Press Release

THIRD QUARTER 2014 RESULTS

Santander made a profit of EUR 4.361 billion, 32% more than a year earlier

- **CAPITAL. The comprehensive assessment results (AQR and stress test) carried out by the ECB and the EBA recognises the Group's conservative approach to provisions, its geographic diversification and its customer-focused commercial and retail banking model. Santander is the international bank with the lowest adjustment in provisions and the financial institution with least capital destruction in an adverse scenario.**

- **BUSINESS. Loans amounted to EUR 749,426 million, an increase of EUR 38,000 million or 3% from the close of 2013. Deposits and mutual funds stood at at EUR 771,242 million, having grown EUR 59,000 million, or 8%, since the close of 2013. Current accounts grew by 12%, or EUR 36,000 million.**

- **EFFICIENCY. Santander has exceeded its cost reduction goal, with EUR 1,000 million of savings compared with a target of EUR 750 million for 2014. These savings should now total EUR 2,000 million in 2016, instead of the announced EUR 1,500 million.**

- **NPLs. The Group's non-performing loan ratio fell for the third quarter in a row to 5.28%. Spain, the UK, Brazil and the U.S. registered drops in NPLs. In Spain, new corporate NPLs were down for the first time since the start of the crisis.**

- **DIVERSIFICATION. Europe contributed 52% to Group profit (the U.K. 20%, Spain 14%, Poland 6% and Germany 4%), Latin America, 39% (Brazil 20%, México 8% and Chile 6%), and the U.S., 9%.**

    - **Spain: Attributable profit amounted to EUR 822 million (+124%). Net interest income increased 9% compared with the first nine months of last year, while costs fell 7%. Loans were up 1% compared with December, at EUR 160,187 million. Customer funds (deposits and mutual funds) came in at EUR 222,828 million and were up 4% year-to-date.**

    - **U.K.: Attributable profit totalled EUR 1,186 million (GBP 962 million, up 43%.) Net interest income grew 19% and costs were up 3%. The process of transforming the franchise continued and loans to companies increased by 9% year-on-year, while current account balances were up 54%.**

    - **Brazil: Attributable profit amounted to EUR 1,167 million (BRL 3,616 million, +2%.) Basic revenues and costs remained practically flat. Loans were up 6% and customer funds 8% year-on-year.**

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Madrid, November 4, 2014 - Banco Santander made an attributable profit of EUR 4.361 billion in the first nine months of the year, an increase of 32% compared with the same period of 2013. Banco Santander's chairman, Ana Botín, said: ***"Profit growth in 2014 helped consolidate the earnings recovery, thanks to improving revenues, falling costs and less need for write-downs."***

Third quarter profit was EUR 1,605 million, up 10% compared with the previous quarter and the highest in three years. The Group's three core markets (Spain, the U.K. and Brazil) all posted profit growth in the January-September period, something that had not happened since 2009.

These results do not include net capital gains from the sale of 85% of Altamira (EUR 385 million), Santander Consumer USA's IPO (EUR 730 million) or EUR 220 million from excess provisioning of pension funds in the U.K. These capital gains have no impact on profit as they have been fully set aside to cover restructuring costs, amortisation of intangibles and other write-downs.

The improvement in earnings is the result of a 1% increase in revenues, a 2% fall in costs and a 15% fall in loan-loss provisions in the first nine months of the year. This is in a context of business growth, both in loans and customer funds, a falling non-performing loan ratio, an increase in the coverage rate and high solvency and liquidity ratios.

Grupo Santander P&L

In short, profit growth driven by higher net operating income and normalisation of loan-loss provisions

EUR million	3Q'14	Var. / 2Q'14 %	9M'14	Var. / 9M'13 %
NII + fee income	9,910	1.4	29,006	0.8
Gross income	10,961	4.5	31,572	-1.0
Operating expenses	-5,070	3.3	-14,822	-1.8
Net operating income	**5,891**	**5.5**	**16,750**	**-0.3**
Loan-loss provisions	-2,777	5.2	-8,110	-15.2
PBT	**2,556**	**5.0**	**7,140**	**22.9**
Attributable profit	**1,605**	**10.4**	**4,361**	**31.7**

Note: Attributable profit does not include the net capital gains expected from the announced transactions of Custody (EUR 410 mill.) and Insurance (EUR 250 mill.), Both transactions are expected to be closed in 4Q'14.

