

RESULTS OF FIRST QUARTER 2015

Santander Totta achieves net income of 53.8 million euros, a 27.8% increase

“Santander Totta recorded an overall development in its business activity in the first three months of the year. Growth in credit to corporates and in home loan production, together with increase in deposits and off-balance sheet resources, is revealing of the market’s confidence with us, as well as the level of commitment the Bank has with its Customers.

Simultaneously, the Bank reinforced its already high level of liquidity and soundness of its accounts, attaining a 15.2% CET I Ratio. Thus the conditions now exist for the Bank to continue aiding people in developing their activities, and companies to invest and to achieve growth in their business.”

António Vieira Monteiro, Executive Chairman of Banco Santander Totta

- Net income of 53.8 million euros, a 27.8% growth as compared with the homologous period.
- Credit granted to corporates grows 0.8% on an annualized comparison and kept stable relative to end-2014, revealing an increase in market share considering the system’s negative evolution.
- Production in home loans records appreciable growth as compared to the homologous period (+75.2%), which reduces the rate of decrease in the portfolio.
- Customers’ resources increase by 5.4%, impelled respectively by 7.5% and 2.3% increases in deposits and in off-balance sheet resources.
- Variation in non-performing loans (more than 90 days overdue), adjusted by credit recoveries and write-offs, represents 0.17% of the credit portfolio as compared with 0.62% recorded in March 2014.
- Reduction of net financing with the Eurosystem, which stood at 3.5 billion euros, is equivalent to reductions of 1.5 billion euros as compared with the homologous period and of 0.3 billion relative to the previous quarter.
- Efficiency ratio improves by 5.1pp, now standing at 51.3%.
- CET I Ratio standing at 15.2%, and CET I fully implemented ratio at 15.4%¹.
- North American magazine Global Finance again considered Santander Totta as the “Best Bank in Portugal”, within the scope of “The World’s Best Developed Markets Banks 2015”. The same magazine also attributed the prize “Best Trade Finance Bank

¹ In line with the Bank’s best understanding of the rules in force in CRD IV/CRR and applicable national filters. Does not include any impact derived from DTA legislation, since the Bank did not adhere to proposed Law 235/XII

2015” in Portugal, which reflects the Bank’s effort in the development of the international business area guided towards a professional support for Portuguese corporates. In turn, Santander Totta was awarded the prize, for the fourth consecutive time, as the “Best Bank in Portugal” in the *Private Banking* area, by Euromoney magazine.

- Banco Santander Totta’s rating continues the best in the financial system. Current notation ratings of Banco Santander Totta’s long term debt as compared to those of the Portuguese Republic are the following: Fitch – BBB (Portugal – BB+); Moody’s – Ba1 (Portugal – Ba1); S&P – BB (Portugal – BB); and DBRS – BBBH (Portugal – BBBL).

Lisbon, 6 May 2015. At end-March 2015, Santander Totta, SGPS (in this release referred to as “Santander Totta” or “Bank”) achieved net income amounting to 53.8 million euros, which compares with 42.1 million euros recorded in the homologous period, a 27.8% variation. This evolution reflects increase in revenue and decrease in operating expenses.

Compared with the previous quarter, net income grew by 27.5%, excluding extraordinary revenue amounting to 32.0 million euros, obtained with the sale of the 51% shareholding that Santander Totta Insurance held with companies Aegon Santander Portugal Não Vida and Aegon Santander Portugal Vida (transaction carried out in the fourth quarter of 2014), which evinces the sustained growth in income in the latter quarters.

Net interest income amounted to 142.6 million euros, a 10.3% increase relative to the 129.2 million euros accounted for in the homologous period. The positive evolution in net interest income has mainly benefited the decrease in financing costs, particularly in the case of deposits.

The 9.6% growth in operating income together with the 0.2% decrease in operating expenses resulted in a 5.1pp increase in the efficiency ratio, which at the end of the quarter stood at 51.3%.

