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INVESTOR DAY

DELIVERING PROFITABLE GROWTH



Jorge Morán
Sovereign

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Agenda

1 Sovereign Overview

2 Turnaround Phase I: Stabilization

3 Turnaround Phase II: Building the franchise platform

4 Conclusion

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Sovereign footprint

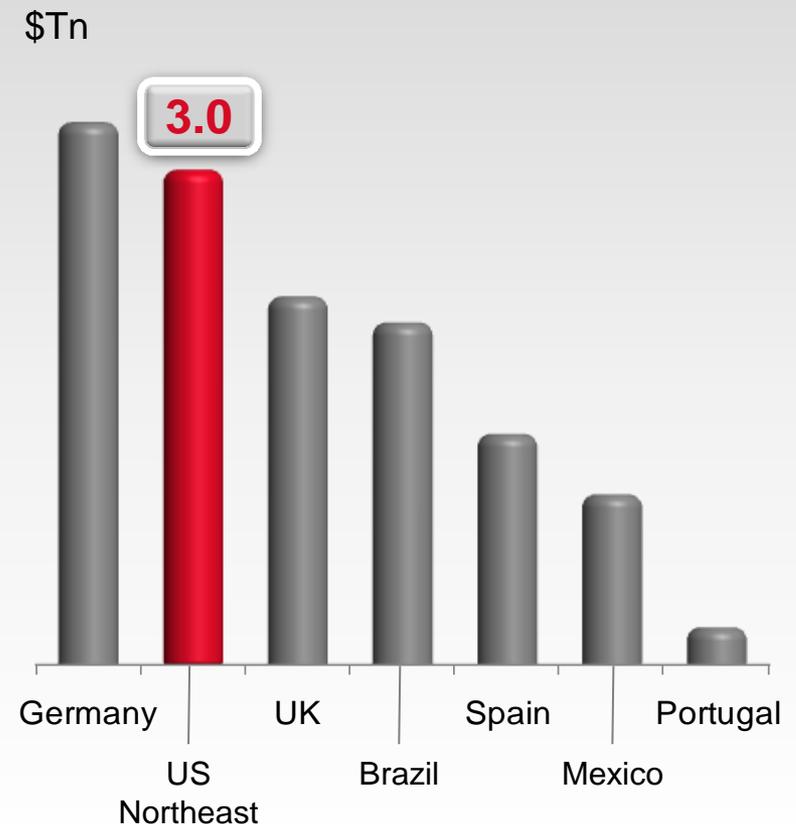
The US Northeast provides the right environment for growth

Sovereign footprint states



- 17% higher income per capita than US average
- Unemployment rate of 7.7% below national average
- Headquarters of 132 companies from Fortune 500

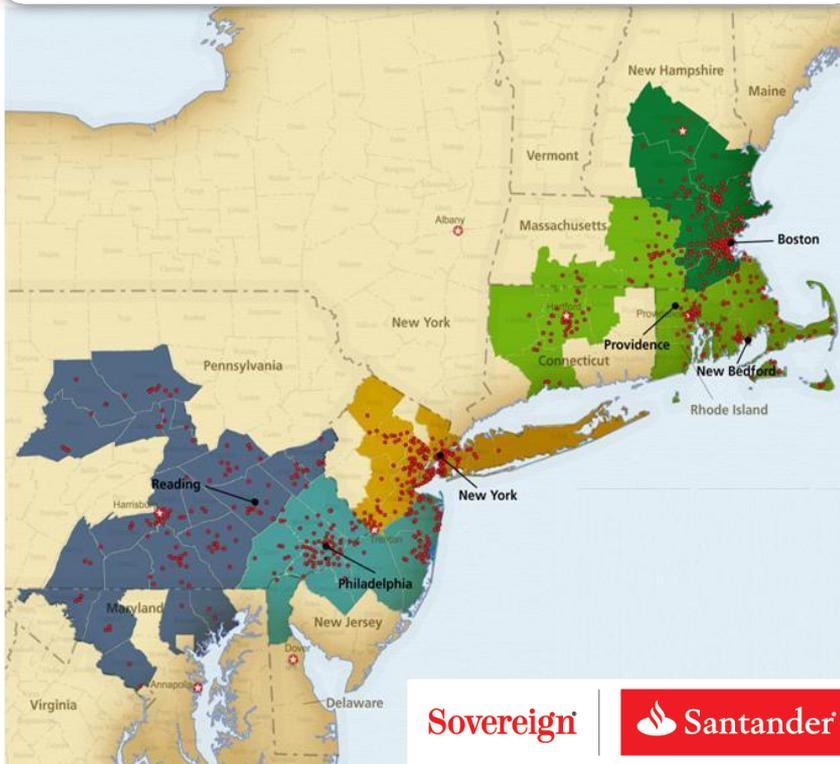
GDP of economies with Santander presence



