

31 October 2018

# 9M'18 Earnings Presentation

Here to help you prosper



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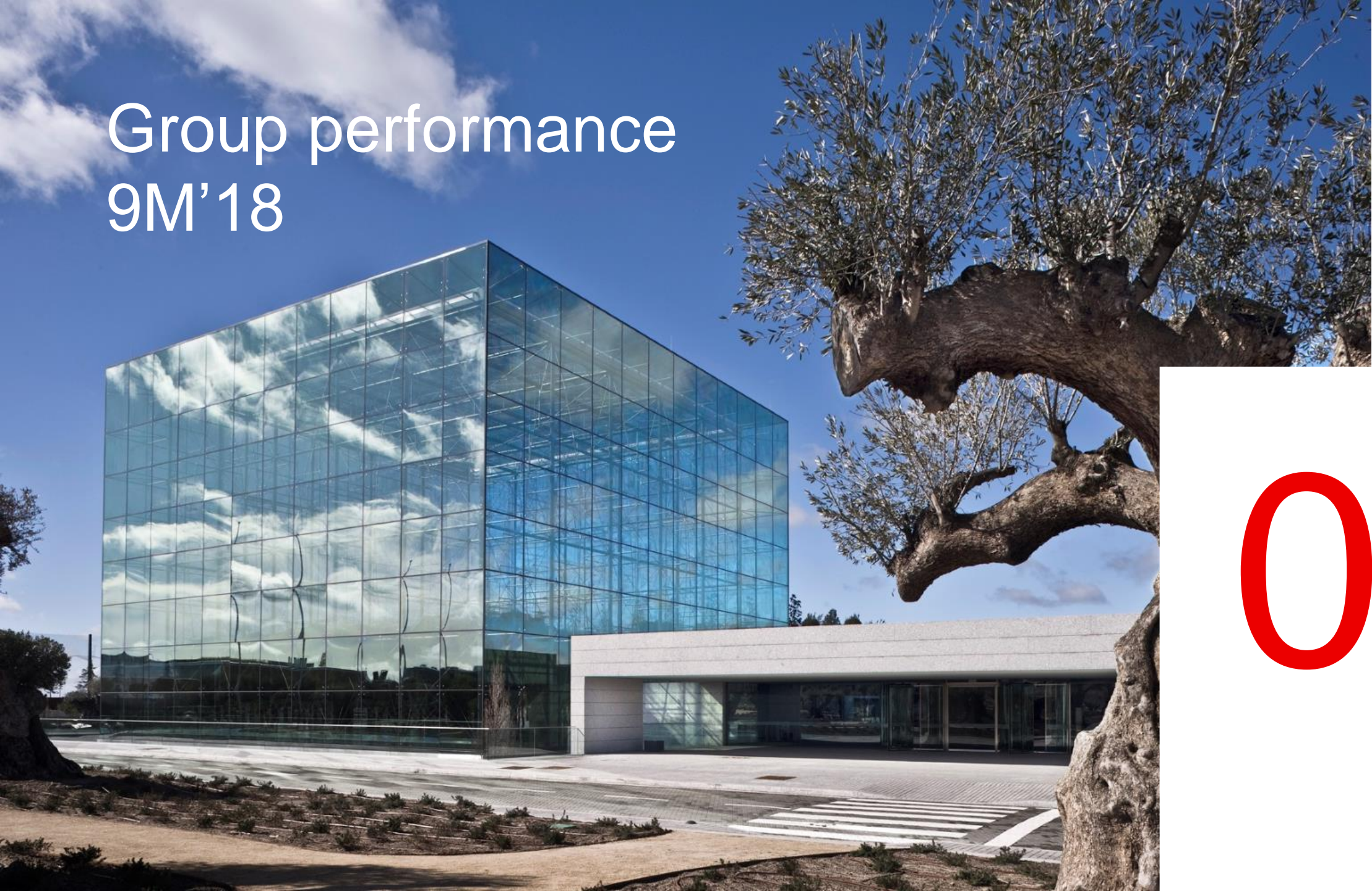
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1. **Group performance 9M'18**
2. **Business areas performance 9M'18**
3. **Concluding remarks**
4. **Appendix**
5. **Glossary**

Group performance  
9M'18



01

## 9M'18 Highlights

### Commercial transformation

- ▶ Our customer base continues to grow: **Loyal +19%** and **Digital +24% YoY**
- ▶ Our **digital transformation** is increasing the **penetration of digital customers** and the **use of mobile devices**

### Results

- ▶ Q3'18 attributable profit: **EUR 1,990 mn**, affected by the **inflation adjustment** in **Argentina** (EUR -169 mn)
- ▶ 9M'18 attributable profit: **EUR 5,742 mn**, +13% YoY (**+28%** in constant euros)
- ▶ 9M'18 underlying attributable profit: **EUR 6,042 mn**, +8% YoY (**+21%** in constant euros)

### Profitability and solvency

- ▶ **High profitability: 12.1%** underlying RoTE
- ▶ We continue to **generate capital in Q3: +31 bps**
- ▶ FL CET1<sup>1</sup> Sep-18: **11.11%**

### Outlook

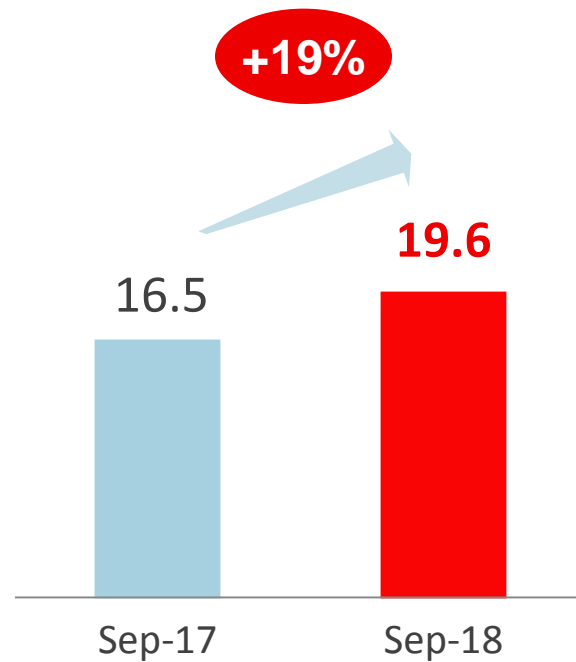
- ▶ **Banco Popular's integration concluded in Portugal** and legal integration executed in Spain
- ▶ On track to **meet our 2018 Group targets**

# Our commercial and digital transformations are bearing fruit, and are reflected in a larger customer base and business growth

More loyal customers driven by commercial initiatives

## Loyal customers

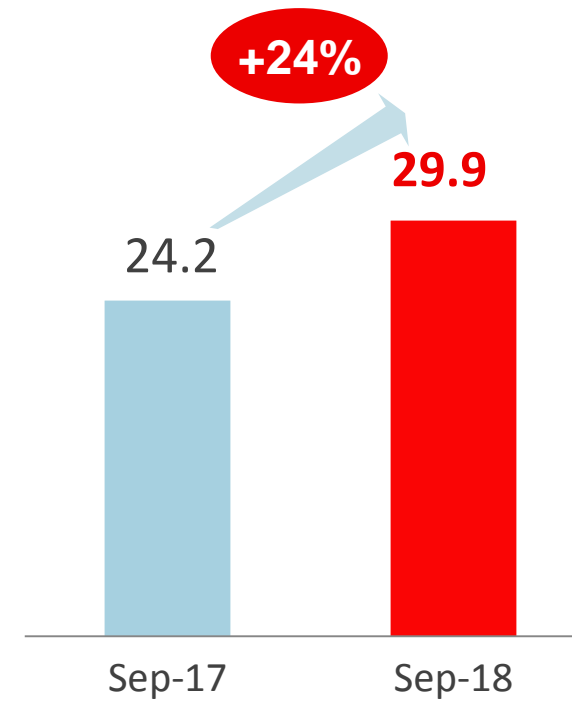
mn



Digital customers rose at a faster pace

## Digital customers<sup>1</sup>

mn



## 9M'18 performance driven by strong customer revenue and lower provisions

EUR mn	9M'18	9M'17	% vs. 9M'17	
			Euros	Constant euros
Net interest income	25,280	25,689	-2	8
Net fees	8,529	8,648	-1	10
Customer revenues	33,809	34,337	-2	9
ROF and other	2,073	1,993	4	16
Gross income	35,882	36,330	-1	9
Operating expenses	-16,843	-16,957	-1	8
Net operating income	19,039	19,373	-2	10
Net loan-loss provisions	-6,418	-6,930	-7	4
Other provisions	-1,391	-2,268	-39	-32
<b>PBT</b>	<b>11,230</b>	<b>10,175</b>	<b>10</b>	<b>23</b>
<b>Underlying attrib. profit</b>	<b>6,042</b>	<b>5,592</b>	<b>8</b>	<b>21</b>
Net capital gains and provisions	-300 <sup>1</sup>	-515 <sup>2</sup>	-42	-42
<b>Attributable Profit</b>	<b>5,742</b>	<b>5,077</b>	<b>13</b>	<b>28</b>

Higher customer revenue due to rise in loyal customers, increased business volumes and spreads management

Higher costs due to commercial transformation and digitalisation investments

Good credit quality evolution, with lower cost of credit and NPL ratios



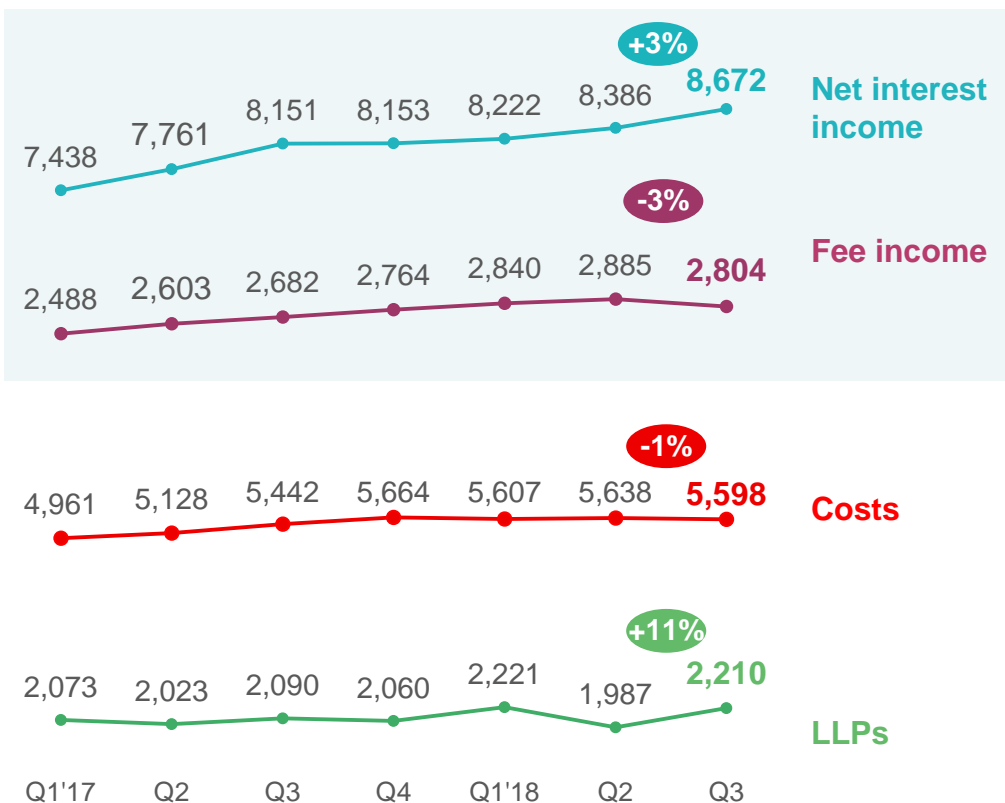
(1) In 9M'18 charges related to integrations (mainly restructuring costs), net of tax impacts, in Spain (EUR -280 mn), C.C. (EUR -40 mn) and Portugal (EUR 20 mn).  
 (2) In 9M'17 charges related to integration costs, equity stakes and intangible assets. In Spain (EUR -300 mn), SCF (EUR -85 mn) and C.C. (EUR -130 mn).



# Positive Q3 performance driven by customer revenue growth and cost control

## Sustained QoQ evolution in core lines...

Constant EUR mn



## ... reflected in profit growth

Constant EUR mn

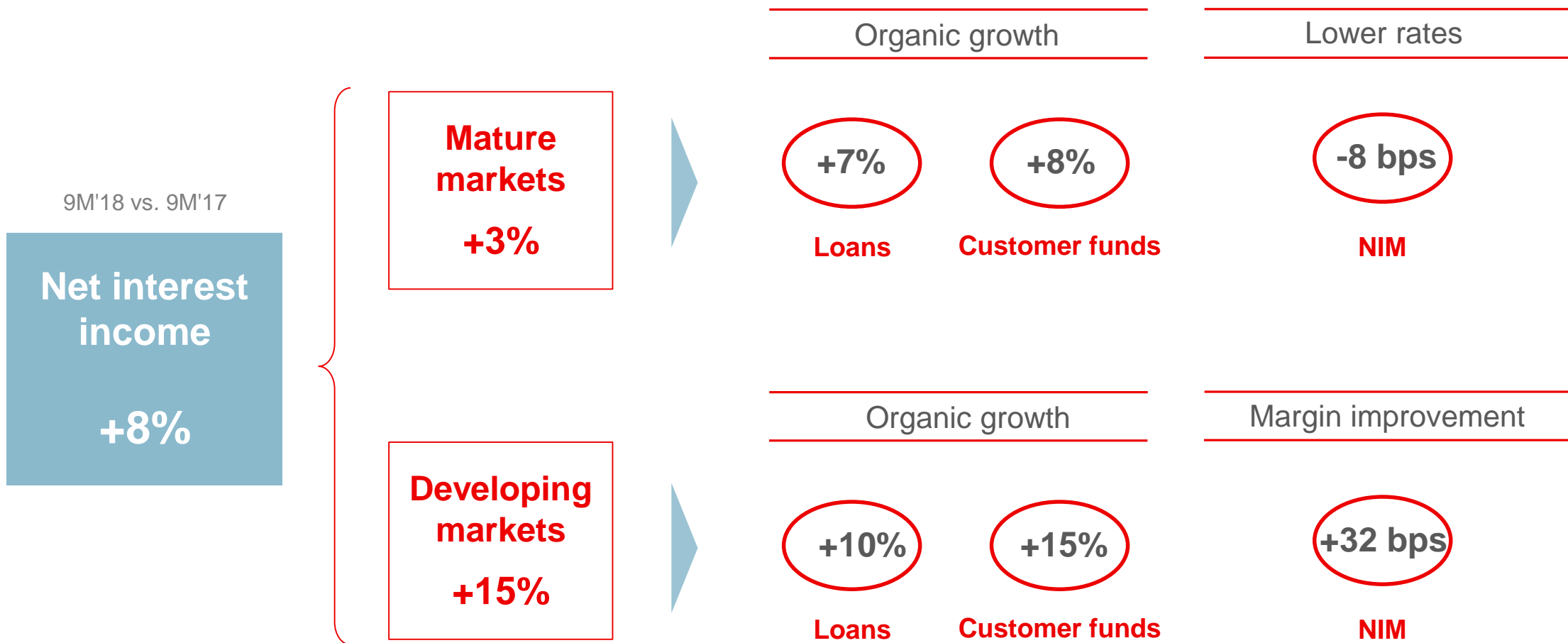


### Attributable profit

1,612	1,536	1,325	1,418	1,981	1,671	<b>2,090</b>
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Note: Contribution to the SRF (net of tax) recorded in Q2'17 (EUR -146 mn) and Q2'18 (EUR -187 mn). Contribution to the DGF (net of tax) in Q4'17 (EUR -186 mn)

# Higher NII due to increased business volumes and spreads management

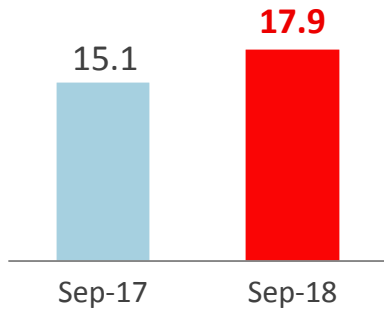


# Higher fee income YoY driven by Retail Banking and Wealth Management

## Loyal customers

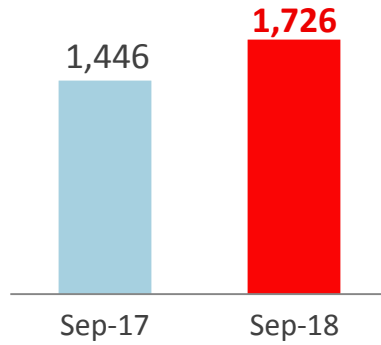
**Individuals** (mn)

