

27 July 2016

Earnings Presentation 1H'16

Simple | Personal | Fair



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Agenda

- **Group performance 1H'16**

- Business areas 1H'16

- Conclusions

- Appendix

- Glossary



1H'16 Financial Highlights

- **Attrib. profit impacted by one-offs in 1H'15 and 1H'16.
Underlying profit growth**

Attributable profit	€2,911 mill.; -31.7%
Underlying profit*	€3,280 mill.; +8.9%

- **Commercial revenues up y-o-y
(currency-neutral)**

NII	+3.0%
Fee income	+7.7%

- **Enhanced balance sheet quality
and lower cost of credit**

NPL ratio	4.29%
Cost of credit	1.19%

- **Capital increase compatible
with high RoTE**

FL CET1	10.36%
Underlying RoTE	11.1%

1H'16 Business Highlights

Var. Jun'16 / Jun'15

■ **Selective growth:**

- Lending to individuals and companies (+4%)
- Demand deposits (+9%)

Loans	+4%
Funds	+4%

■ **Loyal customers: 14.4 million**

- Individuals: 13.2 million
- Companies: 1.2 million

Individuals	+1.1 mill.	+9%
Companies	+148 thousand	+13%

■ **Digital customers: 19.1 million**

- Mobile: 8.4 million

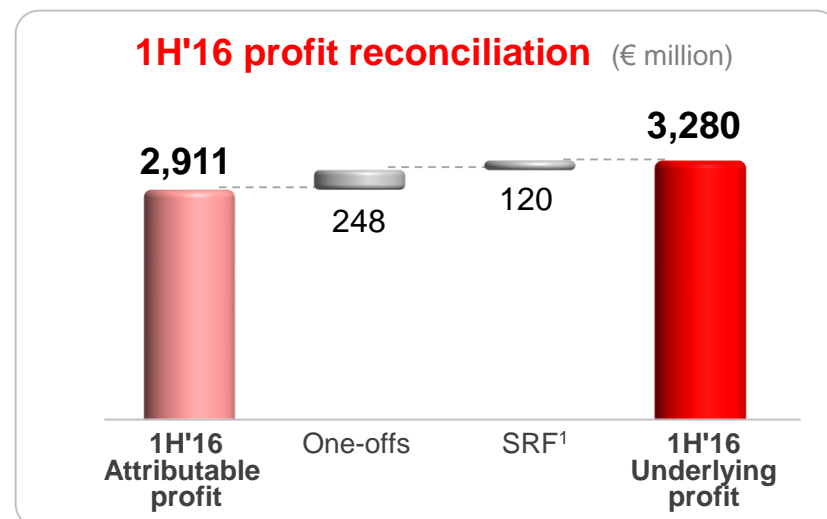
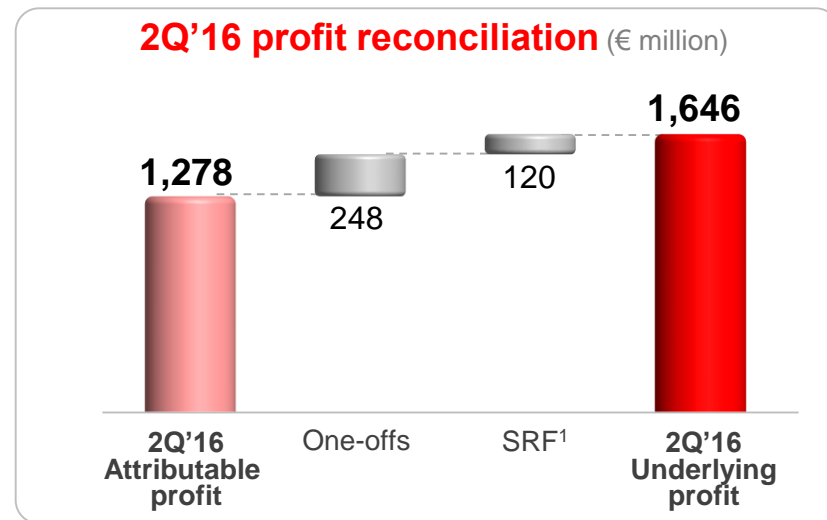
Digital	+3.6 mill.	+23%
Mobile	+2.9 mill.	+54%

Note: Loans excluding repos. Customer funds: deposits excluding repos + marketed mutual funds. % change on a currency-neutral basis

2Q'16 and 1H'16 profit impacted by several one-off items

Non-recurring items
(€ million net of tax)

One-off items	-248
-Restructuring charge	-475
-Capital gain from VISA Europe sale	+227
Contribution to the SRF¹	-120
Total	-368



(1) In 2015 contribution to the Single Resolution Fund (due to change in the scheduled contribution dates) and Deposit Guarantee Fund (DGF) recorded in December. In 2016: SRF in June and DGF in December

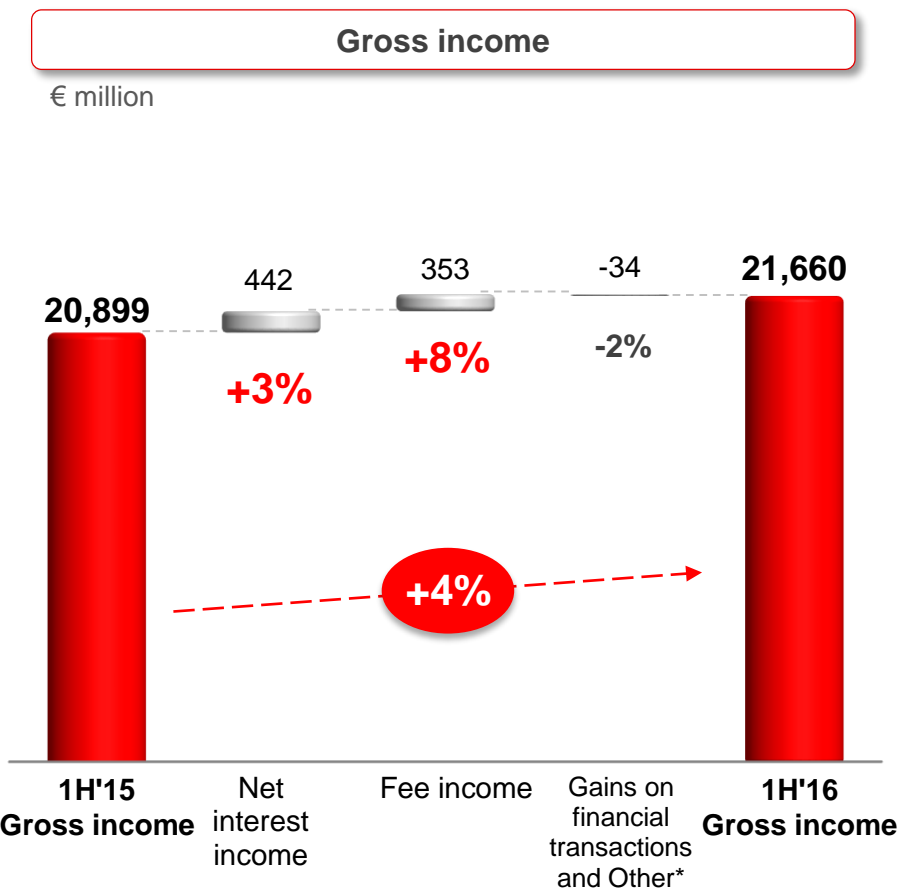
Higher underlying profit backed by commercial revenues and lower cost of credit (currency-neutral basis)

€ Million	1H'16	1H'15	%1H'15 (currency-neutral)	
			%1H'15	%1H'15
Gross income	21,660	23,062	-6.1	3.6
Operating expenses	-10,384	-10,806	-3.9	5.2
Net operating income	11,275	12,256	-8.0	2.2
Loan-loss provisions	-4,613	-5,071	-9.0	0.2
Underlying PBT	5,685	5,988	-5.1	6.5
Tax	-1,780	-1,862	-4.4	5.9
Underlying profit	3,280	3,426	-4.3	8.9
Non-recurring results ¹	-368	835	—	—
Attributable profit	2,911	4,261	-31.7	-24.3

- A** Gross income backed by commercial transformation
 - B** Operational excellence. Cost savings measures underway
 - C** Ongoing credit quality improvement, with decline in provisions in recent quarters
 - D** Profit growth, focusing on generating shareholder value
- Attributable profit impacted by non-recurring items

(1) One-off items and contribution to the SRF in 1H'16, due to change in the scheduled contribution dates. Net result of the reversal of provisions in Brazil in 1H'15

Gross income rose in 8 of 10 core units driven by net interest income and the good performance of fee income



Net interest income

- NII growth driven by larger volumes in loans and deposits
- Lower cost of deposits and pressure on assets

Fee income by segment

- The rise in fee income spurred by the increase in loyal customers

Segment	Percentage	Change (1H'15)
Retail Banking	85%	+8%
Global Corporate Banking	15%	+4%

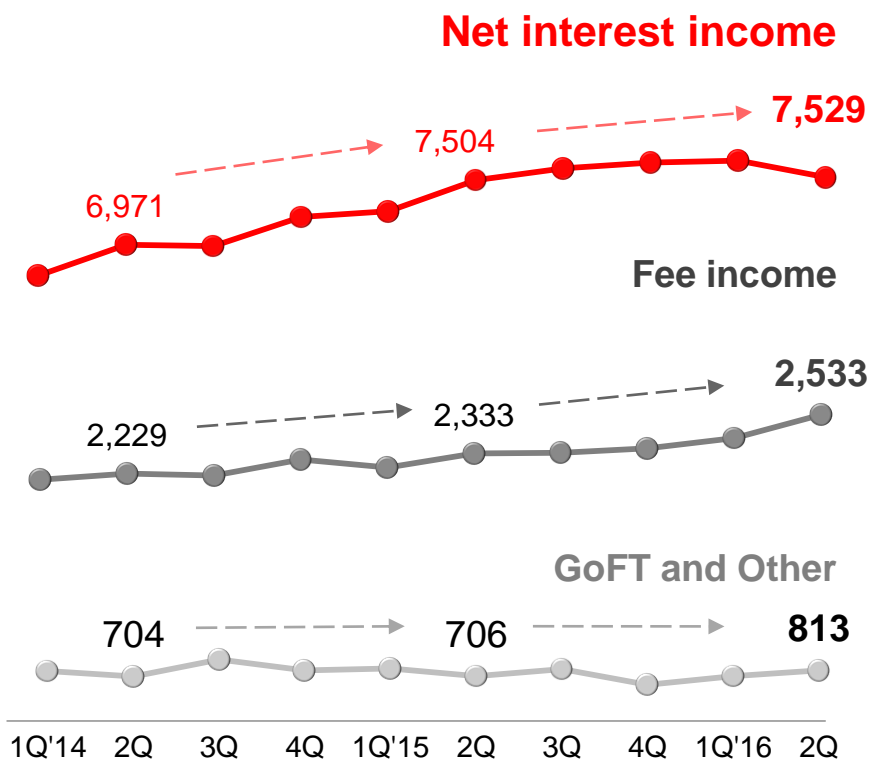
(*) "Other" includes income from equity accounted method, dividends and other operating results

Note: On a currency-neutral basis

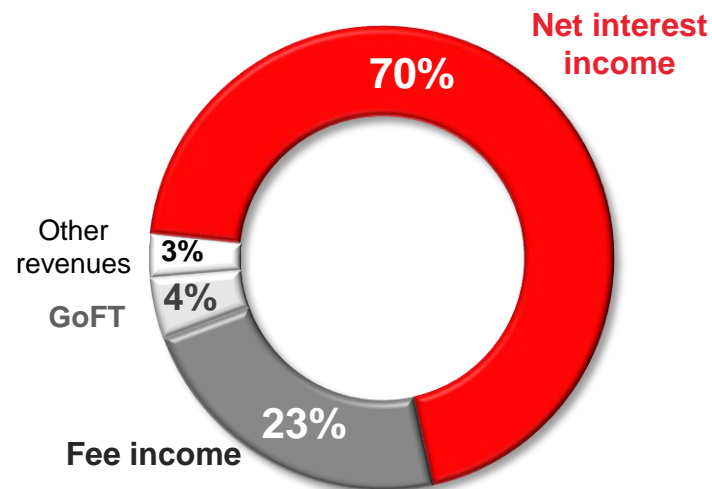
Sustainable commercial revenues backed by a structure that generates higher recurring income. Of note, the trend in fee income

Gross income evolution

€ million



Gross income structure (1H'16)



NII + fee income

SAN

93%

Peers

(1Q'16)

86%

GoFT and Other

7%

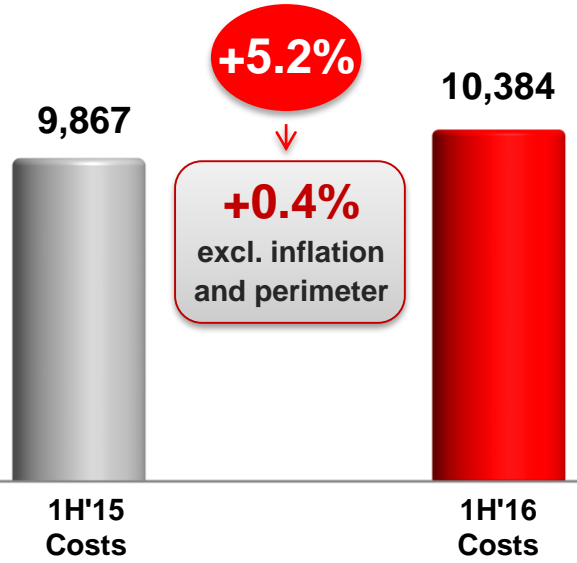
14%

GoFT: Gains on Financial Transactions

Active cost management allowing for further investment and remain as best-in-class in efficiency

