2016

Financial report

January - March

We want to
help people and
businesses prosper

Santander

Financial report

At Banco Santander, we take advantage of new communication technologies and the social networks to improve dialogue with our stakeholders

KEY CONSOLIDATED DATA

Balance sheet (€ million)	Mar'16	Dec'15	%	Mar'15	%	Dec'15
Total assets	**1,324,200**	1,340,260	(1.2)	1,369,689	(3.3)	1,340,260
Net customer loans	**773,452**	790,848	(2.2)	793,965	(2.6)	790,848
Customer deposits	**670,607**	683,122	(1.8)	687,362	(2.4)	683,122
Managed and marketed customer funds	**1,057,969**	1,075,565	(1.6)	1,091,174	(3.0)	1,075,565
Total equity	**98,781**	98,753	0.0	102,105	(3.3)	98,753
Total managed and marketed funds	**1,489,950**	1,506,520	(1.1)	1,545,444	(3.6)	1,506,520

Ordinary income statement* (€ million)	1Q'16	4Q'15	%	1Q'15	%	2015
Net interest income	**7,624**	7,888	(3.3)	8,038	(5.2)	32,189
Gross income	**10,730**	10,894	(1.5)	11,444	(6.2)	45,272
Pre-provision profit (net operating income)	**5,572**	5,472	1.8	6,067	(8.1)	23,702
Profit before taxes	**2,732**	2,173	25.7	2,990	(8.6)	10,939
Attributable profit to the Group	**1,633**	1,460	11.9	1,717	(4.9)	6,566

Variations w/o exchange rate: Quarterly: Net interest income: +0.2%; Gross income: +2.2%; Pre-provision profit: +5.4%; Attributable profit: +18.5%
Year-on-year: Net interest income: +5.2%; Gross income: +4.1%; Pre-provision profit: +2.8%; Attributable profit: +8.2%

Underlying EPS, profitability and efficiency* (%)	1Q'16	4Q'15	%	1Q'15	%	2015
EPS (euro)	**0.11**	0.10	11.4	0.12	(10.8)	0.45
RoE	**7.5**	6.5		7.6		7.2
RoTE	**11.1**	9.8		11.5		11.0
RoA	**0.6**	0.5		0.6		0.6
RoRWA	**1.3**	1.1		1.4		1.3
Efficiency ratio (with amortisations)	**48.1**	49.8		47.0		47.6

Solvency and NPL ratios (%)	Mar'16	Dec'15	%	Mar'15	%	Dec'15
CET1 fully-loaded	**10.27**	10.05		9.67		10.05
CET1 phase-in	**12.36**	12.55		11.91		12.55
NPL ratio	**4.33**	4.36		4.85		4.36
Coverage ratio	**74.0**	73.1		68.9		73.1

Market capitalisation and shares	Mar'16	Dec'15	%	Mar'15	%	Dec'15
Shares (millions)	**14,434**	14,434	—	14,061	2.7	14,434
Share price (euros)	**3.874**	4.558	(15.0)	7.017	(44.8)	4.558
Market capitalisation (€ million)	**55,919**	65,792	(15.0)	98,663	(43.3)	65,792
Book value (euro)	**6.06**	6.12		6.55		6.12
Price / Book value (X)	**0.64**	0.75		1.07		0.75
P/E ratio (X)	**8.99**	10.23		14.54		10.23

Other data	Mar'16	Dec'15	%	Mar'15	%	Dec'15
Number of shareholders	**3,682,927**	3,573,277	3.1	3,230,808	14.0	3,573,277
Number of employees	**194,519**	193,863	0.3	187,262	3.9	193,863
Number of branches	**12,962**	13,030	(0.5)	12,920	0.3	13,030

Information on total profit**	1Q'16	4Q'15	%	1Q'15	%	2015
Attributable profit to the Group (€ million)	**1,633**	25	—	1,717	(4.9)	5,966
EPS (euro)	**0.11**	(0.01)	—	0.12	(10.8)	0.40
RoE	**7.5**	4.9		7.6		6.6
RoTE	**11.1**	7.4		11.5		10.0
RoA	**0.6**	0.4		0.6		0.5
RoRWA	**1.3**	0.9		1.4		1.2
P/E ratio (X)	**8.99**	11.30		14.54		11.30

(*).- Excluding non-recurring net capital gains and provisions (4Q 2015: -€ 1,435 million; 2015: -€ 600 million)
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Note: The financial information in this report has not been audited, but it was approved by the Board of Directors at its meetin g on April, 26 2016, following a favourable report from the Audit Committee on April, 20 2016. The Audit Committee verified that the information for 2016 was based on the same principles and practices as those used to draw up the annual financial statements.

Helping people and businesses prosper

Employees*

82%
of employees are proud to work at Banco Santander

75%
of employees perceive Banco Santander as Simple, Personal and Fair

Customers

14.0 (+8%)
million loyal customers

17.8 (+17%)
million digital customers

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

Communities*

35,349
scholarships granted

1,229
agreements with universities and academic institutions

Shareholders

10.27%
capital ratio CET1 *fully loaded*

5.1%
dividend yield

(*) 2015 data

Simple | Personal | Fair

Employees

- Human Resources continued to review its strategy in accordance with the Group's new culture and contributing to its objectives.
- Among other measures, corporate behaviour patterns are being incorporated to the various processes for managing people (selection, evaluation, training and remuneration), for which a communication campaign was carried out for team heads and teams.
- Action plans are being prepared so as to make progress in areas identified for improvement in the engagement survey: agility in decision-making, organizational and processes simplification, management of talent, and improvement of workplace environment in order to be more efficient and able to develop our full potential.

Employees
194,519
professionals

Customers

- Of note in improving customer loyalty was the good pace of opening new *1/2/3* accounts in Spain as well as in Portugal and the United Kingdom.
- Significant advances were made in the *NEO CRM* commercial tools with the development of new functionalities and their installation in new countries (US and Uruguay)
- Noteworthy in digital transformation were the launch of the *Opción Seguro* app in Portugal, the new online bank for companies in Spain, an innovative point-of-sale app in Brazil and the first digital office in Argentina.
- Lastly, simpler and more efficient processes were installed in all channels in order to keep on improving the satisfaction and experience of our customers.

Customers
122
million

Shareholders

- We continued to make the information for our shareholders more transparent and facilitate the exercise of their rights, as underscored by the annual general meeting of shareholders (AGM).
- This meeting had a quorum of 57.63% (above the average for the previous three years). The number of shareholders reached a record participation, with 65% of them via online means.
- The proposal to increase the total dividend by 5%, charged to 2016's earnings, was announced at the meeting, in line with the commitment taken aboard to increase the dividend on the basis of profit growth.
- Also noteworthy was the new online quarterly report, facilitating its interactivity and the unification of the apps of the shareholders and investors area, while also improving the content.

Shareholders
3.7
million

Communities

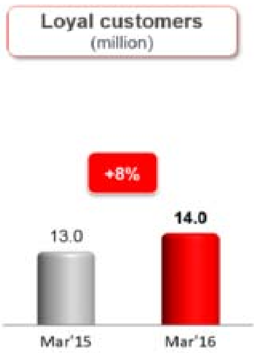
- Santander invested €207 million in 2015 in community support programmes, €160 million of which went to higher education projects in more than 1,200 universities.
- Furthermore, €47 million was assigned to community support programmes in the sphere of child education, entrepreneurship, financial education, art and culture.
- Of note in education in the first quarter was completion of the fifth edition of the Santander Internship grants in SMEs, which benefited 22,500 students.
- In micro credits, Santander is the leader in Brazil and a reference in other countries. A total of 253,882 micro entrepreneurs were supported in 2015 in Brazil, Chile and El Salvador.

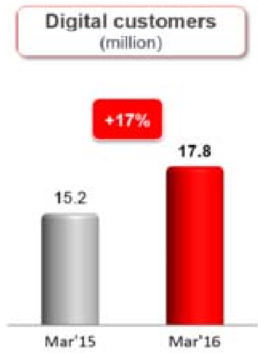
Communities
1.2
million people helped
in 2015

HIGHLIGHTS OF THE PERIOD

→ Customers

- We continued to transform our commercial model and make it increasingly **Simple, Personal and Fair.**
- The number of **loyal customers** increased 8% over the last 12 months (individuals: +8% and companies: +10%).
- The number of **digital customers** rose by 2.6 million (+17% year-on-year), reflecting the strength of the multi-channel strategy.



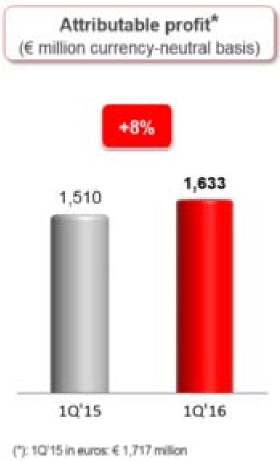


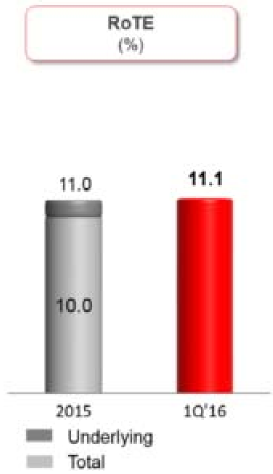
→ Profit growth with good performance of commercial revenues and provisions

- **Attributable profit of €1,633 million,** 5% less than in the first quarter of 2015.

  Negative impact of exchange rates (+8% on a currency-neutral basis):

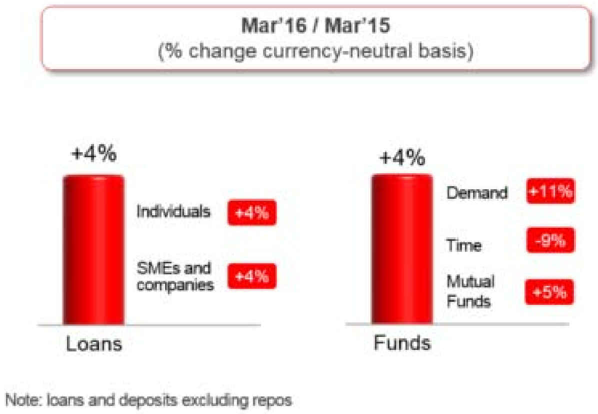
  - Solid commercial revenues, fuelled by net interest income as well as fee income.
  - Costs almost stable in real terms and on a like-for-like basis.
  - Provisions were higher year-on-year, but stable over the last two quarters.
- **RoTE of 11.1%**, in line with the underlying RoTE in 2015.





→ Activity

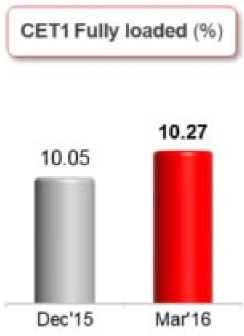
- Impact of exchange rates: -3 p.p. in the quarter and -7 p.p. year-on-year.
- On a currency-neutral basis:
  - **Lending** rose 4% year-on-year and increased in all the main segments and in eight of the 10 core units.
  - **Funds** increased 4% year-on-year due to demand deposits. Growth in nine of the 10 core units.
- Solid funding structure and liquidity. **Net loan-to-deposit ratio** of 115%.

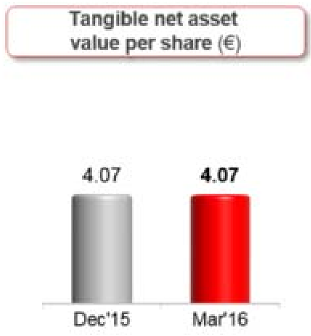


HIGHLIGHTS OF THE PERIOD

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

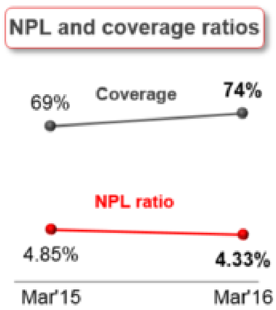
- **Fully-loaded CET1** of 10.27%. Rise of 22 b.p. in the quarter due to profit generation and management of risk assets together with some positive non-recurring impacts (regulatory, valuation of portfolios available for sale and others) and negative ones (increased perimeter).
- **Total capital ratio** of 13.23% **and fully-loaded leverage ratio** of **4.8%.**
- **Tangible net asset value per share** stable in the quarter. On a currency-neutral basis it would increase 10 b.p.

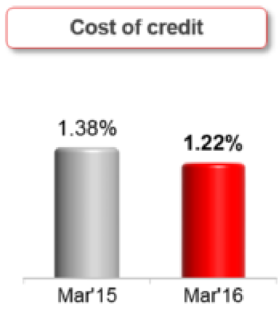




→ Improvement of all credit quality ratios

- **Net NPL entries** dropped 17% over the first quarter of 2015 (excluding perimeter and on a currency-neutral basis).
- **Non-performing loan (NPL) ratio** of 4.33% on a continued downward trend. Of note Spain, SCF, Poland and Mexico.
- **Coverage ratio** of 74% following four quarters of continued improvement.
- **Cost of credit** 1.22%, 16 b.p. lower than in March 2015. Excluding Santander Consumer USA, 0.88% (-19 b.p.).



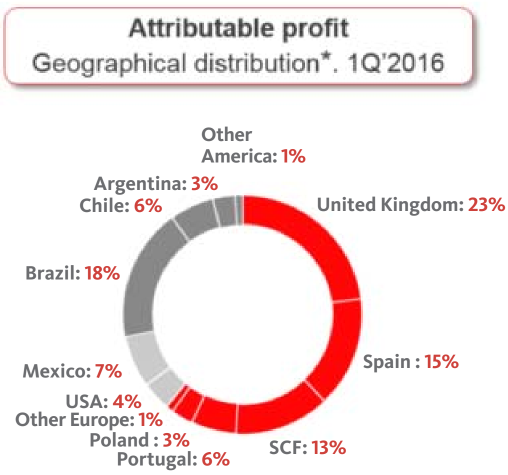


→ Business areas: (more detail on pages 19-34 and appendix)

- **Continental Europe:** first quarter attributable profit of €706 million, 81% more than the fourth quarter of 2015, due to the recording in that period of the contributions to the deposit guarantee fund and resolution fund, and 12% above the first quarter of 2015 because of higher fee income and lower provisions.
- **United Kingdom:** attributable profit of £349 million, affected by a new corporate tax surcharge. Excluding this, pre-tax profit was 13% higher than in the fourth quarter and 14% year-on-year due to good business momentum and control of costs and reduced provisions.
- **Latin America:** negative impact of exchange rates (-7 p.p. over the fourth quarter and -25 p.p. year-on-year). Excluding this, attributable profit was 9% higher than the fourth quarter at €703 million (lower costs and provisions) and 8% year-on-year due to higher commercial revenues.

  Of note Brazil with attributable profit of €359 million (+13.1% quarter-on-quarter and +0.4% year-on-year).
- **United States:** attributable profit of $90 million, lower than in the first quarter of 2015 due to higher costs and provisions, partly due to the temporary impact of ongoing measures (creation of the holding, investment in the franchise, priorities in consumer credit, etc) and provisions for Oil & Gas in line with the sector's.

  Higher profit than in the fourth quarter due to lower costs and provisions.



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

Customers

Our competitive advantage is our critical mass in each of our 9+1 core markets (including Santander Consumer Finance in Europe), where we serve a total of 122 million customers. This is what enables us to generate revenues consistently, quarter after quarter, and through the economic cycle.

We have gained the confidence of our customers by taking care of their financial needs over many years.

Our business continues to be based on personal relations. Our priority this year and beyond will be to win the loyalty of our customers and foster greater use of our digital banking services.

→ Loyal customers: 14.0 million

- We want to engage a larger number of customers and make transaction banking the key element. We analyse which products have opportunities to be improved within each market and work to deliver further enhancements.
- Developing value offers for each type of customer and having a long-term strategy is the base for increasing customers' confidence and loyalty in the Group's core countries.
- The number of loyal customers increased to 14 million in the first quarter of 2016 thanks to new commercial tools (Argentina, Uruguay and US) and to tailored value offers (cards, 1|2|3 mini account, accounts for SMEs).
- Loyal individual customers increased 8% in the 12 months to March and companies 10%.
- We continued to transform our branches in order to offer a more personalised service and make processes simpler and more intuitive.

Individuals
12.8
million

SMEs and companies
1.2
million

→ Digital customers: 17.8 million

- Digitalisation is the key for adapting Santander to the new way of interacting with customers.
- Santander is carrying out an intense digitalisation process that affects not only the services provided to its customers but also all its operations, both internal as well as external; how to use data to spur business growth; updating and modernising systems and streamlining processes and the organisation in general.
- The number of digital customers increased around one million in the first quarter of 2016 to 17.8 million. The increase in the last 12 months was more than 2.5 million (+17%).
- The main units are Brazil, with close to 5 million digital customers in April, and the UK with more than 4 million.
- Online banking users rose 9% in the last 12 months, while mobile ones surged 49%.

Online banking users
13.4
million

Mobile banking users
7.2
million

General background

Grupo Santander conducted its business during the first quarter in a challenging economic environment, with markets registering high volatility.

Banking activity, continued to be affected by interest rates still at historically low levels in many countries and competition was tougher in some markets, mainly for assets, while the regulatory environment was more demanding.

- **United States:** the economy grew 2.4% in 2015. The labour market registered a jobless rate (5%) regarded as full employment. This is spurring private consumption, as a result of which the outlook for 2016 is positive. The Federal Reserve raised its interest rates in December by a quarter of a point. The environment and volatility in the financial markets, however, is delaying a further rise in interest rates.

- **United Kingdom**: GDP grew 2.3% in 2015, in line with the potential rate. Growth seems to be slowing due to domestic uncertainty, in particular the concern that Brexit happens, and the weak international environment. Inflation was 0.3%. The unemployment rate was 5.1% and wages began to rise.

- The **eurozone** expanded 1.5%. There were some contradictory signs in the first quarter, with falls in confidence indices, but figures pointed to good GDP growth. Inflation was again negative (-0.2%) in March, due to the lower oil prices. The European Central Bank decided to respond to the deterioration of global prospects and market volatility with a new packet of measures including financing operations, more purchases of assets and interest rate cuts.

- **Germany**: GDP increased 1.4% in 2015. The spurt in domestic demand (investment and private consumption) offset the external balance's significant negative contribution.

- **Spain**: the economy grew by a notable 3.2% on average (3.5% year-on-year in the fourth quarter), one of the highest in the euro zone. Growth this year is expected to be a little lower.

- **Portugal**: growth of 1.5% in 2015, fuelled by exports.

- **Poland**: growth remained strong (3.6% in 2015), backed by solid macroeconomic fundamentals. Interest rates remained unchanged (key rate: 1.5%).

The performance in **Latin America** was varied:

- **Brazil**: the economy shrank 3.8% in 2015 due to the contraction of domestic demand. External demand's contribution was positive (exports and foreign investment). The central bank held the Selic rate at 14.25% and indicated it will maintain high interest rates in order to control inflation expectations, which began to ease in the first quarter (9.4% in March). The real appreciated 10% against the US dollar in the first quarter and 5% against the euro.

- **Mexico**: the economy grew 2.5%, supported by strong domestic demand. Inflation remained at below 3%. The central bank raised its key rate by 50 b.p. in February to 3.75% in order to combat market volatility and the peso's depreciation throughout 2015 and the beginning of 2016. At the end of March, the peso had appreciated 1% against the dollar and depreciated 3% against the euro.

- **Chile**: the economy grew 2.1% in 2015, spurred by a recovery in domestic demand. Inflation remained high (4.5% year-on-year in March 2016). Inflation expectations have not changed and the rate should move toward 3% by the end of the year. The central bank raised its key rate in the fourth quarter by 50 b.p. to 3.50%. The peso appreciated 6% against the US dollar and 1% against the euro.

Exchange rates: 1 euro / currency parity

	Average (income statement)		Period-end (balance sheet)		
	1Q'16	1Q'15	31.03.16	31.12.15	31.03.15
US$	1.102	1.125	1.139	1.089	1.076
Pound sterling	0.770	0.743	0.792	0.734	0.727
Brazilian real	4.296	3.215	4.117	4.312	3.496
New Mexican peso	19.877	16.820	19.590	18.915	16.512
Chilean peso	772.566	702.753	762.943	773.772	675.880
Argentine peso	15.890	9.774	16.666	14.140	9.483
Polish zloty	4.363	4.191	4.258	4.264	4.085

Grupo Santander Results

First quarter highlights

- Attributable profit of €1,633 million, 5% less than the first quarter of 2015 (12% more than the fourth quarter underlying profit), mainly due to a combination of factors:
  - Negative evolution of exchange rates (profit rose 8% year-on-year on a currency-neutral basis and 19% more than the fourth quarter).
  - Solid commercial revenues, backed by net interest income and fee income.
  - Costs controlled in real terms, on a like-for-like basis, thanks to savings from the efficiency plan.
  - Lower cost of credit (1.22% vs. 1.38% in March 2015) because of better quality portfolios.
- The efficiency ratio was 48.1%, slightly above 2015, and continues to be among the best of our competitors.
- RoTE at 11.1%, in line with the underlying RoTE at the end of 2015 (11.0%) and above the total RoTE (10.0%), after incorporating non-recurring revenues.

