

1<sup>ST</sup> SANTANDER BRASIL



# INVE\$TOR DAY

SP 2019

**CEO**  
SÉRGIO RIAL

CEO

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# 1



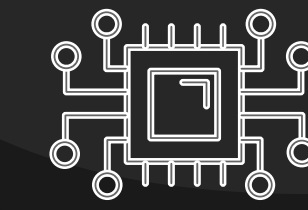
**MACROECONOMIC  
ENVIRONMENT**

# 2



**GROWTH STORY:  
1<sup>st</sup> STAGE**

# 3



**WHAT'S  
AHEAD**

# 4



**KEY  
TAKEAWAYS**

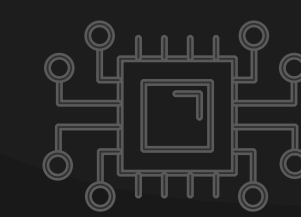
# 1



**MACROECONOMIC ENVIRONMENT**



**GROWTH STORY:  
1<sup>st</sup> STAGE**



**WHAT'S  
AHEAD**









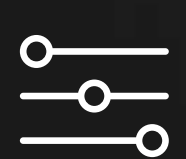



**KEY  
TAKEAWAYS**

WE EXPECT THE  
**COUNTRY  
 TO GROW**

**BRAZIL**  
 COUNTRY PROFILE

**MACROECONOMIC  
 EVENT**

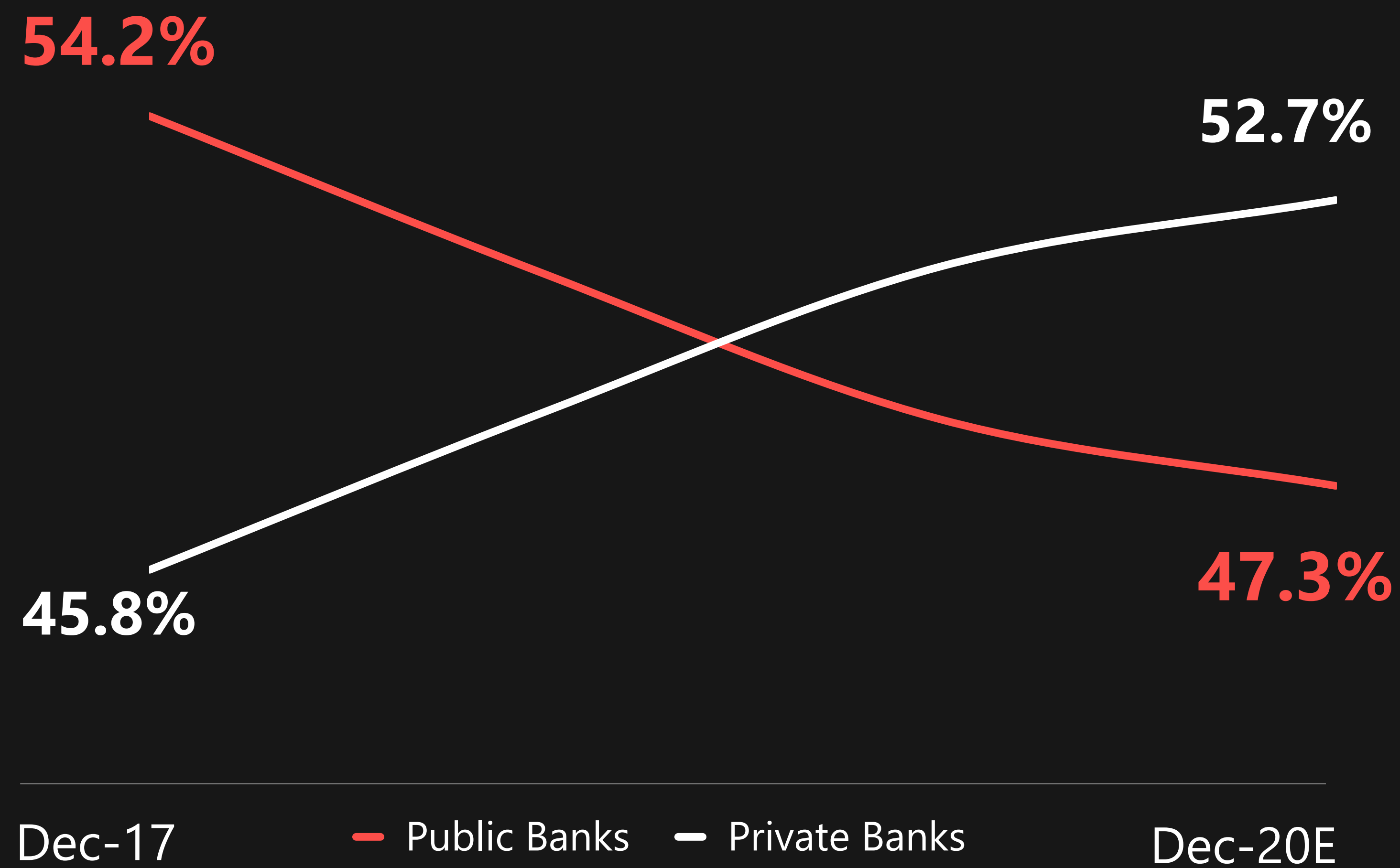
**BANKING  
 OPPORTUNITIES**

 Lower for longer	➤	 Extensive loan growth opportunities and lengthening the strengthening duration
 Concessions and privatizations	➤	 Capital market activities
 Reform agenda and infrastructure	➤	 Continued flexibility of the financial sector
 Inflation under control	➤	 Intense competition and new sources of funding
 Mercosul-EU agreement	➤	 Possibility of greater transactionality in the financial system

