



Brazil



H1'21

Earnings Presentation

# Important Information

## Non-IFRS and alternative performance measures

This presentation contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) and derived from our financial statements, alternative performance measures (“APMs”) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures (“Non-IFRS Measures”). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Santander Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for our management and investors to compare operating performance between accounting periods, as these measures exclude items outside the ordinary course performance of our business, which are grouped in the “management adjustment” line and are further detailed in Section 3.2 of the Economic and Financial Review in our Directors’ Report included in our Annual Report on Form 20-F for the year ended 31 December 2020. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. For further details on APMs and Non-IFRS Measures, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2020 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 26 February 2021, as well as the section “Alternative performance measures” of the annex to the Banco Santander, S.A. (“Santander”) Q2 2021 Financial Report, published as Inside Information on 28 July 2021. These documents are available on Santander’s website ([www.santander.com](http://www.santander.com)). Underlying measures, which are included in this presentation, are non-IFRS measures.

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# Important Information

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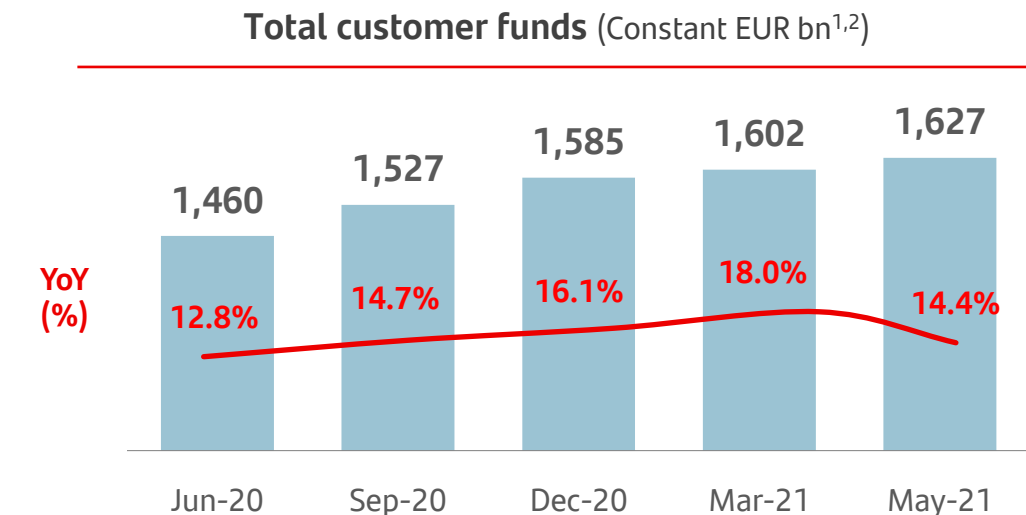
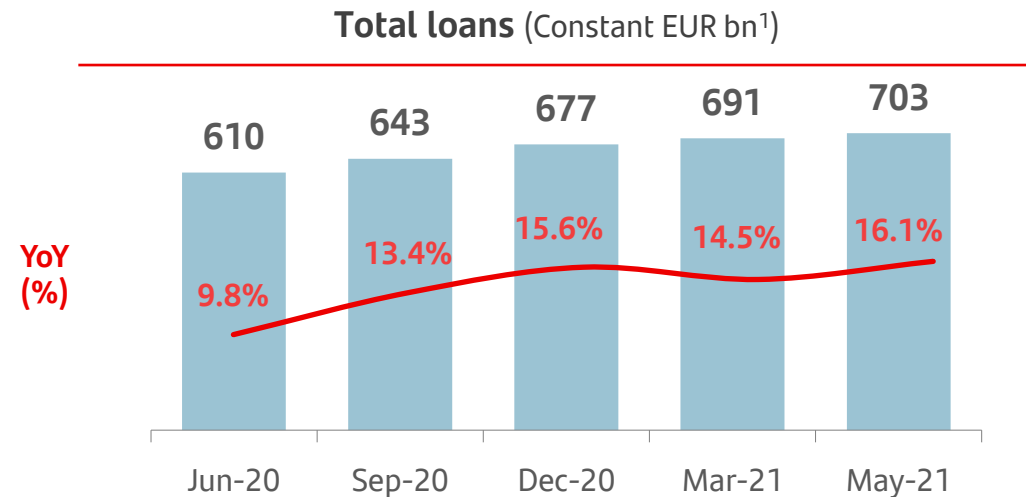


**Appendix**





## Privately-owned banks recorded loan growth, as a result of good performances in Individual and Corporate lending



- ▶ Total loans continued to grow (+16% YoY) driven by privately-owned banks.
- ▶ By segment, credit to individuals kept expanding at a fast pace (+16% YoY), primarily owing to mortgages, payroll, credit card and agribusiness lending. Meanwhile, Corporate loans recorded a robust growth (+16% YoY), especially sustained by credit from government-sponsored programmes.
- ▶ Asset quality remained virtually stable in the period, influenced by bank actions.
- ▶ Funding from customers grew 11%YoY, while mutual funds rose 17%YoY.
- ▶ Good performance in deposits (+15% YoY), which combined with liquidity measures, reduced the need for LCI, LCA and Financial Bills issuances.

