

Beat: Business

## **Banco Santander made a profit EUR 1.717 billion, 32% more than a year earlier**

### **First quarter 2015 results**

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**USPA NEWS** - Banco Santander made attributable profit of EUR 1,717 million in the first quarter, 32% more than the same period of 2014. Of the ten core markets in which the group operates, only Chile showed a decline in profit. The strong growth was supported by the bank's markets, Spain, UK and Brazil.

Exchange rates, marked by the euro-dollar and euro-pound depreciation, had a positive impact on growth rates in the balance sheet and results for the first quarter of 2015, adding to the favourable trend in the business and in group revenues. Attributable profit for the quarter grew 32%, a change that would have been 22% without the exchange rate effect. Revenues increased 13%, 7% without the exchange rate factor; and lending grew 14%, 7% without the exchange rate variation.

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

The improvement in profits are a result of an increase in basic revenue of 13%, a change that is two points greater than costs, which grew 11%. This performance allows continued improvement in the efficiency ratio of almost one point, to 47.0%, 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 6,067 million, with growth of 15%. This increase, together with the decrease in loan loss provisions of 5%, means that the final result shows a 32% improvement.

Emerging economies (Latin America and Poland) accounted for 42% of profit and mature markets contributed 58%. By country, the largest contribution was from Brazil (21%), followed by U.K. (20%), Spain (15%), U.S. (10%), Mexico (7%), Chile (5%), Poland (4%), Argentina (3%) and Portugal (2%). Santander Consumer Finance contributed 10% to total profit.

Banco Santander closed March 2015 with total assets of EUR 1.37 trillion, 17% more than March of 2014. The business shows balanced growth, since both new loans and deposits grew 14%. At the end of March, 2015, the loan portfolio reached EUR 813,260 million, 14% more than the year before (7% without the exchange rate effect), which means the credit balances increased by more than EUR 100,000 in one year. Of the ten key markets in which the group operates, credit grew in all except Portugal.

In Spain, the total loan portfolio reached EUR 161,023 million, with an increase slightly above 1% compared to the close of March, 2014, after subtracting repos. New lending to companies grew 24% and to individuals, 36%, with mortgages increasing 23%. These increases in new credit exceed redemptions generating growth in final balances of financing to companies, consumer lending to individuals and to the public administration. However, in mortgages, amounts redeemed exceeded new transactions.

In U.K., the loan portfolio stood at EUR 275,654 million, with growth of 20% over the first quarter of 2014. Without the exchange rate effect, in pounds, the increase in lending is 5%, boosted by financing to companies, which grew 9% year-on-year, mortgages, which grew 1%, and the addition of GBP 2,500 million in automobile loans as a result of the agreement with the French group PSA.

#### **Article online:**

<https://www.uspa24.com/bericht-4014/banco-santander-made-a-profit-eur-1717-billion-32-more-than-a-year-earlier.html>

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