

**RESULTS JANUARY – DECEMBER 2023****Santander Portugal achieves net profit of € 894.6 million  
(+57.3% YoY)**

*"In 2023 Santander achieved a very positive net profit, as a result of our team's commitment to the continuous improvement of our services. We are currently a more solid and efficient bank, with a high quality credit portfolio. We remain committed to supporting the development of people and companies, and to actively contributing to financing the economy.*

*Our profitability is largely the result of the commercial and digital transformation that we have been implementing, also helped by the rise in interest rates, which are now entering a new cycle. We have kept growing the number of customers, which have an increasingly digital profile. Over the last year, we saw an increase of over 25% in daily accesses to our digital channels, a clear reflection of the improved experience we have been providing through our App and through other channels.*

*We were recently certified as Top Employer 2024 in Portugal, an acknowledgement that makes us feel proud, and reflects our commitment to being a company of excellence for our employees. This award highlights our dedication to attracting and retaining talent, an essential factor for stimulating growth and innovation in Portugal.*

*We are entering 2024 with renewed ambition, based on solid foundations and with a redoubled focus on improving our customers' experience. This approach will be the driving force behind our growth, and will allow us to keep increasing our customer base and transaction volumes in a sustained manner."*

*Pedro Castro e Almeida, CEO of Banco Santander Portugal*

Lisbon, February 2, 2024 — PRESS RELEASE

**Main Highlights**

- At the end of 2023, Santander Totta, SGPS achieved a **net profit<sup>1</sup> of € 894.6 million**, a 57.3% growth compared to the € 568.5 million recorded in the same period last year.
- The Bank continued to grow its active and digital customer base, by over 70 thousand and 63 thousand, respectively, leveraged by its digital and commercial transformation, which allowed it to be distinguished for its service quality and customer experience, materialized in achieving the Top 2 position in terms of NPS.

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<sup>1</sup> The reported recurring net income excludes the impact of capital gains, namely those obtained in intra-group operations.

- As a result, Santander maintained its growth momentum in terms of customer transactions, with a 12.9% increase year-on-year, with emphasis on growth in payments by 11.6% and in transfers by 13.9%.
- The provision of a diverse range of savings and investment solutions suited to customer preferences remained as an important commercial advantage. In 2023, net subscription to investment funds and financial insurance exceeded € 470 million, and, in terms of protection, the Bank sold over 209 thousand insurance policies.
- **Loans to customers<sup>1</sup>** grew by 3.0% year-on-year, to **€44.6 billion**, in line with the Bank's focus on the corporate and institutional segments. Credit to individuals recorded a 4.7% decrease compared to the end of 2022, with households reacting to the context of higher interest rates with a greater volume of early repayment of loans, particularly mortgages.
- **Customer resources, amounting to € 43.3 billion** (-5.4% year-on-year), reflected the combined effects of two dynamics. On the one hand, deleveraging by individuals and, on the other, the diversification of savings into off-balance sheet resources, which grew by 11.1% compared to the end of 2022.
- The **efficiency ratio stood at 26.6%** (a 11.0 p.p. decrease compared to the end of 2022).
- The **fully implemented CET1 ratio** stood at 16.9% (+0.6 p.p. year-on-year).
- **Euromoney** distinguished Santander as the "**Best Bank in Portugal**," within the scope of the *Euromoney Awards for Excellence 2023*, highlighting the Bank's excellent results in 2022. The North American magazine **Global Finance** has also awarded Santander the title of "**Best Bank in Portugal**," within the scope of "*The World's Best Banks 2023*," distinguishing financial institutions for the results achieved, the variety of services offered, and their credibility before their customers. **Global Finance** has also distinguished Santander as "Best Bank for SMEs in Portugal" for the 3<sup>rd</sup> consecutive year, acknowledging the support provided and the quality of services offered.
- **World Finance** magazine, within the scope of the *World Finance Banking Awards 2023*, distinguished Santander as the "**Best Retail Bank**" in Portugal, noting that this year's winners represent the banks "that are in the best position to set an example and take up a leading role during this uncertain macroeconomic period."
- Santander was once again distinguished as the **No. 1 ESG Bank** in Portugal, taking the first position in the sector in the **Merco ESG 2022** ranking.
- In the human resources area, it was certified as **Top Employer 2023** in Portugal, by the **Top Employers Institute**.
- In terms of **sustainable financing**, the Bank keeps supporting the climate transition of its private and corporate customers, with a financing volume of about one billion euros.
- Santander Portugal has the best ratings in the sector. The Bank's current long-term debt ratings, compared to those of Portugal as a country, are as follows: Fitch — A- (Portugal — A-); Moody's — Baa1 (Portugal — Baa2); S&P — BBB+ (Portugal — BBB+); and DBRS — A (Portugal — A).

