



Portugal



Q1'22

Institutional Presentation

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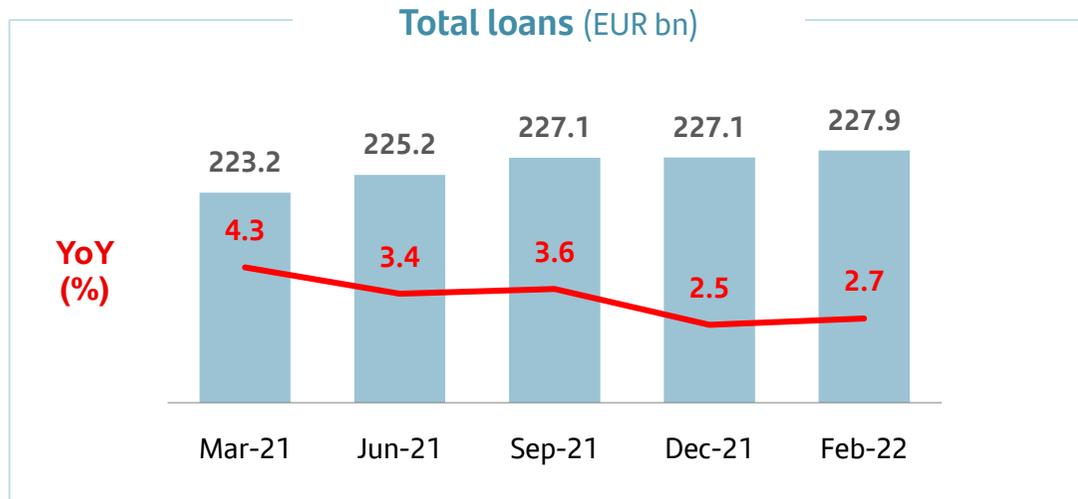
The information contained herein is in accordance with the Bank of Portugal's criteria. Unless otherwise stated, data in this presentation refers to consolidated figures for Santander Totta SGPS, the group's holding company in Portugal. BST is Santander Totta SGPS' main operating unit, aggregating the group's retail banking business in Portugal.

Macroeconomic environment and financial system

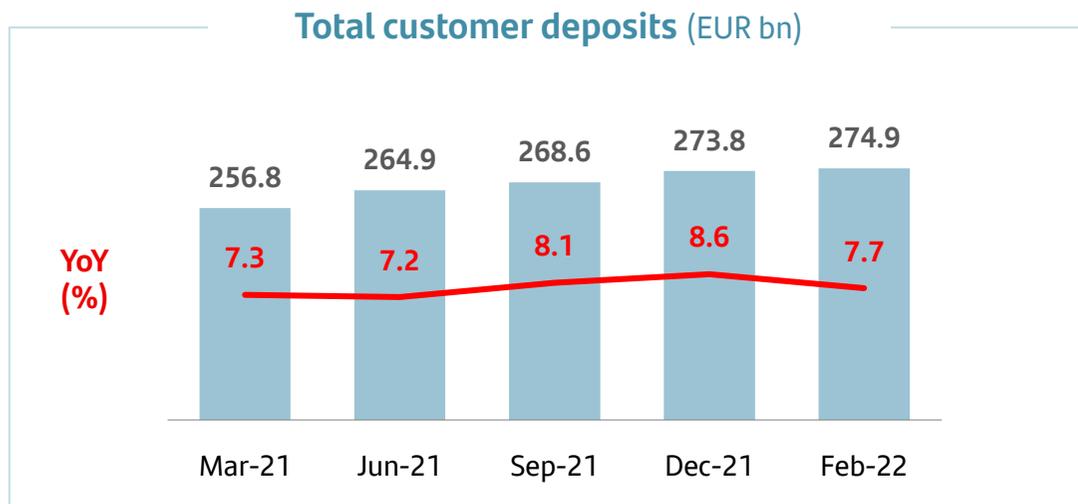


01

Sustained loan growth, led by new mortgage origination. Savings remain elevated, reflected in strong deposit growth



- ▶ New loans continued to grow, especially mortgages, which had the highest new business volumes since 2008 (>EUR 1.2 bn/month)
- ▶ Corporate loans grew at a more moderate pace, also reflecting base effects related to state guaranteed lines granted in 2021.
- ▶ Total loans continued growing, but at a more moderate pace.



- ▶ Total deposits continued to grow steadily, but the reopening of the economy is being reflected in higher spending, with a subsequent deceleration in the savings rate.

Strategy and business



02

Santander Portugal aims to provide best-in-class service to its customers, maintaining a leadership position in lending

KEY DATA	Q1'22	YoY Var.
 Customer loans	EUR 40.8 bn	+2.1%
 Customer Deposits	EUR 39.3 bn	+8.4%
 Attributable profit	EUR 155.4 mn	>200%
 RoTE ¹	15.0%	+11.4 pp
 Efficiency ratio	36.5%	+240 bps
 Loans market share ²	17.9%	+8 bps
 Deposits market share ²	14.4%	-18 bps
 Total customers	3,004 k	-1.5%
 Digital customers	1,019 k	+5.0%
 Branches ³	344	-10.9%
 Employees ³	4,721	-20.7%



Strategic Priorities

- ▶ Consolidate the commercial and digital integration model
- ▶ Grow organically in terms of profitable market share, improving our lending leadership position
- ▶ Maintain our position as market leaders in efficiency, improving the cost base
- ▶ Maintain an appropriate risk policy with high credit quality and strong capital position

We continue our digital transformation focused on providing first class omni-channel service to customers



- ▶ Our commercial and digital transformation aiming at providing first class service to customers continues to be reflected in sustained growth in the number of loyal customers (+6%)
- ▶ We aim to provide a seamless experience across channels, translated into the continued increase in digital customers (+5%)

Santander Portugal is fully committed to supporting the digital and green transitions...

More digital

Customers with remote manager (k)



Digital / Active Customers (%)



New One App

All the benefits, exemptions and discounts of Mundo 123

Investments and portfolio management using eBroker in the app

Greener



Most reputable Bank in ESG in Portugal

EUR 200 mn in commercial paper classified as Sustainability-linked Loans

EUR 360 mn in funding to renewable energy

Leading position in loans for urban renewal

Better Service

Best Bank in Portugal



Supporting Ukraine:
Fees waived, simplified account opening
Donations to aid refugees

... and further embedding ESG to build a more responsible bank



Environmental: supporting the green transition

EUR 200 mn

in commercial paper classified as Sustainability-linked Loans

EUR 360 mn

Financing to Onex for acquisition of wind farms

EUR 77 mn

Financing to Medway ROSCO for the acquisition of electric locomotives and intermodal wagons

EUR 43 mn

Contracts financed under IFRRU¹ 2020 this year

EUR 74 mn
Green Mortgages

100%
electricity from renewable sources in 2021



Social: building a more inclusive society

Measures to support Ukraine:

>1,340 employees

contributed for Solidarity Fund and the Bank will match the amount raised (until 31 March)

28 Volunteers

reunited 178 Ukrainian refugees with their families in Portugal

>445 k

financially empowered people 2019-2021

37%

women in senior positions in 2021



Governance: doing business the right way

Embedding **new Corporate behaviours – T.E.A.M.S.**
(videos with several board members)

