

Brazil



H1'20

Earnings Presentation

Important Information

Non-IFRS and alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) and derived from our financial statements, this presentation contains certain financial measures that constitute 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”). The financial measures contained in this presentation that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander Group but are not defined or detailed in the applicable financial reporting framework and have neither been audited nor 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 management and investors to facilitate operating performance comparisons from period to period, 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 2019. While we believe that these APMs and non-IFRS measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in our industry, may calculate or use such measures differently, which reduces their usefulness as comparative measures. For further details of the APMs and Non-IFRS Measures used, 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 2019 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 6 March 2020, as well as the section “Alternative performance measures” of the annex to the Banco Santander, S.A. (“Santander”) Q2 2020 Financial Report, published as Inside Information on 29 July 2020. These documents are available on Santander’s website (www.santander.com). Underlying measures, which are included in this presentation, are non-IFRS measures.

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries

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Important Information

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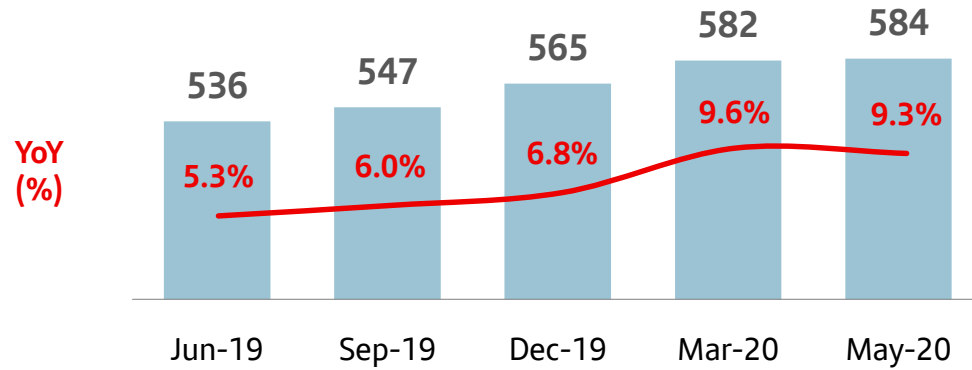
Appendix





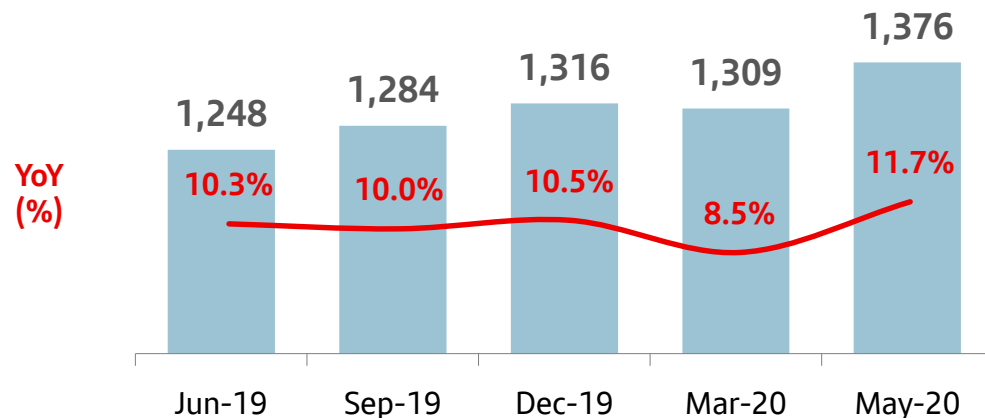
Privately-owned banks with substantial loan growth, considering the current scenario

Total loans (Constant EUR bn¹)



- ▶ Total loans continued to grow (9.3% YoY) driven by privately owned banks.
- ▶ By segments, loans to individuals recorded a slight retraction in financing. However there was a strong increase in renegotiations. Commercial loans grew both in SMEs and in Corporates (+10.3% YoY).
- ▶ Controlled credit default, mainly influenced by bank actions for this period.

Total customer funds (Constant EUR bn^{1,2})



- ▶ Individuals' risk aversion increased substantially considering the scenario. The regulator strengthened liquidity measures, such as the reduction of mandatory deposits or relief of the short term liquidity indicator.
- ▶ Deposits with a strong growth (31.7% YoY), although investment funds have not followed this increase (2.7% YoY), which combined with the liquidity measures, reduced the necessity of LCIs, LCAs and Financial Bills issues.

