



Portugal



2023

Institutional Presentation

Disclaimer

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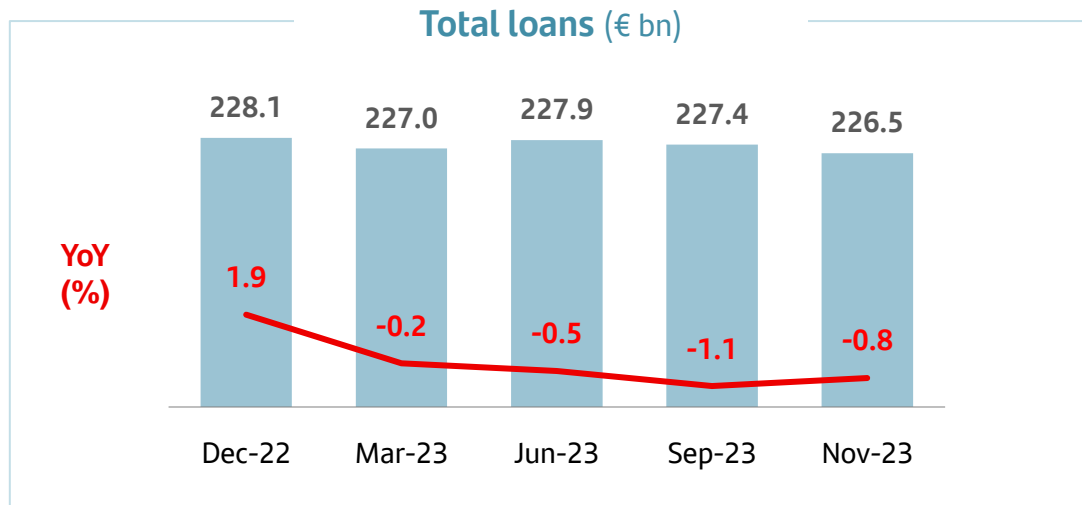
The information contained herein is in accordance with the Bank of Portugal's criteria. Unless otherwise stated, data in this presentation refers to consolidated figures for Santander Totta SGPS, the group's holding company in Portugal. BST is Santander Totta SGPS' main operating unit, aggregating the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

Macroeconomic environment and financial system

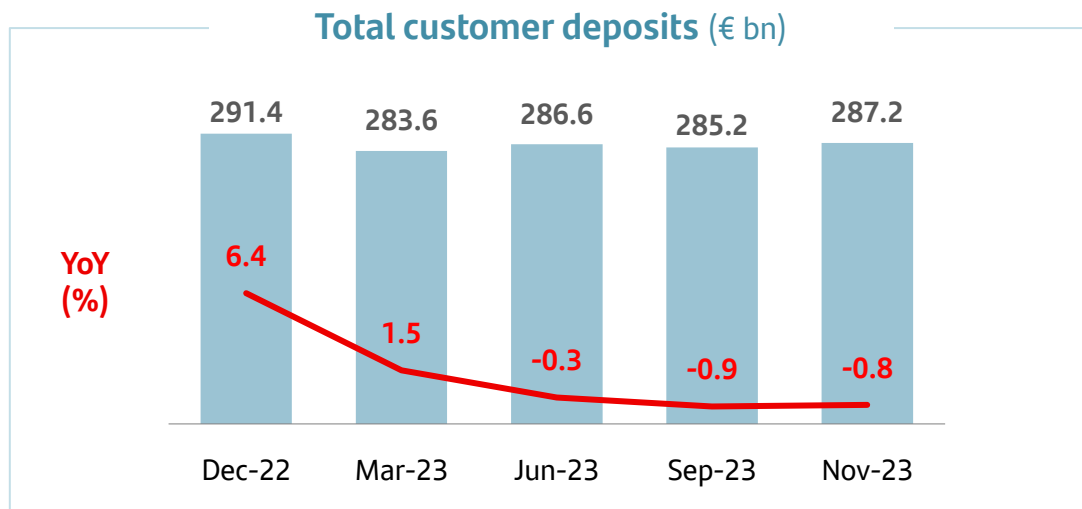


01

Loan and deposit volumes continued to decrease YoY but at a lower pace



- ▶ System loan growth continued its downward trend, reflecting lower demand in a context of higher interest rates, as households face higher cost of living and companies higher financing costs.
- ▶ Tight monetary policy, with positive real interest rates, is leading to a decline in net new loan origination, as companies and households show less willingness to invest and consume.
- ▶ Asset quality remained steady at historically low levels.














- ▶ Deposits are stabilizing, as interest rate increases have been gradually passed through to deposit remuneration. However pass-through decelerated at the end of the year as banks kept a targeted approach to the pricing of deposits.
- ▶ Nevertheless, households and corporates continue to use their excess liquidity to repay their loans, although at a more gradual pace.
- ▶ Deposit stability has allowed banks to maintain a balanced funding structure in the context of high interest rates.

Strategy and business



02

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

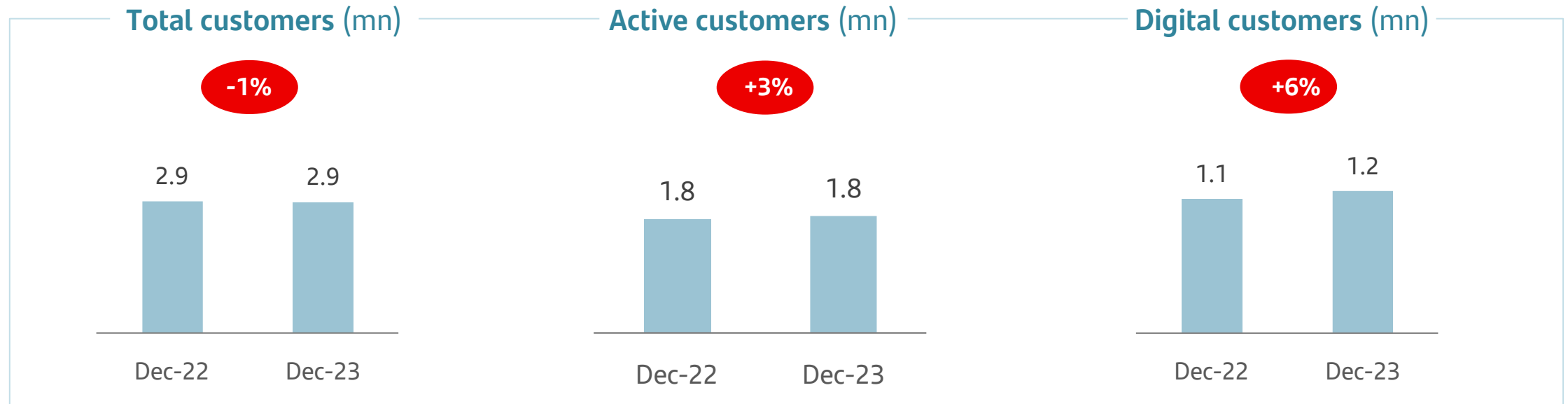
KEY DATA	2023	YoY Var.
 Customer loans (gross)	€44.6 bn	+3.0%
 Customer Deposits	€35.2 bn	-8.5%
 Attributable profit	€894.6 mn	+57.3%
 RoTE	25.9%	+10.9 pp
 Efficiency ratio	26.6%	-11.1 pp
 Loans market share ¹	16.6%	-83 bps
 Deposits market share ¹	13.0%	-143 bps
 Total customers	2.9 mn	-0.5%
 Digital customers	1.2 mn	+5.6%
 Branches ²	332	-2.1%
 Employees ²	4,615	-0.6%



Strategic Priorities

- ▶ Continue to implement our transformation plan with the aim of improving service quality and increasing our customer base
- ▶ Grow organically in terms of profitable market share and with adequate capital remuneration
- ▶ 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 drive its commercial and digital transformation, resulting in increased loyalty and better customer experience



- ▶ We continue to execute our commercial and digital transformation, aimed at providing first-class service to customers, by simplifying its offer and processes, which is:
 - ▶ Contributing to the sustained growth in the number of active customers (+3% YoY); and
 - ▶ Translating into the continued increase in digital customers (+6%), underpinned by our focus on providing a seamless experience across channels.

