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

The Global – Local Model

As a global group, we have a unique opportunity: to **share locally** the advantages of **being global**.
The **GLOBAL-LOCAL-MODEL**: the best of both worlds

The best of being local

- Focus on **performance**
- **Autonomy** and **accountability**:
 - Commercial Strategy definition
 - Execution
- Countries **prioritise** which **transformation projects** to pursue

The best of being global

- Focus on **value generation** to local units to reinforce local and global franchise
- **Identify** and **share** best practices and global talent
- **Support** countries in implementation of key projects
- Leverage **global scale**: international business, global franchises, products and platforms

Objectives of our commercial transformation

Grow the income line

Gain profitable market share

Be the best retail and commercial bank in each of our markets

We are working on:

- **Upgrading** the bank: processes, experience and customer satisfaction
- Developing **more efficient** distribution models: digital banking, branch of the future, remote advisors...
- Developing and consolidate the tailor-made **specialisation** by customer typology
- Extracting value from our **connectivity**
- Culture of service: **Simple | Personal | Fair**

Our aim

Our aim is to add value to all Units

Identify and Share



The best Retail and Commercial banking with **internal and external** best practices

Evolve



The business, **undertaking** complex and global projects

Generate



Synergies **across the group**

Levers for our commercial transformation



Levers | 1. Network Banking

The objective is to enhance commercial opportunities in our local footprints

Objectives

Initiatives



Customer



Customer /
Potential
Customer

**Capture international
trade flows**



Customer



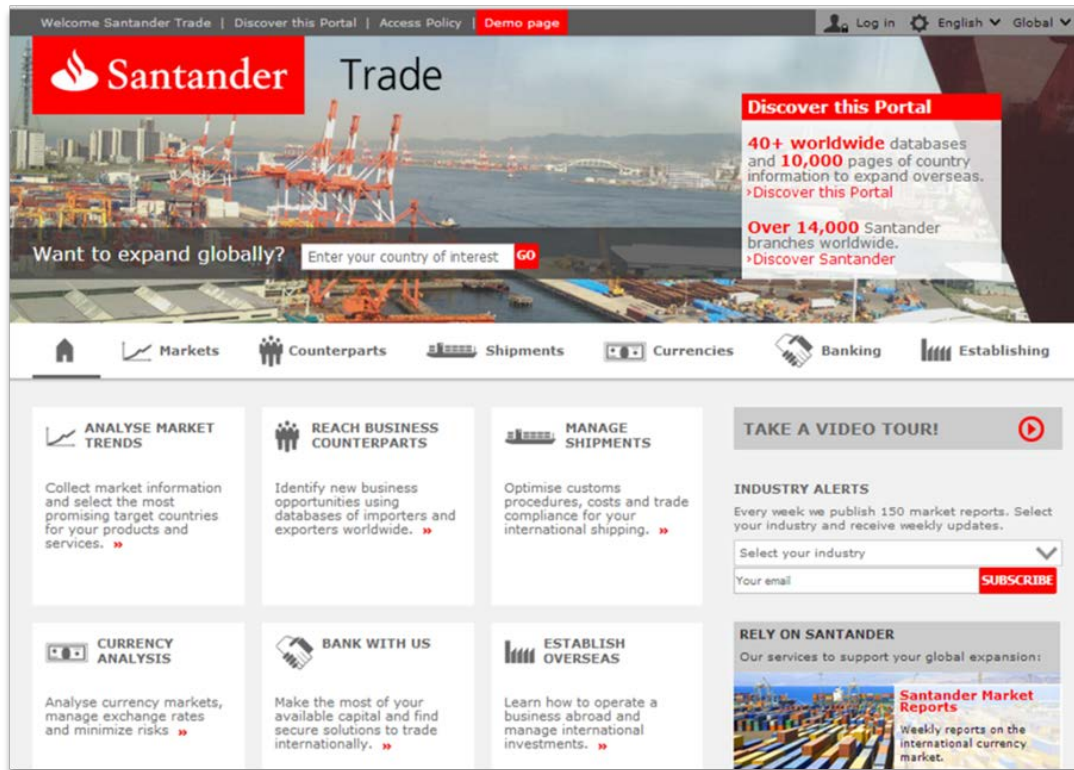
Santander
Group

**Consistent and
homogeneous
relationship with
our customer across
our banks**

- Santander **Trade Portal**
- Santander **Trade Club**
- **Commercial corridors**
- Santander **Passport**
- **International Desk**
- **Advanced** systems, products and services

Levers | 1. Network Banking – Trade Portal and Trade Club

Santander Trade facilitates commercial contact between customers in our geographies



Trade active members **20k** Traffic/month **200k**
1.2MM unique visitors 1Y
17,000 profiles
11k Club members

Levers | 1. Network Banking – Passport and International Desk



Santander Passport: a multi-country relationship model

- **Local management** of pricing and risk
- **Same commercial terms**
- Internal **SLAs** between banks
- **Cross-border results** vision by customer
- A same **relationship commitment** in all Santander units

5.3k
customers

International Desk: a lever to attract customers and provide service, helping foreign companies getting settled in Santander Markets

- Multilingual **advisory**
- **Simple on boarding** (inc. Know Your Customer)
- Access to a **local network** of third parties (entities, lawyers...)