Deposits increased by 7.5%, in annualized terms, with a slight reduction relative to end-2014, amounting to 20,022 million euros. In its turn, the credit portfolio amounted to 26,506 million euros, decreasing by 1.8% in homologous terms. The rate of decrease in credit has been slowing down due to the positive behaviour of credit granted to corporates, which increased by 0.8% in annualized terms, and of a very significant growth in the production of home loans.

The credit at risk ratio stood at 5.71%, a positive evolution relative to the value shown at end-2014; coverage level was reinforced with the respective ratio standing at 78.0% (75.9% in December 2014).

CET I ratio recorded improvement relative to the value shown at end-2014 and to the homologous period, standing at 15.2% (15.1% in December and 14.5% in March 2014). Tier I ratio stood at 16.5%.

Financing obtained with the Eurosystem amounted to 3.5 billion euros, with a 30.1% reduction relative to the value shown at end-March 2014 and 7.0% relative to end-2014. The portfolio of assets eligible as guarantees in financing operations with the Eurosystem amounted to 12.1 billion euros.

Business Environment

The trajectory of economic recovery should have gained greater traction in the first quarter of 2015, with an increase in GDP of 1.1% QoQ and 2.3% YoY, benefiting from the positive contributions of both domestic demand and external demand, in a more sustainable growth model.

Household expenditure will have continued growing favourably, also reflecting the stabilization of the labour market, with unemployment rate still at a high level. Sales of motor vehicles continued sound, but at absolute values still near to historical minimums.

Investment will have continued evolving positively, benefiting both from the acquisition of transport equipment (with growth in excess of 20% in YoY terms) and from the improvement which is starting to take place in the construction industry (cement sales grew by approximately 4% relative to the same period in 2014). The high utilization of installed capacity (at the highest levels since 2008) contributes towards companies' needs to invest also in expanding existing capacity.

Exports continue showing a positive variation, in homologous terms, with sustained growth in sales to European countries, where the economic perspectives are more favourable (resulting from the successive upward revisions, either for the euro zone as a whole, or for the main trading partners, Spain and Germany). Nominal data is affected by the heavy decrease in oil prices, which is more visible in the case of imports, contributing towards a clear improvement in the external balance.

Budgetary execution continues evolving in line with budget targets, with emphasis on the continuing positive variation in fiscal revenue, especially in the case of VAT (in line with the dynamics of private consumption).

The Treasury continues to obtain regular market financing, having placed several 10 year issues with rates slightly below 2% (and thus lower than the 2.9% at which it had issued in the beginning of the year), as well as a debt exchange operation, through which it extended the maturity of public debt. In terms of Treasury Bills, the Treasury is already obtaining funding at rates below 0.15%, whilst in the secondary market the yields are negative for debts maturing at less than 2 years.

The European Central Bank has shown greater optimism as to economic growth in 2015 and 2016 (GDP may grow by 1.5% in 2015), considering that projections already include the effects of their acquisition of public debt. ECB has already acquired 85 billion euros of these assets since March.

Results

At the end of the first quarter of 2015, net income of Santander Totta, SGPS amounted to 53.8 million euros, a 27.8% increase relative to the 42.1 million euros recorded in the same period of the previous year. The positive variation in net income results from increase in revenue and

lower operating expenses. In comparison with the previous quarter, net income increased by 27.5%, excluding extraordinary revenue amounting to 32.0 million euros, obtained from the sale of the 51% shareholding that Santander Totta Seguros held in companies Aegon Santander Portugal Não Vida and Aegon Santander Portugal Vida (a transaction carried out in the fourth quarter of 2014).

INCOME STATEMENT (million euros)

	Mar-15	Mar-14	Var.
Commercial revenue	213.7	190.7	+12.1%
Operating income and insurance activity	227.5	207.5	+9.6%
Total operating expenses	(116.8)	(117.1)	-0.2%
Net operating income	110.7	90.5	+22.4%
Impairment and net provisions	(34.2)	(32.6)	+4.9%
Equity	3.2	2.6	+21.5%
Income before taxes and MI	79.7	60.5	+31.7%
Consolidated net income	53.8	42.1	+27.8%

Net interest income amounted to 142.6 million euros, a 10.3% increase, which especially reflects the lower cost of financing, particularly that of deposits, which offset the lower credit volumes. Relative to the previous quarter, net interest income increased by 0.1%.

