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PRESS RELEASE

Santander Totta reaches 31 million euros in recurrent net income

Result obtained without impact of extraordinary items, which were fully used to reinforce non-obligatory provisions

Lisbon, 9 May 2012

- **30.6 million euros recurrent net income, with no contribution of extraordinary items**
- **9.4% growth in deposits (10.1% in the Private & Business segment), above the average of the banking system[1]**
- **11.3% Core Capital Ratio, above the minimum level demanded for the end of 2012 and solely obtained from internal generation of profitability**
- **Liquidity and capital position allow top shares in financing of enterprises, namely in the field of SME Growth lines where a 26% share was obtained**
- **Ratio of non performing loans (in excess of 90 days) at 2.46% with a 110.9% coverage**
- **Continued control of expenses, with a 3% reduction in operating expenses**
- **Completion of the Bank of Portugal's Special Inspection Programme (SIP) that confirms the financial solidity of the Bank**

At the end of the 1st quarter of 2012, **Santander Totta's net income amounted to 30.6 million euros**, the best quarterly result since the beginning of the economic and financial adjustment programme concluded between Portugal and the international authorities in May of last year. The positive result reached in the quarter, in an adverse economic environment, shows the Bank's balance sheet strength, which allows maintaining recurrent positive results in such conditions.

The quarterly results are not influenced by non recurrent factors, namely by capital gains obtained in the re-purchase of previously securitized credits, which were totally offset by the setting up of non obligatory provisions, as a measure of prudence within the worsening economic environment.

[1] 5,4% on Feb/12, from available information of the Bank of Portugal

The solidity of the Bank's balance sheet continues being recognized by the customers, with deposits growing by 9.4%, in the last twelve months, above the market's growth rate.

The 11.3% Core Capital ratio largely exceeds the minimum obligatory level demanded for end 2012 and included all the deductions related to the SIP (Special Inspection Programme) and the transfer of the Pension Fund to Social Security, in spite of the deferment period allowed by the Bank of Portugal only terminating in June 2012.

The comfortable liquidity and capital position allows the Bank to continue to increase its support to enterprises and to the domestic economy, as long as demand exists and the credit risk profile is adequate, without any need to continue being dependent upon the reopening of the international financial markets. As such, Santander Totta continues to have an outstanding intervention in the support to **SME investment lines** for projects and cash management, reaching an 18% market share and having placed more than 15,000 operations, with an approximate value of 1.6 billion euros. In its main marketing line, the **SME Growth Line**, Santander Totta is the foremost Bank in value of financing operations, with a 26% market share, whilst also maintaining the leadership in *factoring* and *confirming*, with a 21.1% market share (Feb2012).

In February 2012, the Bank of Portugal finalized the Special Inspection Programme (SIP) within the scope of the Economic and Financial Assistance Programme with respect to the financial sector, with the disclosure of results relative to the third and last working section. The programme carried out confirmed as adequate the provisioning of the credit portfolio, the reported level of capitalization and the methodology of the *stress test*, thus confirming Santander Totta's financial solidity.

As stated by António Vieira Monteiro, Executive Chairman of Santander Totta, "in the current adverse economic context, in which the domestic economy continued shrinking and unemployment increasing to historical maximums, the Bank achieved the best quarterly result since the beginning of the adjustment programme agreed in the memorandum of understanding, and maintained its conservative policy of strengthening the balance sheet, of strict management of its credit portfolio and focusing on efficiency.

This policy, which was very positively assessed within the scope of the independent inspections carried out in the banking sector by the Bank of Portugal, is reflected in the continued achievement of positive recurrent results and in the reinforcement of capital ratios, with the 11.3% Core Tier 1 ratio now clearly ahead of the minimum demanded by the regulators for the end of the current year.

Thus, the consistency of our results and the balance sheet strength – recognized by our customers that in this quarter increased their deposits in the Bank by approximately 10% - allows us to continue our strategy in supporting the financing of the Portuguese entrepreneurial sector"

MAIN HIGHLIGHTS

- **The pursuit of a policy of rebalancing the balance sheet resulted in a significant improvement of the commercial *gap*, with the credit/deposits ratio (established in accordance with the premises of the "Memorandum of Understanding") reaching 139.7%, a decrease of 23.5 pp relative to the homologous period of the previous year.**

- **Deposits increased by 9.4%, amounting to 18.8 billion euros and credit (gross) decreased by 5.9%, due to the lower demand for credit related with the heavy drop in economic activity.**

- **Santander Totta's Core Tier I ratio reached 11.3%, ahead of the 10% demanded by the Bank of Portugal for the end of 2012. Net financing with the ECB amounted to 4.9 billion euros.**

- **Net income, which amounted to 30.6 million euros, resulted from a 24.8% increase in revenue, a 3.3% decrease in operational expenses and the reinforcement of the provisioning levels related to the increased risk in the credit portfolio. In respect of liability management, Santander Totta carried out, in the 1st quarter of 2102, a repurchase operation of previously securitized credits, an operation that had no impact in the amount of net income since the gains obtained were offset by the reinforcement of non obligatory provisions.**