**+19%**



**Companies** (k)

**+19%**



## Activity growth<sup>1</sup>



mutual fund balances

**+7%**



card turnover

**+14%**



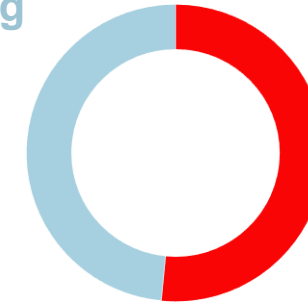
insurance premiums

**+9%**

## Total fee income growth by market<sup>1</sup>

Developing markets

**+14%**



Mature markets

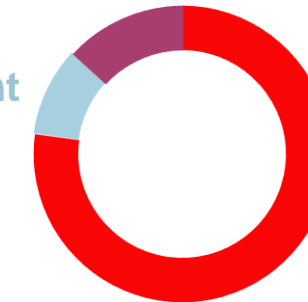
**+6%**

## Total fee income growth by segment<sup>1</sup>

CIB **0%**

Wealth Management

**+66%**














Retail Banking

**+7%**

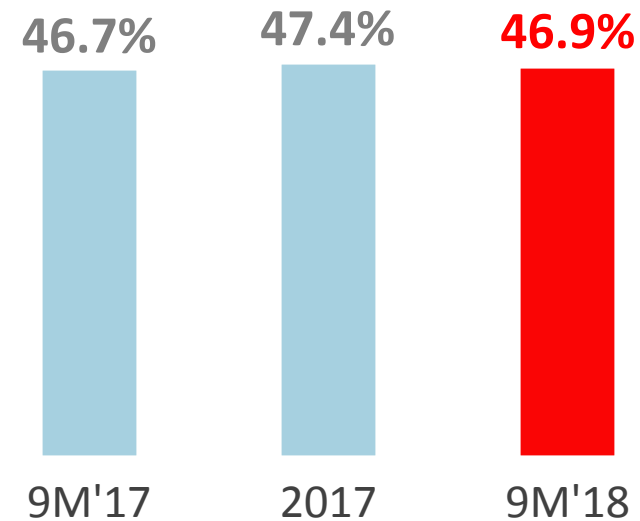
## We maintain a best-in-class cost-to-income ratio, with better trend in costs

### Lower growth rates. Most units decreased QoQ

9M'18 vs. 9M'17, %

	Nominal <sup>1</sup>	In real terms <sup>2</sup>
	5.3	1.5
	6.8	2.9
	1.9	0.3
	18.2	-4.0
	13.5	7.3
	4.5	1.2
	7.4	-2.7
	-1.7	-4.2
	43.2	-4.1
	5.5	3.6
	2.9	1.4

### Cost-to-income in line with 2018 target

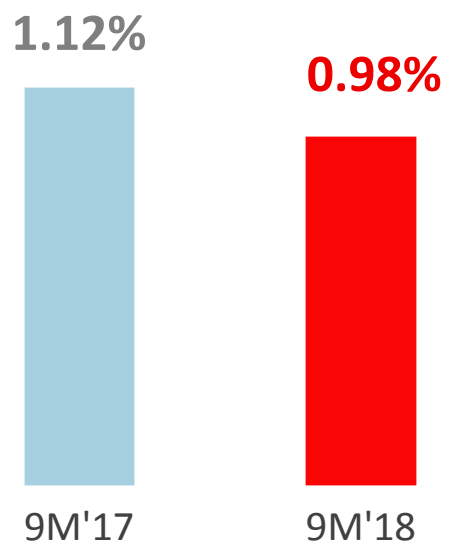


### Top 3 in customer satisfaction<sup>3</sup> in 6 countries

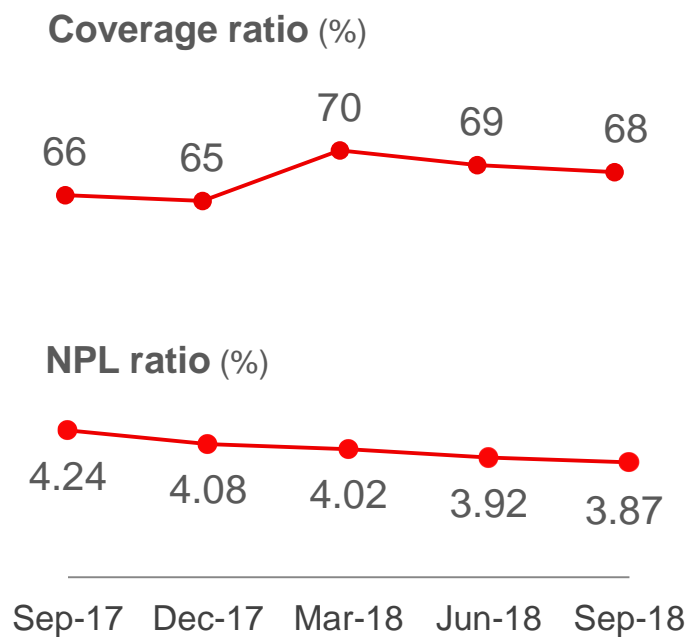


# Continued credit quality improvement

## Cost of credit



## NPL and coverage ratios



## Coverage ratio by stage

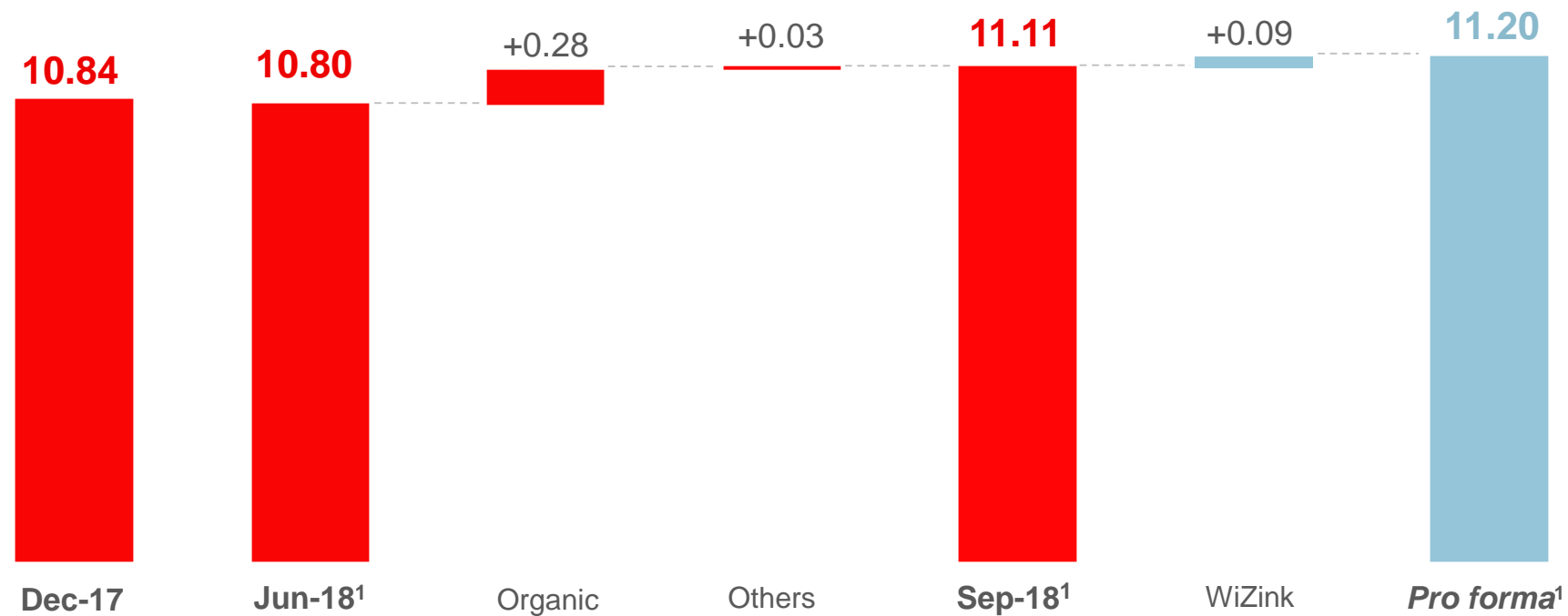
EUR billion

	Exposure <sup>1</sup>	Coverage	
	Sep-18	Sep-18	Jan-18
Stage 1	824	0.5%	0.6%
Stage 2	55	8.9%	8.6%
Stage 3	36	42.7%	44.2%

# Strong capital generation QoQ. In line to meet our 2018 target

## Fully loaded CET1 evolution

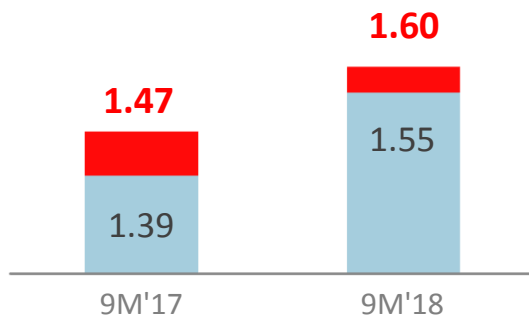
%



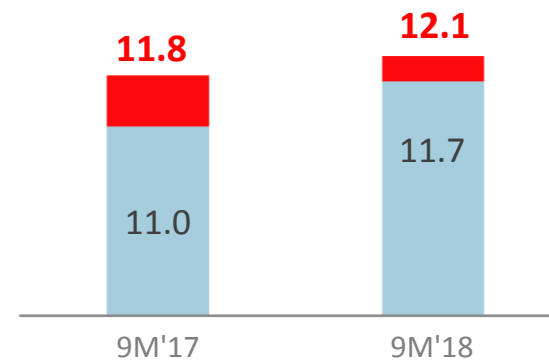
Leverage ratio: 5.0%

# Delivering on our commitments: positive performance of the main ratios

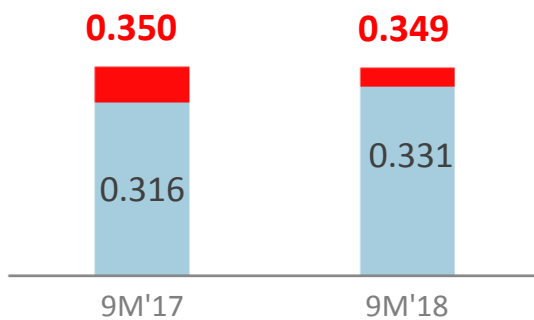
RoRWA (%)



RoTE (%)

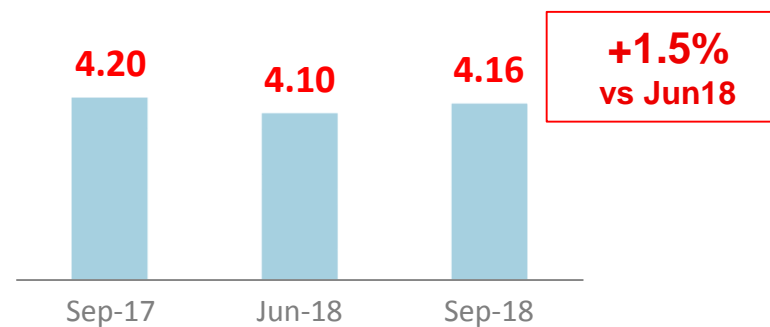


EPS (EUR)



■ Underlying  
■ Total

TNAV per share (EUR)



# Business areas performance 9M'18

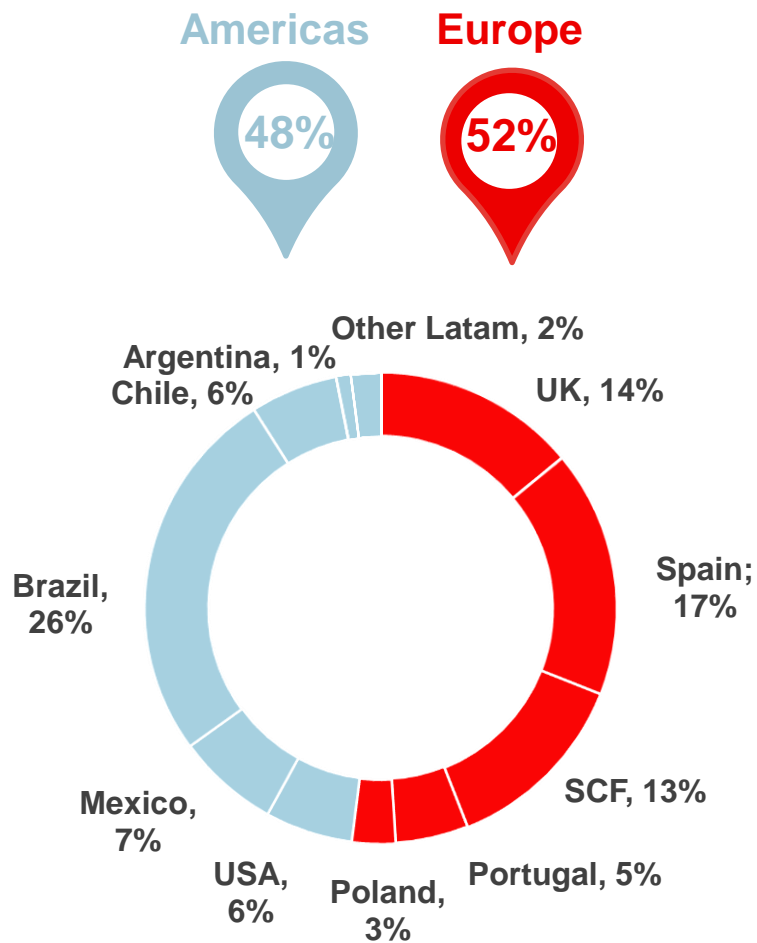


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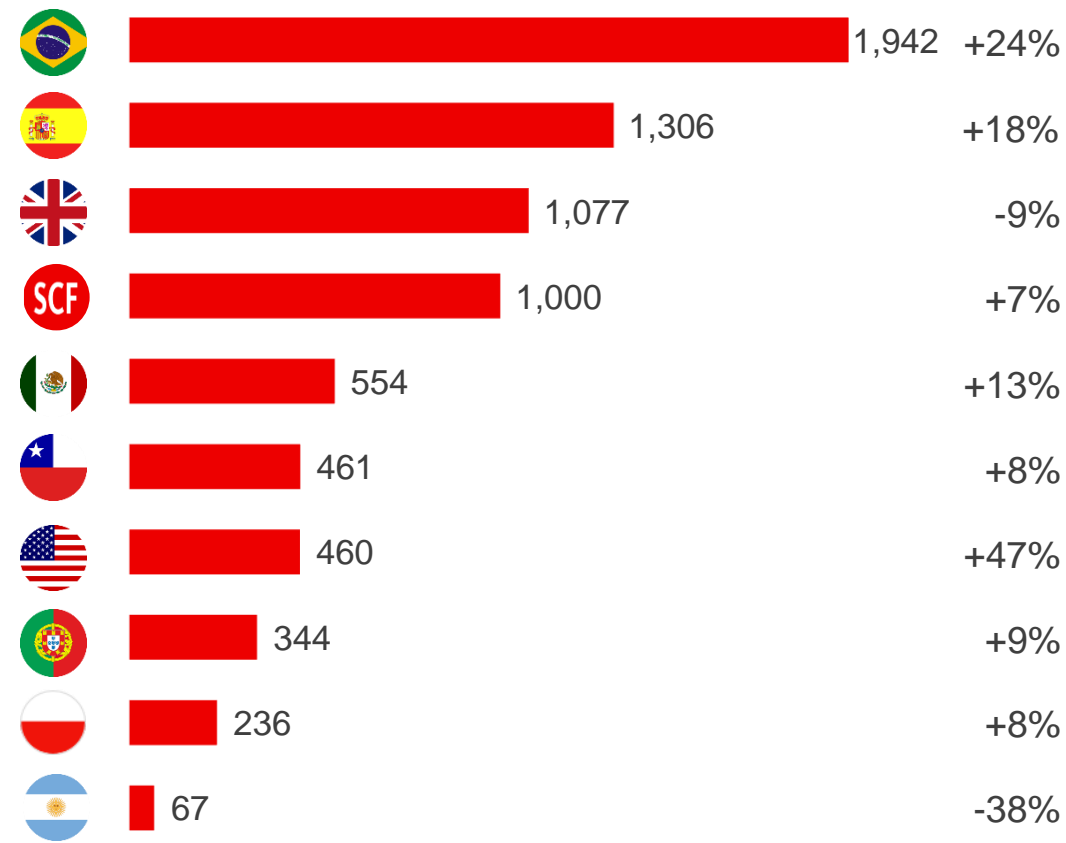
# Group profit growth driven by most markets

