Santander

London 29th & 30th September 2011

INVESTOR DAY

DELIVERING PROFITABLE GROWTH

Nuno Amado

Portugal

Disclaimer

Banco Santander Totta, S.A. (“Santander Totta”) and Banco Santander, S.A. ("Santander") both caution that this presentation contains forward-looking statements. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to: (1) general market, macro-economic, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties. The risk factors that Santander Totta and Santander have indicated in its past and future filings and reports, including in Santander’s case those with the Securities and Exchange Commission of the United States of America (the “SEC”) could adversely affect our business and financial performance. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date on which they are made and are based on the knowledge, information available and views taken on the date on which they are made; such knowledge, information and views may change at any time. Neither Santander Totta nor Santander undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The information contained in this presentation is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by Santander Totta and Santander. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in the presentation. In making this presentation available, Santander Totta and Santander give no advice and make no recommendation to buy, sell or otherwise deal in shares in Santander Totta, Santander or in any other securities or investments whatsoever.

Neither this presentation nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. Nothing contained in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000.

Note: Statements as to historical performance or financial accretion are not intended to mean that future performance, share price or future earnings (including earnings per share) for any period will necessarily match or exceed those of any prior year. Nothing in this presentation should be construed as a profit forecast.

Index

Index

Santander

We are a Retail Bank…

Who we are

- Acquisition in year 2000
- Attributable profit
  H1'11 €131 million
- Third Private Bank [2]
- Loans € 29.2 Bn

2%
Group's AP [1]

Strong Retail Network

- 730 branches
- 1,701 ATM
- 6,108 employees
- 1.3 million active clients

MKT Share [3]
10%

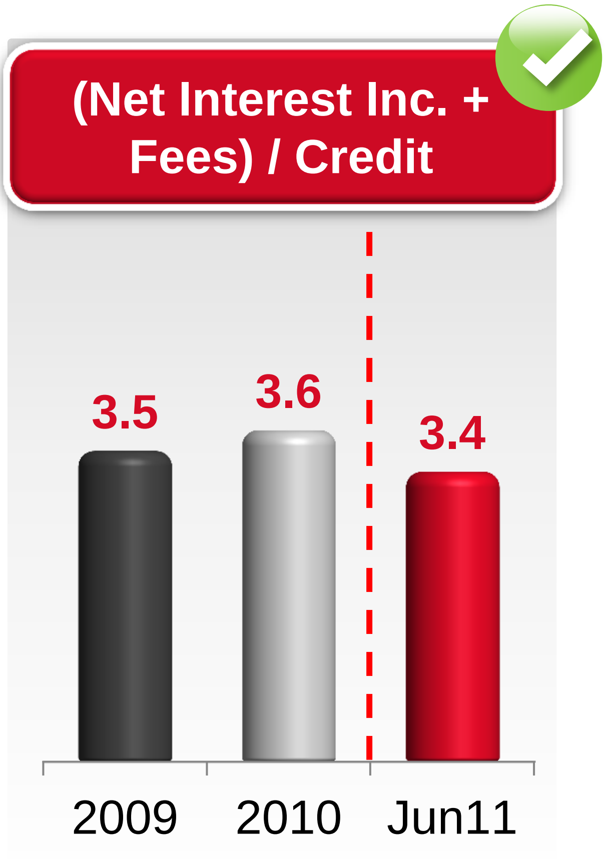
Solid Balance

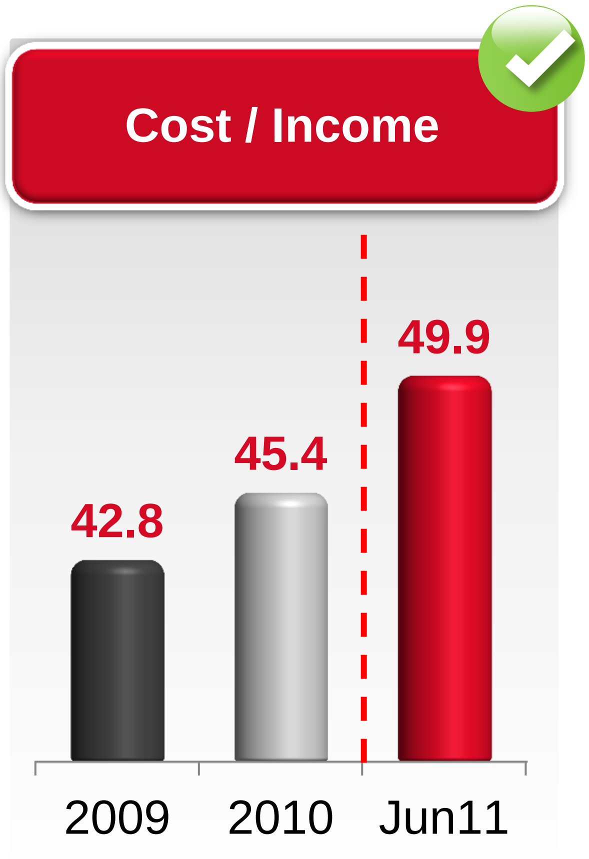
- Core Capital around 10%
- Yearly average maturity €1.0 Bn
  of wholesale funding

