# Acquisition of ABN AMRO businesses by Santander:

## A perfect strategic fit and a strong financial case

*Alfredo Sáenz*
*Santander Group CEO*
*29th May2007*

Santander

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# Important Information

In connection with the proposed Offer, RBS expects to file with the SEC a Registration Statement on Form F-4, which will constitute a prospectus, and the Banks expect to file with the SEC a Tender Offer Statement on Schedule TO and other relevant materials. INVESTORS ARE URGED TO READ ANY DOCUMENTS REGARDING THE PROPOSED OFFER IF AND WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain a copy of such documents, without charge, at the SEC's website (http://www.sec.gov) once such documents are filed with the SEC. Copies of such documents may also be obtained from each Bank, without charge, once they are filed with the SEC.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This press release is not an offer of securities for sale into the United States. No offering of securities shall be made in the United States except pursuant to registration under the US Securities Act of 1933, as amended, or an exemption therefrom.

Capitalised terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Press Release issued by Fortis, RBS and Santander on 29 May (the “Press Release”).

Forward-Looking Statements

This announcement includes certain "forward-looking statements". These statements are based on the current expectations of the Banks and are naturally subject to uncertainty and changes in certain circumstances. Forward-looking statements include any statements related to the benefits or synergies resulting from a transaction with ABN AMRO and, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "plans", "estimates" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the presence of a competitive offer for ABN AMRO, satisfaction of any pre-conditions or conditions to the proposed Offer, including the receipt of required regulatory and anti-trust approvals, the successful completion of the Offer or any subsequent compulsory acquisition procedure, the anticipated benefits of the proposed Offer (including anticipated synergies) not being realized, the separation and integration of ABN AMRO and its assets among the Banks and the integration of such businesses and assets by the Banks being materially delayed or more costly or difficult than expected, as well as additional factors, such as changes in economic conditions, changes in the regulatory environment, fluctuations in interest and exchange rates, the outcome of litigation and government actions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. None of the Banks undertake any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Other Information

Merrill Lynch International, which is authorised and regulated in the United Kingdom by the Financial Services Authority (the “FSA”), is acting as financial adviser to Fortis, RBS and Santander and as underwriter for Fortis, RBS and Santander, and is acting for no one else in connection with the proposed Offer, and will not be responsible to anyone other than Fortis, RBS and Santander for providing the protections afforded to customers of Merrill Lynch International nor for providing advice to any other person in relation to the proposed Offer.

Fortis Bank SA/NV, which is authorised and regulated in Belgium by the Compagnie Bancaire Financière et des Assurances, Greenhill & Co. International LLP, which is authorised and regulated in the United Kingdom by the FSA and Fox-Pitt, Kelton Ltd, which is authorised and regulated in the United Kingdom by the FSA are acting as financial advisers to Fortis. Fortis Bank SA/NV, Greenhill & Co. International LLP and Fox-Pitt, Kelton Ltd are acting for no one else in connection with the proposed Offer, and will not be responsible to anyone other than Fortis for providing the protections afforded to their respective customers nor for providing advice to any other person in relation to the proposed Offer. Fortis Bank SA/NV and Greenhill & Co. International LLP are acting as financial adviser in connection with the transaction and Fox-Pitt, Kelton Ltd is acting as financial adviser in connection with the financing of the transaction.

The Royal Bank of Scotland plc, which is authorised and regulated in the United Kingdom by the FSA, is acting as financial adviser to RBS and is acting for no one else in connection with the proposed Offer, and will not be responsible to anyone other than RBS for providing the protections afforded to customers of The Royal Bank of Scotland plc nor for providing advice to any other person in relation to the proposed Offer.

Santander Investment, S.A., which is authorised and regulated in Spain by the Banco de España and the Comisión Nacional del Mercado de Valores, is acting as financial adviser to Santander and is acting for no one else in connection with the proposed Offer, and will not be responsible to anyone other than Santander for providing the protections afforded to customers of Santander Investment, S.A. nor for providing advice to any other person in relation to the proposed Offer.

NIBC Bank N.V., which is authorised and regulated in the Netherlands by the AFM and DNB, is acting as financial adviser to Santander and is acting for no one else in connection with the proposed Offer, and will not be responsible to anyone other than Santander for providing the protections afforded to customers of NIBC Bank N.V. nor for providing advice to any other person in relation to the proposed Offer.

Any Offer made in or into the United States will only be made by the Banks and/or RFS Holdings directly or by a dealer-manager that is registered with the SEC.

# Agenda

## ■ Introduction – Structure of the deal

- Strategic rationale of the deal for Santander
  - Brazil
  - Italy
  - Interbank and DMC (Dutch Consumer Finance)
- Financial rationale of the deal for Santander
- Summary and conclusions

# Offer Rationale

| ABN AMRO Challenges… | …Which the Banks Can Meet |
|---|---|
| Good businesses and customer franchises in attractive markets | Comprehensive strategic fit with ABN AMRO across its activities |
| Widely spread across many products and geographies | Extensive knowledge of ABN AMRO's major markets |
| Organisational complexity | Proven records of integrating large scale acquisitions and growing their own businesses |
| Acknowledged need for partner | |

**Substantial value creation for all shareholders**
**Significant benefits for customers and employees**

# Proposed Offer Terms

- €30.40 in cash plus 0.844 New RBS Shares for each ABN AMRO Share(1)
- Total of €38.40(2) per ABN AMRO Share, a 13.7% premium(3) to the value of Barclays proposed offer
- Proposed Offer approximately 79% in cash
- Proposed Offer values ABN AMRO at €71.1bn(4)
- Capital raisings fully underwritten; no financing conditions

(1) Including €1.00 in cash to be retained by the Banks pending resolution of the LaSalle Situation
(2) Based on RBS share price of 642.5p at close of business on 25 May 2007
(3) Based on the price of Barclays ordinary shares of 712.5p at the close of business on 24 April 2007, the day before the Banks first announced details of their proposals including a price indication, and on the price of RBS Shares of 642.5p at the close of business on 25 May 2007
(4) Based on undiluted number of shares, as set out in Appendix IV of the Press Release

# Allocation of Businesses

## Fortis

- BU Netherlands (excluding former Dutch wholesale clients, Interbank and DMC Consumer Finance)
- BU Private Clients globally
- BU Asset Management globally

## RBS

- BU North America including LaSalle
- BU Global Clients and wholesale clients in the Netherlands (including former Dutch wholesale clients) and Latin America (excluding Brazil)
- BU Asia (excluding Saudi Hollandi)
- BU Europe (excluding Antonveneta)

## Santander

- BU Latin America (excluding wholesale clients outside Brazil)
- Antonveneta
- Interbank and DMC Consumer Finance

## Shared Assets

- Private equity portfolio, stakes in Capitalia and Saudi Hollandi, and Prime Bank
- Head Office and central functions

# Share of Consideration Payable

| | Consideration(1) | Share of Consideration | Profit Before Tax(2) |
|---|---|---|---|
| Fortis | €24.0bn | 33.8% | €1.68bn |
| RBS | €27.2bn | 38.3% | €1.72bn |
| Santander | €19.9bn | 27.9% | €1.55bn |
| **Total** | **€71.1bn** | **100.0%** | **€4.95bn** |

(1) Share of consideration including consideration for shared assets, as set out in Section 2 of the Press Release, and on undiluted number of shares, as set out in Appendix IV of the Press Release

(2) Excludes €0.05 billion of profit before tax relating to central functions and shared assets. These estimates are based on the 2006 Annual Report & Accounts of ABN AMRO adjusted for certain restructuring costs and other one-off or non-recurring items and on the estimates of the Banks. As the reorganisation of the ABN AMRO Group as set out above does not correspond precisely to the Business Unit definitions in ABN AMRO's 2006 Annual Report & Accounts, these estimates are not audited and may not be accurate. Further details on the calculation of these figures are set out in Appendix IV of the Press Release

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# This deal has a clear strategic and financial fit for Santander

## Strategic Fit

**We are purchasing assets:**

- **In markets we know well (Brazil, Italy)**
- **… where we can create value:**
  - "In-market" synergies in Brazil
  - Potential for Improvement in Italy: (implementation of SAN IT system, efficiency, retail banking model...)
- **… with a low execution risk**

**… and which fit well into our global structure**

## Financial Fit

**The deal meets our financial criteria*:**

- **Positive EPS impact from year 1**
  - Minimising share issuance
  - Selling non core assets to buy core banking business
- **ROI above cost of capital by year 2**
  - At an aggregate level
  - Business by business, based on value assigned

(*) Positive EPS impact year 3
ROI above cost of capital year 3

# The acquired businesses fit very well into our group structure and will benefit from our retail business model, our global IT/operation model and from our global Business units

**Integrated global model**

**IT/ Operations integrated model**

- Commercial Banking Spain
- Commercial Banking Portugal
- Commercial Banking UK
- **Commercial Banking Italy**
- **Commercial Banking Brazil**
- Commercial Banking Mexico
- Commercial Banking Chile

Wholesale Banking

Consumer Finance

Cards

Asset Management / Insurance

Private Banking …

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# Building the best bank in Brazil

- **Brazil is an attractive market**
- **The deal would create a leading bank in Brazil**
  - **Third bank** in terms of network and loans; second bank in terms of customer deposits
  - This will translate into a qualitative leap in key segments
- **Excellent fit with our existing businesses**
  - **Geographic complementarity**: Both banks create a powerhouse in the South/South East of the country (the economic hub of Brazil).
  - **Business complementarity**: Real stronger in mass market, small businesses, while Santander Banespa is stronger in affluent segments and business banking
- **Value creation potential through in-market synergies**
  - **Integration** of head offices, central functions; optimisation of distribution networks
  - Santander Banespa has a **scalable IT system**, which can easily absorb Real's business volume, with very limited additional investment
- **… with low execution risk**
  - Santander has **extensive experience in integrating banks** in the region; specifically in Brazil

# Strategic rationale: Brazil

**Brazil is a very attractive market, with significant growth potential, entering a banking "sweet spot"**

The deal would create a **leading bank in Brazil**, a solid position in the "Top 3/4"

**Excellent fit** within Brazil

Significant **in-market synergies** …

… with **low execution risk**

# Brazil: a virtuous circle out of policy improvement and commodity prices leads to the development of local capital markets; on track for an investment grade rating

**Increased confidence**

- **Reliance on domestic saving**
  - ... out of necessity Brazil enjoys…
    - Current account surplus
    - Primary Fiscal surplus
- **Floating exchange rates**
  - competitive adjustments if required
- **Independent monetary policy**
  - Sucessful fight against inflation

- **Debt issuance**
  - Local denominated
  - Long term maturities
  - Fixed rates
  - Long yield curve

# Brazil has a lot of banking potential compared to other developing countries …

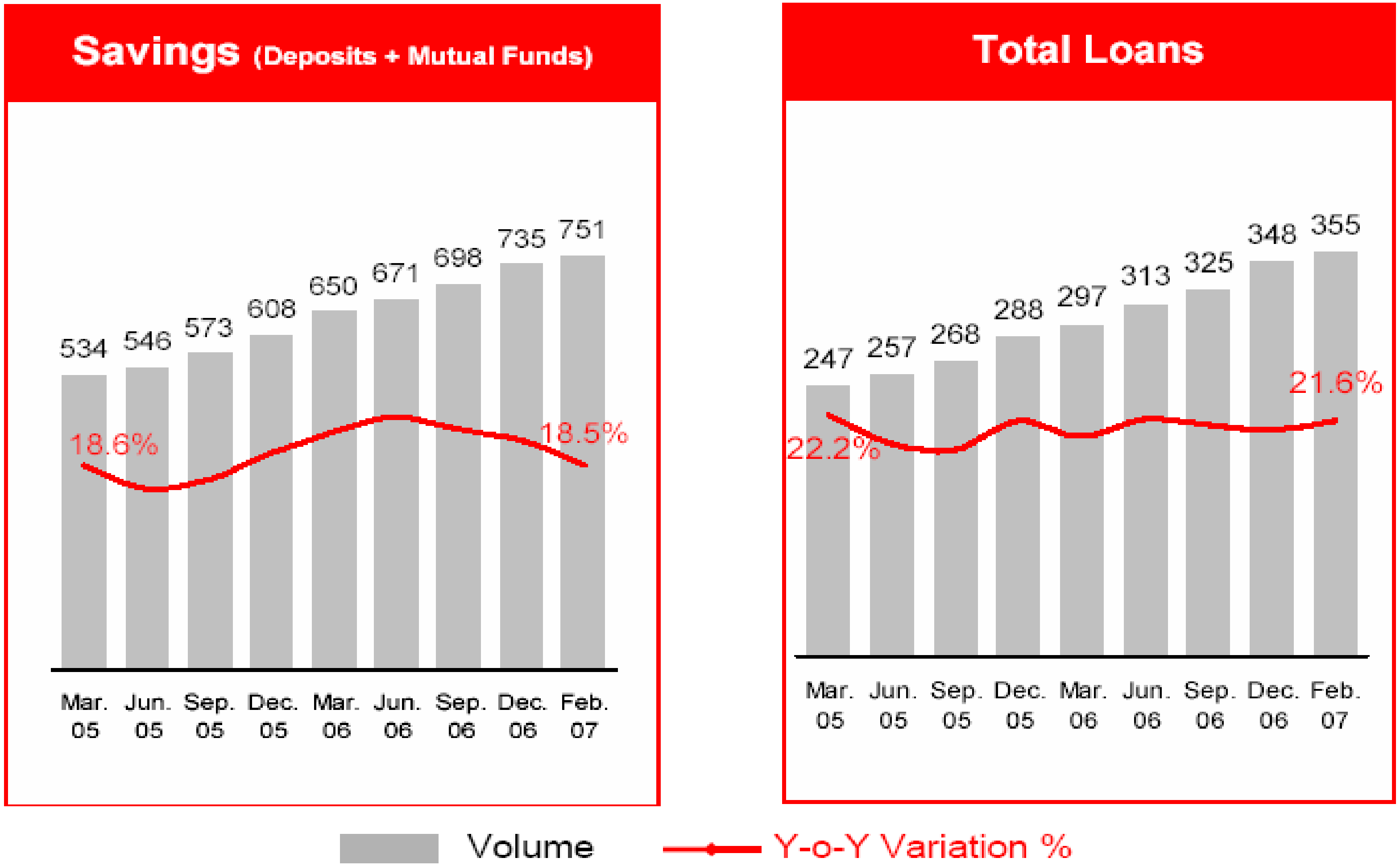
## Lower penetration ratios than other BRIC countries

| | Brazil | Other BRIC | Developed Countries |
|---|---|---|---|
| Loans / GDP | 32% | 58% | 139% |
| Deposits / GDP | 30% | 79% | 97% |
| Mortgages / GDP | 2% | 5% | 61% |
| Insurance Premiums / GDP | 3% | 3% | 10% |

