

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

Head Office: Rua do Ouro, 88 – 1100-063 Lisbon

Santander Totta achieves 30.9 million euros in Net Income

MAIN HIGHLIGHTS

- **30.9 million euros net income at the end of the half year, as compared with 62.5 million euros recorded in the homologous period**
- **Second quarter income recorded an improvement on the previous quarter, due to increased revenue, lower operating expenses and stability in the level of credit impairment**
- **Commercial revenue reached 423.6 million euros, with a homologous variation of -12.6% (+8.4% if comparison is made between the 1st and 2nd quarters)**
- **Strengthening of the soundness of the accounts with the Core Tier I ratio reaching 13.3%, an improvement of 1.9pp relative to June 2012. Tier I stood at 14.6% (+2.3pp homologous variation)**
- **Credit granted to corporations has kept to an increasing trend, as already seen in the 1st quarter, increasing by 1.6% relative to December**
- **Customers' deposits (banking activity) recorded a 4.9% homologous growth**
- **Credit to deposits ratio stood at 127.7%, in line with the values reached at end 2012 and in March last**
- **Net financing obtained with the Eurosystem stood at 5.5 billion euros, 6% below the amount recorded in the homologous period**
- **Credit at risk ratio reached 5.38% and coverage ratio 69.9%**
- **Banco Santander Totta was distinguished by Euromoney magazine as “The Best Bank operating in Portugal” within the scope of the Euromoney Awards for Excellence (July 2013)**
- **The current rating notation of Banco Santander Totta's long term debt as compared with the levels of the Republic of Portugal were: Fitch – BBB- (Portugal: BB+), Moody's – Ba1 (Portugal: Ba3), S&P – BB (Portugal: BB) and DBRS – BBBH (Portugal: BBBL).**

Lisbon, 31 July 2013 – At the end of the 1st half-year, the **net income of Santander Totta, SGPS** (in this press release referred to as “Santander Totta” or “Bank”) **reached 30.9 million euros**. Outstanding in the quarterly evolution are the growth in revenue and the decrease in operating expenses, whilst credit imparity has remained stable over the last three quarters.

Capital ratios continue reflecting the sound structure of the Bank's accounts, with the Core Tier I ratio set at 13.3%, corresponding to a 1.9pp improvement relative to the homologous period. In its turn Tier I ratio increased to 14.6%.

Net financing with the Eurosystem reached 5.5 billion euros, a decrease of 0.4 billion euros relative to the amount recorded in June 2012. The evolution compared to the previous quarter shows an increase of approximately 1.6 billion euros mainly due to the maturity of an issue of mortgage bonds amounting to one billion euros. The portfolio of assets eligible to guarantee financing operations with the Eurosystem amounted to 12.5 billion euros.

Relative to June 2012, the commercial gap decreased by 1.8 billion euros and the credit/deposits ratio decreased by 9.1pp, now standing at 127.7%.

Deposits from banking activity increased by 4.9% in annual terms. Credit portfolio increased to 27.8 billion euros, equivalent to a homologous variation of -4.7% but practically in line with the amount recorded at end-March 2013.

The outstanding position of Santander Totta in the marketing of the SME Invest/Growth lines is proof of the Bank's bid in the support of Portuguese SME's. Until end-June, more than 15 thousand operations were placed, totalling approximately 1.7 billion euros, with the Bank as leader with a share of approximately 18% in the placing of the last 2012 SME Growth line, marketing of which ended on 15 February of this year. In the SME 2013 Growth Line, marketing in which started in February, Santander Totta has already become placed in an outstanding position, with an 18% market share in the amount of financing operations framed within SME-Investments.

