

RESULTS JANUARY – MARCH 2022**Santander Portugal achieves net profit of € 155.4 million**

In the first three months of the year, Santander continued to record a positive performance, in line with the work carried out in 2021, while still going through a pandemic context, to which the war in Ukraine brought additional uncertainty.

Despite the difficult context, the measures taken throughout the pandemic have allowed us to become a more agile financial institution in times of crisis, better prepared to support our customers. The loan portfolio remained stable (+1.2%), with emphasis on the mortgage loan segment, which remains very dynamic. Customer resources also kept a favourable evolution (+8%), which reflects our customers' trust in their bank.

We are witnessing a period of profound transformations in the banking business all over the world, and what we see in our customers is that they are increasingly using digital channels — 60% of our customers already do so. Therefore, the Bank is adapting the way it works, and the way it interacts with its customers. We want to be simpler, closer and more digital, and, in this sense, we keep simplifying processes and procedures, while making branches more functional and better equipped technologically, in order to offer higher quality products and services and a better customer experience.

At the same time, we are developing a more responsible Bank by including ESG criteria into our business and helping customers make this transition. We are committed to society and to impacting as many people as possible. In the current context of the humanitarian crisis, we have also launched measures and promoted various initiatives to support the Ukrainian people and the refugees who have come to Portugal.

Pedro Castro e Almeida, Chief Executive Officer of Banco Santander Portugal

Lisbon, April 26, 2022 — PRESS RELEASE

Highlights

- At the end of March 2022, the **net income** of Santander Totta, SGPS, amounted to **€ 155.4 million**, compared to € 34.2 million in the same period last year.

- Total loans to customers¹ stood at € 43.5 billion, representing a 1.2% increase compared to the end of Q1 2021, with a noteworthy growth in mortgage loans of 6.5%.
- The market share of new mortgage loans (accumulated until the month of February) stood at 21.8%.
- Customer resources amounted to € 47.5 billion, a YoY growth of 8.3%, an evolution underpinned by the 8.4% increase in deposits, and 7.6% in off-balance sheet resources.
- The commercial and digital transformation continues to materialize in terms of growth of digital customers, which already represent 60% of the main bank's customer base.
- The efficiency ratio stood at 36.5% (+2.4 pp compared to March 2021).
- The CET 1 ratio stood at 21.4% (fully implemented), an increase of 1.3 pp compared to March 2021.
- The North American magazine *Global Finance* awarded Santander the title of "Best Bank in Portugal" within the scope of "The World's Best Banks 2022". In turn, the magazine *Euromoney* distinguished Santander for the third consecutive year as the "Best Trade Finance Bank" in Portugal, winning in the "Market Leader" and "Best Service" categories. The same publication also highlighted the Bank's *Private Banking* area in "The World's Best Private Banks Awards 2022," which reward institutions with the best private banking service worldwide.
- At the beginning of the year, it received the "Cinco Estrelas" Award in the "Large Banks" and "Mortgage Loan" categories.
- In the current context of the humanitarian crisis, the Bank is particularly committed to supporting Ukraine and Ukrainian customers, providing a waiver on international transfer fees to and from Ukraine, as well as on the basic account fee. The account opening procedure was also made easier for customers with a visa issued under the Temporary Protection Request.
- A Fund was created with donations from employees and from the Bank, in favour of the Portuguese Red Cross, to support humanitarian efforts in Ukraine. And together with the Parish of Campo Grande, 178 Ukrainian refugees with family ties to Portugal were welcomed to our country, an initiative that counted on the support of 28 volunteers from the Bank.
- Santander was distinguished as the Most Responsible ESG Bank in Portugal, taking up the first position in the sector in the Merco ESG 2021 ranking. The bank financed more than € 360 million to Onex Holdings for the acquisition of 5 wind farms from EDP Renewables, in addition to financing € 200 million of commercial paper classified as *Sustainability-Linked Loans*.
- Santander is also the Bank that granted the most loans under the IFRRU 2020 programme, in terms of number of contracts executed and amount awarded. 217 projects were financed, in the amount of € 424 million, which represents more than 50% of the operations and of the total amount contracted by the sector.
- Santander Portugal has the best ratings in the sector. The Bank's current long-term debt ratings, compared to the levels of Portugal as a country, are as follows: Fitch – BBB+ (Portugal – BBB); Moody's – Baa2 (Portugal – Baa2); S&P – BBB (Portugal – BBB); and DBRS – A (Portugal – BBB high).

