



Portugal



H1'24

Institutional Presentation

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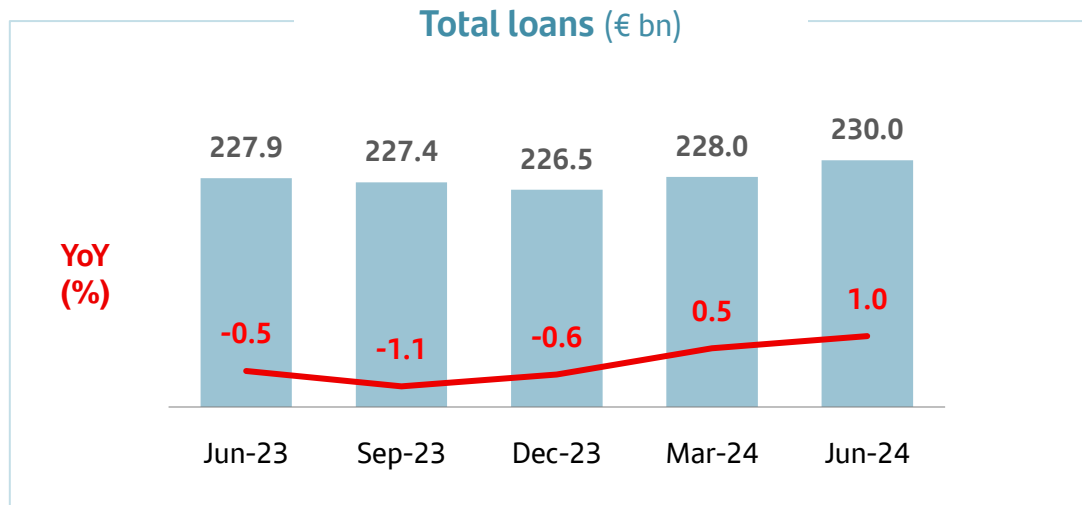
The information contained herein is in accordance with the Bank of Portugal's criteria. Unless otherwise stated, data in this presentation refers to consolidated figures for Santander Totta SGPS, the group's holding company in Portugal. BST is Santander Totta SGPS' main operating unit, aggregating the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

Macroeconomic environment and financial system

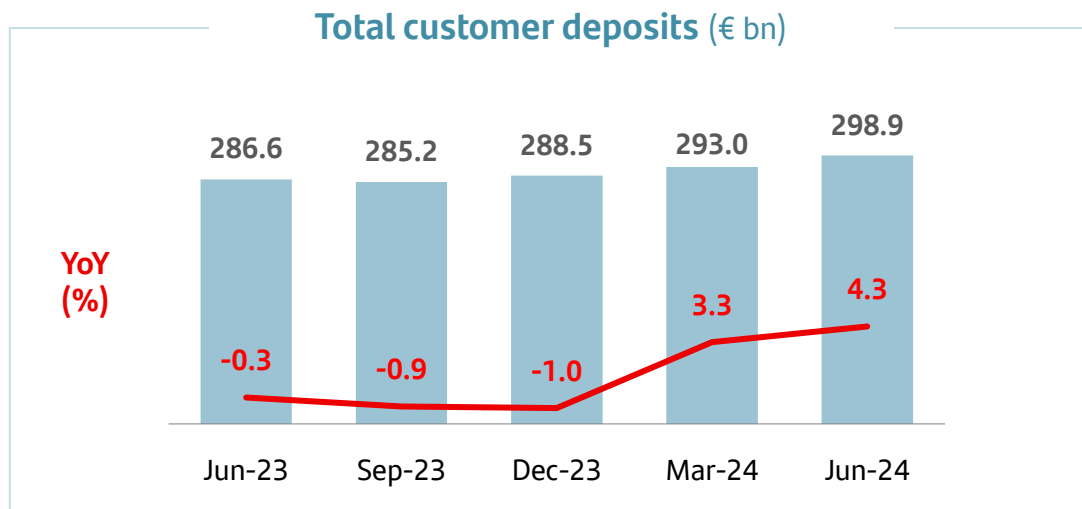


01

Loan and deposit volumes resume an upward trend as a new interest rate cycle has begun



- ▶ System loan growth is growing moderately, as interest rates have passed their peak and both households and companies reduced the level of early redemptions of loans.
- ▶ New loan origination improved for mortgages, as the banking sector adapted its offer to the new interest rate environment, with fixed rates for the initial 2-5 years of the loan.
- ▶ Asset quality remained stable at historically low levels.














- ▶ Deposits are recovering, as interest rate increases have been gradually passed through to deposit remuneration, with the transformation of sight deposits into term deposits.
- ▶ 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

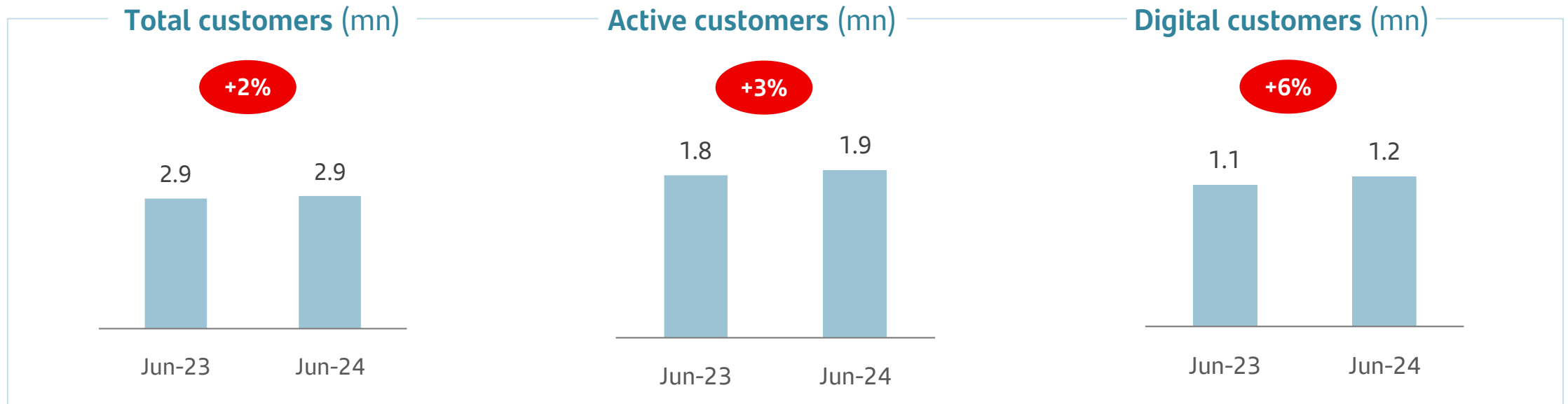
KEY DATA	Q1'24	YoY Var.
 Customer loans (gross)	€47.0 bn	+12.1%
 Customer Deposits	€36.7 bn	+0.2%
 Attributable profit	€547.7 mn	+64.2%
 RoTE	28.8%	+10.1 pp
 Efficiency ratio	23.1%	-7.7 pp
 Loans market share ¹	16.5%	-24 bps
 Deposits market share ¹	12.7%	-70 bps
 Total customers	2.9 mn	+2.0%
 Digital customers	1.2 mn	+6.0%
 Branches ²	329	-1.2%
 Employees ²	4,566	-2.1%



