

25th January 2017

2016 Earnings Presentation

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Simple | Personal | Fair



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

Agenda

 **Delivery of our 2016 commitments and progress in strategic priorities**









 **Group and business areas review**

 **2017 Strategic priorities**

 **Concluding remarks**

Santander delivered strong financial performance: underlying PBT **+12%¹ YoY**

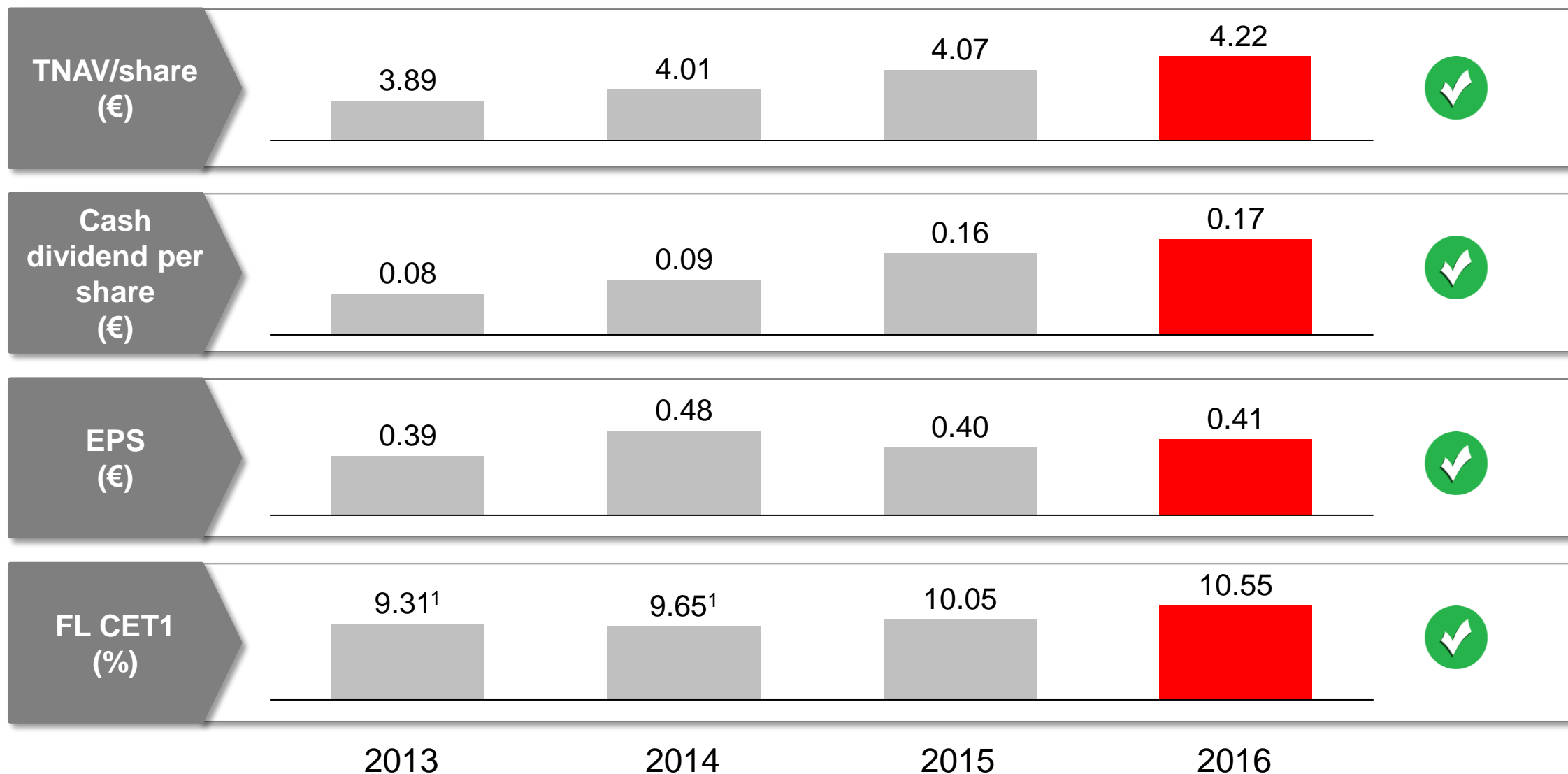
2016 results (change vs. 2015)

Attributable profit	€6,204 MM (+4%) 	FL CET1	10.55% (+50 bps) 
Underlying RoTE	11.1% 	Customer revenues	€41,268 MM (+4% ¹) 
Dividend per share	€0.21 (+5%) 	Loans	€798 Bn (+2% ¹) 
TNAV/Share	€4.22 (+15 cents) 	Funds	€796 Bn (+5% ¹) 

Underlying PBT +12%¹ YoY and attributable profit +4% YoY

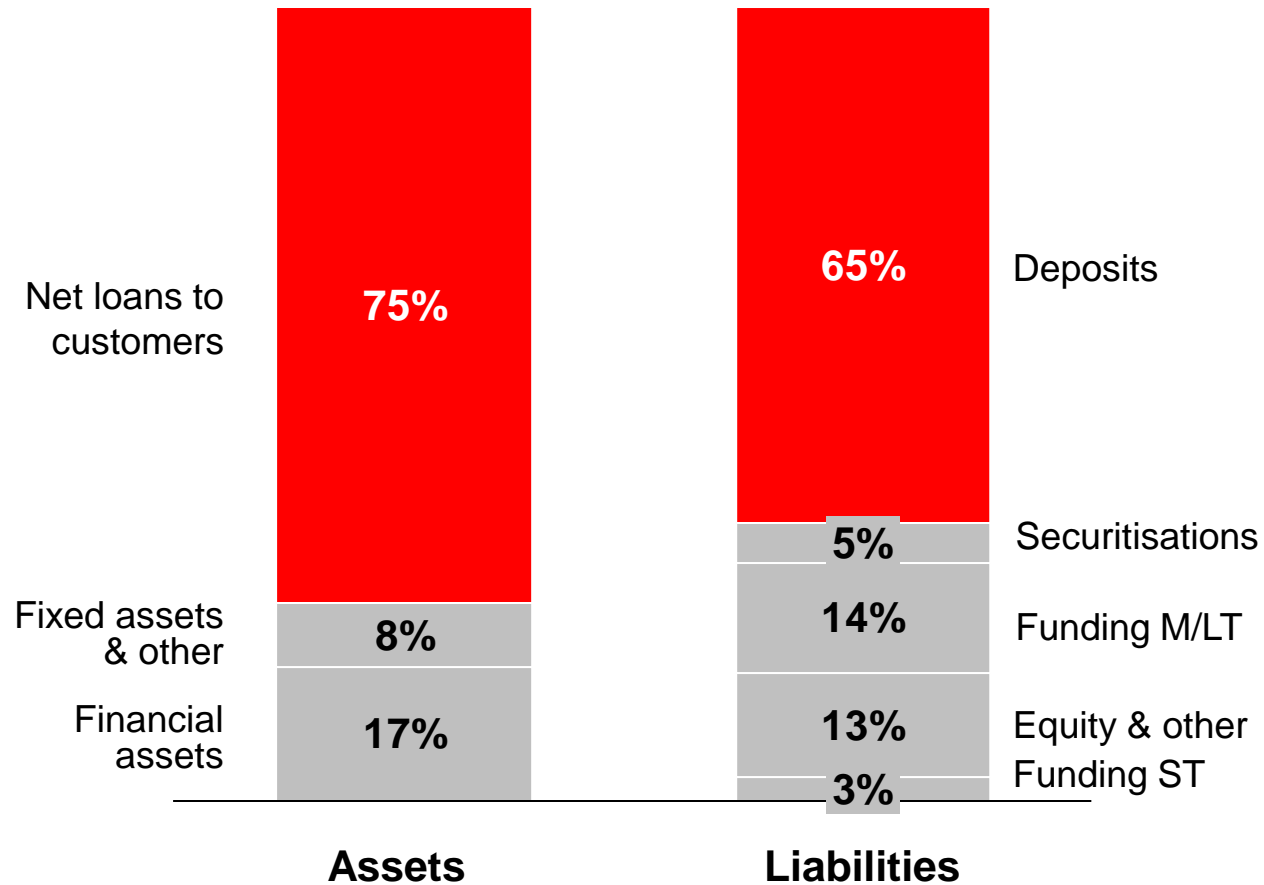
€ million	2016	2015	ABS.	%	% Constant euros
Net interest income	31,089	32,189	-1,101	-3	+2
Net fees	10,180	10,033	147	+1	+8
Total customer revenues	41,268	42,222	-954	-2	+4
ROF and other	2,585	3,051	-466	-15	-12
Gross Income	43,853	45,272	-1,419	-3	+3
Operating expenses	-21,088	-21,571	-483	-2	+4
Operating Income	22,766	23,702	-936	-4	+2
Net loan loss provisions	-9,518	-10,108	-590	-6	-2
Underlying PBT	11,288	10,939	349	+3	+12
Attributable PAT	6,204	5,966	238	+4	+15

We again delivered on all our 2016 shareholder commitments...



...and continued to reinforce our well-funded and highly liquid balance sheet

Prudent balance sheet structure




Improved credit quality and capital position

%


	2016	vs 2015
Cost of credit	1.18	↓ -7bps
NPL ratio	3.93	↓ -43bps
FL CET1	10.55	↑ +50bps



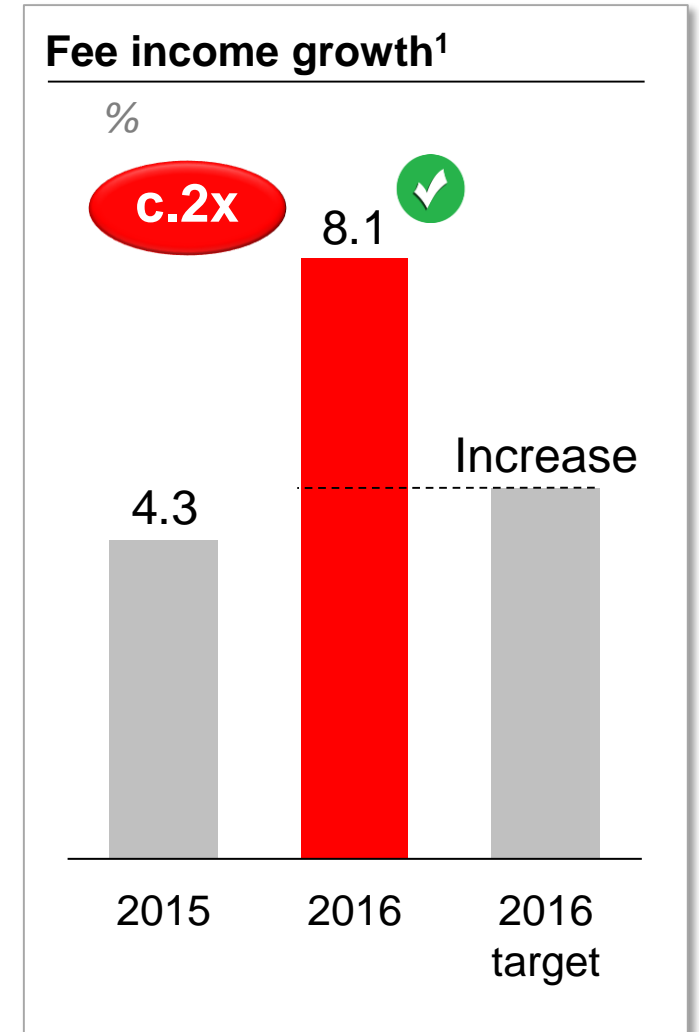
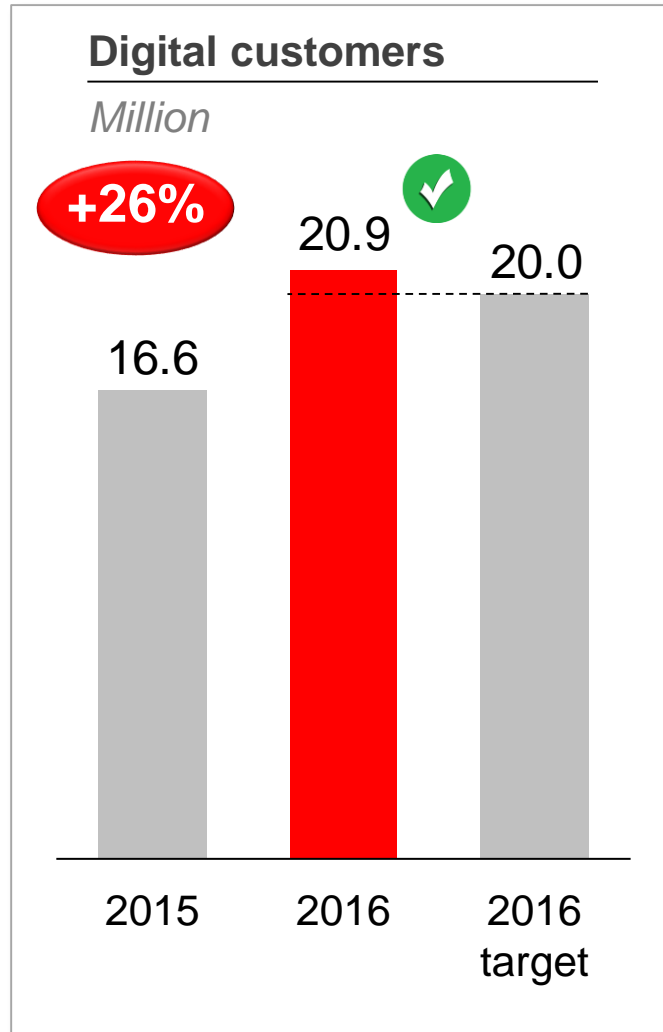
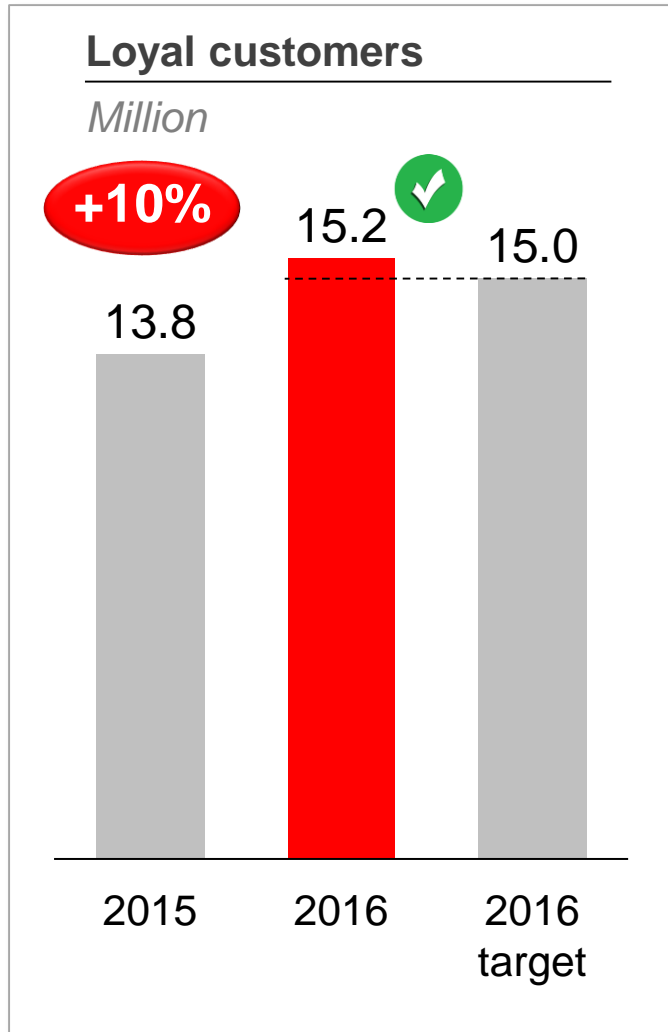
A differential business model

1  Serving **125 MM customers**' financial needs, with critical mass in **10 markets** with **c.1 Bn people** drives **profitable growth**

2  **Geographic diversification** drives **predictability of earnings = less capital**

3  **Subsidiary model** with strong culture of **working together** drives **efficiency and service excellence**

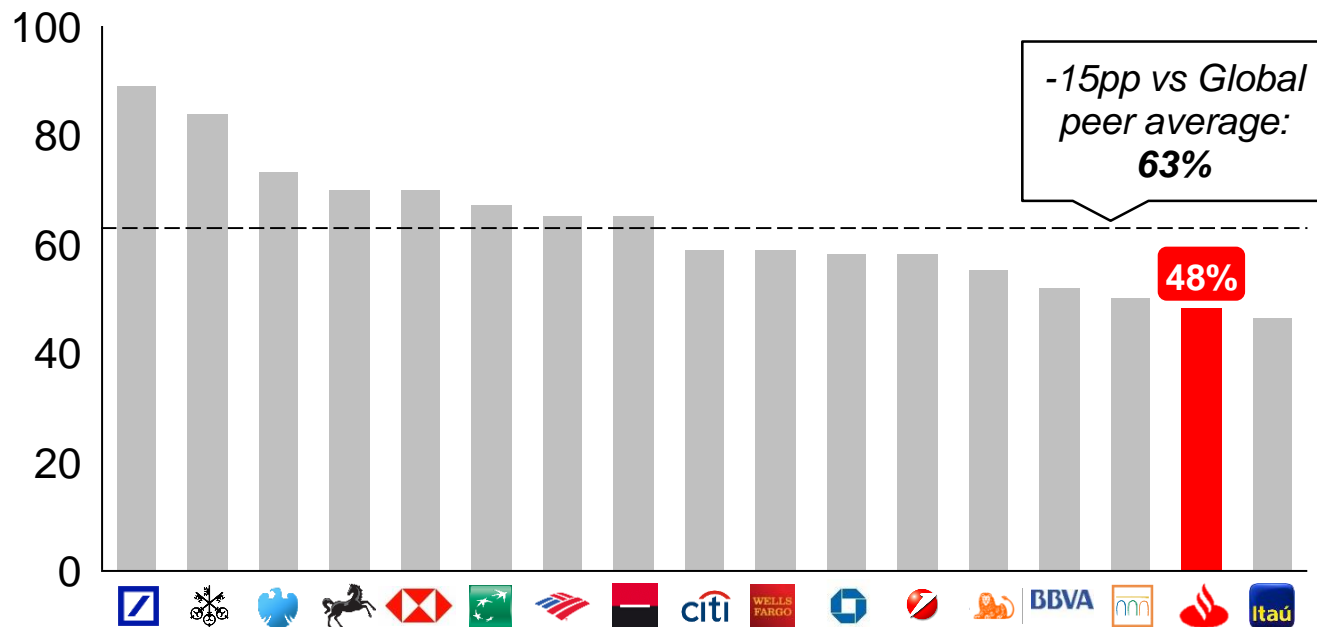
1 We are delivering on our unique opportunity...



