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Country Head USA

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Note: The businesses included in each of the geographical segments and the accounting principles under which their results are presented by Grupo Santander may differ from the business included in the public subsidiaries in such geographies and the accounting principles applied locally. Accordingly, the results of operations and trends shown by Grupo Santander for its geographical segments may differ materially from those disclosed locally by such subsidiaries.

Agenda

1 Market and financial system

2 Strengths and opportunities

3 Strategy

4 Targets

Agenda

1 Market and financial system

2 Strengths and opportunities

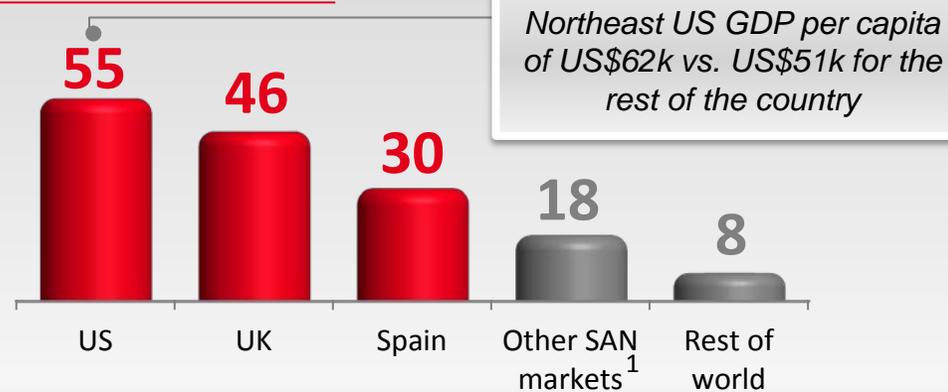
3 Strategy

4 Targets

The US is an important market for Santander with significant growth potential

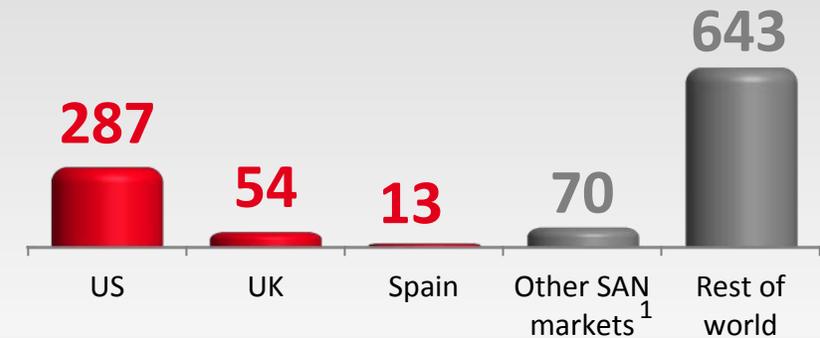
The US has one of the highest GDP per capita ...

GDP per capita (US\$^k, 2014)



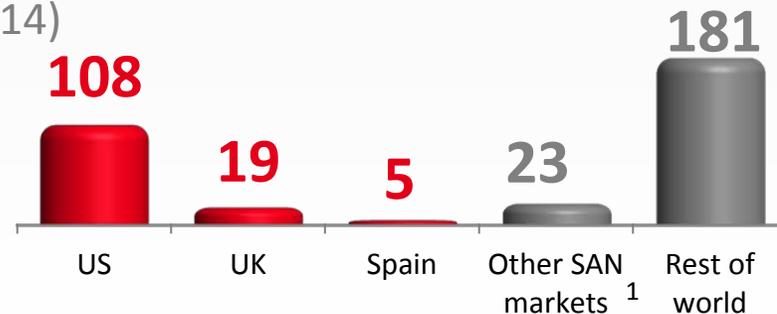
... and hosts the highest number of large companies

HQ of Fortune 1000 companies (#, 2014)



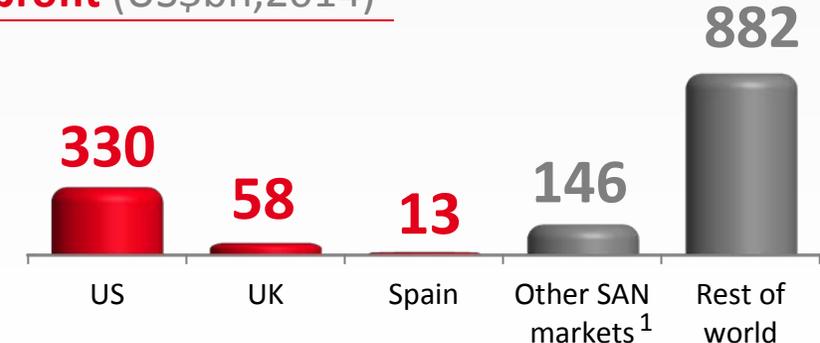
The US banking market is 1/3 of the world market ...

Total loans, deposits and payments²
(US\$trn, 2014)



... and has by far the largest profit pool

Pre-tax profit (US\$bn, 2014)

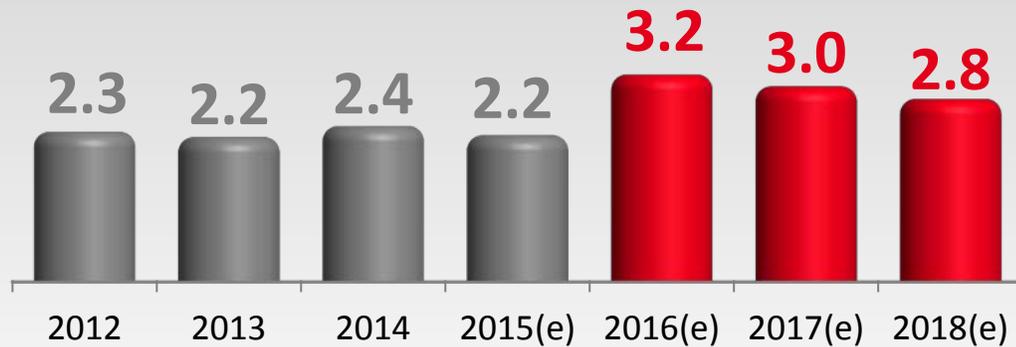


(1) Includes Brazil, Germany, Argentina, Mexico, Chile, Poland and Portugal Source: McKinsey banking pools; IMF; Fortune 1000; national statistics boards

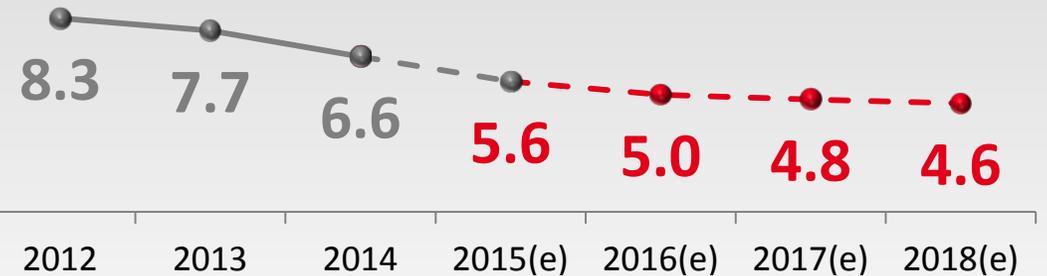
(2) All domestic B2B payment transactions, including cash, cheque, card (excl. ATM withdrawals), transfers between accounts at banks and NBFIs and retail payment transactions

Macroeconomic conditions are expected to improve steadily

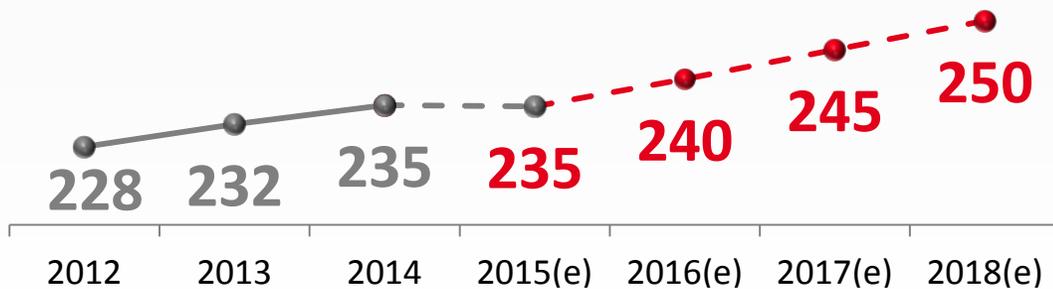
US GDP Growth (%)