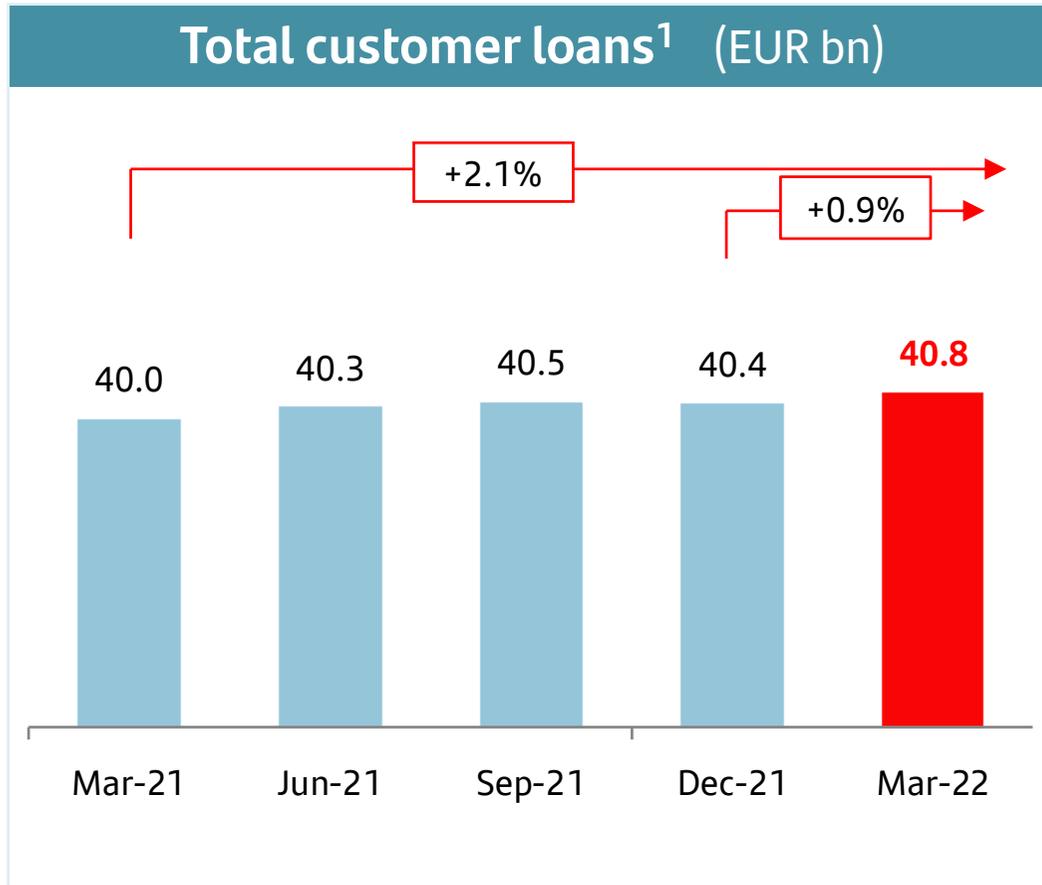
Provided laptops and mobile phones

to all employees to promote digitalization and provide our customers with the best service

43%

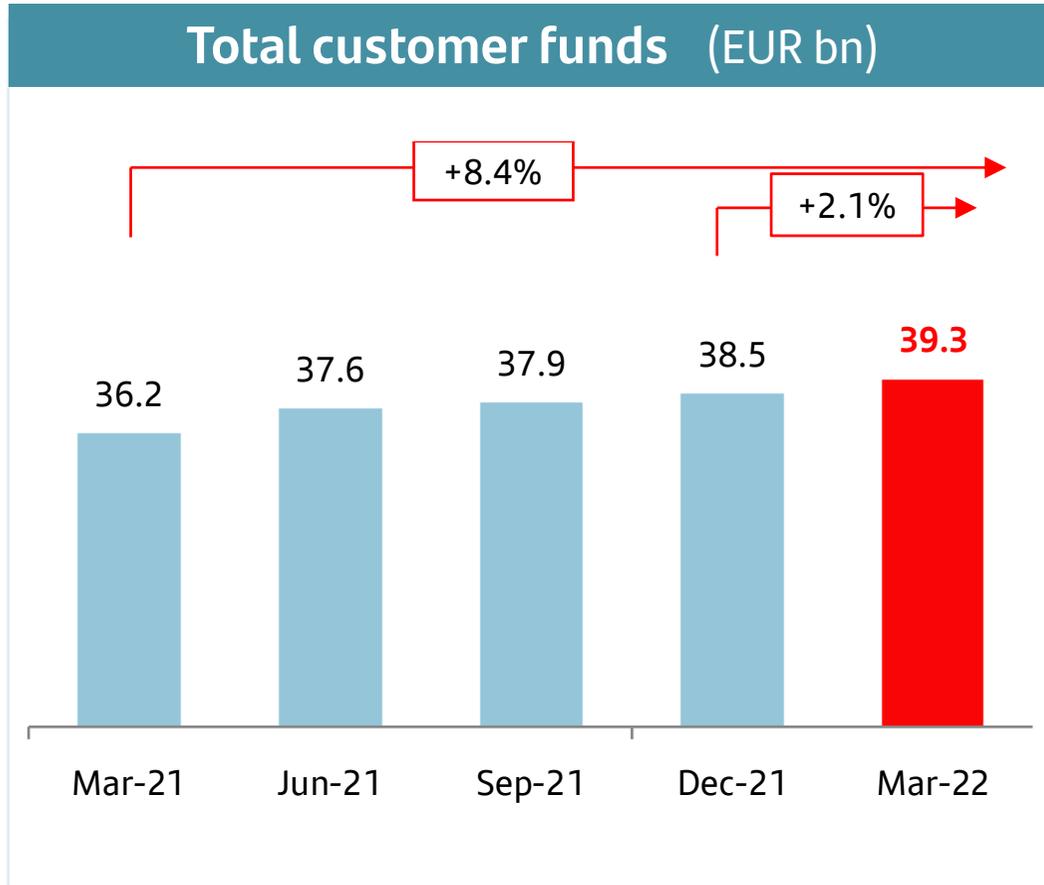
women on the board

Dynamic loan origination to individuals, especially in mortgages, offset by redemptions in corporate loans



	Mar-22	YoY (%)	QoQ (%)
Individuals	24.4	+6.2	+1.5
Mortgage	22.3	+6.5	+1.6
Consumer and other	2.1	+3.8	+0.8
Corporates	16.1	-2.0	+0.4

