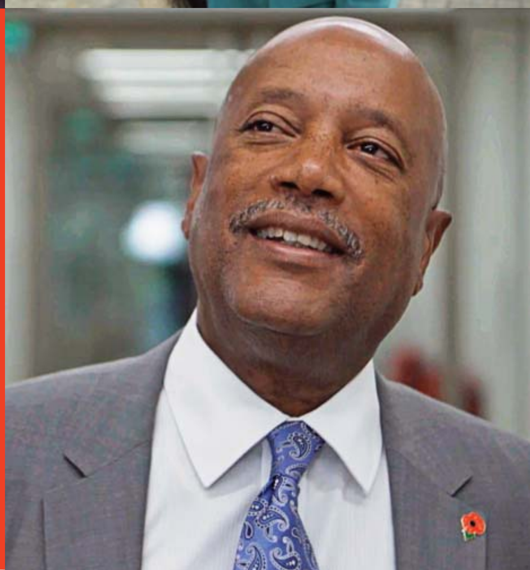
FINANCIAL REPORT

January - September 2017

We want to
help people and
businesses prosper



Santander

January - September

2017 Financial Report

All customers. shareholders and the general public can use Santander's official social network channels in all the countries in which the Bank operates,

KEY CONSOLIDATED DATA
(including Banco Popular)

Balance sheet (€ million)	Sep'17	Jun'17	%	Sep'17	Sep'16	%	Dec'16
Total assets	**1,468,030**	1,445,260	1.6	**1,468,030**	1,329,538	10.4	1,339,125
Net customer loans	**854,686**	861,221	(0.8)	**854,686**	773,290	10.5	790,470
Customer deposits	**778,852**	764,336	1.9	**778,852**	667,439	16.7	691,111
Total Customer funds	**988,386**	969,778	1.9	**988,386**	846,488	16.8	873,618
Total equity	**108,723**	100,955	7.7	**108,723**	101,122	7.5	102,699

Note: Total customer funds included customer deposits, mutual funds, pension funds, managed portfolios and insurance premiums.

Income statement (€ million)	3Q'17	2Q'17	%	9M'17	9M'16	%	2016
Net interest income	**8,681**	8,606	0.9	**25,689**	22,992	11.7	31,089
Gross income	**12,252**	12,049	1.7	**36,330**	32,565	11.6	43,853
Net operating income	**6,486**	6,401	1.3	**19,373**	16,931	14.4	22,766
Underlying profit before taxes*	**3,591**	3,273	9.7	**10,175**	8,451	20.4	11,288
Underlying attributable profit to the Group*	**1,976**	1,749	13.0	**5,592**	4,855	15.2	6,621
Attributable profit to the Group	**1,461**	1,749	(16.4)	**5,077**	4,606	10.2	6,204

Changes w/o FX: Quarterly: NII: +4.9%; Gross income: +5.7%; Net operating income: +5.6%; Underlying attributable profit: +18.0%; Attributable profit: -11.7%
Year-on-year: NII: +9.7%; Gross income: +9.6%; Net operating income: +11.7%; Underlying attributable profit: +14.2%; Attributable profit: +9.4%

EPS**, profitability and efficiency (%)	3Q'17	2Q'17	%	9M'17	9M'16	%	2016
Underlying EPS (euro)*	**0.118**	0.112	5.6	**0.350**	0.315	11.2	0.429
EPS (euro)	**0.084**	0.112	(24.7)	**0.316**	0.298	6.1	0.401
RoE	**7.87**	7.74		**7.54**	7.05		6.99
Underlying RoTE*	**12.10**	11.46		**11.80**	10.92		11.08
RoTE	**11.31**	11.46		**10.99**	10.50		10.38
RoA	**0.61**	0.63		**0.59**	0.56		0.56
Underlying RoRWA*	**1.50**	1.43		**1.47**	1.34		1.36
RoRWA	**1.42**	1.43		**1.39**	1.30		1.29
Efficiency ratio (with amortisations)	**47.1**	46.9		**46.7**	48.0		48.1

Solvency and NPL ratios (%)	Sep'17	Jun'17	%	Sep'17	Sep'16	%	Dec'16
Fully-loaded CET1	**10.80**	9.58		**10.80**	10.47		10.55
Phase-in CET1	**12.18**	10.98		**12.18**	12.44		12.53
NPL ratio	**4.24**	5.37		**4.24**	4.15		3.93
Coverage ratio	**65.8**	67.7		**65.8**	72.7		73.8

Market capitalisation and shares	Sep'17	Jun'17	%	Sep'17	Sep'16	%	Dec'16
Shares (million)	**16,041**	14,582	10.0	**16,041**	14,434	11.1	14,582
Share price (euros)**	**5.907**	5.697	3.7	**5.907**	3.882	52.2	4.877
Market capitalisation (€ million)	**94,752**	84,461	12.2	**94,752**	56,973	66.3	72,314
Tangible book value per share (euro)**	**4.20**	4.11		**4.20**	4.11		4.15
Price / Tangible book value (X)**	**1.41**	1.40		**1.41**	0.94		1.17
P/E ratio (X)**	**12.77**	12.28		**12.77**	9.78		12.18

Other data	Sep'17	Jun'17	%	Sep'17	Sep'16	%	Dec'16
Number of shareholders	**4,070,187**	4,019,706	1.3	**4,070,187**	3,920,700	3.8	3,928,950
Number of employees	**200,949**	201,596	(0.3)	**200,949**	189,675	5.9	188,492
Number of branches	**13,704**	13,825	(0.9)	**13,704**	12,391	10.6	12,235

(*),- Excluding non-recurring net capital gains and provisions
(**).- Data adjusted for the capital increase in July 2017.

Note: The financial information in this report has been approved by the Bank's Board of Directors, following a favourable report from the Audit Committee,

In accordance with the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on October 5th, 2015 (05/10/2015/1415es), we are attaching herewith a glossary with the definitions and the conciliation with the items presented in the income statement of certain alternative performance measures used in this document. Please refer to" Alternative Performance Measures Glossary"

HIGHLIGHTS OF THE PERIOD

1. Banco Popular. Main actions carried out in the quarter

Capital increase

- The €7,072 million capital increase carried out in July, in order to strengthen and optimise the structure of the Bank's equity and adequately cover the acquisition of 100% of the capital of Banco Popular, was fully subscribed.

Launch of a commercial action for retail customers

- Banco Santander and Banco Popular launched a joint commercial action (Fidelity Action) to repair the loyalty of those retail customers affected by the resolution of Banco Popular, who fulfil certain conditions.
  - The terms and conditions are set out in the information sheet registered on September 12 with the National Securities Market Commission.
  - The period for accepting the offer began on September 13 and will end on December 7, 2017.
  - As we went to press, the level of acceptance by affected customers was around 60%.

Santander begins to integrate Popular in Spain with benefits for its customers

- Popular's customers already have a network of more than 7,500 ATMs to withdraw cash free of charge.
- Meanwhile, individual customers and the self-employed can make euro transactions between the two banks also cost free.

Reduction in Banco Popular's real estate exposure

- Once the European Commission authorised Banco Santander's acquisition of Banco Popular without imposing any restrictions as regards competition rights, contracts were drawn up with the fund Blackstone to sell 51% of Banco Popular's real estate business.
  - This operation is expected to be closed in the first quarter of 2018 once the corresponding regulatory authorisations have been obtained and the usual conditions in this type of transaction fulfilled.

Sale of Banco Popular's Portuguese subsidiaries to Santander Totta

- Banco Popular's board agreed to sell some of the Portuguese subsidiaries to Santander Totta. They are intragroup operations and so have no impact on results. They are subject to the usual suspensive conditions and administrative authorisations in these cases.

Income statement 9M'17. € million

	Popular
Gross income	**774**
Operating expenses	(484)
Net operating income	**290**
Net loan-loss provisions	(46)
Underlying profit before taxes	**231**
Underlying attributable profit to the Group	**178**
Net capital gains and provisions*	(300)
Attributable profit to the Group	**(122)**

(*) Integration costs

Banco Popular and its subsidiaries were integrated by global consolidation as of the acquisition date (June 7, 2017)

Balance sheet September'17. € million

	Popular
Net customer loans	75,751
Customer deposits	69,842
Customer funds	9,731
Pension funds and other off-balance sheet funds	7,123
NPL ratio (%)	11.17
Coverage ratio (%)	46.7

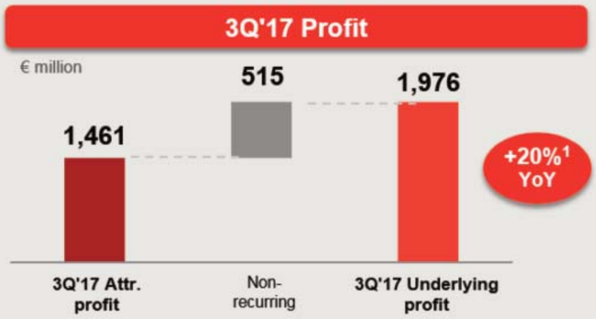
Note: Loans including repos
Deposits including repos

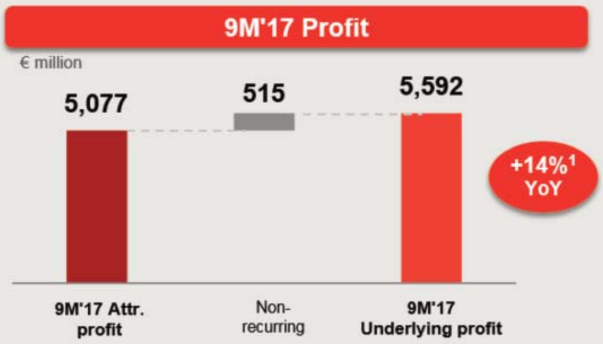
HIGHLIGHTS OF THE PERIOD

2. In the third quarter, recording of non-recurring costs mainly related to integrations

Non-recurring items
(€ million, net of tax)

• Popular's integration process	-300
• Germany's integration process	-85
• Equity stakes, intangible assets and other	-130
• **Total**	**-515**





(1) % change in constant euros

3. Creation of the Wealth Management division which will integrate its private banking and asset management business

- To provide better service to Grupo Santander's private banking customers and foster growth in the asset management business, building on our competitive advantage in 10 core markets, we announced the creation of a new global division which will integrate the private banking and asset management businesses.
- The new division will create a new model of service for its existing 170.000 private banking clients worldwide, taking advantage of the scale and technological capabilities of Grupo Santander, and offering them a new digital platform to manage their financial needs with the experience, advice and closeness of an extensive network of branches and managers around the world.
- Santander Private Banking manages more than 160.000 million euros in customer funds, some of which are included in the more than 180.000 million euros of assets under management in Santander Asset Management.
- This new division will be integrated by:
  - A new Private Banking business.
  - Santander Asset Management.
  - International Private Banking in Miami and Switzerland.
  - The Crown Dependencies of the United Kingdom*.

(*) Pending the required regulatory authorisations

HIGHLIGHTS OF THE PERIOD

4. Group Strategy Update

In order to maintain our commitment to transparency and improve communication with the market, Santander held its second Group Strategy Update on October 10.

The management team, both of the corporation as well as the main commercial units, explained the changes that have taken place over the last 12 months, the progress made in 2017 toward meeting the targets, and gave details of the strategy and measures to be taken to achieve the goals in 2018.

We are advancing toward meeting our targets for 2017

- At the end of September, double-digit year-on-year growth in loyal and digital customers, with rises in all countries.
- Fee income, a key variable in a low interest rate environment, registered double-digit growth year-on-year.
- The efficiency ratio improved, in line with our target.
- The cost of credit is in line with the target set for the next three years.
- Underlying RoTE remained at more than 11% in September, among the best of our peers.
- Earnings per share (EPS) increased 6% in the first nine months, in line with the goal of rising more by the end of the year. We also announced a plan to increase the cash dividend per share in 2017 by around 9%.
- Lastly, our CET1 has been increasing quarter after quarter in order to surpass 11% in 2018.

Main objectives in 2018

- **We have raised the RoTE objective from the 11% indicated last year to 11.5%,** while we reaffirmed the additional goals for our shareholders, which include: increase the EPS in 2016/17 and double-digit rise in 2018, efficiency ratio of between 45% and 47%, attain a FL CET1 of 11% and boost the dividend per share.
- We are sticking to the objectives set at last year's Group Strategy Update for customers, employees and society.

SANTANDER AIM

Simple | Personal | Fair

Helping people and businesses prosper

79%*
of employees perceive Banco Santander as Simple. Personal and Fair

78%*
engaged employees

16.5 (+12%)
million loyal customers

24.2 (+20%)
million digital customers

People
189,254
employees

Customers
132
million

Our aim is to be the **best retail and commercial bank** that earns the lasting loyalty of our people, customers, shareholders and communities

Communities*
1.7
million people helped in 2016

Shareholders
4.1
million

36,684*
scholarships granted in 2016

1,183*
agreements with universities and academic institutions in 21 countries

24.8%
Total shareholder return (TSR) to September 2017

+5%
expected dividend growth in 2017

Note: Data excluding Banco Popular, except for TSR and dividends
(*) 2016 data

SANTANDER AIM

Simple | Personal | Fair

People

- We made further progress in implementing *MyContribution*, the new corporate model of performance management that strengthens the Bank's culture as the driver of transformation. In September, we launched the *360º assessment* in which executives are evaluated by their peers, direct reports and by their line manager on adopting the eight corporate behaviours in their day to day work.
- The global survey of commitment was launched throughout the Group. This gauges the level of the team's commitment and the support for it, as well as identifying where Santander has improved and where it has to keep on focusing in order to be Simple, Personal and Fair.
- Leading by example, a training programme that will help leaders to define the role they must perform in order to instil the culture of *Santander Way* and carry out the transformation, was launched.

Customers

- The commercial transformation programme started in 2015 continues to drive growth in the number of customers (+1.7 million loyal ones and +4.1 million digital ones in the last 12 months).
- Of note in mobile payments was *Super Wallet* in Mexico, an app that allows customers to manage their cards on a centralised basis, and in Spain, Openbank launched *Samsung Pay,* which allows its customers agile, easy and secure payments via their mobile phones.
- We continue to move forward in our digital transformation, with the launch of *Digilosofía* in Spain and in Brazil: *Santander One,* a digital channel that offers tailored financial advice; *Consignado 100% digital* a mobile app; and *Web Casas,* a digital platform to apply for real estate loans.
- In Spain, the good reception of the *1|2|3 Smart,* a 100% digital account aimed at millennials, continues. In Poland, launch of *As I Want it Account,* which allows customers to decide what they need and how to pay for the products and services offered.

Shareholders

- All shareholders were informed about the capital increase carried out in July through various channels, particularly online ones in line with the Bank's digitalisation.
- Shareholders were informed about the second dividend charged to 2017's earnings, which will be paid via the *Santander Dividend Elección* (scrip dividend) programme.
- Santander held in New York on October 10 a Group Strategy Update at which senior management gave details of the Bank's strategy to analysts and investors and of the progress made in achieving the objectives.
- Banco Santander and the Universia Foundation concluded the ninth edition of the *Becas Capacitas* for shareholders and their family members with disabilities. The aim of this support programme is to contribute to the academic and professional progress of university students with disabilities.

Communities

- Banco Santander renewed its presence in the Dow Jones Sustainability Index (DSJI), where it has been present continuously since 2000.
- The latest edition of *Brain Chile*, an entrepreneurial contest for university students, was held and awarded CLP 47 million to the 12 winning projects out of 200 business ideas presented.
- Santander Universities and the Universia Foundation opened the door to *internet of things* (IoT) thanks to the recent alliance with MIOTI, the only 100% IoT institute in Spain.
- Banco Santander presented *Santander X,* a project of Santander Universities that aims to become, via universities throughout the world, the largest university entrepreneurial eco system in a digital environment.

GROUP EVOLUTION

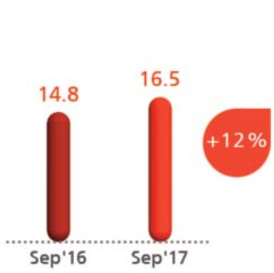
Activity and P&L performance

The commercial transformation is driving growth in loyal and digital **customers**

- The number of **loyal customers** increased by 1.7 million in the last 12 months, with individuals as well as companies rising 12%.
- The number of **digital customers** rose by 4 million over the same period of 2016, underscoring the strength of our multi channel strategy.
- **Digital banking logins** increased 25% and monetary transactions 34% in the last 12 months.

Note: Excluding Popular

Loyal customers
Million

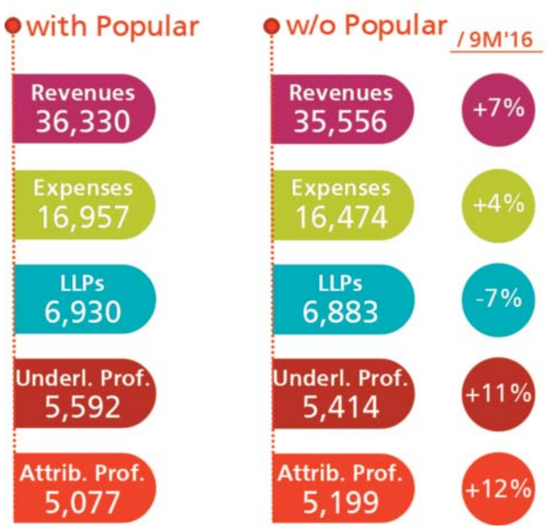


Digital customers
Million

P&L: solid growth in profits with good evolution of revenues, costs and provisions

- The third quarter profit was impacted by one-off costs of €515 million.
- Excluding this impact, the **underlying profit in the quarter (including Popular) stood at €1,976 million,** 18% higher than the second quarter',s excluding the forex impact**.**
- **The first nine months underlying profit amounted to €5,592 million,** 14% more, excluding the forex impact.
- On a like-for-like basis, that is, **excluding Banco Popular**, underlying profit rose 9% more than in the second quarter and 11% year-on-year (both excluding the forex impact). The latter due to:
  - **Increase in commercial revenues** (net interest income, +7%; fee income, +10%),
  - **Operating expenses were stable in real terms,** the fruit of efficiency plans developed in 2016.
  - **Loan-loss provisions were lower** than in the same period of 2016, backed by improved credit quality.

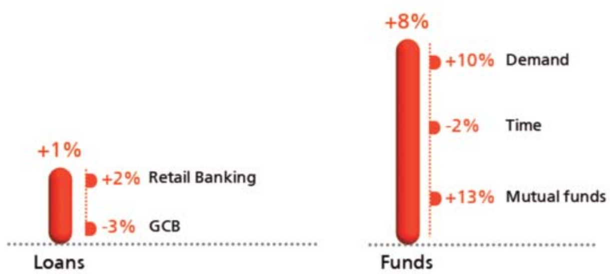
P&L 9M'17
€ million and % change in constant euros



Santander kept up growth in **commercial activity** in almost all markets

- Excluding Banco Popular for a like-for-like picture of business activity in the last twelve months:
  - **Lending** growth in the main segments and in seven of our 10 core units.
  - **Funds** focus on demand deposits and mutual funds. They rose in nine of the 10 core units.
- Solid funding and liquidity structure. The **net loan-to-deposit ratio** was 110% (116% in September 2016).

Sep'17 /Sep'16
% change in constant euros



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

(*) Page 61 includes Banco Popular income statement and balance sheet.

GROUP EVOLUTION

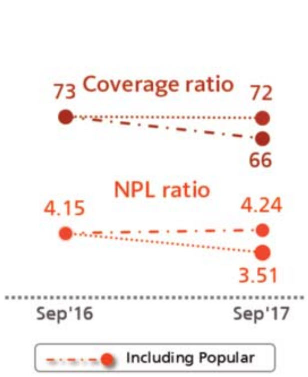
Improvement in all **credit quality** ratios

- **Non-performing loans,** excluding Banco Popular were 1% lower in the quarter and 15% in the last 12 months.
- The **NPL ratio** dropped again in the quarter (-4 b.p. excluding Popular) and it is now at its lowest since the end of 2010, with all units performing well for the last 12 months.
- **Cost of credit** of 1.15% excluding Popular (1.19% in September 2016) and below the target announced at the Investor Day.
- **Including Banco Popular**, the NPL ratio was 4.24%, improving sharply in the quarter due to the disposal of Popular's[1] real estate loans following the agreement with Blackstone. The cost of credit improved to 1.12%.

(1) Following the agreement with Blackstone, the loans to be transferred are being recorded, until their effective disposal, under non-current assets held for sale in accordance with IFRS 5.

NPL and coverage ratios

%



Cost of credit

%

Profitability, profit and dividend per share. **Creating value** for our shareholders

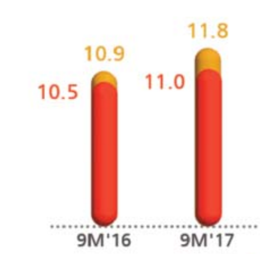
- Both the **RoTE** as well as the **RoRWA** are the best among our peers, higher in both cases than in the first nine months of 2016.
- **Earnings per share (EPS)** were 6% higher (+11% the underlying EPS), in both cases over the adjusted[2] figure for the first nine months of 2016.
- The envisaged total **dividend** per share to be charged to 2017's earnings is €0.22[3]. The first dividend was paid on August 4. The *Santander Dividendo Elección* (scrip dividend) programme will be applied to the second dividend.

2) The EPS of previous periods have been adjusted for the capital increase carried out in July 2017, in accordance with IFRS 33.

3) Total dividends charged to 2017's earnings are subject to the Board and AGM approval. The Board approved the first interim dividend for €0.06 to be paid on 4 August and to apply the Santander Dividendo Elección (scrip dividend) programme in the second interim dividend.

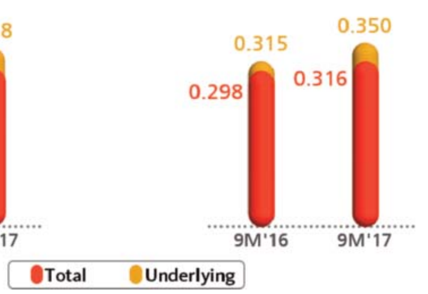
RoTE

%



Earnings per share (EPS)*

Euros



(*).- Data adjusted for the capital increase in July 2017.

Solid capital ratios and appropriate for the business model, balance sheet structure and risk profile

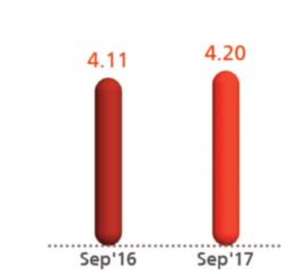
- The **CET1 *fully loaded*** was 10.80%, 8 b.p. higher without taking into account the capital increase in July 2017 and 14 b.p. excluding one-off items.
- **Fully loaded total capital ratio** of 14.38%, 21 b.p. more than in June 2017, also in like-for-like terms. The **fully loaded leverage ratio** stood at 5.0%.
- **Tangible capital per share** is €4.20, up 2% year-on-year.

Fully loaded CET1

%

TNAV per share*

Euros



(*).- Data adjusted for the capital increase in July 2017.

Note: Including Banco Popular.

MAIN BUSINESS AREAS PERFORMANCE

Business areas (more detail in pages 24 to 39 and in the appendix)

(Changes in constant euros)

EUROPE

- **Continental Europe** posted underlying profit of €2,218 million, 11% more year-on-year excluding the one-offs in 2016 and in 2017. This growth was largely due to the fall in provisions and the improvement in fee income thanks to greater customer loyalty, as well as lower costs. Net interest income increased 1%.

  All units generated higher underlying profits: double digit growth in Spain, SCF and Portugal and to a lesser extent in Poland, affected by higher taxes and regulatory impacts.

  Continental Europe's profit was 8% higher in the third quarter, due to higher revenues which were partly offset by a higher tax charge.

- **United Kingdom's** profit of €1,201 million was 8% higher than in the first nine months of 2016, excluding capital gains from VISA and restructuring costs in the second quarter of last year. The main developments were 8% growth in gross income and control of costs.

  The third quarter profit was €377 million, 3% lower than in the second quarter, (as some one-offs were recorded), due to lower gross income partially offset by reduced provisions.

- **Banco Popular** recorded, since its incorporation on June 7, an underlying attributable profit of €178 million, and a loss of €122 million after registering integration costs.

THE AMERICAS

- **Latin America**: profit of €3,169 million, 24% higher year-on-year, underpinned by 17% growth in gross income thanks to the good performance of net interest income, fee income and gains on financial transactions. Volumes were higher, spreads improved, loyalty was stronger and the markets' environment was good.

  Loan-loss provisions remained stable, which meant an improvement in the cost of credit, and costs grew because of the investment plans in Mexico and the transformation of Argentinean network.

  Double-digit profit growth in the main units.

  Profit was 7% higher than in the second quarter, spurred by net interest income.

- **United States**: profit of €337 million, 12% less than in the first nine months of 2016, largely due to the fall in gross income because of the change in business mix toward a lower risk profile in SC USA, which entailed a reduction in revenues that was partly offset by lower provisions. Profit was also impacted by losses due to the sale of a portfolio and the impact of the hurricanes.

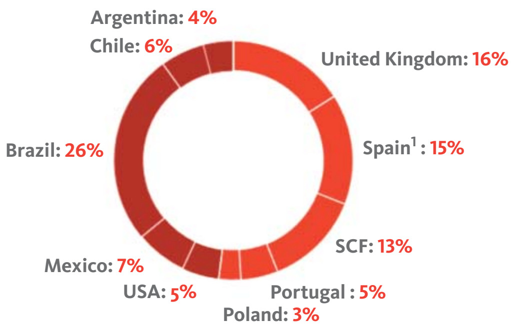
  In the third quarter over the second, profit was also lower due to the effects already mentioned.

Underlying attributable profit* 9M'17

€ million. % change / 9M'16 in constant euros

(*),- Excluding net capital gains and provisions

Underlying attributable profit Geographic distribution*, 9M'17



(1) Including Popular (2%)

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

» GENERAL BACKGROUND

Grupo Santander developed its business in an economic environment that continued to strengthen. The outlook for global growth this year is 3.7%, higher than in recent years. The mature economies where the Bank conducts its activity are more dynamic, particularly the euro zone, while among the developing ones Brazil and Argentina are recovering and Mexico is growing faster.

US interest rates were held in the third quarter and Brazil's continued to decline. The rest of central banks stuck to their benchmark rates.

Lastly, the euro strengthened in the third quarter against the currencies of the main countries where the Group operates.

Country	GDP* change	Economic performance
Eurozona	+2.1%	Growth remained at more than 2% and had virtually no impact on inflation (1.5% in September). The European Central Bank began to reduce its purchase of assets, but no interest rate changes are expected in the near future.
Spain	+3.0%	The economy is growing by more than 3% in a solid and balanced manner. The jobless rate fell to 17.2% in the second quarter. There were signs of slower job creation and moderation of confidence in the third quarter. Inflation was 1.8% in September.
Poland	+4.0%	Continued strong economic growth. Inflation still low (2.2% in September, below the central bank's 2.5% target) and the unemployment rate still at historically low levels (5.0% in June). The central bank's key rate (1.5%) was held.
Portugal	+2.9%	Growth accelerated in the second quarter and inflation remained low (1.4% in September) and below the ECB's target (2%). The jobless rate dropped to 8.8% and the fiscal deficit ended 2016 at 2% of GDP, a key factor behind S&P's decision to restore Portugal's investment grade status.
United Kingdom	+1.6%	The economy slowed down and sterling's depreciation is pushing up inflation (3.0% in September). The jobless rate, however, continued to fall to below the equilibrium level (4.3%). Interest rates could rise to 0.5% in November.
Brazil	0.0%	The economy returned to growth in the second quarter. Inflation eased to 2.5% and the central bank continued to soften its monetary policy, cutting the Selic rate to 8.25%. The real appreciated in the quarter to 3.4% against the dollar and depreciated 0.1% against the euro.
Mexico	+2.3%	Faster GDP growth, spurred by private consumption and exports. Inflation rose to 6.7% in August, but is expected in the medium term to move toward the target. The central bank held its key rate at 7.0%. The peso depreciated 0.8% against the dollar and 4.1% against the euro.
Chile	+0.5%	Inflation remained below 2% and the central bank held its key rate at 2.5% in the third quarter, with expectations of stability in the coming months. The peso appreciated 3.9% against the dollar in the third quarter and 0.4% against the euro.
Argentina	+1.6%	Economic policies continued to focus on correcting the macroeconomic imbalances and strengthening the external position. Inflation stabilised at below 1.5% a month and the economy recovered in the second quarter, underpinned by stronger investment and private consumption.
Estados Unidos	+2.1%	Growth accelerated in the second quarter (3.1% quarter-on-quarter annualised). The unemployment rate remained at a low (4.3%) and the Fed tightened its monetary policy (balance sheet reduction began in October). Inflation rose to 2.2% in September (1.6% in June).

