Press Release **SANTANDER BANCORP (NY**

Santander BanCorp Reports Earnings for the Quarter and Year Ended December 31, 2006

- Net interest income increased $14.2 million or 23.2% compared to the fourth quarter of 2005 and $6 million or 28.0% compared to the year ended December 31, 2005.

- Net interest margin on a tax equivalent basis improved 51 basis points to 3.67% for the quarter ende December 31, 2006 versus 3.16% for the quarter ended December 31, 2005. For the year ended Decer 2006, net interest margin on a tax equivalent basis improved 61 basis points to 3.63% from 3.02% foı same period in 2005.

- Net income for the quarter ended December 31, 2006 reached $10.1 million, or $0.22 per common sh compared to net income of $16.9 million, or $0.36 per common share reported for the fourth quarter o

- Net income for the year ended December 31, 2006 reached $43.2 million, or $0.93 per share, compar net income of $79.8 million, or $1.71 per share reported for the same period in 2005.

- Net loans, including loans held for sale, reached $6.8 billion as of December 31, 2006, an increase of when compared to net loans as of December 31, 2005. Excluding the acquisition of the Island Finance portfolio and the settlement of commercial loans secured by mortgages with a financial institution, ne grew by 16.8% year over year.

- Residential mortgage loan production for the quarter increased to $244.5 million or 27.9% over the s quarter of the previous year.

- Total assets reached $9.2 billion as of December 31, 2006, an 11.1% increment over total assets of $ billion as of December 31, 2005.

- The common stock dividend for the year ended December 31, 2006 was $0.64 resulting in a current annualized dividend yield of 3.6%.

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SAN JUAN, Puerto Rico, March 16 /PRNewswire-FirstCall/ -- Santander BanCorp (NYSE: SBP; LATIBEX: XSBP) ("th Corporation") reported today its unaudited financial results for the quarter and the year ended December 31, 200 income for the fourth quarter of 2006 reached $10.1 million, compared to net income of $16.9 million reported duı fourth quarter of 2005. For the year ended December 31, 2006 net income reached $43.2 million compared to $7 million reported for the same period in 2005.

Net interest margin on a tax equivalent basis increased by 51 basis points to 3.67% for the quarter ended Decemb 2006, compared to the fourth quarter of 2005. For the year ended December 31, 2006, net interest margin on a ta equivalent basis expanded by 61 basis points to 3.63%, compared to the same period in 2005.

The $6.8 million decrease in net income for the quarter ended December 31, 2006, was principally due to: (i) an ir in operating expenses of $17.8 million (of which $12.8 million relate to the Island Finance operation); (ii) a $2.5 m decrease in net interest income after provision for loan losses, (iii) partially offset by a $10.3 million increase in otl income and a $3.3 million decrease in income tax expense. Increases in net interest income, provision for loan los operating expenses were mainly due to the operations of Santander Financial Services, Inc. ("Island Finance").

The $36.6 million decrease in net income for the year ended December 31, 2006 was principally due to: (i) a decr $11.8 million in gain on sale of securities (net of loss on extinguishment of debt); (ii) an increase in operating exp $56.4 million comprised of $44.4 million pertaining to the Island Finance operation, and $10.4 million related to th personnel reduction program implemented during the third quarter of 2006; (iii) a $5.9 million decrease in gain on loans; and partially offset by an increase of $18.4 in net interest income after provision for loan losses and a decr income tax expense of $8.2 million. The increase in net interest income, provision for loan losses and operating ex during the period is primarily associated with the Island Finance operation.

During the fourth quarter of 2006, the Corporation sold to an unaffiliated third party the servicing rights with resp following Trust Division accounts: personal trusts, customers employee benefit plans, guardianship accounts, insur trusts, escrow accounts, and securities custody accounts. No gain or loss was recognized on this transaction. The T Division will focus its efforts on the transfer & paying agent and IRA's accounts services.

Financial Results

The Corporation's financial results for the quarter and the year ended December 31, 2006 were impacted by the fc

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 * The Corporation experienced a net interest margin(1) expansion of 51
   basis points including the Island Finance business and a 44 basis point
   reduction excluding Island Finance, for the quarter ended December 31,
   2006 versus the same period in the prior year. For the year ended
   December 31, 2006, the Corporation's net interest margin(1) increased 61
   basis points including the Island Finance business and decreased 22
   basis points excluding Island Finance, when compared to the same period
   in 2005. The reduction in the Corporation's net interest income
   excluding Island Finance was mainly impacted by the settlement of
   approximately $910 million in commercial loans secured by mortgages in
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November 2005 and May 2006, that had a net spread of approximately 1.5%. In May 2006 the Corporation settled $608.2 million in loans to Doral Financial Corporation ("Doral") that resulted in a charge-off of $5.3 million. In November 2005 the Corporation settled $301.3 million in commercial loans secured by mortgages to R&G Financial Corporation ("R&G") that resulted in a termination penalty payment of $6.0 million to the Corporation.

