

RESULTS JANUARY-SEPTEMBER 2015

## **Banco Santander registered ordinary profit of 5.106 billion, a 17% increase**

*"In the third quarter, we continued our work to help people and businesses prosper -- providing access to credit which increased 7 percent. We have earned the loyalty of more than 400,000 new customers, and 700,000 digital customers.*

*This progress towards being a simple, personal and fair bank, has helped us advance our strategic plan and achieve a 17 percent increase in our year on year ordinary profit.*

*We view the economic situation as improving in the majority of our core markets.*

*We are confident that our model will help us reach the targets we have set for the future.*

*Ana Botín, Group executive chairman of Banco Santander*

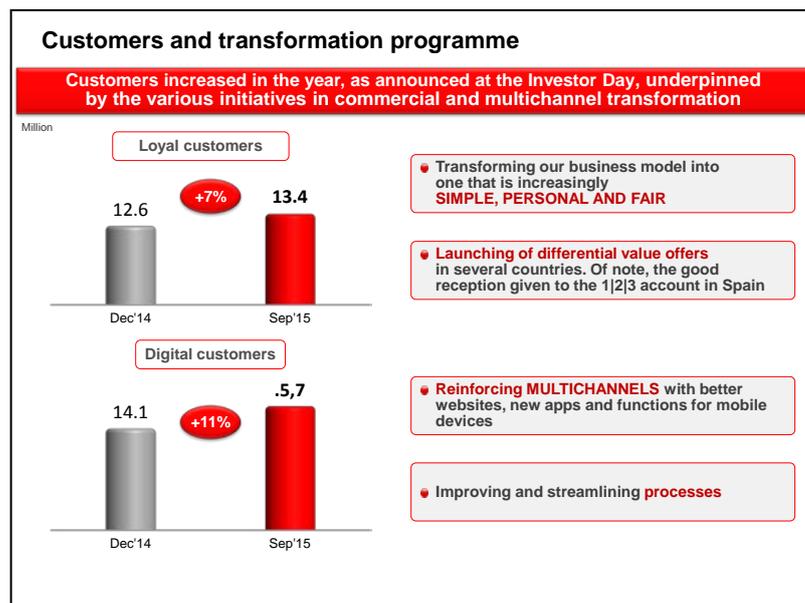
- **CUSTOMERS.** In the first nine months of this year we provided EUR 125,101 million loans to companies and families in our ten core countries, an increase of 8%. The group moved toward achieving its goals in increasing loyal customers, which now reach 13.4 million, and digital, now at 15.7 million, with increases of 3% and 5% in the quarter, respectively.
- **BUSINESS.** Lending amounted to EUR 790,570 million, with a 7% year increase year to date. Deposits and mutual funds also increased 7% in a year, to EUR 755,592 million.
- **OPERATIONAL EXCELLENCE.** The efficiency ratio remained stable at 47%, one of the best in the sector. At the same time, we are investing in all our geographies in order to be top three in customer satisfaction.
- **CAPITAL.** The fully loaded CET1 ratio improved 0.02 points in the quarter to 9.85%.
- **DIVERSIFICATION.** Profit grew in all core countries, except Poland. Europe accounted for 53% of Group profit (the UK 22%, Spain 13%, SCF 10%). Latin America, 37% (Brazil 19%, Mexico 7% and Chile 6%), and the US, 10%.
  - Spain: attributable profit reached EUR 883 million (+64%). A reduction in costs of more than 2% and drop in provisions of 41% were key. Loans fell 1% while customer funds grew 2% year-on-year.
  - The UK: attributable profit was EUR 1,496 million, up 28% (1,087 million pounds, +14%). Revenues grew 4% and loan loss provisions fell 74%. Lending and customer funds increased 5%.
  - Brazil: ordinary attributable profit reached EUR 1,315 million, 22% more (BRL 4,584 million, +37%). Revenues grew 9% and costs 5%. Lending rose 16% and customer funds, 15%.
- **COMMUNITIES.** The group's targets for the period 2016-2018 are to grant 130,000 scholarships and to help 4.5 million people through our communities' support programmes.



