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INVESTOR DAY

DELIVERING PROFITABLE GROWTH

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Mexico

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1 Business evolution

2 Business environment

3 Strategy

4 Outlook 2011 / 2013

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2 Business environment

3 Strategy

4 Outlook 2011 / 2013

Santander Mexico Overview

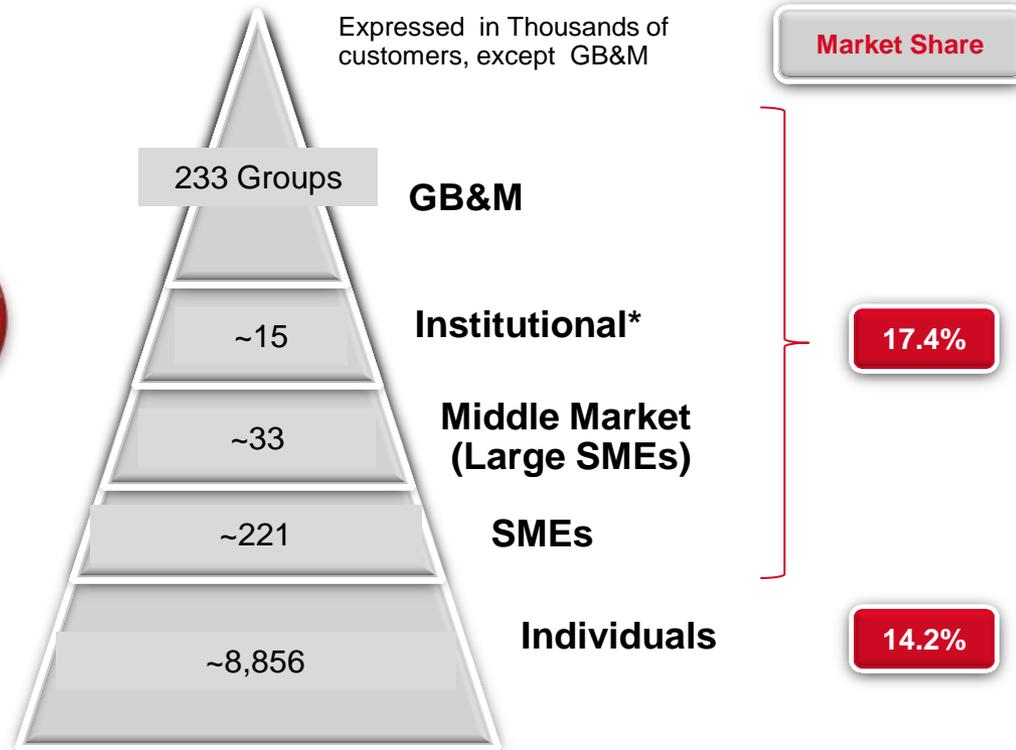
Santander is one of the most important financial groups in Mexico and has a strong franchise with a diversified client base

Footprint

- USD\$54 Bn in Assets
- USD\$39 Bn in Savings
- USD\$25 Bn in Credit
- 9.1 million customers
- 1,098 points of sale
- 11,873 employees