We are fully committed to helping people and businesses prosper

Individuals

Payroll Campaign

Domiciliar o ordenado no Santander dá mais

Conheça tudo o que pode receber ao abrir uma conta à ordem com domiciliação de ordenado

Conhecer campanha



Kids & Teen Campaign

Abra um Depósito Jovem com 50€ e receba 25€

Escolha abrir uma conta à ordem no Santander para os seus filhos, faça uma poupança de 50€ e o Santander ajuda com mais 25€.

University Students Campaign

Grandes desafios, grandes oportunidades

Abre uma conta universitária e recebe 100€ em ofertas com um depósito de 55€.



Businesses

Receba 1% de cashback em todas as compras

Conheça o novo Cartão de Crédito Santander Negócios, com reembolso em todas as compras – à exceção de pagamento de serviços – e descontos na Repsol. TAE de 19,5%.

Conhecer cartão



Business Current Accounts Campaign



SÓ ATÉ 31/DEZ

Ajude os nossos Clientes a escolherem a conta ideal para o seu negócio agora com condições promocionais na comissão de manutenção de conta*

Conta Start
Isenção 3 meses
11,90€/mês

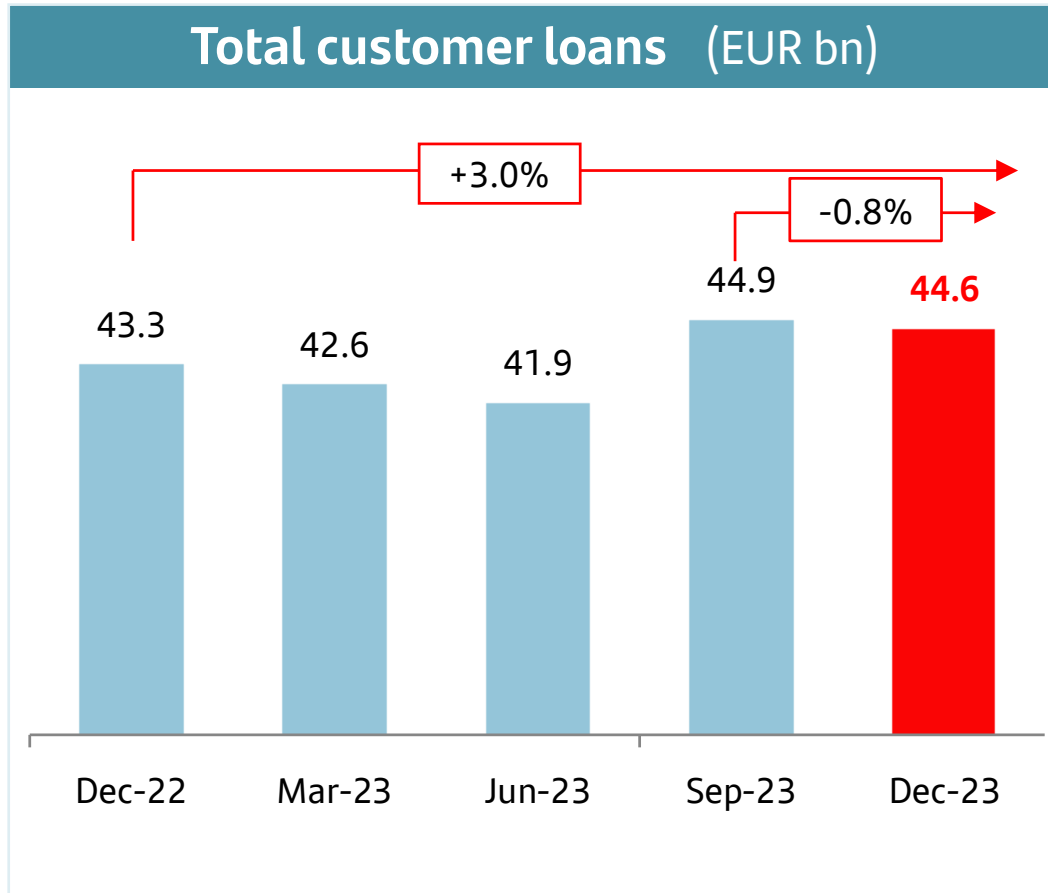
Conta Grow
Isenção 6 meses
15,90€/mês

* Para contas abertas a novos Clientes entre 9 Outubro e 31 Dezembro 2023 nos balcões/DCE's

Better Service

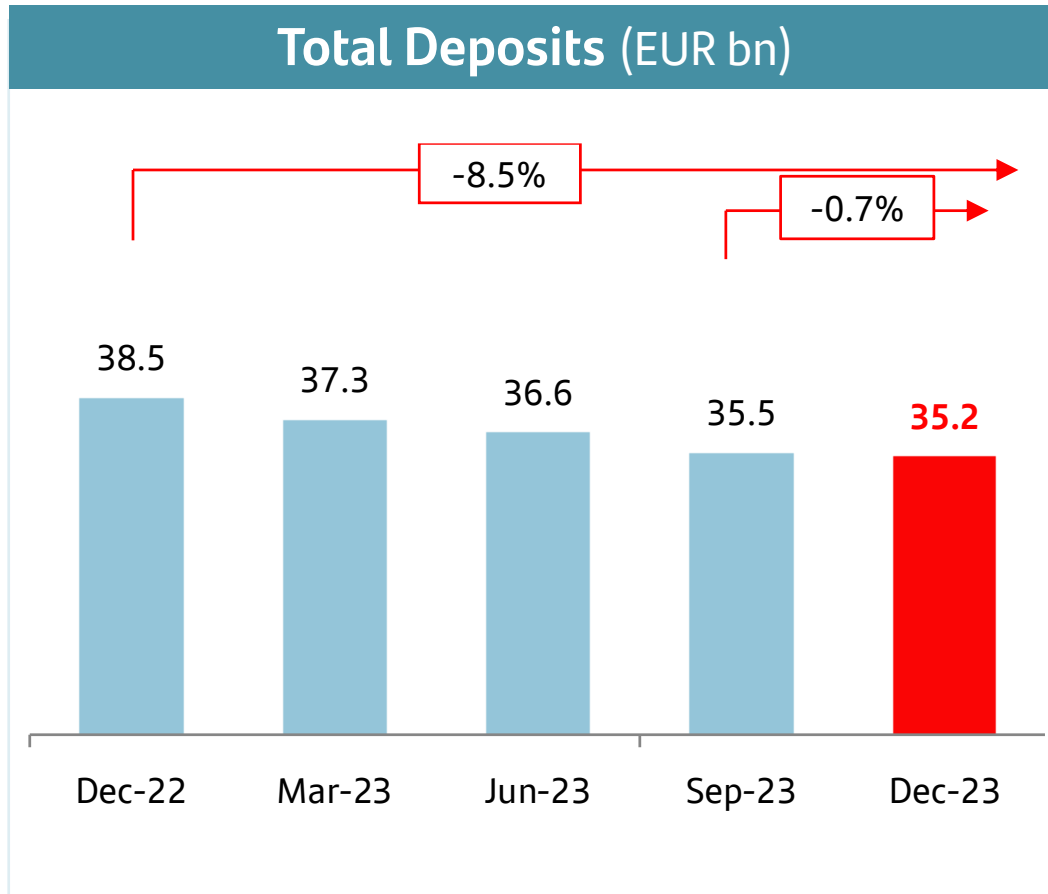


Higher interest rates caused households to deleverage, affecting new business and stock of mortgages



