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PRESS RELEASE

Santander Totta increases deposits by 14.5% and strengthens capital ratios

Lisbon, April 29, 2011 – Santander Totta, this quarter, dedicated a special focus to balance sheet resilience, as expressed both in the **14.5% increase in customer deposits** (resulting in a 7.9% drop in operating income), and in the sale of about 4 billion euros in loan portfolios and securities; thus it was possible to combine this objective with **continued support to domestic SMEs, whose credit increased by 1.3%.** As a result, the recurring net profit before extraordinary income for Santander Totta Bank amounted, in spite of the country's difficult economic and financial situation, to **98.1 million euros.**

According to Nuno Amado, Chief Executive of Santander Totta, "*Faced with the difficult macroeconomic and financial environment in this first quarter, Banco Santander Totta favored maintaining the solidity of its balance sheet and its operational efficiency and profitability, and continued to show good recurring earnings for commercial activity, to the benefit of its customer service and the strengthening of its competitive position.*

It was thus possible to achieve recurring net profit of about 98 million euros for activity in the period, with significant growth - about 15% - in deposits, as well as a return on equity of about 10%, and an estimated core capital of over 10.5%, while non-performing loans remained at levels well below the industry average.

On the other hand, in this context of scarce liquidity in international markets, and faced with the need to deleverage, the Bank continued its prudent management of balance sheet contraction through the sale of loan portfolios and securities, foregoing higher returns to instead strengthen its capital ratios and its eligible assets portfolio, maintaining its support to small and medium domestic enterprises.

The Bank foresees the continuation of adverse conditions in the Economy and the markets underlying its activity, and thus will continue to ensure balance sheet solidity and the efficiency and profitability of operations as appropriate to the macroeconomic and market context, which will allow it to adequately remunerate its customers' investments and maintain its support for the national Economy. "

In the first quarter of 2011, the tensions arising from the sovereign debt crisis worsened, this time with special focus on Portuguese debt. In March, Parliament's rejection of the "PEC IV," and the subsequent Government resignation resulted in successive downgrades in Portugal's debt ratings, both short- and long-term, as assigned by Moody's, Fitch and S&P; this was also reflected in the ratings given

Portuguese banks. As a result, access to international debt markets has deteriorated, and is practically closed off to Portugal, and on April 6, Portugal formalized its request for EFSF / IMF assistance.

In this complicated and difficult environment, with the acute shortage of liquidity in international markets, Santander Totta has made it a strategic priority to restore the balance sheet structure by increasing customer funds and reducing assets. Customer funds totaled 27.2 billion euros, up 4.2% from the first quarter of 2010, and **deposits reached 17.2 billion euros, up 14.5% from the same period in the previous year**. The balance sheet deleveraging process, desirable at this stage of the economic cycle, primarily took place via the sale of the loans and securities in the investment portfolio, which allowed the bank's assets to be reduced by about 8% for the quarter, and the financing from the ECB to be diminished to 2.5 billion euros as of the end of March.

Operating income (recurring) was 287.8 million euros, representing a variation of -7.9% relative to the value attained at the end of the first quarter of 2010. Despite the income from net commissions and other income, which increased 10.9%, revenue trends were conditioned by the behavior of the net interest income, which decreased by 12.0%, reflecting a smaller contribution from securities portfolios and a rising cost of deposits.

Operating costs showed a positive performance, **decreasing by 0.5%** and the combined development of recurring revenues and operating costs resulted in a 3.3 percentage-point increase in the efficiency ratio, which at the end of March stood at 44.3%, and in a 13% decline in net operating income.

Increased levels of impairment, net provisions and other income continue to reflect a policy of great prudence in the assessment of the risks arising from the current economic cycle, which has translated into more favorable loan portfolio quality indicators compared to the values available for the market. At the end of March 2011, **the ratio of non-performing and doubtful loans stood at 1.59%**, clearly better than the industry average, and the **coverage ratio of non-performing and doubtful loans to provisions stood at 121.5%.**

The sale of loan portfolios and securities, which allowed the strengthening of the Bank's capital ratios, generated capital losses amounting to 29.5 million euros, and so **net income reached a value of 68.6 million euros** for the first quarter.

Despite the difficult situation we are currently facing, Santander Totta's capitalization level stood clearly above the main national and international standards, with **Core Capital** and **Tier I** ratios situated at **10.7%** and **11.2%** respectively.

In the first quarter of 2011, Santander Totta was voted "**Best Bank operating in Portugal**" by Global Finance magazine, as part of the annual awards that the publication gives to the world's best banks in developed markets. Santander Asset Management in Portugal, meanwhile, received the "**World Finance Pension Fund of**

the Year 2011" award from World Finance magazine, which recognizes the firms offering the best products and the highest standards of customer care and service.