Madrid, 29 October 2015. In the first nine months of this year Banco Santander registered ordinary attributable profit of EUR 5,106 million, a 17% increase over the same period last year. The ten core markets in which the group operates registered profits, with the exception of Poland where profits decreased 7%.

Banco Santander continues to advance in its purpose to help people and businesses prosper. In the first nine months of the year, the group provided EUR 125,101 million in financing, with growth of 8%. Of this amount, 51,621 went to business projects and 47,205 million to households. The remaining EUR 26,275 million went to consumer finance, both to businesses and individuals. Santander aims to become the best retail and commercial bank, for which it has embarked upon a process of commercial transformation, focusing on loyalty and satisfaction of its customers.

At the close of the third quarter, Banco Santander had 13.4 million loyal customers, an increase of 3% in one quarter, and allows it to advance in its goal of reaching 18.6 million at the close of 2018. At the same time, the number of digital customers stood at 15.7 million, 5% more in one quarter, and on track to reaching 30 million by the end of 2018.



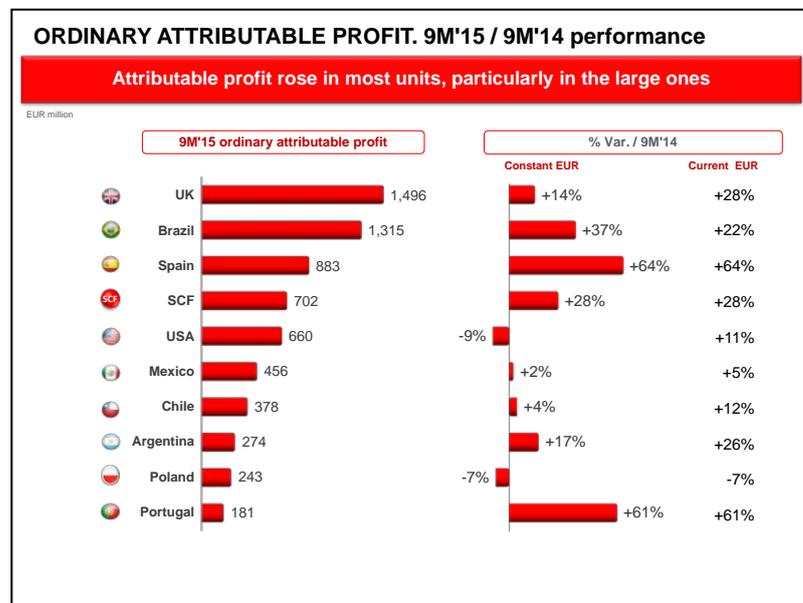
Banco Santander is working on fulfilling its goals set out in its three year strategic plan that will allow it to increase earnings per share and the dividend year by year.

## Results

The first nine months of 2015 showed notable growth in business and revenue, which were also supported by the favourable exchange rate impact, as the appreciation in the pound and dollar overcame the impact from the depreciation of the Brazilian real. These results were produced in an unequal context among the different economies in which the group

operates. Countries such as Spain, the United States and Poland will grow more than 3% this year; the United Kingdom, Mexico and Chile, more than 2.5%; Germany and Portugal, more than 1.5%, while Brazil and Argentina are experiencing a drop in economic activity. Official interest rates continue at historic lows in euros, dollars and pounds.

The improvement in profit is a result of the increase in basic revenues, given that net interest income grew more than 11% and income from commissions increased 6%, while gains from financial transactions, which are less recurrent, dropped 24%. This mix led to 9% overall growth in revenues, the same variation than in costs, which means that net operating income also increased 9%, to EUR 18,229 million. The performance of income and costs means that the efficiency ratio holds at 47%, one of the best rates among international banks.