Results

This quarter's results are set against a backdrop of uneven slowdowns in Latin American economies, doubts about the Euro zone's recovery, which led to a further ECB interest rate cut to a record low of 0.05%, and favourable growth expectations in the U.K. and the U.S., although interest rates for both the pound and the dollar continued at unprecedentedly low levels.

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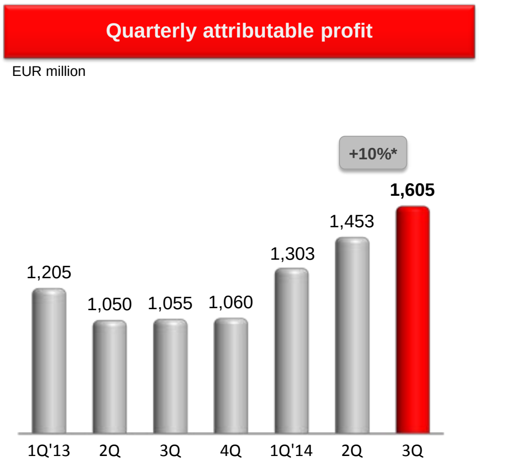
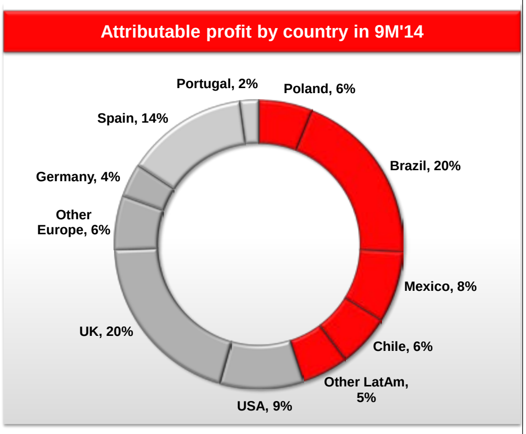
At the top of the P&L, net interest income increased by 2% to EUR 21,834 million, while a 22% drop in results from financial transactions, which are more volatile, generated a 1% fall in gross income, to EUR 31,572 million.

Costs were down 2%, enabling net operating income to remain stable at EUR 16,750 million. This performance of revenues and costs put the cost-to-income ratio at 46.9%, 0.4 percentage point better than a year earlier

Cost reductions were greater than expected in the 2014-2016 Efficiency and Productivity Plan, which aims o keep Group costs growing below inflation. According to the plan, costs were expected to come down by EUR 750 million this year, a goal which was achieved in September. Goals were then revised and costs are now expected to fall by EUR 1,000 million in 2014, 1,600 million in 2015 (compared with an initial expectation of EUR 1,250 million) and EUR 2,000 million in 2016, EUR 500 million more than originally planned.



(*) Excluding fx impact: +9% vs. 2Q'14



Percentage over operating areas attributable profit, excluding Spain's run-off real estate

Loan loss provisions, the other item that weighs most on results, amounted to EUR 8,110 million, down 15% thanks to Spain, the U.K., Brazil, Santander Consumer Finance, Chile and Portugal. The fall in provisions helped attributable profit grow 32% in the first nine months, to EUR 4,361 million. Earnings per share rose to EUR 0.37, up 19% from the same period of last year.

Emerging economies (Latin America and Poland) accounted for 45% of profit and mature markets contributed the rest. By country, the largest contribution came from the U.K. and Brazil (both 20%), followed by Spain (14%), the U.S. (9%), Mexico (8%), Chile and Poland (both 6%) and Germany (4%).

Balance sheet

Banco Santander had total assets of EUR 1.24 trillion at the end of September, an increase of 3% compared with the same month of 2013. The balance sheet is well balanced with a loan portfolio the equivalent of 112% of deposits, which gives the bank a very comfortable liquidity position. Before the crisis, the ratio was 150%.