Income statement

€ million

			Variation			Variation	
	1Q'16	4Q'15	%	% w/o FX	1Q'15	%	% w/o FX
Net interest income	**7,624**	**7,888**	**(3.3)**	**0.2**	**8,038**	**(5.2)**	**5.7**
Net fees	2,397	2,448	(2.1)	2.4	2,524	(5.0)	6.7
Gains (losses) on financial transactions	504	684	(26.3)	(24.8)	695	(27.5)	(23.7)
Other operating income	204	(126)	—	—	186	10.0	8.6
Dividends	44	107	(59.1)	(59.0)	33	31.5	32.6
Income from equity-accounted method	83	82	1.4	6.6	99	(16.4)	1.1
Other operating income/expenses	78	(315)	—	—	53	45.8	6.1
Gross income	**10,730**	**10,894**	**(1.5)**	**2.2**	**11,444**	**(6.2)**	**4.1**
Operating expenses	(5,158)	(5,422)	(4.9)	(1.1)	(5,377)	(4.1)	5.6
General administrative expenses	(4,572)	(4,810)	(4.9)	(1.1)	(4,785)	(4.5)	5.5
Personnel	*(2,683)*	*(2,799)*	*(4.1)*	*(0.6)*	*(2,755)*	*(2.6)*	*6.7*
Other general administrative expenses	*(1,889)*	*(2,011)*	*(6.1)*	*(1.7)*	*(2,030)*	*(7.0)*	*3.8*
Depreciation and amortisation	(586)	(612)	(4.3)	(1.4)	(592)	(1.0)	6.9
Net operating income	**5,572**	**5,472**	**1.8**	**5.4**	**6,067**	**(8.1)**	**2.8**
Net loan-loss provisions	(2,408)	(2,558)	(5.9)	(2.8)	(2,563)	(6.0)	4.5
Impairment losses on other assets	(44)	(215)	(79.7)	(79.0)	(60)	(27.3)	(25.5)
Other income	(389)	(526)	(26.1)	(26.7)	(454)	(14.3)	(2.8)
Ordinary profit before taxes	**2,732**	**2,173**	**25.7**	**32.0**	**2,990**	**(8.6)**	**2.7**
Tax on profit	(810)	(471)	72.1	78.6	(922)	(12.2)	(1.9)
Ordinary profit from continuing operations	**1,922**	**1,702**	**12.9**	**19.0**	**2,067**	**(7.0)**	**4.7**
Net profit from discontinued operations	—	—	—	—	0	(100.0)	(100.0)
Ordinary consolidated profit	**1,922**	**1,702**	**12.9**	**19.0**	**2,067**	**(7.0)**	**4.7**
Minority interests	288	242	19.0	21.4	350	(17.6)	(11.3)
Ordinary attributable profit to the Group	**1,633**	**1,460**	**11.9**	**18.5**	**1,717**	**(4.9)**	**8.2**
Net capital gains and provisions	—	(1,435)	(100.0)	(100.0)	—	—	—
Attributable profit to the Group	**1,633**	**25**	**—**	**—**	**1,717**	**(4.9)**	**8.2**
Ordinary EPS (euros)	**0.11**	**0.10**	**11.4**		**0.12**	**(10.8)**	
Ordinary diluted EPS (euros)	**0.11**	**0.10**	**11.2**		**0.12**	**(11.0)**	
EPS (euros)	**0.11**	**(0.01)**	**—**		**0.12**	**(10.8)**	
Diluted EPS (euros)	**0.11**	**(0.01)**	**—**		**0.12**	**(11.0)**	
Pro memoria:							
Average total assets	1,335,115	1,351,182	(1.2)		1,334,337	0.1	
Average stockholders' equity	87,571	90,020	(2.7)		90,903	(3.7)	

First quarter/fourth quarter results

The **attributable profit** of €1,633 million was 12% higher than the fourth quarter underlying profit. One should take into account the negative impact of exchange rates as without this, profit would have been 19% higher, as follows:

- **Gross income** up 2%, thanks to stable net interest income and growth in fee income (+2%) for the fourth consecutive quarter, which offset the fall in gains in financial transactions following a fourth quarter when they were the highest of the year.

- Lower **operating expenses**, mainly in Brazil, US, Spain and Chile.

- **Loan-loss provisions** were also down. Of note were the falls in Brazil, US, Chile and UK.

Evolution of results year-on-year

Attributable profit was 5% lower than in the first quarter of 2015 due to the big negative impact of exchange rates. On a currency-neutral basis, the increase would have been 8%, largely due to commercial revenues and the cost of credit:

Gross income

- Our structure of revenues, where net interest income and fee income account for 93% of total revenues (well above the average of our competitors), gives us consistent and recurring growth. Gross income grew 4%, as follows:

  - **Net interest income** rose 6%, due to more lending and deposits, as the impact of spreads was relatively neutral, given that the slight fall in yield on loans was offset by a lower cost of deposits.

    All units' gross income rose except for the UK which remained stable (+0.2%), due to lower balances of standard variable rate (SVR) mortgages and greater pressure on lending spreads, and Spain where volumes were lower and interest rate pressure on loans.

  - **Fee income** grew 7%, with growth in most units, from both retail banking (85% of total fee income), as well as global corporate banking. This good evolution underscored the ongoing commercial transformation and the rise in loyal customers and transactions.

  - **Gains on financial transactions** (only 5% of total revenues) were down 24% because of the high figure in 2015 resulting from management of interest rate hedging of portfolios. **Other operating income** increased 9% due to higher yields on capital instruments.

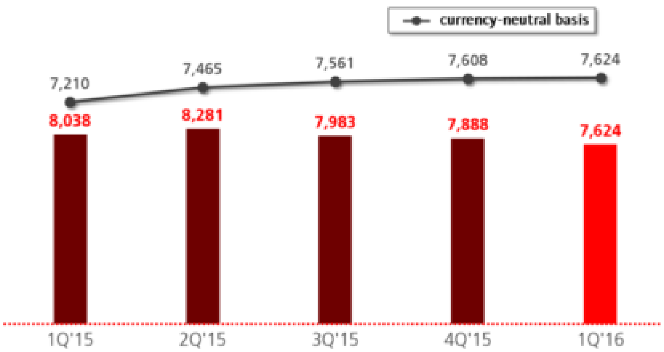
Operating expenses

- **Operating expenses** rose 6% because of higher inflation, investments in the commercial transformation and costs related to regulation. In real terms and on a like-for-like basis, growth was 0.7%, with Brazil's costs down 4%, Spain's 2% and the UK's 1%.

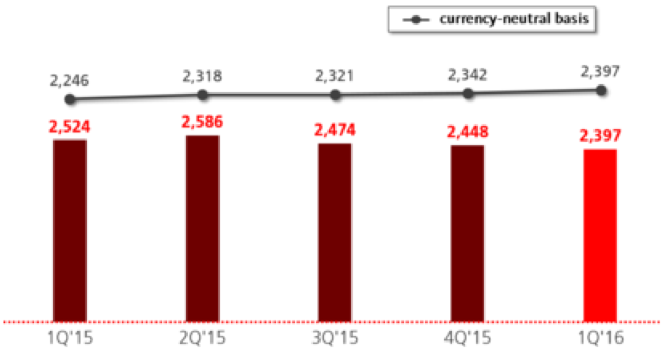
- We continued to focus on operational excellence and cost control in order to continue to be the reference in terms of the efficiency ratio.

- During the first quarter we launched the planned measures to invest in the commercial transformation in order to have a more efficient corporation and units (commercial tools, simpler processes, new office models, etc), while meeting our savings plans.

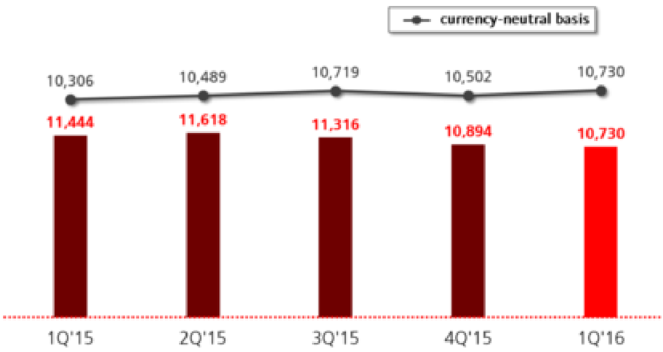
Net interest income
€ million



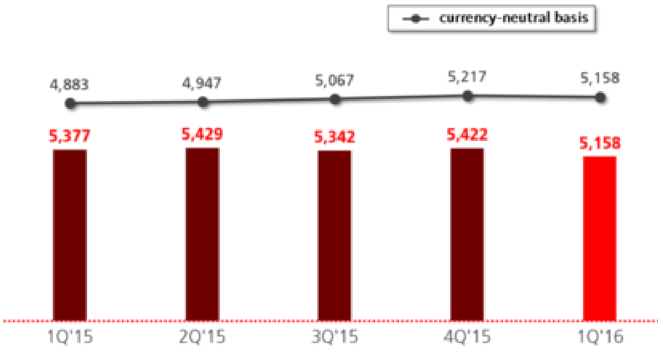
Net fees
€ million



Gross income
€ million



Operating expenses
€ million



Loan-loss provisions

- The cost of credit continued to improve. **Loan-loss provisions** increased 5% year-on-year, but were more stable than in previous quarters, reflecting the selective growth strategy and appropriate risk management.
  - Significant falls in Spain, UK and Santander Consumer Finance and increases in Brazil and US, although more stable in these two countries (lower provisions than in the fourth quarter).
  - The cost of credit continued to improve quarter after quarter and fell from 1.38% in March 2015 to 1.22% a year later. Almost all units improved, particularly Spain, Portugal and UK. Brazil's remained stable at below 5%.

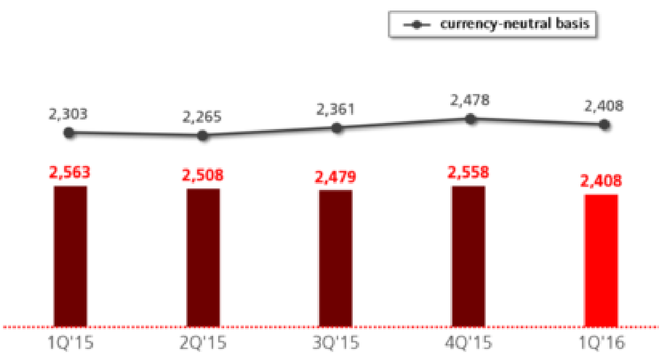
Other income and provisions

- **Other income and provisions** was €433 million negative, with no significant changes over the first quarter of 2015.

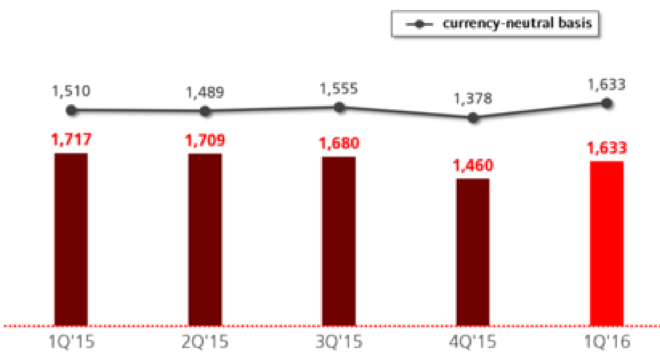
Profit and profitability

- **Pre-tax profit** rose 3%, spurred by commercial revenues.
- The tax charge was still around 30% and minority interests fell, mainly at Santander Consumer USA.
- **Attributable profit** was €1,633 million, which was equivalent to a RoTE of 11.1%, almost unchanged from the underlying RoTE (11.0%) at the end of 2015 and more than a percentage point above the total RoTE (10.0%) for 2015.
- **Earnings per share** were €0.11 (€0.43 annualised), mostly stable over the underlying EPS in 2015 and above the total EPS of €0.40.

Loan-loss provisions
€ million



Underlying attributable profit to the Group
€ million



Note: Excluding non-recurring net capital gains and provisions in 2Q'15 and 4Q'15

Balance sheet

€ million

Assets	31.03.16	31.03.15	Variation amount	%	31.12.15
Cash on hand and deposits at central banks	73,239	67,741	5,498	8.1	81,329
Trading portfolio	152,621	168,709	(16,088)	(9.5)	147,287
Debt securities	*50,060*	*53,564*	*(3,504)*	*(6.5)*	*43,964*
Customer loans	*6,866*	*5,726*	*1,140*	*19.9*	*6,081*
Equities	*14,584*	*15,412*	*(828)*	*(5.4)*	*18,225*
Trading derivatives	*76,643*	*89,305*	*(12,662)*	*(14.2)*	*76,724*
Deposits from credit institutions	*4,468*	*4,702*	*(234)*	*(5.0)*	*2,293*
Other financial assets at fair value	48,771	48,892	(121)	(0.2)	45,043
Customer loans	*13,884*	*10,201*	*3,683*	*36.1*	*14,293*
Other (deposits at credit institutions, debt securities and equities)	*34,887*	*38,691*	*(3,804)*	*(9.8)*	*30,750*
Available-for-sale financial assets	118,298	124,536	(6,238)	(5.0)	122,036
Debt securities	*113,656*	*118,974*	*(5,318)*	*(4.5)*	*117,187*
Equities	*4,642*	*5,562*	*(920)*	*(16.5)*	*4,849*
Loans	817,409	847,887	(30,478)	(3.6)	831,637
Deposits at credit institutions	*52,220*	*62,600*	*(10,380)*	*(16.6)*	*50,256*
Customer loans	*752,702*	*778,038*	*(25,336)*	*(3.3)*	*770,474*
Debt securities	*12,487*	*7,250*	*5,237*	*72.2*	*10,907*
Held-to-maturity investments	4,566	—	4,566	—	4,355
Investments	3,350	3,564	(214)	(6.0)	3,251
Intangible assets and property and equipment	27,949	27,238	711	2.6	27,790
Goodwill	26,209	28,667	(2,458)	(8.6)	26,960
Other	51,788	52,455	(667)	(1.3)	50,572
Total assets	**1,324,200**	**1,369,689**	**(45,489)**	**(3.3)**	**1,340,260**

Liabilities and shareholders' equity					
Trading portfolio	108,567	125,507	(16,940)	(13.5)	105,218
Customer deposits	*9,570*	*6,794*	*2,776*	*40.9*	*9,187*
Marketable debt securities	—	—	—	—	—
Trading derivatives	*78,608*	*92,439*	*(13,831)*	*(15.0)*	*76,414*
Other	*20,389*	*26,273*	*(5,884)*	*(22.4)*	*19,617*
Other financial liabilities at fair value	63,404	64,078	(674)	(1.1)	54,768
Customer deposits	*28,484*	*40,190*	*(11,706)*	*(29.1)*	*26,357*
Marketable debt securities	*3,445*	*3,958*	*(513)*	*(13.0)*	*3,373*
Due to central banks and credit institutions	*31,475*	*19,929*	*11,546*	*57.9*	*25,038*
Financial liabilities at amortized cost	1,012,407	1,031,385	(18,978)	(1.8)	1,039,343
Due to central banks and credit institutions	*138,318*	*142,133*	*(3,815)*	*(2.7)*	*148,079*
Customer deposits	*632,554*	*640,378*	*(7,824)*	*(1.2)*	*647,578*
Marketable debt securities	*197,383*	*204,353*	*(6,970)*	*(3.4)*	*201,656*
Subordinated debt	*20,784*	*19,746*	*1,038*	*5.3*	*21,153*
Other financial liabilities	*23,368*	*24,775*	*(1,407)*	*(5.7)*	*20,877*
Insurance liabilities	656	670	(14)	(2.1)	627
Provisions	14,292	15,452	(1,160)	(7.5)	14,494
Other liability accounts	26,093	30,492	(4,399)	(14.4)	27,057
Total liabilities	**1,225,419**	**1,267,584**	**(42,165)**	**(3.3)**	**1,241,507**
Shareholders' equity	103,264	99,987	3,277	3.3	102,402
Capital stock	*7,217*	*7,030*	*187*	*2.7*	*7,217*
Reserves	*94,414*	*91,240*	*3,174*	*3.5*	*90,765*
Attributable profit to the Group	*1,633*	*1,717*	*(84)*	*(4.9)*	*5,966*
Less: dividends	—	—	—	—	*(1,546)*
Equity adjustments by valuation	(15,949)	(8,072)	(7,877)	97.6	(14,362)
Minority interests	11,466	10,190	1,276	12.5	10,713
Total equity	**98,781**	**102,105**	**(3,324)**	**(3.3)**	**98,753**
Total liabilities and equity	**1,324,200**	**1,369,689**	**(45,489)**	**(3.3)**	**1,340,260**

Group Balance Sheet

First quarter highlights

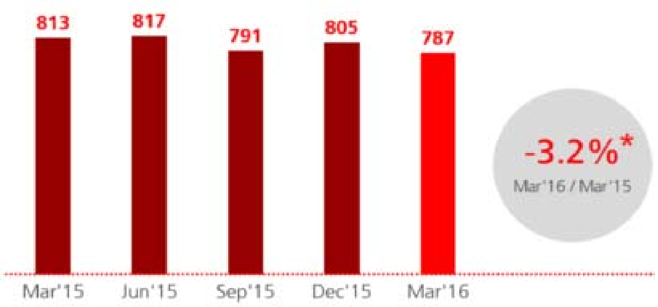
- **Negative impact of exchange rates in the first quarter (-3 p.p. below the fourth quarter) and year-on-year (-7 p.p.).**
- **Growth trend remained in loans and funds in the first quarter on a currency-neutral basis. The Group's net loan-to-deposit ratio stood at 115%.**
- **In relation to March 2015 and on a currency-neutral basis:**
  - **Lending grew 4% y-o-y, with growth in the principal segments and in eight of the 10 main units.**
  - **In funds, 4% rise driven by demand deposits. Growth in nine of the 10 main units.**

The Group's activity and balance sheet was affected by the evolution of exchange rates: negative impact of around 3 p.p. in the first quarter and 7 p.p. over the last 12 months on loans and funds. The perimeter impact in the first quarter was marginal at around 1% year-on-year.

Gross customer loans (excluding repos)

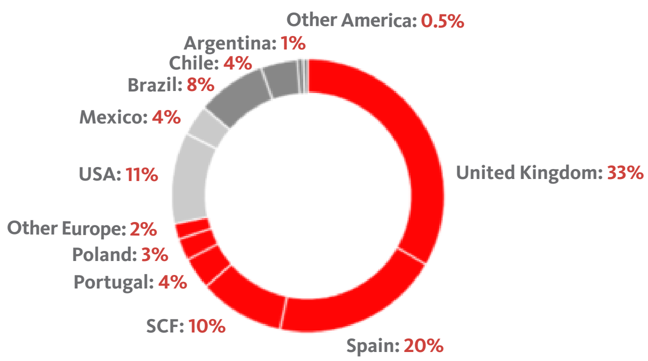
- Loans fell 2% in the **first quarter** affected by exchange rates. They rose 1% on a currency-neutral basis, as follows:
  - Growth of 3% in Poland and Santander Consumer Finance, 2% in the UK, Chile and Argentina, while the US's and Mexico's balances were slightly higher than at the end of 2015.
  - Slight falls in Spain and Portugal (-1% in both) where deleveraging continues. Also in Brazil (-4%) due to more selective growth in a market slowing down and the impact of the real's appreciation on dollar balances of large companies.
- On a currency-neutral basis, lending for the whole Group was 4% higher than in **March 2015:**
  - Growth in eight of the 10 core countries, particularly in Latin America (except for Brazil), Poland, SCF and Portugal (the latter two benefiting from the change of perimeter), and more moderately in the US and UK.
  - This growth is reflected in the segment for individual customers as well as SMEs and companies, favoured by the *1|2|3* and *Advance* strategies.
  - As regards Real Estate Activity unit in Spain, net loans were 35% lower year-on-year.

Gross customer loans (w/o repos)
€ billion



(*) Currency-neutral basis +3.5%

Gross customer loans (w/o repos)
% o/ operating areas. March 2016



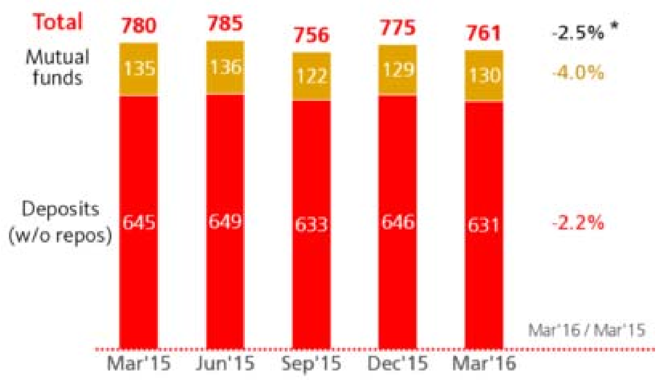
Customer funds

- Total funds (deposits without repos and mutual funds) fell 2% in the **first quarter** because of exchange rates. On a currency-neutral basis, they rose 1% and changes by countries were small.
  - Deposits without repos increased 1% due to demand deposits.
- Funds were 4% higher than in **March 2015** (on a currency-neutral basis), as follows:
  - Increase of more than 10% in Brazil, Mexico and Portugal (the latter with change of perimeter), 5% in the UK and Poland, and 4% in Chile. The US's rose 2%.
  - Spain is the only unit whose funds were lower, because of the strategy to reduce time deposits. Demand deposits, on the other hand, rose about €10,000 million.
- The general strategy to grow in demand deposits continued, with all countries doing so and reducing time deposits.
- As well as capturing customer deposits, Grupo Santander attaches strategic importance to maintaining a selective issuance policy in international fixed income markets, seeking to adapt the frequency and volume of market operations to each unit's structural liquidity needs, as well as to the receptiveness of each market.
- In the first quarter of 2016:
  - Medium and long-term senior debt issues of €8,892 million and €2,493 million of covered bonds.
  - €1,689 million of securitizations placed in the market.
  - €12,346 million of medium and long-term debt matured.
- The net loan-to-deposit ratio at the end of March was 115%. The ratio of deposits plus medium- and long-term funding to lending was 114%, underscoring a comfortable funding structure.

Other balance sheet items

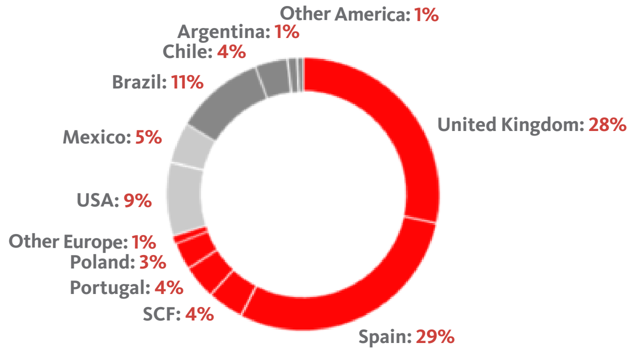
- Financial assets available for sale amounted to €118,298 million, €6,238 million lower than in March 2015 due to lower debt in Portugal, Brazil and UK (the latter two affected by the depreciation of sterling and the Brazilian real).
- Goodwill was €26,209 million, €2,458 million lower than in March 2015 and almost all due to the depreciation of the dollar, sterling, the real and the zloty against the euro.
- Lastly, tangible and intangible assets amounted to €27,949 million, €711 million more than March 2015, due to rises in the UK and US (the latter from assets associated with leasing business).

