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# 1Q'17 Earnings Presentation

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Simple | Personal | Fair



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# Content

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▶ Group performance 1Q'17 ◀

Business areas performance 1Q'17

Concluding remarks

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Glossary

# 1Q'17 Financial Highlights

Chg. 1Q'17 / 1Q'16

## Strong profit growth

Attributable  
profit

€1,867 mill.; +14%

+10% (constant euros)

## Revenues increase consistent with our commercial strategy

Net interest income<sup>1</sup>

+4%

Fee income<sup>1</sup>

+12%

## Improved capital adequacy and profitability level

FL CET1

10.66%

RoTE

12.1%

## Committed to generate value for shareholders

EPS

€0.122; +14%

TNAV/share

€4.26

# 1Q'17 Business Highlights

Chg. Mar'17 / Mar'16

## Selective growth:

- Retail banking lending (+2%)
- Demand deposits (+12%); mutual funds (+11%)

## Enhanced balance sheet quality and lower cost of credit

## Loyal customers: 15.5 million

- Individuals: 14.1 million
- Companies: 1.4 million

## Digital customers: 22.1 million

- Mobile: 12.0 million

Loans	+1%
Customer funds	+5%

NPL ratio	3.74%
Cost of credit	1.17%

Individuals	+1.3 mill.	+10%
Companies	+189k	+16%

Digital	+4.2 mill.	+24%
Mobile	+4.4 mill.	+59%

# Attributable profit rose based on positive revenues, efficiency and loan-loss provisions dynamics

€ million	<b>1Q'17</b>	<b>% /1Q'16</b>	<b>% /1Q'16</b> Constant euros
Gross income	12,029	12.1	6.2
Operating expenses	-5,543	7.5	3.1
<b>Net op. Income</b>	<b>6,486</b>	<b>16.4</b>	<b>8.9</b>
Loan-loss provisions	-2,400	-0.4	-9.1
<b>PBT</b>	<b>3,311</b>	<b>21.2</b>	<b>16.8</b>
Taxes	-1,125	38.8	35.0
<b>Attributable profit</b>	<b>1,867</b>	<b>14.3</b>	<b>10.0</b>

**Higher customer revenues**

**Efficiency improvement driven by costs growing below inflation rate and revenues growth**

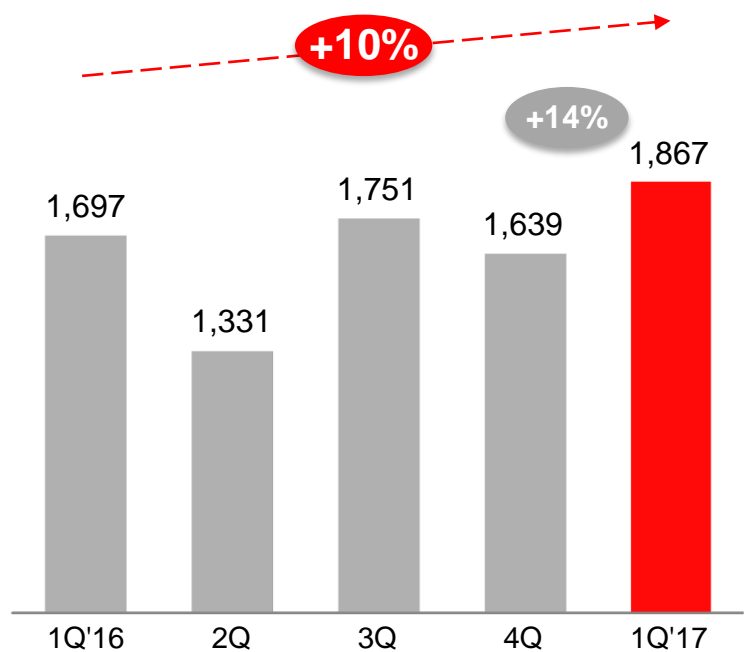
**Lower loan-loss provisions and cost of credit**

**Strong profit growth**

# Group profit growth driven by most markets

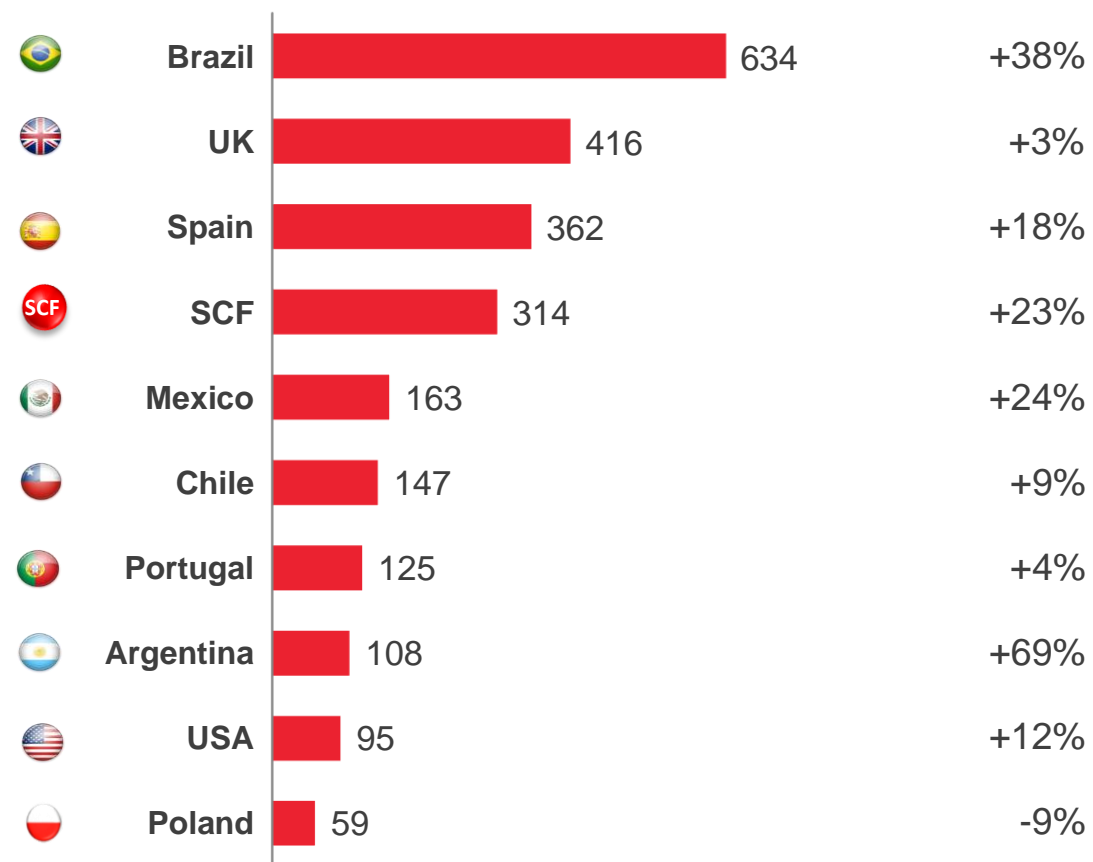
## Group attributable profit

€ million



## Attributable profit in core markets 1Q'17

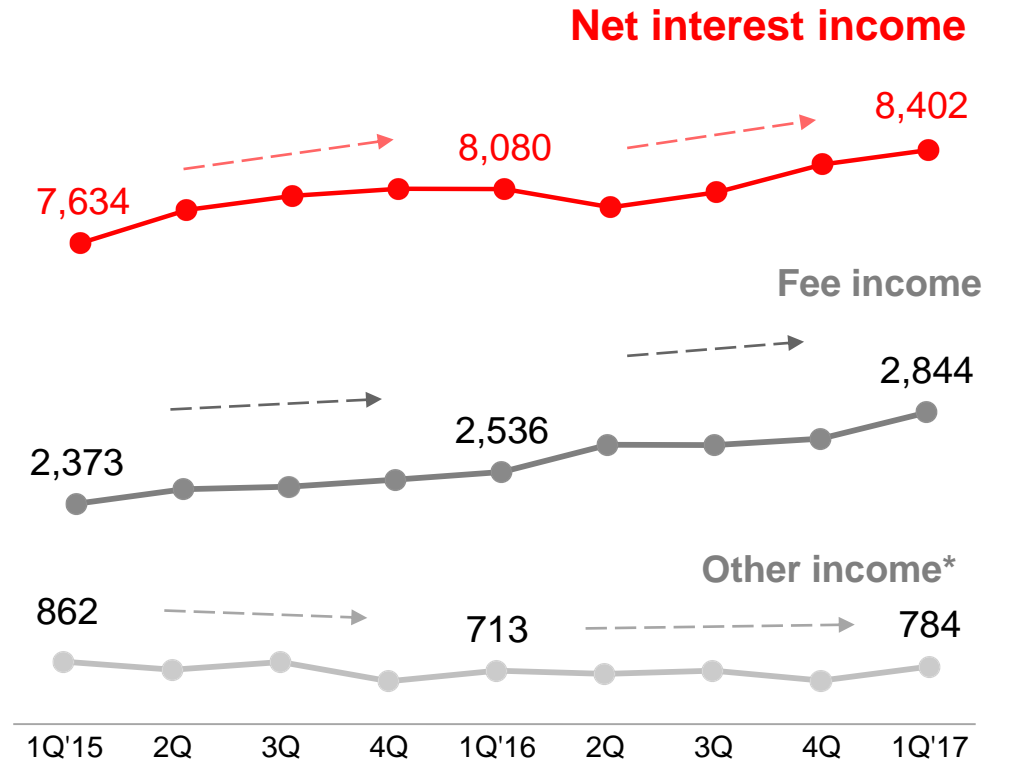
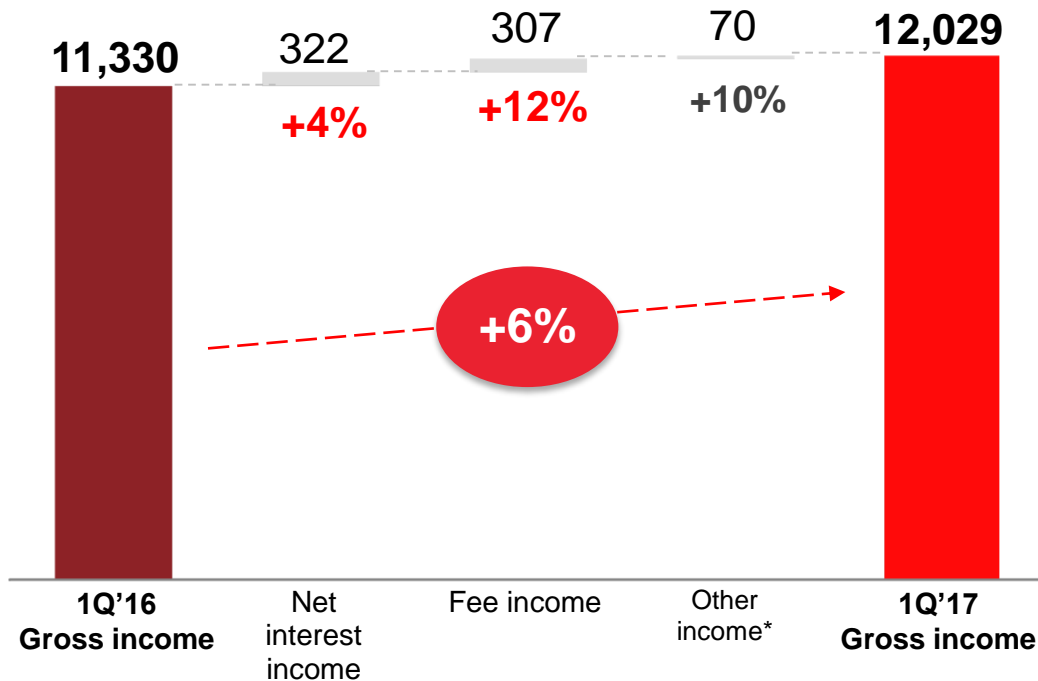
€ million and % Chg. / 1Q'16 in constant euros



# Revenues rose in 7 of 10 markets driven by strong recurring customer revenues

## Gross income

€ million





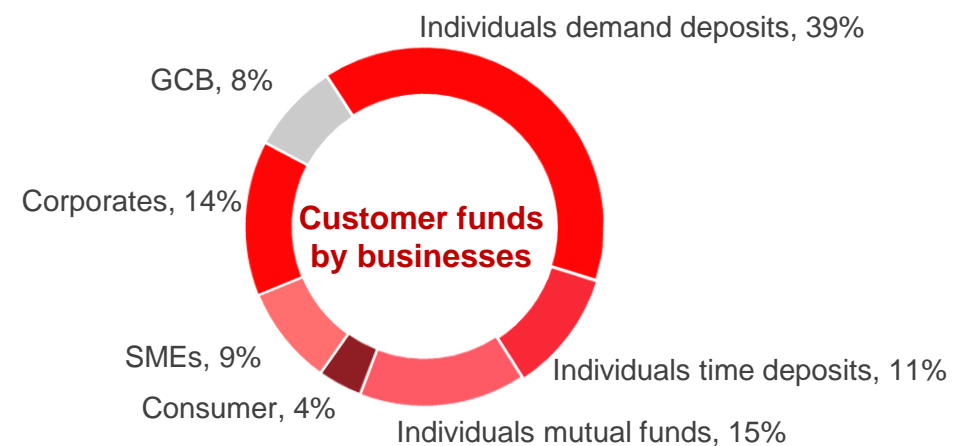
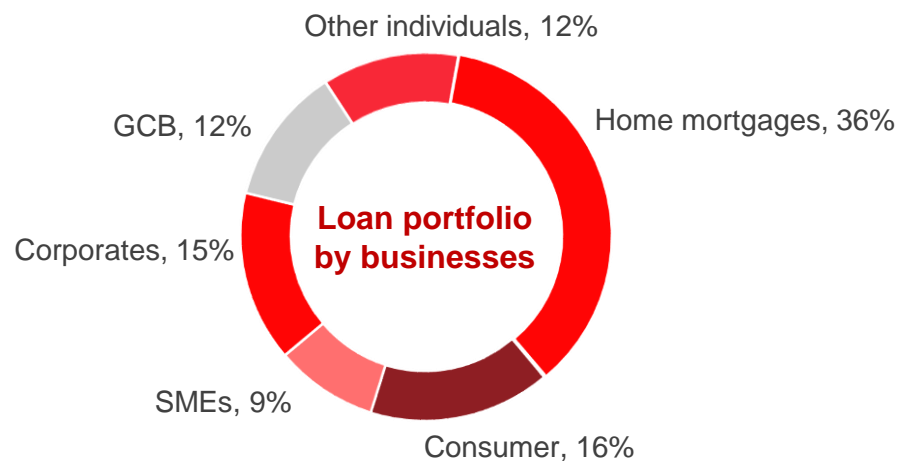
# Positive and balanced business volumes performance

## Loan portfolio: growth supported by developing markets

Mature markets			Developing markets		
Mar'17	€ Billion	YoY Chg.	Mar'17	€ Billion	YoY Chg.
<b>Spain</b>	151	-3%	<b>Poland</b>	22	6%
<b>UK</b>	243	0%	<b>Brazil</b>	81	4%
<b>USA</b>	86	-5%	<b>Mexico</b>	30	7%
<b>SCF</b>	87	10%	<b>Chile</b>	39	7%
<b>Portugal</b>	29	-4%	<b>Argentina</b>	8	53%