**14%** Unbanked population

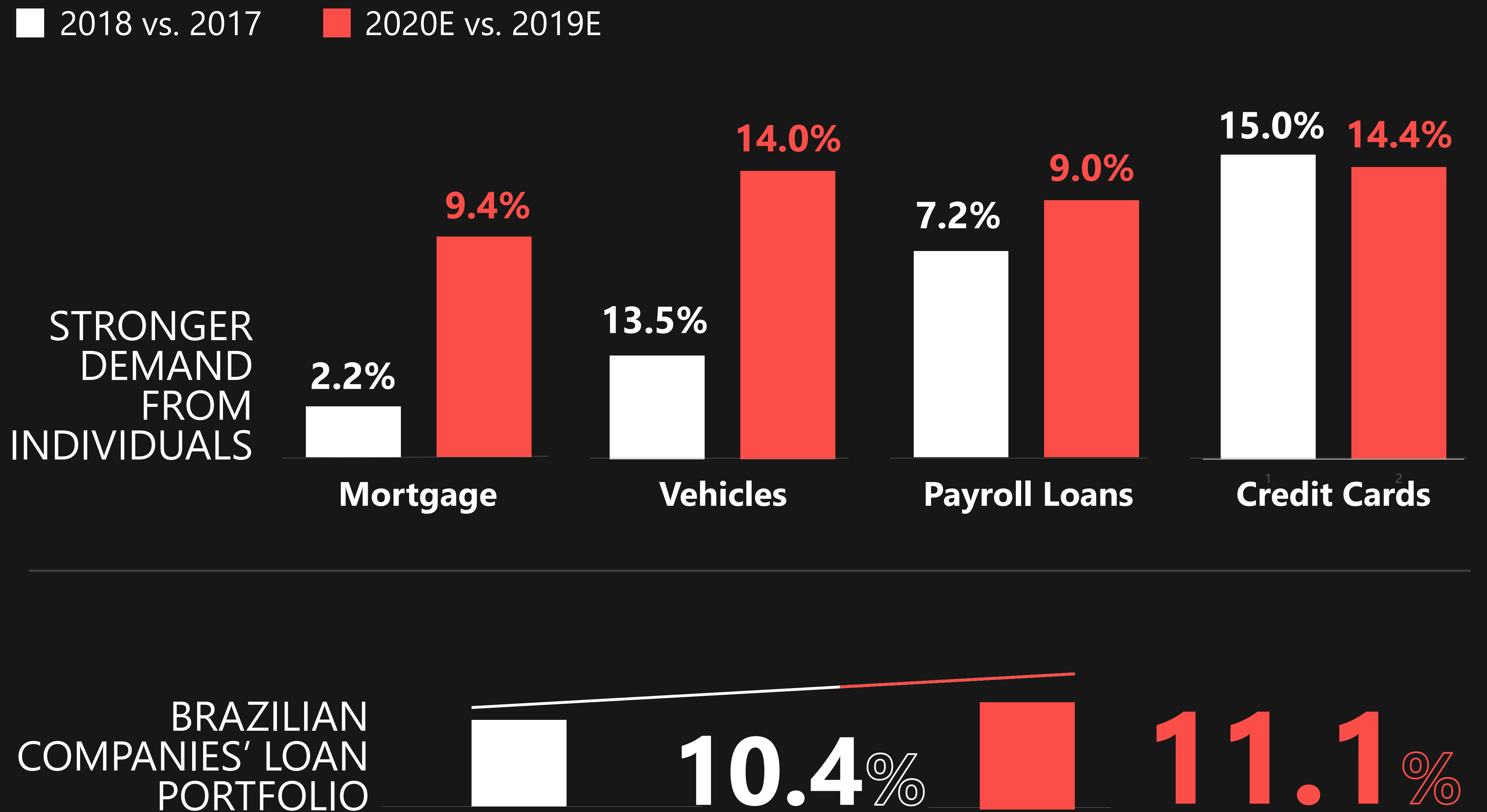
**44%** Credit penetration

# PRIVATE BANKS WILL HOLD THE LARGEST SHARE IN THE SYSTEM



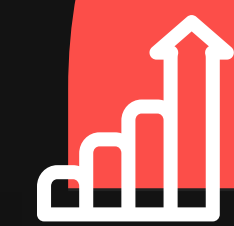
# WE EXPECT A POSITIVE CREDIT DEMAND AND INDIVIDUALS PORTFOLIO LEADING THE WAY

## FINANCIAL SYSTEM LOAN PORTFOLIO EVOLUTION

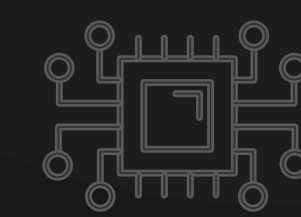




MACROECONOM  
IC ENVIRONMENT



GROWTH  
STORY: 1<sup>st</sup> STAGE

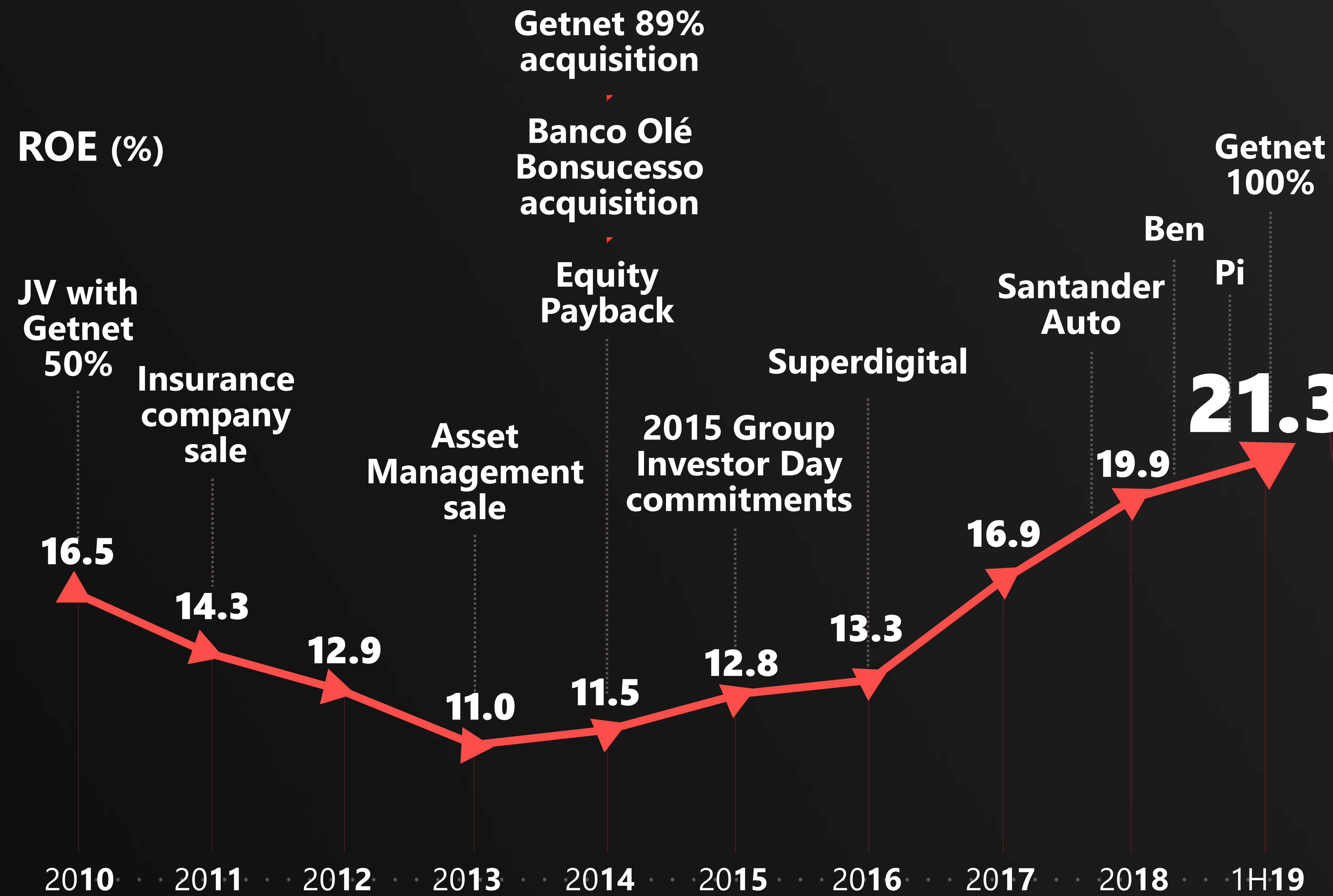


WHAT'S  
AHEAD



KEY  
TAKEAWAYS

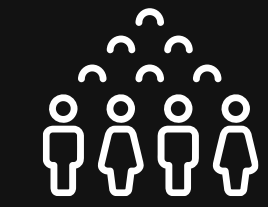
# A SUCCESS CASE IN THE BRAZILIAN FINANCIAL SYSTEM



**+970** bps

1H19 VS. 1H14

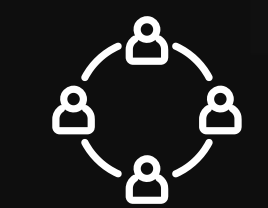
**The most relevant evolution in the sector**



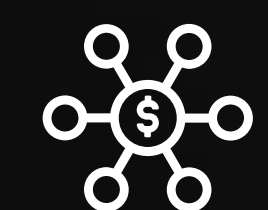
OUR  
**PEOPLE**



OUR  
**CUSTOMERS**



OUR  
**COMMUNITIES**



OUR  
**SHAREHOLDERS**

GROWTH  
STORY  
BASED ON  
**SOLID  
PILLARS**



Profitability  
and growth



2015

Commercial  
strength

Integrated  
offer

Brand  
repositioning

Disruptive  
innovation

2016

Commercial  
Transformation

2017

NPS

2018

Closing  
the gap

2019

Clear communication  
and a new way of  
doing business

INDIVIDUAL PERFORMANCE &

**ATMOSPHERE**

PEOPLE



CEO monthly  
strategy meeting

HORIZONTAL



ENGAGEMENT



Academia  
Santander

PROACTIVE ROLE  
AND INCENTIVE  
TO KNOWLEDGE



AMONG THE BEST  
COMPANIES TO  
WORK FOR



**STRENGTHENING  
OUR CULTURE &**

**SUPPORTING  
OUR PEOPLE...**

Sessions since  
Apr-16

**+36**

of total employees  
per event<sup>1</sup>

**41%**

Employees  
engaged

**92%**

Training performed  
by internal leaders

**78%**

Positions  
in 5 years

**+39**

DIVERSITY &  
**MERITOCRACY**

# ...WE VALUE DIVERSITY

TO LEVERAGE OUR  
FULL POTENTIAL  
AND **RECOGNIZE**  
**OUR TALENT...**

## MERITOCRACY



**24%**  
*Black of total employees*

#talent **hasnocolor**



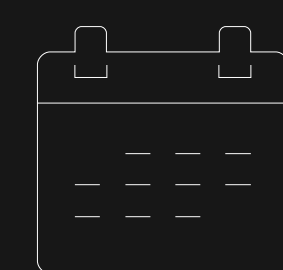
**26%**  
*Women in leadership positions*

#competence **hasnogender**

# ...WE VALUE DIVERSITY

TO LEVERAGE OUR  
FULL POTENTIAL  
AND **RECOGNIZE**  
**OUR TALENT...**

## MERITOCRACY



**38** years old  
*Employee average age*

#talent **hasnocolor**



**5%**  
*people with disabilities  
of total employees*

#skill **hasnolimit**

# MERITOCRACY

...WE VALUE  
DIVERSITY

TO LEVERAGE OUR  
FULL POTENTIAL  
AND **RECOGNIZE**  
**OUR TALENT...**

Multiple backgrounds  
and ages are welcomed  
to **Santander's**  
**Trainee Program**

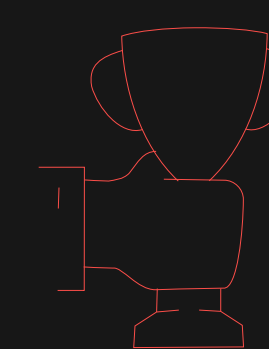


**2019**

**LGBTIQ+**  
**Practices**

#here  
entrepreneurship

#thereare  
nobARRIERsHERE



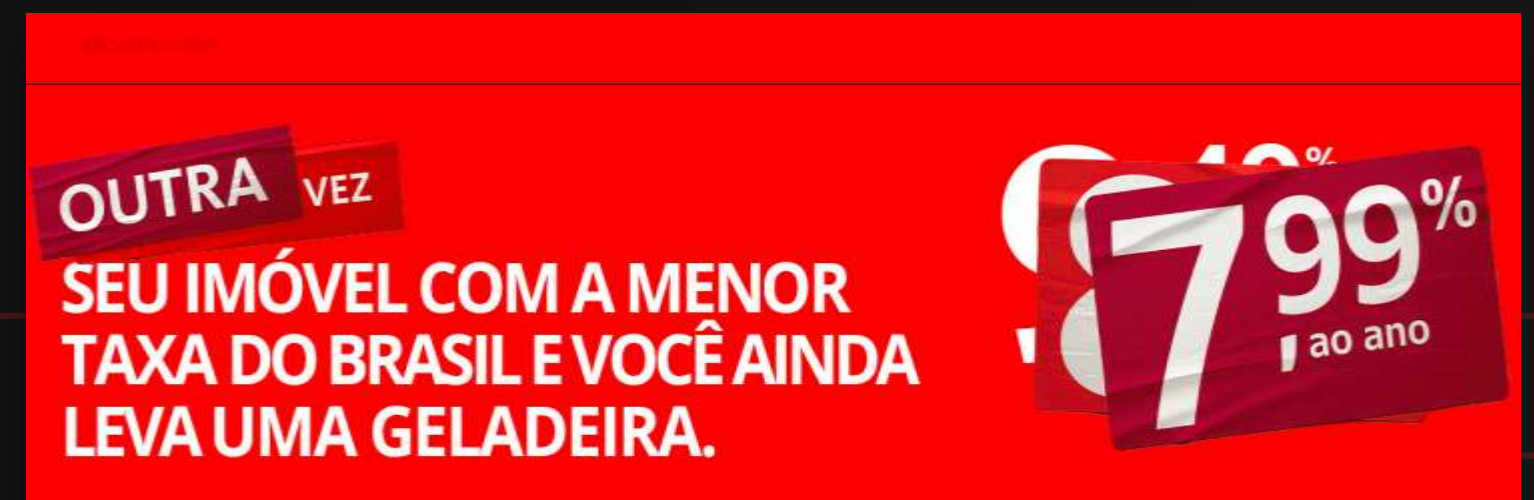
**28%** Profit sharing  
2018 vs 2015 **Recognition**

PRODUCT ORIENTED & **TRANSPARENCY**

CULMINATING IN THE REPOSITIONING OF **OUR BRAND** IN LESS THAN 4 YEARS...



