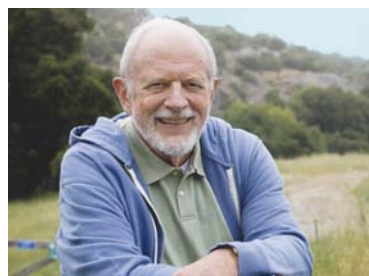


2016

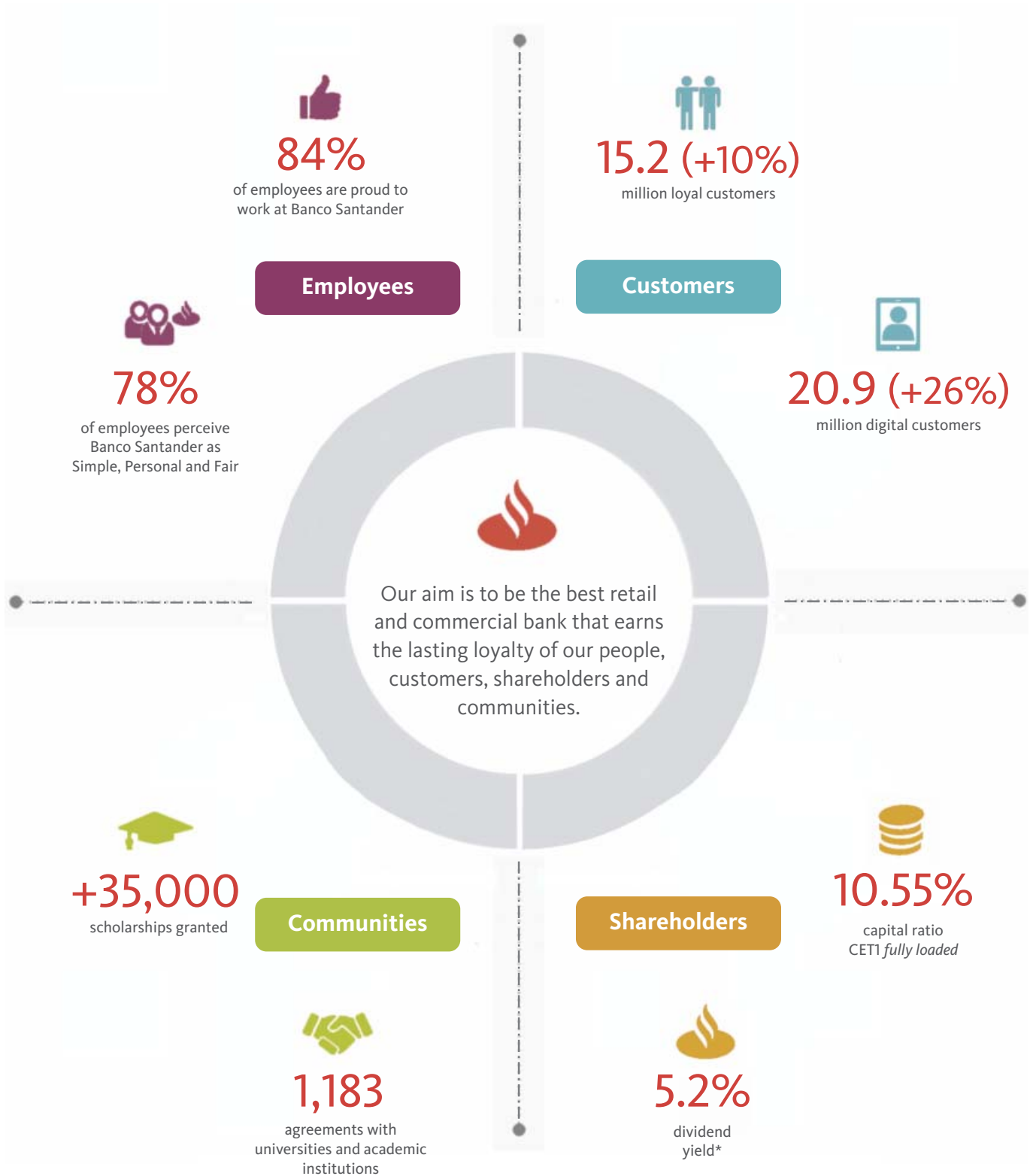
Financial report

January - December

We want to
help people and
businesses prosper



Helping people and businesses prosper



(*) 2016 total dividend / 2016 average share price

KEY CONSOLIDATED DATA

■ Balance sheet (€ million)	Dec'16	Sep'16	%	Dec'16	Dec'15	%	Dec'14
Total assets	1,339,125	1,329,538	0.7	1,339,125	1,340,260	(0.1)	1,266,296
Net customer loans	790,470	773,290	2.2	790,470	790,848	(0.0)	734,711
Customer deposits	691,112	667,439	3.5	691,112	683,142	1.2	647,706
Managed and marketed customer funds	1,102,488	1,075,162	2.5	1,102,488	1,075,563	2.5	1,023,189
Total equity	102,699	101,122	1.6	102,699	98,753	4.0	89,714
Total managed and marketed funds	1,521,633	1,508,587	0.9	1,521,633	1,506,520	1.0	1,428,083

■ Income statement (€ million)	4Q'16	3Q'16	%	2016	2015	%	2014
Net interest income	8,096	7,798	3.8	31,089	32,189	(3.4)	29,548
Gross income	11,113	11,080	0.3	43,853	45,272	(3.1)	42,612
Net operating income	5,660	5,831	(2.9)	22,766	23,702	(3.9)	22,574
Underlying profit before taxes	2,663	2,940	(9.4)	11,288	10,939	3.2	9,720
Underlying attributable profit to the Group	1,646	1,695	(2.9)	6,621	6,566	0.8	5,816
Attributable profit to the Group	1,598	1,695	(5.7)	6,204	5,966	4.0	5,816

Variations w/o exchange rate: Quarterly: NII: +2.8%; Gross income: -0.7%; Net operating income: -4.1%; Underlying attributable profit: -3.5%; Attributable profit: -6.4%
 Year-on-year: NII: +2.3%; Gross income: +2.5%; Net operating income: +1.6%; Underlying attributable profit: +10.5%; Attributable profit: +15.1%

■ EPS, profitability and efficiency (%)	4Q'16	3Q'16	%	2016	2015	%	2014
EPS (euro)	0.10	0.11	(6.8)	0.41	0.40	1.0	0.48
RoE	7.26	7.66		6.99	6.57		7.05
Underlying RoTE*	10.78	11.36		11.08	10.99		10.95
RoTE	10.70	11.36		10.38	9.99		10.95
RoA	0.58	0.61		0.56	0.54		0.58
Underlying RoRWA*	1.33	1.40		1.36	1.30		1.27
RoRWA	1.32	1.40		1.29	1.20		1.27
Efficiency ratio (with amortisations)	49.1	47.4		48.1	47.6		47.0

■ Solvency and NPL ratios (%)	Dec'16	Sep'16	%	Dec'16	Dec'15	%	Dec'14
CET ₁ fully-loaded	10.55	10.47		10.55	10.05		9.65
CET ₁ phase-in	12.53	12.44		12.53	12.55		12.23
NPL ratio	3.93	4.15		3.93	4.36		5.19
Coverage ratio	73.8	72.7		73.8	73.1		67.2

■ Market capitalisation and shares	Dec'16	Sep'16	%	Dec'16	Dec'15	%	Dec'14
Shares (millions)	14,582	14,434	1.0	14,582	14,434	1.0	12,584
Share price (euros)	4.959	3.947	25.6	4.959	4.558	8.8	6.996
Market capitalisation (€ million)	72,314	56,973	26.9	72,314	65,792	9.9	88,041
Tangible book value (euro)	4.22	4.18		4.22	4.07		4.01
Price / Tangible book value (X)	1.17	0.94		1.17	1.12		1.75
P/E ratio (X)	12.18	9.78		12.18	11.30		14.59

■ Other data	Dec'16	Sep'16	%	Dec'16	Dec'15	%	Dec'14
Number of shareholders	3,928,950	3,920,700	0.2	3,928,950	3,573,277	10.0	3,240,395
Number of employees	188,492	189,675	(0.6)	188,492	193,863	(2.8)	185,405
Number of branches	12,235	12,391	(1.3)	12,235	13,030	(6.1)	12,951

(*) - Excluding non-recurring net capital gains and provisions

Note: RoE, RoTE and CET₁ 2014, pro-forma taking into account the January 2015 capital increase

Note: The financial information in this report has not been audited, but it was approved by the Board of Directors at its meeting on January, 24 2017, following a favourable report from the Audit Committee on January, 18 2017. The Audit Committee verified that the information for 2016 was based on the same principles and practices as those used to draw up the annual financial statements.

Income statement

€ million

	4Q'16	3Q'16	Variation		2016	2015	Variation	
			%	% w/o FX			%	% w/o FX
Net interest income	8,096	7,798	3.8	2.8	31,089	32,189	(3.4)	2.3
Net fee income	2,637	2,597	1.6	0.8	10,180	10,033	1.5	8.1
Gains (losses) on financial transactions	412	440	(6.3)	(7.7)	1,723	2,386	(27.8)	(24.0)
Other operating income	(32)	245	—	—	862	665	29.7	26.1
Dividends	124	37	239.3	240.5	413	455	(9.1)	(7.7)
Income from equity-accounted method	130	119	9.0	8.8	444	375	18.3	26.0
Other operating income/expenses	(286)	90	—	—	5	(165)	—	—
Gross income	11,113	11,080	0.3	(0.7)	43,853	45,272	(3.1)	2.5
Operating expenses	(5,453)	(5,250)	3.9	3.1	(21,088)	(21,571)	(2.2)	3.5
General administrative expenses	(4,828)	(4,692)	2.9	2.1	(18,723)	(19,152)	(2.2)	3.7
Personnel	(2,876)	(2,726)	5.5	4.7	(10,997)	(11,107)	(1.0)	4.5
Other general administrative expenses	(1,952)	(1,966)	(0.7)	(1.5)	(7,727)	(8,045)	(4.0)	2.6
Depreciation and amortisation	(626)	(558)	12.2	11.6	(2,364)	(2,419)	(2.3)	2.2
Net operating income	5,660	5,831	(2.9)	(4.1)	22,766	23,702	(3.9)	1.6
Net loan-loss provisions	(2,406)	(2,499)	(3.7)	(5.8)	(9,518)	(10,108)	(5.8)	(2.1)
Impairment losses on other assets	(159)	(16)	896.8	939.5	(247)	(462)	(46.5)	(45.6)
Other income	(432)	(376)	15.1	16.3	(1,712)	(2,192)	(21.9)	(19.0)
Underlying profit before taxes	2,663	2,940	(9.4)	(10.2)	11,288	10,939	3.2	11.7
Tax on profit	(712)	(904)	(21.2)	(22.0)	(3,396)	(3,120)	8.9	16.4
Underlying profit from continuing operations	1,951	2,036	(4.2)	(4.9)	7,892	7,819	0.9	9.8
Net profit from discontinued operations	0	(0)	—	—	0	—	—	—
Underlying consolidated profit	1,951	2,036	(4.2)	(4.9)	7,893	7,819	0.9	9.8
Minority interests	305	341	(10.6)	(11.9)	1,272	1,253	1.5	6.2
Underlying attributable profit to the Group	1,646	1,695	(2.9)	(3.5)	6,621	6,566	0.8	10.5
Net capital gains and provisions	(49)*	—	—	—	(417)	(600)	(30.5)	(30.5)
Attributable profit to the Group	1,598	1,695	(5.7)	(6.4)	6,204	5,966	4.0	15.1
Underlying EPS (euros)	0.11	0.11	(3.8)		0.44	0.45	(2.1)	
Underlying diluted EPS (euros)	0.11	0.11	(3.6)		0.43	0.44	(2.3)	
EPS (euros)	0.10	0.11	(6.8)		0.41	0.40	1.0	
Diluted EPS (euros)	0.10	0.11	(6.5)		0.41	0.40	0.9	

Pro memoria:

Average total assets	1,340,897	1,338,607	0.2		1,337,661	1,345,657	(0.6)	
Average stockholders' equity	90,054	88,565	1.7		88,744	90,798	(2.3)	

(*).- PPI UK (-€137 million), restatement Santander Consumer USA (-€32 million) and the SRF contribution (€120 million), recorded in 2Q16, was reallocated to other operating income/expenses.

