# Financial Report

2018

JANUARY - MARCH



# 2018

# **FINANCIAL REPORT**

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













# GRUPO SANTANDER. KEY CONSOLIDATED DATA

■ BALANCE SHEET (EUR million)	Mar-18	Dec-17	%	Mar-17	%	Dec-17
Total assets	1,438,470	1,444,305	(0.4)	1,351,956	6.4	1,444,305
Loans and advances to customers	856,628	848,914	0.9	795,312	7.7	848,914
Customer deposits	767,340	777,730	(1.3)	705,786	8.7	777,730
Total customer funds	977,488	985,703	(0.8)	898,110	8.8	985,703
Total equity	105,466	106,832	(1.3)	104,869	0.6	106,832
Note: Total customer funds include customer deposits, mutual funds, pen	nsion funds, managed port	folios and insurance	premiums			
■ INCOME STATEMENT (EUR million)	Q1'18	Q4'17	%	Q1'17	%	2017
Net interest income	8,454	8,607	(1.8)	8,402	0.6	34,296
Gross income	12,151	12,062	0.7	12,029	1.0	48,392
Net operating income	6,387	6,101	4.7	6,486	(1.5)	25,473
Underlying profit before tax	3,689	3,375	9.3	3,311	11.4	13,550
Underlying attributable profit to the Group	2,054	1,924	6.8	1,867	10.0	7,516
Attributable profit to the Group	2,054	1,542	33.2	1,867	10.0	6,619
■ EPS**, PROFITABILITY AND EFFICIENCY (%)	Q1'18	Q4'17	%	Q1'17	%	2017
Underlying EPS (euro) *	0.120	0.113	6.2	0.120	(0.5)	0.463
EPS (euro)	0.120	0.088	35.5	0.120	(0.5)	0.404
RoE	8.67	7.81		8.19		7.14
Underlying RoTE*	12.42	11.79		12.13		11.82
ROTE	12.42	11.21		12.13		10.41
RoA	0.67	0.61		0.65		0.58
Underlying RoRWA*	1.59	1.48		1.48		1.48
RoRWA	1.59	1.44		1.48		1.35
Efficiency ratio (with amortisations)	47.4	49.4		46.1		47.4
■ SOLVENCY AND NPL RATIOS (%)	Mar-18	Dec-17	%	Mar-17	%	Dec-17
Fully loaded CET1	11.00	10.84		10.66		10.84
Phased-in CET1	11.19	12.26		12.12		12.26
NPL ratio	4.02	4.08		3.74		4.08
Coverage ratio	70.0	65.2		74.6		65.2
■ MARKET CAPITALISATION AND SHARES	Mar-18	Dec-17	%	Mar-17	%	Dec-17
Shares (millions)	16,136	16,136	_	14,582	10.7	16,136
Share price (euros) **	5.295	5.479	(3.4)	5.651	(6.3)	5.479
Market capitalisation (EUR million)	85,441	88,410	(3.4)	83,776	2.0	88,410
		······································	•••••	4.19		4.15
Tangible book value per share (euro) **	4.12	4.15		4.12		4.12
	4.12 1.29	4.15 1.32	***************************************	1.35		
Tangible book value per share (euro) **  Price / Tangible book value per share (X) **  P/E ratio (X) **		······				1.32
Price / Tangible book value per share (X) **	1.29	1.32	%	1.35	%	1.32 13.56 Dec-17

Number of employees

Number of branches

Note: The financial information in this report was approved by the Board of Directors, following a favourable report from the Audit Committee

In accordance with the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015 (Guidelines on Alternative Performance Measures, ESMA/2015/1415en), we are attaching herewith a glossary with the definitions and the conciliation with the items presented in the income statement of certain alternative performance measures used in this document. Please refer to "Alternative Performance Measures Glossary" on page 59.

201,900

13,637

202,251

13,697

(0.2)

(0.4)



7.3

12.5

188,182

12,117

202,251

13,697

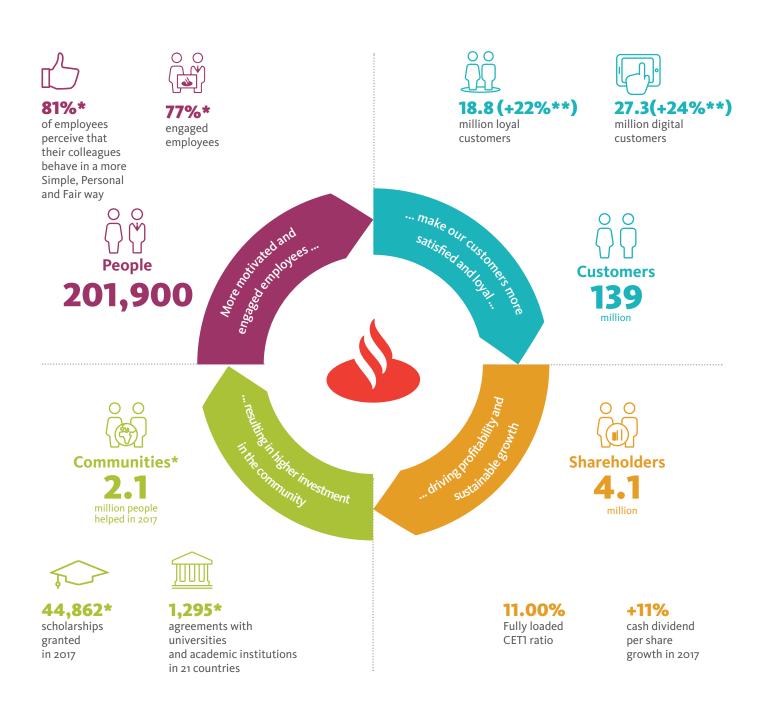
<sup>(\*)</sup> Excluding net capital gains and provisions.

<sup>(\*\*)</sup> Q1'17 data adjusted for the capital increase in July 2017, for like-on-like comparisons with Q4'17 and Q1'18 data.

# **SANTANDER AIM**

# Simple Personal Fair

"Helping people and businesses prosper"



(\*) 2017 data (\*\*) % YoY

## SANTANDER AIM



# Simple Personal Fair

- ▶ Plans were designed to maximise our strengths and improve the opportunities identified in the latest global engagement survey.
- MyContribution, the performance management model for driving transformation, continued. The first phase was carried out in January, setting the individualised priorities.
- A collaboration agreement was signed between Santander and Workday in order to put into effect a common Human Resources platform throughout the Group. This will enable enhanced management of the talent pool at the global level and of our professionals in a more Simple, Personal and Fair way.
- The Leaders Academy Experience was launched. This is a training experience to help leaders play their role in the Bank's transformation, speed up change and be an example in this new phase.



- Various strategies continued to be developed under the commercial transformation programme in order to improve customer loyalty and experience. The number of loyal customers rose by 3.3 million and digital ones by 5.2 million.
- ▶ Of note among the commercial actions implemented in the first quarter were the launch of the 1/2/3 Profesional in Spain (the first joint offer from Santander and Popular) and of the Trusted Profile for SMEs in Poland, which enables companies to manage incidents with public administrations remotely.
- As regards the digital transformation, we launched Santander One Pay FX, making Santander the first bank to offer blockchain-based international payment services to retail customers in several countries. Cockpit, an innovative auto finance platform, in Brazil; CrediSimples, the app for contracting funds and retirement savings plans, in Portugal; and Online Banking individuos in Argentina.
- In payments via mobile phone, we launched Garmin Pay in Poland, which enables payments to be made using a smartwatch connected to a MasterCard card and Súper Movil in Mexico, a sales channel for pre-approved loans. Santander Spain is the only bank in the country that incorporates all cards in Apple Pay for all segments.



- ▶ The AGM was held, with the participation of more than 660,000 shareholders and a quorum of 64.55% of the share capital, the highest in the Bank's recent history.
- Shareholders once again confirmed their confidence in the board, approving 98% of the agreements proposed.
- ▶ The prestigious financial publication, Institutional Investor, in its latest 2018 The All-Europe Executive Team annual ranking, rated Santander's CEO and CFO as one of the Top 3 in their respective categories (Best CEOs and Best CFOs). Our corporate website and the Analyst Days held in 2017 were rated the second best in Europe.



- ▶ Banco Santander renewed its presence in the Dow Jones Sustainability Index (DJSI), where it has been since 2000 continuously.
- ▶ The Bloomberg Gender-Equality Index ranked Santander as one of the leaders in diversity.
- A total of EUR 183 million was invested in communities in 2017, with 2.1 million people helped and more than 44,000 scholarships granted.
- ▶ Santander reaffirmed its commitment to universities at the first European summit on education. Furthermore, it also renewed its cooperation with the Fundación General CSIC and assigned EUR 1.5 million to research and innovation projects and a new edition of the W30 and W50 leadership training programmes for female managers, university students and entrepreneurs.

# **GROUP PERFORMANCE**



2018 has started well, with the Group generating double digit profit growth driven by strong results in Brazil, Spain and Mexico and improved performance in the US



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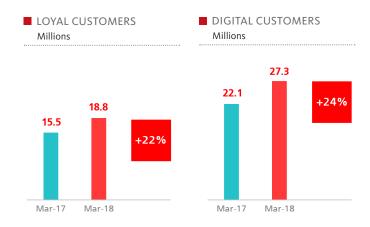
In the quarter, profit, profitability and capital all increased. We are well on track to meet our objectives for the year

# GROWTH

The commercial transformation is driving growth in loyal and digital customers. Santander kept up its business growth in almost all markets.

Santander's strategy focuses on customer loyalty. The number of loyal customers increased by 3.3 million in the last 12 months (+22%), with individuals as well as companies rising. The number of digital customers rose by 5.2 million since March 2017, underscoring the strength of our multichannel strategy. These increases benefited from the incorporation of Banco Popular's customers in March 2018.

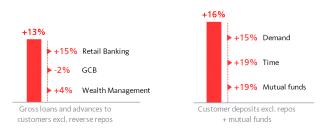
This evolution pushed up penetration of digital transactions and sales in the first quarter of 2018.



In the last 12 months, and in local currency, **lending** grew in the main segments and in 9 of the 10 core units. In funds, demand deposits, time deposits and mutual funds rose in 8 of the 10 core units.

Solid funding and liquidity structure. Net loan-to-deposit ratio of 112% (113% in March 2017).

MAR'18 VERSUS MAR'17 % change in constant euros



### **GROUP PERFORMANCE**

### **PROFITABILITY**

Santander is a predictable, profitable and efficient bank, which enables it to increase lending and the dividend, while generating capital organically. Solid profit growth in the first quarter

The greater customer loyalty is producing strong growth in fee income, while digitalisation and operational excellence are maintaining an efficiency ratio (47.4%) which is among the sector's best and in line with that at the end of 2017.

Santander is among the top three banks in customer satisfaction in seven of its nine main countries.

### STRENGTH

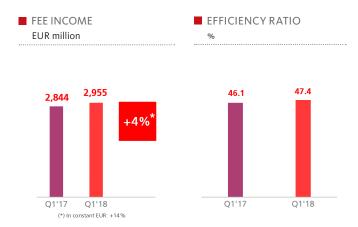
■ FULLY LOADED CET1

Solid capital ratios, appropriate for our business model, balance sheet structure and risk profile. Credit quality improved in the last few quarters

The fully loaded CET1 ratio was 11.00%, 16 bps higher than at the end of 2017 and 34 bps in 12 months. In phased-in terms, the total capital ratio was 14.66% and the CET1 ratio 11.19%, very comfortably meeting the minimum ratios required by the European Central Bank (12.156% and 8.656%, respectively).

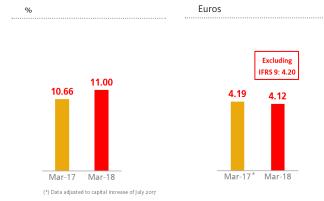
Tangible capital per share was EUR 4.12. Excluding the initial application of IFRS 9 (-8 cents), it stood at EUR 4.20 (+1.2% from December 2017).

■ TNAV PER SHARE



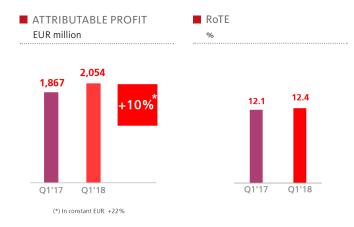
Revenue growth, cost management and the improved cost of credit produced an increase of 10% in attributable profit. Excluding the exchange rate impact, growth was 22%, with 8 of the 10 core units growing.

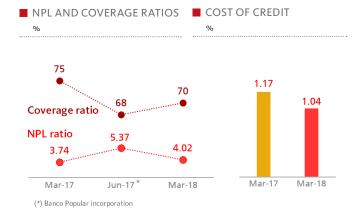
The **RoTE** was above 12.4%, one of the highest of European banks.



The **NPL ratio** improved again and was 135 bps lower than when Popular entered in June 2017. Coverage was 5 p.p. better in the first quarter, benefiting from the initial application of IFRS 9.

The **cost of credit** improved to 1.04% (1.17% in March 2017).





# MAIN BUSINESS AREAS PERFORMANCE

(Greater detail on pages 21 to 37 and in the appendix)

(Changes in constant euros)

### **EUROPE**



Continental Europe recorded an attributable profit of EUR 931 million, 21% more year-on-year. Growth was largely due to the increase in commercial revenue and also benefited from Banco Popular's integration and the greater stake in Santander Asset Management.

All units generated higher profits.

Continental Europe's profit was 14% higher than in the fourth quarter, due to higher revenue and lower costs.

• United Kingdom: in an environment of some uncertainty arising from Brexit and tough competition, attributable profit was 21% lower year-on-year at EUR 320 million. This was due to pressure on spreads, investments in regulatory and strategic projects, and increased provisions over a first quarter of 2017 with a cost of credit of almost zero.

The first quarter profit was 7% higher than the fourth quarter of 2017. The pressure on spreads on loans and on the SVR (Standard Variable Rate) balances was offset by lower provisions and higher gains on financial transactions.

### THE AMERICAS

• Latin America: profit of EUR 1,099 million, 23% higher year-on-year. Growth was underpinned by the good performance of net interest income and fee income, reflecting the rise in volumes, higher spreads and greater loyalty.



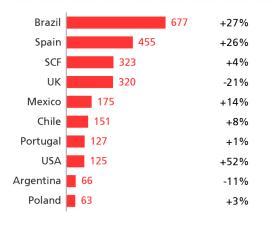
Operating expenses grew mainly because of investment plans in Mexico and the expansion and transformation of the retail network in Argentina, partly because of the incorporation of Citibank's retail network. The rise in provisions was largely due to higher lending volumes and some single cases in GCB.

Profit was 3% higher than in the fourth quarter, despite being affected by some seasonal factors. Of note was the good performance of net interest income, fee income and costs.

• United States: Profit of EUR 125 million. 52% more year-onyear, largely due to higher gains on financial transactions, lower provisions and cost control, which offset the decline in gross income from lower volumes and spreads, and reduced fee income from servicing.

The first quarter profit was also higher than the fourth quarter of 2017, thanks to the good performance of all P&L lines: gross income increased, and costs and provisions declined.

ATTRIBUTABLE PROFIT. Q1'18 EUR million. % change YoY in constant euros



■ ATTRIBUTABLE PROFIT GEOGRAPHIC DISTRIBUTION\* Q1'18



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

# **GENERAL BACKGROUND**

Grupo Santander developed its business in an economic environment that continued to strengthen. Global growth is expected to be close to 4% in 2018, higher than in recent years. The mature economies where the Bank operates are more upbeat, particularly the Eurozone and the United States, while among developing economies the recovery in Brazil and Argentina is consolidating and Mexico is stronger.

US and Mexican interest rates rose in the first quarter, while Brazil's continued to fall. The rest of central banks held their benchmark rates flat.

Lastly, the euro strengthened in the first quarter against the currencies of most countries where the Group operates.

Country	GDP* change	Economic performance
Eurozone	+2.5%	The upturn accelerated, reducing the divergences by country. Despite this, inflation remained low and wage rises were moderate. The European Central Bank is cutting back its asset purchase programme, but its messages suggest it will maintain its interest rates unchanged during 2018.
Spain	+3.1%	The economy continued to grow strongly, evenly balanced between domestic demand and exports and enabling the current account surplus to remain at 2% of GDP. The unemployment rate dropped to 16.6% in the fourth quarter of 2017 and inflation was low (1.2% in March 2018).
Poland	+4.5%	GDP grew briskly in 2017. The jobless rate was at an all time low of 4.5% in the fourth quarter of 2017. Inflation was 1.3% in March 2018 (below the central bank's target). The central bank's reference rate was unchanged at 1.5%.
Portugal	+2.7%	The outlook for 2018 is moderate but with balanced growth. The unemployment rate continued to decline (8.1% in the fourth quarter of 2017.) and inflation was 0.7% in February 2018. The budget deficit came down to 1.1% of GDP in 2017.
United Kingdom	+1.8%	The economy remained very stable in 2017 (1.8% growth vs. 1.9% in 2016). Inflation (2.7% in February) was affected by sterling's cumulative depreciation, which will ease in 2018. The unemployment rate (4.3%) was close to full employment. The Bank of England base rate (0.5%) could rise in May.
8 Brazil	+1.0%	The economy consolidated its recovery in the fourth quarter of 2017, driven by private consumption and investment. Inflation remained low (2.7% in March 2018, below the 4.5% target) and the central bank continued to cut its Selic rate to 6.50% in March, an historic low.
Mexico	+2.0%	GDP accelerated in the fourth quarter of 2017, spurred by the service sector and exports. Inflation softened to 5.0% in March and medium-term expectations remain anchored. The central bank increased its reference rate by 25 bps, to 7.50% in the first quarter of 2018.
<b>Chile</b>	+1.5%	The economy grew more strongly in the second half of 2017, when investment began to recover. Inflation remained low (1.8% in March) and the central bank held its reference rate at 2.5% (unchanged since May 2017).
• Argentina	+2.9%	The economy grew by close to 4% in the second half of 2017, propelled by strong investment. Inflation rose a little in the first quarter of 2018, due to higher tariffs, however expectations of moderation for 2018 remained.
United States	+2.3%	GDP growth was still solid in the fourth quarter of 2017 and the unemployment rate fell to 4.1%. Inflation remained moderate but with signs of rising and the Fed continued to normalise its monetary policy. The federal funds rate rose 25 bps in March to 1.5-1.75%.

<sup>(\*)</sup> Year-on-year change 2017

### ■ EXCHANGE RATES: 1 EURO / CURRENCY PARITY

	Average (inco	Average (income statement)		Period-end (balance she	
	Q1'18	Q1'17	Mar-18	Dec-17	Mar-17
US dollar	1.229	1.065	1.232	1.199	1.069
Pound sterling	0.883	0.860	0.875	0.887	0.856
Brazilian real	3.988	3.346	4.094	3.973	3.380
Mexican peso	23.036	21.577	22.525	23.661	20.018
Chilean peso	739.794	697.904	743.240	736.922	710.337
Argentine peso	24.184	16.682	24.803	22.637	16.424
Polish zloty	4.179	4.320	4.211	4.177	4.227

# **GRUPO SANTANDER RESULTS**

The good trend in results continued, with a first quarter attributable profit of EUR 2,054 million, the highest quarterly profit of the last few years

The first quarter profit was 33% higher than the fourth quarter, affected by the recording of non-recurring items. Excluding this, growth was 7% (10% excluding the exchange rate impact)

Compared to the first quarter of 2017, atributable profit rose 10% (22% without the exchange rate impact). This evolution was positively affected by Banco Popular's incorporation and the greater stake in Santander Asset Management and negatively by exchange rates

These results reflected solid commercial revenue, an efficiency ratio of 47.4%, among the best of our competitors, and a further reduction in the cost of credit to 1.04%

The RoTE was 12.4%, higher than in 2017 and the RoRWA rose to 1.59%

Earnings per share (EPS) of EUR 0.120, unchanged from the first quarter of 2017, affected by the capital increase carried out following Banco Popular's acquisition. In annualised terms, EPS would have increased double-digita over the full 2017

## ■ GRUPO SANTANDER. INCOME STATEMENT

				Change		Change	
	Q1'18	Q4'17	%	% excl. FX	Q1'17	%	% excl. FX
Net interest income	8,454	8,607	(1.8)	0.9	8,402	0.6	11.0
Net fee income	2,955	2,949	0.2	2.9	2,844	3.9	14.4
Gains (losses) on financial transactions	493	421	17.0	18.9	573	(13.9)	(4.2)
Other operating income	249	85	193.2	200.0	211	18.2	30.1
Dividends	35	75	(53.3)	(53.6)	41	(14.4)	(11.6)
Income from equity-accounted method	178	223	(20.3)	(17.0)	133	33.8	45.2
Other operating income/expenses	36	(213)	_	_	37	(1.9)	23.1
Gross income	12,151	12,062	0.7	3.4	12,029	1.0	11.4
Operating expenses	(5,764)	(5,961)	(3.3)	(1.0)	(5,543)	4.0	13.3
General administrative expenses	(5,151)	(5,267)	(2.2)	0.3	(4,915)	4.8	14.5
Personnel	(3,000)	(3,116)	(3.7)	(1.5)	(2,912)	3.0	11.9
Other general administrative expenses	(2,151)	(2,151)	0.0	2.9	(2,002)	7.4	18.3
Depreciation and amortisation	(613)	(694)	(11.7)	(10.1)	(629)	(2.5)	4.6
Net operating income	6,387	6,101	4.7	7.7	6,486	(1.5)	9.8
Net loan-loss provisions	(2,282)	(2,181)	4.6	8.2	(2,400)	(4.9)	8.1
Impairment losses on other assets	(24)	(230)	(89.5)	(89.2)	(68)	(64.8)	(63.7)
Other income	(392)	(315)	24.5	24.6	(707)	(44.6)	(39.3)
Underlying profit before tax	3,689	3,375	9.3	12.2	3,311	11.4	23.2
Tax on profit	(1,280)	(1,090)	17.5	20.9	(1,125)	13.8	25.4
Underlying profit from continuing operations	2,409	2,285	5.4	8.1	2,186	10.2	22.0
Net profit from discontinued operations	_	_	_	_	_	_	_
Underlying consolidated profit	2,409	2,285	5.4	8.1	2,186	10.2	22.0
Minority interests	355	362	(1.8)	0.0	319	11.3	20.6
Underlying attributable profit to the Group	2,054	1,924	6.8	9.6	1,867	10.0	22.2
Net capital gains and provisions		(382)	(100.0)	(100.0)	_	_	
Attributable profit to the Group	2,054	1,542	33.2	37.2	1,867	10.0	22.2
Underlying EPS (euros) **	0.120	0.113	6.2		0.120	(0.5)	
Underlying diluted EPS (euros) **	0.119	0.111	7.3	-	0.120	(0.5)	•
EPS (euros) **	0.120	0.088	35.5		0.120	(0.5)	
Diluted EPS (euros) **	0.119	0.087	37.1	-	0.120	(0.5)	
Pro memoria:							
Average total assets	1,439,732	1,460,975	(1.5)		1,353,495	6.4	
Average stockholders' equity	94,793	93,628	1.2		91,171	4.0	

<sup>(\*)</sup> In Q4'17, capital gains from the disposal of the stake in Allfunds Bank (EUR 297 million), USA fiscal reform (EUR 73 million), goodwill charges (EUR -603 million) and in the US provisions for hurricanes, repurchase of a minority stake and other (EUR -149 million)

<sup>(\*\*)</sup> Q1'17 data adjusted for the capital increase in July 2017, with impact on earnings per share of previous periods, due to the change in the number of shares in circulation. The financial information for these periods has been restated in accordance with the applicable regulation.

### QUARTERLY INCOME STATEMENT

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
Net interest income	8,402	8,606	8,681	8,607	8,454
Net fee income	2,844	2,916	2,888	2,949	2,955
Gains (losses) on financial transactions	573	286	422	421	493
Other operating income	211	240	260	85	249
Dividends	41	238	31	75	35
Income from equity-accounted method	133	160	188	223	178
Other operating income/expenses	37	(157)	42	(213)	36
Gross income	12,029	12,049	12,252	12,062	12,151
Operating expenses	(5,543)	(5,648)	(5,766)	(5,961)	(5,764)
General administrative expenses	(4,915)	(4,983)	(5,161)	(5,267)	(5,151)
Personnel	(2,912)	(2,943)	(3,000)	(3,116)	(3,000)
Other general administrative expenses	(2,002)	(2,039)	(2,161)	(2,151)	(2,151)
Depreciation and amortisation	(629)	(665)	(605)	(694)	(613)
Net operating income	6,486	6,401	6,486	6,101	6,387
Net loan-loss provisions	(2,400)	(2,280)	(2,250)	(2,181)	(2,282)
Impairment losses on other assets	(68)	(63)	(54)	(230)	(24)
Other income	(707)	(785)	(591)	(315)	(392)
Underlying profit before tax	3,311	3,273	3,591	3,375	3,689
Tax on profit	(1,125)	(1,129)	(1,243)	(1,090)	(1,280)
Underlying profit from continuing operations	2,186	2,144	2,347	2,285	2,409
Net profit from discontinued operations	_	_	_	_	_
Underlying consolidated profit	2,186	2,144	2,347	2,285	2,409
Minority interests	319	395	371	362	355
Underlying attributable profit to the Group	1,867	1,749	1,976	1,924	2,054
Net capital gains and provisions*			(515)	(382)	_
Attributable profit to the Group	1,867	1,749	1,461	1,542	2,054
Underlying EPS (euros) **	0.120	0.112	0.118	0.113	0.120
Underlying diluted EPS (euros) **	0.120	0.111	0.119	0.111	0.119
EPS (euros) **	0.120	0.112	0.084	0.088	0.120
Diluted EPS (euros) **	0.120	0.111	0.085	0.087	0.119

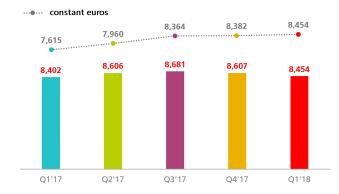
### (\*) Including:

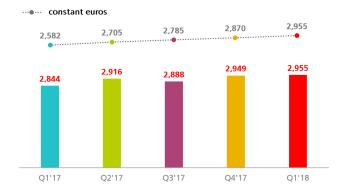
- In Q3'17, integration costs (Popular EUR -300 million, Germany EUR -85 million) and charge for equity stakes and intangible assets (EUR -130 million).
- In 4Q'17, capital gains from the disposal of the stake in Allfunds Bank (EUR 297 million), USA fiscal reform (EUR 73 million), goodwill charges (EUR -603 million) and in the US provisions for hurricanes, repurchase of a minority stake and other (EUR -149 million).

(\*\*) Data adjusted to capital increase of July 2017.

### NET INTEREST INCOME EUR million







### First quarter results compared to the fourth quarter of 2017

The Group's first quarter attributable profit of EUR 2,054 million was 33% higher than the fourth quarter, a period affected by non-recurring items amounting to EUR 382 million negative net of taxes, mainly amortisation of SC USA's goodwill and the capital gain of Allfunds.

Eliminating these effects, growth was 7% (10% excluding the exchange rate impact). Growth was due to:

- Higher gross income (+3%) from fee income and gains on financial transactions, to which the contribution to the Deposit Guarantee Fund is added in the fourth quarter.
- Operating expenses were 1% lower, with falls in Spain, Poland, Portugal and Brazil.
- The line of other results and provisions declined, and was significantly lower than in all quarters of 2017, mainly because of reduced impairment of intangible assets in 2018 and lower charges for conduct remediation.

### Evolution of results over the first quarter of 2017

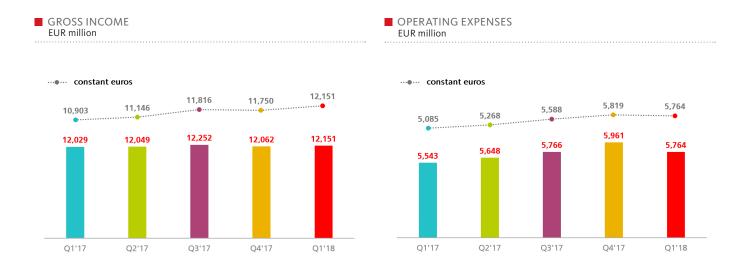
Attributable profit rose 10% year-on-year and 22% excluding the exchange rate impact. The P&L performance by line was as follows (all changes exclude the exchange rate impact).

### ■ Gross income

- The structure of our gross income, where net interest income and fee income account for 94% of total revenue, well above the average of our competitors, continues to enable us to grow in a consistent and recurring way. Gross income increased 11%, as follows:
  - **Net interest income** rose 11%, due to greater lending and higher deposits, mainly in developing countries, the entry of Banco Popular and management of spreads.

All units increased except for the United Kingdom, affected by pressure on spreads on new lending and standard variable rate (SVR) balances, and the US, hit by lower balances in the auto finance portfolio and tighter spreads. The decline in revenue was offset by lower provisions.

- Fee income was up 14%, and grew at a faster pace than in previous years, reflecting greater activity and customer loyalty, as well as the strategy of growth in services and higher value-added products and in areas of low capital consumption, where the increased stake in Santander Asset Management is recorded. By businesses, rise in fee income from Retail Banking (77% of the total) as well as from GCB and Wealth Management.
- Gains on financial transactions, which only account for 4% of gross income, fell 4% and the sum of dividends, equity-accounted income and other income rose EUR 58 million, partly because of the higher income from leasing in the United States.



### Operating expenses

• Operating expenses rose 13% as a result of the perimeter impact and higher inflation in some countries. In real terms (excluding inflation and the perimeter effect), they increased 2%, mainly due to investments in commercial transformation and digitalisation. Recent optimisation measures taken as part of the ongoing integration process will be reflected in achieving synergies in the future

Of note by units was the fall in real terms of costs in Portugal and the United States, while those at Santander Consumer Finance, Poland and Chile were basically flat. The main rises were in Mexico, due to investments in infrastructure; in Argentina, because of Citibank's integration, the review of the salary agreement and investments in transformation and technology; and in the UK due to investments in regulatory, strategic and digital transformation projects.

Costs increased slightly in Brazil (due to business growth). In Spain they rose YoY, but declined versus the fourth quarter, showing the first fruits of the optimisation plan.

In short, we are keeping 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.

### **■** Loan-loss provisions

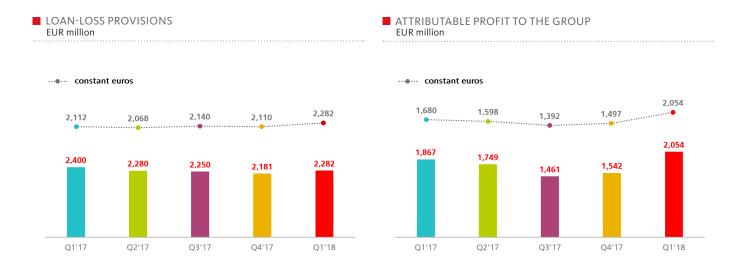
- Good evolution of credit quality ratios. Both the NPL ratio, as well as the coverage ratio and the cost of credit, improved over 2017. Loan-loss provisions increased in most countries, partly as a result of the growth in volumes and partly because of the larger sales of portfolios and the release of provisions in 2017.
- The cost of credit dropped from 1.17% in March 2017 to 1.04% a year later, and continued to be better than the goal we announced at the Investor Day.

### Other results and provisions

• Other results and provisions were EUR 416 million negative, 42% lower than in the first quarter of 2017. This item records different kinds of provisions, as well as capital gains, capital losses and asset impairment. The sharp drop compared to the same period of 2017 was largely due to Brazil, because of lower provisions for legal and labour claims (trabalhistas).

### Profit and profitability

- Pre-tax profit rose 23% year-on-year and attributable profit 22%. The tax rate was 35%, slightly higher than in 2017.
- ROTE (12.4%) and RORWA (1.59%) were also higher year-on-year and over the whole of 2017. Both ratios are the best of the last few years.
- Earnings per share (EPS) were EUR 0.120, unchanged from the first quarter of 2017, affected by the capital increase last year. In annualised terms it would be clearly higher to that for the full 2017.



