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Agenda

- Overview of Brazilian Cards Industry
  - Santander Cards Issuer
  - Santander Cards Acquirer
Overview of Brazilian Cards Industry

Cards industry continues to show substantial growth rates, even considering the competitive scenario consolidation and recent regulation changes.

Source: ABECS. Prepared by Ferrés Consultoria.
Overview of Brazilian Cards Industry

*Cards transactions have been strongly replacing checks transactions last 10 years*

In billions transactions (cards include debit + credit)

Source: ABECS and BCB. Prepared by Ferrés Consultoria.
Overview of Brazilian Cards Industry

Lower income population’s tool as formal payment means and bank services inclusion

For classes D/E the ratio of card holder is higher than check account holders

<table>
<thead>
<tr>
<th>Economic classes</th>
<th>Total</th>
<th>AB</th>
<th>C</th>
<th>DE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Card holders (% of pop.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cards</td>
<td>67%</td>
<td>81%</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>45%</td>
<td>61%</td>
<td>38%</td>
<td>20%</td>
</tr>
<tr>
<td>Debit Cards</td>
<td>53%</td>
<td>70%</td>
<td>49%</td>
<td>19%</td>
</tr>
<tr>
<td>Check accounts holders (% of pop.)</td>
<td>67%</td>
<td>82%</td>
<td>64%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Researches Abecs. Survey on 11 metropolitan areas.
Overview of Brazilian Cards Industry

The relative lower participation as a mean of payment shows a relevant upside opportunity for Brazilian Cards Industry.

Higher utilization of cards in private consumption (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>12.4%</td>
<td>14.0%</td>
<td>15.8%</td>
<td>17.1%</td>
<td>19.1%</td>
<td>21.4%</td>
</tr>
</tbody>
</table>

...but below developed countries (2)

- Canada: 47%
- USA: 44%
- United Kingdom: 43%

(1) Source: ABECS and IBGE
(2) Source: ABECS, Bank of International Settlements, United Nations, IBGE
Overview of Brazilian Cards Industry

Card penetration, average ticket and transactions per card are still low in Brazil

Number of cards (MM)

~ 15 MM credit cards / year

Spend (R$ Bn)

CAGR: 21.1%

Average Ticket (R$ per transaction)

CAGR: 3.7%

Source: ABECS (Associação Brasileira das Empresas de Cartões de Crédito e Serviços)
Agenda

- Overview of Brazilian Cards Industry
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- Santander Cards Acquirer
Santander Cards Issuer – Role in the Value Chain

Sets rules for issuers and acquirers

Card Brands

Issues credit and debit cards

Issuers

Captures and processes transactions

Acquirers

Use credit and debit cards

Clients

Merchants
Santander Cards Issuer – our approach

To be the world’s best integrated cards monoliner within a retail bank…

Monoliner

✅ Product focus
✅ Specialized capabilities
✅ Direct channels: Telemarketing / Mailings
✅ Global specialized systems

Retail Bank

✅ Access to customers’ base
✅ Traditional channels: branches / agents
✅ Brand
✅ Economies of scale

… contributing to improving our local banks’ performance
Santander Cards Issuer – our model

Is based on managing all levers along the product lifecycle …

ACQUISITION

- Product innovation and…
- Unlimited
- Platinum
- Reward
- Free
- Mini Card
- Light
- Flex
- Launch strategies
- Multichannel management

PORTFOLIO MANAGEMENT

- Activation
- Spending
- Outstandings
- Retention

Depth of customer relationship

VALUE

Specialized risk management

Profitability

… supported by an end-to-end view of RISKS and TECHNOLOGY
Santander Cards Issuer – our model

The Business expansion will be held in two dimensions: Customer Base and Profitability per Account

Increase the profitability by using the card’s platforms as a distribution channel for other banking products and services.

1Q10△Profitability per Account

1Q09

Net income

Continuous product innovation as a growth lever

(1) Source: Internal data

10%
Santander Cards – market position

In Brazil, where our model is already well established, our market share has improved significantly.

Note 1: Competitor data as of December, 09, source Competitor Quarter Reports, BCB and internal analysis.
Santander’s current Market Share as of December, 09

Note 2: Include non interest bearing due to unpaid balances
Santander Cards Issuer – continuous growth

The Credit market continues to show substantial growth rates, even considering the competitive scenario consolidation and recent regulation changes.

Key Observations:

- ~80% of the Cards Market is concentrated at the top 4 Banks (Banco do Brasil, Itaú, Bradesco and Santander).
- There is an important opportunity for cards revolving growth.
- Relevant regulation changes are being implemented, representing significant opportunities for issuers and new acquiring business players.