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

KEY DATA	H1'20	YoY Var. ⁵
 Customer loans ¹	EUR 64.9 bn	+18.0%
 Customer funds ²	EUR 97.6 bn	+13.7%
 Underlying att. Profit	EUR 995 mn	-17.4%
 Underlying RoTE	17.1%	-4.5 pp
 Efficiency ratio	31.8%	-67 bps
 Loans market share ³	10.6%	+105 bps
 Deposits market share ^{3,4}	10.8%	+6 bps
 Loyal customers	5.7 mn	+4.7%
 Digital customers	14.5 mn	+14.1%
 Branches	3,585	-1.6%
 Employees	44,951	-6.6%



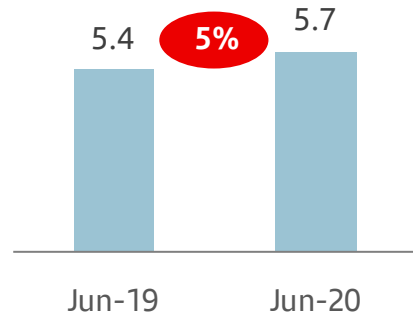
STRATEGIC PRIORITIES

- ▶ Committed to meeting our customers' needs
- ▶ Continuous evolution of the platform in the face of a new cycle
- ▶ Focus on helping society and our country
- ▶ Relentless quest for efficiency and profitability with another way of operating our business
- ▶ Acceleration of digitalisation: Self-service, combined with increased product implementation and availability
- ▶ Keeping solid balance sheet and capital ratio



We have adapted quickly to the new reality by serving our customers

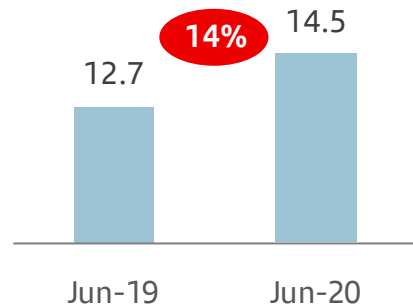
Loyal customers (mn)



Loyal / Active: 22% (flat YoY)

- ▶ Pursuit of operational efficiency, striving to deliver a personalised and unparalleled service to our customers
- ▶ Loyal individuals grew 5% YoY
- ▶ Loyal corporates and SMEs increased 6% YoY
- ▶ Committed to the quality of our services, keeping NPS at high levels

Digital customers (mn)



Digital sales / total¹: 41% (+12 pp YoY)

- ▶ Self-service, allied to greater product implementation and availability
- ▶ Strong growth in e-commerce sales (40% YoY²), due to the change in consumer behaviour
- ▶ Mobile customers: +16% YoY



High value-added products designed to meet the current customer needs



Acquiring

Differentiated offerings

- Turnover: +18% YoY¹
- Prepayment: +22% YoY²
- Active customers: +13% YoY²
- Devices: +45% YoY²



SMEs and Corporate

By providing financing at attractive terms, we saw growth in **new lending**

New lending

>BRL 75 bn in Q2'20



Mortgage

Pioneering the **reduced rate** for Mortgage Loans

+2x QoQ rise in **new lending** of the **UseCasa** - Home Equity product



Consumer Finance

We launched initiatives that provide our customers with **greater financial strength and security**:

- **Troca+Troco** — customers sell the vehicle they own and buy a lower-priced one
- **Car delivery** — customers purchase the vehicle at a partner store, and it gets delivered to their home



E-commerce

+40%^{1,3} YoY **sales**

36%⁴ **Virtual card** transactions in overall transactions

73%⁴ Share of **personal loans** in digital channels



A responsible culture allows us to contribute to the communities where we operate

Culture

We are one of the best companies to work in the categories: **Ethnic-Racial and Woman**



Highlight for the **2nd consecutive year** in the financial sector

Recognised in the **Ethnic-Racial** category

- ▶ **27% women** in leadership positions¹
- ▶ **33% women** in the Board of Directors

Social-environmental business

- ▶ Environmental Management: **34% use of renewable energy**
- ▶ **BRL 7.9 bn socio-environmental business** made viable² in the year
- ▶ **1st CBiOs deal and 1st Sustainability-linked loan**
- ▶ **1st Green bond issuance in Brazil's transport and logistics sector**



Communities⁶

- ▶ **30.4 k** scholarships granted³
- ▶ **117 k** people Helped through Social programmes⁴
- ▶ **27 k** participations of employees in social programmes⁵

Financial inclusion⁶

- ▶ **Prospera** Santander Microfinance:
 - **>530 k** customers
 - **BRL 1.2 bn** loan portfolio
- ▶ **68 k** participations in **financial education** actions



(1) Leadership: superintendent, executive superintendent and director positions.
 (2) Considers disbursement in renewable energy, sustainable agribusiness, *Prospera* Santander Microfinance, Project Finance (renewable energy), other socio environmental businesses, student financing (undergraduate medicine), ESG Linked-loan; participation in structuring and advisory of Green Bonds; and advisory in Project Finance (renewable energy)
 (3) Since 2015
 (4) People helped through Social programs, volunteering and blood donation
 (5) Number of participations of employees taking part in the following social programmes: *Amigo de Valor*, volunteering and blood donation
 (6) Data as of H1'20



Continuous actions to overcome the crisis

Employees



- **Strong communication**
- **New way of working:**
Adapting to protocols
- **Telehealth** available to employees and their dependents

Customers



- **Return of branches** with faster commercial pace
- **Products adjusted for the needs** of our customers: >**BRL 75 bn disbursed** to companies
- **Payment holidays** for some products in order to help customer financial capacity

