Offer to acquire BZ WBK in Poland

September 13th, 2010

Santander

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The acquisition of BZ WBK will be effected by a tender offer to be made in accordance with applicable Polish law and regulation which Banco Santander will announce as soon as practicable.

This document does not constitute the formal announcement of the tender offer, which will only be announced once the requisite notification has been given to the Polish Financial Services Commission and to the Warsaw Stock Exchange. The information contained herein is for informational purposes only and does not constitute any offer to acquire or an invitation to subscribe for sale of the shares in BZ WBK.

Description of the offer

Strategic rationale

Financial impact

Summary

Acquisition of 70.36 % of BZ WBK´s shares from AIB p.l.c.

- Banco Santander has agreed to acquire 70.36% of Bank Zachodni WBK, from Allied Irish Bank for PLN 11.666 billion, equivalent to EUR 2.938 billion

  - The acquisition will be carried out through a public offer for 100% of the capital of BZ WBK addressed to all shareholders, in which AIB will tender its shares

  - Completion of the transaction is subject to the relevant regulatory approvals and to a vote of AIB shareholders

- As part of the agreement, Banco Santander will also acquire AIB's 50% share of BZ WBK Asset Management for EUR 150 million. BZ WBK owns the remaining 50% stake.

- The operation will be paid in cash

Description of BZ WBK

Balance Sheet (1H 2010) (EUR bn)	- Total Assets	13.6
	- Customer Loans	8.7
	- Customer Deposits	10.5
	- Shareholders' Equity	1.6
Net Income (EUR mn)	- 1H 2010	123
	- 2009	225
Other	- Employees	9,453
	- Branches	512
	- Outlets	91
	- Retail Clients (mns)	2.5
Asset Management (EUR bn)	- AuM 2009	2.6

Top 3 franchise in Poland by branch network and profitability

Source: Company Data. Note: Exchange rate as of 7 September 2010 PLN/EUR: 3.943

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Strong strategic rationale for Santander

Poland is an attractive market… …the kind of market that fits well in our business portfolio

1. Large market (40 million people… 40% of "New Europe")… that we know well
2. …with a stable and dynamic economy…
3. … with growth potential (low bancarisation)
4. In summary, this acquisition increases our exposure to high growth banking markets

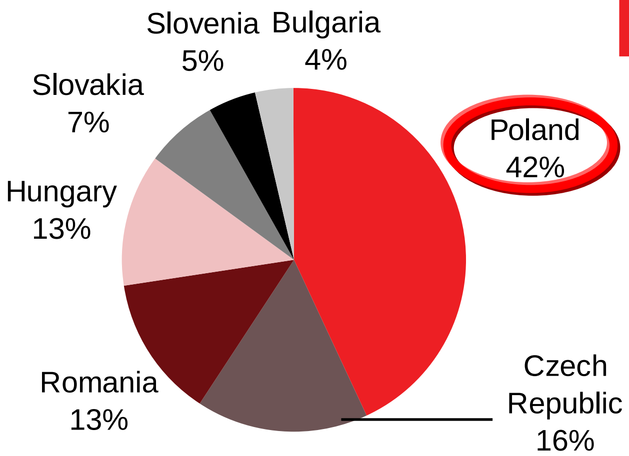
BZ WBK is an attractive franchise… …the kind of bank that fits well in our business portfolio

5. A bank with a strong presence in its local market, which fits well our "vertical strategy"…
6. … with a low risk profile…
7. … with growth opportunities / potential to improve its commercial performance in some areas…
8. … and with potential to improve its operating efficiency by leveraging Santander Group's capabilities and best practices

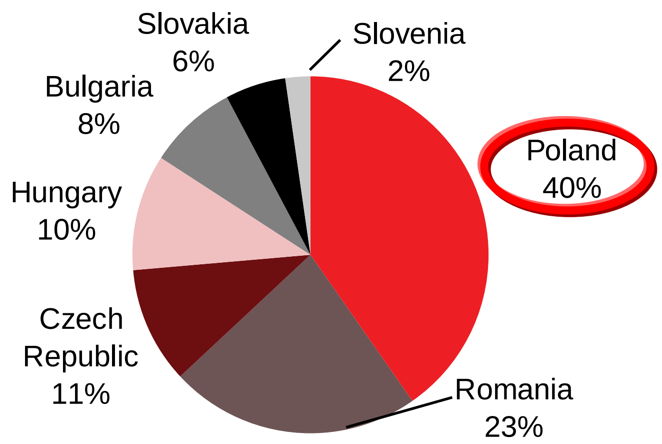
1 Large market (ca. 40 million people… 40% of "New Europe")…

40% of New Europe

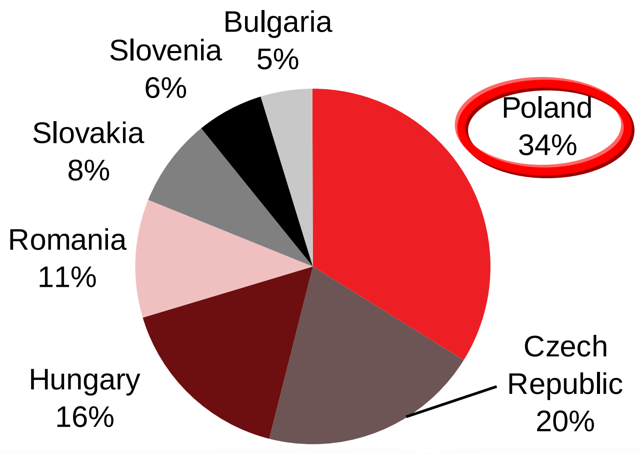
GDP - 2009



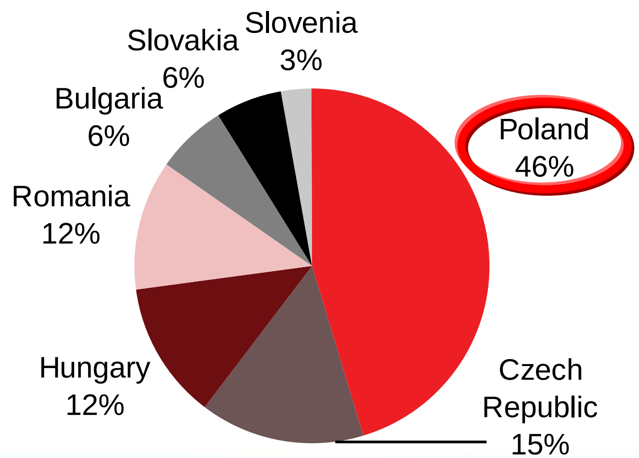
Population - 2009



Banking Assets - 2008



Net Income for the System - 2008



… that we know well

2003	2004	2007	2009	May-10
SCF acquires Bank of America Poland	SCF acquires PTF and merges it with CC-Bank.	Creation of the leasing company Santander Consumer Multirent	Agreed merger of our operations with AIG Polska (70/30)	Closing AIG Polska operation

