

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 60.5 million net income and improves profitability in the quarter

MAIN HIGHLIGHTS

- **60.5 million euros net income at end September with an increasing quarterly evolution since the beginning of the year**
- **29.6 million euros net profit in the third quarter, corresponding to a 70.5% growth compared to the recurring result of the prior year's homologous quarter and a 43.5% growth relative to the previous quarter**
- **Increase in results based upon the evolution in asset profitability with interest income net of provisions showing a 131.1% growth in the third quarter relative to the homologous quarter and 22.1% as compared with the previous quarter**
- **Improvement in profitability allows continuing to strengthen the soundness of the balance sheet, with Core Tier I ratio standing at 14.6%, thus an improvement of 2.6pp relative to September 2012 and of +1.3pp relative to June 2013. Tier I stood at 15.6% (+2.5pp homologous variation)**
- **Credit granted to companies amounted to 9.7 billion euros, unchanged relative to end 2012, in spite of the situation in the market**
- **Credit/deposits ratio at 127.4%, showing stability relative to the levels recorded in the first two quarters of the current year**
- **Net financing obtained with the Eurosystem stood at 6.2 billion euros, 4.8% lower than the amount recorded in the homologous period**
- **Non performing loans due in excess of 90 days stands at 3.8% and coverage ratio at 104.1%**
- **Banco Santander Totta was distinguished by Euromoney magazine as “The Best Bank operating in Portugal” in the Euromoney Awards for Excellence, in July 2013**
- **Current rating notations of Banco Santander Totta's long term debt as compared to those of the Portuguese Republic are: Fitch – BBB- (Portugal: BB+), Moody's – Ba1 (Portugal: Ba3), S&P – BB (Portugal: BB) e DBRS – BBBH (Portugal: BBBL).**

Lisbon, 7 November 2013 – At the end of September 2013, Santander Totta, SGPS (referred to in this press release as “Santander Totta” or “Bank”) obtained 60.5 million euros in net income, compared with 230.4 million euros recorded in the homologous period. It should however be emphasized that the variance of results in 2012 was influenced by a non-recurring revenue due to the monetization of the life risk portfolio of Santander Totta Insurance, which took place in the third quarter of that year, amounting to approximately 220 million euros (gross).

Standing out in the quarterly evolution in 2013 is the sustained growth in net income, which benefited from the decrease in impairment levels. The third quarter net income, amounting to 29.6 million euros is an important improvement relative to the homologous quarter (70.5%) and an increase of 43.5% compared to the previous quarter.

Interest income net of provisions recorded a favourable evolution, amounting to 69.6 million euros in the third quarter of 2013, with growths of 131.1% relative to the homologous quarter and of 22.1% compared to the previous quarter.

Capital ratios continue showing the sound structure of the balance sheet with Core Tier I ratio standing at 14.6%, a 2.6pp improvement relative to the homologous period and 1.3pp relative to the previous quarter. In its turn Tier I ratio stood at 15.6%. The Bank thus continues demonstrating an important capability in the internal generation of capital without requiring increases in share capital to reinforce its equity and thus being able to maintain its dividends policy.

Net financing with the Eurosystem reached 6.2 billion euros, a decrease of 0.3 billion euros relative to the amount recorded in September 2012.

Deposits from banking activity increased by 0.8% in annual terms. The credit portfolio stood at 27.3 billion euros, a homologous variation of -3.7%. The joint variation of deposits and credit gave rise to an annual improvement of 7.1pp in the transformation ratio, which stood at 127.4% at end September. This ratio has kept stable in relation to the two previous quarters.

SME 2013 Growth Lines continued as one of the main devices for company financing, with Santander Totta maintaining an outstanding intervention with a market share of approximately 16% in the granting of this Line, placing 1,577 operations amounting globally to 133 million euros, up to the end of the third quarter 2013.

