

A dark red world map is centered on a red grid background. The map shows the outlines of continents in a slightly lighter shade of red.

The case of Banco Santander

OMG Meeting – May 20th 2008

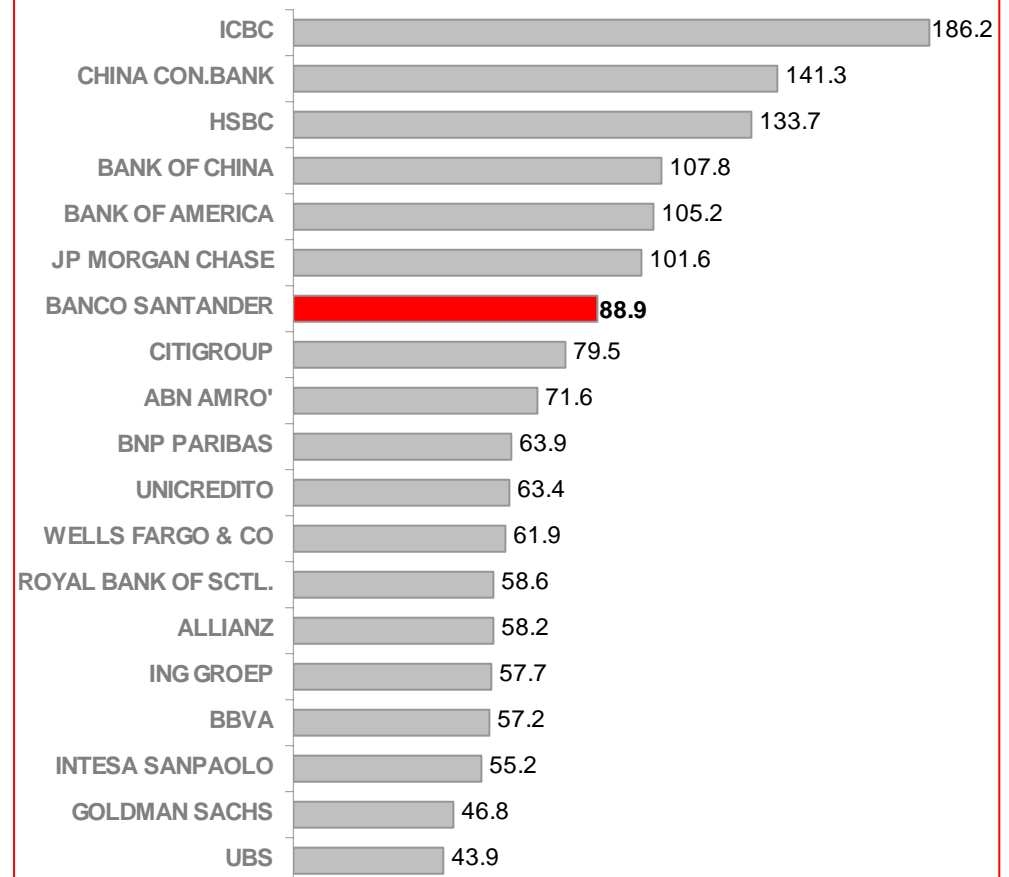
01. Santander today

Santander is one of the main financial institutions in the world...

Key figures* (31.12.2007)

- Over EUR 1.0 trillion under management
- Over 65 million customers
- 11,178 branches, the international bank with the largest branch network
- 131,819 employees
- The bank with more shareholders in the world: 2.3 million
- Among the 10 largest banks by capitalisation and 1st in Eurozone

Market capitalisation** (EUR Billion)



(*) Data excluding ABN. With ABN, more than 78 mill. customers and more than 13,000 branches

(**) Capitalisation figures at the close of May 15th, 2008

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01. The History of Santander

LOCAL

1857

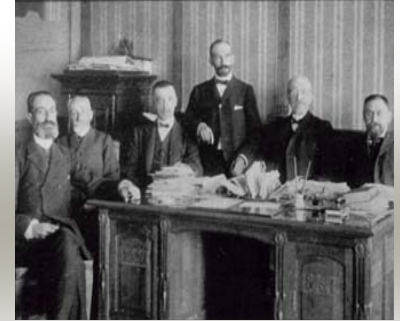


Foundation of the Santander bank
Issues its own money

REGIONAL

1920

From a local bank to a regional bank



NATIONAL

1946



Buys the Mercantil Bank

VISION OF THE FUTURE

1950

Expansion in Spain
First branches in Latin America



1988



Alliance with Royal Bank of Scotland

01. The History of Santander

TOP OF DOMESTIC MARKET

1989



Launch of the "Supercuenta" (Super account)