Communities

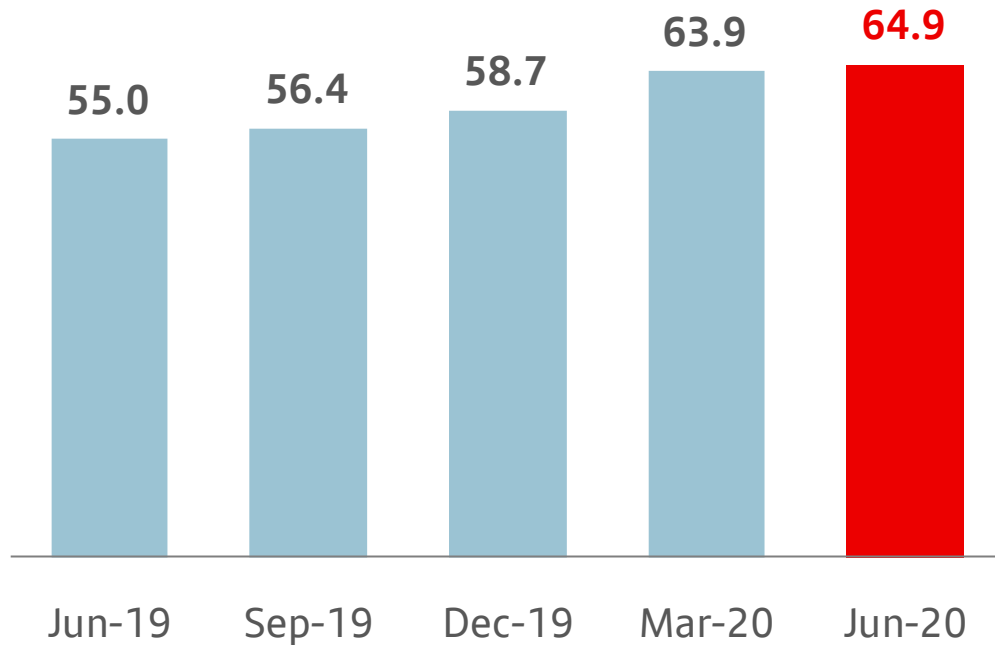


- **Volunteering** to assist the **elderly**
- Support **health workers**
- **BRL 85 mn support to fight coronavirus in the year.** In the Q2'20, we donated 200 breathing machines in partnership with a large telecommunication company



Loan portfolio increased 18% YoY boosted by consumer credit, SMEs, corporates and CIB

Total customer loans (Constant EUR bn)¹

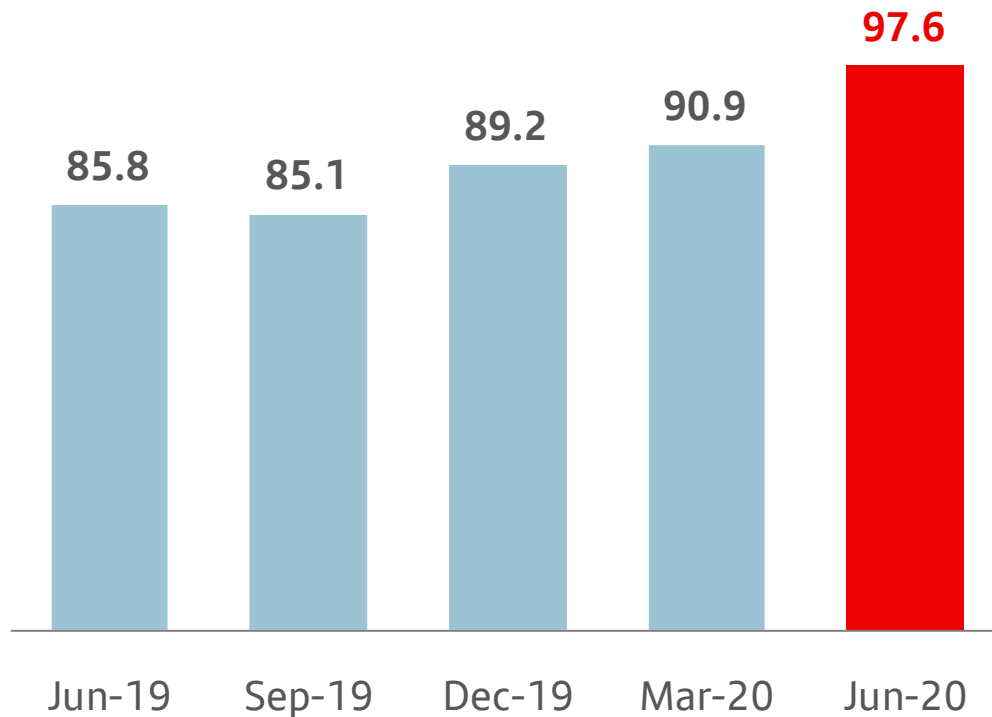


	Jun-20	Jun-19	YoY (%)	QoQ (%)
Individuals²	25.5	23.1	10.5	-0.6
o/w Mortgages	6.6	5.7	15.3	1.8
o/w Consumer Credit	11.6	8.6	35.5	2.9
o/w Cards	4.9	4.8	3.2	-7.9
Consumer Finance	7.8	7.1	9.9	-2.9
SMEs	6.5	5.2	25.8	4.7
Corporates & Institutions³	25.0	19.6	27.7	4.5
Total customer loans	64.9	55.0	18.0	1.5



