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INVESTOR DAY

DELIVERING PROFITABLE GROWTH



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Global Banking & Markets

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1 Santander GB&M's Business Model

2 Track record

3 GB&M's strategy

1 Santander GB&M's Business Model

2 Track record

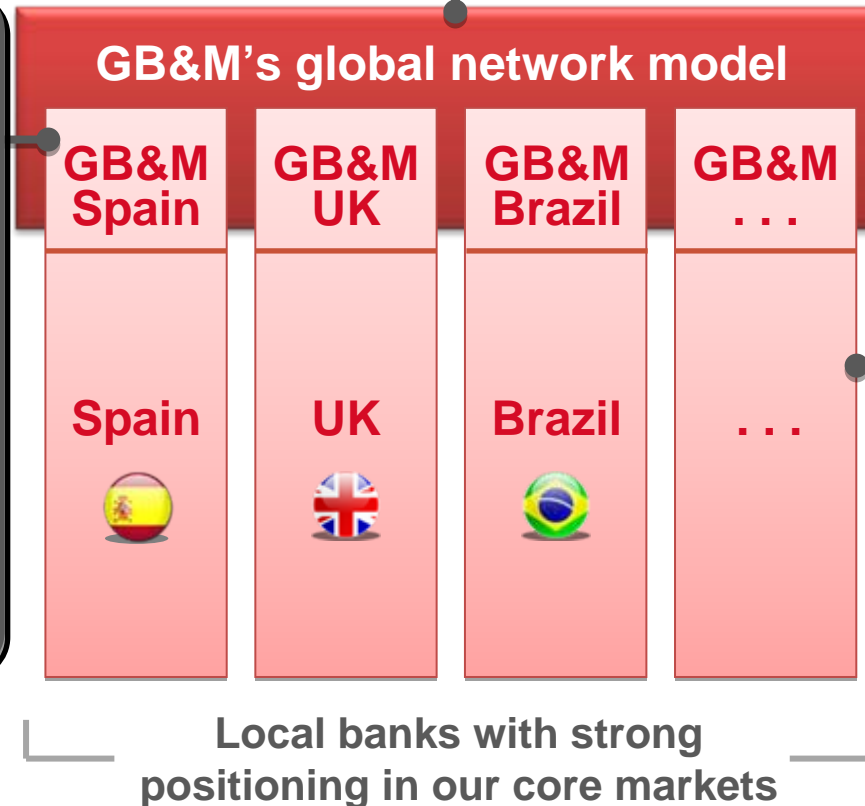
3 GB&M's strategy

Santander GB&M global network based on Group's local strengths

- Integrated client coverage across Group's geographies (one-stop shop, cross-border origin.)
- Global product and distribution capabilities (e.g. global books)
- Shared infrastructure

GB&M leveraging local banks

- Local currency funding
- Cash management platforms
- Retail distribution through local networks
- Local insight
- Local infrastructure / systems



Local banks leveraging GB&M

- Product provider for retail / mid-corp clients
 - Investments (e.g. RSP)
 - Capital Markets Issues (e.g. DCM, ECM)
 - Structured Finance (e.g. Project Fin.)
 - Hedging solutions to mid-corps (e.g. IRS)

Santander GB&M's strategic positioning

Global Capabilities

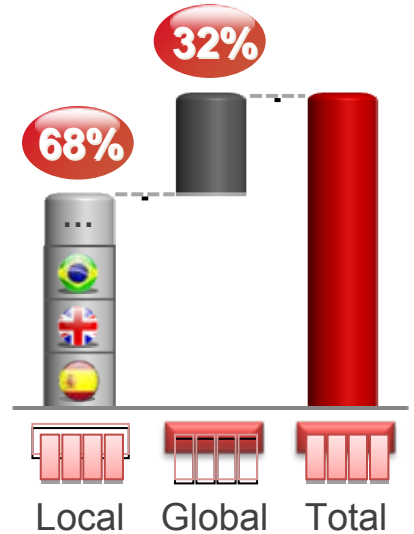
- Cross-border execution
- Integrated risk management
- Common platforms
- ...

Global Investment Banks



Leading Local Banks

Net Profit GB&M



- ~900M€ revenues flowing into LatAm from other geographies

Local Insight

- Funding in local currency
- Local execution (client proximity, cash mgmt., etc.)
- Knowledge of local markets
- ...