¹Total loans to customers (gross)

Key Indicators

Santander Totta, SGPS

Balance Sheet and Income Statement (million euros)	Mar-22	Mar-21	Var.
Net assets	60,292	58,127	+3.7%
Total Gross Loans ⁽¹⁾	43,549	43,029	+1.2%
Resources	47,451	43,824	+8.3%
Net interest income (without dividends)	193.9	192.5	+0.7%
Net comissions	119.1	96.5	+23.3%
Operating income	331.7	420.8	-21.2%
Total operating expenses	(121.0)	(143.3)	-15.6%
Net operating income	210.7	277.5	-24.1%
Income before taxes and MI	225.6	22.5	>200%
Consolidated net income	155.4	34.2	>200%

RATIOS (million euros)	Mar-22	Mar-21	Var.
ROE	13.6%	2.9%	+10.7 p.p.
Efficiency ratio (incl. depreciation)	36.5%	34.1%	+2.4 p.p.
CET 1 ratio fully implemented	21.4%	20.1%	+1.3 p.p.
Non-Performing Exposure ratio ⁽²⁾	2.3%	2.6%	-0.3 p.p.
Non-Performing Exposure coverage ratio	81.4%	74.7%	+6.7 p.p.
Cost of Credit ⁽³⁾	0.10%	0.48%	-0.38 p.p.

OTHER DATA (million euros)	Mar-22	Mar-21	Var.
Number of employees in Portugal	4,721	5,954	-1,233
Total Branches in Portugal	344	386	-42

RATING (long term debt)

FitchRatings	BBB+
Moody's	Baa2
Standard & Poor's	BBB
DBRS	A

⁽¹⁾ Total loans to customers (gross)

⁽²⁾ According to EBA criteria

⁽³⁾ 12 month average

Business Environment

The first quarter of 2022 was marked, on February 24th, by the invasion of Ukraine by Russia, which, since the end of 2021, had been stationing its troops along the Ukrainian border, both internally and with Belarus, justifying these military moves as routine military exercises.

Until the outbreak of the war, the world economy was still on the path of post-pandemic recovery, with all economic indicators signalling and reinforcing the general path of economic recovery, with the US recording historic levels of full employment, generating growing wage pressures, which consequently supported the acceleration of the inflation rate. Thus, the US Federal Reserve had been signalling its intention to raise benchmark interest rates, as well as to end with asset purchases.

In the Euro Area, inflationary pressures stemmed from constraints in production and distribution chains, as a result of Covid-19, which, associated with a greater concentration of demand for goods at the expense of services, made prices accelerate faster. However, base effects related to the lower prices in 2020, and the stagnation of prices in 2021, created the conditions for the stronger-than-expected economic recovery leading to a marked increase of prices from Q4 2021. This price correction process was characterized as a temporary phenomenon, which would naturally dissipate throughout 2022, and that contrasted with low wage pressures.

In Portugal, economic developments, in the first two months of 2022, were characterized by a trend of improved consumer confidence, which was reflected in the strengthening of the favourable economic sentiment, transversal to practically all business sectors.

With the onset of the war in Ukraine, consumer confidence dropped sharply in March, recording the second largest historical monthly reduction, as a result of a general drop in all components, with particular relevance to expectations regarding the future evolution of the economic situation of the country and of the financial situation of households. The component of consumer perspectives regarding future price developments also showed the greatest increase ever recorded. Globally, economic climate and sentiment indicators also declined moderately in March. The confidence indicator in the manufacturing industry dropped in March, with all components weighing negatively, with particular emphasis on production prospects. The confidence indicator for the construction sector dropped sharply in March, after the fall in February, reflecting the negative evolution related to perspectives on the order book and employment perspectives.

The lifting of restrictions to combat the pandemic more than contributed to increased confidence in services, mitigating the negative impact of the war, reflecting more optimistic perspectives with regards to the evolution of the order book and demand. In February, the tourist accommodation sector recorded year-on-year increases of 507% and 527% in terms of number of guests and overnight stays, respectively. However, the figures in February 2022 were lower than those recorded in January 2020, when there were still no effects of the pandemic, with reductions of 21% in the number of guests, and 23% in overnight stays. In February, 36% of tourist accommodation facilities were closed or had no movement of guests (41.6% in January).

In February 2022, the evolution of conditions in the labour market still did not reflect the feeling of deterioration in the economic environment, with the unemployment rate stabilizing at 5.8%, and with the employed population decreasing by 0.3% quarter-on-quarter, but accelerating by 4.2% year-on-year.

The inflationary context was intensified by the war context, with the inflation rate accelerating by 4.2% year-on-year in February 2022, dominated by the positive contributions of the increase in the prices of food and transports, which explained half of the rise, year-on-year. In March 2022, the estimated inflation rate increased to 5.3%, year-on-year, the highest value since June 1994. The core inflation indicator recorded a variation of 3.8% (3.2% in February) year-on-year.

Regarding public accounts, in 2021, the budget deficit fell to 2.8% of GDP, benefiting from the growth of indirect taxes (+11%, compared to 2020), associated with the economic recovery. The State indebtedness ratio also declined, to 127% of GDP (7pp less than in 2020).

