FINANCIAL REPORT
January - March 2017

We want to
help people and
businesses prosper

Santander

January - March

2017 Financial report

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

KEY CONSOLIDATED DATA

Balance sheet (€ million)	Mar'17	Dec'16	%	Mar'16	%	Dec'16
Total assets	**1,351,956**	1,339,125	1.0	1,324,200	2.1	1,339,125
Net customer loans	**795,312**	790,470	0.6	773,452	2.8	790,470
Customer deposits	**705,786**	691,111	2.1	670,627	5.2	691,111
Customer funds	**898,110**	873,618	2.8	836,377	7.4	873,618
Total equity	**104,869**	102,699	2.1	98,781	6.2	102,699

Income statement (€ million)	1Q'17	4Q'16	%	1Q'16	%	2016
Net interest income	**8,402**	8,096	3.8	7,624	10.2	31,089
Gross income	**12,029**	11,288	6.6	10,730	12.1	43,853
Net operating income	**6,486**	5,835	11.2	5,572	16.4	22,766
Underlying profit before taxes	**3,311**	2,838	16.7	2,732	21.2	11,288
Underlying attributable profit to the Group	**1,867**	1,766	5.7	1,633	14.3	6,621
Attributable profit to the Group	**1,867**	1,598	16.9	1,633	14.3	6,204

Variations w/o FX: **Quarterly:** NII: +1.4%; Gross income: +4.2%; Net operating income: +8.6%; Underlying attributable profit: +3.7%; Attributable profit: +13.9%
Year-on-year: NII: +4.0%; Gross income: +6.2%; Net operating income: +8.9%; Underlying attributable profit: +10.0%; Attributable profit: +10.0%

EPS, profitability and efficiency (%)	1Q'17	4Q'16	%	1Q'16	%	2016
Underlying EPS (euro) *	**0.122**	0.116	5.3	0.108	13.6	0.436
EPS (euro)	**0.122**	0.104	17.0	0.108	13.6	0.407
RoE	**8.19**	7.66		7.46		6.99
Underlying RoTE*	**12.13**	11.57		11.13		11.08
RoTE	**12.13**	11.29		11.13		10.38
RoA	**0.65**	0.61		0.58		0.56
Underlying RoRWA*	**1.48**	1.42		1.33		1.36
RoRWA	**1.48**	1.38		1.33		1.29
Efficiency ratio (with amortisations)	**46.1**	48.3		48.1		48.1

Solvency and NPL ratios (%)	Mar'17	Dec'16	%	Mar'16	%	Dec'16
CET1 fully-loaded	**10.66**	10.55		10.27		10.55
CET1 phase-in	**12.12**	12.53		12.36		12.53
NPL ratio	**3.74**	3.93		4.33		3.93
Coverage ratio	**74.6**	73.8		74.0		73.8

Market capitalisation and shares	Mar'17	Dec'16	%	Mar'16	%	Dec'16
Shares (millions)	**14,582**	14,582	—	14,434	1.0	14,582
Share price (euros)	**5.745**	4.959	15.8	3.874	48.3	4.959
Market capitalisation (€ million)	**83,776**	72,314	15.8	55,919	49.8	72,314
Tangible book value (euro)	**4.26**	4.22		4.07		4.22
Price / Tangible book value (X)	**1.35**	1.17		0.95		1.17
P/E ratio (X)	**11.74**	12.18		8.99		12.18

Other data	Mar'17	Dec'16	%	Mar'16	%	Dec'16
Number of shareholders	**3,957,838**	3,928,950	0.7	3,682,927	7.5	3,928,950
Number of employees	**188,182**	188,492	(0.2)	194,519	(3.3)	188,492
Number of branches	**12,117**	12,235	(1.0)	12,962	(6.5)	12,235

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

Note: The financial information in this report has not been audited, but it was approved by the Board of Directors at its meeting on April, 25 2017, following a favourable report from the Audit Committee on April, 19 2017. The Audit Committee verified that the information for 2017 was based on the same principles and practices as those used to draw up the annual financial statements.

Helping people and businesses prosper

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

78%*
engaged employees

15.5 (+10%)
million loyal customers

22.1 (+24%)
million digital customers

Employees
188,182
professionals

Customers
128
million

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

Communities*
1.7
million people helped in 2016

Shareholders
4.0
million

36,684*
scholarships granted in 2016

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

+17.1%
Total shareholder return (TSR) in the quarter

+5%
expected dividend growth in 2017

(*) 2016 data

Simple | Personal | Fair

FIRST QUARTER HIGHLIGHTS

People

- We launched *MyContribution,* the new corporate model of performance management that strengthens the Bank's culture as the driver of transformation. *MyContribution* balances the objectives on behavour (40%) and business and performance (60%) for the Corporate Centre.
- In *Flexiworking,* the programme aimed at creating a new way of working, new spaces are being forged that strengthen cooperation.
- Development of the first phase of *StarmeUp,* the first global recognition network to spur cooperation and recognise those employees who apply the corporate behaviour to their daily working. Employee participation was 47%.
- The *BeHealthy* week was held throughout the Group, in order to promote a healthier life style based on the four points of the programme: Know your numbers, Eat, Move, Be balanced.

Customers

- The commercial transformation programme started in 2015 continues to drive growth in the number of customers (+1.5 million loyal ones and +4.2 million digital ones in the last 12 months).
- Our goal is to keep on improving customer satisfaction. In eight of our core countries we are already among the Top 3 in local rankings. We continue to promote various initiatives, such as opening innovative *WorkCafé* branches in Chile or *Smart Red* in Spain and other countries.
- In customer loyalty, the 1|2|3 strategy is doing well in various countries, with differentiated value proposals. Also noteworthy was the launch and consolidation of other loyalty products, such as the American Airlines cards, AAdvantage in Brazil and Santander Aeroméxico.
- Of note in digitalisation was the continuous development of our value offer, with new proposals such as the Investment Hub in the UK (online funds platform) and the good functioning of ContaSuper in Brazil, a digital account and card for those without a bank

Shareholders

- The Annual General Meeting was attended by shareholders accounting for 64.03% of the Bank's share capital, the highest attendance rate of the Bank's recent history. The Bank's corporate management received more than 97% support from those at the meeting.
- Banco Santander is the first bank to receive the AENOR certificate for management of sustainable events, which certifies the sustainability of its general shareholders' meeting.
- Institutional Investor, one of the most prestigious publications in the investor and finance world, assessed our shareholders and investors section in our corporate web as the second best in Europe.

Communities

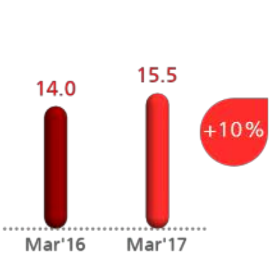
- The World Innovation Summit for Education (WISE) was held at the Group's headquarters in Madrid. WISE is the main global initiative for fostering innovation and cooperation in education.
- *Santander Impact,* a digital space, was created. It shows the initiatives of Santander Universities in all the countries in which it operates, visualising the impact of its academic, social and sponsorship projects on people's progress.
- In Poland, a financial education portal was launched, which is easy to access and adapted for people with sight difficulties. In Spain, Santander was the first Spanish company to obtain the certificate of excellence in management of corporate volunteering in the category of Excellence Plus.

HIGHLIGHTS OF THE PERIOD

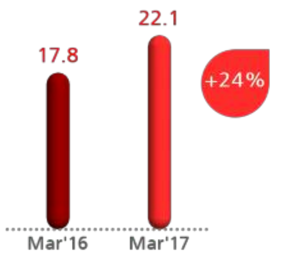
The commercial transformation is driving growth in loyal and digital **customers**

- The number of **lo al customers** rose by 1.5 million in the last 12 months, with individuals up 10% and companies 16%.
- **Digital customers** increased by more than 4 million since March 2016, underscoring the strength of the multi channel strategy.
- **Digital log-ins** grew 34% and cash transactions 31%.

Loyal customers
Million



Digital customers
Million



Results: solid profit growth with a good performance in gross income, expenses and provisions

- **The first quarter attributable profit as 1,867 million,** up from €1,633 million in the same period of 2016 (+14% in euros and +10% in constant euros), due to:
  - **Gross income increased**, both net interest income and fee income. Good performance also of those from the markets.
  - **Operating expenses declined in real terms,** the fruit of the efficiency plans developed in 2016.
  - **Loan-loss provisions continued to fall** and the Group's cost of credit and that of most units improved.
- Attributable profit was 17% higher (+14%, in constant euros) **than in the fourth quarter,** a period affected by non-recurring results and the contribution to the Deposit Guarantee Fund.

Results (% change in constant €)

(€ million)	/ 4Q'16	/ 1Q'16
Revenues 12,029	+4%	+6%
Expenses 5,543	-1%	+3%
LLPs 2,400	-4%	-9%
Underl. Prof. 1,867	+4%	+10%
Attrib. Prof. 1,867	+14%	+10%

Profitability, earnings and dividend per share. **Creation of value** for our shareholders

- Both the **RoTE** and **RoRWA**, were among the best of our peers. They were both higher than in the first and fourth quarters of 2016.
- **Earnings per share (EPS)** were 14% higher than the first quarter of 2016.
- The total **dividend** per share charged to 2016's earnings increased 5% (+8% in cash). We envisage similar rises for 2017.

RoTE
%

Earnings per share
Euros

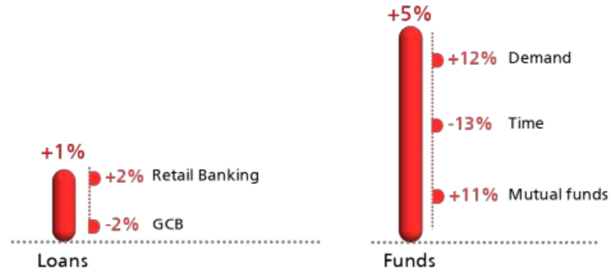
HIGHLIGHTS OF THE PERIOD

Santander maintains growth in **commercial activit** in almost all markets

- Lending rose 2% year-on-year and funds 7%. These increases include a small positive exchange rate impact of 1 p.p. in loans and 2 p.p. in funds.
- Excluding this impact:
  - **Loans** increased in the main segments and in 7 of the 10 core units.
  - **Funds** grew thanks to demand deposits and mutual funds. They increased in the 10 core units.
- Solid funding structure and liquidity. The net **loan-to-deposit ratio** was 113% (115% in March 2016).

Mar'17 /Mar'16

% change in constant euros



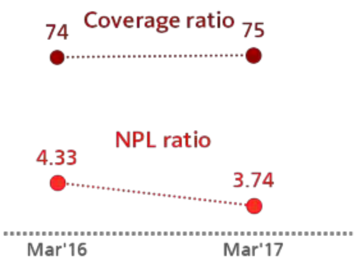
Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

All **credit qualit** ratios improved

- **Non-performing loans** fell 4% in the quarter and 11% year-on-year.
- The **NPL ratio** dropped further in the quarter (-19 b.p.), with all units performing well (lowest ratios since the first half of 2011).
- The **cost of credit** was 5 b.p. lower than in March 2016. Excluding Santander Consumer USA, the cost was 0.83% (-5 b.p.).

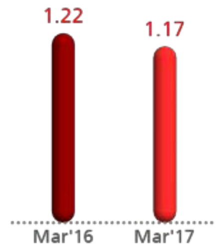
NPL and coverage ratios

%



Cost of credit

%

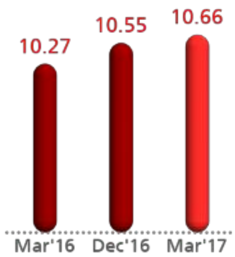


Solid **capital ratios** and adjusted to the business model, balance sheet structure and risk profile

- **Full loaded CET1** of 10.66%, 11 b.p. higher than the fourth quarter of 2016 (+39 b.p. year-on-year), due to ordinary generation of 7 b.p. together with some non-recurring impacts which accounted for an additional 4 b.p.
- **Total capital ratio** of 14.10%, 23 b.p. more than at the end of 2016, due to issuance plans. The **full loaded leverage ratio** remained at 5.0%.
- **Tangible capital per share** increased for the fourth straight quarter.

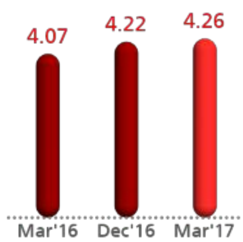
CET1 *fully-loaded*

%



TNAV per share

Euros



HIGHLIGHTS OF THE PERIOD

Business areas: (more details on pages 19-34 and in the appendix)

(Changes in constant euros)

EUROPE

- **Continental Europe** posted an attributable profit of €774 million, 9% higher year-on-year. Growth was mainly due to lower provisions, a reduction in costs and better fee income stemming from greater customer loyalty. Net interest income was stable.

  Profit was 25% more than in the fourth quarter (a period impacted by the contribution to the Deposit Guarantee Fund).

  All units except for Poland (impacted by higher taxes and regulatory issues) generated higher profits than in the first and fourth quarters of 2016. Excluding the impacts, Poland's profit would have registered double-digit growth.

- **United Kingdom** generated a profit of €416 million, 3% higher than the first quarter of 2016. Gross income increased 6%, costs were under control and provisions though higher were still at low levels.

  Profit was 21% above the fourth quarter (a period affected by one-off impacts).

THE AMERICAS

- **Latin America**: profit of €1,050 million 30% higher year-on-year, driven by gross income (+18%) and the good performance of net interest income, fee income and gains on financial transactions. This reflected the stronger growth in volumes, better spreads, greater customer loyalty and a good environment in the markets.

  Provisions were still flat, which improved the cost of credit, and costs were in line with inflation rates.

  The chart shows notable growth in countries, with three of them surpassing 20%.

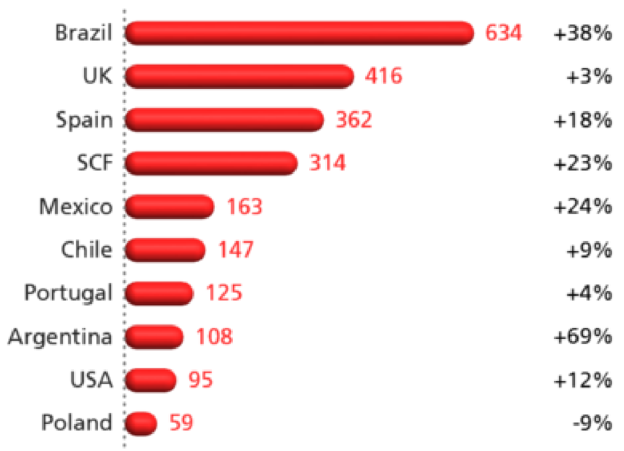
  Profit was 5% higher than the fourth quarter, maintaining the upward trend.

- **United States**: profit was €95 million, 12% more than in the first quarter of 2016. It was also higher than the fourth quarter (affected by some non-recurring impacts).

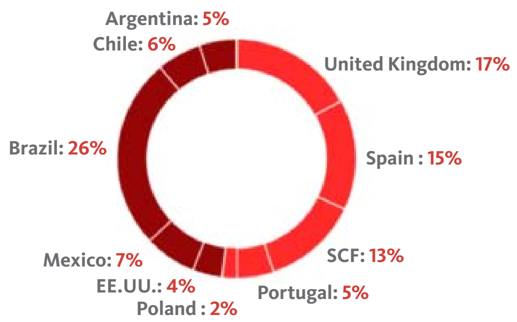
  Net interest income was more stable than in previous quarters because of growth in Santander Bank, as Santander Consumer USA is still affected by the change of business mix. Costs were also more stable, although still at high levels, and provisions were lower than in the first quarter of 2016 when there were charges for Oil & Gas.

Attributable profit 1Q'17

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



Attributable profit Geographical distribution*. 1Q'2017



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

» GENERAL BACKGROUND

Grupo Santander carried out its business in a somewhat more benign environment, with prospects of synchronised economic growth in different parts of the world for the first time in a long while. Mature economies are growing faster and the latest indicators for developing ones point to an improved performance in Latin America, particularly Brazil and Argentina.

US interest rates have begun to rise, although they are still at lows in most mature economies and with it the consequent impact on banking activity.

Country	GDP* var.	Economic performance
Euro zone	+1.7%	The improvement in confidence is reflected in the faster pace of economic growth. Inflation has risen and with it the expectations of market interest rate hikes, although the European Central Bank is holding to its monetary policy.
Spain	+3.2%	Growth remained notable, driven by domestic demand and the continued good performance of exports. Job creation is still strong which will result in the unemployment rate coming down.
Poland	+2.8%	GDP slowdown in 2016. Inflation rose to 2.0% in March although there are no signs of underlying pressures. As a result, the central bank is expected to hold its interest rates unchanged in the coming months.
Portugal	+1.4%	The economy gained momentum in the second half of 2016, after growing 0.6% quarter-on-quarter in the fourth quarter. The fiscal deficit stood at 2.1% of GDP, the lowest in 40 years.
United Kingdom	+1.8%	The economy remained resilient in the face of uncertainties, as underscored by GDP growth in 2016. Inflation was 2.3% in March, after rising rapidly. The jobless rate was 4.7% (slightly above its long-term equilibrium level).
Brazil	-3.6%	The central bank continued to cut the key Selic rate, to 12.25%. Inflation eased to 4.6% (6.3% in December 2016) and expectations are below 4.5%. The real continued to strengthen, appreciating 2.9% against the dollar and 1.5% against the euro.
Mexico	+2.3%	Inflation rose to 5.4% in March, due to higher fuel prices and the delayed impact of the peso's depreciation. The central bank raised its benchmark rate to 6.25%. The peso appreciated 10.3% against the dollar (8.8% against the euro), returning to pre-US election levels.
Chile	+1.6%	Inflation below 3% in the quarter, with expectations to remain firm. The central bank cut its key rate to 3.0% and maintained the downward bias. The peso appreciated 1.0% against the dollar and depreciated 0.4% against the euro.
Argentina	-2.3%	Economic policies continued to focus on correcting macroeconomic imbalances and strengthening the external position. Inflation has stabilised at close to 2% a month, international reserves increased 9% and GDP grew 1.1% year-on-year in January.
United States	+1.6%	Growth was more moderate, but with almost full employment, high confidence and inflation moving toward the goal. The Federal Reserve raised its federal funds rate by 25 b.p. and looks as if it will keep on increasing the rate gradually this year.

(*) 2016 year-on-year change

Exchange rates: 1 euro / currency parity

	Average (income statement)		Period-end (balance sheet)		
	1Q'17	**1Q'16**	**31.03.17**	**31.12.16**	**31.03.16**
US$	1.065	1.102	1.069	1.054	1.139
Pound sterling	0.860	0.770	0.856	0.856	0.792
Brazilian real	3.346	4.296	3.380	3.431	4.117
Mexican peso	21.577	19.877	20.018	21.772	19.590
Chilean peso	697.904	772.566	710.337	707.612	762.943
Argentine peso	16.682	15.890	16.424	16.705	16.666
Polish zloty	4.320	4.363	4.227	4.410	4.258

GRUPO SANTANDER RESULTS

The good trend was maintained. The first quarter profit amounted to €1,867 million, 14% higher than in the first quarter of 2016 and 10% in constant euros, largely due to:

- **Growth in commercial revenues, underpinned by net interest income as well as fee income, and a good quarter in gains on financial transactions.**
- **Costs under control, mainly due to the savings from the measures taken during 2016 to streamline and simplify the structures.**
- **The cost of credit came down from 1.22% in March 2016 to 1.17%, thanks to the improvement in the quality of portfolios.**

The efficiency ratio improved to 46.1%, among the best of our competitors.

The RoTE was 100 b.p. higher at 12.13%, among the best of comparable banks.

Earnings per share rose 14% year-on-year to €0.122.