Funds
€ billion



(*) Currency-neutral basis +4.4%

Funds
% o/ operating areas. March 2016



Solvency ratios

First quarter highlights

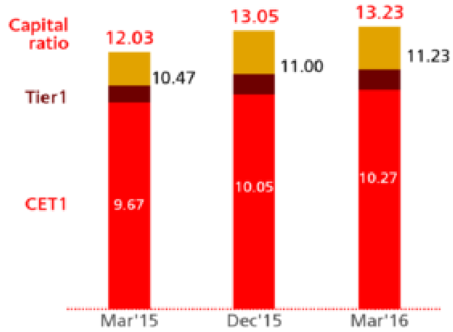
- **The fully-loaded CET1 rose 22 b.p. in the first quarter to 10.27%.**
- **The phase-in CET1 stood at 12.36%, 261 b.p. above the 9.75% minimum required by the European Central Bank (SREP) for 2016 (including 0.25% of systemic buffer).**
- **Fully-loaded leverage ratio of 4.8%.**

- The common equity Tier1 (CET1) ratio fully-loaded was 10.27%, up 22 b.p. in the first quarter because of profit generation and management of risk-weighted assets combined with some non-recurring positive impacts (regulatory, valuation of portfolios available for sale and others) and negative ones (increased perimeter).
- The total capital ratio was 13.23% (+18 b.p. in the first quarter). In April the parent bank carried out a T2 issue for €1,500 million (demand of more than €3,100 million, with over 200 orders placed), which would bring the total capital ratio to 13.49%.
- From a qualitative standpoint, the Group has solid and appropriate ratios for its business model, balance sheet structure and Grupo Santander's risk profile.
- In regulatory terms, the phase-in CET1 is 12.36%, 261 b.p. above the 9.75% (SREP) minimum required by the European Central Bank for Grupo Santander on a consolidated basis for 2016 (including the 0.25% as it is a globally systemic bank).

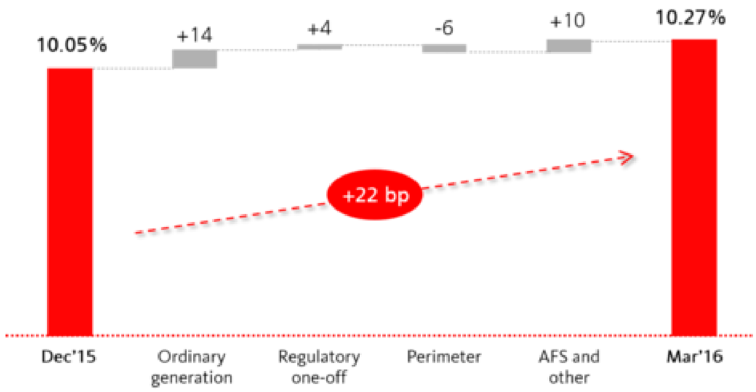
Eligible capital. March 2016
€ million

	Phase-in	Fully loaded
CET1	70,694	58,748
Basic capital	70,694	64,241
Eligible capital	**81,093**	**75,651**
Risk-weighted assets	571,959	571,916
CET1 capital ratio	**12.36**	**10.27**
T1 capital ratio	**12.36**	**11.23**
BIS ratio	**14.18**	**13.23**

Capital ratios. Fully-loaded
%



CET1 fully-loaded. Performance in the quarter
%



Risk Management

First quarter highlights

- **Net entries of non-performing loans were 17% lower year-on-year.**
- **The Group's NPL ratio was 4.33%, 3 b.p. lower than in the fourth quarter with most units improving (Brasil: -5 b.p.). In y-o-y terms, drop of 52 b.p. Of note were the falls in Mexico, Poland, Spain, Chile and Santander Consumer Finance.**
- **Coverage was 74% (+5 p.p. over March 2015), following continuous improvements in the last four quarters.**
- **The cost of credit continued to fall to 1.22% (1.38% in March 2015).**

Credit risk management

- Net entries of non-performing loans in the first quarter, isolating the perimeter effect and on a currency-neutral basis, were €1,668 million, 17% lower than in the same period of 2015.
- Bad and doubtful loans amounted to €36,148 million at the end of March, 3% lower than December 2015 and 14% year-on-year. The Group's NPL ratio was 4.33%, 3 b.p. lower than in the fourth quarter of 2015 and 52 b.p. below March 2015.
- Loan-loss provisions stood at €26,756 million, which provided coverage of 74%. It should be remembered that the UK and Spain NPL ratios are affected by the weight of mortgage balances, which require fewer provisions as they have guarantees.
- The improvement in credit quality is reflected in the consequent improvement in the cost of credit (1.22% at the end of March 2016; 1.38% a year earlier).

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

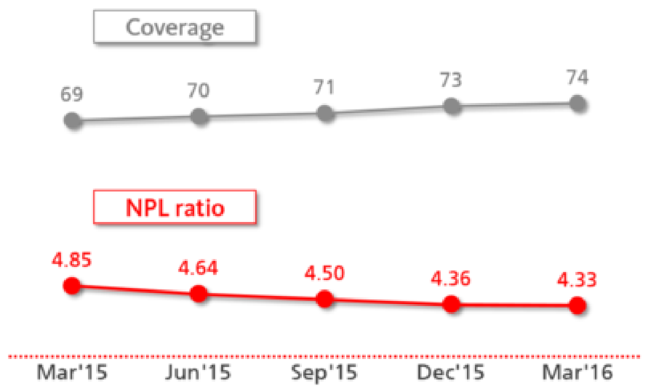
- **Spain's** NPL ratio was 6.36% at the end of March (-17 b.p. in the quarter). This improvement was due to the continued trend of lower NPL entries in most portfolios. Coverage reached 50%.
- The Real Estate Activity unit in Spain ended March with a NPL ratio of 80% and coverage of 62%. The total coverage ratio, including the balance outstanding, was 57% and coverage of assets foreclosed 55%.
- **Santander Consumer Finance's** NPL ratio was 3.28% (-14 b.p. below the fourth quarter), due to a good performance in most countries and in March a sale of a bad debt portfolio in SC Germany. The coverage ratio was 112%.
- **Poland's** NPL ratio was 5.93% (-37 b.p. over December 2015). The fall was due to the good performance of the portfolios of individuals and SMEs. Coverage improved 3 p.p. to 67%.
- **Portugal's** NPL ratio was 8.55% (+1.09 p.p. over December 2015), following the adjustments made in the portfolio acquired from Banif. The coverage ratio was 88%.
- In the **UK**, the NPL ratio was 1.49% (-3 b.p. in the quarter). The improvement was due to the good performance of various portfolios of individuals as well as SMEs in a very competitive financial environment and very low interest rates. The coverage ratio was 37% (-1 p.p. in the quarter), as mortgage loans account for 77% of balances.

Credit risk management*
€ million

	31.03.16	31.03.15	Var. %	31.12.15
Non-performing loans	36,148	41,919	(13.8)	37,094
NPL ratio (%)	4.33	4.85		4.36
Loan-loss allowances	26,756	28,894	(7.4)	27,121
Specific	17,817	20,427	(12.8)	17,707
Collective	8,940	8,467	5.6	9,414
Coverage ratio (%)	74.0	68.9		73.1
Cost of credit (%) **	1.22	1.38		1.25

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

Grupo Santander. NPL and coverage ratios
%



Non-performing loans by quarter

€ million

	2015				2016
	1Q	2Q	3Q	4Q	1Q
Balance at beginning of period	41,709	41,919	40,273	37,856	37,094
Net additions	2,017	1,315	2,132	2,242	1,668
Increase in scope of consolidation	54	1	—	50	13
Exchange differences	853	(36)	(1,849)	968	72
Write-offs	(2,715)	(2,925)	(2,699)	(4,022)	(2,699)
Balance at period-end	**41,919**	**40,273**	**37,856**	**37,094**	**36,148**

- **Brazil's** NPL ratio was 5.93% (-5 b.p. over December 2015). Fall in net NPL entries in individuals but deterioration in companies due to the macroeconomic environment. The coverage ratio was 84%.
- **Mexico's** NPL ratio was 3.06% (-32 b.p. over the fourth quarter). This improvement was due to a fall in NPLs, mainly individuals and SGCB. The coverage ratio was 98% (+7 p.p.).
- **Chile's** NPL ratio was 5.45% (-17 b.p. in the quarter). The fall was due to the good performance of all portfolios. Coverage was 55% (+1 p.p. in the quarter).
- In the **US**, the NPL ratio was 2.19% (+6 b.p. over the fourth quarter of 2015) and the coverage ratio dropped 4 p.p. to 221%
  - Santander Bank's NPL ratio was 1.47% (+31 b.p. December 2015). The increase was due to NPL entries from the Oil & Gas sector companies. The coverage ratio was 95%.
  - Santander Consumer USA's NPL ratio was 38 b.p. lower at 3.28%, due to greater lending while maintaining the portfolio's risk profile. The coverage ratio was 375%.

Structural FX

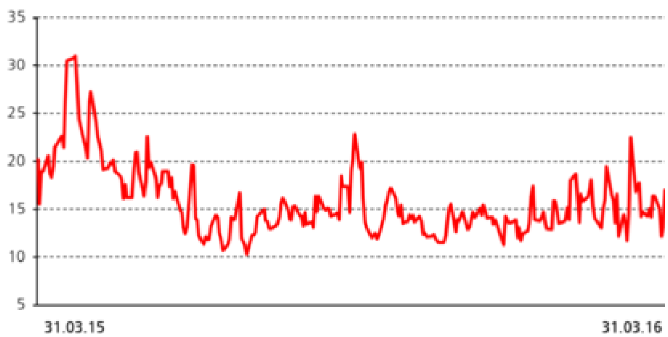
- As regards structural exchange rate risk, Santander maintains a high fully-loaded core capital coverage level of around 100% in order to act as a buffer from currency movements.

Market risk

- The risk of trading activity in the first quarter of global corporate banking, measured in daily VaR terms at 99%, fluctuated between €11.7 million and €22.5 million. These figures are low compared to the Group's balance sheet and activity.
- Of note was the upward trend in VaR at the beginning of March to a high for the quarter, due to market volatility mainly in interest rates.
- 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 €16.1 million.

Trading portfolios*. VaR performance

€ million



(*) Activity performance in Global Corporate Banking financial markets

Trading portfolios*. VaR by region

€ million

	2016		2015
First quarter	Average	Latest	Average
Total	**15.0**	**17.0**	**14.2**
Europe	10.9	9.9	10.4
USA and Asia	1.0	0.9	0.9
Latin America	9.7	12.3	11.1
Global activities	0.8	0.6	2.3

(*) Activity performance in Global Corporate Banking financial markets

Trading portfolios*. VaR by market factor

€ million

First quarter	Min	Avg	Max	Last
VaR total	**11.7**	**15.0**	**22.5**	**17.0**
Diversification effect	*(3.6)*	*(12.4)*	*(20.9)*	*(13.5)*
Interest rate VaR	8.9	13.3	21.5	16.6
Equity VaR	1.1	1.7	2.6	1.6
FX VaR	4.0	8.4	13.3	5.7
Credit spreads VaR	2.5	3.9	7.4	6.4
Commodities VaR	0.0	0.1	0.1	0.0

(*) Activity performance in Global Corporate Banking financial markets

Description of the businesses

Grupo Santander maintained the general criteria applied since the third quarter of 2015 when some changes were made to the criteria and to the composition of some units in order to make the Group more transparent, facilitate analysis of the business units and enhance the value of the activity developed by the Corporation.

The only exception, as in prior years, is the annual adjustment of the perimeter of the Global Customer Relationship Model between Retail Banking and Santander Global Corporate Banking, whose figures from previous periods have been restated including these adjustments.

The change has no impact on the geographic businesses or on the Group's consolidated figures, which remained unchanged.

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

The operating business areas are structured into two levels:

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

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

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

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

- **United States.** Includes the holding (SHUSA) and the businesses of Santander Bank, Santander Consumer USA, Banco Santander Puerto Rico, the specialised unit of Banco Santander International Miami and the New York branch.

Global businesses. The activity of the operating units is distributed by the type of business: retail banking, Santander Global Corporate Banking and the Spain real estate unit.

- **Retail Banking**. This covers all customer banking businesses, including consumer finance, except those of corporate banking, which are managed through the SGCB. 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.

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

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

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

Net operating income

€ million	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Continental Europe	**1,608**	**28.5**	**29.1**	**(7.6)**	**(6.7)**
o/w: Spain	706	86.6	86.6	(21.0)	(21.0)
Santander Consumer Finance	562	6.0	6.5	4.6	6.5
Poland	166	11.6	13.8	(12.4)	(8.8)
Portugal	183	(5.2)	(5.2)	59.6	59.6
United Kingdom	**719**	**(4.7)**	**1.8**	**(1.1)**	**2.6**
Latin America	**2,404**	**(2.3)**	**3.0**	**(14.1)**	**10.6**
o/w: Brazil	1,434	(0.3)	1.4	(21.2)	5.3
Mexico	470	(8.9)	(0.8)	1.4	19.9
Chile	321	13.4	13.7	1.7	11.8
USA	**1,191**	**3.4**	**4.2**	**1.6**	**(0.5)**
Operating areas	**5,922**	**5.4**	**9.1**	**(8.0)**	**2.2**
Corporate Centre	(349)	142.3	142.3	(6.1)	(6.1)
Total Group	**5,572**	**1.8**	**5.4**	**(8.1)**	**2.8**

Ordinary attributable profit to the Group

€ million	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Continental Europe	**706**	**80.0**	**81.0**	**10.4**	**11.7**
o/w: Spain	307	227.3	227.3	(9.6)	(9.6)
Santander Consumer Finance	251	6.3	6.9	14.3	16.7
Poland	64	12.9	14.6	(27.5)	(24.5)
Portugal	121	1.2	1.2	121.4	121.4
United Kingdom	**453**	**(4.7)**	**1.7**	**(3.9)**	**(0.3)**
Latin America	**703**	**1.5**	**8.9**	**(16.3)**	**7.9**
o/w: Brazil	359	13.2	13.1	(24.8)	0.4
Mexico	143	(17.5)	(10.0)	(6.7)	10.3
Chile	122	56.5	53.9	14.8	26.2
USA	**82**	**347.5**	**427.4**	**(68.2)**	**(68.8)**
Operating areas	**1,944**	**23.2**	**29.9**	**(12.0)**	**(2.8)**
Corporate Centre	(311)	161.9	161.9	(36.7)	(36.7)
Total Group	**1,633**	**11.9**	**18.5**	**(4.9)**	**8.2**

Gross customer loans w/o repos

€ million	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Continental Europe	**300,441**	**0.6**	**0.6**	**2.5**	**3.3**
o/w: Spain	156,134	(0.7)	(0.7)	(3.0)	(3.0)
Santander Consumer Finance	79,136	3.4	3.1	9.8	11.3
Poland	20,467	3.3	3.2	7.0	11.5
Portugal	30,018	(1.8)	(1.8)	23.9	23.9
United Kingdom	**261,770**	**(5.7)**	**1.7**	**(5.0)**	**3.4**
Latin America	**136,490**	**(0.6)**	**(1.5)**	**(10.5)**	**6.1**
o/w: Brazil	63,875	0.4	(4.1)	(16.3)	(1.4)
Mexico	28,760	(3.3)	0.2	(3.6)	14.4
Chile	34,320	3.0	1.6	(3.5)	8.9
USA	**84,897**	**(4.0)**	**0.4**	**(1.8)**	**4.0**
Operating areas	**783,599**	**(2.3)**	**0.5**	**(3.0)**	**3.9**
Total Group	**787,033**	**(2.3)**	**0.6**	**(3.2)**	**3.5**

Funds (deposits w/o repos + mutual funds)

€ million	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Continental Europe	**315,791**	**1.1**	**1.1**	**0.8**	**1.2**
o/w: Spain	220,295	0.5	0.5	(4.0)	(4.0)
Santander Consumer Finance	33,197	1.8	1.6	7.1	8.2
Poland	24,487	0.3	0.1	1.1	5.3
Portugal	30,589	(0.3)	(0.3)	22.1	22.1
United Kingdom	**216,318**	**(6.7)**	**0.6**	**(3.4)**	**5.1**
Latin America	**160,927**	**1.6**	**1.1**	**(6.4)**	**11.8**
o/w: Brazil	80,383	4.7	0.0	(6.3)	10.3
Mexico	37,245	(0.7)	2.9	(5.8)	11.8
Chile	29,702	0.1	(1.3)	(7.5)	4.4
USA	**65,983**	**(1.3)**	**3.2**	**(3.5)**	**2.1**
Operating areas	**759,018**	**(1.4)**	**1.1**	**(2.4)**	**4.5**
Total Group	**760,628**	**(1.8)**	**0.6**	**(2.5)**	**4.4**

Main units of continental Europe. **Spain**

First quarter highlights

- **The number of *1/2/3* customers continued to grow, improving the risk profile and favouring new lending and loyalty.**
- **Strong rise in new loans to the main segments and higher stock in SMEs and companies.**
- **Attributable profit was lower year-on-year due to net interest income and gains on financial transactions. Good performance of fee income, costs and provisions. Net interest income was higher than in the fourth quarter.**

Commercial activity

- The *1/2/3* strategy is producing good results, improving the customer profile and impacting on new lending and loyalty. A total of 980,000 accounts for individuals were opened and gains in market share achieved in direct depositing of payroll cheques, number of pensions and cards billing.
- The *1/2/3* SMEs account (75,000) also evolved well with a good pace of openings, switchers and cards.
- The *1/2/3* customers, both individuals and SMEs, are more loyal and have a better risk profile and levels of pre-approved loans, which are feeding through to new lending and a lower cost of credit.
- Santander Spain is the leader in customer satisfaction according to the 2015 Stiga survey, aided by measures taken during the year in digital as well as traditional channels.
- Digital customers increased 23% in the last twelve months to 2.6 million, thanks to the continuous improvement in our digital offer. Of note were the new app functionalities of our online banking: pre-approved loans in three clicks, money transfer between mobile phones, management of cards (such as checking PIN, instant financing), approval of foreign trade lines.

Business performance

- Lending continued to recover: new loans to individuals was up 30% and 13% to SMEs.
- Loans dropped 3% in the last twelve months, due to reduced lending to public institutions and mortgages, where new loans still did not offset maturities. On the other hand, higher stock in SMEs and companies and stable Global Corporate Banking balances.
- As for funds, we maintained the growth strategy in demand deposits (+8%) and mutual funds (+1%) and reduced time deposits (-28%), reflected in a lower cost of deposits.

Results

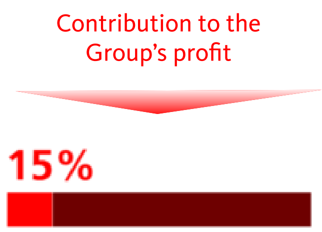
Attributable profit was 10% lower than in the first quarter of 2015 at €307 million, as the favourable evolution of provisions, which continued on a downward trend, and control of costs, were offset by lower revenues.

- Gross income fell 12% year-on-year due to much lower gains on financial transactions (-26%), low interest rates and pressure on spreads on loans. Fee income, on the other hand, increased 2.5% (retail banking: +8%).
- Operating expenses declined 2% year-on-year. These savings were compatible with investments in regulatory requirements and in improving our digital channels.
- Loan-loss provisions declined 37% year-on-year, due to the enhanced credit quality and a favourable economic environment. The cost of credit improved 43 b.p. to 0.54% and the NPL ratio dropped to 6.36% from 7.25% in March 2015.

Profit was three times higher than in the fourth quarter of 2015 thanks to the recovery of net interest income and fee income and the negative impact in the fourth quarter of charges for the deposit guarantee fund and resolution fund.

Spain. € million

	1Q'16	/ 4Q'15 %	/ 1Q'15 %
Gross income	1,543	24.6	(11.8)
Net operating income	706	86.6	(21.0)
Attributable profit to the Group	307	227.3	(9.6)
Loans w/o repos	156,134	(0.7)	(3.0)
Funds	220,295	0.5	(4.0)
Efficiency ratio (with amortisations) (%)	54.2	(15.2)	5.3
NPL ratio (%)	6.36	(0.17)	(0.89)
NPL coverage (%)	50.2	2.1	3.6



Main units of continental Europe. Santander Consumer Finance

First quarter highlights

- **The integration of the agreement with Banque PSA Finance progressed well: the joint-ventures of Italy and Holland were incorporated during the first quarter.**
- **Greater activity year-on-year in the main countries: Spain, Germany and the Nordic countries.**
- **Attributable profit was 17% higher than in the first quarter of 2015 at €251 million.**

Commercial activity

- SCF's units in Continental Europe developed their activity in an environment of recovery in both consumption and car sales (+8% y-o-y).
- SCF continued to gain market share, backed by a solid business model: highly diversified geographically with critical mass in key products, more efficient than our competitors and a common risk control and recovery system that keeps credit quality high.
- Management focuses are: progress in the Banque PSA Finance agreement, increasing auto finance, boosting consumer finance by extending agreements with the main dealers and strengthening digital channels.

Business performance

- New lending increased 24% in the last 12 months (+14% excluding Banque PSA Finance), fuelled by auto finance (+22% without Banque PSA Finance). Direct credit and consumer durable loans rose 4%. All units registered growth.
- Customer deposits increased to €33,195 million, unlike our competitors. Wholesale funding was €1,222 million, via senior issues and securitisations. Deposits and medium and long-term issues-securitisations placed in the market covered 69% of net lending.

Results

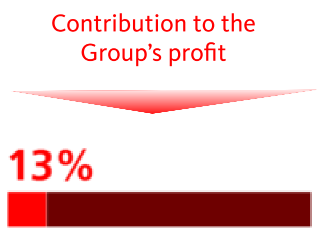
Attributable profit was €251 million, €36 million more (+17%) than in the same period of 2015 and 8% higher without Banque PSA Finance:

- The rise in gross income was mainly due to net interest income (+14% y-o-y).
- Operating expenses increased in line with business and the new incorporations.
- Loan-loss provisions declined and the cost of credit improved significantly to 0.64% from 0.93% a year earlier, thanks to the exceptional performance of portfolios. The NPL ratio was 3.28% (124 b.p. lower than in the first quarter of 2015) and the coverage ratio was 112% (+8 p.p.).
- Of note by units was the higher attributable profit of Spain, Nordic countries, Poland and Italy. The increase was due in part to management and in part to the perimeter.