According to António Vieira Monteiro, Santander Totta Executive Chairman, *“Santander Totta strengthened the soundness of its accounts at the end of the 2013 first half year, attaining a 13.3% Core Tier I ratio, an approximately 2 pp improvement in homologous terms. On another hand, the 2nd quarter results of Santander Totta show a qualitative improvement relative to previous quarters. This evolution results mainly from increase in revenue and cost control, but also from the improvement in the risk indicators and in the Bank's provisioning, which proves the success of the policy followed in the prevention, management and resolution of problems with the non performance of families' loans. I would also like to underline the approximately 5% growth in deposits, in annual terms, showing the continued preference of the Bank's customers and the maintenance of the increasing trend, however moderate, of credit granted to corporations, which has been consecutive in the last two quarters as compared to the previous quarter, with the Bank maintaining high market shares in the SME Invest and SME Growth programmes.*

These indicators lead us to estimate the continuing clearly positive results of our recurring commercial activity in Portugal, which has generally enhanced our position relative to the sector."

BUSINESS ENVIRONMENT

After a slowdown in the rate of contraction in the first quarter, economic activity may have recorded a slight positive growth in the second quarter of 2013, which outlines the first positive economic growth rate continuous variation since the third quarter of 2010. As a result the rate of cumulative contraction must be slightly less pronounced than what was previously estimated: the Bank of Portugal revised its estimate of the 2013 rate of growth to -2.0% (compared to -2.3%).

All the components of aggregate demand will have contributed positively to the economic continuous growth rate. Information available on private demand shows an increase in household expenditure, in line with the reduction in the number of unemployed registered in the employment centres (-44 thousand) and with the stabilization of the unemployment rate recorded by Eurostat (at 17.6%). The volume in electronic payments recorded by SIBS, which has a good correlation with retail sales, is already in line with the volume recorded in the same period in 2012.

Investment will have evolved positively compared with the previous quarter, although still below the levels recorded in the same period in 2012. Construction activity will have increased, however just correcting the fall recorded in 1Q2013, whilst investment in plant and machinery, on the one hand, and in transport equipment, on the other, will have increased. An inquiry on investment, carried out by the National Statistics Institute, shows an almost stagnant entrepreneurial investment in 2013 (a nominal 2.1% decline compared to -28.1% in 2012), with this constraint also felt in the manufacturing industry sector.

Net external demand continues providing a relevant contribution towards GDP growth. In the first five months of the year, exports of goods and services grew by 4.9%, in nominal terms, whilst imports fell by 2.9%. As a result the positive balance widened to 900 million euros (which compares with a total balance of 100 million in 2012). Recovery of exports is general, including sales into the euro zone (exports to Spain, the main trading partner, grew by 7.4% in this period).

Budget execution, on a cash basis, continues showing recovery in tax revenues, especially in personal Income Tax and VAT (the latter in line with data on private demand). Up to end-May, the General Government deficit, within the scope of the Programme for Economic and Financial Aid (PAEF), was approximately 1.5 billion euros below the estimated target.

However, in terms of national accounting, the first quarter deficit stood at 10.6% of GDP, affected by spot factors, such as the expenses with the recapitalization of Banco Internacional do Funchal (750 million euros). Without these factors the deficit would amount to 8.8% of GDP. The target agreed for the current year is 5.5% of GDP.

In July, the replacement of the Minister of Finance by Maria Luís Albuquerque, generated a political crisis, with dissension within the PSD-CDS/PP coalition, which would be resolved at the end of the month with a remodelled government, where

the CDS/PP party obtained wider responsibilities in the coordination of economic policies and relations with the Troika (IMF/ECB/EU). Due to the three week deadlock, the eighth assessment of the PAEF was postponed to the end of August and will be carried out simultaneously with the 9th assessment.

Internationally, the ECB reacted to the increase in the negative risks, whether in terms of price stability, or in those of economic growth, with a change in its "modus operandi", signalling that the reference interest rates will remain at historical minimum levels during a lengthy period of time. Additionally, the ECB is revising its policy on collateral accepted in liquidity supply operations, in the sense of improving the conditions of PME access to credit.

RESULTS

At the end of the 1st half year, the net income of Santander Totta, SGPS reached 30.9 million euros, as compared with 62.5 million euros in June 2012.