Income statement

€ million

	1Q'17	4Q'16	Change %	Change % w/o FX	1Q'16	Change %	Change % w/o FX
Net interest income	8,402	8,096	3.8	1.4	7,624	10.2	4.0
Net fee income	2,844	2,637	7.8	5.0	2,397	18.6	12.1
Gains (losses) on financial transactions	573	412	39.0	42.0	504	13.6	14.4
Other operating income	211	142	47.8	41.4	204	3.0	(1.0)
Dividends	41	124	(67.1)	(68.9)	44	(6.6)	(7.7)
Income from equity-accounted method	133	130	2.5	(1.5)	83	60.2	47.8
Other operating income/expenses	37	(112)	—	—	78	(52.7)	(53.2)
Gross income	**12,029**	**11,288**	**6.6**	**4.2**	**10,730**	**12.1**	**6.2**
Operating expenses	(5,543)	(5,453)	1.6	(0.5)	(5,158)	7.5	3.1
General administrative expenses	(4,915)	(4,828)	1.8	(0.4)	(4,572)	7.5	3.0
Personnel	*(2,912)*	*(2,876)*	*1.3*	*(0.8)*	*(2,683)*	*8.5*	*4.1*
Other general administrative expenses	*(2,002)*	*(1,952)*	*2.6*	*0.0*	*(1,889)*	*6.0*	*1.5*
Depreciation and amortisation	(629)	(626)	0.5	(1.1)	(586)	7.3	3.7
Net operating income	**6,486**	**5,835**	**11.2**	**8.6**	**5,572**	**16.4**	**8.9**
Net loan-loss provisions	(2,400)	(2,406)	(0.3)	(3.5)	(2,408)	(0.4)	(9.1)
Impairment losses on other assets	(68)	(159)	(57.2)	(57.0)	(44)	56.1	46.0
Other income	(707)	(432)	63.6	58.6	(389)	81.8	63.5
Underlying profit before taxes	**3,311**	**2,838**	**16.7**	**14.9**	**2,732**	**21.2**	**16.8**
Tax on profit	(1,125)	(767)	46.7	46.1	(810)	38.8	35.0
Underlying profit from continuing operations	**2,186**	**2,071**	**5.6**	**3.6**	**1,922**	**13.8**	**9.3**
Net profit from discontinued operations	—	0	(100.0)	(100.0)	—	—	—
Underlying consolidated profit	**2,186**	**2,072**	**5.5**	**3.6**	**1,922**	**13.8**	**9.3**
Minority interests	319	305	4.6	2.7	288	10.7	5.0
Underlying attributable profit to the Group	**1,867**	**1,766**	**5.7**	**3.7**	**1,633**	**14.3**	**10.0**
Net capital gains and provisions	—	(169)	(100.0)	(100.0)	—	—	—
Attributable profit to the Group	**1,867**	**1,598**	**16.9**	**13.9**	**1,633**	**14.3**	**10.0**
Underlying EPS (euros)	**0.122**	**0.116**	**5.3**		**0.108**	**13.6**	
Underlying diluted EPS (euros)	**0.122**	**0.116**	**5.2**		**0.107**	**13.7**	
EPS (euros)	**0.122**	**0.104**	**17.0**		**0.108**	**13.6**	
Diluted EPS (euros)	**0.122**	**0.104**	**16.9**		**0.107**	**13.7**	
Pro memoria:							
Average total assets	1,353,495	1,340,897	0.9		1,335,115	1.4	
Average stockholders' equity	91,174	90,054	1.2		87,571	4.3	

(*).- In 4Q'16, PPI UK (-€137 million) and restatement Santander Consumer USA (-€32 million).

First quarter 2017 compared to fourth quarter of 2016

The first quarter attributable profit was €1,867 million, 17% more than the fourth quarter of 2016 (+14% in constant euros). That quarter was affected by two non-recurring impacts: a €137 million charge to a fund to cover eventual complaints related to payment protection insurance (PPI) in the UK and €32 million for re-statement of Santander Consumer USA figures.

Eliminating these impacts and taxes (+46% in the first quarter), pre-tax profit was 17% higher (+15% in constant euros). Growth was due to:

- Good evolution of all the revenue lines, mainly fee income, reflecting greater activity and customer loyalty, and gains on financial transactions, benefiting from market conditions. Another factor was the impact of the contribution to the Deposit Guarantee Fund in the fourth quarter.
- Operating expenses were lower (-1% in constant euros), with all units under control.
- Loan-loss provisions fell again (-4% in constant euros), reflecting a further improvement in the cost of credit.

First quarter 2017 compared to the same period of 2016

Attributable profit rose 14% year-on-year and 10% in constant euros. The performance of the main lines is set out below, with all changes without the exchange rate impact.

Gross income

- The structure of our gross income, where net interest income and fee income account for 93% of total revenues, well above the average of our competitors, continues to enable us to grow in a consistent and recurring way. Gross income increased 6%, as follows:
  - **Net interest income** rose 4%, due to greater lending and higher deposits, mainly in developing countries, and management of spreads.

    All units increased their net interest income except for Spain, because of the impact of reduced volumes and interest rate pressure on loans, Portugal, due to sales of public debt and loan portfolios in 2016, and the US, impacted by the fall in auto finance balances and the change of mix toward a lower risk profile (higher FICO).
  - **Fee income** was up 12%, a faster pace than in previous years, reflecting greater activity and customer loyalty. Double-digit growth in income from commercial and retail banking (86% of the total) as well as from GCB.
  - Gains on financial transactions (only 5% of revenues) rose 14% thanks to the good environment in markets. Of note were Brazil's good treasury results.

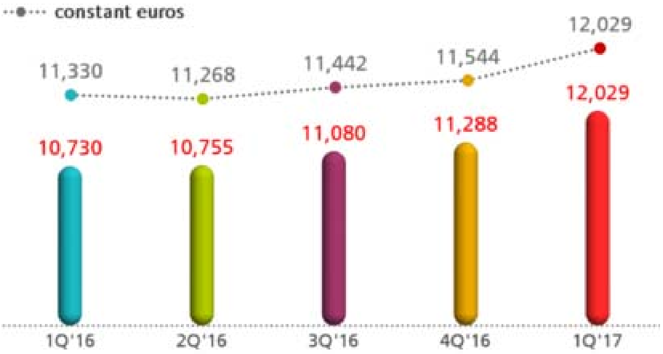
Operating expenses

- **Operating expenses** rose 3% as a result of higher inflation in some countries, investments in transformation and costs linked to regulations. In real terms and on a like-for-like basis, the Group's costs were 1.6% lower, with eight units with flat costs or falling. Of note were Spain (-5%), Portugal (-11%) and Argentina (-10%). The Corporate Centre's costs fell 5%. Only Mexico's rose because of the investment plan announced at the end of 2016. Costs also increased in the US.

Net interest income
€ million

Net fee income
€ million

Gross income
€ million



Operating expenses
€ million

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

We took measures in 2016 to streamline and simplify structures, mainly in Spain's network and the Corporate Centre, enabling us to keep on investing in the commercial transformation (commercial tools, simpler processes, new branch models), while fulfilling our efficiency plans.

Loan-loss provisions

- Good evolution of credit quality ratios, which were better than in 2016, and **loan-loss provisions** fell 9%. By countries:
  - Significant reduction in all euro zone units and Poland.
  - The UK maintained cost of credit levels close to zero.
  - Latin America remained broadly stable within a context of greater lending, as all big units maintained or improved their cost of credit. Of note was the change in Brazil's trend. Its provisions were lower than in the previous two quarters.
  - In the US, provisions fell partly because of those made in the first quarter of 2016 for Oil & Gas.
- The cost of credit dropped from 1.22% in March 2016 to 1.17% a year later, and is within the goal we announced at the Investor Day.

Other results and provisions

- Other results and provisions were €775 million negative, higher than in 2016. This item records different kinds of provisions, as well as capital gains, capital losses and asset impairment. The rise over 2016 is diluted by concepts and countries with the largest increases in Brazil and the UK.

Profit and profitability

- **Pre-tax profit** rose 17% and **attributable profit** 10%. The difference was due to the higher tax rate, which rose from around 30% to 34%.
- **RoTE** was 12.13%, **RoRWA** 1.48% and **earnings per share** (EPS) €0.122. All were higher year-on-year (earnings per share +14%).

Loan-loss provisions
€ million

Attributable profit to the Group
€ million

Balance sheet

€ million

Assets	31.03.17	31.03.16	Change amount	%	31.12.16
Cash, cash balances at central banks and other demand deposits	74,804	67,545	7,259	10.7	76,454
Financial assets held for trading	143,109	151,550	(8,441)	(5.6)	148,187
Debt securities	*46,944*	*50,060*	*(3,116)*	*(6.2)*	*48,922*
Equity instruments	*16,174*	*14,584*	*1,590*	*10.9*	*14,497*
Loans and advances to customers	*11,375*	*6,866*	*4,509*	*65.7*	*9,504*
Loans and advances to central banks and credit institutions	*3,449*	*3,397*	*52*	*1.5*	*3,221*
Derivatives	*65,167*	*76,643*	*(11,476)*	*(15.0)*	*72,043*
Financial assets designated at fair value	46,026	48,771	(2,745)	(5.6)	31,609
Loans and advances to customers	*17,865*	*13,884*	*3,981*	*28.7*	*17,596*
Loans and advances to central banks and credit institutions	*24,038*	*30,714*	*(6,676)*	*(21.7)*	*10,069*
Other (debt securities an equity instruments)	*4,123*	*4,173*	*(50)*	*(1.2)*	*3,944*
Available-for-sale financial assets	118,195	118,298	(103)	(0.1)	116,774
Debt securities	*112,946*	*113,656*	*(710)*	*(0.6)*	*111,287*
Equity instruments	*5,249*	*4,642*	*607*	*13.1*	*5,487*
Loans and receivables	844,804	824,174	20,630	2.5	840,004
Debt securities	*12,901*	*12,487*	*414*	*3.3*	*13,237*
Loans and advances to customers	*766,072*	*752,702*	*13,370*	*1.8*	*763,370*
Loans and advances to central banks and credit institutions	*65,831*	*58,985*	*6,846*	*11.6*	*63,397*
Held-to-maturity investments	14,268	4,566	9,702	212.5	14,468
Investments in subsidiaries, joint ventures and associates	5,275	3,350	1,925	57.5	4,836
Tangible assets	22,807	25,465	(2,658)	(10.4)	23,286
Intangible assets	29,645	28,693	952	3.3	29,421
o/w: goodwill	*26,939*	*26,209*	*730*	*2.8*	*26,724*
Other assets	53,023	51,788	1,235	2.4	54,086
Total assets	**1,351,956**	**1,324,200**	**27,756**	**2.1**	**1,339,125**

Liabilities and shareholders' equity	31.03.17	31.03.16	Change amount	%	31.12.16
Financial liabilities held for trading	99,550	108,567	(9,017)	(8.3)	108,765
Customer deposits	*10,649*	*9,570*	*1,079*	*11.3*	*9,996*
Debt securities issued	—	—	—	—	—
Deposits by central banks and credit institutions	*644*	*976*	*(332)*	*(34.0)*	*1,395*
Derivatives	*67,580*	*78,608*	*(11,028)*	*(14.0)*	*74,369*
Other	*20,677*	*19,413*	*1,264*	*6.5*	*23,005*
Financial liabilities designated at fair value	56,606	63,404	(6,798)	(10.7)	40,263
Customer deposits	*27,495*	*28,484*	*(989)*	*(3.5)*	*23,345*
Debt securities issued	*3,373*	*3,445*	*(72)*	*(2.1)*	*2,791*
Deposits by central banks and credit institutions	*25,738*	*31,474*	*(5,736)*	*(18.2)*	*14,127*
Other	—	*1*	*(1)*	*(100.0)*	—
Financial liabilities measured at amortized cost	1,048,447	1,012,407	36,040	3.6	1,044,240
Customer deposits	*667,642*	*632,573*	*35,069*	*5.5*	*657,770*
Debt securities issued	*218,019*	*218,143*	*(124)*	*(0.1)*	*226,078*
Deposits by central banks and credit institutions	*137,029*	*138,323*	*(1,294)*	*(0.9)*	*133,876*
Other	*25,757*	*23,368*	*2,389*	*10.2*	*26,516*
Liabilities under insurance contracts	635	656	(21)	(3.2)	652
Provisions	14,411	14,292	119	0.8	14,459
Other liabilities	27,438	26,093	1,345	5.2	28,047
Total liabilities	**1,247,087**	**1,225,419**	**21,668**	**1.8**	**1,236,426**
Shareholders' equity	107,706	103,264	4,442	4.3	105,977
Capital stock	*7,291*	*7,217*	*74*	*1.0*	*7,291*
Reserves	*100,215*	*94,414*	*5,801*	*6.1*	*94,149*
Attributable profit to the Group	*1,867*	*1,633*	*234*	*14.3*	*6,204*
Less: dividends	*(1,667)*	—	*(1,667)*	—	*(1,667)*
Accumulated other comprehensive income	(15,122)	(15,949)	827	(5.2)	(15,039)
Minority interests	12,285	11,466	819	7.1	11,761
Total equity	**104,869**	**98,781**	**6,088**	**6.2**	**102,699**
Total liabilities and equity	**1,351,956**	**1,324,200**	**27,756**	**2.1**	**1,339,125**

GRUPO SANTANDER BALANCE SHEET

Small positive impact of exchange rates on customer balances: less than 1 p.p. in the quarter and +1/+2 p.p. in 12 months.

Lending, without the exchange rate impact, remained stable in the quarter, while funds increased 1%. The Group has a comfortable net loan-to-deposit ratio of 113%.

In relation to March 2016 and without the exchange rate impact:

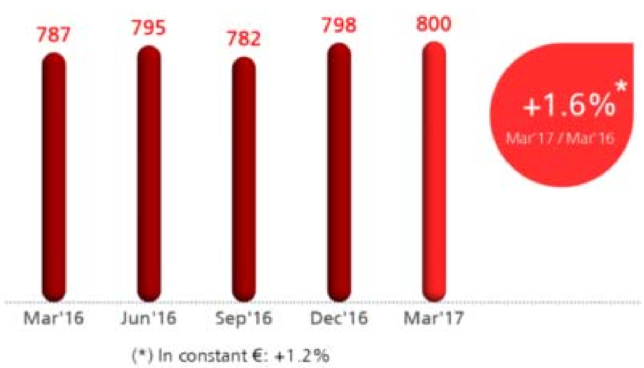
- **Loans rose 1% with rises in the combined retail and consumer credit and in 7 of the 10 core units.**
- **Funds increased 5%, spurred by demand deposits and mutual funds. Growth in the 10 core units.**

The appreciation/depreciation against the euro of the different currencies in which the Group operates had little impact on the evolution of the Group's customer balances (less than 1 p.p. positive in the quarter and +1/+2 p.p. in 12 months).

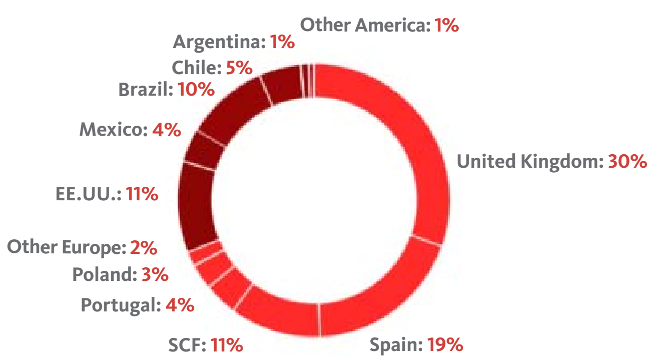
Gross customer lending

- Gross lending excluding repos showed a balanced **structure:** individuals (48%), consumer credit (16%), SMEs and companies (24%) and GCB (12%).
- Over the **fourth quarter of 2016,** lending without the exchange rate remained stable, as follows by countries:
  - Growth in Argentina (+14%, due to Citi's incorporation), in Chile (+2%) and Poland (+1%).
  - Drop of 3% in the US due to the strategy to improve the risk profile and the sale of some portfolios in Santander Consumer USA, and the lower GCB balances in Santander Bank. Drop of 2% in Mexico largely because of lower government balances, as consumer credit and lending to SMEs and companies increased.
  - In Spain, Santander Consumer Finance and Portugal, the falls were less than 1%, but new lending in the first quarter was higher than in the fourth quarter of 2016 (+18%, +3% and +12%, respectively).
- The Group's total lending in constant euros was 1% higher in the **first quarter year-on-year**:
  - Increases in seven of the 10 core countries, with significant growth in Argentina, SCF, Mexico, Chile and Poland.
  - Lending in Brazil rose 4%, improving the trend of previous quarters.
  - Falls in Spain (-3%) and Portugal (-4%), mainly due to balances in institutions and mortgages in Spain and the sale of a portfolio in Portugal, and in the US (-5%), largely because of fewer originations and the change towards a lower risk portfolio in SCUSA and the sale of portfolios.
  - Lastly, lending to the real estate sector in Spain was down 37% year-on-year.

Gross customer loans (w/o repos)
€ billion



Gross customer loans (w/o repos)
% / operating areas. March 2017



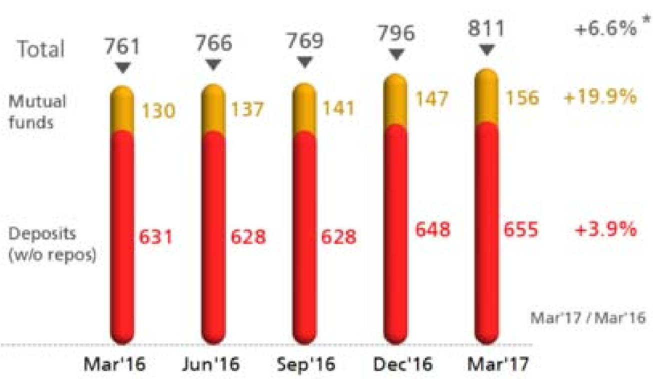
Customer funds

- Total funds (deposits excluding repos and mutual funds) rose 1% in the quarter excluding the exchange rate impact. Growth in Argentina (+22%), Brazil (+3%), Spain and SCF (+2%) and the UK (+1%).
- Growth of 5% **over March 2016,** excluding the exchange rate impact, as follows:
  - The strategy of loyalty and management of costs helped produce a 12% increase in demand deposits and 11% in mutual funds and a 13% fall in time deposits.
  - After this performance, the funds structure is as follows: demand deposits (59%), time (22%) and mutual funds (19%).
  - Growth in the 10 core units. The largest rise was in Argentina (+68%, partly due to Citi's incorporation), while SCF, Poland, Brazil, Mexico and Chile each grew 7%.
- As well as capturing deposits, the Santander Group attaches strategic importance to maintaining a selective policy of issuance in international fixed income markets, seeking to adapt the frequency and volume of market operations to each unit's structural liquidity needs, as well as to the receptiveness of each market.
- In the first quarter, the following issues were made:
  - Medium and long-term senior debt of €4,520 million.
  - Securitisations placed in the market amounted to €3,492 million.
  - Eligible TLAC issues (Total Loss-Absorbing Capacity) to strengthen the Goup's position by a total amount of €4,625 million. (senior non-preferred: €3,575 million, subordinated debt: €1,050 million).
  - Medium and long term debt maturities of €14,300 million.
- The net loan-to-deposit ratio was 113% (115% in March 2016) and the ratio of deposits plus medium and long term funding to the Group's loans was 114%, underscoring the comfortable funding structure.

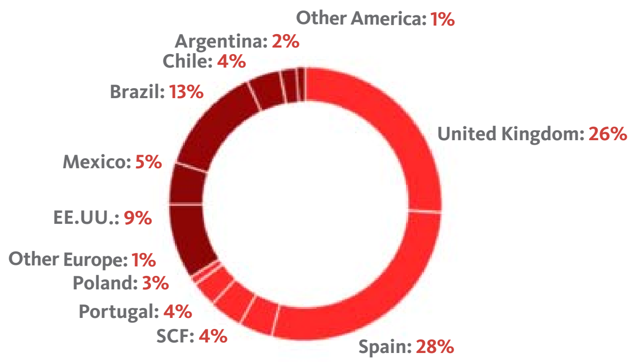
Other balance sheet items

- Securities representing debt classified as available for sale amounted to €112,946 million, €710 million less year-on-year.
- Investments held to maturity amounted to €14,268 million, with a significant rise over the last 12 months, mainly due to the purchase of a €7,765 million portfolio of UK sovereign debt securities, whose objective is placed within management of the balance sheet of ALCO activity.
- Tangible assets were €22,807 million, down €2,658 million year-on-year, due to the deconsolidation of assets from the merger of Metrovacesa and Merlín.
- Lastly, goodwill was €26,939 million (+€730 million year-on-year), largely due to exchange rates impact.

Customer funds
€ billion



Customer funds
% / operating areas. March 2017



SOLVENCY RATIOS

- **The fully loaded CET1 rose 11 b.p. in the first quarter to 10.66%.**
- **Tangible equity per share increased 5% year-on-year to €4.26.**
- **The fully loaded leverage ratio is 5.0%, in line with December 2016.**

- We continued to improve our solvency ratios. The fully loaded common equity tier 1 (CET1) was 11 b.p. higher at 10.66%, 7 b.p. of which came from ordinary generation and management of risk assets, and 4 b.p. came from some non-recurring impacts such as a negative one from Citi's incorporation in Argentina and positive from the portfolios available for sale.
- When calculating the ratio €84 million was deducted for the remuneration of the contingent-convertible preferred shares, as well as treasury stock, which at the end of March was irrelevant.
- The total fully loaded ratio was 14.10% (+23 b.p.), benefiting from the eligible issues made in the first quarter.
- This continued improvement in the capital ratios reflects the different measures taken by the Group, including improving and deepening a more active culture of managing capital at all levels. Of note:
  - More teams dedicated to managing capital and greater coordination between the Corporate Centre and local teams
  - A greater weight of capital in incentives.
  - All countries and business units developed their individual capital plans, focusing on having a business that consumes less capital per unit of return in the future.
- In regulatory terms, the total capital ratio is 14.62% and the CET1 phase-in 12.12%. The minimum ratios required by the European Central Bank for the Santander Group on a consolidated basis for 2017 are 11.25% for the total ratio and 7.75% for the CET1.

