

26th April 2017

1Q'17 Earnings Presentation

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Simple | Personal | Fair



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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.



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▶ Group performance 1Q'17 ◀

Business areas performance 1Q'17

Concluding remarks

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Glossary

1Q'17 Financial Highlights

Chg. 1Q'17 / 1Q'16

Strong profit growth

Attributable profit	€1,867 mill.; +14%
	+10% (constant euros)

Revenues increase consistent with our commercial strategy

Net interest income ¹	+4%
Fee income ¹	+12%

Improved capital adequacy and profitability level

FL CET1	10.66%
RoTE	12.1%

Committed to generate value for shareholders

EPS	€0.122; +14%
TNAV/share	€4.26

1Q'17 Business Highlights

Chg. Mar'17 / Mar'16

Selective growth:

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

Enhanced balance sheet quality and lower cost of credit

Loyal customers: 15.5 million

- Individuals: 14.1 million
- Companies: 1.4 million

Digital customers: 22.1 million

- Mobile: 12.0 million

Loans	+1%
Customer funds	+5%

NPL ratio	3.74%
Cost of credit	1.17%

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

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

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

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

Higher customer revenues

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

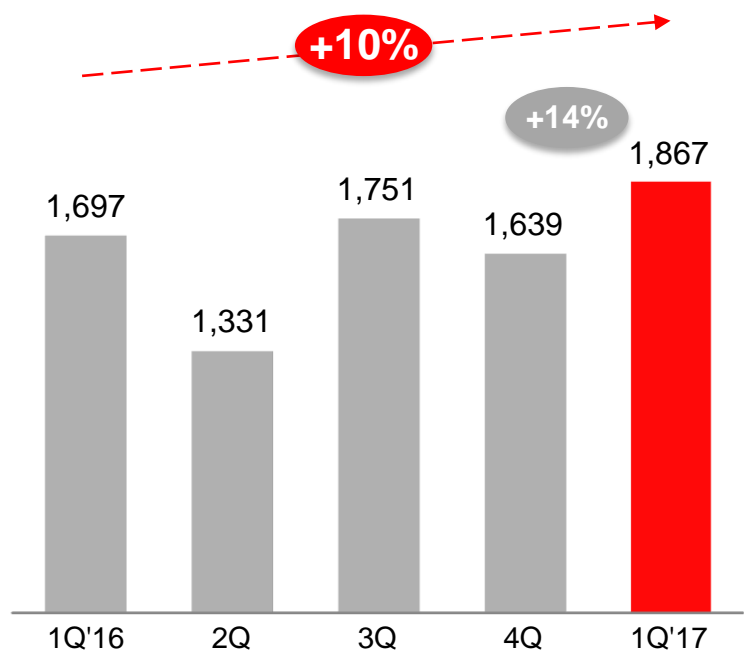
Lower loan-loss provisions and cost of credit

Strong profit growth

Group profit growth driven by most markets

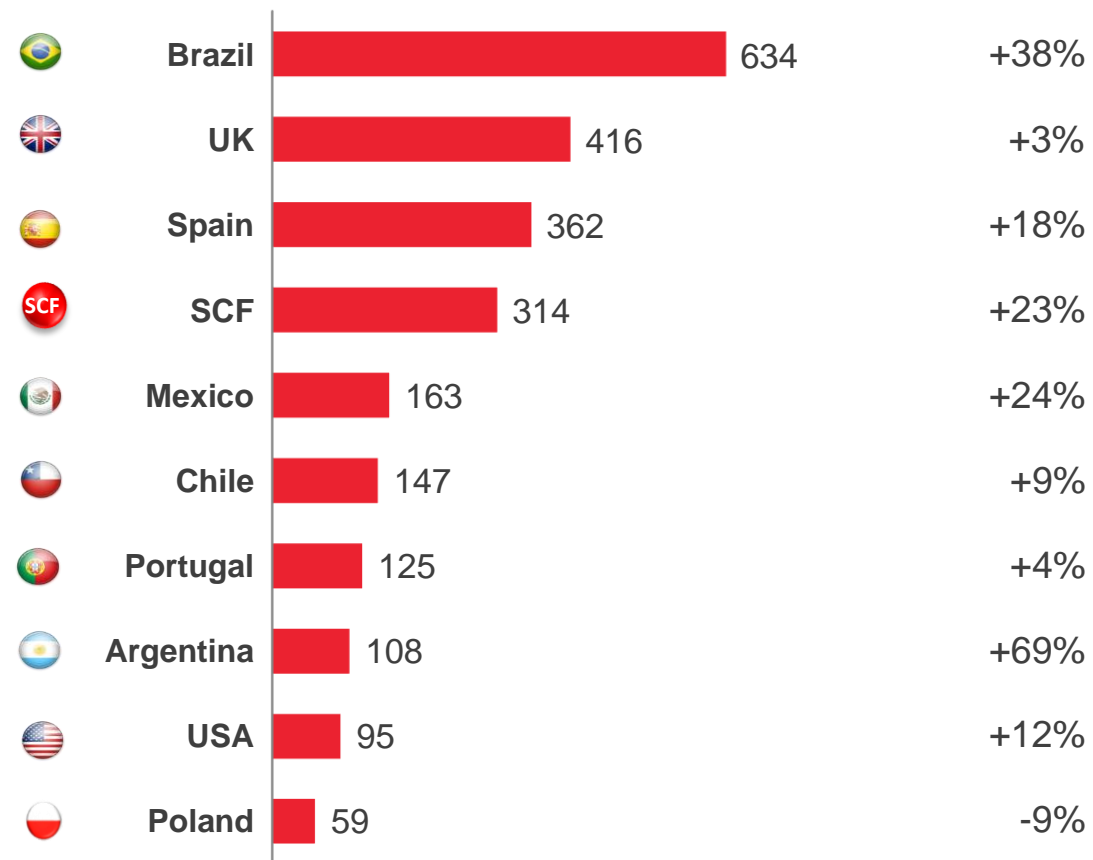
Group attributable profit

€ million



Attributable profit in core markets 1Q'17

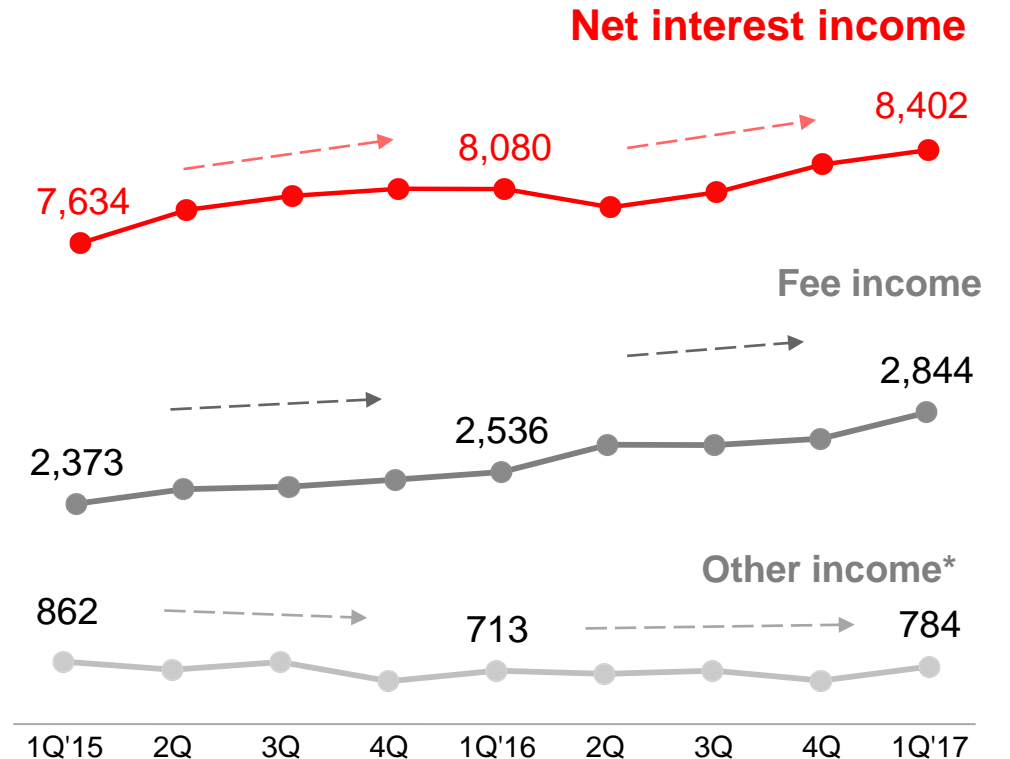
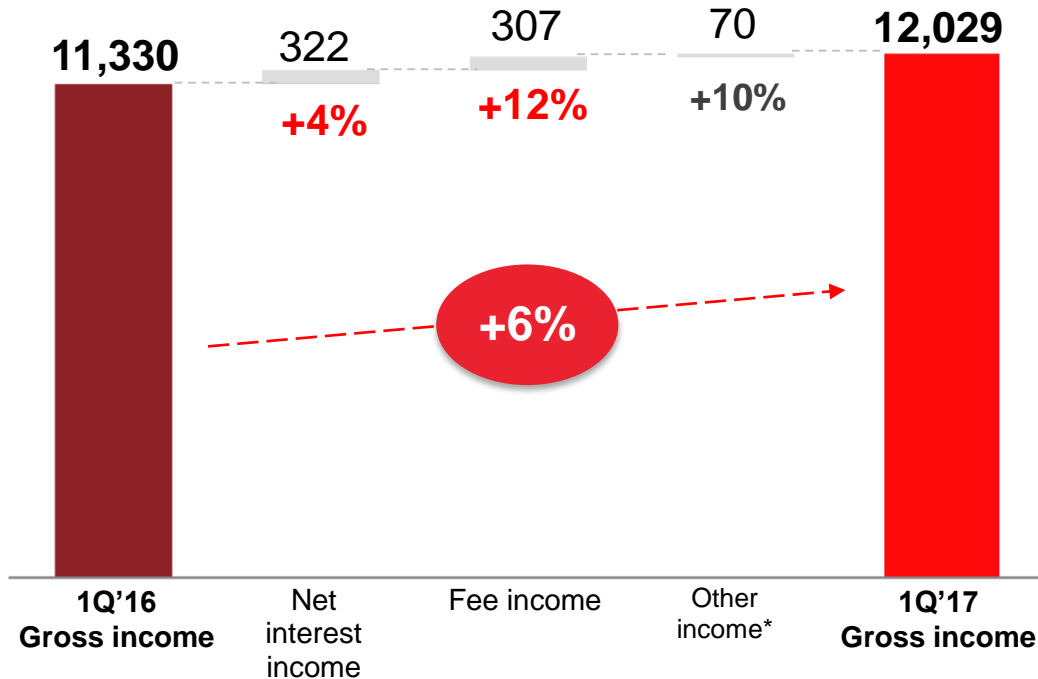
€ million and % Chg. / 1Q'16 in constant euros



