item Three F)**

(a) Profile description:

- Born in 1946 in Madrid. Graduate in Law and State Attorney (*Abogado del Estado*). He joined the Company's board on 7 October 1988.
- Other significant positions: between 1973 and 1976 he held various positions within the Spanish State Administration (General Secretary of the Post and Telecommunications Office, Technical Adviser in the Office of the Spanish Prime Minister, and other positions in the Spanish Tax Authority offices in Pontevedra and Madrid). He served as chief executive officer of the Company from 1988 to 1994. He has served as a member of the board of directors of several industrial and financial companies such as Ebro Azúcares y Alcoholes, S.A. and Industrias Agrícolas, S.A. and has chaired the advisory board of Accenture, S.A. Mr Echenique was also non-executive chairman of NH Hotels Group, S.A., Vocento, S.A., Vallehermoso, S.A., Merlin Properties, SOCIMI, S.A. and Banco Popular Español, S.A.
- He is currently a non-executive director of Inditex and chairs the board of trustees and the executive committee of Fundación Banco Santander.
- Within the Santander Group, he is a non-executive director of Universia Holding, S.L., Banco Santander International, Banco Santander Chile, S.A. and Universia España, Red de Universidades, S.A.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Mr Rodrigo Echenique Gordillo within the Santander Group, as well as in management positions outside the Group, demonstrate that he has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Mr Rodrigo Echenique Gordillo to be an external director, pursuant to the provisions of sub-sections 2 to 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and of article 6.2 of the rules and regulations of the board.

(vi) **Ms Esther Giménez-Salinas i Colomer (item Three G)**

(a) Profile description:

- Born in 1949 in Barcelona. Ph.D. in Law and Psychologist from the University of Barcelona. She joined the board of directors of the Bank on 30 March 2012.
- She is emeritus Professor at the Universidad Ramon Llull, director of the Chair of Restorative and Social Justice (*Cátedra de Justicia Social y Restaurativa*) at the Pere Tarrés Foundation and Special Chair of Restorative Justice Nelson Mandela of the National Human Rights Commission of Mexico. She serves on the board of Aqu (quality assurance agency of the Catalan university system) and is a member of the Bioethics Committee of the Government of Catalonia as well as a member of the advisory board of the Arbitral Court of Barcelona.
- Other significant positions: she has been Chancellor of the Universidad Ramon Llull, member of the permanent committee of the Conference of Chancellors of Spanish Universities (CRUE), member of the General Council of the Judiciary of Spain, member of the scientific committee on criminal policy of the Council of Europe, executive vice president of the Centre for Legal Studies and Specialised Training of the Justice Department of the Government of Catalonia and member of the advisory board of Endesa-Catalunya. She was a director at Gawa Capital Partners, S.L.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Ms Esther Giménez-Salinas i Colomer, in both the public and private sectors as well as within the Santander Group, demonstrate that she has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Ms Esther Giménez-Salinas i Colomer to be an independent director, as she fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board.

(vii) Ms Sol Daurella Comadrán (item Three H)

(a) Profile description:

- Born in 1966 in Barcelona. Degree in Business and Master of Business Administration (MBA) from ESADE. She was appointed a director of the Company on an interim basis at the board meeting of 25 November 2014, her appointment becoming effective on 18 February 2015.
- She is chairman at Coca-Cola European Partners, Plc, executive chairman at Olive Partners, S.A. and holds several other positions at companies belonging to the Cobega Group.
- Other significant positions: she has been a member of the Governing Board of the Círculo de Economía and an independent director of Banco Sabadell, S.A., Ebro Foods, S.A. and Acciona, S.A. She has also been the honorary consul-general for Iceland in Catalonia since 1992 and is the chair of the board of trustees of the Fero Oncology Research Foundation.

(b) Evaluation:

The board concurs with the evaluation of the appointments committee and considers that the curriculum vitae and business career of Ms Sol Daurella Comadrán, both in management positions and as an independent director of other large groups, demonstrate that she has the expertise, experience and merits necessary to hold the position of director.

(c) Category of director:

The board, which concurs with the considerations of the appointments committee, considers Ms Sol Daurella Comadrán to be an independent director, as she fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board.

EXHIBIT
REASONED PROPOSAL OF THE APPOINTMENTS COMMITTEE
(24 FEBRUARY 2020)

REASONED PROPOSAL OF THE APPOINTMENTS COMMITTEE OF BANCO SANTANDER, S.A. REGARDING THE APPOINTMENTS, RATIFICATION AND RE-ELECTIONS OF DIRECTORS OF BANCO SANTANDER, S.A. WHICH ARE SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS ACTING AT THE NEXT ORDINARY GENERAL MEETING

This reasoned proposal is made in accordance with the provisions of section 529 *decies* of the Spanish Capital Corporations Law and of articles 18.4 and 26 of the rules and regulations of the board, and is intended to propose to the board of directors of Banco Santander, S.A. (the “**Bank**” or the “**Company**”) the appointments, ratifications and re-elections of directors to be submitted to the shareholders acting at the next ordinary general shareholders’ meeting.

Pursuant to the aforementioned article 26 of the rules and regulations of the board of the Company, the appointments committee shall prepare a reasoned report on and proposal for appointments, re-elections and ratifications of directors, regardless of the category to which they are assigned. Similarly, in the event of re-election or ratification of a director, the proposal shall contain an evaluation of work performed and effective dedication to the position during the last period of time during which the proposed director held office.

The update and analysis of the competencies and diversity matrix of the board carried out in financial year 2019 showed, among other things, the advisability of continuing to strengthen the competencies in the banking industry and in auditing, as well as international experience and geographical diversity, especially in the geographic areas in which the Group does business. The foregoing is dealt with by the proposed appointment and/or ratification of Mr Luis Isasi Fernández de Bobadilla, of Mr Sergio Agapito Lires Rial (Sergio Rial) and of Mrs Pamela Ann Walkden. Likewise, in view of the competencies and diversity matrix of the current board, it is considered appropriate to re-elect the persons referred to in section III of this report, also taking into account the analysis that is included herein regarding the evaluation of their work and effective dedication. The 2019 annual report on corporate governance, which will be published upon the call to the next ordinary general meeting, includes the board’s competencies and diversity matrix and provides detailed information on attendance of the directors at meetings of the board and of the committees thereof during 2019.

By virtue of all of the foregoing, the proposal of this committee includes setting the number of directors at 15, and as to the specific appointments, ratifications and re-elections of directors, is based on the following:

I. Appointments

(a) Appointment of Mr Luis Isasi Fernández de Bobadilla

By virtue of the powers legally vested therein, this committee submits to the board of directors the proposed appointment of Mr Luis Isasi as external director, as described below.

Born in 1956 in Jerez de la Frontera. M.A. degree in Economics and Business Administration and Master of Business Administration (MBA) from Columbia Business School.

Having broad experience in the banking, financial and securities market sector, Mr Luis Isasi began his career at Abengoa and then held various executive positions at JP Morgan in New York and First National Bank of Chicago in London. In 1987 he joined Morgan Stanley in London, where he was Managing Director of investment banking for Europe and, as from 1997, Chairman and Country Head in Spain, a position he left in February 2020.

Mr Luis Isasi has been a director of Madrileña Red de Gas, S.A. and of Sociedad Rectora de la Bolsa de Madrid, S.A. He is currently an independent director at Grifols, S.A. It is expected that he will be appointed non-executive chair of Santander España concurrently with his appointment as a director of the Bank.

From the information available to the Bank, Mr Luis Isasi has the necessary knowledge and experience to perform the duties of his position. He brings to the board broad experience in the banking industry (in both commercial and investment banking) and in the financial and securities market sector, as well as a sound institutional presence in Spain. Consequently, it is considered that Mr Luis Isasi has the expertise, experience and merits necessary to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Royal Decree 84/2015 of 13 February, which further develops Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Banco Santander directors' recruitment, suitability assessment and succession policy and in the internal procedure for the selection and ongoing evaluation of the suitability of key personnel for the performance of banking activities within the Santander Group, this committee states that, at this date, Mr Luis Isasi possesses the necessary knowledge and experience to hold the position of director of the Company and that he is able to carry out good governance thereof. This occurs after having analysed the content of the suitability assessment questionnaire completed by Mr Luis Isasi Fernández and his professional background and once it was confirmed, according to the information provided, that Mr Luis Isasi is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, for which reason it is considered that he is able to devote sufficient time to performing the duties of his position and that he is not affected by conflicts of interest. In view of the foregoing, his suitability for the performance of the position of director is thus verified. His appointment as director will in any event be subject to effective receipt of the relevant regulatory approvals. If they are not obtained and the European Central Bank does not confirm the suitability of the candidate, the resulting vacancy could be filled on an interim basis after the holding of the general shareholders' meeting or the appointment of a new candidate would be proposed at a subsequent meeting.

Finally, with respect to the category of director, this committee is of the opinion that Mr Luis Isasi should be classed as an external director. Particularly, even though this committee understands that Mr Luis Isasi meets the requirements to be classed as an independent director, in view of the remuneration he would receive as non-executive chair of Santander España, in addition to what he is entitled to receive as a director, and of the special nature of this body as supervisor of a business unit without its own corporate identity different from Banco Santander, S.A., it is considered preferable, applying a prudence criterion, to classify him as an external director, all the aforementioned pursuant to the provisions of sub-sections 2 to 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and of article 6.2 of the rules and regulations of the board.

(b) Appointment of Mr Sergio Rial

By virtue of the powers legally vested therein, this committee submits to the board of directors the proposed appointment of Mr Sergio Rial as executive director, as described below.

Born in 1960 in Rio de Janeiro (Brazil). Degree in Law and Economics and postgraduate studies from the Instituto Brasileiro do Mercado de Capitais, Insead, Harvard Business School and Wharton Business School.

He joined the Group as chairman of the board of Banco Santander (Brazil), S.A. in 2015. In 2016 he became chief executive officer (CEO) and vice-chairman of Banco Santander (Brazil), S.A. Since 2018 he has also been a director of Banco Santander International and, since 2019, the regional head for South America of the Group.

In the banking and financial sector, he held various executive positions in ABN Amro group between 1982 and 2004, including Chief Executive Officer for Asia and member of the global ExCo.

He also held various executive positions at Cargill Inc. between 2004 and 2012, including executive vice-chairman, member of the board of directors and global chief financial officer. He has also been chief executive officer (CEO) at Seara Foods and Marfrig Global Foods and a director of Mosaic Fertilizers. He is currently an independent director of Delta Airlines Inc.

From the information available to the Bank, Mr Sergio Rial has the necessary knowledge and experience to perform the duties of his position. As chief executive officer of Banco Santander (Brazil), S.A., he brings to the board, in addition to greater geographical diversity or international background, a broad experience in the banking and financial industry, together with a deep knowledge of the Latin American market, especially the Brazilian market. His previous experience in other multinational groups in different parts of the world also reinforces the Board's international experience and the Board's expertise in developing initiatives to help people and the environment, providing the Board with valuable insight into environmental and social issues. Consequently, it is considered that Mr Sergio Rial has the expertise, experience and merits required to hold the position of director.

Additionally, for the purposes established in Law 10/2014, of 26 June on the organisation, supervision and solvency of credit institutions; in Royal Decree 84/2015 of 13 February, which further develops Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions; in Banco Santander directors' recruitment, suitability, assessment and succession policy and in the internal procedure for the selection and ongoing evaluation of the suitability of key personnel for the performance of banking activities within the Santander Group, this committee states that, at this date, Mr Sergio Rial possesses the necessary knowledge and experience to hold the position of director of the Company and that he is able to carry out good governance thereof. This occurs after having analysed the content of the suitability assessment questionnaire completed by Mr Sergio Rial and his professional background and once it was confirmed, according to the information provided, that Mr Sergio Rial is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, considering therefore that he is able to devote sufficient time to performing the duties of his position and that he is not affected by conflicts of interest. In view of the foregoing, his suitability for the performance of the position of director is thus verified. His appointment as director will in any event be subject to the

effective receipt of the relevant regulatory approvals. If they are not obtained and the European Central Bank does not confirm the suitability of the candidate, the vacancy that may arise could be filled on an interim basis after the holding of the general shareholders' meeting or the appointment of a new candidate would be proposed at a subsequent general meeting.

Finally, with respect to the category of director, this committee considers that Mr Sergio Rial fulfils the requirements established in sub-section 1 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(a) of the rules and regulations of the board to be considered an executive director, as he is an executive director of Santander Group, although the relevant regulatory approvals and evaluations regarding the candidate are still pending.

II. Ratification of the appointment and re-election of Mrs Pamela Ann Walkden

At the proposal of this committee, the Company's board of directors appointed Mrs Pamela Ann Walkden as director of the Company on 29 October 2019, under the powers of interim appointment legally assigned thereto. It is therefore necessary to submit her ratification, together with the proposed re-election for another Bylaws mandated period, to the shareholders acting at the next ordinary general meeting, as detailed below.

Specifically, it is proposed to ratify the appointment of Mrs Pamela Ann Walkden as independent director and to re-elect her for a new Bylaws mandated period of three years.

A graduate in Economics from the University of Cambridge, Mrs Pamela Ann Walkden has extensive experience in the banking industry. She has held various top management positions, primarily at Standard Chartered Bank, where she has been Head of Human Resources, Head of Risks, Head of Assets and Liabilities Management and Regional Markets, Head of Internal Audit, and Head of Institutional Relations and Investor Relations.

She has been an independent member of the United Kingdom Prudential Regulatory Authority (PRA) and a member of the Stakeholder Group of the European Banking Authority.

Mrs Pamela Ann Walkden is currently a member of the Welfare and Ethics Committee of the Royal Veterinary College.

From the information available to the Bank, Mrs Pamela Ann Walkden has the necessary knowledge and experience to perform the duties of her position. In addition to greater diversity in terms of gender, geographic origin and international education, she brings to the board vast experience in the banking industry. Added to the foregoing are her knowledge of audit matters and her international perspective. Consequently, it is considered that Mrs Pamela Ann Walkden has the expertise, experience and merits required to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Royal Decree 84/2015 of 13 February, implementing Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Banco Santander directors' recruitment, suitability assessment and succession policy and in the internal procedure for the selection and ongoing evaluation of the suitability of key personnel for the performance of banking activities within the Santander Group, this committee reaffirms that, at this date, Mrs Pamela Ann Walkden possesses the necessary knowledge and experience to hold the position of director of the Company and that she is able to carry out good governance thereof, having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and the update of her professional background and technical or horizontal competencies. Specifically, according to the information provided, Mrs Pamela Ann Walkden is within the maximum number of

positions established in section 26 of Law 10/2014 of 26 June, and she is considered able to devote sufficient time to performing the duties of her position and not to be affected by conflicts of interest.

With reference to the evaluation of the work and effective dedication of the director from her appointment to the present date, this committee notes the proper performance of the duties of her position and her attendance at and informed participation in all of the meetings of the board and of the audit committee, where she also fulfils the requirements to be considered a financial expert for purposes of U.S. law or the requirements as to knowledge and experience in accounting and audit matters referred to in Spanish legal provisions. Furthermore, Mrs Pamela Ann Walkden has completed the induction programme designed by the Bank for new directors, which has provided her with quick and sufficient knowledge of the Company and of its Group, including its governance rules.

Finally, with respect to the category of director, this committee considers that Mrs Pamela Ann Walkden fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board to be considered an independent director.

III. Re-elections

Pursuant to article 55.1 of the Bylaws, the term of office of directors shall be three years, though it is established that one-third of the board shall be renewed every year, following the order established by the length of service of each director on the board, according to the date and order of the respective appointment. Furthermore, when a seat is not subject to re-election and unless indicated otherwise, it will be maintained until its expiration upon the terms provided for by law and the Bylaws.

Therefore, it is proposed to re-elect Ms Ana Botín-Sanz de Sautuola y O'Shea, Mr Rodrigo Echenique Gordillo, Ms Esther Giménez-Salinas i Colomer and Ms Sol Daurella Comadrán.

A detailed report for each of these directors is set forth below:

(a) Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea

It is proposed to re-elect her as an executive director for the Bylaws mandated period of three years.

She is a graduate in Economics from Bryn Mawr College (Pennsylvania, United States). She joined the Bank after working at JP Morgan (New York, 1980-1988) and in 1992 she was appointed senior executive vice president of the Company. Between 1992 and 1998 she led the expansion of the Bank in Latin America. Afterwards, in 2002, she was appointed executive chairman of Banesto. Between 2010 and 2014 she was chief executive officer of Santander UK and since 2014 she has been the executive chairman of the Company. Since joining the Company's board of directors in 1989, she has actively participated in defining and developing the international expansion of the Santander Group. She has led the strategic and cultural transformation of the Santander Group and demonstrated her ongoing commitment to sustainable and inclusive growth, as shown by the philanthropic activities in which she has engaged as described below.

She currently sits on the board of directors of The Coca-Cola Company. She is also founder and chairman of the CyD Foundation (which supports higher education) and of the Empieza por Educar Foundation (the Spanish subsidiary of the international NGO Teach for All and which mission is to provide teacher training to new

undergraduates with a good record) and a member of the advisory board of the Massachusetts Institute of Technology (MIT's CEO Advisory Board).

Within the Santander Group, she is also a non-executive director of Santander UK Plc, Santander UK Group Holdings Plc, Santander Holding USA, Inc and Santander Bank N.A.

She is also chairman of Universia Holding, S.L. and of Universia España Red de Universidades, S.A., which is considered one of the largest university co-operation networks focused in Latin America, comprising over a thousand universities.

From the information available to the Bank, Ms Ana Botín-Sanz de Sautuola y O'Shea has notable financial knowledge and extensive practical and professional experience in positions involving high responsibility, complexity and expertise in the field of banking and of financial services. As previously mentioned, she has also led the strategic and cultural transformation of the Santander Group and demonstrated her ongoing commitment to sustainable and inclusive growth, as shown by the philanthropic activities in which she has engaged.

Consequently, it is considered that Ms Ana Botín-Sanz de Sautuola y O'Shea has the expertise, experience and merits necessary to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Royal Decree 84/2015 of 13 February, implementing Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Banco Santander directors' recruitment, suitability assessment and succession policy and in the internal procedure for the selection and ongoing evaluation of the suitability of key personnel for the performance of banking activities within the Santander Group, this committee reaffirms that, at this date, Ms Ana Botín-Sanz de Sautuola y O'Shea possesses the necessary knowledge and experience to hold the position of director of the Company and that she is able to carry out good governance thereof, having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and the update of her professional background and technical or horizontal competencies. Specifically, according to the information provided, Ms Ana Botín-Sanz de Sautuola y O'Shea is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, and she is considered able to devote sufficient time to performing the duties of her position and not to be affected by conflicts of interest.

With reference to the evaluation of the work and effective dedication of the director from her re-election at the ordinary general meeting in 2017 to the present date, this committee notes the competent performance of her duties, as well as her attendance at and informed participation in all meetings of the board, the innovation and technology committee and the responsible banking, sustainability and culture committee and her attendance and informed participation at 91.34% of the 127 meetings of the executive committee held since her prior appointment. Additionally, due to her broad experience within the Santander Group, she has extensive and detailed knowledge of the Company and of its Group, including its governance rules.

Finally, with respect to the category of director, this committee considers that Ms Ana Botín-Sanz de Sautuola y O'Shea fulfils the requirements established in sub-section 1 of section 529 *duodecies* of the Spanish Capital Corporations Law and in articles 48

of the Bylaws and 6.2(a) of the rules and regulations of the board to be considered an executive director.

(b) Mr Rodrigo Echenique Gordillo

It is proposed to re-elect him as an external director, for the Bylaws mandated period of three years.

He has a degree in Law and is a State Attorney (*Abogado del Estado*). He was chief executive officer of the Company from 1988 to 1994. Since joining the board in 1988, he has actively participated in defining and developing the international expansion of the Santander Group.

He is currently a non-executive director of Inditex, S.A. and chairs the board of trustees and the executive committee of Fundación Banco Santander.

He has previously served as a member of the board of directors of various industrial and financial companies such as Ebro Azúcares y Alcoholes, S.A. and Industrias Agrícolas, S.A.

He has also chaired the Advisory Board of Accenture, S.A. and was non-executive chairman of NH Hotels Group, S.A., Vocento, S.A., Vallehermoso, S.A., Merlin Properties, SOCIMI, S.A. and Banco Popular Español, S.A. He has also held various positions within the Spanish State Administration.

Within the Santander Group, he is a non-executive director of Universia Holding, S.L., Banco Santander International, Banco Santander Chile, S.A. and Universia España, Red de Universidades, S.A.

Mr Rodrigo Echenique Gordillo has extensive experience in top executive positions in the banking sector and in industrial entities. The foregoing, added to his in-depth knowledge of the Santander Group, is of great value to the board. Furthermore, his past experience within the Spanish State Government provides the board with a strategic vision on regulatory aspects and relations with the public sector.

Consequently, it is considered that Mr Rodrigo Echenique Gordillo has the expertise, experience and merits required to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Royal Decree 84/2015 of 13 February, implementing Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Banco Santander directors' recruitment, suitability assessment and succession policy and in the internal procedure for the selection and ongoing evaluation of the suitability of key personnel for the performance of banking activities within the Santander Group, this committee reaffirms that, at this date, Mr Rodrigo Echenique Gordillo possesses the necessary knowledge and experience to hold the position of director of the Company and that he is able to carry out good governance thereof, having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and the update of his professional background and technical or horizontal competencies. Additionally, according to the information provided, Mr Rodrigo Echenique Gordillo is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, and he is considered able to devote sufficient time to performing the duties of his position and not to be affected by conflicts of interest.

With reference to the evaluation of the work and effective dedication of the director since his re-election at the ordinary general shareholders' meeting in 2017, this committee notes the proper performance of his duties, as well as his attendance at and informed participation in all but one of the meetings of the board held since his re-appointment in 2017. The committee also notes his attendance and informed participation in all but one of the meetings of the appointments committee of which he is currently a member. Note is also taken of his regular attendance and informed participation at the meetings of the other committees on which he has served at some point since his last appointment. Additionally, due to his broad experience within the Santander Group, he has extensive and detailed knowledge of the Company and of its Group, including its governance rules.

Finally, with respect to the category of director and in view of the provisions of subsections 2 to 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and of article 6.2 of the rules and regulations of the board, this committee considers that Mr Rodrigo Echenique Gordillo fulfils the requirements to be considered an external director.

(c) Ms Esther Giménez-Salinas i Colomer

It is proposed to re-elect her as an independent director for the Bylaws mandated period of three years.

She has a Ph.D. in Law and she is a Psychologist from the University of Barcelona.

During an extensive professional career, Ms Esther Giménez-Salinas i Colomer has held positions of high responsibility, complexity and expertise in the public and private sectors. She has been Chancellor of the Universidad Ramon Llull, member of the permanent committee of the Conference of Chancellors of Spanish Universities (CRUE), member of the General Council of the Judiciary of Spain, member of the scientific committee on criminal policy of the Council of Europe, executive vice president of the Centre for Legal Studies and Specialised Training of the Justice Department of the Government of Catalonia and member of the advisory board of Endesa-Catalunya. She has been a director at Gawa Capital Partners, S.L.

She is currently emeritus Professor at the Universidad Ramon Llull, Chair of Restorative and Social Justice (*Cátedra de Justicia Social y Restaurativa*) at the Pere Tarrés Foundation and Special Chair of Restorative Justice Nelson Mandela of the National Human Rights Commission of Mexico. She serves on the board of Aqu (quality assurance agency of the Catalan university system) and is a member of the Bioethics Committee of the Government of Catalonia as well as a member of the advisory board of the Arbitral Court of Barcelona.

The significant experience of Ms Esther Giménez-Salinas i Colomer in high-ranking governmental and teaching positions, in which she has built up a sound reputation, strengthens the supervision skills of the board. Furthermore, her professional background brings to the board knowledge and experience in legal matters and in the area of cultural transformation and integration of an ethical and responsible culture. She has also gained banking experience as a result of her position as external director of the Bank, which she has held since 2012.

Consequently, it is considered that Ms Esther Giménez-Salinas i Colomer has the expertise, experience and merits required to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Royal Decree 84/2015 of 13 February, implementing Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Banco Santander directors' recruitment, suitability assessment and succession policy and in the internal procedure for the selection and ongoing evaluation of the suitability of key personnel for the performance of banking activities within the Santander Group, this committee reaffirms that, at this date, Ms Esther Giménez-Salinas i Colomer possesses the necessary knowledge and experience to hold the position of director of the Company and that she is able to carry out good governance thereof, having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and the update of her professional background and technical or horizontal competencies. Additionally, according to the information provided, Ms Esther Giménez-Salinas i Colomer is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, and she is considered able to devote sufficient time to performing the duties of her position and not to be affected by conflicts of interest.

With reference to the evaluation of the work and effective dedication of the director from her re-election at the ordinary general meeting in 2017 to the present date, this committee notes the proper performance of her duties, as well as her attendance at and informed participation in all of the meetings of the board. She has also attended all of the meetings of the appointments committee, the risk supervision, regulation and compliance committee and the responsible banking, sustainability and culture committee, of which she is currently a member, and of the other committees on which she has served since her last appointment as a director.

Finally, with respect to the category of director, this committee considers that Ms Esther Giménez-Salinas i Colomer fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board to be considered an independent director.

(d) Ms Sol Daurella Comadrán

It is proposed to re-elect her as an independent director for the Bylaws mandated period of three years.

She is a graduate in Business and has a Master of Business Administration (MBA) from ESADE. She has significant experience as a business manager and has held executive positions at the highest level in institutions from various sectors and countries.

Ms Daurella is chairman at Coca-Cola European Partners, Plc, executive chairman at Olive Partners, S.A. and holds several other positions at companies belonging to the Cobega Group.

She has previously held positions, among others, in the following institutions: (i) Sud-Boissons and Société de Boissons Gazeuses de la Côte d'Azur, bottlers for Coca-Cola in Toulouse and the French Riviera; (ii) Nord Africa Bottling Company, holding company of the bottling companies of Coca-Cola in Fez, Marrakech, Casablanca, Rabat and Mauritania; (iii) Copesco & Sefrisa, S.A., importer and distributor of cod, producer of smoked salmon and other high-end gastronomic products and distributor of French and Spanish wines; (iv) J. Walter Thompson, one of the main advertising agencies of the sector in Spain; (v) Banesto Banca Privada, banking institution part of the former

Grupo Banesto (previously Bandesco); (vi) Electrolux, S.A., Spanish subsidiary of the Swedish multinational primarily dedicated to the manufacture and distribution of household appliances; (vii) Permutadora, S.A., packaging company and distributor of veterinary products in Portugal; (viii) Emisions Digital de Catalunya, S.A., operating platform of Televisión Terrestre Digital in Spain, of Grupo Godó; (ix) Banco de Sabadell, S.A., Ebro Foods, S.A. and Acciona, S.A., as independent director; (x) SHE Foundation, which promotes basic and clinical research and fosters health improvement through communication and education the public, as a member of its board of trustees; (xi) MAC Group, an international strategy consulting firm; (xii) Círculo de Economía, as a member of the Governing Board, and (xiii) Teatre Nacional de Catalunya. She is also a member of the board of trustees of various foundations, chair of the board of trustees of the Fero Oncology Research Foundation and honorary consul-general for Iceland in Catalonia since 1992.

From the information available to the Bank, Ms Sol Daurella Comadrán has the knowledge and experience required to perform the duties of her position. She brings to the board an extensive background with large multinational companies, a track record that in turn strengthens the international experience of the board and its knowledge in the area of administration and finance. Consequently, it is considered that Ms Sol Daurella has the expertise, experience and merits necessary to hold the position of director.