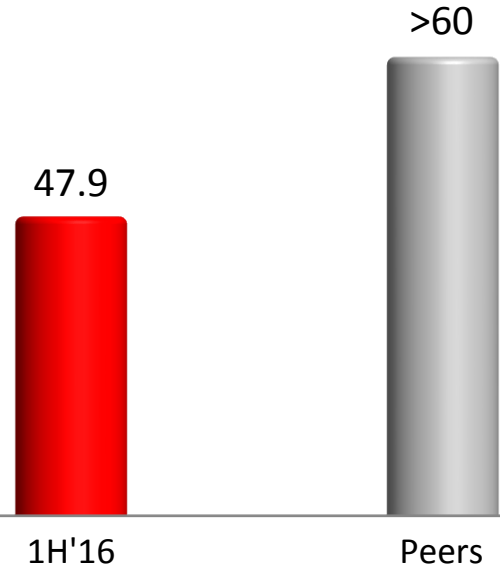
Total operating expenses

€ million



Best-in-class in efficiency

%



- Excluding inflation and perimeter:
 - **Down in Brazil (-4%), Spain (-2%) and Portugal (-0.4%). Flat in the UK and Chile**
 - Higher costs in countries with higher investments in growth and transformation (Argentina: +9%; Mexico: +5%) and regulation (USA: +8%)

- Cost control plans in all countries and a more efficient Corporation
- Cost saving measures to keep on **investing in commercial transformation and remain best-in-class in efficiency**


Note: On a currency-neutral basis

Widespread growth in loans, particularly in emerging markets, combined with improved credit quality

Loan portfolio growth


Var. Jun'16 / Jun'15

Mature markets

 Spain -2%

 UK +3%

 USA +4%

 SCF +6%¹

 Portugal -2%¹

Emerging markets

 Poland +12%

 Brazil -2%

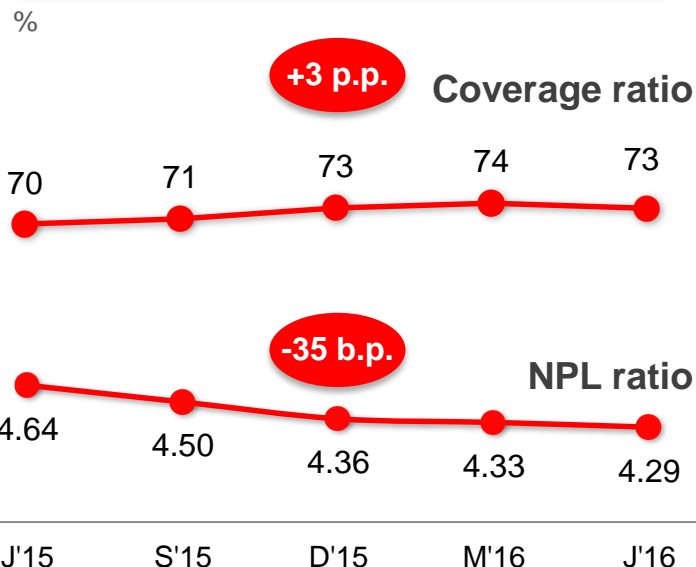
 Mexico +16%

 Chile +8%

 Argentina +46%

- Medium-low risk profile
- Well-diversified portfolio

NPL and coverage ratios

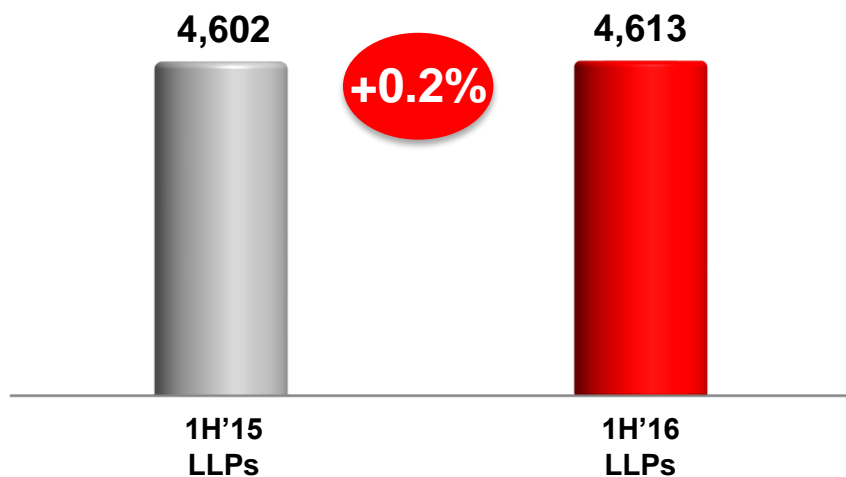


- Bad and doubtful loans: -10% year-on-year
- NPL and coverage ratios improved in general terms. Of note in NPL ratio improvement: Spain, Mexico, Chile, Poland and SCF

Continued improvement in cost of credit, with provisions falling in the last two quarters (mainly in Brazil and the US)

Total loan-loss provisions

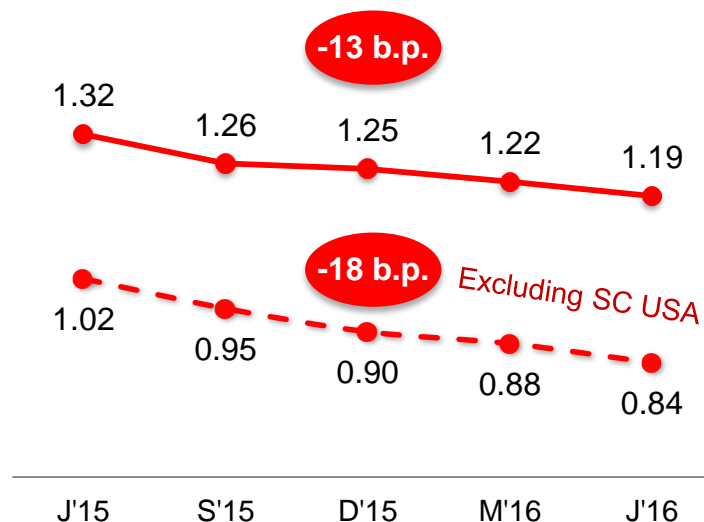
€ million



- Lower provisions in Spain, UK, SCF and Portugal
- Higher in the US due to loan growth in SC USA and provisions for Oil & Gas in Santander Bank
- Brazil's up y-o-y, however 2Q'16 provisions were the lowest of the last four quarters

Cost of credit

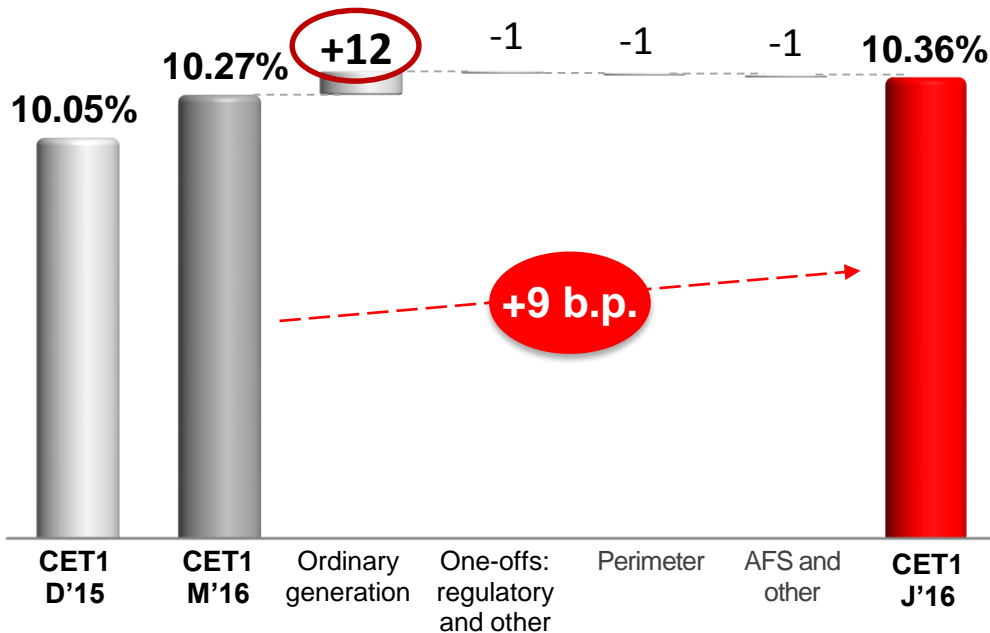
%



- Cost of credit evolution reflects risk management and change of mix in some countries
- Spain and SCF registered the largest improvement
- Very stable in Brazil (4.7% vs. 4.5% in June'15)

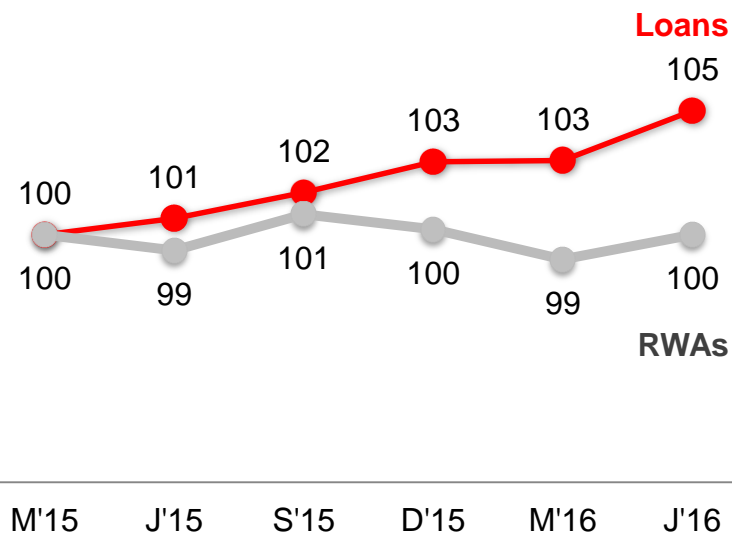
Making progress to reach our target of fully-loaded CET1 >11% in 2018, with profitable business growth

Fully-loaded CET1 (%)



Loan growth > RWAs growth

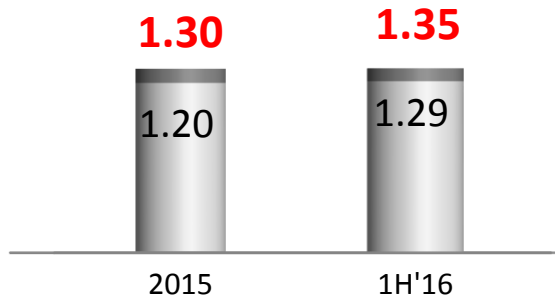
Base 100 (currency-neutral basis)



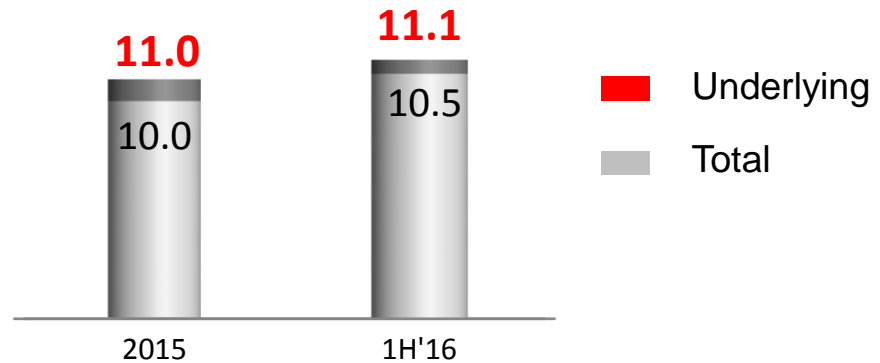
- The fully-loaded total capital ratio rose to 13.54% (13.05% in December 2015)
- Fully-loaded leverage ratio improvement: 4.9% in Jun'16 (4.7% in December 2015)

Our profitability is still among the highest of the sector ...

