

25 July 2018

# H1'18 Earnings Presentation

Here to help you prosper



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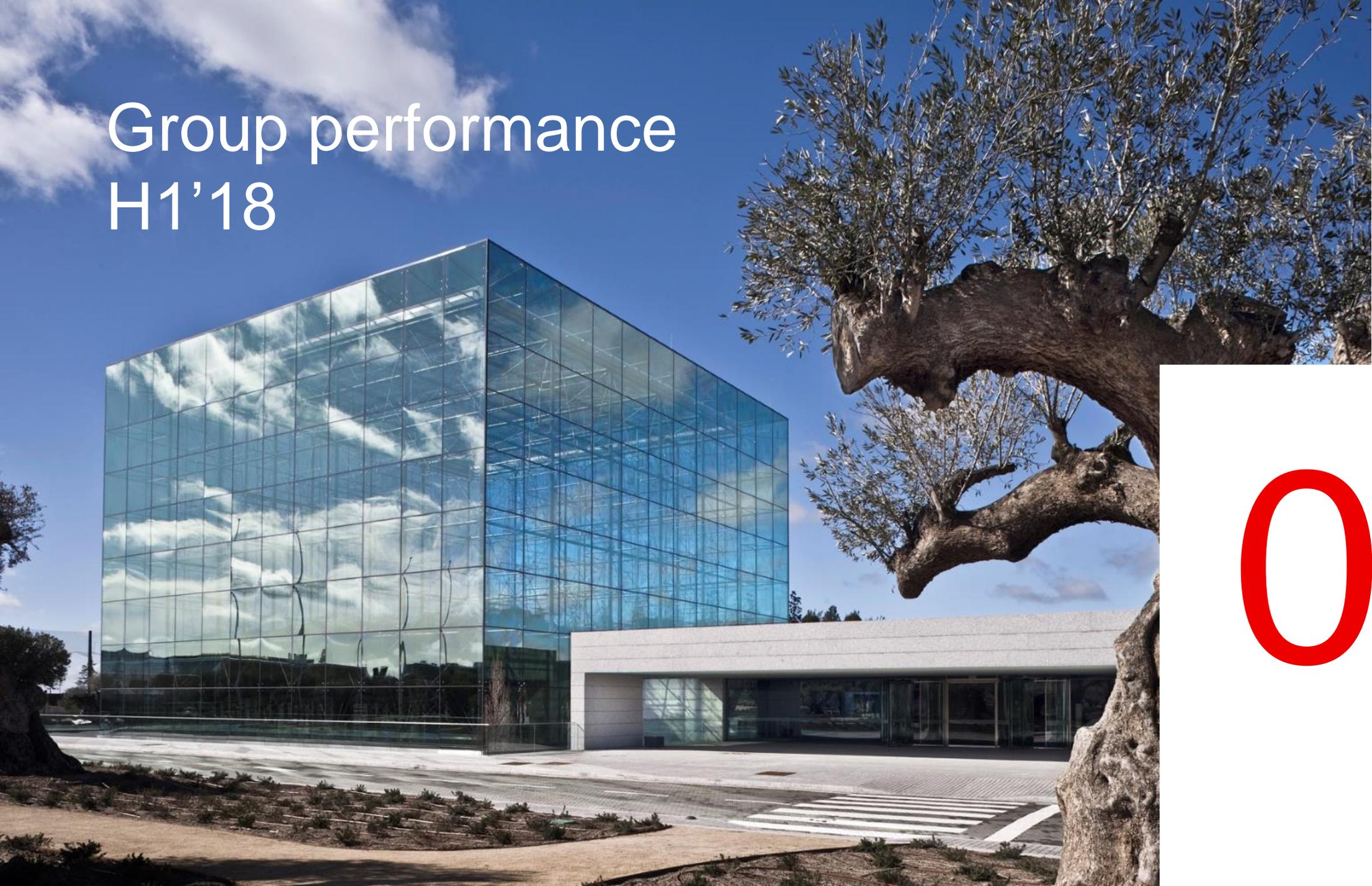
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1. **Group performance H1'18**
2. **Business areas performance H1'18**
3. **Concluding remarks**
4. **Appendix**
5. **Glossary**

# Group performance H1'18



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# H1'18 Highlights

## Commercial transformation

- ▶ Our customer base continues to increase: **Loyal +17%** and **Digital +23% YoY**
- ▶ Our **digital transformation** is increasing **online banking accesses** and the penetration of **digital customers**

## Results and profitability

- ▶ **Q2'18 attributable profit: EUR 1,698 mn** impacted by non-recurring items totalling EUR -300 mn<sup>1</sup>
- ▶ **Q2'18 underlying attributable profit: EUR 1,998 mn** impacted by the annual Q2 SRF payment. Excluding this effect, the like-for-like comparison with Q1'18 is 6% growth (+9% in constant euros)
- ▶ **H1'18 underlying profit growth YoY: +12%** to **EUR 4,052 mn** (+25% in constant euros)

## Solvency & Profitability

- ▶ We continued to **generate capital organically in Q2: +18 bps**
- ▶ **FL CET1 impacted in Q2** by SCUSA minority interests, HTC&S portfolio valuation and restructuring costs
- ▶ **High profitability: 12.2% underlying RoTE**

## 2018 Outlook

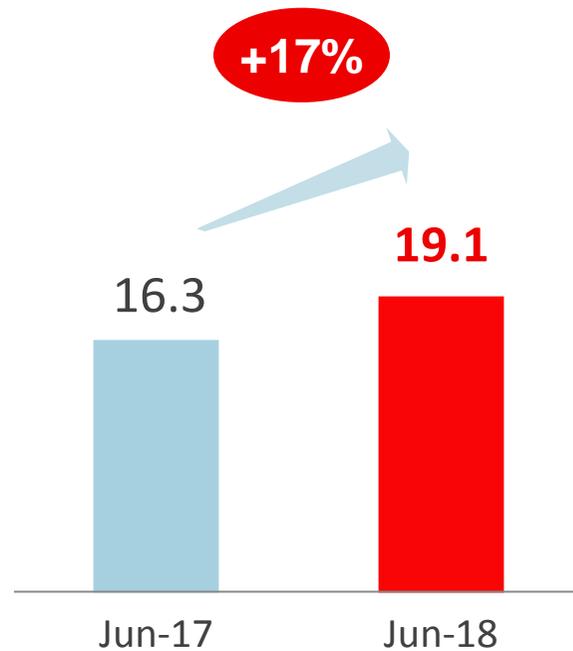
- ▶ **Popular integration is on track.** Legal integration and authorisation processes progressing
- ▶ **USA accelerates** turnaround in profitable growth
- ▶ **On track to meet our 2018 targets**

# Our commercial and digital transformations are bearing fruit, which is reflected in our customer base and activity growth

## More loyal customers driven by commercial initiatives

### Loyal customers

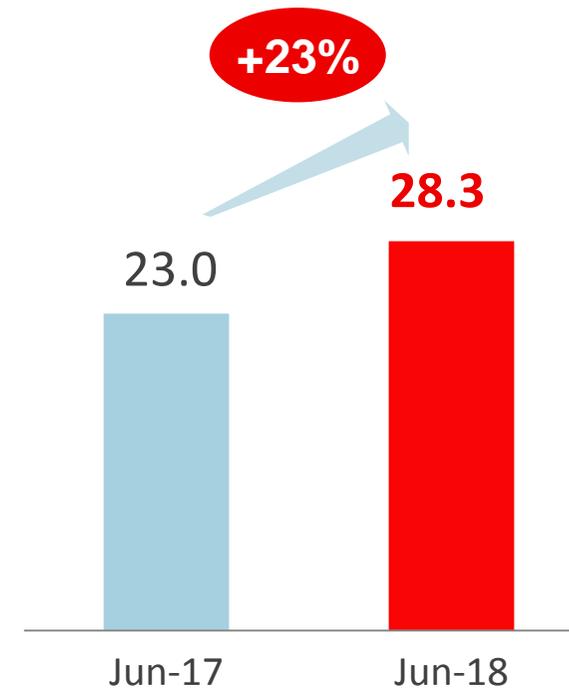
mn



## More digital customers

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

mn



# H1'18 performance driven by strong customer revenues and lower provisions

EUR mn	H1'18	% vs. H1'17	
		Euros	Constant euros
Net interest income	16,931	0	10
Net fees	5,889	2	13
Customer revenues	22,820	0	10
ROF and other	1,342	2	14
Gross income	24,162	0	11
Operating expenses	-11,482	3	12
Net operating income	12,680	-2	10
Net loan-loss provisions	-4,297	-8	4
Other provisions	-903	-44	-39
<b>PBT</b>	<b>7,480</b>	<b>14</b>	<b>26</b>
<b>Underlying attrib. profit</b>	<b>4,052</b>	<b>12</b>	<b>25</b>
Net capital gains and provisions	-300	—	—
<b>Attributable profit</b>	<b>3,752</b>	<b>4</b>	<b>16</b>

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

Higher costs due to commercial transformation and digitalisation investments

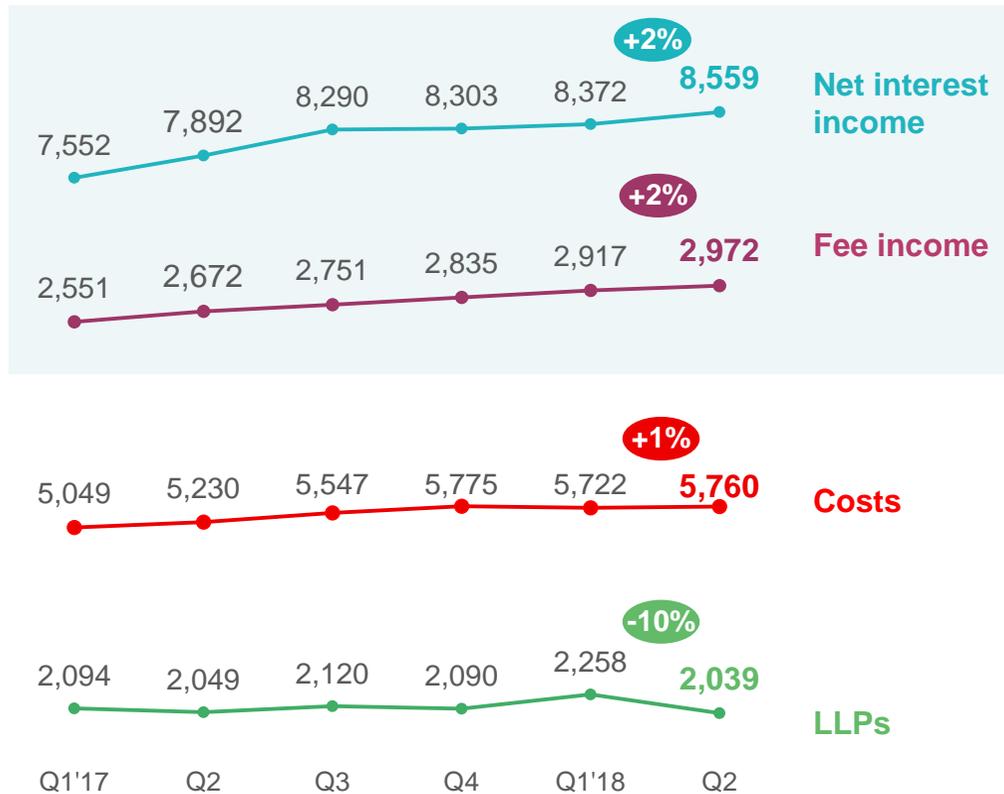
Good credit quality evolution, with lower cost of credit and NPL ratio

Charges related to integrations (mainly restructuring costs), net of tax impacts, in Spain (EUR -280 mn), Corporate Centre (EUR -40 mn) and Portugal (EUR 20 mn)

# Positive Q2 performance driven by customer revenue growth, cost control and lower LLPs...

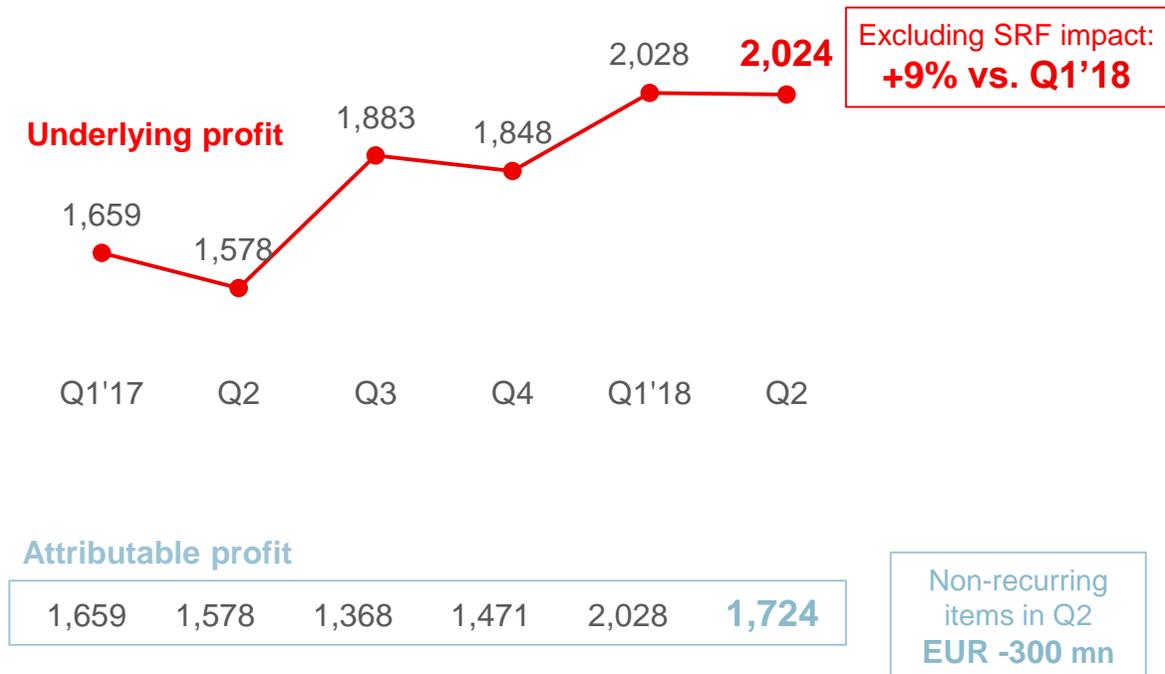
## Sustained QoQ evolution in core lines

Constant EUR mn



## Q2'18 affected by non-recurring items and SRF

Constant EUR mn

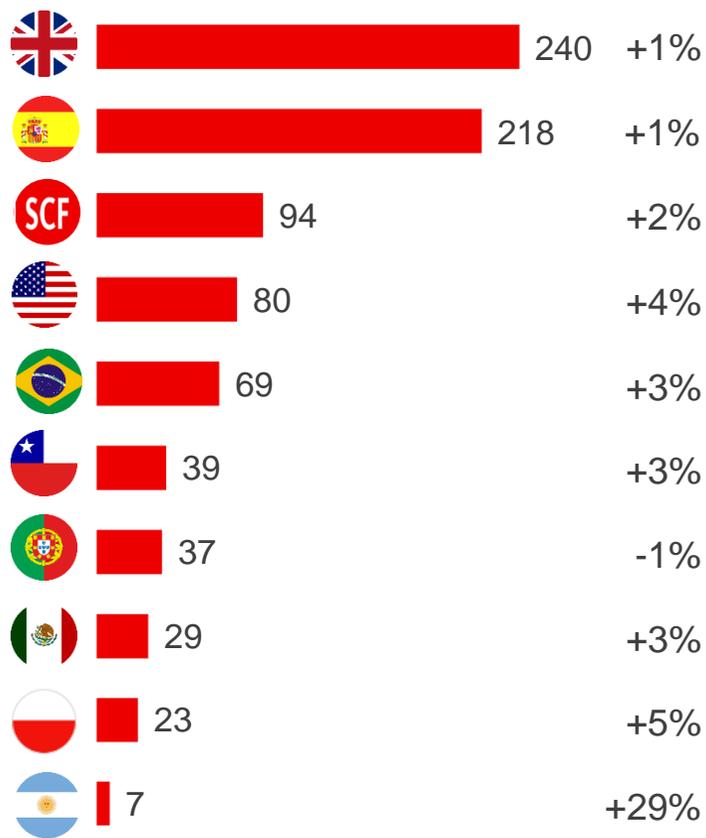


Note: Contribution to the SRF (net of tax) recorded in Q2'17 (EUR -146 mn) and Q2'18 (EUR -187 mn). Contribution to the DGF (net of tax) in Q4'17 (EUR -186 mn)