Strategic Priorities

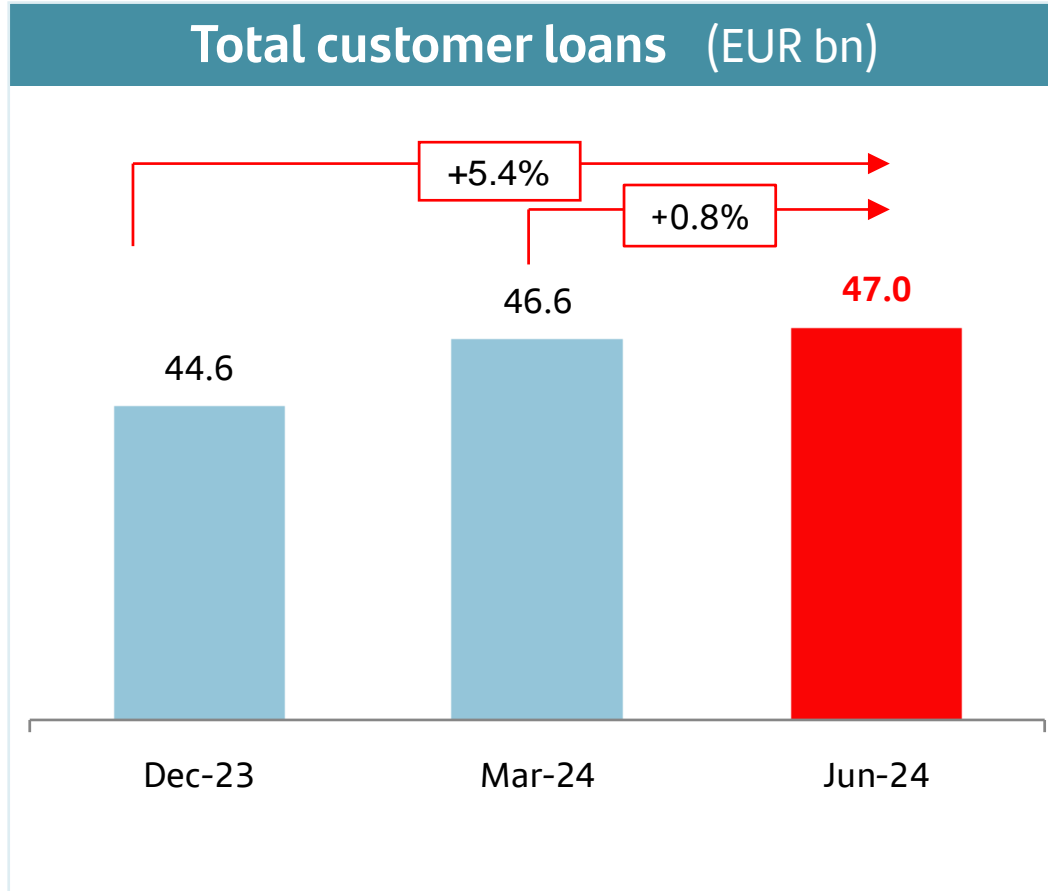
- ▶ Continue to implement our transformation plan with the aim of improving service quality and increasing our customer base
- ▶ Grow organically in terms of profitable market share and with adequate capital remuneration
- ▶ Maintain our position as market leaders in efficiency, improving the cost base
- ▶ 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



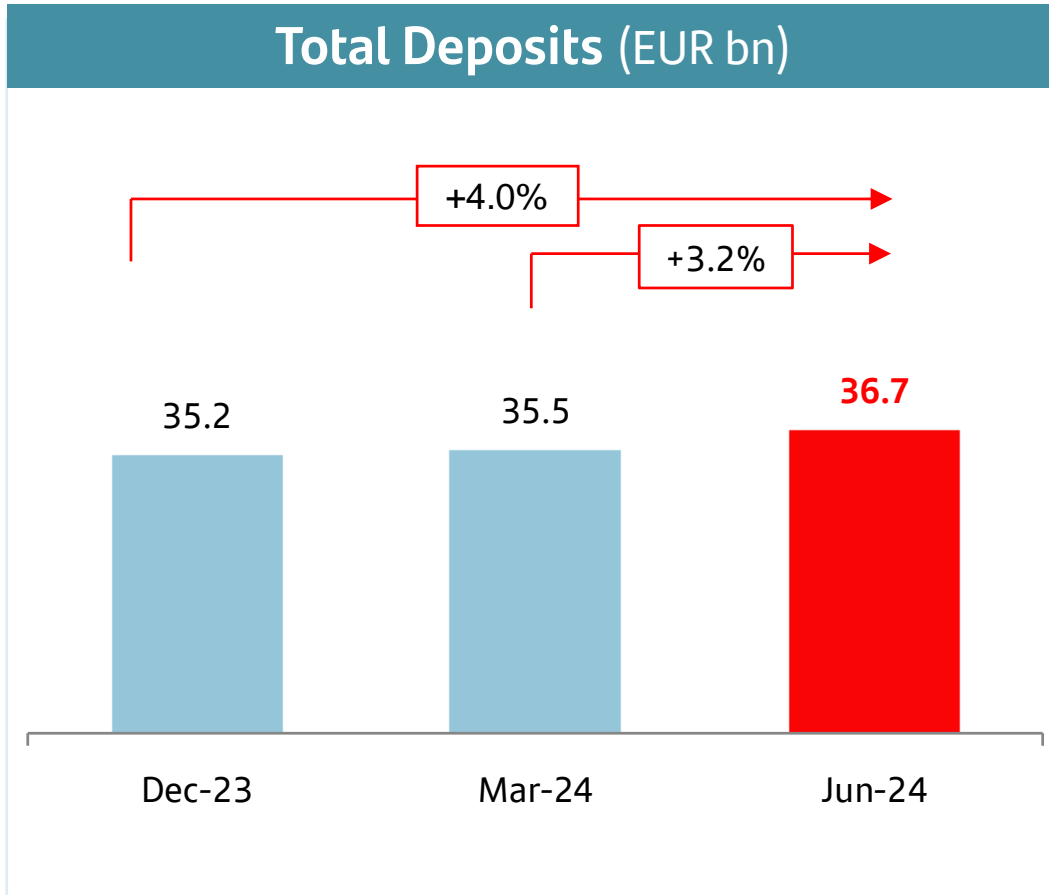
- ▶ We continue to execute our commercial and digital transformation, aimed at providing first-class service to customers, by simplifying its offer and processes, which is:
 - ▶ Contributing to the sustained growth in the number of active customers (+3% YoY); and
 - ▶ Translating into the continued increase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

The stabilization of interest rates and resilient new loan volumes contributed to the growth in customer loans



	Jun-24	Dec-23	YtD (%)	QoQ (%)
Individuals	24.8	24.1	+2.7	+1.4
Mortgage	22.7	22.0	+2.8	+1.4
Consumer and other	2.1	2.1	+1.3	+0.5
Corporates and Institucionals	22.3	20.5	+8.7	+0.2
Total	47.0	44.6	+5.4	+0.8