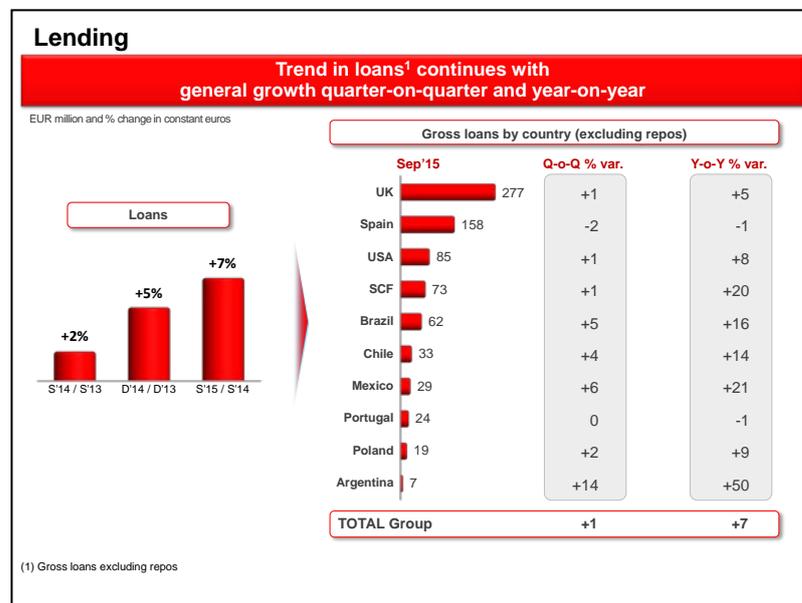
Loan loss provisions took EUR 7,550 from the group's net operating income, 7% less than last year. This fall in provisions enabled ordinary attributable profit to amount to EUR 5,106 million, increasing 17% which would have been 12% without the foreign exchange impact. This amount does not include EUR 835 million from the reversal of fiscal liabilities in Brazil, that took place in the second quarter and allow capital ratios to be strengthened.

Emerging economies accounted for 41% of profits (Latin America and Poland) and developed markets the remaining 59%. By country, the largest contribution was made by the United Kingdom (22%), followed by Brazil (19%), Spain (13%), the US (10%), Mexico (7%), Chile (6%), Poland and Argentina (4% each) and Portugal (3%). Santander Consumer Finance contributed 10% of total profit.

## Balance sheet

Banco Santander closed September 2015 with total assets of EUR 1,320,427 million, 6% more than September 2014. The business showed balanced growth, with new loans as well as customer funds (deposits plus mutual funds) up 7% without the exchange rate effect. The progress of the business is more accurately reflected without taking into account the exchange rate effect.

At the end of September 2015, the loan portfolio reached EUR 790,570 million, 6% more than the year before (7% without the exchange rate effect). In the first nine months of 2015, the group increased its loan portfolio by 32,600 million.