## 9M'18 Underlying attributable profit<sup>1</sup>



## 9M'18 Underlying attributable profit in core markets

EUR mn and % change vs. 9M'17 in constant euros



# Brazil

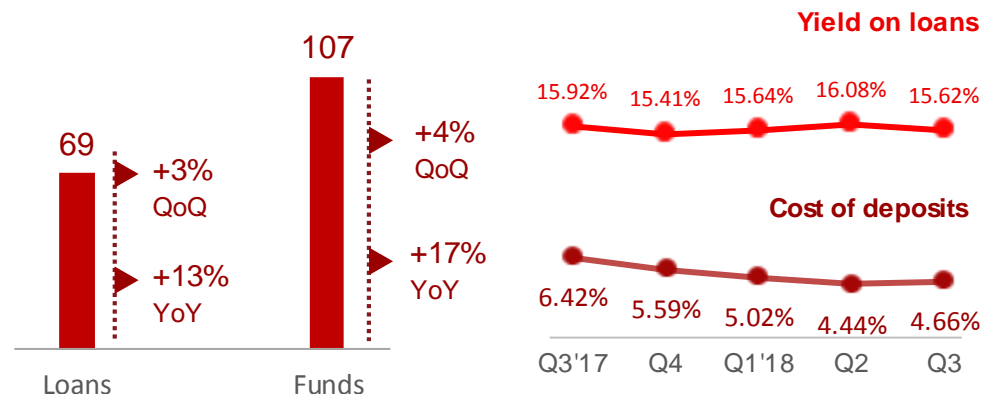


KEY DATA	9M'17	9M'18
Loyal customers (millions)	4.0	5.0
Digital customers (millions)	8.0	10.5
NPL ratio (%)	5.32	5.26
Cost of credit (%)	4.55	4.17
Efficiency ratio (%)	35.2	33.1
RoTE (%)	16.8	20.0

P&L*	Q3'18	% Q2'18	9M'18	% 9M'17
NII	2,377	4.7	7,283	17.1
Fee income	776	-4.3	2,568	14.9
Gross income	3,180	2.4	9,949	12.2
Operating expenses	-1,031	0.8	-3,291	5.3
LLPs	-665	-4.7	-2,236	5.1
PBT	1,310	6.9	3,923	39.4
<b>Attributable profit</b>	<b>619</b>	<b>2.3</b>	<b>1,942</b>	<b>23.9</b>

## ACTIVITY

Volumes in EUR bn



- ▶ **Commercial strategy** focused on customer experience and satisfaction, contributing to profit and RoTE increase
- ▶ **Loans continued to grow, with market share gains in profitable products.** Asset quality remains under control, with lower NPL and cost of credit ratios
- ▶ **Revenue continued to increase backed by growth in loyal customers:** YoY NII (underpinned by higher volumes) and fee income (greater customer activity)
- ▶ **Steady improvement of the efficiency ratio,** arising from operating leverage

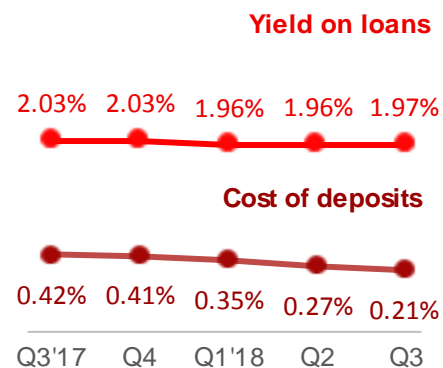
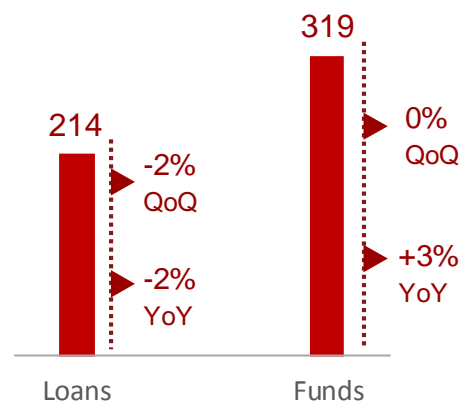
(\*) EUR mn and % change in constant euros



KEY DATA	9M'17	9M'18
Loyal customers (millions)	1.6	2.5
Digital customers (millions)	3.0	4.3
NPL ratio (%)	6.82	6.23
Cost of credit (%)	0.28	0.35
Efficiency ratio (%)	56.8	56.0
RoTE (%)	11.3	10.8

## ACTIVITY

Volumes in EUR bn



P&L*	Q3'18	% Q2'18	9M'18	% 9M'17
NII	1,116	5.5	3,211	18.2
Fee income	653	-2.7	1,997	20.9
Gross income <sup>1</sup>	2,114	15.1	6,015	19.7
Operating expenses	-1,103	-1.8	-3,370	18.2
LLPs	-197	0.6	-599	40.0
<b>PBT</b>	<b>713</b>	<b>64.9</b>	<b>1,753</b>	<b>12.8</b>
<b>Underlying att. profit</b>	<b>526</b>	<b>61.8</b>	<b>1,306</b>	<b>17.9</b>
Net capital gains and provisions <sup>2</sup>	0	-100.0	-280	-6.8
<b>Attributable profit</b>	<b>526</b>	<b>--</b>	<b>1,026</b>	<b>27.0</b>

(\*) EUR mn (1) Q2'18 SRF contribution of EUR 163 mn; (2) Restructuring costs after tax

- ▶ **Q3 profit** boosted by customer revenue, lower costs and SRF contribution in Q2
- ▶ **QoQ positive performance in NII** due to customer NIM improvement with continued reduction in the cost of deposits and slightly higher yield
- ▶ **Activity:** double digit growth in new lending (+11%YoY), boosted by SME (+18%) and UPLs (+21%)
- ▶ **YTD loan portfolio:** growth in SME and Corporates (EUR +1.5 bn) and in private banking (EUR +0.5 bn). **QoQ** impacted by CIB
- ▶ **YTD funds:** growth driven by demand deposits (+6%) and mutual funds (+2%)

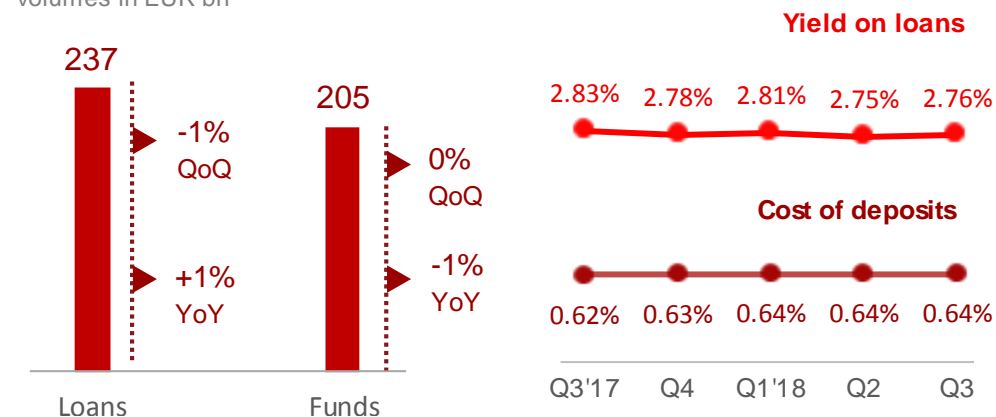
# United Kingdom



KEY DATA	9M'17	9M'18
Loyal customers (millions)	4.2	4.3
Digital customers (millions)	5.0	5.4
NPL ratio (%)	1.32	1.10
Cost of credit (%)	0.03	0.08
Efficiency ratio (%)	49.0	55.2
RoTE (%)	10.9	9.9

## ACTIVITY

Volumes in EUR bn



P&L*	Q3'18	% Q2'18	9M'18	% 9M'17
NII	1,033	1.3	3,103	-5.2
Fee income	258	-0.8	766	2.1
Gross income	1,367	1.4	4,089	-5.3
Operating expenses	-730	-2.6	-2,256	6.8
LLPs	-26	-28.7	-129	6.0
<b>PBT</b>	<b>549</b>	<b>6.3</b>	<b>1,532</b>	<b>-11.0</b>
<b>Attributable profit</b>	<b>385</b>	<b>5.1</b>	<b>1,077</b>	<b>-9.2</b>

(\*) EUR mn and % change in constant euros

- ▶ **The UK economy remains relatively stable**, however uncertainty remains
- ▶ **Net growth in mortgages** (GBP +3.1 bn YoY) with focus on customer service and retention
- ▶ **9M'18 profit** impacted by ongoing revenue pressures and higher regulatory, risk and digital transformation project costs
- ▶ **Q3'18 profit** growth driven by customer revenue, lower costs and LLPs
- ▶ **Credit quality remains strong**, maintaining a low cost of credit (8 bps)

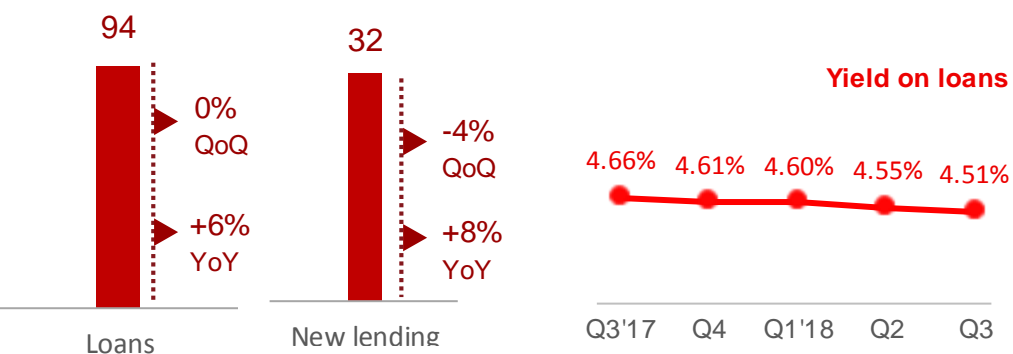
# Santander Consumer Finance



KEY DATA	9M'17	9M'18
Active customers (millions)	19.6	19.3
NPL ratio (%)	2.60	2.45
Cost of credit (%)	0.34	0.40
Efficiency ratio (%)	43.9	43.6
RoTE (%)	16.7	16.6

## ACTIVITY

Volumes in EUR bn



Note: % change in constant euros. Loans excluding reverse repos

Excluding Santander Consumer UK profit, which is recorded in Santander UK results. Including it, 9M'18 attributable profit: EUR 1,090 mn (+7% vs. 9M'17) and Q3'18 attributable profit: EUR 363 mn (-3% vs. Q2'18)

P&L*	Q3'18	% Q2'18	9M'18	% 9M'17
NII	937	1.1	2,780	5.0
Fee income	206	9.5	609	-9.5
Gross income	1,157	2.8	3,423	2.7
Operating expenses	-475	-6.3	-1,491	1.9
LLPs	-124	80.8	-313	51.9
<b>PBT</b>	<b>562</b>	<b>0.0</b>	<b>1,660</b>	<b>6.3</b>
<b>Underlying att. profit</b>	<b>332</b>	<b>-4.0</b>	<b>1,000</b>	<b>7.0</b>
Non-recurring <sup>1</sup>	0	--	0	-100.0
<b>Attributable profit</b>	<b>332</b>	<b>-4.0</b>	<b>1,000</b>	<b>17.7</b>

(\*) EUR mn and % change in constant euros

- ▶ **Leadership in Europe with best-in-class profitability** (RoRWA of 2.4%), boosted by higher NII, cost control and historic low NPLs and cost of credit
- ▶ **Increased new lending across most countries:** auto loans (+13%) and credit cards (+12%)
- ▶ **Main contribution to profit:** Germany (EUR 233 mn), Nordic countries (EUR 220 mn) and Spain (EUR 184 mn)
- ▶ **QoQ profit impacted by higher LLPs** due to portfolio sales in Q2
- ▶ **Germany commercial network integration on track** as scheduled

## Good performance: larger customer base, higher profits and better credit quality



**EUR 554 mn; +13%**

- ▶ **Strategy** focused on the **commercial network transformation, digitalisation and attracting retail customers**
- ▶ **Profit** driven by **good performance in NII, fee income and cost of credit**. Double digit growth in loans, maintaining **solid credit quality ratios**



**EUR 461 mn; +8%**

- ▶ **Focus on customer satisfaction, loyalty and digital initiatives**. Loans **increased at a faster pace**. Strategy to improve liabilities mix
- ▶ **Profit up** driven by customer revenue and lower cost of credit



**EUR 460 mn; +47%**

- ▶ The Federal Reserve terminated the 2015 Written Agreement it signed with SHUSA demonstrating our continued **improvement on regulatory issues**
- ▶ **Strong increase in profit**: lower cost of credit, cost savings and increased income from leasing
- ▶ **Santander Bank**: increasing profitability by improving NIM and efficiency ratio
- ▶ **SC USA**: higher profitability (RoTE 15%) driven by lower costs and LLPs, which more than offset the lower spreads

# Good performance: larger customer base, higher profits and better credit quality



**EUR 344 mn<sup>2</sup>; +9%**

- ▶ **Banco Popular integration was concluded** in October
- ▶ **Largest<sup>1</sup> privately owned bank** after Banco Popular integration
- ▶ **PBT** boosted by **improved efficiency** and **lower cost of credit**



**EUR 236 mn; +8%**

- ▶ **Strong GDP growth (>4%)**, above European average
- ▶ **Loan growth** continued across all key segments and products. Customer funds increased partly due to extra liquidity building ahead of Deutsche Bank Polska acquisition
- ▶ **YoY profit increase** driven by **customer revenue**. **Positive QoQ evolution** of the main P&L lines, however affected by the **seasonal collection of dividends in Q2**



**EUR 67 mn; -38%**

- ▶ **2018 profit affected by high inflation adjustment**

Monetary adjustment	EUR -81 mn
Use of fixing exchange rates instead of average rates	EUR -88 mn
<b>Total impact</b>	<b>EUR -169 mn</b>

# Corporate Centre

<b>P&amp;L*</b>	<b>9M'18</b>	<b>9M'17</b>
NII	-698	-628
Gains/Losses on FT	15	-257
Operating expenses	-367	-356
Provisions and other income	-242	-176
Tax and minority interests	-10	2
<b>Underlying att. profit</b>	<b>-1,351</b>	<b>-1,511</b>
Net capital gains and provisions	-40	-130
<b>Attributable profit</b>	<b>-1,391</b>	<b>-1,641</b>

- ▶ Higher loss in NII due to increased volume of issuances (TLAC)
- ▶ Better FX hedging results reflected in gains on financial transactions
- ▶ Operating expenses remained virtually unchanged as a result of streamlining and simplification measures
- ▶ Restructuring costs in 9M'18 and charges for equity stakes and intangible assets in 9M'17

(\*) EUR mn



Concluding  
remarks



03

## We are on track to meet our 2018 targets

	2017	9M'18	2018 Targets
<b>Loyal customers</b> (mn)	17.3	19.6	18.6
<b>Digital customers</b> (mn)	25.4	29.9	30
<b>Fee income</b> <sup>1</sup>	13%	10%	~10% CAGR 2015-18
<b>Cost of credit</b>	1.07%	0.98%	1.2% 2015-18 average
<b>Cost-to-income</b>	47.4%	46.9%	45-47%
<b>EPS</b> (EUR) <sup>2</sup>	0.40	0.331 (9M'18)	Double digit growth
<b>DPS</b> (EUR) <sup>3</sup>	0.22	0.23	Yearly increase
<b>FL CET1</b>	10.84%	11.11% <sup>4</sup>	>11%
<b>RoTE</b> <sup>5</sup>	10.4%	11.7%	>11.5%

# Appendix



04

## **Loans and customer funds by units and by businesses**

Other countries results

Global business results

Liquidity

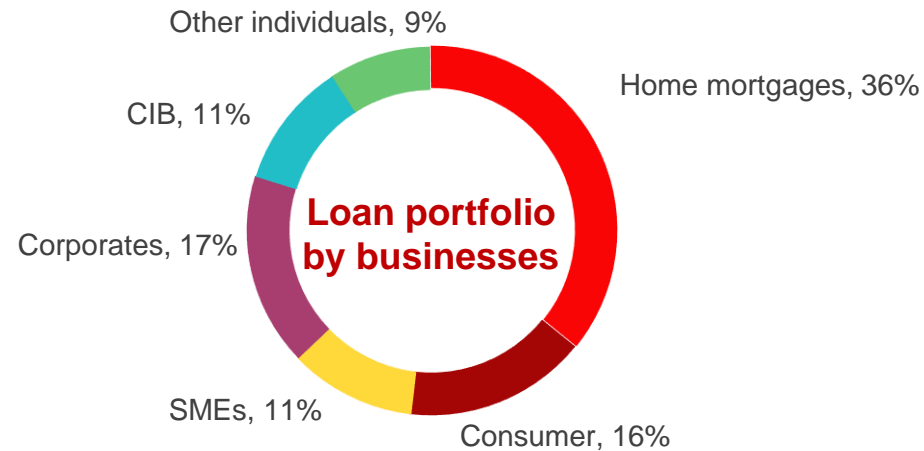
NPL and coverage ratios and cost of credit