GB&M: Commercial Banking approach

1 **Client** focus

+

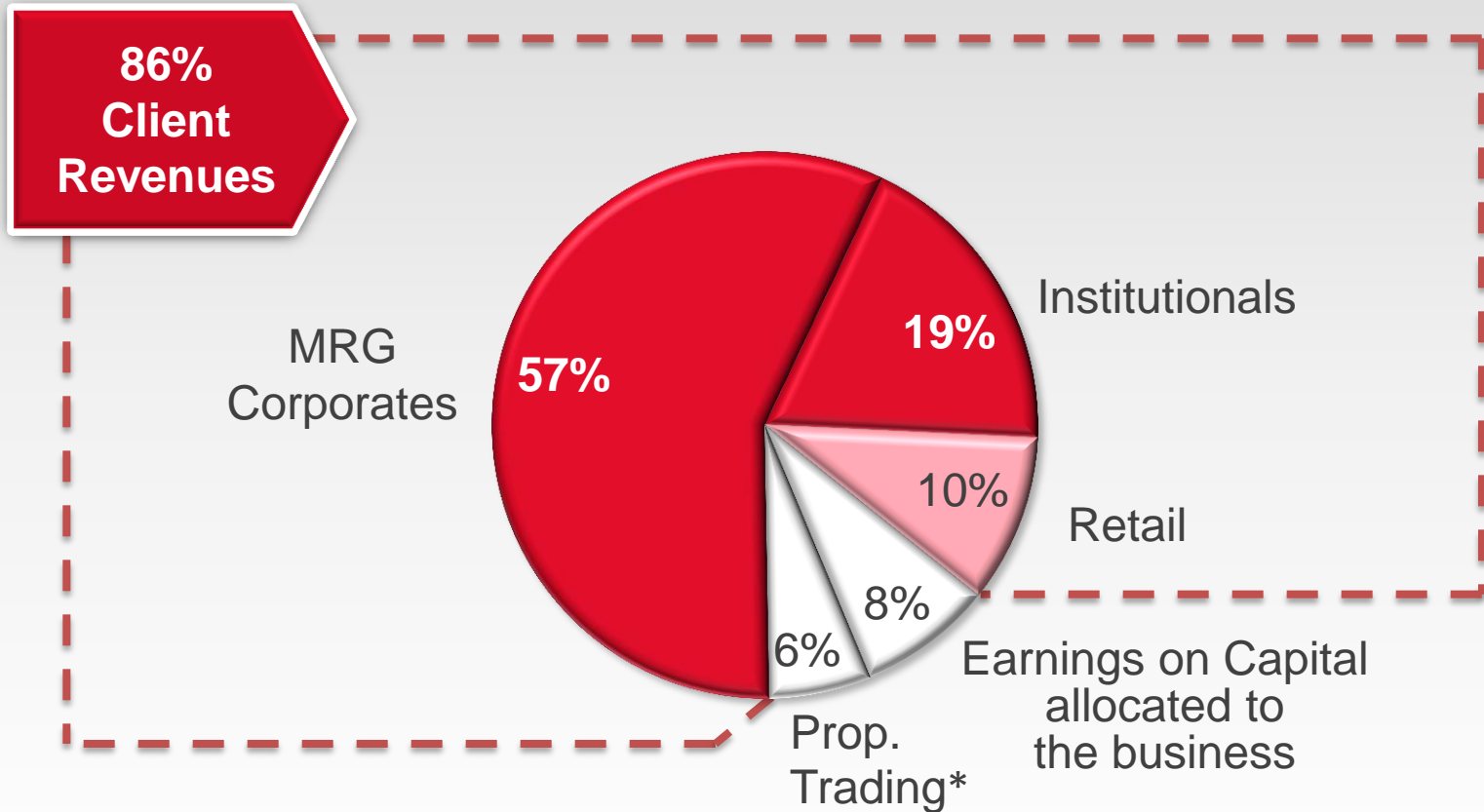
2 **Plain vanilla** products

+

3 **Conservative** risk management

1 Client focus

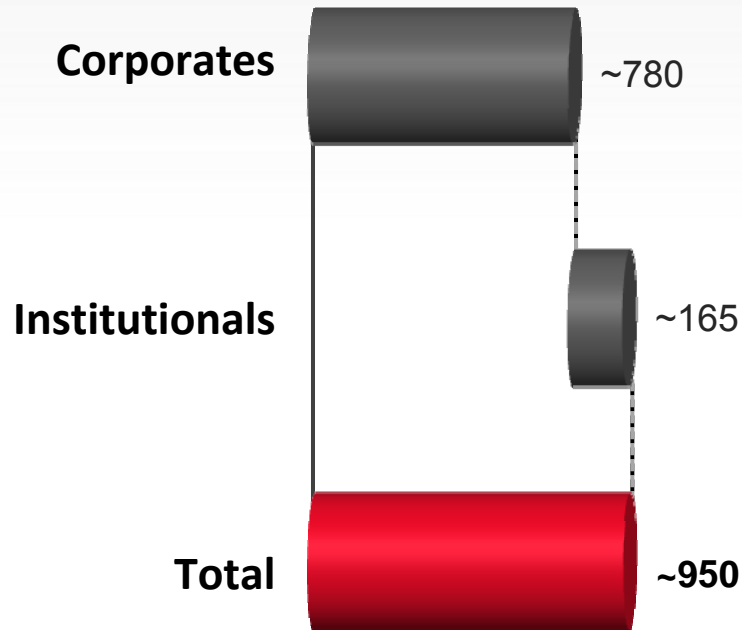
Revenues, 2010



1 Client focus

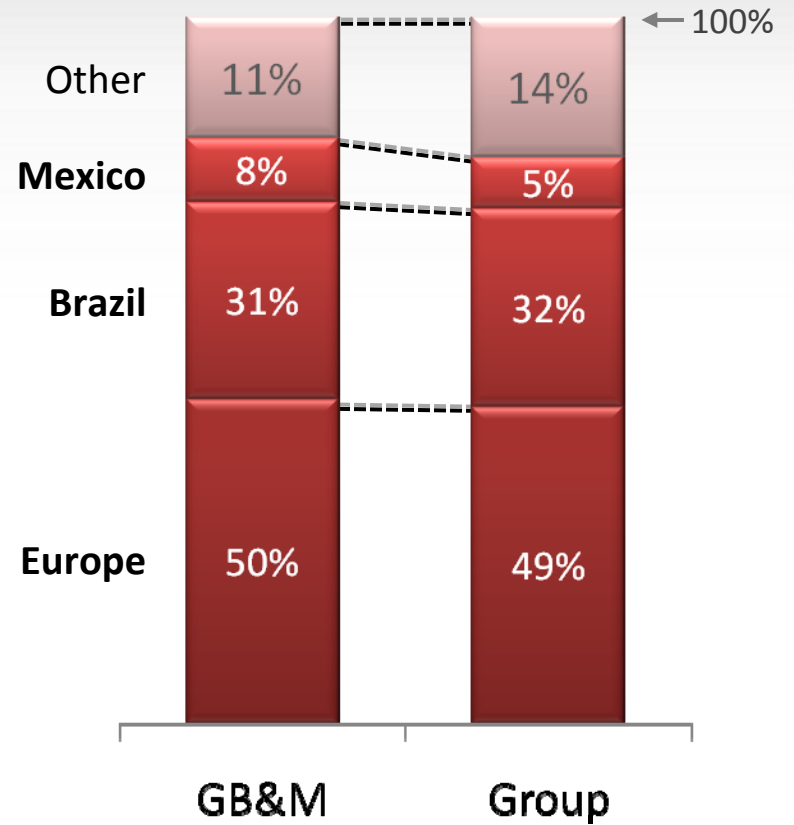
Closed list of global clients

clients



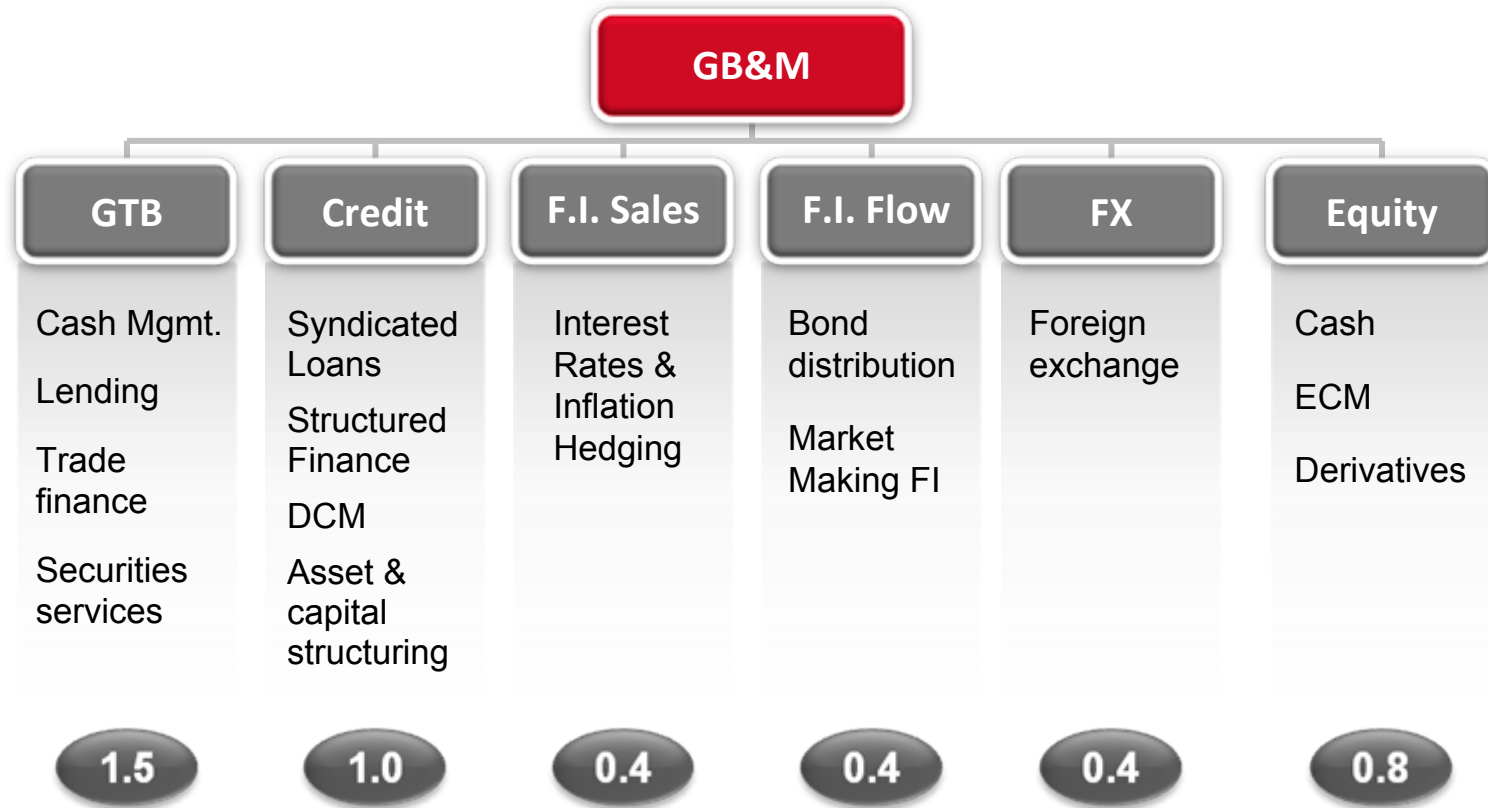
Focus on Group's core markets

Revenues, 2010



2 Portfolio of plain vanilla products

Client Revenues,
2010 (Bn€)



3 Conservative Risk Management

- Global Risk Management function is **independent** and **reports directly** to the Board
- **Systematic monitoring** of exposures

Governance

Market Risk

- Taken mainly as a consequence of **client business activity**
- **Low VaR*** exposure
 - 2010: \$37.1 M
 - 1H'11: \$34.5 M



Credit Risk

- **Deep knowledge of our clients:** risk appetite per client established upfront and reviewed yearly
- ~80% of total limits **Investment Grade**



Operational Risk

- Operational Risk Control Department **manages** operational **risk** along the **whole operation life cycle**

