

Earnings Presentation January – September 2016

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Agenda

- **Group performance 9M'16**

- Business areas 9M'16

- Conclusions

- Appendix

- Glossary



9M'16 Financial Highlights

- **Attrib. profit hit by one-offs in 9M'15 and 9M'16.**
Underlying profit growth

Attributable profit	€4,606 mill.; -22.5%
Underlying profit*	€4,975 mill.; +8.4%

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

NII	+2.2%
Fee income	+8.0%

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

NPL ratio	4.15%
Cost of credit	1.19%

- **Capital increase consistent**
with high RoTE

FL CET1	10.47%
Underlying RoTE	11.2%

9M'16 Business Highlights

Var. Sep'16 / Sep'15

- **Selective growth:**
 - Lending to individuals and companies (+4%)
 - Demand deposits (+10%)

Loans	+3%
Funds	+5%

- **Loyal customers: 14.8 million**
 - Individuals: 13.5 million
 - Companies: 1.3 million

Individuals	+1.1 mill.	+9%
Companies	+182 thousand	+16%

- **Digital customers: 20.2 million**
 - Mobile: 9.4 million

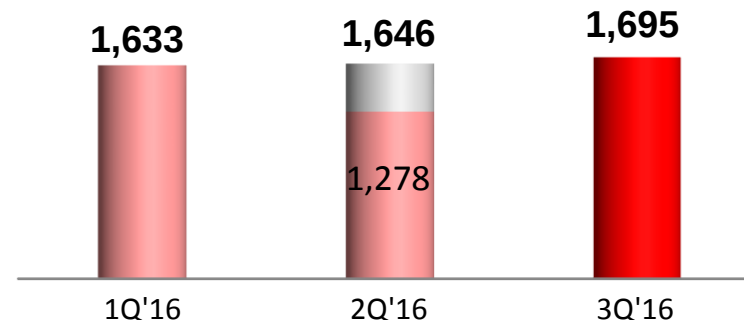
Digital	+4.1 mill.	+25%
Mobile	+3.3 mill.	+54%

9M'16 profit hit by several one-off items in the second quarter

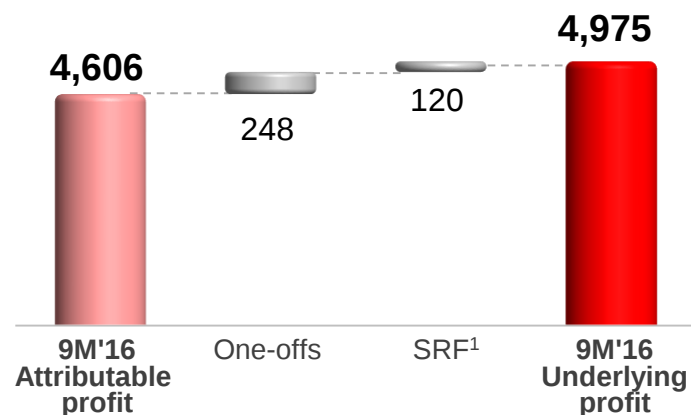
Non-recurring items 2Q'16 (€ million net of tax)

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

Profit - quarterly evolution (€ million)



9M'16 profit reconciliation (€ million)



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

€ Million	9M'16	9M'15	%9M'15 (currency-neutral)	%9M'15 (currency-neutral)	
Gross income	32,740	34,378	-4.8	2.7	Gross income backed by commercial transformation A
Operating expenses	-15,634	-16,149	-3.2	4.1	Operational excellence. Cost-saving measures underway B
Net op. Income	17,106	18,229	-6.2	1.4	
Loan-loss provisions	-7,112	-7,550	-5.8	0.5	Improved credit quality and lower cost of credit C
PBT	8,625	8,766	-1.6	7.9	
Taxes	-2,684	-2,649	1.3	9.5	
Underlying attrib. profit	4,975	5,106	-2.6	8.4	Profit growth, focusing on generating shareholder value D
Non-recurring ¹	-368	835	—	—	
Attributable profit	4,606	5,941	-22.5	-15.1	Attributable profit hit by non-recurring items

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

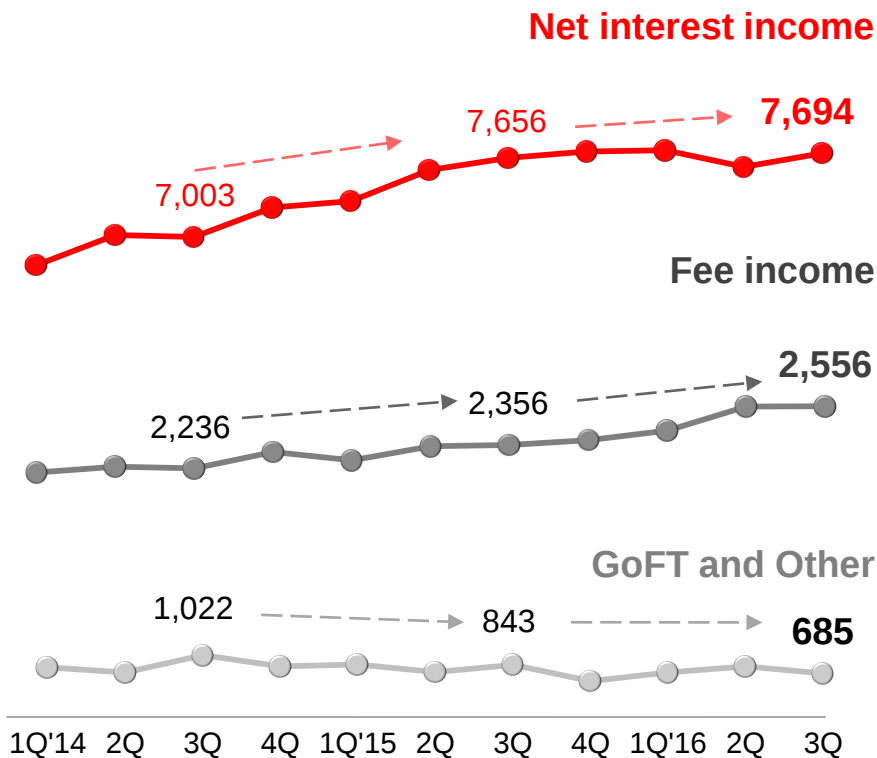
Gross income evolution

€ million

Net interest income

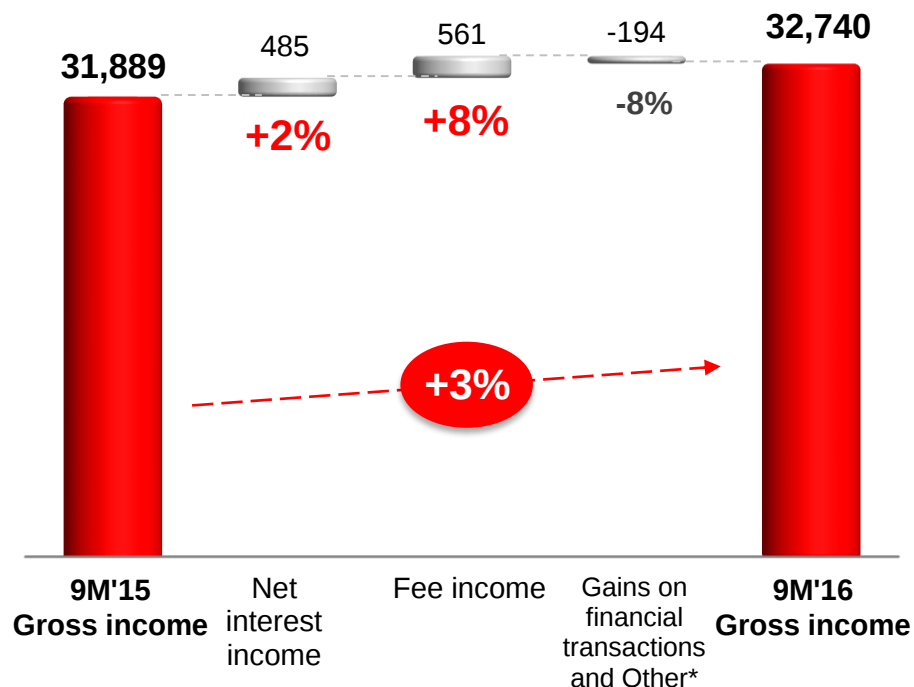
Fee income

GoFT and Other



Gross income

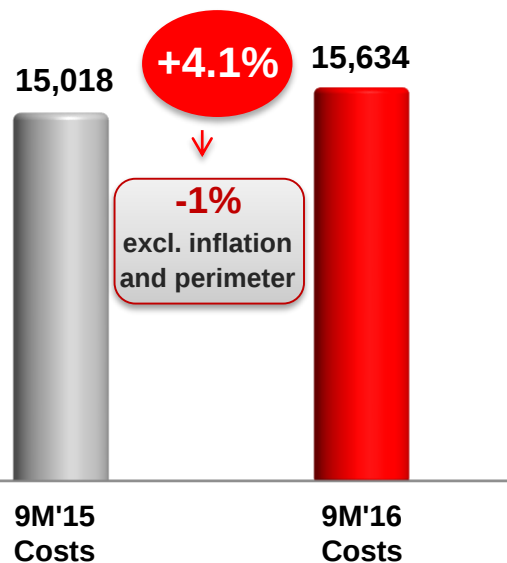
€ million



Active cost management to maintain operational excellence and enhance customer experience

Total operating expenses

€ million

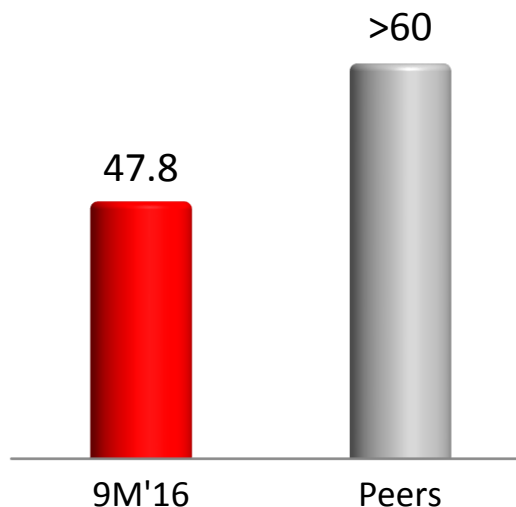


- Excluding inflation and perimeter:
 - Of note **Brazil** (-4%), **Portugal** (-3%) and **Spain** (-3%)
 - Costs up in countries investing more in growth and transformation

Operational excellence

%

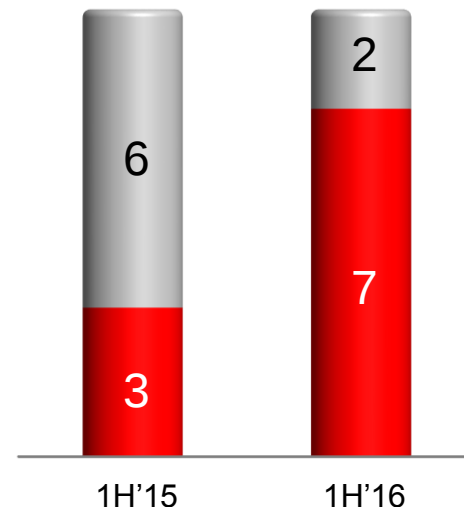
Best-in class in cost to income



- Cost control plans in all countries and a more efficient Corporation
- Investing in commercial transformation and remaining best-in-class in efficiency

