

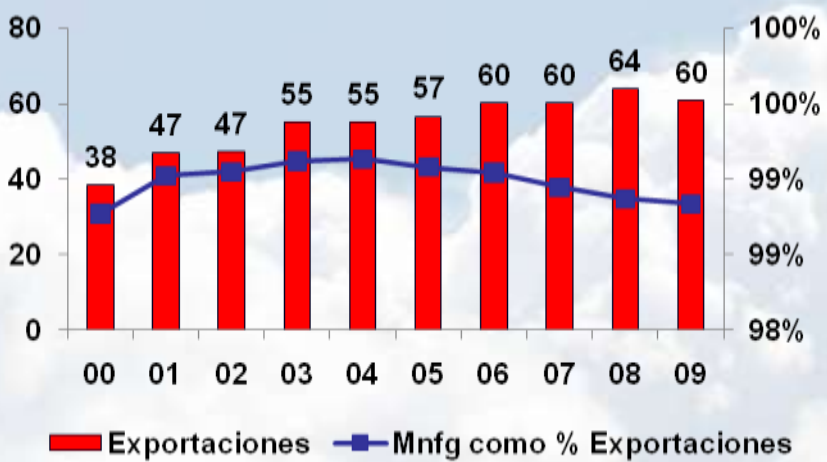
*“Exporting is part of our daily lives. Exports benefit American families, communities, and towns, and help to make the economy the strongest and most competitive in the world.”*

*(Carlos M. Gutierrez, Secretary of Commerce and Chairman of the U.S. Trade Promotion Coordinating Committee)*

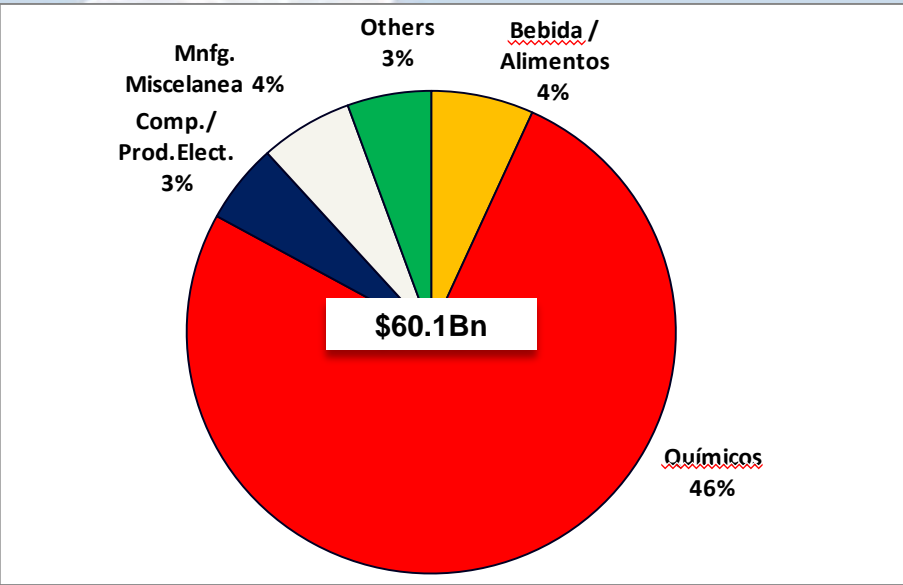
# PR at a glance... pharmaceuticals still representing almost 50% in 2009 ...