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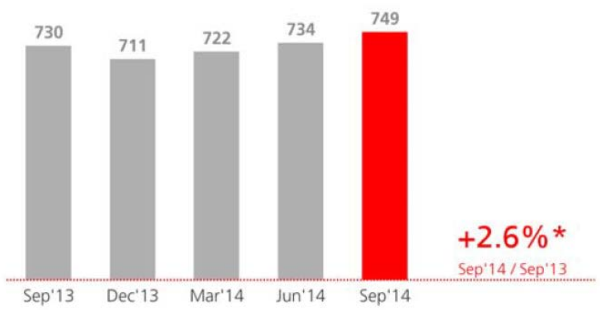
At the end of the third quarter, the loan portfolio was EUR 749,426 million, 3% more than at the end of September 2013 and 5% higher than in December 2013. This means that Grupo Santander increased lending by EUR 38,000 million in the first nine months of this year, with a steady improvement as the year has progressed. Loans grew in eight of the Group's ten core markets in the third quarter, compared with the previous three months, especially in Brazil (4%), while they fell in Spain and Portugal due to the seasonal effect of the summer.

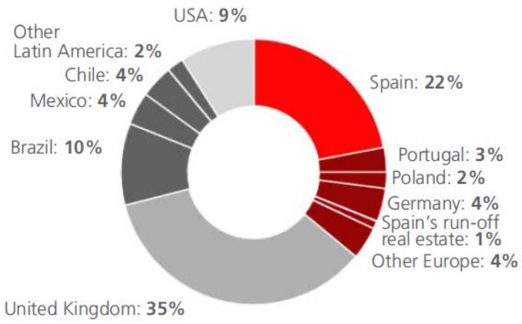
In Spain, total loans stood at EUR 160,187 million, up 1% from the end of 2013. In the first nine months of this year, loans grew EUR 1,600 million. This increase was mainly due to SME funding, which increased 34%, companies, where the bank achieved 29% growth excluding commercial bills, and retail customers, where mortgages grew 73% and consumer finance 61%, compared with the same period of last year. In the first nine months of this year, the bank provided EUR 72,000 million of corporate lending through various instruments, such as loans and bonds.

GROSS CUSTOMER LOANS
EUR billion



(*) Excluding exchange rate impact: +0.1%

CUSTOMER LOANS
% o/ operating areas. September 2014



One of the Group's main priorities is to grow in the SME segment. At the end of March, the bank launched its global project Santander Advance, known as *Breakthrough* in the UK. It is already underway in Spain, Mexico and Portugal. It will be extended to the rest of the Group's core markets before the end of 2015. Santander Advance provides financial products and support programmes to help SMEs grow, which include advice on training, employment and international expansion.

In the U.K., the loan portfolio was EUR 248,940 million at the end of September, an increase of 1% compared with the previous quarter and with December 2013, thanks to growth in corporate loans, which climbed 9% year-on-year to EUR 23,500 million, of which EUR 12,400 were to SMEs.

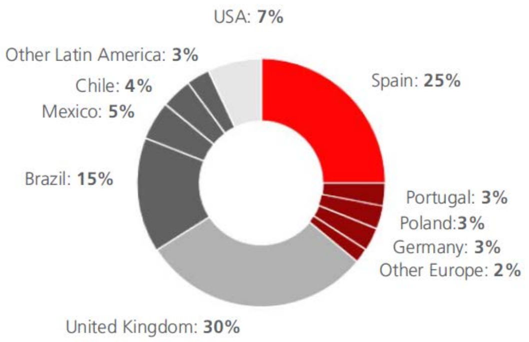
This performance has supported business diversification, reducing the weight of mortgages in the portfolio and increasing loans to companies, which already account for 12% of total lending. The bank has continued to open regional business centres, which have increased from 37 in September 2013 to 58 a year later, focused on lending to SMEs. It has also increased the number of managers with expertise in corporates.

Moving on to customer funds under management, deposits and mutual funds stood at EUR 771,242 million, an increase of 8% or EUR 59,439 million. Deposits came in at EUR 646,331 million and mutual funds at EUR 124,911 million, after posting growth in the first nine months of 6% and 20%, respectively. Nine out of ten core markets grew in terms of deposits and mutual funds this year.

