

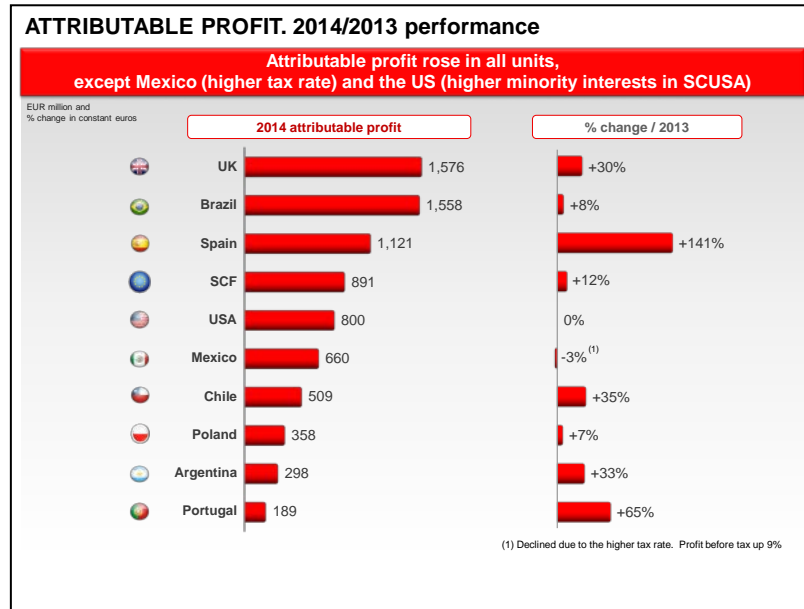
## Santander grows business in all markets and makes a profit of EUR 5.816 billion in 2014

- *In 2014, Santander continued to support its clients, growing loans by 5%. We did it with a sustained improvement in the NPL ratio and a significant drop in loan loss provisions.*
- *As of 2015, we will focus on organic growth by earning the loyalty of our customers, helping them prosper. We will do this by enhancing operational excellence, while improving our service and efficiency.*
- *We have a committed board, made up mainly of independent members, from four nationalities, a third of whom are women. This places us among the banks with the highest corporate governance standards.*
- *Our aim is to become the best retail and commercial bank. A bank that is Simple, Personal and Fair which contributes to creating jobs and fosters growth in the communities where it operates.*

*Ana Botín, Group Executive Chairman Banco Santander*

- BUSINESS. Loans reached EUR 761,928 million, EUR 50,500 million more than in 2013, an increase of 5%. Deposits and mutual funds, which amounted to EUR 772,336 million, grew by EUR 60,500 million, up 6% over 2013.
- EFFICIENCY. Costs dropped almost 1%, while business income grew more than 3%. This performance resulted in an improvement in the efficiency ratio of 1.1 percentage points, to 47%, one of the best in the sector.
- DIVERSIFICATION. For the first time since the start of the crisis, profits increased in the Group's ten key markets. Europe contributed 52% to the Group's profits (United Kingdom 19% and Spain 14%), Latin America, 38% (Brazil 19% and Mexico 8%) and the United States, 10%.
  - Spain: Attributable profit amounted to EUR 1,121 million (+141%). Net interest income grew 9% and costs dropped 7%. Loans increased 2% and customer funds 5% for the year.
  - U.K.: Attributable profit totaled EUR 1,576 million (GBP 1,270 million, +30%). Net interest income grew 16% and costs, 5%. Loans grew 3% and funds 2%.
  - Brazil: Attributable profit reached EUR 1,558 million (BRL 4,857 million, +8%). Basic revenues and costs remained virtually flat. Loans increased 10% and customer funds, 12% year-on-year.

Madrid, February 3, 2015. Banco Santander made an attributable profit of EUR 5.816 billion, a 39% increase over 2013. For the first time since the start of the global economic crisis, gross profit increased in the ten main markets where the Group operates.



## Results

The improvement in earnings is a consequence of the increase in basic revenues of 3%, a decrease in costs of almost 1% and a drop of 14% in loan-loss provisions compared to those registered in 2013. 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 an improvement in the solvency ratio.

2014 results are set against a context of uneven slowdowns in Latin American economies, doubts about the Euro zone's recovery that led the ECB to cut interest rates to historic lows 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 unprecedented low levels.

The P&L account starts with an increase in basic revenues (interest income and fees) of 3%. The decrease in results from financial transactions, which are more volatile, generated a 2% increase in gross income, which reached EUR 42,612 million.