1994

Acquisition of Banesto
Wave of expansion in Latin America



LATAM EXPANSION

1999



Merger with the Central Hispano Bank
Acquisitions in Portugal, Brazil, Chile, Mexico
Santander Consumer Finance

INTERNATIONAL CONSOLIDATION

2004

Acquisition of Abbey



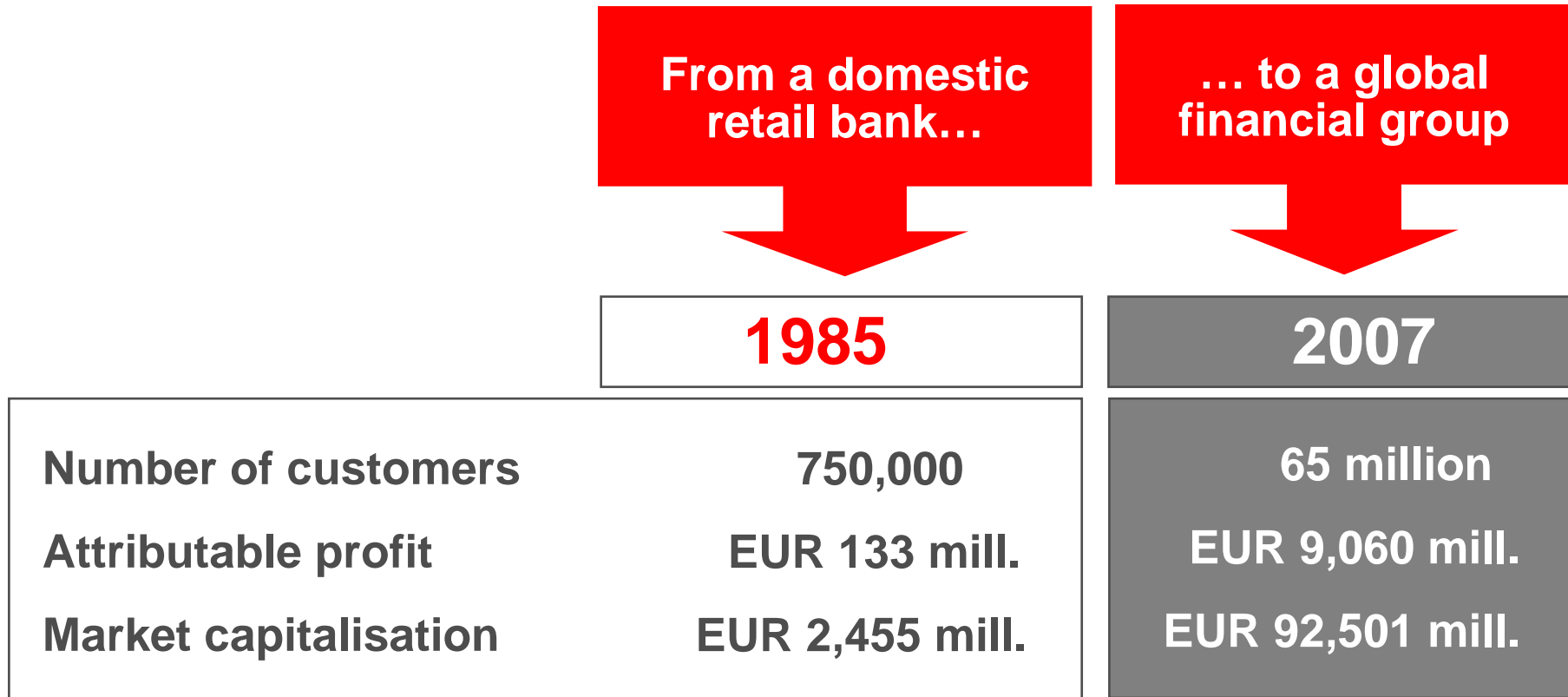
2007

Acquisition of ABN Amro



01. The History of Santander

In a short time, we have taken a gigantic leap ...