SC Poland (after AIG operation) Financial Data - July 2010

Branches and outlets	248
Eur mn	
Loans	3,601
Deposits	950

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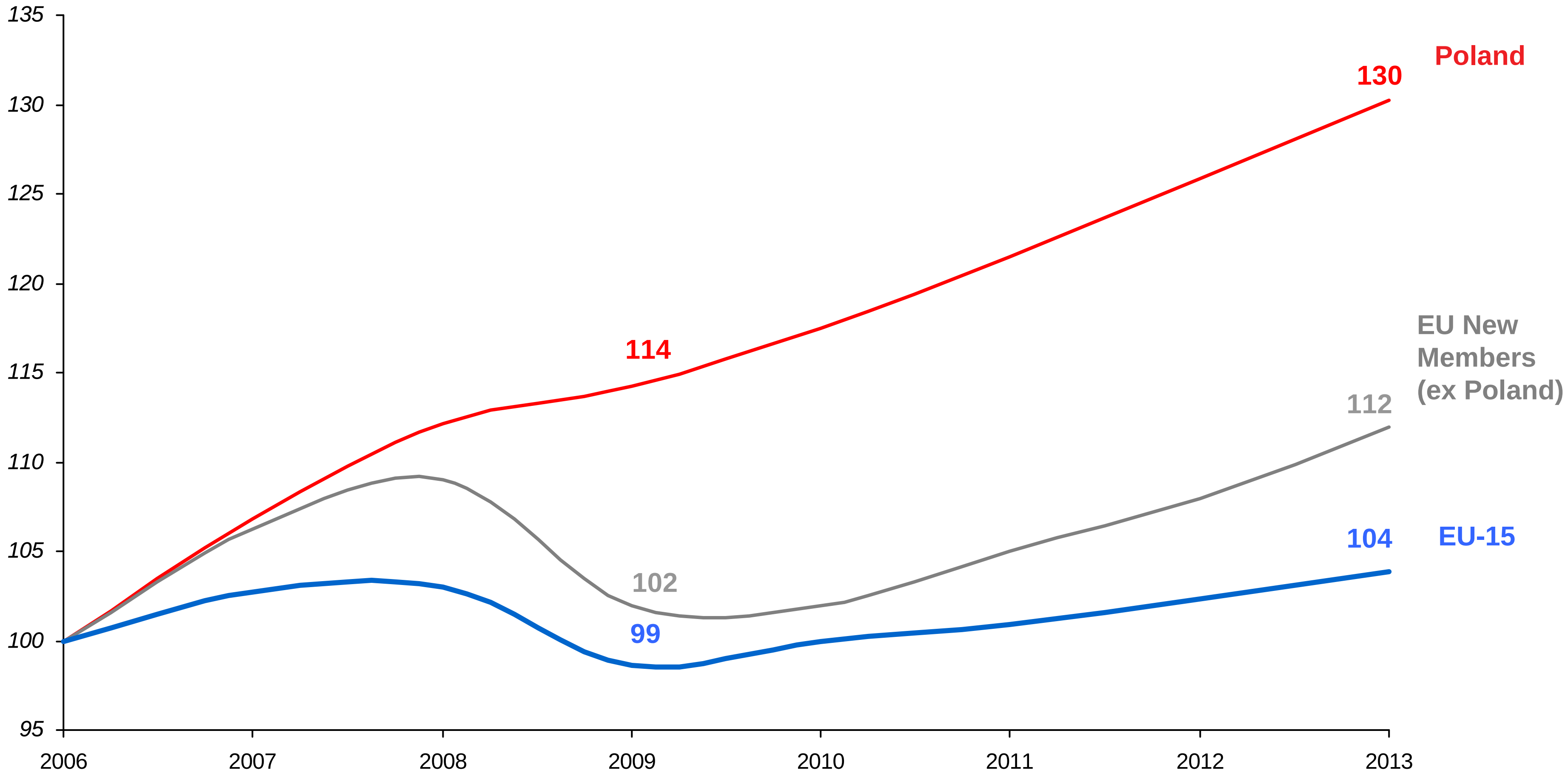
…with a stable and dynamic economy…

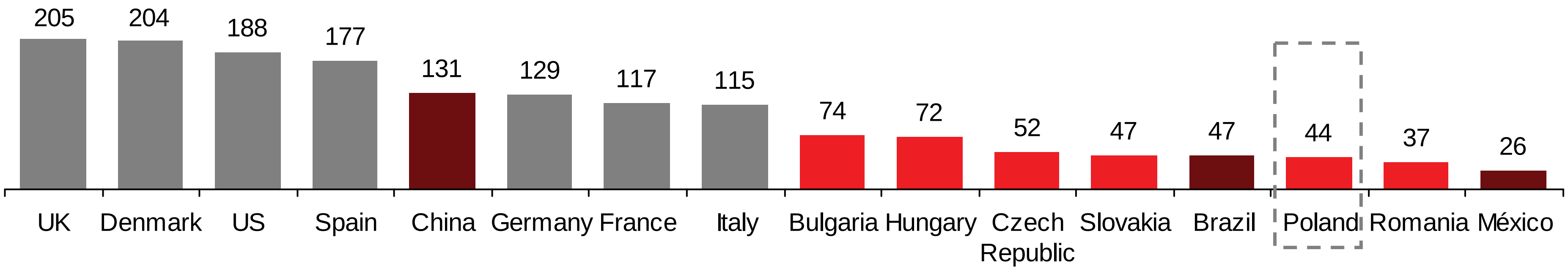
Real GDP
(Rebased to 100 in 2006)[(1)]