# ■ GRUPO SANTANDER BALANCE SHEET EUR million

Financial assets helf for trading	Assets	Mar-18	Mar-17	Absolute change	%	Dec-17
Debt securities	Cash, cash balances at central banks and other demand deposits	100,673	74,804	25,869	34.6	110,995
Equily instruments   17,941   16,174   10,9   21,3	Financial assets held for trading	124,591	143,109	(18,518)	(12.9)	125,458
Laans and davances to customers   1,0,630   1,375   3,74   1,45	Debt securities	32,059	46,944	(14,885)	(31.7)	36,351
Loans and advances to central banks and credit institutions   \$3,344   3,445   34,44   16.5	Equity instruments	17,941	16,174	1,767	10.9	21,353
Derivatives   55,567   65,167   09,00   01,47   572     Financial iassets designated at fair value through profit or loss   58,214   46,005   12,188   2e,5   34,4     Loans and advances to customers   20,716   17,865   2,851   16,0   70,4     Loans and advances to customers   20,716   17,865   2,851   16,0   70,4     Loans and advances to customers   29,658   24,038   5,600   3,0   4,2     Other (debt securities an equity instruments)   7,840   41,23   3,777   90,2   44,4     Financial assets designated at fair value through equity   123,285   112,465   6,321   6,55   128,4     Equity instruments   2,329   2,240   0,220   (44,2)   4,7     Loans and advances to customers   1,089   -	Loans and advances to customers	10,630	11,375	(745)	(6.5)	8,815
Financial assets designated at fair value through profit or loss   \$8,214   46,026   12,18   26,5   34,7     Loans and advances to central banks and credit institutions   29,658   24,038   5,600   22,4   38,8     Other (debt securities are aquity instruments)   7,840   41,233   3,777   90,2   44,8     Financial assets designated at fair value through equity   13,285   118,195   5,090   43,3   133,2     Debt securities are aquity instruments   2,029   12,496   6,322   5,6   128,4     Equity instruments   2,029   5,249   2,3200   44,22   4,77     Loans and advances to customers   10,89   -	Loans and advances to central banks and credit institutions	8,394	3,449	4,945	143.4	1,696
Loans and advances to customers   20,716   17,865   2,851   16,0   20,4	Derivatives	55,567	65,167	(9,600)	(14.7)	57,243
Loans and advances to customers   20,716   17,865   2,851   16,0   20,4	Financial assets designated at fair value through profit or loss	58,214	46,026	12,188	26.5	34,781
Loans and advances to central banks and credit institutions         29,688         24,038         5,620         23.4         93.2           Other (debt securities an equity instruments)         7,840         41.23         3,77         90.2         4.4           Financial assets designated at fair value through equity         192,87         112,946         6,521         5.6         128,4           Equity instruments         2,929         5,249         (2,30)         (44.2         4,74           Loans and advances to customers         1,089         —         1,089         —         —           Loans and advances to customers         1,089         —         —         —         —           Financial assets measured at amortised cost         915,454         889,072         56,382         6.6         915,512           Eloats sand advances to customers         824,933         766,077         \$8,121         7.6         8196           Loans and advances to customers         824,933         766,077         \$8,121         7.6         8196           Loans and advances to customers         824,933         766,077         \$8,121         7.6         8196           Loans and advances to customers         824,933         766,077         \$8,121         7.6         8		20,716	17,865	2,851	16.0	20,475
Other (debt securities an equity instruments)         7,840         41,23         3,77         90.2         4,4           Financial assets designated at fair value through equity         132,325         118,195         5,090         4,3         133,2           Debt securities         119,267         112,946         6,321         5,6         128,4           Equity instruments         2,299         5,249         (2,320)         (44.2)         4,7           Loans and advances to customers         1,089         —         —         —         —           Loans and advances to customers         915,454         859,072         55,22         6.6         916,51           Debt securities         41,047         27,169         13,878         511         310           Loans and advances to customers         824,393         76,6072         58,125         15         310           Loans and advances to customers         824,393         76,6072         58,115         310         30         22,39         313         310         30         22,30         36,80         33         32,30         32         36,90         33         22,90         30         32,22         30         36,40         43,80         22,93         33,92 <td< td=""><td>Loans and advances to central banks and credit institutions</td><td></td><td></td><td></td><td>23.4</td><td>9,889</td></td<>	Loans and advances to central banks and credit institutions				23.4	9,889
Financial lassets designated at fair value through equity   19,267   112,946   6,321   5.6   128.4     Equity instruments   2,929   5,249   2,230   (44.2)   4,71     Loans and advances to customers   1,089   - 1,08	Other (debt securities an equity instruments)		<del>-</del>		90.2	4,417
Debt securities			118,195	5.090	4.3	133,271
Equity instruments						128,481
Loans and advances to customers			······	······································		4,790
Loans and advances to central banks and credit institutions	!		·····		· · · · · · · · · · · · · · · · · · ·	
Financial assets measured at amortised cost   915,454   859,072   56,382   66   916,58     Debt securities   41,047   27,169   13,878   51.1   31,0     Loans and advances to customers   824,193   766,072   58,812   7.6   819,6     Loans and advances to central banks and credit institutions   50,214   65,831   (15,67)   (33.7)   65,8     Investments in subsidaries, joint ventures and associates   91,55   5,275   5,388   73,6   61,1     Tangible assets   21,912   22,807   (895)   (3,9)   22,9     Intangible assets   28,523   29,645   (1,122   3,8)   28,6     Goodwill   25,612   26,939   (1,122   3,8)   28,6     Goodwill   25,612   26,939   (1,122   3,8)   64,6     Total assets   4,48,470   1,351,956   86,514   64   1,444,3     Tangible assets   4,48,470   1,351,956   86,514   64   1,444,3     Tangible assets   4,48,470   1,351,956   86,514   64   1,444,3     Tangible assets   7,48,470   7,48,5   7,48   7,44,3     Tangible assets   7,48,470   7,48,5   7,48   7,44,3     Tangible assets   7,48,470   7,48,5   7,48   7,44,3     Tangible assets   7,48,470   7,48,5   7,48   7,48   7,48     Tangible assets   7,48,470   7,48,5   7,48		- 1,005		- 1,005	·····	_
Debt securities         41,047         27,169         13,878         51.1         31.0           Loans and advances to customers         824,193         766,072         58,121         7.6         819.6           Loans and advances to central banks and credit institutions         50,214         65,831         (15,617)         (23,7)         63.8           Investments in subsidaries, joint ventures and associates         9,155         5,275         3,880         73.6         6,1           Tangible assets         28,523         29,645         (1,122)         (3,8)         22,56           Goodwill         25,612         26,939         (1,327)         (4,9)         25,7           Other intangible assets         28,512         26,633         3,040         6,9         65,4           Goodwill         2,911         2,706         205         7,6         2.9           Other intangible assets         3,834         3,500         8,51         6,4         1,444,3           Liabilities and shareholders' equity         1,500         8,51         6,4         1,444,3           Liabilities and shareholders' equity         9,5172         99,550         (4,378)         (4,4         1,076,6           Customer deposits         1,881		015 //5/		56 387		916 504
Loans and advances to customers   \$24,193   766,072   \$58,121   7.6   \$19.6     Loans and advances to central banks and credit institutions   \$0,214   \$65,831   (15,617)   (23,7)   \$63,8     Investments in subsidaries, joint ventures and associates   \$9,155   \$1,275   \$3,880   73.6   \$61,8     Tangible assets   \$21,912   \$22,807   \$895   \$3,9   \$22,9     Intangible assets   \$28,523   29,645   \$(11,22)   \$(38)   \$28,50     Goodwill   \$25,612   \$26,939   \$(1,327)   \$(4,9)   \$25,7     Other intangible assets   \$2,911   \$2,706   \$205   \$7.6   \$2,9     Other assets   \$5,666   \$3,3023   \$3,640   \$6.9   \$65,4     Total assets   \$1,438,470   \$1,351,956   \$86,514   \$6.4   \$1,444,3     Liabilities and shareholders' equity     Financial liabilities held for trading   \$9,172   \$9,550   \$(4,378)   \$(4,4)   \$107,6     Customer deposits   \$18,881   \$10,649   \$8,232   \$77,3   \$28,1     Debt securities issued   \$            Deposits by central banks and credit institutions   \$1,654   \$644   \$1,010   \$16.8   \$5.5     Derivatives   \$54,63   \$67,580   \$(3,417)   \$(19.9)   \$57,8     Customer deposits   \$24,474   \$20,677   \$203   \$(1,0)   \$20,9     Financial liabilities designated at fair value   \$9,706   \$56,606   \$3,000   \$5.5   \$59,0     Customer deposits   \$2,447   \$27,495   \$4,982   \$18.1   \$29,9     Customer deposits   \$2,447   \$27,495   \$4,982   \$18.1   \$29,9     Customer deposits   \$2,445   \$3,373   \$9,94   \$27,0     Customer deposits   \$2,445   \$3,373   \$9,94   \$27,0     Other   \$2,445   \$3,573   \$29,0   \$29,0   \$27,0     Other   \$2,445   \$3,573   \$29,0   \$29,0   \$21,0   \$29,0     Financial liabilities measured at amortized cost   \$1,345,13   \$1,048,244   \$8,066   \$8,2   \$1,260,0     Other comprehensive incorrec					·············	
Loans and advances to central banks and credit institutions   50,214   65,831   (15,617)   (23,7)   65,88   Investments in subsidaries, joint ventures and associates   9,155   2,275   3,880   73,6   6,11   73,7   73,8   73,6   73,6   73,6   73,6   73,7   73,8   73,6				·····		
Investments in subsidaries, joint ventures and associates   21,512   22,807   (895)   (3.9)   22,9   (1.7)						
Tangible assets         21,912         22,807         (895)         3.9         22,9           Intangible assets         28,523         29,645         (1,122)         (3.8)         82,6           Goodwill         25,612         26,939         (1,327)         (4.9)         25,7           Other intangible assets         2,911         2,706         205         7.6         2,9           Other assets         56,663         53,023         3,640         6.9         65,4           Total assets         1,438,470         1,351,956         86,514         6.4         1,444,3           Liabilities and shareholders' equity           Financial liabilities held for trading         95,172         99,550         (4,378)         (4,4)         107,6           Customer deposits         18,881         10,649         8,232         773         28,1           Debt securities issued         —         —         —         —         —           Derivatives         54,163         67,580         (13,417)         (19.9)         57,8           Other         20,474         20,677         (203)         (1,0         20,9           Financial liabilities designated at fair value         59,706						
Intangible assets   28,523   29,645   (1,122)   (3,8)   28,6   Goodwill   25,612   26,939   (1,127)   (4,9)   25,7   Chter intangible assets   2,911   2,706   205   7.6   2,9   Chter assets   56,663   53,023   3,640   6.9   65,4   Total assets   1,438,470   1,351,956   86,514   6.4   1,444,344,34   1,444,34   1,444,344,34   1,444,34   1,444,34   1,444,344,34   1,444,34   1,444,34   1,444,34   1,444,34   1,444,34   1,444,34   1,444,344,34   1,444,344,34   1,444,344,34   1,444,344,34   1,444,344,34   1,444,344,34   1,444,344,34   1,444,344,34						6,184
Goodwill         25,612         26,939         (1,327)         (4,9)         25,7           Other intangible assets         2,911         2,706         205         7.6         2,9           Other assets         56,663         35,023         3,640         6.9         65,4           Total assets         1,438,470         1,351,956         86,514         6.4         1,444,3           Liabilities held for trading         95,172         99,550         (4,378)         4.44         107,6           Customer deposits         18,881         10,649         8,232         7.73         28,1           Debt securities issued         —         —         —         —           Deposits by central banks and credit institutions         1,654         644         1,010         156,88           Other         20,474         20,677         (203)         (1,0         20,9           Financial liabilities designated at fair value         59,706         56,606         3,100         5,506           Customer deposits         32,477         27,495         4,982         18.1         28,9           Det securities issued         2,445         3,373         (928)         (27,5)         3,0           Othe						22,975
Other intangible assets         2,911         2,706         205         7,6         2,9           Other assets         56,663         33,023         3,640         6,9         65,44           Total assets         1,438,470         1,351,956         86,514         6.4         1,444,31           Liabilities and shareholders' equity         Time is a liabilities held for trading         95,172         99,550         (4,378)         (4,4)         107,6           Customer deposits         18,881         10,649         8,232         77,3         28,1           Debt securities issued         -<				······································		28,683
Other assets         56,663         53,023         3,640         6.9         65,4           Total assets         1,438,470         1,351,956         86,514         6.4         1,444,31           Liabilities and shareholders' equity         Financial liabilities held for trading         95,172         99,550         (4,378)         (4.4)         107,6           Customer deposits         18,881         10,649         8,232         77.3         28,1           Debt securities issued         —         —         —         —         —           Deposits by central banks and credit institutions         1,654         644         1,010         156.8         5           Other         20,474         20,677         (203)         (1,0)         20,9         57,8           Other         20,474         20,677         (203)         (1,0)         20,9         55,8         0         3,100         5.5         59,0         6,606         3,100         5.5         59,0         6,606         3,100         5.5         59,0         6,606         3,100         5.5         59,0         6,606         3,100         5.5         59,0         6,606         3,100         5.5         59,0         6,60         3,1						25,769
Total assets						2,914
Page						65,454
Financial liabilities held for trading   95,172   99,550   (4,378)   (4.4)   107,66	Total assets	1,438,470	1,351,956	86,514	6.4	1,444,305
Customer deposits         18,881         10,649         8,232         77.3         28,1           Deb securities issued         —		95 172	99.550	(4 378)	(4.4)	107.624
Debt securities issued         —         —         —         —           Deposits by central banks and credit institutions         1,654         644         1,010         156.8         5.7           Derivatives         54,163         67,580         (13,417)         (19.9)         57,8           Other         20,474         20,677         (203)         (1,0)         20,9           Financial liabilities designated at fair value         59,706         56,606         3,100         5.5         59,6           Customer deposits         32,477         27,495         4,982         18.1         28,9           Debt securities issued         2,445         3,373         (928)         (27.5)         3,0           Deposits by central banks and credit institutions         24,784         25,738         (954)         (3.7)         27,0           Other         —         —         —         —         —         —         5           Financial liabilities measured at amortized cost         1,134,513         1,048,447         86,066         8.2         1,126,0           Customer deposits         715,981         667,642         48,339         7.2         720,61           Debt securities issued         221,540         21				·····		
Deposits by central banks and credit institutions         1,654         644         1,010         156.8         5           Derivatives         54,163         67,580         (13,417)         (19.9)         57,8           Other         20,474         20,677         (203)         (1.0)         20,9           Financial liabilities designated at fair value         59,706         56,606         3,100         5.5         59,6           Customer deposits         32,477         27,495         4,982         18.1         28,9           Debt securities issued         2,445         3,373         (928)         (27.5)         3,0           Other         -         -         -         -         -         -         -         5           Financial liabilities measured at amortized cost         1,134,513         1,048,447         86,066         8.2         1,126,0           Customer deposits         715,981         667,642         48,339         7.2         720,61           Debt securities issued         221,540         218,019         3,521         1.6         214,9           Deposits by central banks and credit institutions         166,925         137,029         29,896         218         162,7           Other </td <td></td> <td>10,001</td> <td></td> <td></td> <td>······</td> <td>20,179</td>		10,001			······	20,179
Derivatives         54,163         67,580         (13,417)         (19.9)         57,8           Other         20,474         20,677         (203)         (1.0)         20,99           Financial liabilities designated at fair value         59,706         56,606         3,100         5.5         59,6           Customer deposits         32,477         27,495         4,982         18.1         28,9           Debt securities issued         2,445         3,373         (928)         (27.5)         3,0           Deposits by central banks and credit institutions         24,784         25,738         (954)         (3.7)         27,0           Other         —         —         —         —         —         —         5           Customer deposits         715,981         667,642         48,339         7.2         720,66           Debt securities issued         221,540         218,019         3,521         1.6         214,9           Deposits by central banks and credit institutions         166,925         137,029         29,896         21.8         162,7           Other         30,067         25,757         4,310         16.7         7,8           Liabilities under insurance contracts         850		1 6 5 4				E71
Other         20,474         20,677         (203)         (1.0)         20,9           Financial liabilities designated at fair value         59,706         56,606         3,100         5.5         59,6           Customer deposits         32,477         27,495         4,982         18.1         28,9           Debt securities issued         2,445         3,373         (928)         (27.5)         3,0           Deposits by central banks and credit institutions         24,784         25,738         (954)         (3,7)         27,0           Other         —         —         —         —         —         —         —         —         5           Financial liabilities measured at amortized cost         1,134,513         1,048,447         86,066         8.2         1,126,0           Customer deposits         715,981         667,642         48,339         7.2         720,61           Debt securities issued         221,540         218,019         3,521         1.6         214,9           Deposits by central banks and credit institutions         166,925         137,029         29,896         21.8         162,7           Other         30,067         25,575         4,310         16.7         27,8						574
Financial liabilities designated at fair value         59,706         56,606         3,100         5.5         59,60           Customer deposits         32,477         27,495         4,982         18.1         28,9           Debt securities issued         2,445         3,373         (928)         (27.5)         3,0           Deposits by central banks and credit institutions         24,784         25,738         (954)         (3.7)         27.0           Other         —         —         —         —         —         —         5           Financial liabilities measured at amortized cost         1,134,513         1,048,447         86,066         8.2         1,126,0           Customer deposits         715,981         667,642         48,339         7.2         720,66           Debt securities issued         221,540         218,019         3,521         1.6         214,9           Deposits by central banks and credit institutions         166,925         137,029         29,96         2.18         162,7           Other         30,067         25,757         4,310         16,7         27,88           Liabilities under insurance contracts         850         635         215         33,9         1,7           Provis						
Customer deposits         32,477         27,495         4,982         18.1         28,99           Debt securities issued         2,445         3,373         (928)         (27.5)         3,0           Deposits by central banks and credit institutions         24,784         25,738         (954)         (3.7)         27,0           Other         —						
Debt securities issued         2,445         3,373         (928)         (27.5)         3,0           Deposits by central banks and credit institutions         24,784         25,738         (954)         (3.7)         27,0           Other         —         —         —         —         —         —         5           Financial liabilities measured at amortized cost         1,134,513         1,048,447         86,066         8.2         1,126,0           Customer deposits         667,642         48,339         .7.2         720,66           Debt securities issued         221,540         218,09         3,521         1.6         214,9           Debt securities issued         166,925         137,029         29,896         21.8         162,7           Other         30,067         25,757         4,310         16.7         27,8           Liabilities under insurance contracts         850         635         215         33.9         1,7           Provisions         14,284         14,411         (127)         (0,9)         14,4           Other liabilities         28,479         27,438         1,041         3.8         28,5           Total liabilities         133,004         1,247,087         85,917<						59,617
Deposits by central banks and credit institutions         24,784         25,738         (954)         (3.7)         27,00           Other         —         —         —         —         —         —         5           Financial liabilities measured at amortized cost         1,134,513         1,048,447         86,066         8.2         1,126,0           Customer deposits         715,981         667,642         48,339         7.2         720,61           Deb securities issued         221,540         218,019         3,521         1.6         214,9           Deposits by central banks and credit institutions         166,925         137,029         29,896         21.8         162,7           Other         30,067         25,757         4,310         16.7         27,8           Liabilities under insurance contracts         850         635         215         33.9         1,4           Provisions         14,284         14,411         (127)         (0.9)         14,4*           Other liabilities         1,333,004         1,247,087         85,917         6.9         1,337,4*           Shareholders' equity         117,451         107,706         9,745         9.0         116,2           Capital stock <t< td=""><td></td><td></td><td></td><td></td><td>· · · · · · · · · · · · · · · · · · ·</td><td>28,945</td></t<>					· · · · · · · · · · · · · · · · · · ·	28,945
Other         —         —         —         —         —         5           Financial liabilities measured at amortized cost         1,134,513         1,048,447         86,066         8.2         1,126,0           Customer deposits         715,981         667,642         48,339         7.2         720,66           Debt securities issued         221,540         218,019         3,521         1.6         214,9           Deposits by central banks and credit institutions         166,925         137,029         29,896         21.8         162,7           Other         30,067         25,757         4,310         16.7         27,8           Liabilities under insurance contracts         850         635         215         33.9         1,7           Provisions         14,284         14,411         (127)         (0.9)         14,4           Other liabilities         28,479         27,438         1,041         3.8         28,5           Total liabilities         1,333,004         1,247,087         85,917         6.9         1,337,4           Shareholders' equity         117,451         107,706         9,745         9.0         116,2           Capital stock         8,068         7,291         7,777 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td>3,056</td>						3,056
Financial liabilities measured at amortized cost         1,134,513         1,048,447         86,066         8.2         1,126,0           Customer deposits         715,981         667,642         48,339         7.2         720,66           Debt securities issued         221,540         218,019         3,521         1.6         214,9           Deposits by central banks and credit institutions         166,925         137,029         29,896         21.8         162,7           Other         30,067         25,757         4,310         16.7         27,8           Liabilities under insurance contracts         850         635         215         33.9         1,7           Provisions         14,284         14,411         (127)         (0.9)         14,44           Other liabilities         28,479         27,438         1,041         3.8         28,5           Total liabilities         1333,004         1,247,087         85,917         6.9         1,337,4           Shareholders' equity         117,451         107,006         9,745         9.0         116,2           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,11	Deposits by central banks and credit institutions	24,784	25,738	(954)	(3.7)	27,027
Customer deposits         715,981         667,642         48,339         7.2         720,66           Debt securities issued         221,540         218,019         3,521         1.6         214,99           Deposits by central banks and credit institutions         166,925         137,029         29,896         21.8         162,7           Other         30,067         25,757         4,310         16.7         27,8           Liabilities under insurance contracts         850         635         215         33.9         1,7           Provisions         14,284         14,411         (127)         (0.9)         14,49           Other liabilities         28,479         27,438         1,041         3.8         28,5           Total liabilities         1333,004         1,247,087         85,917         6.9         1,337,4           Shareholders' equity         117,451         107,706         9,745         9.0         116,2           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,66           Attributable profit to the Group         2,054         1,867         187         10.0 <td></td> <td></td> <td></td> <td></td> <td><del>-</del></td> <td>589</td>					<del>-</del>	589
Debt securities issued         221,540         218,019         3,521         1.6         214,99           Deposits by central banks and credit institutions         166,925         137,029         29,896         21.8         162,7           Other         30,067         25,757         4,310         16.7         27,8           Liabilities under insurance contracts         850         635         215         33.9         1,7           Provisions         14,284         14,411         (127)         (0.9)         14,44           Other liabilities         28,479         27,438         1,041         3.8         28,5           Total liabilities         1,333,004         1,247,087         85,917         6.9         1,337,4           Shareholders' equity         117,451         107,706         9,745         9.0         116,2           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,60           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         -         (1,667)         1,667         (100.0)			<del>-</del>	·····	· · · · · · · · · · · · · · · · · · ·	1,126,069
Deposits by central banks and credit institutions         166,925         137,029         29,896         21.8         162,77           Other         30,067         25,757         4,310         16.7         27,8           Liabilities under insurance contracts         850         635         215         33.9         1,7           Provisions         14,284         14,411         (127)         (0.9)         14,44           Other liabilities         28,479         27,438         1,041         3.8         28,5           Total liabilities         1,333,004         1,247,087         85,917         6.9         1,337,4           Shareholders' equity         117,451         107,706         9,745         9.0         116,2           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,6           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         -         (1,667)         1,667         (100.0)         (2,02           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7 <td></td> <td></td> <td></td> <td></td> <td></td> <td>720,606</td>						720,606
Other         30,067         25,757         4,310         16.7         27,8           Liabilities under insurance contracts         850         635         215         33.9         1,7           Provisions         14,284         14,411         (127)         (0.9)         14,44           Other liabilities         28,479         27,438         1,041         3.8         28,55           Total liabilities         1,333,004         1,247,087         85,917         6.9         1,337,4           Shareholders' equity         117,451         107,706         9,745         9.0         116,2           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,6           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         —         (1,667)         1,667         (100.0)         (20,20)           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77)           Minority interests         10,498         12,285         (1,787)         (14.5)         12,34			218,019	3,521	1.6	214,910
Liabilities under insurance contracts         850         635         215         33.9         1,7           Provisions         14,284         14,411         (127)         (0.9)         14,44           Other liabilities         28,479         27,438         1,041         3.8         28,55           Total liabilities         1,333,004         1,247,087         85,917         6.9         1,337,4           Shareholders' equity         117,451         107,706         9,745         9.0         116,2           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,6           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         -         (1,667)         1,667         (100.0)         (2,02           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77           Minority interests         10,498         12,285         (1,787)         (14.5)         12,34           Total equity         105,466         104,869         597         0.6         106,88<	Deposits by central banks and credit institutions	166,925	137,029	29,896	21.8	162,714
Provisions         14,284         14,411         (127)         (0.9)         14,44           Other liabilities         28,479         27,438         1,041         3.8         28,5           Total liabilities         1,333,004         1,247,087         85,917         6.9         1,337,4           Shareholders' equity         117,451         107,706         9,745         9.0         116,2           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,60           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         —         (1,667)         1,667         (100.0)         (2,02           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77           Minority interests         10,498         12,285         (1,787)         (14.5)         12,34           Total equity         105,466         104,869         597         0.6         106,88	Other	30,067	25,757	4,310	16.7	27,839
Other liabilities         28,479         27,438         1,041         3.8         28,57           Total liabilities         1,333,004         1,247,087         85,917         6.9         1,337,44           Shareholders' equity         117,451         107,706         9,745         9.0         116,2           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,60           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         —         (1,667)         1,667         (100.0)         (2,02)           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77)           Minority interests         10,498         12,285         (1,787)         (14.5)         12,34           Total equity         105,466         104,869         597         0.6         106,88	Liabilities under insurance contracts	850	635	215	33.9	1,117
Total liabilities         1,333,004         1,247,087         85,917         6.9         1,337,44           Shareholders' equity         117,451         107,706         9,745         9.0         116,22           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,60           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         —         (1,667)         1,667         (100.0)         (2,02           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77           Minority interests         10,498         12,285         (1,787)         (14.5)         12,34           Total equity         105,466         104,869         597         0.6         106,88	Provisions	14,284	14,411	(127)	(0.9)	14,490
Total liabilities         1,333,004         1,247,087         85,917         6.9         1,337,44           Shareholders' equity         117,451         107,706         9,745         9.0         116,22           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,60           Attributable profit to the Group         2,054         1,867         187         10.0         6,60           Less: dividends         —         (1,667)         1,667         (100.0)         (2,02           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77           Minority interests         10,498         12,285         (1,787)         (14.5)         12,34           Total equity         105,466         104,869         597         0.6         106,88	Other liabilities	28,479	27,438	1,041	3.8	28,556
Shareholders' equity         117,451         107,706         9,745         9.0         116,22           Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,60           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         —         (1,667)         1,667         (100.0)         (2,02           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77           Minority interests         10,498         12,285         (1,787)         (14.5)         12,34           Total equity         105,466         104,869         597         0.6         106,8	Total liabilities			85,917	6.9	1,337,472
Capital stock         8,068         7,291         777         10.7         8,0           Reserves         107,329         100,215         7,114         7.1         103,60           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         —         (1,667)         1,667         (100.0)         (2,02           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77           Minority interests         10,498         12,285         (1,787)         (14.5)         12,34           Total equity         105,466         104,869         597         0.6         106,8						116,265
Reserves         107,329         100,215         7,114         7.1         103,61           Attributable profit to the Group         2,054         1,867         187         10.0         6,6           Less: dividends         — (1,667)         1,667         (100.0)         (2,02           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77           Minority interests         10,498         12,285         (1,787)         (14.5)         12,34           Total equity         105,466         104,869         597         0.6         106,88				······································	······	8,068
Attributable profit to the Group       2,054       1,867       187       10.0       6,66         Less: dividends       —       (1,667)       1,667       (100.0)       (2,02         Other comprehensive income       (22,483)       (15,122)       (7,361)       48.7       (21,77         Minority interests       10,498       12,285       (1,787)       (14.5)       12,33         Total equity       105,466       104,869       597       0.6       106,88						103,608
Less: dividends         —         (1,667)         1,667         (100.0)         (2,02           Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77           Minority interests         10,498         12,285         (1,787)         (14.5)         12,33           Total equity         105,466         104,869         597         0.6         106,88				······································	· · · · · · · · · · · · · · · · · · ·	6,619
Other comprehensive income         (22,483)         (15,122)         (7,361)         48.7         (21,77)           Minority interests         10,498         12,285         (1,787)         (14.5)         12,38           Total equity         105,466         104,869         597         0.6         106,88				······		(2,029)
Minority interests         10,498         12,285         (1,787)         (14.5)         12,34           Total equity         105,466         104,869         597         0.6         106,8		(22 483)				
Total equity 105,466 104,869 597 0.6 106,8					······	
			<del>-</del>	······································	············	
						1,444,305

NOTE: Due to the application of IFRS 9 from 1 January 2018 and the decision to not restate the accounts, as permitted in the regulation, the balance sheet from the first quarter of 2018 is not comparable with previous reporting periods. As such, for comparative purposes, and given the portfolio reclassification and the corresponding nomenclature changes were not significant, the 2017 accounts have been reorganised in accordance with the new aims and valuation methods. The initial impact as of 1 January 2018 was a 1.8% increase in fair value portfolios and a 0.8% decrease in portfolios valued at amortised cost, including a EUR 2 billion increase in impairment losses. The resulting decrease in equity was just under EUR 1.5 billion.

# GRUPO SANTANDER BALANCE SHEET

The balances of loans and advances were stable in the first quarter, as well as those of customer funds with little imapct from exchange rates

Year-on-year comparisons reflected a positive effect from Banco Popular's integration last June, mainly in Spain and Portugal, and a negative one of around 6 pp from the impact of exchange rates and the depreciation of most currencies against the euro

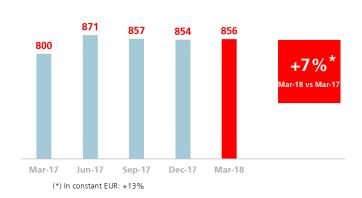
Gross loans and advances excluding reverse repos increased 13% YoY (excluding the exchange rate impact), with rises in 9 of the 10 core units

Customer funds rose 16% (excluding the exchange rate impact), with growth in 8 of the 10 core units. Double-digit growth in demand and time deposits as well as in mutual funds

### ■ Gross customer loans and advances (excluding reverse repos)

Gross customer loans and advances excluding reverse repos were evenly balanced: individuals (46%), consumer credit (16%), SMEs and companies (28%) and GCB (10%).

- Quarter-on-quarter, and excluding the exchange rate impact, loans were largely stable (+0.3%) with the following performance by country:
  - Balances increased 3% in developing countries, particularly Argentina (+11%), Chile (+3%) and Brazil (+3%).
  - On the other hand, balances remained unchanged (-0.2%) in mature countries.
- Year-on-year growth was 7% higher and 13% eliminating the impact of exchange rates, for the whole Group, favoured by the acquisition of Banco Popular.
- Rises in nine of the 10 main countries, particularly in Spain (+44%), Argentina (+41%) and Portugal (+30%). Also noteworthy in Brazil (+11%), Mexico (+8%) and Santander Consumer Finance (+7%), all of them growing at a faster pace than in previous quarters. Lastly, Poland's rose 5%.
- The only country where loans fell was the United States (-3%), where optimisation of portfolios continues.
- GROSS LOANS AND ADVANCES TO CUSTOMERS (Excl. repos) EUR billion
- GROSS LOANS AND ADVANCES TO CUSTOMERS (Excl. repos) % operating areas. March 2018





### JANUARY - MARCH Consolidated financial report

### ■ Customer funds

Customer funds are well diversified by products: 59% are demand deposits, 22% time deposits and 19% mutual funds.