MAIN HIGHLIGHTS

- **Regarding turnover, developments in credit and in balance sheet funds allowed the improvement of the commercial gap and the balance sheet structure, with 14.5% annual growth in customer deposits and 4.2% annual growth in total funds especially standing out. As regards the assets, the loan portfolio (including guarantees) adjusted for the sale of loans showed an improvement of 1.6%. Loans to SMEs increased by 1.3%.**

- **At the end of the first quarter of 2011, recurring net profit before extraordinary income amounted to 98.1 million euros, compared to the 131.3 million euros obtained at the end of March 2010. The trend in net income reflects a decrease in the net interest income and an increase in appropriations for impairments and other provisions, notwithstanding the favorable development recorded, both in net commissions and other income from banking activities, and in operating costs.**

- **In a difficult and complicated environment, Santander Totta continues to show solid capital ratios, with Core Capital at 10.7% and Tier I reaching 11.2%. Return on equity (ROE) stood at 9.9%.**

- **Operating income (recurring) fell by 7.9% as a result of developments in the net interest income, which at the end of March 2011 came to 164.1 million euros, equivalent to an annual decrease of 12.0%. Despite the prudent policy pursued by Santander Totta in relation to the management of spreads, the smaller business volumes, increased funding costs, and greater pressure on liability margins limited the growth of the net interest income.**

- **Net commissions and other income from banking activities totaled 101.2 million euros, up 10.9% compared to the value obtained at the end of March 2010. The increase in commissions was determined by the favorable development in service commissions for commercial banking and investment banking.**

- **The total impairment, net provisions and other income increased to 36.9 million euros, which corresponds to a 51.7% increase over the figure recorded in the same period a year earlier. This development reflects the difficulties of the business cycle we are going through, with increased levels of default in the loan portfolio, which do however remain significantly below the average for the banking system according to the latest available data. In March 2011, the ratio of non-performing and doubtful loans stood at 1.59%, well below the industry average, and the coverage ratio of non-performing and doubtful loans to provisions stood at 121.5%.**

- **As a result of the sale of loan portfolios and securities, which allowed the strengthening of the Bank's capital ratios, having generated capital losses amounting to 29.5 million euros, the net income reached a value of 68.6 million euros.**

- **In the current context of scarce liquidity in international markets, Santander Totta continued its prudent management, adapted to the trends and limitations in the financial markets, and had an eligible assets portfolio of 13.3 billion euros at the end of March 2011.**

- **In the first quarter of 2011, Banco Santander Totta won the award for "Best bank operating in Portugal", awarded by Global Finance magazine, and Santander Asset Management in Portugal received the "World Finance Pension Fund of the Year 2011" prize awarded by World Finance magazine.**

The Business Environment

The financial environment of the Republic dominated attentions throughout the first quarter of the year. Despite the disclosure of budget data that validated the perception of a reduction in the fiscal deficit, in line with the 4.6% goal outlined, in March the Government presented an update to the Stability and Growth Program ("PEC IV"), with new measures on the expenditure side for the year 2011, and details of measures for meeting the budgetary targets for 2012 and 2013 (when the annual deficit should stand at 3.0% and 2.0% of GDP, respectively).

This update to the PEC was rejected by the Assembly of the Republic, after which the Prime Minister tendered his resignation to the President, who accepted it and called early elections for June 5. The perception by investors that Portugal was not fully committed to reducing the budget deficit resulted in a dual tendency: successive downgrades in the Republic's rating by risk assessment agencies to the limits of an "investment grade" rating, which was also reflected in the credit ratings of the banks, and a rise in long-term interest rates to the highest levels seen since the creation of the euro.

Consequently, access to financial markets by the Republic and the banks was severely limited, after which, on April 6, the Government requested financial assistance from the European Financial Stabilisation Fund/IMF; technical negotiations regarding this assistance are currently underway. Even so, in the first quarter, domestic banks managed to cut their funding from the ECB by around 2 billion euros, to 39 billion euros.

Economically, the deceleration in activity was accentuated, in terms of corresponding periods, with GDP likely having contracted again in the first quarter, when various base effects were also felt.

Private consumption contracted, largely due to reductions in automobile sales after the purchases anticipated for last December. The entry into force of new austerity measures (increase of VAT to 23%, and reduction of Public Sector wages, among others) resulted in a moderation of current expenditures by households.

The other components of domestic demand contracted, as a result of reductions in public expenditures (magnified by the dissipation of the effect associated with payments for military equipment in the fourth quarter of 2010) and in investments, which in turn was a consequence of prospects of lower demand and the escalation of tensions in financial markets.

Exports maintained a sustained growth rate above 15% in nominal terms, reflecting a strong growth on the part of major trading partners. Imports accentuated their contraction, due not only to lower domestic demand but also to effects related to the purchase of military equipment.

The global economy maintained strong growth rates of activity, both in emerging markets and in developed economies. In China, GDP grew 9.5% in the first quarter and the authorities have adopted new restrictive measures designed to decrease lending. In the U.S., the Federal Reserve has begun to mention the need to end its exceptional measures ("QE2") starting in June, although without referring to the need to immediately increase reference interest rates, as ISM activity indicators are at their highest levels in more than a decade.

In the euro zone, the perception of risk in relation to the Portuguese situation showed no signs of spreading to other countries, but the need to reduce budget deficits remains a priority. Data on economic activity, especially the PMI indices, have shown slight moderation, although the pace of expansion remains fairly solid.

The ECB started raising reference interest rates in April, with a 25 bp increase to 1.25%, thus implementing the decision it had already pre-announced in March. The acceleration of inflation to 2.7 % in March, and the risks associated with energy costs and costs for other raw materials, led the ECB to signal that further increases may occur in the near future, however gradually.

RESULTS

At the end of March 2011, Santander Totta's recurring net profit amounted to 98.1 million euros, 25.2% less than the amount recorded in the same quarter last year.

The development of net income was mainly limited by the increase in provisioning levels, appropriate to a context of increased loan portfolio risk, and by the decrease of operating income (recurring), with, however, a very strict monitoring of operating costs and a favorable trend in net commissions and other income from banking activities.

In the first quarter of 2011, Santander Totta registered non-recurring (net) losses related to the sale of assets, as part of its asset deleveraging process, which amounted to -29.5 million euros.

