

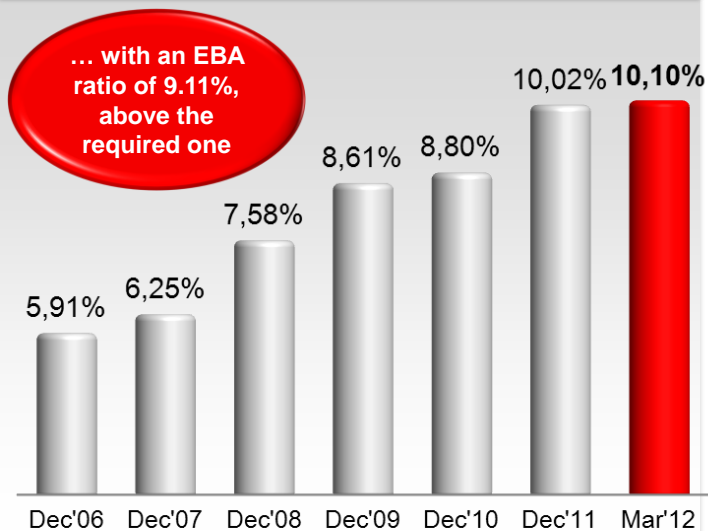
Creating value in a dual World

May 2012

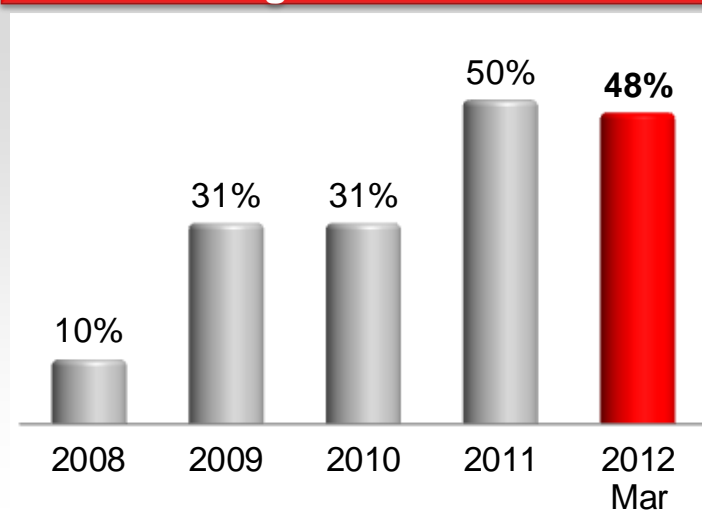
Jose Antonio Alvarez
CFO
Santander Group

Over the past four years, we have taken active measures to strengthen our balance sheet

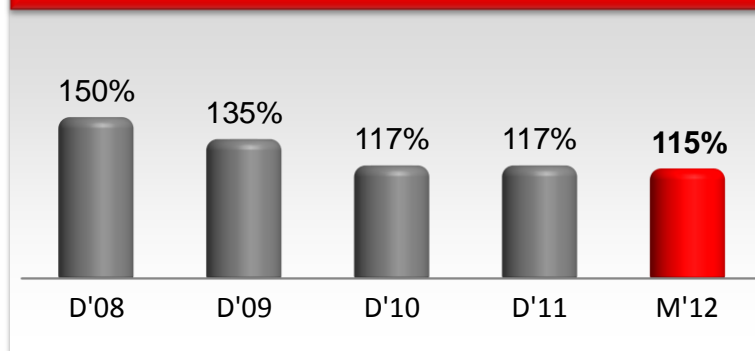
Core capital evolution



Real estate assets: Coverage ratio evolution



Loan-to-deposit¹ ratio

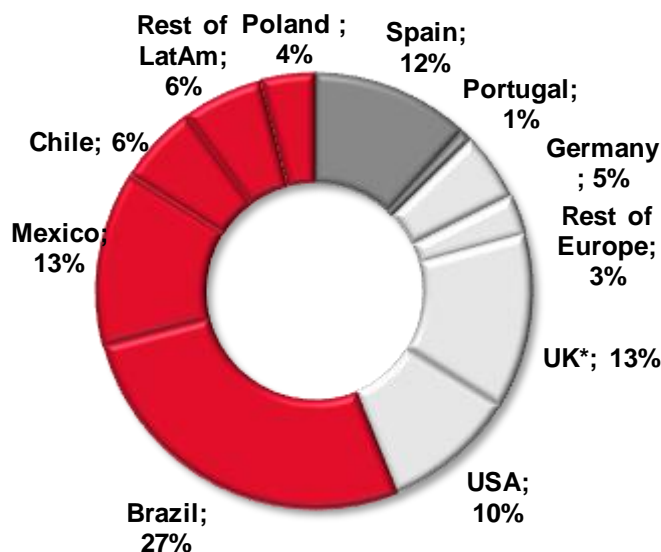


We are well positioned to deliver attractive returns in both emerging and mature markets:

2 Emerging markets

Emerging
markets: LatAM / Poland (56%) - sustained growth outlook

Net attributable profit



1 Mature markets

A. Mature
markets w/
cyclically high
provisions: (13%
of profits)

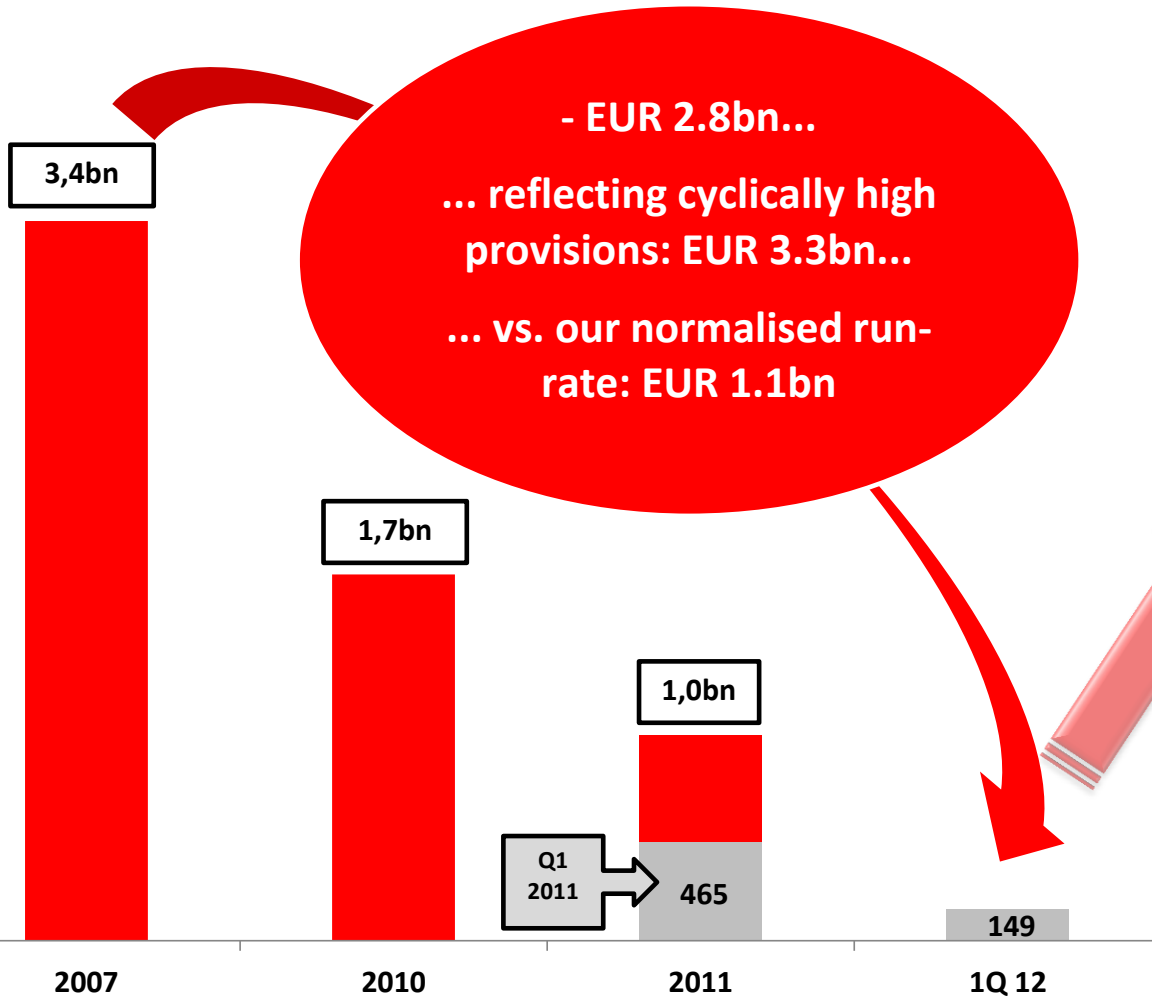
B. Mature
markets where
provisions are
stable / down
(31% of our portfolio)

(*) Excluding PPI provision

1a

MATURE MARKETS WITH CYCLICALLY HIGH PROVISIONS (SPAIN / PORTUGAL): Recover lost profits, taking advantage of our position of strength...