Net commissions amounted to 67.0 million euros, decreasing 3.7% relative to the homologous period. In turn, other banking income evolved positively, amounting to 1.4 million euros, compared with the -10.8 million euros recorded at end-March 2014. The positive behaviour of this item is consequent upon lower devaluations of the assets of the Novimovest real estate investment fund.

Income from financial operations amounted to 13.8 million euros compared with the 16.8 million euros recorded in the homologous period.

Operating income amounted to 227.5 million euros, a 9.6% increase relative to the amount recorded in the month of March of the previous year.

OPERATING INCOME (million euros)

	Mar-15	Mar-14	Var.
Net interest income (without dividends)	142.6	129.2	+10.3%
Dividends from equity instruments	0.0	0.0	+1.0%
Net commissions	67.0	69.5	-3.7%
Other banking income	1.4	-10.8	-113.4%
Insurance activity	2.7	2.7	+1.1%
Commercial revenue	213.7	190.7	+12.1%
Gain/loss on financial transactions	13.8	16.8	-18.0%
Operating income and insurance activity	227.5	207.5	+9.6%

Operating expenses totalled 116.8 million euros, a 0.2% decrease. Personnel expenses grew slightly by 0.6% due to an increase in obligatory social charges, whilst the increase in general

administrative expenses resulted mainly from grater costs with external consultants and with software maintenance. Depreciation evinces a significant 27.6% decrease, attributable to the change in the useful life of several software applications, from 5 to 3 years, accounted for in the second quarter of 2014.

Growth in revenue coupled with the decrease in operating expenses resulted in a 5.1pp increase in the efficiency ratio, standing at 51.3%, at the end of the first quarter.

OPERATING EXPENSES (million euros)			
	Mar-15	Mar-14	Var.
Personnel expenses	(68.6)	(68.2)	+0.6%
General expenses	(37.5)	(34.2)	+9.8%
Operating expenses	(106.1)	(102.3)	+3.7%
Depreciation	(10.7)	(14.7)	-27.6%
Total operating expenses	(116.8)	(117.1)	-0.2%
Efficiency ratio (excl. depreciation)	46.6%	49.3%	-2.7 p.p.
Efficiency ratio (incl. depreciation)	51.3%	56.4%	-5.1 p.p.

Total impairment and provisions amounted to 34.2 million euros, a 4.9% increase relative to the amount accounted for in the same period of the previous year. Cost of credit, measured through the relation between credit provisions and the credit portfolio stood at 0.49%.

Income before taxes and minority interests amounted to 79.7 million euros, a 31.7% increase and net income amounted to 53.8 million, corresponding to a 6.5% return on equity.

Accounts and Activity

In March 2015, deposits amounted to 20,022 million euros, a 7.5% growth relative to the homologous period.

Investment funds marketed by the Bank recorded a significant annual increase (+25.1%) reinforcing the recovery trend. This positive variation set off the decrease in capitalization insurance and other resources (-5.8% in annual terms and -2.7% relative to December).

The credit portfolio amounted to 26,506 million euros, a 1.8% decrease relative to the homologous period. Notwithstanding the 0.8% positive variation in credit granted to companies, which has gradually been increasing its weight in the credit portfolio, home loans continue evincing a diminishing trend, in spite of the substantial increase in new credits granted in the first quarter of the year, which recorded a 75.2% growth relative to the value recorded in the homologous quarter.

Market data available for 2015 confirm the diminishing trend in credit granted to corporates, and as such the results achieved by the Bank allow an improvement in its market shares.

