

# **GRUPO SANTANDER BRASIL**

## **Integration for leadership**

São Paulo. 31 October 2008

**Global Banking and Markets Brasil**

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# Our Objective in Brazil



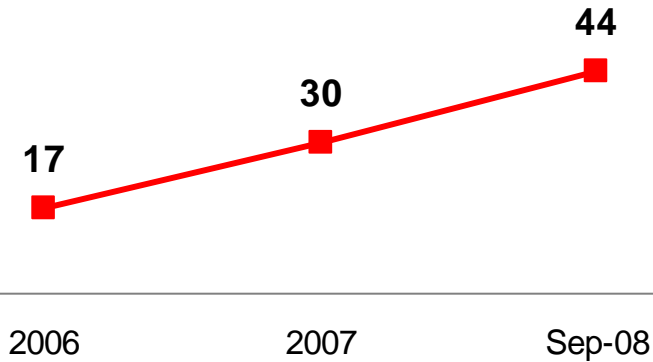
- **Wholesale Market in Brazil**

- **GB&M Brazil Positioning**

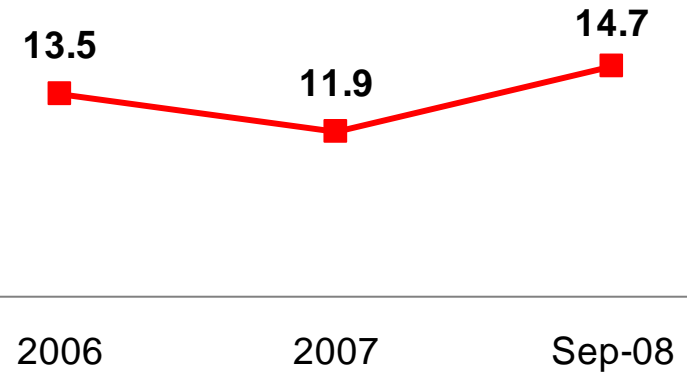
- **Strategy 2008-10**

# Higher credit volume given to corporate, increasing spreads, increasing tenor and decreasing delinquency rates.

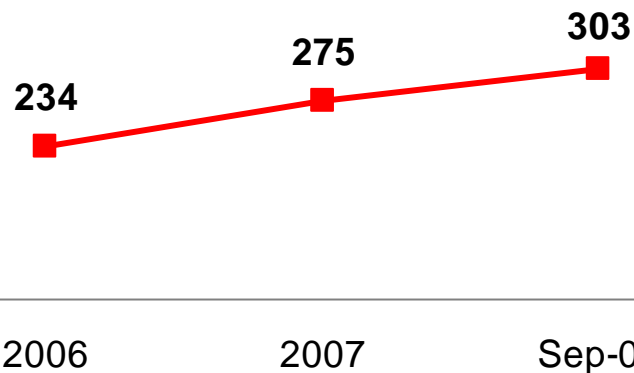
## YoY Credit Growth to Corporate<sup>(1)</sup> (%)



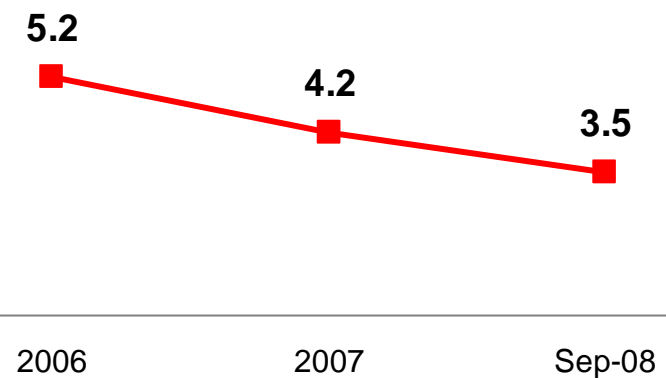
## Spread (%)