# ...stemming from positive QoQ performance in most geographies

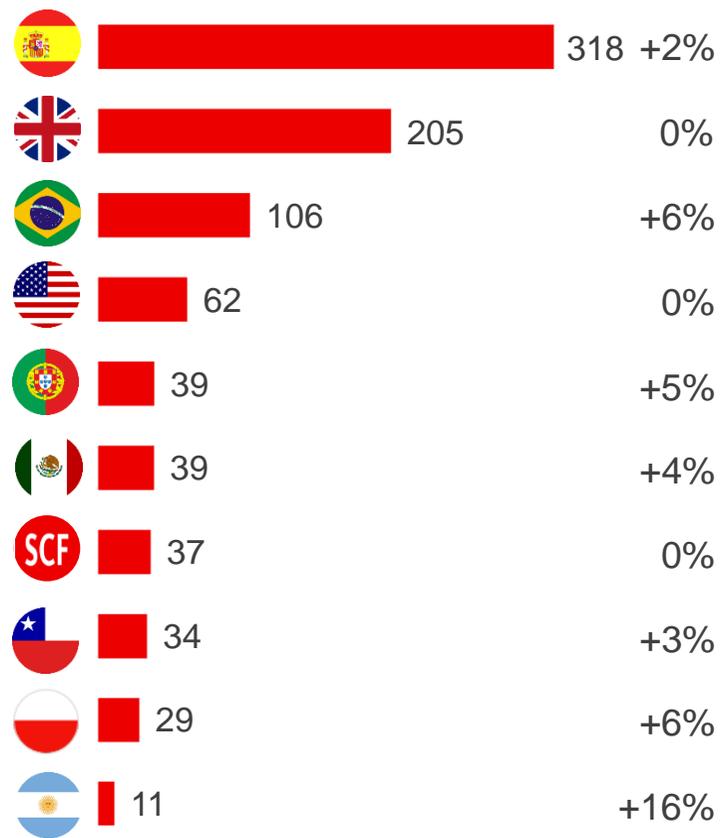
## Loan growth in 9 units

EUR bn and QoQ<sup>1</sup> change in constant EUR



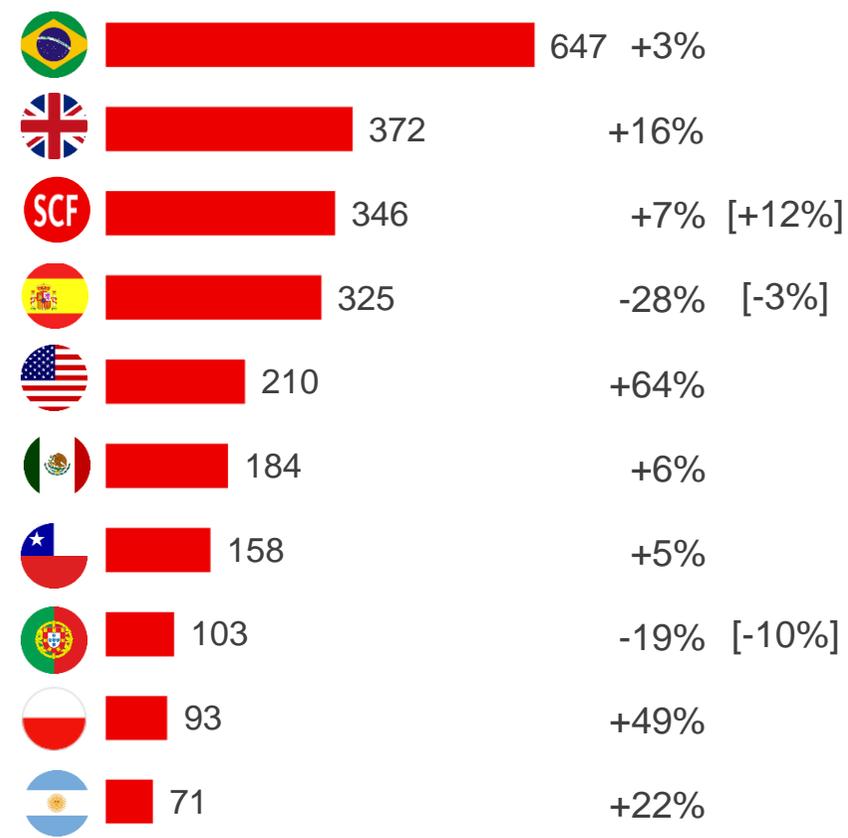
## Customer fund growth in 7 units

EUR bn and QoQ<sup>1</sup> change in constant EUR

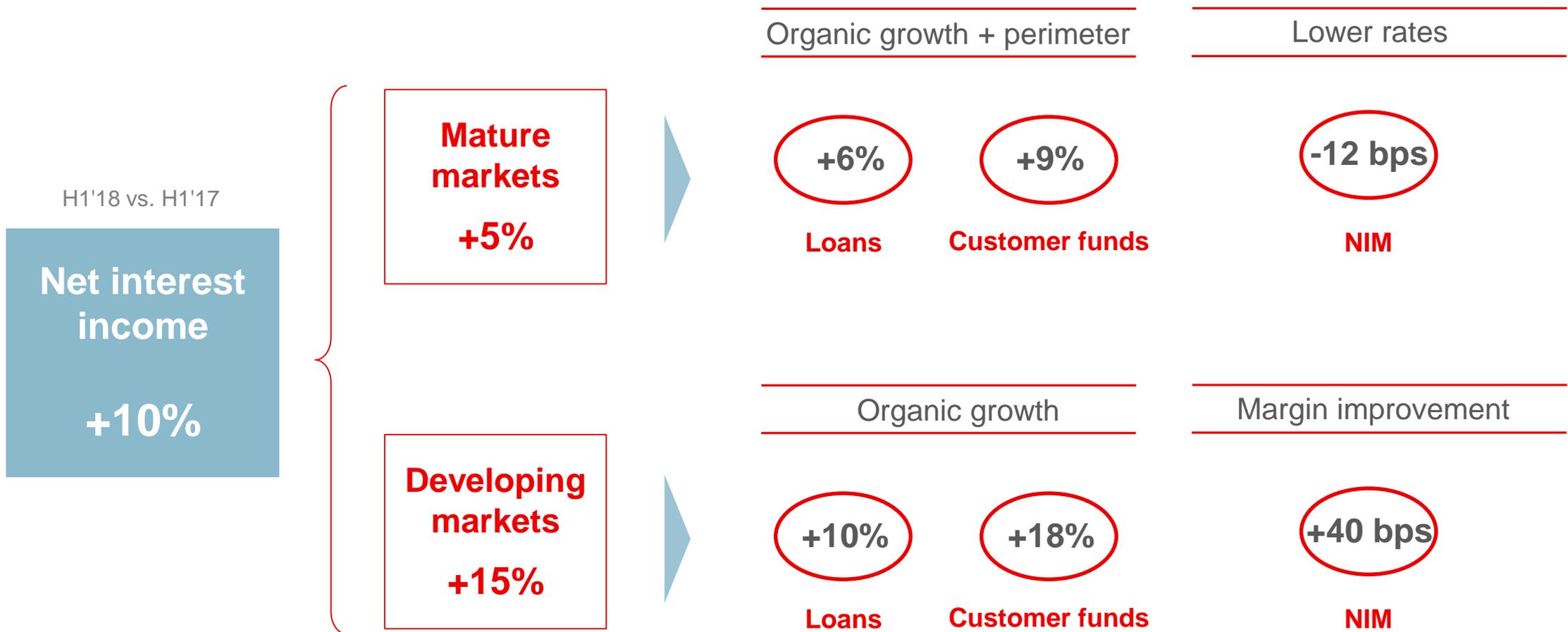


## Underlying profit growth in 8 units

EUR mn and QoQ<sup>1</sup> change in constant EUR

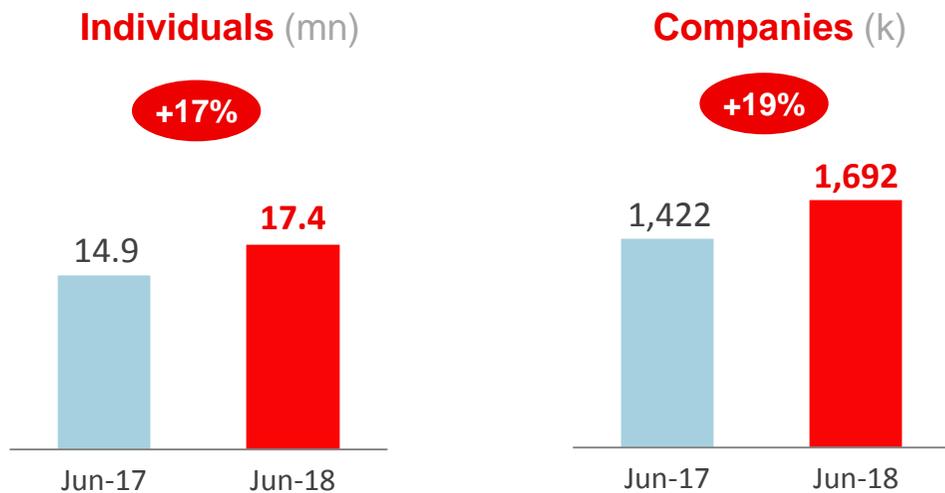


# NII growth due to increased business volumes and margin management

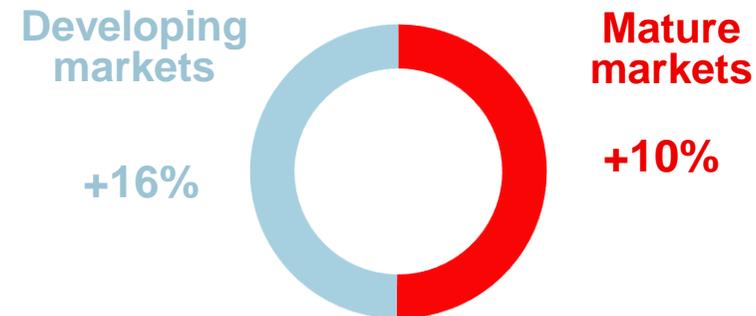


# Higher fee income driven by rise in loyal customers, increased activity and commercialisation of value added products and services

## Loyal customers growth



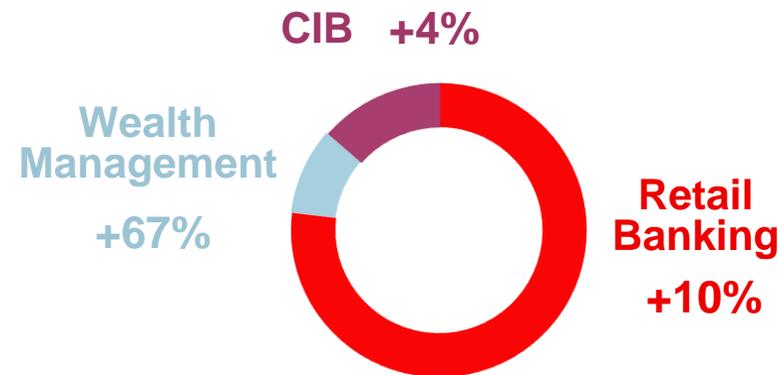
## Total fee income growth by geography<sup>1</sup>



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



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



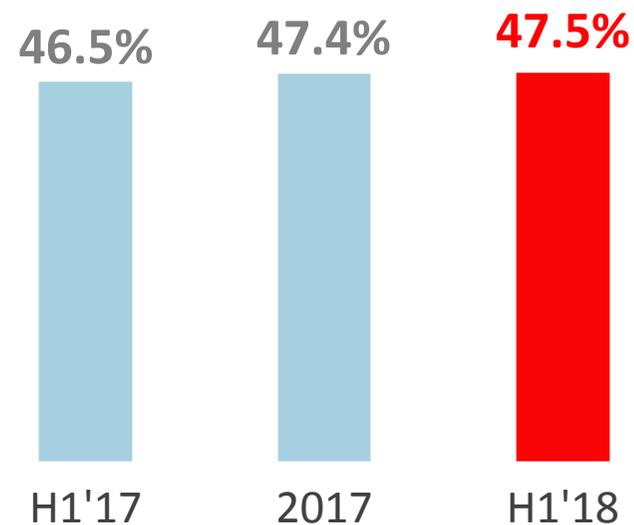
# We maintain a best in class cost to income ratio, absorbing integrations and higher costs due to commercial transformation and digitalisation investments

## Cost performance impacted by acquisitions

H1'18 vs. H1'17, %

	Nominal <sup>1</sup>	In real terms <sup>2</sup>
	6.7	3.3
	7.9	3.9
	3.6	2.1
	34.1	-1.0
	13.5	6.9
	4.9	1.9
	15.0	0.3
	-2.1	-4.5
	31.9	-0.3
	5.4	3.5
	2.4	0.9

