

9M'17 Earnings Presentation

José Antonio Álvarez, CEO
José García Cantera, CFO

Simple | Personal | Fair



Important information

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

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

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

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

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

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

Important Information

In addition to the financial information prepared under International Financial Reporting Standards (“IFRS”), this presentation includes certain alternative performance measures as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es) as well as Non-IFRS measures. The APMs and Non-IFRS Measures are performance measures that have been calculated using the financial information from the Santander Group but that are not defined or detailed in the applicable financial information framework and therefore have neither been audited nor are capable of being completely audited. These APMs and Non-IFRS Measures are used to allow for a better understanding of the financial performance of the Santander Group but should be considered only as additional information and in no case as a replacement of the financial information prepared under IFRS. Moreover, the way the Santander Group defines and calculates these APMs and Non-IFRS Measures may differ to the way these are calculated by other companies that use similar measures, and therefore they may not be comparable. For further details of the APMs and Non-IFRS Measures used, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFR, see Section 26 of the Documento de Registro de Acciones for Banco Santander filed with the CNMV on July 4, 2017 (available on the Web page of the CNMV -www.cnmv.es- and at Banco Santander -www.santander.com) and Item 3A of the Annual Report on Form 20-F for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission on March 31, 2017 (the “Form 20-F”). For a discussion of the accounting principles used in translation of foreign currency-denominated assets and liabilities to euros, see note 2(a) to our consolidated financial statements on Form 20-F and to our consolidated financial statements available on the CNMV’s website (www.cnmv.es) and on Banco Santander’s website (www.santander.com).



Content



Group performance 9M'17



Business areas performance 9M'17

Concluding remarks

Appendix

Glossary

Improving profitability and financials per share together with a higher capital ratio

Strong and high quality profit growth

Attributable profit	€5,077 mill.; +10%
Underlying att. profit ¹	€5,592 mill.; +14% (constant euros)

Improved capital adequacy and profitability

FL CET1	10.80%
Underlying RoTE	11.8%

Committed to generating value for shareholders

EPS	€0.316; +6%
TNAV/share	€4.20; +2%

More loyal and digital customers levered on enhanced customer experience, drive growth in NII, fee income, volumes and credit quality

Loyal customers: 16.5 million

- 15.1 million individuals and 1.4 million companies

Individuals	+1.6 mill.	+12%
Companies	+151k	+12%

Digital customers: 24.2 million

- 13.9 million mobile

Digital	+4.1 mill.	+20%
Mobile	+4.5 mill.	+47%



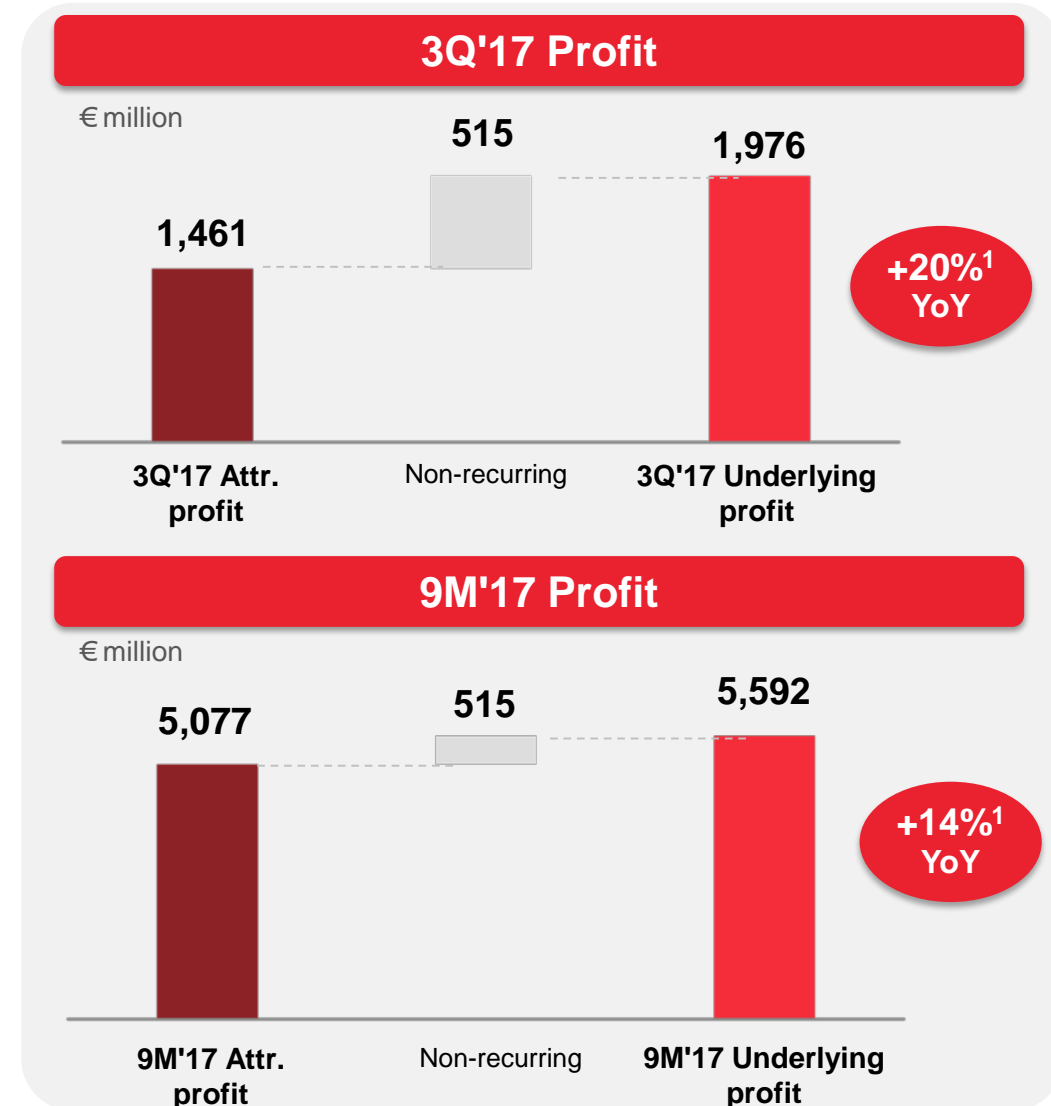
NII ¹	€25,124 mill.; +7%
Fee income ¹	€3,489 mill.; +10%
Loans ¹	+1%
Customer funds ¹	+8%
NPL ratio	3.51%; -64 bps
Cost of credit	1.15%; -4 bps

3Q'17 profit impacted by several one-offs, primarily related to integrations

Non-recurring items

(€million, net of tax)

• Popular's integration process	-300
• Germany's integration process	-85
• Equity stakes, intangible assets and other	-130
• Total	-515



Excellent quality and strong top-line growth

€ million	9M'17			% / 9M'16 w/o Popular	
	Total Group	Popular	w/o Popular	Euros	Constant euros
Gross income	36,330	774	35,556	9.2	7.3
Operating expenses	-16,957	-484	-16,474	5.4	4.2
Net operating income	19,373	290	19,083	12.7	10.1
Loan-loss provisions	-6,930	-46	-6,883	-3.2	-6.9
Underlying PBT	10,175	231	9,944	17.7	16.5
Taxes	-3,497	-53	-3,444	31.0	29.8
Underlying attrib. profit	5,592	178	5,414	11.5	10.6
Non-recurring ¹	-515	-300	-215	-13.4	-16.1
Attributable profit	5,077	-122	5,199	12.9	12.0

Like-for-like basis (w/o Popular)

Revenue growth driven by

NII: +7%
Fees: +10%

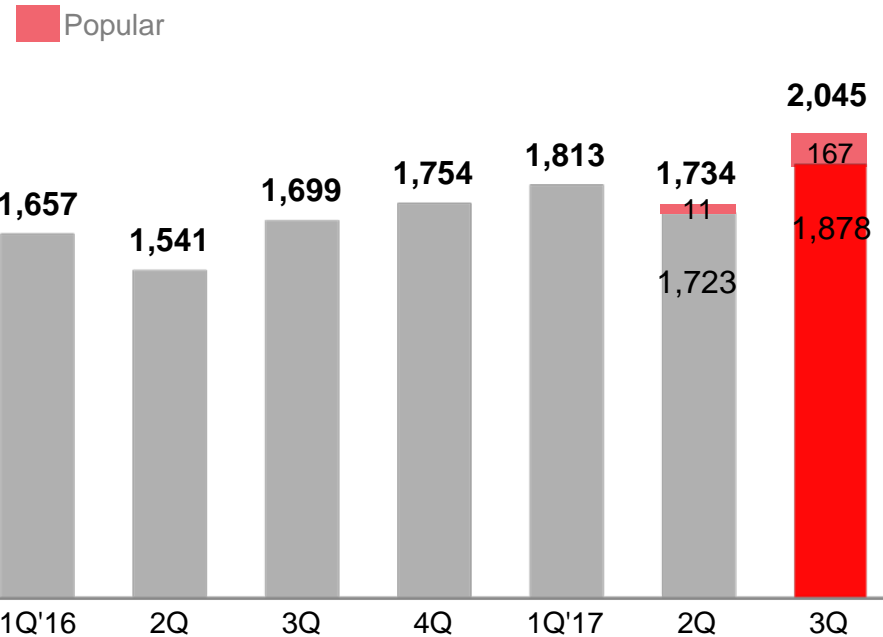
C/I ratio: 46.3% (-1.7 pp)

Cost of credit: 1.15% (-4 bps)

Solid profit growth across the board

Underlying attributable profit

Constant € million



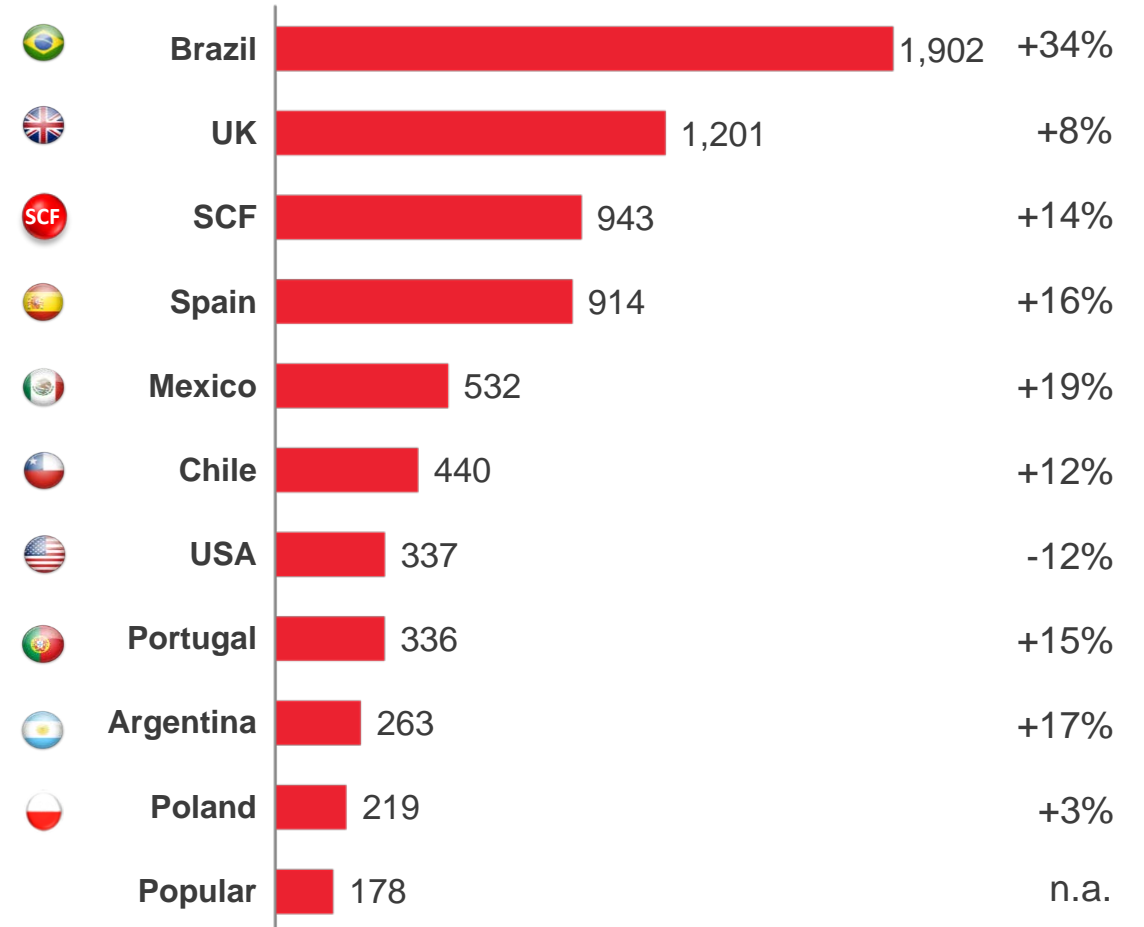
Underlying attributable profit

€ million

1,633	1,526	1,695	1,766	1,867	1,749 ¹	1,976 ¹
-------	-------	-------	-------	-------	--------------------	--------------------