## Tenor (running days)



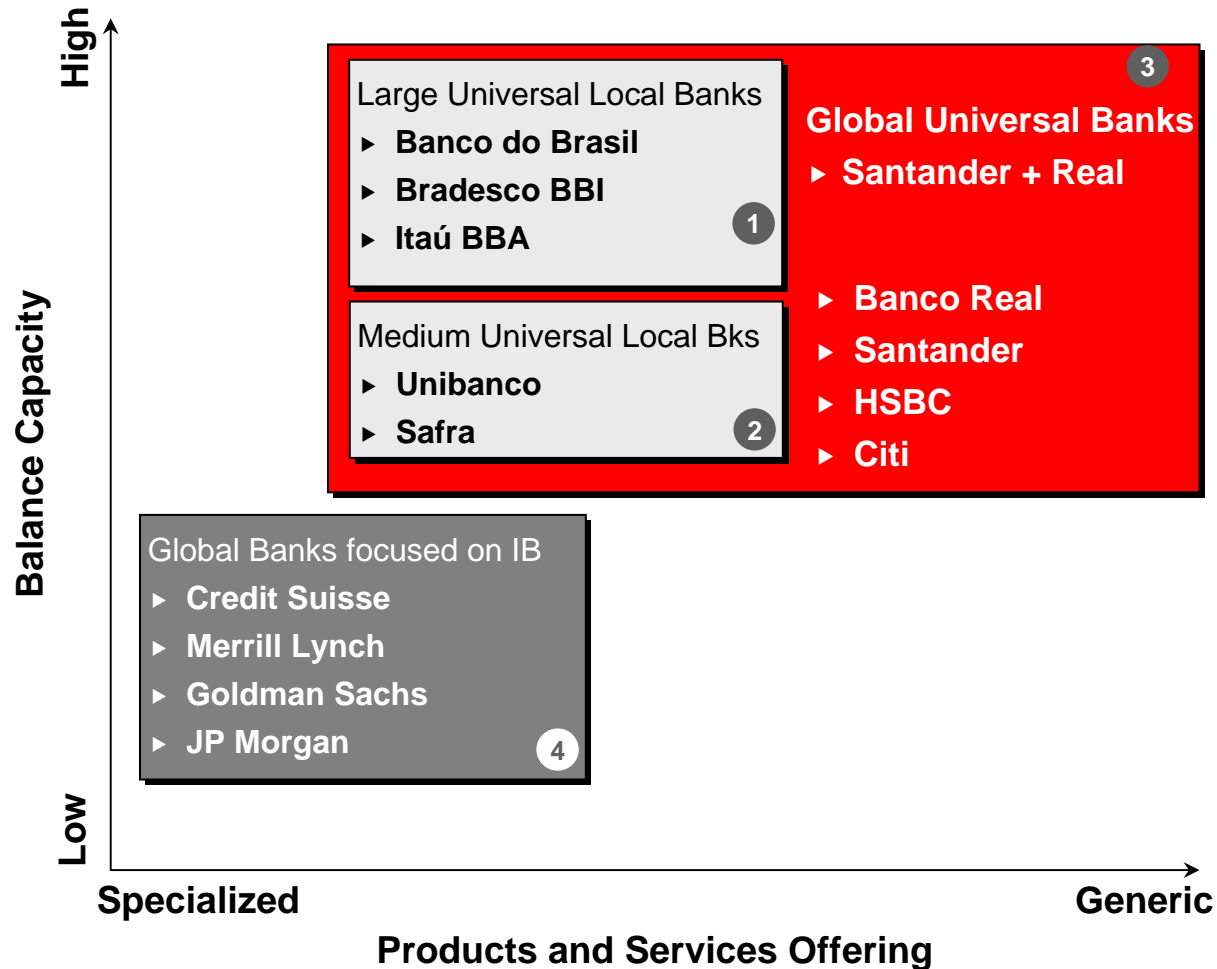
## Delinquency Rate (%)



Source: Brazil Central Bank; (1) Free Funds - This resources are based in Referential Credits of Interest Average. Excluding Leasing and Others Free Funds.



# Four models are predominant in the Brazilian Wholesale Market



## Main Characteristics

- 1 Large Universal Local Banks**
  - Wide products and services offering.
  - High balance capacity and capillarity to generate business.
- 2 Medium Universal Local Banks**
  - Similar to large banks, but with balance and coverage limitation.
- 3 Global Universal Banks**
  - Mix between local relationship and global structure and capabilities.
  - Balance capacity and financial strenght.
- 4 Global Banks focused on IB**
  - Strong specialization and team quality.
  - Access to international structure and market.
  - Focus on structured deals, mainly for large companies.

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# Business model and segmentation created to make Santander the leader in the brazilian wholesale market

## Business Model

### A Coverage Model

- Sector vision with the main clients.
- Regional coverage of emerging clients.
- Specialized teams to coverage global clients.
- Awarded research team.

