

30 January 2019

2018 Earnings Presentation

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Important Information

In addition to the financial information prepared under International Financial Reporting Standards (“IFRS”), this presentation contains certain alternative performance measures (“APMs”) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415en) as well as non-IFRS measures (“Non-IFRS Measures”). The APMs and Non-IFRS Measures are performance measures that have been calculated using the financial information from the Santander Group but that are not defined or detailed in the applicable financial information framework and therefore have neither been audited nor are capable of being completely audited. These APMs and Non-IFRS Measures are used to allow for a better understanding of the financial performance of the Santander Group but should be considered only as additional information and in no case as a replacement of the financial information prepared under IFRS. Moreover, the way the Santander Group defines and calculates these APMs and Non-IFRS Measures may differ to the way these are calculated by other companies that use similar measures, and therefore they may not be comparable. For further details of the APMs and Non-IFRS Measures used, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see Q4 2018 Financial Report, published as Relevant Fact on 30 January 2019, Section 26 of the Documento de Registro de Acciones for Banco Santander, S.A. (“Santander”) filed with the Spanish Securities Exchange Commission (the “CNMV”) on 28 June 2018 (the “Share Registration Document”) and Item 3A of the Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission of the United States of America (the “SEC”) on 28 March 2018 (the “Form 20-F”). These documents are available on Santander’s website (www.santander.com).

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.

Santander cautions that this presentation contains statements that constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as “expect”, “project”, “anticipate”, “should”, “intend”, “probability”, “risk”, “VaR”, “RoRAC”, “RoRWA”, “TNAV”, “target”, “goal”, “objective”, “estimate”, “future” and similar expressions. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance and our shareholder remuneration policy. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to: (1) general market, macro-economic, industry, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties. Numerous factors, including those reflected in the Form 20-F— under “Key Information-Risk Factors”- and in the Share Registration Document—under “Risk Factors”- 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.

Important Information

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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 presentation should be construed as a profit forecast.



**2018 performance
ahead of plan** as we
continued to invest for
our customers



Group & Business areas
review



Accelerating the
implementation of our
commercial & digital
transformation for our
144 Mn customers



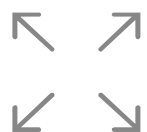
Key takeaways &
mid-term targets

2018 was an excellent year...

EUR mn	2018	Change vs.2017	
		%	% constant €
Net interest income	34,341	0	9
Fee income	11,485	-1	9
Customer revenues	45,826	0	9
ROF and other	2,598	4	14
Gross income	48,424	0	9
Operating expenses	-22,779	-1	7
Net operating income	25,645	1	11
Net loan-loss provisions	-8,873	-3	7
PBT	14,776	9	20
Underlying attributable profit	8,064	7	18
Attributable profit	7,810	18	32

...we delivered strong results in a sustainable way...

2018 (vs. 2017)



Growth

Loyal customers

19.9 Mn (+15%)

Customer revenues

€45.8Bn (+9%¹)



Profitability

Underlying RoTE

12.1 % (+26 bps)

Cost-to-income

47 % (-40 bps)



Strength

FL CET1

11.30 % (+46 bps)

NPL ratio

3.73 % (-35 bps)

...and we have **successfully** completed our 3 year plan

	2015	2018	
Loyal customers (Mn)	13.8	19.9	✓
Digital customers (Mn)	16.6	32.0	✓
Fee income ¹	-	~10%	✓
Cost of credit	1.25%	1.12% ²	✓
Cost-to-income	48%	47%	✓
EPS growth	-	11.2%	✓
DPS (€)	0.20	0.23 ³	✓
FL CET1	10.05%	11.30%	✓
RoTE ⁴	10.0%	11.7%	✓

(1) % change (constant euros), 2018 figure relates to 2015-18 CAGR

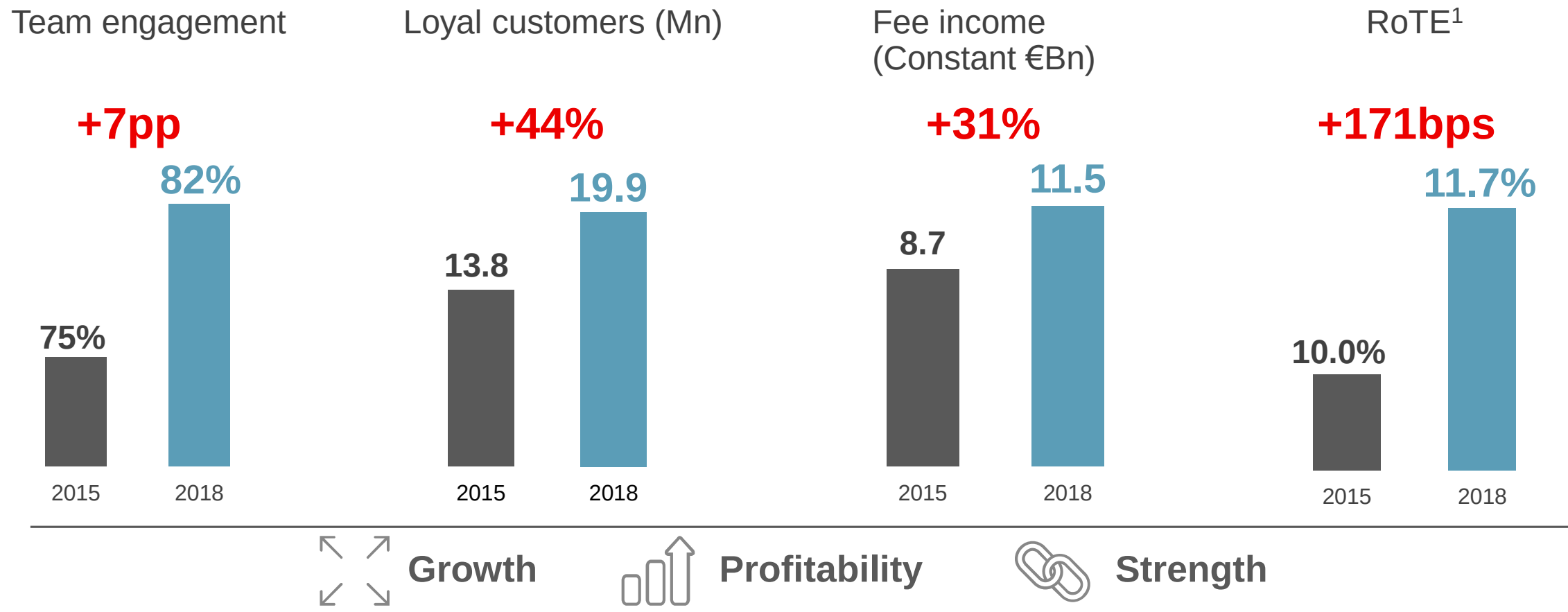
(2) 2018 figure relates to 2015-18 average

(3) Total dividend charged to 2018 earnings is subject to the Board and 2019 AGM approval

(4) Underlying RoTE 2015: 11.0%. Underlying RoTE 2018 12.1%

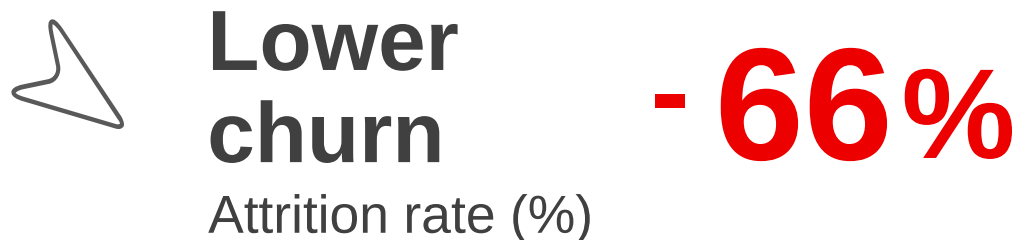
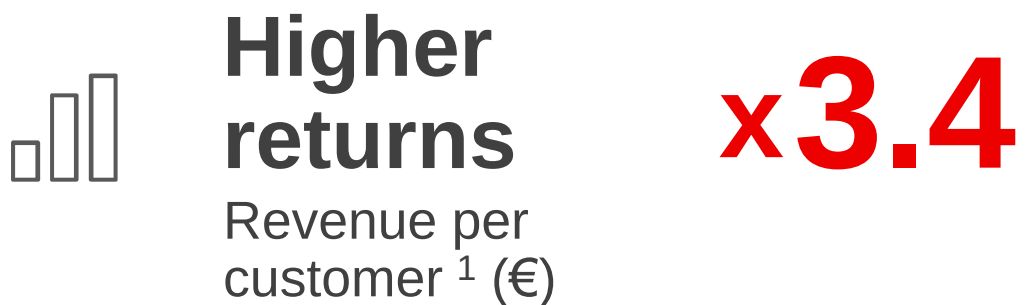
Note: 2015 metrics have been re-stated to reflect the capital increase

Our loyalty strategy is built around a **virtuous cycle** in which a committed team generates customer loyalty leading to strong financial results

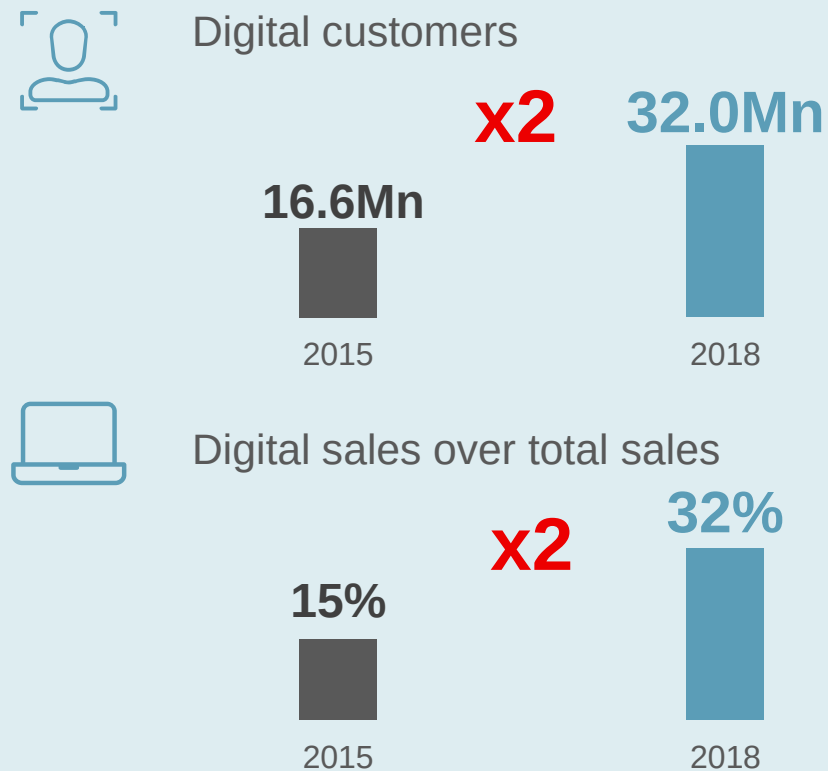


↖ ↗ Growth ↙ ↘ Increasing loyal and digital customers...

Loyal customers



Digital activity

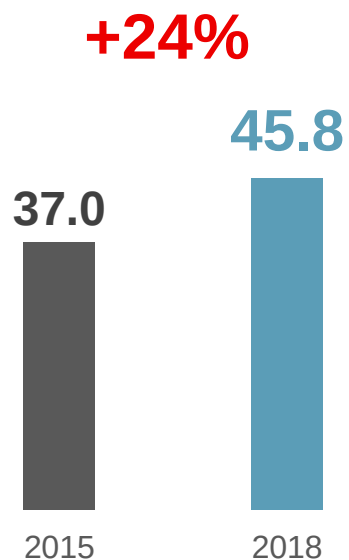


↖ ↗ Growth

↙ ↘ ...allows us to generate superior profitable growth

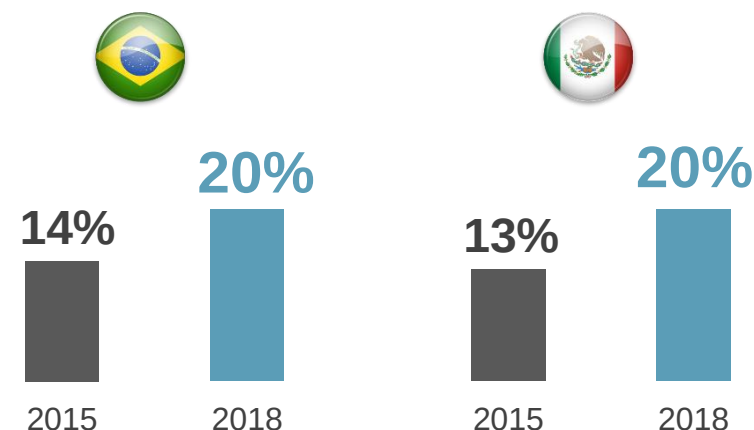
Group customer revenues
increased by **24%**

NII + Fees (Constant €Bn)



In 2 countries representing 25% of Group's
TNAV, RoTE increased to **20%**

RoTE



Digital customers

x2.6

x3.3

Loyal customers

+65%

+81%



Profitability

We have reached double digit EPS growth in 2018 as committed

RoTE

+171bps

11.7%

10.0%

2015

2018

RoRWA

+35bps

1.55%

1.20%

2015

2018



Earnings per share
Double digit growth

11.2% (2018 vs.2017)



Cash dividend per share
+31%

Increase since 2015

Profitability

Improvement across most of our geographies with strong focus on capital allocation

RoRWAs

	2015	2018
	0.93%	1.32%
	2.01%	2.28%
	2.40%	2.10%
	1.79%	2.19%
	1.88%	1.46%
	1.94%	3.70%
	2.94%	3.77%
	2.17%	2.73%
	1.99%	1.04%

In 2015

c.60% of TNAV with
RoTE < CoE

In 2018

Only SBNA¹ (c.10%
of Group's TNAV)
with adjusted RoTE²
of 7.1% < CoE...

...all other countries are above

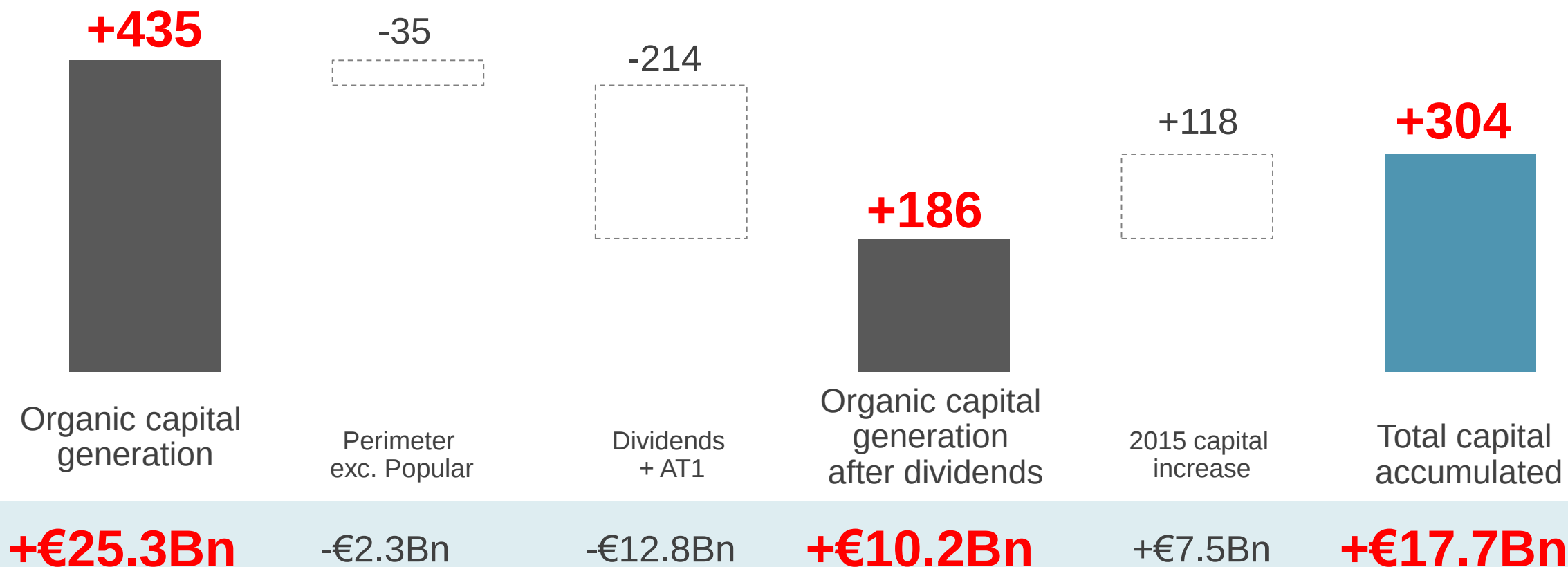


SCUSA

> **20.6%** adjusted RoTE²

 **Strength**
We've become even more resilient, while growing our business and increasing dividends, generating €25.3Bn of capital organically

Capital generation 2015-2018 (bps)



Delivering our plan through our **digital transformation** while building a **responsible bank**



The digital transformation of our core banks (Supertankers) is **customer focused** with two key priorities...



Two key priorities for digital transformation of the core banks...

...to continue to deliver the **best customer service**

1

All our **products & services** through **E2E digital channels**

More digital customers

Increased customer engagement

Stronger loyal relationships

2

Deliver all products & services in a **fast and efficient way**

Best-in-class in operational excellence

C/I as of 9M'18

47%



63%

Peer's average

Top 3 bank in 7 core countries for customer satisfaction¹

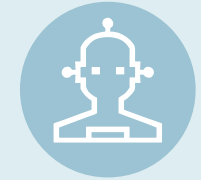


...hence we are re-engineering our core banks (Supertankers) leveraging Group scale and innovation...

- Transforming the **FRONT**
All products and services to be available in digital channels (end-to-end)
- Transforming the **BACK**
Re-engineering, digitizing and automatizing all our processes
- Evolving our IT **architecture and systems**
Our Core banking system is a structural advantage
- Onboarding **new technologies**
Rapid integration of new technologies in our day-to-day operations
- Becoming an **agile and data-driven** organisation



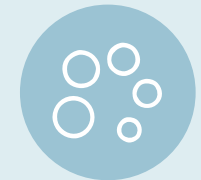
15% Cloud adoption
15-30% efficiencies
over IT infrastructure
cost



1,200 robots allow
c.10% cost reduction
of processes



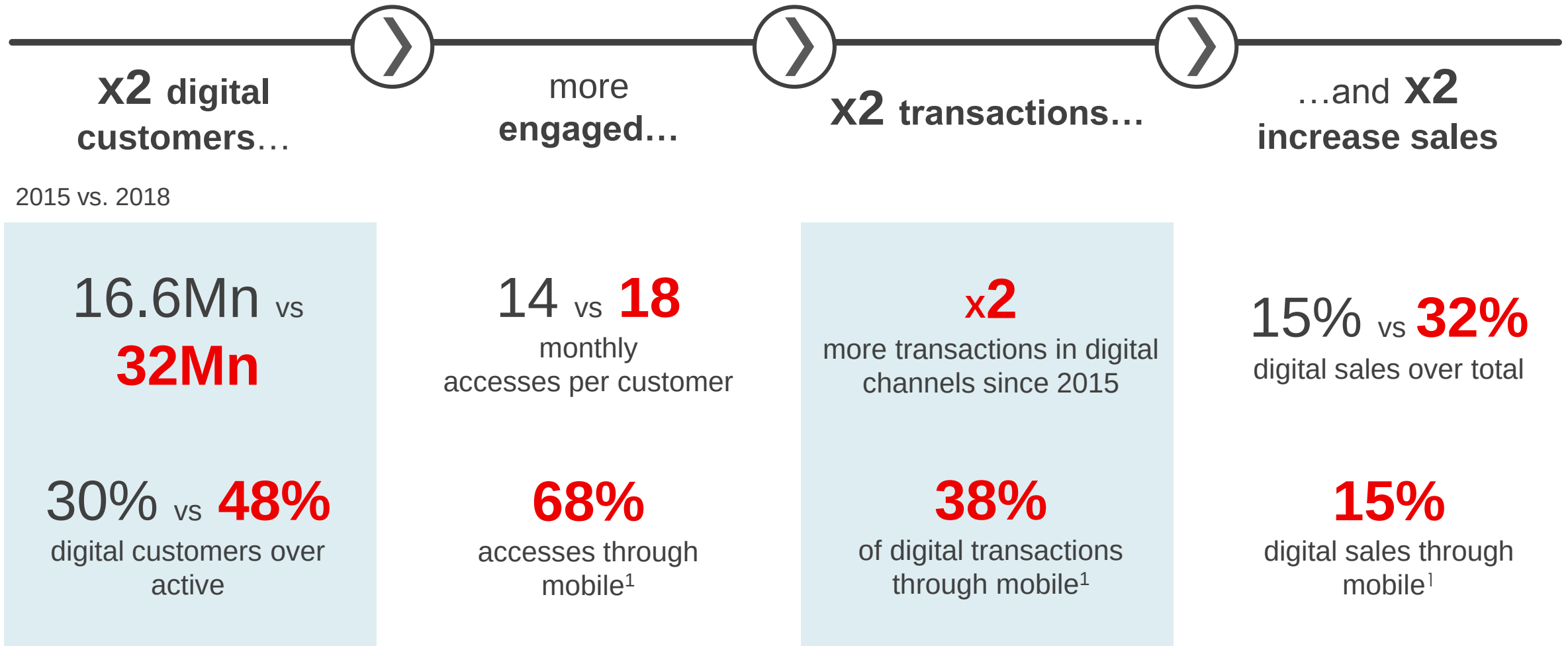
Machine Learning
-40% customer churn,
+20% conversion rate
improvement



Santander Agile Way
35% of projects in
agile (450 teams)



...and the **positive evolution** of our digital metrics proves that our transformation is paying off



We have launched **autonomous ventures** (Speedboats) that serve our core banks with new solutions while competing in the open market



Largest fully digital bank by balance sheet with full suite of products & services

+370% Mortgages¹
(front book)

c.90% Asset growth¹

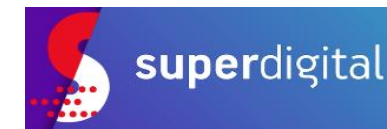
+19% Deposit growth¹



1st Blockchain-based retail payments solution

Launched in **4 geographies simultaneously**

+55% YoY FX transactions growth since launched in Spain



Financial solution for the unbanked

c.70% active customer growth vs 2016 (c.400k)

+130% revenue growth vs 2016

Breakeven with 1M€ EBITDA

Our teams are proud to work for a **responsible bank** with a **Simple, Personal and Fair** culture...