Million Euros

	Mar-11	Mar-10	Var.
Commercial revenue	273.0	290.9	-6.2%
Operating income and insurance activity	**287.8**	**312.4**	**-7.9%**
Total operating expenses	(127.5)	(128.2)	-0.5%
Net operating income	**160.3**	**184.2**	**-13.0%**
Impairment, net provisions and other income	(36.9)	(24.3)	+51.7%
Income before taxes and MI	123.4	159.9	-22.8%
Consolidated net income (recurrent)	**98.1**	**131.3**	**-25.2%**

The net interest income, which was the main component of the commercial revenues, stood at 164.1 million euros, as compared with 186.4 million euros recorded for the same quarter last year. Despite the continued prudent management of spreads, the development of the net interest income reflects the decrease in the loan portfolio and higher financing costs, with greater pressure in terms of the liability margins.

Total net commissions and other income of banking activity reached 101.2 million euros, an increase of 10.9% over the same period a year earlier, mainly due to higher commissions from investment banking. In turn, income obtained from insurance activity decreased by 30.8%.

The income from financial operations (excluding asset sales) amounted to 14.8 million euros, equivalent to a 31.2% decrease compared to the value assessed at the end of March 2010.

Operating income (recurring) reached 287.8 million euros, representing an annual decrease of 7.9%.

Million Euros

	Mar-11	Mar-10	Var.
Net interest income (without dividends)	164.1	186.4	-12.0%
Net commissions and other banking income	101.2	91.3	+10.9%
Insurance activity	7.7	11.1	-30.8%
Commercial revenue	**273.0**	**290.9**	**-6.2%**
Gain/loss on financial transactions (recurrent)	14.8	21.5	-31.2%
Operating income and insurance activity	**287.8**	**312.4**	**-7.9%**

Operating costs went down 0.5%, amounting to 127.5 million euros, with a notable 6.1% decrease in general expenses and 5.5% in depreciation.

Personnel costs increased 3.3% to 77.2 million euros. Without the effect of the difference between the expected return on the pension funds and its discount rate, the costs would have increased 2.1%.

Million Euros

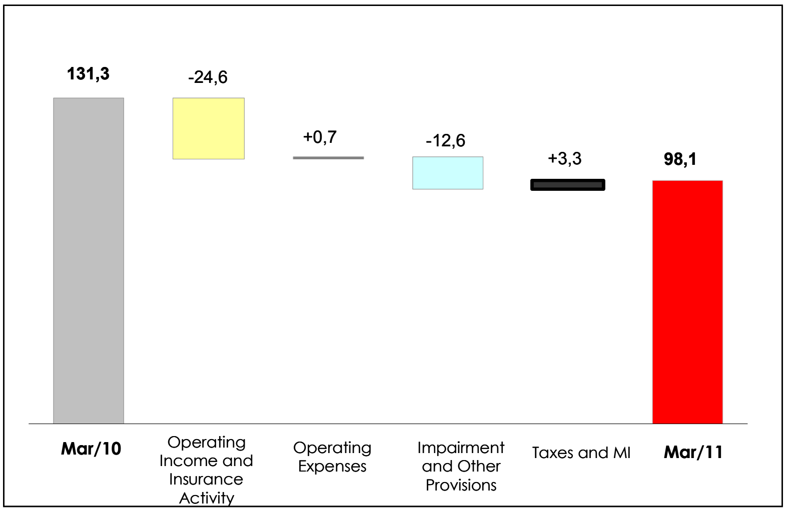
	Mar-11	Mar-10	Var.
Personnel expenses	(77.2)	(74.7)	+3.3%
General expenses	(35.1)	(37.4)	-6.1%
Operating expenses	**(112.3)**	**(112.1)**	**+0.2%**
Depreciation	(15.2)	(16.1)	-5.5%
Total operating expenses	**(127.5)**	**(128.2)**	**-0.5%**
Efficiency ratio (excl. depreciation)	**39.0%**	**35.9%**	**+3.1 p.p.**
Efficiency ratio (incl. depreciation)	**44.3%**	**41.0%**	**+3.3 p.p.**

As a result of the combined development of revenues and costs, the net operating income amounted to 160.3 million euros, equivalent to a decrease of 13.0%, and efficiency ratio (including depreciation) reached 44.3%, which compares with a ratio of 41.0% obtained in the same period last year.

The total for impairments, provisions, and other income reached 36.9 million euros compared to 24.3 million euros registered in March 2010, which corresponds to a variation of 51.7%. This increase reflects a policy of prudent risk assessment and the maintenance of adequate coverage in the current business environment. The total for loan impairments, net of recoveries, represents 0.42% of the loan portfolio, 0.19 percentage points above the figure recorded in March 2010.

Income before taxes and minority interests reached 123.4 million euros and recurring net profit stood at 98.1 million euros, which represents a 25.2% decrease compared to the figure recorded in March 2010.

Net Income (million euro)



Balance Sheet and Activity

As a result of the strong limitations on access by Portuguese banks to international financial markets, the fundamental priority of Santander Totta is to deleverage the balance sheet by reducing its liquidity gap, supplemented by the sale of assets.

The loan portfolio (including guarantees) totaled 32.4 billion euros, representing a 6.0% decrease from March 2010. This development is a result of the sale of loans valued at around 2.5 billion euros. Without such sales, the loan portfolio would have increased 1.2%.

Loans to SMEs totaled 10.2 billion euros, corresponding to an increase of 1.3%, and loans to individuals decreased to 18.6 billion euros, slightly below the figure recorded at the end of March 2010.