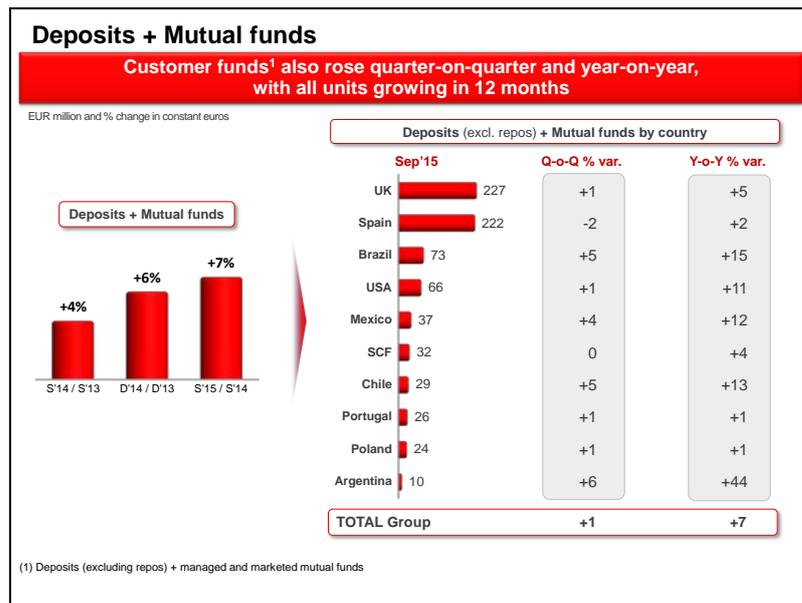


In Spain, the total loan portfolio reached EUR 158,181 million, virtually the same as at the end of September 2014. New lending to companies grew 19%. In the first nine months of the year, Santander provided EUR 9,421 million in financing to SMEs and micro-enterprises, 22% more than a year earlier. The rate of financing to companies allows the balance to increase by EUR 1,000 million. Lending to individuals grew 34%, with mortgages increasing 33%, a rate which is insufficient to cover repayments carried out in the period, so balances continue to fall.

In the United Kingdom, the loan portfolio stood at EUR 277,033 million, with growth of 5% over September 2014, 11% in euros due to the appreciation of the pound. This was anchored in financing to companies, which grew 12% year-on-year; the mortgage business, which rose 2%, and consumer and vehicle financing, up 45%, in part due to the integration of

PSA in February. Mortgage growth was similar to the market average, while growth in financing to companies decreased for the sector as a whole but rose for Santander.

In Brazil, the loan portfolio reached EUR 61,628 million, with growth of 16% in the local currency. The real's 31% depreciation in one year turns the increase in activity to a 20% drop with the conversion from reais to euros. The largest increase is in financing to companies and mortgages, which rose 31% and 28% respectively. Financing to SMEs also improved, growing 7% year-on-year.



As for customer funds, the group's total deposits and mutual funds were 755,592 million, representing growth of 7% without the exchange rate effect, 4% in euros. In the first nine months of the year, customers increased their funds with the group by EUR 24,700 million. Deposits, excluding securities repurchase agreements, reached EUR 633,226 million and investment funds EUR 122,365 million, with increases over last year of 6% and 12% without the exchange rate effect, respectively. All markets gained customer funds.

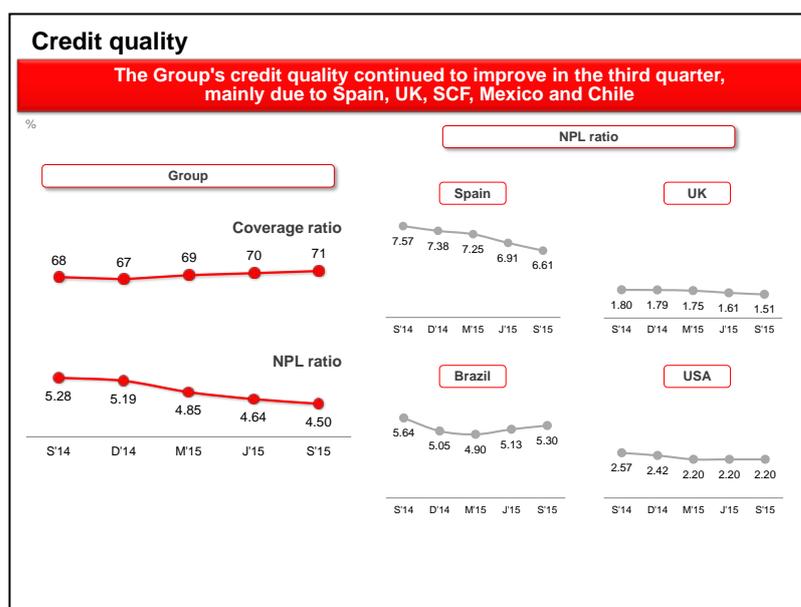
In Spain, total customer funds (deposits plus mutual funds) amounted to 222,193 million at the end of September this year, with an increase of 2% for the last twelve months. The 1|2|3 account strategy and the decrease in remuneration on savings produced a shift in funds from term deposits to time deposits and investment funds. Term deposits dropped 20% compared to an increase of 15% for current accounts and 6% for investment funds. This strategy permitted a reduction in the cost of deposits by 0.41 points in one year.

