



Portugal



2022

Institutional Presentation

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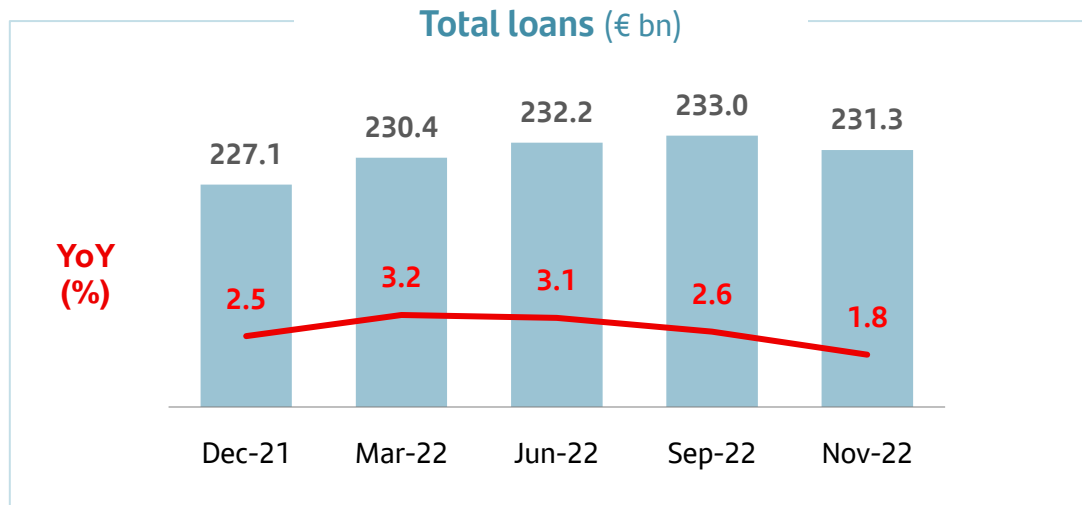
The information contained herein is in accordance with the Bank of Portugal's criteria. Unless otherwise stated, data in this presentation refers to consolidated figures for Santander Totta SGPS, the group's holding company in Portugal. BST is Santander Totta SGPS' main operating unit, aggregating the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

Macroeconomic environment and financial system

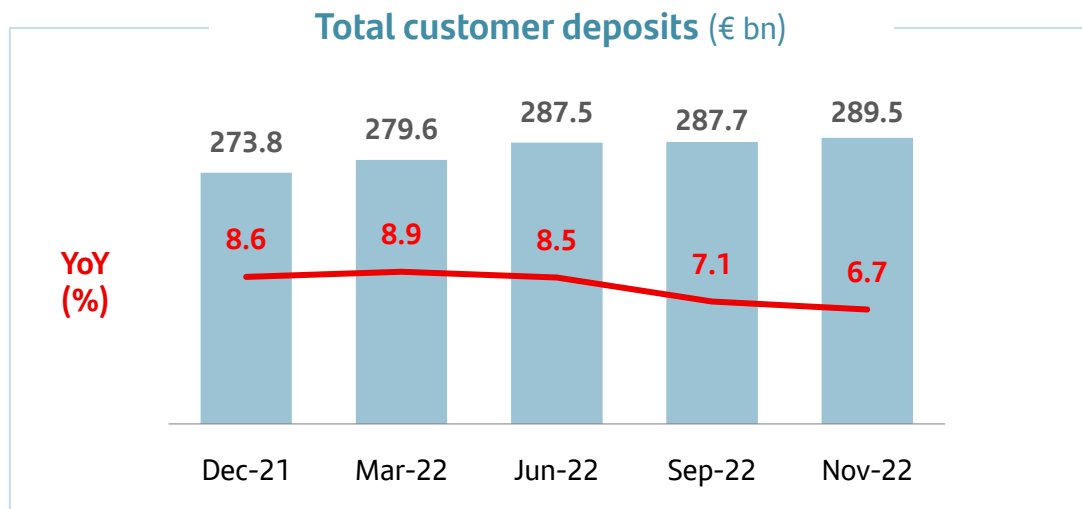


01

Loan growth is decelerating, with lower demand by corporates, but also for mortgages. Deposits continued increasing, but at a slower pace



- ▶ Household credit demand started to decelerate as higher interest rates feed through the economy. New loan origination remained elevated, at €1bn per month, but below recent peaks.
- ▶ New loans to Corporates are decelerating at a faster pace, as companies adjust to the slower economic growth outlook.














- ▶ Deposits remain elevated but growing at a progressively slower pace. The system continued to maintain low remuneration on deposits, despite the increase in Euribor rates.

Strategy and business



02

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

KEY DATA	2022	YoY Var.
 Customer loans	€41.0 bn	+1.5%
 Customer Deposits	€38.5 bn	+0.2%
 Attributable profit	€606.7 mn	+103.2%
 RoTE ¹	15.0%	+1.8 pp
 Efficiency ratio	37.6%	-247 bps
 Loans market share ²	17.9%	-9 bps
 Deposits market share ²	13.4%	+4 bps
 Total customers	2.9 mn	-4.5%
 Digital customers	1.1 mn	+11.5%
 Branches ³	339	-2.6%
 Employees ³	4,644	-3.4%



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

Santander Portugal continues to increase its digital footprint: a key lever to increase customer loyalty and service quality perception

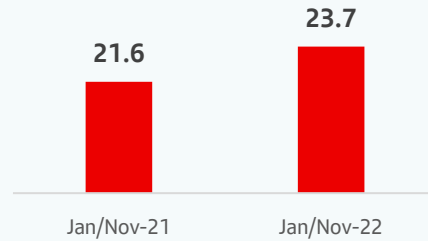


- ▶ Our commercial and digital transformation aiming at providing first-class service to customers continues to be reflected in sustained growth in the number of loyal customers (+9%)
- ▶ We aim to provide a seamless experience across channels, translated into the continued increase in digital customers (+12%)
- ▶ Significant investment in Virtual Teller Machines (VTMs), to cover a significant part of the retail network, providing customers with 24/7 self-banking service, including deposits of coins and banknotes

Santander Portugal is fully committed to helping people and businesses to prosper...

Individuals

New Mortgages – Market Share (%)



GooglePay

Santander Cards can now be added to GooglePay, which allows easy, fast and secure payments using Android devices



SafeCare Health Insurance

Outstanding year in non-related insurance, with special focus on health insurance

Seguro SafeCare Saúde Viva Mais
O seguro que o protege e acompanha em caso de doença grave.

Businesses



Best Bank in Trade Finance, as Market Leader and Best Service, recognizing Santander's continued support of the internationalization of Portuguese companies

Best SME Bank in Portugal in recognition of the support and quality of services provided to SMEs



Protocol with the European Investment Bank to provide €820mn in loans to small and mid cap companies

