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Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries. In addition to the financial information prepared under International Financial Reporting Standards ("IFRS"), this presentation includes certain alternative performance measures as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es) as well as Non-IFRS measures. The APMs and Non-IFRS Measures are performance measures that have been calculated using the financial information from the Santander Group but that are not defined or detailed in the applicable financial information framework and therefore have neither been audited nor are capable of being completely audited. These APMs and Non-IFRS Measures are used to allow for a better understanding of the financial performance of the Santander Group but should be considered only as additional information and in no case as a replacement of the financial information prepared under IFRS. Moreover, the way the Santander Group defines and calculates these APMs and Non-IFRS Measures may differ to the way these are calculated by other companies that use similar measures, and therefore they may not be comparable. For further details on 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, see Section 26 of the Documento de Registro de Acciones for Banco Santander filed with the CNMV on July 4, 2017 (available on the Web page of the CNMV - www.cnmv.es- and on Banco Santander - www.santander.com), Item 3A of the Form 20-F and "Presentation of Financial and Other Information" and "Selected Consolidated Financial Information" in the Form 6-K. For a discussion of the accounting principles used in translation of foreign currency-denominated assets and liabilities to euros, see note 2(a) to our consolidated financial statements on Form 20-F and to our consolidated financial statements available on the CNMV's website (www.cnmv.es) and on Banco Santander’s website (www.santander.com).
Contents

1. US market and outlook
2. Achievements & main priorities
3. Key takeaways
1 US market and outlook
The US remains an attractive market…

The US is 1/3 of the world’s banking market

![Pie chart showing 33% US and 67% Rest of World]

The US banking industry has delivered historical RoEs around ~11% on average

![Graph showing RoE for U.S. banks (2000-2016)]

The Northeast is the most attractive market in the US

Personal income per capita ($k)

Northeast 54
Rest of U.S. 46

Auto loans are ~30% of total personal loans in the US

![Bar chart showing total consumer loans ($Bn) from 2011 to 2016]

The US remains an attractive market…

(1) Operating RoE. Based on consolidated financials of top 24 banks  (2) Compustat; Datastream; Bloomberg; McKinsey Future of Banking model  (3) Federal Reserve
...and the macro outlook is positive

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017E</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Macro</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US GDP Growth (%)</td>
<td>1.6</td>
<td>2.0</td>
<td>2.3</td>
</tr>
<tr>
<td>Fed Funds Rates (%)</td>
<td>0.75</td>
<td>1.50</td>
<td>2.25</td>
</tr>
<tr>
<td>Unemployment (%)</td>
<td>4.9</td>
<td>4.6</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Financial System</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan growth (%)</td>
<td>5.3</td>
<td>6.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Deposit growth (%)</td>
<td>5.8</td>
<td>2.6</td>
<td>4.2</td>
</tr>
<tr>
<td>RoE (%)</td>
<td>8.2</td>
<td>9.4</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Auto</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light Vehicle Sales (MM)</td>
<td>17.5</td>
<td>16.9</td>
<td>16.9</td>
</tr>
<tr>
<td>Used car price change (%)</td>
<td>-3.7</td>
<td>-3.1</td>
<td>-0.6</td>
</tr>
</tbody>
</table>

(1) Consensus projections  (2) Growth rates aggregated KBW Bank Index; other financial statement ratios are median of the KBW Bank Index  (3) CPI used car price based on NADA index
Santander’s US Franchise

- Well balanced **franchise in the Northeast**
- Nationwide **auto finance business**
- **Private banking business** in Miami
- **Broker dealer** in New York
- **Retail bank** in Puerto Rico

---

**Santander US**

- Loans: $86Bn
- Deposits: $63Bn
- Assets: $134Bn
- Attributable Profit: $264MM

**Santander Bank (SBNA)**

- Clients: 2.1MM
- Branches: 673
- ATMs: 2,093
- Loans market share: 3.1%
- Deposits market share: 2.7%

**Santander Consumer USA**

- Retail Auto lending market share: 3.9%

---

(1) Calculated using local US GAAP criteria  
(2) Customer data is Jun ’17 for Clients, Branches and ATMs  
(3) Market share as of 6/30/2017 from FDIC. Data available once a year (considering all states where Santander Bank operates)  
(4) Source: J.D. Power Market Share Report for 2Q’17 (includes Santander Consumer USA and Chrysler Capital combined)
Achievements & main priorities
We are delivering on our commitments

1. Delivering on regulatory commitments
2. Improving profitability at SBNA
3. Operating Santander Consumer at bank standards
We are achieving key regulatory milestones...