Non-recurring results net of tax

€ million



Quarterly income statement

€ million

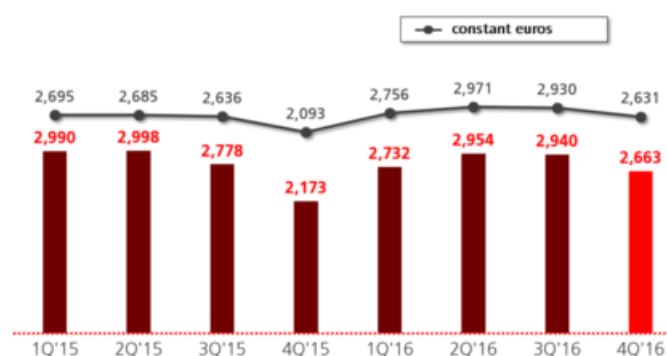
	2015				2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net interest income	8,038	8,281	7,983	7,888	7,624	7,570	7,798	8,096
Net fee income	2,524	2,586	2,474	2,448	2,397	2,549	2,597	2,637
Gains (losses) on financial transactions	695	372	634	684	504	366	440	412
Other operating income	186	379	225	(126)	204	445	245	(32)
Dividends	33	239	75	107	44	209	37	124
Income from equity-accounted method	99	101	93	82	83	112	119	130
Other operating income/expenses	53	39	57	(315)	78	124	90	(286)
Gross income	11,444	11,618	11,316	10,894	10,730	10,929	11,080	11,113
Operating expenses	(5,377)	(5,429)	(5,342)	(5,422)	(5,158)	(5,227)	(5,250)	(5,453)
General administrative expenses	(4,785)	(4,826)	(4,731)	(4,810)	(4,572)	(4,632)	(4,692)	(4,828)
Personnel	(2,755)	(2,836)	(2,717)	(2,799)	(2,683)	(2,712)	(2,726)	(2,876)
Other general administrative expenses	(2,030)	(1,989)	(2,015)	(2,011)	(1,889)	(1,920)	(1,966)	(1,952)
Depreciation and amortisation	(592)	(603)	(611)	(612)	(586)	(595)	(558)	(626)
Net operating income	6,067	6,189	5,974	5,472	5,572	5,703	5,831	5,660
Net loan-loss provisions	(2,563)	(2,508)	(2,479)	(2,558)	(2,408)	(2,205)	(2,499)	(2,406)
Impairment losses on other assets	(60)	(78)	(110)	(215)	(44)	(29)	(16)	(159)
Other income	(454)	(605)	(606)	(526)	(389)	(515)	(376)	(432)
Underlying profit before taxes	2,990	2,998	2,778	2,173	2,732	2,954	2,940	2,663
Tax on profit	(922)	(939)	(787)	(471)	(810)	(970)	(904)	(712)
Underlying profit from continuing operations	2,067	2,059	1,991	1,702	1,922	1,984	2,036	1,951
Net profit from discontinued operations	0	0	(0)	—	—	0	(0)	0
Underlying consolidated profit	2,067	2,059	1,991	1,702	1,922	1,984	2,036	1,951
Minority interests	350	350	311	242	288	338	341	305
Underlying attributable profit to the Group	1,717	1,709	1,680	1,460	1,633	1,646	1,695	1,646
Net capital gains and provisions*	—	835	—	(1,435)	—	(368)	—	(49)
Attributable profit to the Group	1,717	2,544	1,680	25	1,633	1,278	1,695	1,598
Ordinary EPS (euros)	0.12	0.12	0.11	0.10	0.11	0.11	0.11	0.11
Ordinary diluted EPS (euros)	0.12	0.12	0.11	0.10	0.11	0.11	0.11	0.11
EPS (euros)	0.12	0.18	0.11	(0.01)	0.11	0.08	0.11	0.10
Diluted EPS (euros)	0.12	0.17	0.11	(0.01)	0.11	0.08	0.11	0.10

(*) Including :

- In 4Q'16, PPI UK (-€137 million), restatement Santander Consumer USA (-€32 million) and the SRF contribution (€120 million), recorded in 2Q'16, was reallocated to other operating income/expenses.
- In 2Q'16, capital gains from the disposal of the stake in Visa Europe (€227 million), restructuring costs (-€475 million) and contribution to the Single Resolution Fund (-€120 million).
- In 4Q'15, Banif's badwill in Portugal (€283 million), PPI (-€600 million), impairment of intangible assets (-€683 million) and goodwill and other assets (-€435 million)
- In 2Q'15, net result of the reversal of tax liabilities in Brazil (€835 million).

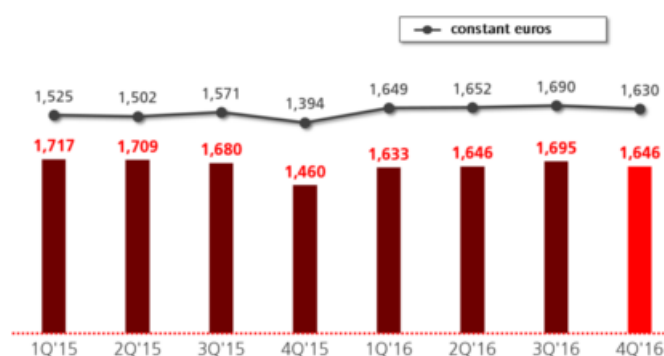
Underlying profit before taxes

€ million



Underlying attributable profit to the Group

€ million



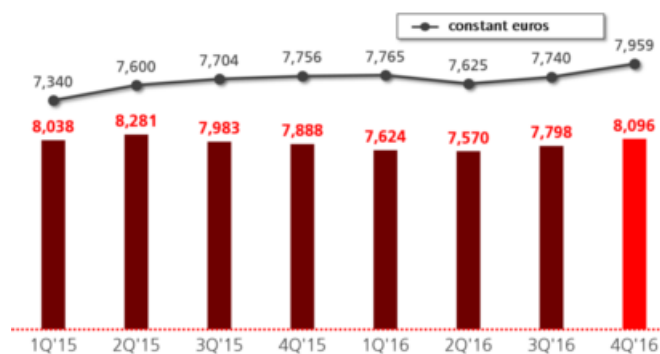
Net fee income

€ million

	4Q'16	3Q'16	Var. %	2016	2015	Var. %
Fees from services	1,636	1,627	0.6	6,261	6,040	3.6
Mutual & pension funds	191	195	(1.9)	757	862	(12.2)
Securities and custody	249	214	16.4	913	905	1.0
Insurance	561	561	(0.0)	2,249	2,225	1.0
Net fee income	2,637	2,597	1.6	10,180	10,033	1.5

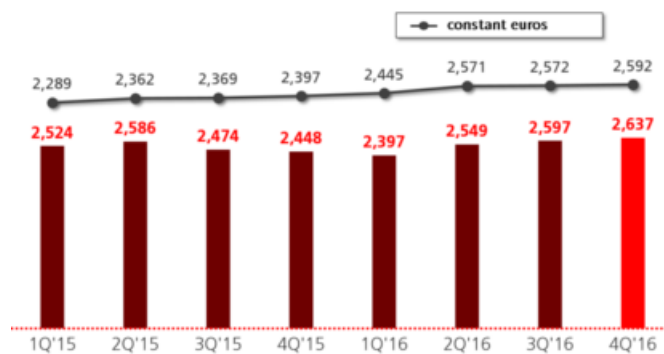
Net interest income

€ million



Net fee income

€ million



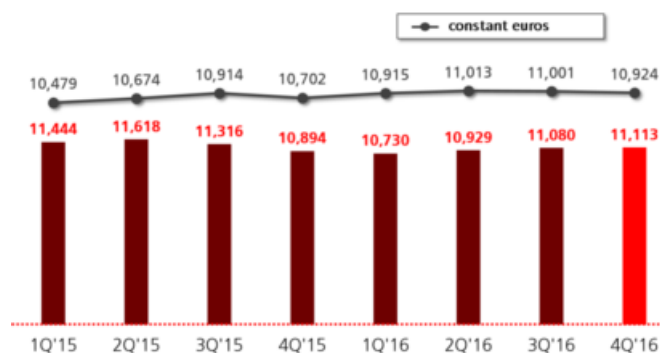
Operating expenses

€ million

	4Q'16	3Q'16	Var. %	2016	2015	Var. %
Personnel expenses	2,876	2,726	5.5	10,997	11,107	(1.0)
General expenses	1,952	1,966	(0.7)	7,727	8,045	(4.0)
Information technology	262	282	(7.1)	1,094	1,039	5.3
Communications	122	123	(0.8)	499	587	(15.0)
Advertising	205	182	12.1	691	705	(2.0)
Buildings and premises	400	441	(9.2)	1,708	1,786	(4.4)
Printed and office material	43	35	24.1	146	157	(6.8)
Taxes (other than profit tax)	134	118	13.6	484	529	(8.5)
Other expenses	786	785	0.1	3,105	3,243	(4.3)
Personnel and general expenses	4,828	4,692	2.9	18,723	19,152	(2.2)
Depreciation and amortisation	626	558	12.2	2,364	2,419	(2.3)
Total operating expenses	5,453	5,250	3.9	21,088	21,571	(2.2)

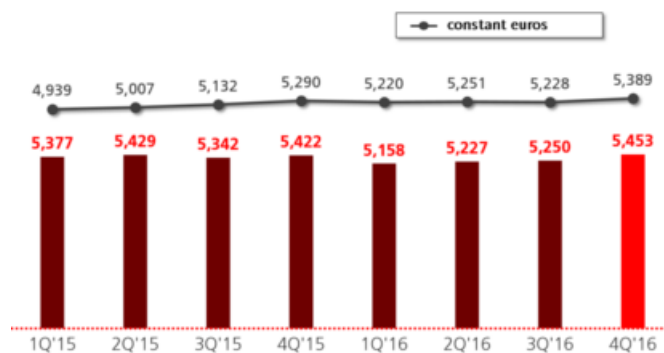
Gross income

€ million



Operating expenses

€ million

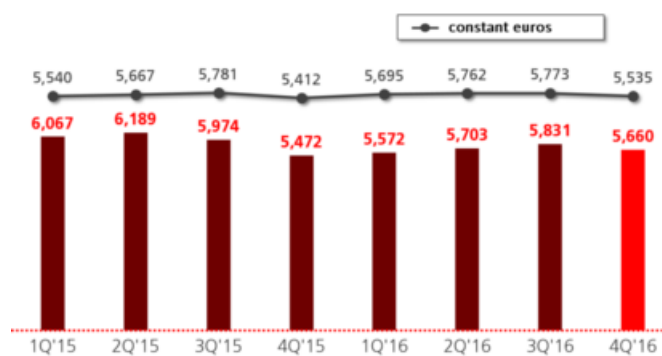


■ Operating means

	Employees			Branches		
	31.12.16	31.12.15	Var.	31.12.16	31.12.15	Var.
Continental Europe	57,259	58,049	(790)	4,805	5,548	(743)
o/w: Spain	23,017	24,216	(1,199)	2,911	3,467	(556)
Santander Consumer Finance	14,928	14,533	395	567	588	(21)
Poland	12,001	11,474	527	658	723	(65)
Portugal	6,306	6,568	(262)	657	752	(95)
United Kingdom	25,688	25,866	(178)	844	858	(14)
Latin America	86,312	89,819	(3,507)	5,818	5,841	(23)
o/w: Brazil	46,728	49,520	(2,792)	3,431	3,443	(12)
Mexico	17,608	17,847	(239)	1,389	1,377	12
Chile	11,999	12,454	(455)	435	472	(37)
USA	17,509	18,123	(614)	768	783	(15)
Operating areas	186,768	191,857	(5,089)	12,235	13,030	(795)
Corporate Centre	1,724	2,006	(282)			
Total Group	188,492	193,863	(5,371)	12,235	13,030	(795)

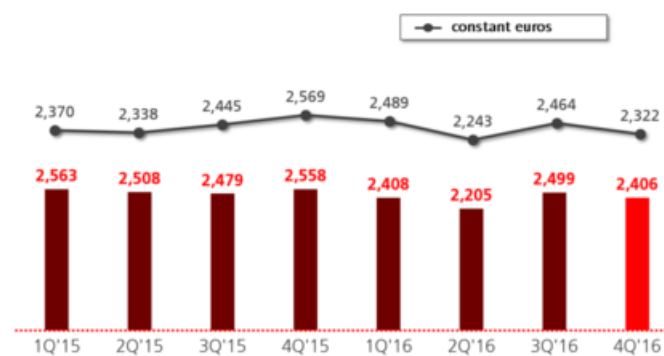
■ Net operating income

€ million



■ Loan-loss provisions

€ million



■ Net loan-loss provisions

€ million

	4Q'16	3Q'16	Var. %	2016	2015	Var. %
Non-performing loans	2,916	2,812	3.7	11,097	11,484	(3.4)
Country-risk	3	3	(7.9)	3	(0)	—
Recovery of written-off assets	(513)	(317)	62.0	(1,582)	(1,375)	15.1
Total	2,406	2,499	(3.7)	9,518	10,108	(5.8)

■ Exchange rates: 1 euro / currency parity

	Average (income statement)		Period-end (balance sheet)	
	2016	2015	31.12.16	31.12.15
US\$	1.106	1.109	1.054	1.089
Pound sterling	0.817	0.725	0.856	0.734
Brazilian real	3.831	3.645	3.431	4.312
New Mexican peso	20.637	17.568	21.772	18.915
Chilean peso	747.500	724.014	707.612	773.772
Argentine peso	16.316	10.207	16.705	14.140
Polish zloty	4.362	4.182	4.410	4.264

■ Balance sheet

€ million

Assets	31.12.16	31.12.15	Variation		31.12.14
			amount	%	
Cash, cash balances at central banks and other demand deposits	76,454	77,751	(1,297)	(1.7)	69,853
Financial assets held for trading	148,187	146,346	1,841	1.3	148,094
<i>Debt securities</i>	48,922	43,964	4,958	11.3	54,374
<i>Equity instruments</i>	14,497	18,225	(3,728)	(20.5)	12,920
<i>Loans and advances to customers</i>	9,504	6,081	3,423	56.3	2,921
<i>Loans and advances to central banks and credit institutions</i>	3,221	1,352	1,869	138.2	1,020
<i>Derivatives</i>	72,043	76,724	(4,681)	(6.1)	76,858
Financial assets designated at fair value	31,609	45,043	(13,434)	(29.8)	42,673
<i>Loans and advances to customers</i>	17,596	14,293	3,303	23.1	8,971
<i>Loans and advances to central banks and credit institutions</i>	10,069	26,403	(16,334)	(61.9)	28,592
<i>Other (debt securities and equity instruments)</i>	3,944	4,347	(403)	(9.3)	5,111
Available-for-sale financial assets	116,774	122,036	(5,262)	(4.3)	115,251
<i>Debt securities</i>	111,287	117,187	(5,900)	(5.0)	110,249
<i>Equity instruments</i>	5,487	4,849	638	13.2	5,001
Loans and receivables	840,004	836,156	3,848	0.5	782,005
<i>Debt securities</i>	13,237	10,907	2,330	21.4	7,510
<i>Loans and advances to customers</i>	763,370	770,474	(7,104)	(0.9)	722,819
<i>Loans and advances to central banks and credit institutions</i>	63,397	54,775	8,622	15.7	51,676
Held-to-maturity investments	14,468	4,355	10,113	232.2	—
Investments in subsidiaries, joint ventures and associates	4,836	3,251	1,585	48.8	3,471
Tangible assets	23,286	25,320	(2,034)	(8.0)	23,256
Intangible assets	29,421	29,430	(9)	(0.0)	30,401
<i>o/w: goodwill</i>	26,724	26,960	(236)	(0.9)	27,548
Other assets	54,086	50,572	3,514	7.0	51,293
Total assets	1,339,125	1,340,260	(1,135)	(0.1)	1,266,296
Liabilities and shareholders' equity					
Financial liabilities held for trading	108,765	105,218	3,547	3.4	109,792
<i>Customer deposits</i>	9,996	9,187	809	8.8	5,544
<i>Debt securities issued</i>	—	—	—	—	—
<i>Deposits by central banks and credit institutions</i>	1,395	2,255	(860)	(38.1)	7,572
<i>Derivatives</i>	74,369	76,414	(2,045)	(2.7)	79,048
<i>Other</i>	23,005	17,362	5,643	32.5	17,628
Financial liabilities designated at fair value	40,263	54,768	(14,505)	(26.5)	62,318
<i>Customer deposits</i>	23,345	26,357	(3,012)	(11.4)	33,127
<i>Debt securities issued</i>	2,791	3,373	(582)	(17.3)	3,830
<i>Deposits by central banks and credit institutions</i>	14,127	25,037	(10,910)	(43.6)	25,360
<i>Other</i>	—	1	(1)	(100.0)	—
Financial liabilities measured at amortized cost	1,044,240	1,039,343	4,897	0.5	961,053
<i>Customer deposits</i>	657,770	647,598	10,172	1.6	609,034
<i>Debt securities issued</i>	226,078	222,787	3,291	1.5	209,865
<i>Deposits by central banks and credit institutions</i>	133,876	148,081	(14,205)	(9.6)	122,685
<i>Other</i>	26,516	20,877	5,639	27.0	19,468
Liabilities under insurance contracts	652	627	25	4.0	713
Provisions	14,459	14,494	(35)	(0.2)	15,376
Other liabilities	28,047	27,057	990	3.7	27,331
Total liabilities	1,236,426	1,241,507	(5,081)	(0.4)	1,176,581
Shareholders' equity	105,977	102,402	3,575	3.5	91,664
<i>Capital stock</i>	7,291	7,217	74	1.0	6,292
<i>Reserves</i>	94,149	90,765	3,384	3.7	80,026
<i>Attributable profit to the Group</i>	6,204	5,966	238	4.0	5,816
<i>Less: dividends</i>	(1,667)	(1,546)	(121)	7.8	(471)
Accumulated other comprehensive income	(15,039)	(14,362)	(677)	4.7	(10,858)
Minority interests	11,761	10,713	1,048	9.8	8,909
Total equity	102,699	98,753	3,946	4.0	89,714
Total liabilities and equity	1,339,125	1,340,260	(1,135)	(0.1)	1,266,296