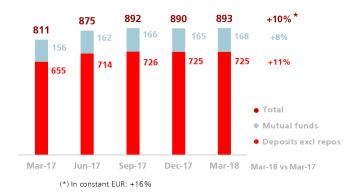
- In the first quarter, total deposits excluding repos and mutual funds, hardly changed (+0.5% excluding the exchange rate impact).
  - Evolution by countries. All units in developing countries increased their funds in their respective currencies, notably Argentina and Brazil. Positive performance also among mature countries except for Spain, where we continued the strategy of reducing the expensive balances incorporated from Popular, and the UK, where balances of time deposits are also being reduced.
- Growth year-on-year was 10% and 16% excluding the exchange rate impact, favoured by Banco Popular's acquisition.
  - The strategy continued to focus on boosting loyalty and this helped produce rises of 15% in demand deposits and 19% in mutual funds. Time deposits increased 19%, largely due to Latin American countries, particularly Brazil, within the strategy of replacing letras financieras with customer deposits in order to optimise the cost of funds.
  - Growth in eight of the 10 core units. As well as Spain (+38%) and Portugal (+19%), benefiting from the positive impact of Banco Popular, the largest rises were in Argentina (+41%), Brazil (+28%), Mexico (+9%) and Poland (+6%). The only decline was in the US (-6%) due to the outflow of wholesale and public sector deposits.

As well as capturing customer deposits, Grupo Santander, for strategic reasons, maintains a selective policy of issuing securities in the international fixed income markets and strives to adapt the frequency and volume of its market operations to the structural liquidity needs of each unit, as well as to the receptiveness of each market.

- In the first quarter of 2018 various Group units carried out several issuances, such as:
  - Medium- and long-term senior debt issuances amounting to EUR 4,678 million and covered bonds placed in the market of EUR 1,566 million. Securitisations placed in the market of EUR 3,645 million.
  - Issues eligible for Total Loss-Absorbing Capacity (TLAC) amounting to EUR 6,154 million, in order to strengthen the Group's situation, consisting of senior non-preferred: EUR 3,404 million; subordinated debt: EUR 1,250 million and preferred: EUR 1,500 million.
  - Maturities of medium- and long-term debt of EUR 8,016 million
- The net loan-to-deposit ratio was 112% (113% in March 2017). The ratio of deposits plus medium- and long-term funding to the Group's loans was 113%, underscoring the comfortable funding structure.









# **SOLVENCY RATIOS**<sup>1</sup>

The fully loaded CET 1 ratio increased 16 bps in the quarter to 11.0%.

Tangible equity per share was EUR 4.12. Excluding the initial application of IFRS 9 (EUR -0.08), it would be EUR 4.20 (+1.2% versus December 2017)

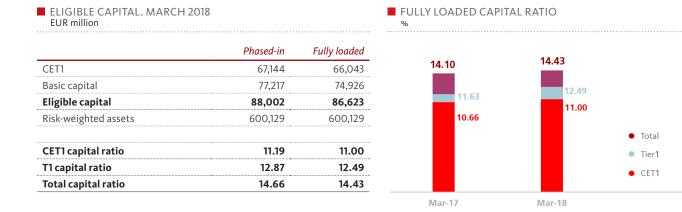
The fully loaded leverage ratio was 5.1% (5.0% in March 2017)

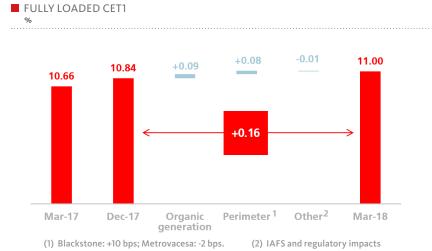
At the end of March 2018, the total phased-in capital ratio stood at 14.66% and the phased-in CET1 ratio at 11.19%, comfortably meeting the minimum levels required by the European Central Bank on a consolidated basis: 12.156% for the total capital ratio and 8.656% for the CET1 ratio.

In fully loaded terms, the CET1 ratio in March was 11.0%, up 16 bps in the quarter with the following breakdown: organic generation of 9 bps, perimeter impact of 8 bps and other impacts, including valuation changes in fair value portfolios, of -1 bp.

Additionally, on 1 January 2018, the IFRS 9 regulation came into force and includes various accounting changes which affect capital ratios. According to the new regulation, provisions can no longer be classified as general and their excesses no longer count towards Tier 2 capital, reducing the total capital ratio by 63 bps in the quarter. The second main impact corresponds to an increase in provisions due to moving to an expected loss framework from an incurred loss framework. Santander opted to apply the dynamic phase-in arrangements, which imply a transitional application of over five years. Excluding the transitional arrangements, the total impact on the fully loaded CET1 ratio would have been -23 bps.

In accordance with the TLAC issuance plan, there were two main issuances in the quarter, with impact on the capital ratios. In February we issued EUR 1.25 billion of subordinated (Tier 2) debt maturing in 2028. In March we completed a EUR 1.5 billion issuance of contingent convertible capital securities (CoCos), which contribute towards additional tier 1 (AT1) capital levels.





(\*) All 2018 data calculated using the IFRS 9 transitional arrangements, unless otherwise indicated

# RISK MANAGEMENT

The Group's NPL ratio continued its downward trend (-6 bps in the quarter to 4.02%)

Good evolution of the cost of credit (1.04%), 13 bps lower than in the first quarter of 2017 and 3 bps better than the fourth

Loan-loss provisions at the end of March amounted to EUR 2,282 million, increasing coverage to 70% from 65% at the end of 2017. This increase is due to the initial application of IFRS 9

### ■ Credit risk management

- Non-performing loans remained stable in the first quarter at EUR 37,408 million (-0.5%). The NPL ratio stood at 4.02% (-6 bps in the quarter).
- The entry into force of the new regulation of provisions for expected loss (IFRS 9) produced an increase in loan-loss provisions to EUR 26,173. This represented coverage of 70% at the end of March, bearing in mind that the ratios of the UK and Spain are affected by the weight of mortgage balances and so require fewer provisions as they have collateral guarantees.
- The cost of credit (1.04%) continued its favourable trend both over the fourth as well as first quarters of 2017.

The following table sets out the NPL and coverage ratios of the main countries where the Group operates:

- Spain's NPL ratio declined slightly in the quarter, thanks to pro-active management of the portfolio which offset the denominator impact from the maturity of one-off operations in the wholesale portfolio.
- Portugal's NPL ratio increased in the first quarter, after integrating Popular's portfolios.
- · Poland's NPL ratio rose in the quarter because of the worse performance of GCB portfolios and those of individual customers.
- Santander Consumer Finance's NPL ratio was slightly lower in the quarter and coverage increased to 107% (101% in December 2017).
- The UK's NPL ratio continued to evolve favourably in the first quarter, due to the good performance of mortgages, the growth in lending to individual customers and the disposal of some non-strategic assets from the companies' portfolio.
- Brazil's NPL ratio hardly changed in the quarter, and its coverage reached 110% (93% in December 2017).
- Mexico's NPL ratio was stable in the first quarter and coverage stood at 114% (98% in December 2017).
- Chile's NPL ratio increased a little in the first quarter because of the SME portfolio. Coverage was 61% (58% in December 2017).
- Argentina's NPL ratio rose slightly in the quarter and coverage increased sharply, to above 120% (100% in December 2017).
- In the US, the NPL ratio rose a little in the first quarter, and coverage remained at around 170%.

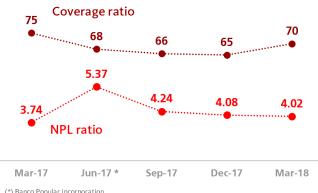
# CREDIT RISK MANAGEMENT

	Mar-18	Mar-17	% Chg.	Dec-17
Non-performing loans	37,408	32,158	16.3	37,596
NPL ratio (%)	4.02	3.74		4.08
Loan-loss allowances	26,173	24,002	9.0	24,529
For impaired assets	16,693	14,636	14.1	16,459
For other assets	9,480	9,366	1.2	8,070
Coverage ratio (%)	70.0	74.6	-	65.2
Cost of credit (%)	1.04	1.17		1.07

### CREDIT RISK MANAGEMENT, MARCH 2018

	NPL _	Change (b	ps)	Coverage
	ratio	QoQ	YoY	ratio
Spain	6.27	(5)	105	51.1
Spain's RE activity	95.82	529	266	41.1
Consumer Finance	2.48	(2)	(14)	107.2
Poland	4.77	20	(43)	72.0
Portugal	8.29	78	(18)	53.9
United Kingdom	1.17	(16)	(14)	34.6
Brazil	5.26	(3)	(10)	110.4
Mexico	2.68	(1)	(9)	113.5
Chile	5.00	4	7	61.0
Argentina	2.54	4	72	121.3
USA	2.86	7	43	169.1

### NPL AND COVERAGE RATIOS, TOTAL GROUP



### ■ NON-PERFORMING LOANS BY QUARTER EUR million

Balance at period-end	32,158	50,714	39,442	37,596	37,407
Write-offs	(3,623)	(3,813)	(2,667)	(3,420)	(2,890)
Exchange rate differences and other	536	(854)	(150)	(358)	361
Increase in scope of consolidation	18	20,969	(10,954)	_	_
Net additions	1,583	2,255	2,499	1,933	2,340
Balance at beginning of period	33,643	32,158	50,714	39,442	37,596
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18

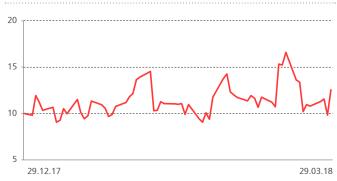
### ■ Structural exchange rate risk

Santander has a core capital ratio coverage level of around 100% in order to protect itself from exchange rate movements.

### ■ Market risk

- The risk of trading activity in the first quarter of global corporate banking, measured in daily VaR terms of 99%, fluctuated between EUR 16.6 million and EUR 9.1 million. These figures are low compared to the size of the Group's balance sheet and activity.
- The average VaR was slightly higher in the second part of the quarter due to market volatility, increasing the exposure to interest rate risk temporarily and always within the established limits.
- In addition, there are other positions classified for accounting purposes as trading. The total VaR of trading of this accounting perimeter at the end of March was EUR 13.0 million.

### ■ TRADING PORTFOLIOS\*. VaR performance EUR million



(\*) Activity performance in Global Corporate Banking financial markets

#### ■ TRADING PORTFOLIOS\*. VaR by geographic region EUR million

	2018		2017	
First quarter	Average	Latest	Average	
Total	11.4	12.6	23.9	
Europe	6.3	8.6	8.0	
USA and Asia	1.6	1.7	2.6	
Latin America	9.4	11.2	20.4	
Global activities	0.6	1.1	0.6	

(\*) Activity performance in Global Corporate Banking financial markets

### ■ TRADING PORTFOLIOS\*. VaR by market factor EUR million

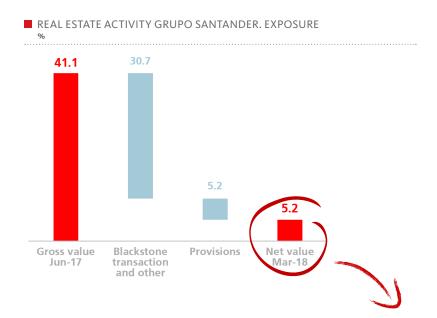
First quarter	Min.	Avg.	Max.	Last
VaR total	9.1	11.4	16.6	12.6
Diversification effect	(6.7)	(10.8)	(18.7)	(10.1)
Interest rate VaR	8.8	11.4	15.5	8.8
Equity VaR	1.0	2.6	4.4	4.4
FX VaR	1.6	3.9	7.3	5.4
Credit spreads VaR	2.2	4.2	7.6	4.0
Commodities VaR	_	_	_	_

(\*) Activity performance in Global Corporate Banking financial markets

NOTE: In the portfolios of Latin America, United States and Asia, the VaR corresponding to the credit spreads factor which is not sovereign risk, is not relevant and it is included in the interest rate factor

# **REAL ESTATE ACTIVITY IN SPAIN**

- As announced after the acquisition of Banco Popular, and in order to reduce Grupo Santander's unproductive assets to immaterial levels, on 8 August Banco Popular formalised agreements with the Blackstone fund for the acquisition by the fund of 51% of Banco Popular's real estate business and thus control over it. This business consists of the foreclosed real estate portfolio, non-performing loans emanating from the real estate sector and other assets related to Banco Popular's activity and that of its subsidiaries.
- As envisaged, the transaction was closed in the first quarter of 2018, once the corresponding authorisations were obtained. This enables Santander to focus on Popular's integration and limits uncertainties on possible additional losses related to the real estate exposure.
- The closing of the transaction involves the creation of a company controlled by the Blackstone fund, in which Santander has a 49% stake, to which Banco Popular transferred the business constituted by the assets stated and 100% of the share capital of Aliseda.
- The operation does not involve for Banco Popular and Banco Santander any significant impact on the P&L. The positive impact on Grupo Santander's fully loaded CET1 ratio was 10 bps.
- Following this operation, the Spain Real Estate Activity unit's net exposure stands at EUR 5,200 million (coverage of 50%). This comprises real estate assets for a net value of EUR 4,000 million (coverage of 51%) and real estate loans of EUR 1,200 million (coverage of 43%).



EUR million	Net value
Real estate assets	4.0
- Foreclosed	2.8
- Rentals	1.2
Non-performing real estate loans	1.2
Assets + non-performing real estate	5.2

# **DESCRIPTION OF BUSINESS**

In 2018 Grupo Santander maintained the same general criteria applied in 2017, as well as the business segments, with the following exceptions:

- · Banco Popular's financial results and balance sheet have been allocated to the corresponding geographic areas. In 2017, starting from the integration date, Banco Popular was reported separately. The main affected areas are: Spain, Portugal and Real Estate Activity in Spain.
- The Wealth Management unit, created at the end of 2017, will be reported independently as a global business. This unit was previously included in Retail Banking. This change has no impact on the geographic business.
- · Annual adjustment of the Global Customer Relationship Model's perimeter, between Retail Banking and Global Corporate Banking, with no impact on the geographic business.

These changes have no impact on the Group's figures. However, for comparative purposes, the figures of previous periods have been restated including changes in the affected geographic and global businesses.

Moreover, the balance sheets have been adjusted to the new IFRS 9 regulation. Since retroactive application of this rule is not mandatory, certain lines of the 2018 balance sheet are not comparable with previously reported periods. For comparative purposes, and given the scant significance of portfolio reclassifications and their nomenclature changes, the 2017 accounts have been reorganised in accordance with their purpose and valuation method.

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, Chile and Argentina are set out.
  - United States. Includes the holding Santander Holdings USA (SHUSA) and its subsidiaries Santander Bank, Banco Santander Puerto Rico, Santander Consumer USA, Banco Santander International, Santander Investment Securities and the New York branch.
- ☑ Globales businesses. The activity of the operating units is distributed by the type of business: Retail Banking, Santander Global Corporate Banking, Wealth Management 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 SGCB, and asset management and private banking, which are managed by Wealth Management. 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 Retail Banking customers), as well as equities business.
  - Wealth management. Includes the asset management business (Santander Asset Management), the new corporate unit of Private Banking and International Private Banking in Miami and Switzerland.

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 issuances.

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		QoQ		YoY	
EUR million	Q1'18	%	% excl. FX	%	% excl. FX
Continental Europe	1,915	16.5	16.3	13.0	13.3
o/w: Spain	918	41.9	41.9	23.9	23.9
Santander Consumer Finance	631	0.9	0.9	2.4	3.4
Poland	179	(18.0)	(19.0)	2.3	(1.0)
Portugal	183	11.9	11.9	17.8	17.8
United Kingdom	586	(6.0)	(6.6)	(17.4)	(15.1)
Latin America	3,391	0.6	5.2	(3.2)	13.2
o/w: Brazil	2,280	2.6	7.3	(5.1)	13.1
Mexico	491	1.3	4.5	(2.7)	3.9
Chile	382	(0.0)	(0.7)	0.2	6.2
Argentina	159	(22.4)	(7.2)	(13.9)	24.9
USA	843	2.3	6.3	(19.1)	(6.6)
Operating areas	6,734	4.2	7.1	(3.1)	7.3
Corporate Centre	(348)	(3.1)	(3.1)	(24.5)	(24.5)
Total Group	6,387	4.7	7.7	(1.5)	9.8

■ ATTRIBUTABLE PROFIT TO THE GROUP		QoQ		YoY	
EUR million	Q1'18	%	% excl. FX	%	% excl. FX
Continental Europe	931	14.4	14.3	20.3	21.0
o/w: Spain	455	37.6	37.6	25.7	25.7
Santander Consumer Finance	323	3.7	3.7	2.7	4.0
Poland	63	(22.3)	(23.3)	6.3	2.8
Portugal	127	6.3	6.3	1.1	1.1
United Kingdom	320	7.7	6.8	(23.2)	(21.1)
Latin America	1,099	(1.9)	2.9	4.7	23.4
o/w: Brazil	677	5.5	10.7	6.8	27.3
Mexico	175	(2.0)	1.5	6.9	14.1
Chile	151	2.9	2.1	2.2	8.4
Argentina	66	(31.5)	(17.9)	(38.5)	(10.9)
USA*	125	76.9	80.9	31.6	51.9
Operating areas*	2,475	7.5	9.9	6.0	15.2
Corporate Centre	(421)	11.5	11.5	(10.0)	(10.0)
Total Group*	2,054	6.7	9.6	10.0	22.2
Net capital gains and provisions	<u> </u>	(100.0)	(100.0)		
Total Group	2,054	33.2	37.2	10.0	22.2

 $(\mbox{\ensuremath{^{\star}}})$  In the units. underlying attributable profit (excluding net capital gains and provisions)

■ GROSS LOANS AND ADVANCES TO CUSTOMERS EXCL. REPOS		QoQ		YoY	
EUR million	Q1'18	%	% excl. FX	%	% excl. FX
Continental Europe	383,048	(0.3)	(0.3)	26.5	26.9
o/w: Spain	216,907	(0.8)	(0.8)	43.9	43.9
Santander Consumer Finance	92,142	(0.3)	(0.5)	5.9	6.7
Poland	23,161	0.8	1.6	5.7	5.3
Portugal	37,418	(0.2)	(0.2)	30.1	30.1
United Kingdom	239,034	1.4	(0.0)	(1.5)	0.8
Latin America	155,553	1.4	2.7	(4.9)	10.4
o/w: Brazil	74,071	(0.4)	2.7	(8.8)	10.5
Mexico	28,693	6.4	1.3	(4.3)	7.6
Chile	38,995	2.0	2.8	(0.7)	3.9
Argentina	7,741	1.8	11.5	(6.8)	40.7
USA	72,285	(4.1)	(1.5)	(15.9)	(3.0)
Operating areas	849,920	0.2	0.2	6.9	12.6
Total Group	856,197	0.3	0.3	7.0	12.7

■ CUSTOMER FUNDS (CUSTOMER DEP. EX. REPOS + MUTUAL FUNDS)		QoQ		YoY	
EUR million	Q1'18	%	% excl. FX	%	% excl. FX
Continental Europe	424,606	(0.2)	(0.1)	29.2	29.3
o/w: Spain	313,399	(1.1)	(1.1)	38.4	38.4
Santander Consumer Finance	36,849	4.1	3.9	3.3	4.0
Poland	28,109	1.1	1.9	6.6	6.2
Portugal	37,241	3.1	3.1	19.0	19.0
United Kingdom	207,354	(1.4)	(2.8)	(2.7)	(0.5)
Latin America	201,746	3.5	5.0	2.3	20.3
o/w: Brazil	110,178	3.0	6.1	5.6	27.9
Mexico	38,095	7.2	2.0	(2.7)	9.5
Chile	33,885	2.4	3.2	(1.1)	3.5
Argentina	13,138	2.2	12.0	(6.8)	40.7
USA	58,666	(1.1)	1.6	(18.3)	(5.9)
Operating areas	892,372	0.3	0.5	10.1	16.4
Total Group	892,588	0.3	0.5	10.0	16.3

# **SPAIN**

Highlights

**EUR 455 Mn** 

Attributable profit

Santander and Popular launched the 1/2/3 *Profesional* account, their first joint offer, in order to capture more than 100,000 new customers

Launching of Santander One Pay Fx, a blockchain-based international payment service, which reduces the transfer time to one day

Good evolution of new lending spreads. Growth was spurred by private banking, SMEs, credit and consumer loans

Attributable profit was 26% higher year-on-year at EUR 455 million

### **Banco Popular's integration process**

- In 2018, Santander Spain is carring out the integration in line with the calendar. Integration of central services has already been completed. It will continue to work on legal integration and in the last part of 2018 we will be ready to take on the operational integration of Popular into Santander's systems.
- Santander made progress in managing Banco Popular's alliances in order to recover strategic businesses and facilitate integration. The focus was on improving the customer experience. Of note was the sale of Popular's 49% stake in *WiZink* to Varde while, simultaneously, recovering Popular's cards business. We are also recovering the management of its ATMs.

### **Comercial activity**

- The 1/2/3 *Profesional* account, the first joint offer of Santander and Popular, was launched for the self-employed and micro companies.
- In the companies segment, we extended the network of international business specialists in factoring, confirming, leasing and wholesale banking products to Popular's network.
- New protection insurance campaign. Santander is the only bank to offer a 100% digital service in mobile phones and online.
- Santander is the only bank to have incorporated all its credit and debit cards to *Apple Pay* in all segments.

### **Business performance**

- Strong year-on-year growth in volumes, thanks to Popular's integration. Positive evolution of loans to SMEs in the first quarter, falls in mortgage loans and in GCB, and seasonality of the commercial portfolio.
- Decrease in deposits in the quarter, concentrated in one-off wholesale banking operations and outflow of the expensive institutional funds.

### Results

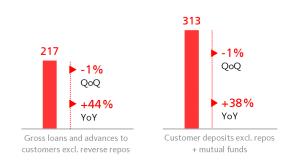
**Attributable profit** of EUR 455 million, 26% more than in the first quarter of 2017. Evolution affected by Popular integration. Notable aspects:

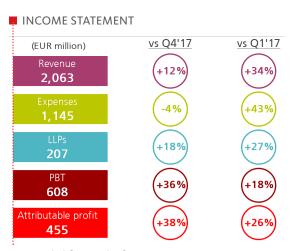
- Net interest income up 39%, with improved spreads. Fee income was 47% higher.
- Higher operating expenses, affected by the integration of a business with worse efficiency levels.
- Lower cost of credit with sharp improvement of the NPL ratio in recent quarters.
   Coverage was around 51%.

Attributable profit was 38% higher than the fourth quarter of 2017, due to the charge for the Deposit Guarantee Fund recorded in that period.



ACTIVITY EUR billion and % change





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# SANTANDER CONSUMER FINANCE

**EUR 323 Mn** 

Highlights (changes in constant euros)

Attributable profit

New lending increased 9% with rises in almost all countries

Results reflected higher gross income, cost control and a cost of credit still at low levels

Attributable profit up 4% year-on-year and high profitability (RoTE 16.6%)

In consumer finance launching of two core projects for business model transformation (e-commerce and digital integration with customers). Expected roll out of more than 30 customer journeys in 10 units throught the year

### **Commercial activity**

- The auto finance market stabilised and registered 0.7% year-on-year growth in car sales.
- SCF's growth still based on its solid business model: diversification by country, efficiency and risk and recovery systems that keep credit quality high.
- Management continued to focus on boosting leadership in auto finance and reinforcing consumer finance by the continuous development of the value added proposition with the brand's captive lenders and ultimate customers. All of it by strengthening digital channels.
- SC Germany has launched a plan to integrate the retail networks. The plan is progressing as scheduled.

### **Business performance**

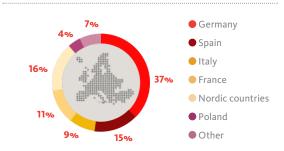
- New lending increased 9% year-on-year, driven by commercial agreements in various countries. Of note, Poland (+27%), France (+18%), Spain (+13%) and Italy (+11%).
- Customer deposits have remained stable for several quarters at around EUR 37,000 million, something that sets Santander apart from its competitors.
- Recourse to wholesale funding amounted to EUR 2,981 million. Customer deposits and medium- and long-term issues-securitisations covered 73% of net loans.

### Results

Attributable profit of EUR 323 million, 4% higher than in the first quarter of 2017:

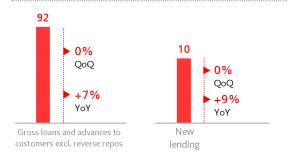
- Gross income increased largely backed by net interest income (lower funding costs and larger volumes).
- The efficiency ratio of 44.6% was 30 bps better year-on-year.
- The cost of credit remained low (0.36%), confirming the exceptional performance of portfolios. The increase in provisions over the first quarter of 2017 was due to portfolio sales and release of provisions in 2017.
- The NPL ratio was 2.48%, 14 bps lower year-on-year.
- Notable profit generation in Germany (EUR 77 million), Spain (EUR 68 million) and the Nordic countries (EUR 56 million).
- New lending remained stable **over the fourth quarter of 2017** and attributable profit increased 4%, with good performance of both, net interest income and fee income.

#### **CUSTOMER LOANS BY GEOGRAPHIC AREA** March 2018

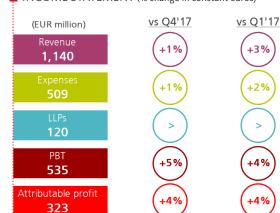


### ACTIVITY

EUR billion and % change in constant euros



### INCOME STATEMENT (% change in constant euros)



Detailed financial information on page 46

# **POLAND**

### EUR 63 Mn

Highlights (changes in constant euros)

Attributable profit

Acceleration in volumes across all segments in both lending and deposits

Santander is the reference bank in Poland in mobile phone and online banking, ranked as best bank in Poland by Bankier.pl for the second year running

Priority given to management of commercial revenue (+9%) and costs (+2%) in a low interest rate environment. Comparison with first quarter 2017 affected by fewer portfolio sales and the change in the Resolution Fund payment schedule

### **Commercial activity**

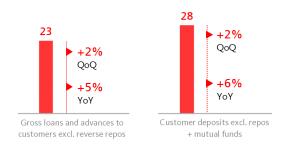
- The Bank's main goal is to become the bank of first choice for its customers, responding to and anticipating their expectations and needs.
- In Retail Banking, strong growth in consumer credit, mortgages in local currency
  and mutual funds. New car insurance products were launched in March that are
  available via a mobile phone app, the Multichannel Contact Centre or the Bank's
  website.
- In the segment for SMEs, and as the leading bank in this market, *Trusted Profile* was launched in December 2017. This enables companies to manage incidents with public administrations remotely through verification via our *eBanking* platform.
- In digital channels, Bank Zachodni WBK continues to be the reference in this market. In March 2018 *Bankier.pl* awarded it its prize as the best bank in Poland in mobile phone apps.
- BZ WBK is the first bank in Poland to launch *Garmin Pay*, an app that enables the user to make payments using the Garmin smartwatch connected to a MasterCard card. In addition, we introduced face recognition technology for our corporate clients, via *iBiznes24 mobile*.

### **Business performance**

- Lending rose 5% year-on-year, driven by all segments: individuals (+5%), SMEs (+9%), companies (+11%) and GCB (+4%). By product: cards (+5%); consumer loans (+9%). Mortgages increased 5%, (those in local currency rose 16%).
- Customer funds rose 6%. Deposits grew 5%, due to the strategy to grow demand deposits (+10%) and reduce time deposits (-5%). Mutual funds increased 16%.

# Loyal customers Digital customers +5%



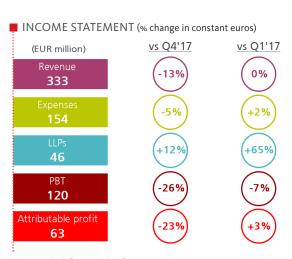


### **Results**

**Attributable profit** of EUR 63 million in the first quarter, 3% more that in the same period of 2017, as a result of:

- Lower gains on financial transactions (-77%) due to fewer portfolio sales and the timing change of Resolution Fund payments, as the 2018 payments were charged in full in the first quarter of 2018.
- On the other hand, there was strong growth in net interest income (+10%) and in fee income (+8%), control of costs and the cost of credit. Lower NPL ratio (4.8% from 5.2% in the first quarter of 2017).

Stable net interest income and lower expenses over the **fourth quarter of 2017.** Attributable profit was affected by the contribution to the Resolution Fund and the lower gains on financial transactions.



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# **PORTUGAL**

**EUR 127 Mn** 

Highlights Attributable profit

Following the acquisition of Banco Popular Portugal, Santander Totta is the country's largest private sector bank by assets and domestic loans. It also now has a stronger position in the corporate market, particularly in SMEs

The 1/2/3 World programme continues to be the main driver of loyalty, while continuing the digital transformation, with various advances in the app, which enables sales to be increased via digital channels

Attributable profit of EUR 127 million, 1% higher than the first quarter of 2017, affected by fewer portfolio sales and a higher tax rate. Profit before tax increased 10%

### **Commercial activity**

- Popular began to be integrated in January, with a change of image in all branches to Santander Totta and the inclusion of employees in the Bank's structure.
- As for the 1/2/3 World programme, it remains an important vehicle for increasing the number of customers and boosting loyalty. Santander Totta had 712,000 loyal customers at the end of the first quarter.
- The launch of new digital platforms increased the proportion of sales via digital channels, enabling the cost per operation to be reduced. Some examples: CrediSimples, for contracting funds and retirement savings plans in the app, management of cards (blocking services), companies' app and e-broker. The number of digital customers at the end of March stood at 653,000.

# Loyal customers Digital customers +8% +25%

# **Business performance**

- · Year-on-year business and results comparisons are impacted by Popular's incorporation.
- Following this, loans were 30% higher at EUR 37,418 million and our position in the corporate market was stronger (loans to companies accounted for 46% of the total, up from 40% in the first quarter of 2017). Growth in new lending to companies and mortgages continued to be higher than the market's, and this produced gains in market share.
- Customer funds increased 19% year-on-year to EUR 37,241 million.

### ACTIVITY EUR billion and % change

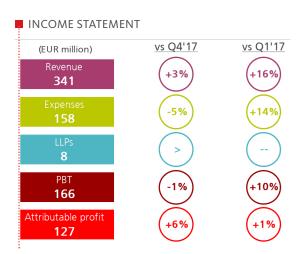


### **Results**

Attributable profit rose 1% year-on-year to EUR 127 million, affected by fewer portfolio sales and a higher tax rate. Profit before tax increased 10%.

- Gross income was 16% higher driven by commercial revenue (+22%), as gains on financial transactions declined.
- Operating expenses rose 14%, reflected in the 18% increase in net operating income.
- The efficiency ratio was 46%, one percentage point better than the first quarter
- Provisions amounted to EUR 8 million, compared to a release in the first quarter of 2017. The NPL ratio was 8.29% (8.47% a year ago) and coverage, 54%.

Profit was 6% higher than in the fourth quarter of 2017.



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# UNITED KINGDOM

Highlights (changes in constant euros)

### **EUR 320 Mn**

Attributable profit

We continue to invest in strategic projects in order to improve our customer experience and operational efficiency

In a competitive market, strong growth in mortgages, backed by the pricing policy, customer retention and service

Attributable profit impacted by investments in regulatory, strategic and digital transformation projects, and higher provisions for single cases

### **Commercial activity**

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

- We continue to leverage the strength of our retail franchise: 1/2/3 World customers increased to 5.4 million.
- We continue to enhance our digital proposition, gaining an average of 1,100 new active mobile users per day. Two million customers exclusively use our mobile app in their transactions with us and over 50% of mortgage retentions and credit card openings were made through digital channels in the quarter.
- Loyal SME and corporate customers increased YoY, backed by the improvement of the digital and international offering for our business banking customers.
- The implementation of our ring-fence structure is progressing according to plan and we are on track to comply with ring-fencing legislation before the 1 January 2019 deadline.

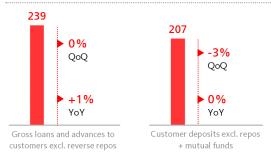
### **Business performance**

- Customer lending increased slightly. Residential mortgage net lending was GBP 1.9 billion, with management pricing actions and a focus on customer retention (78% of mortgages were retained at the end of their incentive period).
- Lending to UK companies was down GBP 100 million, with solid growth to trading businesses offset by reduction in Commercial Real Estate lending.
- In customer funds, there was a strategic increase in demand deposits (+3%) at the expense of time deposits. Mutual funds increased 1%.