In accordance with António Vieira Monteiro, Executive Chairman of Santander Totta, *“Banco Santander Totta has achieved throughout this very difficult year for the National Economy and for the Banking Sector, improved soundness of its balance sheet and growth in profitability of its recurring business, reaching on 30 September a very comfortable Core capital ratio of 14.6%, and a positive net income of 60.5 million euros. On another hand we have kept to our support to the Economy with credit granted to companies amounting to approximately 10 billion euros, and continue successfully implementing our programme for the prevention*

and resolution of non-performing loans of our customers' families, thus contributing towards the improvement in impairments and in the coverage of overdue credit with provisions.

Such results, obtained with the dedication of our teams and the preference shown by our customers, show that we are well prepared to accompany the desired gradual recovery of the Portuguese Economy, keeping to a continued soundness of our balance sheet."

BUSINESS ENVIRONMENT

Qualitative and quantitative information relative to the third quarter confirms the beginning of a gradual process of recovery of the Portuguese economy, after the recessive period between the end of 2010 and the first quarter of 2013. GDP will have grown by approximately 0.3%, on a QoQ basis, thus reducing the rate of homologous shrinkage to less than 1%. In the full year, the cumulative GDP reduction will have been less pronounced, standing at less than 2.0%, simultaneously with the launching of bases for moderate growth in 2014, which is however still subject to relevant risks, both internal and external.

Private consumption, in spite of a slight slowing down in quarterly growth, will have kept to positive growth rates, also taken in line with the stabilization signs in the labour market. Eurostat estimates that the rate of unemployment, in September, stood at 16.3%, lower than the figures shown in the year's first quarter. Consumer confidence also recovered from a less negative level than that shown since 2011, due in part to a less adverse assessment of the labour market.

Regarding investment levels, information available also indicates a continuing gradual improvement, as shown by the progressive lower rate in the homologous variation in sales of cement and in the dynamics of commercial vehicles. However, due to the still recent unchanged demand, it is expected that companies which still have surplus capacity, will await signs of more sustainable demand to commence the investment cycle.

Exports still maintain the same dynamics as shown since the beginning of the year, in spite of some seasonable volatility, more perceptible in the month of August. In the first eight months of the year external sales grew by 3.4% in nominal terms, supported by a 6.5% increase to markets outside the EU.

The Government presented the proposal for the 2014 State Budget, which estimates a reduction of the budgetary deficit to 4.0% of GDP, based above all on a pronounced reduction in public expenditure. To achieve this, the Government proposes a review of Public Servant salary levels, widening the base of workers covered and increasing the size of salary cuts, and a convergence of the pensions paid by the Public Servants Pension Fund, including current pensioners.

In 2013, the budgetary deficit should stand at 5.9% of GDP, 0.4pp above the target agreed with the international authorities, due to the impact of spot measures (recapitalization of the banking sector), which partially cancel the improved dynamics of fiscal revenue. Up to June, the budgetary balance, in terms of national accounting, stood at 7.1% of GDP.

Activity in the euro zone also recovered, with the European economy arising out of recession, with a relatively generalized economic growth. The strengthening trend was kept up in the third quarter, with PMI business levels recovering towards a two year maximum. Even so, ECB considers that this data solely confirms its central scenario of gradual recovery of business activity, and has thus decided to maintain stable at the current minimum the reference interest rate, during a fairly

lengthy period. Until year end, ECB should initiate the programme of assessment of the quality of assets in the banking sector, anticipating its entrance to the Sole Mechanism of EU Banking Supervision.

In the USA, even if only until February, the budget stalemate was suspended, allowing the temporary reopening of the Federal Government services. Default was avoided “in extremis”, with an agreement obtained in the Senate to increase the limit of the federal debt. Although the economic impact of the closure seems limited, uncertainty could condition economic confidence, both in the USA and externally, with adverse impacts on the recovery of economic activity.