	Dec-23	Dec-22	YoY (%)	QoQ (%)
Individuals	24.1	25.3	-4.7	-0.4
Mortgage	22.0	23.1	-4.7	-0.5
Consumer and other	2.1	2.2	-4.6	+1.2
Corporates and Institucionals	20.5	18.0	+13.7	-1.2

Deposits declined as customers used their liquidity to prepay their loans. Mutual funds continued to perform well



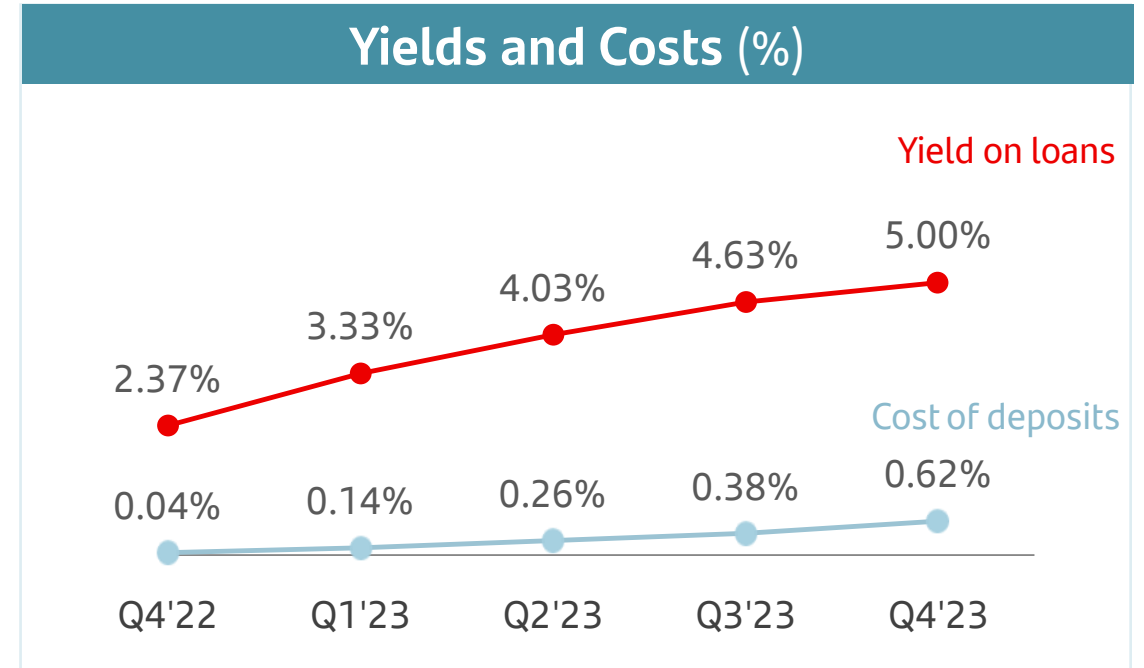
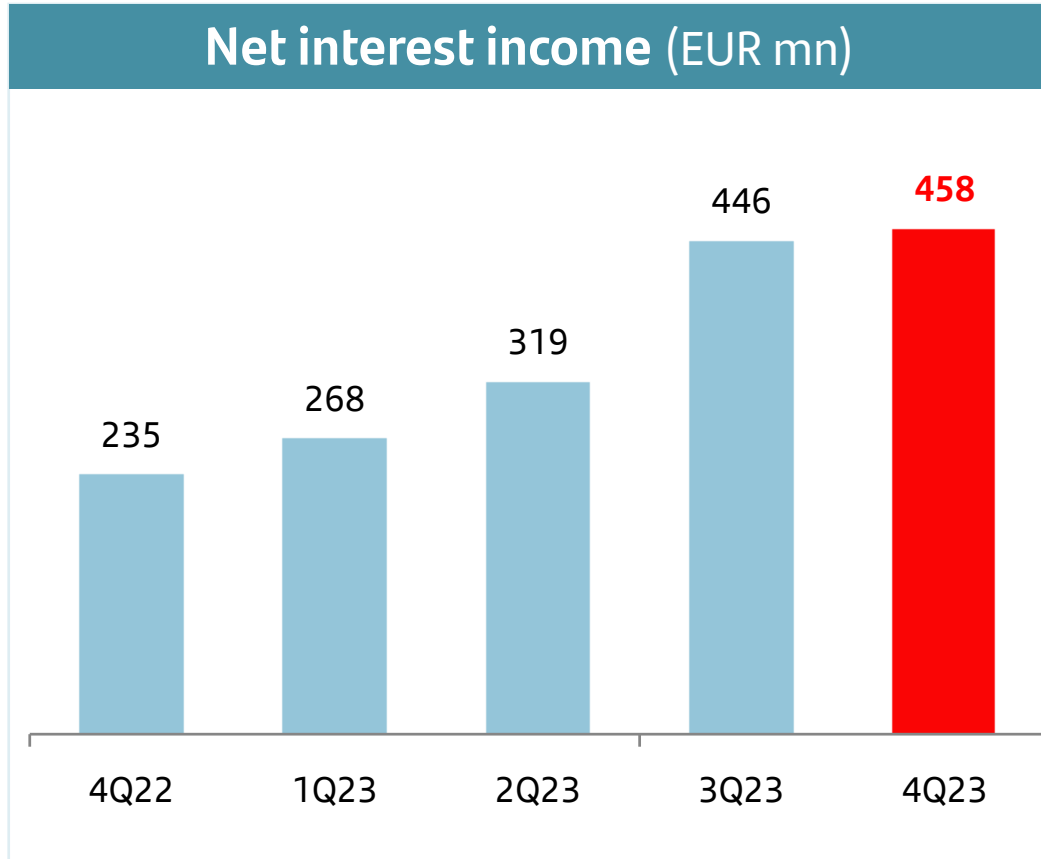
	Dec-23	Dec-22	YoY (%)	QoQ (%)
Deposits	35.2	38.5	-8.5	-0.7
Off Balance Sheet Resources	8.1	7.3	+11.1	+4.2
Investment Funds	4.3	3.6	+17.4	+4.4
Insurance and other	3.8	3.6	+4.9	+4.1
Total Customer Funds	43.3	45.8	-5.4	+0.2