(*) Year-on-year change 1H'17

Exchange rates: 1 euro / currency parity

	Average (income statement)		Period-end (balance sheet)		
	9M'17	9M'16	30.09.17	30.06.17	30.09.16
US dollar	1.112	1.116	1.181	1.141	1.116
Pound sterling	0.873	0.801	0.882	0.879	0.861
Brazilian real	3.525	3.935	3.764	3.760	3.621
Mexican peso	20.974	20.403	21.461	20.584	21.739
Chilean peso	726.965	758.226	754.533	757.563	733.618
Argentine peso	17.970	16.204	20.729	18.938	17.004
Polish zloty	4.264	4.357	4.304	4.226	4.319

GRUPO SANTANDER RESULTS. (INCLUDING BANCO POPULAR)

- Third quarter attributable profit of €1,461 million impacted by one-off charges. Excluding them, underlying profit was 13% higher (+18% in constant euros) than the second quarter at €1,976 million.
- The first nine months attributable profit was €5,077 million and underlying profit stood at €5,592 million, 15% higher year-on-year and 14% in constant euros.
- On an underlying basis, RoTE was 11.80% and RoRWA 1.47%, both better than in September 2016.
- Total earnings per share (EPS) of €0.316, 6% higher than in the same period of 2016 (underlying EPS of €0.350, +11% year-on-year).

Grupo Santander Income statement (including Banco Popular)

€ million

	3Q'17	2Q'17	Change %	Change % w/o FX	9M'17	9M'16	Change %	Change % w/o FX
Net interest income	**8,681**	**8,606**	**0.9**	**4.9**	**25,689**	**22,992**	**11.7**	**9.7**
Net fee income	2,888	2,916	(1.0)	2.8	8,648	7,543	14.7	12.4
Gains (losses) on financial transactions	422	286	47.5	54.3	1,282	1,311	(2.2)	(2.4)
Other operating income	260	240	8.3	12.0	712	720	(1.1)	(1.2)
Dividends	31	238	(87.1)	(86.5)	309	289	6.9	6.3
Income from equity-accounted method	188	160	17.5	20.8	480	314	52.8	49.4
Other operating income/expenses	42	(157)	—	—	(78)	116	—	—
Gross income	**12,252**	**12,049**	**1.7**	**5.7**	**36,330**	**32,565**	**11.6**	**9.6**
Operating expenses	(5,766)	(5,648)	2.1	5.8	(16,957)	(15,634)	8.5	7.3
General administrative expenses	(5,161)	(4,983)	3.6	7.4	(15,058)	(13,896)	8.4	7.2
Personnel	*(3,000)*	*(2,943)*	*1.9*	*5.5*	*(8,856)*	*(8,121)*	*9.0*	*7.8*
Other general administrative expenses	*(2,161)*	*(2,039)*	*5.9*	*10.2*	*(6,203)*	*(5,775)*	*7.4*	*6.4*
Depreciation and amortisation	(605)	(665)	(9.0)	(6.0)	(1,899)	(1,738)	9.2	8.2
Net operating income	**6,486**	**6,401**	**1.3**	**5.6**	**19,373**	**16,931**	**14.4**	**11.7**
Net loan-loss provisions	(2,250)	(2,280)	(1.3)	3.3	(6,930)	(7,112)	(2.6)	(6.3)
Impairment losses on other assets	(54)	(63)	(14.0)	(11.2)	(185)	(88)	109.7	103.7
Other income	(591)	(785)	(24.7)	(21.3)	(2,083)	(1,280)	62.7	58.1
Underlying profit before taxes	**3,591**	**3,273**	**9.7**	**14.0**	**10,175**	**8,451**	**20.4**	**19.2**
Tax on profit	(1,243)	(1,129)	10.1	13.9	(3,497)	(2,630)	33.0	31.8
Underlying profit from continuing operations	**2,347**	**2,144**	**9.5**	**14.1**	**6,678**	**5,821**	**14.7**	**13.5**
Net profit from discontinued operations	—	—	—	—	—	0	(100.0)	(100.0)
Underlying consolidated profit	**2,347**	**2,144**	**9.5**	**14.1**	**6,678**	**5,821**	**14.7**	**13.5**
Minority interests	371	395	(6.2)	(2.9)	1,085	966	12.3	9.9
Underlying attributable profit to the Group	**1,976**	**1,749**	**13.0**	**18.0**	**5,592**	**4,855**	**15.2**	**14.2**
Net capital gains and provisions*	(515)	—	—	—	(515)	(248)	107.4	101.0
Attributable profit to the Group	**1,461**	**1,749**	**(16.4)**	**(11.7)**	**5,077**	**4,606**	**10.2**	**9.4**
Underlying EPS (euros)**	**0.118**	**0.112**	**5.6**		**0.350**	**0.315**	**11.2**	
Underlying diluted EPS (euros)**	**0.118**	**0.111**	**5.7**		**0.349**	**0.314**	**11.2**	
EPS (euros)**	**0.084**	**0.112**	**(24.7)**		**0.316**	**0.298**	**6.1**	
Diluted EPS (euros)**	**0.084**	**0.111**	**(24.7)**		**0.315**	**0.297**	**6.2**	
Pro memoria:								
Average total assets	1,458,196	1,336,104	9.1		1,383,995	1,335,554	3.6	
Average stockholders' equity	93,855	90,812	3.4		93,178	88,235	5.6	

(*).- In 3Q'17, integration costs (Popular: €300 million and Germany: €85 million), and a €130 million charge for equity stakes and intangible assets.
In 2Q'16, capital gain from the disposal of VISA Europe (€227 million) and restructuring costs (€475 million).

(**).- Data adjusted for the capital increase in July 2017.

- The Group's attributable profit included a loss of €122 million at Popular, due to integration costs of €300 million recorded in the third quarter, as part of the measures announced at the time of the acquisition.
- Popular's profit excluding one-off items amounted to €178 million, stemming from €774 million in revenues, €484 million in costs and €46 million in loan-loss provisions.
- In order to make like-for-like comparisons with previous periods, we post the Group's results excluding Popular.

GRUPO SANTANDER RESULTS. (EXCLUDING POPULAR)

Third quarter attributable profit of €1,594 million, impacted by one-off items. Underlying profit of €1,809 million, 4% higher than the second quarter and 9% without the forex impact.

The first nine months profit was €5,199 million. Excluding one-off items, underlying profit stood at €5,414 million , 12% higher year-on-year and 11% in constant euros, with the main lines performing as follows:

- Gross income continued its good trend in the quarter.
- Costs under control improved the efficiency ratio to 46.3%, which remains among the best of our competitors.
- The cost of credit was 1.15% (-4 b.p. year-on-year), thanks to the improvement in the quality of portfolios

Grupo Santander Income statement (excluding Popular)

€ million

	3Q'17	2Q'17	Change %	Change % w/o FX	9M'17	9M'16	Change %	Change % w/o FX
Net interest income	**8,225**	**8,497**	**(3.2)**	**0.9**	**25,124**	**22,992**	**9.3**	**7.3**
Net fee income	2,760	2,885	(4.3)	(0.6)	8,489	7,543	12.5	10.3
Gains (losses) on financial transactions	413	287	43.8	50.5	1,273	1,311	(2.9)	(3.0)
Other operating income	220	240	(8.4)	(4.7)	671	720	(6.8)	(6.9)
Dividends	30	237	(87.3)	(86.7)	308	289	6.5	5.8
Income from equity-accounted method	140	154	(9.4)	(6.2)	427	314	35.9	32.8
Other operating income/expenses	50	(151)	—	—	(64)	116	—	—
Gross income	**11,617**	**11,910**	**(2.5)**	**1.6**	**35,556**	**32,565**	**9.2**	**7.3**
Operating expenses	(5,379)	(5,552)	(3.1)	0.6	(16,474)	(15,634)	5.4	4.2
General administrative expenses	(4,822)	(4,896)	(1.5)	2.3	(14,633)	(13,896)	5.3	4.2
Personnel	*(2,823)*	*(2,899)*	*(2.6)*	*1.0*	*(8,634)*	*(8,121)*	*6.3*	*5.1*
Other general administrative expenses	*(1,999)*	*(1,997)*	*0.1*	*4.3*	*(5,998)*	*(5,775)*	*3.9*	*2.9*
Depreciation and amortisation	(557)	(656)	(15.1)	(12.1)	(1,841)	(1,738)	5.9	4.9
Net operating income	**6,239**	**6,358**	**(1.9)**	**2.5**	**19,083**	**16,931**	**12.7**	**10.1**
Net loan-loss provisions	(2,212)	(2,272)	(2.7)	2.0	(6,883)	(7,112)	(3.2)	(6.9)
Impairment losses on other assets	(54)	(63)	(13.9)	(11.0)	(185)	(88)	109.8	103.8
Other income	(598)	(765)	(21.8)	(18.2)	(2,071)	(1,280)	61.8	57.2
Underlying profit before taxes	**3,375**	**3,258**	**3.6**	**7.9**	**9,944**	**8,451**	**17.7**	**16.5**
Tax on profit	(1,194)	(1,125)	6.2	10.0	(3,444)	(2,630)	31.0	29.8
Underlying profit from continuing operations	**2,180**	**2,133**	**2.2**	**6.8**	**6,500**	**5,821**	**11.7**	**10.5**
Net profit from discontinued operations	—	—	—	—	—	0	(100.0)	(100.0)
Underlying consolidated profit	**2,180**	**2,133**	**2.2**	**6.8**	**6,500**	**5,821**	**11.7**	**10.5**
Minority interests	371	395	(6.1)	(2.9)	1,086	966	12.3	9.9
Underlying attributable profit to the Group	**1,809**	**1,738**	**4.1**	**9.0**	**5,414**	**4,855**	**11.5**	**10.6**
Net capital gains and provisions*	(215)	—	—	—	(215)	(248)	(13.4)	(16.1)
Attributable profit to the Group	**1,594**	**1,738**	**(8.3)**	**(3.5)**	**5,199**	**4,606**	**12.9**	**12.0**

(*).- In 3Q'17, integration costs (Germany: €85 million), and a €130 million charge for equity stakes and intangible assets.
In 2Q'16, capital gain from the disposal of VISA Europe (€227 million) and restructuring costs (€475 million).

Third quarter 2017 compared to the second quarter

The third quarter underlying profit increased, backed by the good evolution of gross income and lower provisions, as follows (excluding the exchange rate impact):

- Higher gross income, underpinned by commercial revenues (net interest income and fee income), which increased for the fifth straight quarter, reflecting the greater activity and loyalty of our customers, seasonally high gains on financial transactions in the third quarter, and the contribution to the Single Resolution Fund made in the second quarter.
- Operating expenses under control and the efficiency ratio improved slightly.
- The cost of credit performed well and it is already better than the target announced at the Investor Day.
- Attributable profit amounted to €1,594 million including one-off items.

First nine months 2017 compared to the same period of 2016

Attributable profit rose 13% year-on-year to €5,199 million (excl. Popular). The underlying profit stood at €5,414, up 12% (+11% in constant euros), excluding the one-off items in 2016 and 2017.

The performance of the main lines is set out below, with all changes without the exchange rate impact.

Gross income

- The structure of our gross income, where net interest income and fee income account for 95% of total revenues, well above the average of our competitors, continues to enable us to grow in a consistent and recurring way. Gross income increased 7%, as follows:
  - **Net interest income** rose 7%, due to greater lending and higher deposits, mainly in developing countries, and management of spreads.

    All units increased their net interest income except for Spain, because of the impact of reduced volumes and interest rate pressure on loans; Portugal, due to sales of public debt; and the US, impacted by the fall in auto finance balances and the change of business mix toward a lower risk profile (higher FICO).
  - **Fee income** was up by more than 10%. Greater activity and customer loyalty pushed up fee income in almost all units. Double-digit growth in fee income from commercial and retail banking (85% of the total) as well as from Global Corporate Banking.
  - Gains on financial transactions (less than 4% of revenues) declined 3%, while other income fell 7%.

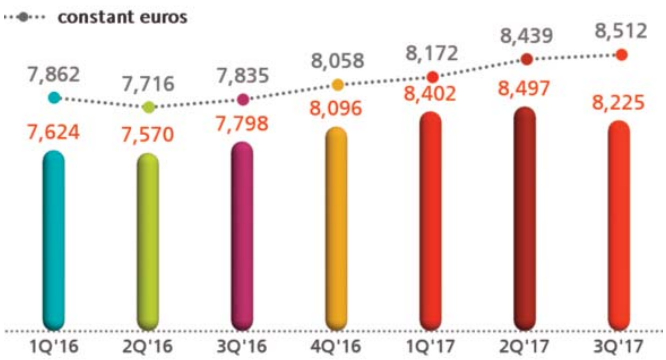
Operating expenses

- **Operating expenses** rose 4% as a result of higher inflation in many countries and high costs in developing countries, together with those linked to regulations and investments in commercial transformation.
- In real terms and on a like-for-like basis, the Group's costs were stable. Of note were Portugal (-9%), Spain (-5%) and Poland (-2%), as well as SCF (-1%). Of the other units, Argentina's were up, (increasing and transforming the retail network, and the salary agreement) and Mexico's (investment plan announced at the end of 2016).

In short, we kept up our focus on operational excellence and digitalisation in order to remain a reference in the sector in terms of efficiency, while we continued to enhance the customer experience.

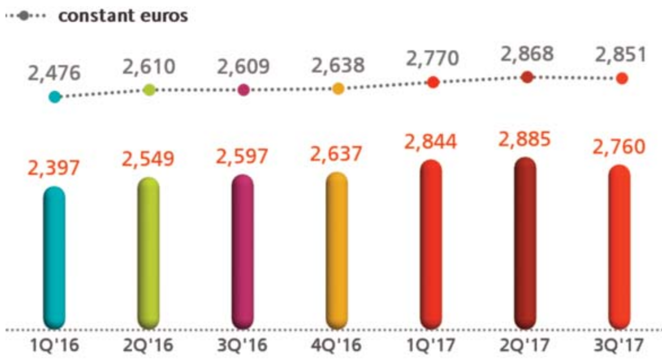
Net interest income

€ million



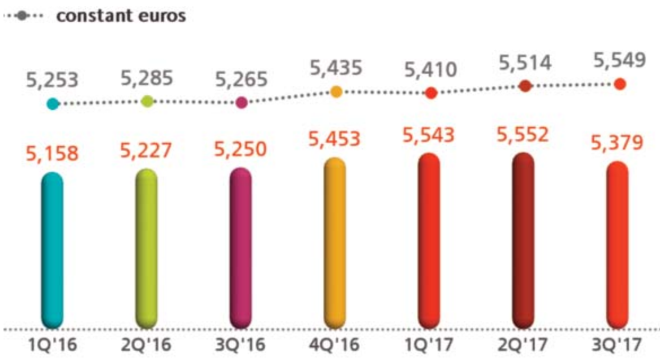
Fee income

€ million



Gross income
€ million

Operating expenses
€ million



Loan-loss provisions

- **Loan-loss provisions** fell 7%, enabling us to keep on improving the credit quality ratios of our businesses. By country:
  - Significant reductions in all euro zone units and Poland, as well as the US, Brazil and Chile. Particularly striking is the UK with a cost of credit close to zero.
  - Argentina's increased, in line with lending, and Mexico's because of higher provisions for consumer credit and the disposal of a portfolio in the first half of the year.

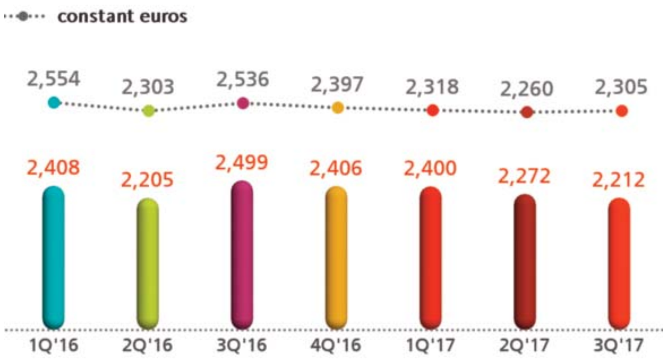
Other results and provisions

- **Other results and provisions** were €2,256 million negative, higher than in 2016, although the third quarter's were lower than in the first and second quarters. This item records different kinds of provisions, as well as capital gains, capital losses and assets impairment.

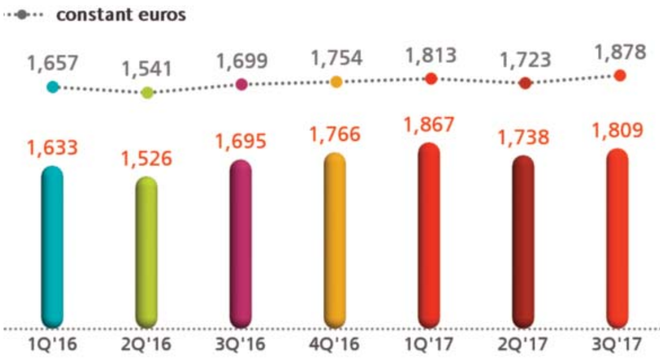
Profit

- **Pre-tax profit** rose 16% and **underlying attributable profit** 11%. The difference was due to the higher tax rate of 35% (31.1% in the first nine months of 2016).
- Including one-offs recorded in 2016 and 2017, **attributable profit** rose 13% (12% in constant euros).

Loan-loss provisions
€ million



Underlying attributable profit to the Group
€ million



Grupo Santander Balance sheet (including Banco Popular)

€ million

Assets	30.09.17	30.09.16	Change amount	%	31.12.16
Cash. cash balances at central banks and other demand deposits	122,055	63,717	58,338	91.6	76,454
Financial assets held for trading	126,650	152,814	(26,164)	(17.1)	148,187
Debt securities	37,977	41,233	(3,256)	(7.9)	48,922
Equity instruments	18,419	14,764	3,655	24.8	14,497
Loans and advances to customers	12,148	9,390	2,758	29.4	9,504
Loans and advances to central banks and credit institutions	1,192	3,671	(2,479)	(67.5)	3,221
Derivatives	56,913	83,756	(26,843)	(32.0)	72,043
Financial assets designated at fair value	38,160	45,158	(6,998)	(15.5)	31,609
Loans and advances to customers	20,595	15,433	5,162	33.4	17,596
Loans and advances to central banks and credit institutions	13,142	25,645	(12,503)	(48.8)	10,069
Other (debt securities an equity instruments)	4,423	4,080	343	8.4	3,944
Available-for-sale financial assets	139,461	113,947	25,514	22.4	116,774
Debt securities	134,568	109,241	25,327	23.2	111,287
Equity instruments	4,893	4,706	187	4.0	5,487
Loans and receivables	903,851	828,539	75,312	9.1	840,004
Debt securities	15,234	13,396	1,838	13.7	13,237
Loans and advances to customers	821,943	748,467	73,476	9.8	763,370
Loans and advances to central banks and credit institutions	66,674	66,676	(2)	(0.0)	63,397
Held-to-maturity investments	13,553	12,276	1,277	10.4	14,468
Investments in subsidaries. joint ventures and associates	6,832	3,481	3,351	96.3	4,836
Tangible assets	22,708	25,979	(3,271)	(12.6)	23,286
Intangible assets	28,538	28,748	(210)	(0.7)	29,421
o/w: goodwill	25,855	26,148	(293)	(1.1)	26,724
Other assets	66,222	54,879	11,343	20.7	54,086
Total assets	**1,468,030**	**1,329,538**	**138,492**	**10.4**	**1,339,125**

Liabilities and shareholders' equity					
Financial liabilities held for trading	110,024	116,249	(6,225)	(5.4)	108,765
Customer deposits	27,218	5,943	21,275	358.0	9,996
Debt securities issued	—	—	—	—	—
Deposits by central banks and credit institutions	1,629	2,393	(764)	(31.9)	1,395
Derivatives	57,766	85,407	(27,641)	(32.4)	74,369
Other	23,411	22,506	905	4.0	23,005
Financial liabilities designated at fair value	55,049	47,149	7,900	16.8	40,263
Customer deposits	25,721	24,465	1,256	5.1	23,345
Debt securities issued	2,733	2,965	(232)	(7.8)	2,791
Deposits by central banks and credit institutions	26,595	19,718	6,877	34.9	14,127
Other	0	1	(1)	(66.5)	—
Financial liabilities measured at amortized cost	1,147,403	1,021,138	126,265	12.4	1,044,240
Customer deposits	725,913	637,031	88,882	14.0	657,770
Debt securities issued	215,907	225,709	(9,802)	(4.3)	226,078
Deposits by central banks and credit institutions	176,890	134,590	42,300	31.4	133,876
Other	28,693	23,808	4,885	20.5	26,516
Liabilities under insurance contracts	1,673	665	1,008	151.6	652
Provisions	15,838	14,883	955	6.4	14,459
Other liabilities	29,321	28,332	989	3.5	28,047
Total liabilities	**1,359,307**	**1,228,416**	**130,891**	**10.7**	**1,236,426**
Shareholders' equity	115,723	105,221	10,502	10.0	105,977
Capital stock	8,020	7,217	803	11.1	7,291
Reserves	103,587	94,192	9,395	10.0	94,149
Attributable profit to the Group	5,077	4,606	471	10.2	6,204
Less: dividends	(962)	(794)	(168)	21.2	(1,667)
Accumulated other comprehensive income	(19,823)	(16,326)	(3,497)	21.4	(15,039)
Minority interests	12,824	12,227	597	4.9	11,761
Total equity	**108,723**	**101,122**	**7,601**	**7.5**	**102,699**
Total liabilities and equity	**1,468,030**	**1,329,538**	**138,492**	**10.4**	**1,339,125**

GRUPO SANTANDER BALANCE SHEET

- In the third quarter, without the exchange rate impact and excluding Banco Popular, lending rose 1% and funds rose 2%.
- In relation to September 2016 and excluding the exchange rate impact and Popular:
  - Gross loans excluding repos increased 1% with rises in retail banking and in 7 of the 10 core units.
  - Funds rose 8%, spurred by demand deposits and mutual funds. Growth in 9 of the 10 core units.
- Popular's contribution to the Group's balance sheet was €75,751 million of net loans and €69,842 million of deposits.

Loans and deposits (excluding Popular)

The appreciation/depreciation against the euro of the different currencies in which the Group operates had a negative impact on the evolution of the Group's customer balances of about 1% both in the third quarter and 2% year-on-year.

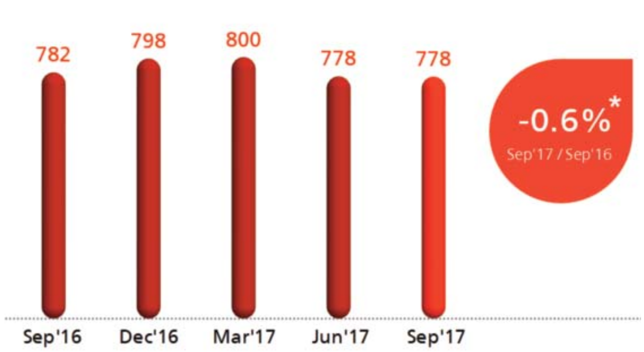
Gross customer lending

- Gross customer loans excluding repos showed a balanced structure: individuals (48%), consumer credit (16%), SMEs and companies (24%) and GCB (12%).
- **In the third quarter,** lending excluding the exchange rate impact rose 1%, as follows by countries:
  - Growing or stable in all units, except Spain (-2%) due to lower institutional loans and the United States (-1%). Of note Portugal (+8%), because of a corporate operation and Argentina (+9%).
- **Over September 2016**, and eliminating the exchange rate impact, total Group lending was 1% higher:
  - Increases in 7 of the 10 core countries, with significant growth in Argentina (+57%, benefiting from the integration of Citibank), Brazil (+9%), Portugal (+7%), SCF (+5%) and Poland (+5%).
  - Stable in the United Kingdom, falls in Spain (-3%, because of institutions and GCB) and the US (-6% due to the optimisation of portfolios).

Customer funds

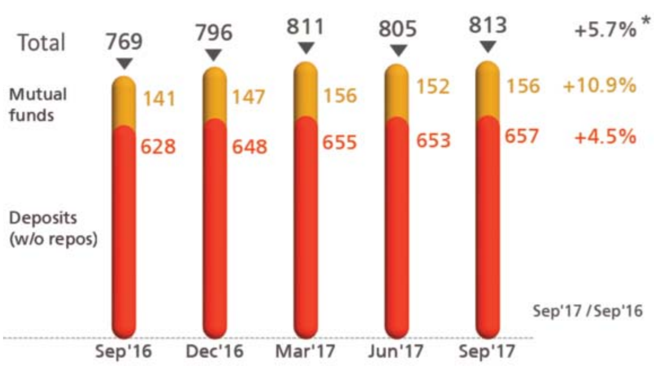
- **In the third quarter,** total funds (deposits excluding repos and including mutual funds) rose 2% excluding the exchange rate impact. Of note was the growth in Brazil (+10%), fuelled by the strategy of reducing *letras financeiras* and replacing them with low cost customer deposits in order to optimise the cost of funds.
- Growth of 8% **over September 2016,** excluding the exchange rate impact, as follows:

Gross customer loans (w/o repos) (excl. Popular)
€ billion



(*) In constant €: +1.4%

Customer funds (excl. Popular)
€ billion



(*) In constant €: +7.8%

- The strategy of loyalty and management of funding costs helped produce a 10% increase in demand deposits and 13% in mutual funds and a 2% fall in time deposits.
- The funds' structure was as follows: demand deposits (59%), time (22%) and mutual funds (19%).
- Growth in the nine of the 10 core units. The largest rise was in Argentina (+73%, partly due to Citibank's incorporation) and Brazil (+26%). Growth of more than 5% in Spain, Mexico and Poland. The only fall was in the US (-4%) due to lower balances with institutions.

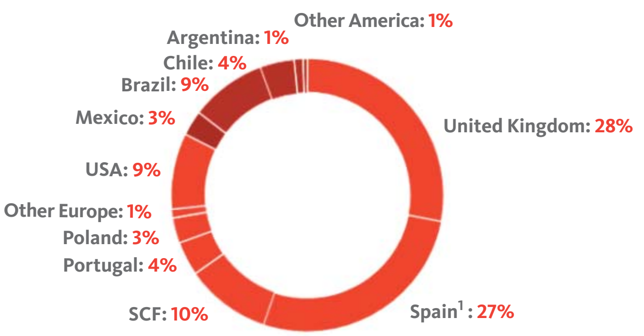
- As well as capturing deposits, the Grupo Santander attaches strategic importance to maintaining a selective policy of issuance in international fixed income markets, seeking to adapt the frequency and volume of market operations to each unit's structural liquidity needs, as well as to the receptiveness of each market.
- In the first nine months, the following **Grupo Santander issues (excluding Popular)** were made:
  - Medium and long-term senior debt of €6,432 million, covered bonds of €4,168 million and €9,636 million of securitisations placed in the market.
  - Eligible TLAC issues (Total Loss-Absorbing Capacity) to strengthen the Group's position for a total amount of €13,328 million. (senior non-preferred: €9,728 million, subordinated debt: €1,281 million, preferred shares: €2,319 million).
  - Medium and long-term debt maturities amounted to €28,760 million.
- The net loan-to-deposit ratio was 110% (116% in September 2016) and the ratio of deposits plus medium and long term funding to the Group's loans was 115%, underscoring the comfortable funding structure.