1 Santander GB&M's Business Model

2 Track record

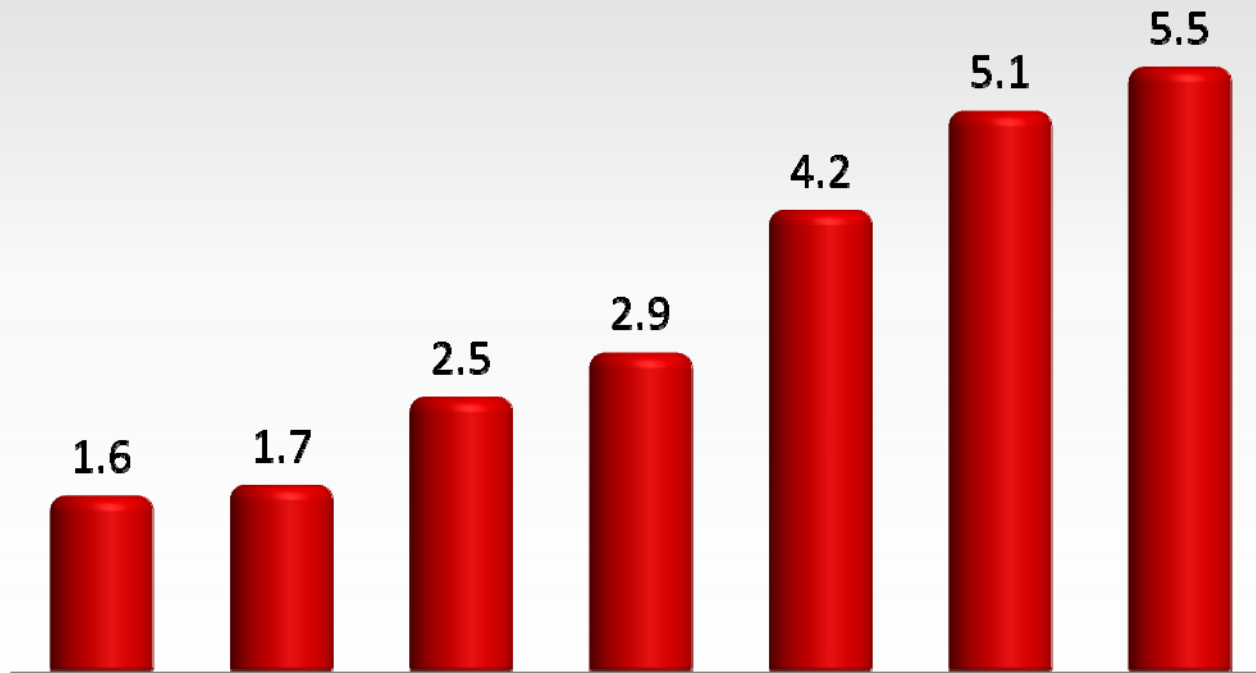
3 GB&M's strategy

Sustained double digit growth

Revenues
Bn€

CAGR '04-'10

+23%



	2004	2005	2006	2007	2008	2009	2010
Customer Loans	24	30	45	53	66	63	69
Client Revenues	65%	70%	69%	77%	87%	88%	86%

