Results by countries and businesses

Spain

Santander Spain is maintaining its 1|2|3 strategy to boost loyalty in the medium and long term and improve the quality of service.

+32% loyal customers
+13% digital customers

2016 HIGHLIGHTS

- As part of the 1|2|3 World programme, a new means of payment strategy that focuses on improving customer loyalty was implemented.
- There were increases in loyal customers (+27%), commercial productivity (50% of production comes from 1|2|3 customers) and investment in profitable products (market share increased by 230 b.p. in new consumer lending production).
- New lending to individuals rose 16%. By products, consumer credit (+91%) and mortgages (+18%) fuelled growth.
- Santander continued to support SMEs (+48% in loyal SMEs).
- The NPL ratio dropped to 5.41% (-112 b.p.).
- An efficiency plan was implemented which saw optimisation of small branches and the creation of a new and larger branch model which enables better advice and service to be given to customers, as well as the integration with digital channels. Santander remained among the Top 3 in customer satisfaction among Spanish banks.
- Santander Spain continued to be the leader in the wholesale banking segment, as well as in private banking and Select customers.
- Santander has brought ApplePay to Spain on an exclusive basis. This mobile payment service demonstrates the Bank’s commitment to digital innovation. In addition, other payments services, such as the Wallet app and the contactless payment bracelet, have been launched.
- LaLiga Santander came into being. This strategic sponsorship agreement gives the Bank projection and visibility, further enhances its brand image and brings it close to customers.

Key data

- EMPLOYEES 23,017
- CUSTOMERS (million) 12.8
- LOANS 1 150,960 (-4%)
- ATTRIBUTABLE PROFIT 1 1,022 (+ 5%)
- CONTRIBUTION TO GROUP PROFIT 12%

1. Million euros.
2. Change without repos.
Santander Consumer Finance

SCF is Europe’s market leader in consumer finance and specialises in auto finance and in loans for the purchase of durable goods, personal finance and credit cards.

It has a presence in Germany, Austria, Belgium, Denmark, Spain, Finland, France, Netherlands, Italy, Norway, Poland, Portugal, United Kingdom, Sweden and Switzerland.

2016 Highlights

- SCF is among the Top 3 in the markets in which it operates. It generates recurring profits throughout the economic cycle and offers a unique value proposition among its competitors.
- It has an extensive network of agreements with more than 130,000 associated points of sale (car dealers and retailers).
- It offers financing solutions via innovative platforms.
- It has substantial capacities in risk management and recoveries that make it possible to maintain high credit quality.
- The evolution of results (+18%) reflects higher growth in gross income than costs, a fall in provisions with a cost of credit of 0.47% and an efficiency ratio (44.7%) better than that of its competitors.

- Of note among the units was the good performance of profits in Spain, the Nordic countries and Italy.
- The agreements signed in the last few years have consolidated SCF’s leadership position in its markets:
  - The agreement with Banque PSA Finance (BPF) to create joint ventures in 11 countries was completed.
  - GE Money was integrated in the Nordic countries.
- All countries registered growth in new lending (+17%).

Key data

- Employees: 14,928
- Customers (millions): 17.9
- Loans\(^{1}\): 87,742 (+14%)
- Attributable profit\(^{1}\): 1,093 (+18%)
- Contribution to Group profit: 13%

1. Million euros. Change in constant euros. 2. Change without repos.
Poland
Bank Zachodni WBK

One of the Poland’s main banks, the leader in mobile and online banking and second in the card market.

2016 HIGHLIGHTS

- In order to increase loyalty and the number of digital customers, Bank Zachodni WBK continued to develop its electronic channels: BZWBK24 received several awards as one of the best mobile banking apps in Poland as well as internationally.
- Firmowe Ewolucje (Business Evolutions) was launched, an online platform to help SMEs do business in the virtual world and expand into foreign markets.
- Loans increased 8% year on year, well above the market pace, with the focus on SMEs and mortgages.
- Growth in commercial revenue and improvement in credit quality. The 2016 profit was affected by the new tax on assets, excluding this effect profit grew 14%.
- Euromoney magazine recognised Bank Zachodni WBK as the Best Bank in Poland in 2016.

Key data

- EMPLOYEES 12,001
- CUSTOMERS (millions) 4.4
- LOANS1 20,697 (+8%)
- ATTRIBUTABLE PROFIT 1 272 (-6%)
- CONTRIBUTION TO GROUP PROFIT 3%

Portugal
Santander Totta

Portugal’s most profitable bank, with market shares of around 14% in loans and deposits.