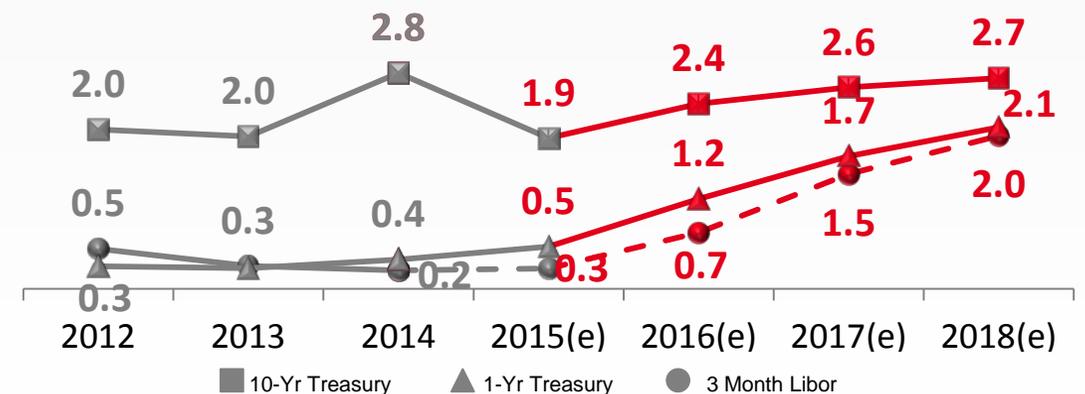
Unemployment (%)



Inflation (CPI)



Interest Rates (%)



Source: Moody's Analytics, US Bureau of Labor Statistics, Federal Reserve; US Bureau of Economic Analysis

US financial services landscape presents very unique dynamics

- Focus on retail and commercial banking
- Santander US model

Model / size	Examples of players	Number of banks	Median ROA, %	
Global / Investment banks	Barclays, Goldman Sachs, Morgan Stanley, Credit Suisse	~20	0.69	
Trusts	Northern Trust, State Street, BNY Mellon	~5	0.78	
Money centres	JP Morgan Chase, Bank of America, Citi Bank, Wells Fargo	~5	0.64	
Regional	Super regional	US Bank, PNC, Capital One	~3	1.48
	Core regional	TD Bank, HSBC, KeyCorp, SunTrust, RBS, Fifth Third, Union, BB&T, M&T, BBVA, Santander , Zions, Comerica, Regions, Banc West	~20	0.94
	Small Regional	First Republic, Hudson City, Popular, First Niagara, Wellesley Bank	~20	0.42
	Micro/Community	Pacific Mercantile Bancorp, Northwest Bancshares, First Midwest, Clayton, Home Federal, MVB Financial, Pinnacle Bancorp	+6,000	0.91
	Monoline/specialty players	Ally, CIT, Discover, American Express, Santander CONSUMER USA	~10	1.59

Note: Financials under GAAP standards

Agenda

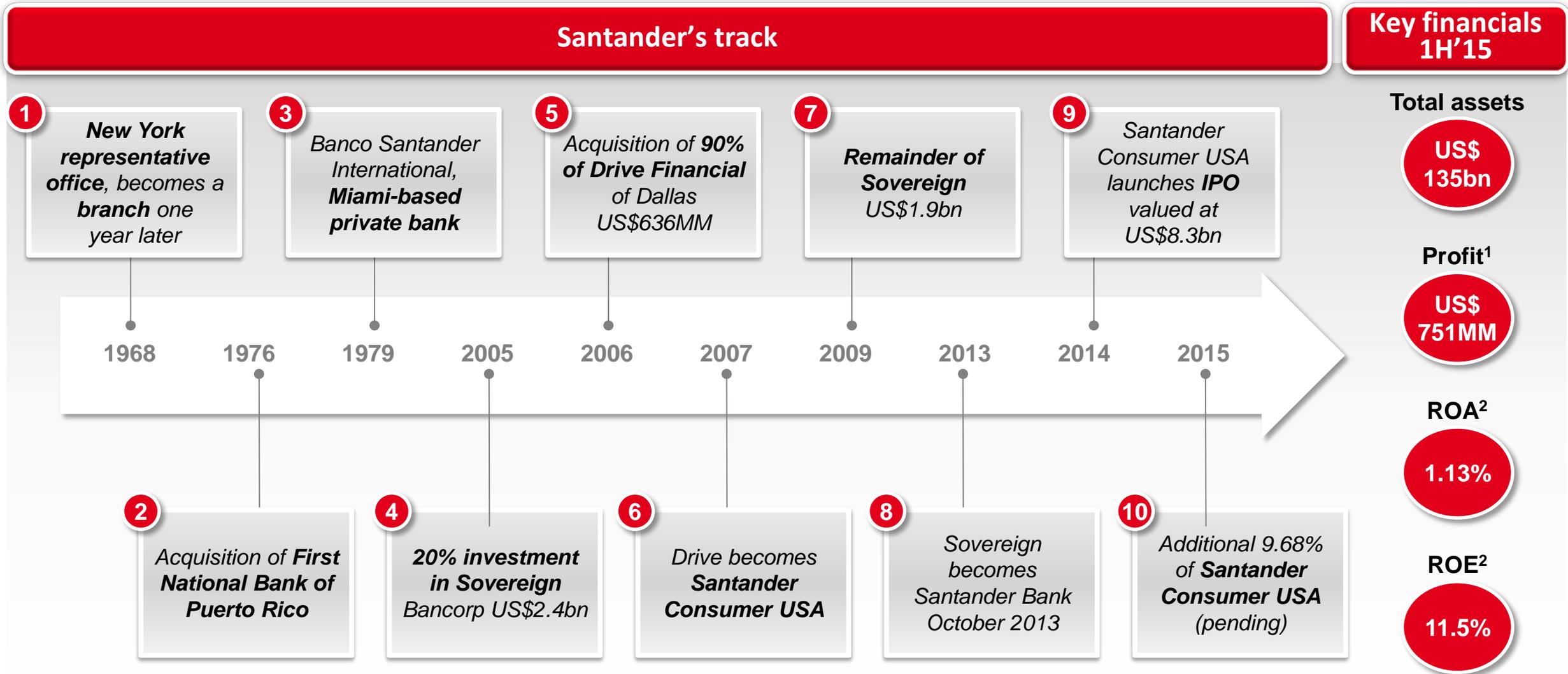
1 Market and financial system

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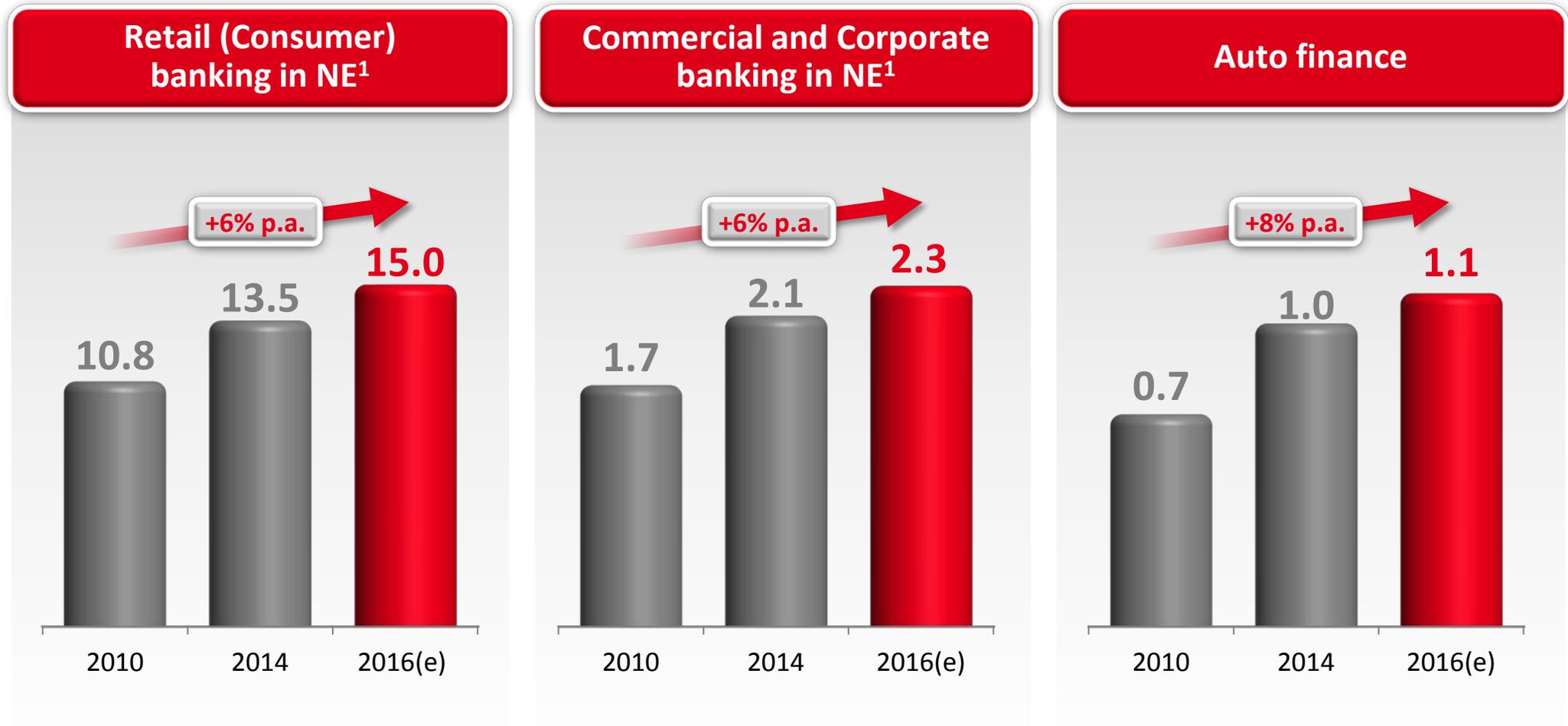
Santander has a long track record in the US



