

Mortgage Covered Bonds

Investor Report (Ex- Banco Popular Portugal Programme)

Report Reference Date: **29-03-2018**
Report Frequency: Quarterly

1. Current Credit Ratings	Long Term	Short Term
Santander Totta S.A. Covered Bonds (Obrigações Hipotecárias - Mortgages - BPP Programme)	A (DBRS)	N/A
Santander Totta S.A.	Ba1 / BBB- / BBB+ / A (low) (Moody's / S&P / Fitch / DBRS)	NP / A- / F2 / R-1 (low) (Moody's / S&P / Fitch / DBRS)
Portugal	Ba1 / BBB- / BBB / BBB (low) (Moody's / S&P / Fitch / DBRS)	NP / A- / F2 / R-2 (middle) (Moody's / S&P / Fitch / DBRS)

2. Covered Bonds Issues	Issue Date	Coupon	Maturity Date	Soft Bullet Date ¹	Remaining Term	Nominal Amount
Covered Bonds Outstanding					0,40	525.000.000,00 €
Private Placements Covered Bonds Issues						
Series 6 (PTBN100E0002)	2015-06-30	Floating Rate	2018-06-30	2019-06-30	0,25	225.000.000,00 €
Series 7 (PTBN1POE0001)	2015-09-28	Floating Rate	2018-09-28	2019-09-28	0,50	300.000.000,00 €
CRD Compliant (Yes/No)						Yes

3. Asset Cover Test	Remaining Term	Nominal Amount
Mortgage Credit Pool	24,48	907.079.727,74 €
Other Assets² (Deposits and Securities at market value)¹	0,00	0,00
Cash and Deposits	0,00	0,00
RMBS	0,00	0,00
Other securities	0,00	0,00
Total Cover Pool	24,48	907.079.727,74 €
% of ECB eligible assets		100,00%
Overcollateralization³ with cash collateral (Current OC)		72,78%
Committed Overcollateralization (Moody's)		0,00%
Required Overcollateralization (Fitch) - Minimum OC level to keep the current Mortgage Covered Bond Programme rating		0,00%
Required Overcollateralization (DBRS) - Minimum OC level to keep the current Mortgage Covered Bond Programme rating		N/A
Legal Minimum Overcollateralization		5,26%

4. Other Triggers	
Net Present Value of Assets (incl. derivatives) ¹	907.010.337,38 €
Net present value of liabilities (incl. derivatives) ¹	0,00
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				11.507
Aggregate Original Principal Balance (EUR)				1.249.578.273,67 €
Aggregate Current Principal Balance (EUR)				907.079.727,74 €
Average Original Principal Balance per loan (EUR)				108.592,88 €
Average Current Principal Balance per loan (EUR)				78.828,52 €
Current principal balance of the 5 largest borrowers (EUR)				51.580.484,41 €
Weight of the 5 largest borrowers (current principal balance) %				5,69%
Current principal balance of the 10 largest borrowers (EUR)				65.596.628,06 €
Weight of the 10 largest borrowers (current principal balance) %				7,23%
Weighted Average Seasoning (months)				97,26
Weighted Average Remaining Term (months)				293,77
Weighted Average Current Unindexed LTV ⁵ (%)				54,68%
Weighted Average Interest Rate (%)				1,19%
Weighted Average Spread (%)				1,42%
Max Maturity Date (yyyy-mm-dd)				17-03-2067
Subsized Loans	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Yes	193	1,68%	8.261.705 €	0,91%
No	11.314	98,32%	898.818.022 €	99,09%
Insured Property⁶	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Yes	11.507	100,00%	907.079.727,74 €	100,00%
No	0	0,00%	0,00 €	0,00%
Interest Rate Type	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Fixed	378	3,28%	33.889.666,19 €	3,74%
Floating	11.129	96,72%	873.190.061,55 €	96,26%
Repayment Type	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Annuity / French	11.467	99,65%	890.948.873,27 €	98,22%
Linear	0	0,00%	0,00 €	0,00%
Increasing instalments	0	0,00%	0,00 €	0,00%
Bullet	1	0,01%	1.000.000,00 €	0,11%
Interest-only	39	0,39%	15.130.854,47 €	1,67%
Other	0	0,00%	0,00 €	0,00%