Source: Merrill Lynch Research
Note: Other BRIC includes Russia, India and China and developed countries include the US, the UK, Japan and Germany
Based on non-weighted averages

# … and this results into very attractive growth rates of banking volumes

Billion of US$ constant Fx rate



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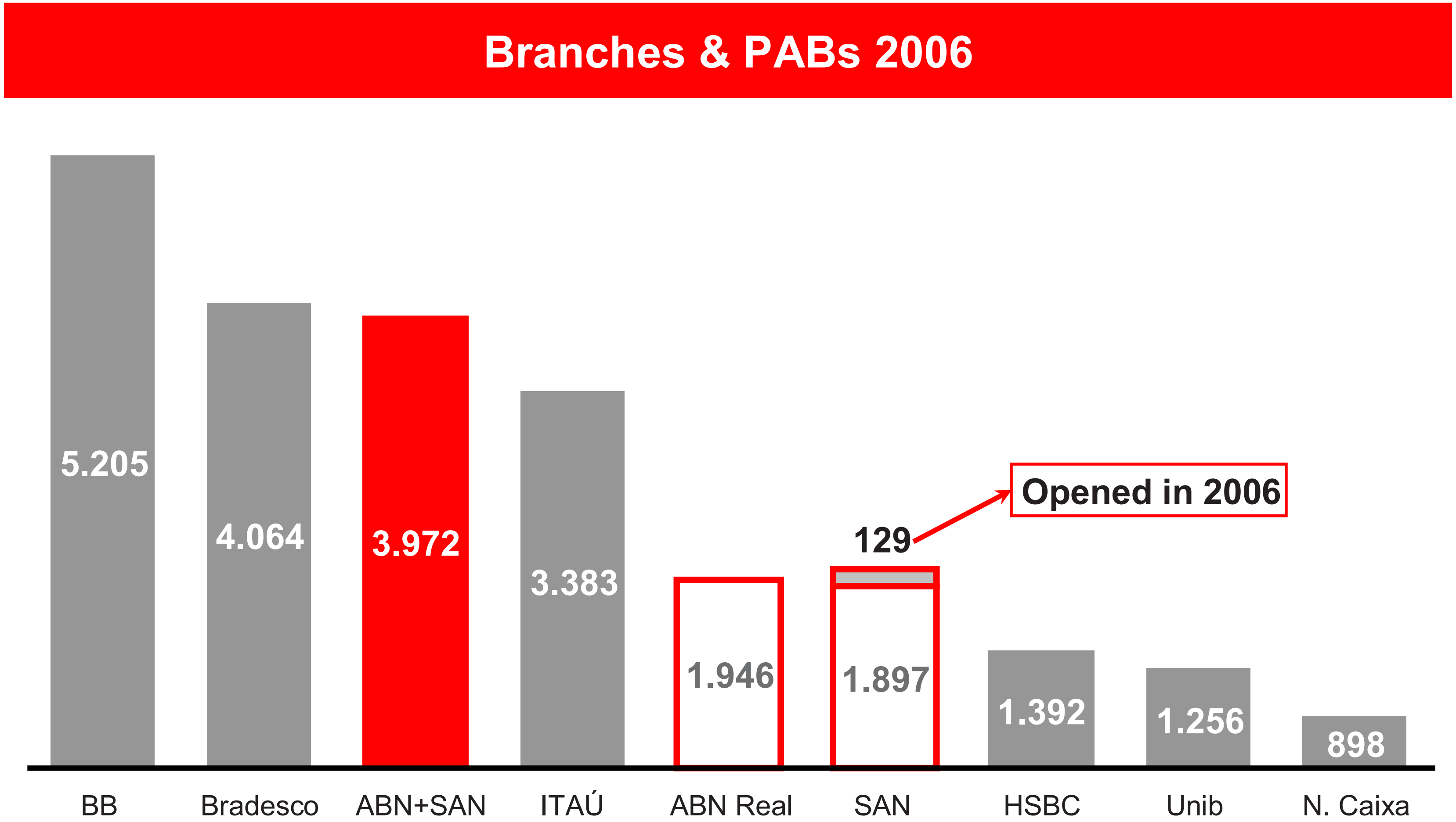
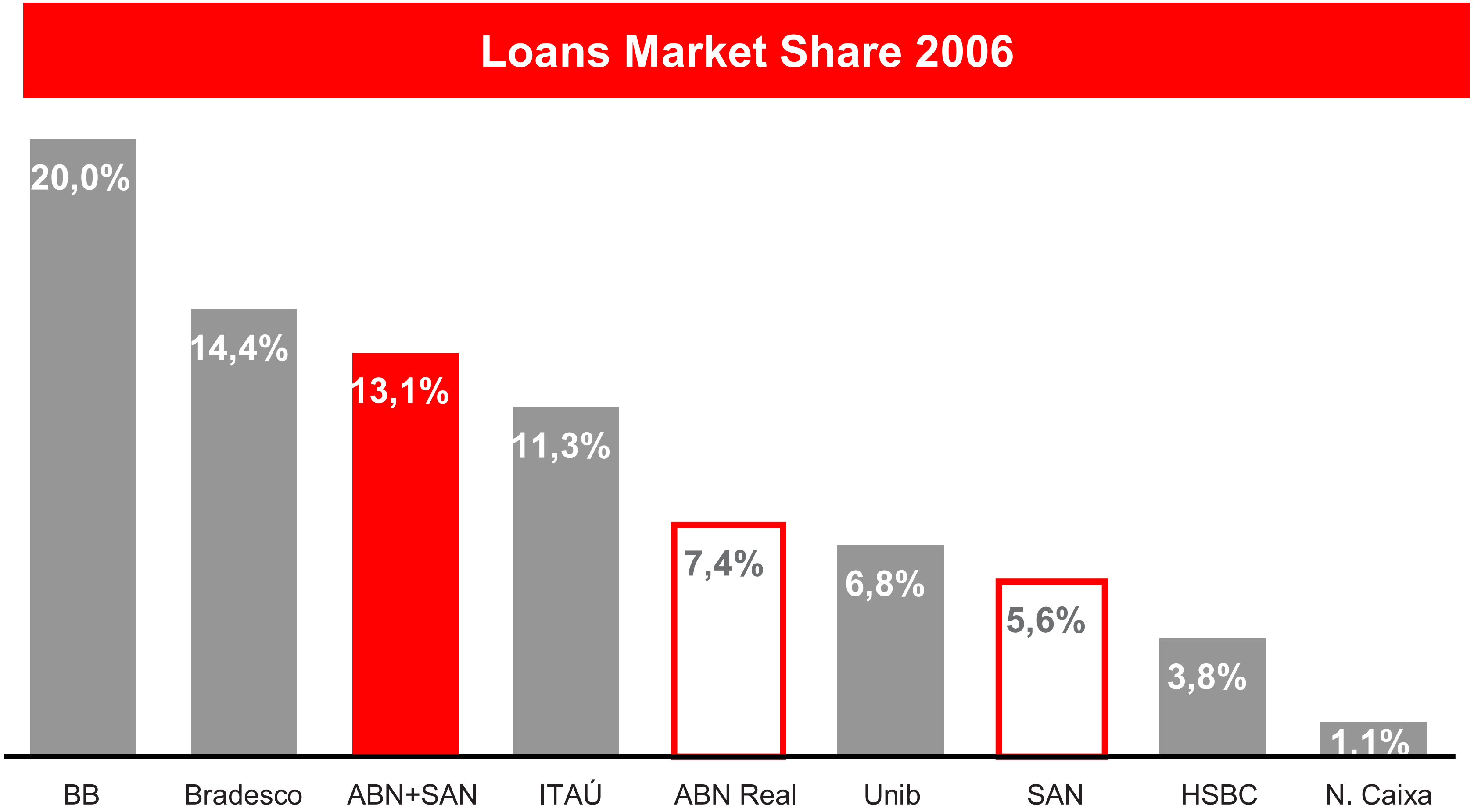
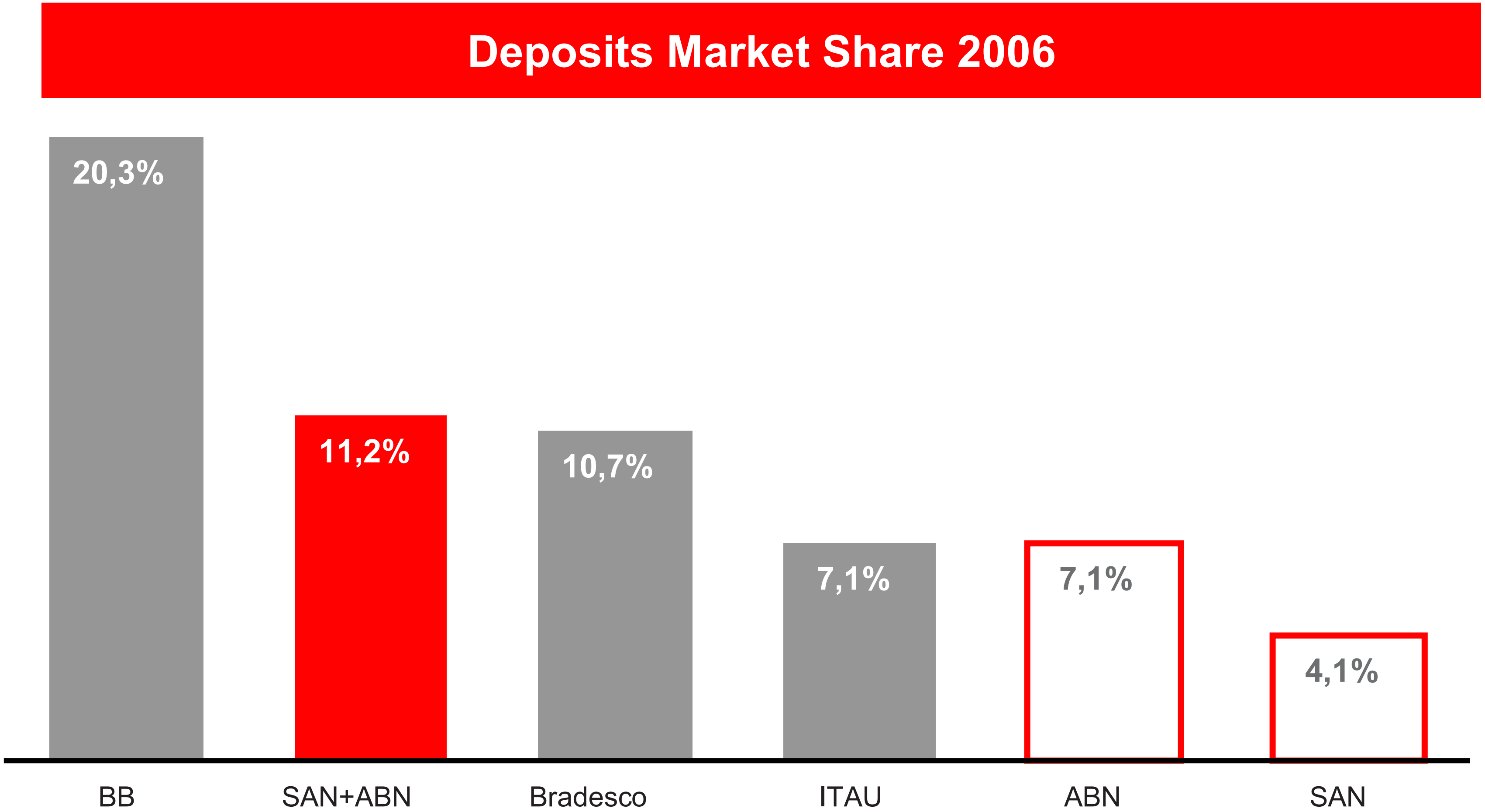
# The new bank would become the 3rd franchise in terms of distribution network …