### B Value Proposal

- Main clients strategic partner.
- Integrated product offering to emerging clients.
- Specialized treatment to global clients.

**1.363 companies with high potential to generate deals.**

### D Better Products

- Product Committee.
- Customized products and solutions to local and global clients.
- Development of governance mechanisms.

### C Risk Management

- Processes and analysis clear and objective.
- Operational agility and flexibility in the credit concession process.

## Segmentation Criteria

### Sector Clients

- ▶ Retail, Services & TMT
- ▶ Energy, Resources & FIG
- ▶ Infrastructure & Agribusiness
- ▶ Industrials

Revenues > US\$500 mln,  
except for automotive  
multinationals.

### Regional

Domestic capital  
companies with revenues  
between US\$200 mln and  
US\$500 mln.

### Multinational

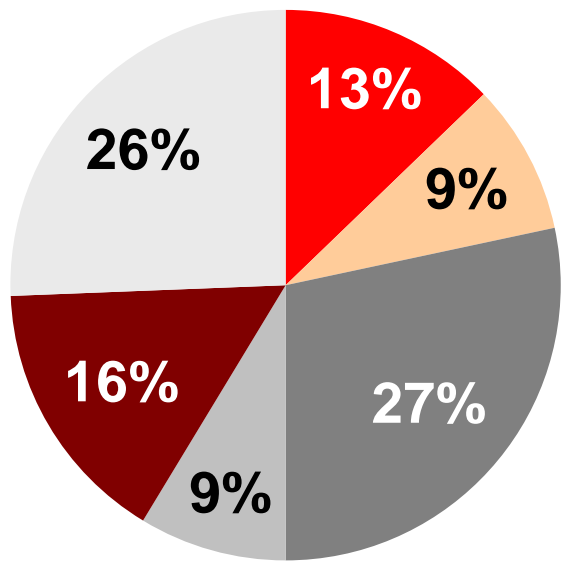
Automotive  
multinationals.  
Foreign capital  
companies with revenues  
between US\$200 mln and  
US\$500 mln.  
Global clients with  
revenues < US\$500 mln.



# Higher client portfolio diversification, guaranteeing a balanced source of revenues and less exchange rate exposure

## Segment Vision (Revenues 2008E)

BRL mln

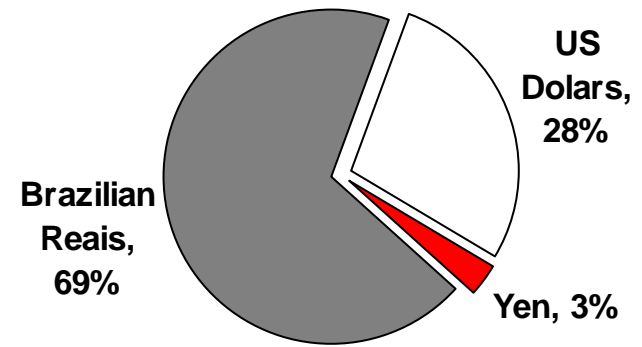


- Industrials
- Retail, Services & TMT
- Energy, Resources & FIG
- Multinationals
- Regional
- Infra. & Agribusiness

