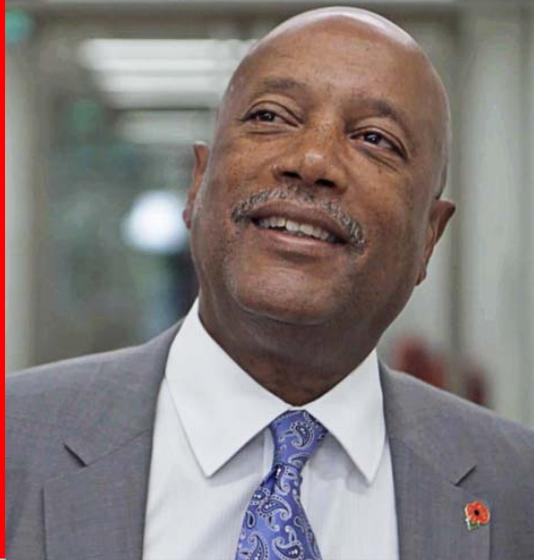




FINANCIAL REPORT
January - December 2017

We want to
help people and
businesses prosper



SANTANDER AIM

Simple | Personal | Fair

Helping people and businesses prosper



Note: Data excluding Banco Popular, except for TSR and dividends
 (*) 2016 data

KEY CONSOLIDATED DATA

(including Banco Popular)

Balance sheet (€ million)	Dec'17	Sep'17	%	Dec'17	Dec'16	%	Dec'15
Total assets	1,444,305	1,468,030	(1.6)	1,444,305	1,339,125	7.9	1,340,260
Net customer loans	848,914	854,686	(0.7)	848,914	790,470	7.4	790,848
Customer deposits	777,730	778,852	(0.1)	777,730	691,111	12.5	683,142
Total customer funds	985,703	988,386	(0.3)	985,703	873,618	12.8	849,403
Total equity	106,832	108,723	(1.7)	106,832	102,699	4.0	98,753

Note: Total customer funds included customer deposits, mutual funds, pension funds, managed portfolios and insurance premiums

Income statement (€ million)	4Q'17	3Q'17	%	2017	2016	%	2015
Net interest income	8,607	8,681	(0.9)	34,296	31,089	10.3	32,189
Gross income	12,062	12,252	(1.5)	48,392	43,853	10.3	45,272
Net operating income	6,101	6,486	(5.9)	25,473	22,766	11.9	23,702
Underlying profit before taxes*	3,375	3,591	(6.0)	13,550	11,288	20.0	10,939
Underlying attributable profit to the Group*	1,924	1,976	(2.7)	7,516	6,621	13.5	6,566
Attributable profit to the Group	1,542	1,461	5.5	6,619	6,204	6.7	5,966

Variations w/o exchange rate: 4Q'17/ 3Q'17: NII: +0.3%; Gross income: -0.4%; Net operating income: -4.5%; Underlying attributable profit: -1.4%; Attributable profit: +6.9%
2017/2016: NII: +10.2%; Gross income: +10.2%; Net operating income: +11.4%; Underlying attributable profit: +14.3%; Attributable profit: +7.4%

EPS, profitability and efficiency (%)	4Q'17	3Q'17	%	2017	2016	%	2015
Underlying EPS (euros) *	0.113	0.118	(4.5)	0.463	0.429	7.8	0.438
EPS (euros)	0.088	0.084	5.1	0.404	0.401	0.9	0.397
RoE	7.81	7.87		7.14	6.99		6.57
Underlying RoTE*	11.79	12.10		11.82	11.08		10.99
RoTE	11.21	11.31		10.41	10.38		9.99
RoA	0.61	0.61		0.58	0.56		0.54
Underlying RoRWA*	1.48	1.50		1.48	1.36		1.30
RoRWA	1.44	1.42		1.35	1.29		1.20
Efficiency ratio (with amortisations)	49.4	47.1		47.4	48.1		47.6

Solvency and NPL ratio (%)	Dec'17	Sep'17	Dec'17	Dec'16	Dec'15
CET1 fully-loaded	10.84	10.80	10.84	10.55	10.05
CET1 phased-in	12.26	12.18	12.26	12.53	12.55
NPL ratio	4.08	4.24	4.08	3.93	4.36
Coverage ratio	65.2	65.8	65.2	73.8	73.1

Market capitalisation and shares	Dec'17	Sep'17	%	Dec'17	Dec'16	%	Dec'15
Shares (millions)	16,136	16,041	0.6	16,136	14,582	10.7	14,434
Share price (euros) **	5.479	5.907	(7.2)	5.479	4.877	12.3	4.483
Market capitalisation (€ million)	88,410	94,752	(6.7)	88,410	72,314	22.3	65,792
Tangible book value per share (euros) **	4.15	4.20		4.15	4.15		4.00
Price / Tangible book value per share (X) **	1.32	1.41		1.32	1.17		1.12
P/E ratio (X) **	13.56	12.77		13.56	12.18		11.30

Other data	Dec'17	Sep'17	%	Dec'17	Dec'16	%	Dec'15
Number of shareholders	4,029,630	4,070,187	(1.0)	4,029,630	3,928,950	2.6	3,573,277
Number of employees	202,251	200,949	0.6	202,251	188,492	7.3	193,863
Number of branches	13,697	13,704	(0.1)	13,697	12,235	11.9	13,030

(*) Excluding net capital gains and provisions.

(**) Data adjusted to capital increase of July 2017.

Note: The financial information in this report was approved by the Board of Directors, following a favourable report from the Audit Committee

In accordance with the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015, we have included a glossary at the end of this document, called "Alternative Performance Measures", with the definitions and the conciliation with the items presented in the income statement of certain alternative performance measures used in this document.

Grupo Santander income statement (including Banco Popular)

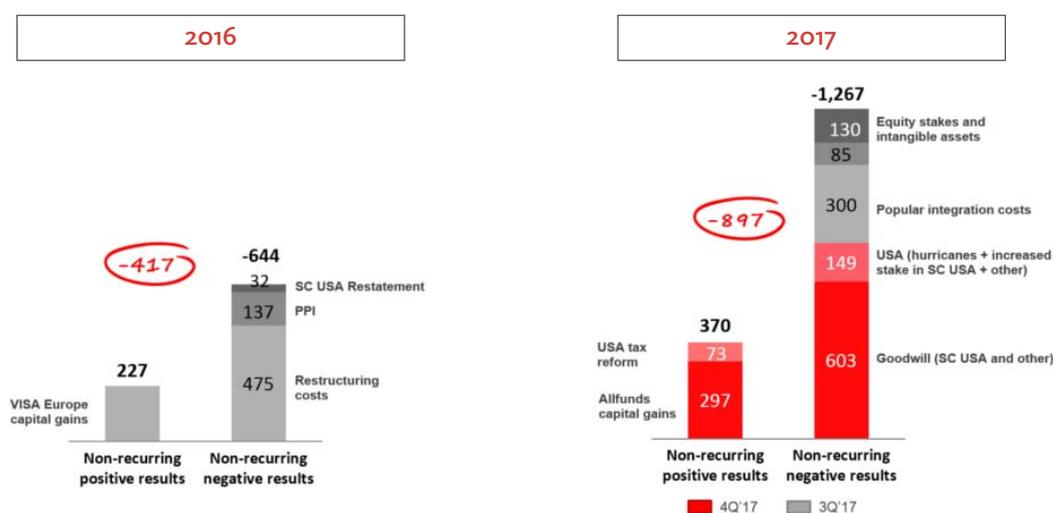
€ million

	4Q'17	3Q'17	Change		2017	2016	Change	
			%	% w/o FX			%	% w/o FX
Net interest income	8,607	8,681	(0.9)	0.3	34,296	31,089	10.3	10.2
Net fee income	2,949	2,888	2.1	3.2	11,597	10,180	13.9	13.4
Gains (losses) on financial transactions	421	422	(0.3)	0.5	1,703	1,723	(1.1)	0.4
Other operating income	85	260	(67.4)	(65.9)	796	862	(7.6)	(6.5)
Dividends	75	31	144.6	139.7	384	413	(7.1)	(7.9)
Income from equity-accounted method	223	188	19.0	19.9	704	444	58.5	57.3
Other operating income/expenses	(213)	42	—	—	(291)	5	—	—
Gross income	12,062	12,252	(1.5)	(0.4)	48,392	43,853	10.3	10.2
Operating expenses	(5,961)	(5,766)	3.4	4.2	(22,918)	(21,088)	8.7	9.0
General administrative expenses	(5,267)	(5,161)	2.1	2.9	(20,325)	(18,723)	8.6	8.8
Personnel	(3,116)	(3,000)	3.9	4.6	(11,972)	(10,997)	8.9	9.0
Other general administrative expenses	(2,151)	(2,161)	(0.5)	0.5	(8,353)	(7,727)	8.1	8.6
Depreciation and amortisation	(694)	(605)	14.7	15.2	(2,593)	(2,364)	9.7	9.9
Net operating income	6,101	6,486	(5.9)	(4.5)	25,473	22,766	11.9	11.4
Net loan-loss provisions	(2,181)	(2,250)	(3.1)	(1.4)	(9,111)	(9,518)	(4.3)	(5.6)
Impairment losses on other assets	(230)	(54)	325.9	320.0	(414)	(247)	67.7	68.9
Other income	(315)	(591)	(46.7)	(44.5)	(2,398)	(1,712)	40.0	38.2
Underlying profit before taxes	3,375	3,591	(6.0)	(4.7)	13,550	11,288	20.0	20.7
Tax on profit	(1,090)	(1,243)	(12.3)	(10.9)	(4,587)	(3,396)	35.1	36.0
Underlying profit from continuing operations	2,285	2,347	(2.6)	(1.4)	8,963	7,892	13.6	14.1
Net profit from discontinued operations	—	—	—	—	—	0	(100.0)	(100.0)
Underlying consolidated profit	2,285	2,347	(2.6)	(1.4)	8,963	7,893	13.6	14.1
Minority interests	362	371	(2.5)	(1.3)	1,447	1,272	13.8	13.1
Underlying attributable profit to the Group	1,924	1,976	(2.7)	(1.4)	7,516	6,621	13.5	14.3
Net capital gains and provisions	(382)	(515)	(25.7)	(25.7)	(897)	(417)	115.2	117.0
Attributable profit to the Group	1,542	1,461	5.5	6.9	6,619	6,204	6.7	7.4
Underlying EPS (euros) *	0.113	0.118	(4.5)		0.463	0.429	7.8	
Underlying diluted EPS (euros) *	0.111	0.119	(6.3)		0.461	0.428	7.8	
EPS (euros) *	0.088	0.084	5.1		0.404	0.401	0.9	
Diluted EPS (euros) *	0.087	0.085	2.7		0.403	0.399	0.9	
Pro memoria:								
Average total assets	1,460,976	1,458,196	0.2		1,407,681	1,337,661	5.2	
Average stockholders' equity	93,628	93,855	(0.2)		92,638	88,744	4.4	

(*) Data adjusted to capital increase of July 2017.

Net capital gains and provisions

€ million net of tax



Quarterly income statement (including Popular)

€ million	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net interest income	7,624	7,570	7,798	8,096	8,402	8,606	8,681	8,607
Net fee income	2,397	2,549	2,597	2,637	2,844	2,916	2,888	2,949
Gains (losses) on financial transactions	504	366	440	412	573	286	422	421
Other operating income	204	270	245	142	211	240	260	85
Dividends	44	209	37	124	41	238	31	75
Income from equity-accounted method	83	112	119	130	133	160	188	223
Other operating income/expenses	78	(51)	90	(112)	37	(157)	42	(213)
Gross income	10,730	10,755	11,080	11,288	12,029	12,049	12,252	12,062
Operating expenses	(5,158)	(5,227)	(5,250)	(5,453)	(5,543)	(5,648)	(5,766)	(5,961)
General administrative expenses	(4,572)	(4,632)	(4,692)	(4,828)	(4,915)	(4,983)	(5,161)	(5,267)
<i>Personnel</i>	(2,683)	(2,712)	(2,726)	(2,876)	(2,912)	(2,943)	(3,000)	(3,116)
<i>Other general administrative expenses</i>	(1,889)	(1,920)	(1,966)	(1,952)	(2,002)	(2,039)	(2,161)	(2,151)
Depreciation and amortisation	(586)	(595)	(558)	(626)	(629)	(665)	(605)	(694)
Net operating income	5,572	5,528	5,831	5,835	6,486	6,401	6,486	6,101
Net loan-loss provisions	(2,408)	(2,205)	(2,499)	(2,406)	(2,400)	(2,280)	(2,250)	(2,181)
Impairment losses on other assets	(44)	(29)	(16)	(159)	(68)	(63)	(54)	(230)
Other income	(389)	(515)	(376)	(432)	(707)	(785)	(591)	(315)
Underlying profit before taxes	2,732	2,779	2,940	2,838	3,311	3,273	3,591	3,375
Tax on profit	(810)	(915)	(904)	(767)	(1,125)	(1,129)	(1,243)	(1,090)
Underlying profit from continuing operations	1,922	1,864	2,036	2,071	2,186	2,144	2,347	2,285
Net profit from discontinued operations	—	0	(0)	0	—	—	—	—
Underlying consolidated profit	1,922	1,864	2,036	2,072	2,186	2,144	2,347	2,285
Minority interests	288	338	341	305	319	395	371	362
Underlying attributable profit to the Group	1,633	1,526	1,695	1,766	1,867	1,749	1,976	1,924
Net capital gains and provisions*	—	(248)	—	(169)	—	—	(515)	(382)
Attributable profit to the Group	1,633	1,278	1,695	1,598	1,867	1,749	1,461	1,542
Underlying EPS (euros) **	0.106	0.099	0.110	0.114	0.120	0.112	0.118	0.113
Underlying diluted EPS (euros) **	0.106	0.098	0.110	0.114	0.120	0.111	0.119	0.111
EPS (euros) **	0.106	0.082	0.110	0.103	0.120	0.112	0.084	0.088
Diluted EPS (euros) **	0.106	0.081	0.110	0.103	0.120	0.111	0.085	0.087

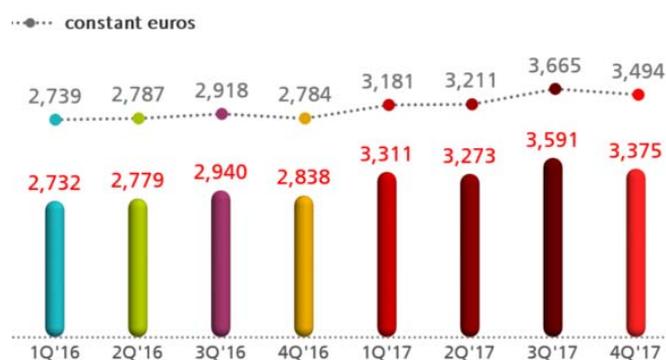
(*) Including :

- In 2Q'16, capital gains from the disposal of the stake in VISA Europe (€227 million) and restructuring costs (-€475 million).
- In 4Q'16 PPI UK (-€137 million) and restatement Santander Consumer USA (-€32 million).
- In 3Q'17, integration costs (Popular: -€300 million and Germany -€85 million) and charge for equity stakes and intangible assets (-€130 million).
- In 4Q'17, capital gains from the disposal of the stake in Allfunds Bank (€297 million), USA fiscal reform (€73 million), goodwill charges (-€603 million) and in the US provisions for hurricanes, increased stake in Santander Consumer USA and other (-€149 million).

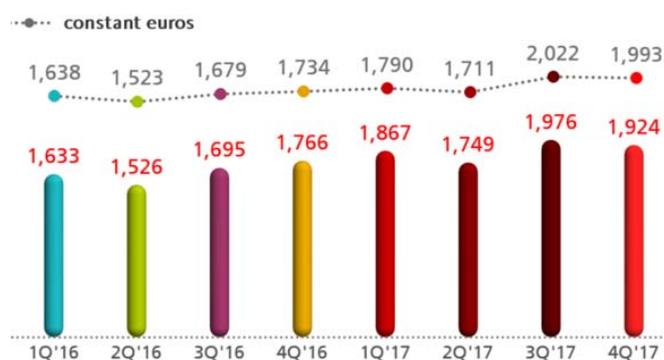
(**) Data adjusted to capital increase of July 2017.