NOTE: On November 19, 2015 Circular 5 of October 28 of the National Securities Market Commission was published. This modified Circular 1 of January 30, 2008, on the regular information of issuers with securities traded on regulated markets in their half-yearly financial reports, intermediate management declarations and, where appropriate, quarterly financial reports. This Circular modified the structure and presentation of certain items of financial statements, without such changes being significant. The information drawn up for 2015 and 2014 has been restated under these criteria so that comparisons can be made.

Customer loans

€ million

	31.12.16	31.12.15	Variation amount	%	31.12.14
Spanish Public sector	14,127	13,993	133	1.0	17,465
Other residents	147,246	153,863	(6,617)	(4.3)	154,905
Commercial bills	9,567	9,037	531	5.9	7,293
Secured loans	87,509	92,478	(4,969)	(5.4)	96,426
Other loans	50,170	52,348	(2,178)	(4.2)	51,187
Non-resident sector	653,490	649,509	3,981	0.6	589,557
Secured loans	387,546	409,136	(21,590)	(5.3)	369,266
Other loans	265,944	240,373	25,571	10.6	220,291
Gross customer loans	814,863	817,366	(2,503)	(0.3)	761,928
Loan-loss allowances	24,393	26,517	(2,125)	(8.0)	27,217
Net customer loans	790,470	790,848	(378)	(0.0)	734,711
Pro memoria: Doubtful loans	32,573	36,133	(3,560)	(9.9)	40,424
Public sector	101	145	(44)	(30.3)	167
Other residents	12,666	16,301	(3,635)	(22.3)	19,951
Non-resident sector	19,806	19,686	120	0.6	20,306

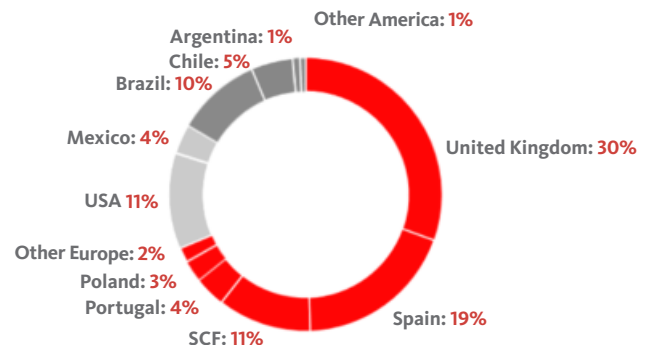
Gross customer loans (w/o repos)

€ billion



Gross customer loans (w/o repos)

% / operating areas. December 2016



Non-performing loans by quarter

€ million

	2015				2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Balance at beginning of period	41,709	41,919	40,273	37,856	37,094	36,148	36,291	34,646
Net entries	2,017	1,315	2,132	2,242	1,668	2,221	1,763	1,710
Increase in scope of consolidation	54	1	—	50	13	664	21	36
Exchange rates differences	853	(36)	(1,849)	968	72	869	(44)	315
Write-offs	(2,715)	(2,925)	(2,699)	(4,022)	(2,699)	(3,612)	(3,385)	(3,063)
Balance at period-end	41,919	40,273	37,856	37,094	36,148	36,291	34,646	33,643

■ Credit risk management*

€ million

	31.12.16	31.12.15	Var. %	31.12.14
Non-performing loans	33,643	37,094	(9.3)	41,709
NPL ratio (%)	3.93	4.36		5.19
Loan-loss allowances	24,835	27,121	(8.4)	28,046
<i>Specific</i>	15,466	17,707	(12.7)	21,784
<i>Collective</i>	9,369	9,414	(0.5)	6,262
Coverage ratio (%)	73.8	73.1		67.2
Cost of credit (%) **	1.18	1.25		1.43

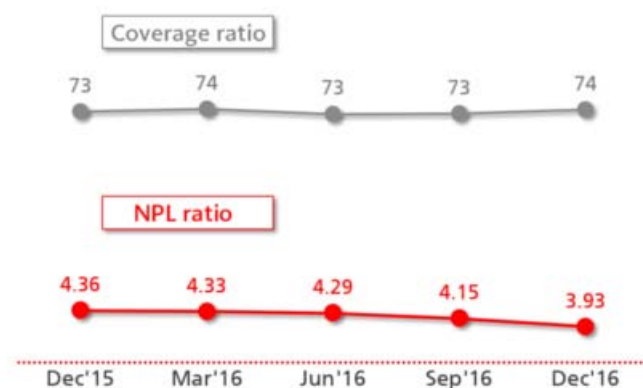
(*) Excluding country-risk

(**) 12 months net loan-loss provisions / average lending

Note: NPL ratio: Non-performing loans / computable assets

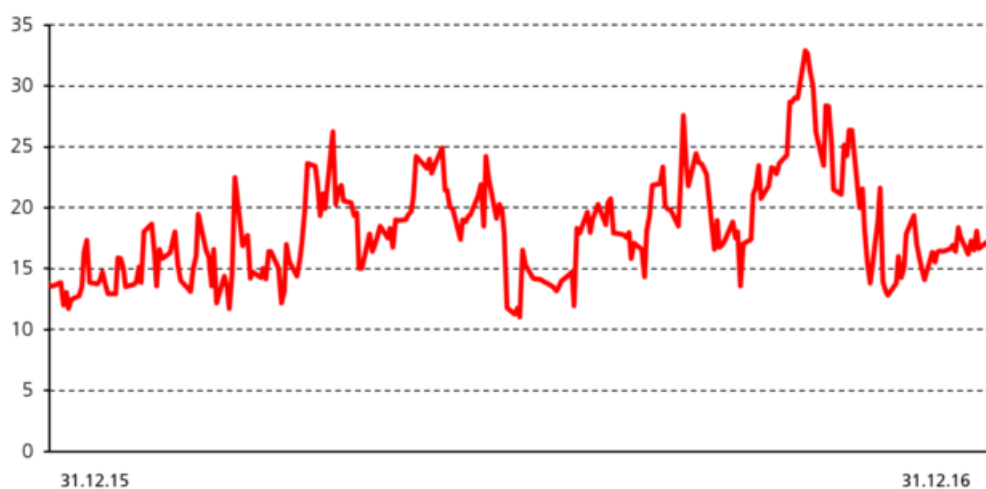
■ Grupo Santander. NPL and coverage ratios

%



■ Trading portfolios*. VaR performance

€ million



(*) Activity performance in Global Corporate Banking financial markets

■ Trading portfolios*. VaR by region

€ million

Fourth quarter	2016		2015
	Average	Latest	Average
Total	20.4	17.9	14.2
Europe	7.9	9.4	11.3
USA and Asia	2.1	2.7	0.7
Latin America	16.6	13.5	9.7
Global activities	0.5	0.7	0.5

(*) Activity performance in Global Corporate Banking financial markets

■ Trading portfolios*. VaR by market factor

€ million

Fourth quarter	Min	Avg	Max	Last
VaR total	12.8	20.4	32.9	17.9
<i>Diversification effect</i>	(4.9)	(8.8)	(14.3)	(9.6)
Interest rate VaR	12.4	16.8	22.0	17.9
Equity VaR	1.0	1.8	2.7	1.4
FX VaR	3.3	6.7	13.1	4.8
Credit spreads VaR	2.4	3.8	6.4	3.3
Commodities VaR	0.0	0.1	0.2	0.1

(*) Activity performance in Global Corporate Banking financial markets

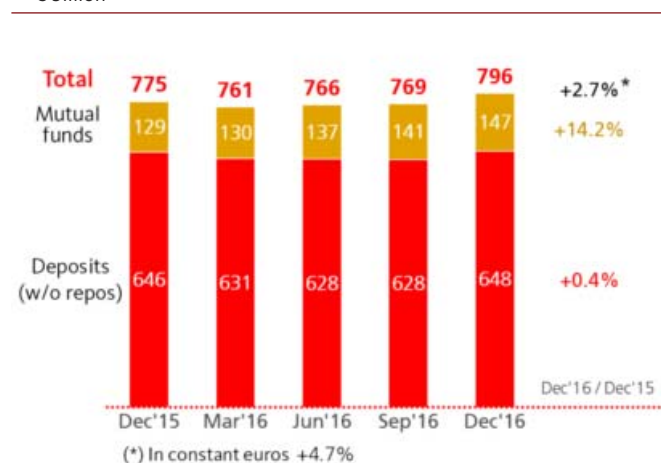
Managed and marketed customer funds. Consolidated

€ million

	31.12.16	31.12.15	Variation amount	%	31.12.14
Resident public sector	8,699	11,737	(3,038)	(25.9)	9,349
Other residents	160,026	157,611	2,415	1.5	163,340
Demand deposits	119,425	108,410	11,016	10.2	88,312
Time deposits	39,506	47,297	(7,791)	(16.5)	67,495
Other	1,094	1,904	(809)	(42.5)	7,532
Non-resident sector	522,387	513,795	8,592	1.7	475,017
Demand deposits	328,736	313,175	15,561	5.0	273,889
Time deposits	134,528	146,317	(11,789)	(8.1)	151,113
Other	59,123	54,303	4,820	8.9	50,015
Customer deposits	691,112	683,142	7,970	1.2	647,706
Debt securities issued	228,869	226,160	2,709	1.2	213,696
On-balance-sheet customer funds	919,981	909,302	10,679	1.2	861,402
<i>o/w: subordinated debt</i>	19,897	21,151	(1,254)	(5.9)	16,884
Mutual funds	147,416	129,077	18,340	14.2	124,708
Pension funds	11,298	11,376	(78)	(0.7)	11,481
Managed portfolios	23,793	25,808	(2,015)	(7.8)	25,599
Other managed and marketed customer funds	182,508	166,260	16,247	9.8	161,788
Managed and marketed customer funds	1,102,488	1,075,563	26,926	2.5	1,023,189

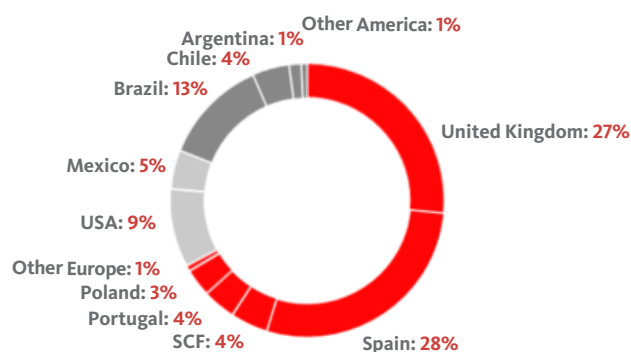
Customer funds

€ billion



Customer funds

% / operating areas. December 2016



■ Eligible capital (fully loaded)*

€ million

	31.12.16	31.12.15	Variation amount	%	31.12.14
Capital stock and reserves	101,437	98,193	3,244	3.3	93,748
Attributable profit	6,204	5,966	238	4.0	5,816
Dividends	(2,469)	(2,268)	(201)	8.8	(1,014)
Other retained earnings	(16,116)	(15,448)	(668)	4.3	(11,468)
Minority interests	6,784	6,148	636	10.3	4,131
Goodwill and intangible assets	(28,405)	(28,254)	(151)	0.5	(29,164)
Treasury stock and other deductions	(5,368)	(5,633)	265	(4.7)	(5,767)
Core CET1	62,068	58,705	3,363	5.7	56,282
Preferred shares and other eligible T1	5,767	5,504	262	4.8	4,728
Tier 1	67,834	64,209	3,625	5.6	61,010
Generic funds and eligible T2 instruments	13,749	11,996	1,753	14.6	7,561
Eligible capital	81,584	76,205	5,378	7.1	68,570
Risk-weighted assets	588,089	583,893	4,196	0.7	583,366
CET1 capital ratio	10.55	10.05	0.50		9.65
T1 capital ratio	11.53	11.00	0.53		10.46
Total capital ratio	13.87	13.05	0.82		11.75

(*).- In 2014, proforma data taken into account the January 2015 capital increase

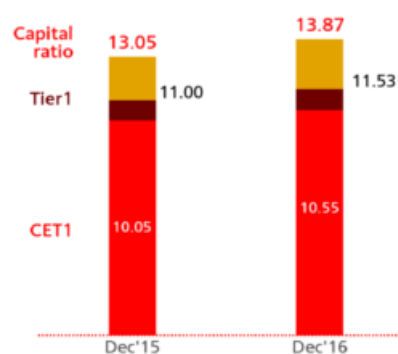
■ Eligible capital. December 2016

€ million

	Phase-in	Fully loaded
CET1	73,709	62,068
Recursos propios básicos	73,709	67,834
Recursos propios computables	86,337	81,584
Activos ponderados por riesgo	588,089	588,089
CET1 capital ratio	12.53	10.55
T1 capital ratio	12.53	11.53
Ratio de capital total	14.68	13.87

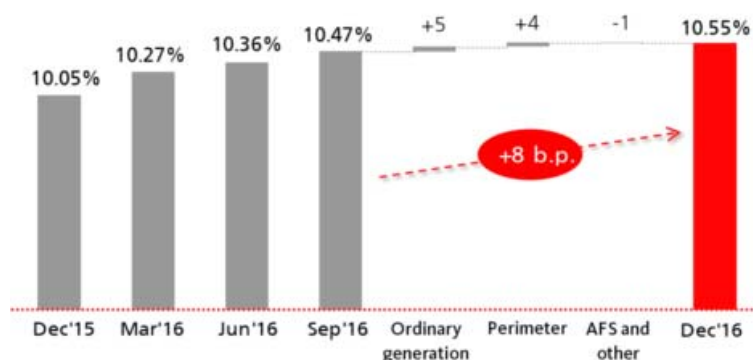
■ Capital ratios. Fully loaded

%



■ CET1 fully-loaded. Performance

%



Note: on February 3rd 2016, the ECB authorised the use of the Alternative Standardised Approach to calculate the capital charge for operational risk on a consolidated level for Banco Santander (Brasil) S.A.