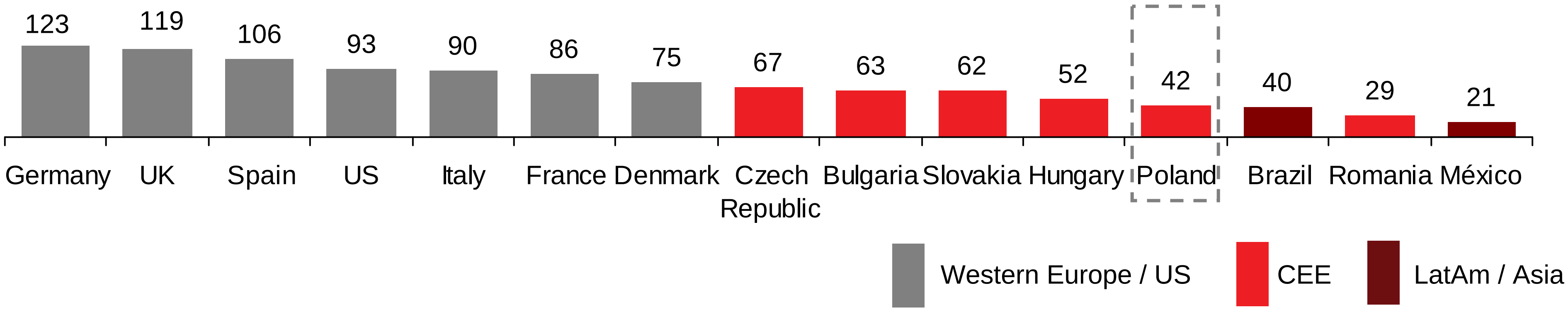
Source: EIU (1) In US$ at 2005 prices

3 … with growth potential (low bancarisation)

Loans / GDP 2008 (%)



Deposits / GDP 2008 (%)



Source: KNF. ECB, Central Banks and BofAML Research (China, Brazil and Mexico).

Note: Loans and deposits to domestic private sector and government. For UK and US, based on sector balance sheet and corporate debt issuance has been added to total lending. For deposits, in the case of the US, outstanding of balance sheet of asset backed securities issued by GSEs have been added. US, UK and Denmark deposits exclude deposits with insurance and other financial intermediaries

Polish banking system is similar to Spain's in 1990

EUR bn	Poland	Spain	
	2009	1990	2005
LOANS	**171**	**225**	**1,293**
DEPOSITS	**162**	**198**	**771**
AUM	**23**	**7**	**246**
Loans / Deposits	**106%**	**113%**	**168%**
GDP per capita *(EUR th)*	**8.8**	**8.0**	**20.6**
Population *(mn)*	**38.2**	**38.8**	**44.1**

X 5-6x between 1990 and 2005

Source: National Bank of Poland, EIU, Inverco, Bank of Spain

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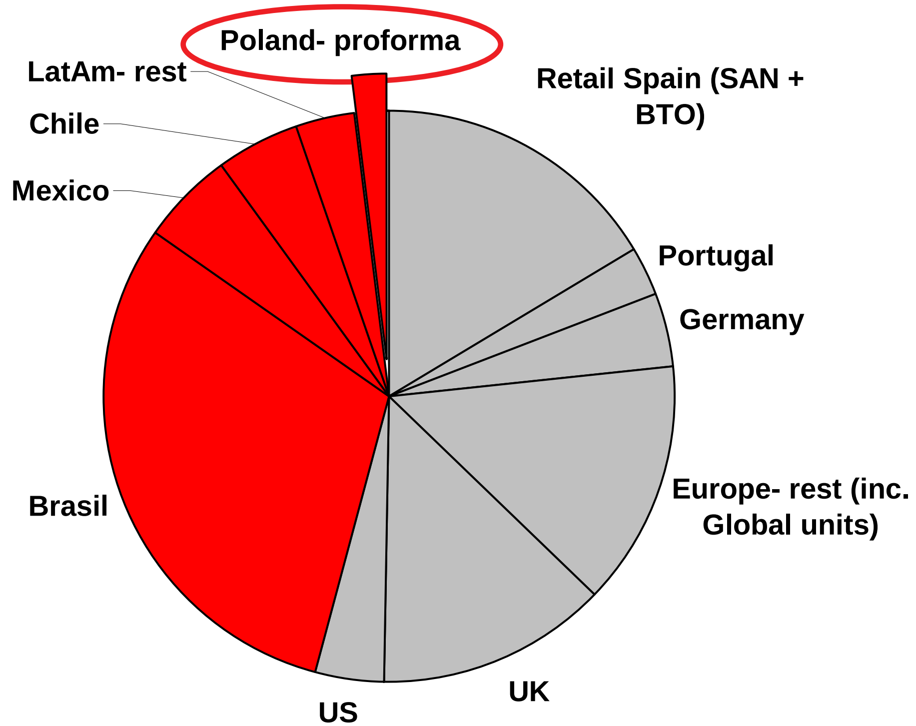
In summary, this acquisition adds a new "core market" to our business portfolio…

Operating profit split (H1 2010, proforma)