## We maintain a best in class cost to income ratio

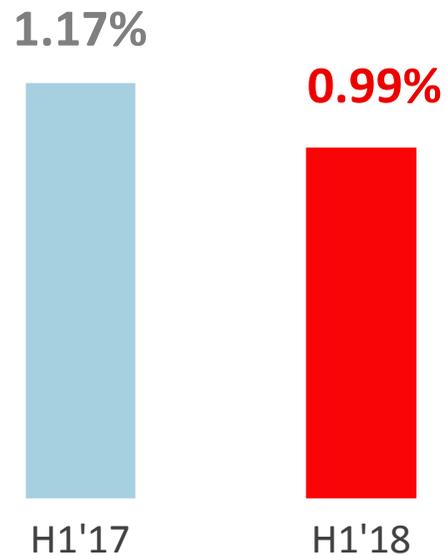


## Top 3 in customer satisfaction<sup>3</sup> in 6 countries

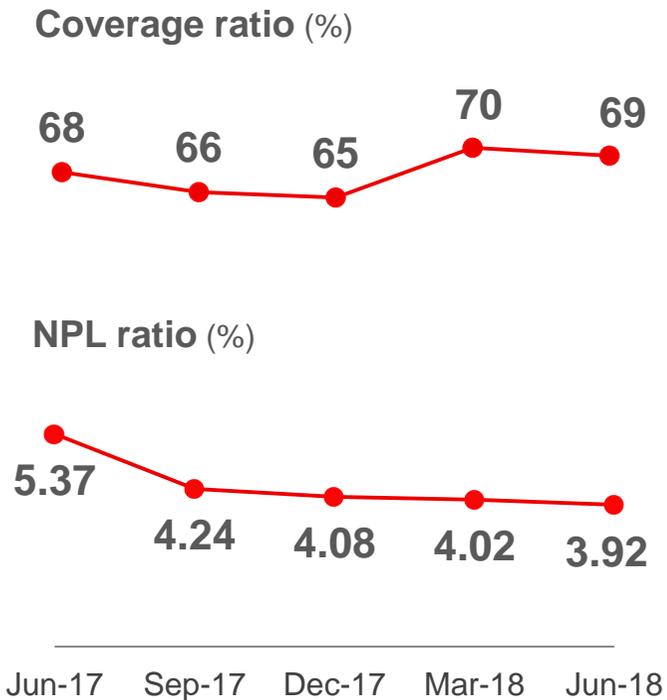


# Continued credit quality improvement and real estate exposure reduction

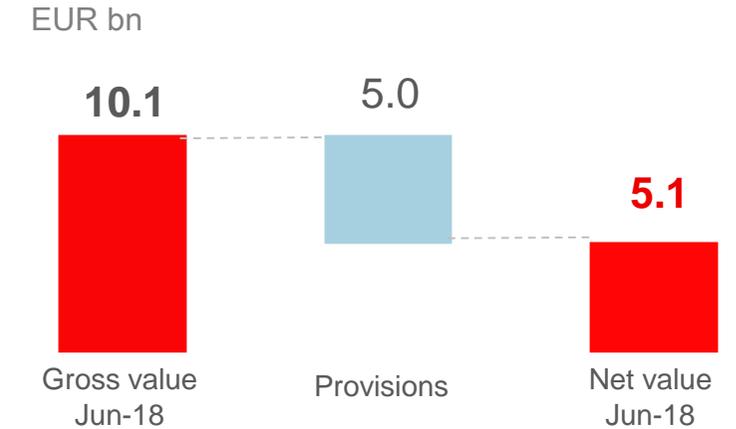
## Cost of credit



## NPL and coverage ratios



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



## Net value

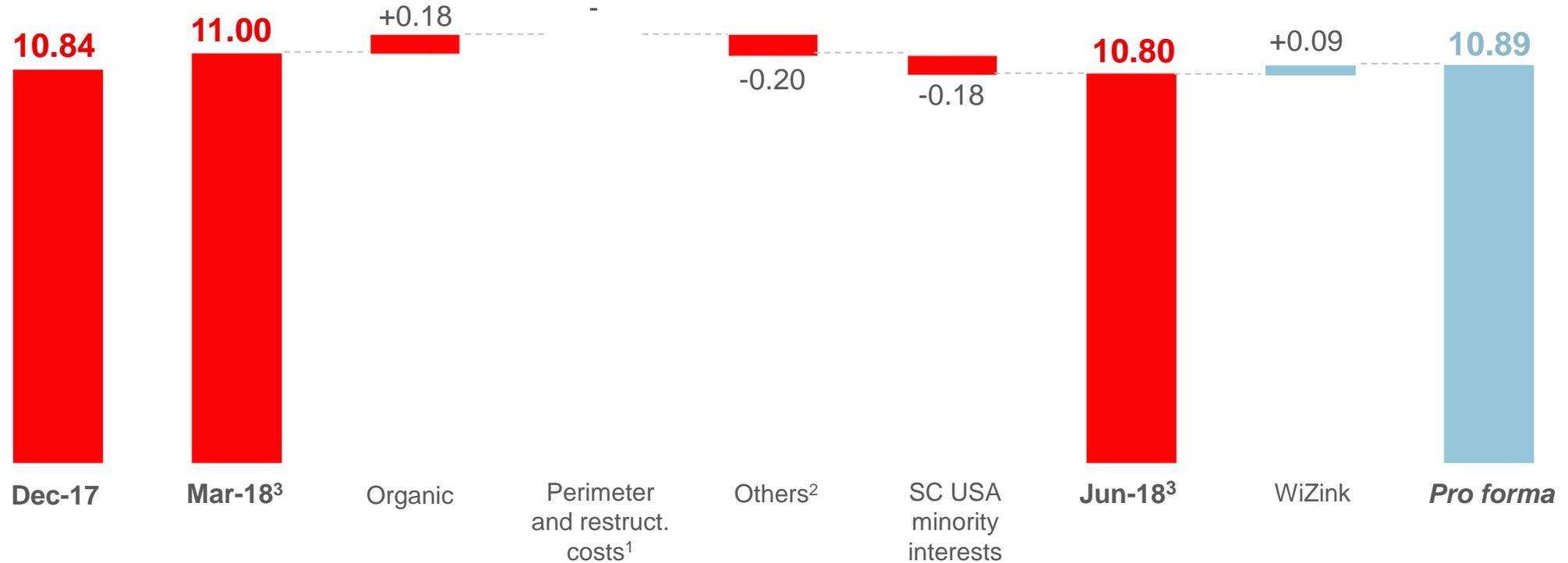
EUR bn

	Jun-18
<b>Real estate assets</b>	<b>4.0</b>
<i>Foreclosed assets</i>	2.8
<i>Rental assets</i>	1.2
<b>RE non-performing loans (NPLs)</b>	<b>1.1</b>
<b>RE assets + RE non-performing loans</b>	<b>5.1</b>

# In line to reach our capital targets

## Fully loaded CET1 evolution

%



Leverage ratio: 5.0%

# Santander S.A. already complies with its MREL requirement

## MREL requirements

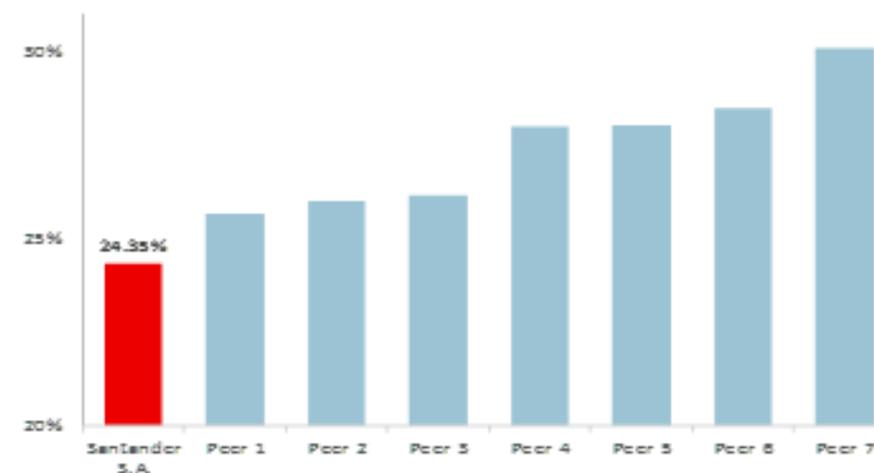
- ▶ On 23 May, we received the **SRB formal letter** with the required eligible liabilities of the parent resolution group (based on end-2016 information):
  - ▶ EUR 114.5 bn, representing 24.35% of RWAs
  - ▶ No minimum subordination requirement
  - ▶ Compliance date of 01/01/2020

**Based on Dec-17 data, Santander S.A. complies with the EUR 114.5 bn requirement\***

\* Even before including the EUR 7.3 bn of MREL eligible issuances in 2018 YTD

## Comparison of MREL requirements across European peers<sup>1</sup>

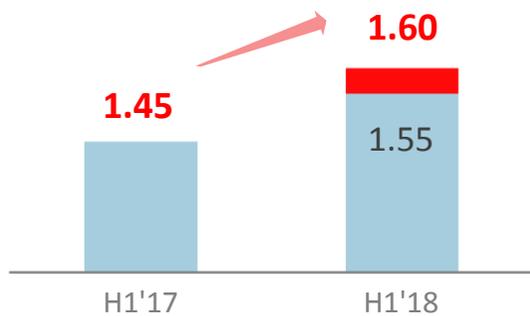
% RWAs



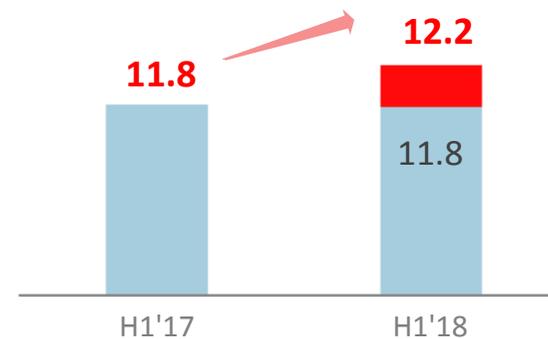
**Santander S.A. has the lowest MREL requirement among its European peers (ave. 27.5%)**

# Delivering on our commitments: positive performance of main ratios

RoRWA (%)



RoTE (%)

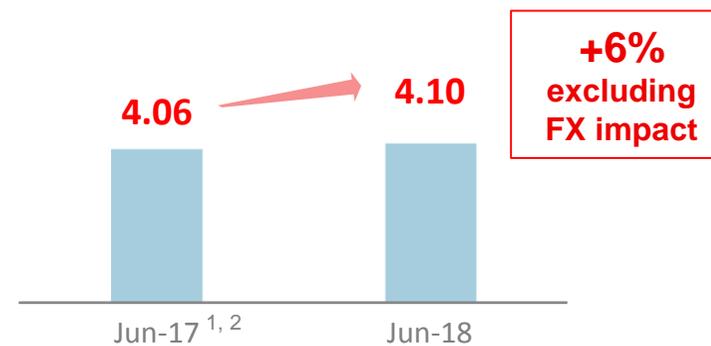


EPS (EUR)



■ Underlying  
■ Total

TNAV per share (EUR)



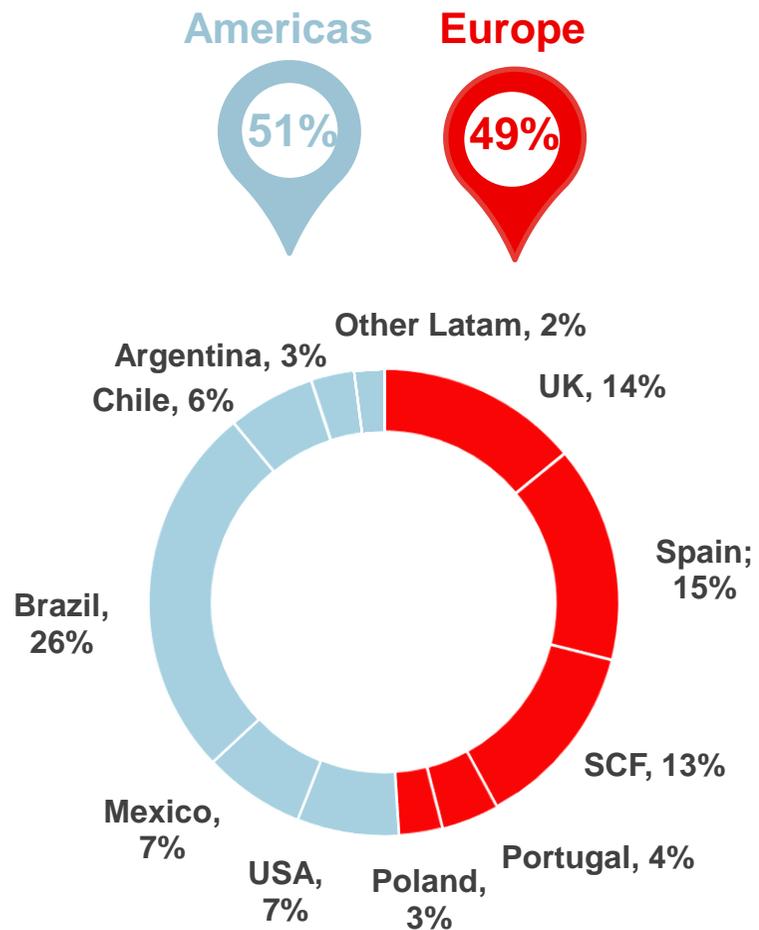
# Business areas performance H1'18



02

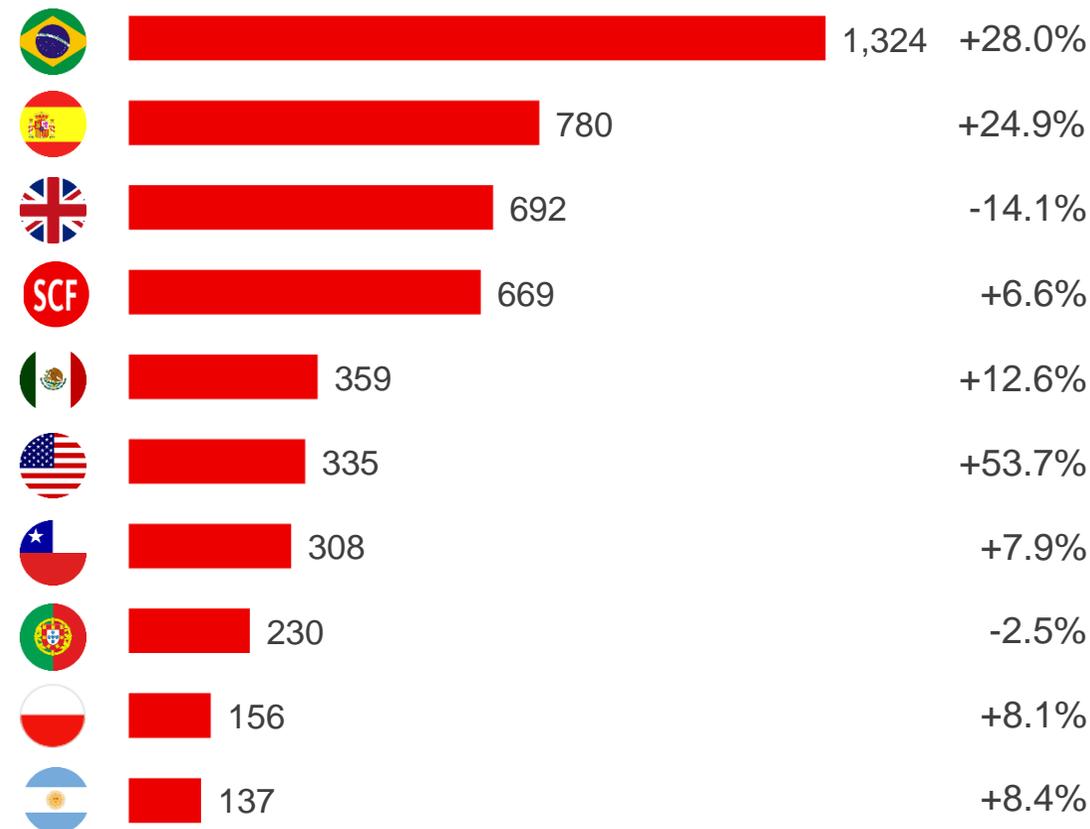
# Group profit growth driven by most markets

## H1'18 Underlying attributable profit<sup>1</sup>



## H1'18 Underlying attributable profit in core markets

EUR mn and % change vs. H1'17 in constant euros



# Brazil

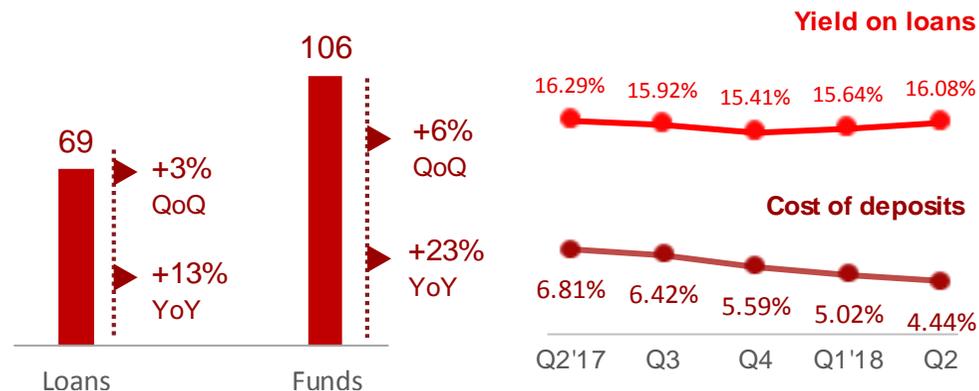


KEY DATA	H1'17	H1'18
Loyal customers (millions)	3.8	4.7
Digital customers (millions)	7.4	9.5
NPL ratio (%)	5.36	5.26
Cost of credit (%)	4.79	4.30
Efficiency ratio (%)	35.3	33.4
RoTE (%)	16.4	20.0

P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	2,424	4.9	4,906	17.5
Fee income	872	1.8	1,792	17.0
Gross income	3,323	3.7	6,768	12.8
Operating expenses	-1,095	1.1	-2,260	6.7
LLPs	-750	-1.7	-1,571	7.3
<b>PBT</b>	<b>1,308</b>	<b>7.6</b>	<b>2,612</b>	<b>42.6</b>
<b>Attributable profit</b>	<b>647</b>	<b>2.7</b>	<b>1,324</b>	<b>28.0</b>