Underlying attributable profit in core units 9M'17

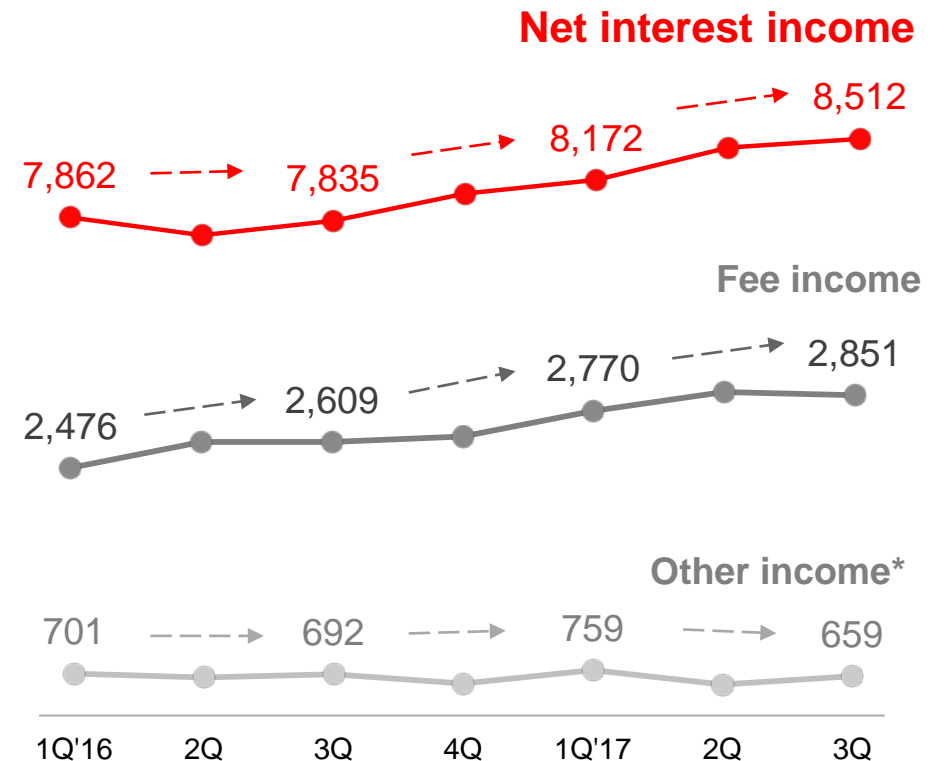
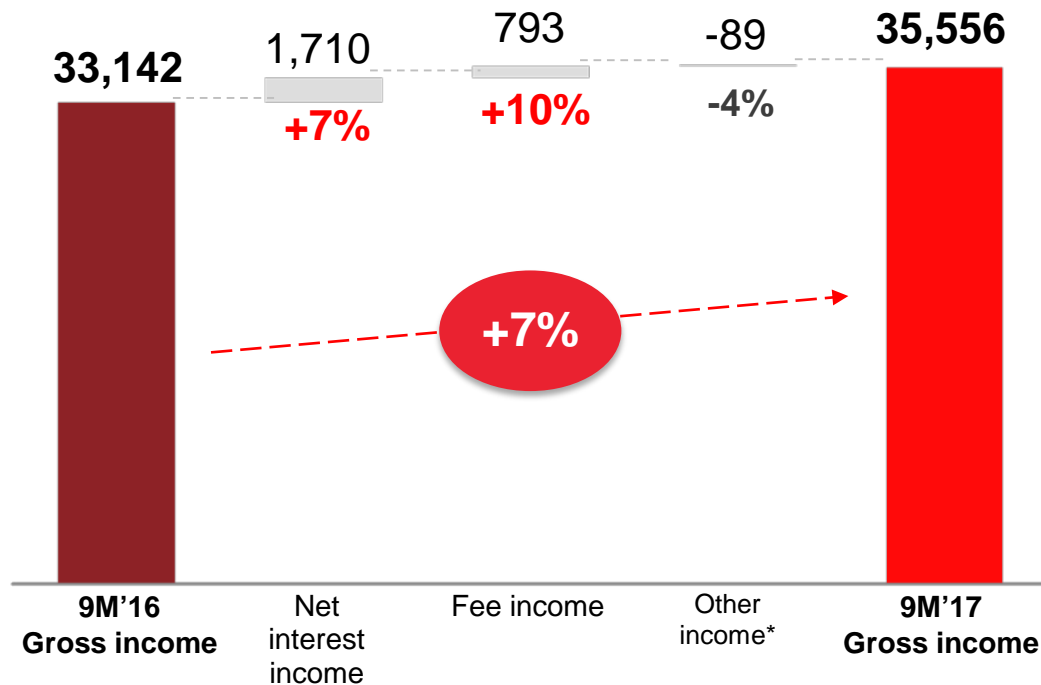
€ million and % change / 9M'16 in constant euros



Gross income rose in 8 of 10 units driven by strong recurring customer revenues

Gross income

€ million



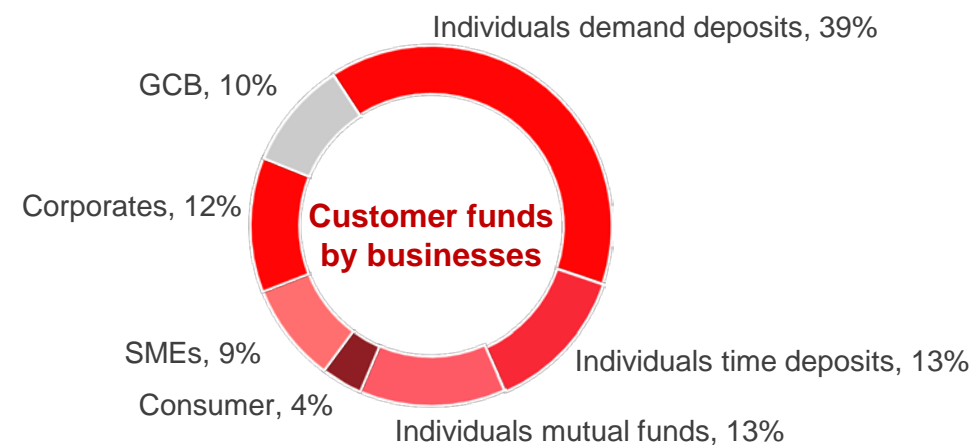
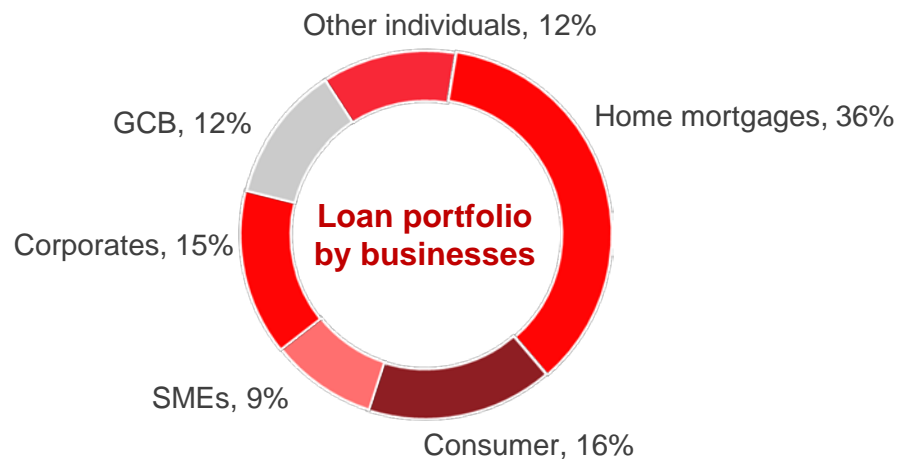
Highly diversified balance sheet, by geography and product

Loan portfolio: growth supported by developing markets

Mature markets			Developing markets		
Sep'17	€Billion	YoY change	Sep'17	€Billion	YoY change
Spain	149	-3%	Poland	22	5%
UK	236	0%	Brazil	76	9%
USA	77	-6%	Mexico	29	2%
SCF	89	5%	Chile	37	4%
Portugal	31	7%	Argentina	8	57%

Customer funds: growth in 9 core units

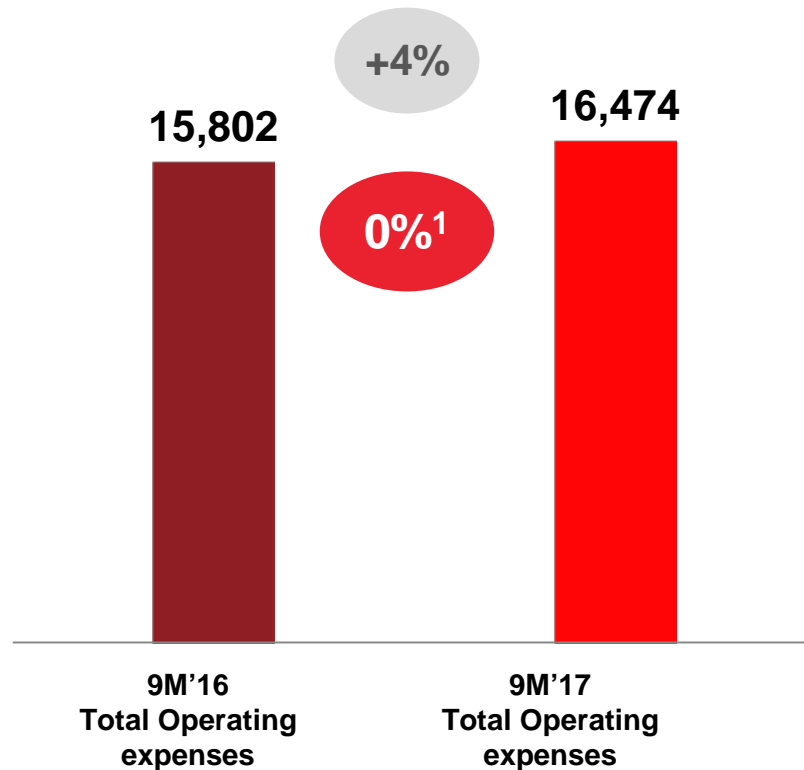
Mature markets			Developing markets		
Sep'17	€Billion	YoY change	Sep'17	€Billion	YoY change
Spain	240	8%	Poland	27	6%
UK	208	3%	Brazil	113	26%
USA	61	-4%	Mexico	39	10%
SCF	36	5%	Chile	33	4%
Portugal	32	1%	Argentina	13	73%



Committed to improve efficiency and operational excellence. C/I ratio: 46%

Active cost management

€ million



Cost control reflected a better C/I ratio in 8 units

9M'17 / 9M'16, %

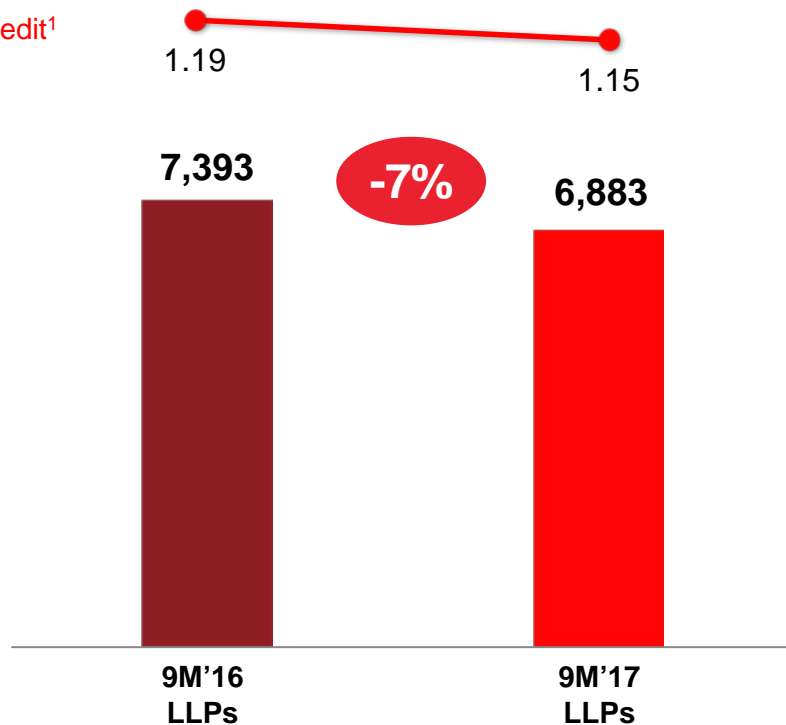
	Nominal	In real terms ¹	△ revenues vs. costs
Brazil	7.1	2.6	✓
UK	2.1	-0.2	✓
SCF	3.4	-0.6	✓
Spain	-3.0	-4.9	✓
Mexico	12.2	7.0	✓
Chile	3.4	1.0	✓
USA	3.5	1.4	-
Portugal	-7.5	-8.7	✓
Argentina	46.7	16.4	-
Poland	-0.9	-2.4	✓
Corporate Centre	1.6	-0.3	-
Group	4.2	0.0	✓