Customer funds increased, with sound growth in both mutual funds and deposits



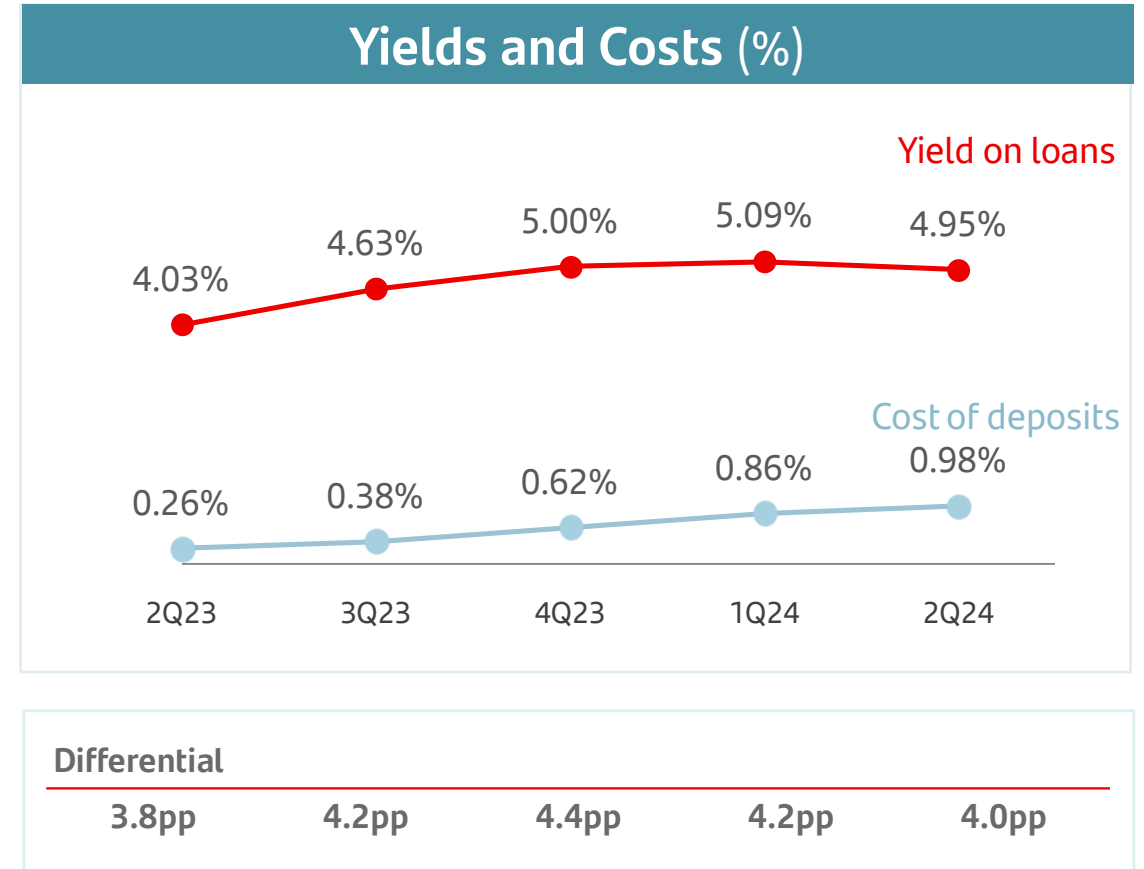
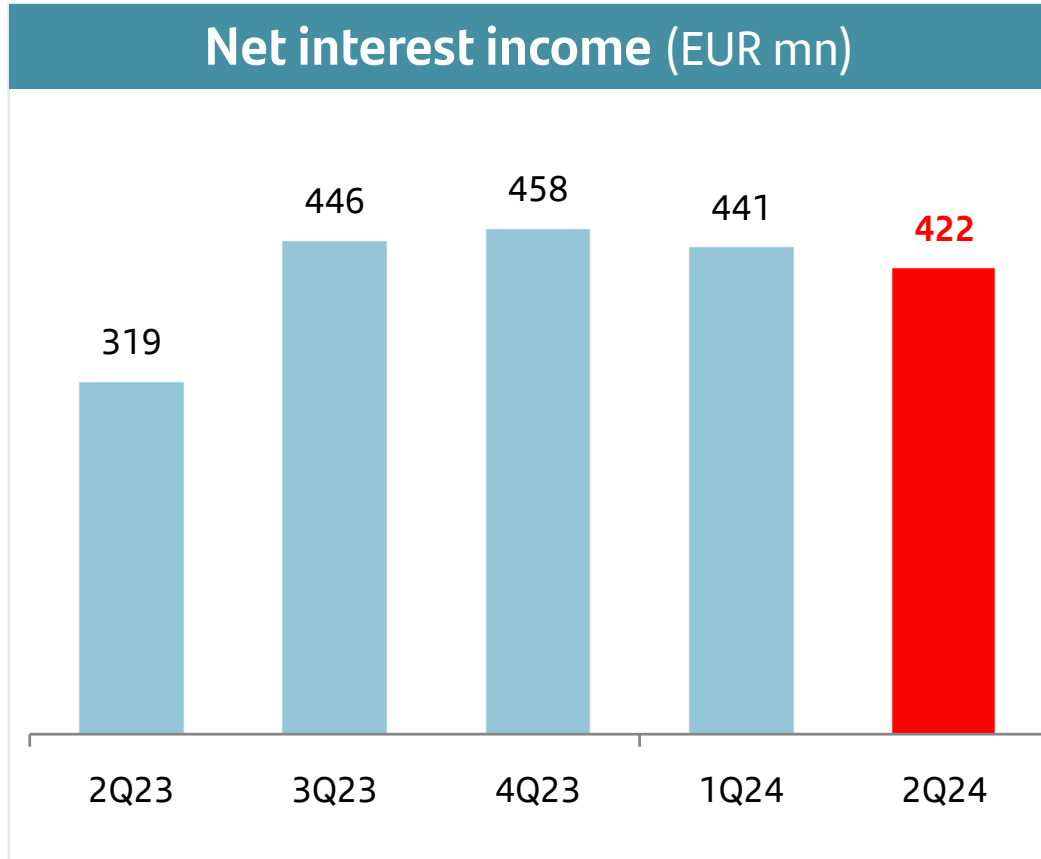
	Jun-24	Dec-23	YtD (%)	QoQ (%)
Deposits	36.7	35.2	+4.0	+3.2
Off Balance Sheet Resources	8.4	8.1	+4.3	+2.2
Investment Funds	4.5	4.3	+5.9	+3.3
Insurance and other	3.9	3.8	+2.5	+1.0
Total Customer Funds	45.1	43.3	+4.1	+3.0

Results

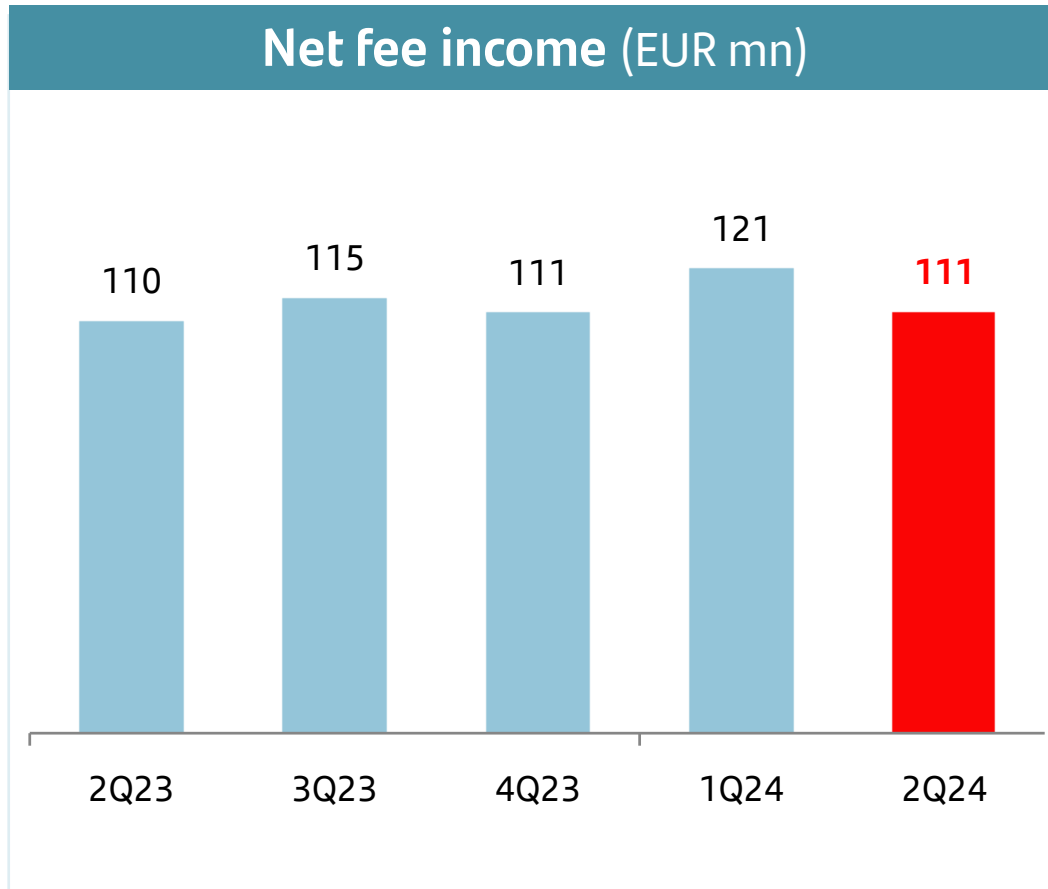


03

NII declined from the peak, despite the controlled increase in deposit rates, as lower rates start to feed into the yield on loans