Sustained double digit growth

Revenues

Bn€

 SAN GB&M

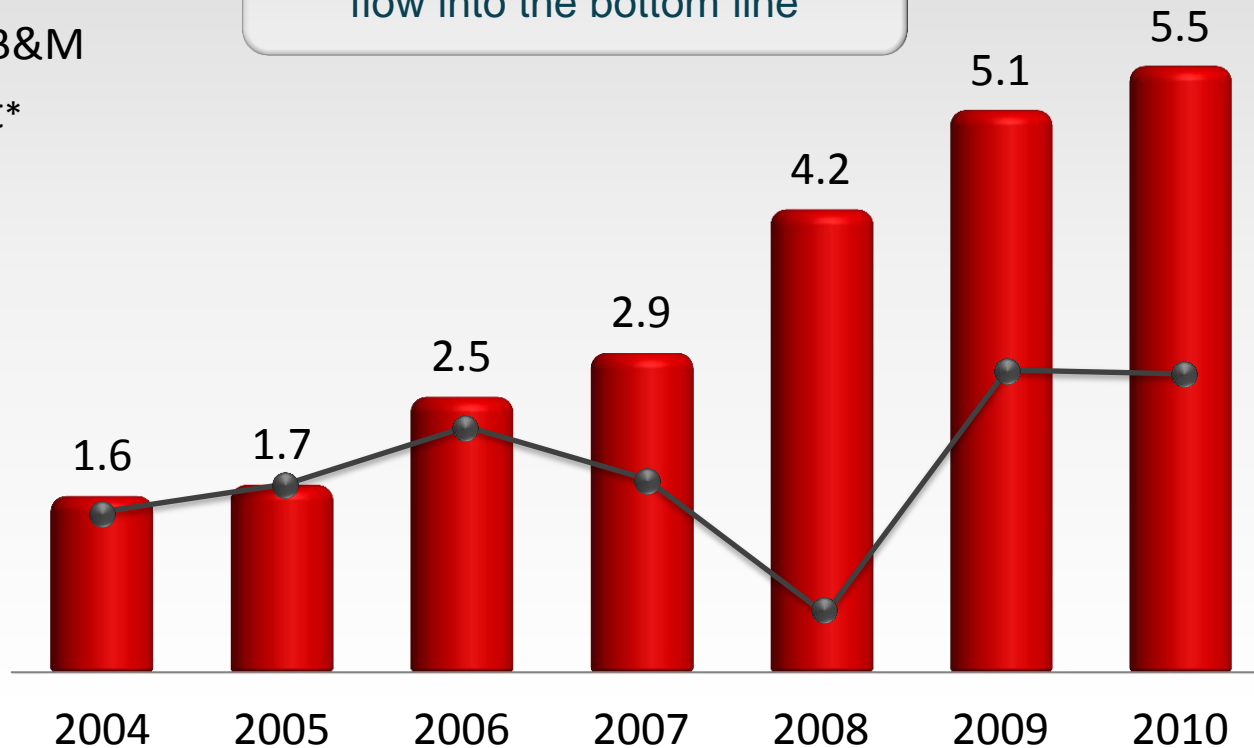
 Market*

Two thirds of revenues flow into the bottom line

CAGR'04-'10

+23%

+9%



Customer Loans

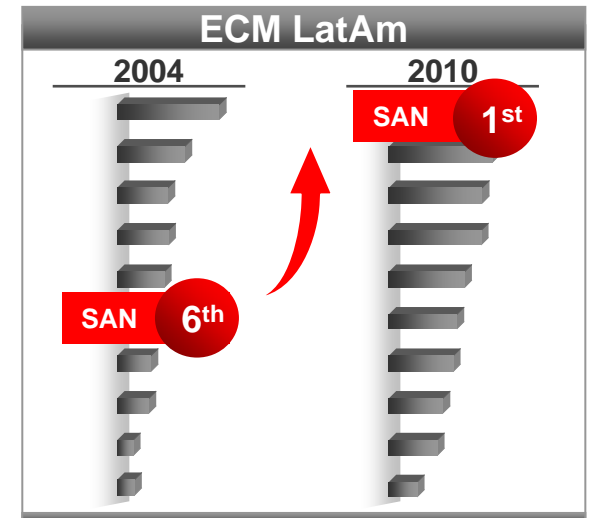
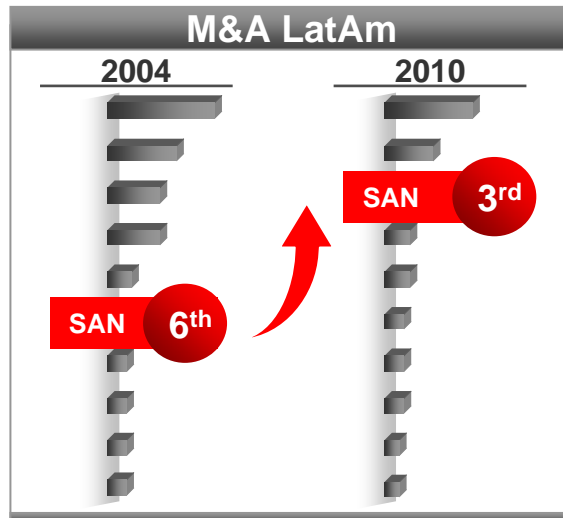
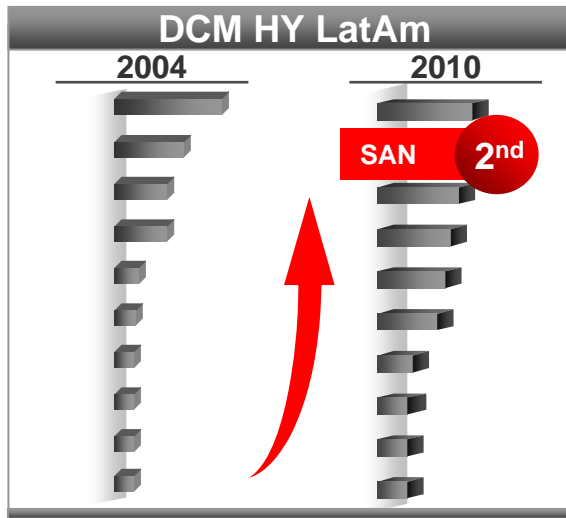
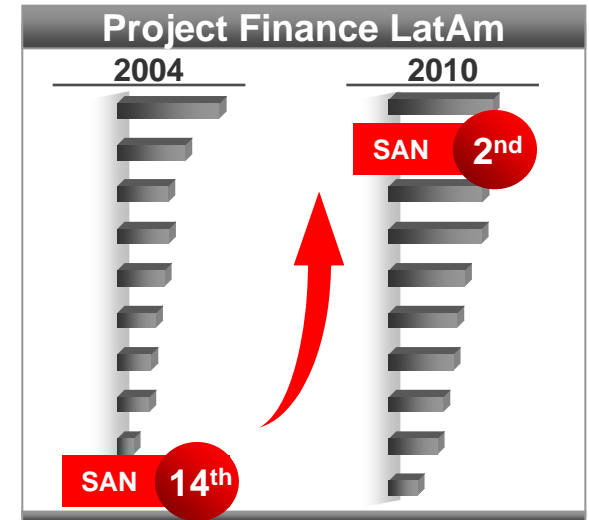
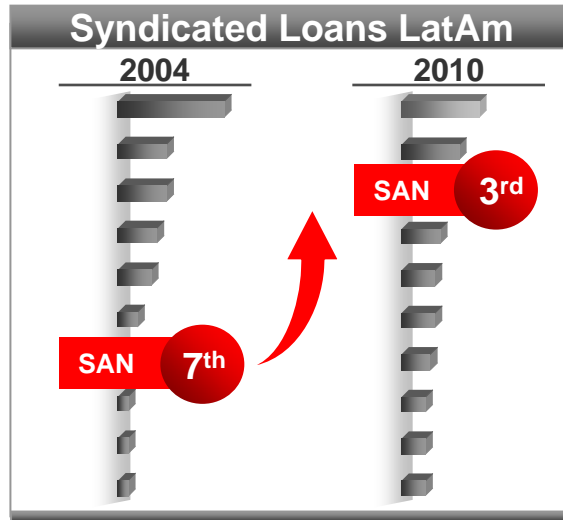
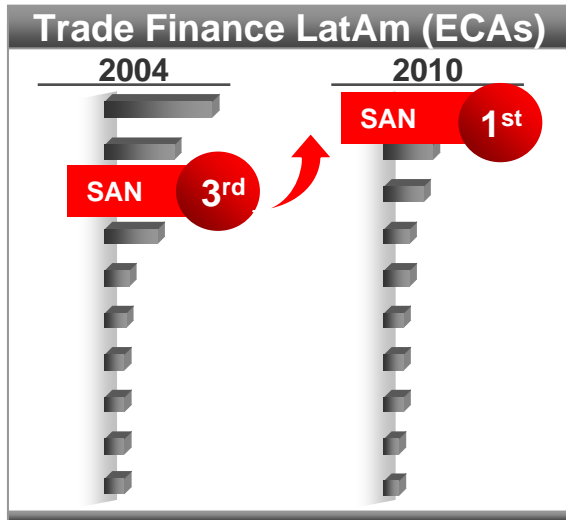
2004	24	30	45	53	66	63	69
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Cost / Income

2004	34%	35%	30%	33%	31%	24%	27%
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Leadership position in our core markets (e.g. LatAm – Corporates.)