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

Gross income

€ million



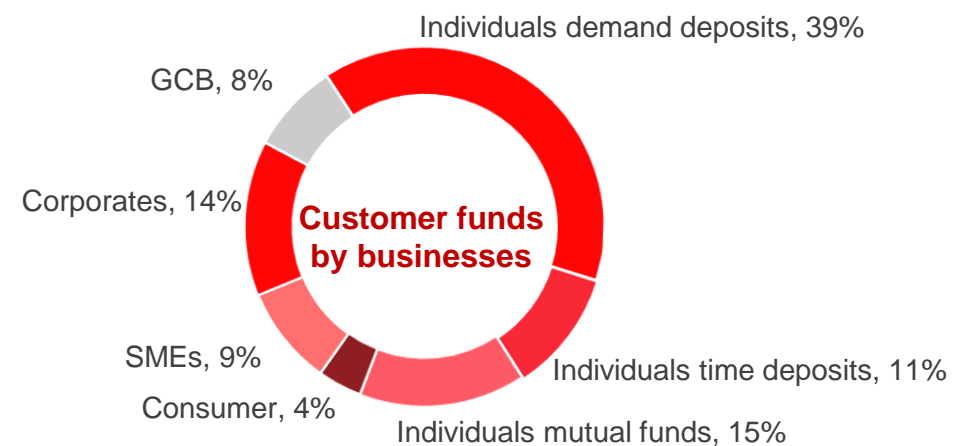
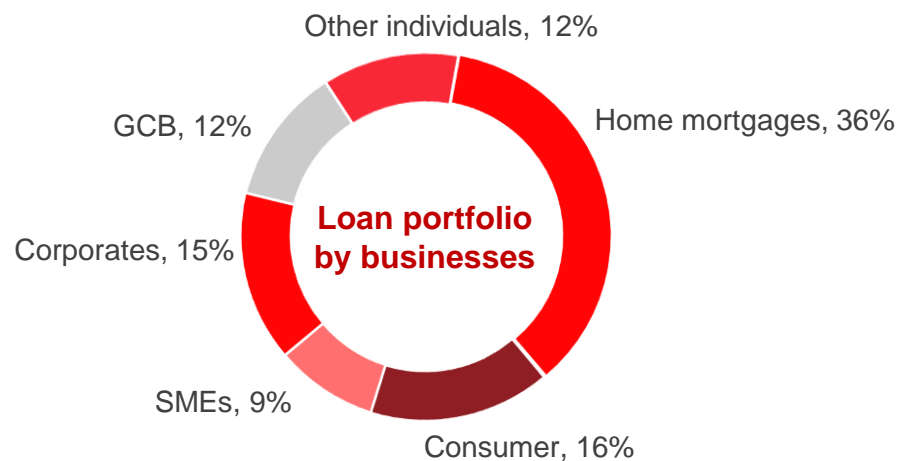
Positive and balanced business volumes performance

