



Portugal



1Q'21

Earnings Presentation

Disclaimer

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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.

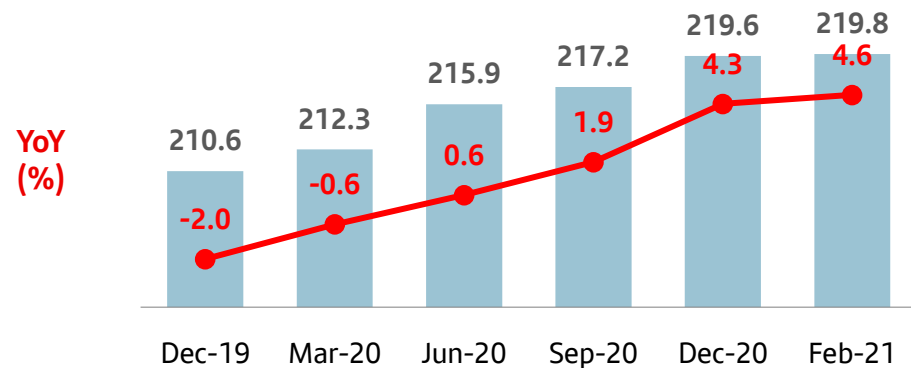
Macroeconomic environment and financial system



01

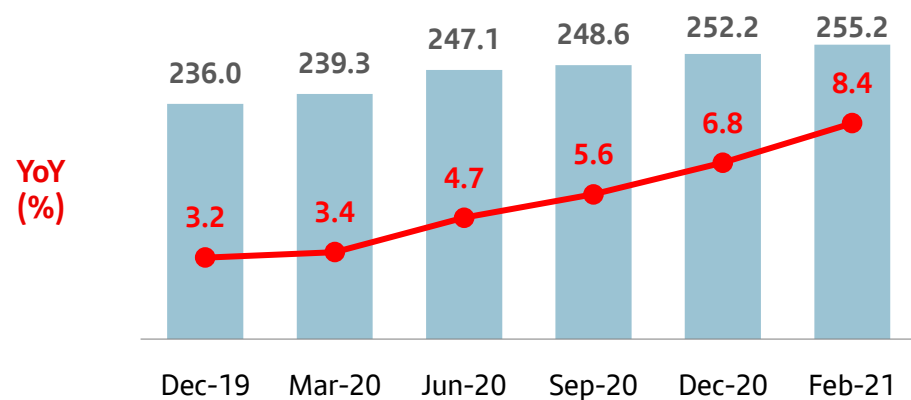
Credit dynamics remain influenced by covid-19 measures: loans with state guarantees and moratoria

Total loans (EUR bn)



- ▶ Loans increased given the support measures adopted to mitigate the covid-19 effects: (i) credit lines with state guarantees for the corporate sector; and (ii) moratoria on loans to households and corporates

Total deposits (EUR bn)














- ▶ Deposits accelerated, reflecting (i) lower spending by households, due to precautionary saving and less spending on leisure activities; and (ii) higher deposits by corporates, associated with credit lines

Strategy and business



02

Santander Portugal is the largest privately owned bank in Portugal by loans

KEY DATA*	1Q21	YoY Var.
 Customer loans ¹	EUR 43.0 bn	+5.0%
 Customer Deposits ²	EUR 36.2 bn	+3.5%
 Underlying att. profit	EUR 34.2 mn	-71.2%
 Underlying RoTE	15.9%	+858 bps
 Efficiency ratio	34.1%	-740 bps
 Loans market share ³	17.8%	+3 bps
 Deposits market share ³	14.6%	-90 bps
 Loyal customers	816 k	+4.4%
 Digital customers	970 k	+21.7%
 Branches ⁴	386	-19.9%
 Employees	5,954	-3.5%

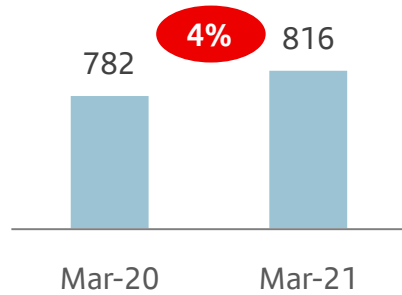


STRATEGIC PRIORITIES

- ▶ Deepen the digital and commercial transformation of the Bank to make it simpler, more agile and closer to customers
- ▶ Maintain an appropriate risk policy, with enhanced follow-up procedures, to keep the cost of credit under control
- ▶ Continue focused on gaining profitable market share, improving our position as leading private sector bank and leveraging our position in the corporate sector, especially in SMEs
- ▶ Improve efficiency, leveraging on the digital capability to better serve customers
- ▶ Keep a solid capital and liquidity position, in the current challenging environment

Digitalization and customer satisfaction reflected in increased customer loyalty

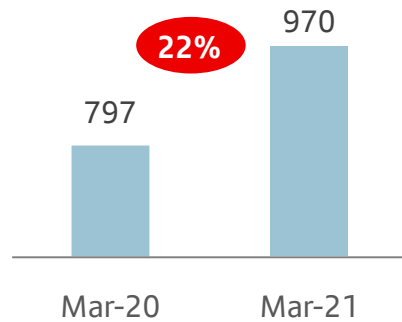
Loyal customers (k)



Loyal / Active: 48% (+2 pp YoY)

- ▶ Sustained growth in the number of loyal customers (+4% YoY), supported by the continued investment and improvements in digital channels, which are being recognized by customers in terms of higher satisfaction, both at the level of
 - ▶ Loyal individuals (+3% YoY)
 - ▶ and in the corporate segment (+17% YoY)

Digital customers (k)



Digital sales / total¹: 59% (+22 pp YoY)

- ▶ The Bank is extending its offer in digital channels, reinforcing its support to individual and corporate customers during the pandemic
 - ▶ The number of digital customers accelerated its growth, to 970 k (+22% YoY) by the end of Q1'21
 - ▶ digital sales already represent 59% of total sales, an increase of 22 pp
- ▶ Mobile customers up 33% YoY

Retail and digital services

Awards – 2021

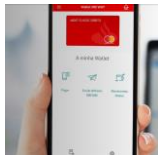


Best Private Banking in Portugal



Best Bank in Portugal

Digilosofia



Santander Wallet, always available in the smartphone, allows customers to:

- Send money using MB Way, without costs
- Make secure payments, anytime and anywhere, using contactless or QR code

Individuals



Santander launched the new “Santander account”, which, for a single fee, offers a wide range of services, including debit card, electronic transfers and cash withdrawals. Customers can also add the benefits of Mundo 123.

Insurance



New offer in the auto insurance market, with very competitive conditions, and with three modules adjusted to customer needs, from covering the essential risks to offering a wide range of additional coverage and services

Corporates



AgriBusiness Solutions, with financial solutions for cash management and investment, and also non-financial solutions, including internationalization support

Responsible banking

Santander is moving faster to become carbon neutral, rolling out to its customers **Biodegradable & CarbonNeutral** credit & debit cards.



Scholarships 2021

- **Santander Futuro**: financial support for college students
- **Santander Women Emerging Leaders**: aiming at developing leadership and negotiation skills

Further embedding ESG to build a more responsible bank



Environmental: supporting the green transition

Helping customers go green
Biodegradable & CarbonNeutral[®] credit & debit cards.

Santander participated in the issuance of **EUR 750 mn green hybrid debt** from EDP
708 photovoltaic panels placed at the Porto University

Environmental footprint
-45% carbon emissions in 2020.
 Goal of **75%** reduction in prints

Carbon Neutral
 in our own operations

100% of electricity from renewable sources



Social: building a more inclusive society

Talented & diverse team

2% employees with disabilities **24%** women in leadership positions

Financially empowering people

312k people¹ since 2019

Supporting society

15,223 people helped in Q1'21 **1,043** scholarships granted in Q1'21

Support line for social sector **Santander Golden** for clients >65 who have been with the Bank for >50 years