1 ...as we invest in commercial transformation while maintaining best in class c.48% C/I and improving operational excellence

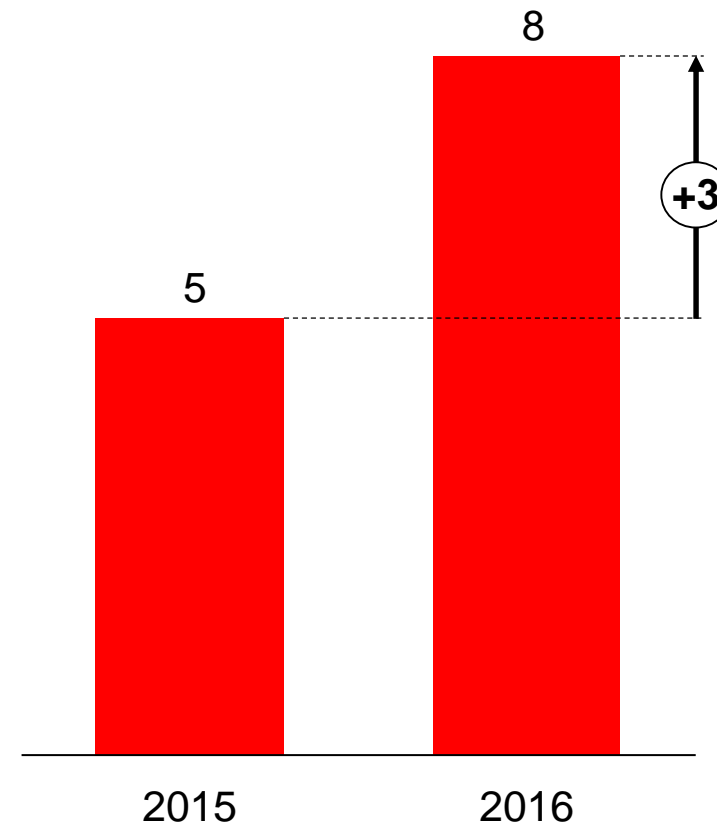
Best-in-class C/I: Top 2 among peers¹

C/I, % (9M'16)



We have TOP customer satisfaction in countries that represent c.80% of our PAT

Geographies within Top 3 customer satisfaction²

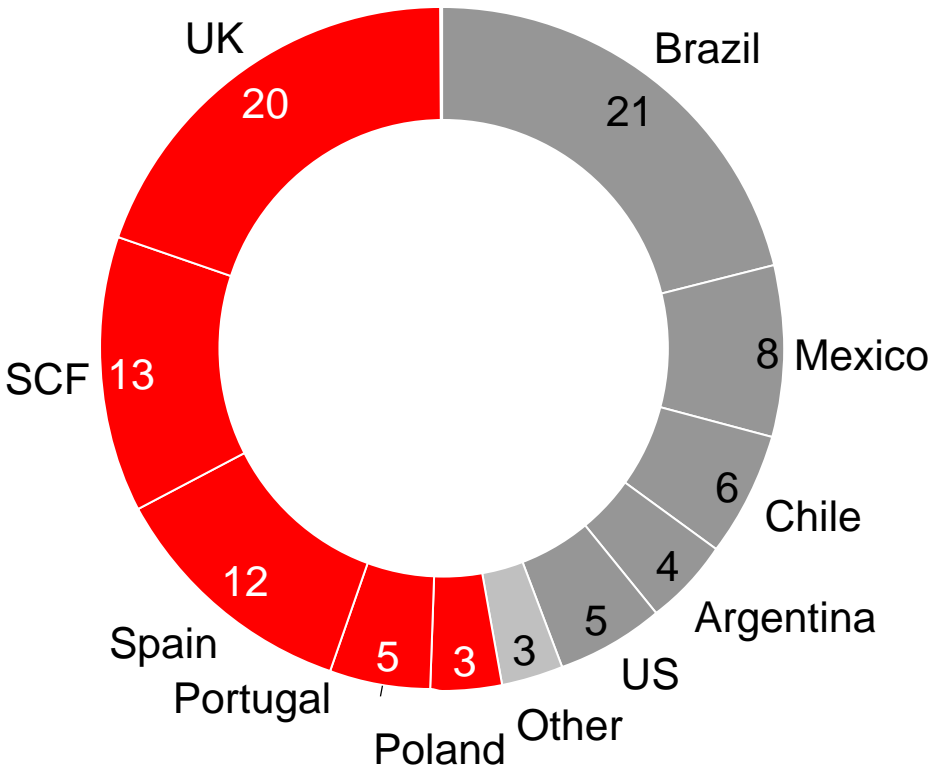


(1) Source: Based on public company data – Bloomberg
 (2) Source: Corporate Customer Satisfaction Benchmark

2 Our geographic diversification delivers predictable and growing earnings through the cycle...

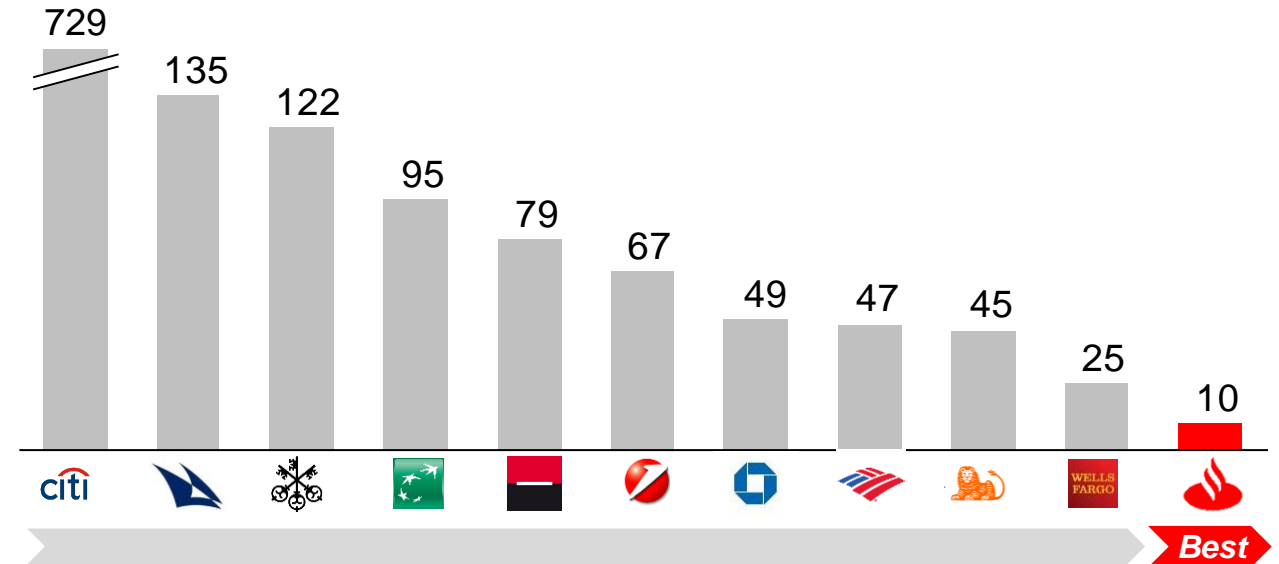
Well balanced profit generation

% of Group PAT¹



Santander has the lowest volatility in earnings among peers...

Average volatility of quarterly reported EPS (%), 1999-9M'16²



...with growing profits

Statutory profit growth, CAGR (%), 1998 vs. 2015



(1) Excluding the Corporate Centre and Real Estate activity in Spain

Source: Bloomberg; Note: GAAP criteria

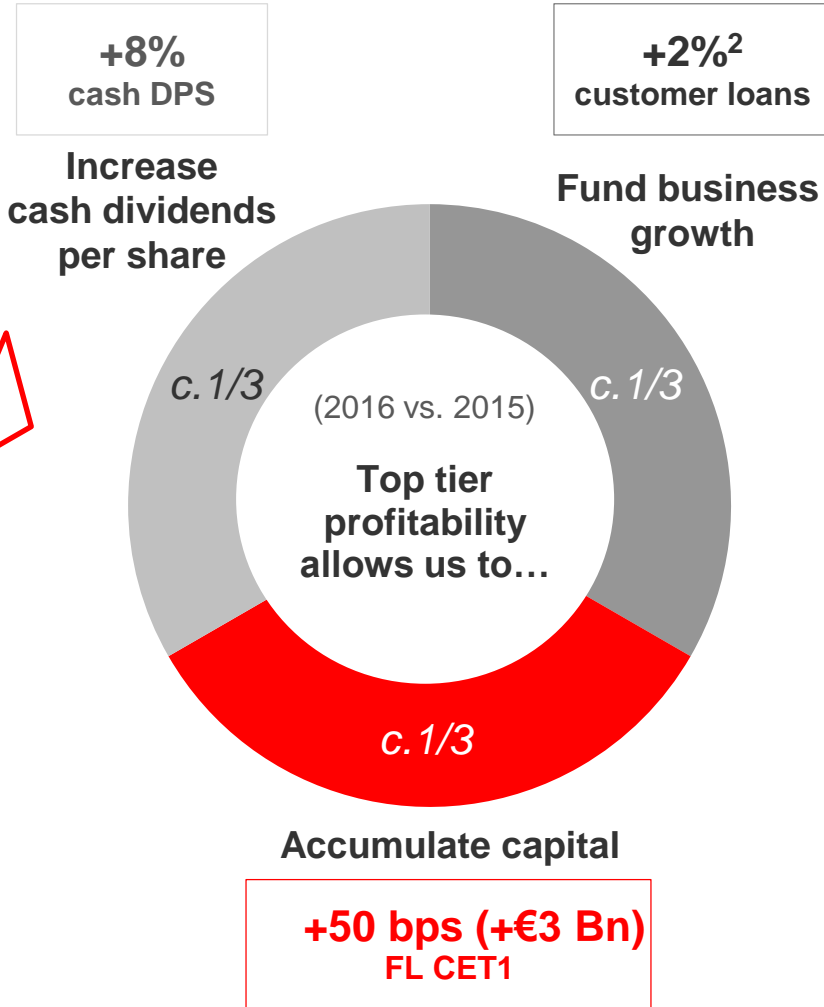
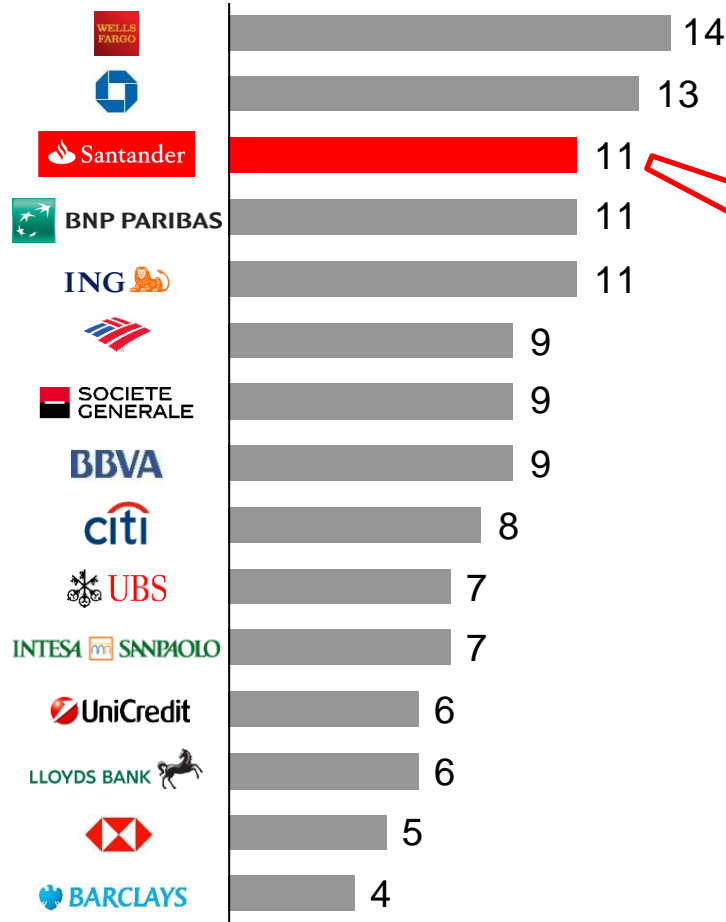
(2) The analysis takes the quarterly EPS to 9M'16, starting from the first available data since Jan'99

2

...which allows us to consistently fund profitable growth, increase cash dividend per share and accumulate capital

RoTE 9M '16¹

%



(1) Source: Based on public company data - Bloomberg. Santander Underlying. RoTCE for US Banks

(2) Constant euros

2 Proven track record of shareholders value creation in mature investments

✓ ROE higher/equal than the cost of equity

Mature investments



	<u>SAN RoE 9M'2016 (%)</u>	<u>Avg. peers² RoE (%)</u>	<u>Years since first investment</u>
	9 ✓	7	159
	17 ✓	18	37
	13 ✓	4	25
	32 ✓	31	25
	14 ✓	15	24
	13 ✓	20	24
SCF	15 ✓	10	24

More recent investments



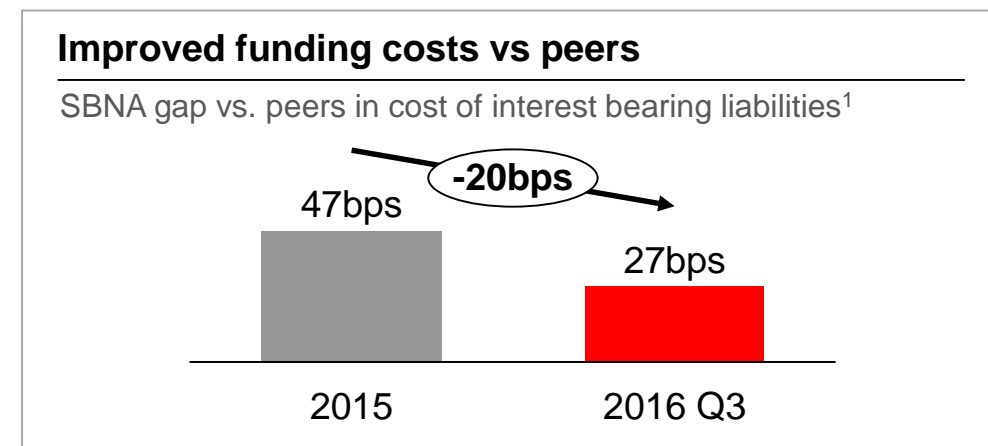
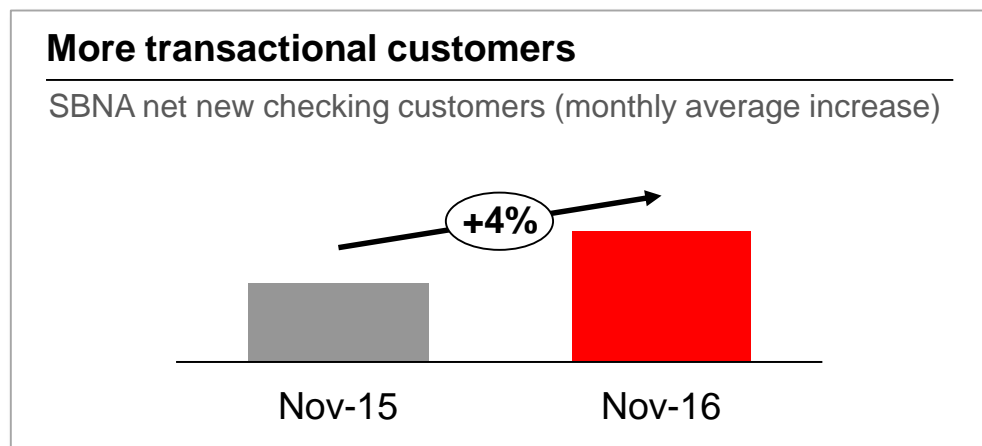
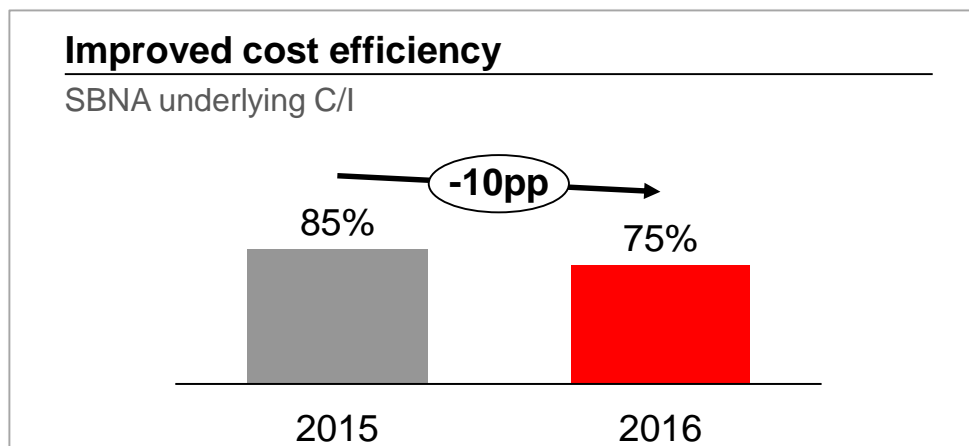
	10 ✓	5	12
	5	6	11
	12 ✓	10	6



(1) US RoE 9M2016: Normalising current FL CET1 of 14.12% to 10.5%, otherwise 4%

(2) 9M'2016 local criteria

2 Delivering regulatory progress in the US whilst progressing in improving SBNA business performance...



Significant progress in the regulatory agenda

(1) Total interest expense / average interest bearing liabilities. Source SNL



2 ...setting the path to increase profitability



Diversified Super-regional bank in the US

I Meet regulatory expectations

II Simplify and increase profitability
III Increase connectivity with Group in Corporates

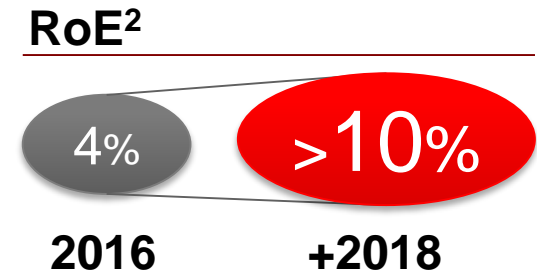
IV Reduce risk and improve operating conditions up to Group standards
V Fully realise potential of Chrysler relationship

Our priorities

Underlying PAT¹
CAGR 2016 - 2018

c.30%

15%



3 We add increasing value by working as a Group...

Collaboration between countries: Connectivity examples

Number of companies jointly targeted through collaboration



c.500

Average increase in revenues (2016)

+38%

International trade revenues¹ (+2018 vs. 2016)



+46%

UK international clients

9x

Global projects led by the Group: Santander wallet example



Single global solution for c.400k customers

Launched:

Upcoming:

...supporting our communities...