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# Santander Brasil has a solid strategy, which benefits from being part of a large international Group

KEY DATA	H1'21	YoY Var. <sup>5</sup>
 Customer loans <sup>1</sup>	EUR 77.3 bn	+15.0%
 Customer funds <sup>2</sup>	EUR 109.3 bn	+8.0%
 Underlying att. Profit	EUR 1,180 mn	+43.8%
 Underlying RoTE	22.1%	+5.0 pp
 Efficiency ratio	28.9%	-290 bps
 Loans market share <sup>3</sup>	10.3%	-21 bps
 Deposits market share <sup>3,4</sup>	10.4%	-46 bps
 Loyal customers	7.1 mn	+26.0%
 Digital customers	17.5 mn	+20.5%
 Branches	3,590	+0.1%
 Employees	45,115	+0.4%



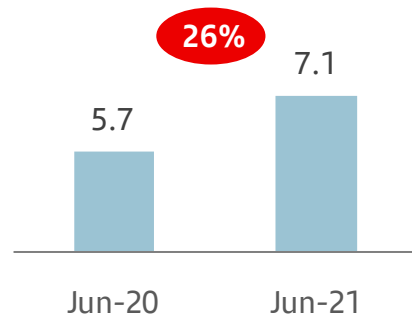
## STRATEGIC PRIORITIES

- ▶ Anticipate trends through our capacity to capture business opportunities in different potential scenarios
- ▶ Increase our customer base maximizing transactionality across our new businesses while we improve and redefine the banking experience
- ▶ Grow the high credit quality portfolio, mainly in secured products, through the expansion of the core business and the consolidation of new businesses
- ▶ Improve operational efficiency, enhancing the high productivity culture
- ▶ Maintain profitability levels by adapting and innovating rapidly in the current environment



# Strategy centred on improving service, allowing for accelerated growth in customer acquisition and loyalty

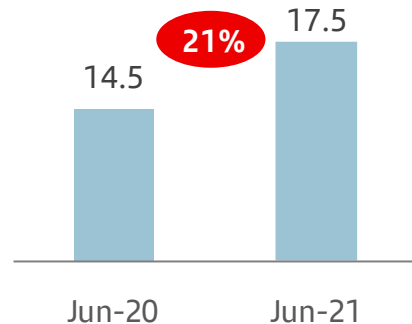
## Loyal customers (mn)



Loyal / Active: 25% (+4 pp YoY)

- ▶ Seizing on distribution channel opportunities to drive customer acquisition and loyalty
- ▶ Committed to the quality of our services, keeping NPS at high levels
- ▶ Loyal individuals grew 26% YoY
- ▶ Loyal corporates and SMEs increased 28% YoY

## Digital customers (mn)



Digital sales / total<sup>1</sup>: 50% (8 pp YoY)

- ▶ Digital channel with over 300 mn accesses / month allows for a substantial increase in transactions
- ▶ Digital transactions increased 44% YoY (H1'21 vs. H1'20)
- ▶ Mobile customers: +23% YoY





# Robust ecosystem to serve our customers with differentiated value propositions



## Mortgage

- Origination to **individuals**: +174% YoY<sup>1</sup>



## UseCasa (Home-Equity)

- Origination to **individuals**: +24% YoY<sup>1</sup>

## Cards

- Record customer acquisition: +93% YoY (Jun-21 vs. Jun-20)
- We started distributing Santander cards made of recycled PVC in Brazil



## Consumer Finance

- Market leaders with a **24.7% share** in loans among Individuals in May-21
- **Current account**: average of 34 k account openings/month<sup>2</sup>
- **Launch of "Auto Negócio"**: allows individuals to buy and sell vehicles without the use of an intermediary company, entirely online, via Internet Banking or the Santander App for Individuals



## Digital Business

- Account openings: +129% YoY<sup>1</sup>
- Share of Digital Transactions: 89% (+3 pp YoY)<sup>1</sup>



## Gente Artificial Intelligence<sup>2,3</sup>

- +1.8 mn customers served / month
- Interactions: +14 mn / month



## Santander SX

Market share of 17% in PIX sent (financial volume) in H1'21



# Culture that values inclusion, diversity and social and environmental responses



## Environmental: supporting the green transition

### Helping customers go green<sup>1</sup>

- Socio-environmental business: **BRL 27.6 bn**
- “Plataforma Estação”: Brazil’s 1<sup>st</sup> Sustainable Train Station
- CDC Bike: bicycle financing incentive
- Solar Energy Financing: **BRL 253 mn** disbursed

### Going green ourselves

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NET ZERO  
AMBITION**

- Low-Carbon CDB (Time deposits)
- Distribution of Santander cards made of recycled PVC has started in Brazil



## Social: building a more inclusive society

### Talented & diverse team<sup>1</sup>

We are one of the best companies to work for (LGBTQI+ and women) **26%** women in leadership positions

### Financially empowering people<sup>1,2</sup>

Prospera Santander Microfinance **622 k** active customers **9.8 k** People reached by financial education initiatives