PAREM DE CHAMAR DE ESPECIAL



...**FOSTERING STRONGER** AND MORE **TRANSPARENT RELATIONSHIPS WITH OUR CUSTOMERS**

FROM  
OUR PEOPLE

OUR PEOPLE

**TO  
OUR  
CUSTOMERS**

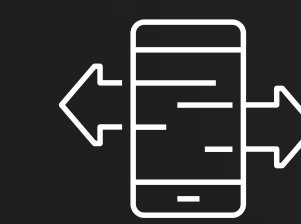
FOCUS ON WHAT REALLY MATTERS

PROVIDE HIGHER QUALITY SERVICES...

New mindset and commercial transformation

BUSINESS ENHANCEMENT

More added value at each step of the process



Simplifying branch' **processes and tools**

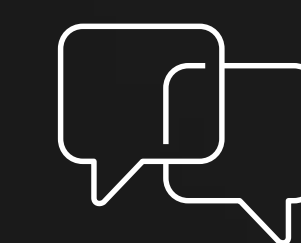


Broader product range in **digital channels**

**79%** total transactions



Clear and targeted goals **Retail empowerment**



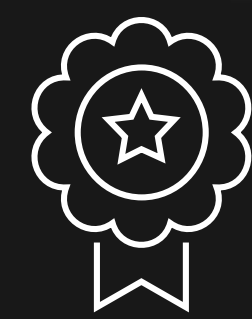
**Aligned communication** on business activities

...WHICH ENABLES A SUSTAINED EXPANSION OF  
**OUR CUSTOMER BASE**  
 AND BETTER SATISFACTION LEVELS...

**Customers** (MM)



CAGR Jun-17 vs Jun-19



**NPS** Part of the organization's KPIs

**59**

**+16 points** in 18M

**+12.3 MM** requests per year

**Value**

Net present value of a promoter

**+2.3x** vs. detractor

Conversion from detractor to promoters

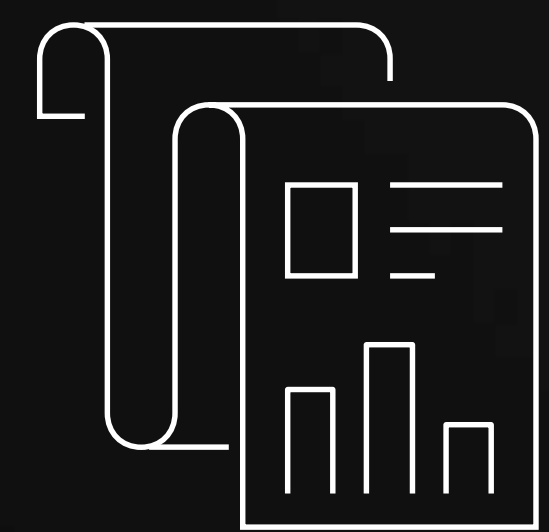
**+50%** Revenues growth

◀ **Executive** experience in building the **NPS** (front)

...WHICH ENABLES A SUSTAINED EXPANSION OF  
**OUR CUSTOMER BASE**  
AND BETTER SATISFACTION LEVELS...

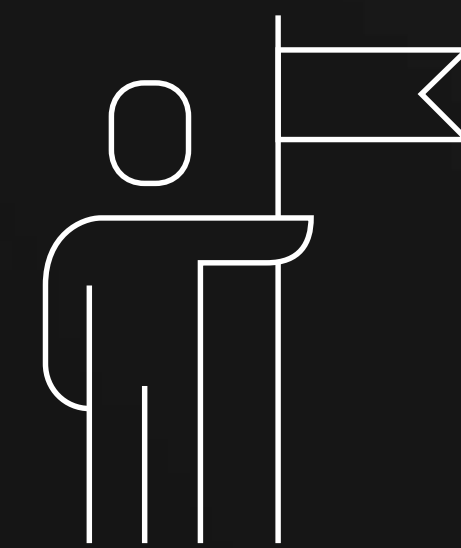


## REAPING THE TRANSFORMATION BENEFITS



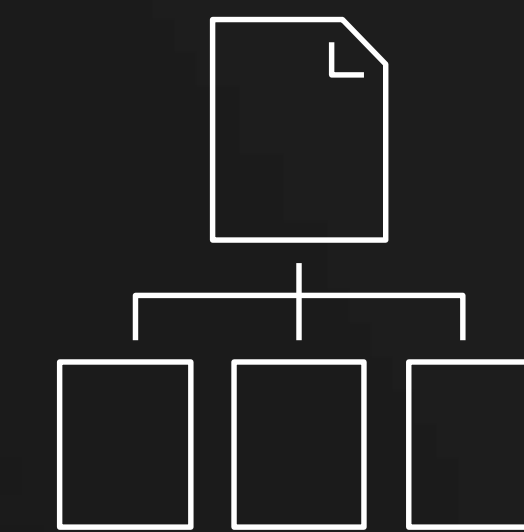
Revenue  
by customer

**1.9x**



More loyal

**2.5x**



More  
offerings

**+40%**

Multichannel vs. Traditional

# GROUP

...BEING PART OF AN **INTERNATIONAL GROUP** BRINGS US **AHEAD OF PEERS**

**SYNERGIES** WITHIN THE **GROUP'S BUSINESSES**



The group's presence in the region gives us a **COMPETITIVE EDGE**

GLOBAL TRADE SERVICES

GLOBAL MERCHANT SERVICES

Getnet

Credit cards

Superdigital

# GROUP

# GROWTH & TECHNOLOGY

...BACKED BY OUR  
CONTINUOUS DIGITAL  
TRANSFORMATION  
TO SERVE **OUR  
CUSTOMERS...**

TECHNOLOGY  
IN **BIG NUMBERS**



Investment  
in technology

**+70%**  
(2019 x 2017)

Headcount | IT

**+35%**  
(2019 x 2017)

Online transactions  
(all channels)

**+15Bn**  
(2019)

DIGITAL FRAMEWORK

# DELIVERING EFFICIENCY AND ENHANCING **CUSTOMER EXPERIENCE**

Big/fast data

Open banking

Instant payments

Blockchain

Cybersecurity



OUR  
CUSTOMERS

Santander's Apps

**226.5** MM

Number of accesses | Jul-19

Internet Banking

**34.3** MM

Number of accesses | Jul-19

New Call center

**79%**

Retention rate Aug-19

Sara (Santander's AI)

**90%**

Self-service<sup>1</sup> (from 77% in 8M)  
Aug-19



RESPONSIBLE BANKING

# CONTRIBUTING TO SOCIETY

SOCIETY

...WITH A SOCIALLY RESPONSIBLE **STRATEGY** TO THE COMMUNITIES WHERE WE OPERATE...

CREATING A  
**POSITIVE  
IMPACT**

AND

**BEING  
RECOGNIZED  
FOR IT**



Santander Brasil is **the 6th World-changing companies** by Fortune Magazine



Renewable energy

**R\$ 1.2Bn**  
origination in 7M19

Financial education

We opened our branches on weekends  
**Santander On**

Sustainable agribusiness

**R\$ 249MM**  
origination in 7M19

Paid in taxes

**R\$ 15Bn**  
in 1.5 year

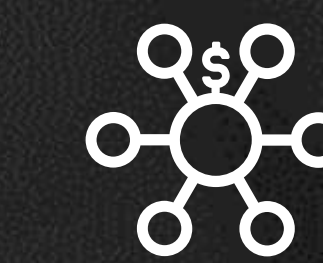
Making a commitment today for **TOMORROW**

Prospera customers **>1MM** in 2022

Women accounting for **30%** of leadership positions by 2024 vs. 25% of our current leadership positions