Profit was 7% higher than in the fourth quarter of 2015 due to higher gross income.

Santander Consumer Finance. € million

		/ 4Q'15		/ 1Q'15	
	1Q'16	%	% w/o FX	%	% w/o FX
Gross income	1,045	4.8	5.3	9.0	10.9
Net operating income	562	6.0	6.5	4.6	6.5
Attributable profit to the Group	251	6.3	6.9	14.3	16.7
Loans w/o repos	79,136	3.4	3.1	9.8	11.3
Funds	33,197	1.8	1.6	7.1	8.2
Efficiency ratio (with amortisations) (%)	46.2	(0.6)		2.3	
NPL ratio (%)	3.28	(0.14)		(1.24)	
NPL coverage (%)	111.9	2.8		8.3	



Main units of continental Europe. Poland (changes on a currency-neutral basis)

First quarter highlights

- **Year-on-year rise in lending, with positive expectations for the economy. Focus remains on corporates and mortgages.**
- **Santander continues to be the market leader in cards, mobile and online banking.**
- **Main focus on managing revenues and costs in an environment of low interest rates.**
- **Regulatory changes with the bank levy introduced in February 2016 impacting on first quarter results. Estimated impact of €7 million per month.**

Commercial Activity

- The Bank´s main goal is to become the bank of first choice. We continued to be the market leader in cards, mobile and online banking, marketing various products and initiatives.
- In the first quarter, the *BZWBK24* mobile app, awarded several times as one of the best international and local apps, introduced an upgrade to the *Pay to Mobile* feature, which allows users to transfer money to a mobile number. Also, customers with mobile phones using the Android operating system will be able to make payments with Visa and Mastercard, and those on the Windows operating system will be able to exchange currency via the *eFX* platform.
- BZWBK24 internet has developed the feature *Customer Service*, a section that offers customers an advisor's guidance via many forms of contact. Moreover, in order to ensure customer confidentiality, the use of Phone Number Masking was added.
- A first version of *iBiznes24* mobile was introduced to allow corporate and SMEs customers manage their finances via mobile devices.

Business Performance

- Net loans rose 11% year-on-year, backed by mortgages (+8%), credit cards (+21%) and also the corporate segment (+20%), with leasing (+23%) and factoring (+24%).
- Deposits increased 9% year-on-year, mainly driven by individuals and corporate balances (+19%), with demand and time deposits also growing +11% and +6%, respectively. This evolution maintained our solid funding structure (net loan-to-deposit ratio of 92%).

Results

The first quarter attributable profit of €64 million, €21 million less than in the same period of 2015, was due to lower income on ALCO sales and the bank levy introduced in February 2016.

This tax increases tax obligations of certain financial institutions, including banks, and is calculated as 0.44% of the total value of their assets. The estimated impact is about €7 million per month.

Excluding these impacts, of note in the first quarter was:

- Gross income rose 7%, driven by net interest income and backed by increased volumes.
- Operating expenses remained flat and loan-loss provisions were 12% lower. Significant improvement in credit quality. The NPL ratio improved to 5.93% (7.33% in March 2015) and the cost of credit stood at 0.82% from 1.00% in March 2015

Attributable profit rose 15% compared to the fourth quarter of 2015, mainly driven by lower provisions and the contribution to the Deposit Guarantee Fund made in the fourth quarter of 2015.

Poland. € million

		/ 4Q'15		/ 1Q'15	
	1Q'16	%	% w/o FX	%	% w/o FX
Gross income	311	6.5	8.7	(8.6)	(4.9)
Net operating income	166	11.6	13.8	(12.4)	(8.8)
Attributable profit to the Group	64	12.9	14.6	(27.5)	(24.5)
Loans w/o repos	20,467	3.3	3.2	7.0	11.5
Funds	24,487	0.3	0.1	1.1	5.3
Efficiency ratio (with amortisations) (%)	46.6	(2.4)		2.3	
NPL ratio (%)	5.93	(0.37)		(1.40)	
NPL coverage (%)	67.0	3.0		5.4	

Main units of continental Europe. **Portugal**

First quarter highlights

▶ **Focus on technological and operational integration of Banif's business.**

▶ **Commercial actions aimed at capturing individual customers and companies.**

▶ **Attributable profit doubled year-on-year, partly due to the incorporation of Banif's business.**

Commercial activity

- Santander Totta acquired in December 2015 most of the assets and liabilities of Banco Internacional do Funchal (Banif), making it the country's second-largest private sector bank (market share around 14% in loans and deposits).

- In the first quarter priority was given to Banif's technological and operational integration, continuing the commercial actions aimed at increasing the number of loyal and digital customers, improving the quality of service and growing the business volumes, particularly companies, which remained dynamic.

- In the middle-income market segment, we continued to support the *1/2/3 World* programme to capture and engage customers. The number of accounts, credit cards and protection insurance increased significantly.

- Management of net interest income and control of NPLs continued to be the drivers for benefiting from the improvement in the economic cycle and further supporting companies and households.

Business performance

- Lending rose 24% to €30,000 million. The incorporation of Banif's balances resulted in a change in its structure, increasing the weight of the companies' segment to 35% (31% in March 2015). On a like-for-like basis, excluding this incorporation, balances were 2% lower (better performance than the market according to the latest figure).

- Funds increased 22% to €30,600 million, mainly due to the incorporation of Banif's deposits. On a like-for-like basis, total funds rose 4%, consistent with management focused on reducing the cost of deposits.

- The business performance produced a market share gain in loans and deposits.

Results

The first quarter attributable profit was €121 million, more than double that in the same period of 2015 (+121%).

- Positive impact throughout the income statement of Banif's incorporation: net interest income and fee income increased 30% (combined). Operating expenses rose 25%.

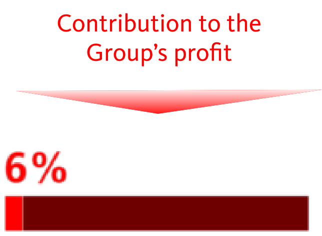
- Gross income was bolstered by financial transactions originated by the sale of portfolios.

- Loan-loss provisions rose only 2%, despite the greater perimeter. The cost of credit improved to 0.28%.

Profit was 1% higher than in the fourth quarter of 2015, when the gains generated by the sales of public debt were very high.

Portugal. € million

	1Q'16	/ 4Q'15 %	/ 1Q'15 %
Gross income	337	5.9	41.5
Net operating income	183	(5.2)	59.6
Attributable profit to the Group	121	1.2	121.4
Loans w/o repos	30,018	(1.8)	23.9
Funds	30,589	(0.3)	22.1
Efficiency ratio (with amortisations) (%)	45.7	6.4	(6.1)
NPL ratio (%)	8.55	1.09	(0.41)
NPL coverage (%)	87.7	(11.3)	35.3



United Kingdom (changes in sterling)

First quarter highlights

- The *1I2I3 World* customers continued to grow, with improved customer loyalty, activity levels and risk profile.
- Strong business flows in retail and corporates, with growth in current accounts and mortgages as well as corporate lending.
- Digitalisation and product simplification supporting operational efficiency.
- Profit before tax increased 14% y-o-y, supported by strong business momentum, stable expenses and lower provision charges. Attributable profit was broadly flat, impacted by 8% bank new corporate tax surcharge.

Commercial activity

- *1I2I3 World* customers increased by 131,000 to 4.8 million since the end of 2015. Growth in retail current account balances of £3.6bn, maintaining £1bn monthly average since the end of 2012.
- Loyal corporate and SME customers increased by more than 25,000 since March 2015, backed by new platforms and services in the corporate business.
- Digital customers also increased to 4.2 million, underpinned by continuous improvement in our digital proposition. In March 2016, Santander UK became the first UK bank to introduce voice banking technology to the mobile app.
- Ongoing improvement in customer satisfaction, with continued focus on further improvement.
- Santander UK is focused on maintaining a strong balance sheet. At the end of March 2016, the CRD IV end point Common Equity Tier 1 capital ratio stood at 11.6% and the leverage ratio at 4.0%.

Business performance

- Customer lending increased 3% compared to March 2015, largely due to lending to companies (+11%), mortgages (+3%) and consumer credit (+6%). New gross mortgage lending was £7,100 million, up 12% year-on-year, and includes £900 million to first time buyers. In 2016, growth in new gross mortgage lending is expected to be in line with the market.
- Strong growth in customer deposits excluding repos (+6% over March 2015) was driven by increased *1I2I3* current accounts, more than offsetting lower demand for savings products.

Results

First quarter attributable profit of £349 million was almost unchanged from the same period of 2015, mostly due to higher taxes due to the introduction of the bank new corporate tax surcharge. Profit before tax increased by 14% in the same period.

- Net interest income remained broadly unchanged year-on-year (+0.2%) with a small decline in net interest income / average customer assets (banking NIM), partially offset by higher asset volumes.
- The decline in banking NIM to 1.78%, from 1.87% in the first quarter of 2015 (1.80% in the fourth quarter of 2015), was driven by new asset margin pressures (from competitive pressures) and continued SVR attrition.
- Fee income was affected by regulatory impacts on cards and investment income. Excluding these impacts, fee income rose 10%.
- Operating expenses were broadly flat as efficiency improvements absorbed investments in business growth, and the continued enhancements to our digital channels. Moreover, excluding the costs related to banking reform, they would have decreased 3% y-o-y.
- Loan-loss provisions fell 91% year-on-year as credit quality remained robust in all loan portfolios, due to conservative risk criteria and benign economic environment. The NPL ratio improved to 1.49% in the first quarter of 2016, from 1.75% in the same period of 2015.

Profit before tax was 13% higher over the fourth quarter of 2015, with stable gross income and expenses, and lower provisions.

United Kingdom. € million

		/ 4Q'15		/ 1Q'15	
	1Q'16	%	% w/o FX	%	% w/o FX
Gross income	1,513	(5.5)	0.9	(2.4)	1.2
Net operating income	719	(4.7)	1.8	(1.1)	2.6
Attributable profit to the Group	453	(4.7)	1.7	(3.9)	(0.3)
Loans w/o repos	261,770	(5.7)	1.7	(5.0)	3.4
Funds	216,318	(6.7)	0.6	(3.4)	5.1
Efficiency ratio (with amortisations) (%)	52.4	(0.4)		(0.6)	
NPL ratio (%)	1.49	(0.03)		(0.26)	
NPL coverage (%)	36.5	(1.7)		(4.7)	

Contribution to the Group's profit

Main units of Latin America. **Brazil** (changes on a currency-neutral basis)

First quarter highlights

- **Focus on commercial transformation: more digital and loyal customers, and improved customer experience.**
- **Higher growth in funds than in loans, which slowed down, in line with the market.**
- **Attributable profit of €359 million, with positive trend in gross income and control of costs.**
- **Loan-loss provisions increased y-o-y, but were down over the third and fourth quarters. The cost of credit was 4.6%.**

Commercial activity

The strategy remained based on an intense agenda of commercial transformation, focusing on digitalisation, loyalty and customer satisfaction. Of note:

- In the multi-channel strategy, we launched a digital attention channel for customers of the *Van Gogh* and *small companies* segments, and the purchase of 100% of *ContaSuper*, a digital pre-payment platform for payments and transfers.
- Digital customers increased 16% y-o-y, to over 4.6 million at the end of March. In April the number of customers who registered with biometric identification surpassed one million (120,000 in December 2015).
- We extended the offer for the segment of *Santander Negocios & Empresas* to companies with an annual turnover of BRL 200 million (previously BRL 80 million).
- We are the bank with the lowest index of complaints among our main private sector bank competitors, reflecting the improvements we have been implementing in our services.
- We strengthened control of risks with preventative actions, while continuing to change the business mix of our credit portfolio toward lower risk products.

Business performance

- Amid a weak economic environment, lending dropped 1% year-on-year. By segment: loans to individual customers rose 8%, notably mortgages (+17%). On the other hand, consumer finance and loans to large companies declined.
- Funds grew 10%: mutual funds (+21%) and time deposits (+1%).

Results

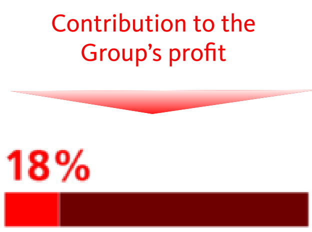
Despite the recession, the Group showed the strength of its results, and posted attributable profit of €359 million, in line with that of the first quarter of 2015:

- Gross income rose 6%: net interest income up 6% and fee income 8%, thanks to current accounts and global corporate banking.
- Operating expenses increased 6.6%, below the inflation rate (9.4% in March). This evolution underscored the improvement in efficiency and productivity.
- Loan-loss provisions rose 16% year-on-year, as those in the first quarter of 2015 were relatively low. Lower over the third and fourth quarters of 2015.
- Credit quality indicators remained stable: the cost of credit was 4.63% (4.50% in December) and the NPL ratio was 5.93% (5.98% in December 2015). The NPL ratio is performing much better than the whole of private sector banks, reflecting the change of mix carried out in recent years and adequate risk management.

Profit was 13% higher than in the fourth quarter, due to provisions, and gross income stable. despite the first quarter's usual negative seasonal impact.

Brazil. € million

		/ 4Q'15		/ 1Q'15	
	1Q'16	%	% w/o FX	%	% w/o FX
Gross income	2,381	(4.7)	(2.3)	(20.8)	5.8
Net operating income	1,434	(0.3)	1.4	(21.2)	5.3
Attributable profit to the Group	359	13.2	13.1	(24.8)	0.4
Loans w/o repos	63,875	0.4	(4.1)	(16.3)	(1.4)
Funds	80,383	4.7	0.0	(6.3)	10.3
Efficiency ratio (with amortisations) (%)	39.8	(2.6)		0.3	
NPL ratio (%)	5.93	(0.05)		1.03	
NPL coverage (%)	83.7	—		(11.5)	



Main units of Latin America. **Mexico** (changes on a currency-neutral basis)

First quarter highlights

- **Commercial focus on the most profitable segments (Select, SMEs, companies), greater use of digital banking and the quality of service.**
- **The commercial strategy continues to be reflected in the growth in business volumes (+14%, with a gain in market share of 0.4 p.p.) and funds (+12%, with demand deposits up 24%).**
- **Year-on-year growth in attributable profit (+10%) mainly leveraged on net interest income (+18%).**

Commercial activity

Various commercial actions were taken in the first quarter in different segments, including:

- A new commercial project with strong potential to grow revenues was launched: *Santander Aeroméxico Card*, in an alliance with Mexico's leading airline.
- Multi-channel activity continued to be fostered (42 new ATMs in the first quarter, mobile and online banking initiatives) and development of strategic alliances with correspondent banks, which enabled us to offer our basic banking services via a network of 17,863 shops.
- At the end of March there were over 900,000 digital customers, over 30% more year-on-year.
- In mortgages, we continued to strengthen business via competitive commercial actions. Also, a campaign was launched for SMEs with an excellent credit profile in order to increase their loyalty and retain them.
- In companies and institutions, we continued to work on commercial initiatives, focusing more on attracting and penetrating the automotive sector, petrol stations and confirming and payroll products.

Business performance

- All these measures fuelled lending growth by 14% y-o-y. Loans to SMEs rose 13%, mortgages 11% and companies 22%. Consumer credit rose 27% and credit cards 14%, the latter setting new placement records.
- Deposits grew and their composition improved, fuelled by the 25% increase in demand deposits. Both, in loans and deposits, Santander's pace of growth was higher than the market's.

Results

Attributable profit was up 10% y-o-y at €143 million.

- Gross income increased 14% year-on-year, mainly due to the 18% rise in net interest income (reflecting the credit growth). Fee income rose 6%. Of note was that from insurance, cash management, securities and advising. Gains on financial transactions, on the other hand, declined 5% due to the markets' persistent sluggishness.
- Operating expenses grew 7% because of greater installed capacity and new commercial projects to boost attracting and customer loyalty.
- The cost of credit remained basically flat and credit quality ratios improved notably: the NPL ratio was down 65 b.p. over March 2015 and coverage up 9 p.p.

Profit was 10% lower than in the fourth quarter (seasonally higher) due to higher costs and provisions, though gross income was slightly higher.

Mexico. € million

		/ 4Q'15		/ 1Q'15	
	1Q'16	%	% w/o FX	%	% w/o FX
Gross income	792	(6.8)	1.3	(3.2)	14.4
Net operating income	470	(8.9)	(0.8)	1.4	19.9
Attributable profit to the Group	143	(17.5)	(10.0)	(6.7)	10.3
Loans w/o repos	28,760	(3.3)	0.2	(3.6)	14.4
Funds	37,245	(0.7)	2.9	(5.8)	11.8
Efficiency ratio (with amortisations) (%)	40.7	1.3		(2.7)	
NPL ratio (%)	3.06	(0.32)		(0.65)	
NPL coverage (%)	97.5	6.9		9.1	

Main units of Latin America. **Chile** (changes on a currency-neutral basis)

First quarter highlights

- **The focus remains on the quality of customer attention. Increase in loyal transaction banking customers.**
- **The commercial transformation is reflected in greater activity in the target segments of loans and funds.**
- **Attributable profit of €122 million (+26% year-on-year).**

Commercial activity

Santander is the largest bank in Chile in terms of assets and customers, with a clear retail focus (individuals and SMEs). The Group maintains its strategy of ensuring long-term profitability against a backdrop of lower spreads and tougher regulation.

- The bank aspires to become the country's best through improving the quality of customer attention, transforming the retail banking segment and strengthening business with large and medium companies.
- The progress made in improving customer satisfaction has enabled us to narrow the gap in quality of service with our main competitors. This was achieved by streamlining the internal processes and adjusting them to a digital and omni channel environment.
- These actions are boosting the number of customers and business. Total customers grew 1% year-on-year. Of note was the growth in loyal customers (+6% individuals and +11% companies).
- The number of digital customers surpassed 900,000 in March (+5 % y-o-y).

Business performance

- Loans rose 9% in the last twelve months, particularly those to high-income customers (+21%) and SMEs (+10%). Mortgage loans also performed well and they increased 19%.
- Deposits rose 6% year-on-year, notably demand deposits (+9%).

Results

Attributable profit was 26% higher than in the first quarter of 2015 at €122 million, due to:

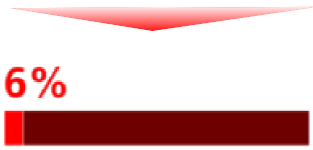
- Gross income rose 11%, backed by the 16% growth in net interest income and the 11% rise in fee income, partially offset by the drop in gains on financial transactions.
- Net interest income was fuelled by higher volumes, the lower cost of funding from deposits and inflation that was higher than in the first quarter of 2015. Of note in fee income were the rises in that from means of payment and cash management.
- Operating expenses rose 9% due to increases resulting from indexation to year-on-year inflation of rentals and salaries, as well as the impact of the peso's depreciation on technology service contracts indexed to the dollar and the euro and greater investment in technology developments.
- Loan-loss provisions were 9% lower. The cost of credit fell to 1.58%, the NPL ratio was 5.45% and coverage 55%. Both ratios improved in the last 12 months.

Profit was 54% higher than the fourth quarter, basically due to lower costs (the fourth quarter's are seasonally higher) and reduced provisions.

Chile. € million

		/ 4Q'15		/ 1Q'15	
	1Q'16	%	% w/o FX	%	% w/o FX
Gross income	556	2.4	3.3	0.5	10.5
Net operating income	321	13.4	13.7	1.7	11.8
Attributable profit to the Group	122	56.5	53.9	14.8	26.2
Loans w/o repos	34,320	3.0	1.6	(3.5)	8.9
Funds	29,702	0.1	(1.3)	(7.5)	4.4
Efficiency ratio (with amortisations) (%)	42.3	(5.6)		(0.7)	
NPL ratio (%)	5.45	(0.17)		(0.43)	
NPL coverage (%)	54.6	0.7		2.6	

Contribution to the Group's profit



Other Latin American units. Argentina (changes on a currency-neutral basis)

First quarter highlights

- **Growth and trends in loans and deposits higher than the market.**
- **Attributable profit was 37% higher year-on-year thanks to net interest income and fee income.**
- **Commercial revenues grew because of greater activity and transactions (collections, means of payment, etc).**
- **Operating expenses increased because of the larger branch network and transformation projects.**

Commercial activity and Business performance

Santander continued to focus on implementing the multi-channel projects, *Select* and *Pymes Advance* with the aim of gaining market share in the main products, improve the quality of customer attention and be more efficient in the use of resources.

- The *Select* products were strengthened for high income customers and new specialised spaces and corners continued to be opened, which increased the cross-selling, transaction loyalty and profitability of these customers.
- The expansion and transformation plan continued. Three new branches were opened during the first quarter and 164 have been totally transformed.
- The first fully digital office also began to operate in January. The *Santander Río Mobile* app reached 387,000 customers.
- Lending rose 44% in 12 months, notably to companies and consumer credit. Deposits increased 63% (demand: +53% and time:+77%). Market share gain in lending and deposits in the last twelve months.

Results

First quarter attributable profit of €67 million (+37% over the same period of 2015).

- The commercial strategy is reflected in a 34% increase in gross income, 16% in net interest income and 36% in fee income.
- Operating expenses were up 37% because of expanding the branch network, transformation and technology projects, and salary increases.
- Loan-loss provisions increased below the pace of lending, improving the cost of credit by 28 b.p.. Credit quality was still high (NPL ratio of 1.21% and coverage of 194%).

Pre-tax profit was 14% more than in the fourth quarter, due to higher gross income and lower provisions.

Other Latin American units. Peru (changes on a currency-neutral basis)

First quarter highlights

- **Activity remained strong, both loans and deposits.**
- **Attributable profit was 19% higher year-on-year at €7 million**

Commercial activity and Business performance

- The strategy continued to focus on the corporate segment, the country's largest companies and the Group's global customers.
- A close customer relationship and quality of service were fostered, taking advantage of synergies with other Group units.
- Our auto finance company was further consolidated.
- Lending rose 10% year-on-year and deposits 25%.