## ACTIVITY

Volumes in EUR bn



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

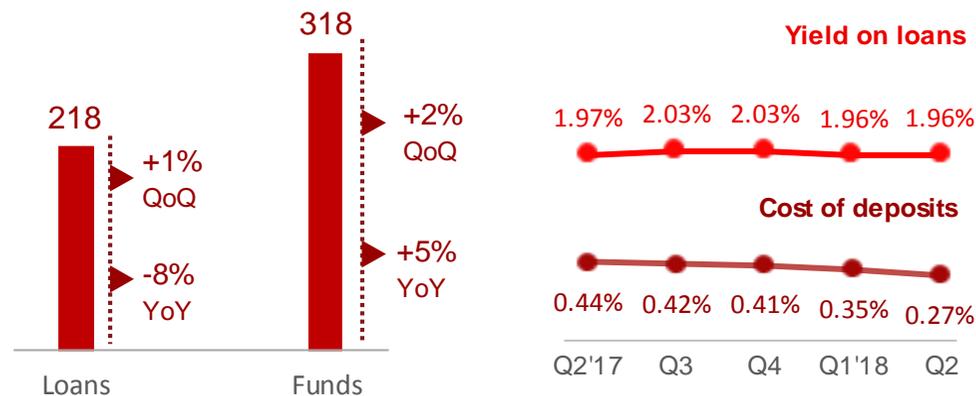
- ▶ **Improving customer experience and satisfaction** continue to be our **top strategic priorities**, leading to **stronger profitability (RoTE 20%)**
- ▶ **Loans continued to grow, boosted by retail (+22%)**. Asset quality controlled at stable levels and cost of credit improvement
- ▶ **Increased loyal and digital customers bolstered revenue**: NII (higher volumes and spreads) and fee income (greater transactionality)
- ▶ **Efficiency ratio remained on a positive trend** with diligent cost control



KEY DATA	H1'17	H1'18
Loyal customers (millions)	1.6	2.4
Digital customers (millions)	3.0	4.2
NPL ratio (%)	10.52	6.24
Cost of credit (%)	0.32	0.31
Efficiency ratio (%)	56.1	58.1
RoTE (%)	10.9	9.6

## ACTIVITY

Volumes in EUR bn



P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	1,058	2.1	2,095	31.7
Fee income	671	-0.3	1,344	31.1
Gross income <sup>1</sup>	1,837	-11.0	3,900	29.4
Operating expenses	-1,123	-1.9	-2,268	34.1
LLPs	-196	-5.4	-402	30.8
<b>PBT</b>	<b>432</b>	<b>-28.9</b>	<b>1,040</b>	<b>17.2</b>
<b>Underlying att. profit</b>	<b>325</b>	<b>-28.5</b>	<b>780</b>	<b>24.9</b>
Net capital gains and provisions <sup>2</sup>	-280	--	-280	--
<b>Attributable profit</b>	<b>45</b>	<b>-90.0</b>	<b>500</b>	<b>-19.9</b>

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

- ▶ **Q2 profit impacted by SRF contribution and restructuring costs.** On the other hand, **cost cutting and cost of credit improvement**
- ▶ **QoQ positive performance in NII** due to customers' NIM improvement while ALCO NII was impacted by portfolio sales
- ▶ **Activity growth<sup>3</sup>:** >120k *1/2/3 Profesional* accounts<sup>4</sup>. UPL new lending (+20% YoY) and SME new lending (+13% YoY)
- ▶ In **volumes, quarterly trend positive.** Hit YoY by portfolio sale to Blackstone and outflows from expensive deposits
- ▶ **QoQ:** loans increased boosted by UPLs, SMEs and corporates. Fund growth driven by demand deposits and mutual funds



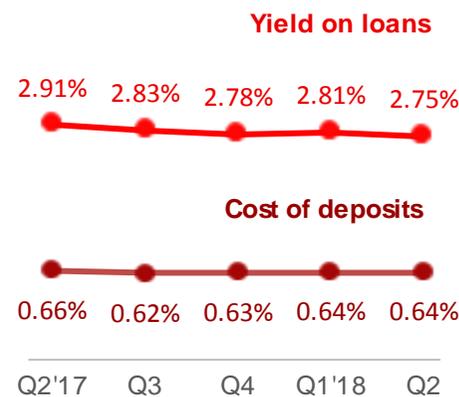
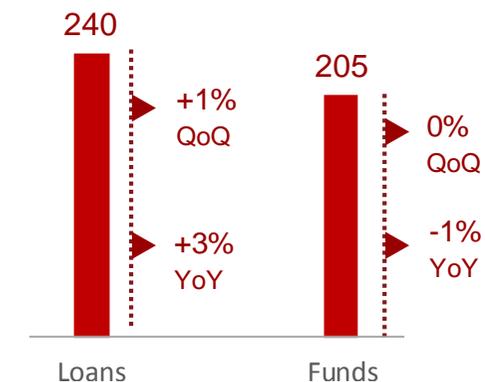
# United Kingdom

KEY DATA	H1'17	H1'18
Loyal customers (millions)	4.2	4.3
Digital customers (millions)	4.8	5.2
NPL ratio (%)	1.23	1.12
Cost of credit (%)	0.02	0.10
Efficiency ratio (%)	48.6	56.1
RoTE (%)	11.1	9.6

P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	1,039	-0.1	2,070	-5.7
Fee income	265	8.4	507	1.0
Gross income	1,373	0.9	2,722	-6.5
Operating expenses	-763	-0.9	-1,527	7.9
LLPs	-37	-44.5	-103	85.9
<b>PBT</b>	<b>526</b>	<b>14.1</b>	<b>983</b>	<b>-16.0</b>
<b>Attributable profit</b>	<b>372</b>	<b>15.5</b>	<b>692</b>	<b>-14.1</b>

## ACTIVITY

Volumes in EUR bn



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

- ▶ Strong **net growth in mortgages** with a focus on customer service and retention
- ▶ **QoQ profit growth:** some easing on NII pressure from new mortgage margins, with higher fee income and lower costs and provisions
- ▶ **H1'18 profit** impacted by ongoing revenue pressures and regulatory, strategic and digital transformation project costs
- ▶ **Credit quality remains strong** with low cost of credit and NPL ratios

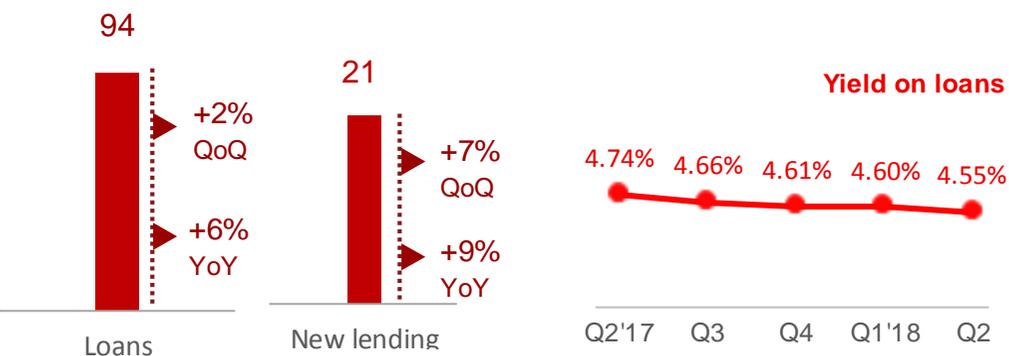
# Santander Consumer Finance



KEY DATA	H1'17	H1'18
Active customers (millions)	19.6	19.4
NPL ratio (%)	2.61	2.44
Cost of credit (%)	0.37	0.37
Efficiency ratio (%)	44.5	44.8
RoTE (%)	17.1	17.0

## ACTIVITY

Volumes in EUR bn



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

Excluding Santander Consumer UK profit, which is recorded in Santander UK results. Including it, H1'18 attributable profit: EUR 727 mn (+6% vs. H1'17) and Q2'18 attributable profit: EUR 376 mn (+7% vs. Q1'18)

P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	928	1.4	1,843	5.1
Fee income	188	-12.1	403	-10.5
Gross income	1,126	-1.2	2,266	2.9
Operating expenses	-507	-0.3	-1,016	3.6
LLPs	-69	-42.7	-189	61.1
<b>PBT</b>	<b>563</b>	<b>5.3</b>	<b>1,098</b>	<b>6.3</b>
<b>Attributable profit</b>	<b>346</b>	<b>7.2</b>	<b>669</b>	<b>6.6</b>

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

- ▶ **Leadership in Europe with best-in-class profitability**, boosted by higher NII, cost control and historically low NPLs and cost of credit
- ▶ **Increased new lending across most geographies**: auto loans (+14%) and credit cards (+12%)
- ▶ **Main contribution to profit**: Nordic countries (EUR 161 mn), Germany (EUR 147 mn) and Spain (EUR 125 mn)
- ▶ **Germany commercial network integration on track** as scheduled

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



**EUR 359 mn; +13%**

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



**EUR 335 mn; +54%**

- ▶ **SHUSA** passed the Fed stress tests, receiving non-objection to its **Capital Plan**, allowing it to increase dividend payments
- ▶ **Strong increase in profit**: cost of credit improvement, cost savings and increased leasing income
- ▶ **Santander Bank**: increasing profitability by improving NIM and efficiency ratio
- ▶ **SC USA**: higher profitability (RoTE 18%) due to lower costs and LLPs, which more than offset lower spreads



**EUR 308 mn; +8%**

- ▶ **Focus on customer satisfaction, loyalty and digital initiatives**. Loan and customer fund growth accelerated
- ▶ **Profit up** driven by both retail and commercial revenues and lower cost of credit

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



EUR 230 mn<sup>2</sup>; -2%

- ▶ **Largest<sup>1</sup> privately owned bank** after Popular acquisition
- ▶ **Transformation process** continues simplifying, improving efficiency and bringing the Bank closer to customers
- ▶ **PBT increased** by improved efficiency (revenue growth outpaced cost growth). Profit affected by higher tax



EUR 156 mn; +8%

- ▶ **Loan growth** continued across all key segments and products, accompanied by **growth in demand deposits**
- ▶ **Profit growth** driven by **customer revenue**. **QoQ** favoured by **seasonal collection of dividends**



EUR 137 mn; +8%

- ▶ **Macroeconomic scenario:** agreement with the IMF allows Argentina to cover 80% gross financing needs for 2019 and stabilises FX market
- ▶ **Strong increase in ARS balances.** In addition, total volume growth boosted by US dollar denominated balances
- ▶ **Profit boosted by customer revenue** increase. Higher costs and LLPs partially affected by the ARS depreciation

# Corporate Centre

<b>P&amp;L*</b>	<b>H1'18</b>	<b>H1'17</b>
NII	-457	-407
Gains/Losses on FT	5	-200
Operating expenses	-243	-238
Provisions and other income	-160	-100
Tax and minority interests	-17	-13
<b>Underlying att. profit</b>	<b>-896</b>	<b>-1,031</b>
Net capital gains and provisions	-40	0
<b>Attributable profit</b>	<b>-936</b>	<b>-1,031</b>

- ▶ Higher loss in NII due to increased issuances (TLAC)
- ▶ Lower cost of hedging reflected in gains on financial transactions
- ▶ Operating expenses remained virtually unchanged as a result of the streamlining and simplification measures
- ▶ Restructuring costs

(\*) EUR mn

Concluding  
remarks



03

## We are on track to meet our 2018 targets

	2017	H1'18	2018 Targets
<b>Loyal customers</b> (mn)	17.3	19.1	18.6
<b>Digital customers</b> (mn)	25.4	28.3	30
<b>Fee income</b> <sup>1</sup>	13%	13%	~10% CAGR 2015-18
<b>Cost of credit</b>	1.07%	0.99%	1.2% 2015-18 average
<b>Cost-to-income</b>	47.4%	47.5%	45-47%
<b>EPS</b> (EUR) <sup>2</sup>	0.40	0.216 (H1'18)	Double digit growth
<b>DPS</b> (EUR) <sup>3</sup>	0.22	0.23	Yearly increase
<b>FL CET1</b>	10.84%	10.80% <sup>4</sup>	>11%
<b>RoTE</b> <sup>5</sup>	10.4%	11.8%	>11.5%

# Appendix



04

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

Other countries results

Global business results

Liquidity

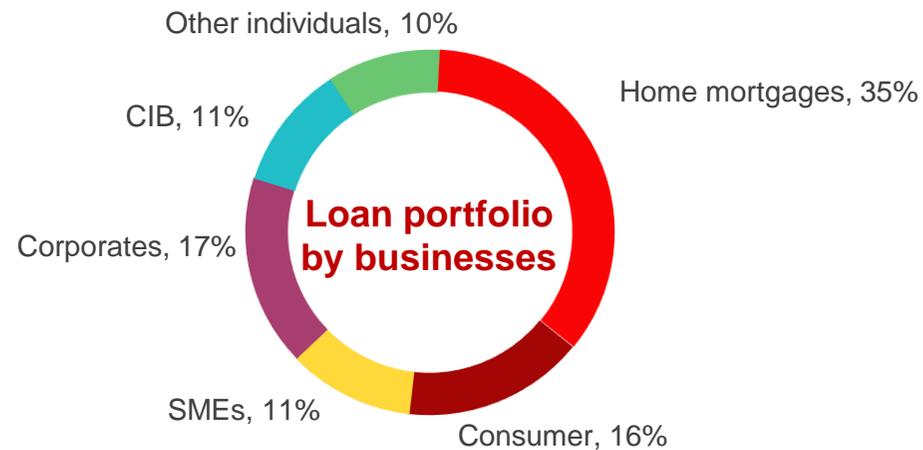
NPL and coverage ratios and cost of credit

Quarterly income statements

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

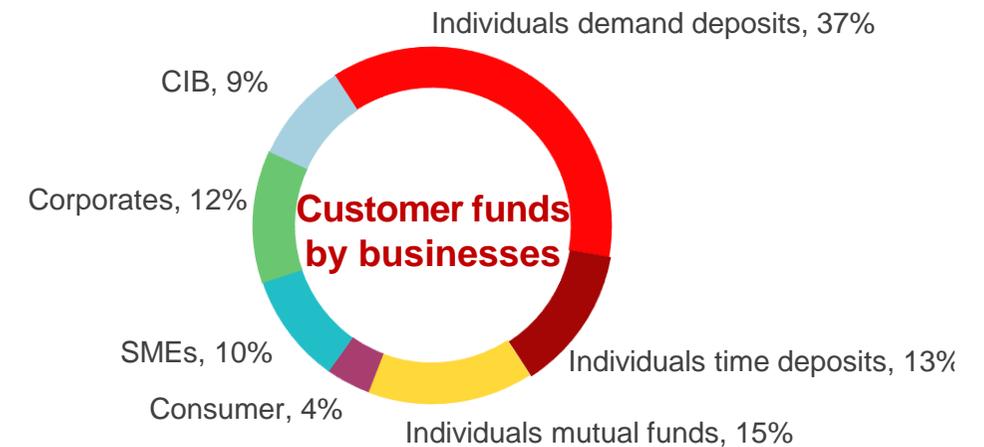
## Loan portfolio

MATURE MARKETS			DEVELOPING MARKETS		
Jun-18	EUR bn	YoY Chg.	Jun-18	EUR bn	YoY Chg.
Spain	218	-8%	Poland	23	9%
UK	240	3%	Brazil	69	13%
USA	80	1%	Mexico	29	10%
SCF	94	6%	Chile	39	8%
Portugal	37	5%	Argentina	7	59%



## Customer funds

MATURE MARKETS			DEVELOPING MARKETS		
Jun-18	EUR bn	YoY Chg.	Jun-18	EUR bn	YoY Chg.
Spain	318	5%	Poland	29	11%
UK	205	-1%	Brazil	106	23%
USA	62	0%	Mexico	39	9%
SCF	37	4%	Chile	34	4%
Portugal	39	9%	Argentina	11	51%