150 blood collections **300** suppliers certified in 2020
95% local suppliers



Governance: doing business the right way

A strong culture

Simple, Personal, Fair

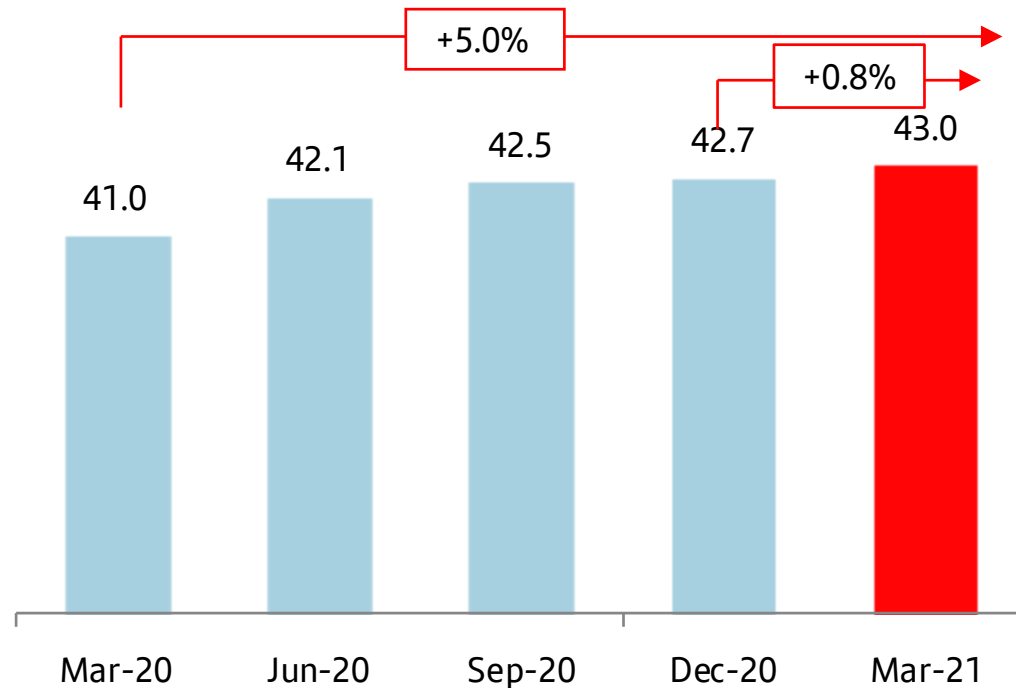
Familiarly Responsible Company: degree of excellence efrA.

An independent, diverse Board

43% women on the Board

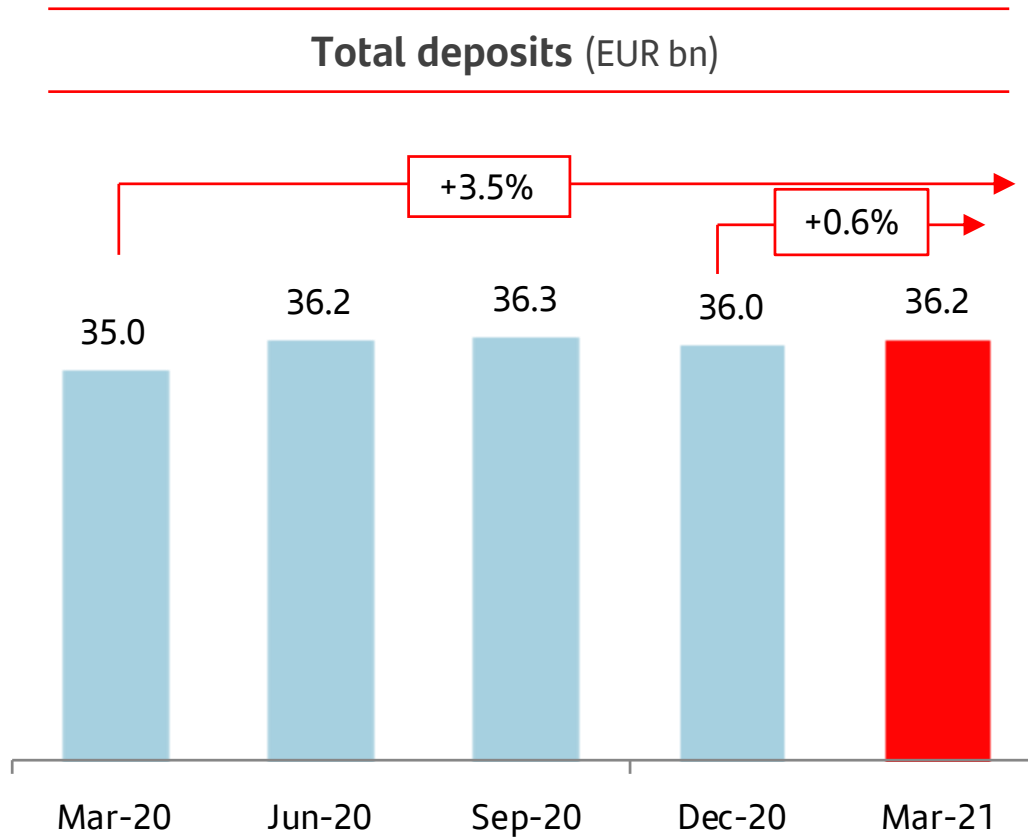
Loan growth continues to be driven by resilient new business, in mortgages and SMEs. Dynamic mortgage origination in Q1'21

Total loans (EUR bn)



Loans at amortised cost (Eur bn)	Mar/21	YoY (%)	QoQ (%)
Individuals	23.0	+4.6	+0.9
Mortgage	20.9	+5.5	+1.2
Consumer and other	2.1	-3.7	-2.1
Corporates	16.6	+5.9	+1.3

Higher customer funds, aligned with higher household savings. Diversification into off-balance resources



	Mar/21	YoY (%)	QoQ (%)
Deposits	36.2	+3.5	+0.6
Off Balance Sheet Resources	7.6	+12.5	+4.4
Investment Funds	3.6	+33.5	+10.9
Insurance and other	4.0	-1.5	-0.8
Total Customer Funds	43.8	+5.0	+1.3