Underlying profit before taxes (including Popular)

€ million


Underlying attributable profit to the Group (including Popular)

€ million



Grupo Santander income statement (excluding Popular)

€ million

	4Q'17	3Q'17	Change		2017	2016	Change	
			%	% w/o FX			%	% w/o FX
Net interest income	8,169	8,225	(0.7)	0.5	33,293	31,089	7.1	7.0
Net fee income	2,820	2,760	2.2	3.3	11,308	10,180	11.1	10.6
Gains (losses) on financial transactions	429	413	4.0	4.6	1,702	1,723	(1.2)	0.4
Other operating income	108	220	(50.9)	(49.6)	779	862	(9.6)	(8.6)
Dividends	71	30	135.3	130.5	378	413	(8.4)	(9.2)
Income from equity-accounted method	182	140	30.3	31.3	609	444	37.2	36.2
Other operating income/expenses	(145)	50	—	—	(209)	5	—	—
Gross income	11,526	11,617	(0.8)	0.4	47,082	43,853	7.4	7.3
Operating expenses	(5,571)	(5,379)	3.6	4.4	(22,045)	(21,088)	4.5	4.8
General administrative expenses	(4,912)	(4,822)	1.9	2.8	(19,544)	(18,723)	4.4	4.7
<i>Personnel</i>	(2,917)	(2,823)	3.3	4.1	(11,551)	(10,997)	5.0	5.2
<i>Other general administrative expenses</i>	(1,994)	(1,999)	(0.2)	0.8	(7,993)	(7,727)	3.4	3.9
Depreciation and amortisation	(660)	(557)	18.5	19.0	(2,501)	(2,364)	5.8	6.0
Net operating income	5,955	6,239	(4.5)	(3.1)	25,038	22,766	10.0	9.5
Net loan-loss provisions	(2,114)	(2,212)	(4.4)	(2.7)	(8,997)	(9,518)	(5.5)	(6.8)
Impairment losses on other assets	(228)	(54)	322.3	316.5	(413)	(247)	67.1	68.3
Other income	(309)	(598)	(48.4)	(46.2)	(2,380)	(1,712)	39.0	37.2
Underlying profit before taxes	3,305	3,375	(2.1)	(0.7)	13,248	11,288	17.4	18.0
Tax on profit	(1,104)	(1,194)	(7.5)	(6.1)	(4,548)	(3,396)	33.9	34.8
Underlying profit from continuing operations	2,200	2,180	0.9	2.2	8,700	7,892	10.2	10.8
Net profit from discontinued operations	—	—	—	—	—	0	(100.0)	(100.0)
Underlying consolidated profit	2,200	2,180	0.9	2.2	8,700	7,893	10.2	10.8
Minority interests	361	371	(2.7)	(1.4)	1,447	1,272	13.8	13.0
Underlying attributable profit to the Group	1,839	1,809	1.7	2.9	7,253	6,621	9.5	10.3
Net capital gains and provisions*	(382)	(215)	77.9	77.9	(597)	(417)	43.3	44.4
Attributable profit to the Group	1,457	1,594	(8.6)	(6.9)	6,656	6,204	7.3	8.0

(*)In 2017:

- in 4Q, capital gains from the disposal of the stake in Allfunds Bank (€297 million), USA fiscal reform (€73 million), goodwill charges (-€603 million) and in the US provisions for hurricanes, increased stake in Santander Consumer USA and other (-€149 million)

- in 3Q, integration costs in Germany (-€85 million) and charges for equity stakes and intangible assets (-€130 million).

In 2016, capital gains from the disposal of the stake in VISA Europe (€227 million), restructuring costs (-€475 million), PPI in the UK (-€137 million) and restatement of Santander Consumer USA (-€32 million).

Quarterly income statement (excluding Popular)

€ million

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net interest income	7,624	7,570	7,798	8,096	8,402	8,497	8,225	8,169
Net fee income	2,397	2,549	2,597	2,637	2,844	2,885	2,760	2,820
Gains (losses) on financial transactions	504	366	440	412	573	287	413	429
Other operating income	204	270	245	142	211	240	220	108
Dividends	44	209	37	124	41	237	30	71
Income from equity-accounted method	83	112	119	130	133	154	140	182
Other operating income/expenses	78	(51)	90	(112)	37	(151)	50	(145)
Gross income	10,730	10,755	11,080	11,288	12,029	11,910	11,617	11,526
Operating expenses	(5,158)	(5,227)	(5,250)	(5,453)	(5,543)	(5,552)	(5,379)	(5,571)
General administrative expenses	(4,572)	(4,632)	(4,692)	(4,828)	(4,915)	(4,896)	(4,822)	(4,912)
Personnel	(2,683)	(2,712)	(2,726)	(2,876)	(2,912)	(2,899)	(2,823)	(2,917)
Other general administrative expenses	(1,889)	(1,920)	(1,966)	(1,952)	(2,002)	(1,997)	(1,999)	(1,994)
Depreciation and amortisation	(586)	(595)	(558)	(626)	(629)	(656)	(557)	(660)
Net operating income	5,572	5,528	5,831	5,835	6,486	6,358	6,239	5,955
Net loan-loss provisions	(2,408)	(2,205)	(2,499)	(2,406)	(2,400)	(2,272)	(2,212)	(2,114)
Impairment losses on other assets	(44)	(29)	(16)	(159)	(68)	(63)	(54)	(228)
Other income	(389)	(515)	(376)	(432)	(707)	(765)	(598)	(309)
Underlying profit before taxes	2,732	2,779	2,940	2,838	3,311	3,258	3,375	3,305
Tax on profit	(810)	(915)	(904)	(767)	(1,125)	(1,125)	(1,194)	(1,104)
Underlying profit from continuing operations	1,922	1,864	2,036	2,071	2,186	2,133	2,180	2,200
Net profit from discontinued operations	—	0	(0)	0	—	—	—	—
Underlying consolidated profit	1,922	1,864	2,036	2,072	2,186	2,133	2,180	2,200
Minority interests	288	338	341	305	319	395	371	361
Underlying attributable profit to the Group	1,633	1,526	1,695	1,766	1,867	1,738	1,809	1,839
Net capital gains and provisions*	—	(248)	—	(169)	—	—	(215)	(382)
Attributable profit to the Group	1,633	1,278	1,695	1,598	1,867	1,738	1,594	1,457

(*) Including :

- In 2Q'16, capital gains from the disposal of the stake in VISA Europe (€227 million) and restructuring costs (-€475 million).
- In 4Q'16 PPI UK (-€137 million) and restatement Santander Consumer USA (-€32 million).
- In 3Q'17, integration costs in Germany (-€85 million) and charge for equity stakes and intangible assets (-€130 million).
- In 4Q'17, capital gains from the disposal of the stake in Allfunds Bank (€297 million), USA fiscal reform (€73 million), goodwill charges (-€603 million) and in the US provisions for hurricanes, increased stake in Santander Consumer USA and other (-€149 million).

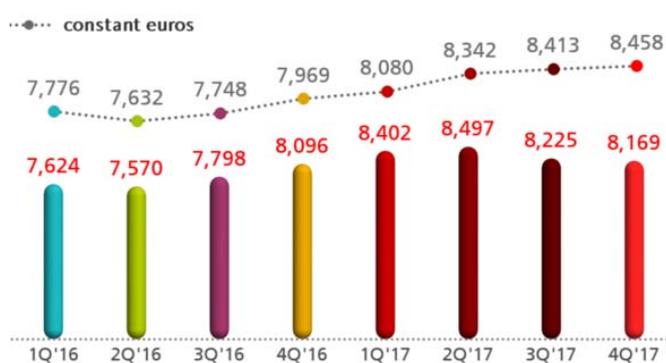
Net fee income. Consolidated

€ million

	4Q'17	3Q'17	Chg. %	2017	2016	Chg. %
Fees from services	1,791	1,756	2.0	7,142	6,261	14.1
Mutual & pension funds	193	183	5.3	762	757	0.6
Securities and custody	259	262	(0.9)	1,079	913	18.2
Insurance	577	560	3.1	2,325	2,249	3.4
Group net fee income (Ex-Popular)	2,820	2,760	2.2	11,308	10,180	11.1
Popular	129	128		288		
Group net fee income	2,949	2,888	2.1	11,597	10,180	13.9

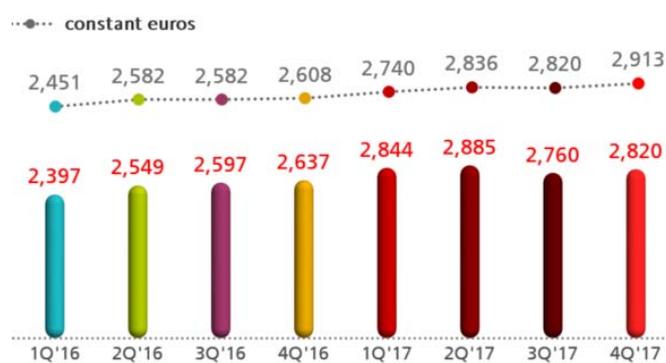
Net interest income (Excluding Popular)

€ million



Fee income (Excluding Popular)

€ million



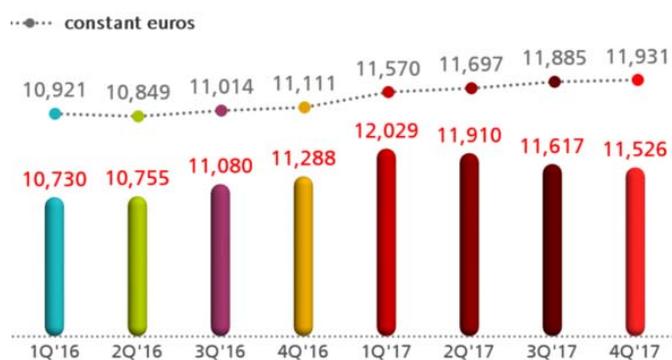
Operating expenses. Consolidated

€ million

	4Q'17	3Q'17	Chg. %	2017	2016	Chg. %
Personnel expenses	2,917	2,823	3.3	11,551	10,997	5.0
General expenses	1,994	1,999	(0.2)	7,993	7,727	3.4
Information technology	340	263	29.2	1,219	1,094	11.4
Communications	120	141	(15.0)	513	499	2.8
Advertising	204	187	9.2	740	691	7.2
Buildings and premises	419	442	(5.3)	1,743	1,708	2.0
Printed and office material	33	31	4.5	131	146	(10.2)
Taxes (other than profit tax)	139	117	18.3	507	484	4.7
Other expenses	740	817	(9.3)	3,140	3,105	1.1
Personnel and general expenses	4,912	4,822	1.9	19,544	18,723	4.4
Depreciation and amortisation	660	557	18.5	2,501	2,364	5.8
Group operating expenses (Ex-Popular)	5,571	5,379	3.6	22,045	21,088	4.5
Popular	390	388		873		
Group operating expenses	5,961	5,766	3.4	22,918	21,088	8.7

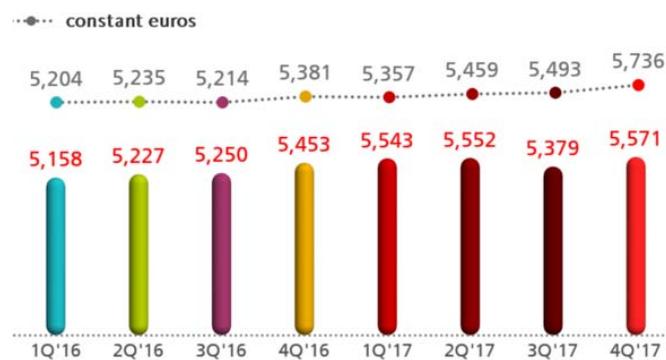
Gross income (Excluding Popular)

€ million



Operating expenses (Excluding Popular)

€ million



Operating means. Consolidated

	Employees			Branches		
	31.12.17	31.12.16	Chg.	31.12.17	31.12.16	Chg.
Continental Europe	56,640	57,259	(619)	4,538	4,805	(267)
o/w: Spain	22,916	23,017	(101)	2,843	2,911	(68)
Santander Consumer Finance	15,131	14,928	203	546	567	(21)
Poland	11,572	12,001	(429)	576	658	(82)
Portugal	5,895	6,306	(411)	563	657	(94)
United Kingdom	25,971	25,688	283	808	844	(36)
Latin America	88,713	86,312	2,401	5,891	5,818	73
o/w: Brazil	47,135	46,728	407	3,465	3,431	34
Mexico	18,557	17,608	949	1,401	1,389	12
Chile	11,675	11,999	(324)	439	435	4
United States	17,560	17,509	51	683	768	(85)
Operating areas	188,884	186,768	2,116	11,920	12,235	(315)
Corporate Centre	1,784	1,724	60			
Total Group (Ex-Popular)	190,668	188,492	2,176	11,920	12,235	(315)
Popular	11,583			1,777		
Total Group	202,251	188,492	13,759	13,697	12,235	1,462

Net loan-loss provisions. Consolidated

€ million

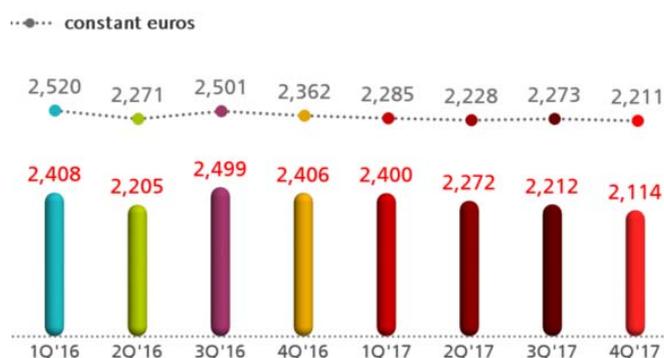
	4Q'17	3Q'17	Chg. %	2017	2016	Chg. %
Non performing loans	2,473	2,463	0.4	10,612	11,097	(4.4)
Country-risk	(0)	2	—	5	3	69.0
Recovery of written-off assets	(359)	(254)	41.5	(1,621)	(1,582)	2.5
Group net loan-loss provisions (Ex-Popular)	2,114	2,212	(4.4)	8,997	9,518	(5.5)
Popular	68	38		114		
Group net loan-loss provisions	2,181	2,250	(3.1)	9,111	9,518	(4.3)

Exchange rates: 1 euro / currency parity

	Average (income statement)		Period-end (balance sheet)		
	2017	2016	31.12.17	30.09.17	31.12.16
US dollar	1.127	1.106	1.199	1.181	1.054
Pound sterling	0.876	0.817	0.887	0.882	0.856
Brazilian real	3.594	3.831	3.973	3.764	3.431
Mexican peso	21.291	20.637	23.661	21.461	21.772
Chilean peso	731.538	747.500	736.922	754.533	707.612
Argentine peso	18.566	16.316	22.637	20.729	16.705
Polish zloty	4.256	4.362	4.177	4.304	4.410

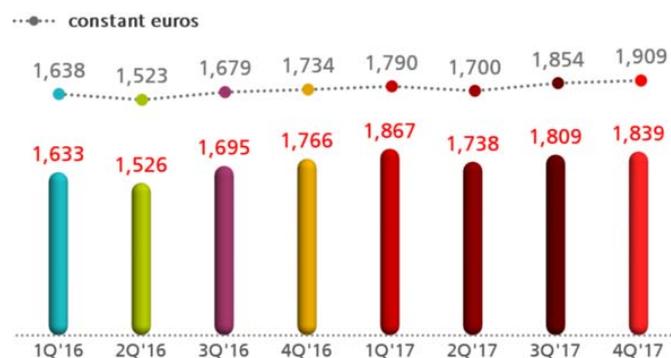
Loan-loss provisions (Excluding Popular)

€ million



Underlying attributable profit to the Group (Excluding Popular)

€ million



Balance sheet (including Banco Popular)