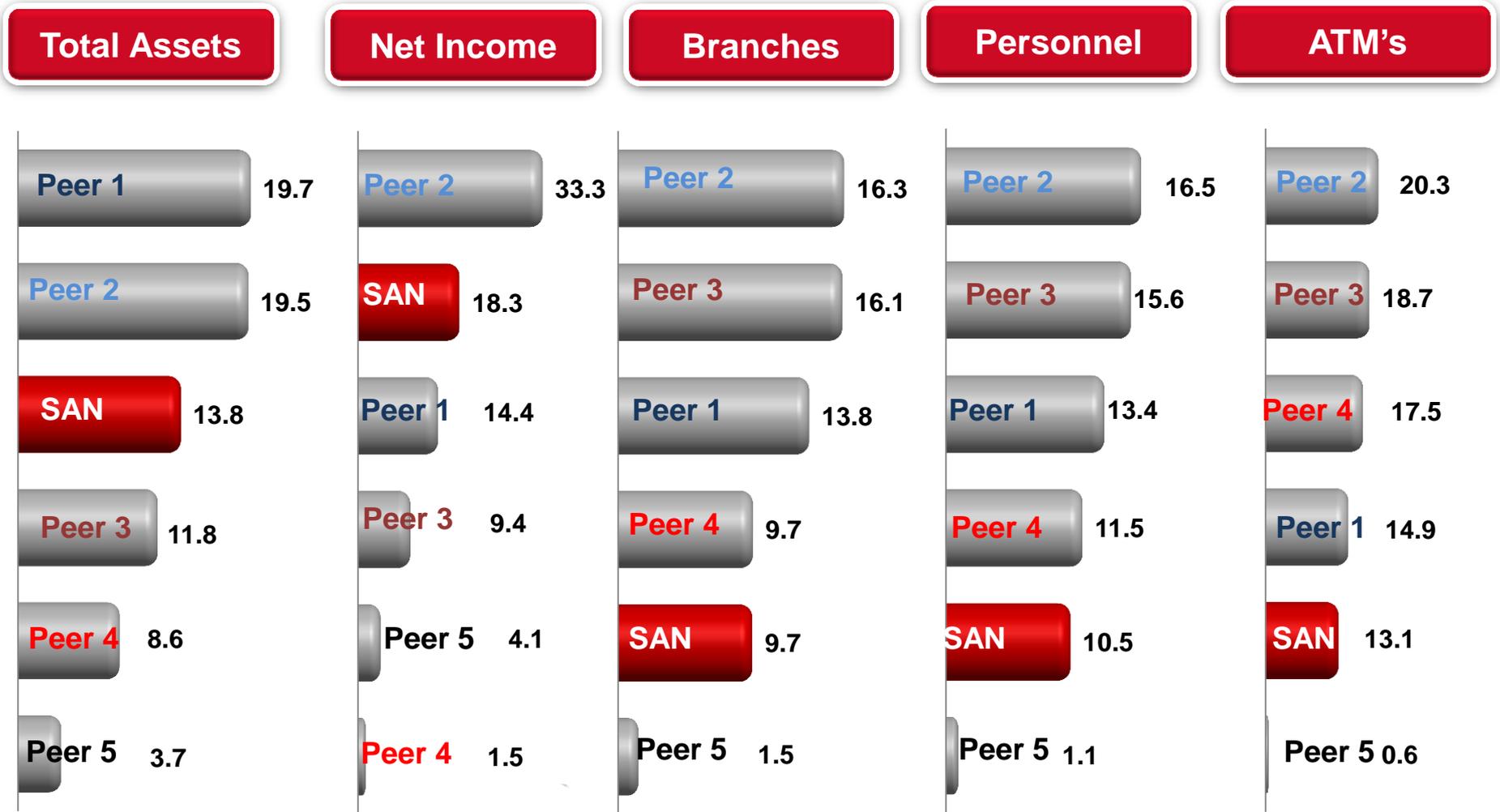
Customer Base



* Includes Government and Universities

Efficient infrastructure

Market share (%)



Santander has outperformed the market, therefore increasing its market share.

Market Quota, Percentages

Deposits



	2009	1H11
Demand	12.3	12.7
Term	19.5	20.2

Loans



	2009	1H11
Mortgage	9.4	15.9
Consumer	12.9	14.2
Credit Card	14.4	10.9
SMEs	17.0	20.3
Middle Market (LargeSMEs)	15.5	17.7
Corporate	16.7	20.9