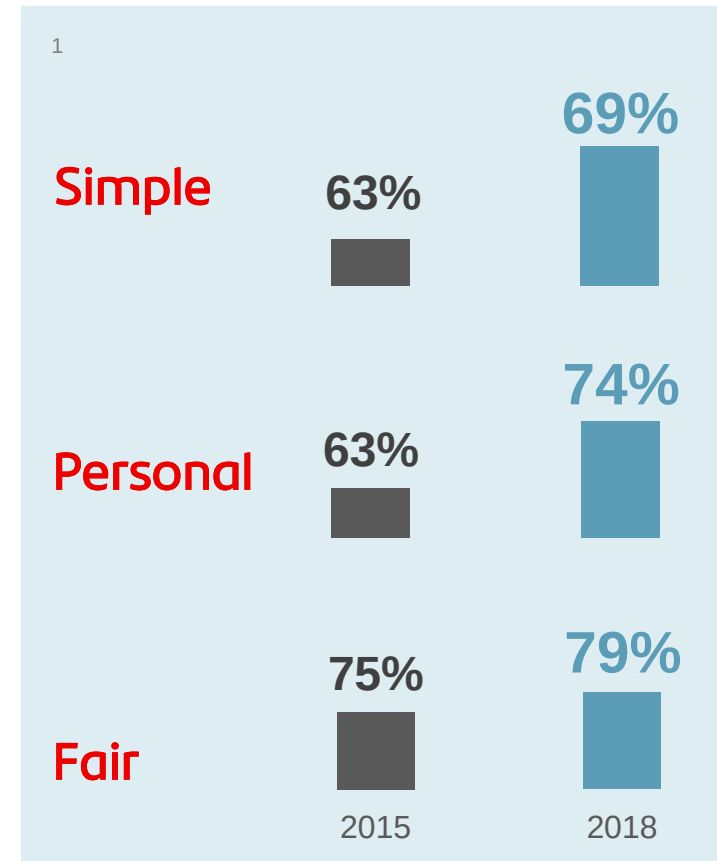
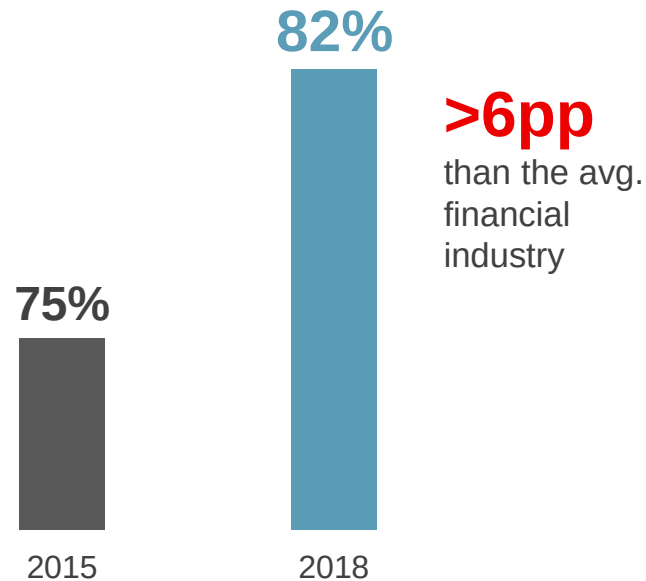


Embedding a **common culture** that is truly changing the **way we do things**



Top 3 bank
to work for
in 7 of our 10
geographies

Team engagement





...while delivering profits in a responsible way, supporting inclusive and sustainable growth

Supporting our communities...



+12% ahead target

5.6Mn¹ people supported
vs.1.2Mn in 2015



+5% ahead target

136k¹ scholarships
granted vs.35k in 2015



96 **Santander X**
Universities
from 8 different
countries

...promoting financial inclusion...

tuiio
FINANZAS DE TÚ A TÚ

prospera
Santander Microcrédito

200Mn
Unbanked
population in
LatAm

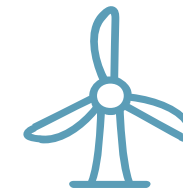
\$620Bn
Credit gap in
unbanked LatAm
SMEs

...and sustainable growth



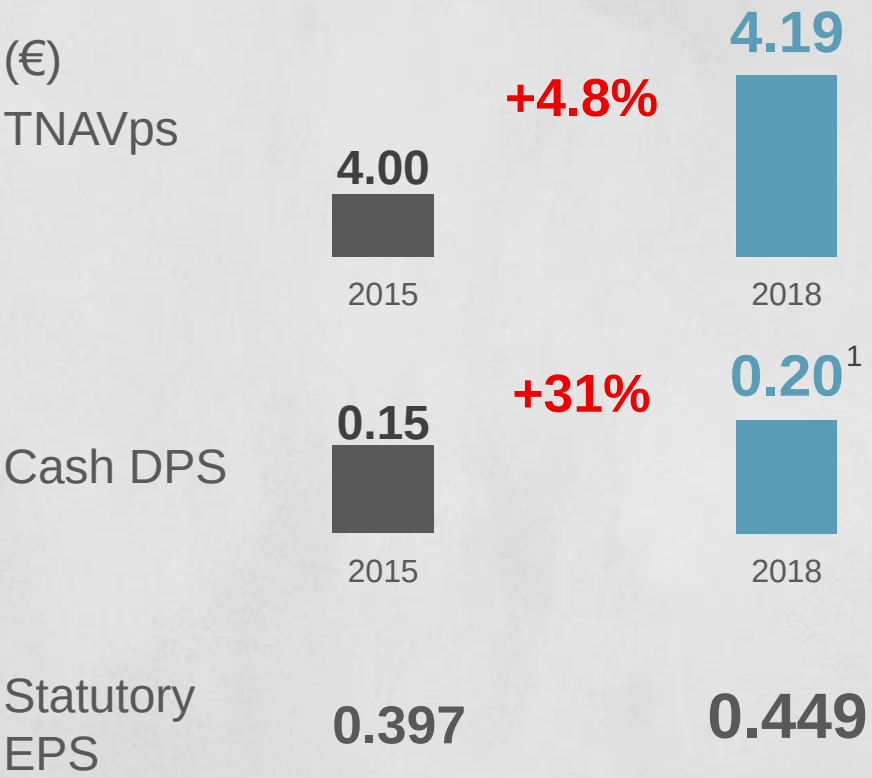
Dow Jones
Sustainability Indexes

3rd in the world
1st in Europe



Leading Global Bank
in the financing of renewable
energy projects²

Growing TNAVPS + Cash DPS by 21% in plan period



Reaching double digit EPS growth in 2018 (vs. 2017)

(1) Total dividend charged to 2018 earnings is subject to the Board and 2019 AGM approval
Note: 2015 metrics have been re-stated to reflect the capital increase



2018 performance
ahead of plan as we
continued to invest for
our customers



**Group & Business
areas review**

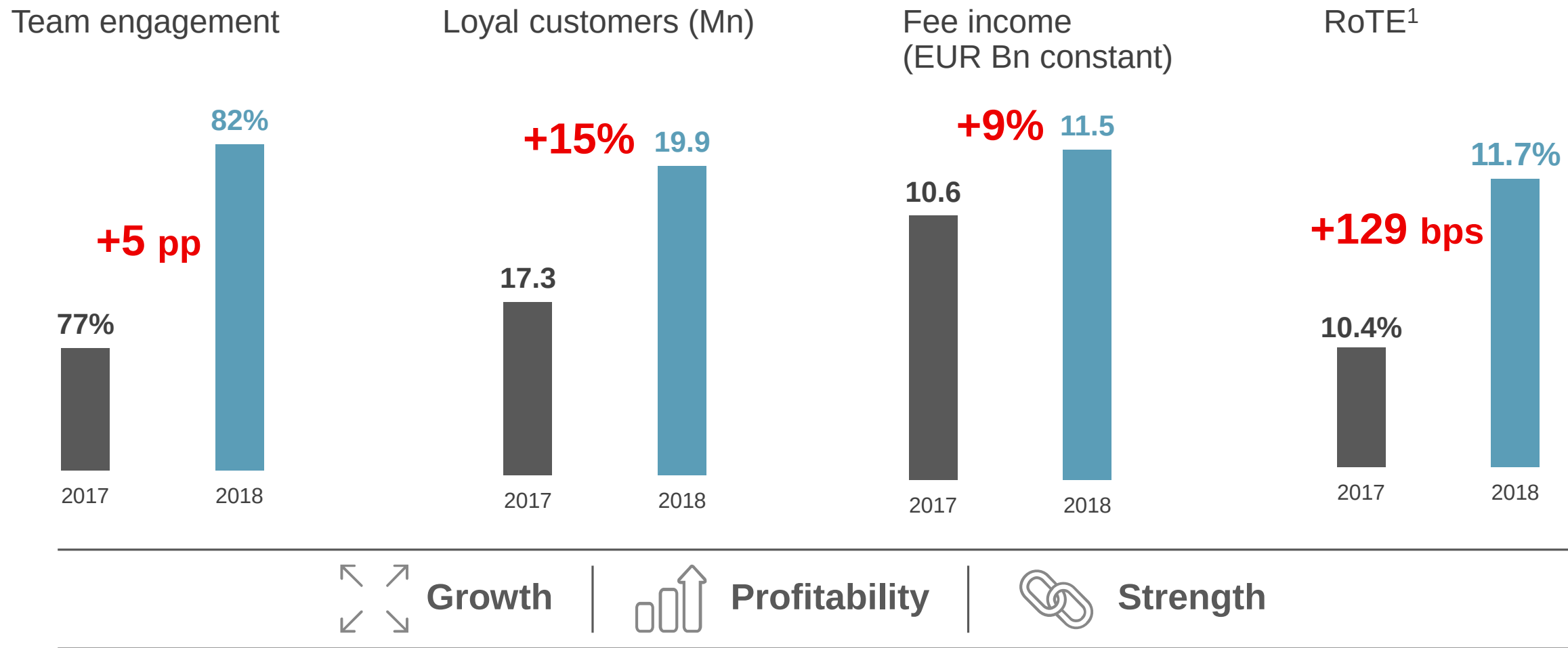


Accelerating the
implementation of our
commercial & digital
transformation for our
144 Mn customers



Key takeaways &
mid-term targets

In 2018 a more committed team did better for our customers which in turn led to higher revenues and improved profitability

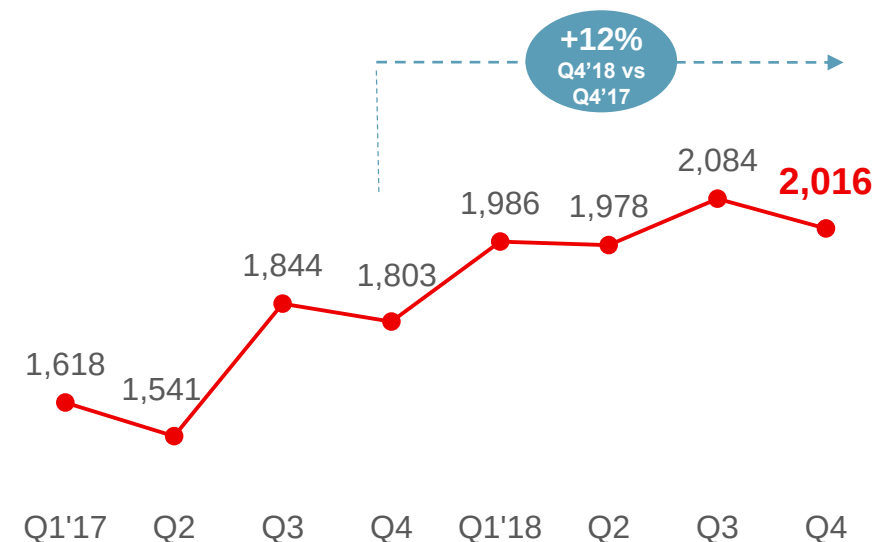


Double digit profit growth with sustainable quarterly performance

EUR mn	2018	% vs. 2017	
		Euros	Constant euros
Net interest income	34,341	0	9
Fee income	11,485	-1	9
Customer revenues	45,826	0	9
ROF and other	2,598	4	14
Gross income	48,424	0	9
Operating expenses	-22,779	-1	7
Net operating income	25,645	1	11
Net loan-loss provisions	-8,873	-3	7
Other provisions	-1,996	-29	-22
PBT	14,776	9	20
Underlying attrib. profit	8,064	7	18
Net capital gains and provisions ¹	-254	-72	-72
Attributable Profit	7,810	18	32

Underlying attributable profit

Constant EUR mn

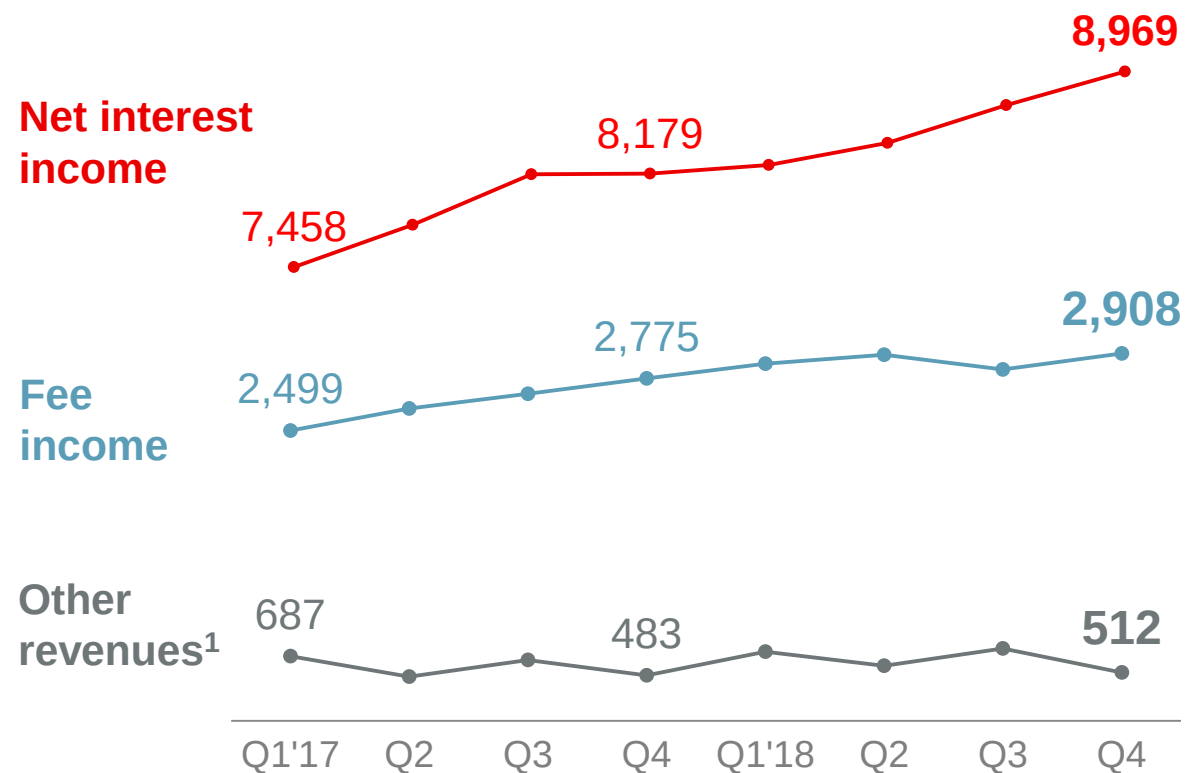


Attributable profit

1,618	1,541	1,329	1,424	1,986	1,678	2,084	2,062
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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 in Spain (net of tax) in Q4'17 (EUR -155 mn) and Q4'18 (EUR -158 mn)

Revenues: for yet another year, growth driven by strong recurring customer revenues



- **YoY growth** due to greater volumes and management of spreads, with **improvement in 9 of our 10 core markets**
- **Sustained QoQ evolution**
- Q4 favoured by TDR reclassification in the US (c. EUR 180mn)
- **Higher fee income** reflecting greater activity and customer loyalty
- **QoQ improvement** partially due to seasonality (Brazil)
- YoY increase in the majority of our main markets
- **Low Q4'18** affected by **DGF contribution in Spain** and high inflation **adjustment in Argentina**

Costs: best-in-class cost-to-income ratio while enhancing customer experience

Cost evolution

2018 vs. 2017, %	Nominal ¹	In real terms ²
	5.4	1.2
	10.9	-5.5
	5.7	1.9
	0.9	-0.9
	12.8	7.0
	5.4	2.0
	-1.3	-3.9
	4.5	-3.0
	5.3	1.4
	51.0	-1.0
C.C.	3.9	2.3