Improving cost of credit in most markets and lower NPLs

Lower loan-loss provisions

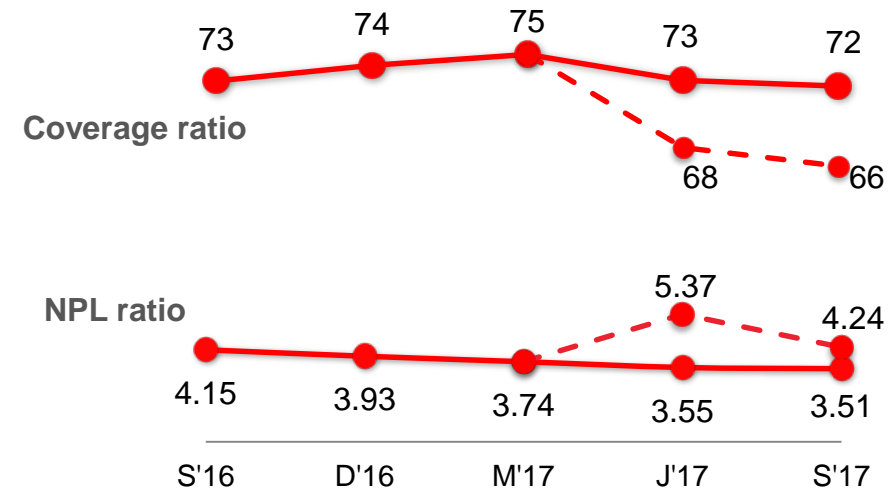
€ million

Cost of credit¹



Credit quality ratios²

%, - - - including Popular



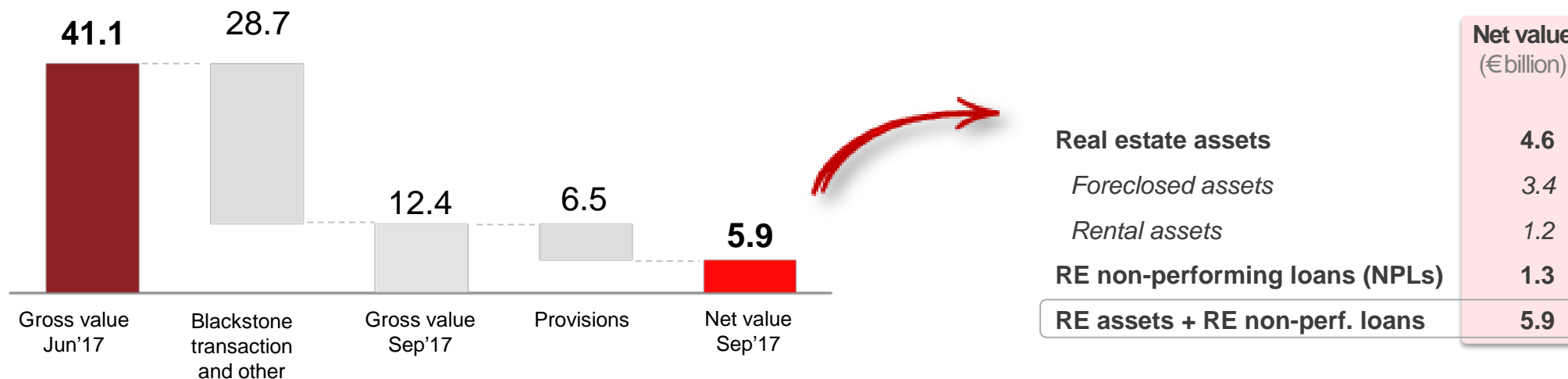
↓

Banco Popular	S'17
NPL ratio	11%
Coverage ratio	47%

Accelerating the reduction of real estate exposure

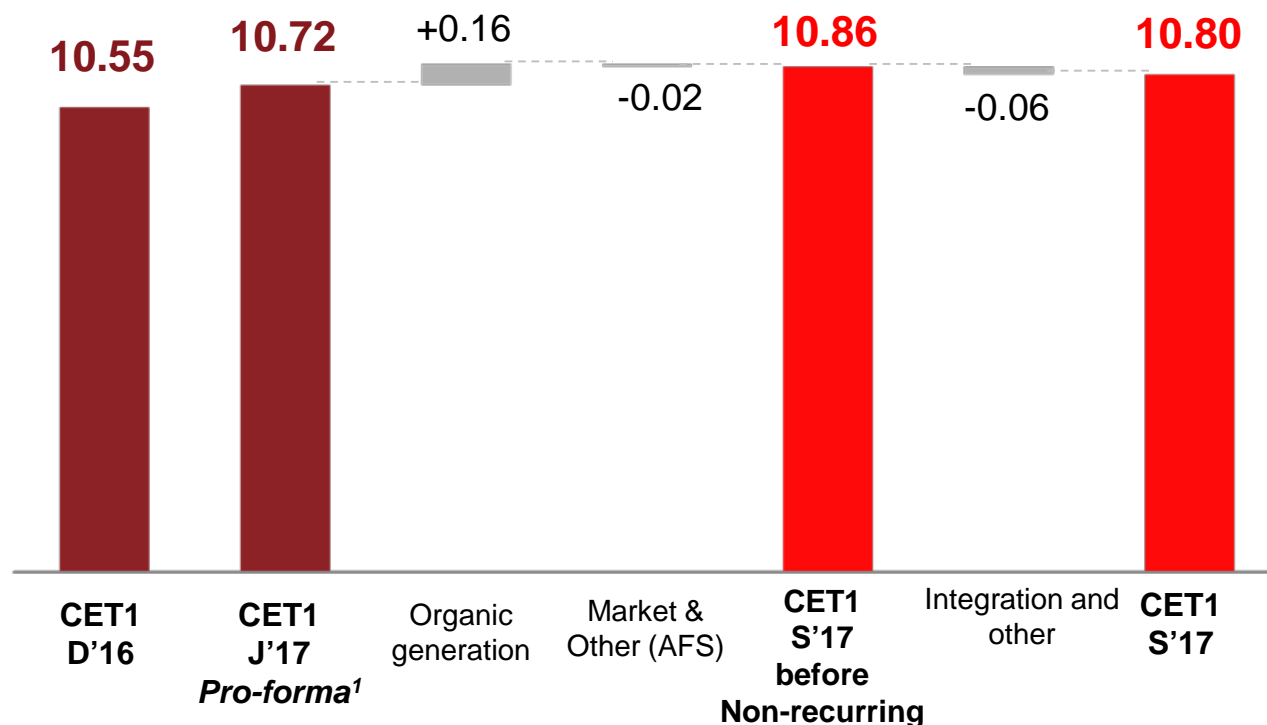
Real estate exposure¹

€ billion



In 3Q'17 we continued to generate capital ...

FL CET1(%)



September'17

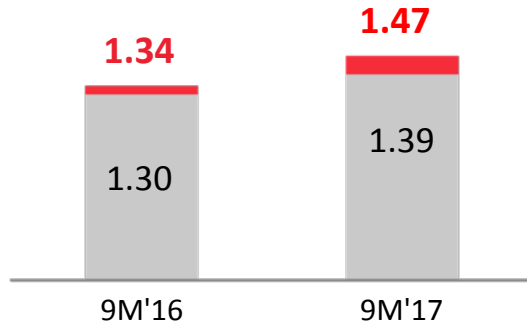
		YoY change
FL Total capital ratio	14.38%	+68 bps
FL Tier 1 capital ratio	12.04%	+60 bps
Leverage ratio	5.0%	-

We maintain our capital targets

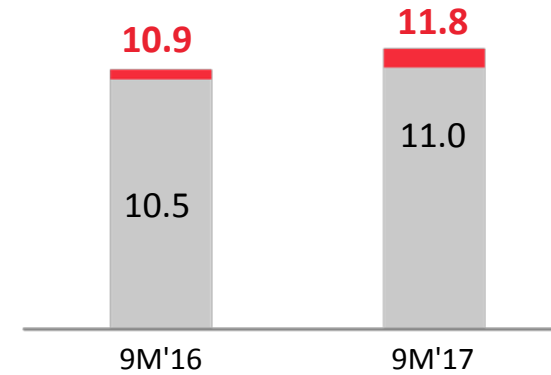
(1) Including rights issue completed on July, 27th 2017

... and delivered on our commitments: create shareholder value

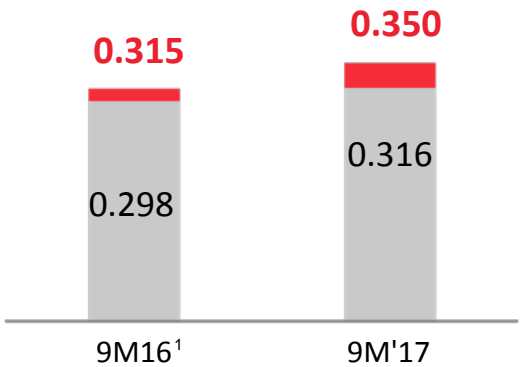
RoRWA (%)



RoTE (%)

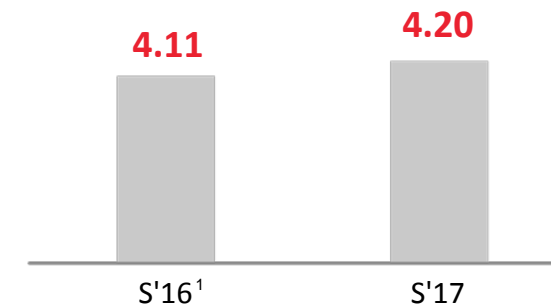


EPS¹ (euros)



■ Underlying
■ Total

TNAV per share¹ (euros)





Content

Group performance 9M'17

▶ Business areas performance 9M'17 ◀

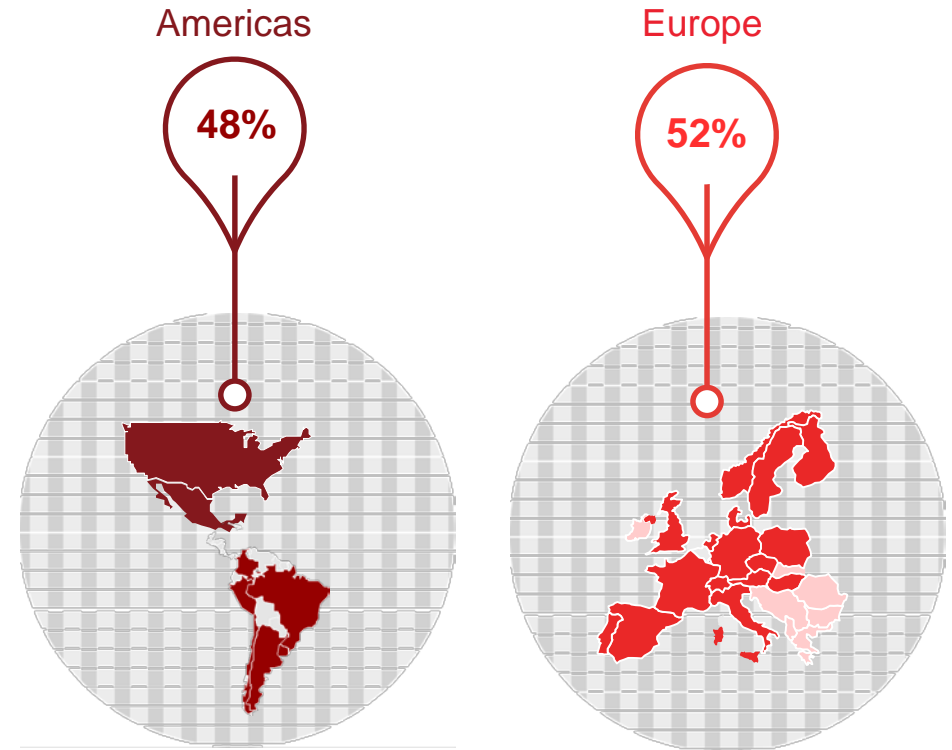
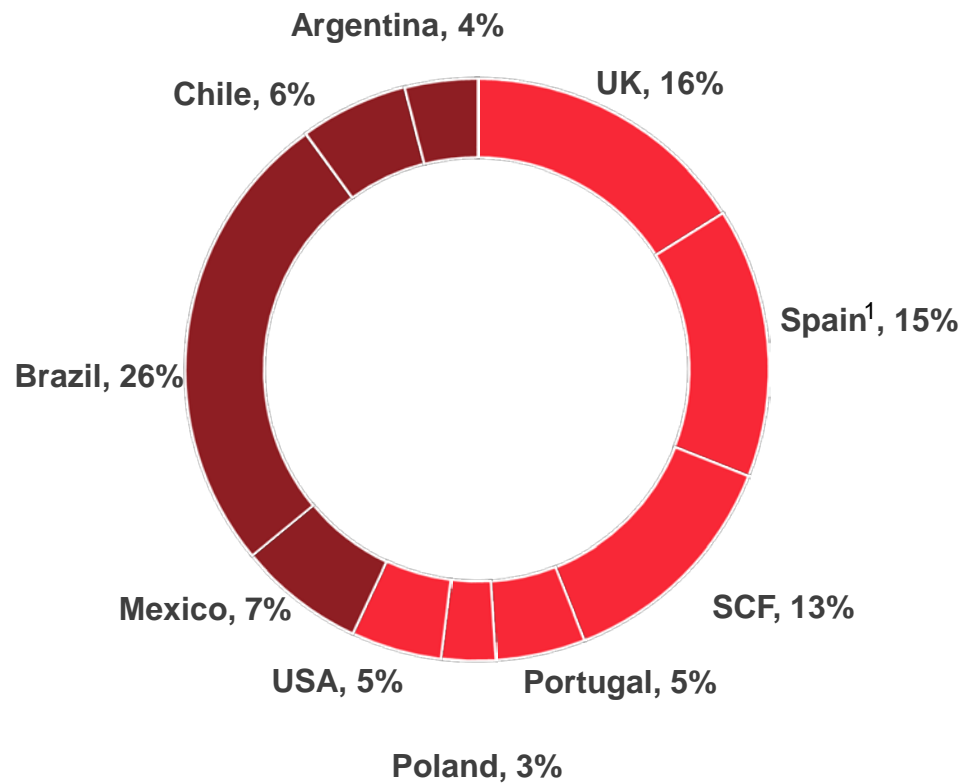
Concluding remarks

Appendix

Glossary

Well diversified results between Europe and the Americas – incl. Popular

Underlying attributable profit 9M '17*

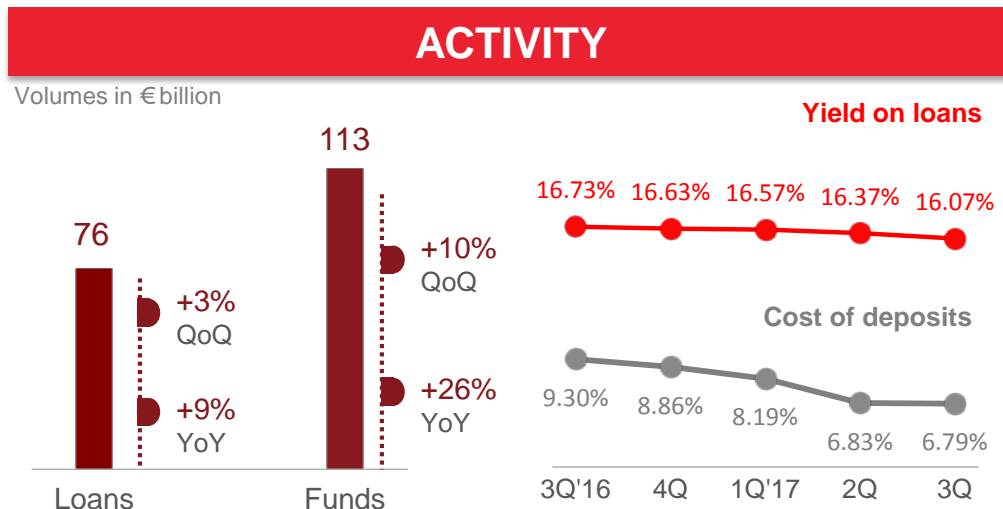


BRAZIL

KEY DATA	9M'16	9M'17
Loyal customers (millions)	3.5	4.0
Digital customers (millions)	6.0	8.0
NPL ratio (%)	6.12	5.32
Cost of credit (%)	4.87	4.55
Efficiency ratio (%)	39.0	35.2
RoTE (%)	13.8	16.8

P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	2,524	5.8	7,548	16.7
Fee income	868	0.5	2,711	18.3
Gross income	3,542	6.2	10,761	18.5
Operating expenses	-1,244	5.9	-3,791	7.1
LLPs	-819	1.2	-2,581	-4.6
PBT	1,211	18.3	3,414	50.3
Underlying att. profit	659	13.0	1,902	33.6
Non-recurring	0	—	0	—
Attributable profit	659	13.0	1,902	33.6

