Santander Totta

Mortgage Covered Bonds

Investor Report - 30th September 2016

COVERED BOND LABEL

Report Reference Date:	**30-09-2016**
Report Frequency:	Quarterly

1. Credit Ratings[1]	**Long Term**				**Short Term**			
	Moody's	**S&P**	**Fitch**	**DBRS**	**Moody's**	**S&P**	**Fitch**	**DBRS**
Euro 12,500,000,000 Covered Bonds Programme	A1	n/a	A-	A	n/a	n/a	n/a	n/a
Banco Santander Totta, SA	Baa3	BB+	BBB	BBB (high)	NP	B	F2	R-1 (low)
Portugal	Ba1	BB+	BB+	BBB (low)	NP	B	B	R-2 (middle)

[1] Ratings as of Report Reference Date

2. Covered Bonds	**Issue Date**	**Coupon**	**Maturity Date**	**Soft Bullet Date**	**Remaining Term (years)**	**Nominal Amount**
Covered Bonds Outstanding					**3,18**	**6.950.000.000,00**
Syndicated Covered Bonds Issues						
Covered Bond 12 (PTBSQDOE0020)	*01/04/2014*	Fixed	*03/04/2017*	*03/04/2018*	0,51	1.000.000.000,00
Covered Bond 13 (PTBSQEOE0029)	*11/06/2014*	Fixed	*11/06/2019*	*11/06/2020*	2,70	750.000.000,00
Covered Bond 15 (PTBSRBOE0021)	*27/10/2015*	Fixed	*27/10/2020*	*27/10/2021*	4,08	750.000.000,00
Private Placements Covered Bonds Issues						
Covered Bond 11 - Tranche 1 (PTBSQBOE0022)	*19/12/2013*	Floating	*19/12/2016*	*19/12/2017*	0,22	500.000.000,00
Covered Bond 11 - Tranche 2 (PTBSQAOE0023)	*19/12/2013*	Floating	*19/12/2016*	*19/12/2017*	0,22	500.000.000,00
Covered Bond 11 - Tranche 3 (PTBSQCOE0021)	*13/01/2014*	Fixed	*13/01/2017*	*13/01/2018*	0,29	750.000.000,00
Covered Bond 14 (PTBSRAOE0022)	*04/03/2015*	Fixed	*04/03/2022*	*04/03/2023*	5,43	750.000.000,00
Covered Bond 16 (PTBSRCOE0020)	*24/02/2016*	Fixed	*24/02/2021*	*24/02/2022*	4,41	450.000.000,00
Covered Bond 17 - (PTBSRDOE0029)	*15/04/2016*	Fixed	*15/04/2023*	*15/04/2024*	6,54	750.000.000,00
Covered Bond 18 - (PTBSRFOE0019)	*26/07/2016*	Fixed	*26/07/2023*	*26/07/2024*	6,82	750.000.000,00
CRD Compliant (Yes/No)						**Yes**

3. Asset Cover Test	**Remaining Term (years)**	**Nominal Amount**
Mortgage Credit Pool	**24,90**	**8.059.361.033,73**
Other Assets (Deposits and Securities at market value)[2]	**0,00**	**0,00**
Cash and Deposits	0,00	0,00
RMBS	0,00	0,00
Other securitues	0,00	0,00
Total Cover Pool	**24,90**	**8.059.361.033,73**
% of ECB eligible assets		0,00%
Overcollateralization[3] **with cash collateral (OC)**		**15,96%**
Committed overcollateralization (Fitch) - Minimum OC level to keep the current Mortgage Covered Bond Programme rating		**15,00%**
Committed overcollateralization (DBRS) - Minimum OC level to keep the current Mortgage Covered Bond Programme rating		**15,00%**
Legal minimum overcollateralization		**5,26%**

4. Other Triggers	
Net Present Value of Assets (incl. derivatives)[4]	7.770.386.687,40
Net Present Value of Liabilities (incl. derivatives)[4]	7.041.932.231,96
Net Present Value of Assets (incl. derivatives) - Net present value of liabilities (incl. derivatives) ≥ 0	OK
Net Present Value of Assets (incl. derivatives) - Net present value of liabilities (incl. derivatives) ≥ 0 (stress of + 200bps)	OK
Net Present Value of Assets (incl. derivatives) - Net present value of liabilities (incl. derivatives) ≥ 0 (stress of - 200bps)	OK
Other Assets <= 20% (Cover Pool + Other Assets)	OK
Deposits with a remaining term > 100 days <= 15% Covered Bonds Nominal	OK
Estimated Interest from Mortgage Credit and Other Assets - Estimated Interest from Covered Bonds >= 0	OK
Mortgage Credit + Other Assets WA Remaining Term - Covered Bonds WA Remaining Term >= 0	OK

