Santander

PRESS RELEASE

FIRST QUARTER 2015 RESULTS

Banco Santander made a profit EUR 1.717 billion, 32% more than a year earlier

"Santander's strong increase in lending reflects our commitment to helping our customers grow. When we raised capital in January, we said our goal was to target organic growth in our core markets forecasted to achieve strong economic recovery."

Ana Botín, Chairman of Banco Santander

- BUSINESS. Lending reached EUR 813,260 million, EUR 100,000 million and 14% more than the same period last year. Deposits and mutual funds also grew 14% and now total 780,020 million. Customer funds increased in the ten key markets as did lending in all countries, except Portugal.
- EFFICIENCY. Revenues grew two points more than costs, 13% compared to 11%, allowing a 0.9 point improvement in the efficiency ratio which, at 47.0%, is one of the best in the sector.
- PROFITABILITY. The growth in profit brought an improvement in ROTE of 1.1 points, to 11.5%, and a 6% increase in earnings per share.
- DIVERSIFICATION. Profit grew in nine of the ten markets. Europe contributed 52% of group profit (United Kingdom 20% and Spain 15%), Latin America 38% (Brazil 21% and Mexico 7%) and U.S., 10%.
    - Spain: Attributable profit reached EUR 357 million (+42%). Net interest income grew almost 2% and costs fell 5%. Lending increased 1% and customer funds 7% over March of last year.
    - U.K.: Attributable profit totaled EUR 477 million (355 million pounds, +14%). Net interest income grew 8% and costs 5%. Credit increased 5%, and customer funds, 3%.
    - Brazil: Attributable profit amounted to 516 million (BRL 1,657 million, +41%). Basic revenues and costs remained practically flat. Loans were up 17% and customer funds 12%.

Madrid, April 28, 2015. Banco Santander made attributable profit of EUR 1,717 million in the first quarter, 32% more than the same period of 2014. Of the ten core markets in which the group operates, only Chile showed a decline in profit. The strong growth was supported by the bank's three largest markets, Spain, UK and Brazil.

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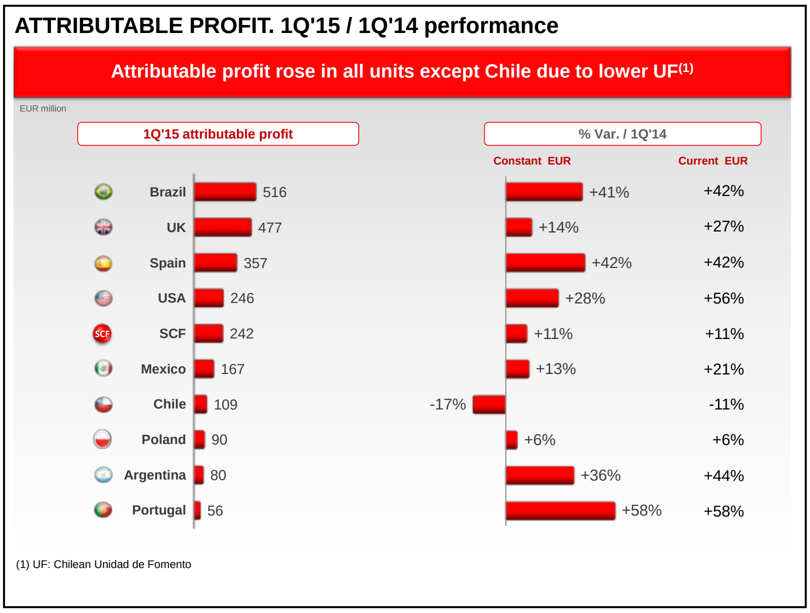
Results

Exchange rates, marked by the euro-dollar and euro-pound depreciation, had a positive impact on growth rates in the balance sheet and results for the first quarter of 2015, adding to the favourable trend in the business and in group revenues. Attributable profit for the quarter grew 32%, a change that would have been 22% without the exchange rate effect. Revenues increased 13%, 7% without the exchange rate factor; and lending grew 14%, 7% without the exchange rate variation.