Sovereign highlights

Sovereign has built a strong presence in the region as a Thrift

Branch network map



Sovereign Bank features

- Thrift charter (similar to *building society* mainly focused on deposits and mortgages)
- \$76 Bn in Assets
- 1.5 million individual households
- 225,000 small and medium business customers
- Emerging corporate client base
- 723 branches
- 7,855 employees

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Turnaround Phase I

Since Santander's acquisition, the turnaround has been structured in two phases

Phase I – 2009-2011

Phase II

Objective

- Build a strong balance sheet with delivery of committed profits

Environment

- Economic cycle downturn
- Regulatory uncertainty

Strategy

- Improve asset quality
- Increase efficiency

Management

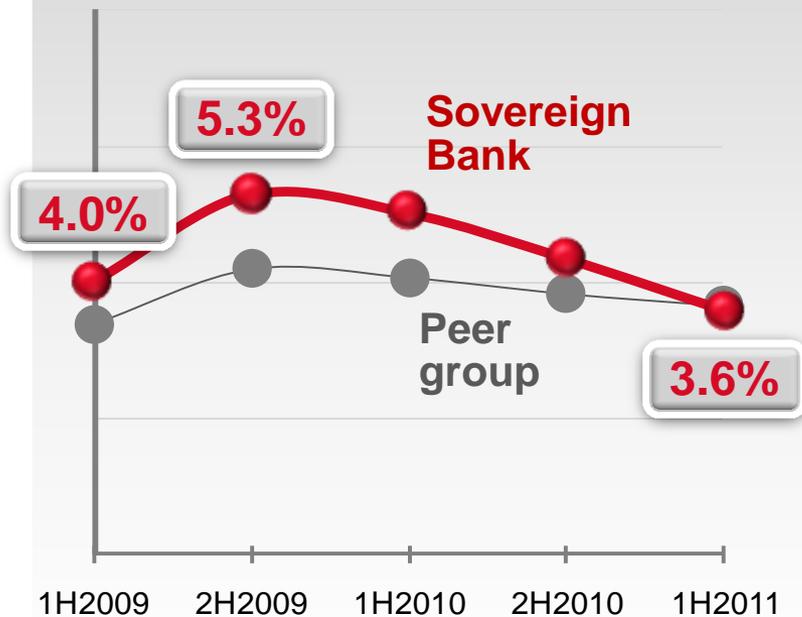
- Import Santander best practices & skills

Stabilization

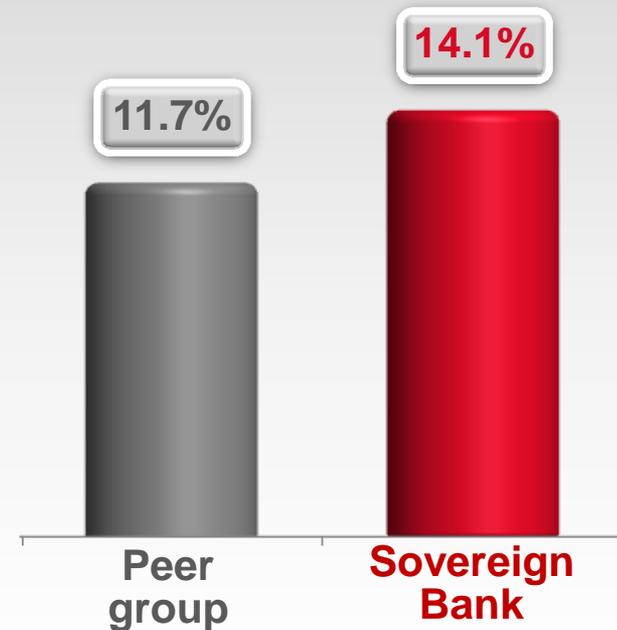
Asset quality & Capital

Strengthened balance sheet

NPL / Total Loans (% , US GAAP)



Tier 1 Capital (% , 2Q2011, US GAAP)

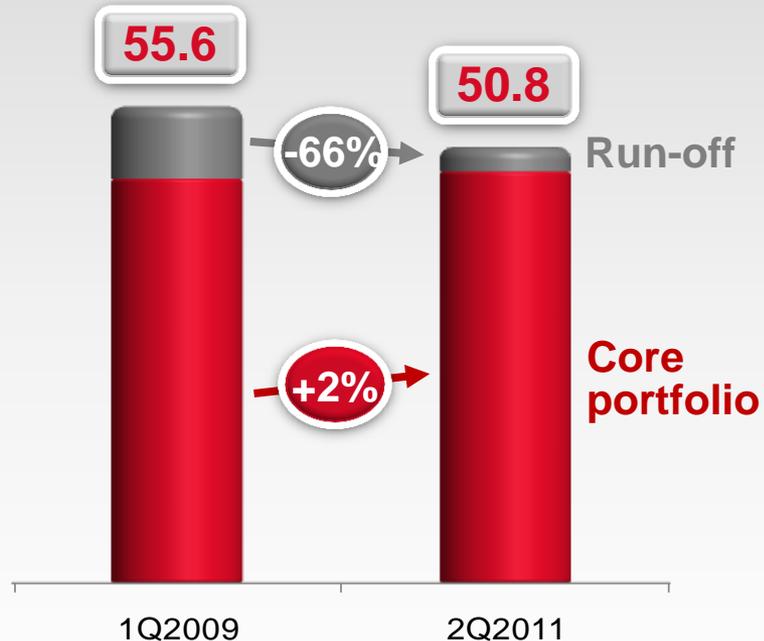


Debt and deposit ratings upgraded in April 2011¹

Loans & Deposits

Solid loan portfolio and deposit base

Total loans (\$Bn)