2016 HIGHLIGHTS

- Following the acquisition of most of Banif’s assets and liabilities in December 2015, Santander Totta became Portugal’s second largest private sector bank. The technological and operational integration was completed in less than a year.
- The bank continued to focus on structural improvements to its commercial model to boost efficiency and the quality of customer service, via the CRM platform, a multichannel offering and streamlined processes. This was reflected in gains in market share in loans to companies.
- The 1|2|3 World programme evolved well, with significant increases in the number of accounts, credit cards and protection insurance.
- Among the awards Santander Totta received in 2016 was Best Bank in Portugal, from both Euromoney and Global Finance.

Key data

- EMPLOYEES 6,306
- CUSTOMERS (millions) 4.0
- LOANS1 29,030 (-5%)
- ATTRIBUTABLE PROFIT 1 399 (+33%)
- CONTRIBUTION TO GROUP PROFIT 5%
2. Results  » Countries

United Kingdom

Santander UK aims to deepen customer loyalty, and improve customer experience through digitalisation and product simplification.

+3% loyal customers
+25% digital customers

STRATEGIC PRIORITIES

Grow customer loyalty and market share
Deliver operational and digital excellence
Growing profitability and a strong balance sheet

2016 HIGHLIGHTS

- The UK’s decision to leave the EU has led to economic uncertainty and financial market volatility. Santander’s commitment to British businesses, customers and our people remains as strong as ever.
- Strong performance for 2016 with solid business growth, increased cost discipline and good credit quality – all supported by robust UK economic growth.
- 11,213 World now has 5.1 million customers (up 483,000 in 2016). Current account balances continued to grow (£11,600 million in 2016) and resulted in fee income growth.
- Digital customers reached 4.6 million, delivering continual improvement in customer experience. Investment made in new technology such as voice banking capabilities and a digital end-to-end mortgage application process, which can be completed in under an hour.
- Santander UK continued to support the housing market. Gross mortgage lending stood at £25,800 million, including loans to 25,300 first-time buyers.
- Santander UK continued to support UK companies, despite a competitive environment, economic uncertainty and the slowdown in SMEs activity. Lending was up 3%.
- Operational efficiency is underpinned by digitalisation and product simplification. The efficiency ratio improved to 51%, reflecting increased cost discipline.
- Pre-tax profit increased by 8%. Attributable profit was affected by the new bank corporation tax surcharge.
- Santander UK maintained a strong balance sheet. CET1 capital ratio was 11.6%. The NPL ratio also improved to 1.41%.

Key data

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>25,688</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMERS (millions)</td>
<td>25.3</td>
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<tr>
<td>LOANS$1</td>
<td>242,510 (+2%)</td>
</tr>
<tr>
<td>ATTRIBUTABLE PROFIT¹</td>
<td>1,681 (-4%)</td>
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<tr>
<td>CONTRIBUTION TO GROUP PROFIT</td>
<td>20%</td>
</tr>
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</table>

1. Million euros, change in local currency. 2. Change without repos.
Brazil

In a challenging economic environment, Santander Brazil showed the strength of its banking model, registering a sharp growth in profit and accelerating its commercial transformation to focus on the customer.

+16% loyal customers  
+45% digital customers

Santander's headquarters in São Paulo, Brazil.

2016 HIGHLIGHTS

- Santander Brazil posted growing profit in 2016 thanks to its approach to commercial activity, risk (NPL ratio below the average of private sector banks), and costs, which are well-balanced (via initiatives such as the ‘Fit to grow’ programme).

- Solutions to improve the customer experience: Acquisition of 100% of the digital prepaid platform Conta Super; streamlining of processes with solutions such as Clique Único, for digitalisation of administrative work previously done on paper and reduce customer reponse time. The mobile banking app has become a benchmark in the market and has been valued highly in Apple Store and Google Play, while e-commerce sales have tripled.

- The bank has 6.4 million customers that regularly use digital services. Transactions made through digital channels represented 73% of total transactions and 6.3 million customers use biometric identification systems.

- Strengthening of businesses: Santander Financiamentos created joint ventures with Hyundai and Banco PSA Finance and launched a new digital model to improve the sales process. In wholesale banking, Santander participated in the country’s largest mergers and acquisitions reaching the leading position on the rankings.

- Innovation in retail banking: in the payroll business, creation of Olé Consignado with Banco Bonsucesso; innovative initiatives in payments instruments (Santander Way, Getnet, arrangement with American Airlines). In the SME segment, in addition to its financial services, the bank has Avançar, a programme that helps businesses with staff training and international expansion.