These results are produced in a context of uneven economic performance for the different countries in which the group operates. Countries such as U.S., Mexico and Poland are expected to grow more than 3% this year; Spain, U.K. and Chile, more than 2.5%; and Germany and Portugal, over 1.5%. Meanwhile, Brazil and Argentina will register a fall in economic growth. Official interest rates in euros, dollars and pounds are at historic lows.



The improvement in profits are a result of an increase in basic revenue of 13%, a change that is two points greater than costs, which grew 11%. This performance allows continued improvement in the efficiency ratio of almost one point, to 47.0%, which positions Banco Santander among the most efficient financial institutions in the world.

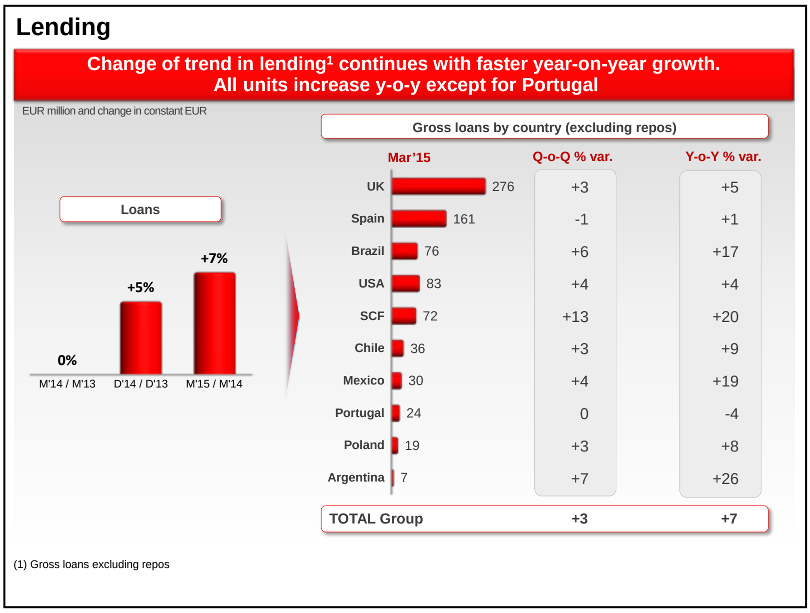
Net operating income, the difference between income and costs, stood at EUR 6,067 million, with growth of 15%. This increase, together with the decrease in loan loss provisions of 5%, means that the final result shows a 32% improvement.

Emerging economies (Latin America and Poland) accounted for 42% of profit and mature markets contributed 58%. By country, the largest contribution was from Brazil (21%), followed by U.K. (20%), Spain (15%), U.S. (10%), Mexico (7%), Chile (5%), Poland (4%), Argentina (3%) and Portugal (2%). Santander Consumer Finance contributed 10% to total profit.

Balance sheet

Banco Santander closed March 2015 with total assets of EUR 1.37 trillion, 17% more than March of 2014. The business shows balanced growth, since both new loans and deposits grew 14%.

At the end of March, 2015, the loan portfolio reached EUR 813,260 million, 14% more than the year before (7% without the exchange rate effect), which means the credit balances increased by more than EUR 100,000 in one year. Of the ten key markets in which the group operates, credit grew in all except Portugal.