- **Net interest income amounted to 139.7 million euros, a year-on-year decrease of 14.9%. The variation in net interest income continues reflecting the decrease in the credit portfolio, notwithstanding the pursuit of a prudent management of asset and liability *spreads*. However, net interest income increased 10.9% QoQ.**

- **Net commissions and other results of banking activity amounted to 87.2 million euros, a decrease of 13.9%, due to the lower business volume. Results obtained in the insurance activity amounted to 8.7 million euros, a 14.0% increase relative to the same period in 2011.**

- **The quality of the credit portfolio shows a worsening trend evidenced by the increase in the coverage ratios of non performing loans. At the end of March 2012, the ratio of non performing and doubtful loans was set at 2.55% and the coverage ratio of non performing and doubtful loans set at 107.2%. The new "credit at risk" ratio, aligned with international practices reached 3.15%. Total impairments and net provisions amounted to 146.8 million euros.**

- **During the 1st quarter of 2012, the Bank of Portugal disclosed the results of the 3rd and last workstream of the Special Inspection Programme (SIP), in which Banco Santander Totta was classified in the 1st qualitative stage, since it used parameters and methodologies clearly adequate to the *stress test* exercises.**

- **The current *rating* notations of Banco Santander Totta's long term debt as compared with the levels of the Portuguese Republic are the following: Fitch – BBB (Portugal: BB+), Moody's – Ba1 (Portugal: Ba3) and S&P – BB (Portugal: BB).**

ACTIVITY FRAMEWORK

The macroeconomic environment continued negative, with the economy showing a recessive trend, although temporarily moderating the pace of contraction of the activity in the first quarter, due to several statistical effects, which could disappear in the second quarter of the year.

These effects are largely related to private consumption, which may have stabilized at minimum levels in year-on-year terms, as a result of a slight improvement in the consumption of current goods and services, after a greater shrinkage in 4Q2011. However, the heavy unemployment (which, according to Eurostat, increased to 15.3% in March) should continue penalizing the families' consumer expenses, especially in durable goods, and thus risks for private consumption continue biased downwards.

Investment also moderated its pace of contraction, partly due to the behaviour of the construction sector, but also to capital expenditure in machinery and industrial equipment, since investment in transport equipment continues falling at a high rate. Moderation in demand, both domestic and external, and the increase in the credit *spreads*, within a framework of financial markets still subject to elevated pressures, contributed towards the reduction of companies' needs to re-establish or even increase installed capacity. On the hand, the reduction of public investment in large projects and the tax changes on home acquisitions are additional factors putting pressure on the construction sector.

Net exports, in turn, should have maintained a positive contribution for economic growth. In spite of the moderation in demand from European countries, and even the fall in sales to Spain, exports of goods continue very dynamic and accelerating after a slight moderation felt at the end of 2011. Exports grew by 13.2% in February, as a result of a 34% growth in sales to non EU markets, a result of the adjustment efforts of domestic companies in the recovery of external competitiveness, as well as in the search for new sales markets. Imports continue falling, in line with the shrinkage in internal demand, with a 3.5% reduction in February.

As a result of this evolution, and especially in terms of export dynamics, the deficit in the balance of goods and services showed a swifter reduction in 2011 and, excluding energy goods, the balance is already close to balance, which opposes the simplified view that the Portuguese economy has a grievous issue of competitiveness.

Also finalized was the third assessment by the three international institutions IMF/EC/ECB, of the Economic and Financial Adjustment Programme, concluding that the Programme's progress is in line with expectations and that, in spite of the existing challenges, the budgetary target of 4.5% of GDP can still be achieved without the need for additional measures.

The assessment concludes, stating "In sum, Portugal is making good progress toward adjusting its economic imbalances. Determined implementation of reforms remains key to ensure economic recovery and fiscal sustainability. These efforts will be backed up by a strengthened EU economic policy framework. **Moreover, provided the authorities persevere with the strict implementation of the programme, the euro area Member States have declared they stand ready to support Portugal until market access is regained.**" (Our bold).

This stabilization of activity occurs within a more complex external context, in which the "sovereign debt crisis" in the euro zone has deteriorated, especially from February onwards, when the Spanish Government simultaneously announced a higher budgetary deficit for 2011, as well as a reduced adjustment in 2012. Later stresses in the public debt auctions, particularly at the beginning of April, renewed fears as to the Kingdom of Spain's financing capacity and the possible need of a financial aid programme, promptly disclaimed by the European and Spanish authorities, but without any notable impact on the market *yields*.

The first quarter also witnessed the conclusion of the restructuring programme of the Greek public debt ("PSI – private sector involvement"), in which the great majority of the private investors accepted the terms of exchange, with a related loss equivalent to 53.5% of the nominal value (approximately 75% of the value invested) and, on the one hand, released the approval of a second bailout package, amounting to 130 billion euros, and, on the other, should contribute towards the reduction of the Greek public debt to 117% of GDP by 2020.