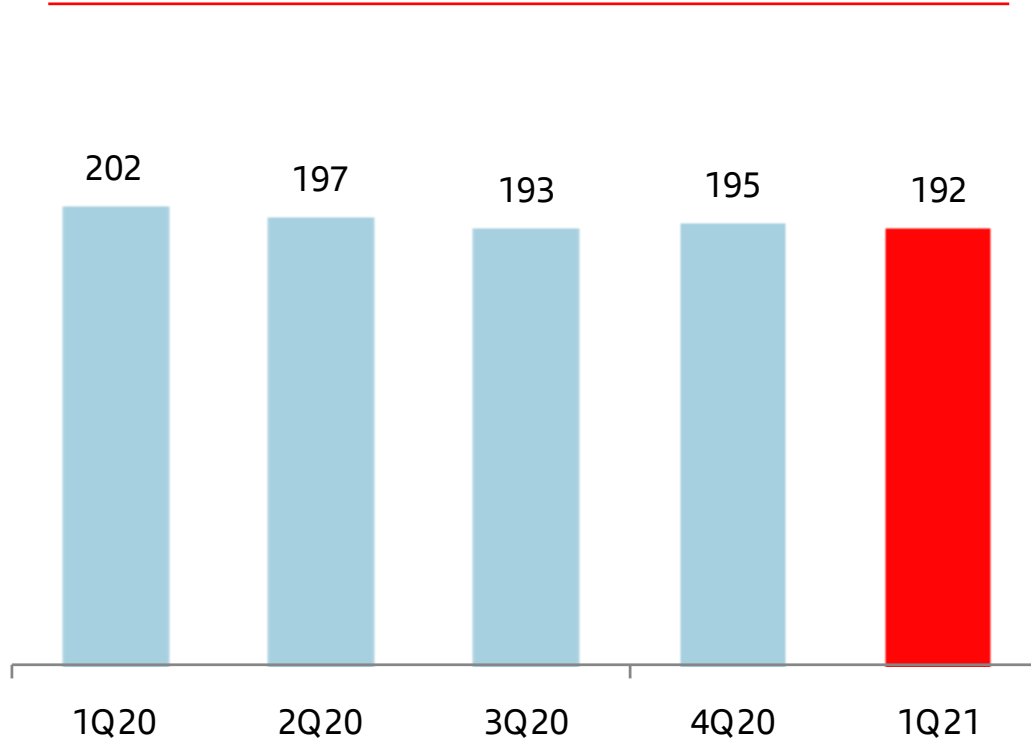
Results



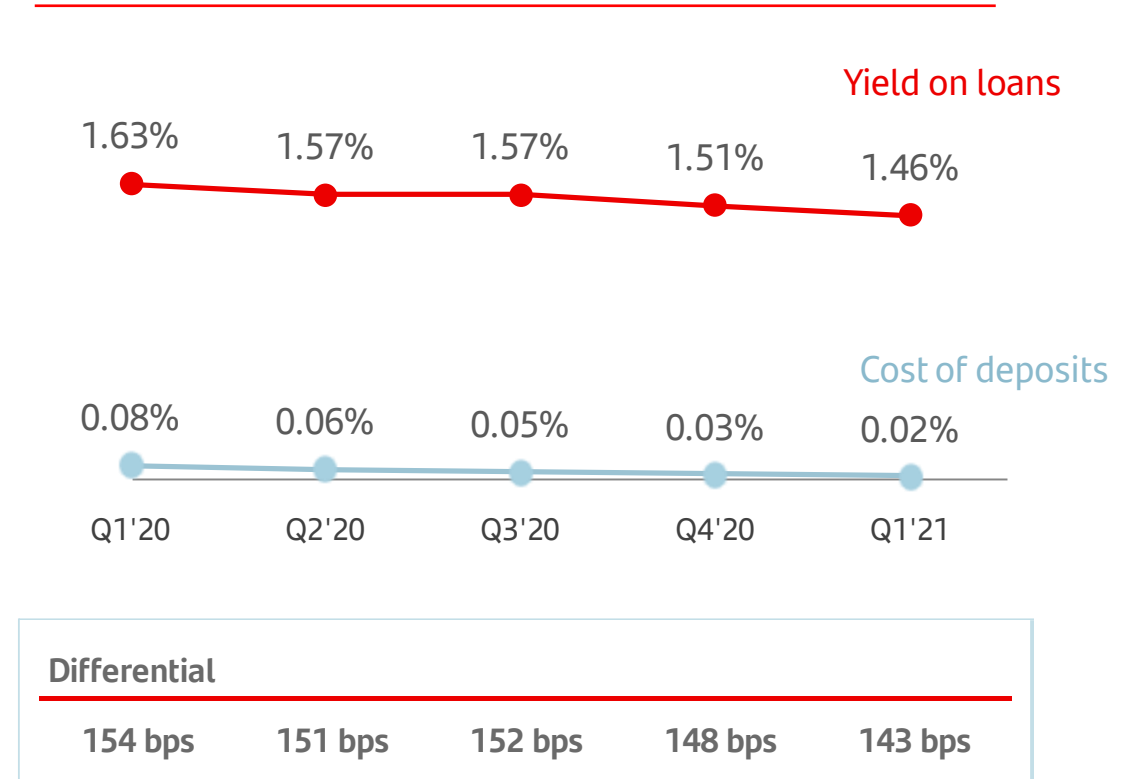
03

Lower NII, as the spread compression on loans more than offset higher volumes, in a competitive market environment

Net interest income (EUR mn)

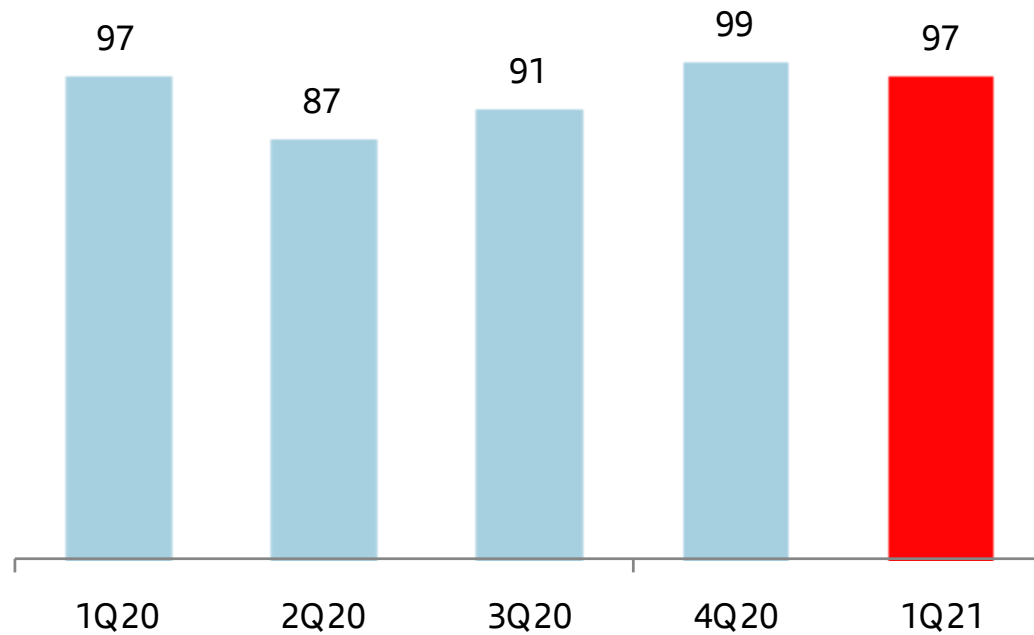


Yields and costs (%)



Net fee income flat YoY, as the decline in transactional fees is offset by higher fees in mutual funds and account fees

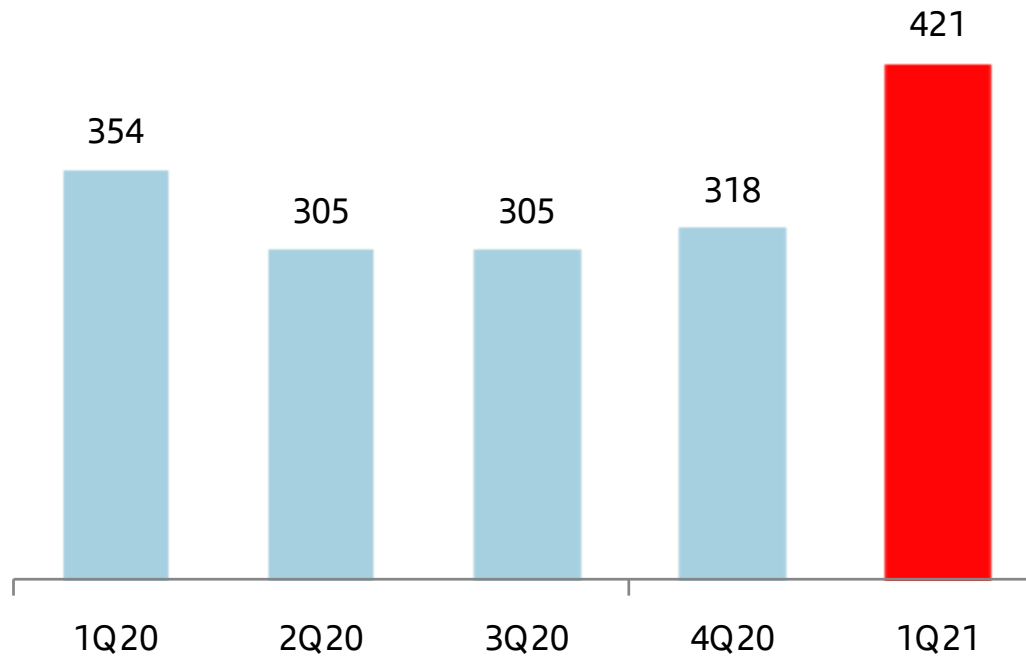
Net fees (EUR mn)



	Q1'21	Q1'20	YoY (%)	QoQ (%)
Credit	15	27	-43.6	-30.5
Credit cards	22	23	-3.6	-7.8
Mutual funds	8	7	+7.3	+4.6
Insurance	27	27	-1.5	+4.9
Other	24	11	+112.0	+25.1
Total	97	97	-0.0	-2.3

Total income improvement reflects capital gains from ALCO portfolio sales

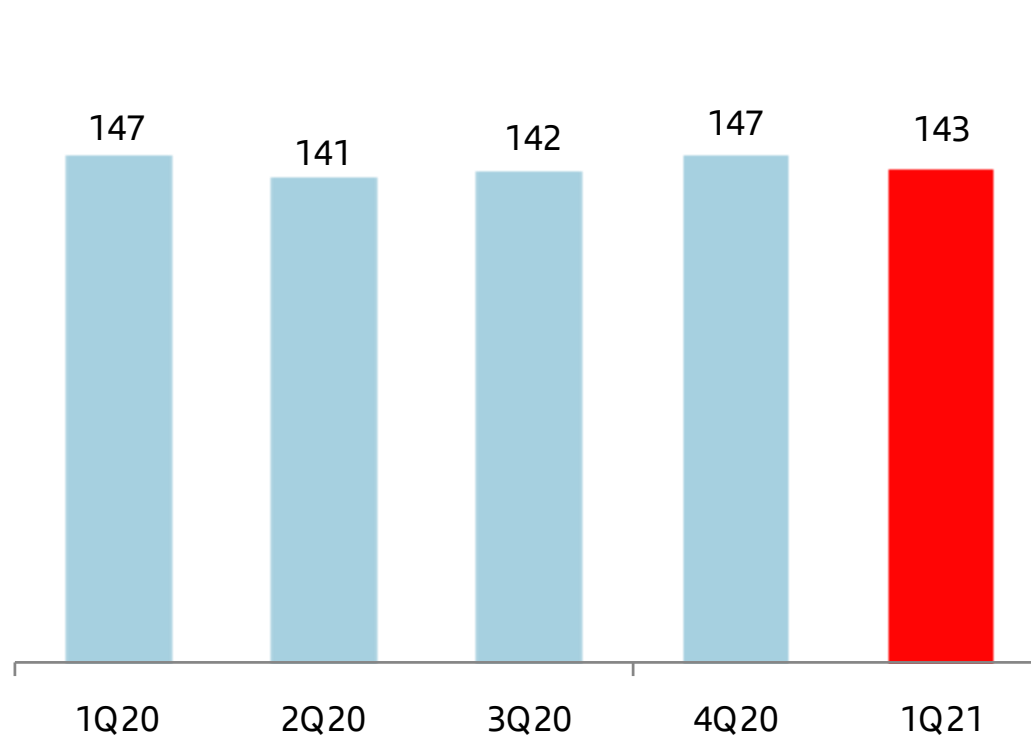
Total income (EUR mn)