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02. Our Businesses

International profile



Europe. Santander has presence in:

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Spain | <input type="checkbox"/> Poland |
| <input type="checkbox"/> UK | <input type="checkbox"/> Czech Republic |
| <input type="checkbox"/> Portugal | <input type="checkbox"/> Austria |
| <input type="checkbox"/> Italy | <input type="checkbox"/> Hungary |
| <input type="checkbox"/> Germany | <input type="checkbox"/> Finland |
| <input type="checkbox"/> France | <input type="checkbox"/> Norway |
| <input type="checkbox"/> Netherlands | <input type="checkbox"/> Sweden |
| | <input type="checkbox"/> Russia |

Latin America. Santander also conducts businesses in:

- | | |
|------------------------------------|--------------------------------------|
| <input type="checkbox"/> Brazil | <input type="checkbox"/> Venezuela |
| <input type="checkbox"/> Mexico | <input type="checkbox"/> Puerto Rico |
| <input type="checkbox"/> Chile | <input type="checkbox"/> Colombia |
| <input type="checkbox"/> Argentina | <input type="checkbox"/> Uruguay |

USA. Through Drive Financial

**In the past twenty years we went from having
75% of total profit in Spain to a 45%**

Santander's Model



01. Large **market share**: critical mass in our core markets ...

Key market data <i>Dec. 2007 (or latest available)</i>	Ranking¹	Share¹	Branches	Customers (mill.)
Spain ²	1 st	17%	4,917	10.8
UK ³	6 th	9%	704	16.4
Santander Consumer ⁴	--	n/a	285	9.9
Portugal ²	4 th ⁵	10%	763	1.9
Brazil ⁶	5 th	5%	2,104	8.3
<i>(with Banco Real)</i>	3 rd	12%	>4,000	>21
Mexico	3 rd	16%	1,088	8.5
Chile	1 st	21%	494	2.8

Focus on Europe and Latin America: potential market of 800 million people

(1) Loans + deposits (balance sheet funds) + mutual funds

(2) Santander Consumer not included (in Spain: 9.6 million customers and 99 branches; Portugal: 0.2 million customers and 3 branches)

(3) Abbey figures only. Ranking by assets and mortgages market share (third in residential mortgages)

(4) Presence in 14 countries. Loyalty cards not included under customers

(5) Third largest private bank in Portugal and first by profit of the business in Portugal

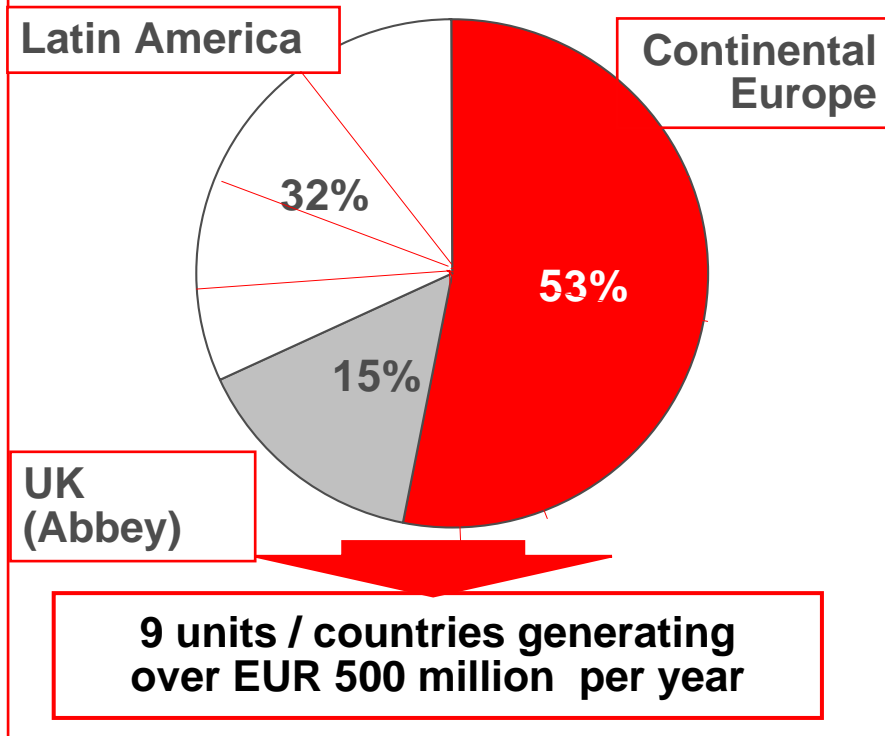
(6) Excluding public-sector banks. Including Banco Real: 3rd in ranking; 12% market share; >4.000 branches and >21mill. customers