MANAGED AND MARKETED CUSTOMER FUNDS
EUR billion

(*) Excluding exchange rate impact: +2.1%

MANAGED AND MARKETED CUSTOMER FUNDS
% o/ operating areas. September 2014



Current accounts, which account for more than half of total deposits, performed well in the Group's ten core markets. Current accounts amounted to EUR 341,671 million at the end of September, an increase of 12% compared with the end of December. In nine months the bank has captured EUR 35,987 million in current accounts, half of it in the third quarter. Current accounts represent a core product in the bank's strategy of increasing customer linkage, as they involve most of customers' transactions.

In Spain, total customer funds (deposits and mutual funds) totalled EUR 222,828 million at the end of September, up 4% in nine months. Deposits remained almost steady, while assets under management in mutual funds grew by 23% in nine months.

In the U.K., total deposits stood at GBP 150,900 million and grew by 2% in twelve months. The improvement is mainly the result of current account growth: balances rose by nearly GBP 10,000 million in nine months, up 36%.

The Santander Select segment, which is part of the Group's global personal banking strategy, plays a key role in capturing customer funds. In 2013, Santander Select was introduced in Spain, U.K., Brazil, Mexico, Chile and Argentina. It was extended to Portugal and the United States this year.

The Group's NPL ratio fell for the third quarter in a row to 5.28%. The provision coverage ratio also improved for a third consecutive quarter and reached 68%.

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In Spain, the NPL ratio fell for the second quarter in a row to 7.57%. It is worth noting that new NPLs of non-real estate companies dropped in the year for the first time since 2008. They also declined in Brazil, the U.K., the U.S. and Santander Consumer Finance. The change in the trend in Brazil, where the ratio had risen slightly the two previous quarters is especially significant.

Capital

Moving on to capital ratios, Banco Santander's computable capital stood at EUR 88,154 million at the end of September, EUR 4,200 million more than a year earlier. The bank's capital ratio stood at 12.59%, with a core capital (CET1) ratio of 11.44%, an increase of 0.52 percentage points in the third quarter. Santander has launched three issues of contingent convertible bonds (cocos) this year, two of them in euros, worth EUR 1,500 million each, and one in dollars, for USD 1,500 million.

The results of the asset quality review (AQR), conducted by the European Central Bank (ECB), and the stress tests, carried out by the ECB in coordination with the European Banking Authority (EBA), were made public on October 26. These exercises mark the conclusion of European banks' comprehensive assessment, a process that has been very rigorous and demanding. It was the step prior to the ECB taking on supervision of banks in the Euro zone today, November 4th.

The result of this process validates Santander's management model and diversification strategy. The bank's management model, based on prudent risk taking and conservative provisioning, has been endorsed in the AQR. After a thorough review process that involved 50% of risk assets, the adjustment in the Group's provisions would amount to EUR 201 million, an insignificant amount in a balance sheet of EUR 1.1 trillion. Of these 201 million, only 51 million are provisions due to specific transaction reviews and were provisioned in the first quarter; the rest are based on extrapolations. This is the smallest adjustment among the comparable large international banks.

Santander is also the international bank that has suffered least capital destruction during the three years of the stress test, with a fall of 1.4 percentage points. In the adverse scenario, Santander would have a capital ratio of 8.95%. This is 3.5 percentage points above the required minimum of 5.5%, meaning that in this scenario Grupo Santander would exceed the required capital amount by EUR 19,500 million.

Banco Santander has a market capitalisation of around EUR 85,000 million, which makes it the leading bank in the Euro zone and tenth-largest in the world. It has 3,229,672 shareholders and 183,534 employees serving 107 million customers through 13,067 branches.

More information in www.santander.com

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Preliminary note:

In order to facilitate the following comparative analysis, the financial information of previous periods has been re-expressed (not audited), as set out on page 24 of this report. The changes were mainly due to taking control of Santander Consumer USA, in 2014, and the loss of control of the fund management companies in 2013, as if they had been effective in the previously presented periods.

Non recurring capital gains and provisions are shown separately as "net capital gains and provisions".

