

FIRST HALF 2015 RESULTS

Santander made ordinary profit of EUR 3.426 billion, a 24% increase

“The first half results show the soundness and consistency of Banco Santander’s business model. Profit grew in our ten core markets. Return, operational excellence and credit quality also improved. We will pay the first dividend against fiscal year 2015 in August and it will be entirely in cash.”

Ana Botín, Chairman of Banco Santander

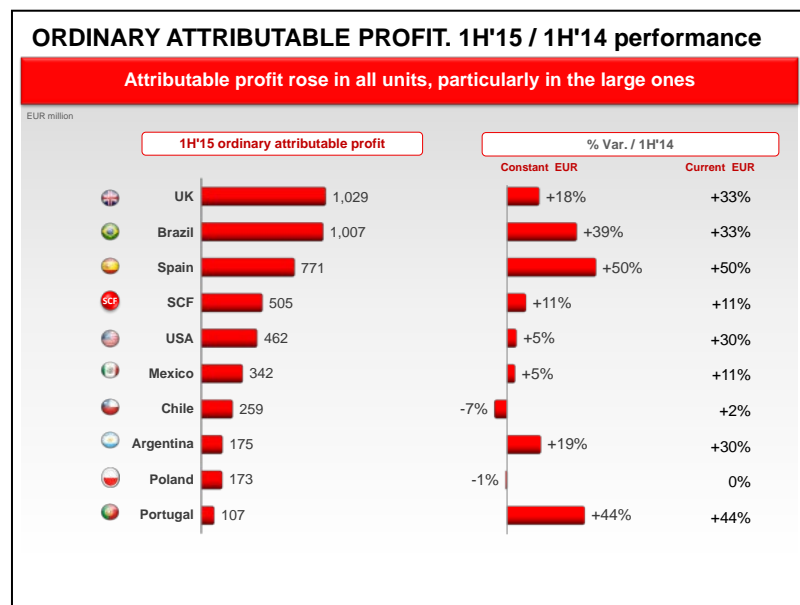
- **BUSINESS.** Lending reached EUR 826,707 million, 13% more than the same period last year. Deposits and mutual funds grew 12% year-on-year and now total EUR 823,482 million. In the first half, lending rose EUR 65,000 million and customer funds EUR 51,000 million.
- **EFFICIENCY.** Revenues grew 12% and costs 11%, which allowed net operating income to grow 13%, to EUR 12,256 million. The efficiency ratio improved 0.4 point, to 46.9%, one of the best in the sector.
- **CAPITAL.** The fully loaded CET1 capital ratio improved 0.16 point in the quarter to 9.83%. Return also improved, 0.6 point, meaning ROTE of 11.5%.
- **DIVERSIFICATION.** Profit grew in the group’s core markets. Europe contributed 54% (United Kingdom 21% and Spain 16%), Latin America 37% (Brazil 20% and Mexico 7%), and U.S., 9%.
 - **Spain:** Attributable profit reached EUR 771 million (+50%). The reduction of costs by 4% and loan loss provisions by 37% are the key. Lending was stable and customer funds grew 6% year-on-year.
 - **United Kingdom:** Attributable profit was EUR 1,029 million, 33% more (GBP 753 million, +18%). Revenues grew 5% and loan loss provisions fell 60%. Loans were up 5% and customer funds 4%.
 - **Brazil:** Attributable profit reached EUR 1,007 million, 33% more (BRL 3,326 million, +39%). Revenues grew 9%, twice the growth of costs. Lending increased 16% and customer funds, 13%.

Madrid, July 30, 2015. Banco Santander made an ordinary attributable profit of EUR 3,426 million in the first half, 24% more than the same period last year. Santander’s ten core markets increased profit, with a particularly important increase in the bank’s three largest markets: Spain, United Kingdom and Brazil.

Results

In the first half of 2015, Santander registered notable growth in business and revenues, which also benefited from exchange rates, particularly the euro-dollar and euro-pound depreciation. Business and revenue grew more than 12%, 7% without the exchange rate effect, which together with the reduction in loan loss provisions by 5% (9% without the exchange rate effect) brought an improvement in the ordinary attributable profit of 24% in the first half of the year. Growth would have been 16% without the exchange rate effect.