Balanced growth in customer funds



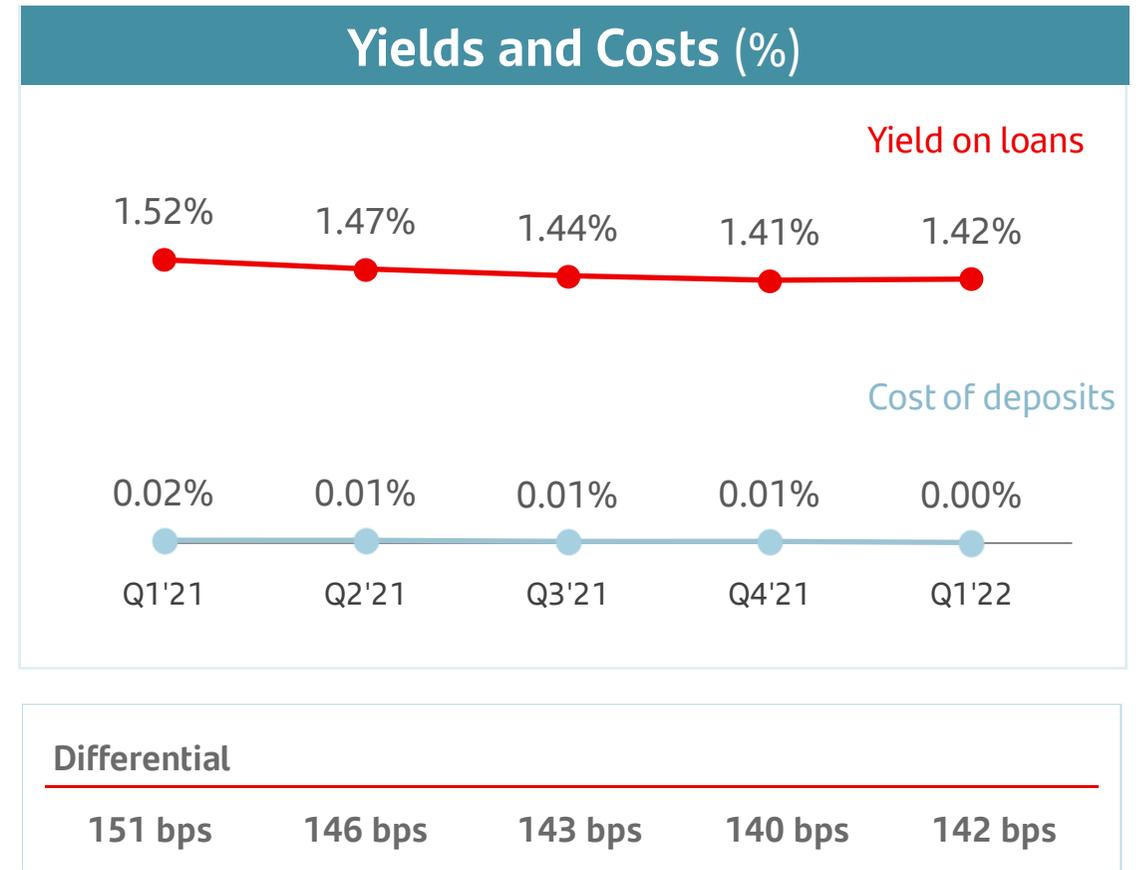
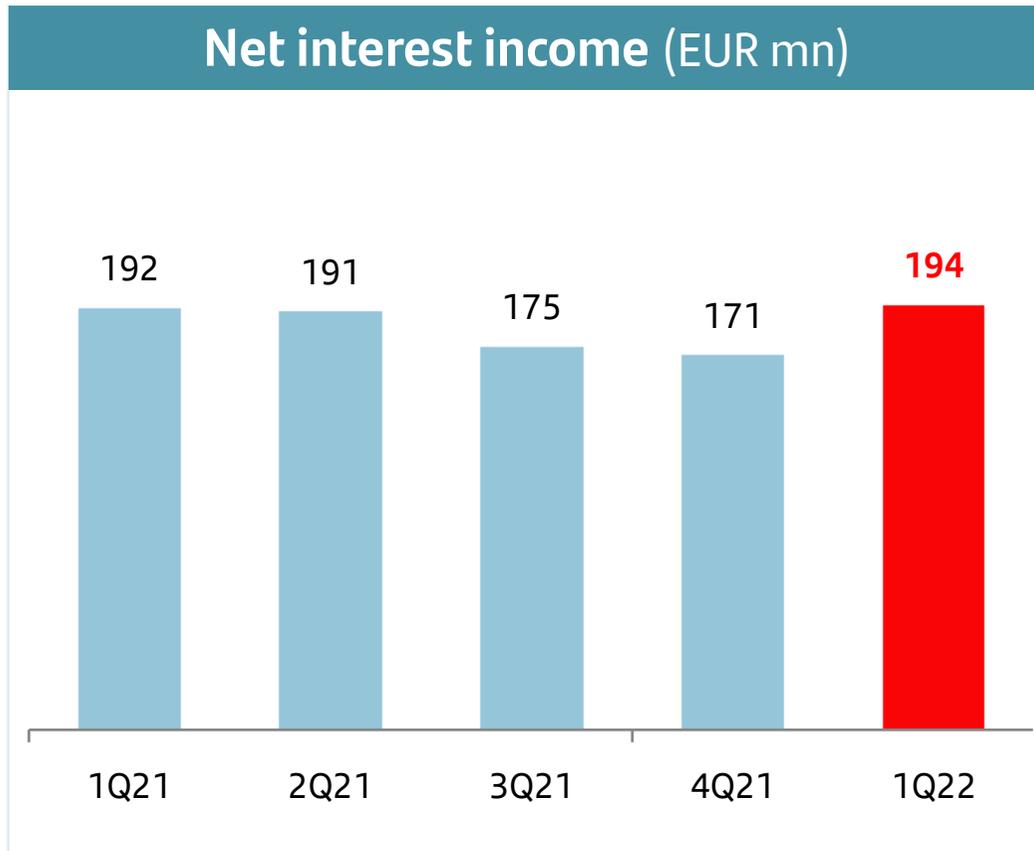
	Mar-22	YoY (%)	QoQ (%)
Deposits	39.3	+8.4	+2.1
Off Balance Sheet Resources	8.2	+7.6	-3.6
Investment Funds	4.1	+13.6	-5.6
Insurance and other	4.1	+2.2	-1.6
Total Customer Funds	47.5	+8.3	+1.1

Results

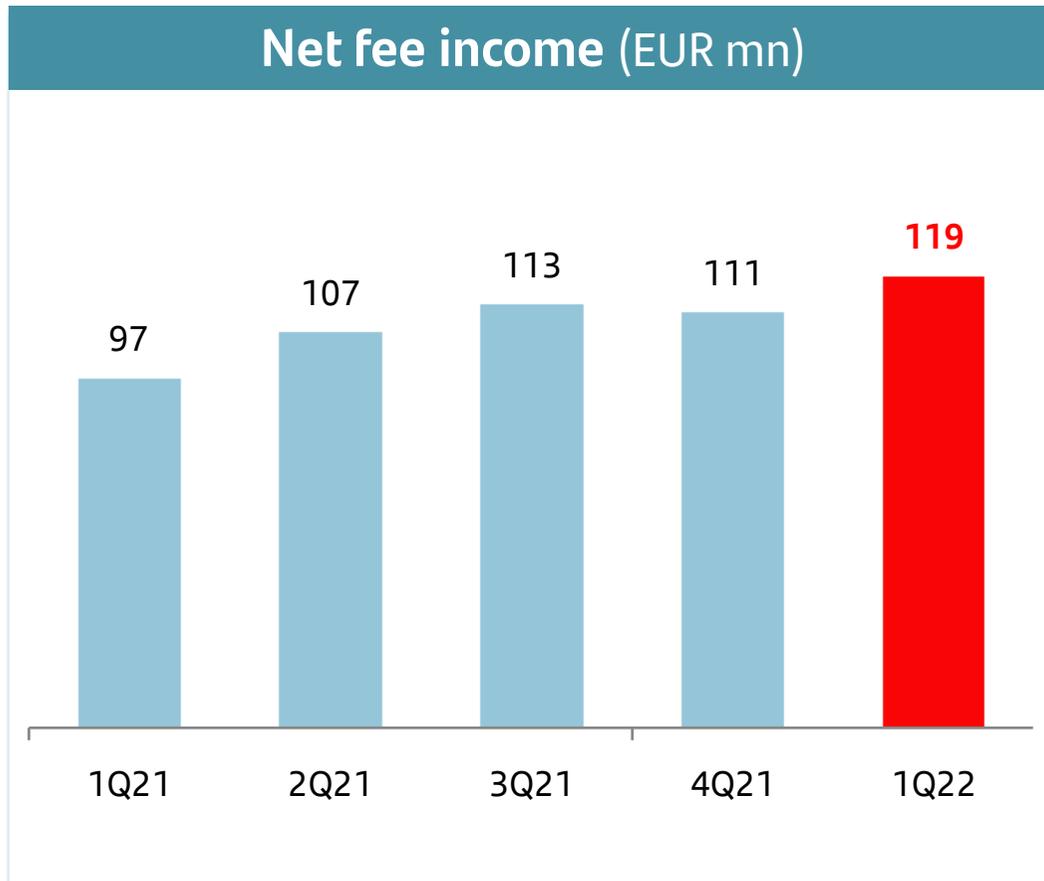


03

NII was flat YoY, with higher volumes and lower cost of deposits offsetting the pressure on spreads

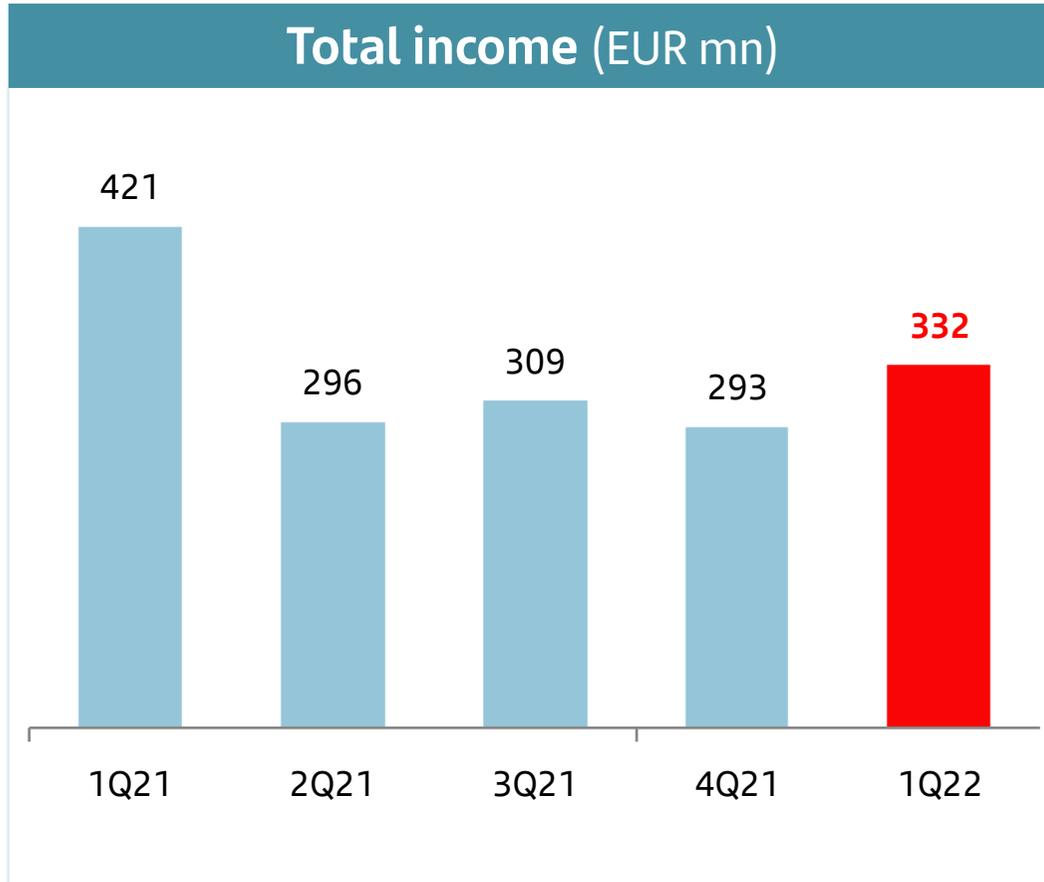


Net fee income up 23% underpinned by strong new mortgage lending and normalization of economic activity