Strong **Simple** | **Personal** | **Fair** culture

S|P|F culture

More than 3/4 of our employees support the new culture

Commitment

>9 pp vs. average of financial services employees

Leadership, talent and performance

+5 pp improvement in work-life balance

... with focus on Education and financial inclusion / entrepreneurship



c.€200 MM
invested

1.5 MM
beneficiaries

c.6k NGO¹
collaborations

Santander Universities

+35k scholarships

c.1.2k universities supported

Contribution to society

250k micro-enterprise
projects financed

c.60k employees in
volunteering programs

Sustainability



1st European and
6th worldwide

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Widespread growth, particularly in developing markets

Loan portfolio

	Dec'16	€ Billion	YoY var.
Mature markets	Spain	151	-4%
	UK	243	+2%
	USA	90	-2%
	SCF	88	+14% ¹
	Portugal	29	-5%
Developing markets	Poland	21	+8%
	Brazil	80	+0.4%
	Mexico	28	+8%
	Chile	39	+7%
	Argentina	7	+37%

**Medium-low risk profile
Well-diversified portfolio**

Funds

	Dec'16	€ Billion	YoY var.
Mature markets	Spain	225	+3%
	UK	211	+6%
	USA	74	+7%
	SCF	35	+7%
	Portugal	31	+2%
Developing markets	Poland	26	+10%
	Brazil	100	+3%
	Mexico	36	+12%
	Chile	35	+6%
	Argentina	11	+49%

**Growth in demand deposits
and mutual funds**

Attributable profit up 4% (+15% in constant euros) driven by higher customer revenues and lower cost of credit. **4Q'16 profit of €1,598 million¹**

€ million	2016	2015	% /2015	% /2015 Constant euros
Gross income	43,853	45,272	-3	+3
Operating expenses	-21,088	-21,571	-2	+4
Net op. Income	22,766	23,702	-4	+2
Loan-loss provisions	-9,518	-10,108	-6	-2
Underlying PBT	11,288	10,939	+3	+12
Taxes	-3,396	-3,120	+9	+16
Underlying attrib. profit	6,621	6,566	+1	+10
Non-recurring ²	-417	-600	-31	-31
Attributable profit	6,204	5,966	+4	+15

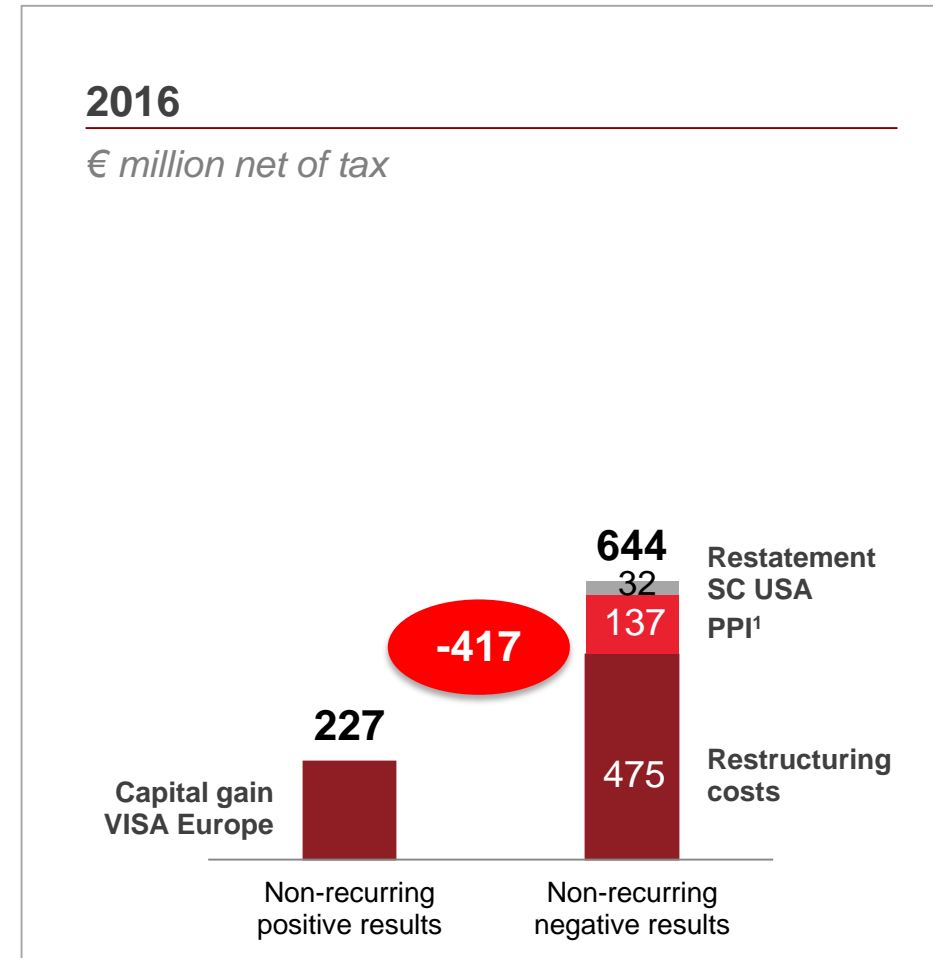
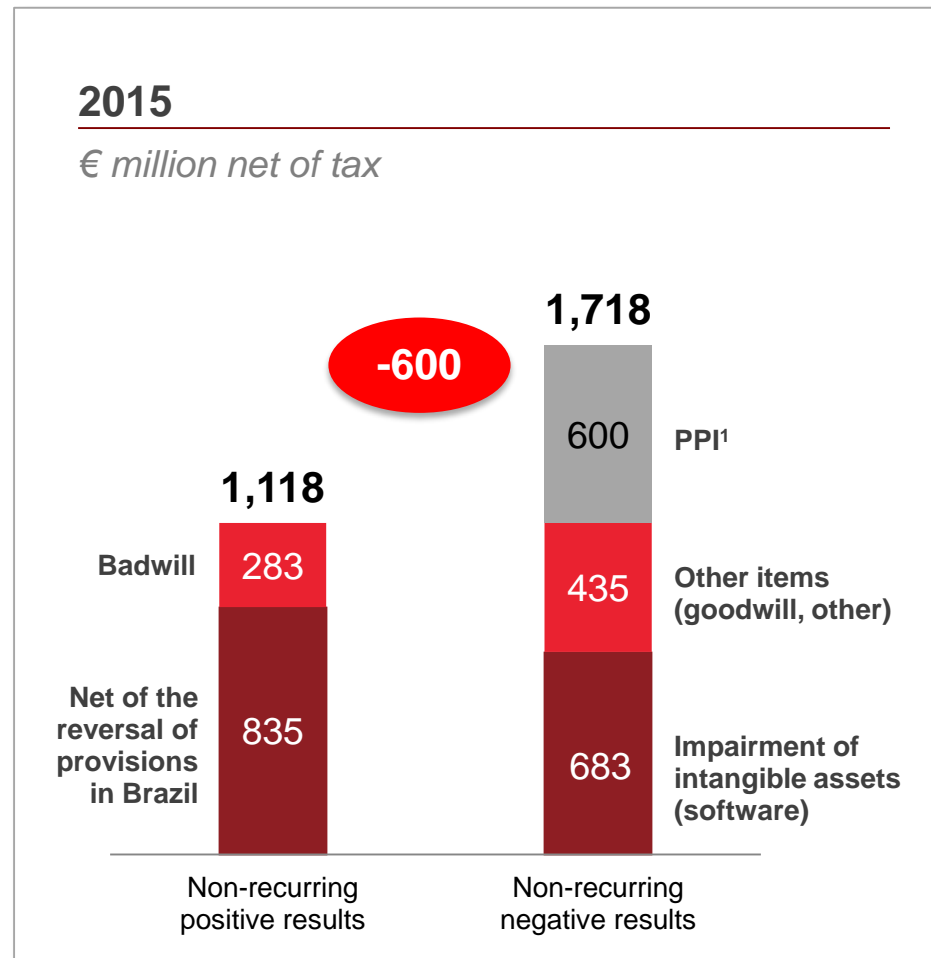
Higher customer revenues

The efficiency plan enabled transformation and regulatory costs to be absorbed

Lower provisions

Double-digit growth in profit

2015 and 2016 profit hit by several non-recurring items

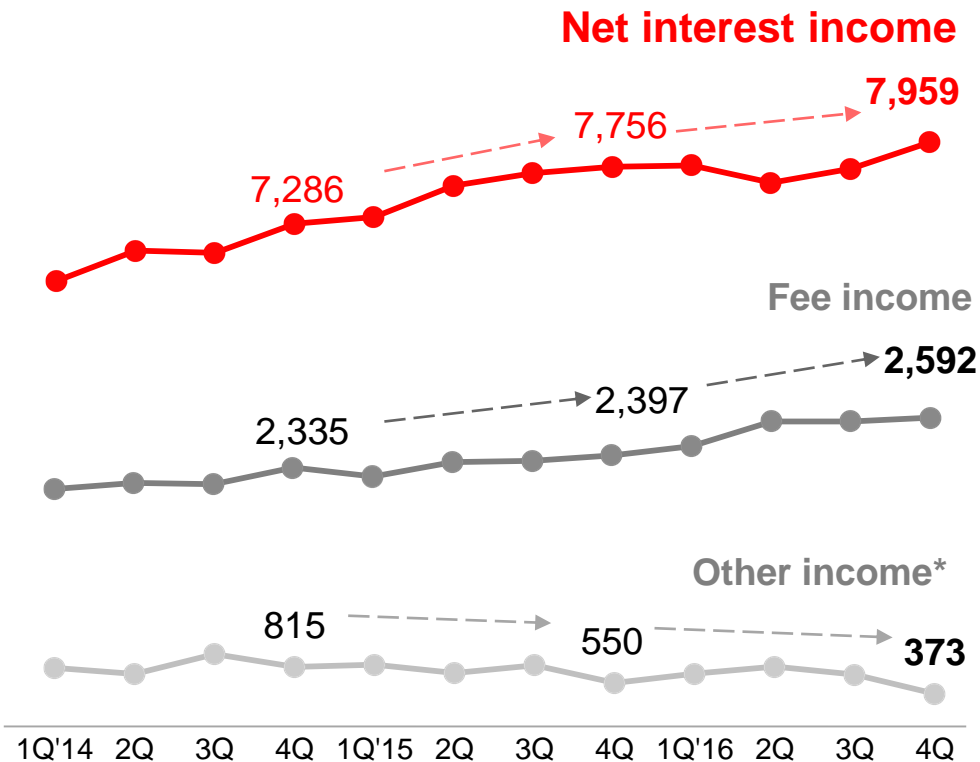


In 4Q'16: PPI (-€137 mill.), SC USA restatement (-€32 mill.) and, for comparison purposes with 2015, SRF contribution of €120 mill. (charged in 2Q) was reallocated from non-recurring items to gross income

Gross income rose in 8 of 10 core units driven by net interest income and good performance of fee income

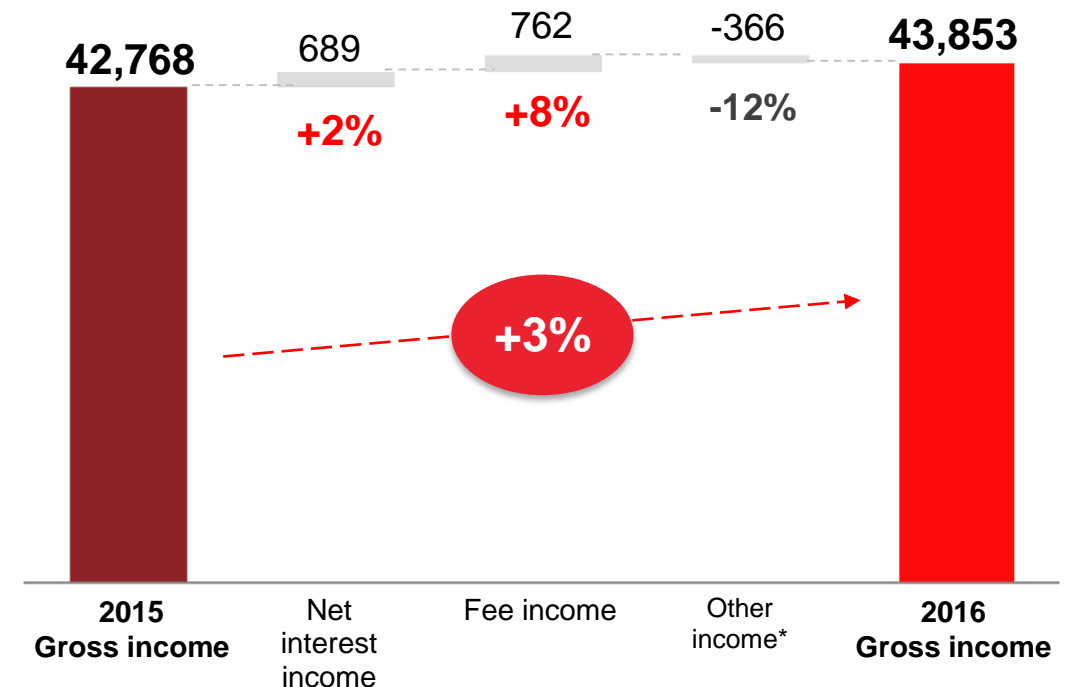
Gross income evolution

€ million



Gross income

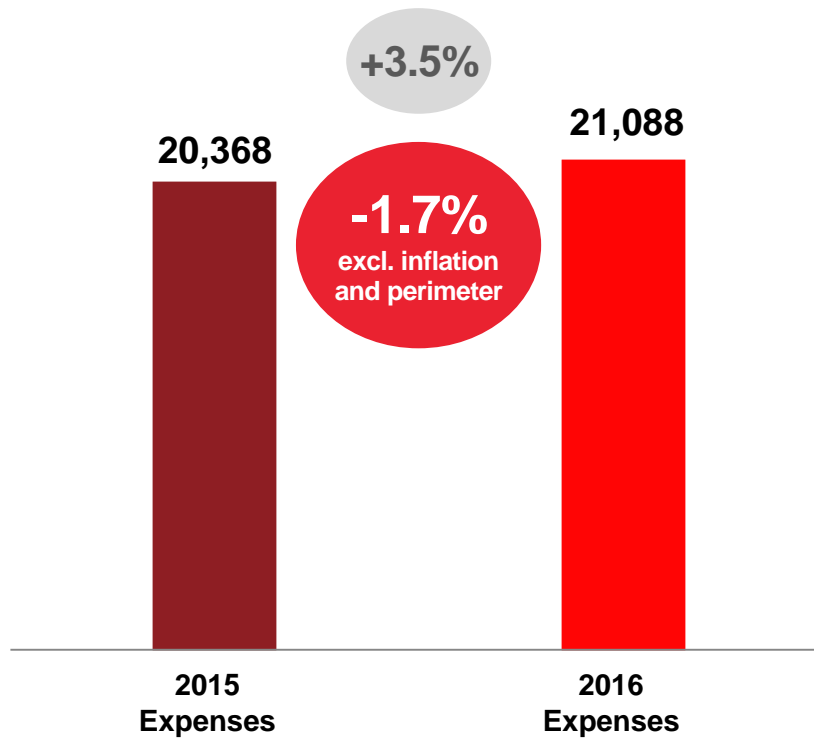
€ million



Active cost management enabled the continuous investment in commercial transformation, while remaining as one of the most efficient banks

Total operating expenses

€ million

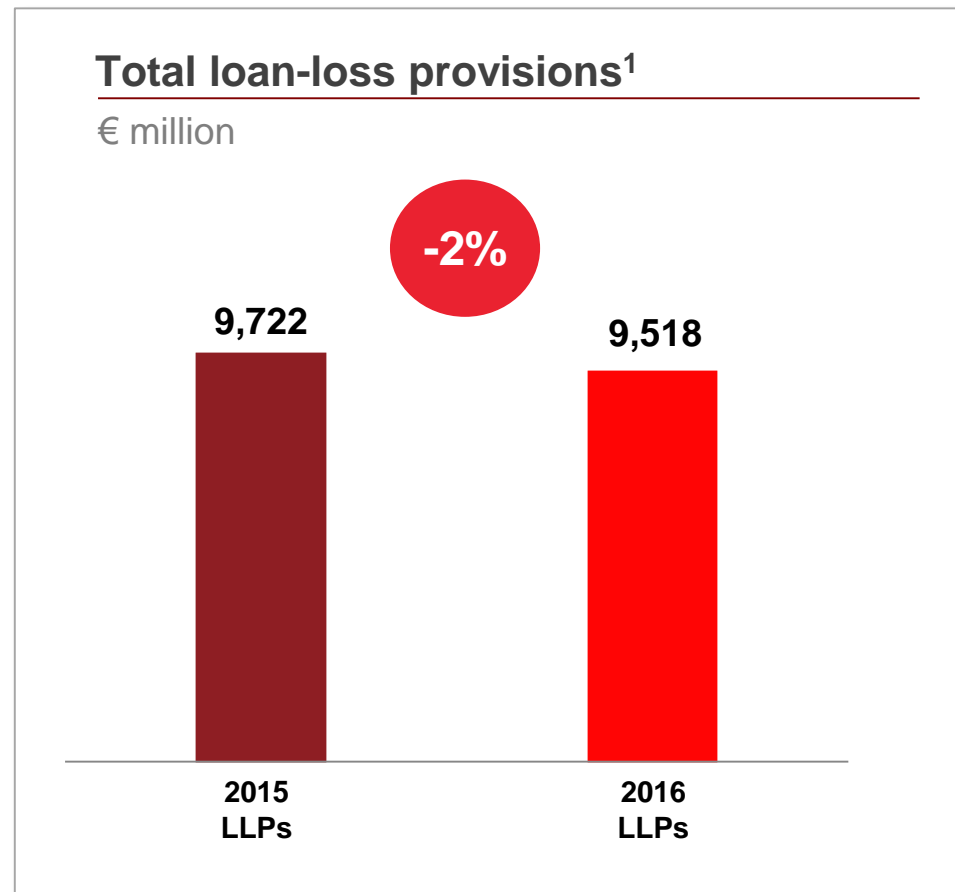


% change in seven units below inflation rate¹

2016 / 2015, %

	Nominal	In real terms ² and excl. perimeter
Brazil	5.7	-3.3
UK	-0.4	-1.2
SCF	8.3	-0.8
Spain	-4.0	-3.8
Mexico	9.3	6.5
Chile	1.5	-2.3
Portugal	19.1	-4.7
USA	5.5	4.2
Argentina	37.4	-0.5
Poland	1.7	2.3
Corporate Centre	-17.7	-17.5
Group	3.5	-1.7

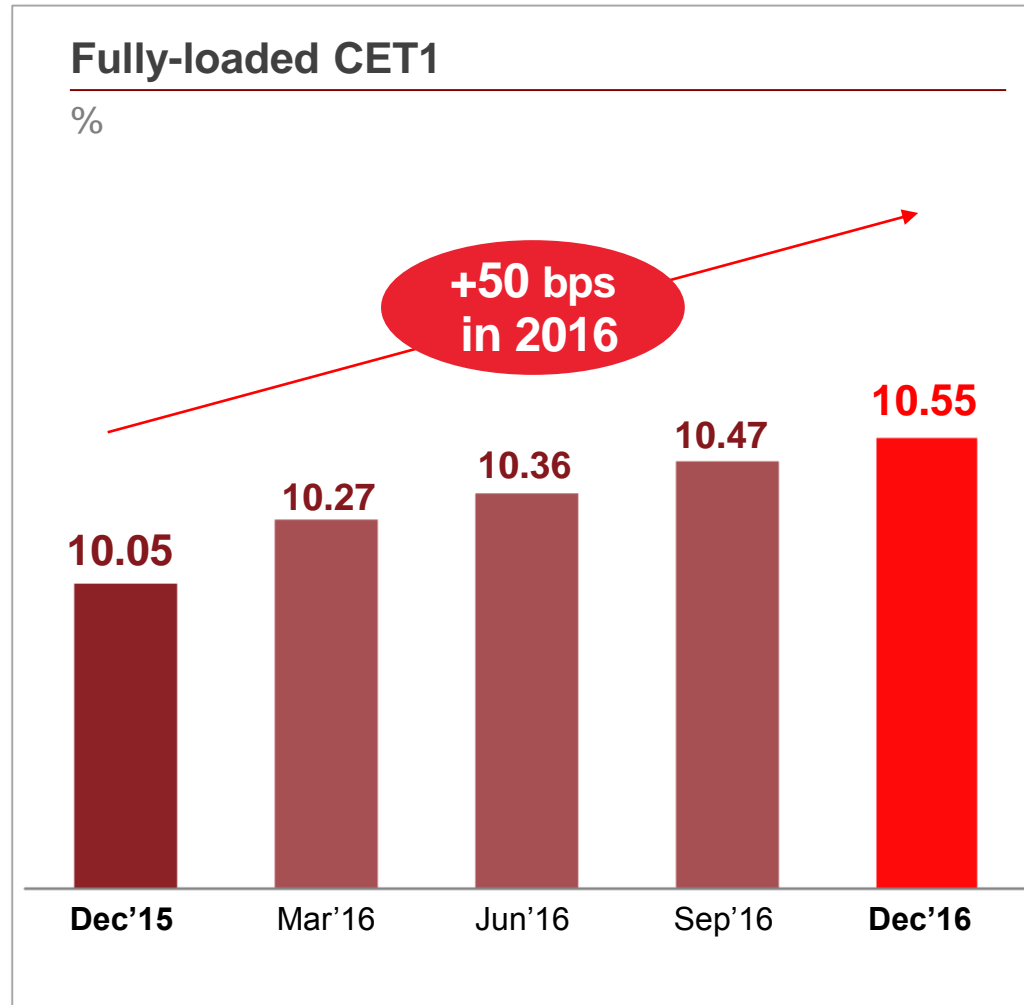
All credit quality ratios improved with cost of credit already achieving the Investor Day goals



Ratios evolution

	D'15	D'16	
NPL ratio	4.36%	3.93%	✓
Coverage ratio	73%	74%	✓
Cost of credit	1.25%	1.18%	✓
Cost of credit excl. SC USA	0.90%	0.82%	✓