Consuming renewable energy in **100%** of our operations by 2025

Eradicating our single-use **plastic consumption** by 2020



WELL DEFINED  
BUSINESS MODEL

**LEADING TO  
SUSTAINABLE  
RESULTS**

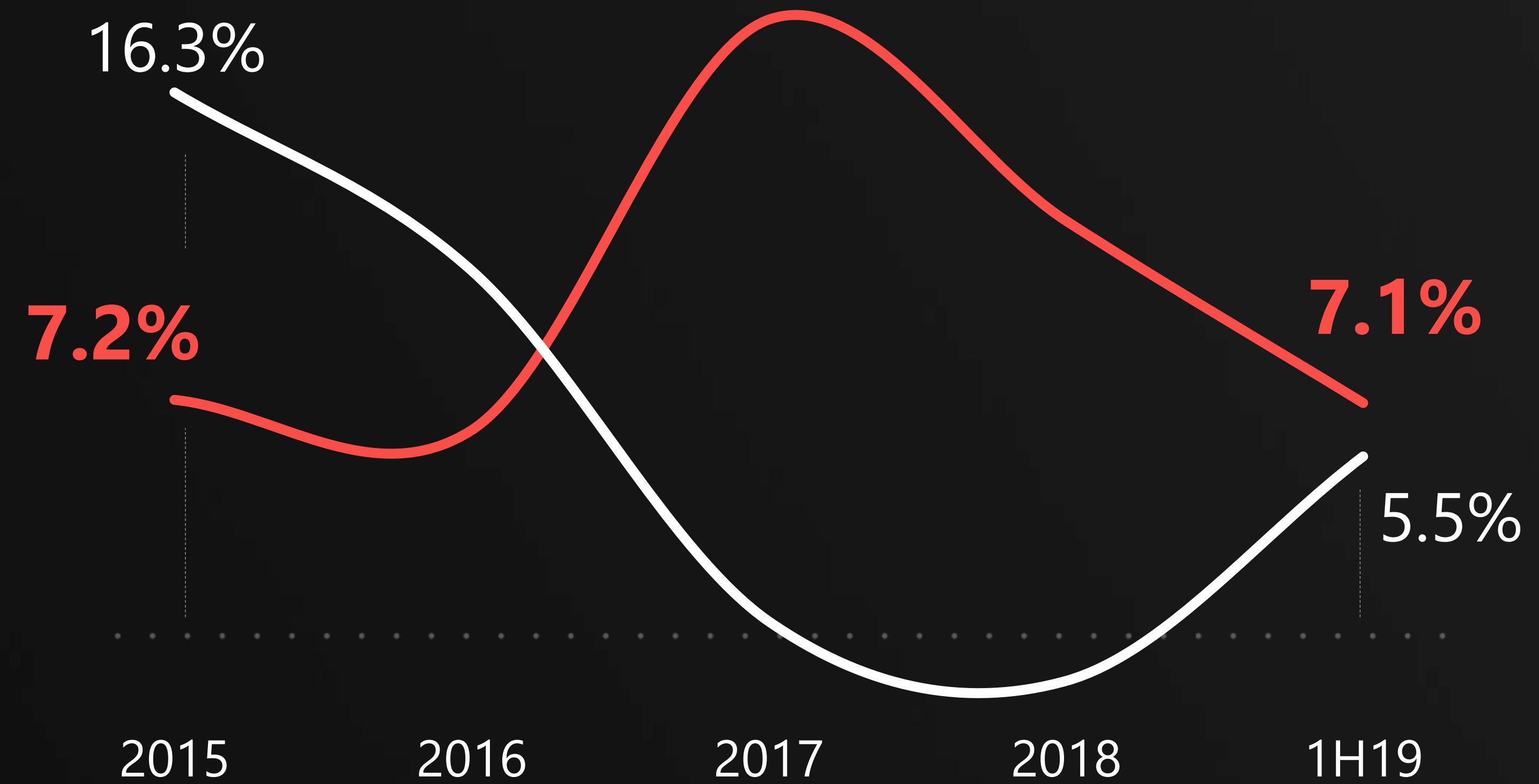
RESULTS



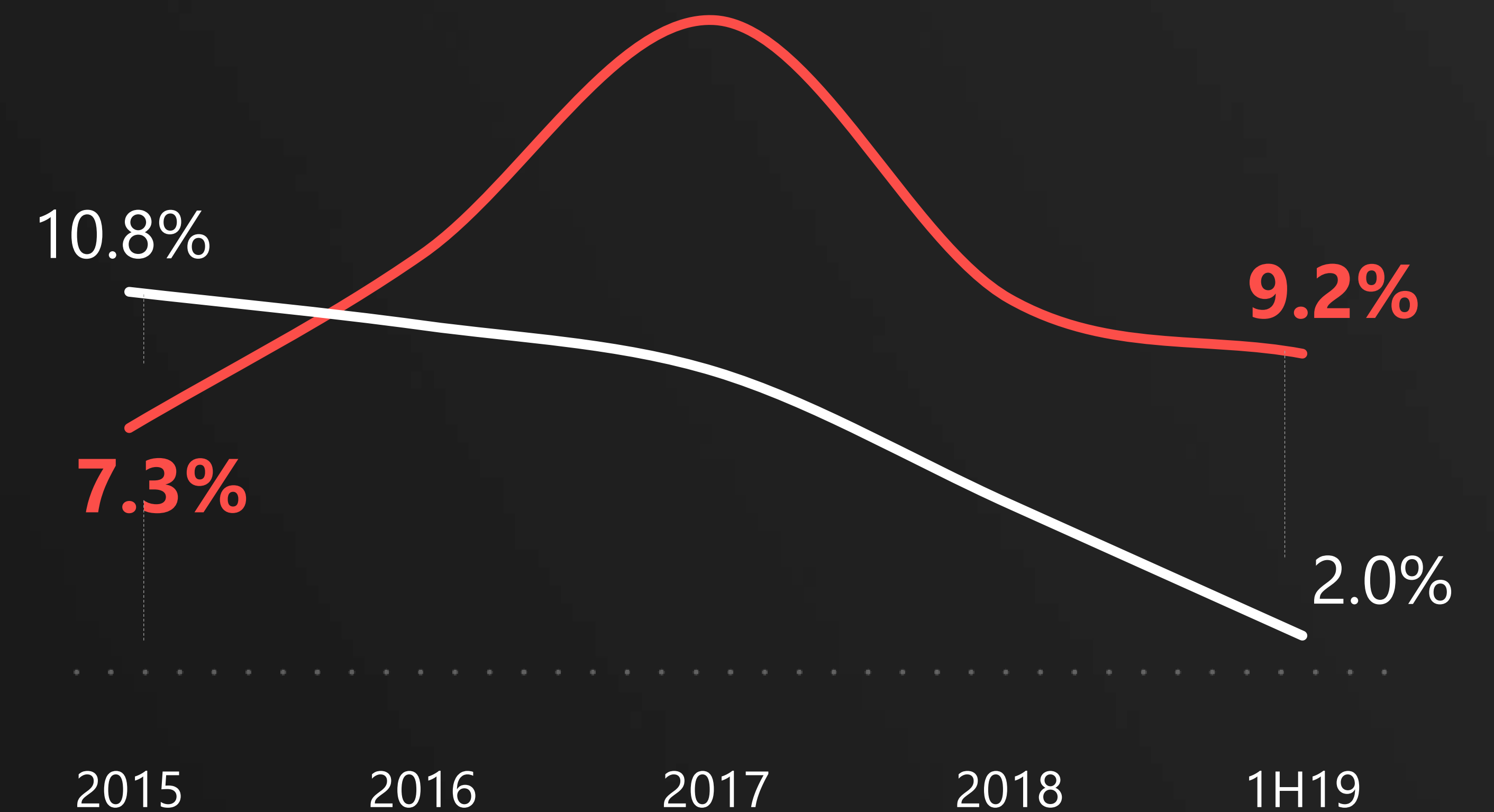
...AND AS A  
RESULT WE HAVE  
RECORDED AN