## Client Concentration (1.363 clients)



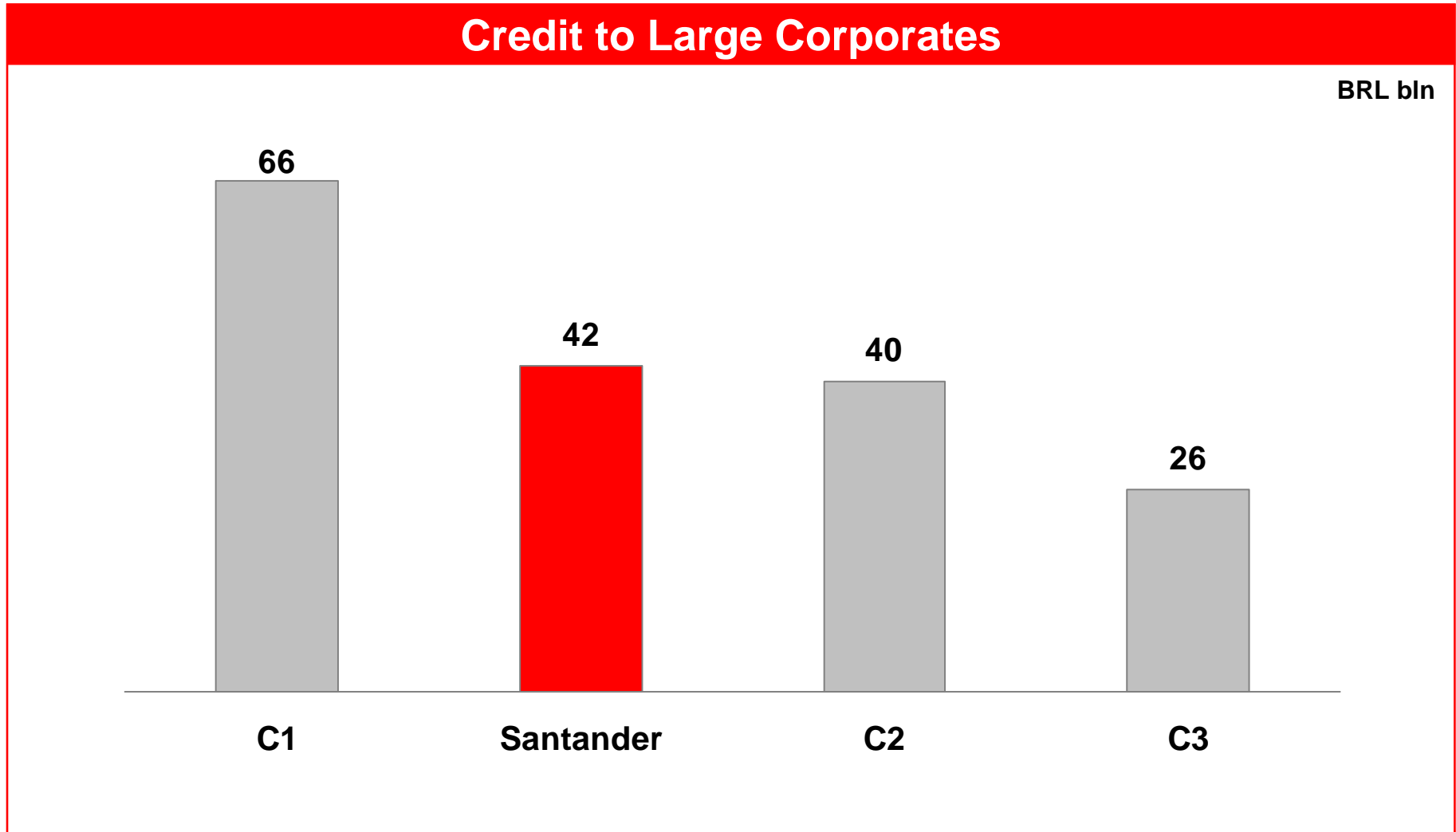
## Credit Assets Currency (USD 44bln)\*



\* Credit assets paid out to clients.

Source: MIS Santander

Balance strength enables Santander to give credit to companies in a low liquidity period, generating revenues to GB&M and value to shareholders.