Loan portfolio: growth supported by developing markets

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

Customer funds: growth in all markets

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



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



Cuenta 1|2|3 Pymes

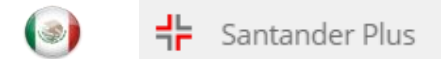


Cuenta 1|2|3 Smart



Crédito Pessoal 123

Deeper and more valuable relationships



Santander Plus

+400k customers in 1Q'17



Santander Cash Nexus

Making global connectivity simple for multinationals

100 large corporate customers



Acquiring platform

+250bps YoY revenue mkt. share



BRL1bn monthly production



+113k new accounts in 1Q'17



+70k credit cards in 1Q'17



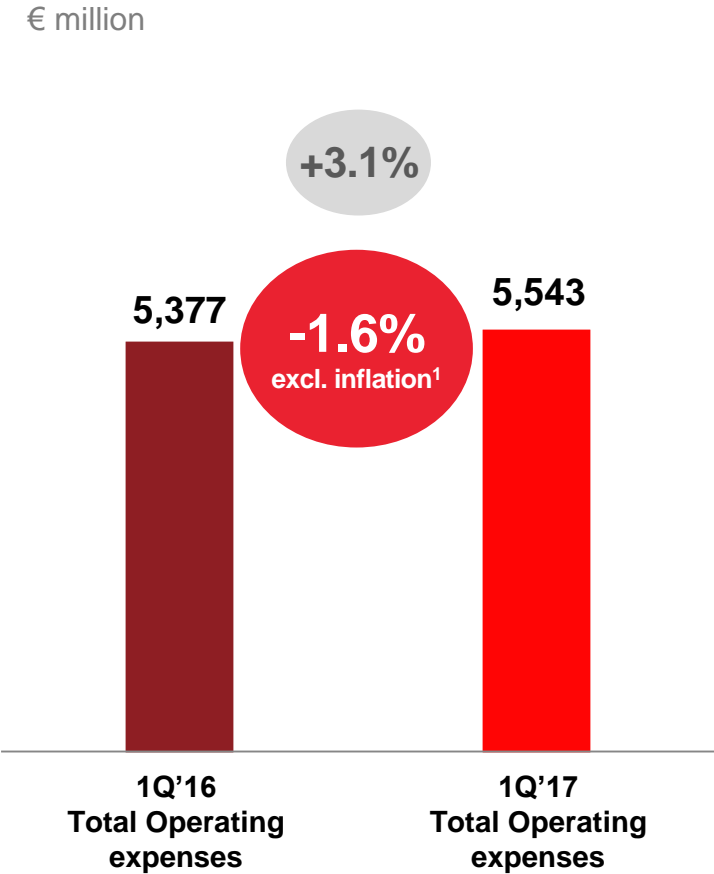
NeoClick Loans in 3 clicks

+40k loans, \$200MM

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

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

Active cost management



8 markets with costs flat or below inflation rate¹

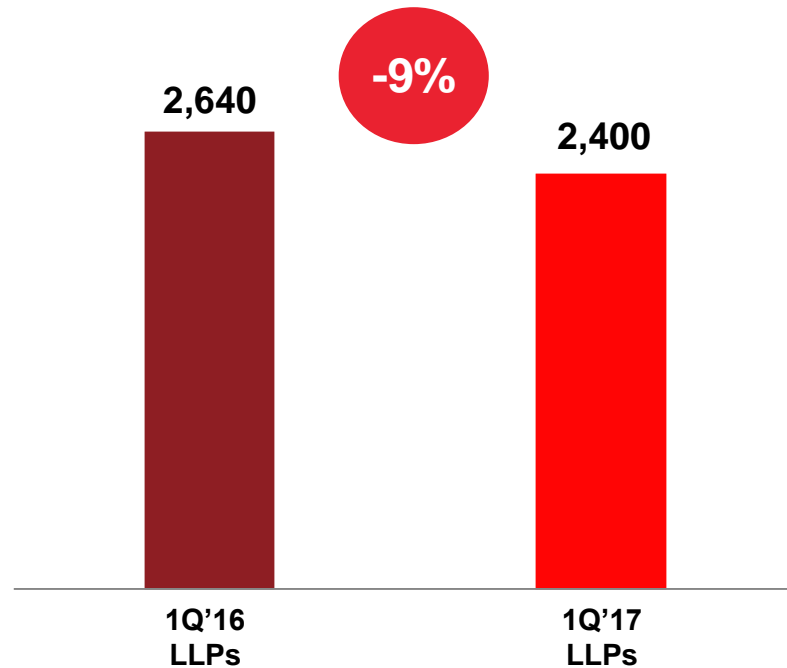
1Q'17 / 1Q'16, %

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

Enhanced credit quality in most markets

Lower loan-loss provisions

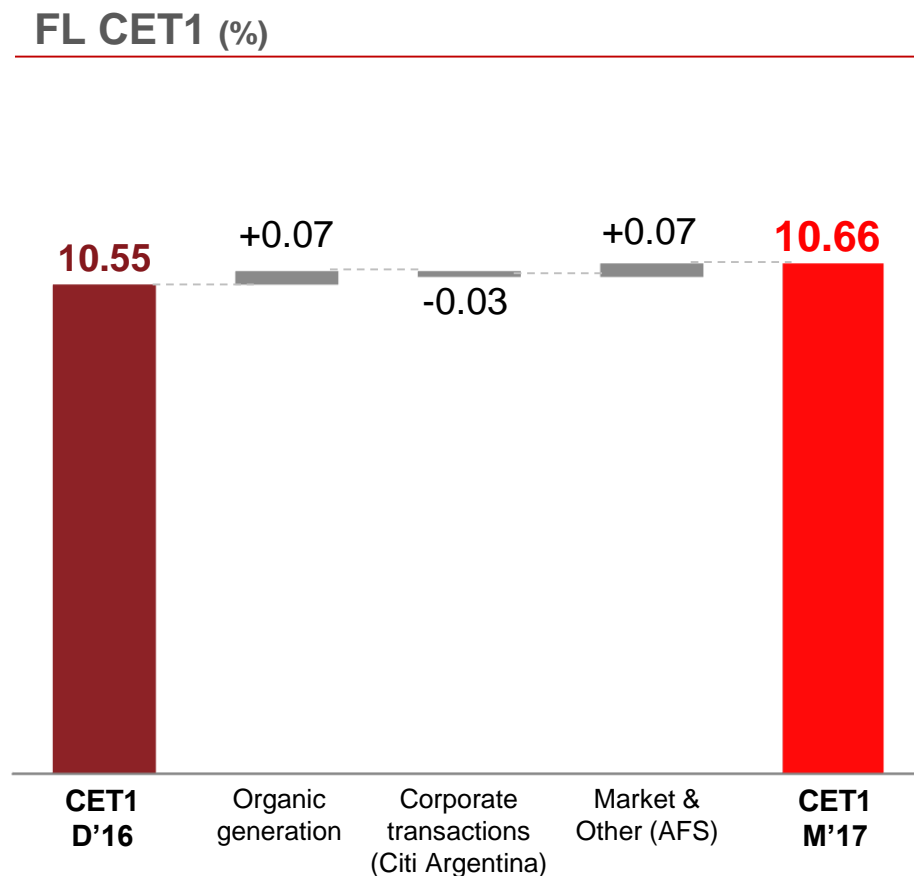
€ million



Positive trends in all metrics

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

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



March'17

YTD Chg.

Total capital ratio: 14.10%

+23 bps

Leverage ratio: 5.0%

-

RWA/Assets: 44%

+25 bps

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

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

Key liquidity ratios

March'17

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

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

Funding plan - issuances

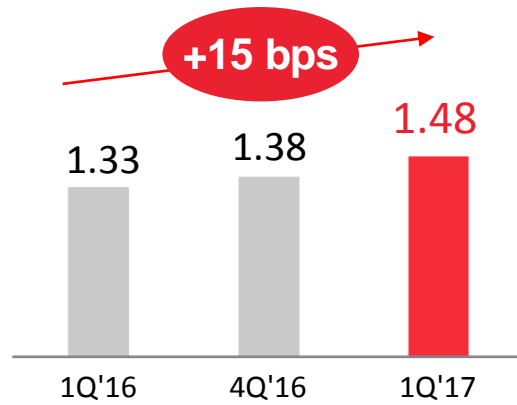
Jan-Apr'17

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

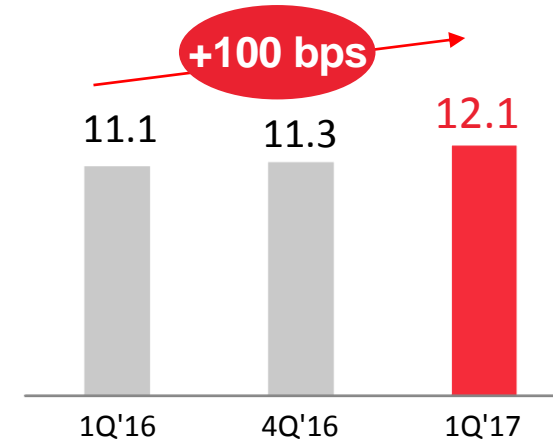
**Focus on TLAC-eligible instruments, following
our decentralised liquidity and funding model**

Delivering on our commitments: shareholder value creation

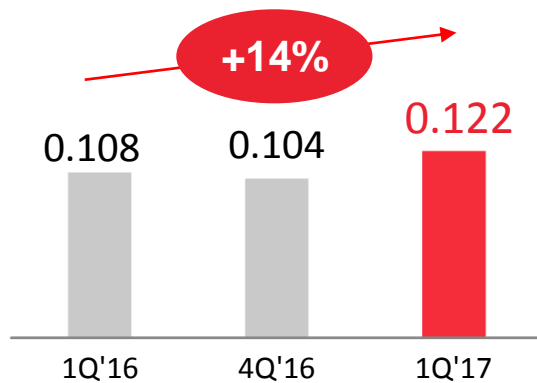
RoRWA (%)



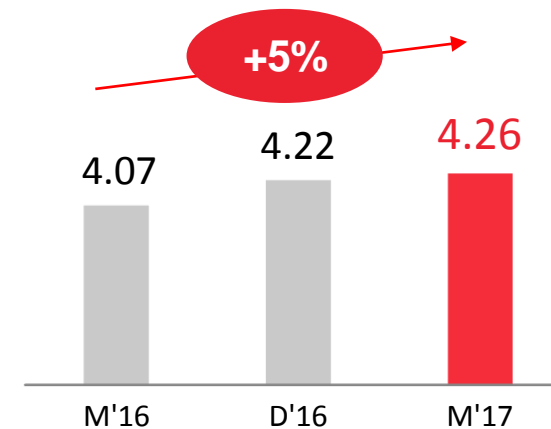
RoTE (%)



EPS (euros)



TNAV per share (euros)





Content

Group performance 1Q'17

▶ Business areas performance 1Q'17 ◀

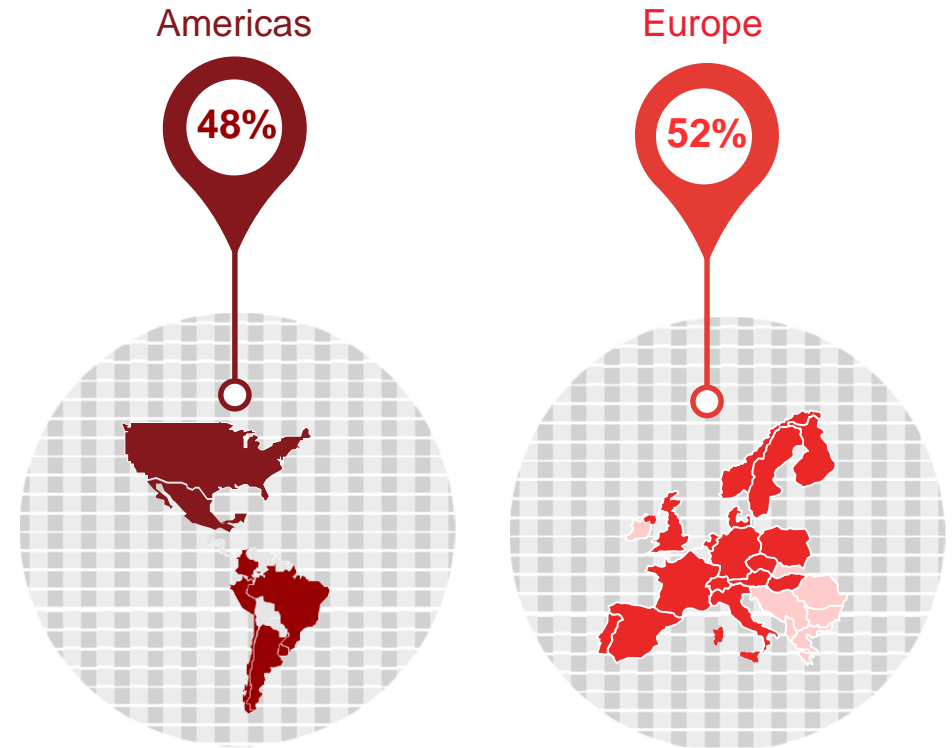
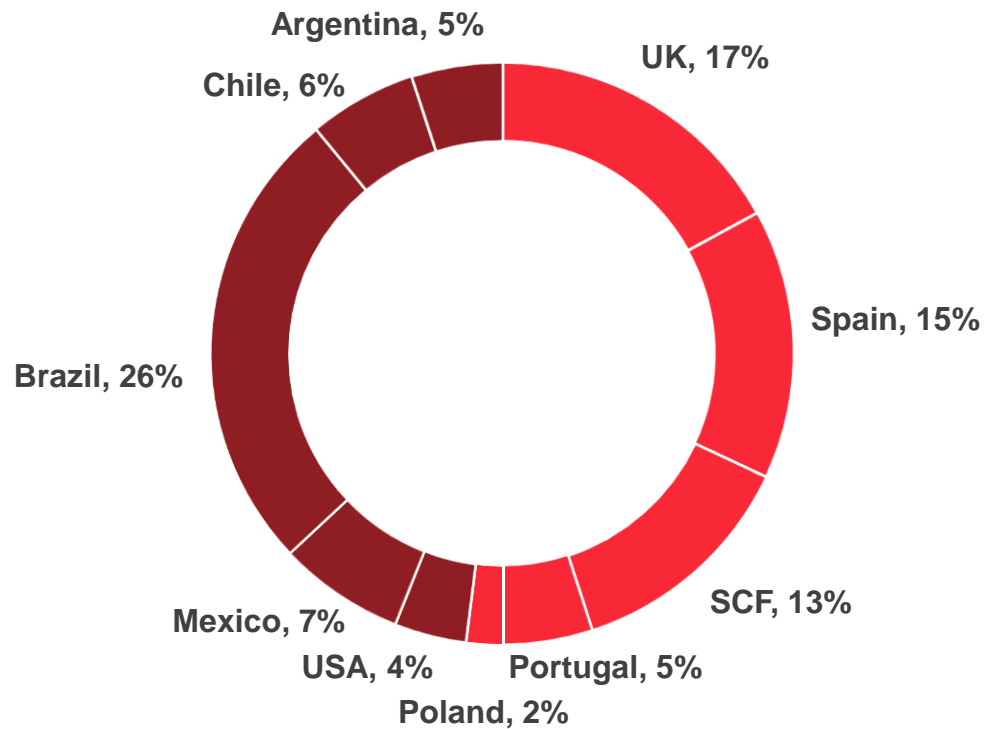
Concluding remarks

