

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

SANTANDER BANCORP

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

August 28, 2008

Santander BanCorp

(Exact name of registrant as specified in its charter)

Puerto Rico

00115849

660573723

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

207 Ponce de Leon Avenue, San Juan, Puerto
Rico

00917

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(787)777-4100

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On August 28, 2008, Mr. José R. González resigned as President and Chief Executive Officer of Santander BanCorp (the "Company") and Banco Santander Puerto Rico, the Company's banking subsidiary (the "Bank"), effective immediately. Mr. González will continue to serve as Director of the Company and the Bank. The Company has also retained Mr. González as a consultant pursuant to a one-year consulting services agreement. Under the consulting agreement, Mr. González will receive a monthly fee of \$20,000.

(c) On August 28, 2008, the Board of Directors appointed Mr. Juan Moreno, age 43, as President and Chief Executive Officer of the Company. Mr. Moreno also has been appointed Chief Executive Officer of the Bank. Mr. Moreno's appointment is subject to the approval of his non-immigrant visa petition. The Company expects Mr. Moreno's visa will be approved within 45 days. Since January 2006, Mr. Moreno has served as Director of Business Development for Banco Santander S.A., America Division. From 1997 to 2005, Mr. Moreno held various positions at Banco Santander México, including General Director for Wholesale and Institutional Banking. Mr. Moreno holds a business administration degree from the University of Houston.

The Board of Directors has not yet determined what compensation will be paid to Mr. Moreno. The Company will file an amendment to this Current Report on Form 8-K when such information is determined or becomes available.

On August 28, 2008, the Board of Directors also appointed Mr. Carlos M. García, age 37, to serve as interim President and Chief Executive Officer of the Company. Mr. García also has been appointed interim Chief Executive Officer of the Bank. These appointments are effective until Mr. Moreno's non-immigrant visa petition is approved. Mr. García will assume these duties in addition to his current duties as Chief Operating Officer of the Company. Concurrently with Mr. García's appointment as interim President and Chief Executive Officer of the Company and interim Chief Executive Officer of the Bank, the Board of Directors appointed Mr. García as President and Chief Operating Officer of the Bank. Since 2004, Mr. García has been Senior Executive Vice President and Chief Operating Officer of the Company and the Bank. From 2001 to 2006, Mr. García served as President and Chief Executive Officer of Santander Securities Corporation ("Santander Securities"). He currently serves as a director on the board of directors of several of the Company's subsidiaries and affiliates, including the Bank, Santander Securities, Santander Asset Management, Santander Insurance Agency, Santander Financial Services, Inc., Island Insurance Corporation, Crefisa, Inc., Universia Puerto Rico, Inc. and Santander Overseas Bank. Mr. García will not receive additional compensation for assuming the additional duties of President and Chief Operating Officer of the Bank.

There were no arrangements or understandings between Messrs. Moreno or García and any other person pursuant to which they were elected to their positions. There are no related party transactions between Messrs. Moreno or García and the Company.

(d) On August 28, 2008, the Board of Directors of the Company elected Mr. Juan Moreno to the Company's and the Bank's Board of Directors. Mr. Moreno will serve until the Company's 2009 annual meeting of shareholders. Mr. Moreno will act as Vice Chairman of the Board of Directors of the Company and the Bank. Background information regarding Mr. Moreno is set forth in item (c) above.

Mr. Moreno is expected to be named to the Investment Committee, ALCO and Special Offered Securities Finance Committee of the Company's Board of Directors.

There were no arrangements or understandings between Mr. Moreno and any other person pursuant to which he was appointed a director. There are no related party transactions between Mr. Moreno and the Company.

(e) On August 28, 2008, Mr. González, his spouse and the Company entered into an agreement setting forth the terms of Mr. González separation from the Company. Pursuant to the agreement, Mr. González is entitled to severance compensation in a mix of cash payments and property with an aggregate value of approximately \$2,350,000. Mr. González and his dependents are also entitled, at the Company's expense, to health insurance coverage under the Bank's group health insurance policy until the earlier of August 31, 2011 or the date Mr. González obtains coverage under a different health insurance policy. Under the agreement, Mr. González and his spouse waive any and all claims they may have against the Company, including employment and labor related claims. Mr. González further agrees not to disclose or use information obtained during this employment with the Company and to maintain the confidentiality of the terms of this agreement. This

agreement will become effective on September 5, 2008, provided that Mr. González does not revoke, in writing, his consent to the agreement. As of the filing of this Current Report on Form 8-K, Mr. González has not revoked the agreement.

A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein.

Item 8.01 Other Events.

On August 28, 2008, the Company issued a press release to announce that, in light of the continuing challenging economic conditions in Puerto Rico and the global capital markets, the Board of Directors has voted to discontinue the payment of the quarterly cash dividend on the Company's common stock to strengthen the institution's core capital position. The Company may use a portion of the funds previously paid as dividends to reduce its outstanding debt.

In the press release, the Company also stated that while each of the Company and its banking subsidiary remain above well capitalized ratios, this prudent measure will preserve and continue to reinforce the Company's capital position.

A copy of the press release is attached as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein.

Item 9.01 Financial Statements and Exhibits.

(a) Exhibits

The following exhibits shall be deemed to be furnished for purpose of the Securities Exchange Act of 1934, as amended.