## Customer funds: growth in all markets

Mature markets			Developing markets		
Mar'17	€ Billion	YoY Chg.	Mar'17	€ Billion	YoY Chg.
<b>Spain</b>	229	4%	<b>Poland</b>	26	7%
<b>UK</b>	213	6%	<b>Brazil</b>	104	7%
<b>USA</b>	72	2%	<b>Mexico</b>	39	7%
<b>SCF</b>	36	7%	<b>Chile</b>	34	7%
<b>Portugal</b>	31	2%	<b>Argentina</b>	14	68%



# Higher fee income driven by rise in loyal and digital customers, with value added, personalised, digital and transparent customer strategies



Cuenta 1|2|3 Pymes

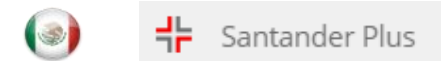


Cuenta 1|2|3 Smart



Crédito Pessoal 123

**Deeper and more valuable relationships**



Santander Plus

**+400k** customers in 1Q'17



Santander Cash Nexus

Making global connectivity simple for multinationals

**100** large corporate customers



Acquiring platform

**+250bps** YoY revenue mkt. share



**BRL1bn** monthly production



**+113k** new accounts in 1Q'17



**+70k** credit cards in 1Q'17



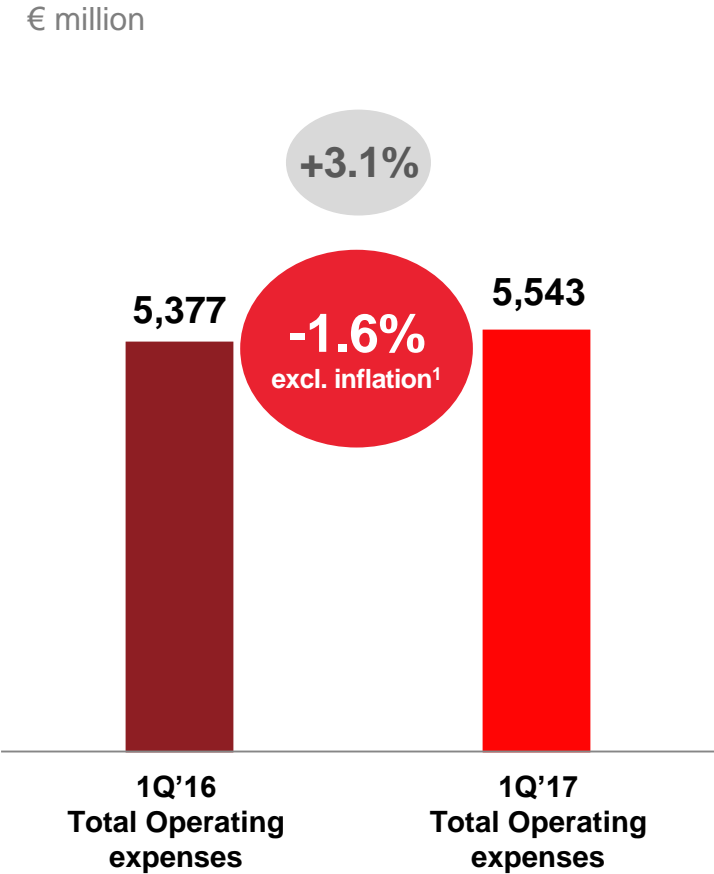
**NeoClick** Loans in 3 clicks

**+40k** loans, \$200MM

**Fee income: Retail Banking 86% of Group's total (+12% YoY), GCB: 14% (+11% YoY)**

# Committed to improve efficiency and operational excellence. Cost-to-income ratio: 46%

## Active cost management



## 8 markets with costs flat or below inflation rate<sup>1</sup>

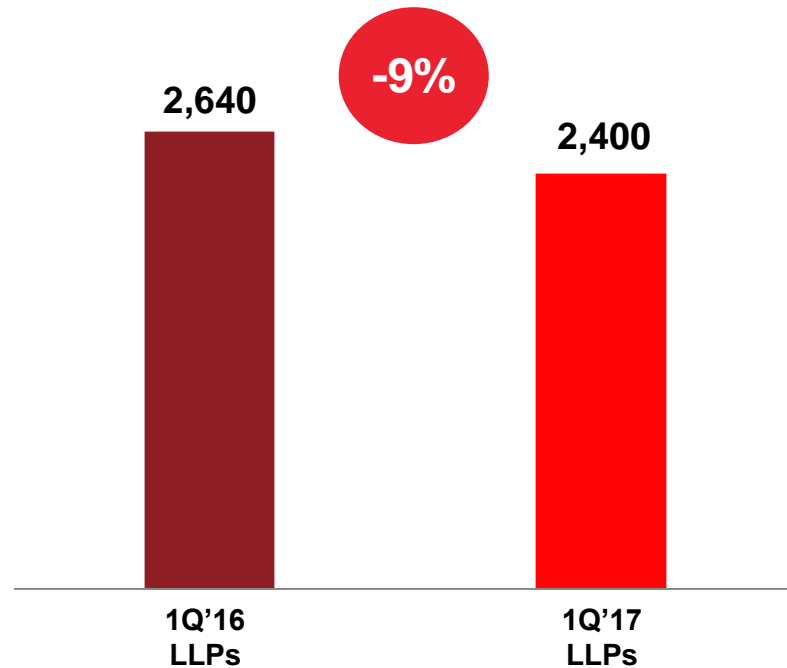
1Q'17 / 1Q'16, %

	Nominal	In real terms <sup>1</sup>
Brazil	8.1	0.6
UK	1.8	0.7
SCF	3.0	-1.4
Spain	-4.6	-5.3
Mexico	7.7	4.3
Chile	1.3	-2.0
Portugal	-9.9	-10.8
USA	4.1	2.5
Argentina	28.7	-9.8
Poland	-0.3	-0.5
Corporate Centre	-5.2	-5.9
<b>Group</b>	<b>3.1</b>	<b>-1.6</b>

# Enhanced credit quality in most markets

## Lower loan-loss provisions

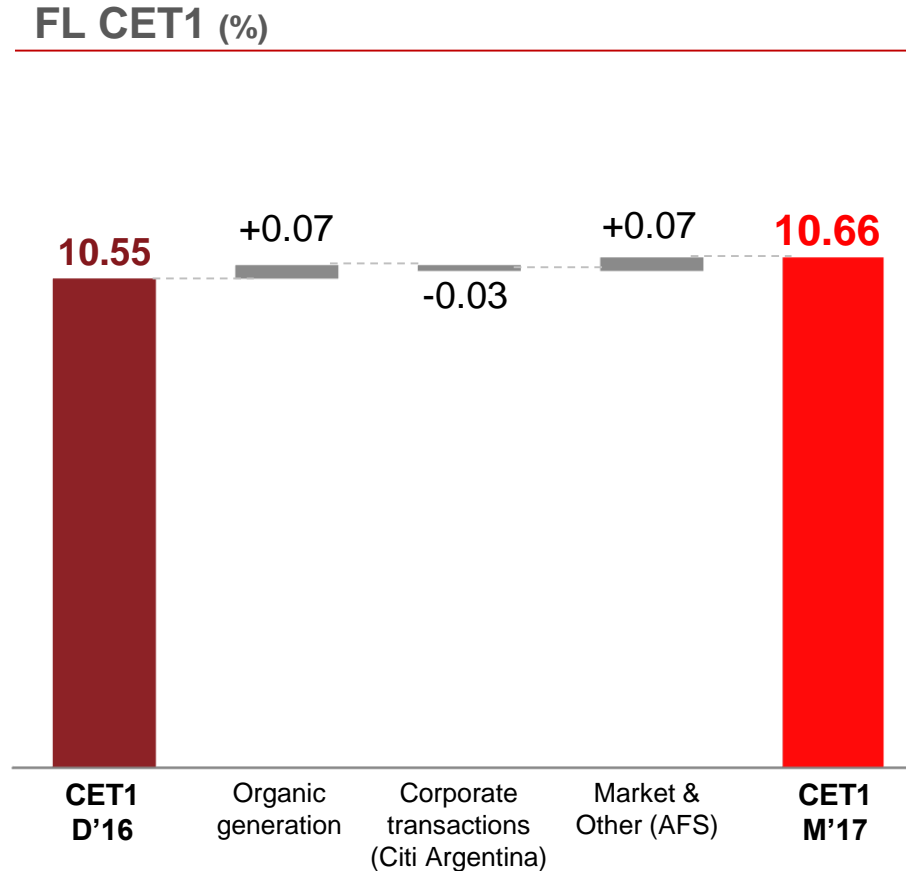
€ million



## Positive trends in all metrics

	M'16	M'17	
NPL ratio	4.33%	3.74%	✓
Coverage ratio	74%	75%	✓
Cost of credit	1.22%	1.17%	✓
Cost of credit excl. SC USA	0.88%	0.83%	✓

# Progress on reaching our target of fully-loaded CET1 >11% in 2018



March'17

YTD Chg.

**Total capital ratio: 14.10%**

+23 bps

**Leverage ratio: 5.0%**

-

**RWA/Assets: 44%**

+25 bps

**Committed to organically generate c.40 bps FL CET1 per year after paying dividends and growing loans**

# We made good headway in our recently announced funding plan to enhance the Group's TLAC position and optimise its cost of capital

## Key liquidity ratios

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March'17

<b>Net Loan-to-Deposit ratio (LTD):</b>	<b>113%</b>
<b>Deposits + M/LT funding / net loans:</b>	<b>114%</b>
<b>Liquidity Coverage Ratio (LCR)<sup>1</sup>:</b>	<b>136%</b>

**Comfortable liquidity position  
(Group and subsidiaries)**

## Funding plan - issuances

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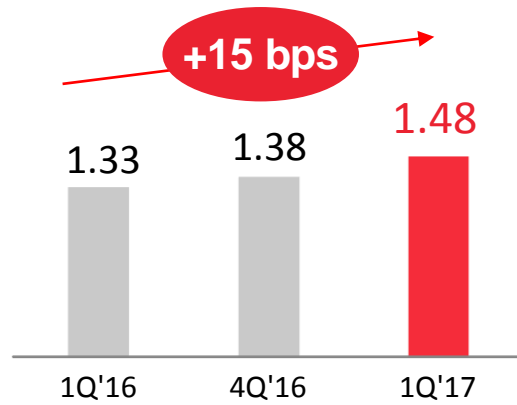
Jan-Apr'17

<b>Group issuances:</b>	<b>€12.8bn (~€8.8bn TLAC-eligible)</b>
<b>Diversified issuers</b>	<b>Parent bank, SCF, UK and USA</b>
<b>Diversified currencies</b>	<b>EUR, USD, GBP</b>

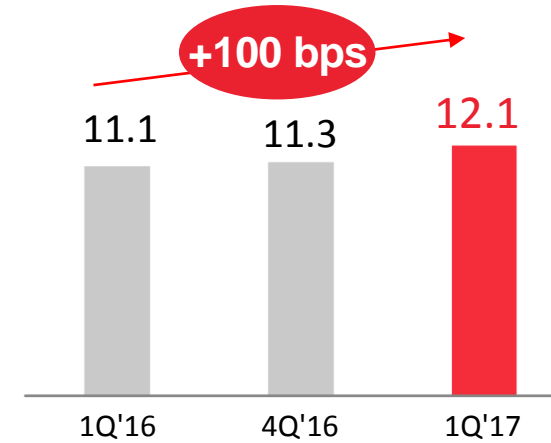
**Focus on TLAC-eligible instruments, following  
our decentralised liquidity and funding model**

# Delivering on our commitments: shareholder value creation

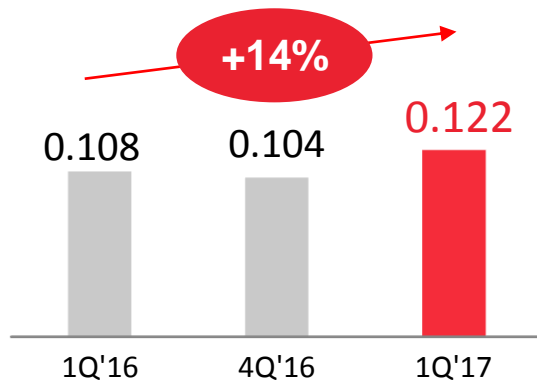
RoRWA (%)



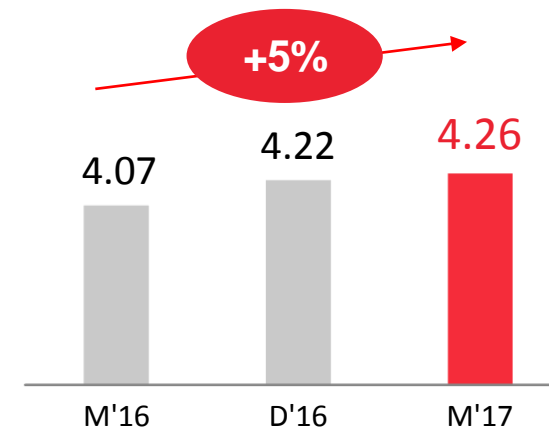
RoTE (%)



EPS (euros)



TNAV per share (euros)