(1) € million and % change in constant euros



- Commercial focus to enhance customer experience, improve loyalty and boost profitability (RoTE: 16.8%), reflected a stronger business model
- Sound and recurring NII spurred by volume growth and higher spreads. Fee income up fuelled by increased transactions with our customers
- Higher costs from greater commercial activity and investments. The efficiency ratio improving by 374 bps
- Lower LLPs, better cost of credit and reduced NPLs underscoring the risk model's resilience, placing Santander among the best private sector banks

UNITED KINGDOM

KEY DATA	9M'16	9M'17
Loyal customers (millions)	4.0	4.2
Digital customers (millions)	4.5	5.0
NPL ratio (%)	1.47	1.32
Cost of credit (%)	0.05	0.03
Efficiency ratio (%)	52.0	49.0
RoTE (%)	9.9	10.9

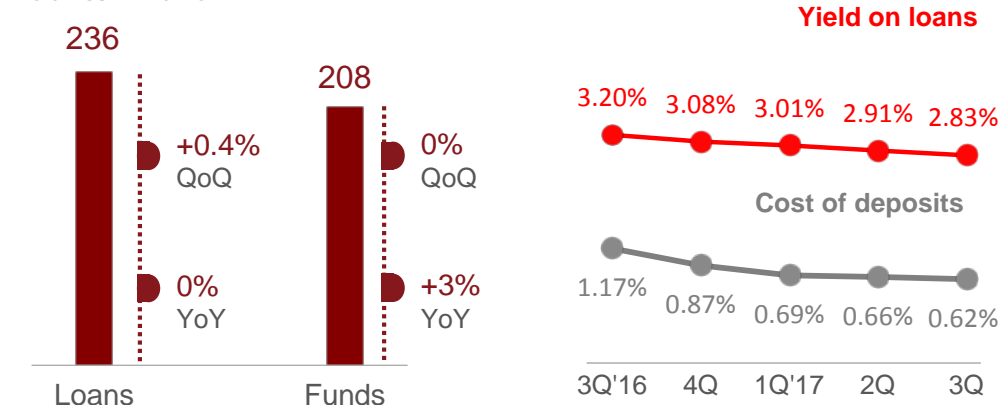
P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	1,071	-2.7	3,315	8.3
Fee income	246	-1.3	760	3.9
Gross income	1,397	-5.6	4,372	8.4
Operating expenses	-694	0.1	-2,140	2.1
LLPs	-66	64.1	-123	12.9
PBT	547	-6.0	1,744	7.1
Underlying att. profit	377	-3.4	1,201	8.4
Non-recurring ²	0	—	0	-100.0
Attributable profit	377	-3.4	1,201	-0.4

(1) € million and % change in constant euros

(2) Including €107MM in 2Q'16 related to capital gains from the disposal of the stake in Visa Europe and restructuring costs

ACTIVITY

Volumes in € billion



- Solid business performance: growth in 11213 World customers, retail C/A balances and loans and deposits to UK companies
- Revenues up YoY: lower cost of deposits partially offset by SVR attrition and competitive pressure. QoQ down due to one-offs in 2Q in NII and trading gains
- Digital transformation supports operational efficiency and improved customer experience
- Credit quality remains solid with very low LLPs and cost of credit

SANTANDER CONSUMER FINANCE

KEY DATA	9M'16	9M'17
Active customers (millions)	17.7	19.6
NPL ratio (%)	2.86	2.60
Cost of credit (%)	0.49	0.34
Efficiency ratio (%)	44.3	43.9
RoTE (%)	15.0	16.7

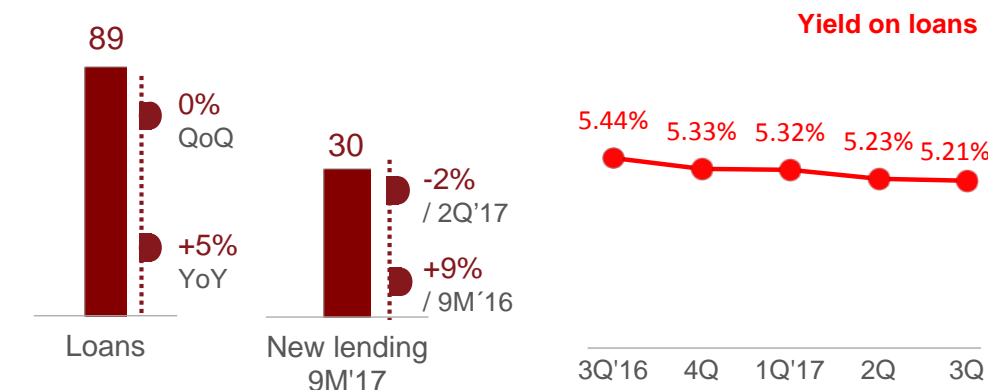
P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	898	2.5	2,665	5.1
Fee income	223	1.6	674	-0.7
Gross income	1,135	3.3	3,352	4.3
Operating expenses	-484	-0.1	-1,472	3.4
LLPs	-90	56.7	-207	-31.3
PBT	531	1.8	1,571	14.4
Underlying att. profit	309	-3.0	943	13.9
Non-recurring ²	-85	—	-85	—
Attributable profit	224	-29.5	858	0.5

(1) € million and % change in constant euros

(2) Including -€85MM in 3Q'17 related to integration costs and €25MM in 2Q'16 related to capital gains from the disposal of the stake in Visa Europe.

ACTIVITY

Volumes in € billion



- High diversification and leadership in Europe
- Increased new lending in the main countries, driven by auto loans (+11%) and consumer business (mainly credit cards, +6%)
- 9M'17 underlying profit up, boosted by higher NII and lower LLPs.
- Best-in-class profitability, and historically low NPLs and cost of credit
- Main contribution to profits: Germany (€245 mill.), Nordic countries (€242 mill.) and Spain (€183mill.)
- In 3Q'17, charge of €85 mill, mainly for the integration of Consumer network with retail banking network in Germany

SPAIN – excl. Popular

KEY DATA	9M'16	9M'17
Loyal customers (millions)	1.3	1.6
Digital customers (millions)	2.7	3.0
NPL ratio (%)	5.82	4.99
Cost of credit (%)	0.41	0.31
Efficiency ratio (%)	58.2	55.9
RoTE (%)	9.1	10.5

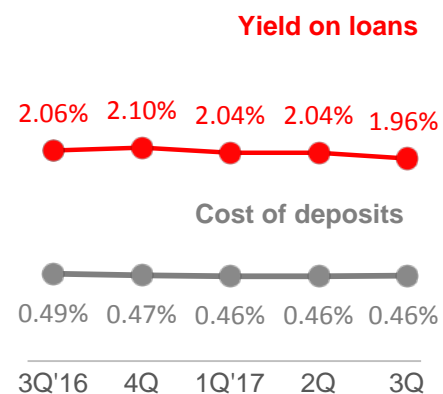
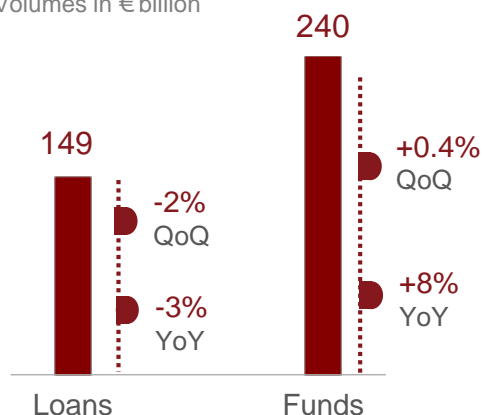
P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	726	-3.1	2,222	-4.7
Fee income	509	-5.2	1,506	13.2
Gross income	1,435	6.3	4,325	1.0
Operating expenses	-815	1.1	-2,419	-3.0
LLPs	-104	-24.0	-404	-19.3
PBT	461	34.1	1,319	17.9
Underlying att. profit	311	28.9	914	16.5
Non-recurring ²	0	—	0	-100.0
Attributable profit	311	28.9	914	60.8

(1) € million

(2) Including -€216MM in 2Q'16 related to capital gains from the disposal of the stake in Visa Europe and restructuring costs

ACTIVITY

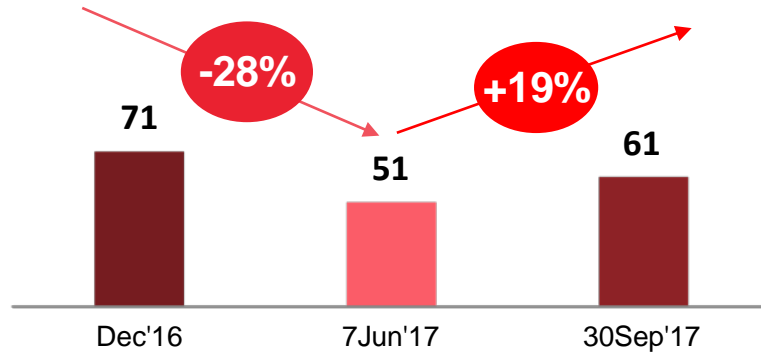
Volumes in € billion



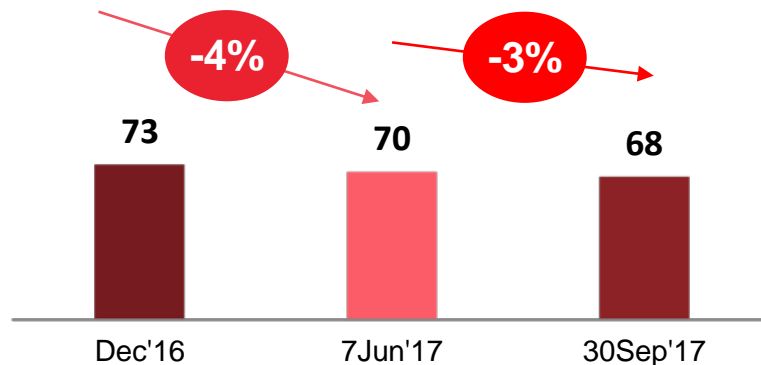
- Good performance in loyalty and payments: loyal customers (+31% YoY), credit cards (+1.2 mill. YTD) and credit cards revenues (+46% YoY)
- Growth in new lending, mainly mortgages and UPLs (market share gains).
- Increased volumes in SMEs (+€1.1bn YTD) and high value-added products: international business (+23% YoY)
- In GCB expanding our leadership in fixed income and syndicated loan rankings
- Profit up YoY backed by higher fee income, cost control and lower provisions. QoQ comparison favored by lower provisions and contribution to SRF in 2Q

ACTIVITY

Customer deposits in Spain (€ billion)



Loans in Spain (excluding real estate) (€ billion)



P&L ¹	2Q'17 ²	3Q'17	9M'17
NII	109	456	565
Fee income	31	128	159
Gross income	139	634	774
Operating expenses	-96	-388	-484
LLPs	-8	-38	-46
PBT	15	216	231
Underlying att. profit	11	168	178
Non-recurring ³	0	-300	-300
Attributable profit	11	-132	-122

(1) € million (2) From June, 7, 2017 (3) Integration costs

BANCO POPULAR'S MEASURES IN 3Q'17

- Capital increase of €7,072 million
- Loyalty bonds: subscribed by ~60% of beneficiaries
- Real Estate disposal⁴: agreement to sell 51% of RE business to Blackstone
- Rebranding of the branch network under Banco Santander umbrella
- Santander ATMs available to Popular's customers and euro transactions between the two banks free of charge
- 3Q profit impacted by integration costs, already announced

Good performance in other markets: larger customer base, higher profits and better credit quality.

Mexico	€532 mill.; +19%	<ul style="list-style-type: none"> Focus on strategic commercial initiatives (<i>Santander Plus</i>, credit cards and key segments) and significant investment in systems and infrastructure. Efforts made to retain customers Profit up driven by NII and fee income. In credit quality, lower NPLs and high coverage ratio (110%)
Chile	€440 mill.; +12%	<ul style="list-style-type: none"> Launch of <i>Digital On-boarding</i> (the first truly 100% digital on-boarding system in Chile). Focus on improving satisfaction and loyalty. Moreover, the branch network transformation continues (WorkCafé) Profit up driven by commercial revenues, lower provisions and cost control. All credit quality ratios improve
US²	€337 mill.; -12%	<ul style="list-style-type: none"> 3Q'17 profit impacted by the sale of SFS³ portfolio and the hurricanes in the USA and Puerto Rico SBNA: increasing profitability (RoTE +26bps) by improving NIM (2.60%; +49bps) and cost control SC USA: good profitability (RoTE: 15%). Focus on enhancing the loan mix and reduce the cost of funding
Portugal²	€336 mill.; +15%	<ul style="list-style-type: none"> The commercial transformation programme continues to boost loyal (+24%) and digital (+31%) customers. First bank issuing 10-year covered bonds (€1.0 bn) in Portugal since 2010 Profit up due to lower costs and provisions (near zero cost of credit). Strong NPL ratio drop (-247bps YoY)
Argentina	€263 mill.; +17%	<ul style="list-style-type: none"> Integration of Citibank's retail business completed as scheduled Profit fuelled by higher customer revenues and cost control offsetting the transformation plan and costs related to Citibank's integration
Poland¹	€219 mill.; +3%	<ul style="list-style-type: none"> Loan growth driven by individuals and SMEs. Significant growth in demand deposits and funds PBT increased spurred by NII, fee income, provisions and cost containment. Attributable profit affected by regulatory impacts. Profit down QoQ due to the higher collection of dividends in 2Q'17

CORPORATE CENTRE

Higher losses due to cost of FX hedging and Group's TLAC issues

P&L		
€ million	9M'16	9M'17
NII	-550	-628
Gains/Losses on FT	-196	-257
Operating expenses	-351	-356
Loan-losses and other provisions	-117	-176
Tax and minority interests	111	2
Underlying attrib. profit	-1,140	-1,511
Non-recurring ¹	-186	-130
Attributable profit	-1,326	-1,641

- Higher losses in NII due to more issues
- Negative gains on financial transactions due to cost of hedging, offset by the positive FX impact in the business areas
- Operating expenses account for just 2% of Group total costs