BUSINESS VOLUME (million euros)					
	Mar-15	Dec-14	Mar-14	Var.QoQ	Var.YoY
Total Gross Loans	26,506	26,686	26,991	-0.7%	-1.8%
<i>from which</i>					
Credit to Individuals	16,533	16,635	17,017	-0.6%	-2.8%
<i>from which</i>					
Mortgage	14,709	14,794	15,133	-0.6%	-2.8%
Consumer credit	1,368	1,381	1,391	-1.0%	-1.6%
Credit to Corporates	9,784	9,823	9,708	-0.4%	+0.8%
Resources	25,330	25,561	24,038	-0.9%	+5.4%
Deposits	20,022	20,346	18,622	-1.6%	+7.5%
Securities issued (clients)	65	134	289	-51.7%	-77.7%
Balance sheet resources	20,086	20,480	18,912	-1.9%	+6.2%
Investment funds managed or marketed by the Bank	1,674	1,414	1,338	+18.4%	+25.1%
Insurance and other	3,569	3,667	3,789	-2.7%	-5.8%
Off-Balance sheet resources	5,243	5,082	5,126	+3.2%	+2.3%

The credit at risk ratio stood at 5.71%, equivalent to a slight reduction over its situation in December 2014, and the coverage ratio of credit at risk by provisions reached 78.0% as compared with 75.9% at the end of the previous year. In its turn the ratio of non-performing and doubtful loans stood at 4.31% and the respective coverage ratio at 103.3%.

The weight of new entries in non-performing loans in excess of 90 days (adjusted with write-offs and credit recoveries) in the credit portfolio in the quarter evolved very favourably to 0.17% (0.62% in the homologous quarter).

CREDIT RISK RATIOS			
	Mar-15	Mar-14	Var.
NPL ratio (+ 90 days)	4.27%	3.86%	+0.41 p.p.
NPL coverage ratio (+90 days)	104.3%	105.4%	-1.1 p.p.
NPL and doubtful loans ratio	4.31%	3.95%	+0.36 p.p.
Net NPL and doubtful loans ratio	1.42%	1.09%	+0.33 p.p.
NPL and doubtful loans coverage ratio	103.3%	103.0%	+0.3 p.p.
"Credit at risk" ratio	5.71%	5.29%	+0.42 p.p.
"Credit at risk" coverage	78.0%	76.8%	+1.2 p.p.
Risk premium*	0.17%	0.62%	-0.45 p.p.
Cost of Credit	0.49%	0.48%	+0.01 p.p.
Restructured loans/loans	9.6%	8.9%	+0.7 p.p.
Restructured loans not included in "credit at risk"/loans	6.9%	6.3%	+0.6 p.p.

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

Liquidity, Solvency and Profitability

Net financing obtained with the Eurosystem continues diminishing, standing at 3.5 billion euros at end-March 2015, equivalent to decreases of 30.1% relative to the value shown in the homologous period and of 7.0% relative to December. In the first quarter, Santander Totta was able to increase the maturity of this financing through recourse to the TLTRO, due to the greater increase in credit granted to corporates.

The portfolio of assets eligible as guarantees in financing operations with the Eurosystem amounted to 12.1 billion euros, which, coupled with the current levels of the already referred use of ECB funds, allow the Bank very comfortable levels of available liquidity.

The LCR (Liquidity Coverage Ratio) stood at 120%, compared with the 141% achieved in December 2014.

The Core Tier 1 ratio stood at 15.2%, increasing by 0.1pp in the quarter, again evincing the Bank's capacity in generating capital organically.

ROE evolved to 6.5%.

Capital			
	Mar-15	Dec-14	Mar-14
Common Equity Tier 1	2.477	2.464	2.472
Tier 1	2.680	2.704	2.732
Total Capital	2.680	2.704	2.732
Risk Weighted Assets (RWA)	16.261	16.360	17.080
CET 1 ratio	15,2%	15,1%	14,5%
Tier 1 ratio	16,5%	16,5%	16,0%
Total Capital Ratio	16,5%	16,5%	16,0%

Commercial Banking

Individuals and Business Customers

The Bank continued the strategy sustained by its soundness, which has allowed significant comparative advantages in credit granted to Individuals and Business/SMEs Customers.