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<sup>1</sup> Total loans to customers (gross).

## Key Indicators

### Santander Totta, SGPS

<b>BALANCE SHEET AND RESULTS (million euro)</b>	<b>dez-23</b>	<b>dez-22</b>	<b>Var.</b>
Total Net Assets *	54,763	55,932	-2.1%
Loans and advances to customers (gross) (1)	44,586	43,303	+3.0%
Customers' Resources	43,318	45,777	-5.4%
Net Interest Income (without dividends)	1,491.0	782.9	+90.5%
Net Fees	457.0	470.3	-2.8%
Net Income from Banking Activities (2) *	1,956.2	1,291.6	+51.5%
Operating costs	-519.8	-486.0	+7.0%
Net Operating Income *	1,436.4	805.6	+78.3%
Income before taxes and non-controlling interests *	1,311.2	818.2	+60.3%
Consolidated net income *	894.6	568.5	+57.3%

<b>RATIOS</b>	<b>dez-23</b>	<b>dez-22</b>	<b>Var.</b>
ROE *	23.4%	12.3%	+11.1 p.p.
Efficiency ratio *	26.6%	37.6%	-11.0 p.p.
CET I ratio (fully implemented)	16.9%	16.3%	+0.6 p.p.
Non-Performing Exposure Ratio (3)	1.7%	2.0%	-0.3 p.p.
Non-Performing Exposure coverage ratio	89.2%	87.0%	+2.2 p.p.
Cost of credit (4)	0.17%	-0.03%	+0.20 p.p.

<b>Other Data</b>	<b>dez-23</b>	<b>dez-22</b>	<b>Var.</b>
Employees in Portugal	4,615	4,644	-29
Total Branches in Portugal	332	339	-7

<b>RATING - Banco Santander Totta, SA</b>	<b>dez-23</b>
FitchRatings	A-
Moody's	Baa1
Standard & Poor's	BBB+
DBRS	A

(1) Total loans to customers (gross)

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

(3) In accordance with to EBA criteria

(4) 12 month average

\* excludes the impact of non-recurrent operations

## **Business Environment**

The world economy was characterized by a moderate expansion of business activity, but at a slowing pace, driven by robust private consumption, reflecting a quite resilient labour market. Emerging economies have sustained global economic activity, despite China's smaller contribution, while the US has led the growth of developed economies. In the US, the solid domestic demand and a strong labour market have been the main drivers of growth, despite the tighter monetary policy. China continued to benefit from the lifting of COVID-19 restrictions in early 2023, which supported domestic consumption, and which offset weaknesses in the construction sector. The desynchronized dynamics between the main world economies indicate that global economic growth has slowed down in Q4'23, as the positive post-pandemic effects dissipate, and the tighter monetary policy induces a progressive retraction in consumption and investment decisions.

In the Euro Area, the economy contracted slightly in Q3'23, reflecting a context of less confidence, loss of competitiveness, worse geopolitical tensions, and tighter financing conditions. The service sector has more than offset the decline in industrial production that has been going on since the end of 2022. Conditions in the labour market remain quite resilient, with employment expanding in Q3'23, despite the drop in the number of hours worked. The post-pandemic effects contributed to increasing the elasticity of the labour market's functioning, supported by the accumulation of high liquidity by companies, offsetting the increase in wage costs and allowing jobs to be maintained, despite the slowdown in economic activity. The most recent data signals a possible contraction in Q4.

In Portugal, the economy stagnated in Q2 and Q3 2023, a trend that might have again repeated in the last quarter of the year. High-frequency indicators of economic activity point towards a lower contribution from external demand, associated with the cumulative effects of inflation and tighter financing conditions, which are also contributing to a more moderate domestic demand, which, in turn, impacts industrial activity, and also services, although to a lesser extent. However, there is a slight increase in long-term unemployment, despite the unemployment rate remaining quite low (6.6% in November). Salaries are slowing down, as well as the pace of job creation, contributing to a slowdown in the wage bill, but which is still evolving at a higher rate than inflation (5.4% vs 4.3%, respectively, in 2023), with the consequent increase in household purchasing power (+ 1.1 p.p.).