Evolution including Banco Popular

- Banco Popular contributed, after the adjustments made, €75,751 million of net loans and €69,842 million of deposits, mainly in Spain. Popular also contributed €9,731 million of mutual funds and €7,123 million of other off-balance sheet assets.
- Deposits continued to recover in the third quarter, following the acquisition. The increase in Spain since the end of June has been more than €7,000 million, bringing the total recovered amount to more than €10,000 million.
- Loans, on the other hand, are recovering at a slower pace, partly because of the summer season. In Spain, they declined about €2,000 million since the acquisition date, excluding real estate loans.

Gross customer loans (w/o repos)

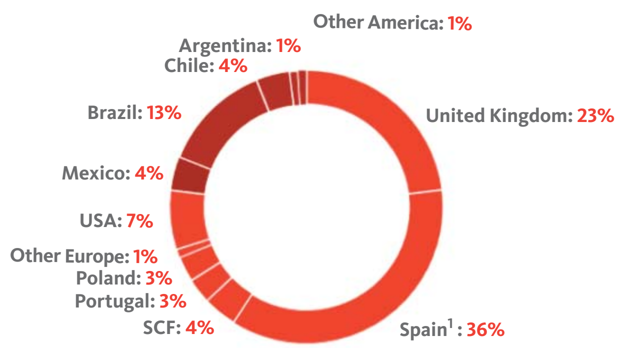
% / operating areas. September 2017



(1) Including Popular (9%)

Customer funds

% / operating areas. September 2017



(1) Including Popular (9%)

GRUPO SANTANDER SOLVENCY RATIOS

- **The fully loaded CET1 ratio was 10.80% at the end of September, with strong organic generation in the third quarter (+16 b.p.), partially absorbed by the impact of one-off charges in the quarter.**
- **Tangible equity per share was 2% higher year-on-year at €4.20.**
- **The fully loaded leverage ratio was 5.0%, (the same as in September 2016).**

- We continued to improve our solvency ratios. The fully loaded CET1 ratio increased 8 b.p. to 10.80%, excluding July's capital increase, as follows:
  - +16 b.p. from organic generation due to the underlying profit and management of risk assets.
  - -2 b.p. from markets and others.
  - -6 b.p. from the one-off charge.
- When calculating the ratio €280 million was deducted for the remuneration of the contingent-convertible preferred shares, as well as treasury stock, which at the end of September was irrelevant.
- Banco Santander also made an issue of preferred shares contingently convertible into ordinary new issue shares of the Bank, eligibe as additional Tier 1 or AT1 for a nominal amount of €1,000 million.

  The remuneration of the shares, whose payment is subject to certain conditions and is also discretional, has been set at 5.25% a year for the first six years, and then reviewed every five years applying a spread of 499.9 b.p. on the 5-year Mid-Swap rate.

  Following the transactions made within the issues plan, the Tier I fully loaded capital ratio stood at 12.04%, 60 b.p. more in the last 12 months.
- In regulatory terms, the total capital ratio was 14.89% and the phase-in CET1 12.18%. The minimum ratios required by the European Central Bank for Grupo Santander on a consolidated basis for 2017 are 11.27% for the total capital ratio and 7.77% for the CET1.

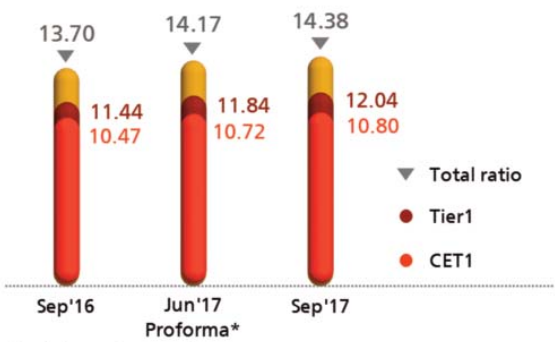
Eligible capital. September 2017

€ million

	Phase-in	Fully-loaded
CET1	75,843	67,210
Basic capital	78,998	74,964
Eligible capital	**92,714**	**89,548**
Risk-weighted assets	622,548	622,548
CET1 capital ratio	**12.18**	**10.80**
T1 capital ratio	**12.69**	**12.04**
Total capital ratio	**14.89**	**14.38**

Fully-loaded capital ratio

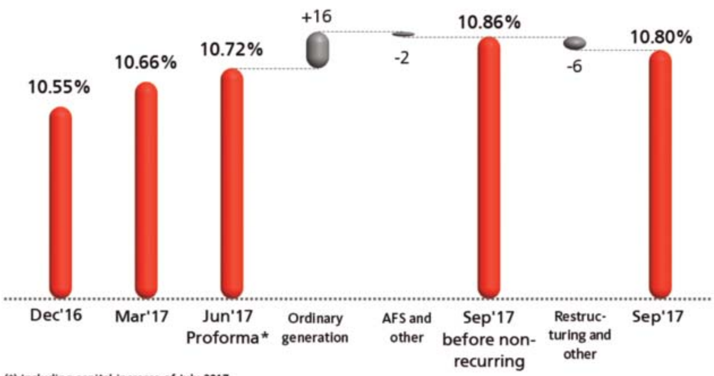
%



(*) Including capital increase of July 2017

Fully loaded CET1

%



(*) Including capital increase of July 2017

RISK MANAGEMENT

- **The Group's NPL ratio (excluding Banco Popular) remained favourable and was 3.51% at the end of September (-4 b.p. in the quarter and -64 b.p. in the last 12 months).**
- **Good evolution of the cost of credit (1.15%), 4 b.p. better than in the second quarter and year-on-year.**
- **On a like-for-like basis and isolating the forex impact, loan-loss provisions were 7% lower year-on-year and coverage was 72%.**
- **Banco Popular's NPL ratio was 8.8 p.p. lower at 11.17%, mainly due to the agreement to sell a majority stake in the real estate portfolio. The coverage ratio is 47%.**

Credit risk management excluding Popular

- Non-performing loans (excluding Banco Popular) stood at €29,434 million at the end of September, 1% lower than in the second quarter and 15% year-on-year. The NPL ratio was 3.51% (-4 b.p. quarter-on-quarter and -64 b.p. year-on-year).
- Loan-loss provisions amounted to €21,272 million (coverage of 72%, at constant perimeter). In order to properly view this figure, it should be remembered that the NPL ratios of the UK and Spain are affected by the weight of mortgage balances, which require fewer provisions as they have guarantees.
- The cost of credit (1.15%) continued its favourable trend both in quarter-on-quarter and year-on-year terms.

The NPL and coverage ratios of the main countries where the Group operates are set out below:

- In **Spain**, the favourable trend was due to pro-active management of the irregular portfolio and the good evolution of the macroeconomic environment.

  The Real Estate Unit in Spain reduced its NPL ratio in the quarter mainly due to outflows via recovery and, to a lesser extent, foreclosures.
- **Poland's** NPL ratio rose a little because of lower lending, particularly to companies.
- **Portugal's** NPL ratio maintained its positive trend, thanks to higher lending, the sale of a company position and the good performance of the different portfolios.
- In the **United Kingdom** the different portfolios continued to perform well, mainly mortgages and companies, against a backdrop, moreover, of higher lending.
- The positive trend in **Chile** in the quarter was largely due to the performance of the portfolios of individual borrowers and companies.
- In the **United States** the NPL ratio was lower, mainly due to the good performance of the companies' segment at Santander Bank
- Lastly, the NPL ratios of **Santander Consumer Finance**, **Brazil** and **Mexico**, remained virtually stable.

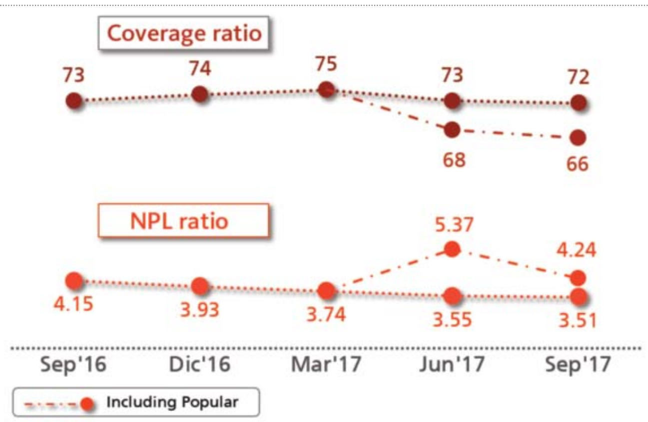
Credit risk management (excluding Popular)
€ million

	30.09.17	30.09.16	Var. %	31.12.16
Non-performing loans	29,434	34,646	(15.0)	33,643
NPL ratio (%)	3.51	4.15		3.93
Loan-loss allowances	21,272	25,171	(15.5)	24,835
For impaired assets	12,923	16,724	(22.7)	15,466
For other assets	8,349	8,447	(1.2)	9,369
Coverage ratio (%)	72.3	72.7		73.8
Cost of credit (%)	1.15	1.19		1.18

Credit risk management. September 2017
€ million

	NPL ratio	Change (b.p.) QoQ	Change (b.p.) Yq	Coverage ratio
Spain	4.99	—	(83)	45.2
Real State Spain	90.64	(55)	602	52.2
Consumer Finance	2.60	(1)	(26)	104.3
Poland	4.70	4	(101)	67.6
Portugal	6.93	(74)	(247)	60.4
United Kingdom	1.32	9	(15)	31.5
Brazil	5.32	(4)	(80)	97.6
Mexico	2.56	(2)	(39)	110.3
Chile	4.95	(5)	(17)	58.5
United States	2.56	(8)	32	187.5
Banco Popular	11.17	(883)	—	46.7

NPL and coverage ratios. Total Group
%



Non-performing loans by quarter (excluding Popular)

€ million

	2016				2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Balance at beginning of period	37,094	36,148	36,291	34,646	33,643	32,158	29,745
Net entries	1,668	2,221	1,763	1,710	1,583	2,255	2,324
Increase in the scope of consolidation	13	664	21	36	18	—	—
Exchange rate differences and other	72	869	(44)	315	536	(854)	(150)
Write-offs	(2,699)	(3,612)	(3,385)	(3,063)	(3,623)	(3,813)	(2,485)
Balance at period-end	**36,148**	**36,291**	**34,646**	**33,643**	**32,158**	**29,745**	**29,434**

Credit quality ratios including Banco Popular

- Banco Popular's non-performing loans stood at €10,008 million, and the NPL ratio was 11.17%, a decline of almost 9 p.p. over the second quarter, following the transaction with Blackstone (commented on page 23 of this report). Loan-loss provisions amounted to €4,672 million (coverage ratio of 47%).
- As a result, the Group's NPL ratio after integrating Banco Popular was 4.24%, improving 113 b.p. in the third quarter. The coverage ratio was 66%.

Structural FX risk ex-Popular

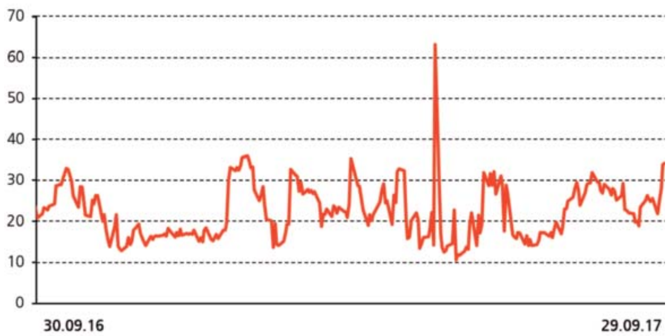
- As regards the structural forex risk, Santander maintains a core capital coverage ratio of around 100% in order to protect itself from exchange rate movements.

Market risk excluding Popular

- The risk of trading activity in the third quarter of global corporate banking, measured in daily VaR terms at 99%, fluctuated between €14.1 million and €34.3 million. These figures are low compared to the size of the Group's balance sheet and activity.
- The average VaR was slightly higher in the second part of the quarter due to volatility in Brazil, both in interest rates and exchange rates, increasing the exposure to these risks temporarily and always within the established limits.
- In addition, there are other positions classified for accounting purposes as trading. The total VaR of trading of this accounting perimeter at the end of September was €35.2 million.

Trading portfolios*. VaR performance

€ million



(*) Activity performance in Global Corporate Banking financial markets

Trading portfolios*. VaR by geographic region

€ million

	2017		2016
Third quarter	Average	Latest	Average
Total	**22.9**	**34.3**	**18.4**
Europe	6.3	7.2	7.9
United States and Asia	1.8	2.4	1.1
Latin America	21.9	34.3	14.2
Global activities	0.2	0.6	0.5

(*) Activity performance in Global Corporate Banking financial markets

Trading portfolios*. VaR by market factor

€ million

Third quarter	Min,	Avg,	Max,	Last
VaR total	**14.1**	**22.9**	**34.3**	**34.3**
Diversification efect	(2.7)	(6.2)	(10.8)	(7.8)
Interest rate VaR	11.1	17.3	24.8	19.6
Equity VaR	1.4	2.6	5.7	5.7
FX VaR	2.7	6.3	13.5	13.5
Credit spreads VaR	2.3	3.0	3.6	3.3
Commodities VaR	—	—	—	—

(*) Activity performance in Global Corporate Banking financial markets

» REAL ESTATE ACTIVITY IN SPAIN

- As announced after the acquisition of Banco Popular, and in order to reduce Grupo Santander's unproductive assets to irrelevant levels, on August 8th Banco Popular formalised agreements with the Blackstone fund for the acquisition by the fund of 51% of Banco Popular's real estate business and thus control over it. This business consists of the foreclosed real estate portfolio, non-performing loans emanating from the real estate sector and other assets related to Banco Popular's activity and that of its subsidiaries.

- Closing of the Transaction will involve the creation of a company to which Banco Popular will transfer the Business (with an aggregate gross book value of approximately €30,000 million) and 100% of the share capital of Aliseda. The valuation attributed to the assets in Spain (real estate, loans and tax assets, excluding Aliseda) is approximately €10,000 million and is subject to final determination based on the assets remaining within the Business at closing and the integration of Aliseda. From closing, Blackstone will undertake the management of the Business.

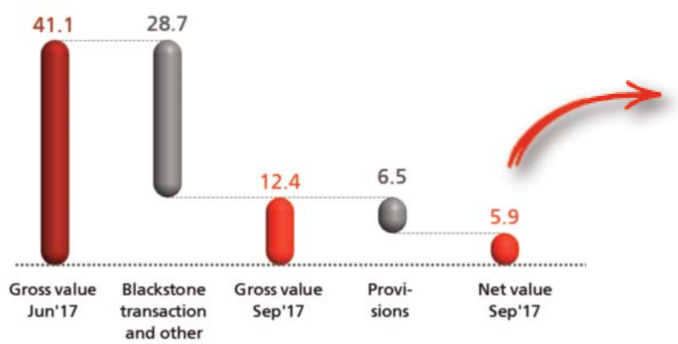
- The operation is expected to be closed during the first quarter of 2018 once the required regulatory authorisations have been obtained.

- The operation does not involve for Banco Popular and Banco Santander any significant impact on the P&L, and is estimated will produce a positive impact on Banco Santander's fully loaded CET1 ratio of 12 b.p. Moreover, the capital consumption of 5 basis points which would result from the purchase of a 51% interest in Aliseda by Banco Popular will be released.

- The total real estate exposure (the sum real estate activity in Spain and the real estate exposure of Popular, also in Spain) stands at €5,900 million (coverage of 52%). This comprises real estate assets for a net value of €4,575 million (coverage of 52%) and real estate loans of €1,325 million (coverage of 55%).

Real estate activity Grupo Santander*. Exposure

€ billion



€ million	Net value
Real estate assets	**4,575**
- Foreclosed	3,372
- Rentals	1,203
Non-performing real estate loans	**1,325**
Assets + non-performing real estate	**5,900**

(*) Including Banco Santander's Real Estate Activity Spain and Banco Popular's

» DESCRIPTION OF THE BUSINESSES

In 2017 Grupo Santander is maintaining the same general criteria applied in 2016, as well as the business segments, with the following exceptions:

- In the second quarter of 2016, and in order to make it comparable with the same period of 2015, the contribution to the Single Resolution Fund (SRF) of €120 million net was reclassified to “Net capital gains and provisions” from “Other operating results.” In the fourth quarter, this reclassification was reversed. In the information presented here, and in order to facilitate the quarterly comparison, the contribution to the SRF is recorded in "Other operating results". This change affects the composition of the consolidated Group accounts, Spain, Santander Consumer Finance and Portugal, but not the attributable profit.
- Assigning to the various countries and global segments the capital gains and non-recurring provisions that were being presented in the Corporate Centre. They relate to the second and fourth quarters of 2016 and affect the attributable profit of the units of Spain (-€216 million), Santander Consumer Finance (+€25 million), Poland (+€29 million), United Kingdom (-€30 million), United States (-€32 million) and, as a counterpart of all of them, the Corporate Centre itself (+€231 million). The Group’s total attributable profit does not change.
- Annual adjustment of the perimeter of the Global Customer Relationship Model between Retail Banking and Santander Global Corporate Banking. This change has no impact on the geographic businesses.

The financial statements of each business unit 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 holding Santander Holdings USA (SHUSA) and its subsidiaries Santander Bank, Banco Santander Puerto Rico, Santander Consumer USA, Banco Santander International, Santander Investment Securities and the New York branch.
- **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 Activity.
  - **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.

The acquired perimeter of Banco Popular is temporarily presented separately.

In addition to these operating units, which report by geographic area and by businesses, the Group continues to maintain the area of **Corporate Centre**. This area 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 via issues.

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.

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	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Continental Europe	**1,652**	**11.2**	**11.4**	**4,832**	**6.4**	**6.0**
o/w: Spain	621	13.8	13.8	1,907	6.6	6.6
Santander Consumer Finance	650	5.9	6.0	1,880	5.4	5.0
Poland	209	(1.8)	(1.0)	596	9.3	7.0
Portugal	168	31.2	31.2	452	(1.6)	(1.6)
United Kingdom	**703**	**(14.4)**	**(10.6)**	**2,232**	**5.9**	**15.3**
Latin America	**3,442**	**(0.9)**	**4.1**	**10,418**	**29.8**	**21.5**
o/w: Brazil	2,298	1.3	6.3	6,970	40.4	25.8
Mexico	536	(3.1)	(0.9)	1,594	11.8	15.0
Chile	351	(8.4)	(5.2)	1,116	8.5	4.0
United States	**861**	**(16.8)**	**(10.6)**	**2,938**	**(13.3)**	**(13.6)**
Operating areas	**6,658**	**(2.3)**	**1.7**	**20,420**	**13.0**	**10.5**
Corporate Centre	(419)	(8.7)	(8.7)	(1,337)	17.8	17.8
Total Group (Ex-Popular)	**6,239**	**(1.9)**	**2.5**	**19,083**	**12.7**	**10.1**
Popular	**247**			**290**		
Total Group	**6,486**	**1.3**	**5.6**	**19,373**	**14.4**	**11.7**

Attributable profit to the Group

€ million	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Continental Europe*	**750**	**8.0**	**8.3**	**2,218**	**11.8**	**11.4**
o/w: Spain*	311	28.9	28.9	914	16.5	16.5
Santander Consumer Finance*	309	(3.2)	(3.0)	943	14.4	13.9
Poland*	76	(8.2)	(7.6)	219	4.9	2.7
Portugal	103	(3.8)	(3.8)	336	14.6	14.6
United Kingdom*	**377**	**(7.6)**	**(3.4)**	**1,201**	**(0.4)**	**8.4**
Latin America	**1,069**	**1.8**	**7.1**	**3,169**	**30.8**	**24.0**
o/w: Brazil	659	8.0	13.0	1,902	49.1	33.6
Mexico	182	(2.7)	(0.6)	532	15.6	18.8
Chile	143	(4.2)	(1.0)	440	16.7	11.9
United States	**93**	**(37.2)**	**(31.7)**	**337**	**(11.5)**	**(11.9)**
Operating areas*	**2,289**	**(0.5)**	**3.1**	**6,925**	**15.5**	**14.7**
Corporate Centre*	(480)	(14.7)	(14.7)	(1,511)	32.5	32.5
Total Group (Ex-Popular)*	**1,809**	**4.1**	**9.0**	**5,414**	**11.5**	**10.6**
Popular*	**168**			**178**		
Total Group*	**1,976**	**13.0**	**18.0**	**5,592**	**15.2**	**14.2**
Net capital gains and provisions	(515)	—	—	(515)	107.4	101.0
Total Group	**1,461**	**(16.4)**	**(11.7)**	**5,077**	**10.2**	**9.4**

(*),- In the units. underlying attributable profit (excluding net capital gains and provisions)

Gross customer loans w/o repos

€ million	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Continental Europe	**304,117**	**(0.2)**	**(0.0)**	**304,117**	**0.8**	**1.0**
o/w: Spain	148,838	(1.8)	(1.8)	148,838	(2.7)	(2.7)
Santander Consumer Finance	89,003	0.1	(0.1)	89,003	4.4	5.1
Poland	22,226	0.3	2.2	22,226	5.4	5.0
Portugal	31,190	8.4	8.4	31,190	6.6	6.6
United Kingdom	**235,704**	**0.1**	**0.4**	**235,704**	**(2.5)**	**(0.2)**
Latin America	**154,722**	**1.7**	**3.1**	**154,722**	**4.1**	**7.5**
o/w: Brazil	75,622	3.1	3.2	75,622	4.5	8.6
Mexico	29,347	(0.8)	3.5	29,347	3.0	1.7
Chile	37,281	2.5	2.1	37,281	0.9	3.8
United States	**76,725**	**(4.5)**	**(1.2)**	**76,725**	**(10.8)**	**(5.7)**
Operating areas	**771,269**	**(0.2)**	**0.6**	**771,269**	**(0.9)**	**1.2**
Total Group (Ex-Popular)	**777,617**	**(0.0)**	**0.7**	**777,617**	**(0.6)**	**1.4**
Popular	**79,573**	**(14.5)**	**(14.5)**	**79,573**		
Total Group	**857,189**	**(1.6)**	**(0.9)**	**857,189**	**9.6**	**11.8**

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

€ million	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Continental Europe	**341,480**	**0.8**	**0.9**	**341,480**	**7.0**	**7.0**
o/w: Spain	240,192	0.4	0.4	240,192	8.2	8.2
Santander Consumer Finance	35,777	0.8	0.7	35,777	4.2	4.8
Poland	26,824	0.4	2.2	26,824	6.3	5.9
Portugal	32,017	0.5	0.5	32,017	0.9	0.9
United Kingdom	**207,861**	**(0.3)**	**(0.1)**	**207,861**	**0.8**	**3.2**
Latin America	**202,638**	**4.8**	**6.4**	**202,638**	**15.4**	**19.5**
o/w: Brazil	113,031	10.1	10.2	113,031	21.1	25.8
Mexico	38,643	(2.7)	1.4	38,643	11.0	9.6
Chile	33,215	1.6	1.2	33,215	1.1	4.0
United States	**60,916**	**(4.4)**	**(1.1)**	**60,916**	**(8.8)**	**(3.6)**
Operating areas	**812,894**	**1.0**	**1.8**	**812,894**	**5.9**	**7.9**
Total Group (Ex-Popular)	**813,092**	**1.0**	**1.8**	**813,092**	**5.7**	**7.8**
Popular	**79,240**	**12.3**	**12.3**	**79,240**		
Total Group	**892,332**	**1.9**	**2.7**	**892,332**	**16.0**	**18.3**

SPAIN*

€914 M
Underlying profit

Contribution to the Group's profit: **13%**

FIRST NINE MONTHS HIGHLIGHTS

- Our strategies to increase customer loyalty and means of payment are yielding good results (+31% in loyal customers and +46% in revenue from cards).
- We progressed in digital transformation with the launch of *Digilosofía* and continued to be the market leaders in payments via mobile phones (market share of around 60%).
- Our drive in business with companies enabled us to grow our market share in new lending and in value-added products. The balance in SMEs has risen by €1,100 million this year.
- First nine months attributable profit of €914 million, 16% higher year-on-year.

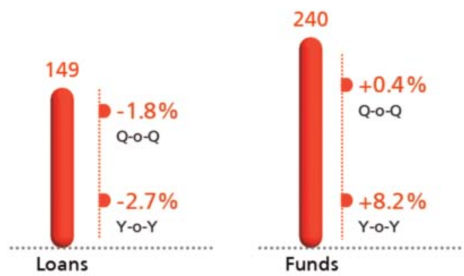
Commercial activity

- Our *1|2|3 Smart* strategy is enabling us to continue to improve customer loyalty (+36% individuals and +14% companies).
- Revenue from credit cards grew 46%, focused on the *1|2|3 World*. We reached more than 170,000 customers with the recently launched *1|2|3 Smart* for millennials and more than 50,000 *La Liga* credit cards were issued in its first days.
- In companies, 23% growth year-on-year in international business, further strengthening our activity in the Spain-UK trade corridor. Furthermore, our joint action plan among companies and wholesale banking secured our leadership in fixed income and syndicated loan rankings (18% market share in the latter).
- Further progress in digital transformation. The new app and the launch of *Digilosofia* enabled us to increase sevenfold the weekly capturing of digital customers. We also maintained our leadership in payments via mobile phones in Spain. Santander is the first Spanish entity to provide mobile phone payments with both, *Apple Pay* and *Samsung Pay*.

Business performance

- New lending rose 13% year-on-year, with growth in all segments and an increase in entry rates and fees. Of note among the segments was retail banking (+25%) and by product mortgages (+30%), consumer credit (+14%) and loans to companies.
- Year-on-year and quarter-on-quarter growth in deposits continued (+17% in demand deposits in the last 12 months). Mutual funds increased 15%.

Activity
€ billion and % change



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

Results

The third quarter, attributable profit was 29% higher due to lower provisions and the recording in the second quarter of the contribution to the Single Resolution Fund.

The first nine months attributable profit was €914 million, 16% higher year-on-year. By lines:

- Positive evolution of fee income (+13%), with good performance of the main lines, both commercial and wholesale banking, which offset the pressure on net interest income and lower gains on financial transactions.
- Continuous improvement in costs (-3% year-on-year), after absorbing those associated with the launch of Openbank.
- Provisions fell 19%. Enhanced credit quality: NPL ratio of 4.99% (-83 b.p. year-on-year) and coverage at 45%. The cost of credit fell to 0.31% (0.41% in September 2016).

P&L
€ million and % change

*Ex-Popular

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SANTANDER CONSUMER FINANCE

€943 M
Underlying profit

Contribution to the Group's profit: **13%**

FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

- **Higher new lending in our core countries. Of note, auto lending (+11%).**
- **High profitability (RoTE of 16.7%) combined with a historically low cost of credit.**
- **Attributable profit of €858 million, including costs of €85 million to Germany.**
- **The underlying profit was €943 million, 14% higher than in the same period of 2016.**

Commercial activity

- The European units of Santander Consumer Finance conducted their business in an environment of recovery of consumption and of new car sales (+4% year-on-year).
- SCF continued to gain market share, underpinned by a solid business model: geographic diversification, critical mass in key products, better efficiency than its competitors and a common risk system that enables high credit quality to be maintained.
- Management continued to focus on boosting auto finance and consumer credit through agreements with the main distributors and strengthen digital channels.

Business performance

- New lending increased 9% year-on-year, spurred by auto finance (+11%). Growth in the main units, particularly in Italy, France and Poland (+19%, +15% and +13%, respectively).
- Of note in funds were stable customer deposits of around €35,800 million, something that distinguishes us from our competitors.
- Recourse to wholesale funding was €6,606 million in the first nine months, via senior issues and securitisations. Customer deposits and medium and long-term issues-securitisations placed in the market covered 71% of net lending at the end of September.