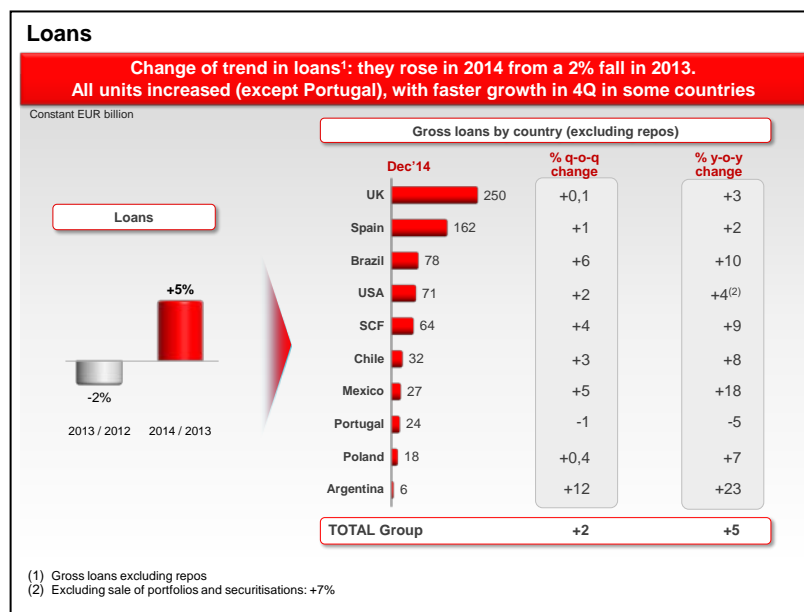
Cost reductions of almost 1% allowed net operating income to grow 4%, to EUR 22,574 million. This improvement in revenue and costs allowed the efficiency ratio to stand at 47%, which means a 1.1 percentage point reduction over 2013 and positions Banco Santander among the institutions with the best efficiency ratio.

Loan loss provisions dropped 14%, to EUR 10,562 million, with decreases in key markets of 46% in the U.K., 28% in Spain and 18% in Brazil. Loan loss provisions were much lower than those made in 2012 but still higher than the average for the cycle.

The improvement in net operating income and the decrease in provisions allowed attributable profit to grow 39%, to EUR 5,816 million, allowing earnings per share to grow 24% compared to 2013, to EUR 0.48.

These results do not include net capital gains obtained from the sale of 85% of Altamira (EUR 385 million), the flotation of Santander Consumer USA (EUR 730 million), Santander Consumer Finance's insurance partnership (EUR 250 million), nor the EUR 224 million registered in the U.K. for the change to pension commitments agreed in the first semester. These capital gains of EUR 1,589 million do not impact profit, since they have been set aside to cover costs of restructure, amortisation of intangibles and other write-downs.

Emerging economies (Latin America and Poland) accounted for 44% of profit and mature markets the rest (56%). By country, the largest contributors were the U.K. and Brazil, each with 19%, followed by Spain (14%), the U.S. (10%), Mexico (8%), Chile and Poland (6% each), Germany (5%), Argentina (4%) and Portugal (2%).



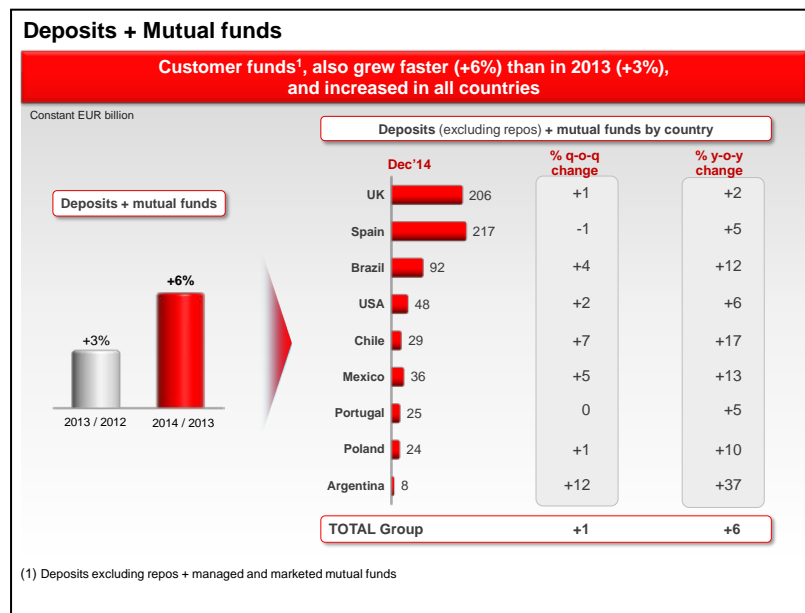
## Balance sheet

Banco Santander closed 2014 with total assets of EUR 1.27 trillion, 12% more than 2013. The balance sheet is well balanced, with a loan portfolio equal to 113% of deposits, which gives the bank a very comfortable liquidity position. Before the crisis the ratio was 150%.