Countries included in the Top 3

Customer satisfaction¹

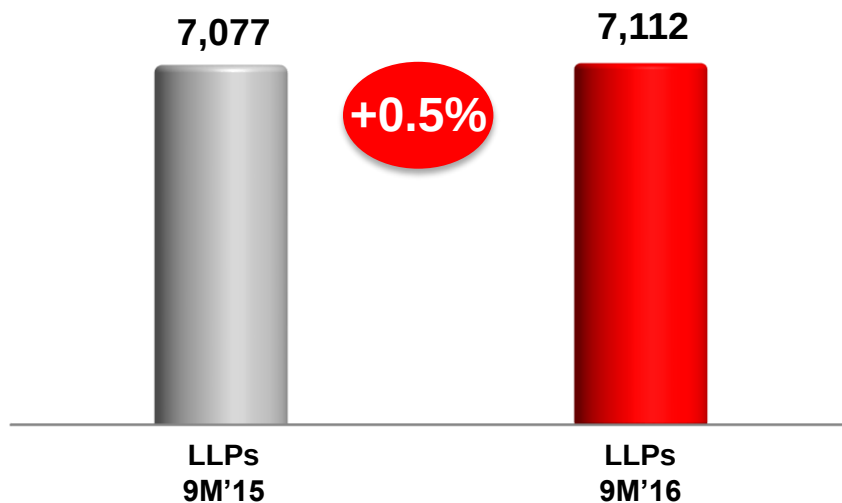


- Enhancing customer experience as a top priority
- Processes digitalisation and streamlining is key

Stable loan-loss provisions with all credit quality ratios improving

Total loan-loss provisions¹

€ million



Ratios evolution

	S'15	S'16	
NPL ratio	4.50%	4.15%	✓
Coverage ratio	71%	73%	✓
Cost of credit	1.26%	1.19%	✓
Cost of credit excluding SC USA	0.95%	0.85%	✓

- **Lower provisions** in Spain, SCF, Portugal, Poland and Chile
- **Brazil's** up y-o-y due to environment however, cost of credit remained <5%
- Higher in the **US** due to SC USA's retained portfolio and provisions for Oil & Gas at Santander Bank in 1Q

- **NPLs down y-o-y**, with lower net NPL entries in the quarter (-21%)
- **Cost of credit targeted at the Investor Day.** Spain and SCF improved the most y-o-y

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

Active capital management

Currency-neutral. Sep'16 vs. Sep'15

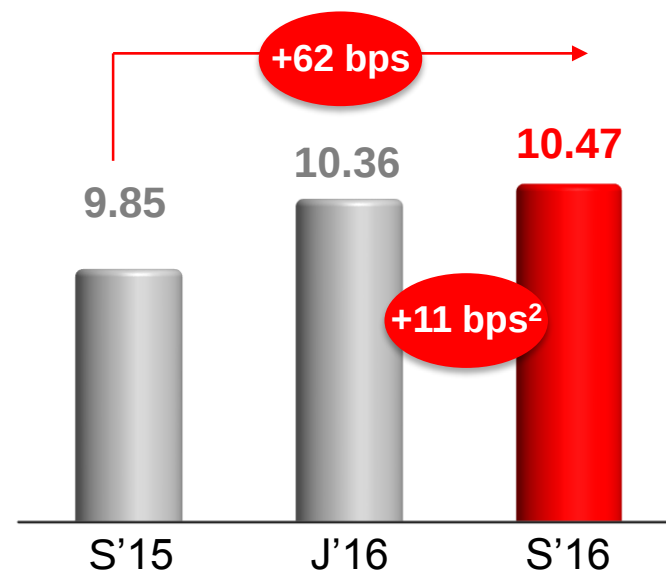
Loans growth > RWA growth
3% > 0%

Profit growth > RWA growth
8% > 0%

● Capital selectively allocated to businesses with higher RoRWAs

RoRWA¹ Dec'15 **1.30%** vs. Sep'16 **1.37%**

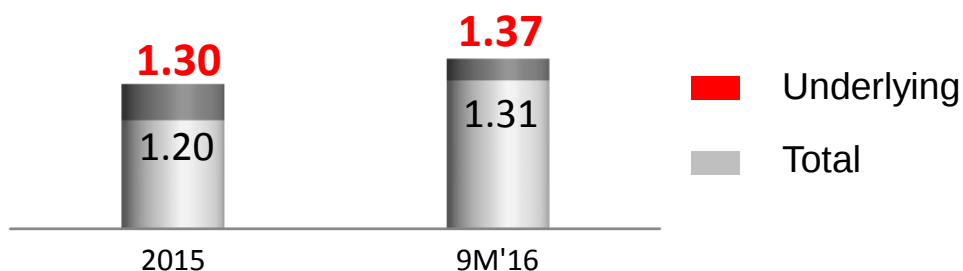
Fully-loaded CET1 (%)



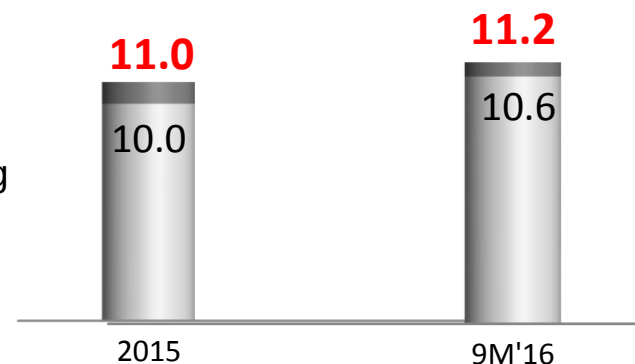
- The fully-loaded total capital ratio rose to **13.70%** (12.75% in September 2015)
- Fully-loaded leverage ratio improvement: **5.0%** (4.7% in September 2015)

Santander continues to be among the most profitable banks, while remaining committed to shareholders

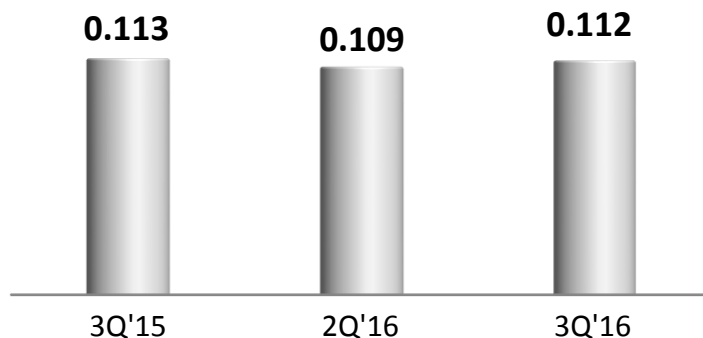
RoRWA (%)



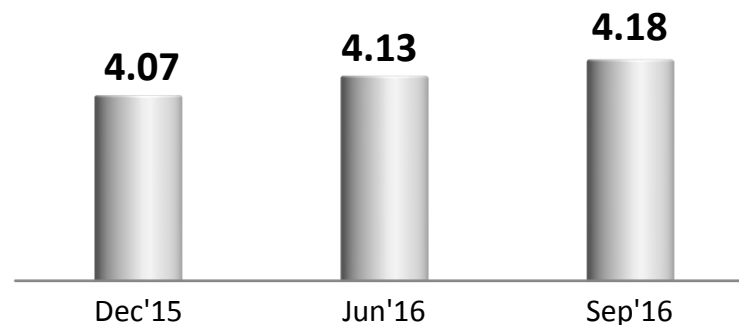
RoTE (%)



Underlying EPS¹ (euros)



Tangible net asset value per share (euros)



Agenda

- Group performance 9M'16

- Business areas 9M'16

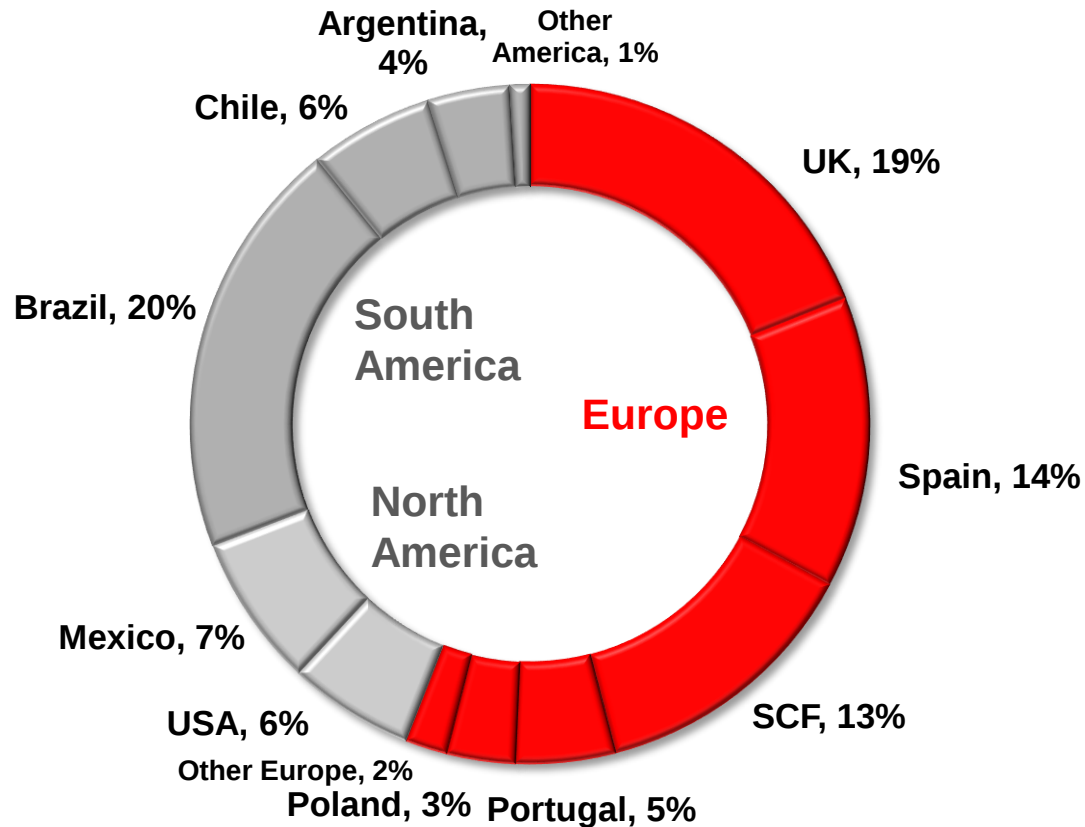
- Conclusions

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Well-diversified results between Europe and the Americas



Strategy and highlights

	9M'15	9M'16
Digital customers (mill.)	2.2	2.7
Retail fee income (y-o-y % change)	-5%	+9%
Customer satisfaction (position)	5º	3º
Cost of credit	0.71%	0.41%