**UNPRECEDENTED  
PERFORMANCE  
IN THE LAST  
4 YEARS...**

NII growth YoY



Fee growth YoY



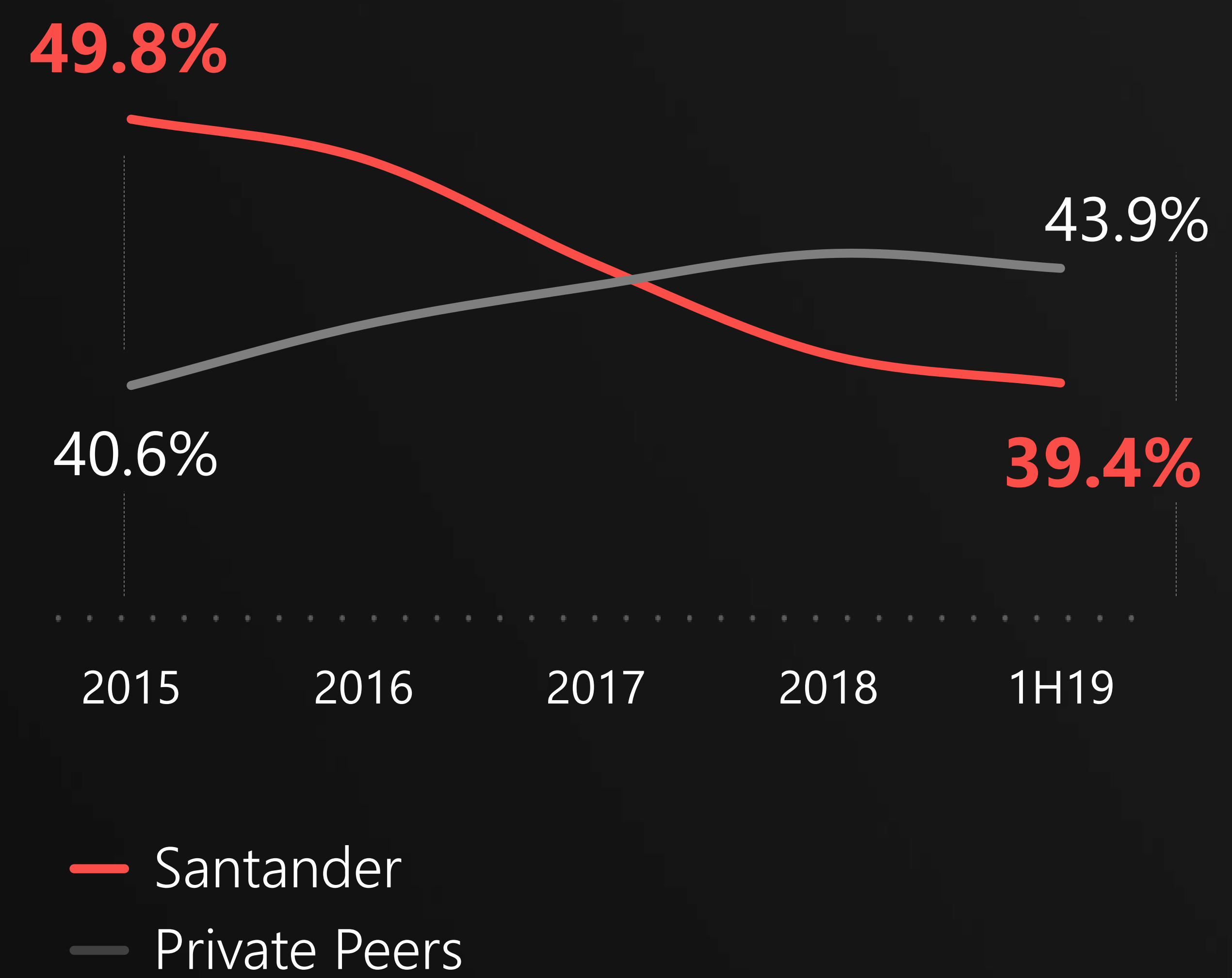
— Santander  
— Private Peers



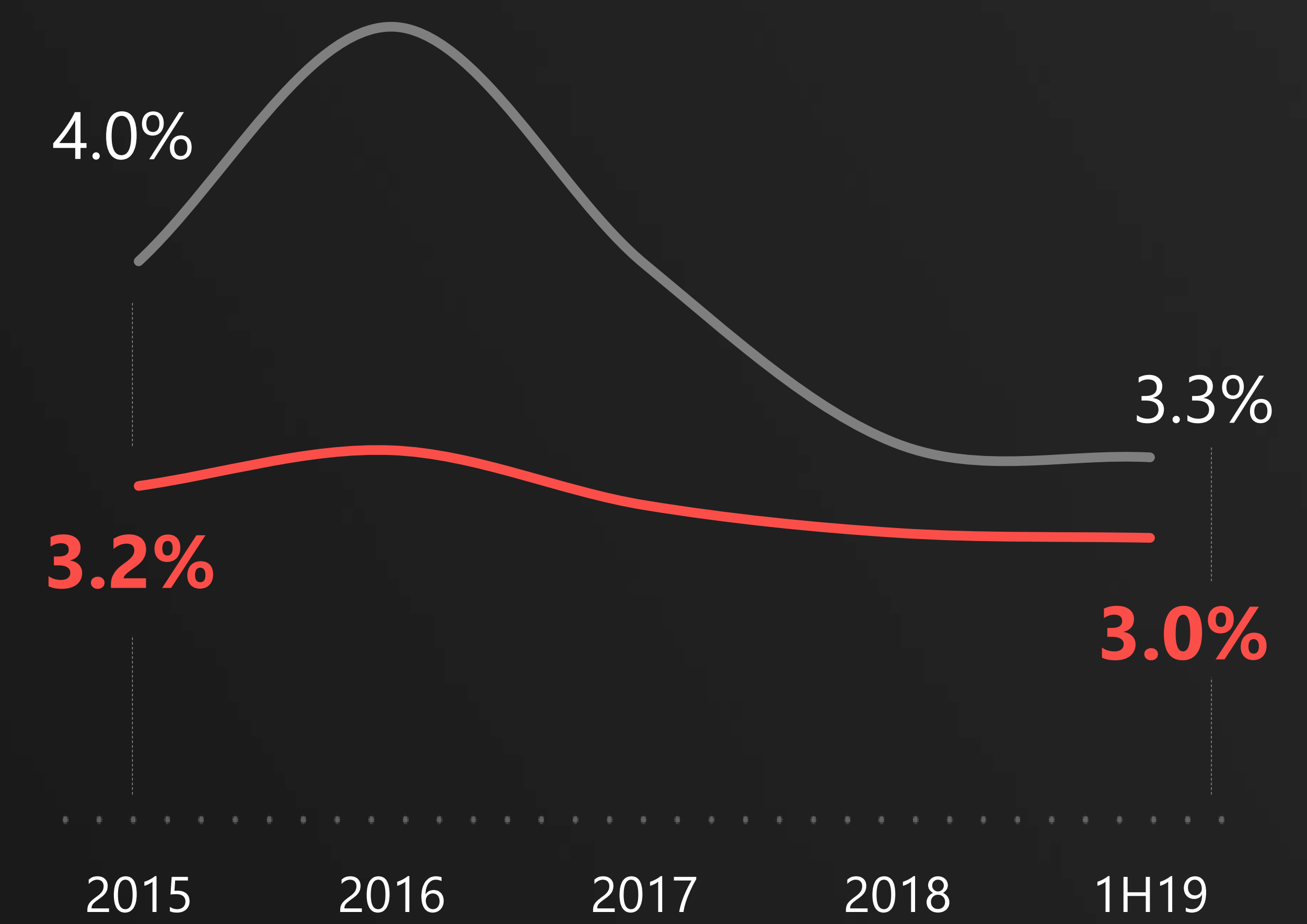
...AND AS A  
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4 YEARS...**