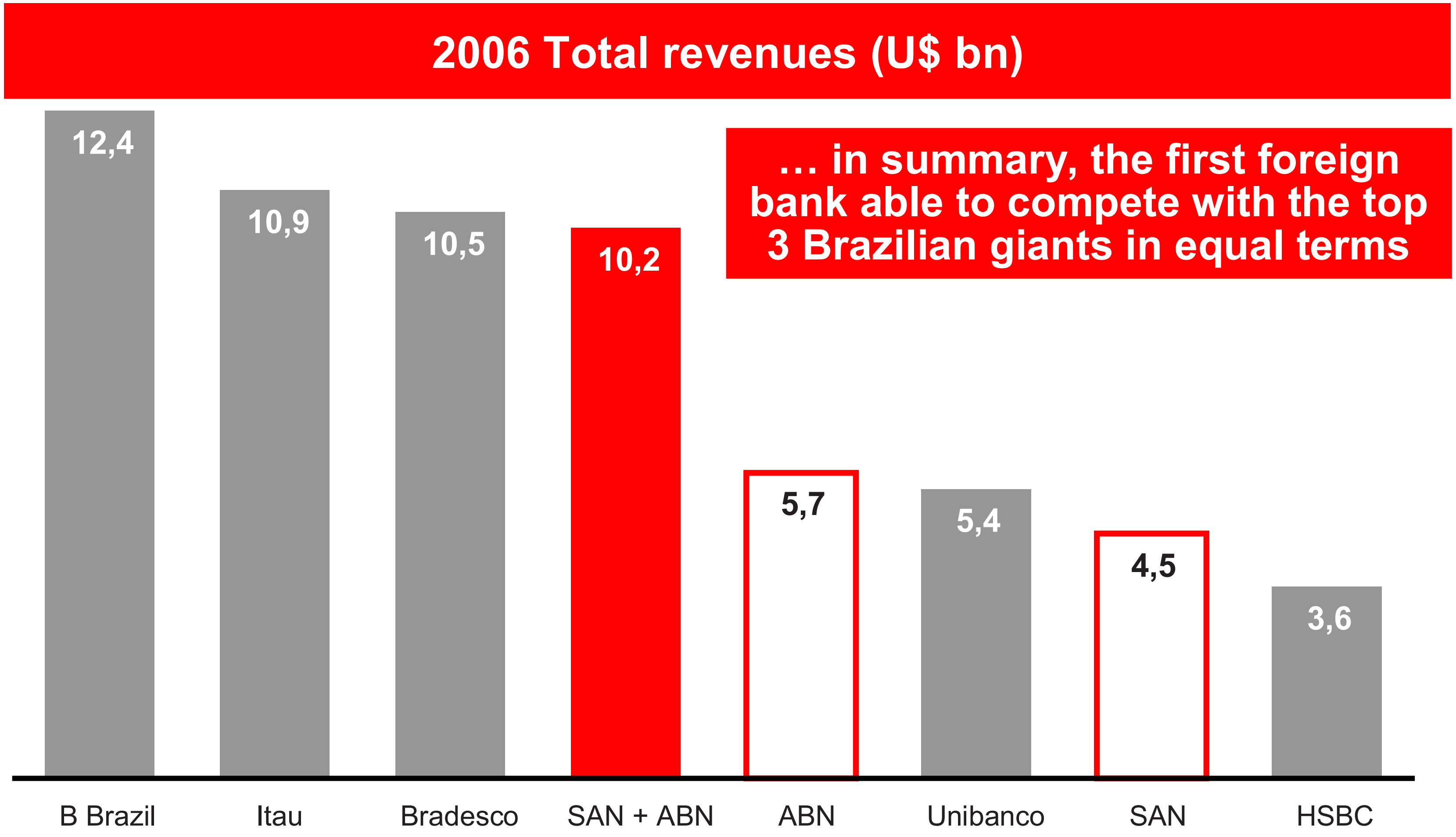
# … third franchise in terms of total loans ...



# … second in terms of deposits …

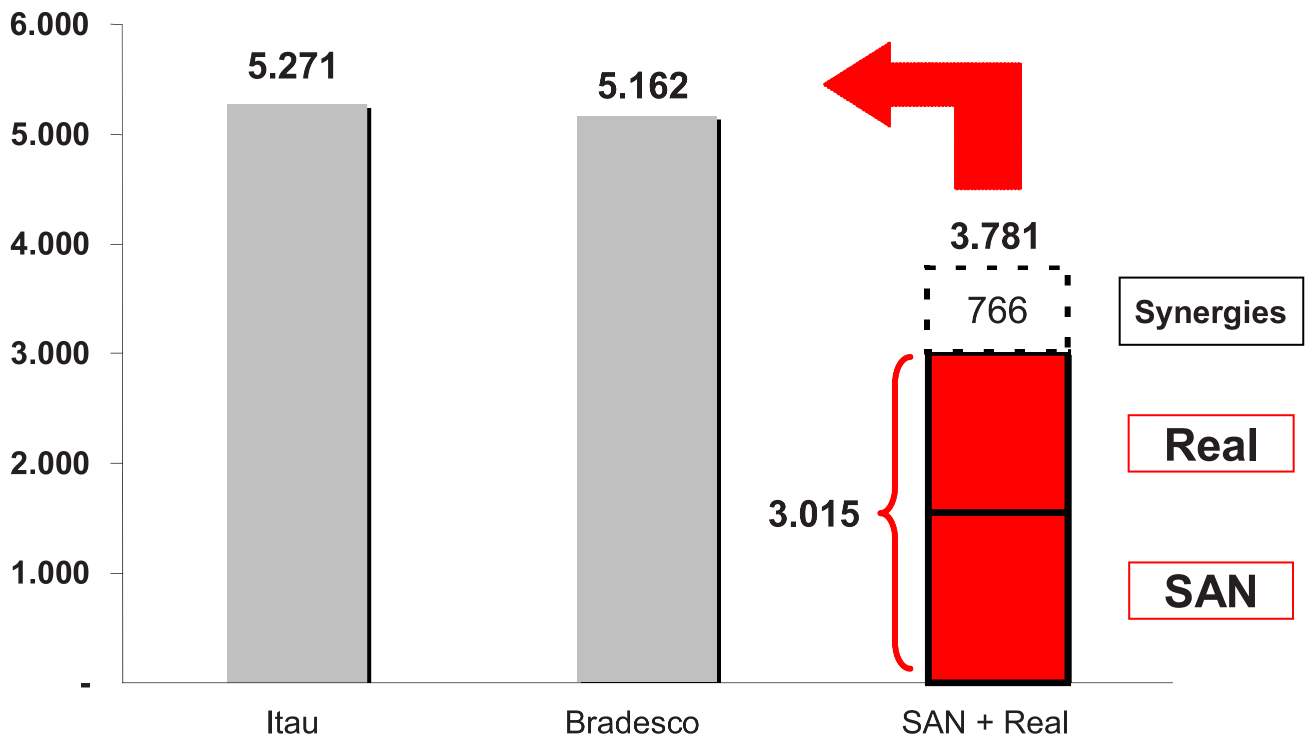


# … and fourth franchise by total revenues



# … but still below the profit generation levels of peers…(even after assumed synergies)

**Consensus- net profit 2010 (U$ m)**




**Potential to capture the enhanced profitability associated with scale in Brazil**

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**Excellent fit within Brazil**

Significant **in-market synergies** …

… with **low execution risk**

# Excellent geographical fit within Brazil… both banks create a power force in the core economic hub of Brazil

| | % of national GDP | Market share- SAN | Market share- ABN | Combined market share |
|---|---|---|---|---|
| Sao Paulo | 34% | 13% | 7% | 20% |
| Rio de Janeiro | 13% | 3% | 10% | 13% |
| Minas Gerais | 10% | 2% | 7% | 9% |
| Rio Grande do Sul | 8% | 8% | 2% | 11% |
| Subtotal- "top 4" | 64% | 9% | 7% | 16% |
| Brazil- total | 100% | 6% | 6% | 12% |

**Excellent complementarity in key states**

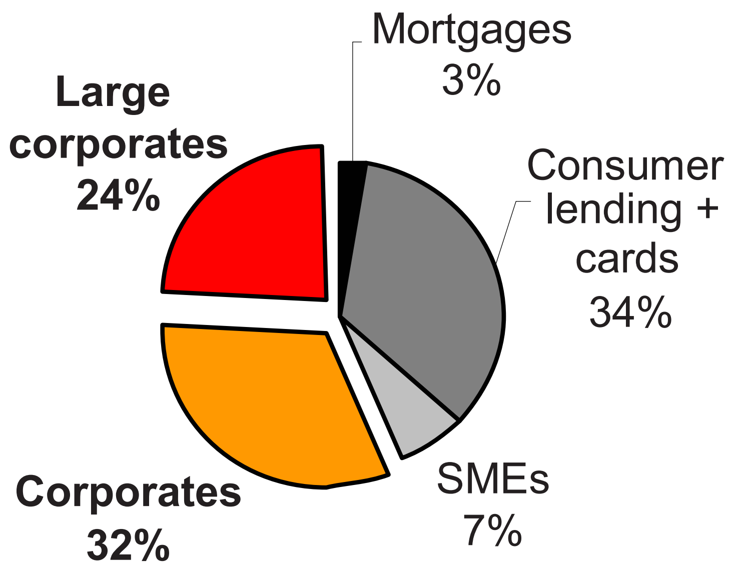
Banespa: stronger in Sao Paulo state

Real: strong in Sao Paulo city, Rio, main cities, Northeast

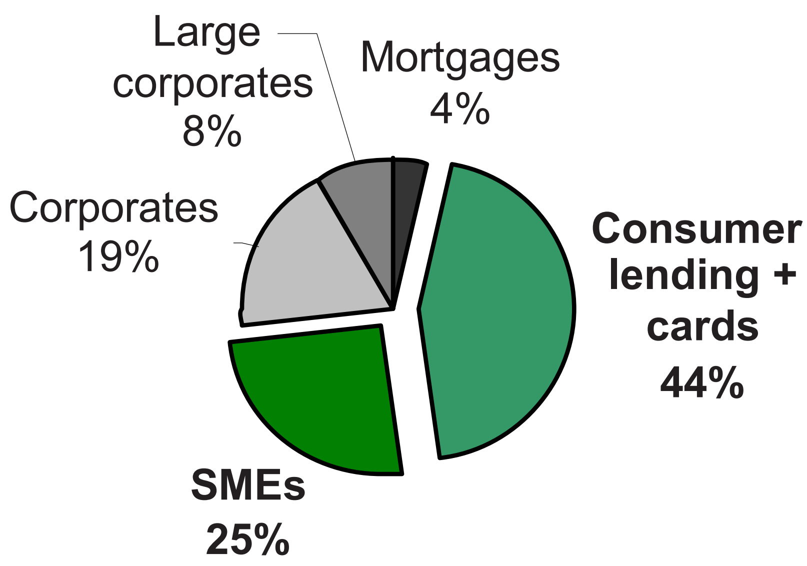
**… which should translate into limited customer attrition**


# … as well as an excellent product markets fit

**SAN Banespa: stronger in the affluent segments + corporate banking**




**ABN Real: stronger in mass market + small companies**



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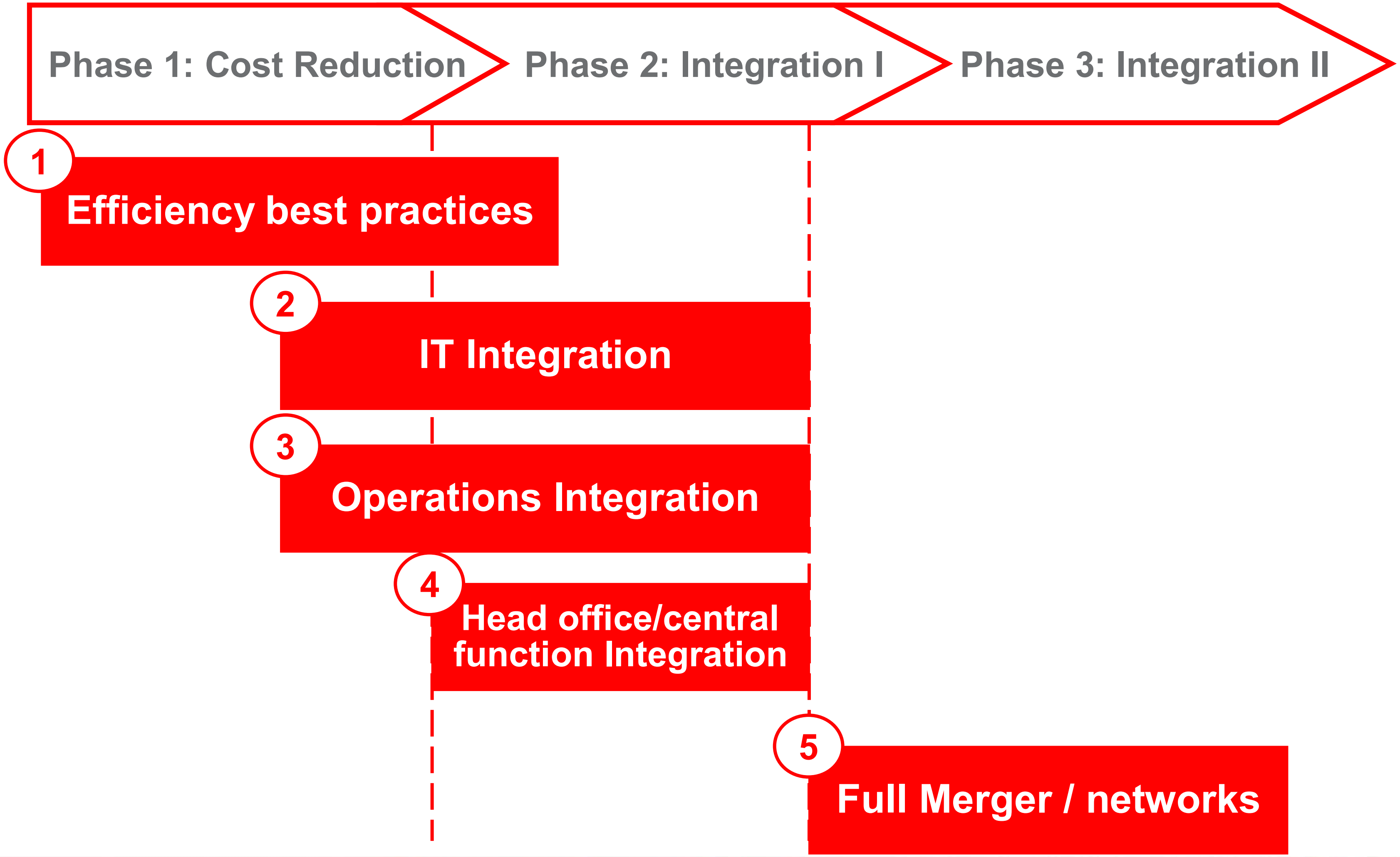
**Excellent fit** within Brazil