Results

- Attributable profit was €7 million. Gross income rose 3%, fuelled by net interest income (+15%) and fee income (+51%) which offset the lower gains on financial transactions eroded by exchange rate volatility. Operating expenses rose 12%, which improved the efficiency ratio to 36%.
- Loan-loss provisions declined 35%. Credit quality remained excellent (NPL ratio of 0.42% and very high coverage).

Other Latin American units. **Uruguay** (changes on a currency-neutral basis)

First quarter highlights

- **Double-digit growth in deposits and loans.**
- **Attributable profit up 65% year-on-year (+41% without the perimeter effect) and 49% more than the fourth quarter, spurred by gross income.**

Commercial activity

The Group continued to be the country's leading private sector bank, with a strategy of growth in retail banking, enhancing efficiency and quality of service.

- Santander remained focused on improving customer satisfaction and increasing customer loyalty. *Celestium*, a CRM with a comprehensive view of the customer profile, was installed which provides information on customers' relation with the bank, the channels they use and the offer of potential products for each of them.
- In line with the task of improving the quality of service, differentiated service is offered in branches for SMEs and for the Select segment.
- The number of digital customers rose 48% in the first quarter to almost 100,000.
- The perimeter effect relates to the acquisition in July 2015 of Créditos de la Casa, Uruguay's fourth largest financing company, which operates throughout the country.

Business performance

- Lending grew 24% year-on-year, with consumer credit up 55% and loans to SMEs 28%. Excluding the perimeter impact, loans rose 21% and consumer credit 14%.
- Deposits increased 35% (demand: +32% and time: +76%).

Results

The growth in business activity produced sharp increase in profits.

Attributable profit was 65% higher year-on-year at €22 million and 41% on a like-for-like basis. Growth was due to the 31% rise in net interest income, which more than offset the rise in operating expenses.

- Credit quality was excellent (NPL ratio of 1.08% and coverage of 240%).
- The efficiency ratio continued to improve, to 50%, 8 p.p. better than in March 2015.

Profit was 49% more than in the fourth quarter, due to higher revenues and lower costs.

Other Latin American units. **Colombia**

- Banco Santander de Negocios Colombia began to operate in January 2014. The new bank has a banking licence and share capital of $100 million. It specializes in the corporate and business market, with a particular focus on global customers, customers of the Group's International Desk and those local customers in the process of internationalising.
- Its main products are for investment banking and capital markets, transaction banking, treasury and risk coverage, foreign trade financing and working capital financing products in local currency, such as confirming.
- The bank reached the point of equilibrium between revenues and costs in the first quarter of 2016.

United States (changes in dollars)

First quarter highlights

- **Continued investment to improve commercial activity and comply with regulatory requirements.**
- **Santander Bank continues to focus on deepening its relationships with retail and commercial customers, reflected in a change of mix**
- **Santander Consumer USA significantly grew in new lending and servicing activity.**
- **Attributable profit was lower year-on-year, due to increased costs and provisions, partly due to the temporary impact of some measures. Profit rose over the fourth quarter of 2015.**

Strategy

- Santander in the United States includes the holding SHUSA, Santander Bank, Banco Santander Puerto Rico, Santander Consumer USA, Banco Santander International, Santander Investment Securities, and the Santander branch in New York.
- Santander US continued to focus on several strategic priorities aimed at improving their position and diversification in the US, including:
  - A multiannual project to comply with regulatory requirements.
  - Improve governance structure, including the creation of the Intermediate Holding Company (IHC).
  - Create a local executive team with wide experience in managing a financial institution in the US.
  - Improve the profitability of Santander Bank NA.
  - Optimize the auto finance business of Santander Consumer USA.

Business performance

- Santander Bank continues to focus on deepening its relationships with retail and commercial customers. Deposits rose 6% year-on-year and loans 5%.
- Santander Consumer USA continued its strategy to optimize the mix between assets retained vs. sold, increasing servicing to third parties. Loans rose 5% year-on-year and assets under service 27%.

Results

The first quarter attributable profit was $90 million, a sharp fall over the same period of 2015 due to the temporary impact of some measures (creation of the holding entity, investment in the franchise, priority given to consumer business, etc.), as follows:

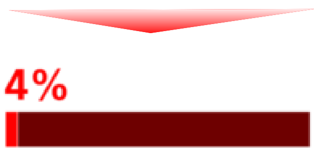
- Good performance of gross income. Net interest income rose 4% and fee income 6%. In Santander Consumer USA due to the larger volume of portfolios. which spurred net interest income as well as fee income from servicing. In Santander Bank, net interest income increased 3%, following the interest rates increase in December. Fee income rose 3%.
- Operating expenses rose year-on-year due to the efforts made in regulatory compliance, IT investments and greater leasing activity, but they were lower than in the fourth quarter and showed signs of slowdown.
- Loan-loss provisions rose 32%, due to the higher level of retention of loans in Santander Consumer USA and provisions in Santander Bank for the Oil&Gas sector, in line with the banking industry.

Attributable profit increased over the fourth quarter of 2015, due to lower costs and provisions. The latter mainly in Santander Consumer USA, where they were below the third and fourth quarters of 2015.

United States. € million

		/ 4Q'15		/ 1Q'15	
	1Q'16	%	% w/o FX	%	% w/o FX
Gross income	1,968	(0.6)	0.1	5.4	3.2
Net operating income	1,191	3.4	4.2	1.6	(0.5)
Attributable profit to the Group	82	347.5	427.4	(68.2)	(68.8)
Loans w/o repos	84,897	(4.0)	0.4	(1.8)	4.0
Funds	65,983	(1.3)	3.2	(3.5)	2.1
Efficiency ratio (with amortisations) (%)	39.5	(2.3)		2.2	
NPL ratio (%)	2.19	0.06		(0.01)	
NPL coverage (%)	221.1	(3.9)		9.6	

Contribution to the Group's profit



Corporate Centre

First quarter highlights

- **The corporate centre's objectives is to improve efficiency and contribute value-added to the operating units. It also carries out functions related to financial management and capital.**
- **In year-on-year terms, lower loss as a result of higher net interest income and reduced costs and provisions.**

Strategy and functions

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

- It makes the Group's governance more solid, through control frameworks and global supervision, and the taking of strategic decisions.
- It makes the Group's units more efficient, fostering the exchange of the best practices in management of costs and economies of scale. This enables us to be among the most efficient banks.
- By sharing the best commercial practices, launching global commercial initiatives and spurring digitalization, the corporate centre contributes to the Group's revenue growth.

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

- **Functions carried out by the Financial Management area:**
  - Structural management of liquidity risk associated with funding the Group's recurring activity, equity 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 funding sources (issues and others), maintaining an appropriate risk profile (volumes, maturities and costs). The price at which these operations with other Group units are carried out is the market rate (euribor or swap) plus the premium which, in the concept of liquidity, the Group bears for the immobilisation of funds during the life of the operation.
  - Active management of interest rate risk to soften the impact of interest rate changes on net interest income, conducted via derivatives of high credit quality, very liquid and low capital consumption.
  - Strategic management of the exposure to exchange rates on equity and dynamic in the countervalue of results in euros for the next 12 months of the units. Net investments in equity are currently covered by €19,825 million (Brazil, UK, Mexico, Chile, US, Poland and Norway) with various instruments (spot, fx or forwards).
- **Total management of capital and reserves:** assigning capital to each of the units.

Lastly, and marginally, Corporate Activities reflects the stakes of a financial nature that the Group has under its policy of optimizing investments.

Results

Loss of €311 million in the first quarter compared to one of €491 million in the same period of 2015, mainly due to:

- Gross income: the financial margin was in line with the average for 2015 and improving year-on-year, due to the lower cost of wholesale funding.
- Costs were €126 million, below the 2015 average, in line with streamlining and simplifying in 2015 the corporate centre's structures.
- Other income: reduced losses and taxes year-on-year.

Corporate Centre. € million

	1Q'16	4Q'15	% Var.	1Q'15	% Var.
Gross income	(223)	(32)	598.8	(230)	(2.8)
Net operating income	(349)	(144)	142.3	(372)	(6.1)
Ordinary attributable profit to the Group	(311)	(119)	161.9	(491)	(36.7)
Attributable profit to the Group	(311)	(1,554)	(80.0)	(491)	(36.7)

Retail Banking (on a currency-neutral basis)

First quarter highlights

- We continued to transform our commercial banking model into one that is increasingly more Simple, Personal and Fair.
- Focused on three main priorities: customer loyalty, digital transformation and operational excellence.
- The Group had 14.0 million loyal customers at the end of March and 17.8 million digital customers. Of note was the drive to develop digital channels.
- Attributable profit of €1,554 million, 7% less than in the first quarter of 2015.

Commercial activity

In order to have 18 million loyal customers and 30 million digital customers in 2018, the Retail Banking division continued the Group's commercial transformation at a brisk pace, focused on three main priorities: customer loyalty, digital transformation and operational excellence.

- The following contributed to the continuous improvement in **customer loyalty**, among others:
  - The **1l2l3 strategy** continued to be well received in Spain and Portugal, with the opening of 186,000 and 27,000 new accounts respectively. Also in the UK, where the account was launched four years ago, it keeps growing strongly.
  - The Network Banking project and the initiatives implemented to support our customers' international business, continued making progress at a good pace (Santander Trade, with over 45,000 users and 225,000 logins per month; the Club, with over 11,000 members, and the International Desk with more than 8,500 registered customers).
  - The roll out and consolidation of the ***NEO CRM*** **commercial tools** in various units, successfully installed in the US, Uruguay and Argentina, and the financial planner in Chile.
  - **New value proposals,** such as the agreement between Santander Mexico and Aeroméxico to launch an innovative credit card. Also noteworthy was the *Exprés card* in Brazil which received the 2015 Best Practices award from the Brazilian Association of Credit Card and Services Companies.
  - The magazine Euromoney chose Santander as the Best **Private Bank** in Portugal and Chile.
- Of in **digital transformation** was the implementation of *Biometrics*, the new online bank for companies in Spain and the first digital office in Argentina, the possibility to transfer money to a mobile number or make payments with a mobile phone in Poland, voice technology banking in the UK, the *Opción Seguro* in Portugal and an app to use the Bank's point-of-sale terminals in Brazil.
- Lastly, in order to improve customer satisfaction and experience, we are driving our **operational excellence,** including new processes that are simpler, more efficient and omni-channel, developed with *Agile* methodology. As a result, the bank ranked higher in customer satisfaction indices. Santander Spain was recognised in the first quarter of 2016 as the Best Bank in Quality of Service in Spain in the latest 2015 EQUOS study conduced by the independent consultancy Stiga.

Results

Attributable profit in the first quarter was €1,554 million, 7% less year-on-year. Good evolution of net interest income and fee income (+6% combined) not reflected in profits because of the sharp drop in gains on financial transactions (-47%) and higher costs.

Profit was 20% higher than in the fourth quarter of 2015. Good performance of gross income (contribution in the fourth quarter to the guarantee and resolution funds), costs and provisions.

Retail Banking. € million

		/ 4Q'15		/ 1Q'15	
	1Q'16	%	% w/o FX	%	% w/o FX
Gross income	9,552	0.2	3.7	(6.2)	3.7
Net operating income	5,060	5.6	8.6	(8.7)	0.6
Attributable profit to the Group	1,554	15.1	20.2	(14.1)	(6.6)
Loans w/o repos	684,191	(2.5)	0.6	(2.2)	4.6
Funds	695,301	(2.2)	0.4	(1.8)	5.0

Santander Global Corporate Banking (SGCB) (on a currency-neutral basis)

First quarter highlights

- **Reference positions in export finance, corporate loans and project finance, among others, in Europe and Latin America.**
- **Gross income rose 9% and costs improved following the investments made in 2015.**
- **Pre-tax profit rose 11%. After deducting tax and minority interests, attributable profit was €454 million (+8% year-on-year).**

Commercial activity and business performance

Of note in the first quarter were the following:

- ***Trade finance:*** growing demand for confirming products and receivable purchase programmes. Export finance continued to advance, supported by new customers in new markets and the success in the business development of project finance. The Group is a world reference (third in global league tables).
- ***Cash management:*** positive business evolution. Noteworthy transaction business and capturing funds. We won mandates, strengthening our Latin American and European leadership.
- ***Syndicated corporate loans:*** we continue to be the reference in Europe and Latin America. Of note was the support for Shire's $18bn bridge loan for the merger with Baxalta.
- In the ***debt capital markets,*** we took part in major operations, particularly the AB Inbev issues, in the US and European markets.
- In ***project finance,*** Santander is a leader in Spain and Latin America, developing traditional operations (SunPower in the US). We are also helping to transform the market with operations that are less capital intensive. Noteworthy were the placement of project bonds for Grupo Ferrovial (Ausol), the issuance of stock market certificates for a motorway concession in Mexico and refinancing of Itinere's corporate debt.
- ***Asset-based finance:*** good start to the year with the completion of asset finance operations in Asia and Spain. Business continued to be developed in the transport sector with leasing operations, energy efficiency and designing financing solutions for customers in the infrastructure sector.
- In ***markets,*** positive evolution of revenues from sales business, particularly in the corporate segment, with strong growth in Brazil and Spain. Reduced year-on-year contribution in management of books, in a complex environment.

Results

Results were spurred by the strength and diversification of customer revenues (87% of the total). The area accounted for 13% of the revenues of the Group's operational areas and 23% of attributable profit in the first quarter.

- Gross income grew 9%. Customer revenues rose 13% with all businesses performing well (*Global Markets: +27%; Financing Solutions & Advisory: +6%; Global Transaction Banking: +5%).*
- Operating expenses were lower following the investments made in 2015 in high potential markets, particularly in the UK, Spain and the US. Higher provisions, mainly in Spain and the US.

Gross income was 8% higher than in the fourth quarter and attributable profit 32%.

Santander Global Corporate Banking. € million

		/ 4Q'15		/ 1Q'15	
	1Q'16	%	% w/o FX	%	% w/o FX
Gross income	1,403	2.3	8.1	(3.6)	9.4
Net operating income	917	7.8	15.0	(0.9)	15.6
Attributable profit to the Group	454	23.1	32.1	(6.4)	7.7
Loans w/o repos	93,521	(0.5)	0.5	(5.9)	1.3
Funds	63,573	8.2	9.2	(7.6)	(0.4)

Corporate Governance

Institutional information

In order to encourage the informed participation of shareholders at the general meeting of shareholders on March 18, 2016, all the relevant reports of administrators and other documentation were published in the Group's website (www.santander.com), as well as the 2015 annual report and the reports of the auditing, appointments, remuneration, risk supervision, regulation and compliance committees.

These reports set out the main activities of the board and its committees in 2015, including detailed information on the rules and procedures upon which the Bank's corporate governance model is based.

General meeting of shareholders

- The Bank's general meeting of shareholders was held on March 18, which was attended (physically and represented) by 541,072 shareholders holding 8,318,158,012 shares (57.63% of the capital stock and hence a quorum).

- The agreements submitted to voting were approved on average by 93.49% of the votes cast (94.46% for the Bank's social management during 2015).

- The remuneration policy for directors for 2016, 2017 and 2018 was submitted to a binding vote and approved by 91.47% of votes. This policy covers the remuneration for being a director and for the executive functions carried out for these years. It envisages the fixed annual remuneration and its variation in the period to which the policy refers, as well as various parameters for setting the variable components of the remuneration. It also includes the main terms and conditions of executive directors' contracts.

- Investors and analysts viewed positively, among other things, the novelties introduced into directors' remuneration policy, such as simplifying the structure of the remuneration's variable components, improving the adjustments for risk ex ante of the variable remuneration, increasing the incidence of long-term elements and multi-annual measures of performance and combining more effectively the short- and long-term objectives.

- Among the agreements adopted at the meeting was the re-election as directors of Mr. Javier Botín-Sanz de Sautuola y O'Shea, Mr. Bruce Carnegie-Brown, Mr. Ángel Jado Becerro de Bengoa, Ms. Sol Daurella Comadrán and Ms. Isabel Tocino Biscarolasaga, the first one as a proprietary director and the rest independent directors. The ratification of the appointments of Mr. Ignacio Benjumea Cabeza de Vaca, as a non-executive director (neither proprietary nor independent), and Ms Belén Romana García, as an independent director, were also submitted to the meeting.

- Following these ratification and re-election agreements, for a period of three years, the board has 15 members, four of whom are executive directors and 11 non-executive, eight of which are independent, one proprietary and two neither proprietary nor independent.

- The meeting also agreed to appoint PricewaterhouseCoopers Auditores, S.L. as the external auditor in order to verify the annual financial statements and management report of the Bank and the consolidated Group for 2016, 2017 and 2018.

- Lastly, the meeting approved the proposals to modify certain precepts of the corporate Bylaws and the regulations of general meetings of shareholders in order to adapt them to the latest reforms and to the recommendations of the new code of good governance of listed companies, approved by the National Securities Market Commission on February 18, 2015.

Full information on the agreements adopted at the meeting can be found at www.santander.com

Corporate Social Responsibility

Grupo Santander continued to develop new initiatives under its commitment to corporate social responsibility:

Presence in sustainable indices and investors

- Banco Santander has been part of the FTSE4Good and DJSI indices since 2003 and 2000, respectively and continues to be so. They are the most important international indices for measuring the sustainable performance of companies.

- With a score of 84 out of 100, Banco Santander is recognised by Dow Jones as one of the world's best rated banks and the first in Spain. The main aspects best rated by Dow Jones were Santander's corporate policies in social and environmental matters, support programmes for society, the internal development plans for its employees, its commitment to the environment and management of risks and opportunities in climate change.

Investment in corporate social responsibility

- Santander published its 2015 Sustainability Report, verified by Deloitte, which highlights the main developments regarding the generation of value for employees, customers, shareholders and society.

- These achievements reaffirm the commitment to the objectives announced at the Investor Day of granting 130,000 scholarships and benefiting 4.5 million with support programmes between 2016 and 2018.

- In 2015, Santander invested €207 million in support programmes, of which €160 million went to the sphere of higher education to develop projects in more than 1,200 universities with whom the Bank has agreements via the Santander Universities programme.

- Santander assigned €47 million to programmes supporting nursery education, entrepreneurship, financial education, art and culture.

- Of note in the first quarter in the education sphere was the closing of the 5th edition of Santander apprenticeships in SMEs which enabled 22,500 students to work in these firms. This programme, to which the Bank has already assigned €40 million, is handled by Santander Universities together with Crue, Spanish universities and the Spanish Confederation of Small and Medium-sized companies (CEPYME).

- Among the Bank's other initiatives in investment in sustainability is "Santander Responsabilidad Conservador" managed by Santander Asset Management Spain, the delivery to Cáritas Spain of €5.1 million to help launch three projects in Spain and in the Democratic Republic of the Congo to support access to basic foods, training and employment, and insertion and protection of human rights among the disadvantaged groups.

- Lastly, the Bank continued to foster entrepreneurship via different programmes such as micro-credits that encourage the growth of small businesses that find it hard to get loans. These projects help the most deprived sectors get out of poverty. Santander is the leader in Brazil and a reference in other countries for micro-credit programmes. In 2015, 253,882 micro-entrepreneurs in Brazil, Chile and El Salvador were supported.

The Santander share

Shareholder remuneration

- Shareholders received in February the third dividend in cash charged to 2015's earnings of €0.05 per share.
- At the same time, the board agreed to pay a fourth dividend of €0.05 per share in cash as of May 1, 2016.
- The total remuneration per shareholder was €0.20 per share.

Performance of the Santander share

- The first quarter saw a lot of volatility in the markets mainly due to concern about the Chinese economy, the evolution of commodity prices, particularly oil, which hit a 12-year low at below $30 a barrel, doubts on the solvency of the financial sector and uncertainty on central banks' interest rate policies and stimulus measures.
- The Santander share price ended March at €3.874, 15.0% lower than at the end of 2015. The Ibex-35, Spain's benchmark index, fell 8.6%, the DJ Stoxx Banks 20.9% and the MSCI World Banks 8.8%.
- As we went to press, the Santander share was €4.526, up 16.8% so far in April. From the end of 2015, the variance was -0.7% (TSR: +0.6%).

Capitalisation and trading

- At the end of March, Santander was the largest bank in the euro zone by market capitalization (€55,919 million) and the 18th in the world.
- The share's weighting in the DJ Stoxx 50 was 1.8%, 7.0% in the DJ Stoxx Banks and 12.8% in the Ibex-35.
- A total of 8,503 million Santander shares were traded in the first quarter of 2016 with an effective value of €33,187 million, the highest among the EuroStoxx stocks, and a liquidity ratio of 59%. The number of shares traded daily was 137.2 million (€535.3 million).

