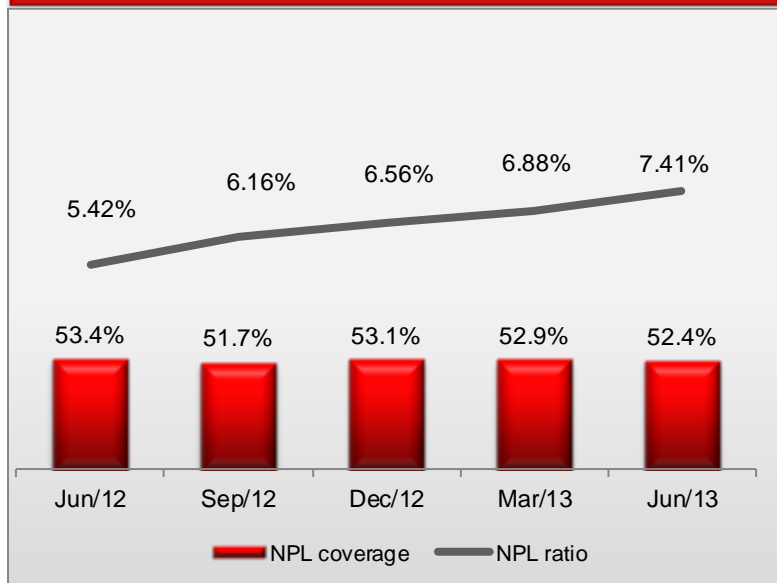


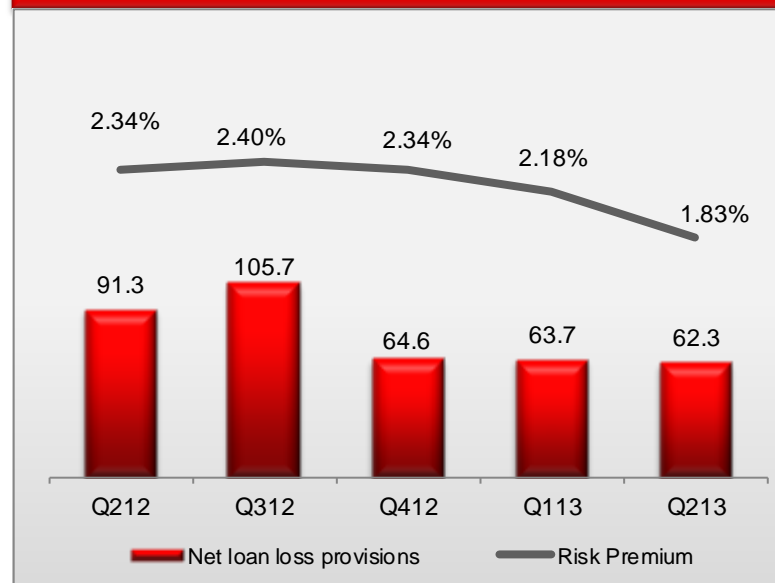
# Results: asset quality levels

**NPL ratio increased, but BST however maintained high coverage ratios.  
Provisions stabilized in the last 3 quarters**

### NPL ratio and NPL coverage

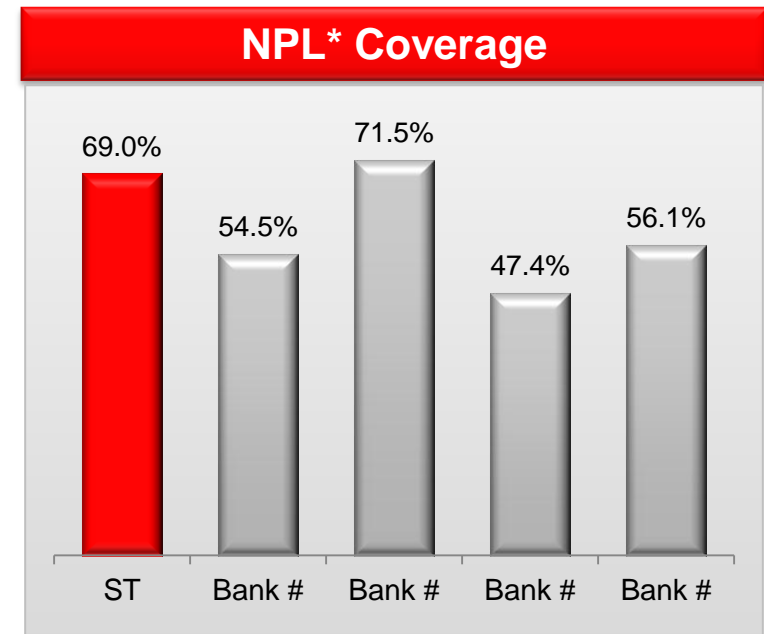
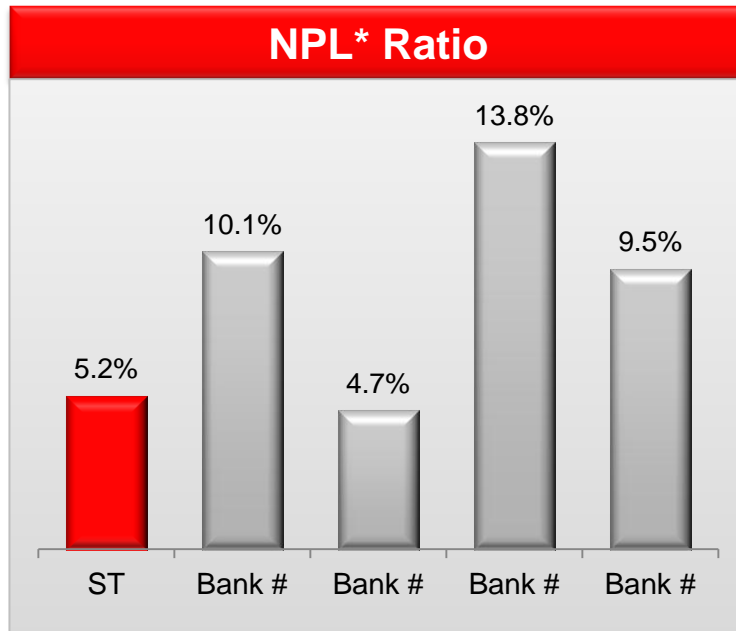


### Loan Loss Provisions and Risk Premium



# Results: asset quality levels

In local criteria the NPL and coverage ratios