Consistent progress on reaching our target of fully-loaded CET1 >11% in 2018



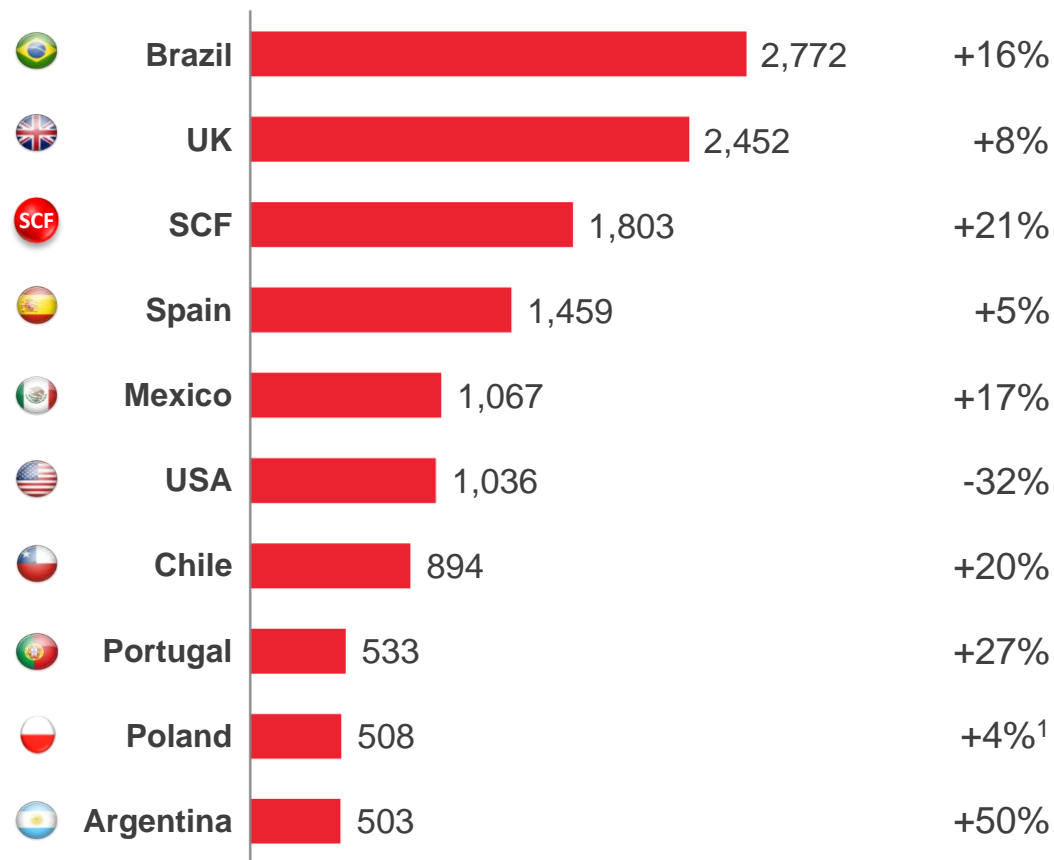
December '16	YoY var.
Total capital ratio: 13.87%	+82 bps
Leverage ratio: 5.0%	+30 bps
Underlying RoRWA : 1.36%	+6 bps

Despite challenging market conditions, PBT rose in 9 of 10 core units

(Attributable profit impacted by higher and/or new taxes)

Profit before taxes 2016

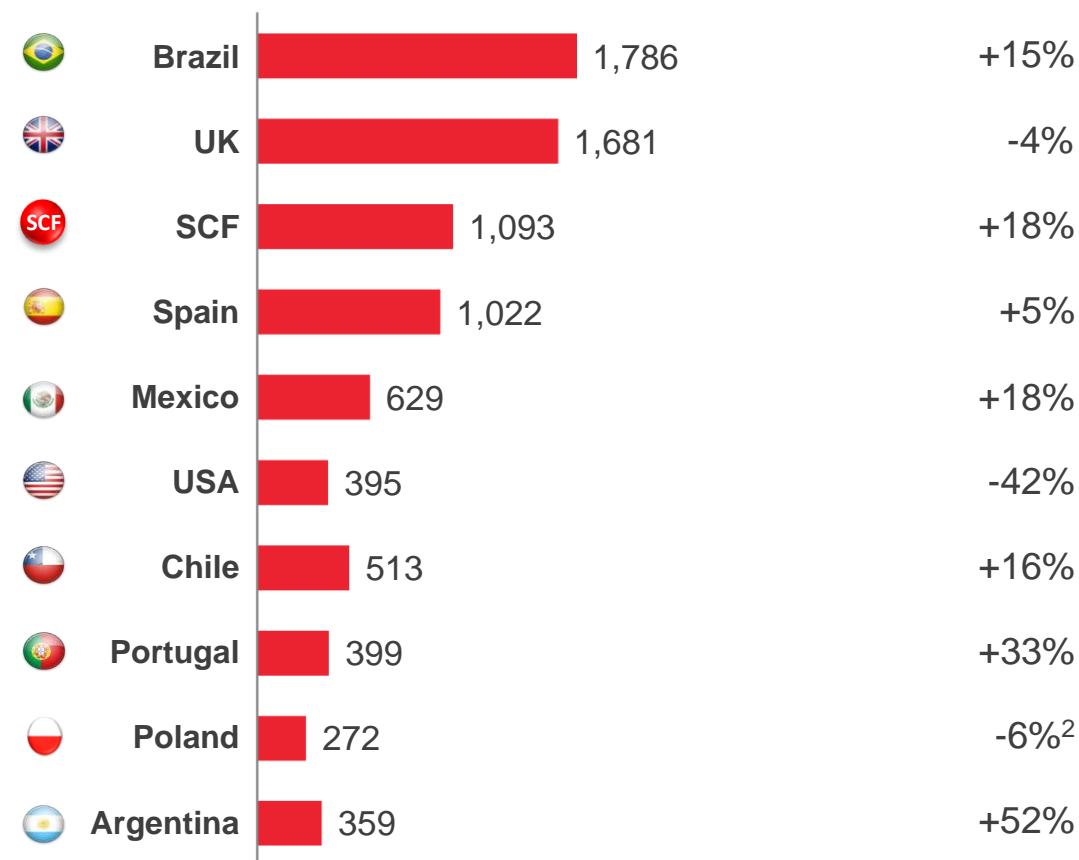
€ million and % change / 2015 in constant euros



Corporate Centre (underlying): -€1,589 million

Attributable profit 2016

€ million and % change / 2015 in constant euros



Corporate Centre (underlying): -€1,439 million

(1) Excluding the new tax on assets: PBT +20%

(2) Excluding the new tax on assets: Attributable profit +14

BRAZIL

Strategy and highlights

	2015	2016
Loyal customers (mill.)	3.2	3.7
Digital customers (mill.)	4.4	6.4
Biometrics (million customers)	0.1	6.3
Cost of credit	4.50%	4.89%
Customer satisfaction ¹ (ranking among the 5 largest banks)	2 nd	3 rd

Activity

Volumes²

Var. D'16 / D'15

+5%
/ 3Q'16

+1%
/ 3Q'16

0.4%

+3%

Loans

Funds

Spread and cost of credit

%

Spread on loans

7.65 7.67 7.97 7.93 8.03

4.50 4.63 4.71 4.87 4.89

Cost of credit

4Q'15 1Q'16 2Q 3Q 4Q

P&L

€ million	4Q'16	%/3Q'16*	2016	%/2015*
NII	2,269	5.3	8,062	1.8
Fee income	887	12.8	2,940	16.9
Gross income	3,187	2.7	11,321	6.8
Operating expenses	-1,305	9.5	-4,475	5.7
LLPs	-953	-2.2	-3,377	7.6
PBT	736	-9.1	2,772	15.9
Attributable profit	510	2.6	1,786	15.0

(*) % change in constant euros

- **Enhanced customer loyalty** driven by improvement of added value proposals (digital advances, product and partnership innovations)
- **Nii and fee income growth** underscored revenues recurrence
- **Increased productivity and efficiency** resulted in expenses growing at below the average inflation rate (in 4Q impact of collective agreement)
- **Provisions and credit quality under control** thanks to **prudent risk management**

UNITED KINGDOM

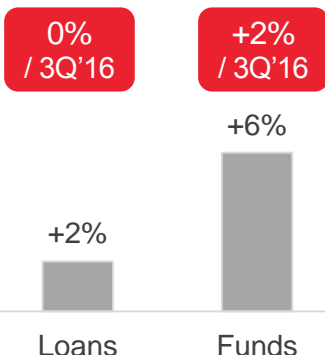
Strategy and highlights

	2015	2016
Digital customers (mill.)	3.7	4.6
Corporate lending growth vs. market	>5 pp	=
Share of corporates / total loans	13.4%	13.7%
NPL ratio	1.52%	1.41%
Retail customer satisfaction ¹	62.9%	62.9%

Activity

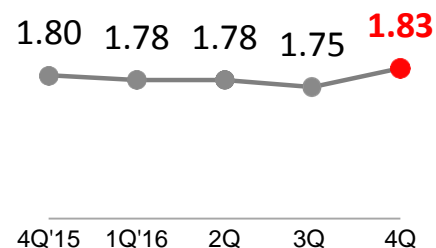
Volumes²

Var. D'16 / D'15



Banking NIM

%, local criteria



P&L

£ million	4Q'16	%/3Q'16	2016	%/2015
NII	928	4.5	3,599	0.4
Fee income	205	-6.9	843	6.5
Gross income	1,234	5.2	4,752	2.7
Operating expenses	-594	-0.8	-2,424	-0.4
LLPs	48	—	-48	-38.9
PBT	583	25.4	2,004	7.7
Attributable profit	407	30.9	1,373	-4.0

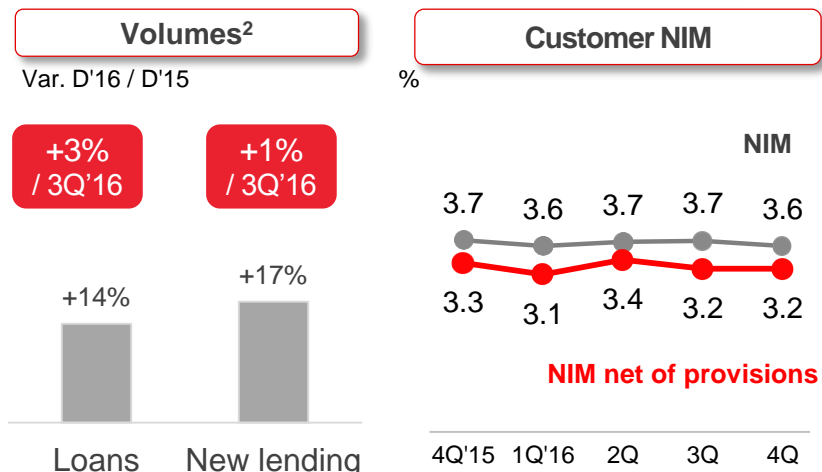
- **Robust business flows** in both retail and corporates
- **PBT up 8%**. Attributable profit impacted by the introduction of the 8% bank corporation surcharge in 2016
- **Revenues up**: higher lending volumes and lower cost of deposits (11213 World interest rate change) offsetting SVR³ attrition and new asset margins decline
- **Digitalisation and product simplification** supporting **expenses discipline**
- **Strong credit quality in all loan books**, supported by prudent lending criteria

SANTANDER CONSUMER FINANCE

Strategy and highlights

	2015	2016
Active customers ¹ (mill.)	16.8	17.9
Countries incorporated (#) (Banque PSA Finance agreement)	5	11
Cost of credit	0.77%	0.47%
NPL ratio	3.42%	2.68%

Activity



P&L

€ million	4Q'16	%/3Q'16*	2016	%/2015*
NII	867	-1.8	3,391	10.7
Fee income	184	-15.9	862	-1.2
Gross income	1,043	-6.0	4,262	8.5
Operating expenses	-486	3.9	-1,904	8.3
LLPs	-87	-25.7	-387	-27.3
Underlying PBT	418	-14.7	1,803	21.3
Attributable profit	269	-8.0	1,093	17.9

(*) % change in constant euros

For comparison purposes with 2015, the SRF contribution in 4Q'16 was reallocated from non-recurring items to gross income

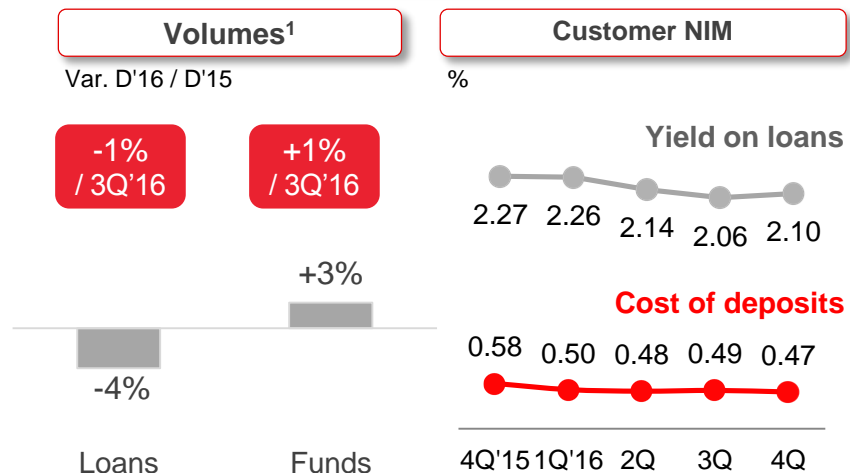
- **High diversification and leadership in Europe.** Joint-venture with PSA and GE Nordics integration completed as scheduled
- **New lending growth** in all countries
- **Profit up** driven by higher revenues and lower LLPs. 4Q impacted by the seasonal lower auto sales
- **Best-in-class in efficiency and risk**
- **Main countries profit:** Germany (€347 mill.); Nordic countries (€281 mill.) and Spain (€207 mill)

SPAIN

Strategy and highlights

	2015	2016
Digital customers (mill.)	2.4	2.7
Retail fee income (y-o-y % change)	-6%	+6%
Customer satisfaction (position)	Top 3	Top 3
Cost of credit	0.62%	0.37%

Activity



P&L

€ million	4Q'16	%/3Q'16	2016	%/2015
NII	747	2.5	3,077	-10.3
Fee income	451	-1.2	1,781	5.5
Gross income	1,179	-15.7	5,608	-7.8
Operating expenses	-802	-2.7	-3,297	-4.0
LLPs	-85	-39.2	-585	-41.0
Underlying PBT	195	-49.1	1,459	4.8
Attributable profit	237	-12.0	1,022	4.6

For comparison purposes with 2015, the SRF contribution in 4Q'16 was reallocated from non-recurring items to gross income.

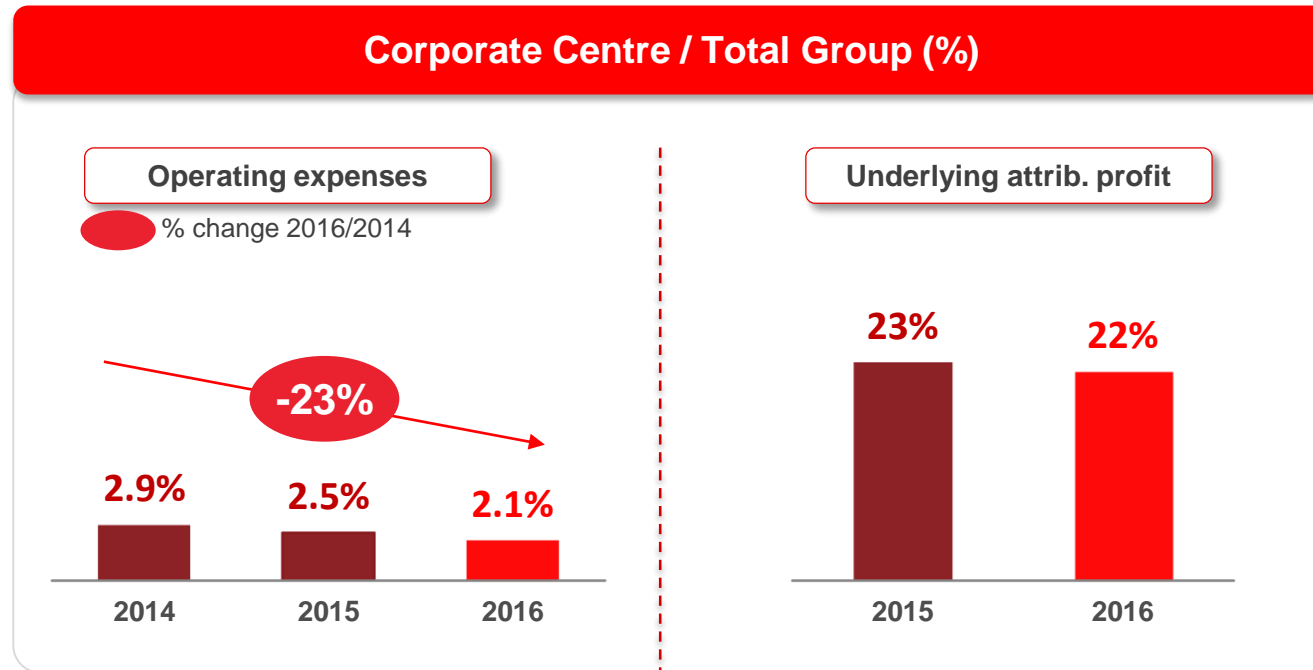
- **Ongoing 1I2I3 strategy to boost customer loyalty (+32%), commercial productivity (50% of new loans linked to 1I2I3 customers), and high return investments (+230 bps UPLs new loans market share)**
- In companies, **loyal companies grew 48%** and **top player in league tables**
- **Efficiency plan implemented** while maintaining commercial activity levels and **top 3** position in customer satisfaction
- **Profit up** backed by fee income growth, expenses control and lower provisions
- **Net interest income** affected by low interest rates, mortgages repricing and impact of ALCO portfolio sales

Good performance of other units: increased customer base, volumes and profits

Mexico	€629 mill.; +18%	<ul style="list-style-type: none"> Focus on commercial transformation: strong growth in volumes, digital customers (+46%) and loyal (+16%) Profit boosted by customer revenues (NII: +14%) and enhanced credit quality
Chile	€513 mill.; +16%	<ul style="list-style-type: none"> Improved customer satisfaction with market share gains in loans and deposits Higher customer revenues, expenses under control and lower cost of credit
Portugal	€399 mill.; +33%	<ul style="list-style-type: none"> Banif's integration has been completed, enabling a more balanced loan portfolio and market share gains in corporates Profit up driven by customer revenues and sharp reduction in the cost of credit
US	€395 mill.; -42%	<ul style="list-style-type: none"> SBNA: showed business progress (core deposits +4%) SC USA: 18% RoTE with lower risk profile and increased compliance Significant progress in the regulatory agenda
Argentina	€359 mill.; +52%	<ul style="list-style-type: none"> Market share gain in loans and deposits. Acquisition of Citibank's retail portfolio in October (Central Bank authorisation expected in March 2017) Profit up due to higher revenues and better cost of credit
Poland	€272 mill.; -6% Excl. tax on assets: +14%	<ul style="list-style-type: none"> Higher volumes and customer revenues. Good management of NII (+11%) and enhanced credit quality Profit impacted by new tax on assets and lower gains on financial transactions

CORPORATE CENTRE

Progress on reducing the Corporate Centre's weight in the Group:
Headquarters expenses down 18% in 2016



P&L

€ million

	2016	2015
NII	-739	-627
Gains / Losses on FT	-243	150
Operating expenses	-450	-547
Provisions	-73	-481
Tax and minority interests	149	29
Underlying attrib. profit	-1,439	-1,493
Non-recurring items	(-417)	-600
Attributable profit	-1,856	-2,093

Spain	-216
C.C.	-186
US	-32
UK	-30
Poland	+29
Rest	+18

- **Lower revenues** due to fall in gains on financial transactions (hedging)
- **Provisions back to normal levels.** They were above average in 2015

Agenda

 **Delivery of our 2016 commitments and progress in strategic priorities**

 **Group and business areas review**

 **2017 Strategic priorities**

 **Concluding remarks**

Our purpose

*To help people
and businesses
prosper*

Our aim

*To be the best Retail and Commercial
Bank, earning the lasting loyalty of our
people, customers, shareholders and
communities*

A bank that is...