These results are produced in a context of uneven economic performance for the different countries in which the group operates. Countries such as Spain, U.S. and Poland are expected to grow more than 3% this year; U.K., Mexico and Chile, more than 2.5%, and Germany and Portugal, over 1.5%. Meanwhile, Brazil and Argentina will register a fall in economic activity. Official interest rates in euros, dollars and pounds continue to be at historic lows.



The improvement in profits is a result of an increase in revenues of 12%, a variation of one point greater than costs, which grew 11%. This performance allows continued improvement in the efficiency ratio of 0.6 point, to 46.9%, which positions Banco Santander among the most efficient financial institutions in the world.

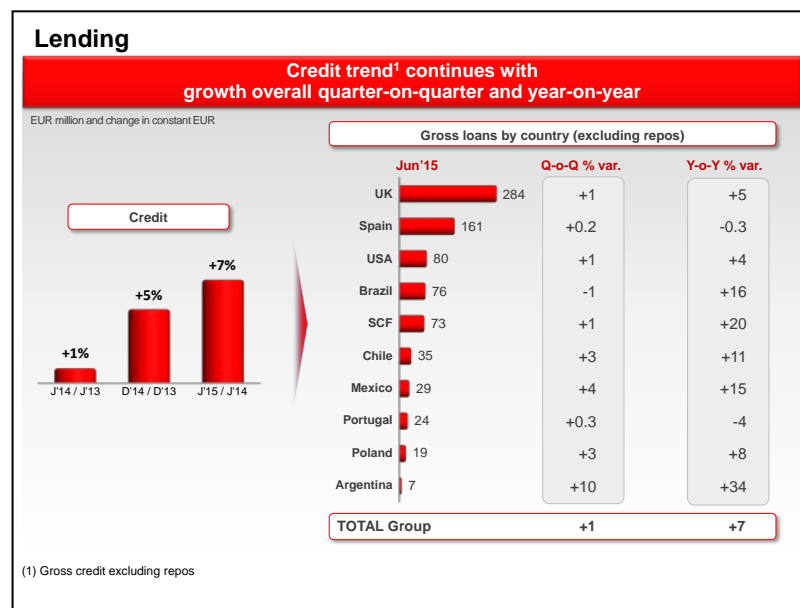
Net operating income, the difference between income and costs, stood at EUR 12,256 million, with growth of 13%. This increase, together with the decrease in loan loss provisions of 5%, means that the ordinary attributable profit amounted to EUR 3,426 million, an increase of 24%. That figure does not include the EUR 835 million from the reversal of tax liabilities in Brazil, which allowed the bank to strengthen its capital ratios.

Emerging economies (Latin America and Poland) accounted for 41% of profit and mature markets contributed 59%. By country, the largest contribution was from U.K. (21%), followed by Brazil (20%), Spain (16%), U.S. (9%), Mexico (7%), Chile (5%), Poland and Argentina (4% each) and Portugal (2%). Santander Consumer Finance contributed 10% to total profit.

Balance sheet

Banco Santander closed June 2015 with total assets of EUR 1.339 trillion, 13% more than June 2014. The business shows balanced growth, since new loans grew 13% and customer funds (deposits plus mutual funds), 12%.

At the end of June 2015, the loan portfolio reached EUR 826,707 million, 13% more than the year before (7% without the exchange rate effect). In the first half of the year, lending rose EUR 65,000 million.