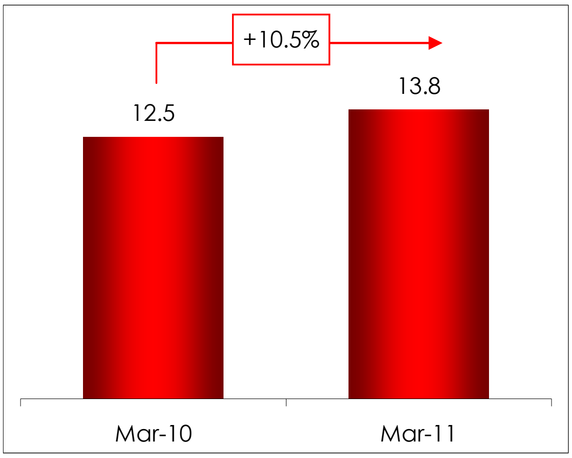
Mortgage loans grew 0.4% over figures for comparable values in the previous year, maintaining the downward trend in quarterly growth rates (towards the end of 2010, the mortgage loan portfolio decreased by 0.3%). As regards consumer loans, there was a decrease of 2.9% compared to March 2010, and of 1.1% compared to the end of last year.

Million Euros

	Mar-11	Mar-10	Var.
Commercial Banking	**28,797**	**28,679**	**+0.4%**
Credit to Individuals	**18,617**	**18,631**	**-0.1%**
from which			
Mortgage	16,404	16,337	+0.4%
Consumer credit	1,593	1,641	-2.9%
Credit to SME's	**10,180**	**10,048**	**+1.3%**
Small business	4,046	4,101	-1.3%
Corporates	6,133	5,947	+3.1%
Large Corporates and Institutions	**1,711**	**3,724**	**-54.1%**
Guarantees, endorsements and other	1,869	2,037	-8.3%
Total Loans	**32,377**	**34,440**	**-6.0%**
Total Gross Loans (proforma-adjusted for the sell of assets)	**34,851**	**34,440**	**+1.2%**

In an environment with an acute shortage of liquidity in international markets, the increase in customer funds continued to be fundamental; the 10.5% growth in deposits from individuals and small businesses and 44.6% in funds from the Corporate Network stand out.

Retail Deposits (billion euros)



The development of credit and deposits resulted in an improved loan to deposit ratio (balance sheet credit/balance sheet customer funds), which in March 2011 stood at 161%.

The development of investment funds continues to be constrained by instability in financial markets, reflected by an increased risk aversion among investors, which led to a decrease of 21.3% observed in the investment funds portfolio.

Unit linked insurance and other resources amounted to 5.1 billion euros, equivalent to an annual increase of 4.0%.

Total customer funds amounted to 27.2 billion euros, representing an increase of 4.2% compared to the figure recorded at the end of March 2010.

Million Euros

	Mar-11	Mar-10	Var.
Deposits	**17,166**	**14,986**	**+14.5%**
Securities issued (clients)	508	610	-16.8%
Balance sheet resources	**17,674**	**15,596**	**+13.3%**
Investment funds	4,365	5,546	-21.3%
Insurance and other	5,117	4,922	+4.0%
Customers' resources	**27,156**	**26,065**	**+4.2%**
By segment			
Commercial Banking Resources	**23,159**	**22,121**	**+4.7%**
Individuals and Small Businesses	**21,590**	**21,037**	**+2.6%**
Deposits	13,838	12,526	+10.5%
Securities issued (clients), Investment Funds and insuranc	7,751	8,511	-8.9%
Corporates	**1,569**	**1,085**	**+44.6%**
Large Corporates, Institutionals and other	**3,997**	**3,943**	**+1.4%**

Anticipating the deteriorating quality of the loan portfolio, due to the worsening economic and financial environment, Santander Totta has maintained a very cautious policy regarding provision coverage of non-performing loans, by increasing the allocations for impairments. At the end of March 2011, non-performing and doubtful loans represented 1.59% of the total loan portfolio, reflecting an increase of 0.40 percentage points over the end of the first quarter of last year. The level of provisions represents about 2% of the loan portfolio and the ratio of provisions to the non-performing and doubtful loans they cover stood at 121.5%. Despite the worsening quality of the loan portfolio, Santander Totta continues to maintain default levels substantially below the average for the banking system as a whole, according to the latest available data.

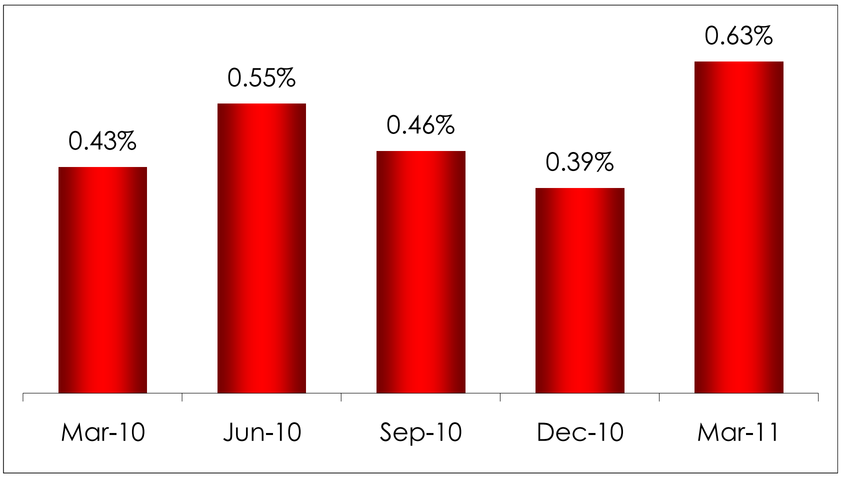
	Mar-11	Mar-10	Var.
NPL ratio (+ 90 days) (incl. securitization) *	1.57%	1.18%	+0.39 p.p.
NPL coverage ratio (+90 days)	122.8%	134.6%	-11.8 p.p.
NPL and doubtful loans ratio *	1.59%	1.19%	+0.40 p.p.
Net NPL and doubtful loans ratio	0.71%	0.60%	+0.11 p.p.
NPL and doubtful loans coverage ratio	121.5%	132.9%	-11.4 p.p.
Risk premium*	0.63%	0.43%	+0.20 p.p.