SIMPLE | PERSONAL | FAIR



Show
respect



Truly
listen



Keep
promises



Talk
straight



Embrace
change



Support
people



Bring
passion



Actively
collaborate

We are delivering on our strategic plan



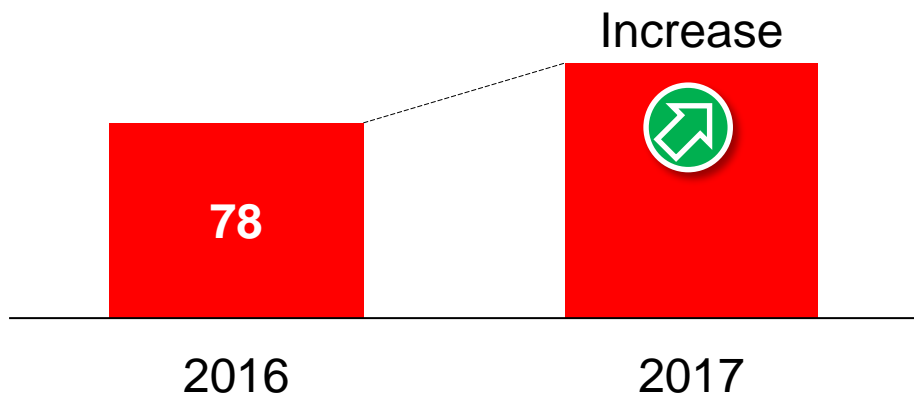
People and communities: Continuing our progress towards a Simple | Personal | Fair culture and giving back to our communities is a requirement to succeed



People

Employee engagement

% of engaged employees



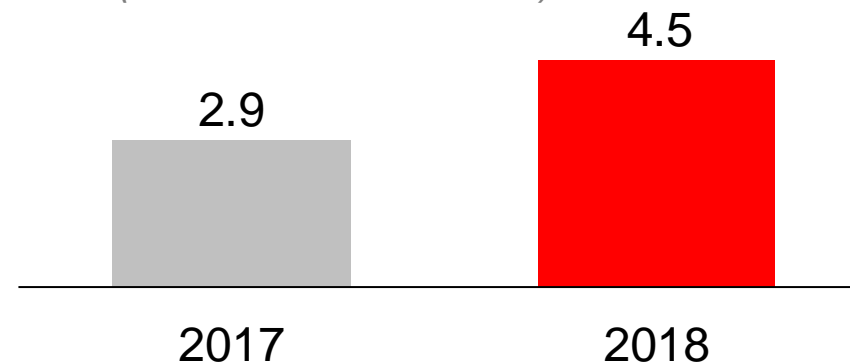
Communities



- **+93k scholarships** in 2017-2018
- **c.80k entrepreneurs supported** in 2017-2018

People supported

Million (cumulative from 2016)



Customers: In 2016 we increased customer value and our target is to reach 17MM loyal customers in 2017

Customer loyalty value propositions...

Mundo1|2|3

1|2|3 World

1|2|3 KONTO

Santander Plus

Simply Right®

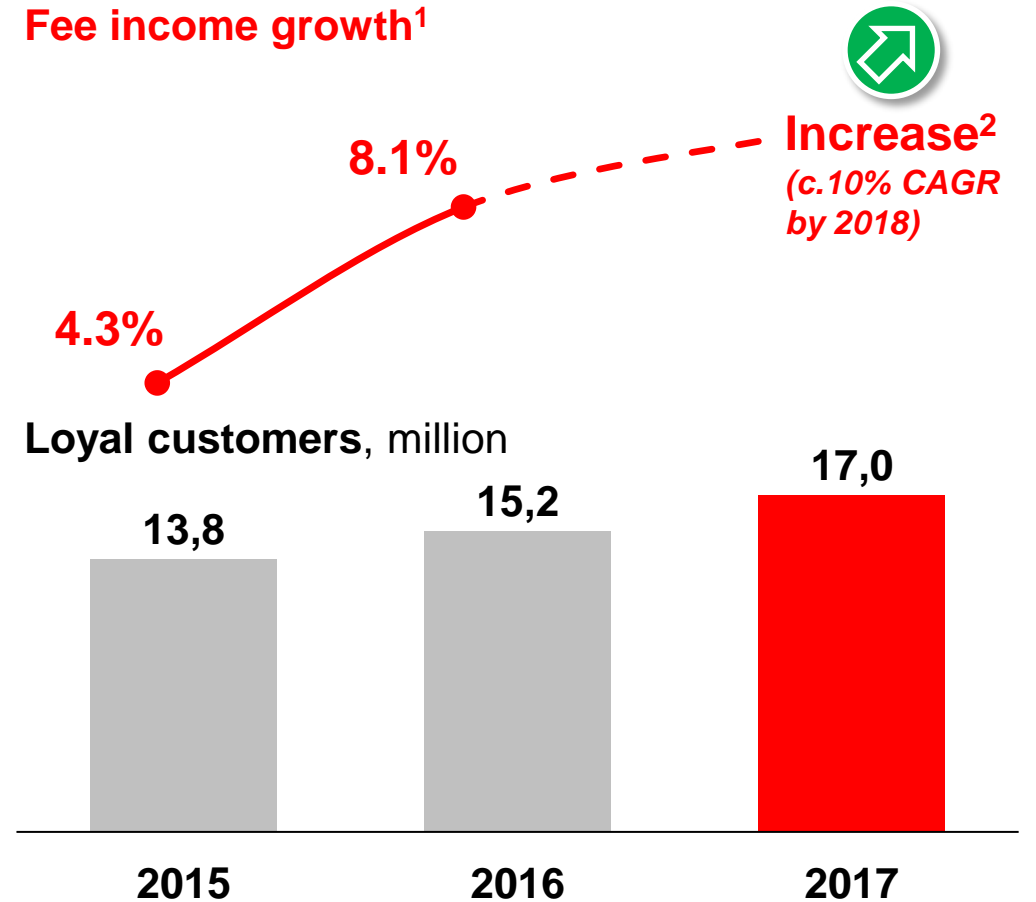
SANTANDER esfera

MUNDO 1|2|3 SANTANDER TOTTA

S SUPER CLUB

PLAN SUPERPUNTOS

...to further drive fee income growth



Customers: Leveraging technology and active collaboration to deliver best customer experience and efficiency

Digital transformation

Examples

2016

2017

1

Business transformation



Digital account and card for the unbanked

Digital customers
Million

20.9

25

2

Openbank

New **digital platform**
launch in Q2 2017

C/I
%

48

Broadly stable

3

Working as a Group



Real time international payments

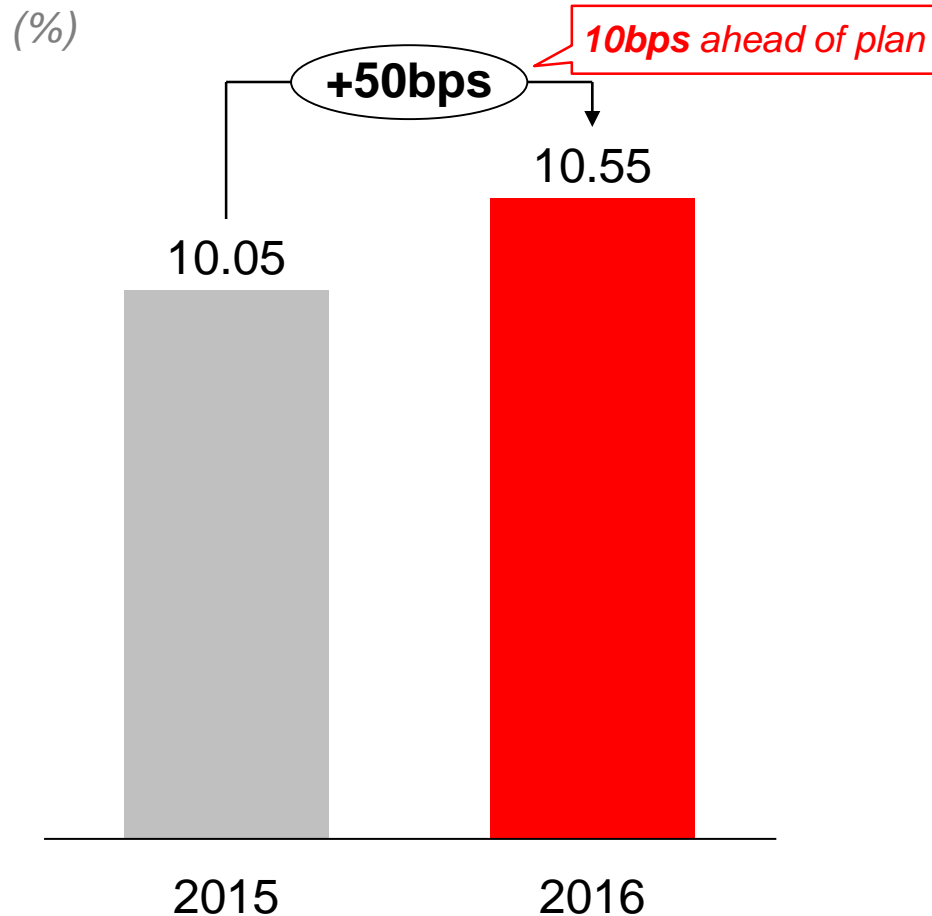
Customer experience¹

8
countries in
top 3

Maintain leadership

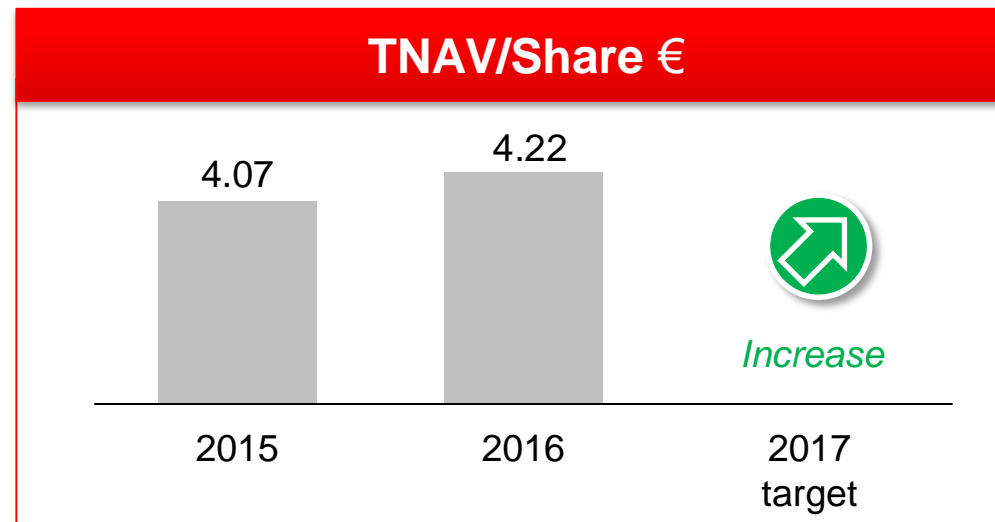
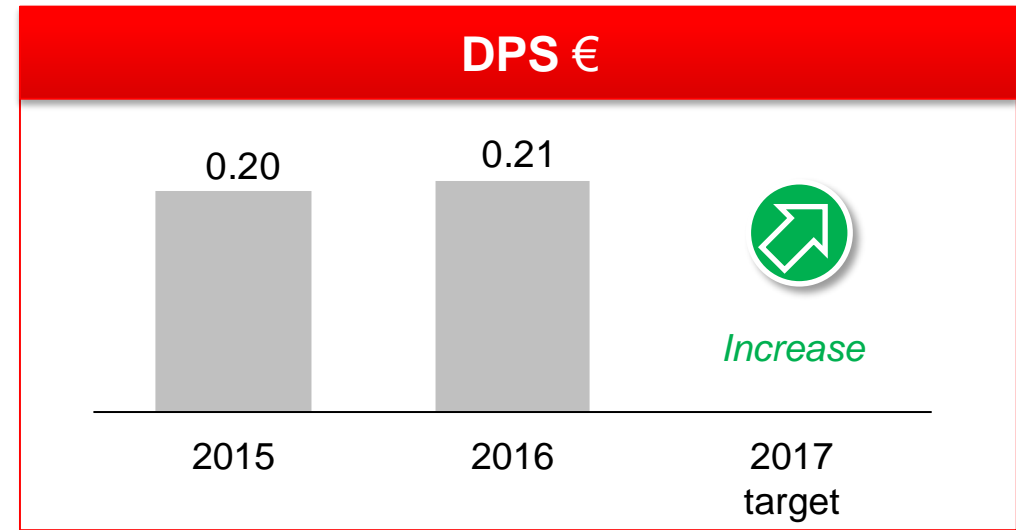
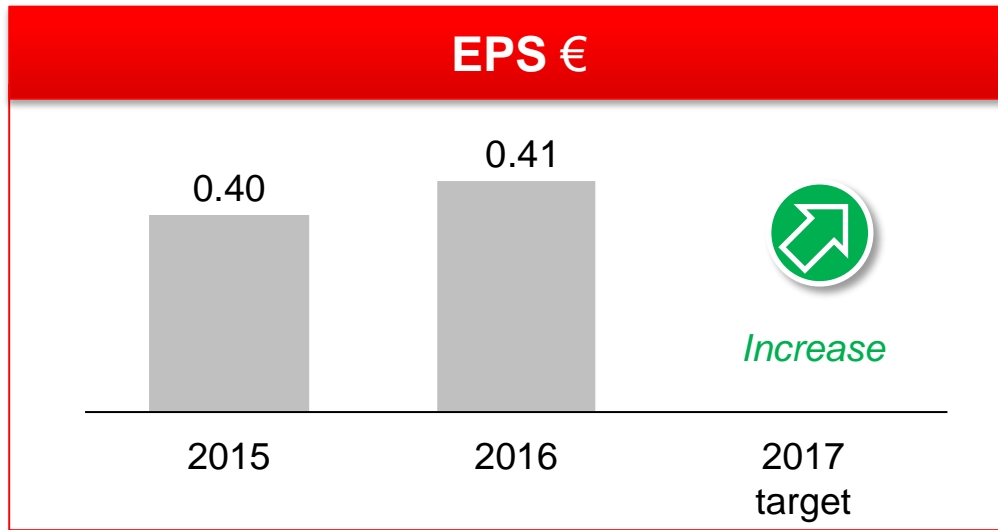
Shareholders: We delivered on FL CET1 ahead of plan and reaffirm 2017 guidance

Fully loaded CET1



- ① Committed to accumulate organically **c.40 bps CET1 per year after** dividends and lending growth
- ② Loans growth > RWA growth
Profit growth > RWA growth
- ③ **Capital management and M&A discipline** across the Group

Shareholders: Reaffirm all our targets for 2017: grow EPS, DPS and TNAV per share



Agenda

 **Delivery of our 2016 commitments and progress in strategic priorities**

 **Group and business areas review**

 **2017 Strategic priorities**

 **Concluding remarks**

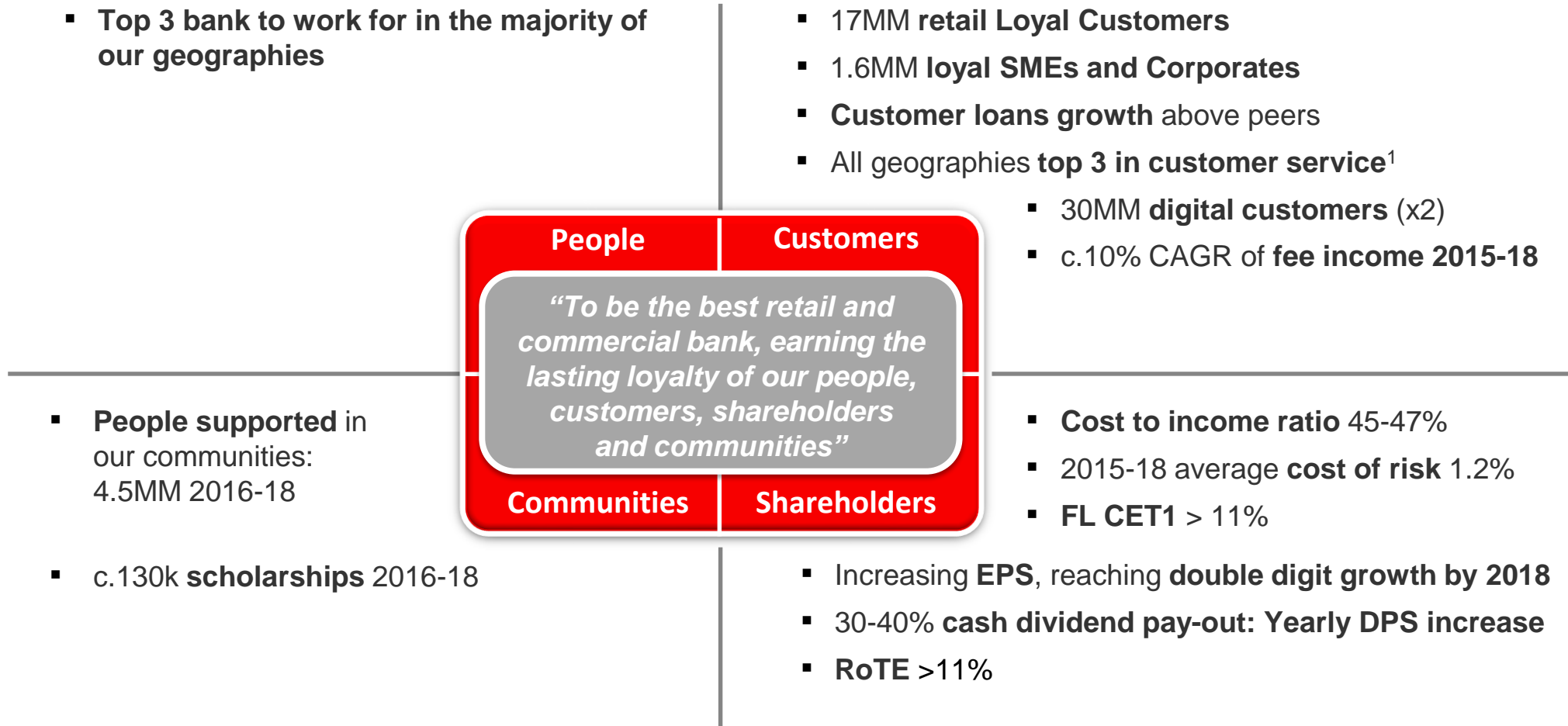
We delivered on all our strategic goals in 2016...