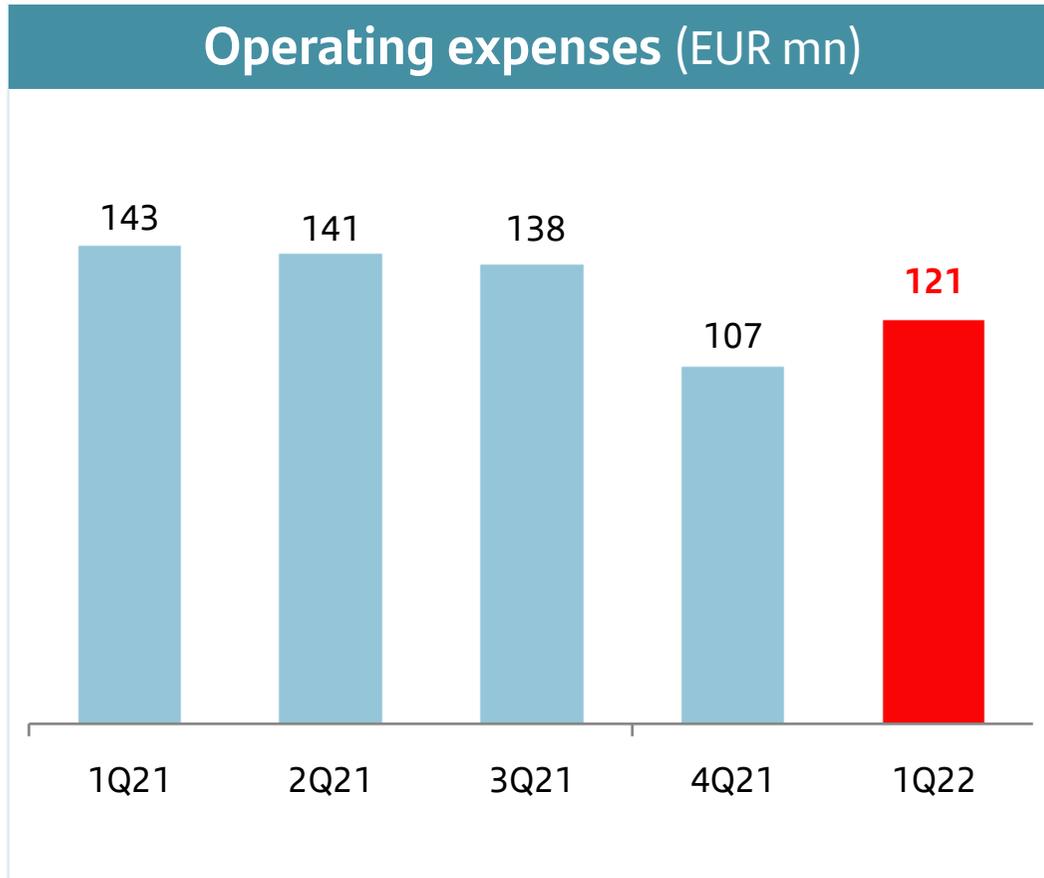
	Q1'22	Q1'21	YoY (%)	QoQ (%)
Credit	19	16	+23.4	+0.9
Credit cards	28	22	+26.6	+8.6
Mutual funds	10	8	+23.2	-4.1
Insurance	31	27	+16.1	+3.6
Other	31	24	+28.7	+19.8
Total	119	97	+23.3	+7.4

Customer revenue increased by 8% supported by net fee income. ALCO sales in Q1'21 impacted total income performance YoY



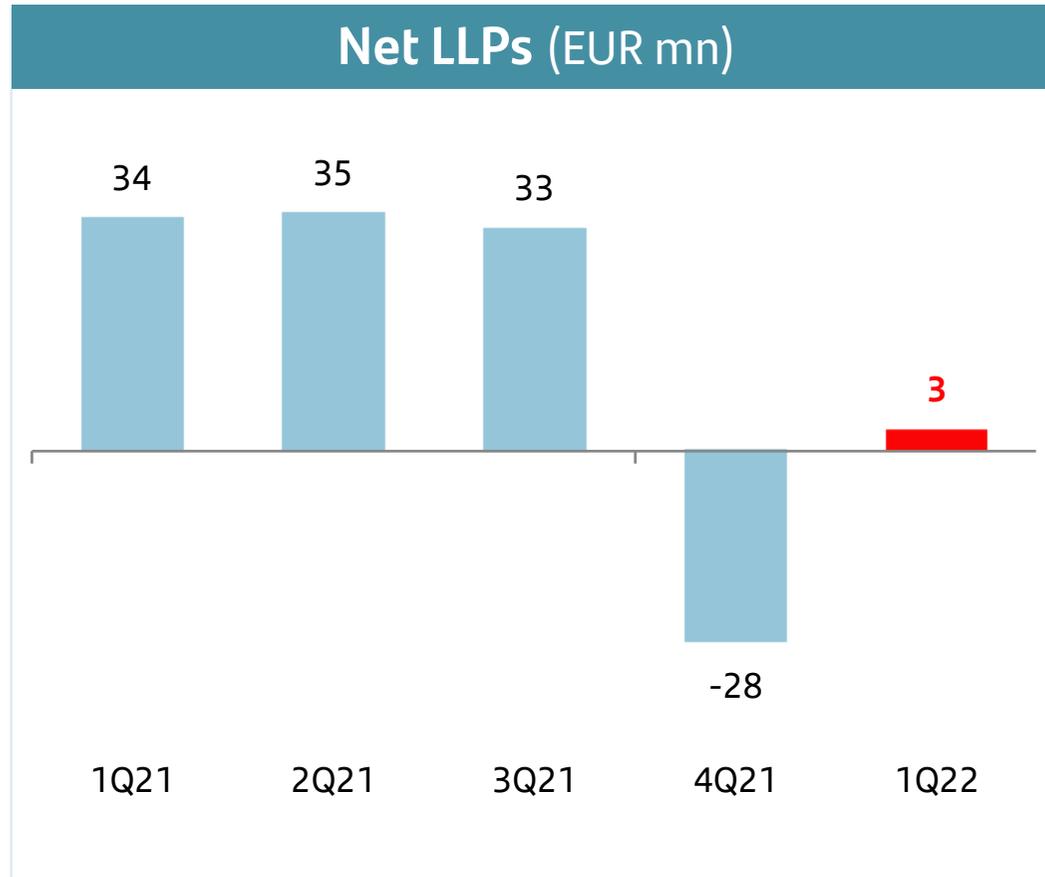
	Q1'22	Q1'21	YoY (%)	QoQ (%)
Net interest income	194	192	+0.7	+13.3
Net Fees	119	97	+23.3	+7.4
Customer revenue	313	289	+8.3	+11.0
Other	19	132	-85.8	+102.0
Total income	332	421	-21.2	+13.8

Operating expenses declined 16% YoY, as a result of the commercial and digital transformation process



