





Annex

- 278 Historical data
- 280 Glossary
- 284 General information

Historical data. 2006 - 2016

Balance sheet	US\$Mill.	2016	2015	2014	2013	2012
		€ Million	€ Million	€ Million	€ Million	€ Million
Total assets	1,411,572	1,339,125	1,340,260	1,266,296	1,134,128	1,282,880
Net customer loans	833,234	790,470	790,848	734,711	684,690	731,572
Customer deposits	728,501	691,112	683,142	647,706	607,836	626,639
Customer funds under management	1,162,133	1,102,488	1,075,563	1,023,189	946,210	990,096
Total equity	108,255	102,699	98,753	89,714	80,298	81,747
Total managed funds	1,603,953	1,521,633	1,506,520	1,428,083	1,270,042	1,412,617

Income statement

Net interest income	34,388	31,089	32,189	29,548	28,419	31,914
Gross income	48,507	43,853	45,272	42,612	41,920	44,989
Net operating income	25,182	22,766	23,702	22,574	21,762	24,753
Profit before taxes	11,911	10,768	9,547	10,679	7,378	3,565
Attributable profit to the Group	6,863	6,204	5,966	5,816	4,175	2,283

Per share data ⁽¹⁾	US\$	2016	2015	2014	2013	2012
		Euros	Euros	Euros	Euros	Euros
Attributable profit to the Group	0.45	0.41	0.40	0.48	0.39	0.23
Dividend	0.22	0.21	0.20	0.60	0.60	0.60
Share price	5.227	4.959	4.558	6.996	6.506	6.100
Market capitalisation (million)	76,226	72,314	65,792	88,041	73,735	62,959

Euro / US\$ = 1.054 (balance sheet) y 1.106 (income statement).

(1) Figures adjusted to capital increase in 2008.

2011	2010	2009	2008	2007	2006
€ Million	€ Million	€ Million	€ Million	€ Million	€ Million
1,251,008	1,217,501	1,110,529	1,049,632	912,915	833,873
748,541	724,154	682,551	626,888	571,099	523,346
632,533	616,376	506,976	420,229	355,407	331,223
984,353	985,269	900,057	826,567	784,872	739,223
80,813	80,914	73,871	60,001	57,558	47,072
1,382,464	1,362,289	1,245,420	1,168,355	1,063,892	1,000,996

28,883	27,728	25,140	20,019	14,443	12,480
42,466	40,586	38,238	32,624	26,441	22,333
23,055	22,682	22,029	17,807	14,417	11,218
7,858	12,052	10,588	10,849	10,970	8,995
5,330	8,181	8,943	8,876	9,060	7,596

2011	2010	2009	2008	2007	2006
Euros	Euros	Euros	Euros	Euros	Euros
0.60	0.94	1.05	1.22	1.33	1.13
0.60	0.60	0.60	0.63	0.61	0.49
5.870	7.928	11.550	6.750	13.790	13.183
50,290	66,033	95,043	53,960	92,501	88,436

Glossary

Additional Tier 1: capital mainly constituted by debt instruments convertible into shares (hybrids) in case of a contingent event (usually when the CET1 ratio drops below a certain value).

Advanced IRB approach: all the risk parameters are internally estimated by the bank, including CCF (credit conversion factors) to calculate the EAD.

Advanced Risk Management: programme to accelerate the implementation of strategic projects to improve risk management capacity and control.

ALM (Asset liability management): a series of techniques and procedures to ensure correct decision-making on investments and funding at the entity, taking into consideration the interrelation between the various on- and off-balance sheet items.

AQR (Asset Quality Review): asset quality review exercise performed by the European Central Bank.

Attributable profit: the portion of consolidated profit that corresponds to owners of the Group's ordinary shares.

Back-testing: the use of historical data to supervise the return on risk models.

Basel III: a set of amendments to the Basel II regulations, published in December 2010, which came into force in January 2013 and will be gradually implemented until January 2019.

Basic IRB approach: all the risk parameters are determined by the regulator except for the probability of default, which is internally estimated by the bank. The credit conversion factors required for calculating the EAD are determined by the regulator.

BCBS: Basel Committee on Banking Supervision.