RoRWA (%)

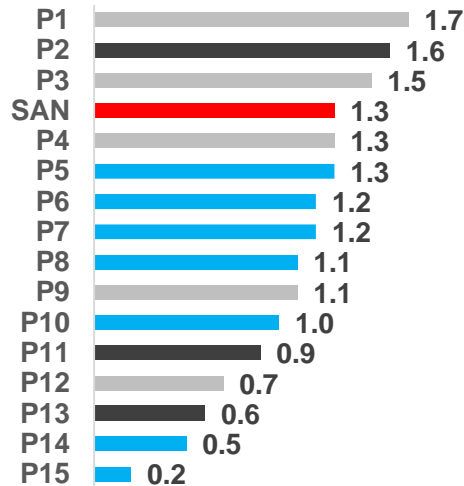


RoTE (%)

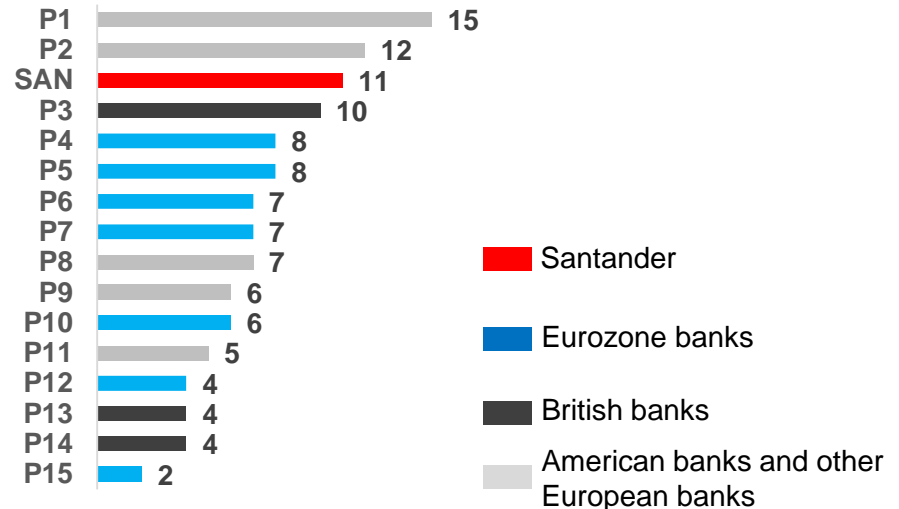


■ Underlying
■ Total

RoRWA 1Q'16 (%)



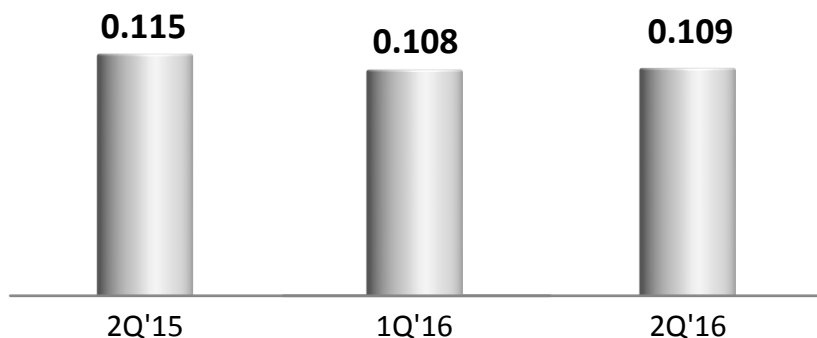
RoTE 1Q'16 (%)



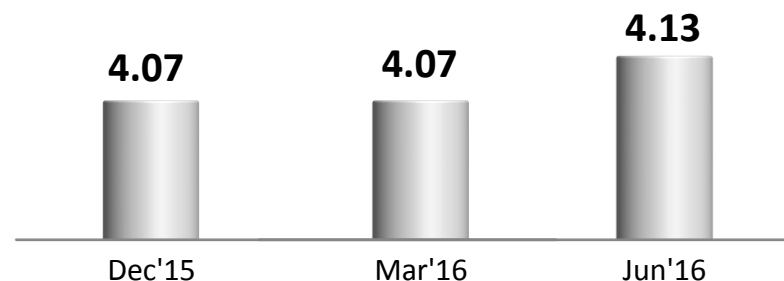
■ Santander
■ Eurozone banks
■ British banks
■ American banks and other European banks

... and we remain committed to our shareholders

Underlying EPS¹ (euros)



Tangible net asset value per share (euros)



- The first two interim dividends to be charged to 2016's earnings have been approved:
 - 1st interim dividend in cash: €0.055 (+10% vs. 1st interim dividend charged to 2015 earnings)
 - 2nd interim scrip dividend: €0.045
- Yield² (e) 2016: about 5%

(1) EPS: 0.174 (2Q'15); 0.108 (1Q'16); 0.083 (2Q'16)

(2) Estimated with the dividend to be charged to 2016's earnings scheduled to be proposed at the AGM / 1H'16 average share price

Agenda

- Group performance 1H'16

- Business areas 1H'16

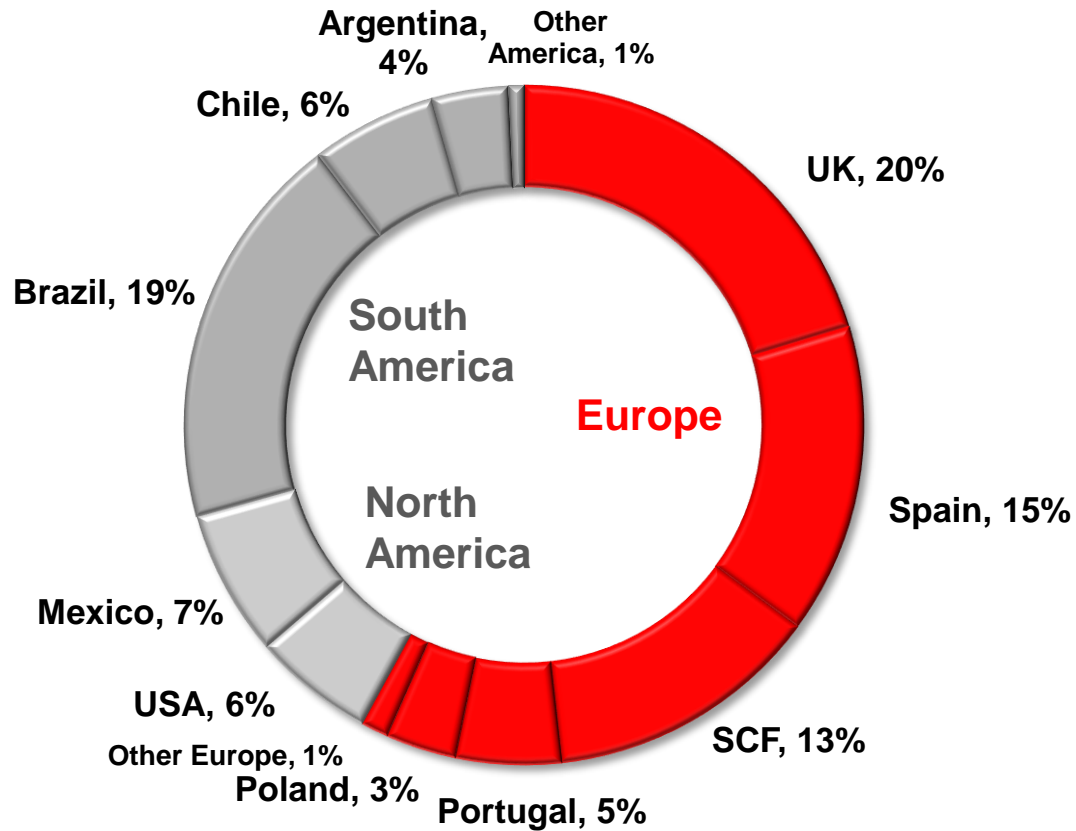
- Conclusions

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Well-diversified results between Europe and the Americas



1H'16 strategy and highlights

	1H'15	1H'16
1 2 3 Customers (thousand)	290	1,240
Retail Bkg. fee income (y-o-y % change)	-3%	+7%
Customer satisfaction (position)	5 ^o	3 ^o
Cost of credit	0.84%	0.45%

P&L

€ million

	2Q'16	%1Q'16	1H'16	%1H'15
NII + Fee income	1,232	-0.9	2,475	-7.2
Gross income	1,489	-3.5	3,032	-7.3
Operating expenses	-834	-0.3	-1,671	-2.4
Net op. Income	655	-7.3	1,361	-12.8
Loan-loss provisions	-129	-44.3	-360	-42.9
Underlying PBT	444	1.2	882	8.3
Underlying profit	308	0.3	616	7.6

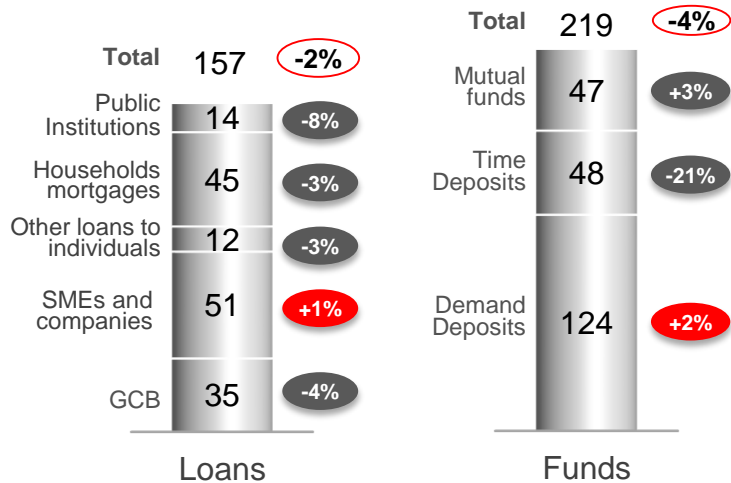
Note: excluding contribution to the SRF in 2Q'16

- Medium and long-term loyalty (+380,000 1|2|3 customers in the first half of 2016)
- **Greater customer satisfaction** reflects the effort made in **service quality**
- **Profit growth** driven by **control of costs** and **lower cost of credit**
- In the second quarter, **stable commercial revenues** and **higher fee income**

SPAIN

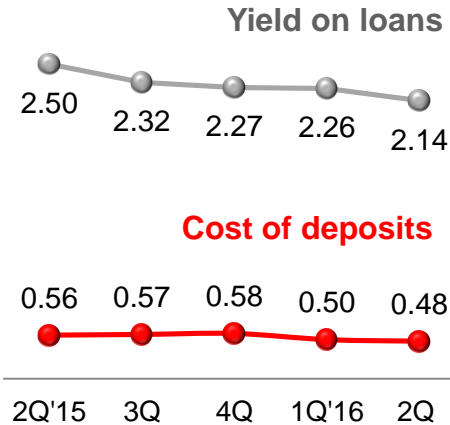
Volumes¹ (J'16)

€ billion and % change / Jun'15



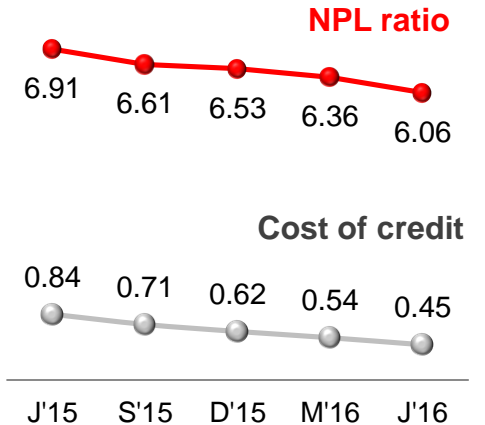
Customer NIM

%



NPL ratio and cost of credit

%



- The 1I2I3 strategy is offering good results in terms of individuals and SMEs activity:**
 - Individuals: new lending up 25%, improved fee income and lower cost of deposits
 - SMEs new lending up 18% and greater customer capturing
- Loans up 1% q-o-q**, driven by the rise in companies (+€1,500 million)
- Improved customer risk profile:** sharp fall in the cost of credit and NPL ratio

UNITED KINGDOM

1H'16 strategy and highlights

	1H'15	1H'16
Digital customers (mill.)	3.6	4.3
Corporate lending growth vs. market	>5 pp	>5 pp
Share of corporates / total loans	13.1%	14.1%
NPL ratio	1.61%	1.47%
Retail customer satisfaction ¹	61.7%	63.5%

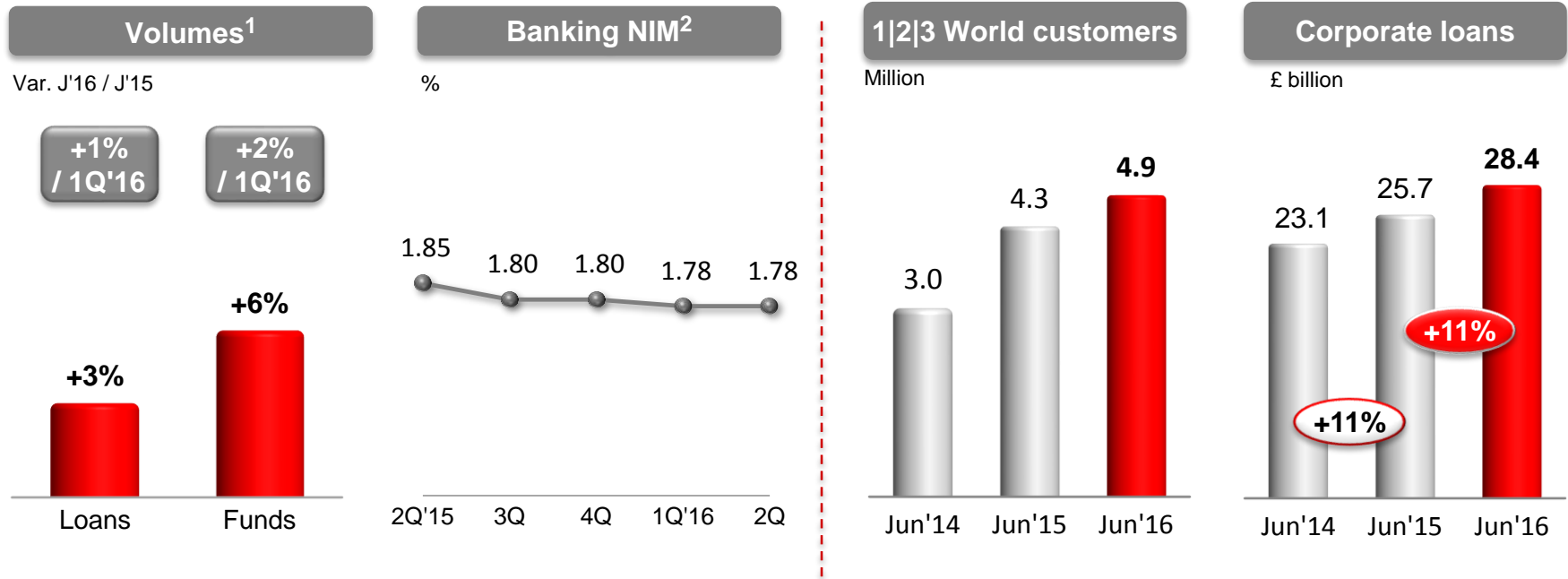
P&L

£ million	2Q'16	%1Q'16	1H'16	%1H'15
NII + Fee income	1,096	-0.8	2,201	-0.4
Gross income	1,180	1.3	2,346	0.9
Operating expenses	-619	1.3	-1,231	0.9
Net op. Income	561	1.2	1,115	0.9
LLPs	-53	n.m.	-58	-15.6
PBT	452	-10.3	956	-0.3
Attributable profit	307	-11.9	656	-11.8