P&L

€ million

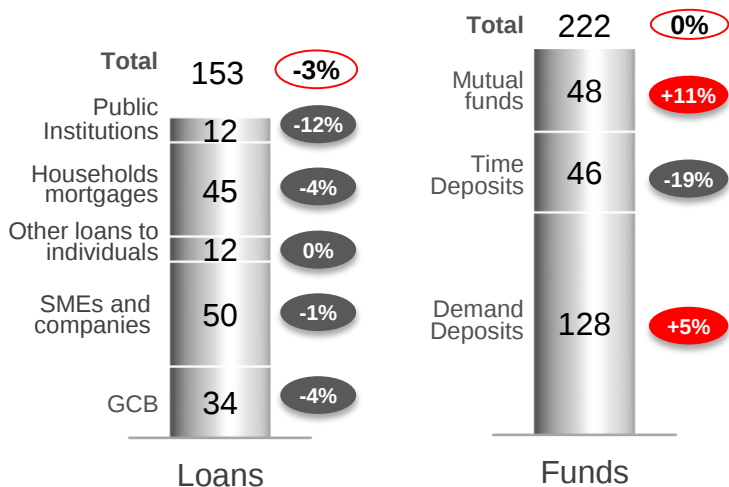
	3Q'16	%2Q'16	9M'16	%9M'15
NII + Fee income	1,185	-3.8	3,660	-6.6
Gross income	1,398	-6.1	4,429	-8.5
Operating expenses	-824	-1.2	-2,495	-3.1
Net op. Income	574	-12.4	1,935	-14.7
Loan-loss provisions	-140	9.0	-500	-40.1
Underlying PBT	382	-13.8	1,264	0.5
Underlying attrib. Profit	270	-12.5	885	0.2

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

- **Growth in loyal customers as a result of the 1I2I3 strategy** (individuals: +22% and companies: +38%). The 1I2I3 SMEs account now has more than 100,000 customers
- **Greater customer satisfaction** reflected the effort made in **service quality** improvement
- **Attributable profit** hit by low interest rates, partially offset by fee income growth, costs control and lower provisions
- **3Q net interest income** affected by lower volumes, mortgages repricing and impact of ALCO portfolio sales

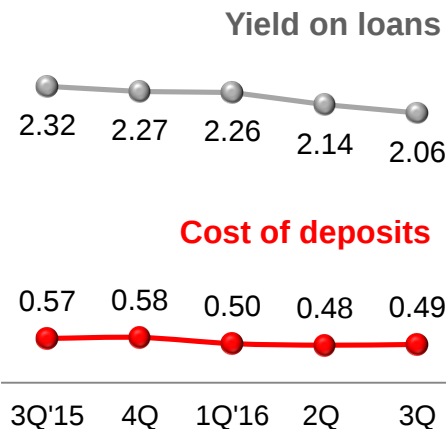
Volumes¹ (S'16)

€ billion and % change / Sep'15



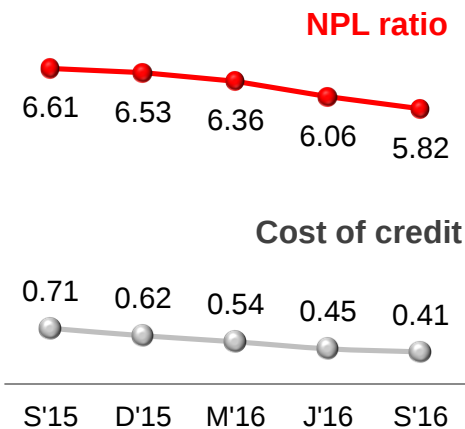
Customer NIM

%



NPL ratio and cost of credit

%



- **The 1I2I3 strategy is offering good results in terms of individuals and SMEs activity:**
 - Individuals: new lending up 17%, improved fee income and lower cost of deposits
 - SMEs: new lending up 12% and greater customer capturing
- **Loan stock declined mainly because of public institutions and mortgages**
- **Funds strategy focused on growing demand deposits and mutual funds**
- **Improved customer risk profile:** sharp fall in the cost of credit and the NPL ratio

UNITED KINGDOM

Strategy and highlights

	9M'15	9M'16
Digital customers (mill.)	3.8	4.5
Corporate lending growth vs. market	>5 pp	>5 pp
Share of corporates / total loans	13.2%	14.1%
NPL ratio	1.51%	1.47%
Retail customer satisfaction ¹	62.9%	62.7%

P&L

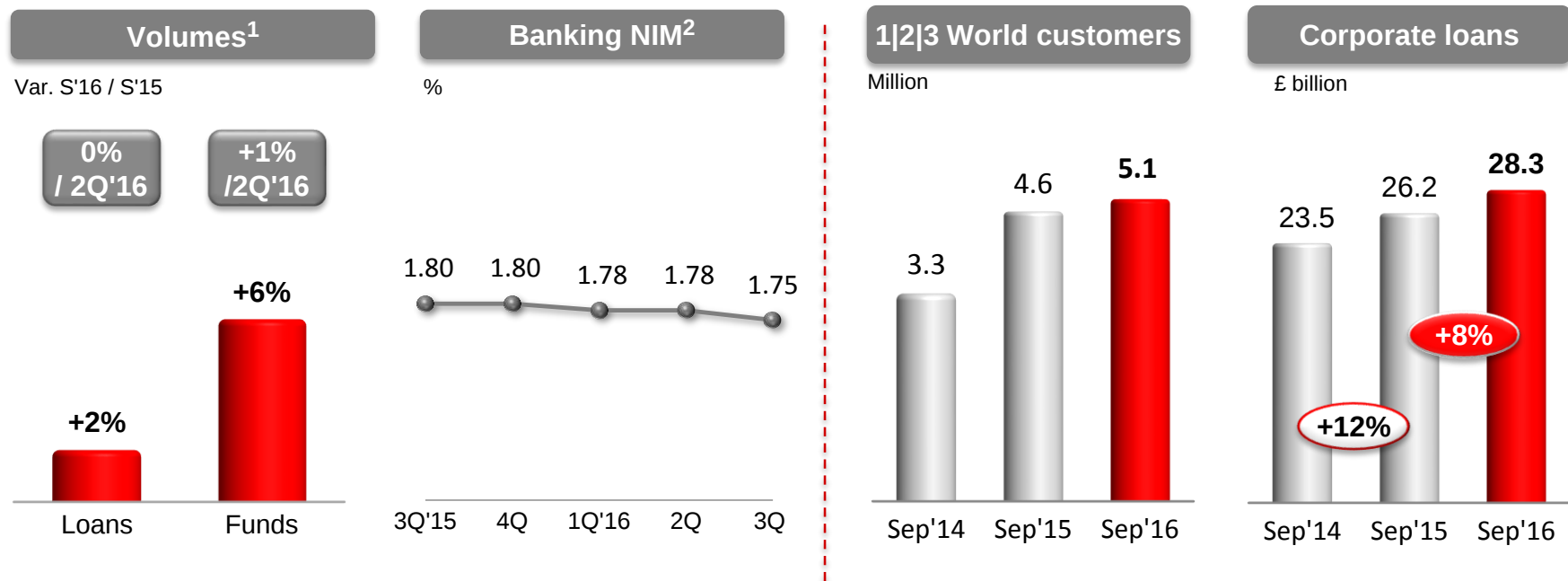
£ million

	3Q'16	%2Q'16	9M'16	%9M'15
NII + Fee income	1,108	1.1	3,309	0.2
Gross income	1,172	-0.7	3,519	1.3
Operating expenses	-599	-3.3	-1,830	0.3
Net op. Income	573	2.2	1,689	2.3
LLPs	-37	-29.6	-95	51.7
PBT	465	2.9	1,421	0.3
Attributable profit	311	1.1	967	-11.1

Costs excluding banking reform (-3% / 9M'15)

- **Stable revenues:** net fee growth offsetting certain NII pressure (SVR² and new asset margins)
- **Cost efficiency maintained**
- **Good credit quality in all loan books**, supported by prudent lending criteria
- **Attributable profit** impacted by the introduction of the 8% bank corporation surcharge in 2016 (**PBT:+0.3%**)

UNITED KINGDOM



- Net lending growth in all customer business segments
- 1|2|3 customers continue to grow; +£11.3 bn of retail current account balances
- Strong corporate lending growth, in an increasingly competitive environment
- Mortgage book: geographically aligned with where people live; low average loan size and LTV of 43%

Strategy and highlights

	9M'15	9M'16
Loyal customers (mill.)	3.1	3.5
Digital customers (mill.)	4.2	6.0
Biometrics (million customers)	0.04	4.4
Cost of credit	4.40%	4.87%
Customer satisfaction ¹ (ranking among 5 largest banks)	2°	4°

P&L

€ million

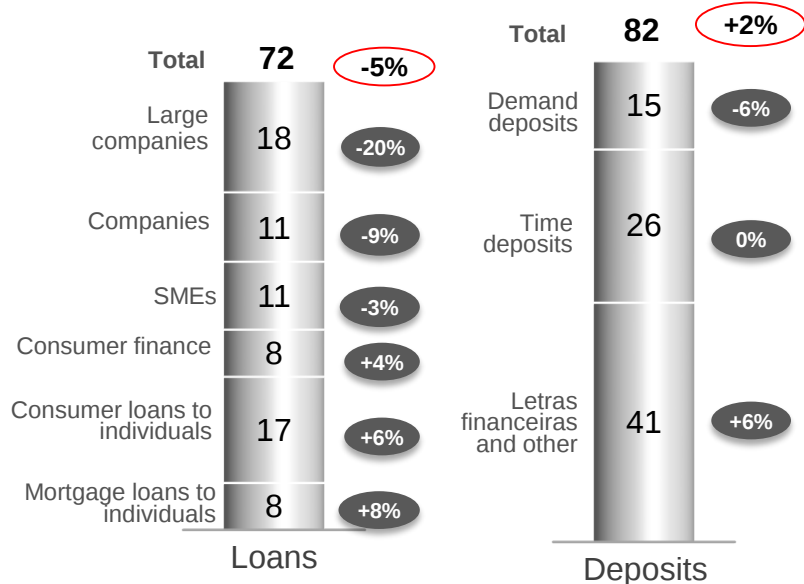
	3Q'16	%2Q'16*	9M'16	%9M'15*
NII + Fee income	2,899	2.8	7,847	5.1
Gross income	3,050	3.4	8,133	6.2
Operating expenses	-1,177	3.1	-3,170	5.4
Net op. Income	1,873	3.5	4,963	6.7
LLPs	-951	16.9	-2,424	10.9
PBT	788	1.3	2,036	11.7
Attributable profit	488	4.1	1,276	9.5

(*) % change on a currency-neutral basis

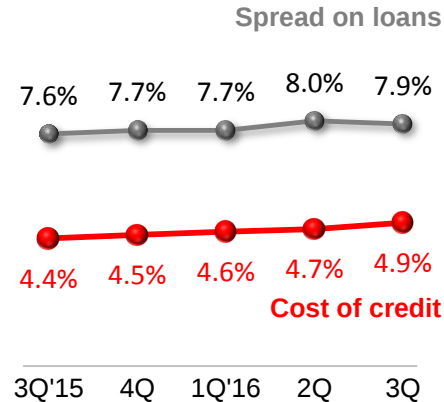
- **Good commercial dynamics** and advances on digital strategy to **boost loyalty**
- **Attributable profit of €488 million** in 3Q'16, **growing in the quarter and in 9M'16 (PBT: +12%)**
- **Net interest income up 2% y-o-y and fee income 15%**, underscoring revenues recurrence
- **Costs grew at well below the inflation rate.** In 3Q'16, one month impact of collective agreement
- **Provisions under control** thanks to active risk management

Volumes¹

€ billion and % change (currency-neutral basis)