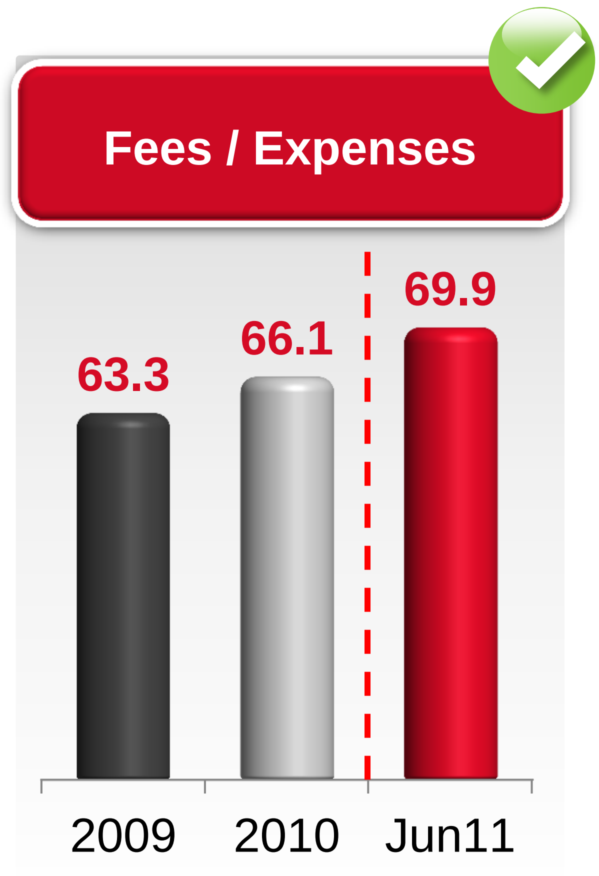
≈10%
Core Capital

(1) Recurring attributable profit
(2) Domestic Activity
(3) Credit market share

…with efficient revenue generation in recent years…



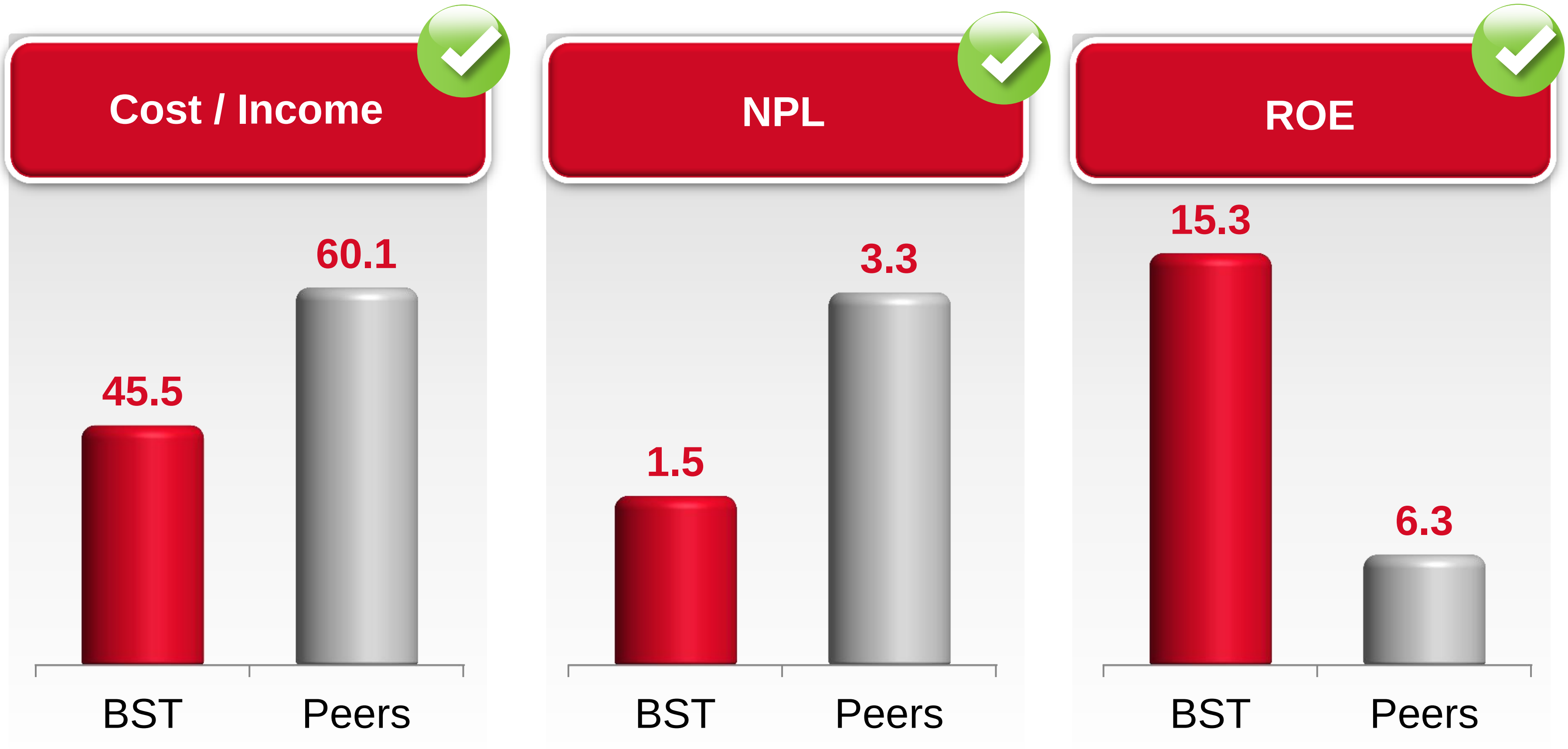




Consolidated criteria

… that gives us a competitive advantage over our Peers

Data in Local criteria



Based on a strong balance sheet…

Balance

- RWA optimization since 2008
- Credit/Deposits : 139% Dec10 / 131% Jun11
- Closing the commercial GAP (*)

Capital & Liquidity

- Core Capital around 10%
- Stable liquidity plan

Credit Risk

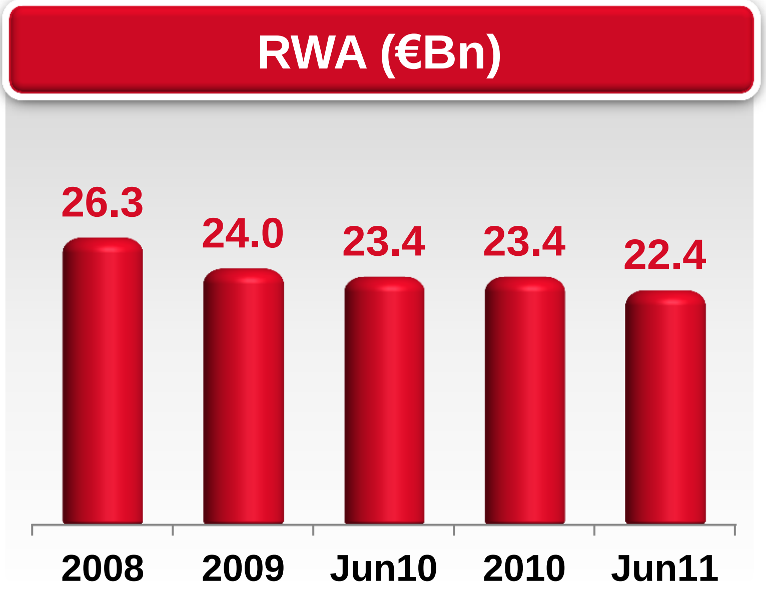
- Default Rate: 2.9% Dec10 / 3.3% Jun11
- Coverage Rate: 60% Dec10 / 62% Jun11