The intensification of geopolitical risks, with the spreading of the conflict to the Middle East, might lead to yet another increase in the prices of raw materials and, consequently, to an increase in inflationary pressures, leading to increased uncertainty regarding economic prospects, with negative impacts on consumption and investment, and causing disruptions in international trade — as is already going on in the Red Sea. The actions of central banks remain quite divided between controlling inflationary pressures and signs of a slowdown in business activity, which indicate that, although the upward cycle has ended, the declines will not be immediate.

The risks of a recession scenario in the Euro Area continue to be materialized in the inverted yield curve, with a faster decline in the 2-year yield. Despite the slight decrease in the rates of return on public debt in the Euro Area, the German 10-year yield stands at 2.302%, and the 2-year yield at 2.712% (as of January 19, 2024). The 10-year Portuguese sovereign rate stood at 3.055%, with the difference against the German sovereign standing at about 75 bps, compared to the 100 bps recorded on December 30, 2022.

In this complex context, budget execution aimed at reducing the public debt ratio (which remained below 100%), allowed for several improvements in Portugal's risk rating in 2023, which stood at: A (stable) by DBRS, A- (stable) by Fitch, Baa2 (positive), A3 (stable) by Moody's, and BBB+ (positive) by S&P.

## Business Activity

Santander Portugal remained focused on pursuing its **strategy of growing commercial and transactional relationships with its customers**, based on a continuous transformation process, guided by providing the best customer service.

In 2023, the Bank increased its **active customer** base by 70 thousand new customers, meaning a 4% growth compared to the end of 2022, and its **digital customers** by 63 thousand customers (+6%), to 1,18 million customers, which now represent 64% of its active customers, with more than **1.2 million daily log-ins on the Bank's digital channels** (private website and App), in other words, a 25.5% growth compared to 2022.

The expansion of the Bank's customer base was accompanied by increased relationships, materialized in the growth of the main transaction metrics throughout 2023, leveraged by the 3% increase in the number of debit and credit cards made available by the Bank. In 2023, Santander Portugal customers carried out almost 100 million payment and transfer operations, 12.9% above the previous year's figure. They also made almost 1 million daily purchases (+19% year-on-year), and made more than 45 million cash withdrawals.

In terms of credit, the Bank maintained quite high volumes of balance sheet mobilization, namely through the origination and renewal of mortgage, personal, and corporate credit operations, and through credit, liquidity and treasury management instruments, in an average monthly amount close to € 1.5 billion, reflecting the Bank's continued support to household and business projects.

In terms of mortgage credit, the Bank adapted its offer to the new market context as well as to changing customer preferences, with the provision of traditional solutions, at variable rate, as well as at mixed rate, with an initial period of set interest rate, under very competitive conditions, and which allowed a progressive growth in new production volumes throughout the year.

Santander's focus on supporting the energy transition processes, as well as the internationalization of national companies, deserves special mention. In 2023, the Bank provided financing for climate transition projects totalling around one billion euros.

As a result of its support to international trade and to the internationalization of companies there was a growth in operations — both in number and value —, with the gains in terms of *Trade Finance* market share being distinguished, for the 4<sup>th</sup> consecutive year, by *Euromoney* with the award of best *Trade Finance* bank operating in Portugal. In fact, as a result of the evaluation made by its international business customers, Santander won in the *Best Service* and *Market Leader* categories. In terms of operations, those related to ESG criteria stand out, namely in the photovoltaic and biofuel sectors.

In terms of **customer resources**, Santander's strategy was aimed at providing a differentiated, comprehensive offer, with a wide range of investment solutions in investment funds and financial insurance, in addition to traditional deposits. Net subscriptions to investment funds and financial insurance amounted to about € 470 million, translating into a portfolio growth of 11.1% compared to the end of 2022, up to 4,252 million in investment funds and 3,828 million in financial insurance and other resources. In terms of traditional deposits, the Bank followed the market dynamics, as far as remuneration is concerned, favouring digital channels for their commercialisation, with the provision of differentiated solutions in terms of liquidity and term, adjusted to customer needs and preferences.

In terms of **personal and real protection**, Santander continues to provide a diversified offer aimed at fostering tranquillity and comfort to its customers, in terms of protection insurance, namely by having created around 209 thousand new policies.