## Trends in Exports, 2009

billon of US\$



## Exports Manufacturing, 2009



**... 72% of overseas sales in 2009 reached U.S. and the remaining were to U.S.V.I. and others countries**

Source: Junta de Planificaciópnn de Puerto Rico



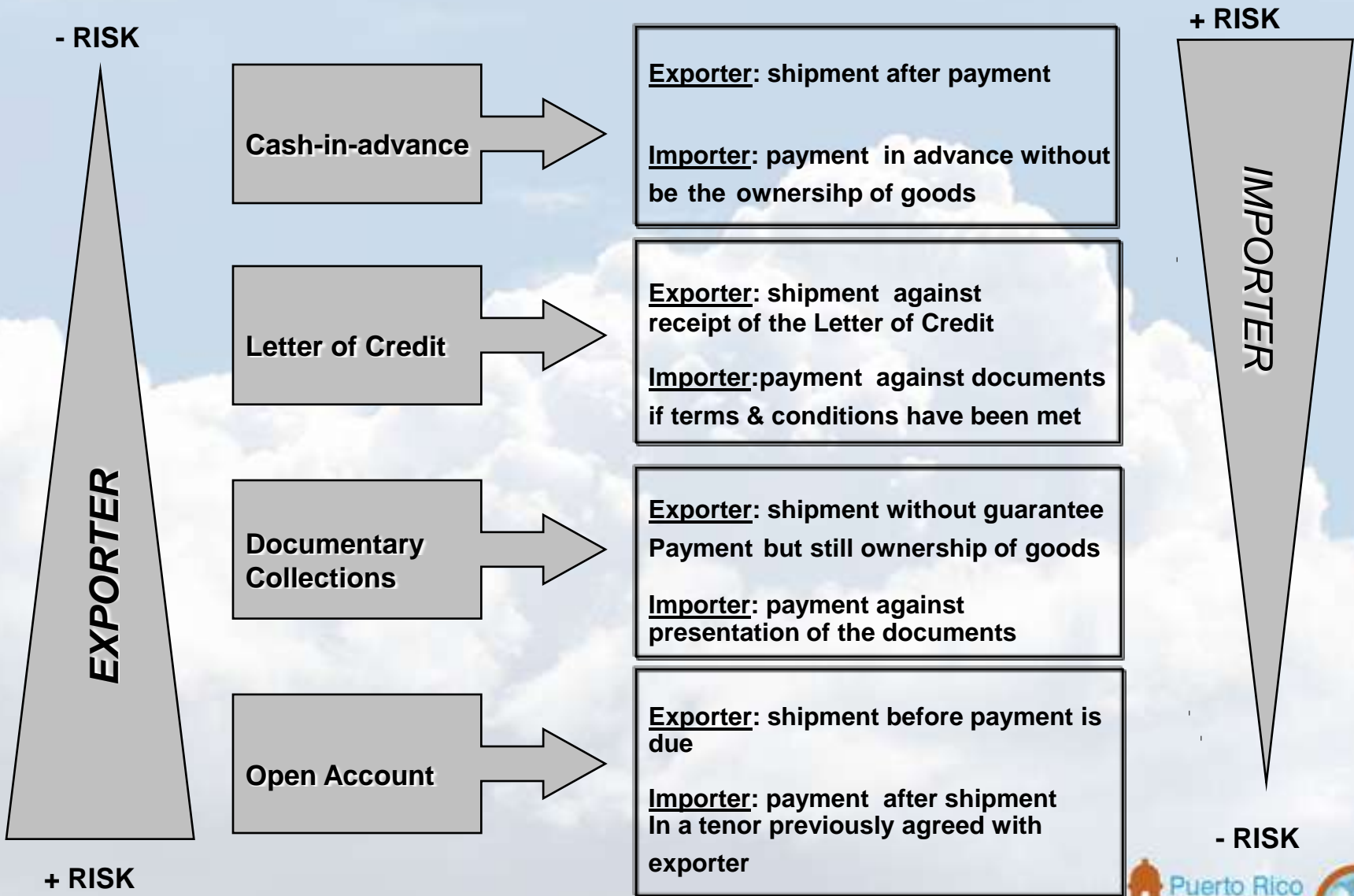
## International Trade - Key Points:

- Winning sales against foreign competitors and succeed in today's global market represents a high grade of risk, which most of times causes doubts (and sometimes depressed) to **exporters** over the timing of payment coming from the importer.
- For **exporters**, when payment is received it counts as a “gift”.
- Therefore, **exporters** always want to receive payment soon, preferably as soon as an order is get in placed or before the goods are shipped overseas.
- For importers, until the goods are received any payment is a “donation”.
- Therefore, importers always want to receive the goods first to pay them as soon as possible, preferably after the goods are resold to generate enough cash flow to repay the **exporter**.

## International Trade – Key Points:

- For these reasons, **exporters** must offer their customers attractive sales terms and conditions supported by appropriate methods of payment. To get the payment in full and on time is the main goal for **exporters** and an appropriate method of payment must be evaluated and chosen carefully to minimize the risks, while also accommodating the needs of the importer.
- In the next page, there are 4 primary methods of payment for international trade transactions. Before or during sales negotiations, **exporters** should consider which method is available for both and mutually reasonable, considering several elements.