The political stability achieved with the parliamentary elections in January 2022, with the government being supported by a parliamentary majority, is an essential factor for Portugal to be able to overcome the new times of geopolitical and geoeconomic instability caused by the war in Europe, in order to be able to implement the required reforms for the country's economic and social development and prosperity. Additionally, it is important to leverage the level of efficiency in the application and use of European funds, namely those associated from the Portuguese Recovery and Resilience Programme.

In the European context, in terms of the ECB's monetary policy decisions, it is worth highlighting the possible scenario signalled at the March meeting, of a rise in reference interest rates, sometime after the end of net purchases under the Asset Purchase Programme (APP), or still in Q4 2022, with the aim of responding to the rise in the inflation rate. The ECB also announced a reduction in the amounts of financial assets to be acquired, within the scope of the Pandemic Emergency Purchase Programme (PEPP), scheduled to end in March 2022, and under the APP, with a gradual reduction in the pace of acquisition, until its end in October 2022.

In the current inflationary context, with adjustments of the monetary policy by the ECB, public debt yields in the Euro Area keep rising, with the German 10-year yield standing at 0.70% (as of February 8, 2022). The 10-year Portuguese sovereign yield rose to 1.63%, a variation of 117bp compared to the end of 2021. The difference against the German sovereign yield also widened to 93bp, compared to 64bp recorded at the beginning of the year. Portugal's credit rating is Baa2 by Moody's, BBB (stable) by S&P and Fitch, and BBB (high) by DBRS.

Results

At the end of Q1 2021, Santander Totta, SGPS (in this Press Release referred to as the "Bank" or "Santander Portugal") achieved a net profit of € 155.4 million, compared to the € 34.2 million in the same period last year. In Q1 2021, an extraordinary expenditure had been recorded, in the amount of € 164.5 million (net of taxes), to cover the ongoing transformation plan, with the optimization of the branch network, and investments in processes and technology.

Net income from banking activities reached € 331.7 million, a decrease of 21.2% compared to the same period in 2021, while operating costs totalled € 121.0 million, a reduction of 15.6%, but lower than that of revenues, and thus net operating income dropped by 24.1%, to € 210.7 million. The efficiency ratio rose to 36.5% (+2.4pp).

The dynamics of net income from banking activities was significantly influenced by the evolution of results from financial assets, which fell by 94% year-on-year, when they had reached a very high figure, associated with the dynamic management of the securities portfolio.

The evolution of recurring commercial revenue in the first quarter was characterized by a sustained growth of 8.8% year-on-year, with a stabilization of the net interest income and an increase in net fees.

Net interest income amounted to € 193.9 million, a 0.7% increase compared to the same period in 2021, which deserves special emphasis due to the context of negative interest rates, as well as the continued reduction in credit spreads, in a market context that remains quite competitive.

Net fees recorded a year-on-year growth of 23.3%, to € 119.1 million. Part of this dynamics continues to reflect the increase in customer transaction levels, and in particular the focus on the savings and protection strategy,

materialized in the diversification of client resources in financial funds and insurance, as well as in the distribution of autonomous risk insurance, with emphasis on the offer of car insurance for individuals and companies.

Other banking income amounted to € 3.5 million. The results of insurance activity, in the amount of € 3.1 million, recorded a year-on-year reduction of 29.1%, while the results from financial operations recorded a significant reduction (-94.4%), to € 8.1 million, reflecting the revenue associated with the management of the public debt portfolio recorded in Q1 2021.

Operating costs, in the amount of € 121.0 million, recorded a 15.6% decrease year-on-year, as a result of the reduction of 19.0% in staff expenses, of 11.7% in other administrative expenses, and of 9.3% in depreciation. In 2021, the Bank implemented a comprehensive operational and commercial transformation plan, seeking to adjust its structure and processes to changes in the way customers interact with banking entities, with a particular focus on simplifying processes and procedures, and in improving service quality. Compared to December 2021, the branch network was reduced by 4 service points, while the number of employees was reduced by 84 people.

Net impairment of financial assets at amortized cost, in the amount of € -3.0 million, decreased by 91.1% compared to Q1 2021, reflecting the improved economic conditions, particularly materialized in a stable unemployment rate below 6% in the first two months of 2022. Also, the end of the moratoria towards the end of Q3 2021 did not result in a noticeable deterioration in credit quality. Indeed, the Non-Performing Exposure (NPE) ratio stabilized at 2.3%, the same level as in December 2021, and 0.3pp below that observed at the end of March 2021.

The dynamics of net provisions and other results reflects the effect of extraordinary charges related to the implementation of the aforementioned Bank's transformation plan, which were recorded in Q1 2021.

Income before taxes and minority interests amounted to € 225.6 million, compared to € 22.5 million in the same period in 2021.

