



QUARTERLY SHAREHOLDER REPORT

JANUARY-MARCH
2016

Santander Q1 profit reaches EUR 1,633 million,
5% less year-on-year and up 8% excluding FX impact.

“These results give us confidence that we will continue to deliver, including, as we announced, increasing the cash dividend per share by 10% and total dividend by 5%.”

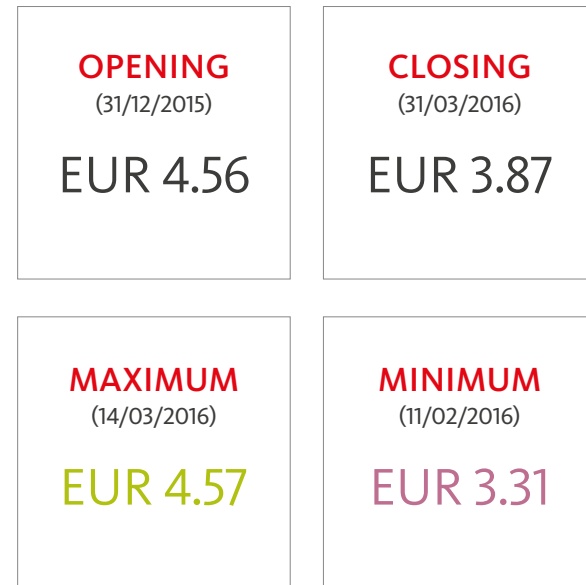
ANA BOTÍN, GROUP EXECUTIVE CHAIRMAN OF BANCO SANTANDER

Simple | Personal | Fair

SHARE ACTIVITY

Santander's share price ended the first quarter of 2016 at EUR 3.87 per share.

› Key share price information



› Key factors shaping share price performance

Markets were extremely volatile in the year's first quarter due mainly to concerns surrounding the Chinese economy, trends in commodity prices (above all oil prices, which hit 12-year lows below USD 30/bbl), doubts surrounding the financial sector's solvency and question marks surrounding the interest rate policies and stimulus measures central banks would adopt.

Analyst opinions

Against this backdrop, analysts set a target price for SAN shares of **EUR 5.02*** and **82.9%*** recommend either buying or holding the stock.

*Source: Bloomberg, at 31 March.

Santander's share price at the date of this report was EUR 4.53, up 16.8% in the month and down 0.7% YTD, compared to -13.9% and -3.2% by the DJ Stoxx Banks and MSCI World Banks, respectively.

› International ranking by market capitalisation

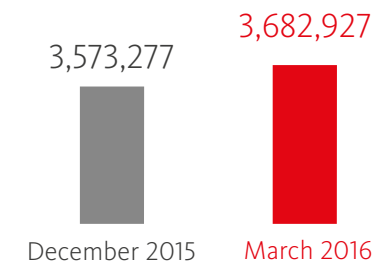


At the end of the quarter, Banco Santander was the number **1 bank in the euro area** by market cap, with EUR 55,919 million.

SHAREHOLDER BASE

Banco Santander has 3.7 million shareholders, located mainly across Europe and the Americas.

