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# INVESTOR DAY

DELIVERING PROFITABLE GROWTH



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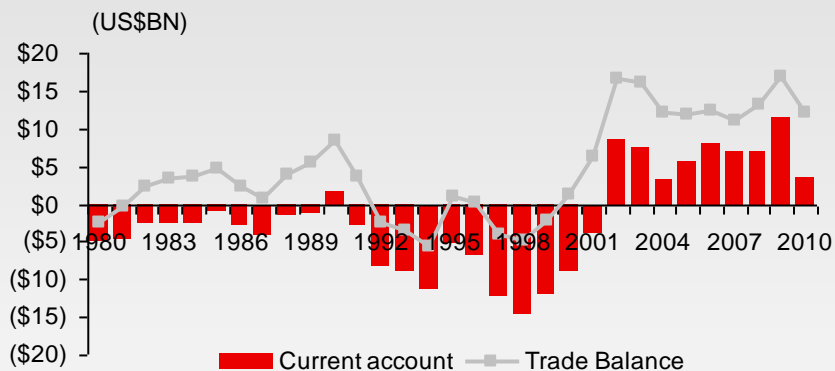
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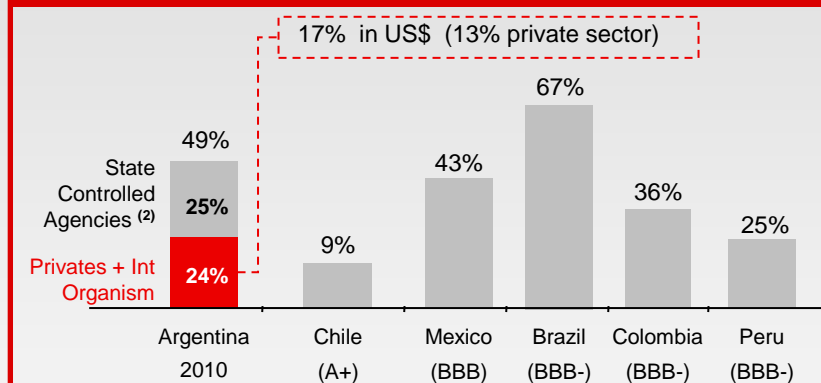
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# Argentina: The third-largest Latin American economy. Solid economic fundamentals and external position

## Ten Years of Sustained Trade Surpluses



## General government gross debt (% of GDP)<sup>(1)</sup>



- **Fast growing economy** (2011E real GDP is 75% larger than 2003)
- **Robust levels of employment and consumption growth** (under an inflation environment)
- **High reserves accumulation during the last decade** (2011 coverage : 11.6% of GDP )
- **The only major Latin America economy with a balanced budget**

Source: INDEC, local official statistical office, EIU, IMF and Santander.

(1) IMF and S&P sovereign foreign currency ratings.

(2) State-controlled agencies include ANSES (Administracion Nacional de Seguridad Social), FGS (Fondo de Garantia de Sustentabilidad), and BCRA, among others.

# Solid and transactional financial system

## Profitable

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>6M2011</u>
◦ Net income*	1.5	2.1	2.9	1.6
◦ ROE	13%	19%	24%	23%

\*US\$ Billions

## Transactional

- Loans / GDP: 12% vs. Lat-Am peers 45%<sup>(1)</sup>
- Deposits / GDP: 17%
- Loans = 72% of Deposits
- Liquidity (cash and repos) / Deposits = 25%

## Solid

- Ratio BIS: 17% (all Tier 1 )
- Non performing loans : 1.7%
- Government debt: from 50% in 2003 to 23%  
↓  
6% in USD
- No currency mismatch