€ million

Assets	31.12.17	31.12.16	Change amount	%	31.12.15
Cash, cash balances at central banks and other demand deposits	110,995	76,454	34,541	45.2	77,751
Financial assets held for trading	125,458	148,187	(22,729)	(15.3)	146,346
Debt securities	36,351	48,922	(12,571)	(25.7)	43,964
Equity instruments	21,353	14,497	6,856	47.3	18,225
Loans and advances to customers	8,815	9,504	(689)	(7.3)	6,081
Loans and advances to central banks and credit institutions	1,696	3,221	(1,525)	(47.3)	1,352
Derivatives	57,243	72,043	(14,800)	(20.5)	76,724
Financial assets designated at fair value	34,781	31,609	3,172	10.0	45,043
Loans and advances to customers	20,475	17,596	2,879	16.4	14,293
Loans and advances to central banks and credit institutions	9,889	10,069	(180)	(1.8)	26,403
Other (debt securities an equity instruments)	4,417	3,944	473	12.0	4,347
Available-for-sale financial assets	133,271	116,774	16,497	14.1	122,036
Debt securities	128,481	111,287	17,194	15.5	117,187
Equity instruments	4,790	5,487	(697)	(12.7)	4,849
Loans and receivables	903,013	840,004	63,009	7.5	836,156
Debt securities	17,543	13,237	4,306	32.5	10,907
Loans and advances to customers	819,625	763,370	56,255	7.4	770,474
Loans and advances to central banks and credit institutions	65,845	63,397	2,448	3.9	54,775
Held-to-maturity investments	13,491	14,468	(977)	(6.8)	4,355
Investments in subsidiaries, joint ventures and associates	6,184	4,836	1,348	27.9	3,251
Tangible assets	22,975	23,286	(311)	(1.3)	25,320
Intangible assets	28,683	29,421	(738)	(2.5)	29,430
o/w: goodwill	25,769	26,724	(955)	(3.6)	26,960
Other assets	65,454	54,086	11,368	21.0	50,572
Total assets	1,444,305	1,339,125	105,180	7.9	1,340,260
Liabilities and shareholders' equity					
Financial liabilities held for trading	107,624	108,765	(1,141)	(1.0)	105,218
Customer deposits	28,179	9,996	18,183	181.9	9,187
Debt securities issued	—	—	—	—	—
Deposits by central banks and credit institutions	574	1,395	(821)	(58.9)	2,255
Derivatives	57,892	74,369	(16,477)	(22.2)	76,414
Other	20,979	23,005	(2,026)	(8.8)	17,362
Financial liabilities designated at fair value	59,617	40,263	19,354	48.1	54,768
Customer deposits	28,945	23,345	5,600	24.0	26,357
Debt securities issued	3,056	2,791	265	9.5	3,373
Deposits by central banks and credit institutions	27,027	14,127	12,900	91.3	25,037
Other	589	—	589	—	1
Financial liabilities measured at amortized cost	1,126,069	1,044,240	81,829	7.8	1,039,343
Customer deposits	720,606	657,770	62,836	9.6	647,598
Debt securities issued	214,910	226,078	(11,168)	(4.9)	222,787
Deposits by central banks and credit institutions	162,714	133,876	28,838	21.5	148,081
Other	27,839	26,516	1,323	5.0	20,877
Liabilities under insurance contracts	1,117	652	465	71.4	627
Provisions	14,490	14,459	31	0.2	14,494
Other liabilities	28,556	28,047	509	1.8	27,057
Total liabilities	1,337,472	1,236,426	101,046	8.2	1,241,507
Shareholders' equity	116,265	105,977	10,288	9.7	102,402
Capital stock	8,068	7,291	777	10.7	7,217
Reserves	103,608	94,149	9,459	10.0	90,765
Attributable profit to the Group	6,619	6,204	415	6.7	5,966
Less: dividends	(2,029)	(1,667)	(362)	21.7	(1,546)
Accumulated other comprehensive income	(21,777)	(15,039)	(6,738)	44.8	(14,362)
Minority interests	12,344	11,761	583	5.0	10,713
Total equity	106,832	102,699	4,133	4.0	98,753
Total liabilities and equity	1,444,305	1,339,125	105,180	7.9	1,340,260

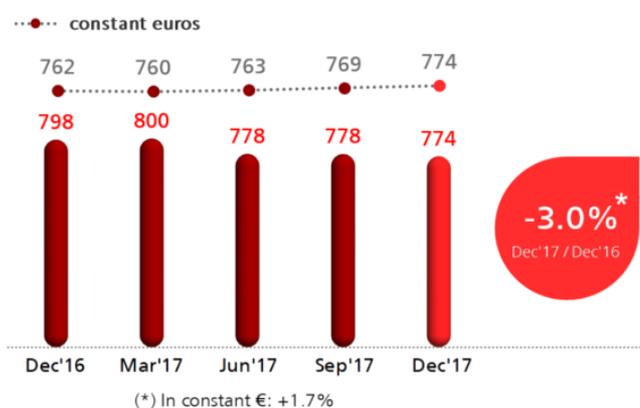
Customer loans. Consolidated

€ million

	31.12.17	31.12.16	Change amount	%	31.12.15
Commercial bills	25,680	23,894	1,786	7.5	18,486
Secured loans	434,384	454,676	(20,291)	(4.5)	481,221
Other term loans	233,762	232,289	1,473	0.6	217,829
Finance leases	26,569	25,357	1,212	4.8	22,900
Receivable on demand	5,081	8,102	(3,020)	(37.3)	8,504
Credit cards receivable	21,792	21,363	428	2.0	20,270
Impaired assets	27,175	32,573	(5,398)	(16.6)	36,133
Gross customer loans (w/o repos)	774,443	798,254	(23,811)	(3.0)	805,341
Repos	18,378	16,609	1,769	10.7	12,024
Gross customer loans	792,821	814,863	(22,041)	(2.7)	817,366
Loan-loss allowances	19,424	24,393	(4,969)	(20.4)	26,517
Group net customer loans (Ex-Popular)	773,398	790,470	(17,072)	(2.2)	790,848
Popular	75,516				
Group net customer loans	848,914	790,470	58,444	7.4	790,848

Gross customer loans (w/o repos) (Excluding Popular)

€ billion


Gross customer loans (w/o repos)

% / operating areas. December 2017



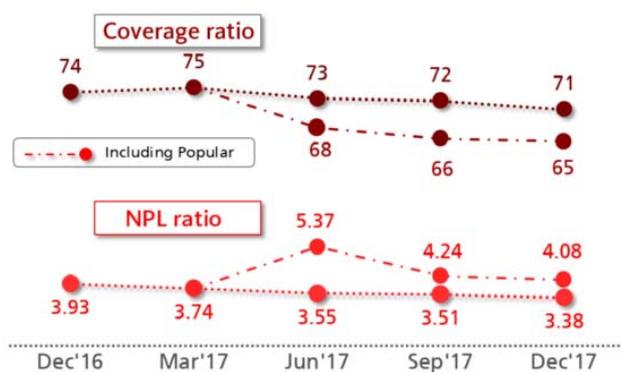
(1) Including Popular (9%)

Non-performing loans by quarter (excluding Popular)

€ million

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Balance at beginning of period	37,094	36,148	36,291	34,646	33,643	32,158	29,745	29,434
Net additions	1,668	2,221	1,763	1,710	1,583	2,255	2,324	2,263
Increase in scope of consolidation	13	664	21	36	18	—	—	—
Exchange rate differences and other	72	869	(44)	315	536	(854)	(150)	(305)
Write-offs	(2,699)	(3,612)	(3,385)	(3,063)	(3,623)	(3,813)	(2,485)	(3,288)
Balance at period-end	36,148	36,291	34,646	33,643	32,158	29,745	29,434	28,104

■ NPL and coverage ratios. Total Group (%)



■ Credit risk management. December 2017

	NPL ratio	Change (b.p.)		Coverage ratio
		QoQ	YoY	
Spain	4.72	(27)	(69)	45.9
Spain's real estate activity	87.47	(317)	97	48.4
Consumer Finance	2.50	(10)	(18)	101.4
Poland	4.57	(13)	(85)	68.2
Portugal	5.71	(122)	(310)	59.1
United Kingdom	1.33	1	(8)	32.0
Brazil	5.29	(3)	(61)	92.6
Mexico	2.69	13	(7)	97.5
Chile	4.96	1	(9)	58.2
Argentina	2.50	16	101	100.1
USA	2.79	23	51	170.2
Banco Popular	10.75	(42)	—	48.7

■ Credit risk management. (Excluding Popular)

€ million

	31.12.17	31.12.16	% Chg.	31.12.15
Non-performing loans	28,104	33,643	(16.5)	37,094
NPL ratio (%)	3.38	3.93		4.36
Loan-loss allowances	19,906	24,835	(19.8)	27,121
For impaired assets	12,505	15,466	(19.1)	17,707
For other assets	7,401	9,369	(21.0)	9,414
Coverage ratio (%)	70.8	73.8		73.1
Cost of credit (%)	1.12	1.18		1.25

■ Real estate activity Grupo Santander*. Net value

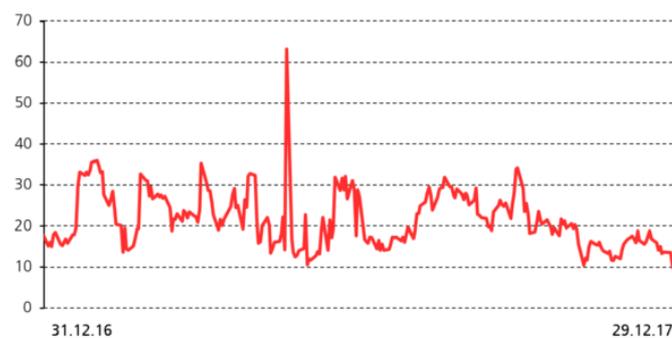
€ million

	Sep'17	Dec'17
Real estate assets	4,575	4,653
- Foreclosed	3,372	3,455
- Rentals	1,203	1,198
Non-performing real estate loans	1,325	1,012
Assets + non-performing real estate	5,900	5,665

(*) Including Banco Santander's Real Estate Activity Spain and Banco Popular's

■ Trading portfolios*. VaR performance

€ million



(*) Activity performance in Global Corporate Banking financial markets

■ Trading portfolios*. VaR by geographic region

€ million

Fourth quarter	2017		2016
	Average	Latest	Average
Total	16.9	10.2	20.4
Europe	6.5	6.4	7.9
United States and Asia	2.0	1.2	2.1
Latin America	16.6	8.4	16.6
Global activities	0.4	0.2	0.5

(*) Activity performance in Global Corporate Banking financial markets

■ Trading portfolios*. VaR by market factor

€ million

Fourth quarter	Min.	Avg.	Max.	Last
VaR total	9.7	16.9	29.1	10.2
Diversification effect	(3.5)	(7.7)	(11.3)	(7.6)
Interest rate VaR	7.7	11.0	17.2	7.9
Equity VaR	1.6	3.1	5.0	1.9
FX VaR	2.3	6.6	13.5	3.3
Credit spreads VaR	3.0	3.9	4.7	4.6
Commodities VaR	—	—	—	—

(*) Activity performance in Global Corporate Banking financial markets

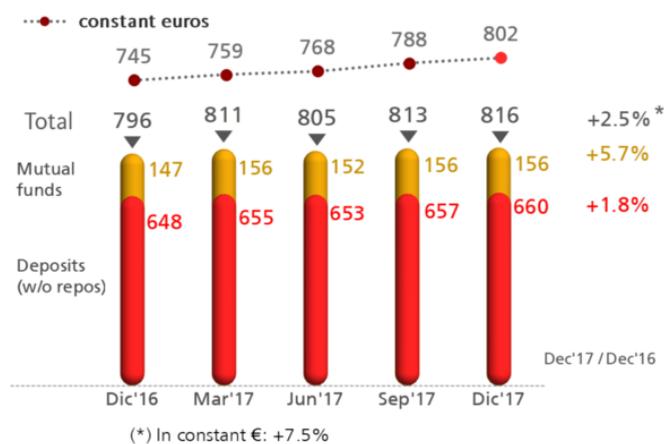
Customer funds. Consolidated

€ million

	31.12.17	31.12.16	Change amount	%	31.12.15
Demand deposits	486,716	467,261	19,455	4.2	443,096
Time deposits	173,046	181,089	(8,043)	(4.4)	202,666
Mutual funds	155,794	147,416	8,378	5.7	129,077
Customer deposits w/o repos + Mutual funds	815,556	795,766	19,790	2.5	774,839
Pension funds	11,566	11,298	268	2.4	11,376
Managed portfolios	24,203	23,793	410	1.7	25,808
Subtotal	851,326	830,858	20,468	2.5	812,023
Repos	53,009	42,761	10,248	24.0	37,380
Group customer funds (Ex-Popular)	904,334	873,618	30,716	3.5	849,403
Popular	81,369				
Group customer funds	985,703	873,618	112,085	12.8	849,403

Customer funds (Excluding Popular)

€ billion



Customer funds

% / operating areas. December 2017



(1) Including Popular (8%)

Eligible capital (fully loaded)*

€ million

	31.12.17	31.12.16	Change amount	%	31.12.15
Capital stock and reserves	111,362	101,437	9,925	9.8	98,193
Attributable profit	6,619	6,204	415	6.7	5,966
Dividends	(2,998)	(2,469)	(529)	21.4	(2,268)
Other retained earnings	(23,108)	(16,116)	(6,992)	43.4	(15,448)
Minority interests	7,228	6,784	443	6.5	6,148
Goodwill and intangible assets	(28,537)	(28,405)	(132)	0.5	(28,254)
Other deductions	(5,004)	(5,368)	365	(6.8)	(5,633)
Core CET1	65,563	62,068	3,495	5.6	58,705
Preferred shares and other eligible T1	7,730	5,767	1,964	34.1	5,504
Tier 1	73,293	67,834	5,458	8.0	64,209
Generic funds and eligible T2 instruments	14,295	13,749	546	4.0	11,996
Eligible capital	87,588	81,584	6,004	7.4	76,205
Risk-weighted assets	605,064	588,088	16,976	2.9	583,917
CET1 capital ratio	10.84	10.55	0.29		10.05
T1 capital ratio	12.11	11.53	0.58		11.00
Total capital ratio	14.48	13.87	0.61		13.05

(*) 31.12.17 including Popular

Eligible capital. December 2017*

€ million

	Phased-in	Fully-loaded
CET1	74,173	65,563
Basic capital	77,283	73,293
Eligible capital	90,706	87,588
Risk-weighted assets	605,064	605,064
CET1 capital ratio	12.26	10.84
T1 capital ratio	12.77	12.11
Total capital ratio	14.99	14.48

(*) including Popular

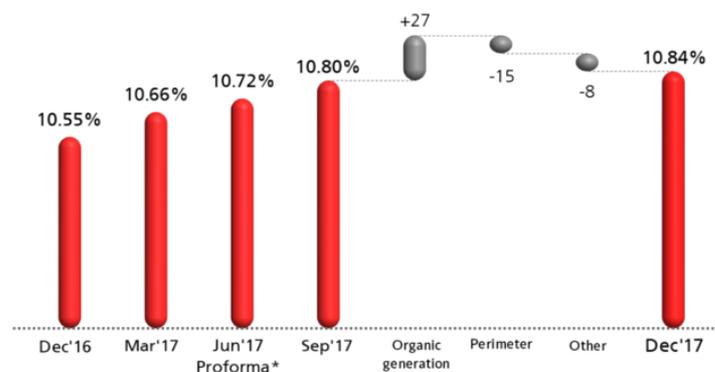
Fully-loaded capital ratio

%



Fully loaded CET1

%



(*) Including capital increase of July 2017

● The Santander share. December 2017

Shareholders and trading data

Shareholders (number)	4,029,630
Shares (number)	16,136,153,582
Average daily turnover (no. of shares)	79,301,441
Share liquidity (%) (Number of shares traded during the year / number of shares)	133

Price movements during the year

Highest*	6.246
Lowest*	4.838
Last (29.12.17)	5.479
Market capitalisation (million) (29.12.17)	88,410

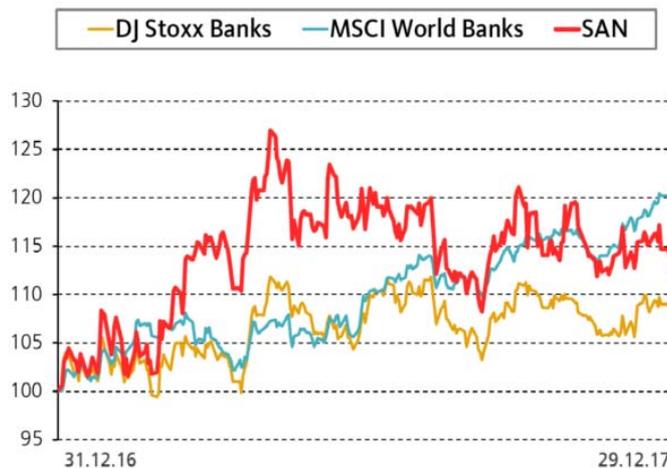
Stock market indicators

Price / Tangible book value (X)	1.32
P/E ratio (X)	13.56
Yield** (%)	3.92

(*) Figures adjusted to capital increase of July 2017.