# Content

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Group performance 1Q'17

▶ Business areas performance 1Q'17 ◀

Concluding remarks

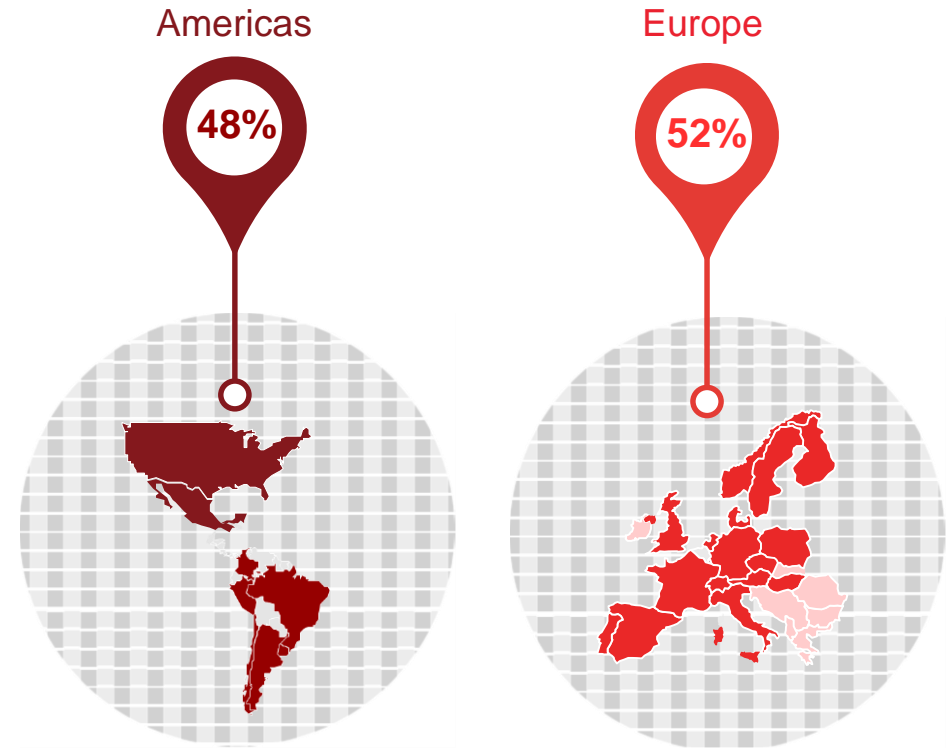
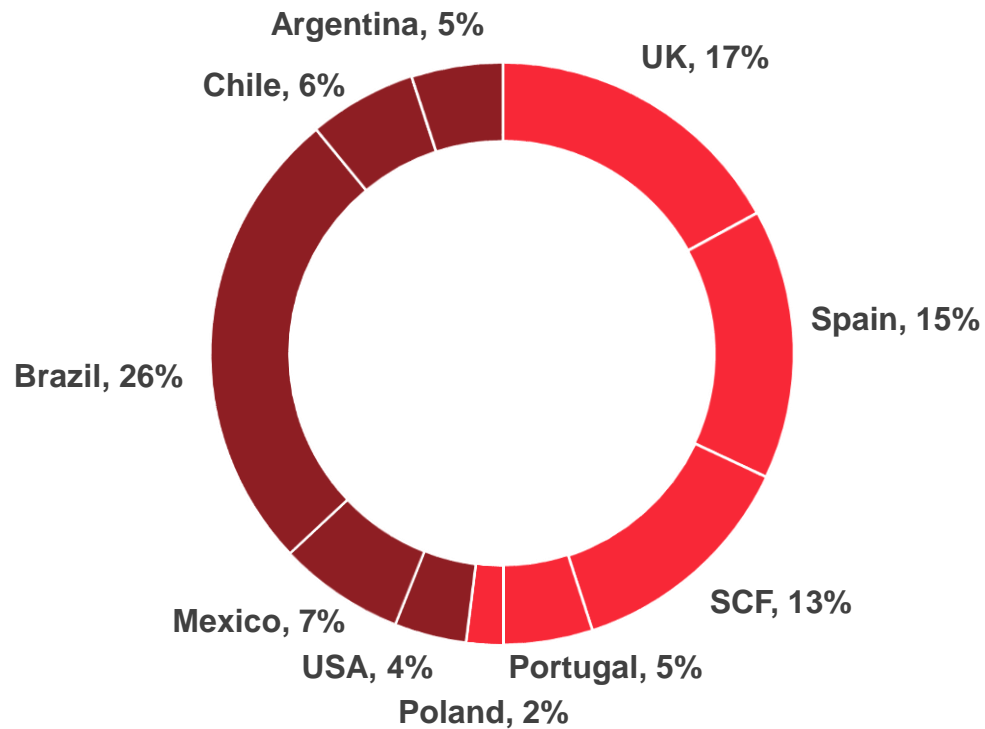
Appendix

Glossary



# Well diversified results between Europe and the Americas

## Attributable profit 1Q'17\*



# BRAZIL

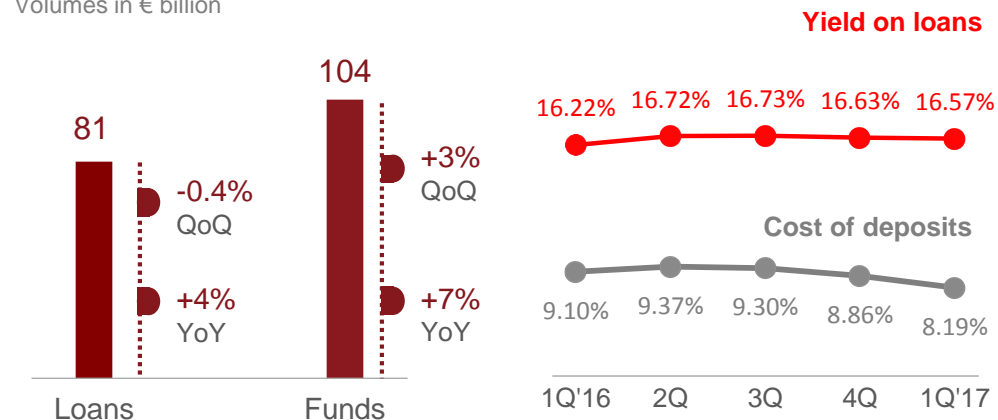
KEY DATA	1Q'16	1Q'17
Loyal customers (millions)	3.3	3.7
Digital customers (millions)	4.6	6.9
NPL ratio (%)	5.93	5.36
Cost of credit (%)	4.63	4.84
Efficiency ratio (%)	39.8	35.4
RoTE (%)	13.5	16.5

P&L*	1Q'17	%4Q'16	%1Q'16
NII	2,522	4.3	9.6
Fee income	934	-1.9	27.0
Gross income	3,717	9.5	21.6
Operating expenses	-1,314	-5.9	8.1
LLPs	-910	-10.4	-1.6
PBT	1,135	45.5	64.8
Attributable profit	634	16.5	37.7

(\*) € million and % change in constant euros

## ACTIVITY

Volumes in € billion



- Commercial and digital strategies behind profitability improvement
- NII growth underpinned by larger volumes and higher spreads. Fee income up backed by increased customer loyalty
- Focus on efficiency and enhanced customer experience
- Improving credit quality trends: lower NPL ratio and cost of credit QoQ. NPL ratio lower than private sector banks

# UNITED KINGDOM

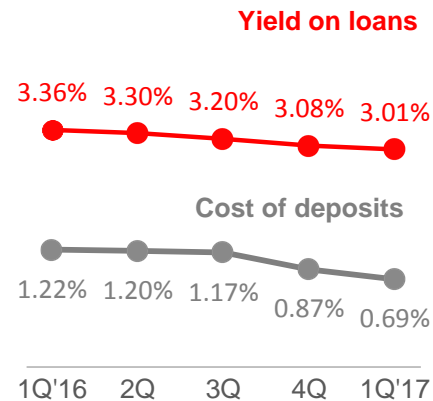
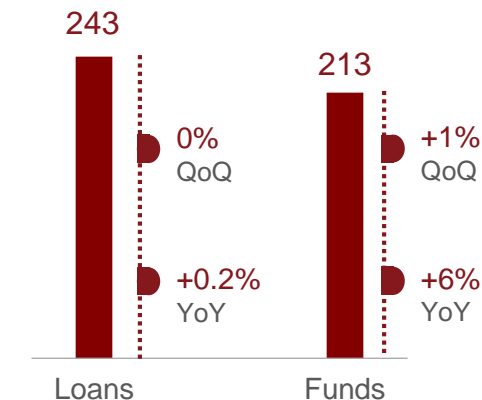
KEY DATA	1Q'16	1Q'17
Loyal customers (millions)	3.9	4.1
Digital customers (millions)	4.2	4.7
NPL ratio (%)	1.49	1.31
Cost of credit (%)	0.01	0.03
Efficiency ratio (%)	52.4	50.5
RoTE (%)	10.1	11.3

P&L*	1Q'17	%4Q'16	%1Q'16
NII	1,096	1.5	6.0
Fee income	254	6.5	1.1
Gross income	1,432	-0.2	5.6
Operating expenses	-723	4.7	1.8
LLPs	-15	—	162.1
<b>PBT</b>	<b>588</b>	<b>-13.2</b>	<b>0.4</b>
<b>Attributable profit</b>	<b>416</b>	<b>20.7</b>	<b>2.6</b>

(\*) € million and % change in constant euros

## ACTIVITY

Volumes in € billion



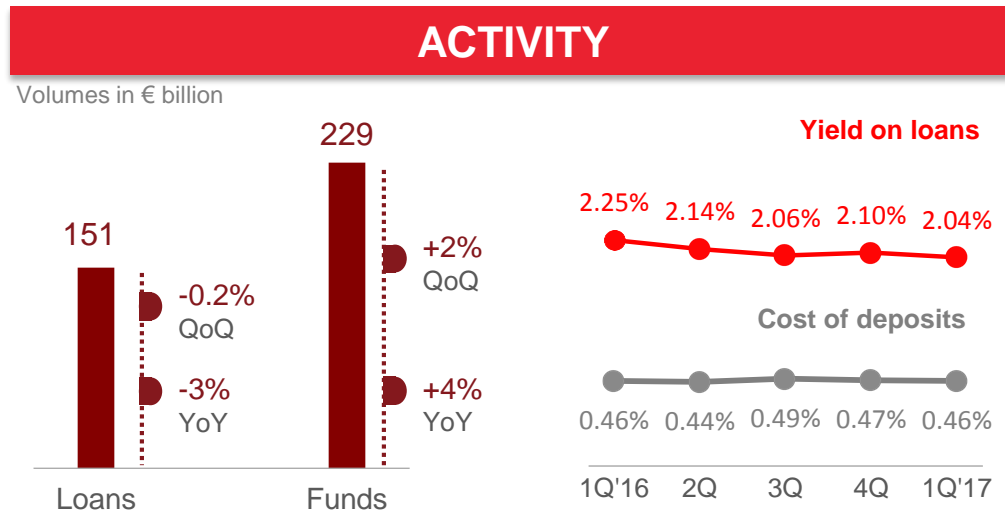
- 11213 customers rose (total retail C/A balances: +£1bn YTD). Lending to UK companies up £900mill. Mortgage lending reflects management pricing actions
- Revenues up: lower cost of deposits (11213 World interest rate change) offsetting SVR attrition and new asset margins pressure
- Digitalisation and product simplification supporting cost discipline
- Strong credit quality in all loan books, reflected very low LLPs and cost of credit
- Quarterly results impacted by £32mill. conduct costs and £25mill. banking reform costs

# SPAIN

KEY DATA	1Q'16	1Q'17
Loyal customers (millions)	1.1	1.4
Digital customers (millions)	2.6	2.8
NPL ratio (%)	6.36	5.22
Cost of credit (%)	0.54	0.33
Efficiency ratio (%)	54.2	51.8
RoTE (%)	10.6	12.7

P&L*	1Q'17	%4Q'16	%1Q'16
NII	747	0.0	-8.9
Fee income	459	1.8	8.3
Gross income	1,539	16.2	-0.3
Operating expenses	-798	-0.5	-4.6
LLPs	-163	91.2	-29.4
<b>PBT</b>	<b>514</b>	<b>50.9</b>	<b>17.2</b>
<b>Attributable profit</b>	<b>362</b>	<b>52.4</b>	<b>17.7</b>

(\*) € million



- Ongoing 1I2I3 strategy: customer loyalty (+28%), 50% of new loans linked to 1I2I3 customers and higher cards turnover (credit: +34% and debit: +13%)
- In companies, launch of the new commercial campaign leveraging on the Group's strength. Remaining as the leading bank in GCB
- Attributable profit up YoY backed by higher fee income, cost control, lower provisions and strong credit quality improvement
- More stable NII QoQ, although still affected YoY by low interest rates and mortgage repricing

# SANTANDER CONSUMER FINANCE

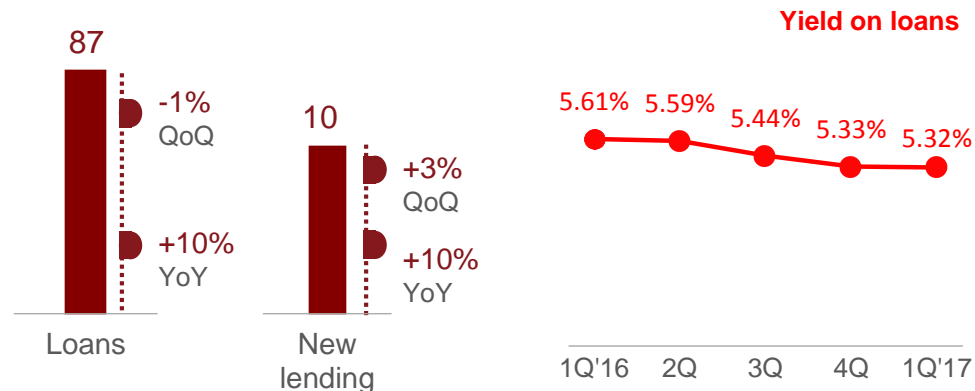
KEY DATA	1Q'16	1Q'17
Active customers (millions)	17.4	19.5 <sup>1</sup>
NPL ratio (%)	3.28	2.62
Cost of credit (%)	0.64	0.39
Efficiency ratio (%)	46.2	44.9
RoTE (%)	12.8	17.1

P&L*	1Q'17	%4Q'16	%1Q'16
<b>Nil</b>	<b>889</b>	<b>2.3</b>	<b>8.4</b>
<b>Fee income</b>	<b>232</b>	<b>25.6</b>	<b>0.2</b>
<b>Gross income</b>	<b>1,118</b>	<b>5.3</b>	<b>5.9</b>
<b>Operating expenses</b>	<b>-502</b>	<b>3.1</b>	<b>3.0</b>
<b>LLPs</b>	<b>-61</b>	<b>-30.0</b>	<b>-47.3</b>
<b>PBT</b>	<b>518</b>	<b>19.0</b>	<b>25.0</b>
<b>Attributable profit</b>	<b>314</b>	<b>16.3</b>	<b>23.4</b>

(\*) € million and % change in constant euros

## ACTIVITY

Volumes in € billion



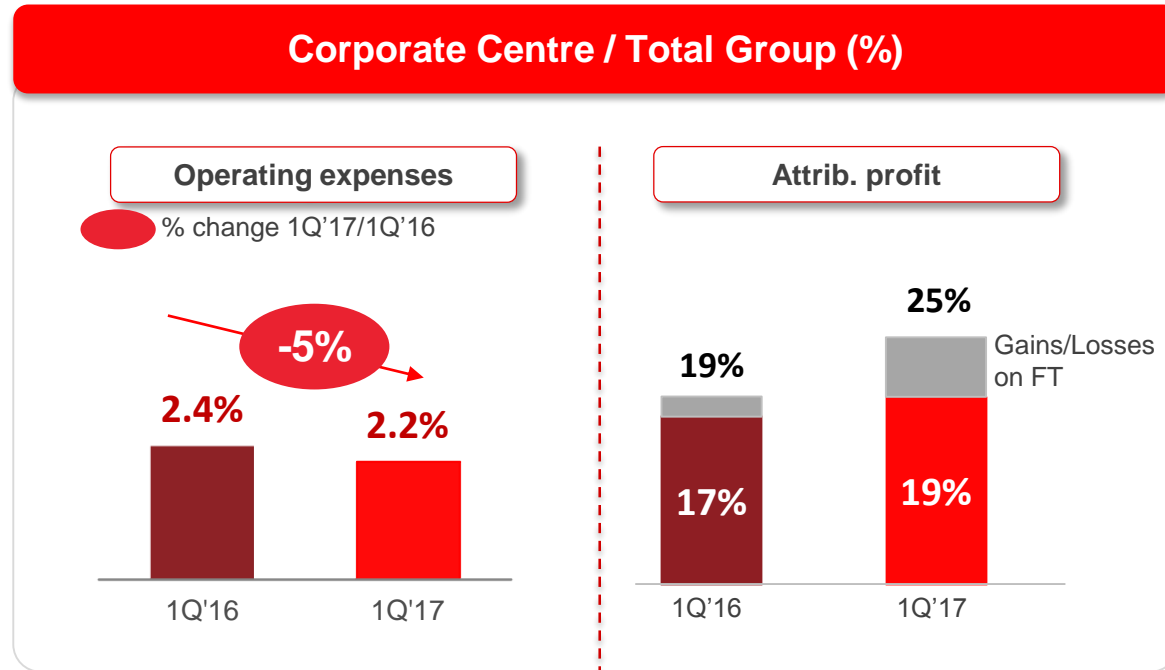
- High diversification and leadership in Europe produced market share gain
- Higher new lending in all countries, driven by auto loans (+14%)
- Profit up underpinned by higher revenues and lower LLPs
- Best-in-class profitability, and historically low NPLs and cost of credit
- Main countries profit: Germany (€79 mill.); Nordic countries (€74 mill.) and Spain (€63 mill)

