

# Bancassurance partnership with AEGON

20<sup>th</sup> December 2012



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## Business Overview and Description of the Transaction

Strategic Rationale

Financial Impact

Summary and Next Steps

# Transaction Summary

## Scope and Structure

- AEGON Spain Holding BV acquisition of 51% and management of two newly created companies integrating life protection and general insurance Santander insurance business in Spain
- 25-year exclusive distribution agreement in Spain with Santander, Banesto, Banif and Openbank networks

## Business Overview

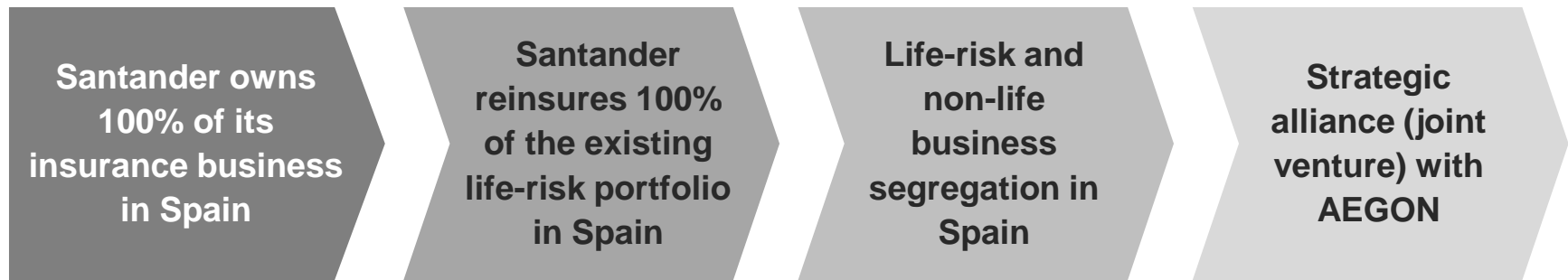
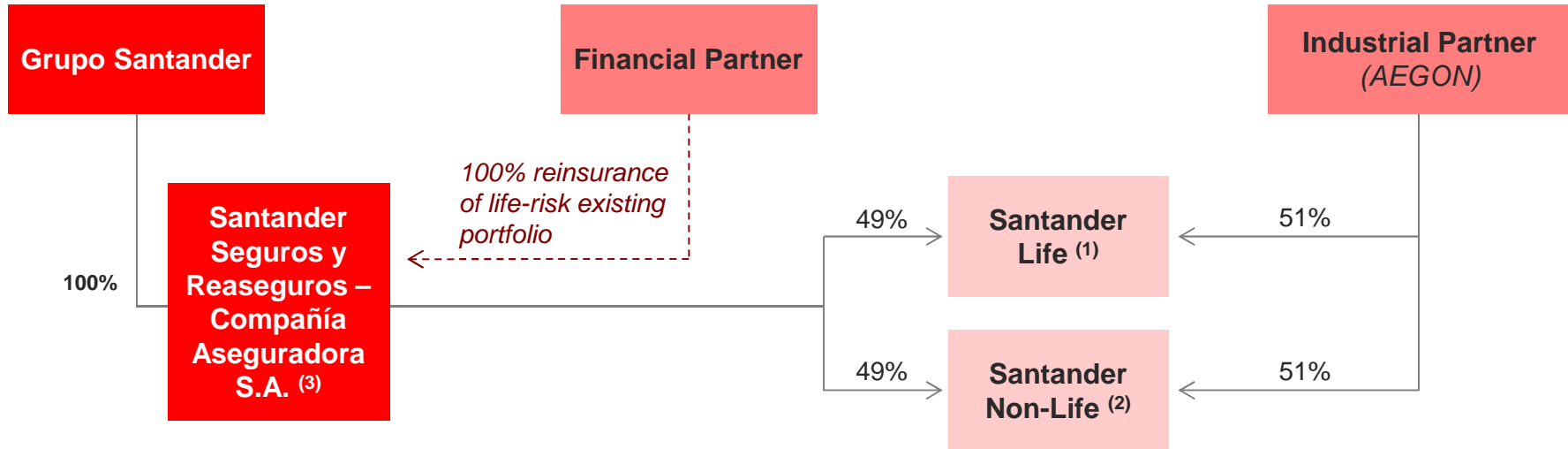
- Life Protection c. 270,000 insurance policies and € 81Mn Gross Written Premiums <sup>(1)</sup>
- General Insurance c. 727,000 insurance policies and € 162Mn Gross Written Premiums <sup>(1)</sup>