Eligible capital. March 2017

€ million

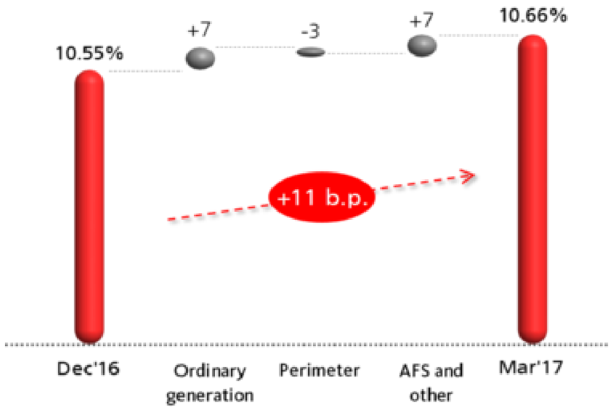
	Phase-in	Fully-loaded
CET1	72,365	63,680
Basic capital	73,553	69,424
Eligible capital	**87,274**	**84,195**
Risk-weighted assets	597,123	597,123
CET1 capital ratio	**12.12**	**10.66**
T1 capital ratio	**12.32**	**11.63**
Total capital ratio	**14.62**	**14.10**

Capital ratios. Fully-loaded

%

CET1 fully-loaded. Performance

%



RISK MANAGEMENT

- **The Group's NPL ratio continued to improve and dropped to 3.74% (-59 b.p. year-on-year; -19 b.p. in the quarter), thanks to the good performance of portfolios in most countries. Of note were Brazil, Spain, Poland and Portugal.**
- **The coverage ratio remained stable at 75%.**
- **The cost of credit was 1.17%, 5 b.p. lower than in March 2016, after improving in 8 of the 10 large units.**
- **Loan-loss provisions were €2,400 million, 9% lower year-on-year, excluding the exchange rate impact.**

Credit risk management

- Net NPL entries in the first quarter were €1,583 million. Non-performing loans amounted to €32,158 million at March 31, 4% lower than at the end of 2016 and 11% year-on-year. The NPL ratio was 3.74%, 59 b.p. better than March 2016 and 19 b.p. below the end of last year.
- Loan-loss provisions to cover these loans amounted to €24,002 million (75%). In order to properly view this figure, it should be remembered that the UK and Spain NPL ratios are affected by the weight of mortgage balances, which require fewer provisions as they have guarantees.
- The cost of credit (1.17%) was lower than in the first and fourth quarters of 2016 . This ratio is already within the goal set at the Investor Day for 2016-2018

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

- **Spain's** NPL ratio was 5.22%, (19 b.p. lower than at the end of 2016). The favourable trend continue thanks to the positive performance of the portfolio, as well as active management of it. Coverage was 49%.

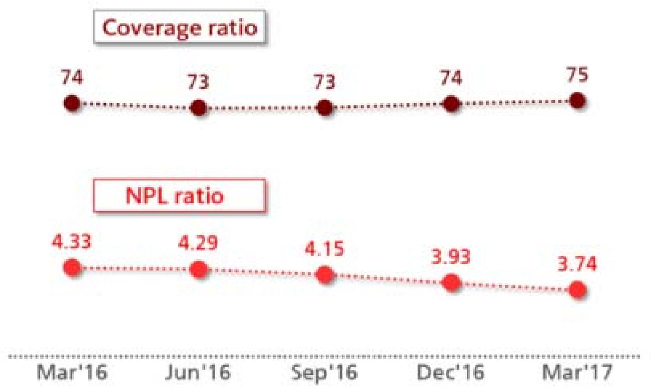
  The Real Estate unit in Spain ended March with a NPL ratio of 93% and coverage of 57%.The total coverage ratio, including the balance outstanding, and coverage of assets foreclosed was also 57%.
- **Santander Consumer Finance's** NPL ratio was 2.62%. This was 6 b.p. better than in the fourth quarter of 2016, due to the good performance of Germany and Italy. Coverage was 109%.
- In **Poland** the NPL ratio improved to 5.20% (-22 b.p. in the quarter), mainly due to the good performance of the portfolios of SMEs and individuals, as well as that of companies. Coverage was 61%.
- **Portugal's** NPL ratio was 8.47%. This was-34 b.p. better in the quarter, due to the good trend in companies and SMEs, as well as the good management of both portfolios. Coverage was 62%.
- In the **UK,** the NPL ratio was 1.31%. The various portfolios continued to perform well, particularly individuals and companies. Coverage was 34% (78% of the balance are mortgages).

Credit risk management*
€ million

	31,03,17	31,03,16	Var, %	31,12,16
Non-performing loans	32,158	36,148	(11.0)	33,643
NPL ratio (%)	3.74	4.33		3.93
Loan-loss allowances	24,002	26,756	(10.3)	24,835
For impaired assets	*14,636*	*17,817*	*(17.9)*	*15,466*
For other assets	*9,366*	*8,940*	*4.8*	*9,369*
Coverage ratio (%)	74.6	74.0		73.8
Cost of credit (%) **	1.17	1.22		1.18

(*).- Excluding country-risk
(**).- 12 months net loan-loss provisions / average lending
Note: NPL ratio: Non-performing loans / computable assets

Grupo Santander. NPL and coverage ratios
%



Non-performing loans by quarter

€ million

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

- **Brazil's** NPL ratio improved to 5.36% (-54 b.p. in the quarter), consolidating a downward trend. Of note was the good performance of individuals and SMEs. Coverage rose to 98% from 93% at the end of 2016.
- **Mexico's** NPL ratio remained stable at 2.77%. Coverage was 105%.
- **Chile's**, NPL ratio was 4.93% (5.05% in December 2016). Coverage remained at 59%
- In the **United States**, the NPL ratio was 2.43% (+15 b.p. in the quarter) and coverage was 202%.
  - Santander Bank's NPL ratio was 27 b.p. lower than at the end of 2016 at 1.06%. Positive evolution of companies, mainly the commercial real estate portfolio. Coverage was 115%.
  - Santander Consumer USA's NPL ratio rose to 4.78%, mainly due to the forbearance portfolio. Coverage was 267%.

Structural FX

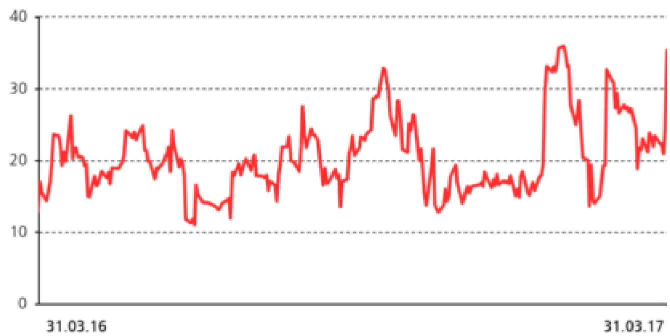
- As regards structural exchange rate risk, Santander maintains a fully-loaded CET1 coverage level of around 100% in order to protect itself from currency movements.

Market risk

- The risk of trading activity in the first quarter of global corporate banking, measured in daily VaR terms at 99%, fluctuated between €13.6 million and €36.0 million. These figures are low compared to the size of the Group's balance sheet and activity.
- The average VaR increased during the quarter as a result of the rise in exposure and volatility in the markets, mainly in the interest rate risk factor as well as exchange rates in Latin America.
- In addition, there are other positions classified for accounting purposes as trading. The total VaR of trading of this accounting perimeter at the end of March was €38.8 million.

Trading portfolios*. VaR performance

€ million



(*) Activity performance in Global Corporate Banking financial markets

Trading portfolios*. VaR by region

€ million

	2017		2016
First quarter	Average	Latest	Average
Total	**23.9**	**35.3**	**15.0**
Europe	8.0	8.4	10.9
USA and Asia	2.6	2.5	1.0
Latin America	20.4	30.3	9.7
Global activities	0.6	0.6	0.8

(*) Activity performance in Global Corporate Banking financial markets

Trading portfolios*. VaR by market factor

€ million

First quarter	Min	Avg	Max	Last
VaR total	**13.6**	**23.9**	**36.0**	**35.3**
Diversification efect	(4.1)	(8.4)	(14.3)	(6.8)
Interest rate VaR	12.6	18.3	29.7	20.4
Equity VaR	1.4	3.8	5.9	5.9
FX VaR	2.1	6.3	12.4	12.4
Credit spreads VaR	2.8	3.9	5.1	3.4
Commodities VaR	0.0	0.0	0.1	0.0

(*) Activity performance in Global Corporate Banking financial markets

» DESCRIPTION OF THE BUSINESSES

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

- In the second quarter of 2016, and in order to make it comparable with the same period of 2015, the contribution to the Single Resolution Fund (SRF) of €120 million net was reclassified to "Net capital gains and provisions" from "Other operating results." In the fourth quarter, this reclassification was reversed. In the information presented here, and in order to facilitate the quarterly comparison, the contribution to the SRF is recorded in "Other operating results". This change affects the composition of the consolidated Group accounts, Spain, Santander Consumer Finance and Portugal, but not the attributable profit.

- Assigning to the various countries and global segments the capital gains and non-recurring provisions that were being presented in the Corporate Centre. They relate to the second and fourth quarters of 2016 and affect the attributable profit of the units of Spain (-€216 million), Santander Consumer Finance (+€25 million), Poland (+€29 million), United Kingdom (-€30 million), United States (-€32 million) and, as a counterpart of all of them, the Corporate Centre itself (+€231 million). The Group's total attributable profit does not change.

- Annual adjustment of the perimeter of the Global Customer Relationship Model between Retail Banking and Santander Global Corporate Banking. This change has no impact on the geographic businesses.

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

The operating business areas are structured into two levels:

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

  - **Continental Europe.** This covers all businesses in the area. Detailed financial information is provided on Spain, Portugal, Poland and Santander Consumer Finance (which incorporates all the region's business, including the three countries mentioned herewith).

  - **United Kingdom**. This includes the businesses developed by the Group's various units and branches in the country.

  - **Latin America**. This embraces all the Group's financial activities conducted via its banks and subsidiaries in the region. The financial statements of Brazil, Mexico and Chile are set out.

  - **United States** Includes the holding Santander Holding USA (SHUSA) and its subsidiaries Santander Bank, Banco Santander Puerto Rico, Santander Consumer USA, Banco Santander International, Santander Investment Securities and the New York branch.

- Global businesses. The activity of the operating units is distributed by the type of business: Retail Banking, Santander Global Corporate Banking and Spain Real Estate Activity.

  - **Retail Banking**. This covers all customer banking businesses, including consumer finance, except those of corporate banking, which are managed through the Global Customer Relationship Model. The results of the hedging positions in each country are also included, conducted within the sphere of each one's Assets and Liabilities Committee.

  - **Santander Global Corporate Banking (SGCB)**. This business reflects the revenues from global corporate banking, investment banking and markets worldwide including treasuries managed globally (always after the appropriate distribution with commercial banking customers), as well as equities business.

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

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

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

Net operating income

€ million	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Continental Europe	**1,694**	**14.2**	**13.9**	**5.4**	**4.9**
o/w: Spain	741	41.8	41.8	4.9	4.9
Santander Consumer Finance	616	7.4	7.2	9.6	8.4
Poland	175	(7.8)	(9.0)	5.4	4.3
Portugal	155	(3.5)	(3.5)	(15.3)	(15.3)
United Kingdom	**709**	**(4.5)**	**(4.7)**	**(1.5)**	**9.9**
Latin America	**3,501**	**15.0**	**10.4**	**45.7**	**24.6**
o/w: Brazil	2,403	27.7	20.1	67.6	30.5
Mexico	505	0.2	1.5	7.3	16.5
Chile	381	(6.3)	(9.2)	18.7	7.3
USA	**1,042**	**10.2**	**9.5**	**(12.5)**	**(15.4)**
Operating areas	**6,946**	**11.7**	**9.3**	**17.3**	**10.2**
Corporate Centre	(460)	20.7	20.7	31.7	31.7
Total Group	**6,486**	**11.2**	**8.6**	**16.4**	**8.9**

Attributable profit to the Group

€ million	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Continental Europe	**774**	**25.8**	**25.5**	**9.5**	**9.0**
o/w: Spain	362	52.4	52.4	17.7	17.7
Santander Consumer Finance	314	16.6	16.3	25.1	23.4
Poland	59	(6.1)	(7.4)	(7.6)	(8.5)
Portugal	125	18.4	18.4	3.8	3.8
United Kingdom	**416**	**23.3**	**20.7**	**(8.1)**	**2.6**
Latin America	**1,050**	**9.1**	**5.1**	**49.3**	**30.3**
o/w: Brazil	634	24.3	16.5	76.8	37.7
Mexico	163	(3.2)	(1.8)	14.3	24.1
Chile	147	7.7	4.6	21.1	9.4
USA	**95**	**—**	**—**	**16.3**	**12.4**
Operating areas	**2,335**	**23.1**	**20.5**	**20.1**	**16.4**
Corporate Centre	(468)	56.7	56.7	50.3	50.3
Total Group	**1,867**	**16.9**	**13.9**	**14.3**	**10.0**

Gross customer loans w/o repos

€ million	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Continental Europe	**302,922**	**0.1**	**(0.2)**	**0.8**	**0.6**
o/w: Spain	150,703	(0.2)	(0.2)	(3.5)	(3.5)
Santander Consumer Finance	87,006	(0.8)	(0.9)	9.9	9.5
Poland	21,903	5.8	1.4	7.0	6.2
Portugal	28,770	(0.9)	(0.9)	(4.2)	(4.2)
United Kingdom	**242,581**	**0.0**	**(0.0)**	**(7.3)**	**0.2**
Latin America	**163,536**	**2.8**	**0.4**	**19.8**	**6.8**
o/w: Brazil	81,184	1.1	(0.4)	27.1	4.3
Mexico	29,996	7.1	(1.6)	4.3	6.6
Chile	39,259	1.2	1.6	14.4	6.5
USA	**85,906**	**(4.2)**	**(2.8)**	**1.2**	**(5.0)**
Operating areas	**794,945**	**0.1**	**(0.3)**	**1.4**	**1.0**
Total Group	**799,927**	**0.2**	**(0.2)**	**1.6**	**1.2**

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

€ million	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Continental Europe	**328,747**	**1.9**	**1.5**	**4.1**	**3.9**
o/w: Spain	228,917	1.8	1.8	3.9	3.9
Santander Consumer Finance	35,680	1.8	1.7	7.5	7.1
Poland	26,379	1.9	(2.4)	7.7	6.9
Portugal	31,297	(0.4)	(0.4)	2.3	2.3
United Kingdom	**213,052**	**1.2**	**1.1**	**(1.5)**	**6.5**
Latin America	**197,257**	**5.2**	**2.6**	**22.6**	**9.0**
o/w: Brazil	104,309	4.5	3.0	29.8	6.5
Mexico	39,155	7.5	(1.2)	5.1	7.4
Chile	34,262	(0.9)	(0.5)	15.4	7.4
USA	**71,818**	**(3.2)**	**(1.8)**	**8.8**	**2.2**
Operating areas	**810,874**	**2.0**	**1.4**	**6.8**	**5.6**
Total Group	**811,198**	**1.9**	**1.3**	**6.6**	**5.5**

SPAIN

€362 M
Attributable profit

Contribution to the Group's profit: **15%**

FIRST QUARTER HIGHLIGHTS

- The 1|2|3 strategy continues to yield solid results, including customer capturing and loyalty. The new strategy in means of payment was well received and is reflected in cards' turnover.
- Strong growth in new mortgages and consumer credit. Digital sales increased in all products.
- Santander Spain received the Top Employers 2017 certification, underscoring the Group's commitment to become the best bank to work for.
- Attributable profit was 18% higher year-on-year, driven by the lower cost of credit, reduced expenses and higher fee income.

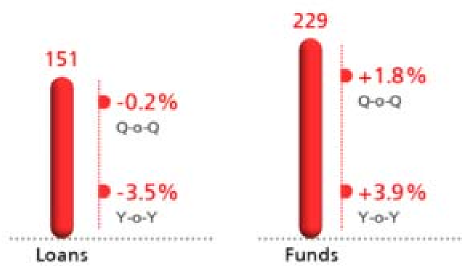
Commercial activity

- Thanks to our 1l2l3 strategy, customer loyalty continued to grow at a fast pace.
- As a result of our new means of payment strategy, there was a significant rise in issuance of cards, which was reflected in the turnover in credit cards (+34%).
- Digital customers rose 8% year-on-year, following a record quarter. We now have more than one million mobile banking customers and the digital contribution to sales increased in all products (8 p.p. in COMEX, 4 p.p. in consumer credit and 3 p.p. in credit cards).
- We are leaders in wholesale business operations. In 2016, for the third year running, we were ranked first in the bond and loan market. Santander was the only bank in leading positions in the three IPOs carried out in the first quarter of 2017.

Business evolution

- The stock of credit remained stable in the quarter, as new lending continued to recover, particularly mortgages and consumer credit (+34% and +15%, respectively).
- Year-on-year and quarter-on-quarter growth in deposits (+10% in demand deposits, in line with our 1l2l3 strategy).
- Good evolution in mutual funds (+12% year-on-year) and in new insurance premiums (+13%).

Activity performance
€ billion and % change in euros



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

Results

Attributable profit was up 18% year-on-year at €362 million.

- Good performance of fee income and the income from the equity accounted method offset the pressure on net interest income. Of note in fee income growth in that from GCB (+19%) as well as from retail business (+5%).
- Operating expenses continued to fall, the fruit of the efficiency plan in 2016.
- Sharp fall in provisions which continued to normalise. Further reduction in the cost of credit for the 12th consecutive quarter to 0.33% from 0.54% in March 2016. The NPL ratio dropped to 5.22% (-114 b.p. year-on-year).

Profit was 52% higher **than in the fourth quarter** of 2016 due to stable net interest income, the good performance of gains on financial transactions and fee income. Another factor was the impact in the fourth quarter of the contribution to the Deposit Guarantee Fund.

Results (% change in euros)

(€ million)	/ 4Q'16	/ 1Q'16
Revenues 1,539	+16%	0%
Expenses 798	-1%	-5%
LLPs 163	+91%	-29%
Attrib. Prof. 362	+52%	+18%

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SANTANDER CONSUMER FINANCE

€314 M
Attributable profit

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

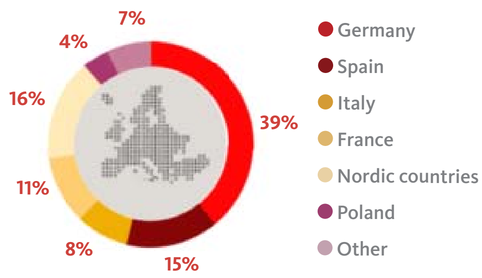
FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **Year-on-year increase in new loans in our core countries.**
- **We continued to gain market share, underpinned by a solid business model: diversification, critical mass in key products, efficiency and credit quality.**
- **Attributable profit rose 23% year-on-year, driven by gross income and a lower cost of credit.**

Commercial activity

- Santander Consumer continued to grow its profits, underpinned by geographic diversification, leading positions and solid business model. It is consolidating a series of agreements with important car manufaturers and shops in Europe, backed by a highly competitive value proposition, high operational efficiency and excellent risk management.
- The focuses of management in the first quarter were:
  - Boost auto finance through pro-active management of brand agreements and development of digital projects.
  - Sustainable growth, optimising the risk-adjusted profitability.
  - Increase consumer finance business via a stronger presence in digital channels.

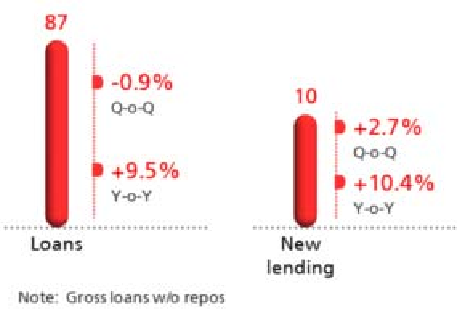
Customer loans by geography
%



Business evolution

- New lending increased 10% year-on-year, spurred by auto finance (+14%). Business grew in all countries, most notably in Spain, the Nordic countries and Italy.
- The fall in the stock in the first quarter was due to seasonal issues, because of the larger sales to dealers at the end of 2016.
- Customer deposits were up 7% at more than €35,000 million, differentiating us from our competitors.
- Recourse to wholesale funding was €3,287 million in the first quarter, via senior issues and securitisations. Deposits and medium and long term issues-securitisations covered 76% of net lending

Activity performance
€ billion and % change in constant euros

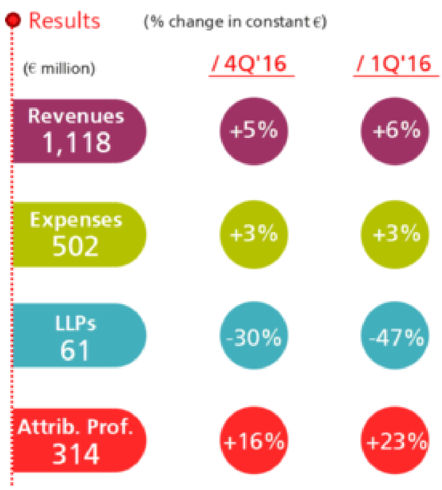


Results

Attributable profit increased 23% year-on-year to €314 million. Of note were:

- Higher gross income, mainly due to net interest income (+8% due to greater volumes).
- Operating expenses rose at half the pace of gross income, enabling the efficiency ratio to improve by 130 b.p. to 44.9%.
- Loan-loss provisions fell and sharply lowered the cost of credit (to 0.39% from 0.64% in the first quarter of 2016), thanks to the good performance of lending. The NPL ratio was 2.62% (-66 b.p.) and coverage 109% (-3 p.p.).
- Profit growth particularly in Spain, the Nordic countries and Italy.

Profit was higher **than in the fourth quarter** of 2016 due to net interest income and fee income, as well as reduced provisions.