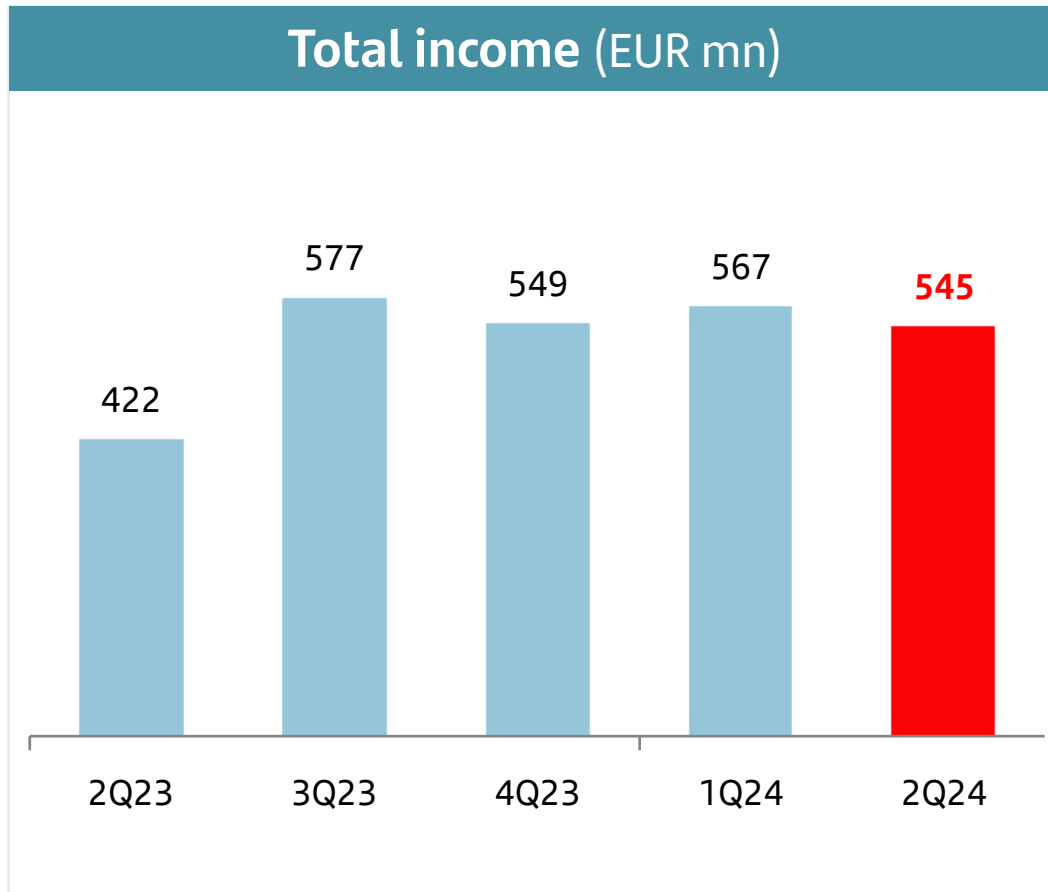


Net fee income grew moderately YoY, underpinned by new business volumes and higher customer transactions



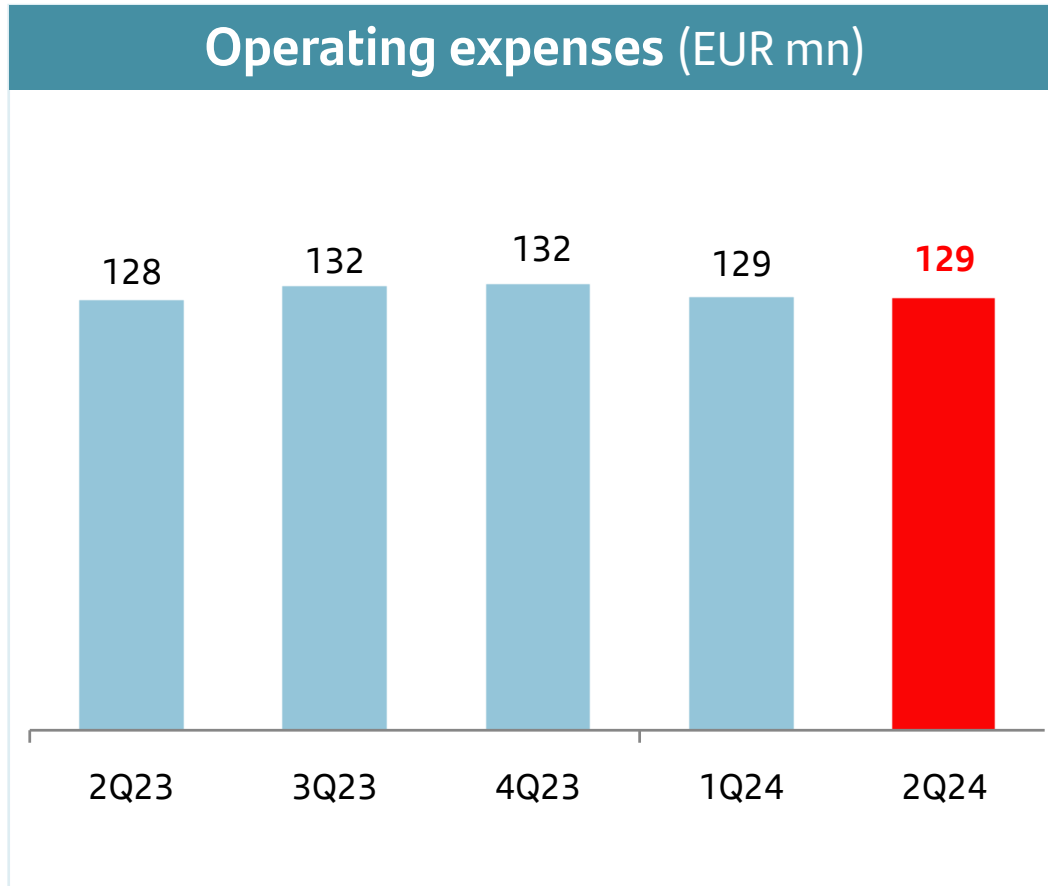
	H1'24	H1'23	YoY (%)	QoQ (%)
Credit	41	31	+31.7	-34.1
Means of Payment	54	56	-2.6	-0.7
Mutual funds	18	17	+5.4	+0.5
Insurance	66	61	+7.5	+0.2
Other	53	66	-19.5	-3.3
Total net fee income	232	231	+0.5	-7.8

Total income holds at high levels elevated, supported by net fee income. QoQ affected by regulatory charges with the Resolution Fund and contributions on the banking sector