Better Service



Best Bank in Portugal

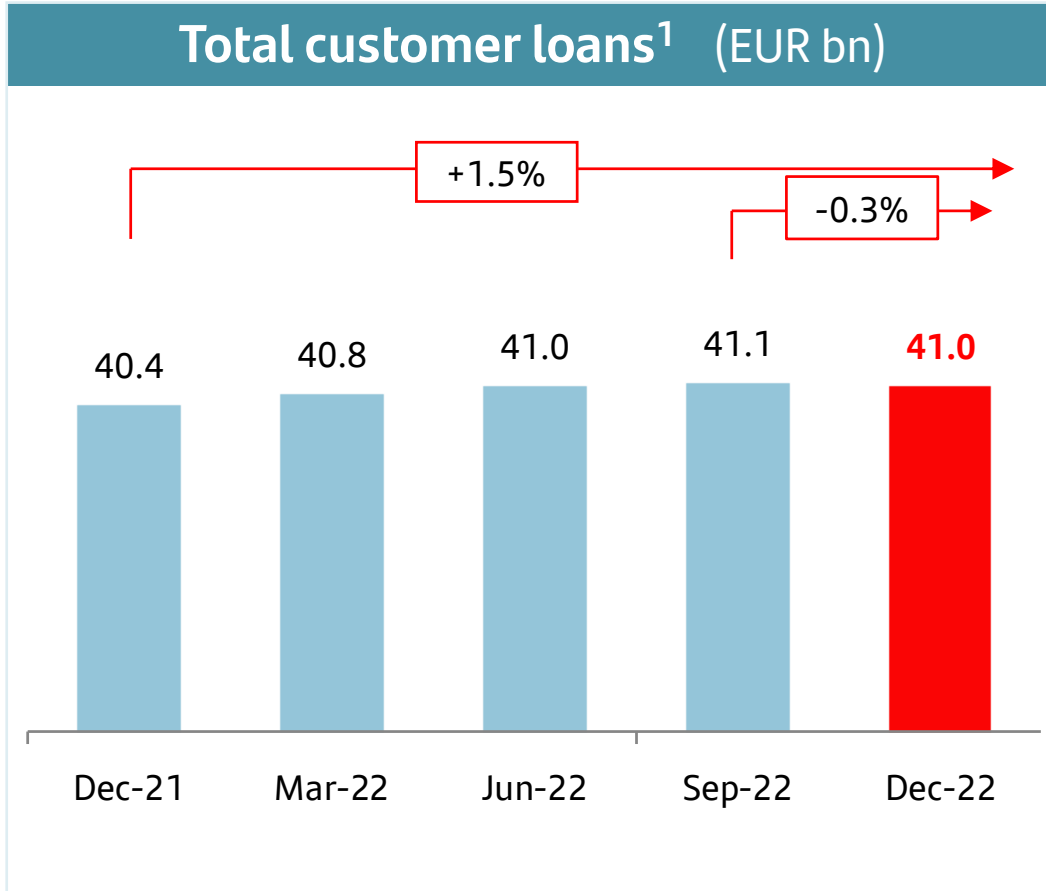


Best Private Banking in Portugal



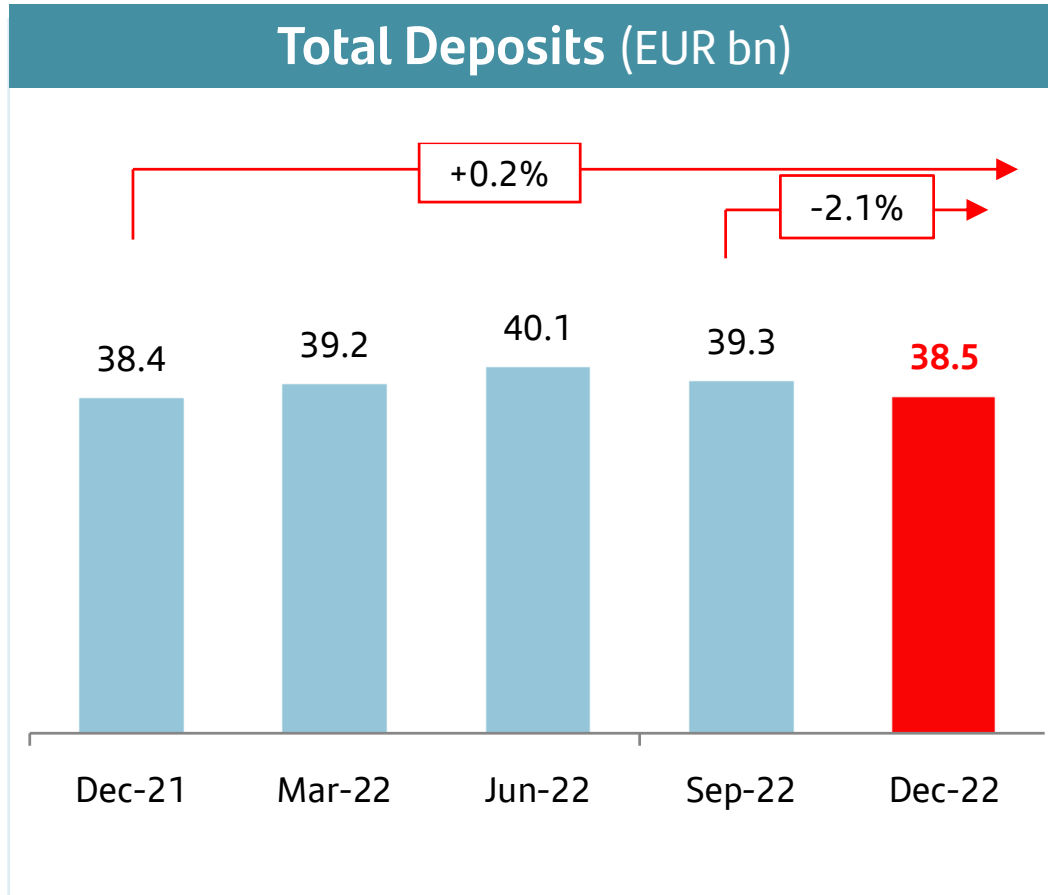
We are increasing the availability of **VTM – Virtual Teller Machines**, with enhanced capabilities, to facilitate customer transaction at the branch level

Strong increase in mortgages was offset by lower demand for corporate loans



	Dec-22	YoY (%)	QoQ (%)
Individuals	25.3	+5.2	+0.1
Mortgage	23.1	+5.5	+0.2
Consumer and other	2.2	+2.8	-1.1
Corporates	15.4	-3.8	-1.5

Lower customer funds driven by market conditions, impacting mutual funds and financial insurance saving products, while deposits remain flattish



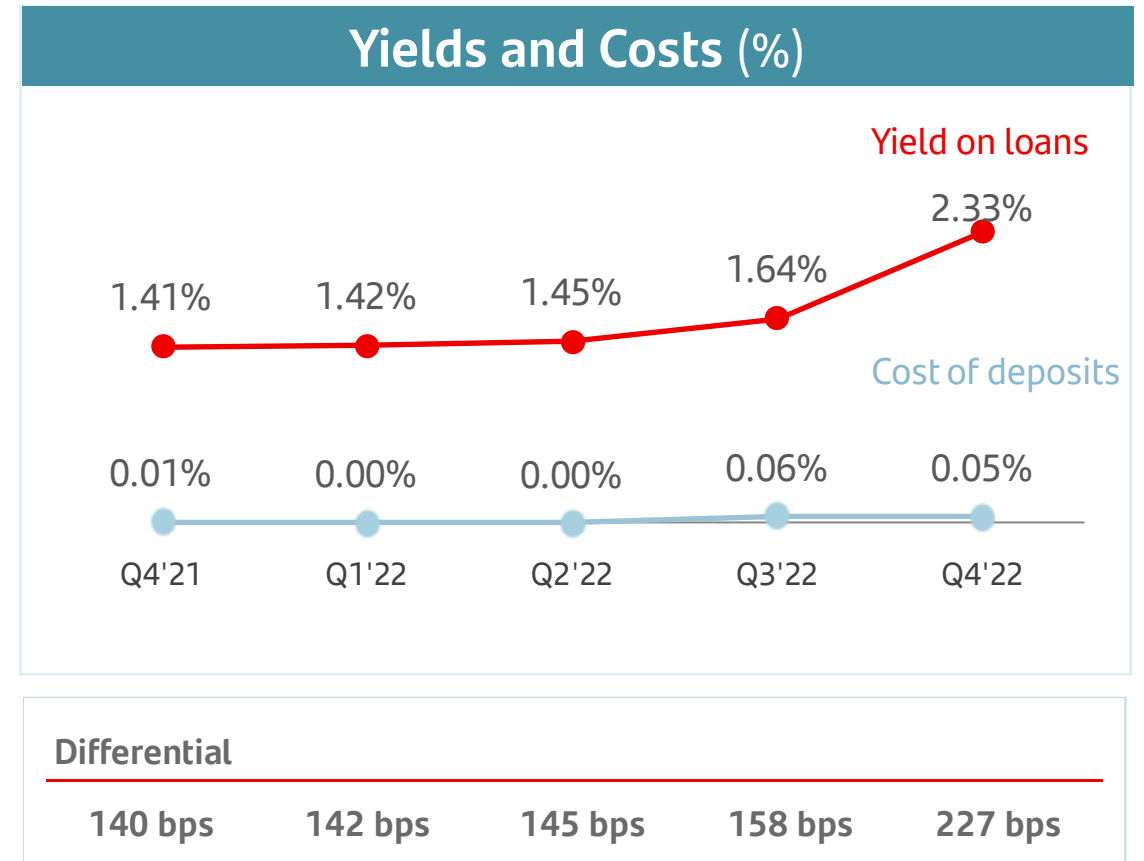
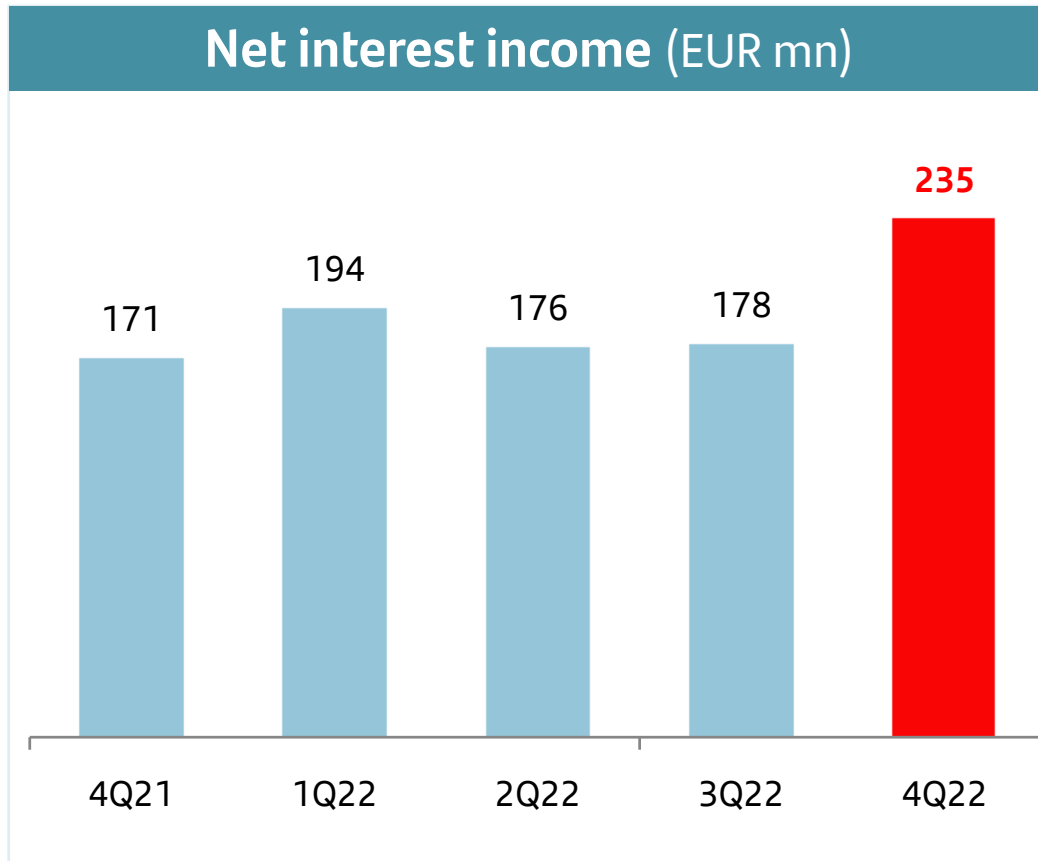
	Dec-22	YoY (%)	QoQ (%)
Deposits	38.5	+0.2	-2.1
Off Balance Sheet Resources	7.3	-14.3	-2.0
Investment Funds	3.6	-16.5	-1.9
Insurance and other	3.6	-11.9	-2.1
Total Customer Funds	45.8	-2.4	-2.0