Additionally, for the purposes established in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Royal Decree 84/2015 of 13 February, implementing Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Banco Santander directors' recruitment, suitability assessment and succession policy and in the internal procedure for the selection and ongoing evaluation of the suitability of key personnel for the performance of banking activities within the Santander Group, this committee reaffirms that, at this date, Ms Sol Daurella Comadrán possesses the necessary knowledge and experience to hold the position of director of the Company and that she is able to carry out good governance thereof, having assessed the content and currency of the reputation and good corporate governance questionnaire completed by the subject and the update of her professional background and technical or horizontal competencies. Specifically, according to the information provided, Ms Sol Daurella Comadrán is within the maximum number of positions established in section 26 of Law 10/2014 of 26 June, and she is considered able to devote sufficient time to performing the duties of her position and not to be affected by conflicts of interest.

With reference to the evaluation of the work and effective dedication of the director from her re-election at the ordinary general meeting of 23 March 2018 to the present date, this committee notes the effective performance of her duties, as well as her attendance at and informed participation in all but one of the meetings of the board. She has also attended all but one of the meetings of each of the appointments committee, the remuneration committee and the responsible banking, sustainability and culture committee held since then.

Finally, with respect to the category of director, this committee considers that Ms Sol Daurella fulfils the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Capital Corporations Law and in article 6.2(c) of the rules and regulations of the board to be considered an independent director.

Proposals¹:

- Three A.-** To set the number of directors at 15, which is within the maximum and the minimum established by the Bylaws.
- Three B.-** To appoint Mr Luis Isasi Fernández de Bobadilla as a director, with the classification of external director, for the Bylaws mandated period of three years. The effectiveness of this appointment is subject to obtaining the regulatory approvals provided for in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Council Regulation (EU) No 1024/2013 of 15 October 2013 and in Regulation (EU) No 468/2014 of the European Central Bank regarding suitability.
- Three C.-** To appoint Mr Sergio Agapito Lires Rial as a director, with the classification of executive director, for the Bylaws mandated period of three years. The effectiveness of this appointment is subject to obtaining the regulatory approvals provided for in Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, in Council Regulation (EU) No 1024/2013 of 15 October 2013 and in Regulation (EU) No 468/2014 of the European Central Bank regarding suitability.
- Three D.-** To ratify the appointment of Mrs Pamela Ann Walkden as a director, whose appointment was approved by the board at its meeting of 29 October 2019, and to re-elect her for a new Bylaws mandated period of three years. Mrs Pamela Ann Walkden is classified as an independent director.

With regard to the annual renewal of one-third of the board positions as provided by article 55 of the Bylaws, to re-elect the following persons for a new three-year period:

- Three E.-** To re-elect Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea as a director, with the classification of executive director.
- Three F.-** To re-elect Mr Rodrigo Echenique Gordillo as a director, with the classification of external director.
- Three G.-** To re-elect Ms Esther Giménez-Salinas i Colomer as a director, with the classification of independent director.
- Three H.-** To re-elect Ms Sol Daurella Comadrán as a director, with the classification of independent director.

¹ Each of the proposals regarding the setting of the number of directors, their appointment, ratification and re-election made under items Three A to Three H shall be submitted to a separate vote.

Item Four**Re-election of the external auditor for Financial Year 2020.**

It is proposed to re-elect PricewaterhouseCoopers Auditores, S.L. as auditor of the Bank and the Group for financial year 2020. The proposal has been made by the audit committee, which has submitted it to the board of directors for subsequent submission thereof to the shareholders at the general meeting.

The partner of PricewaterhouseCoopers Auditores, S.L. who is responsible for the audit of Banco Santander and of its Group is Mr Alejandro Esnal, who has more than 25 years' experience in audits in the Spanish banking sector. He has also led a large number of projects in Spain, London and New York, both in connection with auditing and with internal control activities at financial institutions. Mr Alejandro Esnal participates actively in the committees and working groups of the audit sector and collaborates with regulators in matters relating to the improvement of the practices and regulations of financial institutions.

Proposal:

To re-elect PricewaterhouseCoopers Auditores, S.L., with its registered office in Madrid, at Paseo de la Castellana, no 259 B, with Tax Identification Number (*CIF*) B-79031290 and registered with the Official Registry of Accounts Auditors of the Institute of Accounting and Audit of Accounts the Ministry of Economy and Business Affairs under number S0242, as external auditor to verify the annual accounts and the directors' report of the Bank and of the consolidated Group for Financial Year 2020.

Item Five

Authorisation for the Bank and its subsidiaries to acquire treasury shares pursuant to the provisions of sections 146 and 509 of the Spanish Capital Corporations Law, depriving of effect, to the extent not used, the authorisation granted by resolution Five II) of the shareholders acting at the ordinary general shareholders' meeting of 12 April 2019.

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING THE PROPOSAL REFERRED TO IN ITEM FIVE OF THE AGENDA FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 2 APRIL 2020, ON FIRST CALL, AND FOR 3 APRIL 2020, ON SECOND CALL

This report is submitted to provide the rationale for the proposal made to the shareholders at the general shareholders' meeting contained in item Five of the agenda regarding the grant of powers to the board of directors of Banco Santander, S.A. (the "**Bank**" or the "**Company**") to acquire treasury shares, rescinding, to the extent of the unused amount, the authorisation granted under resolution Five II) at the ordinary general shareholders' meeting of 12 April 2019.

The board of directors considers it highly appropriate to have the powers allowed under current laws and regulations so as to be at all times in a position to acquire treasury shares of the Company for any of the following main purposes:

- The performance of discretionary trading in treasury shares for the purposes of:
 - providing liquidity or a supply of securities, as applicable, in the market of the shares of the Bank, giving depth to such market and minimising possible temporary imbalances between supply and demand; and
 - benefiting shareholders as a whole, taking advantage of situations of weakness in the price of the shares in relation to prospects of changes in the medium-term.
- The acquisition of shares, if any, to be delivered directly to employees and directors of the Company and its Group or as a consequence of the exercise of option rights held by such employees or directors.
- The launch of buy-back programmes addressed to all shareholders in accordance with article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing the Regulation on market abuse with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures or in accordance with another mechanism with a similar purpose.

Such programmes may be aimed at a subsequent reduction of the share capital of the Company through the redemption of the acquired shares, subject to the prior approval of said reduction by the shareholders at the general shareholders' meeting and the obtaining of the corresponding regulatory approvals.

The maximum volume of the buy-back programmes could be established, among other ways, by reference to the number of shares issued by the Company under its *Santander Dividendo Elección* scrip dividend scheme or taking into account specific market circumstances that so make it advisable, such that the Company has more flexibility in defining shareholders remuneration.

In any event, whether these mechanisms will be used has not been decided and will depend on the performance and identified needs in the Group, among other factors.

- The acquisition of shares to be used for other purposes or through other procedures that the board of directors deems appropriate from time to time, within the legal limits and those set by the shareholders at a general meeting, including to pay for the exchange of financial instruments or other liabilities that can be exchanged for said shares or as consideration in acquisitions of companies.

In any case, the board of directors may at each time decide on the form and the procedure by which the transactions in treasury shares are carried out.

In view of the above, it is advisable to renew the authorisation granted by the shareholders acting at the ordinary general shareholders' meeting of 12 April 2019 to the board of directors for the acquisition of treasury shares and to approve a new authorisation, also for a five-year term, as proposed under item Five of the agenda.

Proposal:

I) To deprive of effect, to the extent not used, the authorisation granted by resolution Five II) of the shareholders acting at the ordinary general shareholders' meeting of 12 April 2019 for the derivative acquisition of treasury shares by the Bank and by the subsidiaries making up the Group.

II) To expressly authorise the Bank and the subsidiaries making up the Group to acquire shares representing the share capital of the Bank for any valuable consideration allowed by law, within such limits and subject to such requirements as are legally applicable, until reaching a maximum number of shares (added to those already held) equal to 10% of the share capital existing at any time or to such higher maximum percentage as may be established by law during the effectiveness of this authorisation, such shares being totally paid up, at a minimum price per share equal to the nominal value thereof and a maximum price of up to 3% in excess of the last listing price for trading operations in which the Bank does not act for its own account on the Spain's Automated Quotation System (*Mercado Continuo*) of the Spanish Stock Exchanges prior to the relevant acquisition. This authorisation may only be used within a term of five years as from the date the general shareholders' meeting is held.

It is expressly stated that shares may be acquired pursuant to this authorisation both in order to transfer them by any means or to redeem them, and in order to apply them to the remuneration systems contemplated in the third paragraph of letter a) of number 1 of section 146 of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*), or to hedge any remuneration system to be settled in shares or linked to share capital.

Furthermore, within the framework of this authorisation, the board of directors may approve the launch of buy-back programmes addressed to all shareholders in accordance with article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing the Regulation on market abuse with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures or in accordance with another mechanism with a similar purpose. Such buy-back programmes may be aimed at a subsequent reduction of the share capital of the Company through the redemption of the acquired shares, subject to the prior approval of the shareholders granted at the general shareholders' meeting to be held after the expiration of the corresponding programme.

This authorisation may also be used to acquire treasury shares for other purposes or through other procedures decided from time to time by the board of directors, which for this purpose may also decide on the form and the procedure by which the transactions in treasury shares are carried out.

Item Six

Authorisation to the board of directors such that, pursuant to the provisions of section 297.1.b) of the Spanish Capital Corporations Law, it may increase the share capital on one or more occasions and at any time, within a period of three years, by means of cash contributions and by a maximum nominal amount of 4,154,528,645.50 euros, all upon such terms and conditions as it deems appropriate, depriving of effect, to the extent of the unused amount, the authorisation granted under resolution Seven II) adopted at the ordinary general shareholders' meeting of 23 March 2018. Delegation of the power to exclude pre-emptive rights, as provided by section 506 of the Spanish Capital Corporations Law.

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING THE PROPOSAL REFERRED TO IN ITEM SIX OF THE AGENDA FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 2 APRIL 2020, ON FIRST CALL, AND FOR 3 APRIL 2020, ON SECOND CALL

This report has been prepared in compliance with the provisions of sections 286, 296.1, 297.1 and 506 of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*) to provide a rationale for the proposal regarding the grant of new powers to the board of directors to increase share capital under the provisions of section 297.1.b) of the Spanish Capital Corporations Law, including the delegation of the power to exclude pre-emptive rights under the provisions of section 506 of such Law, which is submitted for approval of the shareholders at the aforementioned general shareholders' meeting of Banco Santander, S.A. (the “**Bank**” or the “**Company**”) under item Six of the agenda.

Pursuant to the provisions of section 297.1.b) of the Spanish Capital Corporations Law, the shareholders acting at a general shareholders' meeting may, by fulfilling the requirements established to amend the Bylaws, delegate to the board of directors the power to approve, on one or more occasions, an increase in share capital to a particular amount, at the time and in the amount that the board decides, without previously consulting the shareholders at a general shareholders' meeting. Such capital increases may in no event exceed one-half of the Company's capital at the time of the authorisation and must be carried out within a maximum period of five years from the resolution adopted at the meeting. Furthermore, as provided by section 286 of the Spanish Capital Corporations Law, read together with sections 296.1 and 297.1, the directors must prepare a written report justifying the proposal.

In this regard, the board of directors believes that the proposed resolution submitted at the general shareholders' meeting is motivated by the opportunity to provide the board with an instrument authorised by current corporate law, which allows it to approve, at any time and without the previous need to call and hold a shareholders' meeting, the capital increases that, within the limits and subject to the periods, terms and conditions decided by the shareholders at the shareholders' meeting, are deemed appropriate to further the corporate interest. The dynamics of all commercial companies, particularly large companies, require that their corporate decision-making bodies have the most suitable instruments at all times to adequately respond to the needs of the company at any given time in view of the circumstances of the market. These needs may include the need to provide the Company with new funds, which will normally be accomplished by means of new capital contributions.

In general, it is not possible to anticipate the Company's capital needs and, furthermore, the ordinary method of having recourse to the shareholders at the general meeting in order to increase share capital, which entails delays and increased costs, may, in certain cases, hinder a

prompt and effective response by the Company to market needs. Therefore, the use of the device of delegation provided by section 297.1.b) of the Spanish Capital Corporations Law helps to overcome these difficulties to a large extent, and provides the board of directors with an appropriate level of flexibility to meet the Bank's needs as required by the circumstances.

Therefore, and for such purposes, the proposal set forth below is submitted to the shareholders at the general shareholders' meeting, consisting of delegating to the board the power to approve an increase in the Company's capital by the maximum amount of 4,154,528,645.50 euros (i.e., one-half of the share capital as of the date of this report), which includes rescinding, to the extent of the unused amount, resolution Seven II) adopted at the ordinary general shareholders' meeting of 23 March 2018, regarding the authorisation to increase capital. The proposed deprivation of effect of this last resolution, the effectiveness of which would otherwise extend to 23 March 2021, is due to the advisability of having the power to increase capital on the terms stated at least until the holding of the next ordinary general meeting, which is expected to be held after the expiration of said delegation.

Within the maximum five-year period allowed by the Spanish Capital Corporations Law, the proposal submitted to the shareholders at the general shareholders' meeting specifies that the directors may make use of the delegated powers to increase share capital within a period of three years from the date the meeting is held. The board believes that, on the one hand, this three-year period, which is less than the maximum period contemplated by law, allows the Company to benefit from the use of the delegation of powers, but on the other, it requires that, in the event that a renewal or modification of the authorisation is desired upon the expiration thereof, consultation with the shareholders at the meeting occur a greater period in advance than would be required should the maximum five-year period that is legally allowed be used up, which, in the board's opinion, is a good practice.

Furthermore, the proposed resolution submitted to the shareholders at the meeting includes the authorisation to the board to delegate to the executive committee or to any director with delegated powers the delegable powers received from the shareholders at the meeting and, for purposes of appropriate coordination with the delegations of powers in effect for the issuance of convertible debentures, such proposal specifies that the amount of the capital increases, if any, that may be made to accommodate the conversion of debentures pursuant to resolution Seven II) adopted by the shareholders at the ordinary general shareholders' meeting of 12 April 2019, or pursuant to any other resolution adopted in this connection by the shareholders at a general meeting, shall be deemed to be included within the limit available at all times in the maximum amount of 4,154,528,645.50 euros.

Additionally, as allowed by section 506 of the Spanish Capital Corporations Law in the case of listed companies, when the shareholders at a general meeting delegate to the directors the power to increase share capital in accordance with the provisions of section 297.1.b) referred to above, they may also be given the power to exclude pre-emptive rights with respect to issuances of shares covered by the delegation when so required in the Company's interest, provided, however, that such proposed exclusion must be stated in the call to the general meeting and a report of the directors containing a rationale for the proposal must be made available to the shareholders.

In this regard, it is hereby reported that, as allowed by section 506 of the above-mentioned Law, the delegation of power to the board of directors to increase share capital contained in the proposal to which this report refers also includes vesting the directors with the power to totally or partially exclude the pre-emptive rights of the shareholders, when so required in the Company's interest, all upon the terms of such section 506.

The board of directors believes that this additional possibility, which notably increases the manoeuvrability and responsiveness offered by a simple delegation of the power to increase share capital upon the terms of section 297.1.b) of the Spanish Capital Corporations Law, is justified, on the one hand, by the flexibility and agility with which it is sometimes necessary to act in today's financial markets in order to take advantage of the times when market conditions are most favourable. Furthermore, the elimination of pre-emptive rights normally allows for a reduction of the costs associated with the transaction (including, especially, the fees of the financial entities participating in the issuance) as compared to an issuance with pre-emptive rights, and at the same time has less of a distorting effect on trading in the Company's shares during the issuance period, which tends to be shorter than for an issuance with such rights. In addition, the exclusion may be necessary when it is planned to raise funds in international markets or through the use of bookbuilding.

In any event, the proposal submitted to the shareholders contemplates that this additional possibility of exclusion of pre-emptive rights may only materialise in connection with capital increases representing, individually or in the aggregate, up to a maximum of 10% of the share capital of the Bank as of the date of this report, which, rounded downwards to the nearest multiple of the par value per unit of the shares, totals 830,905,729 euros. Although already reflected in the proposed resolution on the issue of convertible securities that was submitted to the shareholders at the ordinary general meeting in 2019, the establishment of a limit of 10% of capital for these types of increases in capital is a good practice and at the same time a new development with respect to the current authorisation to increase capital, which set the referred percentage at 20%. It should also be specified that the amount of the capital increases, if any, that may be made to accommodate the conversion of debentures that have been issued excluding pre-emptive rights pursuant to resolution Seven II) from among the resolutions adopted by the shareholders at the ordinary general shareholders' meeting of 12 April 2019, or pursuant to any other resolution that may be adopted in this connection by the shareholders at a general meeting, shall be deemed to be included within such maximum amount, except as described below.

Among other instruments, the solvency regulations provide for the possibility that issues that are perpetual or that have no conversion and/or repayment period and under which conversion is contingent and contemplated to meet regulatory requirements for the computability of the securities issued as equity instruments pursuant to the solvency regulations applicable at any time ("**Contingently Convertible Issues**" or "**CoCos**") may be computed as additional tier 1 equity instruments and, therefore, be eligible for compliance with the solvency requirements, so long as provision is made, among other characteristics, for their contingent conversion into newly-issued shares when the solvency ratios fall below a pre-established threshold. This possibility allows credit institutions to meet their solvency requirements in a more flexible manner and under more suitable financial and capital management conditions, such that the issue of these types of securities that are contingently convertible has become a customary practice at many credit institutions, including the Bank, and independently of the fact that the equity ratios, both individual and consolidated, are, in the case of the Bank, significantly higher than those applicable. For this reason, it is also believed appropriate to provide that the aforementioned 10% limit for issues in which pre-emptive rights are excluded shall not apply in connection with the issue of CoCos to be made pursuant to the aforementioned resolution Seven II) from among those adopted by the shareholders at the ordinary general meeting of 12 April 2019 or pursuant to the authorisation granted by the shareholders at a subsequent meeting in lieu of such resolution.

In connection with this possible elimination of pre-emptive rights, it is expressly stated for the record that the total or partial exclusion of pre-emptive rights is only a power that the shareholders at the general shareholders' meeting give to the board, the exercise of which will

depend on the decision of the board of directors itself in view of the circumstances in each case and taking due account of any legal requirements. If, in the use of such powers, the board decides to eliminate pre-emptive rights with respect to a specific capital increase that it decides to make under the authorisation granted by the shareholders at the general shareholders' meeting, it will, at the time of approving the increase, issue a detailed report setting forth the specific reasons of corporate interest that justify such measure, which shall be the subject of a corresponding report of an independent expert other than the Company's auditor, pursuant to the provisions of section 506 of the Spanish Capital Corporations Law by reference to sections 505 and 308 of such Law. Both reports shall be made available to the shareholders and disclosed to them at the first general meeting held after the adoption of the resolution to increase capital, pursuant to the provisions of such section.

The proposal is completed with the authorisation given to the board of directors to delegate to the executive committee or to any director with delegated powers those delegable powers granted pursuant to this resolution, naturally without prejudice to the representative powers that currently exist or may be granted in relation to said proposal.

Proposal:

I) To rescind, to the extent of the unused amount, the authorisation granted by the shareholders at the ordinary general shareholders' meeting of 23 March 2018 by means of resolution Seven II).

II) To re-authorise the board of directors, as broadly as may be necessary under the law, so that in accordance with the provisions of section 297.1.b) of the Spanish Capital Corporations Law, it may increase share capital on one or more occasions and at any time, within a period of three years from the date of this meeting, by the maximum amount of 4,154,528,645.50 euros, by means of the issuance of new shares – with or without a premium and with or without voting rights –, with the consideration for such new shares consisting of cash contributions, and with the power to set the terms and conditions of the capital increase and the characteristics of the shares, as well as to freely offer the unsubscribed new shares within the pre-emptive subscription period or periods, to establish that, in the case of an incomplete subscription, the capital shall be increased only by the amount of subscriptions made, and to amend the article of the Bylaws regarding share capital. The amount of the capital increases, if any, made to accommodate the conversion of debentures under the provisions of Resolution Seven II) from among those adopted by the shareholders at the ordinary general shareholders' meeting of 12 April 2019 or any other resolution adopted in this connection by the shareholders at a general meeting shall be deemed to be included within the limit of the aforementioned maximum amount available at any time.

Furthermore, the board is authorised to totally or partially exclude pre-emptive rights upon the terms of section 506 of the Spanish Capital Corporations Law, provided, however, that this power will be limited to capital increases carried out under this delegation of powers up to the amount of 830,905,729 euros. This limit shall not apply in connection with issues that are perpetual or that have no conversion and/or repayment period and under which conversion is contingent and contemplated to meet regulatory requirements for the computability of the securities issued as equity instruments pursuant to the solvency regulations applicable at any time (“**Contingently Convertible Issues**” or “**CoCos**”), in which pre-emptive rights are excluded and which may be approved under the provisions of resolution Seven II) from among those adopted by the shareholders at the ordinary general meeting of 12 April 2019 or pursuant to any other resolution on this issue that the shareholders may adopt at a general meeting, such that the aforementioned general limit of 4,154,528,645.50 euros shall apply to capital increases

aimed at accommodating the conversion of such issues when they provide for the exclusion of pre-emptive rights.

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

Item Seven

Seven A.

Increase in share capital by such amount as may be determined pursuant to the terms of the resolution, by means of the issuance of new ordinary shares having a par value of one-half (0.5) euro each, with no share premium, of the same class and series as those that are currently outstanding, with a charge to reserves. Offer to acquire bonus share rights (*derechos de asignación gratuita*) at a guaranteed price and power to use voluntary reserves from retained earnings or share premium for such purpose, depriving of effect resolution Six approved at the ordinary general shareholders' meeting held on 12 April 2019. Express provision for the possibility of less than full allotment. Delegation of powers to the board of directors, which may in turn delegate such powers to the executive committee, to establish the terms and conditions of the increase as to all matters not provided for by the shareholders at this general meeting, to take such actions as may be required for implementation thereof, to amend the text of sections 1 and 2 of article 5 of the Bylaws to reflect the new amount of share capital, and to execute such public and private documents as may be necessary to carry out the increase. Application to the appropriate domestic and foreign authorities for admission to trading of the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through Spain's Automated Quotation System (*Mercado Continuo*) and on the foreign Stock Exchanges on which the shares of Banco Santander are listed in the manner required by each of such Stock Exchanges.

Seven B.

Increase in share capital by such amount as may be determined pursuant to the terms of the resolution, by means of the issuance of new ordinary shares having a par value of one-half (0.5) euro each, with no share premium, of the same class and series as those that are currently outstanding, with a charge to reserves. Offer to acquire bonus share rights (*derechos de asignación gratuita*) at a guaranteed price and power to use voluntary reserves from retained earnings or share premium for such purpose. Express provision for the possibility of less than full allotment. Delegation of powers to the board of directors, which may in turn delegate such powers to the executive committee, to establish the terms and conditions of the increase as to all matters not provided for by the shareholders at this general meeting, to take such actions as may be required for implementation thereof, to amend the text of sections 1 and 2 of article 5 of the Bylaws to reflect the new amount of share capital, and to execute such public and private documents as may be necessary to carry out the increase. Application to the appropriate domestic and foreign authorities for admission to trading of the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through Spain's Automated Quotation System (*Mercado Continuo*) and on the foreign Stock Exchanges on which the shares of Banco Santander are listed in the manner required by each of such Stock Exchanges.

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING THE PROPOSALS REFERRED TO IN ITEMS SEVEN A AND B OF THE AGENDA FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 2 APRIL 2020, ON FIRST CALL, AND FOR 3 APRIL 2020, ON SECOND CALL

This report is prepared in connection with the proposals to increase share capital which will be submitted for approval under items Seven A and B of the agenda for the said ordinary general shareholders' meeting of Banco Santander, S.A. ("**Banco Santander**", "**Santander**" or the "**Bank**").

The report is issued in compliance with the requirements established in sections 286 and 296 of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*), pursuant to which the board of directors must issue a report justifying the proposal to be submitted to the shareholders at the general shareholders' meeting, given that the approval and execution of such proposal necessarily implies the amendment of sections 1 and 2 of article 5 of the Bylaws concerning share capital.

For purposes of facilitating comprehension of the transaction giving rise to the proposed capital increases submitted at the meeting, shareholders are first provided with a description of the purpose of and rationale for such capital increases. Next, a description of the main terms and conditions of the capital increases charged to reserves that constitutes the subject matter of this report is provided. Last, the proposed resolutions on capital increases which are submitted for approval at the general shareholders' meeting are presented.

I. PURPOSE OF AND RATIONALE FOR THE PROPOSALS

1. Purpose

The purpose of the proposed share capital increase submitted to the shareholders at the ordinary general shareholders' meeting under item Seven A is to enable the implementation, by application of the *Santander Dividendo Elección* scrip dividend scheme, of the portion of the remuneration corresponding to the final dividend for financial year 2019 that was announced on 29 January to be proposed to be paid in this way.

For its part, the proposed capital increase referred to in item Seven B would serve to implement, by application of said *Santander Dividendo Elección* scrip dividend scheme, if so decided and whether totally or partially, the remuneration corresponding to one of the dividends with a charge to financial year 2020.

As is known, the *Santander Dividendo Elección* scrip dividend scheme offers all shareholders of the Bank the option to receive the remuneration it refers to in shares or in cash, at the election of the shareholder.

Given that the first dividend with a charge to 2019 was paid in cash and that a proposal is made to the shareholders at the general meeting to approve a specific increase for application of the *Santander Dividendo Elección* scrip dividend scheme to a portion of the remuneration corresponding to the final dividend for that year, it would be deprived of effect the capital increase approved under item Six of the agenda for the ordinary general shareholders' meeting held on 12 April 2019, which has not been implemented.

2. Structure and options open to the shareholders

The offer made to the shareholders to choose to receive, at their discretion, either shares of Banco Santander or cash upon each application of the *Santander Dividendo Elección* scrip dividend scheme (the “**Alternative Option**”) is structured through two share capital increases to be charged to reserves (each, an “**Increase**” or “**Capital Increase**”), which are submitted for approval by the shareholders at the ordinary general shareholders’ meeting under items Seven A and B of the agenda, in the first case (item Seven A) in relation to the portion of the remuneration corresponding to the final dividend for financial year 2019 which was announced on 29 January would be paid in this manner, and in the second case (item Seven B), as and if it may be decided, whether totally or partially, in relation to the remuneration corresponding to one of the dividends with a charge to 2020.

Whenever the board of directors, or the executive committee by delegation therefrom, decides to carry out each Capital Increase:

- (a) The shareholders of the Bank will receive a bonus share right (*derecho de asignación gratuita*) for each share of Santander that they own. These rights will be tradable and, as such, may be traded on the Spanish Stock Exchanges during a period of at least 15 calendar days. Once this period ends, the rights will automatically be converted into newly-issued shares of the Bank that will be allotted to their holders. The exact number of shares to be issued in the Increase, and therefore, the number of rights needed to receive one new share, will depend on the market price of the shares of the Bank at the time the Increase is carried out (the “**Market Price**”), in accordance with the procedure described in this report. In any case, as further explained below, the maximum number of shares to be issued in the Increase will be such that the market value of those shares calculated at the Market Price will be approximately the amount set forth in each case.
- (b) The Bank, or an entity of its Group, will make an irrevocable commitment to acquire the bonus share rights for a fixed price from the shareholders who have received them free of charge (the “**Purchase Commitment**”). Such fixed price will be calculated prior to the beginning of the trading period of the bonus share rights, on the basis of the Market Price (such that the price for each right will be the result of dividing the Market Price by the number of rights needed to receive one new share plus one). Thus, the Bank assures all its shareholders of the possibility of turning the bonus share rights into cash.