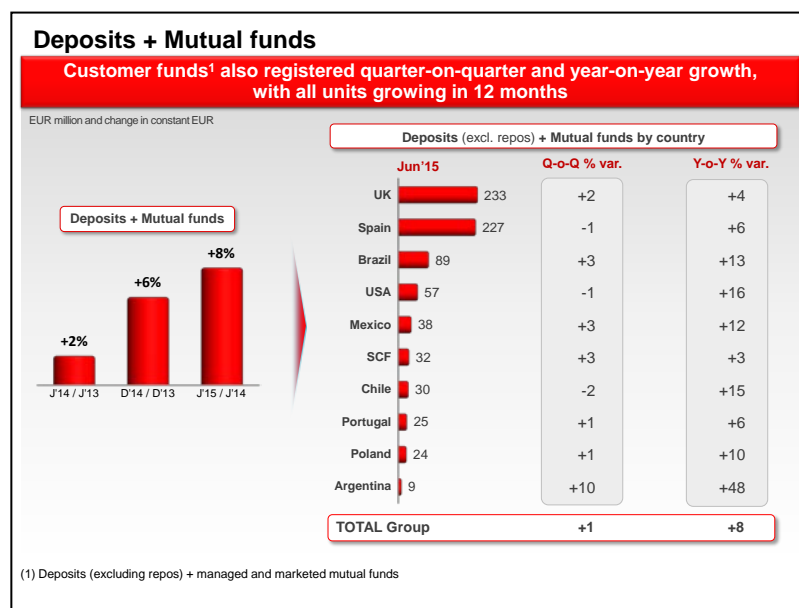
In Spain, the total loan portfolio reached EUR 161,357 million, virtually the same as at the end of June 2014, after subtracting repos. New lending to companies grew 17% and to individuals, 33%, with mortgages increasing 29%. In the first half of the year, Santander provided EUR 6,218 million in financing to SMEs and micro-enterprises, 28% more than a year earlier. The increase in new lending to companies allows growth in final balances, while mortgage repayments exceeded new transactions.

In U.K., the loan portfolio stood at EUR 283,740 million, with growth of 18% over the first half of 2014. Without the exchange rate effect, in pounds, the increase in lending was 5%, boosted by financing to companies, which grew 11% year-on-year; mortgages, up 1%, and consumer and auto finance, which increased 48%.

Comunicación Externa.

In Brazil, the loan portfolio reached EUR 75,902 million, growing 16%, but remaining flat when converted to euros. Financing to companies was responsible for most of the growth, 23%, as well as in mortgages, which increased 34%. Financing to SMEs also showed marked improvement, and grew 6% year-on-year.

As for customer funds, total deposits and mutual funds of the bank were EUR 823,482 million, with growth of 12% (8% without the exchange rate effect), which represents an addition of EUR 51,000 million in one year. Deposits reached 687,900 million and mutual funds 135,582 million, with growth of 11% and 13%, respectively, year-on-year. All markets gained customer funds.



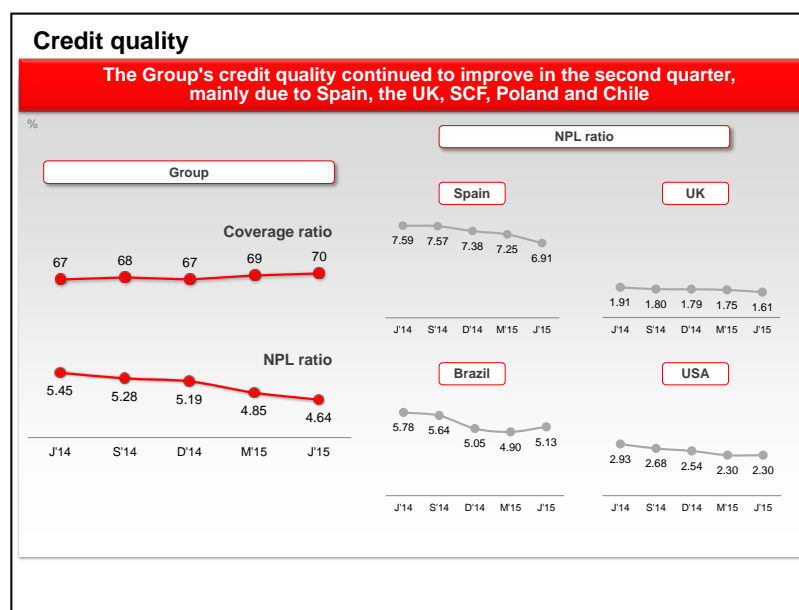
Current accounts, which make up nearly two thirds of deposits, showed positive growth in the group's ten key markets. The current account balance reached EUR 413,000 million at the close of the first half of the year, with growth of 27% compared with the end of June 2014. This means that in twelve months, a gain of EUR 89,000 million was added to these accounts. The current account is key to the strategy of increasing the loyalty of the bank's customers, since it is the conduit for most transactions, centralizing income and expenses. For this reason, last May Santander rolled out in Spain the 1|2|3 Account, a fidelity and customer relationship strategy that was launched three years ago in U.K. and is also the focus of the strategy in Portugal starting this year.