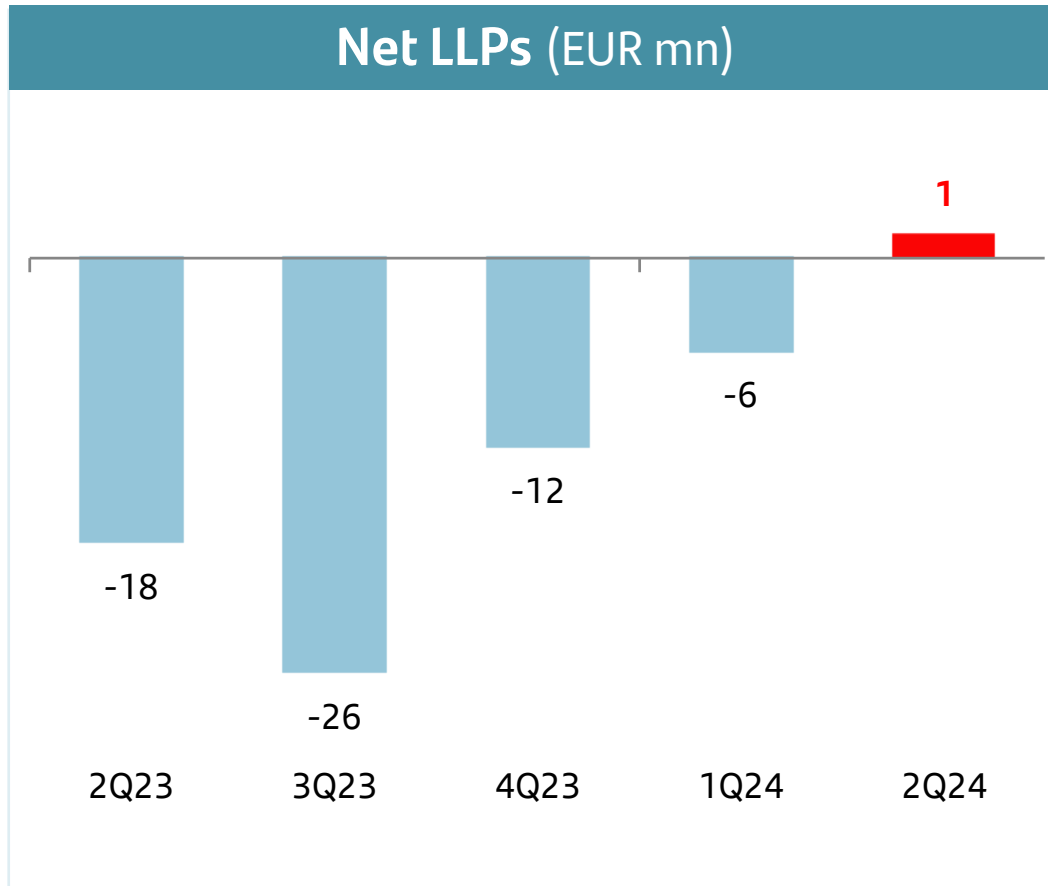
	H1'24	H1'23	YoY (%)	QoQ (%)
Net interest income	862	586	+47.0	-4.3
Net Fees	232	231	+0.5	-7.8
Customer revenue	1,095	818	+33.9	-5.1
Other	18	13	+39.9	+103.1
Total income	1,112	830	+34.0	-3.9

Expenses remain under control, due to our continuous digital and commercial transformation



	H1'24	H1'23	YoY (%)	QoQ (%)
Operating Expenses	257	255	+0.8	-0.4
Efficiency ratio (with amortisations)	23.1%	30.8%	-7.6pp	+0.8pp
Branches in Portugal (#)	329	333	-1.2	-0.3
Employees in Portugal (#)	4,566	4,666	-2.1	-0.3

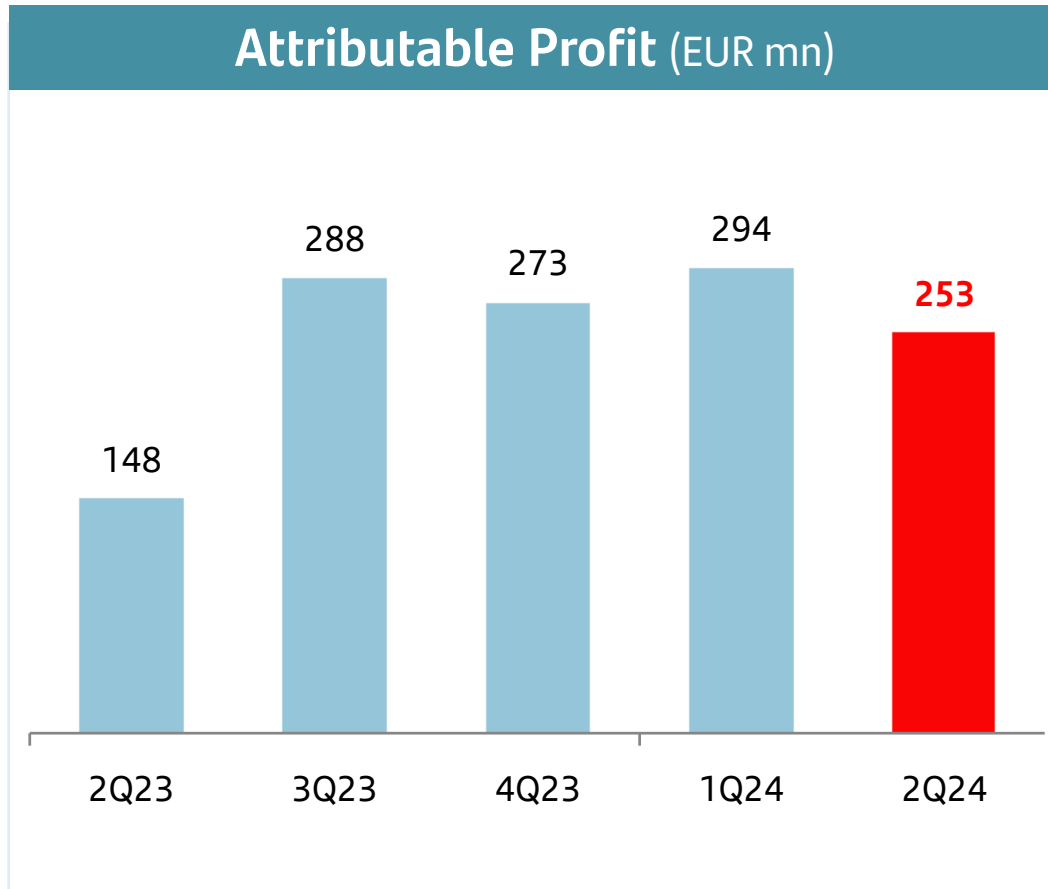
Credit fundamentals remained robust and the NPL ratio continued to decline, to a new all time low



	H1'24	H1'23	YoY (%)	QoQ (%)
Net Operating Income	855	575	+48.7	-5.0
LLPs	-4	-35	-87.4	-
Net Operating Income after LLPs	850	540	+57.5	-3.3

NPE ratio	1.6%	2.1%	-0.5pp	-0.2pp
NPE coverage ratio	85.9%	88.6%	-2.7pp	-0.3pp
Cost of Credit ⁽¹⁾	0.09%	0.06%	+0.03pp	-0.05pp

Profit increased YoY driven by NII growth, controlled costs and sound asset quality



	H1'24	H1'23	YoY (%)	QoQ (%)
Profit before taxes	815	501	+62.7	-10.0
Taxes and MI	-268	-167	+59.9	-1.5
Underlying Attributable Profit	548	334	+64.2	-13.9

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



Financial System

- ▶ System loan growth reversed trend, as now origination peaked and early redemptions declined, once interest rates began to decline
- ▶ Deposits are also increasing, as interest rate increases have been gradually passed through to deposit remuneration, and also because of lower early partial redemptions of loans