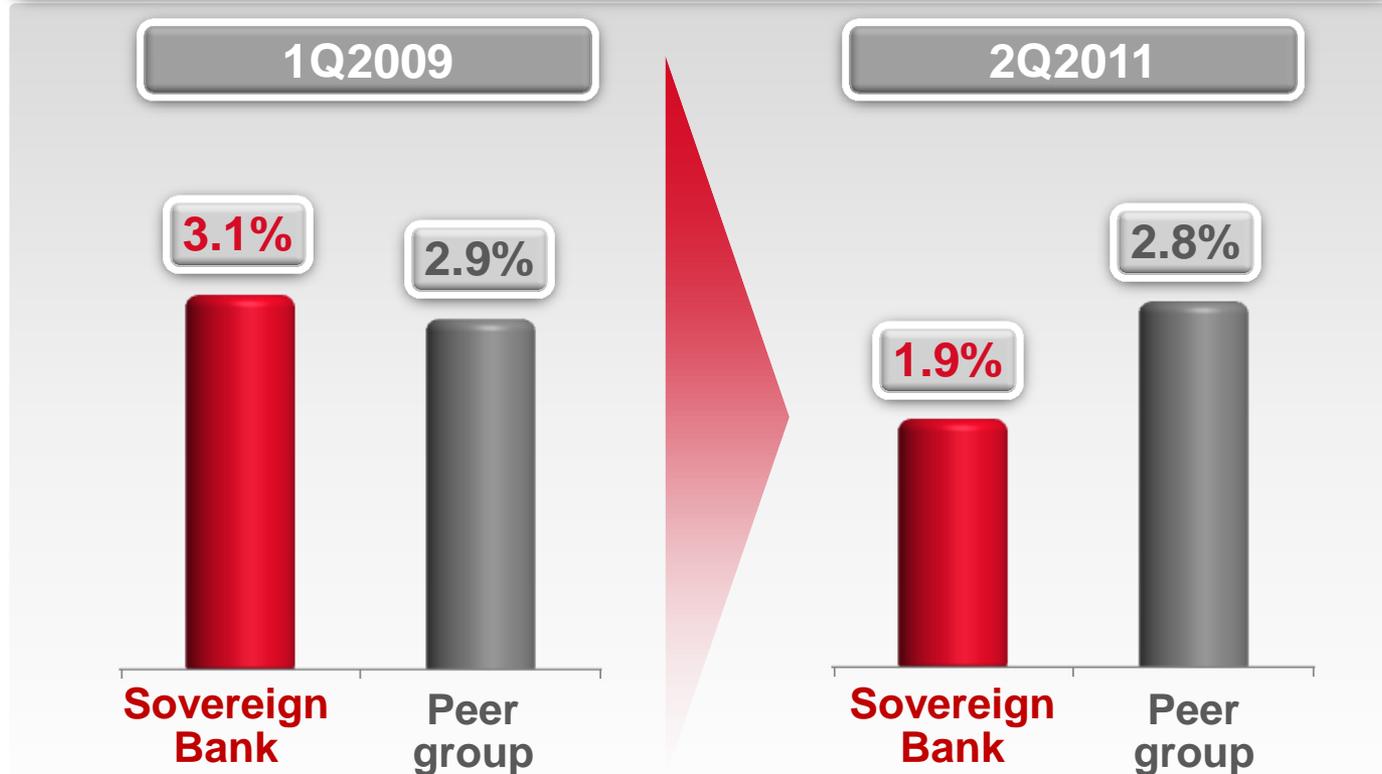
Total deposits (\$Bn)



Efficiency

Implemented cost measures to improve efficiency

Cost / Assets¹ (%)



Turnaround Phase I delivery

On track to successfully complete the first turnaround phase...

Results achieved

Asset Quality & Capital

- Improved asset quality
- Strengthened balance sheet

Loans & Deposits

- Reduced run-off portfolio
- Focused on customer deposits

Efficiency

- Brought cost-to-assets ratio below peers' average

...and deliver the committed profits

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US Current situation

Challenging environment for the banking industry...