Quarterly income statements

# Overall increase in loans and customer funds, boosted by developing markets

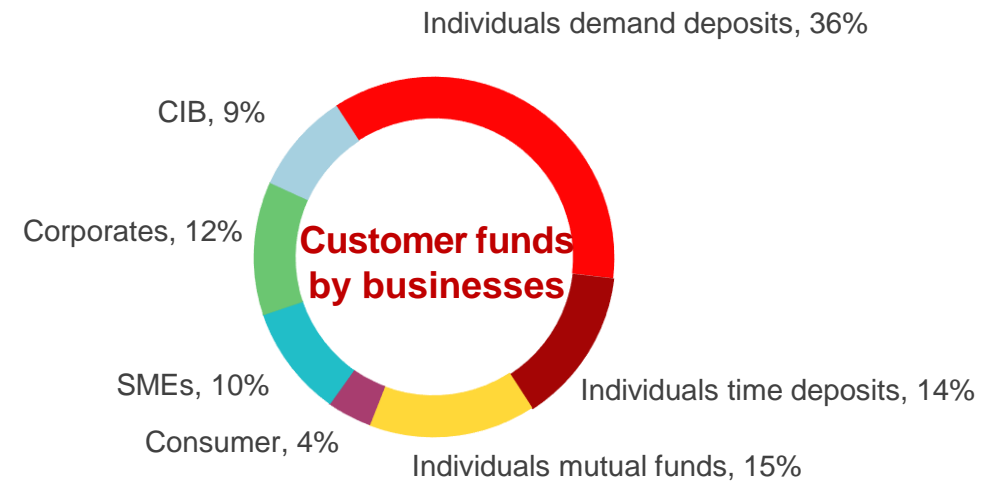
## Loan portfolio

MATURE MARKETS			DEVELOPING MARKETS		
Sep-18	EUR bn	YoY Chg.	Sep-18	EUR bn	YoY Chg.
Spain	214	-2%	Poland	24	9%
UK	237	1%	Brazil	69	13%
USA	81	3%	Mexico	32	10%
SCF	94	6%	Chile	40	9%
Portugal	37	-2%	Argentina	6	62%



## Customer funds

MATURE MARKETS			DEVELOPING MARKETS		
Sep-18	EUR bn	YoY Chg.	Sep-18	EUR bn	YoY Chg.
Spain	319	3%	Poland	30	11%
UK	205	-1%	Brazil	107	17%
USA	62	0%	Mexico	40	6%
SCF	37	2%	Chile	32	-1%
Portugal	39	8%	Argentina	9	67%



Loans and customer funds by units and by businesses

**Other countries results**

Global business results

Liquidity

NPL and coverage ratios and cost of credit

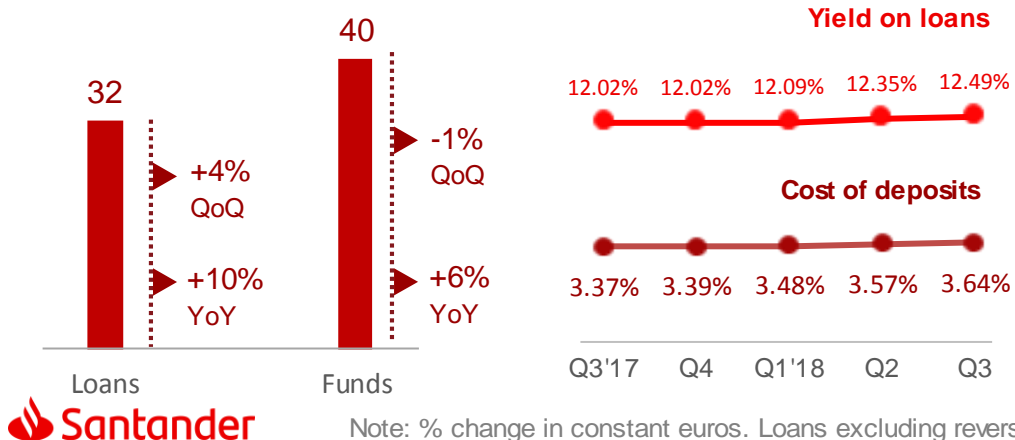
Quarterly income statements



KEY DATA	9M'17	9M'18
Loyal customers (thousands)	1,896	2,359
Digital customers (thousands)	1,808	2,533
NPL ratio (%)	2.56	2.41
Cost of credit (%)	3.14	2.72
Efficiency ratio (%)	39.4	41.3
RoTE (%)	19.5	20.0

## ACTIVITY

Volumes in EUR bn



Note: % change in constant euros. Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds

P&L*	Q3'18	% Q2'18	9M'18	% 9M'17
NII	728	6.7	2,030	11.6
Fee income	199	0.8	575	9.5
Gross income	931	2.4	2,630	8.3
Operating expenses	-384	1.0	-1,086	13.5
LLPs	-227	15.2	-616	-7.2
<b>PBT</b>	<b>315</b>	<b>-1.5</b>	<b>908</b>	<b>14.3</b>
<b>Attributable profit</b>	<b>195</b>	<b>1.1</b>	<b>554</b>	<b>12.8</b>

(\*) EUR mn and % change in constant euros

- ▶ **Strategy** focused on the **commercial network transformation, digitalisation and attracting retail customers**
- ▶ **Strong growth in loans**, particularly in commercial and payrolls (+65 bps market share gain YoY), and **in deposits**, mainly in individuals and SME
- ▶ **Profit up** driven by **NII** (volumes and interest rates), **fee income** and **provisions**. Higher costs associated with our investment plan
- ▶ **Solid credit quality ratios**: lower NPL ratio and cost of credit, and high coverage ratio (120%)

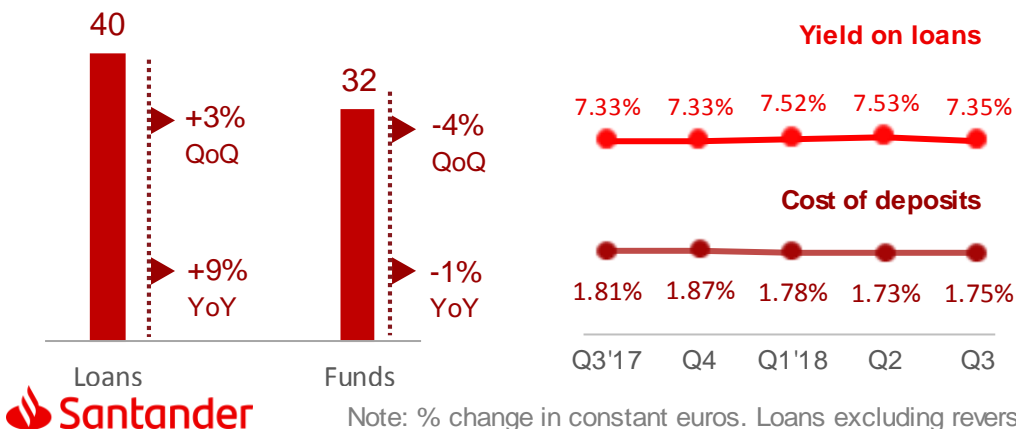
## Chile



KEY DATA	9M'17	9M'18
Loyal customers (thousands)	615	646
Digital customers (thousands)	988	1,070
NPL ratio (%)	4.95	4.78
Cost of credit (%)	1.27	1.18
Efficiency ratio (%)	41.1	41.1
RoTE (%)	18.0	18.5

## ACTIVITY

Volumes in EUR bn



Note: % change in constant euros. Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds

P&L*	Q3'18	% Q2'18	9M'18	% 9M'17
NII	481	1.1	1,466	7.0
Fee income	101	-9.5	329	13.1
Gross income	632	2.4	1,914	4.4
Operating expenses	-257	-1.7	-787	4.5
LLPs	-117	6.3	-353	3.5
<b>PBT</b>	<b>276</b>	<b>0.1</b>	<b>846</b>	<b>11.5</b>
<b>Attributable profit</b>	<b>153</b>	<b>0.5</b>	<b>461</b>	<b>8.3</b>

(\*) EUR mn and % change in constant euros

- ▶ **Largest privately owned bank** by assets and customers, in a country with strong economic growth
- ▶ **Focus on customer satisfaction, loyalty and digital initiatives:** in Q4, will launch *Santander Life 2.0* and new branch model openings
- ▶ **Faster growth** in loans (individuals: +9%; companies: +10%). In funds, change of mix strategy (demand deposits: +9%)
- ▶ **Profit up** driven by customer revenue and lower cost of credit



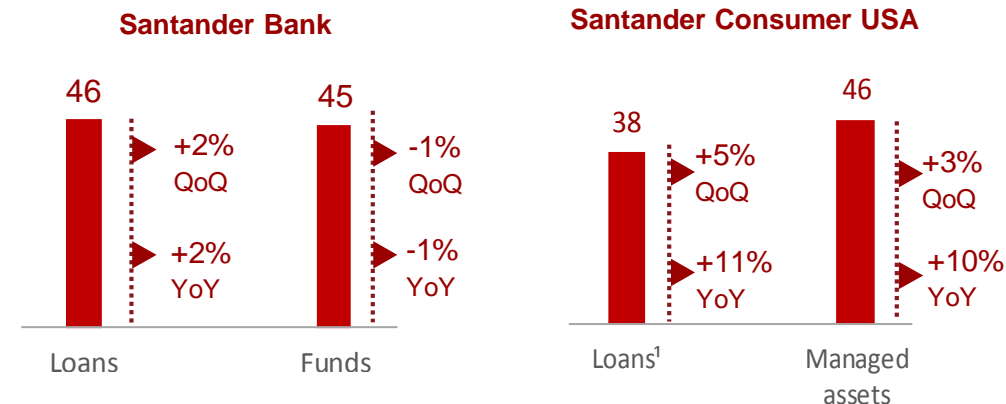
# United States



KEY DATA	9M'17	9M'18
Loyal customers (thousands)	278	332
Digital customers (thousands)	778	869
NPL ratio (%)	2.56	3.00
Cost of credit (%)	3.57	3.00
Efficiency ratio (%)	45.2	44.6
RoTE (%)	3.4	4.6

## ACTIVITY

Volumes in EUR bn



Note: % change in constant euros. Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds  
Santander Bank's customers (1) Includes leasing

P&L*	Q3'18	% Q2'18	9M'18	% 9M'17
NII	1,337	1.9	3,838	-4.1
Fee income	208	-7.9	641	-8.0
Gross income	1,735	1.4	4,983	-0.2
Operating expenses	-748	-1.1	-2,220	-1.7
LLPs	-649	43.6	-1,674	-16.1
<b>PBT</b>	<b>269</b>	<b>-40.9</b>	<b>946</b>	<b>37.8</b>
<b>Attributable profit</b>	<b>125</b>	<b>-42.9</b>	<b>460</b>	<b>46.5</b>

(\*) EUR mn and % change in constant euros

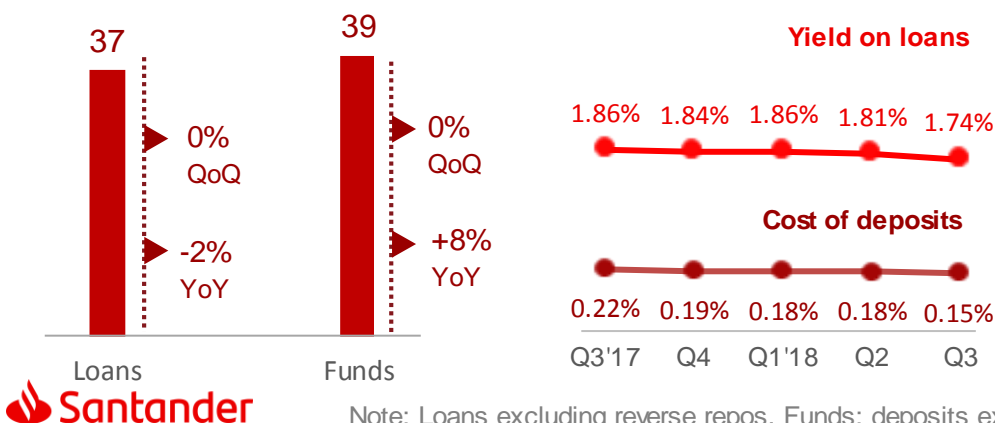
- ▶ The Federal Reserve terminated the 2015 Written Agreement it signed with SHUSA demonstrating our continued **improvement on regulatory issues**
- ▶ **Better volume dynamics** with loans growing for the second consecutive quarter and higher YoY
- ▶ **Strong increase in profit YoY**. QoQ affected by higher LLPs vs. a seasonal lower Q2
- ▶ **Santander Bank**: increasing profitability by improving NIM and efficiency ratio
- ▶ **SC USA**: higher profitability (RoTE 15%) driven by lower costs and LLPs, which more than offset the fall in spreads



KEY DATA	9M'17	9M'18
Loyal customers (thousands)	681	736
Digital customers (thousands)	551	691
NPL ratio (%)	8.39	7.43
Cost of credit (%)	0.10	0.03
Efficiency ratio (%)	48.9	47.5
RoTE (%)	11.7	11.6

## ACTIVITY

Volumes in EUR bn



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds. Underlying RoTE

(3) In terms of domestic assets and loans

P&L*	Q3'18	% Q2'18	9M'18	% 9M'17
NII	211	-1.1	646	14.2
Fee income	92	0.2	281	4.8
Gross income <sup>1</sup>	323	-6.9	1,010	10.5
Operating expenses	-157	-4.7	-480	7.4
LLPs	-11	n.a.	-20	-10.8
<b>PBT</b>	<b>167</b>	<b>4.8</b>	<b>492</b>	<b>21.1</b>
<b>Underlying att. profit</b>	<b>114</b>	<b>10.9</b>	<b>344</b>	<b>8.9</b>
Net capital gains and provisions <sup>2</sup>	0	-100.0	20	--
<b>Attributable profit</b>	<b>114</b>	<b>-7.1</b>	<b>364</b>	<b>15.3</b>

(\*) EUR mn (1) Q2'18 SRF contribution of EUR 17 mn; (2) Provisions and restructuring costs associated with inorganic operations, net of tax impacts

- ▶ Banco Popular integration was concluded in October
- ▶ Largest<sup>3</sup> privately owned bank after Popular integration
- ▶ New lending market shares remain around 19% in corporates and 22% in mortgages
- ▶ 9M'18 PBT boosted by improved efficiency and lower cost of credit

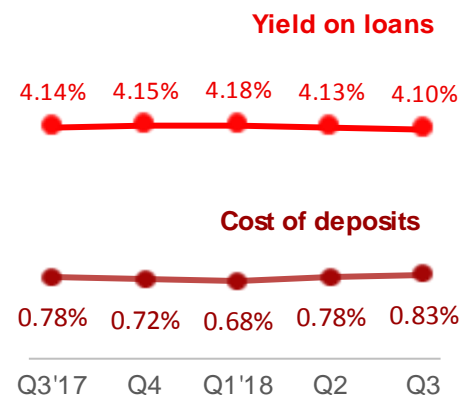
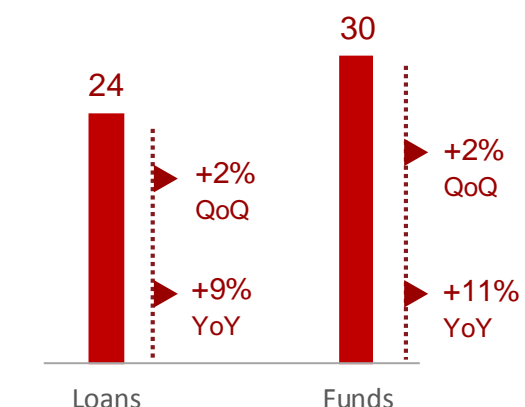
## Poland



KEY DATA	9M'17	9M'18
Loyal customers (thousands)	1,350	1,743
Digital customers (thousands)	2,030	2,175
NPL ratio (%)	4.70	4.23
Cost of credit (%)	0.61	0.69
Efficiency ratio (%)	42.8	43.0
RoTE (%)	11.4	11.1

## ACTIVITY

Volumes in EUR bn



Note: % change in constant euros. Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds  
 (1) DBP: Deutsche Bank Polska

P&L*	Q3'18	% Q2'18	9M'18	% 9M'17
NII	243	2.2	730	6.3
Fee income	111	-1.9	338	3.0
Gross income	367	-6.8	1,098	5.0
Operating expenses	-156	-2.5	-472	5.5
LLPs	-33	-18.1	-120	23.2
PBT	151	-4.9	432	2.2
<b>Attributable profit</b>	<b>80</b>	<b>-12.1</b>	<b>236</b>	<b>7.6</b>

(\*) EUR mn and % change in constant euros

- ▶ **Strong GDP growth (>4%),** above European average
- ▶ **Loan growth** continued across all key segments and products. Customer funds increased partly due to extra liquidity building ahead of DBP<sup>1</sup> acquisition
- ▶ **YoY profit growth** driven by **customer revenue**
- ▶ **Positive Q3'18: higher customer revenue, lower costs** and **LLPs**, however QoQ evolution affected by the **seasonal collection of dividends in Q2**
- ▶ **Strong credit quality:** lower NPL ratio with the cost of credit impacted by portfolio sales in 2017

## Argentina impacts on results and capital

- Argentina meets the criteria to be considered as a high inflation economy. International rules indicate that an economy is considered to be high inflationary if, among other factors, it has a 3-year cumulative inflation rate of above or around 100%.
- From September Argentina's results and balance sheet must be adjusted by inflation rates.