5. Currency Exposure	
Cover Pool Includes	
Assets in a currency different than Euro (yes/no)	No
Liabilities in a currency different than Euro (yes/no)	No
Cross currency swaps in place (yes/no)	No
Currency Exposure Detail	**n/a**

6. Mortgage Credit Pool	
Main Characteristics	
Number of Loans	165.573
Aggregate Original Principal Balance (EUR)	11.588.907.709,85
Aggregate Current Principal Balance (EUR)	8.059.361.033,73
Average Original Principal Balance per loan (EUR)	69.992,74
Average Current Principal Balance per loan (EUR)	48.675,58
Current principal balance of the 5 largest borrowers	7.555.486,91
Weight of the 5 largest borrowers (current principal balance) %	0,09%
Current principal balance of the 10 largest borrowers	12.695.640,81
Weigth of the 10 largest borrowers (current principal balance) %	0,16%
Weighted Average Seasoning (months)	106,28
Weighted Average Remaining Terms (months)	302,90
Weighted Average Current Unindexed LTV[5] (%)	53,70%
Weighted Average Current Indexed LTV[5] (%)	54,57%
Weighted Average Interest Rate (%)	1,18%
Weighted Average Spread (%)	1,28%
Max Maturity Date (yyyy-mm-dd)	2066/10/02

Subsidized Loans	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
Yes	30.861	18,64%	949.350.032	11,78%
No	134.712	81,36%	7.110.011.001	88,22%
Insured Property[6]	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
Yes	165.573	100,00%	8.059.361.034	100,00%
No	0	0,00%	0	0,00%
Interest Rate Type	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
Fixed	5.421	3,27%	157.645.334	1,96%
Floating	160.152	96,73%	7.901.715.699	98,04%
Repayment Type	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
Annuity / French	163.969	99,03%	7.958.163.803	98,74%
Linear	0	0,00%	0	0,00%
Increasing instalments	208	0,13%	2.270.349	0,03%
Bullet	0	0,00%	0	0,00%
Interest-only	1.373	0,83%	98.530.459	1,22%
Other	23	0,01%	396.423	0,00%

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6. Mortgage Credit Pool (continued)

Seasoning	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
Up to 1 year	5.637	3,40%	501.302.230	6,22%
1 to 2 years	4.970	3,00%	430.725.969	5,34%
2 to 3 years	2.733	1,65%	207.858.039	2,58%
3 to 4 years	2.768	1,67%	190.050.833	2,36%
4 to 5 years	3.013	1,82%	193.258.306	2,40%
5 to 6 years	6.382	3,85%	439.127.006	5,45%
6 to 7 years	12.992	7,85%	917.872.712	11,39%
7 to 8 years	10.697	6,46%	642.660.013	7,97%
8 to 9 years	16.055	9,70%	891.846.156	11,07%
9 to 10 years	15.296	9,24%	858.367.987	10,65%
10 to 11 years	9.312	5,62%	426.539.178	5,29%
11 to 12 years	7.682	4,64%	304.472.070	3,78%
More than 12 Years	68.036	41,09%	2.055.280.536	25,50%

Remaining Term	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
Up to 5 years	12.999	7,85%	115.714.399	1,44%
5 to 8 years	12.420	7,50%	243.413.328	3,02%
8 to 10 years	6.659	4,02%	181.540.817	2,25%
10 to 12 years	7.175	4,33%	236.633.352	2,94%
12 to 14 years	13.182	7,96%	463.591.653	5,75%
14 to 16 years	16.984	10,26%	667.677.355	8,28%
16 to 18 years	11.780	7,11%	517.651.040	6,42%
18 to 20 years	7.312	4,42%	363.355.710	4,51%
20 to 22 years	7.432	4,49%	396.496.984	4,92%
22 to 24 years	7.969	4,81%	467.160.105	5,80%
24 to 26 years	6.967	4,21%	419.947.217	5,21%
26 to 28 years	9.550	5,77%	579.481.803	7,19%
28 to 30 years	10.311	6,23%	679.426.204	8,43%
30 to 40 years	29.076	17,56%	2.266.711.794	28,13%
More than 40 years	5.757	3,48%	460.559.272	5,71%