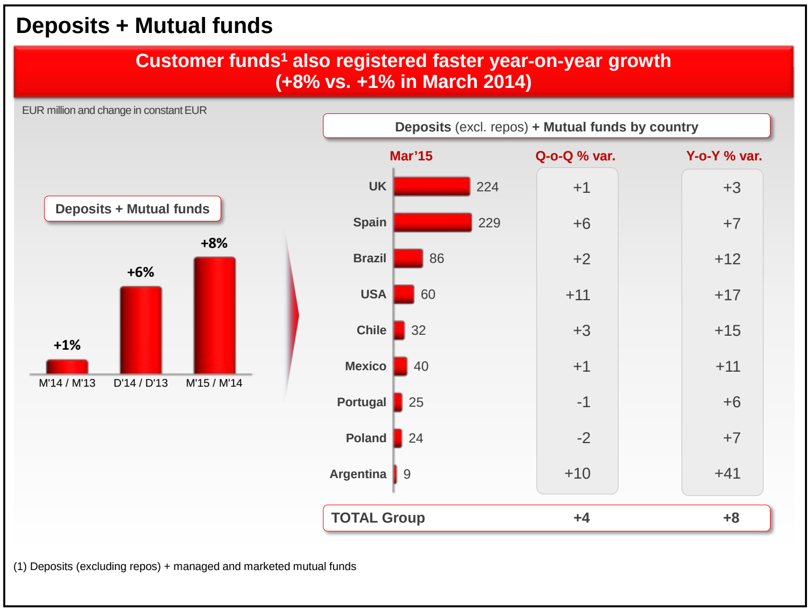


In Spain, the total loan portfolio reached EUR 161,023 million, with an increase slightly above 1% compared to the close of March, 2014, after subtracting repos. New lending to companies grew 24% and to individuals, 36%, with mortgages increasing 23%. These increases in new credit exceed redemptions generating growth in final balances of financing to companies, consumer lending to individuals and to the public administration. However, in mortgages, amounts redeemed exceeded new transactions.

In U.K., the loan portfolio stood at EUR 275,654 million, with growth of 20% over the first quarter of 2014. Without the exchange rate effect, in pounds, the increase in lending is 5%, boosted by financing to companies, which grew 9% year-on-year, mortgages, which grew 1%, and the addition of GBP 2,500 million in automobile loans as a result of the agreement with the French group PSA.

In Brazil, the loan portfolio reached EUR 76,336 million, with growth of 5%, which is 17% without the exchange rate effect. Financing to companies was responsible for most of the growth, 39%, as well as in mortgages, which increased 35%. Financing to SMEs also showed marked improvement, and grew 6% year-on-year.

As for customer funds, total deposits and mutual funds of Grupo Santander is 780,020 million, with growth of 14% (8% without the exchange rate effect), which represents an addition of EUR 96,000 million in one year. Deposits reached 644,766 million and mutual funds 135,254 million, with growth of 11% and 21%, respectively, for the year. All markets gained resources.



Current accounts, which make up more than half of these deposits, showed positive growth in the group's ten key markets. The current account balance reached EUR 393,588 million at the close of the first quarter of the year, with growth of 28% compared with the end of March, 2014. This means that in twelve months 85,000 million was added to these accounts. The current account is key to the strategy of increasing the loyalty of the bank's customers, since it is the conduit for most transactions, centralizing income and costs.

In Spain, total customer funds (deposits plus mutual funds) amounted to 229,377 million at the end of March of this year, with an increase of 7% for the year. Demand deposits grew 18%, compared to a fall of 16% for time deposits, and assets in mutual funds rose 28%.

In U.K., the volume of deposits plus mutual funds reached EUR 223,932 million and grew 17% for the year, 3% without the exchange rate effect. The improvement is centred on growth in current accounts to individuals, the balance of which increased 40% in twelve months, with a rate of increase of one billion pounds per month. The 1|2|3 products have

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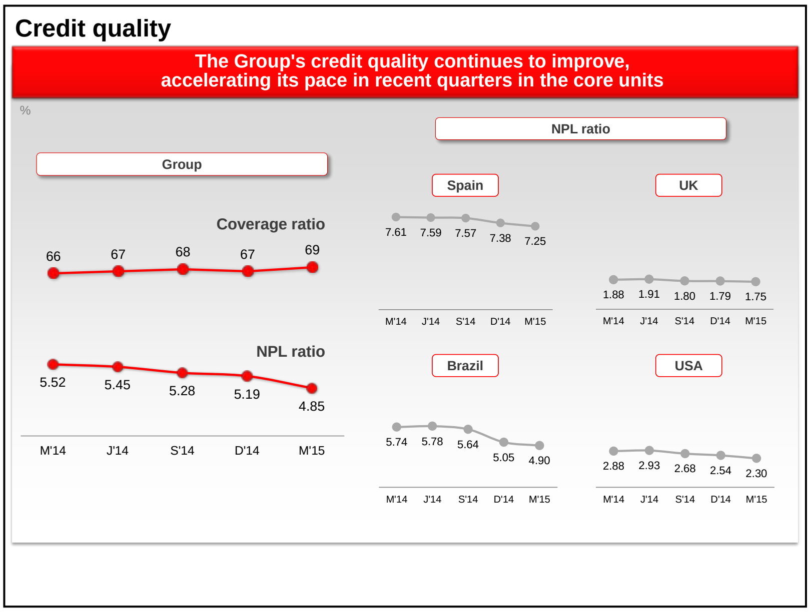
attracted 4 million customers, 1.3 million in the last year and for 94% of them, Santander is their primary bank.