**Significant in-market synergies …**

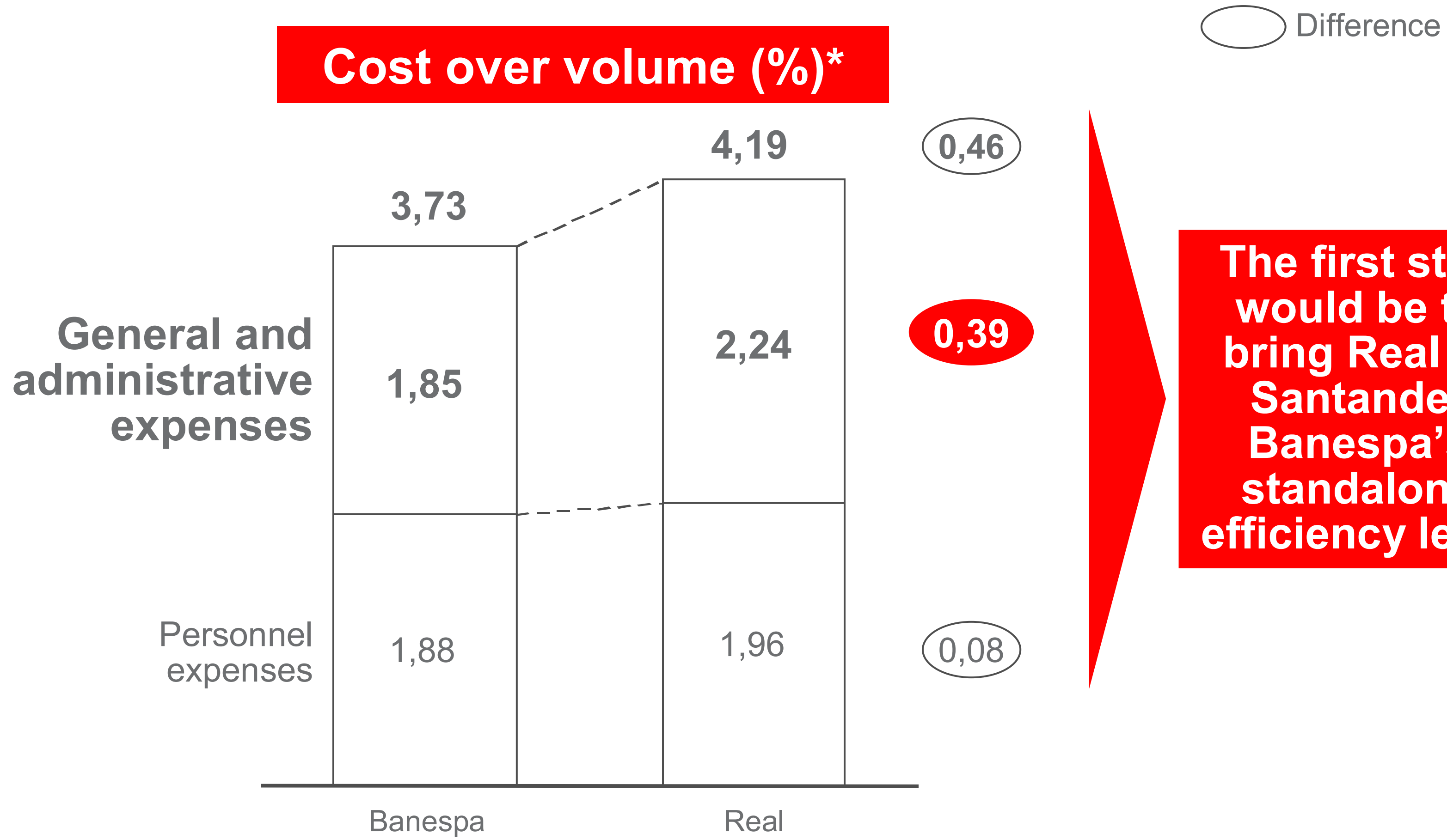
… with **low execution risk**

# We have structured a plan composed of five initiatives, starting with a cost rationalization program



# In terms of ordinary efficiency best practices, Real has significant potential to improve administrative expenses

Percentage, 2006




**The first step would be to bring Real to Santander Banespa's standalone efficiency level**

(*) Includes loans, deposits and off-balance funds

# Santander foresees a limited employment reduction as a result of the integration of both Santander Banespa and Real

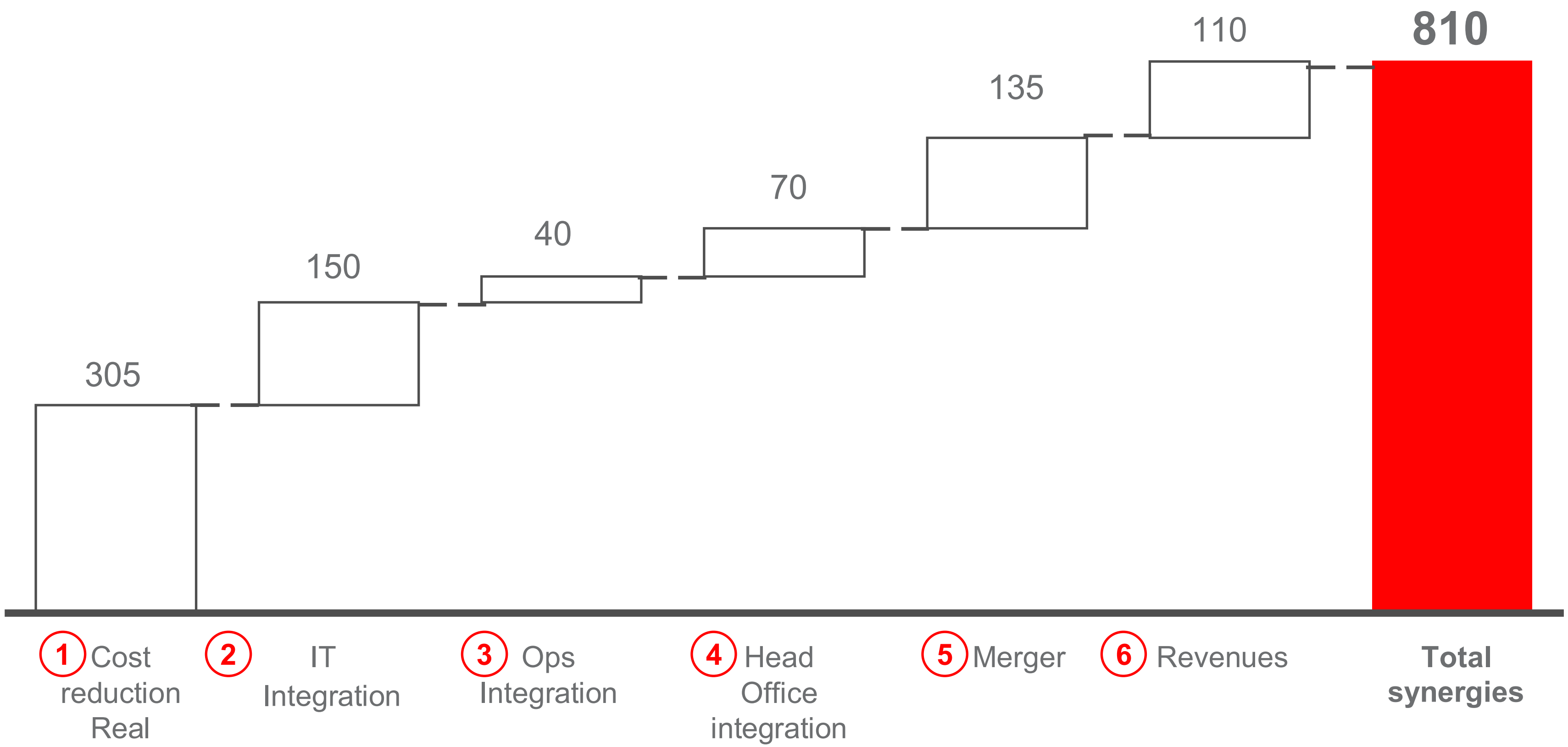
- **In managing the integration process we envisage following these principles:**
  - Whatever initial employment reduction is required, it will be managed through socially friendly programs including:
    - Early retirement programmes
    - Incentivized and agreed lay offs with required economic compensation
  - We envisage that most of the employment adjustment is likely to be absorbed by the high turnover ratios prevailing in Brazil (close to 20% of employees turn over every year)
  - We also see a strong investment in people and in infrastructure to capture the business growth potential of the Brazilian economy.

# Revenue Synergies; we are assuming conservative revenue synergies (EUR 110 m ; less than 2% of the combined revenue base)

| | |
|---|---|
| **1 Leap forward in businesses dependent on distribution reach and scale** | ■ Cash management / cash handling<br>■ Full service for corporate customers<br>■ Payroll-related agreements<br>■ Increased convenience for retail and corporate customers |
| **2 Sharing best practices** | ■ Santander: stronger in affluent banking, corporate banking<br>■ ABN Real: stronger in mass market, SME banking |
| **3 Synergies with SAN's global units** | ■ Asset management<br>■ Insurance<br>■ Credit cards |

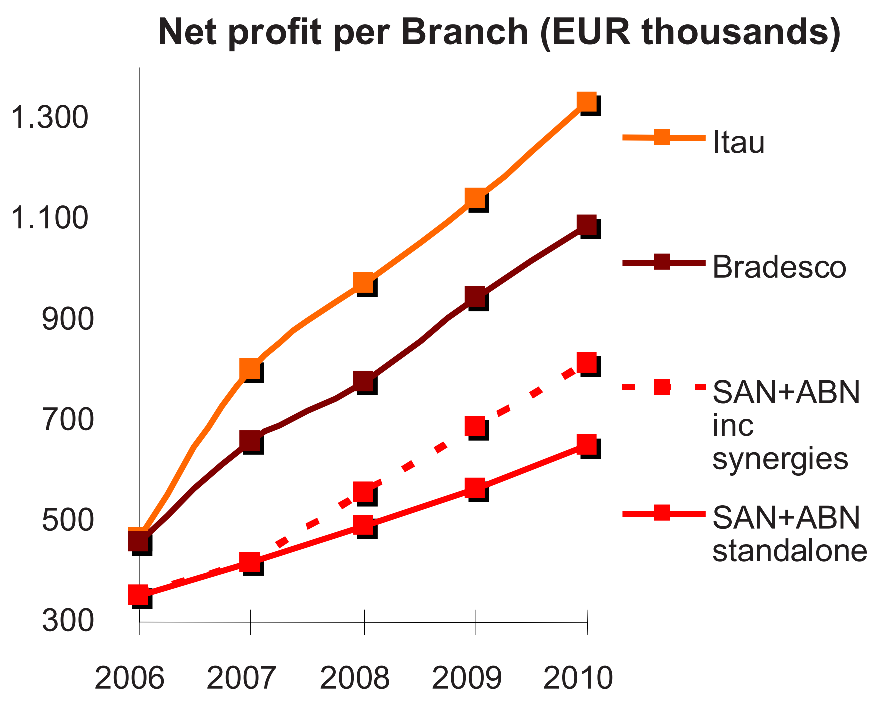
# These initiatives will allow to capture > EUR 800 million in pre-tax synergies

EUR Million

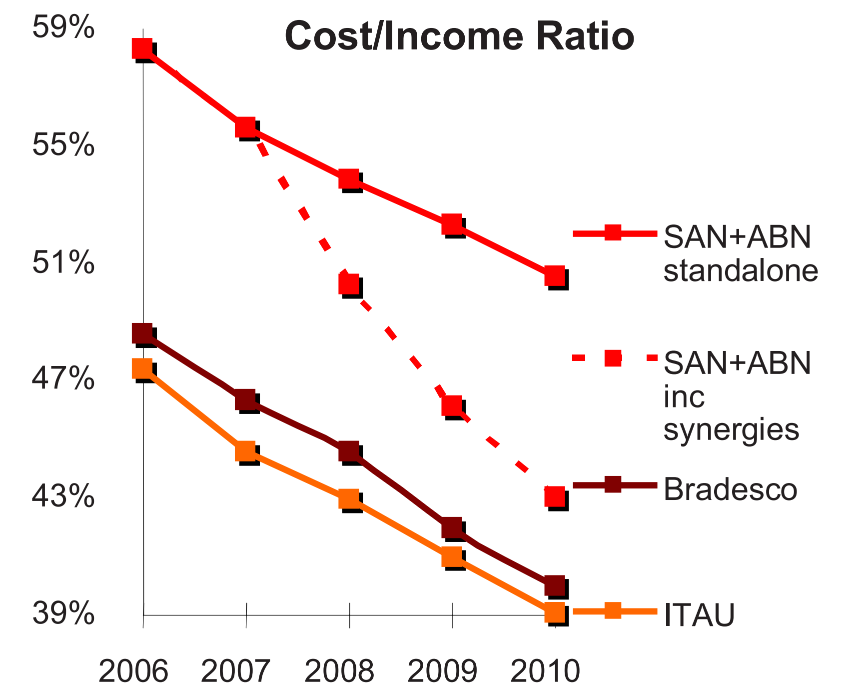


# These synergies would bring the new bank closer to "best practice" standards in Brazil …

## In terms of profitability …




## … as well as efficiency




**… but there is still room for improvement (synergies are conservative)**

Note 1: ratios based on consensus estimates
Note 2: assumes stable number of branches for all banks