BIS: Bank for International Payments.

BRRD (Bank Recovery and Resolution Directive): approved in 2014, it establishes the European framework for bank recovery and resolution in order to minimise the cost for taxpayers.

CB (Conservation buffer): a capital buffer equal to 2.5% of risk-weighted assets (and comprised fully of high quality instruments) to absorb losses generated from the business.

CCAR (Comprehensive capital analysis review): the Federal Reserve's evaluation of the planning and capital adequacy process of the US's main banks.

CCB (Counter cyclical buffer): buffer whose objective is to mitigate or prevent cyclical risks arising from excessive growth in lending at aggregate level. Accordingly, the CCB is designed to build up capital buffers during expansionary phases with a dual objective: to bolster the banking system's solvency and stabilise the credit cycle.

CCP (Central Counterparty Clearing House): responsible for clearing and settlement, facilitating trading in shares and derivatives in international markets.

CDS (Credit default swap): a derivatives contract that transfers the credit risk of financial instrument from the buyer (who receives the credit protection) to the seller (who guarantees the instrument's solvency).

CoCos (Contingent convertible bonds): debt securities convertible into capital if a specified event occurs. AT1 instruments are a type of CoCo.

Common equity: a capital measure that takes into account, among other components, ordinary shares, the share premium and retained earnings. It does not include preferred shares.

Common Equity Tier 1: an entity's highest quality capital, consisting of equity mainly constituted by ordinary shares and retained earnings and excluding preferred shares.

Concentration risk: the risk of loss due to large exposures to a small number of debtors to which the entity has lent money.

Cost of credit: a measure of credit quality, calculated as the ratio between loan-loss provisions and total lending

Coverage of non-performing loans: a risk quality indicator, expressed as the percentage of loans considered as doubtful which are covered by loan-loss provisions.

Credit risk mitigation: a technique to reduce the credit risk of a transaction by applying coverage such as personal guarantees or collateral.

Credit risk rating: the result of the objective evaluation of the future economic situation of the counterparties based on current features and assumptions. The methodology for assigning ratings depends largely on the type of customer and on the available data. A wide range of methodologies to assess credit risk is used, such as expert systems and econometric methods.

CRM (Customer Relationship Management): systems to manage customer relations.

CRR (Capital Requirements Regulation) and CRD IV (Capital Requirements Directive): these incorporate European rules to the legal framework of Basel III.

CSP (Commercial Strategic Plan): management model for coordinating the planning and control of loan portfolios at Santander Group, in which all those areas involved in managing portfolios (risk, business, management control, capital, financial management) participate in a comprehensive and coordinated way.

CVA (Credit Valuation Adjustment): valuation adjustment of over-the-counter (OTC) derivatives as a result of the risk associated with the credit exposure assumed by each counterparty.

Derivatives: financial instruments that derive their value from the performance of an underlying asset or index, e.g. bonds, currencies or stock market indices.

Digital customers: for Santander a digital customer is an individual or a company who, being a customer of a retail bank, has started to use online banking, mobile banking or both, in the last 30 days.

DTA: Deferred tax assets.

DVA (Debt Valuation Adjustment): valuation adjustment similar to the CVA, but in this case as a result of the risk with the Group assumed by its counterparties in OTC derivatives.

EAD (Exposure at default): the amount that the entity could lose in the event of counterparty default.

EBA (European Banking Authority): created in 2010, it began to operate in 2011. The EBA acts as a coordinator between the national entities responsible for safeguarding values such as the financial system's stability, transparency of markets and financial products, and the protection of bank customers and investors.

ECB Governing Council: the main decision-making body of the European Central Bank, consisting of all the members of the Executive Board and the governors of the national central banks of the euro zone countries.

Economic capital: the figure that demonstrates to a high degree of certainty the quantity of capital resources the Group needs at a given point in time to absorb unexpected losses arising from its current exposure.

EDTF (Enhanced Disclosure Task Force): task force that issues recommendations to enhance the transparency of information that banks disclose to the market.

Efficiency ratio: calculated as the ratio between operating costs and gross income. It measures how many euros an entity needs to spend in order to generate €1 of revenue (an efficiency ratio of 50% means an entity needs to spend €0.5 to generate €1 of revenue).