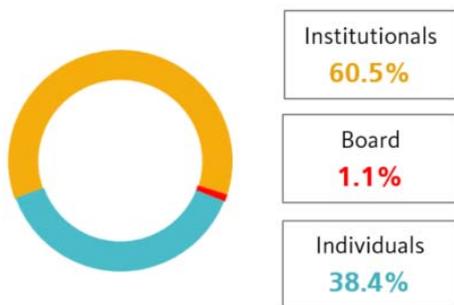
(**) Total dividend for 2017 / 2017 average share price

● Comparative share performance



● Capital stock ownership

%



● TNAV per share

Euros



(*) Adjusted for the capital increase in July 2017

» DESCRIPTION OF THE BUSINESSES

In 2017 Grupo Santander is maintaining the same general criteria applied in 2016, as well as the business segments, with the following exceptions:

- In the second quarter of 2016, and in order to make it comparable with the same period of 2015, the contribution to the Single Resolution Fund (SRF) of €120 million net was reclassified to “Net capital gains and provisions” from “Other operating results.” In the fourth quarter, this reclassification was reversed. In the information presented here, and in order to facilitate the quarterly comparison, the contribution to the SRF is recorded in “Other operating results”. This change affects the composition of the consolidated Group accounts, Spain, Santander Consumer Finance and Portugal, but not the attributable profit.
- Assigning to the various countries and global segments the capital gains and non-recurring provisions that were being presented in the Corporate Centre. They relate to the second and fourth quarters of 2016 and affect the attributable profit of the units of Spain (-€216 million), Santander Consumer Finance (+€25 million), Poland (+€29 million), United Kingdom (-€30 million), United States (-€32 million) and, as a counterpart of all of them, the Corporate Centre itself (+€231 million). The Group’s total attributable profit does not change.
- Annual adjustment of the perimeter of the Global Customer Relationship Model between Retail Banking and Santander Global Corporate Banking. This change has no impact on the geographic businesses.

The financial statements of each business unit have been drawn up by aggregating the Group’s basic operating units. The information relates to both the accounting data of the units integrated in each segment, as well as that provided by the management information systems. In all cases, the same general principles as those used in the Group are applied.

The operating business areas are structured into two levels:

● **Geographic businesses.** The operating units are segmented by geographical areas. This coincides with the Group’s first level of management and reflects Santander’s positioning in the world’s three main currency areas (euro, sterling and dollar). The segments reported on are:

● **Continental Europe.** This covers all businesses in the area. Detailed financial information is provided on Spain, Portugal, Poland and Santander Consumer Finance (which incorporates all the region’s business, including the three countries mentioned herewith).

● **United Kingdom.** This includes the businesses developed by the Group’s various units and branches in the country.

● **Latin America.** This embraces all the Group’s financial activities conducted via its banks and subsidiaries in the region. The financial statements of Brazil, Mexico and Chile are set out.

● **United States.** Includes the holding Santander Holdings USA (SHUSA) and its subsidiaries Santander Bank, Banco Santander Puerto Rico, Santander Consumer USA, Banco Santander International, Santander Investment Securities and the New York branch.

● **Global businesses.** The activity of the operating units is distributed by the type of business: Retail Banking, Santander Global Corporate Banking and Spain Real Estate Activity.

● **Retail Banking.** This covers all customer banking businesses, including consumer finance, except those of corporate banking, which are managed through the Global Customer Relationship Model. The results of the hedging positions in each country are also included, conducted within the sphere of each one’s Assets and Liabilities Committee.

● **Santander Global Corporate Banking (SGCB).** This business reflects the revenues from global corporate banking, investment banking and markets worldwide including treasuries managed globally (always after the appropriate distribution with commercial banking customers), as well as equities business.

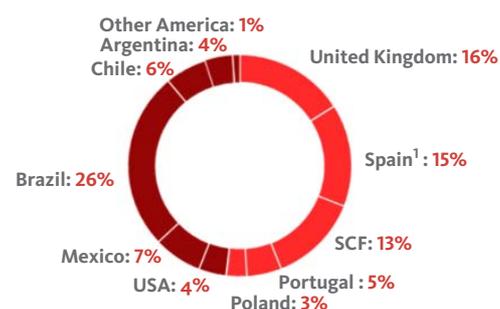
The acquired perimeter of Banco Popular is temporarily presented separately.

In addition to these operating units, which report by geographic area and by businesses, the Group continues to maintain the area of **Corporate Centre**. This area incorporates the centralised activities relating to equity stakes in financial companies, financial management of the structural exchange rate position, assumed within the sphere of the Group’s Assets and Liabilities Committee, as well as management of liquidity and of shareholders’ equity via issues.

As the Group’s holding entity, this area manages all capital and reserves and allocations of capital and liquidity with the rest of businesses. It also incorporates amortisation of goodwill but not the costs related to the Group’s central services (charged to the areas), except for corporate and institutional expenses related to the Group’s functioning.

The figures of the Group’s various units have been drawn up in accordance with these criteria, and so do not coincide individually with those published by each unit.

Underlying attributable profit geographic distribution*. 2017



(1) Including Popular (3%)

(*) Over operating areas excluding Real Estate Activity in Spain and Corporate Centre

Net operating income

€ million	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Continental Europe	1,506	(8.9)	(8.8)	6,338	5.2	4.9
o/w: Spain	528	(15.0)	(15.0)	2,434	5.3	5.3
Santander Consumer Finance	625	(3.9)	(3.5)	2,506	6.3	6.2
Poland	218	4.5	3.9	814	10.8	8.1
Portugal	143	(14.9)	(14.9)	595	(4.0)	(4.0)
United Kingdom	623	(11.3)	(12.3)	2,855	0.2	7.4
Latin America	3,361	(2.4)	0.4	13,779	24.4	20.6
o/w: Brazil	2,223	(3.3)	(0.5)	9,193	34.3	26.0
Mexico	485	(9.6)	(3.5)	2,078	7.8	11.2
Chile	382	8.9	7.4	1,498	4.4	2.1
United States	824	(4.3)	(4.2)	3,761	(13.2)	(11.6)
Operating areas	6,314	(5.2)	(3.8)	26,734	10.1	9.7
Corporate Centre	(359)	(14.3)	(14.3)	(1,696)	11.9	11.9
Total Group (Excluding Popular)	5,955	(4.6)	(3.1)	25,038	10.0	9.5
Popular	146			436		
Total Group	6,101	(5.9)	(4.5)	25,473	11.9	11.4

Attributable profit to the Group

€ million	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Continental Europe*	735	(2.0)	(1.9)	2,953	13.6	13.4
o/w: Spain*	265	(14.8)	(14.8)	1,180	15.4	15.4
Santander Consumer Finance*	311	0.6	1.0	1,254	14.7	14.6
Poland*	81	6.7	6.1	300	10.4	7.7
Portugal	104	0.5	0.5	440	10.2	10.2
United Kingdom*	297	(21.2)	(22.0)	1,498	(10.9)	(4.4)
Latin America	1,114	4.2	6.7	4,284	26.5	24.0
o/w: Brazil	642	(2.6)	0.2	2,544	42.5	33.7
Mexico	178	(2.0)	4.1	710	12.9	16.5
Chile	146	2.3	1.2	586	14.1	11.7
United States*	71	(24.4)	(23.5)	408	3.2	5.2
Operating areas*	2,217	(3.2)	(2.1)	9,143	13.4	14.1
Corporate Centre*	(378)	(21.3)	(21.3)	(1,889)	31.3	31.3
Total Group (Excluding Popular)*	1,839	1.7	2.9	7,253	9.5	10.3
Popular*	85			263		
Total Group*	1,924	(2.7)	(1.4)	7,516	13.5	14.3
Net capital gains and provisions	(382)	(25.7)	(25.7)	(897)	115.2	117.0
Total Group	1,542	5.5	6.9	6,619	6.7	7.4

(*) In the units, underlying attributable profit (excluding net capital gains and provisions)

Gross customer loans w/o repos

€ million	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Continental Europe	307,340	1.1	1.0	307,340	1.6	1.6
o/w: Spain	148,585	(0.2)	(0.2)	148,585	(1.6)	(1.6)
Santander Consumer Finance	92,431	3.9	4.4	92,431	5.3	6.2
Poland	22,974	3.4	0.3	22,974	11.0	5.1
Portugal	31,296	0.3	0.3	31,296	7.8	7.8
United Kingdom	235,783	0.0	0.7	235,783	(2.8)	0.8
Latin America	151,542	(2.1)	2.3	151,542	(4.8)	6.7
o/w: Brazil	74,341	(1.7)	3.8	74,341	(7.4)	7.2
Mexico	26,962	(8.1)	1.3	26,962	(3.8)	4.6
Chile	38,249	2.6	0.2	38,249	(1.4)	2.7
United States	75,389	(1.7)	(0.2)	75,389	(15.9)	(4.3)
Operating areas	770,054	(0.2)	1.0	770,054	(3.0)	1.7
Total Group (Excluding Popular)	774,443	(0.4)	0.8	774,443	(3.0)	1.7
Popular	79,533	(0.0)	(0.0)	79,533		
Total Group	853,976	(0.4)	0.7	853,976	7.0	12.1

Customer funds (deposits w/o repos + mutual funds)

€ million	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Continental Europe	352,726	3.3	3.1	352,726	9.3	9.0
o/w: Spain	251,196	4.6	4.6	251,196	11.7	11.7
Santander Consumer Finance	35,398	(1.1)	(0.6)	35,398	1.0	1.7
Poland	27,803	3.6	0.6	27,803	7.4	1.7
Portugal	32,213	0.6	0.6	32,213	2.5	2.5
United Kingdom	210,305	1.2	1.8	210,305	(0.1)	3.5
Latin America	193,264	(4.6)	0.3	193,264	3.1	16.4
o/w: Brazil	106,959	(5.4)	(0.1)	106,959	7.2	24.2
Mexico	35,548	(8.0)	1.4	35,548	(2.4)	6.0
Chile	33,104	(0.3)	(2.7)	33,104	(4.2)	(0.2)
United States	59,329	(2.6)	(1.1)	59,329	(20.0)	(9.0)
Operating areas	815,624	0.3	1.8	815,624	2.6	7.6
Total Group (Excluding Popular)	815,849	0.3	1.8	815,849	2.5	7.5
Popular	74,286	(6.3)	(6.3)	74,286		
Total Group	890,135	(0.2)	1.1	890,135	11.9	17.3

Continental Europe (Excluding Popular) (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	2,066	(0.5)	(0.3)	8,267	1.3	1.0
Net fee income	1,003	3.5	3.4	3,882	11.0	10.7
Gains (losses) on financial transactions	157	(10.1)	(10.2)	625	(23.5)	(23.7)
Other operating income	49	(55.8)	(55.7)	379	14.6	15.4
Gross income	3,275	(1.6)	(1.6)	13,154	2.7	2.5
Operating expenses	(1,769)	5.4	5.5	(6,815)	0.5	0.3
General administrative expenses	(1,646)	5.4	5.5	(6,343)	0.0	(0.2)
Personnel	(837)	3.4	3.5	(3,277)	0.6	0.4
Other general administrative expenses	(808)	7.6	7.7	(3,066)	(0.6)	(0.8)
Depreciation and amortisation	(123)	5.4	5.5	(472)	7.7	7.3
Net operating income	1,506	(8.9)	(8.8)	6,338	5.2	4.9
Net loan-loss provisions	(221)	(15.4)	(15.4)	(995)	(25.9)	(26.1)
Other income	(119)	(36.3)	(36.3)	(726)	8.2	7.9
Underlying profit before taxes	1,166	(3.2)	(3.1)	4,617	15.1	14.7
Tax on profit	(331)	(6.4)	(6.3)	(1,283)	18.4	18.1
Underlying profit from continuing operations	835	(1.9)	(1.8)	3,334	13.9	13.5
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	835	(1.9)	(1.8)	3,334	13.9	13.5
Minority interests	100	(1.2)	(1.3)	381	15.5	14.4
Underlying attributable profit to the Group	735	(2.0)	(1.9)	2,953	13.6	13.4
Net capital gains and provisions*	(0)	(99.7)	(99.7)	(85)	(49.5)	(49.3)
Attributable profit to the Group	735	10.5	10.6	2,868	18.0	17.7

(*) In 2017, integration costs in Germany. In 2016, capital gains from the disposal of the stake in VISA Europe.

Balance sheet

Customer loans	307,339	1.4	1.3	307,339	3.4	3.5
Cash, central banks and credit institutions	114,658	0.9	0.9	114,658	48.5	49.0
Debt securities	82,893	2.5	2.3	82,893	2.8	2.5
o/w: available for sale	56,820	0.9	0.6	56,820	4.3	3.9
Other financial assets	38,234	3.4	3.4	38,234	(6.0)	(6.0)
Other assets	26,300	1.5	1.5	26,300	8.0	8.6
Total assets	569,424	1.6	1.5	569,424	9.5	9.6
Customer deposits	289,605	2.6	2.4	289,605	7.3	7.0
Central banks and credit institutions	135,901	1.0	1.1	135,901	29.2	30.2
Debt securities issued	50,704	3.7	4.1	50,704	(4.4)	(4.0)
Other financial liabilities	43,558	(6.9)	(7.0)	43,558	(11.2)	(11.2)
Other liabilities	13,713	6.1	6.0	13,713	45.1	44.7
Total liabilities	533,480	1.5	1.5	533,480	9.6	9.7
Total equity	35,944	1.7	1.6	35,944	7.3	7.4
Other managed and marketed customer funds	85,557	5.0	4.8	85,557	16.2	16.1
Mutual funds	64,401	5.8	5.6	64,401	19.2	18.9
Pension funds	11,566	1.9	1.9	11,566	2.4	2.4
Managed portfolios	9,590	3.5	3.6	9,590	15.3	16.8

Pro memoria:

Loans w/o repos	307,340	1.1	1.0	307,340	1.6	1.6
Funds (customer deposits w/o repos + mutual funds)	352,726	3.3	3.1	352,726	9.3	9.0

Ratios (%) and operating means

Underlying RoTE	9.53	(0.33)		9.83	1.32
Efficiency ratio (with amortisations)	54.0	3.6		51.8	(1.1)
NPL ratio	4.50	(0.45)		4.50	(1.42)
NPL coverage	58.0	(0.1)		58.0	(2.0)
Number of employees	56,640	(0.1)		56,640	(1.1)
Number of branches	4,538	(1.2)		4,538	(5.6)

Spain (Excluding Popular) (€ million)

P&L	4Q'17	% / 3Q'17	2017	% / 2016
Net interest income	686	(5.5)	2,909	(5.5)
Net fee income	562	10.3	2,067	16.1
Gains (losses) on financial transactions	121	0.9	429	(28.0)
Other operating income	(0)	—	289	87.0
Gross income	1,368	(4.7)	5,694	1.5
Operating expenses	(841)	3.2	(3,259)	(1.1)
General administrative expenses	(792)	2.7	(3,080)	(2.4)
<i>Personnel</i>	(398)	(0.7)	(1,597)	(2.1)
<i>Other general administrative expenses</i>	(394)	6.4	(1,482)	(2.7)
Depreciation and amortisation	(49)	11.3	(180)	28.1
Net operating income	528	(15.0)	2,434	5.3
Net loan-loss provisions	(110)	5.8	(513)	(12.3)
Other income	(23)	(59.2)	(207)	(22.6)
Underlying profit before taxes	395	(14.3)	1,714	17.5
Tax on profit	(128)	(12.0)	(518)	24.4
Underlying profit from continuing operations	267	(15.4)	1,197	14.7
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	267	(15.4)	1,197	14.7
Minority interests	2	(57.4)	17	(18.2)
Underlying attributable profit to the Group	265	(14.8)	1,180	15.4
Net capital gains and provisions*	—	—	—	(100.0)
Attributable profit to the Group	265	(14.8)	1,180	46.4

(*) In 2016, capital gains from the disposal of the stake in VISA Europe and restructuring costs.