KEY CONSOLIDATED DATA

BALANCE SHEET (EUR million)	Sep'14	Jun'14	(%)	Sep'14	Sep'13	(%)	2013
Total assets	**1,240,979**	1,188,043	4.5	**1,240,979**	1,210,198	2.5	1,134,003
Net customer loans	**721,988**	706,899	2.1	**721,988**	702,828	2.7	684,690
Customer deposits	**646,331**	617,761	4.6	**646,331**	633,433	2.0	607,836
Managed and marketed customer funds	**1,020,433**	982,494	3.9	**1,020,433**	977,778	4.4	946,210
Shareholders' equity	**88,154**	87,035	1.3	**88,154**	83,954	5.0	84,302
Total managed and marketed funds	**1,402,153**	1,342,238	4.5	**1,402,153**	1,346,697	4.1	1,269,917

INCOME STATEMENT* (EUR million)	3Q'14	2Q'14	(%)	9M'14	9M'13	(%)	2013
Net interest income	**7,471**	7,370	1.4	**21,834**	21,489	1.6	28,419
Gross income	**10,961**	10,488	4.5	**31,572**	31,903	(1.0)	41,931
Pre-provision profit (net operating income)	**5,891**	5,582	5.5	**16,750**	16,804	(0.3)	21,773
Profit before taxes	**2,556**	2,435	5.0	**7,140**	5,808	22.9	7,637
Attributable profit to the Group	**1,605**	1,453	10.4	**4,361**	3,311	31.7	4,370

(*).- Variations w/o exchange rate

Quarterly: Net interest income: -0.2%; Gross income: +3.1%; Pre-provision profit: +4.0%; Attributable profit: +8.5%

Year-on-year: Net interest income: +8.1%; Gross income: +4.9%; Pre-provision profit: +6.6%; Attributable profit: +44.7%

EPS, PROFITABILITY AND EFFICIENCY (%)	3Q'14	2Q'14	(%)	9M'14	9M'13	(%)	2013
EPS (euro)	**0.131**	0.122	7.6	**0.367**	0.309	18.6	0.403
ROE	**7.64**	6.90		**6.94**	5.48		5.42
ROTE	**11.27**	10.03		**10.10**	7.98		7.87
ROA	**0.62**	0.60		**0.59**	0.45		0.45
RoRWA	**1.37**	1.28		**1.28**			
Efficiency ratio (with amortisations)	**46.25**	46.78		**46.95**	47.33		48.07

SOLVENCY AND NPL RATIOS (%)	Sep'14	Jun'14	(%)	Sep'14	Sep'13	(%)	2013
CET1**	**11.44**	10.92		**11.44**			
NPL ratio	**5.28**	5.45		**5.28**	5.40		5.61
Coverage ratio	**67.5**	66.7		**67.5**	67.1		64.9

MARKET CAPITALISATION AND SHARES (%)	Sep'14	Jun'14	(%)	Sep'14	Sep'13	(%)	2013
Shares (millions at period-end)	**11,988**	11,778	1.8	**11,988**	11,092	8.1	11,333
Share price (euros)	**7.611**	7.630	(0.2)	**7.611**	6.028	26.3	6.506
Market capitalisation (EUR million)	**91,241**	89,867	1.5	**91,241**	66,863	36.5	73,735
Book value (euro)	**7.36**	7.40		**7.36**	7.58		7.44
Price / Book value (X)	**1.03**	1.03		**1.03**	0.79		0.87
P/E ratio (X)	**15.55**	16.20		**15.55**	14.61		16.13

OTHER DATA (%)	Sep'14	Jun'14	(%)	Sep'14	Sep'13	(%)	2013
Number of shareholders	**3,229,672**	3,279,897	(1.5)	**3,229,672**	3,281,450	(1.6)	3,299,026
Number of employees	**183,534**	183,648	(0.1)	**183,534**	188,265	(2.5)	186,540
Number of branches	**13,067**	13,225	(1.2)	**13,067**	14,561	(10.3)	13,927

(**) Including impact from the Alternative Standard Approach (ASA) model of Brazil's operational risk, approved by BACEN (0.29 p.p.) but pending authorisation from the regulator on the consolidated Group.

Note: The financial information in this report has not been audited, but it was approved by the Board of Directors at its meeting on October, 23 2014, following a favourable report from the Audit Committee on October, 20 2014. The Audit Committee verified that the information for 2014 was based on the same principles and practices as those used to draw up the annual financial statements.