Group costs in real terms

-0.5% in 2018

+0.3% in 2017



Group cost-to-income

47.0% in 2018

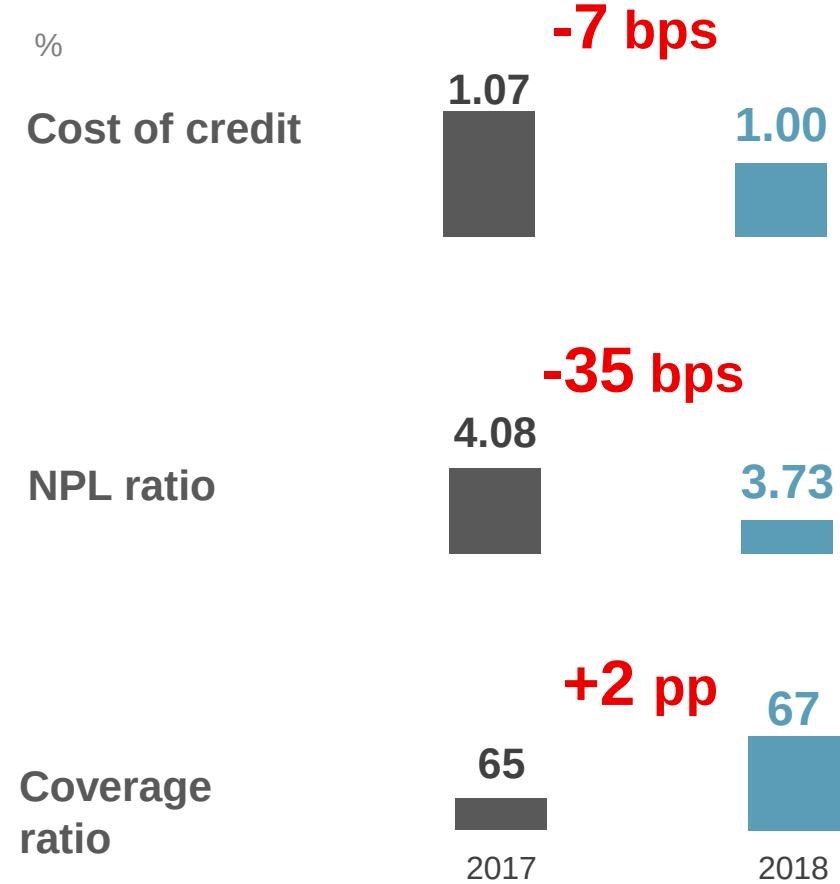
47.4% in 2017



**Top 3 in customer satisfaction³
in 7 core markets**



Continued credit quality enhancement: YoY improvement in all metrics



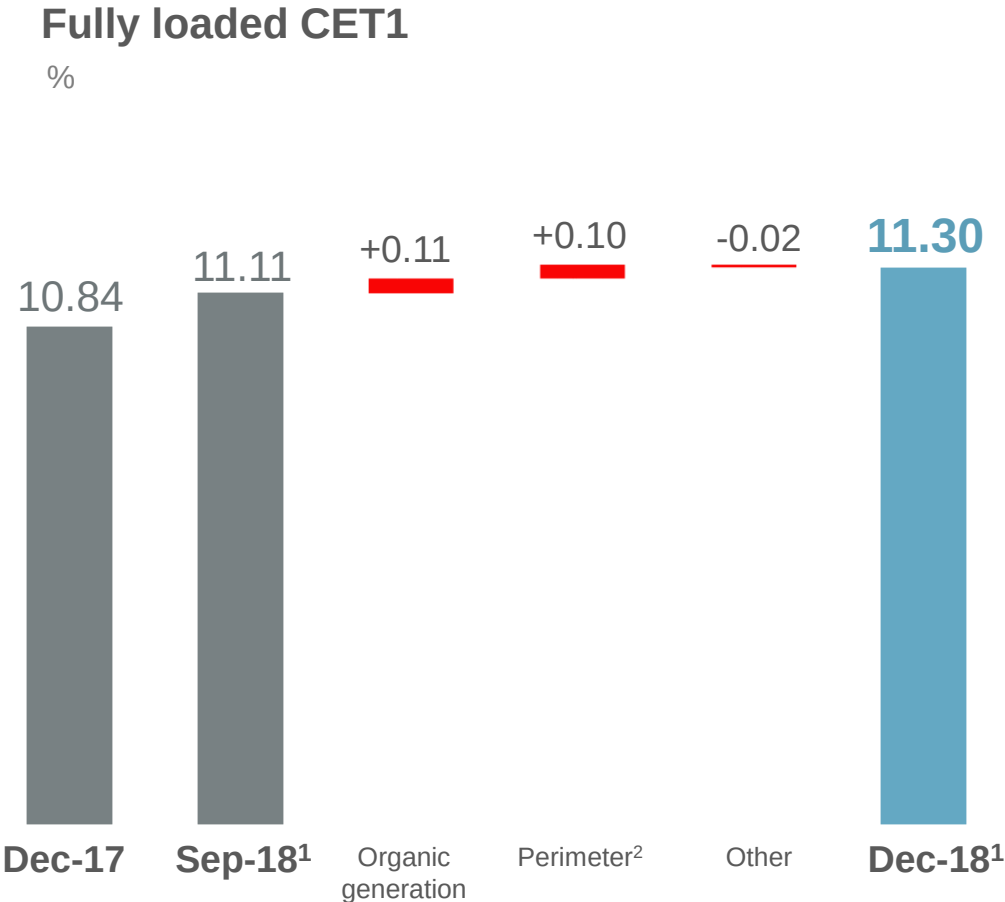
 **Cost of credit ratio** improved or maintained low levels in 2018



 **Lower NPL ratio** in most units



Capital: we surpassed our goal of 11% in 2018



High organic capital generation in 2018

+64 bps

FL Total Capital ratio Dec-18

14.78%

Leverage ratio Dec-18

5.1%



Our positive results over the 7 stress tests since 2008
demonstrate the strength and diversification of our model

(1) Data calculated using the IFRS 9 transitional arrangements, otherwise the total impact would have been -27 bps
(2) WiZink: +8 bps

Banco Santander S.A. funding plan

EUR bn	2017 issued	2018 issued	2019 issuance plan ²
Covered bonds	0.4	1.0	3-5
Senior preferred	0.7	0.2	3-5
Senior non-preferred	9.9	6.3	--
Hybrids	2.9	2.8	1.5
TOTAL	13.9	10.3	7.5 - 11.5
o/w Subordinated	12.8	9.1	1.5



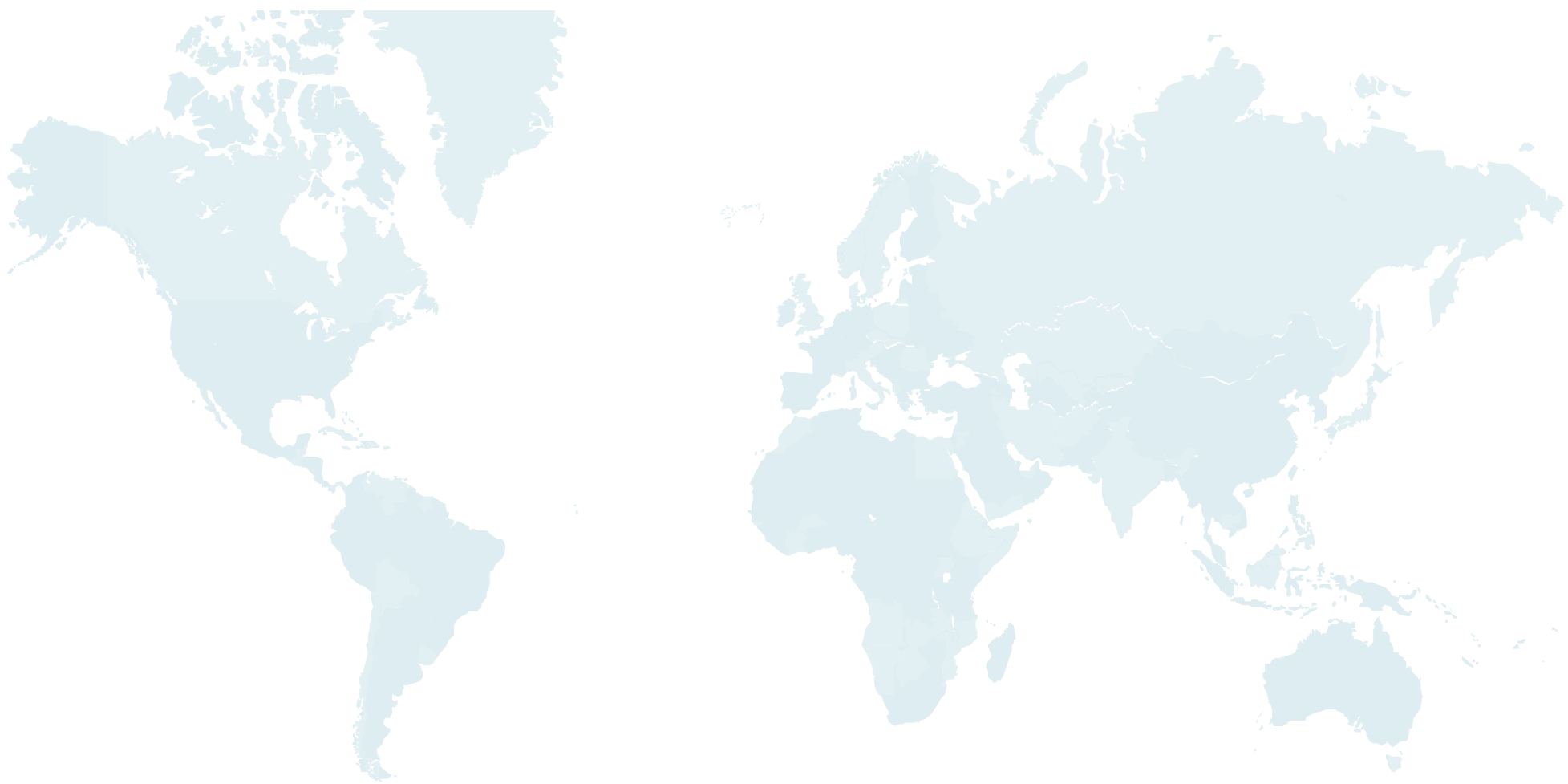
Santander S.A. meets current MREL requirement¹ and Group capital buffers **(AT1: 1.5%; T2: 2%)**



During the last 2 years Santander S.A.'s Funding Plan has been focused on TLAC-eligible instruments...



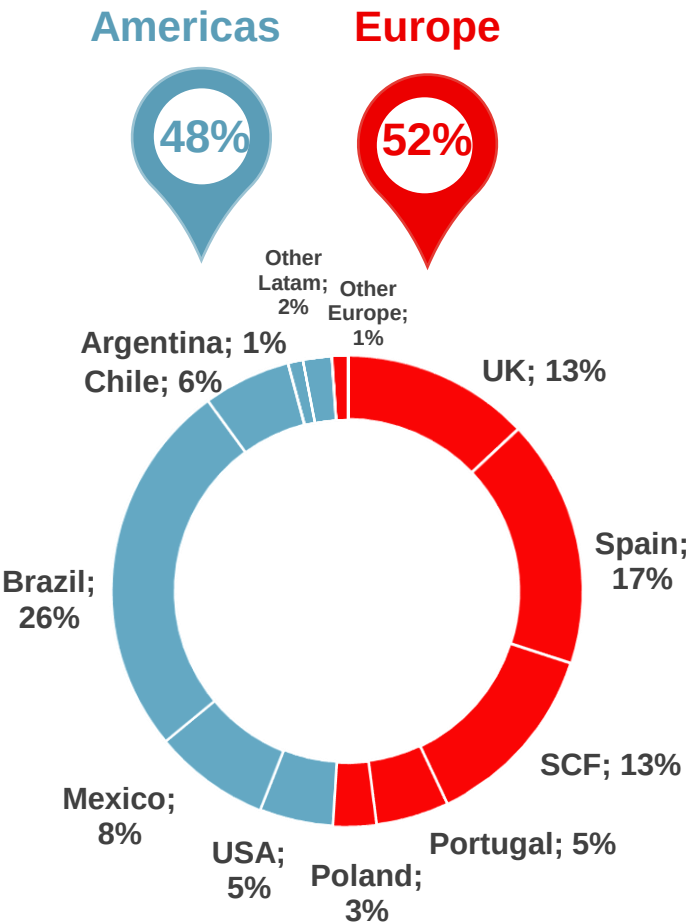
... and in 2019 the Funding Plan is expected to **cover debt maturities**, and **manage our funding structure**



Breakdown by geographies

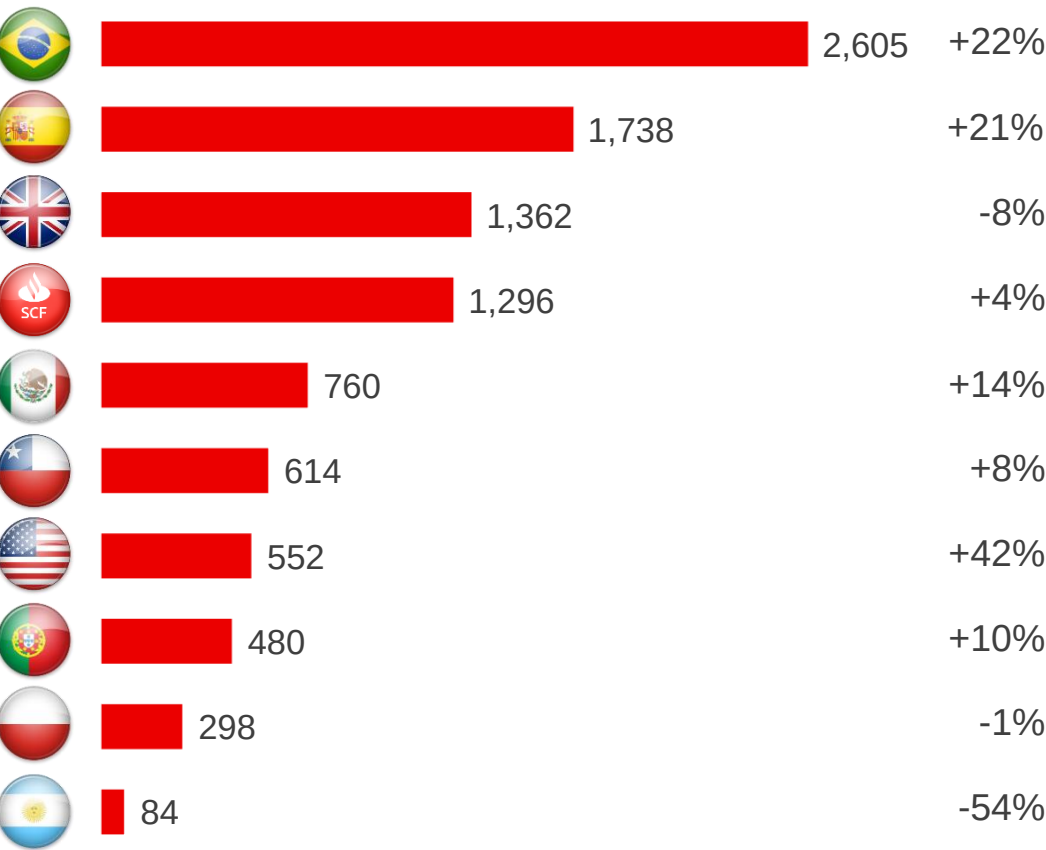
Group profit growth driven by most markets

2018 Underlying attributable profit¹



2018 Underlying attributable profit in core markets

EUR mn and % change vs. 2017 in constant euros





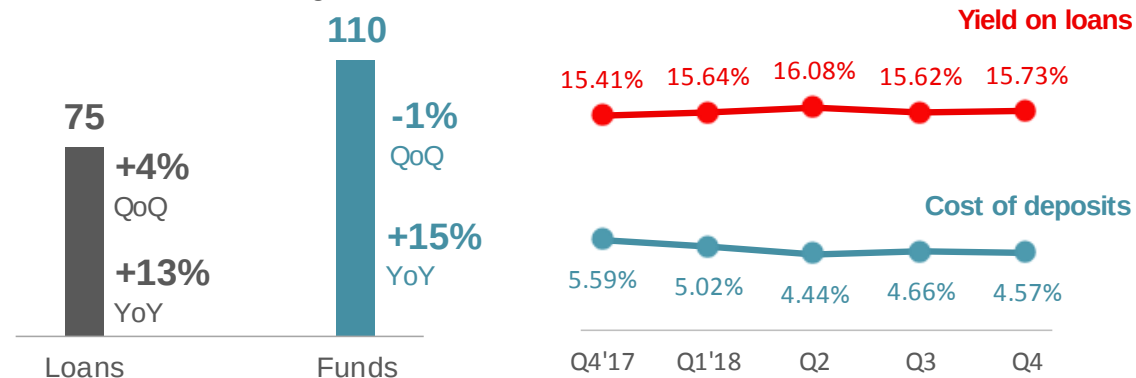
Brazil: transformation focused on customers and sustainable profitable growth. YoY double-digit profit growth, higher RoTE and improvement in customer service and satisfaction

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	2,475	-1.2	9,758	15.7
Fee income	929	12.7	3,497	14.8
Gross income	3,396	1.2	13,345	11.7
Operating expenses	-1,191	9.1	-4,482	5.4
LLPs	-726	2.8	-2,963	4.2
PBT	1,281	-7.0	5,203	34.8
Attributable profit	663	1.4	2,605	22.3

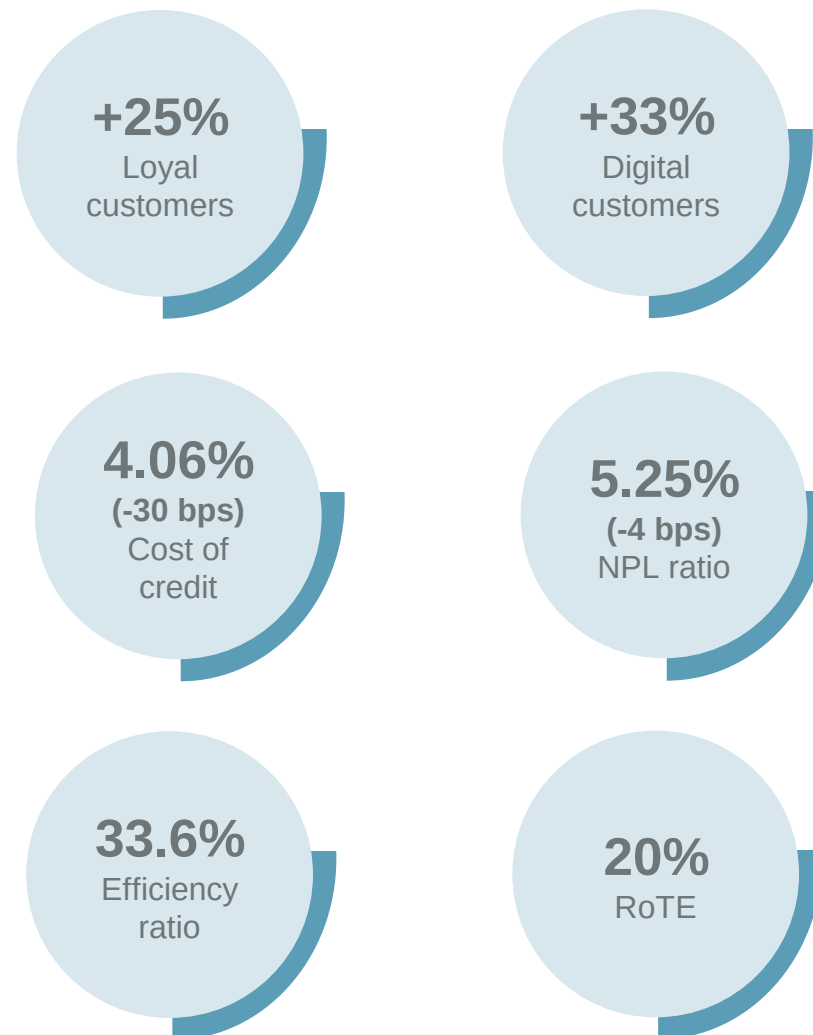
(*) EUR mn and % change in constant euros

ACTIVITY

Volumes in EUR bn and % change in constant euros



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds
Customers and credit quality ratios YoY change





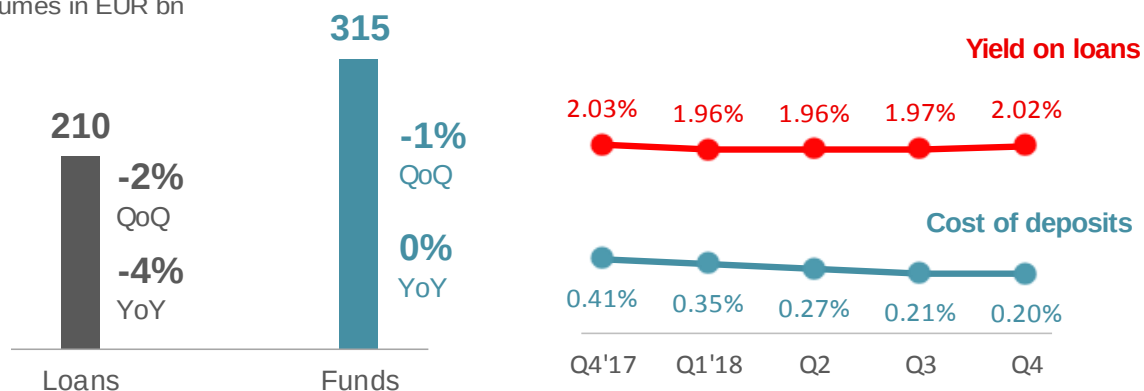
Spain: commercial dynamism achieved. Double-digit profit growth YoY boosted by NII and cost synergies. Q4'18 profit affected by DGF contribution

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	1,150	3.0	4,360	15.2
Fee income	634	-3.0	2,631	12.8
Gross income ¹	1,880	-11.1	7,894	15.1
Operating expenses	-1,110	0.7	-4,480	10.9
LLPs	-129	-34.7	-728	20.7
PBT	571	-19.9	2,325	16.1
Underlying att. profit	432	-18.0	1,738	20.8
Net capital gains and provisions ²	0	--	-280	-6.8
Attributable profit	432	-18.0	1,458	28.1