Current Indexed LTV	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
Up to 40%	61.741	37,29%	1.709.379.400	21,21%
40 to 50%	23.154	13,98%	1.132.798.496	14,06%
50 to 60%	26.877	16,23%	1.506.577.157	18,69%
60 to 70%	30.154	18,21%	1.908.514.891	23,68%
70 to 80%	23.647	14,28%	1.802.091.090	22,36%
More than 80%	0	0,00%	0	0,00%

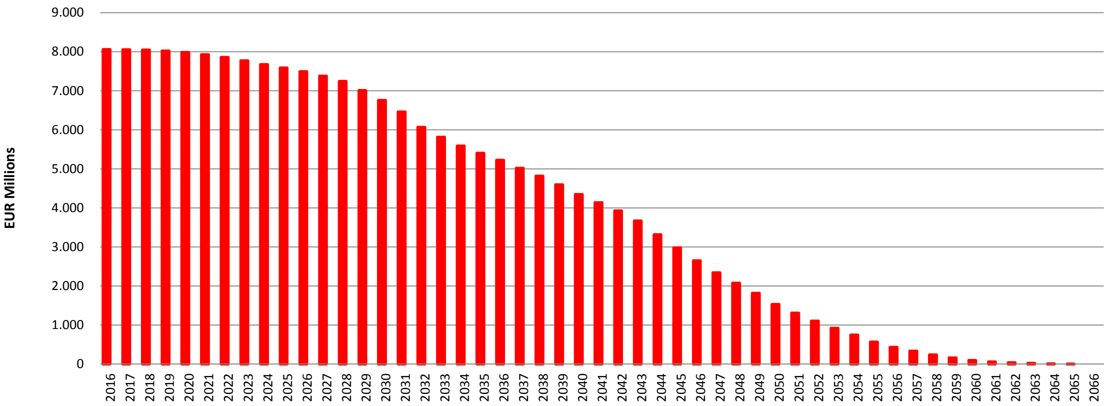
Loan Purpose	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
Owner-occupied	156.962	94,80%	7.569.351.569	93,92%
Second Home	8.593	5,19%	489.560.148	6,07%
Buy to let	18	0,01%	449.318	0,01%
Other	0	0,00%	0	0,00%

Property Type	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
Residential				
Flat	102.774	62,07%	4.672.730.539	57,98%
House	62.259	37,60%	3.355.688.785	41,64%
Other	540	0,33%	30.941.710	0,38%
Commercial				

Geographical Distribution	**Number of Loans**	**% Total Loans**	**Amount of Loans**	**% Total Amount**
North	53.342	32,22%	2.521.620.556	31,29%
Center	32.599	19,69%	1.496.380.428	18,57%
Lisbon	54.615	32,99%	2.874.902.020	35,67%
Alentejo	12.122	7,32%	478.975.795	5,94%
Algarve	9.543	5,76%	503.833.752	6,25%
Madeira	2.408	1,45%	138.105.844	1,71%
Azores	944	0,57%	45.542.640	0,57%

Delinquencies[7]	**Number of Loans**	**Total Loan Amount**
> 30 days to 60 days	387	13.930.922
> 60 days to 90 days	80	2.671.163
> 90 days	0	0

Projected Outstanding Amount[b]



Amortisation Profile	**Principal Balance**
2016	8.059.190.466
2017	8.055.153.166
2018	8.044.834.886
2019	8.020.430.830
2020	7.984.411.842
2021	7.927.616.740
2022	7.858.541.705
2023	7.772.764.991
2024	7.674.373.602
2025	7.586.388.572
2030	6.754.009.117
2035	5.405.738.021
2040	4.348.126.241
2045	2.981.850.338
2050	1.530.987.573
2055	567.569.505
2060	99.383.486
2066	0

[b] Includes mortgage pool and other assets; assumes no prepayments.