+156bps



Santander's has gained profit market share against its peers

Pre-tax Profit

+ 980bps

2008

12.3%

4,789

2009

19.5%

5,342

2010

18.6%

6,632

1H'11

22.1%

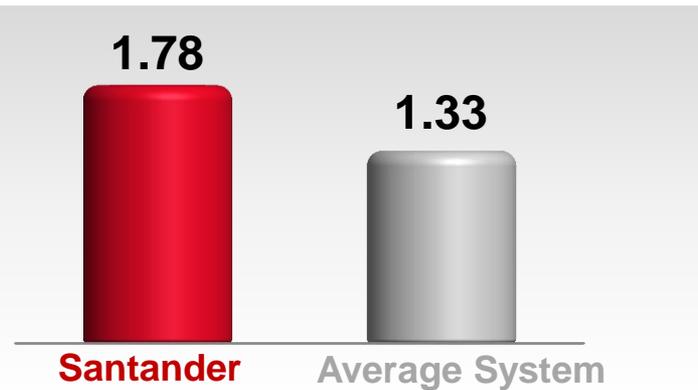
3,094

■ SAN ■ The Big 6 Group

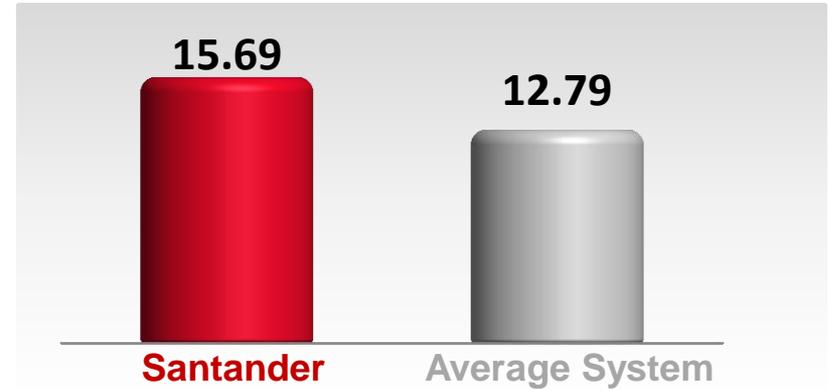
Million USD

Santander compares favorably in all ratios

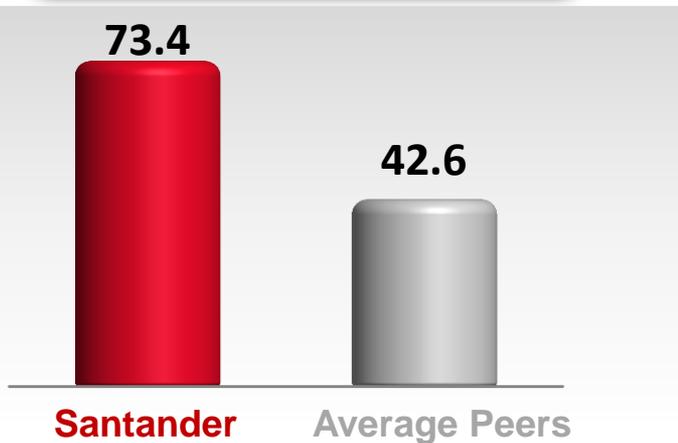
ROA (%)



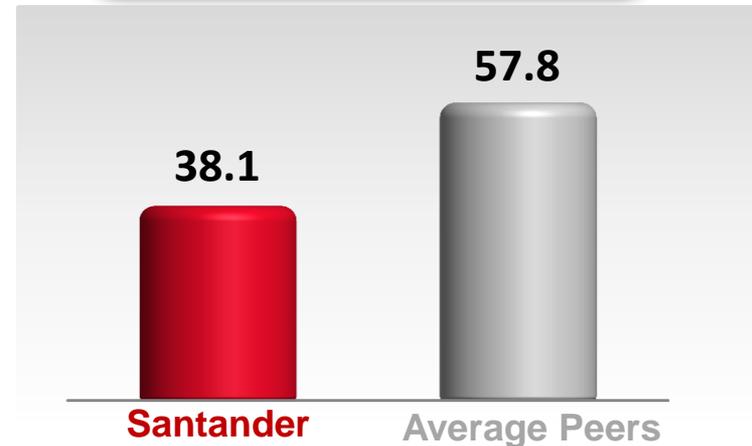
ROE (%)



Fees / Expenses (%)



Efficiency (%)



Peers: Citi-Banamex; BBVA Bancomer; HSBC, Banorte-Ixe & Scotiabank,

Overview.- Summary

**Strong Franchise with
diversified client base**



Efficient use of infrastructure



**Solid performance and
profitability**



**Proven
Execution**

1 Business evolution

2 Business environment

3 Strategy

4 Outlook 2011 / 2013

Macroeconomic Environment

Demographics

- Population pyramid with a large youth base and long life expectancy
- Urban modern society; 78% live in cities and demand services

Public Finance

- Public deficit of 0.5% GDP (e), at a stable trend
- Public debt equivalent 31.3% GDP; debt levels below similar and developed countries

External Sector

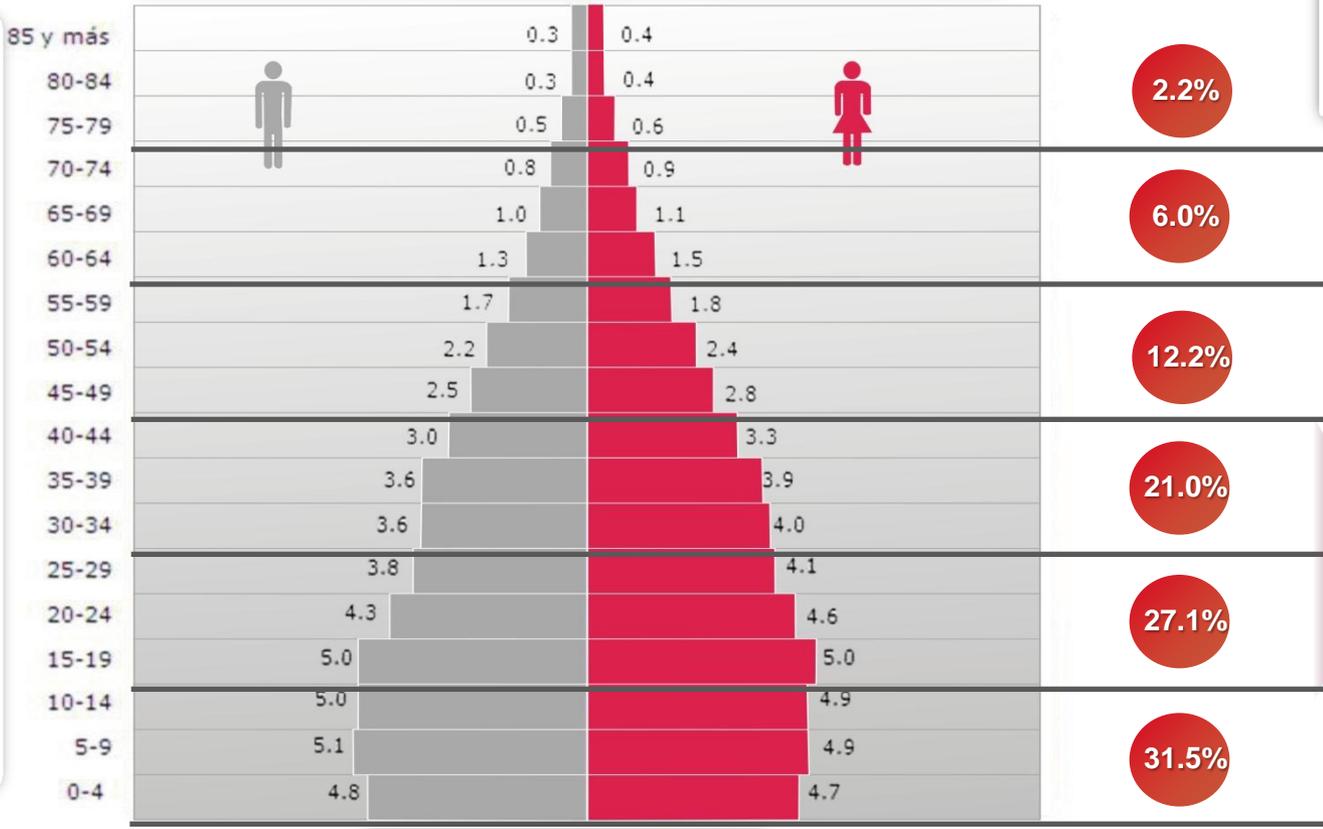
- Flexible exchange rate regime
- Current account deficit of 1% GDP in 2011
- Direct Foreign Investment of USD20 Bn for 2011.