■ **The Santander share.** December 2016

Shareholders and trading data

Shareholders (number)	3,928,950
Shares (number)	14,582,340,701
Average daily turnover (no. of shares)	100,707,234
Share liquidity (%) (Number of shares traded during the year / number of shares)	179

Price movements during the year

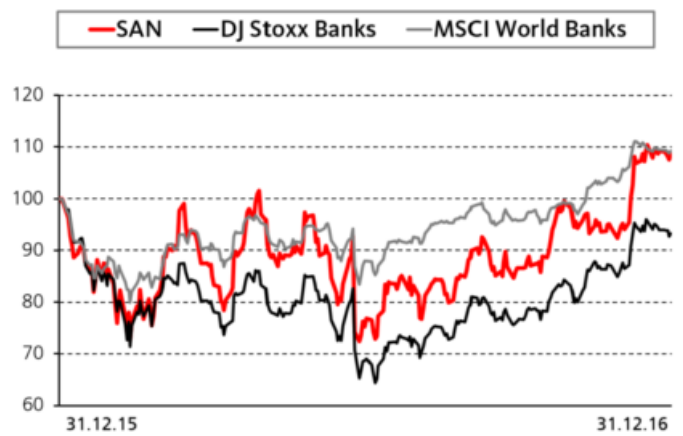
Highest	5.049
Lowest	3.150
Last (30.12.16)	4.959
Market capitalisation (millions) (30.12.16)	72,314

Stock market indicators

Price / Tangible book value (X)	1.17
P/E ratio (X)	12,18
Yield* (%)	5.18

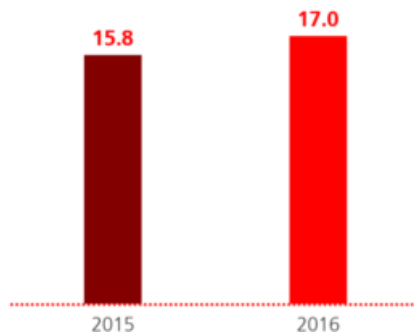
(*)-.2016 total dividend / 2016 average share price

■ **Comparative performance of share prices**



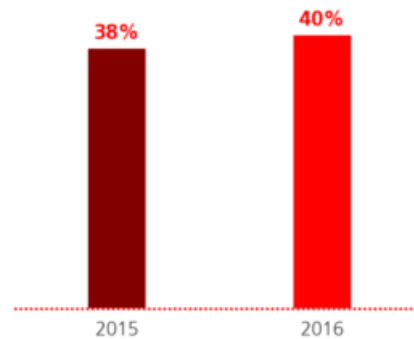
■ **Cash remuneration per share**

€ cents



■ **Cash pay-out (cash dividend / attributable profit)**

%



Description of the businesses

Grupo Santander maintained the general criteria applied since the third quarter of 2015 when some changes were made to them and to the composition of some units, in order to make the Group more transparent, facilitate analysis of the business units and enhance the value of the activity developed by the corporation.

The only exception, as in prior years, is the annual adjustment of the perimeter of the Global Customer Relationship Model between Retail Banking and Santander Global Corporate Banking, whose figures from previous periods have been restated to include these adjustments.

The change has no impact on the geographic businesses or on the Group's consolidated figures, which remained unchanged.

The financial statements of each business segment have been drawn up by aggregating the Group's basic operating units. The information relates to both the accounting data of the units integrated in each segment, as well as that provided by the management information systems. In all cases, the same general principles as those used in the Group are applied.

The operating business areas are structured into two levels:

Geographic businesses. The operating units are segmented by geographical areas. This coincides with the Group's first level of management and reflects Santander's positioning in the world's three main currency areas (euro, sterling and dollar). The segments reported on are:

- **Continental Europe.** . This covers all businesses in the area. Detailed financial information is provided on Spain, Portugal, Poland and Santander Consumer Finance (which incorporates all the region's business, including the three countries mentioned herewith).
- **United Kingdom.** This includes the businesses developed by the Group's various units and branches in the country.
- **Latin America.** This embraces all the Group's financial activities conducted via its banks and subsidiaries in the region. The financial statements of Brazil, Mexico and Chile are set out.
- **United States.** Includes the Intermediate Holding Company (IHC) and its subsidiaries Santander Bank, Banco Santander Puerto Rico, Santander Consumer USA, Banco Santander International, Santander Investment Securities, and the Santander branch in New York.

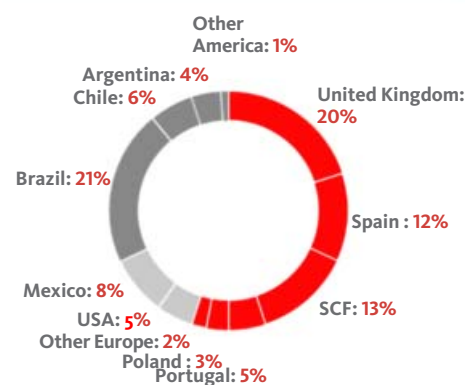
Global businesses. The activity of the operating units is distributed by the type of business: retail banking, Santander Global Corporate Banking and Spain Real Estate unit.

- **Retail Banking.** This covers all customer banking businesses, including consumer finance, except those of corporate banking, which are managed through the Global Customer Relationship Model. The results of the hedging positions in each country are also included, conducted within the sphere of each one's Assets and Liabilities Committee.
- **Santander Global Corporate Banking (SGCB).** This business reflects the revenues from global corporate banking, investment banking and markets worldwide including treasuries managed globally (always after the appropriate distribution with commercial banking customers), as well as equities business.

In addition to these operating units, which report by geographic area and by businesses, the Group continues to maintain the **Corporate Centre**. This incorporates the centralised activities relating to equity stakes in financial companies, financial management of the structural exchange rate position, assumed within the sphere of the Group's Assets and Liabilities Committee, as well as management of liquidity and of shareholders' equity through issues and securitisations.

As the Group's holding entity, this area manages all capital and reserves and allocations of capital and liquidity with the rest of businesses. It also incorporates amortisation of goodwill but not the costs related to the Group's central services (charged to the areas), except for corporate and institutional expenses related to the Group's functioning.

Underlying attributable profit
 Geographical distribution*. 2016



(* Over operating areas excluding Corporate Centre and Real Estate Activity in Spain

The figures of the Group's various units have been drawn up in accordance with these criteria, and so do not coincide individually with those published by each unit.

Net operating income

€ million	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Continental Europe	1,308	(15.1)	(15.2)	6,025	(1.1)	(0.3)
o/w: Spain	377	(34.4)	(34.4)	2,311	(12.7)	(12.7)
Santander Consumer Finance	557	(12.8)	(13.2)	2,357	7.6	8.6
Poland	190	5.0	6.0	735	7.7	12.3
Portugal	149	2.7	2.7	620	18.9	18.9
United Kingdom	742	10.0	11.6	2,850	(5.8)	6.1
Latin America	3,045	3.2	1.8	11,073	2.0	11.6
o/w: Brazil	1,882	0.5	(1.6)	6,845	2.3	7.6
Mexico	503	3.6	5.6	1,928	(1.0)	16.3
Chile	407	10.6	7.8	1,435	7.7	11.2
USA	946	(12.7)	(16.3)	4,334	(9.2)	(9.4)
Operating areas	6,041	(3.4)	(4.5)	24,282	(1.9)	3.6
Corporate Centre	(381)	(9.4)	(9.4)	(1,516)	45.5	45.5
Total Group	5,660	(2.9)	(4.1)	22,766	(3.9)	1.6

Attributable profit to the Group

€ million	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Continental Europe	615	(10.3)	(10.4)	2,599	17.2	18.5
o/w: Spain	237	(12.0)	(12.0)	1,022	4.6	4.6
Santander Consumer Finance	269	(7.4)	(8.0)	1,093	16.5	17.9
Poland	63	(8.6)	(7.7)	272	(9.5)	(5.6)
Portugal	106	14.8	14.8	399	33.0	33.0
United Kingdom	474	30.4	30.9	1,681	(14.7)	(4.0)
Latin America	962	4.9	3.7	3,386	6.1	18.6
o/w: Brazil	510	4.6	2.6	1,786	9.5	15.0
Mexico	169	(1.8)	0.4	629	0.1	17.5
Chile	137	6.1	3.2	513	12.7	16.4
USA	14	(90.2)	(92.6)	395	(41.8)	(41.9)
Operating areas	2,065	(2.0)	(2.5)	8,060	0.0	7.8
Corporate Centre*	(467)	13.5	13.5	(1,856)	(11.3)	(11.3)
Total Group	1,598	(5.7)	(6.4)	6,204	4.0	15.1

(*):- Including net capital gains and provisions. Without them 4Q16: -€299 million; 2016: -€1,439 million; 2015: -€1,493 million

Gross customer loans w/o repos

€ million	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Continental Europe	302,564	0.3	0.4	302,564	1.3	1.3
o/w: Spain	150,960	(1.3)	(1.3)	150,960	(3.9)	(3.9)
Santander Consumer Finance	87,742	3.0	3.2	87,742	14.6	13.9
Poland	20,697	(1.9)	0.2	20,697	4.5	8.1
Portugal	29,030	(0.8)	(0.8)	29,030	(5.0)	(5.0)
United Kingdom	242,510	0.3	(0.3)	242,510	(12.7)	1.9
Latin America	159,134	7.0	3.1	159,134	15.9	4.5
o/w: Brazil	80,306	11.0	5.1	80,306	26.2	0.4
Mexico	28,017	(1.7)	(1.5)	28,017	(5.8)	8.4
Chile	38,800	5.0	1.3	38,800	16.5	6.5
USA	89,638	4.2	(1.6)	89,638	1.4	(1.8)
Operating areas	793,847	2.0	0.5	793,847	(1.0)	1.7
Total Group	798,312	2.0	0.5	798,312	(0.9)	1.9

Customer funds (deposits w/o repos + mutual funds)

€ million	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Continental Europe	322,606	1.1	1.2	322,606	3.2	3.4
o/w: Spain	224,798	1.3	1.3	224,798	2.5	2.5
Santander Consumer Finance	35,052	2.1	2.3	35,052	7.5	7.0
Poland	25,898	2.6	4.7	25,898	6.0	9.7
Portugal	31,438	(0.9)	(0.9)	31,438	2.5	2.5
United Kingdom	210,611	2.1	1.5	210,611	(9.2)	5.9
Latin America	187,516	6.8	2.9	187,516	18.4	7.3
o/w: Brazil	99,771	6.9	1.3	99,771	30.0	3.4
Mexico	36,438	4.7	4.9	36,438	(2.8)	11.8
Chile	34,559	5.2	1.5	34,559	16.4	6.5
USA	74,166	11.0	4.8	74,166	10.9	7.4
Operating areas	794,899	3.5	2.0	794,899	3.3	5.3
Total Group	795,767	3.5	2.0	795,767	2.7	4.7

■ Continental Europe

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	2,057	0.9	0.8	8,161	1.9	2.8
Net fee income	842	(6.0)	(6.0)	3,497	2.3	3.0
Gains (losses) on financial transactions	237	42.6	42.7	818	(31.1)	(30.8)
Other operating income*	(168)	—	—	330	49.9	49.1
Gross income	2,968	(8.0)	(8.1)	12,806	(0.2)	0.5
Operating expenses	(1,659)	(1.5)	(1.6)	(6,781)	0.7	1.3
General administrative expenses	(1,545)	(2.1)	(2.2)	(6,342)	1.1	1.7
Personnel	(796)	(1.2)	(1.3)	(3,257)	1.1	1.7
Other general administrative expenses	(748)	(3.1)	(3.1)	(3,085)	1.1	1.7
Depreciation and amortisation	(115)	7.1	7.2	(439)	(5.2)	(4.6)
Net operating income	1,308	(15.1)	(15.2)	6,025	(1.1)	(0.3)
Net loan-loss provisions	(271)	(23.4)	(23.5)	(1,342)	(32.0)	(31.6)
Other income	(256)	128.5	129.0	(671)	(10.9)	(10.8)
Underlying profit before taxes	781	(27.4)	(27.5)	4,012	19.2	20.5
Tax on profit	(204)	(30.2)	(30.3)	(1,083)	22.1	23.2
Underlying profit from continuing operations	577	(26.3)	(26.4)	2,929	18.2	19.6
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	577	(26.3)	(26.4)	2,929	18.2	19.6
Minority interests	82	(16.3)	(16.0)	330	26.5	29.2
Underlying attributable profit to the Group	495	(27.8)	(27.9)	2,599	17.2	18.5
Net capital gains and provisions**	120	—	—	—	—	—
Attributable profit to the Group	615	(10.3)	(10.4)	2,599	17.2	18.5