Published in this same period were the rules relative to the ECB's decision, adopted in December, to widen the range of assets eligible for financing operations with the same Institution. These alterations, which were placed under the auspices of the national central banks, were adopted by seven countries: Ireland, Cyprus, Spain, France, Italy, Austria and Portugal.

In the Portuguese case, the Bank of Portugal took two decisions: (i) with respect to personal credits, lower the minimum amount to 100,000 euros (previously 500,000 euros) and increase the related probability of default (PD) to 1.5% (from 0.4%); and (ii) accept homogeneous credit pools, with no need for rating (i.e., through setting up synthetic securitizations).

These measures are very relevant in the current environment where the Republic (and the banks) faced its ratings revised to the "speculative grade" level, insofar as it separates the capacity for financing with the ECB from the actions of the rating agencies. Should this measure have not been adopted, the risk would subsist that several securitizations would lose eligibility, compromising the financing of the Portuguese economy.

RESULTS

Santander Totta's net income amounted to 30.6 million euros at the end of the 1st quarter of 2012, compared with 68.6 million euros in the same period of the previous year.

In March, the Bank repurchased previously securitized credits, the gains from which were cancelled through the reinforcement of the capital structure and, as such, had no impact on the net income for the quarter.

Operating income amounted to 307.2 million euros, a 24.8% increase, and operating expenses showed a favourable variation, decreasing by 3.3% compared to the 1st quarter of the previous year.

The value of impairments and provisions was again reinforced, within the scope of a prudent policy of risk analysis of the credit portfolio, adequate to the recessive environment and to the Portuguese economic outlook.

Million Euros

	Mar-12	Mar-11	Var.
Commercial revenue	236.0	273.0	-13.6%
Operating income and insurance activity	**307.2**	**246.2**	**+24.8%**
Total operating expenses	(123.4)	(127.5)	-3.3%
Net operating income	**183.8**	**118.7**	**+54.9%**
Impairment and net provisions	(146.8)	(39.0)	>200%
Equity	1.9	2.1	-8.4%
Income before taxes and MI	38.9	81.8	-52.4%
Consolidated net income	**30.6**	**68.6**	**-55.4%**

Net interest income amounted to 139.7 million euros, a decrease of 14.9% relative to the homologous 2011 quarter, but showed a positive variation relative to the immediately prior quarter, with a 10.9% increase. Notwithstanding the lower credit volumes, the Bank pursued a prudent management of the asset liability *spreads*, in a very aggressive competitive framework in the liability products, which is being very carefully managed through an adequate segmentation of the commercial offer.

Net commissions and other results of banking activities decreased by 13.9%, amounting to 87.2 million euros, but showing a recovery relative to the immediately previous quarter, the reason for which are the favourable variations in insurance commissions and GBM (Global Banking and Markets).

Results of the insurance activity amounted to 8.7 million euros, a 14.0% increase.

Results in financial transactions amounted to 71.2 million euros and include the results obtained in the repurchase of securitized credits.

As a consequence of the variations stated above, operating income amounted to 307.2 million euros, a 24.8% increase relative to March 2011.

Million Euros

	Mar-12	Mar-11	Var.
Net interest income (without dividends)	139.7	164.1	-14.9%
Net comissions	88.1	104.2	-15.5%
Other banking income	(0.9)	(3.0)	-69.6%
Insurance activity	8.7	7.7	+14.0%
Commercial revenue	**236.0**	**273.0**	**-13.6%**
Gain/loss on financial transactions	71.2	(26.8)	-
Operating income and insurance activity	**307.2**	**246.2**	**+24.8%**

Operating expenses amounted to 123.4 million euros, showing a 3.3% decrease. Personnel expenses and general expenses decreased respectively by 7.0% and 0.4%. In turn, depreciation increased by 8.7%, reflecting the impact of the extraordinary depreciation deriving from the closing down of branches during the quarter, resulting from a policy of optimization of installed capacity.

The joint variation of income and expenses resulted in an improvement of the efficiency ratio (including depreciation) that was thus set at 40.2% at the end of March.

Million Euros

	Mar-12	Mar-11	Var.
Personnel expenses	(71.8)	(77.2)	-7.0%
General expenses	(35.0)	(35.1)	-0.4%
Operating expenses	**(106.8)**	**(112.3)**	**-4.9%**
Depreciation	(16.6)	(15.2)	+8.7%
Total operating expenses	**(123.4)**	**(127.5)**	**-3.3%**
Efficiency ratio (excl. depreciation)	**34.8%**	**45.6%**	**-10.8 p.p.**
Efficiency ratio (incl. depreciation)	**40.2%**	**51.8%**	**-11.6 p.p.**

Total impairments and provisions amounted to 146.8 million euros as compared to 39.0 million euros in the homologous period. As previously referred this variation is consequent upon the reinforcement of non obligatory provisions, in the context of a conservative and prudent policy in risk management adequate to the economic recessive environment that the Country is going through, thus totally cancelling the impact in the operating accounts of the capital gains obtained in the repurchase of securities.