RESULTS

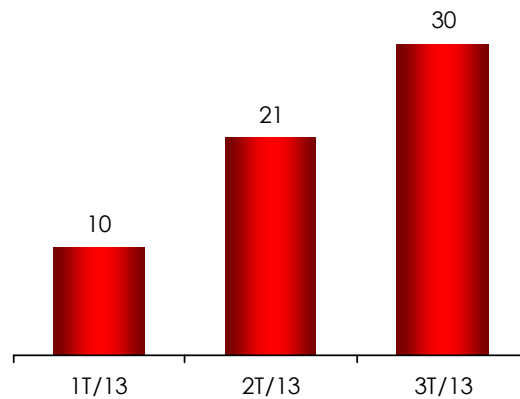
At the end of the first nine months of the year, the net income of Santander Totta, SGPS reached 60.5 million euros, which compares with 230.4 million euros achieved in the homologous period. In the third quarter of 2012 an extraordinary revenue item amounting to approximately 220 million euros (gross) was booked, relative to the monetization operation of the life risk portfolio of Santander Totta Insurance. Excluding this impact net income would have decreased by 24.2%.

INCOME STATEMENT (million euros)

	Set-13	Set-12	Var.
Commercial revenue	636,0	930,8	-31,7%
Operating income and insurance activity	656,5	1.039,3	-36,8%
Total operating expenses	(359,7)	(360,3)	-0,2%
Net operating income	296,9	679,0	-56,3%
Impairment and net provisions	(209,2)	(363,3)	-42,4%
Equity	10,1	7,6	+32,6%
Income before taxes and MI	97,7	323,3	-69,8%
Consolidated net income	60,5	230,4	-73,7%

In the third quarter of 2013 the net income of Santander Totta amounted to 29.6 million euros, which compares with 17.4 million euros in the homologous quarter (excluding the above referred extraordinary item), and with 20.7 million euros in the previous quarter.

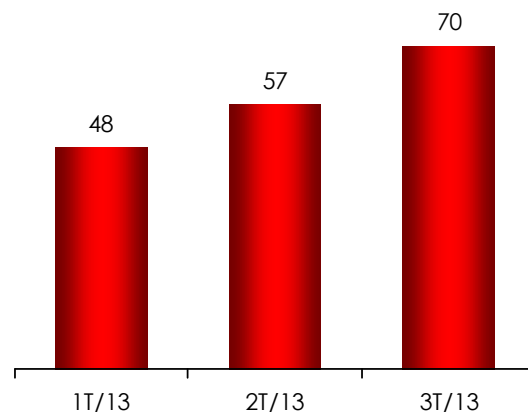
Quarterly Net Income
Million euros



Net interest income stood at 383.5 million euros, as compared with 427.9 million euros in the similar period of the previous year. Net interest income remained unchanged relative to the previous quarter, showing that lower volumes of credit granted were compensated by a decrease in the cost of deposits.

In the quarterly comparison, interest income net of provisions evolved favourably with increases of 131.1% relative to the first quarter of 2012 and of 22.1% relative to the previous quarter.

Net Interest Income (net of provisions)
Million euros



Net commissions and other results of banking activity amounted to 239.7 million euros, recording a 3.4% decrease relative to the homologous period, thus reflecting lower volumes in commercial banking business. Outstanding, however, is the positive variation in GBM commissions (Global Banking and Markets) and in mutual funds.

Results in the insurance business amounted to 11.5 million euros, as compared with 253.3 million euros in January to September 2012, which includes revenue of approximately 220 million euros related with the agreement to reinsure the total value of the life risk portfolio of Santander Totta Insurance, subscribed in July 2012.

Operating income amounted to 656.5 million euros, decreasing by 36.8%, and, in addition to the above comments, its evolution was also influenced by non recurrent gains recorded in the first quarter of 2012, with the repurchase operation of securities issued within the scope of credit securitization (such gains were cancelled by the setting up of non obligatory provisions, as a measure of prudence in a worsening context of economic environment).

OPERATING INCOME (million euros)

	Sep-13	Sep-12	Var.
Net interest income (without dividends)	383.5	427.9	-10.4%
Net commissions and other banking income	239.7	248.0	-3.4%
Insurance activity	11.5	253.3	-95.5%
Commercial revenue	636.0	930.8	-31.7%
Gain/loss on financial transactions	20.5	108.5	-81.1%
Operating income and insurance activity	656.5	1,039.3	-36.8%

Operating expenses amounted to 359.7 million euros, similar to the amount recorded in the homologous period. This evolution was affected by the impact of the legislative change, in 2012, with respect to death subsidy. Excluding this effect, operating expenses would have decreased by 2.4% and personnel costs shown a 2.0% negative variation. In turn, general expenses and depreciation decreased respectively by 1.7% and 5.4%.