# Loyal customers Digital customers +10%

### ACTIVITY

EUR billion and % change in constant euros

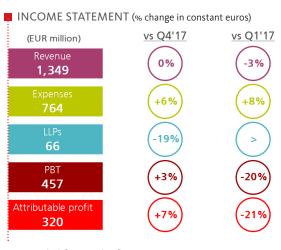


### Results

**First quarter attributable profit** was EUR 320 million, 21% less than the first quarter of 2017, due to:

- Decreased revenue driven by pressure on the asset side and lower gains on financial transactions.
- Higher investments in regulatory, strategic and digital transformation projects.
- Increased provisions for two single cases in GCB. Credit quality remained strong. The NPL ratio improved to 1.17% and the cost of credit is only 10 bps.

Compared to the fourth quarter of 2017, attributable profit increased 7%. The continued pressure on asset and SVR margins was offset by higher gains on financial transactions and lower provisions.



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# **BRAZIL**

**EUR 677 Mn** 

Attributable profit

Highlights (changes in constant euros)

We remain focused on profitability, with the main priority of improving customer satisfaction and experience

The progress in strategic initiatives is reflected in the growth in loyal and digital customers

Good performance of loans to individuals and consumer finance. Of note on the funding side was the growth in time deposits and in mutual funds

Attributable profit rose 27%, driven by net interest income and fee income

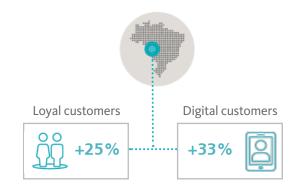
### **Commercial activity**

We continued to progress in our strategic initiatives. Of note in the first quarter:

- In cards, revenue still grew at double-digit rates (+25% year-on-year). The Santander Way app introduced an innovation by making available to singleproduct customers (those who only have cards) the option to contract personal loans.
- In consumer finance, we launched Cockpit, an innovative platform that substantially improves the experience of buyers, sellers and brokers in the buying and selling of cars, integrating solutions of WebMotors and Santander Financiamientos. Our market share in February in auto finance reached 23.6% (+281 bps year-on-year).
- · A year ago we launched Net Promoter Score, methodology that measures customer satisfaction. Year-on-year, there was an improvement of 5 p.p.
- All these measures produced a continuous increase in loyal and digital customers.

### **Business performance**

- Loans continued to grow strongly (+11% year-on-year), with gains in market share. Of note was the 21% rise in loans to individuals, 26% in consumer finance and 11% in SMEs. The only fall was to large companies (-3%).
- Funds increased 28% year-on-year, mainly time deposits (+67%) and mutual funds 12%), which offset the fall in letras financieras.



### ACTIVITY EUR billion and % change in constant euros

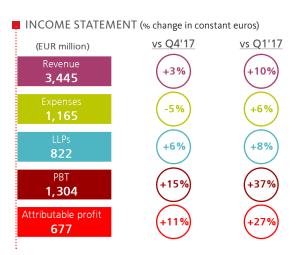


### **Results**

Attributable profit of EUR 677 million, 27% more year-on-year. Of note:

- Net interest income rose 17%, as the positive effect of the greater weight of consumer finance exceeded the fall from liability margins.
- Brisk growth in fee income (+17%), due to greater loyalty and transactions. Of note was that from cards (+20%), current accounts (+16%), cash management (+15%) and foreign trade (+51%).
- Operating expenses increased 6% (2% excluding inflation). The efficiency ratio improved 1.5 p.p. to below 34%.
- Year-on-year improvement in the cost of credit (4.35% from 4.84% in March 2017), the NPL ratio (5.26% from 5.36%) and coverage (110% from 98%).

Attributable profit was 11% more than the fourth quarter, driven by commercial revenue and lower costs.



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## **MEXICO**

**EUR 175 Mn** 

Highlights (changes in constant euros)

Attributable profit

Strategy focused on commercial transformation, multi channel innovation, digitalisation, loyalty and attracting new customers

Faster growth in lending, notably to companies (+16%), SMEs (+7%) and payroll loans (+14%)

The campaigns to attract new customers are reflected in growth in time deposits and mutual funds

Attributable profit was 14% higher, driven by the good performance of net interest income, fee income and loan-loss provisions

### **Commercial activity**

The commercial strategy kept up its goals of boosting use of digital channels, loyalty and attracting new customers.

- The *Santander Plus* programme has so far attracted more than 3.5 million customers, 53% of whom are new.
- As regards SMEs, we ran a campaign with one of the main self-service chains to attract their suppliers and increase their loyalty.
- We continued to develop our digital proposal with the new *Súper Móvil* offer as a sales channel for pre-approved loans.
- We launched the *Movimiento Santander* programme to be the best bank based on eight pillars: customers and value proposal, physical distribution, digital channels, digitalisation and processes, simplification and operational excellence, new perimeter, synergy between banks and talent, leadership and culture of service.
- In insurance, we launched the  $10 \times 10$  promotion for Autocompara (+40% in policies sold).
- The Select Me offer, which seeks to help women in their professional development, continued. So far more than 6,000 packets have been drawn up.

### **Business performance**

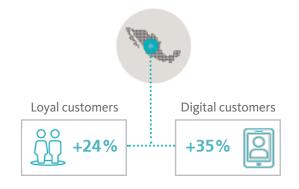
- Lending grew 8% with rises in all segments: individuals (+5%), SMEs (+7%), companies (+16%) and corporates (+3%). Of note in lending to individuals was consumer credit (+8%), cards (+6%), payrolls (+14%) and mortgages (+4%). All of it without losing sight of profitability.
- Customer funds increased 9%. Deposits rose 10%, underpinned by time deposits (+23%) and mutual funds (+9%).

### Results

**Attributable profit** of EUR 175 million was 14% higher than in the first quarter of 2017, as follows:

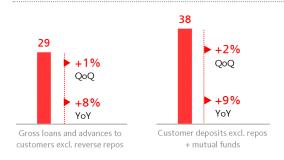
- Net interest income rose 11%, driven by higher interest rates and growth in loans and deposits. Fee income grew 11%, mainly from cards, securities and mutual funds.
- Operating expenses were up 14% due to new commercial projects to attract and make loyal customers and ongoing investments.
- Loan-loss provisions dropped 8% and the cost of credit fell below 3%.

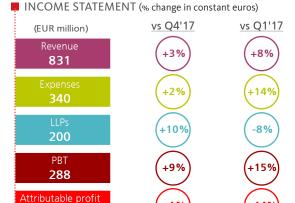
Attributable profit was 1% more **than the fourth quarter,** backed by the good evolution of commercial revenue, which more than offset lower gains on financial transactions and higher provisions (very low in the fourth quarter).



### ACTIVITY

EUR billion and % change in constant euros





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175

# **CHILE**

### **EUR 151 Mn**

Attributable profit

Highlights (changes in constant euros)

Continued focus on commercial transformation and the branch network. The Santander Life offer, launched at the end of 2017, has been well received and is attracting new customers

Business growth with a faster pace in some segments. Loans and deposits rose 3% from December 2017

Attributable profit increased 8% year-on-year, mainly due to the good evolution of net interest income and fee income. The efficiency ratio improved to 40.3%

### **Commercial activity**

Santander is the leading private sector bank in Chile in terms of assets and customers, with a marked retail focus (individuals and SMEs) and on transaction banking.

The Group's strategy continued to focus on offering an attractive return in a stable, low risk country whose economy is growing faster.

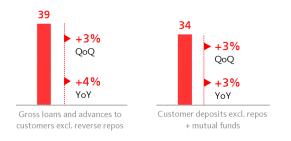
- We continued to transform the traditional network into a new branch model, with new openings of WorkCafés in the first quarter.
- We launched Santander Life in the first quarter. This is a new way of relating to the community and to customers via products aimed at the mass consumer market. It is firmly backed by technological innovations, enabling the costs and risk of opening accounts to be reduced. So far, Santander Life has more than 15,000 customers (60% of which are new) and already accounts for virtually 30% of the selling of plans to individuals.

# Loyal customers Digital customers +4% +5%



### **Business performance**

- Lending accelerated and rose 4% year-on-year. This occurred in individuals, notably in consumer credit (+4%) and mortgages (+6%) and in companies
- Customer funds reflected the greater commercial dynamism in the country, with a significant improvement in the mix of funds. Demand deposits grew 10% and time deposits 1%.

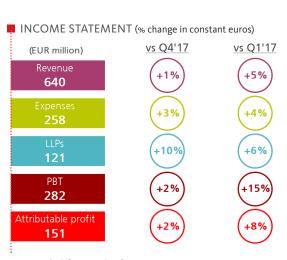


### **Results**

Attributable profit was 8% higher than in the first quarter of 2017 at EUR 151 million. Of note were:

- Gross income rose underpinned by net interest income which increased 7%, growth in volumes and a better mix of funds. Fee income rose 9%, spurred by that from transaction banking, greater use of cards and mutual funds.
- Operating expenses grew less than gross income and allowed the efficiency ratio to improve 60 bps year-on-year to 40.3%.
- The cost of credit continued to improve, and the NPL ratio was stable at around 5% and coverage rose to 61%

Attributable profit was 2% more than the fourth quarter of 2017, thanks to higher fee income.



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# **ARGENTINA**

EUR 66 Mn

Highlights (changes in constant euros)

Attributable profit

Santander consolidated itself as the leading private sector bank in Argentina by loans and savings

The business focus was on Santander Select and SMEs Advance, taking advantage of the growth in intermediation and becoming a digital bank

Attributable profit was lower due to higher costs related to the incorporation of Citibank's business and increased provisions, partly because of larger volumes and partly due to the release of provisions in 2017

### **Commercial activity**

Citibank's incorporation, together with organic growth, made Santander Río the leading private sector bank by loans and deposits.

We continued to make progress in the digitalisation and transformation strategy:

- We launched the new Online Banking individuos, which offers a more innovative and personalised digital experience for individual customers.
- The SuperClub points programme platform was improved enabling users to enjoy a more personalised navigation and with a simple exchange.
- The penetration of *Santander Río Mobile* reached 31% of active customers and 67% of digital ones, putting the Bank as Best in Class in the sector.
- All these measures led to a 19% rise in loyal customers year-on-year and 27% in digital ones. Some 95% of transactions and 66% of sales of products were conducted in digital channels.

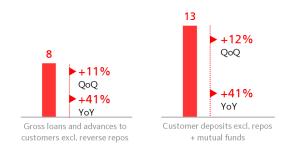
### **Business performance**

- Lending and funds rose 41% year-on-year on a like-for-like basis, as Citibank's retail banking was already consolidated in March 2017.
- Of note was the growth in loans to SMEs and consumer credit, particularly in the new line of inflation-indexed UVA auto finance and UVA mortgages.
- On the funding side, notable growth in mutual funds (+85%).

# Loyal customers Digital customers +27%

### ACTIVITY

EUR billion and % change in constant euros

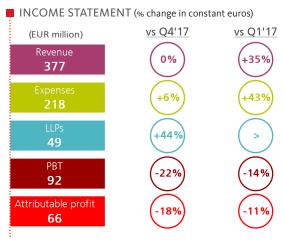


### Results

**Attributable profit** was 11% lower year-on-year at EUR 66 million. The 2018 first quarter figures include the results of Citibank's retail business:

- The commercial strategy, the larger volumes and management of spreads produced a 40% rise in net interest income. Fee income rose 23%. Of note was that from maintaining accounts, securities, mutual funds, debt structuring and the buying and selling of foreign currency.
- The growth in operating expenses reflects Citibank's incorporation, as well as the impact of the new salary agreement and investments in transformation and technology.
- Loan-loss provisions increased due to the larger volumes, provision releases in 2017 and a single case in GCB in the first quarter. Credit quality remained high, the NPL ratio was 2.54%, coverage 121% and the cost of credit 2.06%.

Attributable profit was lower than in the fourth quarter of 2017 because of higher costs and provisions.



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# **URUGUAY**

Highlights (changes in constant euros)

The Group continued to be the leading private sector bank in the country, focused on growing in retail banking and improving efficiency and the quality of service

Attributable profit rose 33%, spurred by the good performance of net interest income and fee income

### **Commercial activity**

- · Santander continued to focus on improving customer satisfaction and increasing loyalty. It took advantage in the first quarter of regional synergies with Santander Río and launched #banco de verano, which was widely accepted by customers.
- · We continued to advance in the digital transformation strategy and in modernising channels. The number of digital customers increased 44% to 191,000 (penetration of 52%, up from 42% in March 2017). Transactions via digital channels rose 40% year-on-year. Consumer finance companies increased placements via digital channels. At Creditel they already account for 28%.
- Loans grew in target segments, products and currencies: +22% in consumer credit and cards and +4% in the national currency portfolio. Deposits remained virtually unchanged, despite the outflow of non-resident balances and the profitability strategy for funds.

#### Results

Attributable profit was 33% higher in the first quarter year-on-year at EUR 32 million.

- Gross income rose 16%, driven by net interest income and to a lesser extent fee income. The efficiency ratio was 44.4%, 4.3 p.p. better than in the first quarter of 2017.
- Despite the rise in provisions because of the entry into force of IFRS 9 regulation and other impacts, the NPL ratio remained at a low level (2.72%), coverage was high (159%) and the cost of credit 2.35%.

Attributable profit was 46% higher than in the fourth quarter of 2017, due to the good performance of the main P&L lines: net interest income (+7%), fee income (+7%), operating expenses (-7%) and provisions (-17%).

# **PERU**

Highlights (changes in constant euros)

- The strategy remained focused on the corporate segment, the country's large companies and the Group's global clients.
- The specialised auto finance company continued to increase its revenue at double-digit rates and gain market share.
- Lending rose a little over March 2017 and deposits registered a slight fall.
- Attributable profit was 9% higher year-on-year at EUR 8 million. Gross income grew 17% thanks to the good performance of net interest income, fee income and gains on financial transactions. The efficiency ratio remained excellent at 39%.

# COLOMBIA

Highlights (changes in constant euros)

- · Activity in Colombia remained focused on GCB clients, large companies and companies, contributing solutions in treasury, hedging risks, foreign trade and confirming, developing investment banking products and supporting the country's infrastructure plan. This offer is in the process of being expanded with a licence for Santander Securities Services Colombia, enabling custody services to be offered.
- We launched a strategy to consolidate the auto financing business. This will enable Banco Santander to have the critical mass needed to consolidate its position in the auto financing services in Colombia.
- Lending registered a slight fall year-on-year and deposits rose 30%, thanks to the good evolution of demand deposits.
- The first quarter posted a profit of EUR 1 million. Of note was the good performance of net interest income.

# UNITED STATES

### **EUR 125 Mn**

Highlights (changes in constant euros)

Attributable profit

Santander US's 2018 strategy is focused on closing remaining regulatory issues, increasing profitability and optimising capital structure through organic growth and dividend payments

Santander Bank continues to focus on improving customer experience and product offering as well as increasing profitability through balance sheet optimisation and efficiency measures

Santander Consumer is prioritising the optimisation of profitability across prime, non-prime and leasing products in order to increase customer satisfaction and drive loyalty and origination growth

Attributable profit of EUR 125 million, 52% higher, with strong growth in SBNA and SC USA

### **Commercial activity**

Santander US includes regional banking in the Northeast (Santander Bank), national auto finance lending (Santander Consumer USA), an international private banking unit in Miami, a broker dealer in New York, and retail banking in Puerto Rico.

- Santander Bank's objectives are to improve customer experience and product offerings across digital and physical channels and to drive growth in Retail Banking and GCB through investment in people, products and technology.
- Santander Consumer USA launched partnerships with AutoGravity and AutoFi to provide finance offers through their mobile origination platforms.
- Focus on integration of shared service infrastructure to generate efficiencies.

### **Business performance**

- Both customer deposits and loans decreased year-on-year, albeit at a slower pace. Deposits rose 2% in the quarter.
- The performance of customer loans was due to reductions in GCB and SC USA.
- The strategy to improve funding costs remains and is reflected in the outflow of wholesale and government deposits.
- These measures are helping reduce Santander Bank's gap with competitors in the yield on assets, cost of deposits and net interest income.



### ACTIVITY EUR billion and % change in constant euros

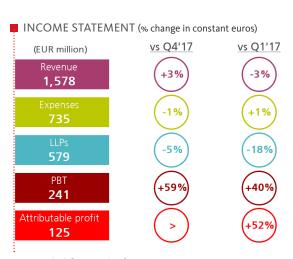


### **Results**

Attributable profit in the first quarter was EUR 125 million, a 52% increase yearon-year with strong growth at both SBNA and SC USA.

- Gross income fell, impacted by lower net interest income at SC USA due to lower volumes and tighter spreads. On the other hand, more gains from financial transactions and revenue from the sale of cars from the leasing fleet and higher net interest income at Santander Bank.
- Operating expenses remained broadly flat, with reductions at SC USA offset by increases at SBNA and at the Holding company.
- Provisions declined significantly (-18%) driven by a strong reduction at SC USA, due to better credit quality and lower volumes.

Strong rise of underlying attributable profit compared to the fourth quarter of 2017, backed by higher gross income (+3%), lower costs (-1%) and reduced provisions (-5%).



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# **CORPORATE CENTRE**

**EUR-421 Mn** 

Highlights Attributable profit

The Corporate Centre's objective is to enhance efficiency and contribute value-added to the operating units. It also develops functions related to financial and capital management

The net loss was 10% less year-on-year, mainly due to reduced hedging costs of exchange rates

Operating expenses remained stable, following the adoption of streamlining and simplification measures

### **Strategy and functions**

The Corporate Centre contributes value to the Group in various ways:

- It makes the Group's governance more solid, through global control frameworks and supervision, and taking strategic decisions.
- Fostering the exchange of best practices in management of costs and economies of scale. This enables us to be one of the most efficient banks in the sector.
- 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 (issuances and other), maintaining an adequate profile at each moment in volumes, maturities and costs. The price at which these operations are made with other Group units is the market rate (euribor or swap) plus the premium, which in the concept of liquidity, the Group supports by immobilising funds during the term of the operation.
- Interest rate risk is also actively managed in order to soften the impact of interest rate changes on net interest income, conducted via derivatives of high credit quality, very liquid and low consumption of capital.
- Strategic management of the exposure to exchange rates on equity and dynamic on the countervalue of the units' results in euros for the next 12 months. Net investments in equity are currently covered by EUR 20,187 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.

### **Results**

First quarter loss of EUR 421 million, down from EUR 468 million in the first quarter of 2017. The improvement was mainly due to lower costs related to hedging of exchange rates.

In addition, net interest income was hit by the volume of issuances made under the funding plan in the second half of 2017 and the beginning of 2018, largely focused on eligible TLAC instruments, and the greater liquidity.

Operating expenses, on the other hand, remained virtually unchanged as a result of the streamlining and simplification measures that offset the investment in global projects aimed at the Group's digital transformation.

### ■ CORPORATE CENTRE

EUR million	Q1'18	Q4'17	% Chg.	Q1'17	% Chg.
Gross income	(227)	(238)	(5.0)	(341)	(33.5)
Net operating income	(348)	(359)	(3.1)	(460)	(24.5)
Underlying attributable profit to the Group	(421)	(378)	11.5	(468)	(10.0)
Attributable profit to the Group	(421)	(684)	(38.4)	(468)	(10.0)

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## RETAIL BANKING

**EUR 1,931 Mn** 

Highlights (changes in constant euros)

Attributable profit

Continued focus on three main priorities: customer loyalty, digital transformation and operational excellence

The Group had 19 million loyal customers at the end of March and 27 million digital customers

Attributable profit was EUR 1,931 million, partly driven by the perimeter effect following Popular's incorporation and the good performance of commercial revenue in Latin America

### **Commercial activity**

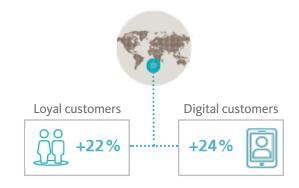
Santander is immersed in a commercial transformation process that rests on three main pillars:

- 1. Continuous improvement in the **loyalty of our customers**, thanks to measures such as:
  - -The 1/2/3 strategy continues to be secured in most countries. Spain launched the 1/2/3 Profesional, the first joint commercial offer of Santander and Popular for the self-employed and micro-SMEs. In Mexico, Santander Plus already has more than 3.5 million customers.
  - We continued to differentiate Santander with new innovative products. For example, for the SME segment, Poland launched the Trusted Profile programme, which enables incidents with public administrations to be managed remotely. For the medium income segment, Chile continued to promote Santander Life. Brazil launched Cockpit, an innovative platform for buying and selling cars.
  - Thanks to these measures, loyal customers increased 22% year-on-year.
- 2. Promote the **digital transformation** of our channels, products and services. In order to do this it has:
  - In digital platforms, Portugal included contracting pension funds and savings plans in their app, Brazil introduced an innovation in Santander Way by making available to single-product customers the contracting of personal loans. Argentina launched Online Banking individuos for a better digital experience.
  - As regards payments via mobile phone and other channels, we launched Santander One Pay FX, making Santander the first bank to offer a blockchainbased international payment service to retail customers in Spain, Brazil, UK and Poland simultaneously. Mexico launched Súper Móvil, a sales channel for pre-approved loans. In Poland, Garmin Pay, a new form of payment using the Garmin smartwatch, was launched. In SC USA we reached agreement with AutoGravity y AutoFi to enable product offering on mobile plaforms.
  - All these measures led to an 24% rise in digital customers.
- 3. Improve customer satisfaction and experience. In order to achieve this, we continued to put into effect measures such as the Movimiento Santander in Mexico in order to become the best bank for customers. In Spain, the Santander Contact Centre was recognised for the third year running as the Best Bank in Quality of Service.

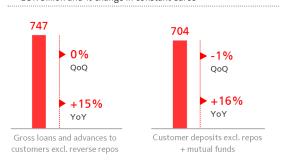
### Results (in constant euros)

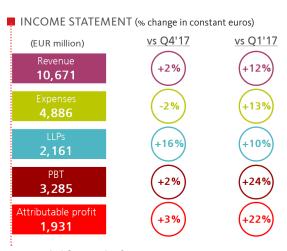
Attributable profit was EUR 1,931 million, 22% more than in the first quarter of 2017, partly driven by the perimeter effect from Popular's incorporation and the good dynamics of commercial revenue.

Attributable profit rose 3% over the fourth quarter of 2017.



ACTIVITY EUR billion and % change in constant euros





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# GLOBAL CORPORATE BANKING

**EUR 483 Mn** 

Highlights (changes in constant euros)

Attributable profit

Santander is the leader in Latin America and Europe, with reference positions in Export & Agency Finance, debt capital markets and structured financing

We continued to advance in our mission to help our global customers in their capital issuances, providing them with financing solutions and transaction services. We also continued to adapt our offer of products to the Bank's digital transformation

Attributable profit was 9% less at EUR 483 million due to lower gains on financial transactions (exceptionally high in the first quarter of 2017). Profit was 16% above last year's quarterly average

### Commercial activity and business performance

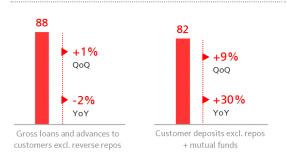
- Cash Management: During the first quarter we continued to deepen the relationship with our clients, which led to mandates via our local capacities as well as via our regional platform Santander Cash Nexus.
- Export & Agency Finance: Santander held its leadership position in the ECAs market, closing some of the quarter's main operations in countries as diverse as Dubai (Dubai metro) and Peru (Talara refinery).
- Trade & Working Capital Solutions: Significant growth in supply chain finance products, both receivables as well as international confirming solutions, particularly in Latin America.
- Debt capital markets: Of note in Latin America was our participation in euro sovereign bond issuances in Mexico and Chile, as well as in Europe with corporate issuances such as those of Orange and Prosegur, among others. In the US, we participated as active bookrunner in the issuance of IBM Credit LLC and in Asia Santander's first role as active bookrunner in ChemChina's issuance.
- Syndicated corporate loans: Santander continued to play a significant role. Of note were the acquisition operations of Gemalto by Thales, Westfield by Unibail and Ladbrokes by GVC, as well as the restructuring of Enel Green Power's assets in Chile
- Structured financing: Among the main operations was the financing provided to the CVC fund to acquire Repsol's 20% stake in Gas Natural, the placing of Q-Energy's project bond and the financing of Puerto de Pisco.
- Global Markets: Stable year-on-year evolution. On a linear comparison, doubledigit growth in sales, with a good corporate segment performance, as well as management of books, particularly in Spain, the UK and Brazil.

### Results (in constant euros)

Attributable profit of EUR 483 million, 9% less year-on-year, due to lower gains on financial transactions, which were exceptionally high in the first quarter of 2017. Profit was 16% above last year's quarterly average.

- Enhanced quality of revenue, spurred by value added businesses and fee income that offset lower use of the balance sheet.
- Higher results from Global Debt Financing, particularly Corporate Finance and Debt capital markets.
- · Operating expenses grew because of ongoing transformation projects, but provisions were significantly lower in Spain, Brazil and Mexico.

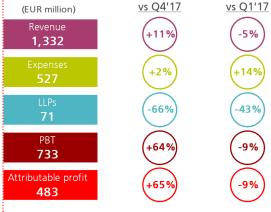
### ACTIVITY EUR billion and % change in constant euros



### ■ GROSS INCOME BREAKDOWN

Constant EUR million 1.403 -5% 1,332 Capital & Other Global Markets +0% 500 Global Debt 321 **Financing Global Transaction** -1% Banking 01'17 01'18 (\*) In euros: revenue -14%; customers -8%





Detailed financial information on page 57

## SANTANDER WEALTH MANAGEMENT

## **Asset Management and Private Banking**

**EUR 126 Mn** 

Attributable profit

Highlights (changes in constant euros)

New global business division created at the end of 2017

Santander Private Banking and Santander Asset Management continue to be references in private banking and asset management in Spain and Latin America

Total contribution (net profit + fee income) amounted to EUR 253 million, 16% more than that estimated for the first quarter of 2017

Assets under management amounted to EUR 335 billion (+4% YoY)

#### **Commercial activity**

- Following its creation, the Wealth Management division launched a series of strategic initiatives, including:
  - In **Private Banking**: development of a global and connected proposal, taking advantage of our presence in more than 10 countries. Moreover, we are developing a proposition, leader in Europe and Latin America, for ultra-highnet-worth (UHNW) clients
  - Santander Asset Management (SAM) focused on improving and expanding its range of products. Of note were investment strategies in equities in Spain and Latin American fixed income such as:
    - » Santander Small Caps Spain was the largest equity fund in Spain and ended 2017 as the Spanish stock market's most profitable fund (18% return on average in the last five years).
    - » Latin America Corporate Bond Fund has USD 1.3 billion under management and is recognised as the best of its class.
- Digital transformation is a priority. We are working on a digital platform for Private Banking that includes artificial intelligence and robo-advisor tools, as well as a general improvement in SAM's capacities.

### **Business performance**

- Total managed assets amounted to EUR 335 billion (+4% YoY), with rises in both Private Banking (+2%) as well as in SAM (+8%).
- At SAM, diversified growth between Europe (+5%) and Latin America (+11%).
- In Private Banking loans to customers rose 6%.

Attributable profit in the first quarter was EUR 126 million, 26% more than in the first quarter of 2017, due to:

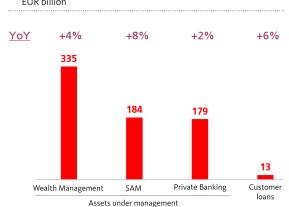
- A 8% rise in net interest income and 66% in fee income, mainly due to an increase in managed volumes.
- The increase in operating expenses was affected by investments in the UHNW project.
- This increase in revenue and costs is due to the greater stake in Santander Asset Management.

If the total fee income generated by this business is added to net profit, the total contribution to the Group is EUR 253 million, 16% more than that estimated for the first quarter of 2017.



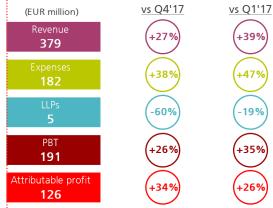


#### BUSINESS PERFORMANCE EUR billion



Note: Total assets marketed and/or managed in 2018 and 2017

### ■ INCOME STATEMENT (% change in constant euros)



Detailed financial information on page 58

### CORPORATE GOVERNANCE

A responsible bank has a solid governance model with well-defined functions; it manages risks and opportunities prudently and defines its long-term strategy watching out for the interests of all its stakeholders and society in general.



**Balanced** composition of the Board



**Respect** for shareholders' rights



Maximum transparency in remuneration



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

### Institucional information

In order to foster shareholders' informed participation at the 2018 AGM, when it was called we published on the Group's website (www. santander.com) all the proposed agreements, the reports of managers and other legal documentation regarding the meeting, as well as the Group's 2017 Annual Report, the reports of the auditing, appointment, remuneration and risk supervision, regulation and compliance committees and the sustainability report.

These reports recount the board's main activities and those of its committees in 2017, including detailed information on the regulations and procedures on which the Bank's corporate governance system is based.

### Annual General Meeting

- ▶ The AGM was held on 23 March and was attended by 660,721 shareholders (those present and represented) holding 10,415,597,921 shares (quorum of 64.548% of the Bank's share capital).
- The agreements submitted to a vote were approved on average by 97.61% of votes. The Bank's management during 2017 was approved by 99.22% of votes.
- Directors' remuneration policy for 2018, 2019 and 2020 was submitted to a binding vote and was approved by 94.22% of votes.
- Among the agreements adopted was the re-election of Mr. Carlos Fernández González, Ms. Homaira Akbari, Mrs. Sol Daurella Comadrán, Mr. Guillermo de la Dehesa Romero and Mr. Ignacio Benjumea Cabeza de Vaca, the first three as independent directors and the other two as nonexecutive directors who are neither proprietary nor independent. The ratification of the appointment of Mr. Ramiro Mato García-Ansorena as an independent director, initially appointed by co-option and the approval of the appointment of Mr. Álvaro Antonio Cardoso de Souza as an independent director, were also submitted to the meeting.
- Following these agreements, the board has 15 members, three of whom are executive directors and 12 non-executive. Of the latter, nine are independent and three are neither proprietary nor independent.
- ▶ The corporate website (www.santander.com) has full information on the agreements adopted.

#### ■ Changes to the corporate by-laws and the board's regulations

- The AGM held on 23 March agreed to modify some of the by-laws, with the main purpose of incorporating various technical improvements and changes in the board's committees, as well as adjusting statutory regulations to the board's current dimension, without losing an appropriate flexibility to guarantee its optimum configuration and reducing the thresholds of its composition to a minimum of 12 members and a maximum of 17. These changes are subject to obtaining the corresponding administrative authorisation from the European Central Bank and the subsequent drawing up of the notarially attested act and recording in the Mercantile Registry.
- At its meeting on 13 February, the board approved changes to their regulations, in order to adapt to the principles and recommendations contained in various guides of national and European supervisory bodies. These changes underscore the Group's commitment to comply at all times with the highest standards of corporate governance and represent a further advance in strengthening its internal governance system.
- ▶ The corporate website (www.santander.com) has full information on the by-laws and the board's regulations.

### **SUSTAINABILITY**

We develop our activity in a responsible way, contributing the economic and social progress of the communities in which we operate, taking into account our impact on the environment and fostering stable relationships with our main stakeholders.







2.1 million **people** helped in 2017



183 million social investment in communities ...



... of which EUR 129 million were invested in higher education

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

### Sustainable governance

Presence in the socially

responsible investment

indices

- Santander published on 16 February 2018 its 2017 Sustainability Report. The report, verified by PricewaterhouseCoopers, the Group's auditing firm, is available on the Bank's website.
- In January 2018 Banco Santander conducted its annual review and approval of its sustainability policies: general policy, environmental management policy and climate change, policy toward volunteers and human rights, as well as the policies for various sectors: defence, energy and soft commodities, to which a new sector was added: mining and metallurgy. Moreover, extracts of the sectorial policies were published for the first time and are available on the corporate website.
- ▶ The board at its meeting on 13 February 2018 modified its regulations and incorporated, among others, the regulation of a committee on responsible banking, sustainability and culture.
- Santander, together with 15 other large banks, joined the UNEP FI initiative to develop a pilot project in order to implement the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). These banks are committed to developing analytical tools and specific indicators to assess and evaluate the possible effects of climate change.