- Formation of the Intermediate Holding Company (IHC) in the US
- Material progress in addressing regulatory deficiencies
- Passed CCAR and removed Written Agreement regulating dividends
- Capital distribution by SHUSA to the Group allowed by the Fed for the 1st time since 2011
...while keeping the highest capital ratio among peers

Capital ratio outperforming peers

CET1 (1H'17)

Peer average 12.5%

Note: Peers included are Huntington, Comerica, M&T, Compass, SunTrust, KeyBank, Citizens, BB&T, Bank of the West, Fifth Third, Regions, BMO Harris, TD and MUFG
We are closing gaps to peers in meaningful ways…

**Significant improvement of yield on assets**

Yield on earning assets

<table>
<thead>
<tr>
<th></th>
<th>1Q'16</th>
<th>2Q'16</th>
<th>3Q'16</th>
<th>4Q'16</th>
<th>1Q'17</th>
<th>2Q'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer</td>
<td>3.19%</td>
<td>3.32%</td>
<td></td>
<td></td>
<td>3.49%</td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>2.86%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SBNA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Substantial funding cost reduction**

Cost of funds

<table>
<thead>
<tr>
<th></th>
<th>1Q'16</th>
<th>2Q'16</th>
<th>3Q'16</th>
<th>4Q'16</th>
<th>1Q'17</th>
<th>2Q'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer</td>
<td>0.75%</td>
<td>0.31%</td>
<td></td>
<td></td>
<td>0.56%</td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.39%</td>
<td></td>
</tr>
<tr>
<td>SBNA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Increasing revenue over assets**

Revenue to avg. earning assets

<table>
<thead>
<tr>
<th></th>
<th>1Q'16</th>
<th>2Q'16</th>
<th>3Q'16</th>
<th>4Q'16</th>
<th>1Q'17</th>
<th>2Q'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer</td>
<td>4.33%</td>
<td></td>
<td></td>
<td></td>
<td>4.60%</td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>3.45%</td>
<td></td>
<td></td>
<td></td>
<td>3.98%</td>
<td></td>
</tr>
<tr>
<td>SBNA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Closing gap vs. peers in NIM**

Net interest margin

<table>
<thead>
<tr>
<th></th>
<th>1Q'16</th>
<th>2Q'16</th>
<th>3Q'16</th>
<th>4Q'16</th>
<th>1Q'17</th>
<th>2Q'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer</td>
<td>2.96%</td>
<td></td>
<td></td>
<td></td>
<td>3.16%</td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>2.17%</td>
<td></td>
<td></td>
<td></td>
<td>2.81%</td>
<td></td>
</tr>
<tr>
<td>SBNA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Sourced from regulatory filings in US GAAP. Peers included are Bank of the West, BB&T, BBVA Compass, Bank of Montreal, Citizens, Comerica, Fifth Third, Huntington, KeyBank, M&T, MUFG, Regions, SunTrust and Toronto Dominion Bank.
...while improving our costs and expenses structure...

Catching up with peers in cost-to-income

<table>
<thead>
<tr>
<th></th>
<th>Stock</th>
<th>2Q'16</th>
<th>2Q'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBNA</td>
<td>87%</td>
<td></td>
<td>78%</td>
</tr>
<tr>
<td>-9pp</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer Median</td>
<td>64%</td>
<td></td>
<td>61%</td>
</tr>
<tr>
<td>-3pp</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Targeting efficiency in 60s in the upcoming years

Note: Peers included are Bank of the West, BB&T, BBVA Compass, Bank of Montreal, Citizens, Comerica, Fifth Third, Huntington, KeyBank, M&T, MUFG, Regions, SunTrust and Toronto Dominion Bank. (1) Non-interest expenses / operating revenue.
...and enhancing customer experience and building loyalty at SBNA

Earning the loyalty of our customers...
Retail loyal customers (k)

- 1H'15: 164
- 1H'17: 289
- 76% growth

...while also becoming more digital
Digital customers (k)

- 1H'15: 576
- 1H'17: 839
- 46% growth

Significant improvement in service quality
U.S Retail Banking satisfaction (points)

- Peer Median
  - Jan '15: 735
  - Apr '17: 812
  - +45

- Median
  - Jan '15: 791
  - Apr '17: 812
  - +21

Source: JD Power
US business generates value across Santander’s global network

The US’ place in Santander’s global network has increased cross-border revenue

- Driving Banco Santander International **collaborative revenue** opportunities between Latin America and Europe

- Global Corporate Banking (GCB) and Commercial Banking US-Mexico and US-UK collaborations underway, with a significant number of **transactions closed** and a **healthy pipeline**

more collaborations to come

Note: The illustrated figures reflect GCB and Commercial Banking revenue
Santander Consumer transitioning to a bank model

From 2015 to 2017...