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POLAND

€59 M
Attributable profit

Contribution to the Group's profit: **2%**

FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **Santander continues to be the market leader in mobile and online banking.**
- **In activity, focus on mortgages, SMEs, leasing and corporates on the assets side, and on current accounts on the liabilities side.**
- **Attributable profit affected by the higher tax rate, higher impact of the tax on assets and the extraordinary contribution to the Deposit Guarantee Fund (BGF).**
- **Despite the above, profit before tax rose 12% y-o-y fuelled by the good performance of net interest income, costs and provisions.**

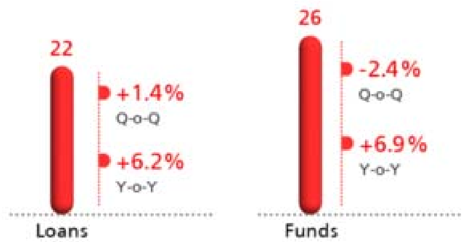
Commercial activity

- The Bank´s main goal is to become the bank of first choice, predicting and responding to customer expectations and needs. Transformation goals focus on increasing sales productiveness, cost-efficiency and innovation.
- We remained the leading bank in mobile and online banking, the second in the number of active credit cards and the fourth in the number of current accounts in Poland.
- In order to enhance our positioning and the customer experience, several actions were launched or strengthened, such as: a programme to increase exports, improvements in cards for companies, the *4Sure* programme to improve insurance penetration and boost sales via digital channels.
- Both digital and loyal customers rose in the last twelve months. Increase of 12% in loyal companies.

Business evolution

- Loans grew broadly: to individuals rose 9%, notably mortgages (+10%) and cards (+9%). Companies increased 4%, with SMEs up 7%, corporates 3% and GCB 12%, partially offset by the drop in real estate (-11%).
- Deposits grew 7% year-on-year driven by individuals (+6%), SMEs (+12%) and corporates (+13%). The strategy to reduce the cost of funding reflected the 18% increase in demand deposits and the 8% decline of term deposits.
- This evolution maintained our solid funding structure (net loan-to-deposit ratio of 92%).

Activity performance
€ billion and % change in constant euros



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

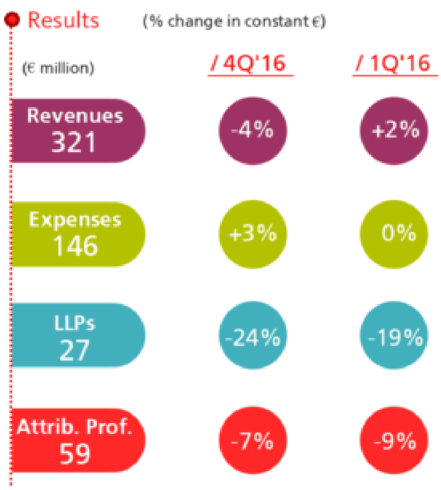
Results

Attributable profit of €59 million in the first quarter of 2017, down 9% year-on-year impacted by the higher tax rate, the extraordinary contribution to the BGF and the higher impact of tax on assets, which in the first quarter of 2016 affected only two months.

Profit before tax up 12% driven by the following positive effects:

- Net interest income rose 10%, fuelled by higher volumes and management of spreads
- Costs declined slightly due to drop in general costs (-4%).
- Sharp drop in loan-loss provisions reflected the lower NPL ratio and cost of credit, which dropped from 0.82% in March 2016 to 0.66% in March 2017.

Attributable profit declined **over the fourth quarter** of 2016, mainly due to the impacts already mentioned and some seasonal component.



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PORTUGAL

€125 M
Attributable profit

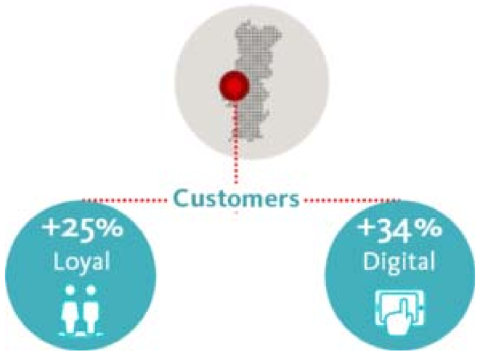
Contribution to the Group's profit: **5%**

FIRST QUARTER HIGHLIGHTS

- **Strategy to transform the commercial model in order to improve the quality of service.**
- **Lending was affected by the sale of some portfolios, while deposits continued to grow and focused on demand deposits (+39%).**
- **Profit was higher than in the first quarter of 2016, despite lower gross income from the sale of ALCO portfolios, thanks to costs and provisions.**
- **In April a tentative agreement was reached with the Portuguese State to end the litigation relating to a set of interest rate swap contracts signed with public transport companies.**

Commercial activity

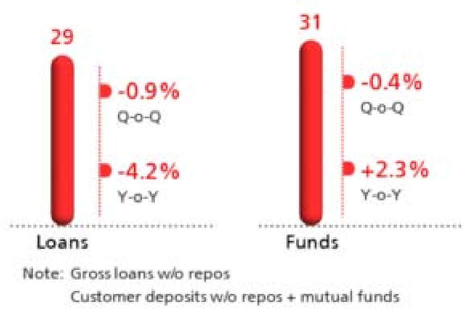
- The Bank is maintaining its strategy of transforming the commercial model, streamlining processes and developing new multi channel distribution solutions in order to improve the quality of customer service and efficiency.
- Activity in banking for individuals continues to be underpinned by the *1|2|3 World* programme, which continued to evolve positively, and doubled number of accounts, credit cards and protection insurance. This was because 48% of customers were not credit card holders, 64% did not have insurance and 41% did not have direct debiting from their accounts.
- The focus in companies remained on increasing the number of customers and the volume of business, with various initiatives to achieve greater proximity to customers such as Santander Advance's non-financial offer.
- All these measures are reflected in the strong growth of the customer base and increased loyalty, (individuals: +24%), companies (+47%).



Business evolution

- Significant increases in new loans to individuals and companies, with gains in market share. Of note were mortgages, whose market share rose by almost half a point over the last year to 19.7%.
- This growth is not yet reflected in the year-on-year stock of credit, which fell, as it was eroded, partly, by the sale of some portfolios. Compared to December 2016, however, mortgages, consumer credit and loans to companies were stable.
- Demand deposits increased 39% year-on-year, reflecting the strategy adopted to improve the cost of funding, which fell from 0.68% in March 2016 to 0.30% a year later. Mutual funds up 5%.

Activity performance
€ billion and % change in euros

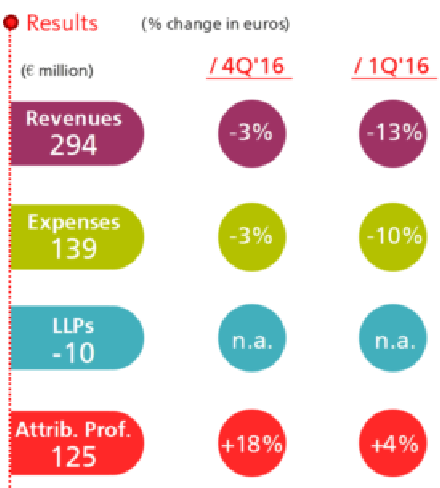


Results

Attributable profit of €125 million, higher than in the first quarter of 2016. By lines:

- Revenues affected by lower balances from the sale of loan and ALCO portfolios in 2016.
- Fall in operating expenses from the policy of optimizing the commercial structure in order to adjust it to the business environment.
- Recovery of provisions from the sale of loan portfolios.
- Improved credit quality. NPL ratio of 8.47%, down from the peak of 10.5% at the time of Banif's incorporation in 2016.

Profit was 18% higher **than the fourth quarter's** due to fee income and loan-loss recoveries.



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UNITED KINGDOM

€416 M
Attributable profit

Contribution to the Group's profit: **17%**

FIRST QUARTER HIGHLIGHTS (changes in constant euros)

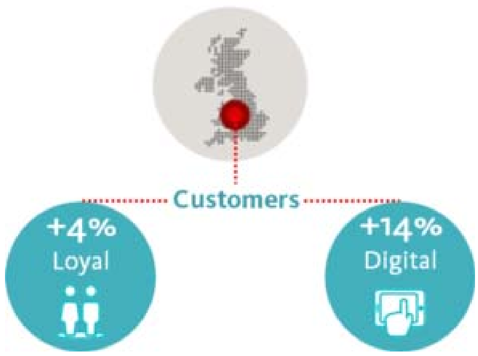
- **Strong business performance, cost discipline and good credit quality supported by still robust UK economic growth.**
- **Solid growth in loans to corporates in a competitive and uncertain operating environment.**
- **Digital transformation continued to support operational efficiency and improve customer experience.**
- **Higher revenues and broadly stable costs produced a 10% increase in net operating income, which did not feed through to profit because of higher provisions for PPI.**

Commercial activity

Santander UK is well positioned to succeed despite the changeable macro environment.

- Leverage the *1|2|3 World* strategy, which has transformed our business. *1|2|3 World* customers increased by 21,000 to 5.1 million since the end of 2016. Retail current account balances were up by £1,000 million, and continue to show positive net inflows
- We continue to develop our digital proposition: self-service investment platform (Investment Hub), online mortgage application process and the expansion of mobile payment capabilities to include *Android Pay*.
- Loyal customers increased since December 2016, and digital customers reached 4.7 million (+4% in the quarter).

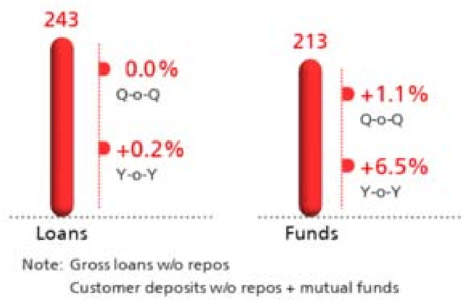
As regards banking reform, our implementation is well advanced, with the chosen model minimising the impact on customers and maintaining long-term flexibility in the changeable macro environment.



Business evolution

- Customer lending was broadly flat since the end of 2016, with good evolution in lending to companies, (+3%, in both quarter-on-quarter and year-on-year terms).
- New gross mortgage lending was £5,300 million, including 4,570 first- time home buyers. It was lower than in the first quarter of 2016, which saw a spike in buy-to-let mortgages ahead of the April 2016 stamp duty increase.
- Customer deposits excluding repos increased 6% driven by *1|2|3 World*. The strategy of reducing time deposits and growing current accounts continues.

Activity performance
€ billion and % change in constant euros

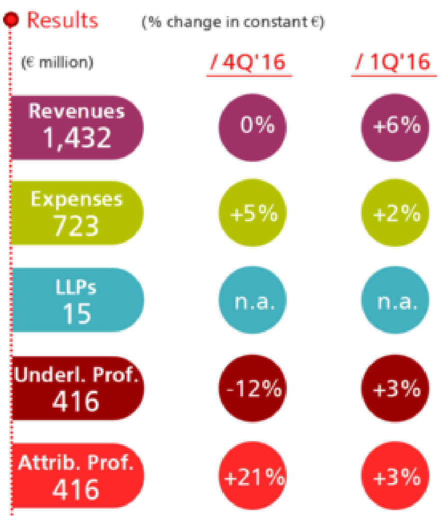


Results

Attributable profit for the quarter was €416 million, up 3% year-on-year.

- Net interest income was up 6% year-on-year, driven by the lower cost of the 1|2|3 account, partially offset by SVR attrition and new asset margin pressures.
- Operating expenses were broadly flat, as efficiency improvements absorbed investments in business growth, the continued enhancements to our digital channels and the banking reform costs of £25 million.
- Credit quality remained strong in all loan portfolios. The NPL ratio improved to 1.31%, and the cost of credit remained low.
- Provisions of £32 million for PPI to respond to the Financial Conduct Authority (FCA) guidance published in March 2017.

Attributable profit rose 21% **over the fourth quarter of 2016,** due to lower one-off items.



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BRAZIL

€634 M
Attributable profit

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

FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **We continued to advance in our strategic priorities: customer loyalty and satisfaction, digital transformation and operational excellence.**
- **Continued positive trend in gross income (net interest income and fee income), reflecting our revenue recurrence.**
- **Lower loan-loss provisions in the first quarter than in the fourth quarter of 2016 and in year-on-year terms. Better NPL and coverage ratios and lower cost of credit in the quarter.**
- **Attributable profit rose 77% year-on-year in euros (+38% in constant euros), with clear improvement in profitability (RoTE: 16.52%).**

Commercial activity

Of note among the strategic measures taken in the first quarter were:

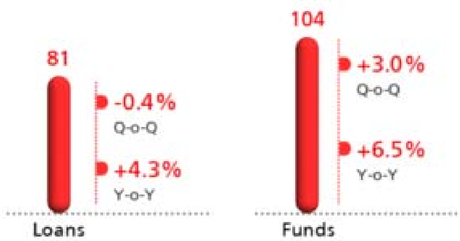
- Launching the digital process for opening an account, the new website for individuals and the app for customers of the securities company. *Santander Way*, the app for integral management of credit and debit cards, was downloaded more than two million times.
- All these actions pushed up the number of digital customers by 2 million year-on-year, with biometric identification (+6.7 million) and digital transactions.
- Focus on operational excellence and enhancing the customer experience after extending the *CERTO* model to the Contact Centre and adopting the net promoter score (NPS) indicator to measure the level of customer satisfaction.
- Agreement to begin the marketing of credit cards of the American Airlines programme *(AAdvantage)* in April.
- In consumer finance, we continued to increase profitability, following the implementation of the new digital model.
- Leadership in GCB: ECM, M&A, FX, financial advisory and fixed income.

Business evolution

- Lending recovered the pace of year-on-year growth, absorbing a negative impact on balances in dollars (excluding this +6%). Loans to individuals rose 9% (mortgages, +2% and personal loans, +12%) and consumer finance 12%. Credit growth to SMEs also turned positive (+3%), due to the measures developed for this segment.
- Funds increased driven by savings and time deposits, agribusiness credit notes and mutual funds.

Activity performance

€ billion and % change in constant euros



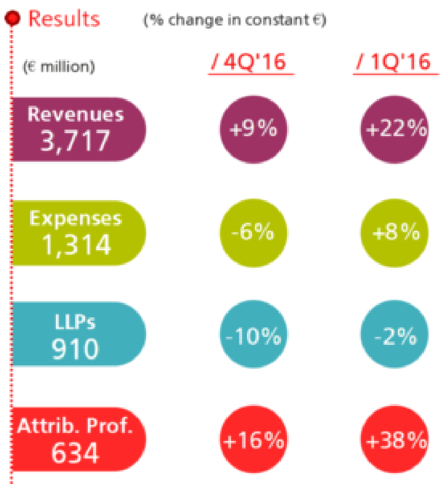
Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

Results

Attributable profit of €634 million (+38% year-on-year). Of note:

- Gross income rose fuelled by net interest income (+10%) and the excellent evolution of virtually all fee income lines (+27%), mainly from cards (+53%), securities (+24%), current accounts (+24%) and cash management (+23%). In wholesale business, we benefited from dynamic capital markets, lower inflation and reduced interest rates.
- We remained disciplined in costs (which rose in line with average inflation) and improved the efficiency ratio (-4.4 p.p.) to 35.4%.
- Loan-loss provisions declined and the cost of credit (4.84%) was lower than in the previous two quarters. The NPL ratio (5.36%) and coverage (98%) were also notably better.

Profit was 16% higher **than the fourth quarter,** driven by growth in gross income and lower costs and provisions.



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MEXICO

€163 M
Attributable profit

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

FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- Strategy centred on being the main bank of our customers, increasing attraction and loyalty and the use of digital channels.
- Commercial focus on the *Santander Plus* programme and on the shared brand card *Santander-Aeroméxico.*
- The strategy is reflected in growth in deposits (+13%), with a positive trend in all products. Loans also increased, mainly to SMEs and companies.
- Attributable profit up 24% year-on-year. Of note net interest income (+14%) and fee income (+13%).

Commercial activity

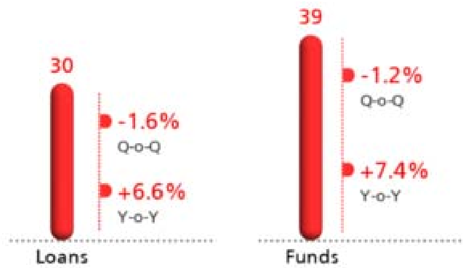
New measures were launched in the first quarter and existing actions strengthened:

- We continued to drive the *Santander Plus* programme (more than 1.5 million customers so far, 52% of which are new).
- We continued to promote the use of digital channels via improvements in the *Portal Público, SuperNet* and *SuperMóvil,* and also with the *Supercuenta Go,* which enables an account to be opened and managed entirely digitally. We now have more than 1.5 million digital customers.
- The *Santander Aeroméxico* card has more than 500,000 users (34% of whom are new customers).
- In demand deposits, we relaunched *Dinero Creciente,* with simpler processes and competitive rates. In mortgages, alliances with housing developers were strengthened.
- The strategy in companies and institutions of attracting the payroll of large corporate clients from different sectors was maintained and in SMEs we continued to offer packets of products with tailored conditions.

Business evolution

- All these measures were reflected in a year-on-year rise in lending, both to individuals (+6%) and companies up 9% and SMEs 10%. By produts: consumer credit (+8%), mortgages (+4%) and credit cards (+6%). The only drop was in loans to public institutions (-20%).
- Customer funds also increased and their structure improved. Demand deposits of individuals rose 17%.

Activity performance
€ billion and % change in constant euros



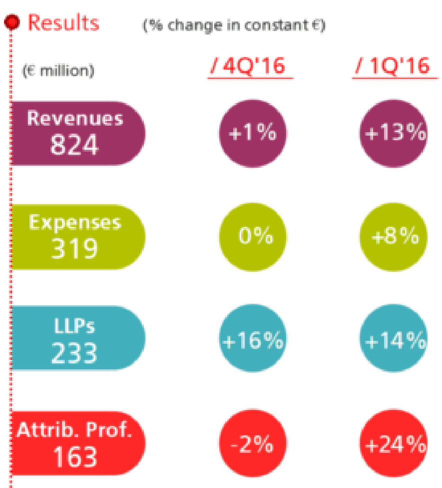
Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

Results

Attributable profit grew 24% year-on-year to €163 million:

- Net interest income rose 14%, due to growth in loans and demand deposits, as well as higher interest rates. Fee income increased 13%, mainly from transactional banking, financial advisory and IPOs.
- Operating expenses were higher because of new commercial projects to attract customers and increase their loyalty, as well as ongoing investments. All of it consistent with an improvement in the efficiency ratio of 1.9 p.p. to 38.8%.
- Loan-loss provisions increased because of greater lending and the sale of a non-performing portfolio. The cost of credit remained stable.

Attributable profit was 2% lower **than in the fourth quarter** of 2016, as the good performance of net interest income, fee income and costs was absorbed by lower gains on financial transactions and higher provisions.



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CHILE

€147 M
Attributable profit

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

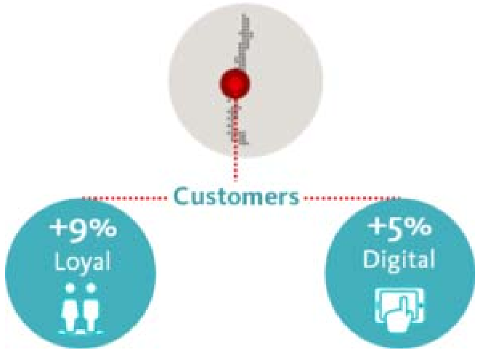
FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **Continued progress in transforming the traditional network into a new branch model.**
- **The growth strategy in low risk segments produced improvements in the quality of the portfolio and in the cost of credit.**
- **Attributable profit up 21% (+9% on constant euros), spurred by dynamic commercial revenues and control of costs and provisions (the lowest of the last four quarters).**

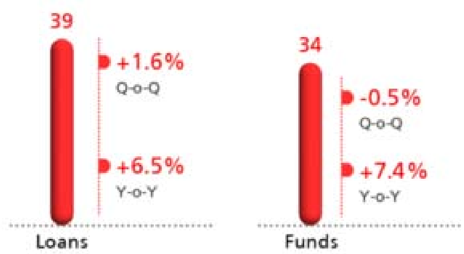
Commercial activity

The Group maintained its strategy of offering long-term profitability in a scenario of lower spreads and greater regulations.

- The Bank continued to centre on improving the quality of customer attention and transforming the commercial and retail banking segment, particularly in business with medium-high income clients and SMEs.
- Transformation of the traditional network toward a new branch model continued, with new openings of *WorkCafé* branches. There are now seven and another 20-25 are expected to be opened this year. These branches are more productive and improve customer satisfaction over traditional ones.
- Digitalisation is producing an increase in digital cutomers. Their number is now 979,000. Some 35% of consumer credit was granted digitally via the *123 Click*, a new functionality which pushed up Santander's app to the first position in customer satisfaction.



