

Santander Totta, SGPS, SA

Registered in Lisbon Company Registry Office – 3rd Department
Under no. 507 096 851 (previously no. 14,901)
NIPC 507 096 851
Share Capital: € 1,972,962,079.58
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Santander Totta achieves 80 million euros in Net Income

MAIN HIGHLIGHTS

- Net income of 80.2 million euros at the end of the first half of 2014, a 159.7% growth relative to the result obtained in the homologous period (30.9 M€). Net income in the second quarter reached 38.1 million euros, 84.2% over and above the result achieved in the homologous period
- Evolution in the net income in the period results from increase in revenues, with special regard to a 6.6% increase in net interest income and the reduced need to set up provisions, with an increase in recurring profitability
- The CET I ratio, in line with the CRD IV/CRR rules for 2014, was set at 14.7%, much above the 8% minimum reference value, and the *fully implemented* CET I ratio stood at 12.0%¹
- Return to the international markets through covered bonds: one billion euros at 3 years, at the end of the first quarter, and 750 million euros at 5 years, in the beginning of June. Demand largely covered supply in both cases and spreads were respectively 88bps and 93bps
- Net financing obtained with the Eurosystem amounted to 3.3 billion euros, a reduction of 2.3 billion euros as compared to the homologous period and of 1.8 billion euros relative to the previous quarter
- Credit at risk ratio stood at 5.68% and the respective coverage ratio at 74.5%
- Credit granted to companies amounted to 9.7 billion euros, and was kept relatively stable, within a context of heavy market reduction and evidencing a significant increase in market share
- Deposits amounted to 18.8 billion euros, a 1.1% increase relative to end March, reverting the trend on total resources, which grew by 0.7% in the quarter
- Banco Santander Totta's rating continues the best within the financial system. In the beginning of July, Fitch increased the Bank's short and long term rating, and improving the outlook from negative to positive. The current rating notations of Banco Santander Totta's long term debt, as compared to those of the Portuguese Republic are the following: Fitch – BBB (Portugal –

¹ In accordance with the Bank's best interpretation of the rules in force in CRD IV/CRR and applicable national filters. Does not include any impact of the legislation on DTAs, since the Bank does not intend to use the rulings included in proposed Law 235/XII

BB+); Moody's – Ba1 (Portugal – Ba1); S&P – BB (Portugal – BB); e DBRS – BBBH (Portugal – BBBL)

- **In July, Santander Totta was awarded as the “Best Bank in Portugal”, by *Euromoney* magazine, in line with profitability, growth and efficiency criteria. In the beginning of the year, the Bank had already been distinguished with the same prize by *Global Finance* magazine.**

Lisbon, 31 July 2014 – At the end of the first half of 2014, Santander Totta, SGPS (in this release referred to as “Santander Totta” or “Bank”) achieved net income amounting to 80.2 million euros, a significant increase relative to the 30.9 million euros recorded in the homologous period. This development essentially shows the positive evolution of revenues and the decrease in allocations for impairment. Net income in the second quarter amounted to 38.1 million euros, an 84.2% increase as compared to the previous year’s homologous period.

Net interest income amounted to 267.9 million euros, a 6.6% increase relative to the amount recorded in June 2013. This development is a consequence of lower financing costs, particularly those attached to deposits, contributing to achieving the highest quarterly net interest income in the last two years.

Results in financial operations evolved to 79.3 million euros, a significant increase relative to the value recorded in June 2013, particularly showing gains obtained with the securities portfolio, which were totally cancelled by the setting up of voluntary provisions and by an extraordinary depreciation of investments in software.

Capital ratios, in line with the CRD IV/CRR rules, are kept at very comfortable levels, with CET I ratio standing at 14.7%, much above the 8% reference value. In its turn, Tier I ratio stood at 16.5%.

The *fully implemented* CET I ratio, reached 12.0%, a 1.0pp improvement relative to the value recorded at the end of the previous quarter.

