

SANTANDER BANCORP

Corporate Governance Guidelines

Introduction

The Board of Directors of Santander Bancorp (the “Corporation”) and of Banco Santander (the “Bank”) plans to hold at least 4 and 12 meetings, respectively, during the year ending December 31, 2009. The Corporation and the Bank have various standing committees as described below, in addition to other management committees.

The Bylaws of the Corporation provide that the Board must have not less than nine nor more than 11 directors, which number may be fixed or changed from time to time, within the minimum and the maximum, as recommended by the Compensation Committee and approved by the Board. There are three staggered groups of directors. Annually, the Directors of the expiring staggered group are elected to serve for a three-year term in a staggered basis.

The Corporation strongly encourages its directors to attend all Stockholders Annual or Special Meetings.

The Corporation's Board of Directors (the “Board”) has five standing committees, the Audit and Compliance Committee, the Compensation and Nomination Committee, the Investment Committee, the Assets and Liabilities Management Committee, and the Credit and Risk Committee.

Corporate Governance Guidelines

The Board has developed and adopted this set of corporate governance principles (the “Guidelines”) to promote the functioning of the Board and its committees, to protect and enhance stockholder value and to set forth a common set of expectations as to how the Board, its various committees, individual directors and management should perform their functions. These Guidelines are designed with the Corporation’s current business operations, ownership, capital structure and economic conditions in mind and will continue to evolve with changing circumstances.

(a) Director Qualification Standards

The Compensation and Nomination Committee (the "Compensation Committee") has been established to carry out the Board overall responsibility relating to executive compensation and support and advise the Board on the composition of the Board and executive management of the Corporation. The Compensation Committee, as well as the Audit and Compliance Committee, has a Charter, both of which are posted in the Corporation’s website at the following address: www.santandernet.com.

Among the duties of the Compensation Committee in connection with its nominating functions are to recommend to the Board the candidates that can fill vacancies in the Board, establish and periodically review the qualifications of the candidates to be nominated or appointed to the Board.

The Compensation Committee develops qualifying criteria for the directors of the Board and is responsible for seeking, interviewing, and selecting those that, in their judgment, are best qualified, and make the appropriate recommendations to the Board. This Committee will also make recommendations to fill any vacancies in the Board that might arise from time to time. Throughout this process, the Committee may verify that the selected individuals demonstrate the following specific qualities or skills:

- (a) Experience or relevant knowledge,
- (b) Time availability and commitment,
- (c) Good reputation,
- (d) Analytical thinking,
- (e) Ability to work as a team,
- (f) Kinship with other members of the Board and management, and
- (g) Independent judgment.

In addition, the Compensation Committee may consider other qualification standards as it may deem necessary to strengthen the Corporation.

The Compensation Committee will consider candidates proposed or suggested by other board members, management, third party search firms retained by the committee, and stockholders. The committee minutes of the meeting in which the recommended candidate is first discussed will reflect the source of the recommendation.

The Board doesn't deem it in the best interests of the Corporation to impose an age limitation relating to the mandatory retirement of directors.

(b) Director Responsibilities

The business and affairs of the Corporation are managed by or under the direction of the Board in accordance with applicable laws. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of all stockholders of the Corporation.

(c) Commitment and Attendance

All directors should make every effort to attend meetings of the Board and meetings of committees of which they are members. Members may occasionally attend by telephone or videoconference to mitigate unavoidable scheduling conflicts.

(d) Participation in Meetings

Each director should be sufficiently familiar with the business of the Corporation, including its financial statements, capital structure, risks and the competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which the director serves. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

(e) Participation in other Boards of Directors

The Corporation values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Directors who also serve as principal executive officers or in equivalent positions should not serve on more than two boards of public companies in addition to the Corporation's Board. Current positions in excess of these limits may be maintained unless the Board determines that so doing would impair the director's service of the Corporation's Board.

(f) Director Access to Management and Independent Advisors

All directors are invited to contact the Chairman of the Board at any time to discuss any aspect of the Corporation's business. Directors also have complete access to all members of management. The Board expects that there will be frequent opportunities for directors to meet with the CEO and other members of management in Board and Committee meetings and in other formal or informal settings.

(g) Director Compensation

Only those directors who are not officers of the Corporation or Banco Santander, S.A. may receive compensation in the form of retainer fees and fees for attendance to the Board and committee meetings. The directors may receive a fee of \$1,000 for each meeting of the Board of Directors of the Corporation and the Bank attended. When these meetings are held on the same date, the directors may receive a maximum compensation of \$1,000. The members of the Credit and Risk Committee may receive \$500 for each meeting attended. The Audit and Compliance Committee members may receive \$1,500 for each Audit and Compliance Committee meeting attended. In addition, the directors may receive a monthly allowance of \$1,000, and health insurance coverage benefits. In the event any Board of Directors or committee meetings, other than the Audit and Compliance Committee, are held on the same date, the directors may receive a maximum compensation of \$1,000 for said date. In the event any Credit and Risk Committee meeting is held on the same date as the Audit and Compliance Committee meeting, the members of said Committee may receive a maximum compensation of \$1,500.

(h) Director Orientation and Continuing Education

Management, working with the Board, will provide an orientation process for new directors, including background material on the Corporation, its business plan and its risk profile, and meetings with senior management. Periodically, management will prepare additional educational sessions for all directors on matters relevant to the Corporation, its business plan and risk profile in accordance with applicable rules of the NYSE.

(i) Management Succession

The Board shall review and concur in a management succession plan to ensure that future selections are appropriately considered. The principal components of this plan are (1) a proposed plan for emergency CEO succession, (2) a proposed plan for CEO succession in the ordinary course of business and (3) the CEO's plan for management succession for the other policy making officers of the Corporation. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible candidates within the senior management team.

(j) Annual Performance Evaluation

The Board shall conduct a self-evaluation at least annually, at the end of each calendar year, to determine whether it and its committees are functioning effectively.