Total deposits increased 31%, with rises in both demand and time deposits

Total customer funds (Constant EUR bn)¹



	Jun-20	Jun-19	YoY (%)	QoQ (%)
Demand	15.5	10.9	41.4	13.1
Time	43.3	33.9	27.8	18.5
Total deposits	58.7	44.8	31.1	17.0
Mutual Funds	38.9	41.0	-5.3	-4.5
Total customer funds	97.6	85.8	13.7	7.4
<i>Letras</i> ²	10.2	11.9	-14.6	-10.2
Customer funds + Letras	107.8	97.7	10.3	5.4

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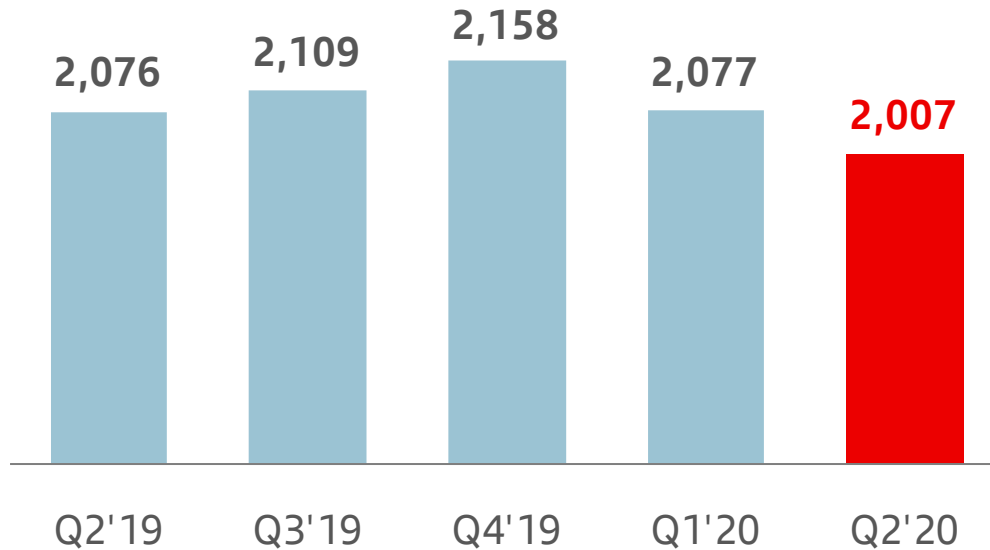
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NII increased 1% YoY due to higher volumes. 3% decrease QoQ due to lower spreads, change in mix effect and overdraft regulatory change

Net interest income (Constant EUR mn)¹



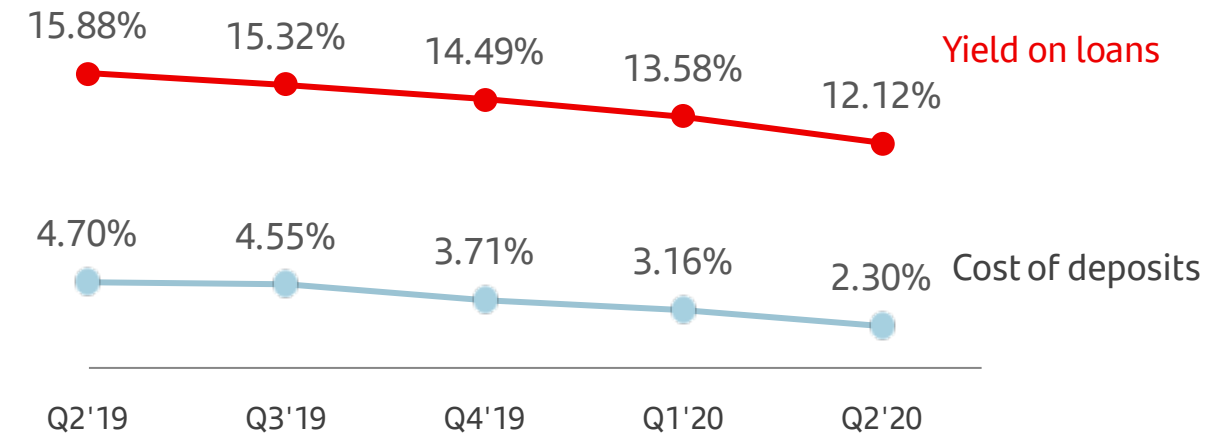
NIM²

6.07%	5.93%	5.95%	5.46%	4.87%
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Official interest rate³

6.50%	5.83%	4.83%	4.17%	3.00%
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Yields and Costs (%)