Content

Group performance 9M'17

Business areas performance 9M'17



Concluding remarks



Appendix

Glossary

Delivering on our commitments to reach our targets

Customers and results	FY2016	9M'17 excl. Popular	2017 targets
Loyal customers (Million)	15.2	16.5 ✓	17
Digital customers (Million)	20.9	24.2 ✓	25
Fee income¹	8%	10% ✓	Increase
Cost of credit	1.18%	1.15% ✓	Improve
Cost to income	48.1%	46.3% ✓	Broadly stable
Group ratios	FY2016	9M'17 incl. Popular	2017 targets
EPS (€)	0.401	0.316 (9M'17) ✓	Increase
DPS² (€)	0.207	0.22 ✓	Increase
FL CET1	10.55%	10.80% ✓	+40 bps organic per year



Content

Group performance 9M'17

Business areas performance 9M'17

Concluding remarks



Appendix



Glossary

Appendix

Other geographic markets results

Global segments results

Liquidity

NPL and coverage ratios, and cost of credit

Quarterly income statements

Banco Popular



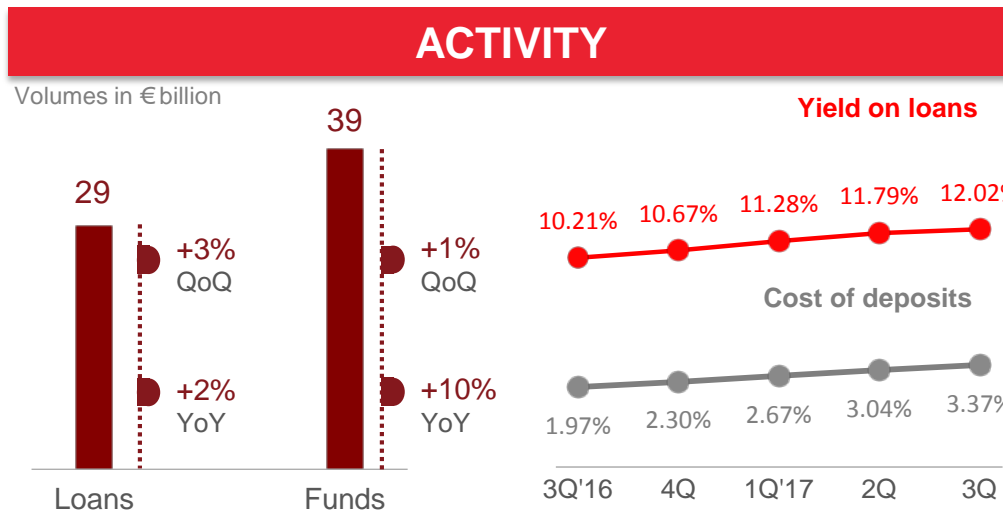
Other geographic markets results

MEXICO

KEY DATA	9M'16	9M'17
Loyal customers (thousands)	1,545	1,896
Digital customers (thousands)	1,179	1,808
NPL ratio (%)	2.95	2.56
Cost of credit (%)	2.86	3.14
Efficiency ratio (%)	40.0	39.4
RoTE (%)	14.8	19.5

P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	684	5.6	1,970	14.4
Fee income	195	3.4	569	9.9
Gross income	892	-0.2	2,630	13.9
Operating expenses	-356	1.0	-1,037	12.2
LLPs	-240	-0.1	-718	17.5
PBT	292	-0.9	860	14.3
Underlying att. profit	182	-0.6	532	18.8
Non-recurring	0	—	0	—
Attributable profit	182	-0.6	532	18.8

(1) € million and % change in constant euros



- Focus on strategic commercial initiatives (Santander Plus, credit cards and key segments such as middle-market and SMEs) coupled with significant investment in systems and infrastructure
- Efforts made to retain existing customers (-45% reduction in customer churn), capture individuals demand deposit (+21%) and attract payrolls
- 9M'17 profit up driven by NII (fuelled by higher interest rates and growth in loans and demand deposits) and fee income
- Higher LLPs due to the sale of NPL portfolios in 1Q and 2Q, and more provisions for consumer loans. Strong credit quality (high coverage ratio 110%)

CHILE

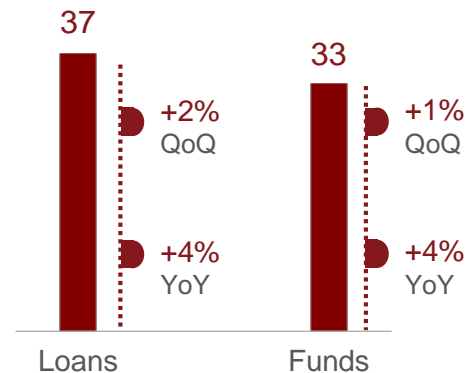
KEY DATA	9M'16	9M'17
Loyal customers (thousands)	587	615
Digital customers (thousands)	953	988
NPL ratio (%)	5.12	4.95
Cost of credit (%)	1.55	1.27
Efficiency ratio (%)	41.2	41.1
RoTE (%)	17.2	18.0

P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	440	-6.8	1,415	1.1
Fee income	93	-3.2	300	10.1
Gross income	604	-2.9	1,893	3.7
Operating expenses	-253	0.6	-777	3.4
LLPs	-108	-8.8	-352	-11.7
PBT	255	-1.6	783	15.0
Underlying att. profit	143	-1.0	440	11.9
Non-recurring	0	—	0	—
Attributable profit	143	-1.0	440	11.9

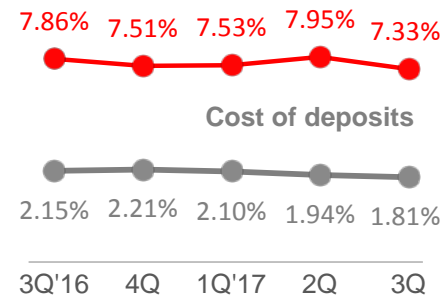
(1) € million and % change in constant euros

ACTIVITY

Volumes in € billion



Yield on loans



- Focus on improving customer satisfaction and loyalty, mainly in medium-high income and SMEs segments, driving revenues in these segments
- Launching of *Digital On-boarding*: the first truly 100% digital on boarding system in Chile
- Profit up YoY driven by commercial revenues, lower provisions and cost control.
- 3Q'17 profit impacted by lower inflation in the quarter
- Improved efficiency and better credit quality ratios

UNITED STATES – excl. Popular

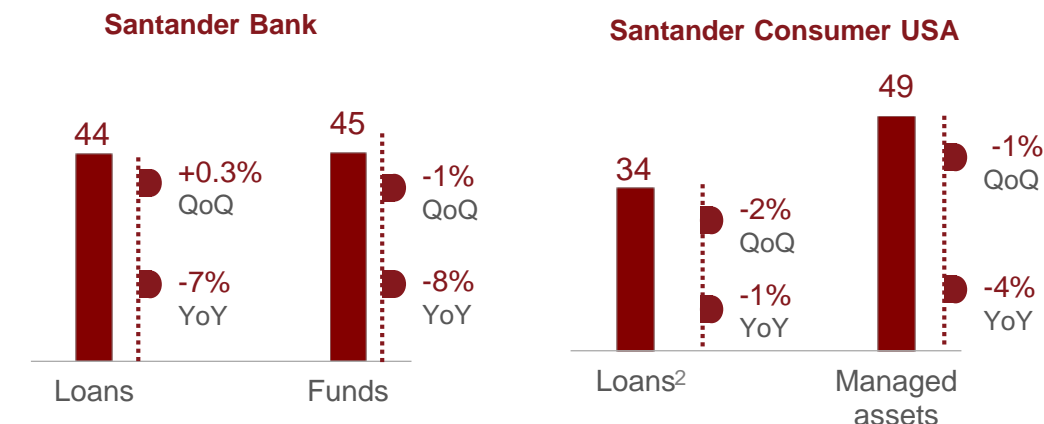
KEY DATA	9M'16	9M'17
Loyal customers (thousands)	280	278
Digital customers (thousands)	736	778
NPL ratio (%)	2.24	2.56
Cost of credit (%)	3.80	3.57
Efficiency ratio (%)	40.8	45.2
RoTE (%)	4.1	3.4

P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	1,319	-5.1	4,296	-4.2
Fee income	226	-3.4	749	-11.7
Gross income	1,604	-8.5	5,363	-6.7
Operating expenses	-743	-5.8	-2,425	3.5
LLPs	-634	-2.5	-2,142	-8.9
PBT	225	-22.8	737	-23.9
Underlying att. profit	93	-31.7	337	-11.9
Non-recurring	0	—	0	—
Attributable profit	93	-31.7	337	-11.9

(1) € million and % change in constant euros

ACTIVITY

Volumes in € billion



- 3Q'17 profit impacted by the sale of Santander Financial Services portfolio and the hurricanes in Dallas, Florida and Puerto Rico
- Santander Bank (SBNA): increasing profitability (RoTE: 3.3%; +26bps) by improving NIM (2.60%; +49bps) and cost control (C/I ratio -1.3 p.p. YoY)
- SC USA: maintained good profitability (RoTE: 15%). Focus on enhancing the loan mix and reduce the cost of funding
- YoY profit impacted by change of mix to a lower risk profile at SC, lower servicing fees and higher personnel and legal expenses (down in 3Q'17)

PORTUGAL – excl. Popular

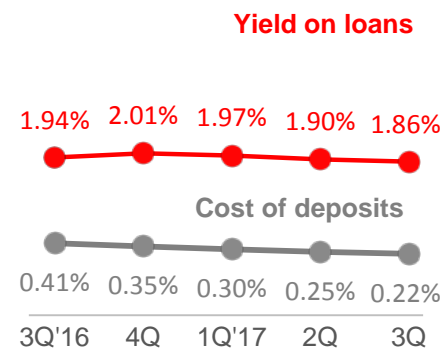
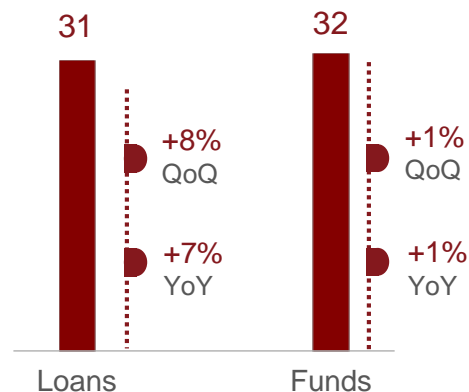
KEY DATA	9M'16	9M'17
Loyal customers (thousands)	549	681
Digital customers (thousands)	422	551
NPL ratio (%)	9.40	6.93
Cost of credit (%)	0.17	0.03
Efficiency ratio (%)	49.2	47.7
RoTE (%)	13.1	13.2

P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	178	6.6	516	-6.4
Fee income	85	2.3	257	4.9
Gross income	305	15.1	864	-4.5
Operating expenses	-137	-0.1	-412	-7.5
LLPs	-16	—	-0	-99.8
PBT	142	13.3	418	8.2
Underlying att. profit	103	-3.8	336	14.6
Non-recurring	0	—	0	—
Attributable profit	103	-3.8	336	14.6

(*) € million

ACTIVITY

Volumes in € billion



- The commercial transformation programme continues to boost loyal (+24%) and digital (+31%) customers
- Profit up YoY due to lower costs and provisions (given a near zero cost of credit), while revenues were impacted by ALCO portfolio sales
- In 3Q'17, NII rose backed by higher volumes, while profit was hit by the higher tax charge
- Loan portfolio management backed the improved cost of credit and the lower NPL ratio, after it peaked at 10.46% following Banif's integration
- First bank issuing 10-year covered bonds (€1.0 bn) in Portugal since 2010

ARGENTINA

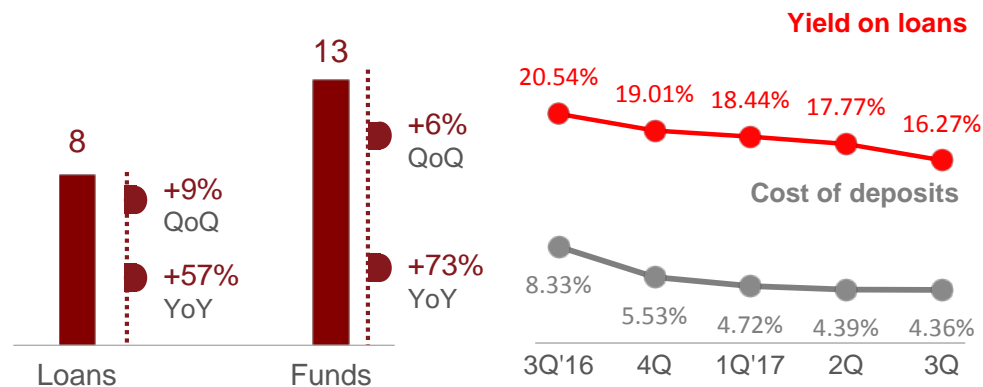
KEY DATA	9M'16	9M'17
Loyal customers (thousands)	1,135	1,324
Digital customers (thousands)	1,484	1,907
NPL ratio (%)	1.40	2.34
Cost of credit (%)	1.87	1.85
Efficiency ratio (%)	54.9	55.9
RoTE (%)	34.2	30.9

P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	240	5.9	725	61.4
Fee income	141	0.0	459	47.1
Gross income	423	4.4	1,298	44.2
Operating expenses	-235	1.6	-726	46.7
LLPs	-46	23.6	-118	74.4
PBT	106	2.2	386	19.9
Underlying att. profit	70	-1.6	263	16.8
Non-recurring	0	—	0	—
Attributable profit	70	-1.6	263	16.8

(1) € million and % change in constant euros

ACTIVITY

Volumes in € billion



- Integration of Citibank's retail business completed in August (5 months after takeover, as scheduled)
- Market share gain in loans. Deposits driven by savings and demand deposits
- Profit fuelled by the increase in customer revenues and cost control, offsetting the transformation plan and costs related to Citibank's integration
- Improved cost of credit YoY and comfortable coverage ratio (103%)

POLAND

KEY DATA	9M'16	9M'17
Loyal customers (thousands)	1,305	1,350
Digital customers (thousands)	1,960	2,030
NPL ratio (%)	5.71	4.70
Cost of credit (%)	0.76	0.61
Efficiency ratio (%)	44.7	42.8
RoTE (%)	11.8	11.4