Costs excluding banking reform (-2% / 1H'15)

- Santander UK's commitment to its customers and the UK economy remains unchanged
- Stable gross income. Higher fee income (1|2|3) offsetting the pressure on NII (SVR² attrition)
- Operational efficiency well managed and robust credit quality in all loan books maintained
- Attributable profit impacted by the introduction of the 8% bank corporation surcharge in 2016

UNITED KINGDOM



- **Solid loan growth across all customer segments**, particularly in corporates
- **1|2|3 customers continues to grow** (+276,000 in 1H'16); +£7.8 bn of **current account balances**
- **Strong corporate lending growth**, maintaining positive momentum in an increasingly competitive environment
- **Mortgage book**: low LTVs and loan-to-income³ ratios, low average mortgage amounts and diversified geographically

1H'16 strategy and highlights

	1H'15	1H'16
Loyal customers (mill.)	3.1	3.4
Digital customers (mill.)	4.0	5.5
Biometrics (million customers)	0.02	2.4
Cost of credit	4.5%	4.7%
Customer satisfaction ¹ (ranking among 5 largest banks)	3 ^o	2 ^o

P&L

€ million

	2Q'16	%1Q'16*	1H'16	%1H'15*
NII + Fee income	2,583	0.5	4,948	5.8
Gross income	2,703	4.7	5,083	5.9
Operating expenses	-1,046	1.7	-1,993	6.3
Net op. Income	1,657	6.7	3,091	5.6
LLPs	-753	-3.9	-1,473	11.0
PBT	711	23.0	1,248	2.1
Attributable profit	429	10.7	788	5.7

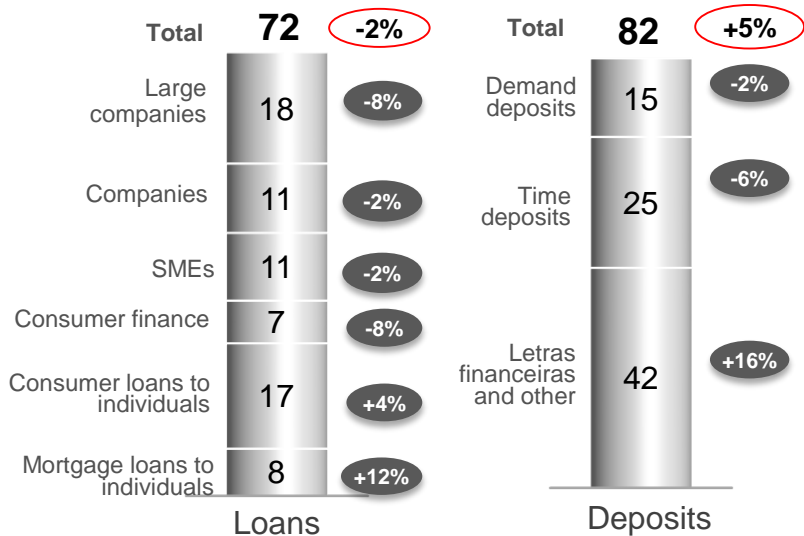
(*) % change on a currency-neutral basis

- Focus on **loyalty, growing digital customers and enhancing customer satisfaction**
- **Attributable profit of €429 million** in 2Q'16, growing in the quarter and in the first half
- **Y-o-Y rise in net interest income (+3%) and fee income (+15%)** due to good business momentum
- **Costs grew at well below the inflation rate**
- **Provisions under control, the lowest of the last four quarters**

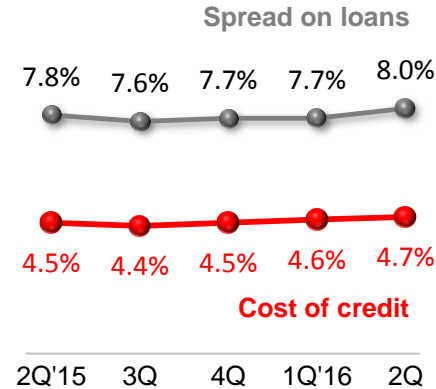
BRAZIL

Volumes¹

€ billion and % change (currency-neutral basis)

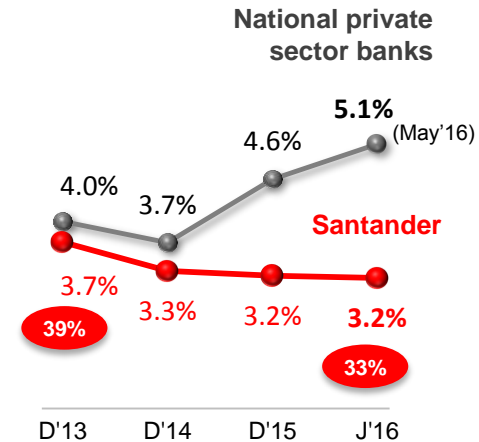


Spread and cost of credit



NPLs – Over 90 days

Local criteria



% Share of consumer finance and consumer loans to individuals / total SAN portfolio

- **Moderate fall y-o-y in lending** against a backdrop of recession, although with an **improved outlook**
- **Payroll loans** (*consignado*²), accounted for the total increase in individuals consumer credit
- **Higher spreads on loans by product / segment**, beginning to reflect in the total
- **The NPL ratio performed better than national private sector banks and main competitors**

UNITED STATES

1H'16 strategy and highlights

	1H'15	1H'16
Digital customers (thousand)	576	695
C&I loans (\$Bn)	18	19
Core deposits (\$Bn)	42	44
SC servicing portfolio (\$Bn)	13	14
Total cost of credit	3.39%	3.77%

P&L

US\$ million	2Q'16	%1Q'16	1H'16	%1H'15
Net income + Fee income	1,983	-1.7	4,001	1.3
Gross income	2,133	-1.6	4,302	-0.2
Operating expenses	-874	2.1	-1,730	8.9
Net op. income	1,259	-4.0	2,572	-5.5
LLPs	-797	-16.0	-1,746	12.4
PBT	446	53.5	737	-33.1
Attributable profit	178	97.7	268	-49.2

Activity¹

Santander Bank

Var. J'16 / J'15

0%
/ 1Q'16

-1%
/ 1Q'16

+4%

+4%

Loans

Funds

Santander Consumer USA

Var. J'16 / J'15

0%
/ 1Q'16

0%
/ 1Q'16

+4%

+9%

Loans

Total servicing

- **Focus** on improving **commercial activity**
- **Costs** still affected by investments in **technology, franchise** and **regulation**
- **Lower NPLs** for the **second quarter running**. Y-o-y growth due to a larger portfolio in SC USA and Oil & Gas in Santander Bank
- Stress tests underscore **capital strength**: **second place in CET1** in an adverse scenario

SANTANDER CONSUMER FINANCE

1H'16 strategy and highlights

	1H'15	1H'16
Active customers ¹ (mill.)	16.9	17.6
Countries incorporated (#) (Banque PSA Finance agreement)	2	8
Cost of credit	0.91%	0.55%
NPL ratio	4.25%	2.95%

Activity

Volumes²

Var. J'16 / J'15

+4%
/ 1Q'16

+10%
/ 1Q'16

+14%

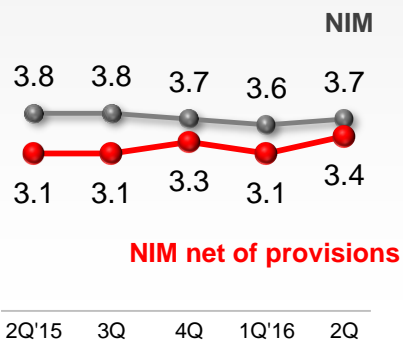
+24%

Loans

New loans

Customer NIM

%



NIM net of provisions

P&L

€ million

	2Q'16	%1Q'16*	1H'16	%1H'15*
NII + Fee income	1,061	1.6	2,102	10.4
Gross income	1,068	1.8	2,113	10.4
Operating expenses	-468	-3.4	-951	12.0
Net op. Income	600	6.3	1,162	9.0
Loan-loss provisions	-70	-38.9	-184	-37.1
Underlying PBT	488	18.8	898	25.6
Underlying profit	293	16.2	544	20.9

Note: excl. contribution to the SRF in 2Q'16

(*) % change on a currency-neutral basis

- Progress in the agreement with Banque PSA Finance. Belgium, Netherlands and Italy incorporated in the first half of 2016
- Greater new lending in the large units: Spain, Germany and Nordic countries
- Strong improvement in revenues, cost of credit and NPLs (reduced for this type of business)
- Main countries underlying profit: Germany (€176 mill.); Nordic countries (€134 mill.) and Spain (€102 mill)

Other units performed well: growth in customers, volumes and profits

(Detailed information in the appendix)

Mexico

Attributable profit **€289** mill.; **+10%**

- Market share gain in loans
- Higher gross income and improved credit quality

Chile

Attributable profit **€248** mill.; **+9%**

- Balanced rise in volumes
- Higher commercial revenues (favourable UF impact)

Argentina

Attributable profit **€150** mill.; **+41%**

- Market share gain in loans and deposits
- Profit up backed by higher NII (+13%) and fee income (+38%)

Poland

Attributable profit **€139** mill.; **-14%**

Attr. profit excluding tax on bank assets: **+2%**

- Higher volumes and commercial revenues
- Profit hit by new tax on assets and lower gains on financial transactions. Good management of NII

Portugal

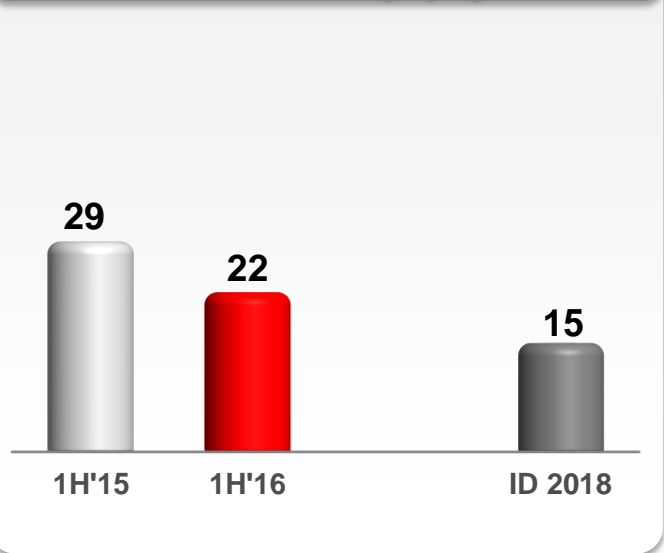
Underlying profit **€210** mill.; **+101%**

- Profits and volumes positively impacted by Banif's incorporation
- Rise in 1I2I3 customers and market share gain (particularly in companies)

CORPORATE CENTRE

Significant progress made to reduce the Corporate Centre's weight in the Group's total. Costs down 16%

Underlying profit weight /
Total Group (%)



P&L

€ million

	1H'16	1H'15
Gross income	-468	-407
Operating expenses	-246	-293
Provisions and other results	-63	-228
Tax and minority interests	48	-52
Underlying profit¹	-729	-980

- **Lower revenues** due to fall in gains on financial transactions (hedging)
- **Normalisation of provisions** which in 1H'15 were above average

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- Group performance 1H'16
- Business areas 1H'16

■ Conclusions

- Appendix
- Glossary



Our strategic levers enabled good momentum in profits and progress in delivering our 2016 challenges

		2015	1H'16
Increased business activity produced higher fee income	Loyal customers, individuals and companies	+10%; +8%	+9%; +13%
	Digital and mobile customers	+17%; +50%	+23%; +54%
	Loans	+6%	+4%
	Fee income	+4%	+8%
Operational excellence and risk quality	Efficiency ratio	47.6%	47.9%
	Cost of credit	1.25%	1.19%
Capital increase compatible with higher profitability	Fully loaded CET1	10.05%	10.36%
	Underlying RoTE	11.0%	11.1%
	EPS (€)	0.40	0.19 (1 st half)
	TNAV per share (€)	4.07	4.13

A unique diversification to face the current environment

LatAm and Poland 40%

- Higher interest rates
- Economic and business growth
- Potential to grow revenues
- Brazil confirms economic improvement

21% Eurozone

- Negative interest rates
- Economic slowdown
- Low lending volumes



Consumer Europe 13%

- Profitable business with low interest rates
- Recovering in the auto market

20% UK

- Lower for longer interest rates
- Uncertainty after Referendum

6% USA

- Interest rates hike on hold
- Moderate economic growth

Agenda

- Group performance 1H'16
- Business areas 1H'16
- Conclusions
- Appendix
- Glossary



Appendix

Other geographic units results

Global segments results

Group balance sheet

NPL and coverage ratios, and cost of credit

Liquidity and funding

Quarterly income statements

A modern architectural scene featuring a building with prominent cantilevered floors. In the foreground, a reflecting pool captures the building's reflection. Silhouettes of people in business attire are visible, some standing near the water and others walking. The sky is clear and blue.