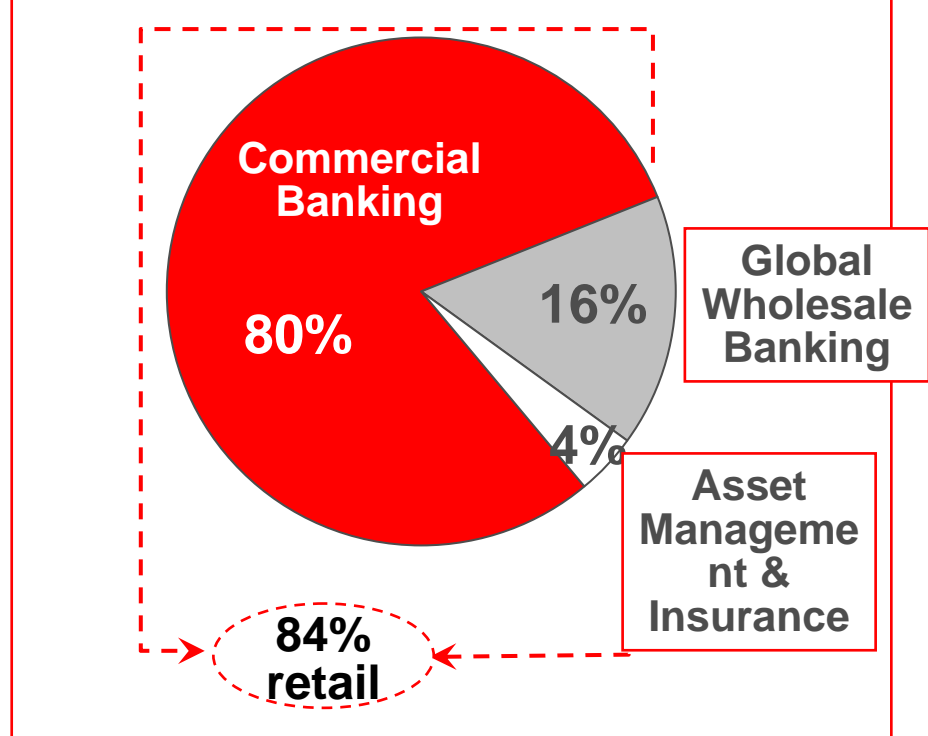
02. Strong geographical and business area **diversification**: retail banking focus