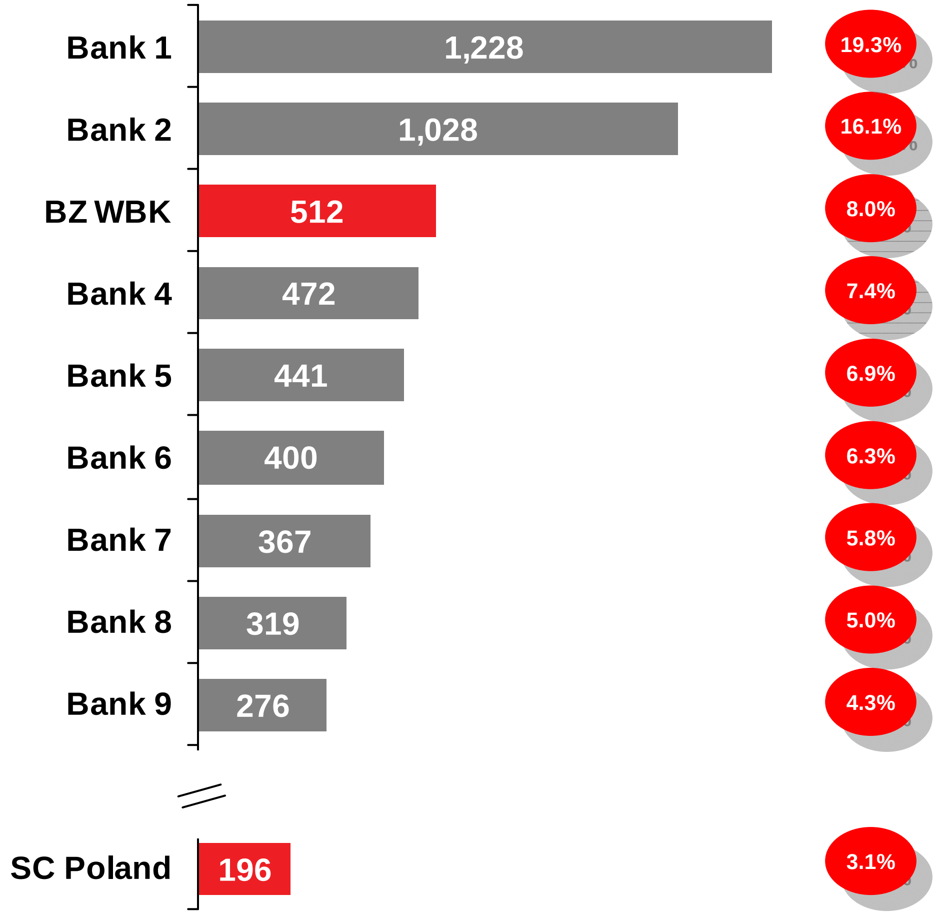
High growth markets: 46% of operating profit



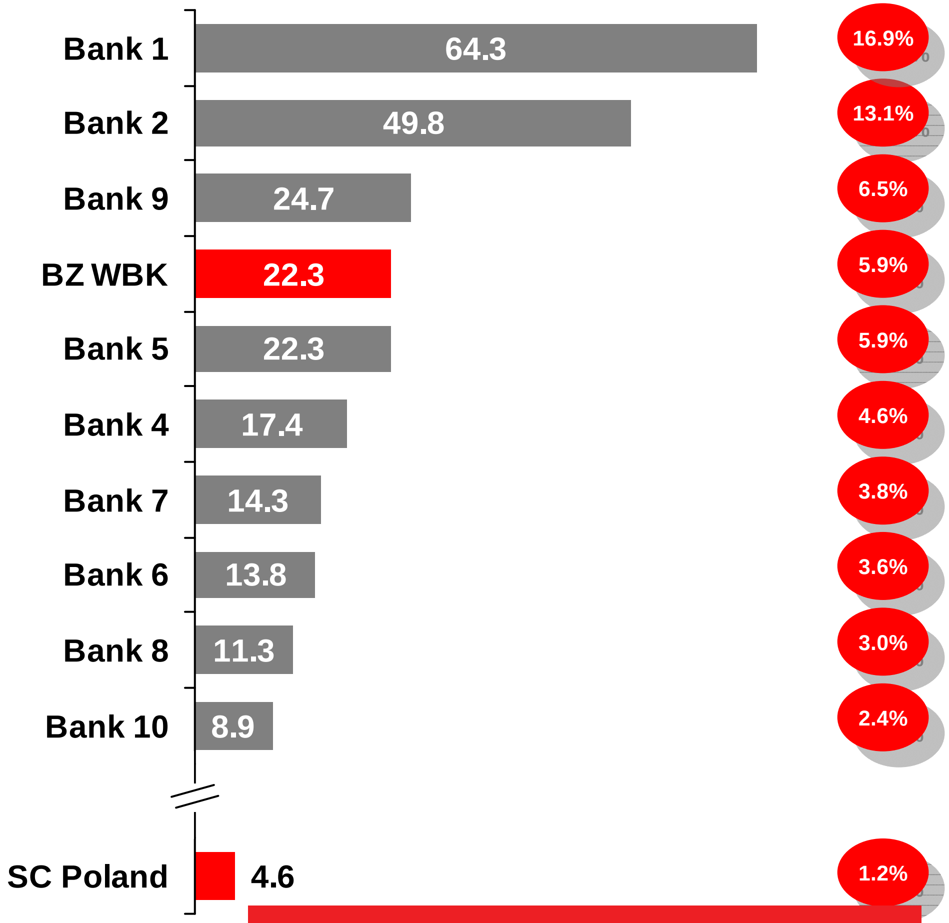
… and it increases our exposure to high growth emerging banking markets: from 44 to 46% of operating profit

5 A bank with a strong presence in its local market, which fits well our "vertical strategy"…

Branches (Excluding Agency Outlets) Ranking by Players - 2009



Client Business Volume (EUR bn) Ranking by Players[(1)] - 2009



BZ WBK #3 by 2009 net profit

Source: Company Data, KNF and Chamber of Fund and Asset Management. Note: Bank names ranked in order of total number of branches