Results



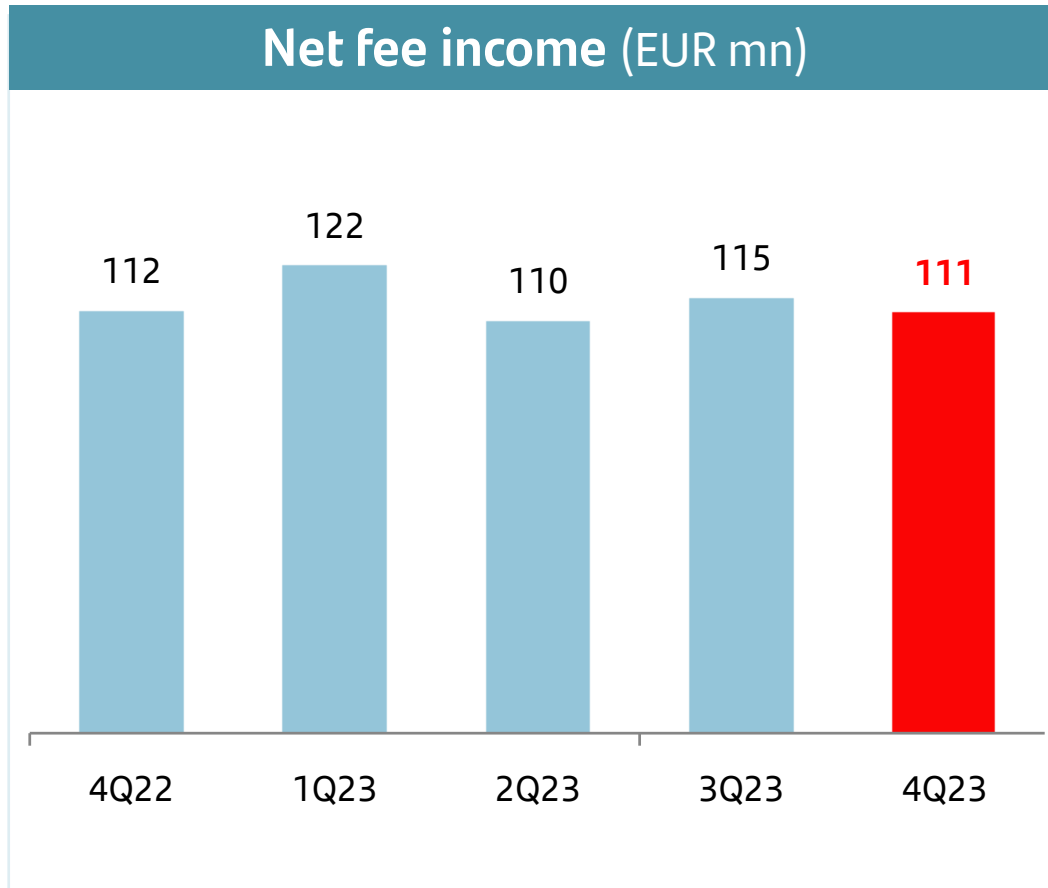
03

NII grew strongly, supported by higher interest rates and good management of liability costs



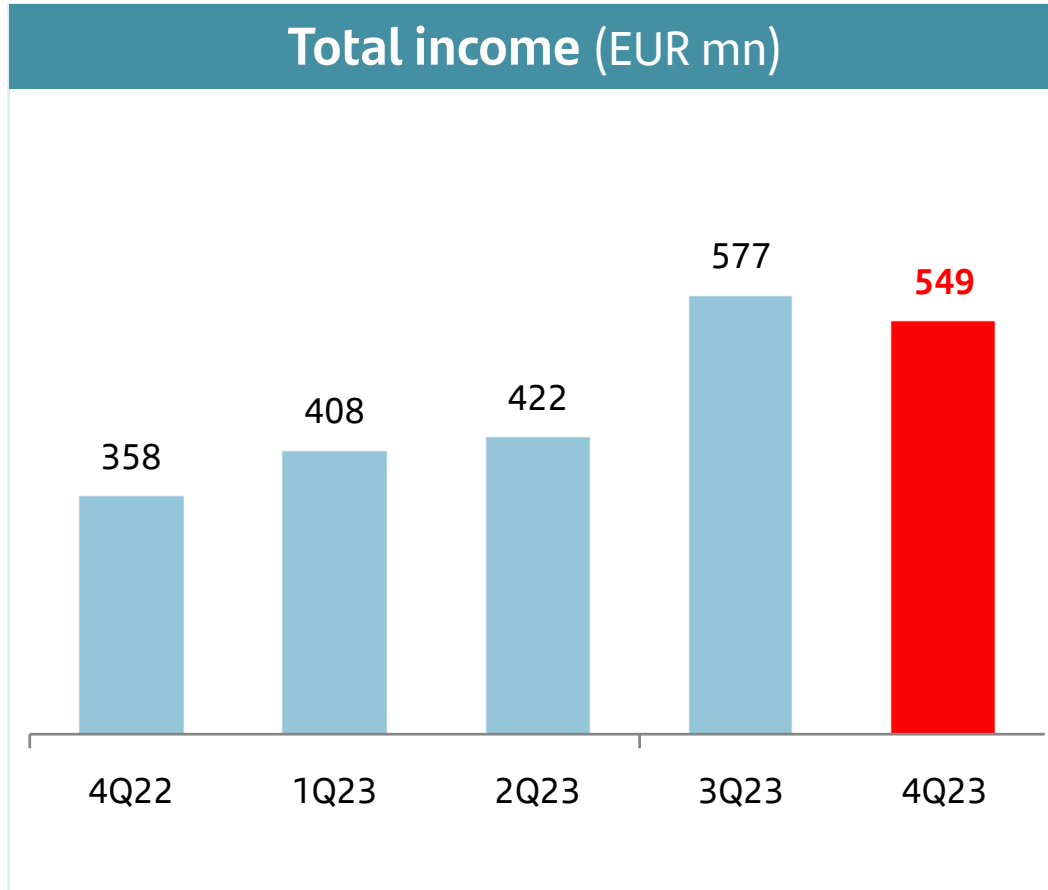
Differential
2.3pp
3.2pp
3.8pp
4.2pp
4.4pp

Net fee income fell slightly, impacted by lower volumes and regulatory changes affecting certain mortgage-related transactions



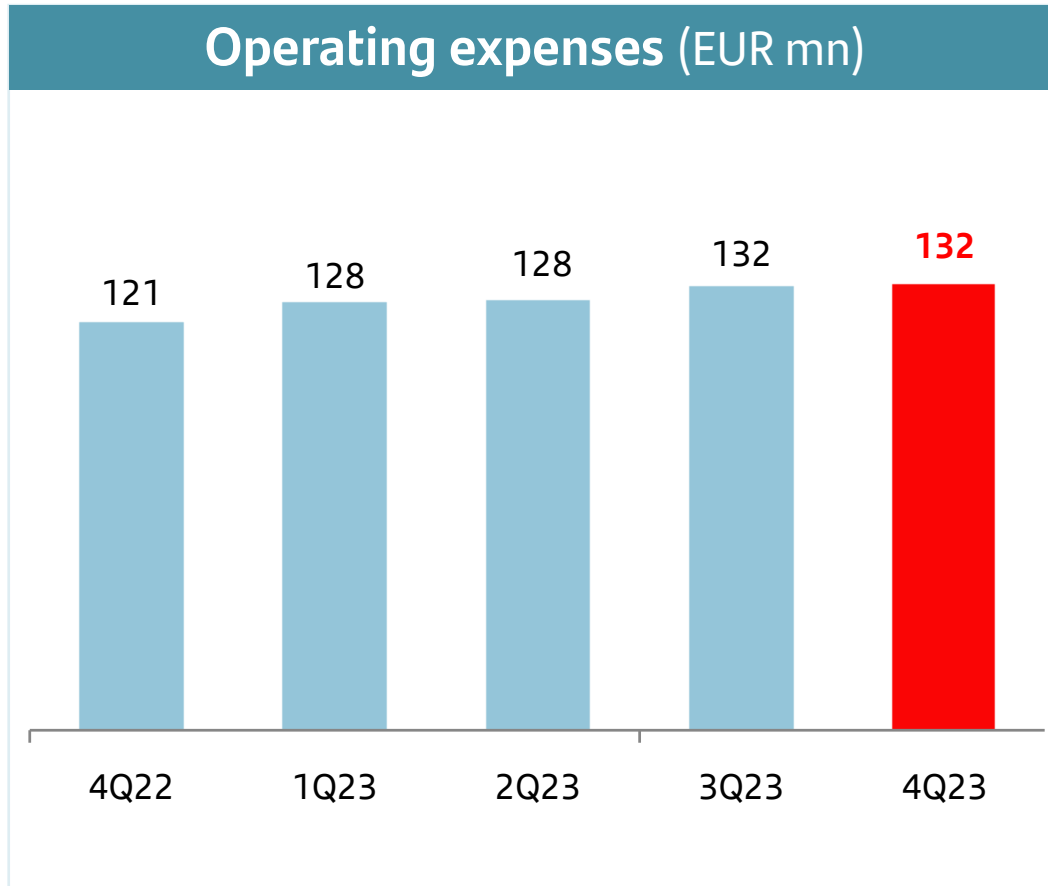
	2023	2022	YoY (%)	QoQ (%)
Credit	59	77	-23.4	+0.3
Means of Payment	106	117	-9.7	-2.8
Mutual funds	35	37	-5.6	+0.2
Insurance	124	126	-1.7	+3.3
Other	134	113	+17.9	-10.2
Total net fee income	457	470	-2.8	-2.8