## Good performance of other markets: larger customer base, higher profits and better credit quality

<b>Mexico</b>	<b>€163 mill.; +24%</b>	<ul style="list-style-type: none"> <li>Focus on strategic commercial initiatives (Santander Plus &amp; Aeroméxico) and significant investment in IT systems and infrastructure. Strong rise in deposits (+13%)</li> <li>Profit up driven by NII, fuelled by volumes growth and higher interest rates</li> </ul>
<b>Chile</b>	<b>€147 mill.; +9%</b>	<ul style="list-style-type: none"> <li>Accelerating the branch network transformation (WorkCafé) and enhancing mobile banking (1I2I3 Click) and market share gains in loans and deposits</li> <li>Higher profit driven by commercial revenues, cost control and better credit quality</li> </ul>
<b>Portugal</b>	<b>€125 mill.; +4%</b>	<ul style="list-style-type: none"> <li>Continued focus on market share gains (of note, new corporate loans) and enhanced customer loyalty (rise in the 1 2 3 customer base)</li> <li>Profit growth based on lower cost of credit and cost control offsetting the impact in revenues because of the ALCO portfolio sales in 2016</li> </ul>
<b>Argentina</b>	<b>€108 mill.; +69%</b>	<ul style="list-style-type: none"> <li>Incorporation of Citibank's retail portfolio into balance sheet on March 31<sup>st</sup> (P&amp;L in 2Q17)</li> <li>Market share gain in loans. Deposits driven by demand deposits and mix change</li> <li>Profit fuelled by revenues and cost control. Lower cost of credit</li> </ul>
<b>US</b>	<b>€95 mill.; +12%</b>	<ul style="list-style-type: none"> <li>SBNA: core deposits up 6% and loans down (GCB). Profit growth: NII rise (interest rate hike and lower cost of deposits), more stable costs and lower LLPs (Oil &amp; Gas in 1Q'16)</li> <li>SC USA: volumes and revenues impacted by mix change towards a lower risk profile (higher FICO). Improving cost of credit YoY and QoQ. Costs still high (investments in IT)</li> </ul>
<b>Poland</b>	<b>€59 mill.; -9%</b> <b>PBT excl. tax on assets: +18%</b>	<ul style="list-style-type: none"> <li>Growth in loans driven by SMEs and individuals. Strong demand deposit growth</li> <li>Good management of NII, cost control and credit quality improvement.</li> <li>Profit affected by regulatory impacts (tax on assets, extraordinary contribution to BGF, etc.)</li> </ul>

# CORPORATE CENTRE

Higher losses due to cost of FX hedging and greater cost of funding.  
Headquarters expenses down 5% YoY



**P&L**

€ million

	1Q'16	4Q'16	1Q'17
NII	-169	-189	-194
Gains/Losses on FT	-32	-47	-119
Operating expenses	-126	-99	-119
Provisions	-4	44	-37
Tax and minority interests	42	38	29
<b>Attributable profit</b>	<b>-311</b>	<b>-299</b>	<b>-468</b>

- Higher losses in NII because of more issuances
- Financial transactions fell due to cost of hedging, offset by the positive FX impact in business areas
- Lower operating expenses YoY



# Content

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Group performance 1Q'17

Business areas performance 1Q'17



Concluding remarks



Appendix

Glossary



## Delivering on our commitments with a story of profitable growth ...

	FY2016	1Q17	2017 targets
<b>Loyal customers</b> (Million)	15.2	15.5 ✓	17
<b>Digital customers</b> (Million)	20.9	22.1 ✓	25
<b>Fee income<sup>1</sup></b>	8.1%	12.1% ✓	Increase
<b>Cost of credit</b>	1.18%	1.17% ✓	Improve
<b>Cost to income</b>	48.1%	46.1% ✓	Broadly stable
<b>EPS</b> (€)	0.41	0.122 (1 <sup>st</sup> quarter) ✓	Increase
<b>DPS<sup>2</sup></b> (€)	0.21	0.22 ✓	Increase
<b>FL CET1</b>	10.55%	10.66% ✓	+40 bps organic per year

... in a more favourable macroeconomic and financial environment, ...

**Synchronisation of economic growth rates in most regions  
and expectations of interest rate hikes**

**IMF 2017 GDP Outlook<sup>1</sup>**

<b>World Output</b>	3.5%
<b>Euro Area</b>	1.7%
<b>UK</b>	2.0%
<b>Latin America</b>	1.1%
<b>United States</b>	2.3%
<b>Asia</b>	6.4%

**Economic  
growth in all  
of our core  
markets**

**2017 interest rates market estimates**



**Euro zone, UK, USA,  
Mexico and Poland**

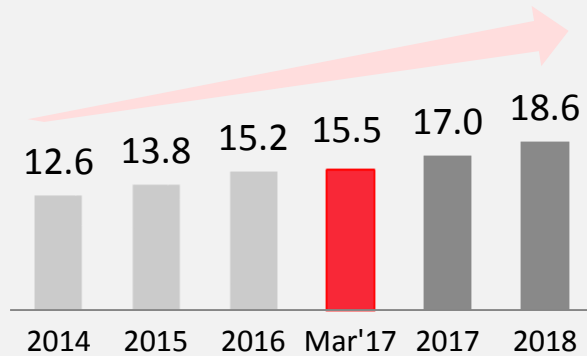


**Brazil**

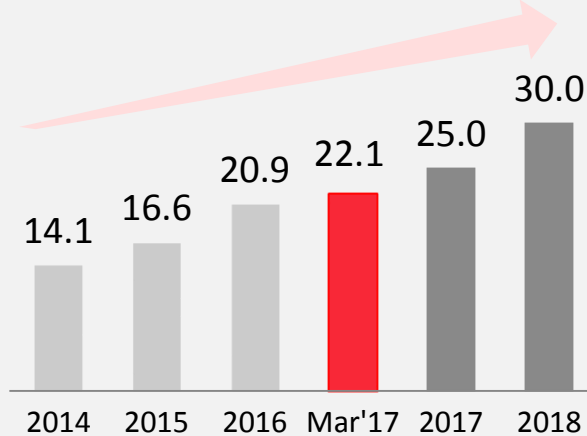
**Santander  
well-positioned  
for growth**

... with a clear strategy in commercial transformation, enabling the improvement of our loyal and digital customers, higher fee income and cost savings ...

Loyal customers (million)

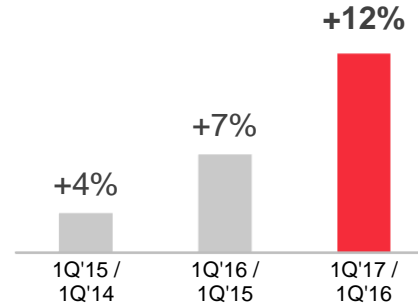


Digital customers (million)

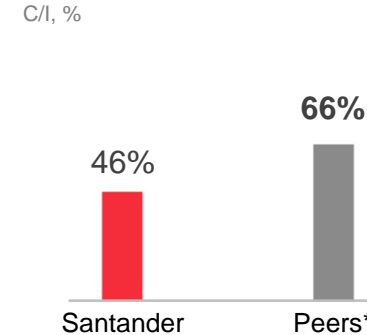


Growing revenues and increasing cost savings

Fee income growth



Best-in-class in efficiency



Digitalisation is key to growing revenues and reducing costs

And operational excellence

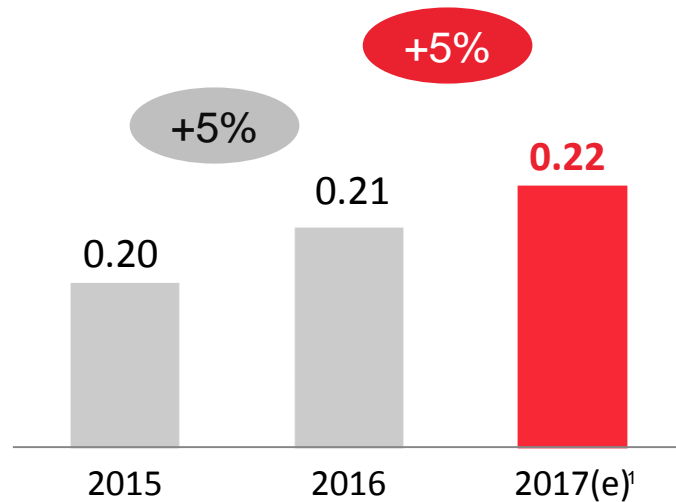
Customer satisfaction (# countries Top 3)



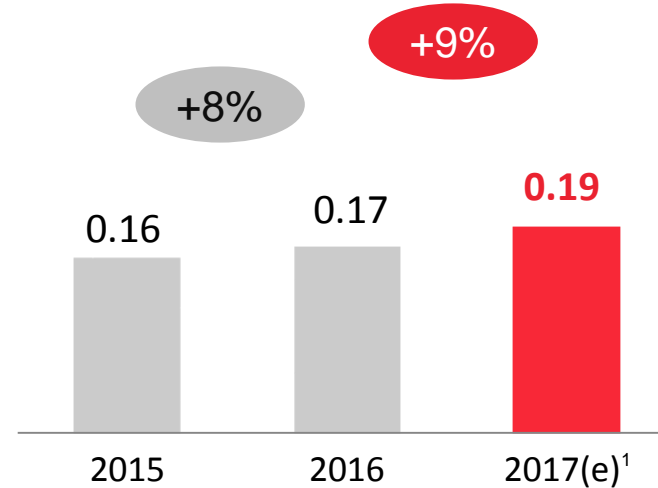
c. 80% of our pre-tax profit is Top 3 in customer satisfaction

# ... and allowing us to generate value for shareholders

**Total dividend (€ per share)**



**Cash dividend (€ per share)**



**2017  
dividend  
proposal  
+5%<sup>1</sup>**

**2017  
Dividend  
Yield<sup>1</sup>:  
approx.4%**

**TSR above  
market in the  
short, medium  
and long term**

Save the date



# Group Strategy Update

New York  
**10<sup>th</sup> October 2017**





# Content

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Group performance 1Q'17

Business areas performance 1Q'17

Concluding remarks



Appendix



Glossary

## Appendix

**Other geographic markets results**

**Global segments results**

**Liquidity**

**NPL and coverage ratios, and cost of credit**

**Quarterly income statements**



# Other geographic markets results

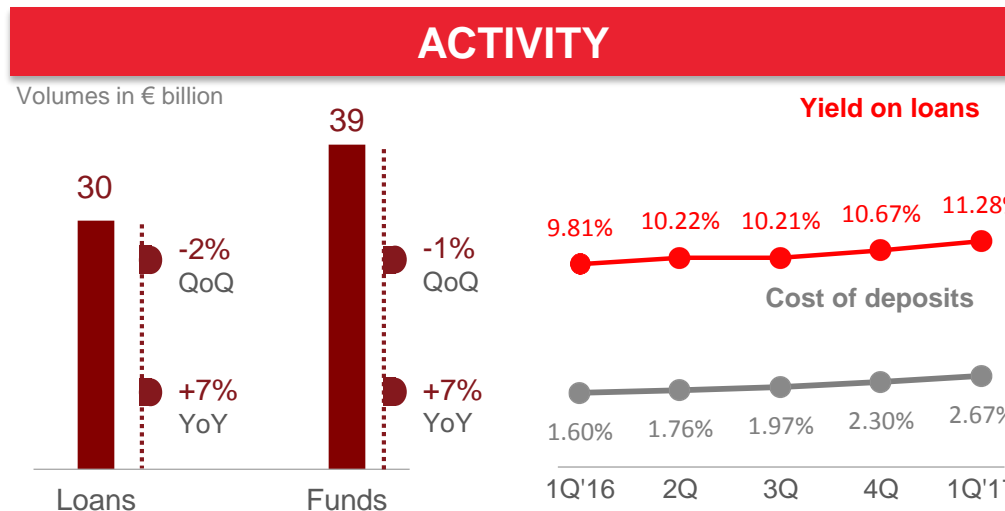


# MEXICO

KEY DATA	1Q'16	1Q'17
Loyal customers (thousands)	1,418	1,663
Digital customers (thousands)	951	1,528
NPL ratio (%)	3.06	2.77
Cost of credit (%)	2.95	2.94
Efficiency ratio (%)	40.7	38.8
RoTE (%)	12.9	18.8

P&L*	1Q'17	%4Q'16	%1Q'16
NII	624	2.8	14.0
Fee income	180	1.6	12.7
Gross income	824	0.8	12.9
Operating expenses	-319	-0.4	7.7
LLPs	-233	16.0	14.4
<b>PBT</b>	<b>267</b>	<b>-7.4</b>	<b>19.6</b>
<b>Attributable profit</b>	<b>163</b>	<b>-1.8</b>	<b>24.1</b>

(\*) € million and % change in constant euros



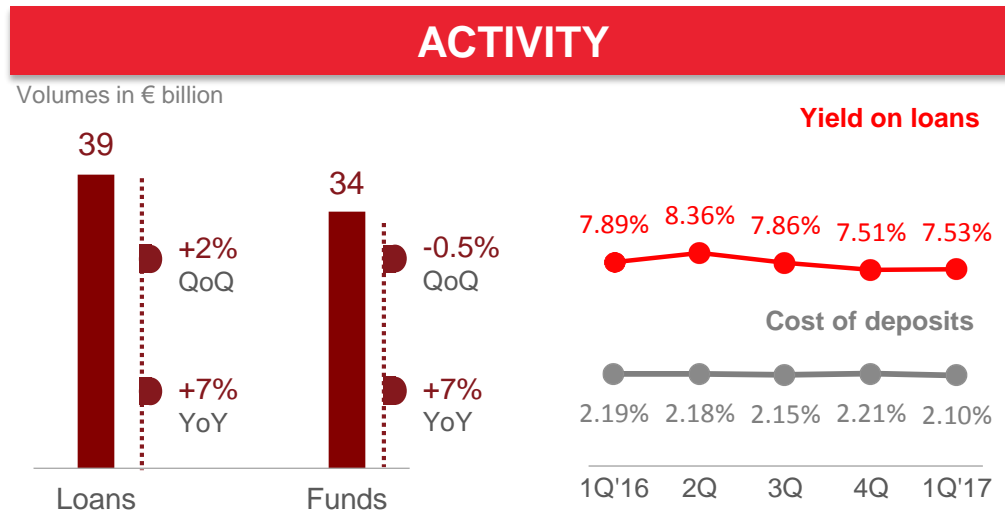
- Focus on strategic commercial initiatives (Santander Plus & Aeroméxico) and significant investment in systems and infrastructure
- Volumes growth, improving deposit structure
- Efforts made to attract payrolls from large companies
- Profit up driven by NII (fuelled by loans and demand deposit growth, and higher interest rates) and fee income
- Higher LLPs due to volumes growth and the sale of a non-performing portfolio. Cost of credit broadly stable