Balance sheet

Customer loans ***	297,214	1.1	1.2	297,214	3.5	3.5
Financial assets held for trading (w/o loans)	53,966	(20.0)	(20.0)	53,966	(10.3)	(10.2)
Available-for-sale financial assets	55,736	0.0	0.1	55,736	(8.5)	(8.3)
Central banks and credit institutions ***	58,085	(20.2)	(20.3)	58,085	(23.7)	(23.9)
Tangible and intangible assets	7,902	(31.4)	(31.8)	7,902	(33.0)	(33.2)
Other assets	47,231	8.1	8.0	47,231	11.3	11.4
Total assets/liabilities & shareholders' equity	520,134	(4.6)	(4.6)	520,134	(3.4)	(3.5)
Customer deposits ***	269,934	0.4	0.6	269,934	2.5	2.6
Debt securities issued ***	53,064	0.0	0.2	53,064	3.8	3.5
Liabilities under insurance contracts	652	(1.8)	(1.8)	652	4.1	4.1
Central banks and credit institutions ***	103,816	(13.7)	(13.9)	103,816	(21.8)	(22.0)
Other liabilities	61,485	(11.4)	(11.3)	61,485	5.6	5.7
Stockholders' equity ****	31,183	(5.7)	(5.7)	31,183	(4.1)	(4.2)
Other managed and marketed customer funds	73,624	2.7	2.7	73,624	3.1	3.2
Mutual and pension funds	65,308	2.3	2.4	65,308	4.2	4.4
Managed portfolios	8,316	5.7	5.2	8,316	(4.6)	(4.9)
Managed and marketed customer funds	396,622	0.8	0.9	396,622	2.8	2.9

Ratios (%) and operating means

Underlying RoTE	6.36	(1.94)		8.07	0.80
Efficiency ratio (with amortisations)	55.9	3.7		52.9	0.4
NPL ratio	5.92	(0.51)		5.92	(1.35)
NPL coverage	60.0	(1.3)		60.0	(4.2)
Number of employees	57,259	(0.0)		57,259	(1.4)
Number of branches	4,805	(3.2)		4,805	(13.4)

(*).- Including dividends, income from equity-accounted method and other operating income/expenses

(**).- In 4Q'16 was reallocated the SRF contribution to other operating income

(***).- Including all on-balance sheet balances for this item

(****).- Capital + reserves + profit + other accumulated results

Activity performance

% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

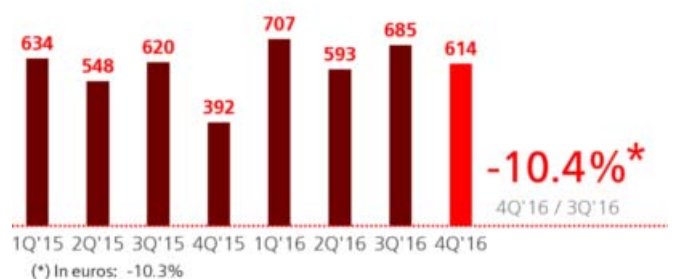
Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



Spain

€ million

Income statement	4Q'16	% / 3Q'16	2016	% / 2015
Net interest income	747	2.5	3,077	(10.3)
Net fee income	451	(1.2)	1,781	5.5
Gains (losses) on financial transactions	157	5.1	595	(24.1)
Other operating income*	(176)	—	155	(13.2)
Gross income	1,179	(15.7)	5,608	(7.8)
Operating expenses	(802)	(2.7)	(3,297)	(4.0)
General administrative expenses	(766)	(3.1)	(3,156)	(2.7)
Personnel	(408)	1.8	(1,632)	(2.3)
Other general administrative expenses	(358)	(8.2)	(1,524)	(3.1)
Depreciation and amortisation	(36)	8.6	(140)	(26.1)
Net operating income	377	(34.4)	2,311	(12.7)
Net loan-loss provisions	(85)	(39.2)	(585)	(41.0)
Other income	(97)	89.3	(267)	1.7
Underlying profit before taxes	195	(49.1)	1,459	4.8
Tax on profit	(52)	(52.0)	(416)	5.8
Underlying profit from continuing operations	143	(47.9)	1,043	4.4
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	143	(47.9)	1,043	4.4
Minority interests	6	22.0	21	(5.5)
Underlying attributable profit to the Group	137	(49.2)	1,022	4.6
Net capital gains and provisions**	100	—	—	—
Attributable profit to the Group	237	(12.0)	1,022	4.6

Balance sheet

Customer loans ***	152,850	(0.3)	152,850	(1.5)
Financial assets held for trading (w/o loans)	51,470	(20.7)	51,470	(10.3)
Available-for-sale financial assets	39,267	0.3	39,267	(10.9)
Central banks and credit institutions ***	42,701	(22.5)	42,701	(20.3)
Tangible and intangible assets	3,147	20.0	3,147	9.5
Other assets	22,919	25.8	22,919	64.6
Total assets/liabilities & shareholders' equity	312,354	(6.3)	312,354	(4.5)
Customer deposits ***	176,779	0.3	176,779	1.1
Debt securities issued ***	20,863	2.6	20,863	(6.3)
Liabilities under insurance contracts	552	1.9	552	2.9
Central banks and credit institutions ***	50,687	(22.5)	50,687	(26.5)
Other liabilities	50,690	(11.6)	50,690	6.7
Stockholders' equity ****	12,783	(4.7)	12,783	(1.0)
Other managed and marketed customer funds	66,649	2.7	66,649	4.3
Mutual and pension funds	59,716	2.6	59,716	4.7
Managed portfolios	6,932	3.6	6,932	0.3
Managed and marketed customer funds	264,291	1.1	264,291	1.3

Ratios (%) and operating means

Underlying RoTE	4.26	(3.58)	7.74	(0.41)
Efficiency ratio (with amortisations)	68.1	9.1	58.8	2.3
NPL ratio	5.41	(0.41)	5.41	(1.12)
NPL coverage	48.3	0.7	48.3	0.2
Number of employees	23,017	(0.7)	23,017	(5.0)
Number of branches	2,911	(2.7)	2,911	(16.0)

(*).- Including dividends, income from equity-accounted method and other operating income/expenses

(**).- In 4Q'16 was reallocated the SRF contribution to other operating income

(***).- Including all on-balance sheet balances for this item

(****).- Capital + reserves + profit + other accumulated results

Activity performance

% Dec'16 / Dec'15



(*) Customer deposits + mutual funds

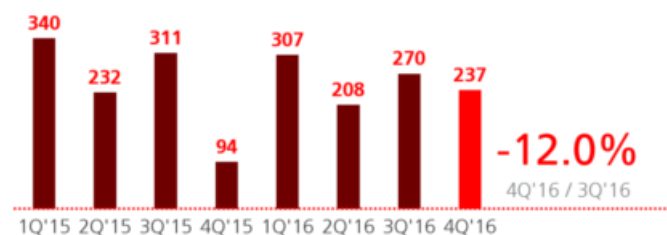
Activity performance

% Dec'16 / Sep'16



Attributable profit

€ million



Santander Consumer Finance

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	867	(1.4)	(1.8)	3,391	9.5	10.7
Net fee income	184	(15.8)	(15.9)	862	(1.6)	(1.2)
Gains (losses) on financial transactions	(2)	(66.7)	(66.8)	(14)	25.8	27.2
Other operating income*	(7)	—	—	23	508.5	428.2
Gross income	1,043	(5.6)	(6.0)	4,262	7.5	8.5
Operating expenses	(486)	4.2	3.9	(1,904)	7.4	8.3
General administrative expenses	(437)	3.7	3.4	(1,719)	7.3	8.4
Personnel	(206)	2.2	1.9	(810)	8.5	9.6
Other general administrative expenses	(231)	5.1	4.8	(910)	6.4	7.3
Depreciation and amortisation	(49)	8.7	8.5	(185)	7.6	8.2
Net operating income	557	(12.8)	(13.2)	2,357	7.6	8.6
Net loan-loss provisions	(87)	(25.3)	(25.7)	(387)	(28.0)	(27.3)
Other income	(52)	47.4	47.6	(168)	10.2	10.6
Underlying profit before taxes	418	(14.3)	(14.7)	1,803	20.0	21.3
Tax on profit	(110)	(22.3)	(22.7)	(521)	22.2	23.2
Underlying profit from continuing operations	308	(11.0)	(11.4)	1,282	19.2	20.5
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	308	(11.0)	(11.4)	1,282	19.2	20.5
Minority interests	49	(9.4)	(9.4)	189	37.3	38.1
Underlying attributable profit to the Group	258	(11.3)	(11.8)	1,093	16.5	17.9
Net capital gains and provisions**	11	—	—	—	—	—
Attributable profit to the Group	269	(7.4)	(8.0)	1,093	16.5	17.9

Balance sheet						
Customer loans ***	85,180	3.2	3.4	85,180	15.6	14.8
Financial assets held for trading (w/o loans)	25	(21.7)	(21.2)	25	(73.2)	(74.1)
Available-for-sale financial assets	3,836	(2.4)	(1.7)	3,836	5.0	3.9
Central banks and credit institutions ***	2,894	30.3	30.8	2,894	26.0	24.2
Tangible and intangible assets	632	(3.9)	(3.7)	632	(8.6)	(8.8)
Other assets	7,054	(2.9)	(2.8)	7,054	(12.8)	(13.1)
Total assets/liabilities & shareholders' equity	99,622	3.1	3.3	99,622	12.5	11.8
Customer deposits ***	35,050	2.1	2.3	35,050	7.5	7.0
Debt securities issued ***	27,892	2.3	2.5	27,892	19.5	18.5
Liabilities under insurance contracts	—	—	—	—	—	—
Central banks and credit institutions ***	23,399	6.8	7.0	23,399	15.2	14.3
Other liabilities	5,470	(1.8)	(1.7)	5,470	26.5	26.0
Stockholders' equity ****	7,811	3.6	3.9	7,811	(1.8)	(2.6)
Other managed and marketed customer funds	7	0.6	0.6	7	2.5	2.5
Mutual and pension funds	7	0.6	0.6	7	2.5	2.5
Managed portfolios	—	—	—	—	—	—
Managed and marketed customer funds	62,950	2.2	2.4	62,950	12.5	11.8

Ratios (%) and operating means

Underlying RoTE	13.98	(2.44)	14.86	2.23
Efficiency ratio (with amortisations)	46.6	4.4	44.7	(0.0)
NPL ratio	2.68	(0.18)	2.68	(0.74)
NPL coverage	109.1	(1.6)	109.1	—
Number of employees	14,928	0.7	14,928	2.7
Number of branches	567	(1.0)	567	(3.6)

(*).- Including dividends, income from equity-accounted method and other operating income/expenses

(**).- In 4Q'16 was reallocated the SRF contribution to other operating income

(***).- Including all on-balance sheet balances for this item

(****).- Capital + reserves + profit + other accumulated results

Activity performance

% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

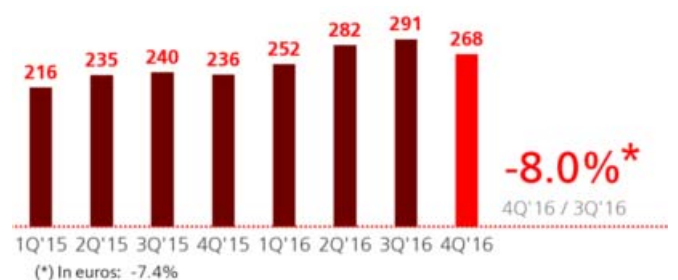
Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



■ Poland

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	222	3.3	4.2	834	6.6	11.2
Net fee income	101	(4.7)	(3.8)	400	(5.3)	(1.2)
Gains (losses) on financial transactions	14	(0.8)	0.8	83	(25.8)	(22.6)
Other operating income*	(8)	55.8	55.1	(2)	(94.6)	(94.4)
Gross income	329	(0.3)	0.7	1,314	3.0	7.4
Operating expenses	(139)	(6.7)	(5.8)	(579)	(2.5)	1.7
General administrative expenses	(124)	(7.3)	(6.4)	(521)	(5.2)	(1.1)
Personnel	(76)	(1.4)	(0.5)	(303)	(6.6)	(2.6)
Other general administrative expenses	(48)	(15.3)	(14.4)	(219)	(3.1)	1.1
Depreciation and amortisation	(15)	(1.1)	(0.2)	(58)	30.9	36.5
Net operating income	190	5.0	6.0	735	7.7	12.3
Net loan-loss provisions	(35)	(18.3)	(17.5)	(145)	(13.5)	(9.8)
Other income	(25)	329.5	340.2	(83)	—	—
Profit before taxes	129	(2.0)	(1.1)	508	(0.7)	3.6
Tax on profit	(38)	19.9	20.8	(121)	19.6	24.7
Profit from continuing operations	91	(8.9)	(8.0)	387	(5.6)	(1.6)
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	91	(8.9)	(8.0)	387	(5.6)	(1.6)
Minority interests	28	(9.6)	(8.7)	115	5.0	9.5
Attributable profit to the Group	63	(8.6)	(7.7)	272	(9.5)	(5.6)