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Significant **in-market synergies** …

**… with low execution risk**

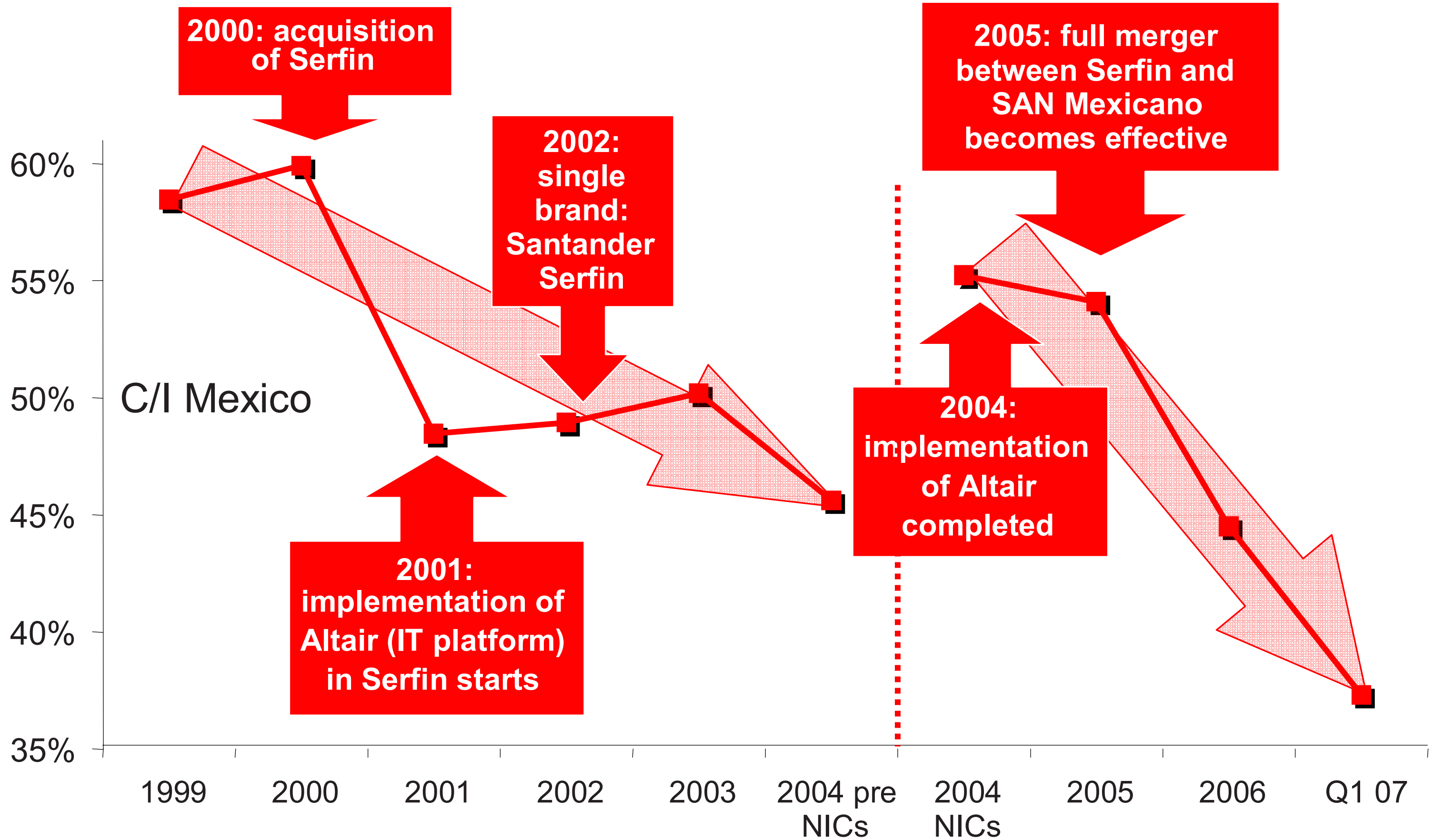
# Santander's has a strong integration track record in Brazil

## Track Record in Brazil

- 1997 → Banco Geral do Comercio
- 1998 → Banco Noroeste
- 2000 → CF Meridional
- 2000 → Banespa

**We are ready to integrate Real: In Brazil, we now have a single, multi-bank and scalable IT platform**

# We have executed several integrations in Latin America over the past decade- e.g., integration of two banks in Mexico and in Chile




**In Mexico, the combination of in-market synergies (from the integration of Santander Mexicano and Serfin), along with strong business growth, has allowed us to achieve a significant reduction in our efficiency ratio**

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# Italy: An attractive franchise in a market where SAN can add a lot of value

- **Italy is a very attractive market**
  - Attractive returns
  - Underdeveloped in some areas (mortgages, consumer lending)
  - Potential to improve operational efficiency
- **Antonveneta is an attractive franchise**
  - Seventh largest bank in Italy; sixth largest in the North by branch network*
  - Strong customer franchise; critical mass in core regions
  - A great platform from which to grow
- **We can add significant value to Antonveneta**
  - Apply our expertise in areas such as mortgages or retail mutual funds
  - Implement our IT system (Partenon)
  - Leverage our global businesses (cards, insurance…)

(*) After recently announced M&A transactions

# Italy is an attractive market with significant growth potential: A market we know well…

**Banco Santander presence in Italy since 1995:**
**(stake in Gruppo Bancario San Paolo, since its privatisation)**

| 1995 | 2001-2002 | 2004-2005 | 2006 |
|---|---|---|---|

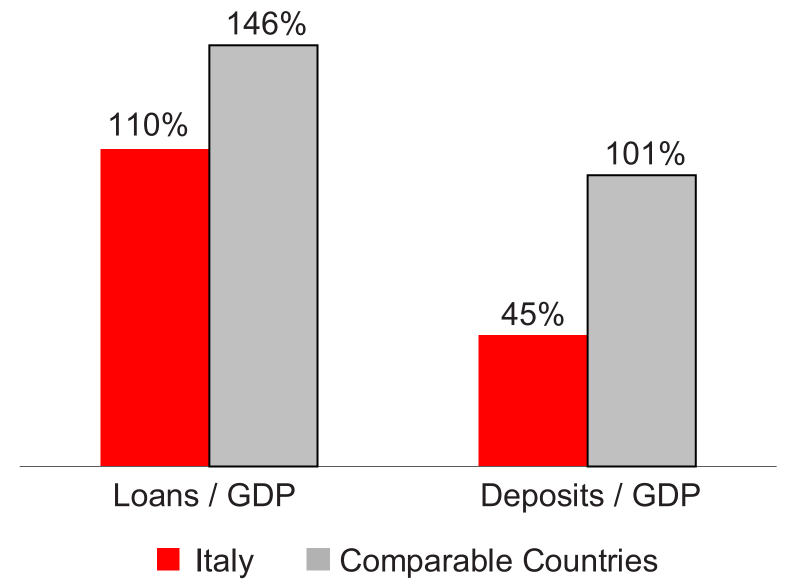
**Stake in San Paolo**

| San Paolo | Strategic Alliance with San Paolo in the Italian Market | Increase Direct Presence in Italian Consumer Finance Market | Private Banking |
|---|---|---|---|
| Acquisition stake in Gruppo Bancario San Paolo in the privatisation | Consumer Finance: 50%-50% Finconsumo<br><br>Asset Management: AllFunds Bank (50%-50%) | Acquisition 50% Finconsumo from San Paolo (100% ownership)<br><br>Acquisition 100% Unifin | Acquisition 100% KBL Fumagalli Soldan |

# A banking market with a lot of potential…

## Still trailing other major European countries

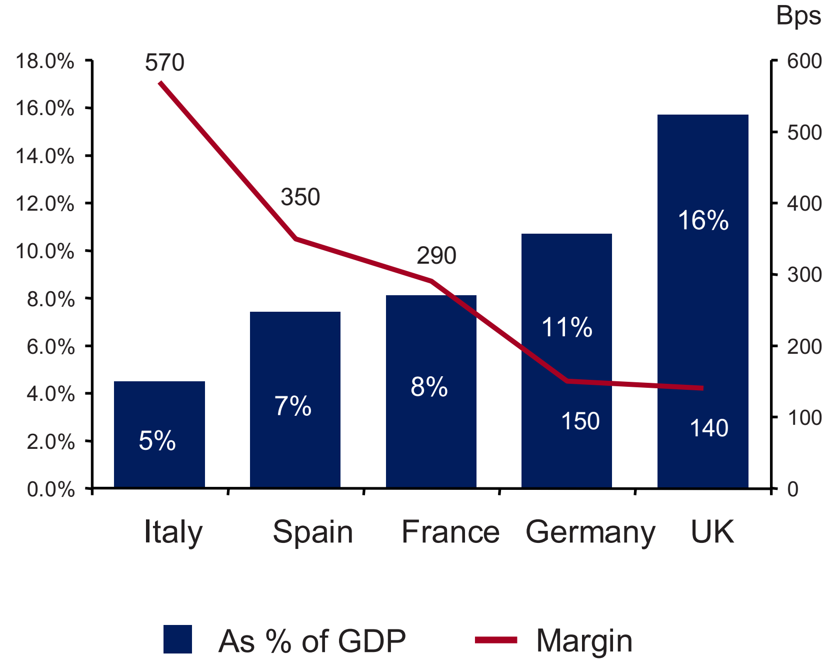
| 05-11 Expected Increased Penetration | 3.0% | 1.2% | 2.7% | 1.6% |
|---|---|---|---|---|




Source: EIU

Note: Comparable countries includes Spain, France, Belgium, Netherlands and the United Kingdom

## High margin and growth potential for consumer credit




Source: ASSOFIN, IMF, Mercer Oliver Wyman

# ATV is an attractive regional franchise: An opportunity to acquire a strong regional position in the Northeast of Italy

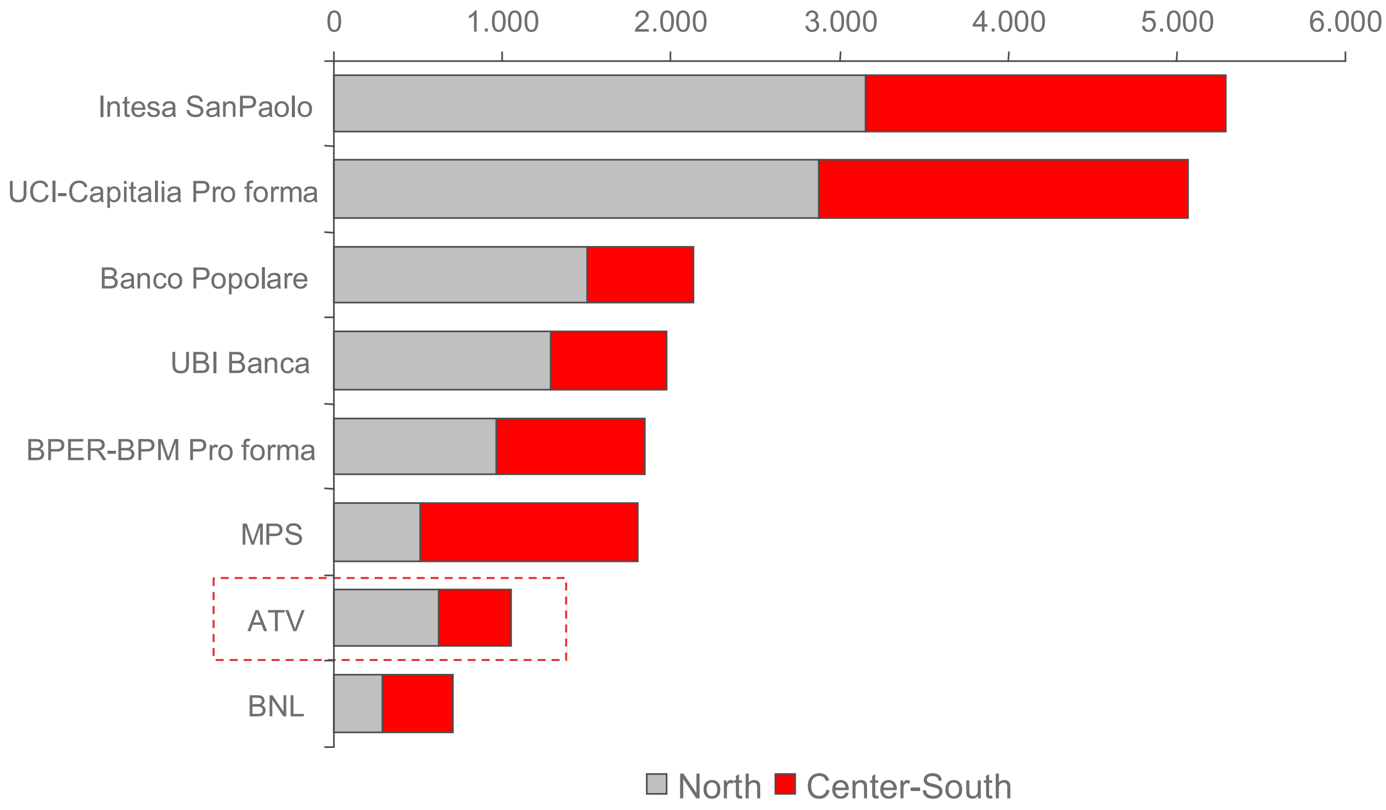
Sixth franchise in the North of Italy

Leading position in Veneto & Friuli

**Strong regional positions…**


**…and an excellent platform from which to grow organically**

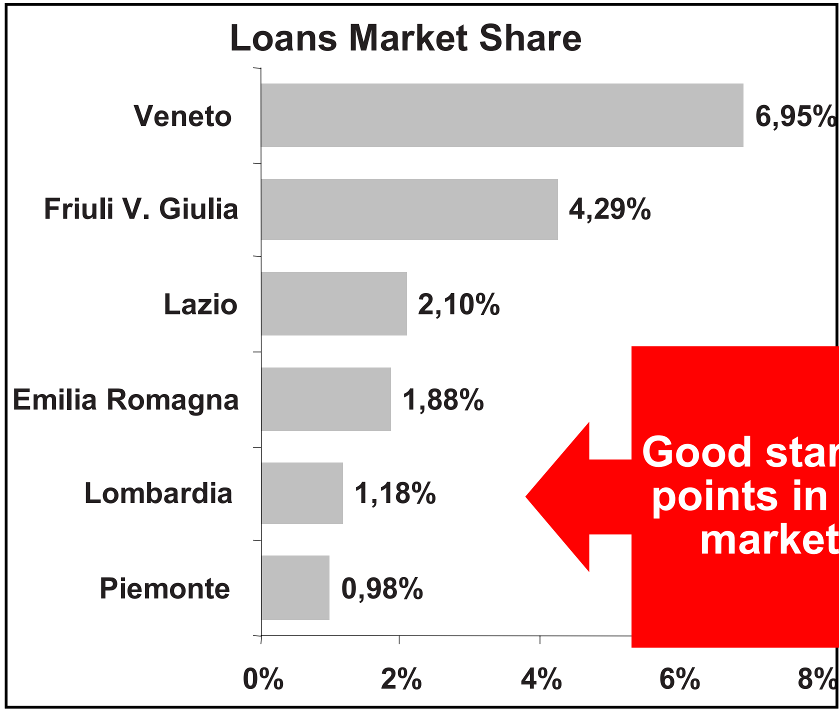
# Antonveneta is the seventh banking group in Italy by distribution network (the fifth in the North)