Net profit- Spain + Portugal (EUR m)



Management priorities

- Focus on collections / recoveries
- Actively manage margins
- Efficiency gains / adapt cost structure
- Gain profitable market share-leverage position of strength

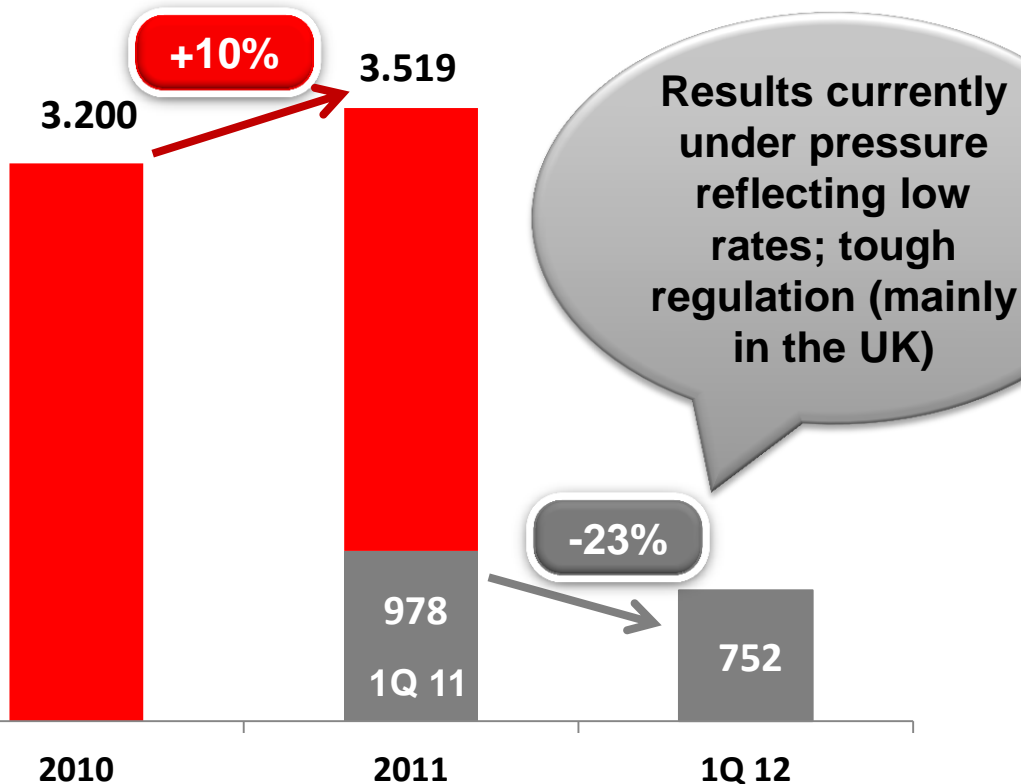
1b

MATURE MARKETS WITH A MORE BENIGN CREDIT CYCLE:

5

we can grow in those segments in which we are underrepresented...

Net profit-
UK + US + SAN Consumer (EUR m)



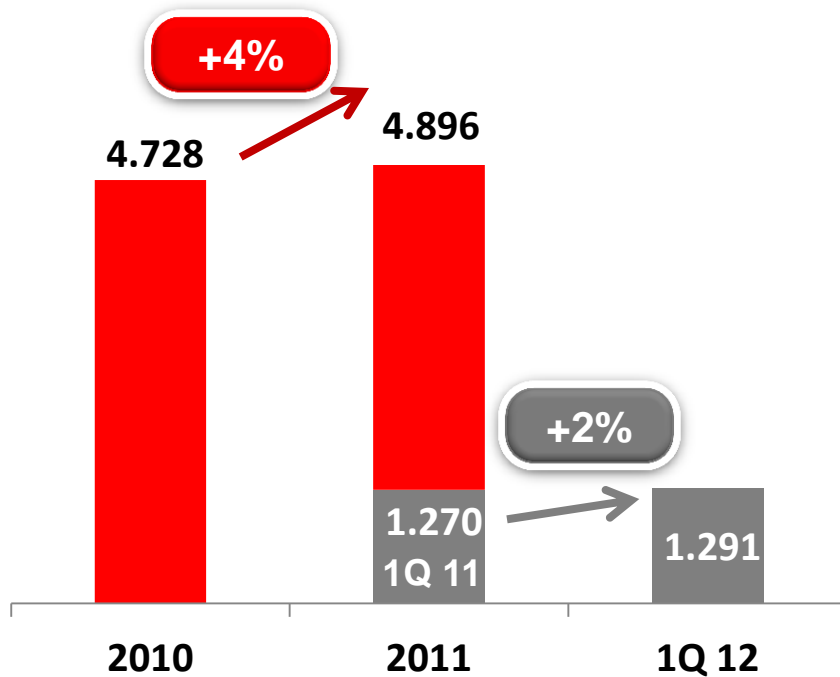
Management priorities

- **Building STRONG COMMERCIAL FRANCHISES**; continue to implement commercial model
- Leverage global units
- Grow in “underweight” segments (e.g., UK SMEs)

... in order to deliver growth in a difficult environment...
... and ROEs above the market standard

We are well positioned to take advantage of healthy economic growth..... and improved bancarisation levels

Net profit
Eur million



MANAGEMENT PRIORITIES

- **Positive jaws** (in markets with significant cost pressures)
- **Low risk profile**, with a through-the-cycle approach
- **Gain profitable market share**
- **Leverage Group strengths-**
IT, global units, connectivity

Over the next 2-3 years, we expect our profitability to normalise

Cyclical normalisation (provisions in Spain; interest rate normalisation; liquidity costs)...
... plus: taking advantage of growth opportunities