# CHILE

KEY DATA	1Q'16	1Q'17
Loyal customers (thousands)	561	609
Digital customers (thousands)	931	979
NPL ratio (%)	5.45	4.93
Cost of credit (%)	1.58	1.42
Efficiency ratio (%)	42.3	40.9
RoTE (%)	16.4	17.1

P&L*	1Q'17	%4Q'16	%1Q'16
<b>NII</b>	<b>485</b>	<b>-9.9</b>	<b>4.0</b>
<b>Fee income</b>	<b>107</b>	<b>13.9</b>	<b>10.5</b>
<b>Gross income</b>	<b>645</b>	<b>-6.9</b>	<b>4.8</b>
<b>Operating expenses</b>	<b>-264</b>	<b>-3.5</b>	<b>1.3</b>
<b>LLPs</b>	<b>-122</b>	<b>-9.4</b>	<b>0.9</b>
<b>PBT</b>	<b>261</b>	<b>5.4</b>	<b>10.7</b>
<b>Attributable profit</b>	<b>147</b>	<b>4.6</b>	<b>9.4</b>

(\*) € million and % change in constant euros



- Focus on improving customer satisfaction, mainly in medium-high income and SMEs segments
- Accelerating the branch network transformation (WorkCafé) and enhancing mobile banking (1I2I3 Click)
- Good performance in volumes, gaining market share in loans and deposits
- Attributable profit up YoY driven by commercial revenues and cost control. NII down QoQ due to seasonality and higher than average in 4Q'16
- Improvement of all credit quality ratios

# PORTUGAL

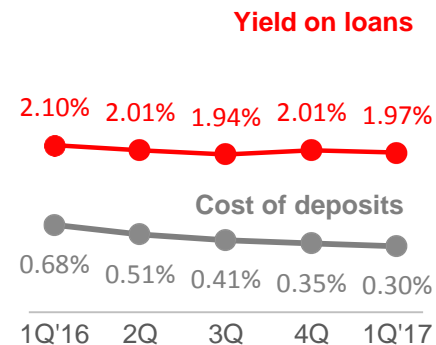
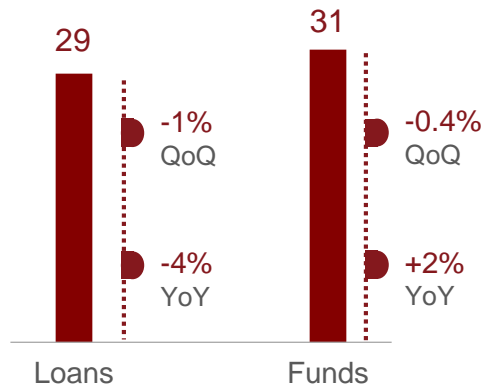
KEY DATA	1Q'16	1Q'17
Loyal customers (thousands)	528	660
Digital customers (thousands)	393	524
NPL ratio (%)	8.55	8.47
Cost of credit (%)	0.28	0.07
Efficiency ratio (%)	45.7	47.2
RoTE (%)	17.2	15.3

P&L*	1Q'17	%4Q'16	%1Q'16
NII	172	-5.7	-6.1
Fee income	89	29.2	-1.2
Gross income	294	-3.5	-12.9
Operating expenses	-139	-3.4	-9.9
LLPs	10	—	—
PBT	151	3.2	-4.7
Attributable profit	125	18.4	3.8

(\*) € million

## ACTIVITY

Volumes in € billion



- Continued focus on gaining market share (of note, new corporate loans) and improving customer loyalty (rise in the 1|2|3 customer base)
- Revenues and profit impacted by ALCO portfolio sales in 2016
- Better efficiency reflected in lower costs
- Loan portfolio management behind the improved cost of credit and lower NPL ratio, after it peaked at 10.46% following Banif's integration

# ARGENTINA

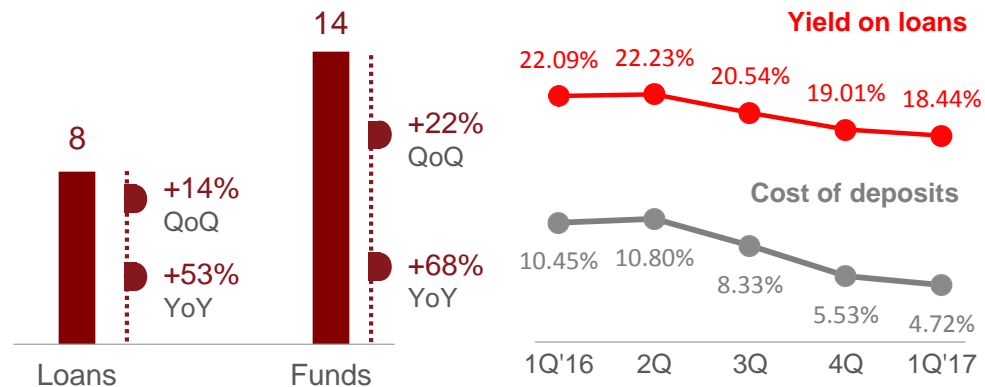
KEY DATA	1Q'16	1Q'17
Loyal customers (thousands)	1,080	1,162
Digital customers (thousands)	1,368	1,600
NPL ratio (%)	1.21	1.82
Cost of credit (%)	2.04	1.68
Efficiency ratio (%)	58.9	54.5
RoTE (%)	29.3	36.8

P&L*	1Q'17	%4Q'16	%1Q'16
NII	222	5.2	47.6
Fee income	152	18.7	49.0
<b>Gross income</b>	<b>405</b>	<b>7.6</b>	<b>39.0</b>
Operating expenses	-221	15.1	28.7
LLPs	-29	-7.4	34.7
<b>PBT</b>	<b>156</b>	<b>7.2</b>	<b>64.9</b>
<b>Attributable profit</b>	<b>108</b>	<b>-1.1</b>	<b>69.0</b>

(\*) € million and % change in constant euros

## ACTIVITY

Volumes in € billion



- Incorporation of Citibank's retail portfolio into the balance sheet on March 31<sup>st</sup> (P&L in 2Q17)
- Market share gain in loans. Deposits driven by demand deposits and mix change
- Profit fuelled by the increase of all revenue lines and cost reduction in real terms, offsetting the expansion plan
- Lower cost of credit. Comfortable NPL and coverage ratio (134%)

# UNITED STATES

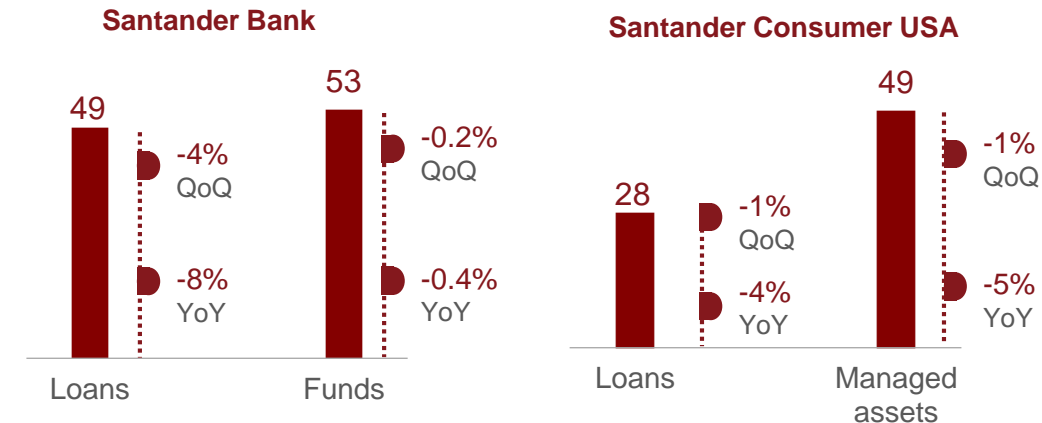
KEY DATA	1Q'16	1Q'17
Loyal customers (thousands)	281	280
Digital customers (thousands)	683	801
NPL ratio (%)	2.19	2.43
Cost of credit (%)	3.85	3.63
Efficiency ratio (%)	39.5	44.6
RoTE (%)	2.7	2.8

P&L*	1Q'17	%4Q'16	%1Q'16
<b>NII</b>	<b>1,489</b>	<b>1.6</b>	<b>-7.0</b>
<b>Fee income</b>	<b>273</b>	<b>5.2</b>	<b>-6.8</b>
<b>Gross income</b>	<b>1,879</b>	<b>2.9</b>	<b>-7.7</b>
<b>Operating expenses</b>	<b>-837</b>	<b>-4.4</b>	<b>4.1</b>
<b>LLPs</b>	<b>-811</b>	<b>-7.7</b>	<b>-9.1</b>
<b>PBT</b>	<b>199</b>	<b>—</b>	<b>-27.1</b>
<b>Attributable profit</b>	<b>95</b>	<b>—</b>	<b>12.4</b>

(\*) € million and % change in constant euros

## ACTIVITY

Volumes in € billion



- Santander Bank (SBNA): core deposits up 6% and loans down (GCB)
- Profit growth: revenues rise (interest rate hike and lower cost of deposits), more stable costs and lower LLPs (Oil & Gas in 1Q'16)
- SC USA: volumes and revenues impacted by mix change towards a lower risk profile (higher FICO)
- Improving cost of credit YoY and QoQ
- Costs still high due to investments in IT

# POLAND

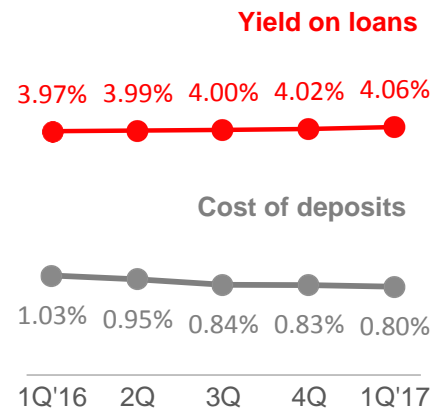
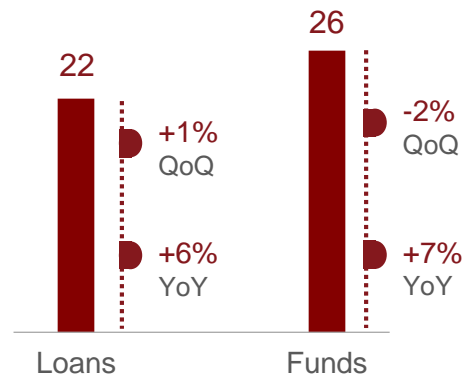
KEY DATA	1Q'16	1Q'17
Loyal customers (thousands)	1,269	1,327
Digital customers (thousands)	1,924	2,018
NPL ratio (%)	5.93	5.20
Cost of credit (%)	0.82	0.66
Efficiency ratio (%)	46.6	45.5
RoTE (%)	10.7	9.7

P&L*	1Q'17	%4Q'16	%1Q'16
NII	218	-3.2	9.5
Fee income	101	-1.6	4.1
Gross income	321	-3.8	2.2
Operating expenses	-146	3.4	-0.3
LLPs	-27	-24.1	-19.4
<b>PBT</b>	<b>125</b>	<b>-4.9</b>	<b>11.6</b>
<b>Attributable profit</b>	<b>59</b>	<b>-7.4</b>	<b>-8.5</b>

(\*) € million and % change in constant euros

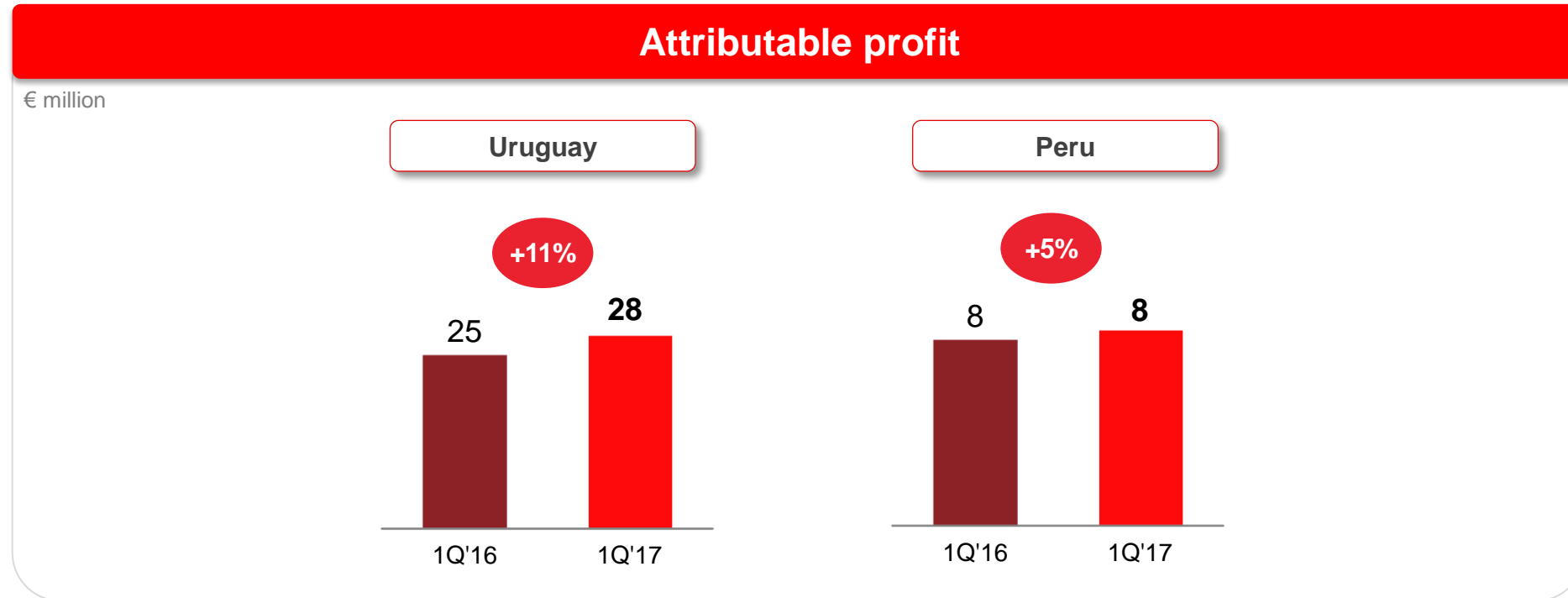
## ACTIVITY

Volumes in € billion



- Benchmark bank in innovation and digital channels
- Growth in loans fuelled by SMEs and individuals. Strong demand deposit growth
- Profit affected by regulatory impacts (tax on assets, extraordinary contribution to BGF). PBT excluding tax on assets: +18% YoY
- Good management of NII, backed by larger volumes. Fee income hit by new bank insurance regulation (better evolution vs. sector)
- Credit quality improvement: lower NPL ratio and cost of credit