### Efficiency ratio

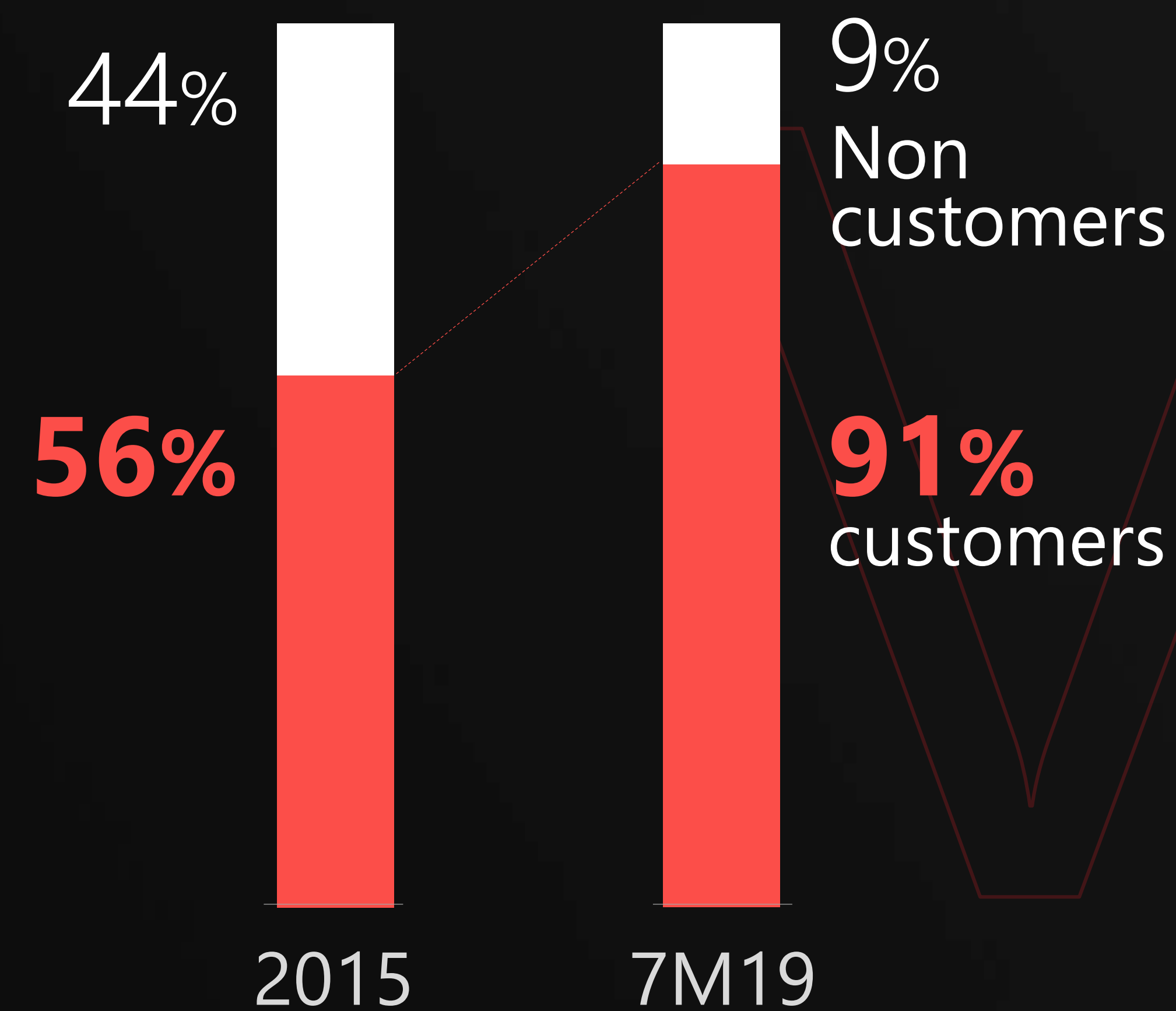


### NPL - over 90 days



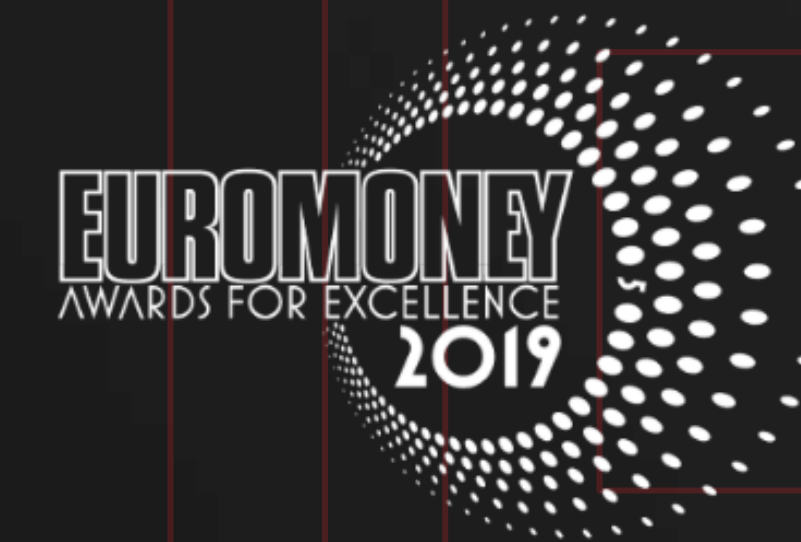


OUR  
SHAREHOLDERS



EBT evolution

**...CREATING  
VALUE FOR OUR  
SHAREHOLDERS  
AND BEING  
RECOGNIZED**



**Institutional  
Investor**

**Best Bank  
in Brazil**  
**Best Bank  
in Latin America**

**TOP  
RANKED**



MACROECONOMIC  
ENVIRONMENT



GROWTH STORY:  
1<sup>st</sup> STAGE



WHAT'S  
AHEAD



KEY  
TAKEAWAYS



MORE THAN DIFFERENT TYPES OF **CUSTOMERS AND DIFFERENT CONSUMPTION NEEDS...**

CUSTOMER PROFILE

CONSUMPTION NEEDS

**Multichannel**

**Customized Service**

**Innovation**

CONSUMER PROFILE

**Unique experience**

**Customer Centricity**

**Differentiated products and experiences**

WHAT ARE OUR CUSTOMERS LOOKING FOR?

"I want a bank that **meets my needs...**"

"That is simple, agile and transparent..."

How do we monetize our business amid a highly competitive and digital environment?

...RESULTS IN **CONSUMER EMPOWERMENT**

SERVING WHEREVER AND HOWEVER THEY WANT



**Past**



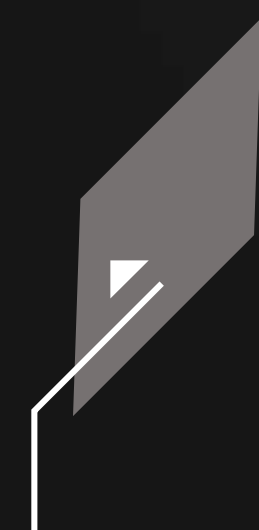
Branch

Headquarters

Product-oriented

Poor service quality

P&L by product



**Recent Past**



Branch



Digital

Retail empowerment

P&L

NPS focus

Product range

Launch of **specialty stores** concept



**New Era**



**Specialty Store + Digital**

Previous model

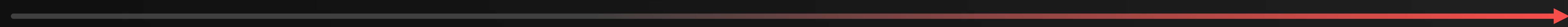


**Integrated results**

**New service model**

Broadening the concept of **specialty stores**

Evolution



WE MUST OFFER A **SUPERIOR SERVICE** underpinned by a deep understanding of the **Brazilian consumer behavior...**

## **LOW INCOME SEGMENT**

Active customers  
in MM

**20.8**

**+12%**

CAGR Jun-19 to Jun-15

**42%**

of total Individuals EBT

New attendance model to enhance customer experience

**5**  
careers

**BUSINESS &  
SERVICE MANAGERS**

**+13k**  
people to better  
serve our customers

**+BUSINESS  
+EFFICIENCY**

## **SMEs**

**15MM** SMEs  
in the country

Specialty stores

Sector-oriented offers

Sales team expansion

**~20%**  
of managers  
from 2017 to 2019

**EBT:  
+1.5x**  
in the next  
three years

Pioneering in  
innovative offerings

Santander  
**DUO**

# BRAZIL

...WHILE WE WILL  
**SEIZE EVERY OPPORTUNITY**

IN BRAZIL'S  
COUNTRYSIDE...

Santander  
branches  
Market share

**18%**  
metropolitan  
region

**14%**  
small and  
medium cities

**5%**  
countryside

## PAYROLL

Municipalities  
and private

**48%**

share of total active  
account holders  
of the Bank

## AGRI

The competitive  
Brazil

**40<sup>1</sup>**

agri stores  
opened  
since 2017

Payback  
in less  
than

**18**  
months

## PROSPERA

The real Brazil



Leader among  
private banks

Presence

**1.5k** counties

**99** Prospera  
stores

Payback  
in less  
than

**6**  
months

Large Corporate  
SME  
Individuals and  
microentrepreneurs

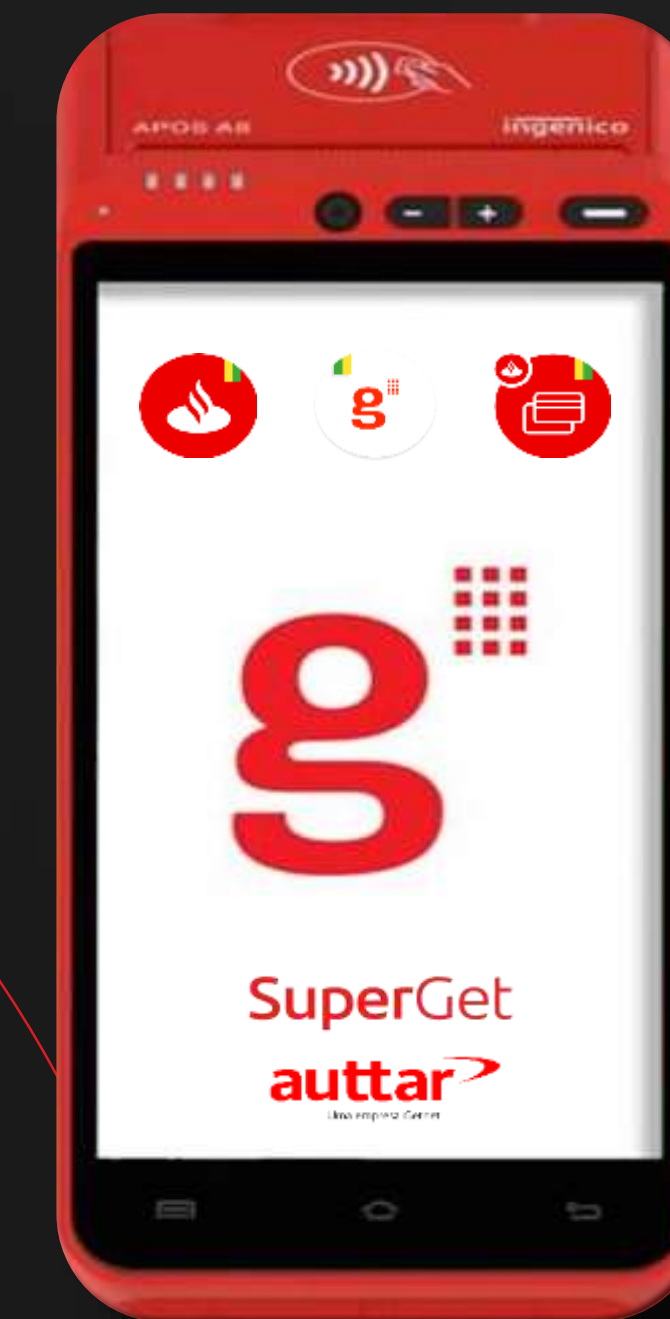
Pricing  
Technology  
Banking  
Added Value

Smart POS with  
Added Value Services...

Superget: focus  
on individuals and  
microentrepreneurs

**PIONEERING**

**E-Commerce & Digital  
Platform for SMEs**  
(Marketplace / Split)



**2%** MDR for debit  
and credit

**2 days**  
settlement

...HARNESSING  
**GETNET**  
AS A CUSTOMER  
ACQUISITION TOOL...