In Spain, total customer funds (deposits plus mutual funds) amounted to EUR 227,187 million at the end of June of this year, with an increase of 6% for the last twelve months. Demand deposits grew 20%, compared to a fall of 19% for time deposits, and assets in mutual funds rose 17%. This strategy reduced the cost of deposits by half a point in a year.

In U.K., the volume of deposits plus mutual funds reached EUR 232,883 million and grew 17% for the year, 4% without the exchange rate effect. This increase accelerated in the last quarter and the strategy continues to focus on current accounts to individuals, the balance of which increased 36% in twelve months, with a rate of increase of one billion pounds per month. The 1|2|3 strategy has attracted 4.3 million customers, 1.3 million in the last twelve months, and for 95% of them, Santander is their primary bank.

In Brazil, the total of deposits and mutual funds reached EUR 89,379 million, with growth of 13% without the exchange rate effect, and flat when converted from Brazilian real to euros. Total deposits grew 9% and funds, 16%.

Spain, U.K. and Brazil represented 70% of customer funds managed and commercialised by the group and 64% of the loan portfolio. Loan portfolio quality continued to improve significantly in Spain and U.K., while the non-performing loans grew in Brazil in the quarter, but they are still far from last year's figures. The group's non-performing loans stood at 4.64% at the close of the first half of the year, with a decrease of 0.81 point in one year.

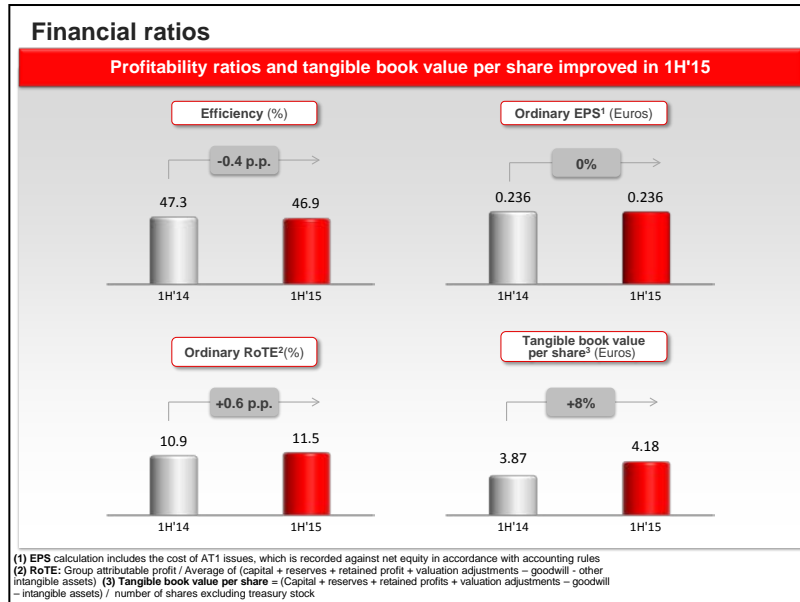


Net entries of non-performing loans were EUR 1,315 million in the second quarter of this year, approximately half of the quarterly average last year. At the same time, the group continues to raise coverage, which already stands at 70%, compared to 67% a year ago.

Capital

At the beginning of the year, the bank carried out a rights issue for EUR 7,500 million via an accelerated bookbuilding offer to institutional investors. At the close of the first half of the year, Banco Santander's total equity stood at EUR 91,497 million and the capital ratios improved in the quarter. The bank's total fully loaded capital ratio grew 0.34 point, to 12.37%, and the fully loaded core capital ratio grew 0.16 point, to 9.83%.

Earnings per share for the first half of this year was 0.2% higher than last year thanks to the fact that, although the number of shares increased by 22% as a result of the capital increase and the script dividend, profit grew 24%. The return on tangible equity (ROTE) increased by 0.6 point, to 11.5%.



Along with the rights issue, the bank's board of directors announced its new dividend policy against fiscal year 2015, which consists of the payment of four dividends for EUR 0.05 per share, of which three will be paid in cash and one in shares or cash, per the shareholders choice. This year's August dividend payment will be made entirely in cash.

Banco Santander has a market capitalization of more than EUR 90,000 million, making it the first bank in the euro zone and eleventh-largest in the world. Santander has 3,203,349 shareholders and 190,262 employees serving over 110 million customers through 12,910 branches.