- Santander is among the best companies to work for in Brazil, according to Great Place to Work.

- Santander Brazil included social and environmental aspects in the credit analysis of more than 1,000 companies in the corporate customer segment.

Key data

- EMPLOYEES: 46,728
- CUSTOMERS (millions): 34.3
- LOANS\(^1\): 80,306 (+0.4%)
- ATTRIBUTABLE PROFIT\(^1\): 1,786 (+15%)

\(^1\) Million euros, change in local currency. 2. Change without repos.
2. Results  » Countries

Mexico

Santander Mexico is the country’s third largest bank per loan portfolio with a 14% market share. Its main strength is innovation in customer service.

+16% loyal customers  +46% digital customers

2016 HIGHLIGHTS

- Focus on customer loyalty with the launch of programmes such as Santander Plus, the most innovative available from banks in Mexico, which pays cashback to customers on the basis of their transactions. This programme attained 11 million customers in its first year.
- Total annual lending growth of 8%. Companies, SMEs and consumer credit stand out.
- Santander-Aeroméxico travel card, the best offer of its kind in Mexico, has 430,000 cards have been issued since the launch, and will be managed exclusively by Santander for the next 10 years.
- A better, simpler and more innovative mortgage offering: the range was reduced from four products to two, and included the launch of Hipoteca Personal, the only one in Mexico that offers a tailored interest rate based on the customer’s profile.
- The number of digital customers rose 46% to 1.3 million. The Digital Suite, the digital banking offer that integrates different services, includes products such as the Súper Cuenta Go, which enables accounts to be opened and managed completely digitally. The customer can also check prices for insurance, with the Segurómetro, make investments online and control spending via an app.
- Santander Mexico will allocate MXN 15,000 million over the next three years to strategic investments and initiatives, notably to modernise channels, systems and infrastructure.
- International Finance Magazine (IFM) recognised Santander as the Most Socially Responsible Bank in Mexico. It also achieved first place in the banking sector and second in the total ranking of the Mexican stock market’s IPC Sustentable index.

Key data

- EMPLOYEES 17,608
- CUSTOMERS (millions) 13.4
- LOANS 28,017 (+8%)
- ATTRIBUTABLE PROFIT 629 (+18%)
- CONTRIBUTION TO GROUP PROFIT 8%

1. Million euros, change in local currency. 2. Change without repos.
Chile

Santander is the country’s leading private sector bank in terms of assets and customers.

Work café in Chile.

+8% loyal customers
+4% digital customers

2016 HIGHLIGHTS

- In 2016 Santander Chile registered a substantial improvement in the indicators of customer satisfaction thanks to the simplification of processes and a greater focus on the customer and this closing the gap with the main competitors in terms of quality of service.
- Innovative model of work/café branches, a new way of doing banking that adapts to society’s changes. These branches have coffee shops along with an ample working area open to anyone, with free Wi-Fi.
- Increase in the market shares of loans and deposits in 2016. Total lending increased 7%. Of note was the market share gain of 22 bp. Customer deposits rose 7%.
- Santander was voted the Best Bank in Chile by Euromoney and Bank of the Year by LatinFinance magazine.

Key data

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>11,999</th>
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<tr>
<td>CUSTOMERS (millions)</td>
<td>3.6</td>
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<tr>
<td>LOANS1)</td>
<td>38,800 (+7%)</td>
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<tr>
<td>ATTRIBUTABLE PROFIT1)</td>
<td>513 (+16%)</td>
</tr>
<tr>
<td>CONTRIBUTION TO GROUP PROFIT</td>
<td>6%</td>
</tr>
</tbody>
</table>

Argentina

Santander Río

Santander Río consolidated itself as the country’s leading private sector bank following its acquisition of Citi’s retail business.

Santander Select branch in Argentina.

+6% loyal customers
+20% digital customers

2016 HIGHLIGHTS

- Santander Río will incorporate 500,000 individual customers and a 70-branch network by acquiring the retail business of Citibank Argentina*. This operation includes an agreement with American Airlines and its AAdvantage® frequent traveller programme.
- 17 new branches were opened and 246 branches transformed. Santander Río pioneered in innovation by opening the country’s first digital branch.
- Improved internal processes: the +CHE CRM system was implemented in the branch network in order to offer the most appropriate services at the best moment and via the most suitable channel.
- Credit and deposits market share increase.
- Santander Río was top of the Great Place to Work ranking, was named Best Digital Bank in Argentina by Global Finance magazine and Best Bank 2016 by Euromoney and The Banker.