Activity performance
€ billion and % change in constant euros



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

Business evolution

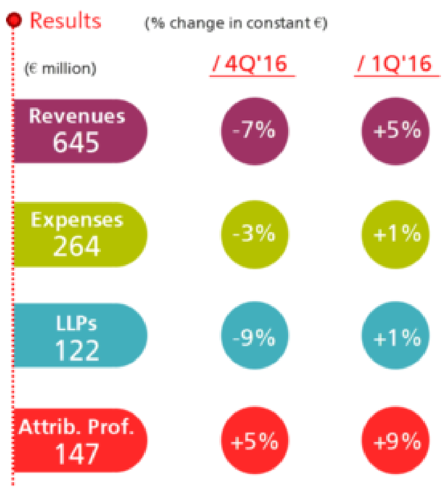
- Activity focused on maintaining the business dynamism in order to avoid the seasonal impact and an economic environment in a downswing.
- Lending rose year-on-year due to high income clients (+13%) and SMEs (+8%). Of note was the 14% growth in consumer credit, while mortgages grew at a slower pace after rising extraordinarily in 2015-2016.
- Demand deposits rose 4% and mutual funds 46%.

Results

The first quarter profit was €147 million (+9% year-on-year), thanks to the good performance of commercial revenues, costs control and provisions.

- Net interest income was higher due to greater activity in target segments and management of the cost of funds. Of note in fee income was that from insurance, mutual funds and advisory services in GCB.
- The effort to become more efficient and the rolling out of the digital strategy is reflected in control of costs. The efficiency ratio improved by 1.4 p.p. to 40.9%.
- All credit quality indicators improved. The cost of credit was 1.42%, the NPL ratio 4.93% and coverage 59%.

Profit was higher **than in the fourth quarter,** due to lower costs and provisions, which more than offset the seasonal impact on net interest income.



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ARGENTINA

€108 M
Attributable profit

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

FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **Citibank's retail banking was integrated on March 31 following the central bank's approval.**
- **Focus on *Santander Select* and *Pymes Advance*, on exploiting intermediation growth and on becoming a digital bank.**
- **Attributable profit was 69% higher year-on-year, driven by net interest income and fee income.**

Commercial activity and Business evolution

- After taking control of Citi's retail network, the main goal in the coming months is its integration and to achieve the highest customer and employee satisfaction. Our market share has risen to 11%.
- In order to keep on improving the quality of service and strengthen our leadership position, we maintained the focus on multi channels, *Select* and *Pymes Advance*.
- The branch transformation plan continued, with 253 branches transformed so far (62% of the total network). Penetration of the *Santander Río Mobile* app increased (588,000 users, 24% of active customers).
- All these actions produced growth in the number of loyal (+8%) and digital (+17%) customers, and are increasing crossed selling, loyalty of transaction banking customers and profitability.
- Lending rose 53% year-on-year and deposits 55% (due to demand deposits). These figures have a perimeter impact of around 15 p.p. due to Citi's entry. Excluding it, there was notable growth in consumer credit and in UVA mortgages indexed to inflation. Santander Río is the leader in new lending, with a market share of 30%.

Results

Attributable profit of €108 million (+69% year-on-year). These figures do not include the impact of Citi's integration which occurred on the last day of the first quarter.

- The commercial strategy and the greater business volumes pushed up net interest income by 48% and fee income by 49%. Of note was fee income from maintaining accounts, securities, mutual funds and foreign currency.
- Operating expenses increased less than gross income, despite the impact of the salary agreement, the expansion of the branch network and investments in transformation and technology. Net operating income rose 54% and the efficiency ratio improved by more than 4 p.p. to 54.5%.
- Loan-loss provisions increased less than lending, which maintained the high credit quality. The NPL ratio was 1.82% and coverage 134%.

The first quarter profit was almost the same as **the fourth quarter's.** Of note was the 19% rise in fee income.

PERU

€8 M
Attributable profit

FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **Business continued to grow, mainly loans.**
- **Attributable profit up 5% year-on-year**

Commercial activity and business evolution

- The strategy remains focused on the corporate segment, large companies and the Group's global clients.
- The auto finance company continued to consolidate its activity. A leasing portfolio was bought for €51 million, which helped to increase lending by 12% year-on-year

Results

- **The first quarter profit was €8 million.** Gross income rose 5% driven by gains on financial transactions. Operating expenses were stable. The efficiency ratio improved to 34.1%.
- High credit quality (NPL ratio of 0.57% and coverage of 384%) and a lower cost of credit.
- Compared to the **fourth quarter of 2016,** profit was affected by the seasonal nature of fee income, as both net interest income and costs improved.

URUGUAY

€28 M
Attributable profit

FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **Lending to target segments and products grew (SMEs and consumer credit).**
- **Attributable profit increased, thanks to net interest income and fee income.**

Commercial activity and Business evolution

The Group is the country's largest private sector bank. It concentrates on growing retail banking and enhancing efficiency and the quality of service.

- Santander continues to focus on improving customer satisfaction and increasing customer loyalty. The *Verano Select Experience,* a new way of relating to our Select customers, was launched in the first quarter.
- As part of the process to digitalise and modernise channels, we launched the *Buzonera Inteligente*. These on-line deposit terminals cover 30% of the bank's network. The finance companies launched the second version of *APP,* via which customers can access all services, including loans. This system distinguishes us from our competitors.
- The growth strategy in digital customers produced a 35% rise year-on-year to 133,000 and a greater degree of penetration.
- Total lending declined 6% impacted by the peso's appreciation on foreign currency balances and a strategy that favours capital and profitability. Consumer credit and credit cards, however, grew 13%. Deposits fell 17%, due to the drop in demand deposits caused by the outflow of non-resident deposits and the strategy of lowering the cost of funds captured.

Results

- The **first quarter attributable profit was 11% higher year-on-year at €28 million.** Gross income increased 7%, underpinned by net interest income and fee income (+11%). Gains on financial transactions were 38% lower due to the evolution of exchange rates.
- Operating expenses rose at below the inflation rate, thanks to the ongoing efficiency plan. The efficiency ratio continued to improve, to 48.7% (-1.2 p.p. year-on-year).
- The NPL ratio remained at a low level (1.81%), coverage was 162% and the cost of credit 1.72%.
- **Attributable profit was 8% higher than the fourth quarter's,** due to higher net interest income and lower costs.

COLOMBIA

- Our bank in Colombia focuses on growing business with Latin American companies, multinational companies, international desk and large and medium-sized local companies. We also provide treasury solutions, risk coverage, foreign trade and confirming, as well developing investment banking products and supporting the country's infrastructure plan.
- Premier Credit, the auto finance company, focused on increasing its volume of operations by signing commercial agreements with dealer networks. It launched the project that will give Banco Santander de Negocios Colombia the capacity to finance loans originated by Premier Credit.
- The first quarter posted gross operating income of €7 million and an attributable profit of €2 million.

UNITED STATES

€95 M
Attributable profit

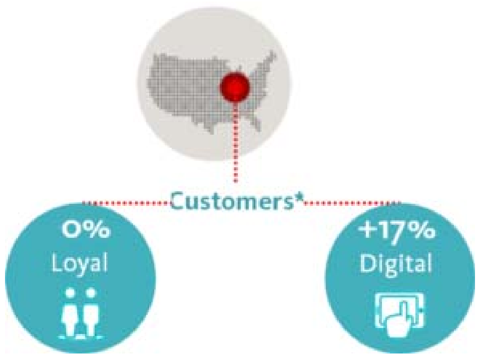
Contribution to the Group's profit: **4%**

FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **Continued investments targeted at improving business operations and complying with regulatory expectations.**
- **Santander Bank focused on improving profitability by changing business mix, increasing efficiency and optimizing the balance sheet.**
- **Santander Consumer USA maintained its strategy to reduce funding costs, maintaining a strong capital position and building its prime origination platform.**
- **First quarter 2017 attributable profit of €95 million, growing 12% year-on-year.**

Commercial activity

- Santander US, which includes Santander Bank (SBNA), Santander Consumer USA (SC), Banco Santander International (Miami) and Puerto Rico, continued to make progress in addressing its regulatory issues and meeting regulatory expectations, and in its transformation programme to improve risk management practices and technology infrastructure.
- Santander Bank remains focused on improving the customer experience and deepening customer relationships through greater cooperation between business lines, enhancing product offerings and digital capabilities, such as the introduction of Apple Pay.
- Santander Consumer USA's strategy is focused on optimising the performance of assets retained on the balance sheet, lowering the cost of funds and on realising the full value of the agreement with Fiat Chrysler.

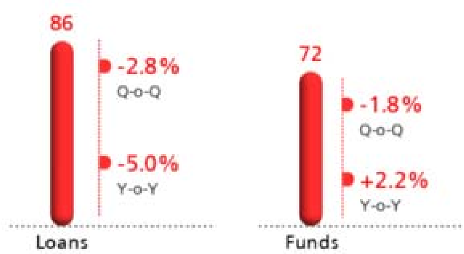


(*) Santander Bank

Business evolution

- Core deposits at Santander Bank increased 6% year-on-year, supported by consumer checking account and commercial deposit growth, reflecting the success of our strategy to deepen retail and commercial customer relationships.
- Loans fell 5% year-on-year driven by sale of consumer lending portfolio from SC during 2016 and reduction of commercial loan originations at SBNA and disciplined pricing targeted at improving profitability in SBNA.
- SBNA net interest margin has increased to its highest level since 2014, reaching 2.42% in the first quarter of 2017.

Activity performance
€ billion and % change in constant euros



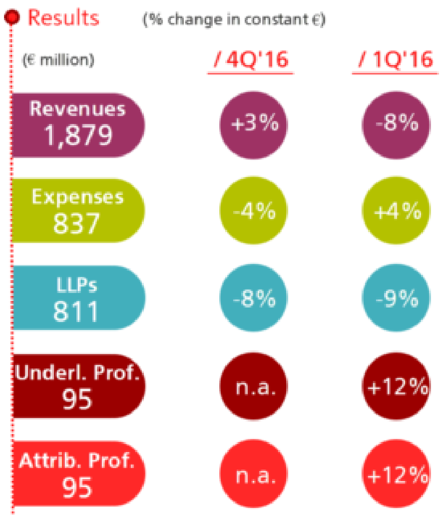
Note: Gross loans w/o repos
Customer deposits w/o repos + mutual funds

Results

The **first quarter attributable profit was 12% higher y-o-y at €95 million.**

- Gross income fell 8%, impacted by lower net interest income at Santander Consumer USA driven by change in customer risk profile, partly offset by lower provisions.
- Santander Bank, on the other hand, benefited from the rise in interest rates and its lower cost of funds following balance sheet optimization efforts in 2016.
- Fee income declined because of lower servicing, while Other Income increased driven by higher leasing volumes.
- Operating expenses rose 4%, largely due to investments in Santander Consumer USA while Santander Bank's costs remained flat.
- Loan-loss provisions fell 9% as a result of improved credit performance in SBNA and continued shift in SCs customer risk profile

Compared to the fourth quarter, recovery in revenues and profits due to the normalisation of the main P&L lines.



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CORPORATE CENTRE

-€468 M
Attributable profit

FIRST QUARTER HIGHLIGHTS

- **The centre's objective is to contribute value-added to the operating units, transferring the Group's best practices. It also develops functions related to financial and capital management.**
- **Gross income hit by higher costs associated with hedging of exchange rates, which have a positive impact on the business areas.**
- **Operating expenses fell 5% as a result of adopting streamlining and simplification measures in the second quarter of 2016.**

Strategy and functions

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

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

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

- Financial Management functions:
  - Structural management of liquidity risk associated with funding the Group's recurring activity, stakes of a financial nature and management of net liquidity related to the needs of some business units.
  - This activity is carried out by diversifying the different funding sources (issues and other), maintaining an adequate profile at each moment in volumes, maturities and costs. The price at which these operations are made with other Group units is the market rate (euribor or swap) plus the premium, in the concept of liquidity, the Group supports by immobilising funds during the term of the operation.
  - Interest rate risk is also actively managed in order to soften the impact of interest rate changes on net interest income, conducted via derivatives of high credit quality, very liquid and low consumption of capital.
  - Strategic management of the exposure to exchange rates on equity and dynamic on the countervalue of the units' results in euros for the next 12 months. Net investments in equity are currently covered by €21,901 million (mainly Brazil, UK, Mexico, Chile, US, Poland and Norway) with different instruments (spot, forex, forwards).
- Management of total capital and reserves: capital allocated to each of the units.
  - Lastly, and marginally, the Corporate Centre reflects the stakes of a financial nature that the Group makes under its policy of optimising investments.

Results

Loss of €468 million, higher than in previous quarters because of the greater costs associated with exchange rate hedging whose positive impact is reflected in the business areas.

In addition, net interest income was hit by higher financial costs due to the issues made.

Costs, on the other hand, were 5% lower, as a result of the streamlining and simplification measures adopted at the Corporate Centre in the second quarter of 2016.

Corporate Centre. € million

	1Q'17	4Q'16	Var. %	1Q'16	Var. %
Gross income	(341)	(282)	21.0	(223)	52.6
Net operating income	(460)	(381)	20.7	(349)	31.7
Underlying attributable profit to the Group	(468)	(299)	56.5	(311)	50.3
Attributable profit to the Group	(468)	(299)	56.7	(311)	50.3

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RETAIL BANKING

€1,795 M
Attributable profit

FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **Continued transformation of our commercial model into a model that is increasingly Simple, Personal and Fair.**
- **Focus on three main priorities: customer loyalty and satisfaction, digital transformation and operational excellence.**
- **The Group had 15.5 million loyal customers and 22.1 million digital ones at the end of March.**
- **Euromoney chose Santander as the Best Bank in the World for SMEs in 2016.**

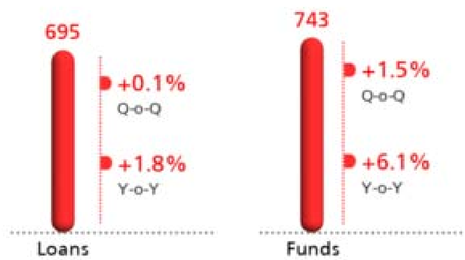
Commercial activity

The commercial transformation programme is structured around three main elements:

1. Continuously improve the **loyalty and satisfaction of our customers.** Of note in the first quarter were:
   - The 1|2|3 strategy continues at a good pace in most countries, mainly Spain, UK and Mexico (the latter with *Santander Plus*).
   - We continued to launch loyalty products such as the cards programme of American Airlines, *AAdvantage* in Brazil and Argentina, the *Santander Aeroméxico* card in Mexico (more than 500,000 units) and the *WorldMember Limited* card in Chile.
2. Drive the **digital transformation of our channels, products and services.** Of note:
   - Supported by various initiatives in all countries, the Group continued to increase the number of digital customers and their contribution to the sale of all products.
   - Since January Google Optimize has been part of the alliance Banco Santander has with Google and Tealium. These are key tools to increase sales and enhance the customer experience in their digital channels.
3. Keep on improving the satisfaction and experience of our customers by working on **operational excellence,** with new processes that are simpler, more efficient and omnichannel. Of note.
   - *Dinero Creciente* was relaunched in Mexico, with simpler processes and competitive rates.
   - In Brazil, we increased our team of commercial managers for SMEs, while promoting packets of products with tailored conditions.
   - In Chile, we are opening *WorkCafé* branches, an innovative model, with co-working areas, a coffee shop and financial services.

As a result of these initiatives, we are among the Top 3 in customer satisfaction rankings in eight of the countries where the Group operates.

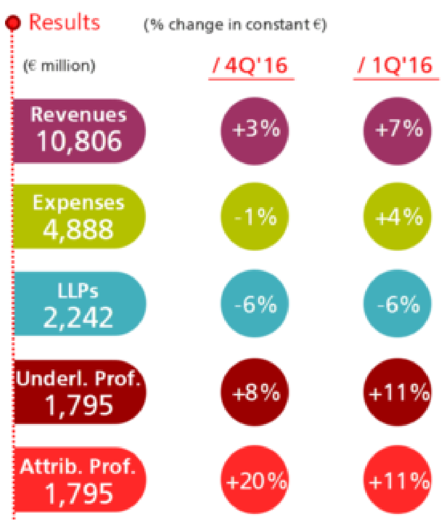
Activity performance
€ billion and % change in constant euros



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

Results (in constant euros)

Attributable profit amounted to €1,795 million, (+11% year-on-year), driven by net interest income (+5%) and fee income (+12%) coupled with lower loan-loss provisions. Attributable profit was 20% higher **than the fourth quarter,** with identical qualitative comments by line, together with the recording of non-recurring negative results in the fourth quarter of 2016.



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GLOBAL CORPORATE BANKING

€610 M
Attributable profit

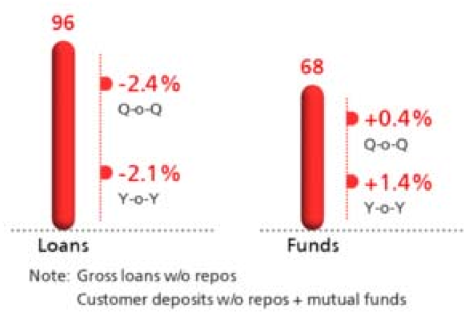
FIRST QUARTER HIGHLIGHTS (changes in constant euros)

- **Reference positions in cash management, export finance, trade, working capital solutions, corporate loans and structured financing, among others, in Europe and Latin America.**
- **Positive evolution of revenues while maintaining control of costs, leveraged on the strengths of our business model.**
- **Attributable profit of €610 million, 33% higher year-on-year.**

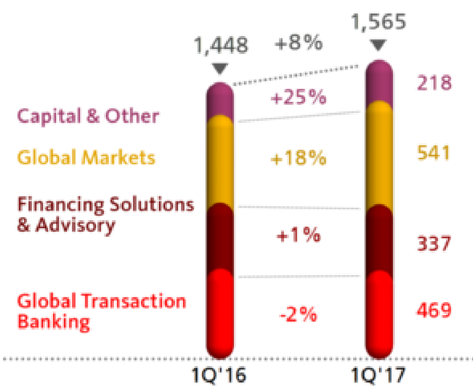
Commercial activity and business evolution

- **Cash Management:** winning various regional mandates in Latin America and Europe confirmed the leadership of our *Santander Cash Nexus* platform. With around 450,000 transactions a month, the regional cash management platform facilitates connectivity of multinationals and comprehensive management of their international payments.
- **Export Finance:** solid leadership position in our core markets – first in the ranking according to specialised media (TXF and Dealogic) for Latin America and Spain and second in the Middle East where the strong activity begun last year is already bearing fruit.
- **Trade & Working Capital Solutions:** the Group has consolidated itself as the reference trade finance bank in our core markets. Significant increase in receivables purchase programmes following the improved offer of products.
- **Corporate Finance:** we led the main operations in Spain, Continental Europe and Latin America.
- **Capital markets:** we maintained our leadership in Latin America. Of note in Europe and the US was the issue of Glencore in dollars and in euros for Credit Agricole HL SFH.
- **Syndicated corporate loans**: Santander continues to play a significant role in the main M&A operations. Of note in the first quarter was leading the $21.2 billion loan to Reckitt Benckiser for the potential acquisition of Mead Johnson in the US and the €4 billion to Safran for the potential purchase of Zodiac.
- **Structured financing**: Santander maintains its leadership in Latin America, Spain and the UK. It was the sole coordinator and underwriting bank in the first quarter for Banks Group, the first hybrid structure executed in the British market.
- **Markets:** positive evolution of revenues from sales with strong growth in Spain. Greater year-on-year contribution in management of books, notably in the UK, Mexico and Chile.

Activity performance
€ billion and % change in constant euros



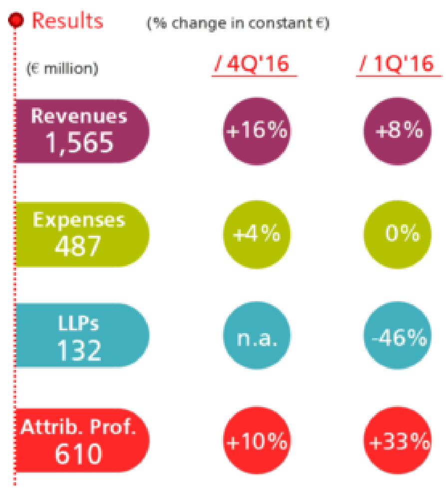
Gross income. Breakdown
€ million (constant euros)



Results (in constant euros)

Attributable profit of €610 million, 33% higher year-on-year. Results were underpinned by the strength and diversification of customer revenues (86% of the total). The area accounted in the first quarter for 13% of gross income and 25% of attributable profit of the Group's operating areas.

- Gross income increased due to global markets, thanks to the good performance of Mexico, Chile, UK and, particularly, Spain and of financing solutions & advisory which remained stable despite the large operations in 2016.
- Operating expenses were flat and and provisions fell particularly in Spain, Portugal and the US.
- Profit was 10% higher **than in the fourth quarter of 2016.**



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» Corporate Governance

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

Balanced composition of the board

Respect for shareholders' rights

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

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

Institutional information

- In order to encourage the informed participation of shareholders at this year's annual general meeting of shareholders, on the occasion of the meeting's calling, all proposed agreements, the relevant reports of administrators and other necessary legal documents regarding the meeting, as well as the Group's 2016 annual report, and the reports of the auditing, appointments, remuneration, risk supervision, regulation and compliance committees, as well as the sustainability report, were published on the Group's website (www.santander.com),
- These reports set out the main activities of the board and its committees in 2016, including detailed information on the rules and procedures on which the Bank's corporate governance model is based.