EL (Expected loss): a regulatory calculation of the average amount expected to be lost on an exposure, using a 12-month time horizon. EL is calculated by multiplying probability of default (a percentage) by exposure at default (an amount) and LGD (a percentage).

EPS (earnings per share): calculated by dividing a company's profits for the period by the number of shares comprising its share capital.

ESRB (European Systemic Risk Board): the body that has been charged with macroprudential supervision of the European Union's financial system in order to contribute to preventing or mitigating the systemic risk to financial stability.

Exposure: the gross amount that the entity could lose if the counterparty is unable to meet its contractual payment obligations, without taking into consideration the impact of any guarantees, credit enhancements or credit risk mitigation transactions.

Fully-loaded: denotes full compliance with Basel III capital adequacy requirements (mandatory in 2019).

FSB (Financial Stability Board): international institution that monitors and makes recommendations on the global financial system.

GHOS (Group of Governors and Heads of Supervision): supervisory body of the Basel Committee.

G-SIB (Global Systemically Important Bank) or SIFI (Systemically Important Financial Institution): a framework is in place to mitigate the possible impact of the insolvency of this type of bank on international financial stability and particular economies.

ICAAP: Internal Capital Adequacy Assessment Process.

ICAAR: Internal Capital Adequacy Assessment Report.

IFRS: International Financial Reporting Standards.

ILAAP (Internal Liquidity Adequacy Assessment Process): internal process to identify, measure, manage and control liquidity implemented by the entity in accordance with article 86 of Directive 2013/36/EU.

IRB (Internal Ratings-based) approach: based on internal ratings to calculate risk-weighted exposures.

IRP: initials in Spanish for the Pillar III disclosures report.

ISDA (International Swaps and Derivatives Association): the organisation that establishes the framework contracts for over-the-counter (OTC) derivative transactions between financial institutions.

JST (Joint Supervisory Team): one of the main forms of cooperation between the ECB and the national supervisors.

LCR (Liquidity Coverage Ratio): a ratio that ensures that a bank has an adequate stock of unencumbered high quality liquid assets that can be converted, easily and immediately, into cash in private markets, in order to meet its liquidity needs for a 30 calendar day liquidity stress scenario.

Leverage ratio: a complementary (non-risk based) regulatory capital measure that attempts to guarantee the financial resilience and strength of entities in terms of indebtedness. The ratio is calculated by dividing Tier 1 eligible capital by exposure.

LGD (Loss Given Default): that part of EAD not recovered at the end of the loan recovery process. It is equal to 1 minus the recovery rate (i.e. $LGD=1-\text{recovery rate}$). The definition of loss used to estimate the LGD must be a definition of economic loss, not an accounting loss.

Loyal customers: customers who consider Santander as their main bank.

LTD (loan to deposits): the ratio of loans to deposits, which measures a bank's liquidity.

LTV (loan to value): amount of credit extended/value of guarantees and collateral.

Mark-to-market approach: in regulatory terms, an approach for calculating the value of the counterparty credit risk exposure of derivatives (present market value plus a margin, i.e. the amount that takes into account the potential future increase in market value).

MiFID (Markets in Financial Instruments Directive): European rules on investor protection in financial products.

MREL (Minimum Requirement for Eligible Liabilities): minimum requirement of eligible liabilities with loss absorbing capacity. It applies to European banks in the same way as total loss-absorbing capacity (TLAC) applies to systemic banks.

Multiple Point of Entry: resolution by multiple points of entry. It entails applying various powers of resolution, both of the local authorities of the subsidiaries of a bank as well as the authorities of the parent.

Netting: a bank's ability to reduce its credit risk exposure by setting off the value of the rights against its obligations with the same counterparty.

Non-performing loan ratio: risk quality indicator. The relation between loans considered as doubtful and total lending.

NSFR (Net stable funding ratio): this requires banks to have a stable funding profile in relation to the composition of its off-balance sheet assets and activities a ratio of net stable funding that ensures a bank has a balanced balance sheet structure, in which stable funding requirements are funded by stable liabilities.

Ordinary profit: profit excluding extraordinary results.