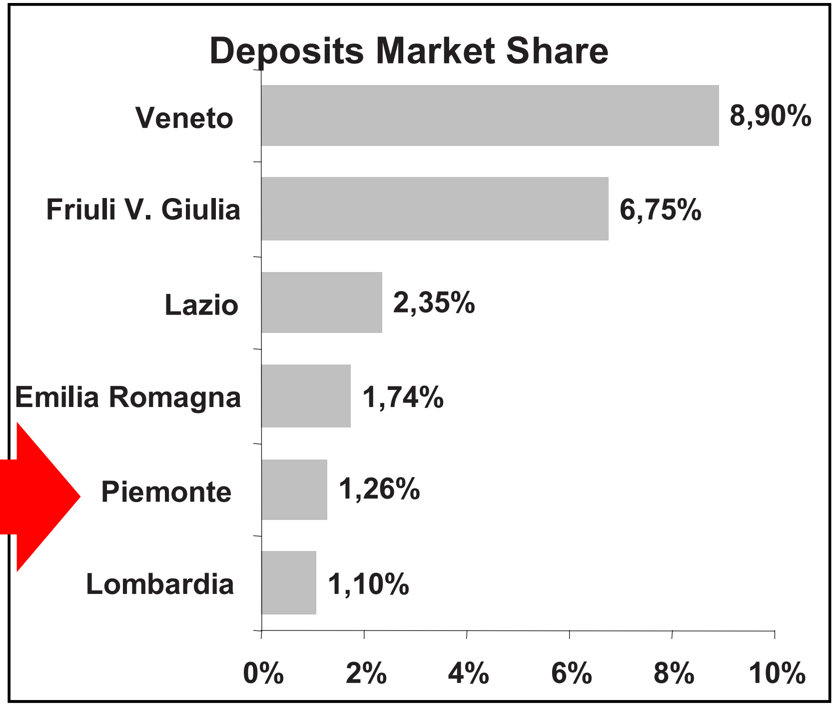
# Antonveneta has a leading position in Veneto and Friuli and good starting points in other key regions…

**Loans …**

**… and deposits**

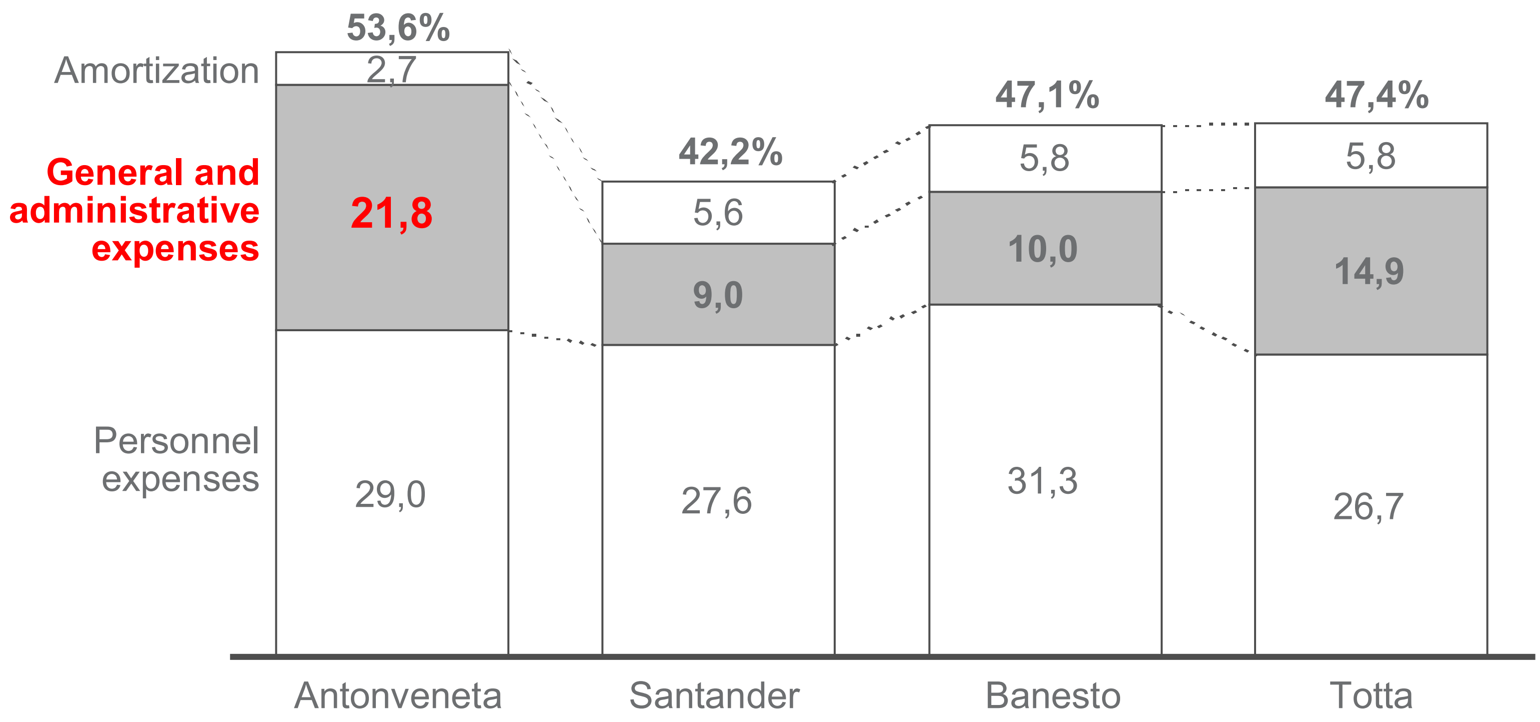



**Good starting points in key markets**



# We can add significant value to ATV (Costs): General and administration expenses in Antonveneta are significantly higher than in Santander's banks in Europe

## Costs as % of revenues- 2006




Note: Revenues and costs exclude one-off items

# Specific and actionable cost saving initiatives…

**1 Ordinary cost reduction Antonveneta**

- IT & OPS rationalization: banking operation rationalization, communication rationalization, revisiting outsourcing contracts, non critical current project cancellation, etc..
- Integral management of contracts
- Channel structure optimization (branches, contact centers)
- Marketing and product rationalization and simplification
- Head Count optimization if required

**2 IT consolidation**

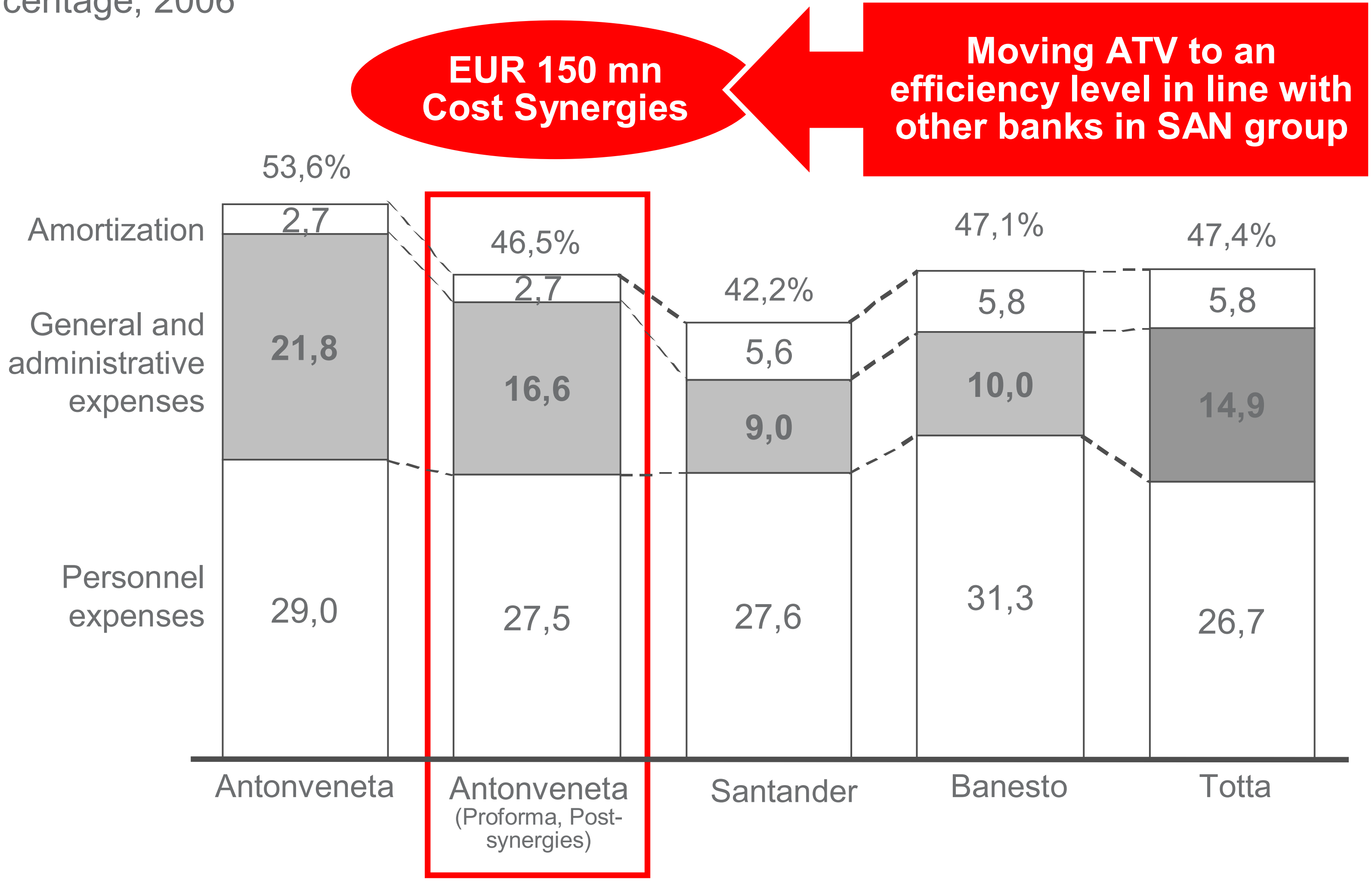
- Implementation of Partenon
- Data processing centre consolidation
- Server consolidation

**3 Support functions centralization**

- Back-office functions and IT services outsourced in Group global
- Integration of purchasing activities
- Partial consolidation of other support functions (i.e. HR and finance)