In the first quarter Santander Totta launched Mundo 1|2|3, which is based on a solution that is simple and adequate for the Customers' needs, with tangible and recurring benefits rendered in detailed information the Customer can obtain through several channels.

Mundo 1|2|3 is a multi-product solution which, in addition to the associated accounts (commissions, conditions for other of the Bank's products, several types of insurance and 24 hour domicile assistance coverage), renders a series of benefits, via cash-back in the Mundo 1|2|3 card account, in accordance with the products the Customer holds at any given moment:

- 1% of the value of purchases with the Mundo 1|2|3 Card;
- 2% of the value of home bills (water, electric power, gas and communications – TV, internet, mobile and fixed telephone) paid by direct debit in the Mundo 1|2|3 Account;
- 3 cent/litre of fuel supplied by Repsol (adherent Repsol service stations in Portugal) paid with the Mundo 1|2|3 Card, in addition to a benefit of 5 cent/litre in immediate discount.

Regarding credit cards, and considering the positive experience in 2014, focus was kept on the placing of cards with new Customers. Emphasis on the setting up, in the last month of the quarter, of a Mundo 1|2|3 credit card, with an attractive loyalty programme.

The recovery signs in the real estate market, ascertained since end-2013, led the bank to again provide greater focus on the granting of home loans, the production of which has been increasingly significant, particularly in the first quarter of this year.

The *Select* label, launched in February 2014, continues having a significant weight in the production of home loans, achieving a market share of approximately 30%.

In respect of personal credit, a strategy was pursued in the sense of reducing monthly charges and/or increasing liquidity in line with the different needs of the Customers, factors that continue being privileged by Portuguese families. As such, the following campaigns were kept alive: (i) “Home solutions”, with a feature that in refurbishing a home the Customer, when contracting building work, has access to discounts in suppliers of construction/home decoration products (Leroy Merlin and Melom); (ii) “Motor Vehicle Solutions”, with beneficial financing conditions for the Customer; and (iii) “Auto Select”, which offers financing conditions for the purchase of higher grade motor vehicles, such as Jaguar or Range Rover.

As a lever in the capturing of new credit, emphasis is placed on the rate promoted in the first year, for the product “Active Personal Credit”, which provides Customers with a more reduced monthly instalment during this period.

Regarding resources, market interest rates continued on a downward trajectory, which had relevant consequences in the market in terms of savings products.

In this context, the conditions and the portfolio of the Bank’s products, especially in the case of traditional liabilities, had to be adjusted to the market conditions, although continuing to prize Customer relationship levels with the Bank.

With a view to diversify Customers’ assets/investments, the Bank continues to make available indexed deposits and a range of securities investment funds.

Corporates

The growth of the Portuguese economy in 2014, supported by the strong investment contribution, and the prospect of a greater economic growth in 2015 are positive signs that reinforce the sustainability of the macroeconomic cycle. Heavy competition in price levels was a constant factor in the first quarter of 2015, with the Corporate Network pursuing a strategy based upon a balanced management between the volumes of the credit portfolio and existing resources, thus guaranteeing the sustained growth of the profitability of the commercial network.

With the fulfilment of the intention to support meaning projects and Corporates’ business, the credit production exceeded 1.35 billion euros throughout the first quarter.

Accompanying these positive signs of consolidation of the cycle and clearly investing in the Corporate segment, Santander Totta strengthened its Corporate Commercial Network by opening, in the beginning of 2015, the Alentejo DCE (Corporate Commercial Department).

The *Advance* Santander programme, launched at the end of 2014, was another initiative in support of Portuguese SMEs. This programme results from a corporate effort of the Santander Group in altering the means with which with the entrepreneurial market wherever it is located. An exhaustive offer was launched offers of several finance products adequate to market

requirements, including all the possible solutions for the support of internationalization or for international business and, being aware of Companies' needs in the qualification of their staff, an employment solution was equally set up – through the *Advance* Employment Site where employment offers or needs can be placed, with the availability of training scholarships for academics in companies, at no cost, in addition to free training through courses in University environment or online courses. This programme can be accessed through the *site* pt.santanderadvance.com, set up solely for this purpose.