### Impact on results that must be applied since 1 January 2018

Monetary adjustment	EUR -81 mn
Use of fixing exchange rates instead of average rates	EUR -88 mn
<b>Total impact</b>	<b>EUR -169 mn</b>

### Impact on the Group's capital ratio of the adjustment application

In the first application, fixed assets should be revalued:

- Positive capital impact of ~ EUR 105 mn (net of tax)
- Representing an increase of about 2 bps in capital

The reduction in inflation as the situation normalizes would lead to an equivalent reduction in the accounting adjustment

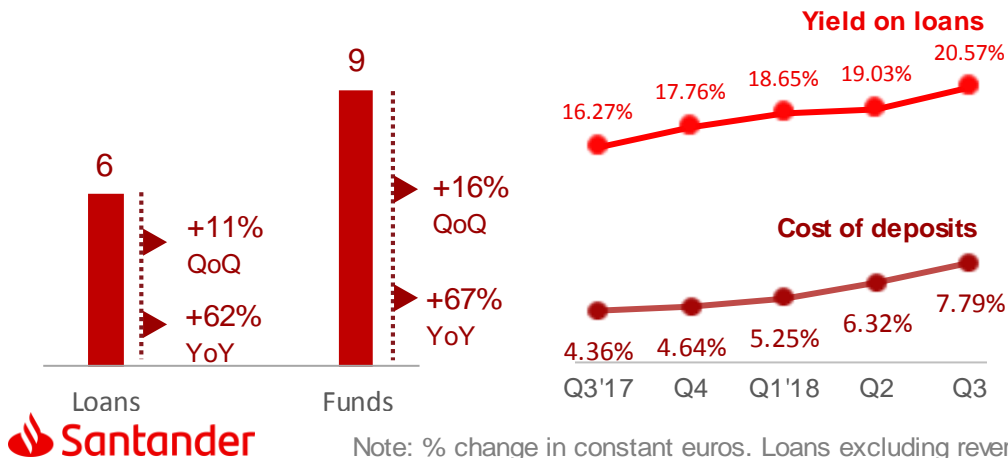
# Argentina



KEY DATA	9M'17	9M'18
Loyal customers (thousands)	1,288	1,397
Digital customers (thousands)	1,907	2,084
NPL ratio (%)	2.34	2.47
Cost of credit (%)	1.85	2.92
Efficiency ratio (%)	55.9	57.8
RoTE (%)	30.9	16.5

## ACTIVITY

Volumes in EUR bn



Note: % change in constant euros. Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds

P&L*	Q3'18 <sup>1</sup>	Q3'18 <sup>2</sup>	% Q2'18	9M'18	% 9M'17
NII	-6	178	22.5	442	48.8
Fee income	-6	102	22.2	256	36.5
Gross income	-70	262	-2.0	737	38.6
Operating expenses	0	-175	34.8	-426	43.2
LLPs	-7	-58	26.0	-131	172.1
<b>PBT</b>	<b>-73</b>	<b>9</b>	<b>-86.2</b>	<b>127</b>	<b>-19.8</b>
<b>Attributable profit</b>	<b>-71</b>	<b>-14</b>	<b>--</b>	<b>67</b>	<b>-38.0</b>

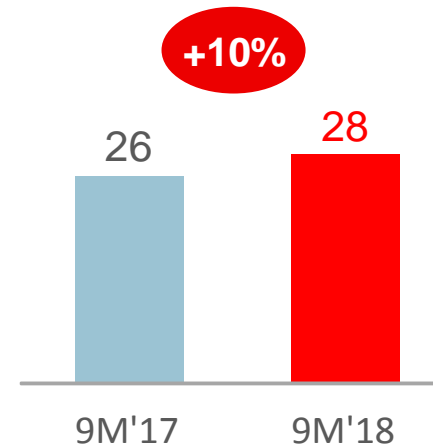
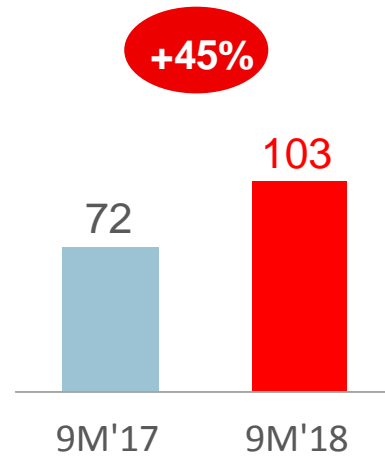
(1) EUR mn (2) Constant EUR mn (\*) All % changes in constant euros

- ▶ Agreement with the IMF allows Argentina to bridge the financial gap for 2018 and 2019. New monetary and fiscal policies should be reflected in more FX stability and lower inflation
- ▶ **Leading privately owned bank** in Argentina by loans and deposits
- ▶ **Profit affected by high inflation adjustment**
- ▶ **QoQ customer revenue up** due to spreads management and fee income from cash deposits and FX. **Higher costs and LLPs** partially affected by the peso's depreciation and the automatic review of the collective salary agreement

## Other Latin American countries

### Attributable profit

Constant EUR mn



- ▶ Focusing on loyalty, transactions and target segments
- ▶ Uruguay's profit driven by higher NII and fee income, with improved C/I
- ▶ Peru's higher revenue more than offset the cost increase

Loans and customer funds by units and by businesses

Other countries results

**Global business results**

Liquidity

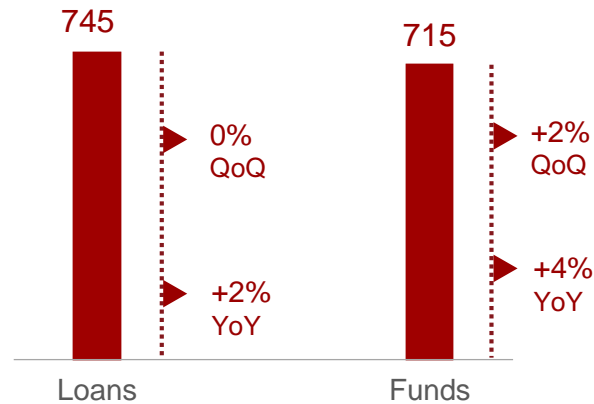
NPL and coverage ratios and cost of credit

Quarterly income statements

# Retail Banking

## ACTIVITY

EUR bn and % change in constant euros



## P&L\*

	Q3'18	% Q2'18	9M'18	% 9M'17
NII	7,918	2.6	24,023	8.9
Fee income	2,068	-0.3	6,611	7.3
Gross income	10,411	3.1	31,726	8.5
Operating expenses	-4,486	-1.8	-14,230	7.2
LLPs	-2,035	12.7	-6,107	8.1
<b>PBT</b>	<b>3,508</b>	<b>3.5</b>	<b>10,289</b>	<b>20.2</b>
<b>Underlying att. profit</b>	<b>1,995</b>	<b>2.7</b>	<b>5,931</b>	<b>16.6</b>
Net capital gains and provisions <sup>1</sup>	0	-100.0	-260	-32.5
<b>Attributable profit</b>	<b>1,995</b>	<b>18.1</b>	<b>5,671</b>	<b>20.6</b>

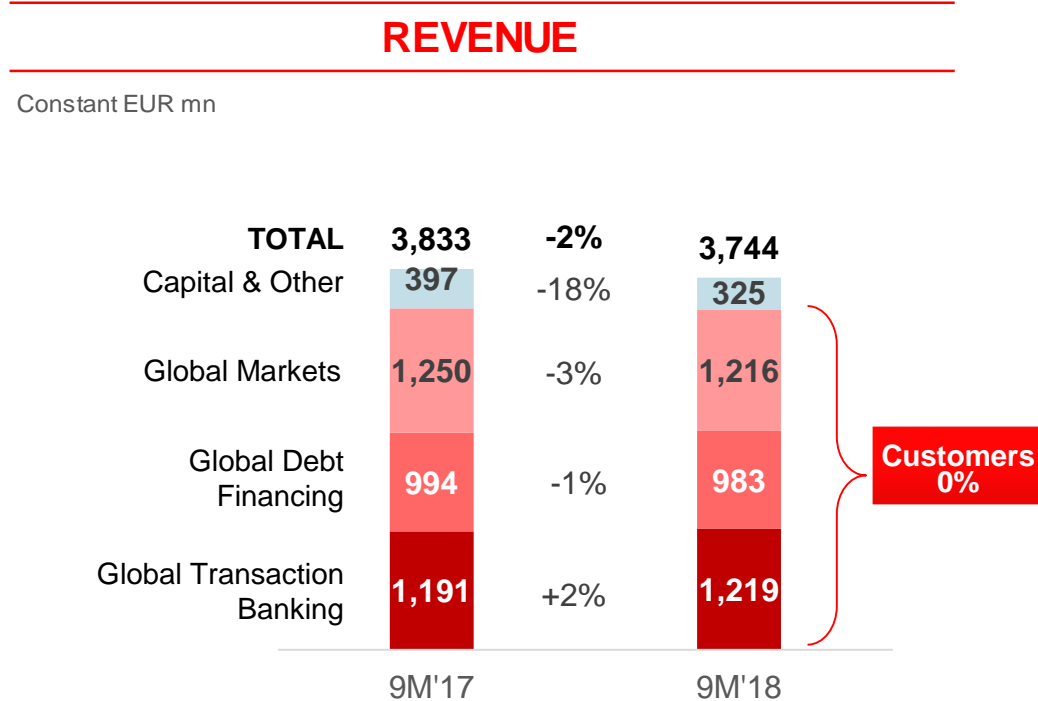
(\*) EUR mn and % change in constant euros

(1) In Q2'18, charges related to integrations (mainly restructuring costs), net of tax impacts, in Spain and Portugal. In 2017, integration costs

- ▶ Focus on three main priorities: customer loyalty, digital transformation and operational excellence
- ▶ New commercial initiatives and launch of several offers across a multi-channel model
- ▶ Progress in achieving our targets. 19.6 million loyal customers (+19% from September 2017) and 29.9 million digital customers (+24% from September 2017)
- ▶ Profit boosted by the perimeter following Banco Popular's acquisition and the strong performance in customer revenue



# Corporate & Investment Banking



<b>P&amp;L*</b>	<b>Q3'18</b>	<b>% Q2'18</b>	<b>9M'18</b>	<b>% 9M'17</b>
NII	573	16.1	1,665	-0.2
Fee income	330	-12.3	1,133	0.2
Gross income	1,194	8.2	3,744	-2.3
Operating expenses	-524	10.2	-1,554	12.0
LLPs	-42	-10.1	-161	-63.4
<b>PBT</b>	<b>604</b>	<b>10.8</b>	<b>1,964</b>	<b>-0.1</b>
<b>Attributable profit</b>	<b>384</b>	<b>14.2</b>	<b>1,258</b>	<b>-2.9</b>

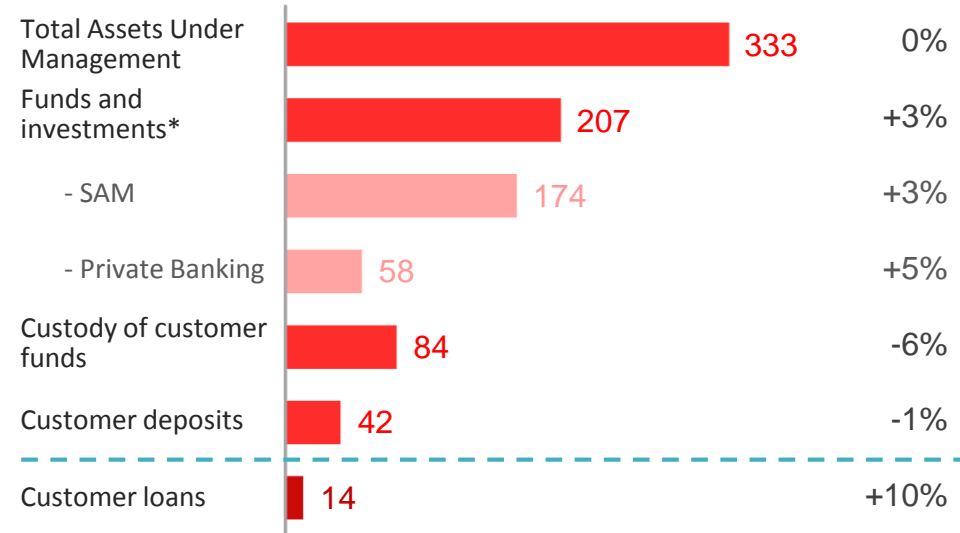
(\*) EUR mn and % change in constant euros

- ▶ Leading positions in Latam and Europe, particularly in export & agency finance, debt capital markets and structured financing
- ▶ Continued support to global customers in their capital issuances, with financing solutions and transactional services
- ▶ Attributable profit down 3% YoY mainly due to lower gains on financial transactions (extraordinarily high in Q1'17) and higher costs
- ▶ QoQ profit rose 14% driven by the recovery of revenue growth and lower provisions

# Wealth Management

## ACTIVITY

Constant EUR bn and % change vs 9M17



(\*) Total adjusted for funds from private banking customers managed by SAM

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

- ▶ **Total contribution<sup>1</sup> to the Group's profit of EUR 757 million (+10% YoY)**
- ▶ Continues to be a reference in private banking and asset management in Spain and Latin America
- ▶ Key initiatives: development of the Private Wealth (UHNW) proposition, Private Banking digital platform, strengthening of SAM value proposition
- ▶ Private Banking as a global segment is a priority: cross-border collaboration volumes grew 19% since December 2017 to EUR 4,152 million
- ▶ In volumes: growth in funds and investments whereas custody is affected by the markets' performance; double digit rise in loans driven by the development of Private Wealth
- ▶ Gross income growth driven by increased managed volumes of higher added value

## P&L\*

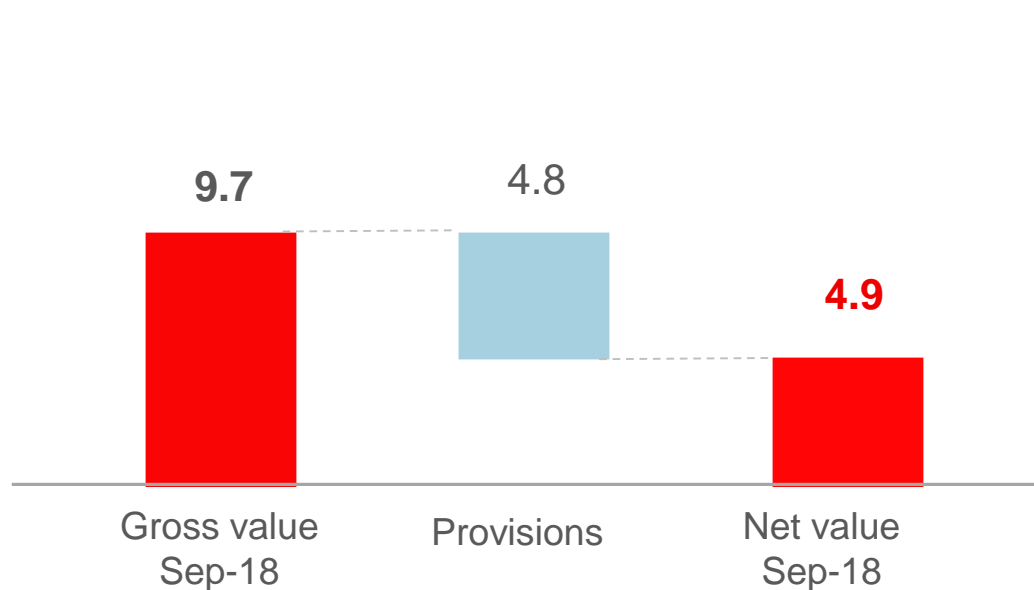
	Q3'18	% Q2'18	9M'18	% 9M'17
NII	104	1.2	311	12.0
Fee income	266	-3.7	826	65.9
Gross income	374	-2.9	1,150	35.3
Operating expenses	-179	-3.1	-549	49.7
LLPs	1	—	-4	—
<b>PBT</b>	<b>190</b>	<b>-3.0</b>	<b>587</b>	<b>22.3</b>
<b>Attributable profit</b>	<b>128</b>	<b>-3.1</b>	<b>392</b>	<b>14.6</b>

(\*) EUR mn and % change in constant euros

# Spain Real Estate activity

## Real estate exposure<sup>1</sup>

EUR bn



## Net value

EUR bn

	Sep-18
<b>Real estate assets</b>	<b>3.9</b>
<i>Foreclosed assets</i>	2.7
<i>Rental assets</i>	1.2
<b>RE non-performing loans (NPLs)</b>	<b>1.0</b>
<b>RE assets + RE non-performing loans</b>	<b>4.9</b>