Demographics – Population Pyramid

The population structure alone provides opportunities to increase banking business in the medium-long term

Population Structure

Age Group



Total Population
112.3 million

2.2%

6.0%

12.2%

21.0%

27.1%

31.5%

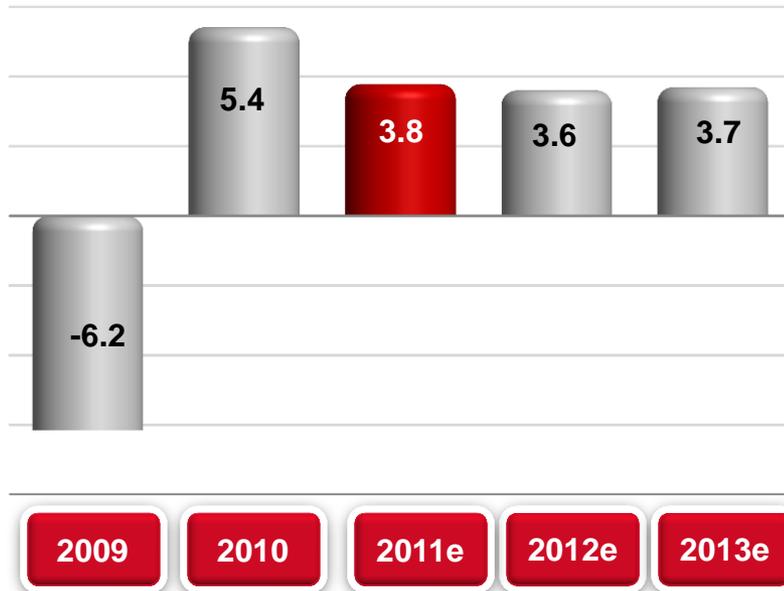
48.1%

Percentage

Macroeconomic Environment

GDP Growth

Real Annual Variation (%)



Source: IMF

GDP Growth

- Favorable perspectives in the mid-term;
- However it will be affected in the short term by global economic slowdown

3-4%

Internal Demand

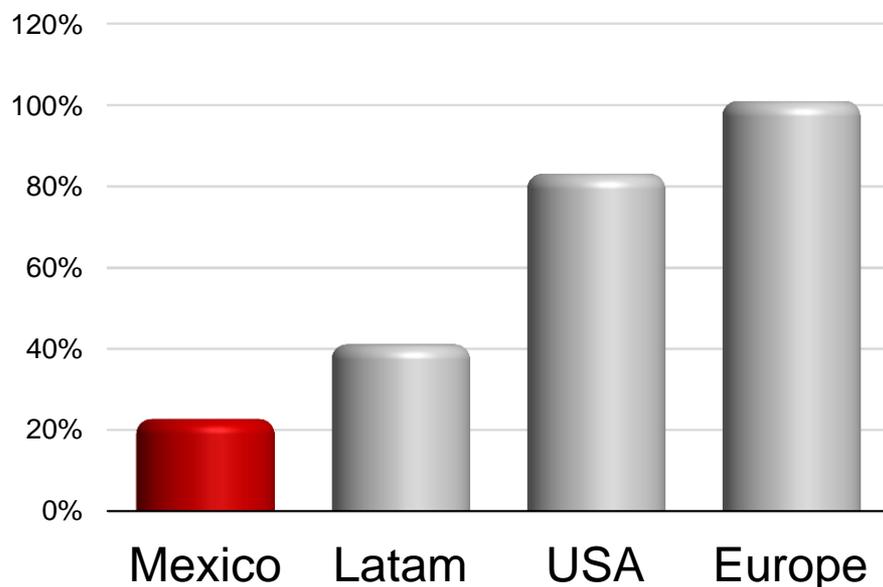
Supporting economic growth:

- Auto production
- Retail
- Direct Investment
- Job creation

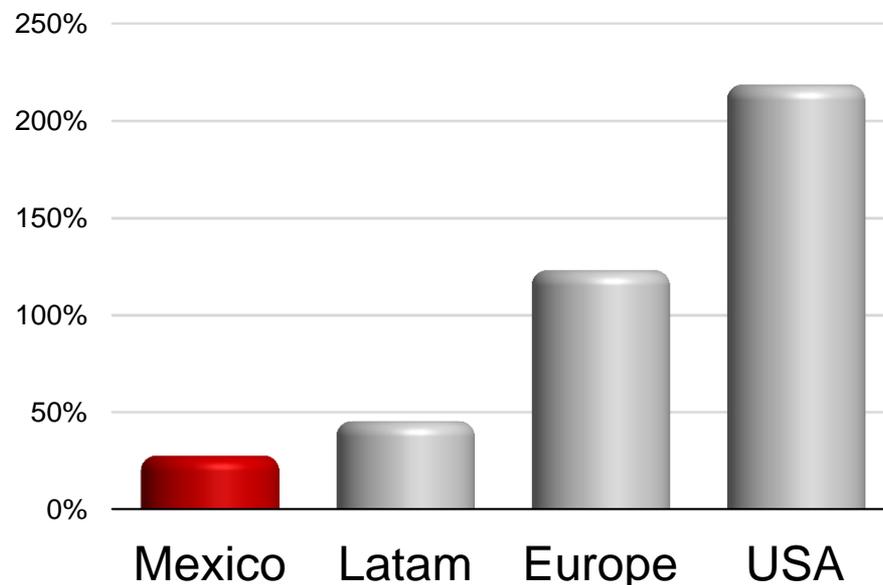
Banking Penetration

Given the state of development of the Mexican economy and the current penetration rate of financial services, the growth potential of the banking system is substantial

Bank Deposits / GDP



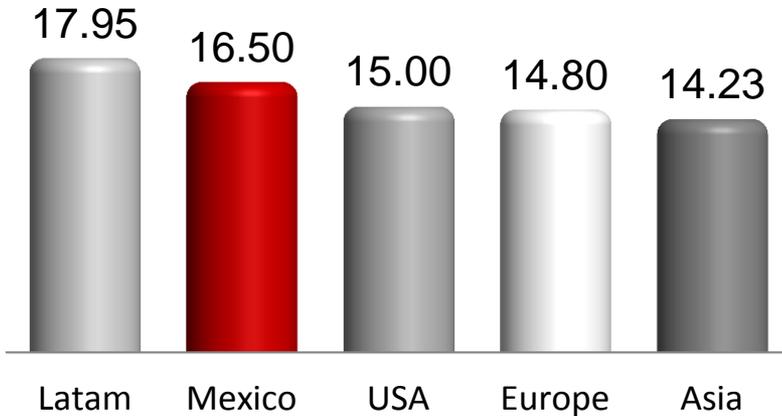
Private credit* / GDP



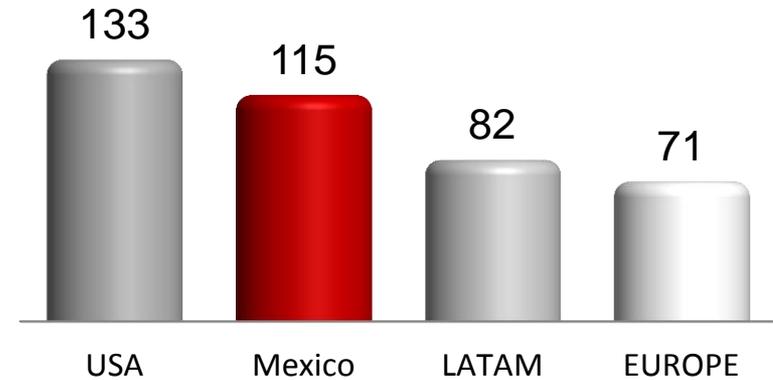
Financial Environment

Mexico has a solid and healthy banking system ready to grow

Regulatory Capital / RWA (%)



Bank Deposits / Bank Credit (%)



NPL ratio (%)



Coverage ratio (%)



Macroeconomic & Financial Environment

Mexico has a solid economic outlook, a sound financial system with great potential, and a population structure that provides strong opportunities