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7. Expected Maturity Structure

In EUR	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5-10 Years	>10 Years
Residencial Mortgages[b]	2.778.492	8.410.780	20.168.403	33.618.799	51.160.115	425.020.496	7.518.203.949
Commercial Mortgages	0	0	0	0	0	0	0
Other Assets[2]	0	0	0	0	0	0	0
Cover Pool	**2.778.492**	**8.410.780**	**20.168.403**	**33.618.799**	**51.160.115**	**425.020.496**	**7.518.203.949**
Covered Bonds	**2.750.000.000**	**0**	**750.000.000**	**0**	**1.200.000.000**	**2.250.000.000**	**0**

[b] Includes mortgage pool and other assets; assumes no prepayments.

8. Liquidity Cushion

	Nominal Amount
Liquidity Cushion (according to Fitch's definition)[c]	
Liquidity Cushion amount	**0,00**
Deposits with eligible financial institutions	0,00
Eligible securities	0,00
Liquidity Cushion requirement calculation	
Required Liquidity Cushion	**0,00**
Interest due month 1	0,00
Interest due month 2	0,00
Interest due month 3	0,00

[c] At least equal to the interest payments due on the Covered Bonds Outstanding before swaps for the next 3 months

9. Derivative Financial Instruments

	Nominal Amount
Total Amount of Derivatives in the Cover pool	**6.950.000.000,00**
Of Which Interest Rate Derivatives[b]	**6.950.000.000,00**
Fixed to Floating Swaps	0,00
Interest Basis Swaps	6.950.000.000,00
Of Which Currency Swaps	**0,00**

[b] External Counterparties (No)

10. Contacts

Corporate Finance Division - Long Term Funding	Dfc@santander.pt
Other Reports on BST website	https://www.santandertotta.pt/pt_PT/Investor-Relations/Emissão-de-Divida/2016.html
ECBC Label Website	https://coveredbondlabel.com/

Notes

[1] Soft Bullet Date (Extended Maturity)

If the covered bonds are not redeemed on the relevant maturity date, the maturity will automatically be extended on a monthly basis up to one year. In that event, the covered bonds can be redeemed in whole or in part on a monthly basis up to and including the Extended Maturity Date.

[2] Other Assets

In addition to the mortgage assets, other assets (or substitution assets) may be included in the cover pool up to an amount equal to 20% of the cover pool, subject to the following eligibility criteria:
- Deposit with the Bank of Portugal in cash or ECB eligible securities, or
- Deposits held with credit institutions rated at least A-.

[3] Overcollateralisation

The overcollateralisation ratios are calculated by dividing (i) the total outstanding balance of the assets included in the cover pool by (ii) the total nominal amount of the covered bonds (both excluding accrued interest). For clarification purposes, all assets included in the covered pool are eligible assets.

[4] Net Present Value (NPV)

The NPV of the assets is obtained by discounting all future cash flows with the IRS curve plus average spread for new transactions.
The NPV of the liabilities is obtained by discounting all future cash flows based on the funding curve of the issuer.
Substitution assets as well as any derivatives in the pool are marked at their market value.
NPV of liabilities cannot exceed the NPV of the portfolio assigned to the bond, including derivatives.
Stress testing - Net present value is also calculated for a 200 bps shift upwards and downwards of the discounting curve.

[5] Loan-to-Value

The Current LTV is calculated by dividing de outstanding balance of the loan by the value of the underlying property (last physical valuation).
The Current indexed LTV is calculated by dividing de outstanding balance of the loan by the latest valuation amount of the underlying property (i.e. indexed value or last physical valuation).
A full valuation of the underlying properties must have been performed by an independent appraiser, at origination or after, prior to the inclusion of the mortgage loan in the cover pool.
Properties (both residential and commercial) should also be revalued regularly:
- For commercial assets this must be done on an annual basis;
- Residential properties must be revalued at least every 3 years - if the individual mortgage credit value exceeds € 500.000
-Also the value of the mortgage property should be checked on a frequent basis, at least every three years, in order to identify the properties that require appraisal by an expert (this procedure can be done using satisitcal models approved by the Bank of Portugal).

[6] Insured Property

All mortgages must have property damage insurance covering fire and floods.

[7] Delinquencies

A loan is considered to be delinquent if any payment is in arrears by more than 30 days. According to the Portuguese covered bonds legislation, any loan which is in arrears by more than 90 days must be removed from the pool and substituted by another loan which fulfills the elegibility criteria. Therefore, there are no NPL's included in the cover pool.