(1) Consolidated profit before minority interest (2) Calculated using consolidated profit before minority interest (LTM) IFRS standards

The main markets where Santander competes are attractive

Total loans, deposits and payments²
(US\$trn)



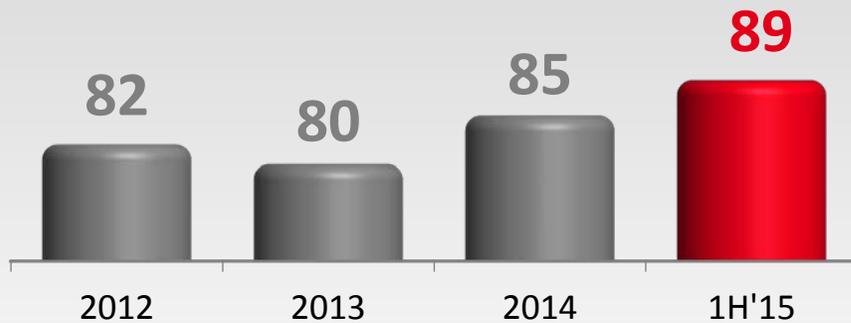
(1) Estimated as a percentage of GDP (Northeast vs. USA)

(2) All domestic B2B payment transactions, including cash, cheque, card (excl. ATM withdrawals), transfers between accounts at banks and NBFIs and retail payment transactions

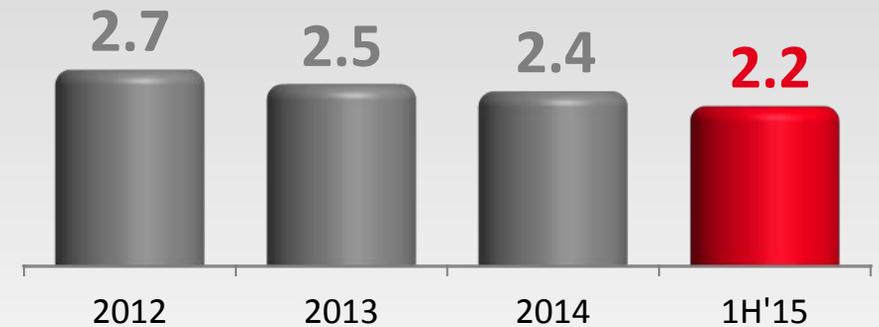
Source: McKinsey's Global Banking pool

Santander US has been growing earning assets while reducing non-performing loans and maintaining strong deposit and capital levels

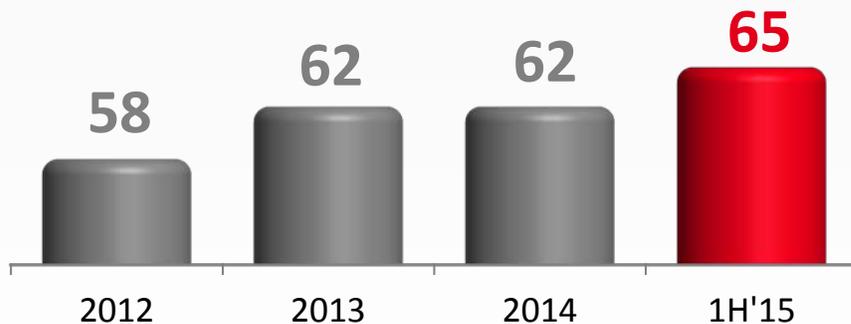
Customer loans (EOP, US\$bn)



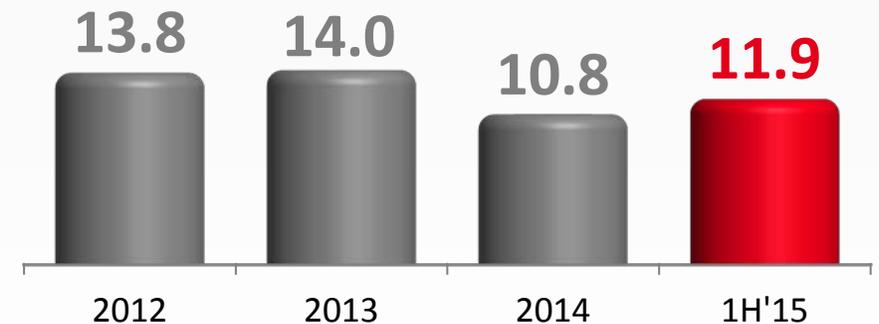
Non-performing loans (% of outstanding)



Customer deposits (EOP, US\$bn)



FL CET1⁽¹⁾ (%)



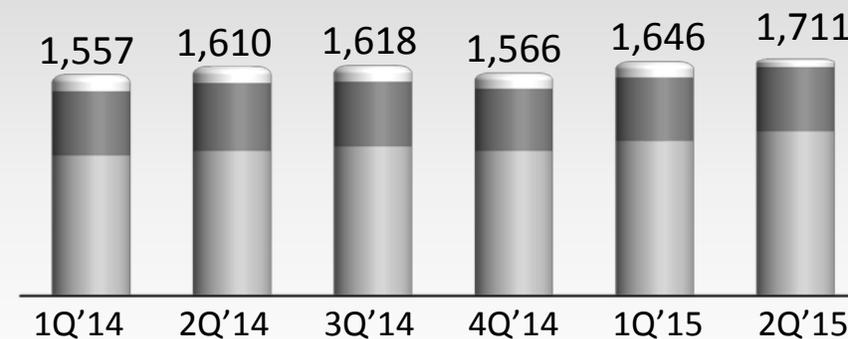
(1) 2012-2014 figures are based on Basel I, 2015 new Basel III framework implemented (shown as fully phased in) Note: IFRS criteria except for capital ratios of SHUSA

Santander US net income: recent performance and breakdown by primary businesses

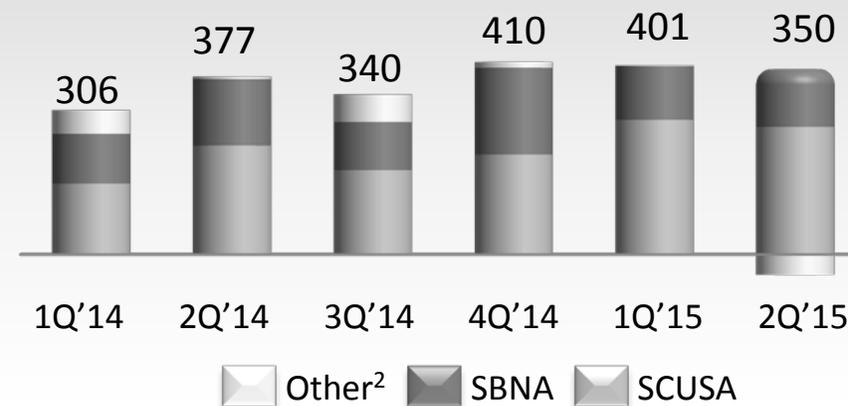
Santander US quarterly Income Statement (US\$MM)

Income Statement Item	1Q'14	2Q'14	3Q'14	4Q'14	1Q'15	2Q'15
Net Interest Income	1,557	1,610	1,618	1,566	1,646	1,711
Net Fees	273	283	272	272	294	300
Other Income ¹	74	75	129	218	140	153
Operating Expenses	(722)	(719)	(750)	(779)	(783)	(806)
Pre-Provision Operating Profit	1,182	1,250	1,268	1,277	1,297	1,358
Net Loan-Loss Provisions	(748)	(684)	(811)	(718)	(719)	(834)
Profit Before Taxes	434	566	458	559	579	524
Tax on Profit	(128)	(189)	(117)	(149)	(177)	(174)
Consolidated Profit	306	377	340	410	401	350
Minority Interest	60	90	65	76	112	111
Attributable Profit to the Group	246	287	275	334	289	239

Santander US NII (US\$MM)



Santander US consolidated Profit (US\$MM)



(1) Including dividends, income from equity-accounted method and other income/other provision (2) Puerto Rico, New York, Miami and Holding Company

Santander Holdings USA is currently comprised of two primary businesses

Santander Holdings USA

Santander Bank, N.A. (SBNA)

- **Retail** (Consumer) Banking
- **Business** Banking
- **Commercial** and **Corporate** Banking



10th

Bank in the Northeast

21st

Bank in the US¹

Santander Consumer USA Holdings Inc. (SCUSA)

- Full-service **technology-driven consumer finance** company focused on:
 - Vehicle financing solutions for dealers and individuals across the United States
 - Servicing of auto loans owned by third parties



5th

Auto-lender in the country²

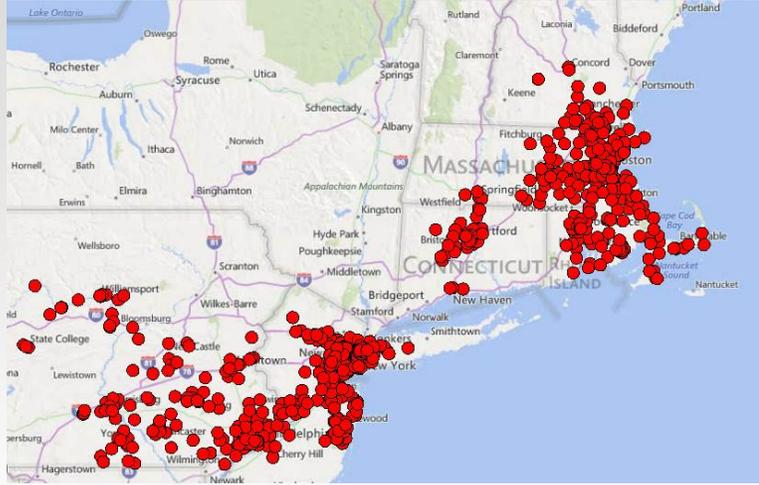
4th

Used vehicle lender²

(1) Ranking based on total deposits as of June 2014 (2) Ranking based on automotive loan originations in 1Q2015, includes Santander and Chrysler Capital combined
Source: SNL Financial GAAP standards, Experian – State of Automotive Finance Market

Santander Bank has a significant franchise in the Northeast US

Strong footprint in the attractive Northeast US ...