Income before taxes and minority interests amounted to 38.9 million euros and net income amounted to 30.6 million euros, thus a decrease of 55.4% relative to net income shown in March 2011, although substantially higher than the net quarterly income obtained in the last three quarters.

RESULTS AND ACTIVITIES

Business volume amounted to 56.6 billion euros at the end of March 2012, a 2.7% decrease relative to the homologous period in 2011. This variation results from a 1.5% increase in customers' resources and a 6.1% decrease in credit (including guarantees).

The Credit to Deposits ratio, calculated in accordance with the agreement established with the international institutions, improved by 23.5 pp relative to March 2011, and is now set at 139.7%, along the lines of the value reached at the end of 2011.

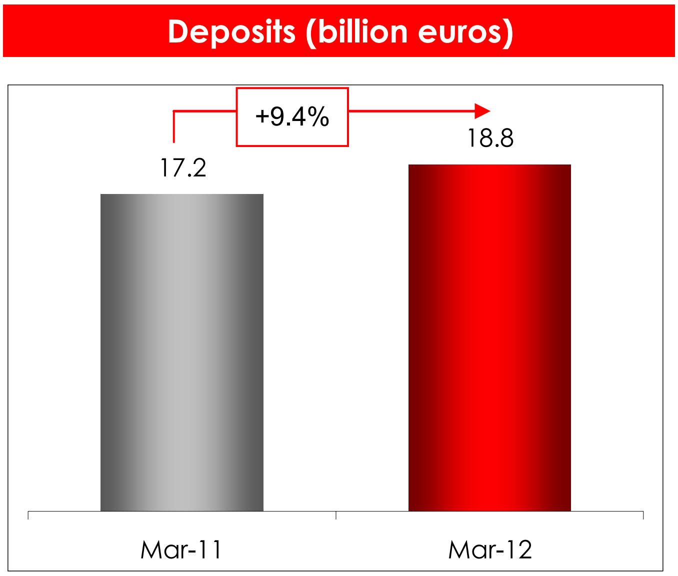
Credit granted is keeping to a lowering trend, with a heavy reduction in demand, related mainly to the worsening of the economic outlook and the decrease in private available incomes. Private credit decreased by 3.8% relative to March 2011 and credit granted to corporations decreased by 12.8%.

The comfortable liquidity situation allows Santander Totta to pursue a policy of support to economically viable corporations. Within the scope of subsidized support loans for corporations, announced by the Government, and named "SME Growth", constituted by lines for micro and small sized companies, for general support and export support, Santander Totta is market leader, with a 26% share of the contracted amount and 18% in number of operations.

Million Euros

	Mar-12	Mar-11	Var.
Commercial Banking	**26,511**	**28,768**	**-7.8%**
Credit to Individuals	**17,906**	**18,620**	**-3.8%**
from which			
Mortgage	15,865	16,393	-3.2%
Consumer credit	1,465	1,594	-8.1%
Credit to SME's	**8,605**	**10,148**	**-15.2%**
Small business	3,427	4,049	-15.4%
Corporates	5,178	6,099	-15.1%
Large Corporates and Institutions	**1,657**	**1,615**	**+2.6%**
Guarantees, endorsements and other	2,236	1,994	+12.1%
Total Loans	**30,404**	**32,377**	**-6.1%**

Deposits increased by 9.4%, more than compensating the adverse variations of off-balance sheet resources (-14.3%), a further demonstration of customers' trust in the Bank.



Total customer resources amounted to 26.2 billion euros, a 1.5% increase on the value shown in March 2011.

Million Euros

	Mar-12	Mar-11	Var.
Deposits	**18,774**	**17,166**	**+9.4%**
Securities issued (clients)	452	508	-10.9%
Balance sheet resources	**19,226**	**17,674**	**+8.8%**
Investment funds	2,074	3,051	-32.0%
Insurance and other	4,922	5,113	-3.7%
Off-balance sheet resources	6,996	8,164	-14.3%
Customers' resources	**26,222**	**25,838**	**+1.5%**

By segment

Commercial Banking Resources	**23,716**	**23,125**	**+2.6%**
Individuals and Small Businesses	**22,021**	**21,585**	**+2.0%**
Deposits	15,231	13,836	+10.1%
Securities issued (clients), Investment Funds and insurance	6,790	7,749	-12.4%
Corporates	**1,694**	**1,540**	**+10.0%**
Large Corporates, Institutionals and other	**2,507**	**2,713**	**-7.6%**

Note: Customer Resources are adjusted by the transfer of part of the Pension Fund to Social Security

Following the corporate policy of the Santander Group, Santander Totta continues implementing a set of measures that allows anticipating the existence of non-performing or doubtful loans in the credit portfolio and, at the same time, keeps a heavy focus on the recoveries' activity levels practising a policy of reinforcing negotiation with the customer instead of resorting to legal actions.