Total income continued to increase supported by strong NII growth



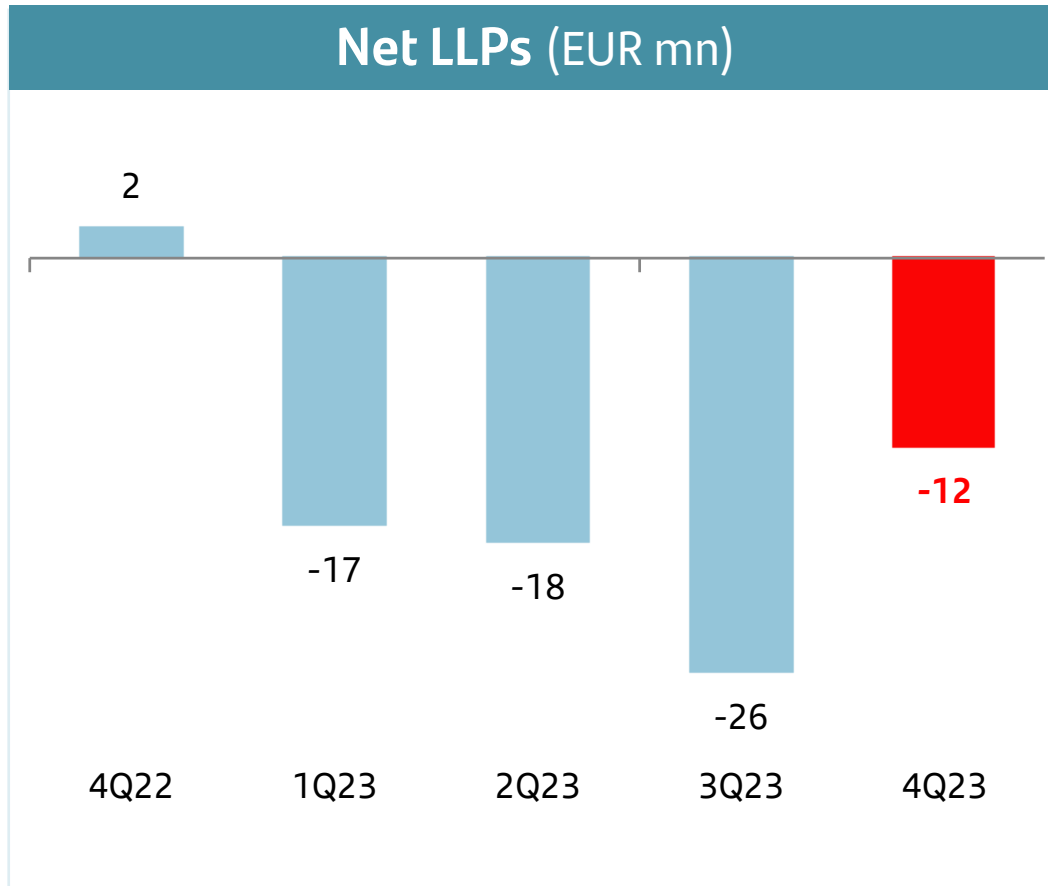
	2023	2022	YoY (%)	QoQ (%)
Net interest income	1,491	783	+90.5	+2.6
Net Fees	457	470	-2.8	-2.8
Customer revenue	1,948	1,253	+55.5	+1.5
Other	8	38	-78.6	-
Total income	1,956	1,292	+51.5	-4.9

Expenses increased affected by inflationary pressures on salaries and increased investments in business transformation



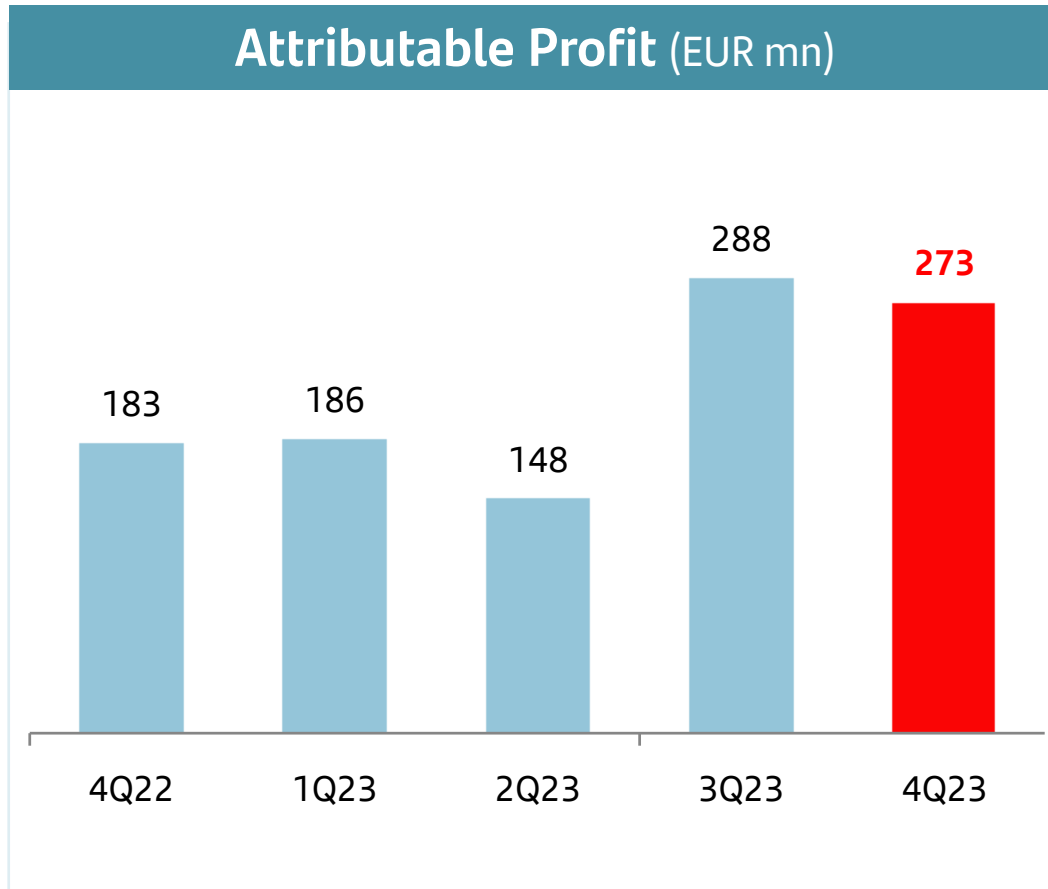
	2023	2022	YoY (%)	QoQ (%)
Operating Expenses	520	486	+7.0	+0.3
Efficiency ratio (with amortisations)	26.6%	37.6%	-11.1pp	+1.3pp
Branches in Portugal (#)	332	339	-2.1	+0.0
Employees in Portugal (#)	4,615	4,644	-0.6	-1.0

Credit fundamentals remained robust and the NPL ratio continued to fall. CoR remains at very low levels at 17 bps



	2023	2022	YoY (%)	QoQ (%)
Net Operating Income	1,436	806	+78.3	-6.5
LLPs	-73	12	-712.0	-54.6
Net Operating Income after LLPs	1,363	818	+66.7	-3.5
NPE ratio	1.7%	2.0%	-0.3pp	+0.1pp
NPE coverage ratio	89.2%	87.0%	+2.2pp	-4.0pp
Cost of Credit ⁽¹⁾	0.17%	-0.03%	+0.20pp	+0.03pp

Profit increased YoY driven by higher net operating income supported by NII growth and active risk management



	2023	2022	YoY (%)	QoQ (%)
Profit before taxes	1,311	818	+60.3	-3.8
Taxes and MI	-417	-250	+66.9	-0.3
Underlying Attributable Profit	895	569	+57.3	-5.3

Santander Portugal's transformation drove increased customer base and transactions, as well as one of the best efficiency ratios