	Q1'21	Q1'20	YoY (%)	QoQ (%)
Net interest income	192	202	-4.7	-1.1
Net Fees	97	97	-0.0	-2.3
Customer revenue	289	299	-3.2	-1.5
Other	132	56	+135.6	>200
Total income	421	354	+18.7	+32.4

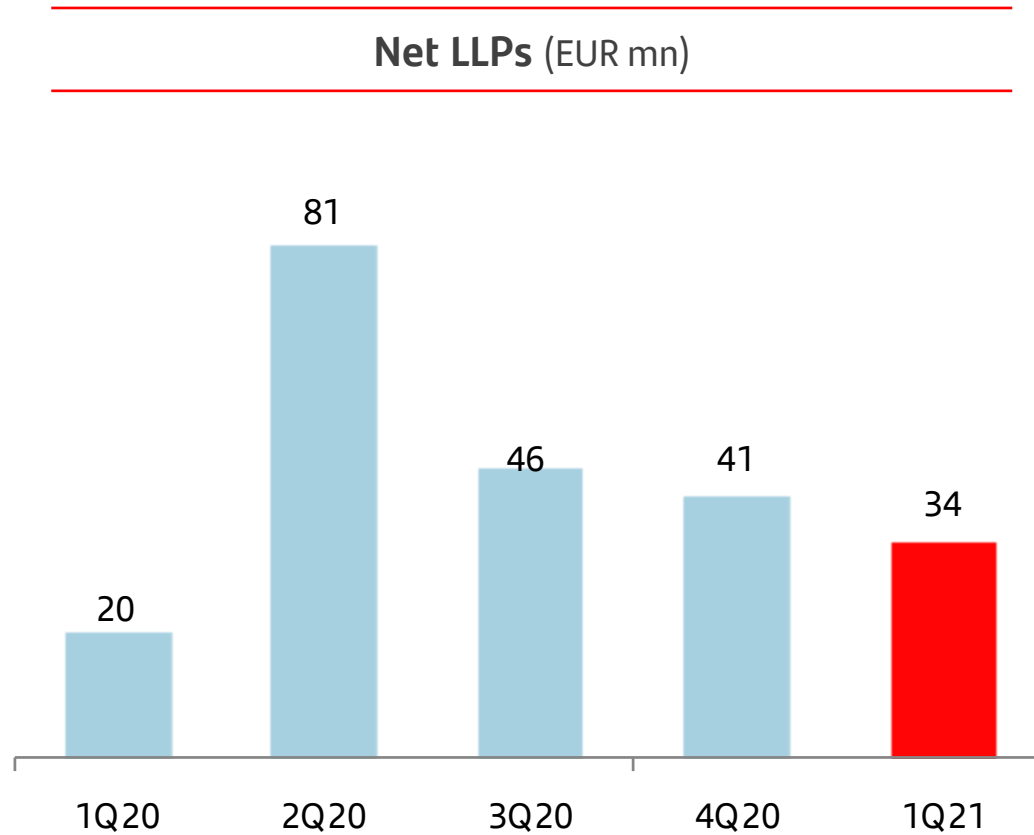
Operating expenses continued to decline, reflecting the structure optimization driven by the digital and commercial transformation process

Operating expenses (EUR mn)



	Q1'21	Q1'20	YoY (%)	QoQ (%)
General and admin. expenses	131	134	-2.7	-2.7
Depreciation and amortization	13	13	-0.6	-3.8
Operating Expenses	143	147	-2.5	-2.8
Efficiency ratio (with amortisations)	34.1%	41.5%	-7.4pp	-12.3pp
Branches in Portugal (#)	386	482	-96	-41
Employees in Portugal (#)	5,954	6,169	-215	-26

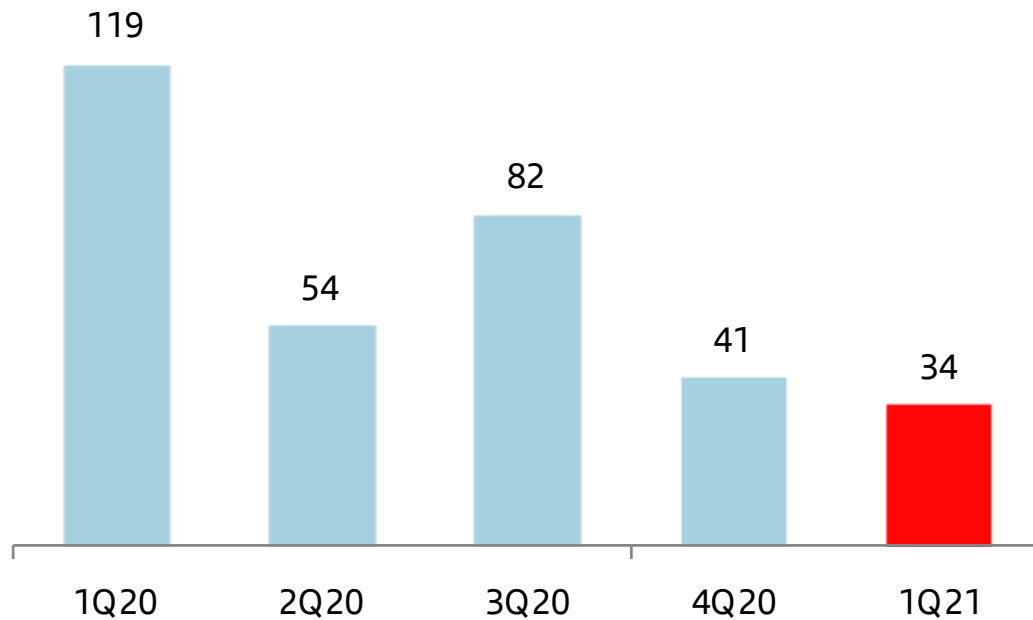
Loan-loss provisions decline QoQ, while NPL ratio continued to decline



	Q1'21	Q1'20	YoY (%)	QoQ (%)
Net Operating Income	277	208	+33.7	+62.7
LLPs	-34	-20	+72.5	-17.2
Net Operating Income after LLPs	243	188	+29.6	+88.1
NPE ratio	2.6%	3.0%	-0.5pp	-0.0pp
NPE coverage ratio	69.1%	55.9%	+13.2pp	+2.3pp
Cost of Credit ⁽¹⁾	0.32%	0.20%	+0.1pp	-0.1pp

Attributable profit declines with a one-off charge associated with the transformation plan of the bank

Attributable profit (EUR mn)



	Q1'21	Q1'20	YoY (%)	QoQ (%)
Profit before taxes	23	167	-86.5	-59.8
Taxes and MI	12	-48	-	-
Attributable Profit	34	119	-71.2	-16.7

Santander Portugal maintains sustained underlying profitability. Business volumes continue to grow.