### Supporting society<sup>1</sup>

**276 k** people helped<sup>3</sup> **33 k** scholarships granted since 2019



## Governance: doing business the right way

### A strong culture

Simple, Personal, Fair

Taking **ESG criteria** into account when determining **remuneration**

### An independent, diverse Board

**56%** Independent directors

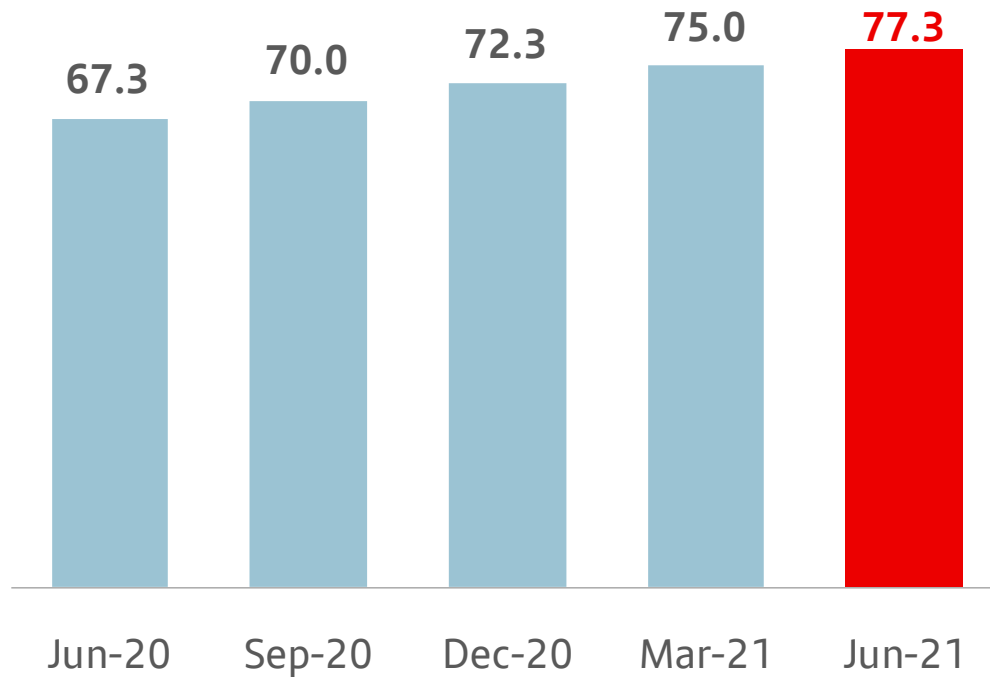
**33%** women on Board

**Governance embedded** to deliver on **ESG**



# Loan portfolio rose 15% YoY and 3% QoQ boosted by Individuals and SMEs

## Total customer loans (Constant EUR bn)<sup>1</sup>

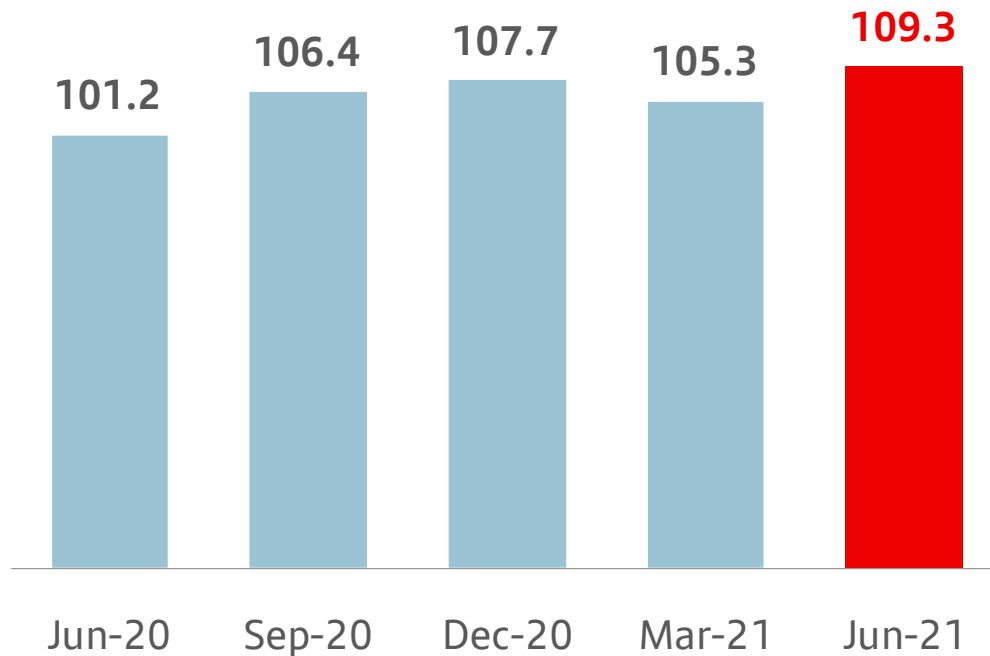


	Jun-21	Jun-20	YoY (%)	QoQ (%)
<b>Individuals<sup>2</sup></b>	<b>32.0</b>	<b>26.3</b>	<b>21.6</b>	<b>7.4</b>
o/w Mortgages	8.6	6.7	28.1	6.1
o/w Consumer Credit	11.6	10.3	12.9	7.9
o/w Cards	5.8	4.4	29.8	7.2
<b>Consumer Finance</b>	<b>8.3</b>	<b>8.1</b>	<b>2.7</b>	<b>-7.7</b>
<b>SMEs</b>	<b>8.6</b>	<b>6.6</b>	<b>31.4</b>	<b>3.1</b>
<b>Corporates &amp; Institutions<sup>3</sup></b>	<b>28.3</b>	<b>26.2</b>	<b>8.0</b>	<b>2.2</b>
<b>Total customer loans</b>	<b>77.3</b>	<b>67.3</b>	<b>15.0</b>	<b>3.2</b>



## Customers funds increased 8% YoY underpinned by demand and time deposits. In the quarter, 4% increase mainly due to time deposits

### Total customer funds (Constant EUR bn)<sup>1</sup>



	Jun-21	Jun-20	YoY (%)	QoQ (%)
Demand	17.9	16.0	11.7	3.1
Time	49.8	44.9	11.0	4.3
<b>Total deposits</b>	<b>67.7</b>	<b>60.9</b>	<b>11.2</b>	<b>3.9</b>
Mutual Funds	41.6	40.3	3.1	3.6
<b>Total customer funds</b>	<b>109.3</b>	<b>101.2</b>	<b>8.0</b>	<b>3.8</b>
<i>Letras</i> <sup>2</sup>	9.8	10.6	-6.9	14.8
<b>Customer funds + Letras</b>	<b>119.1</b>	<b>111.8</b>	<b>6.6</b>	<b>4.7</b>