Regarding non-related Insurance, the Bank launched the new, simpler Home Protection Insurance, with a 100% omnichannel journey. At the end of the year, it added a new branch to the offer, by launching the Family Civil Liability Insurance which, in addition to basic coverage, allows households to be supported in the event of an oncological illness, and to respond to concerns related to new mobility trends (on a scooter, for example). It also enriched its corporate offer, by launching a Health offer adjusted to each customer's needs, plus the Cyber Insurance and by reinforcing the Car Insurance offer.

In its constant endeavour to improve service quality and to make its offer available on digital channels, the Bank has maintained a constant effort to transform and innovate, with continuous investment in processes and systems, requiring strict control over operating and infrastructure costs.

## Results

At the end of 2023, Santander Totta, SGPS (referred to as the "Bank" or "Santander Portugal" in this Press Release) achieved a net profit of € 894.6 million, representing a year-on-year growth of 57.3% compared to the € 568.5 million it achieved in the same period last year.

### Main Highlights:

Net income from banking activities<sup>1</sup>, in the amount of € 1,956.2 billion, recorded a 51.5% increase compared to the same period in 2022, a dynamic that reflected the evolution of the financial margin (+90.5%), since the other components recorded a decrease, with emphasis on net fees (-2.8%).

Operating costs grew by 7.0% compared to the same period in 2022, reflecting the inflationary context that characterized most of the year. As a result, net operating income, amounting to € 1,436.4 million, recorded a 78.3% YoY increase.

Compared to the same period last year, the efficiency ratio fell by 11.0 p.p. to 26.6%.

Net interest income amounted to € 1.491 billion, compared to the € 782.9 million in the same period last year, an evolution that reflected the monetary policy changes implemented in 2023. Between July 2022 and September 2023, the European Central Bank raised its interest rates by 450 bps, raising the deposit rate to 4.0%. During this period, the repricing of the credit portfolio helped incorporate a significant part of that increase, but several factors with an opposite sign have occurred, of which it is worth highlighting the greater demand for housing credit at mixed rate (especially in the second half of the year, already with a reversed yield curb), as well as the persistence of a very competitive environment, within a context of high liquidity in the banking system, which continued to result in a dynamic in which interest rates on active operations did not fully follow the evolution of market rates, putting downward pressure on credit spreads. Additionally, during the same period, the ECB stopped remunerating the minimum mandatory reserves and part of the financing obtained from the ECB under TLTRO III matured, which was replaced by financing in the wholesale markets.

Net fees dropped by 2.8% compared to the end of 2022, to € 457.0 million, as a result of different factors, such as the reaction of customers to the impact of the context of high inflation on household budgets and the consequent lower volumes of new credit, especially mortgage credit; several legal changes, which limit the

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<sup>1</sup> Net income from banking activities includes charges with Resolution Funds, and with the Deposit Guarantee Fund

fees charged in a range of banking services; and the dissipation of base effects related to the post-pandemic recovery, in 2022.

Gains/losses on financial assets amounted to € 23.9 million, a 27.4% decrease compared to 2022. Net income from banking activities, recorded a 51.5% YoY growth to in the amount of € 1,956.2 billion.

Operating costs reflected the high inflation context that characterized much of 2023, amounting to € 519.8 million, a 7.0% growth year-on-year. Staff costs rose by 8.0%, to € 284.5 million (reflecting the salary updates implemented in 2023), while general administrative expenses amounted to € 181.0 million, a year-on-year growth of 2.3%. Depreciations increased by 18.8%, reflecting the strong transformational momentum of the Bank's digitalisation.

This continuous process of commercial and digital transformation, which has been carried out in recent years, has resulted in increased gains from the point of view of efficiency and lower customer service costs. The efficiency ratio dropped by 11.0 p.p. YoY, to 26.6%.

The complex economic context, with persistent inflation, structurally higher interest rates compared to the last decade, and increased geopolitical uncertainty, resulted in the pursuit of a conservative policy of monitoring credit risks, with net impairment of financial assets at amortized cost amounting to € -73.3 million. The quality of the credit portfolio remained high throughout the year, reflecting the Bank's approach as well as the proactive action of its customers, with the NPE ratio coming down to 1.7% (a 0.3 p.p. YoY decrease).