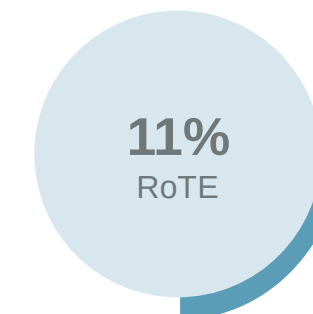
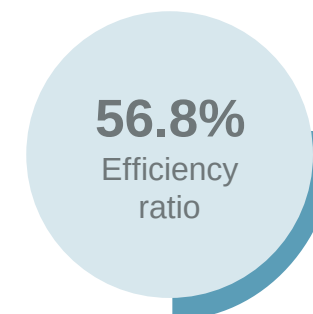
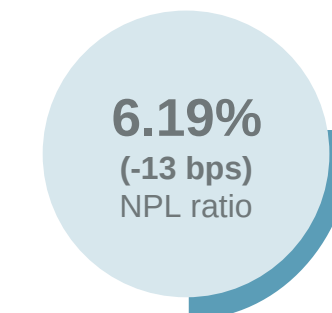
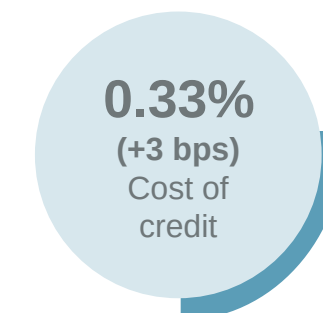
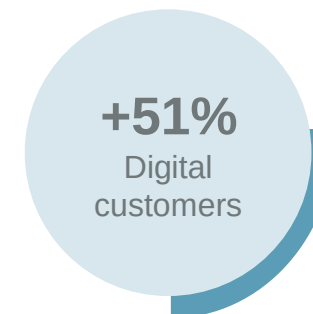
(*) EUR mn (1) Q4'18 DGF contribution of EUR 226 mn; (2) Restructuring costs after tax

ACTIVITY

Volumes in EUR bn



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds. Underlying RoTE
Customers and credit quality ratios YoY change





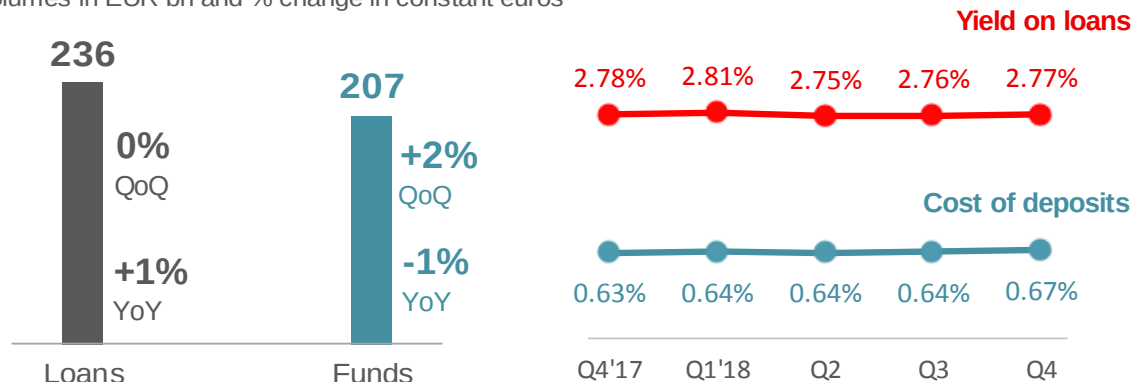
UK: our results reflect competitive revenue pressures and higher regulatory and strategic project costs in the current uncertain environment. Q4'18 impacted by other provisions¹

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	1,033	-0.6	4,136	-4.3
Fee income	257	-0.9	1,023	2.9
Gross income	1,332	-3.2	5,420	-4.3
Operating expenses	-738	0.5	-2,995	5.7
LLPs	-44	70.4	-173	-14.5
PBT	394	-28.6	1,926	-11.0
Attributable profit	286	-26.1	1,362	-8.2

(*) EUR mn and % change in constant euros

ACTIVITY

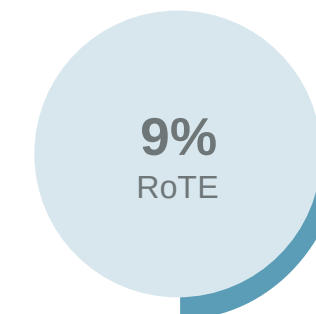
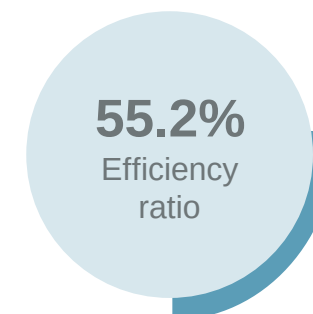
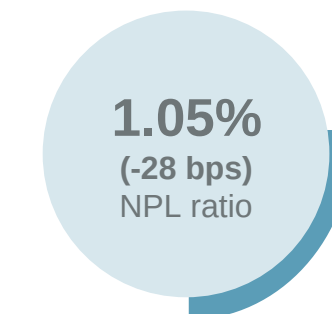
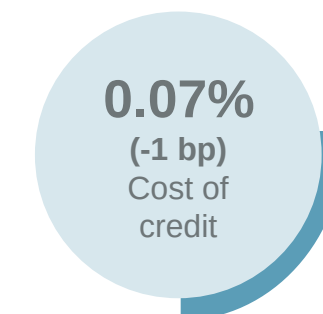
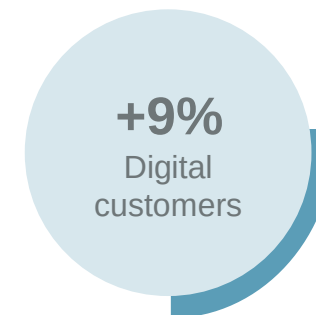
Volumes in EUR bn and % change in constant euros



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds

Customers and credit quality ratios YoY change

(1) Relating to historical probate and bereavement processes and consumer credit business operations





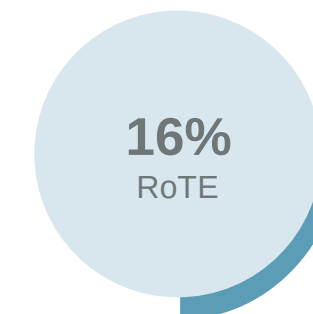
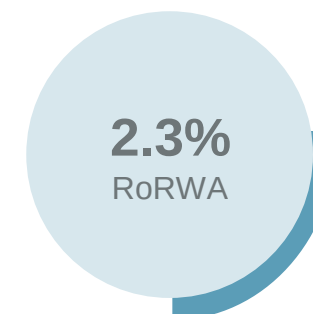
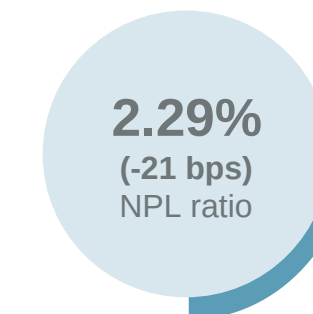
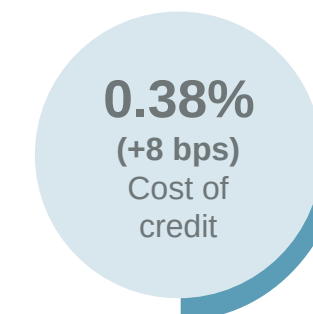
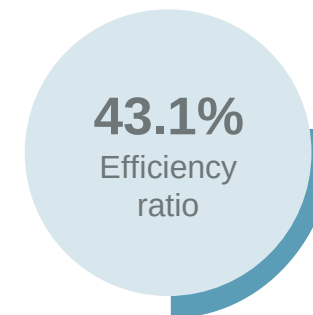
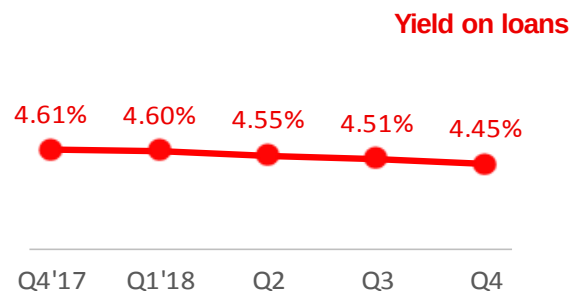
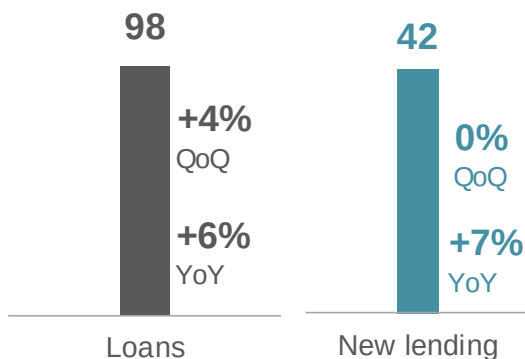
SCF: Leadership in Europe with best-in-class profitability (RoRWA: 2.3%) and efficiency. Historically low NPL ratio and cost of credit. Q4'18 profit impacted by non-recurring items¹

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	943	0.7	3,723	4.9
Fee income	189	-8.5	798	-9.0
Gross income	1,187	2.7	4,610	3.3
Operating expenses	-494	4.1	-1,985	0.9
LLPs	-47	-62.4	-360	36.1
PBT	480	-14.5	2,140	3.3
Underlying att. profit	296	-10.7	1,296	4.1
Net capital gains and provisions	0	--	0	-100.0
Attributable profit	296	-10.7	1,296	11.7

(*) EUR mn and % change in constant euros

ACTIVITY

Volumes in EUR bn and % change in constant euros



Note: Loans excluding reverse repos. Underlying RoTE (1) Impairment of intangible assets, restructuring costs and written-off portfolio sales. Excluding Santander Consumer UK profit, which is recorded in Santander UK results. Including it, 2018 underlying attributable profit: EUR 1,421 mn (+4% vs. 2017) and Q4'18 underlying attributable profit: EUR 331 mn (-9% vs. Q3'18)

Units' performance: larger customer base, higher profits and better credit quality



Continued to strengthen our distribution model, reflected in an increase in customer base, volumes and profitability

Double-digit profit growth due to improving customer revenue and cost of credit

Attributable profit

EUR 760 mn
+14%

RoTE

20%



Business volumes grew at a faster pace in core segments

Higher profitability, lower NPL ratio and stable cost of credit. Profit up driven by customer revenue

EUR 614 mn
+8%

18%



Positive year for Santander US: achieved significant regulatory milestones, strengthened business performance and turned around profits

SBNA increased volumes with higher NIM. SC USA maintained high RoTE (20.6%²)

In the quarter, reclassification of TDRs and LLPs up due seasonality and strong originations

EUR 552 mn¹
+42%

7.6%²

Units' performance: larger customer base and integration processes



Integration of Banco Popular completed in Q4'18

Strong profit growth thanks to better efficiency and a very low cost of credit (significant improvement in credit quality). Gaining market share

Attributable profit

EUR 480 mn¹
+10%

RoTE

12%



YoY volume growth across all key products, increase in customer revenue, rebranding costs and lower NPL ratio

In Nov-18, integration of DB Polska. Including goodwill generated in the transaction, attributable profit increased 14%

EUR 298 mn¹
-1%

10%



After the agreement with the IMF, the economic programme was revamped. Nevertheless, the country is still affected for this situation

Good evolution of revenues not reflected in profit as it was hit by high inflation adjustments² (Q4 and Q3)

EUR 84 mn
-54%

12%

Corporate Centre

P&L*	2018	2017
NII	-947	-851
Gains/Losses on FT	11	-227
Operating expenses	-495	-476
Provisions and other income	-216	-227
Tax and minority interests	18	33
Underlying att. profit	-1,721	-1,889
Net capital gains and provisions	-40	-436
Attributable profit	-1,761	-2,326

(*) EUR mn

Higher loss in NII due to increased volume of issuances (TLAC)

Better FX hedging results reflected in gains on financial transactions

Operating expenses remained virtually unchanged as a result of streamlining and simplification measures

Restructuring costs in 2018 and charges for equity stakes and intangible assets in 2017



2018 performance
ahead of plan as we
continued to invest for
our customers



Group & Business areas
review



Accelerating the
implementation of **our
commercial & digital
transformation for our
144 Mn customers**



Key takeaways &
mid-term targets



Our purpose

To **help**
people and
businesses
prosper



Our aim as a bank

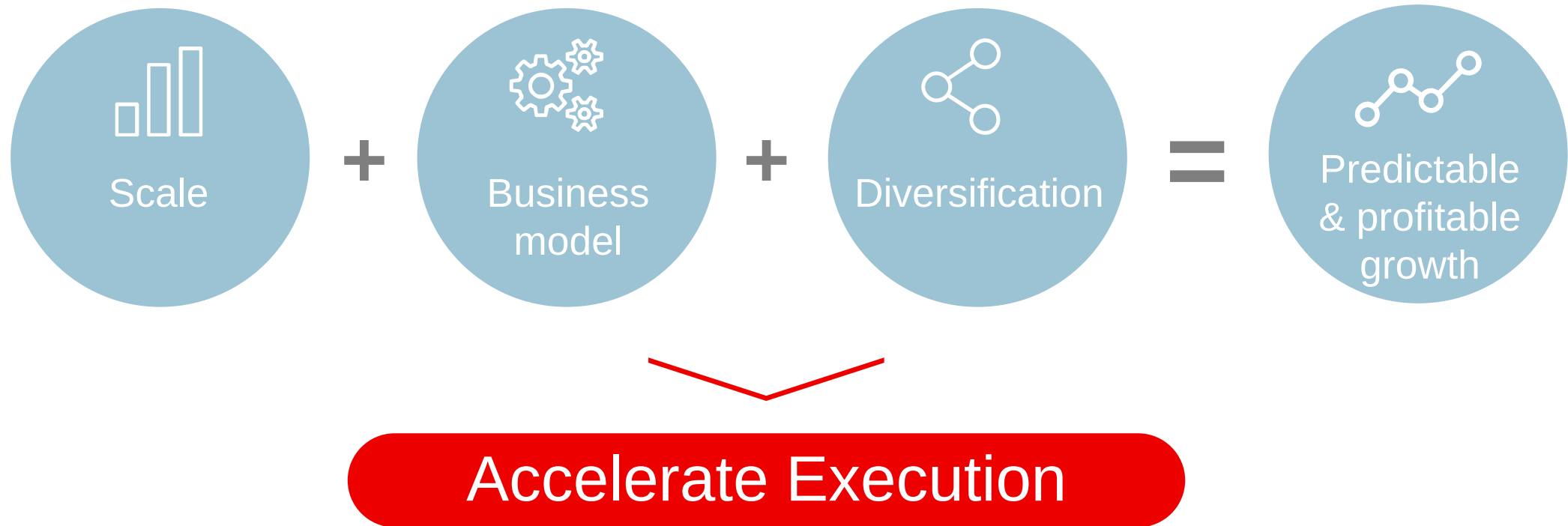
To be the **best open**
financial services
platform, by acting
responsibly and
earning the **lasting**
loyalty of our people,
customers,
shareholders and
communities



Our how

Everything
we do should
be **Simple**,
Personal
and Fair

Our vision, strategy and progress since 2015 **plus our core strengths will allow us to accelerate execution**



Our scale benefits our **leading local banks**

Leadership position by market share¹ in our local markets...

Top bank² in 6 out of our 10 Markets



Top #3³



Top #5⁴



144Mn customers

in markets with a total population of **>1Bn people**

...while **accelerating collaboration across the Group**

- **€200Mn** savings by centralising the global negotiations with T&O providers
- **25-35%** mid-term potential savings in 3 Group transversal processes by building them globally
- **€1.4Bn** revenue synergies from leveraging CIB value proposition to Corporates & SMEs (~8% CAGR since 2015)



Unique personal relationships strengthens customer loyalty



100,000

People talking to our customers everyday

13,000

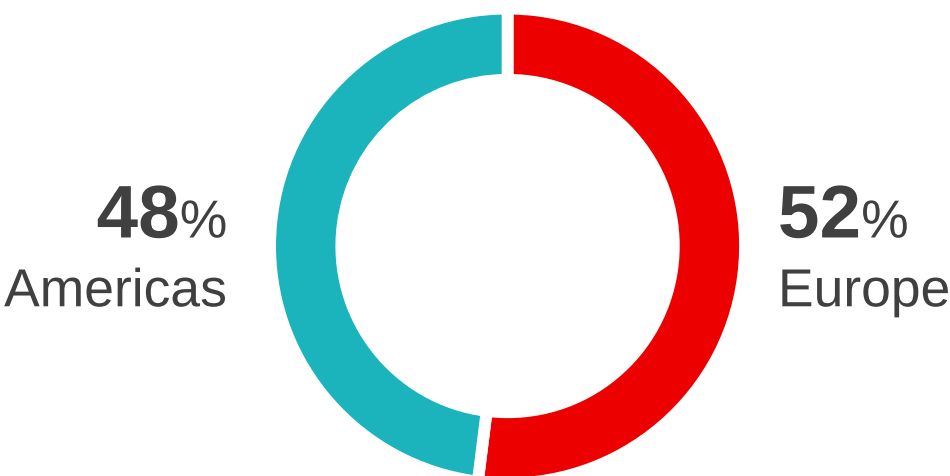
Branches across all our geographies

#1 Branch network¹

Our business model & geographical diversification make us more resilient than our peers...

Balanced diversification¹

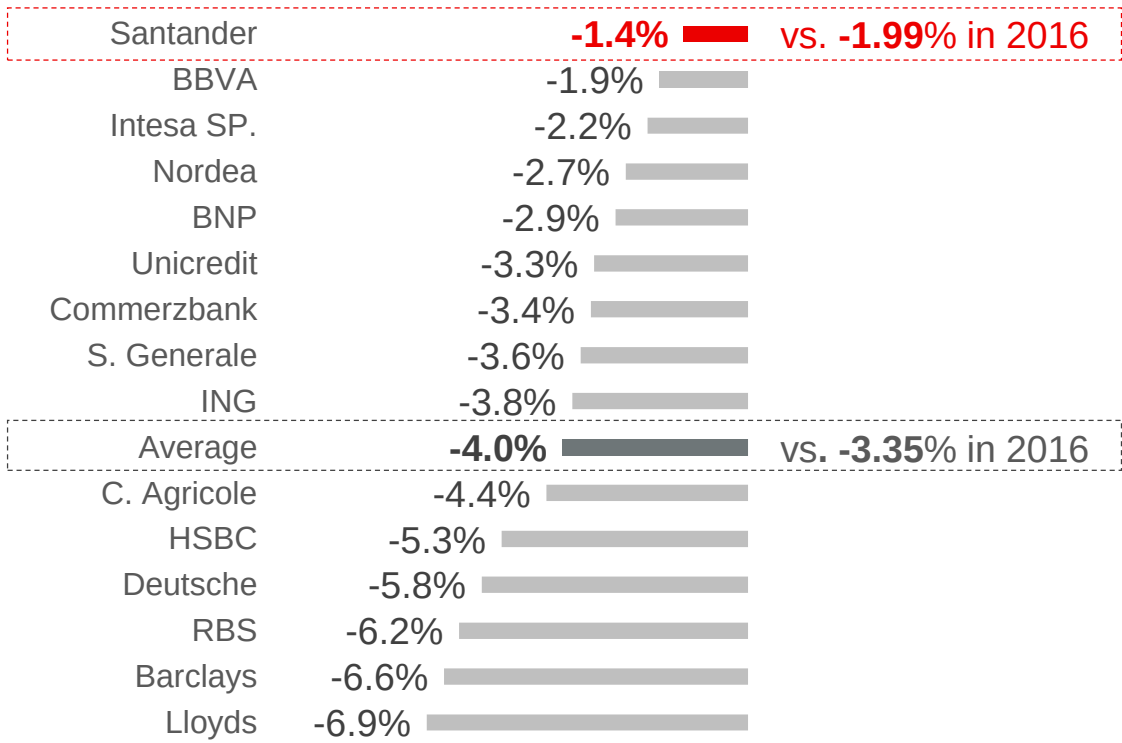
Underlying attributable profit 2018



~97% of our profits from our 10 core markets

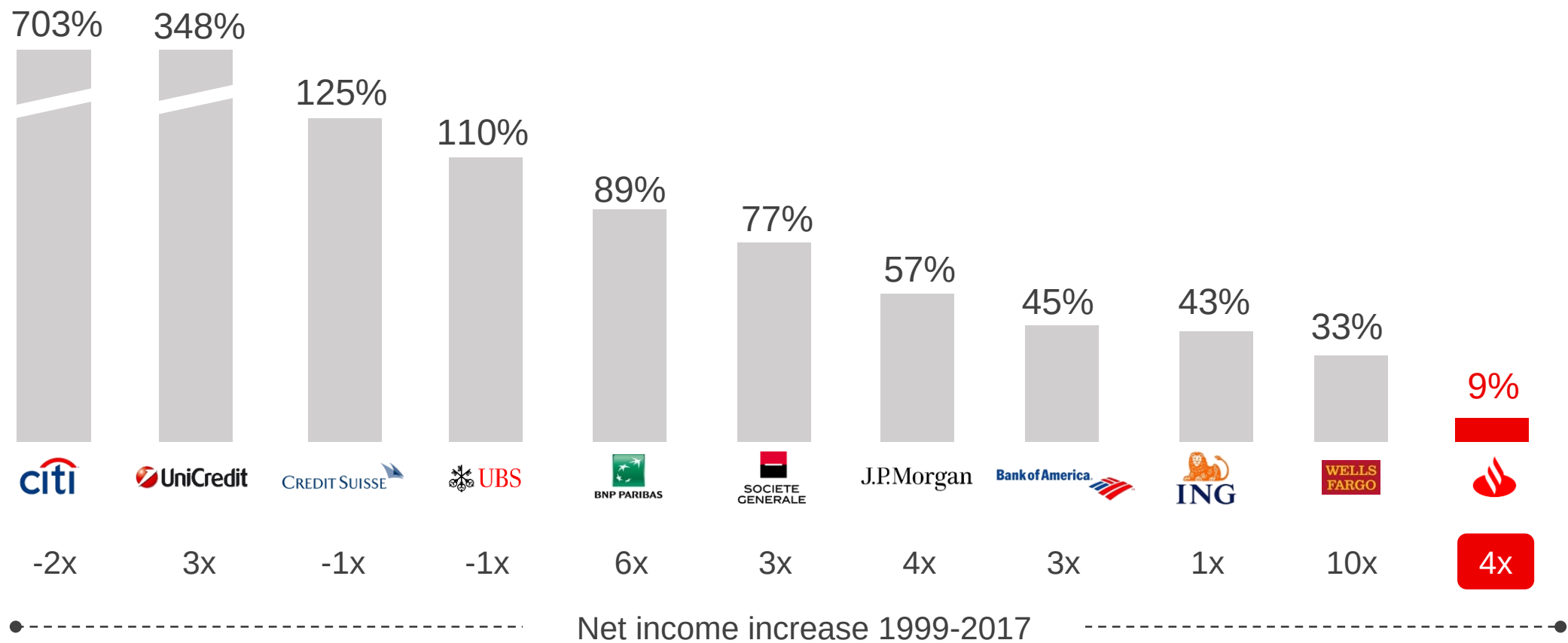
Best performer under stress test

Capital depletion EBA adverse scenario



...resulting in higher earnings predictability

Quarterly reported EPS volatility¹, 1999-Q3'18



(1) Source: Bloomberg, with GAAP Criteria. Note: Standard deviation of the quarterly EPS starting from the first available data since Jan-99

Accelerate the digital transformation through increased collaboration across the Group - creating a model with improved profitability



Digital transformation

Delivering excellent products and services to our customers, leveraging and accelerating collaboration across the Group



Capital light model



Enhanced profitability

Digitalising our core banks (Supertankers) at a faster pace and building global processes...