	2015	2016	2016 targets	
Loyal customers (million)	13.8	15.2	15.0	✓
Digital customers (million)	16.6	20.9	20.0	✓
Fee income ¹	4.3%	8.1%	Increase	✓
Cost of risk	1.25%	1.18%	Improve	✓
Cost to income	47.6%	48.1%	Broadly stable	✓
EPS (€)	0.40	0.41	Increase	✓
DPS (€)	0.20	0.21	Increase	✓
TNAV / share (€)	4.07	4.22	Increase	✓
FL CET1	10.05%	10.55%	10.45%	✓

...and we are on track to meet our 2017/18 targets

	2016	2017 targets	2018 targets
Loyal customers (Million)	15.2	17	18.6
Digital customers (Million)	20.9	25	30
Fee income ¹	8.1%	Increase	c.10% CAGR 15-18
Cost of risk	1.18%	Improve	1.2% avg. 15-18
Cost to income	48.1%	Broadly stable	45-47%
EPS (€)	0.41	Increase	Double digit growth
DPS (€)	0.21	Increase	Increase
FL CET1	10.55%	+40bps per year	>11%

Reaffirming our key shareholder metrics, increasing EPS in 16/17, reaching double digit by 2018, and growing DPS and TNAV per share



The best retail bank in Europe and the Americas

- 1 During **2016** we have **delivered ahead of plan** on our **strategic, financial** and **commercial targets**
- 2 We **reiterate** our **commitments** for **2017 and 2018**
- 3 **Consistent delivery over the past 3 years:**
 - **Broadly stable C/I**
 - **Cash DPS +89%**
 - **11.1% underlying RoTE** after FL CET1 +50bps
 - **Increasing TNAV/Share every year**

We have delivered all this in the right way, helping more people and business prosper while building a bank that is more simple, personal and fair



APPENDIX

Appendix

Other geographic units results

Global segments results

Group balance sheet

Liquidity and funding

NPL and coverage ratios, and cost of credit

Quarterly income statements



Other geographic units results

MEXICO

Strategy and highlights

	2015	2016
Digital customers (thousand)	876	1,282
Payrolls (thousand)	3,076	3,400
Demand deposits (YoY change)	+18%	+16%
SMEs loans (MXN mill.)	61,203	67,640
Cost of credit	2.91%	2.86%

Activity

Volumes¹

Var. D'16 / D'15

-2%
/ 3Q'16

+5%
/ 3Q'16

+8%

+12%

Loans

Funds

Customer NIM

%

NIM

3.7 3.7 3.7 3.8 3.8

2.5 2.3 2.3 2.5 2.5

NIM net of provisions

4Q'15 1Q'16 2Q 3Q 4Q

P&L

€ million

	4Q'16	%/3Q'16*	2016	%/2015*
NII	615	4.9	2,385	14.3
Fee income	179	8.0	711	4.4
Gross income	828	6.0	3,203	13.4
Operating expenses	-325	6.6	-1,274	9.3
LLPs	-203	6.8	-832	11.4
PBT	293	3.9	1,067	17.5
Attributable profit	169	0.4	629	17.5

(*) % change in constant euros

- **46% increase in digital customers and 16% in loyal ones.** Efforts made to attract payrolls
- **Strong rise in volumes, improving funds structure**
- **Profit up driven by NII (+14%),** fuelled by loans and demand deposits growth and higher interest rates since December 2015
- **Ongoing credit quality improvement,** with lower NPLs, cost of credit and higher coverage ratio

CHILE

Strategy and highlights

	2015	2016
Loyal customers (thousand)	559	604
Digital customers (thousand)	918	959
Cost of credit	1.65%	1.43%
NPL ratio	5.62%	5.05%
Customer satisfaction (position)	4 th	1 st

Activity

Volumes¹

Var. D'16 / D'15

+1%
/ 3Q'16

+1%
/ 3Q'16

+7%

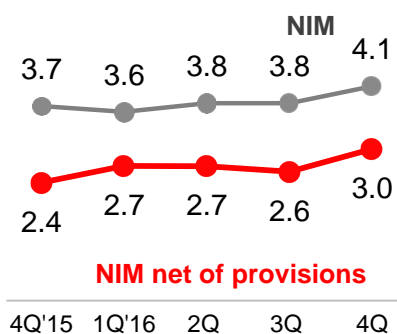
+6%

Loans

Funds

Customer NIM

%



P&L

€ million

	4Q'16	%/3Q'16*	2016	%/2015*
NII	521	7.7	1,864	7.4
Fee income	91	0.1	353	1.2
Gross income	672	6.2	2,422	7.0
Operating expenses	-265	3.9	-986	1.5
LLPs	-131	-13.0	-514	-6.5
PBT	241	2.6	894	20.2
Attributable profit	137	3.2	513	16.4

(*) % change in constant euros

- Improved **customer satisfaction** indices, **greater loyalty** and about **one million digital customers**
- Gaining market share** in loans and deposits
- Higher attributable profit** driven by net interest income, expenses under control and lower provisions
- Improvement of all credit quality ratios**

PORTUGAL

Strategy and highlights

	2015	2016
Loyal individuals (thousand)	505	603
Loyal companies (thousand)	23.0	33.2
Digital customers (thousand)	381	502
Cost of credit	0.29%	0.18%
Loans market-share	14.3%	14.4% _(O'16)

Activity

Volumes¹

Var. D'16 / D'15

-1%
/ 3Q'16

-1%
/ 3Q'16

-5%

Loans

+2%

Funds

Cost of time deposits – New deposits²

%

0.34 0.24 0.23 0.18 0.18

4Q'15 1Q'16 2Q 3Q 4Q

P&L

€ million

	4Q'16	%/3Q'16	2016	%/2015
NII	182	1.0	733	32.0
Fee income	69	-13.6	314	19.1
Gross income	292	1.8	1,209	19.0
Operating expenses	-143	0.9	-589	19.1
LLPs	-9	-40.3	-54	-25.4
Underlying PBT	134	8.3	533	27.2
Attributable profit	106	14.8	399	33.0

For comparison purposes with 2015, the SRF contribution in 4Q'16 was reallocated from non-recurring items to gross income.

- **Banif's integration** has been completed, enabling a more balanced loan portfolio and higher market share in corporates
- **Rise in the 1|2|3 customer base** reflected in double digit growth in loyal companies and digital customers
- **Deposits up 3%**, underscoring the banks good position in the financial system
- Profit rose driven by higher **customer revenues** and **sharp reduction of the cost of credit**

UNITED STATES

Strategy and highlights

	2015	2016
Digital customers (thousand)	617	778
C&I loans (\$Bn)	19	17
Core deposits (\$Bn)	43	45
SC servicing portfolio (\$Bn)	15	12
Total cost of credit	3.66%	3.68%

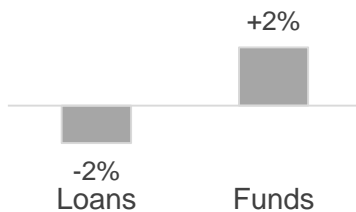
Activity¹

Santander Bank

Var. D'16 / D'15

-2%
/ 3Q'16

-1%
/ 3Q'16

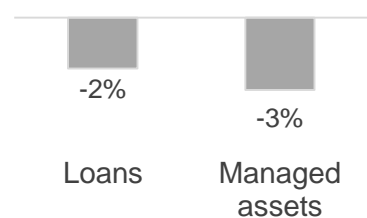


Santander Consumer USA

Var. D'16 / D'15

-2%
/ 3Q'16

-2%
/ 3Q'16



P&L

US\$ million

	4Q'16	%/3Q'16	2016	%/2015
NII	1,561	-3.9	6,545	-3.5
Fee income	276	-7.7	1,219	1.2
Gross income	1,945	-6.7	8,332	-3.6
Operating expenses	-932	6.6	-3,538	5.5
LLPs	-935	7.9	-3,548	3.1
PBT	69	-79.6	1,146	-32.1
Attributable profit	12	-92.6	437	-41.9

- **SBNA: Focus on commercial activity**
- **In SC USA, revenues impacted** by the **change of mix** towards a lower risk profile. Lower originations in 4Q16
- **Costs** still high due to investments in IT, franchise and regulatory issues
- **Higher LLPs** in SBNA (Oil & Gas in 1Q16) and SC USA (higher average retained balances)
- Significant **progress in regulatory agenda**

ARGENTINA

Strategy and highlights

	2015	2016
Loyal individuals (thousand)	961	1,016
Loyal companies (thousand)	91	102
Digital customers (thousand)	1,258	1,511
Cost of credit	2.15%	1.72%
NPL ratio	1.15%	1.49%

Activity

Volumes¹

Var. D'16 / D'15

+10%
/ 3Q'16

+24%
/ 3Q'16

+37%

+49%

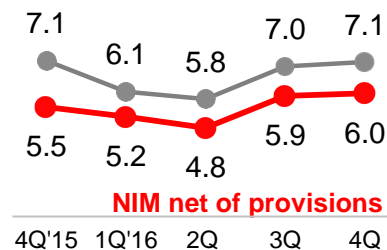
Loans

Funds

Customer NIM

%

NIM



NIM net of provisions

P&L

€ million	4Q'16		2016	
	%/3Q'16*		%/2015*	
NII	212	16.0	710	28.0
Fee income	129	5.5	474	36.3
Gross income	378	6.6	1,377	42.0
Operating expenses	-193	4.2	-741	37.4
LLPs	-32	17.0	-107	15.5
PBT	146	5.2	503	50.2
Attributable profit	110	10.2	359	51.8

(*) % change in constant euros

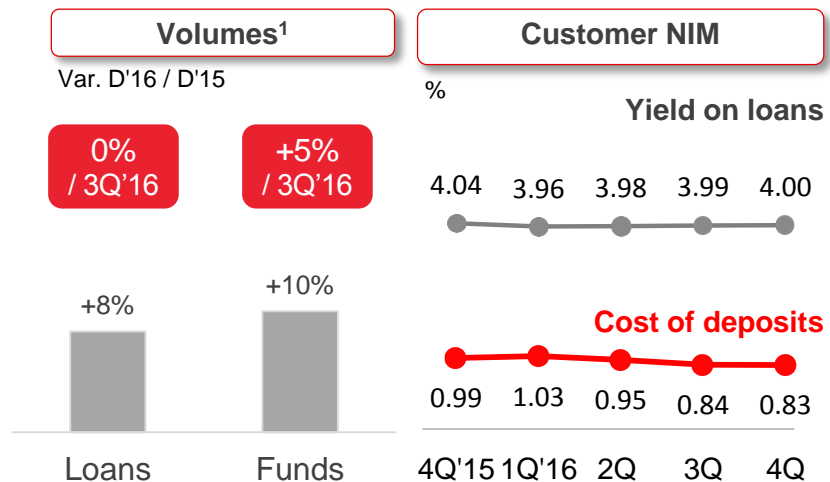
- **Better environment** for banking business. **Acquisition of Citibank's retail portfolio** in October²
- **Growth in loans and deposits** driven by the expansion plan and commercial strategy
- Profit fuelled by the **increase of all revenue lines**
- **Expenses flat** excluding inflation, offsetting the **branch network expansion** and **transformation projects**
- **Better cost of credit** with **low NPL ratio** and **comfortable coverage (142%)**

POLAND

Strategy and highlights

	2015	2016
Digital customers (thousand)	1,885	1,979
Loyal companies (thousand)	60	89
Cost of credit	0.87%	0.70%
NPL ratio	6.30%	5.42%
Market share in loans	9.8%	10.1% _(S'16)

Activity



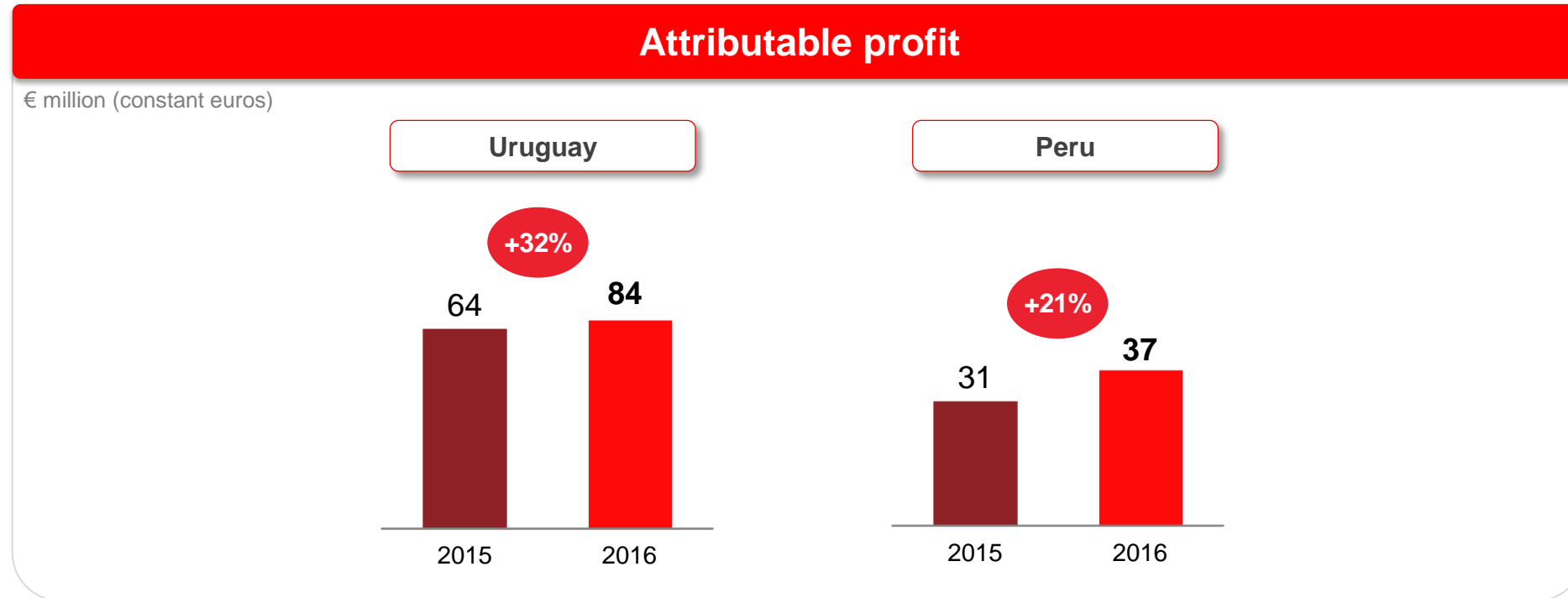
P&L

€ million	4Q'16	%/3Q'16*	2016	%/2015*
NII	222	4.2	834	11.2
Fee income	101	-3.8	400	-1.2
Gross income	329	0.7	1,314	7.4
Operating expenses	-139	-5.8	-579	1.7
LLPs	-35	-17.5	-145	-9.8
PBT	129	-1.1	508	3.6
Attributable profit	63	-7.7	272	-5.6

(*) % change in constant euros

- Benchmark bank in **innovation and digital channels**
- **Market share gain in loans.** Volumes growth in companies, mortgages, consumer credit and cards
- **Attributable profit up 14% excluding the new tax on assets**
- **Good management of NII** (+11%, backed by larger volumes) and **costs**
- **Significant drop in the NPL ratio and the cost of credit**
- **Fee income hit by new regulation in bank insurance.** Better evolution vs. sector (-6%)

OTHER LATIN AMERICAN COUNTRIES



- Focusing on loyalty, transactions and target segments
- Profit driven by **customer revenues growth**



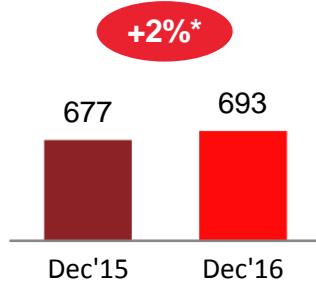
Global segments
results

RETAIL BANKING

Activity

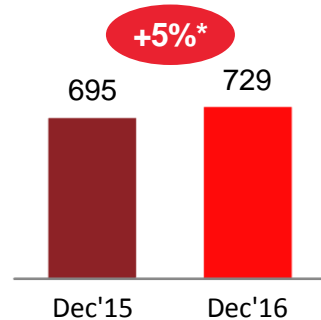
€ billion (constant euros)

Loans



(*) -1% in euros

Funds



(*) +3% in euros

P&L

€ million

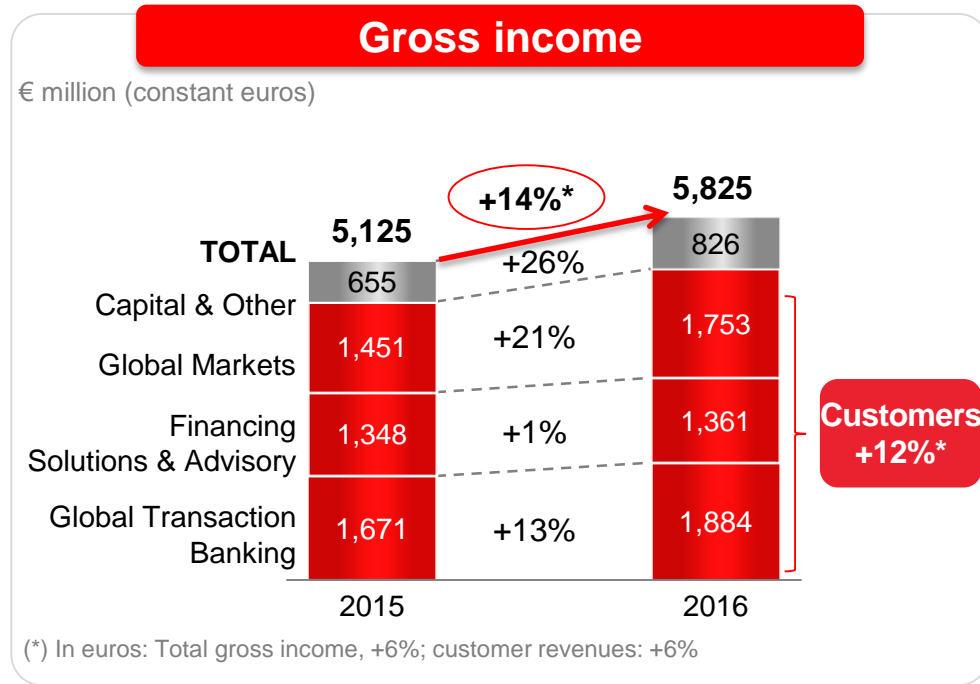
	4Q'16	%/3Q'16*	2016	%/2015*
NII	7,493	1.9	29,090	2.9
Fee income	2,279	0.3	8,745	8.9
Gross income	9,960	-0.1	39,055	2.8
Operating expenses	-4,827	4.0	-18,476	5.0
LLPs	-2,299	-1.1	-8,693	-2.2
Underlying PBT	2,311	-14.2	10,201	3.6
Attributable profit	1,587	-3.4	6,297	0.1

(*) % change in constant euros

For comparison purposes with 2015, the SRF contribution in 4Q'16 was reallocated from non-recurring items to gross income.

- The retail banking model continued to be transformed into an increasingly **Simple, Personal and Fair** model
- **Focused** on three main priorities: **customer loyalty, digital transformation and operational excellence**
- **Further development of the multi-channel model**, centred on digital channels
- **Progress in achieving our targets.** 15.2 million loyal customers (+10% from December 2015) and 20.9 million digital customers (+26% from December 2015)

GLOBAL CORPORATE BANKING



P&L

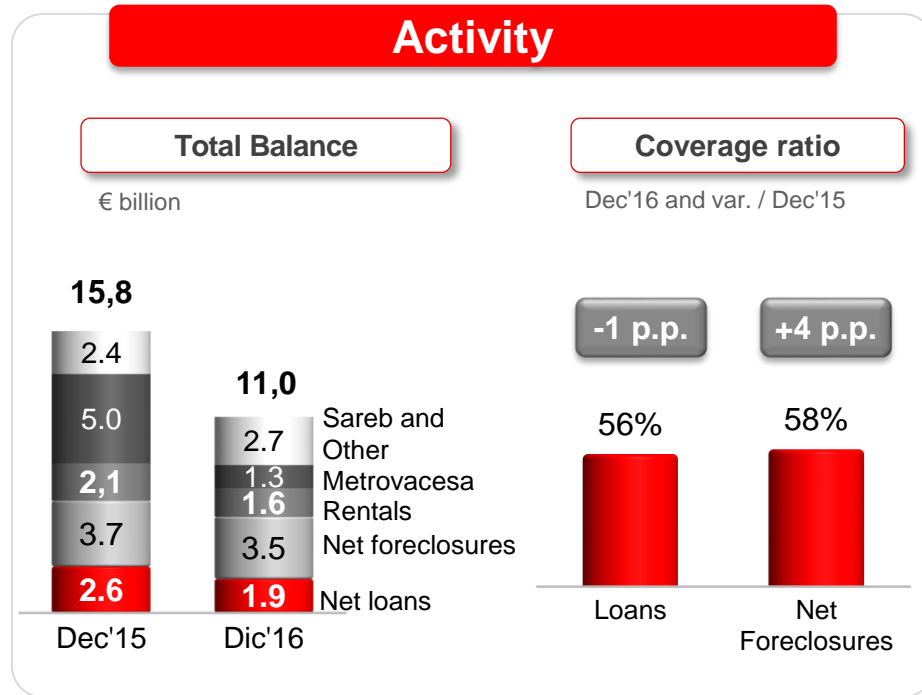
€ million

	4Q'16	%/3Q'16*	2016	%/2015*
NII	801	10.0	2,781	-0.5
Fee income	372	5.7	1,465	4.6
Gross income	1,419	-7.0	5,825	13.7
Operating expenses	-478	-2.4	-1,951	-2.2
LLPs	-55	-74.9	-660	1.1
PBT	848	1.2	3,137	31.5
Attributable profit	588	7.6	2,089	30.0

(*) % change in constant euros

- **Customer-centred strategy**, underpinned by the **Division's global capacities and their interconnection with local units**
- **Benchmark positions** in export finance, corporate lending and project finance, among other, in Europe and Latin America
- **Attributable profit up 30% (in constant euros)**, driven by **strong and diversified customer revenues (+12%)**