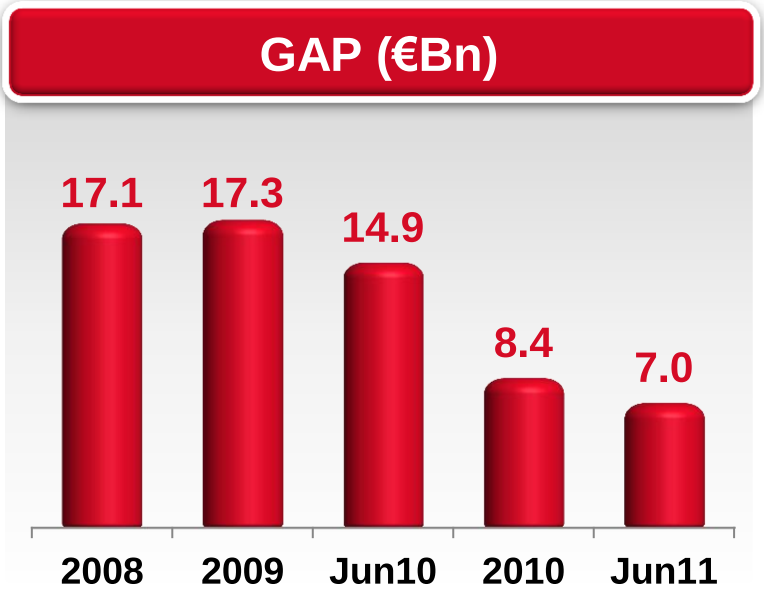
Consolidated criteria

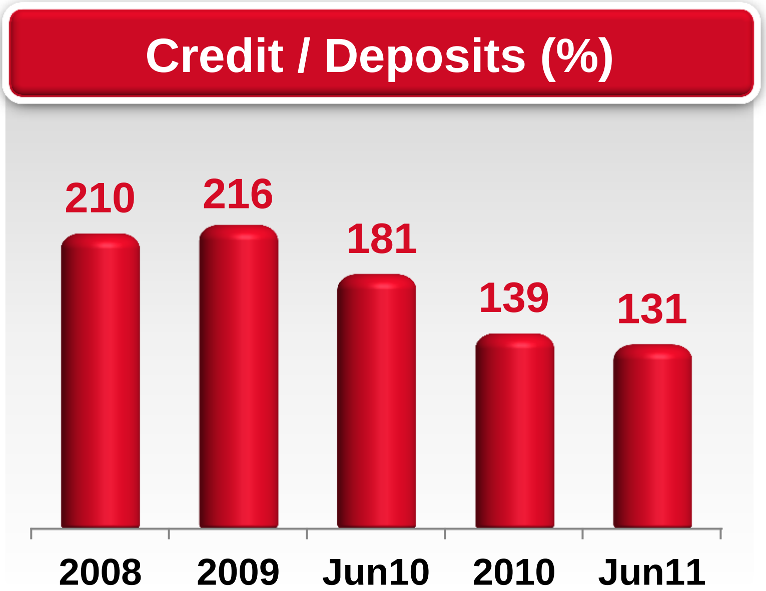
(*) GAP: Net Credit - Deposits

We have been focused on balance sheet management…

- Over the last years we have reduced RWA
- Managed our commercial GAP





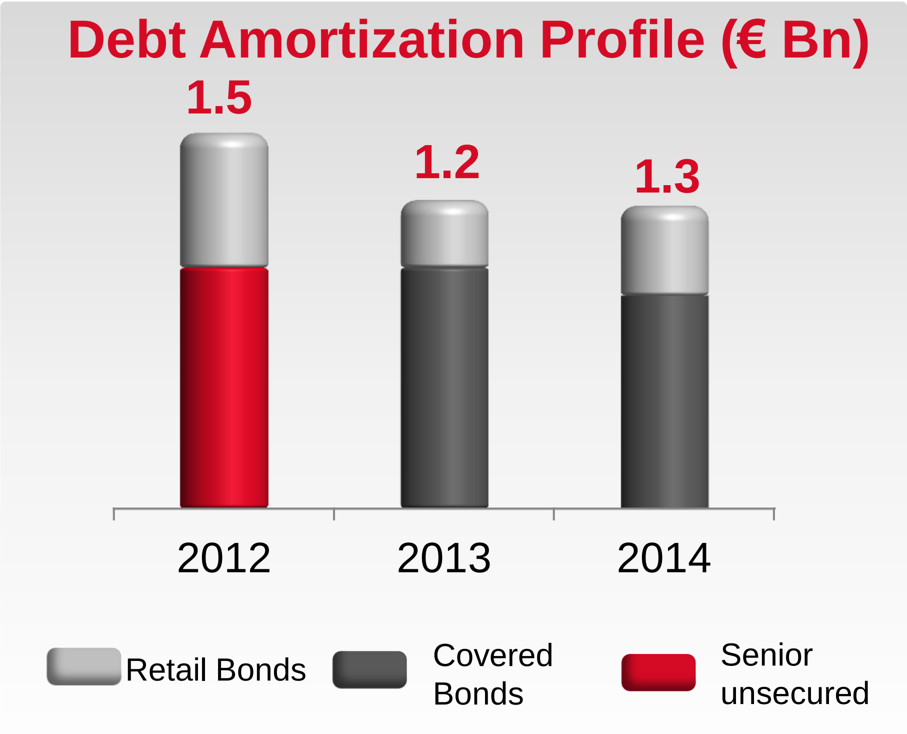


INVESTORDAY

Consolidated criteria, June 2011 data;%

Santander

With a stable and sustained liquidity plan



Debt Amortization

- No wholesale amortizations until June/12
- Less than €1Bn average wholesale market amortization per year until 2014

ECB liquidity

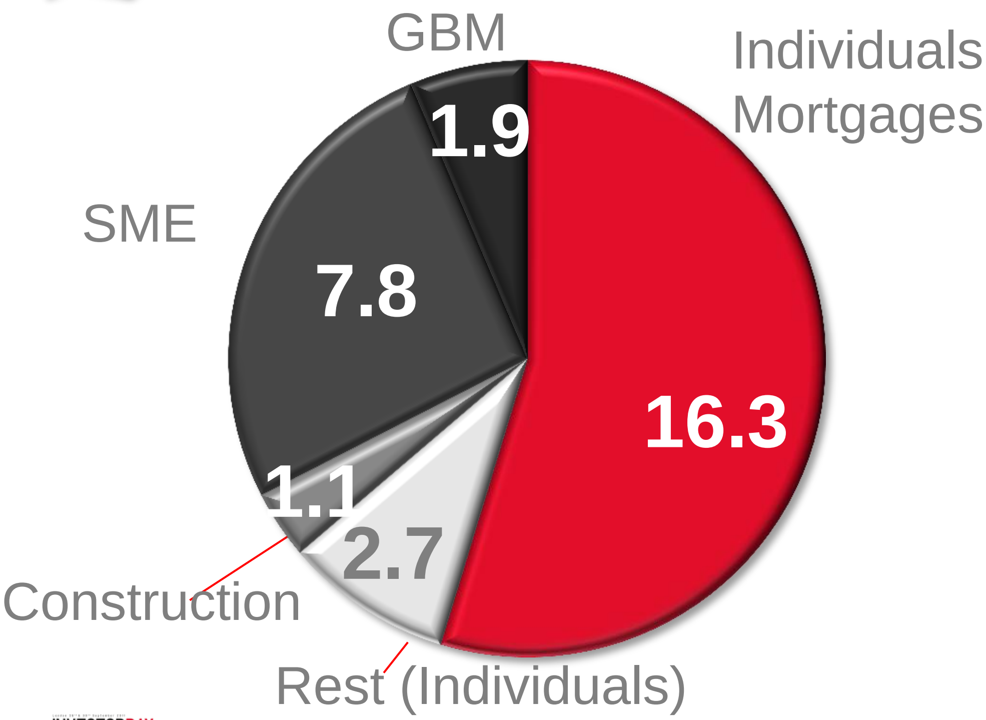
- €2.4 Bn drawn of net liquidity (Aug/11)