Results

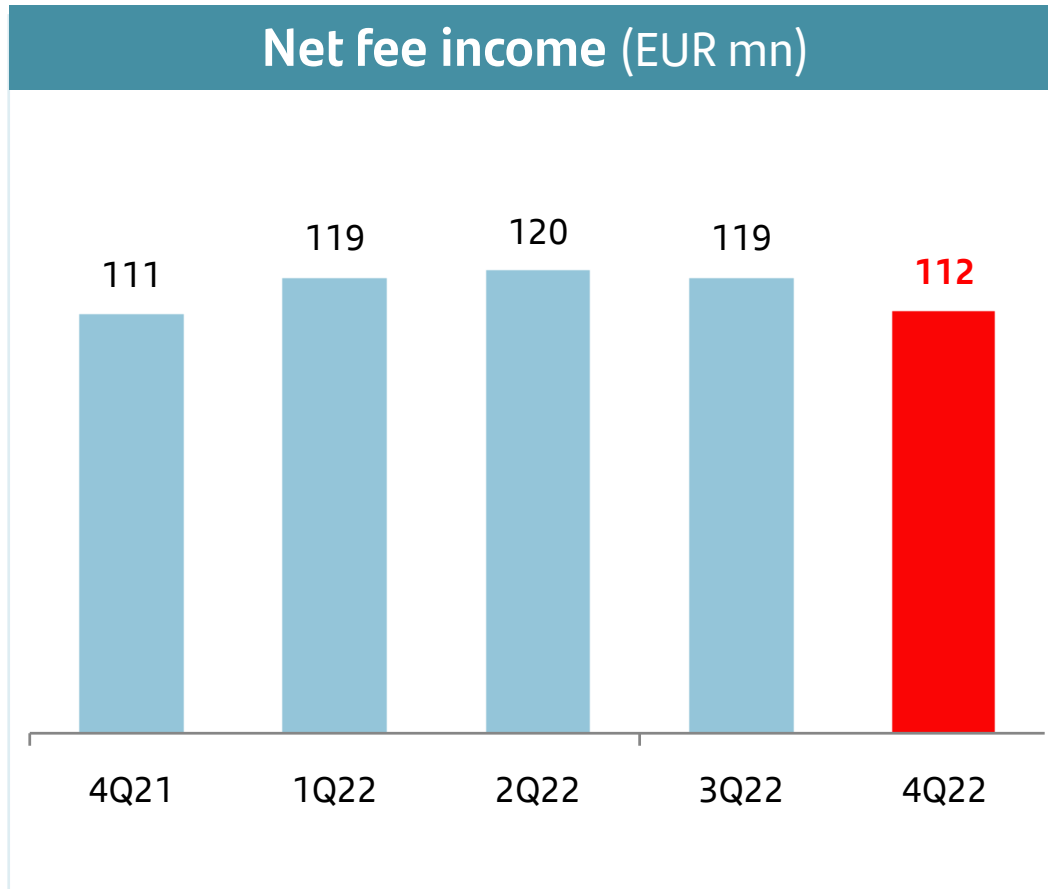


03

NII rose 7% YoY, driven up by higher interest rates in the last quarter

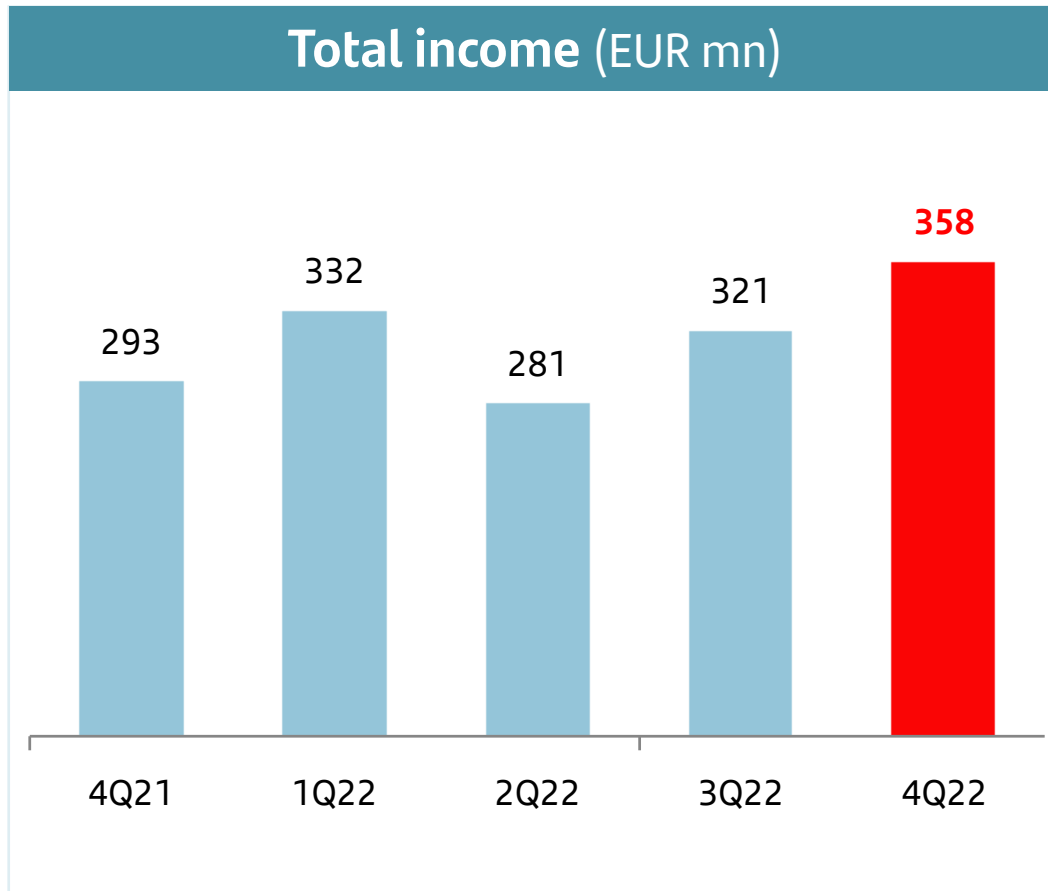


Net fees growth of 10% YoY in 2022, underpinned by higher customer transactions, dynamic mortgage origination and continued focus on protection insurance