In Brazil, the total of deposits and mutual funds reached 85,802 million, with growth of 12% without the exchange rate effect. Total deposits grew 7% and funds, 17%.

Spain, U.K. and Brazil represented 69% of customer funds managed and commercialised by the group and 63% of the loan portfolio. Loan portfolio quality improved in the three countries, which determines the group's NPL performance, which was at 4.85% at the close of the first quarter, with a decrease of 0.67 point in one year, of which more than half (0.34 point) occurred in the quarter. Meanwhile, the group continued to increase coverage, which is now at 69% compared to 66% a year earlier.

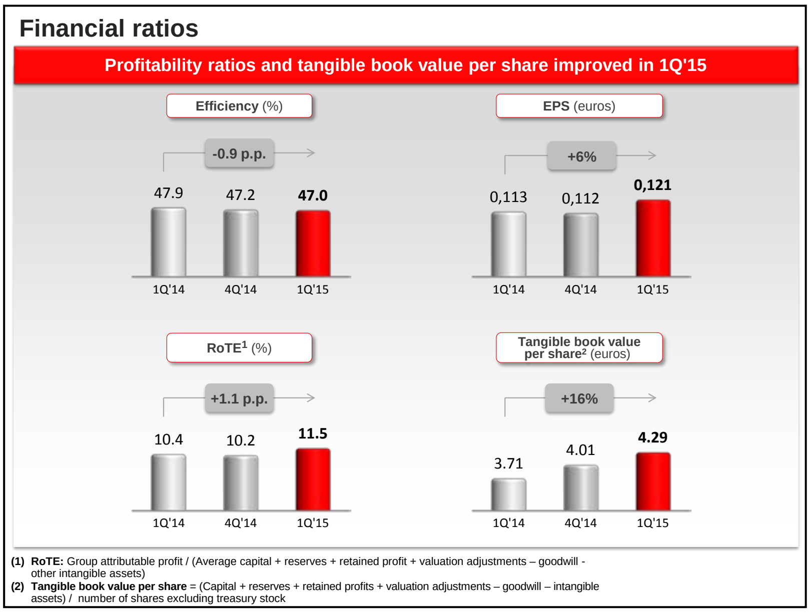


The NPL ratio in Spain is at 7.25%, 0.13 points less than last December and 0.36 points lower than one year ago. In U.K., the NPL ratio is very low, 1.75%, and even so decreased 0.13 point in one year. Brazil closed with a NPL ratio of 4.90% and managed to cut NPLs 0.15 point for the quarter and 0.84 points for the year.

Capital

At the beginning of the year the bank carried out a rights issue for EUR 7,500 million via an accelerated bookbuilding offer among institutional investors. At the close of the first quarter, Banco Santander's total equity stood at EUR 91,915 million, 27% more than one year before. The bank's capital ratio is 12%, with core capital of 9.7%, both *fully loaded*.

The 32% growth in profit meant that despite an increase of 22% in the number of shares as a result of the rights issue and the scrip dividend, earnings per share grew 6%. Likewise, the return on tangible equity (ROTE) increased 1.1 points, to 11.5%.



Along with the rights issues, the bank's board of directors announced its new dividend policy against fiscal year 2015, which consists of the payment of four dividends for EUR 0.05 per share, of which three will be paid in cash and one in shares or cash, per the shareholders choice. This year's August dividend payment will be made entirely in cash.