* For the quarter ended December 31, 2006, non-interest income increased $10.3 million primarily due to: a gain on sale of an FDIC assessment credit of $1.9 million, increases in Island Finance revolving loan annual fees of $1.7 million, trading gains of $1.3 million, gain on sale of loans of $1.8 million, insurance fees of $4.4 million, mortgage servicing rights recognized of $0.8 million and technical assistance fees to affiliates of $0.6 million. Non-interest income decreased $6.9 million during the year ended December 31, 2006, compared with the same period in the prior year, mainly due to a decrease in gain on sale of securities (net of the loss on extinguishment of debt) of $11.8 million, a decrease in gain on sale of loans of $5.8 million,, a decrease in gain (loss) on derivative transactions of $2.4 million and lower recognition of mortgage servicing rights of $1.0 million partially offset by higher insurance fees of $4.4 million, bank service charges and other fees of $6.8 million, gain on sale of trading securities of $1.0 million and an a gain sale of an FDIC assessment credit of $1.9 million (included in other income).

* The Corporation experienced an increase in operating expenses related to the Island Finance operation and to a personnel reduction program. Excluding the Island Finance operation and expenses related to the personnel reduction program, operating expenses increased by $4.5 million or 8.1% and $1.4 million or 0.7%, respectively, for the quarter and the year ended December 31, 2006. The increase for the quarter ended December 31, 2006 is mainly due to an increase in $0.9 in pension expense due to a plan curtailment, personnel reduction expenses of $0.7 million, long term incentive plan expense of $0.8 million and an increase in EDP servicing, amortization and technical services of $2.2 million.

* A personnel reduction program, including an early retirement plan, was implemented at Banco Santander Puerto Rico, our banking subsidiary, resulting in a reduction in personnel with estimated annual savings of approximately $6 to $8 million. The after-tax cost of the program was $0.7 million and $10.4 million, respectively, for the quarter and for the year ended December 31, 2006. In addition, during the last quarter of 2006 the Corporation froze its defined benefit pension plan, recognizing a loss of $0.9 million on plan curtailment related to unrecognized prior service costs. The Corporation also recognized $0.8 million pursuant to a Long Term Incentive Plan to certain employees.

* The Corporation's income tax expense decreased $3.3 million and $8.2 million for the three and twelve month periods ended December 31, 2006, respectively. These decreases were due to lower net income before tax. The effective income tax rate was 34.3% for the year ended December 31, 2006 versus 27.8% for the same period in 2005. The increase in the effective rate was due to lower exempt income in 2006, more favorable tax rates on capital gains transactions in 2005 and the special income taxes imposed by the Government of Puerto Rico for taxable year 2006.

* The Corporation grew its net loan portfolio by 16.8% year over year, excluding the acquisition of the Island Finance loan portfolio and the settlement of the commercial loans secured by mortgages. Residential mortgage production for the quarter increased by 27.9% over the same period in the previous year to $244.5 million.

Net income for the quarter ended December 31, 2006 was $10.1 million or $0.22 per common share compared to income for the quarter ended December 31, 2005 of $16.9 million or $0.36 per common share. Annualized Return Average Common Equity (ROE) and Return on Average Assets (ROA) were 6.86% and 0.44%, respectively, for the ended December 31, 2006, compared to 11.51% and 0.80%, respectively, for the fourth quarter of 2005. The Effic Ratio(2) for the quarters ended December 31, 2006 and 2005 was 65.66% and 63.00%, respectively.

Net income for the year ended December 31, 2006 was $43.2 million or $0.93 per common share compared to net for the year ended December 31, 2005 of $79.8 million or $1.71 per common share. Annualized Return on Averag Common Equity (ROE) and Return on Average Assets (ROA) were 7.66% and 0.49%, respectively, for the year en December 31, 2006, compared to 13.85% and 0.96%, respectively, for the year ended December 31, 2005. The E

Ratio(2) for the year ended December 31, 2006 and 2005 was 66.84% and 62.97%, respectively.

Income Statement

The $6.8 million or 40.4% reduction in net income for the quarter ended December 31, 2006 compared to the sam in 2005 was principally due to increases in the provision for loan losses of $16.7 million and operating expenses of million. These changes were partially offset by increases in net interest income of $14.2 million and $10.3 million i interest income, as well as a decrease in the provision for income tax of $3.3 million.

Net interest margin(3) for the fourth quarter of 2006 was 3.67% compared with 3.16% for the fourth quarter of 2(increase of 51 basis points in net interest margin(3) was mainly due to an increase of 171 basis points in the yield average interest earning assets and an increase in average interest earning assets of $553.8 million, primarily as a of the acquisition of the assets of Island Finance on February 28, 2006. There was an increase of 124 basis points average cost of interest bearing liabilities and an increase in average interest bearing liabilities of $688.0 million. I income(3) increased $45.0 million or 36.4% during the fourth quarter of 2006 compared to the same period in 20(interest expense also increased $29.7 million or 49.1%.

For the fourth quarter of 2006 average interest earning assets increased $553.8 million or 7.0% and average inte bearing liabilities increased $688.0 million or 10.0% compared to the same period in 2005. The increment in avera interest earning assets compared to the fourth quarter of 2005 was driven by an increase in average net loans of $ million, which was partially offset by a decrease in average investments of $52.4 million and average interest bear deposits of $38.2 million. The increase in average net loans was due to an increase of $515.9 million or 24.4% in a mortgage loans as a result of the Corporation's continued emphasis on growing this portfolio by strengthening its residential mortgage production capabilities. There was also an increase of $664.2 million or 119.6% in the averag consumer loan portfolio as a result of the acquisition of Island Finance. These increases were partially offset by a d in the commercial loan portfolio of $504.9 million or 14.7% due to the settlement with Doral of $608.2 million of commercial loans secured by mortgages during the second quarter of 2006 and the settlement with R&G of $301.3 of commercial loans secured by mortgages during the fourth quarter of 2005. Excluding the settlement of the loan Doral and R&G, the average commercial loan portfolio grew $326.1 million or 12.5%.