Financial System

- ▶ Economic activity negatively affected in Q1'21 due to renewed general lockdown, but growth expected to recover from Q2 onwards
- ▶ Loan volumes and asset quality short term dynamics positively influenced by moratoria and by credit lines with state guarantees, but also supported by resilient new business
- ▶ Deposits continue to grow, aligned with higher household savings

Strategy & Business

- ▶ Santander Portugal maintains its support to households and companies, with market shares in new lending to corporates and mortgages over 20% in Q1'21, sustaining its strong position as the largest privately-owned bank in Portugal
- ▶ Santander Portugal remains focused on its digital transformation process, including continuous deliveries on digital channels and simplification of internal processes and commercial offering
- ▶ Sound capital and liquidity bases, allowing us to better tackle the uncertain and challenging outlook and to continue supporting our customers. In addition, we maintained the best risk ratings by the rating agencies, aligned with or above the sovereign's
- ▶ Growth in loans and deposits, boosted by the sustained growth in loans to individuals and companies and demand deposits

Results

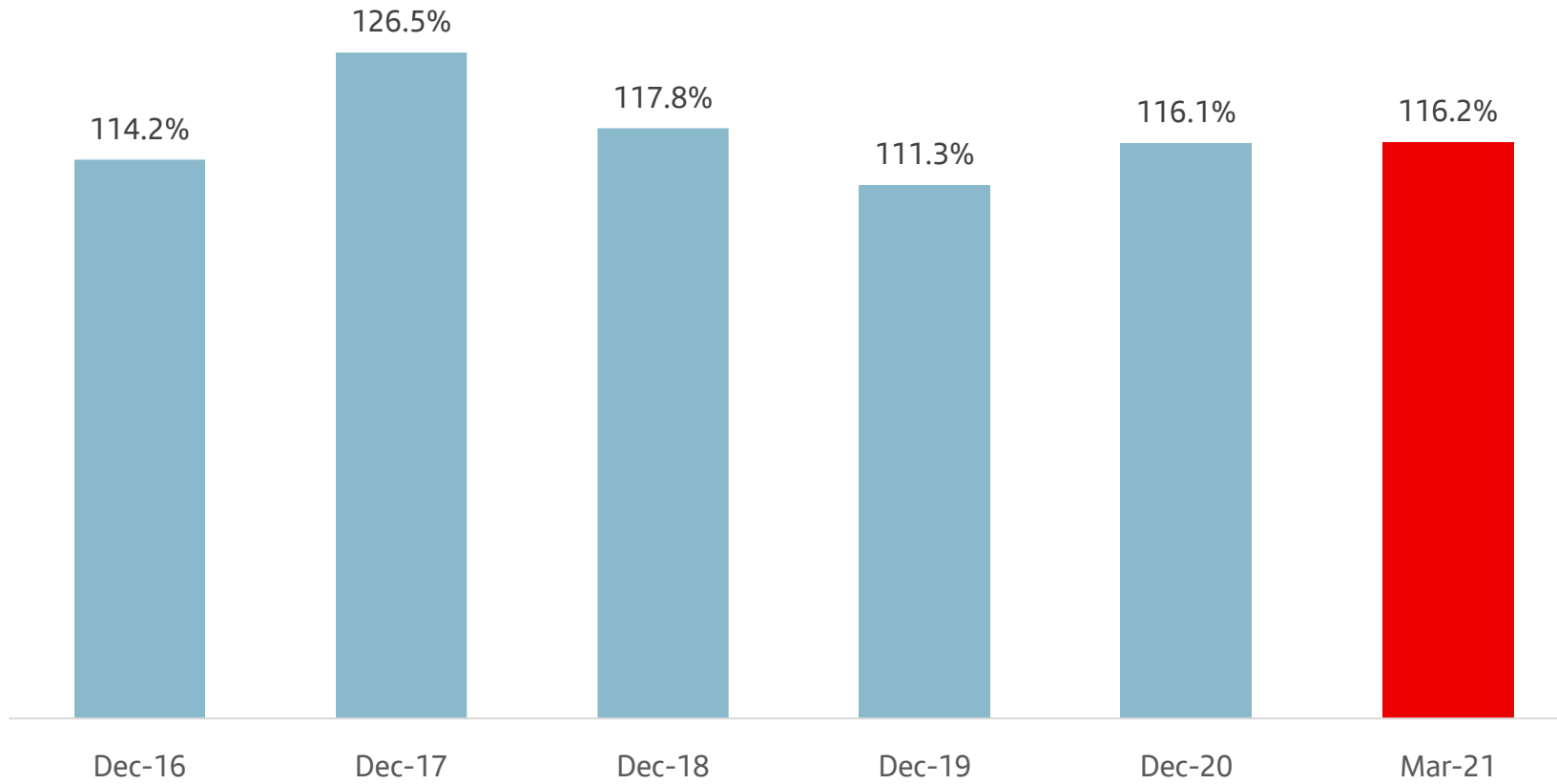
- ▶ Lower customer revenue still reflecting the adverse effects from the pandemic, especially in terms of NII, partly offset by lower costs
- ▶ LLPs decline QoQ, with the cost of credit at 32bp, while the NPL ratio continued to decline
- ▶ Attributable profit decreased 71% YoY, due to a one-off change associated with the transformation plan of the Bank