In both cases, the evolution of the core capital ratios brings out the Bank's capability to organically generate capital and to keep up a dividend pay-out of approximately 50%.

Throughout the half year, the Bank placed two mortgage covered bonds issues: one billion euros, at 3 years, with a 1.5% interest coupon, and 750 million euros, at 5 years with a 1.625% interest coupon. Demand was much greater than supply in these two operations and the cost was lower than the financing costs of the Portuguese Republic. Returning to the international markets allowed a reduction of 1.8 billion euros, in the quarter, in financing obtained with the Eurosystem.

Deposits reached 18.835 billion euros, a 1.1% increase relative to the previous quarter, reversing the trend of resources, which grew by 0.7% in the quarter. In its turn, the credit portfolio amounted to 26.820 billion euros, a 3.4% decrease in homologous terms.

The credit at risk rate is being kept significantly below the average of the banking system, and stood at 5.68% in end of June, which compares with 5.86% at the end of 2013.

According to António Vieira Monteiro, Santander Totta Executive Chairman, *“Banco Santander Totta recorded, in this first half year, net interest income amounting to 80 million euros, approximately 160% above that of the homologous period and approximately 13% above the previous half year. These increasing results derive essentially from the growth of recurring revenues in Portugal, from controlled cost, and from the prudent policy concerning risks and provisioning.*

The excellent solvency and soundness situation of the Bank, as evidenced by its 14.7% Core Tier I ratio (almost double that legally required), or by its rating notations, allowed the Bank to twice successfully return to the markets, consequently reducing by 2.3 billion euros its position with the ECB as compared to the homologous period, and achieving an extremely efficient funding cost.

We have thus achieved the necessary conditions to continue, in the second half year, supporting the revival of the economy and of the internationalization of Portuguese companies, and to guarantee the satisfaction and the preference of all our customers.”

BUSINESS ENVIRONMENT

Growth dynamics, in the second quarter, will have continued affected by the temporary closing down of the Sines refinery, for maintenance purposes, and by the consequent fall in the exports of refined petroleum products. In spite of the activity being restarted in May, the corresponding volatility continued affecting the final value of GDP, which should have however recovered a positive rate of growth in the second quarter.

Domestic demand continued dynamic, in line with the information received as to retail sales and investment. Family consumption expenditure continued benefiting from the lowering of the unemployment rate (to 14.3% in May, according to Eurostat), and this is being accompanied by a gradual improvement in consumer confidence.

Investment levels continue evolving positively with the GFCF indicator recovering to the highest level in almost four years, greatly supported by capital investment in plant and machinery, and equally in transport material. The investment survey, published by the National Statistics Institute, shows an increase in the perspectives of capital investment by private companies, with a 2.4% estimated growth (compared to 1.1% in October last).

The improved domestic environment continues supporting budgetary execution, with a favourable evolution of fiscal revenues. However, perspectives for the full year continue depending from the adoption of a set of measures to compensate the impact of the recent decisions of the Constitutional Court (CC), which considered unconstitutional the salary cuts included in the 2014 Budgetary Law (and which increased the cuts in force since 2011, starting from lower salaries). Other measures, such as changes to the Extraordinary Solidarity Contribution, are still pending a decision. The Government is preparing alternative measures, as well as measures to be included in the 2015 Budget, which will require agreement from the CC.

The Adjustment Programme was concluded, as expected, without additional measures or support. In July, the Treasury placed a 10 year issue, in US Dollars, amounting to US\$4.5bn, at a 5.125% fixed rate, the first issue of this debt since 2010.

The European Central Bank lowered the reference interest rates, in June, setting the “refi” rate at a minimum of 0.15%. With greater relevance, it announced a set of additional measures to reopen means of providing credit to companies, with a series of 4 year loans, at a 0.25% fixed rate, granted on the basis of the current stock of credit to companies and consumption (TLTRO). For Portugal, the estimated potential increased liquidity is in excess of 8 billion euros. In 2015, ECB will strengthen liquidity volumes based upon the increase in the new granting of company and consumer credit.