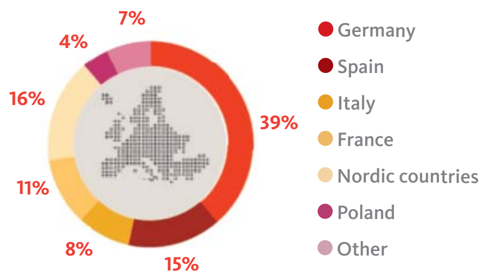
Results

The third quarter attributable profit was 30% lower than the second quarter's, mainly due to the recording of integration costs of commercial networks in Germany (€85 million net of tax). On an underlying basis, gross income improved, costs remained flat and loan-loss provisions rose because of the sale of portfolios in the second quarter.

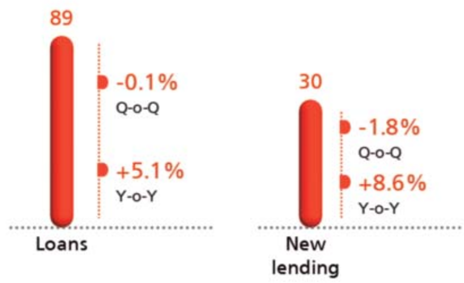
The first nine months attributable profit was €858 million. Underlying profit (excluding integration costs) amounted to €943 million, a double-digit increase, due to:

- Higher gross income, mainly due to net interest income (+5%).
- The efficiency ratio was 43.9%, an improvement of 0.4 p.p.
- Loan-loss provisions fell 31% and and the cost of credit improved to 0.34% backed by the outstanding performance of portfolios and good management of recoveries.
- The NPL ratio was 2.60% (-26 b.p. year-on-year) and the coverage ratio stood at 104%.
- The main units by growth in profits were Spain (+21%), Nordic countries (+14%), Poland (+42%) and France (+20%).

Customer loans by geographic area
%



Activity
€ billion and % change



Note: Gross loans w/o repos

P&L
€ million and % change in constant euros

Detailed financial information on page 50

POLAND

€219 M
Underlying profit

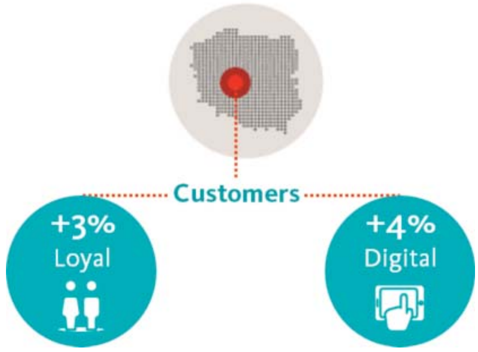
Contribution to the Group's profit: 3%

FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

- Bank Zachodni continues to be the market leader in mobile and online banking
- Balanced growth in loans and deposits. In lending the focus is on mortgages, SMEs and leasing. In funds, focus on demand deposits
- In results, focus on management of spreads, revenues and costs in a low interest rates environment
- Attributable profit down 10%, affected by the extraordinary contribution to the Deposit Guarantee Fund (BFG), as it is non-tax deductible, and the higher impact of the tax on assets.

Commercial activity

- The Bank's main goal is to be the bank of first choice, responding to and predicting customer expectations. Transformation objectives focus on increasing sales productiveness, cost-efficiency and implementing innovations.
- Santander remains as benchmark bank in digital channels. Launch of the new proposal *As I Want it Account,* which enables customers to decide what they need and how to pay for the products and services offered. Current customers can change their current account for the new one in the electronic banking channel *BZWBK24*. Until the end of September, 115,000 accounts were open.
- New initiatives were drawn up at Bank Zachodni WBK to improve communication and bring the brand closer to customers.

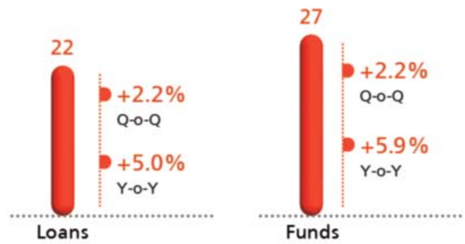


Business performance

- Loans rose 5% year-on-year backed by the Bank's target segments: SMEs (+8%) and individuals (+5%). By products, mortgages (+6%) and consumer credit (+5%). Corporate lending rose 3% and to GCB 15%.
- Deposits increased 5% year-on-year, also boosted by individuals (+6%), SMEs (+9%) and GCB (+13%). Management of spreads was reflected in a 10% rise in demand deposits and a fall of 3% in time deposits.
- This evolution maintained our solid funding structure (net loan-to-deposit ratio of 93%).

Activity

€ billion and % change in constant euros



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

Results

The third quarter attributable profit of €76 million was 8% less than the second quarter, mainly due to lower collection of dividends, which are seasonally higher in the second quarter.

The first nine months attributable profit was €219 million, 10% lower than the same period of 2016, when the capital gains of VISA Europe and restructuring costs were recorded.

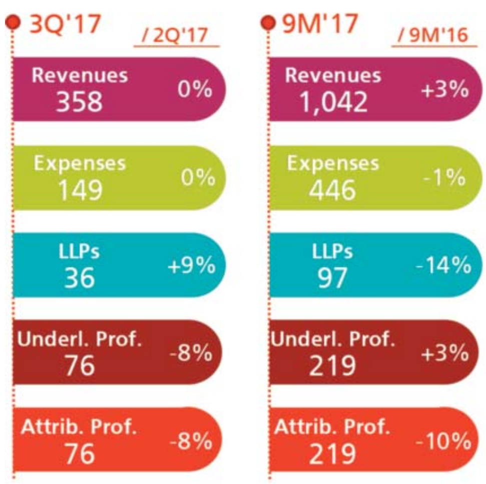
Underlying profit was 3% higher than in 2016, impacted by the extraordinary contribution to the BFG, as it is non-tax deductible, and the higher impact of tax on assets.

On the other hand, the most recurring lines performed well:

- Revenues increased, boosted by net interest income (+10%) and fee income (+7%), partially offset by lower gains on financial transactions (-45%).
- Operating expenses were down 1%. Personnel expenses were slightly higher (+2%) and general ones fell 5%.
- Lower loan-loss provisions (-14%) with material improvement in the NPL ratio (4.70% vs. 5.71% in September 2016) and in the cost of credit (0.61% vs. 0.76% in September 2016).

P&L

€ million and % change in constant euros



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PORTUGAL*

€336 M
Underlying profit

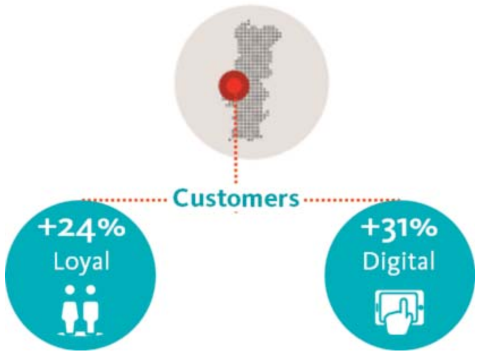
Contribution to the Group's profit: **5%**

FIRST NINE MONTHS HIGHLIGHTS

- The commercial transformation programme continued to drive growth in loyal and digital customers
- Profit rose in the first nine months year-on-year, due to lower costs and provisions which more than offset the reduced revenues affected by the sale of loan portfolios and ALCO
- Santander Totta's board approved the acquisition of Banco Popular Portugal, pending the required authorisations

Commercial activity

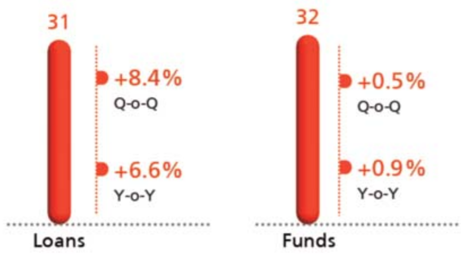
- The Bank is maintaining its strategy of transforming the commercial model, streamlining processes and developing new multi channel distribution solutions in order to improve the quality of customer service and efficiency.
- Activity in banking for individuals continues to be underpinned by the *1|2|3 World* programme. This continued to evolve positively, with a strong increase in the number of accounts, credit cards and protection insurance.
- New mortgage business remained strong, with market shares of more than 20%.
- The focus in companies remained on developing digital platforms, such as the new *Santander Totta Companies* app. Market shares in lending were around 16%.
- In September €1 billion of 10-year covered bonds were placed in the market. Santander was the first bank to place an issue with this maturity in Portugal since 2010.



Business performance

- Lending rose 7% year-on-year, benefiting from a corporate operation in the third quarter. Excluding this impact, there was also a change in trend and a positive evolution in the quarter thanks to strong lending.
- Year-on-year growth in funds, mainly due to demand deposits (+19%), as time deposits continued to decline, reflecting the strategy to improve the financial cost, which dropped from 0.41% in September 2016 to 0.22%. Mutual funds rose 32%.

Activity
€ billion and % change



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

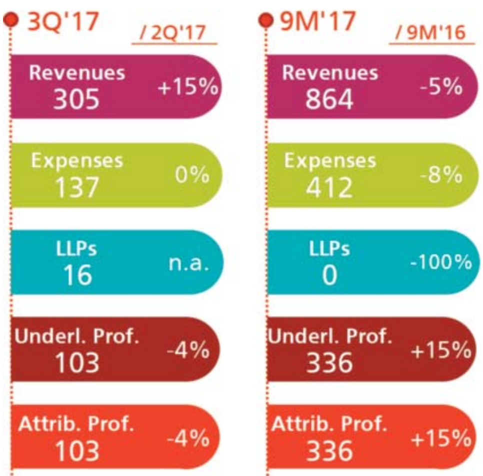
Results

The third quarter attributable profit was lower, due to the higher tax charge. Profit before tax increased 13% thanks to the good evolution of gross income, with net interest income up 7% (larger volume of lending and lower cost of deposits) and control of costs.

The first nine months attributable profit was 15% higher y-o-y at **€336 million**. By lines:

- Gross income, despite the good evolution of fee income, was affected by lower balances from the sale of ALCO portfolios.
- Fall in operating expenses from the policy of optimising the commercial structure in order to adjust it to the business environment.
- Irrelevant provisions due to the sale of loan portfolios, reflected in improved credit quality: NPL ratio of 6.93%, down from the peak of 10.5% after Banif's incorporation in 2016.

P&L
€ million and % change



*Ex-Popular

Detailed financial information on page 52

UNITED KINGDOM

€1,201 M
Underlying profit

Contribution to the Group's profit: **16%**

FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

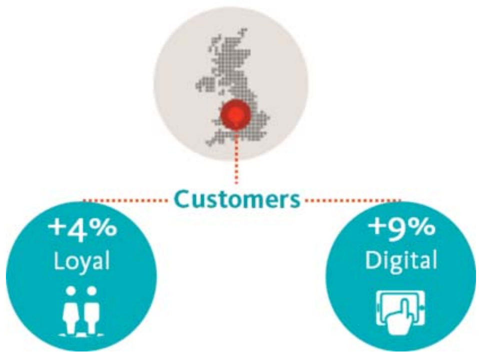
- **Strong business performance, cost discipline and good credit quality supported by broadly stable UK macro-economic environment.**
- **Corporate loan growth despite macro uncertainty. Mortgage lending impacted by management pricing actions in a very competitive market.**
- **Ongoing digital transformation continued to support operational efficiency and customer experience**
- **Customer businesses performed well with income growth, improving efficiency and continued good credit quality, resulting in an 8% increase in underlying profit.**

Commercial activity

Solid performance of Santander UK despite the uncertain macro environment in the UK:

- Leverage the 1|2|3 World strategy, which has transformed our business. Customers increased by 173,000 to 5.3 million since the end of 2016. Retail current account balances were up by £2,400 million.
- We continue to enhance and develop our digital proposition: we recently expanded the educational content on the Investment Hub to help customers further explore and better understand their investment needs.
- Loyal customers continued to increase although at a slower rate (+4% year-on-year), and digital customers reached 5.0 million (+9%).

The implementation of our ring-fencing structure is progressing well. This structure maintains longer term flexibility and lowers the overall implementation costs.

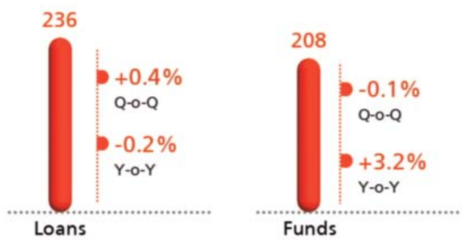


Business performance

- Customer lending was broadly flat. Lending to companies continued to grow strongly (up £700 million). Residential mortgage decreased by £200 million, reflecting management pricing actions in a very competitive market.
- Gross mortgage lending was £18,300 million, and we retained almost 77% of mortgages reaching the end of their incentive period.
- Customer deposits excluding repos increased 3% driven by growth in Retail current account and Commercial Banking deposit balances. The strategy of reducing time deposits and growing current accounts continues.

Activity

€ billion and % change in constant euros



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

Results

Third quarter attributable profit of €377 million slightly down from the second quarter: lower gross income (mainly gains on financial transactions), more normalised provisions partially offset by lower charges related to conduct.

Nine months attributable profit of €1,201 million, in line with the first nine months of 2016 when when the capital gains of VISA Europe and restructuring costs were recorded. Underlying profit rose 8%. Noteworthy aspects:

- Net interest income up 8% year-on-year, driven by retail liability margin improvement, partially offset by new asset margin pressures and standard variable rate (SVR) attrition in mortgage loans.
- Net fee income up 4% year-on-year, mainly from further fee income growth in Retail Banking, driven by higher current account, wealth management and credit card fee income.
- Operating expenses broadly flat, with operational efficiency well managed despite inflationary pressures.
- Credit quality remained solid. The NPL ratio improved to 1.32%, and the cost of credit remained very low at 3 b.p..

P&L

€ million and % change in constant euros

	3Q'17	/ 2Q'17	9M'17	/ 9M'16
Revenues	1,397	-6%	4,372	+8%
Expenses	694	0%	2,140	+2%
LLPs	66	+64%	123	+13%
Underl. Prof.	377	-3%	1,201	+8%
Attrib. Prof.	377	-3%	1,201	0%

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BRAZIL

€1,902 M
Underlying profit

Contribution to the Group's profit: **26%**

FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

- **The strengthening of our commercial model continued to enhance the customer experience, increase loyalty and improve operational efficiency.**
- **Solid recurrence of results, with a sharp rise in customer revenues. Net interest income and fee income grew at double-digit rates, reflecting the greater activity.**
- **Good evolution of efficiency and of all credit quality indicators.**
- **Continued improvement in profitability: attributable profit 34% higher year-on-year at €1,902 million.**

Commercial activity

Of note among the measures taken in the third quarter, were those based on increasing transactions with customers:

- In card business, further strong growth in revenues (+17% year-on-year) and gain in market share (+1.6 p.p.).
- In acquiring business, Getnet continued to perform much better than the market. Total turnover rose 34% and market share increased 1.8 p.p. year-on-year.
- In consumer finance we continued gaining market share, with the launch of *+Vezes*, an expansion of the *+Negócios* digital model for the segment of goods and services.
- In digital channels, launch of *Santander ONE*, a channel with financial advice, recommendation and sale of investment products tailored to customers' profile; *Consignado 100% Digital*, enables products to be contracted via mobile phone, and *Web Casas*, a platform for applying for mortgages.
- These measures helped us maintain double-digit growth in loyal customers (+13% year-on-year) and digital ones (+32% year-on-year).
- For the second year running Euromoney recognised Santander as one of the best in the *Great Place to Work (GPTW)* ranking. Institutional Investor also chose us as the best bank in Brazil providing treasury services.

Business performance

- Lending rose 9% year-on-year, growing above the market. That to individuals rose 15%, consumer credit increased 21% and to SMEs 11%, the latter two maintaining growth for the fourth quarter running and gaining 80 b.p. of market share.
- In funds, sharp increase in deposits (+41%), to replace the more expensive *letras financeiras*.

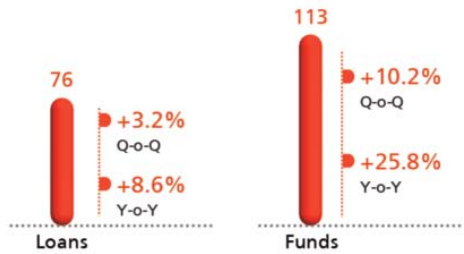
Results

In the third quarter attributable profit amounted to €659 million (+13% quarter-on-quarter), underpinned by gross income (net interest income and gains on financial transactions).

First nine months attributable profit 34% higher year-on-year **at €1,902 million**, Of note:

- Net interest income rose 17%, mainly due to growth in customer business. Revenue from funds grew 35% and from loans 11%, both backed by higher volumes and spreads.
- Fee income rose due to greater activity and loyalty. Of note, cards (+29%), acquiring business (+25%), current accounts (+20%) and insurance (+18%).
- Operating expenses increased due to greater activity, ongoing investments and the salary increase in September. Nonetheless, the efficiency ratio improved to 35.2% (-3.7 p.p.)
- Loan-loss provisions fell 5% and credit quality indicators improved: the cost of credit dropped to 4.55%, the NPL ratio improved to 5.32% and coverage was 98%.

Activity
€ billion and % change in constant euros



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

P&L
€ million and % change in constant euros

Detailed financial information on page 55

MEXICO

€532 M
Underlying profit

Contribution to the Group's profit: **7%**

FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

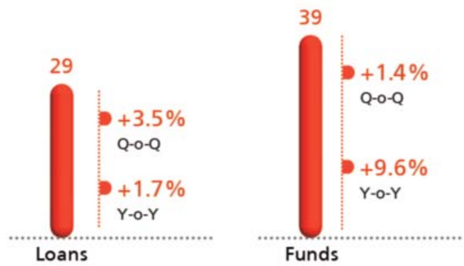
- **Strategy centred on being the main bank of our customers, focusing on attracting new customers via payroll and portability.**
- **The loyalty and digitalisation strategy is reflected in the strong growth in loyal and digital customers.**
- **Significant growth in deposits and more selective in loans to individuals, SMEs and companies.**
- **Attributable profit up 19% year-on-year. Of note, net interest income (+14%).**

Commercial activity

- The commercial strategy continued to drive the use of digital channels, loyalty and attracting new customers as well as strengthening the distribution model.
- The *Santander Plus* programme has registered more than 2.5 million customers, 51% of whom are new clients and is key in reducing attrition (-45%).
- Increased benefits for our payroll customers and insurance measures, in order to attract and make loyal a larger number of customers.
- In order to bolster the digital strategy, we launched *Super Wallet,* the new mobile phone app that enables customers to manage their cards on a centralised basis.
- The plan to grow business with SMEs continued with implementation of the new *ROF PyME* business model (interest rate and exchange rate hedging, derivatives, etc) and developing the transactional model.
- The *Select Me* programme, which seeks to support women with solutions that help their day-to-day professional development, continued. To date, more than 1,000 packets were drawn up.

Activity

€ billion and % change in constant euros



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

Business performance

- Lending increased in segments with the highest spreads, both to individuals (+4%), with cards up 5%, consumer credit 10% and mortgages 2%, as well as SMEs (+5%) and companies (+7%). This growth is not reflected in the total lending because of the fall in lending to the public sector.
- Funds also increased (+21% demand deposits of individuals and +22% time deposits). In SMEs, deposits are already higher than lending, favouring greater loyalty and transactions.

Resultados

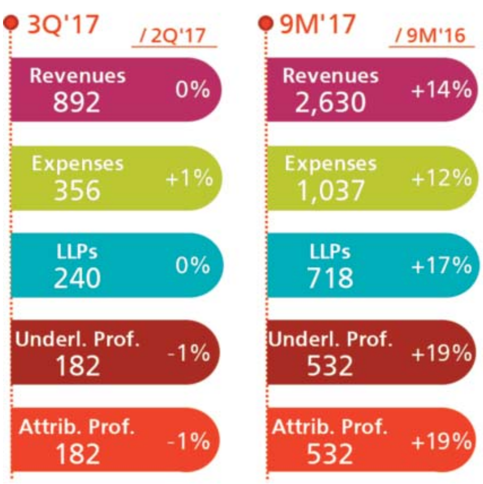
In the third quarter, good performance of gross income and fee income and stable costs and provisions, which did not feed through to attributable profit because of the lower gains on financial transactions.

The first nine months attributable profit was 19% higher year-on-year **at €532 million.** By lines:

- Net interest income rose 14%, spurred by higher interest rates as well as growth in loans and deposits. Fee income increased 10%, mainly from transactional banking.
- Operating expenses were higher because of new commercial projects to attract customers and increase their loyalty, as well as ongoing investments. Nonetheless, the efficiency ratio improved to 39.4%.
- Loan-loss provisions increased because of the disposal of non-performing loans in the first half and higher provisions in consumer credit. However, the NPL ratio improved and the coverage ratio remained high (110%).

P&L

€ million and % change in constant euros



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CHILE

€440 M
Underlying profit

Contribution to the Group's profit: **6%**

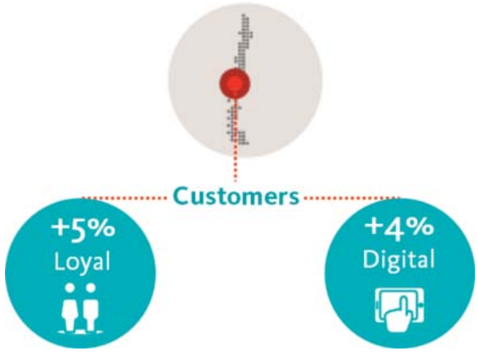
FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

- **The bank continued to focus on commercial transformation and the branch network *(WorkCafé).***
- **The growth strategy in low risk segments produced further improvements in the indicators for the quality of the portfolio and in the cost of credit.**
- **Increase in loyal customers, good performance of mutual funds and advisory business spurred fee income.**
- **Attributable profit up 12%, driven by dynamic commercial revenues, control of costs and provisions.**

Commercial activity

Santander is the leading private sector bank in Chile in terms of assets and customers. It is a markedly retail and transactional bank (individuals and SMEs). The Group focuses on providing long-term profitability in a scenario of lower spreads and greater regulations:

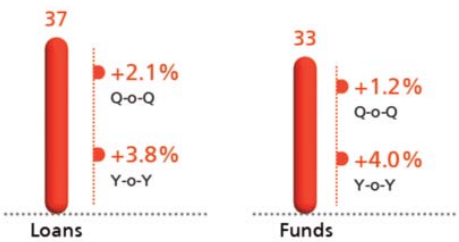
- The Bank wants to become the most appreciated in the country by improving the quality of customer attention, transforming the commercial banking segment, particularly business for high and medium income clients, SMEs and companies, and a Simple Personal and Fair cultural change.
- Transforming the traditional network into a new branch model continued to be rolled out, with two new *WorkCafé* branches.
- Rise in the number of loyal customers, individuals (+5%) and SMEs and companies (+8%) and the number of digital clients reached almost one million.



Business performance

- Lending rose 4% year-on-year due to high-income clients (+9%) and SMEs (+5%). Also of note was the 5% growth in consumer credit, while mortgages declined after rising extraordinarily in 2015-2016.
- Deposits rose 4% year-on-year, with both, demand and time deposits, increasing 4% each, taking advantage of the low interest rate environment. Mutual funds increased 4% year-on-year.

Activity
€ billion and % change in constant euros



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

Results

The third quarter profit was €143 million, slightly below the second quarter, due to lower inflation which was partly offset by higher gains on financial transactions.

The first nine months profit was 12% higher year-on-year **at €440 million**, by lines:

- Net interest income was up 1%, underpinned by higher volumes in target segments and management of the cost of funds, but affected by lower inflation. On the other hand, the lower inflation produced a fall in medium and long-term interest rates that impacted positively on gains on financial transactions. Fee income grew 10%, with rises in mutual funds, insurance and financial advisory services.
- Operating expenses rose 3%, a smaller rise as the digital strategy and efforts to generate efficiencies are beginning to bear fruit. The efficiency ratio remained at around 41%.
- Loan-loss provisions fell 12%, thanks to a sustained improvement in the situation of loans to individuals. All credit quality indicators improved: cost of credit 1.27%, NPL ratio 4.95% and coverage 59%.

P&L
€ million and % change in constant euros

Detailed financial information on page 57

ARGENTINA

€263 M
Underlying profit

Contribution to the Group's profit: **4%**

FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

- **The integration of Citibank's retail banking business was completed.**
- **Focus on Santander Select and Pymes Advance, on exploiting intermediation growth and on becoming a digital bank.**
- **Attributable profit was 17% higher year-on-year, driven by net interest income and fee income.**

Commercial activity and Business performance

- The integration of Citibank's retail network was completed at the end of August. Significant progress in order to accelerate obtaining synergies, profitability and the satisfaction of new customers. The level of attrition was within the expected parameters.
- Citibank's incorporation together with organic growth have made Santander Río the leading bank in lending to the private sector.
- The branch transformation plan reached 65% of the total network. Penetration of the Santander Río Mobile app increased (27% of active customers), making the Bank the best in class in the sector.
- The strategy of digitalisation and transformation boosted customer satisfaction indices, where Santander Río is the leader. The number of loyal customers increased 17% and digital ones 29%.
- Lending rose 57% year-on-year and deposits 66%. As a result of Citibank's incorporation, the impact on loans was around 14 p.p. and 20 p.p. on deposits. Of note was the growth in consumer credit and in UVA mortgages indexed to inflation.

Results

Net operating income was 8% higher **than in the second quarter,** driven by higher gross income (net interest income and gains on financial transactions) and cost control. Higher loan-loss provisions and more costs related to Citibank's integration.

The first nine months profit was 17% higher year-on-year **at €263 million,** including six months of results from Citibank's retail business:

- The commercial strategy, the greater business volumes and management of spreads produced a 61% rise in net interest income. Fee income increased 47%. Of note was that from maintaining accounts, securities, mutual funds, debt structuring and foreign currency.
- Operating expenses increased almost at the same rate as gross income, despite the higher cost of the salary agreement, investments in the branch network, and transformation and technology. Net operating income rose 41%.
- Loan-loss provisions increased in line with lending. Credit quality remained high, with the NPL ratio at 2.34%, coverage at 103% and the cost of credit at 1.85%.

PERU

€27 M
Underlying profit

FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

- **Business continued to grow, despite the economic slowdown.**
- **Pre-tax profit increased 4% in the first nine months.**

Commercial activity and Business performance

- The strategy remains focused on the corporate segment, large companies and the Group's global customers.
- The auto finance company continued with double digit growth in revenues and a gain in market share.
- Lending was 2% lower year-on-year and deposits increased 6%.

Results

- **The third quarter** profit was 4% lower, due to higher provisions that offset the growth in revenues.
- **The first nine months profit was €27 million**, 4% lower. Pre-tax profit was up 4%. Higher net interest income and gains on financial transactions and lower fee income (due to reduced public sector activity in infrastructure) left gross income virtually unchanged. Operating expenses remained flat and the efficiency ratio was excellent at below 31%,
- High credit quality (NPL ratio of 0.58% and very high coverage), which lowered the cost of credit.

URUGUAY

€81 M
Underlying profit

FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

- **The Group continued to be the country's leading private sector bank, focused on growing retail banking and improving efficiency and the quality of service.**
- **Lending grew to target segments (SMEs) and products (consumer credit).**
- **Attributable profit rose 27%, underpinned by net interest income and fee income.**

Commercial activity and Business performance

The following commercial actions were developed in the first nine months:

- Santander continues to focus on improving customer satisfaction and increasing customer loyalty. The *Verano Select Experience*, a new way of relating to our customers, was launched in the first quarter and is having a big impact on our *Select* clients.
- As part of the process to digitalise and modernise channels, the *Buzonera Inteligente* deposit terminals already cover 75% of the Bank's network and the loans requested by the app in finance companies amounted to 23%.
- We also created the country's first banking portal specialised in mortgages, which has a simulator for offering loans and available real estate.
- We continued to advance in the growth strategy for digital clients, whose number reached 161,000 at the end of September (+36%). Digital penetration stands at 46%, up from 36% in 2016.
- Lending rose 3%, spurred by consumer credit and credit cards (+18%). The national currency portfolio increased 7% and the foreign currency one fell 1%. Deposits declined 9% because of outflows by non-residents and the strategy to maximise profitability on the liabilities side.