Volume



1 Santander GB&M's Business Model

2 Track record

3 GB&M's strategy

Our growth strategy

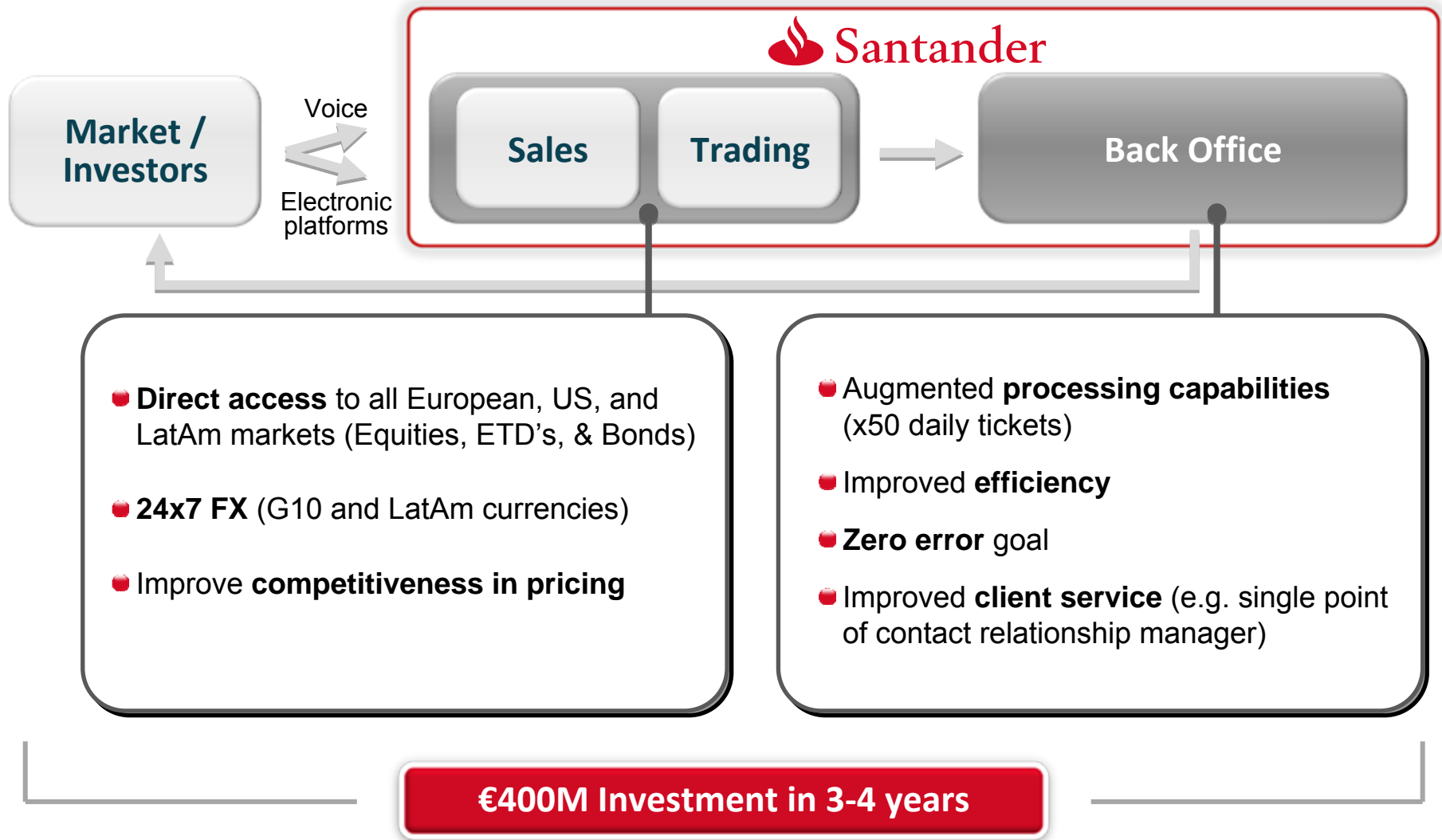
1

Grow share of **liquidity / capital light products**

Shift towards capital / liquidity light products

Product	Initiatives	New regulatory framework	
		Capital Intensity	Liquidity Cost
GTB	<ul style="list-style-type: none"> ● Cash Mgmt.: capture our fair share in UK, Brazil and Mexico, initiate business in US (NE), and leverage BZ WBK's platform ● Trade: increase the value added of our offering (e.g. Supply Chain Finance) and expand coverage in US and Europe 	Low	Favourable
Bonds origination & distribution	<ul style="list-style-type: none"> ● LatAm: consolidate strong position in High Yield and gain fair share in High Grade and local issues ● Europe: leverage corporate relationships, increase share in FIG and expand our base of sovereign issuers 	Low	Low
FX	<ul style="list-style-type: none"> ● Upgrade product portfolio (e.g. options, currencies pairs) ● Fully exploit our corporate clients' flows and Group's mid-corps/retail franchise potential (e.g. UK) ● Upgrade technology platforms to capture more institutional flows (in process) 	Low	Low
Equity	<ul style="list-style-type: none"> ● Maintain leadership position in ECM in LatAm and Iberia ● Regain fair share in LatAm Equity Flow, monetizing the recently deployed e-commerce platform 	Low	Low