Complete **digitalisation of the core...**

100%...

...**products and services** available through digital channels

...**processes** E2E digitalised/automatised

...**data sources accessible** for ML/AI algorithms

...leveraging **Group capabilities**

Common...

...**Reference architecture**, leveraging cloud, infrastructure and tools

...set of **components and services**

...**data models**

For example



Contact Centre digitalisation

€200Mn cost synergies, and
€100Mn sales uplift
mid-term opportunity

...while launching new initiatives to build loyalty and attract new customers

Operating at full speed



Expansion of a single platform, **cloud-based** model to new markets in Europe and LatAm

~20Mn€ set up cost in new countries and mid-term RoE target c.20%



All Santander countries connected

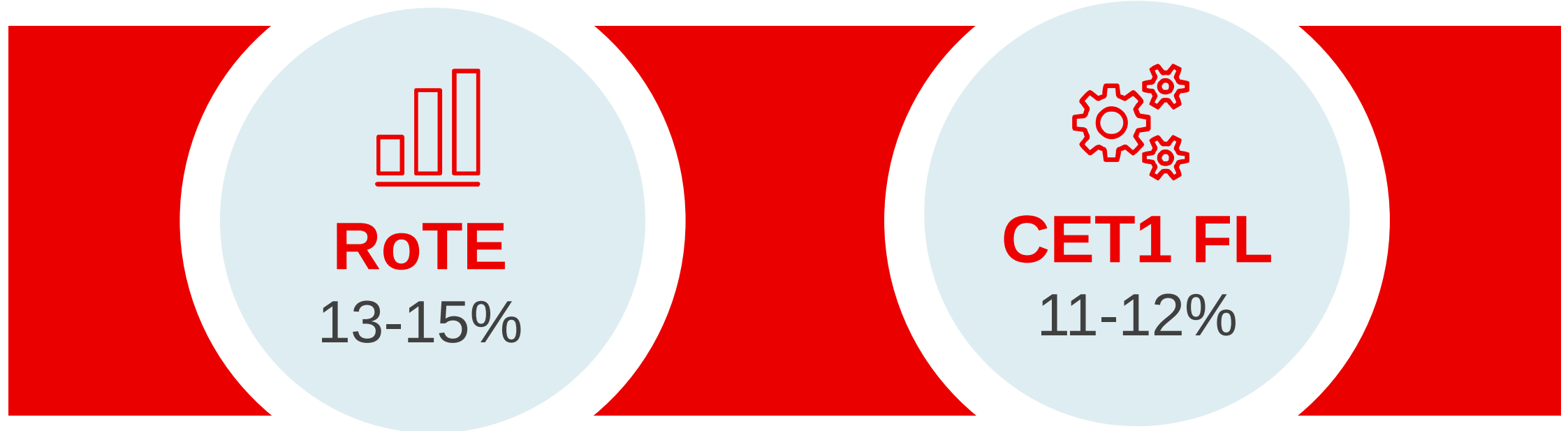
#1 NPS vs alternative

Millions of transactions processed

More new ventures to come...

Accelerating the execution to continue delivering growth, profitability and strength

Mid-term targets





 Santander
INVESTOR DAY | 3 April 2019
LONDON



2018 performance
ahead of plan as we
continued to invest for
our customers



Group & Business areas
review



Accelerating the
implementation of our
commercial & digital
transformation for our
144 Mn customers



**Key takeaways &
mid-term targets**

2015-18 plan completed: exceeding our targets while building the foundations for continued success

Continue building on our strengths with a clear strategy to fulfil our aim and purpose

Focus on customer loyalty and digital excellence to continue delivering **profitable growth**

Accelerating in building a smartly connected Group to the **benefit of all our stakeholders**

Mid-term targets



RoTE
13-15%



CET1 FL
11%-12%



Appendix

Net capital gains and provisions

Loans and customer funds by units and by businesses

Other countries results

Global business results

Liquidity

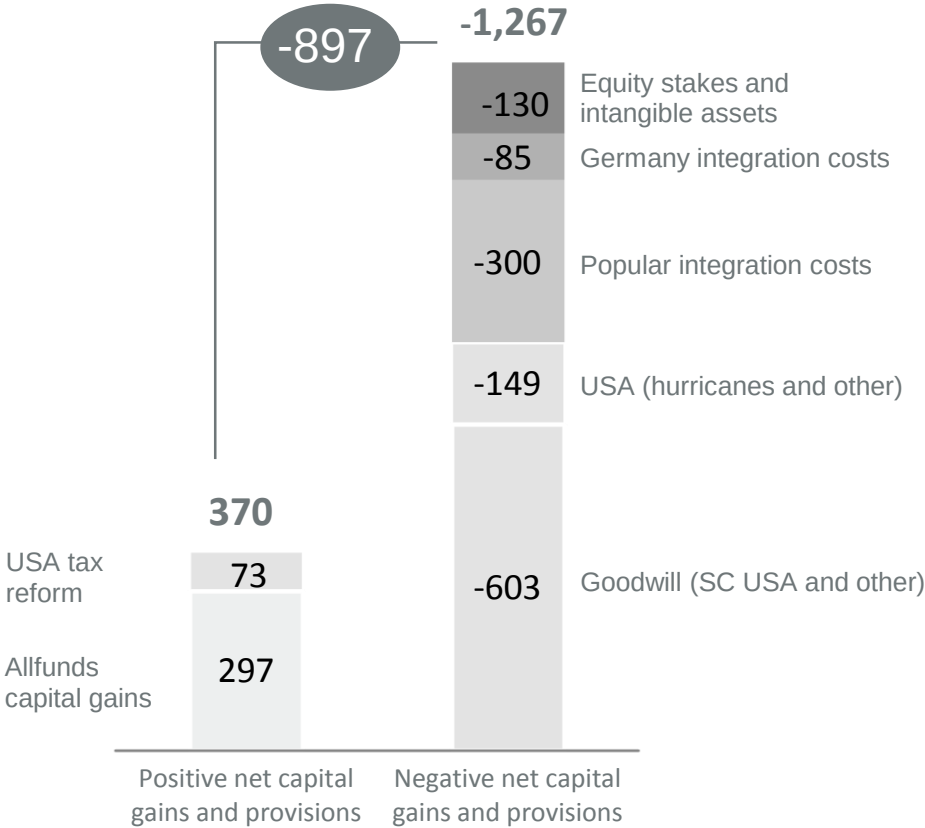
NPL and coverage ratios and cost of credit

Quarterly income statements

Net capital gains and provisions detail

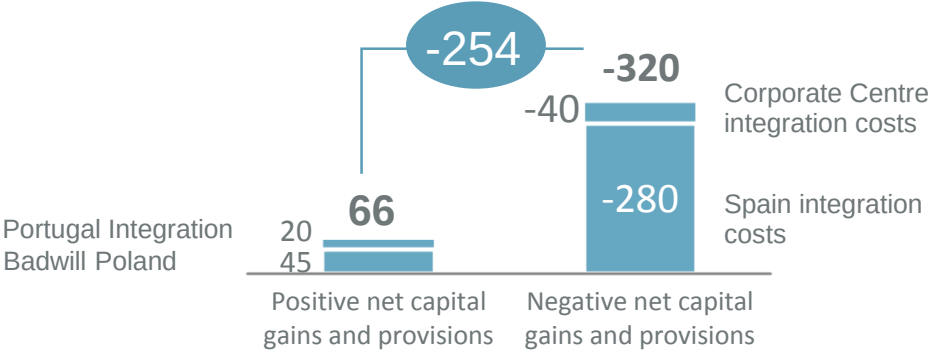
2017

EUR million net of tax



2018

EUR million net of tax



Net capital gains and provisions

Loans and customer funds by units and by businesses

Other countries results

Global business results

Liquidity

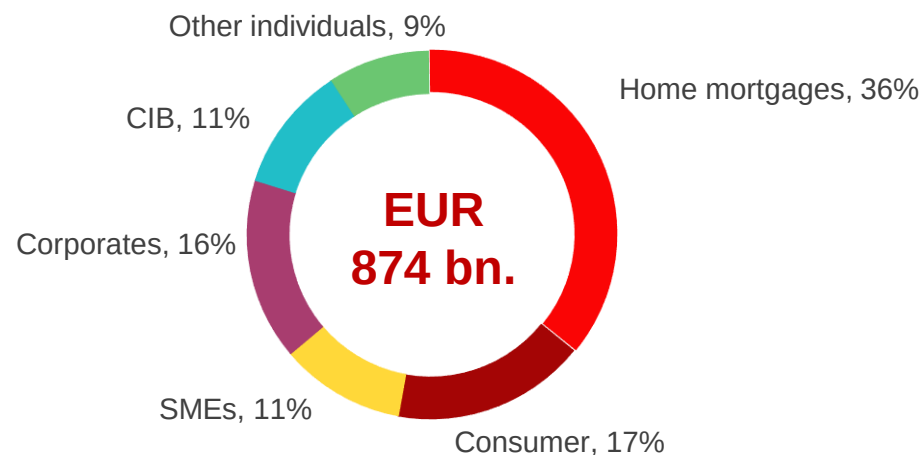
NPL and coverage ratios and cost of credit

Quarterly income statements

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

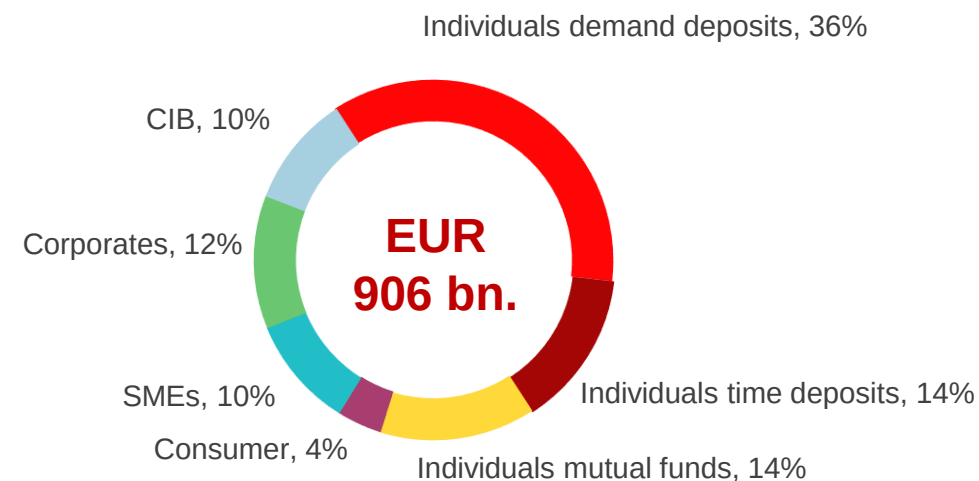
Loan portfolio

MATURE MARKETS			DEVELOPING MARKETS		
Dec-18	EUR bn	YoY Chg.	Dec-18	EUR bn	YoY Chg.
Spain	210	-4%	Poland	29	30%
UK	236	1%	Brazil	75	13%
USA	84	6%	Mexico	31	10%
SCF	98	6%	Chile	39	10%
Portugal	37	-2%	Argentina	6	40%



Customer funds

MATURE MARKETS			DEVELOPING MARKETS		
Dec-18	EUR bn	YoY Chg.	Dec-18	EUR bn	YoY Chg.
Spain	315	0%	Poland	36	32%
UK	207	-1%	Brazil	110	15%
USA	64	3%	Mexico	39	3%
SCF	37	4%	Chile	33	8%
Portugal	39	8%	Argentina	10	51%



Net capital gains and provisions

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



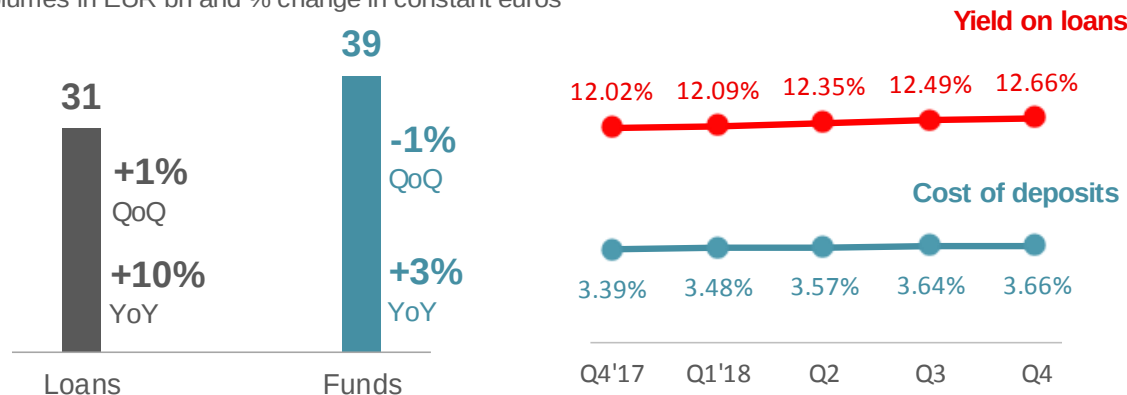
Mexico: continued to strengthen our distribution model, reflected in the increase of customer base, volumes and profitability. Double-digit profit growth due to customer revenues and cost of credit

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	733	3.0	2,763	13.2
Fee income	181	-6.6	756	7.5
Gross income	897	-1.4	3,527	8.6
Operating expenses	-376	0.3	-1,462	12.8
LLPs	-215	-3.3	-830	-2.2
PBT	323	5.1	1,230	15.6
Attributable profit	206	8.0	760	14.0

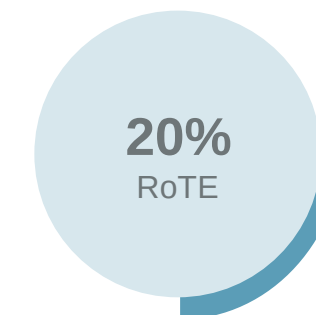
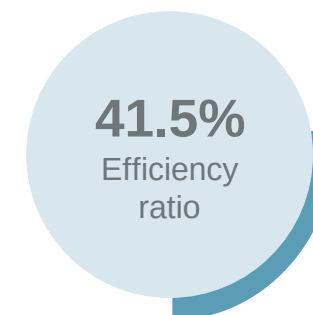
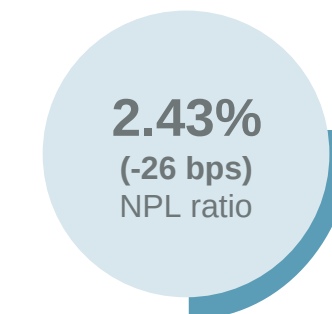
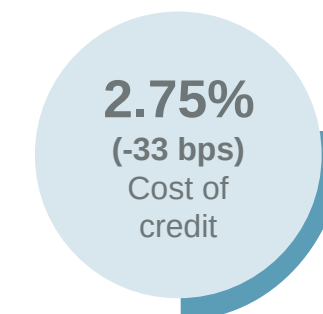
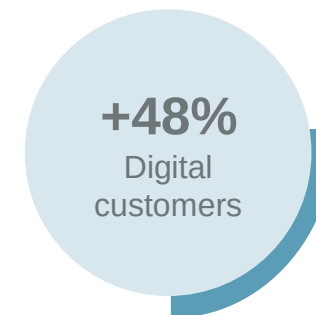
(*) EUR mn and % change in constant euros

ACTIVITY

Volumes in EUR bn and % change in constant euros



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds
Customers and credit quality ratios YoY change





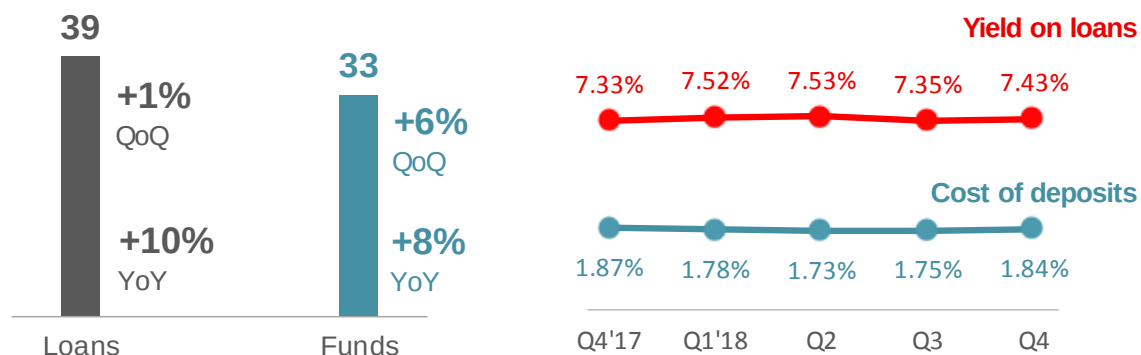
Chile: business volumes grew at a faster pace in core segments. Higher profitability, lower NPL ratio and stable cost of credit. Profit up driven by customer revenues

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	477	-0.1	1,944	5.4
Fee income	95	-5.6	424	12.0
Gross income	622	-0.9	2,535	3.9
Operating expenses	-258	1.0	-1,045	5.4
LLPs	-120	3.1	-473	6.0
PBT	275	0.0	1,121	9.5
Attributable profit	153	1.2	614	8.5