Other geographic units results

1H'16 strategy and highlights

	1H'15	1H'16
Digital customers (thousand)	722	1,045
Payrolls (thousand)	2,931	3,240
Demand deposits (y-o-y change)	+20%	+24%
SMEs loans (MXN mill.)	58,057	63,934
Cost of credit	2.89%	2.96%

Activity

Volumes¹

Var. J'16 / J'15

+5%
/ 1Q'16

+4%
/ 1Q'16

+16%

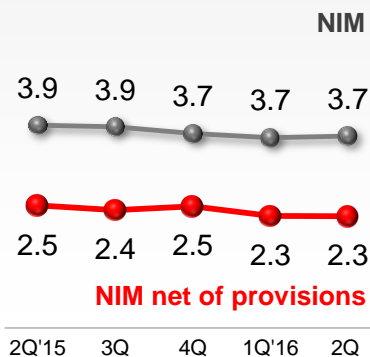
+14%

Loans

Funds

Customer NIM

%



P&L

€ million

	2Q'16	%1Q'16*	1H'16	%1H'15*
NII + Fee income	768	2.9	1,536	12.9
Gross income	786	2.0	1,578	12.7
Operating expenses	-317	1.2	-639	7.8
Net op. Income	469	2.5	939	16.3
Loan-loss provisions	-214	-0.8	-435	19.5
PBT	244	3.3	486	8.6
Attributable profit	146	4.9	289	10.2

(*) % change on a currency-neutral basis

- **Market share gain** in loans and deposits reflecting the **commercial strategy** and the **rise** in customers
- **Profit growth driven by commercial revenues (+13%)**
- **Net interest income up 15%** due to larger volumes and better funding structure
- **Enhanced credit quality** with lower NPL ratio and stable cost of credit

1H'16 strategy and highlights

	1H'15	1H'16
Loyal customers (thousand)	545	567
Digital customers (thousand)	881	942
Cost of credit	1.68%	1.59%
NPL ratio	5.73%	5.28%
Improved customer satisfaction* (higher in SAN vs. peers)	+10 p.p.	+3 p.p.

(*) Y-o-Y performance at May'15 and May'16 (latest available)

P&L

€ million	2Q'16	%1Q'16*	1H'16	%1H'15*
NII + Fee income	534	4.0	1,043	7.4
Gross income	577	2.7	1,133	6.0
Operating expenses	-237	0.0	-472	4.7
Net op. Income	339	4.7	661	7.0
LLPs	-127	15.7	-237	2.0
PBT	211	-1.9	425	9.4
Attributable profit	126	2.6	248	8.7

(*) % change on a currency-neutral basis

Activity

Volumes¹

Var. J'16 / J'15

+2%
/ 1Q'16

+1%
/ 1Q'16

+8%

+8%

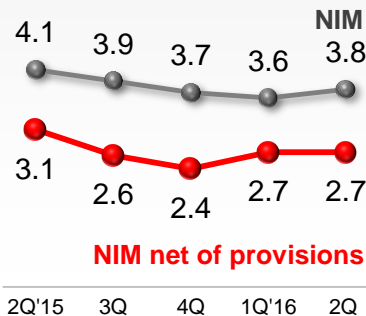
Loans

Funds

Customer NIM

% Inflation UF²

1H'15: 1.44 1H'16: 1.65



- Improved **customer satisfaction** indices, **loyalty** and **target segments**
- Higher attributable profit** driven by net interest income and fee income
- Costs** rose due to those **indexed to exchange rates, personnel and amortisations**
- Stable provisions** in year-on-year terms. Rise in 2Q'16 over a 1Q'16 that was lower than the average
- Improved credit quality** (NPL ratio: -45 b.p.)

1H'16 strategy and highlights

	1H'15	1H'16
Digital customers (thousand)	1,825	1,950
Loyal companies (thousand)	74	85
Cost of credit	1.00%	0.75%
NPL ratio	7.07%	5.84%
Market share in loans	9.5%	10.0%

P&L

€ million	2Q'16	%1Q'16*	1H'16	%1H'15*
NII + Fee income	298	2.0	590	5.0
Gross income	345	11.1	656	2.3
Operating expenses	-146	0.9	-291	0.9
Net op. Income	199	20.0	365	3.5
LLPs	-34	3.7	-67	-16.2
PBT	136	22.7	246	-8.5
Attributable profit	75	16.5	139	-13.8

(*) % change on a currency-neutral basis

Activity

Volumes¹

Var. J'16 / J'15

+4%
/ 1Q'16

+3%
/ 1Q'16

+12%

+7%

Loans

Funds

Customer NIM

%

Yield on loans

4.10 4.01 4.04 3.96 3.98

Cost of deposits

1.13 1.02 0.99 1.03 0.95

2Q'15 3Q 4Q 1Q'16 2Q

- Benchmark bank in **innovation and digital channels**
- **Growth in loans:** mainly in companies (+14%), mortgages (+9%) and cash loans (+10%)
- **Profit hit by tax on assets. Excluding it, profit was 2% higher**
- **Good management of net interest income (+9% y-o-y).** Payment of dividends in 2Q (seasonal)
- **Sharp improvement of NPL ratio and cost of credit**

1H'16 strategy and highlights

	1H'15	1H'16
Loyal individuals (thousand)	490	515
Loyal companies (thousand)	21.4	25.1
Digital customers (thousand)	340	405
Cost of credit	0.38%	0.21%
Loans' market-share	11.0%	14.4%

Activity

Volumes¹

Var. J'16 / J'15

-0.3%
/ 1Q'16

+2%
/ 1Q'16

+23%

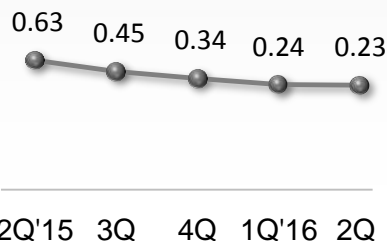
+24%

Loans

Funds

Cost of time deposits – New deposits²

%



P&L

€ million

	2Q'16	%1Q'16	1H'16	%1H'15
NII + Fee income	262	-4.0	535	27.9
Gross income	293	-13.0	630	33.6
Operating expenses	-149	-2.9	-303	23.6
Net op. Income	144	-21.4	327	44.4
LLPs	-6	-72.4	-29	-33.3
Underlying PBT	116	-26.4	275	97.8
Underlying profit	89	-26.6	210	101.4

Note: excluding contribution to the SRF in 2Q'16

- Focusing on **Banif's integration**
- **Rise in 1I2I3 customers** (41,000 new accounts in 2Q'16)
- **Market share gain (excluding Banif)**, notably in corporates
- Year-on-year profit growth spurred by **higher gross income and lower cost of credit**
- Profit down in **2Q**, following higher results from management of portfolios and fee income in 1Q

ARGENTINA

1H'16 strategy and highlights

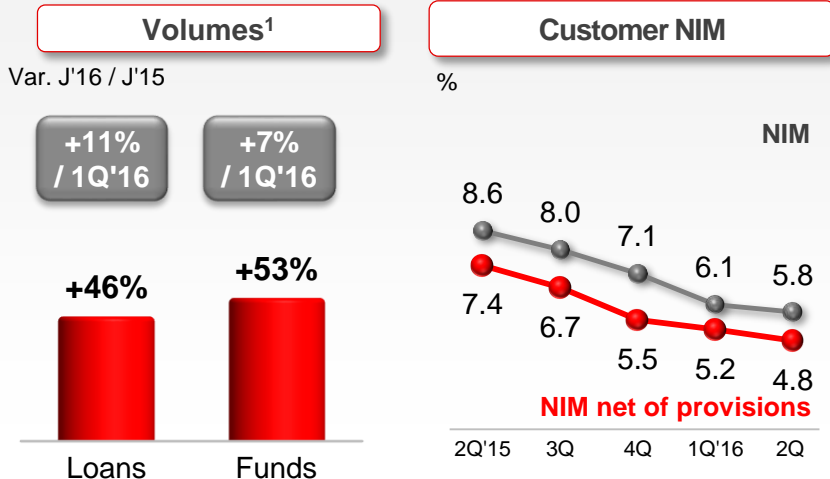
	1H'15	1H'16
Loyal individuals (thousand)	940	996
Loyal companies (thousand)	88	97
Digital customers (thousand)	1,190	1,414
Cost of credit	2.17%	1.96%
NPL ratio	1.53%	1.38%

P&L

€ million	2Q'16	%1Q'16*	1H'16	%1H'15*
NII + Fee income	274	4.5	539	21.8
Gross income	338	11.3	644	38.3
Operating expenses	-184	2.9	-364	40.1
Net op. Income	154	23.4	280	36.0
Loan-loss provisions	-25	12.7	-48	26.7
PBT	118	19.3	217	33.9
Attributable profit	83	25.9	150	40.9

(*) % change on a currency-neutral basis

Activity

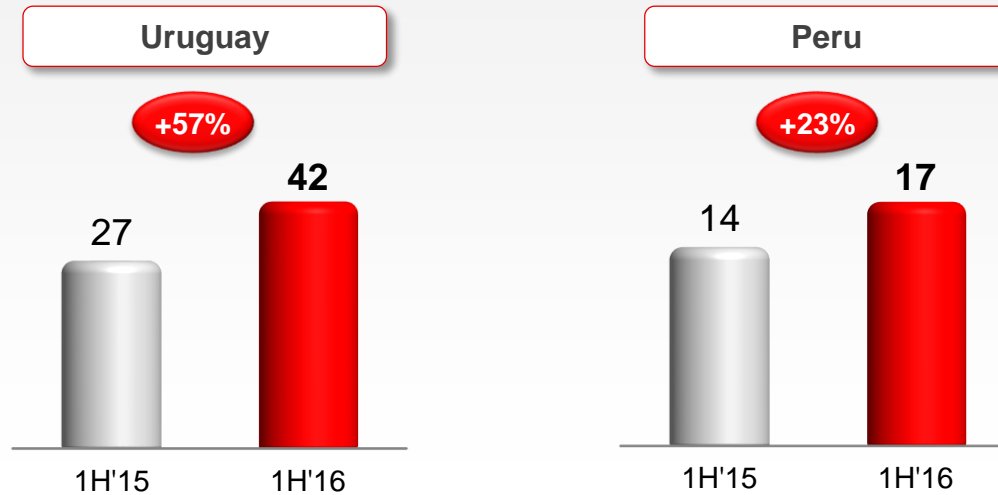


- **Better environment for banking business**
- **Market share gain** in loans and deposits driven by the expansion plan and commercial strategy
- Profit fueled by the **increase of all revenues lines**
- Costs up due to the **branch network expansion and transformation projects**
- **Lower NPL ratio and cost of credit**

OTHER LATIN AMERICAN COUNTRIES

Attributable profit evolution

€ million (currency-neutral)



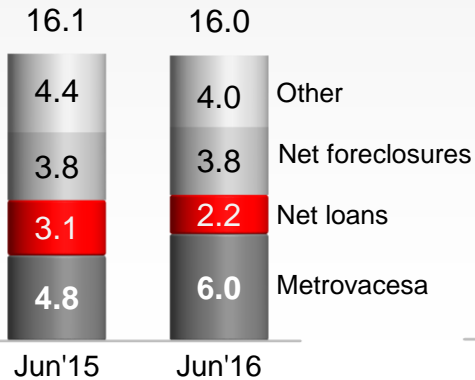
- Focusing on loyalty, transactions and target segments
- Double-digit growth in volumes
- Profits driven by revenues growth

REAL ESTATE ACTIVITY SPAIN

Activity

Total Balance

€ billion



Coverage ratio

Jun'16 and % change / Jun'15

+1 p.p.

+0 p.p.

58%

54%

Loans

Foreclosures

P&L

€ million

	1H'16	1H'15	%1H'15
Gross income	11	84	87.5
Operating expenses	-108	-123	-12.1
Provisions	-112	-194	-42.2
Tax recovery	62	69	-10.2
Attributable profit	-144	-163	-11.7

- Reduction of loan exposures continued at a pace of more than 30%
- Stable coverage ratio
- Lower losses due to **reduced provision needs**

A modern architectural scene featuring a building with prominent cantilevered floors. In the foreground, a reflecting pool captures the building's reflection. Silhouettes of several people in business attire are visible, some standing and some walking. The sky is clear and blue. The overall aesthetic is clean and professional.