(1) Loans + Deposits + AuM

Note: Exchange rate as of 7 September 2010: PLN/EUR 3.943

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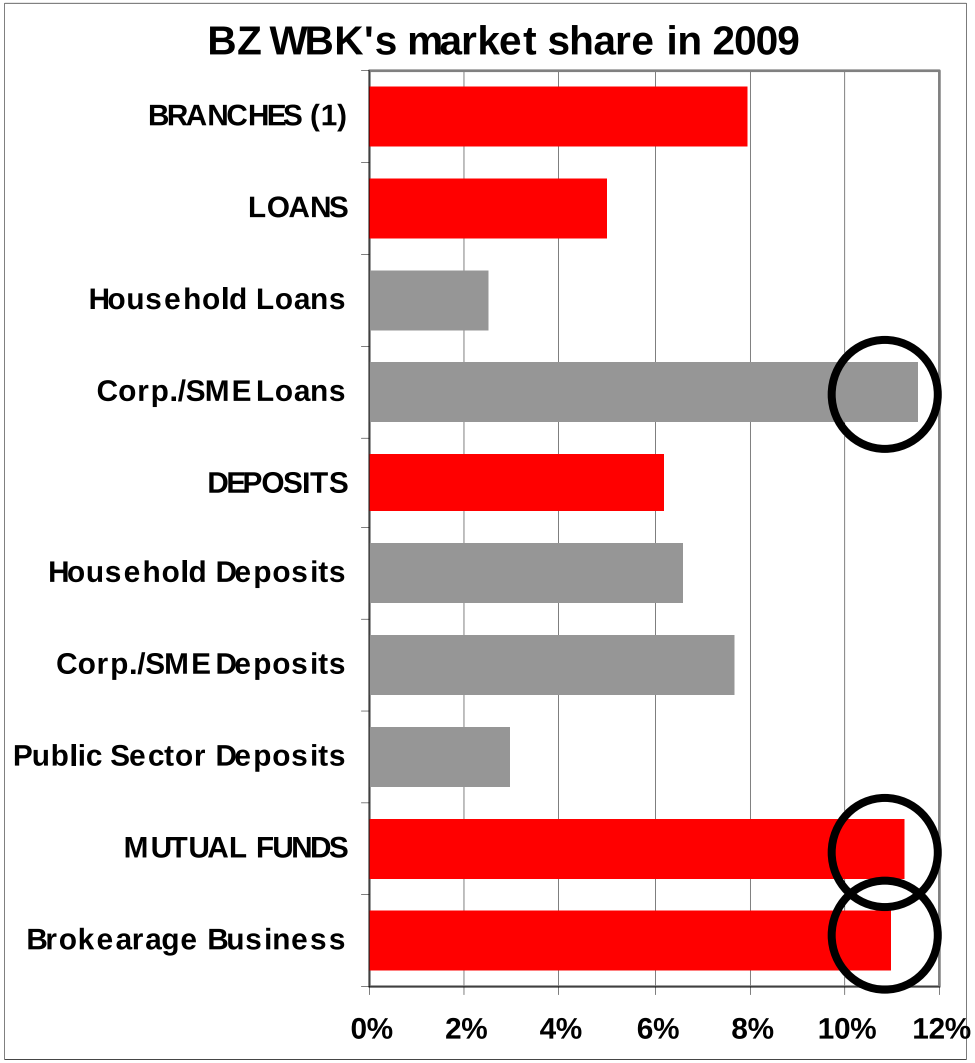
… a well managed bank, with strong position in business / mid-corp / affluent segments



Strong market share in Corporate and SME Loans

Strong market share in Mutual funds and Brokerage

(1) – Branches' market share without considering franchise and agent network

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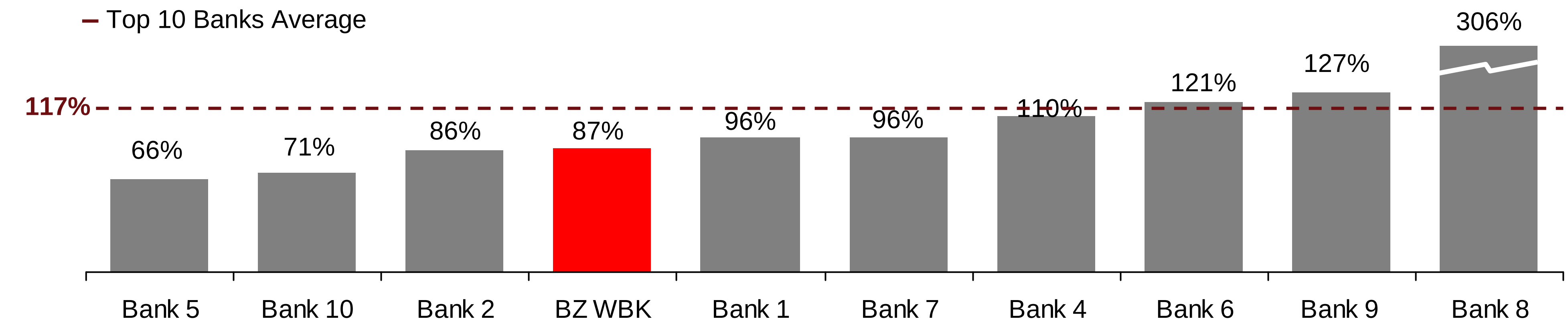
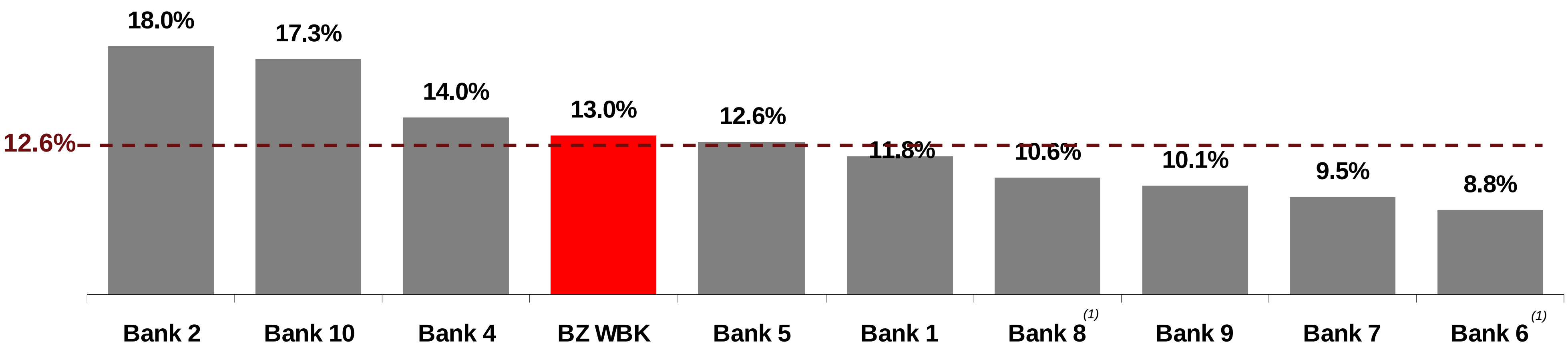
… with a low risk profile…

Gross Loans to Deposits - Ranking (2009)



Core Capital Ranking – Latest Available



Source: Company data and KNF report on the condition of Polish banks, National Bank of Poland. Note: Bank names ranked in order of total number of branches
Note: Top 10 Core Capital average using Bank 6 and Bank 8 as of 2009 (1) As of 2009