More information at www.santander.com

KEY CONSOLIDATED DATA

Balance sheet (EUR million)	Jun'15	Mar'15	%	Jun'15	Jun'14	%	2014
Total assets	1,339,376	1,369,689	(2.2)	1,339,376	1,188,169	12.7	1,266,296
Net customer loans	799,233	793,965	0.7	799,233	706,899	13.1	734,711
Customer deposits	687,900	687,362	0.1	687,900	617,761	11.4	647,628
Managed and marketed customer funds	1,082,948	1,091,174	(0.8)	1,082,948	982,494	10.2	1,023,437
Stockholders' equity	91,497	91,915	(0.5)	91,497	74,917	22.1	80,806
Total managed and marketed funds	1,514,136	1,545,444	(2.0)	1,514,136	1,342,365	12.8	1,428,083

Ordinary income statement* (EUR Million)	2Q'15	1Q'15	%	1H'15	1H'14	%	2014
Net interest income	8,281	8,038	3.0	16,319	14,362	13.6	29,548
Gross income	11,618	11,444	1.5	23,062	20,611	11.9	42,612
Pre-provision profit (net operating income)	6,189	6,067	2.0	12,256	10,858	12.9	22,574
Profit before taxes	2,998	2,990	0.3	5,988	4,584	30.6	9,720
Attributable profit to the Group	1,709	1,717	(0.5)	3,426	2,756	24.3	5,816

Variations w/o exchange rate Quarterly: Net interest income: +3.6%; Gross income: +2.1%; Pre-provision profit: +2.8%; Attributable profit: -0.2%
 Year-on-year: Net interest income: +8.0%; Gross income: +6.9%; Pre-provision profit: +7.4%; Attributable profit: +15.6%

Ordinary EPS, profitability and efficiency* (%)	2Q'15	1Q'15	%	1H'15	1H'14	%	2014
EPS ⁽¹⁾ (euro)	0.115	0.121	(4.4)	0.236	0.236	0.2	0.479
RoE ⁽²⁾	7.4	7.6		7.5	6.9		7.0
RoTE ⁽²⁾	11.4	11.5		11.5	10.9		11.0
RoA	0.6	0.6		0.6	0.6		0.6
RoRWA	1.3	1.4		1.4	1.2		1.3
Efficiency ratio (with amortisations)	46.7	47.0		46.9	47.3		47.0

Solvency and NPL ratios (%)	Jun'15	Mar'15	%	Jun'15	Jun'14	%	2014
CET1 fully-loaded ⁽²⁾	9.8	9.7		9.8			9.7
CET1 phase-in ⁽²⁾	12.4	11.9		12.4	10.9		12.2
NPL ratio	4.64	4.85		4.64	5.45		5.19
Coverage ratio	70.1	68.9		70.1	66.8		67.2

Market capitalisation and shares	Jun'15	Mar'15	%	Jun'15	Jun'14	%	2014
Shares (millions at period-end)	14,317	14,061	1.8	14,317	11,778	21.6	12,584
Share price (euros)	6.264	7.017	(10.7)	6.264	7.630	(17.9)	6.996
Market capitalisation (EUR million)	89,679	98,663	(9.1)	89,679	89,867	(0.2)	88,041
Book value (euro)	6.40	6.55		6.40	6.37		6.42
Price / Book value (X)	0.98	1.07		0.98	1.20		1.09
P/E ratio (X)	13.27	14.54		13.27	16.20		14.59

Other data	Jun'15	Mar'15	%	Jun'15	Jun'14	%	2014
Number of shareholders	3,203,349	3,230,808	(0.8)	3,203,349	3,279,897	(2.3)	3,240,395
Number of employees	190,262	187,262	1.6	190,262	183,648	3.6	185,405
Number of branches	12,910	12,920	(0.1)	12,910	13,142	(1.8)	12,951

(*)- In 2Q'15 and 1H'15 not including attributable profit of EUR 835 million due to the net result of the reversal of tax liabilities in Brazil

(1)- Ordinary EPS: Ordinary attributable profit including the AT1 cost recorded in shareholders' equity / average number of shares for the period excluding treasury shares

(2)- In 2014, pro-forma taking into account the January 2015 capital increase

Nota: The financial information in this report was approved by the Board of Directors at its meeting on July, 29 2015, following a favourable report from the Audit Committee on July, 22 2015.