In March 2012, the ratio of non-performing and doubtful loans was set at 2.55%, showing a 0.95 p.p. increase in deterioration relative to the homologous situation in the previous year, and the non-performing and doubtful loans coverage ratio at 107.2%. In spite of the deterioration of the quality indicators of the credit portfolio, Santander Totta continues maintaining levels of non-performing and doubtful loans below the average of the banking system, in accordance with the last available data.

The credit at risk ratio, that relates current and future non performing loans and restructured credits with the total value of the credit portfolio, was set at 3.15%, in March 2012, which compares with a 2.02% ratio recorded in March 2011.

	Mar-12	Mar-11	Var.
NPL ratio (+ 90 days)	2.46%	1.57%	+0.89 p.p.
NPL coverage ratio (+90 days)	110.9%	122.8%	-11.9 p.p.
NPL and doubtful loans ratio	2.55%	1.60%	+0.95 p.p.
Net NPL and doubtful loans ratio	1.15%	0.70%	+0.45 p.p.
NPL and doubtful loans coverage ratio	107.2%	121.1%	-13.9 p.p.
"Credit at risk" ratio (according to Instruction nº 23/2011)	3.15%	2.02%	+1.13 p.p.
Risk premium*	1.36%	0.50%	+0.86 p.p.

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

The indicator that relates new entries in non performing loans (in excess of 90 days) net of recoveries, with the average credit portfolio was set at 1.36%, thus a deterioration of 0.86 p.p. relative to that obtained in the homologous period in 2011.

LIQUIDITY, SOLVENCY AND PROFITABILITY

With respect to liquidity management, and considering that the financing markets of the Portuguese financial system continue closed down, Santander Totta maintains as a fundamental priority the decrease in the commercial gap, resulting in an improvement, in homologous terms, of 23.5 p.p. in the transformation ratio that, at the end of March, was set at 139.7%.

In parallel, the Bank's fundamental objective is also the strengthening of the pool of eligible assets in the financing operations with the ECB. As previously referred, the Bank of Portugal, jointly with the ECB, widened the range of eligible assets, which now includes personal credits in excess of 100,000 euros, with a probability of default (PD) under 1.5% (previously credits in excess of 500,000 euros, with a PD under 0.4%), as well as pools of homogeneous credits, without a rating requirement.

At the end of the 1st quarter, Santander Totta's net financing with the Eurosystem amounted to 4.9 billion euros, compared with 3.75 billion euros at the end of 2011.

With respect to solvency, Santander Totta keeps capitalization levels above the 10% minimum limit, as required by the economic and financial adjustment programme for the end of 2012, with a Tier I ratio attaining 12.1% and the Core Tier I ratio set at 11,3%.

Million Euros

	Mar-12	Mar-11
Tier I capital	**2,478**	**2,638**
Tier II capital	-7	-6
Total capital	**2,471**	**2,632**
Risk weighted assets	**20,492**	**23,577**
Core capital *	**11.3%**	**10.7%**
Tier I *	**12.1%**	**11.2%**

(*) Excluding results generated net of payout, Core Capital is 11.2% and Tier I is 12.2%

In February 2012, the Bank of Portugal finalized the Special Inspection Programme (SIP) as required by the Programme of Economic and Financial Aid with respect to the financial sector, and disclosed the results of the third and last workstream of the work, concluding that Santander Totta had used clearly adequate parameters and methodologies for the *stress test* exercises, thus being placed in the 1st qualitative stage.

The programme covered the eight largest banking groups and its objective was to analyse the risk of the credit portfolios, the adequacy of the policies and procedures in the management of the banks' risks and the calculation of capital requirements to cover credit risks, based on June 2011 data. With reference to Santander Totta, in which the total credit portfolio was analysed, the assessment of the 1st and 2nd workstreams of the work concluded that "the global value of impairment recorded in the Group's consolidated accounts is perfectly adequate to cover the credit risk of the analysed portfolio" and that "the aggregate impact of these results in the assessment of the Group's solvency as at 30 June 2011 would ensue in an increase of the Tier I ratio from 11.3% to 11.4%, keeping ahead of the 8% minimum demanded for that date".

The heavily unfavourable economic and financial climate has been adversely affecting the profitability levels of the Portuguese banking system. At the end of March Santander Totta's had a ROE of 5.5%.

COMMERCIAL BANKING

The model of commercial management known as "READY", implemented in 2011, created new commercial dynamics, capable of responding to the currently adverse economic and financial environment. This model has a systemic basis that aims towards proactive commercial work guided towards the needs of the current and potential customers.

The 1st quarter of 2012, similarly to 2011, was stamped by a very competitive environment in the Portuguese banking sector in terms of resource products, especially traditional savings.