RESULTS

Net income of Santander Totta, SGPS at the end of the first half year of 2014 amounted to 80.2 million euros, which compares with 30.9 million euros recorded in the homologous period. Net income for the quarter ended 30 June 2014 amounted to 38.1 million euros.

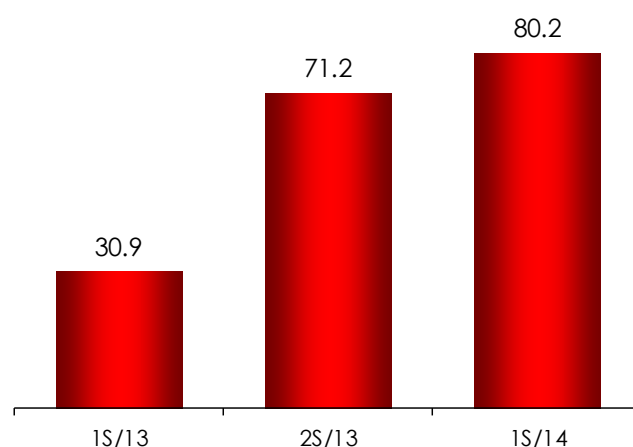
INCOME STATEMENT (million euros)

	Jun-14	Jun-13	Var.
Commercial revenue	395.3	423.6	-6.7%
Operating income and insurance activity	474.6	435.0	+9.1%
Total operating expenses	(247.5)	(239.4)	+3.4%
Net operating income	227.1	195.6	+16.1%
Impairment and net provisions	(114.5)	(146.5)	-21.9%
Equity	6.9	6.5	+7.1%
Income before taxes and MI	119.6	55.5	+115.4%
Consolidated net income	80.2	30.9	+159.7%

The evolution of net income in the half year, as compared to the homologous period, derives from the positive impacts of increase in revenues and reduction in appropriations for impairment and provisions.

Net Income Evolution

Million euros



Net interest income amounted to 267.9 million euros, a 6.6% increase relative to the first half year of 2013 and showing a significant rise in the second quarter of 2014 as compared to the previous quarters. This evolution is, above all, a reflection of lower financing costs, particularly in the case of deposits.

Net commissions amounted to 134.4 million euros, recording a 21.6% decrease, deriving from regulatory changes that limited administratively the capability of collecting commissions, in spite of the free competitive market currently underlying the banking business. This trend will be significantly diluted as from

the third quarter of this year, since the referred impacts took place, mainly, as from the third quarter of 2013.

The remaining results of banking business, amounting to -14.6 million euros, are influenced by the conservative stance that the Bank decided to adopt, due to a potential devaluation in the assets of the Novimovest real estate investment fund, which were consolidated in the accounts of ST, SGPS, in the second half of 2013.

Results of financial operations amounted to 79.3 million euros, a meaningful growth as compared to the homologous period, resulting from gains obtained in the security portfolio, which were anyway totally cancelled with the setting up of voluntary provisions and with an extraordinary depreciation of software.

Operating income amounted to 474.6 million euros, a 9.1% increase over the value recorded at the end of the first half of the previous year.

OPERATING INCOME (million euros)

	jun-14	jun-13	Var.
Net interest income (without dividends)	267,9	251,3	+6,6%
Net comissions	134,4	171,5	-21,6%
Other banking income	-14,6	-8,0	+82,0%
Insurance activity	6,4	7,5	-15,0%
Commercial revenue	395,3	423,6	-6,7%
Gain/loss on financial transactions	79,3	11,4	>200%
Operating income and insurance activity	474,6	435,0	+9,1%

Operating expenses amounted to 247.5 million euros and, as already referred, include the impact of an extraordinary depreciation, amounting to 13.7 million euros, relative to the change in useful life of several software applications, from 5 to 3 years, and thus a significant 31.0% increase in depreciation, which will however result in future reductions in depreciation costs. Personnel and general expenses recorded changes of respectively -2.6% and +3.3%.