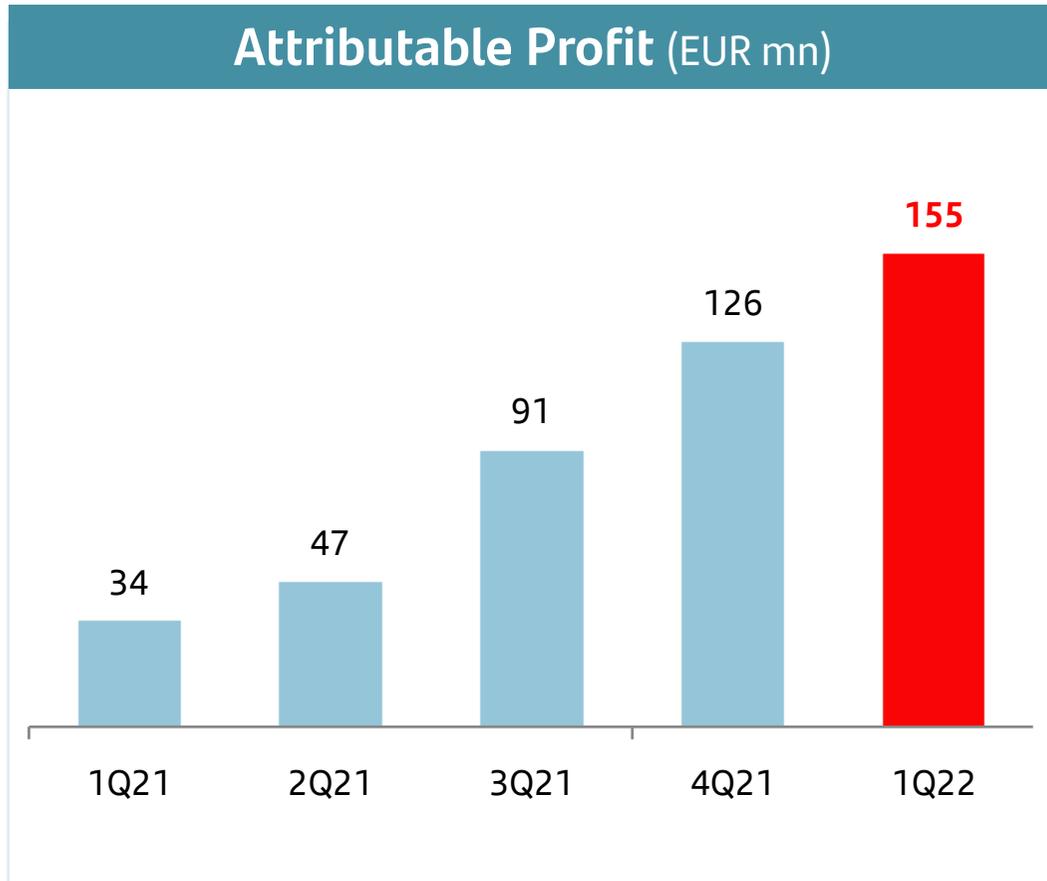
	Q1'22	Q1'21	YoY (%)	QoQ (%)
Operating Expenses	121	143	-15.6	+13.4
Efficiency ratio (with amortisations)	36.5%	34.1%	+2.4pp	-0.1pp
Branches in Portugal (#)	344	386	-42	-4
Employees in Portugal (#)	4,721	5,954	-1,233	-84

Improving asset quality and resilient economic conditions are reflected in the progressive normalization in the cost of credit



	Q1'22	Q1'21	YoY (%)	QoQ (%)
Net Operating Income	231	282	-18.3	>200
LLPs	-3	-34	-91.1	-
Net Operating Income after LLPs	227	248	-8.4	>200
NPE ratio	2.3%	2.6%	-0.4pp	-0.0pp
NPE coverage ratio	81.4%	74.7%	+6.7pp	+0.4pp
Cost of Credit ⁽¹⁾	0.10%	0.48%	-0.4pp	-0.1pp

Attributable profit increased to 155mn



	Q1'22	Q1'21	YoY (%)	QoQ (%)
Profit before taxes	226	23	>200	+20.7
Taxes and MI	-70	12	-	+13.5
Attributable Profit	155	34	>200	+24.2

Santander Portugal volumes supported by mortgages and corporates. Efficiency benefitted from the transformation process, while asset quality improved



Financial System

- ▶ Economic activity grew at a steady pace in Q1'22, although in March consumer and business confidence declined, due to the war in Ukraine and higher energy and commodity prices
- ▶ Loan growth supported by strong new mortgage origination, while corporate loans grew at a more moderate pace
- ▶ Deposits continued to grow strongly, while market volatility temporarily affected the attractiveness of mutual funds



Strategy & Business

- ▶ Santander Portugal maintained its support to households and companies, with market shares in new lending to mortgages above 20% in Q1'22. Growth in customer funds, both deposits and mutual funds
- ▶ We remain focused on our digital transformation process, with the aim to achieve top customer satisfaction, best in class cost-to-income and attractive financial performance, including sound capital and liquidity



Results

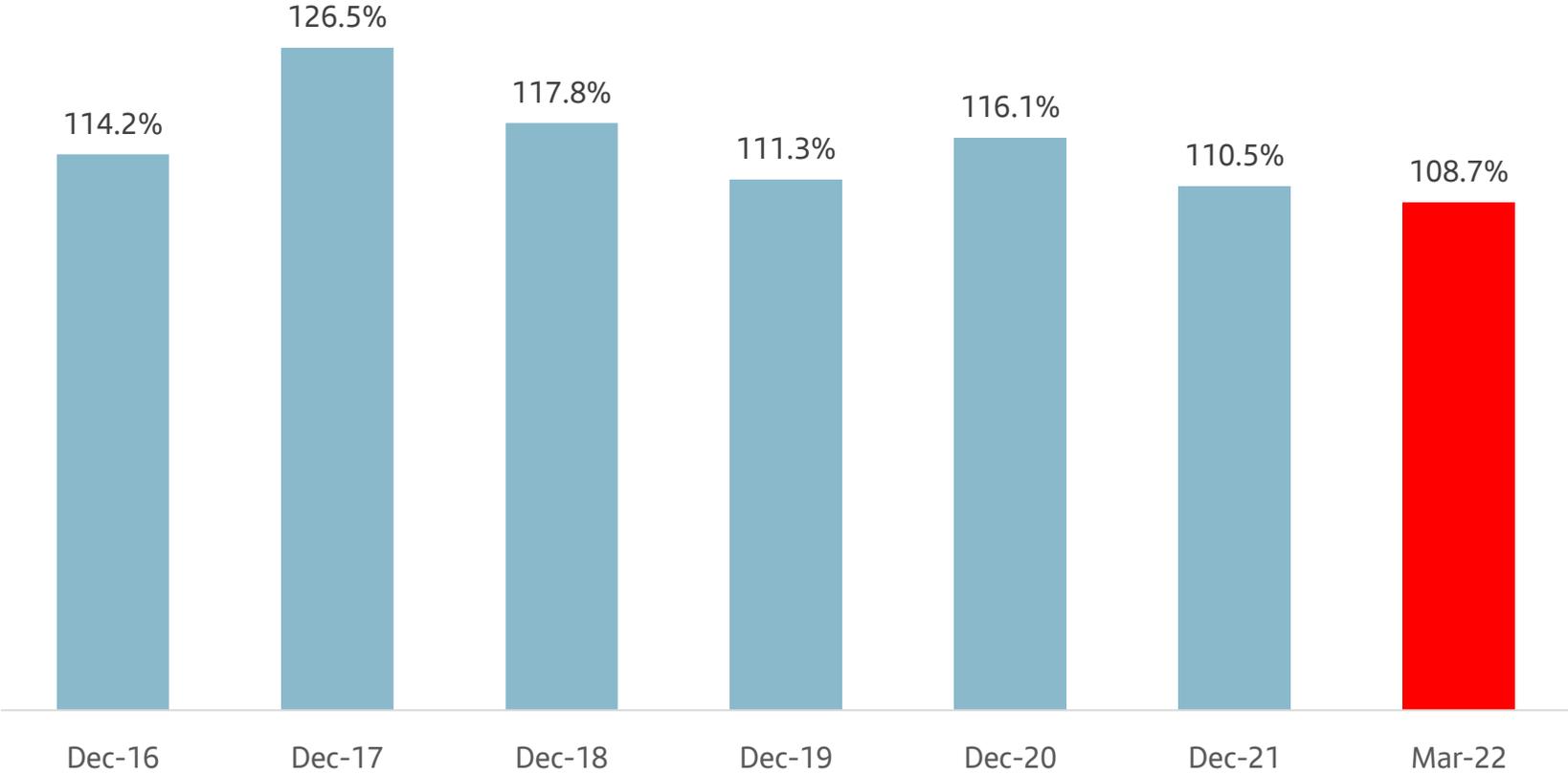
- ▶ Higher customer revenue led by strong growth in net fee income, driven by improved commercial activity and customer transactionality
- ▶ The commercial and digital transformation process contributed to improved customer loyalty and reduced operating costs
- ▶ Asset quality continues to improve which, together with sustained economic activity, allowed a normalization in the cost of credit
- ▶ Attributable profit increased to €155mn, as a result of better customer revenue and lower costs