Macro Environment

- Lower **GDP** expectations
- Poor **job creation**
- **Market volatility**
- Historically low **interest rates**
- **Home prices** still in bottoming process



Banking industry

- **Consumer** deleveraging
- Gradual **Corporate** recovery
- **Deposit** volume increasing
- Improving **asset quality**
- Higher **regulatory** costs

...already considered in our Phase II base working scenario

Turnaround Phase II

Building a strong retail and commercial bank in the US Northeast

Phase I

Phase II – 2012-2014

Objective

Environment

Strategy

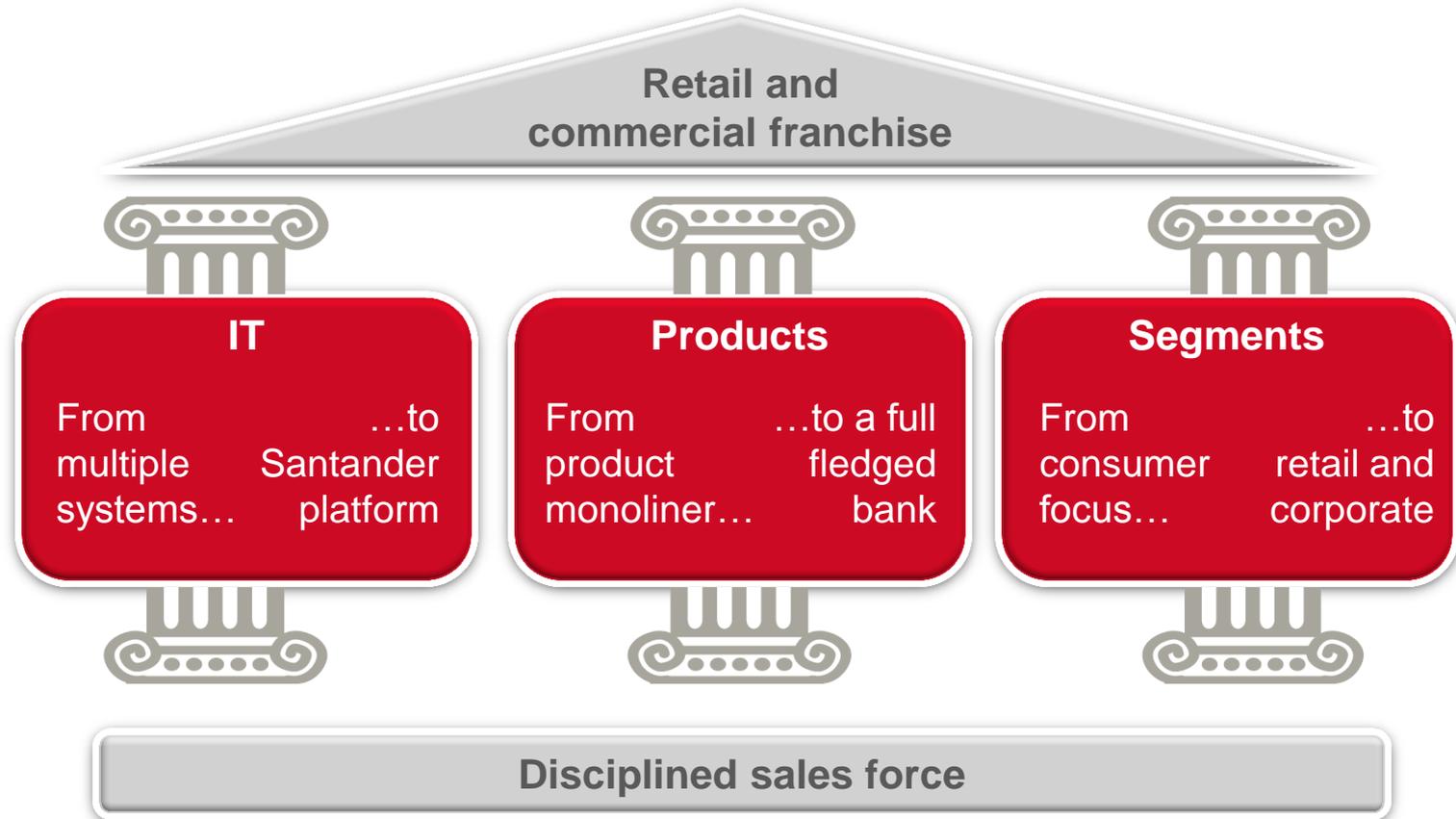
Management

- Grow profits while building the franchise
- Slow economic recovery
- Clearer and more demanding regulatory framework
- Develop the platforms to achieve a full-fledged retail and commercial bank
- Enhance local expertise

Building the franchise platform

Franchise platform

Working on three key elements to build the franchise



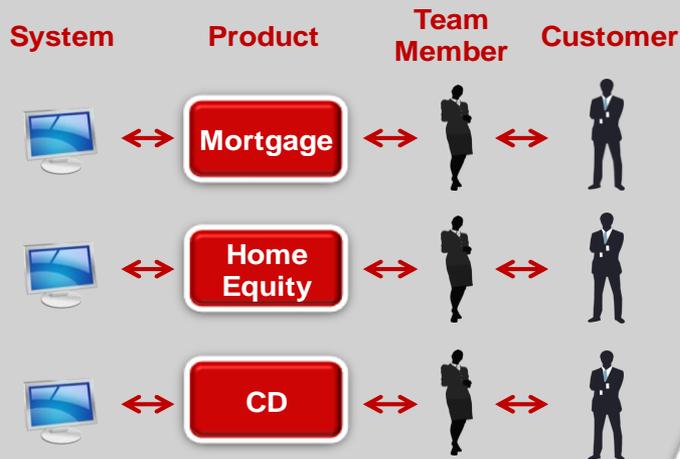
From a Thrift to a National Bank Charter