OPERATING EXPENSES (million euros)

	Sep-13	Sep-12	Var.
Personnel expenses	(210.7)	(206.9)	+1.8%
General expenses	(102.9)	(104.6)	-1.7%
Operating expenses	(313.6)	(311.6)	+0.7%
Depreciation	(46.1)	(48.7)	-5.4%
Total operating expenses	(359.7)	(360.3)	-0.2%
Efficiency ratio (excl. depreciation)	47.8%	30.0%	+17.8 p.p.
Efficiency ratio (incl. depreciation)	54.8%	34.7%	+20.1 p.p.

Total impairment and provisions evolved to 209.2 million euros in the first nine months of 2013 as compared with 363.3 million euros recorded in the homologous period. In the first quarter of 2012, as already previously referred, revenue obtained with the repurchase of securities issued within the scope of credit securitization operations was totally cancelled by the setting up of non obligatory provisions, as a measure of prudence in a worsening context of economic environment.

Income before taxes and minority interests amounted to 97.7 million euros and net income amounted to 60.5 million euros, with a positive quarterly variation in 2013.

ACCOUNTS & ACTIVITY

At the end of September 2013, deposits of banking activity evolved to 20,718 million euros, an increase of 0.8% (-1.7% with respect to consolidated activity). In turn, off balance sheet resources amounted to 5,494 million euros, an 8.4% decrease relative to the previous year's homologous period. This variance is justified by the 11.6% decrease in insurance and other resources and by the 1.3% increase in investment funds. Total customers' resources attained 25.035 billion euros, equivalent to a -3.6% annual variation.

The credit portfolio decreased by 3.7% as compared with the homologous period, amounting to 27.332 million euros, with variations of -3.4% in credit granted to individuals and -3.3% in credit granted to companies.

Santander Totta, SGPS

BUSINESS VOLUME (million euros)

	Sep-13	Sep-12	Var.
Total Gross Loans	27,332	28,377	-3.7%
<i>from which</i>			
Credit to Individuals	17,332	17,940	-3.4%
<i>from which</i>			
Mortgage	15,414	15,898	-3.0%
Consumer credit	1,387	1,442	-3.8%
Credit to Corporates	9,706	10,034	-3.3%
Resources	25,036	25,981	-3.6%
Deposits	19,242	19,570	-1.7%
Securities issued (clients)	300	416	-27.9%
Balance sheet resources	19,542	19,986	-2.2%
Investment funds	1,538	1,518	+1.3%
Insurance and other	3,956	4,477	-11.6%
Off-Balance sheet resources	5,494	5,995	-8.4%

Note: The Novimov est fund was consolidated in the accounts of ST, SGPS, so it was removed from the heading "Investment Funds"

Quality indicators of the credit portfolio continue with a deteriorating trend. Credit at risk ratio reached 5.74% with a 69.2% coverage ratio. In its turn, the ratio of non-performing and doubtful loans stood at 3.88% and the respective coverage ratio at 102.5%.

CREDIT RISK RATIOS

	Sep-13	Sep-12	Var.
NPL ratio (+ 90 days)	3.82%	3.21%	+0.61 p.p.
NPL coverage ratio (+90 days)	104.1%	100.0%	+4.1 p.p.
NPL and doubtful loans ratio	3.88%	3.25%	+0.63 p.p.
Net NPL and doubtful loans ratio	1.23%	1.44%	-0.21 p.p.
NPL and doubtful loans coverage ratio	102.5%	98.8%	+3.7 p.p.
"Credit at risk" ratio	5.74%	4.23%	+1.51 p.p.
Risk premium*	0.61%	1.63%	-1.02 p.p.