The increase in average interest bearing liabilities of $688.0 million for the quarter ended December 31, 2006, was by an increase in average borrowings of $560.2 million compared to the quarter ended December 31, 2005. This i was due to an increase in borrowings of $614.3 million incurred in connection with to the acquisition of Island Fina the refinancing of other existing debt of the Corporation, an increase in average FHLB Advances of $58.1 million pa offset by reductions in average repurchase agreements of $94.0 million and average commercial paper of $18.1 m

For the year ended December 31, 2006, net income decreased $36.6 million or 45.9% compared to 2005 due to ir in the provision for loan losses of $45.2 million and in operating expenses of $56.4 million, together with a decreas $6.9 million in non-interest income, partially offset by an increase in net interest income of $63.6 million and a de provision for income tax of $8.2 million.

For the year ended December 31, 2006, net interest margin(4) was 3.63% compared with 3.02% for the same pe 2005. This increase of 61 basis points in net interest margin(4) was mainly due to an increase of 187 basis points yield on average interest earning assets primarily as a result of the acquisition of the assets of Island Finance. The an increase of 133 basis points in the average cost of interest bearing liabilities. Interest income(4) increased $17 million or 39.2% during the year ended December 31, 2006 compared to 2005, while interest expense increased $ million or 54.2% over the same period.

For the year ended December 31, 2006 average interest earning assets increased $380.6 million or 4.8% and ave interest bearing liabilities increased $549.2 million or 8.0% compared to the same period in 2005. The increment i average interest earning assets compared to the year ended December 31, 2005 was driven by an increase in ave loans of $567.8 million, which was partially offset by decreases in average investment securities and average inte bearing deposits of $103.6 million and $83.6 million, respectively. The increase in average net loans was due to ar increase of $538.2 million or 28.5% in average mortgage loans as a result of the Corporation's continued emphasi growing this portfolio by strengthening its residential mortgage production capabilities. There was also an increase $590.2 million or 115.5% in the average consumer loan portfolio as a result of the acquisition of Island Finance. Tl increases were partially offset by a decrease in the commercial loan portfolio of $541.1 million or 15.3% due to th settlement with Doral of $608.2 million of commercial loans secured by mortgages during the second quarter of 20 the settlement with R&G of $301.3 million of commercial loans secured by mortgages during the fourth quarter of Excluding the settlement of the loans with Doral and R&G, the average commercial loan portfolio grew $426.3 milli 16.6%.

The provision for loan losses increased $16.7 million or 333.4% from $5.0 million for the quarter ended December 2005 to $21.7 million for the fourth quarter in 2006 and $45.2 million or 221.5% from $20.4 million for the year e December 31, 2005 to $65.6 million for the year ended December 31, 2006. The increase in the provision for loan was due primarily to the Island Finance operation which registered a provision for loan losses of $15.7 million and million for the quarter and ten months (from acquisition) ended December 31, 2006.

For the quarter ended December 31, 2006, non-interest income reached $35.4 million compared to $25.1 million r
for the same period in 2005. This $10.3 million or 40.9% increase in non-interest income for the fourth quarter of
compared to the same period in 2005, was mainly due to: a gain on sale of an FDIC assessment credit of $1.9 mill
increases in bank service charges, fees and other of $2.8 million; trading gains of $1.3 million; gain on sale of loar
million; broker-dealer, asset management and insurance fees of $1.4 million; mortgage servicing rights recognize(
million; and technical assistance fees to affiliates of $0.6 million.

For the year ended December 31, 2006, non-interest income decreased $6.9 million or 5.5% compared to the sam
in 2005. This decrease was due to lower gains on sale of securities (net of the loss on extinguishment of debt) of $
million and lower gain on sale of loans of $5.9 million. There was a loss on derivatives in 2006 of $0.5 million com|
a gain in 2005 of $2.0 million, due primarily to a loss on valuation of mortgage loans available for sale of $1.2 mill
2006. Insurance fees reflected an increase of $4.4 million due primarily to the effect of the Island Finance operatio
insurance operations for the period. Bank service charges, fees and other increased $6.8 million, or 16.1% for the
ended December 31, 2006. These increases were primarily in fees on deposit accounts, credit cards, mortgages, tı
and account analysis. The Corporation recognized a gain on sale of an FDIC assessment credit of $1.9 million durir
fourth quarter of 2006.