Balance sheet

Customer loans	153,632	(0.0)	153,632	0.5
Cash, central banks and credit institutions	89,585	6.6	89,585	65.3
Debt securities	61,836	2.5	61,836	6.5
o/w: available for sale	42,780	0.5	42,780	10.5
Other financial assets	35,391	3.7	35,391	(6.2)
Other assets	10,354	(0.0)	10,354	9.3
Total assets	350,798	2.4	350,798	12.3
Customer deposits	193,639	3.9	193,639	9.5
Central banks and credit institutions	79,146	4.3	79,146	52.0
Debt securities issued	16,713	1.8	16,713	(19.9)
Other financial liabilities	41,168	(7.8)	41,168	(12.3)
Other liabilities	7,883	12.0	7,883	88.3
Total liabilities	338,549	2.5	338,549	12.5
Total equity	12,249	1.5	12,249	6.5
Other managed and marketed customer funds	77,221	4.9	77,221	15.9
Mutual funds	58,438	5.7	58,438	18.4
Pension funds	10,563	1.5	10,563	2.0
Managed portfolios	8,221	3.3	8,221	18.6

Pro memoria:

Loans w/o repos	148,585	(0.2)	148,585	(1.6)
Funds (customer deposits w/o repos + mutual funds)	251,196	4.6	251,196	11.7

Ratios (%) and operating means

Underlying RoTE	8.83	(1.70)	10.11	1.22
Efficiency ratio (with amortisations)	61.4	4.7	57.2	(1.5)
NPL ratio	4.72	(0.27)	4.72	(0.69)
NPL coverage	45.9	0.7	45.9	(2.4)
Number of employees	22,916	0.1	22,916	(0.4)
Number of branches	2,843	(0.5)	2,843	(2.3)

■ Santander Consumer Finance (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	906	0.9	1.3	3,571	5.3	5.2
Net fee income	204	(8.7)	(8.6)	878	1.9	1.8
Gains (losses) on financial transactions	3	—	—	3	—	—
Other operating income	19	29.2	27.4	32	41.0	45.8
Gross income	1,132	(0.3)	0.1	4,484	5.2	5.1
Operating expenses	(506)	4.6	4.9	(1,978)	3.9	3.8
General administrative expenses	(461)	4.9	5.2	(1,798)	4.6	4.5
Personnel	(220)	7.3	7.6	(848)	4.7	4.6
Other general administrative expenses	(240)	2.8	3.1	(951)	4.5	4.4
Depreciation and amortisation	(46)	1.5	1.9	(180)	(3.0)	(3.1)
Net operating income	625	(3.9)	(3.5)	2,506	6.3	6.2
Net loan-loss provisions	(58)	(34.9)	(34.7)	(266)	(31.4)	(31.5)
Other income	(55)	85.1	85.1	(157)	(6.4)	(6.5)
Underlying profit before taxes	512	(3.6)	(3.3)	2,083	15.5	15.4
Tax on profit	(138)	(13.9)	(13.5)	(588)	12.9	12.8
Underlying profit from continuing operations	373	0.8	1.1	1,495	16.6	16.5
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	373	0.8	1.1	1,495	16.6	16.5
Minority interests	62	1.9	1.8	241	27.9	27.5
Underlying attributable profit to the Group	311	0.6	1.0	1,254	14.7	14.6
Net capital gains and provisions*	(0)	(99.7)	(99.7)	(85)	—	—
Attributable profit to the Group	311	38.6	39.1	1,168	4.5	4.4

(*) In 2017, integration costs in Germany. In 2016, capital gains from the disposal of the stake in VISA Europe.

Balance sheet

Customer loans	90,091	4.0	4.6	90,091	5.8	6.7
Cash, central banks and credit institutions	4,895	(8.4)	(7.6)	4,895	(31.5)	(30.3)
Debt securities	3,220	(10.5)	(10.4)	3,220	(18.0)	(17.1)
o/w: available for sale	3,220	(9.1)	(8.9)	3,220	(15.8)	(14.9)
Other financial assets	22	(8.0)	(7.5)	22	(43.5)	(41.8)
Other assets	3,508	(0.5)	(0.3)	3,508	5.2	5.7
Total assets	101,735	2.7	3.2	101,735	2.1	3.0
Customer deposits	35,443	(1.1)	(0.6)	35,443	1.1	1.8
Central banks and credit institutions	23,342	6.5	6.9	23,342	(0.1)	0.9
Debt securities issued	28,694	5.4	6.0	28,694	2.9	4.0
Other financial liabilities	996	11.3	11.2	996	14.5	14.4
Other liabilities	3,637	(3.8)	(3.6)	3,637	10.9	11.3
Total liabilities	92,112	2.7	3.2	92,112	1.8	2.7
Total equity	9,623	2.0	2.7	9,623	5.1	6.3
Other managed and marketed customer funds	8	2.6	2.6	8	4.9	4.9
Mutual funds	2	(0.5)	(0.5)	2	(13.4)	(13.4)
Pension funds	6	3.3	3.3	6	10.6	10.6
Managed portfolios	—	—	—	—	—	—

Pro memoria:

Loans w/o repos	92,431	3.9	4.4	92,431	5.3	6.2
Funds (customer deposits w/o repos + mutual funds)	35,398	(1.1)	(0.6)	35,398	1.0	1.7

Ratios (%) and operating means

Underlying RoTE	15.72	(0.25)		16.44	1.60	
Efficiency ratio (with amortisations)	44.7	2.1		44.1	(0.6)	
NPL ratio	2.50	(0.10)		2.50	(0.18)	
NPL coverage	101.4	(2.9)		101.4	(7.7)	
Number of employees	15,131	0.6		15,131	1.4	
Number of branches	546	(0.5)		546	(3.7)	

Poland (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	243	3.2	2.6	928	11.4	8.6
Net fee income	116	1.9	1.3	443	10.8	8.1
Gains (losses) on financial transactions	13	(1.3)	(1.9)	52	(38.2)	(39.7)
Other operating income	5	—	—	(3)	39.8	36.4
Gross income	378	5.5	4.9	1,419	8.0	5.4
Operating expenses	(160)	6.8	6.2	(605)	4.5	1.9
General administrative expenses	(145)	7.9	7.3	(548)	5.1	2.5
<i>Personnel</i>	(82)	2.8	2.2	(319)	5.4	2.9
<i>Other general administrative expenses</i>	(63)	15.4	14.8	(229)	4.6	2.0
Depreciation and amortisation	(14)	(3.2)	(3.8)	(58)	(0.8)	(3.2)
Net operating income	218	4.5	3.9	814	10.8	8.1
Net loan-loss provisions	(40)	11.0	10.4	(137)	(5.2)	(7.5)
Other income	(19)	(33.6)	(34.2)	(96)	16.8	13.9
Underlying profit before taxes	159	10.3	9.7	581	14.3	11.6
Tax on profit	(43)	26.6	26.0	(148)	22.7	19.8
Underlying profit from continuing operations	116	5.3	4.7	432	11.7	9.0
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	116	5.3	4.7	432	11.7	9.0
Minority interests	35	2.1	1.5	132	14.8	12.1
Underlying attributable profit to the Group	81	6.7	6.1	300	10.4	7.7
Net capital gains and provisions*	—	—	—	—	(100.0)	(100.0)
Attributable profit to the Group	81	6.7	6.1	300	(0.4)	(2.8)

(*) In 2016, capital gains from the disposal of the stake in VISA Europe and restructuring costs.

Balance sheet

Customer loans	22,220	3.4	0.4	22,220	11.2	5.3
Cash, central banks and credit institutions	1,661	(10.0)	(12.6)	1,661	(17.8)	(22.2)
Debt securities	6,786	14.0	10.6	6,786	7.7	2.0
o/w: available for sale	5,959	7.6	4.5	5,959	3.2	(2.3)
Other financial assets	491	(14.5)	(17.0)	491	(8.5)	(13.3)
Other assets	1,014	10.4	7.1	1,014	7.8	2.1
Total assets	32,171	4.5	1.4	32,171	8.0	2.3
Customer deposits	24,255	4.7	1.6	24,255	6.5	0.8
Central banks and credit institutions	952	(2.6)	(5.5)	952	15.5	9.4
Debt securities issued	821	16.6	13.2	821	62.8	54.2
Other financial liabilities	523	(2.4)	(5.3)	523	2.3	(3.1)
Other liabilities	684	(4.9)	(7.7)	684	(25.4)	(29.3)
Total liabilities	27,235	4.3	1.3	27,235	6.7	1.0
Total equity	4,936	5.6	2.5	4,936	16.4	10.2
Other managed and marketed customer funds	4,007	5.6	2.5	4,007	25.2	18.5
Mutual funds	3,900	5.4	2.3	3,900	25.1	18.5
Pension funds	—	—	—	—	—	—
Managed portfolios	108	12.7	9.4	108	28.4	21.7

Pro memoria:

Loans w/o repos	22,974	3.4	0.3	22,974	11.0	5.1
Funds (customer deposits w/o repos + mutual funds)	27,803	3.6	0.6	27,803	7.4	1.7

Ratios (%) and operating means

Underlying RoTE	11.95	0.32		11.56	(0.00)	
Efficiency ratio (with amortisations)	42.2	0.5		42.6	(1.4)	
NPL ratio	4.57	(0.13)		4.57	(0.85)	
NPL coverage	68.2	0.6		68.2	7.2	
Number of employees	11,572	(1.0)		11,572	(3.6)	
Number of branches	576	(2.7)		576	(12.5)	

Portugal (Excluding Popular) (€ million)

P&L	4Q'17	% / 3Q'17	2017	% / 2016
Net interest income	181	2.0	697	(4.9)
Net fee income	84	(0.2)	341	8.7
Gains (losses) on financial transactions	8	(75.8)	84	(25.4)
Other operating income	8	(27.9)	24	(53.2)
Gross income	281	(7.8)	1,145	(5.3)
Operating expenses	(138)	0.9	(550)	(6.7)
General administrative expenses	(128)	0.8	(512)	(7.1)
<i>Personnel</i>	(80)	(1.6)	(326)	(3.9)
<i>Other general administrative expenses</i>	(49)	5.1	(186)	(12.3)
Depreciation and amortisation	(9)	1.9	(38)	0.3
Net operating income	143	(14.9)	595	(4.0)
Net loan-loss provisions	12	—	12	—
Other income	(1)	(87.3)	(35)	3.0
Underlying profit before taxes	155	8.8	573	7.5
Tax on profit	(50)	31.3	(130)	(0.4)
Underlying profit from continuing operations	105	0.6	442	10.1
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	105	0.6	442	10.1
Minority interests	1	25.0	2	(5.0)
Underlying attributable profit to the Group	104	0.5	440	10.2
Net capital gains and provisions	—	—	—	—
Attributable profit to the Group	104	0.5	440	10.2

Balance sheet

Customer loans	30,210	1.2	30,210	10.5
Cash, central banks and credit institutions	4,517	(9.3)	4,517	83.7
Debt securities	10,018	(0.5)	10,018	(13.8)
o/w: available for sale	4,066	3.4	4,066	(28.5)
Other financial assets	1,602	0.1	1,602	(3.9)
Other assets	1,855	4.2	1,855	6.4
Total assets	48,202	(0.2)	48,202	7.5
Customer deposits	30,269	0.2	30,269	0.9
Central banks and credit institutions	8,452	(3.0)	8,452	25.4
Debt securities issued	4,477	(0.4)	4,477	17.7
Other financial liabilities	327	3.6	327	(6.2)
Other liabilities	1,008	13.8	1,008	70.9
Total liabilities	44,534	(0.2)	44,534	7.3
Total equity	3,668	0.5	3,668	10.1
Other managed and marketed customer funds	3,423	7.0	3,423	23.6
Mutual funds	1,944	8.3	1,944	35.4
Pension funds	998	5.7	998	6.9
Managed portfolios	482	4.4	482	19.9

Pro memoria:

Loans w/o repos	31,296	0.3	31,296	7.8
Funds (customer deposits w/o repos + mutual funds)	32,213	0.6	32,213	2.5

Ratios (%) and operating means

Underlying RoTE	11.32	(0.47)	12.70	(0.34)
Efficiency ratio (with amortisations)	49.0	4.2	48.0	(0.7)
NPL ratio	5.71	(1.22)	5.71	(3.10)
NPL coverage	59.1	(1.3)	59.1	(4.6)
Number of employees	5,895	(2.1)	5,895	(6.5)
Number of branches	563	(4.1)	563	(14.3)

United Kingdom (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	1,048	(2.2)	(3.3)	4,363	(0.9)	6.2
Net fee income	243	(1.1)	(2.3)	1,003	(2.8)	4.3
Gains (losses) on financial transactions	30	(51.9)	(52.1)	282	(11.5)	(5.1)
Other operating income	23	33.0	31.7	68	11.1	19.2
Gross income	1,344	(3.8)	(4.9)	5,716	(1.7)	5.4
Operating expenses	(721)	3.9	2.6	(2,861)	(3.6)	3.4
General administrative expenses	(626)	2.9	1.6	(2,513)	(5.4)	1.5
<i>Personnel</i>	(339)	2.3	1.1	(1,358)	(4.3)	2.6
<i>Other general administrative expenses</i>	(287)	3.6	2.3	(1,156)	(6.6)	0.1
Depreciation and amortisation	(95)	10.5	9.2	(348)	11.9	20.0
Net operating income	623	(11.3)	(12.3)	2,855	0.2	7.4
Net loan-loss provisions	(81)	22.6	22.4	(205)	251.3	276.7
Other income	(101)	13.5	10.9	(466)	37.5	47.4
Underlying profit before taxes	441	(19.5)	(20.2)	2,184	(10.9)	(4.5)
Tax on profit	(137)	(16.8)	(17.7)	(662)	(10.1)	(3.6)
Underlying profit from continuing operations	304	(20.6)	(21.4)	1,523	(11.3)	(4.8)
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	304	(20.6)	(21.4)	1,523	(11.3)	(4.8)
Minority interests	7	23.3	21.2	25	(30.3)	(25.3)
Underlying attributable profit to the Group	297	(21.2)	(22.0)	1,498	(10.9)	(4.4)
Net capital gains and provisions*	—	—	—	—	(100.0)	(100.0)
Attributable profit to the Group	297	(21.2)	(22.0)	1,498	(9.2)	(2.7)

(*) In 2016, capital gains from the disposal of the stake in VISA Europe, restructuring costs and PPI.

Balance sheet

Customer loans	243,617	(1.3)	(0.7)	243,617	(3.0)	0.5
Cash, central banks and credit institutions	56,762	7.5	8.2	56,762	54.9	60.5
Debt securities	26,188	1.1	1.8	26,188	(6.6)	(3.2)
o/w: available for sale	9,887	(4.8)	(4.2)	9,887	(19.0)	(16.1)
Other financial assets	24,690	7.1	7.8	24,690	(7.9)	(4.6)
Other assets	9,974	(2.5)	(1.9)	9,974	(18.3)	(15.3)
Total assets	361,230	0.7	1.3	361,230	1.8	5.5
Customer deposits	230,504	1.4	2.0	230,504	8.7	12.6
Central banks and credit institutions	27,833	(0.3)	0.3	27,833	28.9	33.6
Debt securities issued	61,112	0.5	1.2	61,112	(14.1)	(10.9)
Other financial liabilities	21,167	(3.7)	(3.1)	21,167	(24.2)	(21.4)
Other liabilities	4,310	2.7	3.4	4,310	(17.4)	(14.5)
Total liabilities	344,926	0.8	1.4	344,926	2.1	5.8
Total equity	16,304	(2.2)	(1.6)	16,304	(4.2)	(0.7)
Other managed and marketed customer funds	8,657	2.2	2.8	8,657	1.1	4.7
Mutual funds	8,543	2.2	2.8	8,543	1.1	4.8
Pension funds	—	—	—	—	—	—
Managed portfolios	114	(0.4)	0.2	114	(2.8)	0.7

Pro memoria:

Loans w/o repos	235,783	0.0	0.7	235,783	(2.8)	0.8
Funds (customer deposits w/o repos + mutual funds)	210,305	1.2	1.8	210,305	(0.1)	3.5

Ratios (%) and operating means

Underlying RoTE	8.22	(2.37)		10.26	(0.30)	
Efficiency ratio (with amortisations)	53.6	3.9		50.1	(1.0)	
NPL ratio	1.33	0.01		1.33	(0.08)	
NPL coverage	32.0	0.5		32.0	(0.9)	
Number of employees	25,971	1.0		25,971	1.1	
Number of branches	808	(1.5)		808	(4.3)	