INCOME STATEMENT (million euros)

	Jun-13	Jun-12	Var.
Commercial revenue	423.6	484.6	-12.6%
Operating income and insurance activity	435.0	562.6	-22.7%
Total operating expenses	(239.4)	(237.1)	+1.0%
Net operating income	195.6	325.5	-39.9%
Impairment and net provisions	(146.5)	(250.2)	-41.4%
Equity	6.5	4.6	+40.9%
Income before taxes and MI	55.5	79.9	-30.5%
Consolidated net income	30.9	62.5	-50.6%

The quarterly comparison shows an improvement in the 2nd quarter results relative to the previous quarter, mainly justified by an 8.5% increase in operating income and a 1.5% decrease in operating expenses.

INCOME STATEMENT (million euros)

	2Q/13	1Q/13	Var.
Commercial revenue	220.4	203.2	+8.4%
Operating income and insurance activity	226.3	208.6	+8.5%
Total operating expenses	(118.8)	(120.6)	-1.5%
Net operating income	107.5	88.0	+22.1%
Impairment and net provisions	(76.1)	(70.4)	+8.0%
Equity	2.7	3.7	-26.8%
Income before taxes and MI	34.2	21.4	+60.0%
Consolidated net income	20.7	10.2	+102.2%

Net interest income amounted to 251.3 million euros, corresponding to a homologous 11.8% decrease. This evolution reflects mainly the impact of the

decrease in Euribor, the increased competition in the deposits market as well as the decrease in the credit portfolio. As compared with the 1st quarter of the year, there is a 12.6% improvement in net interest income attributable to the lower cost of finance obtained through ECB and to customers' deposits.

Net commissions and other results from banking activity amounted to 163.5 million euros, a -6.6% homologous variation, justified by the lower volumes of credit granted, notwithstanding the favourable evolution recorded in GBM (Global Banking and Markets) commissions, investment funds and asset management.

Results of insurance activity amounted to 7.5 million euros, as compared with 23.3 million attained in the homologous period. The -67.7% variation is a consequence of the agreement for the reinsurance of the total portfolio of life insurance of Santander Totta Seguros, established in July 2012.

Operating income decreased by 22.7%, amounting to 435.0 million euros and its evolution was also influenced by non-recurring gains recorded in the 1st quarter of 2012, which included the repurchase operation of securities issued within the scope of credit securitizing operations.

OPERATING INCOME (million euros)

	Jun-13	Jun-12	Var.
Net interest income (without dividends)	251.3	284.7	-11.8%
Net commissions and other banking income	163.5	174.9	-6.6%
Insurance activity	7.5	23.3	-67.7%
Commercial revenue	423.6	484.6	-12.6%
Gain/loss on financial transactions	11.4	78.0	-85.4%
Operating income and insurance activity	435.0	562.6	-22.7%

Operating expenses amounted to 239.4 million euros compared to 237.1 million euros recorded in the homologous period. This evolution was affected by the impact of the legislative change, in 2012, with respect to death benefits. Excluding this circumstance operating expenses would have decreased by 2.6% and personnel expenses would have shown a -1.9% variation. In turn, general expenses and depreciation decreased by 2.6% and 5.9%, respectively.

Efficiency ratio worsened as compared with the homologous period, now standing at 55.0%.

OPERATING EXPENSES (million euros)

	Jun-13	Jun-12	Var.
Personnel expenses	(140.4)	(134.4)	+4.5%
General expenses	(68.1)	(70.0)	-2.6%
Operating expenses	(208.5)	(204.3)	+2.1%
Depreciation	(30.9)	(32.8)	-5.9%
Total operating expenses	(239.4)	(237.1)	+1.0%
Efficiency ratio (excl. depreciation)	47.9%	36.3%	+11.6 p.p.
Efficiency ratio (incl. depreciation)	55.0%	42.1%	+12.9 p.p.

Total impairment and provisions amounted to 146.5 million euros as compared to 250.2 million euros booked in the homologous period. It should be stressed that in the 1st quarter of 2012, following the repurchase operation of securities issued within the scope of credit securitizing operations, gains obtained were totally cancelled by the setting up of non-obligatory provisions, as a measure of prudence in a context of a deteriorating economic environment.