# ...ENGAGING MILLIONS WHO SEEK OUR SPECIALTIES...

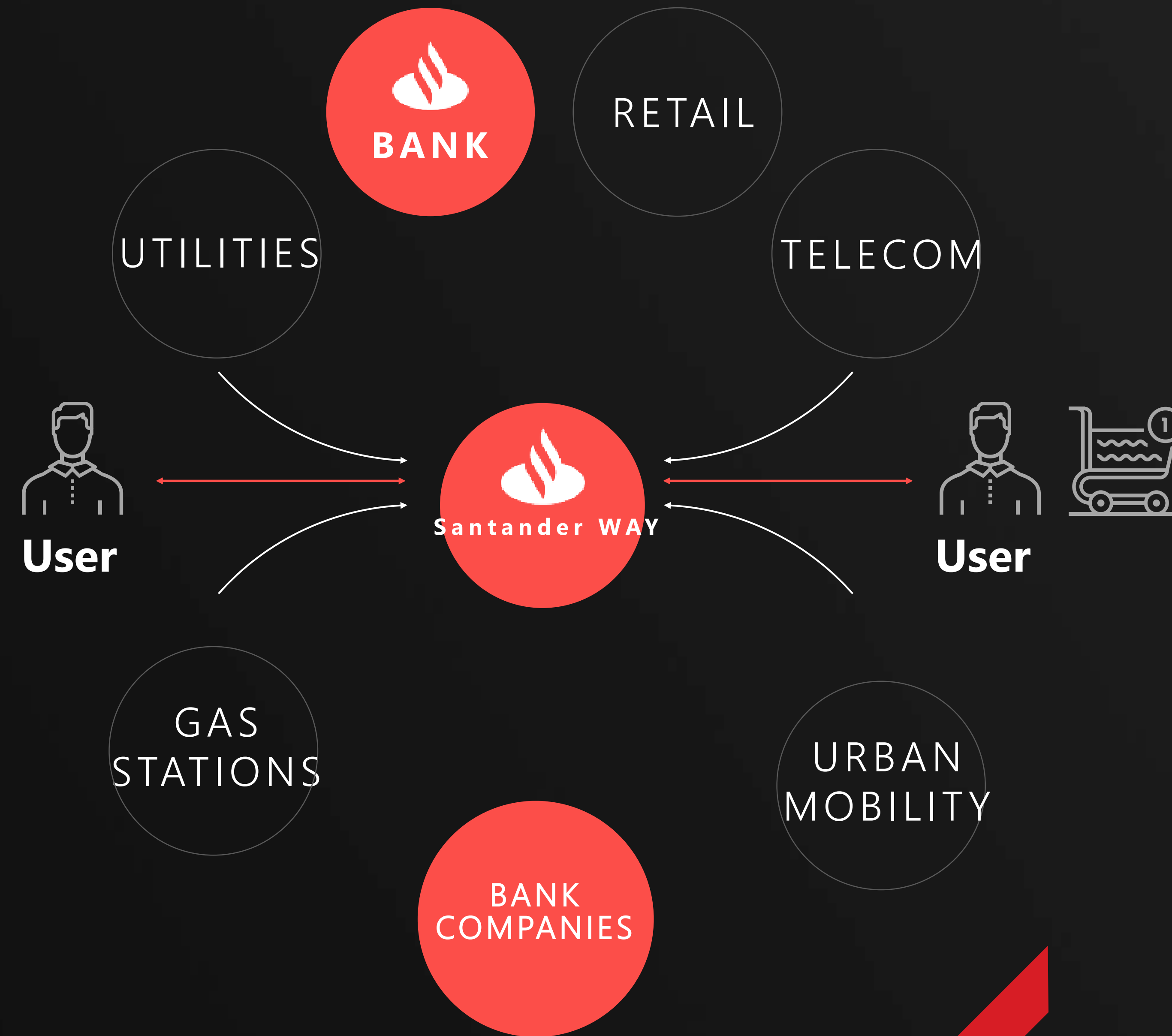
## CARDS AND DIGITAL PAYMENTS

Disruptive platform



**7MM**  
active customers

Pioneering a new way of doing business



## CONSUMER FINANCE

Consolidating our dominance in the auto ecosystem

**25%**

of market share

**80%**

first quote

## OLÉ CONSIGNADO PAYROLL LOANS

Cross-selling opportunities

**50%**

of our origination derives from digital channels

Customer base expansion

# AUTO

 Santander Financiamentos

**+24MM**  
potential customers

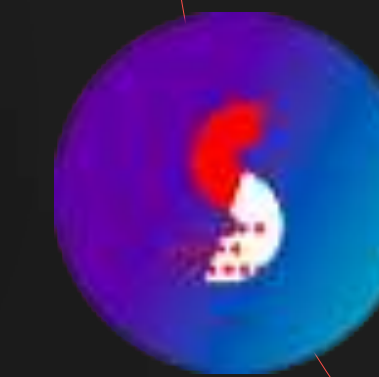


# PAYMENTS



**getnet**  
Uma empresa Santander

**EBT**  
**Double-digit growth**  
in the next three years



...LEVERAGING **SANTANDER'S ECOSYSTEM** THROUGH  
CROSS-SELLING AMONG OUR BUSINESS UNITS...

...WE ARE ALSO EXPANDING OUR PORTFOLIO BY STARTING **NEW VENTURES...**





...Santander Brasil adds more growth stories

In a challenging scenario...

More than **600 fintechs<sup>1</sup>** and **10k startups**

Challenging the **status quo**

Pressure on **prices**

	New Ventures	Addressable market
	Benefits Market	<b>R\$ 230 Bn</b>
	Credit platform for individuals	<b>R\$ 109 Bn</b>
	Debt renegotiation (Implementation phase)	<b>64.3 MM</b>
	Investment platform	<b>R\$ 2.6 trillion</b>



**BILLIONS**  
**IN POTENTIAL REVENUES**

...OUR RELEVANCE  
IN **WHOLESALE  
BANK**  
TRANSLATED  
INTO **HIGHER  
RETURNS...**

## GLOBAL BANK DOMINANT POSITION IN LATIN AMERICA

**Global platform** in Europe, US and  
Asia dedicated to Latam

**Cash management**, trade and  
treasury services regionally integrated

## UNDISPUTED LEADERSHIP IN:



Infrastructure  
Projects



FX Market



Energy and  
Agribusiness  
Industries



Structured  
Trade Finance:  
ECA / MLA

## LEADERSHIP IN INVESTMENT BANKING

Top ranked

**138** deals executed\* **R\$ 284Bn**  
volume

**1<sup>st</sup> Project Finance**

**1<sup>st</sup> M&A**

Targets divestment in Petrobras History

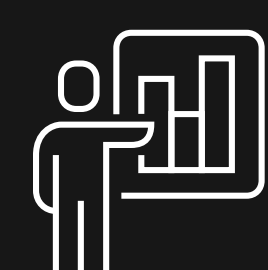

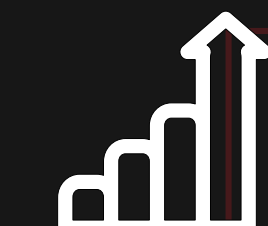
**Debt Capital Markets**

**2<sup>nd</sup> International**

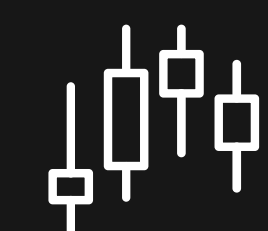


**3<sup>rd</sup> Local**

...WITH  
**INNOVATIVE SOLUTIONS**  
AND  
**REVENUE DIVERSIFICATION...**



## +SEGMENTS

-  Institutional investors
-  Customized custody services
-  Multinationals
-  Private equity

## +PRODUCTS

-  Energy
-  Commodities
-  Special situations

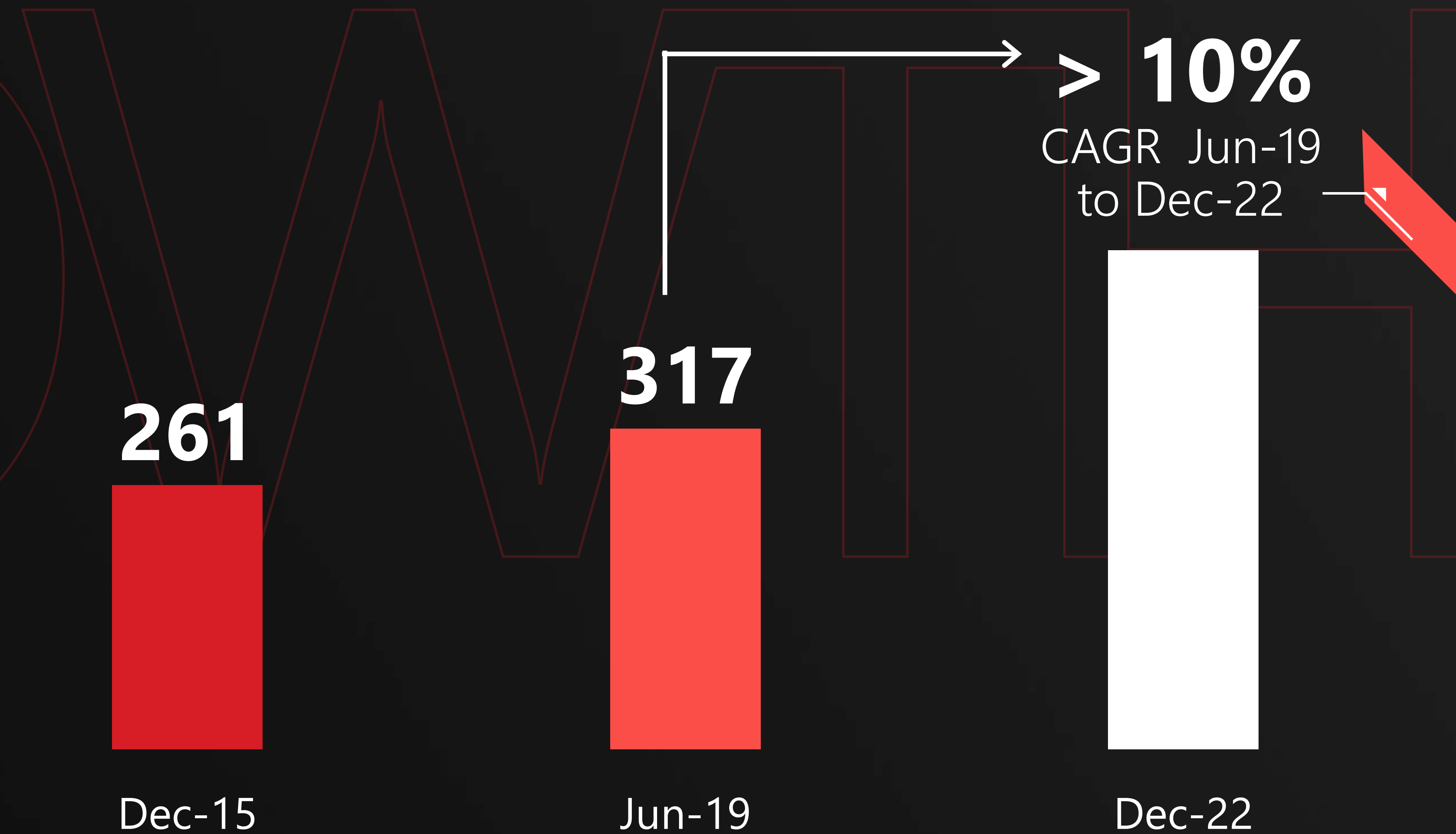
## INTEGRATED WITH RETAIL

-  Payroll customers: ~15% current account holders
-  Leveraging our fee revenues portfolio:
  - Getnet
  - Ben
  - Pi
  - Insurance
  - Pension plan

**REVENUES DOUBLE DIGIT GROWTH**

...WE PURSUE  
**SUSTAINABLE  
GROWTH**  
WITH DECENT LOAN  
QUALITY INDICATORS...