Financial System

- ▶ System loan growth continued its downward trend, reflecting lower demand in a context of higher interest rates, as households face higher cost of living and companies higher financing costs
- ▶ Deposits are stabilizing, as interest rate increases have been gradually passed through to deposit remuneration. However pass-through decelerated at the end of the year as banks kept a targeted approach to the pricing of deposits



Strategy & Business

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Results

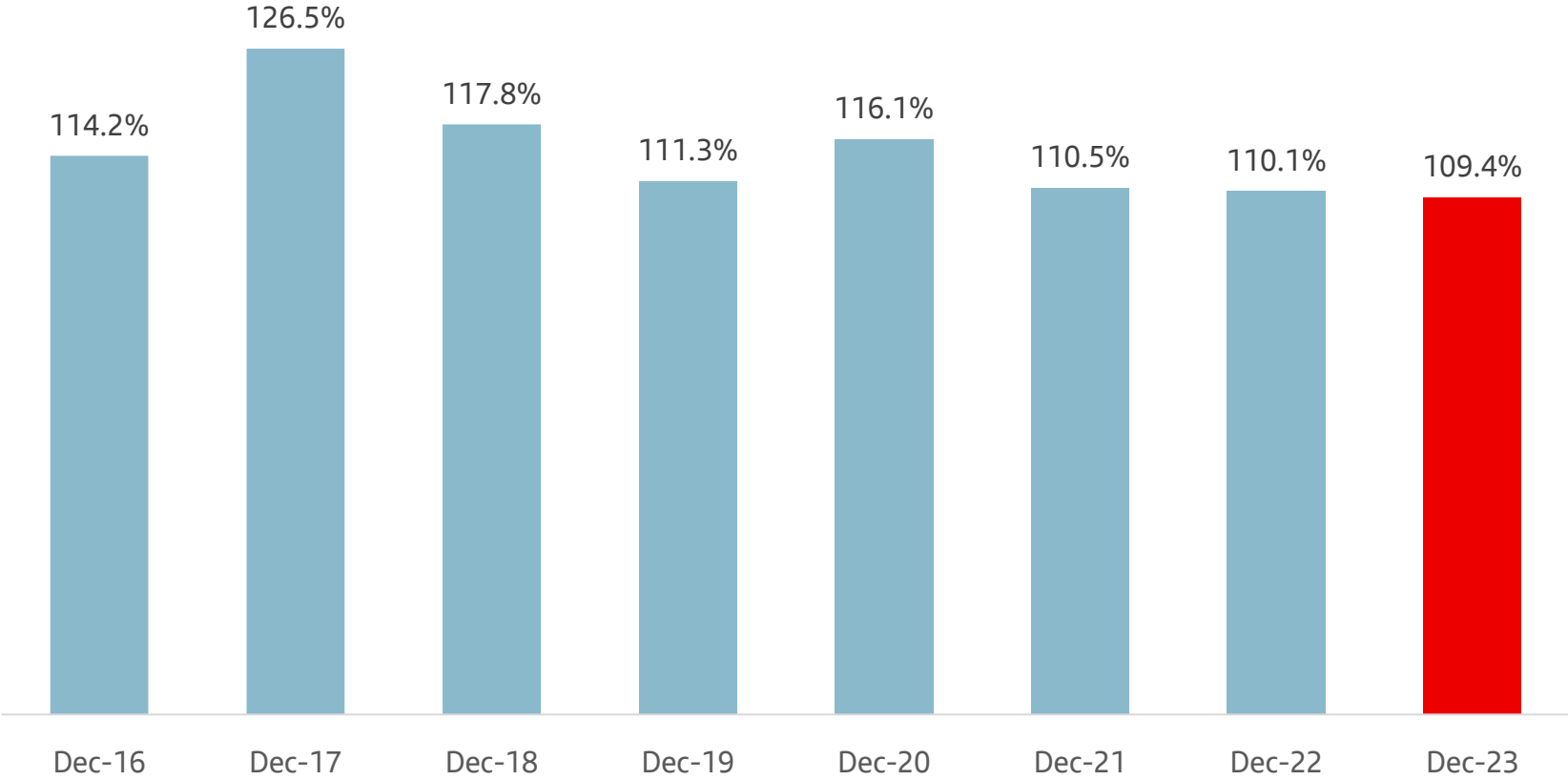
- ▶ >50% growth in total income supported supported by higher interest rates and good management of liability costs
- ▶ Net operating income grew strongly as revenue grew much faster than costs. Efficiency improved 11pp
- ▶ Credit fundamentals remained robust and the NPL ratio continued to fall. CoR remains at very low levels at 17 bps
- ▶ Profit increased YoY driven by higher net operating income supported by NII growth and active risk management

