# Santander vision

## Our purpose
To help people and businesses prosper.

## Our aim as a bank
To be the best open financial services platform by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities.

## Our How:
**Simple | Personal | Fair**
In everything we do.

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## Building a responsible Santander

### 1. Our scale
provides potential for organic growth.

### 2. Unique personal banking relationships
strengthen customer loyalty.

### 3. Our geographic and business diversification and our model of subsidiaries make us more resilient under adverse circumstances.

**Our strengths have historically resulted in:**

- Higher earnings predictability

**Our vision and our strengths are sound pillars to face potential challenges:**

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This document is an extract of the 2018 annual report (the “2018 report”) of Banco Santander, S.A. (“Santander”) and, therefore, must always be read in conjunction with the full 2018 report, including the important information contained in the backcover, index and pages 2 and 3 of the 2018 report. The full 2018 report is available at our corporate website: www.santander.com. Please also note that links to other parts of the full 2018 report, including the glossary, will not work. Our 2018 report is provided in Spanish and English versions. In case of discrepancy the Spanish version prevails.
bank from our core strengths

business model underpinned by 3 strengths.

- We maintain a leadership position in our core markets.
- Collaboration across the Group results in significant cost savings and higher revenues.

- We serve 144 million customers in markets, with a total population of more than 1 billion people.
- We have over 100,000 people talking to our customers every day in our more than 13,000 branches and contact centres.

- We have a well-balanced distribution between mature and developing markets, and a good mix of products for individuals and companies.
- Our model of subsidiaries, autonomous in liquidity and capital, allows the Group to mitigate the risk that the difficulties of one subsidiary affect the rest.
- Subsidiaries are managed by local teams providing the best customers knowledge within their markets.

Over the last 20 years, earnings have increased x4 with low volatility

Resilient profit generation throughout the cycle

Group net operating income\(^4\) [EUR billion]

- Our strong balance sheet and our model of subsidiaries make us less vulnerable to face a potentially adverse macro environment.
- Our scale and best-in-class efficiency ratio mitigate potential impacts from increases in costs of doing business.
- We are transforming our core banks while launching innovative ventures to address challenges emerging from the new digital era.
- We have a clear focus on acting responsibly to meet higher expectations from our stakeholders.
We have successfully completed our 3 year plan

<table>
<thead>
<tr>
<th>Strategic priorities</th>
<th>Key metrics</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People</strong></td>
<td><strong>Be the best bank to work for and have a strong internal culture.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of core markets where the Bank is among the three leading banks to work for</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td><strong>Earn the lasting loyalty of our individual and business customers. Digital transformation and operational excellence.</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Loyal customers (mn)</td>
<td>13.8</td>
<td>19.9</td>
</tr>
<tr>
<td></td>
<td>Digital customers (mn)</td>
<td>16.6</td>
<td>32.0</td>
</tr>
<tr>
<td></td>
<td>Fee income (%)&lt;sup&gt;A&lt;/sup&gt;</td>
<td>-</td>
<td>-10</td>
</tr>
<tr>
<td><strong>Shareholders</strong></td>
<td><strong>Capital strength, risk management and profitability.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of credit (%)</td>
<td>1.25</td>
<td>1.12&lt;sup&gt;B&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Efficiency ratio (%)</td>
<td>48</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Growth in earnings per share (%)</td>
<td>-</td>
<td>11.2</td>
</tr>
<tr>
<td></td>
<td>Dividend per share (EUR)</td>
<td>0.20</td>
<td>0.23&lt;sup&gt;C&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Fully loaded CET1 capital ratio (%)</td>
<td>10.05</td>
<td>11.30&lt;sup&gt;D&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>RoTE (%)&lt;sup&gt;E&lt;/sup&gt;</td>
<td>10.0</td>
<td>11.7</td>
</tr>
<tr>
<td><strong>Communities</strong></td>
<td><strong>People supported in the local communities where the Group operates.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scholarships (thousand)</td>
<td>35</td>
<td>155&lt;sup&gt;F&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>People supported in our communities (mn)</td>
<td>1.2</td>
<td>6.3&lt;sup&gt;F&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

A. % change (constant euros). 2018 figure relates to 2015-2018 CAGR.
B. 2018 figure relates to 2015-2018 average.
C. Total dividend charged to 2018 earnings is subject to the 2019 AGM approval.
D. 2018 data applying IFRS 9 transitional arrangements.
E. Underlying RoTE 2015: 11.0%. Underlying RoTE 2018 12.1%.
F. It refers to cumulative activity in 2016-2018.