IT transformation

Fully implement Santander Core IT platform by 2013

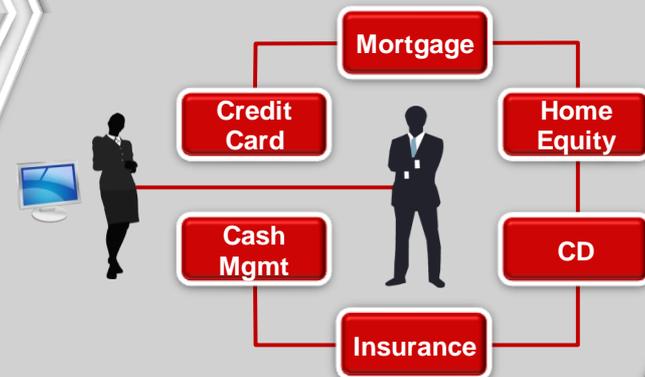
Current IT structure

- Multiple third party systems and vendors



New IT platform

- Proven Santander proprietary platform
- Skilled and experienced implementation team



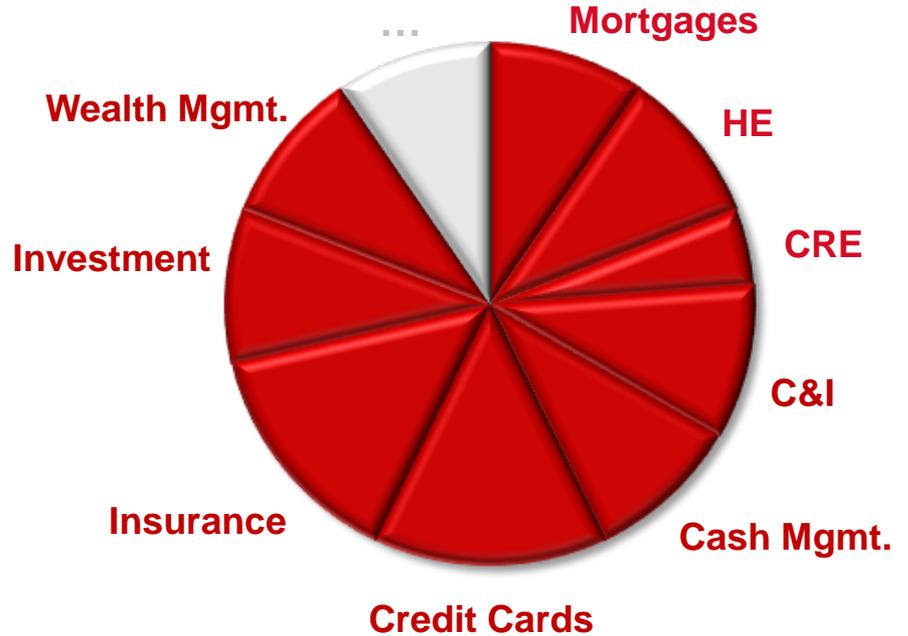
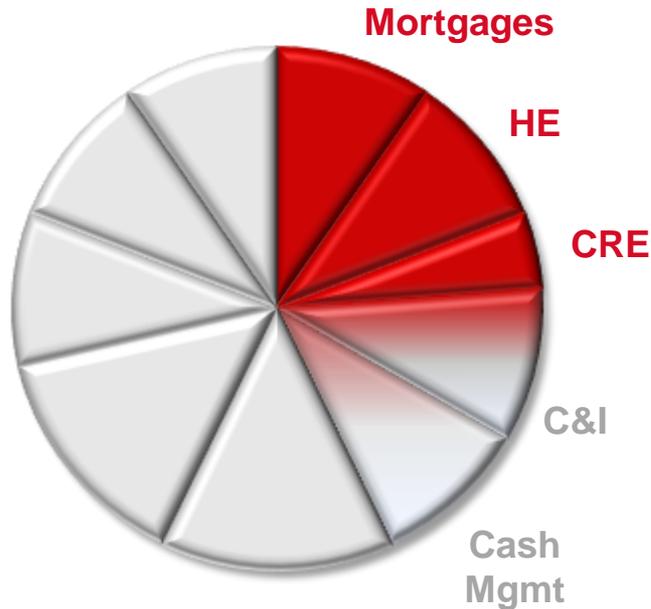
Products

From a monoliner to a full-fledged retail and commercial bank to improve product offering and increase customer penetration