Portuguese Public Debt

- We maintain €1.6 Bn in our balance

We keep a controlled real estate risk…

- 56% is the average LTV mortgage
- Construction portfolio represents less than 4% of loans



Mortgages

- Average LTV 56%
- Default rate 2.7%
- 92% first residential propose

Construction Credit

- €1.1 Bn Loans
- 77% residential; 9% building land
- Default rate 13.4% (*)

Foreclosed Assets

- Portfolio 203 millon (0.7% of our credit balance)
- Coverage rate 27%

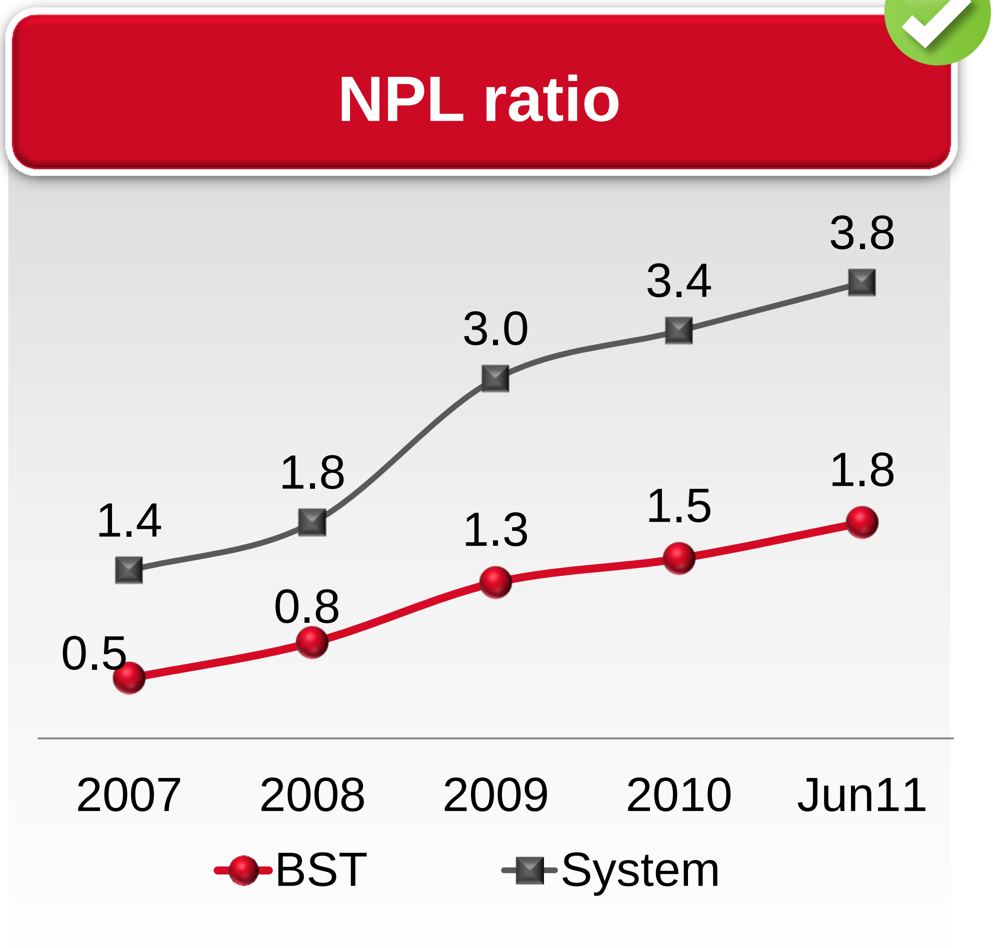
INVESTORDAY

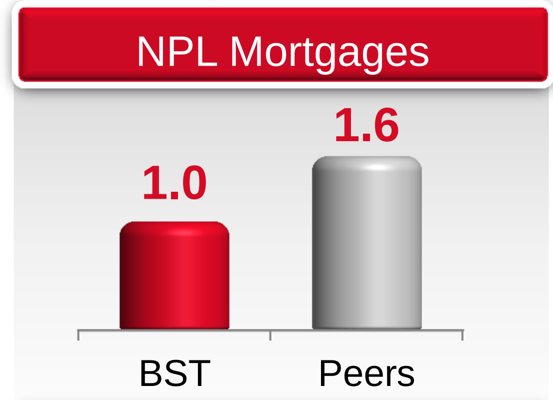
Consolidated criteria, June 2011 data
(*) August 2011 data

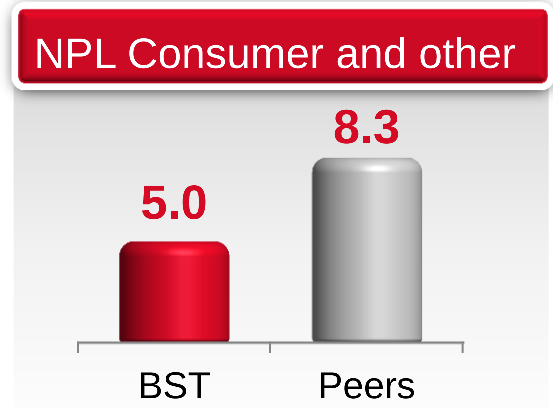
Santander

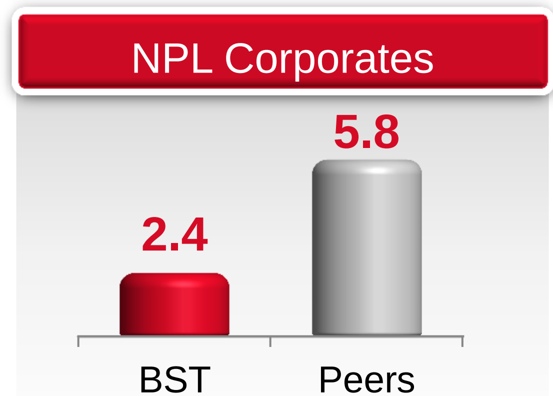
…and our credit quality is better than the system

Data in Local criteria









June 2011 Data; %

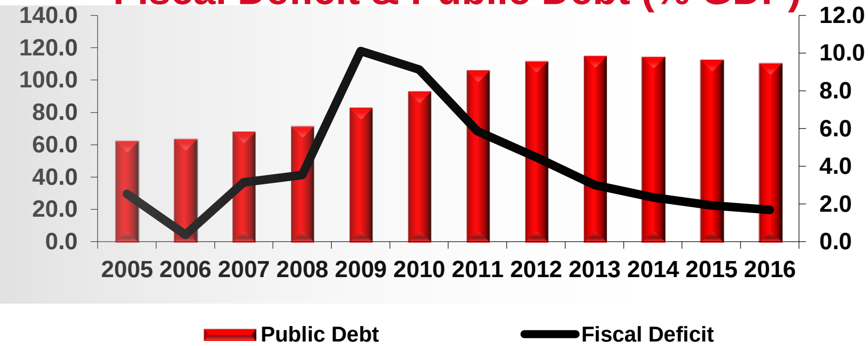
Index

Portugal is under a macroeconomic program with strong goals, although necessary and achievable…