Global Segments Results

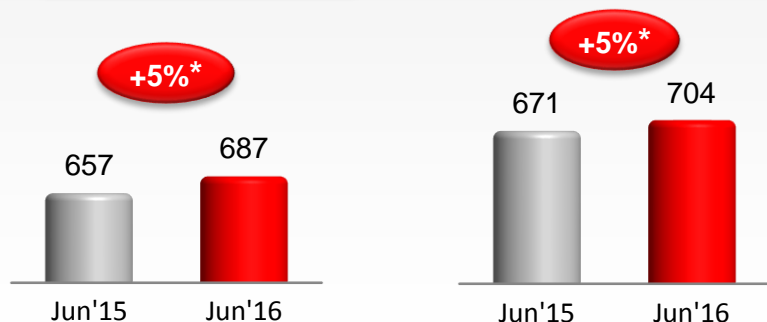
RETAIL BANKING

Activity

€ billion (currency-neutral basis)

Net loans

Funds



(*) -3% in euros

(*) -2% in euros

P&L

€ million

	2Q'16	%1Q'16*	1H'16	%1H'15*
NII + Fee income	9,329	0.4	18,527	4.9
Gross income	9,673	0.4	19,225	3.0
Operating expenses	-4,553	0.5	-9,045	6.8
Net op. income	5,121	0.3	10,180	-0.2
LLPs	-1,955	-11.0	-4,116	-2.4
Underlying PBT	2,733	10.1	5,216	-0.6
Underlying profit	1,641	5.3	3,195	-3.4

(*) % change on a currency-neutral basis

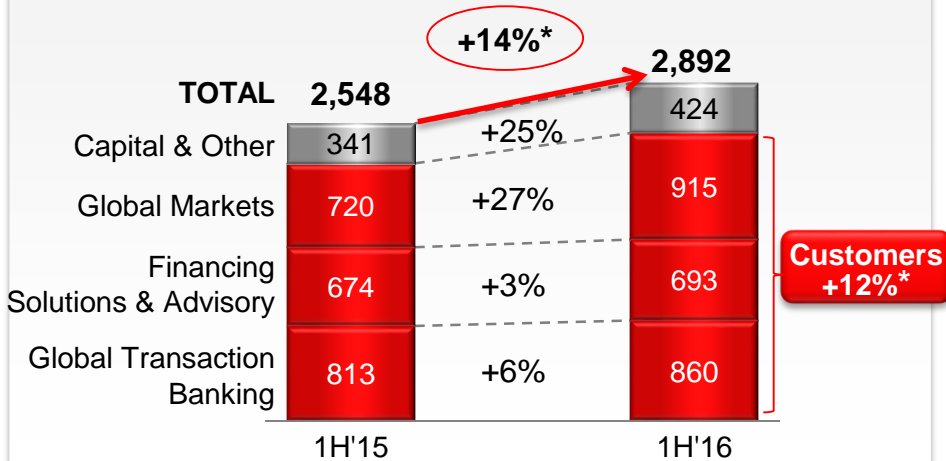
Note: excluding contribution to the SRF in 2Q'16

- The retail banking model continued to be transformed into an increasingly **Simple, Personal and Fair** model
- **Focused** on three main priorities: **customer loyalty, digital transformation and operational excellence**
- **Further development of the multi-channel model**, centred on digital channels
- Progress in achieving our targets. At June, 14.4 million loyal customers (+10% from June 2015) and 19.1million digital customers (+23% from June 2015)

SANTANDER GLOBAL CORPORATE BANKING (SGCB)

Gross income

€ Million (currency-neutral basis)



(*) In euros: total gross income, +2%; customer revenues, +2%

P&L

€ million

	2Q'16	%1Q'16*	1H'16	%1H'15*
NII + Fee income	992	-3.3	2,000	-2.7
Gross income	1,489	4.2	2,892	13.5
Operating expenses	-500	2.7	-985	0.4
Net op. income	989	5.0	1,906	21.7
LLPs	-194	-14.7	-417	42.4
PBT	762	6.7	1,456	16.4
Attributable profit	504	8.3	958	13.1

(*) % change on a currency-neutral basis

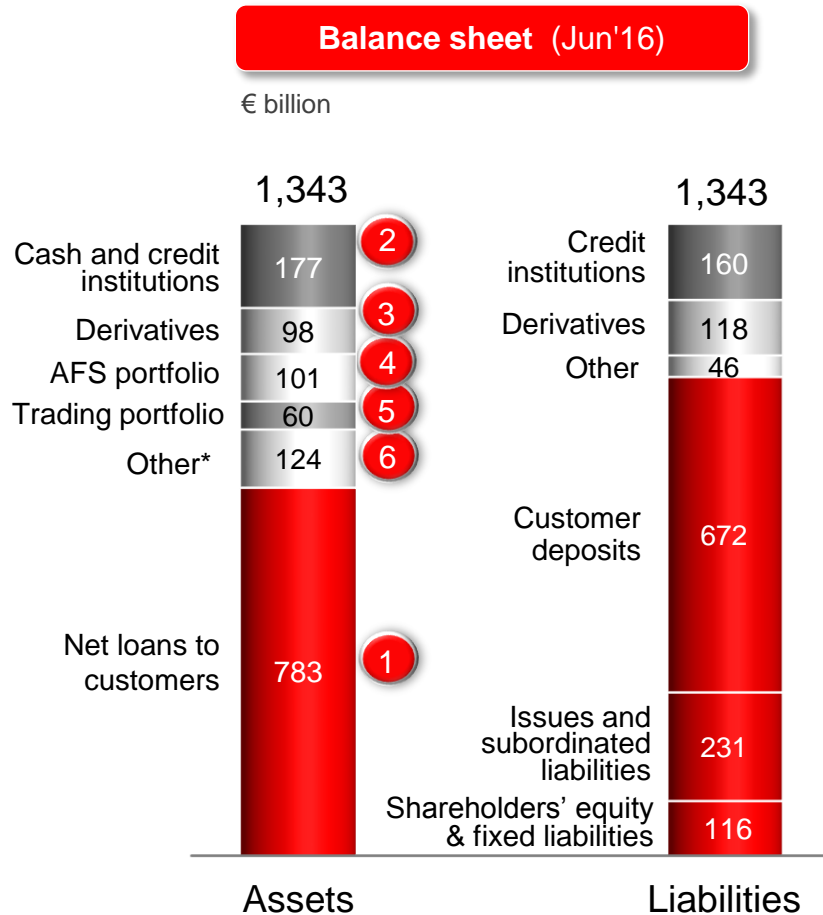
- **Customer-focused strategy**, underpinned by the **Division's global capacities and their interconnection with local units**
- **Reference positions** in export finance, corporate lending, project finance, among others, in Europe and Latin America
- **Attributable profit up 13% (currency-neutral basis)**, underpinned by **strong and diversified customer revenues (+12%)**



Group Balance Sheet

BALANCE SHEET

Retail balance sheet, appropriate for a low risk business model, liquid and well capitalised



1

Lending: 58% of balance sheet

2

Cash, central banks and credit institutions: 13%

3

Derivatives (with counterparty on the liabilities side): 7% of balance sheet

4

Available for sale portfolio (AFS): 8%

5

Trading portfolio: 5%

6

Other (goodwill, fixed assets, accruals): 9%

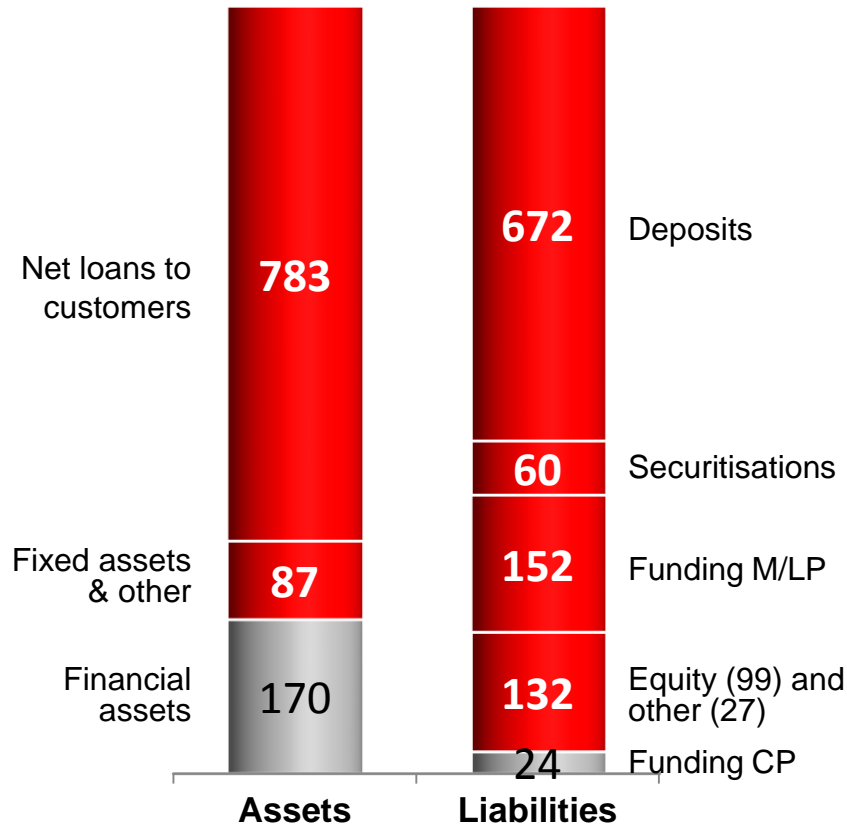


Liquidity and funding

Well-funded balance sheet with high structural liquidity surplus

Liquidity balance sheet (Jun'16)

€ billion

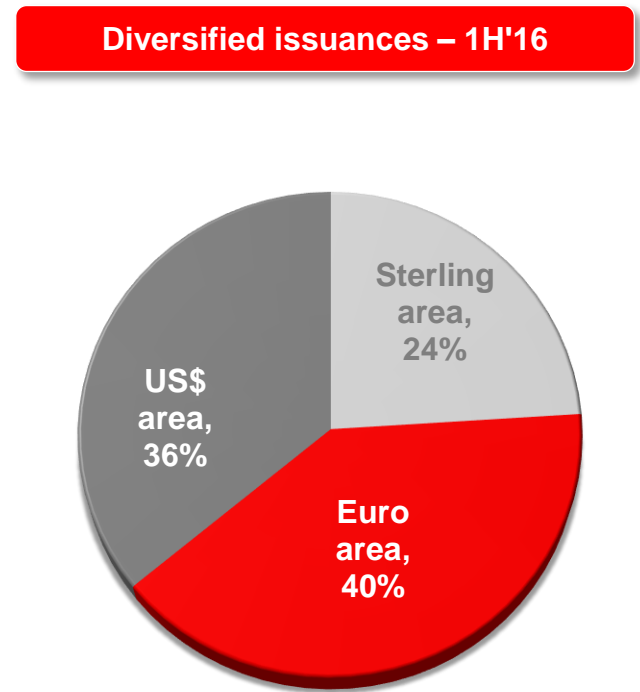
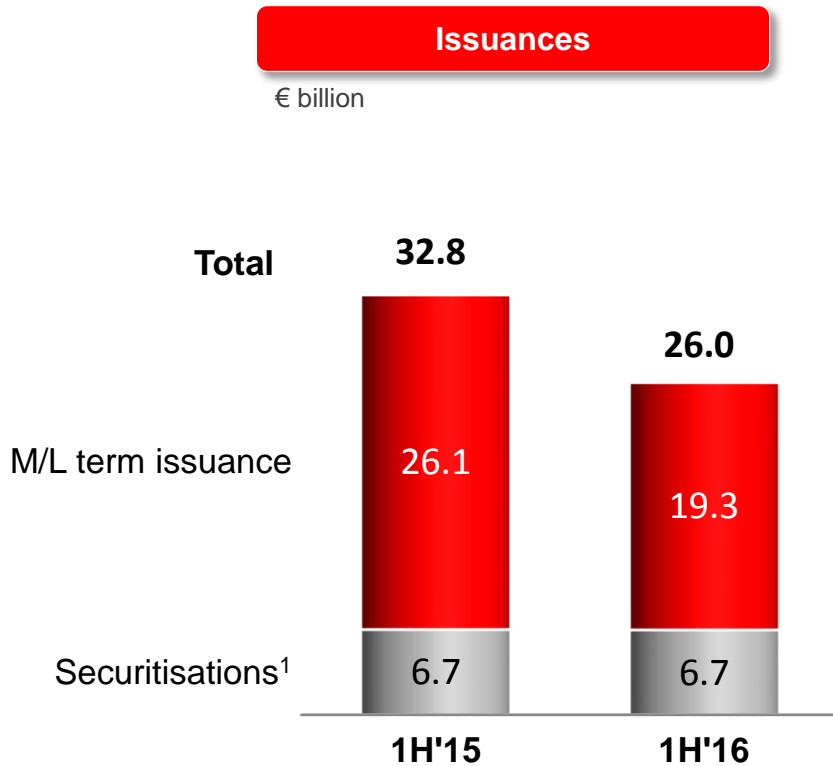


Commercial Gap: EUR 111.6 bn.