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

The ratio of new overdue credit (in excess of 90 days), net of recoveries, as a percentage of the average credit portfolio, stood at 0.61%, in annualized terms, showing an improvement relative to values recorded in the previous year.

LIQUIDITY, SOLVENCY & PROFITABILITY

The portfolio of assets eligible as guarantees for financing operations with the Eurosystem has evolved favourably throughout the years, standing at approximately 13 billion euros at the end of September. In turn, net resources obtained with the European Central Bank stood at 6.2 billion euros, a decrease of 0.3 billion euros relative to the amount recorded in September 2012.

The transformation ratio has been kept stable, in 2013, standing at 127.4% and as such corresponding to an improvement of 7.1pp relative to the homologous period.

Capital ratios have evolved favourably, evidencing the soundness of the Bank's balance sheet, with Tier I and Core Tier I ratios standing at 15.6% and 14.6%, respectively.

CAPITAL

	Sep-13	Sep-12
Tier I capital	2,750	2,516
Tier II capital	-8	-7
Total capital	2,743	2,510
Risk weighted assets	17,648	19,273
Core capital *	14.6%	12.0%
Tier I *	15.6%	13.1%

(*) Excluding results generated net of payout, Core Capital is 14,6% and Tier I is 15.6%

COMMERCIAL BANKING

Throughout 2013, the Portuguese economic environment continued extremely uncertain, causing consequences in market competitiveness in terms of savings products.

Regarding resources, a policy was maintained in the placing of products with controlled margins, adequately managed in terms of prices and volumes in order to capture new resources. Traditional savings products were made available with variable due dates and differing regimes in terms of account management, especially rewarding customers who maintain an active relationship with the Bank – portfolio of term deposits and “Trust Offer” savings accounts.

Considering retaining of resources, products were developed in order to strengthen diversification and the different customers’ risk profiles: 9 structured deposits were launched with guaranteed capital sums and minimum yields, placing a total of 803 million euros; 69 million were placed in 6 issues in foreign currency (USD), and 265 million euros in capitalization insurance, in a set of 8 issues and 2 special investment funds with 109 million euros.

The Bank has staked heavily in maintaining relations of stability and proximity with its customers, focusing on the “Commissions 0€” programme and on the segmented portfolio of current accounts named “Global Accounts” and “Package Accounts”, which include a series of advantages in respect of commissions, special conditions in other of the Bank’s products and several types of insurance and 24/24 hour home assistance covers.

Also launched was a registration campaign for university undergraduates, with offers of Moche (TMN) cards and discounts with different partners and smartphones, and a special focus on PAC 4U (specific package for the segment, comprising the University Undergraduate Super Account, NetBank or Telephone Bank, University Intelligent Card with the debit feature – ATM, University Savings Account and Safe Care University Insurance, with exclusive conditions until 31 December 2013).

Focus was maintained throughout 2013 on a set of personal credit solutions that intend providing the customer with conditions adjusted to his needs. The “Autumn Credit” internal campaign intended for family support and initiated in the fourth quarter of 2012, was continued in the three 2013 quarters, and has resulted in a sustained growth in production.

Concerning credit cards, the “Summer Credit” campaign launched in the previous quarter was continued, with the objective of placing cards with new customers. A specific offer was set up for customers, comprising free annuities in several cards, a promotional rate until year end and the refund of 10% of each month’s first purchase, up to a maximum of €25, during the four months following the card’s activation. New credit card customers, in the second and third quarters, numbered more than 32 thousand.

In Complementary Channels, the Mobile Privates application was launched, for Android and iOS devices (iPhone and iPad), which was recently distinguished by the “Exame Informática” magazine as one of those included in the Top 10 applications to be downloaded.

Mobile allows customers to carry out main enquiries and operations such as transfers, service payments, card payments, mobile phone charges, amongst others, and even send by E-mail or SMS their IBAN and account number, find the nearest branches and all the information concerning their branch.

A clear investment was made in the **Premium** segment, in an increasingly differentiated service model, based upon individualized and qualified customer management, which has allowed complying with the main objectives for this segment.