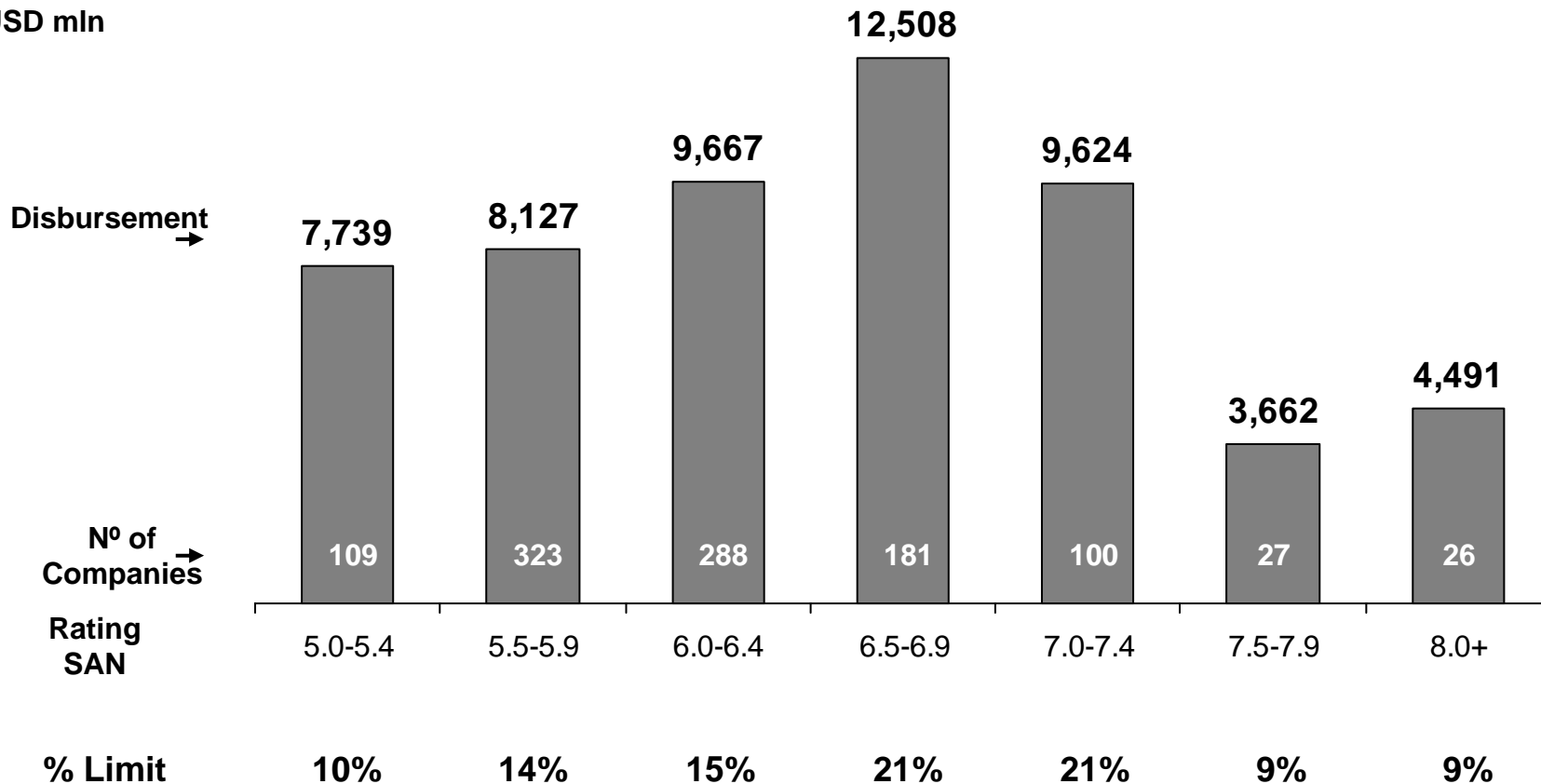
Source: Financial Statements 1H08

# Client portfolio with high rating and low default probability

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**Weighted Average Rating: 6.7**