**Developing society that
demands services**



A solid and growing economy



**Sound financial system with
high potential**



**A unique
opportunity to
grow our
banking
business**

1 Business evolution

2 Business environment

3 Strategy

4 Outlook 2011 / 2013

...Going Forward

The roll-out of our strategic plan



2008-2010

2010-2013

Environment

- ❑ Unfavorable economic cycle
- ❑ Credit business decreasing

- Universal Banking: Retail and Investment

Objective

- ❑ Protect bottom line
- ❑ Improve asset quality

- Consolidate our segmented business model

Strategy

- ❑ Credit primarily to our clients
- ❑ Client base segmentation

- Revenue growth on core business

Consolidation of our business tools

Consolidate value of the Franchise

Santander Mexico – Strategy Summary

Competitive Advantages

Client segmentation together with value-added offers

CRM together with marketing intelligence

Alternative channels fully developed

Highly productive branch network



Business Opportunities

Customer Development

High & Mid income Segment

SMEs

Middle Market (Large SMEs)

Core products

Mortgage

Consumer

Cards

Insurance

Achieving growth with our clients

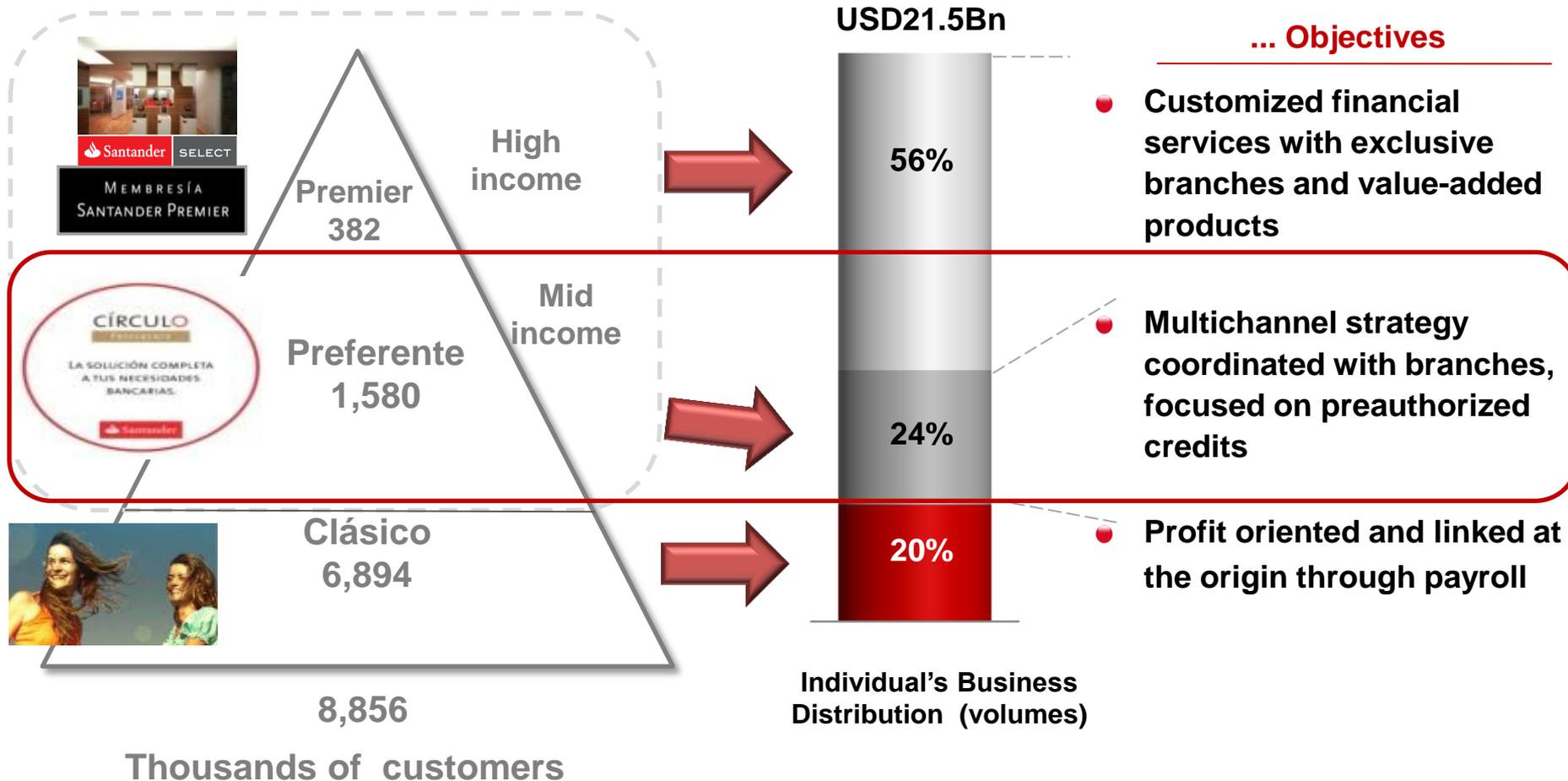


Fully developing new business opportunities

Quality and People

Service models differentiated by customer type (1/2)

Advanced business models with value-added offers for individuals



CRM together with marketing intelligence

Advanced business intelligence provides constant sales opportunities that are carried out through branches and alternative channels