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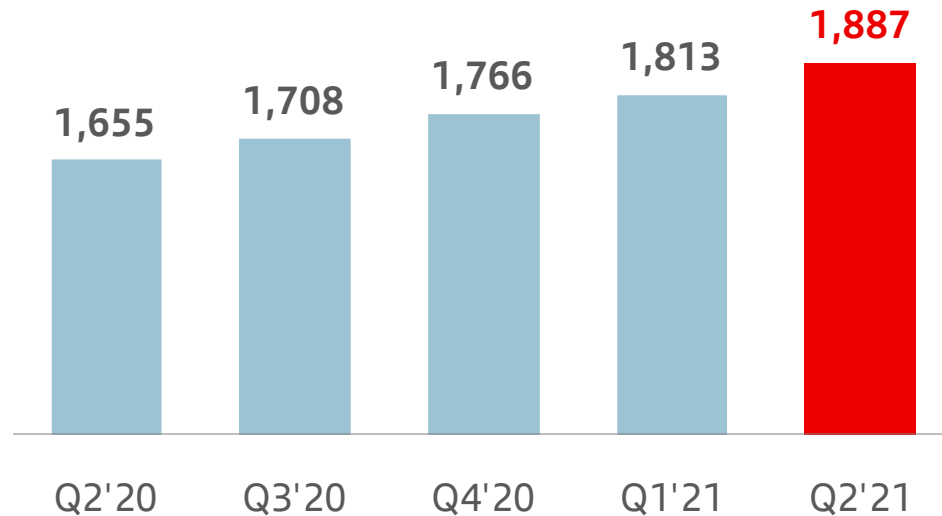
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# NII rose 10% YoY due to higher volumes. QoQ increase boosted by volumes and product mix effect

## Net interest income (Constant EUR mn)<sup>1</sup>



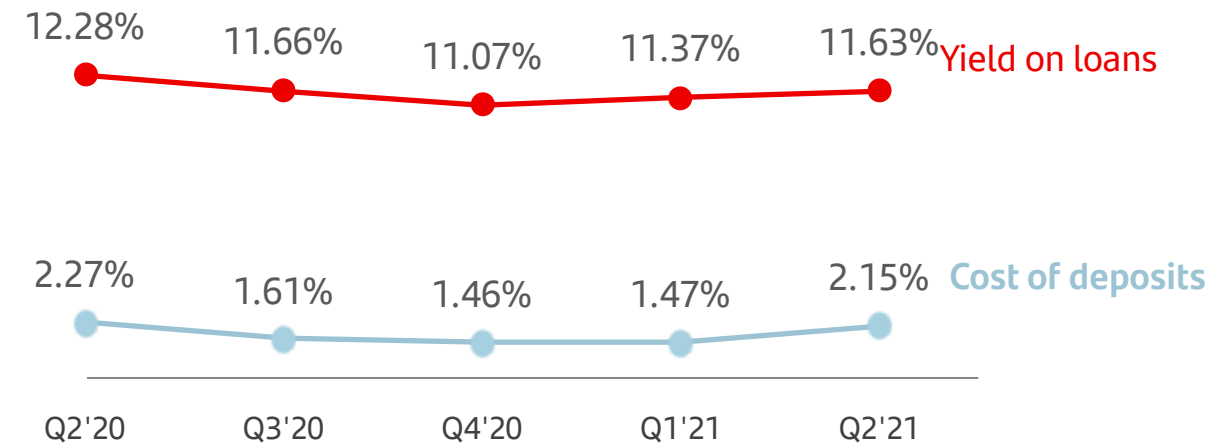
### NIM<sup>2</sup>

4.87%	4.93%	4.85%	4.87%	5.03%
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### Official interest rate<sup>3</sup>

3.00%	2.08%	2.00%	2.25%	3.50%
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## Yields and Costs (%)