Mortgage Covered Bonds

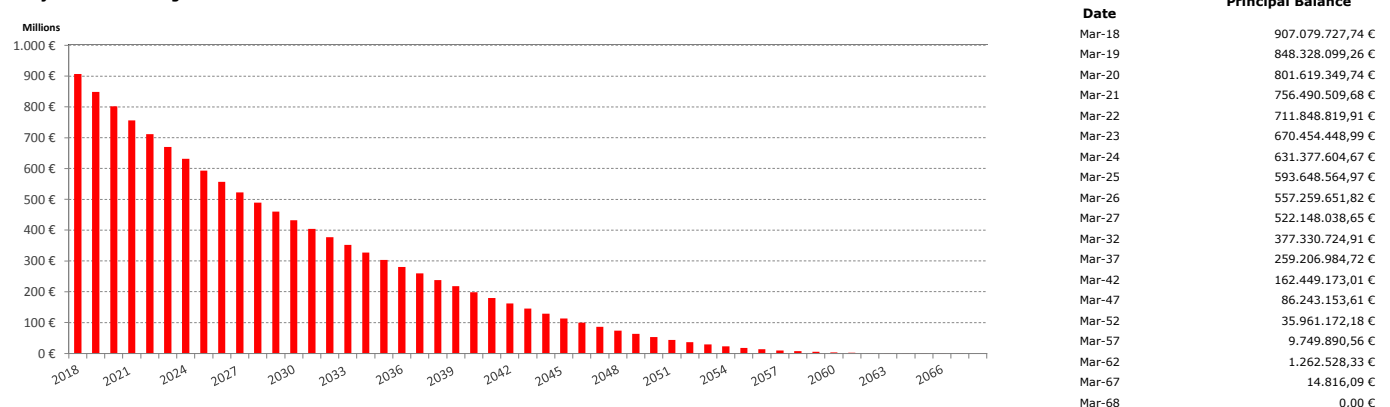
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6. Mortgage Credit Pool (continued)