# International Trade - Methods of Payment



+ RISK



# Proposals to Puerto Rico

## ■ ***International Trade Committee***

Meetings on a quarterly basis, led by Public Sector (thru its agencies, secretaries, departments, etc), Private Sector (**exporters**, importers, Trading companies, etc), Financial Sector (banks, insurance companies, etc), Education Sector (universities, etc) and Non Profit Organizations (associations, chamber of commerce, etc).

Target: *What do we have? What do we want? And How?*

## ■ ***International Trade Assistance***

Opportunities, programs, assure that exporters have the right tolls and best practices to prepare Micro, Small and Medium-sized, and even Large, **exporters** as a economic priority to effectively engage PR in International Trade Market. Led by International Trade Committee and Consulates Domiciled In Puerto Rico and Miami.

# Proposals to Puerto Rico

- ***Exporter of the Year Award***

Different awards such as: innovation, best strategic plan, best partnership, etc. to encourage and recognize the **exporters**.

- ***Program: Invest in Puerto Rico Exporter***

To provide support for investment promotion efforts in PR and facilitates activities to the benefits of foreign investments engaged on **export** programs.

# Priorities and Opportunities to Puerto Rico

- **Create culture of exporting, opening new markets and making strong commercial relationships**

- **Travel and Tourism**

International visitors accounting for PR services sector export

- **E-commerce**

A Nielsen Global survey\* found that 84% of global Internet users have shopped online. In two years, the number of online shoppers has grown from 627 million to 875 million a 40% increase. Note that +/- 40% of today's Internet users are located in Asia.

- **Markets in spotlight**

Latin America, China, India and Russia (and now Japan) always keeping an eye open on Middle East and Africa, regions that have been experiencing fast economic growth with important infrastructure projects, as well as new import demand driven by reforms and expansion of credit.

\*Nielsen Global Online Survey <http://www.nielsen.com/us/en/industries/media-entertainment/online.html>



# Priorities and Opportunities to Puerto Rico

## ■ Invest in America

The Department of Commerce created this program in 2007 and a series of events was took in place in some U.S. States highlighted the importance of foreign direct investment for local jobs and economic growth.

## ■ Others

Trade Agreements, Models of Collaboration (U.S. Department of Commerce) , Partnerships (SBA, International Chamber of Commerce, Corporate, Banks, Legal Counselors, etc), Trade Mission Promotion (focus on Markets in spotlight and Consulates), Workshops to **exporters**, etc.

# The History of Banco Santander



21 March 1857: **Banco Santander** is created in Santander, Cantabria, Northern Spain.

**1857**

Banco Santander is born

**1900-1919**

Other banks founded

**1920-1950**

Expansion process

**1970**

Teleprocessing system

**1976-1985**

Inclusion of First National Bank of **Puerto Rico** and Banco Español-Chile

# Santander's Model - critical mass in our core markets

Data as of 30/09/2010, except customers as of June



(1) Loans + deposits (balance sheet funds) + mutual funds

(2) Santander Consumer not included (in Spain: 2.7 million customers and 77 branches; Portugal: 0.3 million customers and 7 branches)

(3) Ranking 3<sup>rd</sup> by deposits and second by mortgages portfolio

(4) Present in 14 countries. Loyalty cards not included under customers

(5) Third largest private bank in Portugal and first by profit in 2009

(6) Excluding public-sector banks.