For the quarter and the year ended December 31, 2006, the Efficiency Ratio(5) was 65.66% and 66.84%, respecti
reflecting increases of 266 and 387 basis points, respectively compared to Efficiency Ratios(5) of 63.00% and 62.9
the three and twelve month periods ended December 31, 2005. These increases were mainly the result of higher o
expenses during the quarter and the year ended December 31, 2006 resulting in part from expenses related to a p
reduction program. Payments pursuant to the personnel reduction program reached $0.7 million and $10.4 million
quarter and the year ended December 31, 2006, respectively. Excluding these personnel reduction expenses, the E
Ratio(5) for the three and twelve month periods ended December 31, 2006 was 63.99% and 63.96%, a 99 basis p
increase for both the quarter and the year ended December 31, 2006, respectively compared to the same periods
In addition, during the fourth quarter of 2006, operating expenses were impacted by a pension plan curtailment pı
to the Corporation's decision to freeze its defined benefit pension plan, resulting in the recognition of an additional
of $0.9 million. The Corporation also recognized $0.8 million pursuant to a Long Term Incentive Plan to certain em
This plan is sponsored by the Corporation's parent company, Banco Santander Central Hispano, S.A. ("Santander")
consists of a target cash bonus to participating employees based on the value and earnings of the shares of Santaı
Corporation is accruing the bonus which will be paid by the Parent Company and such payment will be reflected in
Corporation's capital when the target cash bonuses are paid.

Operating expenses increased $17.8 million or 32.2% from $55.4 million for the quarter ended December 31, 2005
$73.3 million for the quarter ended December 31, 2006. This increase was due primarily to the Island Finance ope
which reflected operating expenses of $12.8 million for the quarter ended December 31, 2006. During the fourth q
2006 there were increases in salaries and employee benefits of $7.5 million together with an increase in other ope
expenses of $10.3 million. Island Finance salaries and employee benefits for the quarter ended December 31, 200
$6.0 million and other operating expenses were $6.7 million. Excluding Island Finance expenses, operating expens
the fourth quarter of 2006 compared to the same period in 2005 reflected an increase of $5.1 million or 9.3% com
an increase in personnel expenses of $1.5 million and an increase in non-personnel expenses of $3.6 million. The i
in personnel expenses, excluding Island Finance, for the fourth quarter of 2006 compared to the fourth quarter of
was due to an increase of $0.9 million in pension expense due to a plan curtailment, personnel reduction expenses
million and an increase of $0.8 million in deferred compensation pursuant to the long term incentive plan describe(
These increases were partially offset by an increase in costs deferred to originate loans of $0.7 million. The $3.6 m
increase in non-personnel expenses (excluding Island Finance expenses) was primarily due to increases in EDP ser
amortization and technical services of $2.2 million, other taxes of $0.7 million, business promotion and repossesse
provision and expenses of $0.5 million each.

For the year ended December 31, 2006, operating expenses increased $56.4 million or 25.5% from $221.4 million
year ended December 31, 2005 to $277.8 million for the same period in 2006. This increase was due to operating
of Island Finance of $44.5 million and expenses related to a personnel reduction program of $10.4 million in 2006.
Finance salaries and employee benefits were $21.1 million for the ten months (since acquisition) ended December
and other operating expenses were $23.4 million. Excluding Island Finance expenses and expenses related to pers
reductions, operating expenses reflected an increase of $1.5 million or 0.7% for the year ended December 31, 200
compared to December 31, 2005 comprised of a decrease in personnel expenses of $4.8 million and an increase ir
personnel expenses of $6.3 million. Decrease in personnel expenses was due mainly due to decreases in accruals f
performance compensation of $4.4 million and $1.5 million in temporary personnel, partially offset by an increase
million in the pension plan expense due to plan curtailment. The increase in non-personnel expenses was due to ir
of $4.1 million in EDP servicing amortization and technical services, $1.5 million in credit card expenses and $1.0 ı
other taxes.

Island Finance

On February 28, 2006 the Corporation acquired substantially all the assets and business operations in Puerto Rico
Finance. As a result of this acquisition the Corporation increased its presence throughout Puerto Rico to 131 brancl
to Island Finance's extensive branch network, and also diversified and increased its loan portfolio, consumer client
and improved its net interest margin.

The table below presents condensed results of operations and selected financial information of Island Finance for t quarter and the ten months (since acquisition) ended December 31, 2006 including certain adjustments that are n such as insurance commissions related to the Island Finance loan portfolio and interest expense mark-up charged Corporation.

Santander Financial Services Condensed Statement of Income	Quarter Ended Dec-06	Ten months Ended Dec-06
	($ in thousands)	
Interest income	$35,004	$118,154
Interest expense	(10,282)	(34,738)
Net interest income	24,722	83,416
Provision for loan losses	(15,695)	(43,208)
Net interest income after provision for loan losses	9,027	40,208
Other income	2,804	3,006
Operating expenses	(12,705)	(44,501)
Net loss before tax and non GAAP adjustments	(874)	(1,287)
Income tax benefit	(336)	(486)
Net loss of Santander Financial	$(538)	$(801)
Other indirect enterprise adjustments:		
Credit insurance commission, net of income tax	$768	$2,894
Interest expense mark-up, net of income tax	$763	$2,505
Other Selected Information		
Total Assets	$805,173	$805,173
Net loans	583,986	583,986
Allowance for loan losses	41,281	41,281
Non performing loans	24,731	24,731
Net interest margin	16.35%	16.59%

Balance Sheet

Total assets as of December 31, 2006 increased $916.2 million or 11.1% to $9.2 billion compared to total assets c billion as of December 31, 2005. As of December 31, 2006, there was an increase of $881.8 million in net loans, ir loans held for sale (further explained below) compared to December 31, 2005 balances. The investment securities decreased $141.0 million, from $1.6 billion as of December 31, 2005 to $1.5 billion as of December 31, 2006.