Financial and liquidity management

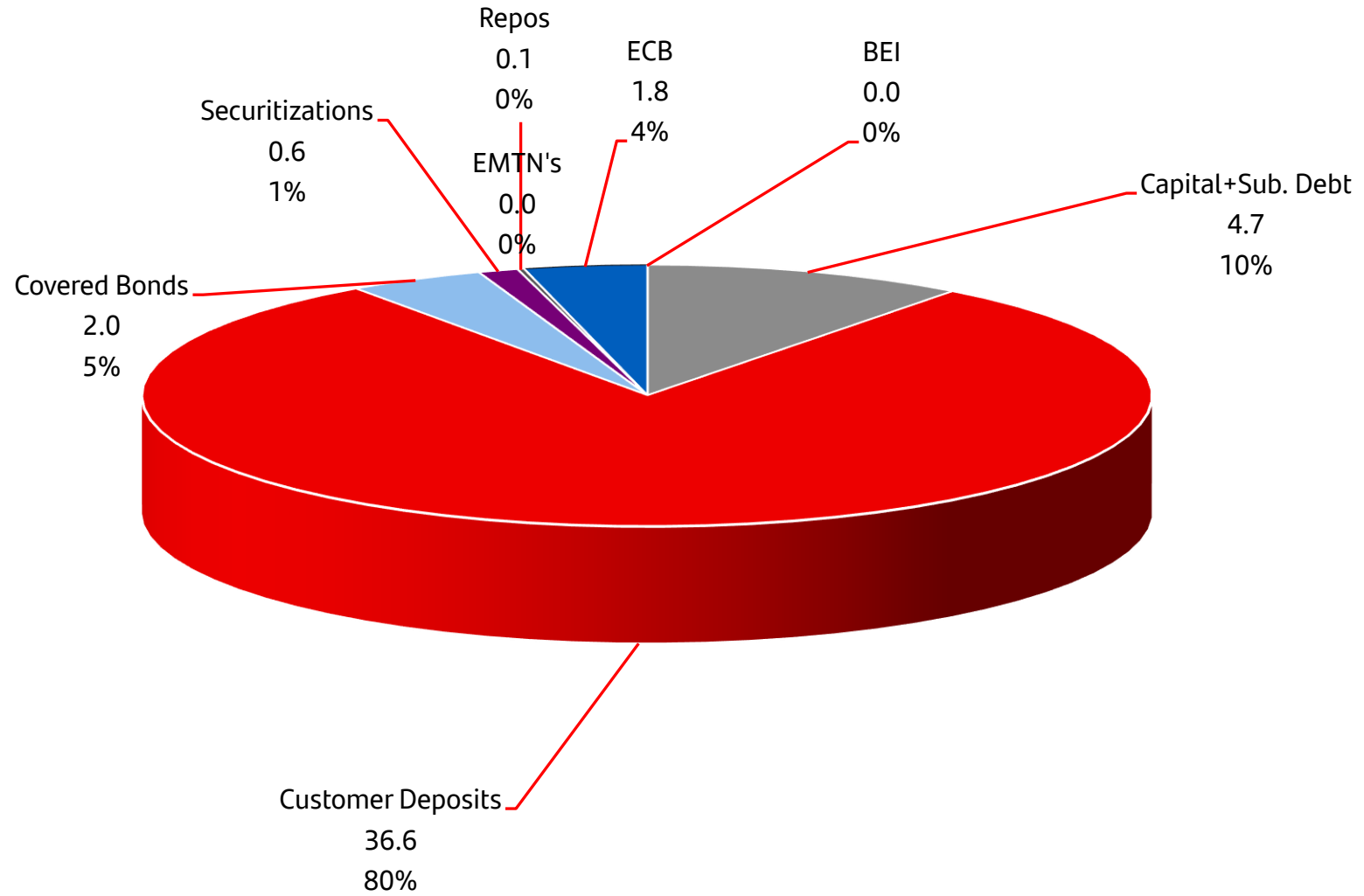


04

Loans to Deposit Ratio

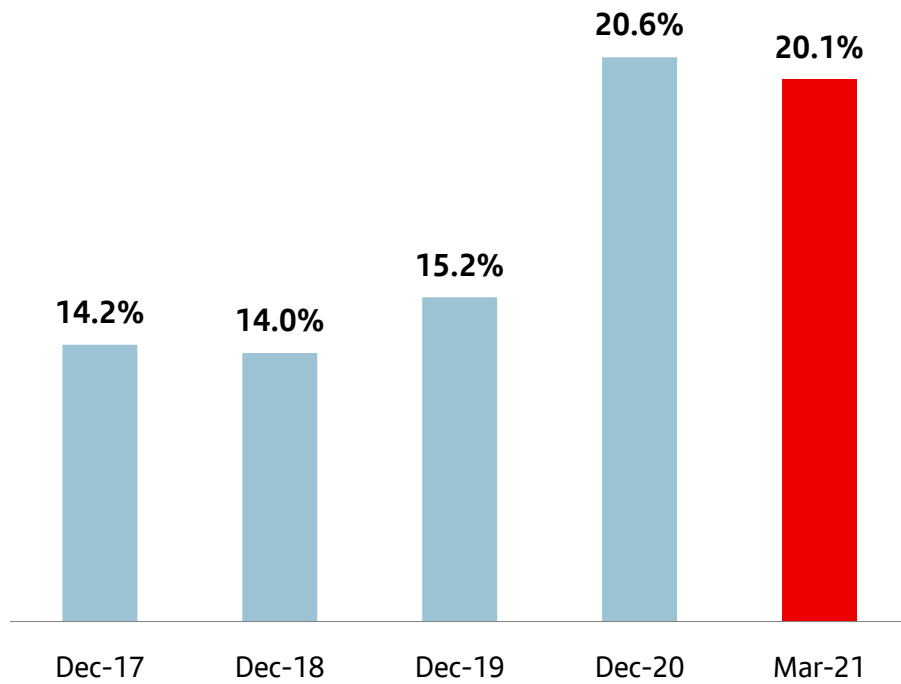


Funding structure

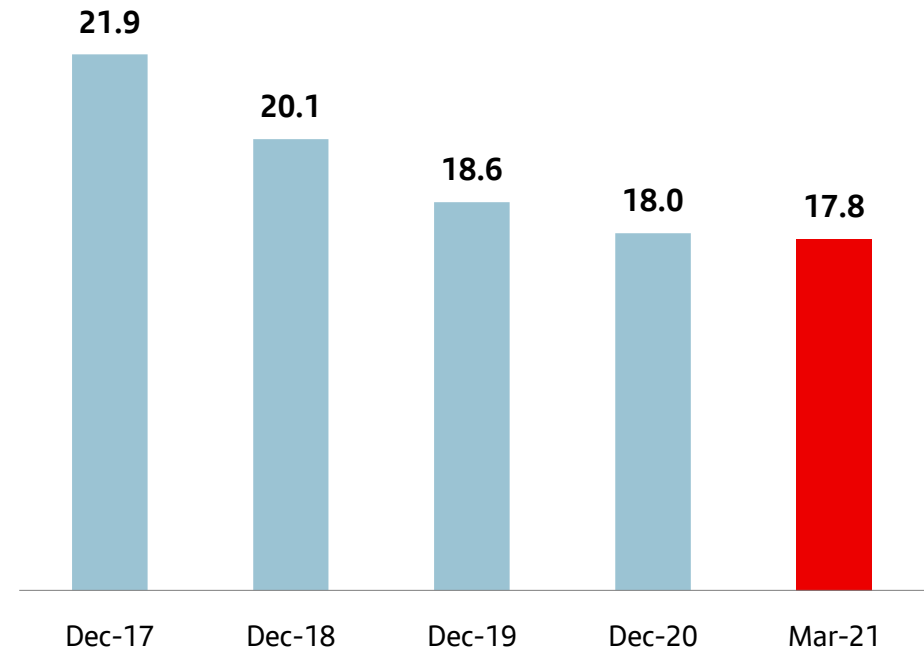


As of Mar/21

CET 1 – full implemented



RWA (bn€)



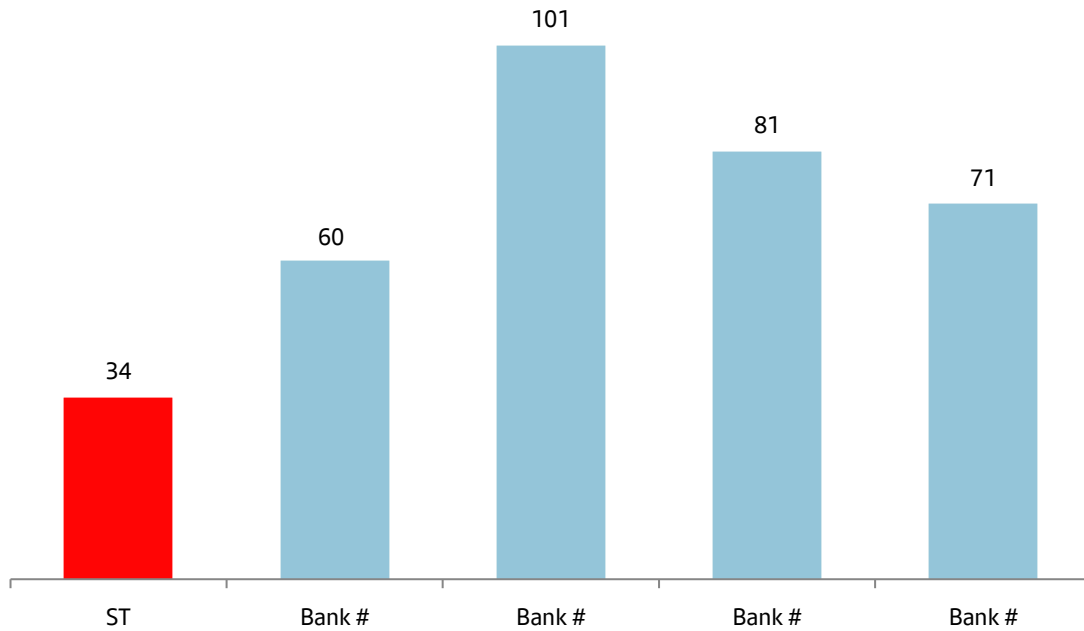
Benchmarking



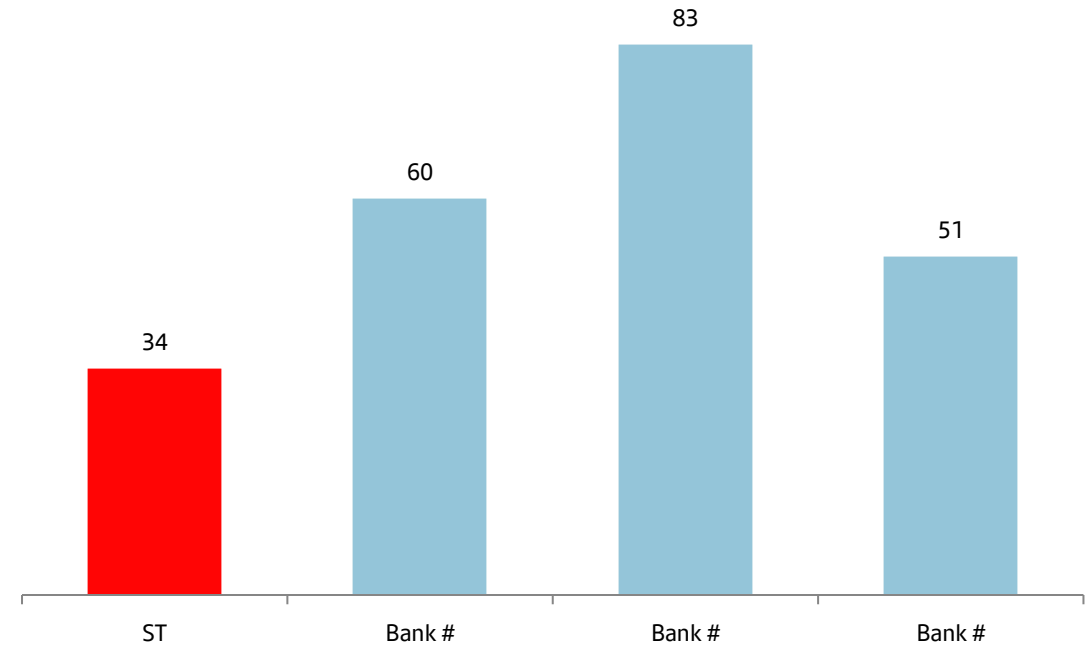
05

Resilient and sustained profitability

Net Income – Consolidated (M€)