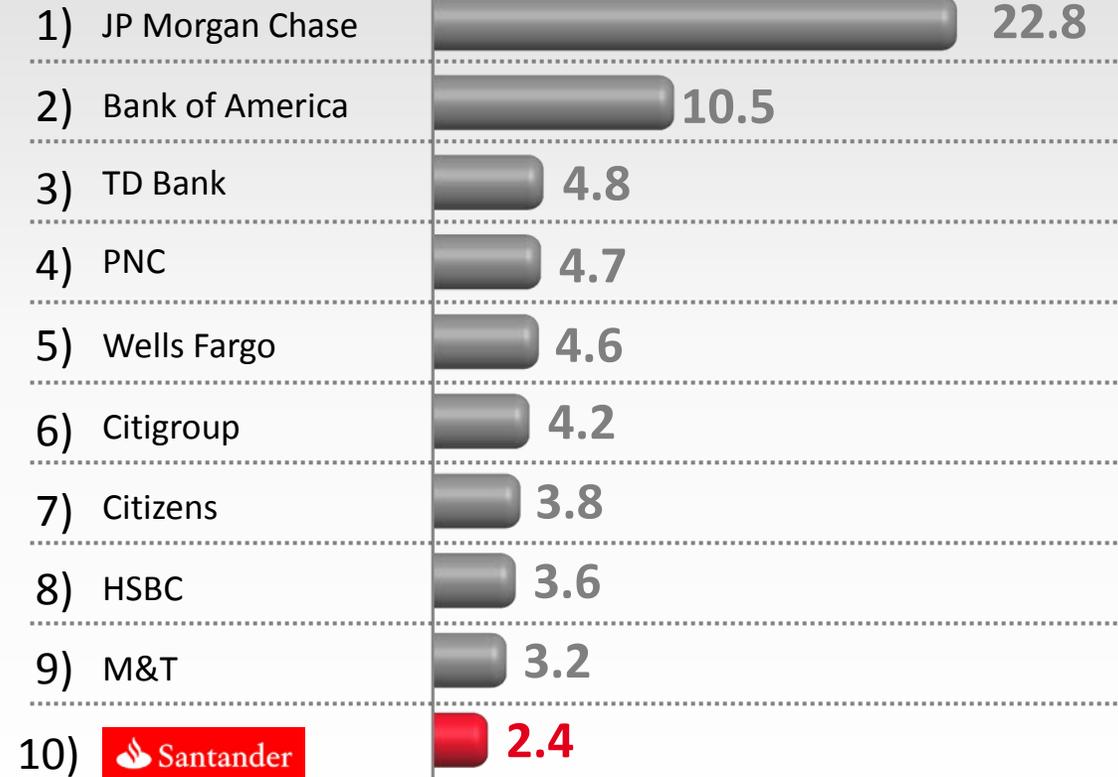
- Total assets as of June 2015: **US\$74bn**
- Branches within the Northeast as of June 2015: **682**
- **2MM** households and in more than 12k mid-sized companies in Northeast
- Proven customer strategy and ability to leverage global capabilities for large corporations

Source: SNL Financial
Group criteria

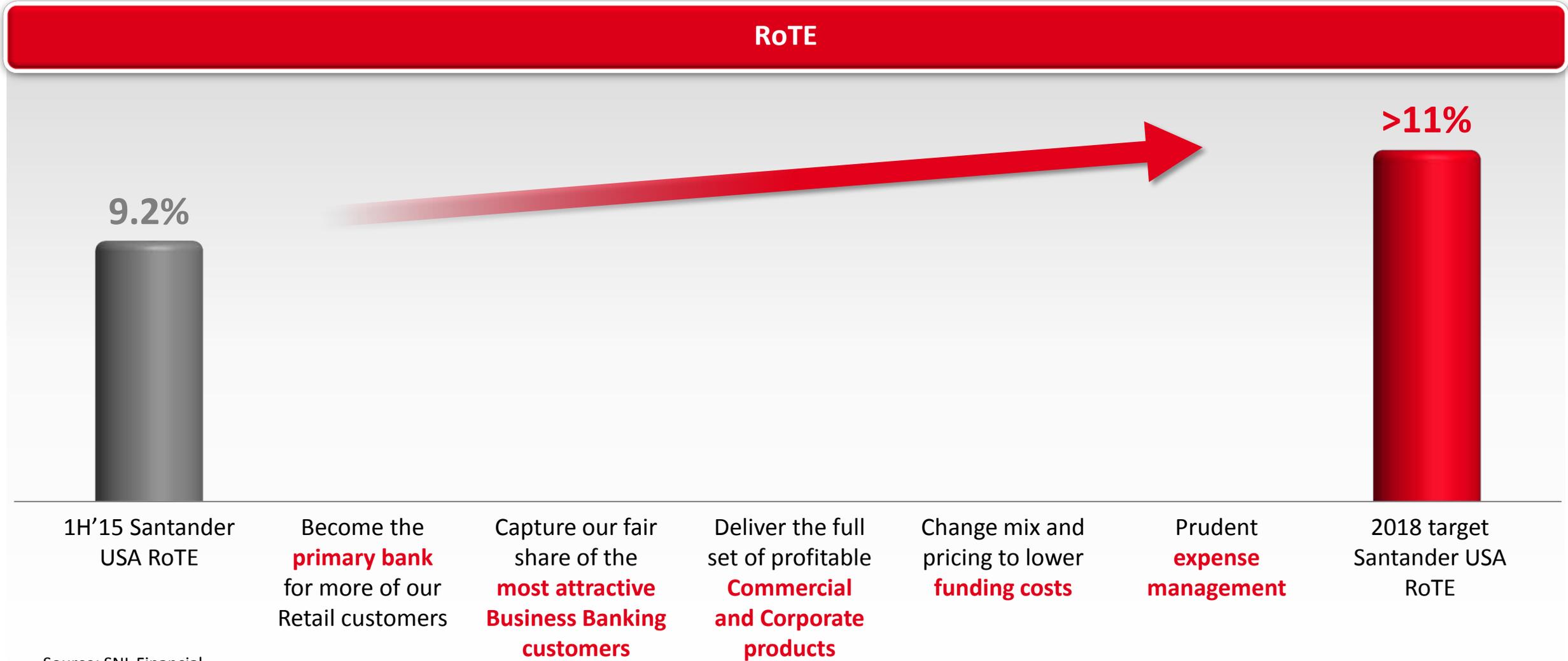
...among the largest players in the region

Northeast Banks

Deposits in the Northeast Market share (%), June 2014



Improvements across all elements of the Santander Bank NA can help USA to achieve the RoTE of our leading competitors



Source: SNL Financial IFRS standards

In Retail (Consumer), we have significant areas for profitable growth

Large potential market

Profit pool

US\$33bn

Yearly growth¹

+6%

Strong starting position

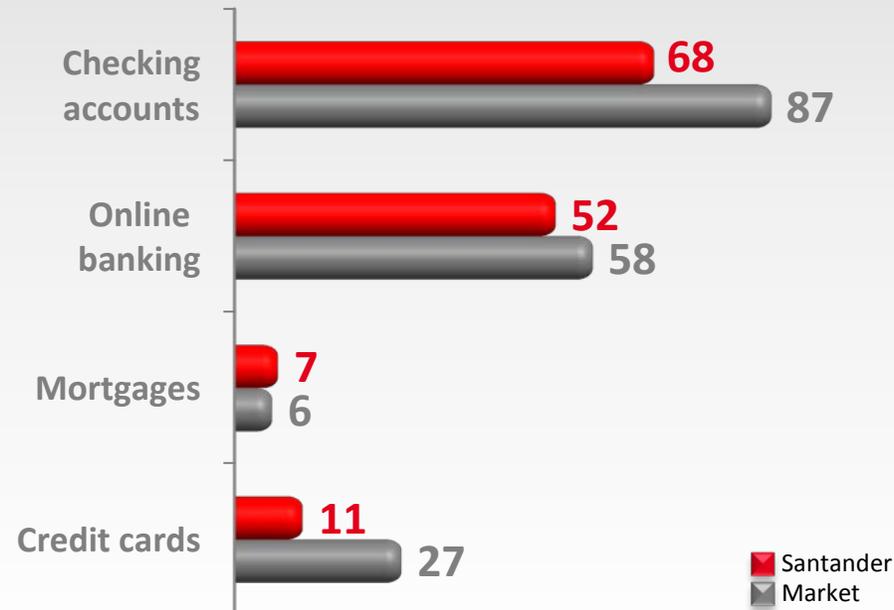
- 2MM customers
- 682 branches
- Presence in country's most attractive regions