During the first nine months of the year, the **Business** segment kept up a strategy to capture new customers, on the binding of existing customers and in the increase of transactionality. The “Spring Credit” internal campaign, intended for the business/SME's segment, commenced in the first quarter, resulted, after this year's three quarters, in the growth of credit production in this segment.

In the **Corporate** area, the Bank's liquidity situation allows maintaining a dynamic development in credit granting and the increase in international business with full support for exporting companies, for internationalized companies and for those that are in the process of becoming internationalized.

The Corporate network maintained a strategy based upon a balanced management between the volumes of the credit portfolio and of resources, guaranteeing sustained growth in the profitability of the commercial network.

Until the end of September, in the “Credit Activation” campaign, the Bank has already approved more than 7 thousand operations amounting to approximately 2.7 billion euros, thus materializing the objective to support sound projects, corporate business and the Portuguese economy. Financing is open to all companies and sectors that present sound and well structured projects.

In the SME 2013 Growth Lines, Santander Totta continues maintaining an outstanding intervention with a market share of approximately 16% in the granting of credit lines, and placed, until the end of the third quarter 2013, 1,577 operations amounting to a global value of 133 million euros.

It should also be emphasized that the Bank, since January 2013, has been making available to companies, in association with the official authorities, the means to increment by a 12 month capital grace period, the operations contracted under cover of the SME Invest Lines, thus allowing companies to ease pressure on their treasuries. Within the scope of this measure the Bank has granted, until 30 September of the current year, a one year period increment to 615 operations amounting globally to 95.9 million euros.

Santander Totta has equally kept up its leadership in factoring and confirming, with a 22.5% market share (August 2013), which evidences the commitment and availability of the Bank in the support to corporate treasuries.

In order to aid the internationalization of Portuguese companies, the Bank has made available its *International Desk*, the objective of which is to establish an effective commercial link of the Companies Network of Banco Santander Totta with its counterparts in the several banks of the Santander Group, located in nine different markets, with special reference to the flow of business with Brazil and remaining Latin American countries (such as Mexico, Chile, Peru, Uruguay and Colombia), Angola and Spain, enabling the use of its international dimension to strengthen the international business of Portuguese companies.

GLOBAL BANKING AND MARKETS

The area of **Corporate Finance** has consolidated its position as one of the main players in the national market of Mergers and Acquisitions, amongst which stands out the completion of the following operations: (1) Financial consulting to Beijing Enterprises Water Group in the acquisition of the water concession business from Veolia in Portugal; (2) Consultancy to British Columbia Investment Management Corporation in the acquisition from Galp Energia the latter's 5% shareholding in Compañía Logística de Hidrocarburos (CLH); (3) Consultancy to Riverside in the issue of a Fairness Opinion for the purpose of the sale of ONI to Altice, and (4) Consultancy to Optimus in the merger with ZON.

In the area of **Credit Markets**, the continued existence of a restrictive economic environment exerts negative pressures on new private and public investment decisions. In spite of this context, however, Santander Totta is still one of the institutions that are constantly present in the analysis of existing opportunities and in the support to smaller promoters in the materialization of their projects.

In **Asset & Capital Structuring**, Santander Totta continues searching for market opportunities that arise as a result of the current environment.

Through the area of **Fixed Income and FX**, the Bank has maintained a natural partnership with Portuguese companies, aiding the management of trading and investment risks in countries with differing currencies. Outstanding in this activity is the support provided to Portuguese exporting and importing companies, investing in the capacity to offer products that allow the efficient management of exchange risks.

In the area of **Structured Products**, it achieved a sound performance in the marketing of liability products. Issued during the year were products denominated in euros and in North American dollars amounting to a total of 803 million euros and 69 million US Dollars, respectively.

Activity in the area of **Institutional Custody** of Santander Totta has kept to relatively unchanged volumes, with a 2% increase relative to the previous quarter, and to its

2nd place in the national ranking of Custodians, with a share of approximately 21% in volume assets under custody in accordance with the most recent data made available by the Securities Market Regulator (CMVM).