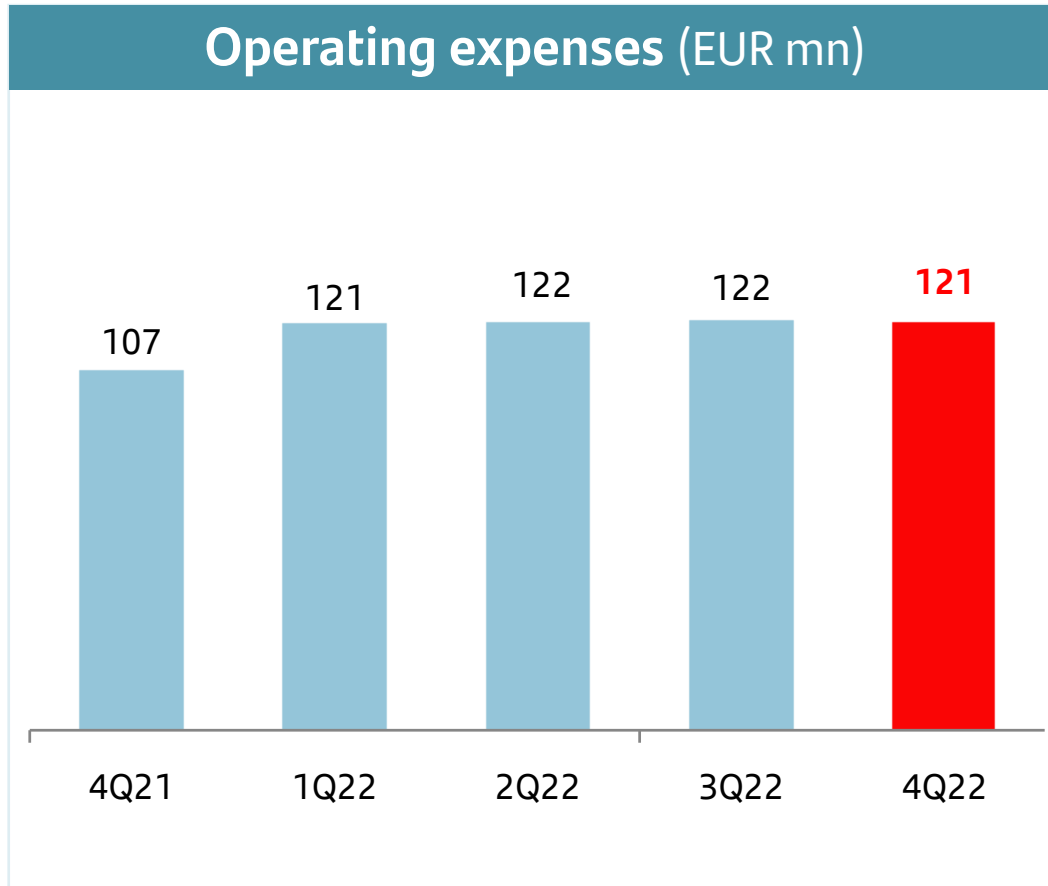
	2022	2021	YoY (%)	QoQ (%)
Credit	77	71	+7.2	-12.0
Means of Payment	117	99	+18.6	-0.6
Mutual funds	37	37	-0.0	-4.4
Insurance	126	114	+10.6	-3.1
Other	114	106	+7.7	-12.1
Total net fee income	470	427	+10.2	-6.2

Total income improved 12% QoQ, led by stronger NII (+32% QoQ). Stronger customer revenues in 2022 largely offset the dynamics related to ALCO portfolio sales in Q1'21



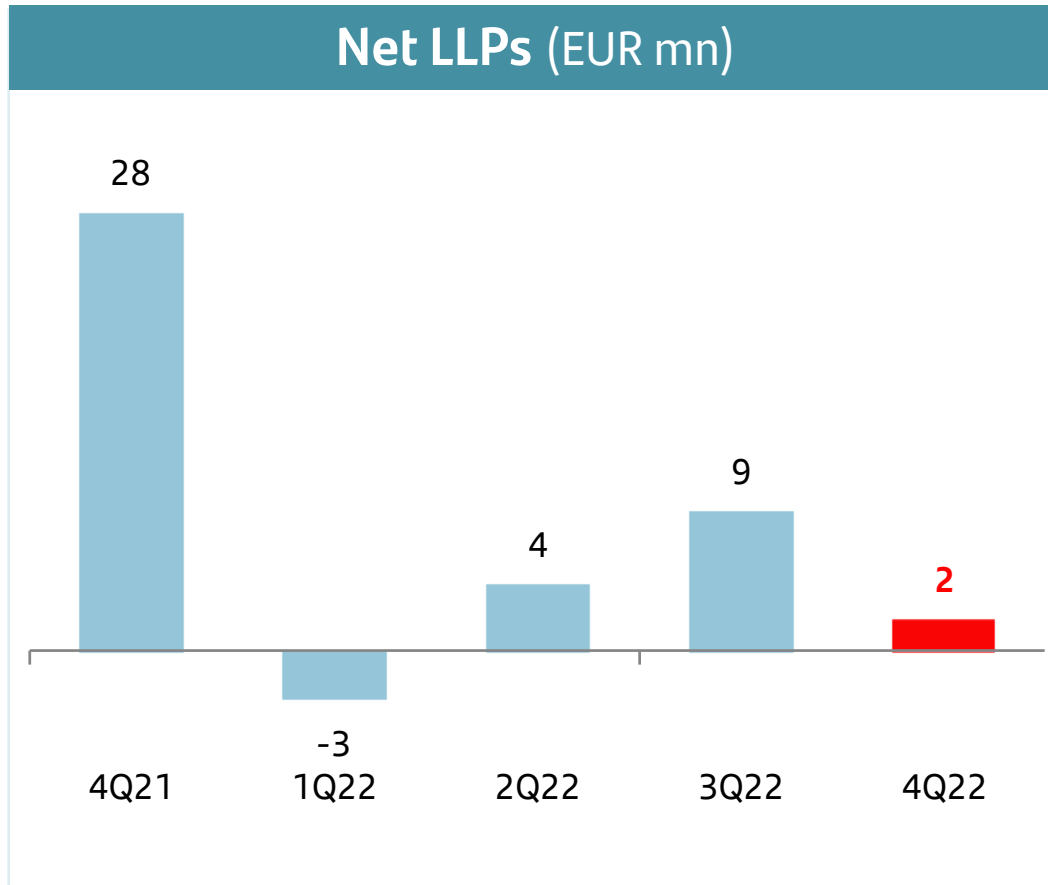
	2022	2021	YoY (%)	QoQ (%)
Net interest income	783	730	+7.3	+32.2
Net Fees	470	427	+10.2	-6.2
Customer revenue	1,253	1,156	+8.4	+16.8
Other	38	162	-76.3	-52.5
Total income	1,292	1,318	-2.0	+11.6

Expenses were 11% down as a result of the comprehensive digital and commercial transformation programme



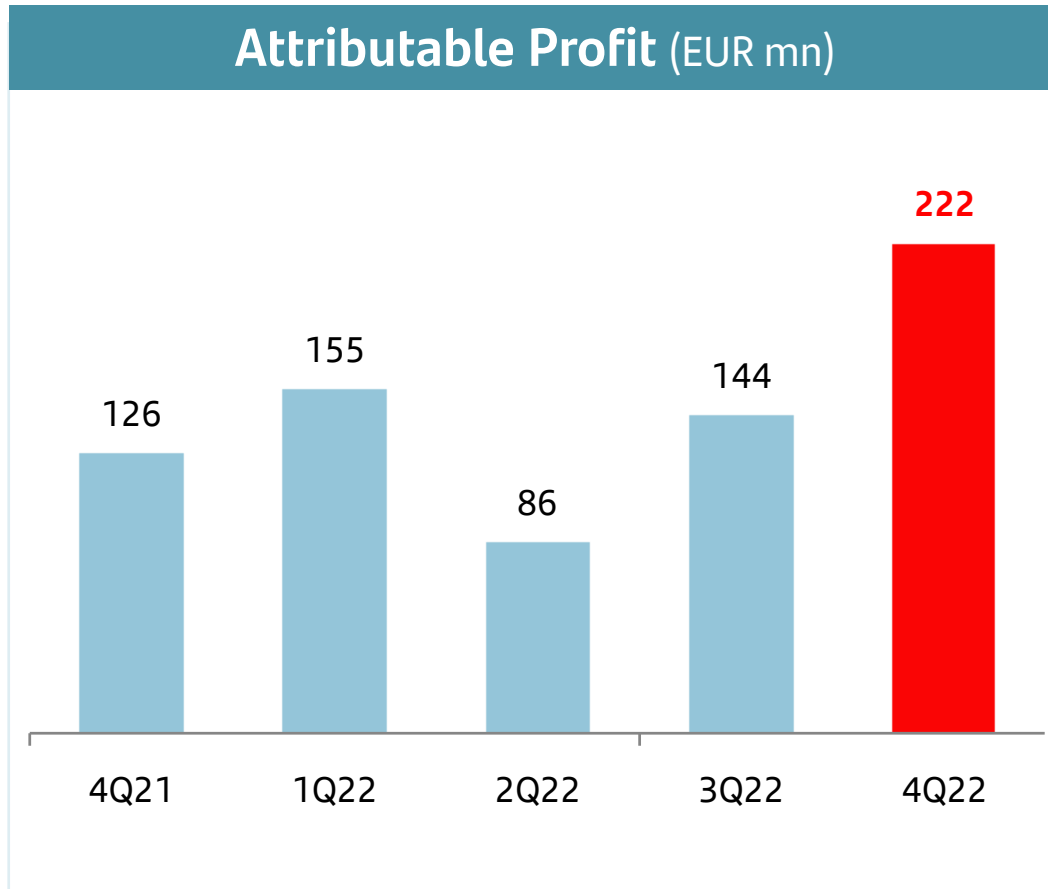
	2022	2021	YoY (%)	QoQ (%)
Operating Expenses	486	529	-8.1	-0.3
Efficiency ratio (with amortisations)	37.6%	40.1%	-2.5pp	-4.1pp
Branches in Portugal (#)	339	348	-2.6	-0.3
Employees in Portugal (#)	4,644	4,805	-3.4	-0.6