Annual general meeting of shareholders

- The meeting was held on April 7 and attended (those present and represented) by 641,150 shareholders owning 9,336,283,351 shares, giving a quorum of 64.025% of the Bank's share capital.
- The agreements submitted to a vote were approved on average by 96.561% of favourable votes. The bank's corporate management during 2016 was approved by 97.735% of votes.
- The directors' remuneration policy for 2017, 2018 and 2019 was submitted to binding approval at the meeting and received 93.828% of votes in favour. This policy covers directors' remuneration, because of their status as such and for the exercise of their executive functions, for these years, setting out the amount of annual fixed remuneration, as well as the parameters for setting the variable components of the remuneration of executive directors. It also includes the main terms and conditions of the contracts of executive directors.
- Investors and analysts positively assessed the continuity that was carried out in 2016 regarding the structure of the variable components of remuneration, as well as implementing the clawback clauses, in accordance with Bank of Spain circular 2/2016 of February 2.
- Among the agreements adopted was the re-election of Ana Patricia Botín-Sanz de Sautuola y O'Shea, José Antonio Álvarez Álvarez, Rodrigo Echenique Gordillo, Belén Romana García and Esther Giménez-Salinas i Colomer, the first three as executive directors and the rest as independent directors. The appointment of Ms. Homaira Akbari as an independent director was also submitted to the shareholders' meeting. Currently, six women serve on the board of directors (40% of the total members).
- As a result of these ratification and re-election agreements, for a period of three years, the board has 15 members, four of whom are executive directors and 11 non-executive. Of the latter, eight are independent, one is proprietary and two are neither proprietary nor independent.
- Full information on the agreements adopted at the meeting can be found at www.santander.com.

» Corporate Social Responsibility

Santander is committed to helping people and businesses prosper:

Presence in the socially responsible investment **indexes**

1.7 million **people helped** in 2016

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

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

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

Sustainability Report

- Santander published its 2016 Sustainability Report. The report, which can be downloaded from the Bank's website, highlights the achievements in generating value for employees, customers, shareholders and communities.

- Santander invested €209 million in community support programmes in 2016, of which €157 million was for higher education and €52 million for programmes in the sphere of children's education, entrepreneurship, financial education, art and culture.

Sustainability policies

- Banco Santander's board approved the annual updating of the Group's sustainability policies: the general one, defence, energy, soft commodities, climate change, volunteering and human rights.

- The updating included the Bank's commitment to financial education and to the principles of its consumer protection policy for customers. The climate change policy was revised in order to bring it into line with the ISO14001:2015 rule. It also describes the activity of the working group on social, environmental, reputational, corporate and local risk, and of the Climate Finance Task Force. This policy is now called the Environmental and Climate Change Management Policy.

Environment and climate change

- Energy consumption in 2016 was 8% less than in 2015, CO_2 emissions were down 7% and paper consumption cut by 24%. Also noteworthy was the financing of renewable energy projects, a sector where the Bank has a leading position globally. Santander participated in 2016 financing 7,082 MW of projects.

Notable initiatives of investment in the community

- Santander Río Universities concluded the XII edition of the Premio Jóvenes Emprendedores, which promotes university-based business ideas in order to foster an entrepreneurial culture.

- Bank Zachodni WBK launched a financial education portal to help parents and teachers introduce children to the world of finances and entrepreneurship. It is the only portal of its type in Poland and offers comfortable access from intelligent phones and tablets and includes materials for people with sight problems.

- Banco Santander obtained the certificate of excellence in employee volunteer management in the excellence plus category. Santander is the first Spanish company to be awarded this certificate, which accords the recognition by Voluntare of the Group's employee volunteer programme in Spain. Voluntare is an association of the most active companies and non-profit making entities in this sphere.

- Lastly, the World Innovation Summit for Education (WISE), a global reference in innovation and cooperation in education, held a meeting at Grupo Santander headquarters in Madrid.

» The share

Shareholder remuneration

- Shareholders received in February the third interim dividend in cash of €0.055 per share charged to 2016's earnings.
- The board approved the payment of a fourth dividend in cash of €0.055 per share to be paid as of May 2, bringing the total shareholder remuneration in 2016 to €0.21 per share.
- It is the board's intention to increase the dividend per share to be charged to 2017 earnings up to €0.22 euros per share, and so it will be proposed at the 2018 AGM.

Share price performance

- The markets performed positively in the first quarter against a backdrop of greater optimism stemming from the prospects for deregulation and the expected tax reform in the US, the quarter point rise in interest rates by the Federal Reserve and the improved economic outlook. The Dutch elections, the upcoming ones in France and the rise in oil prices, which pushed up inflation, added volatility to the stock markets, which ended the quarter with increases.
- In this context, the Santander share ended March at €5.745, up 15.8% and ahead of the main indexes. The Ibex 35 rose 11.9%, the increases in DJ Stoxx Banks, MSCI World Banks and the DJ Stoxx 50 were 5.1%, 5.6% and 5.0% respectively.
- The total shareholder return (share price+dividend) was 17.1%, putting us among the Top 3 among our global peers and ahead of the main indexes.

Capitalisation and trading

- Santander was the euro zone's largest bank by capitalisation at March 31 and the 15th in the world (€83,776 million). The share's weighting in the DJ Stoxx 50 was 2.3%, 8.0% in the DJ Stoxx Banks and 15.4% in the Ibex-35.
- A total of 5,847 million Santander shares were traded in the first quarter for an effective value of €30.907, the highest figure among the shares that comprise Eurostoxx (liquidity ratio of 40%). The daily trading volume was 89.9 million shares (€475.5 million).

Shareholder base

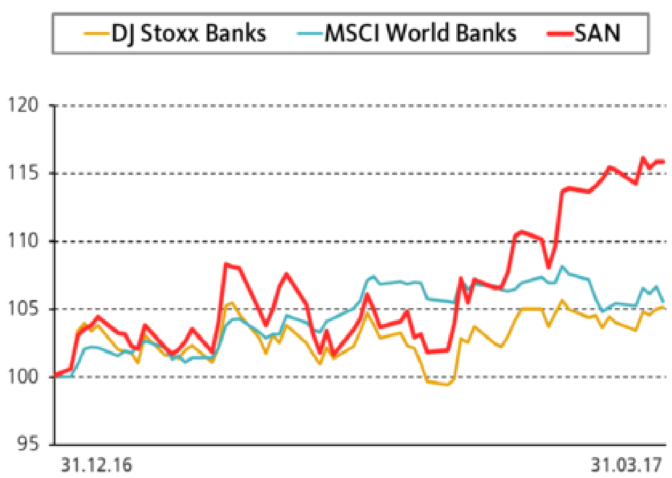
- The total number of Santander shareholders at March 31 was 3,957,838, of which 3,764,053 were European (78.9% of the capital stock) and 177,920 from the Americas (20.4%). Excluding the board of Grupo Santander, which holds 1.2% of the Bank's capital stock, individuals hold 42.4% and institutional shareholders 56.4%.

The Santander share. March 2017

Shareholders and trading data	
Shareholders (number)	3,957,838
Shares (number)	14,582,340,701
Average daily turnover (no. of shares)	89,947,372
Share liquidity (%) (Number of shares traded during the year / number of shares)	40
Price movements during the year	
Highest	5.795
Lowest	4.919
Last (31.03.17)	5.745
Market capitalisation (millions) (31.03.17)	83,776
Stock market indicators	
Price / Tangible book value (X)	1.35
P/E ratio (X)	11.74
Yield* (%)	3.97

(*).-2016 total dividend / 1Q'17 average share price

Comparative performance



Financial information

APPENDIX

Quarterly income statement

€ million

	2016				2017
	1Q	2Q	3Q	4Q	1Q
Net interest income	7,624	7,570	7,798	8,096	8,402
Net fee income	2,397	2,549	2,597	2,637	2,844
Gains (losses) on financial transactions	504	366	440	412	573
Other operating income	204	270	245	142	211
Dividends	44	209	37	124	41
Income from equity-accounted method	83	112	119	130	133
Other operating income/expenses	78	(51)	90	(112)	37
Gross income	**10,730**	**10,755**	**11,080**	**11,288**	**12,029**
Operating expenses	(5,158)	(5,227)	(5,250)	(5,453)	(5,543)
General administrative expenses	(4,572)	(4,632)	(4,692)	(4,828)	(4,915)
Personnel	*(2,683)*	*(2,712)*	*(2,726)*	*(2,876)*	*(2,912)*
Other general administrative expenses	*(1,889)*	*(1,920)*	*(1,966)*	*(1,952)*	*(2,002)*
Depreciation and amortisation	(586)	(595)	(558)	(626)	(629)
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)
Impairment losses on other assets	(44)	(29)	(16)	(159)	(68)
Other income	(389)	(515)	(376)	(432)	(707)
Underlying profit before taxes	**2,732**	**2,779**	**2,940**	**2,838**	**3,311**
Tax on profit	(810)	(915)	(904)	(767)	(1,125)
Underlying profit from continuing operations	**1,922**	**1,864**	**2,036**	**2,071**	**2,186**
Net profit from discontinued operations	—	0	(0)	0	—
Underlying consolidated profit	**1,922**	**1,864**	**2,036**	**2,072**	**2,186**
Minority interests	288	338	341	305	319
Underlying attributable profit to the Group	**1,633**	**1,526**	**1,695**	**1,766**	**1,867**
Net capital gains and provisions*	—	(248)	—	(169)	—
Attributable profit to the Group	**1,633**	**1,278**	**1,695**	**1,598**	**1,867**
Underlying EPS (euros)	**0.108**	**0.100**	**0.112**	**0.116**	**0.122**
Underlying diluted EPS (euros)	**0.107**	**0.100**	**0.112**	**0.116**	**0.122**
EPS (euros)	**0.108**	**0.083**	**0.112**	**0.104**	**0.122**
Diluted EPS (euros)	**0.107**	**0.083**	**0.112**	**0.104**	**0.122**

(*) Including :

- In 2Q'16, capital gains from the disposal of the stake in Visa Europe (€227 million) and restructuring costs (-€475 million).
- In 4Q'16 PPI UK (-€137 million) and restatement Santander Consumer USA (-€32 million).

Net fee income. Consolidated

€ million

	1Q'17	4Q'16	Var, %	1Q'16	Var, %
Fees from services	1,785	1,636	9.1	1,449	23.2
Mutual & pension funds	196	191	2.6	182	7.7
Securities and custody	270	249	8.5	224	20.5
Insurance	592	561	5.6	542	9.3
Net fee income	**2,844**	**2,637**	**7.8**	**2,397**	**18.6**

Operating expenses. Consolidated

€ million

	1Q'17	4Q'16	Var. %	1Q'16	Var. %
Personnel expenses	2,912	2,876	1.3	2,683	8.5
General expenses	2,002	1,952	2.6	1,889	6.0
Information technology	317	262	20.9	289	9.7
Communications	131	122	7.5	130	0.8
Advertising	169	205	(17.3)	146	15.6
Buildings and premises	449	400	12.2	437	2.7
Printed and office material	34	43	(21.8)	34	(1.8)
Taxes (other than profit tax)	124	134	(7.4)	119	4.1
Other expenses	779	786	(1.0)	733	6.2
Personnel and general expenses	**4,915**	**4,828**	**1.8**	**4,572**	**7.5**
Depreciation and amortisation	629	626	0.5	586	7.3
Total operating expenses	**5,543**	**5,453**	**1.6**	**5,158**	**7.5**

Operating means. Consolidated

	Employees			Branches		
	31.03.17	31.03.16	Var.	31.03.17	31.03.16	Var.
Continental Europe	**56,910**	**58,090**	**(1,180)**	**4,719**	**5,487**	**(768)**
o/w: Spain	22,900	24,204	(1,304)	2,881	3,433	(552)
Santander Consumer Finance	14,862	14,675	187	568	584	(16)
Poland	11,909	11,387	522	631	700	(69)
Portugal	6,232	6,579	(347)	627	752	(125)
United Kingdom	**25,954**	**26,084**	**(130)**	**845**	**854**	**(9)**
Latin America	**85,919**	**90,142**	**(4,223)**	**5,789**	**5,848**	**(59)**
o/w: Brazil	46,420	49,604	(3,184)	3,420	3,439	(19)
Mexico	17,580	17,869	(289)	1,389	1,386	3
Chile	11,858	12,468	(610)	416	471	(55)
USA	**17,679**	**18,229**	**(550)**	**764**	**773**	**(9)**
Operating areas	**186,462**	**192,545**	**(6,083)**	**12,117**	**12,962**	**(845)**
Corporate Centre	1,720	1,974	(254)			
Total Group	**188,182**	**194,519**	**(6,337)**	**12,117**	**12,962**	**(845)**

Net loan-loss provisions. Consolidated

€ million

	1Q'17	4Q'16	Var. %	1Q'16	Var. %
Non performing loans	2,873	2,916	(1.4)	2,771	3.7
Country-risk	4	3	34.8	(3)	—
Recovery of written-off assets	(478)	(513)	(6.9)	(360)	32.9
Total	**2,400**	**2,406**	**(0.3)**	**2,408**	**(0.4)**

Customer loans. Consolidated

€ million

	31.03.17	31.03.16	Change amount	%	31.12.16
Commercial bills	22,654	16,777	5,876	35.0	23,894
Secured loans	454,881	462,213	(7,332)	(1.6)	454,563
Other term loans	236,224	222,180	14,044	6.3	232,289
Finance leases	25,703	22,755	2,948	13.0	25,357
Receivable on demand	8,017	8,387	(371)	(4.4)	8,102
Credit cards receivable	21,306	19,222	2,084	10.8	21,363
Impaired assets	31,143	35,442	(4,298)	(12.1)	32,687
Gross customer loans (w/o repos)	**799,927**	**786,976**	**12,952**	**1.6**	**798,254**
Repos	18,866	12,631	6,234	49.4	16,609
Gross customer loans	**818,793**	**799,607**	**19,186**	**2.4**	**814,863**
Loan-loss allowances	23,481	26,155	(2,673)	(10.2)	24,393
Net customer loans	**795,312**	**773,452**	**21,859**	**2.8**	**790,470**

Customer funds. Consolidated

€ million

	31.03.17	31.03.16	Change amount	%	31.12.16
Demand deposits	478,629	432,268	46,361	10.7	467,261
Time deposits	176,798	198,480	(21,683)	(10.9)	181,089
Mutual funds	155,772	129,899	25,872	19.9	147,416
Customer deposits w/o repos + Mutual funds	**811,198**	**760,648**	**50,550**	**6.6**	**795,766**
Pension funds	11,344	11,103	241	2.2	11,298
Managed portfolios	25,208	24,748	461	1.9	23,793
Subtotal	**847,750**	**796,499**	**51,252**	**6.4**	**830,858**
Repos	50,359	39,878	10,481	26.3	42,761
Customer funds	**898,110**	**836,377**	**61,733**	**7.4**	**873,618**

Eligible capital (fully loaded)

€ million

	31.03.17	31.03.16	Change amount	%	31.12.16
Capital stock and reserves	105,043	101,763	3,281	3.2	101,437
Attributable profit	1,867	1,633	234	14.3	6,204
Dividends	(688)	(609)	(80)	13.1	(2,469)
Other retained earnings	(15,767)	(17,455)	1,689	(9.7)	(16,116)
Minority interests	7,158	6,190	968	15.6	6,784
Goodwill and intangible assets	(28,591)	(27,590)	(1,001)	3.6	(28,405)
Other deductions	(5,343)	(5,184)	(158)	3.0	(5,368)
Core CET1	**63,680**	**58,748**	**4,932**	**8.4**	**62,068**
Preferred shares and other eligibles T1	5,745	5,494	251	4.6	5,767
Tier 1	**69,424**	**64,241**	**5,183**	**8.1**	**67,834**
Generic funds and eligible T2 instruments	14,771	11,410	3,361	29.5	13,749
Eligible capital	**84,195**	**75,651**	**8,544**	**11.3**	**81,584**
Risk-weighted assets	597,123	571,916	25,207	4.4	588,088
CET1 capital ratio	**10.66**	**10.27**	**0.39**		**10.55**
T1 capital ratio	**11.63**	**11.23**	**0.40**		**11.53**
Total capital ratio	**14.10**	**13.23**	**0.87**		**13.87**

Continental Europe (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	2,063	0.3	0.1	0.8	0.3
Net fee income	920	9.4	9.2	4.9	4.6
Gains (losses) on financial transactions	297	25.5	25.0	(3.1)	(3.3)
Other operating income	98	—	—	(4.9)	(4.3)
Gross income	**3,379**	**7.5**	**7.2**	**1.4**	**1.0**
Operating expenses	(1,685)	1.5	1.3	(2.4)	(2.8)
General administrative expenses	(1,567)	1.4	1.2	(3.0)	(3.3)
Personnel	*(813)*	*2.2*	*1.9*	*(1.5)*	*(1.9)*
Other general administrative expenses	*(754)*	*0.7*	*0.5*	*(4.5)*	*(4.9)*
Depreciation and amortisation	(118)	2.6	2.2	6.2	5.6
Net operating income	**1,694**	**14.2**	**13.9**	**5.4**	**4.9**
Net loan-loss provisions	(262)	(3.4)	(3.6)	(40.0)	(40.1)
Other income	(247)	(3.8)	(4.1)	115.8	115.1
Underlying profit before taxes	**1,185**	**24.0**	**23.7**	**12.2**	**11.6**
Tax on profit	(334)	29.4	29.2	18.7	18.1
Underlying profit from continuing operations	**851**	**22.1**	**21.7**	**9.8**	**9.2**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**851**	**22.1**	**21.7**	**9.8**	**9.2**
Minority interests	78	(6.0)	(6.6)	12.5	12.0
Underlying attributable profit to the Group	**774**	**25.8**	**25.5**	**9.5**	**9.0**
Net capital gains and provisions	—	—	(100.0)	—	—
Attributable profit to the Group	**774**	**25.8**	**25.5**	**9.5**	**9.0**

Balance sheet	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Customer loans	298,441	0.4	0.1	3.0	2.8
Cash, central banks and credit institutions	91,471	18.4	18.4	0.6	0.2
Debt securities	78,778	(2.3)	(2.7)	(7.8)	(7.9)
o/w: available for sale	*54,197*	*(0.5)*	*(1.0)*	*(3.8)*	*(4.1)*
Other financial assets	37,617	(7.5)	(7.6)	(23.3)	(23.3)
Other assets	24,211	(0.6)	(0.7)	(14.9)	(15.3)
Total assets	**530,518**	**2.0**	**1.8**	**(2.4)**	**(2.6)**
Customer deposits	273,480	1.3	0.9	2.5	2.3
Central banks and credit institutions	121,278	15.3	15.4	(4.9)	(5.4)
Debt securities issued	50,929	(4.0)	(4.1)	0.3	0.1
Other financial liabilities	42,788	(12.8)	(12.8)	(21.5)	(21.5)
Other liabilities	8,898	(5.9)	(6.3)	10.3	10.1
Total liabilities	**497,373**	**2.2**	**2.0**	**(2.0)**	**(2.3)**
Total equity	**33,145**	**(1.0)**	**(1.5)**	**(7.3)**	**(7.8)**
Other managed and marketed customer funds	**77,372**	**5.1**	**4.9**	**9.8**	**9.7**
Mutual funds	57,159	5.8	5.6	11.7	11.7
Pension funds	11,344	0.4	0.4	2.2	2.2
Managed portfolios	8,869	6.6	6.8	7.8	7.2
***Pro memoria*:**					
Loans w/o repos	302,922	0.1	(0.2)	0.8	0.6
Funds (customer deposits w/o repos + mutual funds)	328,747	1.9	1.5	4.1	3.9

Ratios (%) and operating means	1Q'17	/ 4Q'16	/ 1Q'16
RoTE	10.60	2.36	1.59
Efficiency ratio (with amortisations)	49.9	(2.9)	(1.9)
NPL ratio	5.62	(0.30)	(1.46)
NPL coverage	60.6	0.6	(4.8)
Number of employees	56,910	(0.6)	(2.0)
Number of branches	4,719	(1.8)	(14.0)

Spain (€ million)

Income statement	1Q'17	% / 4Q'16	% / 1Q'16
Net interest income	747	(0.0)	(8.9)
Net fee income	459	1.8	8.3
Gains (losses) on financial transactions	230	46.9	2.7
Other operating income	103	—	36.4
Gross income	**1,539**	**16.2**	**(0.3)**
Operating expenses	(798)	(0.5)	(4.6)
General administrative expenses	(752)	(1.9)	(6.1)
Personnel	*(399)*	*(2.1)*	*(3.7)*
Other general administrative expenses	*(352)*	*(1.6)*	*(8.7)*
Depreciation and amortisation	(46)	28.5	29.2
Net operating income	**741**	**41.8**	**4.9**
Net loan-loss provisions	(163)	91.2	(29.4)
Other income	(64)	(33.6)	72.7
Underlying profit before taxes	**514**	**50.9**	**17.2**
Tax on profit	(146)	50.5	16.0
Underlying profit from continuing operations	**367**	**51.1**	**17.7**
Net profit from discontinued operations	—	—	—
Underlying consolidated profit	**367**	**51.1**	**17.7**
Minority interests	6	(5.4)	13.8
Underlying attributable profit to the Group	**362**	**52.4**	**17.7**
Net capital gains and provisions	—	—	—
Attributable profit to the Group	**362**	**52.4**	**17.7**