Income before taxes and minority interests amounted to 55.5 million euros, a 30.5% decrease and net income amounted to 30.9 million euros.

ACCOUNTS AND ACTIVITY

At the end of June 2013, deposits of banking activity amounted to 21.1 billion euros, representing a 4.9% increase (+1.0% with respect to consolidated activity). In turn, investment funds are keeping to an increasing trend and have recorded a 6.9% homologous variation, in line with the value recorded at the end of the previous quarter. Capitalization insurance and other resources amounted to 4,082 million euros decreasing by 12.9% relative to June 2012. Total customers' resources amounted to 25,972 million euros, a -1.5% annual variation.

The credit portfolio remained stable relative to the previous quarter, amounting to 27.8 billion euros, showing a 1.3% increase in corporate credit, and thus compensating the decrease in credit granted to individuals (-0.8%).

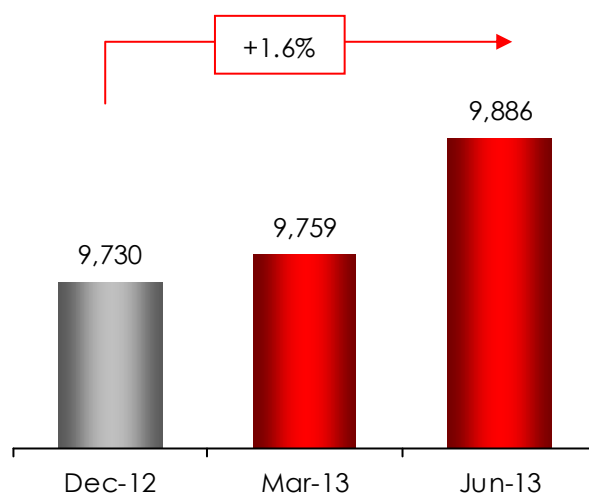
BUSINESS VOLUME (million euros)

	Jun-13	Jun-12	Var.
Total Gross Loans	27,759	29,120	-4.7%
<i>from which</i>			
Credit to Individuals	17,481	18,118	-3.5%
<i>from which</i>			
Mortgage	15,536	16,014	-3.0%
Consumer credit	1,404	1,487	-5.6%
Credit to Corporates	9,886	10,556	-6.3%
Resources	25,972	26,372	-1.5%
Deposits	19,549	19,357	+1.0%
Securities issued (clients)	312	429	-27.3%
Balance sheet resources	19,861	19,787	+0.4%
Investment funds	2,029	1,897	+6.9%
Insurance and other	4,082	4,688	-12.9%
Off-Balance sheet resources	6,111	6,585	-7.2%

In spite of the negative effects of the contraction of economic activity in credit demand and the worsening of the risk profile in the corporate area, the soundness of the Bank's accounts allow maintaining a policy of support for corporations with an adequate risk profile, also increasing the potential of transactional levels. At the end of the half year, the portfolio of corporate credit amounted to 9,886 million euros, and thus an improvement relative to March and to December 2012.

LOANS TO CORPORATES

Million euros



The credit/deposits ratio, calculated on the basis of the agreement established with the international entities (IMF/EC/ECB), stood at 127.7%, in June 2013, as compared to 136.8% in June 2012.

The continuing recessive environment is reflected in the worsening of the risk indicators in the credit portfolio. The credit at risk ratio reached 5.38% with a coverage degree of 69.9% (5.19% and 69.0% respectively, in March 2013). In its turn, the non-performing and doubtful loans ratio stood at 3.64% (3.42% in March 2013) and the respective coverage ratio stood at 103.4% (104.5% in March 2013).