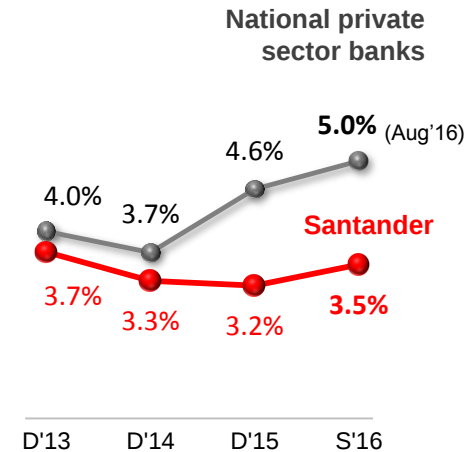


Spread and cost of credit



NPLs – Over 90 days

Local criteria



- **Lending down y-o-y**, focusing on lower risk products. **Loans up 1% in 3Q'16**
- **Payroll loans** (*consignado*²), driving the increase in individuals consumer credit, both in the quarter and y-o-y
- **Higher spreads on loans by product / segment**
- **The NPL ratio performed better than national private sector banks and main competitors**

SANTANDER CONSUMER FINANCE

Strategy and highlights

	9M'15	9M'16
Active customers ¹ (mill.)	16.9	17.7
Countries incorporated (#) (Banque PSA Finance agreement)	3	10
Cost of credit	0.87%	0.49%
NPL ratio	4.15%	2.86%

Activity

Volumes²

Var. S'16 / S'15

+3%
/ 2Q'16

-4%
/ 2Q'16

+15%

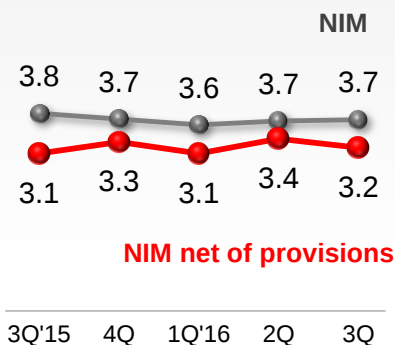
+20%

Loans

New loans

Customer NIM

%



NIM net of provisions

P&L

€ million

	3Q'16	%2Q'16*	9M'16	%9M'15*
NII + Fee income	1,099	3.4	3,201	10.1
Gross income	1,106	3.4	3,219	10.0
Operating expenses	-467	-0.4	-1,418	9.9
Net op. Income	639	6.4	1,801	10.0
LLPs	-116	65.4	-300	-30.9
Underlying PBT	487	-0.3	1,385	25.8
Underlying attrib. profit ¹	291	-0.8	835	21.1

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

(*) % change on a currency-neutral basis

- Further progress in the **agreement with Banque PSA Finance**, meeting targets
- New lending growth in all countries
- Higher revenues, lower cost of credit and NPLs.** Provisions normalising in 3Q'16 compared to low provisions in 2Q due to sale of portfolios
- Main countries underlying profit:** Germany (€266 mill.); Nordic countries (€210 mill.) and Spain (€152 mill)

UNITED STATES

Strategy and highlights

	9M'15	9M'16
Digital customers (thousand)	595	736
C&I loans (\$Bn)	18	18
Core deposits (\$Bn)	42	45
SC servicing portfolio (\$Bn)	15	12
Total cost of credit	3.36%	3.80%

P&L

US\$ million	3Q'16	%2Q'16	9M'16	%9M'15
NII + Fee income	1,925	-2.9	5,926	-0.7
Gross income	2,085	-2.3	6,386	-1.4
Operating expenses	-875	0.1	-2,605	6.5
Net op. income	1,210	-4.0	3,781	-6.3
LLPs	-867	8.7	-2,613	9.5
PBT	340	-23.9	1,077	-30.0
Attributable profit	157	-11.6	425	-42.1

Activity¹

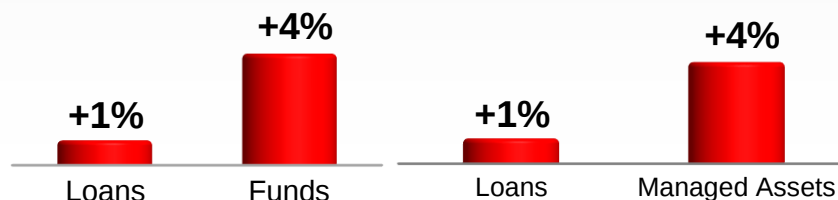
Santander Bank

Var. S'16 / S'15



Santander Consumer USA

Var. S'16 / S'15



- **Focus on commercial activity** spurred growth in customers (loyal +10%; digital +24%) and core deposits (+6%)
- **Revenues impacted by change of mix in SC USA.** In 3Q, lower originations
- **Costs growing at a slower pace**, but still high due to investments in IT, franchise and regulatory issues
- **LLPs increased** in SBNA (Oil & Gas in 1Q16) and SC USA (higher retained balances)

Strategy and highlights

	9M'15	9M'16
Digital customers (thousand)	761	1,179
Payrolls (thousand)	2,969	3,319
Demand deposits (y-o-y change)	+16%	+15%
SMEs loans (MXN mill.)	60,378	66,843
Cost of credit	2.87%	2.86%

P&L

€ million

	3Q'16	%2Q'16*	9M'16	%9M'15*
NII + Fee income	767	2.2	2,302	12.1
Gross income	796	3.7	2,375	13.4
Operating expenses	-311	0.3	-950	8.1
Net op. Income	486	6.0	1,425	17.2
LLPs	-194	-6.9	-629	11.9
PBT	288	20.3	774	17.5
Attributable profit	172	20.1	460	19.0

(*) % change on a currency-neutral basis

Activity

Volumes¹

Var. S'16 / S'15

+4%
/ 2Q'16

-1%
/ 2Q'16

+13%

+9%

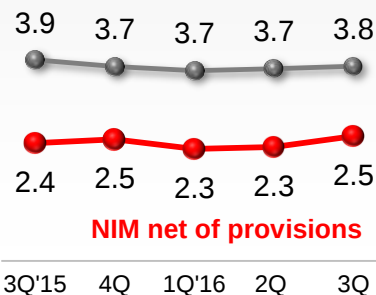
Loans

Funds

Customer NIM

%

NIM



- **55% rise in digital customers and 19% in loyal ones.** Efforts made to attract payrolls
- **Profit up spurred by commercial revenues (+12%)**
- **Net interest income up 15%,** fueled by growth in loans and demand deposits
- **Credit quality improvement continued,** with lower NPLs and stable cost of credit

Strategy and highlights

	9M'15	9M'16
Loyal customers (thousand)	562	587
Digital customers (thousand)	903	953
Cost of credit	1.68%	1.55%
NPL ratio	5.60%	5.12%
Improved customer satisfaction (higher in SAN vs. peers)	+10 p.p.	+3 p.p.

P&L

€ million

	3Q'16	%2Q'16*	9M'16	%9M'15*
NII + Fee income	561	1.3	1,604	4.8
Gross income	616	3.2	1,749	4.0
Operating expenses	-249	1.1	-721	3.4
Net op. Income	368	4.7	1,028	4.5
LLPs	-146	10.6	-382	-0.7
PBT	228	4.3	653	9.2
Attributable profit	129	-1.3	377	6.3

(*) % change on a currency-neutral basis

Activity

Volumes¹

Var. S'16 / S'15

+1%
/ 2Q'16

+5%
/ 2Q'16

+5%

+7%

Loans

Funds

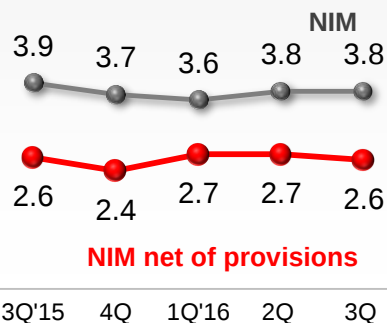
Customer NIM

%

Inflation UF²

9M'15: 2.92

9M'16: 2.32



- Improved **customer satisfaction** indices, **greater loyalty** and close to 1 million digital customers
- Higher attributable profit** driven by net interest income, cost control and lower cost of credit
- Lower provisions y-o-y.** Rise in 3Q'16 over a 1H'16 that was below average
- Improvement in all credit quality indices**

Strategy and highlights

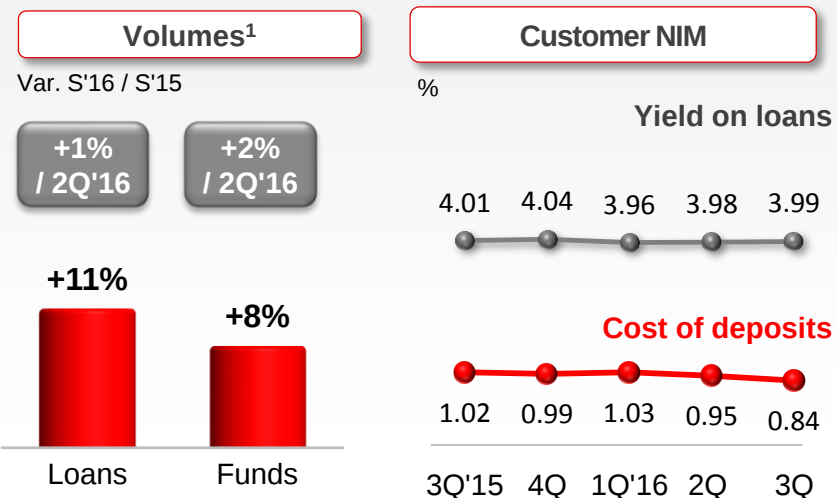
	9M'15	9M'16
Digital customers (thousand)	1,837	1,960
Loyal companies (thousand)	77	87
Cost of credit	0.96%	0.76%
NPL ratio	7.14%	5.71%
Market share in loans	9.6%	10.1%(J'16)

P&L

€ million	3Q'16	%2Q'16*	9M'16	%9M'15*
NII + Fee income	321	6.9	910	7.0
Gross income	330	-5.1	985	5.0
Operating expenses	-149	1.4	-440	2.4
Net op. Income	181	-9.8	545	7.1
LLPs	-43	24.2	-110	-6.9
PBT	132	-3.4	378	-3.2
Attributable profit	69	-8.1	208	-10.2

(*) % change on a currency-neutral basis

Activity

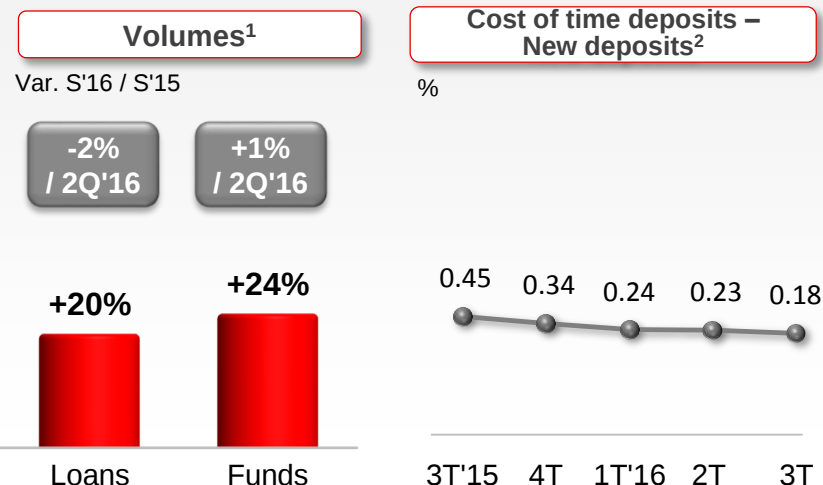


- Benchmark bank in **innovation and digital channels** (almost 2 million digital customers)
- **Market share gains in loans. Growth in loans:** particularly companies, mortgages, consumer credit and cards
- **Profit up 8% excluding the tax on assets**
- **Good management of net interest income** (+11% y-o-y backed by larger volumes) and **costs**
- **Significant drop in NPL ratio and cost of credit**