The net loan portfolio, including loans held for sale, reflected an increase of 14.8% or $881.8 million, reaching $6.8 billion at December 31, 2006, compared to the figures reported as of December 31, 2005. The mortgage loan portfolio at December 31, 2006 grew $507.0 million or 23.6% compared to December 31, 2005. Mortgage loans originated during the fourth quarter of 2006 reached $244.5 million or 27.9% more than the same quarter last year. Mortgage loans originated during the year ended December 31, 2006 reached $911.6 million or 21.9% more than the same period last year. Construction loans increased $221.5 million or 103.6% as of December 31, 2006 compared to December 31, 2005. The consumer loan portfolio also reflected growth of $664.3 million or 117.1%, as of December 31, 2006, compared to December 31, 2005 due primarily to the acquisition of Island Finance. The commercial loan portfolio decreased $249.5 million or 7.5% compared to December 31, 2005, as a result of the settlement of commercial loans secured by mortgages with Doral during the second quarter of 2006.

Period End Loan Balances

	Dec-06	Dec-05	Dec06/Dec 05 $ Var	% Var	% of total Dec-06
	($ in thousands)				
Commercial:					
Retail	$1,948,788	1,887,689	$61,099	3.2%	28.1%
Corporate	673,566	567,436	106,130	18.7%	9.7%
Commercial loan secured by mortgages settled in 2Q06	-	638,228	(638,228)	-100.0%	
Construction	435,182	213,705	221,477	103.6%	6.3%
	3,057,536	3,307,058	(249,522)	-7.5%	44.0%
Consumer:					
Consumer	606,214	567,195	39,019	6.9%	8.7%

Consumer Finance	625,266	-	625,266	n.a.	9.0%
	1,231,480	567,195	664,285	117.1%	17.7%
Mortgage (mainly residential)	2,654,540	2,147,479	507,061	23.6%	38.2%
Total Loans	$6,943,556	$6,021,732	$921,824	15.3%	100.0%

Deposits of $5.3 billion at December 31, 2006 reflected an increase of 1.7%, compared to deposits of $5.2 billion a December 31, 2005. Total borrowings at December 31, 2006 (comprised of federal funds purchased and other bor securities sold under agreements to repurchase, commercial paper issued, and term and capital notes) increased $ million or 33.6% compared to borrowings at December 31, 2005.

The increase in borrowings was due to debt of $725 million incurred pursuant to the acquisition of Island Finance, refinancing of other existing debt of the Corporation and the private placement of $125 million Trust Preferred Sec classified as borrowings in the consolidated financial statements. In December 2006, the Corporation and Santand Financial Services, entered into a Bridge Facility Agreement (the "Agreement") with National Australia Bank Limite "Lender"). The proceeds of the Agreement were used to refinance the outstanding indebtedness incurred in connec the previously announced amended and restated loan agreement with Lloyds TBS Bank plc and for general corpora purposes. Under the Agreement, the Corporation and Santander Financial had available $275 million and $525 mil respectively, all of which was drawn. The amounts drawn under the Agreement (the "Loan") bear interest at an an equal to the applicable LIBOR rate plus 0.10% per annum. Pursuant to the Agreement, the Company and Santande Financial will pay the Lender a facility fee (the "Facility Fee") of 0.02% of the principal amount of the Loan within t days of the execution of the Agreement. The entire principal balance of the Loan is due and payable on September 2007. The Loan is guaranteed by Santander, the parent of the Corporation. The Corporation will pay Santander a g fee equal to 10 basis points (0.1%) of the principal amount of the Loan.

Financial Strength

Non-performing loans to total loans as of December 31, 2006 was 1.54%, a 32 basis point increase compared to th 1.22% reported as of December 31, 2005. Non-performing loans at December 31, 2006 amounted to $106.9 millio comprised of Island Finance non-performing loans of $24.7 million and $82.1 million of non-performing loans of th The Corporation's non-performing loans (excluding Island Finance non-performing loans) reflected an increase of $ million or 11.5% compared to non-performing loans as of December 31, 2005. The increase of non-performing loa (excluding Island Finance non- performing loans) is principally due to non-performing residential mortgages, which increased $6.0 million, when compared to December 31, 2005.

Island Finance loans acquired pursuant to the Asset Purchase Agreement on February 28, 2006 are subject to a gu by Wells Fargo of up to $21.0 million (maximum reimbursement amount) for net losses in excess of $34.0 million, occurring on or prior to the 15th month anniversary of the acquisition. The Corporation is provided with an additio guarantee of up to $7.0 million for net losses incurred in the acquired loan portfolio in excess of $34.0 million duri months 16 to 18 of the anniversary, subject to the maximum aggregate reimbursement amount of $21.0 million. A December 31, 2006, the Corporation had $12.8 million remaining under this guarantee.