Within the scope of the protocol subscribed with the European Investment Bank (EIB), the Bank has made available a second line of credit that allows financing in privileged conditions, thus contributing towards the economic and consolidated recovery of the country. This line is intended to finance any State in the European Union, in several sectors of the economy (agriculture, industry, services), and covering several market segments, preferably SME's and MIDCAPS. Up to the end of the first quarter of 2015, the EIB line, amounting to 200 million euros, has already granted finance amounting to 78 million euros.

Santander Totta continued maintaining a leadership position in the SME Growth-2014 lines, with an 18.7% market share, having granted, until the end of the first quarter, 2,435 operations, totalling 238.8 million euros.

In March, Santander Totta launched, in association with the managing bodies and the Mutual Guarantee Societies, a new SME Growth-2015 line, in order to give continuity to the supports provided by the Government to the economy. This line, amounting to a total of 1,400 million euros, is subdivided in several short and medium term lines, intended to support working capital and permanent capital funds, as well as to the support of productive investment, with emphasis on the lines "High Growth Companies" and "Commercial Credit to Exporters".

Santander Totta also launched a specific solution to support the agricultural and livestock sectors. The Agriculture offer is intended to support the current activity of primary sector companies, specifically by way of advances of output supports foreseen in the Common Agricultural Policy, and has, for the purpose, subscribed a protocol of collaboration with the Portuguese Farmers' Confederation, aiming to facilitate the access to the advance of such supports, to farmers who are associates of that Confederation.

The Bank equally continues as leader in factoring and confirming, with an aggregate 26,7% market share (February 2015 data), which proves the commitment and availability of the Bank in the support of Company treasuries.

In order to support the internationalization of Portuguese companies, the Bank has made the *International Desk* available, with the objective to establish an effective commercial link between Banco Santander Totta and its counterparts in the several banks comprised in the Santander Group, located in different markets, enabling advantages to be had from its dimension to boost the international business of Portuguese companies.

Investment Funds

An important volume growth occurred in respect of the securities investment funds marketed by the Bank, especially starting from the end of January (267.8 million euros relative to the end

of the previous year). The larger growths were recorded in the range of Santander *Select* funds (184.4 million euros) and in the range of Santander *Private* funds (57.7 million euros), launched in March 2014.

Globally, the securities investment funds had very positive yields in the first quarter, with the following standing out: (i) *Select*: 3.1% (defensive profile), 5.3% (moderate profile) and 8.7% (dynamic profile); (ii) *Private*: 3.2% (defensive profile), 5.5% (moderate profile) and 8.8% (dynamic profile); (iii) Santander Shares Portugal: 20.3%; and (iv) Santander Shares Europe: 12.8%.

At the end of the first quarter 2015, the securities investment funds marketed by Banco Santander Totta totalled 1.94 billion euros. Market share stood at 16.1%, a 4.4pp increase relative to the homologous period.

Real estate investment funds managed by SAM totalled 488.2 million euros at end-March 2015.

Global Banking and Markets

The following mergers and acquisitions operations stood out in the area of Financing Solutions & Advisory: Advisor and financing in the acquisition of Vilamoura Resort by Lonestar and participation in the ENEOP 2 assets split.

During this period the positive trend in the markets for Project Finance and Acquisition Finance were confirmed, with corporates exploiting new investment opportunities.

On another hand, bond and securitization markets were also kept open for Portuguese issuing bodies, with emphasis for the participation of Santander Totta as bookrunner in the following operations: (i) 10 year bond issue for REN; (ii) 7 year Covered Bonds issue for Caixa Geral de Depósitos; and (iii) securitization of the Portuguese tariff deficit (Volta III).