The joint evolution of revenue and expenditure led to a 2.8pp improvement in the efficiency ratio, which stood at 52.2%, at end June.

OPERATING EXPENSES (million euros)

	Jun-14	Jun-13	Var.
Personnel expenses	(136.8)	(140.4)	-2.6%
General expenses	(70.3)	(68.1)	+3.3%
Operating expenses	(207.1)	(208.5)	-0.7%
Depreciation	(40.4)	(30.9)	+31.0%
Total operating expenses	(247.5)	(239.4)	+3.4%
Efficiency ratio (excl. depreciation)	43.6%	47.9%	-4.3 p.p.
Efficiency ratio (incl. depreciation)	52.2%	55.0%	-2.8 p.p.

Total impairment and provisions amounted to 114.5 million euros that compares with 146.5 million euros recorded in the homologous period. The credit cost, measured by the weight of credit impairment (net of recoveries) in total credit, stood at 0.54% in annualized terms, and the trend maintained in the adjustment to the cost of credit as had already occurred in the last quarters.

Income before taxes and minority interests amounted to 119.6 million euros and net income rose to 80.2 million euros.

ACCOUNTS AND ACTIVITY

At end June, customers' resources amounted to 24.204 billion euros, recording a reversal in the quarterly trend, increasing by 0.7% relative to the value recorded at the end of March. Deposits amounted to 18.835 billion euros, a 1.1% quarterly variation. Investment funds continue showing a recovery, increasing by 0.8% as compared with the previous quarter and by 5.5% relative to the homologous period.

The credit portfolio amounted to 26.820 billion euros, recording a 0.6% quarterly variation and a -3.4% annual variation. The company credit portfolio remained relatively stable throughout 2014, in spite of the heavy reduction in the overall system.

CREDIT (million euros)

	Jun-14	Mar-14	Jun-13	Var.QoQ	Var.YoY
Credit (gross)	26,820	26,991	27,759	-0.6%	-3.4%
<i>from which</i>					
Credit to Individuals	16,897	17,017	17,481	-0.7%	-3.3%
<i>from which</i>					
Mortgage	15,004	15,133	15,536	-0.9%	-3.4%
Consumer credit	1,416	1,391	1,404	+1.8%	+0.9%
Credit to SME's	9,677	9,708	9,886	-0.3%	-2.1%
Resources	24,204	24,037	25,221	+0.7%	-4.0%
Deposits	18,835	18,622	19,549	+1.1%	-3.7%
Securities issued (clients)	224	289	312	-22.5%	-28.2%
Balance sheet resources	19,059	18,911	19,861	+0.8%	-4.0%
Investment funds managed or marketed by the Bank	1,348	1,338	1,278	+0.8%	+5.5%
Insurance and other	3,797	3,788	4,082	+0.2%	-7.0%
Off-Balance sheet resources	5,145	5,126	5,360	+0.4%	-4.0%

With reference to the credit portfolio quality indicators, the new entries in non-performing loans amounted to 0.61% of the average credit portfolio, practically at the same level as that recorded in the previous quarter (0.2%).

Credit at risk ratio stood at 5.68%, a 0.18pp reduction as compared to the value recorded in December (5.86%), and the coverage ratio of credit at risk by provisions stood at 74.5%, which compares with 67.7% recorded in December 2013. In turn, the non-performing and doubtful loans ratios were stood at 4.1% and the respective coverage ratio at 103.7%.