The 1|2|3 account attracted 500,000 customers by the end of the third quarter, of which 140,000 had transferred their payroll deposit to Banco Santander from other banks, an increase of one thousand payroll deposit transfers per day. These customers are loyal to the bank: aside from using their accounts for direct deposits as well as direct debits, they are

increasing the use of other products such as credit and debit cards. 250,000 new cards have been issued for these clients.

In U.K., the volume of deposits plus mutual funds reached EUR 226,596 million and grew 5% in pounds and 11% in euros. The 1|2|3 strategy has attracted 4.6 million customers, 1.3 million in the last twelve months. The balance for these customers was GBP 50,700 million and for 95% of them, Santander is their primary bank. Total customer funds grew 5%, with an increase of 34% for individual customer's current accounts and 27% for businesses.

In Brazil, total deposits and mutual funds reached 72,596 million, with growth of 15% without the exchange rate effect, which becomes a decrease of 21% when converted to euros. Total deposits grew 9% and funds, 20%. Santander Brasil is in the midst of a commercial transformation and re-launch that will result in an improved client experience. Simplifying processes when opening current accounts and the digitalisation of processes are a part of this.



As for the rest of the group's main countries, European countries are registering single digit growth and the Americas, double digit. The United States grew 8% in credit year-on-year and 11% in customer funds; Mexico, 21% in credit and 12% in funds; Chile, 14% and 13% respectively; Portugal decreased 1% in credit and improved 1% in funds; Poland, increased credit 9% and funds 1%; and Argentina increased its loan portfolio 50% and client funds 44% (variations that are affected by strong inflation). Lastly, Santander Consumer Finance, which essentially groups the consumer finance business in continental Europe, grew deposits 4% and credit to customers 20%, which was boosted by the agreement with French group PSA and the purchase of GE in Nordic countries.



Spain and the U.K. continued to improve quarter over quarter in entries of non-performing loans, with accumulated decreases for the year of nearly one point and of three decimals, respectively. In Brazil, non-performing loans rose for the second consecutive quarter, but are still 0.34 points below last year. The group's non-performing loan ratio at the close of September was 4.5%, 0.78 points lower than one year ago. At the close of the third quarter, the group had NPL risk of EUR 37,856 million, almost 4,000 million less than one year ago, for which it has provisioned 26,918 million. This means that 71% of non-performing loans are provisioned, three points over last year.

### Capital

With regards to capital ratios, at the beginning of the year the bank carried out a rights issue for EUR 7,500 million via an accelerated bookbuilding offer to institutional investors. At the close of the third quarter, Banco Santander's total equity stood at 88,320 million and capital ratios improved during the quarter. The total fully loaded capital ratio rose 0.38 points, to 12.75% and fully loaded core capital increased 0.02 points, to 9.85%.

Along with the rights issue, the bank's board of directors announced its new dividend policy against fiscal year 2015, which consists of the payment of four dividends for EUR 0.05 per share, of which three will be paid in cash (August 2015, February and May, 2016) and one in shares or cash (October - November, 2015), per the shareholders choice.

Banco Santander has a market capitalization of more than EUR 75,000 million, making it the first bank in the euro zone. Santander has 3,209,138 shareholders and 191,504 employees serving over 117 million customers through 12,901 branches.