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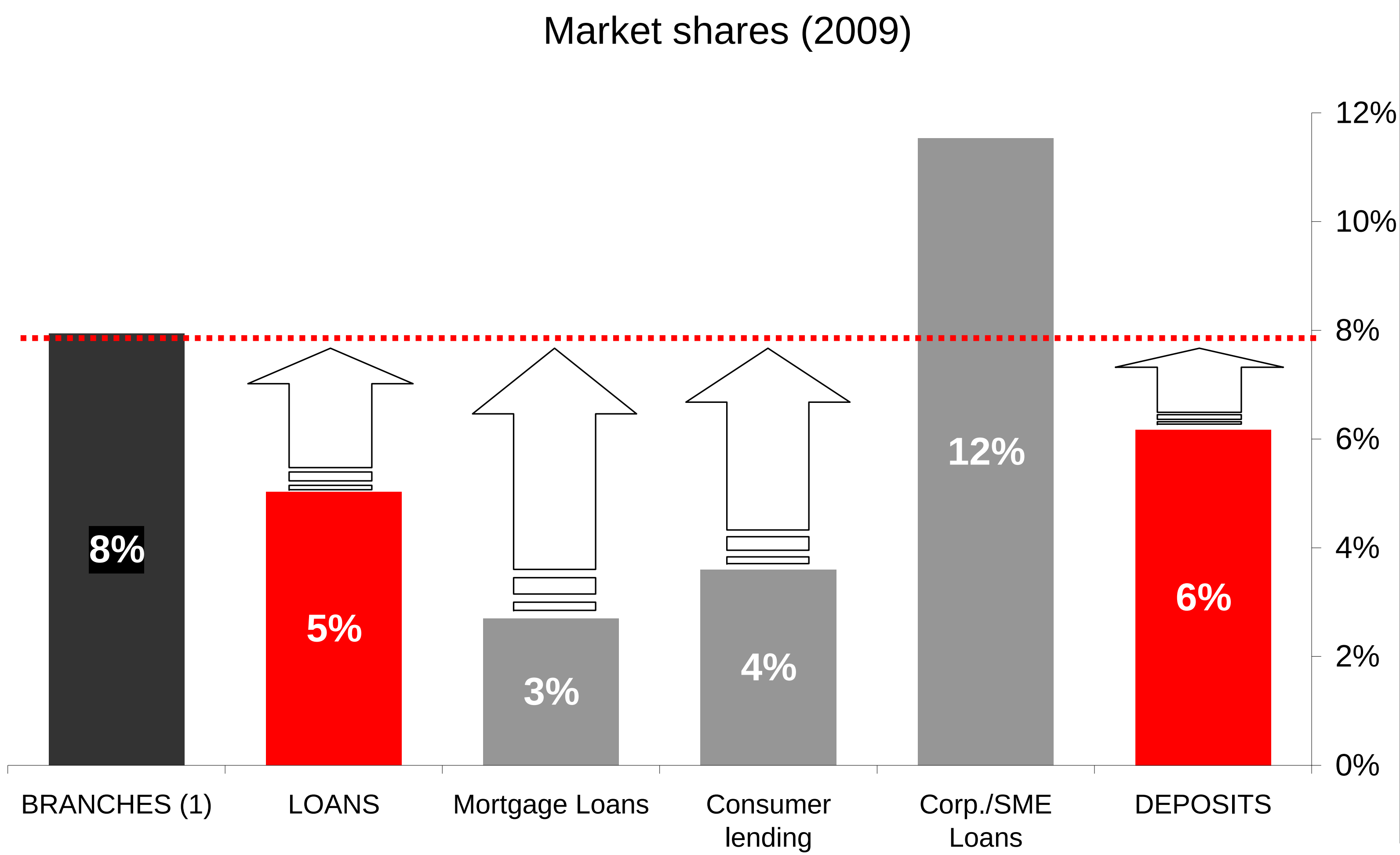
… with growth opportunities / potential to improve its commercial performance in some areas…



Market share below its "natural level" in attractive segments such as household loans or demand deposits

(1) – Branches' market share without considering franchise and agent network

… with growth opportunities / potential to improve its commercial performance in some areas…

- Improve business performance in segments in which the bank has growth potential or a presence below its “natural market share”:
  - Insurance products
  - Consumer lending
  - Credit cards
  - Sight / transactional retail deposits
  - Sale of value added / treasury products to corporate clients

Expected productivity improvements by 2013: EUR 25 mn before taxes

(ca. 2% of 2013 revenue consensus estimates)

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… and with potential to improve its operating efficiency by leveraging Santander Group's capabilities and best practices