## Key Financial Terms

- Up-front payment of € 220Mn for 51% of the insurance business, underpinning value of the business

(1) 2013 Estimates of the transaction perimeter

# Targeted Transaction Structure



(1) Excludes existing portfolio. Only includes the new business from the 1st July 2012 onwards

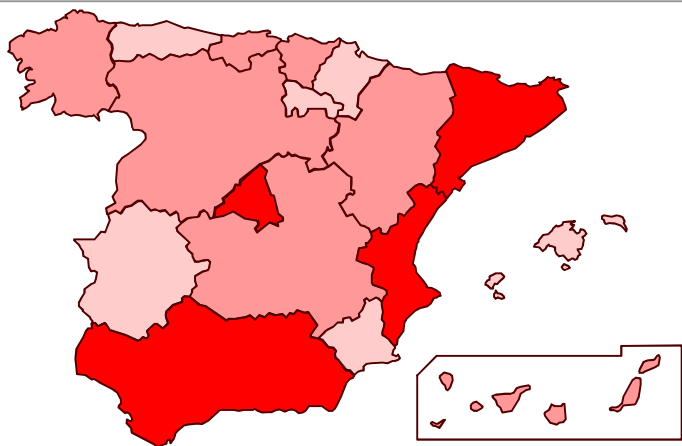
(2) It includes both the existing portfolio and the new business

(3) Savings, top management and employees will stay at "Santander Seguros y Reaseguros". Those life policies that include unemployment / temporary disability will remain under "Santander Seguros y Reaseguros", but will be 100% reinsured by the new entities



# Perimeter of the Agreement - Key Figures 2013 Estimates

## Top distribution capabilities...



- Network integrated by 17 regional divisions
- 9,500 sellers
- 4.664 branches
- Over 12 million clients

## ...To build up a leading insurance business

# of Policies

997,000

Gross Written  
Premiums

€ 243.4 Mn

EBITDA

€ 29.9 Mn

Net Income

€ 24.9 Mn

Leading distribution capacity: Santander is a top player in the Spanish banking market

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**Strategic Rationale**

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# Rationale for the Transaction

**Insurance partner  
accelerates growth  
into next development  
phase**

- Increasingly important business, which will benefit from having a partner to accelerate further growth
- Next bancassurance development phase in Spain benefits from the sophistication and product know how of an insurance partner and Santander's strong distribution capabilities.

**AEGON - Right partner  
to unlock future growth  
potential**

- AEGON is a leading international life insurance, pensions and asset management company with businesses in over 20 markets in the Americas, Europe and Asia, fully committed to bancassurance:
  - Wider product range with simple commercial processes
  - Build insurance proposition to unexplored segments
  - Extensive expertise in ALM & risk management and operations

**We continue to  
rebalance  
our business  
portfolio**

- We sell businesses / seek partnerships where we feel a partner can add value...
- ...and we acquire businesses where we can generate significant extra value (e.g. in LatAm Zurich agreement, retail and commercial banking in Poland...)



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# Financial Impact

## Deal multiples

	2013 Estimates (100%)	Implied Multiple based on €431Mn upfront payment
EBITDA	29.9	14.4x
Net Income after tax	24.9	17.3x

## Earnings impact

- We expect to achieve EPS breakeven within two years (as a result of increased sales on the back of this partnership)

**Capital gains (gross of tax) of € 410Mn will be used to reinforce balance sheet**

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## **Bancassurance Agreement with AEGON in Spain**

- High complementarity allowing to leverage on Santander strong distribution capabilities and AEGON proven track record in bancassurance in terms of new products, distribution management and risk-based return culture
- Attractive consideration with an upfront payment that underpins the quality of the business and the distribution networks

**Crystallizes value for Santander and brings its Spanish Bancassurance operations to the next level of development**

## Key milestones

- 19<sup>th</sup> December 2012: Signature of definitive transaction agreements
- The transaction is expected to close by the first quarter of 2013 (subject to antitrust and insurance regulatory approvals and other conditions)