### ■ Presence in sustainable indexes and investors

- ▶ Banco Santander was again included in 2017 in the Dow Jones Sustainability Index (DJSI), where it has been present since 2000. It is ranked ninth in the world, second in Europe and first in Spain and achieved a bronze in the banking sector.
- According to the Bloomberg Gender-Equality Index, Santander is a leader in diversity. In 2018 Banco Santander was at the top of the 104 companies that comprise the global diversity index.

#### Investment in communities

- Santander invested EUR 183 million in 2017 in the communities in which it operates. The Bank, in cooperation with its employees and customers, helped more than 2.1 million people in 2017 through its community support programmes.
- Santander is developing the world's largest programme of scholarships of a private company. During 2017, it granted 39,069 scholarships and grants for university students and 5,793 scholarships for e-learning.

#### Environment and climate change

- ▶ The goals of the 2016-2018 Efficiency Plan were met a year ahead of schedule. The Plan included measures to reduce the consumption of electricity in buildings (-9%), cut paper consumption (-4%) and greenhouse gas emissions (-9%). Energy consumption was 4.4% lower in 2017 than in 2016, CO2 emissions were down 12.9% and paper consumption 11.6%.
- The first green bond by a retail bank in Poland, was issued by Bank Zachodni WBK. Moreover, this represents the first issuance of this kind for the Group. It was carried out via a 10-year subordinated bilateral financing of EUR 136 million with the International Financial Corporation (IFC), to finance energy efficiency and renewable energy projects.

### THE SHARE

#### ■ Shareholder remuneration

- ▶ The third dividend in cash of EUR 0.06 per share charged to 2017's earnings was paid in February.
- ▶ The AGM approved payment of a fourth dividend in cash of EUR 0.06 as of 2 May, bringing the total shareholder remuneration to EUR 0.22 per share. The board announced its intention of raising the dividend per share charged to 2018's earnings to EUR 0.23 per share, and will propose this at the 2019 AGM.

Note: Total dividends charged to 2018 earnings are subject to the board and, ultimately, to AGM approval.

### ■ Share price performance

- Volatility increased in the markets during the first quarter following January's bullish mood in an environment of confidence and the positive impact of the US tax reform. However, fears of a possible feeding through to inflation of the strength of economic activity, and that central bank interest rate hikes could come more quickly than envisaged, triggered a period of falls in stock markets accentuated by the uncertainty sparked by the US imposing tariffs on imports. Meanwhile, political risk softened in the face of the meeting scheduled for May between the leaders of the US and North Korea and the agreement in Berlin to form a coalition government.
- In this context, the Santander share ended March at EUR 5.295, down 3.4% over the end of 2017 but below the 4.4% fall in the Ibex-35 benchmark index of the Madrid Stock Exchange and that of the DJ Stoxx Banks index (-5.9%) and the DJ Stoxx (-6.7%), but more than the MSCI World Banks (-1.6%).
- Santander's total return was 2.4% lower, though better than the Ibex-35 (-3.9%), the DJ Stoxx Banks (-4.9%), the DJ Stoxx (-5.8%) and the MSCI World Banks (-3.0%).
- ▶ The share price as we went to press was EUR 5.508, up 4.0% in the month.

#### Capitalisation and trading

- At the end of March Santander was the largest bank in the eurozone by market capitalisation (EUR 85,441 million) and the 12th in the world.
- ▶ The share's weighting in the DJ Stoxx 50 was 2.4%, 8.2% in the DJ Stoxx Banks and 16.7% in the Ibex-35.
- A total of 5,316 million Santander shares were traded in the first quarter for an effective value of EUR 30,442 million, the largest amount among the shares that comprise the Eurostoxx. The liquidity ratio was 33%. The daily trading volume was 20.8 million shares for an effective value of EUR 119 million.

### Shareholder base

The total number of Santander shareholders at 31 March was 4,108,798, of which 3,858,027 were European (77.5% of the capital stock) and 235,279 from the Americas (21.5%). Excluding the board of Grupo Santander, which represents 1.1% of the Bank's capital stock, individuals hold 38.2% and institutional shareholders 60.7%.

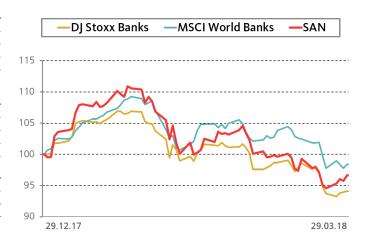
#### ■ THE SANTANDER SHARE, March 2018

Shareholders and trading data	
Shareholders (number)	4,108,798
Shares (number)	16,136,153,582
Average daily turnover (number of shares)	84,373,215
Share liquidity (%)	33
(Number of shares traded during the year / number of shares)	
Price movements during the year	
Highest	6.093
Lowest	5.135
Last (29.03.18)	5.295
Market capitalisation (millions) (29.03.18)	85,441

ivial Ket capitalisation (millions) (25.05.10)	02,771
Stock market indicators	
Price / Tangible book value (X)	1.29
P/E ratio (X)	11.06
Yield* (%)	3.91

(\*).- Data adjusted to capital increase of July 2017. (\*\*).- Total dividend for 2017 / Q1'18 average share price

#### ■ COMPARATIVE SHARE PERFORMANCE





### ■ NET FEE INCOME. CONSOLIDATED

EUR million

	Q1'18	Q4'17	% Chg.	Q1'17	% Chg.
Fees from services	1,807	1,885	(4.1)	1,785	1.2
Wealth management and marketing of customer funds	944	855	10.4	848	11.4
Securities and custody	203	208	(2.4)	211	(3.7)
Net fee income	2,955	2,949	0.2	2,844	3.9

### OPERATING EXPENSES. CONSOLIDATED

EUR million

	Q1'18	Q4'17	% Chg.	Q1'17	% Chg.
Personnel expenses	3,000	3,116	(3.7)	2,912	3.0
General expenses	2,151	2,151	0.0	2,002	7.4
Information technology	366	353	3.8	317	15.6
Communications	132	127	4.3	131	1.3
Advertising	150	211	(29.2)	169	(11.5)
Buildings and premises	477	435	9.7	449	6.2
Printed and office material	31	33	(8.3)	34	(8.7)
Taxes (other than tax on profits)	142	189	(24.6)	124	14.8
Other expenses	853	802	6.3	779	9.5
Personnel and general expenses	5,151	5,267	(2.2)	4,915	4.8
Depreciation and amortisation	613	694	(11.7)	629	(2.5)
Operating expenses	5,764	5,961	(3.3)	5,543	4.0

### OPERATING MEANS. CONSOLIDATED

	E	Employees			Branches	
	Mar-18	Mar-17	Chg.	Mar-18	Mar-17	Chg.
Continental Europe	67,153	56,910	10,243	6,241	4,719	1,522
o/w: Spain	32,611	22,900	9,711	4,481	2,881	1,600
Santander Consumer Finance	14,980	14,862	118	509	568	(59)
Poland	11,514	11,909	(395)	565	631	(66)
Portugal	7,018	6,232	786	676	627	49
United Kingdom	26,229	25,954	275	800	845	(45)
Latin America	89,527	85,919	3,608	5,917	5,789	128
o/w: Brazil	47,375	46,420	955	3,484	3,420	64
Mexico	18,586	17,580	1,006	1,401	1,389	12
Chile	12,018	11,858	160	429	416	13
Argentina	9,177	7,990	1,187	482	455	27
USA	17,247	17,679	(432)	679	764	(85)
Operating areas	200,156	186,462	13,694	13,637	12,117	1,520
Corporate Centre	1,744	1,720	24			
Total Group	201,900	188,182	13,718	13,637	12,117	1,520

### ■ NET LOAN-LOSS PROVISIONS. CONSOLIDATED

	Q1'18	Q4'17	% Chg.	Q1'17	% Chg.
Non-performing loans	2,617	2,540	3.0	2,873	(8.9)
Country-risk	11	(0)	_	4	184.2
Recovery of written-off assets	(345)	(359)	(3.7)	(478)	(27.7)
Net loan-loss provisions	2,282	2,181	4.6	2,400	(4.9)

### ■ LOANS AND ADVANCES TO CUSTOMERS. CONSOLIDATED EUR million

	Mar-18	Mar-17	Absolute change	%	Dec-17
Commercial bills	28,071	22,654	5,417	23.9	29,287
Secured loans	474,458	454,881	19,577	4.3	473,935
Other term loans	259,644	236,224	23,420	9.9	257,441
Finance leases	28,901	25,703	3,198	12.4	28,511
Receivable on demand	8,167	8,017	150	1.9	6,721
Credit cards receivable	20,990	21,306	(316)	(1.5)	21,809
Impaired assets	35,966	31,143	4,823	15.5	36,280
Gross loans and advances to customers (excl. reverse repos)	856,197	799,927	56,270	7.0	853,985
Reverse repos	25,780	18,866	6,914	36.6	18,864
Gross loans and advances to customers	881,977	818,793	63,184	7.7	872,848
Loan-loss allowances	25,349	23,481	1,868	8.0	23,934
Loans and advances to customers	856,628	795,312	61,316	7.7	848,914

### ■ CUSTOMER FUNDS. CONSOLIDATED

EUR million

	Mar-18	Mar-17	Absolute change	%	Dec-17
Demand deposits	525,817	478,629	47,188	9.9	525,072
Time deposits	198,955	176,798	22,157	12.5	199,650
Mutual funds	167,816	155,772	12,044	7.7	165,413
Customer deposits excl. repos + Mutual funds	892,588	811,198	81,389	10.0	890,135
Pension funds	16,046	11,344	4,703	41.5	16,166
Managed portfolios	26,286	25,208	1,078	4.3	26,393
Subtotal	934,920	847,750	87,170	10.3	932,694
Repos	42,568	50,359	(7,791)	(15.5)	53,009
Group customer funds	977,488	898,110	79,379	8.8	985,703

### ■ ELIGIBLE CAPITAL (FULLY LOADED)

	Mar-18	Mar-17	Absolute change	%	Dec-17
Capital stock and reserves	116,450	105,043	11,407	10.9	111,362
Attributable profit	2,054	1,867	186	10.0	6,619
Dividends	(813)	(688)	(125)	18.1	(2,998)
Other retained earnings	(23,716)	(15,767)	(7,949)	50.4	(23,108)
Minority interests	7,304	7,158	146	2.0	7,228
Goodwill and intangible assets	(29,455)	(28,591)	(864)	3.0	(28,537)
Other deductions	(5,781)	(5,343)	(438)	8.2	(5,004)
Core CET1	66,043	63,680	2,363	3.7	65,563
Preferred shares and other eligible T1	8,884	5,745	3,139	54.6	7,730
Tier1	74,926	69,424	5,502	7.9	73,293
Generic funds and eligible T2 instruments	11,696	14,771	(3,075)	(20.8)	14,295
Eligible capital	86,623	84,195	2,427	2.9	87,588
Risk-weighted assets	600,129	597,123	3,007	0.5	605,064
CET1 capital ratio	11.00	10.66	0.34		10.84
T1 capital ratio	12.49	11.63	0.86		12.11
Total capital ratio	14.43	14.10	0.33		14.48

### ■ CONTINENTAL EUROPE

	Q1'18		QoQ	YoY	
Income statement		%	% excl. FX	%	% excl. FX
Net interest income	2.479	(0.3)	(0.4)	20.1	20.4
Net fee income	1.130	0.0	(0.0)	22.8	22.8
Gains (losses) on financial transactions	265	77.9	78.3	(11.0)	(10.4)
Other operating income	134	441.0	440.6	37.1	39.3
Gross income	4.008	5.8	5.7	18.6	18.9
Operating expenses	(2.093)	(2.5)	(2.5)	24.2	24.5
General administrative expenses	(1.911)	(3.9)	(3.9)	22.0	22.3
Personnel	(1.034)	0.5	0.6	27.2	27.5
Other general administrative expenses	(877)	(8.7)	(8.7)	16.4	16.6
Depreciation and amortisation	(182)	15.7	15.7	54.4	54.6
Net operating income	1.915	16.5	16.3	13.0	13.3
Net loan-loss provisions	(391)	35.1	34.9	48.9	49.
Other income	(133)	4.9	4.5	(46.2)	(46.3)
Underlying profit before tax	1,392	13.3	13.2	17.4	17.8
Tax on profit	(368)	17.4	17.2	10.3	10.4
Underlying profit from continuing operations	1.024	11.9	11.8	20.2	20.7
Net profit from discontinued operations	_	_	_		
Underlying consolidated profit	1.024	11.9	11.8	20.2	20.7
Minority interests	93	(7.8)	(8.3)	19.0	17.4
Underlying attributable profit to the Group	931	14.4	14.3	20.3	21.0
Net capital gains and provisions		(100.0)	(100.0)	20.5	21.0
Attributable profit to the Group	931	14.4	14.3	20.3	21.0
Balance sheet					
Loans and advances to customers	379.476	(0.2)	(0.1)	27.2	27.7
Cash. central banks and credit institutions	120.641	4.9	5.0	31.9	32.8
Debt securities	95.418	(4.3)	(4.3)	21.1	21.3
o/w: designated at fair value through equity	65.454	(9.8)	(9.7)	20.8	21.1
Other financial assets	37.172	(6.9)	(6.8)	(1.2)	(1.1)
Other assets	36.439	(16.1)	(16.0)	50.5	51.8
Total assets	669.147	(1.3)	(1.3)	26.1	26.7
Customer deposits	351,160	(0.4)	(0.3)	28.4	28.7
Central banks and credit institutions	162.578	1.7	1.8	34.1	35.2
Debt securities issued	58.158	(5.0)	(5.1)	14.2	14.8
Other financial liabilities	43.250	(5.8)	(5.8)	1.1	1.1
Other liabilities	16.301	(5.8)	(5.8)	83.2	83.8
Total liabilities	631.446	(0.8)	(0.8)	27.0	27.5
Total equity	37.701	(8.8)	(8.7)	13.7	14.6
. ,		(515)	(0)		
Other managed and marketed customer funds	102.976	0.9	0.9	33.1	33.3
Mutual funds	74.854	1.1	1.2	31.0	30.9
Pension funds	16.046	(0.7)	(0.7)	41.5	41.5
Managed portfolios	12.076	1.3	1.5	36.2	37.9
Pro memoria:	202.040	(0.2)	(0.2)	265	27.0
Gross loans and advances to customers excl. reverse repos	383.048	(0.3)	(0.2)	26.5	27.0
Funds (customer deposits excl. repos + mutual funds)	424.606	(0.2)	(0.1)	29.2	29.4
Ratios (%) and operating means					
Ratios (%) and operating means Underlying RoTE	10.90	1.92		0.30	
Underlying RoTE	10.90 52.2		<u> </u>	0.30	
Underlying RoTE Efficiency ratio (with amortisations)	52.2	(4.4)			
Underlying RoTE Efficiency ratio (with amortisations) NPL ratio	52.2 5.81	(4.4) (0.01)		2.4 0.19	
Underlying RoTE Efficiency ratio (with amortisations)	52.2	(4.4)		2.4	

### ■ SPAIN (EUR million)

Income statement	Q1'18	% QoQ	% YoY
Net interest income	1,037	(2.9)	38.9
Net fee income	673	(1.2)	46.5
Gains (losses) on financial transactions	206	74.9	(10.5)
Other operating income	148	_	43.8
Gross income	2,063	12.4	34.1
Operating expenses	(1,145)	(3.6)	43.5
General administrative expenses	(1,042)	(5.8)	38.7
Personnel	(587)	1.5	47.1
Other general administrative expenses	(455)	(13.9)	29.1
Depreciation and amortisation	(103)	25.9	121.5
Net operating income	918	41.9	23.9
Net loan-loss provisions	(207)	18.1	26.8
Other income	(104)	314.0	61.5
Underlying profit before tax	608	36.0	18.4
Tax on profit	(153)	34.5	4.7
Underlying profit from continuing operations	455	36.5	23.8
Net profit from discontinued operations	_	_	_
Underlying consolidated profit	455	36.5	23.8
Minority interests	0	(97.9)	(99.0)
Underlying attributable profit to the Group	455	37.6	25.7
Net capital gains and provisions			
Attributable profit to the Group	455	37.6	25.7
Balance sheet			
Loans and advances to customers	219,222	(0.6)	43.2
Cash, central banks and credit institutions	99,825	9.2	54.5
Debt securities	70,970	(7.6)	24.1
o/w: designated at fair value through equity	50,709	(11.1)	28.2
Other financial assets	33,794	(7.9)	(3.0)
Other assets	21,074	(20.0)	137.1
Total assets	444,884	(1.5)	39.6
Customer deposits	248,858	(1.6)	39.3
Central banks and credit institutions	103,655	2.9	54.9
Debt securities issued	24,998	(4.9)	41.2
Other financial liabilities	40,846	(6.2)	0.0
Other liabilities	10,205	(9.1)	195.2
Total liabilities	428,562	(1.4)	39.4
Total equity	16,322	(4.9)	47.7
Other managed and marketed customer funds	90,545	0.3	33.9
Mutual funds	65,084	0.5	30.9
Pension funds	14,881	(0.7)	43.1
Managed portfolios	10,581	0.3	41.0
Pro memoria:		7	
Gross loans and advances to customers excl. reverse repos	216,907	(0.8)	43.9
Funds (customer deposits excl. repos + mutual funds)	313,399	(1.1)	38.4
Paties (v.) and enerating means			
Ratios (%) and operating means Underlying RoTE	11.12	3.30	(1.55)
Efficiency ratio (with amortisations)	55.5	(9.3)	3.6
NPL ratio	6.27	(0.05)	1.05
NPL coverage	51.1	4.3	2.0
Number of employees	32,611	(2.0)	42.4
Number of branches	4,481	(0.1)	55.5

### ■ SANTANDER CONSUMER FINANCE

ncome statement	Q1'18	Qc	Q	YoY	
		%	% excl. FX	%	% excl. Fኦ
Net interest income	915	1.0	1.0	2.9	3.
Net fee income	215	5.3	5.3	(7.4)	(7.1
Gains (losses) on financial transactions	4	31.0	31.6	_	_
Other operating income	6	(66.6)	(66.9)	_	_
Gross income	1,140	0.7	0.7	1.9	2.8
Operating expenses	(509)	0.5	0.5	1.3	2.
General administrative expenses	(468)	1.6	1.7	2.1	3.0
Personnel	(221)	0.2	0.3	5.1	5.9
Other general administrative expenses	(247)	2.9	2.9	(0.4)	0.4
Depreciation and amortisation	(41)	(11.0)	(10.9)	(7.2)	(6.4
Net operating income	631	0.9	0.9	2.4	3.4
Net loan-loss provisions	(120)	105.9	106.8	97.2	100.9
Other income	24	_	_	7	-
Underlying profit before tax	535	4.6	4.5	3.3	4.2
Tax on profit	(147)	5.8	5.8	(0.9)	(0.2)
Underlying profit from continuing operations	388	<b>4.1</b>	4.0	<b>5.0</b>	6.0
Net profit from discontinued operations	- -	<b>4.1</b>	<b>4.</b> U	<b>5.</b> 0	0.0
	700	41	4.0	-	-
Underlying consolidated profit	388	<b>4.1</b>	4.0	<b>5.0</b>	6.0
Minority interests	66	5.9	5.7	17.5	17.
Underlying attributable profit to the Group	323	3.7	3.7	2.7	4.0
Net capital gains and provisions					
Attributable profit to the Group	323	3.7	3.7	2.7	4.0
Balance sheet					
Loans and advances to customers	89,718	(0.4)	(0.6)	6.1	6.9
Cash, central banks and credit institutions	5,964	21.8	21.4	(8.9)	(7.6
Debt securities	3,302	2.5	2.4	(12.6)	(11.7
o/w: designated at fair value through equity	1,844	(42.7)	(42.8)	(51.2)	(50.7
Other financial assets	19	(13.0)	(13.1)	(42.6)	(41.7)
Other assets	3,607	2.8	2.7	5.3	6.0
Total assets	102,609	0.9	0.7	4.4	5.2
Customer deposits	36,894	4.1	3.9	3.4	4.
Central banks and credit institutions	23,313	(0.1)	(0.2)	13.7	14.6
Debt securities issued	28,126	(2.0)	(2.2)	(3.0)	(2.1
Other financial liabilities	1,013	1.6	1.6	22.3	22.4
Other liabilities	3,805	4.6	4.6	12.1	12.5
Total liabilities	93,151	1.1	1.0	4.2	5.0
Total equity	9,458	(1.7)	(1.9)	6.2	7.4
Other managed and marketed customer funds  Mutual funds	8	<b>(0.1)</b> (2.4)	<b>(0.1)</b> (2.4)	<b>6.9</b> (3.3)	6.9
	1			······	(3.3
Pension funds	6	0.4	0.4	9.7	9.7
Managed portfolios		<del>-</del>	<del>_</del>	_	
Pro memoria:	02.142	(0.2)	(O E)	ΕO	· ·
Gross loans and advances to customers excl. reverse repos	92,142	(0.3)	(0.5)	5.9	6.
Funds (customer deposits excl. repos + mutual funds)	36,849	4.1	3.9	3.3	4.0
Ratios (%) and operating means					
Underlying RoTE	16.64	0.92		(0.45)	
Efficiency ratio (with amortisations)	44.6	(0.1)		(0.3)	
NPL ratio	2.48	(0.02)		(0.14)	
NPL coverage	107.2	5.8		(1.7)	
		(1.0)		0.8	
Number of employees Number of branches	14,980 509			(10.4)	
	5/10	(6.8)		(1(1/4)	

### ■ POLAND (EUR million)

leave and the second			QoQ		/oY
Income statement	Q1'18	%	% excl. FX	%	% excl. FX
Net interest income	247	1.3	0.0	13.4	9.7
Net fee income	112	(3.3)	(4.5)	11.6	8.0
Gains (losses) on financial transactions	4	(71.2)	(71.6)	(75.9)	(76.7)
Other operating income	(30)		_	132.0	124.4
Gross income	333	(11.9)	(13.1)	3.7	0.3
Operating expenses	(154)	(3.7)	(4.9)	5.4	1.9
General administrative expenses	(139)	(4.5)	(5.7)	4.9	1.5
Personnel	(82)	0.1	(1.1)	6.6	3.1
Other general administrative expenses	(57)	(10.4)	(11.6)	2.6	(0.7)
Depreciation and amortisation	(15)	4.3	3.0	9.4	5.8
Net operating income	179	(18.0)	(19.0)	2.3	(1.0)
Net loan-loss provisions	(46)	13.1	11.6	70.2	64.6
Other income	(13)	(29.4)	(30.1)	(43.6)	(45.4)
Underlying profit before tax	120	(24.5)	(25.5)	(3.7)	(6.9)
Tax on profit	(31)	(28.4)	(29.3)	(20.4)	(23.0)
Underlying profit from continuing operations	89	(23.1)	(24.1)	3.7	0.3
Net profit from discontinued operations	_	_	_		_
Underlying consolidated profit	89	(23.1)	(24.1)	3.7	0.3
Minority interests	26	(24.9)	(25.9)	(1.9)	(5.1)
Underlying attributable profit to the Group	63	(22.3)	(23.3)	6.3	2.8
Net capital gains and provisions	_	_	_	_	_
Attributable profit to the Group	63	(22.3)	(23.3)	6.3	2.8
Balance sheet Loans and advances to customers	22,328	0.5	1.3	5.4	5.1
Cash, central banks and credit institutions	1,799	8.3	9.2	(3.3)	(3.6)
Debt securities	7,452	9.8	10.7	28.0	27.5
o/w: designated at fair value through equity	6,081	2.1	2.9	12.8	12.4
Other financial assets	502	2.2	3.0	(11.0)	(11.4)
Other assets	1,041	2.6	3.5	9.3	8.9
Total assets	33,122	3.0	3.8	9.0	8.6
Customer deposits	24,987	3.0	3.8	8.7	8.3
Central banks and credit institutions	1,610	69.1	70.5	107.0	106.3
Debt securities issued	639	(22.2)	(21.6)	5.1	4.7
Other financial liabilities	324	(38.1)	(37.6)	(39.8)	(40.0)
Other liabilities	706	3.2	4.0	(19.6)	(19.9)
Total liabilities	28,266	3.8	4.6	9.6	9.2
Total equity	4,856	(1.6)	(0.8)	5.7	5.3
Other managed and marketed customer funds	4,053	1.1	1.9	16.4	16.0
Mutual funds	3,941	1.1	1.9	16.0	16.0
			1.9		15.5
Pension funds	_		1.7		ر.را
Pension funds Managed portfolios	112	4.0	1.9	33.5	15.5
	112	4.0		33.5	
Managed portfolios		4.0		33.5 5.7	
Managed portfolios  Pro memoria:			1.9		15.5 5.3
Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos	23,161	0.8	1.9	5.7	15.5 5.3
Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means	23,161 28,109	0.8	1.9	5.7 6.6	15.5 5.3
Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)	23,161	0.8	1.9	5.7	15.5 5.3
Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means	23,161 28,109	0.8	1.9	5.7 6.6	15.5 5.3
Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE	23,161 28,109 8.93	0.8 1.1 (3.03)	1.9	5.7 6.6 (0.75)	15.5 5.3
Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE Efficiency ratio (with amortisations)	23,161 28,109 8.93 46.2	(3.03) 4.0	1.9	5.7 6.6 (0.75) 0.7	15.5 5.3
Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE Efficiency ratio (with amortisations) NPL ratio	23,161 28,109 8.93 46.2 4.77	0.8 1.1 (3.03) 4.0 0.20	1.9	5.7 6.6 (0.75) 0.7 (0.43)	15.5

### ■ PORTUGAL

Income statement	Q1'18	% QoQ	% YoY
Net interest income	222	0.2	29.3
Net fee income	98	6.3	9.4
Gains (losses) on financial transactions	22	_	(35.5)
Other operating income	(0)	<del>-</del>	(68.8)
Gross income	341	3.3	16.2
Operating expenses	(158)	(5.1)	14.3
General administrative expenses	(148)	(5.7)	14.6
Personnel	(91)	0.9	10.0
Other general administrative expenses	(57)	(14.7)	23.1
Depreciation and amortisation	(11)	3.3	10.2
Net operating income	183	11.9	17.8
Net loan-loss provisions	(8)	_	
Other income	(9)	56.8	(40.1)
Underlying profit before tax	166	(0.8)	10.2
Tax on profit	(39)	(18.5)	55.8
Underlying profit from continuing operations	128	6.2	1.2
Net profit from discontinued operations		-	1.2
Underlying consolidated profit	128	6.2	1.2
Minority interests	1	(8.6)	20.2
Underlying attributable profit to the Group	127	6.3	20.2 <b>1.1</b>
Net capital gains and provisions	127	0.5	1.1
Attributable profit to the Group	127	6.3	1.1
Actinoctable profit to the Group	127	0.5	1.1
Balance sheet			
Loans and advances to customers	35,722	0.1	31.3
Cash, central banks and credit institutions	2,410	(20.1)	(32.0)
Debt securities	12,058	2.2	11.8
o/w: designated at fair value through equity	5,501	(0.5)	21.2
Other financial assets	1,991	8.9	23.5
Other assets	2,257	(19.5)	16.0
Total assets	54,438	(1.3)	20.7
Customer deposits	35,114	3.3	17.9
Central banks and credit institutions	9,364	(6.6)	29.1
Debt securities issued	4,379	(19.1)	20.7
Other financial liabilities	235	(28.2)	(27.6)
Other liabilities	1,238	(1.5)	75.9
Total liabilities	50,330	(1.3)	20.7
Total equity	4,107	(0.3)	20.6
Other managed and marketed customer funds	3,904	3.2	35.3
Mutual funds	2,127	(0.1)	40.6
Pension funds	1,159	(1.2)	23.0
Managed portfolios	619	28.4	43.6
Pro memoria:			
Gross loans and advances to customers excl. reverse repos	37,418	(0.2)	30.1
Funds (customer deposits excl. repos + mutual funds)	37,241	3.1	19.0
Dating (c) and an anti-			
Ratios (%) and operating means	10.70	1.22	(2.60)
Underlying ROTE	12.70	1.23	(2.60)
Efficiency ratio (with amortisations)	46.4	(4.1)	(0.8)
NPL ratio	8.29	0.78	(0.18)
NPL coverage	53.9	(8.2)	(7.8)
Number of employees	7,018	2.9	12.6
Number of branches	676	(0.7)	7.8

### ■ UNITED KINGDOM

In a company that a company to			QoQ		YoY	
Income statement	Q1'18	%	% excl. FX	%	% excl. FX	
Net interest income	1,031	(1.6)	(2.0)	(5.9)	(3.3)	
Net fee income	242	(0.4)	(0.9)	(4.4)	(1.8)	
Gains (losses) on financial transactions	57	90.4	85.5	(19.3)	(17.1)	
Other operating income	18	(19.5)	(19.5)	56.6	60.9	
Gross income	1,349	0.4	(0.1)	(5.8)	(3.2)	
Operating expenses	(764)	6.0	5.5	5.6	8.4	
General administrative expenses	(672)	7.3	6.9	4.3	7.1	
Personnel	(399)	17.7	17.2	15.8	19.0	
Other general administrative expenses	(273)	(4.9)	(5.3)	(9.0)	(6.5)	
Depreciation and amortisation	(92)	(2.8)	(3.1)	15.9	19.1	
Net operating income	586	(6.0)	(6.6)	(17.4)	(15.1)	
Net loan-loss provisions	(66)	(18.7)	(18.6)	333.2	345.0	
Other income	(62)	(38.3)	(38.7)	(40.5)	(38.9)	
Underlying profit before tax	<b>457</b>	3.7	2.9	(22.3)	(20.2)	
Tax on profit	(131)	(4.4)	(5.1)	(20.6)	(18.5)	
	326				(20.9)	
Underlying profit from continuing operations	<b>32</b> 0	7.4	6.5	(23.0)	(20.9)	
Net profit from discontinued operations	-			(22.2)	(20.0)	
Underlying consolidated profit	326	7.4	6.5	(23.0)	(20.9)	
Minority interests	6	(6.1)	(6.4)	(10.5)	(8.1)	
Underlying attributable profit to the Group	320	7.7	6.8	(23.2)	(21.1)	
Net capital gains and provisions						
Attributable profit to the Group	320	7.7	6.8	(23.2)	(21.1)	
Balance sheet						
Loans and advances to customers	252,451	3.6	2.2	(0.3)	1.9	
Cash, central banks and credit institutions	47,675	(16.0)	(17.2)	39.5	42.6	
Debt securities	25,477	(2.7)	(4.1)	(8.5)	(6.5)	
o/w: designated at fair value through equity	11,565	17.0	15.3	(0.3)	2.0	
Other financial assets	21,861	(11.5)	(12.7)	(14.5)	(12.6)	
Other assets	10,839	8.7	7.2	(6.2)	(4.0)	
Total assets	358,305	(0.8)	(2.2)	1.6	3.9	
Customer deposits	221,268	(4.0)	(5.3)	2.6	4.9	
Central banks and credit institutions	29,322	5.3	3.9	33.5	36.5	
Debt securities issued	64,658	5.8	4.3	(2.6)	(0.4)	
Other financial liabilities	21,346	0.8	(0.6)	(20.6)	(18.8)	
Other liabilities	5,132	19.1	17.4	(1.9)	0.3	
Total liabilities	341,726	(0.9)	(2.3)	1.6	3.9	
Total equity	16,579	1.7	0.3	1.7	4.0	
		()	(- ·)			
Other managed and marketed customer funds	8,590	(0.8)	(2.1)	(1.1)		
Mutual funds	<b>8,590</b> 8,483	<b>(0.8)</b> (0.7)	<b>(2.1)</b> (2.1)	<b>(1.1)</b> (1.0)		
		(0.7)	(2.1) —	······································	1.3	
Mutual funds				······································	1.2 1.3 — (6.2)	
Mutual funds Pension funds	8,483 —	(0.7)	(2.1) —	(1.0) —	1.3	
Mutual funds Pension funds Managed portfolios  Pro memoria:	8,483 — 108	(0.7) — (5.9)	(2.1) — (7.2)	(1.0) — (8.3)	1.3 — (6.2)	
Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos	8,483 — 108 239,034	(0.7) — (5.9)	(2.1) — (7.2)	(1.0) — (8.3)	1.3 — (6.2) 0.8	
Mutual funds Pension funds Managed portfolios  Pro memoria:	8,483 — 108	(0.7) — (5.9)	(2.1) — (7.2)	(1.0) — (8.3)	1.3 — (6.2) 0.8	
Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)	8,483 — 108 239,034	(0.7) — (5.9)	(2.1) — (7.2)	(1.0) — (8.3)	1.3 — (6.2) 0.8	
Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means	8,483 — 108 239,034 207,354	(0.7) — (5.9) 1.4 (1.4)	(2.1) — (7.2)	(1.0) — (8.3) (1.5) (2.7)	1.3 — (6.2) 0.8	
Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE	8,483 — 108 239,034 207,354	(0.7) (5.9) 1.4 (1.4)	(2.1) — (7.2)	(1.0) — (8.3) (1.5) (2.7)	1.3 — (6.2) 0.8	
Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE Efficiency ratio (with amortisations)	8,483 — 108 239,034 207,354 9.07 56.6	(0.7) (5.9) 1.4 (1.4) 0.85 3.0	(2.1) — (7.2)	(1.0) — (8.3) (1.5) (2.7) (2.20) 6.1	1.3 — (6.2) 0.8	
Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE Efficiency ratio (with amortisations) NPL ratio	8,483 — 108 239,034 207,354 9.07 56.6 1.17	(0.7) — (5.9) 1.4 (1.4) 0.85 3.0 (0.16)	(2.1) — (7.2)	(1.0) — (8.3) (1.5) (2.7) (2.20) 6.1 (0.14)	1.3 — (6.2) 0.8	
Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE Efficiency ratio (with amortisations) NPL ratio NPL coverage	8,483 — 108 239,034 207,354 9.07 56.6 1.17 34.6	(0.7) — (5.9) 1.4 (1.4) 0.85 3.0 (0.16) 2.6	(2.1) — (7.2)	(1.0) — (8.3) (1.5) (2.7) (2.20) 6.1 (0.14) 0.8	1.3 — (6.2) 0.8	
Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE Efficiency ratio (with amortisations) NPL ratio	8,483 — 108 239,034 207,354 9.07 56.6 1.17	(0.7) — (5.9) 1.4 (1.4) 0.85 3.0 (0.16)	(2.1) — (7.2)	(1.0) — (8.3) (1.5) (2.7) (2.20) 6.1 (0.14)	(6.2)	