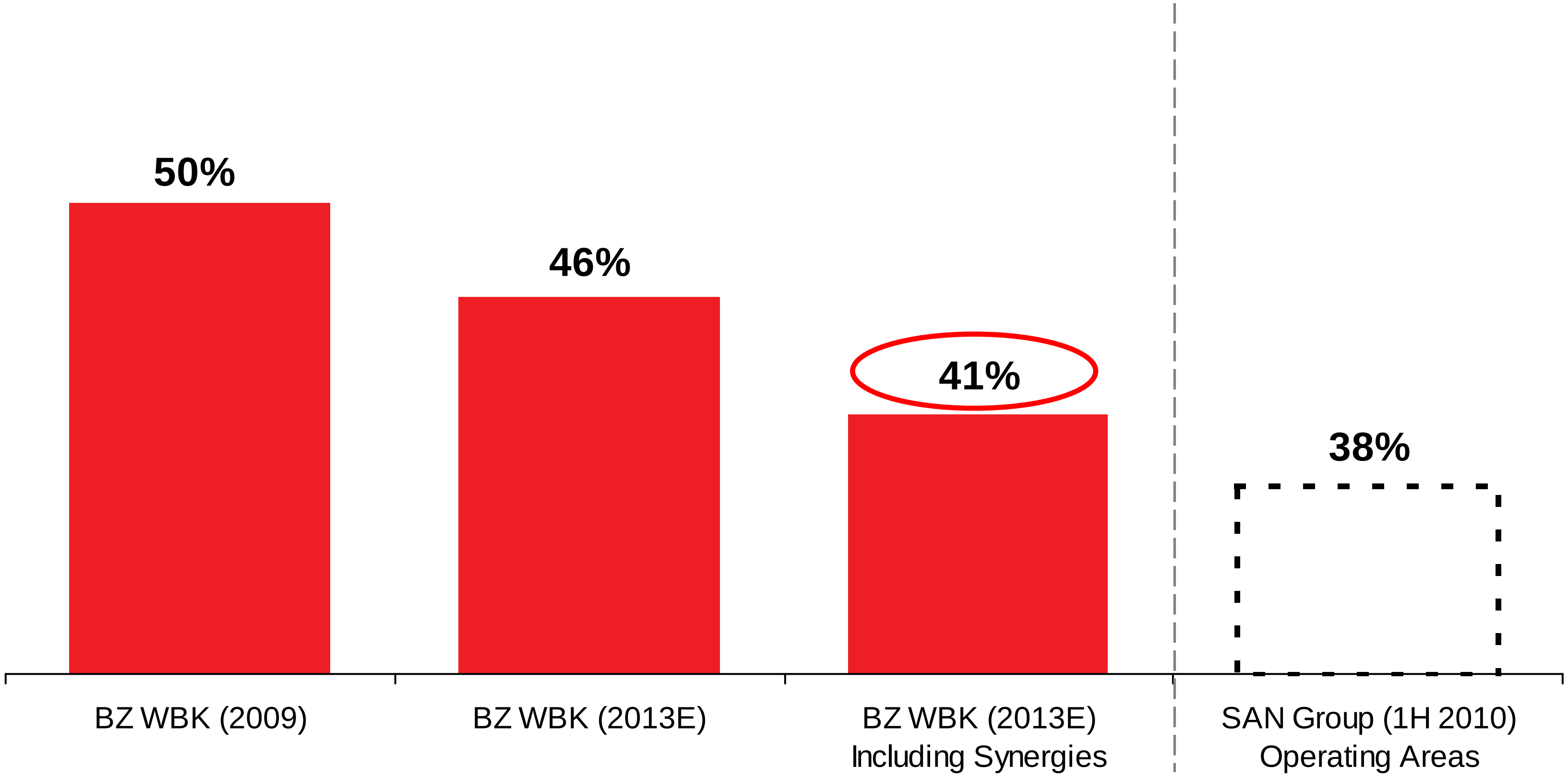
- Implement Santander's technology
- Leverage Santander Group's economies of scale (e.g., joint purchasing)
- Leverage Santander Group's global units (which will translate into lower investment needs over time)
- Apply Santander's cost management best practices

Expected productivity improvements by 2013: EUR 50-55 mn before taxes

(ca. 10% of 2013 cost consensus estimates)

The combination of commercial and efficiency initiatives should bring BZ WBK closer to Santander Group's standards

Cost / Income ratio



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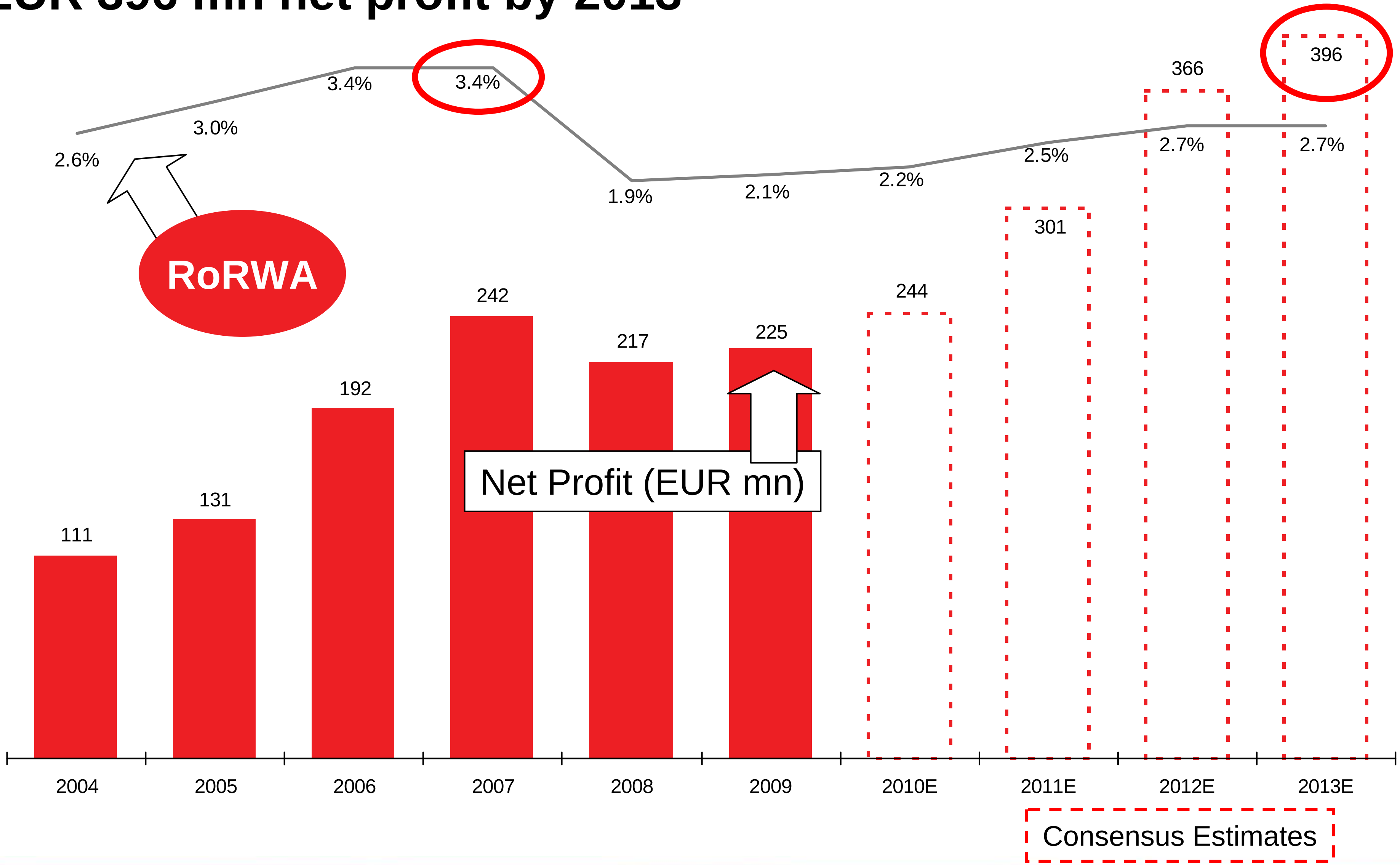
Profitable throughout the crisis and consensus forecasts EUR 396 mn net profit by 2013



