

Rating Action: Banco Santander Banespa S.A.

Moody's Places Banco Santander Banespa S.A.'s Ratings on Positive Outlook

New York, May 31, 2007 -- Moody's Investors Service placed on positive outlook Banco Santander Banespa (BSB)'s C- bank financial strength rating (BFSR), as well as the long- and short-term global local-currency deposit ratings of A3 and Prime-2, respectively.

These actions follow the announcement of the proposed acquisition of ABN AMRO NV by a consortium formed by Royal Bank of Scotland, Banco Santander, and Fortis Bank. Banco Santander's interests in ABN AMRO include its Brazilian subsidiary, Banco ABN AMRO Real, among other assets.

Moody's said that the potential acquisition of ABN AMRO's Brazilian operations by Santander would double the existing share of assets and deposits of its subsidiary, Santander Banespa, and would raise it to a leading position in the Brazilian banking system. A potential combination of Santander Banespa and ABN AMRO Real would also generate geographic and business synergies that could favor earnings. .

The rating agency noted that Santander's track record of acquisitions and cost streamlining in Latin America would also be positive factors for Santander Banespa's ratings, because gains of scale could be achieved with this proposed acquisition.

Moody's Ba3/Not Prime long- and short-term foreign currency deposit ratings for Santander Banespa and the Ba1 foreign currency debt rating for Banespa Grand Cayman Branch remain under review for possible upgrade.

As of March 31, 2007, Banco Santander Banespa S.A. had consolidated assets of R\$101.3 billion (US\$47 billion), and R\$8.6 billion (US\$4billion) in equity.

The following ratings were placed on positive outlook:

C- for bank financial strength

A3 and Prime-2 for long- and short-term local currency deposits

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