Key opportunities

More primary accounts and complete relationships will drive revenue

Higher satisfaction and productivity will support growth

Product penetration vs. Market (%)



Current situation

Bottom quartile in JD Power ranking

Productivity levels below peer's average

(1) 2010-2016 CAGR

Source: CBA Digital Benchmark, McKinsey

Business Banking offers many areas of opportunity

Large potential market

Revenue pool

US\$10bn

Yearly growth

+5-10%

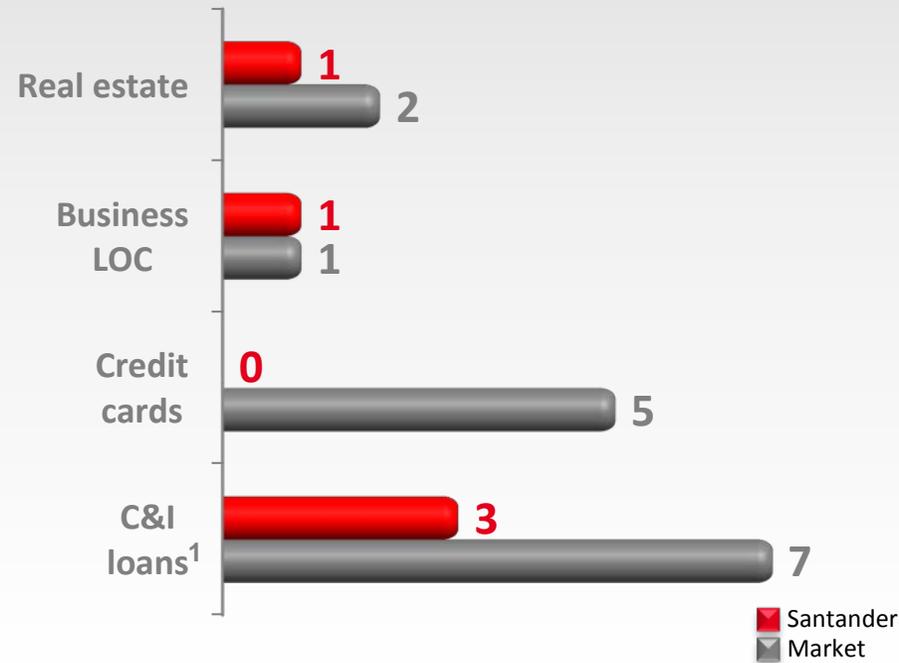
Strong starting position

- **US\$10bn of balances** (loans and deposits)
- **~170,000 customers**

Key opportunities

Strengthen the product offering and sales performance

Product offering vs. Market



Improve customer targeting and experience

Current situation

Underweighted in upper end of Business Banking segment

Limited product suite and sales capabilities for Business Banking

(1) Includes C&I loans, auto loans and business loans

Source: Santander, Bank websites, Synthetic Bank, Barlow, McKinsey

SBNA
 In Commercial and Corporate, we will improve our product suite and leverage Group capabilities

Large potential market

Revenue pool **US\$24bn**

Yearly growth¹ **+6%**

Strong starting position

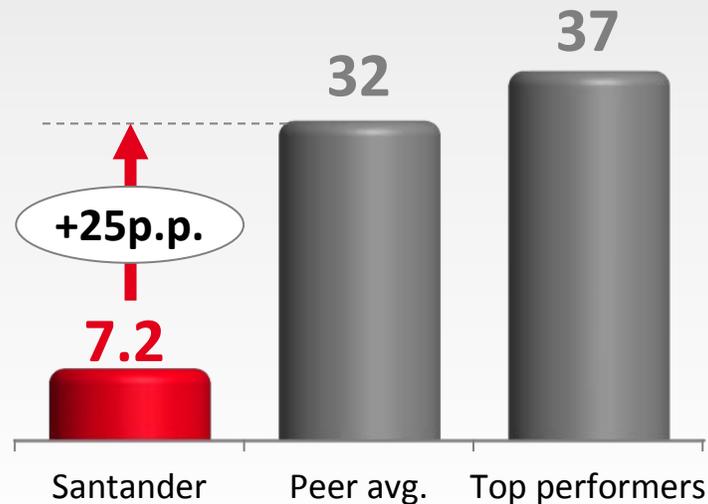
- **US\$40bn of balances** (commercial, real estate and SGCB)
- **~6,000 customers**
- Part of **Santander Group**

Key opportunities

Stronger product offering, particularly cash management, will drive RoE

Cash Management contribution

% commercial revenue, 2013



Opportunity to take advantage of Group capabilities

Leverage **Group capabilities and reputation** in expanding Global Corporate Banking

Trade flows within Santander regions

23%
 Of total world trade flows²

(1) 2010-2016 CAGR Note: peer set includes Bank of America, Citibank, Citizens, SunTrust, Union Bank, US Bank, Wells Fargo, JP Morgan, PNC

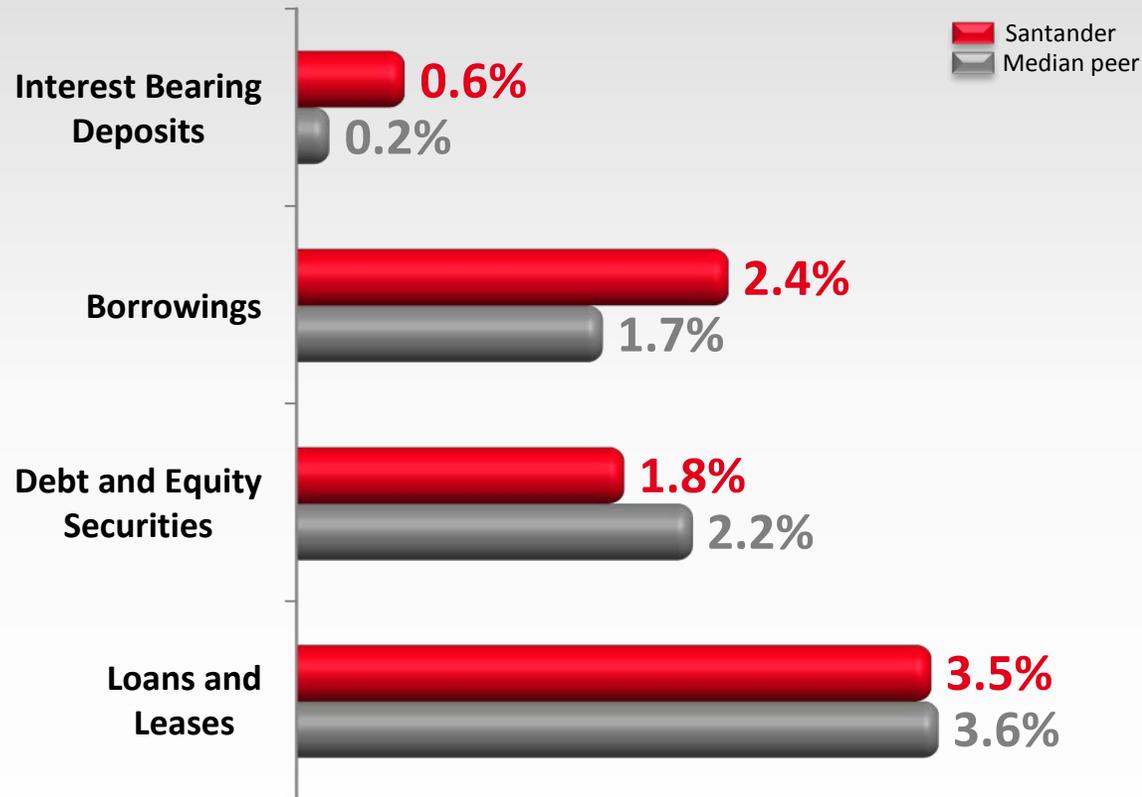
(2) Santander footprint. In the case of the US: considering all states where Santander Bank operates

Source: Santander, Bank websites, Synthetic Bank, Barlow, Global Banking Pools, McKinsey Midmarket Corporate Banking survey, Greenwich Associates

We have a significant opportunity to improve our funding costs

SBNA's yields vs. peers

(1H'15)