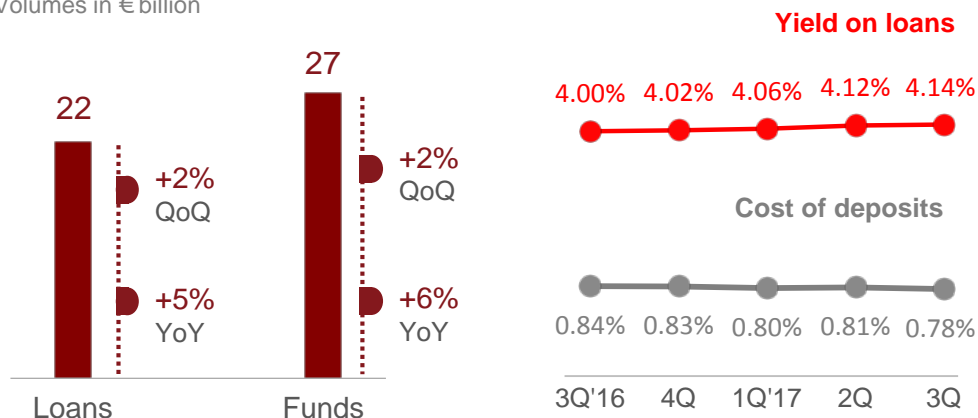
P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	236	2.9	685	9.5
Fee income	114	2.7	327	7.0
Gross income	358	-0.5	1,042	3.5
Operating expenses	-149	0.3	-446	-0.9
LLPs	-36	9.5	-97	-13.7
PBT	144	-4.6	421	9.0
Underlying att. profit	76	-7.6	219	2.7
Non-recurring ²	0	—	0	-100.0
Attributable profit	76	-7.6	219	-10.0

(1) € million and % change in constant euros

(2) Including €29m in 2Q16 related to capital gains from the disposal of the stake in Visa Europe and restructuring costs

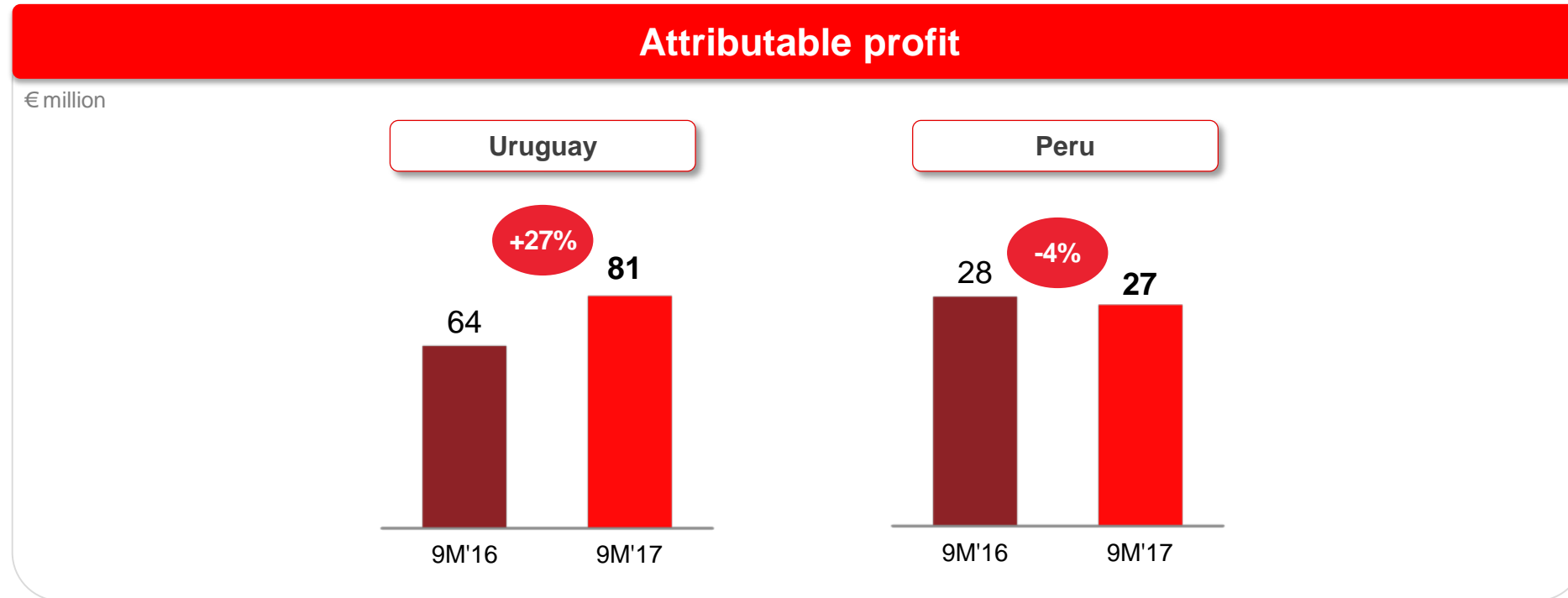
ACTIVITY

Volumes in € billion



- Benchmark bank in innovation and digital channels. Launching of *As I want it Account*
- Loan growth fuelled by individuals and SMEs. Significant growth in demand and savings accounts, and good performance of mutual funds
- PBT increased YoY spurred by NII, fee income, provisions and cost containment. Attributable profit affected by regulatory impacts³
- Strong credit quality improvement: lower NPL ratio and better cost of credit

OTHER LATIN AMERICAN COUNTRIES



- Focusing on loyalty, transactions and target segments
- Uruguay's profit driven by higher revenues and cost control
- Peru's profit affected by lower fee income due to minor public infrastructure expenditure

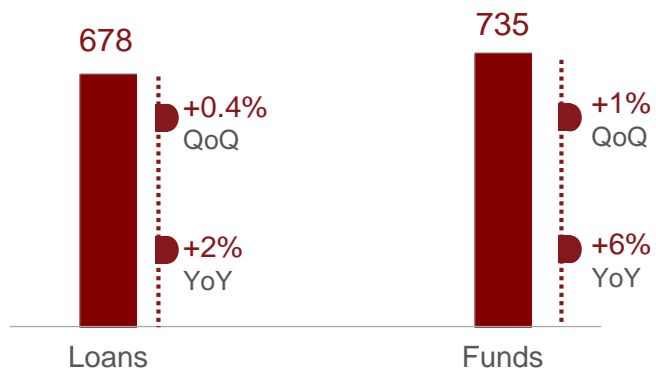


Global segments results

RETAIL BANKING

ACTIVITY

€ billion and % change in constant euros



P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	7,844	0.9	23,888	7.9
Fee income	2,369	0.3	7,274	9.4
Gross income	10,546	0.9	32,235	8.6
Operating expenses	-4,718	0.3	-14,500	4.8
LLPs	-2,062	8.2	-6,301	-5.0
PBT	3,236	3.2	9,472	18.4
Underl. attrib. Profit	1,889	-0.3	5,645	15.1
Non-recurring²	-85	—	-85	n.a.
Attributable profit	1,804	-4.7	5,560	13.7

(1) € million and % change in constant euros

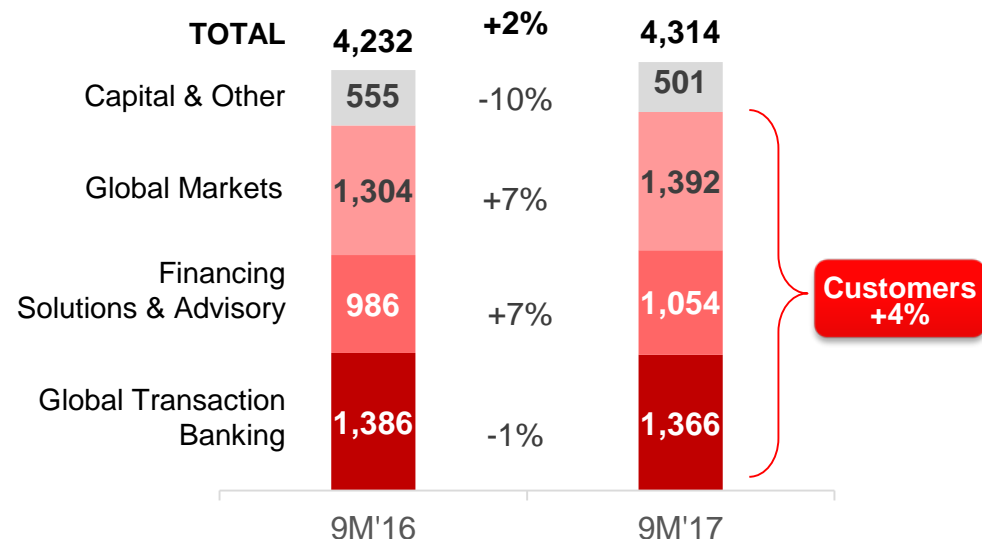
(2) In 2Q'16 capital gains from VISA Europe disposal and restructuring costs

- 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. 16.5 million loyal customers (+12% from September 2016) and 24.2 million digital customers (+20% from September 2016)

GLOBAL CORPORATE BANKING

GROSS INCOME

Constant € million



P&L ¹	3Q'17	%2Q'17	9M'17	%9M'16
NII	610	1.2	1,891	1.3
Fee income	397	-6.3	1,234	15.9
Gross income	1,374	3.8	4,314	1.9
Operating expenses	-493	4.6	-1,469	0.8
LLPs	-113	-49.7	-483	-24.9
PBT	745	20.0	2,320	10.8
Underl. attrib. Profit	476	19.2	1,501	11.1
Non-recurring ²	0	—	0	-100.0
Attributable profit	476	19.2	1,501	16.1

(1) € million and % change in constant euros

(2) In 2Q'16 restructuring costs

- 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 others, in Europe and Latin America
- Attributable profit driven by strong and diversified customer revenues and lower LLPs. Of note, fee income increase



Liquidity

We made good headway YTD in our funding plan to enhance the Group's TLAC position and optimise its cost of capital – Group excl. Popular

Key liquidity ratios

Sep'17

Net Loan-to-Deposit ratio (LTD):	110%
Deposits + M/LT funding / net loans:	115%
Liquidity Coverage Ratio (LCR)¹:	139%

**Comfortable liquidity position
(Group and subsidiaries)**

Funding plan - issuances

Jan-Sep'17

Group issuances	€18.4bn (~€13bn TLAC-eligible)
Diversified issuers	Parent bank, SCF, UK and USA
Diversified currencies	EUR, USD, GBP

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



NPL, coverage ratios and
cost of credit

NPL ratio

%

	31.03.16	30.06.16	30.09.16	31.12.16	31.03.17	30.06.17	30.09.17
Continental Europe	7.08	6.84	6.43	5.92	5.62	5.11	4.95
Spain	6.36	6.06	5.82	5.41	5.22	4.99	4.99
Santander Consumer Finance	3.28	2.95	2.86	2.68	2.62	2.61	2.60
Poland	5.93	5.84	5.71	5.42	5.20	4.66	4.70
Portugal	8.55	10.46	9.40	8.81	8.47	7.67	6.93
United Kingdom	1.49	1.47	1.47	1.41	1.31	1.23	1.32
Latin America	4.88	4.98	4.94	4.81	4.50	4.44	4.45
Brazil	5.93	6.11	6.12	5.90	5.36	5.36	5.32
Mexico	3.06	3.01	2.95	2.76	2.77	2.58	2.56
Chile	5.45	5.28	5.12	5.05	4.93	5.00	4.95
USA	2.19	2.24	2.24	2.28	2.43	2.64	2.56
Operating Areas	4.36	4.32	4.19	3.95	3.77	3.57	3.53
Total Group	4.33	4.29	4.15	3.93	3.74	3.55	3.51

NOTE. Total Group including Popular: 5.37% in Jun 2017 ; 4.24% in Sep 2017

Coverage ratio

%

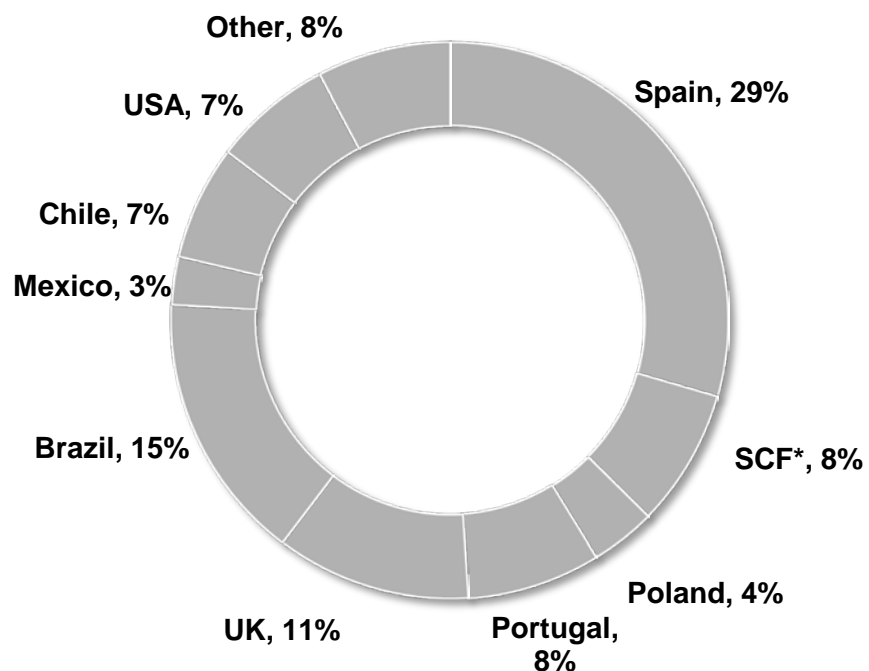
	31.03.16	30.06.16	30.09.16	31.12.16	31.03.17	30.06.17	30.09.17
Continental Europe	65.4	61.3	61.3	60.0	60.6	58.7	58.1
Spain	50.2	47.6	47.6	48.3	49.1	46.0	45.2
Santander Consumer Finance	111.9	110.6	110.7	109.1	108.9	106.5	104.3
Poland	67.0	65.8	68.9	61.0	61.2	67.5	67.6
Portugal	87.7	61.9	57.8	63.7	61.7	59.8	60.4
United Kingdom	36.5	36.5	36.0	32.9	33.8	32.6	31.5
Latin America	79.7	81.4	84.5	87.3	90.5	89.1	89.9
Brazil	83.7	85.3	89.3	93.1	98.1	95.5	97.6
Mexico	97.5	102.3	101.9	103.8	104.8	113.8	110.3
Chile	54.6	55.5	58.1	59.1	58.9	58.2	58.5
USA	221.1	220.6	216.2	214.4	202.4	183.1	187.5
Operating Areas	73.3	72.0	72.8	73.5	74.6	72.6	72.1
Total Group	74.0	72.5	72.7	73.8	74.6	72.7	72.3