The allowance for loan losses represents 1.54% of total loans as of December 31, 2006, a 43 basis point increase 1.11% reported as of December 31, 2005. The allowance for loan losses to total loans excluding mortgage loans a December 31, 2006 was 2.49% compared to 1.73% at December 31, 2005. The allowance for loan losses to total performing loans at December 31, 2006 increased 929 basis points to 100.01% compared to 90.72% at Decembe 2005. This increase was the result of a 59.9% increase in the allowance for loan losses from $66.8 million as of De 31, 2005 to $106.9 million as of December 31, 2006. Excluding non-performing mortgage loans(6) (for which the has historically had a minimal loss experience) this ratio is 235.8% at December 31, 2006 compared to 235.5% as December 31, 2005.

As of December 31, 2006, total capital to risk-adjusted assets (BIS ratio) reached 10.93% and Tier I capital to risk adjusted assets and leverage ratios were 7.87% and 5.81%, respectively.

Customer Financial Assets under Control

As of December 31, 2006, the Company had $14.2 billion in Customer Financial Assets under Control. Customer Fi Assets under Control include bank deposits (excluding brokered deposits), broker-dealer customer accounts, mutu assets managed, and trust, institutional and private accounts under management. Included in the $14.2 billion ref above, approximately $1.2 billion from the trust business recently sold would be transferred either to the acquiring institution or any other institution that the trust client elects during the first semester of 2007.

Shareholder Value

During the quarter ended December 31, 2006, Santander BanCorp declared a cash dividend of 16 cents per comm
resulting in a current annualized dividend yield of 3.6%. Market capitalization reached approximately $0.8 billion (
affiliated holdings) as of December 31, 2006.

There were no stock repurchases during 2006 and 2005 under the Stock Repurchase Program. As of December 31
the Company had acquired, as treasury stock, a total of 4,011,260 shares of common stock, amounting to $67.6 r

Institutional Background

Santander BanCorp is a publicly held financial holding company that is traded on the New York Stock Exchange (SI
on Latibex (Madrid Stock Exchange) (XSBP). 91% of the outstanding common stock of Santander BanCorp is owne
Banco Santander Central Hispano, S.A (Santander). The Company has five wholly owned subsidiaries, Banco Santa
Puerto Rico, Santander Securities Corporation, Santander Financial Services, Inc., Santander Insurance Agency, Ir
Island Insurance Corporation. Banco Santander Puerto Rico has been operating in Puerto Rico for nearly three dec
offers a full array of services through 61 branches in the areas of commercial, mortgage and consumer banking, su
by a team of over 1,100 employees. Santander Securities offers securities brokerage services and provides portfoli
management services through its wholly owned subsidiary Santander Asset Management Corporation. Santander F
Services, Inc. offers consumer finance products through its network of 70 branches throughout the Island. Santan
Insurance Agency offers life, health and disability coverage as a corporate agent and also operates as a general ag
more information, visit the Company's website at www.santandernet.com.

Santander (SAN.MC, STD.N) is the largest bank in the Euro Zone by market capitalization and seventh in the worlc
profit. Founded in 1857, Santander has EUR 833,873 million in assets and EUR 1,000,996 million in managed fund
million customers, 10,852 branches and a presence in 40 countries. It is the largest financial group in Spain and La
America, and is the sixth largest bank in the United Kingdom, through its Abbey subsidiary, and operates in Portug
where it is the third largest banking group. Through Santander Consumer Finance, it also operates a leading consu
finance franchise in Germany, Italy, Spain and nine other European countries. In 2006, Santander registered euro
million in net attributable profits, an increase of 22% from the previous year.

In Latin America, Santander manages over US$250 billion in banking business volumes (loans, deposits, mutual fu
pension funds and managed funds) through 4,370 offices. In 2006, Santander reported US$1,409 million in net att
income in Latin America, 29% higher than the prior year.

(1) On a tax-equivalent basis.

(2) On a tax-equivalent basis, excluding gains on sale of securities, also excluding FDIC Assessment Credits and Tax Credits in 2006 and loss on extinguishment of debt realized during 2005.

(3) On a tax-equivalent basis.

(4) On a tax-equivalent basis.

(5) On a tax-equivalent basis, excluding gains on sales of securities, also excluding FDIC Assessment Credit and Tax Credits in 2006 and loss on extinguishment of debt realized during 2005.

(6) Mortgage loans include residential mortgages, commercial loans with real estate collateral and consumer loans with real estate collateral. They exclude construction loans.

This news release contains forward-looking statements that are based on current expectations, estimates, forecast
projections about the industry in which the Company operates, its beliefs and its management's assumptions. Wor
as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates" and v
of such words and similar expressions are intended to identify such forward-looking statements. These statements
guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to pred
Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-lo
statements. Except as otherwise required under federal securities laws and the rules and regulations of the SEC, th
Company does not have any intention or obligation to update or revise any forward-looking statements, whether a
of new information, future events, changes in assumptions or otherwise.