- ▶ Management continued to be aimed at reducing these assets, particularly loans and foreclosed assets
- ▶ During the third quarter, the Group reached agreement with a subsidiary of Cerberus Capital Management to sell properties for EUR 1,535 million<sup>2</sup>
- ▶ Loss of EUR 187 million in the first nine months of the year (loss of EUR 223 million in the same period of 2017), due to the reduced need for provisions

Loans and customer funds by units and by businesses

Other countries results

Global business results

**Liquidity**

NPL and coverage ratios and cost of credit

Quarterly income statements

# We made good headway YTD in our funding plan to enhance the Group's TLAC position and optimise the cost of capital

## Key liquidity ratios

Sep-18

<b>Net loan-to-deposit ratio (LTD):</b>	<b>111%</b>
<b>Deposits + M/LT funding / net loans:</b>	<b>114%</b>
<b>Liquidity Coverage Ratio (LCR)<sup>1</sup>:</b>	<b>154%</b>

Comfortable liquidity position  
(Group and subsidiaries)

## Funding plan - issuances

Jan-Sep 18

<b>Group issuances<sup>2</sup></b>	<b>EUR 19bn (~EUR 11bn TLAC-eligible)</b>
<b>Main issuers</b>	<b>Parent bank, SCF and UK</b>
<b>Main issuance currencies</b>	<b>EUR, USD, GBP</b>

Focus on TLAC-eligible instruments, following  
our decentralised liquidity and funding model

**Loans and customer funds by units and by businesses**

**Other countries results**

**Global business results**

**Liquidity**

**NPL and coverage ratios and cost of credit**

**Quarterly income statements**

# NPL ratio

%

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
<b>Continental Europe</b>	<b>5.62</b>	<b>8.70</b>	<b>6.30</b>	<b>5.82</b>	<b>5.81</b>	<b>5.68</b>	<b>5.57</b>
Spain	5.22	10.52	6.82	6.32	6.27	6.24	6.23
Santander Consumer Finance	2.62	2.61	2.60	2.50	2.48	2.44	2.45
Poland	5.20	4.66	4.70	4.57	4.77	4.58	4.23
Portugal	8.47	9.10	8.39	7.51	8.29	7.55	7.43
<b>United Kingdom</b>	<b>1.31</b>	<b>1.23</b>	<b>1.32</b>	<b>1.33</b>	<b>1.17</b>	<b>1.12</b>	<b>1.10</b>
<b>Latin America</b>	<b>4.50</b>	<b>4.40</b>	<b>4.41</b>	<b>4.46</b>	<b>4.43</b>	<b>4.40</b>	<b>4.33</b>
Brazil	5.36	5.36	5.32	5.29	5.26	5.26	5.26
Mexico	2.77	2.58	2.56	2.69	2.68	2.58	2.41
Chile	4.93	5.00	4.95	4.96	5.00	4.86	4.78
Argentina	1.82	2.21	2.34	2.50	2.54	2.40	2.47
<b>USA</b>	<b>2.43</b>	<b>2.64</b>	<b>2.56</b>	<b>2.79</b>	<b>2.86</b>	<b>2.91</b>	<b>3.00</b>
<b>Operating Areas</b>	<b>3.77</b>	<b>5.40</b>	<b>4.27</b>	<b>4.10</b>	<b>4.04</b>	<b>3.94</b>	<b>3.87</b>
<b>Total Group</b>	<b>3.74</b>	<b>5.37</b>	<b>4.24</b>	<b>4.08</b>	<b>4.02</b>	<b>3.92</b>	<b>3.87</b>

# Coverage ratio

%

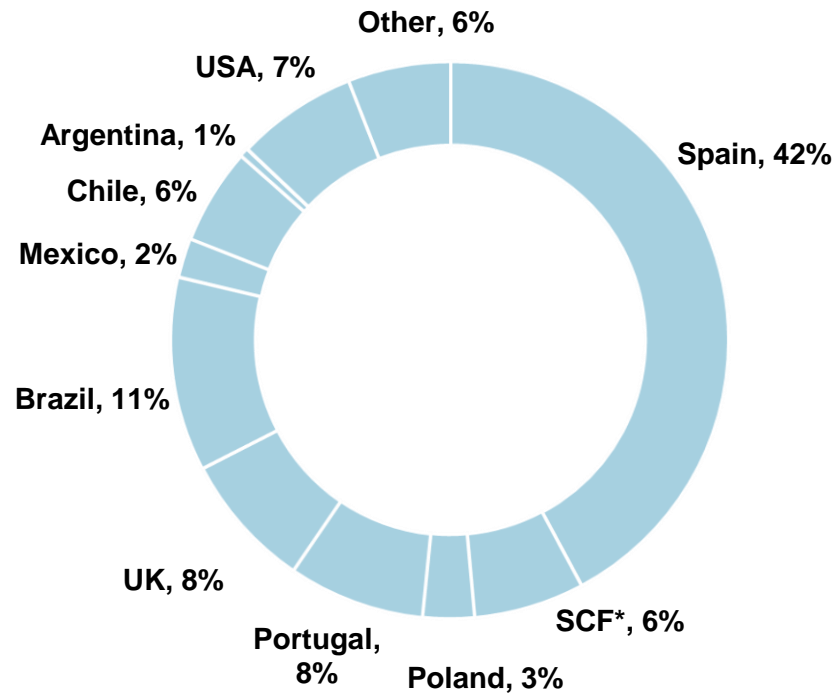
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
<b>Continental Europe</b>	<b>60.6</b>	<b>59.7</b>	<b>53.7</b>	<b>54.4</b>	<b>56.8</b>	<b>55.2</b>	<b>54.4</b>
Spain	49.1	56.6	46.2	46.8	51.1	49.0	47.7
Santander Consumer Finance	108.9	106.5	104.3	101.4	107.2	107.7	106.4
Poland	61.2	67.5	67.6	68.2	72.0	72.1	71.6
Portugal	61.7	55.6	56.1	62.1	53.9	52.7	53.4
<b>United Kingdom</b>	<b>33.8</b>	<b>32.6</b>	<b>31.5</b>	<b>32.0</b>	<b>34.6</b>	<b>34.0</b>	<b>33.1</b>
<b>Latin America</b>	<b>90.5</b>	<b>89.2</b>	<b>90.1</b>	<b>85.0</b>	<b>98.4</b>	<b>96.8</b>	<b>97.1</b>
Brazil	98.1	95.5	97.6	92.6	110.4	108.7	109.1
Mexico	104.8	113.8	110.3	97.5	113.5	116.1	120.5
Chile	58.9	58.2	58.5	58.2	61.0	60.0	59.6
Argentina	134.1	109.9	102.8	100.1	121.3	121.5	124.0
<b>USA</b>	<b>202.4</b>	<b>183.1</b>	<b>187.5</b>	<b>170.2</b>	<b>169.1</b>	<b>156.9</b>	<b>145.5</b>
<b>Operating Areas</b>	<b>74.6</b>	<b>67.6</b>	<b>65.7</b>	<b>65.1</b>	<b>69.7</b>	<b>68.3</b>	<b>67.6</b>
<b>Total Group</b>	<b>74.6</b>	<b>67.7</b>	<b>65.8</b>	<b>65.2</b>	<b>70.0</b>	<b>68.6</b>	<b>67.9</b>



# Non-performing loans and loan-loss allowances. September 2018

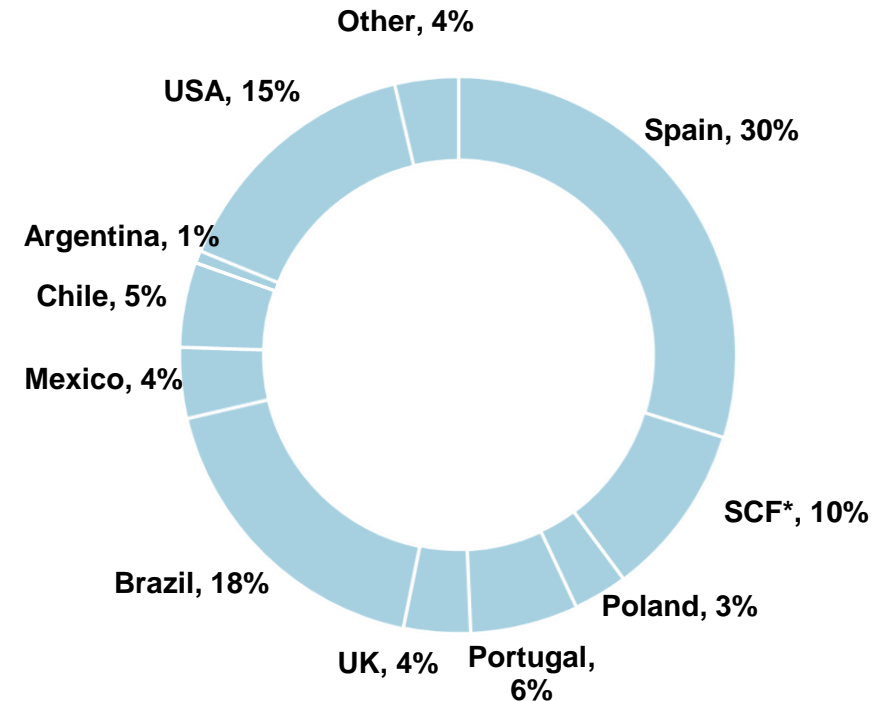
## Non-performing loans

100%: EUR 36,332 million



## Loan-loss allowances

100%: EUR 24,685 million



# Cost of credit

%

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
<b>Continental Europe</b>	<b>0.38</b>	<b>0.36</b>	<b>0.32</b>	<b>0.31</b>	<b>0.32</b>	<b>0.34</b>	<b>0.37</b>
Spain	0.33	0.32	0.28	0.30	0.29	0.31	0.35
Santander Consumer Finance	0.39	0.37	0.34	0.30	0.36	0.37	0.40
Poland	0.66	0.65	0.61	0.62	0.69	0.71	0.69
Portugal	0.07	0.03	0.10	0.04	0.08	0.10	0.03
<b>United Kingdom</b>	<b>0.03</b>	<b>0.02</b>	<b>0.03</b>	<b>0.08</b>	<b>0.10</b>	<b>0.10</b>	<b>0.08</b>
<b>Latin America</b>	<b>3.36</b>	<b>3.36</b>	<b>3.25</b>	<b>3.15</b>	<b>3.12</b>	<b>3.04</b>	<b>2.94</b>
Brazil	4.84	4.79	4.55	4.36	4.35	4.30	4.17
Mexico	2.94	3.01	3.14	3.08	2.95	2.78	2.72
Chile	1.42	1.37	1.27	1.21	1.22	1.18	1.18
Argentina	1.68	1.75	1.85	1.85	2.06	2.47	2.92
<b>USA</b>	<b>3.63</b>	<b>3.65</b>	<b>3.57</b>	<b>3.42</b>	<b>3.29</b>	<b>3.02</b>	<b>3.00</b>
<b>Operating Areas</b>	<b>1.18</b>	<b>1.18</b>	<b>1.12</b>	<b>1.07</b>	<b>1.03</b>	<b>0.99</b>	<b>0.97</b>
<b>Total Group</b>	<b>1.17</b>	<b>1.17</b>	<b>1.12</b>	<b>1.07</b>	<b>1.04</b>	<b>0.99</b>	<b>0.98</b>

Loans and customer funds by units and by businesses

Other countries results

Global business results

Liquidity

NPL and coverage ratios and cost of credit

**Quarterly income statements**

# Grupo Santander

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	11,246	11,522	11,569	11,556	11,409	11,411	10,989	34,337	33,809
Gross income	12,029	12,049	12,252	12,062	12,151	12,011	11,720	36,330	35,882
Operating expenses	(5,543)	(5,648)	(5,766)	(5,961)	(5,764)	(5,718)	(5,361)	(16,957)	(16,843)
<b>Net operating income</b>	<b>6,486</b>	<b>6,401</b>	<b>6,486</b>	<b>6,101</b>	<b>6,387</b>	<b>6,293</b>	<b>6,359</b>	<b>19,373</b>	<b>19,039</b>
Net loan-loss provisions	(2,400)	(2,280)	(2,250)	(2,181)	(2,282)	(2,015)	(2,121)	(6,930)	(6,418)
Other	(775)	(848)	(645)	(544)	(416)	(487)	(488)	(2,268)	(1,391)
<b>Underlying profit before taxes</b>	<b>3,311</b>	<b>3,273</b>	<b>3,591</b>	<b>3,375</b>	<b>3,689</b>	<b>3,791</b>	<b>3,750</b>	<b>10,175</b>	<b>11,230</b>
<b>Underlying consolidated profit</b>	<b>2,186</b>	<b>2,144</b>	<b>2,347</b>	<b>2,285</b>	<b>2,409</b>	<b>2,412</b>	<b>2,356</b>	<b>6,678</b>	<b>7,177</b>
<b>Underlying attributable profit</b>	<b>1,867</b>	<b>1,749</b>	<b>1,976</b>	<b>1,924</b>	<b>2,054</b>	<b>1,998</b>	<b>1,990</b>	<b>5,592</b>	<b>6,042</b>
Net capital gains and provisions*	—	—	(515)	(382)	—	(300)	—	(515)	(300)
<b>Attributable profit</b>	<b>1,867</b>	<b>1,749</b>	<b>1,461</b>	<b>1,542</b>	<b>2,054</b>	<b>1,698</b>	<b>1,990</b>	<b>5,077</b>	<b>5,742</b>

# Grupo Santander

Constant EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	9,926	10,364	10,833	10,917	11,062	11,271	11,476	31,123	33,809
Gross income	10,610	10,830	11,477	11,394	11,791	11,845	12,246	32,916	35,882
Operating expenses	(4,961)	(5,128)	(5,442)	(5,664)	(5,607)	(5,638)	(5,598)	(15,531)	(16,843)
<b>Net operating income</b>	<b>5,649</b>	<b>5,702</b>	<b>6,035</b>	<b>5,730</b>	<b>6,183</b>	<b>6,207</b>	<b>6,648</b>	<b>17,386</b>	<b>19,039</b>
Net loan-loss provisions	(2,073)	(2,023)	(2,090)	(2,060)	(2,221)	(1,987)	(2,210)	(6,186)	(6,418)
Other	(692)	(758)	(596)	(512)	(399)	(471)	(522)	(2,045)	(1,391)
<b>Underlying profit before taxes</b>	<b>2,884</b>	<b>2,921</b>	<b>3,349</b>	<b>3,158</b>	<b>3,563</b>	<b>3,750</b>	<b>3,917</b>	<b>9,154</b>	<b>11,230</b>
<b>Underlying consolidated profit</b>	<b>1,902</b>	<b>1,903</b>	<b>2,194</b>	<b>2,145</b>	<b>2,330</b>	<b>2,385</b>	<b>2,461</b>	<b>5,998</b>	<b>7,177</b>
<b>Underlying attributable profit</b>	<b>1,612</b>	<b>1,536</b>	<b>1,840</b>	<b>1,796</b>	<b>1,981</b>	<b>1,971</b>	<b>2,090</b>	<b>4,988</b>	<b>6,042</b>
Net capital gains and provisions*	—	—	(515)	(378)	—	(300)	—	(515)	(300)
<b>Attributable profit</b>	<b>1,612</b>	<b>1,536</b>	<b>1,325</b>	<b>1,418</b>	<b>1,981</b>	<b>1,671</b>	<b>2,090</b>	<b>4,473</b>	<b>5,742</b>

# Spain

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	1,206	1,409	1,753	1,749	1,710	1,729	1,769	4,368	5,208
Gross income	1,539	1,475	2,011	1,835	2,063	1,837	2,114	5,025	6,015
Operating expenses	(798)	(893)	(1,161)	(1,188)	(1,145)	(1,123)	(1,103)	(2,852)	(3,370)
<b>Net operating income</b>	<b>741</b>	<b>582</b>	<b>850</b>	<b>647</b>	<b>918</b>	<b>714</b>	<b>1,012</b>	<b>2,173</b>	<b>2,644</b>
Net loan-loss provisions	(163)	(144)	(120)	(175)	(207)	(196)	(197)	(428)	(599)
Other	(64)	(64)	(62)	(25)	(104)	(86)	(102)	(190)	(292)
<b>Underlying profit before taxes</b>	<b>514</b>	<b>374</b>	<b>667</b>	<b>447</b>	<b>608</b>	<b>432</b>	<b>713</b>	<b>1,555</b>	<b>1,753</b>
<b>Underlying consolidated profit</b>	<b>367</b>	<b>267</b>	<b>489</b>	<b>333</b>	<b>455</b>	<b>326</b>	<b>526</b>	<b>1,123</b>	<b>1,307</b>
<b>Underlying attributable profit</b>	<b>362</b>	<b>262</b>	<b>484</b>	<b>330</b>	<b>455</b>	<b>325</b>	<b>526</b>	<b>1,108</b>	<b>1,306</b>
Net capital gains and provisions*	—	—	(300)	—	—	(280)	—	(300)	(280)
<b>Attributable profit</b>	<b>362</b>	<b>262</b>	<b>184</b>	<b>330</b>	<b>455</b>	<b>45</b>	<b>526</b>	<b>808</b>	<b>1,026</b>