CRM



**Risk valuation
and campaign
development**

+ 2 million customers
with pre-authorized
credit offers

Contact Center



% of total sales

- 29% Consumer loans
- 20% Credit Cards
- 30% Insurance policies

ATMs



- 10% Consumer loans
- 16% Insurance policies



Branches as the main sales and services platform

Transactional business model for SMEs and Middle Market

... What differentiates Santander



SMEs
221,000
clients

20%
Market
Share

- Dedicated business centers with specialized executives
- Fast track credit risk evaluation
- Value-added transactional-product packages

CAGR
(volume)
2011-2013

+31%



Middle Market
(Large SMEs)
33,000 clients

18%
Market
Share

- Improving share of wallet with our client base and attracting new customers
- Business development on the agricultural sector
- Trade services as value-added lines of business

CAGR
(volume)
2011-2013

+24%

Business opportunities with a better outlook

Mortgage...

Opportunity Rationale

Santander's Competitive Advantage

Economic stability and GDP contribution



Population Pyramid



Middle and Residential housing

19% Market Share

Well suited product development

HIPOTECA \$10 POR MIL

Solid mortgage underwriting process

2011 – 2013 Loan Portfolio CAGR >15%

Business opportunities with a better outlook

Consumer...

CAGR (volumes)
2011-2013

20%

Santander's Competitive Advantage



Multichannel sales platform

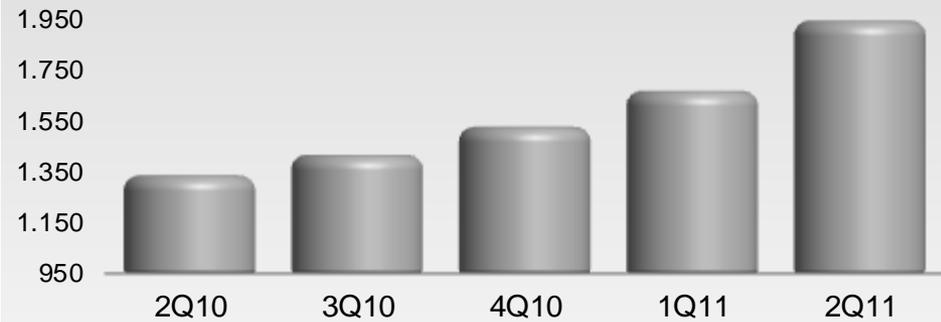


On site credit granting

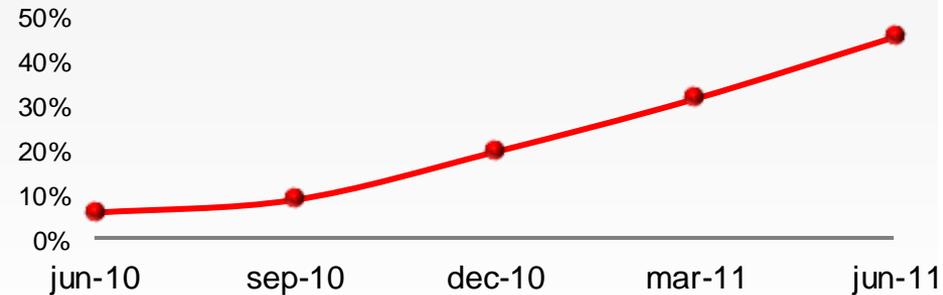
CRÉDITO
24X7

Diverse product portfolio

Santander's Consumer loan portfolio USD Millions



Growth in Consumer Loan Portfolio (Y-o-Y%)



Business opportunities with a better outlook

Cards...