Latin America (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	4,005	0.6	3.4	15,944	19.5	15.8
Net fee income	1,368	3.2	5.8	5,490	19.8	16.7
Gains (losses) on financial transactions	202	(20.1)	(17.2)	1,012	25.5	26.5
Other operating income	(26)	—	—	27	(14.4)	(27.6)
Gross income	5,550	(0.7)	2.0	22,473	19.8	16.4
Operating expenses	(2,189)	2.0	4.6	(8,694)	13.0	10.3
General administrative expenses	(1,984)	1.9	4.5	(7,877)	12.4	9.7
Personnel	(1,104)	2.5	5.0	(4,366)	12.4	9.5
Other general administrative expenses	(880)	1.3	4.0	(3,511)	12.5	10.0
Depreciation and amortisation	(205)	2.6	5.2	(817)	19.3	15.8
Net operating income	3,361	(2.4)	0.4	13,779	24.4	20.6
Net loan-loss provisions	(1,165)	(5.1)	(2.1)	(4,973)	1.3	(2.6)
Other income	(243)	(24.3)	(20.9)	(1,329)	69.3	60.6
Underlying profit before taxes	1,953	3.2	5.7	7,477	39.1	36.2
Tax on profit	(623)	0.5	3.2	(2,380)	74.6	70.8
Underlying profit from continuing operations	1,330	4.5	6.9	5,097	27.0	24.5
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	1,330	4.5	6.9	5,097	27.0	24.5
Minority interests	216	5.7	7.9	814	29.5	26.9
Underlying attributable profit to the Group	1,114	4.2	6.7	4,284	26.5	24.0
Net capital gains and provisions	—	—	—	—	—	—
Attributable profit to the Group	1,114	4.2	6.7	4,284	26.5	24.0

Balance sheet

Customer loans	146,133	(2.1)	2.2	146,133	(4.0)	7.6
Cash, central banks and credit institutions	55,934	0.2	5.9	55,934	(17.0)	(5.3)
Debt securities	57,364	(7.7)	(2.1)	57,364	(9.4)	2.5
o/w: available for sale	32,475	(8.9)	(3.6)	32,475	11.1	24.5
Other financial assets	14,226	0.1	6.2	14,226	(23.9)	(15.4)
Other assets	17,160	(3.2)	2.1	17,160	(10.5)	2.0
Total assets	290,818	(2.8)	2.2	290,818	(9.3)	2.2
Customer deposits	141,543	(3.4)	1.5	141,543	(1.5)	11.2
Central banks and credit institutions	39,212	(4.1)	1.3	39,212	(17.6)	(7.6)
Debt securities issued	34,434	(1.7)	2.4	34,434	(27.4)	(18.5)
Other financial liabilities	36,084	1.3	7.1	36,084	(12.8)	(1.4)
Other liabilities	10,994	(3.5)	1.7	10,994	(2.6)	10.3
Total liabilities	262,267	(2.7)	2.3	262,267	(10.0)	1.4
Total equity	28,550	(3.8)	1.0	28,550	(2.6)	10.1
Other managed and marketed customer funds	80,779	(5.6)	(0.7)	80,779	(0.9)	12.7
Mutual funds	74,482	(5.5)	(0.4)	74,482	(0.7)	13.1
Pension funds	—	—	—	—	—	—
Managed portfolios	6,297	(6.1)	(3.9)	6,297	(2.8)	7.7

Pro memoria:

Loans w/o repos	151,542	(2.1)	2.3	151,542	(4.8)	6.7
Funds (customer deposits w/o repos + mutual funds)	193,264	(4.6)	0.3	193,264	3.1	16.4

Ratios (%) and operating means

Underlying RoTE	18.80	0.66		18.04	2.48	
Efficiency ratio (with amortisations)	39.4	1.0		38.7	(2.3)	
NPL ratio	4.50	0.05		4.50	(0.31)	
NPL coverage	84.8	(5.1)		84.8	(2.5)	
Number of employees	88,713	1.3		88,713	2.8	
Number of branches	5,891	1.3		5,891	1.3	

Brazil (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	2,530	0.3	2.9	10,078	25.0	17.3
Net fee income	929	7.0	9.3	3,640	23.8	16.2
Gains (losses) on financial transactions	75	(31.7)	(28.0)	510	114.2	100.9
Other operating income	(22)	—	—	46	(42.6)	(46.2)
Gross income	3,512	(0.8)	1.8	14,273	26.1	18.3
Operating expenses	(1,289)	3.6	6.1	(5,080)	13.5	6.5
General administrative expenses	(1,165)	4.0	6.5	(4,571)	13.0	6.0
<i>Personnel</i>	(635)	0.4	3.0	(2,565)	13.9	6.8
<i>Other general administrative expenses</i>	(530)	8.7	11.1	(2,006)	11.9	4.9
Depreciation and amortisation	(124)	(0.1)	2.5	(509)	18.7	11.4
Net operating income	2,223	(3.3)	(0.5)	9,193	34.3	26.0
Net loan-loss provisions	(814)	(0.6)	2.0	(3,395)	0.5	(5.7)
Other income	(211)	(21.3)	(18.1)	(1,186)	70.3	59.7
Underlying profit before taxes	1,198	(1.0)	1.8	4,612	66.4	56.1
Tax on profit	(460)	(0.9)	1.9	(1,725)	123.2	109.4
Underlying profit from continuing operations	738	(1.1)	1.7	2,887	44.4	35.5
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	738	(1.1)	1.7	2,887	44.4	35.5
Minority interests	97	10.0	12.5	343	60.7	50.8
Underlying attributable profit to the Group	642	(2.6)	0.2	2,544	42.5	33.7
Net capital gains and provisions	—	—	—	—	—	—
Attributable profit to the Group	642	(2.6)	0.2	2,544	42.5	33.7

Balance sheet

Customer loans	70,454	(1.3)	4.2	70,454	(6.7)	8.1
Cash, central banks and credit institutions	34,920	(6.5)	(1.3)	34,920	(15.6)	(2.2)
Debt securities	38,693	(10.9)	(5.9)	38,693	(9.0)	5.4
o/w: available for sale	21,321	(13.0)	(8.2)	21,321	31.0	51.7
Other financial assets	5,798	(4.0)	1.4	5,798	(31.7)	(20.9)
Other assets	11,825	(4.8)	0.5	11,825	(13.5)	0.1
Total assets	161,690	(5.2)	0.1	161,690	(10.9)	3.2
Customer deposits	70,074	(5.6)	(0.4)	70,074	(3.3)	12.0
Central banks and credit institutions	23,591	(5.8)	(0.6)	23,591	(13.4)	0.3
Debt securities issued	20,056	(6.2)	(1.0)	20,056	(36.7)	(26.7)
Other financial liabilities	23,783	(1.6)	3.8	23,783	(4.8)	10.3
Other liabilities	7,536	(6.0)	(0.8)	7,536	(0.3)	15.4
Total liabilities	145,040	(5.1)	0.1	145,040	(11.5)	2.5
Total equity	16,650	(5.9)	(0.7)	16,650	(5.3)	9.7
Other managed and marketed customer funds	58,479	(6.0)	(0.7)	58,479	(1.9)	13.6
Mutual funds	54,779	(5.7)	(0.5)	54,779	(1.7)	13.8
Pension funds	—	—	—	—	—	—
Managed portfolios	3,700	(9.1)	(4.0)	3,700	(5.1)	9.9

Pro memoria:

Loans w/o repos	74,341	(1.7)	3.8	74,341	(7.4)	7.2
Funds (customer deposits w/o repos + mutual funds)	106,959	(5.4)	(0.1)	106,959	7.2	24.2

Ratios (%) and operating means

Underlying RoTE	17.19	(0.42)		16.91	3.07	
Efficiency ratio (with amortisations)	36.7	1.6		35.6	(3.9)	
NPL ratio	5.29	(0.03)		5.29	(0.61)	
NPL coverage	92.6	(5.0)		92.6	(0.5)	
Number of employees	47,135	1.9		47,135	0.9	
Number of branches	3,465	1.3		3,465	1.0	

Mexico (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	630	(7.8)	(1.8)	2,601	9.1	12.5
Net fee income	181	(7.5)	(1.5)	749	5.4	8.7
Gains (losses) on financial transactions	39	56.1	65.9	150	0.4	3.6
Other operating income	(20)	73.3	78.7	(40)	(6.7)	(3.8)
Gross income	830	(7.0)	(0.9)	3,460	8.0	11.5
Operating expenses	(345)	(3.1)	3.0	(1,382)	8.4	11.9
General administrative expenses	(316)	(2.6)	3.5	(1,258)	7.7	11.1
<i>Personnel</i>	(178)	9.3	15.6	(653)	7.7	11.1
<i>Other general administrative expenses</i>	(138)	(14.6)	(8.8)	(606)	7.8	11.2
Depreciation and amortisation	(30)	(7.7)	(1.8)	(124)	16.5	20.2
Net operating income	485	(9.6)	(3.5)	2,078	7.8	11.2
Net loan-loss provisions	(187)	(22.1)	(16.2)	(905)	8.8	12.3
Other income	(24)	469.4	484.7	(39)	31.1	35.2
Underlying profit before taxes	274	(6.3)	(0.2)	1,134	6.3	9.7
Tax on profit	(49)	(18.9)	(13.0)	(230)	(6.9)	(3.9)
Underlying profit from continuing operations	225	(2.9)	3.2	904	10.3	13.8
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	225	(2.9)	3.2	904	10.3	13.8
Minority interests	46	(6.3)	(0.1)	194	1.7	5.0
Underlying attributable profit to the Group	178	(2.0)	4.1	710	12.9	16.5
Net capital gains and provisions	—	—	—	—	—	—
Attributable profit to the Group	178	(2.0)	4.1	710	12.9	16.5

Balance sheet

Customer loans	26,462	(9.0)	0.4	26,462	(3.1)	5.3
Cash, central banks and credit institutions	9,956	11.6	23.0	9,956	(25.5)	(19.0)
Debt securities	13,676	(2.5)	7.5	13,676	(3.2)	5.2
o/w: available for sale	6,971	(5.7)	3.9	6,971	(1.6)	6.9
Other financial assets	5,627	(4.6)	5.1	5,627	(27.1)	(20.8)
Other assets	2,481	(3.7)	6.2	2,481	(4.2)	4.1
Total assets	58,203	(3.8)	6.1	58,203	(10.6)	(2.9)
Customer deposits	30,392	(3.0)	6.9	30,392	5.1	14.2
Central banks and credit institutions	8,247	(16.2)	(7.6)	8,247	(26.8)	(20.5)
Debt securities issued	5,168	4.8	15.5	5,168	(4.2)	4.1
Other financial liabilities	7,680	7.2	18.2	7,680	(39.3)	(34.0)
Other liabilities	1,779	(2.0)	8.0	1,779	(12.7)	(5.1)
Total liabilities	53,267	(3.3)	6.6	53,267	(11.6)	(3.9)
Total equity	4,936	(8.7)	0.6	4,936	1.7	10.5
Other managed and marketed customer funds	9,919	(5.9)	3.8	9,919	(3.2)	5.3
Mutual funds	9,919	(5.9)	3.8	9,919	(3.2)	5.3
Pension funds	—	—	—	—	—	—
Managed portfolios	—	—	—	—	—	—

Pro memoria:

Loans w/o repos	26,962	(8.1)	1.3	26,962	(3.8)	4.6
Funds (customer deposits w/o repos + mutual funds)	35,548	(8.0)	1.4	35,548	(2.4)	6.0

Ratios (%) and operating means

Underlying RoTE	19.45	0.07		19.50	4.05	
Efficiency ratio (with amortisations)	41.6	1.7		39.9	0.1	
NPL ratio	2.69	0.13		2.69	(0.07)	
NPL coverage	97.5	(12.8)		97.5	(6.3)	
Number of employees	18,557	1.9		18,557	5.4	
Number of branches	1,401	—		1,401	0.9	

Chile (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	492	11.7	10.0	1,907	2.3	0.1
Net fee income	91	(2.2)	(3.4)	391	10.9	8.6
Gains (losses) on financial transactions	43	(35.8)	(35.6)	213	3.6	1.4
Other operating income	4	14.0	13.2	12	—	—
Gross income	630	4.3	2.9	2,523	4.2	2.0
Operating expenses	(248)	(2.2)	(3.3)	(1,025)	3.9	1.7
General administrative expenses	(218)	(4.4)	(5.4)	(918)	2.5	0.3
<i>Personnel</i>	(144)	0.7	(0.4)	(574)	2.9	0.7
<i>Other general administrative expenses</i>	(74)	(13.0)	(13.8)	(344)	1.9	(0.3)
Depreciation and amortisation	(30)	17.4	15.8	(108)	17.9	15.4
Net operating income	382	8.9	7.4	1,498	4.4	2.1
Net loan-loss provisions	(110)	1.9	0.5	(462)	(10.1)	(12.0)
Other income	3	(72.7)	(71.8)	23	—	—
Underlying profit before taxes	276	8.3	6.9	1,059	18.4	15.9
Tax on profit	(57)	26.5	24.5	(200)	25.7	23.0
Underlying profit from continuing operations	218	4.3	3.1	859	16.9	14.4
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	218	4.3	3.1	859	16.9	14.4
Minority interests	72	8.5	7.2	273	23.2	20.6
Underlying attributable profit to the Group	146	2.3	1.2	586	14.1	11.7
Net capital gains and provisions	—	—	—	—	—	—
Attributable profit to the Group	146	2.3	1.2	586	14.1	11.7

Balance sheet

Customer loans	37,153	2.5	0.1	37,153	(1.4)	2.7
Cash, central banks and credit institutions	4,321	8.3	5.8	4,321	(27.4)	(24.4)
Debt securities	4,143	23.6	20.7	4,143	(22.5)	(19.3)
o/w: available for sale	3,490	28.4	25.4	3,490	(27.1)	(24.1)
Other financial assets	2,789	24.1	21.2	2,789	12.7	17.4
Other assets	1,949	5.4	2.9	1,949	(5.6)	(1.7)
Total assets	50,355	5.6	3.1	50,355	(5.9)	(2.0)
Customer deposits	26,043	0.9	(1.5)	26,043	(4.7)	(0.7)
Central banks and credit institutions	5,491	29.5	26.5	5,491	(23.4)	(20.3)
Debt securities issued	8,967	5.6	3.2	8,967	(11.9)	(8.2)
Other financial liabilities	3,598	9.0	6.5	3,598	28.8	34.1
Other liabilities	1,222	7.4	4.9	1,222	(0.3)	3.8
Total liabilities	45,321	5.4	3.0	45,321	(6.9)	(3.0)
Total equity	5,034	6.9	4.4	5,034	4.4	8.7
Other managed and marketed customer funds	9,761	(4.3)	(6.5)	9,761	(1.4)	2.6
Mutual funds	7,163	(5.3)	(7.5)	7,163	(2.2)	1.9
Pension funds	—	—	—	—	—	—
Managed portfolios	2,597	(1.4)	(3.7)	2,597	0.6	4.8

Pro memoria:

Loans w/o repos	38,249	2.6	0.2	38,249	(1.4)	2.7
Funds (customer deposits w/o repos + mutual funds)	33,104	(0.3)	(2.7)	33,104	(4.2)	(0.2)

Ratios (%) and operating means

Underlying RoTE	17.62	(0.61)		17.89	0.72
Efficiency ratio (with amortisations)	39.3	(2.6)		40.6	(0.1)
NPL ratio	4.96	0.01		4.96	(0.09)
NPL coverage	58.2	(0.3)		58.2	(0.9)
Number of employees	11,675	0.0		11,675	(2.7)
Number of branches	439	8.1		439	0.9

United States (Excluding Popular) (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	1,273	(3.5)	(3.3)	5,569	(5.9)	(4.1)
Net fee income	222	(1.4)	(1.3)	971	(11.9)	(10.2)
Gains (losses) on financial transactions	10	—	—	9	(58.0)	(57.2)
Other operating income	91	13.4	11.8	410	(16.6)	(15.0)
Gross income	1,596	(0.5)	(0.5)	6,959	(7.6)	(5.8)
Operating expenses	(773)	4.0	3.9	(3,198)	(0.0)	1.9
General administrative expenses	(693)	4.1	4.0	(2,875)	(0.3)	1.6
<i>Personnel</i>	(396)	(0.0)	0.1	(1,664)	1.7	3.7
<i>Other general administrative expenses</i>	(298)	10.2	9.7	(1,211)	(2.9)	(1.0)
Depreciation and amortisation	(79)	3.0	3.0	(324)	2.4	4.4
Net operating income	824	(4.3)	(4.2)	3,761	(13.2)	(11.6)
Net loan-loss provisions	(638)	0.5	0.4	(2,780)	(13.4)	(11.7)
Other income	(31)	—	—	(90)	(0.4)	1.5
Underlying profit before taxes	155	(31.1)	(29.8)	892	(13.9)	(12.3)
Tax on profit	(45)	(35.8)	(34.1)	(256)	(27.9)	(26.5)
Underlying profit from continuing operations	109	(29.0)	(27.8)	636	(6.6)	(4.9)
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	109	(29.0)	(27.8)	636	(6.6)	(4.9)
Minority interests	39	(36.1)	(34.5)	228	(20.3)	(18.7)
Underlying attributable profit to the Group	71	(24.4)	(23.5)	408	3.2	5.2
Net capital gains and provisions*	(76)	—	—	(76)	133.6	138.1
Attributable profit to the Group	(5)	—	—	332	(8.4)	(6.7)

(*) In 2017, fiscal reform, provisions for hurricanes, increased stake in Santander Consumer USA and other. In 2016, restatement of Santander Consumer USA.