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Glossary

Well diversified results between Europe and the Americas

Attributable profit 1Q'17*



BRAZIL

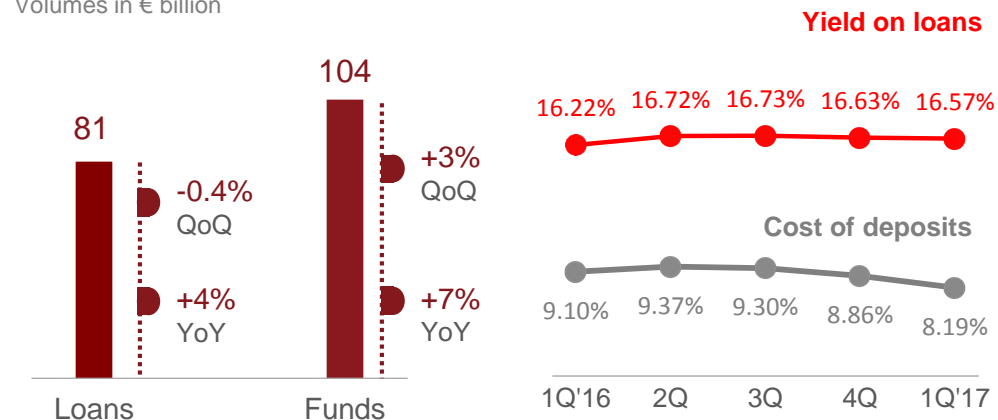
KEY DATA	1Q'16	1Q'17
Loyal customers (millions)	3.3	3.7
Digital customers (millions)	4.6	6.9
NPL ratio (%)	5.93	5.36
Cost of credit (%)	4.63	4.84
Efficiency ratio (%)	39.8	35.4
RoTE (%)	13.5	16.5

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

(*) € million and % change in constant euros

ACTIVITY

Volumes in € billion



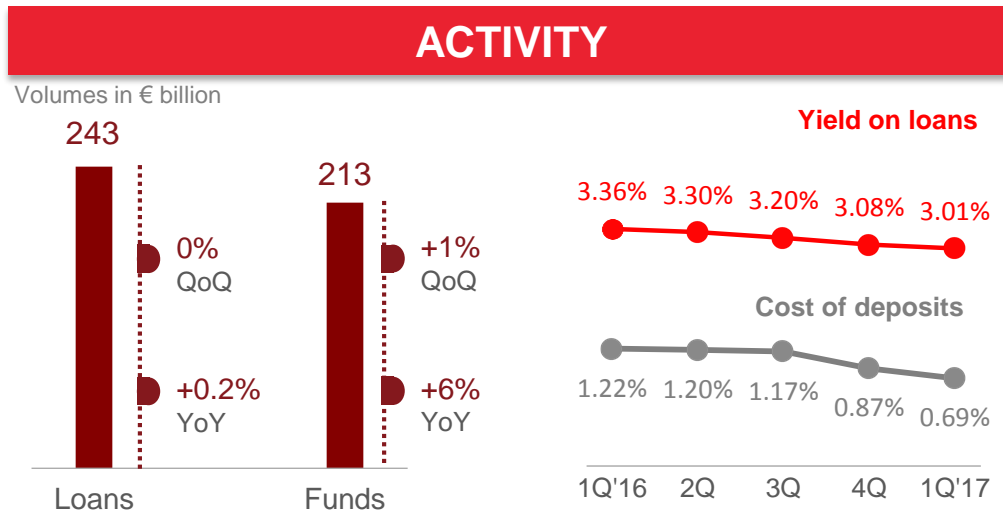
- Commercial and digital strategies behind profitability improvement
- NII growth underpinned by larger volumes and higher spreads. Fee income up backed by increased customer loyalty
- Focus on efficiency and enhanced customer experience
- Improving credit quality trends: lower NPL ratio and cost of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

UNITED KINGDOM

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

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

(*) € million and % change in constant euros



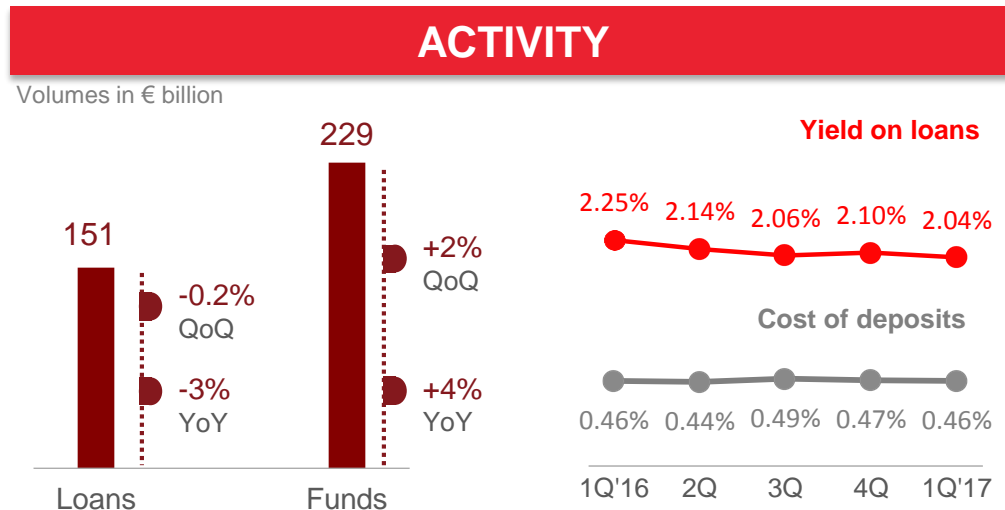
- 11213 customers rose (total retail C/A balances: +£1bn YTD). Lending to UK companies up £900mill. Mortgage lending reflects management pricing actions
- Revenues up: lower cost of deposits (11213 World interest rate change) offsetting SVR attrition and new asset margins pressure
- Digitalisation and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

SPAIN

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

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

(*) € million



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

SANTANDER CONSUMER FINANCE

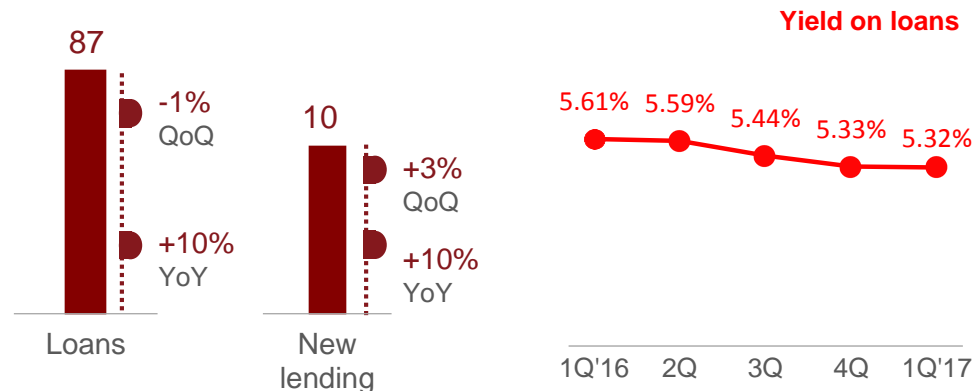
KEY DATA	1Q'16	1Q'17
Active customers (millions)	17.4	19.5 ¹
NPL ratio (%)	3.28	2.62
Cost of credit (%)	0.64	0.39
Efficiency ratio (%)	46.2	44.9
RoTE (%)	12.8	17.1

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

(*) € million and % change in constant euros

ACTIVITY

Volumes in € billion



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

ATTRIBUTABLE PROFIT

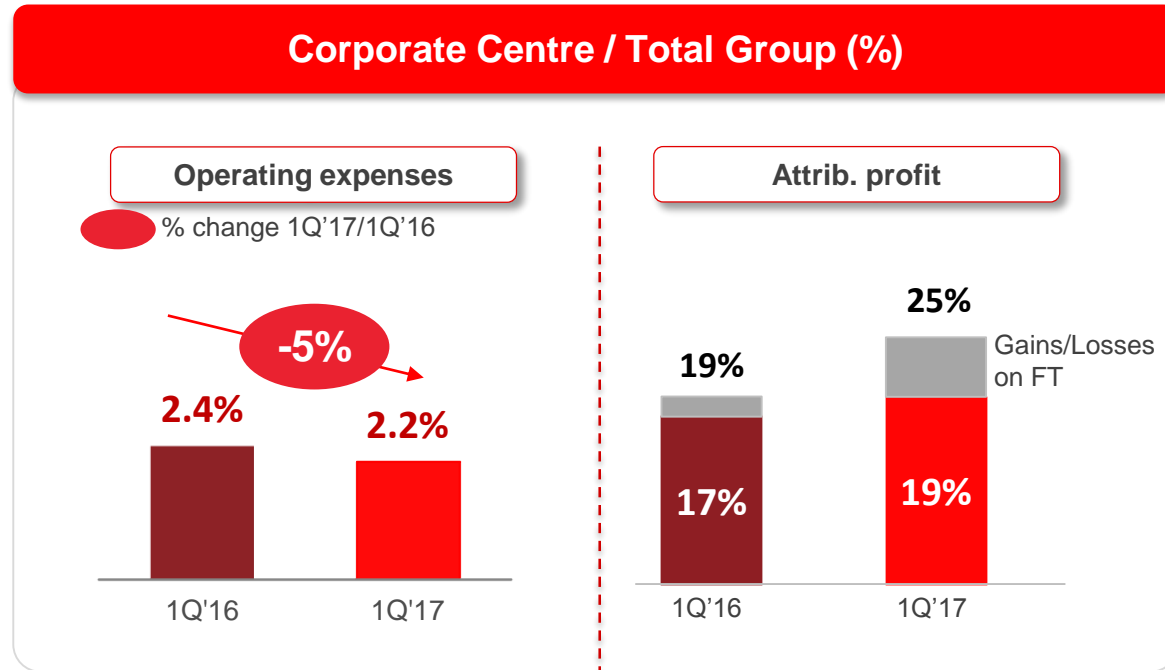
(DETAIL BY MARKETS IN THE APPENDIX)