At the close of 2014, the loan portfolio was EUR 761,928 million, up 5% from December of 2013, which means loans increased EUR 50,500 million for the year. Of the ten key markets where the Group operates, credit grew in all, except Portugal.

In Spain, the overall loan portfolio reached EUR 162,377 million, with an increase of 2% compared to the close of 2013, excluding temporary asset acquisitions. This growth is due to the increase in financing to companies, which grew 5%. The new mortgage production is growing strongly at 64%, but this does not compensate the amortizations produced for the year.

In the U.K., the loan portfolio was EUR 250,094 million, with growth of 3% over the close of 2013. Growth in corporate loans was especially strong at 8% year-on-year to EUR 30,700 million euros.



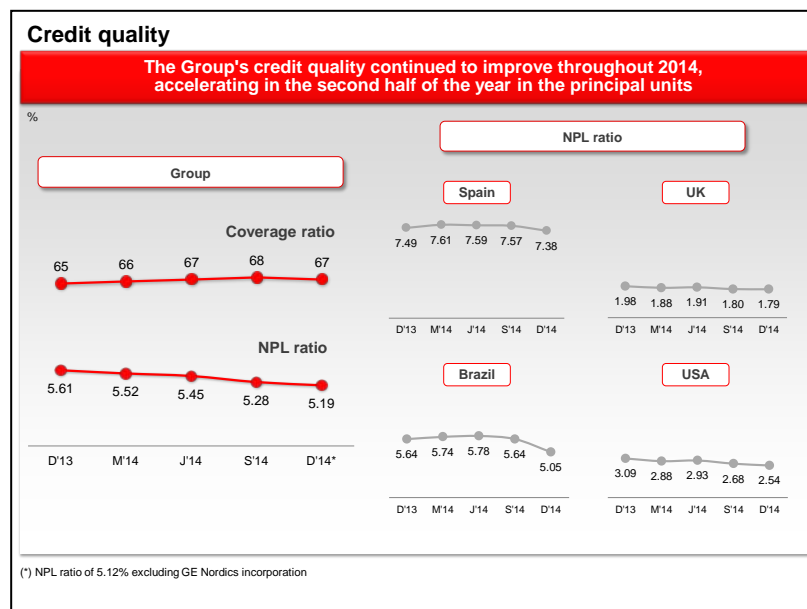
On the resource side, Grupo Santander's deposits and mutual funds totaled EUR 772,336 million, with growth of 6%, equivalent to a gain of EUR 60,500 million for 2014. Deposits reached EUR 647,628 million and mutual funds EUR 124,708 million, with growth for the year of 7% and 20%, respectively. All markets captured new customer funds.

Current accounts, which make up more than half of total deposits, performed well in the Group's ten core markets. Current accounts totaled EUR 362,201 million at the close of 2014, with growth of 18% compared to 2013. In twelve months, EUR 56,518 million in current accounts was captured. Current accounts represent a core product in the bank's strategy of

increasing customer loyalty, since most transactions are carried out through these accounts that centralize income and expenses.

In Spain, customer funds (deposits and mutual funds) totaled EUR 217,109 million at the close of 2014, an increase of 5% for the year. Deposits remained stable, while assets under management in mutual funds grew 28%.

In the U.K., the volume of deposits and mutual funds increased to EUR 206,025 million and grew 2% for the year. The improvement is centered on growth in current accounts, which increased by EUR 19,300 million in twelve months, up 47%.