Net provisions and other results amounted to € -51.9 million, reflecting the higher charges related to the extraordinary contribution on the banking sector and the Solidarity Surcharge, as well as the impacts of the disposal of current assets held for sale carried out in the same period of 2022.

Earnings before taxes and non-controlling interests increased by 60.3% year-on-year, to € 1.3 billion.

## **Balance Sheet and Business**

The (gross) loan portfolio grew by 3.0% year-on-year, to € 44.6 billion, at the end of 2023, which dynamics reflected the combination of several factors with opposite effects. On the one hand, it maintained a high volume of monthly balance sheet mobilization, supporting projects of its private and corporate customers, including from the point of view of treasury management. Adjustment of the offer to customer needs allowed for new production volumes to grow throughout the year, of which it is worth highlighting the origination activity in the last quarter.

On the other hand, the context of high interest rates was reflected in a greater volume of early credit repayments, which was particularly relevant in the first half of the year, when the pace of rate hikes was greater.

The mortgage loan portfolio stood at € 22.0 billion at the end of 2023, a 4.7% drop compared to the same period last year. As mentioned, this evolution was largely explained by early credit repayments, particularly in the first half of the year, as the rate of net erosion in the second half was more moderate, benefiting from the recovery of new production. Consumer credit amounted to 1.8 billion, a 1.7% decrease year-on-year.

Corporate and institutional credit, in the amount of € 20.5 billion, recorded a 13.7% decrease compared to the same period in 2022. The Bank continued to support its customers' projects, including several refinancing operations for larger companies, an area in which the Bank has a specialized department with extensive experience. Liquidity and treasury management solutions, including support for international trade, is an area where the Bank kept expanding its activity, which thus grew compared to the same period last year.

<b>LOANS (million euro)</b>	<b>dez-23</b>	<b>dez-22</b>	<b>Var.</b>
Loans to individuals	24,108	25,290	-4.7%
<i>of which</i>			
Mortgage	22,035	23,117	-4.7%
Consumer	1,789	1,820	-1.7%
Loans to corporates and institutionals	20,478	18,014	+13.7%

(1) Total loans to customers (gross)

The Non-Performing Exposure (NPE) ratio, calculated according to EBA criterion (in relation to balance sheet exposure), stood at 1.7% in December 2023, a 0.3 p.p. reduction compared to the same period last year, with the respective coverage standing at 89.2% (+2.2 p.p.).

Customer resources, amounting to € 43.3 billion, decreased by 5.4% compared to the end of 2022, reflecting the decrease in deposits by 8.5% in the same period, down to € 35.2 billion. On the one hand, and in the context of rapidly rising interest rates, households and companies favoured the early partial repayment of part of their credits during the first months of the year. On the other hand, they diversified their resources, with the volume of off-balance sheet resources growing by 11.1% in 2023, to € 8.1 billion.

<b>RESOURCES (million euro)</b>	<b>dez-23</b>	<b>dez-22</b>	<b>Var.</b>
<b>Customers' resources</b>	<b>43,318</b>	<b>45,777</b>	<b>-5.4%</b>
Deposits	35,239	38,506	-8.5%
Off-balance sheet resources	8,079	7,270	+11.1%
Investment funds	4,252	3,623	+17.4%
Insurance and other resources	3,828	3,647	+4.9%

## Liquidity and Solvency

Santander Portugal continued its strategy of maximizing its liquidity buffer to face adverse events. At the end of December 2023, Santander maintained a solid liquidity position, ending the period with a liquidity reserve of € 17.7 billion, about € 1.7 billion above the position at the end of 2022. Exposure to the Euro System stood at € -4.9 billion (a surplus position).

The Bank has maintained a financing structure appropriate to the market context. Financing obtained from the European Central Bank remained exclusively in long-term operations, entirely through the TLTRO III financing programme, in the amount of € 0.7 billion.

Short-term funding, through repurchase agreements, amounted to € 4.1 billion at the end of the period. In terms of long-term financing, in addition to the operation with the ECB, Santander Portugal ended 2023 with about € 1.0 billion in securitisations, € 3.6 billion in covered bonds, € 1.1 billion in senior HoldCo and senior non-preferred issuances, € 0.2 billion in subordinated issuances, € 0.3 billion in Credit Linked Notes, and about € 0.4 billion in financing with repurchase agreements.

The LCR (*Liquidity Coverage Ratio*), calculated in accordance with CRD IV rules, stood at 149.7%, thus meeting regulatory requirements on a fully-implemented basis.