The area of structured products started 2015 with a fair performance in the marketing of liability products. In the first quarter, 7 structured products were issued, of which 6 were euro denominated issues amounting to a total of 309 million euros and 1 US Dollar denominated, amounting to 9.9 million US Dollars. Issues placed in this period are indexed to differing assets transacted in differently located shareholder markets.

Insurance

Regarding recurring activity, insurance sales have now assumed a very positive stance in terms of commissions, thus proving the adequacy of the strategy of placing autonomous products to credit aligned with the needs of the Bank's Customer segments, confirming the demand for these products and the increase in the endurance of portfolios.

The NetB@nco sales and rate of penetration have evolved very favourably aided by a specific promotion for the channel. Mundo 1|2|3 contributed, until 31 March, 23% towards the production of autonomous insurance policies in the campaign period.

Regarding risk insurance, marketed independently from credit, the 23% growth in commissions should be stressed, as compared with the 2014 homologous period, standing out amongst

these the products launched in 2012. The marketing of “SafeCare” continues increasing, with a policy portfolio 12% greater than at end-2014, totalling approximately 84,800 insured parties at end-March 2015. “Home Protection” continues in heavy demand, having placed approximately 5,400 policies in the first quarter of 2015.

Focus was equally maintained in the marketing of solutions to protect family income in case of death or unemployment - “Family Protection Plan” and “Salary Protection Plan” – with sales attaining approximately 8,700 policies in the first quarter of 2015. “Live Longer” insurance achieved the placing of approximately 1,800 policies.

Within the range of *Santander Advance*, the “Life Corporate” product, launched in the first quarter of 2014, continues being well received by companies and showing a significant demand, with approximately 3.300 policies placed since it began being marketed.

A new personal accident product was launched on 30 March 2015, especially covering traffic accidents, and containing a medical assistance package as obligatory complementary cover (home, nursing, physiotherapy and comfort, and personal care).

With the recovery shown in the production of home loans, an increase is viewed in the production of credit linked insurance, which has contributed towards a premium volume, in the first quarter of 2015, amounting to 20.3 million euros, thus a 7.1% increase relative to the same period in the previous year. As to personal credit, the increase in the volume of insurance amounted to 4.5 million euros, equivalent to a 22.3% increase relative to the same period in 2014.

Total premiums of marketed risk and mixed insurance, during the first quarter of 2015, in the Santander Totta network, attained 35.8 million euros, a 12.6% increase relative to the homologous period, with emphasis placed on the 20% increase in autonomous insurance. Of the amount in question, 22.5 million were produced by Santander Totta Seguros, 13.1 million euros by Aegon Santander Portugal Vida and 0.2 million euros pela Aegon Santander Portugal Não Vida.

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 1.4 trillion in managed funds 12.951 branches – more than any other international bank – and 185,405 employees, in December 2014. 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. In 2014 Santander registered EUR 5,816 million in attributable profit, an increase of 39% from the previous year.

Santander Totta, SGPS
BUSINESS VOLUME (million euros)

	Mar-15	Mar-14	Var.
Total Gross Loans	26,506	26,991	-1.8%
<i>from which</i>			
Credit to Individuals	16,533	17,017	-2.8%
<i>from which</i>			
Mortgage	14,709	15,133	-2.8%
Consumer credit	1,368	1,391	-1.6%
Credit to Corporates	9,784	9,708	+0.8%
Resources	25,330	24,038	+5.4%
Deposits	20,022	18,622	+7.5%
Securities issued (clients)	65	289	-77.7%
Balance sheet resources	20,086	18,912	+6.2%
Investment funds managed or marketed by the Bank	1,674	1,338	+25.1%
Insurance and other	3,569	3,789	-5.8%
Off-Balance sheet resources	5,243	5,126	+2.3%

Santander Totta, SGPS

Ratios calculated in accordance with instructions nº 16/2004, nº 23/2011 and 32/2013 from the Bank of Portugal