Más información en: [www.santander.com](http://www.santander.com)

## KEY CONSOLIDATED DATA

Balance sheet (€ million)	Sep'15	Jun'15	%	Sep'15	Sep'14	%	Dec'14
Total assets	1,320,427	1,339,376	(1.4)	1,320,427	1,241,104	6.4	1,266,296
Net customer loans	777,020	799,233	(2.8)	777,020	721,988	7.6	734,711
Customer deposits	669,236	687,900	(2.7)	669,236	646,331	3.5	647,628
Managed and marketed customer funds	1,045,513	1,082,948	(3.5)	1,045,513	1,020,433	2.5	1,023,437
Stockholders' equity	88,320	91,497	(3.5)	88,320	77,325	14.2	80,806
Total managed and marketed funds	1,479,841	1,514,136	(2.3)	1,479,841	1,402,277	5.5	1,428,083

Ordinary income statement* (€ million)	3Q'15	2Q'15	%	9M'15	9M'14	%	2014
Net interest income	7,983	8,281	(3.6)	24,302	21,834	11.3	29,548
Gross income	11,316	11,618	(2.6)	34,378	31,572	8.9	42,612
Pre-provision profit (net operating income)	5,974	6,189	(3.5)	18,229	16,750	8.8	22,574
Profit before taxes	2,778	2,998	(7.3)	8,766	7,140	22.8	9,720
Attributable profit to the Group	1,680	1,709	(1.7)	5,106	4,361	17.1	5,816

Variations w/o exchange rate: Quarterly: Net interest income: +1.4%; Gross income: +2.3%; Pre-provision profit: +2.0%; Attributable profit: +3.8%  
Year-on-year: Net interest income: +8.5%; Gross income: +6.5%; Pre-provision profit: +6.4%; Attributable profit: +11.8%

Ordinary EPS, profitability and efficiency* (%)	3Q'15	2Q'15	%	9M'15	9M'14	%	2014
EPS <sup>(1)</sup> (euro)	0.113	0.115	(2.1)	0.349	0.367	(4.9)	0.479
RoE <sup>(2)</sup>	7.4	7.4		7.5	7.2		7.0
RoTE <sup>(2)</sup>	11.3	11.4		11.4	11.3		11.0
RoA	0.6	0.6		0.6	0.6		0.6
RoRWA	1.3	1.3		1.3	1.3		1.3
Efficiency ratio (with amortisations)	47.2	46.7		47.0	46.9		47.0

Solvency and NPL ratios (%)	Sep'15	Jun'15	%	Sep'15	Sep'14	%	Dec'14
CET1 fully-loaded <sup>(2)</sup>	9.85	9.83		9.85			9.65
CET1 phase-in <sup>(2)</sup>	12.39	12.38		12.39	11.44		12.23
NPL ratio	4.50	4.64		4.50	5.28		5.19
Coverage ratio	71.1	70.1		71.1	67.5		67.2

Market capitalisation and shares	Sep'15	Jun'15	%	Sep'15	Sep'14	%	Dec'14
Shares (million)	14,317	14,317	—	14,317	11,988	19.4	12,584
Share price (euros)	4.744	6.264	(24.3)	4.744	7.611	(37.7)	6.996
Market capitalisation (EUR million)	67,918	89,679	(24.3)	67,918	91,241	(25.6)	88,041
Book value (euro)	6.19	6.40		6.19	6.45		6.42
Price / Book value (X)	0.77	0.98		0.77	1.18		1.09
P/E ratio (X)	10.19	13.27		10.19	15.55		14.59

Other data	Sep'15	Jun'15	%	Sep'15	Sep'14	%	Dec'14
Number of shareholders	3,209,138	3,203,349	0.2	3,209,138	3,229,672	(0.6)	3,240,395
Number of employees	191,504	190,262	0.7	191,504	183,534	4.3	185,405
Number of branches	12,901	12,910	(0.1)	12,901	13,059	(1.2)	12,951

(\*) -In 2Q'15 and 9M'15 not including attributable profit of EUR 835 million due to the net result of the reversal of tax liabilities in Brazil

(1) -Ordinary EPS: Ordinary attributable profit including the AT1 cost recorded in shareholders' equity / average number of shares for the period excluding treasury shares

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

Note: The financial information in this report was approved by the Board of Directors at its meeting on October, 28 2015, following a favourable report from the Audit Committee on October, 21 2015.