The *Common Equity Tier 1* ratio (CET1), calculated in accordance with CRR/CDR IV standards, stood at 16.9% (fully implemented), at the end of 2023, a 0.6 pp increase compared to the same period in 2022, clearly supported by the recurring capacity for organic capital generation, as well as by the management of risk-weighted assets.

The Bank still has very high capitalization levels, clearly above the minimum requirements set by the ECB under the SREP (for 2024, CET1 — 8.428%, Tier 1 — 10.238%, and Total — 12.5%, fully implemented).

In terms of MREL, as of the end of December 2023, Santander Totta SGPS recorded a 28.4% ratio, which is above the fully implemented requirement of 24.17% (including the 3% Combined Buffer Requirement (CBR) of TREA), required as of January 1<sup>st</sup>, 2024.

<b>CAPITAL (fully implemented) (million euro)</b>	<b>dez-23</b>	<b>dez-22</b>
Common Equity Tier I	2,622	2,655
Tier I Capital	3,022	3,055
Total Capital	3,295	3,330
<b>Risk Weighted Assets (RWA)</b>	<b>15,473</b>	<b>16,248</b>
CET I ratio	16.9%	16.3%
Tier I ratio	19.5%	18.8%
Total Capital Ratio	21.3%	20.5%

## External Recognition

Throughout the year, Santander was once again distinguished for its financial performance, both globally and in various business segments. *Euromoney* distinguished Santander as the **"Best Bank in Portugal,"** within the scope of the *Euromoney Awards for Excellence 2023*, recognising the Bank's excellent results in 2022. The North American magazine *Global Finance* also awarded Santander the title of the **"Best Bank in Portugal"** within the scope of *"The World's Best Banks 2023,"* which distinguishes financial institutions for the results they achieved, for the variety of services they offer, and for their credibility with customers.

*World Finance* magazine, within the scope of the *World Finance Banking Awards 2023*, distinguished Santander as the "Best Retail Bank" in Portugal, noting that this year's winners represent the banks "placed in the best position to set an example and to take up a leading role during this uncertain macroeconomic period."

Santander was awarded by *Global Finance* magazine, for the third consecutive year, as the **"Best Bank for SMEs"** in Portugal, within the scope of the *"SME Bank Awards 2024."* This award, which is already in its second edition, distinguishes the financial institutions that best respond to the needs of SMEs in their markets, recognizing the support provided and the quality of services offered.

For its part, *Euromoney* distinguished Santander, for the fourth consecutive year, as the **"Best Trade Finance Bank in Portugal,"** winning in the "Market Leader" and "Best Service" categories.

The same publication also distinguished Santander as the **"Best International Private Banking"** in Portugal, awarding this segment of the Bank for the 12<sup>th</sup> consecutive year. *World Finance* also distinguished Santander as the **"Best Private Banking"** in Portugal; this publication also distinguished Santander with the **"Best Pension Fund"** award in the country.

For the second consecutive year, Santander was distinguished as the **No. 1 Bank in ESG in Portugal**, taking the first position in the sector in the Merco ESG 2022 ranking. The study evaluated the companies that, over the last year, best complied with environmental, social, and governance factors (ESG).

In the field of human resources, Santander was certified as **Top Employer 2023** in Portugal, by the *Top Employers Institute*, which distinguishes the companies with the best practices in this matter.

In the *Corporate and Investment Banking* business, Santander Portugal won, for the 4<sup>th</sup> consecutive year, in the **Settlement & Custody** category of the *Euronext Lisbon Awards 2023*.

In the *Efficacy Awards*, promoted by the Portuguese Association of Advertisers (APAN), Santander Laboratory — the campaign to promote the Bank's health insurance, developed by the advertising agency Plot — won gold in the **"Brand Content & Entertainment"** category.

At Group level, Santander ranked among the **most sustainable banks in the world** in the *Dow Jones Sustainability Index 2022*, and among the top three in Europe.

At the beginning of September, Santander was voted the **"most innovative Bank in the world"** by *The Banker* magazine, which rewarded the successful implementation of the Gravity digital platform. And at the end of the month, it was included in Fortune's **"Change the World 2023"** list, as one of the companies that contribute the most to making the world a better place, appearing as the best positioned bank in the ranking.