Note: 2015 metrics have been re-stated to reflect the capital increase of July 2017.

Our new strategic plan will be announced at next Santander Investor Day<sup>A</sup>

<sup>A</sup> The information that will be made available in the Investor Day is not incorporated by reference in this annual report nor otherwise considered to be a part of it.
Our strategy is built around a virtuous circle based on trust:

### People

**Team engagement**

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<th></th>
<th>2015</th>
<th>2018</th>
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<tbody>
<tr>
<td>Simple</td>
<td>75%</td>
<td>82%</td>
</tr>
<tr>
<td>Personal</td>
<td>63%</td>
<td>69%</td>
</tr>
<tr>
<td>Fair</td>
<td>75%</td>
<td>79%</td>
</tr>
</tbody>
</table>

>6pp than the avg. financial industry

**Strong S|P|F culture**

- Simple: 63% 69%
- Personal: 63% 74%
- Fair: 75% 79%

A key focus of our strategy is to embed a strong culture based on our values: Simple, Personal and Fair.

How we do things is as important as What we do.

Our employee engagement levels are above the industry average.

### Customers

**Digital sales over total sales**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td>15%</td>
<td>32%</td>
</tr>
</tbody>
</table>

x2

**Loyal customers**

- Lower churn
- Attrition rate (%)
- -66%

Increase in loyal customers, both individuals and businesses, has resulted in a significant growth in revenues, loans and customer funds.

Loyal customers use more our digital channels as they hold more of our products and services and interact with us more often.

### Shareholders

**Group customer revenues**

Net interest income + Net fees (constant EUR billion)

<table>
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<tr>
<th></th>
<th>2015</th>
<th>2018</th>
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<tbody>
<tr>
<td>Earnings per share</td>
<td>37.0</td>
<td>45.8</td>
</tr>
</tbody>
</table>

Double digit growth

11.2% (2018 vs. 2017)

Increase since 2015

Our focus on customer loyalty is delivering results: customer revenues have increased 24% from 2015 to nearly EUR 46 billion.

We have significantly strengthened our balance sheet in the last 4 years generating 304 basis points of capital (applying IFRS 9 transitional arrangements).

We have become even more resilient while growing our business and increasing dividends.

### Communities

**6.3 million people supported 2016-2018**

155 thousand scholarships granted 2016-2018

Highest score among peers: 95.3 points out of 100

We 1,235 have agreements with academic institutions in 33 countries. 7,647 partnerships with social institutions and entities.

We are the leading global bank financing renewable energy projects (#1 by number of transactions, #2 by volume, according to Dealogic).

We are delivering profits in a responsible way supporting inclusive and sustainable growth.
Our balanced geographic diversification has been key to deliver stable and predictable growth

### United States
- **Profit contribution**: 5%
- **Customers**: 5,220,211
- **Employees**: 17,309
- **Market share**: 3%

### Mexico
- **Profit contribution**: 8%
- **Customers**: 16,690,402
- **Employees**: 19,859
- **Market share**: 13%

### Brazil
- **Profit contribution**: 26%
- **Customers**: 42,074,640
- **Employees**: 46,914
- **Market share**: 9%

### Colombia
### Peru
### Argentina
- **Profit contribution**: 1%
- **Customers**: 3,701,498
- **Employees**: 9,324
- **Market share**: 10%

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A. 2018 underlying profit. Excluding Corporate Centre and Spain real estate activity. For further details, see more information in sections 3 and 4 of the Economic and financial review chapter.

B. Loans. UK: lending comprises UK mortgages (excluding social housing), consumer credit and commercial lending (excluding financial institutions). Poland: including Santander Consumer Finance business (SCF); US: in the states where the Group operates. SCF: Top3 in our main markets in new lending of auto loans.
United Kingdom
Profit contribution: 13%
Customers: 25,519,550
Employees: 25,872
Market share: 10%

Portugal
Profit contribution: 5%
Customers: 4,912,459
Employees: 6,705
Market share: 18%

Spain
Profit contribution: 17%
Customers: 17,290,847
Employees: 32,313
Market share: 18%

Santander Consumer Finance
Profit contribution: 13%
Customers: 19,427,871
Employees: 14,865
Market share: Top 3

Poland
Profit contribution: 3%
Customers: 4,525,138
Employees: 12,515
Market share: 12%