CREDIT RISK RATIOS

	Jun-13	Jun-12	Var.
NPL ratio (+ 90 days)	3.58%	2.87%	+0.71 p.p.
NPL coverage ratio (+90 days)	105.0%	100.3%	+4.7 p.p.
NPL and doubtful loans ratio	3.64%	2.90%	+0.74 p.p.
Net NPL and doubtful loans ratio	1.18%	1.33%	-0.15 p.p.
NPL and doubtful loans coverage ratio	103.4%	99.2%	+4.2 p.p.
"Credit at risk" ratio	5.38%	4.03%	+1.35 p.p.
Risk premium*	0.43%	1.73%	-1.30 p.p.

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

The ratio of new entries in non-performing loans (in excess of 90 days), net of recoveries, as a proportion of the average credit portfolio reached 0.43%, in annualized terms, thus showing an improvement as compared with the values recorded in the previous year.

LIQUIDITY, SOLVENCY AND PROFITABILITY

The Bank has available a portfolio of assets eligible as guarantee for financing operations with the Eurosystem amounting to 12.5 billion euros. In turn, net resources obtained from the European Central Bank amounted to 5.5 billion euros at the end of the half year, an increase of 1.6 billion euros relative to the value recorded at the end of the previous quarter, this being mainly due to the maturity of an issue of mortgage bonds amounting to one billion euros.

The credit/deposits ratio was kept in line with the value recorded in December 2012, standing at 127.7%, and showing an improvement of 9.1pp relative to the homologous period.

Capital ratios continue evolving favourably, showing the soundness of the Bank's accounts, with Tier I and Core Tier I ratios standing at 14.6% and 13.3%, respectively.

CAPITAL

	Jun-13	Jun-12
Tier I capital	2,636	2,425
Tier II capital	-8	-6
Total capital	2,628	2,419
Risk weighted assets	18,073	19,738
Core capital *	13.3%	11.4%
Tier I *	14.6%	12.3%

(*) Excluding results generated net of payout, Core Capital is 13.3% and Tier I is 14.6%

COMMERCIAL BANKING

The soundness of Santander Totta's accounts allowed the re-launching, still in the last quarter of 2012, of a bid for socially responsible credit, directed towards individuals and corporations. This bid has been maintained throughout this first half year, particularly directed towards individual credit, credit cards and credit for the business segment.

Resource capturing occurred mainly with value added products, the focus being equally maintained on domiciled salaries and control of non performing loans.

The "**Autumn Credit**" internal campaign, directed towards family support through the granting of individual credit, resulted in a sustained production growth, as shown by a slight increase in consumer credit relative to the end of the 1st quarter of the current year.

With regard to credit cards, and keeping to a seasonal logic, a "**Summer Credit**" was launched in the 2nd quarter, with the objective of placing new credit cards with new customers. A specific offer was set up for customers, with favourable conditions, namely the offer of annual fees in several cards, a promotional 9% rate until year end and the refund of 10% of each month's initial purchase, up to a maximum of 25€, during the 4 months following the card being activated. This campaign resulted in a meaningful increase in the number of new credit card customers between the 1st and the 2nd quarters.

Concerning campaigns and actions for capturing and binding of customers, a campaign for the capture of salaries/pensions was kept up, based upon the exemption of commissions on the main day-to-day services and on gift offerings.

In the **Premium segment**, the 1st quarter was featured with a very significant positive evolution in customer capturing as a result of commercial campaigns created for this purpose. Agreements established with professional groups have been fundamental in improving the dynamics of the segment.

The results of studies carried out over customer satisfaction have shown a general improvement in the several chosen indicators, in line with the growing investment in the improvement of the global service rendered.

The strategy pursued in the **Business segment** was the capture of new customers, the binding of current customers and the increase in transaction possibilities. The “**Spring Credit**” internal campaign, started in the 1st quarter, also resulted in the growth of this segment's credit production.

The commercial strategy of the **Corporate Network** continues based on the growth of new customers who more than ever value the partnership with a Bank that has the soundness, the geographical spread, the quality of service, the products and the commercial capacity of Santander Totta.

The Bank's liquidity situation allows maintaining a dynamic process in the increase of credit granted and in the development of international business with full support provided to exporters, to corporations already internationalized or undergoing internationalization.