Santander's Competitive Advantage

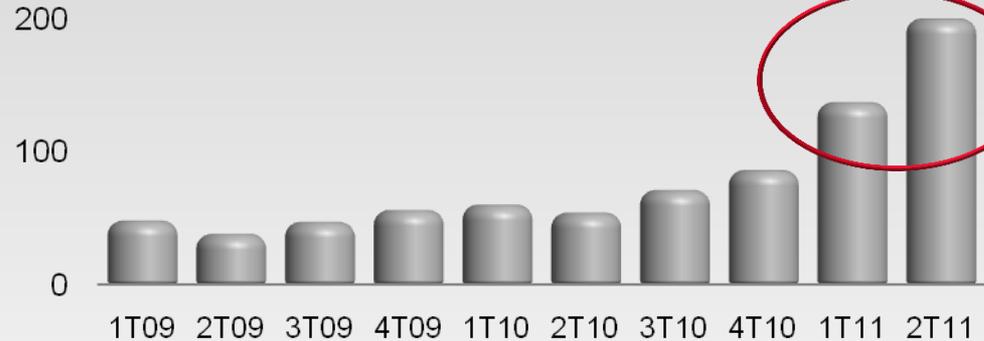
Cross-selling to our customer base

Using our own channels

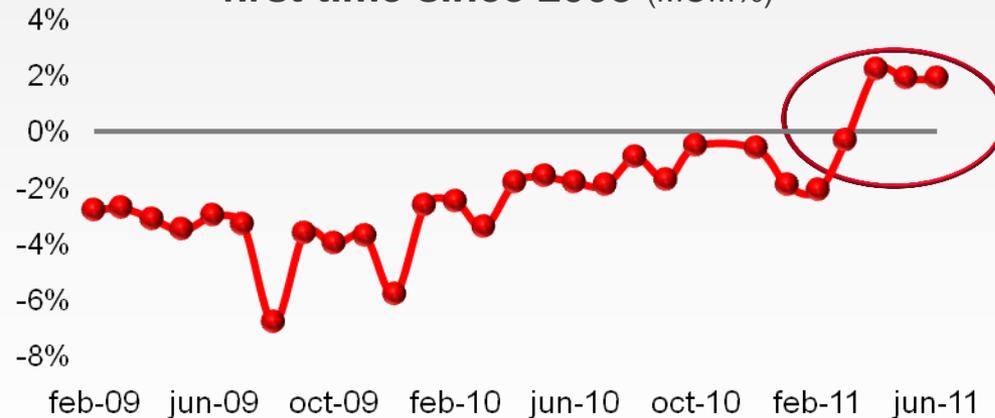
Integrated offers per segment

Acceleration in Acquisition

New accounts ('000)



Growth in Loans for the first time since 2008 (MOM%)



Business opportunities with a better outlook

Insurance...

Opportunity Rationale

Low market penetration



Low GDP contribution



Automobile insurance growth



Santander's Competitive Advantage

Solid open market sales model

New autoinsurance model (Aggregator)



Acceleration in Sales
Premiums Sold (USD Millions)

+40%

264

733

■ 2010 ■ 2013

Strategy Summary

Strong competitive advantages on services models, CRM and our multichannel sales model

Growth based on offers prepared and sold differently to each type of client.

Focused on core products with a better business outlook

Consolidate the value of our franchise

Index

1 Business evolution

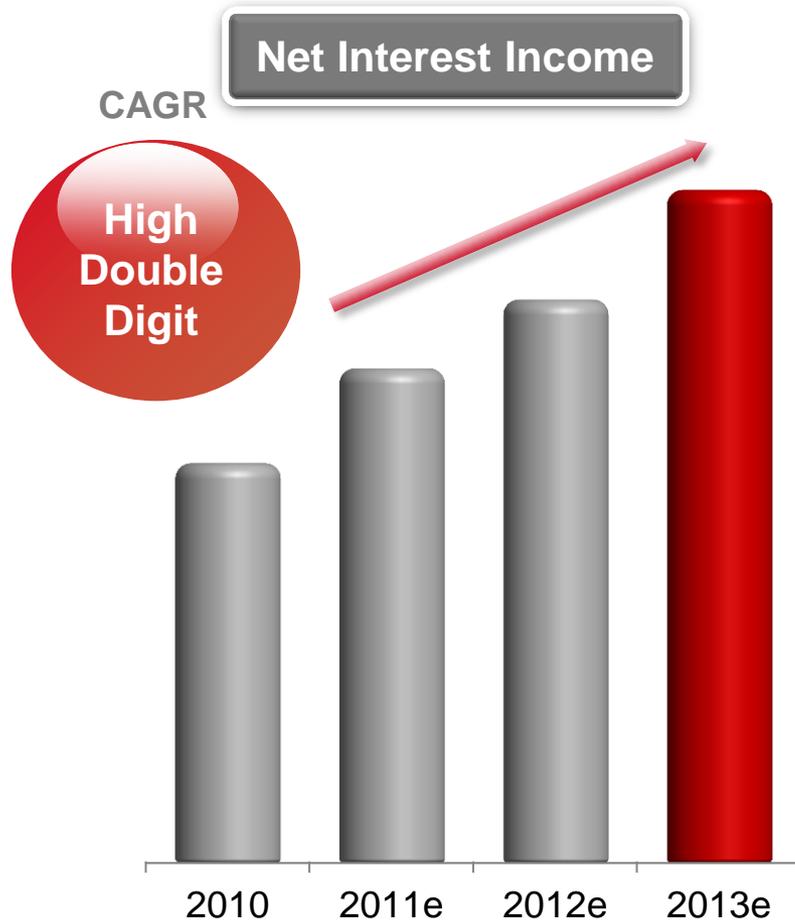
2 Business environment

3 Strategy

4 Outlook 2011 / 2013

Looking into 2013

Net Interest Income to grow at high double digit's pace with good efficiency ratio



Santander Mexico



- Mexico offers a great potential for growth:
 - ✓ Healthy Public Finances
 - ✓ Demographic bonus
- The financial system is strong and ready to support growth
- Santander Mexico is well position to take advantage of this factors:
 - ✓ Strong franchise with solid performance and profitability.
 - ✓ With a clear business model and a defined strategic vision aligned to its reality and business environment
- Potential Net Interest Income Compound Annual Growth Rate of High Double Digits by the year 2013, with high efficiency.