Resident and non resident institutional customers had the opportunity of assessing the quality of the custody services provided by the Bank through the specialty magazine Global Custodian, emphasis going to the award of the “Commended” prize in the 3 categories – Leading Customers, Cross-Border and Domestic.

ASSET MANAGEMENT

Throughout the first nine months of 2013, the activity of Santander Asset Management (SAM) was focused on the energizing of the current range of funds. Product management was ruled by keeping to controlled risk levels, not forsaking, however, the benefits of the opportunities provided by the market. At the end of September, SAM reveals an increase of 28 million euros in volumes relative to the amount recorded at end 2012.

In terms of profitability, and over a 12 month period, all securities funds generally evidenced positive profitability, such as “Santander Multitresury” (0.74% net effective profitability), “Santander Multicredit” (4.4% net effective profitability), “Santander Global” (0.9% net effective profitability), and the share funds: “Portugal Shares” (30.05% net effective profitability) and “Santander Europe Shares” (18.4% net effective profitability).

At the end of the first nine months of the year, securities investment funds managed by Santander Asset Management had a 10.5% market share.

Real estate investment funds managed by SAM amounted to 544.2 million euros, at the end of September 2013, corresponding to 4.8% market share.

INSURANCE

The 2013 third quarter consolidated the sound commercial performance achieved during the first half of the year, continuing the investment placed on the quality of customer service and in training of employees in the commercial field in better sales practices.

As such, focus was maintained on the sale of insurance solutions in the open market, with turnover numbering, in the third quarter, approximately 25 thousand policies, mainly in such products as “SafeCare”, “Home Protection” and “Family Protection Plan”.

Concerning financial life insurance, emphasis is placed on the launching of “Financial Plan” products, as non standardized unit linked ICAE insurance policies, which provide a monthly and quarterly return paid as a partial redemption. Total marketed volume amounted to approximately 329 million euros, in the first nine

months of 2013, as compared with 415 million euros marketed in the same period in 2012.

Regarding life insurance, the value of premium issues and contributions towards investment contracts amounted to 444.2 million euros as compared to 525.1 million euros in the same period in 2012. Although there was a decrease in demand for financial insurance, the month of September witnessed a heavy increment in the sales of this product. Regarding risk and mixed insurance the volume of premiums issued amounted to 91.4 million euros, a 13% increase compared to premiums issued until 30 September 2012. To be recorded is an 11% increase in life insurance premiums linked to home insurance and to the purchase of consumer goods.

INFORMAÇÃO INSTITUCIONAL

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 1.342 trillion in managed funds, 102 million customers, 14,680 branches – more than any other international bank – and 186,785 employees at the close of June 2013. 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 the first half of 2013, Santander registered EUR 2,255 million in attributable profit, an increase of 29% from the same period of the previous year.

Santander Totta, SGPS

BUSINESS VOLUME (million euros)

	Sep-13	Sep-12	Var.
Total Gross Loans	27,332	28,377	-3.7%
<i>from which</i>			
Credit to Individuals	17,332	17,940	-3.4%
<i>from which</i>			
Mortgage	15,414	15,898	-3.0%
Consumer credit	1,387	1,442	-3.8%
Credit to Corporates	9,706	10,034	-3.3%
Resources	25,036	25,981	-3.6%
Deposits	19,242	19,570	-1.7%
Securities issued (clients)	300	416	-27.9%
Balance sheet resources	19,542	19,986	-2.2%
Investment funds	1,538	1,518	+1.3%
Insurance and other	3,956	4,477	-11.6%
Off-Balance sheet resources	5,494	5,995	-8.4%

By segment

Commercial Banking Resources	22,635	23,665	-4.4%
Individuals and Small Businesses	21,482	22,211	-3.3%
Deposits	16,234	16,139	+0.6%
Securities issued (clients), Investment Funds and insurance	5,248	6,072	-13.6%
Corporates	1,153	1,454	-20.7%
Large Corporates, Institutionals and other	2,401	2,316	+3.7%

Note: The Novimov est fund was consolidated in the accounts of ST, SGPS, so it was removed from the heading "Investment Funds"