In the Credit Activation campaign, the Bank had already approved more than 5 thousand operations amounting to approximately 2 billion euros until the end of the 1st half year of 2013, thus materializing the intent to support outstanding projects, corporate business and the Portuguese economy.

In the SME Invest/Growth lines, Santander Totta maintains an outstanding position with a 17% market share, having placed until the end of the 1st half year more than 15 thousand operations, amounting to approximately 1.7 billion Euros. In the 2013 SME Growth line, trading in which started in February, Santander Totta has already achieved an outstanding position with an 18% market share in the amount financed for operations included in the SME-Investment programme.

In factoring and confirming, the Bank has kept its leading position with a 21% market share, thus confirming the Bank's commitment and availability in the support of SME treasuries.

GLOBAL BANKING AND MARKETS

In the area of **Corporate Finance**, the outstanding features are the completion of financial consultancy to Beijing Enterprises Water Group in the acquisition of the water concession business from Veolia in Portugal, of consultancy to British Columbia Investment Management Corporation in the acquisition from Galp Energia of its 5% shareholding in Compañía Logística de Hidrocarburos (CLH) and of consultancy to Riverside in the issue of *Fairness Opinion* for the purpose of the disposal of ONI to Altice. Equally outstanding is the ongoing financial consultancy to Optimus in the merger with ZON, an operation now awaiting approval from the Competition Regulator.

In the **Credit Markets** area, the continuing restrictive economic environment keeps up the pressure on private or public new investment decisions. In spite of this adverse context, Santander Totta continues as one of the institutions with a constant presence in the analysis of existing opportunities and in supporting small and medium sized promoters in the materialization of their projects.

In the area of acquisition finance, the activity was featured in the support and structuring of the financing of several acquisitions of Portuguese corporations and other assets for Portuguese and international corporate customers and in the support to the privatization programmes.

In **Asset & Capital Structuring**, Santander Totta continues developing relevant activity in the area of renewable energy projects in Portugal, as well as analysing possible market opportunities that may arise as a result of the current environment.

In the first half year of 2013, the **Structured Products** area achieved a sound performance in the marketing of liability products. Fourteen structured products were issued in the 1st half year, ten of which are euro denominated issues that amounted to 586 million euros and 4 are dollar denominated issues amounting to 46 million US Dollars.

Volumes in Santander Totta's **Institutional Custody** area have been kept stable, with a slight increase of 1% relative to the previous quarter, this area continuing to be placed 2nd in the national ranking of Custodians, with an approximately 20.5% market share in the volume of assets under custody, according to the latest information made available by the Securities Market Regulator (CMVM).

ASSET MANAGEMENT

The first half year featured two differing circumstances in market terms. A first stage featured optimism and consistence and ended with a moment of high volatility with the crisis in the Cypriot financial system. At a later stage, especially from the end of May onwards, with the announcement of the withdrawal of financial incentives to the North American economy by the Federal Reserve Board, still in 2013, volatility substantially increased and was reflected in palpable corrections in the performance of most types of assets.

In this context, Santander Asset Management (SAM) attempted to manage its products at a controlled risk level, focusing on maintaining high and adequate levels of liquidity.

Outstanding at the end of the half year were the positive net subscriptions totalling 147.6 million euros, namely the Multitresury fund (128 million euros net subscriptions since the start of the year) with a 110% growth in volume in the year. Outstanding as well, the 20 million euro increase in the volume of equity funds since the beginning of the year.

In terms of profitability, at the end of the half year, and for a 12 month period, all funds showed positive performances, namely the **Santander Multitresury** (1.6% net effective profitability), **Santander Multicredit** (3.3% net effective profitability) and equity funds: **Santander Equity Portugal** (33.6% net effective profitability) and **Santander Equity Europe** (22.6% net effective profitability).

At the end of the half year, securities investment funds managed by Santander Asset Management held an 11.2% market share, showing an improvement relative to end 2012 (11.0%).

Regarding real estate investment funds managed by SAM, totals amounted to 563.3 million euros, at the end of June 2013, corresponding to a 4.9% market share.