Attributable profit by operating business areas*

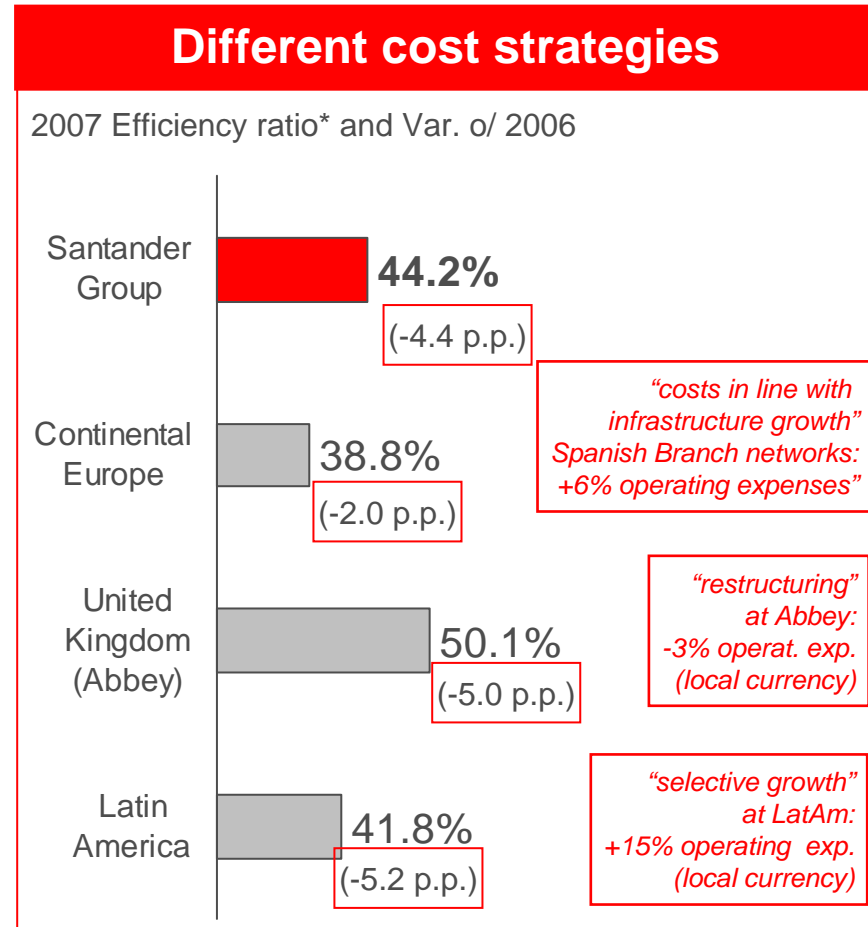
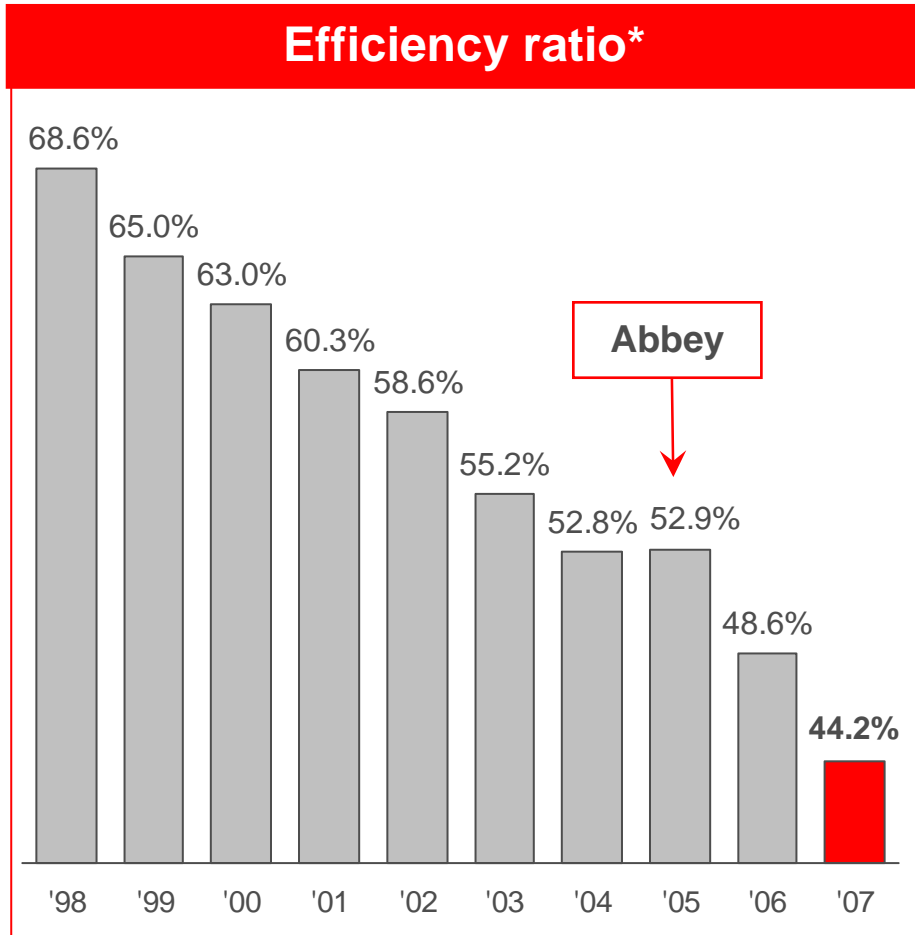
**Geographical distribution
(Attributable profit *)**



**Business distribution
(PBT)**



(*) Data as of December 2007



(*) Efficiency ratio with amortisations. Figures from 2004 on according to IFRS
2005 includes Abbey's incorporation (efficiency: 62.2%)

Medium-low and predictable risk profile

- **High RISK QUALITY**
 - **91% retail** lending
 - **Well diversify** by markets and products
 - **NPLs at minimum levels** with high coverage

- Minimal exposure to **complex structured products**
WITHOUT IMPACT ON RESULTS

Careful balance sheet management

- **COMFORTABLE LIQUIDITY :**
 - Very **limited** use of **short term** financingMoreover ...
 - ... BCE financing **available: approx. EUR 30 bn.**