Balance Sheet and Business

At the end of March 2021, the loan portfolio amounted to € 43.5 billion, a 1.2% increase compared to the figure recorded in the same period of 2021. In Q1 2022, the Bank maintained solid origination volumes of new mortgage loans, materialized in market shares consistently above 20%. In terms of corporate credit, the Bank has remained active in liquidity support facilities, such as factoring and confirming.

Mortgage loans, in the amount of € 22.3 billion, recorded a 6.5% growth year-on-year, while consumer credit amounted to € 1.7 billion, a 6.1% increase in the same period. In the first two months of 2022, the Bank originated about € 500 million in mortgages, with an average market share of 21.8%.

Loans to companies amounted to € 16.1 billion, a 2.0% reduction compared to the end of March 2021, largely reflecting the high liquidity accumulated by companies in 2021. Compared to the end of 2021, the portfolio of credit to companies grew by 0.4%.

Credit ⁽¹⁾ (million euros)	Mar-22	Mar-21	Var.
Credit to Individuals	24,400	22,972	+6.2%
<i>from which</i>			
Mortgage	22,269	20,918	+6.5%
Consumer credit	1,737	1,637	+6.1%
Credit to Companies	16,083	16,417	-2.0%

⁽¹⁾ Credit at amortised cost

The Non-Performing Exposure (NPE) ratio, calculated in accordance with EBA criterion (regarding balance sheet exposure), stood at 2.3% in March 2022, stabilizing compared to the end of 2021, and recording a YoY decrease of 0.3 pp, the respective coverage standing at 81.4%.

Customer resources, amounting to € 47.5 billion, increased by 8.3% year-on-year, with emphasis on the positive evolution of deposits (+8.4%), as well as of off-balance sheet resources (+7.6%). However, the increased uncertainty related to the war in Ukraine, and the greater volatility of financial markets, resulted in a correction of the markets, with a consequent reduction in investment funds volumes (-5.6%) compared to the end of 2021, offset by a 2.1% growth in deposits in the same period.

Resources (million euros)	Mar-22	Mar-21	Var.
Customers' Resources	47,451	43,824	+8.3%
On-balance sheet resources	39,281	36,233	+8.4%
Deposits	39,281	36,233	+8.4%
Off-balance sheet resources	8,170	7,591	+7.6%
Investment funds managed or marketed by the Bank	4,096	3,605	+13.6%
Insurance and other resources	4,074	3,985	+2.2%

Liquidity and Solvency

The liquidity management strategy of Santander Portugal continues to be geared towards maximizing the liquidity cushion available to deal with adverse events. In Q1 2022, the solid liquidity position was maintained, with an increase of about € 0.7 billion in client deposits. Exposure to the Eurosystem amounted to € -0.9 billion (a surplus position), and the liquidity cushion closed the quarter at about € 16.5 billion.

The funding structure did not change compared to the end of 2021. The funding obtained from the ECB, in the amount of € 7.5 billion, remained exclusively in long-term operations, entirely through TLTRO III. Short-term funding, either through repurchase agreements or institutional deposits, remains at zero. In terms of long-term funding, and in addition to operations with the ECB, Santander Portugal ends Q1 2022 with about € 0.5 billion of securitisations, € 2.0 billion of mortgage bonds, and € 0.5 billion of Senior HoldCo issuances.

The LCR (*Liquidity Coverage Ratio*), calculated in accordance with CRD IV rules, stood at 138.0%, thus meeting the regulatory requirements on a fully-implemented basis.

The Common Equity Tier 1 (CET1) ratio, calculated in accordance with CRR/CDR IV standards, reached 21.4% (fully implemented) in March 2022 (an increase of 1.3pp over the same period in 2020), reflecting the ability to generate organic capital, as well as the management of risk-weighted assets. Compared to the end of 2021, the CET1 capital ratio dropped by 4.6pp, reflecting the decision of the Board of Directors of Santander Portugal

of resuming the distribution of dividends in 2022, following the recommendation of the European Central Bank (ECB/2020/19), of March 27, 2020, on shareholder remuneration.

The Bank still has very high capitalization levels, clearly above the minimum requirements set by the ECB under the SREP (in 2022, CET1 - 8.344%, Tier 1 - 10.125%, and Total - 12.5%, fully implemented).

In terms of MREL, as of March 31, Santander Totta SGPS recorded a ratio of 27.8%, above the fully implemented requirement of 20.43%, required as of January 31st, 2022.

Capital (fully implemented) (million euros)	Mar-22	Mar-21
Common Equity Tier 1	3,188	3,585
Tier 1	3,588	3,885
Total Capital	3,652	3,962
Risk Weighted Assets (RWA)	14,922	17,797
CET 1 ratio	21.4%	20.1%
Tier 1 ratio	24.0%	21.8%
Total Capital Ratio	24.5%	22.3%

Business Activity

Individuals, Business, Corporate and Institutional

Commercial activity in Q1 2022 in the Individuals' area was affected by two external events. At the beginning of the year, the pandemic wave had an impact on the operations of the branch network, and, at the end of February, the scenario of uncertainty caused by the war in Ukraine caused a high degree of market instability, with an impact mainly on the marketing of savings and investment products. The arrival of refugees from Ukraine required a response from the Bank, namely by adapting its account opening procedures for this community.