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

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

CORPORATE CENTRE

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



P&L

€ million

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

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



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Group performance 1Q'17

Business areas performance 1Q'17



Concluding remarks



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Glossary

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

	FY2016	1Q17	2017 targets
Loyal customers (Million)	15.2	15.5 ✓	17
Digital customers (Million)	20.9	22.1 ✓	25
Fee income¹	8.1%	12.1% ✓	Increase
Cost of credit	1.18%	1.17% ✓	Improve
Cost to income	48.1%	46.1% ✓	Broadly stable
EPS (€)	0.41	0.122 (1 st quarter) ✓	Increase
DPS² (€)	0.21	0.22 ✓	Increase
FL CET1	10.55%	10.66% ✓	+40 bps organic per year

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

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

IMF 2017 GDP Outlook¹

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

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

2017 interest rates market estimates

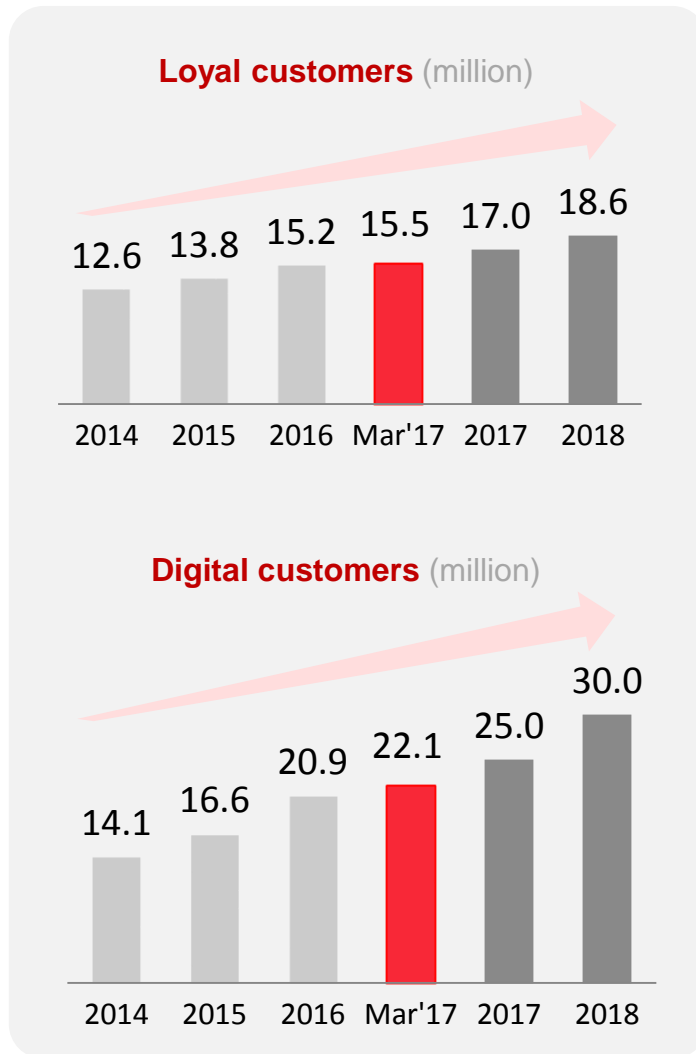


**Euro zone, UK, USA,
Mexico and Poland**

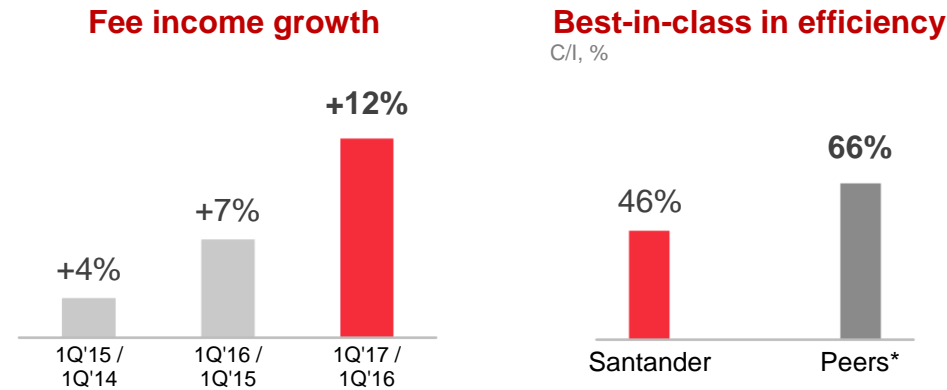
Brazil

**Santander
well-positioned
for growth**

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



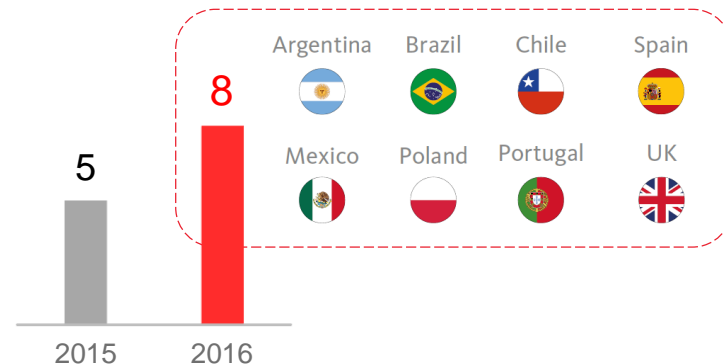
Growing revenues and increasing cost savings



Digitalisation is key to growing revenues and reducing costs

And operational excellence

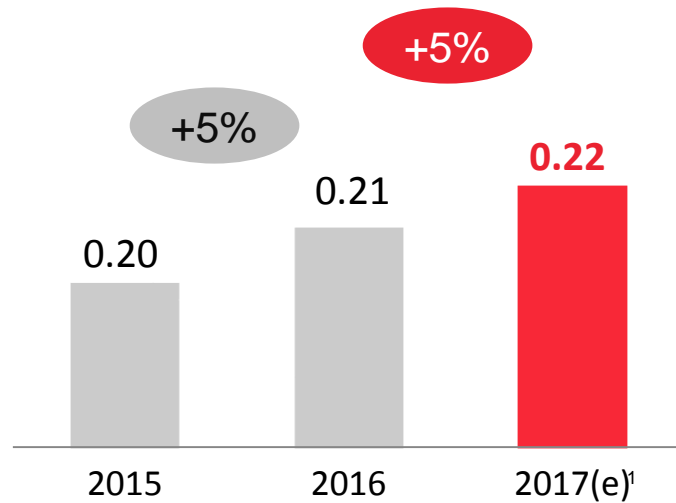
Customer satisfaction (# countries Top 3)



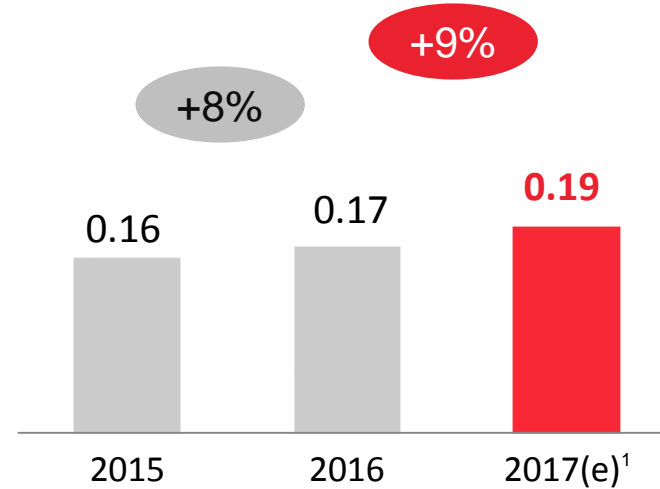
c. 80% of our pre-tax profit is Top 3 in customer satisfaction

... and allowing us to generate value for shareholders

Total dividend (€ per share)



Cash dividend (€ per share)



**2017
dividend
proposal
+5%¹**

**2017
Dividend
Yield¹:
approx.4%**

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

Save the date



Group Strategy Update

New York
10th October 2017





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Other geographic markets results