Balance sheet

Customer loans **	19,979	(1.2)	0.9	19,979	5.3	8.9
Financial assets held for trading (w/o loans)	634	(8.2)	(6.2)	634	(29.0)	(26.6)
Available-for-sale financial assets	5,974	14.5	17.0	5,974	12.6	16.5
Central banks and credit institutions **	911	3.8	6.0	911	(21.0)	(18.3)
Tangible and intangible assets	258	4.9	7.1	258	(0.7)	2.7
Other assets	2,023	16.8	19.2	2,023	(19.8)	(17.1)
Total assets/liabilities & shareholders' equity	29,779	2.7	4.9	29,779	2.3	5.8
Customer deposits **	22,780	3.5	5.7	22,780	6.2	9.8
Debt securities issued **	504	(0.2)	1.9	504	1.2	4.6
Liabilities under insurance contracts	—	—	—	—	—	—
Central banks and credit institutions **	853	9.1	11.4	853	(25.9)	(23.3)
Other liabilities	3,249	(0.7)	1.4	3,249	(7.6)	(4.4)
Stockholders' equity ***	2,393	(1.5)	0.6	2,393	(3.8)	(0.5)
Other managed and marketed customer funds	3,202	(4.5)	(2.4)	3,202	(0.2)	3.2
Mutual and pension funds	3,118	(3.9)	(1.9)	3,118	0.4	3.8
Managed portfolios	84	(20.8)	(19.2)	84	(18.6)	(15.8)
Managed and marketed customer funds	26,487	2.4	4.6	26,487	5.2	8.9

Ratios (%) and operating means

RoTE	10.88	(1.08)		11.64	(1.25)
Efficiency ratio (with amortisations)	42.3	(2.9)		44.1	(2.5)
NPL ratio	5.42	(0.29)		5.42	(0.88)
NPL coverage	61.0	(7.9)		61.0	(3.0)
Number of employees	12,001	1.9		12,001	4.6
Number of branches	658	—		658	(9.0)

(*).- Including dividends, income from equity-accounted method and other operating income/expenses

(**).- Including all on-balance sheet balances for this item

(***).- Capital + reserves + profit + other accumulated results

Activity performance

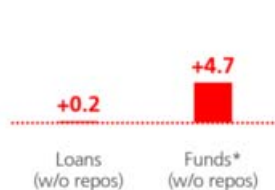
% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

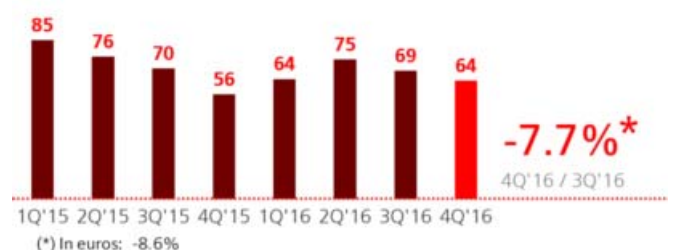
Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



Portugal

€ million

Income statement	4Q'16	% / 3Q'16	2016	% / 2015
Net interest income	182	1.0	733	32.0
Net fee income	69	(13.6)	314	19.1
Gains (losses) on financial transactions	39	907.0	112	(31.9)
Other operating income*	2	(91.5)	51	54.1
Gross income	292	1.8	1,209	19.0
Operating expenses	(143)	0.9	(589)	19.1
General administrative expenses	(133)	0.5	(551)	20.3
Personnel	(83)	4.0	(339)	16.6
Other general administrative expenses	(50)	(4.7)	(212)	26.6
Depreciation and amortisation	(10)	6.7	(38)	4.7
Net operating income	149	2.7	620	18.9
Net loan-loss provisions	(9)	(40.3)	(54)	(25.4)
Other income	(5)	(1.9)	(34)	9.1
Underlying profit before taxes	134	8.3	533	27.2
Tax on profit	(36)	17.1	(131)	11.4
Underlying profit from continuing operations	98	5.4	402	33.4
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	98	5.4	402	33.4
Minority interests	1	(13.0)	2	197.8
Underlying attributable profit to the Group	97	5.5	399	33.0
Net capital gains and provisions**	9	—	—	—
Attributable profit to the Group	106	14.8	399	33.0

Balance sheet

Customer loans ***	27,328	(1.0)	27,328	(3.2)
Financial assets held for trading (w/o loans)	1,553	(9.6)	1,553	(7.5)
Available-for-sale financial assets	5,769	(1.7)	5,769	(15.2)
Central banks and credit institutions ***	1,320	(37.3)	1,320	(37.3)
Tangible and intangible assets	703	1.0	703	(2.4)
Other assets	8,148	(3.6)	8,148	(18.9)
Total assets/liabilities & shareholders' equity	44,820	(3.5)	44,820	(9.6)
Customer deposits ***	30,002	(1.2)	30,002	2.8
Debt securities issued ***	3,805	(9.9)	3,805	(23.8)
Liabilities under insurance contracts	39	0.8	39	101.1
Central banks and credit institutions ***	6,743	(9.1)	6,743	(40.4)
Other liabilities	904	(14.2)	904	(33.1)
Stockholders' equity ****	3,326	(0.2)	3,326	22.1
Other managed and marketed customer funds	2,770	4.3	2,770	(2.5)
Mutual and pension funds	2,369	5.0	2,369	(2.4)
Managed portfolios	402	0.6	402	(3.3)
Managed and marketed customer funds	36,578	(1.8)	36,578	(1.2)

Ratios (%) and operating means

Underlying RoTE	11.79	0.47	13.03	0.50
Efficiency ratio (with amortisations)	49.1	(0.4)	48.7	0.0
NPL ratio	8.81	(0.59)	8.81	1.35
NPL coverage	63.7	5.9	63.7	(35.3)
Number of employees	6,306	(1.4)	6,306	(4.0)
Number of branches	657	(9.6)	657	(12.6)

(*).- Including dividends, income from equity-accounted method and other operating income/expenses

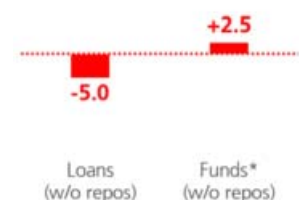
(**).- In 4Q'16 was reallocated the SRF contribution to other operating income

(***).- Including all on-balance sheet balances for this item

(****).- Capital + reserves + profit + other accumulated results

Activity performance

% Dec'16 / Dec'15



(*) Customer deposits + mutual funds

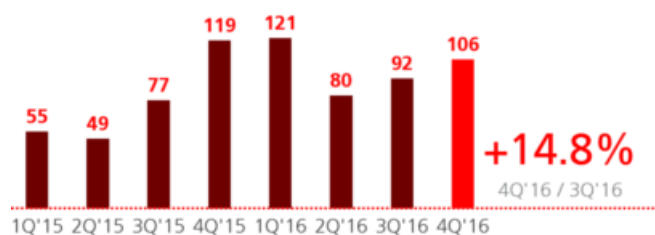
Activity performance

% Dec'16 / Sep'16



Attributable profit

€ million



United Kingdom

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	1,072	2.7	4.5	4,405	(10.9)	0.4
Net fee income	235	(9.3)	(6.9)	1,032	(5.4)	6.5
Gains (losses) on financial transactions	91	42.0	41.6	319	5.7	19.1
Other operating income*	27	151.0	146.9	61	30.7	47.3
Gross income	1,425	3.5	5.2	5,816	(8.9)	2.7
Operating expenses	(683)	(2.8)	(0.8)	(2,967)	(11.6)	(0.4)
General administrative expenses	(604)	(4.2)	(2.2)	(2,656)	(11.7)	(0.6)
Personnel	(343)	(0.9)	1.1	(1,418)	(10.9)	0.3
Other general administrative expenses	(261)	(8.2)	(6.2)	(1,238)	(12.6)	(1.6)
Depreciation and amortisation	(79)	9.5	11.0	(311)	(10.5)	0.8
Net operating income	742	10.0	11.6	2,850	(5.8)	6.1
Net loan-loss provisions	61	—	—	(58)	(45.7)	(38.9)
Other income	(124)	45.2	46.7	(339)	(4.2)	7.9
Profit before taxes	679	24.5	25.4	2,452	(4.4)	7.7
Tax on profit	(196)	12.1	13.6	(736)	32.4	49.2
Profit from continuing operations	483	30.4	30.9	1,716	(14.6)	(3.8)
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	483	30.4	30.9	1,716	(14.6)	(3.8)
Minority interests	9	31.3	30.5	35	(5.8)	6.0
Attributable profit to the Group	474	30.4	30.9	1,681	(14.7)	(4.0)

Balance sheet

Customer loans **	251,250	0.4	(0.2)	251,250	(11.1)	3.7
Financial assets held for trading (w/o loans)	33,986	(6.2)	(6.8)	33,986	(15.3)	(1.2)
Available-for-sale financial assets	12,336	1.7	1.2	12,336	0.5	17.2
Central banks and credit institutions **	15,305	(8.7)	(9.2)	15,305	8.7	26.8
Tangible and intangible assets	2,581	1.8	1.2	2,581	(14.7)	(0.5)
Other assets	39,502	10.4	9.7	39,502	27.6	48.9
Total assets/liabilities & shareholders' equity	354,960	0.3	(0.2)	354,960	(7.4)	8.1
Customer deposits **	212,113	4.1	3.5	212,113	(8.6)	6.7
Debt securities issued **	71,108	(2.9)	(3.4)	71,108	(4.2)	11.7
Liabilities under insurance contracts	—	—	—	—	—	—
Central banks and credit institutions **	21,559	(3.8)	(4.3)	21,559	(8.7)	6.5
Other liabilities	34,068	(12.8)	(13.2)	34,068	(5.8)	9.9
Stockholders' equity ***	16,112	5.2	4.6	16,112	(6.2)	9.4
Other managed and marketed customer funds	8,564	0.2	(0.3)	8,564	(11.7)	3.0
Mutual and pension funds	8,447	0.2	(0.3)	8,447	(11.7)	3.0
Managed portfolios	118	0.3	(0.3)	118	(15.5)	(1.4)
Managed and marketed customer funds	291,785	2.2	1.6	291,785	(7.6)	7.7

Ratios (%) and operating means

RoTE	12.57	2.56		10.59	(1.24)	
Efficiency ratio (with amortisations)	47.9	(3.1)		51.0	(1.6)	
NPL ratio	1.41	(0.06)		1.41	(0.11)	
NPL coverage	32.9	(3.1)		32.9	(5.3)	
Number of employees	25,688	(0.6)		25,688	(0.7)	
Number of branches	844	—		844	(1.6)	

(*) - Including dividends, income from equity-accounted method and other operating income/expenses

(**) - Including all on-balance sheet balances for this item

(***) - Capital + reserves + profit + other accumulated results

Activity performance

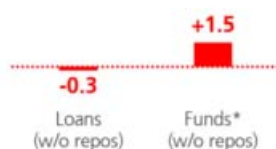
% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

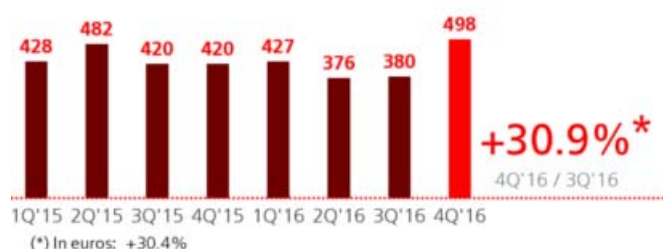
Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



Latin America

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	3,706	7.2	6.1	13,346	(3.0)	6.2
Net fee income	1,317	11.5	10.5	4,581	2.9	15.2
Gains (losses) on financial transactions	147	(50.5)	(53.0)	806	56.1	85.1
Other operating income*	23	—	—	32	(10.9)	(38.0)
Gross income	5,193	5.4	4.2	18,764	0.0	10.2
Operating expenses	(2,148)	8.8	7.7	(7,692)	(2.7)	8.1
General administrative expenses	(1,960)	9.1	8.1	(7,007)	(3.1)	7.8
Personnel	(1,088)	9.8	8.6	(3,886)	(1.8)	8.8
Other general administrative expenses	(872)	8.3	7.3	(3,121)	(4.7)	6.5
Depreciation and amortisation	(188)	5.5	4.2	(685)	1.3	12.0
Net operating income	3,045	3.2	1.8	11,073	2.0	11.6
Net loan-loss provisions	(1,329)	0.0	(1.7)	(4,911)	(0.8)	7.2
Other income	(247)	85.7	96.5	(785)	(12.0)	(7.3)
Profit before taxes	1,469	(1.4)	(2.8)	5,377	7.4	19.7
Tax on profit	(334)	(17.9)	(19.9)	(1,363)	11.7	25.3
Profit from continuing operations	1,135	4.8	3.7	4,014	5.9	17.9
Net profit from discontinued operations	—	(100.0)	(100.0)	—	—	—
Consolidated profit	1,135	4.8	3.7	4,014	5.9	17.9
Minority interests	173	4.3	3.3	628	5.4	14.3
Attributable profit to the Group	962	4.9	3.7	3,386	6.1	18.6

Balance sheet

Customer loans **	152,187	6.9	3.0	152,187	14.3	3.5
Financial assets held for trading (w/o loans)	43,422	35.4	31.3	43,422	29.0	23.6
Available-for-sale financial assets	29,840	0.5	(3.3)	29,840	15.1	1.9
Central banks and credit institutions **	48,612	(1.9)	(6.0)	48,612	36.8	15.6
Tangible and intangible assets	4,111	7.1	2.6	4,111	16.7	2.2
Other assets	42,596	16.2	11.5	42,596	18.0	5.0
Total assets/liabilities & shareholders' equity	320,768	9.0	4.9	320,768	19.7	7.6
Customer deposits **	143,747	7.7	3.8	143,747	17.4	6.7
Debt securities issued **	47,436	7.1	2.5	47,436	20.0	2.7
Liabilities under insurance contracts	1	(34.4)	(37.9)	1	(49.1)	(59.5)
Central banks and credit institutions **	47,585	20.0	15.7	47,585	12.2	1.6
Other liabilities	57,473	8.5	4.8	57,473	31.0	18.1
Stockholders' equity ***	24,526	2.7	(1.4)	24,526	24.6	12.7
Other managed and marketed customer funds	81,482	3.0	(1.4)	81,482	24.0	6.7
Mutual and pension funds	75,002	2.9	(1.5)	75,002	22.8	5.7
Managed portfolios	6,480	3.9	(0.8)	6,480	41.0	18.8
Managed and marketed customer funds	272,665	6.2	2.0	272,665	19.8	6.0

Ratios (%) and operating means

RoTE	16.27	0.14		15.56	0.36
Efficiency ratio (with amortisations)	41.4	1.3		41.0	(1.2)
NPL ratio	4.81	(0.13)		4.81	(0.15)
NPL coverage	87.3	2.8		87.3	8.3
Number of employees	86,312	(1.1)		86,312	(3.9)
Number of branches	5,818	0.0		5,818	(0.4)