Therefore, upon the implementation of each Increase, the shareholders of Banco Santander will have the option, at their discretion¹:

- (a) Not to transfer their bonus share rights. In this case, at the end of the trading period, the shareholders shall receive, entirely free of charge, the corresponding number of new shares.
- (b) To transfer all or part of their bonus share rights to the Santander Group pursuant to the Purchase Commitment. Thus, instead of receiving shares, the shareholders

¹ The options available to the indirect shareholders of the Bank, such as participants in the ADS program in the United States, as holders of CDIs through the nominee services sponsored by Banco Santander in the United Kingdom or for any other reason, may bear certain differences with respect to the options herein described due to the specific terms and conditions applicable to the programmes in which these shareholders participate.

would be opting to convert their rights into cash and to receive the Alternative Option in cash.

- (c) To transfer all or part of their bonus share rights on the market. In this case, the shareholders would also be opting to convert their rights into cash, albeit not at a guaranteed fixed price, unlike in option (b) above.

The gross value received by the shareholder in options (a) and (b) will be equivalent, given that the Market Price will be used to determine both the fixed price of the Purchase Commitment and the number of bonus share rights needed to receive one new share. In other words, the gross price that a shareholder will receive for selling to the Group all his bonus share rights under the Purchase Commitment will be approximately equal to the value of the new shares that he would receive if he did not sell his rights, calculated at Santander's market price on the date the Increase is carried out. However, the tax treatment of the various alternatives is currently different. See section II.6 below for a summary of the tax rules applicable to the transaction in Spain, including certain uncertainties regarding the rules applicable to certain legal entity investors in light of the recent Resolution of 5 March 2019 of the Accounting and Statutory Auditing Institute developing the standards for presentation of financial instruments and other accounting aspects relating to the commercial regulation of capital enterprises (the "**ICAC Resolution**").

3. Coordination with traditional dividends

As stated, the first Capital Increase will allow the application of the *Santander Dividendo Elección* scrip dividend scheme to the portion of the remuneration corresponding to the final dividend for financial year 2019 that was announced on 29 January would be paid in this way, for those who choose the cash option at 0.03 euro per share. And the second Capital Increase would make it possible to apply said scheme for the total or partial replacement of one of the dividends from financial year 2020, it being expected that the other payments with a charge to this financial year will be made in cash.

The board of directors, or the executive committee by delegation therefrom, may also decide not to apply the scheme, paying the corresponding dividends in cash, in which case the corresponding Increase or Increases would be deprived of effect pursuant to the provisions of section II.7 below. In particular, if the board of directors proposed to apply the *Santander Dividendo Elección* scrip dividend scheme totally or partially to the final dividend for financial year 2020, it could submit the corresponding capital increase resolution to the shareholders at the 2021 ordinary general meeting instead of implementing one of the Capital Increases, which would be deprived of effect.

4. Amount of the Alternative Option and price of the Purchase Commitment

If the *Santander Dividendo Elección* scrip dividend scheme is applied, Banco Santander would offer the shareholders bonus shares whose market value would in each case come to the amount set by the board of directors, or by the executive committee acting by delegation therefrom, subject to the following limits (the value in each case set by the board of directors or the executive committee, the "**Amount of the Alternative Option**").²

- (i) First Capital Increase: 750 million euros.

² Subject to rounding, if required, in accordance with the formulas set forth in section II.1 of this report.

(ii) Second Capital Increase: 750 million euros.

Given that, as stated above, the purpose of the Purchase Commitment is to allow the shareholders to convert the Amount of the Alternative Option into cash, and considering that in each Increase each outstanding share will grant its holder one bonus share right, the gross price per right at which the Purchase Commitment will be made would be equivalent to the amount per share of the Amount of the Alternative Option.³

The Amount of the Alternative Option and the purchase price of the bonus share rights will be determined and made public as provided in section II.3.

II. MAIN TERMS AND CONDITIONS OF EACH CAPITAL INCREASE

The main terms and conditions of each Capital Increase, which are identical, are described below.

1. Amount of each Capital Increase, number of shares to be issued and number of bonus share rights needed to receive one new share

The number of shares to be issued in each Capital Increase will be the result of dividing the Amount of the Alternative Option in each case set within the limits established above by the value of the shares of the Bank at the time the board of directors, or the executive committee by delegation therefrom, decides to carry out the Increase (i.e. the Market Price). The number so calculated will be rounded in order to obtain a whole number of shares and a ratio for conversion of rights into shares that is also whole. Additionally, for the same purposes, Banco Santander will ensure that a Santander Group company that holds Santander shares waives the necessary number of bonus share rights.

Once the number of shares to be issued in each case is established, the amount of the Capital Increase will be the result of multiplying that number by the par value of the Banco Santander shares (0.5 euro per share). Thus, the Capital Increase will be made at par value, with no share premium.

Specifically, when the decision is made to carry out an Increase, the board of directors, or the executive committee by delegation therefrom, will determine the number of shares to be issued and, therefore, the amount of the Increase and the number of bonus share rights needed to receive one new share, using the following formula (rounded downwards to the nearest whole number):

$$\text{NNS} = \text{TNShrs} / \text{Num. rights}$$

where,

NNS = Number of new shares to be issued;

TNShrs = Number of outstanding shares of Banco Santander on the date the board of directors, or the executive committee by delegation therefrom, resolves to implement the Increase; and

Num. rights = Number of bonus share rights needed for the allotment of one new share, which number will be obtained by applying the following formula, rounded up to the nearest whole number:

³ Subject to rounding, if required, in accordance with the formulas set forth in section II.1 of this report.

$$\text{Num. rights} = \text{TNShrs} / \text{Num. provisional shares}$$

where,

$$\text{Num. provisional shares} = \text{Amount of the Alternative Option} / \text{ListPri}$$

For the purposes hereof:

“Amount of the Alternative Option” is the market value of the Increase, which shall be determined by the board of directors, or the executive committee by delegation therefrom, within the limits established in section I.4 above, based on the number of outstanding shares (i.e. TNShrs) and the amount to be paid in cash, also considering the remuneration paid through such time with a charge to financial year 2020 (with respect to the second Increase).

“ListPri” is the arithmetic mean of the average weighted prices of the Bank’s shares on the Spanish Stock Exchanges in the 5 trading sessions ended prior to the resolution of the board of directors, or of the executive committee by delegation therefrom, to carry out the Capital Increase, rounded to the nearest one-thousandth of a euro and, in case of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth (amount referred to as “Listing Price” in this report).

Example of calculation of the number of new shares to be issued, the amount of the Increase and the number of bonus share rights needed to receive one new share:

Solely for the purpose of facilitating an understanding of how the formula should be applied, an example is given below. The results of these calculations are not representative of what the results will be when the Capital Increase is carried out, which results will depend on the various variables used in the formula.

For the purposes of this example:

- **The Amount of the Alternative Option is 510 million euros.**
- **A ListPri of 4.2 euros is assumed.**
- **The TNShrs is 16,618,114,582 (number of shares of Santander outstanding on the date of this report).**

Therefore:

$$\text{Num. provisional shares} = \text{Amount of the Alternative Option} / \text{ListPri} = 510,000,000 / 4.2 = 121,428,571.428571$$

$$\text{Num. rights} = \text{TNShrs} / \text{Num. provisional shares} = 16,618,114,582 / 121,428,571.428571 = 136.85506 = 137 \text{ (rounded upwards)}$$

$$\text{NNS} = \text{TNShrs} / \text{Num. rights} = 16,618,114,582 / 137 = 121,300,106.44 = 121,300,106 \text{ (rounded downwards)}$$

Consequently, in this example, (i) the number of new shares to be issued in the Increase would be 121,300,106, (ii) the amount of the Increase would be 60,650,053

euros (121,300,106 x 0.5), and (iii) 137 bonus share rights (or old shares) would be needed to receive one new share⁴.

2. Bonus share rights

Each outstanding share of the Bank will grant its holder one bonus share right.

The number of bonus share rights needed to receive one new share will be automatically determined according to the proportion between the number of new shares issued in the corresponding Increase and the number of outstanding shares, calculated in accordance with the formula set forth in section II.1 above.

The holders of debentures or instruments convertible into shares of Banco Santander existing at any time shall have no bonus share rights; however, if applicable, they will be entitled to a modification of the ratio for conversion of debentures into shares (or of the minimum and/or maximum limits of such ratio, when the ratio is variable), in proportion to the amount of each Increase.

If the number of bonus share rights needed to receive one share (137 in the example above) multiplied by the number of new shares (121,300,106 in the same example) is lower than the number of outstanding shares (16,618,114,582), Santander, or a company of its Group, will waive a number of bonus share rights equal to the difference between the two figures (i.e. 60 rights in the above-mentioned example) for the sole purpose of having a whole number of new shares and not a fraction.

The bonus share rights will be allotted to the shareholders of Banco Santander who have acquired their respective shares and who appear as such in the book-entry records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) on the corresponding dates in accordance with the applicable rules for clearing and settlement of securities. The bonus share rights may be traded for the term determined by the board of directors, or by the executive committee by delegation therefrom, subject to a minimum term of fifteen calendar days.

3. Commitment to Purchase bonus share rights

As explained before, upon the implementation of each Increase, the Bank and/or, with the Bank's guarantee, any company of its Group, will make an irrevocable commitment to purchase the bonus share rights (the "**Purchase Commitment**", as defined above), so that the shareholders of the Banco Santander will be assured of the possibility of selling to the Bank, or to an entity of its Group, the bonus rights received, receiving in return, at their choice, all or a part of the Alternative Option in cash. The Purchase Commitment will be in force and may be accepted within the trading period of the bonus share rights established by the board, or by the executive committee by delegation therefrom. The purchase price under the Purchase Commitment will be fixed and will be calculated prior to the opening of the trading period of the bonus share rights according to the following formula (in which the definitions set out in section II.1 above apply), rounded to the nearest one-thousandth of a euro and, in the event of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth (the "**Purchase Price**"):

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1).$$

⁴ In this example, a Santander Group company would have to waive 30 bonus share rights corresponding to 30 Santander shares owned by it, so that a whole number of shares is issued.

The final Purchase Price so calculated will be fixed and made public when the Increase is carried out.

It is expected that Banco Santander will waive entitlement to the new shares corresponding to the bonus share rights acquired by Banco Santander under the Purchase Commitment, and the Bank's share capital will only be increased by the amount corresponding to the bonus share rights not waived.

Upon a decision of the board of directors, or of the executive committee by delegation therefrom, the total Purchase Price of the bonus share rights whose holders have accepted the Purchase Commitment may be paid with a charge to the results for the financial year or with a charge to the share premium, and in the first case also with a charge to voluntary reserves from retained earnings (in the amount by which such Purchase Price exceeds the amount used for the purchase of rights in the corresponding resolution providing for the application of results).

4. Rights of the new shares

The new shares to be issued in the Capital Increases will be ordinary shares with a par value of one-half (0.5) euro each, of the same class and series as those currently outstanding, represented in book-entry form, the records of which will be kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) and its member entities. The new shares will grant their holders the same economic, voting and related rights as the currently outstanding ordinary shares of the Bank from the time at which the corresponding Increase is declared to have been subscribed and paid up. The new shares will be delivered fully paid-up and entirely free of charge.

5. Balance sheet and reserves to which the Capital Increases will be charged

The balance sheet used for the purposes of the Capital Increases is that corresponding to 31 December 2019, which was audited by PricewaterhouseCoopers Auditores, S.L. on 28 February 2020 and which is submitted for approval of the shareholders at the ordinary general shareholders' meeting under item One A of the agenda therefor.

Each Capital Increase will be charged entirely to the reserves contemplated in section 303.1 of the Spanish Capital Corporations Law. Upon implementation of each Increase, the board of directors or, by delegation therefrom, the executive committee, will determine the reserve to be used and the amount thereof in accordance with the balance sheet used for purposes of the Increases.

6. Tax regime

The tax regime applicable to shareholders in Spain will generally be as follows (without prejudice to the special provisions applicable to shareholders who are non-residents or who are subject to taxation in regional (foral) territories of the Basque Country or in the Foral (Autonomous) Community of Navarre, as well as to potential future regulatory changes that may affect the applicable tax regime and the effect that the ICAC Resolution might have on payments on account in case of delivery of fully paid-up bonus shares or bonus share rights⁵):

⁵ The ICAC Resolution could give rise to a new instance of withholding on the bonus share rights for persons subject to the IS and the IRNR who act through a permanent establishment in Spain, if the General Tax Authority (*Dirección General de Tributos*) ("DGT") changes the standard used until now. Based on the standard adopted by the DGT, it is possible that a portion of the bonus share rights or of the shares issued in favour of the

Receiving new paid-up bonus shares

The delivery of the shares issued in the Capital Increase will be considered for tax purposes as a delivery of fully paid-up bonus shares, and therefore, shall not be considered shareholders' income for purposes of Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) (“**IRPF**”) or Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*) (“**IRNR**”), if the shareholders do not act through a permanent establishment in Spain, nor will they be subject to any withholding or payment on account.

The acquisition value, both of the new shares received in the Capital Increase and of the shares from which they arise, will be the result of dividing the total cost by the applicable number of shares, both old and new. The acquisition date of the new fully paid-up bonus shares will be that of the shares from which they arise.

For the Corporate Income Tax (*Impuesto sobre Sociedades*) (“**IS**”) and for the IRNR for non-residents acting through a permanent establishment in Spain, to the extent that a complete commercial cycle is closed, these shareholders will pay tax pursuant to applicable accounting rules (taking into account, if applicable, the ICAC Resolution, and particularly article 35.4 thereof regarding the treatment of members of shareholder remuneration programmes that can be implemented by acquiring newly-issued bonus shares, disposing of the bonus share rights on the market or selling them to the issuing company, the application of which shall be mandatory for financial years beginning on 1 January 2020), and any specific rules that may apply regarding the above taxes. All of the foregoing is without prejudice to the rules determining the tax basis that may apply in these taxes.

Transfer of all or part of the bonus share rights on the market

If the shareholders sell their bonus share rights on the market, the amount so obtained will be taxed as follows:

- For purposes of the IRPF and the IRNR without permanent establishment, the amount obtained in the sale of the bonus share rights on the market will be considered as a capital gain for the seller. For shareholders subject to IRPF, that capital gain will be subject to IRPF tax withholding at the corresponding taxation rate. This withholding will be applied by the relevant depository, or in the absence thereof by the financial broker or commercial notary participating in the transfer.
- For the IS and IRNR for a permanent establishment in Spain, to the extent that a complete commercial cycle is closed, taxes will be paid pursuant to applicable accounting rules and the rules applicable to the above taxes (taking into account, if applicable, the ICAC Resolution, and particularly article 35.4 thereof regarding the treatment of members of shareholder remuneration programmes that can be implemented by acquiring newly-issued bonus shares, disposing of the bonus share rights on the market or selling them to the issuing company, the application of which shall be mandatory for financial years beginning on 1 January 2020), and any specific rules that may apply regarding the above taxes. All of the foregoing is

shareholders of the Bank who are subject to the IS or the IRNR (acting through a permanent establishment or branch in Spain) will be subject to some type of deduction or withholding by the Bank to be able to make the payment on account of the tax corresponding to these investors. Banco Santander will duly report the details of any such deduction or withholding.

without prejudice to the rules determining the tax basis that may apply in these taxes.

Transfer of all or part of the bonus share rights pursuant to the Purchase Commitment

In the event that the holders of the bonus share rights accept the Purchase Commitment made by the Group, the tax regime applicable to the amount obtained in the transfer to the Bank or to a subsidiary thereof of the bonus share rights held in their capacity as shareholders will be that applicable to cash dividends and, therefore, shall be subject to the applicable tax withholding and the corresponding taxation.

In any event, the Bank must give due account of the standard it adopts based on any interpretation that may be adopted by the DGT for purposes of withholding or payments on account arising from the ICAC Resolution on the delivery of fully paid-up bonus shares or bonus share rights in this context including, additionally, the implications derived from the use, where applicable and in this case, of the share premium reserve.

It should be kept in mind that this summary does not explain all possible tax consequences of the various options relating to the *Santander Dividendo Elección* scrip dividend scheme or the implementation of the Capital Increase. In particular, there is no description of the consequences that may arise in their countries of residence for shareholders who are not resident in Spain for tax purposes. Therefore, shareholders are advised to consult with their tax advisors regarding the specific tax impact of the proposed remuneration system, taking into account the particular circumstances of each shareholder or holder of bonus share rights, and to focus on the changes that may occur to both applicable law on the date of this report and the standards of interpretation thereof.

Finally, the holders of American Depositary Receipts (ADRs) and CREST Depository Interests (CDIs) are advised to consult with their tax advisors before making a decision regarding the *Santander Dividendo Elección* scrip dividend scheme or the implementation of the Capital Increase.

7. Delegation of powers and implementation of each Increase

It is proposed to delegate to the board of directors, with express authority to delegate in turn to the executive committee or to any director with delegated powers, the power to decide the date on which each Increase to be approved by the shareholders at the ordinary general meeting will be implemented, as well as to establish the terms and conditions thereof as to all matters not provided for by the shareholders at the general meeting, all upon the terms established in section 297.1.a) of the Spanish Capital Corporations Law. This includes, without limitation, the decision on those items with a charge to which the Increase is to be made and to pay for the purchase of rights to those accepting the Purchase Commitment, as indicated herein, as well as potential changes to the operation of the programme described herein that may be necessary to deal with changes to the tax rules applicable to certain legal entity investors or others that may occur.

Notwithstanding the foregoing, if the board of directors, after taking into account the market conditions or a decision to apply the *Santander Dividendo Elección* scrip dividend scheme in whole or in part to the final dividend for financial year 2020, does not consider it advisable to carry out any of the Capital Increases, it will be entitled to decide not to carry them out, in which case it shall report such decision to the shareholders at the next ordinary general meeting. The corresponding Increase shall be null and void if the board of directors does not exercise the powers delegated thereto within the one-year period established by the shareholders for implementation of the resolution. In any event, in

relation to the first Increase (item Seven A), the board's current intention is to implement it as reported to the market on 29 January 2020 by publishing a material fact.

When the board of directors, or the executive committee by delegation therefrom, agrees to carry out an Increase and establish all the terms and conditions thereof not already established by the shareholders at the general meeting, the Bank will make those terms and conditions public. In particular, prior to the beginning of the period for trading the bonus share rights, the Bank will make publicly available a document containing information on the number and nature of the shares and the reasons for the Increase, all in accordance with section 1.5.g) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

Upon completion of the bonus share rights trading period:

- (a) The new shares will be allotted to the holders of bonus share rights in the corresponding proportion.
- (b) The board of directors, or the executive committee by delegation therefrom or any director with delegated powers will declare the bonus share rights trading period closed and will reflect in the Bank's accounts the application of the reserves to the Capital Increase in the required amount, thus fully paying up the new shares.

Finally, the board of directors, or the executive committee by delegation therefrom or any director with delegated powers will adopt the corresponding resolutions amending the Bylaws in order to reflect the new amount of share capital resulting from the Capital Increase and applying for admission to listing of the new shares.

8. Admission to listing of the new shares

The Bank will apply for the admission to listing of the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through Spain's Automated Quotation System (*Mercado Continuo*), and will take the necessary steps and actions before the competent authorities of the foreign Stock Exchanges on which Banco Santander's shares are traded from time to time in order for the new shares issued through the Increase to be admitted to listing.

III. PROPOSED RESOLUTIONS TO BE SUBMITTED TO THE SHAREHOLDERS AT THE GENERAL MEETING

The full text of the proposed Capital Increases that are submitted to the shareholders at the ordinary general shareholders' meeting under items Seven A and Seven B of the agenda is as follows⁶:

“Seven A.- Increase in share capital with a charge to reserves

1.- Capital increase

It is resolved to increase the share capital by the amount that results from multiplying (a) the par value of one-half (0.5) euro per share of Banco Santander, S.A. (“Banco Santander” or the

⁶ Each of the proposals made under items Seven A and Seven B shall be submitted to a separate vote.

“Bank”) by (b) the determinable number of new shares of Banco Santander resulting from the formula set forth under section 2 below (the “New Shares”).

The capital increase is carried out through the issuance and flotation of the New Shares, which shall be ordinary shares with a par value of one-half (0.5) euro each, of the same class and series as those currently outstanding, represented in book-entry form.

The capital increase is entirely charged to reserves of the type contemplated in section 303.1 of the Spanish Capital Corporations Law.

The New Shares are issued at par value, i.e., for their par value of one-half (0.5) euro, with no share premium, and will be allotted free of charge to the shareholders of the Bank.

Pursuant to section 311 of the Spanish Capital Corporations Law, provision is made for the possibility of less than full allotment.

The capital increase approved under item Six of the agenda for the ordinary general shareholders' meeting held on 12 April 2019 is deprived of effect due to not having been implemented through the date hereof.

2.- New Shares to be issued

The number of New Shares will be obtained by applying the following formula, rounded down to the nearest whole number:

$$\text{NNS} = \text{TNShrs} / \text{Num. rights}$$

where,

NNS = Number of New Shares to be issued;

TNShrs = Number of Banco Santander shares outstanding on the date the board of directors, or the executive committee by delegation therefrom, resolves to implement the capital increase; and

Num. rights = Number of bonus share rights needed for the allotment of one New Share, which number will be obtained by applying the following formula, rounded up to the nearest whole number:

$$\text{Num. rights} = \text{TNShrs} / \text{Num. provisional shares}$$

where,

$$\text{Num. provisional shares} = \text{Amount of the Alternative Option} / \text{ListPri}$$

For the purposes hereof:

“Amount of the Alternative Option” is the market value of the capital increase, which shall be determined by the board of directors, or by the executive committee by delegation therefrom, based on the number of outstanding shares (i.e. TNShrs) and on the amount to be paid in cash within the framework of the *Santander Dividendo Elección* scrip dividend scheme and which may not exceed 750million euros.

“ListPri” is the arithmetic mean of the average weighted prices of the Bank’s shares on the Spanish Stock Exchanges in the 5 trading sessions ended prior to the resolution of the board of directors, or of the executive committee by delegation therefrom, to carry out the capital increase, rounded to the nearest one-thousandth of a euro and, in case of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth.

3.- Bonus share rights

Each outstanding share of the Bank will grant its holder one bonus share right.

The number of bonus share rights needed to receive one New Share will be automatically determined according to the proportion existing between the number of New Shares and the number of outstanding shares (TNShrs). Specifically, shareholders will be entitled to receive one New Share for as many bonus share rights held by them, determined in accordance with section 2 above (Num. rights).

The holders of debentures or instruments convertible into shares of Banco Santander existing at any time shall have no bonus share rights; however, if applicable, they will be entitled to a modification of the ratio for conversion of debentures into shares (or of the minimum and/or maximum limits of such ratio, when the ratio is variable), in proportion to the amount of the capital increase.

In the event that (i) the number of bonus share rights needed for the allotment of one share (Num. rights) multiplied by the New Shares (NNS) is lower than (ii) the number of outstanding shares (TNShrs), Banco Santander, or a company of its Group, will waive a number of bonus share rights equal to the difference between the two figures, for the sole purpose of having a whole number of New Shares and not a fraction.

The bonus share rights will be allotted to the shareholders of Banco Santander who have acquired their respective shares and appear as such in the book-entry records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) on the corresponding date in accordance with the applicable rules for clearing and settlement of securities. During the bonus share rights trading period, a sufficient number of bonus share rights may be acquired on the market, in the proportion needed to subscribe for New Shares. The bonus share rights may be traded on the market for the period determined by the board of directors, or by the executive committee by delegation therefrom, subject to a minimum term of fifteen calendar days.

4.- Irrevocable commitment to acquire bonus share rights

The Bank or, with the Bank's guarantee, the company of its Group that shall be determined, will make an irrevocable commitment to purchase the bonus share rights at the price specified below. The purchase commitment will not cover the bonus share rights purchased or otherwise acquired on the market and will be in force and may be accepted by such shareholders during the term, within the bonus share rights trading period, which is determined by the board of directors, or by the executive committee by delegation therefrom. To this end, it is resolved to authorise the Bank, or the corresponding company of its Group, to acquire such bonus share rights (as well as the shares corresponding to those rights), subject to the maximum limit of the total number of rights issued and to the duty to comply in all cases with any limitations established by law. The "Purchase Price" of each bonus share right will be equal to the price resulting from the following formula, rounded to the nearest one-thousandth of a euro and, in the case of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth:

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1)$$

Upon a decision of the board of directors, or of the executive committee by delegation therefrom, the total Purchase Price of the bonus share rights whose holders have accepted the Purchase Commitment may be paid with a charge to the results for the financial year or with a charge to the share premium, and in the first case also with a charge to voluntary reserves from retained earnings (in the amount by which such Purchase Price exceeds the amount used for the purchase of rights in the resolution providing for the application of results for financial year

2019). It is hereby resolved to authorise the application to the purchase of bonus share rights of voluntary reserves from retained earnings or share premium for such purpose, in the corresponding amount.

5.- Balance sheet for the transaction and reserve to which the increase will be charged

The balance sheet used for purposes of this capital increase is the balance sheet as of 31 December 2019, duly audited and approved by the shareholders at this ordinary general shareholders' meeting.

As mentioned above, the capital increase will be charged in its entirety to reserves of the type contemplated in section 303.1 of the Spanish Capital Corporations Law. Upon implementation of the increase, the board of directors or, by delegation therefrom, the executive committee, will determine the reserve to be used and the amount thereof in accordance with the balance sheet used for the transaction.

6.- Representation of the new shares

The shares to be issued shall be represented in book-entry form and the relevant records shall be kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) and its member entities.

7.- Rights of the new shares

The new shares will confer the same economic, voting and related rights upon their holders as the currently outstanding ordinary shares of Banco Santander as from the time at which the capital increase is declared to have been subscribed and paid up.

8.- Shares on deposit

Once the bonus share rights trading period has ended, the New Shares that it has not been possible to allot for reasons not attributable to Banco Santander will be held on deposit and will be available to those who evidence lawful ownership of the respective bonus share rights. Three years after the date of expiration of the bonus share rights trading period, the shares that have still to be allotted may be sold as provided in section 117 of the Spanish Capital Corporations Law, for the account and at the risk of the interested parties. The net proceeds from the sale will be deposited with Bank of Spain or with the General Deposit Bank (*Caja General de Depósitos*) and will be at the disposal of the interested parties.

9.- Application for admission to listing

It is resolved to apply for the listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through Spain's Automated Quotation System (*Mercado Continuo*), as well as to take the steps and actions that may be necessary and file the required documents with the competent authorities of the foreign Stock Exchanges on which Banco Santander shares are from time to time traded, for the New Shares issued under this capital increase to be admitted to listing, expressly stating Banco Santander's submission to such rules as may now be in force or hereafter be issued on stock exchange matters and, especially, on trading, continued listing and delisting.

It is expressly stated for the record that, if the delisting of the Banco Santander shares is subsequently requested, the delisting resolution will be adopted with the same formalities that may be applicable and, in such event, the interests of shareholders opposing or not voting on the delisting resolution will be safeguarded in compliance with the requirements established in the Spanish Capital Corporations Law and related provisions, all in accordance with the provisions of the restated text of the Securities Market Law and its implementing provisions in force at any time.