Global segments results

Liquidity

NPL and coverage ratios, and cost of credit

Quarterly income statements



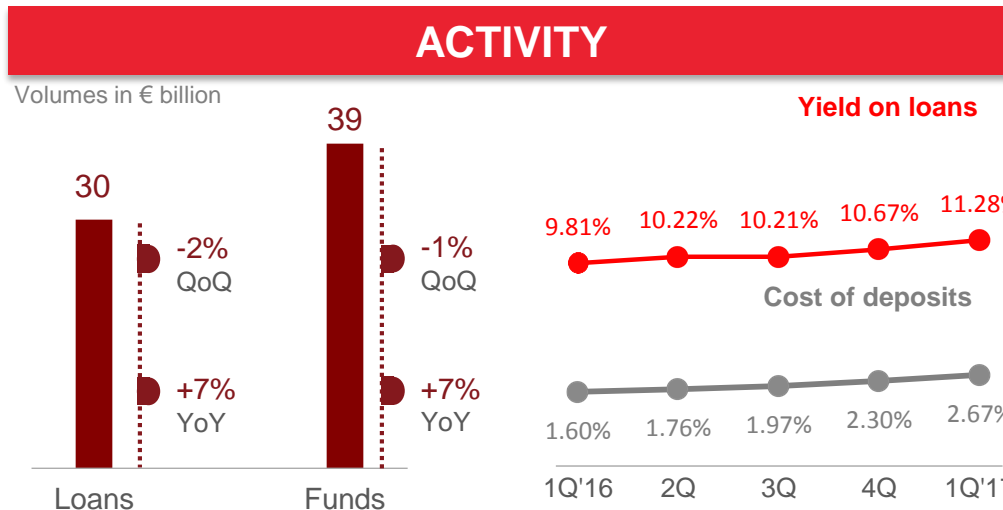
Other geographic markets results

MEXICO

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

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

(*) € million and % change in constant euros



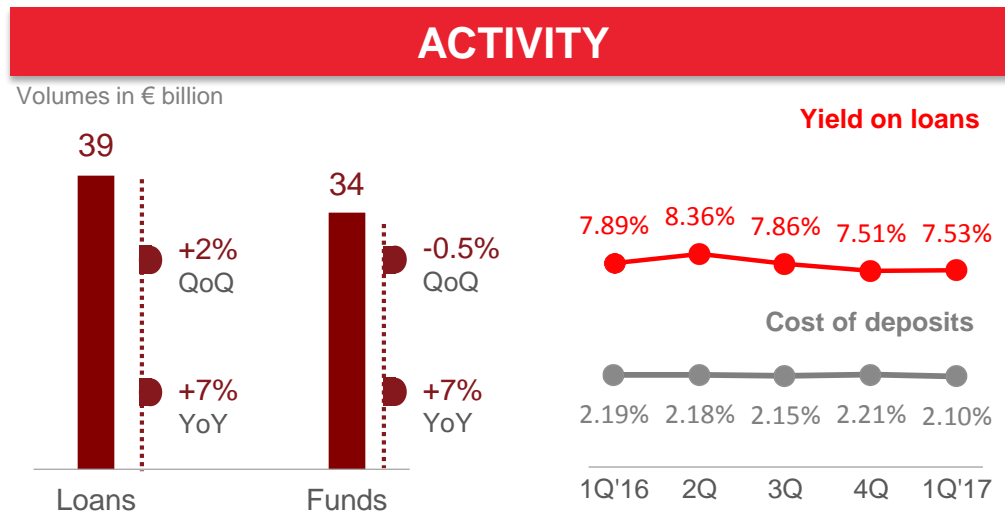
- Focus on strategic commercial initiatives (Santander Plus & Aeroméxico) and significant investment in systems and infrastructure
- Volumes growth, improving deposit structure
- Efforts made to attract payrolls from large companies
- Profit up driven by NII (fuelled by loans and demand deposit growth,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

CHILE

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

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

(*) € million and % change in constant euros



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

PORTUGAL

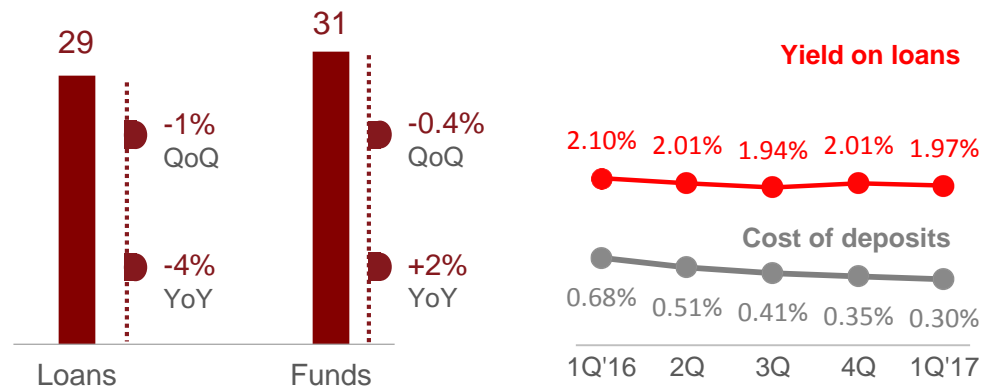
KEY DATA	1Q'16	1Q'17
Loyal customers (thousands)	528	660
Digital customers (thousands)	393	524
NPL ratio (%)	8.55	8.47
Cost of credit (%)	0.28	0.07
Efficiency ratio (%)	45.7	47.2
RoTE (%)	17.2	15.3

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

(*) € million

ACTIVITY

Volumes in € billion



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

ARGENTINA

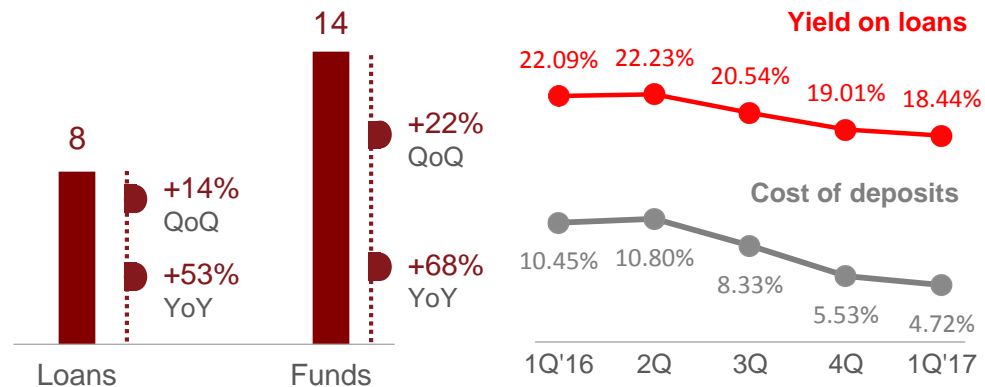
KEY DATA	1Q'16	1Q'17
Loyal customers (thousands)	1,080	1,162
Digital customers (thousands)	1,368	1,600
NPL ratio (%)	1.21	1.82
Cost of credit (%)	2.04	1.68
Efficiency ratio (%)	58.9	54.5
RoTE (%)	29.3	36.8

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

(*) € million and % change in constant euros

ACTIVITY

Volumes in € billion



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

UNITED STATES

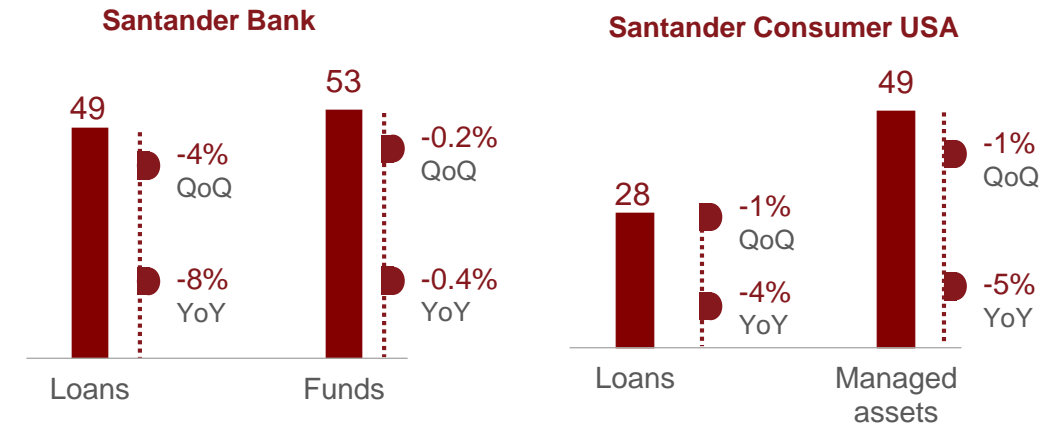
KEY DATA	1Q'16	1Q'17
Loyal customers (thousands)	281	280
Digital customers (thousands)	683	801
NPL ratio (%)	2.19	2.43
Cost of credit (%)	3.85	3.63
Efficiency ratio (%)	39.5	44.6
RoTE (%)	2.7	2.8

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

(*) € million and % change in constant euros

ACTIVITY

Volumes in € billion



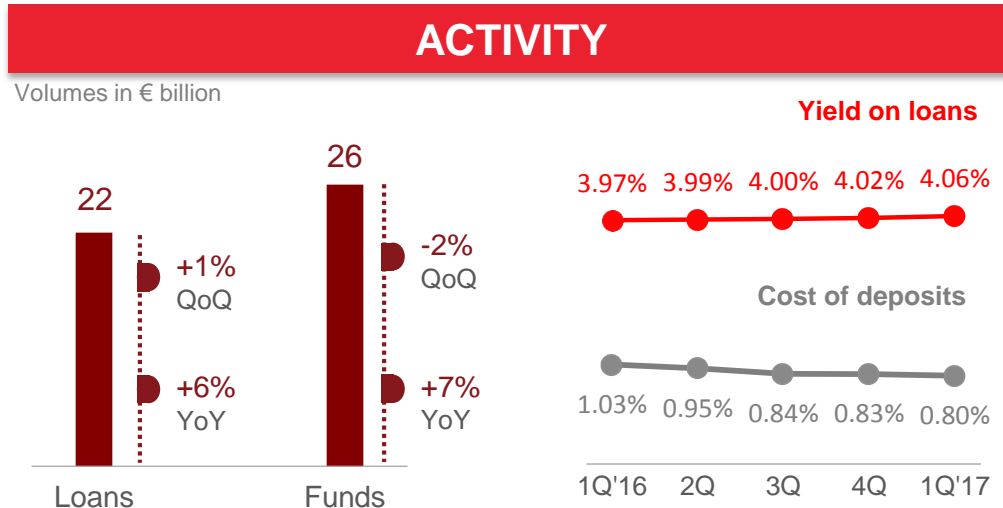
- Santander Bank (SBNA): core deposits up 6% and loans down (GCB)
- Profit growth: revenues rise (interest rate hike and lower cost of deposits), more stable costs and lower LLPs (Oil & Gas in 1Q'16)
- SC USA: volumes and revenues impacted by mix change towards a lower risk profile (higher FICO)
- Improving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