CREDIT RISK RATIOS

	Jun-14	Jun-13	Var.
NPL ratio (+ 90 days)	4.02%	3.58%	+0.44 p.p.
NPL coverage ratio (+90 days)	105.2%	105.0%	+0.2 p.p.
NPL and doubtful loans ratio	4.08%	3.64%	+0.44 p.p.
Net NPL and doubtful loans ratio	1.01%	1.18%	-0.17 p.p.
NPL and doubtful loans coverage ratio	103.7%	103.4%	+0.3 p.p.
"Credit at risk" ratio	5.68%	5.38%	+0.30 p.p.
Risk premium*	0.61%	0.43%	+0.18 p.p.
Restructured loans/loans	9.3%		
Restructured loans not included in "credit at risk"/loans	6.7%		

* New entries in NPL (> 90 days), adjusted by write-offs and credit recoveries as % of loans

LIQUIDITY, SOLVENCY AND PROFITABILITY

Throughout the first half of 2014, the Bank placed two issues of covered bonds amounting to one billion euros (at 3 years) and to 750 million euros (at 5 years). There was a large demand for these issues by a diversified number of investors, with spreads of 88bps and 93bps, respectively.

In June 2014, the net resources obtained with the Eurosystem amounted to 3.3 billion euros, representing an annual reduction of 2.3 billion euros and a quarterly reduction of 1.8 billion euros.

At the end of the first half year, Santander Totta already complied with the demand set for the LCR ratio (Liquidity Coverage Ratio) with a ratio in excess of 100%.

The Core Tier 1 ratio, in line with the CRD IV/CRR rules for 2014, reached 14.7%, largely in excess of the minimum demanded value of 8% and showing a 0.2pp growth in the quarter, thus again evidencing the Bank's capacity to organically generate capital.

CAPITAL

	Jun-14	mar-14	dez-13
Common Equity Tier 1	2,484	2,472	2,426
Tier 1	2,787	2,732	2,583
Total Capital	2,787	2,732	2,583
Risk Weighted Assets (RWA)	16,932	17,080	16,827
CET 1 ratio	14.7%	14.5%	14.4%
Tier 1 ratio	16.5%	16.0%	15.3%
Total Capital Ratio	16.5%	16.0%	15.3%

COMMERCIAL BANKING

During the first half of 2014, the Bank placed a large focus on resources with a policy to capture and retain these in value added products and also in the diversification of customer portfolios, specifically aiming at financial insurance and investment funds. To be emphasized, also, is the focus placed on the capture of new salary domiciled accounts, in the underwriting of protection solutions (autonomous insurance) and in the issue of credit cards.

Within the scope of support for families and their projects, through the granting of personal credit, and for micro, small and medium sized companies, productions obtained amounted to 235.7 million euros in personal credit and to 725.5 million euros in Business and SME credits.

Due to the excellent results obtained previously, the campaign was kept up throughout the half year to capture salaries/pensions, based upon the exemption of commissions in the main day-by-day services and gift offerings.

Still within the support provided for families in setting up savings, the Bank continued to consider these as preferential through the offer of programmed savings products, structured deposits and financial insurance.

The Select label, created by the Santander Group for the private affluent segment, was launched in February, with the premise of offering customers unique experiences adapted to their expectations, needs and life styles. On the launching date, the Select segment represented 9% of the Bank's individual customers in Portugal.

In the companies area, the first half year confirms the Bank's commitment in the support of company activities, investing in critical sectors for the growth of the Portuguese Economy, especially the exporting sector, with respect to international business and support for internationalization, and in sectors of transactional goods that could benefit from improvement in the rating of the Republic and in the expectation of the gradual recovery in business investment.

With the encouraging signals of recovery in the Portuguese economy, Banco Santander Totta strengthened the Company Commercial Network, opening, in early 2014, three new Company Commercial Departments (Paredes, São João da Madeira and Torres Vedras), thus investing in greater customer proximity.

The first half of the year was characterized by a greater pressure on price levels, reflecting larger availability of banking offer in the company segment. In this environment, the Company Network kept to the same line of action, investing in the growth of the credit portfolio, safeguarding the balanced management of the volumes of the credit portfolio and of resources. In this particular issue, and through the first half year, the Company Network enabled a credit production in excess of 2.4 billion euros.