Balance sheet			
Customer loans	153,060	0.1	(1.2)
Cash, central banks and credit institutions	64,609	19.2	1.0
Debt securities	57,207	(1.5)	(7.5)
o/w: available for sale	*39,551*	*2.1*	*(1.2)*
Other financial assets	34,822	(7.7)	(24.6)
Other assets	8,889	(6.2)	11.5
Total assets	**318,588**	**2.0**	**(4.8)**
Customer deposits	178,633	1.0	1.5
Central banks and credit institutions	66,905	28.5	(3.6)
Debt securities issued	17,702	(15.2)	(23.4)
Other financial liabilities	40,838	(13.0)	(22.5)
Other liabilities	3,457	(17.4)	48.0
Total liabilities	**307,535**	**2.2**	**(5.0)**
Total equity	**11,054**	**(3.9)**	**(1.2)**
Other managed and marketed customer funds	**70,076**	**5.1**	**10.8**
Mutual funds	70,076	5.1	10.8
Pension funds	62,572	4.8	10.5
Managed portfolios	52,176	5.7	12.3
***Pro memoria*:**			
Loans w/o repos	150,703	(0.2)	(3.5)
Funds (customer deposits w/o repos + mutual funds)	228,917	1.8	3.9

Ratios (%) and operating means			
RoTE	12.67	4.45	2.12
Efficiency ratio (with amortisations)	51.8	(8.7)	(2.4)
NPL ratio	5.22	(0.19)	(1.14)
NPL coverage	49.1	0.8	(1.1)
Number of employees	22,900	(0.5)	(5.4)
Number of branches	2,881	(1.0)	(16.1)

Santander Consumer Finance (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	889	2.5	2.3	9.7	8.4
Net fee income	232	25.6	25.6	0.6	0.2
Gains (losses) on financial transactions	(2)	(4.5)	(6.0)	56.0	75.8
Other operating income	(1)	—	—	—	—
Gross income	**1,118**	**5.5**	**5.3**	**7.0**	**5.9**
Operating expenses	(502)	3.3	3.1	3.9	3.0
General administrative expenses	(458)	4.8	4.7	5.3	4.4
Personnel	*(210)*	*1.9*	*1.7*	*4.3*	*3.3*
Other general administrative expenses	*(248)*	*7.5*	*7.4*	*6.3*	*5.4*
Depreciation and amortisation	(44)	(10.6)	(10.9)	(8.7)	(9.6)
Net operating income	**616**	**7.4**	**7.2**	**9.6**	**8.4**
Net loan-loss provisions	(61)	(29.7)	(30.0)	(46.6)	(47.3)
Other income	(37)	(29.0)	(29.1)	(3.3)	(3.5)
Underlying profit before taxes	**518**	**19.2**	**19.0**	**26.5**	**25.0**
Tax on profit	(148)	28.5	28.4	26.6	25.2
Underlying profit from continuing operations	**370**	**15.9**	**15.6**	**26.4**	**24.9**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**370**	**15.9**	**15.6**	**26.4**	**24.9**
Minority interests	56	12.0	11.9	34.4	34.2
Underlying attributable profit to the Group	**314**	**16.6**	**16.3**	**25.1**	**23.4**
Net capital gains and provisions	—	—	(100.0)	—	—
Attributable profit to the Group	**314**	**16.6**	**16.3**	**25.1**	**23.4**

Balance sheet	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Customer loans	84,523	(0.8)	(0.8)	10.9	10.4
Cash, central banks and credit institutions	6,543	(8.4)	(8.3)	11.4	10.7
Debt securities	3,780	(3.7)	(4.2)	5.2	4.4
o/w: available for sale	*3,778*	*(1.2)*	*(1.7)*	*5.2*	*4.4*
Other financial assets	33	(14.3)	(14.1)	(51.2)	(51.9)
Other assets	3,426	2.8	2.6	(1.4)	(1.7)
Total assets	**98,305**	**(1.3)**	**(1.4)**	**10.1**	**9.7**
Customer deposits	35,679	1.8	1.7	7.5	7.1
Central banks and credit institutions	20,511	(12.2)	(12.2)	(0.9)	(1.4)
Debt securities issued	28,991	3.9	3.9	29.2	28.6
Other financial liabilities	828	(4.9)	(5.0)	37.6	37.3
Other liabilities	3,395	3.5	3.4	7.4	7.1
Total liabilities	**89,403**	**(1.2)**	**(1.2)**	**11.6**	**11.1**
Total equity	**8,902**	**(2.8)**	**(2.9)**	**(2.7)**	**(3.1)**
Other managed and marketed customer funds	**7**	**(2.0)**	**(2.0)**	**1.6**	**1.6**
Mutual funds	2	(12.6)	(12.6)	(10.0)	(10.0)
Pension funds	6	1.3	1.3	5.2	5.2
Managed portfolios	—	—	—	—	—
Pro memoria:					
Loans w/o repos	87,006	(0.8)	(0.9)	9.9	9.5
Funds (customer deposits w/o repos + mutual funds)	35,680	1.8	1.7	7.5	7.1

Ratios (%) and operating means	1Q'17	/ 4Q'16	/ 1Q'16
RoTE	17.10	2.56	4.26
Efficiency ratio (with amortisations)	44.9	(1.0)	(1.3)
NPL ratio	2.62	(0.06)	(0.66)
NPL coverage	108.9	(0.2)	(3.0)
Number of employees	14,862	(0.4)	1.3
Number of branches	568	0.2	(2.7)

Poland (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	218	(1.9)	(3.2)	10.6	9.5
Net fee income	101	(0.3)	(1.6)	5.1	4.1
Gains (losses) on financial transactions	16	8.9	7.2	(37.4)	(38.0)
Other operating income	(13)	60.7	59.3	105.5	103.5
Gross income	**321**	**(2.5)**	**(3.8)**	**3.2**	**2.2**
Operating expenses	(146)	4.8	3.4	0.6	(0.3)
General administrative expenses	(132)	6.4	5.0	0.7	(0.3)
Personnel	*(77)*	*1.4*	*0.0*	*3.8*	*2.8*
Other general administrative expenses	*(55)*	*14.3*	*12.7*	*(3.4)*	*(4.3)*
Depreciation and amortisation	(14)	(8.3)	(9.5)	0.2	(0.8)
Net operating income	**175**	**(7.8)**	**(9.0)**	**5.4**	**4.3**
Net loan-loss provisions	(27)	(23.0)	(24.1)	(18.6)	(19.4)
Other income	(23)	(8.6)	(9.7)	4.5	3.5
Underlying profit before taxes	**125**	**(3.6)**	**(4.9)**	**12.7**	**11.6**
Tax on profit	(39)	1.0	(0.2)	69.8	68.2
Underlying profit from continuing operations	**86**	**(5.5)**	**(6.8)**	**(2.1)**	**(3.1)**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**86**	**(5.5)**	**(6.8)**	**(2.1)**	**(3.1)**
Minority interests	27	(4.2)	(5.5)	12.9	11.8
Underlying attributable profit to the Group	**59**	**(6.1)**	**(7.4)**	**(7.6)**	**(8.5)**
Net capital gains and provisions	—	—	(100.0)	—	—
Attributable profit to the Group	**59**	**(6.1)**	**(7.4)**	**(7.6)**	**(8.5)**

Balance sheet	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Customer loans	21,174	6.0	1.6	7.9	7.2
Cash, central banks and credit institutions	1,860	(7.9)	(11.8)	46.7	45.7
Debt securities	5,824	(7.6)	(11.4)	(3.1)	(3.8)
o/w: available for sale	*5,390*	*(6.7)*	*(10.6)*	*2.7*	*2.0*
Other financial assets	564	5.1	0.8	(17.0)	(17.6)
Other assets	953	1.2	(3.0)	(2.3)	(3.0)
Total assets	**30,375**	**2.0**	**(2.3)**	**6.4**	**5.6**
Customer deposits	22,981	0.9	(3.3)	7.7	7.0
Central banks and credit institutions	778	(5.6)	(9.5)	16.2	15.3
Debt securities issued	608	20.5	15.5	11.1	10.3
Other financial liabilities	538	5.2	0.9	(10.6)	(11.2)
Other liabilities	878	(4.3)	(8.3)	(4.0)	(4.7)
Total liabilities	**25,781**	**1.0**	**(3.2)**	**7.1**	**6.4**
Total equity	**4,594**	**8.3**	**3.8**	**2.4**	**1.6**
Other managed and marketed customer funds	**3,482**	**8.7**	**4.2**	**7.2**	**6.4**
Mutual funds	3,398	9.0	4.2	7.6	6.4
Pension funds	—	—	4.4	—	6.8
Managed portfolios	84	(0.0)	4.4	(8.1)	6.8
Pro memoria:					
Loans w/o repos	21,903	5.8	1.4	7.0	6.2
Funds (customer deposits w/o repos + mutual funds)	26,379	1.9	(2.4)	7.7	6.9

Ratios (%) and operating means	1Q'17	/ 4Q'16	/ 1Q'16
RoTE	9.68	(1.07)	(1.04)
Efficiency ratio (with amortisations)	45.5	3.2	(1.1)
NPL ratio	5.20	(0.22)	(0.73)
NPL coverage	61.2	0.2	(5.8)
Number of employees	11,909	(0.8)	4.6
Number of branches	631	(4.1)	(9.9)

Portugal (€ million)

Income statement	1Q'17	% / 4Q'16	% / 1Q'16
Net interest income	172	(5.7)	(6.1)
Net fee income	89	29.2	(1.2)
Gains (losses) on financial transactions	34	(12.2)	(36.3)
Other operating income	(1)	—	—
Gross income	**294**	**(3.5)**	**(12.9)**
Operating expenses	(139)	(3.4)	(9.9)
General administrative expenses	(129)	(3.4)	(11.0)
Personnel	*(83)*	*(0.5)*	*(5.1)*
Other general administrative expenses	*(46)*	*(8.1)*	*(19.9)*
Depreciation and amortisation	(10)	(3.5)	6.6
Net operating income	**155**	**(3.5)**	**(15.3)**
Net loan-loss provisions	10	—	—
Other income	(14)	171.7	525.9
Underlying profit before taxes	**151**	**3.2**	**(4.7)**
Tax on profit	(25)	(37.5)	(32.5)
Underlying profit from continuing operations	**126**	**18.4**	**3.7**
Net profit from discontinued operations	—	—	—
Underlying consolidated profit	**126**	**18.4**	**3.7**
Minority interests	1	(0.2)	(23.4)
Underlying attributable profit to the Group	**125**	**18.4**	**3.8**
Net capital gains and provisions	—	—	—
Attributable profit to the Group	**125**	**18.4**	**3.8**

Balance sheet			
Customer loans	27,215	(0.4)	(1.6)
Cash, central banks and credit institutions	3,544	44.1	(15.6)
Debt securities	10,786	(7.2)	(9.5)
o/w: available for sale	*4,538*	*(20.1)*	*(25.1)*
Other financial assets	1,612	(3.3)	(14.5)
Other assets	1,945	11.5	(2.4)
Total assets	**45,102**	**0.6**	**(5.3)**
Customer deposits	29,784	(0.7)	2.2
Central banks and credit institutions	7,256	7.6	(24.7)
Debt securities issued	3,628	(4.6)	(22.8)
Other financial liabilities	325	(7.0)	(9.8)
Other liabilities	704	19.3	(18.6)
Total liabilities	**41,697**	**0.5**	**(6.7)**
Total equity	**3,405**	**2.2**	**16.1**
Other managed and marketed customer funds	**2,886**	**4.2**	**5.1**
Mutual funds	1,513	5.4	4.8
Pension funds	942	1.0	4.4
Managed portfolios	431	7.2	7.9
Pro memoria:			
Loans w/o repos	28,770	(0.9)	(4.2)
Funds (customer deposits w/o repos + mutual funds)	31,297	(0.4)	2.3

Ratios (%) and operating means			
RoTE	15.30	2.48	(1.90)
Efficiency ratio (with amortisations)	47.2	0.0	1.5
NPL ratio	8.47	(0.34)	(0.08)
NPL coverage	61.7	(2.0)	(26.0)
Number of employees	6,232	(1.2)	(5.3)
Number of branches	627	(4.6)	(16.6)

United Kingdom (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	1,096	2.2	1.5	(5.1)	6.0
Net fee income	254	7.9	6.5	(9.5)	1.1
Gains (losses) on financial transactions	71	(22.3)	(22.0)	4.7	16.9
Other operating income	12	(56.8)	(55.7)	5.6	17.9
Gross income	**1,432**	**0.5**	**(0.2)**	**(5.4)**	**5.6**
Operating expenses	(723)	5.9	4.7	(8.8)	1.8
General administrative expenses	(644)	6.7	5.4	(10.3)	0.2
Personnel	*(344)*	*0.4*	*(0.4)*	*(7.3)*	*3.5*
Other general administrative expenses	*(300)*	*15.0*	*12.8*	*(13.5)*	*(3.4)*
Depreciation and amortisation	(79)	0.0	(0.3)	4.6	16.8
Net operating income	**709**	**(4.5)**	**(4.7)**	**(1.5)**	**9.9**
Net loan-loss provisions	(15)	—	—	134.8	162.1
Other income	(105)	(15.1)	(13.5)	78.4	99.1
Underlying profit before taxes	**588**	**(13.4)**	**(13.2)**	**(10.1)**	**0.4**
Tax on profit	(165)	(15.9)	(16.0)	(14.0)	(4.0)
Underlying profit from continuing operations	**423**	**(12.3)**	**(12.1)**	**(8.4)**	**2.2**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**423**	**(12.3)**	**(12.1)**	**(8.4)**	**2.2**
Minority interests	7	(19.2)	(19.8)	(25.7)	(17.0)
Underlying attributable profit to the Group	**416**	**(12.2)**	**(11.9)**	**(8.1)**	**2.6**
Net capital gains and provisions*	—	(100.0)	(100.0)	—	—
Attributable profit to the Group	**416**	**23.3**	**20.7**	**(8.1)**	**2.6**

(*).- In 4Q'16, PPI (-€137 million)

Balance sheet	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Customer loans	253,322	0.8	0.7	(5.3)	2.3
Cash, central banks and credit institutions	34,186	(6.7)	(6.8)	(9.0)	(1.6)
Debt securities	27,859	(0.7)	(0.7)	38.8	50.0
o/w: available for sale	*11,595*	*(5.0)*	*(5.1)*	*(0.3)*	*7.7*
Other financial assets	25,582	(4.6)	(4.7)	(10.8)	(3.6)
Other assets	11,551	(5.3)	(5.4)	8.8	17.6
Total assets	**352,499**	**(0.7)**	**(0.8)**	**(3.3)**	**4.5**
Customer deposits	215,724	1.7	1.6	(0.7)	7.3
Central banks and credit institutions	21,971	1.8	1.7	44.5	56.1
Debt securities issued	66,375	(6.7)	(6.7)	(13.4)	(6.4)
Other financial liabilities	26,895	(3.6)	(3.7)	(10.5)	(3.2)
Other liabilities	5,230	0.2	0.1	(14.8)	(8.0)
Total liabilities	**336,196**	**(0.5)**	**(0.6)**	**(2.6)**	**5.2**
Total equity	**16,303**	**(4.2)**	**(4.3)**	**(15.4)**	**(8.5)**
Other managed and marketed customer funds	**8,683**	**1.4**	**1.3**	**(1.2)**	**6.8**
Mutual funds	8,566	1.4	1.3	(1.1)	6.9
Pension funds	—	—	—	—	—
Managed portfolios	117	(0.2)	(0.3)	(5.1)	2.5
Pro memoria:					
Loans w/o repos	242,581	0.0	(0.0)	(7.3)	0.2
Funds (customer deposits w/o repos + mutual funds)	213,052	1.2	1.1	(1.5)	6.5

Ratios (%) and operating means	1Q'17	/ 4Q'16	/ 1Q'16
RoTE	11.27	(0,38)	1.12
Efficiency ratio (with amortisations)	50.5	2.6	(1.9)
NPL ratio	1.31	(0.10)	(0.18)
NPL coverage	33.8	0.9	(2.7)
Number of employees	25,954	1.0	(0.5)
Number of branches	845	0.1	(1.1)

Latin America (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	3,947	6.5	2.2	29.7	11.1
Net fee income	1,401	6.4	1.3	45.8	25.4
Gains (losses) on financial transactions	329	124.1	137.5	132.6	129.3
Other operating income	3	(88.4)	(90.8)	—	—
Gross income	**5,680**	**9.4**	**4.9**	**37.2**	**18.0**
Operating expenses	(2,179)	1.4	(2.9)	25.5	8.8
General administrative expenses	(1,973)	0.7	(3.6)	24.5	8.0
Personnel	*(1,092)*	*0.3*	*(4.1)*	*25.7*	*8.8*
Other general administrative expenses	*(882)*	*1.1*	*(3.1)*	*23.1*	*7.1*
Depreciation and amortisation	(205)	9.5	4.9	35.7	16.5
Net operating income	**3,501**	**15.0**	**10.4**	**45.7**	**24.6**
Net loan-loss provisions	(1,306)	(1.7)	(6.1)	18.2	(0.0)
Other income	(360)	45.8	37.4	90.5	50.6
Underlying profit before taxes	**1,835**	**24.9**	**21.0**	**65.3**	**45.2**
Tax on profit	(590)	76.7	74.1	119.4	92.3
Underlying profit from continuing operations	**1,245**	**9.6**	**5.7**	**48.0**	**30.1**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**1,245**	**9.6**	**5.7**	**48.0**	**30.1**
Minority interests	195	12.6	8.9	41.6	28.8
Underlying attributable profit to the Group	**1,050**	**9.1**	**5.1**	**49.3**	**30.3**
Net capital gains and provisions	—	—	—	—	—
Attributable profit to the Group	**1,050**	**9.1**	**5.1**	**49.3**	**30.3**

Balance sheet	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Customer loans	156,743	3.0	0.7	18.9	6.2
Cash, central banks and credit institutions	68,922	2.3	(0.5)	28.2	12.3
Debt securities	64,130	1.3	(1.6)	13.4	0.3
o/w: available for sale	*30,460*	*4.2*	*1.3*	*14.2*	*0.5*
Other financial assets	18,202	(2.6)	(6.6)	35.2	25.9
Other assets	19,666	2.6	0.3	14.3	(1.4)
Total assets	**327,664**	**2.1**	**(0.5)**	**20.1**	**6.6**
Customer deposits	153,207	6.6	3.9	22.2	9.0
Central banks and credit institutions	47,793	0.4	(2.4)	14.1	1.8
Debt securities issued	45,108	(4.9)	(6.7)	14.7	(0.9)
Other financial liabilities	39,120	(5.5)	(8.8)	25.3	13.7
Other liabilities	11,564	2.4	(0.2)	26.6	10.1
Total liabilities	**296,792**	**1.8**	**(0.8)**	**20.2**	**6.7**
Total equity	**30,872**	**5.3**	**2.9**	**19.0**	**5.6**
Other managed and marketed customer funds	**87,794**	**7.7**	**5.4**	**28.7**	**11.0**
Mutual funds	81,009	8.0	5.6	28.0	10.4
Pension funds	—	—	—	—	—
Managed portfolios	6,785	4.7	3.9	38.0	19.0
Pro memoria:					
Loans w/o repos	163,536	2.8	0.4	19.8	6.8
Funds (customer deposits w/o repos + mutual funds)	197,257	5.2	2.6	22.6	9.0

Ratios (%) and operating means	1Q'17	/ 4Q'16	/ 1Q'16
RoTE	17.40	1.13	3.09
Efficiency ratio (with amortisations)	38.4	(3.0)	(3.6)
NPL ratio	4.50	(0.31)	(0.38)
NPL coverage	90.5	3.2	10.8
Number of employees	85,919	(0.5)	(4.7)
Number of branches	5,789	(0.5)	(1.0)

Brazil (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	2,522	11.1	4.3	40.7	9.6
Net fee income	934	5.3	(1.9)	63.0	27.0
Gains (losses) on financial transactions	247	—	—	—	—
Other operating income	15	(66.6)	(70.2)	18.9	(7.4)
Gross income	**3,717**	**16.6**	**9.5**	**56.1**	**21.6**
Operating expenses	(1,314)	0.7	(5.9)	38.8	8.1
General administrative expenses	(1,182)	(0.4)	(6.9)	38.0	7.5
Personnel	*(665)*	*0.3*	*(6.3)*	*40.7*	*9.6*
Other general administrative expenses	*(517)*	*(1.2)*	*(7.6)*	*34.6*	*4.8*
Depreciation and amortisation	(132)	11.2	4.6	46.5	14.1
Net operating income	**2,403**	**27.7**	**20.1**	**67.6**	**30.5**
Net loan-loss provisions	(910)	(4.5)	(10.4)	26.4	(1.6)
Other income	(358)	85.8	74.7	102.0	57.3
Underlying profit before taxes	**1,135**	**54.1**	**45.5**	**111.6**	**64.8**
Tax on profit	(422)	161.5	154.6	208.0	139.9
Underlying profit from continuing operations	**713**	**24.0**	**16.1**	**78.6**	**39.1**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**713**	**24.0**	**16.1**	**78.6**	**39.1**
Minority interests	79	21.7	13.3	94.1	51.2
Underlying attributable profit to the Group	**634**	**24.3**	**16.5**	**76.8**	**37.7**
Net capital gains and provisions	—	—	—	—	—
Attributable profit to the Group	**634**	**24.3**	**16.5**	**76.8**	**37.7**