POLAND

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

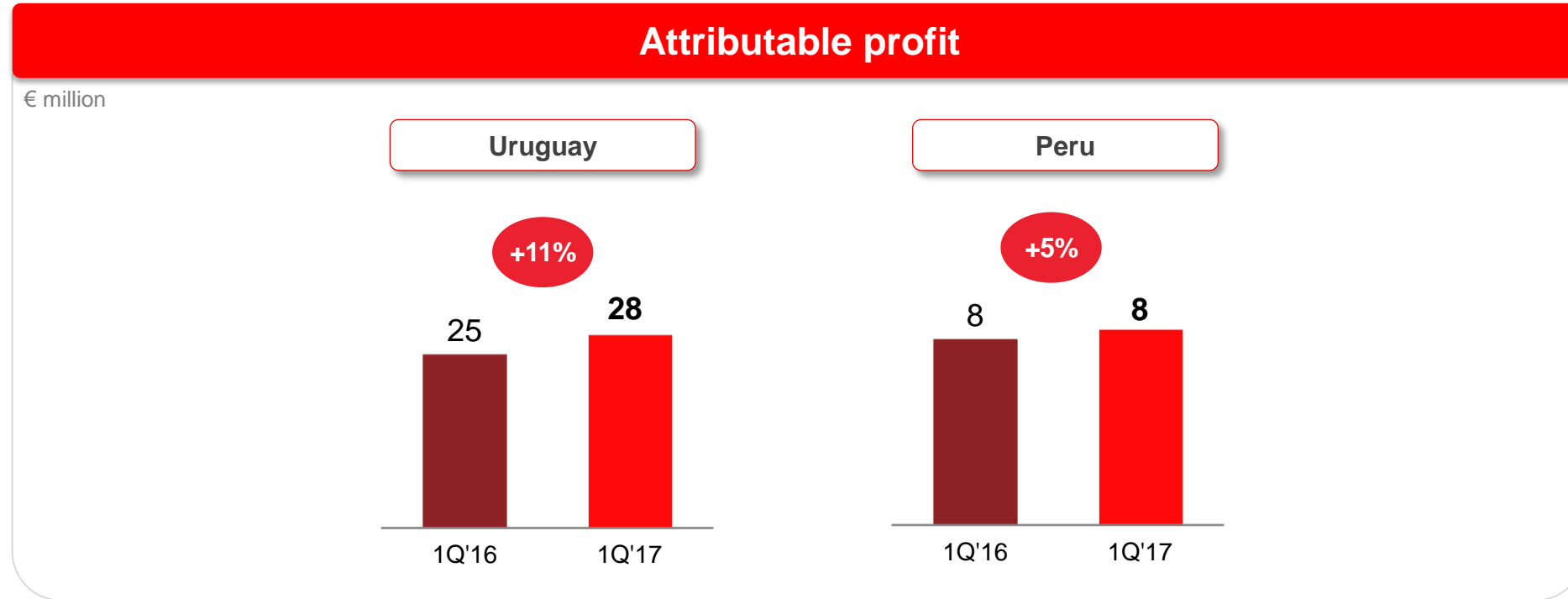
P&L*	1Q'17	%4Q'16	%1Q'16
NII	218	-3.2	9.5
Fee income	101	-1.6	4.1
Gross income	321	-3.8	2.2
Operating expenses	-146	3.4	-0.3
LLPs	-27	-24.1	-19.4
PBT	125	-4.9	11.6
Attributable profit	59	-7.4	-8.5

(*) € million and % change in constant euros



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

OTHER LATIN AMERICAN COUNTRIES



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



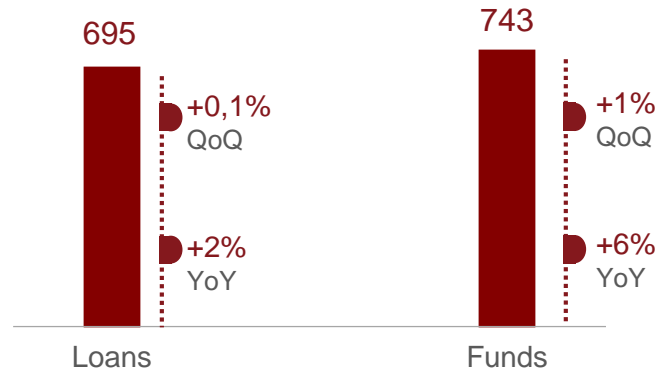
Global segments results



RETAIL BANKING

ACTIVITY

€ billion and % change in constant euros



P&L*

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

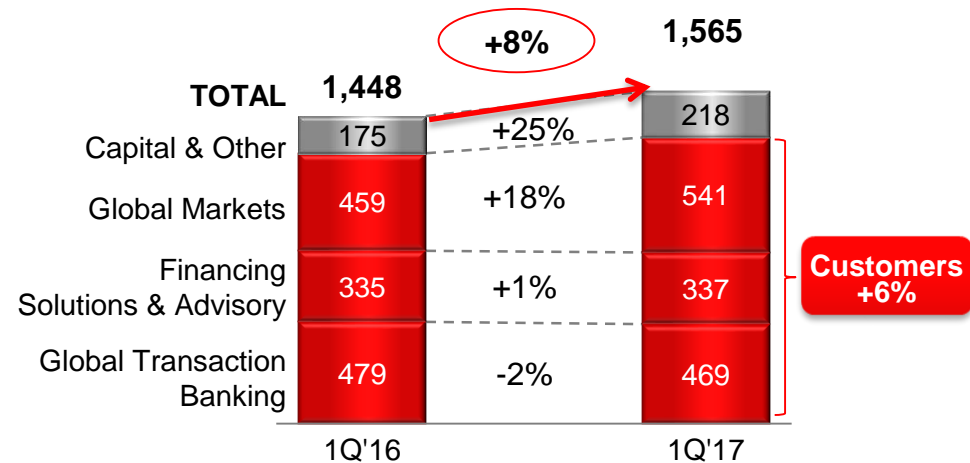
(*) € million and % change in constant euros

- The retail banking model continued to be transformed into an increasingly Simple, Personal and Fair model
- Focused on three main priorities: customer loyalty, digital transformation and operational excellence
- Further development of the multi-channel model, centred on digital channels
- Progress in achieving our targets. 15.5 million loyal customers (+10% from March 2016) and 22,1 million digital customers (+24% from March 2016)

GLOBAL CORPORATE BANKING

GROSS INCOME

Constant € million



P&L*

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

(*) € million and % change in constant euros

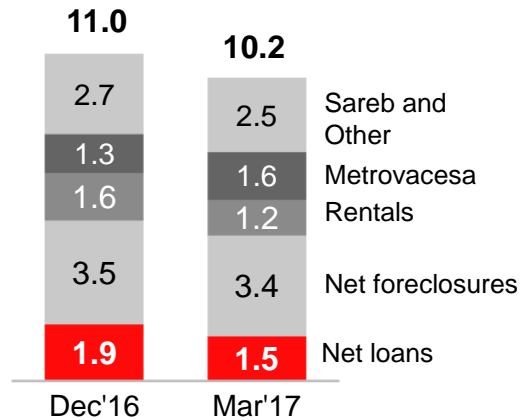
- Customer-centred strategy, underpinned by the Division's global capacities and their interconnection with local units
- Benchmark positions in cash management, export finance, trade, corporate lending and structured financing, among other, in Europe and Latin America
- Attributable profit up 33% (in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

REAL ESTATE ACTIVITY IN SPAIN

ACTIVITY

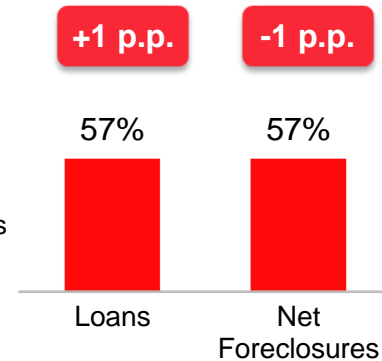
Balance sheet

€ billion



Coverage ratio

Mar'17 and change / Dec'16



P&L

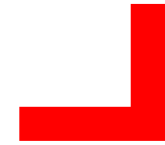
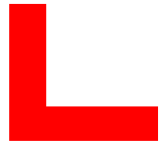
€ million