Results

The third quarter attributable profit was 5% lower than the second quarter, due to higher provisions. On the other hand, good performance of net interest income (+5%) and fee income (+3%).

The first nine months attributable profit was 27% higher year-on-year **at €81 million,** driven by:

- Gross income, which grew much faster than costs (+14% vs. +5%). Operating expenses in real terms were 1% lower. The efficiency ratio improved further to 47.6% (4 p.p. better than in 2016).
- Loan-loss provisions rose 5%, in line with the growth in lending. The NPL ratio remained at a low level (2.46%), coverage was 141% and the cost of credit 1.91%.

COLOMBIA

- Our bank in Colombia focuses on growing business with Latin American companies, multinational companies, international desk and large and medium-sized local companies. We also provide treasury solutions, risk coverage, foreign trade and confirming, as well developing investment banking products and supporting the country's infrastructure plan.
- The auto finance company focused on increasing its volume of operations by signing commercial agreements with dealer networks.
- The Colombian authorities have approved the constitution of a fiduciary society, which will provide custody services in Colombia (S3). The operating license is still pending.
- Gross income in the first nine months of 2017 amounted to €19 million (+46%) and attributable profit €4 million, compared to losses in the same period of 2016.

UNITED STATES*

€337 M
Underlying profit

Contribution to the Group's profit: **5%**

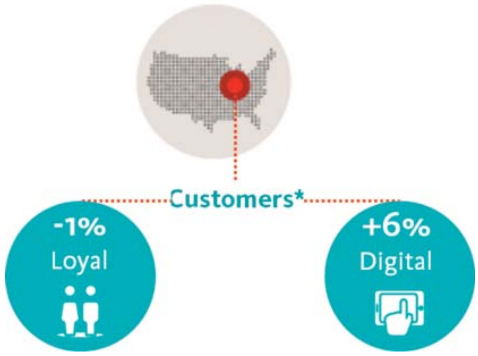
FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

- **Termination of the 2014 Federal Reserve Board Written Agreement which required SHUSA to get written approval to pay dividends or make capital distributions, after which its Board of Directors approved the payment of dividends to begin.**
- **Santander Bank focused on improving profitability by optimising the balance sheet and efficiency measures, (yield on assets: 2.60%; +49 b.p.).**
- **Santander Consumer USA maintained its high profitability (RoTE: 15%). Focus on changing business mix.**
- **First nine months attributable profit of €337 million, 12% lower year-on-year and mainly due to the change of business mix and higher costs in SC USA, partly offset by lower provisions. Additionally, in the quarter there were some impacts (sale of a portfolio and impact from the hurricanes). Additional impact from hurricanes expected in the fourth quarter.**

Commercial activity

Santander US includes activity in the north east (Santander Bank), auto finance (Santander Consumer USA), the private banking unit in Miami, the broker dealer in New York and retail banking in Puerto Rico.

- SHUSA paid its first dividend to the Group in six years.
- Santander Bank remained focused on improving the customer experience and enhancing its product offerings and digital channels, enabling it to reduce its gap with competitors, in terms of quality of service.
- Santander Consumer USA's strategy is centred on optimising the performance of assets retained on the balance sheet, lowering its cost of funds, and realising the full value of its agreement with Fiat Chrysler.

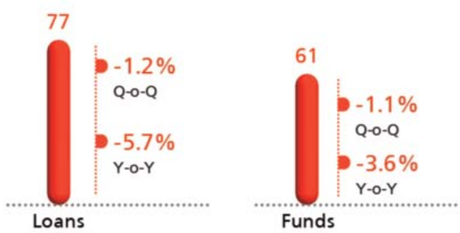


(*) Santander Bank

Business performance

- The strategy to improve the cost of funding continued. Deposits fell in the third quarter, mainly outflows from institutional balances and big companies.
- Loans fell 6% year-on-year, due to the sale of a consumer lending portfolio of Santander Consumer USA and the reduction in GCB at Santander Bank.
- These measures are helping reduce Santander Bank's gap with competitors in the yield on assets, cost of deposits, net interest income and efficiency ratio.

Activity
€ billion and % change in constant euros



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

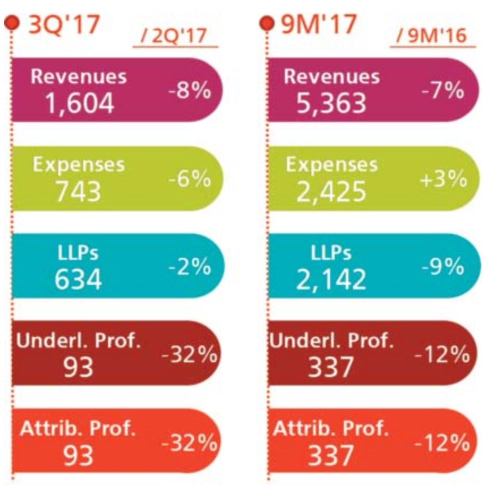
Results

Third quarter attributable profit of €93 million, lower than the second quarter due to the change of business mix, losses from the sale of Santander Financial Services portfolio and the impact of hurricanes in Florida, Dallas and Puerto Rico.

First nine months attributable profit of €337 million, down 12%, as follows:

- Gross income fell, mainly impacted by lower net interest income at Santander Consumer USA, due to a change of business mix towards a lower risk profile (partly offset by lower provisions) and reduced fee income from servicing.
- Santander Bank benefited from the rise in interest rates and the lower cost of funds, following balance sheet optimization.
- Operating expenses rose due to investments in Santander Consumer USA, as Santander Bank's costs remained broadly flat.
- Loan-loss provisions fell 9%, thanks to Santander Consumer USA.

P&L
€ million and % change in constant euros



*Ex-Popular

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CORPORATE CENTRE

-€1,511 M
Underlying profit

FIRST NINE MONTHS HIGHLIGHTS

- **The centre's objective is to contribute value-added to the operating units, transferring the Group's best practices. It also develops functions related to financial and capital management.**
- **Gross income hit by costs associated with hedging of exchange rates, which had a positive impact on the business areas, as well as the larger volume of issues made.**
- **Stable operating expenses after adopting streamlining and simplification measures in the second quarter of 2016.**

Strategy and functions

The corporate centre contributes value to the Group in various ways:

- It makes the Group's governance more solid, through global control frameworks and supervision, and taking strategic decisions.
- Fostering the exchange of best practices in management of costs and economies of scale. This enables us to be one of the most efficient banks.
- By sharing the best commercial practices, launching global initiatives and driving digitalisation, the Corporate Centre contributes to the Group's revenue growth.

It also develops functions related to financial and capital management, as follows:

- Financial Management functions
  - Structural management of liquidity risk associated with funding the Group's recurring activity, stakes of a financial nature and management of net liquidity related to the needs of some business units.
  - This activity is carried out by diversifying the different funding sources (issues and other), maintaining an adequate profile at each moment in volumes, maturities and costs. The price at which these operations are made with other Group units is the market rate (euribor or swap) plus the premium, which in the concept of liquidity, the Group supports by immobilising funds during the term of the operation.
  - Interest rate risk is also actively managed in order to soften the impact of interest rate changes on net interest income, conducted via derivatives of high credit quality, very liquid and low consumption of capital.
  - Strategic management of the exposure to exchange rates on equity and dynamic on the countervalue of the units' results in euros for the next 12 months. Net investments in equity are currently covered by €20,756 million (mainly Brazil, UK, Mexico, Chile, US, Poland and Norway) with different instruments (spot, forex, forwards).
- Management of total capital and reserves: capital allocated to each of the units.
  - Lastly, and marginally, the Corporate Centre reflects the stakes of a financial nature that the Group makes under its policy of optimising investments.

Results

Third quarter loss of €610 million, which records a charge of €130 milion for equity stakes and intangible assets.

First nine months loss of €1,641 million, €1,511 million excluding charges, and higher than in the same period of 2016 because of the costs associated with exchange rate hedging, whose positive impact is reflected in the business areas and less recovery of taxes.

In addition, net interest income was hit by financial costs of the issues made as part of the funding plan largely aimed at elegible TLAC instruments.

Operating expenses, on the other hand, were down as a result of the streamlining and simplification measures adopted in the second quarter of 2016.

Corporate Centre. € million

	3Q'17	2Q'17	Var, %	9M'17	9M'16	Var, %
Gross income	(300)	(340)	(11.7)	(981)	(784)	25.1
Net operating income	(419)	(458)	(8.7)	(1,337)	(1,135)	17.8
Underlying attributable profit to the Group	(480)	(563)	(14.7)	(1,511)	(1,140)	32.5
Attributable profit to the Group	(610)	(563)	8.4	(1,641)	(1,326)	23.7

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RETAIL BANKING

€5,645 M
Underlying profit

FIRST NINE MONTHS HIGHLIGHTS (changes in constant euro)

Continued transformation of our commercial model into a model that is increasingly Simple, Personal and Fair.

Focus on three main priorities: customer loyalty and satisfaction, digital transformation and operational excellence.

The Group had 16.5 million loyal customers and 24.2 million digital ones at the end of September.

Euromoney chose Santander as the Best Bank in the World for SMEs for the second straight year, and Best Bank in Latin America and in five countries where it operates.

Commercial activity

Santander maintains a clear and consistent commercial transformation strategy. The three main drivers of the transformation programme are:

1. Continuously improve **customer loyalty and satisfaction.**
2. Drive the **digital transformation of our channels, products and services.**
3. Keep on improving customer satisfaction and their experience, improving **operational excellence,** with new processes that are simpler, more efficient and omnichannel.

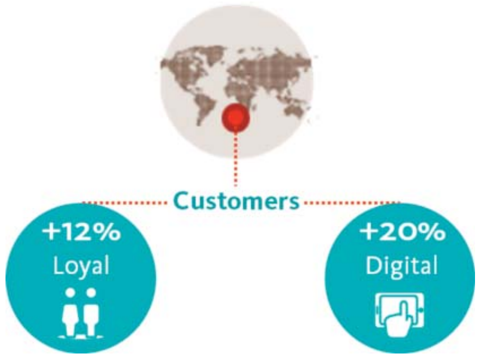
Of note in the third quarter were:

- Development of value-added services and programmes that contribute to the growth of SMEs, in order to transform Santander into the reference bank in its markets.
- Santander continues to be a reference bank in launching innovative products tailored to customer needs. For example, the growth plan in SMEs in Mexico with the installation of the new *ROF PyME* business model (hedging of interest rates and exchange rates, derivatives, etc).
- Of note in payments by mobile phone was the launch of *Súper Wallet* in Mexico, which strengthened the digital strategy. This app allows customers to manage all their cards on a centralised basis. In Spain Openbank launched the *Samsung Pay* payment service which enables customers to pay quickly, comfortably and safely from their mobile phones.
- We also continued to advance in the digital transformation, with the launch of *Digilosofia* in Spain and the improvement in our channels. For example, in Brazil, launch of *Santander ONE* (a digital channel with tailored financial advice), *Consignado 100% digital,* (contracted by mobile phone) and the *Casas website*, (a digital platform for contracting real estate loans).
- In Spain, the continued good reception of the *1|2|3 Smart* account, 100% digital aimed at millennial customers with tailored products and services. In Poland, the proposal *As I Want it Account* enables customers to decide what they need and how to pay for products and services.

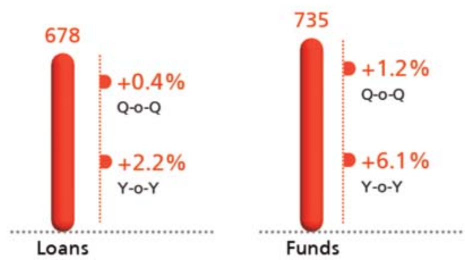
Furthermore, Santander InnoVentures incorporated to its portfolio three new financial technology companies, the UK Pixoneye and Curve and the US Gridspace. This sharpened our focus on artificial intelligence as one of the technologies that will transform banking in the coming years. Santander also invested in the Mexican company ePesos to foster financial inclusion in the country.

Results (in constant euros)

- **Third quarter** underlying attributable profit was virtually unchanged from the second quarter.
- **The first nine months attributable profit** was 14% higher, due to growth of 8% in net interest income and 9% in fee income, and lower provisions



Activity
€ billion and % change in constant euros



Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

P&L
€ million and % change in constant euros

Detailed financial information on page 60

GLOBAL CORPORATE BANKING

€1,501 M
Underlying profit

FIRST NINE MONTHS HIGHLIGHTS

- Santander confirmed its leadership in Latin America and Europe with reference positions in Export & Agency Finance, debt capital markets and structured financing.
- Continued strategy of supporting our global clients in their issues of capital, providing them with financing solutions and transactional services.
- GCB continued its effort in collaboration revenues in order to improve its services to customers of networks through digitalisation and tailored products.
- Attributable profit of €1,501 million (+16%).

Commercial activity y Business performance

- ***Corporate Finance***: record nine three quarters in placement of shares. Of note in Continental Europe was our participation in five of the year's largest capital increases: Unicredit, Deutsche Bank, Credit Suisse, EDP and Amundi. In Latin America, we took part on the three biggest operations: the IPO of Carrefour BRA, the sale of 100% of Vigor to Lala and the acquisition of 90% of TCP by China Merchants.
- ***Cash Management***: growth above market's average. Very significant mandates were closed in Santander Cash Nexus, improving the active customer base in the system, both GCB as well as retail banking
- ***Export & Agency Finance***: Santander consolidated its reference position in this business (second in the international ranking). GCB continued to focus on origination in new emerging markets.
- **Trade & Working Capital Solutions**: Significant growth in Supply Chain Finance, both in receivables and in international confirming, particularly in Latin America.
- **Debt capital markets**: Santander maintained its leadership position in Latin America. Of note was participation in the main Brazilian issues, Uruguay's sovereign bonds and the provinces of Buenos Aires and Jujuy, as well as Pemex's placement. Also the US dollar issues of Toyota Motor and AT&T and in euros British American Tobacco and Unilever, among others.
- **Syndicated corporate loans**: Santander continued to play a significant role. It was the sole coordinator and bookrunner in the loan to Vidrala to finance the purchase of Santos Barbosa Vidros and the single global coordinator and supplier of exchange rate management services in the renewal for the fourth year running of the multi-currency renewable credit line of Gerdau.
- **Structured financing**: Santander maintained its leadership in Latin America and Europe. Noteworthy was the financing of wind power parks in Germany, the United States and the United Kingdom.
- **Markets:** strong growth in revenues in Spain, the UK and Asia. Greater year-on-year contribution from management of books, particularly the UK, Spain and Portugal, and Mexico.

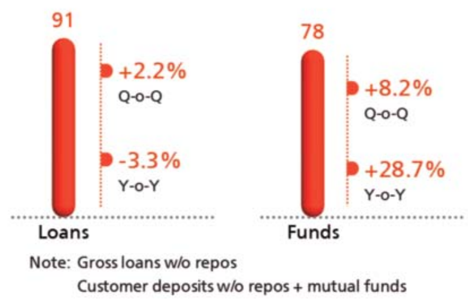
Results (in constant euros)

The third quarter attributable profit was 19% higher than the second quarter, mainly due to higher gains on financial transactions and lower provisions.

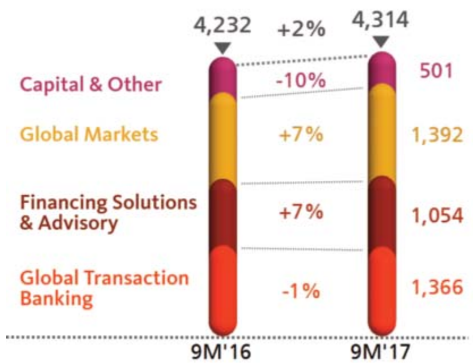
The first nine months profit was 16% higher year-on-year **at €1,501 million** (+11% the underlying profit).

- Gross income from corporate finance, global markets and global transaction banking rose due to the good performance of Mexico, UK and, particularly, Spain
- Operating expenses rose a little and provisions were lower, particularly in Brazil and Spain.

Activity
€ billion and % change in constant euros



Gross income breakdown
Constant € million



P&L
€ million and % change in constant euros

Detailed financial information on page 60

» Corporate Governance

Santander has a solid system of corporate governance, based on a strong culture and values and an adequate control of risks, which ensures that management is aligned with the interests of our shareholders, investors, employees, suppliers, customers and other stakeholders.

Balanced composition of the Board

Respect for shareholders' rights

Maximum **transparency** in the board's and senior management's remuneration

At the **forefront** of best corporate governance practices

Changes in senior management

- The Bank's board agreed on September 26 to create a new global Wealth Management division comprising private banking and asset management. The new structure will enable the Group to provide a better service to the Group's global private banking clients and spur growth of asset management business.
- Mr. Victor Matarranz, at the proposal of the appointments committee, was appointed to head this division and will report to the CEO.
- Mr. Matarranz is a senior executive vice-president and a member of the Bank's Management Team. He previously headed Group Strategy.

Appointments in subsidiaries: Spain

- On September 27^{th}, 2017, the extraordinary shareholders meeting held by Banco Popular agreed to the appointment of Mr. Rami Aboukhair Hurtado as executive director. On the same date, the board of directors of Banco Popular, following the recomendation of the appointments committee, agreed to his appointment as CEO. Both appointments are subject to the relevant regulatory authorisations.

» Corporate Social Responsibility

Santander is committed to helping people and businesses prosper

ROBECOSAM Sustainability Award Silver Class 2017 FTSE4Good

Presence in the socially responsible investment **indexes**

1.7 million **people helped** in 2016

€209 million **social investment** in communities in 2016

€157 million invested in **higher education** in 2016

Grupo Santander continued to develop new measures within its corporate social responsibility commitment. The main ones in the third quarter were:

Presence in sustainable indexes and investors

- Banco Santander renewed its presence in the Dow Jones Sustainability Index (DJSI), the reference index in the international sphere which measures the sustainable performance of companies in the economic, social and environmental dimensions. Santander has been in the index since the year 2000 without a break.

- With a score of 89 out of 100, Banco Santander is among the 10 leading banks in the DJSI for the second year running, and the first among Spanish banks.

- The DJSI gave Banco Santander the maximum score (100) in management of its environmental footprint, in the positioning in funding renewable energy and energy efficiency, and for its programmes and activities of financial inclusion

Investment in the community

- Ana Botín, Chairman of Banco Santander, presided an event in London to commemorate the fifth anniversary of Growth Capital, a product created by Santander UK to finance UK SMEs.

- In the last five years, thanks to Growth Capital Santander UK has helped 110 SMEs to progress with more than £500 million of loans, which enabled more than 7,500 new jobs to be created in local communities.

- The latest edition of *Brain Chile*, an entrepreneurial contest for university students, was held and awarded CLP 47 million to the 12 winning projects out of 200 business ideas presented.

- In Mexico, Santander held the XII edition of the Premio Santander a la Innovación Empresarial at which six teams of university student entrepreneurs received prizes in the categories of social impact and business innovation. This prize underscores the Bank's significant support for entrepreneurship among university students in various countries, with more than 7,000 entrepreneurs supported each year and an annual investment of more than €13 million.

- Santander Universities and the Universia Foundation opened the door to *internet of things* (IoT) thanks to the recent alliance with MIOTI, the only 100% IoT institute in Spain.

- Banco Santander presented *Santander X,* a project of Santander Universities that aims to become, via universities throughout the world, the largest university entrepreneurial eco system in a digital environment.

- A total of 944 students and 22 Spanish education centres participated in training sessions on finance given by 74 volunteers from the Bank in the third edition of Tus Finanzas, Tu Futuro. This programme is one of the initiatives that Santander supports in Spain for promoting financial education, one of the strategic pillars set out in the Group's volunteering policy.

The environment and climate change

- In Mexico, Banco Santander led the financing of Reynosa III (424 MW), Latin America's largest wind power park. Santander Global Corprorate Banking, with the participation of local project finance and export finance teams, was the structuring bank in the $600 million funding. It is the first project under the long term tenders organised by Mexico's Federal Electricity Commission.

» The Share

Shareholder remuneration

- Shareholders received in August the first dividend in cash of €0.06 per share charged to 2017's earnings.

The Santander Dividendo Elección (scrip dividend) programme will be applied for the second dividend. Each shareholder has received a right of free allocation of new shares for each share held. These rights provide three options: sell them to the Bank at a set price (€0.04 per right), sell them on the market between October 18 and November 1 at the share price, or receive new shares (one for every 142 rights)(*). In order to tend to those who opt for the third option, a capital increase for a maximum of €640 million (112,961,784 shares) will be made. The number of shares to be issued will depend on the number of rights sold to the Bank. On November 3, shareholders are scheduled to receive the amount in cash if they opted to sell the rights to the Bank, and on November 14 the new shares if they chose this option.

Share price performance

- The markets performed positively until the end of the quarter against a backdrop of optimism over the good macroeconomic figures, the Fed's two interest rate rises and political stability following elections in the Netherlands, France and Germany. Subsequently, the UK's negotiations to leave the EU, oil price volatility and geopolitical conflicts injected some instability.

The Santander share ended September at €5.907, up 21.1% in the first nine months and ahead of the main indexes. The Spanish Ibex 35 rose 11.0%, DJ Stoxx Banks 11.1%, DJ Stoxx 50 5.4%, and MSCI World Banks 15.0%. The total shareholder return (share price+dividend) was 24.8%, also ahead of the leading indices.

Capitalisation and trading

- At the end of September, Santander was the euro zone's largest bank and the 11th among the world's financial institutions by market capitalisation (€94,752 million). A total of 16,631 million Santander shares were traded in the first nine months for an effective value of €93,735 million (liquidity ratio of 111%). The daily trading volume was 86.6 million shares (€486 million).

Capital increase

- Santander increased in July its capital by €7,072 million in order to reinforce its solvency following the acquisition of Banco Popular. A total of 1,458,232,745 new shares were issued, 10% of the capital stock.

Shareholder base

- The total number of Santander shareholders at September 30 was 4,070,187, of which 3,840,023 were European (77.3% of the capital stock) and 214,499 from the Americas (21.8%). Excluding the board of Grupo Santander, which holds 1.2% of the Bank's capital stock, individuals hold 38.5% and institutional shareholders 60.3%.

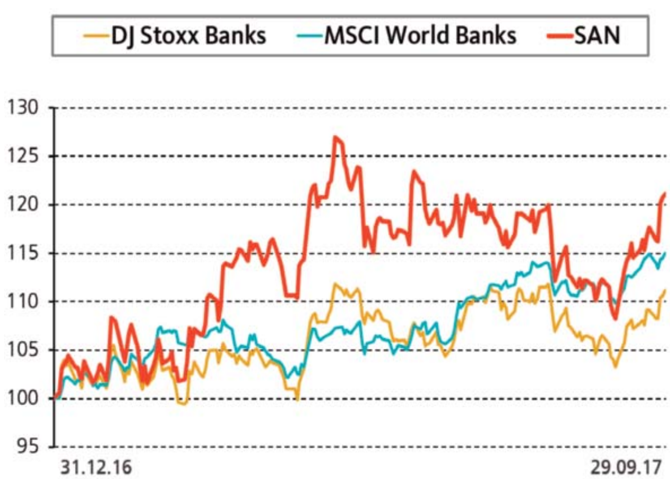
(*) The options, periods and procedures indicated can present particularities for holders of Santander shares on foreign stock markets where the Bank is listed.

The Santander share. September 2017

Shareholders and trading data	
Shareholders (number)	4,070,187
Shares (number)	16,040,573,446
Average daily turnover (no. of shares)	86,620,243
Share liquidity (%) (Number of shares traded during the year / number of shares)	111
Price movements during the year	
Highest	6.246
Lowest	4.838
Last (30,06,17)	5.907
Market capitalisation (million) (30,06,17)	94,752
Stock market indicators	
Price / Tangible book value (X)	1.41
P/E ratio (X)	12.77
Yield* (%)	3.84

(*) Last three remunarations already paid and one announced / 9M'17 avergae share price
(**) Data adjusted for the capital increase in July 2017

Comparative share performance



Financial report

APPENDIX

Quarterly income statement (Including Banco Popular)

€ million

	2016				2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net interest income	7,624	7,570	7,798	8,096	8,402	8,606	8,681
Net fee income	2,397	2,549	2,597	2,637	2,844	2,916	2,888
Gains (losses) on financial transactions	504	366	440	412	573	286	422
Other operating income	204	270	245	142	211	240	260
Dividends	44	209	37	124	41	238	31
Income from equity-accounted method	83	112	119	130	133	160	188
Other operating income/expenses	78	(51)	90	(112)	37	(157)	42
Gross income	**10,730**	**10,755**	**11,080**	**11,288**	**12,029**	**12,049**	**12,252**
Operating expenses	(5,158)	(5,227)	(5,250)	(5,453)	(5,543)	(5,648)	(5,766)
General administrative expenses	(4,572)	(4,632)	(4,692)	(4,828)	(4,915)	(4,983)	(5,161)
Personnel	(2,683)	(2,712)	(2,726)	(2,876)	(2,912)	(2,943)	(3,000)
Other general administrative expenses	(1,889)	(1,920)	(1,966)	(1,952)	(2,002)	(2,039)	(2,161)
Depreciation and amortisation	(586)	(595)	(558)	(626)	(629)	(665)	(605)
Net operating income	**5,572**	**5,528**	**5,831**	**5,835**	**6,486**	**6,401**	**6,486**
Net loan-loss provisions	(2,408)	(2,205)	(2,499)	(2,406)	(2,400)	(2,280)	(2,250)
Impairment losses on other assets	(44)	(29)	(16)	(159)	(68)	(63)	(54)
Other income	(389)	(515)	(376)	(432)	(707)	(785)	(591)
Underlying profit before taxes	**2,732**	**2,779**	**2,940**	**2,838**	**3,311**	**3,273**	**3,591**
Tax on profit	(810)	(915)	(904)	(767)	(1,125)	(1,129)	(1,243)
Underlying profit from continuing operations	**1,922**	**1,864**	**2,036**	**2,071**	**2,186**	**2,144**	**2,347**
Net profit from discontinued operations	—	0	(0)	0	—	—	—
Underlying consolidated profit	**1,922**	**1,864**	**2,036**	**2,072**	**2,186**	**2,144**	**2,347**
Minority interests	288	338	341	305	319	395	371
Underlying attributable profit to the Group	**1,633**	**1,526**	**1,695**	**1,766**	**1,867**	**1,749**	**1,976**
Net capital gains and provisions*	—	(248)	—	(169)	—	—	(515)
Attributable profit to the Group	**1,633**	**1,278**	**1,695**	**1,598**	**1,867**	**1,749**	**1,461**
Underlying EPS (euros)**	**0.106**	**0.099**	**0.110**	**0.114**	**0.120**	**0.112**	**0.118**
Underlying diluted EPS (euros)**	**0.106**	**0.098**	**0.110**	**0.114**	**0.120**	**0.111**	**0.119**
EPS (euros)**	**0.106**	**0.082**	**0.110**	**0.103**	**0.120**	**0.112**	**0.084**
Diluted EPS (euros)**	**0.106**	**0.081**	**0.110**	**0.103**	**0.120**	**0.111**	**0.085**

(*) Including :

- In 2Q'16, capital gains from the disposal of the stake in Visa Europe (€227 million) and restructuring costs (-€475 million).
- In 4Q'16 provision for eventual claims related to payment protection insurance (PPI) in the UK (-€137 million) and restatement Santander Consumer USA (-€32 million).
- In 3Q'17, integration costs (Popular: €300 million and Germany: €85 million) and €130 million charge for equity stakes and intangible assets.

(**).- Data adjusted for the capital increase in July 2017.