Protection insurance – The focus on team training, plus the support provided by insurance experts, and the increasingly complete offer has brought increasing results regarding the marketing of Protection Insurance and in terms of customer satisfaction.

With regard to Autonomous Insurance, the new Corporate Car Insurance was launched, and an engagement initiative was set up to strengthen the association of the Santander brand with the Health topic. At the same time, new commercial tools were developed, namely the 360-view for consultation by managers, which includes an integrated perspective of the client's insurances. Finally, the new commercial dynamics (1 insurance champion per branch) was extended to all branches, and several commercial campaigns were carried out with preferential conditions for Individuals and Companies.

With regard to Insurance Associated with Credit, life insurance associated with mortgage loans should be highlighted, as a result of the good evolution of this type of credit, as well as of multi-risk housing insurance, namely with the *Follow my case* App, which allows customers to monitor the evolution of their claims.

Savings & Investment – Client savings continued to grow. However, the correction of the markets caused by the war scenario and the price surge of raw materials had an effect on the adhesion to Investment Funds and Financial Insurance. In this context of uncertainty, the Bank dedicated an additional effort related to customer information regarding financial products and their applications.

Personal and Housing Credit – Despite the pandemic context, the housing market remains quite active. The Bank, through its “Buy a House” area, has been increasingly improving customer service through the *Open House* process, plus a technical support structure of experts for contracting this product. Thus, the production of mortgage loans grew again in Q1 by about 5%, compared to Q4 2021, exceeding the threshold of € 900 million.

Along the same line, personal credit also followed an upward trajectory, reaching a production of € 157 million (10% more than in Q4 2021), with emphasis on the contracting of online personal credit, representing more than 25% of all personal credit granted, and the contribution of the Digital Sales area (sales via remote channels), in addition to traditional credit contracting at Branches.

The *Daily Banking* area continued its work in the search for a better experience, and enhanced security in the day-to-day banking needs of our customers.

As a response to the massive influx of Ukrainians into Portugal, within the scope of Socially Responsible Banking, a simplified account opening procedure was developed in record time for Ukrainian refugees, and a hotline in Ukrainian language was set up.

Transformation of Branches and Simplification of Processes and Procedures

The Bank continued the technological improvement and empowerment process of its Branches, in response to our customers’ changing behaviour and needs.

The number of teller transactions at Branches, in Q1 2022, dropped by about 20% compared to the same quarter in the previous year. On the other hand, customers are increasingly favouring the use of deposit machines. Thus, the Bank has invested heavily in increasing the number of new self-service Virtual Teller Machines (VTMs), available 24/7 for making deposits in banknotes and coins, as well as for change. There are now 43 VTMs and another 40 are being installed, to be added to the 110 MDR (which allow banknote deposits), and 186 ATM-DV with the possibility for making deposits.

More than 80% Branches are now able to accept self-service deposits and withdrawals 24/7.

As a result of these trends and of the growing use of digital channels, the Bank also took the decision of decreasing the number of opening hours to the public in some of its Branches, keeping the self-service area always available and with appropriate machines.

Business, Corporate and Institutional

The inflationary pressure that has been felt since the end of 2021 has had a strong impact on Companies and Businesses, either through the higher costs of raw materials and production factors, or due to the strong increase in energy and fuel costs. This challenging context — which follows a health crisis that has not yet been completely overcome — requires that the Bank closely monitors its customers, not only in assessing the impact on their economic and financial situation, but also in the search for solutions that help mitigate the effects of inflation.

Thus, once again, Banco Santander is on the forefront in the application of public policies to combat economic and social impacts, committed to its role in placing the financial instruments launched by the Portuguese State at the service of Society, namely the lines “Apoio à Produção”, “Retomar” e “Apoio ao Turismo 2021”. In addition to such extraordinary, critical public support, the Bank maintains a complete, innovative value proposition that allows companies and businesses to be supported at any point along the value chain, thus contributing to greater efficiency in the management of treasury cycles (especially through Factoring and Confirming

solutions), but also in the financing of investment plans to increase production capacity, energy efficiency, or for the digital transition.

In this regard, the Bank keeps reinforcing its commitment to supporting Companies and Businesses in accessing European Funds, whether from the Recovery and Resilience Plan (PRR), or those that will be made available under the new EU Multiannual Financial Framework – PT 2030. The Bank proposes solutions adjusted to the financing needs of these projects, such as solutions for anticipating approved and contracted incentives, or by complementing the financing sources required for their implementation. It is also worth mentioning the establishment of partnerships with a network of specialized consultants, who offer themselves free of charge to support Companies in preparing their applications for European Funds, indicating the available possibilities that best suit specific projects and promoting the optimization of incentives to be received. This Partner Network is available for consultation by Companies on the Banco Santander public website.