NOTE. Total Group including Popular: 67.7% in Jun 2017 ; 65.8% in Sep 2017

Non-performing loans and loan-loss allowances. September 2017 – Group excl. Popular

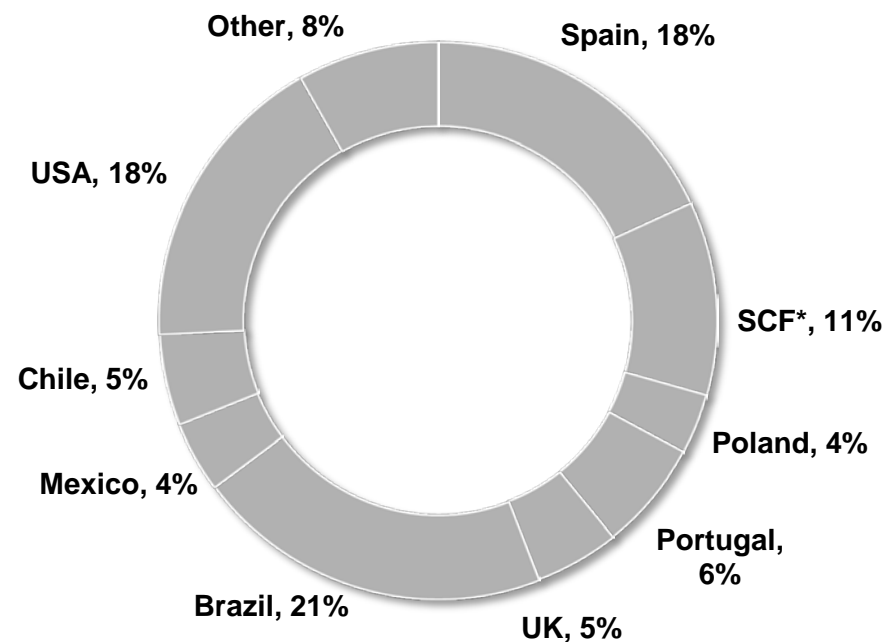
Non-performing loans

100%: €29,434 mill.



Loan-loss allowances

100%: €21,272 mill.



Percentage over Group's total
 (*) Excluding SCF UK

Cost of credit

%

	31.03.16	30.06.16	30.09.16	31.12.16	31.03.17	30.06.17	30.09.17
Continental Europe	0.60	0.51	0.46	0.44	0.38	0.37	0.34
Spain	0.54	0.45	0.41	0.37	0.33	0.33	0.31
Santander Consumer Finance	0.64	0.55	0.49	0.47	0.39	0.37	0.34
Poland	0.82	0.75	0.76	0.70	0.66	0.65	0.61
Portugal	0.28	0.21	0.17	0.18	0.07	0.03	0.03
United Kingdom	0.01	0.03	0.05	0.02	0.03	0.02	0.03
Latin America	3.39	3.41	3.42	3.37	3.36	3.37	3.27
Brazil	4.63	4.71	4.87	4.89	4.84	4.79	4.55
Mexico	2.95	2.96	2.86	2.86	2.94	3.01	3.14
Chile	1.58	1.59	1.55	1.43	1.42	1.37	1.27
USA	3.85	3.77	3.80	3.68	3.63	3.65	3.57
Operating Areas	1.24	1.20	1.20	1.19	1.18	1.19	1.15
Total Group	1.22	1.19	1.19	1.18	1.17	1.19	1.15

NOTE. Total Group including Popular: 1.17% in Jun 2017 ; 1.12% in Set 2017



Quarterly income statements

Grupo Santander (with Popular)

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	10,021	10,119	10,395	10,734	11,246	11,522	11,569	30,535	34,337
Gross income	10,730	10,755	11,080	11,288	12,029	12,049	12,252	32,565	36,330
Operating expenses	(5,158)	(5,227)	(5,250)	(5,453)	(5,543)	(5,648)	(5,766)	(15,634)	(16,957)
Net operating income	5,572	5,528	5,831	5,835	6,486	6,401	6,486	16,931	19,373
Net loan-loss provisions	(2,408)	(2,205)	(2,499)	(2,406)	(2,400)	(2,280)	(2,250)	(7,112)	(6,930)
Other	(433)	(544)	(392)	(591)	(775)	(848)	(645)	(1,368)	(2,268)
Underlying profit before taxes	2,732	2,779	2,940	2,838	3,311	3,273	3,591	8,451	10,175
Underlying consolidated profit	1,922	1,864	2,036	2,072	2,186	2,144	2,347	5,821	6,678
Underlying attributable profit	1,633	1,526	1,695	1,766	1,867	1,749	1,976	4,855	5,592
Net capital gains and provisions*	—	(248)	—	(169)	—	—	(515)	(248)	(515)
Attributable profit	1,633	1,278	1,695	1,598	1,867	1,749	1,461	4,606	5,077

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs in 4Q16 PPI and restatement Santander Consumer USA in 3Q17 charges for integration costs and equity stakes and intangible assets

Grupo Santander (with Popular)

Constant € million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	10,338	10,326	10,444	10,696	10,943	11,447	11,947	31,109	34,337
Gross income	11,039	10,967	11,136	11,236	11,701	11,972	12,657	33,142	36,330
Operating expenses	(5,253)	(5,285)	(5,265)	(5,435)	(5,410)	(5,611)	(5,937)	(15,802)	(16,957)
Net operating income	5,786	5,682	5,871	5,801	6,292	6,361	6,720	17,339	19,373
Net loan-loss provisions	(2,554)	(2,303)	(2,536)	(2,397)	(2,318)	(2,268)	(2,344)	(7,393)	(6,930)
Other	(464)	(561)	(384)	(590)	(755)	(843)	(670)	(1,408)	(2,268)
Underlying profit before taxes	2,768	2,818	2,952	2,813	3,219	3,250	3,706	8,538	10,175
Underlying consolidated profit	1,954	1,888	2,043	2,059	2,125	2,126	2,426	5,885	6,678
Underlying attributable profit	1,657	1,541	1,699	1,754	1,813	1,734	2,045	4,897	5,592
Net capital gains and provisions*	—	(259)	3	(158)	—	—	(515)	(256)	(515)
Attributable profit	1,657	1,282	1,702	1,596	1,813	1,734	1,530	4,641	5,077

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs in 4Q16 PPI and restatement Santander Consumer USA in 3Q17 charges for integration costs and equity stakes and intangible assets

Grupo Santander (w/o Popular)

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	10,021	10,119	10,395	10,734	11,246	11,382	10,984	30,535	33,612
Gross income	10,730	10,755	11,080	11,288	12,029	11,910	11,617	32,565	35,556
Operating expenses	(5,158)	(5,227)	(5,250)	(5,453)	(5,543)	(5,552)	(5,379)	(15,634)	(16,474)
Net operating income	5,572	5,528	5,831	5,835	6,486	6,358	6,239	16,931	19,083
Net loan-loss provisions	(2,408)	(2,205)	(2,499)	(2,406)	(2,400)	(2,272)	(2,212)	(7,112)	(6,883)
Other	(433)	(544)	(392)	(591)	(775)	(828)	(652)	(1,368)	(2,256)
Underlying profit before taxes	2,732	2,779	2,940	2,838	3,311	3,258	3,375	8,451	9,944
Underlying consolidated profit	1,922	1,864	2,036	2,072	2,186	2,133	2,180	5,821	6,500
Underlying attributable profit	1,633	1,526	1,695	1,766	1,867	1,738	1,809	4,855	5,414
Net capital gains and provisions*	—	(248)	—	(169)	—	—	(215)	(248)	(215)
Attributable profit (Ex-Popular)	1,633	1,278	1,695	1,598	1,867	1,738	1,594	4,606	5,199

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs in 4Q16 PPI and restatement Santander Consumer USA in 3Q17 charges for integration costs and equity stakes and intangible assets

Grupo Santander (w/o Popular)

Constant € million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	10,338	10,326	10,444	10,696	10,943	11,307	11,363	31,109	33,612
Gross income	11,039	10,967	11,136	11,236	11,701	11,832	12,022	33,142	35,556
Operating expenses	(5,253)	(5,285)	(5,265)	(5,435)	(5,410)	(5,514)	(5,549)	(15,802)	(16,474)
Net operating income	5,786	5,682	5,871	5,801	6,292	6,318	6,473	17,339	19,083
Net loan-loss provisions	(2,554)	(2,303)	(2,536)	(2,397)	(2,318)	(2,260)	(2,305)	(7,393)	(6,883)
Other	(464)	(561)	(384)	(590)	(755)	(823)	(678)	(1,408)	(2,256)
Underlying profit before taxes	2,768	2,818	2,952	2,813	3,219	3,235	3,490	8,538	9,944
Underlying consolidated profit	1,954	1,888	2,043	2,059	2,125	2,116	2,259	5,885	6,500
Underlying attributable profit	1,657	1,541	1,699	1,754	1,813	1,723	1,878	4,897	5,414
Net capital gains and provisions*	—	(259)	3	(158)	—	—	(215)	(256)	(215)
Attributable profit (Ex-Popular)	1,657	1,282	1,702	1,596	1,813	1,723	1,663	4,641	5,199

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs in 4Q16 PPI and restatement Santander Consumer USA in 3Q17 charges for integration costs and equity stakes and intangible assets

Spain (w/o Popular)

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	1,243	1,232	1,185	1,198	1,206	1,287	1,235	3,660	3,728
Gross income	1,543	1,343	1,398	1,324	1,539	1,351	1,435	4,283	4,325
Operating expenses	(837)	(834)	(824)	(802)	(798)	(806)	(815)	(2,495)	(2,419)
Net operating income	706	509	574	522	741	545	621	1,789	1,907
Net loan-loss provisions	(231)	(129)	(140)	(85)	(163)	(137)	(104)	(500)	(404)
Other	(37)	(82)	(51)	(97)	(64)	(64)	(55)	(170)	(184)
Underlying profit before taxes	438	298	382	340	514	344	461	1,119	1,319
Underlying consolidated profit	312	213	274	243	367	246	316	800	929
Underlying attributable profit	307	208	270	237	362	241	311	785	914
Net capital gains and provisions*	—	(216)	—	—	—	—	—	(216)	—
Attributable profit	307	(8)	270	237	362	241	311	569	914

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs

Santander Consumer Finance

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	1,041	1,061	1,099	1,052	1,121	1,096	1,121	3,201	3,339
Gross income	1,045	1,051	1,106	1,060	1,118	1,099	1,135	3,202	3,352
Operating expenses	(483)	(468)	(467)	(486)	(502)	(485)	(484)	(1,418)	(1,472)
Net operating income	562	583	639	574	616	614	650	1,784	1,880
Net loan-loss provisions	(114)	(70)	(116)	(87)	(61)	(57)	(90)	(300)	(207)
Other	(39)	(41)	(36)	(52)	(37)	(35)	(30)	(115)	(102)
Underlying profit before taxes	410	472	487	434	518	522	531	1,368	1,571
Underlying consolidated profit	293	324	346	319	370	382	370	963	1,122
Underlying attributable profit	251	282	291	269	314	319	309	824	943
Net capital gains and provisions*	—	25	—	—	—	—	(85)	25	(85)
Attributable profit	251	307	291	269	314	319	224	849	858

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe
in 3Q17 charges for integration costs

Santander Consumer Finance

Constant € million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	1,048	1,065	1,101	1,050	1,117	1,098	1,123	3,214	3,339
Gross income	1,052	1,055	1,108	1,058	1,114	1,100	1,137	3,214	3,352
Operating expenses	(486)	(469)	(468)	(486)	(501)	(486)	(485)	(1,423)	(1,472)
Net operating income	566	585	640	572	614	615	652	1,791	1,880
Net loan-loss provisions	(115)	(70)	(116)	(87)	(61)	(57)	(90)	(302)	(207)
Other	(39)	(42)	(36)	(52)	(37)	(35)	(30)	(116)	(102)
Underlying profit before taxes	413	473	488	433	516	523	532	1,374	1,571
Underlying consolidated profit	295	325	346	319	368	382	371	967	1,122
Underlying attributable profit	253	283	292	269	312	320	310	827	943
Net capital gains and provisions*	—	26	(0)	(0)	—	—	(85)	26	(85)
Attributable profit	253	308	291	268	312	320	225	853	858

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe
in 3Q17 charges for integration costs

Poland

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	292	298	321	323	318	343	350	910	1,011
Gross income	311	345	330	329	321	363	358	985	1,042
Operating expenses	(145)	(146)	(149)	(139)	(146)	(150)	(149)	(440)	(446)
Net operating income	166	199	181	190	175	212	209	545	596
Net loan-loss provisions	(33)	(34)	(43)	(35)	(27)	(34)	(36)	(110)	(97)
Other	(22)	(29)	(6)	(25)	(23)	(27)	(28)	(57)	(78)
Underlying profit before taxes	111	136	132	129	125	152	144	378	421
Underlying consolidated profit	88	108	100	91	86	120	110	296	316
Underlying attributable profit	64	75	69	63	59	83	76	208	219
Net capital gains and provisions*	—	29	—	—	—	—	—	29	—
Attributable profit	64	104	69	63	59	83	76	238	219

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs

Poland

PLN million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	1,275	1,301	1,391	1,412	1,374	1,449	1,489	3,967	4,312
Gross income	1,357	1,507	1,430	1,440	1,386	1,532	1,525	4,293	4,442
Operating expenses	(632)	(638)	(647)	(609)	(630)	(634)	(636)	(1,917)	(1,900)
Net operating income	724	869	783	831	756	898	889	2,376	2,542
Net loan-loss provisions	(144)	(149)	(186)	(153)	(116)	(142)	(155)	(479)	(413)
Other	(97)	(126)	(25)	(111)	(100)	(112)	(119)	(249)	(332)
Underlying profit before taxes	483	593	573	566	539	644	614	1,648	1,797
Underlying consolidated profit	384	471	434	399	372	506	470	1,289	1,348
Underlying attributable profit	281	327	300	277	257	351	324	908	932
Net capital gains and provisions*	—	128	(0)	0	—	—	—	128	—
Attributable profit	281	455	300	277	257	351	324	1,036	932