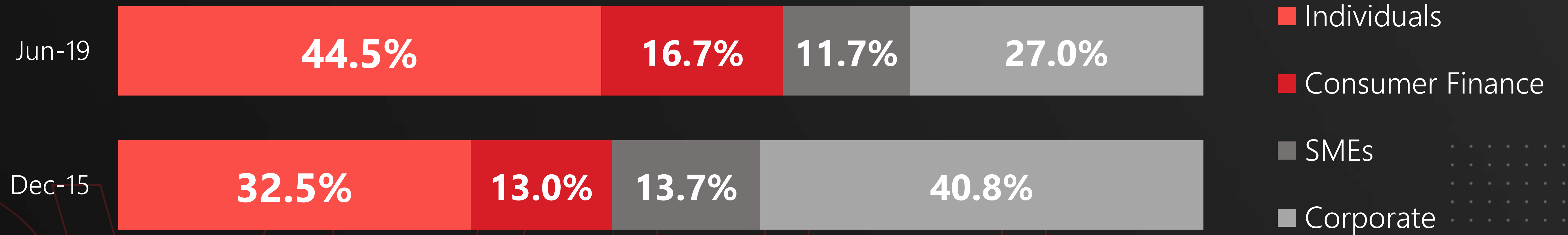
## LOAN PORTFOLIO (R\$ Bn)



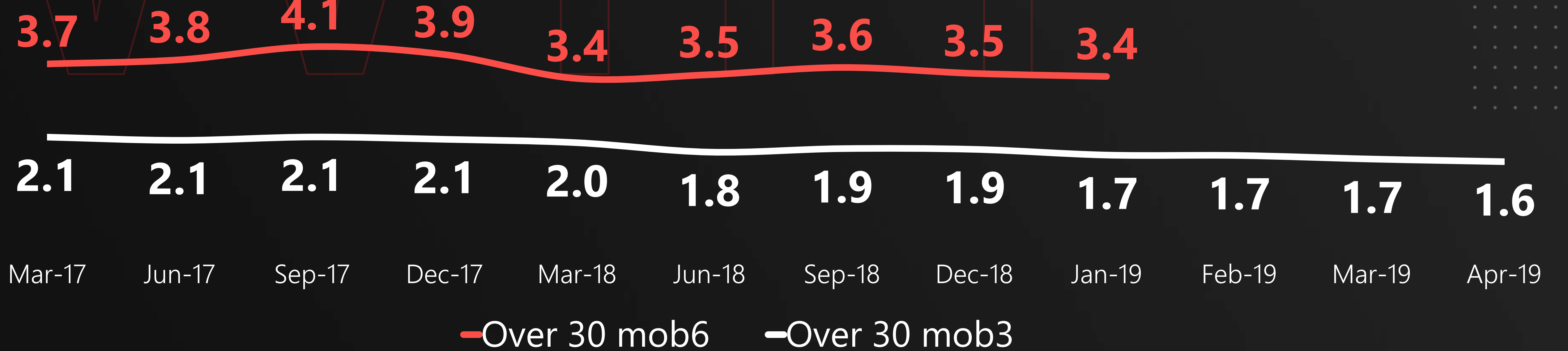
## COST OF CREDIT

in 1H19  
**3.1%**  
▼  
**+10 bps**  
vs. 1H15

## LOAN PORTFOLIO MIX



## VINTAGE ANALYSIS (%)



...WE PURSUE  
**SUSTAINABLE  
 GROWTH**  
 WITH DECENT LOAN  
 QUALITY INDICATORS...

...AND WE RELENTLESSLY STRIVE FOR  
**OPERATIONAL EXCELLENCE**  
THROUGH INDUSTRIALIZATION

**Pioneering** in  
bringing industrialization  
to the banking sector

VALUING CUSTOMERS' TIME  
ENSURING A **UNIQUE EXPERIENCE**

**FASTER**  
Vehicles  
**91%**  
of payments are  
released in up to 30min

**MORE BUSINESSES**  
Santander Way  
**+ 36k**  
transactions

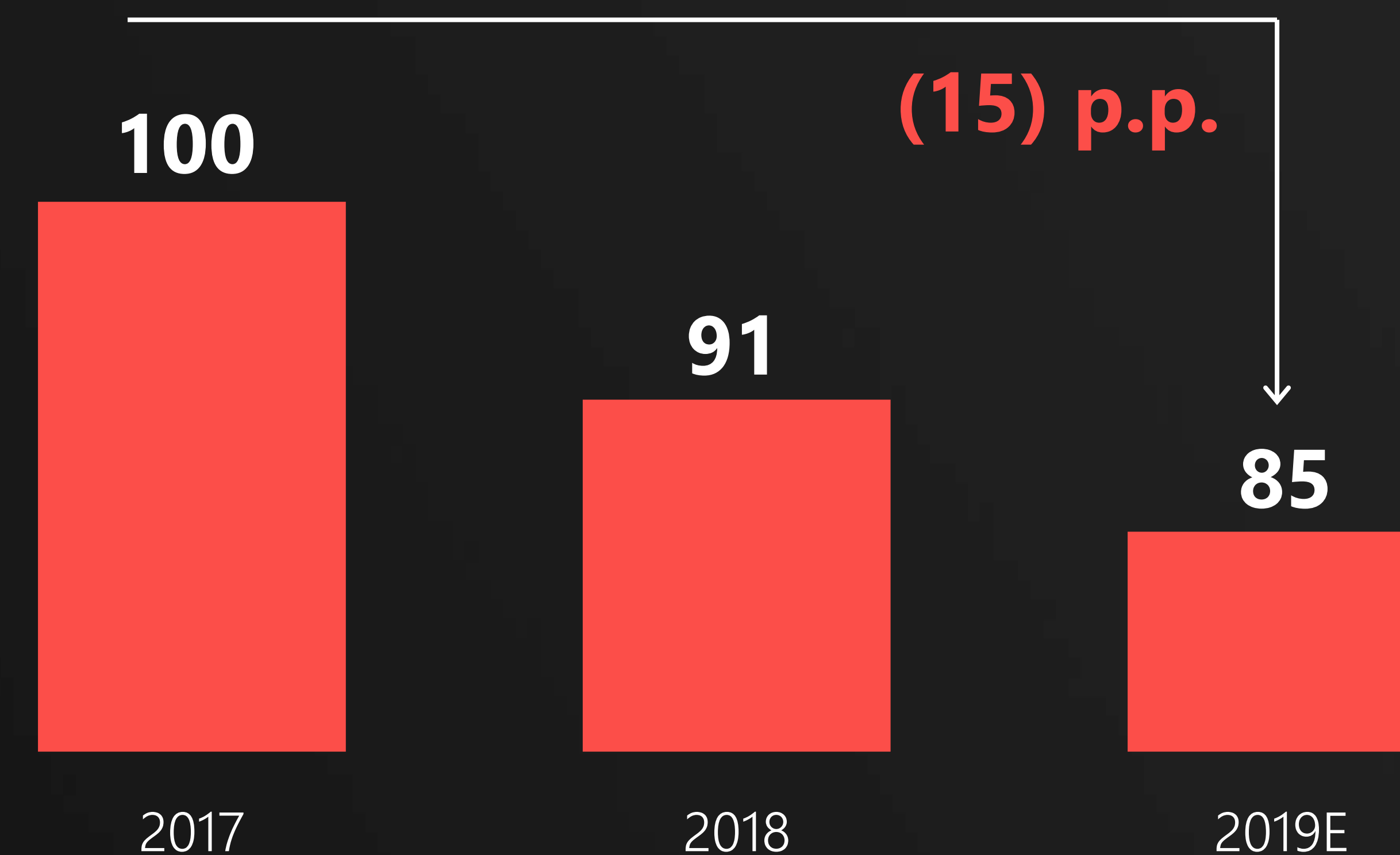
**BETTER**  
Current account  
opening  
**-21%**  
rework

**MORE EFFICIENT**  
Customer  
service  
**81%**  
of calls are solved

**UNIT COST REDUCTION PER SERVICE**

**UNIT COST EVOLUTION PER SERVICE**

2017-100%



# 1



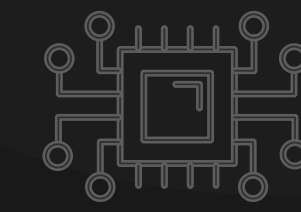
MACROECONOMIC  
ENVIRONMENT

# 2



GROWTH STORY:  
1<sup>st</sup> STAGE

# 3



WHAT'S  
AHEAD

# 4



KEY  
TAKEAWAYS

TO BE  
CONTINUED...

# A GROWTH STORY

GOAL OF BEING THE  
"BEST-IN-CLASS"  
BANK IN CUSTOMER  
SATISFACTION


## WE HAVE 5 GROWTH ENGINES

**3**  **Leverage** our robust ecosystem, further expanding our reach through new ventures

**1**  Expectation of **progress** for Brazil

**4**  Maximize cross-selling opportunities among our business units, **redefining the banking experience**

**2**  **Attract new customers**, while cultivating existing relationships in our current markets

**5**  Unwavering pursuit of **operational efficiency**, striving to deliver a personalized and unparalleled service to our customers

1<sup>ST</sup> SANTANDER BRASIL



INVE\$TOR DAY

SP

2019