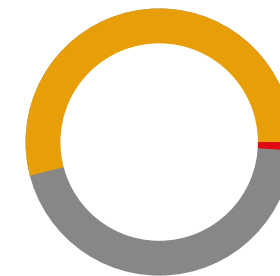
› Number of shareholders



▲ 109,650
more shareholders in the quarter

› Capital stock ownership

31 March 2016



Institutional investors
53.57%

The board of directors
1.26%

Individuals
45.17%

› Geographical distribution of share capital

31 March 2016



Europe
82.54%

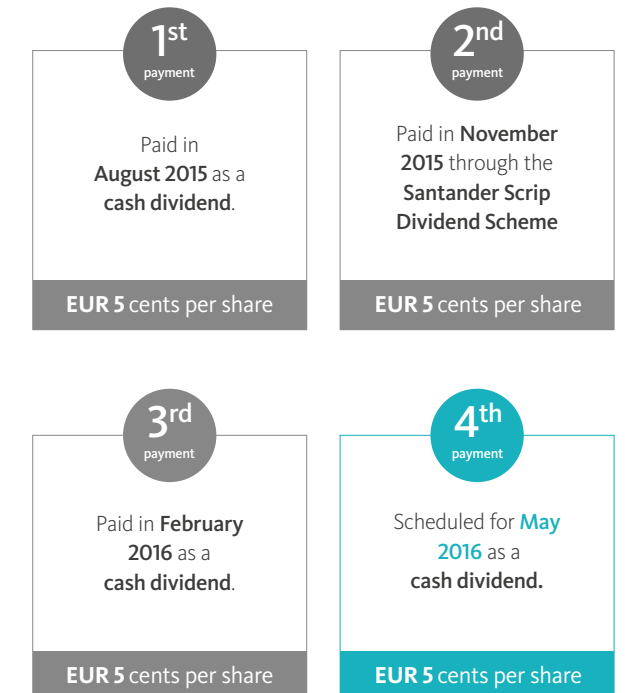
Americas
16.82%

Rest of the world
0.64%

DIVIDENDS

› Total shareholder remuneration charged to 2015 profit amounts to EUR 20 cents per share.

This amount is divided into four dividend payments, of which three have already been paid. The fourth will be scheduled to be paid in May.

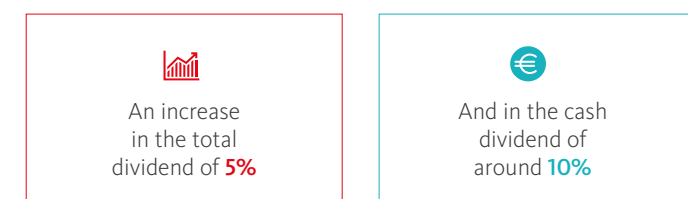


Total remuneration: **EUR 20 cents per share**
Dividend yield: **5.1%***

*Remuneration against 2015 profit/average share price in 1Q'16

› Total shareholder remuneration charged to 2016 profit is estimated at EUR 21 cents per share.

This amount entails four dividend payments, of which three will be in cash (for a total of EUR 16.5 cents per share) and one would be under the Santander Scrip Dividend scheme (of EUR 4.5 cents per share). This remuneration implies:



RESULTS

Attributable profit of EUR 1,633 million, 5% less than in the first quarter of 2015. Negative impact of exchange rates (+8% on a currency-neutral basis):

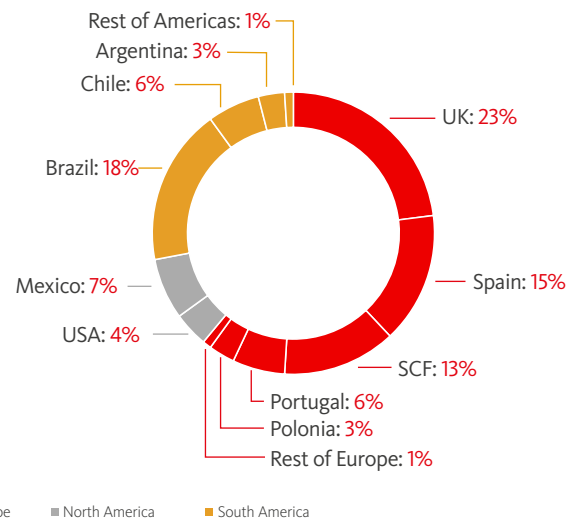
Solid commercial revenues, fuelled by net interest income as well as fee income.

Cost almost stable in real terms and on a like-for-like basis.

Provisions were higher year-on-year, but stable over the last two quarters.

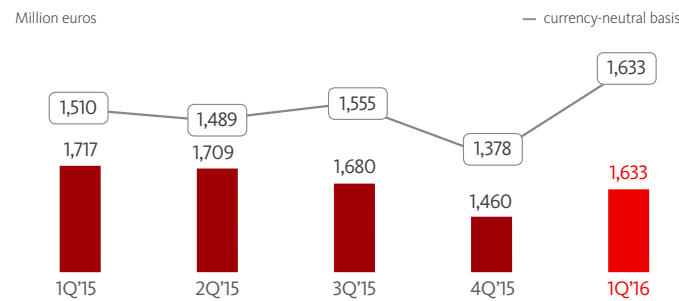
Business segments. 1Q'16 attributable profit

Good earnings diversification between Europe and Americas.



Percentage excluding the Corporate Centre and the Real Estate Activity in Spain.

Underlying attributable profit to the Group



Note: excluding non-recurring net capital gains and provisions 2Q'15 and 4Q'15.