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs

Portugal (w/o Popular)

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	273	262	260	251	261	249	262	795	772
Gross income	337	281	287	304	294	265	305	905	864
Operating expenses	(154)	(149)	(142)	(143)	(139)	(137)	(137)	(445)	(412)
Net operating income	183	132	145	161	155	128	168	459	452
Net loan-loss provisions	(22)	(6)	(16)	(9)	10	6	(16)	(44)	(0)
Other	(2)	(21)	(5)	(5)	(14)	(9)	(11)	(29)	(34)
Underlying profit before taxes	158	104	124	146	151	125	142	386	418
Underlying consolidated profit	122	81	93	106	126	108	104	295	338
Underlying attributable profit	121	80	92	106	125	107	103	293	336
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
Attributable profit	121	80	92	106	125	107	103	293	336

United Kingdom

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	1,434	1,393	1,302	1,307	1,349	1,409	1,317	4,130	4,075
Gross income	1,513	1,501	1,377	1,425	1,432	1,544	1,397	4,391	4,372
Operating expenses	(794)	(788)	(703)	(683)	(723)	(723)	(694)	(2,284)	(2,140)
Net operating income	719	713	675	742	709	821	703	2,107	2,232
Net loan-loss provisions	(7)	(68)	(44)	61	(15)	(42)	(66)	(119)	(123)
Other	(59)	(71)	(85)	(124)	(105)	(171)	(89)	(215)	(365)
Underlying profit before taxes	654	574	545	679	588	608	547	1,773	1,744
Underlying consolidated profit	462	401	370	483	423	414	382	1,233	1,219
Underlying attributable profit	453	390	364	474	416	408	377	1,207	1,201
Net capital gains and provisions*	—	107	—	(137)	—	—	—	107	—
Attributable profit	453	497	364	338	416	408	377	1,313	1,201

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe and restructuring costs in 4Q16 PPI

United Kingdom

£ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	1,105	1,096	1,108	1,133	1,160	1,213	1,183	3,309	3,556
Gross income	1,166	1,180	1,172	1,234	1,231	1,329	1,255	3,519	3,815
Operating expenses	(611)	(619)	(599)	(594)	(622)	(622)	(623)	(1,830)	(1,867)
Net operating income	554	561	573	640	609	706	632	1,689	1,947
Net loan-loss provisions	(5)	(53)	(37)	48	(13)	(36)	(59)	(95)	(108)
Other	(45)	(56)	(71)	(104)	(90)	(147)	(81)	(173)	(318)
Underlying profit before taxes	504	452	465	583	506	524	492	1,421	1,521
Underlying consolidated profit	356	316	316	414	364	356	344	988	1,064
Underlying attributable profit	349	307	311	407	358	351	339	967	1,048
Net capital gains and provisions*	—	83	2	(110)	—	—	—	85	—
Attributable profit	349	390	313	297	358	351	339	1,052	1,048

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe and restructuring costs in 4Q16 PPI

Brazil

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	2,365	2,583	2,899	3,155	3,455	3,413	3,392	7,847	10,259
Gross income	2,381	2,703	3,050	3,187	3,717	3,502	3,542	8,133	10,761
Operating expenses	(947)	(1,046)	(1,177)	(1,305)	(1,314)	(1,233)	(1,244)	(3,170)	(3,791)
Net operating income	1,434	1,657	1,873	1,882	2,403	2,269	2,298	4,963	6,970
Net loan-loss provisions	(720)	(753)	(951)	(953)	(910)	(852)	(819)	(2,424)	(2,581)
Other	(177)	(193)	(134)	(193)	(358)	(349)	(268)	(504)	(975)
Underlying profit before taxes	536	711	788	736	1,135	1,068	1,211	2,036	3,414
Underlying consolidated profit	399	481	544	575	713	689	747	1,424	2,149
Underlying attributable profit	359	429	488	510	634	610	659	1,276	1,902
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
Attributable profit	359	429	488	510	634	610	659	1,276	1,902

Brazil

R\$ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	10,161	10,216	10,500	11,271	11,561	12,036	12,567	30,876	36,165
Gross income	10,227	10,708	11,067	11,364	12,438	12,367	13,129	32,003	37,934
Operating expenses	(4,068)	(4,138)	(4,266)	(4,671)	(4,397)	(4,355)	(4,613)	(12,473)	(13,364)
Net operating income	6,159	6,570	6,801	6,693	8,041	8,013	8,516	19,530	24,570
Net loan-loss provisions	(3,093)	(2,972)	(3,473)	(3,398)	(3,045)	(3,008)	(3,045)	(9,539)	(9,098)
Other	(762)	(763)	(457)	(686)	(1,198)	(1,231)	(1,007)	(1,982)	(3,437)
Underlying profit before taxes	2,304	2,835	2,870	2,609	3,798	3,773	4,464	8,009	12,035
Underlying consolidated profit	1,716	1,908	1,979	2,055	2,386	2,431	2,757	5,603	7,574
Underlying attributable profit	1,540	1,704	1,774	1,821	2,121	2,152	2,432	5,019	6,706
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
Attributable profit	1,540	1,704	1,774	1,821	2,121	2,152	2,432	5,019	6,706

Mexico

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	767	768	767	794	804	856	879	2,302	2,539
Gross income	792	786	796	828	824	914	892	2,375	2,630
Operating expenses	(322)	(317)	(311)	(325)	(319)	(361)	(356)	(950)	(1,037)
Net operating income	470	469	486	503	505	553	536	1,425	1,594
Net loan-loss provisions	(221)	(214)	(194)	(203)	(233)	(246)	(240)	(629)	(718)
Other	(6)	(11)	(5)	(8)	(4)	(6)	(4)	(22)	(15)
Underlying profit before taxes	243	244	288	293	267	301	292	774	860
Underlying consolidated profit	187	192	223	217	211	238	231	602	680
Underlying attributable profit	143	146	172	169	163	187	182	460	532
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
Attributable profit	143	146	172	169	163	187	182	460	532

Mexico

Million pesos

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	15,253	15,690	16,028	16,922	17,348	17,505	18,399	46,971	53,251
Gross income	15,745	16,054	16,647	17,645	17,779	18,706	18,677	48,447	55,163
Operating expenses	(6,402)	(6,479)	(6,497)	(6,922)	(6,894)	(7,386)	(7,460)	(19,378)	(21,740)
Net operating income	9,343	9,576	10,151	10,723	10,886	11,320	11,218	29,069	33,423
Net loan-loss provisions	(4,399)	(4,364)	(4,062)	(4,337)	(5,032)	(5,019)	(5,015)	(12,825)	(15,066)
Other	(123)	(233)	(98)	(161)	(90)	(131)	(89)	(454)	(310)
Underlying profit before taxes	4,821	4,979	5,990	6,225	5,764	6,170	6,113	15,790	18,047
Underlying consolidated profit	3,724	3,919	4,643	4,629	4,548	4,865	4,841	12,286	14,254
Underlying attributable profit	2,839	2,979	3,577	3,589	3,523	3,829	3,808	9,394	11,160
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
Attributable profit	2,839	2,979	3,577	3,589	3,523	3,829	3,808	9,394	11,160

Chile

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	509	534	561	613	592	589	534	1,604	1,715
Gross income	556	577	616	672	645	644	604	1,749	1,893
Operating expenses	(235)	(237)	(249)	(265)	(264)	(260)	(253)	(721)	(777)
Net operating income	321	339	368	407	381	383	351	1,028	1,116
Net loan-loss provisions	(109)	(127)	(146)	(131)	(122)	(122)	(108)	(382)	(352)
Other	1	(1)	6	(35)	2	7	11	7	20
Underlying profit before taxes	213	211	228	241	261	267	255	653	783
Underlying consolidated profit	173	181	187	195	214	218	209	540	641
Underlying attributable profit	122	126	129	137	147	149	143	377	440
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
Attributable profit	122	126	129	137	147	149	143	377	440

Chile

Ch\$ billion

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	393	409	414	441	413	430	403	1,216	1,247
Gross income	430	441	455	484	450	470	456	1,326	1,376
Operating expenses	(182)	(182)	(184)	(191)	(184)	(190)	(191)	(547)	(565)
Net operating income	248	260	272	293	266	280	265	780	811
Net loan-loss provisions	(84)	(98)	(108)	(94)	(85)	(89)	(81)	(290)	(256)
Other	1	(0)	5	(26)	1	5	8	6	15
Underlying profit before taxes	165	162	169	173	182	195	192	495	570
Underlying consolidated profit	134	138	138	140	149	159	158	410	466
Underlying attributable profit	94	96	95	98	103	109	108	286	320
Net capital gains and provisions	—	—	—	—	—	—	—	—	—
Attributable profit	94	96	95	98	103	109	108	286	320

United States (w/o Popular)

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	1,831	1,755	1,724	1,708	1,763	1,738	1,545	5,310	5,045
Gross income	1,968	1,888	1,867	1,809	1,879	1,880	1,604	5,723	5,363
Operating expenses	(777)	(774)	(784)	(864)	(837)	(845)	(743)	(2,335)	(2,425)
Net operating income	1,191	1,114	1,083	946	1,042	1,035	861	3,388	2,938
Net loan-loss provisions	(861)	(704)	(776)	(867)	(811)	(697)	(634)	(2,342)	(2,142)
Other	(66)	(13)	(3)	(8)	(32)	(24)	(2)	(82)	(58)
Underlying profit before taxes	264	397	304	71	199	314	225	965	737
Underlying consolidated profit	160	253	213	54	138	235	154	627	527
Underlying attributable profit	82	159	141	14	95	149	93	381	337
Net capital gains and provisions*	—	—	—	(32)	—	—	—	—	—
Attributable profit	82	159	141	(19)	95	149	93	381	337

(*).- Including: in 4Q16 restatement Santander Consumer USA

United States (w/o Popular)

\$ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	2,018	1,983	1,925	1,838	1,877	1,912	1,820	5,926	5,608
Gross income	2,168	2,133	2,085	1,945	2,001	2,068	1,893	6,386	5,962
Operating expenses	(856)	(874)	(875)	(932)	(891)	(929)	(875)	(2,605)	(2,696)
Net operating income	1,312	1,259	1,210	1,013	1,109	1,138	1,018	3,781	3,266
Net loan-loss provisions	(949)	(797)	(867)	(935)	(863)	(768)	(749)	(2,613)	(2,381)
Other	(72)	(16)	(3)	(8)	(34)	(27)	(4)	(91)	(65)
Underlying profit before taxes	291	446	340	69	212	343	265	1,077	820
Underlying consolidated profit	177	285	238	54	147	257	182	700	585
Underlying attributable profit	90	178	157	12	101	163	111	425	375
Net capital gains and provisions*	—	—	—	(36)	—	—	—	—	—
Attributable profit	90	178	157	(24)	101	163	111	425	375

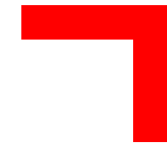
(*).- Including: in 4Q16 restatement Santander Consumer USA

Corporate Centre

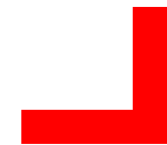
€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income	(173)	(192)	(201)	(204)	(198)	(223)	(227)	(567)	(648)
Gross income	(223)	(244)	(316)	(282)	(341)	(340)	(300)	(784)	(981)
Operating expenses	(126)	(120)	(104)	(99)	(119)	(118)	(118)	(351)	(356)
Net operating income	(349)	(365)	(421)	(381)	(460)	(458)	(419)	(1,135)	(1,337)
Net loan-loss provisions	1	(5)	5	0	(5)	(11)	(22)	1	(37)
Other	(5)	(55)	(59)	44	(32)	(53)	(54)	(118)	(139)
Underlying profit before taxes	(353)	(424)	(474)	(337)	(497)	(522)	(494)	(1,252)	(1,513)
Underlying consolidated profit	(317)	(418)	(414)	(298)	(471)	(561)	(481)	(1,149)	(1,512)
Underlying attributable profit	(311)	(418)	(412)	(299)	(468)	(563)	(480)	(1,140)	(1,511)
Net capital gains and provisions*	—	(186)	—	—	—	—	(130)	(186)	(130)
Attributable profit	(311)	(604)	(412)	(299)	(468)	(563)	(610)	(1,326)	(1,641)

(*).- Including: in 2Q16 capital gains from the disposal of the stake in Visa Europe, and restructuring costs in 3Q17 equity stakes and intangible assets



Banco Popular



Banco Popular

€ million

	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	9M '16	9M '17
NII + Fee income						140	584		724
Gross income						139	634		774
Operating expenses						(96)	(388)		(484)
Net operating income						43	247		290
Net loan-loss provisions						(8)	(38)		(46)
Other						(20)	8		(12)
Underlying profit before taxes						15	216		231
Underlying consolidated profit						11	167		178
Underlying attributable profit						11	168		178
Net capital gains and provisions*						—	(300)		(300)
Attributable profit						11	(132)		(122)

(*).- Including: in 3Q17 charges for integration costs



Content

Group performance 9M'17

Business areas performance 9M'17

Concluding remarks

Appendix



Glossary



Glossary - Acronyms

- **AFS:** Available for sale
- **Bn:** Billion
- **CET1:** Common equity tier 1
- **C&I:** Commercial and Industrial
- **DGF:** Deposit guarantee fund
- **FL:** Fully-loaded
- **EPS:** Earning per share
- **GoFT:** Gains on financial transactions
- **LTV:** Loan to Value
- **LLPs:** Loan-loss provisions
- **MXN:** Mexican Pesos
- **NII:** Net interest income
- **NIM:** Net interest margin
- **NPL:** Non-performing loans
- **n.m.:** Non meaningful
- **PBT:** Profit before tax
- **P&L:** Profit and loss
- **RoRWA:** Return on risk-weighted assets
- **RWA:** Risk-weighted assets
- **RoTE:** Return on tangible equity
- **SCF:** Santander Consumer Finance
- **SC USA:** Santander Consumer USA
- **SGCB:** Santander Global Corporate Banking
- **SMEs:** 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)
- **y-o-y:** 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 - goodwill - intangible assets

Notes: 1) The averages for the RoTE and RoRWA denominators are calculated on the basis of four months from June to September in the case of third quarter figures and ten months from December to September in the case of the nine months figures.

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

Our purpose is to help people and businesses prosper.

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

Simple | **Personal** | **Fair**