Shareholder base

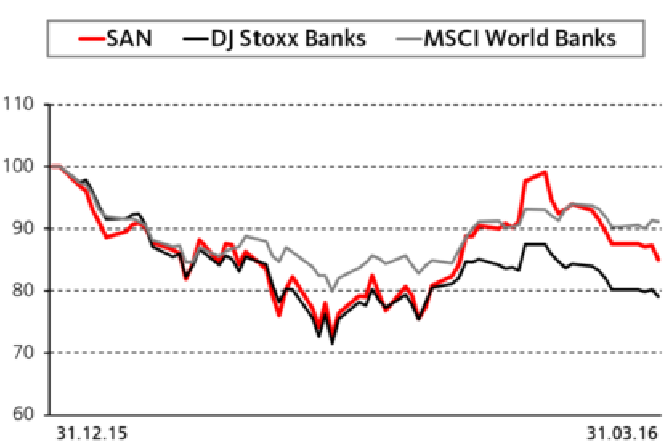
- The total number of shareholders at the end of March was 3,682,927, of which 3,467,386 were held by Europeans (82.54% of the capital stock) and 199,219 by those from the Americas (16.82%).
- Excluding the Group's board, which holds 1.26% of the capital, retail shareholders have 45.17% and institutional ones 53.57%

The Santander share. March 2016

Shareholders and trading data	
Shareholders (number)	3,682,927
Shares (number)	14,434,492,579
Average daily turnover (no. of shares)	137,152,484
Share liquidity (%) (Number of shares traded during the year / number of shares)	59
Price movements during the year	
Highest	4.569
Lowest	3.310
Last (31.03.16)	3.874
Market capitalisation (millions) (31.03.16)	55,919
Stock market indicators	
Price / Book value (X)	0.64
P/E ratio (X)	8.99
Yield* (%)	5.10

(*).- Remuneration 2015 / 1Q'16 average share price

Comparative performance of share prices



Financial information

APPENDIX

Quarterly income statement

€ million

	2015				2016
	1T	2T	3T	4T	1T
Net interest income	**8,038**	**8,281**	**7,983**	**7,888**	**7,624**
Net fees	2,524	2,586	2,474	2,448	2,397
Gains (losses) on financial transactions	695	372	634	684	504
Other operating income	186	379	225	(126)	204
Dividends	33	239	75	107	44
Income from equity-accounted method	99	101	93	82	83
Other operating income/expenses	53	39	57	(315)	78
Gross income	**11,444**	**11,618**	**11,316**	**10,894**	**10,730**
Operating expenses	(5,377)	(5,429)	(5,342)	(5,422)	(5,158)
General administrative expenses	(4,785)	(4,826)	(4,731)	(4,810)	(4,572)
Personnel	*(2,755)*	*(2,836)*	*(2,717)*	*(2,799)*	*(2,683)*
Other general administrative expenses	*(2,030)*	*(1,989)*	*(2,015)*	*(2,011)*	*(1,889)*
Depreciation and amortisation	(592)	(603)	(611)	(612)	(586)
Net operating income	**6,067**	**6,189**	**5,974**	**5,472**	**5,572**
Net loan-loss provisions	(2,563)	(2,508)	(2,479)	(2,558)	(2,408)
Impairment losses on other assets	(60)	(78)	(110)	(215)	(44)
Other income	(454)	(605)	(606)	(526)	(389)
Ordinary profit before taxes	**2,990**	**2,998**	**2,778**	**2,173**	**2,732**
Tax on profit	(922)	(939)	(787)	(471)	(810)
Ordinary profit from continuing operations	**2,067**	**2,059**	**1,991**	**1,702**	**1,922**
Net profit from discontinued operations	0	0	(0)	—	—
Ordinary consolidated profit	**2,067**	**2,059**	**1,991**	**1,702**	**1,922**
Minority interests	350	350	311	242	288
Ordinary attributable profit to the Group	**1,717**	**1,709**	**1,680**	**1,460**	**1,633**
Net capital gains and provisions	—	835	—	(1,435)	—
Attributable profit to the Group	**1,717**	**2,544**	**1,680**	**25**	**1,633**
Ordinary EPS (euros)	**0.12**	**0.12**	**0.11**	**0.10**	**0.11**
Ordinary diluted EPS (euros)	**0.12**	**0.12**	**0.11**	**0.10**	**0.11**

Net fees. Consolidated

€ million

	1Q'16	4Q'15	Var. %	1Q'15	Var. %
Fees from services	1,449	1,460	(0.8)	1,510	(4.0)
Mutual & pension funds	182	204	(10.8)	240	(24.1)
Securities and custody	224	217	3.5	216	4.1
Insurance	542	567	(4.3)	559	(3.1)
Net fee income	**2,397**	**2,448**	**(2.1)**	**2,524**	**(5.0)**

Operating expenses. Consolidated

€ million

	1Q'16	4Q'15	Var. %	1Q'15	Var. %
Personnel expenses	2,683	2,799	(4.1)	2,755	(2.6)
General expenses	1,889	2,011	(6.1)	2,030	(7.0)
Information technology	289	216	34.0	287	0.7
Communications	130	207	(37.5)	133	(2.6)
Advertising	146	205	(28.6)	156	(6.2)
Buildings and premises	437	417	4.9	475	(8.0)
Printed and office material	34	36	(6.2)	38	(10.4)
Taxes (other than profit tax)	119	136	(12.2)	134	(11.2)
Other expenses	733	794	(7.6)	806	(9.0)
Personnel and general expenses	**4,572**	**4,810**	**(4.9)**	**4,785**	**(4.5)**
Depreciation and amortisation	586	612	(4.3)	592	(1.0)
Total operating expenses	**5,158**	**5,422**	**(4.9)**	**5,377**	**(4.1)**

Operating means. Consolidated

	Employees			Branches		
	31.03.16	31.03.15	Var.	31.03.16	31.03.15	Var.
Continental Europe	**58,090**	**57,330**	**760**	**5,487**	**5,470**	**17**
o/w: Spain	24,204	24,405	(201)	3,433	3,511	(78)
Santander Consumer Finance	14,675	14,227	448	584	575	9
Poland	11,387	11,938	(551)	700	784	(84)
Portugal	6,579	5,441	1,138	752	584	168
United Kingdom	**26,084**	**26,290**	**(206)**	**854**	**921**	**(67)**
Latin America	**90,142**	**84,599**	**5,543**	**5,848**	**5,725**	**123**
o/w: Brazil	49,604	46,583	3,021	3,439	3,391	48
Mexico	17,869	16,973	896	1,386	1,350	36
Chile	12,468	12,128	340	471	476	(5)
USA	**18,229**	**16,918**	**1,311**	**773**	**804**	**(31)**
Operating areas	**192,545**	**185,137**	**7,408**	**12,962**	**12,920**	**42**
Corporate Centre	1,974	2,125	(151)			
Total Group	**194,519**	**187,262**	**7,257**	**12,962**	**12,920**	**42**

Net loan-loss provisions. Consolidated

€ million

	1Q'16	4Q'15	Var. %	1Q'15	Var. %
Non-performing loans	2,771	2,803	(1.2)	2,906	(4.6)
Country-risk	(3)	(21)	(85.7)	1	—
Recovery of written-off assets	(360)	(224)	60.6	(343)	4.7
Total	**2,408**	**2,558**	**(5.9)**	**2,563**	**(6.0)**

Customer loans. Consolidated

€ million

	31.03.16	31.03.15	Variation amount	%	31.12.15
Spanish Public sector	14,624	17,392	(2,768)	(15.9)	13,993
Other residents	151,697	155,846	(4,149)	(2.7)	153,863
Commercial bills	8,034	8,188	(153)	(1.9)	9,037
Secured loans	90,803	96,271	(5,468)	(5.7)	92,478
Other loans	52,859	51,387	1,472	2.9	52,348
Non-resident sector	633,286	648,820	(15,534)	(2.4)	649,509
Secured loans	391,505	403,085	(11,580)	(2.9)	409,136
Other loans	241,781	245,736	(3,954)	(1.6)	240,373
Gross customer loans	**799,607**	**822,059**	**(22,452)**	**(2.7)**	**817,366**
Loan-loss allowances	26,155	28,094	(1,939)	(6.9)	26,517
Net customer loans	**773,452**	**793,965**	**(20,513)**	**(2.6)**	**790,848**
Pro memoria: Doubtful loans	35,281	40,711	(5,430)	(13.3)	36,133
Public sector	107	169	(62)	(36.5)	145
Other residents	15,608	19,327	(3,720)	(19.2)	16,301
Non-resident sector	19,566	21,215	(1,649)	(7.8)	19,686

Managed and marketed customer funds. Consolidated

€ million

	31.03.16	31.03.15	Variation amount	%	31.12.15
Resident public sector	8,248	12,706	(4,458)	(35.1)	11,737
Other residents	156,886	163,702	(6,816)	(4.2)	157,611
Demand deposits	109,269	94,580	14,689	15.5	108,410
Time deposits	45,908	65,118	(19,210)	(29.5)	47,297
Other	1,709	4,005	(2,295)	(57.3)	1,904
Non-resident sector	505,473	510,954	(5,481)	(1.1)	513,775
Demand deposits	305,319	299,008	6,311	2.1	313,175
Time deposits	141,170	156,089	(14,919)	(9.6)	146,317
Other	58,983	55,856	3,127	5.6	54,283
Customer deposits	**670,607**	**687,362**	**(16,755)**	**(2.4)**	**683,122**
Debt securities	200,829	208,312	(7,483)	(3.6)	205,029
Subordinated debt	20,784	19,746	1,038	5.3	21,153
On-balance-sheet customer funds	**892,220**	**915,419**	**(23,200)**	**(2.5)**	**909,304**
Mutual funds	129,899	135,254	(5,355)	(4.0)	129,077
Pension funds	11,103	11,960	(857)	(7.2)	11,376
Managed portfolios	24,748	28,541	(3,793)	(13.3)	25,808
Other managed and marketed customer funds	**165,750**	**175,755**	**(10,005)**	**(5.7)**	**166,260**
Managed and marketed customer funds	**1,057,969**	**1,091,174**	**(33,205)**	**(3.0)**	**1,075,565**

Eligible capital (fully loaded)

€ million

	31.03.16	31.03.15	Variation amount	%	31.12.15
Capital stock and reserves	101,763	98,558	3,205	3.3	98,193
Attributable profit	1,633	1,717	(84)	(4.9)	5,966
Dividends	(609)	(576)	(33)	5.6	(2,268)
Other retained earnings	(17,455)	(8,418)	(9,038)	107.4	(15,448)
Minority interests	6,190	4,829	1,361	28.2	6,148
Goodwill and intangible assets	(27,590)	(30,303)	2,713	(9.0)	(28,254)
Treasury stock and other deductions	(5,184)	(6,057)	872	(14.4)	(5,633)
Core CET1	**58,748**	**59,750**	**(1,003)**	**(1.7)**	**58,705**
Preferred shares and other eligible T1	5,494	4,902	591	12.1	5,504
Tier 1	**64,241**	**64,652**	**(411)**	**(0.6)**	**64,209**
Generic funds and eligible T2 instruments	11,410	9,646	1,764	18.3	11,996
Eligible capital	**75,651**	**74,299**	**1,353**	**1.8**	**76,205**
Risk-weighted assets	571,916	617,574	(45,658)	(7.4)	583,893
CET1 capital ratio	**10.27**	**9.67**	**0.60**		**10.05**
T1 capital ratio	**11.23**	**10.47**	**0.76**		**11.00**
BIS ratio	**13.23**	**12.03**	**1.20**		**13.05**

Continental Europe

€ million

Income statement	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Net interest income	**2,046**	**4.6**	**5.1**	**(0.5)**	**0.6**
Net fees	878	4.3	4.7	4.2	4.8
Gains (losses) on financial transactions	307	(17.3)	(17.3)	(24.2)	(23.7)
Other operating income*	103	—	—	(2.9)	(3.1)
Gross income	**3,333**	**13.0**	**13.4**	**(2.2)**	**(1.4)**
Operating expenses	(1,726)	1.5	1.9	3.4	4.1
General administrative expenses	(1,615)	1.5	1.9	3.5	4.2
Personnel	*(825)*	*1.5*	*1.9*	*3.2*	*4.0*
Other general administrative expenses	*(789)*	*1.5*	*1.8*	*3.7*	*4.4*
Depreciation and amortisation	(111)	2.1	2.5	1.7	2.4
Net operating income	**1,608**	**28.5**	**29.1**	**(7.6)**	**(6.7)**
Net loan-loss provisions	(437)	31.8	32.4	(31.5)	(31.0)
Other income	(114)	(60.7)	(60.6)	(17.9)	(17.8)
Profit before taxes	**1,057**	**68.0**	**68.9**	**9.7**	**11.1**
Tax on profit	(281)	58.7	59.3	11.8	13.0
Profit from continuing operations	**776**	**71.7**	**72.6**	**9.0**	**10.4**
Net profit from discontinued operations	—	—	—	(100.0)	(100.0)
Consolidated profit	**776**	**71.7**	**72.6**	**9.0**	**10.4**
Minority interests	69	16.7	17.2	(3.4)	(1.3)
Attributable profit to the Group	**706**	**80.0**	**81.0**	**10.4**	**11.7**

Balance sheet	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Customer loans**	289,694	0.8	0.8	3.5	4.2
Trading portfolio (w/o loans)	65,000	8.1	8.1	(14.7)	(14.6)
Available-for-sale financial assets	57,583	(5.5)	(5.4)	(5.1)	(4.6)
Due from credit institutions**	84,247	2.9	3.2	6.2	6.5
Intangible assets and property and equipment	11,780	(0.2)	0.4	4.8	5.3
Other assets	35,203	(4.0)	(2.8)	26.4	28.6
Total assets/liabilities & shareholders' equity	**543,507**	**0.9**	**1.0**	**1.5**	**2.2**
Customer deposits**	266,841	1.3	1.3	(0.5)	(0.1)
Marketable debt securities**	50,614	(0.6)	(0.8)	2.2	2.7
Subordinated debt**	172	1.4	1.3	(61.0)	(59.6)
Insurance liabilities	655	4.7	4.7	(2.2)	(2.2)
Due to credit institutions**	125,497	(5.4)	(4.9)	10.9	12.0
Other liabilities	65,840	13.0	13.0	(9.7)	(9.4)
Stockholders' equity ***	33,889	4.2	4.4	11.8	13.0
Other managed and marketed customer funds	**70,481**	**(1.3)**	**(1.2)**	**(2.9)**	**(2.6)**
Mutual and pension funds	62,254	(0.7)	(0.7)	(1.9)	(1.6)
Managed portfolios	8,227	(5.7)	(5.3)	(10.1)	(9.1)
Managed and marketed customer funds	**388,108**	**0.6**	**0.5**	**(0.7)**	**(0.2)**

Ratios (%) and operating means	1Q'16	/ 4Q'15	/ 1Q'15
RoTE	8.64	3.71	(0.11)
Efficiency ratio (with amortisations)	51.8	(5.8)	2.8
NPL ratio	7.08	(0.19)	(1.44)
NPL coverage	65.4	1.2	6.8
Number of employees	58,090	0.1	1.3
Number of branches	5,487	(1.1)	0.3

(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

Activity performance

y-o-y % (Mar'16 / Mar'15 w/o FX)

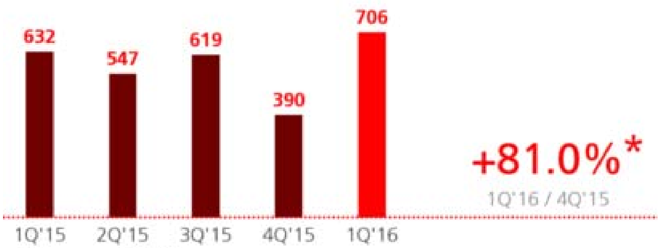
(*) Customer deposits + mutual funds

Activity performance

q-o-q % (Mar'16 / Dec'15 w/o FX)

Attributable profit

€ million (currency-neutral basis)



(*) In euros: +80.0%

Spain

€ million

Income statement	1Q'16	% / 4Q'15	% / 1Q'15
Net interest income	**819**	**5.1**	**(14.4)**
Net fees	424	1.2	2.5
Gains (losses) on financial transactions	224	9.5	(25.7)
Other operating income*	75	—	(1.7)
Gross income	**1,543**	**24.6**	**(11.8)**
Operating expenses	(837)	(2.7)	(2.2)
General administrative expenses	(801)	(2.8)	(1.2)
Personnel	*(415)*	*(0.3)*	*(1.2)*
Other general administrative expenses	*(386)*	*(5.4)*	*(1.2)*
Depreciation and amortisation	(36)	0.3	(20.2)
Net operating income	**706**	**86.6**	**(21.0)**
Net loan-loss provisions	(231)	47.6	(37.0)
Other income	(37)	(58.0)	(15.7)
Profit before taxes	**438**	**228.3**	**(9.3)**
Tax on profit	(126)	269.6	(8.9)
Profit from continuing operations	**312**	**214.1**	**(9.5)**
Net profit from discontinued operations	—	—	—
Consolidated profit	**312**	**214.1**	**(9.5)**
Minority interests	5	(11.9)	1.4
Attributable profit to the Group	**307**	**227.3**	**(9.6)**

Balance sheet			
Customer loans**	154,848	(0.2)	(1.8)
Trading portfolio (w/o loans)	62,233	8.4	(14.4)
Available-for-sale financial assets	40,743	(7.5)	(12.0)
Due from credit institutions**	61,506	8.5	2.2
Intangible assets and property and equipment	2,635	(8.3)	(8.0)
Other assets	12,847	18.7	59.3
Total assets/liabilities & shareholders' equity	**334,813**	**2.4**	**(3.7)**
Customer deposits**	176,049	0.7	(7.2)
Marketable debt securities**	23,103	3.8	(16.4)
Subordinated debt**	2	—	—
Insurance liabilities	542	1.0	(4.3)
Due to credit institutions**	67,352	(2.4)	19.0
Other liabilities	54,500	14.7	(12.2)
Stockholders' equity ***	13,264	2.7	18.7
Other managed and marketed customer funds	**63,236**	**(1.1)**	**0.1**
Mutual and pension funds	56,641	(0.7)	(0.5)
Managed portfolios	6,594	(4.6)	5.6
Managed and marketed customer funds	**262,390**	**0.5**	**(6.5)**

Ratios (%) and operating means			
RoTE	9.47	6.55	(2.60)
Efficiency ratio (with amortisations)	54.2	(15.2)	5.3
NPL ratio	6.36	(0.17)	(0.89)
NPL coverage	50.2	2.1	3.6
Number of employees	24,204	(0.0)	(0.8)
Number of branches	3,433	(1.0)	(2.2)

(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

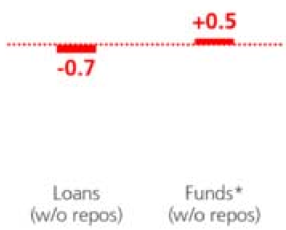
Activity performance

y-o-y % (Mar'16 / Mar'15)

(*) Customer deposits + mutual funds

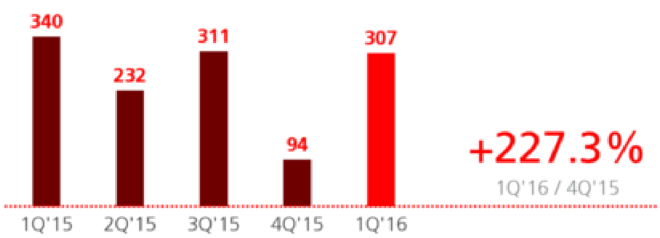
Activity performance

q-o-q % (Mar'16 / Dec'15)



Attributable profit

€ million



Santander Consumer Finance

€ million

Income statement	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Net interest income	**811**	**0.8**	**1.4**	**11.2**	**13.5**
Net fees	230	5.7	6.0	4.7	5.2
Gains (losses) on financial transactions	(1)	(78.2)	(77.3)	—	—
Other operating income*	6	—	—	(42.2)	(42.4)
Gross income	**1,045**	**4.8**	**5.3**	**9.0**	**10.9**
Operating expenses	(483)	3.4	4.0	14.6	16.5
General administrative expenses	(435)	3.2	3.8	13.3	15.2
Personnel	*(201)*	*4.4*	*4.9*	*12.3*	*14.4*
Other general administrative expenses	*(234)*	*2.1*	*2.8*	*14.2*	*15.9*
Depreciation and amortisation	(48)	5.4	6.0	28.0	29.0
Net operating income	**562**	**6.0**	**6.5**	**4.6**	**6.5**
Net loan-loss provisions	(114)	17.8	18.3	(31.9)	(30.7)
Other income	(39)	(23.3)	(22.8)	73.2	74.4
Profit before taxes	**410**	**6.9**	**7.3**	**17.8**	**20.0**
Tax on profit	(117)	4.5	4.6	21.3	23.4
Profit from continuing operations	**293**	**7.9**	**8.4**	**16.5**	**18.8**
Net profit from discontinued operations	—	—	—	(100.0)	(100.0)
Consolidated profit	**293**	**7.9**	**8.4**	**16.5**	**18.8**
Minority interests	42	18.8	18.8	32.2	33.0
Attributable profit to the Group	**251**	**6.3**	**6.9**	**14.3**	**16.7**

Balance sheet	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Customer loans**	76,235	3.4	3.1	11.0	12.4
Trading portfolio (w/o loans)	34	(63.7)	(64.1)	11.8	19.6
Available-for-sale financial assets	3,624	(0.8)	(1.4)	223.0	237.3
Due from credit institutions**	4,034	(5.1)	(5.6)	(27.3)	(26.2)
Intangible assets and property and equipment	672	(2.9)	(3.0)	(13.7)	(13.3)
Other assets	4,647	(24.2)	(24.3)	10.1	10.9
Total assets/liabilities & shareholders' equity	**89,247**	**0.8**	**0.5**	**11.0**	**12.5**
Customer deposits**	33,195	1.8	1.6	7.1	8.2
Marketable debt securities**	22,363	(3.9)	(4.2)	18.2	19.8
Subordinated debt**	70	0.4	0.4	1.5	1.5
Insurance liabilities	—	—	—	—	—
Due to credit institutions**	20,707	1.9	1.6	13.2	15.6
Other liabilities	4,640	7.3	7.1	8.6	9.4
Stockholders' equity ***	8,271	4.0	3.6	5.2	6.8
Other managed and marketed customer funds	**7**	**(1.1)**	**(1.1)**	**(2.9)**	**(2.9)**
Mutual and pension funds	7	(1.1)	(1.1)	(2.9)	(2.9)
Managed portfolios	—	—	—	—	—
Managed and marketed customer funds	**55,635**	**(0.6)**	**(0.8)**	**11.3**	**12.5**

Ratios (%) and operating means	1Q'16	/ 4Q'15	/ 1Q'15
RoTE	12.83	0.64	0.50
Efficiency ratio (with amortisations)	46.2	(0.6)	2.3
NPL ratio	3.28	(0.14)	(1.24)
NPL coverage	111.9	2.8	8.3
Number of employees	14,675	1.0	3.1
Number of branches	584	(0.7)	1.6

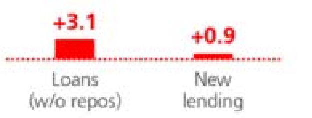
(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

Activity performance

y-o-y % (Mar'16 / Mar'15 w/o FX)

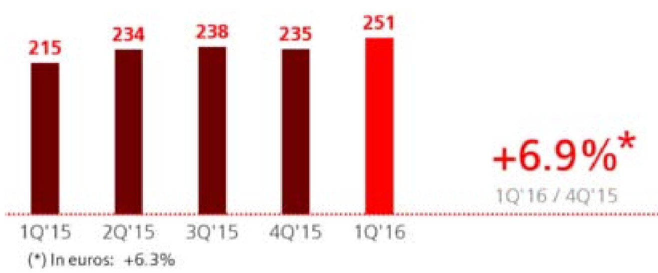
Activity performance

q-o-q % (Mar'16 / Dec'15 w/o FX)