Seasoning	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Up to 1 year	154	1,34%	31.856.280,92 €	3,51%
1 to 2 years	1.117	9,71%	157.125.697,80 €	17,32%
2 to 3 years	400	3,48%	52.745.173,12 €	5,81%
3 to 4 years	472	4,10%	58.132.452,07 €	6,41%
4 to 5 years	310	2,69%	35.111.109,69 €	3,87%
5 to 6 years	256	2,22%	19.671.393,98 €	2,17%
6 to 7 years	737	6,40%	61.832.032,01 €	6,82%
7 to 8 years	2.239	19,46%	143.797.417,55 €	15,85%
8 to 9 years	1.638	14,23%	110.078.634,31 €	12,14%
9 to 10 years	1.102	9,58%	91.269.137,94 €	10,06%
10 to 11 years	616	5,35%	37.001.565,51 €	4,08%
11 to 12 years	496	4,31%	23.614.329,26 €	2,60%
More than 12 years	1.970	17,12%	84.844.503,58 €	9,35%
Remaining Term	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Up to 5 years	393	3,42%	45.045.702,61 €	4,97%
5 to 8 years	499	4,34%	32.726.441,93 €	3,61%
8 to 10 years	338	2,94%	61.741.807,14 €	6,81%
10 to 12 years	484	4,21%	19.116.022,20 €	2,11%
12 to 14 years	511	4,44%	30.729.475,85 €	3,39%
14 to 16 years	714	6,20%	36.204.493,53 €	3,99%
16 to 18 years	727	6,32%	41.484.477,45 €	4,57%
18 to 20 years	507	4,41%	32.741.287,92 €	3,61%
20 to 22 years	657	5,71%	42.022.355,36 €	4,63%
22 to 24 years	662	5,75%	45.437.005,31 €	5,01%
24 to 26 years	553	4,81%	37.598.001,95 €	4,14%
26 to 28 years	924	8,03%	65.975.083,49 €	7,27%
28 to 30 years	831	7,22%	64.508.415,88 €	7,11%
30 to 40 years	2936	25,51%	279.513.476,00 €	30,81%
More than 40 years	771	6,70%	72.235.681,12 €	7,96%
Current Unindexed LTV	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Up to 40%	3.281	28,51%	173.816.168 €	19,16%
40 to 50%	1.726	15,00%	156.803.369 €	17,29%
50 to 60%	1.944	16,89%	181.332.336 €	19,99%
60 to 70%	2.282	19,83%	192.840.086 €	21,26%
70 to 80%	2.274	19,76%	202.287.769 €	22,30%
More than 80%	0	0,00%	0 €	0,00%
Loan Purpose	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Owner-occupied	10.734	93,28%	744.604.930,95 €	82,09%
Second Home	537	4,67%	45.863.372,02 €	5,06%
Buy to Let	55	0,48%	7.800.139,10 €	0,86%
Other	181	1,57%	108.811.285,67 €	12,00%
Property Type	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Residential	11.364	98,76%	802.324.846,58 €	88,45%
Flat	7.231	62,84%	466.884.871,26 €	51,47%
House	4.068	35,35%	326.893.327,87 €	36,04%
Other	65	0,56%	8.546.647,45 €	0,94%
Commercial	143	1,24%	104.754.881,16 €	11,55%
Geographical Distribution	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
Portugal	11.507	100,00%	907.079.727,74 €	100,00%
Norte	3.072	26,70%	214.417.178,26 €	23,64%
Center	1.996	17,35%	128.351.823,83 €	14,15%
Lisbon	5.185	45,06%	487.881.698,92 €	53,79%
Alentejo	445	3,87%	23.005.794,69 €	2,54%
Algarve	808	7,02%	52.650.506,47 €	5,80%
Madeira	1	0,01%	772.725,57 €	0,09%
Azores	0	0,00%	0,00 €	0,00%
Delinquencies ⁷	Number of Loans	% Total Loans	Amount of Loans	% Total Amount
> 30 to 60 days	45	0,39%	2.908.763,42 €	0,32%
> 60 to 90 days	8	0,07%	500.081,92 €	0,06%
> 90 days	0	0,00%	0,00 €	0,00%

Projected Outstanding Amount^b



^b Includes mortgage pool and other assets; assumes no prepayments (constant prepayment rate of x.yz%)

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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
Residential Mortgages ^b	41.599.656,58	32.605.742,13	32.228.642,26	31.996.992,40	31.697.931,58	148.177.570,89	484.018.310,74
Commercial Mortgages	17.151.971,90	14.103.007,38	12.900.197,81	12.644.697,37	9.696.439,34	32.753.405,59	5.505.161,77
Other Assets ²	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total Cover Pool	58.751.628,48	46.708.749,51	45.128.840,06	44.641.689,78	41.394.370,92	180.930.976,48	489.523.472,51
Total Covered Bonds	525.000.000,00	0,00	0,00	0,00	0,00	0,00	0,00

^b Includes mortgage pool and other assets; assumes no prepayments (constant prepayment rate of x.yz%)

8. Liquidity Cushion		Nominal Amount
Liquidity Cushion (according to Fitch's definition)^c		
Liquidity Cushion amount		N/A
Deposits with eligible financial institutions		N/A
Eligible securities		N/A
Liquidity Cushion requirement calculation		
Required Liquidity Cushion		N/A
Interest due month 1		N/A
Interest due month 2		N/A
Interest due month 3		N/A

^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		N/A
Of Which Interest Rate Derivatives^b		N/A
Fixed to Floating Swaps		N/A
Interest Basis Swaps		N/A
Of Which Currency Swaps		N/A

^b External Counterparties (No)

10. Contacts	
Corporate Finance Division - Long Term Funding	Dfc@santander.pt
Other Reports on BST website	https://www.santanderotta.pt/pt_PT/Investor-Relations/Santander-Totta/Emissao-de-Divida/2018
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 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 indexed LTV is calculated by dividing the outstanding balance of the loan by the latest valuation amount of the underlying property (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 statistical 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 fulfils the eligibility criteria. Therefore, there are no NPL's included in the cover pool.