# Initiatives in general and administrative expenses in Antonveneta can lead to savings worth EUR 150 m

Percentage, 2006



# We can add significant value to ATV (Revenues): Potential to improve commercial performance: three main levers

**Improve commercial performance in areas in which ATV is "punching below its weight"**

- Lending to households
  - Mortgages
  - Consumer lending
- Mutual Funds

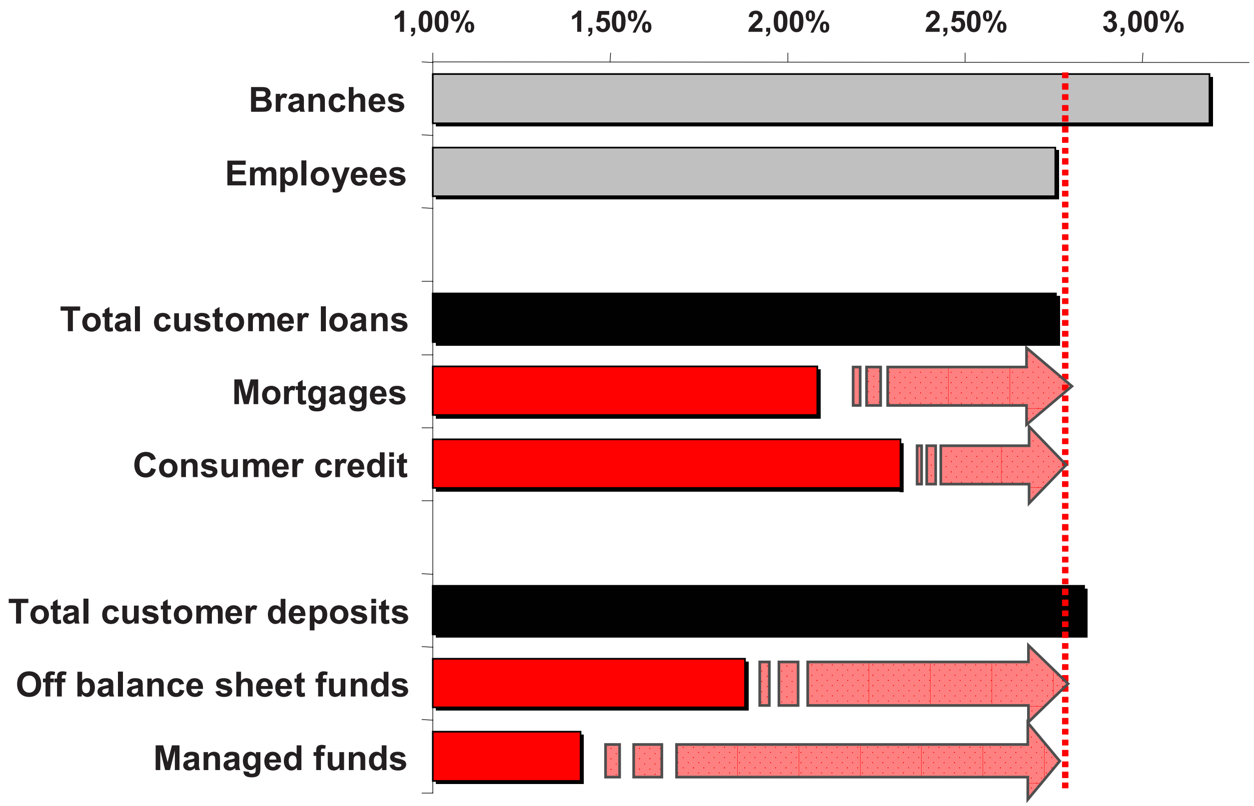
**Potential to leverage Santander's global units**

- Cards
- Insurance
- Asset management
- Private clients
- Consumer lending

**Potential to expand its franchise**

- Santander has substantial experience in branch expansion… without losing control of the cost base

# Improve commercial performance in areas in which Antonveneta is "punching below its weight"




## Two focus areas:

- Lending to households …
- … and mutual funds

# Potential to leverage Santander's global units

**Cards**

- Potential to increase cross-selling of credit cards to Antonveneta's customers
- Use Antonveneta as a platform to launch the distribution of cards through third parties

**Insurance**

- Improve cross selling of credit-related insurance products
- Develop high value added insurance products to attack the savings market

**Global Wholesale Banking**

- Develop a treasury / derivative-based offer for SME customers

# Branch expansion potential: Antonveneta provides a good base to expand in other regional markets with the Santander cost efficient model…

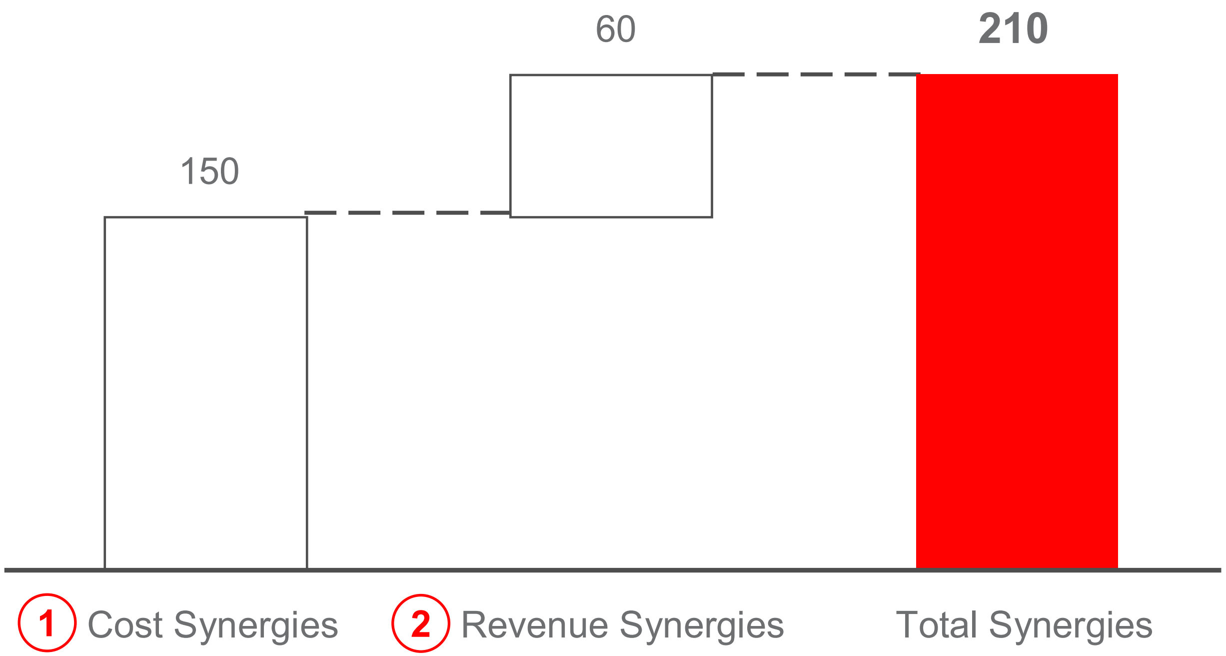
**In "mature" markets, we expand our distribution networks ("expand the front")… without losing control of our cost base**

| | Nominal cost | Actual cost | Number of branches |
|---|---|---|---|
| SAN Retail | +2.0% | **-0.7%** | **+6%** |
| Banesto | +4.2% | **+1.5%** | **+8%** |
| Portugal* | +4.3% | **+1.8%** | **+5%** |

- The **consolidation** of the Italian banking system offers a **unique opportunity to gain market share** through branch expansion
- We have substantial **branch opening expertise**- in Spain, Portugal and Latin America
- Our model is to reduce costs in the back to invest in the front / distribution networks

(*) Costs performance excluding one-off in Q4'06 due to branches' re-branding

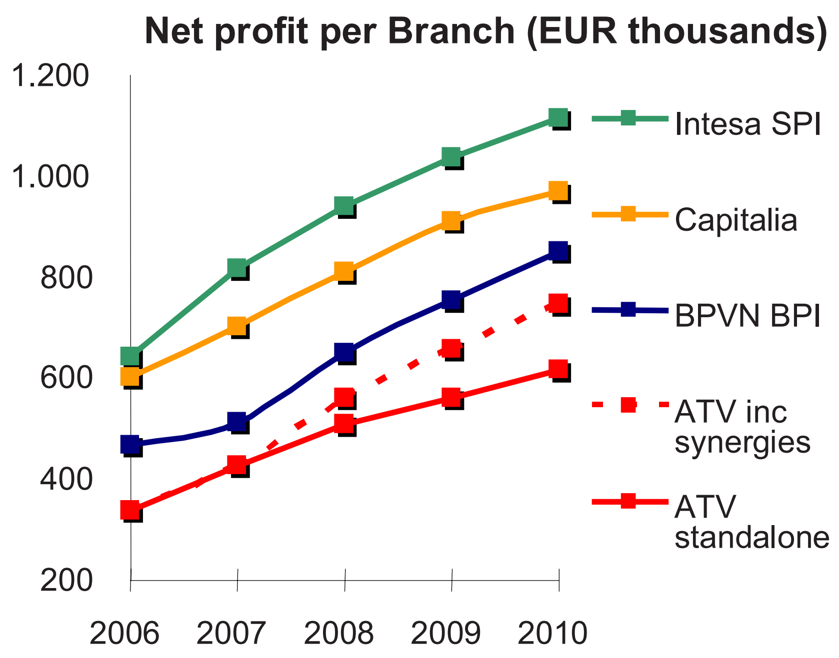
# Summary of value creation potential in Antonveneta



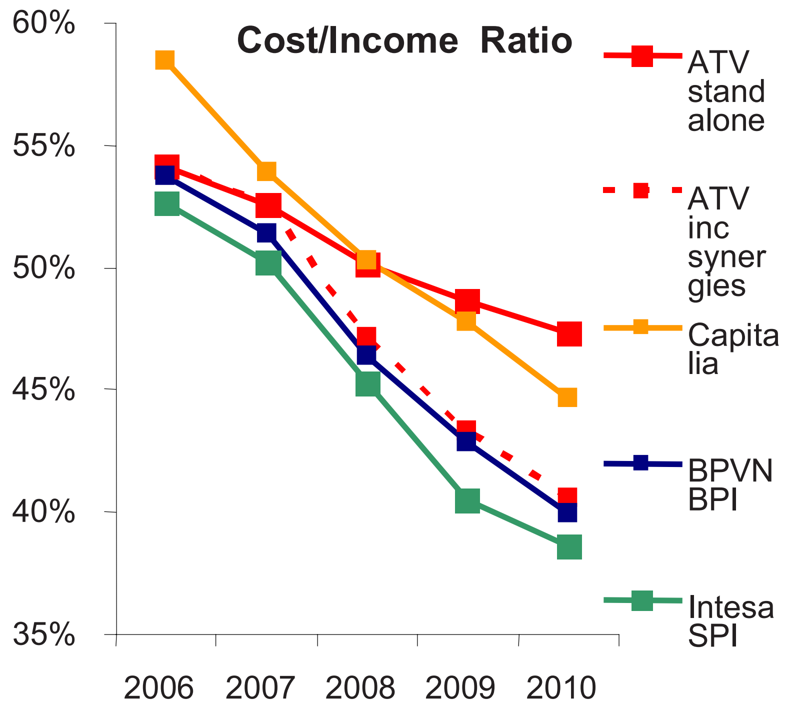

**Note: excludes impact of potential branch expansion**

# These synergies would bring Antonveneta closer to "best practice" standards in Italy…

## In terms of profitability …




## … as well as efficiency




## … but there is still room for improvement

Note 1: ratios based on consensus estimates
Note 2: assumes stable number of branches for all banks

# Agenda

- Introduction – Structure of the deal
- **Strategic rationale of the deal for Santander**
  - Brazil
  - Italy
  - **Interbank and DMC (Dutch Consumer Finance)**
- Financial rationale of the deal for Santander
- Summary and conclusions

# Strategic and financial rationale: Interbank provides critical mass to Santander consumer finance operation in Netherlands

**Interbank & DMC are attractive franchises …**

- Interbank is the largest independent consumer finance provider in the Netherlands: 11,8% market share, +1,3% in the last two years (EUR 2 bn portfolio)
- DMC #3 intermediary in the Dutch market

**Good fit with SCF and potential to improve**

- Complementary business with SCF NL
- Improve business model and cross-selling
- Potential to improve cost and synergies with SCF NL

**We are confident we can achieve EUR 10 m in synergies (EUR 5 m cost and EUR 5 m in revenue synergies)**

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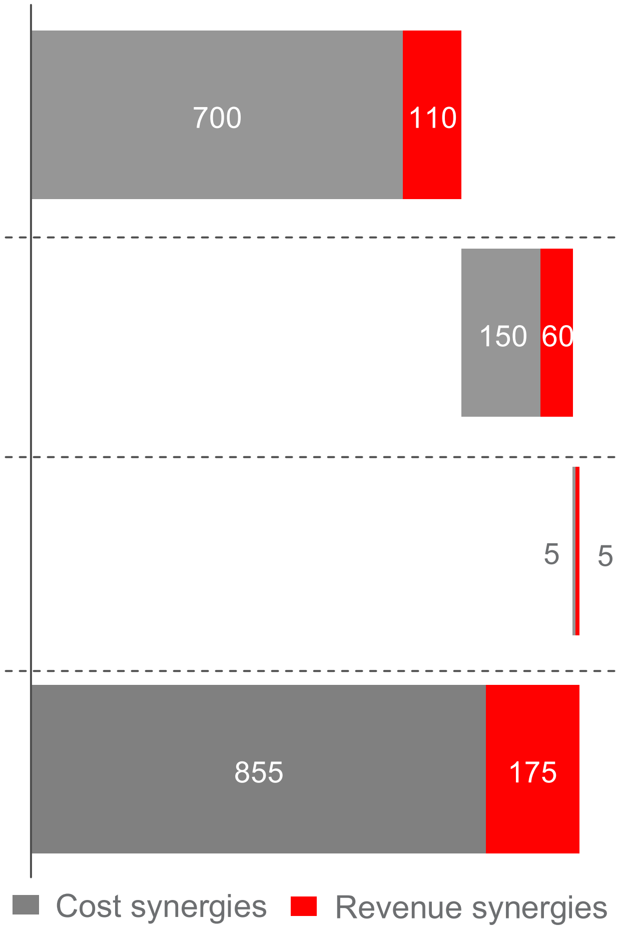
# Summary of synergies: our goal is to reach EUR 1.030m synergies (EUR 855m in cost synergies and EUR 175m in revenue synergies)

**Amount (€m)** | **% of Total** | **Rationale**




**Brazil** — 79%

- In-market synergies
- Integration of back office structures, migration to common IT platform
- Optimisation of distribution networks
- Synergies: 32% of 06 proforma costs, 3% of revenues

**Italy** — 20%

- Apply Santander retail banking model
- Implementation of Partenon IT systems
- Take full advantage of growth opportunities (mortgages, cons, finance)
- Synergies: 13% of 06 proforma costs, 3% of revenues

**Consumer Finance** — 1%

- Integration into the Santander Consumer structure
- Focus on franchise growth
- Synergies: 11% of 06 proforma costs (estimated) and 6% of revenues