General Government

Fiscal Adjustment | **Sustainability**

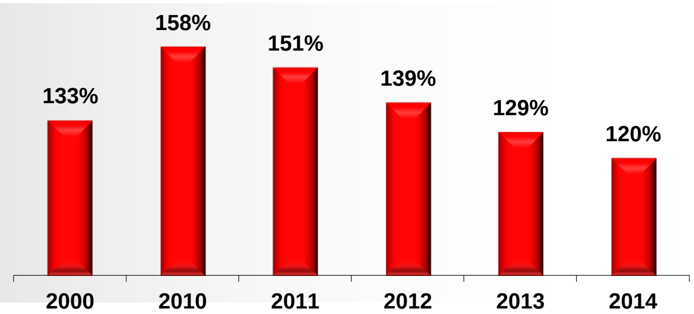
Fiscal Deficit & Public Debt (% GDP)



Financial System

Deleveraging | **Solvency**

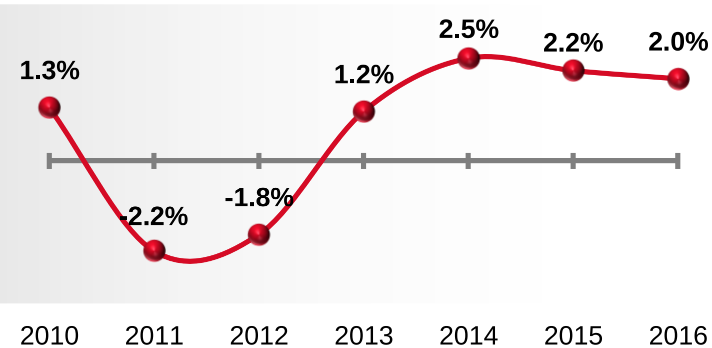
Credit/Deposits Ratio (%) (*)



Structural Reforms

Productivity | **Exports**

Potential GDP

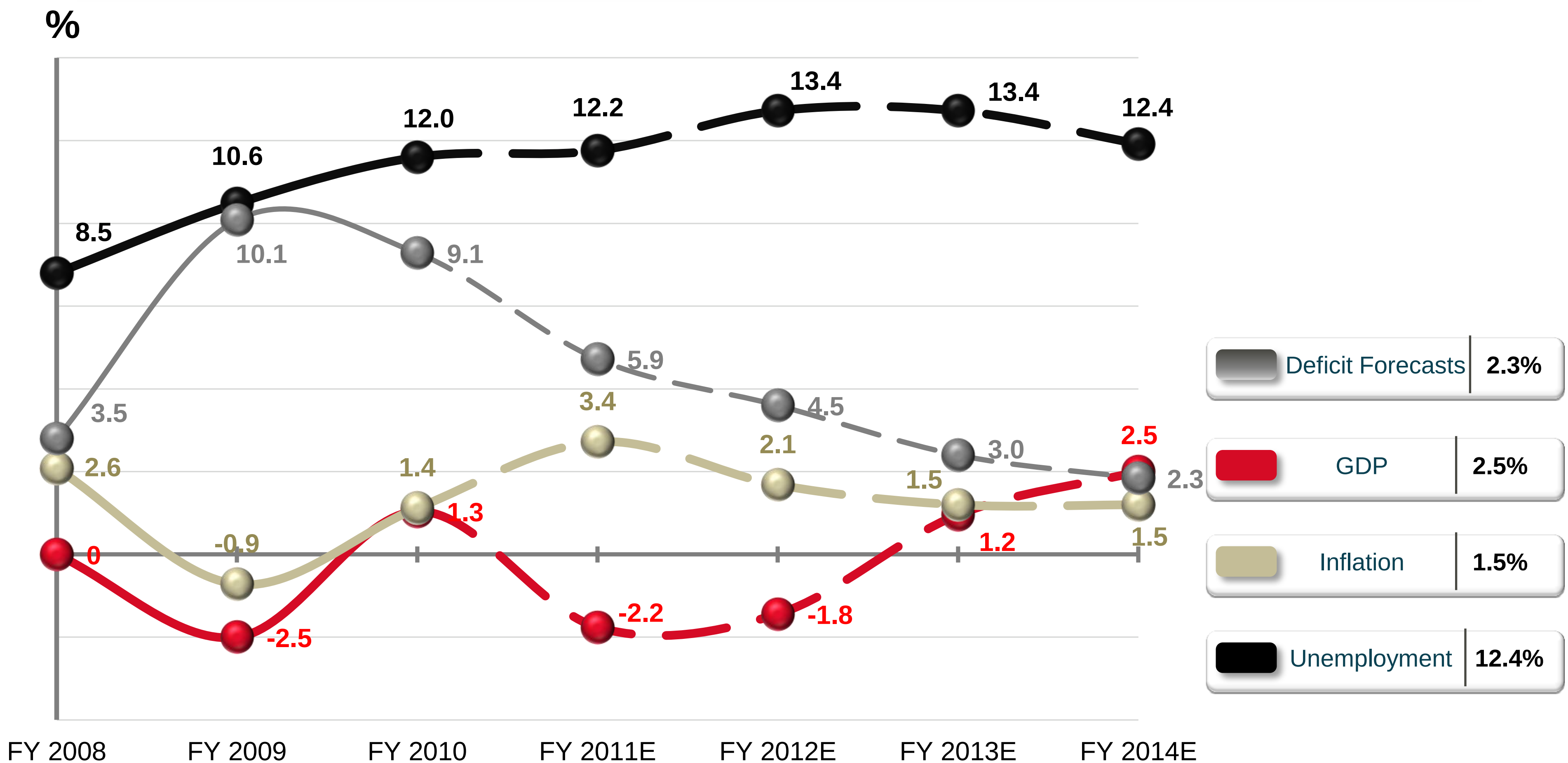


Source: International Monetary Fund, World Economic Outlook Database, September 2011;

(*) Source: Finance Ministery, July 11, forecasts 2011 and 2012; 2013-2015: Memorandum of Understanding

Recovering the growth path in 2013

Years 2011 and 2012 will be the most acute in economic terms, recovering the growth path at the beginning of 2013



Source: International Monetary Fund, World Economic Outlook Database, September 2011

The financial system has to achieve targets of deleveraging and minimum solvency ratios between 2011 and 2014