# Santander Consumer Finance

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	1,121	1,096	1,121	1,110	1,130	1,116	1,143	3,339	3,389
Gross income	1,118	1,099	1,135	1,132	1,140	1,126	1,157	3,352	3,423
Operating expenses	(502)	(485)	(484)	(506)	(509)	(507)	(475)	(1,472)	(1,491)
<b>Net operating income</b>	<b>616</b>	<b>614</b>	<b>650</b>	<b>625</b>	<b>631</b>	<b>619</b>	<b>682</b>	<b>1,880</b>	<b>1,932</b>
Net loan-loss provisions	(61)	(57)	(90)	(58)	(120)	(69)	(124)	(207)	(313)
Other	(37)	(35)	(30)	(55)	24	13	5	(102)	41
<b>Underlying profit before taxes</b>	<b>518</b>	<b>522</b>	<b>531</b>	<b>512</b>	<b>535</b>	<b>563</b>	<b>562</b>	<b>1,571</b>	<b>1,660</b>
<b>Underlying consolidated profit</b>	<b>370</b>	<b>382</b>	<b>370</b>	<b>373</b>	<b>388</b>	<b>412</b>	<b>405</b>	<b>1,122</b>	<b>1,206</b>
<b>Underlying attributable profit</b>	<b>314</b>	<b>319</b>	<b>309</b>	<b>311</b>	<b>323</b>	<b>346</b>	<b>332</b>	<b>943</b>	<b>1,000</b>
Net capital gains and provisions*	—	—	(85)	—	—	—	—	(85)	—
<b>Attributable profit</b>	<b>314</b>	<b>319</b>	<b>224</b>	<b>311</b>	<b>323</b>	<b>346</b>	<b>332</b>	<b>858</b>	<b>1,000</b>

(\*) Including: in Q3'17 charges for integration costs

# Santander Consumer Finance

Constant EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	1,111	1,092	1,117	1,109	1,129	1,116	1,144	3,320	3,389
Gross income	1,108	1,094	1,131	1,131	1,139	1,126	1,158	3,332	3,423
Operating expenses	(498)	(483)	(482)	(506)	(509)	(507)	(475)	(1,463)	(1,491)
<b>Net operating income</b>	<b>610</b>	<b>611</b>	<b>648</b>	<b>625</b>	<b>631</b>	<b>619</b>	<b>683</b>	<b>1,869</b>	<b>1,932</b>
Net loan-loss provisions	(60)	(58)	(89)	(58)	(120)	(69)	(124)	(206)	(313)
Other	(37)	(35)	(30)	(56)	24	13	5	(102)	41
<b>Underlying profit before taxes</b>	<b>513</b>	<b>519</b>	<b>529</b>	<b>511</b>	<b>534</b>	<b>563</b>	<b>563</b>	<b>1,561</b>	<b>1,660</b>
<b>Underlying consolidated profit</b>	<b>366</b>	<b>379</b>	<b>369</b>	<b>373</b>	<b>388</b>	<b>412</b>	<b>406</b>	<b>1,114</b>	<b>1,206</b>
<b>Underlying attributable profit</b>	<b>310</b>	<b>317</b>	<b>308</b>	<b>311</b>	<b>322</b>	<b>346</b>	<b>332</b>	<b>935</b>	<b>1,000</b>
Net capital gains and provisions*	—	—	(85)	—	—	—	—	(85)	—
<b>Attributable profit</b>	<b>310</b>	<b>317</b>	<b>223</b>	<b>311</b>	<b>322</b>	<b>346</b>	<b>332</b>	<b>850</b>	<b>1,000</b>

(\*) Including: in Q3'17 charges for integration costs



# Poland

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	318	343	350	360	359	355	354	1,011	1,068
Gross income	321	363	358	378	333	398	367	1,042	1,098
Operating expenses	(146)	(150)	(149)	(160)	(154)	(162)	(156)	(446)	(472)
<b>Net operating income</b>	<b>175</b>	<b>212</b>	<b>209</b>	<b>218</b>	<b>179</b>	<b>236</b>	<b>211</b>	<b>596</b>	<b>626</b>
Net loan-loss provisions	(27)	(34)	(36)	(40)	(46)	(41)	(33)	(97)	(120)
Other	(23)	(27)	(28)	(19)	(13)	(34)	(26)	(78)	(74)
<b>Underlying profit before taxes</b>	<b>125</b>	<b>152</b>	<b>144</b>	<b>159</b>	<b>120</b>	<b>161</b>	<b>151</b>	<b>421</b>	<b>432</b>
<b>Underlying consolidated profit</b>	<b>86</b>	<b>120</b>	<b>110</b>	<b>116</b>	<b>89</b>	<b>132</b>	<b>114</b>	<b>316</b>	<b>335</b>
<b>Underlying attributable profit</b>	<b>59</b>	<b>83</b>	<b>76</b>	<b>81</b>	<b>63</b>	<b>93</b>	<b>80</b>	<b>219</b>	<b>236</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>59</b>	<b>83</b>	<b>76</b>	<b>81</b>	<b>63</b>	<b>93</b>	<b>80</b>	<b>219</b>	<b>236</b>

# Poland

PLN million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	1,374	1,449	1,489	1,522	1,500	1,512	1,525	4,312	4,537
Gross income	1,386	1,532	1,525	1,599	1,390	1,695	1,579	4,442	4,664
Operating expenses	(630)	(634)	(636)	(675)	(642)	(690)	(672)	(1,900)	(2,005)
<b>Net operating income</b>	<b>756</b>	<b>898</b>	<b>889</b>	<b>924</b>	<b>748</b>	<b>1,005</b>	<b>907</b>	<b>2,542</b>	<b>2,660</b>
Net loan-loss provisions	(116)	(142)	(155)	(171)	(191)	(175)	(143)	(413)	(509)
Other	(100)	(112)	(119)	(78)	(55)	(146)	(113)	(332)	(314)
<b>Underlying profit before taxes</b>	<b>539</b>	<b>644</b>	<b>614</b>	<b>674</b>	<b>502</b>	<b>684</b>	<b>651</b>	<b>1,797</b>	<b>1,837</b>
<b>Underlying consolidated profit</b>	<b>372</b>	<b>506</b>	<b>470</b>	<b>492</b>	<b>373</b>	<b>560</b>	<b>491</b>	<b>1,348</b>	<b>1,424</b>
<b>Underlying attributable profit</b>	<b>257</b>	<b>351</b>	<b>324</b>	<b>344</b>	<b>264</b>	<b>393</b>	<b>346</b>	<b>932</b>	<b>1,003</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>257</b>	<b>351</b>	<b>324</b>	<b>344</b>	<b>264</b>	<b>393</b>	<b>346</b>	<b>932</b>	<b>1,003</b>

# Portugal

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	261	262	311	313	320	305	303	834	927
Gross income	294	275	345	330	341	346	323	914	1,010
Operating expenses	(139)	(142)	(166)	(167)	(158)	(165)	(157)	(447)	(480)
<b>Net operating income</b>	<b>155</b>	<b>133</b>	<b>179</b>	<b>163</b>	<b>183</b>	<b>182</b>	<b>166</b>	<b>467</b>	<b>530</b>
Net loan-loss provisions	10	5	(37)	10	(8)	(0)	(11)	(22)	(20)
Other	(14)	(9)	(16)	(5)	(9)	(22)	13	(39)	(18)
<b>Underlying profit before taxes</b>	<b>151</b>	<b>129</b>	<b>126</b>	<b>168</b>	<b>166</b>	<b>159</b>	<b>167</b>	<b>407</b>	<b>492</b>
<b>Underlying consolidated profit</b>	<b>126</b>	<b>111</b>	<b>81</b>	<b>120</b>	<b>128</b>	<b>104</b>	<b>115</b>	<b>318</b>	<b>346</b>
<b>Underlying attributable profit</b>	<b>125</b>	<b>110</b>	<b>80</b>	<b>119</b>	<b>127</b>	<b>103</b>	<b>114</b>	<b>316</b>	<b>344</b>
Net capital gains and provisions*	—	—	—	—	—	20	—	—	20
<b>Attributable profit</b>	<b>125</b>	<b>110</b>	<b>80</b>	<b>119</b>	<b>127</b>	<b>123</b>	<b>114</b>	<b>316</b>	<b>364</b>

# United Kingdom

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	1,349	1,409	1,317	1,291	1,274	1,304	1,291	4,075	3,869
Gross income	1,432	1,544	1,397	1,344	1,349	1,373	1,367	4,372	4,089
Operating expenses	(723)	(723)	(694)	(721)	(764)	(763)	(730)	(2,140)	(2,256)
<b>Net operating income</b>	<b>709</b>	<b>821</b>	<b>703</b>	<b>623</b>	<b>586</b>	<b>610</b>	<b>637</b>	<b>2,232</b>	<b>1,832</b>
Net loan-loss provisions	(15)	(42)	(66)	(81)	(66)	(37)	(26)	(123)	(129)
Other	(105)	(171)	(89)	(101)	(62)	(47)	(62)	(365)	(172)
<b>Underlying profit before taxes</b>	<b>588</b>	<b>608</b>	<b>547</b>	<b>441</b>	<b>457</b>	<b>526</b>	<b>549</b>	<b>1,744</b>	<b>1,532</b>
<b>Underlying consolidated profit</b>	<b>423</b>	<b>414</b>	<b>382</b>	<b>304</b>	<b>326</b>	<b>380</b>	<b>391</b>	<b>1,219</b>	<b>1,096</b>
<b>Underlying attributable profit</b>	<b>416</b>	<b>408</b>	<b>377</b>	<b>297</b>	<b>320</b>	<b>372</b>	<b>385</b>	<b>1,201</b>	<b>1,077</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>416</b>	<b>408</b>	<b>377</b>	<b>297</b>	<b>320</b>	<b>372</b>	<b>385</b>	<b>1,201</b>	<b>1,077</b>

# United Kingdom

GBP million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	1,160	1,213	1,183	1,146	1,125	1,142	1,152	3,556	3,420
Gross income	1,231	1,329	1,255	1,193	1,192	1,203	1,220	3,815	3,614
Operating expenses	(622)	(622)	(623)	(639)	(675)	(669)	(651)	(1,867)	(1,995)
<b>Net operating income</b>	<b>609</b>	<b>706</b>	<b>632</b>	<b>554</b>	<b>517</b>	<b>534</b>	<b>568</b>	<b>1,947</b>	<b>1,620</b>
Net loan-loss provisions	(13)	(36)	(59)	(72)	(58)	(32)	(23)	(108)	(114)
Other	(90)	(147)	(81)	(90)	(55)	(41)	(56)	(318)	(152)
<b>Underlying profit before taxes</b>	<b>506</b>	<b>524</b>	<b>492</b>	<b>392</b>	<b>404</b>	<b>461</b>	<b>490</b>	<b>1,521</b>	<b>1,354</b>
<b>Underlying consolidated profit</b>	<b>364</b>	<b>356</b>	<b>344</b>	<b>270</b>	<b>288</b>	<b>333</b>	<b>348</b>	<b>1,064</b>	<b>969</b>
<b>Underlying attributable profit</b>	<b>358</b>	<b>351</b>	<b>339</b>	<b>265</b>	<b>282</b>	<b>326</b>	<b>343</b>	<b>1,048</b>	<b>952</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>358</b>	<b>351</b>	<b>339</b>	<b>265</b>	<b>282</b>	<b>326</b>	<b>343</b>	<b>1,048</b>	<b>952</b>

# Brazil

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	3,455	3,413	3,392	3,458	3,403	3,296	3,153	10,259	9,851
Gross income	3,717	3,502	3,542	3,512	3,445	3,323	3,180	10,761	9,949
Operating expenses	(1,314)	(1,233)	(1,244)	(1,289)	(1,165)	(1,095)	(1,031)	(3,791)	(3,291)
<b>Net operating income</b>	<b>2,403</b>	<b>2,269</b>	<b>2,298</b>	<b>2,223</b>	<b>2,280</b>	<b>2,228</b>	<b>2,149</b>	<b>6,970</b>	<b>6,658</b>
Net loan-loss provisions	(910)	(852)	(819)	(814)	(822)	(750)	(665)	(2,581)	(2,236)
Other	(358)	(349)	(268)	(211)	(154)	(170)	(174)	(975)	(499)
<b>Underlying profit before taxes</b>	<b>1,135</b>	<b>1,068</b>	<b>1,211</b>	<b>1,198</b>	<b>1,304</b>	<b>1,308</b>	<b>1,310</b>	<b>3,414</b>	<b>3,923</b>
<b>Underlying consolidated profit</b>	<b>713</b>	<b>689</b>	<b>747</b>	<b>738</b>	<b>761</b>	<b>730</b>	<b>698</b>	<b>2,149</b>	<b>2,188</b>
<b>Underlying attributable profit</b>	<b>634</b>	<b>610</b>	<b>659</b>	<b>642</b>	<b>677</b>	<b>647</b>	<b>619</b>	<b>1,902</b>	<b>1,942</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>634</b>	<b>610</b>	<b>659</b>	<b>642</b>	<b>677</b>	<b>647</b>	<b>619</b>	<b>1,902</b>	<b>1,942</b>

# Brazil

BRL million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	11,561	12,036	12,567	13,139	13,568	14,121	14,451	36,165	42,141
Gross income	12,438	12,367	13,129	13,367	13,737	14,241	14,579	37,934	42,557
Operating expenses	(4,397)	(4,355)	(4,613)	(4,895)	(4,644)	(4,697)	(4,736)	(13,364)	(14,076)
<b>Net operating income</b>	<b>8,041</b>	<b>8,013</b>	<b>8,516</b>	<b>8,472</b>	<b>9,093</b>	<b>9,544</b>	<b>9,843</b>	<b>24,570</b>	<b>28,480</b>
Net loan-loss provisions	(3,045)	(3,008)	(3,045)	(3,105)	(3,276)	(3,220)	(3,070)	(9,098)	(9,566)
Other	(1,198)	(1,231)	(1,007)	(825)	(615)	(727)	(793)	(3,437)	(2,135)
<b>Underlying profit before taxes</b>	<b>3,798</b>	<b>3,773</b>	<b>4,464</b>	<b>4,543</b>	<b>5,202</b>	<b>5,597</b>	<b>5,981</b>	<b>12,035</b>	<b>16,780</b>
<b>Underlying consolidated profit</b>	<b>2,386</b>	<b>2,431</b>	<b>2,757</b>	<b>2,802</b>	<b>3,034</b>	<b>3,127</b>	<b>3,200</b>	<b>7,574</b>	<b>9,361</b>
<b>Underlying attributable profit</b>	<b>2,121</b>	<b>2,152</b>	<b>2,432</b>	<b>2,438</b>	<b>2,699</b>	<b>2,772</b>	<b>2,837</b>	<b>6,706</b>	<b>8,308</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>2,121</b>	<b>2,152</b>	<b>2,432</b>	<b>2,438</b>	<b>2,699</b>	<b>2,772</b>	<b>2,837</b>	<b>6,706</b>	<b>8,308</b>

# Mexico

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	804	856	879	811	836	841	927	2,539	2,604
Gross income	824	914	892	830	831	868	931	2,630	2,630
Operating expenses	(319)	(361)	(356)	(345)	(340)	(363)	(384)	(1,037)	(1,086)
<b>Net operating income</b>	<b>505</b>	<b>553</b>	<b>536</b>	<b>485</b>	<b>491</b>	<b>505</b>	<b>547</b>	<b>1,594</b>	<b>1,543</b>
Net loan-loss provisions	(233)	(246)	(240)	(187)	(200)	(189)	(227)	(718)	(616)
Other	(4)	(6)	(4)	(24)	(3)	(12)	(5)	(15)	(20)
<b>Underlying profit before taxes</b>	<b>267</b>	<b>301</b>	<b>292</b>	<b>274</b>	<b>288</b>	<b>305</b>	<b>315</b>	<b>860</b>	<b>908</b>
<b>Underlying consolidated profit</b>	<b>211</b>	<b>238</b>	<b>231</b>	<b>225</b>	<b>225</b>	<b>238</b>	<b>250</b>	<b>680</b>	<b>713</b>
<b>Underlying attributable profit</b>	<b>163</b>	<b>187</b>	<b>182</b>	<b>178</b>	<b>175</b>	<b>184</b>	<b>195</b>	<b>532</b>	<b>554</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>163</b>	<b>187</b>	<b>182</b>	<b>178</b>	<b>175</b>	<b>184</b>	<b>195</b>	<b>532</b>	<b>554</b>