USD mln

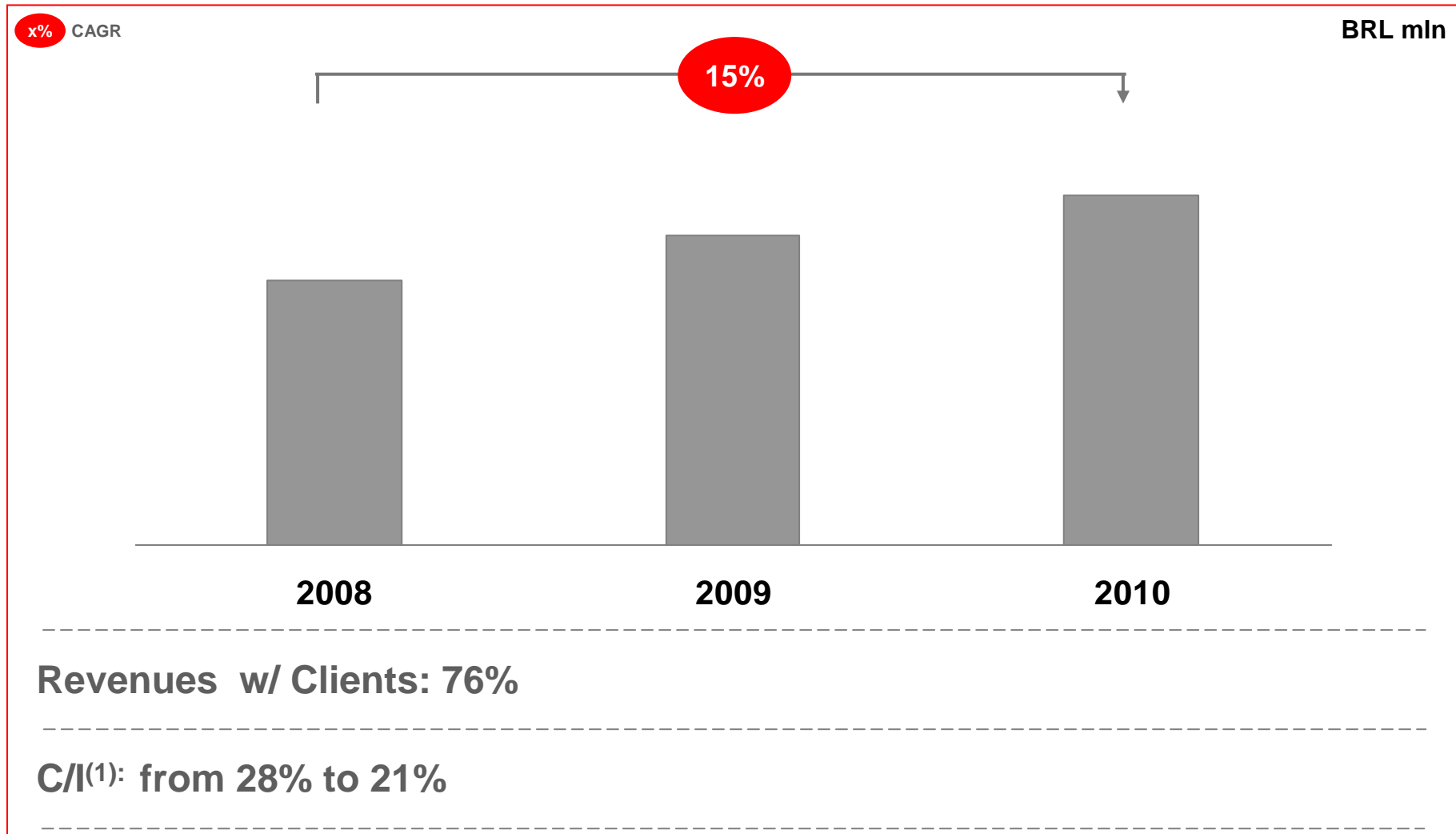


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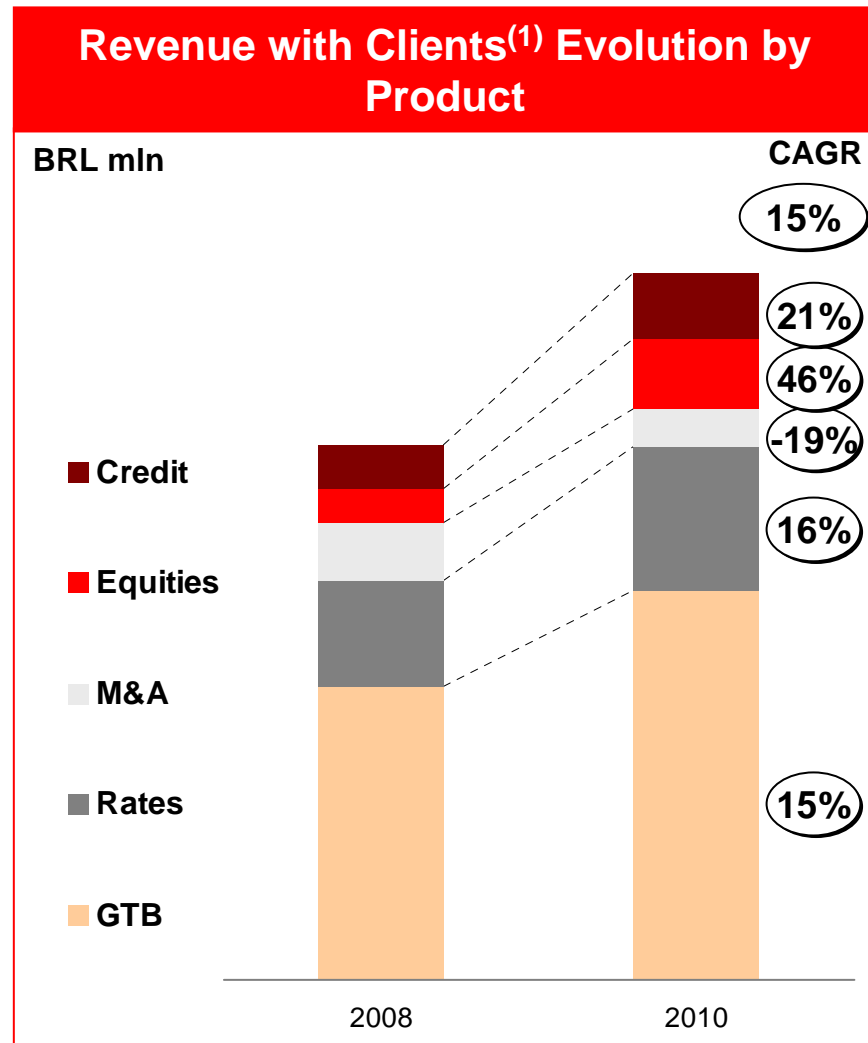
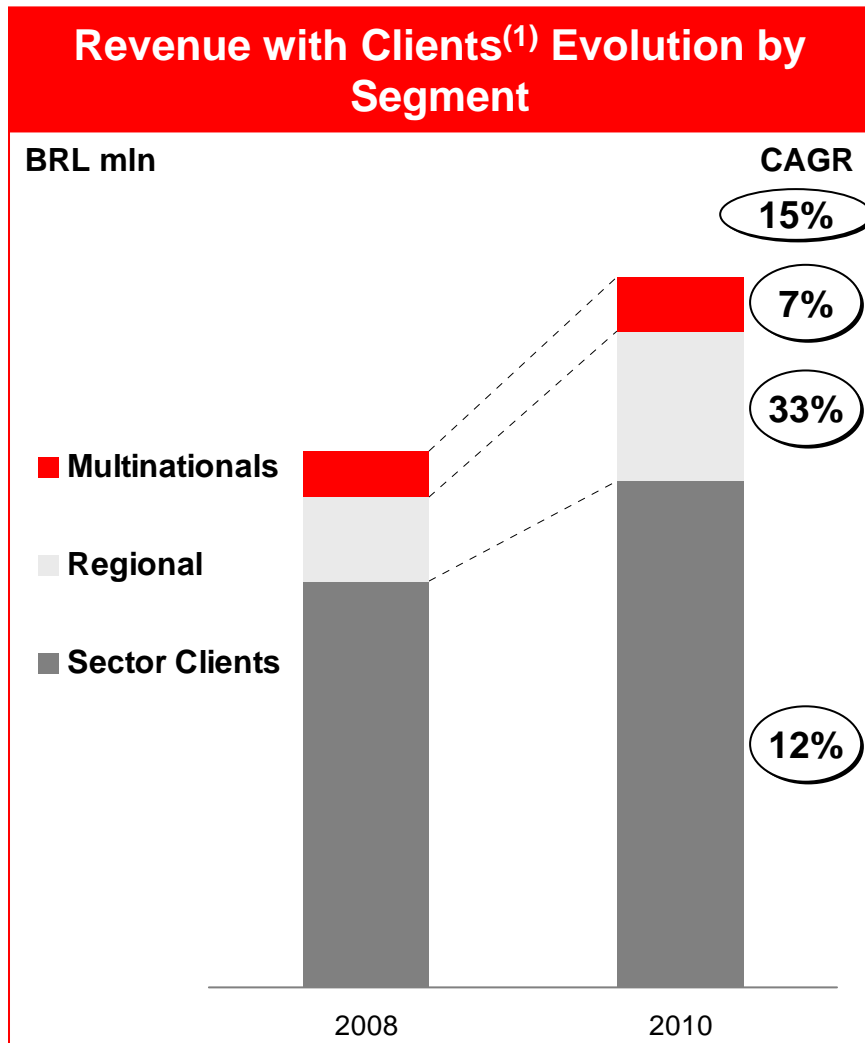
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# Annual growth rate of approximately 15% in GB&M Brazil total revenues until 2010...



Source: MIS Santander; (1) Cost to Income

# ...keeping the client portfolio diversification and improving the product mix.



Source: MIS Santander; (1) Considers only revenues which can be allocated to the segments, without "revenues sharing" with other segments.



# Integration Plan – GB&M

## Milestones