Data in Local criteria

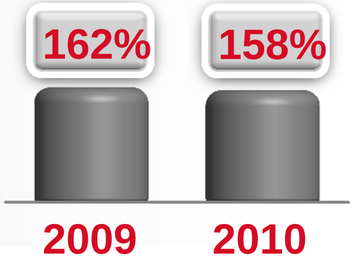
System

Balance Sheet

120% Credit/Deposits (Local) (*)

- Deleveraging

Credit/Deposits

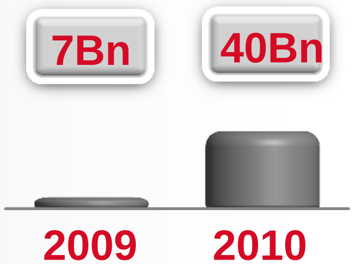


Liquidity

35Bn Financial Line

- ECB Limit access
- €35 Bn debt line of guaranteed by the state

ECB Access

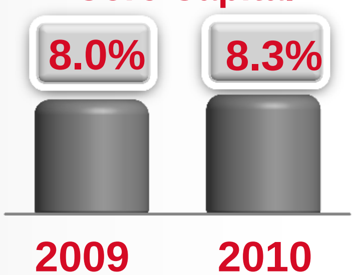


Capital

10% Core Capital

- Core Capital ratios required 9% in 2011 and 10% from 2012 onwards
- Line €12 Bn to recapitalize

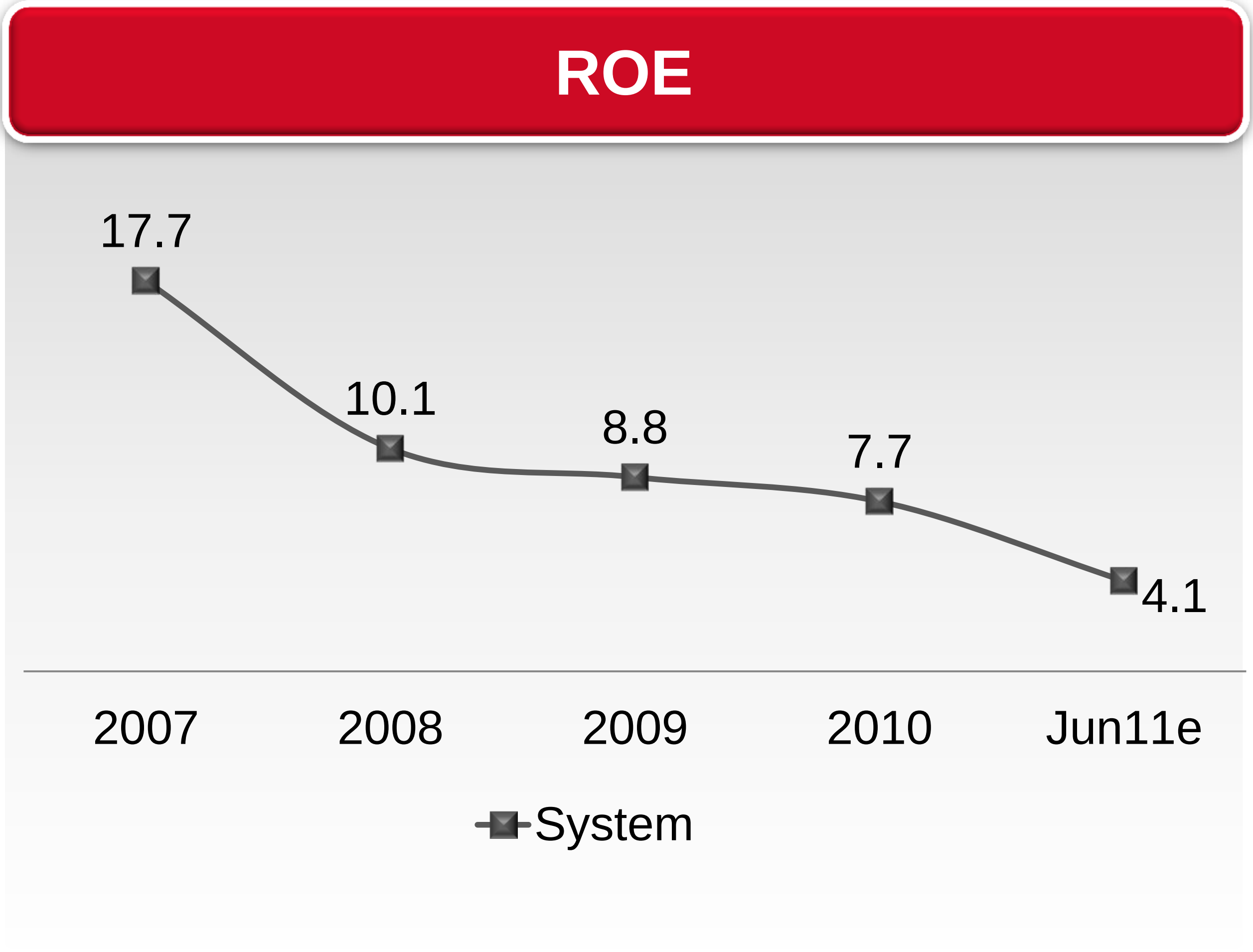
Core Capital



(*) Troika Plan

These impacts are beginning to reflect in the system's profitability

Data in Local criteria



Index

Strategy

Individuals

- Private Banking & Premium
- Productivity (Ready Project)

Corporates

- Balanced business plan
- Focus on transactions

Credit Risk

- Strong NPL control
- Focus on recovery

… with rigorous cost management

SOLVENCY

DELEVERAGING

Individuals Strategy

Customer Resources management

Spreads management

NPL Control

50% of the network: its goals are 50% customer funds, 25% gross income and 25% Credit risk

50% of the network: 70% of its objectives focus on Credit risk

"Ready Project"

Increased Productivity:

- Important review of the Systematic follow-up model and business objectives
- Revitalization program based on individual performances and rankings

Private Banking & Premium

Selective Focus:

- ~65% of customer funds are concentrated in this segment, about 6% of customers
- Development of segmented offering in terms of distribution / service / product
- Select Project (affluent)

Corporates Strategy

"SELF FUNDED STRATEGY"

Balanced Growth (Credit - Deposits)	Transactional (Commissions Base)	New Customers (Selective Focus)
Liquidity: self-finance objectives/to improve Credit/Deposits ratio **Credit:** repricing and highly selective growth in customers **Resources:** to capture and sustain credit growth	**Factoring/Confirming:** with controlled risk **Trade-Finance:** focus on export **Cash-Management:** Collection and payment services / tools / / institutional clients **Commissions:** repricing of products and services	Key Element in the Strategy to strengthen the position Selective focus on commercial offer to clients (not only seek a credit relationship) with international business development, supported by the Group's network