Before
Product monoliner



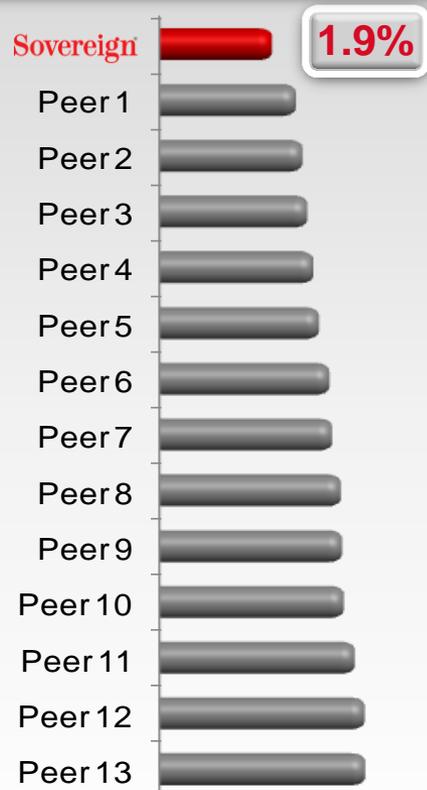
Going forward
Full-fledged Bank



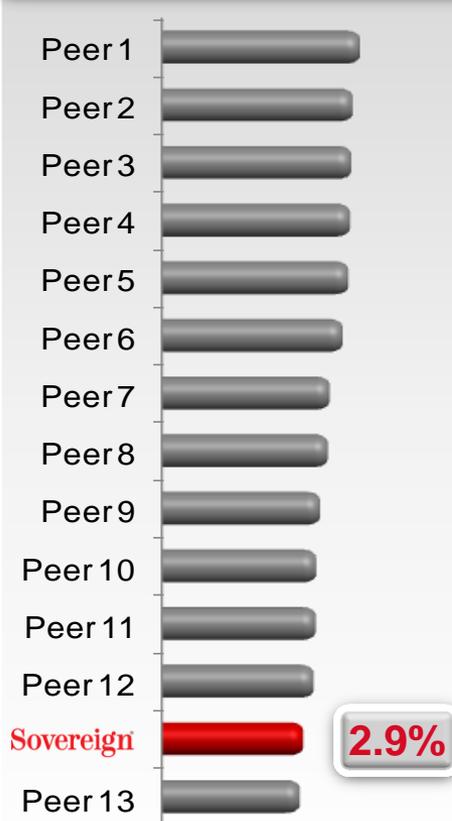
Products: performance comparison

Sovereign Bank has a significant upside in terms of NIM and Fees due to the Sovereign product offering gap with peers

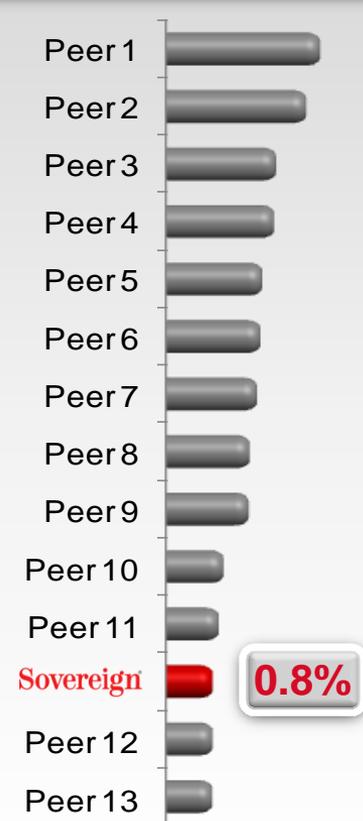
Cost / Assets (US GAAP)



Net Interest Margin (US GAAP)



Fees & OI / Assets (US GAAP)



Products: new offering

Develop new products and services to offset our gap with peers

Credit cards

- Launch credit card business
 - Acquired FIA¹ card portfolio

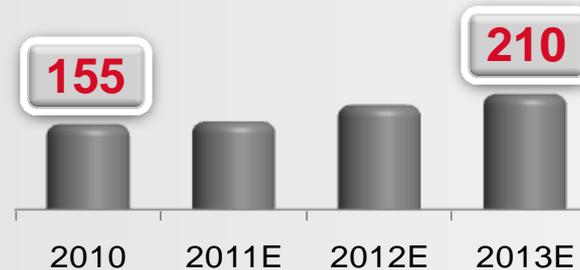
Total Credit Card active accounts (#'000)



Investment services

- Launch investment platform
- Improve investment sales force

Financial consultants (#)



Others on first stage

- Cash Management
- Insurance
- Trade Finance

Segments

From a Thrift to a National Bank Charter increasing our presence in mid-size companies and larger corporations