**Santander Totta, SGPS**

<b>BALANCE SHEET (million euro)</b>	<b>dez-23</b>	<b>dez-22</b>	<b>Var.</b>
<b>Cash, cash balances at central banks and other demand deposits</b>	6,285	8,415	-25.3%
Financial assets held for trading, at fair value through profit or loss, and at fair value through other comprehensive income	5,338	8,255	-35.3%
Financial assets at amortised cost	41,870	40,815	+2.6%
Investments in subsidiaries, joint ventures and associates	0	112	-100.0%
Tangible assets	404	447	-9.7%
Intangible assets	34	37	-10.2%
Tax assets	340	247	+37.7%
Non-current assets held for sale	36	44	-18.7%
Other assets	457	776	-41.1%
<b>Total Assets</b>	<b>54,763</b>	<b>59,148</b>	<b>-7.4%</b>
Financial liabilities held for trading	1,476	466	>200%
Other financial liabilities mandatory at fair value through profit or loss	0	2,793	-100.0%
Financial liabilities at amortised cost	47,496	50,437	-5.8%
Resources from Central Banks and Credit Institutions	5,749	6,928	-17.0%
Customer deposits	35,239	38,506	-8.5%
Debt securities issued	6,249	4,636	+34.8%
Other financial liabilities	259	367	-29.4%
Provisions	140	161	-13.2%
Technical provisions	0	625	-100.0%
Tax liabilities	546	260	+109.6%
Other liabilities	769	581	+32.4%
<b>Total Liabilities</b>	<b>50,426</b>	<b>55,323</b>	<b>-8.9%</b>
Share capital attributable to ST SGPS shareholders	4,335	3,824	+13.4%
Non controlling interests	2	1	+13.9%
<b>Total Shareholders' Equity</b>	<b>4,336</b>	<b>3,825</b>	<b>+13.4%</b>
<b>Total Shareholders' Equity and Total Liabilities</b>	<b>54,763</b>	<b>59,148</b>	<b>-7.4%</b>

**Santander Totta, SGPS**

<b>CONSOLIDATED INCOME STATEMENTS* (million euro)</b>	<b>dez-23</b>	<b>dez-22</b>	<b>Var.</b>
<b>Net interest income</b>	<b>1,491.0</b>	<b>782.9</b>	<b>+90.5%</b>
Income from equity instruments	1.7	3.8	-55.8%
Results from associates	-3.8	20.6	-
Net fees	457.0	470.3	-2.8%
Other operating results	-17.4	-31.1	-44.1%
Insurance activity	0.0	12.2	-100.0%
<b>Commercial revenue</b>	<b>1,928.5</b>	<b>1,258.6</b>	<b>+53.2%</b>
Gain/losses on financial assets	178.1	88.3	+101.7%
<b>Net Income from Banking Activities (1)</b>	<b>2,106.6</b>	<b>1,346.9</b>	<b>+56.4%</b>
Operating costs	-519.8	-486.0	+7.0%
Staff expenses	-284.5	-263.4	+8.0%
Other Administrative Expenses	-181.0	-176.9	+2.3%
Depreciation	-54.3	-45.7	+18.8%
<b>Net operating Income</b>	<b>1,586.9</b>	<b>860.9</b>	<b>+84.3%</b>
Impairment (net) of financial assets at amortised cost	-73.3	12.0	-
Net provisions and other results	-51.9	0.7	-
<b>Income before taxes and non-controlling interests</b>	<b>1,461.7</b>	<b>873.5</b>	<b>+67.3%</b>
Taxes	-431.1	-266.6	+61.7%
Non-controlling interests	-0.4	-0.2	+59.5%
<b>Consolidated net income</b>	<b>1,030.2</b>	<b>606.7</b>	<b>+69.8%</b>

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

(\*) 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

	<b>dez-23</b>	<b>dez-22</b>	<b>Var.</b>
<b>Profitability</b>			
Income before taxes and MI/Average net assets	2.5%	1.4%	+1.1 p.p.
Net income from banking activity/Average net assets	3.7%	2.3%	+1.4 p.p.
Income before taxes and MI/Average equity	37.4%	21.9%	+15.5 p.p.
<b>Efficiency</b>			
Operating expenses/Net income from banking activity	24.7%	36.1%	-11.4 p.p.
Staff expenses/Net income from banking activity	13.5%	19.6%	-6.1 p.p.
<b>Transformation</b>			
Credit (net)/Deposits	124.3%	110.1%	+14.2 p.p.