Credit Risk

Impacts

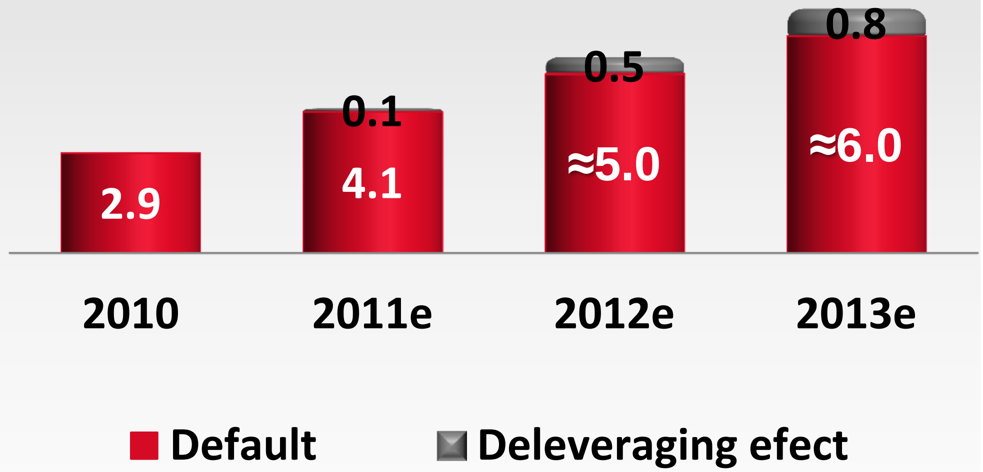
- Unemployment
- Credit restriction
- Decrease in GDP

Increased NPL rate

Our approach is based on

- Close monitoring of the loan portfolio
- Default credit management
- Improved recovery process

NPL rate %



Coverage rate %

60	56	64	69

Expenses

The basis of our efficiency is the constant optimization of our processes and strict cost control

2013 Cost / Income
≈50%

- Process optimization of installed capacity:
  - Closing more than 30 branches in 2011. Optimization process.
  - Optimization of International Network
  - Additional staff reductions in 2012 (about 80)
- Optimization of the cost base:
  - Renegotiation of contracts: **price**
  - Rationalizing consumption: **quantity**
  - Increased competitive position: **reengineering process**
  - Reduced discretionary spending: **expenses control**

In 2011, up until August:

- 28 branches closed and reduced staff by 100
- Optimization of cost base Energy Project, Central Services, Communications Project costs
- After the implementation of Parthenon, the core IT processing platform, is expected to reduce technology investment

Deleveraging

Data in Local criteria

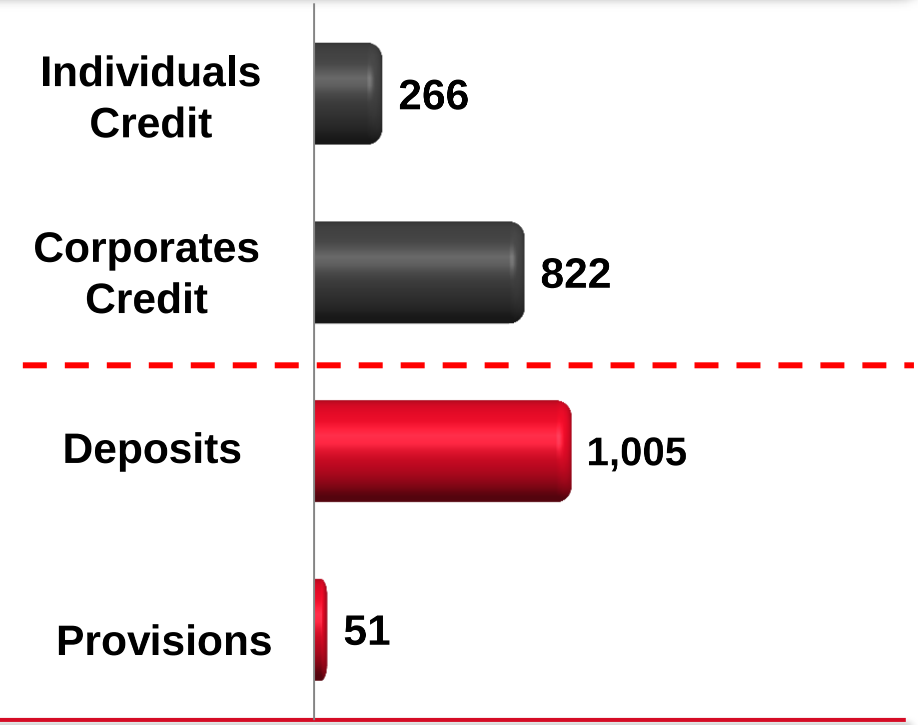
Target Credit/Deposits in 2014
120%

Commercial Gap Decreased to 2014
€7.9 Bn

- Lower Credit
- Increase in Deposits
- Rise in provisions

- Deposits strategy and the natural amortization of our mortgage portfolio are the drivers of our plan
- We will maintain profit generation and solvency in the whole process

Commercial Gap narrowed between Apr - Aug 2011(*): €2,200 Million



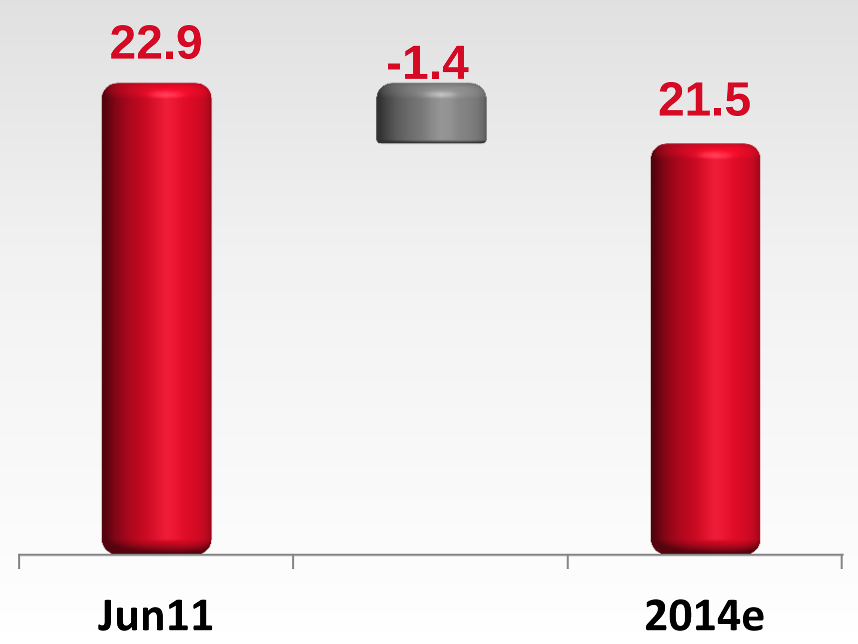
(*) Troika Plan is based on Financial Information at March 2011 to December 2014