Transition from stand-alone consumer finance company to a bank model

- More robust regulatory and compliance infrastructure
- Improved risk management
- Best in non-prime segment

...and looking forward

- Closer integration with SBNA
- Growth in the prime segment
- Better service to our dealers

Improved risk-return and predictability profile

GROUP STRATEGY UPDATE
Santander Consumer has grown significantly since 2014

### Average managed loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Serviced for Others ($Bn)</th>
<th>Owned Assets ($Bn)</th>
<th>Total ($Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>30.6</td>
<td>7.7</td>
<td>38.3</td>
</tr>
<tr>
<td>2015</td>
<td>36.1</td>
<td>12.8</td>
<td>48.9</td>
</tr>
<tr>
<td>2016</td>
<td>39.3</td>
<td>13.4</td>
<td>52.7</td>
</tr>
<tr>
<td>1H'17</td>
<td>40.0</td>
<td>10.8</td>
<td>50.8</td>
</tr>
</tbody>
</table>

CAGR X%

### Market related funding mix

<table>
<thead>
<tr>
<th>Year</th>
<th>Third-party revolving</th>
<th>Privately issued amortizing notes</th>
<th>Public securitisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>11.4</td>
<td>6.3</td>
<td>3.6</td>
</tr>
<tr>
<td>2015</td>
<td>12.7</td>
<td>8.2</td>
<td>5.4</td>
</tr>
<tr>
<td>2016</td>
<td>13.5</td>
<td>8.0</td>
<td>7.2</td>
</tr>
<tr>
<td>1H'17</td>
<td>15.3</td>
<td>8.5</td>
<td>9.9</td>
</tr>
</tbody>
</table>

CAGR X%

(1) Excluding shareholder equity and Banco Santander and subsidiaries funding
Santander Consumer: Key priorities to realise full potential

- Improve profitability for all segments
  - Grow non-prime volumes ensuring appropriate risk-return profile
  - Transition prime to deposit-funded model
  - Maintain profitability of lease

- Focus on cost control and efficiency improvement

- Active capital management

- Continued focus on bank-level standards

- Further improvement of dealer experience
3 Key takeaways
We are well positioned to deliver on the US...

Key strengths of our franchise

Regional bank presence in attractive U.S. geography
- 670 branches in attractive metro market of Boston, New York, and Philadelphia
- US Northeast market 2x GDP of UK

Globally connected Corporate & Commercial business
- Unique value proposition for global corporate customers
- Operating across Europe, US, and Latam

At scale auto finance company
- Long term relationship with Chrysler
- +15,000 dealer network in the US

Leading private banking in Latam
- Top 5 player in Latam
- Long standing relationships with customers and regulators
…and execute on a consistent set of priorities

**SAN US**
- Continue delivering on regulatory expectations
- Focus on integration of US operations and cost savings to improve efficiency
- From best-in-class in non-prime to full spectrum auto lender

**SBNA**
- Optimising our cost base
- Improve deposit pricing & market share gains
- Keep increasing loyal customers and customer experience
- Optimising balance sheet & capital
- Leverage Group connectivity to grow GCB and build out Commercial Banking

**SC**
- Improve profitability on a segmented basis
  - Grow non-prime volumes while ensuring appropriate risk-return profile
  - Transition prime to deposit-funded model
- Optimise excess capital

Our commitment is to close the gap versus peers’ profitability

(1) Adjusted to 11% CET1, 1H'17. Group criteria
We are delivering on our commitments

<table>
<thead>
<tr>
<th>People</th>
<th>2016</th>
<th>1H’17</th>
<th>2018 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee engagement</td>
<td>Below peers</td>
<td>N/A</td>
<td>Peers level</td>
</tr>
<tr>
<td>Attrition levels (SBNA)</td>
<td>24.1%</td>
<td>22.1%</td>
<td>Market rate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customers</th>
<th>2016</th>
<th>1H’17</th>
<th>2018 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail loyal customers in k (SBNA)</td>
<td>262</td>
<td>289</td>
<td>182</td>
</tr>
<tr>
<td>Active customers in k (SBNA)</td>
<td>1,566</td>
<td>1,596</td>
<td>1,565</td>
</tr>
<tr>
<td>Digital customers in k (SBNA)</td>
<td>778</td>
<td>839</td>
<td>1,200</td>
</tr>
<tr>
<td>Customer service satisfaction (SBNA)</td>
<td>Bottom quartile</td>
<td>Closing peer gap</td>
<td>Approach peers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>2016</th>
<th>1H’17</th>
<th>2018 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted RoTE</td>
<td>3.1%</td>
<td>3.6%</td>
<td>~4%</td>
</tr>
<tr>
<td>Cost-to-Income Ratio</td>
<td>42%</td>
<td>45%</td>
<td>~45%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Communities</th>
<th>2016</th>
<th>1H’17</th>
<th>2018 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial education to communities</td>
<td>9,950 hours</td>
<td>10,000 hours</td>
<td>N/A</td>
</tr>
</tbody>
</table>
• Continued delivery of regulatory progress

• Significant enhancement of earnings recurrence and profitability by the improvement of efficiency and growth of the commercial business

• A clear roadmap to become a leading US regional bank whilst realising the full potential of the auto finance business

• Delivery of consistent results to our customers and our shareholders
Thank you

Our purpose is to help people and businesses prosper.
Our culture is based on the belief that everything we do should be Simple | Personal | Fair