Key data

<table>
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<th>EMPLOYEES</th>
<th>7,940</th>
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<tr>
<td>CUSTOMERS (millions)</td>
<td>2.9</td>
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<tr>
<td>LOANS1)</td>
<td>7,142 (+37%)</td>
</tr>
<tr>
<td>ATTRIBUTABLE PROFIT1)</td>
<td>359 (+52%)</td>
</tr>
<tr>
<td>CONTRIBUTION TO GROUP PROFIT</td>
<td>4%</td>
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</tbody>
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1. Million euros, change in local currency. 2. Change without repos.

* Operation subject to authorization by the relevant authorities.
United States

Santander US made significant progress toward its goals: improving digital capabilities, enhancing product offerings and meeting regulatory obligations to build a strong business and better serve customers.

+5% loyal customers
+26% digital customers

2016 HIGHLIGHTS

- Santander’s business in the US focuses on retail and corporate banking via Santander Bank and auto finance via Santander Consumer USA. It also has an investment banking business, wealth management capabilities for non-US residents, and retail and commercial banking in Puerto Rico.

- In 2016, Santander US completed the creation of an intermediate holding company, Santander Holdings USA (SHUSA), which brings together the country’s units under a single management and governance structure in order to manage risk and capital more effectively.

- Santander US continued making significant progress toward meeting its regulatory obligations in 2016. The team made critical investments to improve its technological, financial control and risk management capabilities. This justifies in part the fall in profit in 2016.

- Santander Bank, which has a significant presence in the Northeastern U.S., focused in 2016 on strengthening customer relationships, enhancing the product offerings and improving its digital capabilities.

The number of digital banking customers increased 26%, spurred by the launch of a new mobile application that enables customers to access their account information more easily through fingerprint technology. This, coupled with increased marketing, drove core deposit growth of 4%.

- Santander Bank achieved this growth while lowering its deposit costs in a rising interest environment.

- Corporate and Commercial Banking grew its loan book by 16%. In wholesale banking, the continued focus was on offering products tailored to customers’ needs and leveraging global connections within the Group.

- Santander Consumer USA is one of the country’s leading auto finance companies, with an efficient, scalable infrastructure that enables it to achieve its profitability goals. Its strategy focuses on optimizing its customer mix; leveraging its Chrysler Capital platform for growth; maintaining its leadership position in the ABS market; and strengthening its programs in operational risk, compliance, and consumer practices.

Key data

- EMPLOYEES 17,509
- CUSTOMERS (millions) 5.2
- LOANS1 89,638 (-2%)
- ATTRIBUTABLE PROFIT1 395 (-42%)
- CONTRIBUTION TO GROUP PROFIT 5%

1. Million euros, change in local currency. 2. Change without repos.
Santander Global Corporate Banking (SGCB)

SGCB is the global business division focused on corporate customers and institutions that, due to their size or sophistication, require a tailored service or value-added wholesale products.

2016 HIGHLIGHTS

- **SGCB attained leading positions** in Cash Management, Export Finance, syndicated corporate loans, capital markets and structured finance in Europe and Latin America.
- **Cash Management** performed well, particularly in Latin America, due to high interest rates.
- **Export Finance** maintained its growth trend, and consolidated its position as a reference in the industry.
- **Trade & Working Capital Solutions.** SGCB strengthened its capabilities and product offering in the Receivables business in order to be the leading bank in this segment.
- SGCB remains the leading bank in Europe and Latin America with top level participations in significant syndicated corporate lending transactions.
- **In structured financing, it maintained a clear leadership position**, both in Latin America and core geographies in Europe.
- **In market activity, positive trend in revenues from the customers business**, particularly in the corporate segment with strong growth in Latin America.
- **In capital markets,** SGCB continued to participate in the main transactions in Europe and Latin America.
- **The efficiency exercises conducted by SGCB** in various countries enabled costs to be held down, particularly in Spain and the United States.
- **The trend of the results (+30% in constant euros)** is based on the strength and diversification of customer revenues.

**Key data**

- **LOANS** 96,796 (+0.2%)
- **ATTRIBUTABLE PROFIT** 2,089 (+30%)
- **CONTRIBUTION TO GROUP PROFIT 25%**

1. Million euros, change in constant currency. 2. Change without repos. 3. This global unit’s result is included in countries’ profit figures.