* If adjusted for loan sells, in March/11, the ratios would be 1.46% and 1.47%, respectively

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

The indicator for comparing the new entries in overdue loans, net of recoveries, to the average loan portfolio, stood at 0.63% in annualized terms, worsening 0.20 pp compared to the value obtained in March 2010.

New entries in NPL as a % of loans
(adjusted of write-offs and recoveries)



LIQUIDITY, SOLVENCY, AND PROFITABILITY

The dramatic worsening of the Portuguese sovereign debt crisis in the first quarter of 2011 meant that the strategic priority of Santander Totta was based on growth in customer deposits and in deleveraging; thus asset sales were undertaken. This allowed an improvement in the loan to deposit ratio (balance sheet credit / balance sheet customer funds), which at the end of the first quarter of 2011 stood at 161%, and the decrease in the level of funding from the ECB, which in March amounted to 2.5 billion euros (4.3 billion euros at the end of 2010).

As regards capital ratios, Santander Totta maintains high capitalization levels, with the base equity adequacy ratio standing at 11.2% and the Core Capital ratio settling at 10.7%.

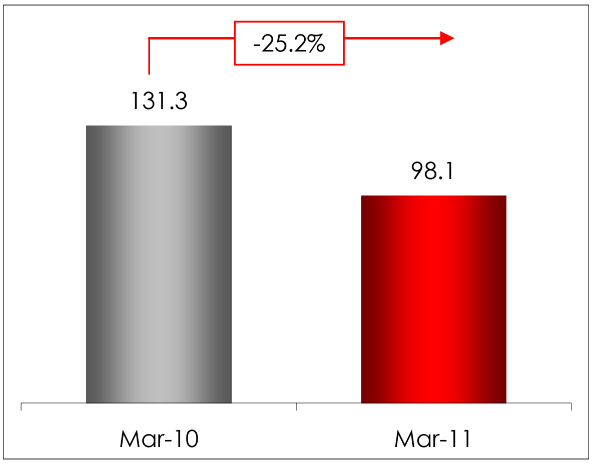
Million Euros

	Mar-11	Mar-10
Tier I capital	**2,638**	**2,934**
Tier II capital	-6	230
Total capital	**2,632**	**3,164**
Risk weighted assets	**23,555**	**25,943**
Core capital	**10.7%**	**9.5%**
Tier I	**11.2%**	**11.3%**
Solvency ratio	**11.2%**	**12.2%**

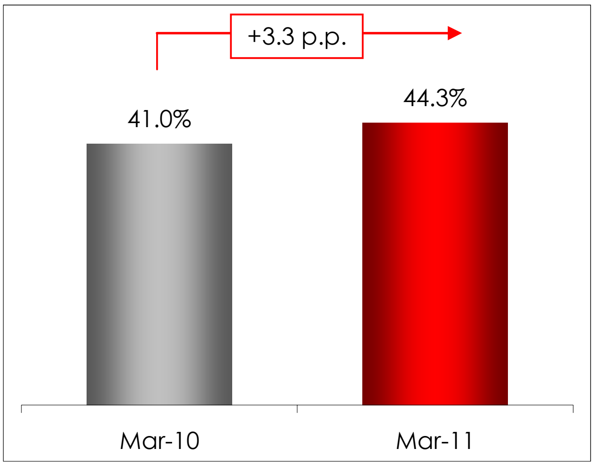
(*) Excluding results generated net of payout, Core Capital 10,5%, Tier I is 11,1% and Solvency ratio is 11,1%

The development of net income was reflected in a ROE of 9.9% at the end of March 2011.

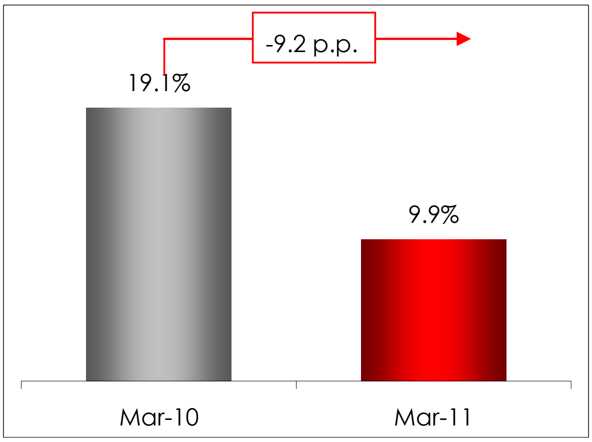
Net Income - recurrent
(million euros)