# Mexico

MXN million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	17,348	17,505	18,399	18,076	19,257	19,435	20,475	53,251	59,167
Gross income	17,779	18,706	18,677	18,508	19,143	20,058	20,546	55,163	59,747
Operating expenses	(6,894)	(7,386)	(7,460)	(7,683)	(7,832)	(8,381)	(8,467)	(21,740)	(24,680)
<b>Net operating income</b>	<b>10,886</b>	<b>11,320</b>	<b>11,218</b>	<b>10,825</b>	<b>11,310</b>	<b>11,678</b>	<b>12,079</b>	<b>33,423</b>	<b>35,067</b>
Net loan-loss provisions	(5,032)	(5,019)	(5,015)	(4,201)	(4,610)	(4,357)	(5,020)	(15,066)	(13,987)
Other	(90)	(131)	(89)	(522)	(72)	(272)	(115)	(310)	(459)
<b>Underlying profit before taxes</b>	<b>5,764</b>	<b>6,170</b>	<b>6,113</b>	<b>6,102</b>	<b>6,628</b>	<b>7,049</b>	<b>6,944</b>	<b>18,047</b>	<b>20,621</b>
<b>Underlying consolidated profit</b>	<b>4,548</b>	<b>4,865</b>	<b>4,841</b>	<b>4,996</b>	<b>5,181</b>	<b>5,511</b>	<b>5,516</b>	<b>14,254</b>	<b>16,208</b>
<b>Underlying attributable profit</b>	<b>3,523</b>	<b>3,829</b>	<b>3,808</b>	<b>3,963</b>	<b>4,021</b>	<b>4,259</b>	<b>4,306</b>	<b>11,160</b>	<b>12,587</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>3,523</b>	<b>3,829</b>	<b>3,808</b>	<b>3,963</b>	<b>4,021</b>	<b>4,259</b>	<b>4,306</b>	<b>11,160</b>	<b>12,587</b>

# Chile

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	592	589	534	583	601	612	582	1,715	1,795
Gross income	645	644	604	630	640	642	632	1,893	1,914
Operating expenses	(264)	(260)	(253)	(248)	(258)	(272)	(257)	(777)	(787)
<b>Net operating income</b>	<b>381</b>	<b>383</b>	<b>351</b>	<b>382</b>	<b>382</b>	<b>370</b>	<b>375</b>	<b>1,116</b>	<b>1,127</b>
Net loan-loss provisions	(122)	(122)	(108)	(110)	(121)	(115)	(117)	(352)	(353)
Other	2	7	11	3	22	32	19	20	73
<b>Underlying profit before taxes</b>	<b>261</b>	<b>267</b>	<b>255</b>	<b>276</b>	<b>282</b>	<b>287</b>	<b>276</b>	<b>783</b>	<b>846</b>
<b>Underlying consolidated profit</b>	<b>214</b>	<b>218</b>	<b>209</b>	<b>218</b>	<b>223</b>	<b>232</b>	<b>221</b>	<b>641</b>	<b>675</b>
<b>Underlying attributable profit</b>	<b>147</b>	<b>149</b>	<b>143</b>	<b>146</b>	<b>151</b>	<b>158</b>	<b>153</b>	<b>440</b>	<b>461</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>147</b>	<b>149</b>	<b>143</b>	<b>146</b>	<b>151</b>	<b>158</b>	<b>153</b>	<b>440</b>	<b>461</b>

# Chile

CLP million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	413,110	430,039	403,461	434,470	444,260	453,403	449,145	1,246,609	1,346,808
Gross income	450,136	469,704	456,238	469,635	473,564	475,595	486,844	1,376,079	1,436,003
Operating expenses	(184,039)	(189,977)	(191,129)	(184,867)	(190,863)	(201,511)	(198,000)	(565,145)	(590,374)
<b>Net operating income</b>	<b>266,097</b>	<b>279,727</b>	<b>265,110</b>	<b>284,768</b>	<b>282,700</b>	<b>274,084</b>	<b>288,844</b>	<b>810,934</b>	<b>845,629</b>
Net loan-loss provisions	(85,110)	(89,381)	(81,474)	(81,875)	(89,852)	(84,920)	(90,252)	(255,965)	(265,024)
Other	1,438	4,750	8,384	2,363	16,034	23,790	14,617	14,572	54,441
<b>Underlying profit before taxes</b>	<b>182,425</b>	<b>195,096</b>	<b>192,020</b>	<b>205,256</b>	<b>208,882</b>	<b>212,954</b>	<b>213,209</b>	<b>569,541</b>	<b>635,045</b>
<b>Underlying consolidated profit</b>	<b>149,458</b>	<b>158,760</b>	<b>157,744</b>	<b>162,572</b>	<b>164,822</b>	<b>171,559</b>	<b>170,114</b>	<b>465,963</b>	<b>506,495</b>
<b>Underlying attributable profit</b>	<b>102,796</b>	<b>108,904</b>	<b>107,839</b>	<b>109,081</b>	<b>111,380</b>	<b>116,945</b>	<b>117,586</b>	<b>319,538</b>	<b>345,911</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>102,796</b>	<b>108,904</b>	<b>107,839</b>	<b>109,081</b>	<b>111,380</b>	<b>116,945</b>	<b>117,586</b>	<b>319,538</b>	<b>345,911</b>

# Argentina

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	374	428	382	398	343	367	(12)	1,183	698
Gross income	405	470	423	449	377	430	(70)	1,298	737
Operating expenses	(221)	(269)	(235)	(244)	(218)	(207)	(0)	(726)	(426)
<b>Net operating income</b>	<b>184</b>	<b>201</b>	<b>187</b>	<b>205</b>	<b>159</b>	<b>223</b>	<b>(70)</b>	<b>572</b>	<b>311</b>
Net loan-loss provisions	(29)	(42)	(46)	(41)	(49)	(75)	(7)	(118)	(131)
Other	1	(35)	(35)	(23)	(17)	(41)	4	(69)	(53)
<b>Underlying profit before taxes</b>	<b>156</b>	<b>123</b>	<b>106</b>	<b>141</b>	<b>92</b>	<b>107</b>	<b>(73)</b>	<b>386</b>	<b>127</b>
<b>Underlying consolidated profit</b>	<b>108</b>	<b>86</b>	<b>71</b>	<b>97</b>	<b>67</b>	<b>72</b>	<b>(71)</b>	<b>265</b>	<b>67</b>
<b>Underlying attributable profit</b>	<b>108</b>	<b>85</b>	<b>70</b>	<b>96</b>	<b>66</b>	<b>71</b>	<b>(71)</b>	<b>263</b>	<b>67</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>108</b>	<b>85</b>	<b>70</b>	<b>96</b>	<b>66</b>	<b>71</b>	<b>(71)</b>	<b>263</b>	<b>67</b>

# Argentina

ARS million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	6,241	7,378	7,644	8,101	8,293	10,046	12,292	21,263	30,630
Gross income	6,764	8,104	8,460	9,103	9,117	11,729	11,492	23,328	32,338
Operating expenses	(3,690)	(4,640)	(4,713)	(4,964)	(5,278)	(5,707)	(7,693)	(13,043)	(18,677)
<b>Net operating income</b>	<b>3,074</b>	<b>3,464</b>	<b>3,747</b>	<b>4,139</b>	<b>3,840</b>	<b>6,022</b>	<b>3,800</b>	<b>10,285</b>	<b>13,661</b>
Net loan-loss provisions	(486)	(730)	(903)	(828)	(1,196)	(2,021)	(2,546)	(2,118)	(5,764)
Other	17	(596)	(659)	(466)	(411)	(1,077)	(849)	(1,238)	(2,337)
<b>Underlying profit before taxes</b>	<b>2,606</b>	<b>2,138</b>	<b>2,185</b>	<b>2,845</b>	<b>2,232</b>	<b>2,923</b>	<b>404</b>	<b>6,929</b>	<b>5,560</b>
<b>Underlying consolidated profit</b>	<b>1,807</b>	<b>1,486</b>	<b>1,462</b>	<b>1,960</b>	<b>1,610</b>	<b>1,961</b>	<b>(612)</b>	<b>4,755</b>	<b>2,958</b>
<b>Underlying attributable profit</b>	<b>1,795</b>	<b>1,477</b>	<b>1,453</b>	<b>1,948</b>	<b>1,599</b>	<b>1,946</b>	<b>(618)</b>	<b>4,724</b>	<b>2,927</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>1,795</b>	<b>1,477</b>	<b>1,453</b>	<b>1,948</b>	<b>1,599</b>	<b>1,946</b>	<b>(618)</b>	<b>4,724</b>	<b>2,927</b>

# United States

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	1,763	1,738	1,545	1,495	1,435	1,500	1,545	5,045	4,480
Gross income	1,879	1,880	1,604	1,596	1,578	1,670	1,735	5,363	4,983
Operating expenses	(837)	(845)	(743)	(773)	(735)	(737)	(748)	(2,425)	(2,220)
<b>Net operating income</b>	<b>1,042</b>	<b>1,035</b>	<b>861</b>	<b>824</b>	<b>843</b>	<b>932</b>	<b>987</b>	<b>2,938</b>	<b>2,762</b>
Net loan-loss provisions	(811)	(697)	(634)	(638)	(579)	(445)	(649)	(2,142)	(1,674)
Other	(32)	(24)	(2)	(31)	(23)	(50)	(69)	(58)	(142)
<b>Underlying profit before taxes</b>	<b>199</b>	<b>314</b>	<b>225</b>	<b>155</b>	<b>241</b>	<b>437</b>	<b>269</b>	<b>737</b>	<b>946</b>
<b>Underlying consolidated profit</b>	<b>138</b>	<b>235</b>	<b>154</b>	<b>109</b>	<b>174</b>	<b>298</b>	<b>175</b>	<b>527</b>	<b>647</b>
<b>Underlying attributable profit</b>	<b>95</b>	<b>149</b>	<b>93</b>	<b>71</b>	<b>125</b>	<b>210</b>	<b>125</b>	<b>337</b>	<b>460</b>
Net capital gains and provisions*	—	—	—	(76)	—	—	—	—	—
<b>Attributable profit</b>	<b>95</b>	<b>149</b>	<b>93</b>	<b>(5)</b>	<b>125</b>	<b>210</b>	<b>125</b>	<b>337</b>	<b>460</b>

# United States

USD million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	1,877	1,912	1,820	1,765	1,764	1,787	1,796	5,608	5,346
Gross income	2,001	2,068	1,893	1,884	1,940	1,990	2,018	5,962	5,947
Operating expenses	(891)	(929)	(875)	(909)	(904)	(878)	(868)	(2,696)	(2,650)
<b>Net operating income</b>	<b>1,109</b>	<b>1,138</b>	<b>1,018</b>	<b>975</b>	<b>1,036</b>	<b>1,112</b>	<b>1,149</b>	<b>3,266</b>	<b>3,297</b>
Net loan-loss provisions	(863)	(768)	(749)	(753)	(712)	(528)	(758)	(2,381)	(1,998)
Other	(34)	(27)	(4)	(36)	(28)	(60)	(81)	(65)	(169)
<b>Underlying profit before taxes</b>	<b>212</b>	<b>343</b>	<b>265</b>	<b>186</b>	<b>296</b>	<b>524</b>	<b>310</b>	<b>820</b>	<b>1,130</b>
<b>Underlying consolidated profit</b>	<b>147</b>	<b>257</b>	<b>182</b>	<b>132</b>	<b>214</b>	<b>357</b>	<b>201</b>	<b>585</b>	<b>772</b>
<b>Underlying attributable profit</b>	<b>101</b>	<b>163</b>	<b>111</b>	<b>85</b>	<b>154</b>	<b>252</b>	<b>144</b>	<b>375</b>	<b>549</b>
Net capital gains and provisions*	—	—	—	(85)	—	—	—	—	—
<b>Attributable profit</b>	<b>101</b>	<b>163</b>	<b>111</b>	<b>(0)</b>	<b>154</b>	<b>252</b>	<b>144</b>	<b>375</b>	<b>549</b>

# Corporate Centre

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	9M'17	9M'18
NII + Fee income	(198)	(223)	(227)	(240)	(233)	(241)	(265)	(648)	(739)
Gross income	(341)	(340)	(300)	(238)	(227)	(250)	(257)	(981)	(733)
Operating expenses	(119)	(118)	(118)	(120)	(121)	(122)	(123)	(356)	(367)
<b>Net operating income</b>	<b>(460)</b>	<b>(458)</b>	<b>(419)</b>	<b>(359)</b>	<b>(348)</b>	<b>(372)</b>	<b>(380)</b>	<b>(1,337)</b>	<b>(1,100)</b>
Net loan-loss provisions	(5)	(11)	(22)	(8)	(37)	(30)	(28)	(37)	(95)
Other	(32)	(53)	(54)	(43)	(43)	(50)	(55)	(139)	(148)
<b>Underlying profit before taxes</b>	<b>(497)</b>	<b>(522)</b>	<b>(495)</b>	<b>(410)</b>	<b>(427)</b>	<b>(452)</b>	<b>(463)</b>	<b>(1,513)</b>	<b>(1,342)</b>
<b>Underlying consolidated profit</b>	<b>(471)</b>	<b>(561)</b>	<b>(481)</b>	<b>(378)</b>	<b>(421)</b>	<b>(474)</b>	<b>(456)</b>	<b>(1,512)</b>	<b>(1,350)</b>
<b>Underlying attributable profit</b>	<b>(468)</b>	<b>(563)</b>	<b>(480)</b>	<b>(378)</b>	<b>(421)</b>	<b>(475)</b>	<b>(456)</b>	<b>(1,511)</b>	<b>(1,351)</b>
Net capital gains and provisions*	—	—	(130)	(306)	—	(40)	—	(130)	(40)
<b>Attributable profit</b>	<b>(468)</b>	<b>(563)</b>	<b>(610)</b>	<b>(684)</b>	<b>(421)</b>	<b>(515)</b>	<b>(456)</b>	<b>(1,641)</b>	<b>(1,391)</b>



# Glossary



05

# Glossary - Acronyms

- **AFS:** Available for sale
- **bn:** Billion
- **CET1:** Common equity tier 1
- **C&I:** Commercial and Industrial
- **CIB:** Corporate & Investment Bank
- **DGF:** Deposit guarantee fund
- **GDP:** Gross domestic product
- **FL:** Fully-loaded
- **EPS:** Earning per share
- **LTV:** Loan to Value
- **LLPs:** Loan-loss provisions
- **M/LT:** Medium- long- term
- **mn:** million
- **MXN:** Mexican Pesos
- **NII:** Net interest income
- **NIM:** Net interest margin
- **NPL:** Non-performing loans
- **n.m.:** Not meaningful
- **PBT:** Profit before tax
- **P&L:** Profit and loss
- **QoQ:** Quarter on Quarter
- **Repos:** Repurchase agreements
- **ROF:** Gains on financial transactions
- **RoRWA:** Return on risk-weighted assets
- **RoTE:** Return on tangible equity
- **RWA:** Risk-weighted assets
- **SCF:** Santander Consumer Finance
- **SC USA:** Santander Consumer USA
- **SME:** Small and Medium Enterprises
- **SRF:** Single Resolution Fund
- **ST:** Short term
- **SVR:** Standard variable rate
- **TNAV:** Tangible net asset value
- **UF:** Unidad de fomento (Chile)
- **YoY:** Year on Year
- **UK:** United Kingdom
- **US:** United States

# Glossary – definitions

## PROFITABILITY AND EFFICIENCY

- **RoTE:** Return on tangible capital: Group attributable profit / average of: net equity (excluding minority interests) – intangible assets (including goodwill)
- **RoRWA:** Return on risk-weighted assets: consolidated profit / average risk-weighted assets
- **Efficiency:** Operating expenses / gross income. Operating expenses defined as general administrative expenses + amortisations

## CREDIT RISK

- **NPL ratio:** Non-performing loans and customer advances, customer guarantees and contingent liabilities / total risk. Total risk is defined as: normal and non-performing balances of customer loans and advances, customer guarantees and contingent liabilities
- **NPL coverage ratio:** Provisions to cover losses due to impairment of customer loans and advances, customer guarantees and contingent liabilities / non-performing balances of customer loans and advances, customer guarantees and contingent liabilities
- **Cost of credit:** Provisions to cover losses due to impairment of loans in the last 12 months / average customer loans and advances of the last 12 months

## CAPITALISATION

- **Tangible net asset value per share – TNAV:** Tangible stockholders' equity / number of shares (excluding treasury shares). Tangible stockholders' equity calculated as shareholders equity + accumulated other comprehensive income - intangible assets

Notes: 1) The averages for the RoTE and RoRWA denominators are calculated on the basis of ten months from December to September.

2) For periods of less than a year, and in the event of non-recurring results existing, the profit used to calculate the RoTE is the annualised underlying attributable profit (excluding non-recurring results), to which are added non-recurring results without annualising them.

3) For periods of less than a year, and in the event of non-recurring results existing, the profit used to calculate the RoRWA is the consolidated annualised result (excluding non-recurring results), to which is added non-recurring results without annualising them.

4) The risk-weighted assets included in the RoRWA denominator are calculated in accordance with the criteria defined by the Capital Requirements Regulation (CRR).

# Thank you

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