LLPs remained at very low levels, reflecting the strength of our balance sheet, as well as a resilient labour market. Credit quality improved



	2022	2021	YoY (%)	QoQ (%)
Net Operating Income	806	790	+2.0	+19.0
LLPs	12	-74	-	-77.8
Net Operating Income after LLPs	818	716	+14.1	+14.8
NPE ratio	2.0%	2.3%	-0.3pp	+0.0pp
NPE coverage ratio	87.0%	81.0%	+5.9pp	+2.1pp
Cost of Credit ⁽¹⁾	-0.03%	0.17%	-0.20pp	+0.06pp

Attributable profit increased driven by higher total income combined with strong cost decrease and lower LLPs



	2022	2021	YoY (%)	QoQ (%)
Profit before taxes	874	435	+100.8	+24.6
Taxes and MI	-267	-136	+95.6	+17.9
Attributable Profit	607	299	+103.2	+27.7

Santander Portugal's transformation resulted in greater customer loyalty and transactions, as well as one of the best-in-class efficiency ratios



Financial System

- ▶ Economic activity is gradually slowing down, as high inflation and increasing interest rates feed through the economy. As a result, new loan origination is diminishing, although remaining at still high levels. Low unemployment, on the other hand, is contributing to the system maintaining low delinquency levels.
- ▶ High liquidity levels in the system, reflected in a loans-to-deposit ratio below 100%, has, in late 2022, kept controlled the pressure to increase the remuneration of deposits.



Strategy & Business

- ▶ Santander Portugal's comprehensive transformation programme allowed it to increase customer loyalty, with the improvement in net fee income, high new loan origination volumes, controlled costs and strict asset quality management.
- ▶ We remain focused on our digital transformation process, with the aim of achieving top customer satisfaction, best-in-class efficiency ratio and attractive financial performance, including sound capital and liquidity.



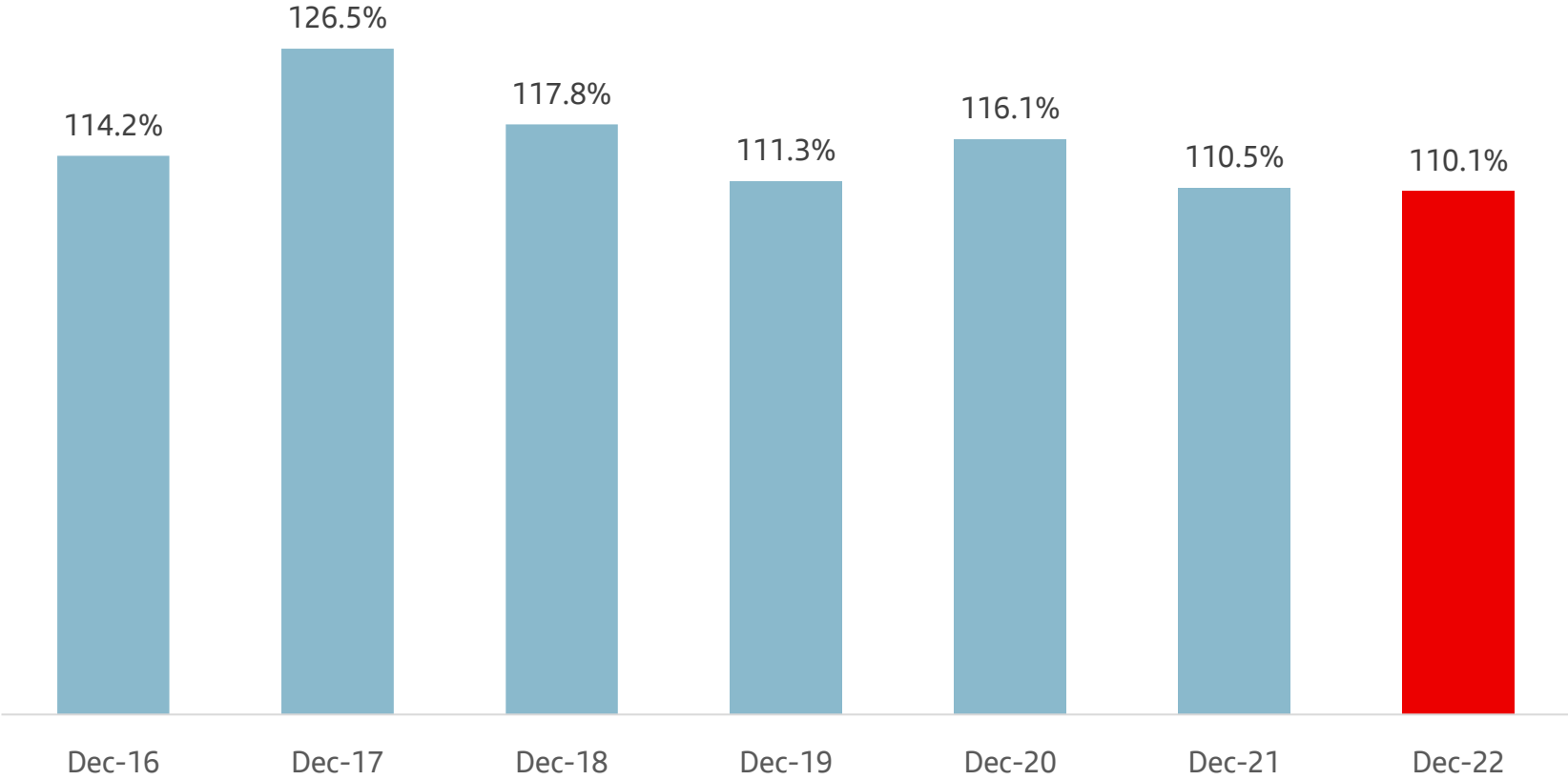
Results

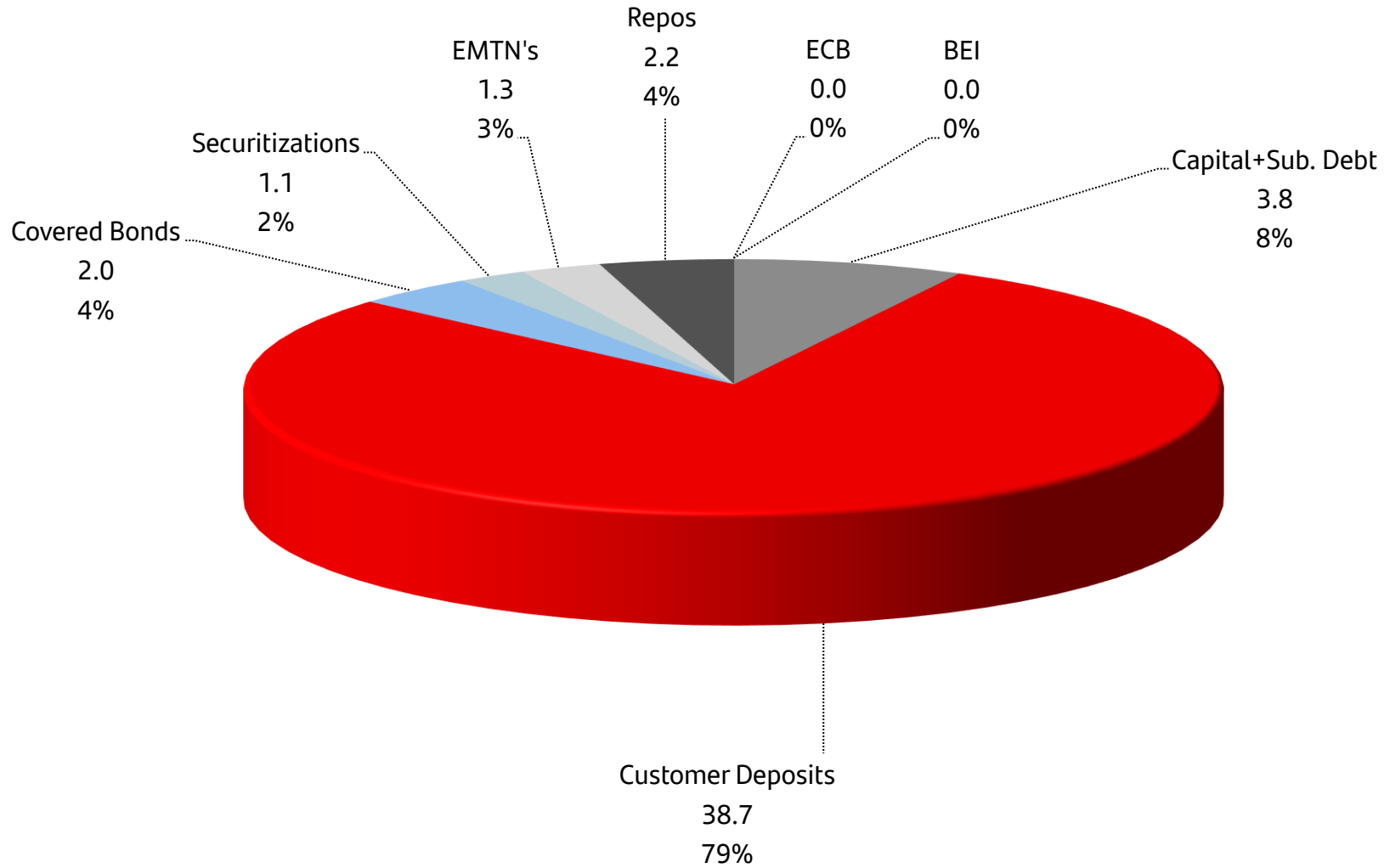
- ▶ Total income accelerated QoQ, supported by growth in NII, reflecting the positive effect of higher interest rates which, combined with strong fee growth, largely offset the negative impact of ALCO sales in 2021.
- ▶ Operating expenses remained controlled, despite inflation, reflecting our commercial and digital transformation. Efficiency ratio improved by 2.5pp.
- ▶ LLPs remain at very low levels, reflecting the strength of our balance sheet, as well as a resilient labour market.
- ▶ Attributable profit improvement driven by the recovery in total income, combined with a lower cost base and low provisioning.