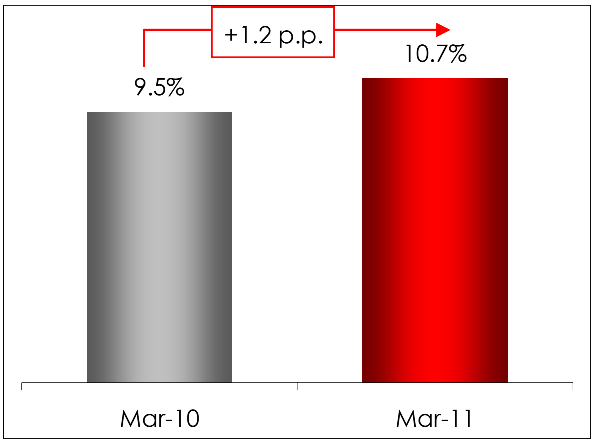
Efficiency Ratio (includes depreciation)



ROE



Core Capital *



(*) Includes the results of the year

COMMERCIAL BANKING

During the first quarter of 2011, Santander Totta pursued a customer-focused strategy, concentrating its business activity primarily on the atrraction and retention of funds, the renegotiation of credit spreads, and the monitoring of non-performing loans.

Regarding funds, the first quarter of 2011, like the year 2010, was marked by a very competitive environment in the Portuguese banking sector, especially in traditional savings products.

In this context, Santander Totta sought to provide a diversified range of products and solutions to meet the different needs and financial objectives of its clients, especially with its "Integrated Solutions" and "Savings Strategic Solutions" campaigns.

The "Integrated Solutions" campaign, launched in 2010 and continued this quarter, is based on an offer of comprehensive solutions adapted to the different needs and stages of the life cycle of its customers. Thus, in terms of funds, the emphasis is on savings products with attractive remunerations, such as the "PPR Triumph," and the "Idols Super Saver" savings account, and current accounts with more benefits, particularly the offer of a wide range of insurance.

In 2011, the "Strategic Savings Solutions" were launched (both in euros and dollars), which correspond to traditional savings products with a variety of very attractive maturities and remunerations.

As in previous years, this offer is complemented by other products, promoting the diversification of investments with a broad offering of products adapted for different profiles and time horizons: 7 financial insurance products, and 4 structured financial products (in euros and dollars).

As part of the customer loyalty policy, various campaigns and activities were launched for drawing in new customers and keeping them, in an effort to meet the specific needs of the various segments.

In January a salaries campaign was launched for bringing in deposits of salaries/pensions, on the basis of the waiver of fees for primary everyday services, and offering a wide range of giveaways from recognized brands with high perceived value, as a lever to overcome the inertia involved in switching banks.

We also relaunched campaigns and products specifically targeted to other segments, specifically Youth/Juniors – the "Growing Account" Campaign and the "Already Here Account," and accounts for those living abroad, with a focus on promoting transaction volume and attraction of funds.

The greater competition in lending, coupled with a drop in consumer confidence, caused a decline in the production volumes for mortgage loans in the first quarter of 2011, thus maintaining the trend seen over the last year.

In February, following the line of communications oriented around the needs of customers, and taking advantage of a weaker market environment as regards the purchase and sale of homes, a new campaign was launched based on an offering of financing solutions for home remodeling. With this campaign a diverse portfolio of products with varying characteristics was made available to clients, where they can choose the solution that best fits their profiles and needs.

The "IRS Anticipation Loan," a product that allows customers to anticipate their IRS tax refunds, was also relaunched.

In the first quarter of 2011, banking revenues from the **Means of Payment** domain, which includes payment cards and POS's, grew 3.6% compared to the same quarter last year.

Commissions went up 3.4%, above market growth, with a positive contribution from commissions related to the new Ferrari credit card. The improvement in the levels of service and in the reliability of the means of payment were key priorities, in an effort to maintain and improve customer satisfaction and loyalty levels.

As for POS's, the 16% market share in turnover volume was consolidated, with the Bank remaining a presence in the major distribution chains and in the various business sectors.

In the first quarter of 2011, the **Corporate Network** adapted its established business plans to the adverse economic conditions. In this context, the primary priorities were to take advantage of the balance sheet structure for a continual dedication to the Corporate market, and more specifically the SME's, to continue adjusting the price of loans for the shortage of monetary liquidity, and to narrow the gap between loans and funds, with a major focus on the latter. Also noteworthy is the continuing dedication to the growth in new customers, who are increasingly valuing their partnership with a bank with Santander Totta's solidity.

The banking revenues from the business sector grew by 23.5% compared to the same period last year, and sales volume increased 8.7% compared to March 2010.

With respect to non-performing loans, the Corporate Network maintained non-performance levels below the market average, as a consequence of close customer relationships and careful and efficient risk management.

Global Banking and Markets

The ***Corporate Finance*** area has continued to develop over the year 2011, with intense activity, where the completion of the financial consultancy work provided to the Impresa Group in the assessment of SIC, Medipress, and AEIOU is especially significant.

Also deserving of special mention are the ongoing consultancy services provided to Galp Energy in its sale of stock in Galp Natural Gas Distribution, a holding company which owns the leading regulated natural gas distribution infrastructure companies in Portugal.

During this quarter the Merger & Acquisition operations portfolio has also been strengthened, and various consultancy procedures regarding transactions to be concluded in the coming months are in progress.

In the area of **Credit Markets**, the combination of the uncertainty and the illiquidity of Portuguese financial institutions, resulting from the sovereign debt crisis, led to the suspension/postponement of several calls for tenders and public investments, and to delays in several private investments. In this context, Santander Totta has reduced its activity in this area, but remains one of the few institutions with a constant presence in structured MLP financing.