are significantly better compared to the average of the banking system



(\*) "Credit at risk" - includes total value of credit with capital or interest past due (more than 90 days), restructured credit and credits of an insolvent or bankrupt debtor

Source: Press Releases

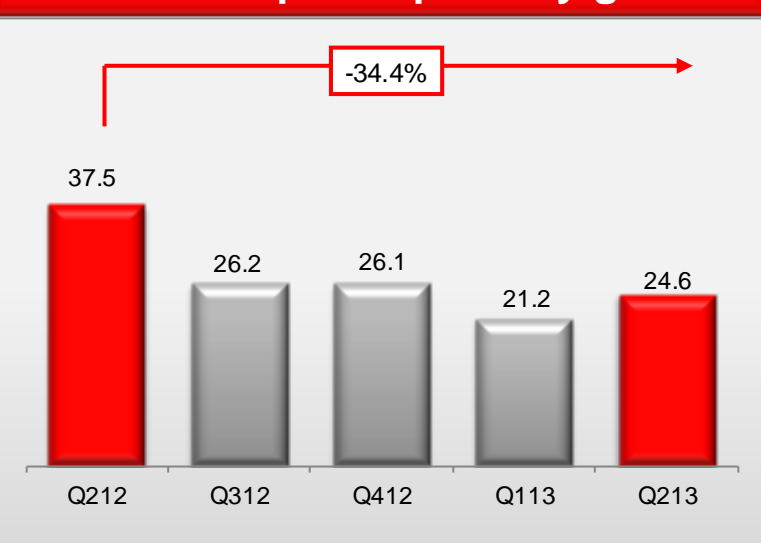
As of Mar/13. Local criteria

# Results: net income

Net attributable income has improved but will likely remain subject to headwinds in the next quarters