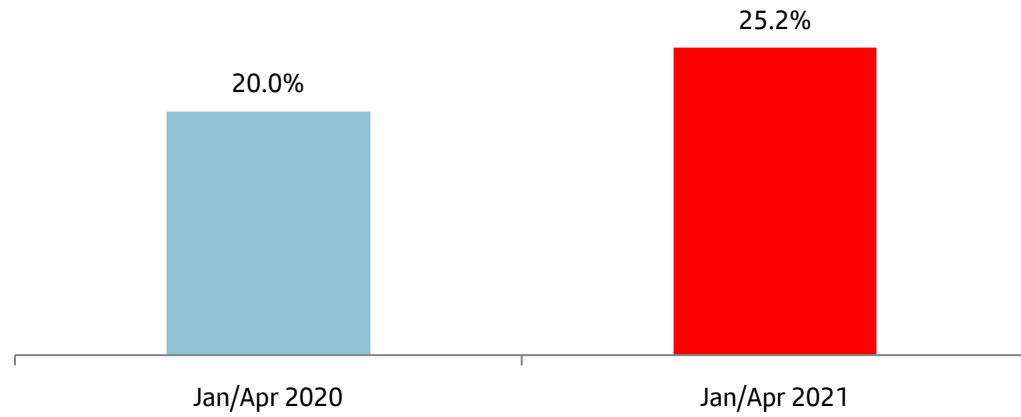


Net Income – Domestic (M€)