# ■ LATIN AMERICA (EUR million)

		(	QoQ	YoY		
Income statement	Q1'18	%	% excl. FX	%	% excl. F	
Net interest income	3,947	(1.9)	2.7	(0.0)	16.3	
Net fee income	1,376	0.4	5.9	(1.8)	16.4	
Gains (losses) on financial transactions	142	(29.7)	(27.3)	(56.8)	(48.0	
Other operating income	(24)	(3.8)	2.1	_	_	
Gross income	5,441	(2.3)	2.4	(4.2)	12.2	
Operating expenses	(2,050)	(6.8)	(1.8)	(5.9)	10.5	
General administrative expenses	(1,855)	(7.0)	(2.0)	(6.0)	10.4	
Personnel	(1,036)	(6.8)	(2.0)	(5.1)	11.4	
Other general administrative expenses	(819)	(7.4)	(2.0)	(7.1)	9.2	
Depreciation and amortisation	(195)	(4.9)	(0.2)	(4.8)	11.	
Net operating income	3,391	0.6	5.2	(3.2)	13.2	
Net loan-loss provisions	(1,210)	3.9	8.1	(7.4)	7.3	
Other income	(155)	(36.1)	(33.6)	(56.9)	(48.6	
Underlying profit before tax	2,025	3.3	8.3	10.4	29.4	
Tax on profit	(719)	15.0	21.1	21.8	44.	
Underlying profit from continuing operations	1,306	(2.2)	2.3	4.9	22.6	
Net profit from discontinued operations	-					
Underlying consolidated profit	1,306	(2.2)	2.3	4.9	22.6	
Minority interests	207	(4.0)	(1.1)	6.5	18.5	
Underlying attributable profit to the Group	1,099	(1.9)	2.9	4.7	23.4	
Net capital gains and provisions	1,099	(1.9)		- 4.7	25	
Attributable profit to the Group	1,099	(1.9)	2.9	4.7	23.4	
Balance sheet Loans and advances to customers	149,419	1.0	2.2	(4.7)	10.0	
Cash, central banks and credit institutions	55,397	(1.2)	0.6	(19.6)	(4.2	
Debt securities	61,275	6.0	6.9	(4.5)	12.4	
		(7.5)	(6.6)	0.0	16.8	
o/w: designated at fair value through equity  Other financial assets	30,465		······	·······		
	14,576	2.5	1.8	(19.9)	(7.6	
Other assets	17,414	0.8	2.6	(11.5)	5.2	
Total assets	298,082	1.6	2.8	(9.0)	6.5	
Customer deposits	143,824	0.4	1.6	(6.1)	10.3	
Central banks and credit institutions	43,210	9.1	10.2	(9.6)	4.9	
Debt securities issued	36,467	5.9	7.2	(19.2)	(6.2)	
Other financial liabilities	35,779	(0.8)	0.4	(8.5)	7.8	
Other liabilities	11,033	0.2	1.7	(4.6)	12.9	
Total liabilities	270,313	2.2	3.4	(8.9)	6.6	
Total equity	27,768	(4.0)	(2.7)	(10.1)	5.5	
Other managed and marketed customer funds	82,772	2.5	4.5	(5.7)	11.6	
Mutual funds	76,495	2.7	4.7	(5.6)	12.2	
Pension funds	0	_	3.0	_	21.	
Managed portfolios	6,277	(0.3)	1.8	(7.5)	5.7	
Pro memoria:	155 553	4.4	2.7	(40)	10	
Gross loans and advances to customers excl. reverse repos	155,553	1.4	2.7	(4.9)	10.4	
Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)	155,553 201,746	1.4 3.5	2.7 5.0	(4.9)	10.4 20.3	
Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)			······	······		
Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means			······	······		
Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE	201,746	3.5	······	2.3		
Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE Efficiency ratio (with amortisations)	201,746 19.26	0.66 (1.8)	······	2.3 1.86 (0.7)		
Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE  Efficiency ratio (with amortisations)  NPL ratio	201,746 19.26 37.7 4.43	0.66 (1.8) (0.03)	······	1.86 (0.7) (0.07)		
Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE  Efficiency ratio (with amortisations)	201,746 19.26 37.7	0.66 (1.8)	······	2.3 1.86 (0.7)		

### ■ BRAZIL (EUR million)

			QoQ		YoY	
Income statement	Q1'18	%	% excl. FX	%	% excl. FX	
Net interest income	2,482	(1.9)	2.9	(1.6)	17.3	
Net fee income	920	(0.9)	4.1	(1.4)	17.5	
Gains (losses) on financial transactions	50	(33.5)	(33.6)	(79.7)	(75.8)	
Other operating income	(8)	(64.0)	(57.5)	<del>-</del>	_	
Gross income	3,445	(1.9)	2.8	(7.3)	10.4	
Operating expenses	(1,165)	(9.6)	(5.1)	(11.4)	5.6	
General administrative expenses	(1,049)	(9.9)	(5.4)	(11.3)	5.8	
Personnel	(602)	(5.1)	(0.6)	(9.4)	8.0	
Other general administrative expenses	(447)	(15.6)	(11.2)	(13.6)	2.9	
Depreciation and amortisation	(115)	(7.1)	(2.7)	(12.5)	4.3	
Net operating income	2,280	2.6	7.3	(5.1)	13.1	
Net loan-loss provisions	(822)	0.9	5.5	(9.7)	7.6	
Other income	(154)	(26.9)	(25.5)	(57.0)	(48.7)	
Underlying profit before tax	1,304	8.9	14.5	14.9	37.0	
Tax on profit	(544)	18.2	24.6	28.8	53.5	
Underlying profit from continuing operations	761	3.0	8.3	<b>6.7</b>	27.2	
Net profit from discontinued operations						
Underlying consolidated profit	761	3.0	8.3	6.7	27.2	
Minority interests	84	(13.3)	(8.3)	5.9	26.3	
Underlying attributable profit to the Group			10.7			
	677	5.5	10.7	6.8	27.3	
Net capital gains and provisions  Attributable profit to the Group	677	5.5	10.7	6.8	27.3	
Balance sheet		(2.2)		(2.2)		
Loans and advances to customers	69,623	(1.2)	1.8	(9.0)	10.2	
Cash, central banks and credit institutions	33,399	(4.4)	(1.4)	(17.4)	0.0	
Debt securities	42,820	10.7	14.0	1.8	23.3	
o/w: designated at fair value through equity	20,894	(2.0)	1.0	13.6	37.5	
Other financial assets	6,373	9.9	13.3	(30.0)	(15.2)	
Other assets	11,769	(0.5)	2.6	(13.5)	4.8	
Other assets		(0.5)			4.0	
Total assets	163,984	1.4	4.5	(9.8)		
Total assets Customer deposits	<b>163,984</b> 68,667	<b>1.4</b> (2.0)	<b>4.5</b> 1.0		9.3	
Total assets	163,984	1.4		(9.8)	<b>9.3</b> 9.6	
Total assets Customer deposits	<b>163,984</b> 68,667	<b>1.4</b> (2.0)	1.0	<b>(9.8)</b> (9.5)	<b>9.3</b> 9.6 30.1	
Total assets Customer deposits Central banks and credit institutions	<b>163,984</b> 68,667 27,750	1.4 (2.0) 17.6	1.0 21.2	(9.8) (9.5) 7.4	9.3 9.6 30.1 (14.3)	
Total assets Customer deposits Central banks and credit institutions Debt securities issued	163,984 68,667 27,750 20,563	1.4 (2.0) 17.6 2.5	1.0 21.2 5.6	(9.8) (9.5) 7.4 (29.3)	9.3 9.6 30.1 (14.3) 18.3	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities	163,984 68,667 27,750 20,563 24,333	1.4 (2.0) 17.6 2.5 2.3	1.0 21.2 5.6 5.4	(9.8) (9.5) 7.4 (29.3) (2.4)	9.3 9.6 30.1 (14.3) 18.3 14.3	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities	163,984 68,667 27,750 20,563 24,333 7,392	1.4 (2.0) 17.6 2.5 2.3 (1.9)	1.0 21.2 5.6 5.4 1.1	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7)	9.3 9.6 30.1 (14.3) 18.3 14.3	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2)	1.0 21.2 5.6 5.4 1.1 <b>5.6</b> (5.4)	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1)	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities Total liabilities	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2)	1.0 21.2 5.6 5.4 1.1 5.6 (5.4)	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1)	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity Other managed and marketed customer funds Mutual funds	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2)	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1)	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity Other managed and marketed customer funds	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 55,288	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2)	1.0 21.2 5.6 5.4 1.1 5.6 (5.4)	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1)	9.3 9.6 30.1 (14.3) 18.3 14.3	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity  Other managed and marketed customer funds Mutual funds Pension funds Managed portfolios  Pro memoria:	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 55,288 0 3,712	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2) 0.9 0.9 - 0.3	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0 4.0 3.0 3.4	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1) (7.6) (7.3) — (11.9)	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9 12.3 21.1 6.7	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity  Other managed and marketed customer funds Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 55,288 0 3,712	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2) 0.9 0.9 - 0.3	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0 4.0 3.0 3.4	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1) (7.6) (7.3) — (11.9)	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9 12.3 21.1 6.7	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity  Other managed and marketed customer funds Mutual funds Pension funds Managed portfolios	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 55,288 0 3,712	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2) 0.9 0.9 - 0.3	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0 4.0 3.0 3.4	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1) (7.6) (7.3) — (11.9)	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9 12.3 21.1	
Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 555,288 0 3,712 74,071 110,178	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2) 0.9 0.9 - 0.3	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0 4.0 3.0 3.4	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1) (7.6) (7.3) — (11.9)	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9 12.3 21.1 6.7	
Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 55,288 0 3,712	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2) 0.9 0.9 - 0.3	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0 4.0 3.0 3.4	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1) (7.6) (7.3) — (11.9)	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9 12.3 21.1 6.7	
Total assets Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity  Other managed and marketed customer funds Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 555,288 0 3,712 74,071 110,178	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2) 0.9 0.9 - 0.3	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0 4.0 3.0 3.4	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1) (7.6) (7.3) — (11.9) (8.8) 5.6	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9 12.3 21.1 6.7	
Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE  Efficiency ratio (with amortisations)	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 55,288 0 3,712 74,071 110,178	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2) 0.9 0.9 - 0.3 (0.4) 3.0	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0 4.0 3.0 3.4	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1) (7.6) (7.3) — (11.9) (8.8) 5.6	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9 12.3 21.1 6.7	
Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE  Efficiency ratio (with amortisations)  NPL ratio	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 55,288 0 3,712 74,071 110,178	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2) 0.9 0.9 - 0.3 (0.4) 3.0	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0 4.0 3.0 3.4	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1) (7.6) (7.3) — (11.9) (8.8) 5.6	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9 12.3 21.1 6.7	
Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)	163,984 68,667 27,750 20,563 24,333 7,392 148,705 15,279 59,000 55,288 0 3,712 74,071 110,178	1.4 (2.0) 17.6 2.5 2.3 (1.9) 2.5 (8.2)  0.9 0.9 - 0.3 (0.4) 3.0  2.67 (2.9) (0.03)	1.0 21.2 5.6 5.4 1.1 5.6 (5.4) 4.0 4.0 3.0 3.4	(9.8) (9.5) 7.4 (29.3) (2.4) (5.7) (9.1) (16.1) (7.6) (7.3) — (11.9) (8.8) 5.6	9.3 9.6 30.1 (14.3) 18.3 14.3 10.1 1.6 11.9 12.3 21.1 6.7	

# ■ MEXICO (EUR million)

Q1'18 649			YoY		
······	%	% excl. FX	%	% excl. FX	
	2.9	6.4	4.0	11.0	
187	3.6	7.1	4.0	11.0	
18	(54.1)	(52.4)	(46.9)	(43.3)	
(23)	15.5	23.1	70.6	82.1	
831	0.1	3.4	0.8	7.7	
(340)	(1.6)	1.9	6.4	13.6	
(308)	(2.4)	1.1	6.0	13.2	
(156)	(12.0)	(8.4)	4.4	11.4	
(152)	10.1	13.4	7.8	15.1	
(32)	6.9	10.5	10.3	17.7	
491	1.3	4.5	(2.7)	3.9	
(200)	7.2	9.7	(14.2)	(8.4)	
(3)	(87.1)	(86.1)	(24.5)	(19.4)	
288	5.1	8.6	7.7	15.0	
(63)	27.5	30.8	11.4	19.0	
············		······································		13.9	
	_	_	_	_	
225	0.2	3 7	6.7	13.9	
		······	······································	13.2	
				14.1	
	(2.0)			14.1	
	(2.0)			14.1	
28 238	6.7	16	(3.7)	8.4	
				(12.3)	
				(15.1)	
				(37.5)	
		······		(10.9)	
				(0.7)	
				(3.6)	
				6.8	
8,159	(1.1)	(5.8)	(38.6)	(30.9)	
5,555	7.5	2.3	(50.0)		
כככ,כ	1.5	2.3	2.2		
6 770	(11.0)	(16.1)	2.3	15.1	
6,770	(11.9)	(16.1)	(30.8)	15.1 (22.1)	
1,843	3.6	(1.3)	(30.8) 0.0	15.1 (22.1) 12.6	
1,843 <b>54,562</b>	3.6 <b>2.4</b>	(1.3) <b>(2.5)</b>	(30.8) 0.0 <b>(15.2)</b>	15.1 (22.1) 12.6 <b>(4.5)</b>	
1,843 <b>54,562</b> <b>5,216</b>	3.6 <b>2.4</b> <b>5.7</b>	(1.3) (2.5) 0.6	(30.8) 0.0 (15.2) (5.1)	15.1 (22.1) 12.6 (4.5) 6.8	
1,843 <b>54,562</b> <b>5,216</b> 10,601	3.6 2.4 5.7 6.9	(1.3) (2.5) 0.6	(30.8) 0.0 (15.2) (5.1)	15.1 (22.1) 12.6 (4.5) 6.8	
1,843 <b>54,562</b> <b>5,216</b>	3.6 2.4 5.7 6.9 6.9	(1.3) (2.5) 0.6 1.7	(30.8) 0.0 (15.2) (5.1)	15.1 (22.1) 12.6 (4.5) 6.8	
1,843 <b>54,562</b> <b>5,216</b> 10,601	3.6 2.4 5.7 6.9	(1.3) (2.5) 0.6	(30.8) 0.0 (15.2) (5.1)	15.1 (22.1) 12.6 (4.5) 6.8	
1,843 <b>54,562</b> <b>5,216</b> 10,601	3.6 2.4 5.7 6.9 6.9	(1.3) (2.5) 0.6 1.7	(30.8) 0.0 (15.2) (5.1)	15.1 (22.1) 12.6 (4.5) 6.8	
1,843 <b>54,562</b> <b>5,216</b> 10,601	3.6 2.4 5.7 6.9 6.9	(1.3) (2.5) 0.6 1.7	(30.8) 0.0 (15.2) (5.1)	15.1 (22.1) 12.6 (4.5) 6.8	
	(32) <b>491</b> (200) (3)	(32)     6.9       491     1.3       (200)     7.2       (3)     (87.1)       288     5.1       (63)     27.5       225     0.2       50     8.7       175     (2.0)	(32)     6.9     10.5       491     1.3     4.5       (200)     7.2     9.7       (3)     (87.1)     (86.1)       288     5.1     8.6       (63)     27.5     30.8       225     0.2     3.7       -     -     -       225     0.2     3.7       50     8.7     12.3       175     (2.0)     1.5       -     -     -       175     (2.0)     1.5       28,238     6.7     1.6       11,497     15.5     9.9       12,227     (10.6)     (14.9)       3,877     (44.4)     (47.1)       5,205     (7.5)     (11.9)       2,610     5.2     0.1       59,778     2.7     (2.2)       32,235     6.1     1.0	(32)     6.9     10.5     10.3       491     1.3     4.5     (2.7)       (200)     7.2     9.7     (14.2)       (3)     (87.1)     (86.1)     (24.5)       288     5.1     8.6     7.7       (63)     27.5     30.8     11.4       225     0.2     3.7     6.7       50     8.7     12.3     6.0       175     (2.0)     1.5     6.9             175     (2.0)     1.5     6.9       28,238     6.7     1.6     (3.7)       11,497     15.5     9.9     (22.1)       12,227     (10.6)     (14.9)     (24.5)       3,877     (44.4)     (47.1)     (44.4)       5,205     (7.5)     (11.9)     (20.8)       2,610     5.2     0.1     (11.8)       59,778     2.7     (2.2)     (14.4)       32,235     6.1     1.0     (5.1)	

### CHILE (EUR million)

Income statement		QoQ			/oY	
Income statement	Q1'18	%	% excl. FX	%	% excl. FX	
Net interest income	490	(0.4)	(1.1)	1.1	7.	
Net fee income	111	21.2	20.1	3.2	9.4	
Gains (losses) on financial transactions	30	(30.5)	(31.4)	(38.2)	(34.5)	
Other operating income	10	158.9	158.3	115.0	127.9	
Gross income	640	1.6	0.8	(0.8)	5.2	
Operating expenses	(258)	4.1	3.2	(2.2)	3.7	
General administrative expenses	(231)	6.3	5.3	(2.8)	3.1	
Personnel	(138)	(4.2)	(4.9)	(1.7)	4.2	
Other general administrative expenses	(94)	26.6	25.1	(4.3)	1.5	
Depreciation and amortisation	(27)	(11.6)	(12.1)	3.4	9.6	
Net operating income	382	(0.0)	(0.7)	0.2	6.2	
Net loan-loss provisions	(121)	10.7	9.7	(0.4)	5.6	
Other income	22	598.1	578.6	952.0	_	
Underlying profit before tax	282	2.4	1.8	8.0	14.5	
Tax on profit	(60)	3.7	3.2	26.1	33.7	
Underlying profit from continuing operations	223	2.1	1.4	4.0	10.3	
Net profit from discontinued operations	_	_	_		_	
Underlying consolidated profit	223	2.1	1.4	4.0	10.3	
Minority interests	72	0.5	(0.1)	8.0	14.5	
Underlying attributable profit to the Group	151	2.9	2.1	2.2	8.4	
Net capital gains and provisions	_	_	_	_		
Attributable profit to the Group	151	2.9	2.1	2.2	8.4	
Balance sheet Loans and advances to customers	37,804	1.8	2.6	(0.9)	3.7	
Cash, central banks and credit institutions	4,015	(7.1)	(6.3)	(30.2)	(27.0)	
Debt securities	4,253	2.7	3.5	(5.4)	(1.0)	
o/w: designated at fair value through equity	4,022	15.2	16.2	1.8	6.5	
Other financial assets	2,958	6.0	7.0	18.3	23.8	
Other assets	2,120	8.7	9.7	2.6	7.3	
Total assets	51,150	1.6	2.4	(3.4)	1.1	
Customer deposits	26,392	1.3	2.2	0.2	4.8	
Central banks and credit institutions	4,757	(13.4)	(12.6)	(28.8)	(25.5)	
Debt securities issued	9,817	9.5	10.4	(4.2)	0.1	
	2,017	7.)	10.4	(4.3)	0.1	
Other financial liabilities	3,747	4.1	5.0	10.7		
Other financial liabilities Other liabilities					15.9	
	3,747	4.1 8.4 <b>1.6</b>	5.0	10.7	15.9 13.7 <b>0.6</b>	
Other liabilities	3,747 1,324	4.1 8.4	5.0 9.3	10.7 8.7	15.9 13.7	
Other liabilities  Total liabilities  Total equity	3,747 1,324 <b>46,038</b> <b>5,112</b>	4.1 8.4 1.6 1.5	5.0 9.3 <b>2.5</b> <b>2.4</b>	10.7 8.7 (3.8) 0.7	15.9 13.7 <b>0.6</b> 5.4	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds	3,747 1,324 46,038 5,112	4.1 8.4 1.6 1.5	5.0 9.3 2.5 2.4	10.7 8.7 (3.8) 0.7 (4.1)	15.9 13.7 <b>0.6</b> <b>5.4</b> <b>0.4</b>	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds	3,747 1,324 <b>46,038</b> <b>5,112</b>	4.1 8.4 1.6 1.5	5.0 9.3 <b>2.5</b> <b>2.4</b>	10.7 8.7 (3.8) 0.7	15.9 13.7 <b>0.6</b> <b>5.4</b> <b>0.4</b>	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds	3,747 1,324 46,038 5,112	4.1 8.4 1.6 1.5	5.0 9.3 2.5 2.4	10.7 8.7 (3.8) 0.7 (4.1)	15.9 13.7 <b>0.6</b>	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios	3,747 1,324 46,038 5,112 10,114 7,548	4.1 8.4 1.6 1.5 3.6 5.4	5.0 9.3 2.5 2.4 4.5 6.3	10.7 8.7 (3.8) 0.7 (4.1) (5.3)	15.9 13.7 0.6 5.4 0.4 (1.0)	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:	3,747 1,324 46,038 5,112 10,114 7,548 — 2,566	4.1 8.4 1.6 1.5 3.6 5.4 — (1.2)	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) — (0.2)	15.9 13.7 0.6 5.4 0.4 (1.0)	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos	3,747 1,324 46,038 5,112  10,114 7,548 — 2,566  38,995	4.1 8.4 1.6 1.5 3.6 5.4 — (1.2)	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) — (0.2)	15.9 13.7 0.6 5.4 0.4 (1.0)  4.4	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:	3,747 1,324 46,038 5,112 10,114 7,548 — 2,566	4.1 8.4 1.6 1.5 3.6 5.4 — (1.2)	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) — (0.2)	15.9 13.7 0.6 5.4 0.4 (1.0)	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)	3,747 1,324 46,038 5,112  10,114 7,548 — 2,566  38,995	4.1 8.4 1.6 1.5 3.6 5.4 — (1.2)	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) — (0.2)	15.9 13.7 0.6 5.4 0.4 (1.0)	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means	3,747 1,324 46,038 5,112  10,114 7,548 2,566  38,995 33,885	4.1 8.4 1.6 1.5 3.6 5.4 - (1.2) 2.0 2.4	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) - (0.2)	15.9 13.7 0.6 5.4 0.4 (1.0)	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds Pension funds Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE	3,747 1,324 46,038 5,112  10,114 7,548 - 2,566  38,995 33,885	4.1 8.4 1.6 1.5 3.6 5.4 - (1.2) 2.0 2.4	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) (0.2) (0.7) (1.1)	15.9 13.7 0.6 5.4 0.4 (1.0)	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE  Efficiency ratio (with amortisations)	3,747 1,324 46,038 5,112  10,114 7,548 — 2,566  38,995 33,885	4.1 8.4 1.6 1.5 3.6 5.4 - (1.2) 2.0 2.4 (0.43)	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) — (0.2) (0.7) (1.1)	15.9 13.7 0.6 5.4 0.4 (1.0)	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE  Efficiency ratio (with amortisations) NPL ratio	3,747 1,324 46,038 5,112  10,114 7,548 — 2,566  38,995 33,885  17.19 40.3 5.00	4.1 8.4 1.6 1.5 3.6 5.4 — (1.2) 2.0 2.4 (0.43) 1.0 0.04	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) — (0.2) (0.7) (1.1)	15.9 13.7 0.6 5.4 0.4 (1.0)	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE  Efficiency ratio (with amortisations)  NPL ratio  NPL coverage	3,747 1,324 46,038 5,112  10,114 7,548 — 2,566  38,995 33,885  17.19 40.3 5.00 61.0	4.1 8.4 1.6 1.5 3.6 5.4 — (1.2) 2.0 2.4 (0.43) 1.0 0.04 2.8	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) — (0.2) (0.7) (1.1)  0.12 (0.6) 0.07 2.1	15.9 13.7 0.6 5.4 (1.0)  4.4	
Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means Underlying RoTE  Efficiency ratio (with amortisations) NPL ratio	3,747 1,324 46,038 5,112  10,114 7,548 — 2,566  38,995 33,885  17.19 40.3 5.00	4.1 8.4 1.6 1.5 3.6 5.4 — (1.2) 2.0 2.4 (0.43) 1.0 0.04	5.0 9.3 2.5 2.4 4.5 6.3 — (0.4)	10.7 8.7 (3.8) 0.7 (4.1) (5.3) — (0.2) (0.7) (1.1)	15.9 13.7 0.6 5.4 0.4 (1.0)	

### ■ ARGENTINA (EUR million)

Income statement			QoQ	YoY	
Income statement	Q1'18	%	% excl. FX	%	% excl. FX
Net interest income	214	(17.9)	(1.8)	(3.7)	39.6
Net fee income	129	(6.4)	10.2	(15.1)	23.1
Gains (losses) on financial transactions	36	(1.3)	17.1	10.2	59.8
Other operating income	(2)		_	53.4	122.4
Gross income	377	(16.0)	0.2	(7.0)	34.8
Operating expenses	(218)	(10.6)	6.3	(1.3)	43.0
General administrative expenses	(199)	(11.4)	5.3	(2.2)	41.8
Personnel	(102)	(10.4)	6.7	(2.0)	42.1
Other general administrative expenses	(98)	(12.4)	3.9	(2.4)	41.5
Depreciation and amortisation	(19)	(0.9)	18.7	8.6	57.4
Net operating income	159	(22.4)	(7.2)	(13.9)	24.9
Net loan-loss provisions	(49)	21.2	44.5	70.0	146.4
Other income	(17)	(25.7)	(11.7)	<del>_</del>	
Underlying profit before tax	92	(34.5)	(21.5)	(40.9)	(14.4)
Tax on profit	(26)	(41.2)	(29.7)	(46.3)	(22.2)
Underlying profit from continuing operations	67	(31.4)	(17.9)	(38.5)	(10.9)
Net profit from discontinued operations	_	_	_	_	_
Underlying consolidated profit	67	(31.4)	(17.9)	(38.5)	(10.9)
Minority interests	0	(23.0)	(8.5)	(37.2)	(9.0)
Underlying attributable profit to the Group	66	(31.5)	(17.9)	(38.5)	(10.9)
Net capital gains and provisions	_	_	_	_	_
Attributable profit to the Group	66	(31.5)	(17.9)	(38.5)	(10.9)
Balance sheet	7.057	0.6	10.2	(3.0)	46.4
Loans and advances to customers	7,857	(11.2)	10.3	(3.0)	
Cash, central banks and credit institutions	4,229	(11.3)	(2.8)	(23.9)	15.0
Debt securities	846 761	514.2 531.9	573.0	87.9	183.8 238.0
o/w: designated at fair value through equity  Other financial assets		97.0	592.3	123.8	
Other assets Other assets	13 642	(12.2)	115.9 (3.8)	(26.7)	64.1 10.7
Total assets	13,586	1.0	10.7	(9.4)	36.8
Customer deposits	10,081	(1.5)	7.9	(13.2)	31.1
Central banks and credit institutions	903	50.6	65.0	186.4	332.5
Debt securities issued	496	140.5	163.5	52.7	130.5
Other financial liabilities	868	(11.6)	(3.1)	(11.9)	33.1
Other liabilities	223	(8.7)	0.1	(46.7)	(19.5)
Total liabilities Total equity	12,570	(14.1)	(5.8)	(7.9)	39.0 14.3
Total equity	1,017	(14.1)	(3.8)	(24.3)	14.5
Other managed and marketed customer funds	3,057	16.7	27.9	22.7	85.3
Mutual funds	3,057	16.7	27.9	22.7	85.3
Pension funds	_	_	_	_	_
Managed portfolios	_	_			_
Pro memoria:					
Gross loans and advances to customers excl. reverse repos	7,741	1.8	11.5	(6.8)	40.7
Funds (customer deposits excl. repos + mutual funds)	13,138	2.2	12.0	(6.8)	40.7
Ratios (%) and operating means					
Underlying RoTE	28.37	(6.90)		(8.46)	
Underlying RoTE	28.37 57.9	(6.90) 3.5		(8.46) 3.3	
Underlying RoTE Efficiency ratio (with amortisations)					
Underlying RoTE Efficiency ratio (with amortisations) NPL ratio	57.9	3.5		3.3	
Underlying RoTE Efficiency ratio (with amortisations)	57.9 2.54	3.5 0.04		3.3 0.72	