Strategy and highlights

	9M'15	9M'16
Loyal individuals (thousand)	498	523
Loyal companies (thousand)	21.9	25.9
Digital customers (thousand)	356	422
Cost of credit	0.35%	0.17%
Loans' market-share	11.5%	14.5% _(J1'16)

Activity



P&L

€ million

	3Q'16	%2Q'16	9M'16	%9M'15
NII + Fee income	260	-0.7	795	28.6
Gross income	287	-2.2	917	31.5
Operating expenses	-142	-4.9	-445	20.6
Net op. Income	145	0.5	472	43.7
LLPs	-16	150.9	-44	-33.8
Underlying PBT	124	6.2	399	65.9
Underl. attrib. profit¹	92	4.0	302	67.0

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

- **Banif's integration** continues on schedule
- **Rise in 1|2|3 customers** (27,500 new accounts in 3Q'16)
- **Market-share gain in loans and deposits**
- **Funds up 8%** (excluding Banif), underscoring the banks good position in the financial sector
- Profit driven by **gross income** (NII and gains on financial transactions) and **sharp reduction of the cost of credit**

Strategy and highlights

	9M'15	9M'16
Loyal individuals (thousand)	959	1,035
Loyal companies (thousand)	90	100
Digital customers (thousand)	1,224	1,484
Cost of credit	1.99%	1.87%
NPL ratio	1.25%	1.40%

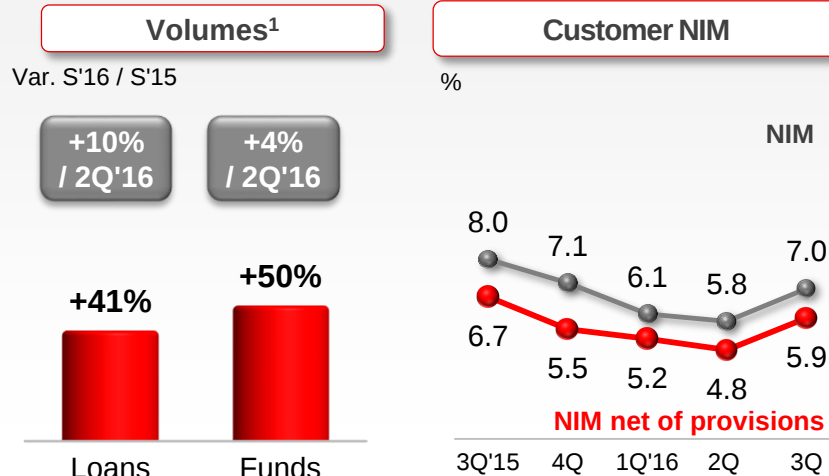
P&L

€ million

	3Q'16	%2Q'16*	9M'16	%9M'15*
NII + Fee income	305	15.0	844	26.2
Gross income	355	8.9	999	40.4
Operating expenses	-185	4.3	-549	39.5
Net op. Income	170	14.4	450	41.6
LLPs	-27	10.3	-75	24.1
PBT	139	22.5	357	41.8
Attributable profit	99	23.2	250	48.0

(*) % change on a currency-neutral basis

Activity

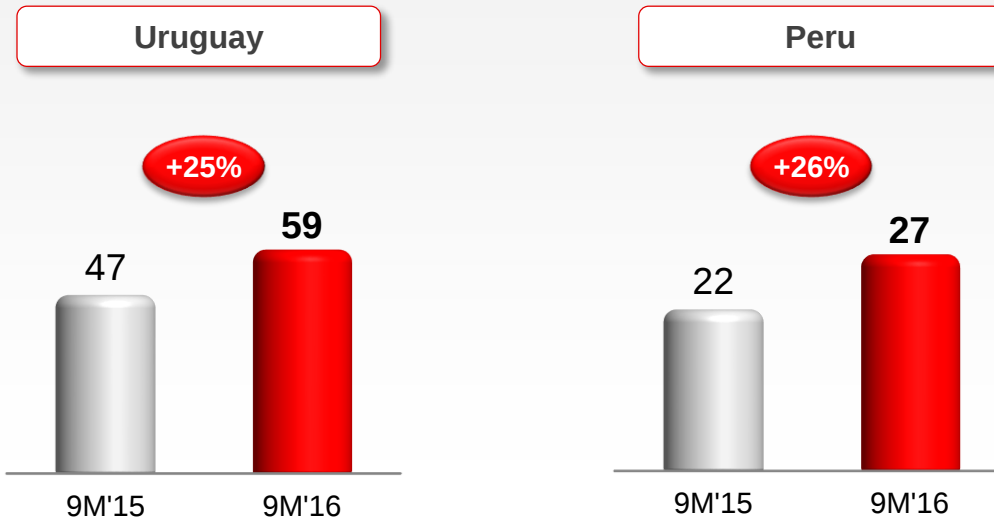


- **Better environment** for banking business.
Acquisition of Citibank's retail portfolio in October
- **Growth in loans and deposits** driven by the expansion plan and commercial strategy
- Profit fueled by the **increase of all revenue lines**
- Costs up due to the **branch network expansion** and **transformation projects**
- **NPL ratio of 1.4%** and **coverage of 156%**

OTHER LATIN AMERICAN COUNTRIES

Attributable profit

€ million (currency-neutral)

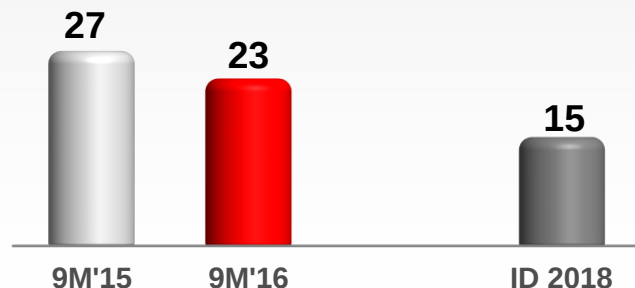


- Focusing on loyalty, transactions and target segments
- Double-digit growth in volumes
- Profit driven by revenues growth

CORPORATE CENTRE

Progress made to reduce the Corporate Centre's weight in the Group. Costs down 19%

Underlying profit weight /
Total Group (%)



P&L

€ million

	9M'16	9M'15
Revenues	-784	-463
Operating expenses	-351	-435
Provisions	-117	-378
Tax and minority interests	111	-99
Underlying attrib. profit ¹	-1,140	-1,375

- **Lower revenues** due to fall in gains on financial transactions (hedging)
- **Provisions back to normal levels**, above average in 2015

Agenda

- Group performance 9M'16
- Business areas 9M'16

■ Conclusions

- Appendix
- Glossary



We are on plan to deliver our 2016/17 targets

	2015	9M'16	2016/17 targets	
Loyal customers (MM)	13.8	14.8	15 / 17	✓
Digital customers (MM)	16.6	20.2	20 / 25	✓
Fee income ¹	4.3%	8.0%	Increase	✓
Cost of credit	1.25%	1.19%	Improve	✓
Cost to income	47.6%	47.8%	Stable	✓
EPS (€)	0.40 (FY2015)	0.30 (Jan-Sep'16)	Increase	✓
Cash dividend / share (€cents)	15.8	17.2 ²	Increase	✓
TNAV / share (€)	4.07	4.18	Increase	✓
FL CET1	10.05%	10.47%	+40bps per year	✓

Agenda

- Group performance 9M'16
- Business areas 9M'16
- Conclusions
- Appendix
- Glossary

Appendix

Global segments results

Group balance sheet

NPL and coverage ratios, and cost of credit

Liquidity and funding

Quarterly income statements

A photograph of a modern building with cantilevered floors and a reflecting pool in the foreground. The building's architecture features large glass windows and concrete structures. The pool reflects the building and the sky. Several people in business attire are walking on a path near the pool. The scene is set against a clear blue sky with some light clouds.

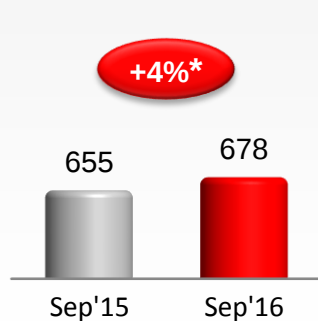
Global Segments Results

RETAIL BANKING

Activity

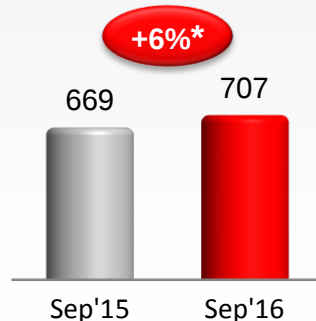
€ billion (currency-neutral basis)

Net loans



(*) -1% in euros

Funds



(*) +2% in euros

P&L

€ million

	3Q'16	%2Q'16*	9M'16	%9M'15*
NII + Fee income	9,537	0.7	28,064	4.4
Gross income	9,870	0.6	29,095	2.3
Operating expenses	-4,604	0.1	-13,648	5.7
Net op. income	5,267	1.1	15,447	-0.6
LLPs	-2,278	13.2	-6,394	-1.9
Underlying PBT	2,674	-2.5	7,889	1.1
Underl. attrib. profit	1,636	-0.4	4,830	-3.1

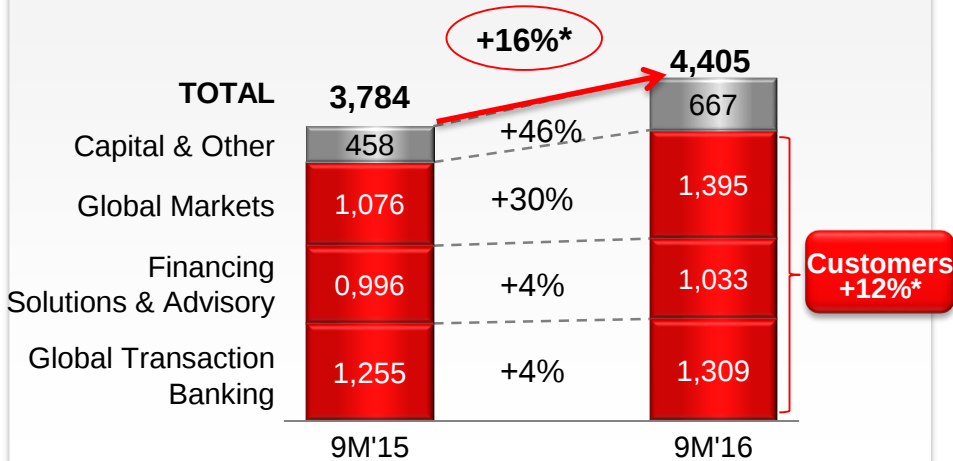
(*) % change on a currency-neutral basis
Note: excluding contribution to the SRF in 2Q'16

- The retail banking model continued to be transformed into an increasingly **Simple, Personal and Fair** model
- **Focused** on three main priorities: **customer loyalty, digital transformation and operational excellence**
- **Further development of the multi-channel model**, centred on digital channels
- Progress in achieving our targets. 14.8 million loyal customers (+10% from September 2015) and 20.2 million digital customers (+25% from September 2015)

SANTANDER GLOBAL CORPORATE BANKING (SGCB)

Gross income

€ Million (currency-neutral basis)



(*) In euros: total gross income, +7%; customer revenues, +5%

P&L

€ million

	3Q'16	%2Q'16*	9M'16	%9M'15*
NII + Fee income	1,073	6.2	3,073	-1.5
Gross income	1,514	-0.3	4,405	16.4
Operating expenses	-488	-2.5	-1,473	-1.2
Net op. income	1,026	0.8	2,933	27.9
LLPs	-187	-10.4	-604	57.7
PBT	833	7.2	2,289	22.9
Attributable profit	544	6.0	1,502	19.8

(*) % change on a currency-neutral basis

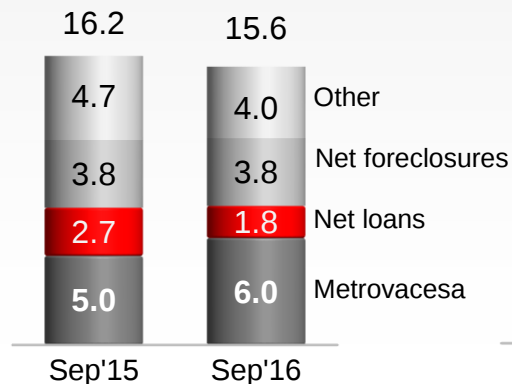
- **Customer-centred strategy**, underpinned by the **Division's global capacities and their interconnection with local units**
- **Reference positions** in export finance, corporate lending, project finance, among others, in Europe and Latin America
- **Attributable profit up 20% (currency-neutral)**, driven by **strong and diversified customer revenues (+12%)**

REAL ESTATE ACTIVITY SPAIN

Activity

Total Balance

€ billion



Coverage ratio

Sep'16 and % change / Sep'15

+2 p.p.