Strategy & Business

- ▶ 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



Results

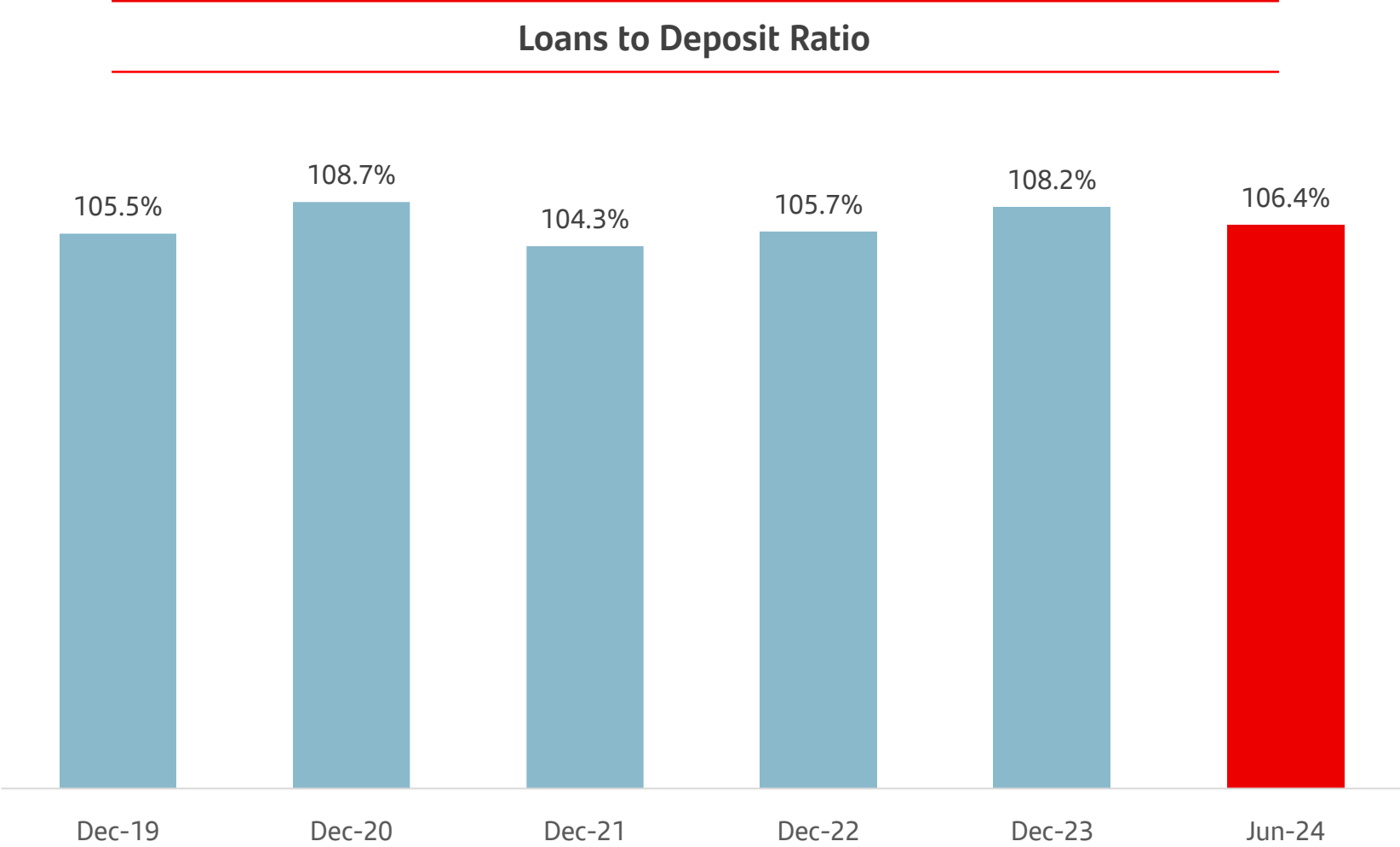
- ▶ 34% growth YoY in total income supported supported by higher interest rates and good management of liability costs. Net fees benefit from customer growth in higher value segments
- ▶ Net operating income grew 49% as revenue grew much faster than costs. Efficiency improved 8pp
- ▶ Credit fundamentals remained robust and the NPL ratio continued to fall. CoR remains at very low levels at 9 bps
- ▶ Profit increased YoY driven by NII growth, controlled costs and sound asset quality

Financial and liquidity management

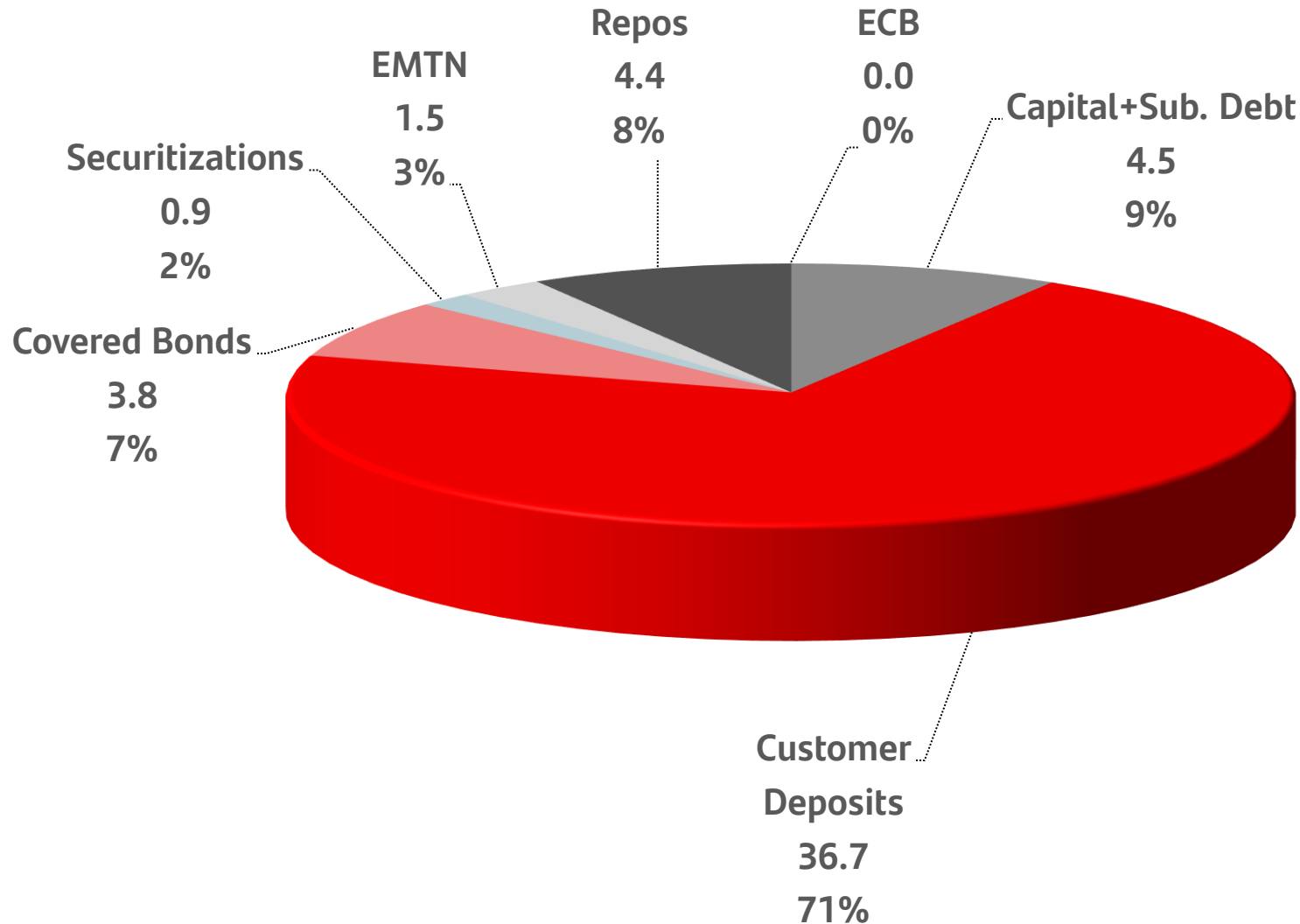


04

LtD ratio has been fairly stable



Customer deposits (mostly retail deposits) represent 71% of the funding structure, and the Bank maintains sound liquidity ratios