Santander Totta, SGPS

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

RATIOS

	Sep-13	Sep-12	Var.
Solvency			
Core Tier I	14.6%	12.0%	+2.6 p.p.
Tier I	15.6%	13.1%	+2.5 p.p.
Solvency ratio	15.5%	13.0%	+2.5 p.p.
Credit Quality			
NPL and doubtful loans ratio	3.9%	3.3%	+0.6 p.p.
NPL and doubtful loans coverage ratio	102.5%	98.8%	+3.7 p.p.
Net NPL and doubtful loans ratio	1.2%	1.4%	-0.2 p.p.
"Credit at risk" ratio	5.7%	4.2%	+1.5 p.p.
"Credit at risk" ratio (net)	1.8%	1.1%	+0.8 p.p.
Profitability			
Income before taxes and MI/Average net assets	0.3%	1.0%	-0.7 p.p.
Operating income/Average net assets	2.1%	3.3%	-1.2 p.p.
Income before taxes and MI/Average equity	4.7%	17.5%	-12.8 p.p.
Efficiency			
Total operating expenses/Operating income	54.0%	34.4%	+19.6 p.p.
Personnel expenses/Operating income	31.6%	19.8%	+11.8 p.p.
Transformation			
Credit (net)/Deposits	137.5%	141.7%	-4.2 p.p.
Credit (net)/Deposits*	127.4%	134.5%	-7.1 p.p.

* According the definitions in the "Memorandum of Understanding"

Santander Totta, SGPS

INCOME STATEMENT (million euros)

	Sep-13	Sep-12	Var.
Net interest income (without dividends)	383.5	427.9	-10.4%
Dividends	1.4	1.7	-18.3%
Net interest income	384.9	429.6	-10.4%
Net commissions	249.2	255.5	-2.4%
Other banking income	-9.6	-7.5	+27.4%
Insurance activity	11.5	253.3	-95.5%
Commercial revenue	636.0	930.8	-31.7%
Gain/loss on financial transactions	20.5	108.5	-81.1%
Operating income and insurance activity	656.5	1,039.3	-36.8%
Total operating expenses	(359.7)	(360.3)	-0.2%
Personnel expenses	(210.7)	(206.9)	+1.8%
General expenses	(102.9)	(104.6)	-1.7%
Depreciation	(46.1)	(48.7)	-5.4%
Net operating income	296.9	679.0	-56.3%
Impairment and net provisions	(209.2)	(363.3)	-42.4%
Equity	10.1	7.6	+32.6%
Income before taxes and MI	97.7	323.3	-69.8%
Taxes	(37.4)	(92.8)	-59.7%
Minority interests	0.2	(0.1)	<-200%
Consolidated net income	60.5	230.4	-73.7%

(*) Not audited

Santander Totta, SGPS

BALANCE SHEET (million euros)

	Sep-13	Sep-12	Var.
Deposits at Central Banks	1,417	400	+254.3%
Cash, loans and advances to banks	2,178	2,913	-25.2%
Financial assets	8,998	10,291	-12.6%
Net loans	26,244	27,467	-4.5%
Hedging derivatives	219	259	-15.3%
Non current assets held to sell	220	200	+10.1%
Other tangible assets	386	416	-7.3%
Other assets	1,593	1,169	+36.2%
TOTAL ASSETS	41,256	43,116	-4.3%
Resources from Central Banks	7,650	6,950	+10.1%
Resources from other institutions	2,067	2,454	-15.8%
Financial liabilities held for trading	1,805	1,983	-9.0%
Financial liabilities designated at fair value through profit and loss	3,644	4,029	-9.6%
Resources of customers and others	19,242	19,570	-1.7%
Debt securities issued	2,539	3,917	-35.2%
Hedging derivatives	385	355	+8.5%
Provisions	434	473	-8.2%
Subordinated liabilities	0	0	-
Other liabilities	540	671	-19.4%
Shareholder's equity	2,949	2,715	+8.6%
TOTAL LIABILITIES AND EQUITY	41,256	43,116	-4.3%