(*).- Including dividends, income from equity-accounted method and other operating income/expenses

(**).- Including all on-balance sheet balances for this item

(***).- Capital + reserves + profit + other accumulated results

Activity performance

% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

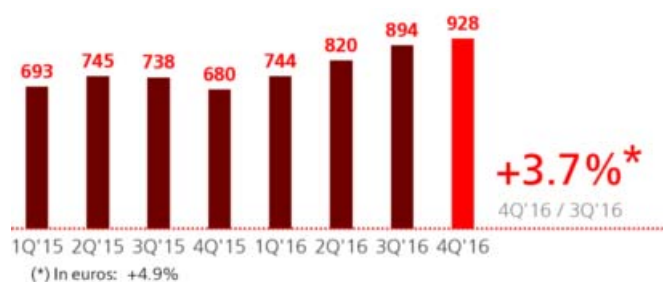
Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



(*) In euros: +4.9%

■ Brazil

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	2,269	6.9	5.3	8,062	(3.1)	1.8
Net fee income	887	14.2	12.8	2,940	11.2	16.9
Gains (losses) on financial transactions	(14)	—	—	238	467.9	496.8
Other operating income*	46	—	—	80	(40.8)	(37.8)
Gross income	3,187	4.5	2.7	11,321	1.6	6.8
Operating expenses	(1,305)	10.9	9.5	(4,475)	0.5	5.7
General administrative expenses	(1,187)	11.9	10.6	(4,046)	0.1	5.3
Personnel	(663)	11.8	10.4	(2,253)	2.2	7.4
Other general administrative expenses	(523)	12.1	10.8	(1,793)	(2.3)	2.7
Depreciation and amortisation	(119)	1.7	(0.3)	(429)	4.3	9.6
Net operating income	1,882	0.5	(1.6)	6,845	2.3	7.6
Net loan-loss provisions	(953)	0.2	(2.2)	(3,377)	2.4	7.6
Other income	(193)	44.3	49.9	(696)	(20.7)	(16.7)
Profit before taxes	736	(6.5)	(9.1)	2,772	10.3	15.9
Tax on profit	(161)	(33.8)	(37.8)	(773)	12.2	17.9
Profit from continuing operations	575	5.7	3.8	1,999	9.6	15.2
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	575	5.7	3.8	1,999	9.6	15.2
Minority interests	65	15.6	14.3	213	10.5	16.1
Attributable profit to the Group	510	4.6	2.6	1,786	9.5	15.0

Balance sheet

Customer loans **	75,474	10.8	4.9	75,474	25.3	(0.3)
Financial assets held for trading (w/o loans)	26,007	59.8	51.4	26,007	94.7	54.9
Available-for-sale financial assets	16,851	(5.8)	(10.7)	16,851	6.6	(15.2)
Central banks and credit institutions **	36,430	(0.3)	(5.5)	36,430	36.5	8.6
Tangible and intangible assets	2,704	4.5	(1.0)	2,704	18.6	(5.6)
Other assets	24,036	6.8	1.2	24,036	19.3	(5.1)
Total assets/liabilities & shareholders' equity	181,502	10.7	4.9	181,502	31.0	4.2
Customer deposits **	72,478	5.1	(0.4)	72,478	28.0	1.8
Debt securities issued **	31,679	6.7	1.1	31,679	21.0	(3.7)
Liabilities under insurance contracts	1	(34.4)	(37.9)	1	(49.1)	(59.5)
Central banks and credit institutions **	27,226	31.8	24.9	27,226	26.0	0.3
Other liabilities	34,571	16.2	10.1	34,571	43.5	14.2
Stockholders' equity ***	15,547	4.6	(0.9)	15,547	54.8	23.2
Other managed and marketed customer funds	59,631	5.2	(0.4)	59,631	30.7	4.0
Mutual and pension funds	55,733	5.2	(0.3)	55,733	29.7	3.2
Managed portfolios	3,898	4.1	(1.3)	3,898	47.3	17.2
Managed and marketed customer funds	163,788	5.4	(0.1)	163,788	27.5	1.5

Ratios (%) and operating means

RoTE	13.92	(0.00)		13.84	(0.25)
Efficiency ratio (with amortisations)	41.0	2.4		39.5	(0.4)
NPL ratio	5.90	(0.22)		5.90	(0.08)
NPL coverage	93.1	3.8		93.1	9.4
Number of employees	46,728	(1.7)		46,728	(5.6)
Number of branches	3,431	0.7		3,431	(0.3)

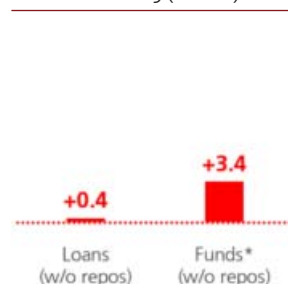
(*).- Including dividends, income from equity-accounted method and other operating income/expenses

(**).- Including all on-balance sheet balances for this item

(***).- Capital + reserves + profit + other accumulated results

Activity performance

% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



■ Mexico

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	615	2.8	4.9	2,385	(2.7)	14.3
Net fee income	179	6.0	8.0	711	(11.1)	4.4
Gains (losses) on financial transactions	54	39.1	41.0	149	8.0	26.9
Other operating income*	(19)	122.7	123.7	(43)	(41.2)	(30.9)
Gross income	828	4.0	6.0	3,203	(3.4)	13.4
Operating expenses	(325)	4.5	6.6	(1,274)	(6.9)	9.3
General administrative expenses	(300)	4.5	6.6	(1,168)	(7.0)	9.2
Personnel	(156)	12.8	14.6	(606)	(8.4)	7.6
Other general administrative expenses	(144)	(3.1)	(1.0)	(562)	(5.5)	11.0
Depreciation and amortisation	(25)	4.4	6.4	(106)	(5.9)	10.5
Net operating income	503	3.6	5.6	1,928	(1.0)	16.3
Net loan-loss provisions	(203)	4.8	6.8	(832)	(5.2)	11.4
Other income	(8)	63.9	63.6	(30)	716.5	859.2
Profit before taxes	293	1.8	3.9	1,067	0.0	17.5
Tax on profit	(75)	16.6	18.6	(247)	4.8	23.1
Profit from continuing operations	217	(2.4)	(0.3)	820	(1.4)	15.9
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	217	(2.4)	(0.3)	820	(1.4)	15.9
Minority interests	49	(4.7)	(2.5)	191	(5.7)	10.7
Attributable profit to the Group	169	(1.8)	0.4	629	0.1	17.5

Balance sheet

Customer loans **	27,315	(1.6)	(1.4)	27,315	(9.4)	4.3
Financial assets held for trading (w/o loans)	14,222	11.6	11.7	14,222	(16.1)	(3.4)
Available-for-sale financial assets	7,096	7.6	7.8	7,096	18.8	36.8
Central banks and credit institutions **	8,562	0.9	1.1	8,562	81.5	108.9
Tangible and intangible assets	392	9.3	9.5	392	(1.0)	14.0
Other assets	7,524	31.8	32.0	7,524	15.1	32.5
Total assets/liabilities & shareholders' equity	65,112	5.6	5.8	65,112	0.6	15.8
Customer deposits **	28,910	11.3	11.4	28,910	2.2	17.7
Debt securities issued **	5,393	3.1	3.3	5,393	(6.7)	7.3
Liabilities under insurance contracts	—	—	—	—	—	—
Central banks and credit institutions **	11,269	14.8	14.9	11,269	(12.5)	0.7
Other liabilities	15,963	(3.7)	(3.5)	15,963	24.4	43.2
Stockholders' equity ***	3,577	(11.7)	(11.6)	3,577	(27.8)	(16.9)
Other managed and marketed customer funds	10,242	(6.4)	(6.2)	10,242	(10.8)	2.7
Mutual and pension funds	10,242	(6.4)	(6.2)	10,242	(10.8)	2.7
Managed portfolios	—	—	—	—	—	—
Managed and marketed customer funds	44,545	5.7	5.8	44,545	(2.2)	12.6

Ratios (%) and operating means

RoTE	17.45	0.26		15.45	2.27
Efficiency ratio (with amortisations)	39.2	0.2		39.8	(1.5)
NPL ratio	2.76	(0.19)		2.76	(0.62)
NPL coverage	103.8	1.9		103.8	13.2
Number of employees	17,608	0.8		17,608	(1.3)
Number of branches	1,389	0.1		1,389	0.9

(*).- Including dividends, income from equity-accounted method and other operating income/expenses

(**).- Including all on-balance sheet balances for this item

(***).- Capital + reserves + profit + other accumulated results

Activity performance

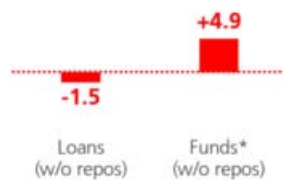
% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

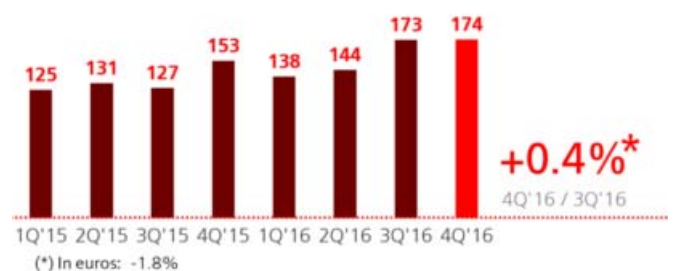
Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



■ Chile

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	521	10.5	7.7	1,864	4.1	7.4
Net fee income	91	3.0	0.1	353	(1.9)	1.2
Gains (losses) on financial transactions	63	17.6	14.9	206	18.8	22.6
Other operating income*	(3)	—	—	(1)	—	—
Gross income	672	9.1	6.2	2,422	3.7	7.0
Operating expenses	(265)	6.7	3.9	(986)	(1.7)	1.5
General administrative expenses	(238)	5.7	2.8	(895)	(3.4)	(0.2)
Personnel	(148)	4.3	1.4	(558)	(1.8)	1.4
Other general administrative expenses	(90)	8.1	5.2	(337)	(5.8)	(2.8)
Depreciation and amortisation	(27)	16.9	14.1	(91)	18.2	22.1
Net operating income	407	10.6	7.8	1,435	7.7	11.2
Net loan-loss provisions	(131)	(9.9)	(13.0)	(514)	(9.4)	(6.5)
Other income	(35)	—	—	(27)	—	—
Profit before taxes	241	5.5	2.6	894	16.4	20.2
Tax on profit	(46)	10.2	7.4	(159)	40.0	44.5
Profit from continuing operations	195	4.5	1.6	735	12.3	15.9
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	195	4.5	1.6	735	12.3	15.9
Minority interests	58	0.8	(2.1)	222	11.3	14.9
Attributable profit to the Group	137	6.1	3.2	513	12.7	16.4

Balance sheet

Customer loans **	37,662	5.0	1.2	37,662	16.5	6.5
Financial assets held for trading (w/o loans)	3,002	4.4	0.7	3,002	(4.5)	(12.7)
Available-for-sale financial assets	4,820	23.6	19.2	4,820	80.7	65.2
Central banks and credit institutions **	2,998	(11.4)	(14.5)	2,998	(9.0)	(16.8)
Tangible and intangible assets	424	12.9	8.9	424	19.2	9.0
Other assets	4,599	30.6	26.0	4,599	10.5	1.1
Total assets/liabilities & shareholders' equity	53,505	7.1	3.3	53,505	16.4	6.5
Customer deposits **	27,317	7.3	3.5	27,317	12.2	2.6
Debt securities issued **	10,174	11.0	7.1	10,174	36.3	24.6
Liabilities under insurance contracts	—	—	—	—	—	—
Central banks and credit institutions **	7,172	5.7	2.0	7,172	21.8	11.4
Other liabilities	5,476	1.5	(2.1)	5,476	3.7	(5.1)
Stockholders' equity ***	3,366	7.3	3.5	3,366	13.0	3.3
Other managed and marketed customer funds	9,903	(0.4)	(3.9)	9,903	34.4	22.9
Mutual and pension funds	7,321	(1.7)	(5.2)	7,321	35.0	23.5
Managed portfolios	2,582	3.6	(0.1)	2,582	32.5	21.2
Managed and marketed customer funds	47,394	6.3	2.6	47,394	21.0	10.6

Ratios (%) and operating means

RoTE	17.20	(0.10)		17.17	1.65
Efficiency ratio (with amortisations)	39.5	(0.9)		40.7	(2.2)
NPL ratio	5.05	(0.07)		5.05	(0.57)
NPL coverage	59.1	1.0		59.1	5.2
Number of employees	11,999	(1.7)		11,999	(3.7)
Number of branches	435	(6.5)		435	(7.8)

(*).- Including dividends, income from equity-accounted method and other operating income/expenses

(**).- Including all on-balance sheet balances for this item

(***).- Capital + reserves + profit + other accumulated results

Activity performance

% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

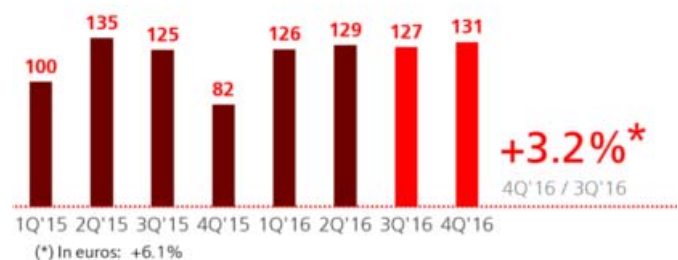
Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