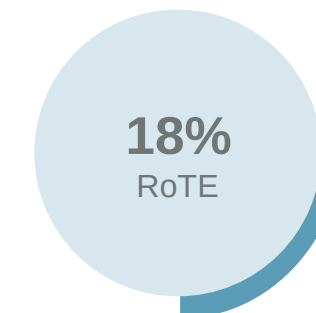
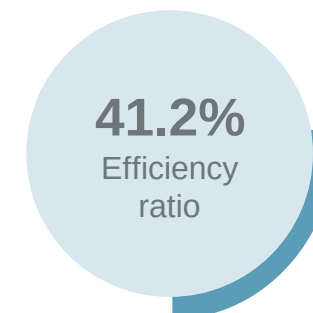
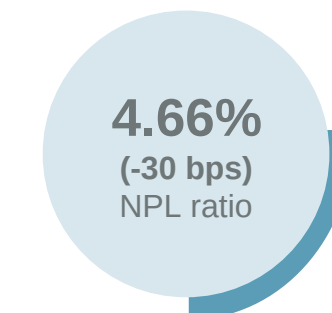
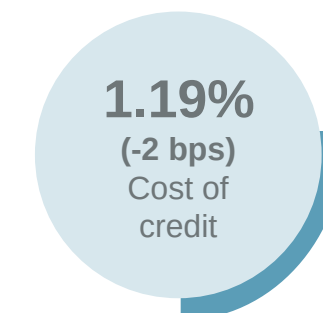
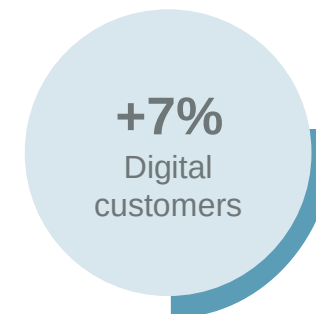
(*) EUR mn and % change in constant euros

ACTIVITY

Volumes in EUR bn and % change in constant euros



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds
Customers and credit quality ratios YoY change





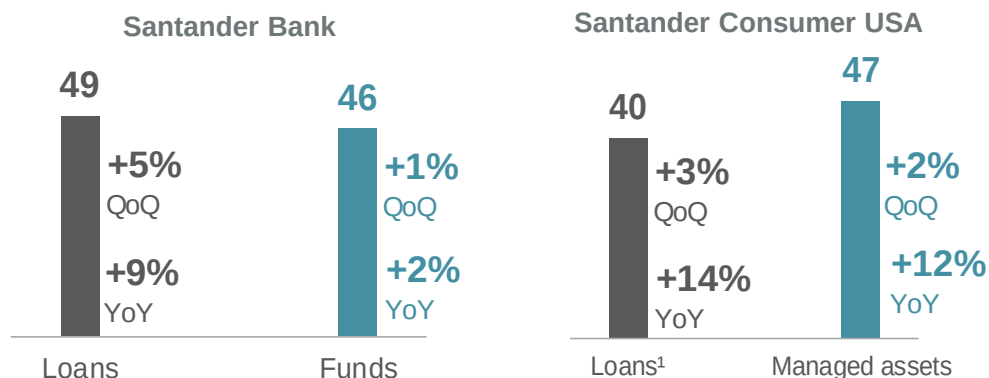
USA: very positive year for Santander US (achieved significant regulatory milestones, strengthened business performance and turned around profits). In Q4, reclassification of TDRs³ and LLPs up due to seasonality and strong originations

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	1,553	14.5	5,391	1.3
Fee income	217	2.9	859	-7.4
Gross income	1,967	11.6	6,949	4.5
Operating expenses	-795	4.5	-3,015	-1.3
LLPs	-945	44.0	-2,618	-1.4
PBT	170	-39.2	1,117	31.0
Underlying att. profit	92	-28.9	552	41.7
Net capital gains and provisions	0	--	0	-100.0
Attributable profit	92	-28.9	552	74.0

(*) EUR mn and % change in constant euros

ACTIVITY

Volumes in EUR bn and % change in constant euros



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds

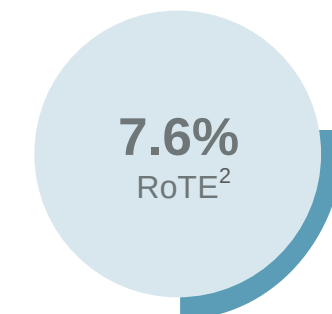
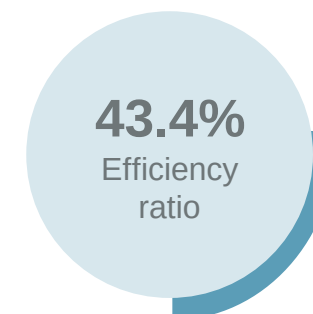
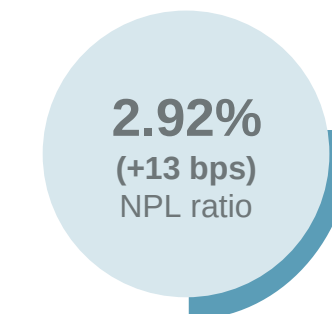
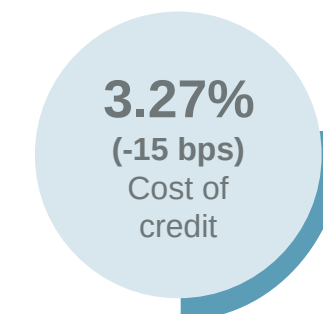
Santander Bank's customers

(1) Include leasing

(2) Adjusted RoTE for 11.30% CET1, otherwise Santander US 4% and SC USA 13.3%

Customers and credit quality ratios YoY change

(3) Impact on NII and LLPs



SC USA RoTE: 20.6%²



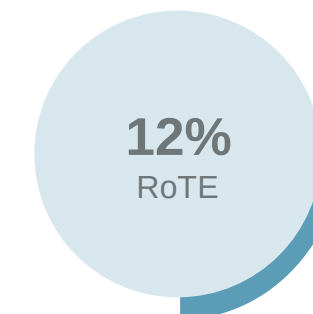
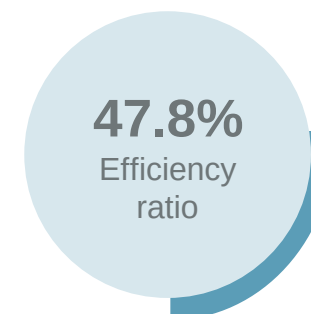
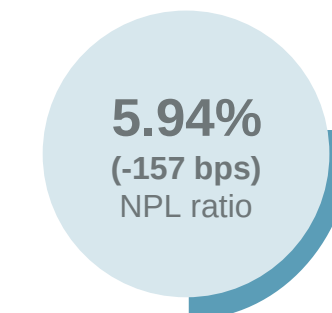
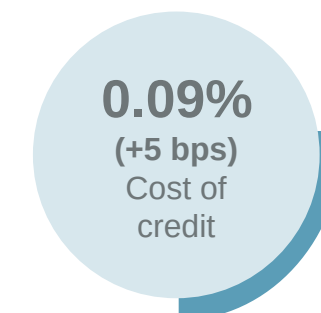
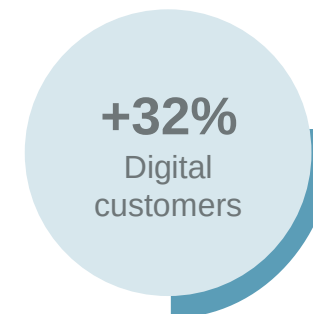
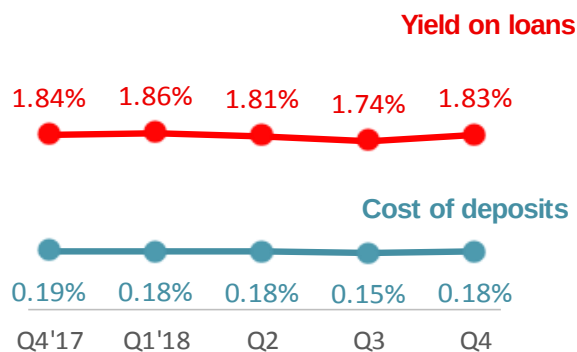
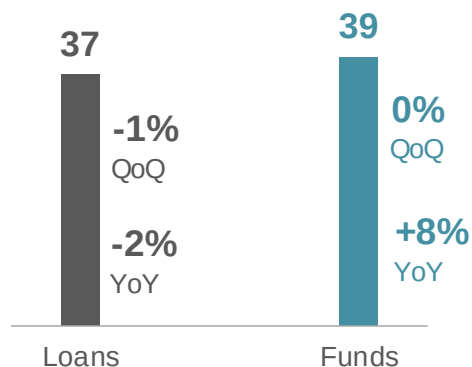
Portugal: integration of Popular completed. Strong profit growth thanks to better efficiency and a very low cost of credit (significant improvement in credit quality). Market share gains

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	211	0.1	858	8.9
Fee income	96	4.5	377	4.7
Gross income	334	3.5	1,344	8.0
Operating expenses	-162	3.0	-642	4.5
LLPs	-12	7.9	-32	160.6
PBT	196	17.3	688	19.8
Underlying att. profit	136	18.9	480	10.3
Net capital gains and provisions ¹	0	--	20	--
Attributable profit	136	18.9	500	14.9

(*) EUR mn (1) Provisions and restructuring costs associated with inorganic operations, net of tax impacts

ACTIVITY

Volumes in EUR bn



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds. Underlying RoTE
Customers and credit quality ratios YoY change



Poland: volume growth across all key products, increase in customer revenues, rebranding costs and lower NPL ratio. In Q4 DBP¹ integration

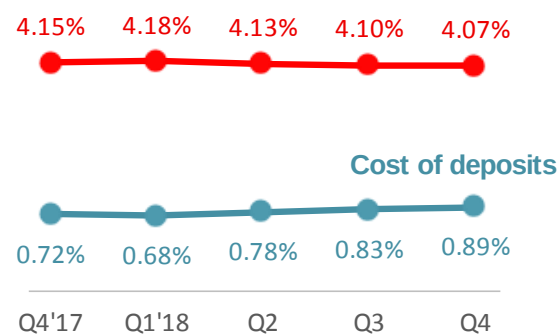
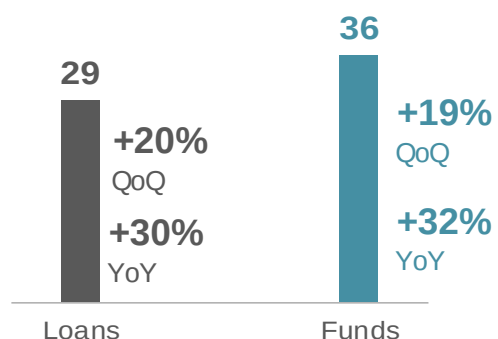
P&L*	Q4'18	% Q3'18	2018	% 2017
NII	265	8.8	996	7.4
Fee income	115	3.2	453	2.3
Gross income	390	6.0	1,488	4.9
Operating expenses	-165	5.1	-636	5.3
LLPs	-41	23.8	-161	17.4
PBT	123	-18.8	555	-4.3
Underlying att. profit	62	-23.2	298	-0.6
Net capital gains and provisions ²	45	--	45	--
Attributable profit	107	32.4	343	14.5

(*) EUR mn and % change in constant euros (2) DBP badwill

ACTIVITY

Volumes in EUR bn and % change in constant euros

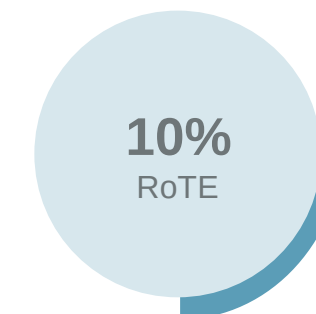
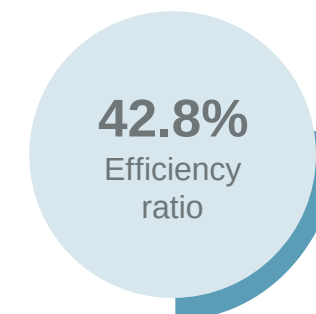
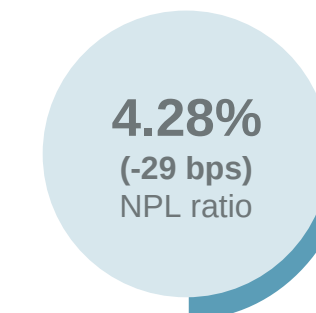
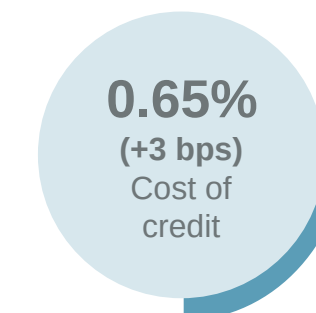
Yield on loans



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds. Underlying RoTE

(1) DBP: Deutsche Bank Polska, integrated in Nov-2018. Impact in volumes, integration costs and badwill

Customers and credit quality ratios YoY change





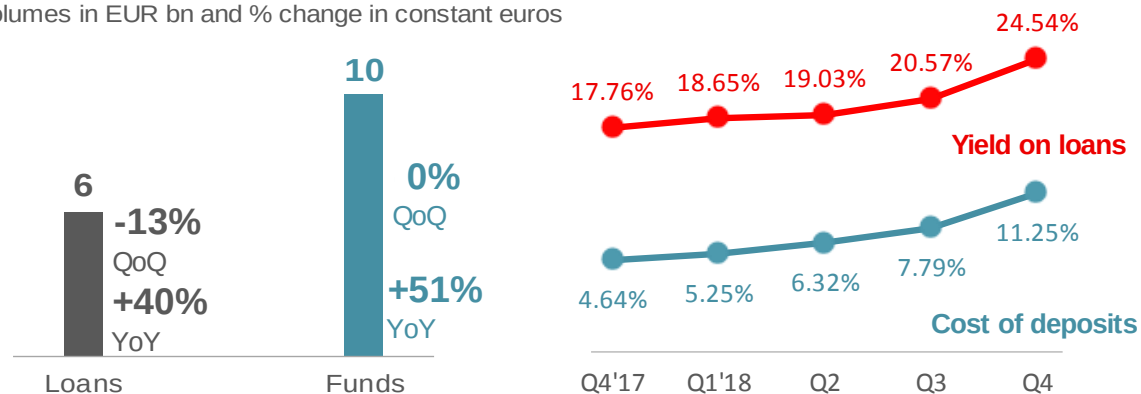
Argentina: good evolution of revenues not reflected in profit as it was hit by high inflation adjustments in Q4 and Q3 and regulatory changes

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	327	8.8	768	52.5
Fee income	192	12.3	448	47.0
Gross income	472	0.6	1,209	35.4
Operating expenses	-323	10.7	-749	51.0
LLPs	-99	2.7	-231	184.4
PBT	58	--	185	-31.4
Attributable profit	17	--	84	-54.5

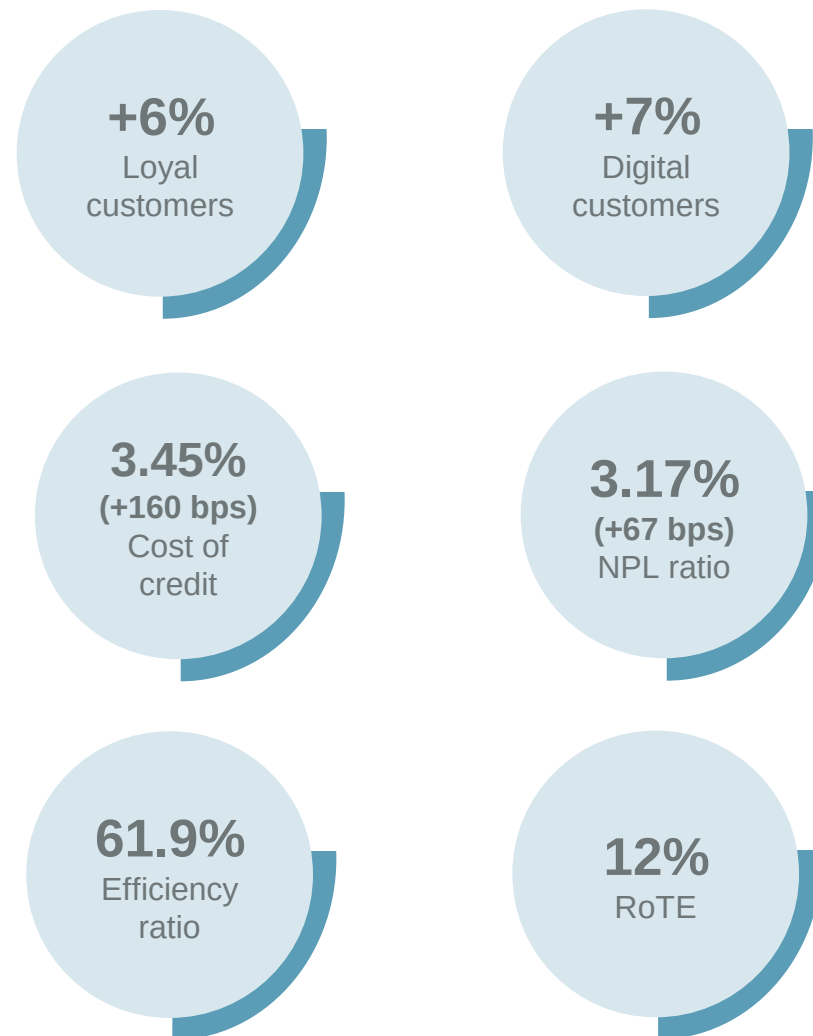
(*) EUR mn and % change in constant euros

ACTIVITY

Volumes in EUR bn and % change in constant euros



Note: Loans excluding reverse repos. Funds: deposits excluding repos + marketed mutual funds
Customers and credit quality ratios YoY change. Efficiency ratio and RoTE impacted by high inflation adjustments account

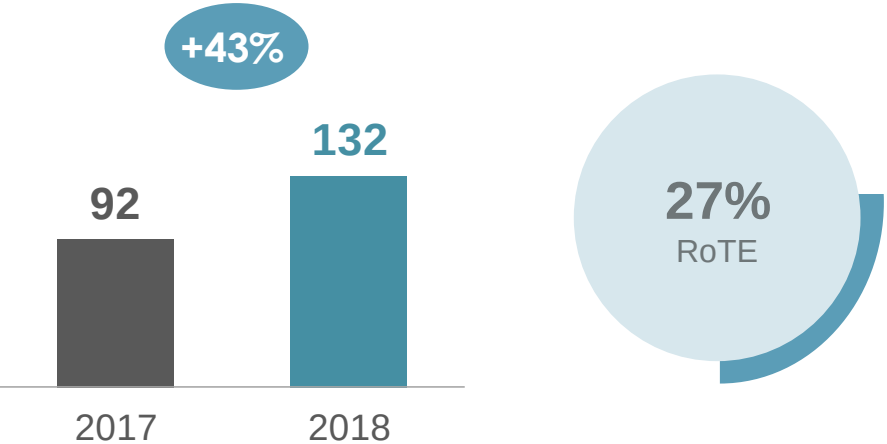


Other Latin American countries



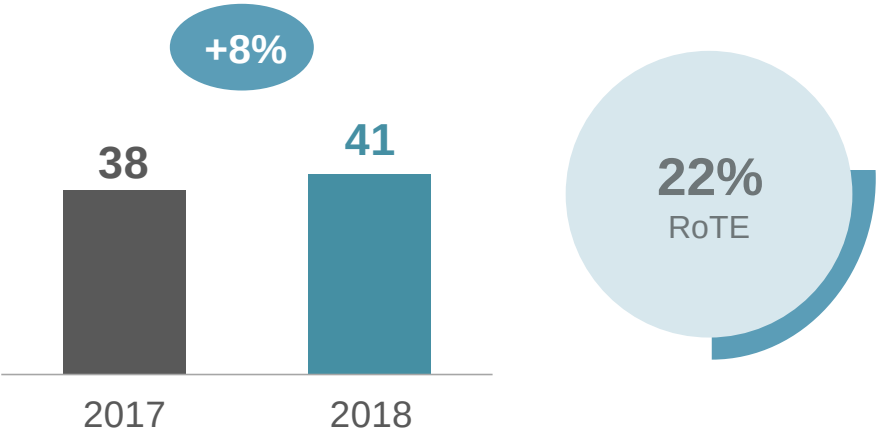
URUGUAY

Constant EUR mn



PERU

Constant EUR mn



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 more than offset the cost increase

Net capital gains and provisions

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

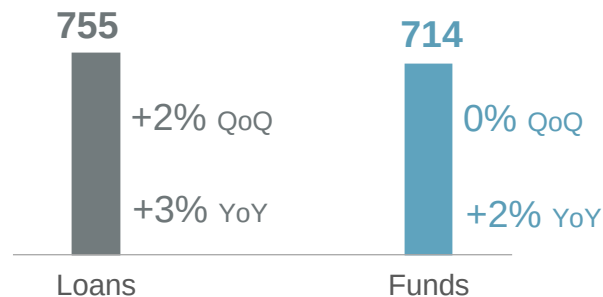
Retail Banking: continued to focus on customer loyalty and digital transformation with new products and services that cover the current need of our customers. Strong growth in loyal and digital customers

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	8,500	2.4	32,522	8.8
Fee income	2,334	3.1	8,946	6.0
Gross income	11,106	1.2	42,832	8.3
Operating expenses	-5,025	4.4	-19,255	5.8
LLPs	-2,354	8.6	-8,461	13.0
PBT	3,119	-12.4	13,408	14.6
Underlying att. profit	1,863	-7.5	7,793	11.7
Net capital gains and provisions ¹	46	—	-214	-51.3
Attributable profit	1,909	-5.3	7,579	16.0

(*) EUR mn and % change in constant euros

ACTIVITY

EUR bn and % change in constant euros



Commercial transformation with two priorities to continue to deliver the best customer service: to make all our products and services digital for our customers and do it in the fastest and most efficient way.