# OTHER LATIN AMERICAN COUNTRIES



- Focusing on loyalty, transactions and target segments
- Profit driven by higher revenues, cost control and lower provisions



# Global segments results

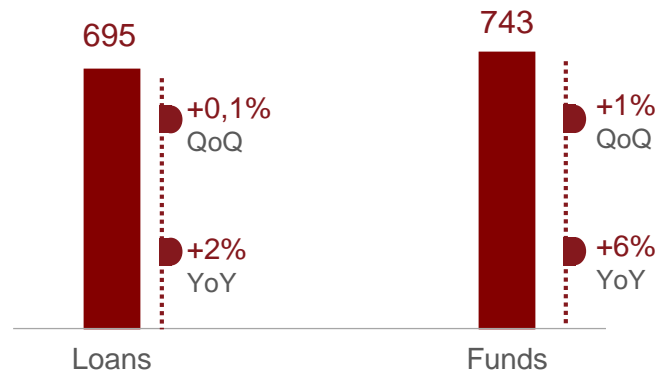




# RETAIL BANKING

## ACTIVITY

€ billion and % change in constant euros



## P&L\*

	1Q'17	%4Q'16	%1Q'16
<b>NII</b>	<b>7,948</b>	<b>2.5</b>	<b>4.7</b>
<b>Fee income</b>	<b>2,448</b>	<b>3.6</b>	<b>12.3</b>
<b>Gross income</b>	<b>10,806</b>	<b>3.3</b>	<b>6.9</b>
<b>Operating expenses</b>	<b>-4,888</b>	<b>-1.4</b>	<b>3.8</b>
<b>LLPs</b>	<b>-2,242</b>	<b>-5.9</b>	<b>-5.5</b>
<b>PBT</b>	<b>2,991</b>	<b>15.7</b>	<b>16.7</b>
<b>Attributable profit</b>	<b>1,795</b>	<b>20.0</b>	<b>11.4</b>

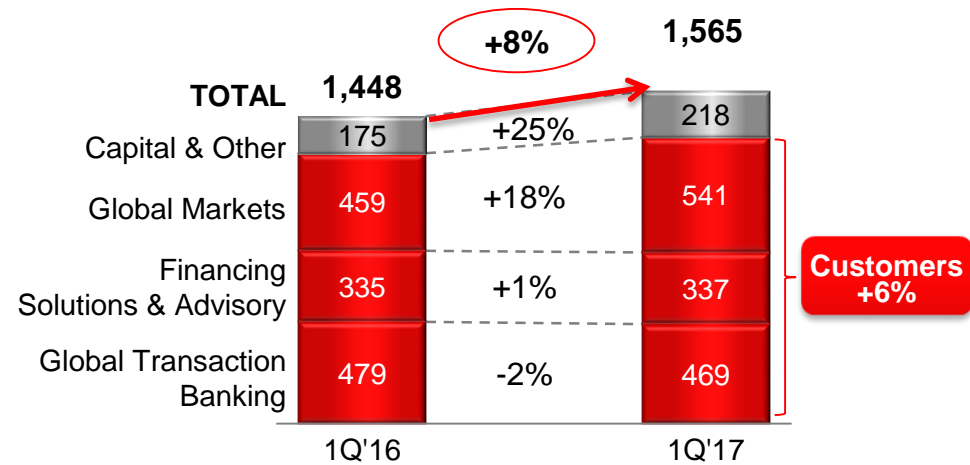
(\*) € million and % change in constant euros

- 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. 15.5 million loyal customers (+10% from March 2016) and 22,1 million digital customers (+24% from March 2016)

# GLOBAL CORPORATE BANKING

## GROSS INCOME

Constant € million



## P&L\*

	1Q'17	%4Q'16	%1Q'16
NII	656	-9,7	-1,9
Fee income	399	10,9	10,8
<b>Gross income</b>	<b>1.565</b>	<b>15,9</b>	<b>8,1</b>
Operating expenses	-487	4,3	-0,4
LLPs	-132	147,3	-45,7
<b>PBT</b>	<b>932</b>	<b>17,7</b>	<b>30,5</b>
<b>Attributable profit</b>	<b>610</b>	<b>10,5</b>	<b>33,0</b>

(\*) € million and % change in constant euros

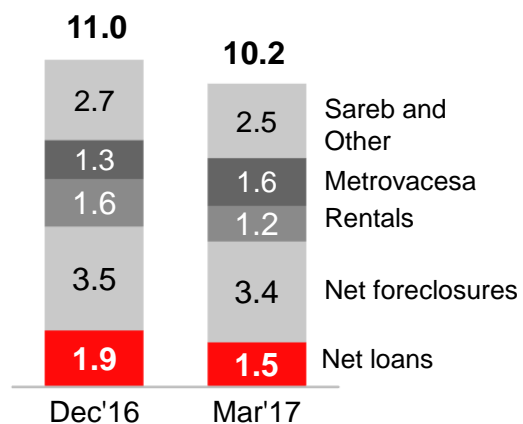
- Customer-centred strategy, underpinned by the Division's global capacities and their interconnection with local units
- Benchmark positions in cash management, export finance, trade, corporate lending and structured financing, among other, in Europe and Latin America
- Attributable profit up 33% (in constant euros), driven by strong and diversified customer revenues and lower LLPs

# REAL ESTATE ACTIVITY IN SPAIN

## ACTIVITY

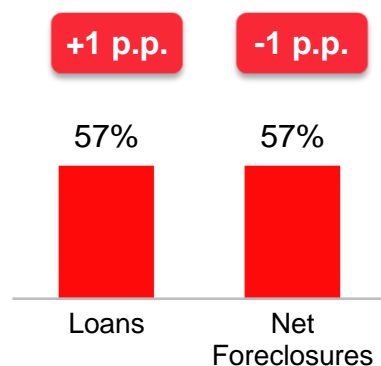
### Balance sheet

€ billion



### Coverage ratio

Mar'17 and change / Dec'16



## P&L

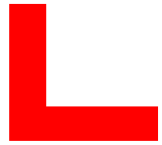
€ million

	1Q'16	4Q'16	1Q'17
Gross income	-1	16	-1
Operating expenses	-54	-48	-49
Provisions	-36	-126	-65
Tax recovery	27	48	35
<b>Attributable profit</b>	<b>-63</b>	<b>-109</b>	<b>-70</b>

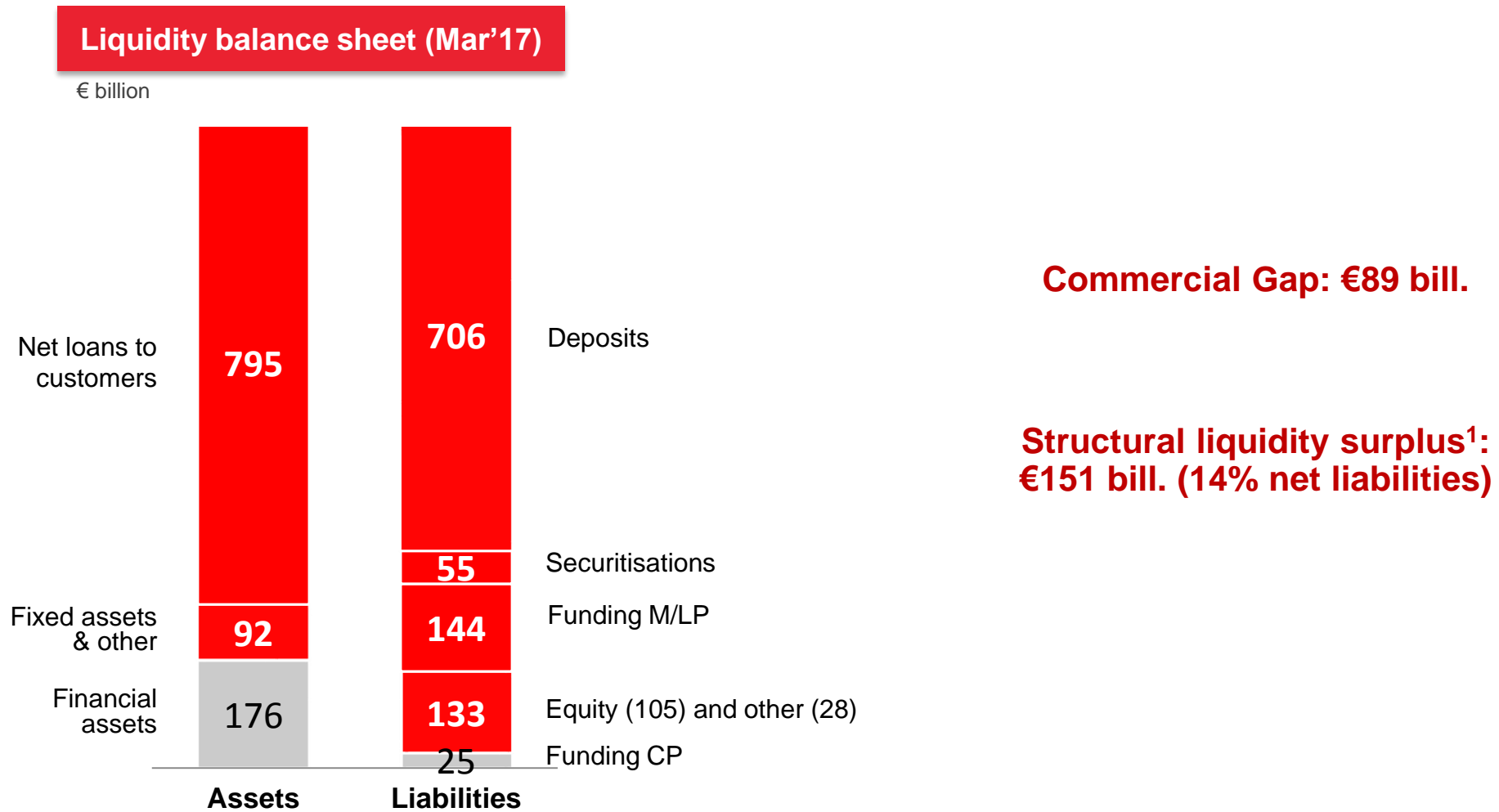
- Reduction of non-core exposure continued at a pace above 15% (loans: -37%)
- Coverage ratio already adapted to the requirements of Appendix IX
- Deconsolidation of assets from the Metrovacesa / Merlín merger
- Lower losses in the quarter due provision needs



Liquidity



# Well-funded balance sheet with high structural liquidity surplus





NPL, coverage ratios  
and cost of credit

# NPL ratio

%

	31.03.16	30.06.16	30.09.16	31.12.16	31.03.17
<b>Continental Europe</b>	<b>7.08</b>	<b>6.84</b>	<b>6.43</b>	<b>5.92</b>	<b>5.62</b>
Spain	6.36	6.06	5.82	5.41	5.22
Santander Consumer Finance	3.28	2.95	2.86	2.68	2.62
Poland	5.93	5.84	5.71	5.42	5.20
Portugal	8.55	10.46	9.40	8.81	8.47
<b>United Kingdom</b>	<b>1.49</b>	<b>1.47</b>	<b>1.47</b>	<b>1.41</b>	<b>1.31</b>
<b>Latin America</b>	<b>4.88</b>	<b>4.98</b>	<b>4.94</b>	<b>4.81</b>	<b>4.50</b>
Brazil	5.93	6.11	6.12	5.90	5.36
Mexico	3.06	3.01	2.95	2.76	2.77
Chile	5.45	5.28	5.12	5.05	4.93
<b>USA</b>	<b>2.19</b>	<b>2.24</b>	<b>2.24</b>	<b>2.28</b>	<b>2.43</b>
<b>Operating Areas</b>	<b>4.36</b>	<b>4.32</b>	<b>4.19</b>	<b>3.95</b>	<b>3.77</b>
<b>Total Group</b>	<b>4.33</b>	<b>4.29</b>	<b>4.15</b>	<b>3.93</b>	<b>3.74</b>

# Coverage ratio

%

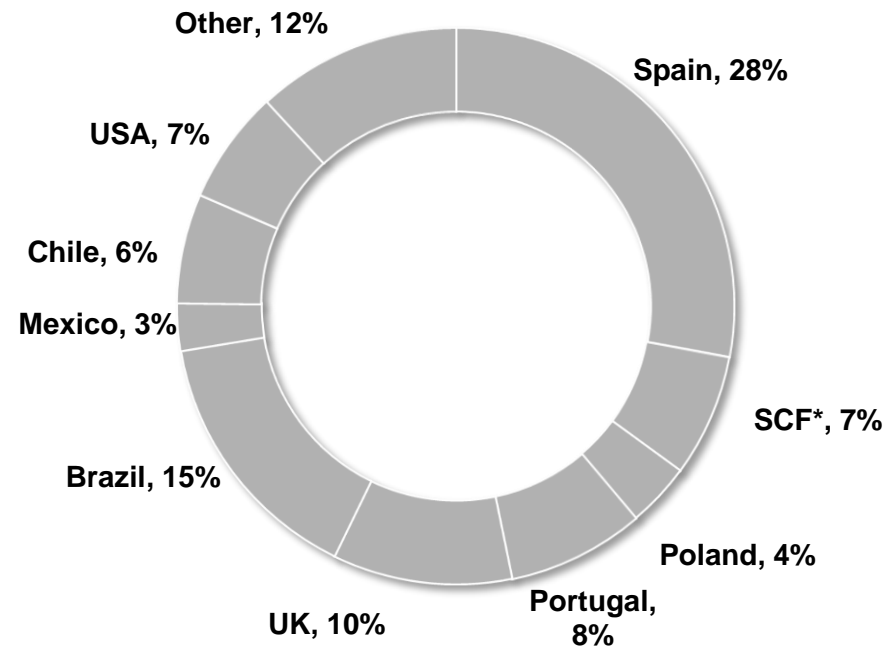
	31.03.16	30.06.16	30.09.16	31.12.16	31.03.17
<b>Continental Europe</b>	<b>65.4</b>	<b>61.3</b>	<b>61.3</b>	<b>60.0</b>	<b>60.6</b>
Spain	50.2	47.6	47.6	48.3	49.1
Santander Consumer Finance	111.9	110.6	110.7	109.1	108.9
Poland	67.0	65.8	68.9	61.0	61.2
Portugal	87.7	61.9	57.8	63.7	61.7
<b>United Kingdom</b>	<b>36.5</b>	<b>36.5</b>	<b>36.0</b>	<b>32.9</b>	<b>33.8</b>
<b>Latin America</b>	<b>79.7</b>	<b>81.4</b>	<b>84.5</b>	<b>87.3</b>	<b>90.5</b>
Brazil	83.7	85.3	89.3	93.1	98.1
Mexico	97.5	102.3	101.9	103.8	104.8
Chile	54.6	55.5	58.1	59.1	58.9
<b>USA</b>	<b>221.1</b>	<b>220.6</b>	<b>216.2</b>	<b>214.4</b>	<b>202.4</b>
<b>Operating Areas</b>	<b>73.3</b>	<b>72.0</b>	<b>72.8</b>	<b>73.5</b>	<b>74.6</b>
<b>Total Group</b>	<b>74.0</b>	<b>72.5</b>	<b>72.7</b>	<b>73.8</b>	<b>74.6</b>