REAL ESTATE ACTIVITY SPAIN



P&L

€ million

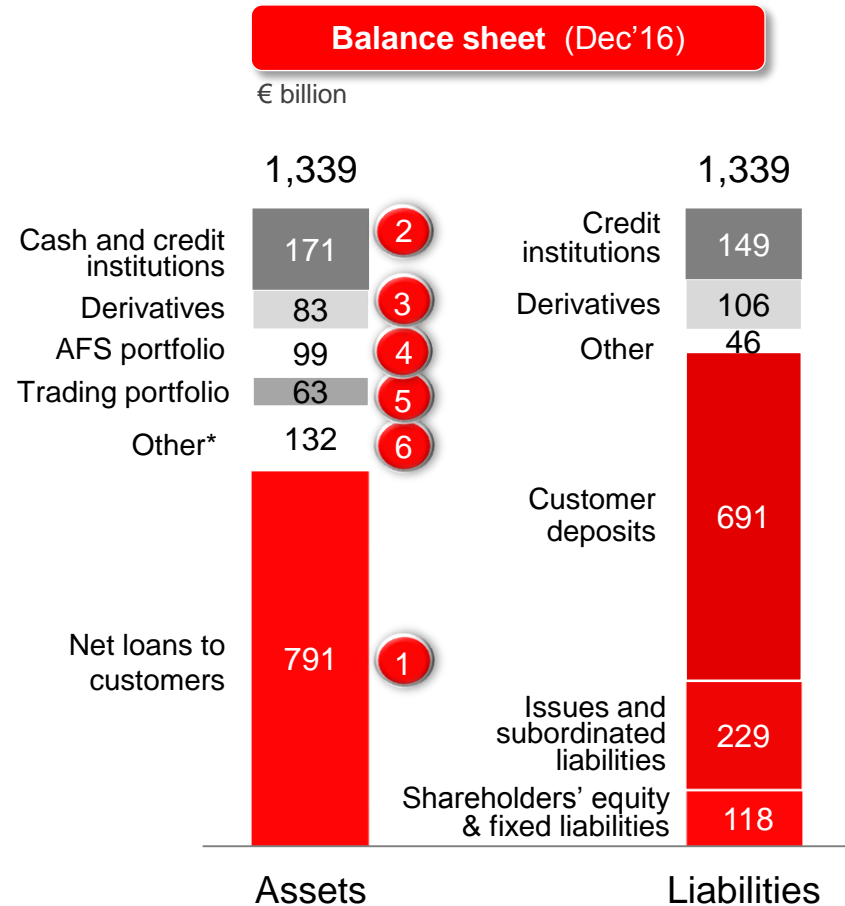
	2016	2015	% 2015
Gross income	39	137	-71.8
Operating expenses	-211	-235	-10.3
Provisions	-288	-511	-43.6
Tax recovery	137	180	-23.6
Attributable profit	-326	-420	-22.3

- Reduction of non-core exposure continued at a pace above 15% (net loans: -29%)
- Coverage ratio already adapted to the requirements of Appendix IX
- Deconsolidation of assets from the Metrovacesa / Merlín merger
- Lower losses due to reduced costs and provision needs



Group
Balance sheet

Retail balance sheet, appropriate for a low risk business model, liquid and well capitalised

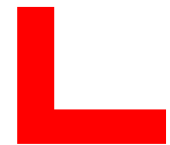


- 1** Lending: 59% of balance sheet
- 2** Cash, central banks and credit institutions: 13%
- 3** Derivatives (with counterparty on liabilities side): 6% of balance sheet
- 4** Available for sale portfolio (AFS): 7%
- 5** Trading portfolio: 5%
- 6** Other (goodwill, fixed assets, accruals): 10%

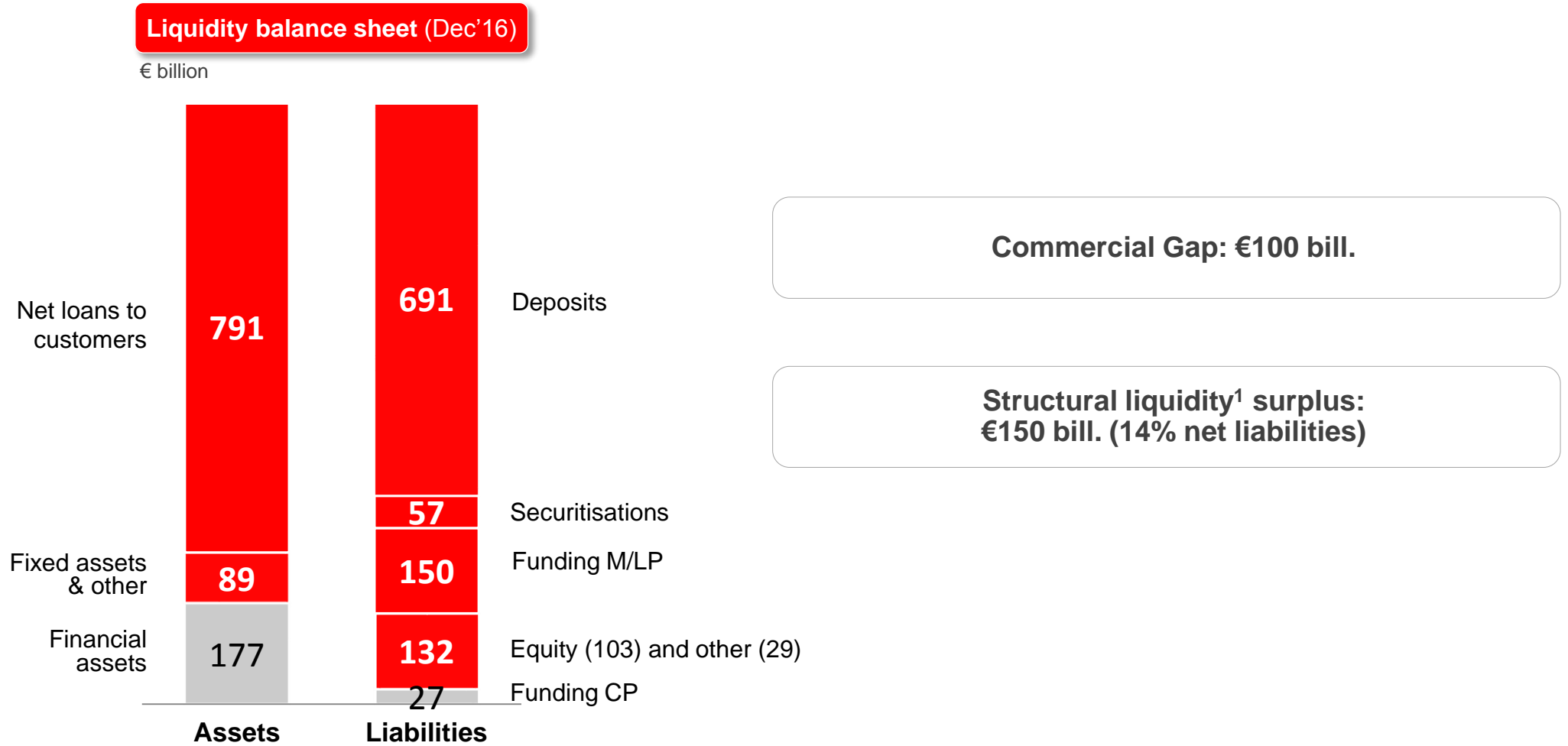
(*) Other assets: tangible and intangible assets: €53 bn, held-to-maturity portfolio: €14 bn.; other financial instruments at fair value: €1 bn, accruals and other accounts: €64 bn.



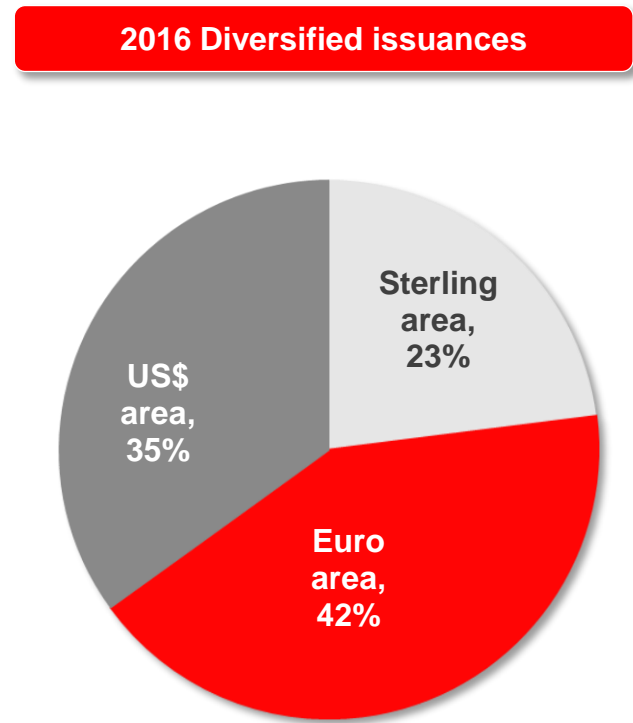
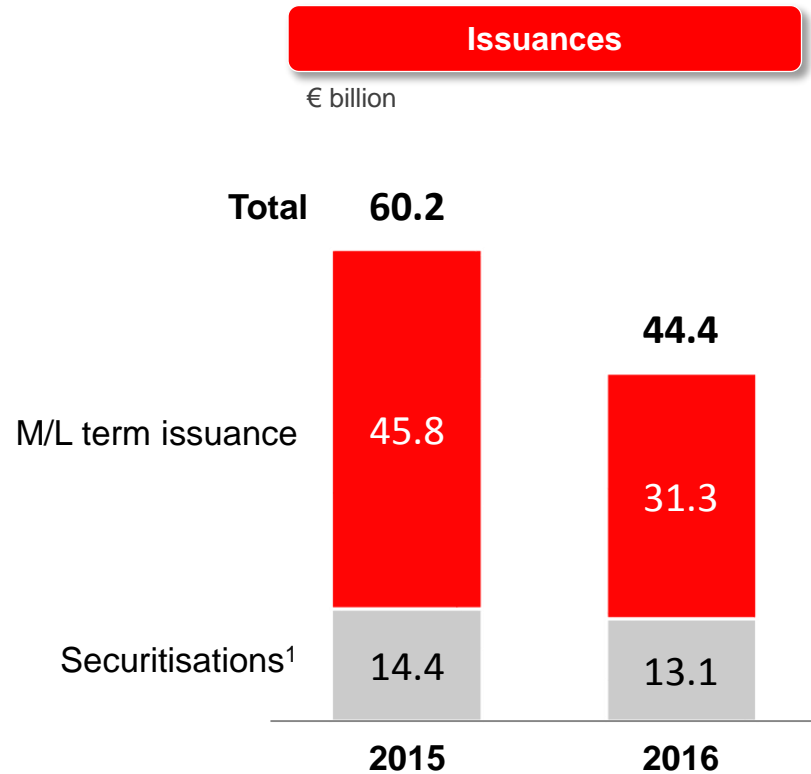
Liquidity and funding



Well-funded balance sheet with high structural liquidity surplus



Commercial activity evolution enabled a lower recourse to medium and long-term wholesale funding, without eroding the structural liquidity surplus



(1) Placed in the market and including structured finance



NPL, coverage ratios
and cost of credit

NPL ratio

%

	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16	30.06.16	30.09.16	31.12.16
Continental Europe	8.52	8.15	7.89	7.27	7.08	6.84	6.43	5.92
Spain	7.25	6.91	6.61	6.53	6.36	6.06	5.82	5.41
Santander Consumer Finance	4.52	4.25	4.15	3.42	3.28	2.95	2.86	2.68
Poland	7.33	7.07	7.14	6.30	5.93	5.84	5.71	5.42
Portugal	8.96	8.80	8.86	7.46	8.55	10.46	9.40	8.81
United Kingdom	1.75	1.61	1.51	1.52	1.49	1.47	1.47	1.41
Latin America	4.64	4.74	4.65	4.96	4.88	4.98	4.94	4.81
Brazil	4.90	5.13	5.30	5.98	5.93	6.11	6.12	5.90
Mexico	3.71	3.81	3.54	3.38	3.06	3.01	2.95	2.76
Chile	5.88	5.73	5.60	5.62	5.45	5.28	5.12	5.05
USA	2.20	2.20	2.20	2.13	2.19	2.24	2.24	2.28
Operating Areas	4.87	4.68	4.52	4.39	4.36	4.32	4.19	3.95
Total Group	4.85	4.64	4.50	4.36	4.33	4.29	4.15	3.93

Coverage ratio

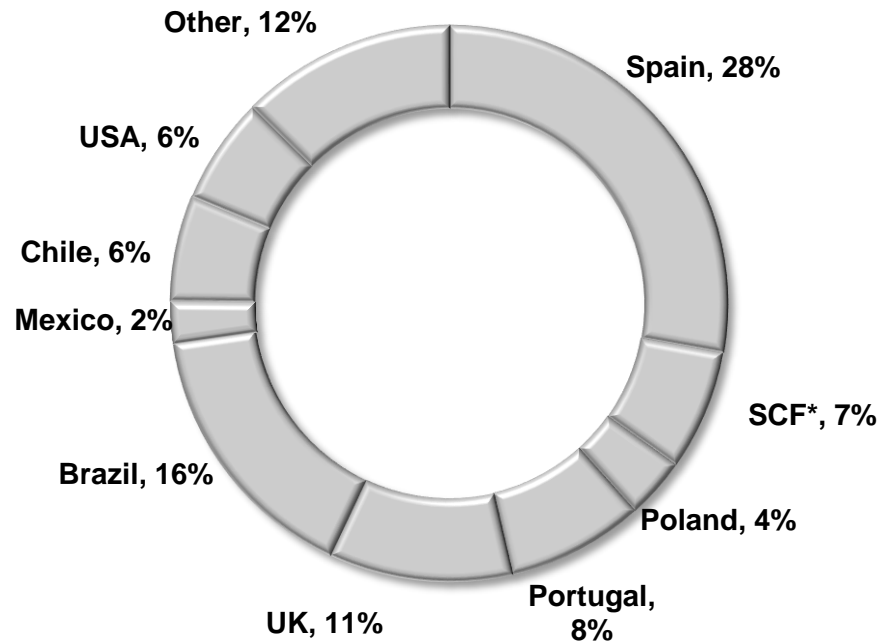
%

	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16	30.06.16	30.09.16	31.12.16
Continental Europe	58.6	58.9	60.4	64.2	65.4	61.3	61.3	60.0
Spain	46.6	46.8	47.8	48.1	50.2	47.6	47.6	48.3
Santander Consumer Finance	103.6	104.9	107.2	109.1	111.9	110.6	110.7	109.1
Poland	61.6	63.5	63.1	64.0	67.0	65.8	68.9	61.0
Portugal	52.4	54.2	56.2	99.0	87.7	61.9	57.8	63.7
United Kingdom	41.2	40.3	39.6	38.2	36.5	36.5	36.0	32.9
Latin America	83.6	84.4	85.4	79.0	79.7	81.4	84.5	87.3
Brazil	95.2	95.9	96.0	83.7	83.7	85.3	89.3	93.1
Mexico	88.4	87.5	93.0	90.6	97.5	102.3	101.9	103.8
Chile	52.0	51.6	52.8	53.9	54.6	55.5	58.1	59.1
USA	211.5	224.2	218.3	225.0	221.1	220.6	216.2	214.4
Operating Areas	68.3	69.4	70.5	72.6	73.3	72.0	72.8	73.5
Total Group	68.9	70.1	71.1	73.1	74.0	72.5	72.7	73.8

Non-performing loans and loan-loss allowances. December 2016

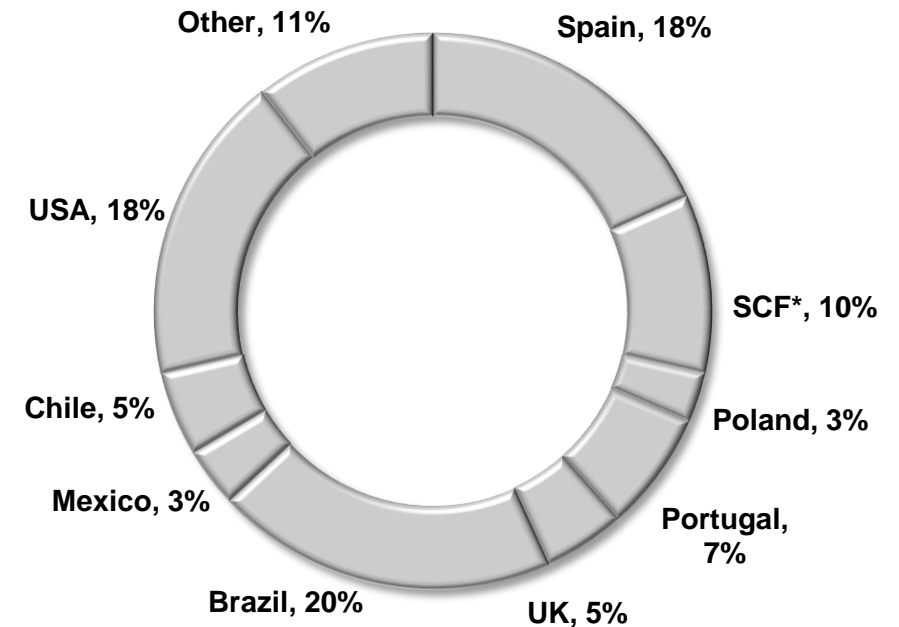
Non-performing loans

100%: €33,643 mill.



Loan-loss allowances

100%: €24,835 mill.