Quarterly income statement (Ex-Popular)

€ million

	2016				2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net interest income	7,624	7,570	7,798	8,096	8,402	8,497	8,225
Net fee income	2,397	2,549	2,597	2,637	2,844	2,885	2,760
Gains (losses) on financial transactions	504	366	440	412	573	287	413
Other operating income	204	270	245	142	211	240	220
Dividends	44	209	37	124	41	237	30
Income from equity-accounted method	83	112	119	130	133	154	140
Other operating income/expenses	78	(51)	90	(112)	37	(151)	50
Gross income	**10,730**	**10,755**	**11,080**	**11,288**	**12,029**	**11,910**	**11,617**
Operating expenses	(5,158)	(5,227)	(5,250)	(5,453)	(5,543)	(5,552)	(5,379)
General administrative expenses	(4,572)	(4,632)	(4,692)	(4,828)	(4,915)	(4,896)	(4,822)
Personnel	*(2,683)*	*(2,712)*	*(2,726)*	*(2,876)*	*(2,912)*	*(2,899)*	*(2,823)*
Other general administrative expenses	*(1,889)*	*(1,920)*	*(1,966)*	*(1,952)*	*(2,002)*	*(1,997)*	*(1,999)*
Depreciation and amortisation	(586)	(595)	(558)	(626)	(629)	(656)	(557)
Net operating income	**5,572**	**5,528**	**5,831**	**5,835**	**6,486**	**6,358**	**6,239**
Net loan-loss provisions	(2,408)	(2,205)	(2,499)	(2,406)	(2,400)	(2,272)	(2,212)
Impairment losses on other assets	(44)	(29)	(16)	(159)	(68)	(63)	(54)
Other income	(389)	(515)	(376)	(432)	(707)	(765)	(598)
Underlying profit before taxes	**2,732**	**2,779**	**2,940**	**2,838**	**3,311**	**3,258**	**3,375**
Tax on profit	(810)	(915)	(904)	(767)	(1,125)	(1,125)	(1,194)
Underlying profit from continuing operations	**1,922**	**1,864**	**2,036**	**2,071**	**2,186**	**2,133**	**2,180**
Net profit from discontinued operations	—	0	(0)	0	—	—	—
Underlying consolidated profit	**1,922**	**1,864**	**2,036**	**2,072**	**2,186**	**2,133**	**2,180**
Minority interests	288	338	341	305	319	395	371
Underlying attributable profit to the Group	**1,633**	**1,526**	**1,695**	**1,766**	**1,867**	**1,738**	**1,809**
Net capital gains and provisions*	—	(248)	—	(169)	—	—	(215)
Attributable profit to the Group	**1,633**	**1,278**	**1,695**	**1,598**	**1,867**	**1,738**	**1,594**

(*) Including :

- In 2Q'16, capital gains from the disposal of the stake in Visa Europe (€227 million) and restructuring costs (-€475 million).
- In 4Q'16 provision for eventual claims related to payment protection insurance (PPI) in the UK (-€137 million) and restatement Santander Consumer USA (-€32 million).
- In 3Q'17, integration costs (Germany: €85 million) and €130 million charge for equity stakes and intangible assets.

Net fee income. Consolidated

€ million

	3Q'17	2Q'17	Var. %	9M'17	9M'16	Var. %
Fees from services	1,756	1,810	(3.0)	5,351	4,625	15.7
Mutual & pension funds	183	191	(4.2)	570	566	0.6
Securities and custody	262	288	(9.1)	820	664	23.5
Insurance	560	596	(6.1)	1,748	1,687	3.6
Group net fee income (Ex-Popular)	**2,760**	**2,885**	**(4.3)**	**8,489**	**7,543**	**12.5**
Popular	**128**	**31**		**159**		
Group net fee income	**2,888**	**2,916**	**(1.0)**	**8,648**	**7,543**	**14.7**

Operating expenses. Consolidated

€ million

	3Q'17	2Q'17	Var. %	9M'17	9M'16	Var. %
Personnel expenses	2,823	2,899	(2.6)	8,634	8,121	6.3
General expenses	1,999	1,997	0.1	5,998	5,775	3.9
Information technology	263	299	(12.1)	879	832	5.7
Communications	141	121	17.0	393	377	4.1
Advertising	187	180	3.8	536	486	10.3
Buildings and premises	442	433	2.1	1,324	1,308	1.2
Printed and office material	31	34	(7.6)	99	103	(4.5)
Taxes (other than profit tax)	117	126	(7.2)	368	350	5.2
Other expenses	817	804	1.6	2,400	2,318	3.5
Personnel and general expenses	**4,822**	**4,896**	**(1.5)**	**14,633**	**13,896**	**5.3**
Depreciation and amortisation	557	656	(15.1)	1,841	1,738	5.9
Group operating expenses (Ex-Popular)	**5,379**	**5,552**	**(3.1)**	**16,474**	**15,634**	**5.4**
Popular	**388**	**96**		**484**		
Group operating expenses	**5,766**	**5,648**	**2.1**	**16,957**	**15,634**	**8.5**

Operating means. Consolidated

	Employees			Branches		
	30.09.17	30.09.16	Var.	30.09.17	30.09.16	Var.
Continental Europe	**56,702**	**57,284**	**(582)**	**4,595**	**4,964**	**(369)**
o/w: Spain	22,904	23,182	(278)	2,857	2,993	(136)
Santander Consumer Finance	15,045	14,828	217	549	573	(24)
Poland	11,691	11,781	(90)	592	658	(66)
Portugal	6,022	6,393	(371)	587	727	(140)
United Kingdom	**25,722**	**25,840**	**(118)**	**820**	**844**	**(24)**
Latin America	**87,555**	**87,250**	**305**	**5,818**	**5,817**	**1**
o/w: Brazil	46,261	47,516	(1,255)	3,422	3,408	14
Mexico	18,217	17,467	750	1,401	1,387	14
Chile	11,673	12,208	(535)	406	465	(59)
United States	**17,566**	**17,569**	**(3)**	**694**	**766**	**(72)**
Operating areas	**187,545**	**187,943**	**(398)**	**11,927**	**12,391**	**(464)**
Corporate Centre	1,709	1,732	(23)			
Total Group (Ex-Popular)	**189,254**	**189,675**	**(421)**	**11,927**	**12,391**	**(464)**
Popular	**11,695**			**1,777**		
Total Group	**200,949**	**189,675**	**11,274**	**13,704**	**12,391**	**1,313**

Net loan-loss provisions. Consolidated

€ million

	3Q'17	2Q'17	Var. %	9M'17	9M'16	Var. %
Non performing loans	2,463	2,803	(12.1)	8,140	8,181	(0.5)
Country-risk	2	(0)	—	6	0	—
Recovery of written-off assets	(254)	(531)	(52.3)	(1,262)	(1,069)	18.1
Group net loan-loss provisions (Ex-Popular)	**2,212**	**2,272**	**(2.7)**	**6,883**	**7,112**	**(3.2)**
Popular	**38**	**8**		**46**		
Group net loan-loss provisions	**2,250**	**2,280**	**(1.3)**	**6,930**	**7,112**	**(2.6)**

Customer loans. Consolidated

€ million

	30.09.17	30.09.16	Change amount	%	31.12.16
Commercial bills	23,486	19,789	3,697	18.7	23,894
Secured loans	435,474	450,754	(15,280)	(3.4)	454,563
Other term loans	237,018	225,974	11,044	4.9	232,289
Finance leases	26,055	24,402	1,653	6.8	25,357
Receivable on demand	6,338	8,098	(1,761)	(21.7)	8,102
Credit cards receivable	20,824	19,554	1,270	6.5	21,363
Impaired assets	28,422	33,753	(5,331)	(15.8)	32,687
Gross customer loans (w/o repos)	**777,617**	**782,324**	**(4,708)**	**(0.6)**	**798,254**
Repos	22,127	15,568	6,559	42.1	16,609
Gross customer loans	**799,744**	**797,892**	**1,851**	**0.2**	**814,863**
Loan-loss allowances	20,809	24,602	(3,793)	(15.4)	24,393
Group net customer loans (Ex-Popular)	**778,935**	**773,290**	**5,645**	**0.7**	**790,470**
Popular	75,751				
Group net customer loans	**854,686**	**773,290**	**81,395**	**10.5**	**790,470**

Customer funds. Consolidated

€ million

	30.09.17	30.09.16	Change amount	%	31.12.16
Demand deposits	480,781	445,045	35,736	8.0	467,261
Time deposits	175,780	183,045	(7,265)	(4.0)	181,089
Mutual funds	156,440	141,053	15,387	10.9	147,416
Customer deposits w/o repos + Mutual funds	**813,001**	**769,143**	**43,858**	**5.7**	**795,766**
Pension funds	11,354	11,034	320	2.9	11,298
Managed portfolios	24,886	26,962	(2,076)	(7.7)	23,793
Subtotal	**849,241**	**807,138**	**42,102**	**5.2**	**830,858**
Repos	52,450	39,349	13,100	33.3	42,761
Group customer funds (Ex-Popular)	**901,690**	**846,488**	**55,203**	**6.5**	**873,618**
Popular	**86,696**				
Group customer funds	**988,386**	**846,488**	**141,899**	**16.8**	**873,618**

Eligible capital (fully loaded)

€ million

	30.09.17	30.09.16	Change amount	%	31.12.16
Capital stock and reserves	111,687	101,623	10,064	9.9	101,437
Attributable profit	5,077	4,606	471	10.2	6,204
Dividends	(2,272)	(1,893)	(379)	20.0	(2,469)
Other retained earnings	(20,997)	(17,886)	(3,111)	17.4	(16,116)
Minority interests	7,327	7,106	221	3.1	6,784
Goodwill and intangible assets	(28,622)	(27,640)	(982)	3.6	(28,405)
Other deductions	(4,990)	(5,086)	96	(1.9)	(5,368)
Core CET1	**67,210**	**60,830**	**6,380**	**10.5**	**62,068**
Preferred shares and other eligibles T1	7,753	5,633	2,120	37.6	5,767
Tier 1	**74,964**	**66,463**	**8,500**	**12.8**	**67,834**
Generic funds and eligible T2 instruments	14,585	13,108	1,477	11.3	13,749
Eligible capital	**89,548**	**79,571**	**9,977**	**12.5**	**81,584**
Risk-weighted assets	622,548	580,823	41,725	7.2	588,088
CET1 capital ratio	**10.80**	**10.47**	**0.33**		**10.55**
T1 capital ratio	**12.04**	**11.44**	**0.60**		**11.53**
Total capital ratio	**14.38**	**13.70**	**0.68**		**13.87**

(*) Including Popular

Continental Europe (Ex-Popular) (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	2,076	0.7	0.9	6,201	1.6	1.2
Net fee income	969	(2.1)	(1.8)	2,879	8.4	8.1
Gains (losses) on financial transactions	175	—	—	468	(19.4)	(19.6)
Other operating income	110	(9.8)	(9.7)	330	2.0	2.5
Gross income	**3,330**	**5.1**	**5.3**	**9,879**	**2.2**	**1.9**
Operating expenses	(1,678)	(0.3)	(0.1)	(5,046)	(1.5)	(1.8)
General administrative expenses	(1,561)	(0.6)	(0.3)	(4,697)	(2.1)	(2.4)
Personnel	*(810)*	*(0.9)*	*(0.6)*	*(2,440)*	*(0.9)*	*(1.2)*
Other general administrative expenses	*(751)*	*(0.2)*	*(0.1)*	*(2,257)*	*(3.4)*	*(3.6)*
Depreciation and amortisation	(117)	2.6	2.9	(349)	7.8	7.4
Net operating income	**1,652**	**11.2**	**11.4**	**4,832**	**6.4**	**6.0**
Net loan-loss provisions	(262)	4.8	4.8	(773)	(27.8)	(28.0)
Other income	(186)	6.9	7.2	(607)	46.6	46.0
Underlying profit before taxes	**1,204**	**13.4**	**13.7**	**3,452**	**12.9**	**12.5**
Tax on profit	(353)	33.2	33.5	(952)	15.4	14.9
Underlying profit from continuing operations	**851**	**6.8**	**7.1**	**2,499**	**12.0**	**11.6**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**851**	**6.8**	**7.1**	**2,499**	**12.0**	**11.6**
Minority interests	101	(1.4)	(1.1)	281	13.8	12.8
Underlying attributable profit to the Group	**750**	**8.0**	**8.3**	**2,218**	**11.8**	**11.4**
Net capital gains and provisions*	(85)	—	—	(85)	(49.7)	(49.4)
Attributable profit to the Group	**665**	**(4.3)**	**(4.0)**	**2,133**	**17.5**	**17.0**

(*).-In 3Q'17, integration costs. In 2Q'16, capital gains from the disposal of the stake in Visa Europe and restructuring costs.

Balance sheet	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Customer loans	303,229	(0.1)	0.1	303,229	3.1	3.3
Cash. central banks and credit institutions	113,664	18.4	18.5	113,664	28.4	28.8
Debt securities	80,896	(3.8)	(3.7)	80,896	(2.9)	(2.8)
o/w: available for sale	56,309	(4.4)	(4.3)	56,309	3.6	3.8
Other financial assets	36,970	1.0	1.0	36,970	(28.6)	(28.6)
Other assets	25,923	3.2	3.5	25,923	(6.0)	(5.7)
Total assets	**560,682**	**2.8**	**3.0**	**560,682**	**2.8**	**3.0**
Customer deposits	282,208	0.1	0.3	282,208	5.0	5.1
Central banks and credit institutions	134,544	8.8	9.0	134,544	10.5	11.0
Debt securities issued	48,876	(1.4)	(1.5)	48,876	(7.8)	(7.5)
Other financial liabilities	46,803	8.2	8.3	46,803	(18.7)	(18.6)
Other liabilities	12,920	4.8	5.0	12,920	55.7	56.0
Total liabilities	**525,350**	**2.9**	**3.0**	**525,350**	**3.1**	**3.3**
Total equity	**35,331**	**2.3**	**2.6**	**35,331**	**(1.3)**	**(1.0)**
Other managed and marketed customer funds	**81,506**	**2.3**	**2.4**	**81,506**	**13.7**	**13.8**
Mutual funds	60,885	2.9	3.0	60,885	15.4	15.3
Pension funds	11,354	0.2	0.2	11,354	2.9	2.9
Managed portfolios	9,267	0.9	1.2	9,267	17.8	18.3
Pro memoria:						
Loans w/o repos	304,117	(0.2)	(0.0)	304,117	0.8	1.0
Funds (customer deposits w/o repos + mutual funds)	341,480	0.8	0.9	341,480	7.0	7.0

Ratios (%) and operating means	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Underlying RoTE	9.86	0.51		9.93	1.36	
Efficiency ratio (with amortisations)	50.4	(2.7)		51.1	(1.9)	
NPL ratio	4.95	(0.16)		4.95	(1.48)	
NPL coverage	58.1	(0.6)		58.1	(3.2)	
Number of employees	56,702	(0.1)		56,702	(1.0)	
Number of branches	4,595	(0.8)		4,595	(7.4)	

Spain (Ex-Popular) (€ million)

P&L	3Q'17	% / 2Q'17	9M'17	% / 9M'16
Net interest income	726	(3.1)	2,222	(4.7)
Net fee income	509	(5.2)	1,506	13.2
Gains (losses) on financial transactions	119	—	308	(29.8)
Other operating income	81	(24.2)	289	56.7
Gross income	**1,435**	**6.3**	**4,325**	**1.0**
Operating expenses	(815)	1.1	(2,419)	(3.0)
General administrative expenses	(771)	0.8	(2,287)	(4.3)
Personnel	*(401)*	*0.3*	*(1,199)*	*(2.1)*
Other general administrative expenses	*(370)*	*1.4*	*(1,088)*	*(6.6)*
Depreciation and amortisation	(44)	6.3	(131)	25.7
Net operating income	**621**	**13.8**	**1,907**	**6.6**
Net loan-loss provisions	(104)	(24.0)	(404)	(19.3)
Other income	(55)	(13.9)	(184)	8.0
Underlying profit before taxes	**461**	**34.1**	**1,319**	**17.9**
Tax on profit	(145)	48.1	(390)	22.3
Underlying profit from continuing operations	**316**	**28.5**	**929**	**16.2**
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	**316**	**28.5**	**929**	**16.2**
Minority interests	5	7.7	15	(0.1)
Underlying attributable profit to the Group	**311**	**28.9**	**914**	**16.5**
Net capital gains and provisions*	—	—	—	(100.0)
Attributable profit to the Group	**311**	**28.9**	**914**	**60.8**

(*).-In 2Q'16, capital gains from the disposal of the stake in Visa Europe and restructuring costs.

Balance sheet				
Customer loans	153,646	(1.7)	153,646	0.2
Cash. central banks and credit institutions	84,056	18.5	84,056	32.9
Debt securities	60,299	(3.5)	60,299	(0.3)
o/w: available for sale	*42,565*	*(5.4)*	*42,565*	*10.4*
Other financial assets	34,140	1.0	34,140	(30.0)
Other assets	10,355	3.8	10,355	38.1
Total assets	**342,497**	**2.7**	**342,497**	**2.7**
Customer deposits	186,440	(0.3)	186,440	5.8
Central banks and credit institutions	75,884	8.3	75,884	13.3
Debt securities issued	16,414	(0.6)	16,414	(19.3)
Other financial liabilities	44,655	8.5	44,655	(19.6)
Other liabilities	7,039	3.5	7,039	199.9
Total liabilities	**330,432**	**2.8**	**330,432**	**2.8**
Total equity	**12,065**	**1.2**	**12,065**	**1.5**
Other managed and marketed customer funds	**73,639**	**2.2**	**73,639**	**13.5**
Mutual funds	55,278	2.7	55,278	15.0
Pension funds	10,404	0.2	10,404	2.7
Managed portfolios	7,956	1.4	7,956	18.9
Pro memoria:				
Loans w/o repos	148,838	(1.8)	148,838	(2.7)
Funds (customer deposits w/o repos + mutual funds)	240,192	0.4	240,192	8.2

Ratios (%) and operating means				
Underlying RoTE	10.53	2.03	10.55	1.47
Efficiency ratio (with amortisations)	56.8	(2.9)	55.9	(2.3)
NPL ratio	4.99	—	4.99	(0.83)
NPL coverage	45.2	(0.8)	45.2	(2.4)
Number of employees	22,904	(0.2)	22,904	(1.2)
Number of branches	2,857	(0.4)	2,857	(4.5)

Santander Consumer Finance (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	898	2.4	2.5	2,665	5.6	5.1
Net fee income	223	1.6	1.6	674	(0.5)	(0.7)
Gains (losses) on financial transactions	(1)	—	—	(1)	(95.6)	(95.6)
Other operating income	14	—	—	14	6.4	10.3
Gross income	**1,135**	**3.3**	**3.3**	**3,352**	**4.7**	**4.3**
Operating expenses	(484)	(0.1)	(0.1)	(1,472)	3.8	3.4
General administrative expenses	(439)	(0.2)	(0.2)	(1,338)	4.3	4.0
Personnel	*(205)*	*(3.4)*	*(3.4)*	*(627)*	*4.0*	*3.6*
Other general administrative expenses	*(234)*	*2.7*	*2.7*	*(710)*	*4.7*	*4.3*
Depreciation and amortisation	(45)	1.1	1.1	(134)	(1.7)	(1.9)
Net operating income	**650**	**5.9**	**6.0**	**1,880**	**5.4**	**5.0**
Net loan-loss provisions	(90)	57.8	56.7	(207)	(31.0)	(31.3)
Other income	(30)	(13.5)	(13.3)	(102)	(11.8)	(12.1)
Underlying profit before taxes	**531**	**1.6**	**1.8**	**1,571**	**14.8**	**14.4**
Tax on profit	(161)	14.2	14.2	(449)	10.8	10.4
Underlying profit from continuing operations	**370**	**(3.1)**	**(2.9)**	**1,122**	**16.6**	**16.1**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**370**	**(3.1)**	**(2.9)**	**1,122**	**16.6**	**16.1**
Minority interests	61	(2.4)	(2.3)	179	29.1	28.8
Underlying attributable profit to the Group	**309**	**(3.2)**	**(3.0)**	**943**	**14.4**	**13.9**
Net capital gains and provisions*	(85)	—	—	(85)	—	—
Attributable profit to the Group	**224**	**(29.8)**	**(29.5)**	**858**	**1.0**	**0.5**

(*).-In 3Q'17, integration costs. In 2Q'16, capital gains from the disposal of the stake in Visa Europe and restructuring costs.

Balance sheet	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Customer loans	86,595	0.2	0.0	86,595	4.9	5.6
Cash. central banks and credit institutions	5,342	16.2	15.7	5,342	(17.9)	(17.3)
Debt securities	3,599	1.6	1.6	3,599	(10.5)	(9.3)
o/w: available for sale	3,542	1.3	1.4	3,542	(9.5)	(8.3)
Other financial assets	23	(23.3)	(23.6)	23	(49.9)	(48.9)
Other assets	3,526	0.7	0.6	3,526	(0.1)	0.3
Total assets	**99,087**	**1.0**	**0.8**	**99,087**	**2.5**	**3.2**
Customer deposits	35,823	0.8	0.7	35,823	4.3	4.9
Central banks and credit institutions	21,920	8.2	8.1	21,920	0.2	0.9
Debt securities issued	27,234	(5.2)	(5.4)	27,234	(0.2)	0.5
Other financial liabilities	895	(9.4)	(9.3)	895	9.1	9.3
Other liabilities	3,780	8.8	8.8	3,780	7.9	8.2
Total liabilities	**89,652**	**0.8**	**0.6**	**89,652**	**2.1**	**2.7**
Total equity	**9,435**	**3.2**	**3.0**	**9,435**	**7.1**	**7.9**
Other managed and marketed customer funds	**8**	**1.2**	**1.2**	**8**	**2.9**	**2.9**
Mutual funds	2	0.3	0.3	2	(11.4)	(11.4)
Pension funds	6	1.5	1.5	6	7.3	7.3
Managed portfolios	—	—	—	—	—	—
Pro memoria:						
Loans w/o repos	89,003	0.1	(0.1)	89,003	4.4	5.1
Funds (customer deposits w/o repos + mutual funds)	35,777	0.8	0.7	35,777	4.2	4.8

Ratios (%) and operating means	3Q'17	/ 2Q'17		9M'17	/ 9M'16	
Underlying RoTE	15.97	(1.14)		16.67	1.71	
Efficiency ratio (with amortisations)	42.7	(1.4)		43.9	(0.4)	
NPL ratio	2.60	(0.01)		2.60	(0.26)	
NPL coverage	104.3	(2.2)		104.3	(6.4)	
Number of employees	15,045	0.6		15,045	1.5	
Number of branches	549	(1.4)		549	(4.2)	

Poland (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	236	1.9	2.9	685	11.9	9.5
Net fee income	114	1.8	2.7	327	9.3	7.0
Gains (losses) on financial transactions	13	34.6	36.9	39	(44.2)	(45.4)
Other operating income	(5)	—	—	(8)	—	—
Gross income	**358**	**(1.3)**	**(0.5)**	**1,042**	**5.7**	**3.5**
Operating expenses	(149)	(0.7)	0.3	(446)	1.3	(0.9)
General administrative expenses	(134)	(1.1)	(0.1)	(402)	1.4	(0.8)
Personnel	*(80)*	*(0.7)*	*0.3*	*(237)*	*4.6*	*2.4*
Other general administrative expenses	*(55)*	*(1.6)*	*(0.7)*	*(166)*	*(2.9)*	*(4.9)*
Depreciation and amortisation	(15)	2.7	3.7	(43)	0.3	(1.8)
Net operating income	**209**	**(1.8)**	**(1.0)**	**596**	**9.3**	**7.0**
Net loan-loss provisions	(36)	8.6	9.5	(97)	(11.9)	(13.7)
Other income	(28)	5.3	6.2	(78)	36.2	33.3
Underlying profit before taxes	**144**	**(5.3)**	**(4.6)**	**421**	**11.4**	**9.0**
Tax on profit	(34)	3.7	4.9	(105)	27.6	24.9
Underlying profit from continuing operations	**110**	**(7.8)**	**(7.2)**	**316**	**6.9**	**4.6**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**110**	**(7.8)**	**(7.2)**	**316**	**6.9**	**4.6**
Minority interests	34	(6.8)	(6.2)	98	11.6	9.2
Underlying attributable profit to the Group	**76**	**(8.2)**	**(7.6)**	**219**	**4.9**	**2.7**
Net capital gains and provisions*	—	—	—	—	(100.0)	(100.0)
Attributable profit to the Group	**76**	**(8.2)**	**(7.6)**	**219**	**(8.0)**	**(10.0)**

(*).-In 2Q'16, capital gains from the disposal of the stake in Visa Europe and restructuring costs.