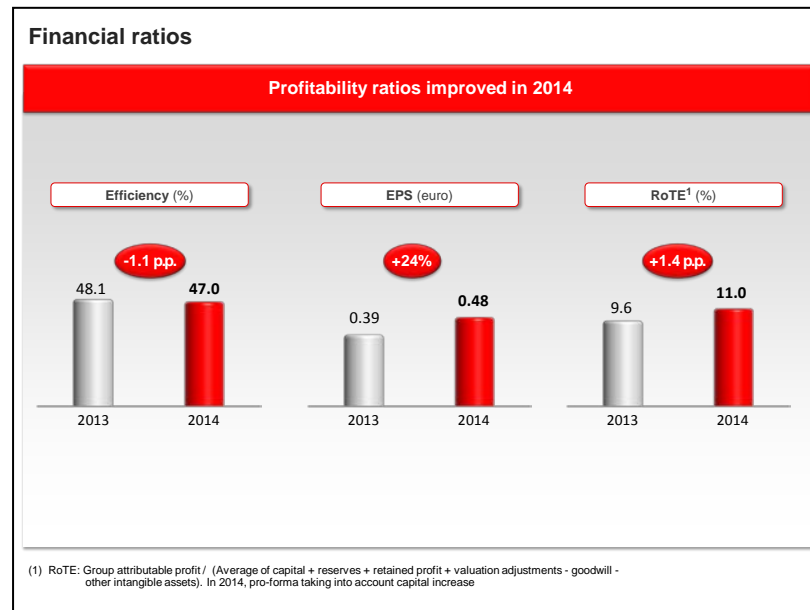


The Group's NPL ratio decreased for the fourth quarter in a row, to 5.19%, 0.42 percentage points less than the end of 2013. At the same time, the provision coverage ratio improved by two points, to 67%.

The NPL ratio dropped for the second quarter in a row in the Group's three main markets. The largest decrease was registered in Brazil, where it was down 0.59 points in the fourth quarter, to 5.05%. In Spain, it decreased 0.19 points in the last quarter of the year, to 7.38%. In the U.K., the NPL ratio continues at low levels, 1.79%, 0.01 point less than in the third quarter and 0.19 points below the close of 2013.

## Capital

With regards to capital ratios, Banco Santander’s computable capital stood at EUR 91,664 million at the end of the year, EUR 7,185 million more than a year earlier. On January 8, 2015, Santander raised capital by EUR 7,500 million through an accelerated bookbuilding offer to institutional investors. After this capital increase, the bank’s computable capital stood at EUR 99,164 million. The capital ratio was 11.8% and core capital, 9.7%, both “fully loaded”.



Along with the capital increase, the bank’s board of directors made public its new dividend policy against 2015 results. This consists of four payments of EUR 0.05 per share, of which three will be in cash and the fourth as a scrip dividend or cash, at the shareholders’ choice.

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 3,240,395 shareholders and 185,405 employees serving more than 100 million customers through 12,951 branches.

More information at [www.santander.com](http://www.santander.com)

**Preliminary note:**

In order to facilitate the following comparative analysis, the 2013 financial information has been re-expressed (not audited), as set out on page 15 of this report. The changes were due, on the one hand, to the early adoption of IFRIC 21 on levies, which gave rise to a change in the recognition of the contributions made by Santander UK to the Financial Services Compensation Scheme and of the contributions made by the Group's Spanish financial institutions to the Deposit Guarantee Fund. And on the other, 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

<b>BALANCE SHEET</b> (EUR Million)	<b>Dec'14</b>	<b>Sep'14</b>	<b>(%)</b>	<b>Dec'14</b>	<b>Dec'13</b>	<b>(%)</b>	<b>Dec'12</b>
Total assets	<b>1,266,296</b>	1,241,104	2.0	<b>1,266,296</b>	1,134,128	11.7	1,282,880
Net customer loans	<b>734,711</b>	721,988	1.8	<b>734,711</b>	684,690	7.3	731,572
Customer deposits	<b>647,628</b>	646,331	0.2	<b>647,628</b>	607,836	6.5	626,639
Managed and marketed customer funds	<b>1,023,437</b>	1,020,433	0.3	<b>1,023,437</b>	946,210	8.2	990,096
Stockholders' equity	<b>80,806</b>	77,325	4.5	<b>80,806</b>	70,326	14.9	71,797
Total managed and marketed funds	<b>1,428,083</b>	1,402,277	1.8	<b>1,428,083</b>	1,270,042	12.4	1,412,617

<b>INCOME STATEMENT*</b> (EUR Million)	<b>4Q'14</b>	<b>3Q'14</b>	<b>(%)</b>	<b>2014</b>	<b>2013</b>	<b>(%)</b>	<b>2012</b>
Net interest income	<b>7,714</b>	7,471	3.2	<b>29,548</b>	28,419	4.0	31,914
Gross income	<b>11,040</b>	10,961	0.7	<b>42,612</b>	41,920	1.7	44,989
Pre-provision profit (net operating income)	<b>5,824</b>	5,891	(1.1)	<b>22,574</b>	21,762	3.7	24,753
Profit before taxes	<b>2,580</b>	2,556	0.9	<b>9,720</b>	7,362	32.0	8,942
Attributable profit to the Group	<b>1,455</b>	1,605	(9.3)	<b>5,816</b>	4,175	39.3	2,283