**Total** — 100%

# Financing: Reducing rights issue needs to the minimum

EUR bn

| Total Consideration | 71.1 |
|---|---|
| **Share or Santander** | **19.8 5** |
| **Total "balance sheet optimisation"** | 10.2 |
| Of which increased leverage, securitisations | 8.7 |
| Of which asset sales (industrial portfolio+real estate) | 1.9 |
| Of which other (includes one -off charges) | -0.4 |
| **Rights Issue + Mandatory convertible** | **9.7** |
| **Total** | **19.85** |
| | |
| **% "Balance sheet optimisation"** | **51%** |
| **% Rights Issue + Mandatory convertible** | **49%** |

**Balance sheet optimization includes sales of industrial stakes and other assets, increased leverage (target core Tier 1: 5.3%), accelerated securitization / loan sales programme. This figure is net of restructuring / other charges.**

# This deal meets our financial criteria

- EPS accretion year 1
- ROI > cost of capital within two years

| (€m) | Value Allocation | Cost Synergies | Revenue Synergies | Expected 2010 ROI |
|---|---|---|---|---|
| Total | 19,855 | | | |
| Of which Stake in Shared Assets | 1,005 [1] | | | n/a |
| **Total Acquired Businesses** | **18,850** | **855** | **175** | **>12.5%[2]** |
| **LatAm** | **12,000** | **700** | **110** | **>13.5%** |
| **Antonveneta** | **6,640** | **150** | **60** | **>10.5%[2]** |
| **Interbank & DMC Consumer Finance** | **210** | **5** | **5** | **>12.0%** |

**EPS impact: +1% in 2008; + 4% in 2009; + 5% in 2010**

**Funding: impacts assume 51% through internal capital generation (leverage + disposals), 49% through mandatory convertible and rights issue**

(1) Assumes total value of shared assets: EUR 3.6bn
(2) (Valuation + NPV of intangible amortisation) / net income

# Brazil: The acquisition covers our cost of equity by 2009

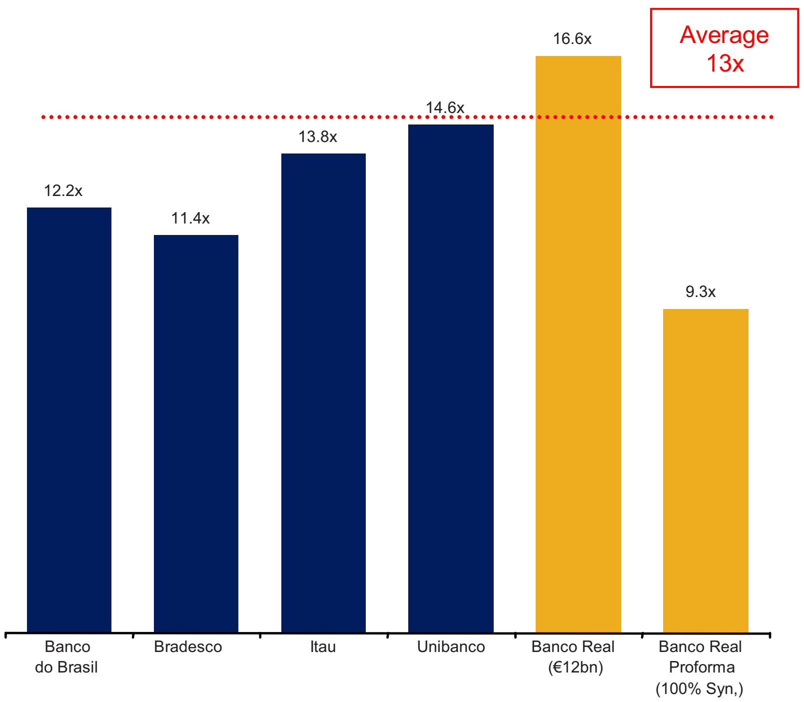
| (€m) | | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Value allocation** | **12,000** | | | | | |
| Expected standalone earnings | | 648 | 724 | 819 | 900-950 | 1,000-1,050 |
| Cost synergies (pretax) | | | | 280 | 525 | 700 |
| Revenue synergies (pretax) | | | | 39 | 83 | 110 |
| Expected earnings inc synergies | | | | 1,042 | > 1.3bn | > 1.6bn |
| **Expected ROI** | | | | **8.7%** | **> 11%** | **> 13.5%** |

**We have chosen to be conservative when estimating the revenue synergies / incremental growth opportunities**

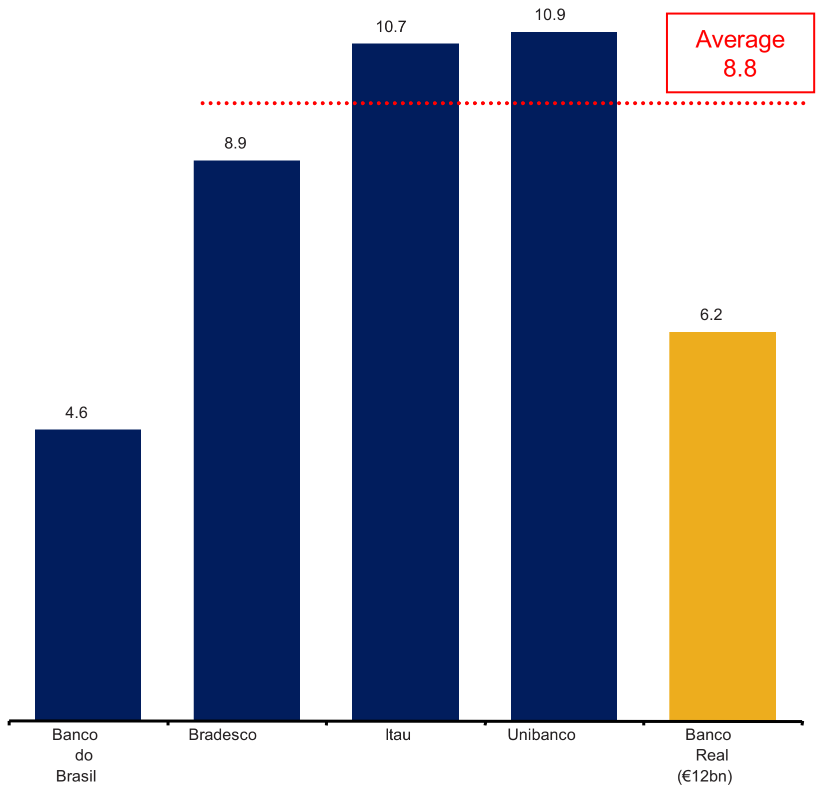
# Brazil: the valuation is in line with market valuations, in terms earnings multiple and franchise value

## Brazilian Banking Sector

### P/E- 2007e(1)




### Market Cap/Branch(2)




Source: FactSet prices as at 25 May 2007

(1) Based on valuation for Banco Real of €12.0bn; P/E proforma calculated assuming net income including fully-phased synergies of €1,291m; Banco Real multiples not included in average

(2) Includes PABs

Santander 150 AÑOS

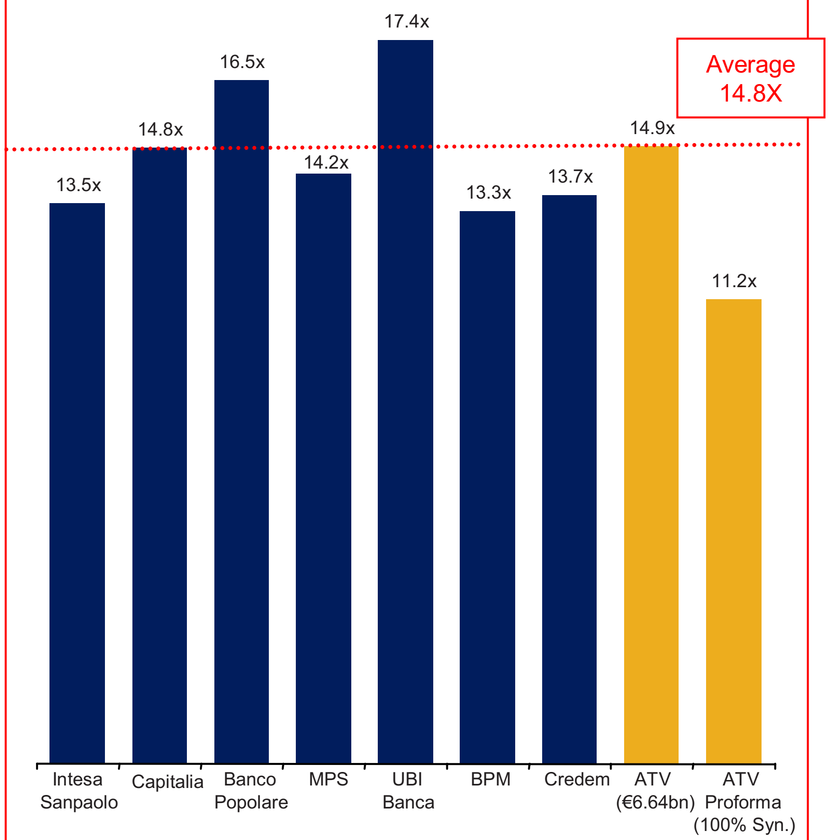
# Italy: The acquisition covers our cost of equity by 2009

| (€m) | | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Value allocation** | **6,640** | | | | | |
| Expected standalone earnings | | 413 | 447 | 533 | 575-600 | 625-650 |
| Cost synergies (pretax) | | | | 60 | 113 | 150 |
| Revenue synergies (pretax) | | | | 21 | 45 | 60 |
| Expected earnings inc synergies | | | | 590 | 675-700 | 775-800 |
| **Expected ROI** | | | | **8.0%** | **> 9.5%** | **> 10.5%** (1) |

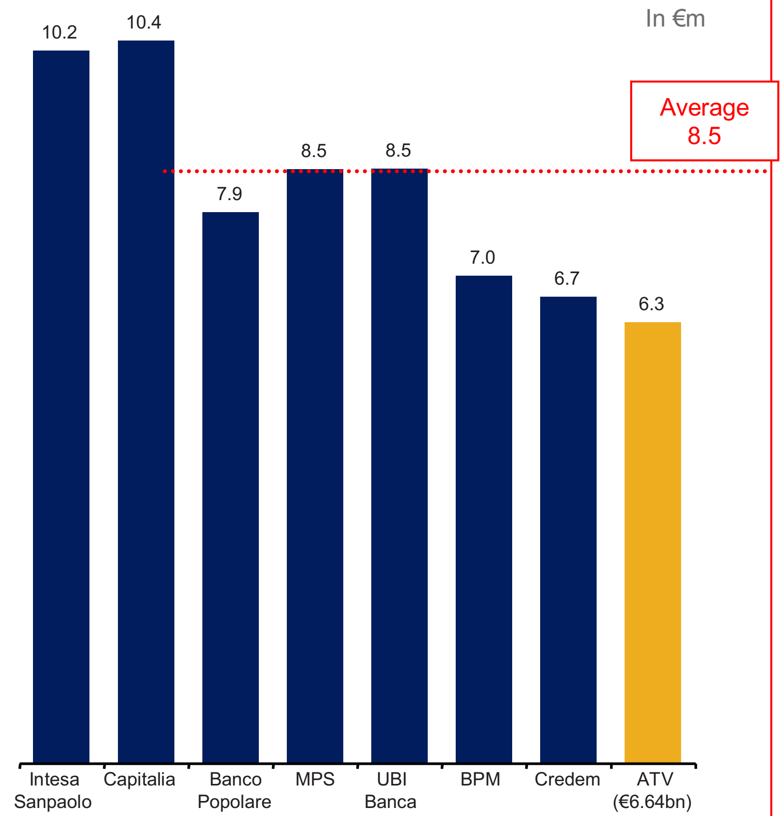
(1) Valuation + NPV of intangible amortisation) / net income

# Italy: the valuation is in line with market valuations, in terms of earnings multiple, as well as franchise value

## P/E- 2007e(1)




## Market Cap/Branches(2)




Source: FactSet prices as at 25 May 2007; companies;
(1) Based on valuation for Antonveneta of €6.64bn; P/E proforma calculated assuming net income including fully-phased synergies of €594m; Antonveneta multiples not included in average
(2) Branches in Italy except for Intesa Sanpaolo (total number of branches)

# Summary – Transaction Financials

- Consideration for ABN AMRO Businesses €18.8bn (excluding the value of shared businesses)
- < 16 times consensus 2007 earnings for ABN AMRO Businesses(1)
- < 10 times consensus 2007 earnings + full post-tax benefits(2)
- Financing: 51% balance sheet optimisation (including asset sales), 49% rights issue + mandatory convertible
- Core Tier 1 ratio of 5.3% after anticipated completion (expected end 2007)
- Estimated Return on Investment above 10.5% in 2009; above 12.5% in 2010(3)
- Estimated Accretion to Group earnings 5% in 2010, with full synergies

(1) Value of ABN Businesses / consensus 2007 cash earnings (excluding amortisation of intangibles). Assumes Interbank and DMC Consumer Finance net profit: €15m
(2) Value of ABN Businesses / consensus 2007 cash earnings (excluding amortisation of intangibles) + full after tax synergies
(3) Expected 2010 earnings (including synergies) divided by consideration of ABN AMRO Businesses plus NPV of amortisation of Antonveneta acquired intangibles

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# Conclusions

## A deal with a solid strategic logic:

- Markets we know well
- In which we can generate value
  - Improve efficiency
  - Create stronger units
  - Grow the business

## The deal meets our financial criteria

- EPS accretive at Group level: +5% by 2010
- ROI will exceed our cost of equity by year 3

**Overall, this deal constitutes an excellent opportunity for SAN shareholders, ABN shareholders, as well as employees and customers of the new Group**

Santander

150 AÑOS

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