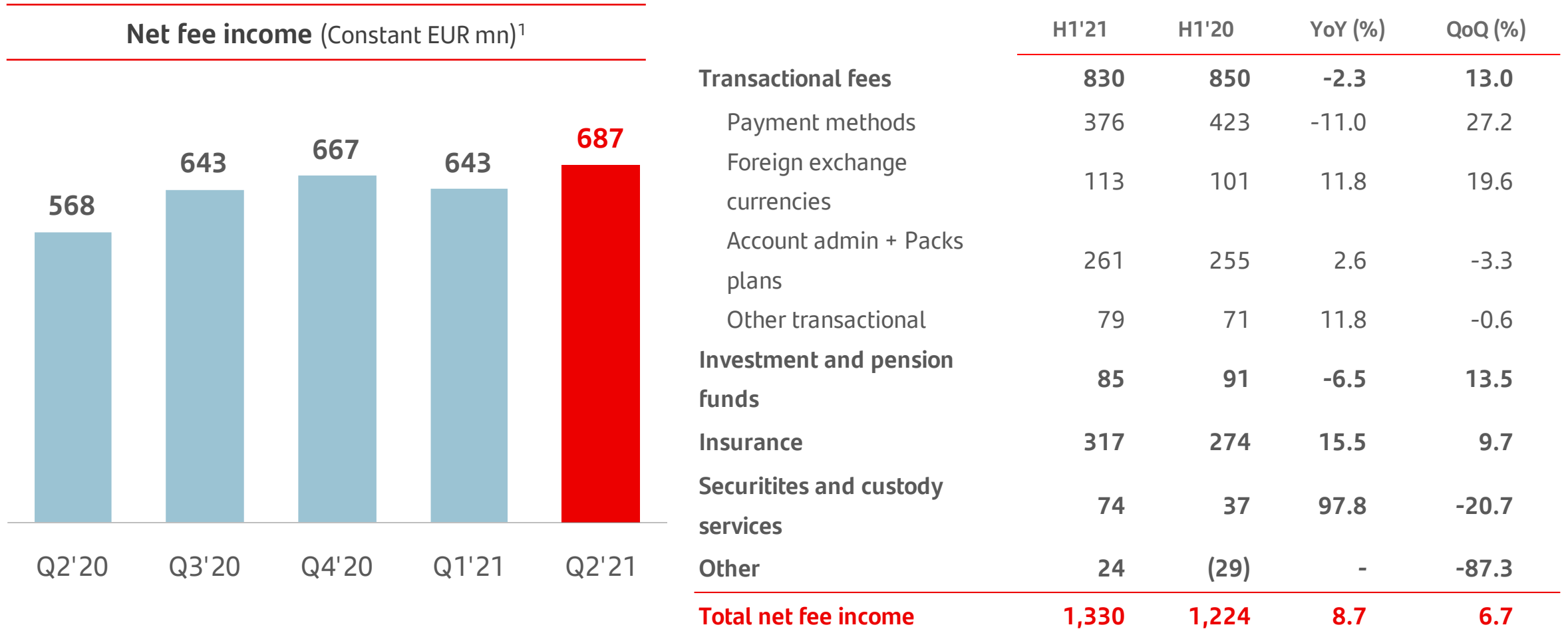


### Differential

10.0 pp	10.1 pp	9.6 pp	9.9 pp	9.5 pp
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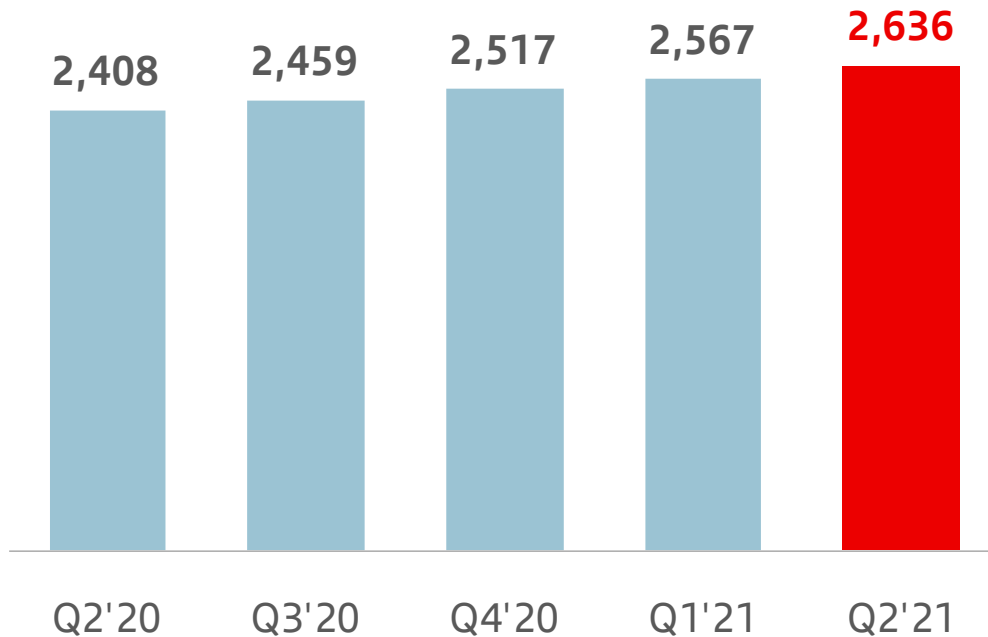
# Net fee income up 9% YoY and 7% QoQ supported by customer base growth and increased loyalty





Total income increased 9% YoY and 3% QoQ underpinned by higher customer revenue, which more than offset lower gains on financial transactions (markets)

**Total income** (Constant EUR mn)<sup>1</sup>



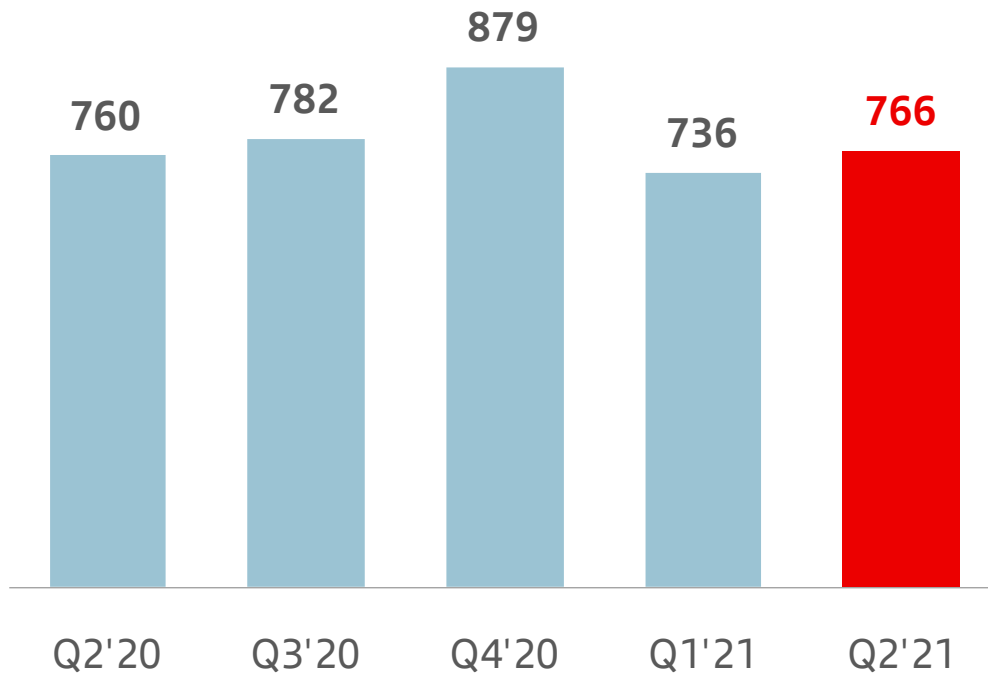
	H1'21	H1'20	YoY (%)	QoQ (%)
Net interest income	3,700	3,368	9.8	4.1
Net fee income	1,330	1,224	8.7	6.7
<b>Customer revenue</b>	<b>5,030</b>	<b>4,592</b>	<b>9.5</b>	<b>4.8</b>
Other <sup>2</sup>	173	182	-5.2	-44.0
<b>Total income</b>	<b>5,203</b>	<b>4,774</b>	<b>9.0</b>	<b>2.7</b>