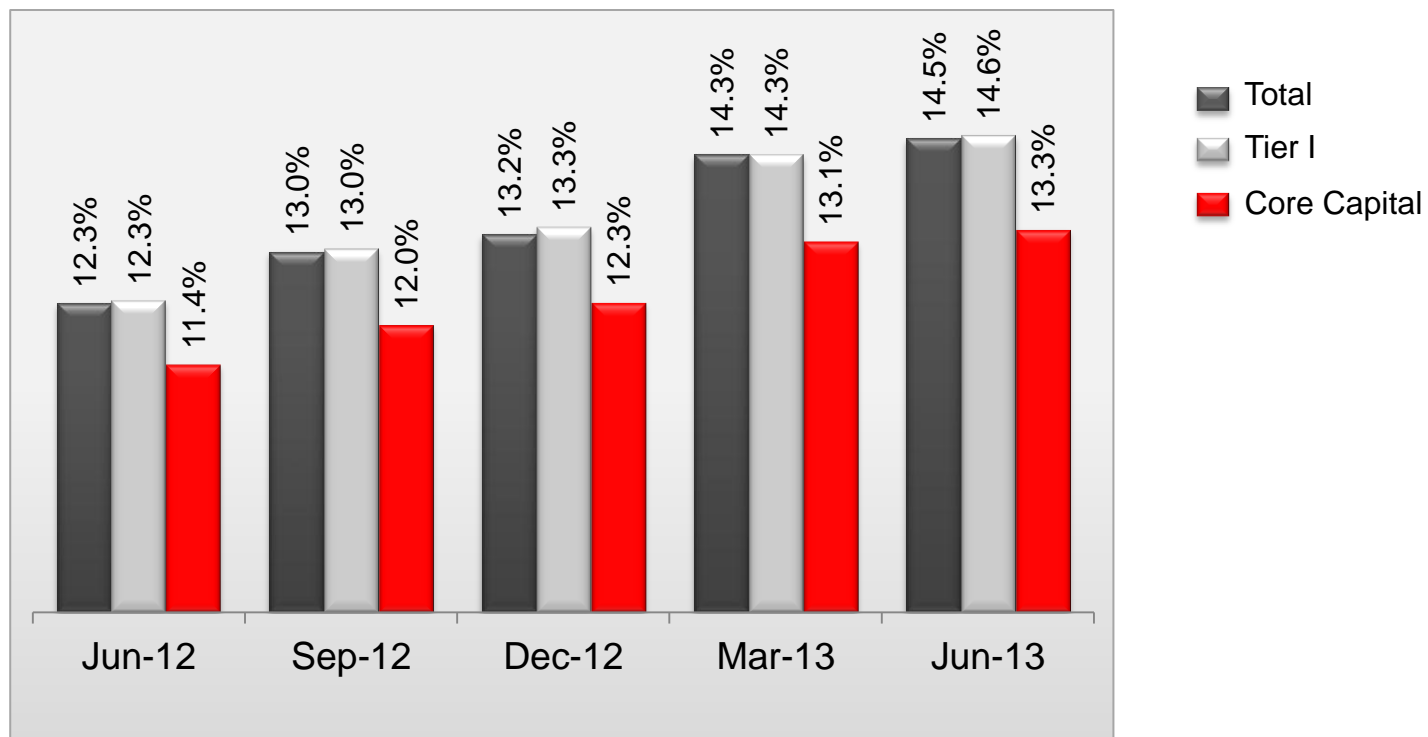
Million Euros

## Attributable profit quarterly growth



(million euros)	Jun/13	Jun/12	% Var.2013/2012
<b>Income before taxes &amp; MI</b>	<b>62.8</b>	<b>88.9</b>	<b>-29.3%</b>
Taxes	(16.9)	(19.1)	-11.5%
Minority Interest	0.1	(0.1)	n.s.
<b>Attributable Profit</b>	<b>45.8</b>	<b>69.8</b>	<b>-34.4%</b>

## Solid capitalization levels



## Conclusions

- Economic data point to a mild improvement in activity in 2Q, following several quarters of contractions. The economy may be bottoming, albeit at subdued levels.
- Following the resignation of Finance Minister Gaspar, there was a divide between PSD and CDP, the two coalition parties.
- Fiscal strategy aims to bring down the fiscal deficit to 0,2% of GDP in 2016
- Santander Totta recorded a 13,3% core capital ratio and a Tier I of 14,6%, significantly above from 11,4% and 12,3% in June 2012
- Costs maintain a downward trend
- Net operating income, despite falling YoY, has improved relatively to the previous quarters
- Provisions have stabilized in the last three quarters
- The recession continues to impact asset quality indicators but NPL and coverage ratios continue to compare very favourably with peer's according to the latest available data

## Index

- Macroeconomic Outlook and Financial System
- Business Growth
- Q2 2013 Results
- **Annexes**