Attributable profit

€ million (currency-neutral basis)



Poland

€ million

Income statement	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Net interest income	**197**	**(3.0)**	**(0.6)**	**3.0**	**7.2**
Net fees	96	(12.0)	(9.8)	(4.4)	(0.5)
Gains (losses) on financial transactions	25	10.9	12.8	(53.8)	(51.9)
Other operating income*	(6)	(85.0)	(84.3)	39.9	45.6
Gross income	**311**	**6.5**	**8.7**	**(8.6)**	**(4.9)**
Operating expenses	(145)	1.2	3.5	(3.9)	0.0
General administrative expenses	(131)	(1.0)	1.2	(5.8)	(2.0)
Personnel	*(74)*	*(8.8)*	*(6.6)*	*(8.9)*	*(5.2)*
Other general administrative expenses	*(57)*	*11.3*	*13.6*	*(1.4)*	*2.6*
Depreciation and amortisation	(14)	29.1	32.0	18.9	23.8
Net operating income	**166**	**11.6**	**13.8**	**(12.4)**	**(8.8)**
Net loan-loss provisions	(33)	(24.2)	(22.4)	(15.5)	(12.1)
Other income	(22)	496.4	521.8	—	—
Profit before taxes	**111**	**9.2**	**11.0**	**(26.0)**	**(23.0)**
Tax on profit	(23)	(7.1)	(5.0)	(16.9)	(13.5)
Profit from continuing operations	**88**	**14.3**	**16.1**	**(28.0)**	**(25.1)**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**88**	**14.3**	**16.1**	**(28.0)**	**(25.1)**
Minority interests	24	18.5	20.2	(29.4)	(26.5)
Attributable profit to the Group	**64**	**12.9**	**14.6**	**(27.5)**	**(24.5)**
Balance sheet					
Customer loans**	19,616	3.4	3.2	7.2	11.7
Trading portfolio (w/o loans)	858	(4.0)	(4.1)	(31.8)	(28.9)
Available-for-sale financial assets	5,515	3.9	3.8	3.0	7.3
Due from credit institutions**	789	(36.7)	(36.8)	(35.5)	(32.8)
Intangible assets and property and equipment	252	(2.9)	(3.0)	4.7	9.2
Other assets	1,519	(37.5)	(37.6)	(29.9)	(27.0)
Total assets/liabilities & shareholders' equity	**28,549**	**(1.9)**	**(2.1)**	**0.0**	**4.2**
Customer deposits**	21,329	(0.6)	(0.8)	4.1	8.5
Marketable debt securities**	447	12.1	12.0	85.8	93.6
Subordinated debt**	100	0.3	0.1	(73.0)	(71.9)
Insurance liabilities	—	—	—	—	—
Due to credit institutions**	670	(41.9)	(41.9)	(47.2)	(45.0)
Other liabilities	3,426	(2.5)	(2.7)	(9.5)	(5.7)
Stockholders' equity ***	2,577	3.6	3.5	7.3	11.8
Other managed and marketed customer funds	**3,249**	**1.2**	**1.1**	**(18.0)**	**(14.5)**
Mutual and pension funds	3,158	1.7	1.5	(17.2)	(13.7)
Managed portfolios	91	(11.4)	(11.5)	(38.0)	(35.3)
Managed and marketed customer funds	**25,125**	**(0.2)**	**(0.3)**	**0.3**	**4.5**
Ratios (%) and operating means					
RoTE	10.71	0.98		(4.97)	
Efficiency ratio (with amortisations)	46.6	(2.4)		2.3	
NPL ratio	5.93	(0.37)		(1.40)	
NPL coverage	67.0	3.0		5.4	
Number of employees	11,387	(0.8)		(4.6)	
Number of branches	700	(3.2)		(10.7)	

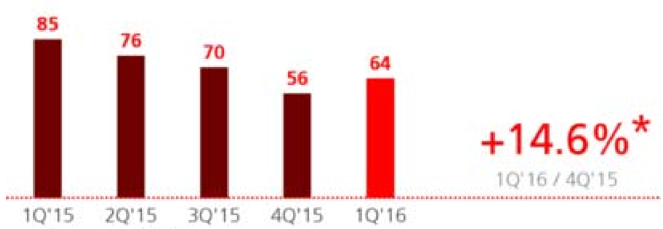
(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

Activity performance
y-o-y % (Mar'16 / Mar'15 w/o FX)

(*) Customer deposits + mutual funds

Activity performance
q-o-q % (Mar'16 / Dec'15 w/o FX)

Attributable profit
€ million (currency-neutral basis)



(*) In euros: +12.9%

Portugal

€ million

Income statement	1Q'16	% / 4Q'15	% / 1Q'15
Net interest income	**183**	**32.1**	**28.4**
Net fees	90	46.5	32.2
Gains (losses) on financial transactions	54	(56.4)	263.0
Other operating income*	10	—	(19.1)
Gross income	**337**	**5.9**	**41.5**
Operating expenses	(154)	23.1	24.8
General administrative expenses	(145)	25.0	27.2
Personnel	*(88)*	*16.7*	*22.5*
Other general administrative expenses	*(57)*	*40.2*	*35.2*
Depreciation and amortisation	(9)	(1.0)	(4.9)
Net operating income	**183**	**(5.2)**	**59.6**
Net loan-loss provisions	(22)	356.0	2.1
Other income	(2)	(77.1)	(89.2)
Profit before taxes	**158**	**(11.2)**	**121.3**
Tax on profit	(37)	(36.9)	120.5
Profit from continuing operations	**122**	**1.3**	**121.5**
Net profit from discontinued operations	—	—	—
Consolidated profit	**122**	**1.3**	**121.5**
Minority interests	1	26.9	149.1
Attributable profit to the Group	**121**	**1.2**	**121.4**

Balance sheet			
Customer loans**	27,655	(2.0)	20.0
Trading portfolio (w/o loans)	1,761	4.9	(18.5)
Available-for-sale financial assets	6,158	(9.4)	(10.5)
Due from credit institutions**	2,936	19.1	35.1
Intangible assets and property and equipment	702	(2.5)	0.2
Other assets	8,435	(12.9)	44.0
Total assets/liabilities & shareholders' equity	**47,647**	**(3.9)**	**16.7**
Customer deposits**	29,146	(0.1)	23.9
Marketable debt securities**	4,700	(5.9)	72.1
Subordinated debt**	(0)	127.0	(90.7)
Insurance liabilities	45	131.8	53.1
Due to credit institutions**	9,643	(14.7)	(12.7)
Other liabilities	1,183	(12.4)	33.3
Stockholders' equity ***	2,929	7.6	13.0
Other managed and marketed customer funds	**2,745**	**(3.4)**	**(4.4)**
Mutual and pension funds	2,346	(3.3)	(5.8)
Managed portfolios	399	(3.9)	5.4
Managed and marketed customer funds	**36,591**	**(1.1)**	**25.6**

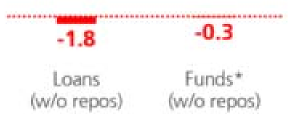
Ratios (%) and operating means			
RoTE	17.21	(2.42)	8.24
Efficiency ratio (with amortisations)	45.7	6.4	(6.1)
NPL ratio	8.55	1.09	(0.41)
NPL coverage	87.7	(11.3)	35.3
Number of employees	6,579	0.2	20.9
Number of branches	752	—	28.8

(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

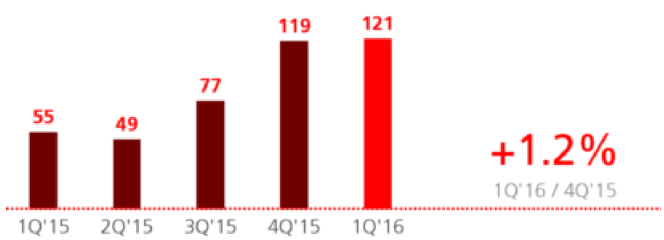
Activity performance
y-o-y % (Mar'16 / Mar'15)

(*) Customer deposits + mutual funds

Activity performance
q-o-q % (Mar'16 / Dec'15)



Attributable profit
€ million



United Kingdom

€ million

		/ 4Q'15		/ 1Q'15	
Income statement	**1Q'16**	**%**	**% w/o FX**	**%**	**% w/o FX**
Net interest income	**1,154**	**(7.7)**	**(1.5)**	**(3.3)**	**0.2**
Net fees	280	16.8	24.8	(2.3)	1.3
Gains (losses) on financial transactions	68	(32.0)	(27.6)	12.9	17.1
Other operating income*	11	13.6	21.4	10.7	14.8
Gross income	**1,513**	**(5.5)**	**0.9**	**(2.4)**	**1.2**
Operating expenses	(794)	(6.2)	0.2	(3.6)	(0.0)
General administrative expenses	(718)	(3.2)	3.3	(4.1)	(0.6)
Personnel	*(371)*	*(4.1)*	*2.4*	*(6.4)*	*(2.9)*
Other general administrative expenses	*(346)*	*(2.3)*	*4.3*	*(1.6)*	*2.0*
Depreciation and amortisation	(76)	(27.0)	(22.2)	1.7	5.4
Net operating income	**719**	**(4.7)**	**1.8**	**(1.1)**	**2.6**
Net loan-loss provisions	(7)	(68.9)	(66.8)	(91.4)	(91.1)
Other income	(59)	(50.1)	(46.8)	5.8	9.8
Profit before taxes	**654**	**6.2**	**13.4**	**9.7**	**13.8**
Tax on profit	(192)	47.3	57.3	64.1	70.2
Profit from continuing operations	**462**	**(4.8)**	**1.6**	**(3.5)**	**0.1**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**462**	**(4.8)**	**1.6**	**(3.5)**	**0.1**
Minority interests	9	(9.0)	(2.9)	18.1	22.5
Attributable profit to the Group	**453**	**(4.7)**	**1.7**	**(3.9)**	**(0.3)**
Balance sheet					
Customer loans**	267,628	(5.3)	2.1	(4.2)	4.3
Trading portfolio (w/o loans)	36,151	(9.9)	(2.9)	(15.6)	(8.2)
Available-for-sale financial assets	11,801	(3.9)	3.6	(8.8)	(0.7)
Due from credit institutions**	18,019	16.6	25.7	(9.4)	(1.4)
Intangible assets and property and equipment	2,787	(7.9)	(0.6)	(9.9)	(2.0)
Other assets	28,164	(4.8)	2.7	(19.0)	(11.8)
Total assets/liabilities & shareholders' equity	**364,549**	**(4.9)**	**2.6**	**(7.2)**	**1.0**
Customer deposits**	217,282	(6.3)	1.0	(1.5)	7.2
Marketable debt securities**	71,430	1.9	9.8	(9.1)	(1.1)
Subordinated debt**	5,184	25.6	35.5	(10.4)	(2.5)
Insurance liabilities	—	—	—	—	—
Due to credit institutions**	15,210	(35.6)	(30.5)	(42.1)	(37.0)
Other liabilities	37,176	2.8	10.9	(18.7)	(11.5)
Stockholders' equity ***	18,268	6.4	14.7	15.3	25.5
Other managed and marketed customer funds	**8,784**	**(9.5)**	**(2.4)**	**(16.1)**	**(8.7)**
Mutual and pension funds	8,661	(9.4)	(2.3)	(16.0)	(8.6)
Managed portfolios	124	(11.1)	(4.2)	(20.7)	(13.7)
Managed and marketed customer funds	**302,681**	**(4.2)**	**3.3**	**(4.1)**	**4.4**
Ratios (%) and operating means					
RoTE	10.15	(0.65)		(1.78)	
Efficiency ratio (with amortisations)	52.4	(0.4)		(0.6)	
NPL ratio	1.49	(0.03)		(0.26)	
NPL coverage	36.5	(1.7)		(4.7)	
Number of employees	26,084	0.8		(0.8)	
Number of branches	854	(0.5)		(7.3)	

(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

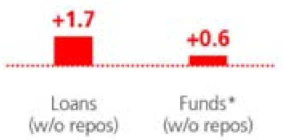
Activity performance

y-o-y % (Mar'16 / Mar'15 w/o FX)

(*) Customer deposits + mutual funds

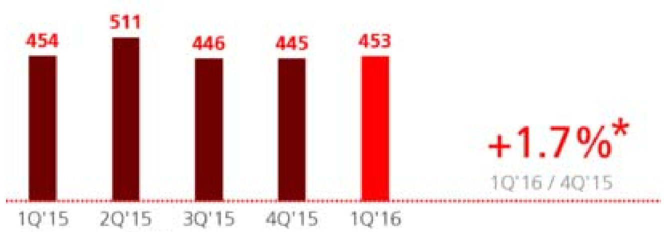
Activity performance

q-o-q % (Mar'16 / Dec'15 w/o FX)



Attributable profit

€ million (currency-neutral basis)



(*) In euros: -4.7%

Latin America

€ million

Income statement	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Net interest income	**3,044**	**(6.7)**	**(1.3)**	**(14.1)**	**10.6**
Net fees	961	(11.5)	(3.9)	(15.3)	10.9
Gains (losses) on financial transactions	141	136.7	163.7	(15.9)	3.3
Other operating income*	(7)	(45.0)	15.6	289.0	528.9
Gross income	**4,139**	**(5.8)**	**0.2**	**(14.6)**	**10.3**
Operating expenses	(1,736)	(10.4)	(3.3)	(15.2)	9.9
General administrative expenses	(1,584)	(11.1)	(4.1)	(15.0)	10.1
Personnel	*(868)*	*(11.2)*	*(4.5)*	*(13.3)*	*12.1*
Other general administrative expenses	*(716)*	*(10.9)*	*(3.5)*	*(17.0)*	*7.8*
Depreciation and amortisation	(151)	(2.7)	4.7	(17.0)	7.6
Net operating income	**2,404**	**(2.3)**	**3.0**	**(14.1)**	**10.6**
Net loan-loss provisions	(1,105)	(13.2)	(7.9)	(8.7)	17.0
Other income	(189)	23.8	19.9	(7.2)	26.0
Profit before taxes	**1,110**	**7.4**	**13.6**	**(19.9)**	**2.8**
Tax on profit	(269)	21.5	25.3	(32.9)	(12.5)
Profit from continuing operations	**841**	**3.5**	**10.3**	**(14.7)**	**9.0**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**841**	**3.5**	**10.3**	**(14.7)**	**9.0**
Minority interests	137	15.1	17.9	(5.2)	14.8
Attributable profit to the Group	**703**	**1.5**	**8.9**	**(16.3)**	**7.9**

Balance sheet	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Customer loans**	131,830	(1.0)	(1.8)	(10.1)	6.6
Trading portfolio (w/o loans)	36,152	7.4	7.2	3.9	22.8
Available-for-sale financial assets	27,032	4.3	2.8	(12.8)	4.0
Due from credit institutions**	23,305	6.3	5.2	(9.5)	6.8
Intangible assets and property and equipment	3,549	0.8	0.0	(13.8)	5.7
Other assets	50,960	2.5	0.6	17.8	40.9
Total assets/liabilities & shareholders' equity	**272,829**	**1.8**	**0.8**	**(4.5)**	**13.5**
Customer deposits**	125,348	2.4	2.1	(7.7)	10.4
Marketable debt securities**	32,972	(0.6)	(3.4)	(4.6)	11.5
Subordinated debt**	6,347	(0.1)	(2.7)	(5.9)	10.2
Insurance liabilities	1	(14.6)	(18.5)	11.6	31.5
Due to credit institutions**	41,879	(1.2)	(2.4)	9.0	28.5
Other liabilities	44,863	2.3	1.0	(6.2)	11.1
Stockholders' equity ***	21,418	8.8	8.0	(3.7)	15.1
Other managed and marketed customer funds	**68,191**	**3.8**	**1.2**	**(2.7)**	**14.9**
Mutual and pension funds	63,275	3.6	1.0	(2.5)	15.3
Managed portfolios	4,916	7.0	3.6	(4.6)	10.4
Managed and marketed customer funds	**232,858**	**2.3**	**0.9**	**(5.8)**	**11.9**

Ratios (%) and operating means	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
RoTE	14.31	0.15		(0.98)	
Efficiency ratio (with amortisations)	41.9	(2.1)		(0.3)	
NPL ratio	4.88	(0.08 P.)		0.24	
NPL coverage	79.7	0.7 P.		(3.9)	
Number of employees	90,142	0.4		6.6	
Number of branches	5,848	0.1		2.1	

(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

Activity performance

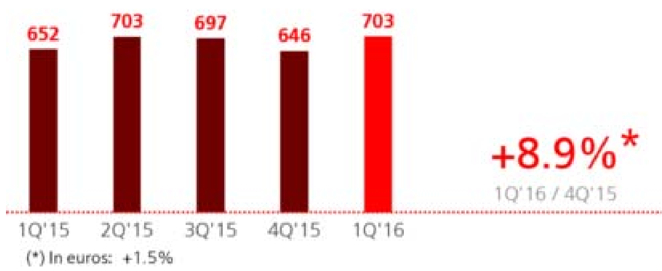
y-o-y % (Mar'16 / Mar'15 w/o FX)

Activity performance

q-o-q % (Mar'16 / Dec'15 w/o FX)

Attributable profit

€ million (currency-neutral basis)



Brazil
€ million

Income statement	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Net interest income	**1,793**	**(5.8)**	**(3.2)**	**(20.5)**	**6.3**
Net fees	573	(9.3)	(6.1)	(19.1)	8.1
Gains (losses) on financial transactions	3	—	—	(89.6)	(86.1)
Other operating income*	13	(21.0)	(29.1)	(37.2)	(16.1)
Gross income	**2,381**	**(4.7)**	**(2.3)**	**(20.8)**	**5.8**
Operating expenses	(947)	(10.6)	(7.5)	(20.2)	6.6
General administrative expenses	(857)	(12.4)	(9.1)	(19.8)	7.2
Personnel	*(473)*	*(11.6)*	*(8.2)*	*(17.7)*	*9.9*
Other general administrative expenses	*(384)*	*(13.3)*	*(10.1)*	*(22.2)*	*4.0*
Depreciation and amortisation	(90)	11.4	11.5	(24.0)	1.5
Net operating income	**1,434**	**(0.3)**	**1.4**	**(21.2)**	**5.3**
Net loan-loss provisions	(720)	(13.2)	(9.4)	(12.9)	16.4
Other income	(177)	17.1	14.2	(15.2)	13.4
Profit before taxes	**536**	**17.4**	**15.8**	**(31.6)**	**(8.7)**
Tax on profit	(137)	28.5	22.5	(45.7)	(27.5)
Profit from continuing operations	**399**	**14.1**	**13.7**	**(25.0)**	**0.3**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**399**	**14.1**	**13.7**	**(25.0)**	**0.3**
Minority interests	41	22.1	19.2	(25.8)	(0.9)
Attributable profit to the Group	**359**	**13.2**	**13.1**	**(24.8)**	**0.4**
Balance sheet					
Customer loans**	60,470	0.4	(4.1)	(16.6)	(1.8)
Trading portfolio (w/o loans)	15,620	16.9	11.6	6.1	25.0
Available-for-sale financial assets	16,072	1.6	(2.9)	(30.3)	(17.9)
Due from credit institutions**	9,607	(9.3)	(13.4)	(15.4)	(0.3)
Intangible assets and property and equipment	2,368	3.8	(0.8)	(11.8)	3.9
Other assets	37,977	4.8	0.0	28.2	51.0
Total assets/liabilities & shareholders' equity	**142,114**	**2.6**	**(2.0)**	**(7.7)**	**8.7**
Customer deposits**	59,737	5.5	0.7	(8.4)	7.9
Marketable debt securities**	22,248	1.2	(3.4)	(1.5)	16.0
Subordinated debt**	4,220	0.8	(3.8)	(5.6)	11.2
Insurance liabilities	1	(14.6)	(18.5)	11.6	31.5
Due to credit institutions**	21,478	(0.6)	(5.0)	(3.8)	13.3
Other liabilities	22,363	(7.1)	(11.3)	(17.4)	(2.7)
Stockholders' equity ***	12,066	20.2	14.8	(1.4)	16.1
Other managed and marketed customer funds	**48,621**	**6.6**	**1.8**	**2.0**	**20.1**
Mutual and pension funds	45,689	6.3	1.6	2.5	20.7
Managed portfolios	2,932	10.8	5.8	(4.7)	12.3
Managed and marketed customer funds	**134,826**	**5.0**	**0.3**	**(3.7)**	**13.5**
Ratios (%) and operating means					
RoTE	13.50	0.79		(1.59)	
Efficiency ratio (with amortisations)	39.8	(2.6)		0.3	
NPL ratio	5.93	(0.05)		1.03	
NPL coverage	83.7	—		(11.5)	
Number of employees	49,604	0.2		6.5	
Number of branches	3,439	(0.1)		1.4	

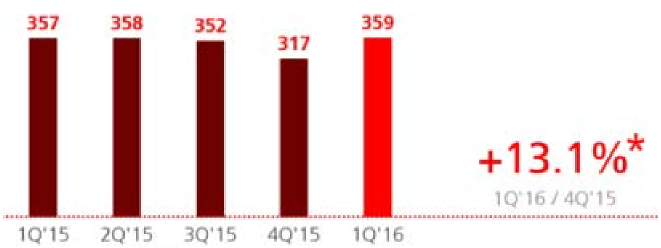
(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

Activity performance
y-o-y % (Mar'16 / Mar'15 w/o FX)

(*) Customer deposits + mutual funds

Activity performance
q-o-q % (Mar'16 / Dec'15 w/o FX)

Attributable profit
€ million (currency-neutral basis)