Balance sheet	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Customer loans	21,486	0.3	2.1	21,486	6.2	5.9
Cash. central banks and credit institutions	1,845	15.7	17.8	1,845	9.5	9.1
Debt securities	5,954	(10.3)	(8.6)	5,954	6.4	6.0
o/w: available for sale	5,536	1.8	3.7	5,536	10.8	10.4
Other financial assets	574	0.7	2.5	574	6.5	6.2
Other assets	919	(0.7)	1.2	919	(2.4)	(2.7)
Total assets	**30,778**	**(1.2)**	**0.6**	**30,778**	**6.2**	**5.8**
Customer deposits	23,166	(2.6)	(0.8)	23,166	5.3	4.9
Central banks and credit institutions	977	26.4	28.7	977	29.8	29.4
Debt securities issued	704	(5.4)	(3.7)	704	39.2	38.8
Other financial liabilities	536	12.0	14.1	536	(2.5)	(2.8)
Other liabilities	719	(4.1)	(2.3)	719	(17.3)	(17.6)
Total liabilities	**26,102**	**(1.6)**	**0.2**	**26,102**	**5.8**	**5.4**
Total equity	**4,676**	**1.3**	**3.1**	**4,676**	**8.5**	**8.1**
Other managed and marketed customer funds	**3,794**	**3.0**	**4.9**	**3,794**	**13.2**	**12.8**
Mutual funds	3,699	2.8	4.9	3,699	14.0	12.8
Pension funds	—	—	4.7	—	—	13.6
Managed portfolios	96	11.2	4.7	96	(9.8)	13.6
Pro memoria:						
Loans w/o repos	22,226	0.3	2.2	22,226	5.4	5.0
Funds (customer deposits w/o repos + mutual funds)	26,824	0.4	2.2	26,824	6.3	5.9

Ratios (%) and operating means	3Q'17	/ 2Q'17		9M'17	/ 9M'16	
Underlying RoTE	11.63	(1.28)		11.43	(0.41)	
Efficiency ratio (with amortisations)	41.7	0.3		42.8	(1.9)	
NPL ratio	4.70	0.04		4.70	(1.01)	
NPL coverage	67.6	0.1		67.6	(1.3)	
Number of employees	11,691	(0.7)		11,691	(0.8)	
Number of branches	592	(1.0)		592	(10.0)	

Portugal (Ex-Popular) (€ million)

P&L	3Q'17	% / 2Q'17	9M'17	% / 9M'16
Net interest income	178	6.6	516	(6.4)
Net fee income	85	2.3	257	4.9
Gains (losses) on financial transactions	32	223.5	76	3.9
Other operating income	11	83.7	16	(56.9)
Gross income	**305**	**15.1**	**864**	**(4.5)**
Operating expenses	(137)	(0.1)	(412)	(7.5)
General administrative expenses	(127)	0.0	(383)	(8.2)
Personnel	*(81)*	*(1.6)*	*(246)*	*(3.7)*
Other general administrative expenses	*(46)*	*2.9*	*(137)*	*(15.3)*
Depreciation and amortisation	(9)	(1.5)	(28)	2.4
Net operating income	**168**	**31.2**	**452**	**(1.6)**
Net loan-loss provisions	(16)	—	(0)	(99.8)
Other income	(11)	25.9	(34)	17.1
Underlying profit before taxes	**142**	**13.3**	**418**	**8.2**
Tax on profit	(38)	118.8	(80)	(11.8)
Underlying profit from continuing operations	**104**	**(3.7)**	**338**	**14.4**
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	**104**	**(3.7)**	**338**	**14.4**
Minority interests	1	13.6	2	(15.3)
Underlying attributable profit to the Group	**103**	**(3.8)**	**336**	**14.6**
Net capital gains and provisions	—	—	—	—
Attributable profit to the Group	**103**	**(3.8)**	**336**	**14.6**

Balance sheet				
Customer loans	29,846	8.9	29,846	8.2
Cash. central banks and credit institutions	4,981	17.5	4,981	48.8
Debt securities	10,071	(8.2)	10,071	(15.1)
o/w: available for sale	3,931	(16.4)	3,931	(31.9)
Other financial assets	1,601	1.7	1,601	(13.5)
Other assets	1,780	(1.1)	1,780	0.0
Total assets	**48,279**	**5.0**	**48,279**	**4.0**
Customer deposits	30,221	0.1	30,221	(0.5)
Central banks and credit institutions	8,713	13.8	8,713	17.5
Debt securities issued	4,493	25.7	4,493	6.4
Other financial liabilities	316	(4.3)	316	(8.2)
Other liabilities	886	13.2	886	19.1
Total liabilities	**44,630**	**4.9**	**44,630**	**3.6**
Total equity	**3,649**	**5.7**	**3,649**	**9.3**
Other managed and marketed customer funds	**3,200**	**4.7**	**3,200**	**20.5**
Mutual funds	1,795	7.9	1,795	32.4
Pension funds	943	0.6	943	4.8
Managed portfolios	461	1.6	461	15.5
Pro memoria:				
Loans w/o repos	31,190	8.4	31,190	6.6
Funds (customer deposits w/o repos + mutual funds)	32,017	0.5	32,017	0.9

Ratios (%) and operating means				
Underlying RoTE	11.79	(0.81)	13.18	0.11
Efficiency ratio (with amortisations)	44.8	(6.8)	47.7	(1.5)
NPL ratio	6.93	(0.74)	6.93	(2.47)
NPL coverage	60.4	0.6	60.4	2.6
Number of employees	6,022	(1.2)	6,022	(5.8)
Number of branches	587	(2.2)	587	(19.3)

United Kingdom (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	1,071	(6.8)	(2.7)	3,315	(0.5)	8.3
Net fee income	246	(5.4)	(1.3)	760	(4.6)	3.9
Gains (losses) on financial transactions	63	(47.1)	(44.1)	252	10.8	20.6
Other operating income	17	3.2	7.1	45	32.7	44.5
Gross income	**1,397**	**(9.5)**	**(5.6)**	**4,372**	**(0.4)**	**8.4**
Operating expenses	(694)	(4.0)	0.1	(2,140)	(6.3)	2.1
General administrative expenses	(608)	(4.3)	(0.1)	(1,887)	(8.0)	0.1
Personnel	*(331)*	*(3.7)*	*0.4*	*(1,019)*	*(5.3)*	*3.2*
Other general administrative expenses	*(277)*	*(5.0)*	*(0.8)*	*(869)*	*(11.1)*	*(3.2)*
Depreciation and amortisation	(86)	(1.9)	2.1	(253)	9.3	19.0
Net operating income	**703**	**(14.4)**	**(10.6)**	**2,232**	**5.9**	**15.3**
Net loan-loss provisions	(66)	59.9	64.1	(123)	3.7	12.9
Other income	(89)	(47.9)	(44.9)	(365)	69.5	84.5
Underlying profit before taxes	**547**	**(10.0)**	**(6.0)**	**1,744**	**(1.7)**	**7.1**
Tax on profit	(165)	(15.4)	(11.6)	(525)	(2.8)	5.8
Underlying profit from continuing operations	**382**	**(7.5)**	**(3.4)**	**1,219**	**(1.1)**	**7.7**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**382**	**(7.5)**	**(3.4)**	**1,219**	**(1.1)**	**7.7**
Minority interests	5	(5.6)	(1.2)	18	(32.7)	(26.7)
Underlying attributable profit to the Group	**377**	**(7.6)**	**(3.4)**	**1,201**	**(0.4)**	**8.4**
Net capital gains and provisions*	—	—	—	—	(100.0)	(100.0)
Attributable profit to the Group	**377**	**(7.6)**	**(3.4)**	**1,201**	**(8.5)**	**(0.4)**

(*).-In 2Q'16, capital gains from the disposal of the stake in Visa Europe and restructuring costs.

Balance sheet	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Customer loans	246,896	0.1	0.3	246,896	(1.4)	1.0
Cash. central banks and credit institutions	52,780	33.4	33.7	52,780	56.4	60.1
Debt securities	25,891	0.6	0.9	25,891	(1.6)	0.8
o/w: available for sale	10,383	(3.9)	(3.7)	10,383	(13.4)	(11.4)
Other financial assets	23,052	(9.6)	(9.3)	23,052	(23.6)	(21.7)
Other assets	10,229	(5.9)	(5.7)	10,229	(22.7)	(20.8)
Total assets	**358,847**	**3.0**	**3.3**	**358,847**	**1.4**	**3.9**
Customer deposits	227,292	4.9	5.2	227,292	11.5	14.2
Central banks and credit institutions	27,926	16.1	16.5	27,926	25.2	28.2
Debt securities issued	60,784	(4.2)	(3.9)	60,784	(17.0)	(15.0)
Other financial liabilities	21,982	(6.7)	(6.5)	21,982	(31.2)	(29.5)
Other liabilities	4,195	(4.1)	(3.8)	4,195	(32.0)	(30.3)
Total liabilities	**342,179**	**3.1**	**3.4**	**342,179**	**1.4**	**3.9**
Total equity	**16,669**	**1.4**	**1.7**	**16,669**	**1.9**	**4.4**
Other managed and marketed customer funds	**8,474**	**(0.1)**	**0.2**	**8,474**	**(0.8)**	**1.6**
Mutual funds	8,360	(0.1)	0.2	8,360	(0.8)	1.6
Pension funds	—	—	—	—	—	—
Managed portfolios	115	1.0	1.2	115	(2.1)	0.3
Pro memoria:						
Loans w/o repos	235,704	0.1	0.4	235,704	(2.5)	(0.2)
Funds (customer deposits w/o repos + mutual funds)	207,861	(0.3)	(0.1)	207,861	0.8	3.2

Ratios (%) and operating means	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Underlying RoTE	10.60	(0.40)		10.94	1.02	
Efficiency ratio (with amortisations)	49.7	2.9		49.0	(3.1)	
NPL ratio	1.32	0.09		1.32	(0.15)	
NPL coverage	31.5	(1.1)		31.5	(4.5)	
Number of employees	25,722	(0.1)		25,722	(0.5)	
Number of branches	820	(1.1)		820	(2.8)	

Latin America (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	3,979	(0.8)	4.2	11,939	23.8	16.0
Net fee income	1,325	(5.0)	0.7	4,121	26.3	18.8
Gains (losses) on financial transactions	253	10.6	15.8	810	22.8	19.4
Other operating income	30	44.1	46.9	53	497.3	316.3
Gross income	**5,587**	**(1.2)**	**4.0**	**16,923**	**24.7**	**17.1**
Operating expenses	(2,145)	(1.7)	3.9	(6,506)	17.3	10.7
General administrative expenses	(1,946)	(1.4)	4.1	(5,893)	16.8	10.3
Personnel	*(1,077)*	*(1.4)*	*4.0*	*(3,262)*	*16.6*	*9.9*
Other general administrative expenses	*(869)*	*(1.4)*	*4.3*	*(2,632)*	*17.0*	*10.7*
Depreciation and amortisation	(200)	(3.8)	1.4	(612)	23.1	15.4
Net operating income	**3,442**	**(0.9)**	**4.1**	**10,418**	**29.8**	**21.5**
Net loan-loss provisions	(1,228)	(3.6)	1.1	(3,808)	6.3	(1.4)
Other income	(321)	(20.8)	(15.6)	(1,086)	101.8	82.8
Underlying profit before taxes	**1,893**	**5.4**	**10.6**	**5,524**	**41.4**	**34.0**
Tax on profit	(620)	13.5	18.9	(1,757)	70.8	61.0
Underlying profit from continuing operations	**1,273**	**1.9**	**7.0**	**3,767**	**30.8**	**24.3**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**1,273**	**1.9**	**7.0**	**3,767**	**30.8**	**24.3**
Minority interests	204	2.6	6.4	598	31.2	25.6
Underlying attributable profit to the Group	**1,069**	**1.8**	**7.1**	**3,169**	**30.8**	**24.0**
Net capital gains and provisions	—	—	—	—	—	—
Attributable profit to the Group	**1,069**	**1.8**	**7.1**	**3,169**	**30.8**	**24.0**

Balance sheet	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Customer loans	149,263	1.9	3.3	149,263	4.8	8.3
Cash. central banks and credit institutions	55,825	(6.7)	(5.2)	55,825	(12.5)	(9.3)
Debt securities	62,144	4.4	5.7	62,144	16.1	19.3
o/w: available for sale	35,628	5.6	6.9	35,628	22.5	26.0
Other financial assets	14,208	1.0	2.8	14,208	(13.8)	(12.5)
Other assets	17,718	(2.9)	(1.8)	17,718	(1.5)	2.1
Total assets	**299,158**	**0.3**	**1.7**	**299,158**	**1.7**	**4.9**
Customer deposits	146,529	0.9	2.6	146,529	9.8	13.8
Central banks and credit institutions	40,876	(5.4)	(4.2)	40,876	3.1	5.9
Debt securities issued	35,043	(6.6)	(6.0)	35,043	(20.9)	(18.4)
Other financial liabilities	35,629	8.6	10.0	35,629	(4.7)	(2.6)
Other liabilities	11,396	5.4	6.6	11,396	5.9	9.3
Total liabilities	**269,473**	**(0.0)**	**1.4**	**269,473**	**1.5**	**4.7**
Total equity	**29,685**	**3.7**	**5.0**	**29,685**	**3.4**	**6.9**
Other managed and marketed customer funds	**85,561**	**4.5**	**5.4**	**85,561**	**8.1**	**11.7**
Mutual funds	78,858	4.5	5.4	78,858	8.2	11.8
Pension funds	—	—	—	—	—	—
Managed portfolios	6,703	4.6	4.5	6,703	7.5	11.3
Pro memoria:						
Loans w/o repos	154,722	1.7	3.1	154,722	4.1	7.5
Funds (customer deposits w/o repos + mutual funds)	202,638	4.8	6.4	202,638	15.4	19.5

Ratios (%) and operating means	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Underlying RoTE	18.15	0.40		17.77	2.48	
Efficiency ratio (with amortisations)	38.4	(0.2)		38.4	(2.4)	
NPL ratio	4.45	0.01		4.45	(0.49)	
NPL coverage	89.9	0.8		89.9	5.4	
Number of employees	87,555	0.1		87,555	0.3	
Number of branches	5,818	(0.1)		5,818	0.0	

Brazil (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	2,524	0.8	5.8	7,548	30.3	16.7
Net fee income	868	(4.5)	0.5	2,711	32.0	18.3
Gains (losses) on financial transactions	110	42.7	45.2	434	72.1	54.2
Other operating income	40	230.1	233.4	68	99.1	78.4
Gross income	**3,542**	**1.1**	**6.2**	**10,761**	**32.3**	**18.5**
Operating expenses	(1,244)	0.9	5.9	(3,791)	19.6	7.1
General administrative expenses	(1,120)	1.4	6.4	(3,406)	19.1	6.7
Personnel	*(633)*	*0.0*	*5.0*	*(1,930)*	*21.4*	*8.8*
Other general administrative expenses	*(487)*	*3.3*	*8.3*	*(1,476)*	*16.3*	*4.1*
Depreciation and amortisation	(124)	(3.5)	1.5	(385)	24.0	11.1
Net operating income	**2,298**	**1.3**	**6.3**	**6,970**	**40.4**	**25.8**
Net loan-loss provisions	(819)	(3.8)	1.2	(2,581)	6.5	(4.6)
Other income	(268)	(23.3)	(18.2)	(975)	93.6	73.4
Underlying profit before taxes	**1,211**	**13.3**	**18.3**	**3,414**	**67.7**	**50.3**
Tax on profit	(464)	22.3	27.3	(1,266)	106.9	85.4
Underlying profit from continuing operations	**747**	**8.4**	**13.4**	**2,149**	**50.9**	**35.2**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**747**	**8.4**	**13.4**	**2,149**	**50.9**	**35.2**
Minority interests	88	11.2	16.2	246	66.0	48.7
Underlying attributable profit to the Group	**659**	**8.0**	**13.0**	**1,902**	**49.1**	**33.6**
Net capital gains and provisions	—	—	—	—	—	—
Attributable profit to the Group	**659**	**8.0**	**13.0**	**1,902**	**49.1**	**33.6**

Balance sheet	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Customer loans	71,352	2.9	3.0	71,352	4.7	8.8
Cash. central banks and credit institutions	37,355	(1.2)	(1.1)	37,355	(9.6)	(6.0)
Debt securities	43,428	8.3	8.4	43,428	25.1	30.0
o/w: available for sale	24,512	11.0	11.1	24,512	41.5	47.1
Other financial assets	6,038	5.0	5.1	6,038	(13.2)	(9.8)
Other assets	12,416	(1.1)	(1.0)	12,416	(2.9)	0.9
Total assets	**170,590**	**3.1**	**3.2**	**170,590**	**4.1**	**8.2**
Customer deposits	74,266	3.7	3.8	74,266	7.7	11.9
Central banks and credit institutions	25,047	1.2	1.2	25,047	21.2	26.0
Debt securities issued	21,378	(9.2)	(9.1)	21,378	(28.0)	(25.1)
Other financial liabilities	24,181	13.2	13.3	24,181	18.4	23.0
Other liabilities	8,019	8.5	8.6	8,019	10.2	14.6
Total liabilities	**152,891**	**2.8**	**2.9**	**152,891**	**4.0**	**8.1**
Total equity	**17,699**	**5.2**	**5.3**	**17,699**	**4.7**	**8.8**
Other managed and marketed customer funds	**62,180**	**6.1**	**6.2**	**62,180**	**9.7**	**14.0**
Mutual funds	58,111	6.2	6.3	58,111	9.7	14.1
Pension funds	—	—	—	—	—	—
Managed portfolios	4,069	4.5	4.6	4,069	8.7	13.0
Pro memoria:						
Loans w/o repos	75,622	3.1	3.2	75,622	4.5	8.6
Funds (customer deposits w/o repos + mutual funds)	113,031	10.1	10.2	113,031	21.1	25.8

Ratios (%) and operating means	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Underlying RoTE	17.60	1.35		16.79	2.99	
Efficiency ratio (with amortisations)	35.1	(0.1)		35.2	(3.7)	
NPL ratio	5.32	(0.04)		5.32	(0.80)	
NPL coverage	97.6	2.1		97.6	8.3	
Number of employees	46,261	0.1		46,261	(2.6)	
Number of branches	3,422	(0.1)		3,422	0.4	

Mexico (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	684	3.2	5.6	1,970	11.3	14.4
Net fee income	195	1.0	3.4	569	6.9	9.9
Gains (losses) on financial transactions	25	(53.8)	(53.2)	111	16.3	19.6
Other operating income	(11)	—	—	(20)	(13.6)	(11.2)
Gross income	**892**	**(2.4)**	**(0.2)**	**2,630**	**10.8**	**13.9**
Operating expenses	(356)	(1.2)	1.0	(1,037)	9.1	12.2
General administrative expenses	(324)	(1.2)	1.0	(943)	8.6	11.6
Personnel	*(163)*	*0.0*	*2.3*	*(475)*	*5.5*	*8.5*
Other general administrative expenses	*(162)*	*(2.3)*	*(0.2)*	*(468)*	*11.8*	*15.0*
Depreciation and amortisation	(32)	(1.6)	0.6	(94)	15.1	18.4
Net operating income	**536**	**(3.1)**	**(0.9)**	**1,594**	**11.8**	**15.0**
Net loan-loss provisions	(240)	(2.4)	(0.1)	(718)	14.3	17.5
Other income	(4)	(33.1)	(32.1)	(15)	(33.5)	(31.7)
Underlying profit before taxes	**292**	**(3.1)**	**(0.9)**	**860**	**11.2**	**14.3**
Tax on profit	(61)	(4.6)	(2.5)	(181)	5.3	8.3
Underlying profit from continuing operations	**231**	**(2.6)**	**(0.5)**	**680**	**12.9**	**16.0**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**231**	**(2.6)**	**(0.5)**	**680**	**12.9**	**16.0**
Minority interests	49	(2.5)	(0.2)	148	4.1	7.0
Underlying attributable profit to the Group	**182**	**(2.7)**	**(0.6)**	**532**	**15.6**	**18.8**
Net capital gains and provisions	—	—	—	—	—	—
Attributable profit to the Group	**182**	**(2.7)**	**(0.6)**	**532**	**15.6**	**18.8**

Balance sheet	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Customer loans	29,072	0.6	4.8	29,072	4.7	3.4
Cash. central banks and credit institutions	8,925	(28.2)	(25.2)	8,925	(21.9)	(22.9)
Debt securities	14,026	1.0	5.3	14,026	7.4	6.0
o/w: available for sale	7,395	0.0	4.3	7,395	12.2	10.8
Other financial assets	5,902	(3.2)	0.9	5,902	(14.8)	(15.8)
Other assets	2,577	(12.2)	(8.5)	2,577	4.1	2.7
Total assets	**60,502**	**(5.9)**	**(1.8)**	**60,502**	**(1.9)**	**(3.1)**
Customer deposits	31,339	(4.0)	0.1	31,339	20.6	19.1
Central banks and credit institutions	9,841	(15.3)	(11.6)	9,841	0.2	(1.1)
Debt securities issued	4,931	(1.3)	3.0	4,931	(5.7)	(6.9)
Other financial liabilities	7,167	(8.5)	(4.6)	7,167	(45.8)	(46.5)
Other liabilities	1,815	(2.4)	1.7	1,815	(6.5)	(7.7)
Total liabilities	**55,093**	**(6.5)**	**(2.6)**	**55,093**	**(1.9)**	**(3.2)**
Total equity	**5,409**	**1.7**	**6.0**	**5,409**	**(1.0)**	**(2.3)**
Other managed and marketed customer funds	**10,538**	**(0.6)**	**3.6**	**10,538**	**(3.6)**	**(4.9)**
Mutual funds	10,538	(0.6)	3.6	10,538	(3.6)	(4.9)
Pension funds	—	—	—	—	—	—
Managed portfolios	—	—	—	—	—	—
Pro memoria:						
Loans w/o repos	29,347	(0.8)	3.5	29,347	3.0	1.7
Funds (customer deposits w/o repos + mutual funds)	38,643	(2.7)	1.4	38,643	11.0	9.6

Ratios (%) and operating means	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Underlying RoTE	19.38	(0.94)		19.50	4.72	
Efficiency ratio (with amortisations)	39.9	0.5		39.4	(0.6)	
NPL ratio	2.56	(0.02)		2.56	(0.39)	
NPL coverage	110.3	(3.5)		110.3	8.4	
Number of employees	18,217	1.9		18,217	4.3	
Number of branches	1,401	0.1		1,401	1.0	

Chile (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	440	(10.0)	(6.8)	1,415	5.4	1.1
Net fee income	93	(6.4)	(3.2)	300	14.9	10.1
Gains (losses) on financial transactions	67	25.0	28.1	170	18.8	13.9
Other operating income	3	683.0	560.0	8	204.5	192.0
Gross income	**604**	**(6.1)**	**(2.9)**	**1,893**	**8.2**	**3.7**
Operating expenses	(253)	(2.6)	0.6	(777)	7.8	3.4
General administrative expenses	(228)	(2.6)	0.6	(700)	6.5	2.2
Personnel	*(143)*	*(2.7)*	*0.5*	*(430)*	*5.1*	*0.7*
Other general administrative expenses	*(85)*	*(2.5)*	*0.6*	*(270)*	*9.0*	*4.5*
Depreciation and amortisation	(26)	(2.1)	1.1	(78)	20.9	15.9
Net operating income	**351**	**(8.4)**	**(5.2)**	**1,116**	**8.5**	**4.0**
Net loan-loss provisions	(108)	(12.1)	(8.8)	(352)	(7.9)	(11.7)
Other income	11	72.2	76.5	20	175.5	164.2
Underlying profit before taxes	**255**	**(4.8)**	**(1.6)**	**783**	**19.9**	**15.0**
Tax on profit	(45)	(8.9)	(5.7)	(142)	26.2	21.0
Underlying profit from continuing operations	**209**	**(3.8)**	**(0.6)**	**641**	**18.6**	**13.7**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**209**	**(3.8)**	**(0.6)**	**641**	**18.6**	**13.7**
Minority interests	66	(3.1)	0.1	201	23.0	18.0
Underlying attributable profit to the Group	**143**	**(4.2)**	**(1.0)**	**440**	**16.7**	**11.9**
Net capital gains and provisions	—	—	—	—	—	—
Attributable profit to the Group	**143**	**(4.2)**	**(1.0)**	**440**	**16.7**	**11.9**

Balance sheet	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Customer loans	36,257	2.7	2.3	36,257	1.0	3.9
Cash. central banks and credit institutions	3,990	0.8	0.4	3,990	(25.1)	(23.0)
Debt securities	3,352	(11.4)	(11.8)	3,352	(20.1)	(17.9)
o/w: available for sale	2,717	(5.1)	(5.4)	2,717	(29.8)	(27.8)
Other financial assets	2,247	2.0	1.6	2,247	(12.9)	(10.4)
Other assets	1,850	3.8	3.4	1,850	(5.2)	(2.5)
Total assets	**47,695**	**1.4**	**1.0**	**47,695**	**(4.5)**	**(1.8)**
Customer deposits	25,819	2.2	1.8	25,819	1.4	4.3
Central banks and credit institutions	4,239	(14.4)	(14.8)	4,239	(37.5)	(35.7)
Debt securities issued	8,490	(2.3)	(2.6)	8,490	(7.4)	(4.7)
Other financial liabilities	3,300	24.0	23.5	3,300	12.3	15.5
Other liabilities	1,138	16.1	15.6	1,138	2.8	5.7
Total liabilities	**42,986**	**1.1**	**0.7**	**42,986**	**(5.4)**	**(2.7)**
Total equity	**4,709**	**4.4**	**4.0**	**4,709**	**5.0**	**8.0**
Other managed and marketed customer funds	**10,199**	**0.9**	**0.5**	**10,199**	**2.6**	**5.5**
Mutual funds	7,565	(0.4)	(0.8)	7,565	1.6	4.5
Pension funds	—	—	—	—	—	—
Managed portfolios	2,634	4.7	4.3	2,634	5.7	8.7
Pro memoria:						
Loans w/o repos	37,281	2.5	2.1	37,281	0.9	3.8
Funds (customer deposits w/o repos + mutual funds)	33,215	1.6	1.2	33,215	1.1	4.0

Ratios (%) and operating means	3Q'17	/ 2Q'17 %	9M'17	/ 9M'16 %
Underlying RoTE	18.23	(0.42)	18.01	0.83
Efficiency ratio (with amortisations)	41.9	1.5	41.1	(0.1)
NPL ratio	4.95	(0.05)	4.95	(0.17)
NPL coverage	58.5	0.3	58.5	0.4
Number of employees	11,673	(0.2)	11,673	(4.4)
Number of branches	406	(0.2)	406	(12.7)

United States (Ex-Popular) (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	1,319	(11.3)	(5.1)	4,296	(3.8)	(4.2)
Net fee income	226	(9.8)	(3.4)	749	(11.3)	(11.7)
Gains (losses) on financial transactions	(21)	—	—	(1)	—	—
Other operating income	80	(31.5)	(25.3)	319	(14.9)	(15.2)
Gross income	**1,604**	**(14.7)**	**(8.5)**	**5,363**	**(6.3)**	**(6.7)**
Operating expenses	(743)	(12.1)	(5.8)	(2,425)	3.9	3.5
General administrative expenses	(666)	(12.2)	(5.9)	(2,181)	3.6	3.2
Personnel	*(396)*	*(7.5)*	*(1.1)*	*(1,268)*	*3.8*	*3.4*
Other general administrative expenses	*(270)*	*(18.2)*	*(12.1)*	*(913)*	*3.3*	*2.9*
Depreciation and amortisation	(77)	(11.4)	(5.2)	(244)	6.5	6.0
Net operating income	**861**	**(16.8)**	**(10.6)**	**2,938**	**(13.3)**	**(13.6)**
Net loan-loss provisions	(634)	(9.0)	(2.5)	(2,142)	(8.5)	(8.9)
Other income	(2)	(92.8)	(86.5)	(58)	(28.6)	(28.8)
Underlying profit before taxes	**225**	**(28.4)**	**(22.8)**	**737**	**(23.6)**	**(23.9)**
Tax on profit	(70)	(10.7)	(4.7)	(211)	(37.7)	(37.9)
Underlying profit from continuing operations	**154**	**(34.4)**	**(29.0)**	**527**	**(16.0)**	**(16.3)**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**154**	**(34.4)**	**(29.0)**	**527**	**(16.0)**	**(16.3)**
Minority interests	61	(29.5)	(24.1)	190	(22.9)	(23.2)
Underlying attributable profit to the Group	**93**	**(37.2)**	**(31.7)**	**337**	**(11.5)**	**(11.9)**
Net capital gains and provisions	—	—	—	—	—	—
Attributable profit to the Group	**93**	**(37.2)**	**(31.7)**	**337**	**(11.5)**	**(11.9)**

Balance sheet	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Customer loans	73,242	(4.5)	(1.2)	73,242	(10.7)	(5.5)
Cash. central banks and credit institutions	13,093	(15.8)	(12.9)	13,093	(21.2)	(16.7)
Debt securities	16,331	(8.3)	(5.2)	16,331	6.8	12.9
o/w: available for sale	*14,338*	*(8.5)*	*(5.3)*	*14,338*	*4.1*	*10.1*
Other financial assets	2,889	4.8	8.4	2,889	(7.1)	(1.7)
Other assets	12,381	(2.3)	1.1	12,381	(2.8)	2.9
Total assets	**117,937**	**(6.0)**	**(2.8)**	**117,937**	**(9.1)**	**(3.9)**
Customer deposits	52,877	(4.7)	(1.4)	52,877	(12.1)	(7.0)
Central banks and credit institutions	15,676	(19.5)	(16.7)	15,676	(29.6)	(25.5)
Debt securities issued	26,993	(0.7)	2.7	26,993	9.8	16.1
Other financial liabilities	2,720	(14.8)	(11.9)	2,720	14.4	21.0
Other liabilities	4,250	(2.5)	0.9	4,250	(6.8)	(1.4)
Total liabilities	**102,516**	**(6.6)**	**(3.3)**	**102,516**	**(10.0)**	**(4.8)**
Total equity	**15,422**	**(2.2)**	**1.2**	**15,422**	**(2.5)**	**3.2**
Other managed and marketed customer funds	**17,136**	**(0.5)**	**2.9**	**17,136**	**(13.0)**	**(8.0)**
Mutual funds	8,334	(1.5)	1.9	8,334	19.8	26.7
Pension funds	—	—	—	—	—	—
Managed portfolios	8,801	0.4	3.9	8,801	(30.9)	(26.9)
Pro memoria:						
Loans w/o repos	76,725	(4.5)	(1.2)	76,725	(10.8)	(5.7)
Funds (customer deposits w/o repos + mutual funds)	60,916	(4.4)	(1.1)	60,916	(8.8)	(3.6)

Ratios (%) and operating means	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Underlying RoTE	3.00	(1.44)		3.42	(0.65)	
Efficiency ratio (with amortisations)	46.3	1.4		45.2	4.4	
NPL ratio	2.56	(0.08)		2.56	0.32	
NPL coverage	187.5	4.4		187.5	(28.7)	
Number of employees	17,566	(2.5)		17,566	(0.0)	
Number of branches	694	(9.0)		694	(9.4)	

Corporate Centre (€ million)

P&L	3Q'17	2Q'17	%	9M'17	9M'16	%
Net interest income	(220)	(213)	3.2	(628)	(550)	14.1
Net fee income	(7)	(9)	(28.8)	(21)	(17)	21.7
Gains (losses) on financial transactions	(56)	(81)	(30.9)	(257)	(196)	31.1
Other operating income	(17)	(36)	(52.7)	(76)	(21)	258.1
Gross income	**(300)**	**(340)**	**(11.7)**	**(981)**	**(784)**	**25.1**
Operating expenses	(118)	(118)	0.1	(356)	(351)	1.6
Net operating income	**(419)**	**(458)**	**(8.7)**	**(1,337)**	**(1,135)**	**17.8**
Net loan-loss provisions	(22)	(11)	104.0	(37)	1	—
Other income	(54)	(53)	3.1	(139)	(118)	17.2
Underlying profit before taxes	**(494)**	**(522)**	**(5.2)**	**(1,513)**	**(1,252)**	**20.9**
Tax on profit	14	(40)	—	1	102	(99.5)
Underlying profit from continuing operations	**(481)**	**(561)**	**(14.4)**	**(1,512)**	**(1,149)**	**31.6**
Net profit from discontinued operations	—	—	—	—	0	(100.0)
Underlying consolidated profit	**(481)**	**(561)**	**(14.4)**	**(1,512)**	**(1,149)**	**31.6**
Minority interests	(0)	2	—	(1)	(9)	(88.5)
Underlying attributable profit to the Group	**(480)**	**(563)**	**(14.7)**	**(1,511)**	**(1,140)**	**32.5**
Net capital gains and provisions*	(130)	—	—	(130)	(186)	(30.1)
Attributable profit to the Group	**(610)**	**(563)**	**8.4**	**(1,641)**	**(1,326)**	**23.7**

(*).-In 3Q'17, charge for equity stakes and intangible assets. In 2Q'16, restructuring costs.