Structural liquidity¹ surplus: EUR 146.0 bn. (14% net liabilities)

Note: Liquidity balance sheet for management purposes (net of trading derivatives and interbank balances). Provisional
 (1) Financial assets – short term wholesale funding markets

Commercial activity evolution enabled a lower recourse to medium and long-term wholesale funding, without eroding the structural liquidity surplus



(1) Placed in the market and including structured finance



NPL, coverage ratios and cost of credit

NPL ratio

%

	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16	30.06.16
Continental Europe	8.52	8.15	7.89	7.27	7.08	6.84
Spain	7.25	6.91	6.61	6.53	6.36	6.06
Santander Consumer Finance	4.52	4.25	4.15	3.42	3.28	2.95
Poland	7.33	7.07	7.14	6.30	5.93	5.84
Portugal	8.96	8.80	8.86	7.46	8.55	10.46
United Kingdom	1.75	1.61	1.51	1.52	1.49	1.47
Latin America	4.64	4.74	4.65	4.96	4.88	4.98
Brazil	4.90	5.13	5.30	5.98	5.93	6.11
Mexico	3.71	3.81	3.54	3.38	3.06	3.01
Chile	5.88	5.73	5.60	5.62	5.45	5.28
USA	2.20	2.20	2.20	2.13	2.19	2.24
Operating Areas	4.87	4.68	4.52	4.39	4.36	4.32
Total Group	4.85	4.64	4.50	4.36	4.33	4.29

Coverage ratio

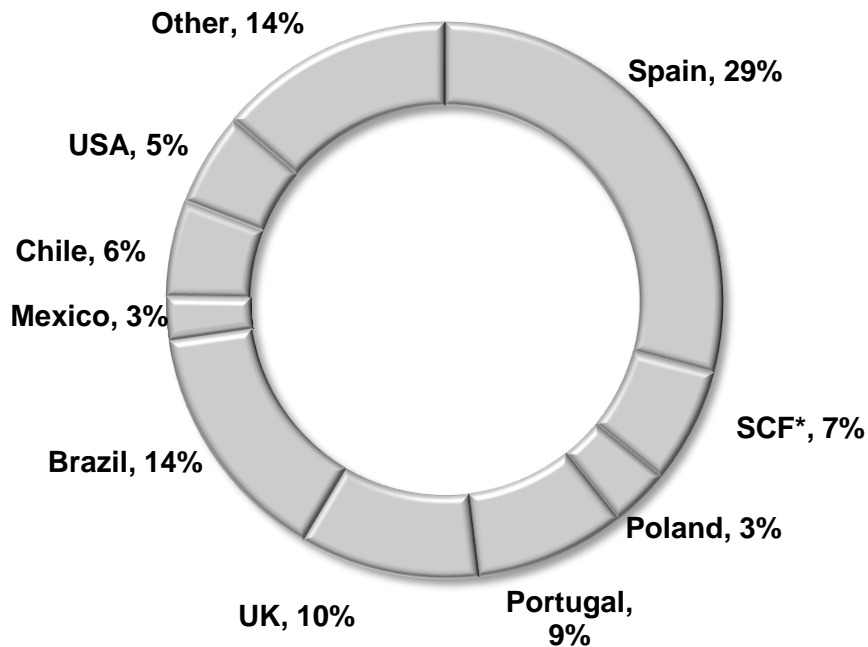
%

	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16	30.06.16
Continental Europe	58.6	58.9	60.4	64.2	65.4	61.3
Spain	46.6	46.8	47.8	48.1	50.2	47.6
Santander Consumer Finance	103.6	104.9	107.2	109.1	111.9	110.6
Poland	61.6	63.5	63.1	64.0	67.0	65.8
Portugal	52.4	54.2	56.2	99.0	87.7	61.9
United Kingdom	41.2	40.3	39.6	38.2	36.5	36.5
Latin America	83.6	84.4	85.4	79.0	79.7	81.4
Brazil	95.2	95.9	96.0	83.7	83.7	85.3
Mexico	88.4	87.5	93.0	90.6	97.5	102.3
Chile	52.0	51.6	52.8	53.9	54.6	55.5
USA	211.5	224.2	218.3	225.0	221.1	220.6
Operating Areas	68.3	69.4	70.5	72.6	73.3	72.0
Total Group	68.9	70.1	71.1	73.1	74.0	72.5

Non-performing loans and loan-loss allowances. June 2016

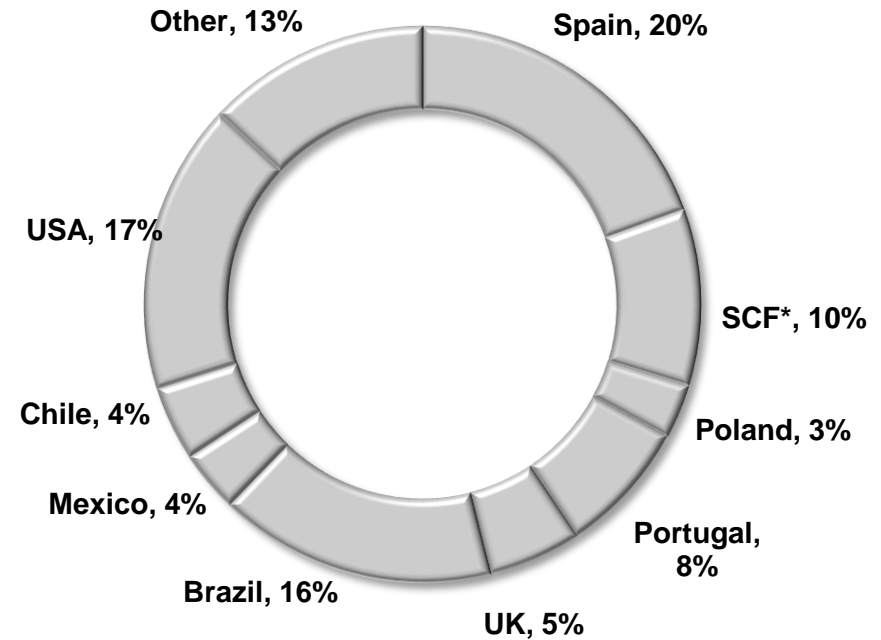
Non-performing loans

100%: €36,291 mill.



Loan-loss allowances

100%: €26,317 mill.



Cost of credit

%

	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16	30.06.16
Continental Europe	0.95	0.86	0.77	0.68	0.60	0.51
Spain	0.97	0.84	0.71	0.62	0.54	0.45
Santander Consumer Finance	0.93	0.91	0.87	0.77	0.64	0.55
Poland	1.00	1.00	0.96	0.87	0.82	0.75
Portugal	0.45	0.38	0.35	0.29	0.28	0.21
United Kingdom	0.11	0.08	0.04	0.03	0.01	0.03
Latin America	3.53	3.39	3.33	3.36	3.39	3.41
Brazil	4.63	4.45	4.40	4.50	4.63	4.71
Mexico	2.92	2.89	2.87	2.91	2.95	2.96
Chile	1.74	1.68	1.68	1.65	1.58	1.59
USA	3.25	3.39	3.36	3.66	3.85	3.77
Operating Areas	1.38	1.33	1.27	1.26	1.24	1.20
Total Group	1.38	1.32	1.26	1.25	1.22	1.19

Spain Real Estate Activity. Exposure and coverage ratios

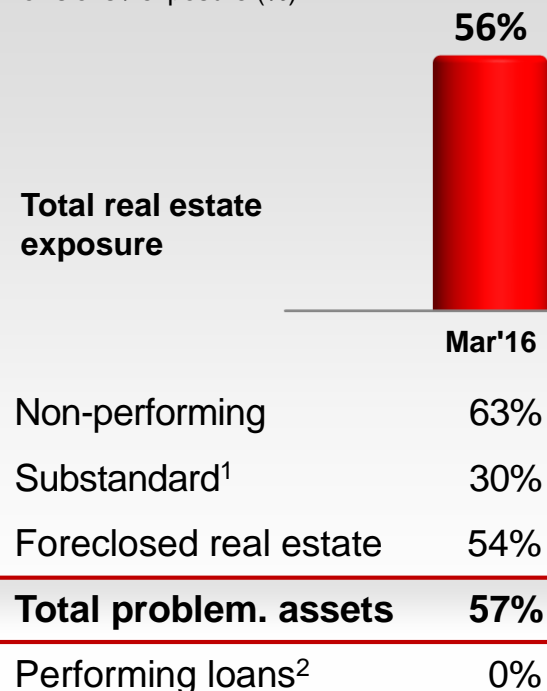
Coverage by borrowers' situation (June 2016)

€ million

	Gross risk	Coverage Fund	Net Risk
Non-performing	4,640	2,918	1,722
Substandard ¹	203	61	142
Foreclosed real estate	8,286	4,506	3,780
Total problematic assets	13,129	7,485	5,644
Performing loans ²	286	0	286
Real estate exposure	13,415	7,485	5,930

Total coverage (problematic assets + performing loans)

Provisions / exposure (%)



Spain Real Estate Activity. Loans and foreclosures

LOANS

€ Million

	Jun'16	Dec'15	Var.
Finished buildings	2,276	2,735	-459
Buildings under constr.	136	137	-1
Developed land	1,288	1,603	-315
Building and other land	666	699	-33
Non mortgage guarantee	762	785	-23
Total	5,129	5,959	-830

Foreclosed REAL ESTATE (Jun'16)

€ Million

	Gross amount	Coverage	Net amount
Finished buildings	2,260	47%	1,202
Buildings under constr.	943	47%	504
Developed land	2,633	57%	1,126
Building land	2,450	61%	948
Other land	0	--	0
Total	8,286	54%	3,780



Quarterly P&L

Grupo Santander

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	10,563	10,867	10,457	10,336	10,021	10,119	21,429	20,140
Gross income	11,444	11,618	11,316	10,894	10,730	10,929	23,062	21,660
Operating expenses	(5,377)	(5,429)	(5,342)	(5,422)	(5,158)	(5,227)	(10,806)	(10,384)
Net operating income	6,067	6,189	5,974	5,472	5,572	5,703	12,256	11,275
Net loan-loss provisions	(2,563)	(2,508)	(2,479)	(2,558)	(2,408)	(2,205)	(5,071)	(4,613)
Other	(514)	(683)	(716)	(742)	(433)	(544)	(1,197)	(977)
Underlying profit before taxes *	2,990	2,998	2,778	2,173	2,732	2,954	5,988	5,685
Underlying consolidated profit *	2,067	2,059	1,991	1,702	1,922	1,984	4,126	3,906
Underlying attributable profit *	1,717	1,709	1,680	1,460	1,633	1,646	3,426	3,280
Attributable profit	1,717	2,544	1,680	25	1,633	1,278	4,261	2,911

(*) Excluding: in 2Q15 net result of the reversal of provisions in Brazil
in 4Q15 Banif's badwill, PPI, impairment of intangible assets and other provisions (goodwill and other)
in 2Q16 capital gains from the disposal of the stake in Visa Europe, restructuring costs and contribution to the SRF

Grupo Santander

€ million (currency-neutral basis)

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	9,508	9,837	9,939	10,010	10,078	10,063	19,345	20,140
Gross income	10,356	10,543	10,776	10,559	10,784	10,875	20,899	21,660
Operating expenses	(4,901)	(4,966)	(5,087)	(5,239)	(5,177)	(5,208)	(9,867)	(10,384)
Net operating income	5,455	5,577	5,689	5,321	5,607	5,668	11,032	11,275
Net loan-loss provisions	(2,320)	(2,282)	(2,382)	(2,499)	(2,427)	(2,187)	(4,602)	(4,613)
Other	(465)	(629)	(687)	(743)	(439)	(538)	(1,094)	(977)
Underlying profit before taxes *	2,671	2,666	2,620	2,078	2,742	2,943	5,337	5,685
Underlying consolidated profit *	1,841	1,815	1,861	1,623	1,930	1,976	3,656	3,906
Underlying attributable profit *	1,516	1,495	1,562	1,385	1,641	1,638	3,011	3,280
Attributable profit	1,516	2,330	1,562	(50)	1,641	1,270	3,846	2,911

(*) Excluding: in 2Q15 net result of the reversal of provisions in Brazil
in 4Q15 Banif's badwill, PPI, impairment of intangible assets and other provisions (goodwill and other)
in 2Q16 capital gains from the disposal of the stake in Visa Europe, restructuring costs and contribution to the SRF

Spain

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	1,371	1,296	1,251	1,199	1,243	1,232	2,667	2,475
Gross income	1,749	1,522	1,571	1,238	1,543	1,489	3,271	3,032
Operating expenses	(855)	(856)	(863)	(860)	(837)	(834)	(1,711)	(1,671)
Net operating income	894	666	708	379	706	655	1,560	1,361
Net loan-loss provisions	(366)	(264)	(205)	(156)	(231)	(129)	(630)	(360)
Other	(44)	(71)	(58)	(89)	(37)	(82)	(116)	(119)
Underlying profit before taxes *	483	331	444	134	438	444	814	882
Underlying consolidated profit *	345	238	317	99	312	314	583	626
Underlying attributable profit *	340	232	311	94	307	308	572	616
Attributable profit	340	232	311	94	307	208	572	515

(*) Excluding contribution to the SRF in 2Q'16

Santander Consumer Finance

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	949	990	1,011	1,022	1,041	1,061	1,940	2,102
Gross income	959	991	1,018	998	1,045	1,068	1,950	2,113
Operating expenses	(422)	(442)	(443)	(467)	(483)	(468)	(864)	(951)
Net operating income	537	549	575	530	562	600	1,086	1,162
Net loan-loss provisions	(168)	(131)	(142)	(97)	(114)	(70)	(299)	(184)
Other	(22)	(36)	(44)	(50)	(39)	(41)	(58)	(80)
Underlying profit before taxes *	348	382	389	383	410	488	730	898
Underlying consolidated profit *	251	272	281	271	293	336	523	629
Underlying attributable profit *	220	241	242	236	251	293	461	544
Attributable profit	220	241	242	236	251	282	461	533

(*) Excluding contribution to the SRF in 2Q'16

Santander Consumer Finance

€ million (currency-neutral basis)