(*) In euros: +13.2%

Mexico

€ million

Income statement	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Net interest income	**594**	**(6.2)**	**2.0**	**(0.5)**	**17.6**
Net fees	173	(12.9)	(5.4)	(10.6)	5.7
Gains (losses) on financial transactions	34	(5.0)	3.3	(20.0)	(5.4)
Other operating income*	(9)	(47.8)	(43.4)	(36.7)	(25.2)
Gross income	**792**	**(6.8)**	**1.3**	**(3.2)**	**14.4**
Operating expenses	(322)	(3.7)	4.4	(9.3)	7.2
General administrative expenses	(293)	(5.3)	2.7	(10.0)	6.4
Personnel	*(152)*	*(3.8)*	*4.2*	*(9.1)*	*7.5*
Other general administrative expenses	*(140)*	*(7.0)*	*1.1*	*(10.9)*	*5.3*
Depreciation and amortisation	(29)	16.2	25.4	(2.1)	15.6
Net operating income	**470**	**(8.9)**	**(0.8)**	**1.4**	**19.9**
Net loan-loss provisions	(221)	3.0	11.7	5.0	24.1
Other income	(6)	(38.1)	(29.4)	—	—
Profit before taxes	**243**	**(16.6)**	**(9.1)**	**(6.9)**	**10.1**
Tax on profit	(55)	(17.9)	(10.3)	(7.1)	9.8
Profit from continuing operations	**187**	**(16.2)**	**(8.7)**	**(6.8)**	**10.1**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**187**	**(16.2)**	**(8.7)**	**(6.8)**	**10.1**
Minority interests	45	(11.8)	(4.2)	(7.1)	9.7
Attributable profit to the Group	**143**	**(17.5)**	**(10.0)**	**(6.7)**	**10.3**

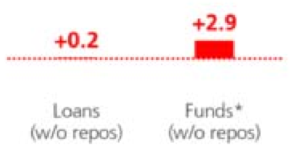
Balance sheet	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Customer loans**	28,702	(4.8)	(1.4)	(1.4)	17.0
Trading portfolio (w/o loans)	17,505	3.3	7.0	5.0	24.5
Available-for-sale financial assets	5,632	(5.7)	(2.3)	38.5	64.4
Due from credit institutions**	7,918	44.8	50.0	(6.3)	11.2
Intangible assets and property and equipment	380	(4.0)	(0.6)	(23.0)	(8.7)
Other assets	5,498	(5.0)	(1.6)	(13.1)	3.2
Total assets/liabilities & shareholders' equity	**65,636**	**1.4**	**5.0**	**0.8**	**19.6**
Customer deposits**	28,214	(0.2)	3.4	(8.9)	8.1
Marketable debt securities**	4,306	(5.9)	(2.6)	(4.1)	13.7
Subordinated debt**	1,146	(4.9)	(1.5)	(4.7)	13.1
Insurance liabilities	—	—	—	—	—
Due to credit institutions**	11,516	(10.6)	(7.4)	15.3	36.8
Other liabilities	15,820	23.3	27.7	16.3	37.9
Stockholders' equity ***	4,634	(6.5)	(3.2)	(4.7)	13.1
Other managed and marketed customer funds	**11,628**	**1.3**	**4.9**	**(12.1)**	**4.3**
Mutual and pension funds	11,628	1.3	4.9	(12.1)	4.3
Managed portfolios	—	—	—	—	—
Managed and marketed customer funds	**45,294**	**(0.5)**	**3.0**	**(9.2)**	**7.7**

Ratios (%) and operating means	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
RoTE	12.95	(1.24)		(0.05)	
Efficiency ratio (with amortisations)	40.7	1.3		(2.7)	
NPL ratio	3.06	(0.32)		(0.65)	
NPL coverage	97.5	6.9		9.1	
Number of employees	17,869	0.1		5.3	
Number of branches	1,386	0.7		2.7	

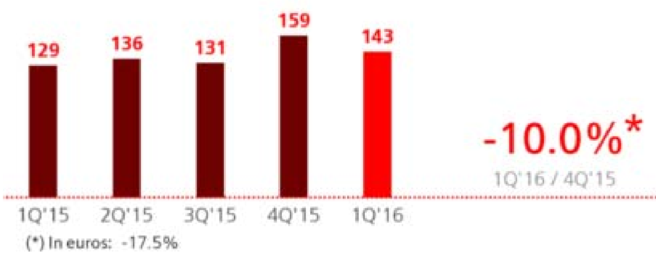
(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

Activity performance
y-o-y % (Mar'16 / Mar'15 w/o FX)

Activity performance
q-o-q % (Mar'16 / Dec'15 w/o FX)



Attributable profit
€ million (currency-neutral basis)



Chile

€ million

Income statement	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Net interest income	**421**	**(3.2)**	**(2.0)**	**5.8**	**16.3**
Net fees	88	4.0	5.0	1.1	11.2
Gains (losses) on financial transactions	48	114.5	104.7	(26.2)	(18.9)
Other operating income*	(0)	—	—	—	—
Gross income	**556**	**2.4**	**3.3**	**0.5**	**10.5**
Operating expenses	(235)	(9.6)	(8.1)	(1.1)	8.8
General administrative expenses	(216)	(9.7)	(8.3)	(1.6)	8.2
Personnel	*(128)*	*(16.3)*	*(14.7)*	*0.1*	*10.0*
Other general administrative expenses	*(88)*	*1.9*	*3.0*	*(4.0)*	*5.5*
Depreciation and amortisation	(19)	(8.3)	(6.4)	5.5	15.9
Net operating income	**321**	**13.4**	**13.7**	**1.7**	**11.8**
Net loan-loss provisions	(109)	(30.3)	(28.8)	(17.0)	(8.7)
Other income	1	(63.1)	(60.5)	(76.5)	(74.2)
Profit before taxes	**213**	**63.6**	**60.8**	**12.1**	**23.2**
Tax on profit	(40)	134.4	127.7	(6.8)	2.5
Profit from continuing operations	**173**	**52.9**	**50.6**	**17.6**	**29.3**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**173**	**52.9**	**50.6**	**17.6**	**29.3**
Minority interests	52	44.9	43.2	24.8	37.2
Attributable profit to the Group	**122**	**56.5**	**53.9**	**14.8**	**26.2**
Balance sheet					
Customer loans**	33,350	3.1	1.7	(3.4)	9.1
Trading portfolio (w/o loans)	2,793	(11.2)	(12.4)	(5.0)	7.2
Available-for-sale financial assets	3,548	33.0	31.1	54.9	74.9
Due from credit institutions**	4,307	(5.9)	(7.3)	(6.4)	5.7
Intangible assets and property and equipment	354	(0.3)	(1.7)	(7.4)	4.5
Other assets	2,536	(11.8)	(13.0)	(28.8)	(19.7)
Total assets/liabilities & shareholders' equity	**46,888**	**2.0**	**0.6**	**(2.9)**	**9.6**
Customer deposits**	24,679	1.4	(0.1)	(6.9)	5.1
Marketable debt securities**	6,301	(3.1)	(4.5)	(14.9)	(3.9)
Subordinated debt**	981	1.9	0.5	(8.3)	3.5
Insurance liabilities	—	—	—	—	—
Due to credit institutions**	6,287	6.8	5.3	42.6	61.0
Other liabilities	5,519	4.5	3.1	(3.4)	9.1
Stockholders' equity ***	3,121	4.8	3.3	(2.2)	10.4
Other managed and marketed customer funds	**7,063**	**(4.2)**	**(5.5)**	**(10.3)**	**1.3**
Mutual and pension funds	5,079	(6.3)	(7.6)	(12.3)	(1.0)
Managed portfolios	1,984	1.8	0.4	(4.5)	7.8
Managed and marketed customer funds	**39,024**	**(0.4)**	**(1.8)**	**(8.9)**	**2.8**
Ratios (%) and operating means					
RoTE	16.43	5.45		2.48	
Efficiency ratio (with amortisations)	42.3	(5.6)		(0.7)	
NPL ratio	5.45	(0.17)		(0.43)	
NPL coverage	54.6	0.7		2.6	
Number of employees	12,468	0.1		2.8	
Number of branches	471	(0.2)		(1.1)	

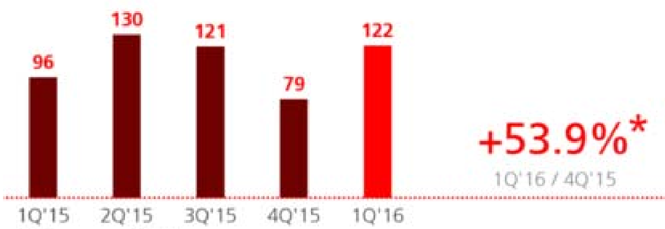
(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments

Activity performance
y-o-y % (Mar'16 / Mar'15 w/o FX)

(*) Customer deposits + mutual funds

Activity performance
q-o-q % (Mar'16 / Dec'15 w/o FX)

Attributable profit
€ million (currency-neutral basis)



(*) In euros: +56.5%

United States

€ million

		/ 4Q'15		/ 1Q'15	
Income statement	**1Q'16**	**%**	**% w/o FX**	**%**	**% w/o FX**
Net interest income	**1,548**	**(0.4)**	**0.3**	**5.8**	**3.6**
Net fees	283	(1.2)	(0.6)	8.2	6.0
Gains (losses) on financial transactions	20	(44.8)	(43.9)	(59.9)	(60.8)
Other operating income*	116	13.5	14.1	26.7	24.1
Gross income	**1,968**	**(0.6)**	**0.1**	**5.4**	**3.2**
Operating expenses	(777)	(6.1)	(5.6)	11.7	9.4
General administrative expenses	(703)	(6.8)	(6.3)	10.6	8.4
Personnel	*(416)*	*0.7*	*1.3*	*14.5*	*12.2*
Other general administrative expenses	*(287)*	*(15.9)*	*(15.5)*	*5.5*	*3.3*
Depreciation and amortisation	(74)	1.4	1.9	22.7	20.2
Net operating income	**1,191**	**3.4**	**4.2**	**1.6**	**(0.5)**
Net loan-loss provisions	(861)	(10.2)	(9.9)	34.8	32.0
Other income	(66)	28.7	29.0	255.5	248.3
Profit before taxes	**264**	**86.4**	**93.5**	**(48.7)**	**(49.7)**
Tax on profit	(103)	43.6	46.6	(34.5)	(35.8)
Profit from continuing operations	**160**	**130.8**	**143.7**	**(55.0)**	**(55.9)**
Net profit from discontinued operations	—	—	—	—	—
Consolidated profit	**160**	**130.8**	**143.7**	**(55.0)**	**(55.9)**
Minority interests	79	53.6	56.4	(21.0)	(22.6)
Attributable profit to the Group	**82**	**347.5**	**427.4**	**(68.2)**	**(68.8)**

Balance sheet					
Customer loans**	80,836	(4.0)	0.4	(1.9)	3.8
Trading portfolio (w/o loans)	2,366	2.9	7.6	55.3	64.3
Available-for-sale financial assets	18,227	(4.8)	(0.4)	10.1	16.6
Due from credit institutions**	4,604	18.0	23.4	(1.3)	4.5
Intangible assets and property and equipment	9,254	1.1	5.7	16.0	22.8
Other assets	20,581	73.1	81.0	113.0	125.4
Total assets/liabilities & shareholders' equity	**135,868**	**4.0**	**8.8**	**10.7**	**17.1**
Customer deposits**	59,526	(1.0)	3.6	(1.1)	4.7
Marketable debt securities**	21,528	(6.4)	(2.1)	12.0	18.5
Subordinated debt**	885	(2.3)	2.2	(3.6)	2.0
Insurance liabilities	—	—	—	—	—
Due to credit institutions**	32,039	22.4	28.0	34.8	42.6
Other liabilities	8,720	(3.9)	0.5	14.7	21.3
Stockholders' equity ***	13,170	16.3	21.6	18.5	25.4
Other managed and marketed customer funds	**18,293**	**(6.1)**	**(1.8)**	**(19.1)**	**(14.4)**
Mutual and pension funds	6,813	(4.4)	0.0	(20.2)	(15.5)
Managed portfolios	11,481	(7.1)	(2.8)	(18.4)	(13.7)
Managed and marketed customer funds****	**82,288**	**(2.3)**	**2.2**	**(4.4)**	**1.2**

Ratios (%) and operating means					
RoTE	2.70	2.11		(7.13)	
Efficiency ratio (with amortisations)	39.5	(2.3)		2.2	
NPL ratio	2.19	0.06		(0.01)	
NPL coverage	221.1	(3.9)		9.6	
Number of employees	18,229	0.6		7.7	
Number of branches	773	(1.3)		(3.9)	

(*).- Including dividends. income from equity-accounted method and other operating income/expenses
(**).- Including all on-balance sheet balances for this item
(***).- Capital + reserves + profit + valuation adjustments
(****).- Excluding marketable debt securities of Santander Consumer USA

Activity performance

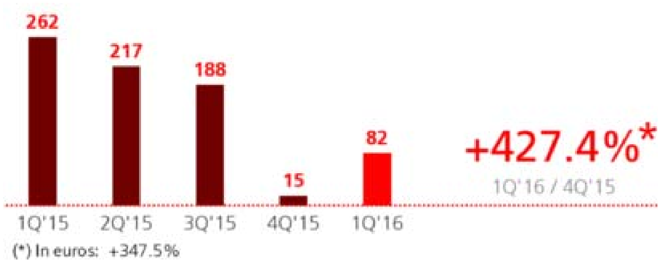
y-o-y % (Mar'16 / Mar'15 w/o FX)

Activity performance

q-o-q % (Mar'16 / Dec'15 w/o FX)

Attributable profit

€ million (currency-neutral basis)



Corporate Centre

€ million

Income statement	1Q'16	4Q'15	%	1Q'15	%
Net interest income	**(169)**	**(137)**	**23.3**	**(220)**	**(23.4)**
Net fees	(5)	(6)	(19.0)	(2)	178.8
Gains (losses) on financial transactions	(32)	116	—	12	—
Other operating income	(18)	(6)	200.9	(19)	(7.1)
Dividends	2	9	(78.5)	1	67.3
Income from equity-accounted method	(16)	(6)	161.4	(12)	32.4
Other operating income/expenses	(4)	(9)	(57.7)	(8)	(56.1)
Gross income	**(223)**	**(32)**	**598.8**	**(230)**	**(2.8)**
Operating expenses	(126)	(112)	12.3	(142)	(11.3)
Net operating income	**(349)**	**(144)**	**142.3**	**(372)**	**(6.1)**
Net loan-loss provisions	1	26	(95.6)	(1)	—
Other income	(5)	(130)	(96.1)	(98)	(94.8)
Ordinary profit before taxes	**(353)**	**(247)**	**42.8**	**(470)**	**(24.9)**
Tax on profit	36	131	(72.6)	5	639.3
Ordinary profit from continuing operations	**(317)**	**(117)**	**171.8**	**(465)**	**(31.8)**
Net profit from discontinued operations	—	—	—	0	(100.0)
Ordinary consolidated profit	**(317)**	**(117)**	**171.8**	**(465)**	**(31.8)**
Minority interests	(6)	2	—	26	—
Ordinary attributable profit to the Group	**(311)**	**(119)**	**161.9**	**(491)**	**(36.7)**
Net capital gains and provisions	—	(1,435)	(100.0)	—	—
Attributable profit to the Group	**(311)**	**(1,554)**	**(80.0)**	**(491)**	**(36.7)**

Balance sheet					
Trading portfolio (w/o loans)	1,616	2,656	(39.1)	3,859	(58.1)
Available-for-sale financial assets	3,654	3,773	(3.2)	3,376	8.2
Goodwill	26,209	26,960	(2.8)	28,666	(8.6)
Capital assigned to Group areas	84,715	77,163	9.8	83,180	1.8
Other assets	20,060	37,583	(46.6)	36,449	(45.0)
Total assets/liabilities & shareholders' equity	**136,255**	**148,136**	**(8.0)**	**155,531**	**(12.4)**
Customer deposits*	1,610	5,185	(69.0)	2,554	(37.0)
Marketable debt securities*	24,285	27,791	(12.6)	26,410	(8.0)
Subordinated debt*	8,195	9,596	(14.6)	5,855	40.0
Other liabilities	16,879	21,049	(19.8)	25,136	(32.8)
Stockholders' equity **	85,286	84,515	0.9	95,576	(10.8)
Other managed and marketed customer funds	—	—	—	—	—
Mutual and pension funds	—	—	—	—	—
Managed portfolios	—	—	—	—	—
Managed and marketed customer funds	**34,090**	**42,572**	**(19.9)**	**34,820**	**(2.1)**

Operating means					
Number of employees	1,974	2,006	(1.6)	2,125	(7.1)

Retail Banking

€ million

Income statement	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Net interest income	**7,154**	**(2.2)**	**1.2**	**(4.6)**	**5.5**
Net fees	2,044	(2.8)	1.7	(5.3)	6.7
Gains (losses) on financial transactions	180	(39.3)	(41.2)	(48.0)	(46.9)
Other operating income*	173	—	—	(2.6)	(3.4)
Gross income	**9,552**	**0.2**	**3.7**	**(6.2)**	**3.7**
Operating expenses	(4,492)	(5.2)	(1.3)	(3.2)	7.3
Net operating income	**5,060**	**5.6**	**8.6**	**(8.7)**	**0.6**
Net loan-loss provisions	(2,161)	(5.6)	(2.8)	(6.8)	3.3
Other income	(416)	(2.3)	(2.1)	11.9	33.1
Ordinary profit before taxes	**2,482**	**19.5**	**23.4**	**(12.9)**	**(5.4)**
Tax on profit	(673)	32.7	33.7	(11.1)	(2.8)
Ordinary profit from continuing operations	**1,809**	**15.3**	**20.0**	**(13.5)**	**(6.3)**
Net profit from discontinued operations	—	—	—	(100.0)	(100.0)
Ordinary consolidated profit	**1,809**	**15.3**	**20.0**	**(13.5)**	**(6.3)**
Minority interests	255	16.5	19.0	(10.3)	(4.3)
Ordinary attributable profit to the Group	**1,554**	**15.1**	**20.2**	**(14.1)**	**(6.6)**

(*).- Including dividends. income from equity-accounted method and other operating income/expenses

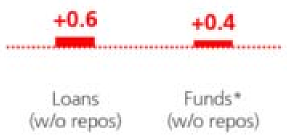
Activity performance

y-o-y % (Mar'16 / Mar'15 w/o FX)

(*) Customer deposits + mutual funds

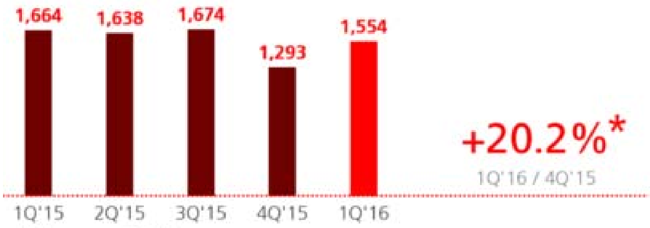
Activity performance

q-o-q % (Mar'16 / Dec'15 w/o FX)



Attributable profit

€ million (currency-neutral basis)



(*) In euros: +15.1%

Global Corporate Banking

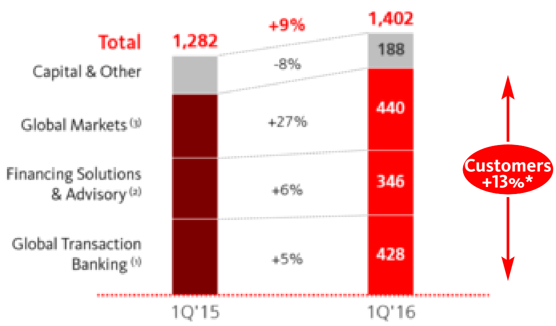
€ million

Income statement	1Q'16	/ 4Q'15 %	/ 4Q'15 % w/o FX	/ 1Q'15 %	/ 1Q'15 % w/o FX
Net interest income	**650**	**(10.9)**	**(5.9)**	**(16.2)**	**(2.1)**
Net fees	357	2.2	5.9	(2.6)	7.8
Gains (losses) on financial transactions	356	48.2	63.6	21.6	34.1
Other operating income*	40	(22.5)	(23.6)	95.8	87.4
Gross income	**1,403**	**2.3**	**8.1**	**(3.6)**	**9.4**
Operating expenses	(485)	(6.6)	(2.9)	(8.3)	(0.6)
Net operating income	**917**	**7.8**	**15.0**	**(0.9)**	**15.6**
Net loan-loss provisions	(223)	(14.9)	(10.4)	10.9	32.6
Other income	(0)	(99.6)	(99.6)	—	—
Ordinary profit before taxes	**694**	**27.9**	**37.6**	**(4.8)**	**10.8**
Tax on profit	(200)	31.7	44.1	(3.2)	14.8
Ordinary profit from continuing operations	**494**	**26.4**	**35.1**	**(5.5)**	**9.3**
Net profit from discontinued operations	—	—	—	—	—
Ordinary consolidated profit	**494**	**26.4**	**35.1**	**(5.5)**	**9.3**
Minority interests	41	79.8	80.8	7.2	31.8
Ordinary attributable profit to the Group	**454**	**23.1**	**32.1**	**(6.4)**	**7.7**

(*).- Including dividends. income from equity-accounted method and other operating income/expenses

Gross income breakdown

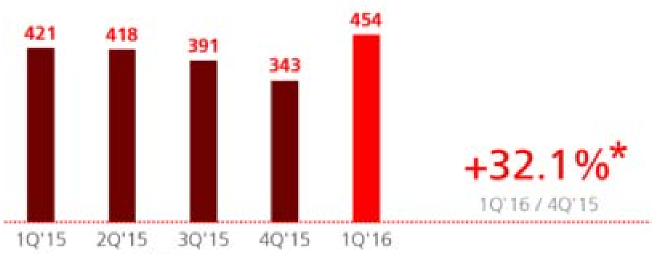
€ million (currency-neutral basis)



(*) In euros: gross income: -4%; customers : +1%

Attributable profit

€ million (currency-neutral basis)



(*) In euros: +23.1%

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

(2) **Financing Solutions & Advisory:** includes the units of origination and distribution of corporate loans and structured financings, bond and securitisation origination teams, corporate finance units (mergers and acquisitions, primary markets of equities, investment solutions for corporate clients via derivatives), and asset & based finance.

(3) **Global Markets:** includes the sale and distribution of fixed income and equity derivatives, interest rates and inflation; the trading and hedging of exchange rates, and short-term money markets for the Group»s wholesale and retail clients; management of books associated with distribution; and brokerage of equities, and derivatives for investment and hedging solutions.

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