Profit boosted by the strong performance in customer revenue

Corporate & Investment Banking: Profit growth underpinned by higher revenues and significantly lower provisions in Spain, the UK, Brazil and the US

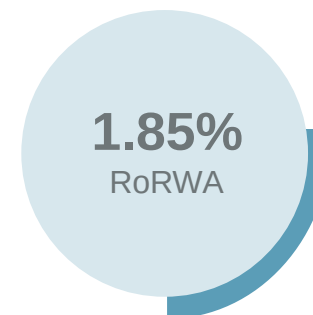
P&L*	Q4'18	% Q3'18	2018	% 2017
NII	713	12.2	2,378	7.6
Fee income	379	7.1	1,512	0.3
Gross income	1,343	0.3	5,087	1.7
Operating expenses	-551	-1.3	-2,105	10.7
LLPs	-56	21.0	-217	-66.1
PBT	693	-2.6	2,657	11.1
Attributable profit	447	-2.0	1,705	8.2

(*) EUR mn and % change in constant euros

REVENUE

Constant EUR mn

	2017		2018
TOTAL	5,000	+2%	5,087
Capital & Other	501	+8%	539
Global Markets	1,561	-1%	1,544
Global Debt Financing	1,315	+1%	1,333
Global Transaction Banking	1,622	+3%	1,671



Leading positions in Latam and Europe, particularly in export & agency finance, debt capital markets and structured financing

Continued support to global customers in their capital issuances, with financing solutions and transactional services

Wealth Management: In our first year we launched the following strategic initiatives: development of Private Wealth (UHNW) proposition, Private Banking digital platform, strengthening of SAM value proposition

P&L*	Q4'18	% Q3'18	2018	% 2017
NII	109	-1.6	420	11.9
Fee income	271	-1.8	1,097	62.7
Gross income	393	0.5	1,543	34.1
Operating expenses	-181	-1.9	-730	45.6
LLPs	-5	—	-9	-1.6
PBT	209	3.5	797	26.0
Underlying att. profit	136	0.0	528	16.5
Net capital gains and provisions	0	—	0	-100.0
Attributable profit	136	0.0	528	21.3

(*) EUR mn and % change in constant euros

Total contribution to
Group's profit¹

EUR 1,015 mn
+13%

Cross-border
collaboration volumes

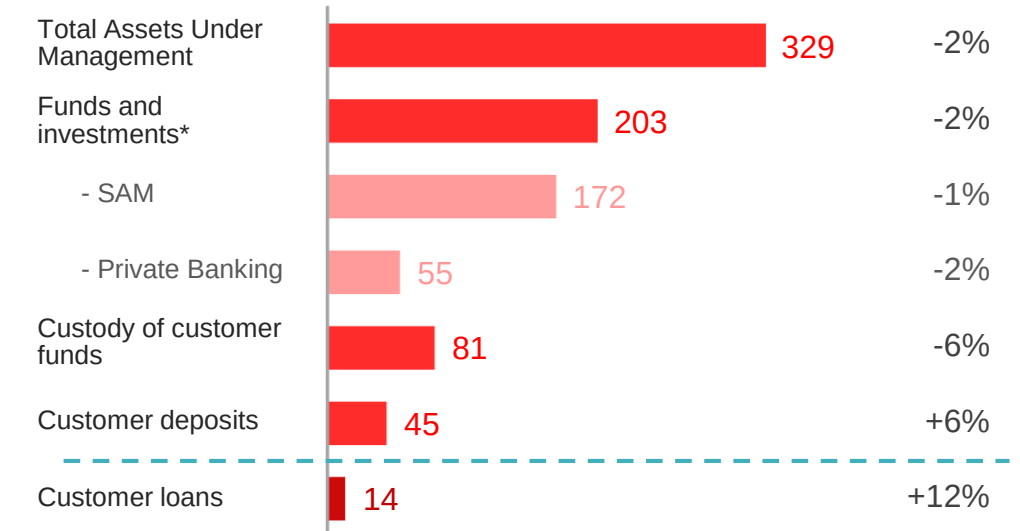
EUR 3,727 mn
+19%



(1) Profit after tax + total fee income generated by this business

ACTIVITY

Constant EUR bn and % change vs 2017



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

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

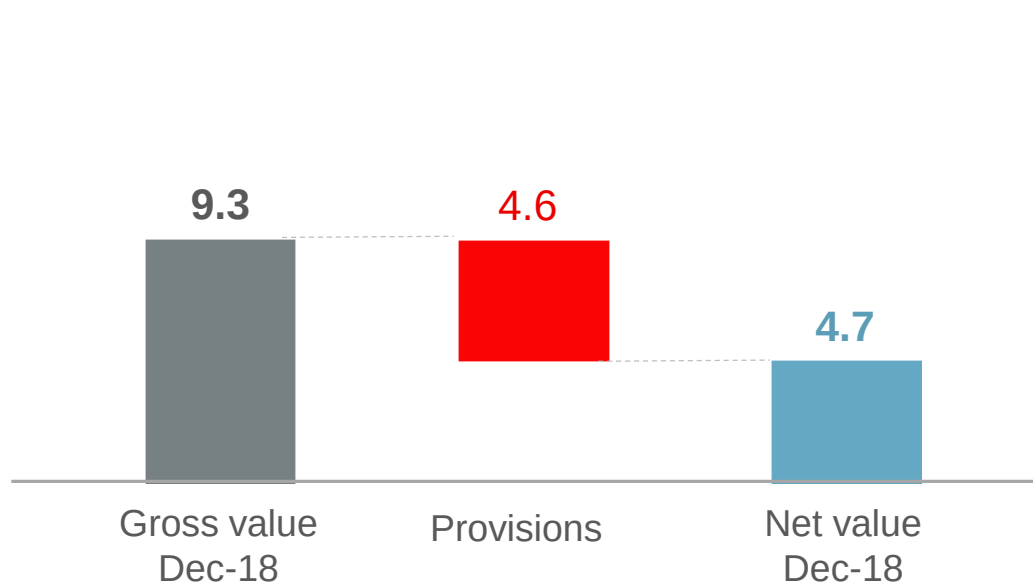
Profit growth driven by volumes of higher added value

Loans increased 12% driven by the development of the Private Wealth segment, which offers a differential service to the Group's largest clients

Spain Real Estate activity: Management continued to be aimed at reducing these assets, particularly loans and foreclosed assets

Real estate exposure¹

EUR bn



Net value

EUR bn

	Dec-18
Real estate assets	3.8
Foreclosed assets	2.6
Rental assets	1.2
RE non-performing loans (NPLs)	0.9
RE assets + RE non-performing loans	4.7

The agreement with a subsidiary of Cerberus Capital Management to sell properties for approximately EUR 1,535 million is expected to be closed in the first quarter of 2019

Loss of EUR 242 million in 2018 vs loss of EUR 308 million in 2017, due to the reduced need for provisions

Net capital gains and provisions

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

In 2018 we made good headway in our funding plan to enhance the Group's TLAC position

Key liquidity ratios

Dec-18

Net loan-to-deposit ratio (LTD):	113%
Deposits + M/LT funding / net loans:	114%
Liquidity Coverage Ratio (LCR)¹:	160%

Comfortable liquidity position
(Group and subsidiaries)

Funding plan - issuances

Jan-Dec 18

Group issuances²	EUR 24bn (~EUR 13bn TLAC-eligible)
Main issuers	Parent bank, SCF and UK
Main issuance currencies	EUR, USD, GBP

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

Net capital gains and provisions

Loans and customer funds by units and by businesses

Other countries results

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Quarterly income statements

Coverage ratio by stage

EUR bn	Exposure ¹	Coverage	
	Dec-18	Dec-18	Jan-18
Stage 1	845	0.5%	0.6%
Stage 2	53	9.2%	8.6%
Stage 3	36	42.4%	44.2%

NPL ratio

%

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Continental Europe	5.62	8.70	6.30	5.82	5.81	5.68	5.57	5.25
Spain	5.22	10.52	6.82	6.32	6.27	6.24	6.23	6.19
Santander Consumer Finance	2.62	2.61	2.60	2.50	2.48	2.44	2.45	2.29
Poland	5.20	4.66	4.70	4.57	4.77	4.58	4.23	4.28
Portugal	8.47	9.10	8.39	7.51	8.29	7.55	7.43	5.94
United Kingdom	1.31	1.23	1.32	1.33	1.17	1.12	1.10	1.05
Latin America	4.50	4.40	4.41	4.46	4.43	4.40	4.33	4.34
Brazil	5.36	5.36	5.32	5.29	5.26	5.26	5.26	5.25
Mexico	2.77	2.58	2.56	2.69	2.68	2.58	2.41	2.43
Chile	4.93	5.00	4.95	4.96	5.00	4.86	4.78	4.66
Argentina	1.82	2.21	2.34	2.50	2.54	2.40	2.47	3.17
USA	2.43	2.64	2.56	2.79	2.86	2.91	3.00	2.92
Operating Areas	3.77	5.40	4.27	4.10	4.04	3.94	3.87	3.71
Total Group	3.74	5.37	4.24	4.08	4.02	3.92	3.87	3.73

Coverage ratio

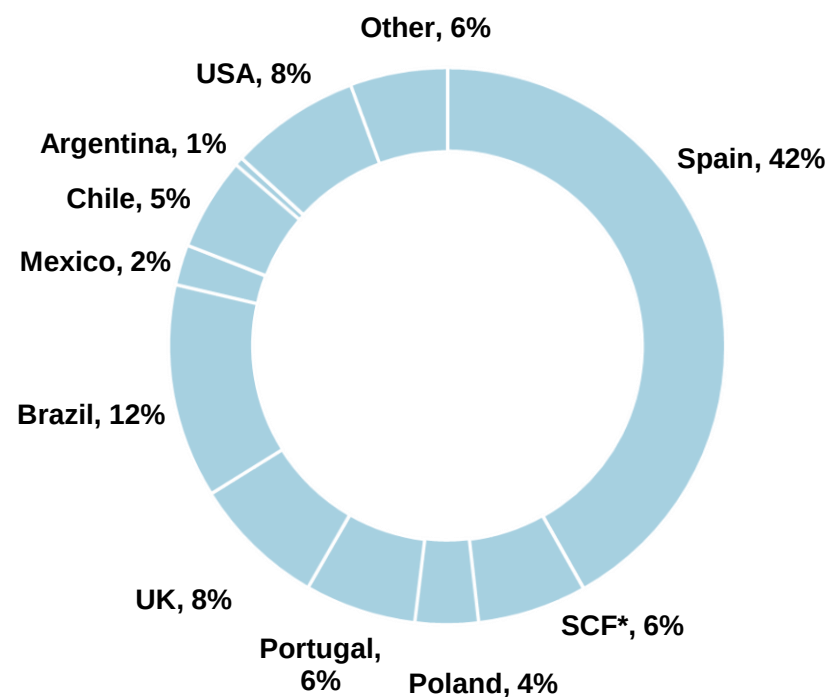
%

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Continental Europe	60.6	59.7	53.7	54.4	56.8	55.2	54.4	52.2
Spain	49.1	56.6	46.2	46.8	51.1	49.0	47.7	45.0
Santander Consumer Finance	108.9	106.5	104.3	101.4	107.2	107.7	106.4	106.4
Poland	61.2	67.5	67.6	68.2	72.0	72.1	71.6	67.1
Portugal	61.7	55.6	56.1	62.1	53.9	52.7	53.4	50.5
United Kingdom	33.8	32.6	31.5	32.0	34.6	34.0	33.1	33.0
Latin America	90.5	89.2	90.1	85.0	98.4	96.8	97.1	97.3
Brazil	98.1	95.5	97.6	92.6	110.4	108.7	109.1	106.9
Mexico	104.8	113.8	110.3	97.5	113.5	116.1	120.5	119.7
Chile	58.9	58.2	58.5	58.2	61.0	60.0	59.6	60.6
Argentina	134.1	109.9	102.8	100.1	121.3	121.5	124.0	135.0
USA	202.4	183.1	187.5	170.2	169.1	156.9	145.5	142.8
Operating Areas	74.6	67.6	65.7	65.1	69.7	68.3	67.6	67.1
Total Group	74.6	67.7	65.8	65.2	70.0	68.6	67.9	67.4

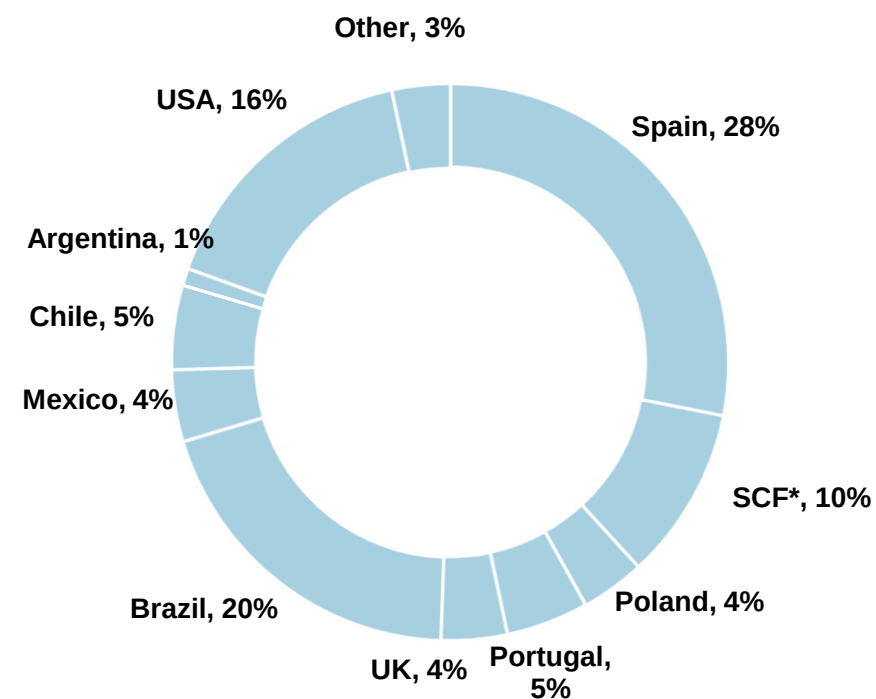
Non-performing loans and loan-loss allowances. December 2018

Non-performing loans

100%: EUR 35,692 million

**Loan-loss allowances**

100%: EUR 24,061 million



Cost of credit

%

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Continental Europe	0.38	0.36	0.32	0.31	0.32	0.34	0.37	0.36
Spain	0.33	0.32	0.28	0.30	0.29	0.31	0.35	0.33
Santander Consumer Finance	0.39	0.37	0.34	0.30	0.36	0.37	0.40	0.38
Poland	0.66	0.65	0.61	0.62	0.69	0.71	0.69	0.65
Portugal	0.07	0.03	0.10	0.04	0.08	0.10	0.03	0.09
United Kingdom	0.03	0.02	0.03	0.08	0.10	0.10	0.08	0.07
Latin America	3.36	3.36	3.25	3.15	3.12	3.04	2.94	2.95
Brazil	4.84	4.79	4.55	4.36	4.35	4.30	4.17	4.06
Mexico	2.94	3.01	3.14	3.08	2.95	2.78	2.72	2.75
Chile	1.42	1.37	1.27	1.21	1.22	1.18	1.18	1.19
Argentina	1.68	1.75	1.85	1.85	2.06	2.47	2.92	3.45
USA	3.63	3.65	3.57	3.42	3.29	3.02	3.00	3.27
Operating Areas	1.18	1.18	1.12	1.07	1.03	0.99	0.97	0.99
Total Group	1.17	1.17	1.12	1.07	1.04	0.99	0.98	1.00

Net capital gains and provisions

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	Q3'18	Q4'18	2017	2018
NII + Fee income	11,246	11,522	11,569	11,556	11,409	11,411	10,989	12,017	45,892	45,826
Gross income	12,029	12,049	12,252	12,062	12,151	12,011	11,720	12,542	48,392	48,424
Operating expenses	(5,543)	(5,648)	(5,766)	(5,961)	(5,764)	(5,718)	(5,361)	(5,936)	(22,918)	(22,779)
Net operating income	6,486	6,401	6,486	6,101	6,387	6,293	6,359	6,606	25,473	25,645
Net loan-loss provisions	(2,400)	(2,280)	(2,250)	(2,181)	(2,282)	(2,015)	(2,121)	(2,455)	(9,111)	(8,873)
Other	(775)	(848)	(645)	(544)	(416)	(487)	(488)	(605)	(2,812)	(1,996)
Underlying profit before taxes	3,311	3,273	3,591	3,375	3,689	3,791	3,750	3,546	13,550	14,776
Underlying consolidated profit	2,186	2,144	2,347	2,285	2,409	2,412	2,356	2,369	8,963	9,546
Underlying attributable profit	1,867	1,749	1,976	1,924	2,054	1,998	1,990	2,022	7,516	8,064
Net capital gains and provisions*	—	—	(515)	(382)	—	(300)	—	46	(897)	(254)
Attributable profit	1,867	1,749	1,461	1,542	2,054	1,698	1,990	2,068	6,619	7,810

Grupo Santander

Constant EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	9,957	10,401	10,870	10,954	11,100	11,316	11,532	11,877	42,181	45,826
Gross income	10,644	10,871	11,517	11,437	11,834	11,901	12,300	12,390	44,468	48,424
Operating expenses	(4,981)	(5,153)	(5,466)	(5,689)	(5,634)	(5,666)	(5,636)	(5,843)	(21,287)	(22,779)
Net operating income	5,663	5,718	6,051	5,748	6,200	6,234	6,664	6,547	23,180	25,645
Net loan-loss provisions	(2,080)	(2,030)	(2,098)	(2,068)	(2,230)	(1,998)	(2,225)	(2,420)	(8,276)	(8,873)
Other	(691)	(760)	(598)	(514)	(400)	(476)	(526)	(594)	(2,563)	(1,996)
Underlying profit before taxes	2,893	2,928	3,355	3,166	3,569	3,760	3,913	3,533	12,342	14,776
Underlying consolidated profit	1,908	1,908	2,197	2,151	2,335	2,392	2,455	2,363	8,164	9,546
Underlying attributable profit	1,618	1,541	1,844	1,803	1,986	1,978	2,084	2,016	6,805	8,064
Net capital gains and provisions*	—	—	(515)	(379)	—	(300)	—	46	(894)	(254)
Attributable profit	1,618	1,541	1,329	1,424	1,986	1,678	2,084	2,062	5,912	7,810

Spain

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	1,206	1,409	1,753	1,749	1,710	1,729	1,769	1,783	6,117	6,991
Gross income	1,539	1,475	2,011	1,835	2,063	1,837	2,114	1,880	6,860	7,894
Operating expenses	(798)	(893)	(1,161)	(1,188)	(1,145)	(1,123)	(1,103)	(1,110)	(4,040)	(4,480)
Net operating income	741	582	850	647	918	714	1,012	770	2,820	3,414
Net loan-loss provisions	(163)	(144)	(120)	(175)	(207)	(196)	(197)	(129)	(603)	(728)
Other	(64)	(64)	(62)	(25)	(104)	(86)	(102)	(70)	(215)	(362)
Underlying profit before taxes	514	374	667	447	608	432	713	571	2,002	2,325
Underlying consolidated profit	367	267	489	333	455	326	526	432	1,456	1,739
Underlying attributable profit	362	262	484	330	455	325	526	432	1,439	1,738
Net capital gains and provisions*	—	—	(300)	—	—	(280)	—	—	(300)	(280)
Attributable profit	362	262	184	330	455	45	526	432	1,139	1,458