In this context special mention should be given to the Bank's involvement in restructuring the financing of the ELOS consortium for Phase 1 of the High Speed

Train Project, regarding the Poceirão-Caia rail link and the assembly of the financing for Secil's acquisition of Betecna, and its participation in that process as the Mandated Lead Arranger and Bookrunner; this process will be completed after approval is obtained from the Competition Authorities.

Furthermore, Santander Totta has also been involved in the analysis, structuring and assembly of financing for several renewable energy projects.

In the area of **Fixed Income Sales,** in the large-scale corporate segment, the quarter was characterized by the dynamic adaptation of strategies for a high degree of market volatility, while maintaining a preference for simple risk management structures; Santander has given careful attention to the monitoring of the structures in the portfolio.

Despite the ongoing economic stagnation in Europe over the recent months, Santander Totta's placement of **structured products** in the first quarter of 2011 was marked by the issuance of approximately 178 million euros, and a revenue in U.S. dollars amounting to 12 million dollars.

Santander Totta's activity in the **Institutional Custody** area did not register significant changes compared to the same period in 2010, despite all the constraints in the financial markets and the economic situation in Portugal. Santander Totta ranks 2nd in the national ranking for Custodians, with about a 32% share in the volume of assets held in custody, according to the latest data released by the CMVM, as of 31/12/10.

ASSET MANAGEMENT

Despite a positive start to the year, with good developments in macro- and microeconomic terms, and with economic indicators pointing towards growth in the global economy and in private sector solvency, the first quarter of 2011 was marked by uncertainty regarding the impact of the nuclear crisis in Japan on the global economy, and by the instability of financial markets in the peripheral areas of Europe, particularly in Portugal.

Santander Asset Management, maintaining the conservative vision that has guided the actions of that management firm in recent years, has sought to manage its products at very controlled risk levels, with a focus on capital preservation and on maintaining high and appropriate levels of liquidity, continually profiting from the opportunities arising in the market.

Thus, in the first quarter of 2011, positive returns were seen from the securities investment funds overall, specifically including Santander Multicrédito (9.9% of annualized net returns), Santander Fixed Multirate (Best Funds at 12 months), Santander Global (7.7% annualized net returns), Santander Shares Portugal (1st place in the funds ranking for 2011, 2 and 5 years). In this context, and in spite of market instability, our product range has shown good returns for 2011, both from an absolute and relative perspective.

The first quarter of 2011 was also marked by the launching of FEI Iberian Credit 2014, the Santander Private Management umbrella funds, and Santander Premium Management (for a total of 23.5 million euros), but also by the revitalization of the existing range of funds, for a total of 36 investment funds. Moreover, the FEI Santander Infrastructure Invest fund matured (for a total of 94 million euros).

At the end of the quarter, the management company had a 16.6% market share.

With regard to real estate investment funds, Santander Asset Management managed funds accounting for about 772 million euros, with a market share of 6.8% (data as of February 2011). The profitability of these funds was broadly in line with the market, reflecting the existing economic crisis and difficulties in the property market in Portugal; the performance of these funds was generated solely through rents paid by tenants. The company put a major focus on concretizing asset sales in order to better match the fund's profile and renovate the real estate holdings.

INSURANCE

The life insurance business operated by Santander Totta Seguros - Companhia de Seguros de Vida SA, was marked by more profound developments on the customer information level, allowing a distribution model better suited to the customer segments, and to their needs, profiles, demands and potential.

Alongside the provision of simple risk-range life products, linked to loans or other banking products, special focus was kept on the provision of products targeted at life coverage and credit coverage, marketed by the bank on the open market, coupled with an appropriate adaptation of the sales model.

Regarding financial life insurance, special mention should be made of the monthly launch of financial insurance called the Income Plan, in the form of non-standard ICAE Insurance policies, divided into share units (unit linked), which aim to provide monthly, quarterly or semiannual returns (calculated on the basis of the amount subscribed and paid in the form of partial redemption); the total volume traded amounted to approximately 350 million euros.

Regarding risk life insurance traded on the open market, special mention should be made of the Sorted Protection Plan product - a life insurance policy with coverage for unemployment, with its target segment being customers with direct salary deposit accounts; sales on this product came to 4,500 plans in the 1st quarter of 2011.

The "Life Plan" also stands out, which is a product intended for the mass market segment, with more than 11,100 plans sold in the first quarter of the year.

The sale of these two products was spurred by an incentive plan for the commercial network, awarding trips to see the F1 Grand Prix in Budapest, and an excellent coordination with the broker / bank sales revitalization area, based on the *Strategic* sales campaign, focused on boosting the revitalization of those products.

Also deserving of mention was the revenue from the Pension Savings Plans, which in the first quarter amounted to 10,600 insurance policies.

The value of the premiums and contributions to investment contracts issued reached 371 million euros, an increase of 96% compared to the same period last year. In mixed and risk insurance, the volume of premiums amounted to 30.8 million euros (compared to 31.4 million in the same quarter last year); especially noteworthy is the good performance regarding the trading of products in the open market, life insurance linked to income and decreased production of life insurance linked to housing loans, a corollary of lower production of those loans.

INSTITUTIONAL INFORMATION

Santander (SAN.MC, STD.N, BNC.LN) is a commercial bank based in Spain and a presence in 10 major markets. At the end of 2010 it was the first bank in the eurozone and the tenth in the world by market capitalization. Founded in 1857, it has € 1,362,289 million in managed funds. Santander has more than 95 million customers, 14,082 branches - more than any other international bank - and 179,000 employees. It is the largest financial group in Spain and Latin America, with significant presence in the United Kingdom, Portugal, northeastern United States of America and, through its Santander Consumer Finance unit, other European countries like Germany and Poland. In 2010, Santander recorded a profit totalling 8,181 million euros.