# Non-performing loans and loan-loss allowances. March 2017

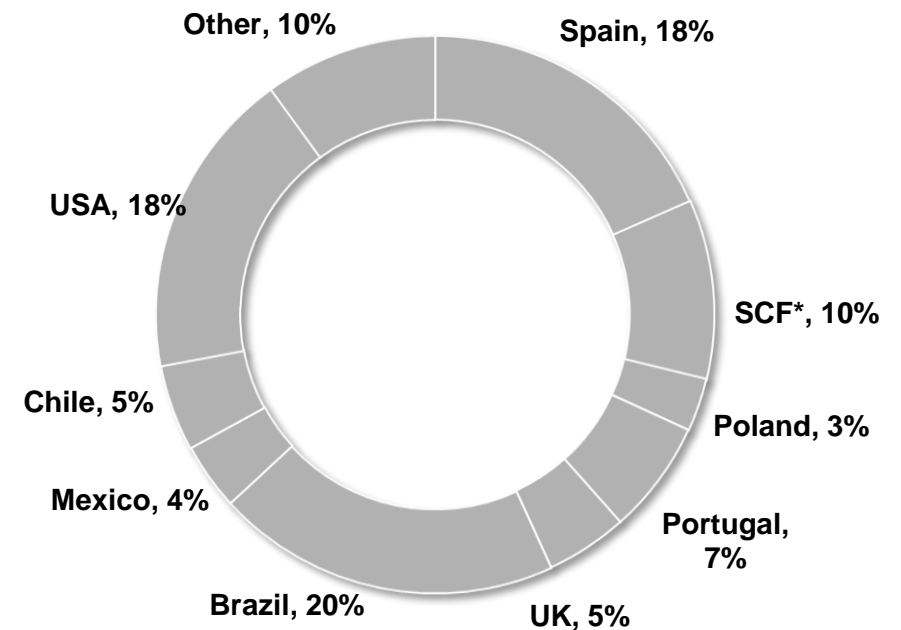
## Non-performing loans

100%: €32,158 mill.



## Loan-loss allowances

100%: €24,835 mill.



Percentage over Group's total  
(\* Excluding SCF UK)

# Cost of credit

%

	31.03.16	30.06.16	30.09.16	31.12.16	31.03.17
<b>Continental Europe</b>	<b>0.60</b>	<b>0.51</b>	<b>0.46</b>	<b>0.44</b>	<b>0.38</b>
Spain	0.54	0.45	0.41	0.37	0.33
Santander Consumer Finance	0.64	0.55	0.49	0.47	0.39
Poland	0.82	0.75	0.76	0.70	0.66
Portugal	0.28	0.21	0.17	0.18	0.07
<b>United Kingdom</b>	<b>0.01</b>	<b>0.03</b>	<b>0.05</b>	<b>0.02</b>	<b>0.03</b>
<b>Latin America</b>	<b>3.39</b>	<b>3.41</b>	<b>3.42</b>	<b>3.37</b>	<b>3.36</b>
Brazil	4.63	4.71	4.87	4.89	4.84
Mexico	2.95	2.96	2.86	2.86	2.94
Chile	1.58	1.59	1.55	1.43	1.42
<b>USA</b>	<b>3.85</b>	<b>3.77</b>	<b>3.80</b>	<b>3.68</b>	<b>3.63</b>
<b>Operating Areas</b>	<b>1.24</b>	<b>1.20</b>	<b>1.20</b>	<b>1.19</b>	<b>1.18</b>
<b>Total Group</b>	<b>1.22</b>	<b>1.19</b>	<b>1.19</b>	<b>1.18</b>	<b>1.17</b>

# Real Estate Activity in Spain

## Exposure and coverage ratios

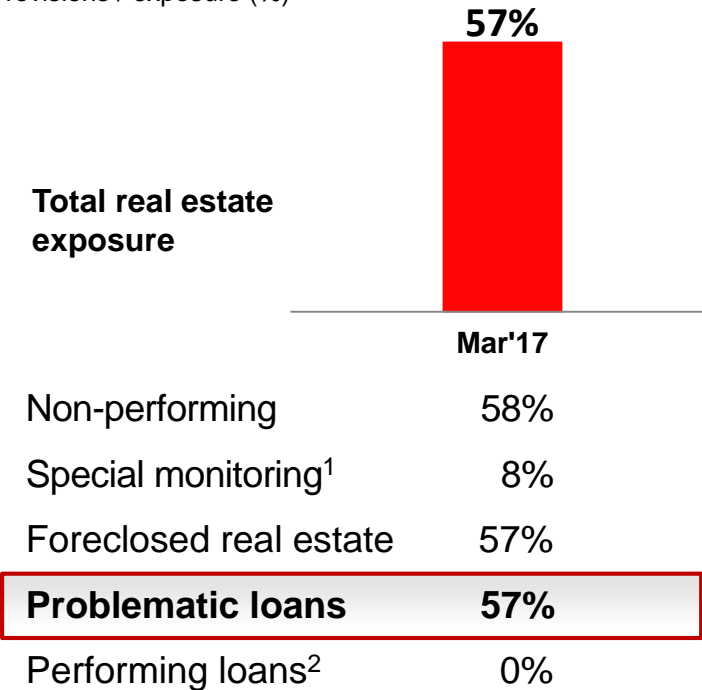
### Coverage by borrowers' situation (March 2017)

€ million

	<b>Gross risk</b>	<b>Coverage fund</b>	<b>Net risk</b>
Non-performing	3,419	1,996	1,423
Special monitoring <sup>1</sup>	87	7	80
Foreclosed real estate	8,094	4,604	3,490
<b>Total problematic loans</b>	<b>11,600</b>	<b>6,607</b>	<b>4,993</b>
Performing loans <sup>2</sup>	17	0	17
<b>Real estate exposure</b>	<b>11,617</b>	<b>6,607</b>	<b>5,010</b>

### Total coverage (problematic assets+performing loans)

Provisions / exposure (%)



(1) 100% up-to-date with payments

(2) Performing loans: loans up-to-date with payments

# Real Estate Activity in Spain

## Loans and foreclosures

### LOANS

€ million

	Mar'17	Mar'16	Var
Finished buildings	1,938	2,533	-595
Buildings under construction	75	157	-82
Developed land	1,014	1,438	-424
Building and other land	231	743	-512
Non mortgage guarantee	266	696	-430
<b>Total</b>	<b>3,523</b>	<b>5,567</b>	<b>-2,044</b>

### Foreclosed REAL ESTATE

€ million

	Mar'17	Mar'16	Var
Finished buildings	2,218	2,268	-50
Buildings under construction	800	870	-70
Developed land	2,656	2,671	-15
Building and other land	2,420	2,414	6
Other land	0	52	-52
<b>Total</b>	<b>8,094</b>	<b>8,275</b>	<b>-181</b>



Quarterly income  
statements

# Grupo Santander

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	10,021	10,119	10,395	10,734	11,246
Gross income	10,730	10,755	11,080	11,288	12,029
Operating expenses	(5,158)	(5,227)	(5,250)	(5,453)	(5,543)
<b>Net operating income</b>	<b>5,572</b>	<b>5,528</b>	<b>5,831</b>	<b>5,835</b>	<b>6,486</b>
Net loan-loss provisions	(2,408)	(2,205)	(2,499)	(2,406)	(2,400)
Other	(433)	(544)	(392)	(591)	(775)
<b>Underlying profit before taxes</b>	<b>2,732</b>	<b>2,779</b>	<b>2,940</b>	<b>2,838</b>	<b>3,311</b>
<b>Underlying consolidated profit</b>	<b>1,922</b>	<b>1,864</b>	<b>2,036</b>	<b>2,072</b>	<b>2,186</b>
<b>Underlying attributable profit</b>	<b>1,633</b>	<b>1,526</b>	<b>1,695</b>	<b>1,766</b>	<b>1,867</b>
Net capital gains and provisions*	—	(248)	—	(169)	—
<b>Attributable profit</b>	<b>1,633</b>	<b>1,278</b>	<b>1,695</b>	<b>1,598</b>	<b>1,867</b>

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs in 4Q16 PPI and restatement Santander Consumer USA

# Grupo Santander

Constant € million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
<b>NII + Fee income</b>	10,616	10,607	10,729	10,992	11,246
<b>Gross income</b>	11,330	11,268	11,442	11,544	12,029
<b>Operating expenses</b>	(5,377)	(5,410)	(5,393)	(5,572)	(5,543)
<b>Net operating income</b>	5,953	5,858	6,049	5,972	6,486
<b>Net loan-loss provisions</b>	(2,640)	(2,384)	(2,627)	(2,487)	(2,400)
<b>Other</b>	(479)	(573)	(392)	(604)	(775)
<b>Underlying profit before taxes</b>	2,834	2,900	3,031	2,880	3,311
<b>Underlying consolidated profit</b>	2,001	1,944	2,099	2,111	2,186
<b>Underlying attributable profit</b>	1,697	1,589	1,748	1,800	1,867
<b>Net capital gains and provisions*</b>	—	(258)	3	(161)	—
<b>Attributable profit</b>	1,697	1,331	1,751	1,639	1,867

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs in 4Q16 PPI and restatement Santander Consumer USA

# Spain

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	1,243	1,232	1,185	1,198	1,206
Gross income	1,543	1,343	1,398	1,324	1,539
Operating expenses	(837)	(834)	(824)	(802)	(798)
<b>Net operating income</b>	<b>706</b>	<b>509</b>	<b>574</b>	<b>522</b>	<b>741</b>
Net loan-loss provisions	(231)	(129)	(140)	(85)	(163)
Other	(37)	(82)	(51)	(97)	(64)
<b>Underlying profit before taxes</b>	<b>438</b>	<b>298</b>	<b>382</b>	<b>340</b>	<b>514</b>
<b>Underlying consolidated profit</b>	<b>312</b>	<b>213</b>	<b>274</b>	<b>243</b>	<b>367</b>
<b>Underlying attributable profit</b>	<b>307</b>	<b>208</b>	<b>270</b>	<b>237</b>	<b>362</b>
Net capital gains and provisions*	—	(216)	—	—	—
<b>Attributable profit</b>	<b>307</b>	<b>(8)</b>	<b>270</b>	<b>237</b>	<b>362</b>

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs



# Santander Consumer Finance

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
<b>NII + Fee income</b>	<b>1,041</b>	<b>1,061</b>	<b>1,099</b>	<b>1,052</b>	<b>1,121</b>
<b>Gross income</b>	<b>1,045</b>	<b>1,051</b>	<b>1,106</b>	<b>1,060</b>	<b>1,118</b>
<b>Operating expenses</b>	<b>(483)</b>	<b>(468)</b>	<b>(467)</b>	<b>(486)</b>	<b>(502)</b>
<b>Net operating income</b>	<b>562</b>	<b>583</b>	<b>639</b>	<b>574</b>	<b>616</b>
<b>Net loan-loss provisions</b>	<b>(114)</b>	<b>(70)</b>	<b>(116)</b>	<b>(87)</b>	<b>(61)</b>
<b>Other</b>	<b>(39)</b>	<b>(41)</b>	<b>(36)</b>	<b>(52)</b>	<b>(37)</b>
<b>Underlying profit before taxes</b>	<b>410</b>	<b>472</b>	<b>487</b>	<b>434</b>	<b>518</b>
<b>Underlying consolidated profit</b>	<b>293</b>	<b>324</b>	<b>346</b>	<b>319</b>	<b>370</b>
<b>Underlying attributable profit</b>	<b>251</b>	<b>282</b>	<b>291</b>	<b>269</b>	<b>314</b>
<b>Net capital gains and provisions*</b>	<b>—</b>	<b>25</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Attributable profit</b>	<b>251</b>	<b>307</b>	<b>291</b>	<b>269</b>	<b>314</b>

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe

# Santander Consumer Finance

Constant € million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
<b>NII + Fee income</b>	1,052	1,069	1,105	1,054	1,121
<b>Gross income</b>	1,056	1,058	1,111	1,062	1,118
<b>Operating expenses</b>	(488)	(471)	(469)	(487)	(502)
<b>Net operating income</b>	569	587	643	575	616
<b>Net loan-loss provisions</b>	(116)	(71)	(117)	(87)	(61)
<b>Other</b>	(39)	(42)	(36)	(53)	(37)
<b>Underlying profit before taxes</b>	414	475	490	435	518
<b>Underlying consolidated profit</b>	296	327	348	320	370
<b>Underlying attributable profit</b>	255	284	293	270	314
<b>Net capital gains and provisions*</b>	—	26	(0)	(0)	—
<b>Attributable profit</b>	255	310	293	270	314

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe

# Poland

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
<b>NII + Fee income</b>	292	298	321	323	318
<b>Gross income</b>	311	345	330	329	321
<b>Operating expenses</b>	(145)	(146)	(149)	(139)	(146)
<b>Net operating income</b>	166	199	181	190	175
<b>Net loan-loss provisions</b>	(33)	(34)	(43)	(35)	(27)
<b>Other</b>	(22)	(29)	(6)	(25)	(23)
<b>Underlying profit before taxes</b>	111	136	132	129	125
<b>Underlying consolidated profit</b>	88	108	100	91	86
<b>Underlying attributable profit</b>	64	75	69	63	59
<b>Net capital gains and provisions*</b>	—	29	—	—	—
<b>Attributable profit</b>	64	104	69	63	59

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs

# Poland

PLN million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	1,275	1,301	1,391	1,412	1,374
Gross income	1,357	1,507	1,430	1,440	1,386
Operating expenses	(632)	(638)	(647)	(609)	(630)
<b>Net operating income</b>	<b>724</b>	<b>869</b>	<b>783</b>	<b>831</b>	<b>756</b>
Net loan-loss provisions	(144)	(149)	(186)	(153)	(116)
Other	(97)	(126)	(25)	(111)	(100)
<b>Underlying profit before taxes</b>	<b>483</b>	<b>593</b>	<b>573</b>	<b>566</b>	<b>539</b>
<b>Underlying consolidated profit</b>	<b>384</b>	<b>471</b>	<b>434</b>	<b>399</b>	<b>372</b>
<b>Underlying attributable profit</b>	<b>281</b>	<b>327</b>	<b>300</b>	<b>277</b>	<b>257</b>
Net capital gains and provisions*	—	128	(0)	0	—
<b>Attributable profit</b>	<b>281</b>	<b>455</b>	<b>300</b>	<b>277</b>	<b>257</b>