Loans and customer funds by units and by businesses

**Other countries results**

Global business results

Liquidity

NPL and coverage ratios and cost of credit

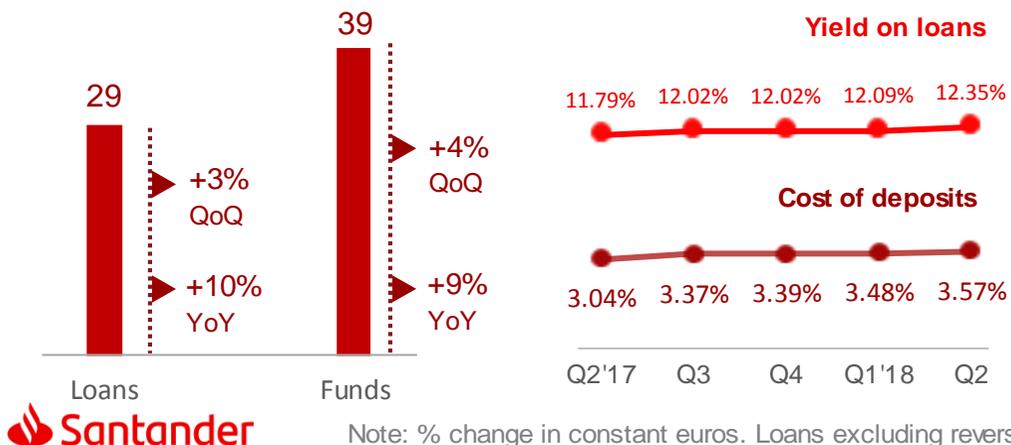
Quarterly income statements



KEY DATA	H1'17	H1'18
Loyal customers (thousands)	1,829	2,221
Digital customers (thousands)	1,694	2,232
NPL ratio (%)	2.58	2.58
Cost of credit (%)	3.01	2.78
Efficiency ratio (%)	39.1	41.4
RoTE (%)	19.6	20.0

## ACTIVITY

Volumes in EUR bn



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

P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	653	0.9	1,301	11.1
Fee income	188	1.0	376	10.6
Gross income	868	4.8	1,699	7.4
Operating expenses	-363	7.0	-703	13.5
LLPs	-189	-5.5	-389	-10.8
<b>PBT</b>	<b>305</b>	<b>6.3</b>	<b>593</b>	<b>14.6</b>
<b>Attributable profit</b>	<b>184</b>	<b>5.9</b>	<b>359</b>	<b>12.6</b>

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

- ▶ **Strategy** focused on **transformation of our retail banking business, digitalisation** and **attracting, engaging and retaining customers**
- ▶ **Strong growth in loans**, particularly in commercial and payrolls (+88 bps market share YoY), and **in deposits** (individuals and SMEs)
- ▶ **Profit up** driven by **good performance in NII, fee income and provisions**
- ▶ **Solid credit quality ratios**: stable NPL, high coverage (116%) and cost of credit improved to 2.8%

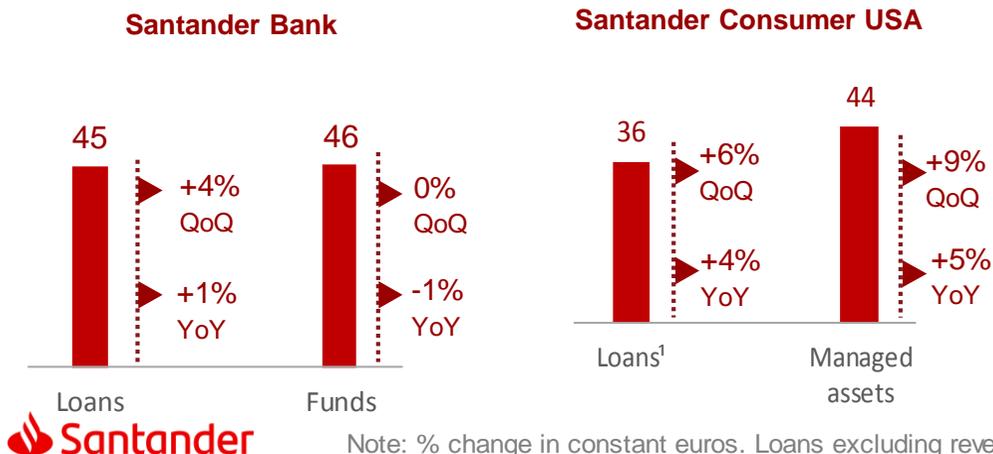
# United States



KEY DATA	H1'17	H1'18
Loyal customers (thousands)	307	330
Digital customers (thousands)	839	851
NPL ratio (%)	2.64	2.91
Cost of credit (%)	3.65	3.02
Efficiency ratio (%)	44.8	45.3
RoTE (%)	3.6	5.1

## ACTIVITY

Volumes in EUR bn



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

P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	1,281	1.7	2,501	-6.1
Fee income	219	-0.8	434	-7.3
Gross income	1,670	2.6	3,248	-3.4
Operating expenses	-737	-2.9	-1,473	-2.1
LLPs	-445	-25.8	-1,024	-24.0
<b>PBT</b>	<b>437</b>	<b>76.8</b>	<b>678</b>	<b>47.8</b>
<b>Attributable profit</b>	<b>210</b>	<b>63.9</b>	<b>335</b>	<b>53.7</b>

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

- ▶ **SHUSA passed the Fed stress tests**, receiving non-objection to its Capital Plan, allowing the entity to increase dividend payments
- ▶ **Volume dynamics are improving** in loans and deposits
- ▶ **Strong increase in profit** YoY and QoQ: cost showing a downward trend, better cost of credit and increased leasing income
- ▶ **Santander Bank**: increasing profitability by improving NIM and efficiency ratio
- ▶ **SC USA**: higher profitability (RoTE 18%) driven by lower costs and LLPs, which more than offset decrease in spreads

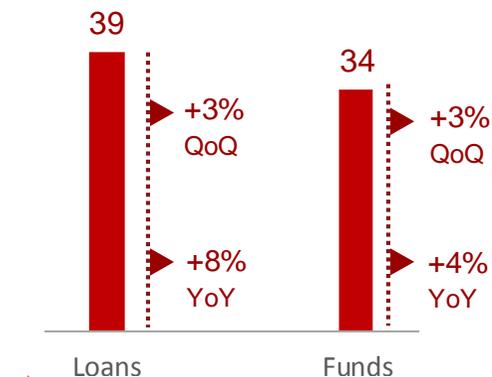
## Chile



KEY DATA	H1'17	H1'18
Loyal customers (thousands)	613	648
Digital customers (thousands)	983	1,042
NPL ratio (%)	5.00	4.86
Cost of credit (%)	1.37	1.18
Efficiency ratio (%)	40.7	41.3
RoTE (%)	17.9	18.2

## ACTIVITY

Volumes in EUR bn



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

P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	495	1.2	985	4.9
Fee income	117	5.9	227	14.1
Gross income	642	0.4	1,282	3.2
Operating expenses	-272	5.6	-530	4.9
LLPs	-115	-5.5	-236	0.2
<b>PBT</b>	<b>287</b>	<b>1.9</b>	<b>570</b>	<b>11.7</b>
<b>Attributable profit</b>	<b>158</b>	<b>5.0</b>	<b>308</b>	<b>7.9</b>

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

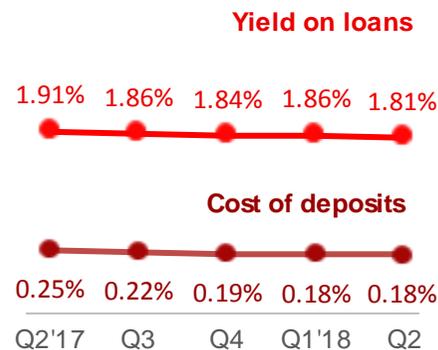
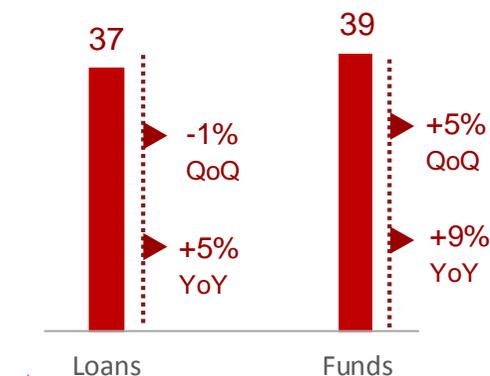
- ▶ **Largest privately owned bank in Chile** by assets and customers
- ▶ **Macro** environment continues to improve
- ▶ **Focus on customer satisfaction, loyalty and digital initiatives:** *Santander Life* well accepted and new branch model openings
- ▶ Loan and customer fund **growth accelerated**
- ▶ **Profit up** driven by both retail and commercial revenues and lower cost of credit



KEY DATA	H1'17	H1'18
Loyal customers (thousands)	670	731
Digital customers (thousands)	543	672
NPL ratio (%)	9.10	7.55
Cost of credit (%)	0.03	0.10
Efficiency ratio (%)	49.4	47.0
RoTE (%)	13.8	11.6

## ACTIVITY

Volumes in EUR bn



P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	213	-3.8	435	25.0
Fee income	91	-6.5	189	8.4
Gross income <sup>1</sup>	346	1.5	688	20.9
Operating expenses	-165	4.0	-323	15.0
LLPs	0	-95.5	-8	-
<b>PBT</b>	<b>159</b>	<b>-4.2</b>	<b>325</b>	<b>16.1</b>
<b>Underlying att. profit</b>	<b>103</b>	<b>-18.8</b>	<b>230</b>	<b>-2.5</b>
Net capital gains and provisions <sup>2</sup>	20	--	20	--
<b>Attributable profit</b>	<b>123</b>	<b>-3.0</b>	<b>250</b>	<b>6.0</b>

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

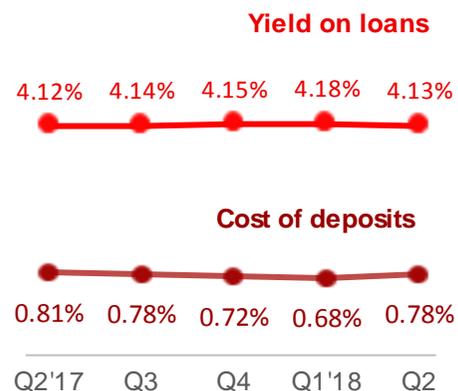
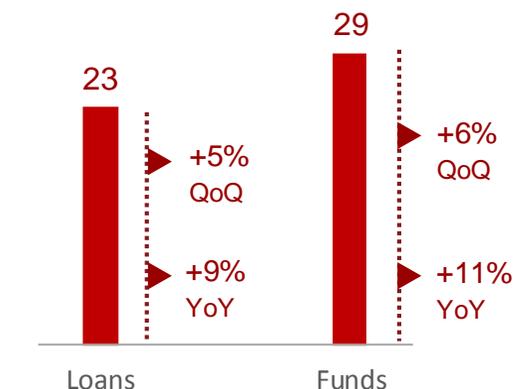
- ▶ **Largest<sup>3</sup> privately owned bank** after Popular acquisition
- ▶ **Focus on continuing Popular integration** and the **transformation process**, simplifying, improving efficiency and bringing the Bank closer to customers
- ▶ **New lending market shares** remain >20% for both corporates and mortgages
- ▶ **H1'18 PBT** boosted by **improved efficiency**. Temporary high tax rate
- ▶ **Q2'18 profit**: NII impacted by growth in deposits and lower revenue from ALCO, lower fee income from CIB and higher integration costs and tax charge



KEY DATA	H1'17	H1'18
Loyal customers (thousands)	1,343	1,719
Digital customers (thousands)	2,025	2,136
NPL ratio (%)	4.66	4.58
Cost of credit (%)	0.65	0.71
Efficiency ratio (%)	43.3	43.2
RoTE (%)	11.3	11.0

## ACTIVITY

Volumes in EUR bn



P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	240	-0.6	487	7.3
Fee income	114	3.8	227	5.5
Gross income	398	21.9	731	5.7
Operating expenses	-162	7.4	-316	5.4
LLPs	-41	-8.6	-87	41.9
<b>PBT</b>	<b>161</b>	<b>36.3</b>	<b>281</b>	<b>0.3</b>
<b>Attributable profit</b>	<b>93</b>	<b>49.1</b>	<b>156</b>	<b>8.1</b>

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

- ▶ **Loan growth** continued across all key segments and products. Customer funds increased partly due to extra liquidity building ahead of DBP<sup>1</sup> acquisition
- ▶ **YoY profit growth** driven by **customer revenue**
- ▶ **Q2'18** favoured by **seasonal collection of dividends** and negatively impacted by staff costs under market pressure
- ▶ **Strong credit quality in line with expectations:** lower NPL ratio with the cost of credit impacted by portfolio sales in 2017

# Argentina



KEY DATA	H1'17	H1'18
Loyal customers (thousands)	1,313	1,390
Digital customers (thousands)	1,642	2,058
NPL ratio (%)	2.21	2.40
Cost of credit (%)	1.75	2.47
Efficiency ratio (%)	56.0	52.7
RoTE (%)	32.5	31.0

## ACTIVITY

Volumes in EUR bn



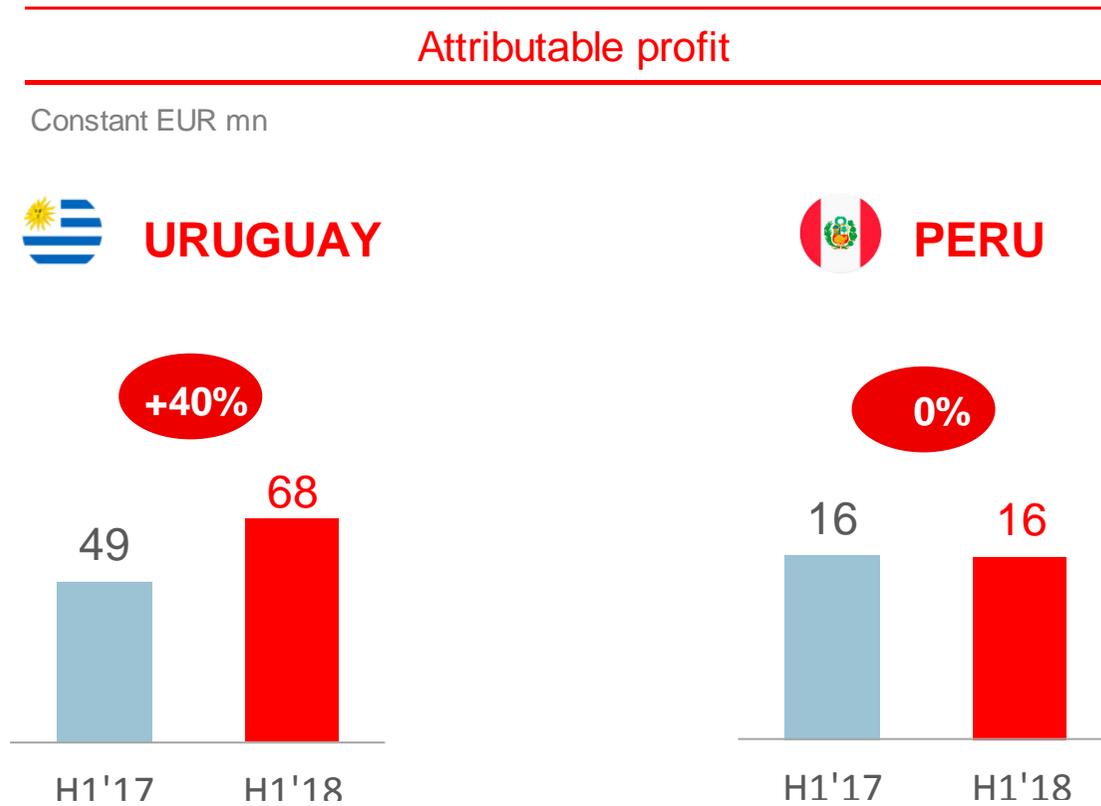
Note: % change in constant euros. Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds

P&L*	Q2'18	% Q1'18	H1'18	% H1'17
NII	234	23.5	447	40.4
Fee income	133	17.3	263	25.8
Gross income	430	28.6	807	40.2
Operating expenses	-207	8.1	-425	31.9
LLPs	-75	68.9	-125	164.7
<b>PBT</b>	<b>107</b>	<b>31.0</b>	<b>200</b>	<b>8.7</b>
<b>Attributable profit</b>	<b>71</b>	<b>21.7</b>	<b>137</b>	<b>8.4</b>

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

- ▶ **Macroeconomic scenario:** agreement with the IMF allows Argentina to cover 80% gross financing needs for 2019 and stabilises FX market
- ▶ **Leading privately owned bank** in Argentina by loans and deposits
- ▶ Strong increase in ARS balances (loans +41% and deposits +34%). In addition, total **volume growth** boosted by US dollar denominated balances
- ▶ **QoQ: revenue up** due to spreads management and cash deposit fees. **Higher costs and LLPs** partially affected by the ARS depreciation