Financial and liquidity management

04

Loans to Deposit Ratio





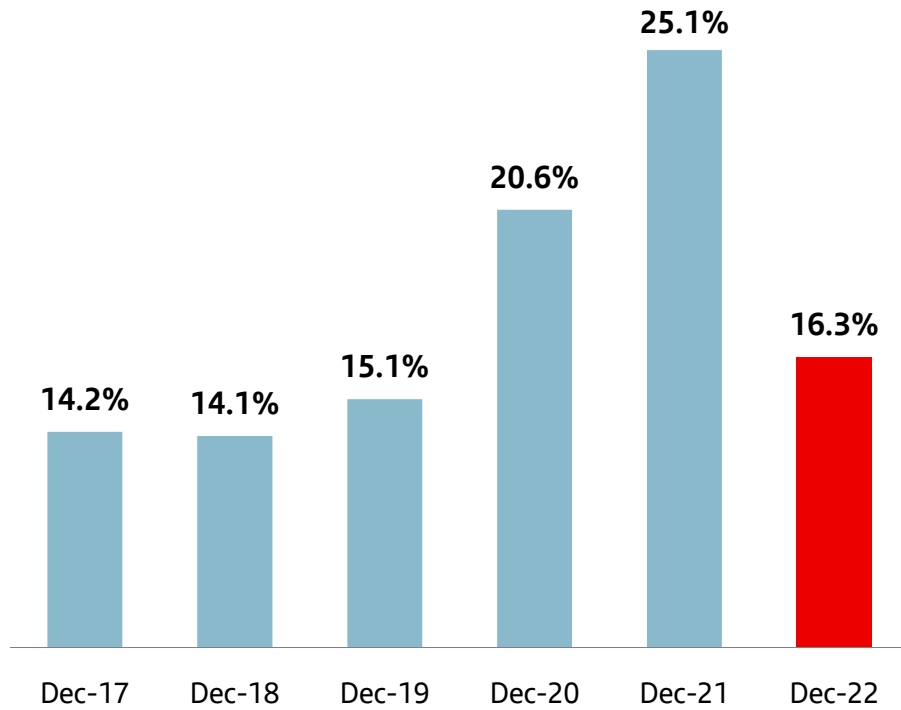
LCR
132%

NSFR
119%

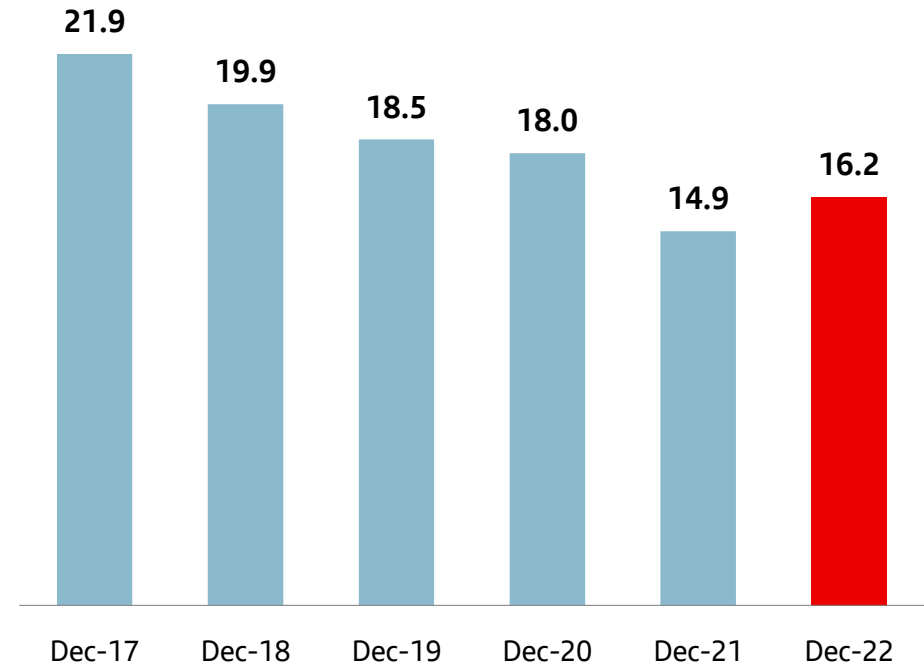
Liquidity Buffer
(% of deposits)
41.4%

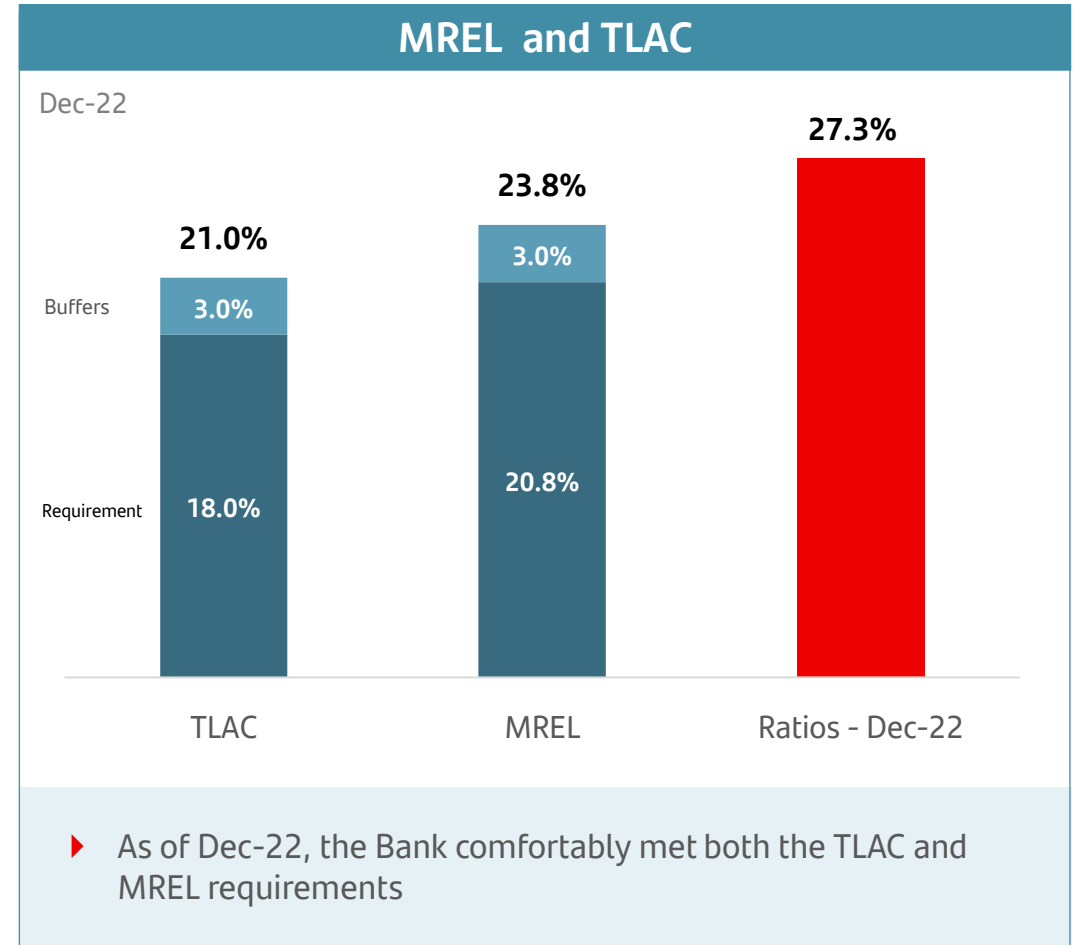