## Low indebtedness Levels (as % of GDP)

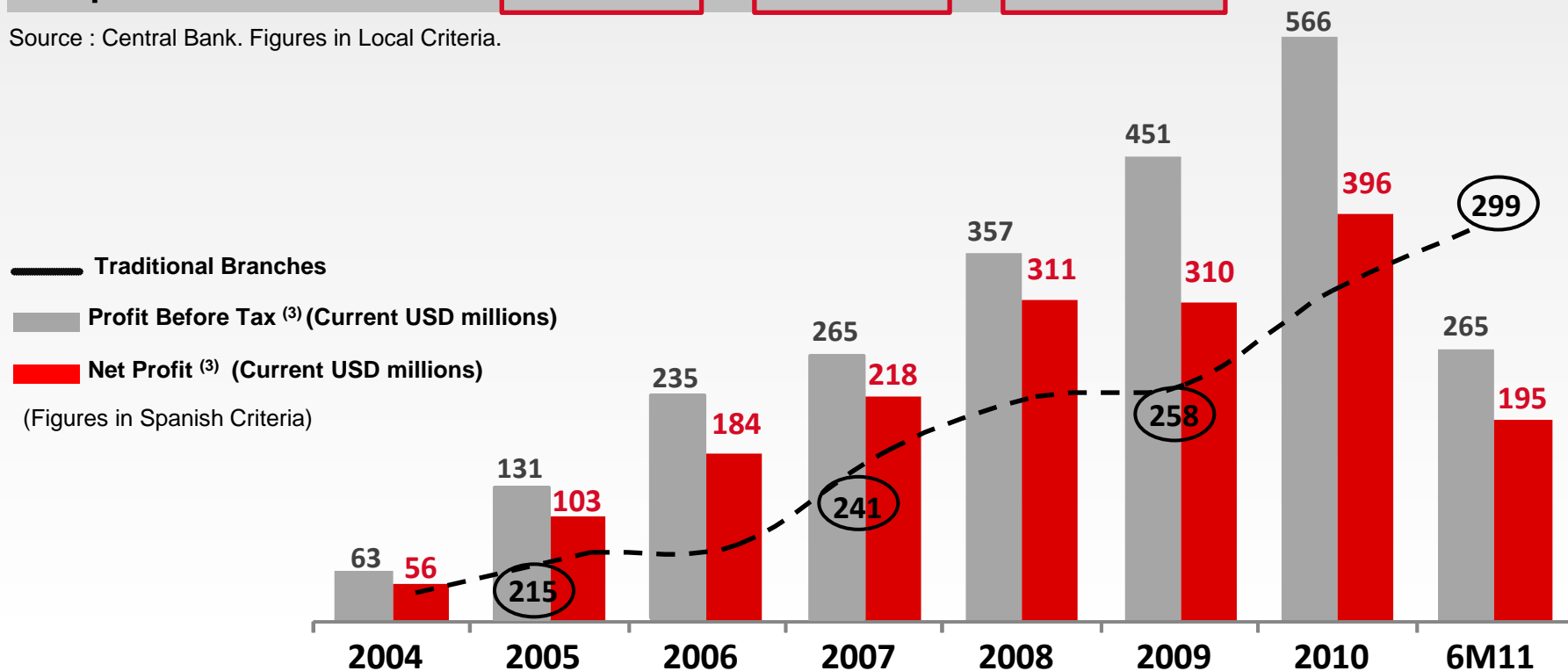
	<u>2010</u>
◦ Families	5%
◦ Companies	6%
◦ Mortgage	1%
◦ TOTAL	12 % vs. Lat-Am peers 45% <sup>(1)</sup>

(1) Average of Brazil 48% - Chile 77% - Colombia 29% - Peru 24%.

# Santander Río is the leading bank in the Argentine private sector

	As of Jun 2011	Market Share	Private sector Rank
Private Sector Loans <sup>(1)</sup>	5.5 Bill	9.6%	# 1
Private Sector Deposits <sup>(1)</sup>	7.2 Bill	10.1%	# 1
Total expenses	281 Mill	6.7%	
Net profit <sup>(2)</sup>	174 Mill	11.0%	# 1

Source : Central Bank. Figures in Local Criteria.