## Other Latin American Countries



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

Loans and customer funds by units and by businesses

Other countries results

**Global business results**

Liquidity

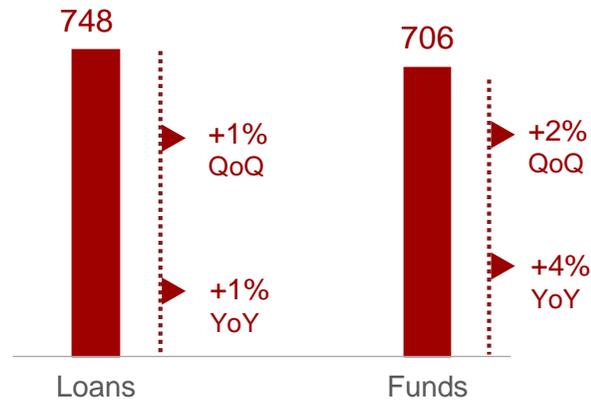
NPL and coverage ratios and cost of credit

Quarterly income statements

# Retail Banking

## ACTIVITY

EUR bn and % change in constant euros



## P&L\*

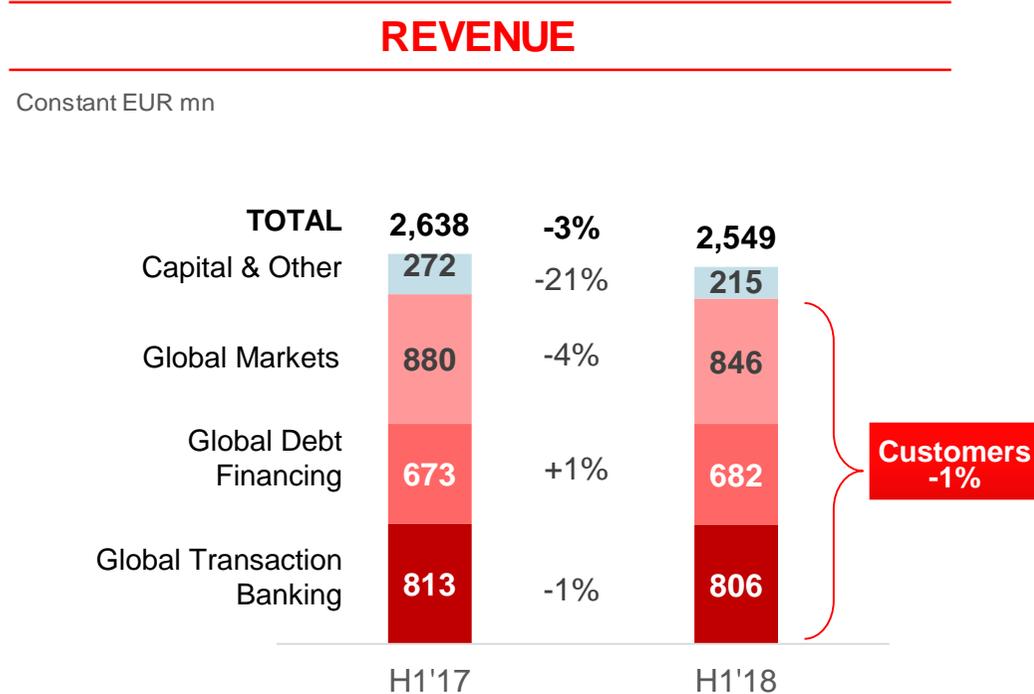
	Q2'18	% Q1'18	H1'18	% H1'17
NII	8,070	2.3	16,104	10.7
Fee income	2,259	1.8	4,543	10.0
Gross income	10,643	1.7	21,315	10.3
Operating expenses	-4,858	1.0	-9,744	11.1
LLPs	-1,911	-9.5	-4,072	8.6
<b>PBT</b>	<b>3,497</b>	<b>8.7</b>	<b>6,782</b>	<b>23.2</b>
<b>Underlying att. profit</b>	<b>2,003</b>	<b>5.6</b>	<b>3,935</b>	<b>20.0</b>
Net capital gains and provisions <sup>1</sup>	-260	—	-260	—
<b>Attributable profit</b>	<b>1,743</b>	<b>-8.0</b>	<b>3,675</b>	<b>12.0</b>

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

(1) In Q2'18, costs associated to integrations (mainly restructuring costs), net of tax impacts, in Spain and Portugal

- ▶ Focus on three main priorities: customer loyalty, digital transformation and operational excellence
- ▶ New commercial initiatives and launch of several offers across multi-channel model
- ▶ Progress in achieving our targets. 19.1 million loyal customers (+17% from June-17) and 28.3 million digital customers (+23% from June-17)
- ▶ Profit boosted by perimeter effect after Popular acquisition and the strong performance in commercial revenue

# Corporate & Investment Banking



<b>P&amp;L*</b>	<b>Q2'18</b>	<b>% Q1'18</b>	<b>H1'18</b>	<b>% H1'17</b>
NII	541	0.5	1,092	-4.2
Fee income	399	0.9	803	4.0
Gross income	1,217	-6.4	2,549	-3.4
Operating expenses	-503	-3.4	-1,029	11.6
LLPs	-49	-28.5	-120	-64.4
<b>PBT</b>	<b>627</b>	<b>-11.5</b>	<b>1,360</b>	<b>-0.2</b>
<b>Attributable profit</b>	<b>390</b>	<b>-16.4</b>	<b>873</b>	<b>-3.6</b>

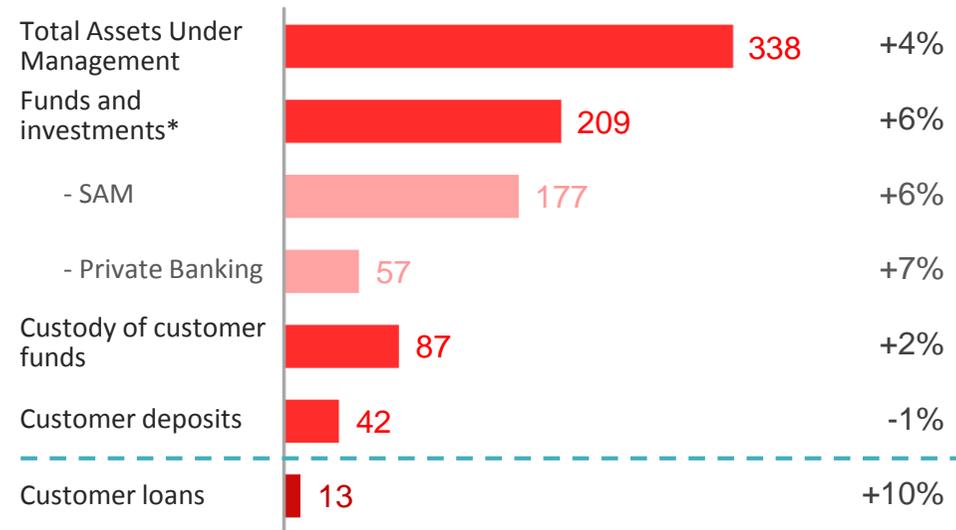
(\*) EUR mn and % change in constant euros

- ▶ Leading positions in Latam and Europe, particularly in Export & Agency Finance, debt capital markets and structured financing
- ▶ Improving services to global and retail banking customers, adapting the offer of products to the digital transformation
- ▶ Attributable profit declined 4%. NII impacted by spreads and reduced volumes (selective growth and lower banking loan demand), lower gains on financial transactions and higher costs (transformation projects)
- ▶ Improved results of Global Transaction Banking and Global Debt Financing

# Wealth Management

## ACTIVITY

Constant EUR bn and % change vs H1'17



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

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

- ▶ **Total contribution<sup>1</sup> to the Group's profit of EUR 514 million (+12% vs H1'17)**
- ▶ New Global Division that includes the Private Banking and Santander Asset Management (SAM) businesses of the Group in more than 10 countries
- ▶ Both businesses continue to be a reference in private banking and asset management in Spain and Latin America
- ▶ Key initiatives: development of UHNW proposition, Private Banking digital platform, strengthening of the SAM product catalogue
- ▶ Growth in volumes and revenue. Fee income growth driven by higher volumes and greater customer loyalty

## P&L\*

	Q2'18	% Q1'18	H1'18	% H1'17
NII	107	6.7	207	11.9
Fee income	284	3.6	560	67.3
Gross income	398	5.6	776	37.0
Operating expenses	-188	3.1	-370	48.5
LLPs	0	-99.3	-5	—
<b>PBT</b>	<b>206</b>	<b>9.3</b>	<b>397</b>	<b>24.9</b>
<b>Attributable profit</b>	<b>139</b>	<b>11.6</b>	<b>264</b>	<b>17.1</b>

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

Loans and customer funds by units and by businesses

Other countries results

Global business results

**Liquidity**

NPL and coverage ratios and cost of credit

Quarterly income statements

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

## Key liquidity ratios

Jun-18

<b>Net loan-to-deposit ratio (LTD):</b>	<b>111%</b>
<b>Deposits + M/LT funding / net loans:</b>	<b>114%</b>
<b>Liquidity Coverage Ratio (LCR)<sup>1</sup>:</b>	<b>150%</b>

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

## Funding plan - issuances

Jan-Jun 18

<b>Group issuances<sup>2</sup></b>	<b>EUR 15 bn (~EUR 10 bn TLAC-eligible)</b>
<b>Main issuers</b>	<b>Parent bank and UK</b>
<b>Main issuance currencies</b>	<b>EUR, USD, GBP</b>

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

Loans and customer funds by units and by businesses

Other countries results

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Liquidity

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

Quarterly income statements

# NPL ratio

%

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

# Coverage ratio

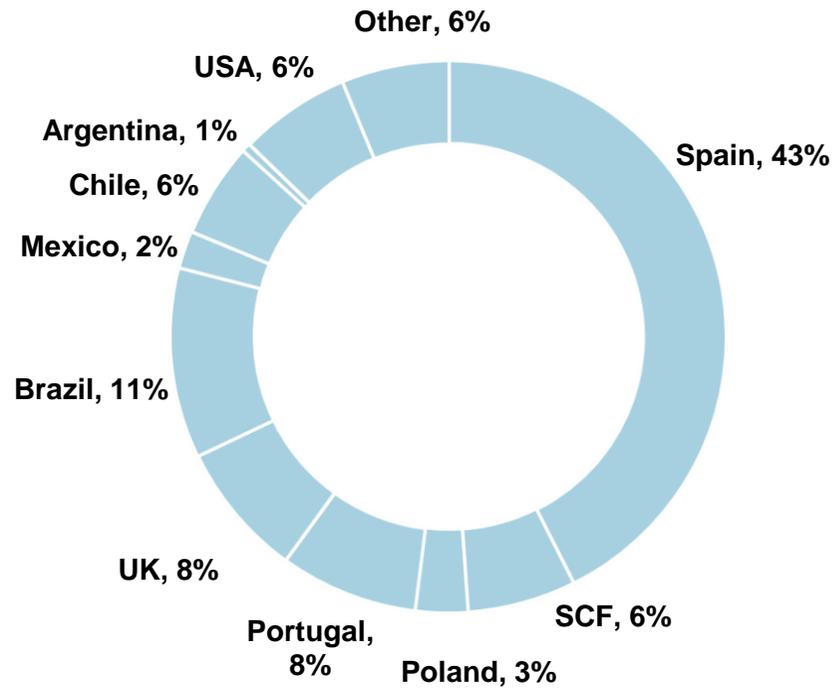
%

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

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

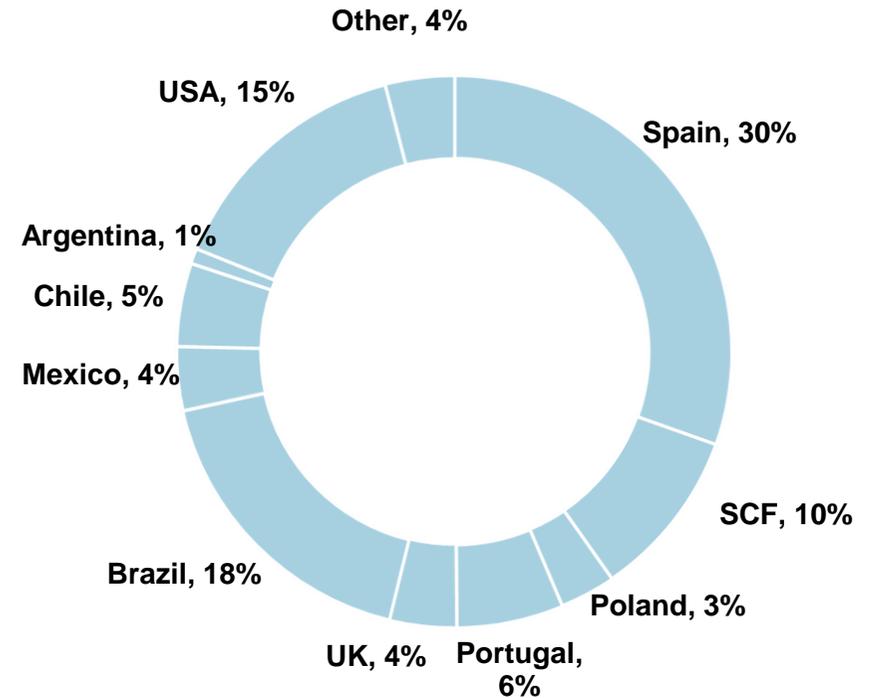
## Non-performing loans

100%: EUR 36,654 million



## Loan-loss allowances

100%: EUR 25,148 million



# Cost of credit

%

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

Loans and customer funds by units and by businesses

Other countries results

Global business results

Liquidity

NPL and coverage ratios and cost of credit

**Quarterly income statements**

# Grupo Santander

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	11,246	11,522	11,569	11,556	11,409	11,411	22,768	22,820
Gross income	12,029	12,049	12,252	12,062	12,151	12,011	24,078	24,162
Operating expenses	(5,543)	(5,648)	(5,766)	(5,961)	(5,764)	(5,718)	(11,191)	(11,482)
<b>Net operating income</b>	<b>6,486</b>	<b>6,401</b>	<b>6,486</b>	<b>6,101</b>	<b>6,387</b>	<b>6,293</b>	<b>12,887</b>	<b>12,680</b>
Net loan-loss provisions	(2,400)	(2,280)	(2,250)	(2,181)	(2,282)	(2,015)	(4,680)	(4,297)
Other	(775)	(848)	(645)	(544)	(416)	(487)	(1,623)	(903)
<b>Underlying profit before taxes</b>	<b>3,311</b>	<b>3,273</b>	<b>3,591</b>	<b>3,375</b>	<b>3,689</b>	<b>3,791</b>	<b>6,585</b>	<b>7,480</b>
<b>Underlying consolidated profit</b>	<b>2,186</b>	<b>2,144</b>	<b>2,347</b>	<b>2,285</b>	<b>2,409</b>	<b>2,412</b>	<b>4,331</b>	<b>4,821</b>
<b>Underlying attributable profit</b>	<b>1,867</b>	<b>1,749</b>	<b>1,976</b>	<b>1,924</b>	<b>2,054</b>	<b>1,998</b>	<b>3,616</b>	<b>4,052</b>
Net capital gains and provisions*	—	—	(515)	(382)	—	(300)	—	(300)
<b>Attributable profit</b>	<b>1,867</b>	<b>1,749</b>	<b>1,461</b>	<b>1,542</b>	<b>2,054</b>	<b>1,698</b>	<b>3,616</b>	<b>3,752</b>