SANTANDER BANCORP
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
AS OF DECEMBER 31, 2006 AND 2005
(Dollars in thousands, except share data)

ASSETS

	31-Dec-06	31-Dec-05	Variance 12/06-12/05
CASH AND CASH EQUIVALENTS:			
Cash and due from banks	$125,077	$136,731	-8.52%
Interest-bearing deposits	780	8,833	-91.17%
Federal funds sold and securities purchased under agreements to resell	73,407	92,429	-20.58%
Total cash and cash equivalents	199,264	237,993	-16.27%
INTEREST-BEARING DEPOSITS	51,455	101,034	-49.07%
TRADING SECURITIES	50,792	37,679	34.80%
INVESTMENT SECURITIES AVAILABLE FOR SALE, at fair value	1,409,789	1,559,681	-9.61%
OTHER INVESTMENT SECURITIES, at amortized cost	50,710	41,862	21.14%
LOANS HELD FOR SALE, net	196,277	213,102	-7.90%
LOANS, net	6,747,279	5,808,630	16.16%
ALLOWANCE FOR LOAN LOSSES	(106,863)	(66,842)	59.87%
ACCRUED INTEREST RECEIVABLE	102,244	77,962	31.15%
PREMISES AND EQUIPMENT, net	56,299	55,867	0.77%
GOODWILL	148,300	34,791	326.26%
INTANGIBLE ASSETS	47,427	10,092	369.95%
OTHER ASSETS	235,195	160,097	46.91%
	$9,188,168	$8,271,948	11.08%
LIABILITIES AND STOCKHOLDERS' EQUITY			
DEPOSITS:			
Non interest-bearing	$746,089	$672,225	10.99%
Interest-bearing	4,567,885	4,552,425	0.34%
Total deposits	5,313,974	5,224,650	1.71%
FEDERAL FUNDS PURCHASED AND OTHER BORROWINGS	1,628,400	768,846	111.80%
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	830,569	947,767	-12.37%
COMMERCIAL PAPER ISSUED	209,549	334,319	-37.32%
TERM NOTES	244,468	40,215	507.90%
CAPITAL NOTES	41,529	121,098	-65.71%
ACCRUED INTEREST PAYABLE	91,245	65,160	40.03%
OTHER LIABILITIES	249,214	201,366	23.76%
	8,608,948	7,703,421	11.75%
STOCKHOLDERS' EQUITY:			
Series A Preferred stock, $25 par value; 10,000,000 shares authorized, none issued or outstanding	-	-	N/A
Common stock, $2.50 par value; 200,000,000 shares authorized; 50,650,364 shares issued; 46,639,104 shares outstanding.	126,626	126,626	0.00%
Capital paid in excess of par value	304,171	304,171	0.00%
Treasury stock at cost, 4,011,260 shares	(67,552)	(67,552)	0.00%
Accumulated other comprehensive loss, net of taxes	(44,213)	(41,591)	6.30%
Retained earnings-			
Reserve fund	137,511	133,759	2.81%
Undivided profits	122,677	113,114	8.45%
Total stockholders' equity	579,220	568,527	1.88%
	$9,188,168	$8,271,948	11.08%

SANTANDER BANCORP
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
FOR THE TWELVE AND THREE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(Dollars in thousands, except per share data)

	For the twelve months ended		For the three months ended	
	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
INTEREST INCOME:				
Loans	$535,327	$359,415	$145,046	$102,461

Investment securities	74,023	71,938	18,424	17,215
Interest-bearing deposits	4,439	4,065	1,172	1,324
Federal funds sold and securities purchased under agreements to resell	4,531	4,187	974	697
Total interest income	618,320	439,605	165,616	121,697
INTEREST EXPENSE:				
Deposits	173,380	122,212	47,776	36,661
Securities sold under agreements to repurchase and other borrowings	139,960	86,969	38,689	22,653
Subordinated capital notes	14,374	3,402	3,895	1,308
Total interest expense	327,714	212,583	90,360	60,622
Net interest income	290,606	227,022	75,256	61,075
PROVISION FOR LOAN LOSSES	65,583	20,400	21,670	5,000
Net interest income after provision for loan losses	225,023	206,622	53,586	56,075
OTHER INCOME (LOSS):				
Bank service charges, fees and other	49,078	42,272	13,835	11,005
Broker-dealer, asset management and insurance fees	56,973	53,016	13,896	12,458
Gain on sale of securities, net	106	17,842	20	4
Loss on extinguishment of debt	-	(5,959)	-	-
Gain on sale of mortgage servicing rights	170	83	101	14
Gain on sale of loans	1,994	7,876	1,809	2
Other income	10,148	10,228	5,717	1,635
Total other income	118,469	125,358	35,378	25,118
OPERATING EXPENSES:				
Salaries and employee benefits	121,711	95,002	30,281	22,715
Occupancy costs	22,476	16,811	5,763	4,230
Equipment expenses	4,797	3,802	1,190	1,099
EDP servicing, amortization and technical assistance	40,084	31,589	11,390	7,862
Communication expenses	11,358	8,232	3,590	2,032
Business promotion	11,613	11,065	3,073	2,826
Other taxes	11,514	8,443	3,459	2,150
Other operating expenses	54,230	46,442	14,535	12,523
Total operating expenses	277,783	221,386	73,281	55,437
Income before provision for income tax	65,709	110,594	15,683	25,756
PROVISION FOR INCOME TAX	22,540	30,788	5,624	8,892
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$43,169	$79,806	$10,059	$16,864
EARNINGS PER COMMON SHARE	$0.93	$1.71	$0.22	$0.36

SANTANDER BANCORP

SELECTED CONSOLIDATED FINANCIAL INFORMATION:

(DOLLARS IN THOUSANDS)

	For the Quarters Ended				
	31-Dec 2006	31-Dec 2005	30-Sep 2006	4Q06/4Q05 Variation	4Q06/3Q6 Variation
Interest Income	$165,616	$121,697	$162,086	36.1%	2.2%
Tax equivalent adjustment	2,850	1,807	1,951	57.7%	46.1%
Interest income on a tax equivalent basis	168,466	123,504	164,037	36.4%	2.7%
Interest expense	90,360	60,622	87,378	49.1%	3.4%

Net interest income on a tax equivalent basis	78,106	62,882	76,659	24.2%	1.9%
Provision for loan losses	21,670	5,000	20,400	333.4%	6.2%
Net interest income on a tax equivalent basis after provision	56,436	57,882	56,259	-2.5%	0.3%
Other operating income	33,549	25,112	30,776	33.6%	9.0%
Gain on sale of securities	20	4	26	400.0%	-23.1%
Gain on sale of loans	1,809	2	188	90350.0%	862.2%
Other operating expenses	73,281	55,437	75,606	32.2%	-3.1%
Income on a tax equivalent basis before income taxes	18,533	27,563	11,643	-32.8%	59.2%
Provision for income taxes	5,624	8,892	966	-36.8%	482.2%
Tax equivalent adjustment	(2,850)	(1,807)	(1,951)	57.7%	46.1%
NET INCOME	$10,059	$16,864	$8,726	-40.4%	15.3%

SELECTED RATIOS:

Per share data (1):			
Earnings per common share	$0.22	$0.36	$0.19
Average common shares outstanding	46,639,104	46,639,104	46,639,104
Common shares outstanding at end of period	46,639,104	46,639,104	46,639,104
Cash Dividends per Share	$0.16	$0.16	$0.16

	Years Ended December 31,		
	2006	2005	Variation
Interest Income	$618,320	$439,605	40.7%
Tax equivalent adjustment	8,986	11,059	-18.7%
Interest income on a tax equivalent basis	627,306	450,664	39.2%
Interest expense	327,714	212,583	54.2%
Net interest income on a tax equivalent basis	299,592	238,081	25.8%
Provision for loan losses	65,583	20,400	221.5%
Net interest income on a tax equivalent basis after provision	234,009	217,681	7.5%
Other operating income	116,369	105,599	10.2%
Gain on sale of securities	106	11,883	99.1%
Gain on sale of loans	1,994	7,876	74.7%
Other operating expenses	277,783	221,386	25.5%
Income on a tax equivalent basis before income taxes	74,695	121,653	-38.6%
Provision for income taxes	22,540	30,788	-26.8%
Tax equivalent adjustment	(8,986)	(11,059)	-18.7%
NET INCOME	$43,169	$79,806	-45.9%

SELECTED RATIOS:

Per share data (1):		
Earnings per common share	$0.93	$1.71
Average common shares outstanding	46,639,104	46,639,104
Common shares outstanding		

at end of period	46,639,104	46,639,104
Cash Dividends per Share	$0.64	$0.64

(1) Per share data is based on the average number of shares outstanding during the period.
Basic and diluted earnings per share are the same.

SANTANDER BANCORP

SELECTED RATIOS	YTD 31-Dec 2006	QTD 31-Dec 2006	QTD 30-Sep 2006	2005 YTD 31-Dec 2005	QTD 31-Dec 2005
Net interest margin (1)	3.63%	3.67%	3.66%	3.02%	3.16%
Return on average assets (2)	0.49%	0.44%	0.39%	0.96%	0.80%
Return on average common equity(2)	7.66%	6.86%	6.08%	13.85%	11.51%
Efficiency Ratio (1,3)	66.84%	65.66%	70.25%	62.97%	63.00%
Non-interest income to revenues	16.08%	17.60%	16.05%	22.19%	17.11%
Capital:					
Total capital to risk-adjusted assets	-	10.93%	11.19%	-	12.30%
Tier I capital to risk-adjusted assets	-	7.87%	8.14%	-	9.09%
Leverage ratio	-	5.81%	5.96%	-	6.50%
Non-performing loans to total loans	-	1.54%	1.63%	-	1.22%
Non-performing loans plus accruing loans past-due 90 days or more to loans	-	1.84%	1.90%	-	1.27%
Allowance for loan losses to non-performing loans	-	100.01%	86.53%	-	90.72%
Allowance for loans losses to period-end loans	-	1.54%	1.41%	-	1.11%

OTHER SELECTED FINANCIAL DATA	12/31/2006	12/31/2005
	(dollars in millions)	
Customer Financial Assets Under Control:		
Bank deposits (excluding brokered deposits)	$3,968.6	$3,965.6
Broker-dealer customer accounts	5,648.0	4,923.0
Mutual fund and assets managed	2,936.0	2,795.0
Trust, institutional and private accounts assets under management	1,601.0	1,158.0
Total	$14,153.6	$12,841.6

(1) On a tax-equivalent basis.
(2) Ratios for the quarters are annualized.
(3) Operating expenses divided by net interest income, on a tax equivalent basis, plus other income, excluding gain on sale of securities, loss on extinguishment of debt in 2005 and gain on sale of building for 1Q04.

SOURCE Santander BanCorp

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