Banco Santander is also committed to supporting Companies in **Climate Transition**, thus contributing to Portugal's commitment to achieving carbon neutrality by 2050. Thus, in addition to supporting applications for facilities launched under the RRP (especially under "Decarbonization of the Industry"), the Bank has been reinforcing its own value proposition in the field of green mobility, energy efficiency in buildings, or in offering financing solutions for projects for the production of energy from renewable sources.

With regard to **International Business**, the *Trade Finance* teams reinforced their proximity to companies, supporting customers in the current difficult context, namely with the general energy price surge and increased transportation costs for products and raw materials, while pursuing the business origination activity and structuring of more complex operations with national importers and exporters. As a result, the Bank maintains a solid presence in most Trade Finance operations, an unequivocal sign of our customers' confidence in the Bank's professional structure, and of its solid, credible image in international markets. In Product and Capacity, it is worth highlighting the implementation of the new SWIFT messages for Trade Finance operations, namely Foreign Guarantees, and Standby LC.

In March 2022, for the third consecutive year, Santander Portugal was once again distinguished by *Euromoney* magazine with the award for **Best Trade Finance Bank in Portugal**, winning in the "Market Leader" and "Best Service" categories."

It is also worth highlighting the organization, by the *International Desk*, of events on the Brazilian and Polish markets, and the Bank's participation in the CCI event on Digitalization in International Trade operations

Wealth Management and Insurance

The year 2022, which had already started off conditioned by fears that the inflationary pressures of the last semester would prove to be more structural than just short-term, has been definitively affected by the invasion of Ukraine by Russia.

The impacts of this invasion, in addition to the unfortunate dramatic humanitarian consequences, are enormous at economic level, namely with consequences on the energy crisis (Russia is one of the main European gas suppliers), and also at industrial level, since this region as a whole is a huge producer of cereals, as well as of other commodities. As a result, market volatility and uncertainty rose dramatically, affecting investor confidence and portfolio performance in general.

For most *Private Banking* business indicators of Santander Portugal, Q1 2022 was a very challenging quarter, demanding an even greater proximity to its customers and more recurrent monitoring of customer portfolios

and positions. Even so, the segment's managed assets grew by about 1.1% in the first quarter, with a 2% growth in funds, insurance and discretionary mandates (without market effect).

As in the previous quarter, growth in the *Private Banking* customer base was remarkable throughout the first quarter, with a very strong dynamics, based on strong external prospecting activity, and a great deal of collaboration and support from the Branch network and Corporate centres.

In recognition of its outstanding customer service and care, in February 2022 the *Private Banking* of Santander Portugal was distinguished as the best *Private Banking* operating in Portugal for the 11th consecutive year, according to *Euromoney* magazine. These distinctions recognize and reinforce the quality of our teams and the investment solutions provided by Santander's *Private Banking*. On the other hand, they also increase our responsibility, and encourage us to pursue on the path of continuous development for improving customer service and our value proposition.

Q1 2022 was marked, at a first stage, by the rising interest rates in the US and by the changing discourse of the European Central Bank in the same direction, bearing in mind the emergence of inflationary pressures. In a second stage, there was the invasion of Ukraine by Russia, which led to increased volatility in most markets. In this context, investors were more apprehensive, thus, we saw a slowdown in the commercialization of financial products.

Securities funds managed by Santander Asset Management (SAM) were managed in a particularly active way, with the main goal of minimizing the losses of its participants throughout the period. The quarter ended with a market share of 16.6%, unchanged from the same period last year.

Retirement solutions were an important focus of the Bank's commercial activity, bearing in mind the challenges that lie ahead in terms of sustainability of the social security system. The products held, at the end of March, assets worth about € 1.9 billion.

In the Financial Insurance area, it is worth highlighting the promotion of Open Financial Insurance in the Individuals and Business Network and the Master Policy in *Private Banking*.

Throughout the period, the level of internal and client communication was increased, bearing in mind the environment of greater uncertainty. In this sense, a high rate of thematic webinars was developed, as well as the provision of information on financial markets and products on sale.

Corporate and Investment Banking

In Q1 2022, economic uncertainty remained at a very high level, exacerbated by the outbreak of the war between Russia and Ukraine.

In recent years, customer relations have changed, and the Bank speeded up its digital transition, and improved its various platforms, allowing for more useful and effective communication. Proximity and commitment to innovation were differentiating factors and customers do acknowledge this evolution at Santander.

In the ***Corporate & Investment Banking (CIB)*** area, our customers remained as our main focus, as well as in offering solutions suited to their needs. In this area, we have focused on converting bilateral financing into sustainable financing, while continuing to develop new ESG solutions (green and sustainability-linked loans, confirming and guarantees/SBLC),.