- **High SOLVENCY RATIO :**
 - **Core capital > 6%**
 - **Hedging** to maintain capital base

Strength within an environment of increasing uncertainty

05. Active management of business portfolio

In addition to organic growth, we keep the strategic flexibility to re-balance our Group, acquiring in high growth / profitable areas and selling in low growth / profitability ones

Acquisitions and disposals
<ul style="list-style-type: none">■ Banespa (Brazil), Grupo Totta & Açores (Portugal), Mexico, Chile...■ Abbey (United Kingdom)■ Consumer businesses: 19 countries, between them Germany, Italy, USA ...■ ABN AMRO (in consortium)	<ul style="list-style-type: none">■ Financial stakes (San Paolo IMI, Urbis, BPI...)■ Abbey Insurance business■ LatAm pensions■ Real estate sales (lease-back)■ Antonveneta (Italia, part of ABN)

05. Active management of business portfolio

Rigour in our acquisition policy: all acquisitions must meet a double discipline, strategic and financial

Strategic Discipline

Good fit with our core competencies:

- Markets we know well
- Potential to add value



Financial Discipline

The acquisition needs to meet strict financial criteria:

- ROI > cost of capital
plus
- Positive EPS impact
... within three years

ABN AMRO is an example of our commitment to our strategy and financial discipline



06. Single Brand

Image and Brand Plan 2007-10

- 150th Anniversary
- Positioning
- Sponsorship of the McLaren motor-racing team
- Santander Libertadores Cup
- Full Marketing Management

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Santander vision of 2008. New economic environment ...

Global economy

- Growing at a lower pace than in 2007

Europe

- Lower growth.
- Interest rates: stable in next months
- Lower business growth in Spain and United Kingdom

Latin America

- Somewhat lower growth, although still high
- Solid macro fundamentals within a convergence and structural growth environment for the coming years
- “Bancarisation” will continue to increase

In short, a growth environment with greater uncertainties

04. Vision and Strategy

... and a more demanding financial environment

Cycle normalisation

Going from the “excess liquidity” of recent years to a “normalised cycle”:

- Greater risk valuation
- Focus on in-depth customer relationship, efficiency ratio management and capturing of customer funds

New “winners” and “losers” among our peers

- Asset economies lose specific weight
- Increase of differential value of emerging markets
- Demand for universal banking vs. monoliners model

Opportunity: universal banking models leveraged on the economies of scale of a global group

Santander faces 2008 from an excellent starting point ...

Diversified business based on retail banking	Recurrent revenues and sustainability
Risk quality	Low and predictable risk
Balance sheet strength	Comfortable liquidity and solvency ratio
Differential business portfolio	In developed and emerging markets
Investing in growth in recent years	Will continue to bear fruit
Track record in costs	Back office weight decreases to strengthen the front office and to face new investments
Contribution of ABN businesses	Critical mass in Brazil. SAN only international bank with significant presence in a BRIC



Solid positioning and superior execution capabilities

... and clear management focus

... with well defined management focus in 2008:

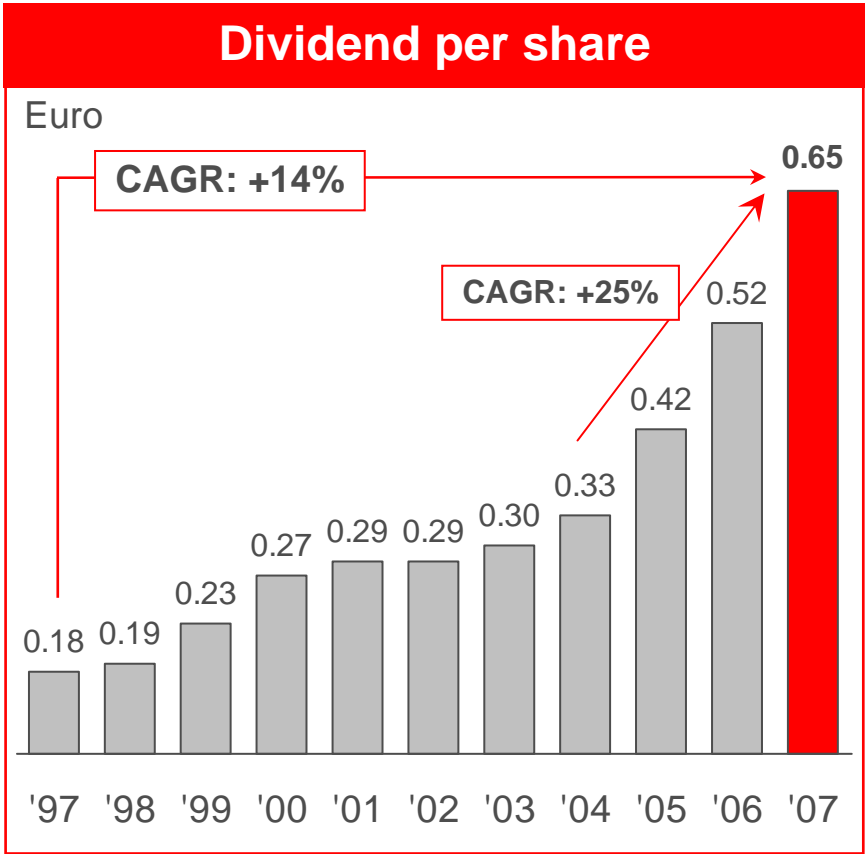
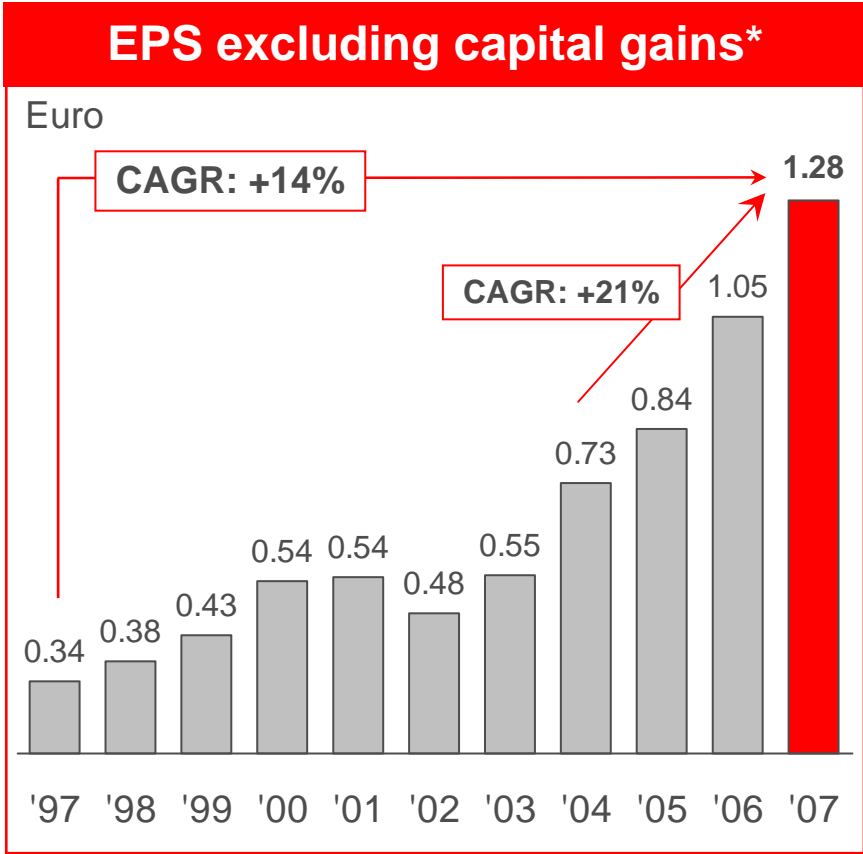
- Greater importance of **spreads management**
- “Jaws” management with **main focus on costs**:
 - Strict cost control in all units
- **Special focus on risk** (provisions)
- **Greater significance of deposits**
- **Special focus on service quality** in all units

... and all of it without forgetting:

- **To maintain discipline** in financial and **capital** management
- Framed within a global environment, increasing **cross-border businesses** and **technological integration**

04. Vision and Strategy

In 2008 we are confident that Santander will continue to grow and create value in the medium and long term ...



... to continue outperforming our competitors ...

(*) Adjusted from share splits and capital increases
From 2004 under IFRS criteria



04. Vision and Strategy

... to become a leading global bank ...

... our objectives are:

1. Become the **world's leader** in retail and consumer banking
2. Be a **reference** bank in **wholesale and private banking** in our core markets
3. Be **the best** in the world in terms of **growth, profitability** and **efficiency**
4. Attract the **best global talent**
5. Become one of the **most recognized financial brands** worldwide