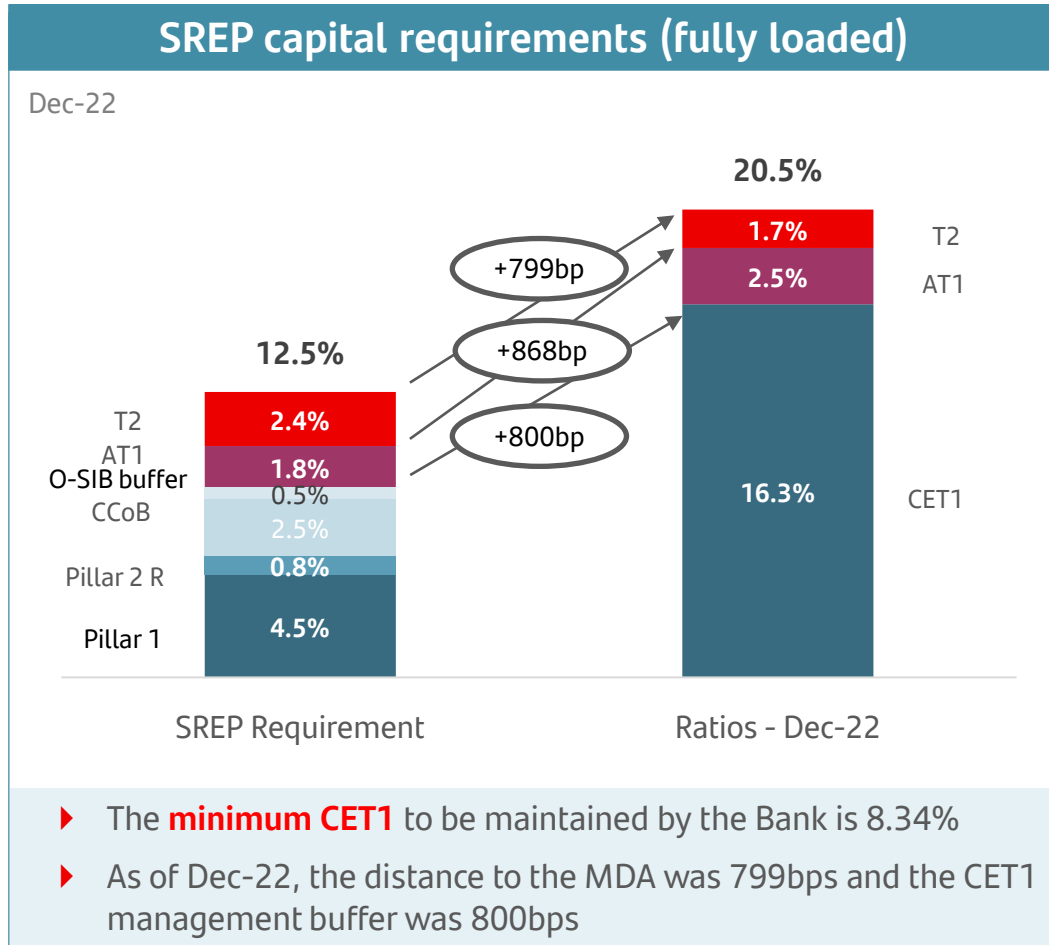
As of Dec/22

CET 1 – full implemented



RWA (bn€)





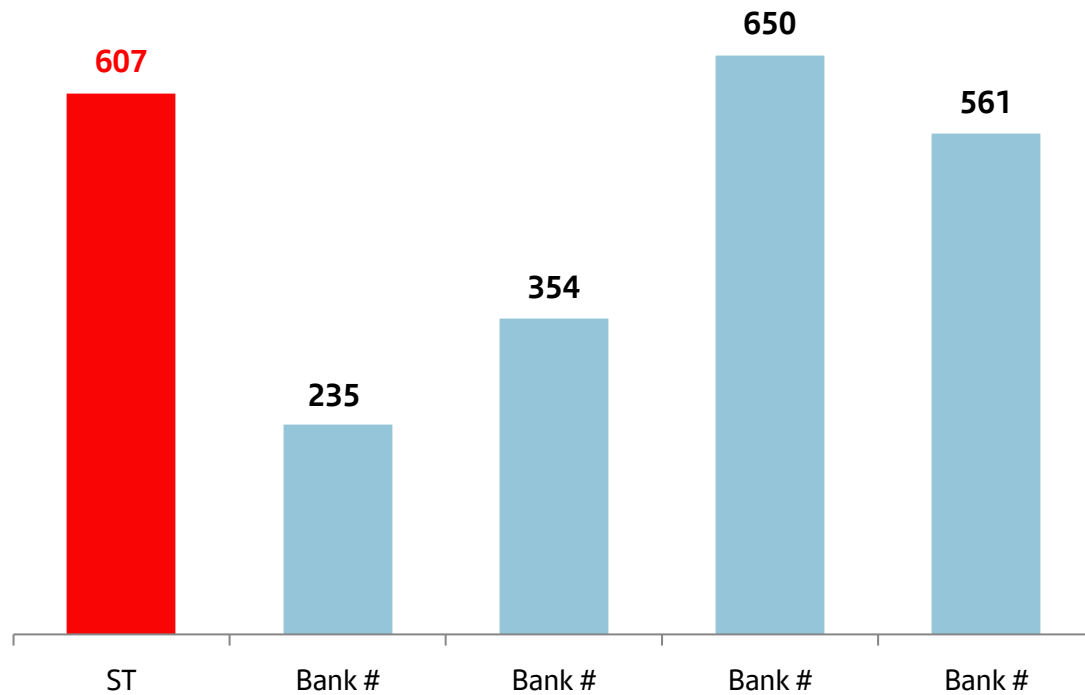
Benchmarking



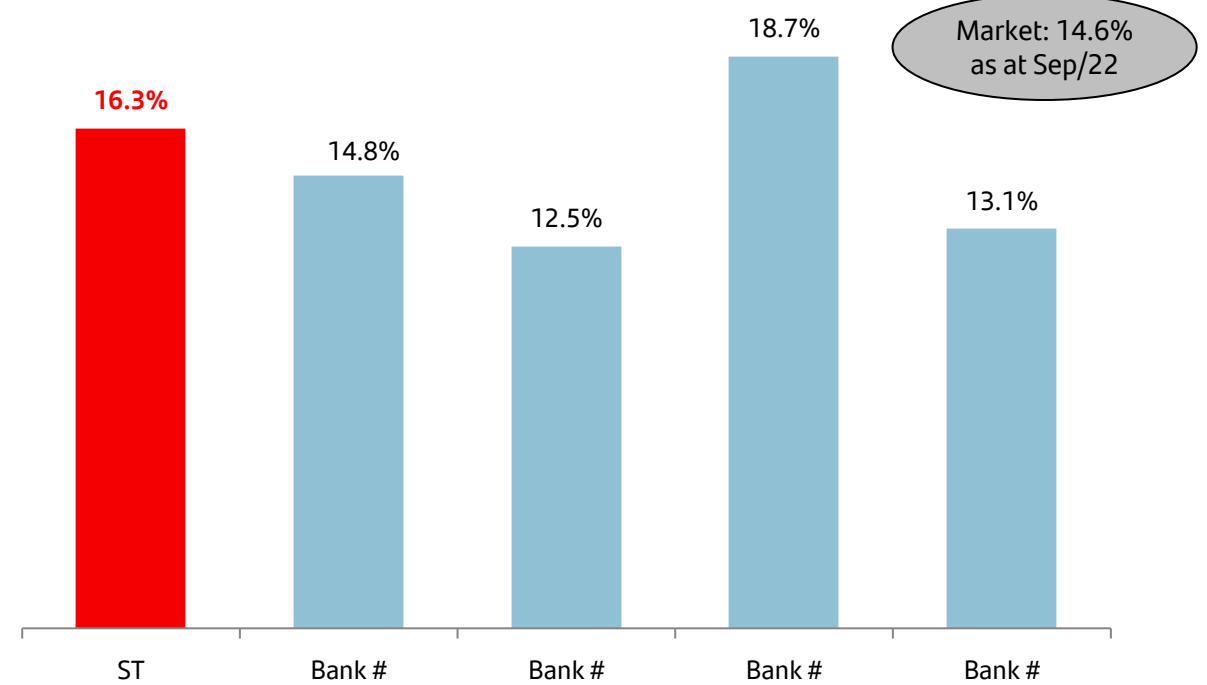
05

Sustained profitability and strong capital position

Net Income – Domestic (M€)