OTC (over-the-counter): bilateral transactions (e.g. derivatives) that are not traded on an organised market.

PD (Probability of default): this represents the likelihood that a customer or transaction will fall into default. It is the probability that an event (the default) will occur within a given time horizon.

Phase-in: denotes compliance with current capital adequacy requirements, taking into account the transition schedule for Basel III compliance.

Pillar 1: Minimum Capital Requirements: the part of the new capital accord that establishes the minimum regulatory capital requirements for credit, market and operational risk.

Pillar 2: includes the supervisory review process. Internal capital adequacy assessment process reviewed by the supervisor with possible additional capital requirements for risk that are not included in Pillar 1, and the use of more sophisticated methodologies than Pillar 1.

Pillar 3: includes market discipline. This pillar is designed to complete the minimum capital requirements and the supervisory review process and, accordingly, enhance market discipline through the regulation of public disclosure by the entities.

QIS (Quantitative Impact Study): ad hoc requests by the EBA for studies analysing and calibrating the impact of new changes in regulation.

RDL: Royal Decree Law.

Repurchase agreement (repo): contract whereby the seller temporarily transfers ownership of securities to the buyer, and undertakes to repurchase these assets at a future date and at a pre-set price.

Risk appetite: the amount and type of risks considered as reasonable to assume when implementing the Group's business strategy.

Risk premium: credit risk management metric that relates the VMG to lending.

RoA (return on assets): this measures an entity's return, calculated as profit before tax as a percentage of total assets.

RoE (return on equity): this measures an entity's return, calculated as attributable profit as a percentage of capital.

RoTE (return on tangible equity): this measures an entity's return, calculated as attributable profit as a percentage of tangible capital.

RoRWA (return on risk-weighted assets): this measures an entity's return, calculated as profit as a percentage of risk-weighted assets.

RWA (Risk-weighted Assets): calculated by assigning a level of risk, expressed as a percentage (risk weighting) to an exposure in accordance with the relevant rules under the standardised approach or the IRB approach.

SREP (Supervisory Review and Evaluation Process): the European Central Bank's process for supervising and evaluating banks.

SRF: Single Resolution Fund.

SRMR: Single Resolution Mechanism Regulation.

SSM (Single Supervisory Mechanism): banking supervisory system in Europe, consisting of the ECB and the relevant supervisory authorities of the participating EU countries.

Standardised approach: used to calculate credit risk capital requirements under Basel Pillar 1. The risk weightings used to calculate capital are determined by the regulator.

TNAV (Tangible Net Asset Value) per share: indicator of capitalisation. Tangible equity, calculated as the sum of equity and valuation adjustments (excluding non-controlling interests) after deducting goodwill and intangible assets/number of shares (deducting treasury shares).

TLAC (Total Loss Absorbing Capacity): loss absorbing capacity of global systemic banks. It enables a bail-in: investors, not taxpayers, assume the losses.

Unexpected loss: unexpected losses (not covered by allowances) must be covered by capital.

VaR (Value at Risk): metric that establishes the maximum expected loss with a level of confidence and a certain time horizon.

VMG (management of non-performing loans variation): credit management metric defined as the final balance less the initial balance of non-performing loans for the period, plus write-offs, less loan loss recoveries for the same period.

General information

Banco Santander, S.A.

The parent group of Grupo Santander was established on 21 March 1857 and incorporated in its present form by a public deed executed in Santander, Spain, on 14 January 1875, recorded in the Mercantile Registry of the Finance Section of the Government of the Province of Santander, on folio 157 and following, entry number 859. The Bank's By-laws were amended to conform with current legislation regarding limited liability companies. The amendment was registered on 8 June 1992 and entered into the Mercantile Registry of Santander (volume 448, general section, folio 1, page 1,960, first inscription of adaptation).

The Bank is also recorded in the Special Registry of Banks and Bankers 0049, and its fiscal identification number is A-390000013. It is a member of the Bank Deposit Guarantee Fund.

Registered office

The Corporate By-laws and additional public information regarding the Company may be inspected at its registered office at Paseo de Pereda, numbers 9 to 12, Santander.

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All customers, shareholders and the general public can use Santander's official social network channels in all the countries in which the Bank operates.