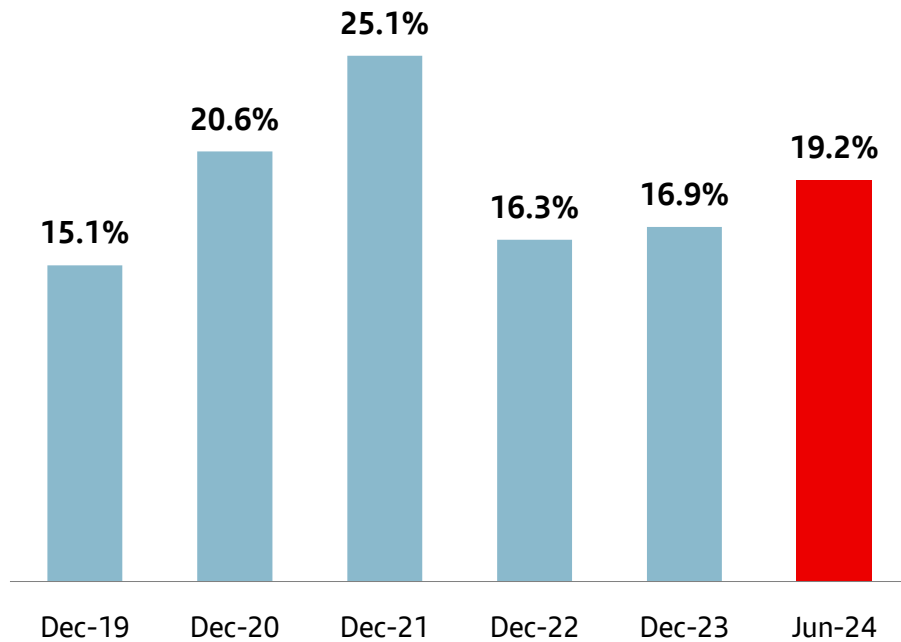
LCR
145%

NSFR⁽¹⁾
122%

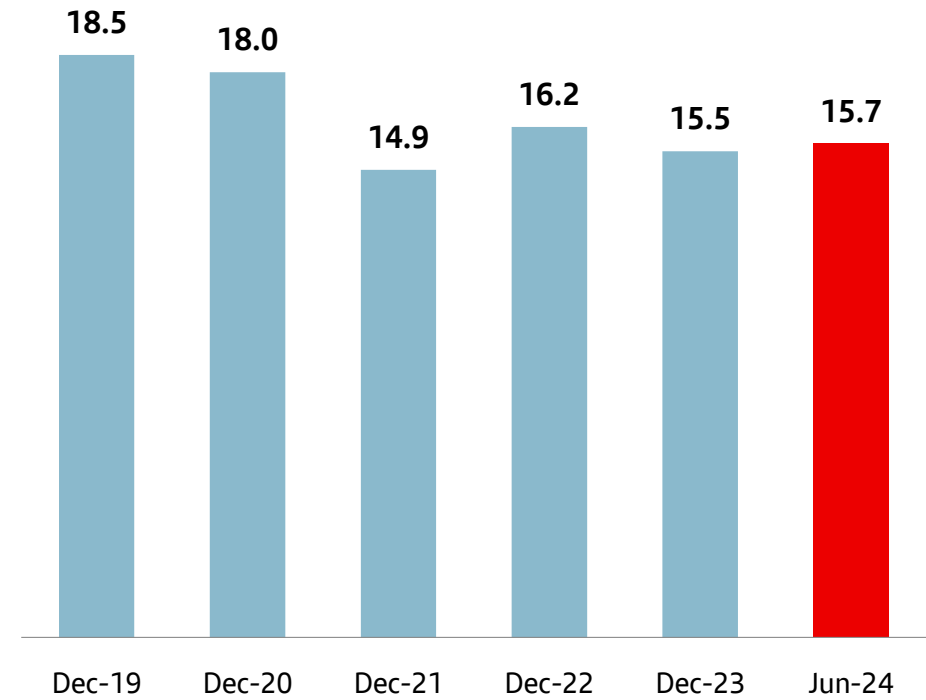
Liquidity Buffer
(% of deposits)
48%

Sound capitalization

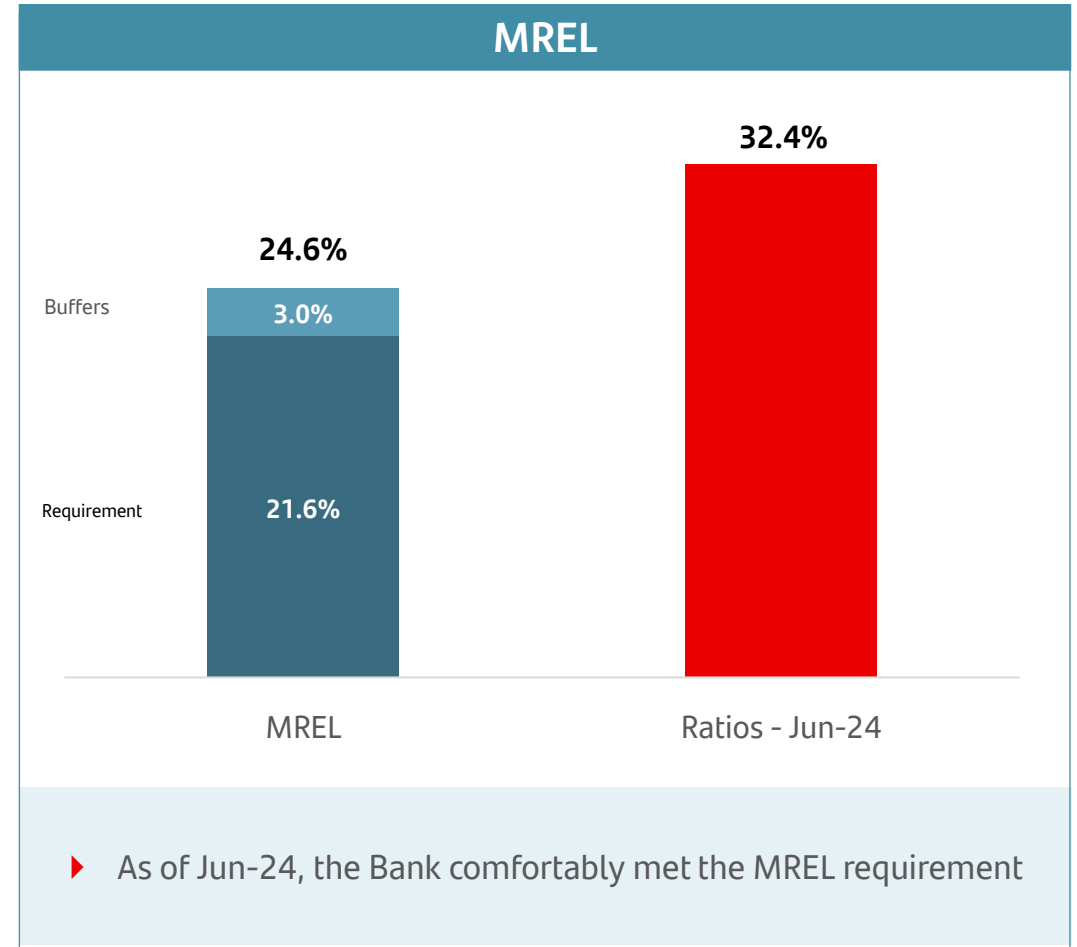
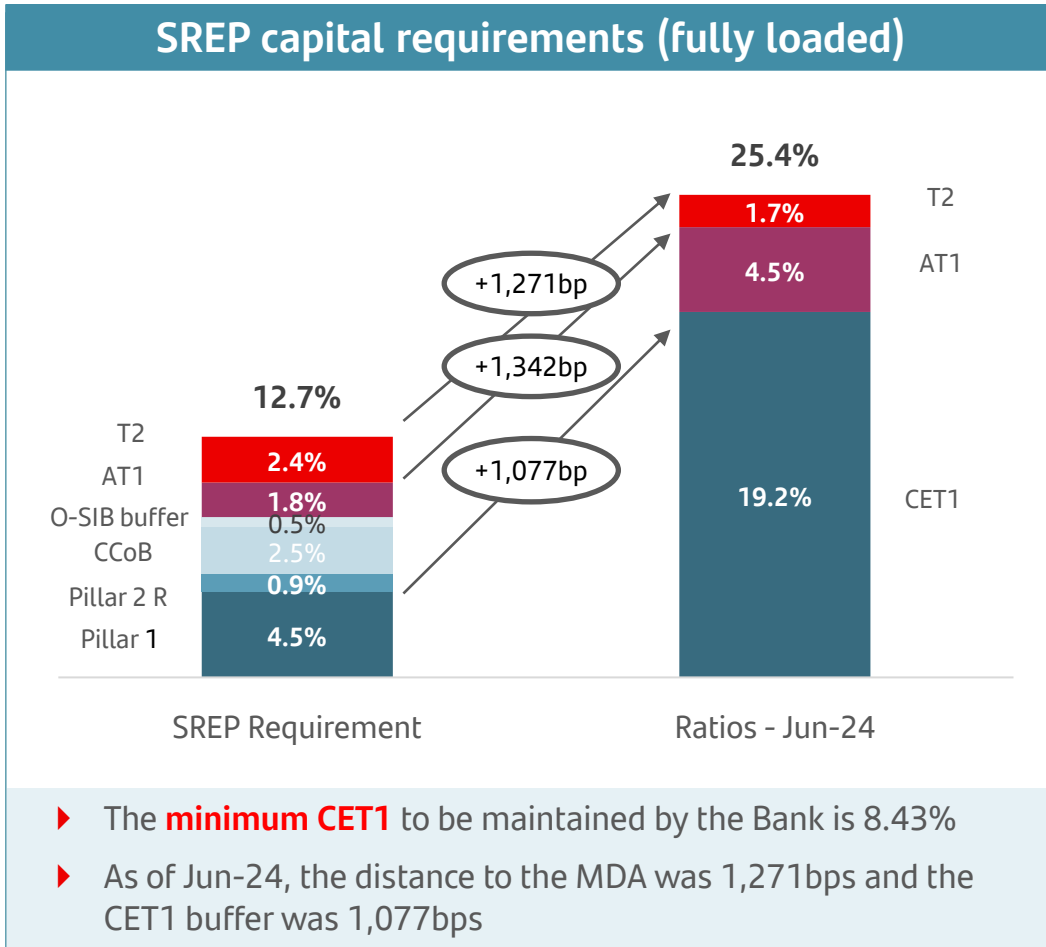
CET 1 – full implemented