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

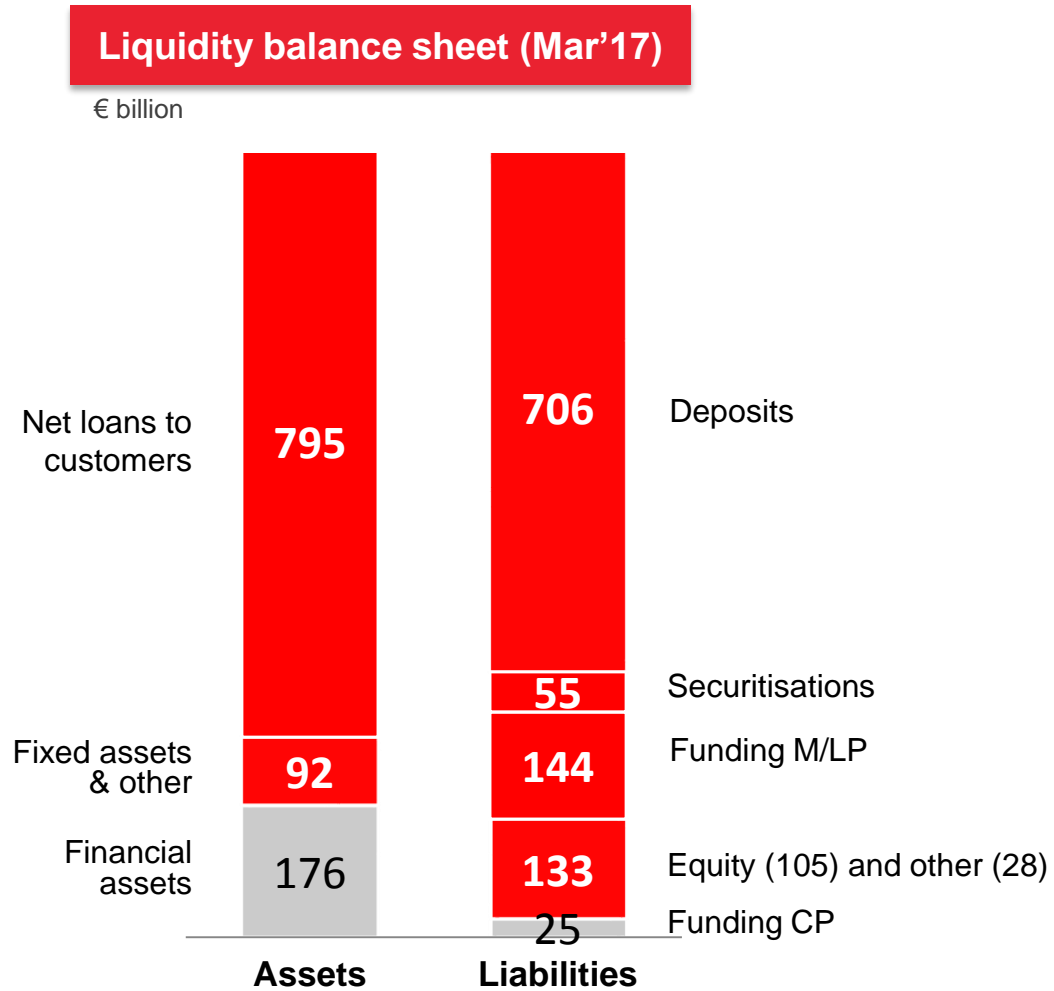
- Reduction of non-core exposure continued at a pace above 15% (loans: -37%)
- Coverage ratio already adapted to the requirements of Appendix IX
- Deconsolidation of assets from the Metrovacesa / Merlín merger
- Lower losses in the quarter due provision needs



Liquidity



Well-funded balance sheet with high structural liquidity surplus



Commercial Gap: €89 bill.

Structural liquidity surplus¹: €151 bill. (14% net liabilities)



NPL, coverage ratios
and cost of credit

NPL ratio

%

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

Coverage ratio

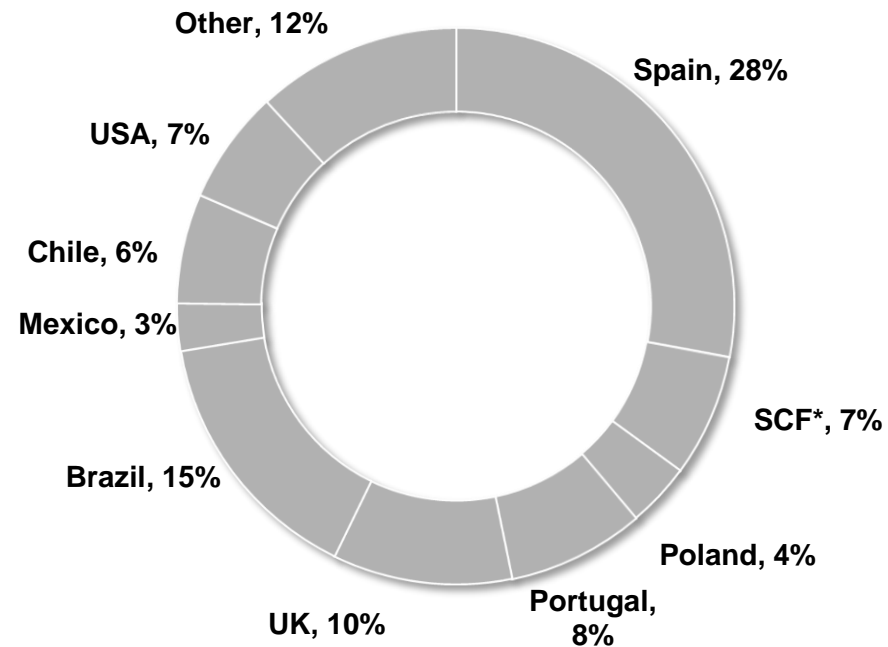
%

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

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

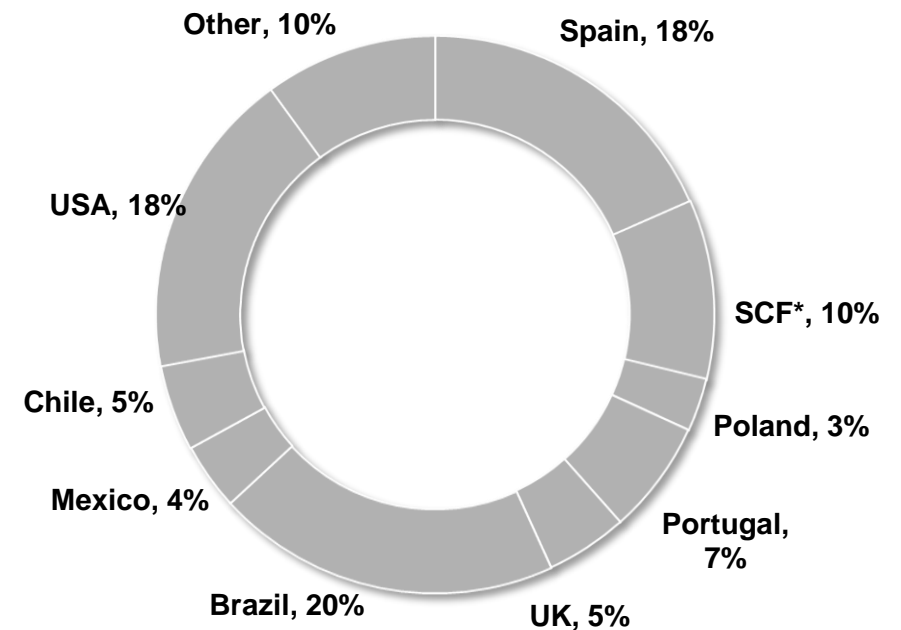
Non-performing loans

100%: €32,158 mill.



Loan-loss allowances

100%: €24,835 mill.



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

Cost of credit

%

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

Real Estate Activity in Spain

Exposure and coverage ratios

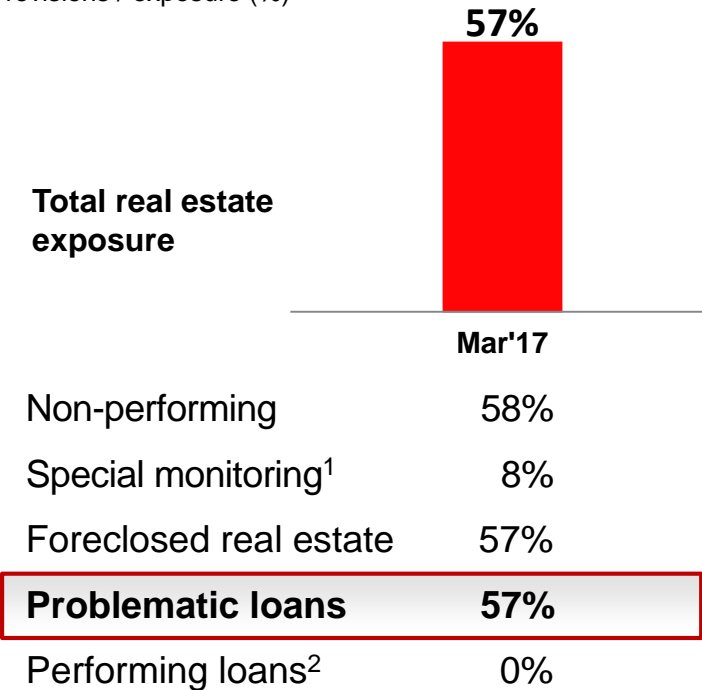
Coverage by borrowers' situation (March 2017)

€ million

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

Total coverage (problematic assets+performing loans)

Provisions / exposure (%)



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

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

Real Estate Activity in Spain

Loans and foreclosures

LOANS

€ million

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

Foreclosed REAL ESTATE

€ million

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



Quarterly income
statements

Grupo Santander

€ million

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

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

Grupo Santander

Constant € million

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

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

Spain

€ million

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

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

Santander Consumer Finance

€ million

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

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

Santander Consumer Finance

Constant € million

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

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

Poland

€ million

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

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

Poland

PLN million

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

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

Portugal

€ million

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

United Kingdom

€ million

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

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

United Kingdom

£ million

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

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

Brazil

€ million

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

Brazil

R\$ million

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

Mexico

€ million

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

Mexico

Million pesos

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

Chile

€ million

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

Chile

Ch\$ billion

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

United States

€ million

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

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

United States

\$ million

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

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

Corporate Centre

€ million

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

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



Content

Group performance 1Q'17

Business areas performance 1Q'17

Concluding remarks

Appendix



Glossary



Glossary - Acronyms

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

Glossary – definitions

PROFITABILITY AND EFFICIENCY

- **RoTE:** Return on tangible equity: Group's attributable profit / average of: capital + reserves + retained profit + accumulated other comprehensive income - goodwill - intangible assets
- **RoRWA:** Return on risk-weighted assets: consolidated profit / average risk-weighted assets
- **Efficiency:** Operating expenses / gross income. Operating expenses defined as general administrative expenses + amortisations

CREDIT RISK

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

CAPITALISATION

- **Tangible net asset value per share – TNAV:** Tangible stockholders' equity / number of shares (excluding treasury shares). Tangible stockholders' equity calculated as shareholders equity + accumulated other comprehensive income - goodwill - intangible assets

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

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

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

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

Thank you

Our purpose is to help people and businesses prosper.

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

Simple | **Personal** | **Fair**