Continuous quest for operational efficiency led to 1% costs reduction YoY. In the quarter, costs increased 4% due to higher inflation and following our business growth

### Operating expenses (Constant EUR mn)<sup>1</sup>



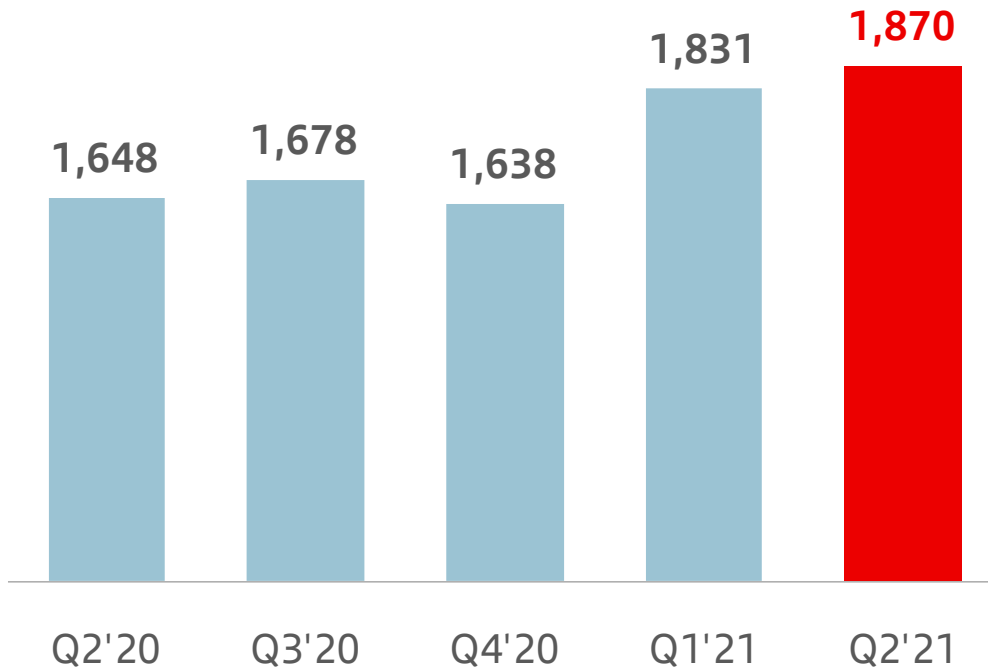
	H1'21	H1'20	YoY (%)	QoQ (%)
<b>Operating Expenses</b>	<b>1,502</b>	<b>1,517</b>	<b>-1.0</b>	<b>4.2</b>

Branches (#)	3,590	3,585	0.1	0.0
Employees (#)	45,115	44,951	0.4	4.0



Net operating income increased 14% YoY due to higher NII and fee income. Focus on productivity helped to improve the efficiency ratio