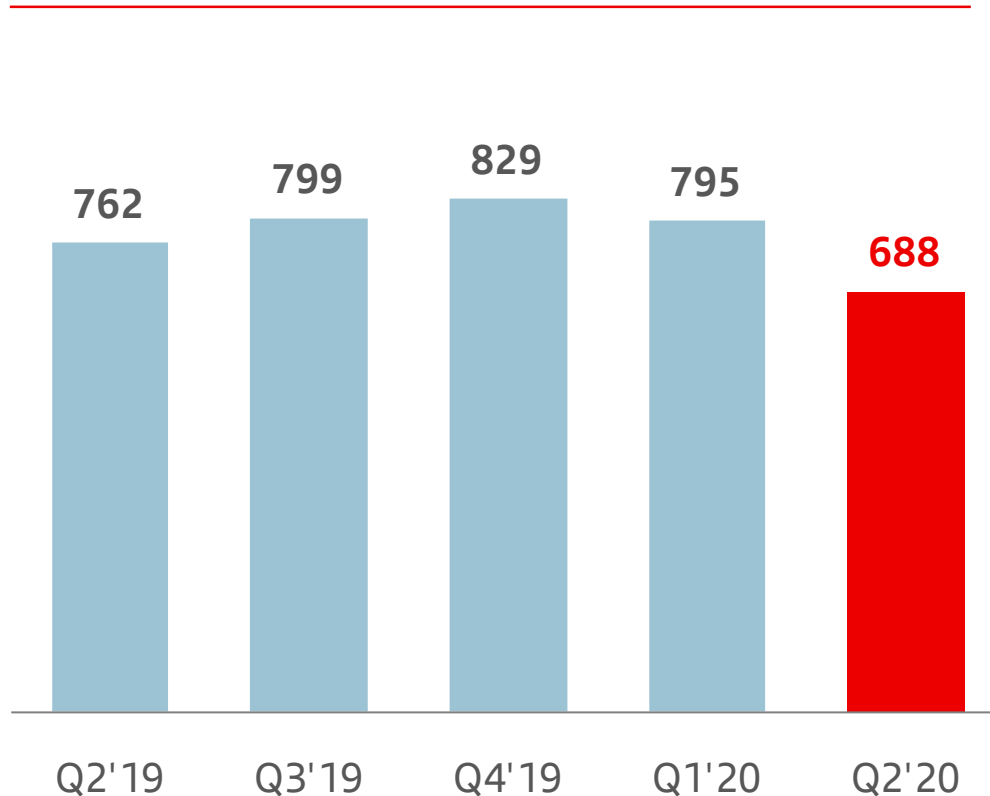
Differential

11.2 pp	10.8 pp	10.8 pp	10.4 pp	9.8 pp
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Net fee income fell 2% affected by the ongoing environment

Net fee income (Constant EUR mn)¹

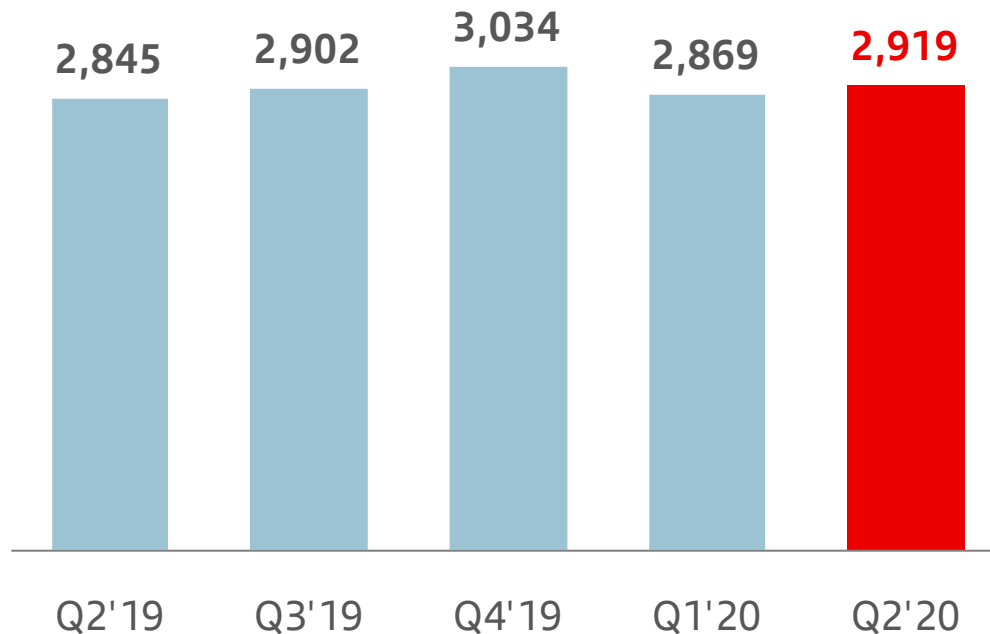


	H1'20	H1'19	YoY (%)	QoQ (%)
Transactional fees	1,032	924	11.7	-29.1
Payment methods	513	449	14.1	-50.9
Foreign exchange currencies	123	90	37.2	15.2
Account admin + Packs plans	309	294	5.0	0.0
Other transactional	87	91	-4.2	-19.1
Investment and pension funds	110	124	-11.2	-7.6
Insurance	332	328	1.4	6.7
Securites and custody services	45	71	-36.0	-26.2
Other	(36)	59	-	-
Total net fee income	1,483	1,506	-1.5	-13.4



Total income increased 4% YoY, mainly boosted by higher gains on financial transactions