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	935	970	1,002	1,018	1,043	1,059	1,904	2,102
Gross income	944	971	1,010	994	1,047	1,066	1,915	2,113
Operating expenses	(416)	(434)	(439)	(465)	(484)	(467)	(849)	(951)
Net operating income	529	537	570	529	563	599	1,066	1,162
Net loan-loss provisions	(165)	(128)	(141)	(97)	(114)	(70)	(293)	(184)
Other	(22)	(36)	(44)	(50)	(39)	(41)	(58)	(80)
Underlying profit before taxes *	342	373	385	382	410	487	715	898
Underlying consolidated profit *	247	265	279	271	293	336	512	629
Underlying attributable profit *	216	234	239	236	252	292	450	544
Attributable profit	216	234	239	236	252	281	450	533

(*) Excluding contribution to the SRF in 2Q'16

Poland

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	291	301	300	311	292	298	593	590
Gross income	340	336	309	292	311	345	676	656
Operating expenses	(151)	(153)	(146)	(143)	(145)	(146)	(304)	(291)
Net operating income	190	182	162	149	166	199	372	365
Net loan-loss provisions	(39)	(46)	(39)	(44)	(33)	(34)	(85)	(67)
Other	(1)	(2)	3	(4)	(22)	(29)	(3)	(51)
Profit before taxes	150	135	125	101	111	136	284	246
Consolidated profit	122	112	99	77	88	108	234	196
Attributable profit	89	82	73	57	64	75	170	139

Poland

PLN million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	1,220	1,232	1,255	1,327	1,275	1,301	2,452	2,576
Gross income	1,427	1,371	1,293	1,247	1,357	1,507	2,798	2,863
Operating expenses	(632)	(626)	(614)	(611)	(632)	(638)	(1,259)	(1,270)
Net operating income	794	745	679	636	724	869	1,539	1,593
Net loan-loss provisions	(164)	(187)	(164)	(186)	(144)	(149)	(350)	(294)
Other	(3)	(9)	11	(16)	(97)	(126)	(13)	(223)
Profit before taxes	627	549	526	435	483	593	1,176	1,076
Consolidated profit	512	456	416	331	384	471	968	855
Attributable profit	372	333	306	245	281	327	705	607

Portugal

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	211	208	200	200	273	262	419	535
Gross income	238	234	226	318	337	293	472	630
Operating expenses	(123)	(122)	(124)	(125)	(154)	(149)	(245)	(303)
Net operating income	115	112	102	193	183	144	226	327
Net loan-loss provisions	(22)	(21)	(24)	(5)	(22)	(6)	(43)	(29)
Other	(21)	(23)	23	(10)	(2)	(21)	(45)	(23)
Underlying profit before taxes *	72	67	101	178	158	116	139	275
Underlying consolidated profit *	55	49	77	120	122	89	104	211
Underlying attributable profit *	55	49	77	119	121	89	104	210
Attributable profit	55	49	77	119	121	80	104	201

(*) Excluding contribution to the SRF in 2Q'16

United Kingdom

£ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	1,100	1,110	1,092	1,076	1,105	1,096	2,210	2,201
Gross income	1,152	1,173	1,150	1,155	1,166	1,180	2,325	2,346
Operating expenses	(612)	(608)	(605)	(610)	(611)	(619)	(1,220)	(1,231)
Net operating income	540	565	545	545	554	561	1,105	1,115
Net loan-loss provisions	(56)	(12)	6	(15)	(5)	(53)	(69)	(58)
Other	(41)	(36)	(94)	(85)	(45)	(56)	(78)	(101)
Profit before taxes	443	516	457	444	504	452	959	956
Consolidated profit	356	401	350	350	356	316	756	672
Attributable profit	350	394	343	343	349	307	744	656

Brazil

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	2,962	2,869	2,598	2,534	2,365	2,583	5,831	4,948
Gross income	3,007	2,981	2,656	2,497	2,381	2,703	5,987	5,083
Operating expenses	(1,187)	(1,151)	(1,056)	(1,059)	(947)	(1,046)	(2,337)	(1,993)
Net operating income	1,820	1,830	1,600	1,438	1,434	1,657	3,650	3,091
Net loan-loss provisions	(826)	(828)	(813)	(830)	(720)	(753)	(1,654)	(1,473)
Other	(209)	(263)	(255)	(151)	(177)	(193)	(472)	(370)
Profit before taxes	785	739	533	457	536	711	1,524	1,248
Consolidated profit	532	509	434	350	399	481	1,041	880
Attributable profit	477	452	385	317	359	429	929	788

Brazil

R\$ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	9,522	9,736	10,129	10,570	10,161	10,216	19,258	20,377
Gross income	9,666	10,109	10,362	10,468	10,227	10,708	19,775	20,936
Operating expenses	(3,815)	(3,904)	(4,110)	(4,396)	(4,068)	(4,138)	(7,719)	(8,207)
Net operating income	5,851	6,205	6,251	6,072	6,159	6,570	12,056	12,729
Net loan-loss provisions	(2,657)	(2,808)	(3,138)	(3,415)	(3,093)	(2,972)	(5,464)	(6,066)
Other	(672)	(888)	(975)	(667)	(762)	(763)	(1,560)	(1,524)
Profit before taxes	2,523	2,509	2,139	1,990	2,304	2,835	5,032	5,139
Consolidated profit	1,711	1,726	1,704	1,509	1,716	1,908	3,437	3,624
Attributable profit	1,534	1,536	1,514	1,362	1,540	1,704	3,070	3,245

Mexico

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	791	834	794	832	767	768	1,625	1,536
Gross income	819	854	794	850	792	786	1,672	1,578
Operating expenses	(355)	(353)	(327)	(334)	(322)	(317)	(708)	(639)
Net operating income	463	501	467	516	470	469	964	939
Net loan-loss provisions	(211)	(224)	(227)	(215)	(221)	(214)	(435)	(435)
Other	8	(2)	1	(10)	(6)	(11)	6	(18)
Profit before taxes	260	274	241	291	243	244	535	486
Consolidated profit	201	213	193	224	187	192	414	379
Attributable profit	153	160	143	173	143	146	313	289

Mexico

Million pesos

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	13,300	14,117	14,479	15,219	15,253	15,690	27,417	30,943
Gross income	13,769	14,450	14,503	15,547	15,745	16,054	28,218	31,800
Operating expenses	(5,973)	(5,978)	(5,978)	(6,131)	(6,402)	(6,479)	(11,951)	(12,881)
Net operating income	7,795	8,472	8,526	9,416	9,343	9,576	16,267	18,919
Net loan-loss provisions	(3,545)	(3,791)	(4,131)	(3,939)	(4,399)	(4,364)	(7,336)	(8,763)
Other	130	(36)	17	(174)	(123)	(233)	93	(356)
Profit before taxes	4,380	4,644	4,412	5,302	4,821	4,979	9,025	9,800
Consolidated profit	3,381	3,606	3,530	4,080	3,724	3,919	6,987	7,643
Attributable profit	2,574	2,704	2,613	3,155	2,839	2,979	5,278	5,818

Chile

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	485	593	554	519	509	534	1,078	1,043
Gross income	553	633	606	543	556	577	1,186	1,133
Operating expenses	(238)	(263)	(243)	(260)	(235)	(237)	(501)	(472)
Net operating income	316	370	364	283	321	339	685	661
Net loan-loss provisions	(132)	(126)	(153)	(157)	(109)	(127)	(258)	(237)
Other	6	(3)	(4)	4	1	(1)	3	1
Profit before taxes	190	241	207	130	213	211	431	425
Consolidated profit	147	212	182	113	173	181	360	354
Attributable profit	106	147	125	78	122	126	253	248

Chile

Ch\$ billion

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	341	406	414	397	393	409	746	802
Gross income	389	432	454	416	430	441	821	871
Operating expenses	(167)	(180)	(182)	(198)	(182)	(182)	(347)	(363)
Net operating income	222	253	272	218	248	260	475	508
Net loan-loss provisions	(92)	(86)	(113)	(119)	(84)	(98)	(178)	(182)
Other	4	(2)	(3)	3	1	(0)	2	1
Profit before taxes	134	165	155	103	165	162	298	327
Consolidated profit	104	146	136	89	134	138	249	272
Attributable profit	74	101	94	61	94	96	175	190

United States

\$ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	1,940	2,011	2,019	2,014	2,018	1,983	3,951	4,001
Gross income	2,101	2,210	2,169	2,167	2,168	2,133	4,311	4,302
Operating expenses	(783)	(806)	(858)	(907)	(856)	(874)	(1,589)	(1,730)
Net operating income	1,318	1,404	1,311	1,260	1,312	1,259	2,722	2,572
Net loan-loss provisions	(719)	(834)	(834)	(1,053)	(949)	(797)	(1,553)	(1,746)
Other	(21)	(46)	(41)	(56)	(72)	(16)	(67)	(88)
Profit before taxes	579	524	436	150	291	446	1,102	737
Consolidated profit	401	350	294	73	177	285	751	462
Attributable profit	289	239	207	17	90	178	528	268

Corporate Centre

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	1H '15	1H '16
NII + Fee income	(222)	(138)	(139)	(142)	(173)	(192)	(360)	(366)
Gross income	(230)	(177)	(56)	(32)	(223)	(244)	(407)	(468)
Operating expenses	(142)	(150)	(142)	(112)	(126)	(120)	(293)	(246)
Net operating income	(372)	(327)	(199)	(144)	(349)	(365)	(699)	(714)
Net loan-loss provisions	(1)	2	(1)	26	1	(5)	1	(3)
Other	(98)	(132)	(148)	(130)	(5)	(55)	(230)	(60)
Underlying profit before taxes *	(470)	(457)	(348)	(247)	(353)	(424)	(928)	(777)
Underlying consolidated profit *	(465)	(489)	(392)	(117)	(317)	(418)	(955)	(735)
Underlying attributable profit *	(491)	(489)	(395)	(119)	(311)	(418)	(980)	(729)
Attributable profit	(491)	346	(395)	(1,554)	(311)	(666)	(145)	(977)

(*) Excluding: in 2Q15 net result of the reversal of provisions in Brazil
in 4Q15 Banif's badwill, PPI, impairment of intangible assets and other provisions (goodwill and other)
in 2Q16 capital gains from the disposal of the stake in Visa Europe, restructuring costs

Agenda

- Group performance 1H'16
- Business areas 1H'16
- Conclusions
- Appendix
- Glossary



Glossary - Acronyms

- **AFS:** Available for sale
- **Bn:** Billion
- **CET1:** Common equity tier 1
- **C&I:** Commercial and Industrial
- **DGF:** Deposit guarantee fund
- **FL:** Fully-loaded
- **EPS:** Earning per share
- **GoFT:** Gains on financial transactions
- **LTV:** Loan to Value
- **LLPs:** Loan-loss provisions
- **MXN:** Mexican Pesos
- **NII:** Net interest income
- **NIM:** Net interest margin
- **NPL:** Non-performing loans
- **n.m.:** Non meaningful
- **PBT:** Profit before tax
- **P&L:** Profit and loss
- **RoRWA:** Return on risk-weighted assets
- **RWA:** Risk-weighted assets
- **RoTE:** Return on tangible equity
- **SCF:** Santander Consumer Finance
- **SC USA:** Santander Consumer USA
- **SGCB:** Santander Global Corporate Banking
- **SMEs:** Small and Medium Enterprises
- **SRF:** Single Resolution Fund
- **ST:** Short term
- **SVR:** Standard variable rate
- **TNAV:** Tangible net asset value
- **UF:** Unidad de fomento (Chile)
- **Y-o-Y:** Year on Year
- **UK:** United Kingdom
- **US:** United States

Glossary – definitions

PROFITABILITY AND EFFICIENCY

- **RoTE:** Return on tangible equity: Group's attributable profit / average of: capital + reserves + retained profit + valuation adjustments (excluding minority interests) - goodwill - intangible assets
- **Underlying RoTE:** Return on tangible equity: Group's underlying profit / average of: capital + reserves + retained profit + valuation adjustments (excluding minority interests) - goodwill - intangible assets
- **RoRWA:** : Return on risk-weighted assets: consolidated profit / average risk-weighted assets
- **Underlying RoRWA:** Return on risk-weighted assets: underlying consolidated profit / average risk-weighted assets
- **Efficiency:** Operating expenses / gross income. Operating expenses defined as general administrative expenses + amortisations

CREDIT RISK

- **NPL ratio:** Loans to customers and non-performing contingent liabilities (excluding country-risk) / total lending. Lending defined as total loans to customers and contingent liabilities (excluding country-risk)
- **NPL coverage ratio:** Provisions to cover losses due to impairment of customer loans and contingent liabilities (excluding country-risk) / total loans to customers and non-performing contingent liabilities (excluding country-risk)
- **Cost of credit:** 12 month loan-loss provisions / 12 month average lending

CAPITALISATION

- **Tangible net asset value per share (euro) – TNAV:** Tangible stockholders' equity / number of shares (excluding treasury shares). Tangible stockholders' equity calculated as shareholders equity + valuation adjustments (excluding minority interests) - goodwill - intangible assets

Notes: 1) The averages included in the RoTE, RoA and RoRWA denominators are calculated on the basis of 7 months from the previous December to the following June in the case of the first half, and 4 months from March to June in the case of the second quarter.

2) The risk-weighted assets included in the RoRWA denominator, are calculated according to the criteria defined in the CRR (Capital Requirements Regulation).

Thank you

Our purpose is to help people and businesses prosper.

Our culture is based on the belief that everything we do should be

Simple | Personal | Fair