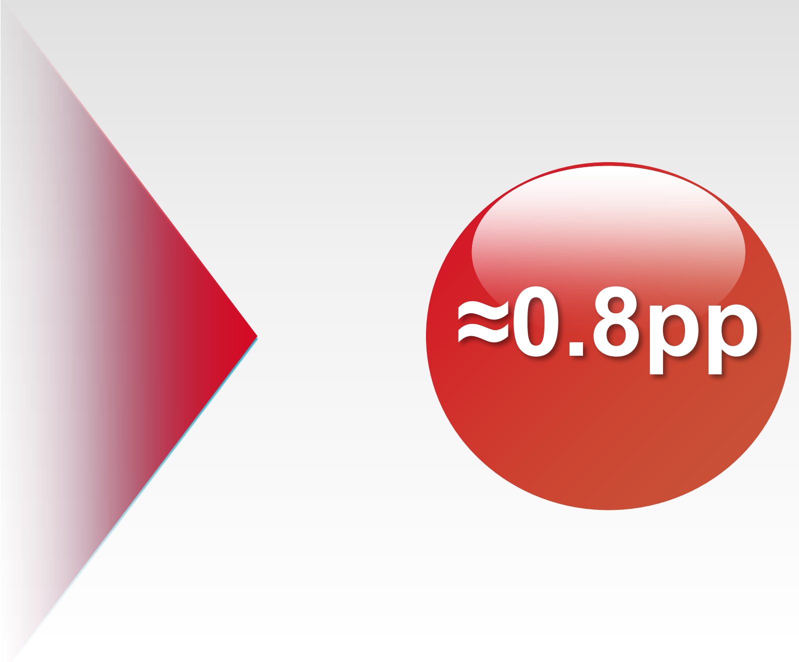
Solvency

The deleveraging plan will lead to a reduction in RWA, which will improve our Core Capital above 10% from 2012 (minimum required)

Data in Local criteria

Estimated impact of deleverage over RWA (€Bn)	Core Capital estimated impact of deleverage (%)





Exercise with constant credit factors

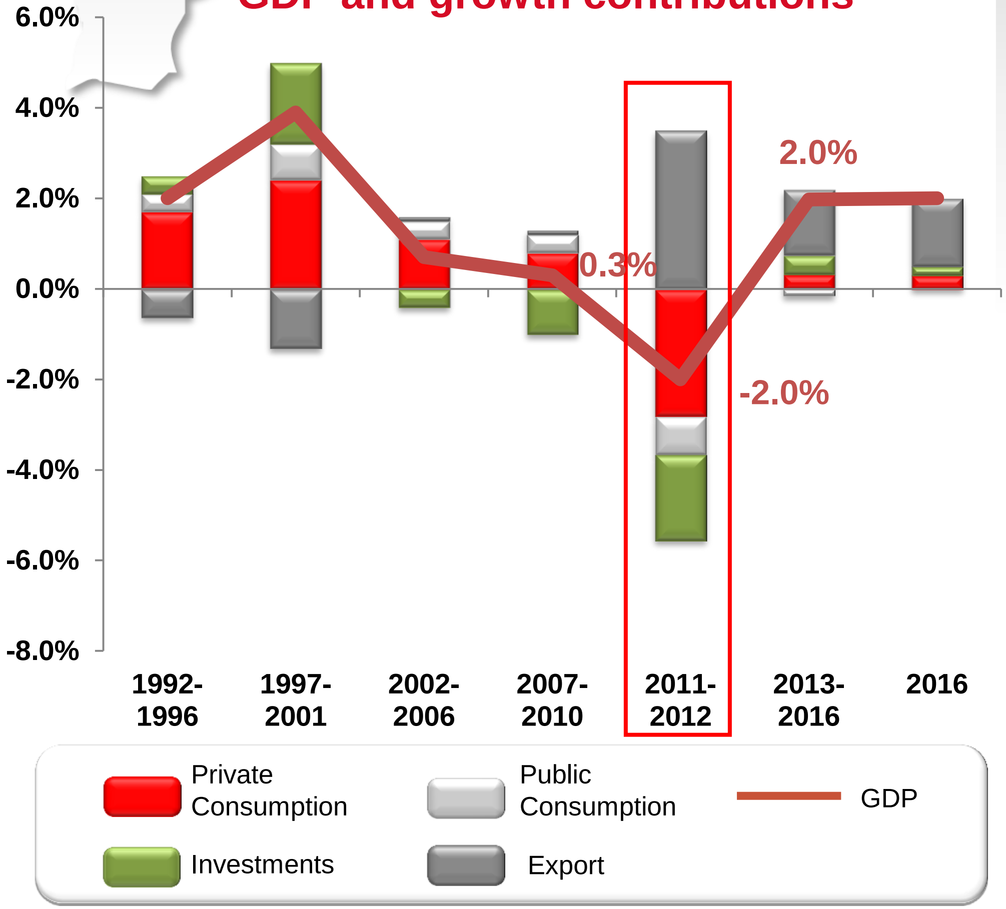
Index

The reforms shall lead to GDP growth

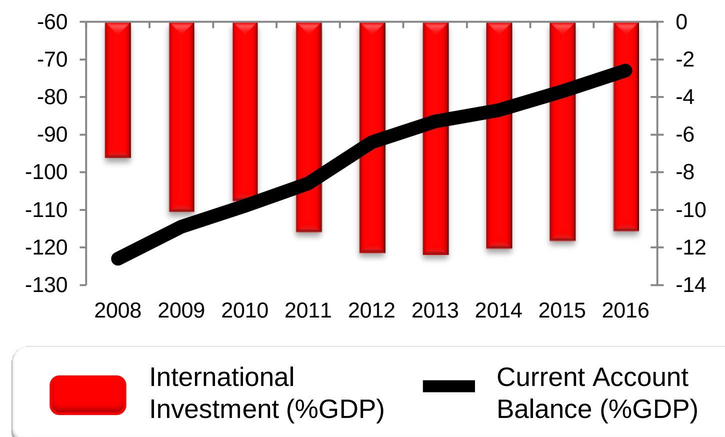
Structural Reforms

Over the next 2 years Portugal has to prepare the foundations for a stable growth as of 2013, based on productivity improvements and fiscal balances

GDP and growth contributions



International Investment Position and Current Account Balance (% GDP)



Source: International Monetary Fund, World Economic Outlook Database, September 2011; Finance Ministery; Bank of Portugal

In a complex environment…

2013 Revenue Structure

- $\frac{\text{Net Interest Inc.+ Fees}}{\text{Credit}}$ — **Ca. 3.5%**
- Cost / Income — **<50%**
- $\frac{\text{Fees}}{\text{Expenses}}$ — **Ca. 65%**

Assumptions

- We will maintain positive returns, and will not destroy capital
- We have a stable and sustainable liquidity over the next years
- Comply with core capital requirements during the plan
- In a process that will reduce our commercial GAP by € 7.9 Bn by the end of 2014 (Bank of Portugal criteria), 28% done.

Consolidated criteria