Income statement

Million euros			Variations	
	1Q'16	1Q'15	%	(%) currency-neutral basis
Net interest income	7,624	8,038	(5.2)	5.7
Gross income	10,730	11,444	(6.2)	4.1
Pre-provision profit (net operating income)	5,572	6,067	(8.1)	2.8
Profit before taxes	2,732	2,990	(8.6)	2.7
Attributable profit for the Group	1,633	1,717	(4.9)	8.2

BALANCE SHEET

Total business managed and marketed at 1Q'2016 stood at 1,489,950 million euros, of which EUR 1,324,200 million related to assets on the balance sheet and the rest mutual funds, pension funds and managed portfolios.

Growth in lending to individuals and SMEs, as well as in demand deposits, underscores the efforts to boost customer loyalty

On a currency-neutral basis:

- Lending rose 4% year-on-year and increased in all the main segments and in eight of the 10 core units

- Funds increased 4% year-on-year due to demand deposits. Growth in nine of the 10 core units.

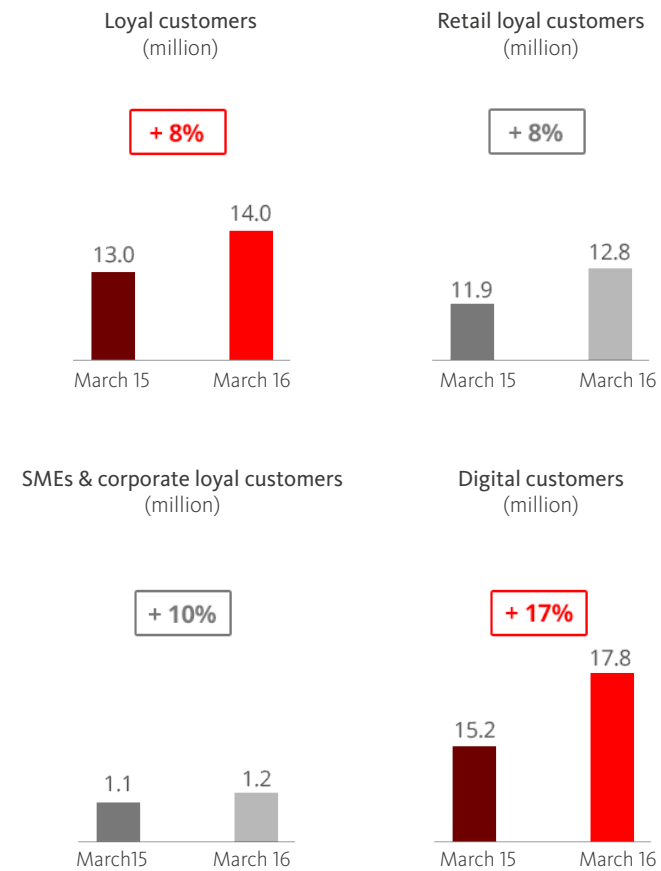


	% over operating areas. March 2016	
	% LENDING	% FUNDS
UK	33%	28%
SPAIN	20%	29%
SCF	10%	4%
PORTUGAL	4%	4%
POLAND	3%	3%
REST OF EUROPE	2%	1%
BRAZIL	8%	11%
CHILE	4%	4%
ARGENTINA	1%	1%
REST OF AMERICAS	0.5%	1%
USA	11%	9%
MEXICO	4%	5%

Balance sheet

Million euros	March'16	March'15	(%) Variation
Total assets	1,324,200	1,369,689	(3.3)
Net customer loans	773,452	793,965	(2.6)
Customer deposits	670,607	687,362	(2.4)
Managed and marketed customer funds	1,057,969	1,091,174	(3.0)
Equity	98,781	102,105	(3.3)
Total managed and marketed funds	1,489,950	1,545,444	(3.6)

Activity



NEWS



2016 Annual General Meeting

Ana Botín: "The board intends to increase the dividend per share by 5% for 2016."

Online Annual Report 2015

Consult the Annual Report for a quick view and information on the Group's financial highlights and the share price in the year.

University

Banco Santander will give out over 36,000 study, mobility and internships grants in 2016.

Keep up to date with the Group at www.santander.com

CONTACT



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*Lines are open Monday to Friday from 8.00 a.m. to 7.00 p.m. and on Saturdays from 8.30 a.m. to 1.30 p.m. From 1 July to 30 September there will be no service on Saturdays.

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