(1) Exchange rate as of June 30, 2011 : 1 US dollar = 4.11

(2) Average exchange rate January 11 – June 11: 1 US\$ dollar = 4.048 Ps

Source : Santander Río.

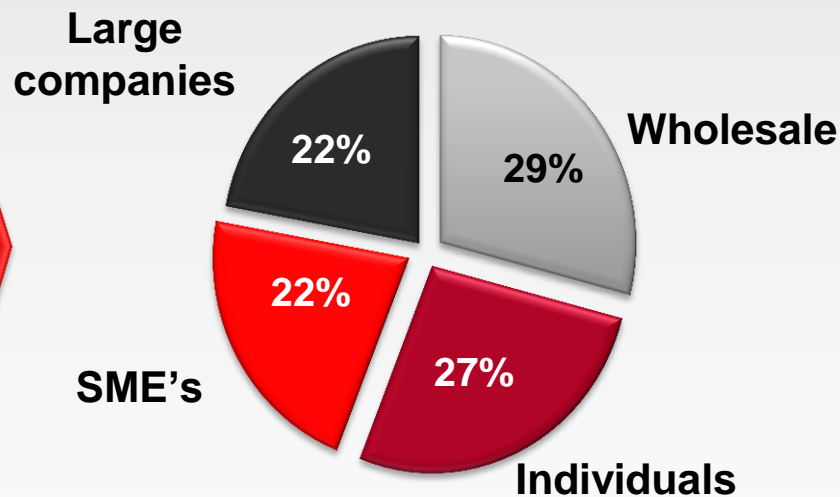
(3) Include only banking business

We focus our consumer strategy mainly on middle and high income segments through tailored offerings.

## Segmentation & High Monetization of Customer Base

- **2.3 million individual clients**
  - 87% are active clients
  - 43% are linked clients <sup>(1)</sup>
- **120.000 SMEs and corporate customers**
  - 77% are active clients
  - 50% are linked clients <sup>(1)</sup>
  - 300 are multinational groups

## Total income by segment <sup>(2)</sup>



(1) **Linked Clients:** clients with transactional account, debit card and 3 additional products (2) As of 31.03.2011

Source : Santander Río.

By using an extensive distribution network we aggressively pursue new SME and individual customers, and better approach our wholesale clients

## Differential Commercial Strategy

- Value-Added differentiated products that tailor the specific needs of our clients
- Special agreements with Retailers
- Emphasis on segmentation and customer service
- Wholesale clients as a lever of other segments  
(190,000 individual payroll accounts from large companies)



### Cards



### Accounts



### Personal Loans



### Agreements With Retailers



## Multi-Channel Distribution Network

703,303 Online Banking Users

12,200 mobile Banking Users

273 Telemarketing Positions

958 ATMs

2,625 Collection Centers

847 Self-Service Terminals

224 hotline Telephone positions

299 branches

168 service units for SME's and corporations

813 Third Party Sales Points

## Looking Forward 2013

- Positioned as the leading franchise
- Started expansion into key areas  
*Agricultural sector + Brazil related regions*
- Strong position in each commercial segment
- Well prepared to benefit from credit expansion and client growth

**Sustain high ROE through transactional banking and credit growth**

- Proven Transactional model with low cost of funds, and fee oriented income
- Strong balance sheet structure  
*Government debt / Assets = 5%*  
*Without currency gaps*  
*Loans to deposits = 77%*
- Hedge 1: Administrative expenses and fees
- Hedge 2: Interest rates of time deposits and commercial loans

### 2012 – 2013 FORECASTS

Prices / costs growth  $\approx$  20%

Fee and expenses growth  $\approx$  25%

Deposits and credit growth  $\approx$  25%

Improved margins due to deposits mix and changes in interest rates

NPL from 0.72% to 1.0%