99.1 Press release dated August 29, 2008

99.2 Press release dated August 29, 2008

[Top of the Form](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Santander BanCorp

August 29, 2008

By: /s/ Rafael S. Bonilla

Name: Rafael S. Bonilla

Title: Senior Vice President and General Counsel

[Top of the Form](#)

Exhibit Index

Exhibit No.	Description
99.1	Press Release dated August 29, 2008
99.2	Press Release dated August 29, 2008

Press Release

Mr. José Ramón González resigns from his position at Santander Puerto Rico

Mr. Juan Moreno Blanco will assume the duties of President and Chief Executive Officer of Santander BanCorp and Chief Executive Officer of Banco Santander Puerto Rico as soon as the necessary legal and regulatory procedures are fulfilled.

San Juan, August 29, 2008. After 12 years with Banco Santander S.A. (“Santander”) and after serving 6 years as Country Head of Santander Puerto Rico, Mr. José Ramón González resigned yesterday as President and CEO of Santander BanCorp (NYSE: SBP; LATIBEX: XSBP) (“the Corporation”) and of Banco Santander Puerto Rico (“the Bank”). “It was a difficult but well thought out decision. I desired to devote more time to my personal affairs and explore new challenges. I will not distance myself from the Bank since I will continue to serve on its Board of Directors, serve as advisor to Santander and assist the new president”, said Mr. González.

Mr. Juan Moreno Blanco will assume the duties of President and Chief Executive Officer of Santander BanCorp and Chief Executive Officer of Banco Santander Puerto Rico as soon as the necessary legal and regulatory procedures are fulfilled. Mr. Moreno has a Business Administration degree from the University of Houston. He has been with Santander since 1997, where he has held different positions while making important contributions to areas such as commercial banking, marketing and strategic planning, among others. Before his appointment, Mr. Moreno was Director of Business Development for Santander America’s Division, where he was responsible for the development of new products and for the Wholesale and Institutional Banking Division.

Carlos M. Garcia, the Corporation’s Senior Executive Vice President and Chief Operating Officer, has been appointed the new President and Chief Operating Officer of the Bank, and will also act as interim President and Chief Executive Officer of the Corporation and as interim Chief Executive Officer of the Bank, until Mr. Moreno’s non-immigrant visa petition is approved.

In an internal memo to employees, Mr. Jesús Zabalza, General Director for Santander’s America’s Division, recognized and thanked Mr. González for the outstanding contributions he has made to the Bank through the years and emphasized that Santander, with its new leadership, continues to be very committed to Puerto Rico, a country that has been and will continue to be of strategic importance to Santander.

Santander (SAN.MC, STD.N) is the largest bank in the euro zone by market capitalization and fifth in the world by profit. Founded in 1857, Santander has EUR 912,915 million in assets and EUR 1,063,892 million in managed funds, 65 million customers, 11,178 branches and a presence in 40 countries. It is the largest financial group in Spain and Latin America, and is the sixth largest bank in the United Kingdom, through its Abbey subsidiary, and is the third largest banking group in Portugal. Through Santander Consumer Finance, it also operates a leading in 12 European countries (Germany, Italy and Spain, among others) and the United States. In 2007, Santander registered 9,060 million in net attributable profits, an increase of 19% from the previous year.

In Latin America, Santander manages over US\$300 billion in business volumes (loans, deposits, mutual funds and managed funds) through 4,498 offices. In 2007, Santander reported \$3,648 million in net attributable income in Latin America, 27% higher than the prior year.

Press Release

SANTANDER BANCORP DISCONTINUES PAYMENT OF COMMON SHARES DIVIDEND

San Juan, Puerto Rico, August 29, 2008 - In light of the continuing challenging general economic conditions in Puerto Rico and the global capital markets, the Board of Directors of Santander BanCorp (NYSE: SBP; LATIBEX: XSBP) (“the Corporation”) has voted to discontinue the payment of the quarterly cash dividend on the Corporation’s common stock to strengthen the institution’s core capital position. The Corporation may use a portion of the funds previously paid as dividends to reduce its outstanding debt.

The Corporation’s decision is part of the significant actions it has proactively taken in order to face the on-going challenges presented by the Puerto Rico economy, which among others, include: selling the merchant business to an unrelated third party; maintaining an on-going strict control on operating expenses; an efficiency plan driven to lower its current efficiency ratio; and merging its mortgage banking and commercial banking subsidiaries.

While each of the Corporation and its banking subsidiary remain above well capitalized ratios, this prudent measure will preserve and continue to reinforce the Corporation’s capital position.

Institutional Background

Santander BanCorp is a publicly held financial holding company that is traded on the New York Stock Exchange (SBP) and on Latibex (Madrid Stock Exchange) (XSBP). 91% of the outstanding common stock of Santander BanCorp is owned by Banco Santander, S.A (Santander). The Corporation has five wholly owned subsidiaries, Banco Santander Puerto Rico, Santander Securities Corporation, Santander Financial Services, Inc., Santander Insurance Agency, Inc. and Island Insurance Corporation. Banco Santander Puerto Rico has been operating in Puerto Rico for thirty-two years. It offers a full array of services through 57 branches in the areas of commercial, mortgage and consumer banking, supported by a team of over 1,100 employees. Santander Securities offers securities brokerage services and provides portfolio management services through its wholly owned subsidiary Santander Asset Management Corporation. Santander Financial Services, Inc. offers consumer finance products through its network of 68 branches throughout the Island. Santander Insurance Agency offers life, health and disability coverage as a corporate agent and also operates as a general agent. For more information, visit the Company’s website at www.santandernet.com.

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For more information contact:

Michelle Balaguer (787) 777-4186

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