INSURANCE

In the 2nd quarter of 2013, Santander Totta Insurance strengthened its commercial activity in the open market, as well as the life insurance portfolio linked to consumer credit. A diversified offer of innovatory products adequate to customers' basic needs was made available, and the bid continued in providing a quality customer service and investment was carried out in the commercial area through training in the best sales practices.

Life risk insurance traded in the open market is showing dynamic growth, particularly regarding products launched in 2012. Sale of "**Safe Care**", which combines life insurance with a supplementary medical assistance cover, increased in excess of 60% in the 1st half year relative to the previous half year, and includes more than 37,000 people insured at the end of June. "**Home Protection**", a multi-risk insurance launched in April 2012, although recording a decrease relative to the 1st quarter, continues in demand from customers, with 2,400 policies placed in the 2nd quarter 2013.

Focus was equally kept on the marketing of solutions to protect family income in case of death or unemployment - "**Family Protection Plan**" and "**Salary Protection Plan**" – with sales reaching approximately 7,000 policies in the 2nd quarter (18,000 policies in the half year). "**Live Longer Insurance**", directed towards the treatment of serious illnesses with the best international medical specialists, sold approximately 2,200 policies.

With respect to financial life insurance, the launching of “**Financial Plan**” policies as non-standardized ICAE insurance policies (unit linked), that provide a monthly and quarterly return paid as a partial refund is outstanding, with total marketed volume amounting to approximately 145 million euros, in the 1st half of 2013, as compared to 366 million euros marketed during the homologous half year.

Regarding life insurance, the value of premiums issued and contributions to investment contracts amounted to 221.1 million euros as compared with 435.1 million euros in the same period of 2012, an evolution which shows a lower demand in financial life insurance. In risk and mixed insurance premium volumes amounted to 61.9 million euros representing a 13% increase as compared to the premiums issues in the 1st half of 2012. To be recorded as well is a 12% increase in life insurance premiums linked to home and consumer credit.

INSTITUTIONAL INFORMATION

Banco Santander (SAN.MC, STD.N, BNC.LN) is a retail and commercial bank, based in Spain, with a presence in 10 main markets. Santander is the largest bank in the euro zone by market capitalization. Founded in 1857, Santander had EUR 1.388 trillion in managed funds, 102 million customers, 14,392 branches – more than any other international bank – and 187,000 employees at the close of 2012. It is the largest financial group in Spain and Latin America. It also has significant positions in the United Kingdom, Portugal, Germany, Poland and the northeast United States. Santander had a pre-provision profit of EUR 23.559 billion in 2012, an increase of 2% from the previous year.

Santander Totta, SGPS

BUSINESS VOLUME (million euros)

	Jun-13	Jun-12	Var.
Total Gross Loans	27,759	29,120	-4.7%
<i>from which</i>			
Credit to Individuals	17,481	18,118	-3.5%
<i>from which</i>			
Mortgage	15,536	16,014	-3.0%
Consumer credit	1,404	1,487	-5.6%
Credit to Corporates	9,886	10,556	-6.3%
Resources	25,972	26,372	-1.5%
Deposits	19,549	19,357	+1.0%
Securities issued (clients)	312	429	-27.3%
Balance sheet resources	19,861	19,787	+0.4%
Investment funds	2,029	1,897	+6.9%
Insurance and other	4,082	4,688	-12.9%
Off-Balance sheet resources	6,111	6,585	-7.2%
By segment			
Commercial Banking Resources	22,987	23,782	-3.3%
Individuals and Small Businesses	21,758	22,136	-1.7%
Deposits	16,209	15,864	+2.2%
Securities issued (clients), Investment Funds and insurance	5,549	6,272	-11.5%
Corporates	1,229	1,646	-25.3%
Large Corporates, Institutionals and other	2,986	2,589	+15.3%

Santander Totta, SGPS

Ratios calculated in accordance with instructions nº 16/2004 and nº 23/2011 from the Bank of Portugal