Key opportunities

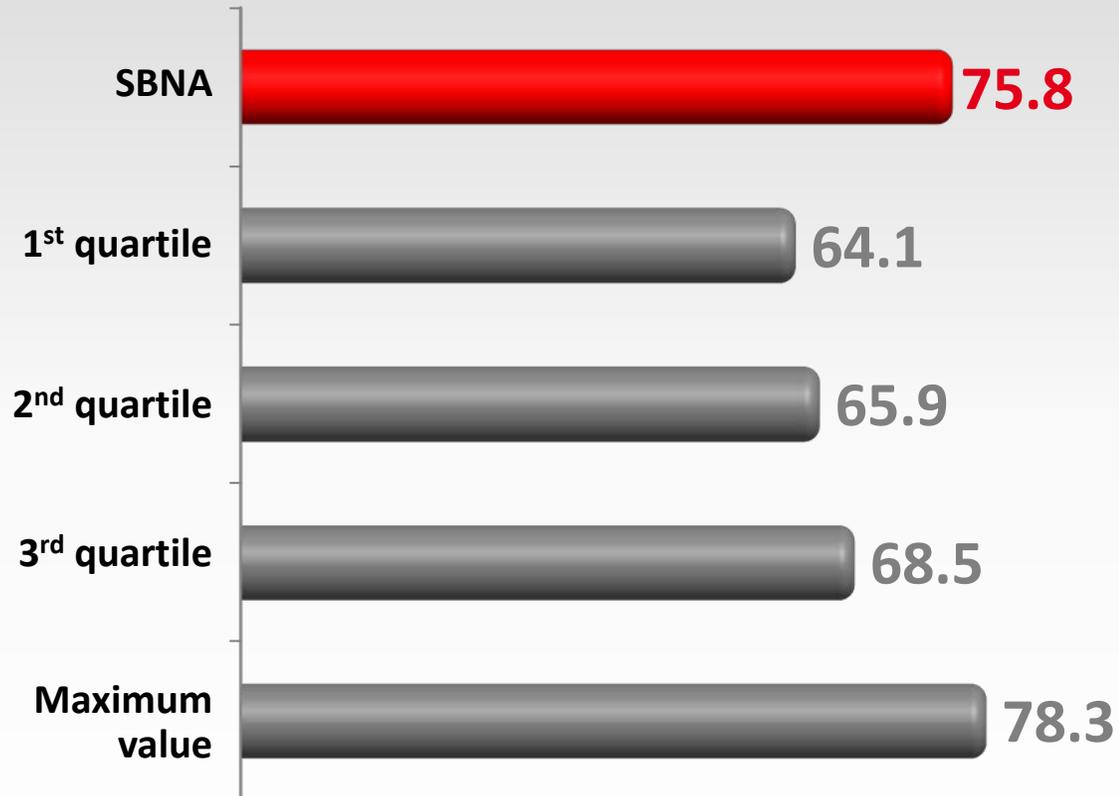
- Improve **loyalty and strengthen deposit mix** via core operating account acquisition
- **Deposit pricing improvement**
- **Payoff or restructuring** of certain legacy borrowings

Note: peer set defined as US banks with assets between \$50Bn and \$250Bn (N=14) Source: SNL Financial GAAP standards

Additionally, we can improve expenses control

SBNA's efficiency ratio¹ vs. peers

(%, 1H'15)



Key opportunities

- Improved **efficiency** through automation and expense management
- **Optimisation of organisation structure** and operating model (including overlap between bank and holding)
- **Optimisation of corporate facilities**, continued branch rationalization
- **Reduction in regulatory** transformation expenses in three years

(1) Noninterest expense, less amortisation of intangible assets, divided by net interest income on a fully taxable equivalent basis and noninterest income

Note: peer set defined as US banks with assets between \$50Bn and \$250Bn (N=14)

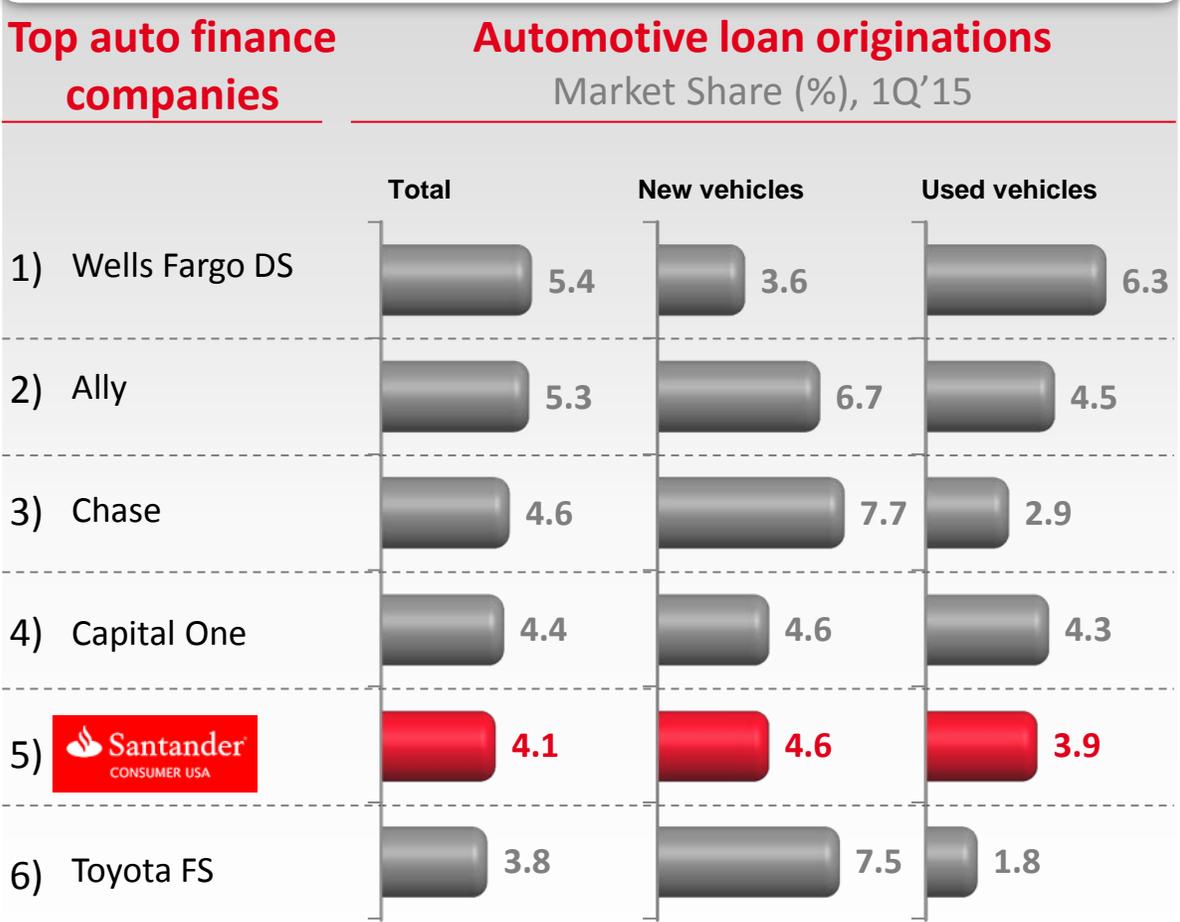
Source: SNL Financial GAAP standards

SCUSA's expertise in nonprime has allowed it to become a top five player in national auto finance (top four in used vehicles)

Auto loan origination occurs through three channels

Channel	Description
Indirect	<ul style="list-style-type: none"> Substantial dealer network throughout the United States Full-spectrum lender
OEM relationships	<ul style="list-style-type: none"> Preferred lender for FCA US LLC ("Chrysler") Offering prime and nonprime loans, leases and dealer financing solutions
Direct-to-consumer	<ul style="list-style-type: none"> Auto loans directly to consumers Via online channels, primarily through Roadloans.com

SCUSA is already a major player in auto finance

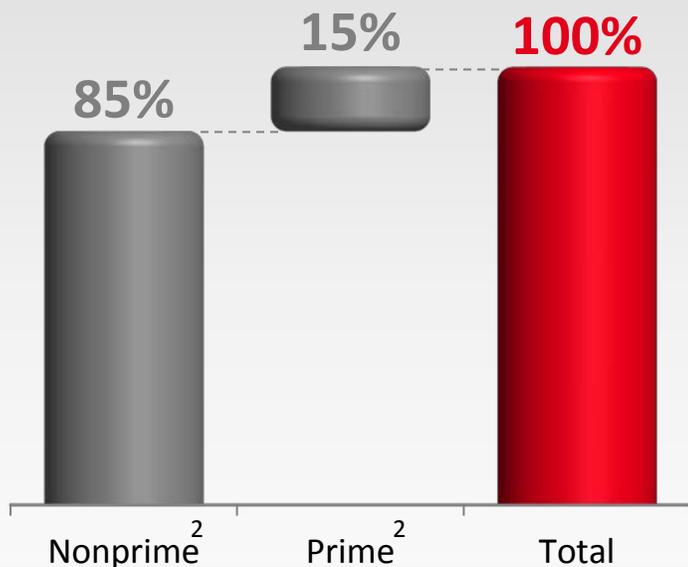


Source: Experian – State of Automotive Finance Market, Santander Consumer USA includes Chrysler Capital

SCUSA delivers strong profitability today and has additional growth opportunities in third-party servicing and Chrysler Capital