The high liquidity capacity of customers contributed to the credit portfolio recording a reduction of 2.7% compared to March 2021, although with a growth of 1.2% compared to the end of 2021.

In the **Global Debt Financing** area, the first three months of 2022 were marked by the guarantee, by Santander, of a total financing of € 362 million for the acquisition of a portfolio of wind farms by Onex Holdings to EDP. Santander will subsequently syndicate part of this amount with other banks and institutional investors.

During this period, several other relevant financing operations were concluded in a wide range of sectors, with emphasis on several financing operations in the real estate sector and in the industrial sector.

In 2022, the **Corporate Finance** area continued to develop an intense activity in Mergers & Acquisitions operations, highlighting the successful completion of the following financial advisory operations:

- Advising Atlantia on the sale of the 17.2% stake held in Lusoponte to MM Capital Partners, a subsidiary of Marubeni Corporation;
- Advising Penta Flex in the spin-off operation between Cordex and Flex 2000.

In **Treasury**, particularly in the *Corporate and Commercial Banking* area, Q1 2022 was marked by a significant increase in activity, both with regards to interest rate and foreign exchange trading. The escalation of inflation in the main economies after signs of post-Covid-19 economic recovery, the positioning of central banks regarding the best policies to implement in order to contain the rising inflation, and, towards the end of February, the invasion of Ukraine by Russia, contributed to increased uncertainty and instability, reflected in increased volatility in most markets and financial assets.

Specifically in the **Foreign Exchange** area, there was a significant increase in activity compared to the same quarter in the previous year. The increased number of transactions, the increased number of active customers, and the increased volume of transactions also reflect our customers' confidence in the support provided to them at this level.

In foreign exchange operations, the digital channel offer available through the Netbanco Corporate platform, which allows all our Corporate customers to negotiate their spot foreign exchange operations in a transparent, efficient manner, deserves special mention. This digital option has been attracting the interest of our customers, which is particularly visible in the growth of both users and volumes transacted through this alternative channel.

In terms of **interest rate risk management**, the search for fixed rate credit solutions increased, namely through protocolled facilities (the European Investment Fund Facility), whose formalization has mostly taken place under fixed rates. The sharp rise of interest rates and the prospect that negative rates — which have been occurring since 2015 —, may be overridden throughout 2022, have led many companies to opt for fixed rate solutions in their financing.

In the area of **Structured Products** for retail, a product was launched in Q1 2022, the DUO 80-20 "Ageing Population," which raised a total of € 10.25 million.

In the **Cash Equities**, area, the volumes traded in the equity markets in Q1 2022 recorded a decrease compared to the previous year. Of which it is worth highlighting that, during the first two months of 2021, during the Covid-19 lockdown period, online business, especially orders for North American markets, had grown significantly.

Responsible Banking

Banco Santander is committed to society and to its mission of helping companies and families thrive, thus contributing to a more sustainable future.

In the current context of the humanitarian crisis, we are particularly committed to **supporting Ukraine**. For that purpose, we launched a package of measures, including the creation of a **Fund** to which, by March 31st, **more than 1,340 Employees had already contributed**, and in which the Bank **will double the amount raised**, as well as the **allocation of a donation**, and the provision of a **fundraising account** in favour of the **Portuguese Red Cross** to support humanitarian efforts in Ukraine.

In an unprecedented initiative, which began towards the end of March and culminated in the beginning of April, **Santander Portugal joined the Parish of Campo Grande and helped welcome 178 Ukrainian refugees, coming from Poland, with family ties in Portugal**. The initiative was supported by **28 Santander Volunteers, namely, with 10 employees present at the airport, 14 employees from the commercial network who helped guide the Ukrainian families to their relatives, from North to South of the country, and 4 back-up employees who ensured all the logistics**.

In support of Ukrainian customers, we have set up a hotline in Ukrainian; **we have exempted all international transfers to and from Ukraine from transfer fees** until the end of 2022, as well as exempted Ukrainian customers from the **basic account fee** (minimum services) for 12 months. In order to **ensure that all refugees in Portugal can access the basic account service and have a Debit Card**, the account opening procedure was made easier, **allowing customers with a Visa issued by the Portuguese State to open an account under the Temporary Protection Application**.

In March 2022, **Santander was elected the Most Responsible ESG Bank in Portugal**, winning the first position in the sector in the Merco ESG 2021 ranking.

In terms of **sustainable financing**, the financing operation for **Onex Holdings, was carried out in the amount of more than € 360 million**, for the **refinancing and acquisition of 5 EDP Renewables wind farms**, located in Portugal, with a total capacity close to 221MW.