0 p.p.

61%

54%

Loans

Foreclosures

P&L

€ million

	9M'16	9M'15	%9M'15
Gross income	23	110	-78,9
Operating expenses	-162	-181	-10,4
Provisions	-163	-338	-51,8
Tax recovery	90	122	-26,4
Attributable profit	-217	-280	-22,5

- Reduction of non-core exposures continued at a pace higher than 15% (net loans: -35%)
- Stable coverage ratio
- Lower losses due to **lower costs** and **reduced provision needs**

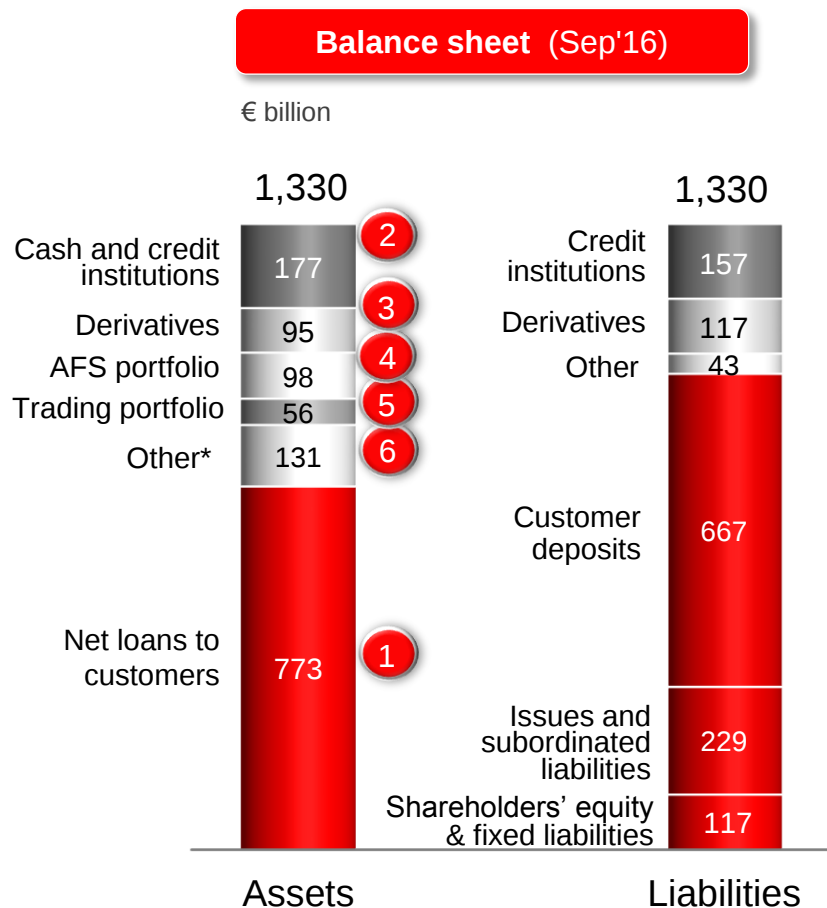


Group Balance Sheet



BALANCE SHEET

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



1

Lending: 58% of balance sheet

2

Cash, central banks and credit institutions: 13%

3

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

4

Available for sale portfolio (AFS): 8%

5

Trading portfolio: 4%

6

Other (goodwill, fixed assets, accruals): 10%

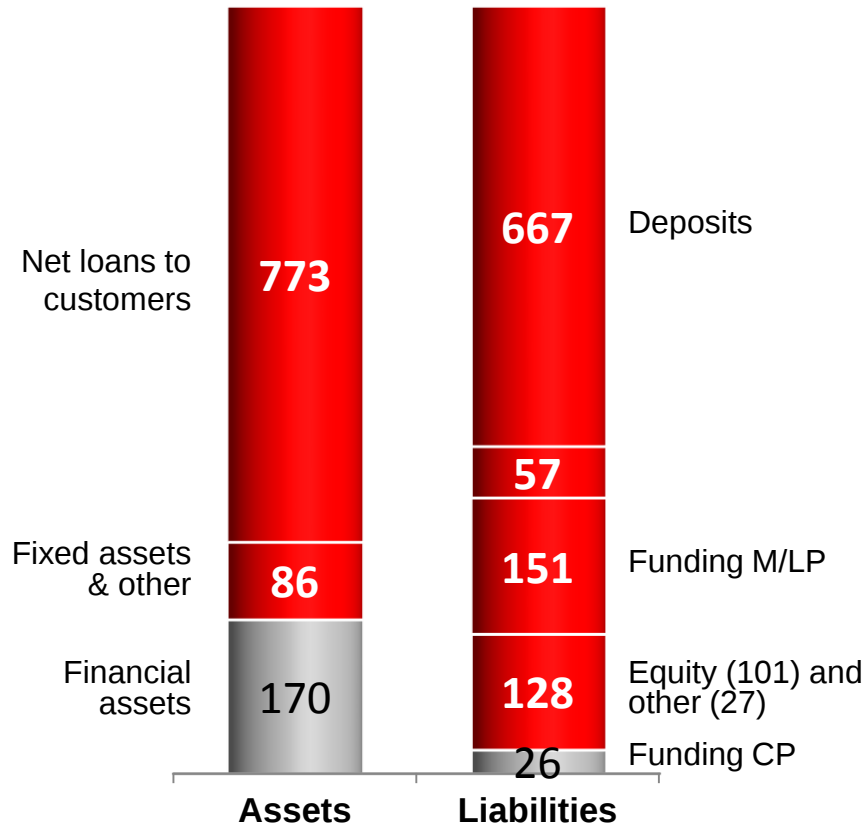


Liquidity and funding

Well-funded balance sheet with high structural liquidity surplus

Liquidity balance sheet (Sep'16)

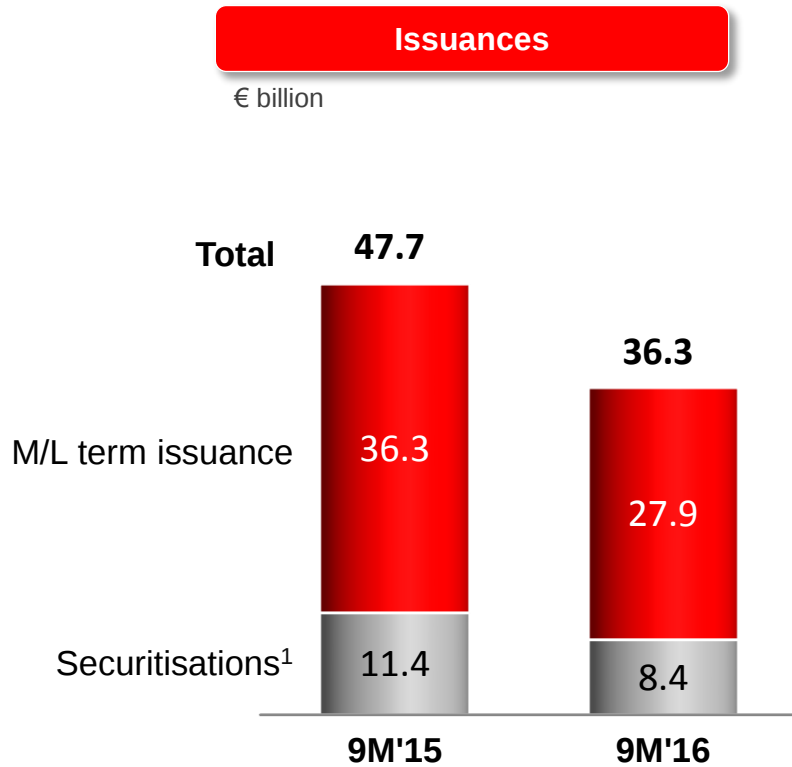
€ billion



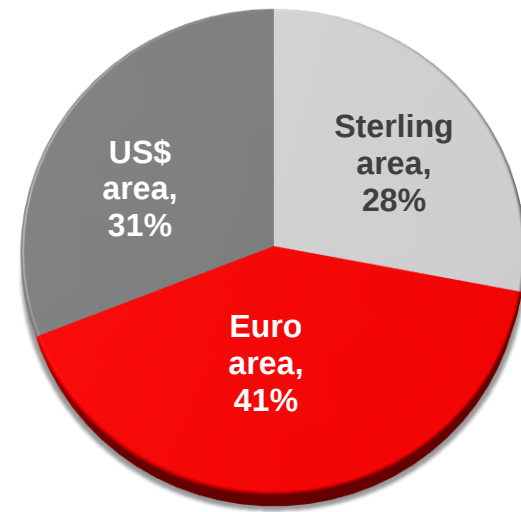
Commercial Gap: € 105.9 bn.