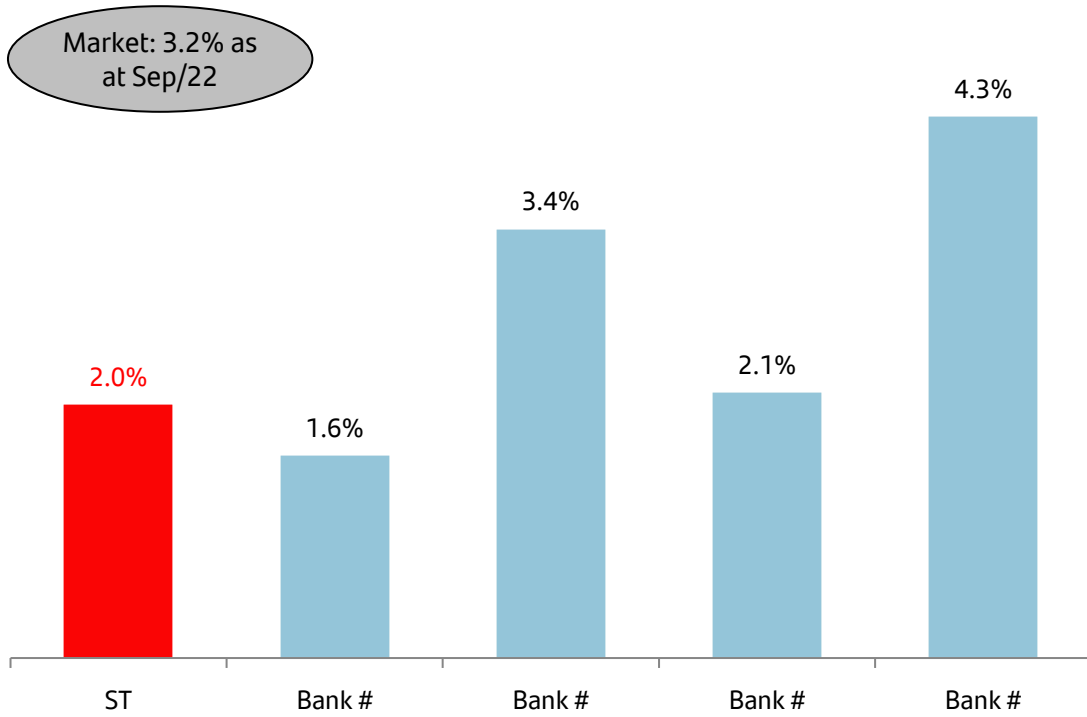


CET 1 (full implemented)

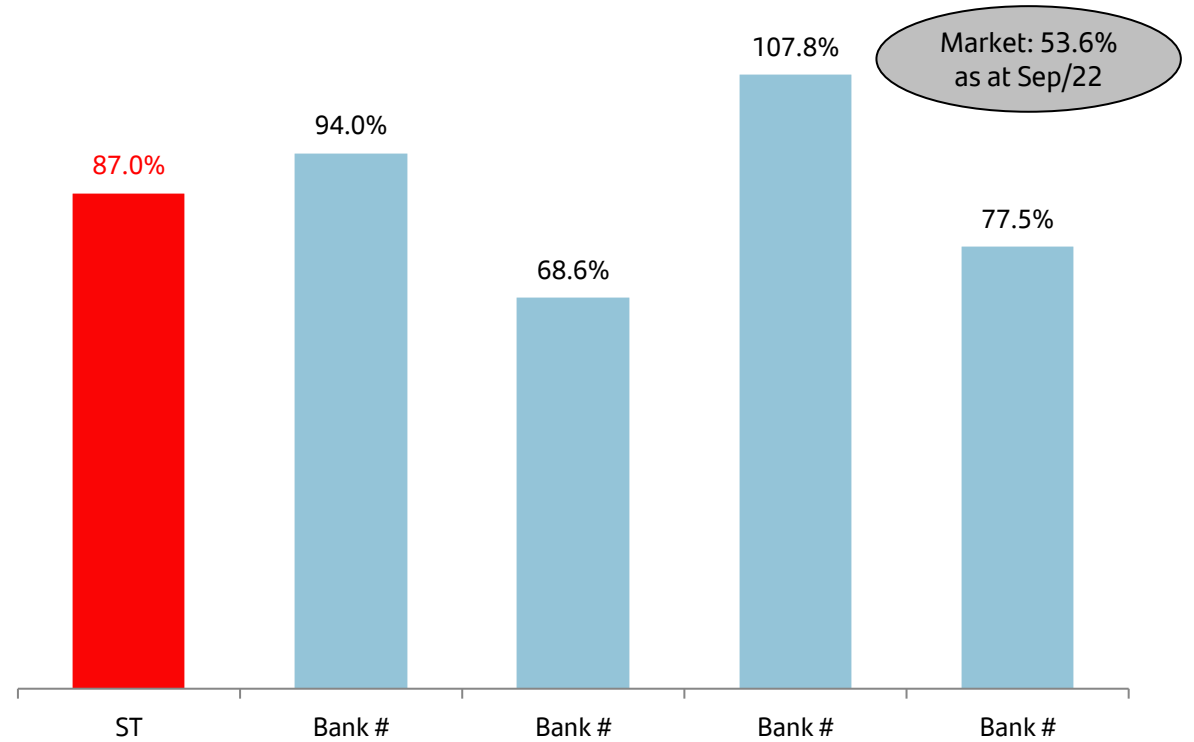


As at Dec/22

NPE Ratio



NPE Coverage Ratio



As at Dec/22

Long Term Ratings – Senior Debt

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

Appendix



06

Santander Totta, SGPS

BALANCE SHEET (million euro)	Dec-22	Dec-21	Var.
Cash, cash balances at central banks and other demand deposits	8,415	8,719	-3.5%
Financial assets held for trading, at fair value through profit or loss, and at fair value through other comprehensive income	8,255	9,877	-16.4%
Financial assets at amortised cost	40,815	40,384	+1.1%
Investments in subsidiaries, joint ventures and associates	112	108	+3.1%
Tangible assets	447	498	-10.1%
Intangible assets	37	36	+4.7%
Tax assets	247	313	-21.0%
Non-current assets held for sale	44	75	-41.6%
Other assets	776	177	>200%
Total Assets	59,148	60,186	-1.7%
Financial liabilities held for trading	466	571	-18.5%
Other financial liabilities mandatory at fair value through profit or loss	2,793	3,344	-16.5%
Financial liabilities at amortised cost	50,437	49,618	+1.7%
Resources from Central Banks and Credit Institutions	6,928	7,804	-11.2%
Customer deposits	38,506	38,412	+0.2%
Debt securities issued	4,636	3,180	+45.8%
Other financial liabilities	367	222	+65.2%
Provisions	161	209	-22.9%
Technical provisions	625	677	-7.7%
Tax liabilities	302	357	-15.4%
Other liabilities	581	784	-25.9%
Total Liabilities	55,365	55,561	-0.4%
Share capital attributable to ST SGPS shareholders	3,782	4,622	-18.2%
Non controlling interests	1	2	-28.0%
Total Shareholders' Equity	3,783	4,624	-18.2%
Total Shareholders' Equity and Total Liabilities	59,148	60,186	-1.7%

Santander Totta, SGPS

CONSOLIDATED INCOME STATEMENTS* (million euro)	Dec-22	Dec-21	Var.
Net interest income	782.9	729.6	+7.3%
Income from equity instruments	3.8	1.5	+148.9%
Results from associates	20.6	16.1	+27.8%
Net fees	470.3	426.6	+10.2%
Other operating results	-31.1	-26.8	+16.0%
Insurance activity	12.2	16.2	-24.6%
Commercial revenue	1,258.6	1,163.2	+8.2%
Gain/losses on financial assets	88.3	155.3	-43.1%
Net Income from Banking Activities	1,346.9	1,318.5	+2.2%
Operating costs	-486.0	-528.7	-8.1%
Staff expenses	-263.4	-282.1	-6.6%
Other Administrative Expenses	-176.9	-196.9	-10.2%
Depreciation	-45.7	-49.7	-8.1%
Net operating Income	860.9	789.7	+9.0%
Impairment (net) of financial assets at amortised cost	12.0	-73.5	-
Net provisions and other results	0.7	-281.2	-
Income before taxes and non-controlling interests	873.5	435.0	+100.8%
Taxes	-266.6	-136.3	+95.6%
Non-controlling interests	-0.2	-0.1	+101.3%
Consolidated net income	606.7	298.6	+103.2%

(1) Includes the costs with the Resolution and Deposit Guarantee Funds

(*) 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