### Net operating income (Constant EUR mn)<sup>1</sup>

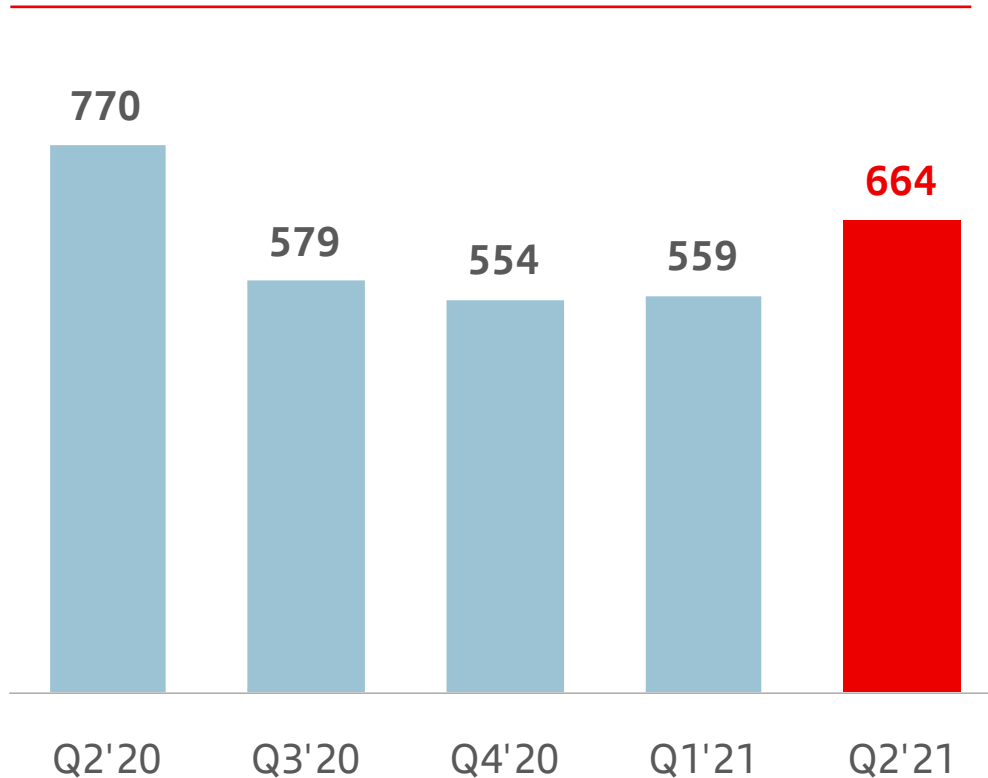


	H1'21	H1'20	YoY (%)	QoQ (%)
Total income	5,203	4,774	9.0	2.7
Operating Expenses	(1,502)	(1,517)	-1.0	4.2
<b>Net operating income</b>	<b>3,701</b>	<b>3,257</b>	<b>13.6</b>	<b>2.1</b>
Efficiency ratio	28.9%	31.8%	-290 bps	



# LLPs decreased 22% due to covid-19 related provisions recorded in H1'20. Cost of credit improvement YoY and QoQ, maintaining indicators at comfortable levels

Net LLPs (Constant EUR mn)<sup>1</sup>



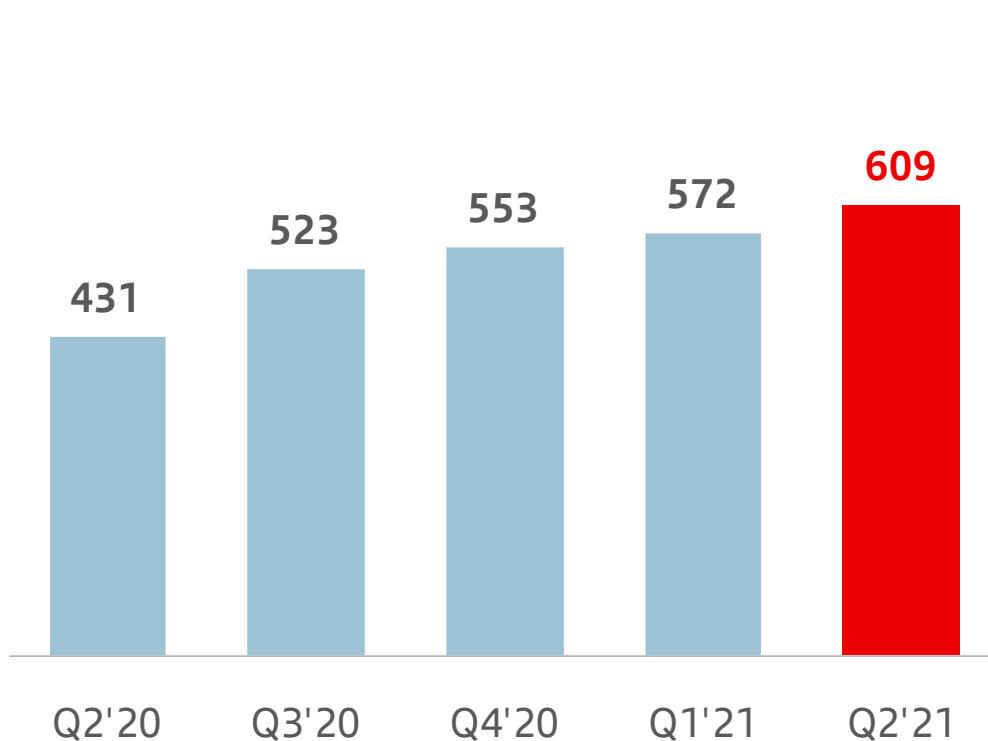
	H1'21	H1'20	YoY (%)	QoQ (%)
Net operating income	3,701	3,257	13.6	2.1
Loan-loss provisions	(1,222)	(1,575)	-22.4	18.8
<b>Net operating income after provisions</b>	<b>2,478</b>	<b>1,683</b>	<b>47.3</b>	<b>-5.2</b>

NPL ratio	4.55%	5.07%	-52 bps	13 bps
Cost of credit <sup>2</sup>	3.51%	4.67%	-116 bps	-28 bps
Coverage ratio	112%	110%	2.1 pp	-4.2 pp



Underlying attributable profit rose 44% YoY boosted by higher customer revenue and lower costs and LLPs. Profit increased 6% QoQ mainly due to higher NII and fee income

### Underlying Attributable Profit (Constant EUR mn)<sup>1</sup>



	H1'21	H1'20	YoY (%)	QoQ (%)
PBT	2,354	1,552	51.7	0.4
Tax on profit	(1,046)	(641)	63.2	-6.1
<b>Consolidated profit</b>	<b>1,308</b>	<b>911</b>	<b>43.6</b>	<b>5.8</b>
Minority interests	(128)	(90)	41.5	0.3
<b>Underlying attributable profit</b>	<b>1,180</b>	<b>821</b>	<b>43.8</b>	<b>6.5</b>

Effective tax rate	44.4%	41.3%	3.1 pp
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# Sustainable strategy based on winning customers and earning their loyalty through our ecosystem and broad distribution platform, alongside a continuous quest for efficiency



## Financial System

- ▶ Loans increased 16% YoY on the back of privately-owned banks
- ▶ Asset quality remained stable, influenced by bank actions for this period
- ▶ The regulator strengthened liquidity measures, such as the reduction of compulsory deposits and relief of the short-term liquidity indicator
- ▶ Total customer funds grew 14% YoY, propelled by deposits (+15%)