Within the scope of a protocol subscribed with the European Investment Bank (EIB), the Bank made available a line of credit that allows access to financing in preferential conditions. This line is intended to support projects located in any State of the European Union, in several sectors of the economy (agriculture, industry, services), and encompassing market segments, preferentially SME's and MIDCAPS. At the end of June, the EIB credit line was already used at approximately 71% of the total amount contracted.

In the SME Invest/Growth lines, Banco Santander Totta has kept a relevant intervention with a 17% market share, having placed until June approximately 20,000 operations, with a global value in excess of 1.9 billion euros. In the SME 2014 Growth line, the marketing of which commenced in March, the Bank has also achieved a position above its market share, obtaining a 15% franchise in the amount of financing operations presented in the Mutual Guarantee Societies. Santander Totta is the leader in the SME Expansion line, with a 41% adhesion rate.

In factoring and confirming, the Bank has also kept a 25.2% aggregate market share (April 2014 data), which evidences the Bank's commitment to the effective support for company activity.

With respect to international business the *SantanderTrade.com* site was launched at the end of 2013, a tool that provides access to information on external markets to the Bank's customers that search for new business opportunities. With this site, the Bank intends to become the main partner of companies in the development of their international business. In short, the site offers an adequate volume of information relevant to all business sectors, in more than 186 countries, bringing together within this tool more than 40 data bases, including governmental data.

Additionally, and aiming towards supporting the internationalization of Portuguese companies, that Bank has made available the *International Desk* unit, the objective of which is to support, facilitate and establish business contacts through the effective interconnection of the Company Network with its counterparts in the several international banks comprised in the Santander Group, enabling advantage to be taken from its international dimension (emphasis placed on Brazil, Mexico, Chile, Peru, Uruguay, Colombia, Angola and Spain) to raise the potential of the international business of Portuguese companies.

GLOBAL BANKING AND MARKETS

Standing out in Corporate Finance, in the first half of the year, is the participation, as joint leader, in the following successfully completed operations: (i) placing consortium for the initial public offer/IPO of ESS – Espírito Santo Saúde; (ii) placing consortium for the public offer for sale of REN shares, within the scope of the 2nd stage of the company's privatization; and (iii) placing consortium for the public offering of increase in the BES share capital.

In the Credit Markets area the strengthening of the activity was continued, with companies taking advantage of the lowering of credit spreads to take decisions on the lengthening of their indebtedness. Additionally, a positive development was shown in the area of Project Finance with companies exploiting opportunities for the financing of new projects.

Bond and securitization markets recorded both national and international strong investor dynamics, viewing Portugal with great interest while searching for good investment opportunities. Market conditions showed great improvement, allowing the access of medium sized companies without rating to the bond market, several of them for the first time.

In the area of Structured Products 2014 began with a fair performance in the marketing of financial liability products. In the first half year it was placed 12 structured products, of which 10 are euro denominated issues amounting to a total of 375 million euros and 2 are US Dollar denominated issues amounting to a total of 30.1 million US Dollars. Issues placed during this period are indexed to different assets transacted in equity markets located in several countries worldwide.

In February 2014, Banco Santander Totta was distinguished by Euromoney Structured Retail Products with the “Best Sales in Portugal” of structured products in Portugal.

In the first half year, the Cash Equities business showed a clearly better performance than that in the homologous period, resulting not just in increased volumes but also in commissions generated with the shareholder market. The debt market, with the already usual squeezing of yields and scarcity of opportunities, was that which least attracted investors. The still latent geopolitical crises in Europe continued conditioning market feelings with increased volatility, especially from May onwards.

The Santander Totta Institutional Custody recorded a 10% increase in the volume of assets under custody in the last quarter, and a 15.6% increase in the year, in line with the most recent data made available by the Security Market Regulator (CMVM), which resulted in a 21.3% market share in the custody business.