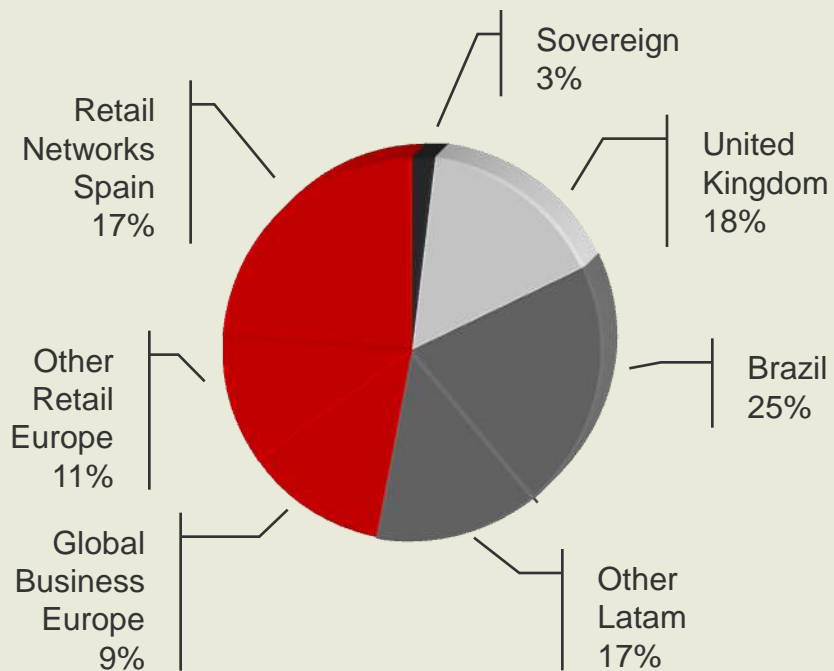
(7) Data exclusively from Sovereign. Customer-households



# Santander's Model - critical mass in our core markets

## Geographic diversification model

9M'10 Attributable profit by geographic areas



Three large areas:



America



United Kingdom



Continental Europe

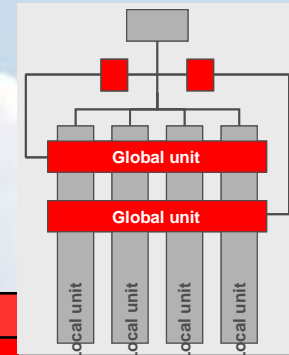
# Santander's Model - critical mass in our core markets

... backed by our IT leadership and operational and technological integration

- IT Global
- Shared operating centres

- Global units

- Local experiences
- Local resources



Best local business...

... leveraging the Group's economies of scale...

... and taking full advantage of "best practices"

"local tools"

"global tools"

Santander is making each unit more efficient and competitive



# Our Businesses in Latin America



Region's leading financial group, 10% market share\*

Leadership in key markets: Brazil, Mexico and Chile (over 70% of the population and 80% of the continent's GDP)

Notable presence in Argentina, **Puerto Rico**, Colombia, Uruguay and Peru

In all Latin America:

- 39 million customers.
- 5,784 branches and 87,765 employees.
- 9M'10 attributable profit : EUR 3,482 mill. 42% of total Group operating areas

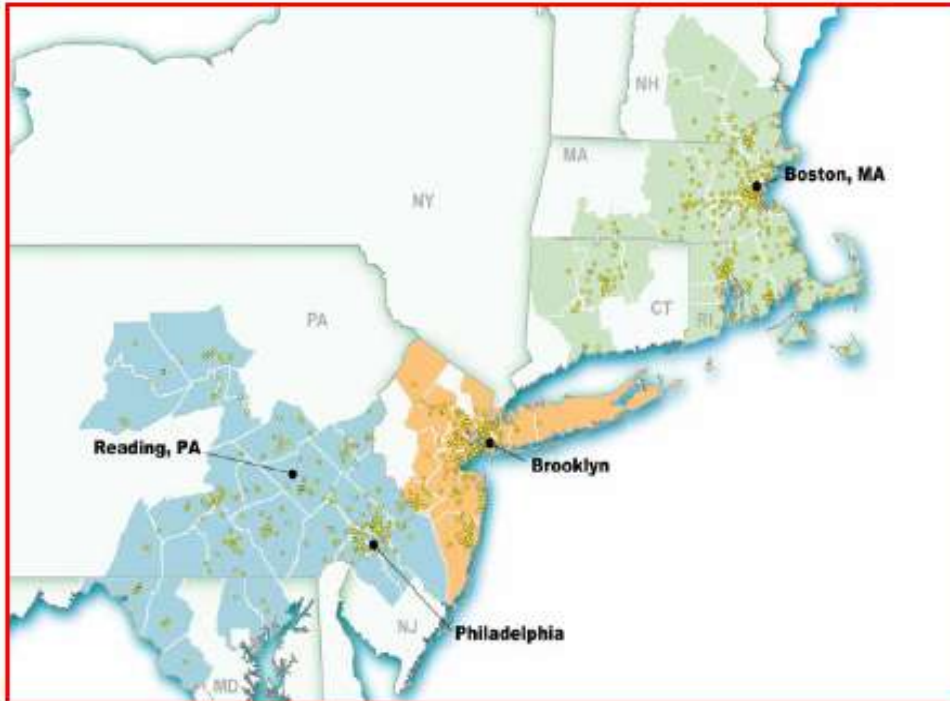
(\*) All the countries where we operate combined