Focused in core nonprime assets

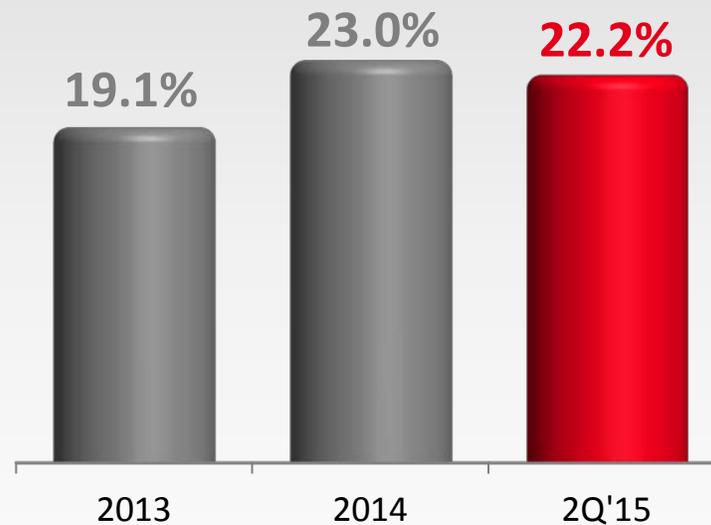
Retail installment contracts on balance¹ (Jun'15)



Total Portfolio of c.US\$49bn
 c.US\$36bn owned
 c.US\$13bn serviced for others

Highly profitable

SCUSA RoE³



Key opportunities

Chrysler relationship has additional growth potential

High potential growth in **servicing platform**

(1) Balances held for investment; excludes prime assets held for sale and personal loans (2) Nonprime assets with FICO scores under 640 (3) IFRS

In 2016, Santander USA will include all US and Puerto Rico operations of the Santander Group

Additions to Santander USA effective July 1st 2016

Private Banking (Miami)

- **Comprehensive service** to high net worth customers:



- **AUM US\$22bn**
- **~13,000 customers**
- Service customers **across 16 Latin American countries**
- Open architecture product proposition, best-in-class cost efficiency, strict compliance

Puerto Rico

- Retail (Consumer) and Commercial operation with **US\$5.5bn in assets**



- Good credit quality, level of capitalisation, liquidity and quality of service
- **Only investment grade bank on island**
- Challenging business environment

Santander Investment Securities

- Santander Investment Securities is a **broker-dealer in New York** with:



- US\$1.3bn in assets
- US\$111MM Capital

Agenda

1 Market and financial system

2 Strengths and opportunities

3 **Strategy**

4 Targets

Santander is working to meet regulatory expectations in the US

Context

- SHUSA is building out the appropriate **processes and management structures** to effectively manage all the Group's activities in the US
- Key **areas of focus**:
 - **Governance** and oversight of the consolidated US **organisation**
 - **Risk** management
 - **Capital** planning
 - **Liquidity** risk management

Main initiatives

1. **Significant US management and Board of Director changes**, including independent directors, with large US banking management experience and deep expertise of regulatory matters
2. **Launched a multi-year transformation program** to strengthen risk, capital and liquidity management
3. **Investing in technology** to further improve our internal controls, risk management and capital planning systems

Building the
required
foundational
capabilities
and
infrastructure

Going forward, Santander Holdings USA will focus on four strategic priorities

Become the regional bank of choice in our footprint and a national leader in auto finance

1

Retail (Consumer)

- Easy to use product suite to drive **loyalty**
- Improved **customer experience** across all channels
- Advanced **digital** capabilities in key processes and services

2

Business banking

- Knowledgeable **sales force** with strong local relationship
- Easy-to-use **multi-channel** capabilities

3

Commercial and Corporate

- Enhanced **cash management** and treasury products
- Leverage of the unique **Global capabilities of the Group**
- Effective **sales force**

4

Auto

- Optimised **portfolio mix**
- Significant **servicing business**
- **Relationship with Chrysler** that is fully realised

1 In retail we will focus on acquiring primary customer relationships by building a simple and innovative value proposition

Priority

Main initiatives

Illustration

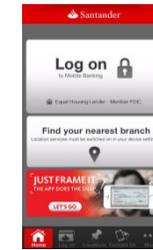
Develop a simplified, value adding core offer

- **New mass market** checking product
- Core **credit card** product: cash back rewards with no annual fee
- **Simplify** overall product portfolio



Enhance digital capabilities

- Enable convenient “anytime, anywhere, anyhow” **interfaces**
- Extend **value proposition** to complement our branch presence
- Leverage client profiling in **sales and service** (Neo CRM)
- Move simple / routine transactions to **digital channels**



Optimize the branch network

- **Transform people equation**: sales tools, routine, coaching, training, partner collaboration and performance metrics
- **Optimise footprint** and format: right-size and relocate
- **Enhance branch** experience, processes and capabilities



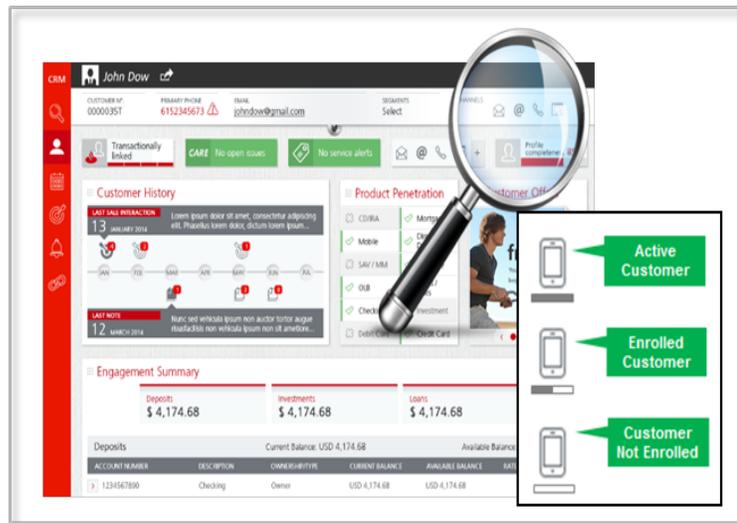
Improve customer satisfaction

- Improve **platform reliability**, performance and functionality
- **Simplify processes** and reduce existing friction points
- Empower frontline and back office

Improve our position in J.D. Power ranking

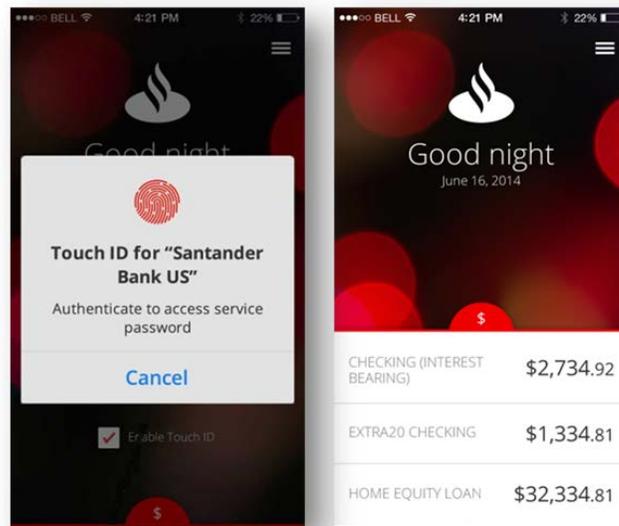
We are steadily improving digital capabilities and will focus on the processes and services most relevant for the value proposition and customer satisfaction

Multichannel CRM



Provides front line with clear understanding of high-level customer digital behaviour or non-behaviour

Enhancements in online and mobile banking



"Best Digital Platform" Digital Strategy Awards 2015 by innovation enterprise

Transaction migration



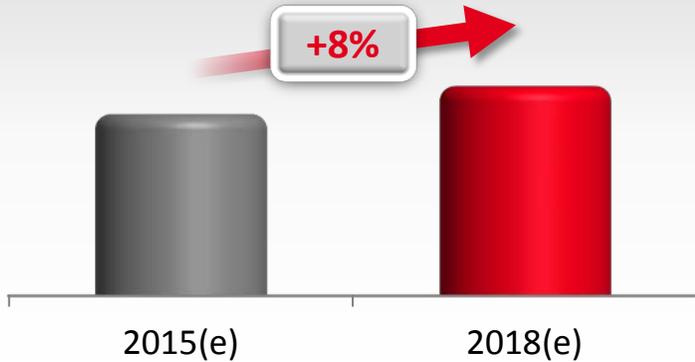
ATM Image Deposit capability across the entire proprietary network

Mobile Check Deposit for iOS and Android

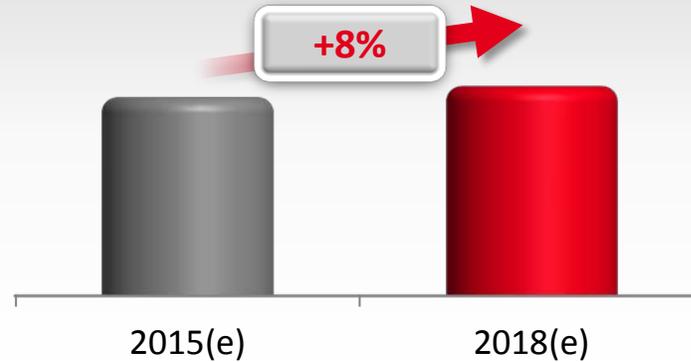
1

More loyal customers will deliver higher quality earnings (expected impact)

Loyal customers (MM)