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs

# Portugal

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	273	262	260	251	261
Gross income	337	281	287	304	294
Operating expenses	(154)	(149)	(142)	(143)	(139)
<b>Net operating income</b>	<b>183</b>	<b>132</b>	<b>145</b>	<b>161</b>	<b>155</b>
Net loan-loss provisions	(22)	(6)	(16)	(9)	10
Other	(2)	(21)	(5)	(5)	(14)
<b>Underlying profit before taxes</b>	<b>158</b>	<b>104</b>	<b>124</b>	<b>146</b>	<b>151</b>
<b>Underlying consolidated profit</b>	<b>122</b>	<b>81</b>	<b>93</b>	<b>106</b>	<b>126</b>
<b>Underlying attributable profit</b>	<b>121</b>	<b>80</b>	<b>92</b>	<b>106</b>	<b>125</b>
Net capital gains and provisions	—	—	—	—	—
<b>Attributable profit</b>	<b>121</b>	<b>80</b>	<b>92</b>	<b>106</b>	<b>125</b>

# United Kingdom

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
<b>NII + Fee income</b>	<b>1,434</b>	<b>1,393</b>	<b>1,302</b>	<b>1,307</b>	<b>1,349</b>
<b>Gross income</b>	<b>1,513</b>	<b>1,501</b>	<b>1,377</b>	<b>1,425</b>	<b>1,432</b>
<b>Operating expenses</b>	<b>(794)</b>	<b>(788)</b>	<b>(703)</b>	<b>(683)</b>	<b>(723)</b>
<b>Net operating income</b>	<b>719</b>	<b>713</b>	<b>675</b>	<b>742</b>	<b>709</b>
<b>Net loan-loss provisions</b>	<b>(7)</b>	<b>(68)</b>	<b>(44)</b>	<b>61</b>	<b>(15)</b>
<b>Other</b>	<b>(59)</b>	<b>(71)</b>	<b>(85)</b>	<b>(124)</b>	<b>(105)</b>
<b>Underlying profit before taxes</b>	<b>654</b>	<b>574</b>	<b>545</b>	<b>679</b>	<b>588</b>
<b>Underlying consolidated profit</b>	<b>462</b>	<b>401</b>	<b>370</b>	<b>483</b>	<b>423</b>
<b>Underlying attributable profit</b>	<b>453</b>	<b>390</b>	<b>364</b>	<b>474</b>	<b>416</b>
<b>Net capital gains and provisions*</b>	<b>—</b>	<b>107</b>	<b>—</b>	<b>(137)</b>	<b>—</b>
<b>Attributable profit</b>	<b>453</b>	<b>497</b>	<b>364</b>	<b>338</b>	<b>416</b>

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe and restructuring costs in 4Q16 PPI

# United Kingdom

£ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	1,105	1,096	1,108	1,133	1,160
Gross income	1,166	1,180	1,172	1,234	1,231
Operating expenses	(611)	(619)	(599)	(594)	(622)
<b>Net operating income</b>	<b>554</b>	<b>561</b>	<b>573</b>	<b>640</b>	<b>609</b>
Net loan-loss provisions	(5)	(53)	(37)	48	(13)
Other	(45)	(56)	(71)	(104)	(90)
<b>Underlying profit before taxes</b>	<b>504</b>	<b>452</b>	<b>465</b>	<b>583</b>	<b>506</b>
<b>Underlying consolidated profit</b>	<b>356</b>	<b>316</b>	<b>316</b>	<b>414</b>	<b>364</b>
<b>Underlying attributable profit</b>	<b>349</b>	<b>307</b>	<b>311</b>	<b>407</b>	<b>358</b>
Net capital gains and provisions*	—	83	2	(110)	—
<b>Attributable profit</b>	<b>349</b>	<b>390</b>	<b>313</b>	<b>297</b>	<b>358</b>

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe and restructuring costs in 4Q16 PPI

# Brazil

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	2,365	2,583	2,899	3,155	3,455
Gross income	2,381	2,703	3,050	3,187	3,717
Operating expenses	(947)	(1,046)	(1,177)	(1,305)	(1,314)
<b>Net operating income</b>	<b>1,434</b>	<b>1,657</b>	<b>1,873</b>	<b>1,882</b>	<b>2,403</b>
Net loan-loss provisions	(720)	(753)	(951)	(953)	(910)
Other	(177)	(193)	(134)	(193)	(358)
<b>Underlying profit before taxes</b>	<b>536</b>	<b>711</b>	<b>788</b>	<b>736</b>	<b>1,135</b>
<b>Underlying consolidated profit</b>	<b>399</b>	<b>481</b>	<b>544</b>	<b>575</b>	<b>713</b>
<b>Underlying attributable profit</b>	<b>359</b>	<b>429</b>	<b>488</b>	<b>510</b>	<b>634</b>
Net capital gains and provisions	—	—	—	—	—
<b>Attributable profit</b>	<b>359</b>	<b>429</b>	<b>488</b>	<b>510</b>	<b>634</b>



# Brazil

R\$ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	10,161	10,216	10,500	11,271	11,561
Gross income	10,227	10,708	11,067	11,364	12,438
Operating expenses	(4,068)	(4,138)	(4,266)	(4,671)	(4,397)
<b>Net operating income</b>	<b>6,159</b>	<b>6,570</b>	<b>6,801</b>	<b>6,693</b>	<b>8,041</b>
Net loan-loss provisions	(3,093)	(2,972)	(3,473)	(3,398)	(3,045)
Other	(762)	(763)	(457)	(686)	(1,198)
<b>Underlying profit before taxes</b>	<b>2,304</b>	<b>2,835</b>	<b>2,870</b>	<b>2,609</b>	<b>3,798</b>
<b>Underlying consolidated profit</b>	<b>1,716</b>	<b>1,908</b>	<b>1,979</b>	<b>2,055</b>	<b>2,386</b>
<b>Underlying attributable profit</b>	<b>1,540</b>	<b>1,704</b>	<b>1,774</b>	<b>1,821</b>	<b>2,121</b>
Net capital gains and provisions	—	—	—	—	—
<b>Attributable profit</b>	<b>1,540</b>	<b>1,704</b>	<b>1,774</b>	<b>1,821</b>	<b>2,121</b>

# Mexico

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	767	768	767	794	804
Gross income	792	786	796	828	824
Operating expenses	(322)	(317)	(311)	(325)	(319)
<b>Net operating income</b>	<b>470</b>	<b>469</b>	<b>486</b>	<b>503</b>	<b>505</b>
Net loan-loss provisions	(221)	(214)	(194)	(203)	(233)
Other	(6)	(11)	(5)	(8)	(4)
<b>Underlying profit before taxes</b>	<b>243</b>	<b>244</b>	<b>288</b>	<b>293</b>	<b>267</b>
<b>Underlying consolidated profit</b>	<b>187</b>	<b>192</b>	<b>223</b>	<b>217</b>	<b>211</b>
<b>Underlying attributable profit</b>	<b>143</b>	<b>146</b>	<b>172</b>	<b>169</b>	<b>163</b>
Net capital gains and provisions	—	—	—	—	—
<b>Attributable profit</b>	<b>143</b>	<b>146</b>	<b>172</b>	<b>169</b>	<b>163</b>

# Mexico

Million pesos

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	15,253	15,690	16,028	16,922	17,348
Gross income	15,745	16,054	16,647	17,645	17,779
Operating expenses	(6,402)	(6,479)	(6,497)	(6,922)	(6,894)
<b>Net operating income</b>	<b>9,343</b>	<b>9,576</b>	<b>10,151</b>	<b>10,723</b>	<b>10,886</b>
Net loan-loss provisions	(4,399)	(4,364)	(4,062)	(4,337)	(5,032)
Other	(123)	(233)	(98)	(161)	(90)
<b>Underlying profit before taxes</b>	<b>4,821</b>	<b>4,979</b>	<b>5,990</b>	<b>6,225</b>	<b>5,764</b>
<b>Underlying consolidated profit</b>	<b>3,724</b>	<b>3,919</b>	<b>4,643</b>	<b>4,629</b>	<b>4,548</b>
<b>Underlying attributable profit</b>	<b>2,839</b>	<b>2,979</b>	<b>3,577</b>	<b>3,589</b>	<b>3,523</b>
Net capital gains and provisions	—	—	—	—	—
<b>Attributable profit</b>	<b>2,839</b>	<b>2,979</b>	<b>3,577</b>	<b>3,589</b>	<b>3,523</b>

# Chile

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	509	534	561	613	592
Gross income	556	577	616	672	645
Operating expenses	(235)	(237)	(249)	(265)	(264)
<b>Net operating income</b>	<b>321</b>	<b>339</b>	<b>368</b>	<b>407</b>	<b>381</b>
Net loan-loss provisions	(109)	(127)	(146)	(131)	(122)
Other	1	(1)	6	(35)	2
<b>Underlying profit before taxes</b>	<b>213</b>	<b>211</b>	<b>228</b>	<b>241</b>	<b>261</b>
<b>Underlying consolidated profit</b>	<b>173</b>	<b>181</b>	<b>187</b>	<b>195</b>	<b>214</b>
<b>Underlying attributable profit</b>	<b>122</b>	<b>126</b>	<b>129</b>	<b>137</b>	<b>147</b>
Net capital gains and provisions	—	—	—	—	—
<b>Attributable profit</b>	<b>122</b>	<b>126</b>	<b>129</b>	<b>137</b>	<b>147</b>

# Chile

Ch\$ billion

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	393	409	414	441	413
Gross income	430	441	455	484	450
Operating expenses	(182)	(182)	(184)	(191)	(184)
<b>Net operating income</b>	<b>248</b>	<b>260</b>	<b>272</b>	<b>293</b>	<b>266</b>
Net loan-loss provisions	(84)	(98)	(108)	(94)	(85)
Other	1	(0)	5	(26)	1
<b>Underlying profit before taxes</b>	<b>165</b>	<b>162</b>	<b>169</b>	<b>173</b>	<b>182</b>
<b>Underlying consolidated profit</b>	<b>134</b>	<b>138</b>	<b>138</b>	<b>140</b>	<b>149</b>
<b>Underlying attributable profit</b>	<b>94</b>	<b>96</b>	<b>95</b>	<b>98</b>	<b>103</b>
Net capital gains and provisions	—	—	—	—	—
<b>Attributable profit</b>	<b>94</b>	<b>96</b>	<b>95</b>	<b>98</b>	<b>103</b>

# United States

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	1,831	1,755	1,724	1,708	1,763
Gross income	1,968	1,888	1,867	1,809	1,879
Operating expenses	(777)	(774)	(784)	(864)	(837)
<b>Net operating income</b>	<b>1,191</b>	<b>1,114</b>	<b>1,083</b>	<b>946</b>	<b>1,042</b>
Net loan-loss provisions	(861)	(704)	(776)	(867)	(811)
Other	(66)	(13)	(3)	(8)	(32)
<b>Underlying profit before taxes</b>	<b>264</b>	<b>397</b>	<b>304</b>	<b>71</b>	<b>199</b>
<b>Underlying consolidated profit</b>	<b>160</b>	<b>253</b>	<b>213</b>	<b>54</b>	<b>138</b>
<b>Underlying attributable profit</b>	<b>82</b>	<b>159</b>	<b>141</b>	<b>14</b>	<b>95</b>
Net capital gains and provisions*	—	—	—	(32)	—
<b>Attributable profit</b>	<b>82</b>	<b>159</b>	<b>141</b>	<b>(19)</b>	<b>95</b>

(\*).- Including: in 4Q16 restatement Santander Consumer USA

# United States

\$ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	2,018	1,983	1,925	1,838	1,877
Gross income	2,168	2,133	2,085	1,945	2,001
Operating expenses	(856)	(874)	(875)	(932)	(891)
<b>Net operating income</b>	<b>1,312</b>	<b>1,259</b>	<b>1,210</b>	<b>1,013</b>	<b>1,109</b>
Net loan-loss provisions	(949)	(797)	(867)	(935)	(863)
Other	(72)	(16)	(3)	(8)	(34)
<b>Underlying profit before taxes</b>	<b>291</b>	<b>446</b>	<b>340</b>	<b>69</b>	<b>212</b>
<b>Underlying consolidated profit</b>	<b>177</b>	<b>285</b>	<b>238</b>	<b>54</b>	<b>147</b>
<b>Underlying attributable profit</b>	<b>90</b>	<b>178</b>	<b>157</b>	<b>12</b>	<b>101</b>
Net capital gains and provisions*	—	—	—	(36)	—
<b>Attributable profit</b>	<b>90</b>	<b>178</b>	<b>157</b>	<b>(24)</b>	<b>101</b>

(\*).- Including: in 4Q16 restatement Santander Consumer USA

# Corporate Centre

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
NII + Fee income	(173)	(192)	(201)	(204)	(198)
Gross income	(223)	(244)	(316)	(282)	(341)
Operating expenses	(126)	(120)	(104)	(99)	(119)
<b>Net operating income</b>	<b>(349)</b>	<b>(365)</b>	<b>(421)</b>	<b>(381)</b>	<b>(460)</b>
Net loan-loss provisions	1	(5)	5	0	(5)
Other	(5)	(55)	(59)	44	(32)
<b>Underlying profit before taxes</b>	<b>(353)</b>	<b>(424)</b>	<b>(474)</b>	<b>(337)</b>	<b>(497)</b>
<b>Underlying consolidated profit</b>	<b>(317)</b>	<b>(418)</b>	<b>(414)</b>	<b>(298)</b>	<b>(471)</b>
<b>Underlying attributable profit</b>	<b>(311)</b>	<b>(418)</b>	<b>(412)</b>	<b>(299)</b>	<b>(468)</b>
Net capital gains and provisions*	—	(186)	—	—	—
<b>Attributable profit</b>	<b>(311)</b>	<b>(604)</b>	<b>(412)</b>	<b>(299)</b>	<b>(468)</b>

(\*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs





# Content

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Group performance 1Q'17

Business areas performance 1Q'17

Concluding remarks

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 + accumulated other comprehensive income - goodwill - intangible assets
- **RoRWA:** Return on risk-weighted assets: consolidated profit / average risk-weighted assets
- **Efficiency:** Operating expenses / gross income. Operating expenses defined as general administrative expenses + amortisations

## CREDIT RISK

- **NPL ratio:** Loans and advances to customers and non-performing contingent liabilities (excluding country-risk) / total lending. Lending defined as total loans and advances to customers and contingent liabilities (excluding country-risk)
- **NPL coverage ratio:** Provisions to cover losses due to impairment of loans and advances to customers and contingent liabilities (excluding country-risk) / total loans and advances 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 – TNAV:** Tangible stockholders' equity / number of shares (excluding treasury shares). Tangible stockholders' equity calculated as shareholders equity + accumulated other comprehensive income - goodwill - intangible assets

Notes: 1) The average figures to calculate RoE, RoTE, RoA and RoRWA, include in the denominators, are calculated considering the four months from December to March, when relating to the first quarter data

2) In periods under a year, and when there are non-recurring results, the profit used to calculate the RoE and RoTE, is the annualised underlying attributable profit (excluding non-recurring results), to which the non-recurring results without annualising are added

3) In periods under a year, and where there are non-recurring results, the profit used to calculate the RoA and RoRWA, is the annualised consolidated profit (excluding non-recurring results), to which the non-recurring results without annualising are added

4) 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**