(\*) - Variations w/o exchange rate: **Quarterly:** Net interest income: +3.7%; Gross income: +1.1%; Pre-provision profit: -0.7%; Attributable profit: -9.3%

**Year-on-year:** Net interest income: +8.8%; Gross income: +6.2%; Pre-provision profit: +9.1%; Attributable profit: +49.3%

<b>EPS, PROFITABILITY AND EFFICIENCY</b> (%)	<b>4Q'14</b>	<b>3Q'14</b>	<b>(%)</b>	<b>2014</b>	<b>2013</b>	<b>(%)</b>	<b>2012</b>
EPS (euro)	<b>0.112</b>	0.131	(14.5)	<b>0.479</b>	0.385	24.4	0.234
RoE <sup>(1)</sup>	<b>6.7</b>	7.7		<b>7.0</b>	5.8		3.1
RoTE <sup>(1)</sup>	<b>10.2</b>	12.0		<b>11.0</b>	9.6		5.2
RoA	<b>0.6</b>	0.6		<b>0.6</b>	0.4		0.3
RoRWA	<b>1.2</b>	1.4		<b>1.3</b>			
Efficiency ratio (with amortisations)	<b>47.2</b>	46.3		<b>47.0</b>	48.1		45.0

<b>SOLVENCY AND NPL RATIOS</b> (%)	<b>Dec'14</b>	<b>Sep'14</b>	<b>(%)</b>	<b>Dec'14</b>	<b>Dec'13</b>	<b>(%)</b>	<b>Dec'12</b>
CET1 fully-loaded <sup>(2)</sup>	<b>9.7</b>	8.3		<b>9.7</b>			
CET1 phase-in <sup>(2)</sup>	<b>12.2</b>	11.2		<b>12.2</b>			
NPL ratio	<b>5.2</b>	5.3		<b>5.2</b>	5.6		4.6
Coverage ratio	<b>67.2</b>	67.5		<b>67.2</b>	64.9		75.4

<b>MARKET CAPITALISATION AND SHARES</b> (%)	<b>Dec'14</b>	<b>Sep'14</b>	<b>(%)</b>	<b>Dec'14</b>	<b>Dec'13</b>	<b>(%)</b>	<b>Dec'12</b>
Shares (millions at period-end)	<b>12,584</b>	11,988	5.0	<b>12,584</b>	11,333	11.0	10,321
Share price (euros)	<b>6.996</b>	7.611	(8.1)	<b>6.996</b>	6.506	7.5	6.100
Market capitalisation (EUR million)	<b>88,041</b>	91,241	(3.5)	<b>88,041</b>	73,735	19.4	62,959
Book value (euros)	<b>6.42</b>	6.48		<b>6.42</b>	6.21		6.99
Price / Book value (X)	<b>1.09</b>	1.18		<b>1.09</b>	1.05		0.87
P/E ratio (X)	<b>14.59</b>	15.55		<b>14.59</b>	16.89		26.10

<b>OTHER DATA</b> (%)	<b>Dec'14</b>	<b>Sep'14</b>	<b>(%)</b>	<b>Dec'14</b>	<b>Dec'13</b>	<b>(%)</b>	<b>Dec'12</b>
Number of shareholders	<b>3,240,395</b>	3,229,672	0.3	<b>3,240,395</b>	3,299,026	(1.8)	3,296,270
Number of employees	<b>185,405</b>	183,534	1.0	<b>185,405</b>	186,540	(0.6)	189,460
Number of branches	<b>12,951</b>	13,059	(0.8)	<b>12,951</b>	13,781	(6.0)	14,238

(1) RoE: Group attributable profit / (Average of capital + reserves + retained profit + valuation adjustments). 2014 pro-forma taking into account the January 2015 capital increase

RoTE: Group attributable profit / (Average of capital + reserves + retained profit + valuation adjustments - goodwill - other intangible assets). In 2014, pro-forma taking into account the January 2015 capital increase

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

Note: The financial information in this report has not been audited, but it was approved by the Board of Directors at its meeting on January, 16 2015, following a favourable report from the Audit Committee on January, 14 2015. 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.