INSURANCE

The Insurance area focused its action in the deepening of commercial relationship, tailoring its product range to the defined segmentation strategies and endeavouring to offer each customer profile the types of insurance adequate to their needs, aiming towards wider customer protection.

Standing out in the range of life risk insurance sold on the open market is the continuous growth recorded as compared to 2013, particularly in the products launched in 2012. “SafeCare”, which combines life risk insurance with a complementary cover of medical assistance, continues being well accepted, with a 27% portfolio increase compared to the end of 2013, adding, until June 2014, 67,000 insured parties. “Home Protection” a multi-risk insurance policy, launched in April 2012, continues attracting great demand, with placing of approximately 11,600 policies in the first half of 2014.

Focus was equally kept on the marketing of solutions to protect family incomes in case of death or unemployment - “Family Protection Plan” and “Salary Protection Plan” – with sales of approximately 19,400 policies in the first half of 2014. The “Live Longer Insurance”, directed towards the treatment of serious sicknesses with the foremost international medical specialists, resulted in the placing of approximately 4,300 policies.

Marketing of the “LifeCorporate” product commenced in the first quarter of 2014. This product is intended for companies whose concern is financial protection in the event of death or disability of staff that perform key functions.

Standing out in the case of financial life risk insurance is the launching of “Financial Plan” products, in the form of non-standardized unit linked IcaE insurance policies, which provide monthly and quarterly returns paid as partial redemptions, with a total marketed volume amounting to approximately 102.1 million euros, in the first 6 months of the year, compared to 145.3 million euros marketed in the same period in 2013.

In life risk insurance, the value of premiums issued and contributions for investment contracts amounted to 181.6 million euros as compared to 221.2 million de euros in the same period in 2013. In risk and mixed insurance the premium volume amounted to 64.5 million euros, a 4% increase relative to premiums issued until 30 June 2013; emphasis is placed on a 17.4% increase in insurance premiums sold in the open market.

INSTITUTIONAL INFORMATION

Santander (SAN.MC, STD.N, BNC.LN) is a commercial bank with headquarters in Spain and present in 10 main markets. Santander is the first Bank in the euro zone and in stock market capitalization. Founded in 1857, its managed funds amount to € 1.24 billion euros. Santander had more than 103 million customers, 13,927 branches – more than any other international bank – and 182,958 employees at the end of 2013. It is the main financial Group in Spain and in Latin America, with relevant positions in the United Kingdom, Portugal, Germany, and Poland and in the northeast United States of America. In 2013, Santander recorded net income amounting to 4,370 million euros, 90% more than in the previous year.

Santander Totta, SGPS

BUSINESS VOLUME (million euros)

	Jun-14	Jun-13	Var.
Total Gross Loans	26,820	27,759	-3.4%
<i>from which</i>			
Credit to Individuals	16,897	17,481	-3.3%
<i>from which</i>			
Mortgage	15,004	15,536	-3.4%
Consumer credit	1,416	1,404	+0.9%
Credit to Corporates	9,677	9,886	-2.1%
Resources	24,204	25,221	-4.0%
Deposits	18,835	19,549	-3.7%
Securities issued (clients)	224	312	-28.2%
Balance sheet resources	19,059	19,861	-4.0%
Investment funds managed or marketed by the Bank	1,348	1,278	+5.5%
Insurance and other	3,797	4,082	-7.0%
Off-Balance sheet resources	5,145	5,360	-4.0%

Note: Novimovest and MultiObrigações funds were consolidated in the accounts of ST, SGPS, and removed by the heading "Investment funds managed or marketed by the Bank"

Santander Totta, SGPS

Ratios calculated in accordance with instructions n° 16/2004, n° 23/2011 and 32/2013 from the Bank of Portugal