10.- Implementation of the capital increase

Within one year of the date of this resolution, the board of directors, or the executive committee by delegation therefrom, may resolve to carry out the capital increase and to set the conditions therefor as to all matters not provided for in this resolution. However, if the board of directors does not consider it advisable to carry out the increase in capital, it may decide not to do so and shall report such decision to the shareholders at the first ordinary general meeting held thereafter. In particular, in deciding to implement the increase, the board of directors, or the executive committee by delegation therefrom, will analyse and take into account market conditions, among other issues, and in the case that such conditions or other elements mean it is not advisable in the view of the board to implement the increase, it may decide not to do so, reporting such decision to the shareholders at the general meeting on the aforementioned terms. The capital increase to which this resolution refers shall be null and void if the board of directors, or the executive committee by delegation therefrom, does not exercise the powers delegated thereto within the one-year period set by the shareholders at the meeting for implementation of the resolution.

Upon completion of the bonus share rights trading period:

- (a) The New Shares will be allotted to those who, in accordance with the book-entry records of Iberclear and its member entities, are holders of bonus share rights in the proportion resulting from section 3 above.
- (b) The board of directors, or the executive committee by delegation therefrom or any director with delegated powers will declare the bonus share rights trading period closed and will reflect in the Bank's accounts the application of reserves in the amount of the capital increase, which increase will thus be fully paid up.

Likewise, upon conclusion of the bonus share rights trading period, the board of directors, or the executive committee by delegation therefrom or any director with delegated powers will adopt the relevant resolutions amending the Bylaws in order to reflect the new amount of share capital resulting from the capital increase and applying for admission to listing of the new shares on the Spanish and foreign Stock Exchanges on which the shares of the Bank are listed.

11.- Delegation for purposes of implementation

Pursuant to the provisions of section 297.1.a) of the Spanish Capital Corporations Law, it is resolved to delegate to the board of directors the power to establish the terms and conditions of the capital increase as to all matters not provided for in this resolution. Specifically, and for illustrative purposes only, the following powers are delegated to the board of directors:

- 1.- To determine, within one year as from approval thereof, the date on which the resolution so adopted to increase the share capital is to be implemented, and to set the Amount of the Alternative Option, the reserves out of which the capital increase is to be made from among those provided for in the resolution, the record date and time for the allotment of the bonus share rights, and the duration of the bonus share rights trading period.
- 2.- To determine the exact amount of the capital increase, the number of New Shares and the bonus share rights needed for the allotment of New Shares in accordance with the rules established by the shareholders at this meeting, making any changes to the operation of the *Santander Dividendo Elección* scrip dividend scheme as are required to deal with potential changes in the tax rules applicable to certain investors.
- 3.- To declare the capital increase to be closed and implemented.

- 4.- To amend sections 1 and 2 of article 5 of Banco Santander’s Bylaws regarding share capital to conform it to the result of the implementation of the capital increase.
- 5.- To waive the right to the New Shares corresponding to the bonus share rights acquired by the Bank or by the corresponding company of its Group under the purchase commitment and, if appropriate, to use voluntary reserves from the corresponding retained earnings or share premium reserves for such purpose.
- 6.- To carry out all formalities that may be necessary to have the New Shares issued in the capital increase registered in the book-entry records of Iberclear and admitted to listing on the domestic and foreign Stock Exchanges on which the shares of the Bank are listed, in accordance with the applicable procedures established at each of such Stock Exchanges.
- 7.- To take such actions as may be necessary or appropriate to implement and formalise the capital increase before any public or private, Spanish or foreign authorities or agencies, including actions for purposes of statement, supplementation or correction of defects or omissions that might prevent or hinder the full effectiveness of the preceding resolutions.

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.”

In consideration of the foregoing, the shareholders are requested to approve the proposal submitted by the board of directors.

“Seven B.- Increase in share capital with a charge to reserves”

1.- Capital increase

It is resolved to increase the share capital by the amount that results from multiplying (a) the par value of one-half (0.5) euro per share of Banco Santander, S.A. (“Banco Santander” or the “Bank”) by (b) the determinable number of new shares of Banco Santander resulting from the formula set forth under section 2 below (the “New Shares”).

The capital increase is carried out through the issuance and flotation of the New Shares, which shall be ordinary shares with a par value of one-half (0.5) euro each, of the same class and series as those currently outstanding, represented in book-entry form.

The capital increase is entirely charged to reserves of the type contemplated in section 303.1 of the Spanish Capital Corporations Law.

The New Shares are issued at par value, i.e., for their par value of one-half (0.5) euro, with no share premium, and will be allotted free of charge to the shareholders of the Bank.

Pursuant to section 311 of the Spanish Capital Corporations Law, provision is made for the possibility of less than full allotment.

2.- New Shares to be issued

The number of New Shares will be obtained by applying the following formula, rounded down to the nearest whole number:

$$\text{NNS} = \text{TNShrs} / \text{Num. rights}$$

where,

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

NNS = Number of New Shares to be issued;

TNShrs = Number of Banco Santander shares outstanding on the date the board of directors, or the executive committee by delegation therefrom, resolves to implement the capital increase; and

Num. rights = Number of bonus share rights needed for the allotment of one New Share, which number will be obtained by applying the following formula, rounded up to the nearest whole number:

$$\text{Num. rights} = \text{TNShrs} / \text{Num. provisional shares}$$

where,

$$\text{Num. provisional shares} = \text{Amount of the Alternative Option} / \text{ListPri}$$

For the purposes hereof:

“Amount of the Alternative Option” is the market value of the capital increase, which shall be determined by the board of directors, or by the executive committee by delegation therefrom, based on the number of outstanding shares (i.e. TNShrs), on the amount to be paid in cash within the framework of the *Santander Dividendo Elección* scrip dividend scheme and on the remuneration paid until such time, and which may not exceed 750 million euros.

“ListPri” is the arithmetic mean of the average weighted prices of the Bank’s shares on the Spanish Stock Exchanges in the 5 trading sessions ended prior to the resolution of the board of directors, or of the executive committee by delegation therefrom, to carry out the capital increase, rounded to the nearest one-thousandth of a euro and, in case of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth.

3.- Bonus share rights

Each outstanding share of the Bank will grant its holder one bonus share right.

The number of bonus share rights needed to receive one New Share will be automatically determined according to the proportion existing between the number of New Shares and the number of outstanding shares (TNShrs). Specifically, shareholders will be entitled to receive one New Share for as many bonus share rights held by them, determined in accordance with section 2 above (Num. rights).

The holders of debentures or instruments convertible into shares of Banco Santander existing at any time shall have no bonus share rights; however, if applicable, they will be entitled to a modification of the ratio for conversion of debentures into shares (or of the minimum and/or maximum limits of such ratio, when the ratio is variable), in proportion to the amount of the capital increase.

In the event that (i) the number of bonus share rights needed for the allotment of one share (Num. rights) multiplied by the New Shares (NNS) is lower than (ii) the number of outstanding shares (TNShrs), Banco Santander, or a company of its Group, will waive a number of bonus share rights equal to the difference between the two figures, for the sole purpose of having a whole number of New Shares and not a fraction.

The bonus share rights will be allotted to the shareholders of Banco Santander who have acquired their respective shares and appear as such in the book-entry records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) on the corresponding date in accordance with the applicable rules for clearing and settlement of securities. During the bonus share rights trading period, a sufficient

number of bonus share rights may be acquired on the market, in the proportion needed to subscribe for New Shares. The bonus share rights may be traded on the market for the period determined by the board of directors, or by the executive committee by delegation therefrom, subject to a minimum term of fifteen calendar days.

4.- Irrevocable commitment to acquire bonus share rights

The Bank or, with the Bank's guarantee, the company of its Group that shall be determined, will make an irrevocable commitment to purchase the bonus share rights at the price specified below. The purchase commitment will not cover the bonus share rights purchased or otherwise acquired on the market and will be in force and may be accepted by such shareholders during the term, within the bonus share rights trading period, which is determined by the board of directors, or by the executive committee by delegation therefrom. To this end, it is resolved to authorise the Bank, or the corresponding company of its Group, to acquire such bonus share rights (as well as the shares corresponding to those rights), subject to the maximum limit of the total number of rights issued and to the duty to comply in all cases with any limitations established by law. The "Purchase Price" of each bonus share right will be equal to the price resulting from the following formula, rounded to the nearest one-thousandth of a euro and, in the case of one-half of one-thousandth of a euro, rounded up to the nearest one-thousandth:

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1)$$

Upon a decision of the board of directors, or of the executive committee by delegation therefrom, the total Purchase Price of the bonus share rights whose holders have accepted the Purchase Commitment may be paid with a charge to the results for the financial year or with a charge to the share premium, and in the first case also with a charge to voluntary reserves from retained earnings (in the amount by which such Purchase Price exceeds the amount used for the purchase of rights in the corresponding resolution providing for the application of results). It is hereby resolved to authorise the application to the purchase of bonus share rights of voluntary reserves from retained earnings or share premium for such purpose, in the corresponding amount.

5.- Balance sheet for the transaction and reserve to which the increase will be charged

The balance sheet used for purposes of this capital increase is the balance sheet as of 31 December 2019, duly audited and approved by the shareholders at this ordinary general shareholders' meeting.

As mentioned above, the capital increase will be charged in its entirety to reserves of the type contemplated in section 303.1 of the Spanish Capital Corporations Law. Upon implementation of the increase, the board of directors or, by delegation therefrom, the executive committee, will determine the reserve to be used and the amount thereof in accordance with the balance sheet used for the transaction.

6.- Representation of the new shares

The shares to be issued shall be represented in book-entry form and the relevant records shall be kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) and its member entities.

7.- Rights of the new shares

The new shares will confer the same economic, voting and related rights upon their holders as the currently outstanding ordinary shares of Banco Santander as from the time at which the capital increase is declared to have been subscribed and paid up.

8.- Shares on deposit

Once the bonus share rights trading period has ended, the New Shares that it has not been possible to allot for reasons not attributable to Banco Santander will be held on deposit and will be available to those who evidence lawful ownership of the respective bonus share rights. Three years after the date of expiration of the bonus share rights trading period, the shares that have still to be allotted may be sold as provided in section 117 of the Spanish Capital Corporations Law, for the account and at the risk of the interested parties. The net proceeds from the sale will be deposited with Bank of Spain or with the General Deposit Bank (*Caja General de Depósitos*) and will be at the disposal of the interested parties.

9.- Application for admission to listing

It is resolved to apply for the listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through Spain's Automated Quotation System (*Mercado Continuo*), as well as to take the steps and actions that may be necessary and file the required documents with the competent authorities of the foreign Stock Exchanges on which Banco Santander shares are from time to time traded, for the New Shares issued under this capital increase to be admitted to listing, expressly stating Banco Santander's submission to such rules as may now be in force or hereafter be issued on stock exchange matters and, especially, on trading, continued listing and delisting.

It is expressly stated for the record that, if the delisting of the Banco Santander shares is subsequently requested, the delisting resolution will be adopted with the same formalities that may be applicable and, in such event, the interests of shareholders opposing or not voting on the delisting resolution will be safeguarded in compliance with the requirements established in the Spanish Capital Corporations Law and related provisions, all in accordance with the provisions of the restated text of the Securities Market Law and its implementing provisions in force at any time.

10.- Implementation of the capital increase

Within one year of the date of this resolution, the board of directors, or the executive committee by delegation therefrom, may resolve to carry out the capital increase and to set the conditions therefor as to all matters not provided for in this resolution. However, if the board of directors does not consider it advisable to carry out the increase in capital, it may decide not to do so and shall report such decision to the shareholders at the first ordinary general meeting held thereafter. In particular, in deciding to implement the increase, the board of directors, or the executive committee by delegation therefrom, will analyse and take into account market conditions, among other issues, and in the case that such conditions or other elements mean it is not advisable in the view of the board to implement the increase, it may decide not to do so, reporting such decision to the shareholders at the general meeting on the aforementioned terms. The capital increase to which this resolution refers shall be null and void if the board of directors, or the executive committee by delegation therefrom, does not exercise the powers delegated thereto within the one-year period set by the shareholders at the meeting for implementation of the resolution.

Upon completion of the bonus share rights trading period:

- (a) The New Shares will be allotted to those who, in accordance with the book-entry records of Iberclear and its member entities, are holders of bonus share rights in the proportion resulting from section 3 above.
- (b) The board of directors, or the executive committee by delegation therefrom or any director with delegated powers will declare the bonus share rights trading period closed

and will reflect in the Bank's accounts the application of reserves in the amount of the capital increase, which increase will thus be fully paid up.

Likewise, upon conclusion of the bonus share rights trading period, the board of directors, or the executive committee by delegation therefrom or any director with delegated powers will adopt the relevant resolutions amending the Bylaws in order to reflect the new amount of share capital resulting from the capital increase and applying for admission to listing of the new shares on the Spanish and foreign Stock Exchanges on which the shares of the Bank are listed.

11.- Delegation for purposes of implementation

Pursuant to the provisions of section 297.1.a) of the Spanish Capital Corporations Law, it is resolved to delegate to the board of directors the power to establish the terms and conditions of the capital increase as to all matters not provided for in this resolution. Specifically, and for illustrative purposes only, the following powers are delegated to the board of directors:

- 1.- To determine, within one year as from approval thereof, the date on which the resolution so adopted to increase the share capital is to be implemented, and to set the Amount of the Alternative Option, the reserves out of which the capital increase is to be made from among those provided for in the resolution, the record date and time for the allotment of the bonus share rights, and the duration of the bonus share rights trading period.
- 2.- To determine the exact amount of the capital increase, the number of New Shares and the bonus share rights needed for the allotment of New Shares in accordance with the rules established by the shareholders at this meeting, making any changes to the operation of the *Santander Dividendo Elección* scrip dividend scheme as are required to deal with potential changes in the tax rules applicable to certain investors.
- 3.- To declare the capital increase to be closed and implemented.
- 4.- To amend sections 1 and 2 of article 5 of Banco Santander's Bylaws regarding share capital to conform it to the result of the implementation of the capital increase.
- 5.- To waive the right to the New Shares corresponding to the bonus share rights acquired by the Bank or by the corresponding company of its Group under the purchase commitment and, if appropriate, to use voluntary reserves from the corresponding retained earnings or share premium reserves for such purpose.
- 6.- To carry out all formalities that may be necessary to have the New Shares issued in the capital increase registered in the book-entry records of Iberclear and admitted to listing on the domestic and foreign Stock Exchanges on which the shares of the Bank are listed, in accordance with the applicable procedures established at each of such Stock Exchanges.
- 7.- To take such actions as may be necessary or appropriate to implement and formalise the capital increase before any public or private, Spanish or foreign authorities or agencies, including actions for purposes of statement, supplementation or correction of defects or omissions that might prevent or hinder the full effectiveness of the preceding resolutions.

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.”

In consideration of the foregoing, the shareholders are requested to approve the proposal submitted by the board of directors.

Item Eight

Delegation to the board of directors of the power to issue all kinds of fixed-income securities, preferred interests (*participaciones preferentes*) or debt instruments of a similar nature (including certificates (*cédulas*), promissory notes and warrants) that are not convertible, depriving of effect, to the extent of the unused amount, the delegation in such respect conferred by resolution Eight II) approved by the shareholders acting at the ordinary general meeting of 12 April 2019.

Proposal:

I) To rescind and deprive of effect, to the extent unused, resolution Eight II) approved at the ordinary general shareholders' meeting of 12 April 2019.

II) To authorise the board of directors such that, in accordance with the general rules and regulations on the issuance of debentures and pursuant to the provisions of article 319 of the Regulations of the Commercial Registry, it may issue, on one or more occasions, up to 50,000 million euros, or the equivalent thereof in another currency, in fixed-income securities in any of the forms admitted by Law, including bonds, certificates, promissory notes, debentures and preferred interests or debt instruments of a similar nature (including warrants payable by physical delivery or set-off). This power may be exercised by the board of directors within a maximum period of five years from the date of adoption of this resolution by the shareholders, at the end of which period it shall be cancelled to the extent of the unused amount.

In exercise of the delegation of powers approved herein and merely by way of example, the board of directors shall be responsible for determining, with respect to each issue, the amount thereof, always within the aforementioned overall quantitative limit; the place of issuance (in Spain or abroad) and the currency, and in the case of foreign currency, the equivalence thereof in euros; the denomination, whether bonds (*bonos*), debentures (*obligaciones*), preferred interests (*participaciones preferentes*) or any other denomination permitted by Law (including equity instruments among those contemplated by articles 51 to 55 or 62 to 65 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, or of any other type or origin; the issuance date(s); the possibility of the securities being totally or partially exchanged for shares or other existing securities of the Bank or of other entities (and if they are exchangeable, whether they are mandatorily, contingently or voluntarily exchangeable, and if voluntarily, whether at the option of the holder of the securities or the issuer) or the inclusion of a call option on such shares; the interest rate, dates and procedures for payment of the coupon; whether they are to be callable or not, with or without return of the principal and, if applicable, the redemption periods and events of redemption (in whole or in part), as well as, if applicable, whether they are to be mandatorily callable with or without return of the principal and interest, including contingently, and any events of return of principal; whether the issuance is with or without a maturity date and, in the former case, the maturity date; the type of repayment, premiums and tranches; guarantees, including mortgages; form of representation, whether certificated or as book entries; the number of securities and the nominal value thereof; the subscription procedure; the applicable law, whether domestic or foreign; the application, if any, for admission to trading on official or unofficial, organised or unorganised, domestic or foreign regulated or non-regulated markets of the securities that are issued in compliance with the requirements in each case established by applicable laws and regulations; and, in general, any other condition applicable to the issuance, and, if applicable, appointing the Examiner (*Comisario*) and approving the basic rules that are to govern the legal relations between the Bank and the syndicate, if any and allowed, of holders of the securities that are issued.

The delegation also includes the grant to the board of directors of the power, in each case, to decide the conditions for repayment of the fixed-income securities issued in reliance on this authorisation, and the power to use, to the extent applicable, the redemption means referred to in section 430 of the Spanish Capital Corporations Law or any other means that may be appropriate. In addition, the board of directors is authorised, whenever it deems appropriate, and subject to the necessary official authorisations being obtained, as well as, if required, approval at the Meetings of the respective syndicates or bodies representing the holders of the securities, to modify the conditions for repayment of the fixed-income securities issued and the maturity thereof, as well as the interest rate, if any, of those included in each of the issuances made pursuant to this authorisation.

As to the limits on the delegation, the aforementioned amount of 50,000 million euros is the maximum overall limit that may be reached at any time by the outstanding nominal balance of the promissory notes or similar securities issued, added to the nominal amount issued of other securities also issued under this authorisation granted to the board of directors. In the case of warrants, the sum of the premiums of the warrants from each issuance approved in accordance with this delegation shall be taken into account for the calculation of the above-mentioned limit (or in the case of warrants payable by physical delivery, the sum of premiums and exercise prices).

The board of directors is authorised to delegate in turn (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

Item Nine

Director remuneration policy.

REASONED PROPOSAL SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING ITEM NINE OF THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED FOR 2 APRIL 2020, ON FIRST CALL, AND FOR 3 APRIL 2020, ON SECOND CALL

Under item Nine of the agenda, the director remuneration policy of Banco Santander, S.A. (the “**Bank**” or the “**Company**”), formulated as provided by section 529 *novodecies* of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*) (the “**Remuneration Policy**”), is submitted to the shareholders for approval at the general meeting.

The board has decided to submit to the shareholders at the general meeting the referred Director Remuneration Policy, which text is contained in section 6.4 of the “Corporate Governance” chapter of the consolidated directors’ report, included in the 2019 annual report which is available on the corporate website (www.santander.com) as from the date of the call of the meeting and which is also available to the shareholders for its delivery or mailing free of charge. The text of the referred policy stems from the report and proposal received from the remuneration committee, which report and proposal the board adopts as its own as to all the terms thereof.

Although the aforementioned section 529 *novodecies* would allow the approval of a policy applicable until 2023, the period covered by the Remuneration Policy only includes financial years 2020, with respect to which the policy approved at the last meeting is completed and updated, 2021 and 2022. Consequently, the board shall propose to the shareholders at the general meeting the approval of a new remuneration policy no later than financial year 2022.

The remuneration of the directors in their capacity as such included in the Remuneration Policy is consistent with the remuneration system contemplated in article 58 of the Bylaws and article 33 of the rules and regulations of the board and with the proposed establishment of the maximum amount of such remuneration submitted to the shareholders at the general shareholders’ meeting under item Ten of the agenda.

In addition, the remuneration for performance of executive duties that is also described in the Remuneration Policy complies with the requirements provided by the Spanish Capital Corporations Law and with the principles and rules set forth in the Company’s Bylaws and rules and regulations of the board, as well as with such existing provisions as are especially applicable to the directors of the Company because of the status thereof as a credit institution (primarily, Law 10/2014 of 26 June on organisation, supervision and solvency of credit institutions –which transposes in Spain the content of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms–, Circular 2/2016 of 2 February from Banco de España to credit institutions on supervision and solvency, which completes the adjustment of the Spanish legal system to Directive 2013/36/EU and to Regulation (EU) no 575/2013, and related provisions).

The board believes that the Remuneration Policy proposed for approval is reasonably in proportion to the importance of the Company, is in line with the financial situation thereof and is consistent with market standards at comparable companies. Furthermore, the factors that affect the various components of remuneration for the performance of executive duties are compatible with an appropriate and effective management of risks, without offering the executive directors incentives to assume risks that exceed the level tolerated by the Company, and with the Company’s strategy, objectives, values and interests over the long term.

Proposal:

To approve, pursuant to the provisions of section 529 *novodecies* of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*), the director remuneration policy of Banco Santander, S.A. for financial years 2020, 2021 and 2022, the text of which has been made available to the shareholders within the framework of the call to the general meeting, which is contained in section 6.4 of the “Corporate Governance” chapter of the consolidated directors’ report, included in the 2019 annual report, and which, regarding the variable components of the remuneration of executive directors for 2020 and to the extent that they make up a remuneration system that includes the delivery of shares of the Bank or of rights thereto, is also submitted at the meeting under Item Twelve A.

Item Ten

Director remuneration system: setting of the maximum amount of annual remuneration to be paid to all of the directors in their capacity as such.

Proposal:

To approve, for purposes of the provisions of section 2 of article 58 of the Bylaws, the fixed annual amount of remuneration of the directors acting as such at 6,000,000 euros, an amount that shall be applicable to remuneration corresponding to financial year 2020 and that shall remain effective until the shareholders acting at a general shareholders' meeting resolve to amend it, the board of directors being able to reduce it on the terms established in the aforementioned provision of the Bylaws.

Item Eleven

Remuneration system: approval of maximum ratio between fixed and variable components of total remuneration of executive directors and other employees belonging to categories with professional activities that have a material impact on the risk profile.

DETAILED PROPOSAL AND RECOMMENDATION SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING ITEM ELEVEN OF THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED FOR 2 APRIL 2020, ON FIRST CALL, AND FOR 3 APRIL 2020, ON SECOND CALL

Under item Eleven of the agenda, the establishment of the maximum limit for the variable components of the total remuneration of a certain group within Banco Santander, S.A. (the “**Bank**” or the “**Company**”) and its Group is submitted to the shareholders for approval at the general meeting, such limit being stated as the maximum percentage that the variable components of remuneration represent with respect to the fixed components thereof (the “**Maximum Variable Remuneration Ratio**”).

Article 58.6 of the Bylaws and Law 10/2014 of 26 June on organisation, supervision and solvency of credit institutions (“**Law 10/2014**”), which transposes in Spain the content of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (“**Directive CRD IV**”), provide for the need to submit to the shareholders for approval at a general meeting the establishment of a Maximum Variable Remuneration Ratio in excess of 100%, which, in any event, shall not exceed 200%.

The group with respect to which such approval is required is made up of certain persons included within the scope of application of section 32.1 of Law 10/2014, i.e. persons belonging to “*categories of staff whose professional activities have a material impact on the risk profile of the institution, its group, parent company or subsidiaries*” (the group defined by said provision, the “**Identified Staff**” or “**Material Risk Takers**”). This definition –which includes the executive directors of the Bank, among others– derives from article 92(2) of Directive CRD IV and has been further developed by Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution’s risk profile (the “**Delegated Regulation**”). The proposal submitted to the shareholders at the meeting entails renewing the authorisation of a Maximum Variable Remuneration Ratio of 200% only for a portion of the Identified Staff of the Santander Group and not for all members thereof.

The remuneration policy for the Identified Staff within the Santander Group is guided by principles similar to those described in connection with executive directors in the director remuneration policy, which is submitted to the shareholders for approval under item Nine of the agenda. Therefore, the purpose of variable remuneration of the Identified Staff¹ is to reward employee performance consistently with rigorous risk management, without encouraging

¹ In accordance with the standards established by the Delegated Regulation, certain persons that do not currently receive variable remuneration, such as the Bank’s non-executive directors, are included in the Identified Staff (or Material Risk Takers) at the Santander Group.

inappropriate risk-taking and seeking an alignment with the interests of the shareholders and with the Group's strategic objectives, thus fostering the creation of value over the long term.

Without prejudice to the foregoing, the total remuneration package for each employee and the structure thereof must be competitive, such that it facilitates attracting and retaining, as well as adequately remunerating, the persons included in the Identified Staff, taking into account the duties and responsibilities assigned to each of them. In this regard, the following considerations are in order:

Compliance with the regulatory provisions mentioned above (Law 10/2014 and Directive CRD IV) is required of European credit institutions regardless of where they operate, whereas non-European Community institutions are required to comply with them only with respect to their activities in Europe. As a consequence, global institutions like the Santander Group must compete in terms of talent attraction and retention with institutions that are not subject to the same regulations, such that it is advisable to have maximum flexibility in remuneration matters within applicable legal limits.

Even in the European banking sector, the Bank has verified that its main competitors approved Maximum Variable Remuneration Ratios in excess of 100% in financial year 2019, as they did in prior years. Therefore, the proposal submitted to the shareholders at the general meeting under item Eleven of the agenda will allow Banco Santander to compete on similar terms with the European institutions whose activities and size are similar to those of Banco Santander.

The renewal of the resolution for a portion of the Identified Staff is due to the advisability of maintaining the Bank's flexibility to compete in the international markets, without provision being made for the ratios to exceed 100% in all cases, whilst at the same time taking into account the remunerative structure for each group of employees when more precisely defining the group benefiting from the resolution being proposed at the general meeting.

In practice, the average ratio of variable components to fixed components of the remuneration of all of the categories of management or employees within the Identified Staff during the past financial year is far less than the approved maximum percentage of 200%. Specifically, on average in 2019, the variable components of remuneration of Identified Staff represented 101% of the fixed components (110% for the executive directors). Approximately 31% of members of the Identified Staff exceeded the ratio of 100% in 2019, the median being a 77% ratio and percentile 75 reaching a 113% ratio. Just 1% of the Identified Staff reached ratios over 195%.

In addition, the renewal of Maximum Variable Remuneration Ratios of 200% for certain members of the Identified Staff continues to allow for simpler and more efficient payroll management. The annual adjustment of the components of remuneration of the members of the Identified Staff with a view to maintaining an appropriate level of motivation, the high level of internal mobility within the Group, and the remuneration structure that is peculiar to each business area² make it advisable to have as much flexibility as possible.

Moreover, the authorisation of higher Maximum Variable Remuneration Ratios within legal limits is more efficient as a tool to retain talent in view of possible competitor moves than

² For example, a feature of the wholesale business is that it adopts remuneration structures in which the weight of variable remuneration over fixed remuneration is more significant than in other businesses. Talent attraction and retention in this business requires maintaining remuneration structures that are aligned with market practices, and therefore, it is particularly desirable to obtain the authorisation to pay a Maximum Variable Remuneration Ratio in excess of 100% to those who perform duties in this area. In this regard, approximately 20% of the Identified Staff performs duties in the Group's wholesale business.

increasing the amount of the fixed components of remuneration, which, if it occurred, might entail an increase in the Group's fixed costs.