RATIOS

	Jun-13	Jun-12	Var.
Solvency			
Core Tier I	13.3%	11.4%	+1.9 p.p.
Tier I	14.6%	12.3%	+2.3 p.p.
Solvency ratio	14.5%	12.3%	+2.3 p.p.
Credit Quality			
NPL and doubtful loans ratio	3.6%	2.9%	+0.7 p.p.
NPL and doubtful loans coverage ratio	103.4%	99.2%	+4.2 p.p.
Net NPL and doubtful loans ratio	1.2%	1.3%	-0.2 p.p.
"Credit at risk" ratio	5.4%	4.0%	+1.4 p.p.
"Credit at risk" ratio (net)	1.68%	1.21%	+0.47 p.p.
Profitability			
Income before taxes and MI/Average net assets	0.3%	0.4%	-0.1 p.p.
Operating income/Average net assets	2.1%	2.7%	-0.6 p.p.
Income before taxes and MI/Average equity	4.1%	6.4%	-2.3 p.p.
Efficiency			
Total operating expenses/Operating income	54.2%	41.8%	+12.4 p.p.
Personnel expenses/Operating income	31.8%	23.7%	+8.1 p.p.
Transformation			
Credit (net)/Deposits	137.9%	147.4%	-9.5 p.p.
Credit (net)/Deposits*	127.7%	136.8%	-9.1 p.p.

* According the definitions in the "Memorandum of Understanding"

Santander Totta, SGPS

INCOME STATEMENT (million euros)

	Jun-13	Jun-12	Var.
Net interest income (without dividends)	251.3	284.7	-11.8%
Dividends	1.3	1.6	-18.5%
Net interest income	252.6	286.4	-11.8%
Net commissions	171.5	178.6	-4.0%
Other banking income	-8.0	-3.7	+117.7%
Insurance activity	7.5	23.3	-67.7%
Commercial revenue	423.6	484.6	-12.6%
Gain/loss on financial transactions	11.4	78.0	-85.4%
Operating income and insurance activity	435.0	562.6	-22.7%
Total operating expenses	(239.4)	(237.1)	+1.0%
Personnel expenses	(140.4)	(134.4)	+4.5%
General expenses	(68.1)	(70.0)	-2.6%
Depreciation	(30.9)	(32.8)	-5.9%
Net operating income	195.6	325.5	-39.9%
Impairment and net provisions	(146.5)	(250.2)	-41.4%
Equity	6.5	4.6	+40.9%
Income before taxes and MI	55.5	79.9	-30.5%
Taxes	(24.6)	(17.4)	+41.7%
Minority interests	(0.0)	(0.1)	-69.8%
Consolidated net income	30.9	62.5	-50.6%

(*) Not audited

Santander Totta, SGPS

BALANCE SHEET (million euros)

	Jun-13	Jun-12	Var.
Deposits at Central Banks	755	900	-16.1%
Cash, loans and advances to banks	2,855	1,736	+64.4%
Financial assets	9,621	9,697	-0.8%
Net loans	26,715	28,282	-5.5%
Hedging derivatives	204	197	+4.0%
Non current assets held to sell	223	180	+23.7%
Other tangible assets	385	430	-10.6%
Other assets	1,048	1,183	-11.4%
TOTAL ASSETS	41,806	42,606	-1.9%
Resources from Central Banks	6,300	6,852	-8.1%
Resources from other institutions	3,747	2,345	+59.8%
Financial liabilities held for trading	1,791	1,800	-0.5%
Financial liabilities designated at fair value through profit and loss	3,806	4,144	-8.2%
Resources of customers and others	19,549	19,357	+1.0%
Debt securities issued	2,555	4,426	-42.3%
Hedging derivatives	391	314	+24.4%
Provisions	443	471	-6.0%
Subordinated liabilities	-	-	-
Other liabilities	439	471	-6.8%
Shareholder's equity	2,786	2,424	+14.9%
TOTAL LIABILITIES AND EQUITY	41,806	42,606	-1.9%