In this context, Santander Totta made available a range of products of traditional savings that allow the diversification of customers' applications over several investment timing horizons that muster regular savings. In line with the usual procedure, product solutions were launched adapted to the needs of the several segments, notably the range of specific products for *Premium* customers.

Singled out amongst the various products marketed in the quarter is the "Super Star Deposit", which was backed by a publicity campaign present in several media means. This offer was supplemented by the launching of solutions that allow the diversification of the customers' holdings, such as financial insurance, structured products and a special investment fund.

With respect to campaigns and actions for the capturing and binding of customers, a campaign was launched in February to capture salaries/pensions, based upon the exemption of commissions on the main day-to-day services and on gifts being offered.

New current accounts were also launched in this quarter – the "Super Global Accounts" – through which customers can access a wide set of advantages, notably exemption of commissions and insurance offers at a monthly fixed value. Solutions were adapted to the different segments, namely the "+55", and have especially attractive conditions for customers who domicile their salary/pension with the Bank.

With mortgages, in a context where the conditions of Portuguese families continue to deteriorate, the decreasing trend already noted in 2011 was maintained. Considering the worsening of the financial situation of Portuguese families, and following on the tasks that have been developed in the last quarters, the Bank continued investing strongly in focusing on the availability of solutions to reduce indebtedness levels.

With consumer credit, the beginning of 2012 was essentially branded by the continuing of the "Home Refurbishment" campaign, launched in the previous year, which is based upon the offer of a range of financing solutions. Also singled out is the re-launching of the "IRS Anticipation Credit" directed towards customers who wish to anticipate the return of income tax retained in excess.

In the **Business** segment the strategy was continued of focusing heavily on the capture of new customers, on the binding of current customers and on the increase of transnational customers. In the adverse environment faced by the economy, the Bank searched for prevention devices to minimize the non compliance risks in this segment.

In the **Private Banking** area, customers continued showing preference for low risk assets with high liquidity. The Santander Totta *Private* tried to correspond to these challenges by making available a wide variety of products and services, in order to preserve the assets under management and, at the same time, improve the profitability of the business.

In the **Means of Payment** area, which comprises payment cards and POS, operating income grew by 5.5% relative to the homologous period and the global number of cards increased by 3.2%. Market shares also show a positive variation, above 10%, with invoicing growing at a higher rate than the market.

With respect to POS, Santander Totta continues as the reference Bank with the major traders, resulting in a 17% annual growth in commissions. Market share increased from 15.6% in March 2011 to 17.4% in March 2012, thanks to greater customer binding and to the recruitment of new larger sized customers.

The **Companies** network kept to a strategy based on two fundamental angles: adequate management of the commercial *gap* and managing the sustained growth of the profitability of the commercial network.

Santander Totta continues determined in strengthening its position in the corporate market, using its liquidity and equity position to support viable companies and projects, in this particularly difficult context. As such, Santander Totta is the foremost bank in the recently launched SME Growth Line, with a 26% share in total operations. Until March 2012, the Bank had placed more than 15,000 operations, with a value of approximately 1.6 billion euros.

Santander Totta also continues leading the market in the *factoring* and *confirming* segment, with a 21.1% market share (Feb 2012).

GLOBAL BANKING AND MARKETS

Singled out in the area of **Corporate Finance** are the successful completion of the financial consultancy operation for Mercapital in the disposal to Sogrape of Bodegas LAN in Spain and the completion of the financial consultancy task for the Impresa Group in the assessment of SIC and Medipress.

Also outstanding is the ongoing financial consultancy to Cimpor, within the scope of the preliminarily announced Public Offer to be launched by the Camargo Corrêa Group.

In the **Credit Markets** area, the currently restrictive economic climate led to the suspension/postponement of several public tenders and investments and to the delay in implementing several private investments. In this context, Santander Totta has reduced its activity in the area, but continues one of the few institutions with a constant presence in the analysis of the existing opportunities, and in supporting the smaller sized promoters in materializing their projects, specifically in the area of renewable energies. Within this framework, the Bank is currently analysing several operations for the financing of projects in the energy area.

The Bank has also been supporting several customers in the restructuring of financial operations that, due to the current environment require being reviewed and renegotiated in order to become adapted to the performance and capacity for freeing the companies' cash flow.

In **Asset & Capital Structuring**, Santander Totta continues developing a relevant portfolio of renewable energy projects in Portugal, as well as analysing possible market opportunities that may arise as a consequence of the economic environment.

With respect to the area of exchange rate risk management, growth was apparent in the increase in customer basis. Santander Totta appears as a natural partner for Portuguese import and export companies, through its capability in offering products that allow the efficient management of the exchange rate risk.

In spite of the weaker economic situation arising in Europe, and particularly in Portugal, in the last few months, marketing of structured products by Santander Totta has kept a positive performance, and to date has issued 3 structured products in euros, accumulating an amount of approximately 207 million euros, and the first product of the year singled out with a nominal 100,000 euros, indexed to three different markets (Swiss equity market, gold and German bonds).