Finally, without prejudice to all other regulations applicable in the area of remuneration in order to avoid excessive risk-taking by Group employees, a Maximum Variable Remuneration Ratio of up to 200% would also allow, in certain positions that are key to the prudent achievement of results and business objectives, for a more significant portion of total remuneration to be subject to the achievement of such results and objectives, thus making it possible to reward outstanding performance where appropriate.

The foregoing constitutes the rationale for the proposal submitted to the shareholders for approval at the general shareholders' meeting under item Eleven of the agenda. In addition, as stated above, the authorisation of a Maximum Variable Remuneration Ratio for certain categories of employees that is higher than generally provided gives the Bank greater flexibility to adapt the remuneration schemes applicable to each employee profile, without jeopardising the general objectives of bringing the remuneration policy into line with the Group's risk profile, as such ratio is subject in all cases to the legal limit of 200%, to the remuneration policy approved by the Company, and to all other legal restrictions applicable to variable remuneration.

In this regard, and as stated above, the remuneration policy for the members of the Identified Staff follows standards that are similar to those included with respect to the executive directors in the director remuneration policy that is submitted to the shareholders at the general meeting for approval under item Nine of the agenda. Thus, the variable components of remuneration of this group for 2020 include, inter alia, an Award (whether Award A or Award B, according to the definition of these terms in the directors' report and the proposed resolutions included under item Twelve below), to be received partly in cash and partly in shares, with collection of a portion of such Award being deferred over a period of three to five or even seven years (depending on the beneficiary's profile and any local regulations that might apply). The accrual of the Award is subject to metrics that allow for the alignment thereof with the Group's strategic plan and which take into account, among other aspects, the quality of the results achieved, the appropriate management of risk and the efficient use of capital, in addition to the accrual of part of the deferred remuneration in the case of Award A being subject to fulfilment of specific long-term metrics allowing for confirmation, if applicable, that the decisions initially made have resulted in sustainable long-term results.³

For purposes of calculating the Maximum Variable Remuneration Ratio in compliance with the aforementioned provisions, the total remuneration of the relevant members of the Identified Staff members for all items has been taken into account, with a breakdown into variable components (i.e. those the accrual of which is subject to the achievement of results or specific objectives) and fixed components (all other remuneration items), as described in more detail in the director remuneration policy.

For purposes of this resolution, the persons for which approval is requested for a Maximum Variable Remuneration Ratio of 200% have been selected on the grounds described above from among all persons making up the Identified Staff as at 31 December 2019. The Exhibit to this report includes a breakdown of the aforementioned number of beneficiaries at 31 December 2019 and the respective positions thereof. The natural evolution of the members of the Identified Staff, the possibility of regulatory changes to the definition thereof, and the

³ Further information on the metrics and conditions to which the Award is subject can be found in the report of the remuneration committee and in the directors' report regarding item Twelve of the agenda.

possibility that new persons may be included in this group, make it advisable to ask approval from the shareholders for up to a maximum of 50 new persons not included in the Exhibit also to be beneficiaries of a Maximum Variable Remuneration Ratio of 200%, for which reason the maximum number of members of the Identified Staff for which the approval is requested, including those listed in the Exhibit, is 1,052 (0.54% of the total staff).

The reasoning behind this additional provision is the convenience of having an adequate degree of flexibility that allows combining the application of new remuneration policies with the incorporation of new businesses to the Group, as well as with the rigorous process of determining the Identified Staff each year.

As stated, the ratio of 200% is not expected to be reached for all the members of the Identified Staff for which this limit is requested, taking into account their benchmark awards and the variable remuneration policy established for this financial year. In fact, under a standard scenario of fulfilment of targets, the total amount of the variable components of the remuneration would be equivalent to the total amount of the fixed components thereof (i.e., an average ratio of 100%). Assuming a scenario where targets are fulfilled at 125%, the excess of the variable components of remuneration over 100% of the fixed components would be 109 million euros, considering only those who would exceed a ratio of 100%. Not all the members of the Identified Staff benefiting from a 200% ratio would have reached a ratio in excess of 100% in such estimate, though it is not possible to estimate the number of persons that in fact would, since this will depend on the level of achievement of the objectives of the Group and its units in 2020, among other circumstances.

The hypothetical maximum amount in 2020 of the excess of the variable components of remuneration over 100% of the fixed components for the 1,002 persons benefiting from this proposal at 31 December 2019, if all such persons reached the Maximum Variable Remuneration Ratio of 200%, would be 374 million euros.

In view of this data and of the considerations set forth above regarding the alignment of remuneration with the Group's long-term interests, it is noted that the decision to approve a maximum level of variable remuneration for the persons indicated above would not affect the Bank's maintenance of a solid equity base or its obligations under the solvency rules. Specifically, the impact on both the total phase-in and fully loaded capital ratios of the Santander Group at 31 December 2019 in the aforementioned circumstances estimated by the Bank (109 million euros of excess of variable remuneration over 100% of the fixed components) would amount to 2 basis points, considering only those who would exceed a ratio of 100%, and, in a scenario in which the ratio for all members of the Identified Staff for which approval is requested reached 200%, would amount to 6 basis points. Furthermore, for purposes of the provisions of rule 39, section 6 of Circular 2/2016 of 2 February from Banco de España to credit institutions on supervision and solvency, which completes the adjustment of the Spanish legal system to Directive 2013/36/EU and to Regulation (EU) no 575/2013, it is noted that the board has especially taken into consideration the fact that Banco Santander is not expected to be subject to restrictions on its dividend policy during financial year 2020 pursuant to the current recommendations of the European Central Bank⁴ and the levels of and changes in the solvency of the Group.

Moreover, the proposed resolution is understood without prejudice to the need for the companies of the Group in which the members of the Identified Staff to which the resolution

⁴ Recommendation of the European Central Bank of 17 January 2020 on dividend distribution policies (ECB/2020/1).

refers provide services to comply with the obligations that correspond thereto in each case for purposes of permitting the 100% ratio to be exceeded.

EXHIBIT

MEMBERS OF THE IDENTIFIED STAFF AT 31 DECEMBER 2019 WITH RESPECT TO WHICH APPROVAL IS REQUIRED FOR A MAXIMUM VARIABLE REMUNERATION RATIO OF 200%

Position	No.
ARGENTINA	13
GERENTE GENERAL	1
GERENTE PRINCIPAL	11
PRESIDENTE	1
BRAZIL	133
CEO GETNET	1
CEO SUPER	1
DIR PRESIDENTE	1
DIR VICE PRESIDENTE EXEC	9
DIR VICE PRESIDENTE EXEC SR	1
DIRETOR	28
DIRETOR EXECUTIVO	2
DIRETOR PRESIDENTE	7
ECONOMISTA CHEFE	1
EXEC TRADER MANAGER I	2
EXEC TRADER MANAGER II	4
EXEC TRADER SPECIALIST I	3
SENIOR EXECUTIVE	15
SENIOR EXECUTIVE IB	9
SENIOR PRIVATE BANKER	1
SUPERINTENDENTE	1
SUPTE COMERCIAL	1
SUPTE EXEC COML PRIV BANKING	3
SUPTE EXEC CORPORATE	10
SUPTE EXEC DESENV CORPORATIVO	1
SUPTE EXEC EMPRESAS	1
SUPTE EXEC FINANCEIRO	2
SUPTE EXEC GESTAO DE FUNDOS	1
SUPTE EXEC JURIDICO	1
SUPTE EXEC NEGOCIOS DIGITAIS	1
SUPTE EXEC PARCERIAS	1
SUPTE EXEC PRIVATE BANKING	1
SUPTE EXEC PRODUTOS	1
SUPTE EXEC REDE	12
SUPTE EXEC SECURITIZACAO	1
SUPTE EXEC SEGMENTO	1
SUPTE EXECUTIVO	8
SUPTE PLANEJ TRIBUTARIO	1

Position	No.	Position	No.
CORPORATE CENTRE			216
BANKER VP	7	MD, HEAD OF BANKING & CORPORATE FINANCE, ASIA PACIFIC	1
BRANCH MANAGER	3	MD, HEAD OF BANKING & CORPORATE FINANCE, NORTH EAST ASIA	1
BUS/CORPBANKING GROUP VP	1	MD, HEAD OF GLOBAL DEBT FINANCING, ASIA	1
CHIEF OPERATING OFFICER, ASIA PACIFIC	1	MD, HEAD OF GTB, ASIA	1
COMMERCIAL DEV. VICE-PRESIDENT	2	MD, HEAD OF TRADING, ASIA PACIFIC	1
COMMERCIAL MANAGEMENT VP	1	MD, REGIONAL HEAD OF HUMAN RESOURCES	1
COMMUNICATION DIRECTOR	1	MD, TREASURY SALES	1
CONSEJERO DELEGADO	1	MGT & CONTR IT GROUP VP	3
CYBERSECURITY VP	1	MGT & CONTR IT VICE-PRESIDENT	1
DATA EXPERT II	1	MGT IT VICE-PRESIDENT	1
DIGITAL TRANSF GROUP VP	1	OPERATIONS GROUP VP	1
DIRECTOR CIB FRANCE & BENELUX	1	OPERATIONS VICE-PRESIDENT	2
DIRECTOR DE AREA	2	PRESIDENTA	1
DTOR ASUNTOS INSTITUCIONALESUE	1	DTOR. BANCO MADESANT	1
DTOR TECNOLOGICO Y OPER	1	PRODUBAN DIRECTOR	1
EXECUTIVE DIRECTOR, GLOBAL MARKETS SALES	2	PRODUCT DIRECTOR	3
EXECUTIVE VICE-PRESIDENT	13	PRODUCT MANAGER II	1
FINANCE GROUP VP	4	PRODUCT VP	11
GLOBAL CHIEF INVEST. OFFICER	1	PROJECT GROUP VP	3
GOVERNANCE GROUP VP	1	PROJECT MANAGEMENT VP	1
GROUP EXECUTIVE VICE-PRESIDENT	44	PROJECT VICE-PRESIDENT	1
GROUP SENIOR EXECUTIVE VP	2	PROP & GEN SERV GROUP VP	3
HEAD	2	QUANTITATIVE ANALYSIS VP	2
HEAD (WHL) (CERT)	1	RELATIONSHIP LEADERSHIP	1
HEAD OF CORPORATE FINANCE, ASIA PACIFIC	2	RESEARCH VICE-PRESIDENT	2
HEAD OF EXPORT & AGENCY FINANCE, GTB, ASIA PACIFIC	1	SALES VICE-PRESIDENT	5
HEAD OF FINANCIAL MANAGEMENT, ASIA PACIFIC	1	SENIOR BANKER	1
HEAD OF FS FRANCE & BENELUX	1	SENIOR EXECUTIVE VP	3
HEAD OF GLOBAL MARKETS, ASIA PACIFIC	1	SLB STAFF (CERT)	10
HEAD OF M&A INFRASTRUCTURES	1	SPECIALIST SANTANDER DIGITAL	1
HEAD OF ORGANISATION AND COSTS	1	STRATEG&CORPDEV DIRECTOR	2
HEAD OF SGCB FRANCE & BENELUX - BRANCH MANAGER	1	STRATEGY&CORPORATE DEV VP	2
HEAD OF TRADING, ASIA PACIFIC	1	STRCTRDPRDCTSMNGR II-WHL CERT	2
HUMAN RESOURCES GROUP VP	3	TOP MGT/EXEC GROUP VP	10
INVESTMENT DIRECTOR	1	TRADER EXPERT II	1
LEGAL GROUP VP	2	TRADER GROUP VP	2
LEGAL VICE-PRESIDENT	1	TRADER VP	10

MANAGING DIRECTOR	1	UK DIRECTOR (WHL)	1
MANAGING DIRECTOR, BANKING & CORPORATE FINANCE	1	VICE-PRESIDENT	1
MD, BANKING & CORPORATE FINANCE, ASIA PACIFIC	1	VICEPRESIDENTE CONS. EJECUTIVO	1
MD, CORPORATE SALES, GLOBAL MARKETS	1	HEAD OF EQUITY - QUANTS	1
MD, GLOBAL MARKETS SALES	1		

Position	No.	Position	No.
CHILE	22	SPAIN	81
GERENTE GENERAL	1	ASSET & LIABILTY MANAGER II	1
HEAD BANKING-CORPORATE FINANCE	1	CONSEJERO DELEGADO	1
HEAD CORPORATE INVESTMENT BANK	1	DIR SANTANDER PERSONAL & CC	1
HEAD FS Y A	1	DIRECTOR CAPITAL	1
HEAD GLOBAL MARKETS	1	DIRECTOR DE AREA	14
JEFE AREA ADMINISTRACION	1	DIRECTOR DE INTEGRACIÓN	1
JEFE DIVISION BEI	1	DIRECTOR GRANDES EMPRESAS	1
JEFE DIVISION CLIENTES EXP Y C	1	DIRECTOR MARKETING	1
JEFE DIVISION COMERCIAL	1	DIRECTOR ORGANIZACION	1
JEFE DIVISION FINANCIERA	1	DIRECTOR PRODUTOS EMPRESAS	1
JEFE DIVISION PERSONAS Y COMUN	1	DIRECTOR SANTANDER TECNOLOGÍA	1
JEFE DIVISION PRODUCTOS	1	DIRECTOR SEGMENTO EMPRESAS	1
JEFE DIVISION TECNOLOGIA Y OPE	1	DIRECTOR UNIDAD	3
JEFE GESTION FINANCIERA	1	DTOR ADJUNTO	2
JEFE INNOVACION Y ALIANZAS EST	1	DTOR AS JURIDICA BCA COMERCIAL	1
JEFE INTERVENCION CORPORATIVA	1	DTOR ASESORÍA JCA MAYORISTA	2
JEFE RED BANCO	1	DTOR ASESORÍA JCA PROCESAL	1
JEFE RELACION CON INVERSIONISTAS	1	DTOR ATENCIÓN AL CLIENTE	1
JEFE RRL Y SERVICIO A PERSONAS	1	DTOR COMPENSACIÓN Y BENEFICIOS	1
JEFE SERVICIOS	1	DTOR COSTES	1
JEFE SERVICIOS OPERACIONALES	1	DTOR DESARROLLO NEGOCIO	4
PRESIDENTE EJECUTIVO	1	DTOR ESTRATEGIA	1
		DTOR GEOBAN ESPAÑA	1
COLOMBIA	2	DTOR NEG HIPOTECARIO	1
PRESIDENTE	1	DTOR OF PROTECCIÓN DE DATOS	1
VICEPRESIDENTE	1	DTOR OPERACIONES	1
		DTOR PLANES NEGOCIOS	3
		DTOR PROYECTO	1
		DTOR PYMES	1
		DTOR TECNOLOGÍA	2
		DTOR TECNOLOGÍA Y OPERACIONES	2
		DTOR TERRITORIAL	14
		DTOR TERRITORIAL INSTITUCIONAL	2
		HEAD	5
		LEGAL GROUP VP	1
		PRODUCT MANAGER II	1
		SALES MANAGER II	2
		DIR BCA DIGITAL E INNOVACIÓN	1

Position	No.	Position	No.
MEXICO	49		
BANQUERO DIR UHNW	1	DIR GRAL ADJ TECNOL Y OPERAC	1
DGA CHIEF FINANCIAL OFFICER	1	DIR GRAL ADJ TRANS Y BCA DIGIT	1
DGA ESTR ASU PUB JEF GAB PR EJ	1	EXECUTIVE DIRECTOR	4
DGA RECURS CORPOR RECUPERACION	1	MANAGING DIRECTOR	2
DIR EJEC ACPM ESTRUCTURACION	1	PRESIDENTE EJEC DIR GRAL GF	1
DIR EJEC BANCA PARTICULARES	1	VICEPRESIDENTE BANCA COMERCIAL	1
DIR EJEC BCA DIGIT Y SPOTLIGHT	1		
DIR EJEC CAJEROS AUTOMATICOS	1	OPENBANK	1
DIR EJEC CHIEF INFORM SECUR OF	1	CEO	1
DIR EJEC CHIEF OPERA OFFI SCIB	1		
DIR EJEC CIB CORPOR INVEST BAN	1	PERU	3
DIR EJEC DE CAPITAL	1	DIRECTOR COMERCIAL	1
DIR EJEC DE ESTRATEGIA	1	GERENTE COMERCIAL	1
DIR EJEC EQUITY	1	GERENTE GENERAL	1
DIR EJEC ESTRATEGIA CLIENTES	1		
DIR EJEC FINAN SOLUTI ADVISORY	1	POLAND	21
DIR EJEC GESTION FINANCIERA	1	CHIEF CORPORATE CLIENTS OFFICE	1
DIR EJEC GLOB TRANSACT BANKING	1	CHIEF CUSTOMER OFFICER	1
		DIR. DEP. BUSINESS PARTNERSHIP	1
DIR EJEC HEAD OF CREDIT MARKET	1	DIR. DEP. TRANSFORMACIÓN DE PROCESOS	1
		DIR. DEP. VENTAS DEL PROCESO LEGAL.	1
DIR EJEC HEAD REGIONAL RESE AM	1	DIR. ZONA BANCA DE NEGOCIOS	1
DIR EJEC INSTITUCIONALES	1	DIR. ZONA COMUNICACIÓN CORP.	1
DIR EJEC MERCADOS	1	DIRECTOR DE ÁREA DE TRANSFORMACIÓN	1
		DIRECTOR DEL ÁREA DE MERCADO FINANCIERO	1
DIR EJEC NEGOCIO RECUPERACIONE	1	DIRECTOR DEL CENTRO DE ARQUITECTURA DE TI	1
DIR EJEC OPERACIONES	1	DIRECTOR DEL DEPARTAMENTO DE TRANSACCIONES FINANCIERAS	1
		MIEMBRO DEL CONSEJO	4
DIR EJEC PDM SOLUTIONS	1	PRESIDENTE DEL CONSEJO	1
		VICEPRESIDENTE DEL CONSEJO	3
DIR EJEC PLANEACION COMERCIAL	1	ZONA DE OPERACIONES BANCARIAS CENTRALES	1
DIR EJEC PROD TRANS RETENCION	1	VICEPRESIDENTE	1
DIR EJEC RECUPERACIONES	1		
DIR EJEC RECURSOS HUMANOS	1		
DIR EJEC RELACION INVERSIONIST	1		
DIR EJEC SEGMENTO PRIVADA	1		
DIR EJEC SOLUCIONES FINANCIERA	1		
DIR EJEC UHNW	1		
DIR GRAL ADJ BCA EMP E INST	1		
DIR GRAL ADJ ETRATEGIA NEGOCIO	1		
DIR GRAL ADJ GLOBAL CORP BANK	1		
DIR GRAL ADJ NEGOCIOS ESPECIAL	1		
DIR GRAL ADJ NUEVOS NEGOCIOS	1		
DIR GRAL ADJ RED COMERCIAL	1		

Position	No.	Position	No.
PORTUGAL	46	SANTANDER ASSET MANAGEMENT	20
ADJ ADM ACORES E MADEIRA	1	CEO LOCAL	1
ADJ ADM AR RECUP DESINVESTIM	1	CEO, UK	1
ADJ ADM GLOBAL CORPOR BANKING	1	CHIEF EXECUTIVE OFFICE	1
ADJ ADM INTERM PROTECAO E INV	1	CHIEF INVESTMENT OFFICER	1
ADJ ADM REDE PART E NEG NORTE	1	DIRECTOR COMERCIAL	1
ADM AREA DE MEIOS	1	DIRECTOR DE VENTAS_PERSONAS JURIDICAS	1
ADM COMUN MARK CORP QUALIDADE	1	DIRECTORA DE ESTRATEGIA DE MERCADO Y MK	1
ADMINISTRADOR EXECUTIVO	4	DIRETOR EXECUTIVO	1
D CORPORATE INVESTM.BANKING	1	DTOR FINANCIERO & FACILITIES	1
D NEGÓCIO INTERNACIONAL	1	DTOR PREVISIÓN COLECTIVOS	1
D PART.E NEGOCIOS MADEIRA	1	DTOR TECNOLOGÍA Y OPERACIONES	1
D PARTIC.E NEGOCIOS ACORES	1	DTOR. VENTAS INSTITUCIONALES	1
D PLANEAMENTO GESTAO BALANCO	1	GCHRO	1
DC ASSUNTOS JURIDICOS	1	HEAD OF FIXED INCOME LATAM	1
DC EMPRESAS NORTE	1	HEAD OF GMAS	1
DC GRANDES EMPRESAS	1	HEAD OF HR	1
DC INTERNACIONAL BANCA INSTIT	1	HEAD OF LEGAL	1
DC MEIOS DE PAGAMENTO	1	HEAD OF SALES RETAIL	1
DC METODOLOGIA E STRESS TEST	1	PRESIDENTE ASSET MANAGEMENT	1
DC PRIVATE BANKING	2	UK CIO	1
DC PRIVATE BANKING SUL	1		
DC RECUPERAÇÕES	1		
DC REDE PART.NEG.SUL	1		
DD ESTUDOS PL. ES. REL.INVEST.	1		
DD FISCALIDADE	1		
DIR. ADJ. ADM. GESTÃO DE PESSOAS	1		
DIR. ADJ. ADM. OFERTA COM. MKT	1		
DIR. ADJ. ADM. ORG. E CUSTOS	1		
DIR. ADJ. ADM. SEC.GERAL E JURÍDICO	1		
DIR. ADJ. ADM. TECN. E OPERAÇÕES	1		
DIR. EXEC. GESTÃO COM. E SEGMENTOS	1		
DIR.COORD.FUNDOS INVESTIM. IMOBILIÁRIO	1		
DIRECTOR COMERCIAL	1		
PRESIDENTE CE SEGURADORA	1		
PRESIDENTE COMISSÃO EXECUTIVA	1		
RESP AREA DE EMPRESAS	1		
RESP AREA FOMENTO CONSTRUCAO	1		
RESP DIR COORD EMPRESAS SUL	1		
RESP.AREA INTELIGENCIA COMER.	1		
VICE PRESIDENTE COMISSÃO EXEC.	1		
VOGAL CONSELHO ADMINISTRACAO	2		

Position	No.	Position	No.
SANTANDER CONSUMER FINANCE (SCF)	37	SLB	28
BOARD MEMBER	3	MD, HEAD OF EUROPEAN INSURANCE, FINANCIAL INSTITUTIONS GROUP	1
CEO	3	PRODUCT MANAGER I (WHL) (CERT)	1
CEO AND GENERAL DIRECTOR	1	PRODUCT MANAGER II (WHL)(CERT)	1
CEO FRONT OFFICE	1	SALES MANAGER I (WHL) (CERT)	1
CHIEF EXECUTIVE OFFICER	3	SALES MANAGER II (WHL) (CERT)	3
DIRECTOR CORPORATIVO DE OPERACIONES	1	SENIOR BANKER I (WHL) (CERT)	1
DIRECTOR DE ASESORÍA JURÍDICA	1	SENIOR BANKER II (WHL) (CERT)	1
DIRECTOR DE COMPENSACIÓN	1	SLB STAFF	4
DIRECTOR DESARROLLO NEGOCIO	1	SLB STAFF (CERT)	2
DIRECTOR GESTIÓN FINANCIERA	1	TRADING MANAGER I (WHL) (CERT)	4
DIRECTOR UNIDAD SCF	1	TRADING MGR II (WHL) (CERT)	2
DTOR DIVISIÓN	1	UK DIRECTOR (WHL)	1
HEAD OF AREA	2	UK DIRECTOR (WHL) (CERT)	4
HEAD SCB	1	UK DIRECTOR CERT	1
HUMAN RESOURCES VP	1	MD, HEAD OF CREDIT SALES EUROPE (EX IBERIA) & FI CURRENCY EMERGING MARK.	1
LDAP SB	1		
MANAGER	1	SWITZERLAND	6
MANAGING DIRECTOR, HEAD OF CONSUMER FINANCE, ASIA PACIFIC	1	COMMERCIAL DIRECTOR, EXECUTIVE BANKER	1
PRESIDENT OF THE MANAGEMENT BOARD	1	MANAGING DIRECTOR	1
TOP MGT/EXEC VP	10	REGIONAL HEAD, EXECUTIVE BANKER	1
TOPRED (CERT)	1	SENIOR BANKER II	1
		TEAM LEADER III	2

Position	No.	Position	No.
UK			163
AFM STAFF	3	HEAD OF PORTFOLIO MANAGEMENT	1
ASSET & LIABILITY MANAGER I	1	HEAD OF REAL ESTATE	1
		HEAD OF RETAIL & BUSINESS	
BSNS DEVELOPMT MNGR II (WHL)	1	BANKING	1
		HEAD OF SAF BUSINESS	
CENTRAL HEALTHCARE	1	DEVELOPMENT CCB	1
		HEAD OF SANTANDER CORPORATE &	
CEO - PSA FINANCE	1	COMMERCIAL BANKING	1
		HEAD OF SANTANDER CORPORATE	
		AND INVESTMENT BANKING UK (RING	
CEO OF INSURANCE AND PROTECTION	1	FENCED BANK)	1
		HEAD OF SANTANDER INVOICE	
CHIEF EXECUTIVE OFFICER	1	FINANCE	1
CHIEF FINANCIAL OFFICER	1	HEAD OF SHORT TERM MARKETS	1
CHIEF HR OFFICER	1	HEAD OF SOLUTIONS GROUP	1
CHIEF INFORMATION & CHANGE		HEAD OF SPECIALISED & PROJECT	
OFFICER	1	FINANCE	1
CHIEF MARKETING OFFICER	1	HEAD OF SPECIALIST BUSINESS UNITS	1
CHIEF OF STAFF TO THE CHIEF			
OPERATING OFFICER	1	HEAD OF STRATEGIC FUTURE TECH	1
		HEAD OF STRATEGY AND BUSINESS	
CHIEF OPERATING OFFICER	1	PERFORMANCE	1
		HEAD OF STRATEGY, CORPORATE	
CHIEF OPERATING OFFICER, PROJECT		DEVELOPMENT & NEW BUSINESS	
WAVE	1	DEVELOPMENT	1
CHIEF OPERATING OFFICER,		HEAD OF WHOLESALE & SPECILAIST	
SANTANDER CORPORATE BANK UK	1	SALES	1
CHIEF TECHNOLOGY OFFICER	1	HOUSING FINANCE	1
CHIEF TRANSFORMATION OFFICER	1	HR COO	1
COMMERCIAL DIRECTOR -		IT & OPERATIONS DIRECTOR -	
SANTANDER CONSUMER FINANCE	1	SANTANDER CONSUMER FINANCE	1
		LENDING & BANKING OPERATIONS	
COMPANY SECRETARY	1	DIRECTOR	1
		MANAGING DIRECTOR -	
COO AND LEGAL COUNSEL	1	COMMUNITIES	1
COO, CORPORATE & COMMERCIAL		MANAGING DIRECTOR - HOTELS &	
BANKING	1	HEALTHCARE	1
		MANAGING DIRECTOR, EAST OF	
CORPORATE BANK T&O	1	ENGLAND	1
DEPUTY CEO - PSAF	1	MANAGING DIRECTOR, NORTH WEST	1
		MANAGING DIRECTOR, STRUCTURED	
DEPUTY MLRO	1	FINANCE GROUP	1
DIRECTOR	5	MD SANTANDER INTERNATIONAL	1
DIRECTOR CLIENT RELATIONS	1	MD, BUSINESS BANKING	1
DIRECTOR CUSTOMER ENGAGEMENT			
& DIGITAL INTERMEDIARIES	1	MD, CATER ALLEN	1
		MD, CUSTOMER INTERACTIONS	
DIRECTOR MORTGAGE MARKETING	1	CONTACT CENTRES	1
		MD, HEAD OF COLLABORATION	
DIRECTOR OF ALM	1	REVENUES	1