# Grupo Santander

Constant EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	10,103	10,564	11,041	11,138	11,290	11,530	20,667	22,820
Gross income	10,802	11,042	11,703	11,632	12,031	12,131	21,844	24,162
Operating expenses	(5,049)	(5,230)	(5,547)	(5,775)	(5,722)	(5,760)	(10,279)	(11,482)
<b>Net operating income</b>	<b>5,753</b>	<b>5,812</b>	<b>6,155</b>	<b>5,857</b>	<b>6,309</b>	<b>6,371</b>	<b>11,565</b>	<b>12,680</b>
Net loan-loss provisions	(2,094)	(2,049)	(2,120)	(2,090)	(2,258)	(2,039)	(4,143)	(4,297)
Other	(701)	(778)	(615)	(526)	(410)	(493)	(1,479)	(903)
<b>Underlying profit before taxes</b>	<b>2,958</b>	<b>2,986</b>	<b>3,420</b>	<b>3,241</b>	<b>3,641</b>	<b>3,839</b>	<b>5,944</b>	<b>7,480</b>
<b>Underlying consolidated profit</b>	<b>1,951</b>	<b>1,946</b>	<b>2,240</b>	<b>2,199</b>	<b>2,380</b>	<b>2,441</b>	<b>3,897</b>	<b>4,821</b>
<b>Underlying attributable profit</b>	<b>1,659</b>	<b>1,578</b>	<b>1,883</b>	<b>1,848</b>	<b>2,028</b>	<b>2,024</b>	<b>3,236</b>	<b>4,052</b>
Net capital gains and provisions*	—	—	(515)	(377)	—	(300)	—	(300)
<b>Attributable profit</b>	<b>1,659</b>	<b>1,578</b>	<b>1,368</b>	<b>1,471</b>	<b>2,028</b>	<b>1,724</b>	<b>3,236</b>	<b>3,752</b>

# Spain

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	1,206	1,409	1,753	1,749	1,710	1,729	2,615	3,439
Gross income	1,539	1,475	2,011	1,835	2,063	1,837	3,014	3,900
Operating expenses	(798)	(893)	(1,161)	(1,188)	(1,145)	(1,123)	(1,691)	(2,268)
<b>Net operating income</b>	<b>741</b>	<b>582</b>	<b>850</b>	<b>647</b>	<b>918</b>	<b>714</b>	<b>1,323</b>	<b>1,633</b>
Net loan-loss provisions	(163)	(144)	(120)	(175)	(207)	(196)	(308)	(402)
Other	(64)	(64)	(62)	(25)	(104)	(86)	(128)	(190)
<b>Underlying profit before taxes</b>	<b>514</b>	<b>374</b>	<b>667</b>	<b>447</b>	<b>608</b>	<b>432</b>	<b>888</b>	<b>1,040</b>
<b>Underlying consolidated profit</b>	<b>367</b>	<b>267</b>	<b>489</b>	<b>333</b>	<b>455</b>	<b>326</b>	<b>634</b>	<b>780</b>
<b>Underlying attributable profit</b>	<b>362</b>	<b>262</b>	<b>484</b>	<b>330</b>	<b>455</b>	<b>325</b>	<b>624</b>	<b>780</b>
Net capital gains and provisions*	—	—	(300)	—	—	(280)	—	(280)
<b>Attributable profit</b>	<b>362</b>	<b>262</b>	<b>184</b>	<b>330</b>	<b>455</b>	<b>45</b>	<b>624</b>	<b>500</b>

# Santander Consumer Finance

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	1,121	1,096	1,121	1,110	1,130	1,116	2,217	2,246
Gross income	1,118	1,099	1,135	1,132	1,140	1,126	2,217	2,266
Operating expenses	(502)	(485)	(484)	(506)	(509)	(507)	(987)	(1,016)
<b>Net operating income</b>	<b>616</b>	<b>614</b>	<b>650</b>	<b>625</b>	<b>631</b>	<b>619</b>	<b>1,230</b>	<b>1,250</b>
Net loan-loss provisions	(61)	(57)	(90)	(58)	(120)	(69)	(118)	(189)
Other	(37)	(35)	(30)	(55)	24	13	(72)	36
<b>Underlying profit before taxes</b>	<b>518</b>	<b>522</b>	<b>531</b>	<b>512</b>	<b>535</b>	<b>563</b>	<b>1,040</b>	<b>1,098</b>
<b>Underlying consolidated profit</b>	<b>370</b>	<b>382</b>	<b>370</b>	<b>373</b>	<b>388</b>	<b>412</b>	<b>752</b>	<b>800</b>
<b>Underlying attributable profit</b>	<b>314</b>	<b>319</b>	<b>309</b>	<b>311</b>	<b>323</b>	<b>346</b>	<b>633</b>	<b>669</b>
Net capital gains and provisions*	—	—	(85)	—	—	—	—	—
<b>Attributable profit</b>	<b>314</b>	<b>319</b>	<b>224</b>	<b>311</b>	<b>323</b>	<b>346</b>	<b>633</b>	<b>669</b>

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

# Santander Consumer Finance

Constant EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	1,111	1,092	1,117	1,110	1,129	1,116	2,203	2,246
Gross income	1,108	1,094	1,131	1,132	1,140	1,127	2,203	2,266
Operating expenses	(498)	(483)	(483)	(506)	(509)	(507)	(981)	(1,016)
<b>Net operating income</b>	<b>610</b>	<b>611</b>	<b>648</b>	<b>626</b>	<b>631</b>	<b>619</b>	<b>1,222</b>	<b>1,250</b>
Net loan-loss provisions	(60)	(58)	(89)	(58)	(120)	(69)	(117)	(189)
Other	(37)	(35)	(30)	(56)	24	13	(72)	36
<b>Underlying profit before taxes</b>	<b>513</b>	<b>519</b>	<b>530</b>	<b>512</b>	<b>535</b>	<b>563</b>	<b>1,032</b>	<b>1,098</b>
<b>Underlying consolidated profit</b>	<b>366</b>	<b>379</b>	<b>369</b>	<b>373</b>	<b>388</b>	<b>412</b>	<b>745</b>	<b>800</b>
<b>Underlying attributable profit</b>	<b>310</b>	<b>317</b>	<b>308</b>	<b>311</b>	<b>323</b>	<b>346</b>	<b>627</b>	<b>669</b>
Net capital gains and provisions*	—	—	(85)	—	—	—	—	—
<b>Attributable profit</b>	<b>310</b>	<b>317</b>	<b>223</b>	<b>311</b>	<b>323</b>	<b>346</b>	<b>627</b>	<b>669</b>

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

# Poland

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	318	343	350	360	359	355	661	714
Gross income	321	363	358	378	333	398	684	731
Operating expenses	(146)	(150)	(149)	(160)	(154)	(162)	(296)	(316)
<b>Net operating income</b>	<b>175</b>	<b>212</b>	<b>209</b>	<b>218</b>	<b>179</b>	<b>236</b>	<b>387</b>	<b>415</b>
Net loan-loss provisions	(27)	(34)	(36)	(40)	(46)	(41)	(60)	(87)
Other	(23)	(27)	(28)	(19)	(13)	(34)	(50)	(48)
<b>Underlying profit before taxes</b>	<b>125</b>	<b>152</b>	<b>144</b>	<b>159</b>	<b>120</b>	<b>161</b>	<b>277</b>	<b>281</b>
<b>Underlying consolidated profit</b>	<b>86</b>	<b>120</b>	<b>110</b>	<b>116</b>	<b>89</b>	<b>132</b>	<b>206</b>	<b>221</b>
<b>Underlying attributable profit</b>	<b>59</b>	<b>83</b>	<b>76</b>	<b>81</b>	<b>63</b>	<b>93</b>	<b>142</b>	<b>156</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>59</b>	<b>83</b>	<b>76</b>	<b>81</b>	<b>63</b>	<b>93</b>	<b>142</b>	<b>156</b>

# Poland

PLN million

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>H1'17</u>	<u>H1'18</u>
NII + Fee income	1,374	1,449	1,489	1,522	1,500	1,512	2,823	3,012
Gross income	1,386	1,532	1,525	1,599	1,390	1,695	2,918	3,085
Operating expenses	(630)	(634)	(636)	(675)	(642)	(690)	(1,264)	(1,332)
<b>Net operating income</b>	<b>756</b>	<b>898</b>	<b>889</b>	<b>924</b>	<b>748</b>	<b>1,005</b>	<b>1,653</b>	<b>1,753</b>
Net loan-loss provisions	(116)	(142)	(155)	(171)	(191)	(175)	(258)	(366)
Other	(100)	(112)	(119)	(78)	(55)	(146)	(213)	(201)
<b>Underlying profit before taxes</b>	<b>539</b>	<b>644</b>	<b>614</b>	<b>674</b>	<b>502</b>	<b>684</b>	<b>1,183</b>	<b>1,186</b>
<b>Underlying consolidated profit</b>	<b>372</b>	<b>506</b>	<b>470</b>	<b>492</b>	<b>373</b>	<b>560</b>	<b>878</b>	<b>933</b>
<b>Underlying attributable profit</b>	<b>257</b>	<b>351</b>	<b>324</b>	<b>344</b>	<b>264</b>	<b>393</b>	<b>608</b>	<b>657</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>257</b>	<b>351</b>	<b>324</b>	<b>344</b>	<b>264</b>	<b>393</b>	<b>608</b>	<b>657</b>

# Portugal

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	261	262	311	313	320	305	523	624
Gross income	294	275	345	330	341	346	569	688
Operating expenses	(139)	(142)	(166)	(167)	(158)	(165)	(281)	(323)
<b>Net operating income</b>	<b>155</b>	<b>133</b>	<b>179</b>	<b>163</b>	<b>183</b>	<b>182</b>	<b>288</b>	<b>364</b>
Net loan-loss provisions	10	5	(37)	10	(8)	(0)	15	(8)
Other	(14)	(9)	(16)	(5)	(9)	(22)	(23)	(31)
<b>Underlying profit before taxes</b>	<b>151</b>	<b>129</b>	<b>126</b>	<b>168</b>	<b>166</b>	<b>159</b>	<b>280</b>	<b>325</b>
<b>Underlying consolidated profit</b>	<b>126</b>	<b>111</b>	<b>81</b>	<b>120</b>	<b>128</b>	<b>104</b>	<b>237</b>	<b>231</b>
<b>Underlying attributable profit</b>	<b>125</b>	<b>110</b>	<b>80</b>	<b>119</b>	<b>127</b>	<b>103</b>	<b>236</b>	<b>230</b>
Net capital gains and provisions*	—	—	—	—	—	20	—	20
<b>Attributable profit</b>	<b>125</b>	<b>110</b>	<b>80</b>	<b>119</b>	<b>127</b>	<b>123</b>	<b>236</b>	<b>250</b>

(\*) Including: in Q2'18 provisions and restructuring costs associated with inorganic operations, net of tax impacts

# United Kingdom

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	1,349	1,409	1,317	1,291	1,274	1,304	2,758	2,577
Gross income	1,432	1,544	1,397	1,344	1,349	1,373	2,976	2,722
Operating expenses	(723)	(723)	(694)	(721)	(764)	(763)	(1,446)	(1,527)
<b>Net operating income</b>	<b>709</b>	<b>821</b>	<b>703</b>	<b>623</b>	<b>586</b>	<b>610</b>	<b>1,529</b>	<b>1,195</b>
Net loan-loss provisions	(15)	(42)	(66)	(81)	(66)	(37)	(57)	(103)
Other	(105)	(171)	(89)	(101)	(62)	(47)	(276)	(109)
<b>Underlying profit before taxes</b>	<b>588</b>	<b>608</b>	<b>547</b>	<b>441</b>	<b>457</b>	<b>526</b>	<b>1,197</b>	<b>983</b>
<b>Underlying consolidated profit</b>	<b>423</b>	<b>414</b>	<b>382</b>	<b>304</b>	<b>326</b>	<b>380</b>	<b>837</b>	<b>705</b>
<b>Underlying attributable profit</b>	<b>416</b>	<b>408</b>	<b>377</b>	<b>297</b>	<b>320</b>	<b>372</b>	<b>824</b>	<b>692</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>416</b>	<b>408</b>	<b>377</b>	<b>297</b>	<b>320</b>	<b>372</b>	<b>824</b>	<b>692</b>

# United Kingdom

GBP million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	1,160	1,213	1,183	1,146	1,125	1,142	2,373	2,267
Gross income	1,231	1,329	1,255	1,193	1,192	1,203	2,560	2,395
Operating expenses	(622)	(622)	(623)	(639)	(675)	(669)	(1,244)	(1,343)
<b>Net operating income</b>	<b>609</b>	<b>706</b>	<b>632</b>	<b>554</b>	<b>517</b>	<b>534</b>	<b>1,316</b>	<b>1,051</b>
Net loan-loss provisions	(13)	(36)	(59)	(72)	(58)	(32)	(49)	(91)
Other	(90)	(147)	(81)	(90)	(55)	(41)	(237)	(96)
<b>Underlying profit before taxes</b>	<b>506</b>	<b>524</b>	<b>492</b>	<b>392</b>	<b>404</b>	<b>461</b>	<b>1,029</b>	<b>864</b>
<b>Underlying consolidated profit</b>	<b>364</b>	<b>356</b>	<b>344</b>	<b>270</b>	<b>288</b>	<b>333</b>	<b>720</b>	<b>621</b>
<b>Underlying attributable profit</b>	<b>358</b>	<b>351</b>	<b>339</b>	<b>265</b>	<b>282</b>	<b>326</b>	<b>709</b>	<b>609</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>358</b>	<b>351</b>	<b>339</b>	<b>265</b>	<b>282</b>	<b>326</b>	<b>709</b>	<b>609</b>

# Brazil

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	3,455	3,413	3,392	3,458	3,403	3,296	6,868	6,698
Gross income	3,717	3,502	3,542	3,512	3,445	3,323	7,219	6,768
Operating expenses	(1,314)	(1,233)	(1,244)	(1,289)	(1,165)	(1,095)	(2,547)	(2,260)
<b>Net operating income</b>	<b>2,403</b>	<b>2,269</b>	<b>2,298</b>	<b>2,223</b>	<b>2,280</b>	<b>2,228</b>	<b>4,672</b>	<b>4,508</b>
Net loan-loss provisions	(910)	(852)	(819)	(814)	(822)	(750)	(1,762)	(1,571)
Other	(358)	(349)	(268)	(211)	(154)	(170)	(707)	(325)
<b>Underlying profit before taxes</b>	<b>1,135</b>	<b>1,068</b>	<b>1,211</b>	<b>1,198</b>	<b>1,304</b>	<b>1,308</b>	<b>2,203</b>	<b>2,612</b>
<b>Underlying consolidated profit</b>	<b>713</b>	<b>689</b>	<b>747</b>	<b>738</b>	<b>761</b>	<b>730</b>	<b>1,402</b>	<b>1,490</b>
<b>Underlying attributable profit</b>	<b>634</b>	<b>610</b>	<b>659</b>	<b>642</b>	<b>677</b>	<b>647</b>	<b>1,244</b>	<b>1,324</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>634</b>	<b>610</b>	<b>659</b>	<b>642</b>	<b>677</b>	<b>647</b>	<b>1,244</b>	<b>1,324</b>

# Brazil

BRL million

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>H1'17</u>	<u>H1'18</u>
NII + Fee income	11,561	12,036	12,567	13,139	13,568	14,121	23,597	27,690
Gross income	12,438	12,367	13,129	13,367	13,737	14,241	24,805	27,978
Operating expenses	(4,397)	(4,355)	(4,613)	(4,895)	(4,644)	(4,697)	(8,752)	(9,341)
<b>Net operating income</b>	<b>8,041</b>	<b>8,013</b>	<b>8,516</b>	<b>8,472</b>	<b>9,093</b>	<b>9,544</b>	<b>16,053</b>	<b>18,637</b>
Net loan-loss provisions	(3,045)	(3,008)	(3,045)	(3,105)	(3,276)	(3,220)	(6,053)	(6,496)
Other	(1,198)	(1,231)	(1,007)	(825)	(615)	(727)	(2,430)	(1,342)
<b>Underlying profit before taxes</b>	<b>3,798</b>	<b>3,773</b>	<b>4,464</b>	<b>4,543</b>	<b>5,202</b>	<b>5,597</b>	<b>7,571</b>	<b>10,799</b>
<b>Underlying consolidated profit</b>	<b>2,386</b>	<b>2,431</b>	<b>2,757</b>	<b>2,802</b>	<b>3,034</b>	<b>3,127</b>	<b>4,817</b>	<b>6,161</b>
<b>Underlying attributable profit</b>	<b>2,121</b>	<b>2,152</b>	<b>2,432</b>	<b>2,438</b>	<b>2,699</b>	<b>2,772</b>	<b>4,273</b>	<b>5,471</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>2,121</b>	<b>2,152</b>	<b>2,432</b>	<b>2,438</b>	<b>2,699</b>	<b>2,772</b>	<b>4,273</b>	<b>5,471</b>