Note 1: Source Banco Central do Brasil, including +360 days balance.
Note 2: Source ABECs – Brazilian Cards Association.
Santander Cards Issuer – 1Q10 performance

The business growth is leveraged by Cards Accounts expansion…

Key Notes

- Cards Accounts has presented sustainable growth, year over year
- Cards Accounts growth rate has continuously increased quarter over last quarter, reflecting our strategy

<table>
<thead>
<tr>
<th>Cards Accounts (MM)</th>
<th>Cards (MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q09</td>
<td>4Q09</td>
</tr>
</tbody>
</table>

YoY growth
Quarter annualized growth
Santander Cards Issuer – 1Q10 performance

... generating relevant revenue increase

**Net Fee (R$ MM)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Fee (R$ MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q09</td>
<td>171</td>
</tr>
<tr>
<td>1Q10</td>
<td>213 (+25%)</td>
</tr>
</tbody>
</table>

Source: Santander Income Statement 1Q10
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Santander as Issuer and Acquirer

Card Brand

Sets rules for issuers and acquirers

Issues credit and debit cards

Issues credit and debit cards

Captures and processes transactions

Uses credit and debit cards

Issuers

Acquirers

Clients

Merchant
Santander’s Experience in Other Countries

- Sovereign
- Puerto Rico
- Mexico
- Colombia
- Argentina
- UK
- Spain
- Portugal
- Totta
- Santander
- Santander + Acquiring Partners
New Model: Santander (Acquiring + Financial Services)

FINANCIAL SERVICES + ACQUIRING - packaged in a suitable value offer to corporate clients
Partnership Santander & GetNet

Creation of a Partnership leveraged by GetNet's technological expertise and POS network

- Brand
- MASTERCARD License
- Integrated value offer – Acquiring and Banking Business
- Commercial Model – Distribution/Pricing
- Communication and Media

“Time To Market”

- Investment in Capturing Network and Processing Platform
- Other POS Capturing Services
- 165 POS (Capturing Terminals - 2009)
Entrance in the Acquirer industry through a technological partner - GetNet Tecnologia

GETNET TECNOLOGIA
Campo Bom – RS

CORREA DA SILVA GROUP

- Domestic Capital
- N&SP – Network and Service Provider
- Customized solutions for capturing, authorization and processing of transactions and information
- Main Clients: Goodcard, Banco BNG, Serasa, Microsoft, Base Card, Wal-Mart, Brasil Telecom, Claro, Tim, Vivo, Telefonica, Oi, Embratel, CTBC, Amazonia Celular, Banco Matone, etc.
- Over 800 employees
- Annual turnover of R$ 2,29 Bn (2009)

- Technological Platform for capturing, authorizing and the processing of transactions
- 165 thousand POS
- Services at Capturing Terminals:
  - Mobile Recharge
  - “Vale Transporte” (transportation ticket) Recharge
  - “PAT Alimentação e Refeição” (meal ticket)
  - “Cartão Convênio” / Private Label / Cobrand
Santander Conta Integrada: Innovative value propose

Santander (Acquiring + Financial Services) & Getnet = Capillarity Synergy and corporate client base + technological knowledge

- A “Win-win” Relationship: the bank recognizes the financial volume of the client in transactions made with MASTERCARD brand credit card:
  - Reduction of up to 100% of checking account fee for financial transaction volume over R$ 3 thousand/month in each POS
  - 5 days without interest rate charge by using overdraft
  - Guaranteed Account or Working Capital limits based on financial transaction volume multiples negotiated in the POS
- Corporate current account with integrated bank domicile
- POS connection using both dial-up and/or broadband.

SECUNDARY BENEFITS:
- Competitive rates for prepayment of receivables
- Prepayment of receivables through POS (pioneer in the market)
- Call center support to merchants 24hours / 7 days
- Mobile Recharge
- SERASA / RECHEQUE* consultancy
- Regional cards capture

* Credit Bureau
Santander Conta Integrada: products offering engine for companies

Besides seizing the value of a high profitability business, it also provides:

- Higher transaction financial volume from corporate clients.
- Loan portfolio growth mitigating the risks.
- Increase of corporate client base and improvement of the competitive market position.
- Improvement on the relationship with corporate customers and, consequently, increase of number of products and services per client.
- Be the first bank of our corporate client.

GOALS FOR 2012

- 150,000 new current accounts originated via the acquiring business
- 300,000 new affiliated merchants
- A share of 10% in the financial transaction volume of the card market
Santander is the pioneer in launching this acquiring model in Brazil.

The partnership provides the bank access to a network of more than 160,000 merchants and to GetNet’s know how.

The credit card industry is expected to grow around ~20% p.y. and double its size in 4 years.

This strategy focuses on strengthening the relationship with SME clients – main competitors are banks.

Santander Conta Integrada – “Win-Win” relationship between the bank and small and middle market companies (SMEs).