**BANCO SANTANDER CENTRAL HISPANO (BSCH)**

Grupo Santander is Spain's leading financial institution and the second in the Euro zone, with a capitalization at 31 December 2002 of 31,185 million euros. It has a staff of 104,000 employees, of whom 65% are based outside Spain.

They (the bank) have a very clear strategy: to be the international benchmark bank, specializing in commercial banking and with a strong presence in Europe and Latin America.

They combine geographical diversification with a thorough knowledge of the markets in which they work and manage locally. They have high market shares that allow them get the greatest potential from their business model. This involvement in the markets where they operate makes them a multi−local group.

Banco Santander Central Hispano S.A. (Santander Central Hispano Ltd. Bank), is a private company, subject to the regulations and rules for banks operating in Spain. BSCH is the result of the merger in April 1999 of Santander (founded in 1857) and Central Hispano Americano, the latter created from the merger in 1991 of Banco Central (founded in 1919) and Banco Hispano Americano (founded in 1900). The registered office is in Santander (Spain).

TOTAL number of branches (31−12−02): 9,281

Spain 4,314

Abroad 4,967

BSCH aim to be one of the 10 most profitable banks with the greatest market capitalisation in the world, ensuring their position of leadership in time.

BSCH define customer satisfaction and constant innovation in products and services as the fundamental cores of our day−to−day work.

Business Areas:

- European Commercial Banking.
- Latin American Commercial Banking.
- Asset Management and Private Banking.
- Global Wholesale Banking.

Corporate Values:

- Dynamism: Initiative and agility to discover and make the most of business opportunities before their competitors do and flexibility to adapt to market changes.
- Strength: Through the solidity of their balance sheet and prudence in risk management, which are the best guarantees of their capacity for growth and for generating value for their shareholders in the long term.
- Innovation: Constant search for products and services to meet the new needs of customers and which enable the organisation to obtain higher profitability increases than their competitors.
- Leadership: Spirit of leadership in every market where they operate, with the best teams and a constant orientation towards customers and results.

Prices and recognitions in 2002:

- Euromoney Awards for Excellence 2002
- The Banker − Bracken Prices 2002
- The Banker: Ranking of the best banks
- Latin American Quality Price
- AmericaEconomia
- Latin Finance

AENOR (ER−1820/2000), IQ Net CERTIFIED QUALITY SYSTEM, Member of Dow Jones Sustainability Indexes, FTSE4 Good Index Senes.

***AOL surges into Spanish internet market***

AOL is to make an aggressive move into Spain's fast−growing internet market.

The internet firm has joined forces with Spain's biggest bank, Banco Santander

Central Hispano, which owns 60% of Spanish leisure portal Prodigios Interactivos.

The two companies will each own 40% of a new venture called AOL Avant − to launch early next year. The remaining 20% will be owned by Spanish hotel company Sol Melia, which founded Prodigios, and a number of smaller investors.

The tie−up gives AOL the Spanish foothold it badly needs to compete against leading Spanish internet company Terra Networks. Meanwhile BSCH will be able to tap into the resources of a powerful online partner.

Former Terra chief executive Juan Perea has been hired as a non−executive director of the new venture.

AOL−branded services, including internet access, travel, finance and shopping content, will be marketed via BSCH's 6,000 branches across Spain, and its 10m customers.

Michael M Lynton, president of AOL International, said: "With the internet in Spain about to explode, the joint venture will have the opportunity to gain a first−mover advantage."

Separately, the US anti−trust authorities' investigation into AOL's planned purchase of Time Warner has been extended for a further two weeks.

(Amy Vickers. Tuesday October 24,2000 / MediaGuardian.co.uk)

**PRIMARY BENEFICIARY**

***Shareholders (owners)*** As type of organisation it is a Business, and its primary beneficiary the owners.

Classifying the organisation, its in Sector Tertiary (services).

Private ownership (profit−making).

1,092,193 shareholders (from the 2002 Annual Report).

4,768,402,943 share in TOTAL (31−12−02).

Nominal value per registered share is 0.50 euro each.

Share price (euro) 6.54 (31−12−02).

The Bank's capital stock is 2,384 million euro.

Ratios at December 31, 2002:

ROE 12.42%

Cost/income (efficiency) 52.28%

Earnings per share 0.4753 euros

Dividend yield 4.4%

**OTHER (2) TWO STAKEHOLDERS**

***Customers*** **35,000,000 (from the 2002 Annual Report).**

***Employees*** **104,178 (from the 2002 Annual Report).**

35,887 in Spain.

68,291 Abroad.

**ASPIRATIONS OF THESE STAKEHOLDERS**

***Shareholders Transparency and creation of value.***

Good corporate governance structure.

***Customers*** Quality of service.

The best products for everyone.

***Employees*** Equality of opportunities.

Training.

Labour relations.

Support mechanisms for employees.

**ANALYTICAL MODEL (STAKEHOLDER MAPPING)**

*LEVEL OF INTEREST*

LOW HIGH

| | |
|---|---|
| | EMPLOYEES |
| CUSTOMERS | SHAREHOLDERS |

LOW

*POWER*

HIGH

**Shareholders** are the owners. They are key players. They have high level of interest and high power in the organisation.

They say what the Company is going to do.

The organisation exists for them.

* Customers and employees (and other stakeholders) can be shareholders as well.

**Customers** have high power for the business, but low level of interest.

The customers are the engines to this business, but they do not take decisions. To keep satisfied.

**Employees** have low power into the business as workers, but they have high level of interest for the organisation to do a good business. To keep informed.

**BEHAVIOUR FROM THE BANK TO ITS STAKEHOLDERS (SPECIFIC)**

Commitment to **shareholders**, to offer them an adequate return on their investment, in a framework of full transparency.

Transparency and creation of value, personal attention, telephone attention, written attention, Code of Conduct, Board committees, elimination of protection measures, Shareholders Meetings,

Commitment to **customers**, for whom the organisation make an effort every day to provide the products that best suit their needs, together with a better service and open channels of communication to tend to their demands.

Information, privacy, publicity, evaluation of quality, customer attention and management of complaints.

Commitment to **employees**, in the conviction that they are the real driving force of the Group, so that they work with the best remunerative, professional and personal conditions.

The Santander Group City will have the largest and most modern nursery schools for 400 children under the age of three.

Health and security at work, services and benefits for employees, equality of opportunities, training, internal communication, labour relations,

**BANK'S RESPONSIBLY BEHAVE (GENERAL)**

The Group is aware of its social responsibility commitments with society as a whole.

The Group's Social Responsibility Plan is an ambitious initiative for applying the concept of sustainability to business management.

- Adherence to the UN's Global Compact (Human Rights, Labour, Environment).
- Creation of a Corporate Social Responsibility Department.
- Progress on reconciling work and family.
- Co−participation of employees and the Bank in social solidarity projects.
- Training in social responsibility.
- Systemization of environmental risk analysis in customer lending operations.
- Environmental certification of work centres.
- Limiting the environmental impact of the Bank's activity.
- Strengthening the marketing of social campaigns.

For them, social responsibility has three dimensions− economic, social, and environmental.

- The economic−financial refers to the direct consequences of the Bank's main activity on society.
- The social dimension refers to the way in which the Bank relates to society as a whole.
- The environmental dimension takes into account the direct or indirect impact of the Bank's activity on the environment.

## REFERENCES

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