# Our Businesses in US

## Sovereign: entry into the US retail market



Sovereign, retail franchise located in an attractive footprint (PIB: similar to Germany's, PIB per capita: Top 4-5 worldwide, +20% the US average; 6 out of 26 top cities in the US)



<u>MSA</u>	<u># of branches</u>	<u>Market (1) share%</u>	<u>Market share ranking</u>
New York	208	1.9%	10
Philadelphia	81	5.4%	6
Boston	166	8.3%	3
Providence	56	9.2%	3
Hartford	25	4.1%	7

(1) FDIC Market Share of deposits; data as of June 2008

### Basic data (Jun'10)

- US\$ 49 Bill. in loans
- US\$ 41 Bill. in deposits
- 720 branches
- 2,331 ATMs
- 8,539 headcount

Approx.  
Group's  
4-5%

Sovereign's size is similar to that of "Popular" in Spain or "the combination of A&L+B&B" in the UK

# Our Businesses in Puerto Rico

Santander Bank has been in Puerto Rico for the last 35 years...

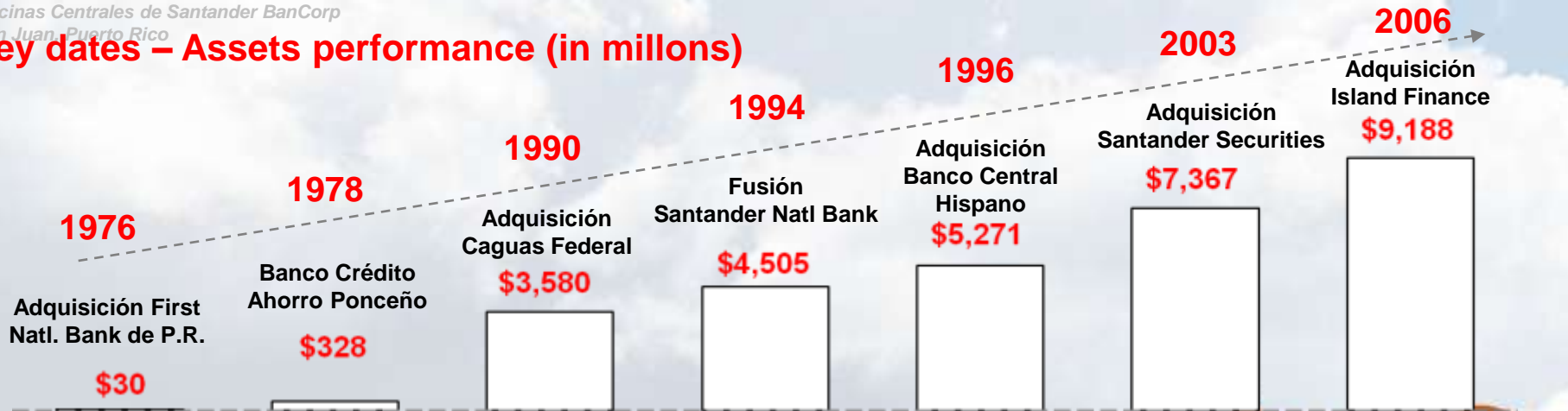


Oficinas Centrales de Santander BanCorp  
San Juan, Puerto Rico

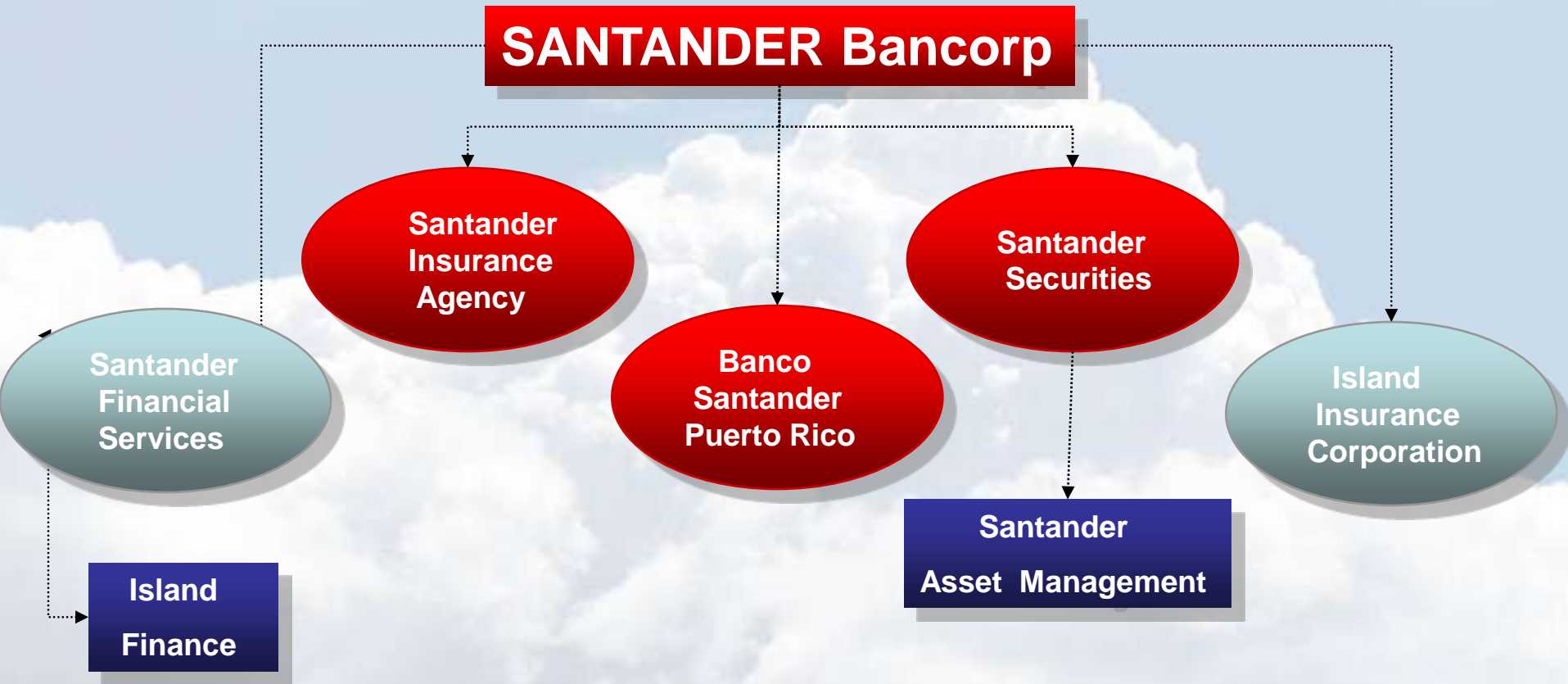
## Franchising in Puerto Rico (as of September 2010)

- +399,000 clients
- \$13.6 billion in customer financial assets
- \$6.6 billion in total Assets / \$5.3 billion in total loans
- \$4.3 billion in deposits / \$724 millions in market capital
- Tier-1 Capital Ratio - 14.57%
- 2004-2006 | 2009-2010 Best Bank of Puerto Rico for The Banker
- 2007-2010 Best Bank of Puerto Rico for Global Finance
- 2003-2006 & 2008 Best Bank in Internet for Global Finance

### Key dates – Assets performance (in millions)



# Our Businesses in Puerto Rico





## Trends in the coming quarters

### Mature markets

- Activity still weak
- Pressure on revenues
- Provisions: performance differentiated by market

### Emerging markets

- Faster growing activity
- Pressure on spreads (change of mix in assets)
- Lower cost of lending

### Regulatory environment

Uncertainty over pending issues:

- Liquidity
- Capital
- .....



**Education +**

**Entrepreneur +**

**Export =**

**Competitiveness**

**Today**

**We wager to the growth of Puerto Rico  
with the same commitment of 35 years ago...**



**Santander and Puerto Rico growing together**

For additional comments please contact:

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