### ■ UNITED STATES

		QoQ		YoY	
Income statement	Q1'18	%	% excl. FX	%	% excl. F
Net interest income	1,221	(4.1)	(0.1)	(18.1)	(5.4
Net fee income	214	(3.7)	0.3	(21.5)	(9.4
Gains (losses) on financial transactions	16	57.9	72.3	_	_
Other operating income	127	40.0	45.5	4.1	20.
Gross income	1,578	(1.1)	3.0	(16.0)	(3.1)
Operating expenses	(735)	(4.8)	(0.6)	(12.2)	1.4
General administrative expenses	(678)	(2.2)	2.1	(10.4)	3.4
Personnel	(397)	0.3	4.7	(10.8)	3.0
Other general administrative expenses	(281)	(5.6)	(1.3)	(10.0)	3.9
Depreciation and amortisation	(57)	(27.7)	(24.4)	(28.5)	(17.4
Net operating income	843	2.3	6.3	(19.1)	(6.6
Net loan-loss provisions	(579)	(9.2)	(5.5)	(28.6)	(17.5
Other income	(23)	(26.9)	(22.3)	(29.8)	(18.9
Underlying profit before tax	241	55.9	59.4	21.0	39.7
Tax on profit	(67)	48.1	51.7	9.0	25.8
Underlying profit from continuing operations	174	59.1	62.5	26.4	46.0
Net profit from discontinued operations	_	_	_		
Underlying consolidated profit	174	59.1	62.5	26.4	46.0
Minority interests	49	26.5	29.2	15.1	32.8
Underlying attributable profit to the Group	125	76.9	80.9	31.6	51.9
Net capital gains and provisions*	123	(100.0)	(100.0)		٠,١٠٠
Attributable profit to the Group	125	(100.0)	(100.0)	31.6	51.9
(*)In 4Q 17, fiscal reform, provisions for hurricanes, repurchase of a minority stake	and other				
Balance sheet					
Loans and advances to customers	69,096	(4.0)	(1.4)	(15.6)	(2.7
Louis and davaness to castomers	07,070	()	·····		\
Cash central banks and credit institutions	11 695	(12 1)	(97)	(42.8)	(341
Cash, central banks and credit institutions  Debt securities	11,695 13,656	(12.1) (1.3)	(9.7)	(42.8)	
Debt securities	13,656	(1.3)	1.3	(28.3)	(17.4
Debt securities o/w: designated at fair value through equity	13,656 10,569	(1.3) (10.2)	1.3 (7.8)	(28.3) (36.7)	(17.4 (27.1)
Debt securities o/w: designated at fair value through equity Other financial assets	13,656 10,569 3,204	(1.3) (10.2) (4.9)	1.3 (7.8) (2.3)	(28.3) (36.7) 5.3	(17.4 (27.1 <sub>)</sub> 21.4
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets	13,656 10,569 3,204 11,924	(1.3) (70.2) (4.9) 0.1	1.3 (7.8) (2.3) 2.8	(28.3) (36.7) 5.3 (10.1)	(17.4 (27.1 21.4 3.6
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets	13,656 10,569 3,204 11,924 <b>109,575</b>	(1.3) (10.2) (4.9) 0.1 (4.2)	1.3 (7.8) (2.3) 2.8 (1.6)	(28.3) (36.7) 5.3 (10.1) (20.4)	(17.4 (27.1 21.4 3.6 (8.3
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits	13,656 10,569 3,204 11,924 <b>109,575</b> 50,875	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4)	(17.4 (27.1 21.4 3.6 <b>(8.3</b> (7.1
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions	13,656 10,569 3,204 11,924 <b>109,575</b> 50,875 11,963	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2)	(17.4 (27.1 21.4 3.6 (8.3 (7.1 (38.0
Debt securities  o/w: designated at fair value through equity  Other financial assets Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued	13,656 10,569 3,204 11,924 <b>109,575</b> 50,875 11,963 25,479	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8)	(17.4 (27.1) 21.4 3.6 (8.3) (7.1) (38.0) 4.0
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7)	(17.4 (27.1) 21.4 3.6 (8.3) (7.1) (38.0 4.0
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities	13,656 70,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6)	(17.4 (27.1) 21.4 3.6 (8.3) (7.1) (38.0) 4.0 4.1
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1)	(34.1) (17.4) (27.1) 21.4 3.6 (8.3) (7.1) (38.0) 4.0 4.1 (15.4) (10.2)
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1)	(17.4 (27.1) 21.4 3.6 (8.3) (7.1) (38.0 4.0 (15.4 (10.2)
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1)	(17.4 (27.1) 21.4 3.6 (8.3) (7.1) (38.0 4.0 (15.4 (10.2) 5.5 (1.1)
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1)	(17.4 (27.1) 21.4 3.6 (8.3 (7.1) (38.0 4.0 4.1 (15.4 (10.2)
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2)	(17.4 (27.1
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1)	(17.4 (27.1
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0) — (0.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2)	(17.4 (27.1
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2)	(17.4 (27.1) 21.4 3.6 (8.3) (7.1) (38.0 4.0 (15.4 (10.2) 5.5 (1.1)
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981 — 7,825	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6) — (3.0)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0) — (0.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2) (11.2) (17.1)	(17.4 (27.1 21.4 (27.1
Debt securities  o/w: designated at fair value through equity  Other financial assets Other assets  Total assets  Customer deposits Central banks and credit institutions Debt securities issued Other financial liabilities Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds Pension funds Managed portfolios  Pro memoria: Gross loans and advances to customers excl. reverse repos	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981 — 7,825	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6) — (3.0)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0) — (0.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2) (11.2) (17.1)	(17.4 (27.1 21.4 (27.1
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981 — 7,825	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6) — (3.0)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0) — (0.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2) (11.2) (17.1)	(17.4 (27.1 21 3.1 (8.3 (7.1 (38.0 4.0 (15.4 (10.2 5.5 (1.1 2 (4.4
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981 — 7,825	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6) — (3.0)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0) — (0.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2) (11.2) (17.1)	(17.4 (27.1 21.4 (27.1
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981 — 7,825 72,285 58,666	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6) — (3.0)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0) — (0.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (11.2) — (17.1) (15.9) (18.3)	(17.4 (27.i 21 3.i 48.3 (8.3 (3.0 (1.1 2 (1.1 2 (1.1 2 (4.4 4 (3.0 (3.0 (3.0 (4.0 (4 4 (3.0 (4 4 (3.0 (4 4 (3.0 (3.0 (4 (4 4 (3.0 (3.0 (4 (4 4 (3.0 (4 (4 (3 (4 (4 (3 (4 (4
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE  Efficiency ratio (with amortisations)	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981 — 7,825 72,285 58,666	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6) — (3.0) (4.1) (1.1)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0) — (0.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2) (17.1) (15.9) (18.3)	(17.4 (27.1 21 3.1 (8.3 (7.1 (38.0 4.0 (15.4 (10.2 5.5 (1.1 2 (4.4
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE  Efficiency ratio (with amortisations)  NPL ratio	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981 — 7,825 72,285 58,666	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6) — (3.0) (4.1) (1.1)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0) — (0.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2) (17.1) (15.9) (18.3)	(17.4 (27.1 21 3.1 (8.3 (7.1 (38.0 4.0 (15.4 (10.2 5.5 (1.1 2 (4.4
Debt securities  o/w: designated at fair value through equity  Other financial assets  Other assets  Total assets  Customer deposits  Central banks and credit institutions  Debt securities issued  Other financial liabilities  Other liabilities  Total liabilities  Total equity  Other managed and marketed customer funds  Mutual funds  Pension funds  Managed portfolios  Pro memoria:  Gross loans and advances to customers excl. reverse repos  Funds (customer deposits excl. repos + mutual funds)  Ratios (%) and operating means  Underlying RoTE	13,656 10,569 3,204 11,924 109,575 50,875 11,963 25,479 2,738 3,298 94,353 15,222 15,807 7,981 — 7,825 72,285 58,666	(1.3) (10.2) (4.9) 0.1 (4.2) (0.6) (24.7) (2.7) 9.4 (4.0) (4.9) 0.1 (3.8) (4.6) — (3.0) (4.1) (1.1)	1.3 (7.8) (2.3) 2.8 (1.6) 2.1 (22.6) (0.0) 12.4 (1.4) (2.3) 2.9 (1.2) (2.0) — (0.3)	(28.3) (36.7) 5.3 (10.1) (20.4) (19.4) (46.2) (9.8) (9.7) (26.6) (22.1) (8.1) (14.2) (17.1) (15.9) (18.3)	(17.4 (27.1 21.4 3.6 (8.3 (8.3 4.0 4.0 (15.4 (10.2 5.5 (1.1 2.4 4.4 (4.4 (3.0 (3.0 (4.4 (4.4 (4.4 (4.4 (3.0 (4.4 (4.4 (4.4 (4.4 (4.4 (4.4 (4.4 (4

### ■ CORPORATE CENTRE

Income statement	Q1'18	Q4'17	%	Q1'17	%
Net interest income	(224)	(223)	0.6	(194)	15.6
Net fee income	(9)	(17)	(50.2)	(4)	93.0
Gains (losses) on financial transactions	12	30	(58.7)	(119)	_
Other operating income	(6)	(28)	(78.4)	(23)	(74.0)
Gross income	(227)	(238)	(5.0)	(341)	(33.5)
Operating expenses	(121)	(120)	0.6	(119)	1.3
Net operating income	(348)	(359)	(3.1)	(460)	(24.5)
Net loan-loss provisions	(37)	(8)	351.3	(5)	625.0
Other income	(43)	(43)	(0.4)	(32)	34.1
Underlying profit before tax	(427)	(410)	4.2	(497)	(14.1)
Tax on profit	6	32	(82.1)	26	(78.4)
Underlying profit from continuing operations	(421)	(378)	11.4	(471)	(10.5)
Net profit from discontinued operations	_	_	_	_	_
Underlying consolidated profit	(421)	(378)	11.4	(471)	(10.5)
Minority interests	0	(0)	_	(3)	_
Underlying attributable profit to the Group	(421)	(378)	11.5	(468)	(10.0)
Net capital gains and provisions*	_	(306)	(100.0)	_	_
	(424)	(604)	(38.4)	(468)	(10.0)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from t	<b>(421)</b> he disposal of the stake in Allfunds E	(684) ank and goodwill cha	<u> </u>	(400)	(10.0)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet	he disposal of the stake in Allfunds E	ank and goodwill cha	rges		
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities	he disposal of the stake in Allfunds E 1,691	ank and goodwill cha	(4.4)	781	116.4
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill	he disposal of the stake in Allfunds E 1,691 25,612	1,768 25,769	(4.4) (0.6)	781 26,939	116.4 (4.9)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill Capital assigned to Group areas	ne disposal of the stake in Allfunds E 1,691 25,612 84,775	1,768 25,769 81,791	(4.4) (0.6) 3.6	781 26,939 83,902	116.4 (4.9) 1.0
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill Capital assigned to Group areas Other financial assets	1,691 25,612 84,775 15,902	1,768 25,769 81,791 7,841	(4.4) (0.6) 3.6 102.8	781 26,939 83,902 10,661	116.4 (4.9) 1.0 49.2
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the securities goodwill Capital assigned to Group areas Other financial assets	1,691 25,612 84,775 15,902 14,023	1,768 1,768 25,769 81,791 7,841 14,929	(4.4) (0.6) 3.6 102.8 (6.1)	781 26,939 83,902 10,661 15,115	116.4 (4.9) 1.0 49.2 (7.2)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet  Debt securities  Goodwill  Capital assigned to Group areas  Other financial assets  Other assets  Total assets	1,691 25,612 84,775 15,902 14,023	1,768 25,769 81,791 7,841 14,929	(4.4) (0.6) 3.6 102.8 (6.1)	781 26,939 83,902 10,661 15,115 <b>137,398</b>	116.4 (4.9) 1.0 49.2 (7.2) <b>3.4</b>
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet  Debt securities  Goodwill  Capital assigned to Group areas  Other financial assets  Other assets  Total assets  Debt securities issued	1,691 25,612 84,775 15,902 14,023 142,002 39,223	1,768 25,769 81,791 7,841 14,929 132,099 35,030	(4.4) (0.6) 3.6 102.8 (6.1) 7.5	781 26,939 83,902 10,661 15,115 <b>137,398</b> 30,740	116.4 (4.9) 1.0 49.2 (7.2) <b>3.4</b> 27.6
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill Capital assigned to Group areas Other financial assets Other assets Total assets Debt securities issued Other financial liabilities	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127	(4.4) (0.6) 3.6 102.8 (6.1) 7.5 12.0 (7.9)	781 26,939 83,902 10,661 15,115 <b>137,398</b> 30,740 2,469	116.4 (4.9) 1.0 49.2 (7.2) 3.4 27.6 (20.6)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet  Debt securities  Goodwill  Capital assigned to Group areas  Other financial assets  Other assets  Total assets  Debt securities issued  Other financial liabilities  Other liabilities	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959 7,849	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127 8,092	(4.4) (0.6) 3.6 102.8 (6.1) <b>7.5</b> 12.0 (7.9) (3.0)	781 26,939 83,902 10,661 15,115 <b>137,398</b> 30,740 2,469 12,299	116.4 (4.9) 1.0 49.2 (7.2) <b>3.4</b> 27.6 (20.6) (36.2)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet  Debt securities  Goodwill  Capital assigned to Group areas  Other financial assets  Other assets  Total assets  Debt securities issued  Other financial liabilities  Total liabilities	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959 7,849 49,031	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127 8,092 45,248	(4.4) (0.6) 3.6 102.8 (6.1) <b>7.5</b> 12.0 (7.9) (3.0) <b>8.4</b>	781 26,939 83,902 10,661 15,115 137,398 30,740 2,469 12,299 45,507	116.4 (4.9) 1.0 49.2 (7.2) <b>3.4</b> 27.6 (20.6) (36.2)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill Capital assigned to Group areas Other financial assets Other assets Total assets Debt securities issued Other financial liabilities Total liabilities	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959 7,849	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127 8,092	(4.4) (0.6) 3.6 102.8 (6.1) <b>7.5</b> 12.0 (7.9) (3.0)	781 26,939 83,902 10,661 15,115 <b>137,398</b> 30,740 2,469 12,299	116.4 (4.9) 1.0 49.2 (7.2) <b>3.4</b> 27.6 (20.6) (36.2)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill Capital assigned to Group areas Other financial assets Other assets Total assets Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959 7,849 49,031	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127 8,092 45,248	(4.4) (0.6) 3.6 102.8 (6.1) <b>7.5</b> 12.0 (7.9) (3.0) <b>8.4</b>	781 26,939 83,902 10,661 15,115 137,398 30,740 2,469 12,299 45,507	116.4 (4.9) 1.0 49.2 (7.2) 3.4 27.6 (20.6)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill Capital assigned to Group areas Other financial assets Other assets Total assets Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959 7,849 49,031	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127 8,092 45,248	(4.4) (0.6) 3.6 102.8 (6.1) <b>7.5</b> 12.0 (7.9) (3.0) <b>8.4</b>	781 26,939 83,902 10,661 15,115 137,398 30,740 2,469 12,299 45,507	116.4 (4.9) 1.0 49.2 (7.2) <b>3.4</b> 27.6 (20.6) (36.2)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill Capital assigned to Group areas Other financial assets Other assets Total assets Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity Other managed and marketed customer funds	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959 7,849 49,031	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127 8,092 45,248	(4.4) (0.6) 3.6 102.8 (6.1) <b>7.5</b> 12.0 (7.9) (3.0) <b>8.4</b>	781 26,939 83,902 10,661 15,115 137,398 30,740 2,469 12,299 45,507	116.4 (4.9) 1.0 49.2 (7.2) <b>3.4</b> 27.6 (20.6) (36.2)
	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959 7,849 49,031 92,971	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127 8,092 45,248 86,850	(4.4) (0.6) 3.6 102.8 (6.1) 7.5 12.0 (7.9) (3.0) 8.4 7.0	781 26,939 83,902 10,661 15,115 137,398 30,740 2,469 12,299 45,507 91,891	116.4 (4.9) 1.0 49.2 (7.2) 3.4 27.6 (20.6) (36.2) 7.7 1.2
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill Capital assigned to Group areas Other financial assets Other assets Total assets Debt securities issued Other financial liabilities Other liabilities Total liabilities Total liabilities Total equity  Other managed and marketed customer funds Mutual funds Pension funds Managed portfolios	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959 7,849 49,031 92,971 — —	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127 8,092 45,248 86,850 — —	(4.4) (0.6) 3.6 102.8 (6.1) 7.5 12.0 (7.9) (3.0) 8.4 7.0	781 26,939 83,902 10,661 15,115 137,398 30,740 2,469 12,299 45,507 91,891 — — — 52	116.4 (4.9) 1.0 49.2 (7.2) 3.4 27.6 (20.6) (36.2) 7.7 1.2 — — — — (95.4)
(*) In 4Q 17, charge for equity stakes an intangible assets, capital gains from the Balance sheet Debt securities Goodwill Capital assigned to Group areas Other financial assets Other assets Total assets Debt securities issued Other financial liabilities Other liabilities Total liabilities Total equity Other managed and marketed customer funds Mutual funds Pension funds	1,691 25,612 84,775 15,902 14,023 142,002 39,223 1,959 7,849 49,031 92,971 — —	1,768 25,769 81,791 7,841 14,929 132,099 35,030 2,127 8,092 45,248 86,850 — —	(4.4) (0.6) 3.6 102.8 (6.1) 7.5 12.0 (7.9) (3.0) 8.4 7.0	781 26,939 83,902 10,661 15,115 137,398 30,740 2,469 12,299 45,507 91,891 — — — 52	116.4 (4.9) 1.0 49.2 (7.2) 3.4 27.6 (20.6) (36.2) 7.7 1.2 — — — — (95.4)

### ■ RETAIL BANKING (EUR million)

Income statement		(	QoQ		YoY
	Q1'18	%	% excl. FX	%	% excl. FX
Net interest income	8,034	(1.6)	0.9	2.2	12.4
Net fee income	2,284	(4.7)	(2.0)	0.5	11.3
Gains (losses) on financial transactions	129	(35.1)	(33.3)	(42.5)	(39.3)
Other operating income	224		_	27.8	42.1
Gross income	10,671	(0.9)	1.7	1.3	11.5
Operating expenses	(4,886)	(4.5)	(2.1)	3.0	12.8
Net operating income	5,785	2.4	5.2	(0.1)	10.5
Net loan-loss provisions	(2,161)	12.0	16.2	(3.3)	10.4
Other income	(340)	(20.4)	(19.0)	(50.4)	(45.3)
Underlying profit before tax	3,285	(0.3)	2.0	14.4	23.6
Tax on profit	(1,045)	5.0	7.8	16.8	27.3
Underlying profit from continuing operations	2,240	(2.6)	(0.5)	13.4	21.9
Net profit from discontinued operations	_	_	_	_	_
Underlying consolidated profit	2,240	(2.6)	(0.5)	13.4	21.9
Minority interests	309	(5.2)	(3.2)	14.3	22.5
Underlying attributable profit to the Group	1,931	(2.1)	(0.1)	13.2	21.8
Net capital gains and provisions*	_	(100.0)	(100.0)	_	_
Attributable profit to the Group	1,931	0.8	2.7	13.2	21.8

 $<sup>(*)\</sup> In\ 4Q'17, fiscal\ reform, provisions\ for\ hurricanes, increased\ stake\ in\ Santander\ Consumer\ USA\ and\ other\ Consumer\ Santander\ Consumer\ Consumer\ Santander\ Consumer\ Santander\ Consumer\ Santander\ Consumer\ Santander\ Consumer\ Santander\ Consumer\ Co$ 

### ■ GLOBAL CORPORATE BANKING

Income statement		QoQ		YoY	
	Q1'18	%	% excl. FX	%	% excl. FX
Net interest income	551	(4.4)	(1.3)	(13.9)	(4.9)
Net fee income	404	2.8	5.2	0.8	9.4
Gains (losses) on financial transactions	342	86.3	87.7	(25.5)	(17.2)
Other operating income	35	(51.8)	(52.0)	(18.4)	(16.2)
Gross income	1,332	8.7	11.3	(13.7)	(5.1)
Operating expenses	(527)	(0.9)	1.6	6.1	14.3
Net operating income	805	16.0	18.7	(23.0)	(14.6)
Net loan-loss provisions	(71)	(65.8)	(65.5)	(47.1)	(42.8)
Other income	(2)	(94.6)	(94.0)	(86.5)	(86.0)
Underlying profit before tax	733	60.4	64.3	(18.6)	(9.2)
Tax on profit	(212)	65.6	71.3	(16.1)	(5.9)
Underlying profit from continuing operations	521	58.3	61.6	(19.6)	(10.5)
Net profit from discontinued operations	_	_	_	_	_
Underlying consolidated profit	521	58.3	61.6	(19.6)	(10.5)
Minority interests	38	27.8	26.4	(32.8)	(24.5)
Underlying attributable profit to the Group	483	61.4	65.2	(18.3)	(9.1)
Net capital gains and provisions	_	_	_	_	_
Attributable profit to the Group	483	61.4	65.2	(18.3)	(9.1)

### ■ WEALTH MANAGEMENT

		QoQ		YoY	
Income statement	Q1'18	%	% excl. FX	%	% excl. FX
Net interest income	100	0.8	3.9	(1.2)	9.8
Net fee income	276	55.9	59.1	58.3	68.5
Gains (losses) on financial transactions	9	1.0	3.7	7.1	16.6
Other operating income	(7)		_	_	_
Gross income	379	24.0	27.2	28.5	38.9
Operating expenses	(182)	33.2	37.6	34.6	47.0
Net operating income	197	16.5	18.8	23.3	32.2
Net loan-loss provisions	(5)	(60.3)	(60.5)	(19.6)	(18.6)
Other income	(1)	(62.4)	(62.4)	(47.4)	(45.7)
Underlying profit before tax	191	23.7	26.3	25.8	35.3
Tax on profit	(57)	63.9	65.9	46.8	59.1
Underlying profit from continuing operations	134	12.0	14.7	18.6	27.1
Net profit from discontinued operations	_	_	_	_	_
Underlying consolidated profit	134	12.0	14.7	18.6	27.1
Minority interests	8	37.0	39.5	46.9	56.8
Underlying attributable profit to the Group	126	10.6	13.3	17.1	25.6
Net capital gains and provisions*	_	(100.0)	(100.0)	_	_
Attributable profit to the Group	126	32.6	34.2	17.1	25.6

<sup>(\*)</sup> In 4Q'17, fiscal reform

## **ALTERNATIVE PERFORMANCE MEASURES (APM)**

Below we set out information on alternative performance measures in order to comply with the Guideliines on Alternative Performance Measures published by the European Securities and Markets Authority, ESMA, on 5 October 2015 (Guidelines on Alternative Performance Measures, ESMA/2015/1415en).

- The Group uses the following indicators for managing its business. They enable profitability and efficiency, credit portfolio quality, the volume of tangible equity per share and the net loan-to-deposit ratio to be measured, analysing their evolution over time and comparing them with those of our competitors.
  - The purpose of the **profitability and efficiency** ratios is to measure the ratio of profit to capital, to tangible capital, to assets and to risk weighted assets, while the efficiency ratio measures how much general administrative expenses (personnel and other) and amortisation costs are needed to generate revenue.
  - The credit risk indicators measure the quality of the credit portfolio and the percentage of non-performing loans covered by provisions.
  - The **capitalisation** indicator provides information on the volume of tangible equity per share.
  - Other indicators are also included. The loan-to-deposit ratio (LTD) identifies the relationship between net customer loans and advances and customer deposits, assessing the proportion of loans and advances granted by the Group that are funded by customer deposits. The Group also uses gross customer loan magnitudes excluding reverse repurchase agreements (repos) and customer deposits excluding repos. In order to analyse the evolution of the traditional commercial banking business of granting loans and capturing deposits, repos and reverse repos are excluded, as they are mainly treasury business products and highly volatile.
- Impact of exchange rate movements on profit and loss accounts

The Group presents, at both the Group level as well as the business unit level, the real changes in the income statement as well as the changes excluding the exchange rate effect, as it considers the latter facilitates analysis, since it enables businesses movements to be identified without taking into account the impact of converting each local currency into euros.

Said variations, excluding the impact of exchange rate movements, are calculated by converting P&L lines for the different business units comprising the Group into our presentation currency, the euro, applying the average exchange rate for 2018 first quarter to all periods contemplated in the analysis. The average exchange rates for the main currencies in which the Group operates are set out on page 9.

• Impact of exchange rate movements on the balance sheet

The Group presents, at both the Group level as well as the business unit level, the real changes in the balance sheet as well as the changes excluding the exchange rate effect for loans and advances to customers excluding reverse repos and customer funds (which comprise deposits and mutual funds) excluding repos. As with the income statement, the reason is to facilitate analysis by isolating the changes in the balance sheet that are not caused by converting each local currency into euros.

These changes excluding the impact of exchange rate movements are calculated by converting loans and advances to customers excluding reverse repos and customer funds excluding repos, into our presentation currency, the euro, applying the closing exchange rate on the last working day of March 2018 to all periods contemplated in the analysis. The end-of-period exchange rates for the main currencies in which the Group operates are set out on page 9.

• Impact of non-recurring items on the consolidated profit and loss accounts

With regard to the results, a summary of the consolidated profit and loss accounts for the first quarters of 2018 and 2017 can be found on page 63. In these accounts, results are included in their corresponding accounting item, even when, in the Group's opinion, they distort the comparison between periods.

Therefore, summarised profit and loss accounts for the first quarters of 2018 and 2017 and for the fourth quarter of 2017 are presented on page 10. In these accounts, results, including those of said items, net of tax and minority interests, are included in a separate line which the Group names net capital gains and provisions just above the Group's attributable profit. The Group believes that this statement explains more clearly the changes in the income statement. Those capital gains and provisions considered as non-recurring are subtracted from each of the income statement lines where they were naturally recorded.

The definitions of each of the previously-mentioned indicators and how they are calculated are given below:

### **Profitability and Efficiency**

Ratio	Formula	Relevance of the metric
RoE	Group's attributable profit	This ratio measures the return that shareholders obtain on the
(Return on equity)	Average stockholders' equity* (excl. minority interests)	funds invested in the entity and as such measures the company's ability to pay shareholders.
RoTE	Group's attributable profit	This is a very common indicator, used to evaluate the profitability
(Return on tangible equity)	Average stockholders' equity* (excl. minority interests) - intangible assets	of the company as a percentage of a its tangible equity. It's measured as the return that shareholders receive as a percentage of the funds invested in the entity less intangible assets.
Underlying RoTE	Group's underlying attributable profit	This indicator measures the profitability of the tangible equity
	Average stockholders' equity* (excl. minority interests) - intangible assets	of a company arising from ordinary activities, i.e. excluding net capital gains and provisions.
RoA	Consolidated profit	This metric, commonly used by analysts, measures the
(Return on assets)	Average total assets	profitability of a company as a percentage of its total assets. It is an indicator that reflects the efficiency of the company's total funds in generating profit over a given period.
RoRWA	Consolidated profit	The return adjusted for risk is an derivative of the RoA metric. The
(Return on risk weighted assets)	Average risk weighted assets	difference is that RoRWA measures profit in relation to the bank's risk weighted assets.
Underlying RoRWA	Underlying consolidated profit	This relates the underlying profit (excluding net capital gains and
	Average risk weighted assets	provisions) to the bank's risk weighted assets.
Efficiency	Operating expenses**	One of the most commonly used indicators when comparing
-	Gross income	productivity of different financial entities. It measures the amount of funds used to generate the bank's operating income.

### Credit risk

Ratio	Formula —	Relevance of the metric		
NPL ratio	Non-performing loans and advances to customers, customer guarantees and customer commitments granted	The NPL ratio is an important variable regarding financial institutions' activity since it gives an indication of the level of risk the entities are exposed to. It calculates risks that are, in		
(Non-performing loans ratio)	Total Risk***	accounting terms, declared to be non-performing as a percentage of the total outstanding amount of customer credit and contingent liabilities.		
Coverage ratio	Provisions to cover impairment losses on loans and advances to customers, customer guarantees and customer commitments granted	The coverage ratio is a fundamental metric in the financial sector.  It reflects the level of provisions as a percentage of the non-		
ū	Non-performing loans and advances to customers, customer guarantees and customer commitments granted	<ul> <li>performing assets (credit risk). Therefore it is a good indicator of the entity's solvency against client defaults both present are future.</li> </ul>		
Cost of Credit	Allowances for loan-loss provisions over the last 12 months	This ratio quantifies loan-loss provisions arising from credit risk		
	Average loans and advances to customers over the last 12 months	<ul> <li>over a defined period of time for a given loan portfolio. As such, it acts as an indicator of credit quality.</li> </ul>		

### **Market Capitalisation**

Ratio	Formula	Relevance of the metric
TNAV per share (Tangible net asset value per share)	Tangible book value****  Number of shares excluding treasury stock	This is a very commonly used ratio used to measure the company's accounting value per share having deducted the intangible assets. It is useful in evaluating the amount each shareholder would receive if the company were to enter into liquidation and had to sell all the company's tangible assets.

#### Other indicators

Ratio	Formula	Relevance of the metric
LtD	Net loans and advances to customers	This is an indicator of the bank's liquidity. It measures the total
(Loan-to-deposit)	Customer deposits	<ul> <li>(net) loans and advances to customers as a percentage of customer funds.</li> </ul>
Loans and advances (excl. reverse repos)	Gross loans and advances to customers excluding reverse repos	In order to aid analysis of the commercial banking activity, reverse repos are excluded as they are highly volatile treasury products.
Deposits (excl. repos)	Customer deposits excluding repos	In order to aid analysis of the commercial banking activity, repos are excluded as they are highly volatile treasury products.
PAT + After tax fees paid to SAN (in Wealth Management)	Net profit + Fees paid from Santander Asset Management to Santander, net of taxes, excluding Private Banking customers	Metric to assess Wealth Management's total contribution to Grupo Santander profits

<sup>(\*)</sup> Stockholders' equity = Capital and Reserves + Accumulated other comprehensive income + Group attributable profit + Dividends (\*\*) Operating expenses: General administrative expenses + Depreciation and amortisation (\*\*\*) Total risk = Total loans & advances and guarantees to customers (performing and non-performing) + non-performing contingent liabilities

<sup>(\*\*\*\*)</sup> Tangible book value = Stockholders' equity - intangible assets

Finally, below the numerical value of each indicator is given. For indicators related to credit risk, capitalisation and others, the fourth quarter data coincide with year-end since they are concepts relating to end of reference period balances.