## Strategy & Business

- ▶ Through the introduction of new solutions, expansion of our product offering and enhancements to our channels, we are continuously improving our customers' experience and satisfaction
- ▶ Loan portfolio rose 15% YoY underpinned by Individuals and SMEs
- ▶ Customers funds increased 8% YoY boosted by demand and time deposits

## Results

- ▶ Total income increased 9% YoY mainly due to higher revenue from NII and fee income
- ▶ Continuous quest for operational efficiency led to 1% YoY costs reduction
- ▶ Cost of credit improvement, maintaining indicators at comfortable levels, supported by the continuous evolution of our risk models
- ▶ Underlying attributable profit increased 44% YoY boosted by higher customer revenue and lower costs and provisions

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# Balance sheet



Constant EUR million<sup>1</sup>

	Jun-21	Jun-20	Variation	
			Amount	%
Loans and advances to customers	73,684	63,857	9,828	15.4
Cash, central banks and credit institutions	32,634	30,912	1,723	5.6
Debt instruments	37,664	36,975	689	1.9
Other financial assets	5,958	7,457	(1,498)	(20.1)
Other asset accounts	11,728	12,390	(662)	(5.3)
<b>Total assets</b>	<b>161,670</b>	<b>151,590</b>	<b>10,080</b>	<b>6.6</b>
Customer deposits	76,611	71,770	4,840	6.7
Central banks and credit institutions	28,827	27,358	1,470	5.4
Marketable debt securities	13,558	14,734	(1,176)	(8.0)
Other financial liabilities	22,434	18,635	3,800	20.4
Other liabilities accounts	6,643	6,515	128	2.0
<b>Total liabilities</b>	<b>148,072</b>	<b>139,011</b>	<b>9,061</b>	<b>6.5</b>
<b>Total equity</b>	<b>13,597</b>	<b>12,578</b>	<b>1,019</b>	<b>8.1</b>
<b>Other managed customer funds</b>	<b>46,758</b>	<b>44,563</b>	<b>2,195</b>	<b>4.9</b>
Mutual funds	41,563	40,298	1,266	3.1
Pension funds	(0)	—	(0)	—
Managed portfolios	5,194	4,265	929	21.8





# Income statement

Constant EUR million <sup>1</sup>	Variation			
	H1'21	H1'20	Amount	%
Net interest income	3,700	3,368	331	9.8
Net fee income	1,330	1,224	107	8.7
Gains (losses) on financial transactions	205	215	(10)	(4.5)
Other operating income	(32)	(33)	0	(0.4)
<b>Total income</b>	<b>5,203</b>	<b>4,774</b>	<b>428</b>	<b>9.0</b>
Operating expenses	(1,502)	(1,517)	15	(1.0)
<b>Net operating income</b>	<b>3,701</b>	<b>3,257</b>	<b>443</b>	<b>13.6</b>
Net loan-loss provisions	(1,222)	(1,575)	352	(22.4)
Other gains (losses) and provisions	(124)	(131)	6	(4.9)
<b>Underlying profit before tax</b>	<b>2,354</b>	<b>1,552</b>	<b>802</b>	<b>51.7</b>
Tax on profit	(1,046)	(641)	(405)	63.2
<b>Underlying profit from continuing operations</b>	<b>1,308</b>	<b>911</b>	<b>397</b>	<b>43.6</b>
Net profit from discontinued operations	—	—	—	—
<b>Underlying consolidated profit</b>	<b>1,308</b>	<b>911</b>	<b>397</b>	<b>43.6</b>
Non-controlling interests	(128)	(90)	(38)	41.5
<b>Underlying attributable profit to the parent</b>	<b>1,180</b>	<b>821</b>	<b>360</b>	<b>43.8</b>



# Quarterly income statement

Constant EUR million<sup>1</sup>

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Net interest income	1,713	1,655	1,708	1,766	1,813	1,887
Net fee income	656	568	643	667	643	687
Gains (losses) on financial transactions	10	205	92	112	129	76
Other operating income	(13)	(20)	16	(29)	(18)	(14)
<b>Total income</b>	<b>2,367</b>	<b>2,408</b>	<b>2,459</b>	<b>2,517</b>	<b>2,567</b>	<b>2,636</b>
Operating expenses	(757)	(760)	(782)	(879)	(736)	(766)
<b>Net operating income</b>	<b>1,610</b>	<b>1,648</b>	<b>1,678</b>	<b>1,638</b>	<b>1,831</b>	<b>1,870</b>
Net loan-loss provisions	(805)	(770)	(579)	(554)	(559)	(664)
Other gains (losses) and provisions	(96)	(35)	(66)	(39)	(98)	(27)
<b>Underlying profit before tax</b>	<b>709</b>	<b>843</b>	<b>1,033</b>	<b>1,045</b>	<b>1,175</b>	<b>1,179</b>
Tax on profit	(278)	(363)	(452)	(427)	(539)	(506)
<b>Underlying profit from continuing operations</b>	<b>431</b>	<b>480</b>	<b>580</b>	<b>619</b>	<b>636</b>	<b>673</b>
Net profit from discontinued operations	—	—	—	—	—	—
<b>Underlying consolidated profit</b>	<b>431</b>	<b>480</b>	<b>580</b>	<b>619</b>	<b>636</b>	<b>673</b>
Non-controlling interests	(41)	(49)	(58)	(66)	(64)	(64)
<b>Underlying attributable profit to the parent</b>	<b>390</b>	<b>431</b>	<b>523</b>	<b>553</b>	<b>572</b>	<b>609</b>

# Thank You.

Our purpose is to help people and businesses prosper.

Our culture is based on believing that everything we do should be:

## Simple Personal Fair