DIRECTOR OF BUSINESS ASSURANCE & FINANCIAL CRIME	1	MD, MORTGAGES	1
		MD, ORIGINATION & CLIENT COVERAGE	1
DIRECTOR OF CAPITAL MANAGEMENT	1		
DIRECTOR OF CHANGE & TRANSFORMATION - RETAIL & BUSINESS BANKING	1	MD, PRODUCTS & INTERNATIONAL BUSINESS	1
DIRECTOR OF COPORATE COMMUNICATIONS	1	MD, HEAD OF SYNDICATED LOANS	1
DIRECTOR OF CORPORATE DEVELOPMENT	1	NATIONAL HEAD FINANCIAL SPONSORS	1
DIRECTOR OF CUSTOMER OPERATIONS, RETAIL & BUSINESS BANKING	1	NATIONAL HEAD GROWTH CAPITAL	1
		NATIONAL HEAD OF BUSINESS DEVELOPMENT - INVOICE FINANCE (SECONDED)	1
DIRECTOR OF DIGITAL SERVICES	1		
DIRECTOR OF FUNDING & COLLATERAL MANAGEMENT	1	NATIONAL HEAD SF CORPORATES	1
DIRECTOR OF OPERATIONS & AUTOMATION SERVICES	1	PEOPLE DIRECTOR AND DEPUTY CHIEF HR OFFICER	1
DIRECTOR OF ORGANISATIONAL CAPABILITIES AND SOLUTIONS	1	POLICY, EMPLOYEE RELATIONS & CHANGE DIRECTOR	1
DIRECTOR OF PENSIONS	1	PRODUCT MANAGER I (WHL) (CERT)	1
DIRECTOR OF PLATFORM SERVICES	1	PROJECT ROLE TBC	2
DIRECTOR OF PRODUCTS, SANTANDER BUSINESS	1	PROJECTS	1
DIRECTOR OF SECURITY & PRIVACY SERVICES	1	QUANTATIVE ANALYSIS MGR I (WHL)	1
DIRECTOR OF TRANSFORMATION & SUPPORT, RETAIL DISTRIBUTION	1	REAL ESTATE FINANCE MIDLANDS & SOUTH	1
DIRECTOR, LEGAL - LITIGATION, CONTENTIOUS REGULATORY & COMPETITION	1	REAL ESTATE NORTH	1
DIRECTOR, MORTGAGE DISTRIBUTION	1	REGIONAL DIRECTOR CONSUMER	1
DIRECTOR, SIMPLIFICATION	1	REGIONAL DIRECTOR INDUSTRIALS	1
		REGIONAL DIRECTOR PROFESSIONALS & FINANCIAL SERVICES (MAT COVER)	1
DMD, LONDON & EAST	1	REGIONAL DIRECTOR SOUTH EAST & SOLENT	1
DMD, LONDON & SOUTH EAST, RCB	1	REGIONAL DIRECTOR TV & HOME COUNTIES	1
DMD, NORTH	1	REGIONAL DIRECTOR, SCOTLAND & NI	1
DMD, SOUTH WEST & CENTRAL	1	REGIONAL DIRECTOR, SOUTH WEST & WALES	1
DMD, SOUTH WEST, WALES & WEST MIDLANDS, RCB	1	REGIONAL DIRECTOR, WEST MIDLANDS	1
DMD, YORKSHIRE, NE, NORTHERN IRELAND & SCOTLAND, RCB	1	REGIONAL DIRECTOR, YORKSHIRE & NORTH EAST	1
ED CONSUMER, RETAIL & HEALTHCARE	1		
ED METALS & MINING/INDUSTRIALS & ATS	1	REGIONAL HEALTHCARE	1
ED MULTI-NATIONALS	1	RELATIONSHIP LEADERSHIP	1
ED OIL & GAS	1	RETAIL BUSINESS STRATEGY & PERFORMANCE DIRECTOR	1

ED SPONSORS, INFRA & UTILITIES	1	REWARD & PERFORMANCE	
ED, TECHNOLOGY, TELECOMS AND		MANAGEMENT DIRECTOR	1
MEDIA, CIB	1	SALES MANAGER I (WHL) (CERT)	1
EXECUTIVE VICE PRESIDENT AND			
GENERAL MANAGER	1	SCCB FX	1
HEAD	2	SCCB RATES	1
HEAD OF BALANCE SHEET			
MANAGEMENT	1	SCF GLOBAL ACCOUNT DIRECTOR	1
HEAD OF BRANCH INTERACTIONS	1	SENIOR BANKER I (WHL) (CERT)	1
HEAD OF BUSINESS DEVELOPMENT	1	SENIOR BANKER II	1
HEAD OF BUSINESS DEVELOPMENT -			
SANTANDER SERVICES	1	SENIOR MANAGER	1
		STRATEGY, HR AND SPECIAL	
HEAD OF CHANGE	1	PROJECTS DIRECT - SANTANDER	
HEAD OF CUSTOMER INTERACTIONS	1	CONSUMER FINANCE	1
		STRUCTURED FINANCE	1
HEAD OF CUSTOMER SOLUTIONS	1	T&O WEALTH MANAGEMENT &	
HEAD OF DEPARTMENT	1	INSURANCE	1
HEAD OF DIGITAL TRANSFORMATION	1	TRADE & WORKING CAPITAL	1
HEAD OF E-COMMERCE FX/RATES	1	TRADE ORIGINATION	1
HEAD OF EXTERNAL		TRADING MANAGER I	1
COMMUNICATIONS	1	UK CIB	1
HEAD OF GTB UK	1	UK DIRECTOR	1
HEAD OF INVESTOR RELATIONS	1	UK DIRECTOR CERT	3
HEAD OF LEGAL (WHOLESALE			
MARKETS)	1		
HEAD OF LOAN & RESTRUCTURED			
FINANCE	1	URUGUAY	3
HEAD OF M&A	1	GERENTE GENERAL	3
HEAD OF MARKETING	1		
HEAD OF NEW BUSINESS MODELS	1		

Position	No.	Position	No.
USA			158
ASSOCIATE DIRECTOR, MARKET DIRECTOR	1	FINANCIAL INSTITUTIONS MANAGER	1
BSI MIAMI CEO	1	GLOBAL HEAD OF PRIVATE WEALTH	1
CFO SIS	1	HEAD	1
CHIEF COMMUNICATIONS OFFICER	1	HEAD - SHUSA	1
CHIEF EXEC OFFICER SHUSA	1	HEAD OF BANKING & CORPORATE FINANCE	1
CHIEF FINANCIAL OFFICER	3	HEAD OF CHRYSLER CAPITAL AND AUTO RELATIONSHIPS	1
CHIEF HUMAN RESOURCES OFFICER	2	HEAD OF CIB BUSINESS MANAGEMENT	1
CHIEF INFO SECURITY OFFICER US	1	HEAD OF CIB FIRST LINE	1
CHIEF INFORMATION OFFICER	3	HEAD OF COMMERCIAL BANKING AND VEHICLE FINANCE	2
CHIEF LEGAL OFFICER	1	HEAD OF COMMERCIAL REAL ESTATE AND CONSUMER & BUSINESS BANKING	1
CHIEF LEGAL OFFICER SC	1	HEAD OF DIGITAL AND SERVICES	1
CHIEF OPERATING OFFICER	1	HEAD OF GLOBAL DEBT FINANCE	1
CHIEF PRODUCT, MKTING & ONLINE	1	HEAD OF GLOBAL TRANSACTION BANKING	1
CHIEF TECHNOLOGY OFFICER CIO OF DATA & CORPORATE FUNCTIONS	2	HEAD OF INFRASTRUCTURE SBNA	1
DEPUTY MANAGING DIRECTOR	1	HEAD OF INFRASTRUCTURE SHUSA	1
DIR, PROJECT & ACQ FINANCE	1	HEAD OF OPERATIONS	1
DIRECTOR OF SEGMENTS	1	HEAD OF TAX- SHUSA	1
DIRECTOR, DEALER QUALITY	1	IT SPECIAL ADVISOR	1
DIRECTOR, PROGRAM MANAGEMENT	1	MANAGING DIRECTOR	18
DIROFORG,COSTS,REGPROJ&CORPDEV	1	MANAGING DIRECTOR CIB	1
EXECUTIVE BANKER	1	MANAGING DIRECTOR, BUSINESS MGMT & FRONT OFFICE TRANSFORMATION	1
EXECUTIVE DIRECTOR	10	NATIONAL BUSINESS DIRECTOR - INVESTMENTS	1
EXECUTIVE DIRECTOR, ASSET BASED LENDING & RESTUCTURING FINANCE	2	PRESIDENT, CHRYSLER CAPITAL AND AUTO RELATIONSHIPS	1
EXECUTIVE DIRECTOR, BUSINESS OFFICER	1	PUERTO RICO CEO	1
EXECUTIVE DIRECTOR, COMPENSATION, BENEFITS, & PAYROLL	1	REGIONAL DIRECTOR	3
EXECUTIVE DIRECTOR, CORPORATE BANKING RELATIONSHIP MANAGER	6	SENIOR BANKER	1
EXECUTIVE DIRECTOR, CORPORATE SECRETARY	1	SHUSA CFO	1
EXECUTIVE DIRECTOR, CORPORATE SERVICES	1	SR. DEPUTY GENERAL COUNSEL	5
EXECUTIVE DIRECTOR, FINANCIAL	1	SR. DIRECTOR	2

EXECUTIVE DIRECTOR, FINANCIAL PLANNING & ANALYSIS	3	SR. DIRECTOR, APPLICATION DEVELOPMENT	1
EXECUTIVE DIRECTOR, GOVERNMENT RELATIONS & PUBLIC POLICY	1	SR. DIRECTOR, BUSINESS INTELLIGENCE & REPORTING	1
EXECUTIVE DIRECTOR, GTB PRODUCT SPECIALIST	1	SR. DIRECTOR, COLLECTIONS	2
EXECUTIVE DIRECTOR, HEAD OF ANALYTICS AND DECISION SCIENCE	1	SR. DIRECTOR, CONSUMER & BUSINESS PRACTICES	1
EXECUTIVE DIRECTOR, HEAD OF BRANCH NETWORK	1	SR. DIRECTOR, CREDIT	1
EXECUTIVE DIRECTOR, HEAD OF BUSINESS BANKING	1	SR. DIRECTOR, CUSTOMER SERVICE	1
EXECUTIVE DIRECTOR, HEAD OF CONSUMER LENDING AND DEPOSIT PRODUCTS	1	SR. DIRECTOR, INFORMATION SECURITY	1
EXECUTIVE DIRECTOR, HEAD OF HOME LOANS	1	SR. DIRECTOR, LOAN OPERATIONS	2
EXECUTIVE DIRECTOR, HEAD OF SALES AND SERVICE STRATEGY	1	SR. DIRECTOR, MARKET DIRECTOR	4
EXECUTIVE DIRECTOR, HEAD OF WEALTH	1	SR. DIRECTOR, MARKETING	1
EXECUTIVE DIRECTOR, HUMAN RESOURCES BUSINESS PARTNER	1	SR. DIRECTOR, MODEL DEVELOPMENT	1
EXECUTIVE DIRECTOR, MIDDLE MARKET	2	SR. DIRECTOR, PRODUCT MANAGEMENT	1
EXECUTIVE DIRECTOR, PRODUCT & CAPABILITIES	1	SR. DIRECTOR, QUALITY MANAGEMENT	1
EXECUTIVE DIRECTOR, PRODUCT SPECIALIST	4	SR. DIRECTOR, TECHNICAL PROJECT MANAGEMENT	1
EXECUTIVE DIRECTOR, PROGRAM MANAGEMENT	1	SR. DIRECTOR, TREASURY	1
EXECUTIVE DIRECTOR, STRATEGY, UNDERWRITING & PORTFOLIO MANAGEMENT	1	SR. DIRECTOR, UNDERWRITING & PORTFOLIO MANAGEMENT	2
EXECUTIVE DIRECTOR, TALENT MANAGEMENT	1	SVP	1
EXECUTIVE DIRECTOR, TREASURY	2	US CHIEF OF STAFF & HEAD OF TRANSFORMATION - SHUSA	1
EXECUTIVE DIRECTOR, UNDERWRITING & PORTFOLIO MANAGEMENT	1	VP	1
FI & INST. SALES	1		
TOTAL			1,002

Proposal:

To approve a maximum ratio of 200% between the variable and fixed components of the total remuneration of the executive directors and of certain employees belonging to categories with professional activities that have a material impact on the risk profile of the Group upon the terms set forth below:

- (i) Number of affected persons: certain members of the Identified Staff (1,002 at 31 December 2019, as itemised in the Exhibit to the detailed recommendation prepared by the board of directors), and up to 50 additional beneficiaries, up to a total maximum of 1,052 persons.

The beneficiaries of this resolution include the executive directors of Banco Santander and other employees of Banco Santander or other companies of the Group belonging to the “**Identified Staff**” or “**Material Risk Takers**”, i.e. to categories with professional activities that have a significant impact on the risk profile of the Bank or of the Group, including senior executives, risk-taking employees or employees engaged in control functions, as well as other workers whose total remuneration places them within the same remuneration bracket as that of the preceding categories. However, it is noted that the categories of personnel who engage in control duties are generally excluded from the scope of this resolution. The members of the Identified Staff have been selected pursuant to the standards established in Commission Delegated Regulation (EU) No 604/2014, of 4 March 2014, supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify the categories of staff whose professional activities have a material impact on an institution’s risk profile and those of the policy for determining the Group’s Identified Staff.

- (ii) Authorisation.

Without prejudice to the general provisions set forth in item Thirteen or to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors of the Bank is hereby authorised, to the extent required, to implement this resolution, with the power to elaborate, as necessary, on the content hereof and that of the agreements and other documents to be used or adapted for such purpose. Specifically, and merely by way of example, the board of directors shall have the following powers:

- (a) To determine any modifications that should be made in the group of Identified Staff members that benefit from the resolution, within the maximum limit established by the shareholders at the general meeting, as well as the composition and amount of the fixed and variable components of the total remuneration of said persons.
- (b) To approve the basic contents of the agreements and of such other supplementary documentation as may be necessary or appropriate.
- (c) To approve all such notices and supplementary documentation as may be necessary or appropriate to file with the European Central Bank, the Bank of Spain or any other public or private entity.
- (d) To take any action, carry out any procedure or make any statement before any public or private entity or agency to secure any required authorisation or verification.
- (e) To interpret the foregoing resolutions, with powers to adapt them to the circumstances that may arise at any time without affecting their basic content,

including any regulations or provisions or supervisory body recommendations that may prevent their implementation upon the terms approved or that require the adjustment thereof.

- (f) In general, to take any actions and execute all such documents as may be necessary or appropriate.

The board of directors is authorised to delegate (with the power of substitution when appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

The Company shall communicate the approval of this agreement to all Group companies engaging executives or employees belonging to the Identified Staff and who are beneficiaries of this resolution, without prejudice to the exercise by such of the Bank's subsidiaries as may be appropriate in each case of the powers they hold to implement the remuneration policy with respect to those executives and employees and, if applicable, to adjust such policy to regulations or to the requirements of competent authorities in the respective jurisdiction, as well as to comply with the obligations that bind them for such purpose.

<u>Item Twelve</u>	Approval of the application of remuneration plans involving the delivery of shares or share options:
Twelve A.	Deferred Multiyear Objectives Variable Remuneration Plan.
Twelve B.	Deferred and Conditional Variable Remuneration Plan.
Twelve C.	Digital Transformation Award.
Twelve D.	Application of the Group’s buy-out regulations.
Twelve E.	Plan for employees of Santander UK Group Holdings plc. and other companies of the Group in the United Kingdom by means of options on shares of the Bank linked to the contribution of periodic monetary amounts and to certain continuity requirements.

REPORT AND PROPOSALS SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO SANTANDER, S.A. REGARDING ITEMS TWELVE A, TWELVE B, TWELVE C, TWELVE D AND TWELVE E OF THE AGENDA FOR THE GENERAL SHAREHOLDERS’ MEETING CALLED FOR 2 APRIL 2020, ON FIRST CALL, AND FOR 3 APRIL 2020, ON SECOND CALL

Within the framework of its policy on remuneration tied to the delivery of shares, Banco Santander, S.A. (the “**Bank**” or the “**Company**”) has maintained the Deferred and Conditional Variable Remuneration Plan (*Plan de Retribución Variable Diferida y Condicionada*) in effect since 2011, which plan conformed at that time to Directive 2010/76/EU of 24 November and to the Guidelines on Remuneration Policies and Practices approved by the Committee of European Banking Supervisors (CEBS), published on 10 December 2010, and which since financial year 2014 has conformed to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (“**Directive CRD IV**”).

Directive CRD IV, which was transposed into Spanish law by Law 10/2014 of 26 June on organisation, supervision and solvency of credit institutions (“**Law 10/2014**”), entailed a revision of the rules previously in effect in two ways: (i) there was a tightening of the rules governing the variable remuneration of a certain group of employees of the relevant institutions (for example, by setting limits on the amount of the variable components of remuneration; see the report on item Eleven of the agenda), and (ii) the group to which such rules apply (hereinafter, the “**Identified Staff**” or “**Material Risk Takers**”) was redefined in more stringent terms. As stated above, such changes were reflected by the Bank in the policies on variable remuneration for the Identified Staff or Material Risk Takers from financial year 2014 and onwards.

In addition, for financial year 2016, changes were made to the policy on variable remuneration of the Identified Staff taking into account changes in the best international practices as regards remuneration and the recommendations issued in this respect by the competent authorities, including the recent Guidelines on Sound Remuneration Policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and Disclosures under Article 450 of Regulation (EU) No 575/2013, published by the European Banking Authority (EBA) on 21 December 2015 and which have applied since 1 January 2017, superseding the aforementioned Guidelines on Remuneration Policies and Practices of 2010.

The main new features of said policy were intended to (i) simplify the beneficiary remuneration structure, by integrating the variable components of the total remuneration within a single plan¹; (ii) improve the *ex ante* risk adjustment of the variable remuneration, using a single group of annual quantitative and qualitative metrics that allow appropriate decisions within the appropriate risk framework to be compensated and strengthen the alignment of the variable remuneration with the long-term interests and objectives of the Bank and its shareholders; and (iii) increase the impact of the long-term elements and the multiyear performance measures, particularly for those members of the Identified Staff who have the largest impact on the institution's risk profile, and combine more effectively the short-term and long-term objectives (since fulfilment of short-term objectives would determine the maximum amount of the long-term amount and such amount could only be reduced, but not increased).

Furthermore, as a result of the approval and entry into force of Circular 2/2016 of 2 February from Banco de España to credit institutions on supervision and solvency, which completes the adjustment of the Spanish legal system to Directive CRD IV and to Regulation (EU) No 575/2013, recovery or “clawback” clauses were introduced into the variable components of remuneration for financial year 2016, approving a new *malus* and clawback policy as part of the Group's remuneration policies.

The variable remuneration policy for the Identified Staff for financial year 2020 (hereinafter, the “**2020 Variable Remuneration Policy**”) is a continuation of the policy applied since financial year 2016. This maintains the Digital Transformation Award included in the policy for financial year 2019. This award is aimed at a limited number of employees of Santander Group, excluding the directors of Banco Santander, and is intended to attract and retain the best talent to advance, accelerate and deepen the digital transformation of Santander Group, which is one of its strategic priorities.

The main features of the 2020 Variable Remuneration Policy are described below.

I. Purpose and Beneficiaries

The 2020 Variable Remuneration Policy, which is applicable to all of the Identified Staff² or Material Risk Takers (and which, regarding the 2020 Digital Transformation Award, may also apply to some of the Identified Staff and to non-Identified Staff), regulates the provisions for the payment and, where applicable, quantification of the variable remuneration of said Identified Staff in line with the objectives of the Bank's remuneration policies and in compliance with applicable laws and regulations.

Taking into account the varying impacts that different members of the Identified Staff may have on the Santander Group's risk profile, the variable remuneration for financial year 2020 is implemented as follows:

- (i) for executive directors, senior management, country heads, other key executives of the main countries in which the Group operates, and, in general, Faro executives of the Group, through the fifth cycle of the Deferred Multiyear Objectives Variable

¹ Except, where applicable, for contributions to benefits schemes that are calculated based on the variable remuneration and are therefore considered a variable component of total remuneration.

² It is noted that pursuant to the standards established in Commission Delegated Regulation (EU) No 604/2014, the Identified Staff or Material Risk Takers includes certain persons who do not receive any variable remuneration. Therefore, such persons do not form part of the group of beneficiaries of the 2020 Variable Remuneration Policy.

Remuneration Plan (the variable remuneration calculated through this plan, “**Award A**”), to which item Twelve A of the agenda refers;

- (ii) for the rest of the Identified Staff, through the tenth cycle of the Deferred and Conditional Variable Remuneration Plan (the variable remuneration calculated through this plan, “**Award B**” and, together with Award A, the “**Award**”), to which item Twelve B of the agenda refers; and
- (iii) for certain members of the Identified Staff (excluding the directors of Banco Santander) whose performance is essential to the growth and digital transformation of Santander Group, through the 2020 Digital Transformation Award (the variable remuneration calculated through this award, the “**Digital Award**”), to which item Twelve C of the agenda refers. The Digital Award may also be awarded to employees of Santander Group who are not part of the Identified Staff.

The beneficiaries of Award A will not receive Award B, and vice versa.

The envisaged number of beneficiaries of Award A is approximately 300 persons, the number of beneficiaries of Award B is approximately 1,200 persons and the number of beneficiaries of the Digital Award is 250 persons (without prejudice to the specific number of appointments, removals and promotions that finally occur during financial year 2020).

II. General Features of the Variable Remuneration of the Identified Staff (including also non-Identified Staff regarding the Digital Award)

- *Components of variable remuneration.* The variable components of the total remuneration of the beneficiaries of the 2020 Variable Remuneration Policy will include:
 - (a) an Award (Award A or Award B, as appropriate), to be received partly in cash and partly in shares, while deferring collection of a portion thereof over a period of three or five years, as applicable, according to the beneficiary’s profile³; and
 - (b) the Digital Award (applicable to certain members of the Identified Staff—excluding the directors of Banco Santander— and other employees of Santander Group who are not part of the Identified Staff). This award is to be received partly in shares and partly in share options, which payment (or, in the case of the share options, the exercise period) will be fully deferred in line with the current deferral policy for Identified Staff.
- *Scope of application.* As stated, the 2020 Variable Remuneration Policy will apply to all of the members of the Identified Staff who receive variable remuneration (at 31 December 2019, the Identified Staff is comprised of 1,359 persons, without prejudice to the final number of persons making up this group for 2020), plus the non-Identified Staff beneficiaries of the Digital Award, and provides for the delivery of shares, share options or similar instruments of Banco Santander or, if applicable, of shares, share options or similar instruments of its listed subsidiaries. Specifically, the possibility of total or partial delivery of securities, share options or equivalent instruments of the respective listed subsidiary in Mexico, Chile, Brazil, Poland and Santander Consumer USA is contemplated. The board of directors, upon a proposal of the remuneration committee,

³ In relation to certain members of the Identified Staff, the variable components of their remuneration include contributions to benefits schemes calculated based on the variable remuneration of the corresponding member.

In certain countries, the deferral period or percentage may be longer to comply with applicable local regulations or with the requirements of the competent authority in each case.

may approve total or partial payment in shares of Banco Santander and/or of the corresponding subsidiary in the proportion that it deems appropriate in each case and subject, in any case, to the maximum number of Santander shares that the shareholders at the meeting resolve to deliver and to any regulatory restrictions that may be applicable in each jurisdiction.

Taking the foregoing into account, regarding the authorisation for the delivery of shares and share options of the Company (and not of the respective subsidiaries), the proposals submitted to the shareholders at the general meeting under:

- (a) item Twelve A contemplates a decision on the application of a fifth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan;
 - (b) item Twelve B contemplates a decision on the application of a tenth cycle of the Deferred and Conditional Variable Remuneration Plan; and
 - (c) item Twelve C contemplates a decision on the application of the Digital Award.
- *Limitations on variable remuneration.* Any variable components of total remuneration that will be paid to each member of the Identified Staff in connection with financial year 2020 shall not exceed 100% of the fixed components or, for some members of this group, 200% of such fixed components if the resolution contemplated in item Eleven of the agenda is approved.
- *Buy-out regulations.* Pursuant to what is provided under the remuneration policy and as established in the previous years, there is a buy-out regulation aimed at establishing homogeneous rules applicable to hiring by any entity of the Santander Group in which such entity assumes, as a part of the offer to the corresponding executive or employee (whether or not he or she belongs to the Identified Staff), the cost of the variable remuneration that such persons would have been paid by their previous company and that they would lose as a consequence of accepting the offer from the Group. This type of rules is compatible with the regulations and recommendations applicable to the Company and is widespread in the market; the purpose is to maintain a degree of flexibility to be able to attract the best talent and to be fair with respect to the loss of rights that an executive or employee assumes due to joining the Group.

Before the approval of the buy-out regulations, the Group generally paid the executive or employee the corresponding amounts in cash. However, the new buy-out regulations introduced the possibility of paying such amounts in Santander shares, which permits a better alignment with the Company's long-term interests.

The delivery of shares of the Bank within the framework of the application of the aforementioned regulations with respect to hiring during financial year 2020 and during financial year 2021, until the holding of the ordinary general meeting in 2021 (whether or not the person hired will be included within Identified Staff) is submitted for the approval of the shareholders at the general meeting under item Twelve D of the agenda. Therefore, the application of these buy-out regulations will be regardless of the possible inclusion of the executive or employee hired among the beneficiaries of Award A or of Award B, as applicable and depending on the category to which they are assigned within the Group, or, as the case may be, the Digital Award.

III. Award A and Award B

- *Determination of Award.* At the beginning of 2021 and following a proposal of the remuneration committee, the board of directors will verify if the targets on which the maximum amount of the 2020 Award is contingent have been met. Subsequently, if

applicable, the 2020 Award for each member of the Identified Staff will be established based on the target award for such financial year. The Award setting will take into account the quantitative metrics and qualitative factors applicable to the Award and which have been revised with respect to those corresponding to previous financial years.

- *Form of payment of the Award.* The Award will be paid 50% in cash and 50% in shares, part in 2021 and part on a deferred basis over three or five years, as follows:

Beneficiaries of Award A:

- 40% to 60% of Award A, depending on the category to which the beneficiary belongs, will be paid in 2021, in halves and net of taxes (after applying the corresponding withholdings or payments on account), in cash and in shares (this part of the total amount of Award A, the “**Immediate Payment Amount**”).
- The amount corresponding to the remaining percentage (the “**Deferred Amount**”) will be deferred by thirds or fifths, as applicable, and will be paid, if applicable, in the following financial years (until financial year 2024 or 2026, as applicable). Each year the respective amount will be paid, net of taxes (after applying the corresponding withholdings or payments on account), half in cash and half in shares.

These deferral periods and the deferred amount may be increased (but not reduced) in certain territories to conform them to applicable legal provisions in such jurisdiction or to the requirements of the competent authority.