Total income (Constant EUR mn)¹

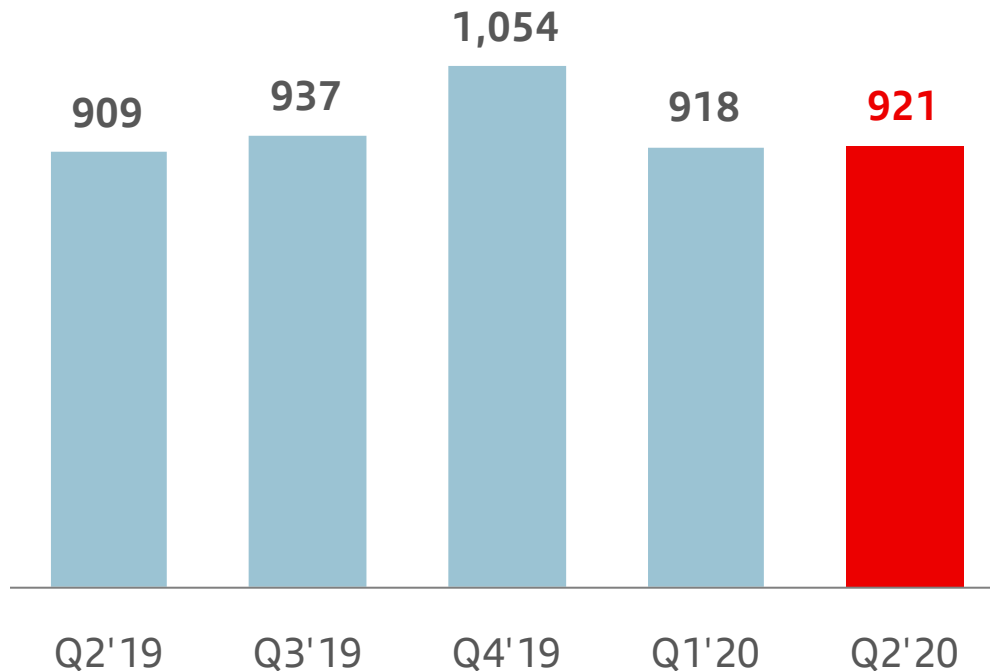


	H1'20	H1'19	YoY (%)	QoQ (%)
Net interest income	4,083	4,043	1.0	-3.4
Net fee income	1,483	1,506	-1.5	-13.4
Customer revenue	5,567	5,549	0.3	-6.2
Other ²	221	25	-	-
Total income	5,788	5,574	3.8	1.7



Costs under control with a 1% YoY decrease excluding inflation

Operating expenses (Constant EUR mn)¹



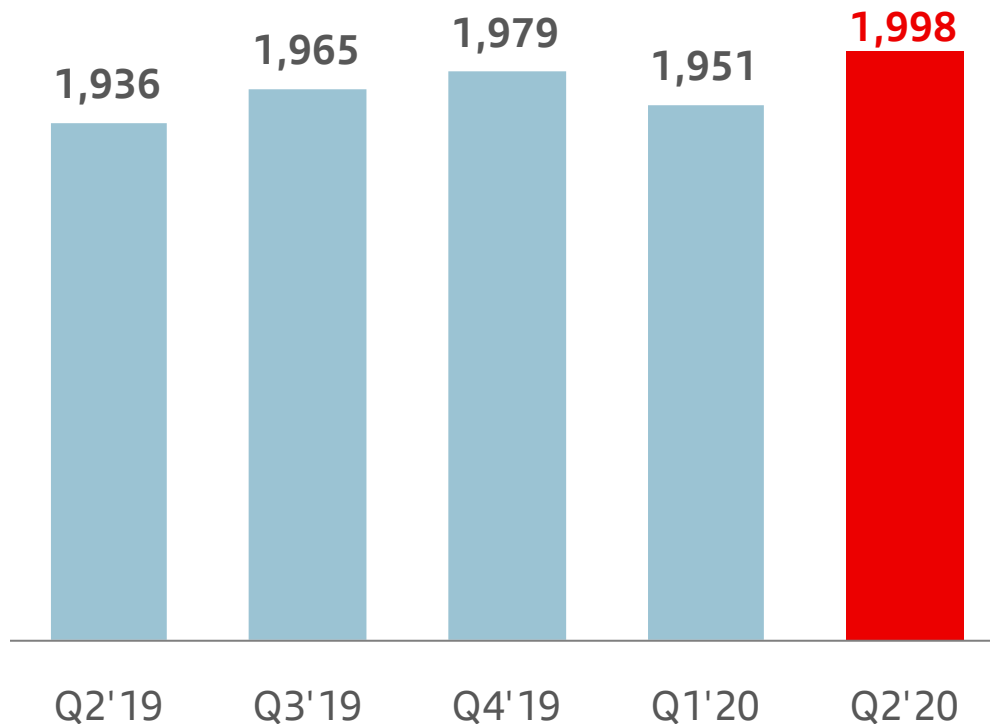
	H1'20	H1'19	YoY (%)	QoQ (%)
Operating Expenses	1,839	1,808	1.7	0.3

Branches (#)	3,585	3,643	-1.6	-0.9
Employees (#)	44,951	48,118	-6.6	-1.9



Net operating income increased 5% due to NII, higher gains on financial transactions and improved efficiency