Activity in the **Institutional Custody** area of Santander Totta, in spite of the financial crisis and of the uncertainty in the financial markets, particularly in Portugal, has kept the 2nd place in the domestic ranking of Custodians, with an approximately 23.1% share in volume of assets under custody, in accordance with the most recent data made available by the Security Regulatory Authority (CMVM).

ASSET MANAGEMENT

During the period under analysis, Santander Asset Management (SAM) endeavoured to manage its funds by maintaining high and adequate liquidity levels, and by taking advantage of the opportunities offered by the market.

As such, at the end of the 1st quarter of 2012, several mutual funds managed by SAM stood out as compared to the competition, namely: (1) "Santander Multitaxa Fixa" (with an effective net profitability of 0.7% in 3 months), placed as the third best fixed rate Euro bond funds in the last 12 months, as classified by APFIPP; (2) "Santander Acções America", best North American share fund over 12 months, and equally the best investment fund in the domestic market over the same period; and (3) "Santander Acções USA", best North American share fund since the beginning of the year.

Also singled out in the 1st quarter was the launching of a new fund, "FEI Santander Ibérico Premium", for a total amount of approximately 48.7 million euros.

At the end of the quarter, the Management Society has a 12.8% market share in mutual funds.

As to real estate investment funds, the quarter was characterized by the funds' profitability being kept stable in line with the objectives set for 2012. Redemptions registered a strong growth, especially during the month of March, of more than 48 million euros compared to 33 million euros in the previous quarter. With respect to investment policy, Santander Asset Management pursued a strategy that gives precedence to maintaining the income generated through concluding new leasing contracts and the renegotiation of current contracts with extended periods, and not pursuing an aggressive sales policy.

INSURANCE

The main operational fulcrum of Santander Totta Insurance continues based on the marketing of products directed towards its customers specific needs, with a diversified offer of innovative products based on *cross-selling* and *cross-segment* policies with Banco Santander Totta, and following a policy of improvement of its human resources and the practice of sound sales with a low claim index.

With respect to financial life insurance, the monthly launching should be singled out of financial insurance named "Plano Rendimento", in the form of non standardized ICAE insurance, unit linked, that intend providing a monthly and quarterly return (calculated on the basis of the amount subscribed and paid under the form of partial redemption); the total volume marketed amounted to approximately 231million euros by the end of the 1st quarter of 2012.

In the field of life risk insurance available in open market, the "Plano Vida" should be singled out, a product intended for the massive market segment, with more than 10,200 plans sold, and the "Plano Protecção Ordenado" product – life insurance with unemployment cover, the target segment being customers with domiciled salary accounts, with 4,700 policies marketed in the 1st quarter of 2012.

Marketing of the "Viva Mais" insurance – a product intended for the treatment of serious sicknesses with the best international medical specialists, which sold 2,500 policies in the 1st quarter of 2012.

The sale of these products was energized through an incentive plan for the commercial network with excellent coordination with the area of commercial dynamics of the broker/bank, based upon the "Smart Energy" campaign focused on the energizing of those products.

The value of the premiums issued and contributions towards investment contracts amounted to 268.4 million euros. In risk and mixed insurance the volume of premiums amounted to 28.6 million (compared to 30.8 million in the previous year); the sound performance should be singled out in the sale of products in the "open market", and the decrease in the production of life insurance connected to home loans and consumer credit.

INSTITUTIONAL INFORMATION

Santander (SAN.MC, STD.N, BNC.LN) is a commercial bank with chartered offices in Spain and is active in 10 main markets. Santander is the foremost Bank in the Euro zone and one of the 15 world's largest in market capitalisation. Founded in 1857, it has 1,383 billion euros in managed funds. Santander has more than 102 million customers, 14,760 branches – more than any other international bank – and 193,000 employees. It is the main financial group in Spain and in Latin America, with relevant positions in the United Kingdom, Portugal, Germany, Poland and in the north eastern United States. Santander Consumer Finance operates in the main markets of the Group and in the northern countries. In 2011, Santander recorded a net recurring result of 7,021 million euros.

Santander Totta, SGPS
Indicators

Million Euros

	Mar-12	Mar-11	Var.
Total Gross Loans [(*)]	**30,404**	**32,377**	**-6.1%**
from which			
Commercial Banking	**26,511**	**28,768**	**-7.8%**
Credit to Individuals	17,906	18,620	-3.8%
from which			
Mortgage	15,865	16,393	-3.2%
Consumer credit	1,465	1,594	-8.1%
Credit to Corporates	**8,605**	**10,148**	**-15.2%**
Small business	3,427	4,049	-15.4%
SME's	5,178	6,099	-15.1%
Large Corporates and Institutions	**1,657**	**1,615**	**+2.6%**
Resources	**26,222**	**25,838**	**+1.5%**
Commercial Banking	**23,716**	**23,125**	**+2.6%**
Individuals and Small Businesses	**22,021**	**21,585**	**+2.0%**
Deposits	15,231	13,836	+10.1%
Securities issued (clients), Inv. Funds, Insurance & Other	6,790	7,749	-12.4%
Corporates	**1,694**	**1,540**	**+10.0%**
Large Corporates, Institutionals and other	**2,507**	**2,713**	**-7.6%**
ROE	**5.5%**	**11.0%**	**-5.5 p.p.**
Efficiency ratio (excl. depreciation)	**34.8%**	**45.6%**	**-10.8 p.p.**
Efficiency ratio (incl. depreciation)	**40.2%**	**51.8%**	**-11.6 p.p.**