Balance sheet

Customer loans	71,963	(1.7)	(0.2)	71,963	(15.7)	(4.1)
Cash, central banks and credit institutions	13,300	1.6	3.2	13,300	(21.6)	(10.8)
Debt securities	13,843	(15.2)	(13.9)	13,843	(22.8)	(12.2)
o/w: available for sale	11,775	(17.9)	(16.6)	11,775	(23.7)	(13.2)
Other financial assets	3,368	16.6	18.4	3,368	(5.5)	7.5
Other assets	11,914	(3.8)	(2.2)	11,914	(11.9)	0.2
Total assets	114,388	(3.0)	(1.5)	114,388	(16.7)	(5.3)
Customer deposits	51,189	(3.2)	(1.7)	51,189	(20.6)	(9.6)
Central banks and credit institutions	15,884	1.3	2.9	15,884	(28.7)	(18.8)
Debt securities issued	26,176	(3.0)	(1.5)	26,176	(0.6)	13.1
Other financial liabilities	2,503	(8.0)	(6.5)	2,503	(13.9)	(2.0)
Other liabilities	3,437	(19.1)	(17.8)	3,437	(27.9)	(18.0)
Total liabilities	99,189	(3.2)	(1.7)	99,189	(17.8)	(6.5)
Total equity	15,199	(1.4)	0.1	15,199	(8.7)	3.9
Other managed and marketed customer funds	16,432	(4.1)	(2.6)	16,432	(12.7)	(0.7)
Mutual funds	8,367	0.4	2.0	8,367	(15.9)	(4.3)
Pension funds	—	—	—	—	—	—
Managed portfolios	8,065	(8.4)	(6.9)	8,065	(9.2)	3.3

Pro memoria:

Loans w/o repos	75,389	(1.7)	(0.2)	75,389	(15.9)	(4.3)
Funds (customer deposits w/o repos + mutual funds)	59,329	(2.6)	(1.1)	59,329	(20.0)	(9.0)

Ratios (%) and operating means

Underlying RoTE	1.69	(1.31)		3.12	0.01	
Efficiency ratio (with amortisations)	48.4	2.1		46.0	3.5	
NPL ratio	2.79	0.23		2.79	0.51	
NPL coverage	170.2	(17.3)		170.2	(44.2)	
Number of employees	17,560	(0.0)		17,560	0.3	
Number of branches	683	(1.6)		683	(11.1)	

Corporate Centre (€ million)

P&L	4Q'17	3Q'17	%	2017	2016	%
Net interest income	(223)	(220)	1.2	(851)	(739)	15.1
Net fee income	(17)	(7)	158.2	(38)	(31)	21.3
Gains (losses) on financial transactions	30	(56)	—	(227)	(243)	(6.6)
Other operating income	(28)	(17)	65.3	(104)	(52)	99.5
Gross income	(239)	(300)	(20.5)	(1,220)	(1,066)	14.5
Operating expenses	(120)	(118)	1.5	(476)	(450)	5.8
Net operating income	(359)	(419)	(14.3)	(1,696)	(1,516)	11.9
Net loan-loss provisions	(8)	(22)	(62.2)	(45)	2	—
Other income	(43)	(54)	(21.2)	(181)	(75)	142.8
Underlying profit before taxes	(410)	(494)	(17.1)	(1,923)	(1,589)	21.0
Tax on profit	32	14	128.6	32	141	(77.1)
Underlying profit from continuing operations	(378)	(481)	(21.4)	(1,890)	(1,448)	30.5
Net profit from discontinued operations	—	—	—	—	0	(100.0)
Underlying consolidated profit	(378)	(481)	(21.4)	(1,890)	(1,448)	30.6
Minority interests	(0)	(0)	(35.1)	(1)	(9)	(86.0)
Underlying attributable profit to the Group	(378)	(480)	(21.3)	(1,889)	(1,439)	31.3
Net capital gains and provisions*	(306)	(130)	135.7	(436)	(186)	134.9
Attributable profit to the Group	(684)	(610)	12.1	(2,326)	(1,625)	43.1

(*) In 2017, charge for equity stakes an intangible assets, capital gains from the disposal of the stake in Allfunds Bank and goodwill charges. In 2016, restructuring costs.

Balance sheet

Debt securities	1,768	1,488	18.8	1,768	1,374	28.7
Goodwill	25,769	25,855	(0.3)	25,769	26,724	(3.6)
Capital assigned to Group areas	83,045	85,441	(2.8)	83,045	78,537	5.7
Other financial assets	7,841	9,140	(14.2)	7,841	9,872	(20.6)
Other assets	14,929	14,485	3.1	14,929	15,648	(4.6)
Total assets	133,353	136,408	(2.2)	133,353	132,154	0.9
Debt securities issued	35,030	36,213	(3.3)	35,030	30,922	13.3
Other financial liabilities	3,381	856	294.8	3,381	4,042	(16.4)
Other liabilities	8,092	9,088	(11.0)	8,092	12,422	(34.9)
Total liabilities	46,502	46,157	0.7	46,502	47,387	(1.9)
Total equity	86,850	90,251	(3.8)	86,850	84,768	2.5
Other managed and marketed customer funds	2	3	(40.9)	2	—	—
Mutual funds	2	3	(40.9)	2	—	—
Pension funds	0	0	—	0	—	—
Managed portfolios	—	—	—	—	—	—

Operating means

Number of employees	1,784	1,709	4.4	1,784	1,724	3.5
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● Retail Banking (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	7,812	(0.4)	0.7	31,701	8.0	7.9
Net fee income	2,444	3.2	4.3	9,718	10.4	9.8
Gains (losses) on financial transactions	214	94.8	92.7	706	0.8	3.4
Other operating income	50	(77.5)	(75.5)	631	14.0	17.1
Gross income	10,520	(0.2)	0.9	42,755	8.5	8.4
Operating expenses	(4,874)	3.3	4.2	(19,374)	4.7	4.9
Net operating income	5,646	(3.1)	(1.8)	23,381	11.9	11.5
Net loan-loss provisions	(1,872)	(9.2)	(7.3)	(8,174)	(6.0)	(7.2)
Other income	(425)	(19.8)	(18.2)	(2,387)	41.5	39.8
Underlying profit before taxes	3,349	3.5	4.4	12,820	22.0	22.7
Tax on profit	(1,038)	1.5	2.6	(3,914)	35.6	36.5
Underlying profit from continuing operations	2,311	4.4	5.3	8,906	16.9	17.5
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	2,311	4.4	5.3	8,906	16.9	17.5
Minority interests	331	2.0	3.1	1,282	16.2	15.9
Underlying attributable profit to the Group	1,980	4.8	5.7	7,624	17.0	17.8
Net capital gains and provisions*	(76)	(10.6)	(10.6)	(161)	(6.8)	(5.0)
Attributable profit to the Group	1,904	5.5	6.4	7,463	17.6	18.4
Pro memoria:						
Loans w/o repos	681,191	0.5	1.6	681,191	(1.6)	3.1
Funds (customer deposits w/o repos + mutual funds)	739,935	0.7	2.0	739,935	1.6	6.5

(*) In 2017, integration costs, USA fiscal reform and increased stake in Santander Consumer USA. In 2016, capital gains from the disposal of the stake in VISA Europe, restructuring costs, PPI in the UK and restatement of Santander Consumer USA.

● Global Corporate Banking (€ million)

P&L	4Q'17	/ 3Q'17		2017	/ 2016	
		%	% w/o FX		%	% w/o FX
Net interest income	587	(3.8)	(2.0)	2,478	(2.0)	(2.5)
Net fee income	393	(1.0)	0.1	1,627	15.7	15.9
Gains (losses) on financial transactions	186	(48.3)	(46.1)	1,224	(2.6)	(1.9)
Other operating income	72	874.4	727.7	224	(22.7)	(23.9)
Gross income	1,239	(9.9)	(8.4)	5,552	1.3	1.2
Operating expenses	(519)	5.3	6.0	(1,988)	3.7	4.8
Net operating income	719	(18.3)	(16.5)	3,564	0.0	(0.7)
Net loan-loss provisions	(207)	82.3	81.8	(690)	4.9	0.8
Other income	(29)	28.8	29.6	(70)	(7.5)	(7.3)
Underlying profit before taxes	484	(35.1)	(32.9)	2,804	(0.9)	(0.9)
Tax on profit	(133)	(39.3)	(36.8)	(802)	1.9	2.3
Underlying profit from continuing operations	350	(33.3)	(31.2)	2,002	(2.0)	(2.1)
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	350	(33.3)	(31.2)	2,002	(2.0)	(2.1)
Minority interests	30	(38.4)	(35.4)	181	3.8	0.9
Underlying attributable profit to the Group	320	(32.8)	(30.8)	1,821	(2.5)	(2.4)
Net capital gains and provisions*	—	—	—	—	(100.0)	(100.0)
Attributable profit to the Group	320	(32.8)	(30.8)	1,821	0.7	0.8
Pro memoria:						
Loans w/o repos	87,015	(4.3)	(2.5)	87,015	(10.8)	(5.4)
Funds (customer deposits w/o repos + mutual funds)	75,642	(2.9)	(0.8)	75,642	13.8	19.9

(*) In 2016, restructuring costs.

Popular (€ million)

P&L	4Q'17	% / 3Q'17	2017*
Net interest income	438	(4.0)	1,003
Net fee income	129	0.5	288
Gains (losses) on financial transactions	(8)	—	1
Other operating income	(23)	—	17
Gross income	536	(15.6)	1,309
Operating expenses	(390)	0.5	(873)
General administrative expenses	(355)	4.8	(781)
<i>Personnel</i>	(199)	12.3	(421)
<i>Other general administrative expenses</i>	(156)	(3.5)	(360)
Depreciation and amortisation	(34)	(29.2)	(92)
Net operating income	146	(40.9)	436
Net loan-loss provisions	(68)	77.0	(114)
Other income	(8)	—	(20)
Underlying profit before taxes	71	(67.3)	302
Tax on profit	14	—	(39)
Underlying profit from continuing operations	85	(49.1)	263
Net profit from discontinued operations	—	—	—
Underlying consolidated profit	85	(49.1)	263
Minority interests	0	—	0
Underlying attributable profit to the Group	85	(49.5)	263
Net capital gains and provisions**	—	(100.0)	(300)
Attributable profit to the Group	85	—	(37)

(*) Results consolidated into Grupo Santander as of 7 June 2017.

(**) Restructuring costs.

Balance sheet

Customer loans	75,516	(0.3)
Cash, central banks and credit institutions	14,025	(8.9)
Debt securities	17,457	(7.2)
o/w: available for sale	16,171	(3.1)
Other financial assets	1,709	(2.6)
Other assets	18,246	(0.1)
Total assets	126,953	(2.3)
Customer deposits	64,960	(7.0)
Central banks and credit institutions	37,279	5.5
Debt securities issued	10,661	(1.8)
Other financial liabilities	2,460	15.3
Other liabilities	3,666	(27.1)
Total liabilities	119,026	(3.4)
Total equity	7,927	16.8
Other managed and marketed customer funds	16,409	(2.6)
Mutual funds	9,619	(1.1)
Pension funds	4,600	(2.0)
Managed portfolios	2,190	(9.9)
Pro memoria:		
Loans w/o repos	79,533	(0.0)
Funds (customer deposits w/o repos + mutual funds)	74,286	(6.3)

Consolidated summarised financial statements

Consolidated income statement

Consolidated balance sheet

NOTE: The financial information for the 2017 and 2016 corresponds to that included in the consolidated summarised financial statements at these dates, drawn up in accordance with the International Accounting Standards (IAS) 34, Interim Financial Information. The accounting policies and methods used are those established by the International Financial Reporting Standards adopted by the European Union (IFRS-EU), Circular 4/2004 of the Bank of Spain and the International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS-IASB).

Consolidated income statement (€ million)

	2017	2016
Interest income	56,041	55,156
Interest expense	(21,745)	(24,067)
NET INTEREST INCOME	34,296	31,089
Dividend income	384	413
Share of results of entities accounted for using the equity method	704	444
Commission income	14,579	12,943
Commission expense	(2,982)	(2,763)
Gain or losses on financial assets and liabilities not measured at fair value through profit or loss. net	404	869
Gain or losses on financial assets and liabilities held for trading. net	1,252	2,456
Gain or losses on financial assets and liabilities measured at fair value through profit or loss. net	(85)	426
Gain or losses from hedge accounting. net	(11)	(23)
Exchange rate differences. net	105	(1,627)
Other operating income	1,618	1,919
Other operating expenses	(1,966)	(1,977)
Income from assets under insurance and reinsurance contracts	2,546	1,900
Expenses from liabilities under insurance and reinsurance contracts	(2,489)	(1,837)
GROSS INCOME	48,355	44,232
Administrative expenses	(20,400)	(18,737)
Staff costs	(12,047)	(11,004)
Other general administrative expenses	(8,353)	(7,733)
Depreciation and amortisation cost	(2,593)	(2,364)
Provisions. net	(3,058)	(2,508)
Impairment or reversal of impairment of financial assets measured at fair value through profit or loss. net	(9,259)	(9,626)
Financial assets measured at cost	(8)	(52)
Financial assets available-for-sale	(10)	11
Loans and receivables	(9,241)	(9,557)
Held-to-maturity investments	—	(28)5
PROFIT FROM OPERATIONS	13,045	10,997
Impairment of investments in subsidiaries. joint ventures and associates. net	(13)	(17)
Impairment on non-financial assets. net	(1,260)	(123)
Tangible assets	(72)	(55)
Intangible assets	(1,073)	(61)
Others	(115)	(7)
Gain or losses on non financial assets and investments. net	522	30
Negative goodwill recognized in results	—	22
Gains or losses on non-current assets held for sale classified as discontinued operations	(203)	(141)
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	12,091	10,768
Tax expense or income from continuing operations	(3,884)	(3,282)
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	8,207	7,486
Profit or loss after tax from discontinued operations	—	—
PROFIT FOR THE PERIOD	8,207	7,486
Profit attributable to non-controlling interests	1,588	1,282
Profit attributable to the parent	6,619	6,204
EARNINGS PER SHARE (euros)		
Basic	0.40	0.40
Diluted	0.40	0.40

NOTE: The financial information in this report was approved by the Bank's Board of Directors, following a favourable report from the Audit Committee

Consolidated balance sheet (€ million)

ASSETS	31.12.17	31.12.16
Cash, cash balances at central banks and other demand deposits	110,995	76,454
Financial assets held for trading	125,458	148,187
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	50,891	38,145
Financial assets measured at fair value	34,782	31,609
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	5,766	2,025
Financial assets available for sale	133,271	116,774
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	43,079	23,980
Loans and receivables	903,013	840,004
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	8,147	7,994
Investments held to maturity	13,491	14,468
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	6,996	2,489
Hedging derivatives	8,537	10,377
Changes in fair value of hedged items in portfolio hedges of interest rate risk	1,287	1,481
Investments	6,184	4,836
Associated companies	1,987	1,594
Controlled entities	4,197	3,242
Reinsurance assets	341	331
Tangible assets	22,974	23,286
Property, plant and equipment	20,650	20,770
For own-use	8,279	7,860
Leased out under an operating lease	12,371	12,910
Investment property	2,324	2,516
Of which: leased out under an operating lease	1,332	1,567
<i>Memorandum items: acquired in financial lease</i>	96	115
Intangible assets	28,683	29,421
Goodwill	25,769	26,724
Other intangible assets	2,914	2,697
Tax assets	30,243	27,678
Current tax assets	7,033	6,414
Deferred tax assets	23,210	21,264
Other assets	9,766	8,447
Insurance contracts linked to pensions	239	269
Inventories	1,964	1,116
Other	7,563	7,062
Non-current assets held for sale	15,280	5,772
TOTAL ASSETS	1,444,305	1,339,125