Financial and liquidity management

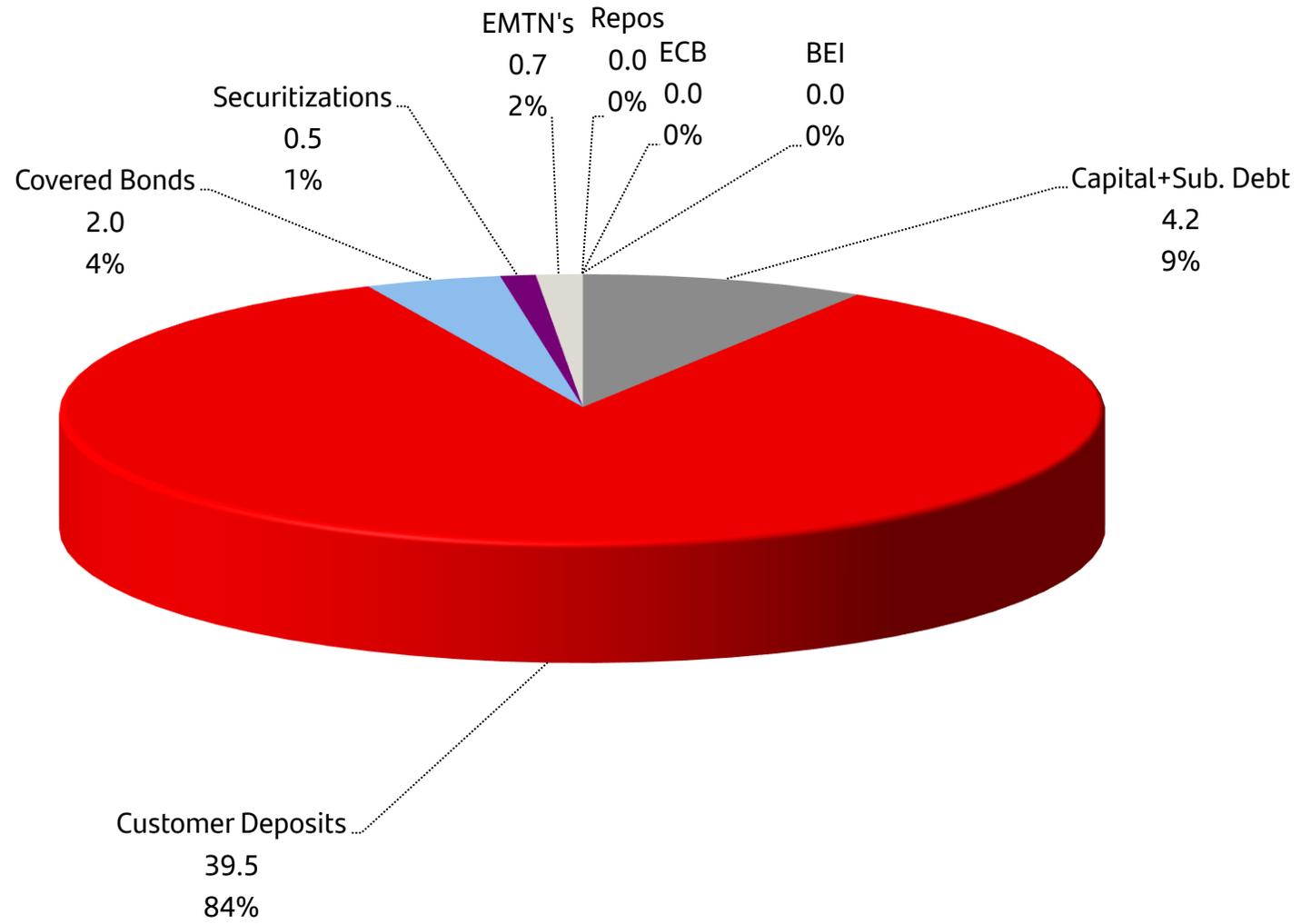


04

Loans to Deposit Ratio

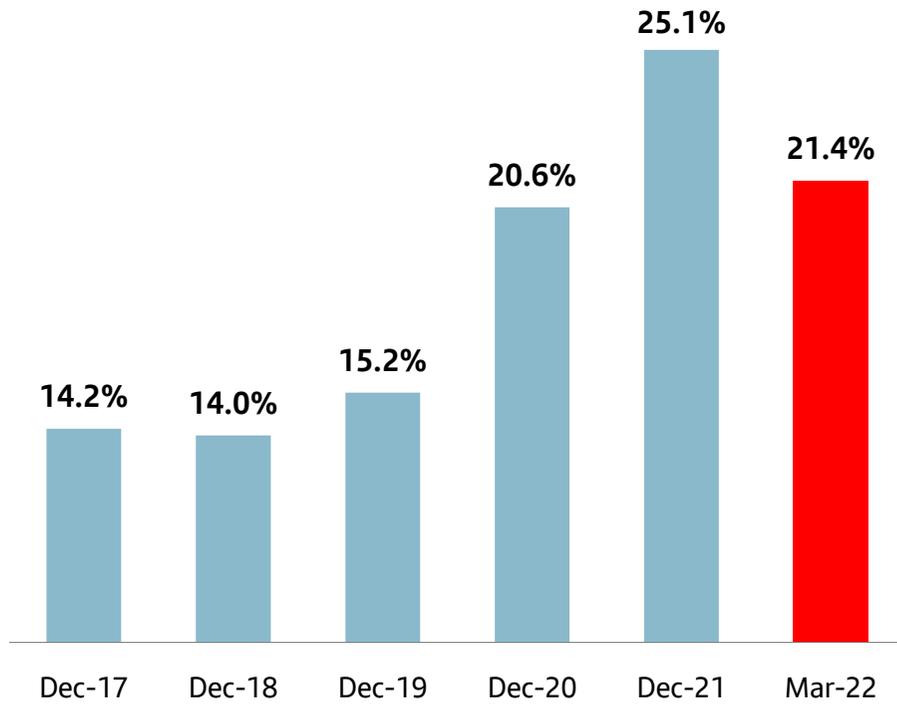


Funding structure

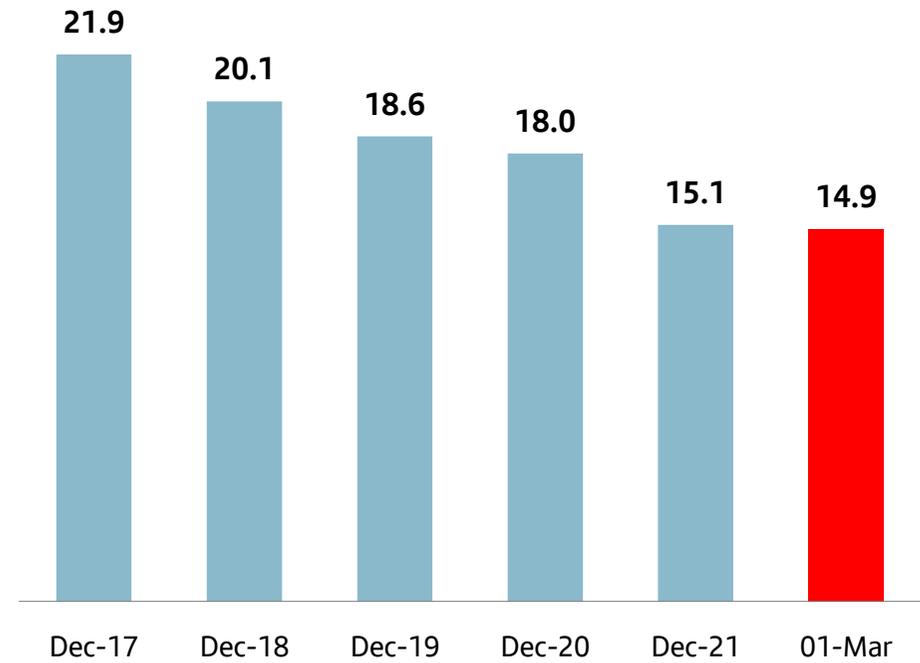


As of Mar/22

CET 1 – full implemented



RWA (bn€)