Financial and liquidity management

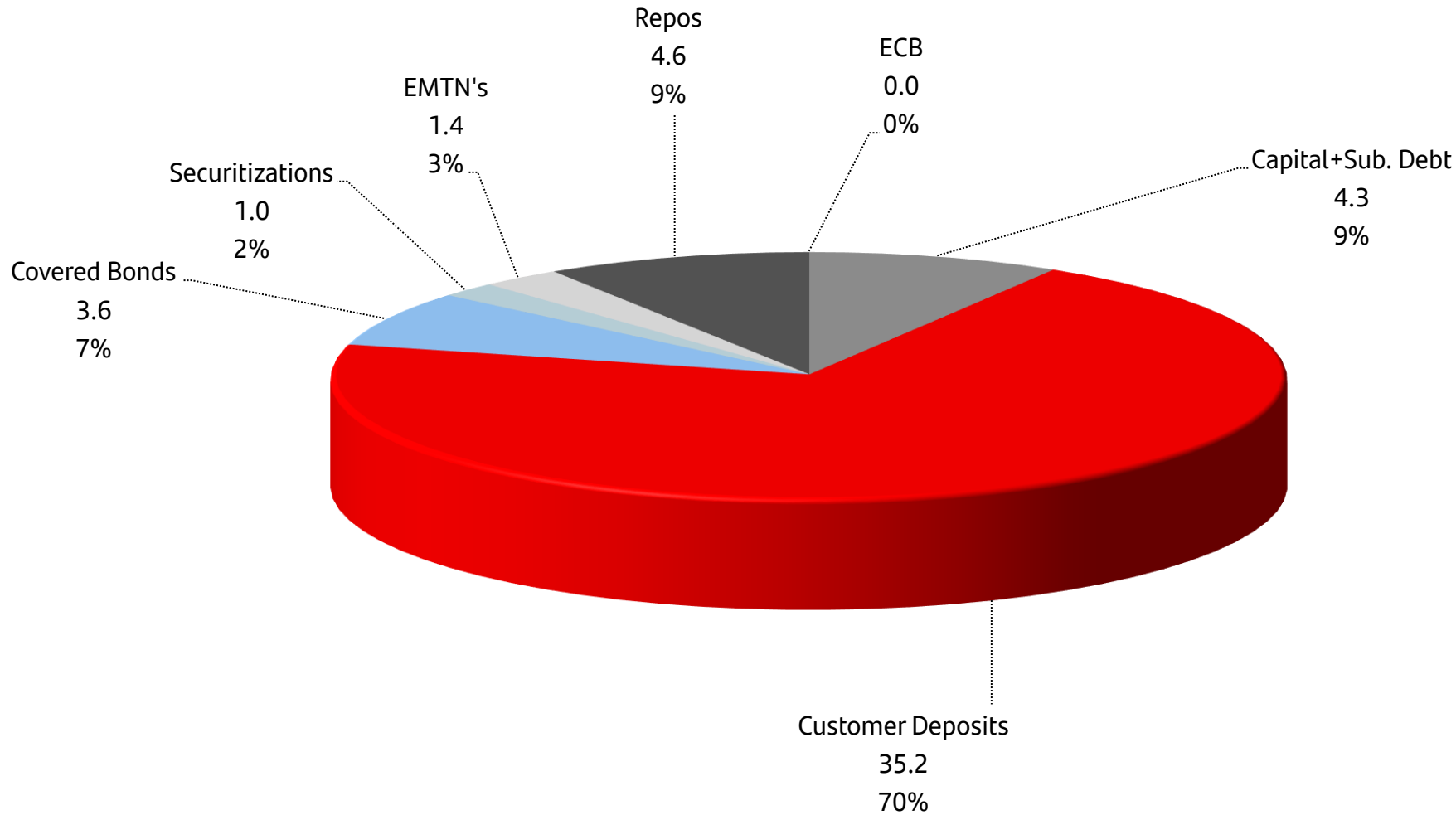


04

Loans to Deposit Ratio



Funding and liquidity structure



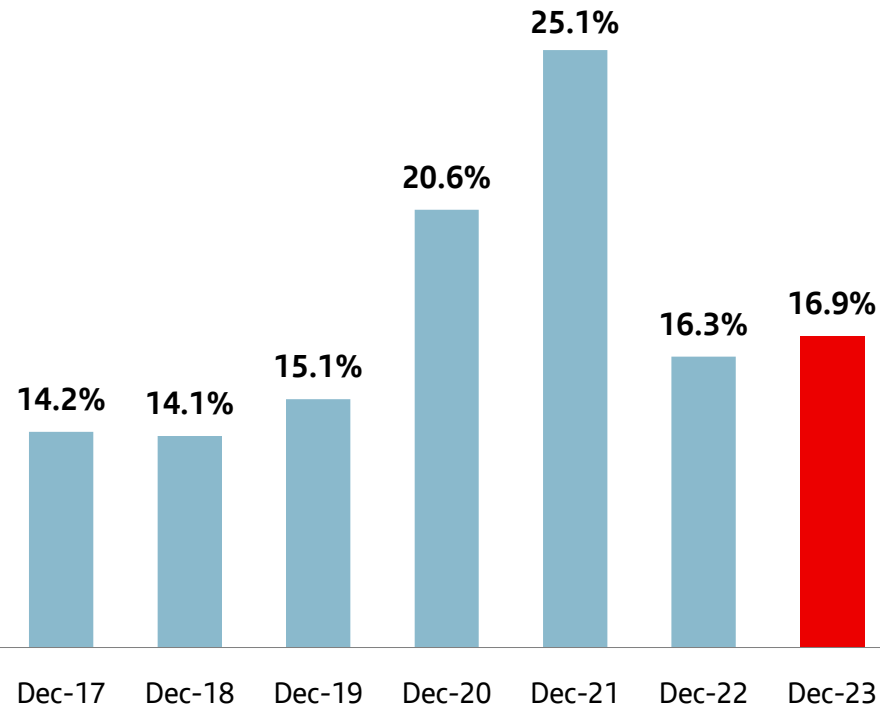
LCR
150%

NSFR
117%

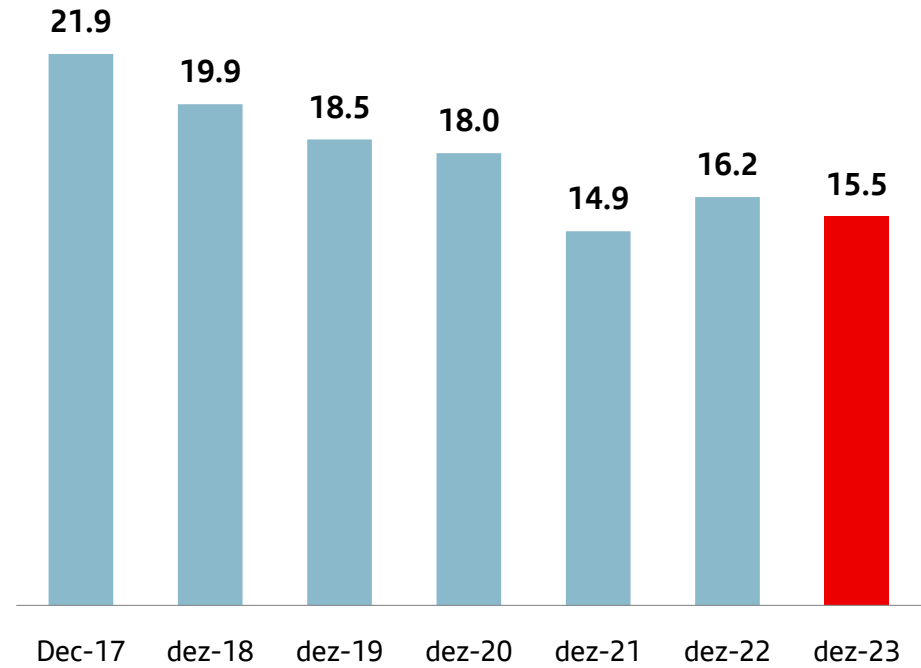
Liquidity Buffer
(% of deposits)
50%

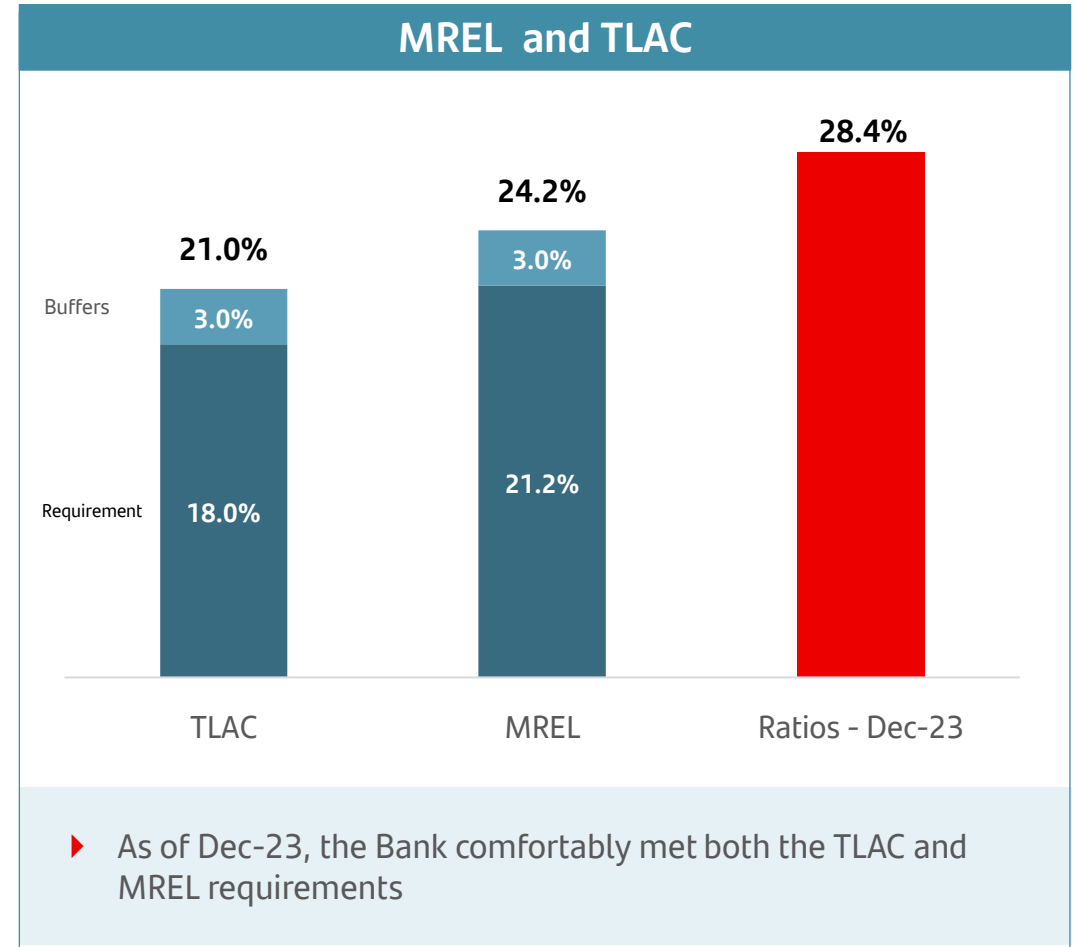
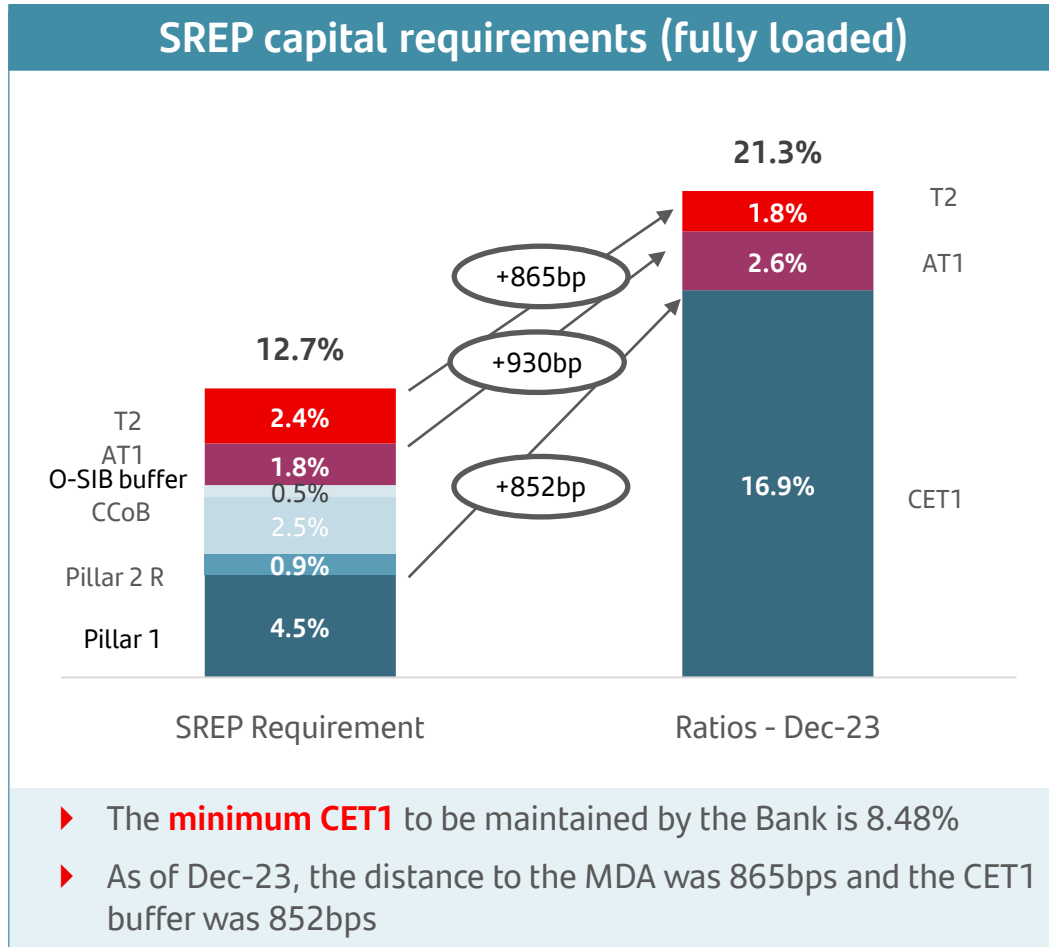
As of Dec/23

CET 1 – full implemented



RWA (bn€)





Benchmarking



05

Long Term Ratings – Senior Debt

DBRS		Fitch		Moody's		S&P	
A		A-	 Bank 3	A3		BBB+	 Bank 3
AL		BBB+		Baa1	 Bank 1 Bank 3	BBB	
BBBH	Bank 1	BBB		Baa2	Bank 2	BBB-	Bank 2
BBB		BBB-	Bank 1	Baa3		BB+	
BBBL	Bank 2	BB+	Bank 2	Ba1	Bank 4	BB	
BBH	Bank 4	BB		Ba2		BB-	
BB		BB-		Ba3		B+	
BBL		B+		B1		B	
BH		B		B2		B-	
B		B-		B3		CCC+	
BL		CCC+		Caa1		CCC	

Appendix



06

Santander Totta, SGPS

BALANÇO (milhões de euros)	dez-23	dez-22	Var.
Caixa, saldos de caixa em bancos centrais e outros depósitos à ordem	6,285	8,415	-25.3%
Ativos financeiros detidos para negociação, ao justo valor através de resultados e ao justo valor através de outro rendimento integral	5,338	8,255	-35.3%
Ativos financeiros pelo custo amortizado	41,870	40,815	+2.6%
Investimentos em subsidiárias, empreendimentos conjuntos e associadas	0	112	-100.0%
Ativos tangíveis	404	447	-9.7%
Ativos intangíveis	34	37	-10.2%
Ativos por impostos	340	247	+37.7%
Ativos não correntes detidos para venda	36	44	-18.7%
Restantes ativos	457	776	-41.1%
Total Ativos	54,763	59,148	-7.4%
Passivos financeiros detidos para negociação	1,476	466	>200%
Outros passivos financeiros ao justo valor através de resultados	0	2,793	-100.0%
Passivos financeiros mensurados pelo custo amortizado	47,496	50,437	-5.8%
Depósitos de Bancos Centrais e Instituições de crédito	5,749	6,928	-17.0%