Consolidated balance sheet (€ million)

LIABILITIES AND EQUITY	31.12.17	31.12.16
Financial liabilities held for trading	107,624	108,765
Financial liabilities designated at fair value through profit or loss	59,616	40,263
<i>Memorandum items: subordinated liabilities</i>	—	—
Financial liabilities at amortised cost	1,126,069	1,044,240
<i>Memorandum items: subordinated liabilities</i>	21,570	19,902
Hedging derivatives	8,044	8,156
Changes in fair value of hedged items in portfolio hedges of interest rate risk	330	448
Liabilities under insurance contracts	1,117	652
Provisions	14,489	14,459
Pensions and other post-retirement obligations	6,345	6,576
Other long term employee benefits	1,686	1,712
Taxes and other legal contingencies	3,181	2,994
Contingent liabilities and commitments	617	459
Other provisions	2,660	2,718
Tax liabilities	7,592	8,373
Current tax liabilities	2,755	2,679
Deferred tax liabilities	4,837	5,694
Other liabilities	12,591	11,070
Liabilities associated with non-current assets held for sale	—	—
TOTAL LIABILITIES	1,337,472	1,236,426
Shareholders' equity	116,265	105,977
Capital	8,068	7,291
Unpaid capital which has been called up	—	—
<i>Memorandum items: uncalled up capital</i>	—	—
Share premium	51,053	44,912
Equity instruments issued other than capital	525	—
Equity component of compound financial instruments	—	—
Other equity instruments	525	—
Other equity	216	240
Accumulated retained profit	53,437	49,953
Revaluation reserves	—	—
Other reserves	(1,602)	(949)
(-) Own shares	(22)	(7)
Profit attributable to shareholders of the parent	6,619	6,204
(-) Interim Dividends	(2,029)	(1,667)
Other accumulated results	(21,776)	(15,039)
Items not reclassified to profit or loss	(4,034)	(3,933)
Actuarial gains or losses on defined benefit pension plans	(4,033)	(3,931)
Non-current assets classified as held for sale	—	—
Other recognised income and expense of investments in subsidiaries, joint ventures and associates	(1)	(2)
Other valuation adjustments	—	—
Items that may be reclassified to profit or loss	(17,742)	(11,106)
Hedge of net investments in foreign operations (effective portion)	(4,311)	(4,925)
Exchange rate differences	(15,430)	(8,070)
Hedging derivatives, Cash flow hedges (effective portion)	152	469
Available-for-sale financial assets	2,068	1,571
Debt instruments	1,154	423
Equity instruments	914	1,148
Non-current assets classified as held for sale	—	—
Other recognised income and expense of investments in subsidiaries, joint ventures and associates	(221)	(151)
Non-controlling interest	12,344	11,761
Other accumulated results	(1,436)	(853)
Other items	13,780	12,614
TOTAL EQUITY	106,833	102,699
TOTAL LIABILITIES AND EQUITY	1,444,305	1,339,125
Memorandum items		
Contingent liabilities	49,117	44,434
Contingent commitments	237,970	231,962

» Alternative performance measures (APM)

Below we set out information on alternative performance measures in order to comply with the guidelines published by the European Securities and Markets Authority, ESMA (Guidelines on Alternative Performance Measures).

- The Group uses the following indicators for managing its business. They enable profitability and efficiency, credit portfolio quality, the volume of tangible equity per share and the net loan-to-deposit ratio to be measured, analysing their evolution and comparing them with those of our competitors.
 - The purpose of the **profitability and efficiency** ratios is to measure the ratio of profit to capital, to tangible capital, to assets and to risk weighted assets, while the efficiency ratio measures how much general administrative expenses (personnel and other) and amortisation costs are needed to generate revenue.
 - The **credit risk** indicators measure the quality of the credit portfolio and the percentage of non-performing loans covered by provisions.
 - The **capitalisation** indicator provides information on the volume of tangible equity per share.
 - **Other indicators** are also included. The loan-to-deposit ratio (LTD) identifies the relationship between net customer loans and advances and customer deposits, assessing the proportion of loans and advances granted by the Group that are funded by customer deposits. The Group also uses gross customer loan magnitudes excluding reverse repurchase agreements (repos) and customer deposits excluding repos. In order to analyse the evolution of the traditional commercial banking business of granting loans and capturing deposits, repos and reverse repos are excluded as they are mainly treasury business products and highly volatile.
- Impact of exchange rate movements on profit and loss accounts

The Group presents, at both the Group level as well as the business unit level, the real changes in the income statement as well as the changes excluding the exchange rate effect, as it considers the latter facilitates analysis since it enables businesses movements to be identified without taking into account the impact of converting each local currency into euros.

Said variations excluding the impact of exchange rate movements are calculated by converting P&L lines for the different business units comprising the Group into our presentation currency, the euro, applying the average 2017 exchange rate for all periods contemplated in the analysis. The average exchange rates for the main currencies in which the Group operates used are set out on page 9.

- Impact of exchange rate movements on the balance sheet

The Group presents, at both the Group level as well as the business unit level, the real changes in the balance sheet as well as the changes excluding the exchange rate effect for loans and advances to customers excluding reverse repos and customer funds (which comprise deposits and mutual funds) excluding repos. As with the income statement, the reason is to facilitate analysis by isolating the changes in the balance sheet that are not caused by converting each local currency into euros.

These changes excluding the impact of exchange rate movements are calculated by converting loans and advances to customers excluding reverse repos and customer funds excluding repos, into our presentation currency, the euro, applying the closing exchange rate on the last working day of 2017 to all periods contemplated in the analysis. The end-of-period exchange rates for the main currencies in which the Group operates used are set out on page 9.

- Impact of non-recurring items on the consolidated profit and loss accounts

With regard to the results, a summary of the consolidated profit and loss accounts for 2016 and 2017 can be found on page 32. In these accounts, results are included in their corresponding accounting item, even when, in the Group's opinion, they distort the comparison between periods.

Therefore, summarised profit and loss accounts for management purposes (rather than for accounting purposes) for the last two quarters of 2017 and the full year 2016 and 2017 results are presented on page 4. In these accounts, balances of said distorting items, net of tax and minority interests, are included in a separate line which the Group calls net capital gains and provisions just above the Group's attributable profit. The Group believes that this statement explains more clearly the changes in the income statement. Those capital gains and provisions considered as non-recurring are subtracted from each of the income statement lines where they were naturally recorded.

Additionally, the following table reconciles attributable profit by isolating the non-recurring impacts in 2016 and 2017 and the impact of Banco Popular as of its acquisition on 7 June 2017. Additional information regarding “net capital gains and provisions” is included on page 4.

Adjusted attributable profit to the Group. Twelve months ended December 31

EUR million

	2017	2016	% change between periods
Unadjusted attributable profit to the Santander Group	6,619	6,204	+7%
(-) Net capital gains and provisions	(897)	(417)	+115%
Adjusted attributable profit to the Santander Group	7,516	6,621	+14%
(-) Adjusted attributable profit Banco Popular	263	—	—
Adjusted attributable profit to the Group w/o Banco Popular	7,253	6,621	+10%

The definitions of each of the previously-mentioned indicators and how they are calculated are given below:

Profitability and Efficiency

Ratio	Formula	Relevance of the metric
RoE (Return on equity)	$\frac{\text{Group's attributable profit}}{\text{Average stockholders' equity* (excl. minority interests)}}$	This ratio measures the return that shareholders obtain on the funds invested in the entity and as such measures the company's ability to pay shareholders.
RoTE (Return on tangible equity)	$\frac{\text{Group's attributable profit}}{\text{Average stockholders' equity* (excl. minority interests) - intangibles assets}}$	This is a very common indicator, used to evaluate the profitability of the company as a percentage of its tangible equity. It's measured as the return that shareholders receive as a percentage of the funds invested in the entity less intangible assets.
Underlying RoTE	$\frac{\text{Group's underlying attributable profit}}{\text{Average stockholders' equity* (excl. minority interests) - intangibles assets}}$	This indicator measures the profitability of the tangible equity of a company arising from ordinary activities, i.e. excluding net capital gains and provisions.
RoA (Return on assets)	$\frac{\text{Consolidated profit}}{\text{Average total assets}}$	This metric, commonly used by analysts, measures the profitability of a company as a percentage of its total assets. It is an indicator that reflects the efficiency of the company's total funds in generating profit over a given period.
RoRWA (Return on risk weighted assets)	$\frac{\text{Consolidated profit}}{\text{Average risk weighted assets}}$	The return adjusted for risk is an derivative of the RoA metric. The difference is that RoRWA measures profit in relation to the bank's risk weighted assets.
Underlying RoRWA	$\frac{\text{Underlying consolidated profit}}{\text{Average risk weighted assets}}$	This relates the underlying profit (excluding net capital gains and provisions) to the bank's risk weighted assets.
Efficiency	$\frac{\text{Operating expenses**}}{\text{Gross income}}$	One of the most commonly used indicators when comparing productivity of different financial entities. It measures the amount of funds used to generate the bank's operating income.

Credit Risk

Ratio	Formula	Relevance of the metric
NPL ratio (Non-performing loans)	$\frac{\text{Non-performing loans and advances to customers and guarantees and non-performing contingent liabilities (without country risk)}}{\text{Total Risk***}}$	The NPL ratio is an important variable regarding financial institutions' activity since it gives an indication of the level of risk the entities are exposed to. It calculates risks that are, in accounting terms, declared to be non-performing as a percentage of the total outstanding amount of customer credit and contingent liabilities.
Coverage ratio	$\frac{\text{Provisions to cover impairment losses on loans and advances to customers, guarantees and contingent liabilities}}{\text{Non-performing loans and advances to customers, guarantees and non-performing contingent liabilities}}$	The coverage ratio is a fundamental metric in the financial sector. It reflects the level of provisions as a percentage of the non-performing assets (credit risk). Therefore it is a good indicator of the entity's solvency against client defaults both present and future.
Cost of Credit	$\frac{\text{Allowances for loan loss provisions over the last 12 months}}{\text{Average loans and advances to customers over the last 12 months}}$	This ratio quantifies loan loss provisions arising from credit risk over a defined period of time for a given loan portfolio. As such, it acts as an indicator of credit quality.

Market Capitalisation

Ratio	Formula	Relevance of the metric
TNAV per share (Tangible net asset value per share)	$\frac{\text{Tangible book value****}}{\text{Number of shares excluding treasury stock}}$	This is a very commonly used ratio used to measure the company's accounting value per share having deducted the intangible assets. It is useful in evaluating the amount each shareholder would receive if the company were to enter into liquidation and had to sell all the company's tangible assets.

Other indicators

Ratio	Formula	Relevance of the metric
LtD (Loan-to-deposit)	$\frac{\text{Net loans and advances to customers}}{\text{Customer deposits}}$	This is an indicator of the bank's liquidity. It measures the total (net) loans and advances to customers as a percentage of customer funds.
Loans and advances (excl. reverse repos)	Gross loans and advances to customers excluding reverse repos	In order to aid analysis of the commercial banking activity, reverse repos are excluded as they are highly volatile treasury products.
Deposits (excl. repos)	Customer deposits excluding repos	In order to aid analysis of the commercial banking activity, repos are excluded as they are highly volatile treasury products.

(*) Stockholders' equity = Capital and Reserves + Accumulated other comprehensive income + Group Attributable profit + Dividends

(**) Operating expenses: General administrative expenses + Depreciation and amortisation

(***) Total risk = Total loans @ advances and guarantees to customers (performing and non-performing) + non-performing contingent liabilities

(****) Tangible book value = Shareholders' equity + Accumulated other comprehensive income - Intangible assets

Finally, below the numerical value of each indicator is given. For indicators related to credit risk, capitalisation and others, the fourth quarter data coincide with year-end since they are concepts relating to end of reference period balances.

	4Q 17	3Q 17	2017 with Popular		
Profitability and efficiency					
RoE	7.81%	7.87%	7.14%	6.99%	
Attributable profit to the Group	7,313	7,391	6,619	6,204	
Average stockholders' equity* (excluding minority interests)	93,628	93,855	92,638	88,744	
RoTE	11.21%	11.31%	10.41%	10.38%	
Attributable profit to the Group	7,313	7,391	6,619	6,204	
Average stockholders' equity* (excl. minority interests) - intangible assets	65,253	65,363	63,594	59,771	
Underlying RoTE	11.79%	12.10%	11.82%	11.08%	
Underlying attributable profit to the Group	7,696	7,906	7,516	6,621	
Average stockholders' equity* (excl. minority interests) - intangible assets	65,253	65,363	63,594	59,771	
RoA	0.61%	0.61%	0.58%	0.56%	
Consolidated profit	8,899	8,875	8,205	7,508	
Average total assets	1,460,975	1,458,196	1,407,681	1,337,661	
RoRWA	1.44%	1.42%	1.35%	1.29%	
Consolidated profit	8,899	8,875	8,205	7,508	
Average risk weighted assets	616,761	624,895	606,308	580,777	
Underlying RoRWA	1.48%	1.50%	1.48%	1.36%	
Underlying consolidated profit	9,142	9,390	8,963	7,893	
Average risk weighted assets	616,761	624,895	606,308	580,777	
Efficiency ratio (with amortisations)	49.4%	47.1%	47.4%	48.1%	
Operating expenses**	5,961	5,766	22,918	21,088	
Gross income	12,062	12,252	48,392	43,853	
Credit risk					
			2017 w/o Popular	2017 with Popular	2016
NPL ratio			3.38%	4.08%	3.93%
Non-performing loans and advances to customers and guarantees and non-performing contingent liabilities			28,104	37,596	33,643
Total risk***			832,655	920,968	855,510
Coverage ratio			70.8%	65.2%	73.8%
Provisions to cover impairment losses on loans and advances to customers, guarantees and contingent liabilities			19,906	24,529	24,835
Non-performing loans and advances to customers, guarantees and non-performing contingent liabilities			28,104	37,596	33,643
Cost of credit			1.12%	1.07%	1.18%
Allowances for loan loss provisions over the last 12 months			8,997	9,111	9,518
Average loans and advances to customers over the last 12 months			803,488	853,479	806,595
Market capitalisation					
			2017 with Popular	2016	
TNAV (tangible book value) per share			4.15	4.15	
Tangible book value****			66,985	61,517	
Number of shares w/o treasury stock (million)*****			16,132	14,825	
Others					
			2017 w/o Popular	2017 with Popular	2016
Loan-to-deposit ratio			109%	109%	114%
Net loans and advances to customers			773,398	848,914	790,470
Customer deposits			712,770	777,730	691,111

(*).- Stockholders' equity = Capital and Reserves + Accumulated other comprehensive income + Attributable profit to the Group + Dividends

(**).- Operating expenses: General administrative expenses + Depreciation and amortisation

(***).- Total risk = Total loans @ advances and guarantees to customers (performing and non-performing) + non-performing contingent liabilities

(****).- Tangible book value = Shareholders' equity + Accumulated other comprehensive income - Intangible assets

(*****).- In 2016, data adjusted to capital increase of July 2017.

Notes:

- Averages included in the RoE, RoTE, RoA and RoRWA denominators are calculated using 4 months' worth of data in the case of quarterly figures (from September to December in 4Q and June to September in 3Q and 13 months in the case of annual figures (December to December).
- For periods less than one year, and if there are results which distort period-on-period business comparisons, the profit used to calculate RoE and RoTE is the annualised underlying attributable profit to which said distorting results are added without annualising.
- For periods less than one year, and if there are results which distort period-on-period business comparisons, the profit used to calculate RoA and RoRWA is the consolidated annualised profit, to which said distorting results are added without annualising.
- The risk weighted assets included in the denominator of the RoRWA metric are calculated in line with the criteria laid out in the CRR (Capital Requirements Regulation).

NOTE

Important information

Banco Santander, S.A, ("Santander") cautions that this financial report 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 report 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 report 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.

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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 report 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.

Investor Relations

Ciudad Grupo Santander
Edificio Pereda, 2nd floor
Avda de Cantabria. s/n
28660 Boadilla del Monte
Madrid (Spain)
Tel: 34 (91) 259 65 14 / 34 (91) 259 65 20
Fax: 34 (91) 257 02 45
e-mail: investor@gruposantander.com

Legal Head Office:

Paseo Pereda, 9-12. Santander (Spain)
Tel: 34 (942) 20 61 00

Operational Head Office:

Ciudad Grupo Santander
Avda. de Cantabria, /n 28660 Boadilla del Monte. Madrid (Spain)