Santander is also **the Bank that granted the most funding under the IFRRU 2020 programme** — Financial Instrument for Urban Rehabilitation and Revitalization, both in terms of **number of contracts signed**, and in terms of **amount awarded**. By the end of February 2022, Santander had already financed 217 projects, representing 57% of the total operations carried out by the banking sector. In terms of amount, the projects supported by the Bank received a **total financing of € 424 million**, 51% of the amount contracted by the sector. Of these, 63 projects have already been completed. **In 2022**, the Bank has already signed **15 contracts**, for a total amount of **€ 43 million**.

In addition, **€ 200 million** were allocated in commercial paper, classified as *Sustainability-Linked Loans*, with KPIs for **reducing own CO₂ emissions**, and increasing **the number of women in leadership positions**.

For promoting a culture of rigor, excellence and professionalism in companies, we launched the **18th edition of the Primus Inter Pares Award**, which provides unique opportunities for complementary academic training to final-year students in the fields of Management, Economics and Engineering in Portugal.

In partnership with the University of Porto, Santander has launched the 2nd edition of **Inspira-te!**, a training and development programme for projects with a social impact, aimed at university students, teachers, social workers, volunteer managers, and people curious in knowing more about how to develop joint projects with a positive impact on the community, thus strengthening the citizenship spirit.

Santander also continues to enhance its commitment to **lifelong learning and language training** as a key skill for **employability**. Thus, in partnership with the *British Council*, the Santander Group launched a new online edition of the *Santander Languages Scholarships | Online English Courses – British Council* with **5,000** scholarships open to people aged 18 and above, residing in 13 countries (including Portugal).

Also noteworthy is the consolidation of Santander's commitment to **female leadership**, namely with the launching of new editions of the **Santander W50 and Emerging Leaders** scholarships, in collaboration with the *London School of Economics and Political Science (LSE)*. The *Santander W50* scholarships provide high-performance, face-to-face training for 50 women in senior management positions. While *Santander Emerging Leaders*, on the other hand, will be taught online and will aim at developing the potential of the next generation of women leaders who are currently in intermediate management positions.

Equal opportunities in accessing Education, **Student Employability**, and **University Entrepreneurship** are the three main objectives of the **multi-annual patronage agreement** signed by the Santander Portugal Foundation and the Instituto Superior Técnico of the University of Lisbon. The Foundation will also support IST in **digital transformation** and in **sustainability and social support**, considered as critical, strategic areas for the development of Portuguese society. This agreement, which will run until 2023, includes well-known, much sought after scholarships such as **Santander Future** and **Santander Global**.

The Santander Portugal Foundation also supports the **University of Coimbra Award**, which annually distinguishes a Portuguese national of **unequivocal perceived value** in his/her professional field — in the areas of culture, economics and management, and/or science and innovation — who unequivocally stood out in the year before in the unconditional support to the development of individuals, families, companies and communities, namely by supporting the inclusive, sustainable growth of society. This year, the **winner of the award** was the engineer, politician, and current Secretary General of the United Nations (UN), **António Guterres**.

External recognition

In the first three months of the year, Santander was once again distinguished for its financial performance, both globally and in various business segments. The North American magazine **Global Finance** awarded Santander the title of "**Best Bank in Portugal**" — within the scope of "*The World's Best Banks 2022*," which distinguishes the most outstanding financial institutions worldwide — those that achieve the best results and are able to better respond to client needs.

The same publication also highlighted the **Private Banking** area in "*The World's Best Private Banks Awards 2022*", which distinguish institutions with the best private banking service worldwide. In turn, **Euromoney** magazine distinguished Santander for the third consecutive year as the "**Best Trade Finance Bank in Portugal**", winning in the "Market Leader" and "Best Service" categories.

The **No. 1 ESG Bank in Portugal**. Towards the end of the quarter, Santander was distinguished as the Most Responsible ESG Bank in Portugal, occupying the first place in the sector in the Merco ESG 2021 ranking. At the beginning of the year, Santander had already been considered by Portuguese consumers as the most relevant in the **Large Banks** and **Mortgage Loan** categories, in the 2022 edition of the **Five Stars Award**.

In the *Corporate and Investment Banking* business, Santander Portugal was the winner, for the 3rd consecutive year, actually since the distinction was created, in the **Settlement & Custody** category of the *Euronext Lisbon Awards 2022*.

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

Santander Totta, SGPS

In accordance with the definition contained in instructions 16/2004 of the Bank of Portugal with the changes in instruction 6/2018

Ratios*	Mar-22	Mar-21	Var.
Profitability			
Income before taxes and MI/Average net assets	1.5%	0.2%	+1.3 p.p.
Net income from banking activity/Average net assets	2.3%	3.1%	-0.8 p.p.
Income before taxes and MI/Average equity	20.2%	2.0%	+18.2 p.p.
Efficiency			
Operating expenses/Net income from banking activity	36.5%	34.1%	+2.4 p.p.
Staff expenses/Net income from banking activity	19.6%	19.1%	+0.5 p.p.
Transformation			
Credit (net)/Deposits	108.7%	116.2%	-7.5 p.p.