Beneficiaries of Award B:

- 40% to 60% of Award B, depending on the remuneration level of the beneficiary, will be paid in 2021, in halves and net of taxes (after applying the corresponding withholdings or payments on account), in cash and in shares (this part of the total amount of Award B, the “**Immediate Payment Amount**”).
- The amount corresponding to the remaining percentage (the “**Deferred Amount**”) will be deferred by thirds or fifths, as applicable, and will be paid, if applicable, in the following financial years (until financial year 2024 or 2026, as applicable). Each year the respective amount will be paid, net of taxes (after applying the corresponding withholdings or payments on account), half in cash and half in shares.

This deferral period may be extended (but not reduced) in certain territories to conform it to applicable legal provisions in such jurisdiction or to the requirements of the competent authority.

By way of exception, if the regulations so allow, it is possible that Awards of less than 50,000 euros will not be deferred.

- *Conditions for the accrual of the deferred portion of the Award.* In addition to the beneficiary remaining within the Santander Group, the accrual of the deferred part of both Award A and Award B is conditional upon the non-existence of “bad actor” (*malus*) provisions revealing improper risk-taking in accordance with the Group’s *malus* and clawback policy.

Furthermore, pursuant to applicable legal provisions, the amounts paid for the Award shall be subject to clawback clauses in the instances provided for in the applicable policy of the Bank.

Additionally, the accrual of the deferred portion of Award A to be paid in financial years 2024 and, if applicable, 2025 and 2026 (the “**Deferred Portion Subject to Objectives**”) is subject to compliance with certain targets for the 2020-2022 period (the “**Multiyear Objectives**”) and to the metrics and compliance scales associated with such Multiyear Objectives, which are those set forth below:

- (a) Compliance with the consolidated earnings-per-share (“**EPS**”) growth target of Banco Santander for 2022 compared to 2019. The coefficient corresponding to this target (the “**EPS Coefficient**”) will be obtained from the following table:

2022 EPS growth (% over 2019)	EPS Coefficient
≥ 15%	1.5
≥ 10% but < 15%	1 – 1.5 (*)
≥ 5% but < 10%	0 – 1 (*)
< 5%	0

(*) Straight-line increase in EPS Coefficient based on the specific percentage of growth of 2022’s EPS with respect to 2019’s EPS within this bracket of the scale.

The total or partial compliance of the target also requires that during 2020 and 2021 the EPS growth is greater than zero.

- (b) Relative performance of total shareholder return (“**TSR**”) of the Bank for the 2020-2022 period compared to the TSRs of a group of 9 credit institutions (the “**Peer Group**”), assigning the corresponding TSR Coefficient depending on the Bank’s TSR position within the Peer Group.

TSR position of Santander	“TSR Coefficient”
Exceeding percentile 66	1
Between percentiles 33 and 66 (both inclusive)	0 – 1 (*)
Below percentile 33	0

(*) Proportional increase in TSR Coefficient according to the number of positions moved up in the ranking within this bracket of the scale.

TSR measures a shareholder’s return on investment as the sum of the change in the share price plus dividends and other similar items (including the *Santander Dividendo Elección* scrip dividend scheme) that the shareholder may receive during the period under consideration.

The Peer Group will be made up of the following institutions: BBVA, BNP Paribas, Citi, Credit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit.

- (c) Compliance with the fully-loaded common equity tier 1 (“**CET1**”) ratio target of the Santander Group for financial year 2022. The coefficient corresponding to this target (the “**CET1 Coefficient**”) will be obtained from the following table:

CET1 in 2022	CET1 Coefficient
≥ 12%	1
≥ 11% but < 12%	0 – 1 ^(*)
< 11%	0

(*) Straight-line increase in CET1 Coefficient based on 2022’s CET1 within this bracket of the scale.

In order to verify if this target has been met, any potential increase in CET1 deriving from share capital increases (other than those implemented under the *Santander Dividendo Elección* scrip dividend scheme) will be disregarded. Moreover, the CET1 ratio at 31 December 2022 may be adjusted in order to remove the effects of any regulatory change on the calculation rules thereof that may occur until such date.

The following formula will be applied to determine the annual amount of the Deferred Portion Subject to Objectives, if any, for each beneficiary in financial years 2024 and, if applicable, 2025 and 2026 (each one of these payments, a “**Final Annual Payment**”), without prejudice to any adjustments that may result from “bad actor” (*malus*) clauses:

$$\text{Final Annual Payment} = \text{Amt.} \times (1/3 \times \text{A} + 1/3 \times \text{B} + 1/3 \times \text{C})$$

where,

- “**Amt.**” corresponds to a fifth or a third, based on the beneficiary’s profile, of the Deferred Amount of Award A.
- “**A**” is the EPS Coefficient according to the scale and terms and conditions in paragraph (a) above based on EPS growth in 2022 compared to 2019.
- “**B**” is the TSR Coefficient according to the scale in paragraph (b) above based on the relative performance of the TSR of the Bank for the 2020-2022 period with respect to the Peer Group.
- “**C**” is the CET1 Coefficient resulting from compliance with the CET1 target for 2022 described in paragraph (c) above.
- Assuming in any event that if the result of “ $(1/3 \times \text{A} + 1/3 \times \text{B} + 1/3 \times \text{C})$ ” is greater than 1, the multiplier will be 1.

Finally, and in relation to the Deferred Multiyear Objectives Variable Remuneration Plan, provision is made to include within the board’s powers the ability to adjust positively or negatively, following a proposal of the remuneration committee, the level of achievement of the Multiyear Objectives when inorganic transactions, material changes to the Group’s composition or size or other extraordinary circumstances have occurred which affect the suitability of the metric and achievement scale approved in each case and resulting in an impact not related to the performance of the executive directors and senior executives being evaluated.

IV. Digital Award

The financial sector is undergoing a profound transformation. With the move towards digital solutions, Santander Group is taking firm steps towards transforming its culture, people and business in line with a new paradigm.

Now more than ever, the need to attract and retain the best talent to advance, accelerate and deepen the digital transformation of Santander Group is essential. The Digital Transformation Award, which was already launched in the past financial year, is designed to provide Santander Group with a tool to attract and retain resources that drive long term share value creation through the achievement of key digital milestones.

Key elements of this Digital Transformation Award include:

- An objective to attract and retain the best talent to advance, accelerate and deepen the digital transformation of Santander Group.
- Provide compensation elements that are competitive with remuneration systems being offered by companies with whom Santander Group competes for digital talent.
- Participation is restricted to a maximum of 250 employees that are critical to drive the digital transformation. Executive Directors are not eligible to participate in the plan.
- The total amount for the incentive is limited to €30 million in aggregate.
- The plan is subject to achieving specific milestones connected with digital transformation while also aiming at fostering long term share value creation.
- The award will be paid out in restricted shares and share options of Banco Santander (both 50%) and is subject generally to malus and clawback provisions.
- Shares and share options will vest in three tranches (third, fourth and fifth anniversaries) in line with the Identified Staff deferral schemes currently in place within Santander Group (or in full at the third anniversary for the least restrictive deferral scheme), thus driving emphasis on fostering long term share value creation (non-Identified Staff will follow the least restrictive schedule in this regard).
- The plan design is aligned with regulation, internal risk and governance frameworks and does not encourage improper risk-taking. Deferral, malus & clawback, and other regulatory elements are aligned and are consistent with existing Santander Group policy on those matters.

V. UK Plan

Finally, and as it is customary, the proposal concerning the Plan for employees of Santander UK Group Holdings plc. and other companies of the Group in the United Kingdom by means of options on shares of the Bank linked to the contribution of periodic monetary amounts and to certain continuity requirements is included under item Twelve E.

Proposals¹:

Twelve A

Deferred Multiyear Objectives Variable Remuneration Plan

To approve the implementation of the fifth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan, inasmuch as it is a remuneration system that includes the delivery of shares of the Bank or rights thereon, which has been approved by the board of directors on the terms and conditions described below:

I. Purpose and Beneficiaries

The fifth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan will be implemented in connection with the variable remuneration or award (hereinafter, “**Award A**”) for financial year 2020 that is approved by the board of directors or the appropriate body in each case, for executive directors of Banco Santander, senior management, country heads, other key executives from the main countries in which the Group operates and, in general, the Faro executives of the Group, all of them belonging to the “**Identified Staff**” or “**Material Risk Takers**” (that is, to categories of staff whose professional activities have a material impact on the risk profile of the institution or its Group in accordance with section 32.1 of Law 10/2014 of 26 June on organisation, supervision and solvency of credit institutions, and the regulations in implementation thereof).

The number of beneficiaries of Award A is expected to be 300 persons, though this resolution does not affect those persons whose Award A is not paid, either in whole or in part, in shares or similar instruments of Banco Santander, but rather in shares or similar instruments of subsidiaries of Banco Santander. Taking into account possible changes in the workforce, the number of beneficiaries of this resolution may change. The board of directors, or the executive committee acting by delegation therefrom, may approve inclusions (through promotion or hiring at the Santander Group) or exclusions, without at any time changing the authorised maximum total number of shares to be delivered.

The purpose of this fifth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan is (a) to defer a portion of Award A over a period of three to five years, depending on the beneficiary, subject to the non-occurrence of certain circumstances, (b) in turn, to link a portion of such amount to the performance of the Bank over a multiyear period, (c) for its payment, if applicable, in cash and in Santander shares, and (d) also paying the other portion of such variable remuneration in cash and in Santander shares at the outset, all in accordance with the rules set forth below.

II. Operation

Award A of the beneficiaries for financial year 2020 will be paid according to the following percentages, depending on the time of payment and on the group to which the beneficiary belongs (the “**Immediate Payment Percentage**”, to identify the portion for which payment is

¹ Each of the proposals made under items Twelve A to Twelve E shall be submitted to a separate vote.

not deferred, and the “**Deferred Percentage**”, to identify the portion for which payment is deferred):

	Immediate Payment Percentage	Deferred Percentage (*)	Deferral Period (*)	Deferred Portion Subject to Objectives (*)
Executive directors and members of the Identified Staff whose total target(**) variable remuneration is \geq €2.7 mill. (***)	40%	60%	5 years	Last 3 years (3/5 of Deferred Percentage)
Senior management, country heads of countries representing at least 1% of the Group’s financial capital and other Faro executives whose total target variable remuneration(**) is \geq €1.7 mill. (< €2.7 mill.). (***)	50%	50%	5 years	Last 3 years (3/5 of Deferred Percentage)
Rest of Faro executives who are beneficiaries of Award A (***)	60%	40%	3 years	Last year (1/3 of Deferred Percentage)

(*) In certain countries, the deferred percentage and the deferral period may be different to comply with applicable local regulations or with the requirements of the competent authority in each case. Likewise, the deferred portion subject to objectives may apply to years that are not the last years, but not before the third year.

(**) Benchmark variable remuneration for standard compliance (100% of objectives).

(***) The average closing exchange rates for the fifteen trading days prior to Friday, exclusive, for the week prior to the date on which the board of directors approved the variable remuneration of the executive directors of the Bank for financial year 2019 (28 January 2020), shall be used to assign a beneficiary to the corresponding category for variable remuneration not denominated in euros.

Taking the foregoing into account, Award A for financial year 2020 will be paid as follows:

- (i) Each beneficiary will receive in 2021, depending on the group to which such beneficiary belongs, the Immediate Payment Percentage applicable in each case, in halves and net of taxes (after applying the corresponding withholdings or payments on account), in cash and in Santander shares (the “**Initial Date**”, meaning the specific date on which the Immediate Payment Percentage is paid).
- (ii) Payment of the Deferred Percentage of Award A applicable in each case depending on the group to which the beneficiary belongs will be deferred over a period of 3 or 5 years (the “**Deferral Period**”) and will be paid in thirds or fifths, as applicable, within thirty days of the anniversaries of the Initial Date in 2022, 2023 and 2024 and, if applicable, 2025 and 2026 (the “**Anniversaries**”), provided that the conditions described below are met.
- (iii) The deferred portion will be paid in thirds or fifths (each one, an “**Annual Payment**”), which will determine the maximum amount to be paid, if applicable, on each one of the Anniversaries.
- (iv) Each one of the payments that are applicable on the Anniversaries will be paid 50% in cash and the other 50% in Santander shares, after applying any withholding or interim payments applicable at any time.
- (v) The beneficiaries receiving Santander shares pursuant to paragraphs (i) to (iv) above may not directly or indirectly hedge them before delivery thereof. They may likewise

not transfer them or directly or indirectly hedge the shares for one year as from the delivery thereof.

- (vi) On occasion of each payment of the deferred amount in cash, and subject to the same requirements, the beneficiary may be paid an amount in cash that offsets the effect of inflation on said deferred amount in cash.

In addition to continuity of the beneficiary within the Santander Group,² the accrual of all Annual Payments is subject to none of the circumstances giving rise to the application of *malus* provisions as set out in the *malus* and clawback chapter of the Group's remuneration policy having occurred during the period before each of the deliveries. Likewise, amounts of Award A already paid shall be subject to possible clawback by the Bank in the instances and for the period described in said policy, all upon the terms and conditions set forth therein.

The application of *malus* and clawback provisions is activated in those events in which there is a deficient financial performance of the entity as a whole or of a specific division or area thereof or of exposures generated by the staff, and which must take into account at least the following factors:

- (i) Significant failures in risk management committed by the entity or by a business or risk control unit.
- (ii) An increase in the capital needs of the entity or a business unit that was not expected at the time the exposures were generated.
- (iii) Regulatory sanctions or court sentences for facts that might be attributable to the unit or to the staff responsible for them. Also a breach of the entity's internal codes of conduct.
- (iv) Improper conduct, whether individual or collective. Negative effects from the sale of unsuitable products and the responsibilities of the persons or bodies making such decision shall be especially considered.

The individual policies of each country may also include any other standard required by legal provisions or by local regulators.

² When termination of the relationship with Banco Santander or another entity of the Santander Group is due to retirement, early retirement or pre-retirement of the beneficiary, for a termination judicially declared to be improper, unilateral separation for good cause by an employee (which includes, in any case, the situations set forth in section 10.3 of Royal Decree 1382/1985 of 1 August governing the special relationship of senior management, for the persons subject to these rules), permanent disability or death, or as a result of an employer other than Banco Santander ceasing to belong to the Santander Group, as well as in those cases of mandatory redundancy, the right to delivery of the shares and the cash amounts that have been deferred, as well as any amounts arising from the inflation adjustment of deferred amounts in cash, shall remain under the same conditions in force as if none of such circumstances had occurred.

In the event of death, the right shall pass to the successors of the beneficiary.

In cases of justified temporary leave due to temporary disability, suspension of the contract of employment due to maternity or paternity, or leave to care for children or a relative, there shall be no change in the rights of the beneficiary.

If the beneficiary goes to another company of the Santander Group (including through international assignment and/or expatriation), there shall be no change in the rights thereof.

If the relationship terminates by mutual agreement or because the beneficiary obtains a leave not referred to in any of the preceding paragraphs, the terms of the termination or temporary leave agreement shall apply.

None of the above circumstances shall give the right to receive the deferred amount in advance. If the beneficiary or the successors thereof maintain the right to receive deferred remuneration in shares and in cash, such remuneration shall be delivered within the periods and upon the terms set forth in the plan rules.

Additionally, the accrual of the third and, if applicable, fourth and fifth Annual Payments (these Annual Payments, together, the “**Deferred Portion Subject to Objectives**”) is subject to compliance with certain targets referring to the 2020-2022 period (the “**Multiyear Objectives**”) and to the metrics and compliance scales associated with such Multiyear Objectives, which are those set forth below:

- (a) Compliance with the consolidated earnings-per-share (“**EPS**”) growth target of Banco Santander for 2022 compared to 2019. The coefficient corresponding to this target (the “**EPS Coefficient**”) will be obtained from the following table:

2022 EPS growth (% over 2019)	EPS Coefficient
≥ 15%	1.5
≥ 10% but < 15%	1 – 1.5 (*)
≥ 5% but < 10%	0 – 1 (*)
< 5%	0

(*) Straight-line increase in EPS Coefficient based on the specific percentage of growth of 2022’s EPS with respect to 2019’s EPS within this bracket of the scale.

The total or partial compliance of the target also requires that during 2020 and 2021 the EPS growth is greater than zero.

- (b) Relative performance of total shareholder return (“**TSR**”) of the Bank for the 2020-2022 period compared to the TSRs of a peer group of 9 credit institutions.

For these purposes:

- “**TSR**” means the difference (expressed as a percentage) between the final value of an investment in ordinary shares of Banco Santander and the initial value of the same investment, taking into account that for the calculation of such final value, dividends or other similar items (such as the *Santander Dividendo Elección* scrip dividend scheme) received by the shareholder due to such investment during the corresponding period of time will be considered as if they had been invested in more shares of the same class at the first date on which the dividend or similar item is owed to the shareholders and at the average weighted listing price on said date. To calculate TSR, the average weighted daily volume of the average weighted listing prices corresponding to the fifteen trading sessions prior to 1 January 2020 (excluded) (for the calculation of the initial value) and of the fifteen trading sessions prior to 1 January 2023 (excluded) (for the calculation of the final value) will be taken into account.
- “**Peer Group**” means the group made up of the following 9 financial institutions: BBVA, BNP Paribas, Citi, Credit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit.

For this TSR metric, the following achievement scale is established:

TSR position of Santander	“TSR Coefficient”
Exceeding percentile 66	1
Between percentiles 33 and 66 (both inclusive)	0 – 1(*)
Below percentile 33	0

(*) Proportional increase in TSR Coefficient according to the number of positions moved up in the ranking within this bracket of the scale.

- (c) Compliance with the fully-loaded common equity tier 1 (“**CET1**”) ratio target of the Santander Group for financial year 2022. The coefficient corresponding to this target (the “**CET1 Coefficient**”) will be obtained from the following table:

CET1 in 2022	CET1 Coefficient
≥ 12%	1
≥ 11% but < 12%	0 – 1 ^(*)
< 11%	0

(*) Straight-line increase in CET1 Coefficient based on 2022’s CET1 within this bracket of the scale.

In order to verify if this target has been met, any potential increase in CET1 deriving from share capital increases (other than those implemented under the *Santander Dividendo Elección* scrip dividend scheme) will be disregarded. Moreover, the CET1 ratio at 31 December 2022 may be adjusted in order to remove the effects of any regulatory change on the calculation rules thereof that may occur until such date.

To determine the amount of the Deferred Portion Subject to Objectives that, if applicable, must be paid to each beneficiary on the corresponding Anniversaries (each payment, a “**Final Annual Payment**”), the following formula will be applied, without prejudice to the adjustments that may result from application of the aforementioned *malus* policy:

$$\text{Final Annual Payment} = \text{Amt.} \times (1/3 \times \text{A} + 1/3 \times \text{B} + 1/3 \times \text{C})$$

where,

- “**Amt.**” corresponds to the amount of Award A equivalent to an Annual Payment.
- “**A**” is the EPS Coefficient according to the scale and terms and conditions in paragraph (a) above based on EPS growth in 2022 compared to 2019.
- “**B**” is the TSR Coefficient according to the scale in paragraph (b) above based on the relative performance of the TSR of the Bank for the 2020-2022 period with respect to the Peer Group.
- “**C**” is the CET1 Coefficient resulting from compliance with the CET1 target for 2022 described in paragraph (c) above.
- Assuming in any event that if the result of “ $(1/3 \times \text{A} + 1/3 \times \text{B} + 1/3 \times \text{C})$ ” is greater than 1, the multiplier will be 1.

III. Maximum Number of Shares to Be Delivered

The final number of shares delivered to each beneficiary, including both those for immediate payment and those for deferred payment, shall be calculated taking into account: (i) the amount resulting from applying applicable taxes (or withholdings or payments on account), and (ii) the average weighted daily volume of the average weighted listing prices of the shares of Santander for the fifteen trading sessions prior to the Friday (exclusive) of the previous week to the date on which the board of directors approves Award A for the executive directors of the Bank for financial year 2020 (hereinafter, the “**2021 Listing Price**”).

Taking into account that the board of directors has estimated that the maximum amount of Award A to be delivered in shares to the beneficiaries of the fifth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan will come to 152 million euros (the “**Maximum Amount of Award A Distributable in Shares**” or “**MAAADS**”), the maximum number of shares of Santander that may be delivered to such beneficiaries under this plan (the

“**Limit of Award A in Shares**” or “**LAAS**”) will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$\text{LAAS} = \frac{\text{MAAADS}}{2021 \text{ Listing Price}}$$

Included in the Maximum Amount of Award A Distributable in Shares is the estimated maximum amount of Award A to be delivered in shares to the executive directors of the Bank, which comes to 11.5 million euros (the “**Maximum Amount Distributable in Shares for Executive Directors**” or “**MADSED**”). The maximum number of Santander shares that may be delivered to the executive directors under this plan (the “**Limit on Shares for Executive Directors**” or “**LSED**”) will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$\text{LSED} = \frac{\text{MADSED}}{2021 \text{ Listing Price}}$$

IV. Other rules

In the event of a change in the number of shares due to a decrease or increase in the par value of the shares or a transaction with an equivalent effect, the number of shares to be delivered will be modified so as to maintain the percentage of the total share capital represented by them.

Information from the stock exchange with the largest trading volume will be used to determine the listing price of the share.

If necessary or appropriate for legal, regulatory or similar reasons, the delivery mechanisms provided for herein may be adapted in specific cases without altering the maximum number of shares linked to the plan or the basic conditions upon which the delivery thereof is made contingent. Such adaptations may include the substitution of the delivery of shares with the delivery of equivalent amounts in cash, or vice versa.

The shares to be delivered may be owned by the Bank or by any of its subsidiaries, be newly-issued shares, or be obtained from third parties with whom agreements have been signed to ensure that the commitments made will be met.

V. Authorisation

Without prejudice to the general provisions set forth in item Thirteen or in preceding sections or to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors of the Bank is hereby authorised, to the extent required, to implement this resolution, with the power to elaborate, as necessary, on the rules set forth herein and on the content of the agreements and other documents to be used. Specifically, and merely by way of example, the board of directors shall have the following powers:

- (i) To approve the basic contents of the agreements and of such other supplementary documentation as may be necessary or appropriate.
- (ii) To approve all such notices and supplementary documentation as may be necessary or appropriate to file with any government agency or private entity, including, if required, the respective prospectuses.
- (iii) To take any action, carry out any procedure or make any statement before any public or private entity or agency to secure any required authorisation or verification.
- (iv) To determine the specific number of shares to be received by each of the beneficiaries of the plan to which this resolution refers, observing the established maximum limits.

- (v) To specify which executives or employees are beneficiaries of Award A and to determine the assignment of the beneficiaries of the plan to one category or another of those described in this resolution, without altering the maximum amount of Award A to be delivered in shares, except in the event that Faro executives or executives in a similar category initially ascribed to the remuneration plan to which item Twelve B refers are finally ascribed to this plan implementing Award A, in which case the board will be entitled to use for Award A the excess of the maximum amount set under item Twelve B (so that, altogether, the maximum amount set under items Twelve A and Twelve B is under no circumstances exceeded). Likewise, the Limit of Award A in Shares shall be deemed to include the shares or equivalent instruments to be used for meeting the contractual remuneration commitments of the Bank or its subsidiaries with payment in shares or equivalent instruments of the Bank.

Additionally, the board of directors will be entitled to apply the measures and mechanisms that may be appropriate to compensate for the dilution effect, if any, that may occur as a result of corporate transactions and shareholder distributions for so long as the shares are not delivered to the beneficiaries; and, in the event that the maximum amount distributable in shares to be delivered is exceeded in relation to any of the three groups to which the plan is directed, to authorise the deferral and payment of the excess in cash.

- (vi) To approve, where applicable, the engagement of one or more internationally recognised third parties to verify the achievement of the Multiyear Objectives. In particular, and merely by way of example, it may ask such third parties: to obtain, from appropriate sources, the data upon which the calculations of TSR are to be based; to perform the calculations of the TSR of the Bank and the TSRs of the Peer Group's entities; to compare the Bank's TSR with the TSRs of the institutions within the Peer Group; to recalculate CET1 removing the effects of share capital increases and regulatory changes; and to provide advice on the decision as to how to act in the event of unexpected changes in the Peer Group that may require adjustments to the rules for comparison among them or on the amendment of the Peer Group in light of objective circumstances that justify such amendment (such as inorganic transactions or other extraordinary circumstances).
- (vii) To interpret the foregoing resolutions, with powers to adapt them, without affecting their basic content, to the circumstances that may arise at any time, including in particular adapting the delivery mechanisms, without altering the maximum number of shares linked to the plan or the basic conditions upon which the delivery thereof is made contingent, which may include the substitution of the delivery of shares with the delivery of equivalent amounts in cash, or the alteration of the mechanisms for net delivery of shares under the procedures that are established for the payment of taxes, or when so required for regulatory, tax, operational or contractual reasons. In addition, the board may adapt the aforementioned plan (including the adjustment or removal of any metrics and scales of compliance for the Multiyear Objectives, the inclusion of additional targets for the delivery of any deferred amount of Award A or the increase of the Deferred Percentages or of the Deferral Period) to any mandatory regulations or administrative interpretation that may prevent the implementation thereof on the approved terms.
- (viii) To adjust positively or negatively, following a proposal of the remuneration committee, the level of achievement of the Multiyear Objectives when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances have occurred which affect the suitability of the metric and achievement scale approved

in each case and resulting in an impact not related to the performance of the executive directors and senior executives being evaluated.

- (ix) To develop and specify the conditions upon which the receipt by the beneficiaries of the corresponding shares or deferred amounts is contingent, as well as to determine whether, according to the plan to which this resolution refers, the conditions upon which the receipt by the beneficiaries of the respective shares or cash amounts is made contingent have been fulfilled, with the power to modulate the cash amounts and the number of shares to be delivered depending on the existing circumstances, all following a proposal of the remuneration committee.
- (x) In general, to take any actions and execute all such documents as may be necessary or appropriate.

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

The provisions of this resolution are deemed to be without prejudice to the exercise by such of the Bank's subsidiaries as may be appropriate in each case of the powers they hold to implement the variable remuneration policy, the plan and the cycles thereof with respect to their own executives and employees and, if applicable, to adjust them to regulations or to the requirements of competent authorities in the respective jurisdiction.

Twelve B

Deferred and Conditional Variable Remuneration Plan

To approve the implementation of the tenth cycle of the Deferred and Conditional Variable Remuneration Plan, inasmuch as it is a remuneration system that includes the delivery of shares of the Bank or of rights thereon, which has been approved by the board of directors on the terms and conditions described below:

I. Purpose and Beneficiaries

The tenth cycle of the Deferred and Conditional Variable Remuneration Plan will be implemented with respect to the variable remuneration or award (hereinafter, "**Award B**") to be approved by the board of directors, or by the appropriate body in each case, for financial year 2020 for categories of staff whose professional activities have a material impact on the risk profile of the institution or its Group (all of them together, the "**Identified Staff**" or "**Material Risk Takers**" and identified under section 32.1 of Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, and the regulations in implementation thereof), or other persons included in this group under regulatory or corporate standards in a specific country, and who are not beneficiaries of the plan to which item Twelve A above refers.

The number of members of the Identified Staff who would be beneficiaries of this plan comes to approximately 1,200 persons, though this resolution does not affect those whose Award is not paid, either in whole or in part, in shares or similar instruments of Banco Santander, but rather in shares or similar instruments of subsidiaries of Banco Santander. Taking into account possible changes in the workforce, the number of beneficiaries of this resolution may change. The board of directors, or the executive committee acting by delegation therefrom, may approve inclusions (through promotion or hiring at the Group) in or exclusions from the members of the

Identified Staff that are beneficiaries of this plan, without at any time changing the authorised maximum total number of shares to be delivered.