12 Countries¹
875 Companies
(>21% annual growth)

Data as of 1H'15. (1) Incl. Bank of Shanghai

Levers | 2. Customer Vision – NEO CRM and Business Intelligence

Leveraging Chile's Neo CRM as a model of advanced commercial tools
(Commercial front)



- 360° Customer's vision
- Integration of channels
- Commercial Intelligence
- Friendly and easy to use
- Focus on performance

Improved commercial productivity (53% in Chile) & employee satisfaction

Events management examples:
Right Moment, Right Channel, Right Product for every single customer



- Customer exceeds **credit card limit**... real time evaluation and limit increase
- Customer buys **new car**... financing or protection advice
- Purchase an **insurance policy**... automatic satisfaction survey



1. **More satisfied customers**
2. **Increase effectiveness rates** vs. traditional campaigns
3. **Reduce channels costs**

Levers | 3. Multichannel

**Multichannel and digital new corporate model:
to offer the best experience to our customers anywhere anytime**

Digital is a key part of a wider multichannel transformation programme



15.1MM +16% YoY
Digital customers

5.5MM +50% YoY
Mobile customers

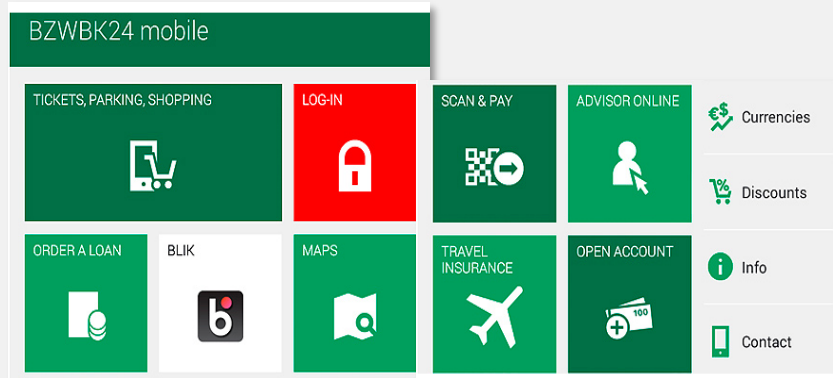
57% Monetary transactions done in digital channels*

15% Sales of the Group done in digital channels*

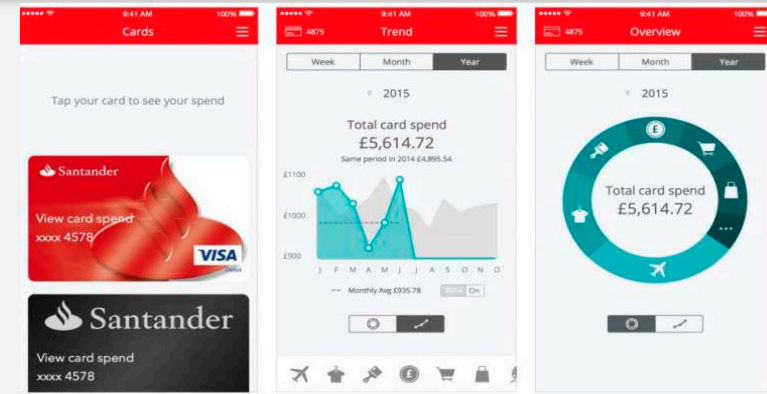
(* Excluding cash and direct debits
Note: Data as of 1H'15

Levers | 3. Multichannel. Examples

'BZWBK24 Mobile' - Poland



Spendlytics - UK



Branch of the future – Spain & Brazil



Voice Print - Mexico

En Santander
mi voz es mi firma

Firma Vocal
el innovador sistema de identificación que facilita
uso de los servicios bancarios a través de SuperLinea, de forma segura.

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para grabar tu Firma Vocal.

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Levers | 4. Customer Experience

A Measure and understand Customer **satisfaction**

B Improve customer **experience**

C Promote **S|P|F Culture**

Customer journeys. Examples of Customer's on boarding process improvement


 **Current account opening process**

From...

- Account: **D+8**
- Cards: **D+16**
- Channels: **D+22**
- Access code: **D+28**

To...

...**D+1**

 **Current account opening process**

From...

Taking **up to 6 days** to completely open an account...

To...

...to **leaving the office with the account** activated and operating the contracting day


 **Current account opening process**

From...

Asking a customer to **sign 6/8 pages** of an account opening contract (**paper** based process)...

To...

...only **2 signatures** (**tablet** based digital process)

 **SME credit**

From...

13 days to fulfil the process...

To...

...to a tablet based digital process: **48hrs** from application to cash

Santander Advance supports SMEs in their development and growth, offering a strong financial offer as well as non-financial support measures



Roll-out implemented in **8** countries

8 Monitoring and commercial management of the flow of customers and non-customers

Strengthen the affluent segment, offering value from a global perspective

SELECT: global value proposition for **high-income customers**

- **Specialised** Relationship Manager portfolio and dedicated channels
- Relationship managers with differentiated **profile, training** and **certification**
- Exclusive **value offer** and **customer experience**



Expansion of the **11** **model** during 2014 and 2015 in countries

more than **2MM** customers

- As part of the benefits for Select customers, we launched the **Global Select debit card** which received the prize for one of the **'Best Ideas of 2014'** from the magazine *Actualidad Económica*



2018 targets

Customers

Retail loyal customers (MM)

1H'15

12

2018

17

SMEs and corporate loyal customers (MM)

1.0

1.6

Digital customers (MM)

15.1

30

geographies in top 3 customer service

3

8⁽¹⁾

Customer loans growth above peers

✓

✓

(1) Spain, Portugal, UK, Poland, Brazil, Mexico, Chile and Argentina. The U.S.:approaching peers

Key takeaways



We are **evolving our business model and culture** to **increase our customer's satisfaction, loyalty and profitability**



We are working on 5 levers: 1/ **Connecting our banks** to improve value proposition; 2/ **Business Intelligence**; 3/ **Multichannel**; 4/ **Customer experience**; 5/ **Tailor-made solutions** for specific groups of customers



From the Corporate Centre we ensure that all units take full advantage of our size and global scale to **build the best Retail and Commercial Bank in all countries we operate**



Simple | Personal | Fair