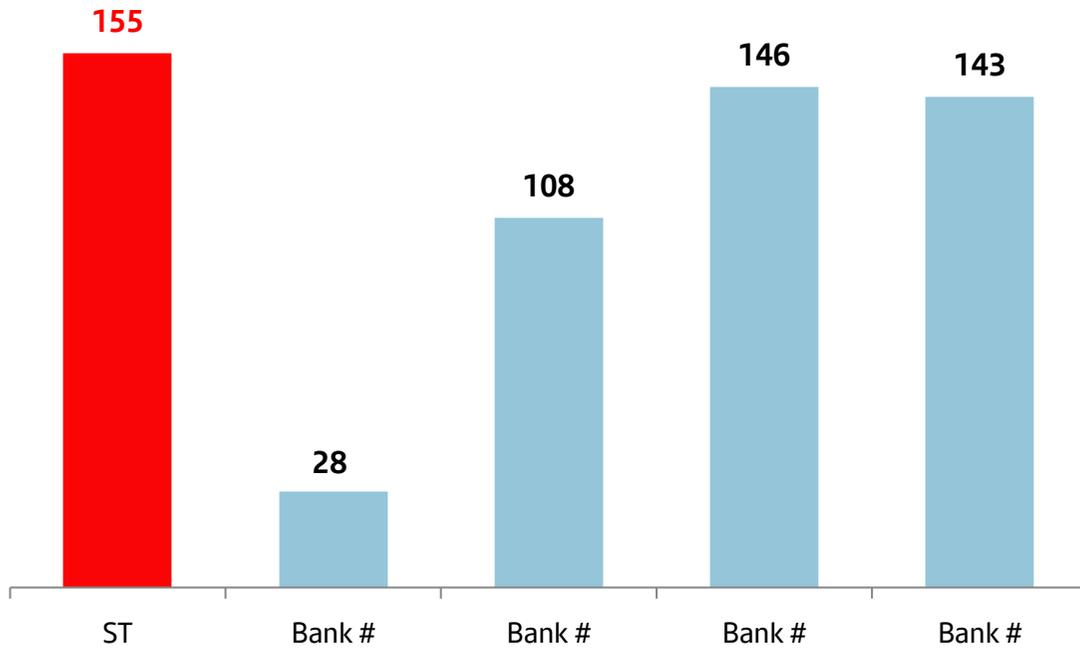
Benchmarking



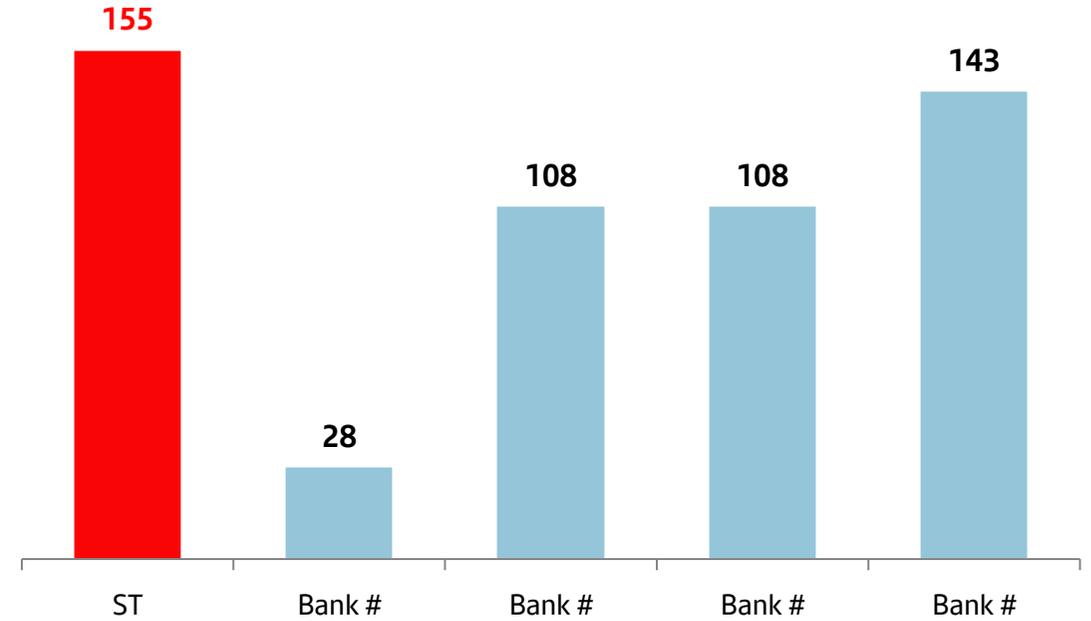
05

Resilient and sustained profitability

Net Income – Consolidated (M€)

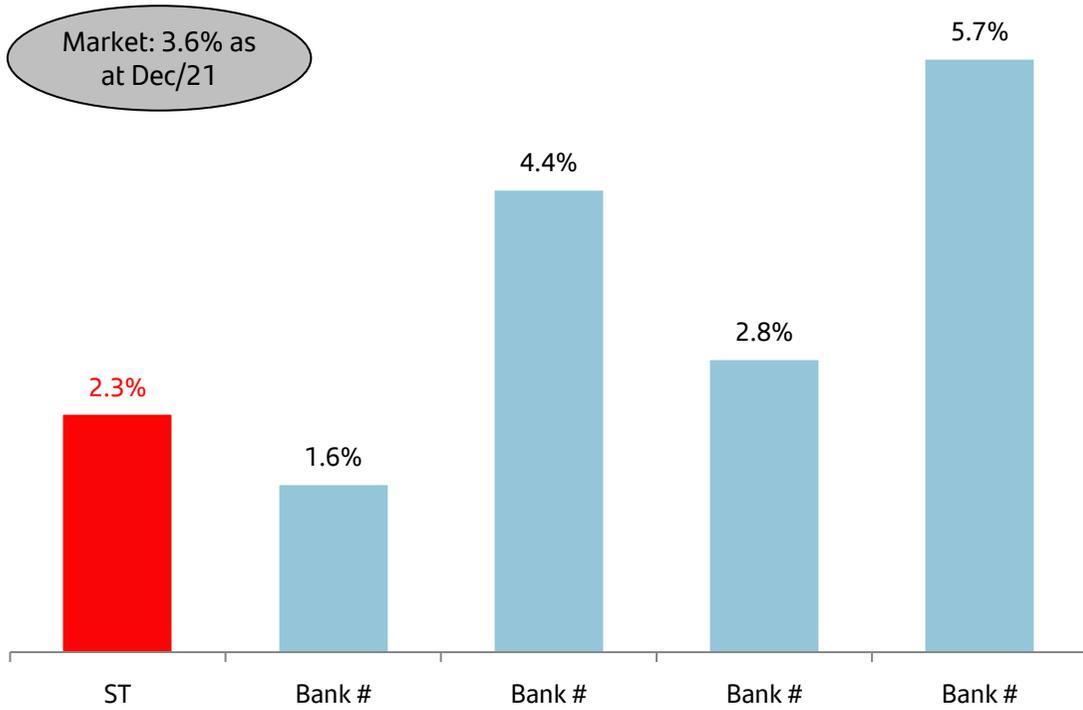


Net Income – Domestic (M€)