Banco Santander has a market capitalization of more than EUR 90,000 million, making it the first bank in the Euro zone and eleventh-largest in the world. Santander has 3,230,808 shareholders and 187,262 employees serving over 100 million customers through 12,920 branches.

More information at: www.santander.com

KEY CONSOLIDATED DATA

Balance sheet (EUR million)	Mar'15	Dec'14	%	Mar'14	%	2014
Total assets	**1,369,689**	1,266,296	8.2	1,168,842	17.2	1,266,296
Net customer loans	**793,965**	734,711	8.1	694,595	14.3	734,711
Customer deposits	**687,362**	647,628	6.1	620,135	10.8	647,628
Managed and marketed customer funds	**1,091,174**	1,023,437	6.6	966,704	12.9	1,023,437
Stockholders' equity	**91,915**	80,806	13.7	72,117	27.5	80,806
Total managed and marketed funds	**1,545,444**	1,428,083	8.2	1,313,138	17.7	1,428,083

Income statement* (EUR million)	1Q'15	4Q'14	%	1Q'14	%	2014
Net interest income	**8,038**	7,714	4.2	6,992	15.0	29,548
Gross income	**11,444**	11,040	3.7	10,124	13.0	42,612
Pre-provision profit (net operating income)	**6,067**	5,824	4.2	5,277	15.0	22,574
Profit before taxes	**2,990**	2,580	15.9	2,149	39.1	9,720
Attributable profit to the Group	**1,717**	1,455	18.0	1,303	31.8	5,816

(*).- Variations w/o exchange rate

Quarterly: Net interest income: +0.9%; Gross income: +0.7%; Pre-provision profit:+1.0%; Attributable profit:+12.1%

Year-on-year: Net interest income: +7.9%; Gross income: +6.8%; Pre-provision profit: +8.1%; Attributable profit: +21.8%

EPS, profitability and efficiency (%)	1Q'15	4Q'14	%	1Q'14	%	2014
EPS (euro)	**0.121**	0.112	7.3	0.113	6.4	0.479
RoE (1)	**7.6**	6.7		6.6		7.0
RoTE (1)	**11.5**	10.2		10.4		11.0
RoA	**0.6**	0.6		0.5		0.6
RoRWA	**1.4**	1.2		1.2		1.3
Efficiency ratio (with amortisations)	**47.0**	47.2		47.9		47.0

Solvency and NPL ratios (%)	Mar'15	Dec'14	%	Mar'14	%	2014
CET1 fully-loaded (1)	**9.7**	9.7				9.7
CET1 phase-in (1)	**11.9**	12.2		10.8		12.2
NPL ratio	**4.85**	5.19		5.52		5.19
Coverage ratio	**68.9**	67.2		66.3		67.2

Market capitalisation and shares	Mar'15	Dec'14	%	Mar'14	%	2014
Shares (millions at period-end)	**14,061**	12,584	11.7	11,561	21.6	12,584
Share price (euros)	**7.017**	6.996	0.3	6.921	1.4	6.996
Market capitalisation (EUR million)	**98,663**	88,041	12.1	80,014	23.3	88,041
Book value (euro)	**6.55**	6.42		6.24		6.42
Price / Book value (X)	**1.07**	1.09		1.11		1.09
P/E ratio (X)	**14.54**	14.59		15.26		14.59

Other data	Mar'15	Dec'14	%	Mar'14	%	2014
Number of shareholders	**3,230,808**	3,240,395	(0.3)	3,299,097	(2.1)	3,240,395
Number of employees	**187,262**	185,405	1.0	185,165	1.1	185,405
Number of branches	**12,920**	12,951	(0.2)	13,590	(4.9)	12,951

(1).- In 2014, pro-forma taking into account the January 2015 capital increase

Note: The financial information in this report has not been audited, but it was approved by the Board of Directors at its meeting on April, 23 2015, following a favourable report from the Audit Committee on April, 21 2015. The Audit Committee verified that the information for 2015 was based on the same principles and practices as those used to draw up the annual financial statements.