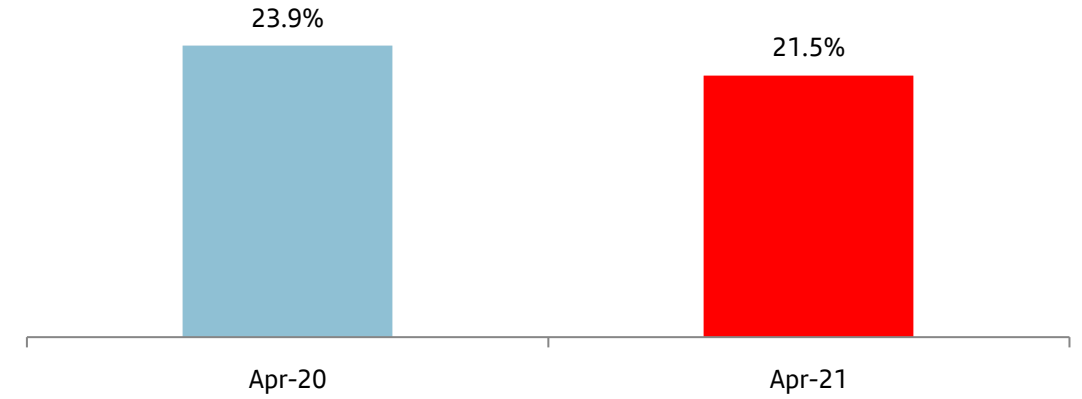


As at Mar/21

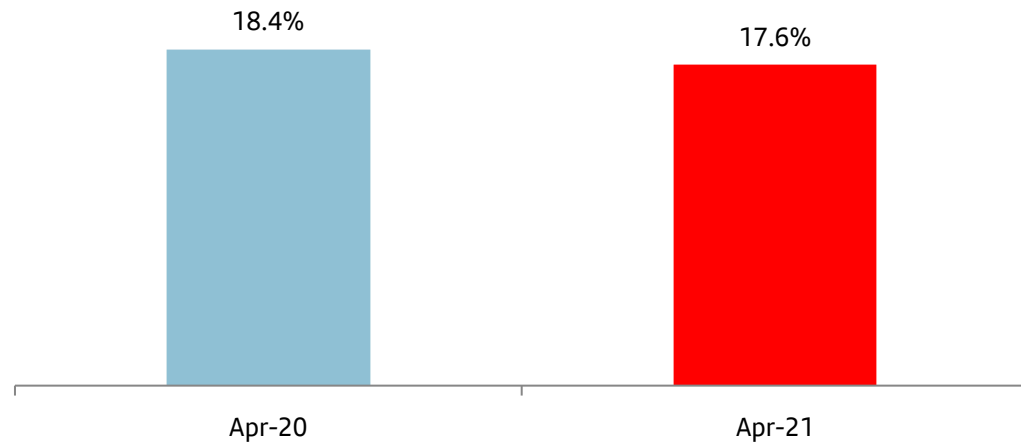
Corporates – New Production



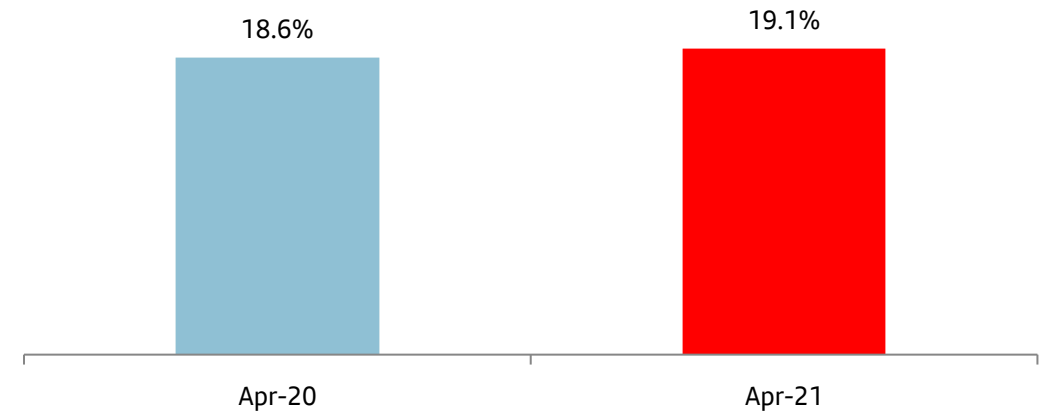
Mortgages – New Production



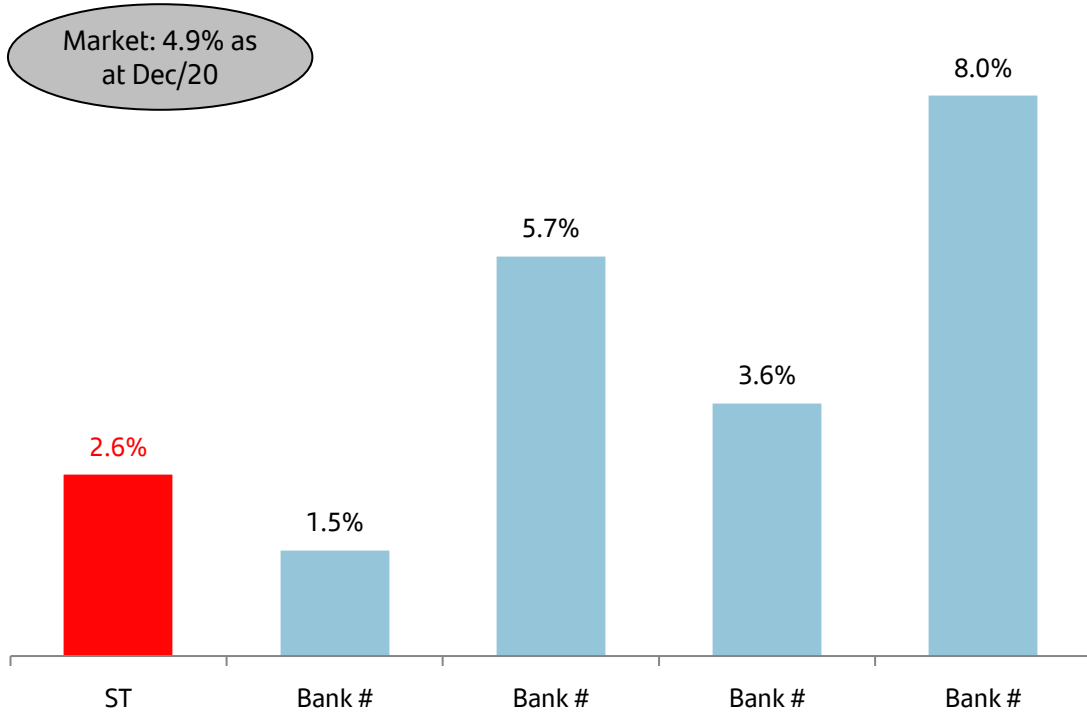
Corporates – Stock



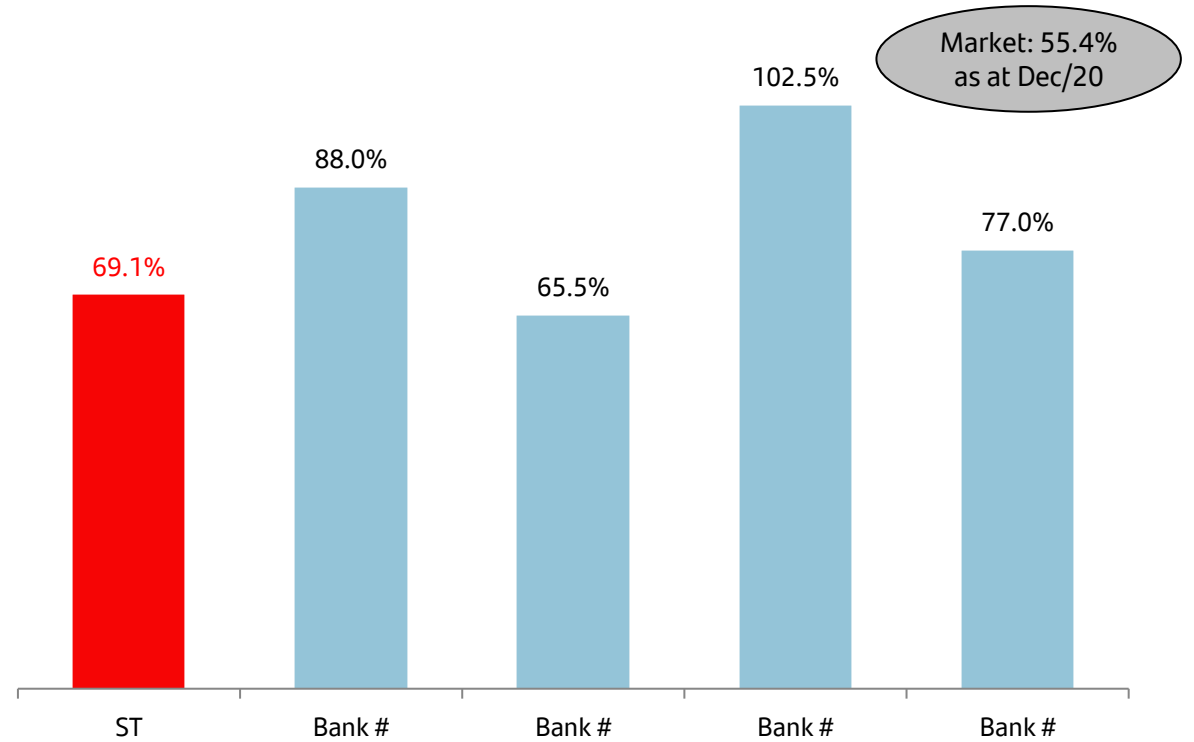
Mortgages – Stock



NPE Ratio

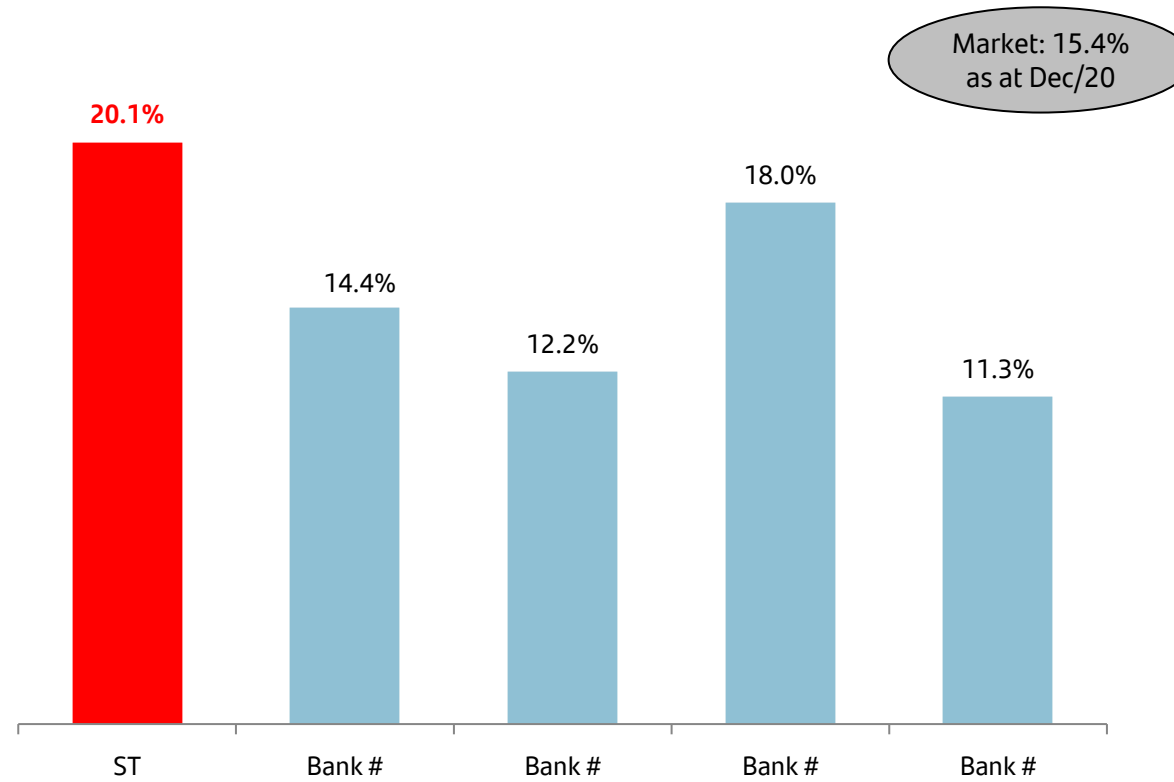


NPE Coverage Ratio











As at Mar/21

CET 1 (full implemented)



As at Mar/21

Rating Portuguese Banks – Senior Debt

DBRS		Fitch		Moody's		S&P	
A		BBB+	Bank 3 	Baa2		BBB	 Bank 3 
AL		BBB		Baa3	 Bank 3 	BBB-	
BBBH		BBB-		Ba1	Bank 1 Bank 2	BB+	
BBB	Bank 2	BB+	Bank 2	Ba2		BB	Bank 1
BBBL	Bank 1	BB	Bank 1	Ba3		BB-	
BBH		BB-		B1		B+	
BB		B+		B2		B	
BBL		B		B3		B-	
BH	Bank 4	B-	Bank 5	Caa1		CCC+	
B	Bank 5	CCC+		Caa2	Bank 4	CCC	
BL		CCC		Caa3		CCC-	

Appendix



06

Santander Totta, SGPS

Balance Sheet (million euros)	Mar-21	Mar-20	Var.
Cash, cash balances at central banks and other demand deposits	6,566	4,092	+60.4%
Financial assets held for trading, at fair value through profit or loss, and at fair value through other comprehensive income	10,094	12,258	-17.7%
Financial assets at amortised cost	39,998	38,063	+5.1%
Investments in subsidiaries, joint ventures and associates	129	114	+13.7%
Tangible assets	592	627	-5.6%
Intangible assets	38	35	+8.2%
Tax assets	431	544	-20.9%
Non-current assets held for sale	52	46	+12.8%
Other assets	227	354	-35.8%
Total Assets	58,127	56,134	+3.6%
Financial liabilities held for trading	835	1,094	-23.6%
Other financial liabilities mandatory at fair value through profit or loss	3,215	3,245	-0.9%
Financial liabilities at amortised cost	46,858	44,811	+4.6%
Resources from Central Banks and Credit Institutions	7,870	6,158	+27.8%
Customer deposits	36,233	35,007	+3.5%
Debt securities issued	2,539	3,407	-25.5%
Of which: subordinated debt	8	8	+0.0%
Other financial liabilities	216	239	-9.8%
Provisions	427	239	-9.8%
Technical provisions	703	718	-2.2%
Tax liabilities	376	463	-18.8%
Other liabilities	982	1,077	-8.8%
Total Liabilities	53,396	51,648	+3.4%
Share capital attributable to ST SGPS shareholders	4,730	4,484	+5.5%
Non controlling interests	2	2	+3.3%
Total Shareholders' Equity	4,732	4,486	+5.5%
Total Shareholders' Equity and Total Liabilities	58,127	56,134	+3.6%

Santander Totta, SGPS

Income Statement* (million euros)	Mar-21	Mar-20	Var.
Net interest income (without dividends)	192.5	202.0	-4.7%
Dividends from equity instruments	0.0	0.0	-
Net interest income	192.5	202.0	-4.7%
Results from Associates	2.8	2.7	+3.7%
Net commissions	96.5	96.6	-0.0%
Other banking income	-19.5	-16.7	+17.2%
Insurance activity	4.3	4.0	+7.6%
Gain/loss on financial transactions	144.2	65.9	+118.9%
Operating income	420.8	354.5	+18.7%
Total operating expenses	(143.3)	(147.0)	-2.5%
Personnel expenses	(80.2)	(84.8)	-5.4%
General expenses	(50.4)	(49.4)	+2.0%
Depreciation	(12.7)	(12.8)	-0.6%
Net operating income	277.5	207.5	+33.7%
Impairment of financial assets at amortised cost	(34.0)	(19.7)	+72.5%
Net provisions and other results	(220.9)	(20.6)	>200%
Income before taxes and MI	22.5	167.2	-86.5%
Taxes	11.7	(48.2)	-
Minority interests	(0.0)	(0.0)	-49.7%
Consolidated net income	34.2	118.9	-71.2%

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