Before
Consumer focus



Going forward
Retail and corporate segments

Retail



Retail

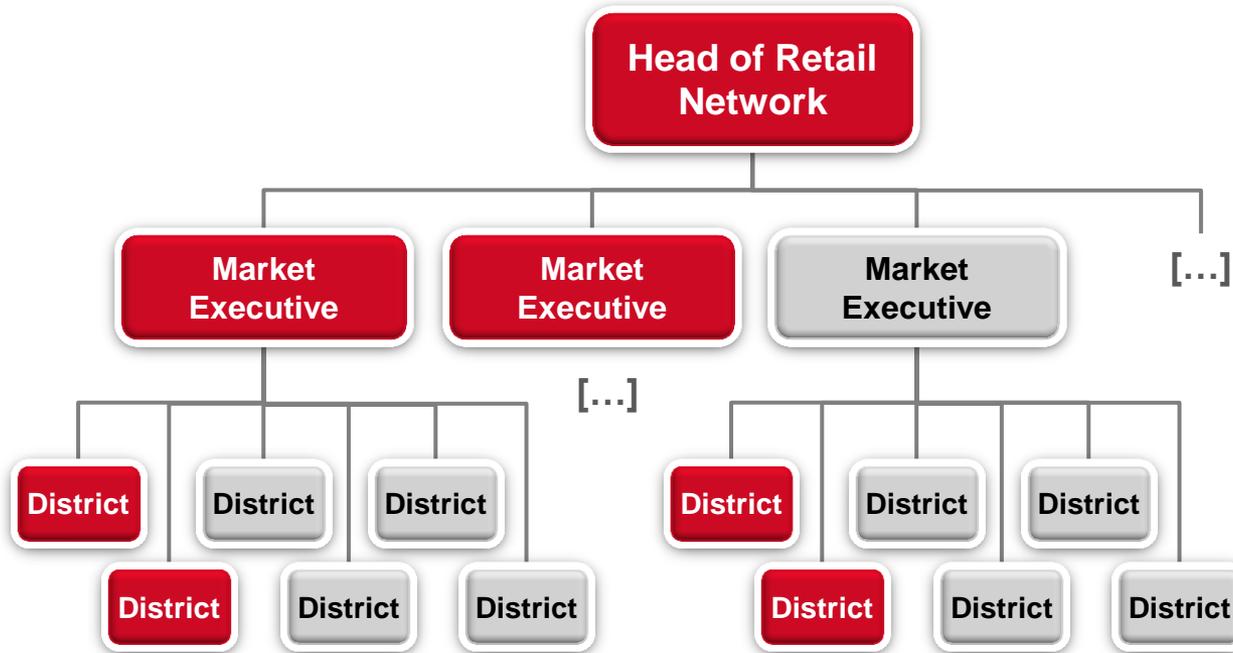


Corporate



Segments: Retail

Upgrading the leadership of the retail sales force



 Professionals incorporated with proven expertise

 Existing sales force¹

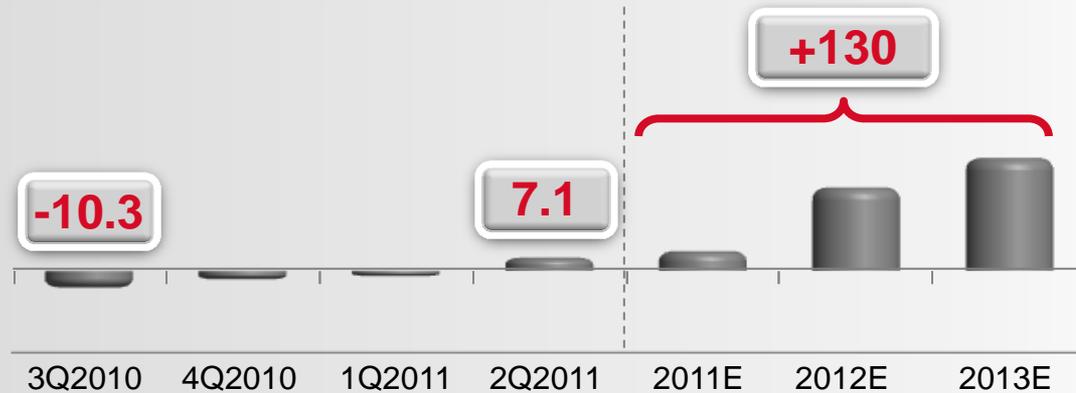
New leadership¹

- 60% market executives
- 28% district executives

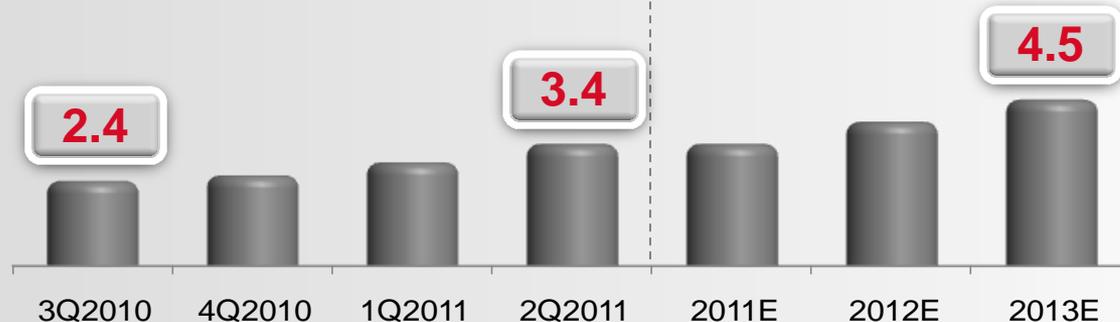
Segments: Retail

Implementation of a disciplined sales force is showing early results

Net
Consumer
DDA¹ growth
(‘000 #)