Cost of credit

%

	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16	30.06.16	30.09.16	31.12.16
Continental Europe	0.95	0.86	0.77	0.68	0.60	0.51	0.46	0.44
Spain	0.97	0.84	0.71	0.62	0.54	0.45	0.41	0.37
Santander Consumer Finance	0.93	0.91	0.87	0.77	0.64	0.55	0.49	0.47
Poland	1.00	1.00	0.96	0.87	0.82	0.75	0.76	0.70
Portugal	0.45	0.38	0.35	0.29	0.28	0.21	0.17	0.18
United Kingdom	0.11	0.08	0.04	0.03	0.01	0.03	0.05	0.02
Latin America	3.53	3.39	3.33	3.36	3.39	3.41	3.42	3.37
Brazil	4.63	4.45	4.40	4.50	4.63	4.71	4.87	4.89
Mexico	2.92	2.89	2.87	2.91	2.95	2.96	2.86	2.86
Chile	1.74	1.68	1.68	1.65	1.58	1.59	1.55	1.43
USA	3.25	3.39	3.36	3.66	3.85	3.77	3.80	3.68
Operating Areas	1.38	1.33	1.27	1.26	1.24	1.20	1.20	1.19
Total Group	1.38	1.32	1.26	1.25	1.22	1.19	1.19	1.18

Spain Real Estate Activity. Exposure and coverage ratios

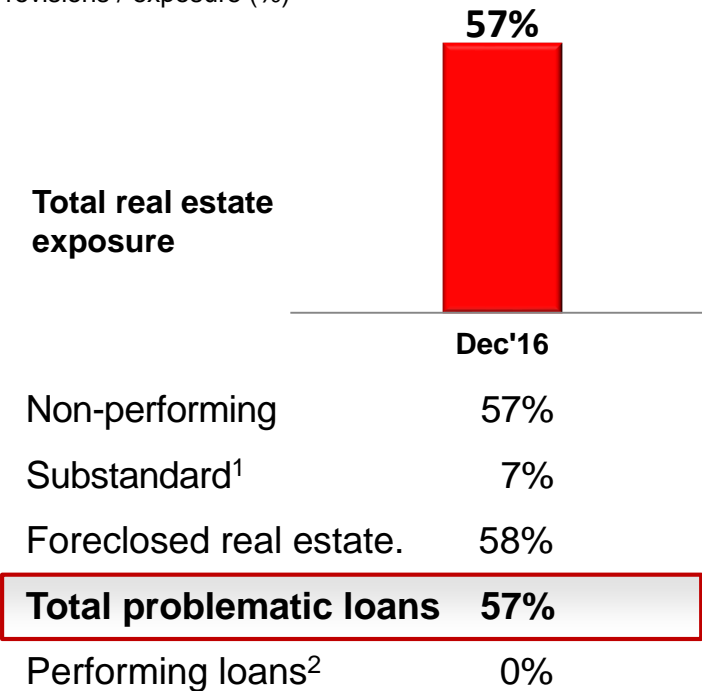
Coverage by borrowers' situation (December 2016)

€ million

	Gross risk	Coverage Fund	Net risk
Non-performing	3,841	2,184	1,657
Substandard ¹	167	11	156
Foreclosed real estate	8,061	4,658	3,403
Total problematic loans	12,069	6,853	5,216
Performing loans ²	61	0	61
Real estate exposure	12,130	6,853	5,277

Total coverage (problematic assets + performing loans)

Provisions / exposure (%)



(1) 100% up-to-date with payments

(2) Performing loans: loans up-to-date with payments

Spain Real Estate Activity. Loans and foreclosures

LOANS

€ million

	Dec'16	Dec'15	Var.
Finished buildings	2,120	2,735	-615
Buildings under constr.	97	137	-40
Developed land	1,270	1,603	-333
Building and other land	247	699	-452
Non mortgage guarantee	335	785	-450
Total	4,069	5,959	-1,890

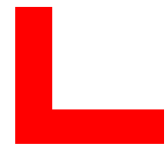
Foreclosed REAL ESTATE (Dec'16)

€ million

	Gross amount	Coverage	Net amount
Finished buildings	2,178	49%	1,104
Buildings under constr.	839	46%	453
Developed land	2,609	60%	1,051
Building and other land	2,435	67%	795
Other land	0	--	0
Total	8,061	58%	3,403



Quarterly income statements



Grupo Santander

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	10,563	10,867	10,457	10,336	10,021	10,119	10,395	10,734	42,222	41,268
Gross income	11,444	11,618	11,316	10,894	10,730	10,929	11,080	11,113	45,272	43,853
Operating expenses	(5,377)	(5,429)	(5,342)	(5,422)	(5,158)	(5,227)	(5,250)	(5,453)	(21,571)	(21,088)
Net operating income	6,067	6,189	5,974	5,472	5,572	5,703	5,831	5,660	23,702	22,766
Net loan-loss provisions	(2,563)	(2,508)	(2,479)	(2,558)	(2,408)	(2,205)	(2,499)	(2,406)	(10,108)	(9,518)
Other	(514)	(683)	(716)	(742)	(433)	(544)	(392)	(591)	(2,654)	(1,960)
Underlying profit before taxes	2,990	2,998	2,778	2,173	2,732	2,954	2,940	2,663	10,939	11,288
Underlying consolidated profit	2,067	2,059	1,991	1,702	1,922	1,984	2,036	1,951	7,819	7,893
Underlying attributable profit	1,717	1,709	1,680	1,460	1,633	1,646	1,695	1,646	6,566	6,621
Net capital gains and provisions*	—	835	—	(1,435)	—	(368)	—	(49)	(600)	(417)
Attributable profit	1,717	2,544	1,680	25	1,633	1,278	1,695	1,598	5,966	6,204

(*) Including: in 2Q15 net result of the reversal of provisions in Brazil
in 4Q15 Banif's badwill, PPI, impairment of intangible assets and other provisions (goodwill and other)
in 2Q16 capital gains from the disposal of the stake in Visa Europe, restructuring costs and contribution to the SRF
In 4Q16 PPI, restatement Santander Consumer USA and the SRF contribution, recorded in 2Q16, was reallocated to gross income

Grupo Santander

Constant € million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	9,629	9,963	10,073	10,153	10,210	10,196	10,312	10,550	39,817	41,268
Gross income	10,479	10,674	10,914	10,702	10,915	11,013	11,001	10,924	42,768	43,853
Operating expenses	(4,939)	(5,007)	(5,132)	(5,290)	(5,220)	(5,251)	(5,228)	(5,389)	(20,368)	(21,088)
Net operating income	5,540	5,667	5,781	5,412	5,695	5,762	5,773	5,535	22,400	22,766
Net loan-loss provisions	(2,370)	(2,338)	(2,445)	(2,569)	(2,489)	(2,243)	(2,464)	(2,322)	(9,722)	(9,518)
Other	(475)	(643)	(700)	(751)	(450)	(548)	(379)	(582)	(2,569)	(1,960)
Underlying profit before taxes	2,695	2,685	2,636	2,093	2,756	2,971	2,930	2,631	10,109	11,288
Underlying consolidated profit	1,854	1,827	1,875	1,635	1,942	1,994	2,028	1,929	7,190	7,893
Underlying attributable profit	1,525	1,502	1,571	1,394	1,649	1,652	1,690	1,630	5,992	6,621
Net capital gains and provisions*	—	835	—	(1,435)	—	(368)	—	(49)	(600)	(417)
Attributable profit	1,525	2,337	1,571	(41)	1,649	1,284	1,690	1,582	5,392	6,204

(*) Including: in 2Q15 net result of the reversal of provisions in Brazil
in 4Q15 Banif's badwill, PPI, impairment of intangible assets and other provisions (goodwill and other)
in 2Q16 capital gains from the disposal of the stake in Visa Europe, restructuring costs and contribution to the SRF
In 4Q16 PPI, restatement Santander Consumer USA and the SRF contribution, recorded in 2Q16, was reallocated to gross income

Spain

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	1,371	1,296	1,251	1,199	1,243	1,232	1,185	1,198	5,118	4,858
Gross income	1,749	1,522	1,571	1,238	1,543	1,489	1,398	1,179	6,080	5,608
Operating expenses	(855)	(856)	(863)	(860)	(837)	(834)	(824)	(802)	(3,434)	(3,297)
Net operating income	894	666	708	379	706	655	574	377	2,646	2,311
Net loan-loss provisions	(366)	(264)	(205)	(156)	(231)	(129)	(140)	(85)	(992)	(585)
Other	(44)	(71)	(58)	(89)	(37)	(82)	(51)	(97)	(263)	(267)
Underlying profit before taxes	483	331	444	134	438	444	382	195	1,392	1,459
Underlying consolidated profit	345	238	317	99	312	314	274	143	999	1,043
Underlying attributable profit	340	232	311	94	307	308	270	137	977	1,022
Net capital gains and provisions*	—	—	—	—	—	(100)	—	100	—	—
Attributable profit	340	232	311	94	307	208	270	237	977	1,022

(*).- In 4Q16 the SRF contribution, recorded in 2Q16, was reallocated to gross income

Santander Consumer Finance

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	949	990	1,011	1,022	1,041	1,061	1,099	1,052	3,973	4,253
Gross income	959	991	1,018	998	1,045	1,068	1,106	1,043	3,965	4,262
Operating expenses	(422)	(442)	(443)	(467)	(483)	(468)	(467)	(486)	(1,774)	(1,904)
Net operating income	537	549	575	530	562	600	639	557	2,192	2,357
Net loan-loss provisions	(168)	(131)	(142)	(97)	(114)	(70)	(116)	(87)	(537)	(387)
Other	(22)	(36)	(44)	(50)	(39)	(41)	(36)	(52)	(152)	(168)
Underlying profit before taxes	348	382	389	383	410	488	487	418	1,502	1,803
Underlying consolidated profit	251	272	281	271	293	336	346	308	1,076	1,282
Underlying attributable profit	220	241	242	236	251	293	291	258	938	1,093
Net capital gains and provisions*	—	—	—	—	—	(11)	—	11	—	—
Attributable profit	220	241	242	236	251	282	291	269	938	1,093

(*).- In 4Q16 the SRF contribution, recorded in 2Q16, was reallocated to gross income

Santander Consumer Finance

Constant € million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	937	972	1,005	1,021	1,045	1,062	1,098	1,047	3,935	4,253
Gross income	946	973	1,012	997	1,050	1,069	1,105	1,039	3,928	4,262
Operating expenses	(417)	(435)	(440)	(467)	(485)	(468)	(467)	(485)	(1,758)	(1,904)
Net operating income	530	538	572	530	565	600	639	554	2,170	2,357
Net loan-loss provisions	(165)	(129)	(141)	(97)	(115)	(70)	(116)	(86)	(532)	(387)
Other	(22)	(36)	(44)	(50)	(39)	(41)	(36)	(52)	(152)	(168)
Underlying profit before taxes	343	374	386	383	411	489	487	415	1,486	1,803
Underlying consolidated profit	247	266	279	271	294	336	345	306	1,064	1,282
Underlying attributable profit	216	235	240	236	252	293	291	257	927	1,093
Net capital gains and provisions*	—	—	—	—	—	(11)	—	11	—	—
Attributable profit	216	235	240	236	252	282	291	268	927	1,093

(*).- In 4Q16 the SRF contribution, recorded in 2Q16, was reallocated to gross income

Poland

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	291	301	300	311	292	298	321	323	1,204	1,233
Gross income	340	336	309	292	311	345	330	329	1,276	1,314
Operating expenses	(151)	(153)	(146)	(143)	(145)	(146)	(149)	(139)	(594)	(579)
Net operating income	190	182	162	149	166	199	181	190	683	735
Net loan-loss provisions	(39)	(46)	(39)	(44)	(33)	(34)	(43)	(35)	(167)	(145)
Other	(1)	(2)	3	(4)	(22)	(29)	(6)	(25)	(4)	(83)
Profit before taxes	150	135	125	101	111	136	132	129	511	508
Consolidated profit	122	112	99	77	88	108	100	91	410	387
Attributable profit	89	82	73	57	64	75	69	63	300	272

Poland

PLN million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	1,220	1,232	1,255	1,327	1,275	1,301	1,391	1,412	5,034	5,379
Gross income	1,427	1,371	1,293	1,247	1,357	1,507	1,430	1,440	5,338	5,733
Operating expenses	(632)	(626)	(614)	(611)	(632)	(638)	(647)	(609)	(2,484)	(2,527)
Net operating income	794	745	679	636	724	869	783	831	2,855	3,207
Net loan-loss provisions	(164)	(187)	(164)	(186)	(144)	(149)	(186)	(153)	(700)	(632)
Other	(3)	(9)	11	(16)	(97)	(126)	(25)	(111)	(17)	(360)
Profit before taxes	627	549	526	435	483	593	573	566	2,137	2,215
Consolidated profit	512	456	416	331	384	471	434	399	1,715	1,688
Attributable profit	372	333	306	245	281	327	300	277	1,256	1,185

Portugal

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	211	208	200	200	273	262	260	251	818	1,047
Gross income	238	234	226	318	337	293	287	292	1,016	1,209
Operating expenses	(123)	(122)	(124)	(125)	(154)	(149)	(142)	(143)	(494)	(589)
Net operating income	115	112	102	193	183	144	145	149	522	620
Net loan-loss provisions	(22)	(21)	(24)	(5)	(22)	(6)	(16)	(9)	(72)	(54)
Other	(21)	(23)	23	(10)	(2)	(21)	(5)	(5)	(31)	(34)
Underlying profit before taxes	72	67	101	178	158	116	124	134	419	533
Underlying consolidated profit	55	49	77	120	122	89	93	98	301	402
Underlying attributable profit	55	49	77	119	121	89	92	97	300	399
Net capital gains and provisions*	—	—	—	—	—	(9)	—	9	—	—
Attributable profit	55	49	77	119	121	80	92	106	300	399

(*).- In 4Q16 the SRF contribution, recorded in 2Q16, was reallocated to gross income

United Kingdom

£ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	1,100	1,110	1,092	1,076	1,105	1,096	1,108	1,133	4,377	4,442
Gross income	1,152	1,173	1,150	1,155	1,166	1,180	1,172	1,234	4,630	4,752
Operating expenses	(612)	(608)	(605)	(610)	(611)	(619)	(599)	(594)	(2,435)	(2,424)
Net operating income	540	565	545	545	554	561	573	640	2,195	2,328
Net loan-loss provisions	(56)	(12)	6	(15)	(5)	(53)	(37)	48	(78)	(48)
Other	(41)	(36)	(94)	(85)	(45)	(56)	(71)	(104)	(257)	(277)
Profit before taxes	443	516	457	444	504	452	465	583	1,860	2,004
Consolidated profit	356	401	350	350	356	316	316	414	1,457	1,402
Attributable profit	350	394	343	343	349	307	311	407	1,430	1,373

Brazil

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	2,962	2,869	2,598	2,534	2,365	2,583	2,899	3,155	10,963	11,002
Gross income	3,007	2,981	2,656	2,497	2,381	2,703	3,050	3,187	11,140	11,321
Operating expenses	(1,187)	(1,151)	(1,056)	(1,059)	(947)	(1,046)	(1,177)	(1,305)	(4,452)	(4,475)
Net operating income	1,820	1,830	1,600	1,438	1,434	1,657	1,873	1,882	6,689	6,845
Net loan-loss provisions	(826)	(828)	(813)	(830)	(720)	(753)	(951)	(953)	(3,297)	(3,377)
Other	(209)	(263)	(255)	(151)	(177)	(193)	(134)	(193)	(878)	(696)
Profit before taxes	785	739	533	457	536	711	788	736	2,513	2,772
Consolidated profit	532	509	434	350	399	481	544	575	1,824	1,999
Attributable profit	477	452	385	317	359	429	488	510	1,631	1,786

Brazil

R\$ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	9,522	9,736	10,129	10,570	10,161	10,216	10,500	11,271	39,958	42,147
Gross income	9,666	10,109	10,362	10,468	10,227	10,708	11,067	11,364	40,605	43,366
Operating expenses	(3,815)	(3,904)	(4,110)	(4,396)	(4,068)	(4,138)	(4,266)	(4,671)	(16,225)	(17,143)
Net operating income	5,851	6,205	6,251	6,072	6,159	6,570	6,801	6,693	24,379	26,223
Net loan-loss provisions	(2,657)	(2,808)	(3,138)	(3,415)	(3,093)	(2,972)	(3,473)	(3,398)	(12,017)	(12,937)
Other	(672)	(888)	(975)	(667)	(762)	(763)	(457)	(686)	(3,201)	(2,668)
Profit before taxes	2,523	2,509	2,139	1,990	2,304	2,835	2,870	2,609	9,161	10,619
Consolidated profit	1,711	1,726	1,704	1,509	1,716	1,908	1,979	2,055	6,650	7,658
Attributable profit	1,534	1,536	1,514	1,362	1,540	1,704	1,774	1,821	5,946	6,840

Mexico

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	791	834	794	832	767	768	767	794	3,251	3,096
Gross income	819	854	794	850	792	786	796	828	3,317	3,203
Operating expenses	(355)	(353)	(327)	(334)	(322)	(317)	(311)	(325)	(1,370)	(1,274)
Net operating income	463	501	467	516	470	469	486	503	1,947	1,928
Net loan-loss provisions	(211)	(224)	(227)	(215)	(221)	(214)	(194)	(203)	(877)	(832)
Other	8	(2)	1	(10)	(6)	(11)	(5)	(8)	(4)	(30)
Profit before taxes	260	274	241	291	243	244	288	293	1,067	1,067
Consolidated profit	201	213	193	224	187	192	223	217	831	820
Attributable profit	153	160	143	173	143	146	172	169	629	629

Mexico

Million pesos

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	13,300	14,117	14,479	15,219	15,253	15,690	16,028	16,922	57,115	63,893
Gross income	13,769	14,450	14,503	15,547	15,745	16,054	16,647	17,645	58,269	66,093
Operating expenses	(5,973)	(5,978)	(5,978)	(6,131)	(6,402)	(6,479)	(6,497)	(6,922)	(24,060)	(26,300)
Net operating income	7,795	8,472	8,526	9,416	9,343	9,576	10,151	10,723	34,209	39,792
Net loan-loss provisions	(3,545)	(3,791)	(4,131)	(3,939)	(4,399)	(4,364)	(4,062)	(4,337)	(15,406)	(17,162)
Other	130	(36)	17	(174)	(123)	(233)	(98)	(161)	(64)	(615)
Profit before taxes	4,380	4,644	4,412	5,302	4,821	4,979	5,990	6,225	18,739	22,015
Consolidated profit	3,381	3,606	3,530	4,080	3,724	3,919	4,643	4,629	14,597	16,915
Attributable profit	2,574	2,704	2,613	3,155	2,839	2,979	3,577	3,589	11,046	12,983

Chile

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	485	593	554	519	509	534	561	613	2,151	2,216
Gross income	553	633	606	543	556	577	616	672	2,336	2,422
Operating expenses	(238)	(263)	(243)	(260)	(235)	(237)	(249)	(265)	(1,004)	(986)
Net operating income	316	370	364	283	321	339	368	407	1,332	1,435
Net loan-loss provisions	(132)	(126)	(153)	(157)	(109)	(127)	(146)	(131)	(567)	(514)
Other	6	(3)	(4)	4	1	(1)	6	(35)	3	(27)
Profit before taxes	190	241	207	130	213	211	228	241	768	894
Consolidated profit	147	212	182	113	173	181	187	195	655	735
Attributable profit	106	147	125	78	122	126	129	137	455	513

Chile

Ch\$ billion

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	341	406	414	397	393	409	414	441	1,557	1,657
Gross income	389	432	454	416	430	441	455	484	1,691	1,810
Operating expenses	(167)	(180)	(182)	(198)	(182)	(182)	(184)	(191)	(727)	(737)
Net operating income	222	253	272	218	248	260	272	293	964	1,073
Net loan-loss provisions	(92)	(86)	(113)	(119)	(84)	(98)	(108)	(94)	(410)	(384)
Other	4	(2)	(3)	3	1	(0)	5	(26)	2	(20)
Profit before taxes	134	165	155	103	165	162	169	173	556	668
Consolidated profit	104	146	136	89	134	138	138	140	474	550
Attributable profit	74	101	94	61	94	96	95	98	330	384

United States

\$ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	1,940	2,011	2,019	2,014	2,018	1,983	1,925	1,838	7,984	7,764
Gross income	2,101	2,210	2,169	2,167	2,168	2,133	2,085	1,945	8,647	8,332
Operating expenses	(783)	(806)	(858)	(907)	(856)	(874)	(875)	(932)	(3,354)	(3,538)
Net operating income	1,318	1,404	1,311	1,260	1,312	1,259	1,210	1,013	5,293	4,794
Net loan-loss provisions	(719)	(834)	(834)	(1,053)	(949)	(797)	(867)	(935)	(3,440)	(3,548)
Other	(21)	(46)	(41)	(56)	(72)	(16)	(3)	(8)	(164)	(99)
Profit before taxes	579	524	436	150	291	446	340	69	1,689	1,146
Consolidated profit	401	350	294	73	177	285	238	54	1,117	754
Attributable profit	289	239	207	17	90	178	157	12	752	437

Corporate Centre

€ million

	1Q 15	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16	4Q 16	2015	2016
NII + Fee income	(222)	(138)	(139)	(142)	(173)	(192)	(201)	(204)	(641)	(771)
Gross income	(230)	(177)	(56)	(32)	(223)	(244)	(316)	(282)	(495)	(1,066)
Operating expenses	(142)	(150)	(142)	(112)	(126)	(120)	(104)	(99)	(547)	(450)
Net operating income	(372)	(327)	(199)	(144)	(349)	(365)	(421)	(381)	(1,042)	(1,516)
Net loan-loss provisions	(1)	2	(1)	26	1	(5)	5	0	27	2
Other	(98)	(132)	(148)	(130)	(5)	(55)	(59)	44	(507)	(75)
Underlying profit before taxes	(470)	(457)	(348)	(247)	(353)	(424)	(474)	(337)	(1,523)	(1,589)
Underlying consolidated profit	(465)	(489)	(392)	(117)	(317)	(418)	(414)	(298)	(1,464)	(1,448)
Underlying attributable profit	(491)	(489)	(395)	(119)	(311)	(418)	(412)	(299)	(1,493)	(1,439)
Net capital gains and provisions*	—	835	—	(1,435)	—	(248)	—	(169)	(600)	(417)
Attributable profit	(491)	346	(395)	(1,554)	(311)	(666)	(412)	(467)	(2,093)	(1,856)

(*) Including: in 2Q15 net result of the reversal of provisions in Brazil
in 4Q15 Banif's badwill, PPI, impairment of intangible assets and other provisions (goodwill and other)
in 2Q16 capital gains from the disposal of the stake in Visa Europe and restructuring costs
in 4Q16 PPI and restatement SC USA

Thank you

Our purpose is to help people and businesses prosper.

Our culture is based on the belief that everything we do should be

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