Profitability and efficiency	Q4'17	Q1'18	Q1'17
RoE	7.81%	8.67%	8.19%
Attributable profit to the Group	7,313	8,216	7,469
Average stockholders' equity (excluding minority interests)	93,628	94,793	91,171
ROTE	11.21%	12.42%	12.13%
Attributable profit to the Group	7,313	8,216	7,469
Average stockholders' equity (excl. minority interests) - intangible assets	65,253	66,163	61,571
Underlying RoTE	11.79%	12.42%	12.13%
Underlying attributable profit to the Group	7,696	8,216	7,469
Average stockholders' equity (excl. minority interests) - intangible assets	65,253	66,163	61,571
RoA	0.61%	0.67%	0.65%
Consolidated profit	8,899	9,636	8,745
Average total assets	1,460,975	1,439,732	1,353,495
RoRWA	1.44%	1.59%	1.48%
Consolidated profit	8,899	9,636	8,745
Average risk weighted assets	616,761	604,296	591,933
Underlying RoRWA	1.48%	1.59%	1.48%
Underlying consolidated profit	9,142	9,636	8,745
Average risk weighted assets	616,761	604,296	591,933
Efficiency ratio	49.4%	47.4%	46.1%
Operating expenses	5,961	5,764	5,543
Gross Income	12,062	12,151	12,029
Credit risk	Dec-17	Mar-18	Mar-17
NPL ratio	4.08%	4.02%	3.74%
Non-performing loans and advances to customers, customer guarantees and customer commitments granted	37,596	37,408	32,158
Total risk	920,968	930,477	858,786
Coverage ratio	65.2%	70.0%	74.6%
Provisions to cover impairment losses on loans and advances to customers, customer guarantees and customer commitments	24,529	26,173	24,002
granted			32,158
Non-performing loans and advances to customers, customer guarantees and customer commitments granted	37,596	37.408	
Non-performing loans and advances to customers, customer guarantees and customer commitments granted	37,596	37,408	1 170/
Cost of credit	1.07%	1.04%	<b>1.17%</b>
			<b>1.17%</b> 9,509 809,331
Cost of credit Allowances for loan-loss provisions over the last 12 months	<b>1.07%</b> 9,111	<b>1.04%</b> 8,994	9,509
Cost of credit Allowances for loan-loss provisions over the last 12 months	<b>1.07%</b> 9,111	<b>1.04%</b> 8,994	9,509
Cost of credit  Allowances for loan-loss provisions over the last 12 months  Average loans and advances to customers over the last 12 months	<b>1.07%</b> 9,111 853,479	<b>1.04%</b> 8,994 868,747	9,509 809,331
Cost of credit  Allowances for loan-loss provisions over the last 12 months  Average loans and advances to customers over the last 12 months  Market capitalisation  TNAV (tangible book value) per share  Tangible book value	1.07% 9,111 853,479 Dec-17 4.15 66,985	1.04% 8,994 868,747 <b>Mar-18</b> 4.12 66,445	9,509 809,331 <b>Mar-17</b> <b>4.19</b> 62,137
Cost of credit  Allowances for loan-loss provisions over the last 12 months  Average loans and advances to customers over the last 12 months  Market capitalisation  TNAV (tangible book value) per share	1.07% 9,111 853,479 Dec-17	1.04% 8,994 868,747 Mar-18	9,509 809,331 <b>Mar-17</b> <b>4.19</b>
Cost of credit  Allowances for loan-loss provisions over the last 12 months  Average loans and advances to customers over the last 12 months  Market capitalisation  TNAV (tangible book value) per share  Tangible book value	1.07% 9,111 853,479 Dec-17 4.15 66,985	1.04% 8,994 868,747 <b>Mar-18</b> 4.12 66,445	9,509 809,331 <b>Mar-17</b> <b>4.19</b> 62,137
Cost of credit  Allowances for loan-loss provisions over the last 12 months  Average loans and advances to customers over the last 12 months  Market capitalisation  TNAV (tangible book value) per share  Tangible book value  Number of shares excl. treasury stock (million)*	1.07% 9,111 853,479 Dec-17 4.15 66,985 16,132	1.04% 8,994 868,747 Mar-18 4.12 66,445 16,129 Mar-18	9,509 809,331 <b>Mar-17</b> <b>4.19</b> 62,137 14,825 <b>Mar-17</b>
Cost of credit  Allowances for loan-loss provisions over the last 12 months  Average loans and advances to customers over the last 12 months  Market capitalisation  TNAV (tangible book value) per share  Tangible book value  Number of shares excl. treasury stock (million)*  Others  Loan-to-deposit ratio	1.07% 9,111 853,479 Dec-17 4.15 66,985 16,132 Dec-17	1.04% 8,994 868,747 Mar-18 4.12 66,445 16,129 Mar-18	9,509 809,331 <b>Mar-17</b> <b>4.19</b> 62,137 14,825 <b>Mar-17</b>
Cost of credit  Allowances for loan-loss provisions over the last 12 months  Average loans and advances to customers over the last 12 months  Market capitalisation  TNAV (tangible book value) per share  Tangible book value  Number of shares excl. treasury stock (million)*	1.07% 9,111 853,479 Dec-17 4.15 66,985 16,132	1.04% 8,994 868,747 Mar-18 4.12 66,445 16,129 Mar-18	9,509 809,331 <b>Mar-17</b> <b>4.19</b> 62,137 14,825 <b>Mar-17</b>
Cost of credit Allowances for loan-loss provisions over the last 12 months Average loans and advances to customers over the last 12 months  Market capitalisation  TNAV (tangible book value) per share Tangible book value Number of shares excl. treasury stock (million)*  Others  Loan-to-deposit ratio Net loans and advances to customers	1.07% 9,111 853,479 Dec-17 4.15 66,985 16,132 Dec-17 109% 848,914	1.04% 8,994 868,747 Mar-18 4.12 66,445 16,129 Mar-18 112% 856,628	9,509 809,331 <b>Mar-17</b> <b>4.19</b> 62,137 14,825 <b>Mar-17</b> 113% 795,312
Cost of credit Allowances for loan-loss provisions over the last 12 months Average loans and advances to customers over the last 12 months  Market capitalisation  TNAV (tangible book value) per share Tangible book value Number of shares excl. treasury stock (million)*  Others  Loan-to-deposit ratio Net loans and advances to customers	1.07% 9,111 853,479  Dec-17  4.15 66,985 16,132  Dec-17  109% 848,914 777,730	1.04% 8,994 868,747 Mar-18 4.12 66,445 16,129 Mar-18 112% 856,628 767,340 Q1'18	9,509 809,331 Mar-17 4.19 62,137 14,825 Mar-17 113% 795,312 705,786
Cost of credit Allowances for loan-loss provisions over the last 12 months Average loans and advances to customers over the last 12 months  Market capitalisation  TNAV (tangible book value) per share	1.07% 9,111 853,479  Dec-17  4.15 66,985 16,132  Dec-17  109% 848,914 777,730  Q4'17	1.04% 8,994 868,747 Mar-18 4.12 66,445 16,129 Mar-18 112% 856,628 767,340	9,509 809,331 <b>Mar-17</b> <b>4.19</b> 62,137 14,825 <b>Mar-17</b> 113% 795,312 705,786

 $<sup>(*).- \</sup>textit{Mar-17 data adjusted for the capital increase in July 2017, for like-on-like comparisons with \textit{Dec-17 and Mar-18 data}.$ 

#### Notes:

- 1) Averages included in the RoE, RoTE, RoA and RoRWA denominators are calculated using 4 months' worth of data in the case of quarterly figures (from December to March in Q1 and September to December in Q4).
- 2) For periods less than one year, and if there are results in the net capital gains and provisions line, the profit used to calculate RoE and RoTE is the annualised underlying attributable profit to which said results are added without annualising.
- 3) For periods less than one year, and if there are results in the net capital gains and provisions line, the profit used to calculate RoA and RoRWA is the consolidated annualised profit, to which said results are added without annualising.
- 4) The risk weighted assets included in the denominator of the RoRWA metric are calculated in line with the criteria laid out in the CRR (Capital Requirements Regulation).

### **CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

- CONSOLIDATED INCOME STATEMENT
- CONSOLIDATED BALANCE SHEET

NOTE: The financial information for the first three months of 2018 and 2017 (attached herewith) corresponds to that included in the consolidated summarised financial statements at these dates, drawn up in accordance with the International Accounting Standards (IAS) 34, Interim Financial Information. The accounting policies and methods used are those established by the International Financial Reporting Standards adopted by the European Union (IFRS-EU), Circular 4/2017 of the Bank of Spain, which replaces Circular 4/2004 for those years starting as of 1 January 2018, and the International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS-IASB).

#### ■ CONDENSED CONSOLIDATED INCOME STATEMENT (EUR million)

	Q1'18	Q1'17
Interest income	13,340	14,523
Interest expense	(4,886)	(6,121)
Net interest income	8,454	8,402
Dividend income	35	41
Share of results of entities accounted for using the equity method	178	133
Commission income	3,738	3,587
Commission expense	(784)	(743)
Gain or losses on financial assets and liabilities not measured at fair value through profit or loss, net	127	156
Gain or losses on financial assets and liabilities held for trading, net	449 _	769
Gains or losses on non-trading financial assets and liabilities mandatorily at fair value through profit or loss	5	
Gain or losses on financial assets and liabilities measured at fair value through profit or loss, net	16	(12)
Gain or losses from hedge accounting, net	(29)	(37)
Exchange differences, net	(73)	(304)
Other operating income	411	427
Other operating expenses	(390)	(404)
Income from assets under insurance and reinsurance contracts	910	743
Expenses from liabilities under insurance and reinsurance contracts	(896)	(729)
Gross income	12,151	12,029
Administrative expenses	(5,151)	(4,914)
Staff costs	(3,000)	(2,912)
Other general administrative expenses	(2,151)	(2,002)
Depreciation and amortisation cost	(613)	(629)
Provisions or reversal of provisions, net	(370)	(665)
Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss, net	(2,297)	(2,416)
Financial assets at fair value with changes in other comprehensive income	(10)	, , ,
Financial assets at amortized cost	(2,287)	
Financial assets measured at cost		(7)
Financial assets available-for-sale		_
Loans and receivables		(2,409)
Held-to-maturity investments		_
Impairment of investments in subsidiaries, joint ventures and associates, net		_
Impairment on non-financial assets, net	(9)	(51)
Tangible assets	(10)	(12)
Intangible assets	_	_
Others	1	(39)
Gain or losses on non financial assets and investments, net	20	11
Negative goodwill recognised in results	_	_
Gains or losses on non-current assets held for sale not classified as discontinued operations	(42)	(54)
Profit or loss before tax from continuing operations	3,689	3,311
Tax expense or income from continuing operations	(1,280)	(1,125)
Profit for the period from continuing operations	2,409	2,186
Profit or loss after tax from discontinued operations	_,	_,
Profit for the period	2,409	2,186
Profit attributable to non-controlling interests	355	319
Profit attributable to the parent	2,054	1,867
Earnings per share		
Basic	0.12	0.12
Diluted	0.12	0.12

### ■ CONDENSED CONSOLIDATED BALANCE SHEET (EUR million)

Assets	Mar-18	Dec-17	Mar-17
Cash, cash balances at central banks and other deposits on demand	100,673	110,995	74,804
Financial assets held for trading	124,591	125,458	143,109
Non-trading financial assets mandatorily at fair value through profit or loss	5,082		
Financial assets designated at fair value through profit or loss	53,132	34,782	46,026
Financial assets at fair value through other comprehensive income	123,285		
Financial assets available-for-sale		133,271	118,195
Financial assets at amortised cost	915,454		
Loans and receivables		903,013	844,804
Investments held-to-maturity		13,491	14,268
Hedging derivates	7,718	8,537	8,934
Changes in the fair value of hedged items in portfolio hedges of interest risk	1,136	1,287	1,392
Investments	9,155	6,184	5,275
Joint ventures companies	1,997	1,987	1,628
Associated entities	7,158	4,197	3,647
Assets under insurance or reinsurance contracts	347	341	329
Tangible assets	21,912	22,974	22,807
Property, plant and equipment	20,201	20,650	20,635
For own-use	8,073	8,279	7,828
Leased out under an operating lease	12,128	12,371	12,807
Investment property	1,711	2,324	2,172
Of which Leased out under an operating lease	1,313	1,332	1,264
Intangible assets	28,523	28,683	29,645
Goodwill	25,612	25,769	26,939
Other intangible assets	2,911	2,914	2,706
Tax assets	29,667	30,243	27,610
Current tax assets	5,950	7,033	6,296
Deferred tax assets	23,717	23,210	21,314
Other assets	11,887	9,766	8,840
Insurance contracts linked to pensions	233	239	259
Inventories	156	1,964	1,146
Other	11,498	7,563	7,435
Non-current assets held for sale	5,908	15,280	5,918
TOTAL ASSETS	1,438,470	1,444,305	1,351,956

### ■ CONDENSED CONSOLIDATED BALANCE SHEET (EUR million)

Financial liabilities belig for trading   95,107   107,624   99,550   Financial liabilities designated at fiar value through profit or loss   97,06   69,676   50,665   60,665   Financial liabilities designated at fiar value of hedged terms in port folio hedges of interest rate risk   134,313   112,609   1048,447   1146,916   1	Liabilities and equity	Mar-18	Dec-17	Mar-17
Financia liabilities at amortised cost	Financial liabilities held for trading	95,172	107,624	99,550
Redging derivates   8,073   8,044   33.05   3.05	Financial liabilities designated at fair value through profit or loss	59,706	59,616	56,606
Changes in the fair value of hedged items in portfolio hedges of interest rate risk   327   330   436   760   10	Financial liabilities at amortised cost	1,134,513	1,126,069	1,048,447
Labilities under insurance or reinsurance contracts         550         1,177         6,345         1,4,411           Provisions         14,284         14,489         14,481         14,611         76,345         6,526           Other long term employee benefits         1,498         1,606         2,629         2,606         2,629         1,606         1,606         2,629         1,606         1,606         2,629         1,606         1,606         2,629         1,606	Hedging derivates	8,073	8,044	7,362
Provisions   14,284   14,485   14,487   14,687   14,687   16,556		327	330	436
Pensions and other post-retirement obligations         6,77         6,345         6,526           Other long term employee benefits         1,498         1,606         1,606           Taxes and other legal contingencies         3,210         3,318         3,311           Contingent liabilities and commitments         848         617         539           Toke provisions         9,901         7,592         8,960           Current tax liabilities         7,501         7,502         8,960           Current tax liabilities         7,501         1,502         1,502           Other labilities         1,217         1,279         1,0680           Isabilities associated with non-current assets held for sale         1,278         1,279         1,0680           Isabilities         8,068         8,068         8,068         7,291         1,0680           Liabilities         8,068         8,068         8,068         7,291         1,0680           Capital         8,068         8,068         8,068         8,292         1,070         6         2,292         1,070         6         2,292         1,070         6         2,292         1,070         6         2,292         1,070         6         2,292         1,070	Liabilities under insurance or reinsurance contracts	850	1,117	635
Other long term employee benefits         1,498         1,606         1,606           Taxes and other legal contingencies         3,210         3,181         3,311           Contingent liabilities and conmitments         8,48         6,17         539           Other provisions         2,551         2,600         2,629           Exal kalbilities         7,901         7,595         8,900           Current tax klabilities         2,750         2,755         3,070           Deferred tax klabilities         12,178         12,591         10,680           Chall tax is a contractive with non-current assets held for sale         12,178         12,591         10,680           Liabilities associated with non-current assets held for sale         -	Provisions	14,284	14,489	14,411
Taxas and other legal contingencies   3,210   3,318   3,311     Contingent liabilities and commitments   2,515   2,666   2,629     Tax liabilities   7,901   7,592   8,960     Current tax liabilities   7,501   7,592   8,960     Current tax liabilities   7,501   4,837   5,830     Current tax liabilities   7,501   4,837   4,837     Called up paid capital   8,068   8,088   7,291     Called up paid capital   8,068   8,068   7,291     Called up	Pensions and other post-retirement obligations		6,345	6,526
Taxas and other legal contingencies   3,210   3,318   3,311     Contingent liabilities and commitments   2,515   2,666   2,629     Tax liabilities   7,901   7,592   8,960     Current tax liabilities   7,501   7,592   8,960     Current tax liabilities   7,501   4,837   5,830     Current tax liabilities   7,501   4,837   4,837     Called up paid capital   8,068   8,088   7,291     Called up paid capital   8,068   8,068   7,291     Called up	Other long term employee benefits	1,498	1,686	1,606
Contingent liabilities and commitments         488         617         539           Other provisions         2,551         2,660         2,629           Tax liabilities         7,901         7,592         8,960           Current tax liabilities         5,151         4,8437         5,830           Other liabilities         12,178         12,591         10,680           Liabilities associated with non-current assets held for sale         12,708         12,708           TOTAL LIABILITIES         133,004         133,747         1,247,087           Equity         117,451         116,265         107,706           Capital         8,068         8,068         7,291           Capital deptal         8,068         8,068         7,291           Capital up paid capital         8,068         8,068         7,291           Capital capital which has been called up         510,53         510,53         44,912           Equity instruments issued other than capital         533         525         -           Equity component of the compound financial instrument         9         53,437         55,019           Other equity instruments issued         33         525         -           Other equity instruments issue		3,210	3,181	3,111
Cheep provisions         2,53         2,600         2,829           Tax liabilities         7,901         7,902         8,960           Current tax liabilities         2,755         2,755         3,070           Deferred tax liabilities         1,178         4,837         5,890           Cher liabilities         1,278         1,259         1,080           Liabilities associated with non-current assets held for sale         —         —         —           TOTAL LIABILITIES         133,004         137,472         1,247,087           Equity         117,411         116,265         107,006           Sparle folders' equity         117,411         116,265         107,006           Capital         8,068         8,068         7,291           Called up paid capital         8,068         8,068         7,291           Called up paid capital         1,06         1,00         -           Unpaid capital which has been called up         1         -         -           Called up paid capital         1         1,00         -         -           Called up paid capital         1         1,00         -         -         -         -         -         -         -				
Ballabilities         7,90         7,90         8,90           Current tax liabilities         2,75         2,75         3,070           Deferred tax liabilities         5,151         4,837         5,890           Other liabilities         1,00         1,00         1,00           Liabilities associated with non-current assets held for sale         -         -         -         -           Iabilities         1,333,00         1,337,472         1,247,087           TOTAL LIABILITIES         117,451         116,265         107,00           Shareholders' equity         117,451         116,265         107,00           Capital         8,068         8,068         7,29           Capital up paid capital         8,068         8,068         7,29           Capital up six uniments issued other than capital         51,053         51,053         44,912           Equity instruments issued other than capital         -         -         -         -           Equity component of the compound financial instrument         -         -         -         -           Chier equity instruments issued         -         -         -         -         -         -         -         -         -         -         -		2,551	2,660	2,629
Current tax liabilities         2,755         3,070           Deferred tax liabilities         1,2178         12,59         10,680           Liabilities associated with non-current assets held for sale         1,278         12,59         10,680           Liabilities associated with non-current assets held for sale         1,333,004         1,337,472         1,247,087           Equity         117,451         116,265         107,066           Capital         8,068         8,068         7,291           Called up paid capital         8,068         8,068         7,291           Called up paid capital which has been called up         -         -         -           Chaptal Capital which has been called up         -         -         -           Chaptal Capital which has been called up         -         -         -           Chaptal Capital which has been called up         -         -         -           Chaptal Capital which has been called up         -         -         -           Chaptal Capital Which has been called up         -         -         -           Chaptal Capital Which has been called up         -         -         -           Chaptal Capital Which has been called up         -         -         -         -				
Deferred tax liabilities				
Chee   Isabilities   Chee   Isabilities   Chee				
Page				
Equity         Time of the part of the parent of the comprehensive income of the c				
Shareholders' equity         111,451         116,265         107,06           Capital         8,068         8,068         7,291           Called up paid capital         8,068         8,068         7,291           Unpaid capital which has been called up         -         -         -           Share premium         51,053         51,053         44,912           Equity instruments issued other than capital         -         -         -         -           Equity component of the compound financial instrument         -		1,333,004	1,337,472	1,247,087
Shareholders' equity         111,451         116,265         107,06           Capital         8,068         8,068         7,291           Called up paid capital         8,068         8,068         7,291           Unpaid capital which has been called up         -         -         -           Share premium         51,053         51,053         44,912           Equity instruments issued other than capital         -         -         -         -           Equity component of the compound financial instrument         -				
Capital         8,068         8,068         7,291           Called up paid capital         8,068         8,068         7,291           Unpaid capital which has been called up              Share premium         51,053         51,053         44,912           Equity instruments issued other than capital         533         525            Equity component of the compound financial instrument              Other equity instruments issued         533         525            Other equity instruments issued         533         525            Other equity         203         216         195           Accumulated retained earnings         56,971         53,437         56,019           Revaluation reserves               Other reserves         (1,395)         (1,600)         50,09           (2) Own shares         (36)         (2,22         (6)           (3) Own shares         (2,014)         (1,607)         (1,667)           (4) Own shares         (2,024)         (6,16)         1,867           (5) Own shares         (2,024)         (6,16)         1,867				
Called up paid capital         8,068         8,068         7,291           Un paid capital which has been called up         —         —         —           Share premium         51,053         51,053         44,912           Equity component of the compound financial instrument         533         525         —           Equity component of the compound financial instrument         533         525         —           Other equity instruments issued         533         525         —           Other equity instruments issued         56,971         53,437         56,019           Accumulated retained earnings         56,971         53,437         56,019           Accumulated retained earnings         56,971         53,437         56,019           Accumulated retained earnings         1,039         1,1602         1905           Accumulated retained earnings         56,971         53,437         56,019           Revaluation reserves         1,395         1,1602         1905           Other reserves         1,395         1,1602         1,867           Foft attributable to shareholders of the parent         2,054         6,619         1,867           Other comprehensive income         222,483         (2,177)         1,552				
Unpaid capital which has been called up         —         —           Share premium         \$1,053         \$1,053         \$4,912           Equity instruments issued other than capital         \$33         \$525         —           Equity component of the compound financial instrument         \$53         \$525         —           Other equity instruments issued         \$53         \$525         —           Other equity         203         216         195           Accumulated retained earnings         \$6,971         \$3,437         \$5,07           Accumulated retained earnings         \$6,971         \$3,437         \$6,07           Revaluation reserves         \$6,971         \$3,437         \$6,07           Other reserves         \$1,395         \$1,602         \$905           () Own shares         \$363         \$22         \$6           Profit attributable to shareholders of the parent         \$205         \$1,667         \$1,667           Other comprehensive income         \$22,483         \$21,766         \$1,667           Other comprehensive income         \$3,235         \$4,034         \$3,865           Items that may be reclassified to profit or loss         \$1,024         \$1,225           Other comprehensive income         \$1,248 <td></td> <td></td> <td></td> <td></td>				
Share premium         51,053         51,053         44,912           Equity instruments issued other than capital         533         525         —           Equity component of the compound financial instrument         —         —         —           Other equity instruments issued         533         525         —           Other equity         203         216         195           Accumulated retained earnings         56,971         53,437         56,019           Revaluation reserves         —         —         —         —           Other reserves         (1,395)         (1,602)         (905)           () Own shares         (36)         (22)         (60           Profit attributable to shareholders of the parent         2,054         6,619         1,867           () Interim dividends         —         2,029         (1,667)           Other comprehensive income         (22,483)         (21,70)         (1,627)           Items not reclassified to profit or loss         (19,248)         (17,742)         (1,225)           Non-controlling interest         10,498         12,344         (298)           Other comprehensive income         (1,226)         (1,436)         (595)           TOTAL EQUITY		8,068	8,068	7,291
Equity instruments issued other than capital         533         525         -           Equity component of the compound financial instrument         -         -         -           Other equity instruments issued         533         525         -           Other equity instruments issued         533         525         -           Other equity         203         216         195           Accumulated retained earnings         56,971         53,437         56,019           Revaluation reserves         -         -         -         -           Other reserves         (1,395)         (1,602)         (905)           (5) Own shares         (36)         (22)         (6)           Forfit attributable to shareholders of the parent         2,034         6,619         1,867           (6) Interim dividends         -         2,029         (1,667)           Other comprehensive income         (2,2483)         (21,776)         (15,122)           Items not reclassified to profit or loss         (3,235)         (4,034)         (3,865)           Other comprehensive income         (10,248)         (17,72)         (1,257)           Non-controlling interest         10,498         12,349         (595)           Other ele				_
Equity component of the compound financial instrument         —         —         —           Other equity instruments issued         533         525         —           Other equity         203         216         195           Accumulated retained earnings         56,971         53,437         56,019           Revaluation reserves         (1,395)         (1,602)         (905)           Other reserves         (1,395)         (1,602)         (905)           (2) Own shares         (36)         (22)         (6)           Profit attributable to shareholders of the parent         2,054         6,619         1,867           (3) Intermit dividends         —         —         (2029)         (1,667)           Other comprehensive income         (3,235)         (4,034)         (3,855)           Items not reclassified to profit or loss         (3,235)         (4,034)         (3,855)           Items that may be reclassified to profit or loss         (19,248)         (17,742)         (11,257)           Non-controlling interest         10,498         12,344         12,285           Other comprehensive income         (1,226)         (4,356)         (595)           Other comprehensive income         105,466         106,833         104,869 <td>·</td> <td></td> <td></td> <td>44,912</td>	·			44,912
Other equity instruments issued         533         525         —           Other equity         203         216         195           Accumulated retained earnings         56,971         53,437         56,019           Revaluation reserves         (1,395)         (1,602)         90.09           Other reserves         (3,395)         (1,602)         90.5           (b) Own shares         (36)         (22)         (6           Profit attributable to shareholders of the parent         2,054         6,619         1,867           (c) Interim dividends         —         (20,299)         (1,667)           Other comprehensive income         (22,483)         (21,776)         (15,122)           Items not reclassified to profit or loss         (3,235)         (4,034)         (3,865)           Items that may be reclassified to profit or loss         (19,248)         (17,722)         (11,257)           Non-controlling interest         10,498         12,344         12,285           Other comprehensive income         (1,226)         (1,436)         (595)           Other elements         11,724         13,780         12,880           TOTAL EQUITY         105,466         106,833         104,869           TOTAL LIABILITIES AND	·	533	525	_
Other equity         203         216         195           Accumulated retained earnings         56,971         53,437         56,019           Revaluation reserves         —         —         —           Other reserves         (1,395)         (1,602)         (905)           (•) Own shares         (366)         (22)         (6)           Profit attributable to shareholders of the parent         2,054         6,619         1,867           (•) Interim dividends         —         (20,29)         (1,667)           Other comprehensive income         (22,483)         (21,776)         (15,122)           Items not reclassified to profit or loss         (3,235)         (4,034)         (3,865)           Items that may be reclassified to profit or loss         (19,248)         (17,742)         (11,257)           Non-controlling interest         10,498         12,344         12,885           Other comprehensive income         (1,226)         (1,436)         (595)           Other elements         11,724         13,780         12,880           TOTAL EQUITY         105,466         106,833         104,869           TOTAL LIABILITIES AND EQUITY         1,484,305         1,481         1,444,305         1,351,956				_
Accumulated retained earnings         56,971         53,437         56,019           Revaluation reserves				_
Revaluation reserves         —         —         —           Other reserves         (1,395)         (1,602)         (905)           (-) Own shares         (36)         (22)         (6)           Profit attributable to shareholders of the parent         2,054         6,619         1,867           (-) Interim dividends         —         (2,029)         (1,667)           Other comprehensive income         (22,483)         (21,776)         (15,122)           Items not reclassified to profit or loss         (3,235)         (4,034)         (3,865)           Items that may be reclassified to profit or loss         (19,248)         (17,742)         (11,257)           Non-controlling interest         10,498         12,344         12,285           Other comprehensive income         (1,226)         (1,436)         (595)           Other elements         11,724         13,780         12,880           TOTAL EQUITY         105,466         106,833         104,869           TOTAL LIABILITIES AND EQUITY         1,444,305         1,351,956           MEMORANDUM ITEMS           Loans commitment granted         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         1				
Other reserves       (1,395)       (1,602)       (905)         (•) Own shares       (36)       (22)       (6)         Profit attributable to shareholders of the parent       2,054       6,619       1,867         (•) Interim dividends       —       (2,029)       (1,667)         Other comprehensive income       (22,483)       (21,776)       (15,122)         I tems not reclassified to profit or loss       (3,235)       (4,034)       (3,865)         I tems that may be reclassified to profit or loss       (19,248)       (17,742)       (11,257)         Non-controlling interest       10,498       12,344       12,285         Other comprehensive income       (1,226)       (1,436)       (595)         Other elements       11,724       13,780       12,880         TOTAL EQUITY       105,466       106,833       104,869         TOTAL LIABILITIES AND EQUITY       105,466       106,833       104,869         MEMORANDUM ITEMS       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,391       200,39	Accumulated retained earnings	56,971	53,437	56,019
(-) Own shares       (36)       (22)       (6)         Profit attributable to shareholders of the parent       2,054       6,619       1,867         (-) Interim dividends       —       (2,029)       (1,667)         Other comprehensive income       (22,483)       (21,776)       (15,122)         Items not reclassified to profit or loss       (3,235)       (4,034)       (3,865)         Items that may be reclassified to profit or loss       (19,248)       (17,742)       (11,257)         Non-controlling interest       10,498       12,344       12,285         Other comprehensive income       (1,226)       (1,436)       (595)         Other elements       11,724       13,780       12,880         TOTAL EQUITY       105,466       106,833       104,869         TOTAL LIABILITIES AND EQUITY       1,438,470       1,444,305       1,351,956         MEMORANDUM ITEMS         Loans commitment granted       217,319       207,671       209,394         Financial guarantees granted       16,221       14,499       15,687	Revaluation reserves	_	_	_
Profit attributable to shareholders of the parent         2,054         6,619         1,867           (-) Interim dividends         —         (2,029)         (1,667)           Other comprehensive income         (22,483)         (21,776)         (15,122)           Items not reclassified to profit or loss         (3,235)         (4,034)         (3,865)           Items that may be reclassified to profit or loss         (19,248)         (17,742)         (11,257)           Non-controlling interest         10,498         12,344         12,285           Other comprehensive income         (1,226)         (1,436)         (595)           Other elements         11,724         13,780         12,880           TOTAL EQUITY         105,466         106,833         104,869           TOTAL LIABILITIES AND EQUITY         1,438,470         1,444,305         1,351,956           MEMORANDUM ITEMS         Stranger of the comprehensive income         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         15,687	Other reserves	(1,395)	(1,602)	(905)
(-) Interim dividends       —       (2,029)       (1,667)         Other comprehensive income       (22,483)       (21,776)       (15,122)         Items not reclassified to profit or loss       (3,235)       (4,034)       (3,865)         Items that may be reclassified to profit or loss       (19,248)       (17,742)       (11,257)         Non-controlling interest       10,498       12,344       12,285         Other comprehensive income       (1,226)       (1,436)       (595)         Other elements       11,724       13,780       12,880         TOTAL EQUITY       105,466       106,833       104,869         TOTAL LIABILITIES AND EQUITY       1,444,305       1,351,956         MEMORANDUM ITEMS       207,671       209,394         Financial guarantees granted       16,221       14,499       15,687	(-) Own shares	(36)	(22)	(6)
Other comprehensive income       (22,483)       (21,776)       (15,122)         Items not reclassified to profit or loss       (3,235)       (4,034)       (3,865)         Items that may be reclassified to profit or loss       (19,248)       (17,742)       (11,257)         Non-controlling interest       10,498       12,344       12,285         Other comprehensive income       (1,226)       (1,436)       (595)         Other elements       11,724       13,780       12,880         TOTAL EQUITY       105,466       106,833       104,869         TOTAL LIABILITIES AND EQUITY       1,438,470       1,444,305       1,351,956         MEMORANDUM ITEMS       207,671       209,394         Financial guarantees granted       16,221       14,499       15,687	Profit attributable to shareholders of the parent	2,054	6,619	1,867
Items not reclassified to profit or loss       (3,235)       (4,034)       (3,865)         Items that may be reclassified to profit or loss       (19,248)       (17,742)       (11,257)         Non-controlling interest       10,498       12,344       12,285         Other comprehensive income       (1,226)       (1,436)       (595)         Other elements       11,724       13,780       12,880         TOTAL EQUITY       105,466       106,833       104,869         TOTAL LIABILITIES AND EQUITY       1,438,470       1,444,305       1,351,956         MEMORANDUM ITEMS         Loans commitment granted       217,319       207,671       209,394         Financial guarantees granted       16,221       14,499       15,687	(-) Interim dividends	_	(2,029)	(1,667)
Items that may be reclassified to profit or loss   (19,248)   (17,742)   (11,257)     Non-controlling interest   10,498   12,344   12,285     Other comprehensive income   (1,226)   (1,436)   (595)     Other elements   11,724   13,780   12,880     TOTAL EQUITY   105,466   106,833   104,869     TOTAL LIABILITIES AND EQUITY   1,438,470   1,444,305   1,351,956      MEMORANDUM ITEMS   217,319   207,671   209,394     Financial guarantees granted   16,221   14,499   15,687	Other comprehensive income	(22,483)	(21,776)	(15,122)
Non-controlling interest         10,498         12,344         12,285           Other comprehensive income         (1,226)         (1,436)         (595)           Other elements         11,724         13,780         12,880           TOTAL EQUITY         105,466         106,833         104,869           TOTAL LIABILITIES AND EQUITY         1,438,470         1,444,305         1,351,956           MEMORANDUM ITEMS           Loans commitment granted         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         15,687	Items not reclassified to profit or loss	(3,235)	(4,034)	(3,865)
Other comprehensive income         (1,226)         (1,436)         (595)           Other elements         11,724         13,780         12,880           TOTAL EQUITY         105,466         106,833         104,869           TOTAL LIABILITIES AND EQUITY         1,438,470         1,444,305         1,351,956           MEMORANDUM ITEMS           Loans commitment granted         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         15,687	Items that may be reclassified to profit or loss	(19,248)	(17,742)	(11,257)
Other elements         11,724         13,780         12,880           TOTAL EQUITY         105,466         106,833         104,869           TOTAL LIABILITIES AND EQUITY         1,438,470         1,444,305         1,351,956           MEMORANDUM ITEMS           Loans commitment granted         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         15,687	Non-controlling interest	10,498	12,344	12,285
Other elements         11,724         13,780         12,880           TOTAL EQUITY         105,466         106,833         104,869           TOTAL LIABILITIES AND EQUITY         1,438,470         1,444,305         1,351,956           MEMORANDUM ITEMS           Loans commitment granted         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         15,687	Other comprehensive income	(1,226)	(1,436)	(595)
TOTAL EQUITY         105,466         106,833         104,869           TOTAL LIABILITIES AND EQUITY         1,438,470         1,444,305         1,351,956           MEMORANDUM ITEMS           Loans commitment granted         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         15,687	Other elements			
MEMORANDUM ITEMS         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         15,687	TOTAL EQUITY	105,466	106,833	104,869
Loans commitment granted         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         15,687			1,444,305	
Loans commitment granted         217,319         207,671         209,394           Financial guarantees granted         16,221         14,499         15,687	MEMODANIDI IM ITEMS			
Financial guarantees granted 16,221 14,499 15,687		217 210	207671	200 20 4
	<u> </u>			
Other commitments granted 63,670 64,917 62,850			*	
	Other commitments granted	63,6/0	64,91/	62,850

#### **NOTE**

#### Important information

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

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

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

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

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

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries.

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