Upgrade transactional capabilities



Our growth strategy

1

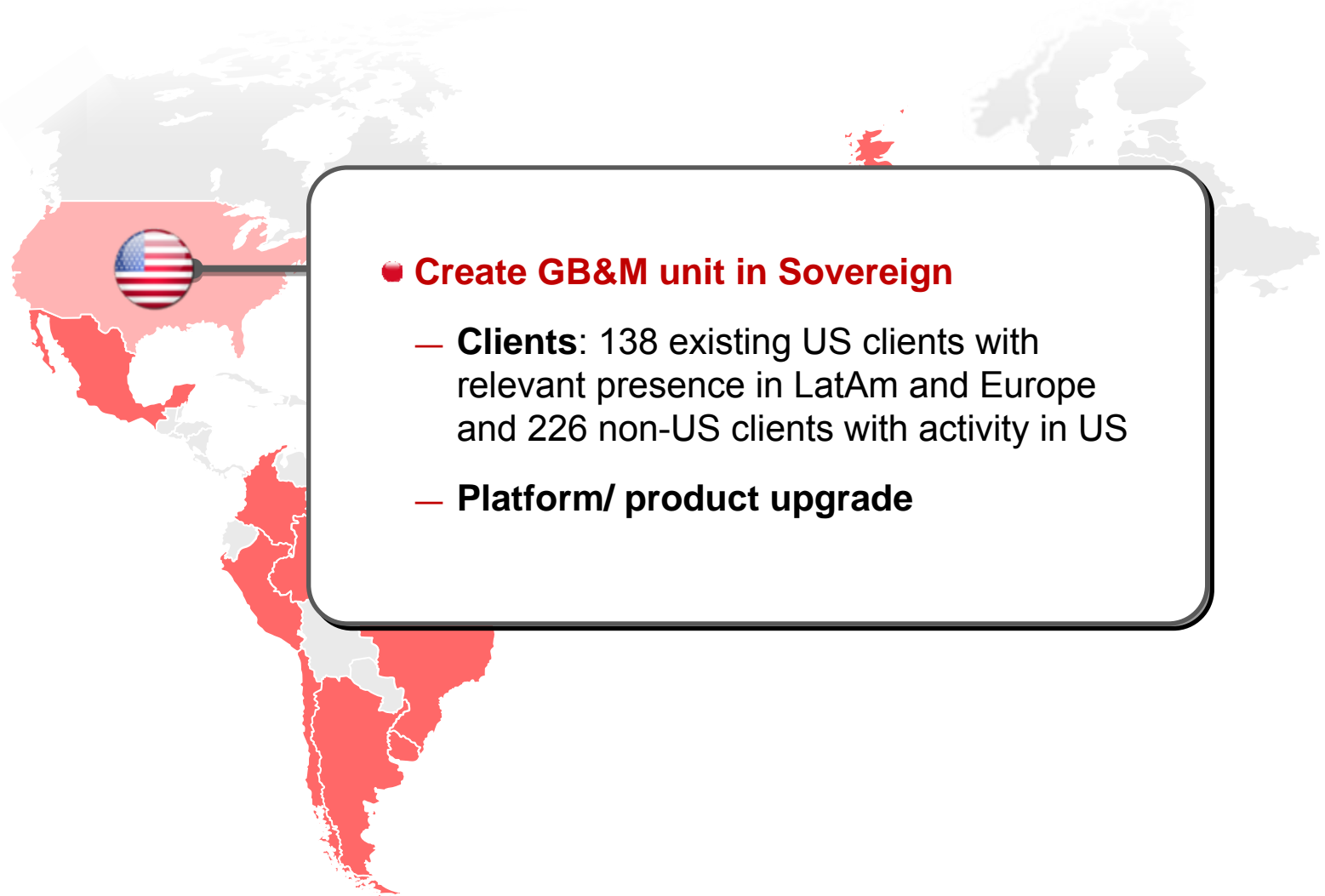
Grow share of **liquidity / capital light products**

2

Continue following the Group in its international footprint

Following the Group's steps

Santander's footprint



● Create GB&M unit in Sovereign

- **Clients:** 138 existing US clients with relevant presence in LatAm and Europe and 226 non-US clients with activity in US
- **Platform/ product upgrade**

Following the Group's steps

Santander's footprint



- **Create GB&M unit in BZ WBK**

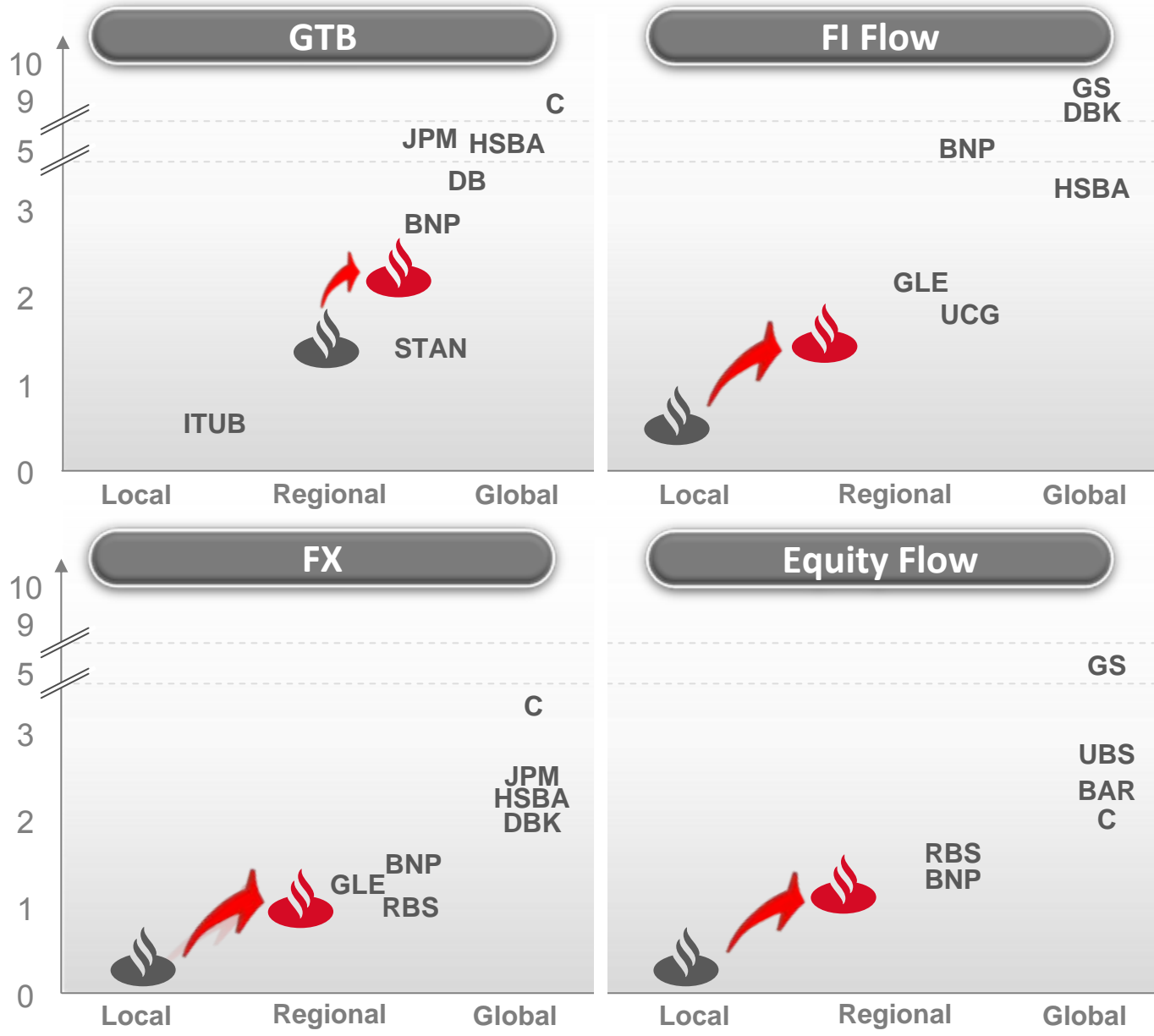
- **Clients:** 190 **Santander clients** with operations in Poland (30 of which were already operating with BZ WBK) and focus on 20 large **Polish corporates**
- **Products:** **Leverage** on BZ WBK's state-of-the-art **cash management platform** and on **Poland as a gateway into Eastern Europe**