The purpose of this tenth cycle of the Deferred and Conditional Variable Remuneration Plan is to defer a portion of Award B for a period of three years (or five years in the case of beneficiaries with incentive levels comparable to those of certain categories of Award A) for its payment, if applicable, in cash and in Santander shares (subject to the non-occurrence of certain circumstances), also paying the other portion of such variable remuneration in cash and in Santander shares at the outset, all in accordance with the rules set forth below.

II. Operation

Award B of the beneficiaries for financial year 2020 will be paid according to the following percentages, depending on the time of payment and the remuneration level of the beneficiary (the “**Immediate Payment Percentage**”, to identify the portion for which payment is not deferred, and the “**Deferred Percentage**”, to identify the portion for which payment is deferred):

	Immediate Payment Percentage	Deferred Percentage (*)	Deferral Period (*)
Beneficiaries of Award B whose total target variable remuneration(**) is \geq €2.7 mill. (***)	40%	60%	5 years
Beneficiaries of Award B whose total target variable remuneration(**) is \geq €1.7 mill. (< €2.7 mill.). (***)	50%	50%	5 years
Other beneficiaries of Award B. (***)	60%	40%	3 years

(*) In certain countries, the deferred percentage or the deferral period may be different to comply with applicable local regulations or with the requirements of the competent authority in each case.

(**) Benchmark variable remuneration for standard compliance (100% of objectives).

(***) The average closing exchange rates for the fifteen trading days prior to Friday, exclusive, for the week prior to the date on which the board of directors approved the variable remuneration of the executive directors of the Bank for financial year 2019 (28 January 2020), shall be used to assign a beneficiary to the corresponding category for variable remuneration not denominated in euros.

Taking into account the foregoing, the Award B for financial year 2020 will be paid as follows:

- (i) Each beneficiary will receive the Immediate Payment Percentage of Award B in 2021, in halves and net of taxes (after applying the corresponding withholdings or payments on account), in cash and in Santander shares (the “**Initial Date**”, meaning the specific date on which said percentage of Award B is paid).
- (ii) Payment of the Deferred Percentage of Award B will be deferred over a period of 3 or 5 years (the “**Deferral Period**”) and will be paid in thirds or fifths, as applicable, within thirty days of the anniversaries of the Initial Date in 2022, 2023, 2024 and, if applicable, 2025 and 2026 (the “**Anniversaries**”), provided that the conditions described below are met.
- (iii) The deferred portion will be paid in thirds or fifths (each one, an “**Annual Payment**”), which will determine the maximum amount to be paid, if applicable, on each one of the Anniversaries.
- (iv) Each one of the payments that are applicable on the Anniversaries will be paid 50% in cash and the other 50% in Santander shares, after applying any withholding or interim payments applicable at any time.

- (v) The beneficiaries receiving Santander shares pursuant to paragraphs (i) to (iv) above may not directly or indirectly hedge them. They may likewise not transfer them or directly or indirectly hedge them for one year as from each delivery thereof.
- (vi) On occasion of each payment of the deferred amount in cash, and subject to the same requirements, the beneficiary may be paid an amount in cash that offsets the effect of inflation on said deferred amount in cash.

In addition to continuity of the beneficiary within the Santander Group,³ the accrual of all Annual Payments is subject to none of the circumstances giving rise to the application of *malus* provisions as set out in the *malus* and clawback chapter of the Group's remuneration policy having occurred during the period before each of the deliveries. Likewise, amounts of Award B already paid shall be subject to possible clawback by the Bank in the instances and for the period described in said policy, all upon the terms and conditions set forth therein.

The application of *malus* and clawback provisions is activated in those events in which there is a deficient financial performance of the entity as a whole or of a specific division or area thereof or of exposures generated by the staff, and which must take into account at least the following factors:

- (i) Significant failures in risk management committed by the entity or by a business or risk control unit.
- (ii) An increase in the capital needs of the entity or a business unit that was not expected at the time the exposures were generated.
- (iii) Regulatory sanctions or court sentences for facts that might be attributable to the unit or to the staff responsible for them. Also a breach of the entity's internal codes of conduct.
- (iv) Improper conduct, whether individual or collective. Negative effects from the sale of unsuitable products and the responsibilities of the persons or bodies making such decision shall be especially considered.

³ When termination of the relationship with Banco Santander or another entity of the Santander Group is due to retirement, early retirement or pre-retirement of the beneficiary, for a termination judicially declared to be improper, unilateral separation for good cause by an employee (which includes, in any case, the situations set forth in section 10.3 of Royal Decree 1382/1985 of 1 August governing the special relationship of senior management, for the persons subject to these rules), permanent disability or death, or as a result of an employer other than Banco Santander ceasing to belong to the Santander Group, as well as in those cases of mandatory redundancy, the right to delivery of the shares and the cash amounts that have been deferred, as well as any amounts arising from the inflation adjustment of deferred amounts in cash, shall remain under the same conditions in force as if none of such circumstances had occurred.

In the event of death, the right shall pass to the successors of the beneficiary.

In cases of justified temporary leave due to temporary disability, suspension of the contract of employment due to maternity or paternity, or leave to care for children or a relative, there shall be no change in the rights of the beneficiary.

If the beneficiary goes to another company of the Santander Group (including through international assignment and/or expatriation), there shall be no change in the rights thereof.

If the relationship terminates by mutual agreement or because the beneficiary obtains a leave not referred to in any of the preceding paragraphs, the terms of the termination or temporary leave agreement shall apply.

None of the above circumstances shall give the right to receive the deferred amount in advance. If the beneficiary or the successors thereof maintain the right to receive deferred remuneration in shares and in cash, such remuneration shall be delivered within the periods and upon the terms set forth in the plan rules.

The individual policies of each country may also include any other standard required by legal provisions or by local regulators.

If the foregoing requirements are met on each Anniversary, the beneficiaries shall receive the cash and shares, in thirds or fifths, as applicable, within thirty days of the first, second, third and, if applicable, fourth and fifth Anniversary.

III. Maximum Number of Shares to Be Delivered

The final number of shares delivered to each beneficiary, including both those for immediate payment and those for deferred payment, shall be calculated taking into account: (i) the amount resulting from applying applicable taxes (or withholdings or payments on account), and (ii) the average weighted daily volume of the average weighted listing prices of the shares of Santander for the fifteen trading sessions prior to the Friday (exclusive) of the previous week to the date on which the board of directors approves Award A for the executive directors of the Bank for financial year 2020 (hereinafter, the “**2021 Listing Price**”).

Taking into account that the board of directors has estimated that the maximum amount of Award B to be delivered in shares to the beneficiaries of the tenth cycle of the Deferred and Conditional Variable Remuneration Plan comes to 180 million euros (the “**Maximum Amount of Award B Distributable in Shares**” or “**MAABDS**”), the maximum number of Santander shares that may be delivered to such beneficiaries under this plan (the “**Limit of Award B in Shares**” or “**LABS**”) will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$\text{LABS} = \frac{\text{MAABDS}}{2021 \text{ Listing Price}}$$

IV. Other rules

In the event of a change in the number of shares due to a decrease or increase in the par value of the shares or a transaction with an equivalent effect, the number of shares to be delivered will be modified so as to maintain the percentage of the total share capital represented by them.

Information from the stock exchange with the largest trading volume will be used to determine the listing price of the share.

If necessary or appropriate for legal, regulatory or similar reasons, the delivery mechanisms provided for herein may be adapted in specific cases without altering the maximum number of shares linked to the plan or the basic conditions upon which the delivery thereof is made contingent. Such adaptations may include the substitution of the delivery of shares with the delivery of equivalent amounts in cash, or vice versa.

The shares to be delivered may be owned by the Bank or by any of its subsidiaries, be newly-issued shares, or be obtained from third parties with whom agreements have been signed to ensure that the commitments made will be met.

V. Authorisation

Without prejudice to the general provisions set forth in item Thirteen or in preceding sections or to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors of the Bank is hereby authorised, to the extent required, to implement this resolution, with the power to elaborate, as necessary, on the rules set forth herein and on the content of the agreements and other documents to be used.

Specifically, and merely by way of example, the board of directors shall have the following powers:

- (i) To approve the basic contents of the agreements and of such other supplementary documentation as may be necessary or appropriate.
- (ii) To approve all such notices and supplementary documentation as may be necessary or appropriate to file with any government agency or private entity, including, if required, the respective prospectuses.
- (iii) To take any action, carry out any procedure or make any statement before any public or private entity or agency to secure any required authorisation or verification.
- (iv) To determine the specific number of shares to be received by each of the beneficiaries of the plan to which this resolution refers, observing the established maximum limits.
- (v) Without altering the maximum amount of Award B to be delivered in shares, to specify which executives or employees are beneficiaries of the plan; to apply the measures and mechanisms that may be appropriate to compensate for the dilution effect, if any, that may occur as a result of corporate transactions and shareholder distributions for so long as the shares are not delivered to the beneficiaries; and, in the event that the maximum amount distributable in shares to be delivered to the beneficiaries of the plan is exceeded, to authorise the deferral and payment of the excess in cash.
- (vi) To interpret the foregoing resolutions, with powers to adapt them, without affecting their basic content, to the circumstances that may arise at any time, including in particular adapting the delivery mechanisms, without altering the maximum number of shares linked to the plan or the basic conditions upon which the delivery thereof is made contingent, which may include the substitution of the delivery of shares with the delivery of equivalent amounts in cash, or the alteration of the mechanisms for net delivery of shares under the procedures that are established for the payment of taxes, or when so required for regulatory, tax, operational or contractual reasons. In addition, the board may adapt the aforementioned plan (including the introduction of new conditions for the delivery of any deferred amount of Award B or the amendment of existing conditions and, if applicable, the increase of the deferred percentages or the deferral period) to any mandatory regulations or administrative interpretation that may prevent the implementation thereof on the approved terms.
- (vii) To develop and specify the conditions upon which the receipt by the beneficiaries of the corresponding shares or deferred amounts is contingent, as well as to determine whether, according to the plan to which this resolution refers, the conditions upon which the receipt by the beneficiaries of the respective shares or cash amounts is made contingent have been fulfilled, with the power to modulate the cash amounts and the number of shares to be delivered depending on the existing circumstances, all following a proposal of the remuneration committee.
- (viii) In general, to take any actions and execute all such documents as may be necessary or appropriate.

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

The provisions of this resolution are deemed to be without prejudice to the exercise by such of the Bank's subsidiaries as may be appropriate in each case of the powers they hold to implement

the variable remuneration policy, the plan and the cycles thereof with respect to their own executives and employees and, if applicable, to adjust them to regulations or to the requirements of competent authorities in the respective jurisdiction.

Twelve C

Digital Transformation Award

The Digital Transformation Award for 2020 (the “**Digital Award**”) is a remuneration system that includes the delivery of shares and share options of the Bank that has been approved by the board of directors on the terms and conditions described below:

I. Purpose and Beneficiaries

The Digital Award will be implemented in connection with the variable remuneration policy for financial year 2020 and the specific award will be approved by the board of directors or the appropriate body as detailed below.

The purpose of the Digital Award is to attract and retain talent that will advance, accelerate and deepen the digital transformation of Santander Group. With this program, Santander Group offers a compensation element that is competitive with remuneration systems being offered by other market players competing for digital talent.

The number of beneficiaries of the Digital Award is limited to a maximum of 250 persons, and the total amount of the incentive is limited to €30 million. Participants will be nominated by senior management of Santander Group. Consequently, nominations will be reviewed and finally approved by the remuneration committee or the board of directors, as appropriate. Notwithstanding the above, inclusions of beneficiaries (through promotion, mobility or hiring at the Group) may be approved at any given time, without at any time changing the authorised maximum number of shares or share options to be delivered.

II. Operation

The qualifier for the Digital Award is meeting important milestones that are aligned with the Group’s digital roadmap and determined by the board of directors, taking into account the digitalization strategy of the Group.

The funding of the Digital Transformation award is subject to Santander Group's ability to achieve key milestones in the transformation of the Bank, supporting its evolution to be the best open, responsible global financial services platform. These milestones and the metrics to evaluate its achievement level, will be set by the board of directors upon proposal from the remuneration committee at the beginning of every year. In 2020 and regarding the Digital Award, the performance conditions to be evaluated will be set against the success of seven global platform initiatives, to which, if relevant, and if the board deems appropriate following a proposal by the remuneration committee, others may be added:

1. In relation to the global merchant services (GMS) platform: platform commercial rollout in 3 new geographies, enhanced platform functionality (merchant portal, e-commerce solution and integration), while achieving volume targets for transactions and participating merchants.
2. In relation to global trade services (GTS) platform: platform commercial rollout in 8 new geographies, enhance platform functionality (international payments, treasury, trade and working capital solutions and trade facilitation), while achieving financial year-end volume targets for on-boarded clients and monthly active users.

3. In relation to OpenBank: launch of OpenBank in a new target market and migration of the retail banking infrastructure to “new-mode” bank.
4. In relation to SuperDigital: launch of global platform in at least 4 countries, driving target active user growth.
5. In relation to Centers of Expertise: deploy machine learning across pre-defined markets for 4 priority use cases, rollout Conversion Rate Optimization (Digital marketing) for at least 40 sales programs, delivering profit targets, and drive reduction of agent handled calls in contact centers.
6. In relation to Digital Assets: successful implementation of initiatives related to on-board and identity services, common API (*application programming interface*) layer, payment hubs, mobile app for SMEs and virtual assistant services.
7. In relation to PagoFX: launch of global platform in at least 4 countries.

At the beginning of 2021 and following a proposal of the remuneration committee, the board of directors will verify if the milestones on which the amount of the Digital Award is contingent have been met. Subsequently, if applicable, the Digital Award for each beneficiary will be granted (awarding a specific number of shares and granting a specific number of share options). The Digital Award will be implemented 50% in shares of Banco Santander and 50% in share options of Banco Santander, based on the fair value of the share options when they are granted.

The public information for fiscal year 2020 that will be made available to the shareholders on the occasion of 2021 general shareholders’ meeting will include a breakdown of the accomplishment of the milestones on which the amount of the Digital Awards depends.

For Identified Staff members subject to a 5-year deferral period, the award (shares and share options) will vest in thirds on the 3rd, 4th and 5th anniversary of the grant. For Identified Staff members subject to a 3-year deferral period, and staff with no deferral requirement, the award will vest in full on the 3rd anniversary of the grant. In both cases, the deferral drives emphasis on fostering long term share value creation. Share options vested can be exercised until maturity; with all options lapsing after 8 years from granting.

Any delivery of shares or share options (liquidated or not and including the outcome of the settlement of such share options) will be subject generally to the Santander Group’s general *malus & clawback* provisions as described in Santander Group’s remuneration policy and to the continuity of the beneficiary within the Santander Group. In this regard, the board may define specific rules for non-Identified Staff.

III. Maximum number of shares to be delivered and rules applicable

The final number of shares directly delivered to each beneficiary shall be calculated taking into account: (i) the amount resulting from applying applicable taxes (including withholdings and payments on account), and (ii) the average weighted daily volume of the average weighted listing prices of the shares of Santander for the fifteen trading sessions prior to the Friday (exclusive) of the previous week to the date on which the board of directors, or the appropriate body in each case, approves the Digital Award for financial year 2020 (the “**2021 Listing Price**”).

Taking into account that the maximum amount of the Digital Award to be delivered in shares to the beneficiaries of this award amounts to 15 million euros (the “**Maximum Amount of the Digital Award Distributable in Shares**” or “**MADADS**”), the maximum number of shares of Santander that may be delivered to such beneficiaries under this award (the “**Limit of Digital**”).

Award in Shares” or **“LDAS”**) will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$LDAS = \frac{MADADS}{2021 \text{ Listing Price}}$$

Consistent with Group policy for Identified Staff members, Santander shares received by Identified Staff cannot be transferred for one year following each delivery of shares.

IV. Maximum number of share options to be delivered and rules applicable

Each share option will have only one share as underlying asset and the strike price of each option is equal to the 2021 Listing Price. Liquidation of the options upon exercise will take place through a settlement by difference between the strike price for the option and the applicable Santander share market price at exercise.

Determining the maximum number of shares to be delivered upon exercising the share options (the **“Limit of Digital Award in Share Options”** or **“LDASO”**) will be based on the maximum number of shares that would be delivered to each beneficiary as a consequence of the share options being exercised if the liquidation of the share options were implemented by delivering Santander shares, which shall be calculated taking into account: (i) the fair value (**“FV”**) calculated according to general applicable accounting rules (IFRS - International Financial Reporting Standards) for share-based payments as of the options grant date, which will be a fraction of the 2021 Listing Price; and (ii) the 2021 Listing Price.

Taking into account that the maximum amount of the Digital Award to be delivered in share options to its beneficiaries amounts to 15 million euros (the **“Maximum Amount of the Digital Award Distributable in Share Options”** or **“MADADSO”**), the LDASO will be determined, after deducting any applicable taxes (including withholdings and payments on account), by applying the following formula:

$$LDASO = \frac{MADADSO}{2021 \text{ Listing Price} \times FV}$$

Exercising options may only be allowed during specific timeframes within the year as determined in the relevant plan regulations.

V. Other rules

In the event of a change in the number of shares due to a decrease or increase in the par value of the shares or a transaction with an equivalent effect, the number of shares and the conditions of the exercise of the share options to be delivered will be modified so as to maintain the percentage of the total share capital represented by those shares or, by any other means, correct the effect of such change.

Information from the stock exchange with the largest trading volume will be used to determine the listing price of the share.

If necessary or appropriate for legal, regulatory or similar reasons, the delivery mechanisms provided for herein may be adapted in specific cases without altering the maximum number of shares or share options linked to the award or the basic conditions upon which the delivery thereof is made contingent. Such adaptations may include the substitution of the delivery of shares or the share options with the delivery of equivalent amounts in cash, or vice versa.

The shares to be delivered may be owned by the Bank or by any of its subsidiaries, be newly-issued shares, or be obtained from third parties with whom agreements have been signed to ensure that the commitments made will be met.

VI. Authorisation

Without prejudice to the general provisions set forth in item Thirteen or in preceding sections or to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors of the Bank is hereby authorised, to the extent required, to implement this resolution, with the power to elaborate, as necessary, on the rules set forth herein and on the content of the agreements and other documents to be used. Specifically, and merely by way of example, the board of directors shall have the following powers:

- (i) To approve the basic contents of the agreements and of such other supplementary documentation as may be necessary or appropriate.
- (ii) To approve all such notices and supplementary documentation as may be necessary or appropriate to file with any government agency or private entity, including, if required, the respective prospectuses.
- (iii) To take any action, carry out any procedure or make any statement before any public or private entity or agency to secure any required authorisation or verification.
- (iv) To determine the specific number of shares and shares options to be received by each of the beneficiaries of the award to which this resolution refers, observing the established maximum limits.
- (v) To regulate any mechanisms necessary or convenient to implement the exercise of the share options, including the procedure for determination of the applicable share market price.
- (vi) Without altering the maximum amount of the Digital Award, to set the rules or criteria to specify which senior managers or employees are beneficiaries of the award and, when appropriate, to directly designate them; to apply the measures and mechanisms that may be appropriate to compensate for the dilution effect, if any, that may occur as a result of corporate transactions and shareholder distributions.
- (vii) To interpret the foregoing resolutions, with powers to adapt them, without affecting their basic content, to the circumstances that may arise at any time, including in particular adapting the delivery mechanisms, without altering the maximum number of shares and share options linked to the award or the basic conditions upon which the delivery thereof is made contingent, which may include the substitution of the delivery of shares or share options with the delivery of equivalent amounts in cash, or the alteration of the mechanisms for net delivery of shares or share options under the procedures that are established for the payment of taxes, or when so required for regulatory, tax, operational or contractual reasons. In addition, the board may adapt the Digital Award to any mandatory regulations or administrative interpretation that may prevent the implementation thereof on the approved terms.
- (viii) To determine, develop and specify the conditions upon which the receipt by the beneficiaries of the corresponding shares and share options is subject, as well as to determine whether, according to the award to which this resolution refers, the conditions upon which the receipt by the beneficiaries of the respective shares or share options is subject have been fulfilled, with the power to modulate the number of shares and share options to be delivered depending on the existing circumstances, all following a proposal of the remuneration committee.
- (ix) In general, to take any actions and execute all such documents as may be necessary or appropriate.

The board of directors is also authorised to delegate (with the power of substitution when so appropriate) to the executive committee or to any director with delegated powers, those delegable powers granted pursuant to this resolution, all without prejudice to the representative powers that currently exist or may be granted in relation to this resolution.

The provisions of this resolution are deemed to be without prejudice to the exercise by such of the Bank's subsidiaries as may be appropriate in each case of the powers they hold to implement the variable remuneration policy, the award thereof with respect to their own executives and employees and, if applicable, to adjust them to regulations or to the requirements of competent authorities in the respective jurisdiction.

Twelve D

Application of Santander Group's buy-out regulations

To authorise, inasmuch as it is a remuneration system that includes the delivery of shares of the Bank or of rights thereon or that is linked to the price of the shares, the (immediate or deferred) delivery of shares of the Bank within the application of the Group's buy-out regulations which have been approved by the board of directors of the Bank, following a proposal of the remuneration committee.

Such buy-out regulation is an instrument to be selectively used in the engagement of executives or employees who, as a result of accepting a job offer from the Bank (or from other Santander Group's companies), lose the right to receive certain variable remuneration from their previous company. Therefore, these rules, which takes into account regulations and recommendations that apply to the Bank, allows the maintenance of certain flexibility to be able to attract the best talent and to be fair with respect to the loss of rights that an executive or employee assumes due to joining the Group, given that the conditions of the buy-out take into account the conditions applicable to the remunerations the loss of which is compensated.

The maximum number of shares that may be delivered under this resolution is a number such that, multiplying the number of shares delivered (or recognised) on each occasion by the average weighted daily volume of the averaged weighted listing prices for Santander shares corresponding to the fifteen trading sessions prior to the date on which they are delivered (or recognised), does not exceed the amount of 40 million euros.

The authorisation granted hereby may be used to undertake commitments to deliver shares in relation to the engagements that occur during financial year 2020 and during financial year 2021, until the ordinary general meeting is held in 2021.

Twelve E

Plan for employees of Santander UK Group Holdings plc. and other companies of the Group in the United Kingdom by means of options on shares of the Bank linked to the contribution of periodic monetary amounts and to certain continuity requirements.

To approve, inasmuch as it is a remuneration system that includes the delivery of shares of the Bank or of rights thereon or that is linked to the price of the shares, the implementation of a voluntary savings plan ("sharesave scheme") intended for the employees of Santander UK Group Holdings plc., of companies within the subgroup thereof and of the other companies of the Santander Group registered in the United Kingdom (in which the Group directly or indirectly holds at least 90% of the capital), including employees at United Kingdom branches of Banco Santander, S.A. or of companies within its Group (and in which the Group directly or

indirectly holds at least 90% of the capital), which has been approved by the board of directors on the terms and conditions described below:

A plan in which between 5 and 500 pounds Sterling is deducted from the employee's net pay every month, as chosen by the employee, who may, at the end of the chosen period (3 or 5 years), choose between collecting the amount contributed, the interest accrued and a bonus (tax-exempt in the United Kingdom), or exercising options on shares of Banco Santander, S.A. in an amount equal to the sum of such three amounts at a fixed price. In case of voluntary resignation, the employee will recover the amount contributed to that time, but will forfeit the right to exercise the options.

The exercise price in pounds Sterling will be the result of reducing by up to a maximum of 20% the average of the purchase and sale prices of Santander shares at the close of trading in London for the 3 trading days prior to the reference date. In the event that these listing prices are unavailable for any reason, such reduction will be applied to the average price weighted by average traded volumes on the Spanish *Mercado Continuo* for the 15 trading days prior to the reference date. This amount will be converted into pounds Sterling using, for each day of listing, the average exchange rate for that day as published in the Financial Times, London edition, on the following day. The reference date will be set in the final approval of the plan by the British Tax Authority ("invitation date") and will occur between 21 and 41 days following the date of publication of the consolidated results of Banco Santander, S.A. for the first half of 2020.

The employees must decide upon their participation in the plan within a period between 42 and 63 days following publication of the consolidated results of Banco Santander, S.A. for the first half of 2020.

The maximum monthly amount that each employee may assign to all voluntary savings plans subscribed by such employee (whether for the plan to which this resolution refers or for other past or future "sharesave schemes") is 500 pounds Sterling.

The maximum number of shares of Banco Santander, S.A. to be delivered under this plan, approved for 2020, is 11,642,400, equal to 0.07% of the share capital as of the date of the call to meeting.

The plan is subject to the approval of the tax authorities of the United Kingdom. Each of the subgroups and companies covered by the plan will ultimately decide whether or not to implement this plan in connection with its employees.

Without prejudice to the generality of the provisions of resolution Thirteen below, and without prejudice to the powers of the board of directors in remuneration matters under the Bylaws and the rules and regulations of the board, the board of directors is hereby authorised, as required, to the broadest extent permitted by law and with the express power of delegation to the executive committee, to carry out any acts that may be necessary or merely appropriate in order to implement the aforementioned plan, as well as to further develop and elaborate, to the extent required, on the rules set forth herein. All of the foregoing will also be deemed to be without prejudice to the acts that the decision-making bodies of Santander UK Group Holdings plc., of companies within the subgroup thereof and of the other companies of the Santander Group registered in the United Kingdom or having branches therein and referred to in the first paragraph above, have already performed or may hereafter perform in the exercise of their powers, within the framework defined by this resolution of the shareholders acting at the meeting, in order to implement the plan and to establish, develop and elaborate on the rules applicable thereto.

Item Thirteen

Authorisation to the board of directors to interpret, remedy, supplement, implement and develop the resolutions approved by the shareholders at the meeting, as well as to delegate the powers received from the shareholders at the meeting, and grant of powers to convert such resolutions into notarial instruments.

Proposal:

Without prejudice to the delegations of powers contained in the preceding resolutions, it is hereby resolved:

A) To authorise the board of directors to interpret, remedy, supplement, carry out and further develop the preceding resolutions, including the adjustment thereof to conform to verbal or written evaluations of the Commercial Registry or of any other authorities, officials or institutions which are competent to do so, as well as to comply with any requirements that may legally need to be satisfied for the effectiveness thereof, and in particular, to delegate to the executive committee or to any director with delegated powers all or any of the powers received from the shareholders at this general shareholders' meeting by virtue of the preceding resolutions as well as under this Resolution Thirteen.

B) To authorise Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea, Mr José Antonio Álvarez Álvarez, Mr Jaime Pérez Renovales and Mr Óscar García Maceiras so that any of them, acting severally and without prejudice to any other existing power of attorney whereby authority is granted to record the corporate resolutions in a public instrument, may appear before a Notary Public and execute, on behalf of the Bank, any public instruments that may be required or appropriate in connection with the resolutions adopted by the shareholders at this general shareholders' meeting. In addition, the aforementioned persons are empowered, also on a several basis, to carry out the required filing of the annual accounts and other documentation with the Commercial Registry.

ITEM TO BE SUBMITTED TO A CONSULTATIVE VOTE

Item Fourteen Annual director remuneration report.

Annual director remuneration report

The shareholders are asked to provide a consultative vote on the annual director remuneration report, approved by the board of directors following a proposal of the remuneration committee, on the terms established by law and in Circular 4/2013 of 12 June, of the National Securities Market Commission (as amended by Circular 7/2015, of 22 December and by Circular 2/2018 of 12 June). The aforementioned annual report is included in sections 6 (except for 6.6), 9.4 and 9.5 of the “Corporate Governance” chapter of the consolidated directors’ report, which is part of the 2019 annual report.