## Net operating income

€ million	3Q'15	o/ 2Q'15		9M'15	o/ 9M'14	
		%	% w/o FX		%	% w/o FX
<b>Continental Europe</b>	<b>1,564</b>	<b>1.6</b>	<b>2.4</b>	<b>4,843</b>	<b>9.5</b>	<b>9.3</b>
o/w: Spain	708	6.2	6.2	2,268	(1.9)	(1.9)
Santander Consumer Finance	575	4.8	4.8	1,662	28.7	28.7
Poland	162	(11.2)	(8.8)	534	(8.2)	(8.6)
Portugal	102	(8.8)	(8.8)	328	0.9	0.9
<b>United Kingdom</b>	<b>761</b>	<b>(2.8)</b>	<b>(3.5)</b>	<b>2,271</b>	<b>16.2</b>	<b>4.1</b>
<b>Latin America</b>	<b>2,667</b>	<b>(8.8)</b>	<b>2.3</b>	<b>8,392</b>	<b>4.3</b>	<b>10.4</b>
o/w: Brazil	1,600	(12.6)	0.7	5,251	(0.8)	11.6
Mexico	467	(6.6)	0.6	1,431	11.5	8.7
Chile	364	(1.7)	7.5	1,049	10.6	3.5
<b>USA</b>	<b>1,180</b>	<b>(7.1)</b>	<b>(6.6)</b>	<b>3,622</b>	<b>31.7</b>	<b>8.2</b>
<b>Operating areas</b>	<b>6,172</b>	<b>(5.3)</b>	<b>(0.1)</b>	<b>19,127</b>	<b>11.4</b>	<b>9.0</b>
Corporate Activities	(199)	(39.4)	(39.4)	(898)	109.9	109.9
<b>Total Group</b>	<b>5,974</b>	<b>(3.5)</b>	<b>2.0</b>	<b>18,229</b>	<b>8.8</b>	<b>6.4</b>

## Ordinary attributable profit to the Group

€ million	3Q'15	o/ 2Q'15		9M'15	o/ 9M'14	
		%	% w/o FX		%	% w/o FX
<b>Continental Europe</b>	<b>625</b>	<b>11.6</b>	<b>12.7</b>	<b>1,825</b>	<b>74.9</b>	<b>73.9</b>
o/w: Spain	311	33.9	33.9	883	64.2	64.2
Santander Consumer Finance	242	0.3	0.3	702	27.6	27.6
Poland	73	(10.7)	(8.2)	243	(7.0)	(7.4)
Portugal	77	55.1	55.1	181	60.5	60.5
<b>United Kingdom</b>	<b>480</b>	<b>(12.0)</b>	<b>(12.8)</b>	<b>1,496</b>	<b>27.9</b>	<b>14.5</b>
<b>Latin America</b>	<b>783</b>	<b>(10.6)</b>	<b>(0.4)</b>	<b>2,500</b>	<b>18.3</b>	<b>22.0</b>
o/w: Brazil	385	(14.8)	(1.4)	1,315	22.1	37.4
Mexico	143	(10.6)	(3.3)	456	5.0	2.4
Chile	125	(15.2)	(7.1)	378	11.5	4.4
<b>USA</b>	<b>186</b>	<b>(14.3)</b>	<b>(13.7)</b>	<b>660</b>	<b>10.6</b>	<b>(9.1)</b>
<b>Operating areas</b>	<b>2,074</b>	<b>(5.7)</b>	<b>(1.4)</b>	<b>6,481</b>	<b>31.6</b>	<b>26.3</b>
Corporate Activities	(394)	(19.5)	(19.5)	(1,375)	144.3	144.3
<b>Total Group</b>	<b>1,680</b>	<b>(1.7)</b>	<b>3.8</b>	<b>5,106</b>	<b>17.1</b>	<b>11.8</b>