Balance sheet	3Q'17	2Q'17	%	9M'17	9M'16	%
Debt securities	1,488	2,009	(25.9)	1,488	1,259	18.2
Goodwill	25,855	26,070	(0.8)	25,855	26,143	(1.1)
Capital assigned to Group areas	85,441	79,992	6.8	85,441	78,615	8.7
Other financial assets	9,140	8,040	13.7	9,140	13,015	(29.8)
Other assets	14,485	14,814	(2.2)	14,485	15,416	(6.0)
Total assets	**136,408**	**130,926**	**4.2**	**136,408**	**134,447**	**1.5**
Debt securities issued	36,213	34,279	5.6	36,213	33,566	7.9
Other financial liabilities	856	2,095	(59.1)	856	3,731	(77.0)
Other liabilities	9,088	8,968	1.3	9,088	14,098	(35.5)
Total liabilities	**46,157**	**45,342**	**1.8**	**46,157**	**51,394**	**(10.2)**
Total equity	**90,251**	**85,583**	**5.5**	**90,251**	**83,053**	**8.7**
Other managed and marketed customer funds	**3**	**53**	**(93.9)**	**3**	**—**	**—**
Mutual funds	3	53	(93.9)	3	—	—
Pension funds	0	—	—	0	—	—
Managed portfolios	—	—	—	—	—	—

Operating means	3Q'17	2Q'17	%	9M'17	9M'16	%
Number of employees	1,709	1,714	(0.3)	1,709	1,732	(1.3)

Retail Banking (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	7,844	(3.1)	0.9	23,888	9.8	7.9
Net fee income	2,369	(3.6)	0.3	7,274	11.8	9.4
Gains (losses) on financial transactions	110	(30.4)	(28.2)	492	23.8	30.9
Other operating income	223	28.8	33.2	580	12.3	12.5
Gross income	**10,546**	**(3.1)**	**0.9**	**32,235**	**10.5**	**8.6**
Operating expenses	(4,718)	(3.6)	0.3	(14,500)	6.1	4.8
Net operating income	**5,828**	**(2.7)**	**1.3**	**17,735**	**14.3**	**12.0**
Net loan-loss provisions	(2,062)	3.2	8.2	(6,301)	(1.5)	(5.0)
Other income	(530)	(29.0)	(25.3)	(1,962)	68.7	63.0
Underlying profit before taxes	**3,236**	**(0.2)**	**3.2**	**9,472**	**19.1**	**18.4**
Tax on profit	(1,023)	9.7	13.4	(2,876)	29.2	28.6
Underlying profit from continuing operations	**2,214**	**(4.2)**	**(0.9)**	**6,596**	**15.1**	**14.5**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**2,214**	**(4.2)**	**(0.9)**	**6,596**	**15.1**	**14.5**
Minority interests	324	(7.5)	(4.3)	951	12.5	10.7
Underlying attributable profit to the Group	**1,889**	**(3.7)**	**(0.3)**	**5,645**	**15.5**	**15.1**
Net capital gains and provisions*	(85)	—	—	(85)	—	618.4
Attributable profit to the Group	**1,804**	**(8.0)**	**(4.7)**	**5,560**	**13.9**	**13.7**
Pro memoria:						
Loans w/o repos	678,024	(0.3)	0.4	678,024	0.1	2.2
Funds (customer deposits w/o repos + mutual funds)	734,978	0.4	1.2	734,978	4.1	6.1

(*).-In 3Q'17, integration costs. In 2Q'16, capital gains from the disposal of the stake in Visa Europe and restructuring costs.

Global Corporate Banking (€ million)

P&L	3Q'17	/ 2Q'17 %	/ 2Q'17 % w/o FX	9M'17	/ 9M'16 %	/ 9M'16 % w/o FX
Net interest income	610	(2.4)	1.2	1,891	3.8	1.3
Net fee income	397	(9.3)	(6.3)	1,234	17.3	15.9
Gains (losses) on financial transactions	360	70.3	77.8	1,038	(6.5)	(8.4)
Other operating income	7	(92.6)	(91.5)	151	(8.9)	(9.9)
Gross income	**1,374**	**(0.0)**	**3.8**	**4,314**	**4.0**	**1.9**
Operating expenses	(493)	1.0	4.6	(1,469)	0.7	0.8
Net operating income	**881**	**(0.6)**	**3.3**	**2,845**	**5.7**	**2.5**
Net loan-loss provisions	(113)	(52.2)	(49.7)	(483)	(19.9)	(24.9)
Other income	(22)	326.6	353.7	(41)	6.5	8.2
Underlying profit before taxes	**745**	**15.8**	**20.0**	**2,320**	**13.3**	**10.8**
Tax on profit	(219)	18.7	23.1	(669)	12.3	9.9
Underlying profit from continuing operations	**526**	**14.6**	**18.7**	**1,651**	**13.7**	**11.2**
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	**526**	**14.6**	**18.7**	**1,651**	**13.7**	**11.2**
Minority interests	49	11.2	14.6	150	19.6	12.9
Underlying attributable profit to the Group	**476**	**15.0**	**19.2**	**1,501**	**13.1**	**11.1**
Net capital gains and provisions*	—	—	—	—	(100.0)	(100.0)
Attributable profit to the Group	**476**	**15.0**	**19.2**	**1,501**	**18.3**	**16.1**
Pro memoria:						
Loans w/o repos	90,900	1.3	2.2	90,900	(5.2)	(3.3)
Funds (customer deposits w/o repos + mutual funds)	77,867	7.4	8.2	77,867	26.5	28.7

(*).- In 2Q'16, restructuring costs.

Popular (€ million)

P&L	2Q'17*	3Q'17	9M'17*
Net interest income	109	456	565
Net fee income	31	128	159
Gains (losses) on financial transactions	(1)	10	9
Other operating income	0	40	41
Gross income	**139**	**634**	**774**
Operating expenses	(96)	(388)	(484)
General administrative expenses	(87)	(339)	(426)
Personnel	*(45)*	*(177)*	*(222)*
Other general administrative expenses	*(42)*	*(162)*	*(204)*
Depreciation and amortisation	(9)	(49)	(58)
Net operating income	**43**	**247**	**290**
Net loan-loss provisions	(8)	(38)	(46)
Other income	(20)	8	(12)
Underlying profit before taxes	**15**	**216**	**231**
Tax on profit	(5)	(49)	(53)
Underlying profit from continuing operations	**11**	**167**	**178**
Net profit from discontinued operations	—	—	—
Underlying consolidated profit	**11**	**167**	**178**
Minority interests	—	(0)	(0)
Underlying attributable profit to the Group	**11**	**168**	**178**
Net capital gains and provisions**	—	(300)	(300)
Attributable profit to the Group	**11**	**(132)**	**(122)**

(*).- Results consolidated into Grupo Santander as of 7 June 2017.

(**).- In 3Q'17, integration costs.

Balance sheet	Sep 2017	% / jun 2017
Customer loans	75,751	(8.3)
Cash. central banks and credit institutions	15,392	22.8
Debt securities	18,818	(3.0)
o/w: available for sale	*16,686*	*(6.9)*
Other financial assets	1,755	(11.0)
Other assets	18,270	20.0
Total assets	**129,985**	**(1.3)**
Customer deposits	69,842	7.8
Central banks and credit institutions	35,333	(25.0)
Debt securities issued	10,861	(8.8)
Other financial liabilities	2,134	(17.8)
Other liabilities	5,004	(4.9)
Total liabilities	**123,174**	**(6.5)**
Total equity	**6,789**	**—**
Other managed and marketed customer funds	**16,854**	**(7.0)**
Mutual funds	9,731	(2.7)
Pension funds	4,692	(1.0)
Managed portfolios	2,431	(28.1)
Pro memoria:		
Gross customer loans w/o repos	79,573	(14.5)
Funds (customer deposits w/o repos + mutual funds)	79,240	12.3

Consolidated summarised financial statements

- Consolidated income statement
- Consolidated balance sheet

NOTE: The financial information for the first nine months of 2017 and 2016 corresponds to that included in the consolidated summarised financial statements at these dates. drawn up in accordance with the International Accounting Standards (IAS) 34. Interim Financial Information, The accounting policies and methods used are those established by the International Financial Reporting Standards adopted by the European Union (IFRS-EU). Circular 4/2004 of the Bank of Spain and the International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS-IASB),

Consolidated income statement (€ million)

	9M'17	9M'16
Interest income	42,488	41,048
Interest expense	(16,799)	(18,055)
NET INTEREST INCOME	**25,689**	**22,993**
Dividend income	309	289
Share of results of entities accounted for using the equity method	480	314
Commission income	10,875	9,557
Commission expense	(2,227)	(2,014)
Gain or losses on financial assets and liabilities not measured at fair value through profit or loss. net	353	806
Gain or losses on financial assets and liabilities held for trading. net	1,036	1,517
Gain or losses on financial assets and liabilities measured at fair value through profit or loss. net	(85)	433
Gain or losses from hedge accounting. net	(35)	8
Exchange rate differences. net	13	(1,073)
Other operating income	1,188	1,709
Other operating expenses	(1,315)	(1,641)
Income from assets under insurance and reinsurance contracts	1,869	1,420
Expenses from liabilities under insurance and reinsurance contracts	(1,820)	(1,372)
GROSS INCOME	**36,330**	**32,946**
Administrative expenses	(15,059)	(13,896)
Staff costs	(8,856)	(8,121)
Other general administrative expenses	(6,203)	(5,775)
Depreciation and amortisation cost	(1,899)	(1,738)
Provisions. net	(2,622)	(1,927)
Impairment or reversal of impairment of financial assets measured at fair value through profit or loss. net	(6,973)	(7,154)
Financial assets measured at cost	(7)	(3)
Financial assets available-for-sale	(3)	16
Loans and receivables	(6,963)	(7,167)
Held-to-maturity investments	—	—
PROFIT FROM OPERATIONS	**9,777**	**8,231**
Impairment of investments in subsidiaries. joint ventures and associates. net	—	(8)
Impairment on non-financial assets. net	(141)	(37)
Tangible assets	(44)	(26)
Intangible assets	(41)	—
Others	(56)	(11)
Gain or losses on non financial assets and investments. net	71	9
Negative goodwill recognized in results	—	22
Gains or losses on non-current assets held for sale classified as discontinued operations	(211)	(64)
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**9,496**	**8,153**
Tax expense or income from continuing operations	(3,332)	(2,547)
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	**6,164**	**5,606**
Profit or loss after tax from discontinued operations	—	—
PROFIT FOR THE PERIOD	**6,164**	**5,606**
Profit attributable to non-controlling interests	1,087	1,000
Profit attributable to the parent	5,077	4,606
EARNINGS PER SHARE (euros)		
Basic	0.32	0.30
Diluted	0.32	0.30

NOTE: The financial information in this report was approved by the Bank's Board of Directors. following a favourable report from the Audit Committee

Consolidated balance sheet (€ million)

ASSETS	30.09.17	31.12.16	30.09.16
Cash. cash balances at central banks and other demand deposits	122,055	76,454	63,717
Financial assets held for trading	126,649	148,187	152,814
Memorandum items: lent or delivered as guarantee with disposal or pledge rights	*44,876*	*38,145*	—
Financial assets measured at fair value	38,159	31,609	45,158
Memorandum items: lent or delivered as guarantee with disposal or pledge rights	*4,189*	*2,025*	—
Financial assets available for sale	139,461	116,774	113,947
Memorandum items: lent or delivered as guarantee with disposal or pledge rights	*48,992*	*23,980*	—
Loans and receivables	903,851	840,004	828,539
Memorandum items: lent or delivered as guarantee with disposal or pledge rights	*10,029*	*7,994*	—
Investments held,to-maturity	13,553	14,468	12,276
Memorandum items: lent or delivered as guarantee with disposal or pledge rights	*4,577*	*2,489*	—
Hedging derivates	8,487	10,377	11,512
Changes in fair value of hedged items in portfolio hedges of interest rate risk	1,302	1,481	1,891
Investments	6,832	4,836	3,481
Associated companies	2,525	1,594	1,667
Controlled entities	4,307	3,242	1,814
Reinsurance assets	350	331	353
Tangible assets	22,708	23,286	25,979
Property. plant and equipment	20,550	20,770	19,692
For own-use	8,217	7,860	7,508
Leased out under an operating lease	12,333	12,910	12,184
Investment property	2,158	2,516	6,287
Of which: leased out under an operating lease	1,318	1,567	5,094
Memorandum items: acquired in financial lease	*88*	*115*	*110*
Intangible assets	28,538	29,421	28,748
Goodwill	25,855	26,724	26,148
Other intangible assets	2,683	2,697	2,600
Tax assets	29,800	27,678	26,564
Current tax assets	5,959	6,414	5,074
Deferred tax assets	23,841	21,264	21,490
Other assets	10,847	8,447	8,579
Insurance contracts linked to pensions	417	269	269
Inventories	2,181	1,116	1,115
Other	8,249	7,062	7,195
Non-current assets held for sale	15,438	5,772	5,980
TOTAL ASSETS	**1,468,030**	**1,339,125**	**1,329,538**

Consolidated balance sheet (€ million)

LIABILITIES AND EQUITY	30.09.17	31.12.16	30.09.16
Financial liabilities held for trading	110,023	108,765	116,249
Financial liabilities designated at fair value through profit or loss	55,049	40,263	47,149
Memorandum items: subordinated liabilities	—	—	—
Financial liabilities at amortised cost	1,147,403	1,044,240	1,021,138
Memorandum items: subordinated liabilities	*21,867*	*19,902*	*19,729*
Hedging derivatives	7,595	8,156	8,939
Changes in fair value of hedged items in portfolio hedges of interest rate risk	313	448	654
Liabilities under insurance contracts	1,673	652	665
Provisions	15,837	14,459	14,883
Pensions and other post-retirement obligations	6,767	6,576	6,963
Other long term employee benefits	1,396	1,712	1,909
Taxes and other legal contingencies	3,782	2,994	2,860
Contingent liabilities and commitments	583	459	583
Other provisions	3,309	2,718	2,568
Tax liabilities	8,948	8,373	8,677
Current tax liabilities	2,831	2,679	3,018
Deferred tax liabilities	6,117	5,694	5,659
Other lialibities	12,461	11,070	10,062
Liabilities associated with non-current assets held for sale	4	—	—
TOTAL LIABILITIES	**1,359,306**	**1,236,426**	**1,228,416**
Sharehoders' equity	115,723	105,977	105,221
Capital	8,020	7,291	7,217
Unpaid capital which has been called up	—	—	—
Memorandum items: uncalled up capital	—	—	—
Share premium	51,110	44,912	45,001
Equity instruments issued other than capital	—	—	—
Equity component of compound financial instruments	—	—	—
Other equity instruments	—	—	—
Other equity	208	240	233
Accumulated retained profit	53,549	49,953	49,962
Revaluation reserves	—	—	—
Other reserves	(1,215)	(949)	(786)
(-) Own shares	(64)	(7)	(218)
Profit attributable to shareholders of the parent	5,077	6,204	4,606
(-) Interim Dividends	(962)	(1,667)	(794)
Other accumulated results	(19,823)	(15,039)	(16,326)
Items not reclassified to profit or loss	(3,843)	(3,933)	(3,857)
Actuarial gains or losses on defined benefit pension plans	(3,841)	(3,931)	(3,856)
Non-current assets classified as held for sale	—	—	—
Other recognised income and expense of investments in subsidaries, joint ventures and associates	(2)	(2)	(1)
Other valuation adjustments	—	—	—
Items that may be reclassified to profit or loss	(15,980)	(11,106)	(12,469)
Hedge of net investments in foreign operations (effective portion)	(4,689)	(4,925)	(3,928)
Exchange rate differences	(13,524)	(8,070)	(10,585)
Hedging derivatives, Cash flow hedges (effective portion)	193	469	769
Available-for-sale financial assets	2,243	1,571	1,462
Debt instruments	1,257	423	954
Equity instruments	986	1,148	508
Non-current assets classified as held for sale	—	—	—
Other recognised income and expense of investments in subsidaries. joint ventures and associates	(203)	(151)	(187)
Non-controlling interest	12,824	11,761	12,227
Other accumulated results	(1,250)	(853)	(1,066)
Other items	14,074	12,614	13,293
TOTAL EQUITY	**108,724**	**102,699**	**101,122**
TOTAL LIABILITIES AND EQUITY	**1,468,030**	**1,339,125**	**1,329,538**

Memorandum items			
Contingent liabilities	49,143	44,434	41,677
Contingent commitments	244,019	231,962	220,610

» Glossary of Alternative Performance Measures (APM)

Below we set out information on alternative performance measures in order to comply with the guidelines of the European Securities and Markets Authority, ESMA (Guidelines on Alternative Performance Meaures).

The Group uses the following indicators for managing its business. They enable profitability and efficiency to be measured, the quality of its credit portfolio, the volume of tangible equity per share and the net loan-to-deposit ratio, analysing their evolution and comparing them with those of our competitors.

The purpose of the **profitability and efficiency ratios** is to measure the ratio of profits to capital, tangible capital, assets and risk-weighted assets, while the efficiency ratio enables measures how much general administrative expenses (personnel and other) and amortisation costs are needed to generate revenue.

The **credit risk** indicators measure the quality of the credit portfolio and the percentage of non-performing loans covered by provisions.

The **capitalisation** indicator provides information on the volume of tangible equity per share.

Other indicators are also included. The loan-to-deposit ratio (LTD) identifies the relation between customer loans and advances (net) and customer deposits and so assesses what proportion of loans and advances granted by the Group are financed by customer deposits. The Group also uses gross customer loan magnitudes excluding repurchase agreements (repos) and customer deposits excluding reverse repurchase agreements (reverse repos). In order to analyse the evolution of the traditional commercial banking business of granting loans and capturing deposits, the repos and reverse repos are deducted, respectively, as they are mainly highly volatile treasury business products.

The Group presents, for both the Group's total as well as the business units, the real changes in the income statement as well as the **changes without the exchange rate effect**, as it considers the latter facilitates analysis because it enables the movements that occur in businesses to be identified without taking into account the impact of converting each local currency into euros. The average exchange rates used to calculate these changes are set out on page 12.

The Group presents, for both the Group's total as well as the business units, the real changes in the balance sheet as well as the **changes without the exchange rate effect** for customer loans and advances (excluding repos) and customer funds, which comprise deposits (without reverse repos) and mutual funds. The reason is to also facilitate analysis by isolating the changes in these balances that are not caused by converting each local currency to euros. The end-of-period exchange rates used to calculate these changes are set out on page 12.

The Group also includes **summarised income statements** in which non-recurring capital gains and provisions are presented in net terms separately in the line just before the Group's attributable profit. The Group believes that this statement explains more clearly the changes in the income statement. Those capital gains and provisions considered as non-recurring are subtracted from each of the income statement lines where they were naturally recorded.

Lastly, the indicators use profit and loss and balance sheet figures and ratios excluding Banco Popular's figures, in order to facilitate like-for-like comparisons.

The following table reconciles attributable profit by isolating the negative non-recurring impacts both, in the first nine months of 2017 (derived mainly from integration costs), as well as in the first nine months of 2016 (derived mainly from losses stemming from restructuring costs in Spain, partly offset by capital gains from the sale of Visa Europe shares), and the impact of Banco Popular as of its acquisition on June 7, in the first nine months of 2017.

Adjusted attributable profit to the Group. Nine months ended on September 30
€ million

	2017	2016	% Change
Unadjusted attributable profit to the Santander Group	**5,077**	**4,606**	**+10%**
(-) Non-recurring events*	(515)	(248)	+107%
Adjusted attributable profit to the Group	**5,592**	**4,855**	**+15%**
(-) Adjusted attributable profit Banco Popular	178	—	—
Adjusted attributable profit to the Santander Group (Ex-Popular)	**5,414**	**4,855**	**+12%**

(*).- In 3Q'17, integration costs (Popular: €300 million and Germany: €85 million) and €130 million charge for equity stakes and intangible assets. In 2Q'16, capital gain from VISA Europe disposal (€227 million) and restructuring costs (€475 million), The indicators and how they are calculated are defined below,

Profitability and efficiency

RoE	Return on capital: Group attributable profit / average net equity (excluding minority interests), Net equity is defined as capital and reserves + other accumulated global results + Group attributable profit + dividends and other payments,
RoTE	Return on tangible capital: Group attributable profit / average of: net equity (excluding minority interests) – intangible assets (including goodwill)
Underlying RoTE	Return on tangible capital: Group underlying attributable profit / average of: net equity (excluding minority interests) - intangible assets (including goodwill)
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: consolidated underlying profit / average risk-weighted assets
Efficiency	Operating costs / gross income, Operating expenses are defined as general administrative expenses + amortisations

Credit risk

NPL Ratio	Non-performing loans and customer advances. customer guarantees and contingent liabilities / total risk, Total risk is defined as: normal and non-performing balances of customer loans and advances. customer guarantees and contingent liabilities
NPL Coverage	Provisions to cover losses due to impairment of customer loans and advances. customer guarantees and contingent liabilities / non-performing balances of customer loans and advances. customer guarantees and contingent liabilities
Cost of credit	Provisions to cover losses due to impairment of loans in the last 12 months / average customer loans and advances of the last 12 months

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

Other indicators

Loan-to-deposit ratio	Net customer loans and advances / Customer deposits
Loans excluding repos	Gross customer loans and advances excluding repos
Deposits excluding reverse reposs	Customer deposits excluding reverse repos

Notes:

1) The averages for the RoE. RoTE. RoA and RoRWA denominators are calculated on the basis of four months from June to September in the case of third quarter figures and ten months from December to September in the case of January-September figures.

2) For periods of less than a year. and in the event of non-recurring results existing. the profit used to calculated the RoE and RoTE is the annualised underlying attributable profit (excluding non-recurring results). to which are added non-recurring results without annualising them.

3) For periods of less than a year. and in the event of non-recurring results existing. the profit used to calculate the RoA and RoRWA is the consolidated annualised result (excluding non-recurring results). to which is added non-recurring results without annualising them.

4) The risk-weighted assets included in the RoRWA denominator are calculated in accordance with the criteria defined by the Capital Requirements Regulation (CRR).

» Other definitions

Santander Global Corporate Banking

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

Financing Solutions & Advisory (FS&A): 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). as well as asset based finance

Global Markets (GM): 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,

» Acronym

AFS: Available for Sale

CET1: Common Equity Tier1

EPS: Earnings per share

FROB: Fondo de Reestructuración Ordenada Bancaria

GDP: Gross Domestic Product

MREL/TLAC: Minimum Requirement of Elegible Liabilities / Total Loss-Absorbing Capacity

NII: Net Interest Income

NPL: Non Performing Loans

Repos: Repurchase Agreements

SAREB: Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria

SRB: Single Resolution Board

SRF: Single Resolution Fund

VaR: Value at Risk

Important information

Banco Santander. S,A, ("Santander") cautions that this financial report contains statements that constitute “forward-looking statements” within the meaning of the U,S, Private Securities Litigation Reform Act of 1995, Forward-looking statements may be identified by words such as “expect”. “project”. “anticipate”. “should”. “intend”. “probability”. “risk”. “VaR”. “RORAC”. “RoRWA”. “TNAV”. “target”. “goal”. “objective”. “estimate”. “future” and similar expressions, These forward-looking statements are found in various places throughout this report and include. without limitation. statements concerning our future business development and economic performance and our shareholder remuneration policy, While these forward-looking statements represent our judgment and future expectations concerning the development of our business. a number of risks. uncertainties and other important factors could cause actual developments and results to differ materially from our expectations, These factors include. but are not limited to: (1) general market. macro-economic. industry. governmental and regulatory trends; (2) movements in local and international securities markets. currency exchange rates and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers. obligors and counterparties, Numerous factors. including those reflected in the Annual Report on Form 20-F filed with the Securities and Exchange Commission of the United States of America (the “SEC”) –under “Key Information-Risk Factors”- and in the Documento de Registro de Acciones filed with the Spanish Securities Market Commission (the “CNMV”) –under “Factores de Riesgo”- could affect the future results of Santander and could result in other results deviating materially from those anticipated in the forward-looking statements, Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements,

Forward-looking statements speak only as of the date of this report and are based on the knowledge. information available and views taken on such date; such knowledge. information and views may change at any time, Santander does not undertake any obligation to update or revise any forward-looking statement. whether as a result of new information. future events or otherwise,

The information contained in this report is subject to. and must be read in conjunction with. all other publicly available information. including. where relevant any fuller disclosure document published by Santander, Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this report, No investment activity should be undertaken on the basis of the information contained in this report, In making this report available. Santander gives no advice and makes no recommendation to buy. sell or otherwise deal in shares in Santander or in any other securities or investments whatsoever,

Neither this report nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities, No offering of securities shall be made in the United States except pursuant to registration under the U,S, Securities Act of 1933. as amended. or an exemption therefrom, Nothing contained in this report is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U,K, Financial Services and Markets Act 2000,

Note: Statements as to historical performance or financial accretion are not intended to mean that future performance. share price or future earnings (including earnings per share) for any period will necessarily match or exceed those of any prior year, Nothing in this report should be construed as a profit forecast,

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies, Accordingly. the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries, This document is a translation of a document originally issued in Spanish. Should there be any discrepancies between the English and the Spanish versions, only the original Spanish version should be binding.

Investor Relations
Ciudad Grupo Santander
Edificio Marisma. 0 floor
Avda de Cantabria. o/n
28660 Boadilla del Monte
Madrid (Spain)
Tel: 34 (91) 259 65 14 / 34 (91) 259 65 20
Fax: 34 (91) 257 02 45
e-mail: investor@gruposantander,com

Legal Head Office:
Paseo Pereda, 9-12. Santander (Spain)
Tel: 34 (942) 20 61 00

Operational Head Office:
Ciudad Grupo Santander
Avda. de Cantabria, s/n 28660 Boadilla del Monte. Madrid (Spain)

Santander

www.santander.com