# Income statement as of Jun13

EUR million			Variation	
	H1 13	H1 12	Amount	%
<b>Net interest income</b>	<b>251</b>	<b>300</b>	<b>(49)</b>	<b>(16,2)</b>
Net fees	172	181	(10)	(5,4)
Gains (losses) on financial transactions	30	77	(47)	(61,3)
Other operating income*	12	27	(15)	(54,8)
<b>Gross income</b>	<b>465</b>	<b>585</b>	<b>(120)</b>	<b>(20,5)</b>
Operating expenses	(246)	(253)	7	(2,6)
General administrative expenses	(206)	(212)	6	(2,7)
<i>Personnel</i>	(149)	(153)	4	(2,6)
<i>Other general administrative expenses</i>	(57)	(59)	2	(3,1)
Depreciation and amortisation	(40)	(41)	1	(2,2)
<b>Net operating income</b>	<b>219</b>	<b>332</b>	<b>(113)</b>	<b>(34,1)</b>
Net loan-loss provisions	(126)	(223)	97	(43,4)
Other income	(30)	(21)	(9)	44,4
<b>Profit before taxes</b>	<b>63</b>	<b>89</b>	<b>(26)</b>	<b>(29,3)</b>
Tax on profit	(17)	(19)	2	(11,5)
<b>Profit from continuing operations</b>	<b>46</b>	<b>70</b>	<b>(24)</b>	<b>(34,2)</b>
Net profit from discontinued operations	—	—	—	—
<b>Consolidated profit</b>	<b>46</b>	<b>70</b>	<b>(24)</b>	<b>(34,2)</b>
Minority interests	0	(0)	0	—
<b>Attributable profit to the Group</b>	<b>46</b>	<b>70</b>	<b>(24)</b>	<b>(34,4)</b>

# Quarterly income statement

EUR million

	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
<b>Net interest income</b>	<b>147</b>	<b>152</b>	<b>147</b>	<b>122</b>	<b>117</b>	<b>134</b>
Net fees	90	91	77	70	85	87
Gains (losses) on financial transactions	70	7	32	(0)	23	7
Other operating income*	10	17	1	2	6	6
<b>Gross income</b>	<b>318</b>	<b>267</b>	<b>258</b>	<b>195</b>	<b>231</b>	<b>233</b>
Operating expenses	(126)	(126)	(126)	(128)	(124)	(122)
General administrative expenses	(106)	(106)	(106)	(107)	(104)	(102)
<i>Personnel</i>	(76)	(76)	(76)	(77)	(75)	(74)
<i>Other general administrative expenses</i>	(30)	(29)	(30)	(31)	(29)	(28)
Depreciation and amortisation	(20)	(20)	(20)	(21)	(20)	(20)
<b>Net operating income</b>	<b>191</b>	<b>141</b>	<b>132</b>	<b>67</b>	<b>107</b>	<b>112</b>
Net loan-loss provisions	(131)	(91)	(106)	(65)	(64)	(62)
Other income	(16)	(5)	6	4	(13)	(17)
<b>Profit before taxes</b>	<b>44</b>	<b>45</b>	<b>31</b>	<b>7</b>	<b>31</b>	<b>32</b>
Tax on profit	(12)	(7)	(5)	20	(10)	(7)
<b>Profit from continuing operations</b>	<b>32</b>	<b>38</b>	<b>26</b>	<b>26</b>	<b>21</b>	<b>25</b>
Net profit from discontinued operations	—	—	—	—	—	—
<b>Consolidated profit</b>	<b>32</b>	<b>38</b>	<b>26</b>	<b>26</b>	<b>21</b>	<b>25</b>
Minority interests	(0)	0	0	(0)	0	0
<b>Attributable profit to the Group</b>	<b>32</b>	<b>38</b>	<b>26</b>	<b>26</b>	<b>21</b>	<b>25</b>

\* Including dividends, income from equity-accounted method and other operating income/expenses



# Balance sheet as of Jun13

EUR million			Variation	
	30.06.13	30.06.12	Amount	%
Loans and credits*	25 210	27 289	(2 079)	(7,6)
Trading portfolio (w/o loans)	1 794	1 789	5	0,3
Available-for-sale financial assets	4 934	5 511	(577)	(10,5)
Due from credit institutions*	3 566	2 368	1 197	50,6
Intangible assets and property and equipme	906	418	487	116,5
Other assets	5 829	6 018	(189)	(3,1)
<b>Total assets/liabilities &amp; shareholders' equ</b>	<b>42 239</b>	<b>43 394</b>	<b>(1 155)</b>	<b>(2,7)</b>
Customer deposits*	23 577	23 772	(195)	(0,8)
Marketable debt securities*	2 396	3 892	(1 496)	(38,4)
Subordinated debt	0	0	0	49,3
Insurance liabilities	87	67	20	30,0
Due to credit institutions*	13 336	13 325	11	0,1
Other liabilities	296	(196)	492	—
Shareholders' equity**	2 547	2 534	13	0,5
<b>Off-balance-sheet funds</b>	<b>2 158</b>	<b>2 266</b>	<b>(108)</b>	<b>(4,8)</b>
Mutual funds	1 281	1 441	(160)	(11,1)
Pension funds	768	757	11	1,5
Managed portfolios	109	69	40	59,0
<b>Customer funds under management</b>	<b>28 131</b>	<b>29 930</b>	<b>(1 799)</b>	<b>(6,0)</b>

\* Includes all stock of concept classified in the balance sheet

\*\* Not including profit of the year