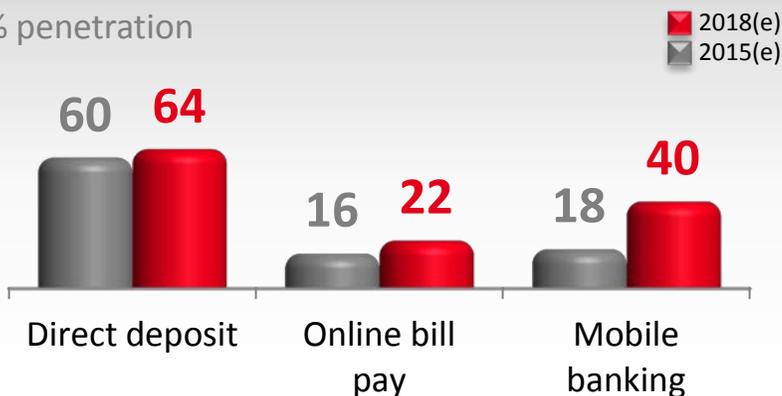
Checking balances (MM)



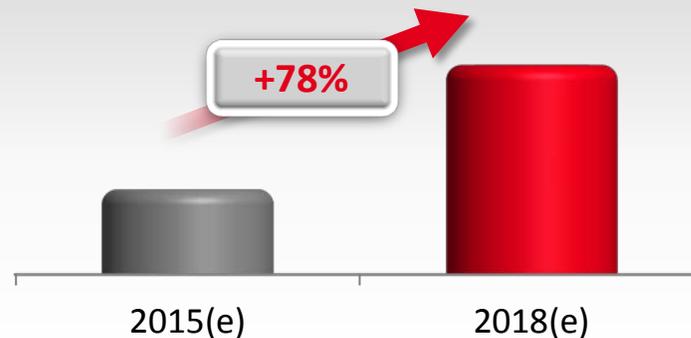
Deeper and more stable customer relationships (more product penetration and fees)

Grow multi-channel engagement (%)²

% penetration



Credit Card spend¹ (MM)



Lower cost of funding

Reduce level of risk

(1) Includes Retail spend, cash advances and balance transfers (2) Based on deposit customers

In Business Banking we will focus on our product, sales and risk capabilities

Priority

Main initiatives

Expected Impact

Complete product offering

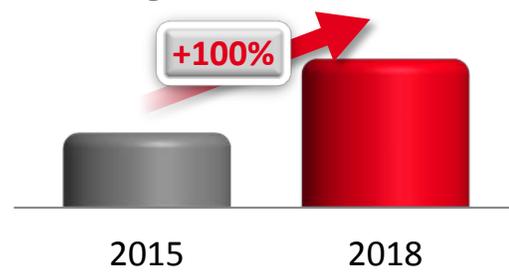
- Develop products that are required to compete:
 - Cash management
 - Flagship credit card product for businesses
- Deliver a better **digital experience**



Strengthen sales force

- Increase **sales force**
- Improve commercial routines to increase sales **force effectiveness**
- Ability to target **larger customers**

Checking Account Production



Streamline risk processes

- Develop **two** differentiated and streamlined credit **pipelines**:
 - Turnover US\$0-3MM: scoring and Score Plus driven and standardised processes
 - Turnover US\$3-25MM: faster processes of individualised evaluations

Revolving Credit balances



Checking balance



Term Loan balances



3

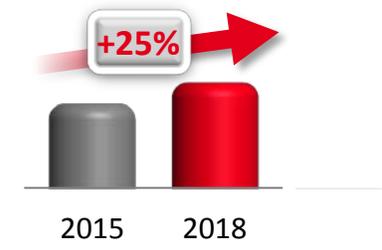
In commercial and corporate we will improve the product proposition, strengthen the sales force and leverage the full potential of the Group

- | | |
|---|--|
| Build a stronger and more comprehensive cash mgmt. proposition | <p>Main initiatives</p> <ul style="list-style-type: none"> Develop cash management products that enable Santander to effectively compete |
| Strengthen sales force | <ul style="list-style-type: none"> Build on / add to specialised sales force Improve commercial routines to increase sales force effectiveness |
| Leverage Global capabilities | <ul style="list-style-type: none"> Leverage unique Group capabilities: <ul style="list-style-type: none"> Trade finance Global Corporate Banking (SGCB) |

Expected Impact

Expected impact – Middle Market

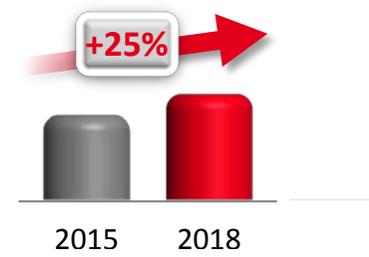
Non-credit % of revenue



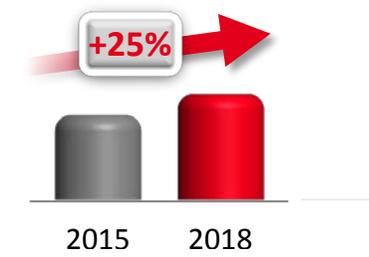
- Additional impacts**
- Improve **Loan to Deposit** ratio
 - Improve **RoE**

Expected impact – Global Corporate Banking

Deposit Av. Balances



Loans Av. Balances



Unfunded Commitments



At SCUSA, we will maintain our momentum while increasing the serviced for others business and fully leveraging the potential of the Chrysler relationship

Priority

Main initiatives

Expected impact

Maintain momentum of core business

- Continue to focus origination on the **nonprime segment**
- Drive origination through dealer network and **DTC channels**
- Maintain strong **underwriting discipline**
- Continue to grow **compliance and risk capabilities**

Fully realize potential of Chrysler relationship

- Capture full value of **Chrysler relationship** through appropriate levels of subvention and fulfillment of sales objectives

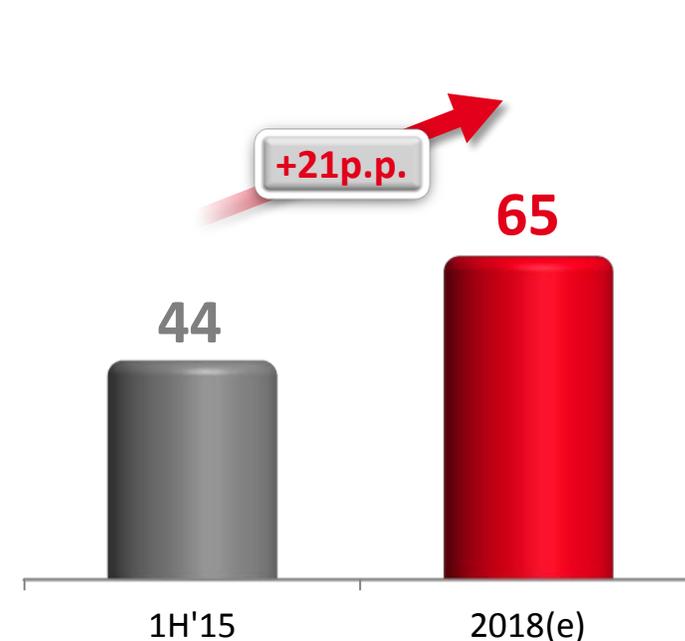
Grow servicing to support fee-based business

- Scale up capital efficient **fee-based business** by leveraging our servicing expertise

Increase number of asset flow agreements

- Continue to expand marketplace
- Build stable funding sources

Chrysler contractual capture rate¹ (%)



(1) See SCUSA SEC filings for more detail

Agenda

1 Market and financial system

2 Strengths and opportunities

3 Strategy

4 **Targets**

2018 USA targets

		1H'15	2018
People	Employee engagement	Below peers	Peers level
	Attrition levels (SBNA)	16.9%	Market rate
Customers	Retail loyal customers (k) (SBNA)	164	182
	Digital customers (k) (SBNA)	575	1,200
	Customer service satisfaction ¹ (SBNA)	Bottom quartile	Approach peers
	Fee income CAGR	7% ⁽²⁾	22% ⁽³⁾
Shareholders	RoTE	9.2%	>11%
	FL CET1	11.9%	>12%
	NPL ratio	2.2%	2.5%
	C/I ratio	37%	c.37%
Communities	Number of scholarships 2016-2018 (k)		6.3

(1) J.D. Power, applicable for SBNA Retail only (2) 1H'14-1H'15 (3) 2015-2018 Note: IFRS criteria except for capital ratios of SHUSA

Transparent performance metrics for 2016

Key metric	1H'15	2016	Improvement	Comment
Digital (# customers)	575k	~725k	+26%	<ul style="list-style-type: none"> • Increase penetration with expanded base • Steady development of digital capabilities
Chrysler contractual capture rate¹ (%)	44	54	+10p.p.	<ul style="list-style-type: none"> • Capture further potential of Chrysler relationship
Retail Loyal Customers (# customers)	164k	~170k	+5%	<ul style="list-style-type: none"> • Increase cross-product usage/linkage by clients • Focus on customer satisfaction

(1) See SCUSA SEC filings for more detail

Key takeaways



The US market continues to be an attractive **opportunity for Santander Group**



Immediate focus on enhancing foundational elements to **meet regulatory requirements**



Clear plans and roadmaps to **become a strong banking** franchise in the US North East and **maintain leadership in Auto Finance**



Improving our overall **RoTE to 11%**



Simple | Personal | Fair