Balance sheet	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Customer loans	76,522	1.4	(0.1)	26.5	3.9
Cash, central banks and credit institutions	40,441	(2.2)	(3.6)	28.6	5.6
Debt securities	42,078	(1.0)	(2.5)	24.3	2.1
o/w: available for sale	*18,401*	*13.1*	*11.4*	*16.7*	*(4.2)*
Other financial assets	9,106	7.3	5.7	111.4	73.5
Other assets	13,603	(0.5)	(2.0)	13.0	(7.3)
Total assets	**181,749**	**0.1**	**(1.3)**	**27.9**	**5.0**
Customer deposits	75,858	4.7	3.1	27.0	4.2
Central banks and credit institutions	25,841	(5.1)	(6.5)	20.3	(1.2)
Debt securities issued	29,075	(8.2)	(9.6)	9.8	(9.8)
Other financial liabilities	24,921	(0.2)	(1.7)	68.6	38.4
Other liabilities	7,836	3.6	2.1	32.2	8.5
Total liabilities	**163,530**	**(0.2)**	**(1.7)**	**27.4**	**4.6**
Total equity	**18,218**	**3.6**	**2.1**	**32.7**	**9.0**
Other managed and marketed customer funds	**63,852**	**7.1**	**5.5**	**31.3**	**7.8**
Mutual funds	59,638	7.0	5.4	30.5	7.2
Pension funds	—	—	—	—	—
Managed portfolios	4,214	8.1	6.5	43.7	18.0
Pro memoria:					
Loans w/o repos	81,184	1.1	(0.4)	27.1	4.3
Funds (customer deposits w/o repos + mutual funds)	104,309	4.5	3.0	29.8	6.5

Ratios (%) and operating means	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
RoTE	16.52	2.59		3.01	
Efficiency ratio (with amortisations)	35.4	(5.6)		(4.4)	
NPL ratio	5.36	(0.54)		(0.57)	
NPL coverage	98.1	5.0		14.4	
Number of employees	46,420	(0.7)		(6.4)	
Number of branches	3,420	(0.3)		(0.6)	

Mexico (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	624	1.5	2.8	5.1	14.0
Net fee income	180	0.4	1.6	3.9	12.7
Gains (losses) on financial transactions	33	(37.8)	(36.3)	(2.6)	5.7
Other operating income	(13)	(31.2)	(29.1)	41.6	53.7
Gross income	**824**	**(0.5)**	**0.8**	**4.0**	**12.9**
Operating expenses	(319)	(1.6)	(0.4)	(0.8)	7.7
General administrative expenses	(291)	(3.1)	(1.9)	(0.7)	7.8
Personnel	*(150)*	*(4.1)*	*(2.9)*	*(1.7)*	*6.7*
Other general administrative expenses	*(141)*	*(2.1)*	*(0.9)*	*0.4*	*9.0*
Depreciation and amortisation	(29)	17.2	18.1	(2.0)	6.3
Net operating income	**505**	**0.2**	**1.5**	**7.3**	**16.5**
Net loan-loss provisions	(233)	14.9	16.0	5.4	14.4
Other income	(4)	(44.9)	(44.3)	(32.9)	(27.1)
Underlying profit before taxes	**267**	**(8.8)**	**(7.4)**	**10.1**	**19.6**
Tax on profit	(56)	(25.2)	(23.8)	2.2	10.9
Underlying profit from continuing operations	**211**	**(3.1)**	**(1.7)**	**12.5**	**22.1**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**211**	**(3.1)**	**(1.7)**	**12.5**	**22.1**
Minority interests	47	(2.6)	(1.4)	6.6	15.7
Underlying attributable profit to the Group	**163**	**(3.2)**	**(1.8)**	**14.3**	**24.1**
Net capital gains and provisions	—	—	—	—	—
Attributable profit to the Group	**163**	**(3.2)**	**(1.8)**	**14.3**	**24.1**

Balance sheet	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Customer loans	29,316	7.3	(1.3)	2.1	4.4
Cash, central banks and credit institutions	14,760	10.5	1.6	35.6	38.6
Debt securities	16,200	14.7	5.5	(4.4)	(2.3)
o/w: available for sale	*6,978*	*(1.6)*	*(9.5)*	*24.0*	*26.7*
Other financial assets	6,575	(14.8)	(21.7)	1.1	3.3
Other assets	2,958	14.2	5.0	13.6	16.1
Total assets	**69,809**	**7.2**	**(1.4)**	**6.4**	**8.7**
Customer deposits	33,971	17.5	8.0	20.4	23.0
Central banks and credit institutions	13,283	17.9	8.4	15.3	17.9
Debt securities issued	5,429	0.7	(7.4)	(0.4)	1.8
Other financial liabilities	9,785	(22.6)	(28.9)	(22.4)	(20.7)
Other liabilities	1,842	(9.5)	(16.8)	8.5	10.9
Total liabilities	**64,311**	**6.7**	**(1.9)**	**8.1**	**10.5**
Total equity	**5,498**	**13.2**	**4.1**	**(10.6)**	**(8.7)**
Other managed and marketed customer funds	**10,905**	**6.5**	**(2.1)**	**(6.2)**	**(4.2)**
Mutual funds	10,905	6.5	(2.1)	(6.2)	(4.2)
Pension funds	—	—	—	—	—
Managed portfolios	—	—	—	—	—
***Pro memoria*:**					
Loans w/o repos	29,996	7.1	(1.6)	4.3	6.6
Funds (customer deposits w/o repos + mutual funds)	39,155	7.5	(1.2)	5.1	7.4

Ratios (%) and operating means	1Q'17	/ 4Q'16	/ 1Q'16
RoTE	18.75	1.30	5.81
Efficiency ratio (with amortisations)	38.8	(0.4)	(1.9)
NPL ratio	2.77	0.01	(0.29)
NPL coverage	104.8	1.0	7.3
Number of employees	17,580	(0.2)	(1.6)
Number of branches	1,389	—	0.2

Chile (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	485	(7.0)	(9.9)	15.1	4.0
Net fee income	107	17.0	13.9	22.3	10.5
Gains (losses) on financial transactions	49	(22.4)	(25.1)	1.4	(8.4)
Other operating income	4	—	—	—	—
Gross income	**645**	**(4.1)**	**(6.9)**	**16.0**	**4.8**
Operating expenses	(264)	(0.6)	(3.5)	12.2	1.3
General administrative expenses	(238)	(0.1)	(2.9)	10.4	(0.3)
Personnel	*(140)*	*(5.4)*	*(8.0)*	*9.7*	*(0.9)*
Other general administrative expenses	*(98)*	*8.6*	*5.6*	*11.3*	*0.5*
Depreciation and amortisation	(26)	(5.3)	(8.5)	32.4	19.6
Net operating income	**381**	**(6.3)**	**(9.2)**	**18.7**	**7.3**
Net loan-loss provisions	(122)	(7.0)	(9.4)	11.7	0.9
Other income	2	—	—	41.9	28.2
Underlying profit before taxes	**261**	**8.5**	**5.4**	**22.5**	**10.7**
Tax on profit	(47)	2.3	(1.0)	17.7	6.3
Underlying profit from continuing operations	**214**	**9.9**	**6.9**	**23.6**	**11.7**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**214**	**9.9**	**6.9**	**23.6**	**11.7**
Minority interests	67	15.2	12.1	29.6	17.1
Underlying attributable profit to the Group	**147**	**7.7**	**4.6**	**21.1**	**9.4**
Net capital gains and provisions	—	—	—	—	—
Attributable profit to the Group	**147**	**7.7**	**4.6**	**21.1**	**9.4**

Balance sheet	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Customer loans	38,137	1.3	1.7	14.4	6.5
Cash, central banks and credit institutions	5,755	(3.4)	(3.0)	8.6	1.1
Debt securities	4,494	(16.0)	(15.6)	20.8	12.5
o/w: available for sale	*3,951*	*(17.5)*	*(17.1)*	*12.3*	*4.6*
Other financial assets	2,501	1.1	1.5	(4.5)	(11.1)
Other assets	2,067	0.1	0.5	8.9	1.4
Total assets	**52,954**	**(1.0)**	**(0.6)**	**12.9**	**5.1**
Customer deposits	26,340	(3.6)	(3.2)	6.7	(0.6)
Central banks and credit institutions	6,678	(6.9)	(6.5)	6.2	(1.1)
Debt securities issued	10,258	0.8	1.2	40.9	31.2
Other financial liabilities	3,384	21.1	21.6	11.6	3.9
Other liabilities	1,218	(0.6)	(0.2)	5.1	(2.2)
Total liabilities	**47,877**	**(1.7)**	**(1.3)**	**12.8**	**5.0**
Total equity	**5,077**	**5.3**	**5.7**	**14.1**	**6.2**
Other managed and marketed customer funds	**10,545**	**6.5**	**6.9**	**49.3**	**39.0**
Mutual funds	7,974	8.9	9.3	57.0	46.2
Pension funds	—	—	—	—	—
Managed portfolios	2,571	(0.4)	(0.0)	29.6	20.6
***Pro memoria*:**					
Loans w/o repos	39,259	1.2	1.6	14.4	6.5
Funds (customer deposits w/o repos + mutual funds)	34,262	(0.9)	(0.5)	15.4	7.4

Ratios (%) and operating means	1Q'17	/ 4Q'16	/ 1Q'16
RoTE	17.07	(0.13)	0.63
Efficiency ratio (with amortisations)	40.9	1.4	(1.4)
NPL ratio	4.93	(0.12)	(0.52)
NPL coverage	58.9	(0.2)	4.3
Number of employees	11,858	(1.2)	(4.9)
Number of branches	416	(4.4)	(11.7)

United States (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	1,489	2.7	1.6	(3.8)	(7.0)
Net fee income	273	6.1	5.2	(3.5)	(6.8)
Gains (losses) on financial transactions	(5)	(65.8)	(67.8)	—	—
Other operating income	122	4.6	3.7	5.3	1.7
Gross income	**1,879**	**3.9**	**2.9**	**(4.5)**	**(7.7)**
Operating expenses	(837)	(3.1)	(4.4)	7.8	4.1
General administrative expenses	(757)	(2.6)	(3.9)	7.7	4.1
Personnel	*(445)*	*7.4*	*6.1*	*7.0*	*3.4*
Other general administrative expenses	*(312)*	*(13.9)*	*(15.3)*	*8.7*	*5.0*
Depreciation and amortisation	(80)	(7.3)	(8.7)	8.2	4.6
Net operating income	**1,042**	**10.2**	**9.5**	**(12.5)**	**(15.4)**
Net loan-loss provisions	(811)	(6.5)	(7.7)	(5.9)	(9.1)
Other income	(32)	301.2	324.4	(50.7)	(52.4)
Underlying profit before taxes	**199**	**179.9**	**206.3**	**(24.5)**	**(27.1)**
Tax on profit	(61)	266.3	329.2	(40.6)	(42.6)
Underlying profit from continuing operations	**138**	**153.3**	**171.5**	**(14.2)**	**(17.1)**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**138**	**153.3**	**171.5**	**(14.2)**	**(17.1)**
Minority interests	43	5.4	7.2	(45.8)	(47.6)
Underlying attributable profit to the Group	**95**	**585.4**	**772.3**	**16.3**	**12.4**
Net capital gains and provisions*	—	(100.0)	(100.0)	—	—
Attributable profit to the Group	**95**	**—**	**—**	**16.3**	**12.4**

(*).- In 4Q'16, restatement Santander Consumer USA (-€32 million).

Balance sheet	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Customer loans	81,841	(4.2)	(2.8)	1.2	(4.9)
Cash, central banks and credit institutions	20,457	20.5	22.3	(1.6)	(7.6)
Debt securities	19,059	6.2	7.8	(0.3)	(6.3)
o/w: available for sale	*16,704*	*8.2*	*9.7*	*(3.9)*	*(9.8)*
Other financial assets	3,041	(14.7)	(13.5)	(2.0)	(7.9)
Other assets	13,269	(1.9)	(0.5)	10.2	3.5
Total assets	**137,669**	**0.2**	**1.6**	**1.3**	**(4.9)**
Customer deposits	63,101	(2.1)	(0.7)	6.0	(0.5)
Central banks and credit institutions	22,240	(0.1)	1.3	(30.6)	(34.8)
Debt securities issued	28,241	7.2	8.7	26.0	18.3
Other financial liabilities	3,032	4.3	5.8	16.0	9.0
Other liabilities	4,493	(5.8)	(4.5)	4.8	(1.6)
Total liabilities	**121,108**	**0.3**	**1.7**	**0.2**	**(5.9)**
Total equity	**16,561**	**(0.5)**	**0.9**	**10.5**	**3.7**
Other managed and marketed customer funds	**18,423**	**(2.1)**	**(0.8)**	**0.7**	**(5.4)**
Mutual funds	8,986	(9.7)	(8.4)	31.9	23.9
Pension funds	—	—	—	—	—
Managed portfolios	9,437	6.3	7.8	(17.8)	(22.8)
Pro memoria:					
Loans w/o repos	85,906	(4.2)	(2.8)	1.2	(5.0)
Funds (customer deposits w/o repos + mutual funds)	71,818	(3.2)	(1.8)	8.8	2.2

Ratios (%) and operating means	1Q'17	/ 4Q'16	/ 1Q'16
RoTE	2.81	2.74	0.11
Efficiency ratio (with amortisations)	44.6	(3.2)	5.1
NPL ratio	2.43	0.15	0.24
NPL coverage	202.4	(12.0)	(18.7)
Number of employees	17,679	1.0	(3.0)
Number of branches	764	(0.5)	(1.2)

Corporate Centre (€ million)

Income statement	1Q'17	4Q'16	%	1Q'16	%
Net interest income	(194)	(189)	2.5	(169)	15.1
Net fee income	(4)	(14)	(68.8)	(5)	(2.2)
Gains (losses) on financial transactions	(119)	(47)	153.1	(32)	270.1
Other operating income	(23)	(31)	(24.9)	(18)	29.1
Gross income	**(341)**	**(282)**	**21.0**	**(223)**	**52.6**
Operating expenses	(119)	(99)	20.1	(126)	(5.2)
Net operating income	**(460)**	**(381)**	**20.7**	**(349)**	**31.7**
Net loan-loss provisions	(5)	0	—	1	—
Other income	(32)	44	—	(5)	525.3
Underlying profit before taxes	**(497)**	**(337)**	**47.3**	**(353)**	**40.7**
Tax on profit	26	39	(31.8)	36	(26.6)
Underlying profit from continuing operations	**(471)**	**(299)**	**57.5**	**(317)**	**48.3**
Net profit from discontinued operations	—	0	(100.0)	—	—
Underlying consolidated profit	**(471)**	**(298)**	**57.8**	**(317)**	**48.3**
Minority interests	(3)	0	—	(6)	(54.2)
Underlying attributable profit to the Group	(468)	(299)	56.5	(311)	50.3
Net capital gains and provisions	—	—	—	—	—
Attributable profit to the Group	**(468)**	**(299)**	**56.7**	**(311)**	**50.3**

Balance sheet					
Debt securities	781	1,374	(43.1)	3,178	(75.4)
Goodwill	26,939	26,724	0.8	26,209	2.8
Capital assigned to Group areas	83,902	78,537	6.8	82,637	1.5
Other financial assets	10,661	9,872	8.0	9,470	12.6
Other assets	15,115	15,648	(3.4)	14,761	2.4
Total assets	**137,398**	**132,154**	**4.0**	**136,255**	**0.8**
Debt securities issued	30,740	30,922	(0.6)	32,459	(5.3)
Other financial liabilities	2,469	4,042	(38.9)	4,903	(49.6)
Other liabilities	12,299	12,422	(1.0)	13,410	(8.3)
Total liabilities	**45,507**	**47,387**	**(4.0)**	**50,772**	**(10.4)**
Total equity	**91,891**	**84,768**	**8.4**	**85,483**	**7.5**

Other managed and marketed customer funds	**52**	**—**	**—**	**—**	**—**
Mutual funds	52	—	—	—	—
Pension funds	—	—	—	—	—
Managed portfolios	—	—	—	—	—

Resources					
Number of employees	1,720	1,724	(0.2)	1,974	(12.9)

Retail Banking (€ million)

Income statement	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	7,948	4.7	2.5	10.6	4.7
Net fee income	2,448	6.6	3.6	19.1	12.3
Gains (losses) on financial transactions	225	(25.6)	(27.0)	23.6	48.1
Other operating income	185	408.6	427.2	5.7	2.5
Gross income	**10,806**	**5.7**	**3.3**	**12.6**	**6.9**
Operating expenses	(4,888)	0.8	(1.4)	8.7	3.8
Net operating income	**5,918**	**10.1**	**7.6**	**16.0**	**9.7**
Net loan-loss provisions	(2,242)	(2.5)	(5.9)	3.8	(5.5)
Other income	(686)	30.9	28.0	65.1	48.5
Underlying profit before taxes	**2,991**	**17.1**	**15.7**	**18.4**	**16.7**
Tax on profit	(920)	39.2	38.2	34.6	33.9
Underlying profit from continuing operations	**2,070**	**9.4**	**7.9**	**12.4**	**10.4**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**2,070**	**9.4**	**7.9**	**12.4**	**10.4**
Minority interests	276	6.9	5.1	8.1	4.5
Underlying attributable profit to the Group	**1,795**	**9.8**	**8.3**	**13.1**	**11.4**
Net capital gains and provisions*	—	(100.0)	(100.0)	—	—
Attributable profit to the Group	**1,795**	**22.5**	**20.0**	**13.1**	**11.4**
Pro memoria:					
Loans w/o repos	695,240	0.5	0.1	1.7	1.8
Funds (customer deposits w/o repos + mutual funds)	743,261	2.0	1.5	7.0	6.1

(*).- In 4Q'16, PPI (-€137 million) and restatement Santander Consumer USA (-€32 million).

Global Corporate Banking (€ million)

Resultados	1Q'17	/ 4Q'16 %	/ 4Q'16 % w/o FX	/ 1Q'16 %	/ 1Q'16 % w/o FX
Net interest income	656	(7.1)	(9.7)	6.2	(1.9)
Net fee income	399	12.6	10.9	15.7	10.8
Gains (losses) on financial transactions	467	217.0	251.4	31.8	22.7
Other operating income	43	(65.0)	(67.1)	13.5	10.5
Gross income	**1,565**	**17.6**	**15.9**	**15.5**	**8.1**
Operating expenses	(487)	6.2	4.3	1.6	(0.4)
Net operating income	**1,078**	**23.6**	**22.0**	**23.2**	**12.4**
Net loan-loss provisions	(132)	141.8	147.3	(40.8)	(45.7)
Other income	(14)	(62.7)	(63.8)	—	—
Underlying profit before taxes	**932**	**19.4**	**17.7**	**43.2**	**30.5**
Tax on profit	(265)	38.3	39.3	40.5	27.4
Underlying profit from continuing operations	**667**	**13.2**	**10.9**	**44.3**	**31.7**
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	**667**	**13.2**	**10.9**	**44.3**	**31.7**
Minority interests	57	18.0	15.1	39.0	19.6
Underlying attributable profit to the Group	**610**	**12.8**	**10.5**	**44.8**	**33.0**
Net capital gains and provisions	—	—	—	—	—
Attributable profit to the Group	**610**	**12.8**	**10.5**	**44.8**	**33.0**
Pro memoria:					
Loans w/o repos	96,025	(1.6)	(2.4)	2.0	(2.1)
Funds (customer deposits w/o repos + mutual funds)	67,553	1.7	0.4	4.9	1.4

» Glossary - Definitions

PROFITABILITY AND EFFICIENCY

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

CREDIT RISK

- **NPL ratio:** 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

SANTANDER GLOBAL CORPORATE BANKING

- **Global Transaction Banking**: includes the business of cash management, trade finance, basic financing and custody
- **Financing Solutions & Advisory**: includes the units of origination and distribution of corporate loans and structured financings, bond and securitisation origination teams, corporate finance units (mergers and acquisitions, primary markets of equities, investment solutions for corporate clients via derivatives), and asset & based finance
- **Global Markets**: includes the sale and distribution of fixed income and equity derivatives, interest rates and inflation; the trading and hedging of exchange rates, and short-term money markets for the Group»s wholesale and retail clients; management of books associated with distribution; and brokerage of equities, and derivatives for investment and hedging solutions

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)

Important information

Banco Santander, S.A. ("Santander") cautions that this report contains forward-looking statements. Forward-looking statements contained in this report include, without limitation, statements concerning our future business development and economic performance. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to: (1) general market, macro-economic, governmental, political and regulatory trends; (2) movements in local and international securities markets, currency exchange rates and interest rates; (3) competitive pressures; (4) technological developments; (5) transaction, commercial and operating factors; and (6) changes in the financial position or credit worthiness of our customers, obligors and counterparties. The risk factors that we have indicated and will indicate in our past and future filings and reports, including those with the Spanish Securities Commission ("CNMV") and the Securities and Exchange Commission of the United States of America (the "SEC") could adversely affect our business and financial performance and should be considered in evaluating any forward-looking statements contained herein. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forwardlooking statements.

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

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

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