RATIOS

	Mar-15	Mar-14	Var.
Solvency			
Core Tier I	15.2%	14.5%	+0.7 p.p.
Tier I	16.5%	16.0%	+0.5 p.p.
Solvency ratio	16.5%	16.0%	+0.5 p.p.
Credit Quality			
NPL and doubtful loans ratio	4.3%	4.0%	+0.4 p.p.
NPL and doubtful loans coverage ratio	103.3%	103.0%	+0.3 p.p.
Net NPL and doubtful loans ratio	1.4%	1.1%	+0.3 p.p.
"Credit at risk" ratio	5.7%	5.3%	+0.4 p.p.
"Credit at risk" ratio (net)	1.3%	1.3%	+0.0 p.p.
Reestructured Loans/Total Loans	9.6%	8.9%	+0.7 p.p.
Reestructured Loans (not included in credit at risk)/Total Loans	6.9%	6.3%	+0.6 p.p.
Profitability			
Income before taxes and MI/Average net assets	0.8%	0.6%	+0.2 p.p.
Operating income/Average net assets	2.2%	2.1%	+0.1 p.p.
Income before taxes and MI/Average equity	9.8%	8.3%	+1.5 p.p.
Efficiency			
Total operating expenses/Operating income	50.6%	55.7%	-5.1 p.p.
Personnel expenses/Operating income	29.7%	32.4%	-2.7 p.p.
Transformation			
Credit (net)/Deposits	126.8%	139.8%	-13.0 p.p.
Credit (net)/Deposits*	117.4%	130.0%	-12.6 p.p.

* According the definitions in the "Memorandum of Understanding"

INCOME STATEMENT (million euros)

	Mar-15	Mar-14	Var.
Net interest income (without dividends)	142.6	129.2	+10.3%
Dividends from equity instruments	0.0	0.0	+1.0%
Net interest income	142.6	129.2	+10.3%
Net commissions	67.0	69.5	-3.7%
Other banking income	1.4	-10.8	-113.4%
Insurance activity	2.7	2.7	+1.1%
Commercial revenue	213.7	190.7	+12.1%
Gain/loss on financial transactions	13.8	16.8	-18.0%
Operating income and insurance activity	227.5	207.5	+9.6%
Total operating expenses	(116.8)	(117.1)	-0.2%
Personnel expenses	(68.6)	(68.2)	+0.6%
General expenses	(37.5)	(34.2)	+9.8%
Depreciation	(10.7)	(14.7)	-27.6%
Net operating income	110.7	90.5	+22.4%
Impairment and net provisions	(34.2)	(32.6)	+4.9%
Equity	3.2	2.6	+21.5%
Income before taxes and MI	79.7	60.5	+31.7%
Taxes	(25.8)	(20.9)	+23.5%
Income after taxes	53.9	39.6	+36.1%
Minority interests	(0.0)	2.5	-101.9%
Consolidated net income	53.8	42.1	+27.8%

(*) Not audited

Santander Totta, SGPS
BALANCE SHEET (million euros)

	Mar-15	Mar-14	Var.
Deposits at Central Banks	242	453	-46.6%
Cash, loans and advances to banks	1,701	1,957	-13.1%
Financial assets	11,394	11,290	+0.9%
Net loans	25,325	25,894	-2.2%
Hedging derivatives	174	171	+2.0%
Non current assets held to sell	213	204	+4.6%
Other tangible assets	324	365	-11.2%
Other assets	1,426	1,486	-4.0%
TOTAL ASSETS	40,799	41,820	-2.4%
Resources from Central Banks	3,756	5,447	-31.0%
Resources from other institutions	4,017	5,434	-26.1%
Financial liabilities held for trading	2,106	1,813	+16.1%
Financial liabilities designated at fair value through profit and loss	3,251	3,600	-9.7%
Resources of customers and others	20,022	18,622	+7.5%
Debt securities issued	2,771	2,385	+16.2%
Hedging derivatives	146	395	-63.1%
Provisions	399	400	-0.2%
Subordinated liabilities			-
Other liabilities	673	489	+37.6%
Shareholder's equity	3,658	3,235	+13.1%
TOTAL LIABILITIES AND EQUITY	40,799	41,820	-2.4%