Santander Totta, SGPS

Indicators

Million Euros

	Mar-11	Mar-10	Var.
Total Gross Loans (*)	**32,377**	**34,440**	**-6.0%**
from which			
Commercial Banking	**28,797**	**28,679**	**+0.4%**
Credit to Individuals	18,617	18,631	-0.1%
from which			
Mortgage (includes securitization)	16,404	16,337	+0.4%
Consumer credit	1,593	1,641	-2.9%
Credit to Corporates	**10,180**	**10,048**	**+1.3%**
Small business	4,046	4,101	-1.3%
SME's	6,133	5,947	+3.1%
Large Corporates and Institutions	**1,711**	**3,724**	**-54.1%**
Resources	**27,156**	**26,065**	**+4.2%**
Commercial Banking	**23,159**	**22,121**	**+4.7%**
Individuals and Small Businesses	**21,590**	**21,037**	**+2.6%**
Deposits	13,838	12,526	+10.5%
Securities issued (clients), Inv. Funds, Insurance & Other	7,751	8,511	-8.9%
Corporates	**1,569**	**1,085**	**+44.6%**
Large Corporates, Institutionals and other	**3,997**	**3,943**	**+1.4%**
ROE	**9.9%**	**19.1%**	**-9.2 p.p.**
Efficiency ratio (excl. depreciation)	**39.0%**	**35.9%**	**+3.1 p.p.**
Efficiency ratio (incl. depreciation)	**44.3%**	**41.0%**	**+3.3 p.p.**

(*) The loan growth, adjusted for the sell of loans is 1.2%

Santander Totta, SGPS

Ratios calculated in accordance with instruction nº 16/2004 from the Bank of Portugal

	Mar-11	Mar-10	Var.
Solvency ratios:			
Solvency ratio	11.2%	12.2%	-1.0 p.p.
Tier I	11.2%	11.3%	-0.1 p.p.
NPL and doubtful loans ratio	1.59%	1.19%	+0.40 p.p.
NPL and doubtful loans coverage ratio	121.5%	132.9%	-11.4 p.p.
Net NPL and doubtful loans ratio	0.71%	0.60%	+0.11 p.p.
Income before taxes and MI/Average net assets	1.0%	1.4%	-0.4 p.p.
Operating income/Average net assets	2.3%	2.7%	-0.4 p.p.
Income before taxes and MI/Average equity	16.0%	20.5%	-4.5 p.p.
Total operating expenses/Operating income	44.3%	41.0%	+3.3 p.p.
Personnel expenses/Operating income	26.8%	23.9%	+2.9 p.p.

Santander Totta, SGPS

Income Statetement (*)

Million Euros

	Mar-11	Mar-10	Var.
Net interest income (without dividends)	**164.1**	**186.4**	**-12.0%**
Dividends	0.0	2.1	-98.7%
Net interest income	**164.1**	**188.6**	**-13.0%**
Net commissions and other banking income	101.2	91.3	+10.9%
Insurance activity	7.7	11.1	-30.8%
Commercial revenue	**273.0**	**290.9**	**-6.2%**
Gain/loss on financial transactions	14.8	21.5	-31.2%
Operating income and insurance activity	**287.8**	**312.4**	**-7.9%**
Total operating expenses	(127.5)	(128.2)	-0.5%
Net operating income	**160.3**	**184.2**	**-13.0%**
Impairment, net provisions and other income	(36.9)	(24.3)	+51.7%
Income before taxes and MI	**123.4**	**159.9**	**-22.8%**
Taxes	(25.2)	(25.9)	-2.9%
Income after taxes	98.2	134.0	-26.7%
Minority interests	(0.1)	(2.7)	-96.9%
Consolidated net income (recurrent)	**98.1**	**131.3**	**-25.2%**
Gain/loss on the sale of assets	(29.5)	0.0	n.a.
Consolidated net income	**68.6**	**131.3**	**-47.7%**

(*) Not audited

Santander Totta, SGPS

Balance Sheet

Million Euros

Assets	Mar-11	Mar-10	Var.
Deposits at Central Banks	114	484	-76.5%
Cash, loans and advances to banks	3,259	1,981	+64.5%
Financial assets	8,705	14,991	-41.9%
Held for trading	1,638	2,078	-21.2%
Held for sale	4,500	8,884	-49.3%
Financial assets designated at fair value	2,568	4,029	-36.3%
Net loans	30,269	32,369	-6.5%
Hedging derivatives	168	271	-38.1%
Non current assets held to sell	109	135	-19.0%
Other tangible assets	463	483	-4.3%
Other assets	1,167	926	+26.0%
Total Assets	**44,254**	**51,641**	**-14.3%**

Liabilities and Equity	Mar-11	Mar-10	Var.
Resources from Central Banks	2,500	2,026	+23.4%
Resources from other institutions	7,101	8,278	-14.2%
Financial liabilities held for trading	1,290	1,525	-15.4%
Financial liabilities designated at fair value through profit and loss	4,371	4,982	-12.3%
Resources of customers and others	17,166	14,986	+14.5%
Debt securities issued	7,379	14,877	-50.4%
Hedging derivatives	280	314	-10.8%
Provisions	548	501	+9.4%
Subordinated liabilities	0	279	-100.0%
Other liabilities	632	517	+22.2%
Shareholder's equity	2,985	3,355	-11.0%
Total Liabilities and Equity	**44,254**	**51,641**	**-14.3%**