Depósitos de Clientes	35,239	38,506	-8.5%
Títulos de dívida emitidos	6,249	4,636	+34.8%
Outros passivos financeiros	259	367	-29.4%
Provisões	140	161	-13.2%
Provisões técnicas	0	625	-100.0%
Passivos por impostos	546	260	+109.6%
Restantes passivos	769	581	+32.4%
Total Passivos	50,426	55,323	-8.9%
Capital próprio atribuível aos acionistas da ST SGPS	4,335	3,824	+13.4%
Interesses que não controlam	2	1	+13.9%
Capital Próprio Total	4,336	3,825	+13.4%
Capital Próprio Total e Passivos Totais	54,763	59,148	-7.4%

Santander Totta, SGPS

DEMONSTRAÇÃO DOS RESULTADOS CONSOLIDADOS(*) (milhões de euros)	dez-23	dez-22	Var.
Margem financeira	1,491.0	782.9	+90.5%
Rendimento de instrumentos de capital	1.7	3.8	-55.8%
Resultados de associadas	-3.8	20.6	-
Comissões líquidas	457.0	470.3	-2.8%
Outros resultados da atividade bancária	-17.4	-31.1	-44.1%
Atividade de seguros	0.0	12.2	-100.0%
Margem comercial	1,928.5	1,258.6	+53.2%
Resultados em operações financeiras	178.1	88.3	+101.7%
Produto bancário (1)	2,106.6	1,346.9	+56.4%
Custos operacionais	-519.8	-486.0	+7.0%
Despesas de pessoal	-284.5	-263.4	+8.0%
Outras despesas administrativas	-181.0	-176.9	+2.3%
Depreciação	-54.3	-45.7	+18.8%
Resultado de exploração	1,586.9	860.9	+84.3%
Imparidade líquida de ativos financeiros ao custo amortizado	-73.3	12.0	-
Provisões Líquidas e Outros Resultados	-51.9	0.7	-
Resultado antes de impostos e de interesses que não controlam	1,461.7	873.5	+67.3%
Impostos	-431.1	-266.6	+61.7%
Interesses que não controlam	-0.4	-0.2	+59.5%
Resultado líquido consolidado	1,030.2	606.7	+69.8%

(1) Inclui os encargos com os Fundos de Resolução e de Garantia de Depósitos

(*) Resultados não auditados

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