Santander Consumer Finance

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	1,121	1,096	1,121	1,110	1,130	1,116	1,143	1,132	4,449	4,521
Gross income	1,118	1,099	1,135	1,132	1,140	1,126	1,157	1,187	4,484	4,610
Operating expenses	(502)	(485)	(484)	(506)	(509)	(507)	(475)	(494)	(1,978)	(1,985)
Net operating income	616	614	650	625	631	619	682	693	2,506	2,625
Net loan-loss provisions	(61)	(57)	(90)	(58)	(120)	(69)	(124)	(47)	(266)	(360)
Other	(37)	(35)	(30)	(55)	24	13	5	(166)	(157)	(125)
Underlying profit before taxes	518	522	531	512	535	563	562	480	2,083	2,140
Underlying consolidated profit	370	382	370	373	388	412	405	358	1,495	1,564
Underlying attributable profit	314	319	309	311	323	346	332	296	1,254	1,296
Net capital gains and provisions*	—	—	(85)	—	—	—	—	—	(85)	—
Attributable profit	314	319	224	311	323	346	332	296	1,169	1,296

Santander Consumer Finance

Constant EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	1,111	1,091	1,117	1,109	1,128	1,116	1,144	1,133	4,427	4,521
Gross income	1,108	1,093	1,130	1,131	1,139	1,125	1,157	1,189	4,462	4,610
Operating expenses	(498)	(483)	(482)	(506)	(508)	(507)	(475)	(495)	(1,968)	(1,985)
Net operating income	610	611	648	625	630	619	682	694	2,493	2,625
Net loan-loss provisions	(60)	(58)	(89)	(58)	(120)	(69)	(124)	(47)	(264)	(360)
Other	(37)	(35)	(30)	(56)	24	13	5	(166)	(158)	(125)
Underlying profit before taxes	513	519	529	511	534	562	563	481	2,072	2,140
Underlying consolidated profit	366	379	369	373	388	411	406	359	1,486	1,564
Underlying attributable profit	310	316	308	311	322	346	332	296	1,245	1,296
Net capital gains and provisions*	—	—	(85)	—	—	—	—	—	(85)	—
Attributable profit	310	316	223	311	322	346	332	296	1,160	1,296

Poland

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	318	343	350	360	359	355	354	380	1,371	1,448
Gross income	321	363	358	378	333	398	367	390	1,419	1,488
Operating expenses	(146)	(150)	(149)	(160)	(154)	(162)	(156)	(165)	(605)	(636)
Net operating income	175	212	209	218	179	236	211	225	814	851
Net loan-loss provisions	(27)	(34)	(36)	(40)	(46)	(41)	(33)	(41)	(137)	(161)
Other	(23)	(27)	(28)	(19)	(13)	(34)	(26)	(61)	(96)	(135)
Underlying profit before taxes	125	152	144	159	120	161	151	123	581	555
Underlying consolidated profit	86	120	110	116	89	132	114	88	432	424
Underlying attributable profit	59	83	76	81	63	93	80	62	300	298
Net capital gains and provisions*	—	—	—	—	—	—	—	45	—	45
Attributable profit	59	83	76	81	63	93	80	107	300	343

Poland

PLN million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	1,374	1,449	1,489	1,522	1,500	1,512	1,525	1,632	5,835	6,170
Gross income	1,386	1,532	1,525	1,599	1,390	1,695	1,579	1,674	6,041	6,338
Operating expenses	(630)	(634)	(636)	(675)	(642)	(690)	(672)	(707)	(2,576)	(2,711)
Net operating income	756	898	889	924	748	1,005	907	967	3,465	3,627
Net loan-loss provisions	(116)	(142)	(155)	(171)	(191)	(175)	(143)	(177)	(585)	(687)
Other	(100)	(112)	(119)	(78)	(55)	(146)	(113)	(261)	(410)	(575)
Underlying profit before taxes	539	644	614	674	502	684	651	528	2,471	2,366
Underlying consolidated profit	372	506	470	492	373	560	491	381	1,840	1,805
Underlying attributable profit	257	351	324	344	264	393	346	265	1,276	1,269
Net capital gains and provisions*	—	—	—	—	—	—	—	193	—	193
Attributable profit	257	351	324	344	264	393	346	458	1,276	1,461

Portugal

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	261	262	311	313	320	305	303	307	1,147	1,234
Gross income	294	275	345	330	341	346	323	334	1,245	1,344
Operating expenses	(139)	(142)	(166)	(167)	(158)	(165)	(157)	(162)	(614)	(642)
Net operating income	155	133	179	163	183	182	166	172	630	702
Net loan-loss provisions	10	5	(37)	10	(8)	(0)	(11)	(12)	(12)	(32)
Other	(14)	(9)	(16)	(5)	(9)	(22)	13	36	(44)	18
Underlying profit before taxes	151	129	126	168	166	159	167	196	574	688
Underlying consolidated profit	126	111	81	120	128	104	115	137	438	483
Underlying attributable profit	125	110	80	119	127	103	114	136	435	480
Net capital gains and provisions*	—	—	—	—	—	20	—	—	—	20
Attributable profit	125	110	80	119	127	123	114	136	435	500

United Kingdom

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	1,349	1,409	1,317	1,291	1,274	1,304	1,291	1,290	5,366	5,159
Gross income	1,432	1,544	1,397	1,344	1,349	1,373	1,367	1,332	5,716	5,420
Operating expenses	(723)	(723)	(694)	(721)	(764)	(763)	(730)	(738)	(2,861)	(2,995)
Net operating income	709	821	703	623	586	610	637	593	2,855	2,426
Net loan-loss provisions	(15)	(42)	(66)	(81)	(66)	(37)	(26)	(44)	(205)	(173)
Other	(105)	(171)	(89)	(101)	(62)	(47)	(62)	(155)	(466)	(327)
Underlying profit before taxes	588	608	547	441	457	526	549	394	2,184	1,926
Underlying consolidated profit	423	414	382	304	326	380	391	291	1,523	1,387
Underlying attributable profit	416	408	377	297	320	372	385	286	1,498	1,362
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	416	408	377	297	320	372	385	286	1,498	1,362

United Kingdom

GBP million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	1,160	1,213	1,183	1,146	1,125	1,142	1,152	1,144	4,702	4,564
Gross income	1,231	1,329	1,255	1,193	1,192	1,203	1,220	1,181	5,008	4,795
Operating expenses	(622)	(622)	(623)	(639)	(675)	(669)	(651)	(655)	(2,507)	(2,649)
Net operating income	609	706	632	554	517	534	568	526	2,502	2,146
Net loan-loss provisions	(13)	(36)	(59)	(72)	(58)	(32)	(23)	(39)	(179)	(153)
Other	(90)	(147)	(81)	(90)	(55)	(41)	(56)	(137)	(408)	(289)
Underlying profit before taxes	506	524	492	392	404	461	490	350	1,914	1,704
Underlying consolidated profit	364	356	344	270	288	333	348	258	1,334	1,227
Underlying attributable profit	358	351	339	265	282	326	343	254	1,313	1,205
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	358	351	339	265	282	326	343	254	1,313	1,205

Brazil

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	3,455	3,413	3,392	3,458	3,403	3,296	3,153	3,404	13,718	13,256
Gross income	3,717	3,502	3,542	3,512	3,445	3,323	3,180	3,396	14,273	13,345
Operating expenses	(1,314)	(1,233)	(1,244)	(1,289)	(1,165)	(1,095)	(1,031)	(1,191)	(5,080)	(4,482)
Net operating income	2,403	2,269	2,298	2,223	2,280	2,228	2,149	2,205	9,193	8,863
Net loan-loss provisions	(910)	(852)	(819)	(814)	(822)	(750)	(665)	(726)	(3,395)	(2,963)
Other	(358)	(349)	(268)	(211)	(154)	(170)	(174)	(198)	(1,186)	(697)
Underlying profit before taxes	1,135	1,068	1,211	1,198	1,304	1,308	1,310	1,281	4,612	5,203
Underlying consolidated profit	713	689	747	738	761	730	698	752	2,887	2,940
Underlying attributable profit	634	610	659	642	677	647	619	663	2,544	2,605
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	634	610	659	642	677	647	619	663	2,544	2,605

Brazil

BRL million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	11,561	12,036	12,567	13,139	13,568	14,121	14,451	14,779	49,304	56,920
Gross income	12,438	12,367	13,129	13,367	13,737	14,241	14,579	14,747	51,301	57,304
Operating expenses	(4,397)	(4,355)	(4,613)	(4,895)	(4,644)	(4,697)	(4,736)	(5,169)	(18,259)	(19,245)
Net operating income	8,041	8,013	8,516	8,472	9,093	9,544	9,843	9,579	33,042	38,059
Net loan-loss provisions	(3,045)	(3,008)	(3,045)	(3,105)	(3,276)	(3,220)	(3,070)	(3,155)	(12,203)	(12,721)
Other	(1,198)	(1,231)	(1,007)	(825)	(615)	(727)	(793)	(859)	(4,261)	(2,994)
Underlying profit before taxes	3,798	3,773	4,464	4,543	5,202	5,597	5,981	5,564	16,578	22,344
Underlying consolidated profit	2,386	2,431	2,757	2,802	3,034	3,127	3,200	3,264	10,376	12,624
Underlying attributable profit	2,121	2,152	2,432	2,438	2,699	2,772	2,837	2,877	9,143	11,184
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	2,121	2,152	2,432	2,438	2,699	2,772	2,837	2,877	9,143	11,184

Mexico

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	804	856	879	811	836	841	927	915	3,350	3,519
Gross income	824	914	892	830	831	868	931	897	3,460	3,527
Operating expenses	(319)	(361)	(356)	(345)	(340)	(363)	(384)	(376)	(1,382)	(1,462)
Net operating income	505	553	536	485	491	505	547	521	2,078	2,064
Net loan-loss provisions	(233)	(246)	(240)	(187)	(200)	(189)	(227)	(215)	(905)	(830)
Other	(4)	(6)	(4)	(24)	(3)	(12)	(5)	17	(39)	(3)
Underlying profit before taxes	267	301	292	274	288	305	315	323	1,134	1,230
Underlying consolidated profit	211	238	231	225	225	238	250	262	904	975
Underlying attributable profit	163	187	182	178	175	184	195	206	710	760
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	163	187	182	178	175	184	195	206	710	760

Mexico

MXN million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	17,348	17,505	18,399	18,076	19,257	19,435	20,475	20,671	71,327	79,838
Gross income	17,779	18,706	18,677	18,508	19,143	20,058	20,546	20,264	73,671	80,011
Operating expenses	(6,894)	(7,386)	(7,460)	(7,683)	(7,832)	(8,381)	(8,467)	(8,497)	(29,423)	(33,177)
Net operating income	10,886	11,320	11,218	10,825	11,310	11,678	12,079	11,767	44,248	46,834
Net loan-loss provisions	(5,032)	(5,019)	(5,015)	(4,201)	(4,610)	(4,357)	(5,020)	(4,853)	(19,267)	(18,840)
Other	(90)	(131)	(89)	(522)	(72)	(272)	(115)	383	(832)	(77)
Underlying profit before taxes	5,764	6,170	6,113	6,102	6,628	7,049	6,944	7,296	24,149	27,917
Underlying consolidated profit	4,548	4,865	4,841	4,996	5,181	5,511	5,516	5,918	19,250	22,126
Underlying attributable profit	3,523	3,829	3,808	3,963	4,021	4,259	4,306	4,652	15,123	17,239
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	3,523	3,829	3,808	3,963	4,021	4,259	4,306	4,652	15,123	17,239

Chile

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	592	589	534	583	601	612	582	573	2,298	2,367
Gross income	645	644	604	630	640	642	632	622	2,523	2,535
Operating expenses	(264)	(260)	(253)	(248)	(258)	(272)	(257)	(258)	(1,025)	(1,045)
Net operating income	381	383	351	382	382	370	375	364	1,498	1,491
Net loan-loss provisions	(122)	(122)	(108)	(110)	(121)	(115)	(117)	(120)	(462)	(473)
Other	2	7	11	3	22	32	19	31	23	103
Underlying profit before taxes	261	267	255	276	282	287	276	275	1,059	1,121
Underlying consolidated profit	214	218	209	218	223	232	221	226	859	901
Underlying attributable profit	147	149	143	146	151	158	153	153	586	614
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	147	149	143	146	151	158	153	153	586	614

Chile

CLP million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	413,110	430,039	403,461	434,470	444,260	453,403	449,145	444,368	1,681,080	1,791,177
Gross income	450,136	469,704	456,238	469,635	473,564	475,595	486,844	482,500	1,845,714	1,918,503
Operating expenses	(184,039)	(189,977)	(191,129)	(184,867)	(190,863)	(201,511)	(198,000)	(199,964)	(750,012)	(790,338)
Net operating income	266,097	279,727	265,110	284,768	282,700	274,084	288,844	282,536	1,095,702	1,128,165
Net loan-loss provisions	(85,110)	(89,381)	(81,474)	(81,875)	(89,852)	(84,920)	(90,252)	(93,034)	(337,840)	(358,059)
Other	1,438	4,750	8,384	2,363	16,034	23,790	14,617	23,614	16,935	78,054
Underlying profit before taxes	182,425	195,096	192,020	205,256	208,882	212,954	213,209	213,115	774,797	848,161
Underlying consolidated profit	149,458	158,760	157,744	162,572	164,822	171,559	170,114	175,302	628,535	681,798
Underlying attributable profit	102,796	108,904	107,839	109,081	111,380	116,945	117,586	118,954	428,619	464,865
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	102,796	108,904	107,839	109,081	111,380	116,945	117,586	118,954	428,619	464,865

Argentina

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	374	428	382	398	343	367	(12)	518	1,582	1,217
Gross income	405	470	423	449	377	430	(70)	472	1,747	1,209
Operating expenses	(221)	(269)	(235)	(244)	(218)	(207)	(0)	(323)	(970)	(749)
Net operating income	184	201	187	205	159	223	(70)	149	777	460
Net loan-loss provisions	(29)	(42)	(46)	(41)	(49)	(75)	(7)	(99)	(159)	(231)
Other	1	(35)	(35)	(23)	(17)	(41)	4	9	(92)	(45)
Underlying profit before taxes	156	123	106	141	92	107	(73)	58	526	185
Underlying consolidated profit	108	86	71	97	67	72	(71)	17	362	84
Underlying attributable profit	108	85	70	96	66	71	(71)	17	359	84
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	108	85	70	96	66	71	(71)	17	359	84

Argentina

ARS million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	6,241	7,378	7,644	8,101	8,293	10,046	12,292	13,530	29,364	44,160
Gross income	6,764	8,104	8,460	9,103	9,117	11,729	11,492	11,557	32,431	43,896
Operating expenses	(3,690)	(4,640)	(4,713)	(4,964)	(5,278)	(5,707)	(7,693)	(8,516)	(18,007)	(27,193)
Net operating income	3,074	3,464	3,747	4,139	3,840	6,022	3,800	3,042	14,424	16,703
Net loan-loss provisions	(486)	(730)	(903)	(828)	(1,196)	(2,021)	(2,546)	(2,615)	(2,947)	(8,379)
Other	17	(596)	(659)	(466)	(411)	(1,077)	(849)	721	(1,704)	(1,616)
Underlying profit before taxes	2,606	2,138	2,185	2,845	2,232	2,923	404	1,148	9,774	6,708
Underlying consolidated profit	1,807	1,486	1,462	1,960	1,610	1,961	(612)	104	6,715	3,063
Underlying attributable profit	1,795	1,477	1,453	1,948	1,599	1,946	(618)	112	6,672	3,039
Net capital gains and provisions	—	—	—	—	—	—	—	—	—	—
Attributable profit	1,795	1,477	1,453	1,948	1,599	1,946	(618)	112	6,672	3,039

United States

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	1,763	1,738	1,545	1,495	1,435	1,500	1,545	1,770	6,540	6,250
Gross income	1,879	1,880	1,604	1,596	1,578	1,670	1,735	1,967	6,959	6,949
Operating expenses	(837)	(845)	(743)	(773)	(735)	(737)	(748)	(795)	(3,198)	(3,015)
Net operating income	1,042	1,035	861	824	843	932	987	1,172	3,761	3,934
Net loan-loss provisions	(811)	(697)	(634)	(638)	(579)	(445)	(649)	(945)	(2,780)	(2,618)
Other	(32)	(24)	(2)	(31)	(23)	(50)	(69)	(57)	(90)	(199)
Underlying profit before taxes	199	314	225	155	241	437	269	170	892	1,117
Underlying consolidated profit	138	235	154	109	174	298	175	123	636	770
Underlying attributable profit	95	149	93	71	125	210	125	92	408	552
Net capital gains and provisions*	—	—	—	(76)	—	—	—	—	(76)	—
Attributable profit	95	149	93	(5)	125	210	125	92	332	552

United States

USD million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	1,877	1,912	1,820	1,765	1,764	1,787	1,796	2,028	7,373	7,374
Gross income	2,001	2,068	1,893	1,884	1,940	1,990	2,018	2,252	7,845	8,199
Operating expenses	(891)	(929)	(875)	(909)	(904)	(878)	(868)	(907)	(3,605)	(3,557)
Net operating income	1,109	1,138	1,018	975	1,036	1,112	1,149	1,345	4,240	4,642
Net loan-loss provisions	(863)	(768)	(749)	(753)	(712)	(528)	(758)	(1,092)	(3,134)	(3,089)
Other	(34)	(27)	(4)	(36)	(28)	(60)	(81)	(65)	(101)	(235)
Underlying profit before taxes	212	343	265	186	296	524	310	188	1,006	1,318
Underlying consolidated profit	147	257	182	132	214	357	201	136	717	909
Underlying attributable profit	101	163	111	85	154	252	144	102	460	651
Net capital gains and provisions*	—	—	—	(85)	—	—	—	—	(85)	—
Attributable profit	101	163	111	(0)	154	252	144	102	374	651

Corporate Centre

EUR million

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
NII + Fee income	(198)	(223)	(227)	(240)	(233)	(241)	(265)	(277)	(889)	(1,016)
Gross income	(341)	(340)	(300)	(238)	(227)	(250)	(257)	(295)	(1,220)	(1,028)
Operating expenses	(119)	(118)	(118)	(120)	(121)	(122)	(123)	(128)	(476)	(495)
Net operating income	(460)	(458)	(419)	(359)	(348)	(372)	(380)	(423)	(1,696)	(1,523)
Net loan-loss provisions	(5)	(11)	(22)	(8)	(37)	(30)	(28)	(21)	(45)	(115)
Other	(32)	(53)	(54)	(43)	(43)	(50)	(55)	47	(181)	(101)
Underlying profit before taxes	(497)	(522)	(495)	(410)	(427)	(452)	(463)	(397)	(1,923)	(1,739)
Underlying consolidated profit	(471)	(561)	(481)	(378)	(421)	(474)	(456)	(368)	(1,890)	(1,718)
Underlying attributable profit	(468)	(563)	(480)	(378)	(421)	(475)	(456)	(369)	(1,889)	(1,721)
Net capital gains and provisions*	—	—	(130)	(306)	—	(40)	—	—	(436)	(40)
Attributable profit	(468)	(563)	(610)	(684)	(421)	(515)	(456)	(369)	(2,326)	(1,761)



Glossary

Glossary - Acronyms

- **AT1:** Additional Tier 1
- **bn:** Billion
- **CET1:** Common equity tier 1
- **CIB:** Corporate & Investment Bank
- **CoE:** Cost of equity
- **C/I:** Cost to income
- **DGF:** Deposit guarantee fund
- **DPS:** Dividend per share
- **GDP:** Gross domestic product
- **FL:** Fully-loaded
- **EPS:** Earning per share
- **LLPs:** Loan-loss provisions
- **LCR:** Liquidity coverage ratio
- **LTD:** Loan to deposit
- **M/LT:** Medium- long- term
- **mn:** million
- **n.a.:** Not available
- **NII:** Net interest income
- **NIM:** Net interest margin
- **MREL:** Minimum requirement for eligible liabilities
- **n.m.:** Not meaningful
- **NPL:** Non-performing loans
- **PBT:** Profit before tax
- **P&L:** Profit and loss
- **QoQ:** Quarter on Quarter
- **Repos:** Repurchase agreements
- **ROE:** Return on equity
- **ROF:** Gains on financial transactions
- **RoRWA:** Return on risk-weighted assets
- **RoTE:** Return on tangible equity
- **RWA:** Risk-weighted assets
- **SBNA:** Santander Bank NA
- **SCF:** Santander Consumer Finance
- **SC USA:** Santander Consumer USA
- **SME:** Small and Medium Enterprises
- **SRF:** Single Resolution Fund
- **ST:** Short term
- **TLAC:** Total loss absorbing capacity
- **TNAV:** Tangible net asset value
- **YoY:** Year on Year
- **UK:** United Kingdom
- **US:** United States

Glossary – definitions

PROFITABILITY AND EFFICIENCY

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

CREDIT RISK

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

CAPITALISATION

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

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

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

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

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

Thank You.

Our purpose is to help people and businesses prosper.

Our culture is based on believing that everything we do should be:

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