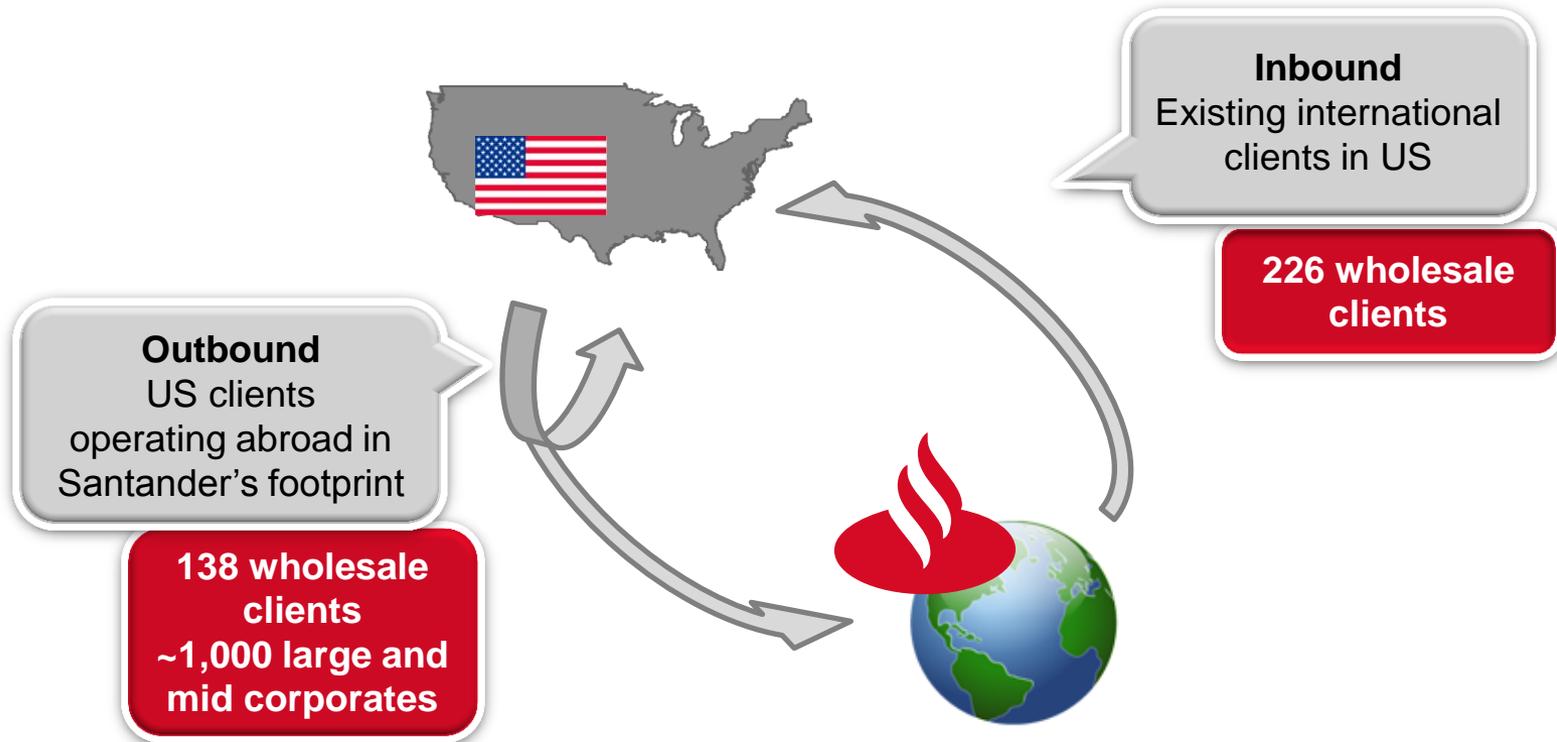


Solutions
sold per FTE
per day (#)



Segments: Corporate

Grow by leveraging Santander's existing clients, global capabilities and proven expertise



Developing Santander International Desk for Corporations

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Conclusion

Challenging environment



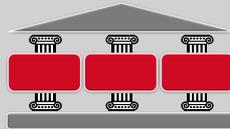
- Considered in our base working scenario
 - Historically low interest rates
 - Sluggish GDP growth

Right place



- Located in the US Northeast

Building the franchise platform



- Making significant investments in building platforms

In this context, Sovereign will continue to contribute to Santander growth strategy