Net operating income (Constant EUR mn)¹

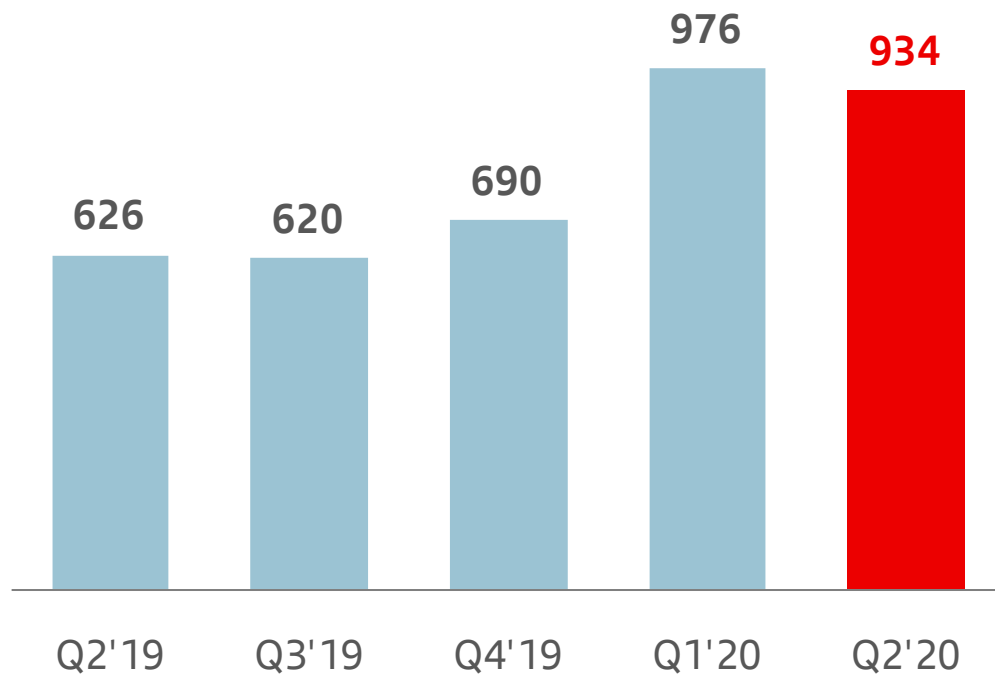


	H1'20	H1'19	YoY (%)	QoQ (%)
Total income	5,788	5,574	3.8	1.7
Operating Expenses	(1,839)	(1,808)	1.7	0.3
Net operating income	3,949	3,765	4.9	2.4
Efficiency ratio	31.8%	32.4%	-67 bps	



LLPs affected by COVID-19 related provisions, although maintaining credit quality at controlled levels

Net LLPs (Constant EUR mn)¹



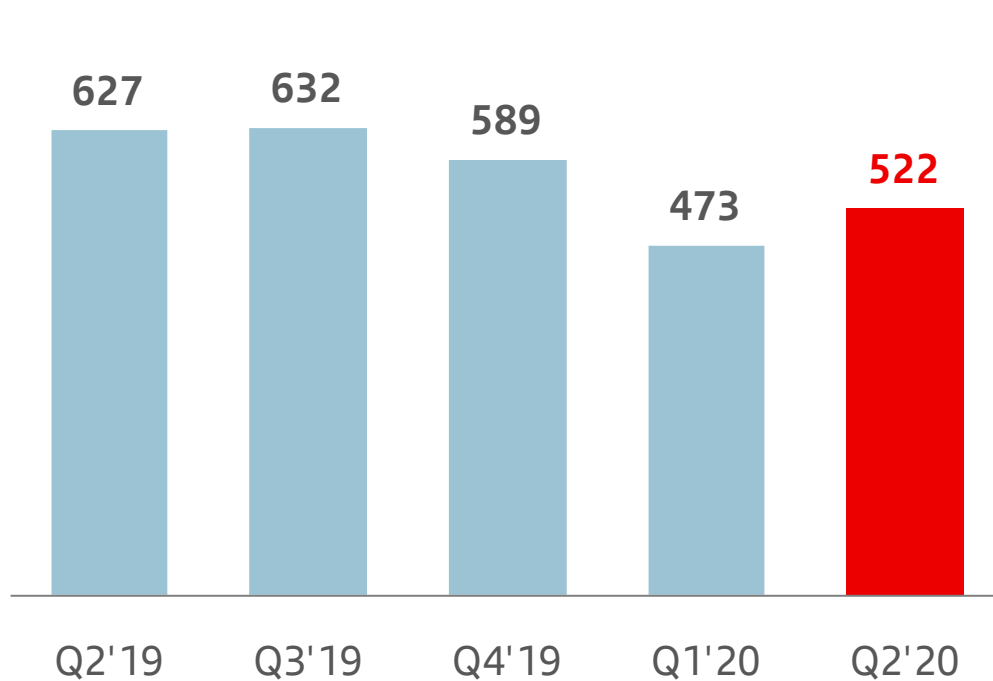
	H1'20	H1'19	YoY (%)	QoQ (%)
Net operating income	3,949	3,765	4.9	2.4
Loan-loss provisions	(1,909)	(1,194)	59.9	-4.3
Net operating income after provisions	2,040	2,571	-20.7	9.1