Structural liquidity¹ surplus:
€ 143.3 bn. (14% net liabilities)

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



Diversified issuances – 9M'16





NPL, coverage ratios
and cost of credit

NPL ratio

%

	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16	30.06.16	30.09.16
Continental Europe	8.52	8.15	7.89	7.27	7.08	6.84	6.43
Spain	7.25	6.91	6.61	6.53	6.36	6.06	5.82
Santander Consumer Finance	4.52	4.25	4.15	3.42	3.28	2.95	2.86
Poland	7.33	7.07	7.14	6.30	5.93	5.84	5.71
Portugal	8.96	8.80	8.86	7.46	8.55	10.46	9.40
United Kingdom	1.75	1.61	1.51	1.52	1.49	1.47	1.47
Latin America	4.64	4.74	4.65	4.96	4.88	4.98	4.94
Brazil	4.90	5.13	5.30	5.98	5.93	6.11	6.12
Mexico	3.71	3.81	3.54	3.38	3.06	3.01	2.95
Chile	5.88	5.73	5.60	5.62	5.45	5.28	5.12
USA	2.20	2.20	2.20	2.13	2.19	2.24	2.24
Operating Areas	4.87	4.68	4.52	4.39	4.36	4.32	4.19
Total Group	4.85	4.64	4.50	4.36	4.33	4.29	4.15

Coverage ratio

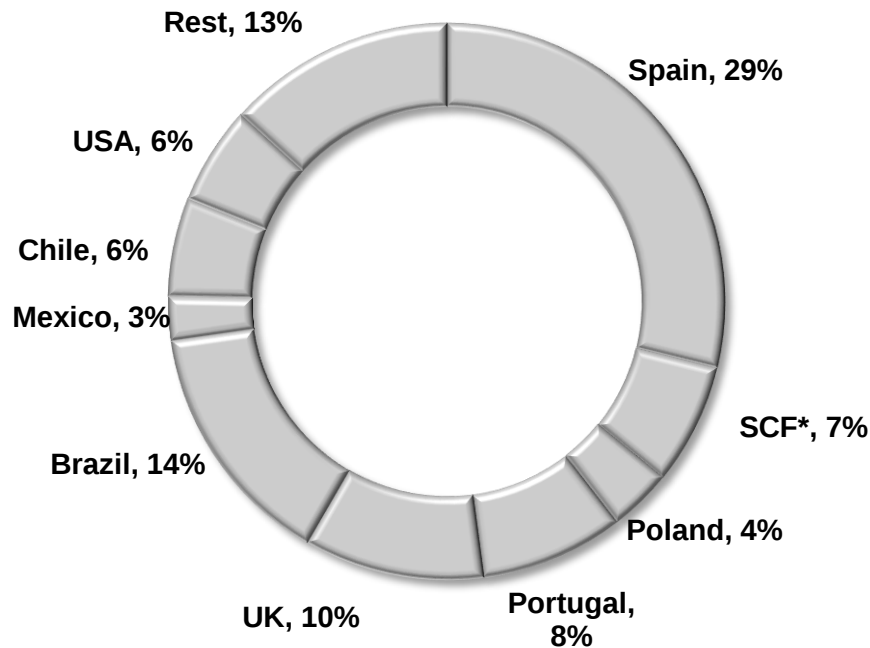
%

	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16	30.06.16	30.09.16
Continental Europe	58.6	58.9	60.4	64.2	65.4	61.3	61.3
Spain	46.6	46.8	47.8	48.1	50.2	47.6	47.6
Santander Consumer Finance	103.6	104.9	107.2	109.1	111.9	110.6	110.7
Poland	61.6	63.5	63.1	64.0	67.0	65.8	68.9
Portugal	52.4	54.2	56.2	99.0	87.7	61.9	57.8
United Kingdom	41.2	40.3	39.6	38.2	36.5	36.5	36.0
Latin America	83.6	84.4	85.4	79.0	79.7	81.4	84.5
Brazil	95.2	95.9	96.0	83.7	83.7	85.3	89.3
Mexico	88.4	87.5	93.0	90.6	97.5	102.3	101.9
Chile	52.0	51.6	52.8	53.9	54.6	55.5	58.1
USA	211.5	224.2	218.3	225.0	221.1	220.6	216.2
Operating Areas	68.3	69.4	70.5	72.6	73.3	72.0	72.8
Total Group	68.9	70.1	71.1	73.1	74.0	72.5	72.7

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

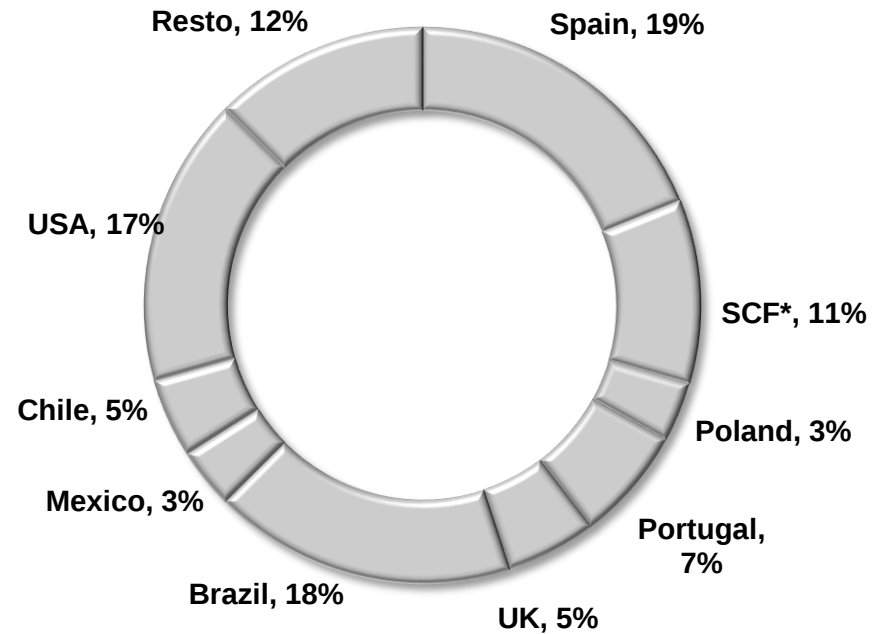
Non-performing loans

100%: €34,646 mil.



Loan-loss allowances

100%: €25.171 mill.



Cost of credit

%

	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16	30.06.16	30.09.16
Continental Europe	0.95	0.86	0.77	0.68	0.60	0.51	0.46
Spain	0.97	0.84	0.71	0.62	0.54	0.45	0.41
Santander Consumer Finance	0.93	0.91	0.87	0.77	0.64	0.55	0.49
Poland	1.00	1.00	0.96	0.87	0.82	0.75	0.76
Portugal	0.45	0.38	0.35	0.29	0.28	0.21	0.17
United Kingdom	0.11	0.08	0.04	0.03	0.01	0.03	0.05
Latin America	3.53	3.39	3.33	3.36	3.39	3.41	3.42
Brazil	4.63	4.45	4.40	4.50	4.63	4.71	4.87
Mexico	2.92	2.89	2.87	2.91	2.95	2.96	2.86
Chile	1.74	1.68	1.68	1.65	1.58	1.59	1.55
USA	3.25	3.39	3.36	3.66	3.85	3.77	3.80
Operating Areas	1.38	1.33	1.27	1.26	1.24	1.20	1.20
Total Group	1.38	1.32	1.26	1.25	1.22	1.19	1.19

Spain Real Estate Activity. Exposure and coverage ratios

Coverage by borrowers' situation (September 2016)

€ million

	Gross Risk	Coverage Fund	Net Risk
Non-performing	4,265	2,708	1,557
Subestándar ¹	131	33	98
Foresclosed real estate	8,240	4,480	3,760
Total problematic assets	12,636	7,221	5,415
Performing loans ²	100	0	100
Real estate exposure	12,736	7,221	5,515

Total coverage (problematic assets + performing loans)

Provisions / exposure (%)



Non-performing	63%
Subestándar ¹	25%
Foreclosed real estate	54%
Total problemáticos	57%
Riesgo vivo ²	0%

Spain Real Estate Activity. Loans and foreclosures

LOANS

€ Million

	Sep'16	Dec'15	Var
Finished buildings	1,990	2,735	-745
Buildings under constr.	103	137	-34
Developed land	1,278	1,603	-325
Building and other land	442	699	-257
Non mortgage guarantee	683	785	-102
Total	4,496	5,959	-1,463

Foreclosed REAL ESTATE (Sep'16)

€ Million

	Gross amount	Coverage	Net amount
Finished buildings	2.208	48%	1.158
Buildings under constr.	972	46%	527
Developed land	2.610	58%	1.106
Building land	2.450	60%	969
Other land	0	--	0
Total	8.240	54%	3.760



Quarterly P&L

Grupo Santander

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	10,563	10,867	10,457	10,336	10,021	10,119	10,395	31,886	30,535
Gross income	11,444	11,618	11,316	10,894	10,730	10,929	11,080	34,378	32,740
Operating expenses	(5,377)	(5,429)	(5,342)	(5,422)	(5,158)	(5,227)	(5,250)	(16,149)	(15,634)
Net operating income	6,067	6,189	5,974	5,472	5,572	5,703	5,831	18,229	17,106
Net loan-loss provisions	(2,563)	(2,508)	(2,479)	(2,558)	(2,408)	(2,205)	(2,499)	(7,550)	(7,112)
Other	(514)	(683)	(716)	(742)	(433)	(544)	(392)	(1,913)	(1,368)
Underlying profit before taxes *	2,990	2,998	2,778	2,173	2,732	2,954	2,940	8,766	8,625
Underlying consolidated profit *	2,067	2,059	1,991	1,702	1,922	1,984	2,036	6,117	5,942
Underlying attributable profit *	1,717	1,709	1,680	1,460	1,633	1,646	1,695	5,106	4,975
Attributable profit	1,717	2,544	1,680	25	1,633	1,278	1,695	5,941	4,606

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

Grupo Santander

€ million (currency-neutral basis)

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	9,573	9,904	10,012	10,088	10,149	10,135	10,250	29,490	30,535
Gross income	10,422	10,613	10,854	10,628	10,854	10,950	10,936	31,889	32,740
Operating expenses	(4,920)	(4,987)	(5,110)	(5,266)	(5,199)	(5,230)	(5,205)	(15,018)	(15,634)
Net operating income	5,501	5,626	5,744	5,363	5,655	5,720	5,731	16,871	17,106
Net loan-loss provisions	(2,347)	(2,313)	(2,417)	(2,537)	(2,461)	(2,218)	(2,434)	(7,077)	(7,112)
Other	(471)	(638)	(695)	(748)	(446)	(544)	(378)	(1,804)	(1,368)
Underlying profit before taxes *	2,683	2,675	2,632	2,078	2,749	2,958	2,918	7,990	8,625
Underlying consolidated profit *	1,847	1,821	1,872	1,621	1,936	1,986	2,020	5,540	5,942
Underlying attributable profit *	1,520	1,498	1,571	1,382	1,646	1,646	1,684	4,589	4,975
Attributable profit	1,520	2,333	1,571	(53)	1,646	1,277	1,684	5,424	4,606

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

Spain

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	1,371	1,296	1,251	1,199	1,243	1,232	1,185	3,919	3,660
Gross income	1,749	1,522	1,571	1,238	1,543	1,489	1,398	4,842	4,429
Operating expenses	(855)	(856)	(863)	(860)	(837)	(834)	(824)	(2,574)	(2,495)
Net operating income	894	666	708	379	706	655	574	2,268	1,935
Net loan-loss provisions	(366)	(264)	(205)	(156)	(231)	(129)	(140)	(835)	(500)
Other	(44)	(71)	(58)	(89)	(37)	(82)	(51)	(174)	(170)
Underlying profit before taxes *	483	331	444	134	438	444	382	1,259	1,264
Underlying consolidated profit *	345	238	317	99	312	314	274	900	900
Underlying attributable profit *	340	232	311	94	307	308	270	883	885
Attributable profit	340	232	311	94	307	208	270	883	785

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

Santander Consumer Finance

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	949	990	1,011	1,022	1,041	1,061	1,099	2,951	3,201
Gross income	959	991	1,018	998	1,045	1,068	1,106	2,968	3,219
Operating expenses	(422)	(442)	(443)	(467)	(483)	(468)	(467)	(1,306)	(1,418)
Net operating income	537	549	575	530	562	600	639	1,662	1,801
Net loan-loss provisions	(168)	(131)	(142)	(97)	(114)	(70)	(116)	(440)	(300)
Other	(22)	(36)	(44)	(50)	(39)	(41)	(36)	(102)	(115)
Underlying profit before taxes *	348	382	389	383	410	488	487	1,119	1,385
Underlying consolidated profit *	251	272	281	271	293	336	346	805	974
Underlying attributable profit *	220	241	242	236	251	293	291	702	835
Attributable profit	220	241	242	236	251	282	291	702	824