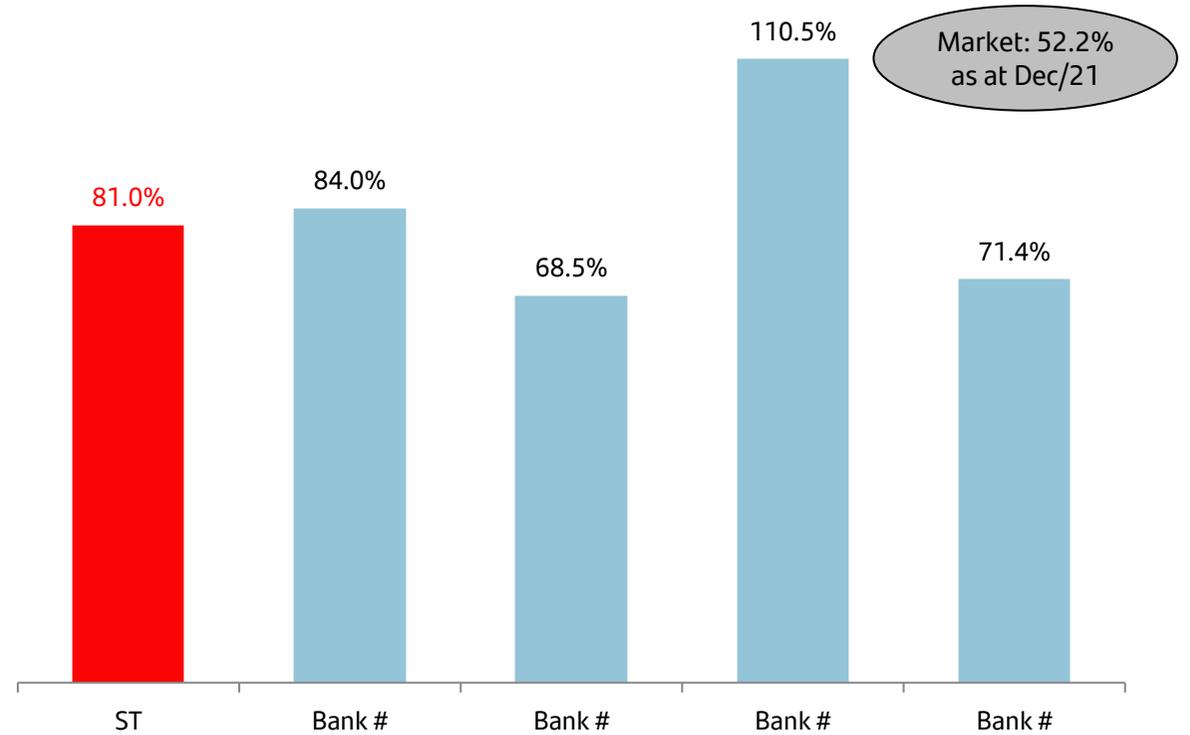


As at Mar/22

NPE Ratio

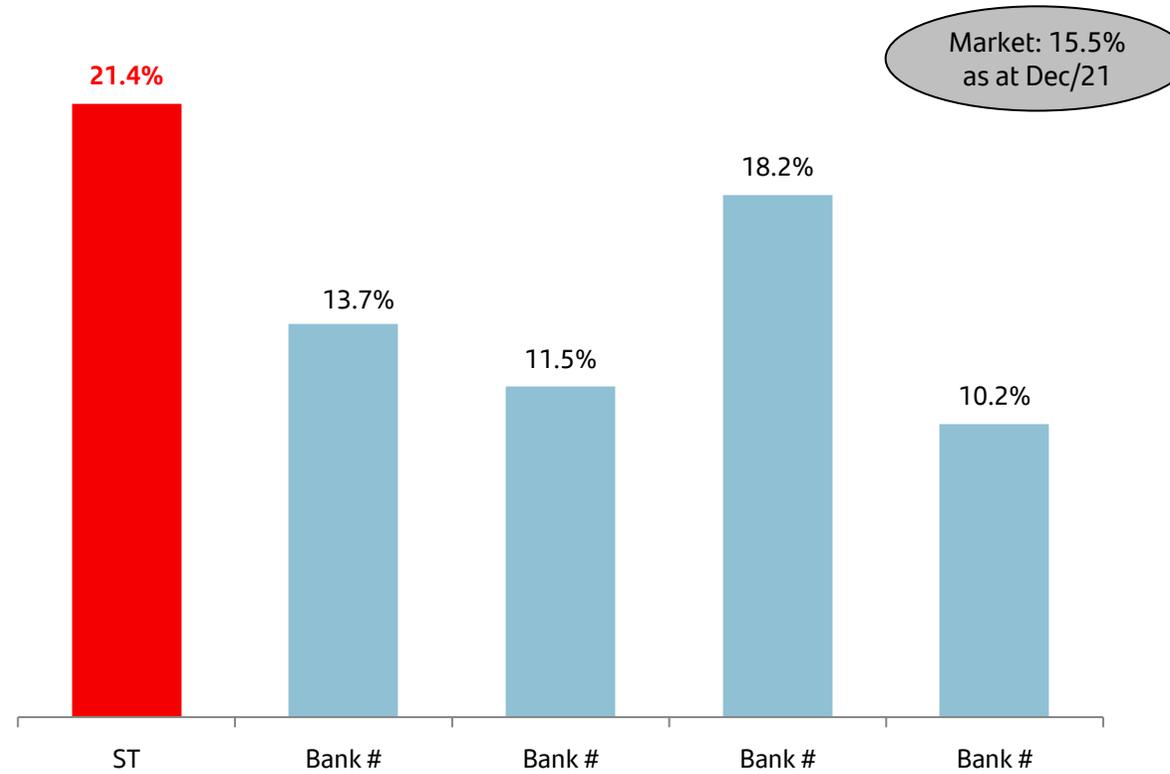


NPE Coverage Ratio



As at Mar/22

CET 1 (full implemented)



As at Mar/22

DBRS

A	
Al	
BBBH	
BBB	Bank 1
BBBL	Bank 2
BBH	
BB	
BBL	
BH	Bank 4
B	
BL	

Fitch

BBB+	 Bank 3
BBB	
BBB-	Bank 1
BB+	
BB	Bank 2
BB-	
B+	
B	
B-	
CCC+	
CCC	

Moody's

Baa2	 Bank 1 Bank 3 
Baa3	
Ba1	Bank 2
Ba2	
Ba3	
B1	
B2	
B3	
Caa1	
Caa2	Bank 4

S&P

BBB	 Bank 3 
BBB-	
BB+	
BB	Bank 2
BB-	
B+	
B	
B-	
CCC+	
CCC	
CCC-	

Appendix



06

Santander Totta, SGPS

Balance Sheet (million euros)	Mar-22	Mar-21	Var.
Cash, cash balances at central banks and other demand deposits	9,168	6,566	+39.6%
Financial assets held for trading, at fair value through profit or loss, and at fair value through other comprehensive income	9,282	10,094	-8.0%
Financial assets at amortised cost	40,583	39,998	+1.5%
Investments in subsidiaries, joint ventures and associates	99	129	-23.5%
Tangible assets	493	592	-16.6%
Intangible assets	35	38	-8.4%
Tax assets	331	431	-23.3%
Non-current assets held for sale	39	52	-25.7%
Other assets	263	227	+15.5%
Total Assets	60,292	58,127	+3.7%
Financial liabilities held for trading	529	835	-36.7%
Other financial liabilities mandatory at fair value through profit or loss	3,220	3,215	+0.2%
Financial liabilities at amortised cost	50,365	46,858	+7.5%
Resources from Central Banks and Credit Institutions	7,651	7,870	-2.8%
Customer deposits	39,281	36,233	+8.4%
Debt securities issued	3,171	2,539	+24.9%
Of which: subordinated debt	8	8	-0.0%
Other financial liabilities	262	216	+21.3%
Provisions	193	427	-54.7%
Technical provisions	654	703	-6.9%
Tax liabilities	370	376	-1.6%
Other liabilities	771	982	-21.5%
Total Liabilities	56,102	53,396	+5.1%
Share capital attributable to ST SGPS shareholders	4,188	4,730	-11.4%
Non controlling interests	2	2	-6.4%
Total Shareholders' Equity	4,190	4,732	-11.4%
Total Shareholders' Equity and Total Liabilities	60,292	58,127	+3.7%

Santander Totta, SGPS

Income Statement* (million euros)	Mar-22	Mar-21	Var.
Net interest income (without dividends)	193.9	192.5	+0.7%
Dividends from equity instruments	0.0	0.0	-
Net interest income	193.9	192.5	+0.7%
Results from Associates	4.2	2.8	+48.4%
Net fees	119.1	96.5	+23.3%
Other banking income	3.5	-19.5	-
Insurance activity	3.1	4.3	-29.1%
Commercial revenue	323.7	276.6	+17.0%
Gain/loss on financial assets	8.1	144.2	-94.4%
Net income from banking activities	331.7	420.8	-21.2%
Operating costs	(121.0)	(143.3)	-15.6%
Staff expenses	(65.0)	(80.2)	-19.0%
Other administrative expenses	(44.5)	(50.4)	-11.7%
Depreciation	(11.6)	(12.7)	-9.3%
Net operating income	210.7	277.5	-24.1%
Impairment of financial assets at amortised cost	(3.0)	(34.0)	-91.1%
Net provisions and other results	17.9	(220.9)	-
Income before taxes and MI	225.6	22.5	>200%
Taxes	(70.1)	11.7	-
Minority interests	(0.1)	(0.0)	>200%
Consolidated net income	155.4	34.2	>200%

(*) Not audited

Thank you.

Our purpose is to help people
and business 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



FTSE4Good