United States

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	1,451	(0.3)	(3.9)	5,917	(3.3)	(3.5)
Net fee income	257	(4.0)	(7.7)	1,102	1.5	1.2
Gains (losses) on financial transactions	(16)	—	—	22	(90.4)	(90.4)
Other operating income*	117	(12.3)	(15.6)	491	33.9	33.6
Gross income	1,809	(3.1)	(6.7)	7,532	(3.4)	(3.6)
Operating expenses	(864)	10.2	6.6	(3,198)	5.7	5.5
General administrative expenses	(777)	10.1	6.5	(2,882)	4.4	4.1
Personnel	(414)	1.9	(1.7)	(1,636)	6.0	5.8
Other general administrative expenses	(363)	21.2	17.5	(1,247)	2.3	2.1
Depreciation and amortisation	(87)	11.0	7.4	(316)	19.8	19.5
Net operating income	946	(12.7)	(16.3)	4,334	(9.2)	(9.4)
Net loan-loss provisions	(867)	11.6	7.9	(3,208)	3.4	3.1
Other income	(8)	198.1	166.6	(90)	(39.1)	(39.3)
Profit before taxes	71	(76.6)	(79.6)	1,036	(32.0)	(32.1)
Tax on profit	(17)	(81.6)	(85.0)	(355)	(31.3)	(31.4)
Profit from continuing operations	54	(74.5)	(77.3)	681	(32.4)	(32.5)
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	54	(74.5)	(77.3)	681	(32.4)	(32.5)
Minority interests	40	(44.0)	(47.5)	286	(13.0)	(13.2)
Attributable profit to the Group	14	(90.2)	(92.6)	395	(41.8)	(41.9)

Balance sheet

Customer loans **	85,389	4.1	(1.7)	85,389	1.4	(1.8)
Financial assets held for trading (w/o loans)	2,885	9.7	3.6	2,885	25.5	21.5
Available-for-sale financial assets	16,089	11.6	5.4	16,089	(16.0)	(18.6)
Central banks and credit institutions **	1,090	(34.0)	(37.7)	1,090	4.2	0.9
Tangible and intangible assets	10,648	5.4	(0.5)	10,648	16.3	12.6
Other assets	21,289	12.3	6.0	21,289	44.4	39.8
Total assets/liabilities & shareholders' equity	137,390	5.9	(0.0)	137,390	5.2	1.9
Customer deposits **	64,460	7.1	1.2	64,460	7.2	3.8
Debt securities issued **	26,340	7.1	1.2	26,340	10.2	6.7
Liabilities under insurance contracts	—	—	—	—	—	—
Central banks and credit institutions **	22,233	(0.2)	(5.7)	22,233	(15.0)	(17.7)
Other liabilities	9,897	10.3	4.2	9,897	9.1	5.6
Stockholders' equity ***	14,461	5.0	(0.8)	14,461	27.7	23.7
Other managed and marketed customer funds	18,827	(4.4)	(9.7)	18,827	(3.3)	(6.4)
Mutual and pension funds	9,947	43.0	35.0	9,947	39.6	35.2
Managed portfolios	8,880	(30.3)	(34.2)	8,880	(28.1)	(30.4)
Managed and marketed customer funds****	89,200	4.4	(1.4)	89,200	5.9	2.5

Ratios (%) and operating means

RoTE	0.32	(4.04)		3.11	(3.42)
Efficiency ratio (with amortisations)	47.7	5.8		42.5	3.7
NPL ratio	2.28	0.04		2.28	0.15
NPL coverage	214.4	(1.8)		214.4	(10.6)
Number of employees	17,509	(0.3)		17,509	(3.4)
Number of branches	768	0.3		768	(1.9)

(*) - Including dividends, income from equity-accounted method and other operating income/expenses

(**) - Including all on-balance sheet balances for this item

(***) - Capital + reserves + profit + other accumulated results

(****) - Excluding debt securities issued of Santander Consumer USA

Activity performance

% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

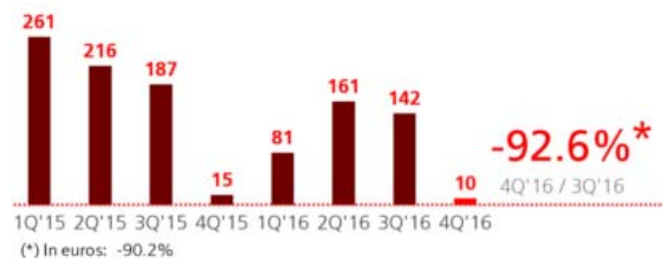
Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



■ Corporate Centre

€ million

Income statement	4Q'16	3Q'16	%	2016	2015	%
Net interest income	(189)	(194)	(2.6)	(739)	(627)	17.8
Net fee income	(14)	(7)	101.8	(31)	(13)	137.3
Gains (losses) on financial transactions	(47)	(97)	(51.6)	(243)	150	—
Other operating income	(31)	(18)	74.2	(52)	(5)	980.8
Dividends	2	1	45.1	33	72	(54.8)
Income from equity-accounted method	(9)	(20)	(54.6)	(51)	(43)	18.7
Other operating income/expenses	(24)	1	—	(34)	(34)	(0.1)
Gross income	(282)	(316)	(11.0)	(1,066)	(495)	115.3
Operating expenses	(99)	(104)	(4.6)	(450)	(547)	(17.7)
Net operating income	(381)	(421)	(9.4)	(1,516)	(1,042)	45.5
Net loan-loss provisions	0	5	(95.3)	2	27	(94.2)
Other income	44	(59)	—	(75)	(507)	(85.3)
Underlying profit before taxes	(337)	(474)	(28.9)	(1,589)	(1,523)	4.3
Tax on profit	39	61	(36.4)	141	59	138.5
Underlying profit from continuing operations	(299)	(414)	(27.8)	(1,448)	(1,464)	(1.1)
Net profit from discontinued operations	0	(0)	—	0	—	—
Underlying consolidated profit	(298)	(414)	(28.0)	(1,448)	(1,464)	(1.1)
Minority interests	0	(2)	—	(9)	30	—
Underlying attributable profit to the Group	(299)	(412)	(27.4)	(1,439)	(1,493)	(3.6)
Net capital gains and provisions*	(169)	—	—	(417)	(600)	(30.5)
Attributable profit to the Group	(467)	(412)	13.5	(1,856)	(2,093)	(11.3)

Balance sheet

Financial assets held for trading (w/o loans)	1,203	1,332	(9.7)	1,203	2,656	(54.7)
Available-for-sale financial assets	2,774	1,986	39.7	2,774	3,773	(26.5)
Goodwill	26,724	26,143	2.2	26,724	26,960	(0.9)
Capital assigned to Group areas	79,704	79,945	(0.3)	79,704	77,163	3.3
Other assets	21,750	25,041	(13.1)	21,750	37,583	(42.1)
Total assets/liabilities & shareholders' equity	132,154	134,447	(1.7)	132,154	148,136	(10.8)
Customer deposits**	858	1,252	(31.5)	858	5,205	(83.5)
Marketable debt securities**	30,922	33,566	(7.9)	30,922	37,364	(17.2)
Other liabilities	16,014	16,830	(4.8)	16,014	21,052	(23.9)
Stockholders' equity ***	84,361	82,800	1.9	84,361	84,515	(0.2)
Other managed and marketed customer funds	10	—	—	10	—	—
Mutual and pension funds	10	—	—	10	—	—
Managed portfolios	—	—	—	—	—	—
Managed and marketed customer funds	31,790	34,818	(8.7)	31,790	42,569	(25.3)

Operating means

Number of employees	1,724	1,732	(0.5)	1,724	2,006	(14.1)
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(*)- In 4Q'16 PPI (-€137 million) and restatement Santander Consumer USA (-€32 million). In 2016, capital gains from the disposal of the stake in Visa Europe (€227 million), restructuring costs (-€475 million), PPI (-€137 million) and restatement Santander Consumer USA (-€32 million). In 2015, net result of the reversal of tax liabilities in Brazil (€835 million), Banif's badwill in Portugal (€283 million), PPI (-€600 million), impairment of intangible assets (€683 million) and goodwill and other assets (-€435 million).

(**)- Including all on-balance sheet balances for this item

(***)- Capital + reserves + profit + other accumulated results

■ Retail Banking

€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	7,493	2.9	1.9	29,090	(2.6)	2.9
Net fee income	2,279	1.2	0.3	8,745	2.1	8.9
Gains (losses) on financial transactions	279	118.9	105.9	664	(51.2)	(49.3)
Other operating income*	(90)	—	—	557	48.5	45.5
Gross income	9,960	0.9	(0.1)	39,055	(2.7)	2.8
Operating expenses	(4,827)	4.9	4.0	(18,476)	(1.1)	5.0
Net operating income	5,133	(2.5)	(3.7)	20,580	(4.2)	0.9
Net loan-loss provisions	(2,299)	0.9	(1.1)	(8,693)	(6.0)	(2.2)
Other income	(523)	66.2	69.6	(1,686)	(3.7)	1.2
Underlying profit before taxes	2,311	(13.6)	(14.2)	10,201	(2.7)	3.6
Tax on profit	(585)	(21.9)	(22.7)	(2,798)	6.6	12.4
Underlying profit from continuing operations	1,726	(10.3)	(10.9)	7,402	(5.8)	0.6
Net profit from discontinued operations	—	(100.0)	(100.0)	—	—	—
Underlying consolidated profit	1,726	(10.3)	(10.9)	7,402	(5.8)	0.6
Minority interests	259	(10.2)	(11.5)	1,105	(0.8)	3.6
Underlying attributable profit to the Group	1,467	(10.3)	(10.8)	6,297	(6.6)	0.1
Net capital gains and provisions**	120	—	—	—	—	—
Attributable profit to the Group	1,587	(3.0)	(3.4)	6,297	(6.6)	0.1

(*).- Including dividends, income from equity-accounted method and other operating income/expenses

(**).- In 4Q'16 was reallocated the SRF contribution to other operating income

Activity performance

% Dec'16 / Dec'15 (w/o FX)



(*) Customer deposits + mutual funds

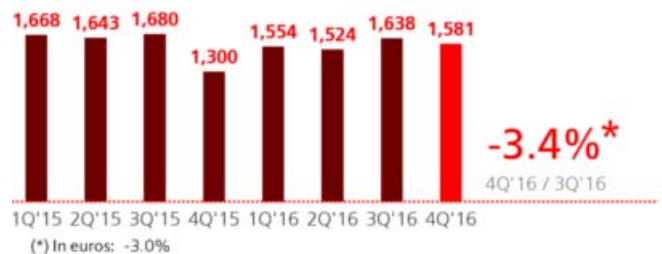
Activity performance

% Dec'16 / Sep'16 (w/o FX)



Attributable profit

Constant € million



■ Global Corporate Banking

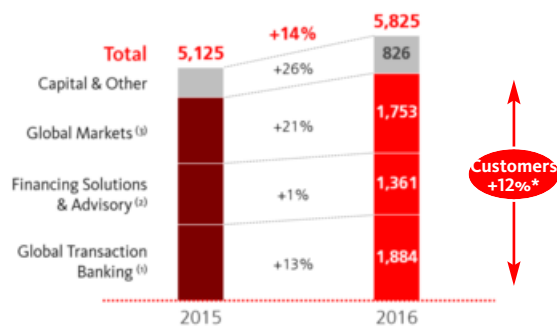
€ million

Income statement	4Q'16	/ 3Q'16		2016	/ 2015	
		%	% w/o FX		%	% w/o FX
Net interest income	801	11.0	10.0	2,781	(7.3)	(0.5)
Net fee income	372	6.1	5.7	1,465	(1.2)	4.6
Gains (losses) on financial transactions	171	(58.4)	(59.6)	1,293	78.6	96.8
Other operating income*	75	140.6	141.5	286	6.8	5.0
Gross income	1,419	(6.2)	(7.0)	5,825	6.4	13.7
Operating expenses	(478)	(1.9)	(2.4)	(1,951)	(7.7)	(2.2)
Net operating income	941	(8.3)	(9.2)	3,874	15.2	23.8
Net loan-loss provisions	(55)	(70.5)	(74.9)	(660)	(3.1)	1.1
Other income	(38)	539.7	535.9	(77)	(16.8)	(15.9)
Profit before taxes	848	1.7	1.2	3,137	21.2	31.5
Tax on profit	(214)	(12.1)	(12.7)	(876)	19.6	31.1
Profit from continuing operations	634	7.4	7.0	2,261	21.8	31.7
Net profit from discontinued operations	—	—	—	—	—	—
Consolidated profit	634	7.4	7.0	2,261	21.8	31.7
Minority interests	47	0.2	(0.7)	172	44.9	55.9
Attributable profit to the Group	588	8.1	7.6	2,089	20.2	30.0

(*)- Including dividends, income from equity-accounted method and other operating income/expenses

Gross income. Breakdown

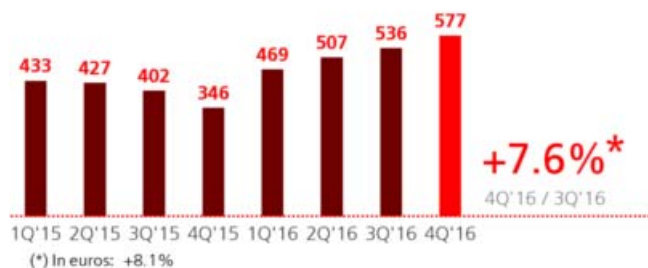
Constant € million



(*) In euros: gross income: +6%; customers: +6%

Attributable profit

Constant € million



(1) **Global Transaction Banking**: includes the business of cash management, trade finance, basic financing and custody.

(2) **Financing Solutions & Advisory**: includes the units of origination and distribution of corporate loans and structured financings, bond and securitisation origination teams, corporate finance units (mergers and acquisitions, primary markets of equities, investment solutions for corporate clients via derivatives), and asset & based finance.

(3) **Global Markets**: includes the sale and distribution of fixed income and equity derivatives, interest rates and inflation; the trading and hedging of exchange rates, and short-term money markets for the Group's wholesale and retail clients; management of books associated with distribution; and brokerage of equities, and derivatives for investment and hedging solutions.

Glossary - Definitions

PROFITABILITY AND EFFICIENCY

- **RoE:** Return on Equity: Group's attributable profit / average of: capital + reserves + retained profit + valuation adjustments (excluding minority interests)
- **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
- **RoA:** Return on assets: consolidated profit / average total 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 (with amortisations):** Operating expenses / gross income. Operating expenses defined as general administrative expenses + amortisations

CREDIT RISK

- **NPL ratio:** Non-performing 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 non-performing 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 RoE, RoTE, RoA and RoRWA denominators are calculated on the basis of 13 months from the previous December to the following December in the case of the year, and 4 months from September to December in the case of the fourth quarter.

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

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