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

Santander Consumer Finance

€ million (currency-neutral basis)

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	936	971	1,003	1,019	1,044	1,060	1,097	2,910	3,201
Gross income	945	971	1,011	995	1,048	1,067	1,104	2,927	3,219
Operating expenses	(416)	(434)	(440)	(466)	(484)	(468)	(466)	(1,290)	(1,418)
Net operating income	529	537	571	529	564	599	638	1,638	1,801
Net loan-loss provisions	(165)	(128)	(141)	(97)	(115)	(70)	(116)	(434)	(300)
Other	(22)	(36)	(44)	(50)	(39)	(41)	(36)	(102)	(115)
Underlying profit before taxes *	342	373	386	383	411	488	486	1,101	1,385
Underlying consolidated profit *	247	265	279	271	294	336	345	791	974
Underlying attributable profit *	216	235	239	236	252	293	290	690	835
Attributable profit	216	235	239	236	252	281	290	690	824

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

Poland

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	291	301	300	311	292	298	321	892	910
Gross income	340	336	309	292	311	345	330	985	985
Operating expenses	(151)	(153)	(146)	(143)	(145)	(146)	(149)	(451)	(440)
Net operating income	190	182	162	149	166	199	181	534	545
Net loan-loss provisions	(39)	(46)	(39)	(44)	(33)	(34)	(43)	(124)	(110)
Other	(1)	(2)	3	(4)	(22)	(29)	(6)	(0)	(57)
Profit before taxes	150	135	125	101	111	136	132	410	378
Consolidated profit	122	112	99	77	88	108	100	333	296
Attributable profit	89	82	73	57	64	75	69	243	208

Poland

PLN million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	1,220	1,232	1,255	1,327	1,275	1,301	1,391	3,708	3,967
Gross income	1,427	1,371	1,293	1,247	1,357	1,507	1,430	4,091	4,293
Operating expenses	(632)	(626)	(614)	(611)	(632)	(638)	(647)	(1,872)	(1,917)
Net operating income	794	745	679	636	724	869	783	2,218	2,376
Net loan-loss provisions	(164)	(187)	(164)	(186)	(144)	(149)	(186)	(515)	(479)
Other	(3)	(9)	11	(16)	(97)	(126)	(25)	(1)	(249)
Profit before taxes	627	549	526	435	483	593	573	1,702	1,648
Consolidated profit	512	456	416	331	384	471	434	1,384	1,289
Attributable profit	372	333	306	245	281	327	300	1,011	908

Portugal

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	211	208	200	200	273	262	260	619	795
Gross income	238	234	226	318	337	293	287	698	917
Operating expenses	(123)	(122)	(124)	(125)	(154)	(149)	(142)	(369)	(445)
Net operating income	115	112	102	193	183	144	145	328	472
Net loan-loss provisions	(22)	(21)	(24)	(5)	(22)	(6)	(16)	(67)	(44)
Other	(21)	(23)	23	(10)	(2)	(21)	(5)	(21)	(29)
Underlying profit before taxes *	72	67	101	178	158	116	124	240	399
Underlying consolidated profit *	55	49	77	120	122	89	93	181	304
Underlying attributable profit *	55	49	77	119	121	89	92	181	302
Attributable profit	55	49	77	119	121	80	92	181	293

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

United Kingdom

£ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	1,100	1,110	1,092	1,076	1,105	1,096	1,108	3,301	3,309
Gross income	1,152	1,173	1,150	1,155	1,166	1,180	1,172	3,475	3,519
Operating expenses	(612)	(608)	(605)	(610)	(611)	(619)	(599)	(1,824)	(1,830)
Net operating income	540	565	545	545	554	561	573	1,650	1,689
Net loan-loss provisions	(56)	(12)	6	(15)	(5)	(53)	(37)	(63)	(95)
Other	(41)	(36)	(94)	(85)	(45)	(56)	(71)	(171)	(173)
Profit before taxes	443	516	457	444	504	452	465	1,416	1,421
Consolidated profit	356	401	350	350	356	316	316	1,107	988
Attributable profit	350	394	343	343	349	307	311	1,087	967

Brazil

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	2,962	2,869	2,598	2,534	2,365	2,583	2,899	8,428	7,847
Gross income	3,007	2,981	2,656	2,497	2,381	2,703	3,050	8,643	8,133
Operating expenses	(1,187)	(1,151)	(1,056)	(1,059)	(947)	(1,046)	(1,177)	(3,393)	(3,170)
Net operating income	1,820	1,830	1,600	1,438	1,434	1,657	1,873	5,251	4,963
Net loan-loss provisions	(826)	(828)	(813)	(830)	(720)	(753)	(951)	(2,467)	(2,424)
Other	(209)	(263)	(255)	(151)	(177)	(193)	(134)	(727)	(504)
Profit before taxes	785	739	533	457	536	711	788	2,057	2,036
Consolidated profit	532	509	434	350	399	481	544	1,474	1,424
Attributable profit	477	452	385	317	359	429	488	1,315	1,276

Brazil

R\$ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	9,522	9,736	10,129	10,570	10,161	10,216	10,500	29,388	30,876
Gross income	9,666	10,109	10,362	10,468	10,227	10,708	11,067	30,137	32,003
Operating expenses	(3,815)	(3,904)	(4,110)	(4,396)	(4,068)	(4,138)	(4,266)	(11,829)	(12,473)
Net operating income	5,851	6,205	6,251	6,072	6,159	6,570	6,801	18,307	19,530
Net loan-loss provisions	(2,657)	(2,808)	(3,138)	(3,415)	(3,093)	(2,972)	(3,473)	(8,602)	(9,539)
Other	(672)	(888)	(975)	(667)	(762)	(763)	(457)	(2,534)	(1,982)
Profit before taxes	2,523	2,509	2,139	1,990	2,304	2,835	2,870	7,171	8,009
Consolidated profit	1,711	1,726	1,704	1,509	1,716	1,908	1,979	5,141	5,603
Attributable profit	1,534	1,536	1,514	1,362	1,540	1,704	1,774	4,584	5,019

Mexico

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	791	834	794	832	767	768	767	2,419	2,302
Gross income	819	854	794	850	792	786	796	2,467	2,375
Operating expenses	(355)	(353)	(327)	(334)	(322)	(317)	(311)	(1,035)	(950)
Net operating income	463	501	467	516	470	469	486	1,431	1,425
Net loan-loss provisions	(211)	(224)	(227)	(215)	(221)	(214)	(194)	(662)	(629)
Other	8	(2)	1	(10)	(6)	(11)	(5)	6	(22)
Profit before taxes	260	274	241	291	243	244	288	776	774
Consolidated profit	201	213	193	224	187	192	223	607	602
Attributable profit	153	160	143	173	143	146	172	456	460

Mexico

Million pesos

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	13,300	14,117	14,479	15,219	15,253	15,690	16,028	41,896	46,971
Gross income	13,769	14,450	14,503	15,547	15,745	16,054	16,647	42,722	48,447
Operating expenses	(5,973)	(5,978)	(5,978)	(6,131)	(6,402)	(6,479)	(6,497)	(17,929)	(19,378)
Net operating income	7,795	8,472	8,526	9,416	9,343	9,576	10,151	24,793	29,069
Net loan-loss provisions	(3,545)	(3,791)	(4,131)	(3,939)	(4,399)	(4,364)	(4,062)	(11,467)	(12,825)
Other	130	(36)	17	(174)	(123)	(233)	(98)	110	(454)
Profit before taxes	4,380	4,644	4,412	5,302	4,821	4,979	5,990	13,437	15,790
Consolidated profit	3,381	3,606	3,530	4,080	3,724	3,919	4,643	10,517	12,286
Attributable profit	2,574	2,704	2,613	3,155	2,839	2,979	3,577	7,891	9,394

Chile

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	485	593	554	519	509	534	561	1,632	1,604
Gross income	553	633	606	543	556	577	616	1,792	1,749
Operating expenses	(238)	(263)	(243)	(260)	(235)	(237)	(249)	(743)	(721)
Net operating income	316	370	364	283	321	339	368	1,049	1,028
Net loan-loss provisions	(132)	(126)	(153)	(157)	(109)	(127)	(146)	(410)	(382)
Other	6	(3)	(4)	4	1	(1)	6	(1)	7
Profit before taxes	190	241	207	130	213	211	228	638	653
Consolidated profit	147	212	182	113	173	181	187	541	540
Attributable profit	106	147	125	78	122	126	129	378	377

Chile

Ch\$ billion

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	341	406	414	397	393	409	414	1,161	1,216
Gross income	389	432	454	416	430	441	455	1,275	1,326
Operating expenses	(167)	(180)	(182)	(198)	(182)	(182)	(184)	(529)	(547)
Net operating income	222	253	272	218	248	260	272	746	780
Net loan-loss provisions	(92)	(86)	(113)	(119)	(84)	(98)	(108)	(292)	(290)
Other	4	(2)	(3)	3	1	(0)	5	(1)	6
Profit before taxes	134	165	155	103	165	162	169	454	495
Consolidated profit	104	146	136	89	134	138	138	385	410
Attributable profit	74	101	94	61	94	96	95	269	286

United States

\$ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	1,940	2,011	2,019	2,014	2,018	1,983	1,925	5,970	5,926
Gross income	2,101	2,210	2,169	2,167	2,168	2,133	2,085	6,480	6,386
Operating expenses	(783)	(806)	(858)	(907)	(856)	(874)	(875)	(2,447)	(2,605)
Net operating income	1,318	1,404	1,311	1,260	1,312	1,259	1,210	4,033	3,781
Net loan-loss provisions	(719)	(834)	(834)	(1,053)	(949)	(797)	(867)	(2,387)	(2,613)
Other	(21)	(46)	(41)	(56)	(72)	(16)	(3)	(108)	(91)
Profit before taxes	579	524	436	150	291	446	340	1,539	1,077
Consolidated profit	401	350	294	73	177	285	238	1,044	700
Attributable profit	289	239	207	17	90	178	157	735	425

Corporate Centre

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	9M '15	9M '16
NII + Fee income	(222)	(138)	(139)	(142)	(173)	(192)	(201)	(498)	(567)
Gross income	(230)	(177)	(56)	(32)	(223)	(244)	(316)	(463)	(784)
Operating expenses	(142)	(150)	(142)	(112)	(126)	(120)	(104)	(435)	(351)
Net operating income	(372)	(327)	(199)	(144)	(349)	(365)	(421)	(898)	(1,135)
Net loan-loss provisions	(1)	2	(1)	26	1	(5)	5	0	1
Other	(98)	(132)	(148)	(130)	(5)	(55)	(59)	(378)	(118)
Underlying profit before taxes *	(470)	(457)	(348)	(247)	(353)	(424)	(474)	(1,275)	(1,252)
Underlying consolidated profit *	(465)	(489)	(392)	(117)	(317)	(418)	(414)	(1,347)	(1,149)
Underlying attributable profit *	(491)	(489)	(395)	(119)	(311)	(418)	(412)	(1,375)	(1,140)
Attributable profit	(491)	346	(395)	(1,554)	(311)	(666)	(412)	(540)	(1,389)

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

Agenda

- Group performance 9M'16
- Business areas 9M'16
- Conclusions
- Appendix
- Glossary

Glossary - Acronyms

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

Glossary – definitions

PROFITABILITY AND EFFICIENCY

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

CREDIT RISK

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

CAPITALISATION

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

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

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

Thank you

Our purpose is to help people and businesses prosper.

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

Simple | Personal | Fair