RATIOS

	Jun-14	Jun-13	Var.
Solvency			
Core Tier I	14.7%	13.3%	+1.4 p.p.
Tier I	16.5%	14.6%	+1.9 p.p.
Solvency ratio	16.5%	14.5%	+2.0 p.p.
Credit Quality			
NPL and doubtful loans ratio	4.1%	3.6%	+0.4 p.p.
NPL and doubtful loans coverage ratio	103.7%	103.4%	+0.3 p.p.
Net NPL and doubtful loans ratio	1.0%	1.2%	-0.2 p.p.
"Credit at risk" ratio	5.7%	5.4%	+0.3 p.p.
"Credit at risk" ratio (net)	1.5%	1.7%	-0.2 p.p.
Restructured Loans/Total Loans	9.3%		
Restructured Loans (not included in credit at risk)/Total Loans	6.7%		
Profitability			
Income before taxes and MI/Average net assets	0.6%	0.3%	+0.3 p.p.
Operating income/Average net assets	2.4%	2.1%	+0.3 p.p.
Income before taxes and MI/Average equity	7.9%	4.1%	+3.8 p.p.
Efficiency			
Total operating expenses/Operating income	51.4%	54.2%	-2.8 p.p.
Personnel expenses/Operating income	28.4%	31.8%	-3.4 p.p.
Transformation			
Credit (net)/Deposits	137.1%	138.0%	-0.9 p.p.
Credit (net)/Deposits*	127.2%	127.7%	-0.5 p.p.

* According the definitions in the "Memorandum of Understanding"

Santander Totta, SGPS

INCOME STATEMENT (million euros)

	Jun-14	Jun-13	Var.
Net interest income (without dividends)	267.9	251.3	+6.6%
Dividends	1.1	1.3	-15.1%
Net interest income	269.1	252.6	+6.5%
Net commissions	134.4	171.5	-21.6%
Other banking income	-14.6	-8.0	+82.0%
Insurance activity	6.4	7.5	-15.0%
Commercial revenue	395.3	423.6	-6.7%
Gain/loss on financial transactions	79.3	11.4	>200%
Operating income and insurance activity	474.6	435.0	+9.1%
Total operating expenses	(247.5)	(239.4)	+3.4%
Personnel expenses	(136.8)	(140.4)	-2.6%
General expenses	(70.3)	(68.1)	+3.3%
Depreciation	(40.4)	(30.9)	+31.0%
Net operating income	227.1	195.6	+16.1%
Impairment and net provisions	(114.5)	(146.5)	-21.9%
Equity	6.9	6.5	+7.1%
Income before taxes and MI	119.6	55.5	+115.4%
Taxes	(39.3)	(24.6)	+59.7%
Income after taxes	80.2	30.9	+159.8%
Minority interests	(0.1)	(0.0)	>200%
Consolidated net income	80.2	30.9	+159.7%

(*) Not audited

Santander Totta, SGPS

BALANCE SHEET (million euros)

	Jun-14	Jun-13	Var.
Deposits at Central Banks	935	755	+23.8%
Cash, loans and advances to banks	1,829	2,855	-35.9%
Financial assets	11,694	9,621	+21.5%
Net loans	25,685	26,715	-3.9%
Hedging derivatives	193	204	-5.4%
Non current assets held to sell	198	223	-10.9%
Other tangible assets	344	385	-10.5%
Other assets	1,718	1,048	+63.9%
TOTAL ASSETS	42,598	41,806	+1.9%
Resources from Central Banks	4,200	6,300	-33.3%
Resources from other institutions	5,597	3,747	+49.4%
Financial liabilities held for trading	1,832	1,791	+2.3%
Financial liabilities designated at fair value through profit and loss	3,586	3,806	-5.8%
Resources of customers and others	18,835	19,549	-3.7%
Debt securities issued	3,987	2,555	+56.1%
Hedging derivatives	242	391	-38.1%
Provisions	439	443	-0.8%
Subordinated liabilities	0	0	-
Other liabilities	771	439	+75.5%
Shareholder's equity	3,110	2,786	+11.6%
TOTAL LIABILITIES AND EQUITY	42,598	41,806	+1.9%