(\*) In 2Q'15 and 9M'15 not including attributable profit of EUR 835 million due to the net result of the reversal of tax liabilities in Brazil

## Customer loans w/o repos

€ million	3Q'15	o/ 2Q'15		9M'15	o/ 9M'14	
		%	% w/o FX		%	% w/o FX
<b>Continental Europe</b>	<b>290,151</b>	<b>(1.0)</b>	<b>(0.6)</b>	<b>290,151</b>	<b>3.9</b>	<b>4.3</b>
o/w: Spain	158,181	(2.0)	(2.0)	158,181	(1.3)	(1.3)
Santander Consumer Finance	73,329	0.8	0.8	73,329	19.9	19.9
Poland	19,374	0.8	2.0	19,374	6.8	8.6
Portugal	24,292	(0.0)	(0.0)	24,292	(0.8)	(0.8)
<b>United Kingdom</b>	<b>277,033</b>	<b>(2.4)</b>	<b>1.4</b>	<b>277,033</b>	<b>10.7</b>	<b>5.2</b>
<b>Latin America</b>	<b>134,723</b>	<b>(10.7)</b>	<b>5.4</b>	<b>134,723</b>	<b>(5.0)</b>	<b>18.4</b>
o/w: Brazil	61,628	(18.8)	4.8	61,628	(20.2)	16.0
Mexico	28,757	(1.9)	6.2	28,757	8.6	21.3
Chile	32,800	(5.5)	3.7	32,800	9.5	13.7
<b>USA</b>	<b>84,853</b>	<b>1.3</b>	<b>1.4</b>	<b>84,853</b>	<b>21.1</b>	<b>7.8</b>
<b>Operating areas</b>	<b>786,760</b>	<b>(3.0)</b>	<b>1.3</b>	<b>786,760</b>	<b>6.1</b>	<b>7.2</b>
<b>Total Group</b>	<b>790,570</b>	<b>(3.2)</b>	<b>1.1</b>	<b>790,570</b>	<b>6.0</b>	<b>7.1</b>

## Funds (deposits w/o repos + mutual funds)

€ million	3Q'15	o/ 2Q'15		9M'15	o/ 9M'14	
		%	% w/o FX		%	% w/o FX
<b>Continental Europe</b>	<b>308,581</b>	<b>(1.2)</b>	<b>(1.0)</b>	<b>308,581</b>	<b>2.4</b>	<b>2.6</b>
o/w: Spain	222,193	(2.2)	(2.2)	222,193	1.8	1.8
Santander Consumer Finance	31,790	(0.1)	(0.1)	31,790	4.0	4.0
Poland	23,812	(0.4)	0.8	23,812	(0.1)	1.5
Portugal	25,580	0.9	0.9	25,580	0.8	0.8
<b>United Kingdom</b>	<b>226,596</b>	<b>(2.7)</b>	<b>1.0</b>	<b>226,596</b>	<b>11.0</b>	<b>5.5</b>
<b>Latin America</b>	<b>152,515</b>	<b>(11.3)</b>	<b>4.8</b>	<b>152,515</b>	<b>(8.0)</b>	<b>15.4</b>
o/w: Brazil	72,596	(18.8)	4.9	72,596	(21.2)	14.5
Mexico	36,520	(4.3)	3.6	36,520	0.4	12.1
Chile	28,614	(4.1)	5.3	28,614	9.2	13.4
<b>USA</b>	<b>65,905</b>	<b>0.7</b>	<b>0.8</b>	<b>65,905</b>	<b>25.1</b>	<b>11.4</b>
<b>Operating areas</b>	<b>753,597</b>	<b>(3.7)</b>	<b>0.9</b>	<b>753,597</b>	<b>4.1</b>	<b>6.6</b>
<b>Total Group</b>	<b>755,592</b>	<b>(3.7)</b>	<b>0.9</b>	<b>755,592</b>	<b>4.2</b>	<b>6.7</b>