Note: Customer Resources are adjusted by the transfer of part of the Pension Fund to Social Security

Santander Totta, SGPS
Ratios calculated in accordance with instructions nº 16/2004 and nº 23/2011 from the Bank of Portugal

	Mar-12	Mar-11	Var.
Solvency			
Core Tier I	11.3%	10.7%	+0.6 p.p.
Tier I	12.1%	11.2%	+0.9 p.p.
Solvency ratio	12.1%	11.2%	+0.9 p.p.
Credit Quality			
NPL and doubtful loans ratio	2.55%	1.60%	+0.95 p.p.
NPL and doubtful loans coverage ratio	107.2%	121.1%	-13.9 p.p.
Net NPL and doubtful loans ratio	1.15%	0.70%	+0.45 p.p.
"Credit at risk" ratio	3.15%	2.02%	+1.13 p.p.
"Credit at risk" ratio (net)	0.67%	0.15%	+0.52 p.p.
Profitability			
Income before taxes and MI/Average net assets	0.4%	0.7%	-0.3 p.p.
Operating income/Average net assets	2.9%	2.0%	+0.9 p.p.
Income before taxes and MI/Average equity	6.0%	10.6%	-4.6 p.p.
Efficiency			
Total operating expenses/Operating income	39.9%	51.4%	-11.5 p.p.
Personnel expenses/Operating income	23.2%	31.1%	-7.9 p.p.
Transformation			
Credit (net)/Deposits	152.2%	177.2%	-25.0 p.p.
"Leveraging ratio"*	139.7%	163.3%	-23.5 p.p.

* According the definitions in the "Memorandum of Understanding"

Santander Totta, SGPS

Income Statement (*)

Million Euros

	Mar-12	Mar-11	Var.
Net interest income (without dividends)	**139.7**	**164.1**	**-14.9%**
Dividends	0.4	0.0	>200%
Net interest income	**140.1**	**164.1**	**-14.6%**
Net commissions and other banking income	87.2	101.2	-13.9%
Insurance activity	8.7	7.7	+14.0%
Commercial revenue	**236.0**	**273.0**	**-13.6%**
Gain/loss on financial transactions	71.2	-26.8	-
Operating income and insurance activity	**307.2**	**246.2**	**+24.8%**
Total operating expenses	(123.4)	(127.5)	-3.3%
Personnel expenses	(71.8)	(77.2)	-7.0%
General expenses	(35.0)	(35.1)	-0.4%
Depreciation	(16.6)	(15.2)	+8.7%
Net operating income	**183.8**	**118.7**	**+54.9%**
Impairment and net provisions	(146.8)	(39.0)	>200%
Equity	1.9	2.1	-8.4%
Income before taxes and MI	**38.9**	**81.8**	**-52.4%**
Taxes	(8.3)	(13.1)	-36.4%
Income after taxes	30.6	68.7	-55.4%
Minority interests	(0.0)	(0.1)	-63.5%
Consolidated net income	**30.6**	**68.6**	**-55.4%**

(*) Not audited

Santander Totta, SGPS

Balance Sheet

Million Euros

Assets	Mar-12	Mar-11	Var.
Deposits at Central Banks	818	114	+618.0%
Cash, loans and advances to banks	1,413	3,259	-56.7%
Financial assets	9,576	8,705	+10.0%
Net loans	28,232	30,269	-6.7%
Hedging derivatives	177	168	+5.5%
Non current assets held to sell	160	109	+45.9%
Other tangible assets	428	463	-7.6%
Other assets	1,180	1,167	+1.0%
Total Assets	**41,983**	**44,254**	**-5.1%**

Liabilities and Equity	Mar-12	Mar-11	Var.
Resources from Central Banks	5,600	2,500	+124.0%
Resources from other institutions	2,517	7,101	-64.6%
Financial liabilities held for trading	1,638	1,290	+26.9%
Financial liabilities designated at fair value through profit and loss	4,321	4,371	-1.2%
Resources of customers and others	18,774	17,166	+9.4%
Debt securities issued	5,484	7,379	-25.7%
Hedging derivatives	305	280	+8.7%
Provisions	475	548	-13.3%
Subordinated liabilities	0	0	-
Other liabilities	462	633	-27.0%
Shareholder's equity	2,408	2,985	-19.3%
Total Liabilities and Equity	**41,983**	**44,254**	**-5.1%**