# Mexico

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	804	856	879	811	836	841	1,660	1,677
Gross income	824	914	892	830	831	868	1,738	1,699
Operating expenses	(319)	(361)	(356)	(345)	(340)	(363)	(680)	(703)
<b>Net operating income</b>	<b>505</b>	<b>553</b>	<b>536</b>	<b>485</b>	<b>491</b>	<b>505</b>	<b>1,058</b>	<b>996</b>
Net loan-loss provisions	(233)	(246)	(240)	(187)	(200)	(189)	(479)	(389)
Other	(4)	(6)	(4)	(24)	(3)	(12)	(11)	(15)
<b>Underlying profit before taxes</b>	<b>267</b>	<b>301</b>	<b>292</b>	<b>274</b>	<b>288</b>	<b>305</b>	<b>568</b>	<b>593</b>
<b>Underlying consolidated profit</b>	<b>211</b>	<b>238</b>	<b>231</b>	<b>225</b>	<b>225</b>	<b>238</b>	<b>448</b>	<b>463</b>
<b>Underlying attributable profit</b>	<b>163</b>	<b>187</b>	<b>182</b>	<b>178</b>	<b>175</b>	<b>184</b>	<b>350</b>	<b>359</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>163</b>	<b>187</b>	<b>182</b>	<b>178</b>	<b>175</b>	<b>184</b>	<b>350</b>	<b>359</b>

# Mexico

MXN million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	17,348	17,505	18,399	18,076	19,257	19,435	34,853	38,692
Gross income	17,779	18,706	18,677	18,508	19,143	20,058	36,486	39,201
Operating expenses	(6,894)	(7,386)	(7,460)	(7,683)	(7,832)	(8,381)	(14,280)	(16,213)
<b>Net operating income</b>	<b>10,886</b>	<b>11,320</b>	<b>11,218</b>	<b>10,825</b>	<b>11,310</b>	<b>11,678</b>	<b>22,206</b>	<b>22,988</b>
Net loan-loss provisions	(5,032)	(5,019)	(5,015)	(4,201)	(4,610)	(4,357)	(10,051)	(8,967)
Other	(90)	(131)	(89)	(522)	(72)	(272)	(221)	(344)
<b>Underlying profit before taxes</b>	<b>5,764</b>	<b>6,170</b>	<b>6,113</b>	<b>6,102</b>	<b>6,628</b>	<b>7,049</b>	<b>11,934</b>	<b>13,677</b>
<b>Underlying consolidated profit</b>	<b>4,548</b>	<b>4,865</b>	<b>4,841</b>	<b>4,996</b>	<b>5,181</b>	<b>5,511</b>	<b>9,413</b>	<b>10,692</b>
<b>Underlying attributable profit</b>	<b>3,523</b>	<b>3,829</b>	<b>3,808</b>	<b>3,963</b>	<b>4,021</b>	<b>4,259</b>	<b>7,352</b>	<b>8,281</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>3,523</b>	<b>3,829</b>	<b>3,808</b>	<b>3,963</b>	<b>4,021</b>	<b>4,259</b>	<b>7,352</b>	<b>8,281</b>

# Chile

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	592	589	534	583	601	612	1,181	1,212
Gross income	645	644	604	630	640	642	1,288	1,282
Operating expenses	(264)	(260)	(253)	(248)	(258)	(272)	(524)	(530)
<b>Net operating income</b>	<b>381</b>	<b>383</b>	<b>351</b>	<b>382</b>	<b>382</b>	<b>370</b>	<b>765</b>	<b>752</b>
Net loan-loss provisions	(122)	(122)	(108)	(110)	(121)	(115)	(244)	(236)
Other	2	7	11	3	22	32	9	54
<b>Underlying profit before taxes</b>	<b>261</b>	<b>267</b>	<b>255</b>	<b>276</b>	<b>282</b>	<b>287</b>	<b>529</b>	<b>570</b>
<b>Underlying consolidated profit</b>	<b>214</b>	<b>218</b>	<b>209</b>	<b>218</b>	<b>223</b>	<b>232</b>	<b>432</b>	<b>454</b>
<b>Underlying attributable profit</b>	<b>147</b>	<b>149</b>	<b>143</b>	<b>146</b>	<b>151</b>	<b>158</b>	<b>297</b>	<b>308</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>147</b>	<b>149</b>	<b>143</b>	<b>146</b>	<b>151</b>	<b>158</b>	<b>297</b>	<b>308</b>

# Chile

CLP million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	413,110	430,039	403,461	434,470	444,260	453,403	843,149	897,663
Gross income	450,136	469,704	456,238	469,635	473,564	475,595	919,840	949,159
Operating expenses	(184,039)	(189,977)	(191,129)	(184,867)	(190,863)	(201,511)	(374,016)	(392,375)
<b>Net operating income</b>	<b>266,097</b>	<b>279,727</b>	<b>265,110</b>	<b>284,768</b>	<b>282,700</b>	<b>274,084</b>	<b>545,824</b>	<b>556,785</b>
Net loan-loss provisions	(85,110)	(89,381)	(81,474)	(81,875)	(89,852)	(84,920)	(174,491)	(174,772)
Other	1,438	4,750	8,384	2,363	16,034	23,790	6,188	39,824
<b>Underlying profit before taxes</b>	<b>182,425</b>	<b>195,096</b>	<b>192,020</b>	<b>205,256</b>	<b>208,882</b>	<b>212,954</b>	<b>377,521</b>	<b>421,836</b>
<b>Underlying consolidated profit</b>	<b>149,458</b>	<b>158,760</b>	<b>157,744</b>	<b>162,572</b>	<b>164,822</b>	<b>171,559</b>	<b>308,218</b>	<b>336,381</b>
<b>Underlying attributable profit</b>	<b>102,796</b>	<b>108,904</b>	<b>107,839</b>	<b>109,081</b>	<b>111,380</b>	<b>116,945</b>	<b>211,699</b>	<b>228,325</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>102,796</b>	<b>108,904</b>	<b>107,839</b>	<b>109,081</b>	<b>111,380</b>	<b>116,945</b>	<b>211,699</b>	<b>228,325</b>

# Argentina

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	374	428	382	398	343	367	802	710
Gross income	405	470	423	449	377	430	875	807
Operating expenses	(221)	(269)	(235)	(244)	(218)	(207)	(490)	(425)
<b>Net operating income</b>	<b>184</b>	<b>201</b>	<b>187</b>	<b>205</b>	<b>159</b>	<b>223</b>	<b>385</b>	<b>382</b>
Net loan-loss provisions	(29)	(42)	(46)	(41)	(49)	(75)	(72)	(125)
Other	1	(35)	(35)	(23)	(17)	(41)	(34)	(58)
<b>Underlying profit before taxes</b>	<b>156</b>	<b>123</b>	<b>106</b>	<b>141</b>	<b>92</b>	<b>107</b>	<b>279</b>	<b>200</b>
<b>Underlying consolidated profit</b>	<b>108</b>	<b>86</b>	<b>71</b>	<b>97</b>	<b>67</b>	<b>72</b>	<b>194</b>	<b>138</b>
<b>Underlying attributable profit</b>	<b>108</b>	<b>85</b>	<b>70</b>	<b>96</b>	<b>66</b>	<b>71</b>	<b>193</b>	<b>137</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>108</b>	<b>85</b>	<b>70</b>	<b>96</b>	<b>66</b>	<b>71</b>	<b>193</b>	<b>137</b>

# Argentina

ARS million

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>H1'17</u>	<u>H1'18</u>
NII + Fee income	6,241	7,378	7,644	8,101	8,293	10,046	13,619	18,339
Gross income	6,764	8,104	8,460	9,103	9,117	11,729	14,869	20,846
Operating expenses	(3,690)	(4,640)	(4,713)	(4,964)	(5,278)	(5,707)	(8,330)	(10,984)
<b>Net operating income</b>	<b>3,074</b>	<b>3,464</b>	<b>3,747</b>	<b>4,139</b>	<b>3,840</b>	<b>6,022</b>	<b>6,538</b>	<b>9,861</b>
Net loan-loss provisions	(486)	(730)	(903)	(828)	(1,196)	(2,021)	(1,216)	(3,218)
Other	17	(596)	(659)	(466)	(411)	(1,077)	(579)	(1,488)
<b>Underlying profit before taxes</b>	<b>2,606</b>	<b>2,138</b>	<b>2,185</b>	<b>2,845</b>	<b>2,232</b>	<b>2,923</b>	<b>4,744</b>	<b>5,155</b>
<b>Underlying consolidated profit</b>	<b>1,807</b>	<b>1,486</b>	<b>1,462</b>	<b>1,960</b>	<b>1,610</b>	<b>1,961</b>	<b>3,293</b>	<b>3,571</b>
<b>Underlying attributable profit</b>	<b>1,795</b>	<b>1,477</b>	<b>1,453</b>	<b>1,948</b>	<b>1,599</b>	<b>1,946</b>	<b>3,271</b>	<b>3,545</b>
Net capital gains and provisions	—	—	—	—	—	—	—	—
<b>Attributable profit</b>	<b>1,795</b>	<b>1,477</b>	<b>1,453</b>	<b>1,948</b>	<b>1,599</b>	<b>1,946</b>	<b>3,271</b>	<b>3,545</b>

# United States

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	1,763	1,738	1,545	1,495	1,435	1,500	3,500	2,935
Gross income	1,879	1,880	1,604	1,596	1,578	1,670	3,759	3,248
Operating expenses	(837)	(845)	(743)	(773)	(735)	(737)	(1,682)	(1,473)
<b>Net operating income</b>	<b>1,042</b>	<b>1,035</b>	<b>861</b>	<b>824</b>	<b>843</b>	<b>932</b>	<b>2,077</b>	<b>1,775</b>
Net loan-loss provisions	(811)	(697)	(634)	(638)	(579)	(445)	(1,507)	(1,024)
Other	(32)	(24)	(2)	(31)	(23)	(50)	(57)	(73)
<b>Underlying profit before taxes</b>	<b>199</b>	<b>314</b>	<b>225</b>	<b>155</b>	<b>241</b>	<b>437</b>	<b>513</b>	<b>678</b>
<b>Underlying consolidated profit</b>	<b>138</b>	<b>235</b>	<b>154</b>	<b>109</b>	<b>174</b>	<b>298</b>	<b>373</b>	<b>472</b>
<b>Underlying attributable profit</b>	<b>95</b>	<b>149</b>	<b>93</b>	<b>71</b>	<b>125</b>	<b>210</b>	<b>244</b>	<b>335</b>
Net capital gains and provisions*	—	—	—	(76)	—	—	—	—
<b>Attributable profit</b>	<b>95</b>	<b>149</b>	<b>93</b>	<b>(5)</b>	<b>125</b>	<b>210</b>	<b>244</b>	<b>335</b>

# United States

USD million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	1,877	1,912	1,820	1,765	1,764	1,787	3,788	3,551
Gross income	2,001	2,068	1,893	1,884	1,940	1,990	4,069	3,929
Operating expenses	(891)	(929)	(875)	(909)	(904)	(878)	(1,821)	(1,782)
<b>Net operating income</b>	<b>1,109</b>	<b>1,138</b>	<b>1,018</b>	<b>975</b>	<b>1,036</b>	<b>1,112</b>	<b>2,248</b>	<b>2,148</b>
Net loan-loss provisions	(863)	(768)	(749)	(753)	(712)	(528)	(1,631)	(1,239)
Other	(34)	(27)	(4)	(36)	(28)	(60)	(61)	(88)
<b>Underlying profit before taxes</b>	<b>212</b>	<b>343</b>	<b>265</b>	<b>186</b>	<b>296</b>	<b>524</b>	<b>555</b>	<b>820</b>
<b>Underlying consolidated profit</b>	<b>147</b>	<b>257</b>	<b>182</b>	<b>132</b>	<b>214</b>	<b>357</b>	<b>403</b>	<b>571</b>
<b>Underlying attributable profit</b>	<b>101</b>	<b>163</b>	<b>111</b>	<b>85</b>	<b>154</b>	<b>252</b>	<b>264</b>	<b>405</b>
Net capital gains and provisions*	—	—	—	(85)	—	—	—	—
<b>Attributable profit</b>	<b>101</b>	<b>163</b>	<b>111</b>	<b>(0)</b>	<b>154</b>	<b>252</b>	<b>264</b>	<b>405</b>

(\*) Including: in Q4'17 fiscal reform, provisions for hurricanes, increased stake in Santander Consumer USA and other

# Corporate Centre

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	H1'17	H1'18
NII + Fee income	(198)	(223)	(227)	(240)	(233)	(241)	(421)	(474)
Gross income	(341)	(340)	(300)	(238)	(227)	(250)	(681)	(476)
Operating expenses	(119)	(118)	(118)	(120)	(121)	(122)	(238)	(243)
<b>Net operating income</b>	<b>(460)</b>	<b>(458)</b>	<b>(419)</b>	<b>(359)</b>	<b>(348)</b>	<b>(372)</b>	<b>(919)</b>	<b>(719)</b>
Net loan-loss provisions	(5)	(11)	(22)	(8)	(37)	(30)	(16)	(67)
Other	(32)	(53)	(54)	(43)	(43)	(50)	(84)	(93)
<b>Underlying profit before taxes</b>	<b>(497)</b>	<b>(522)</b>	<b>(495)</b>	<b>(410)</b>	<b>(427)</b>	<b>(452)</b>	<b>(1,018)</b>	<b>(879)</b>
<b>Underlying consolidated profit</b>	<b>(471)</b>	<b>(561)</b>	<b>(481)</b>	<b>(378)</b>	<b>(421)</b>	<b>(474)</b>	<b>(1,032)</b>	<b>(895)</b>
<b>Underlying attributable profit</b>	<b>(468)</b>	<b>(563)</b>	<b>(480)</b>	<b>(378)</b>	<b>(421)</b>	<b>(475)</b>	<b>(1,031)</b>	<b>(896)</b>
Net capital gains and provisions*	—	—	(130)	(306)	—	(40)	—	(40)
<b>Attributable profit</b>	<b>(468)</b>	<b>(563)</b>	<b>(610)</b>	<b>(684)</b>	<b>(421)</b>	<b>(515)</b>	<b>(1,031)</b>	<b>(936)</b>

# Glossary



05

# Glossary - Acronyms

- **AFS:** Available for sale
- **Bn:** Billion
- **CET1:** Common equity tier 1
- **C&I:** Commercial and Industrial
- **DGF:** Deposit guarantee fund
- **FL:** Fully-loaded
- **EPS:** Earning per share
- **LTV:** Loan to Value
- **LLPs:** Loan-loss provisions
- **MXN:** Mexican Pesos
- **NII:** Net interest income
- **NIM:** Net interest margin
- **NPL:** Non-performing loans
- **n.m.:** Non meaningful
- **PBT:** Profit before tax
- **P&L:** Profit and loss
- **QoQ:** Quarter on Quarter (Q2'18 vs Q1'18)
- **RoRWA:** Return on risk-weighted assets
- **RWA:** Risk-weighted assets
- **ROF:** Gains on financial transactions
- **RoTE:** Return on tangible equity
- **SCF:** Santander Consumer Finance
- **SC USA:** Santander Consumer USA
- **SGCB:** Santander Global Corporate Banking
- **SMEs:** Small and Medium Enterprises
- **SRF:** Single Resolution Fund
- **ST:** Short term
- **SVR:** Standard variable rate
- **TNAV:** Tangible net asset value
- **UF:** Unidad de fomento (Chile)
- **YoY:** Year on Year (H1'18 vs H1'17)
- **UK:** United Kingdom
- **US:** United States

# Glossary – definitions

## PROFITABILITY AND EFFICIENCY

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

## CREDIT RISK

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

## CAPITALISATION

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

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

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

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

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

# Thank you

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Our culture is based on believing  
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