Our ambition

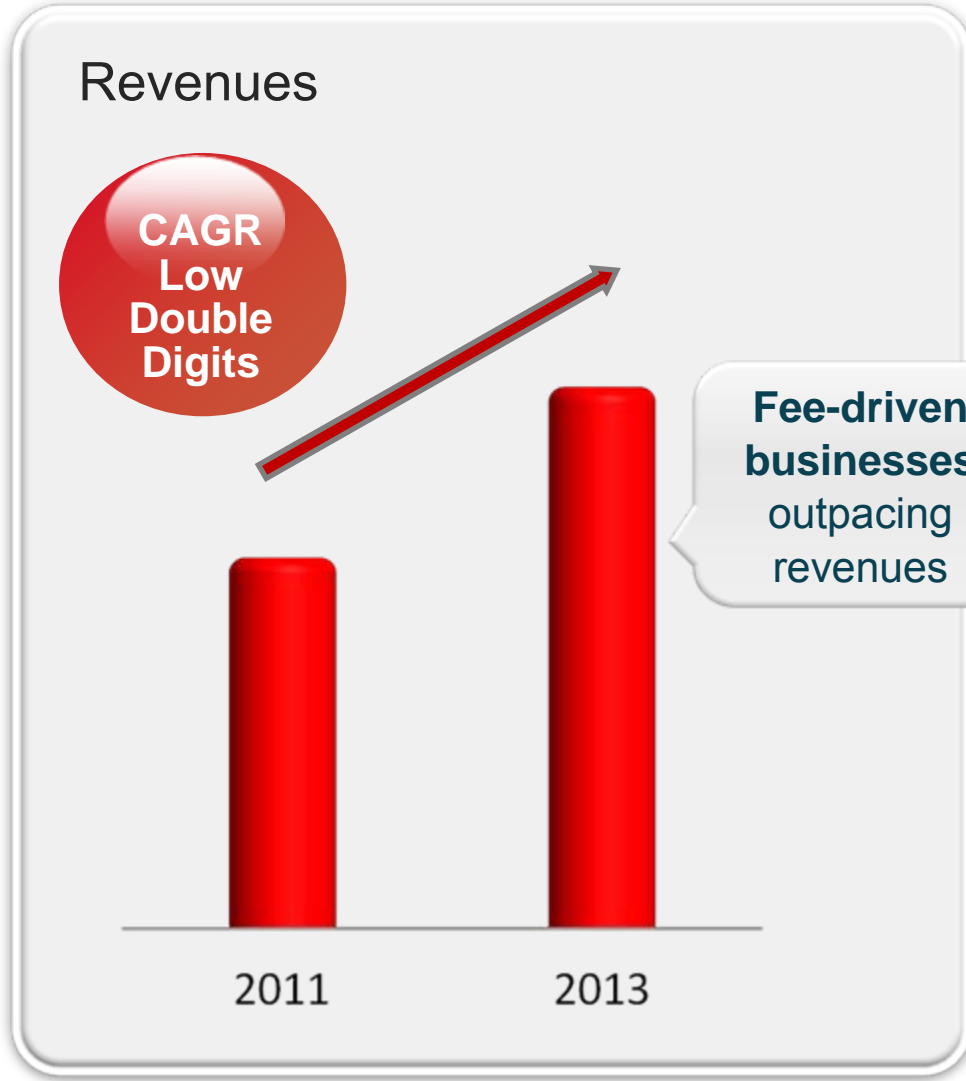
Our ambition...

GB&M's ambition

Today
2014



Financial targets



Contained
Cost / Income

Contained
Balance Sheet

Conclusion

- Santander has a unique **wholesale banking model** based on our **network approach**...
- ...that has allowed it to achieve a **leadership position** in the Group's **core markets**
- Our growth plan is the **natural enhancement** of our business model **adapted** to new market conditions and upcoming regulatory framework...
- ...yielding annual double digit revenue growth

Conclusion

- Santander has a unique **wholesale banking model**

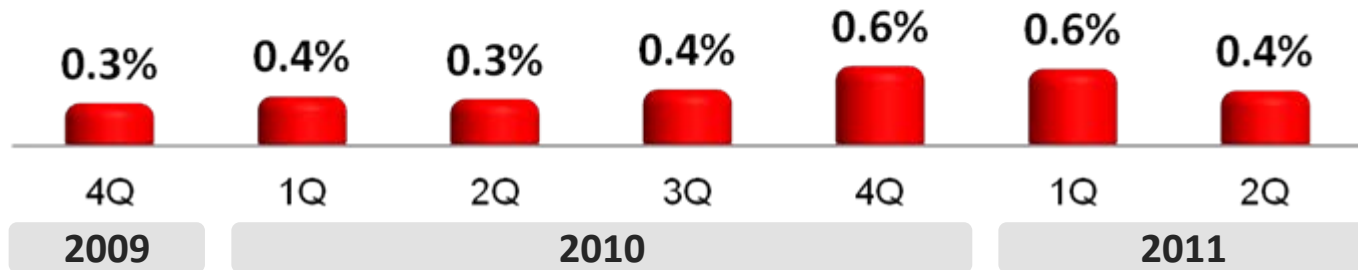


The most **local global** bank and...
...the most **global local** bank...
...in our **core markets**





Non-performing Loans



Conservative market risk management



Market Making Revenues