NPL ratio	5.07%	5.27%	-20 bps	14 bps
Cost of credit ²	4.67%	3.84%	83 bps	24 bps
Coverage ratio	110%	106%	4.7 pp	2.2 pp



Underlying attributable profit fell 17% YoY impacted by COVID-19 related provisions

Underlying Attributable Profit (Constant EUR mn)¹



	H1'20	H1'19	YoY (%)	QoQ (%)
PBT	1,881	2,311	-18.6	18.9
Tax on profit	(777)	(953)	-18.5	30.6
Consolidated profit	1,105	1,358	-18.7	11.4
Minority interests	(110)	(155)	-29.0	18.7
Underlying attributable profit	995	1,204	-17.4	10.6
Effective tax rate	41.3%	41.2%	0.1 pp	4.2 pp

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Our business model and solid balance sheet allow us to rapidly react to the new reality



Financial System

- ▶ Loans increased 9.3% YoY on the back of privately-owned banks (+16.0% YoY)
- ▶ Total customer funds grew 11.7% YoY, propelled by time deposits (+41.4%), demand deposits (+40.0%) and savings (+15.3%), showing greater market funding in lower-risk products

Strategy & Business

- ▶ We are prepared with our resources, expertise and capital to help our customers and our country
- ▶ Continuous focus on enhancing the experience and satisfaction of our customers, offering products tailored to their needs, which allows us to maintain our NPS at high levels
- ▶ Loan portfolio rose 18% YoY. Of note was the increase in consumer credit, SMEs, corporate and CIB
- ▶ Customers funds increased 14% boosted by the strong rise in demand and time deposits

Results

- ▶ Total income increased 4% mainly boosted by higher gains on financial transactions
- ▶ Continuous quest for operational efficiency. Costs under control with a 1% YoY decrease excluding inflation
- ▶ Credit quality at controlled levels
- ▶ Underlying attributable profit was affected by COVID-19 related provisions

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Balance sheet

Constant EUR million ¹			Variation	
	Jun-20	Jun-19	Amount	%
Loans and advances to customers	61,572	51,679	9,893	19.1
Cash, central banks and credit institutions	29,805	26,597	3,208	12.1
Debt instruments	35,652	30,183	5,469	18.1
Other financial assets	7,190	4,818	2,372	49.2
Other asset accounts	11,947	8,810	3,137	35.6
Total assets	146,166	122,087	24,079	19.7
Customer deposits	69,202	52,754	16,448	31.2
Central banks and credit institutions	26,379	20,416	5,962	29.2
Marketable debt securities	14,207	14,537	(330)	(2.3)
Other financial liabilities	17,968	17,054	914	5.4
Other liabilities accounts	6,282	6,088	194	3.2
Total liabilities	134,037	110,849	23,188	20.9
Total equity	12,129	11,237	891	7.9
Other managed customer funds	42,969	44,584	(1,615)	(3.6)
Mutual funds	38,856	41,010	(2,154)	(5.3)
Pension funds	—	—	—	—
Managed portfolios	4,113	3,573	539	15.1



Income statement

Constant EUR million ¹	Variation			
	H1'20	H1'19	Amount	%
Net interest income	4,083	4,043	40	1.0
Net fee income	1,483	1,506	(23)	(1.5)
Gains (losses) on financial transactions	261	83	177	213.0
Other operating income	(40)	(59)	19	(32.5)
Total income	5,788	5,574	214	3.8
Operating expenses	(1,839)	(1,808)	(30)	1.7
Net operating income	3,949	3,765	183	4.9
Net loan-loss provisions	(1,909)	(1,194)	(715)	59.9
Other gains (losses) and provisions	(158)	(260)	102	(39.1)
Underlying profit before tax	1,881	2,311	(430)	(18.6)
Tax on profit	(777)	(953)	176	(18.5)
Underlying profit from continuing operations	1,105	1,358	(254)	(18.7)
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	1,105	1,358	(254)	(18.7)
Non-controlling interests	(110)	(155)	45	(29.0)
Underlying attributable profit to the parent	995	1,204	(209)	(17.4)



Quarterly income statement

Constant EUR million¹

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
Net interest income	1,968	2,076	2,109	2,158	2,077	2,007
Net fee income	745	762	799	829	795	688
Gains (losses) on financial transactions	46	37	32	22	13	248
Other operating income	(29)	(29)	(38)	25	(15)	(24)
Total income	2,729	2,845	2,902	3,034	2,869	2,919
Operating expenses	(900)	(909)	(937)	(1,054)	(918)	(921)
Net operating income	1,829	1,936	1,965	1,979	1,951	1,998
Net loan-loss provisions	(568)	(626)	(620)	(690)	(976)	(934)
Other gains (losses) and provisions	(134)	(126)	(147)	(174)	(116)	(42)
Underlying profit before tax	1,127	1,184	1,198	1,115	859	1,022
Tax on profit	(474)	(479)	(488)	(452)	(337)	(440)
Underlying profit from continuing operations	653	705	710	663	523	582
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	653	705	710	663	523	582
Non-controlling interests	(77)	(78)	(78)	(75)	(50)	(60)
Underlying attributable profit to the parent	577	627	632	589	473	522

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



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