Financial Impact: The deal meets our financial criteria

EUR mn	2011e	2012e	2013e
BZ WBK Net profit (market consensus)	**301**	**366**	**396**
Net profit, Asset Management (50%)(1)	**17**	**18**	**20**
Synergies (after tax)	**11**	**26**	**64**
Revenue synergies	***0***	***4***	***20***
Cost synergies	***11***	***22***	***44***
Total	**329**	**410**	**480**
EPS impact			
– 70.4%	**+1.5%**	**+1.7%**	**+2.0%**
– 100%	**+2.1%**	**+2.4%**	**+2.7%**
ROI	**8%**	**10%**	**11%**

Core Capital Impact – 1H 2010

- **– 70.4%** ~(40bps)
- **– 100%** ~(60bps)

Source: Bloomberg and Factset as of September 7, 2010. Note: Exchange rate PLN / EUR 3.943

(1) Santander own estimates

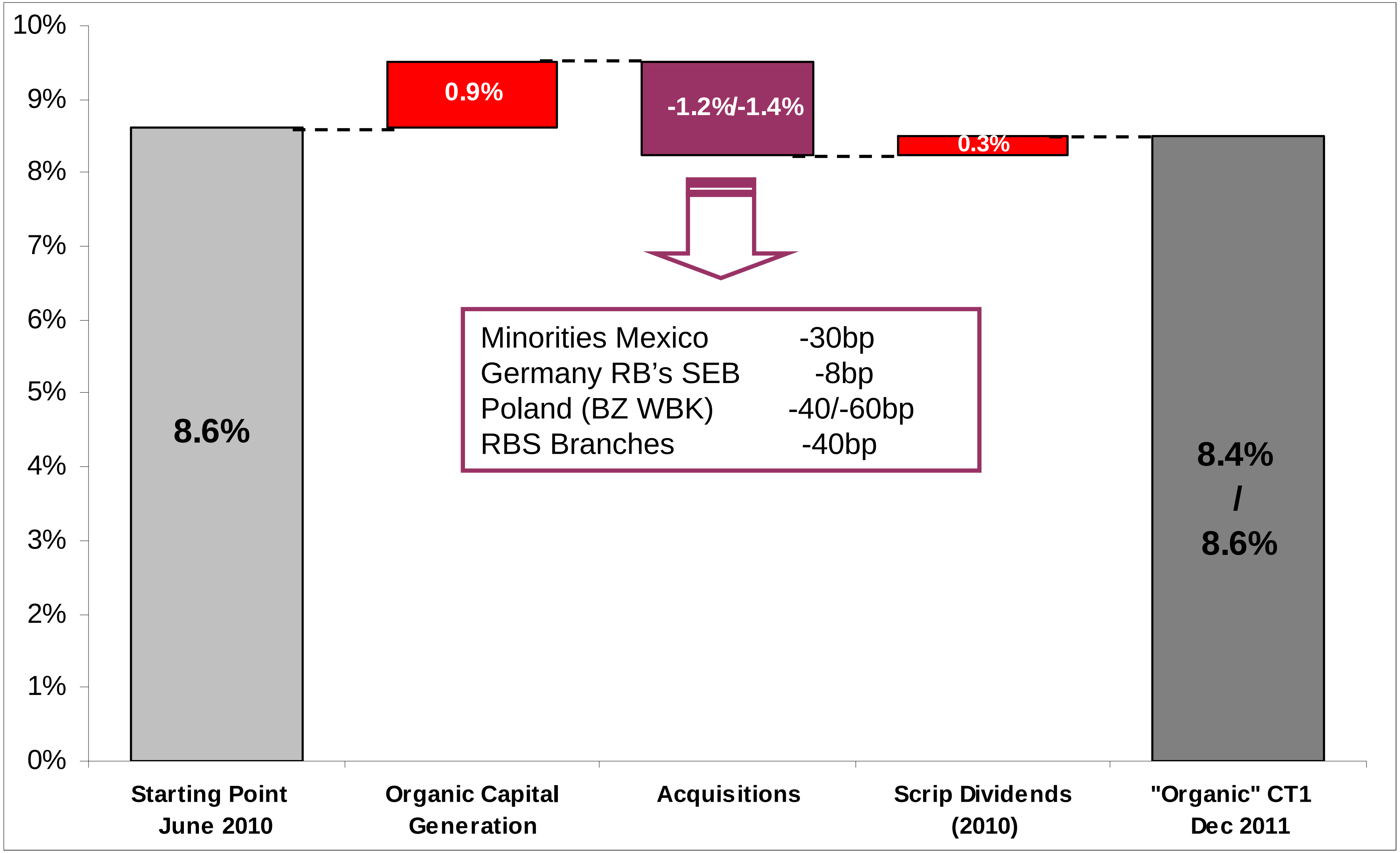
Consideration paid is in line with the franchise value[1] of BZ WBK's main competitors

	Offer	PKO	Pekao
Franchise Value / Loans	0.46x	0.41x	0.49x
Franchise Value / Deposits	0.40x	0.40x	0.42x
Franchise Value / Branches *(EUR mn)*	8.2	10.2	10.2

Source: Company data and factset as of September 7, 2010. Note: Exchange rate PLN / EUR 3.943

(1) Franchise value equals consideration paid in the case of BZ WBK (excluding 50% of Asset Management) and Market Capitalisation in the case of PKO and Pekao

We expect a core Tier 1 rate in excess of 8% for FY 2011, as a result of our strong organic capital generation



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Summary

The acquisition of BZ WBK has a strong strategic rationale…

- Increased critical mass in Poland, a very attractive market given its relevant size, macroeconomic situation and low banking penetration levels
- Acquisition of the top 3 financial institution by branches and profitability, in line with our vertical strategy
- Significant opportunity for growth and enhanced profitability: strong potential to develop the retail franchise and to improve operational efficiency

… and meets Santander's financial criteria

- **ROI of 11% by 2013E**
- **Positive EPS impact: ca. 3% by 2013**

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FTSE4Good Index Series