RWA (bn€)



Capital ratios well above the regulatory requirements



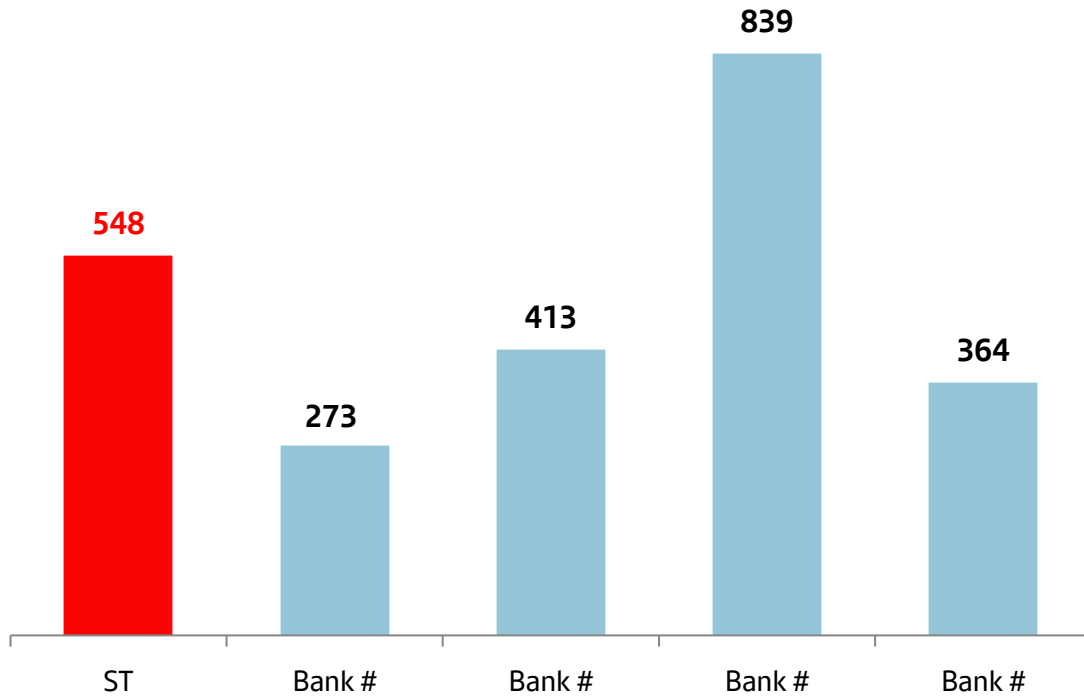
Benchmarking



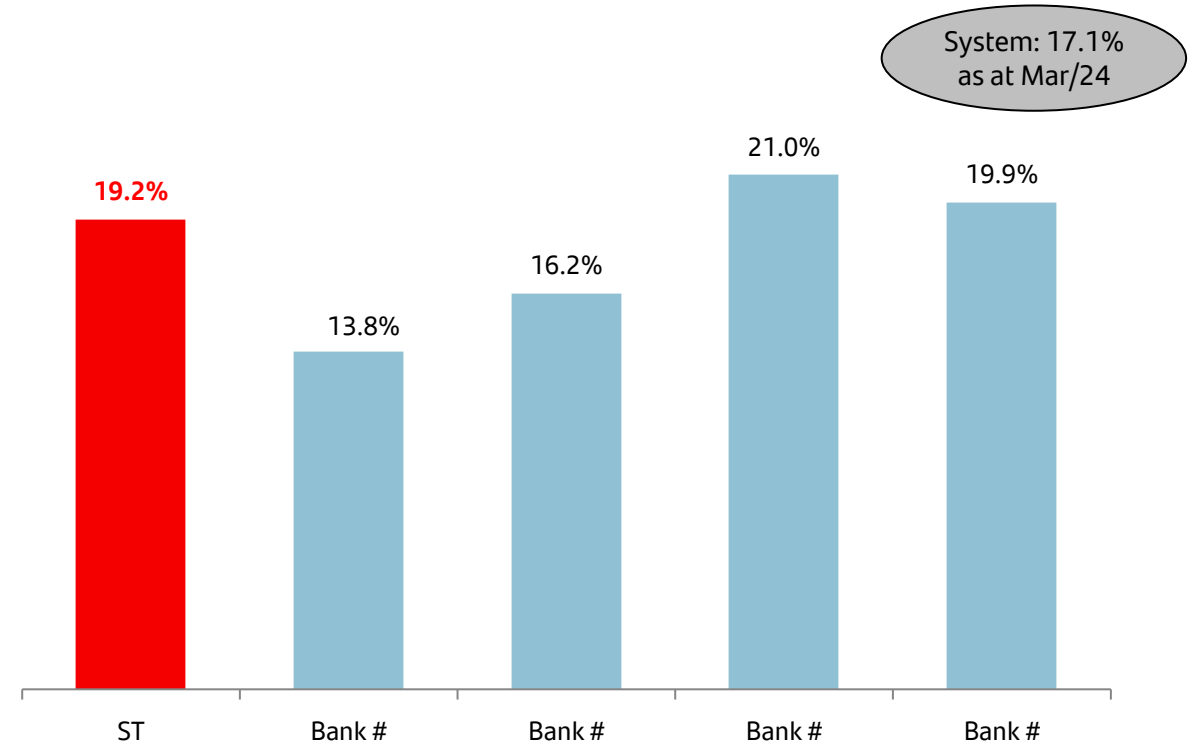
05

Sustained profitability and strong capital position

Net Income – Domestic (M€, adjusted for one-offs)

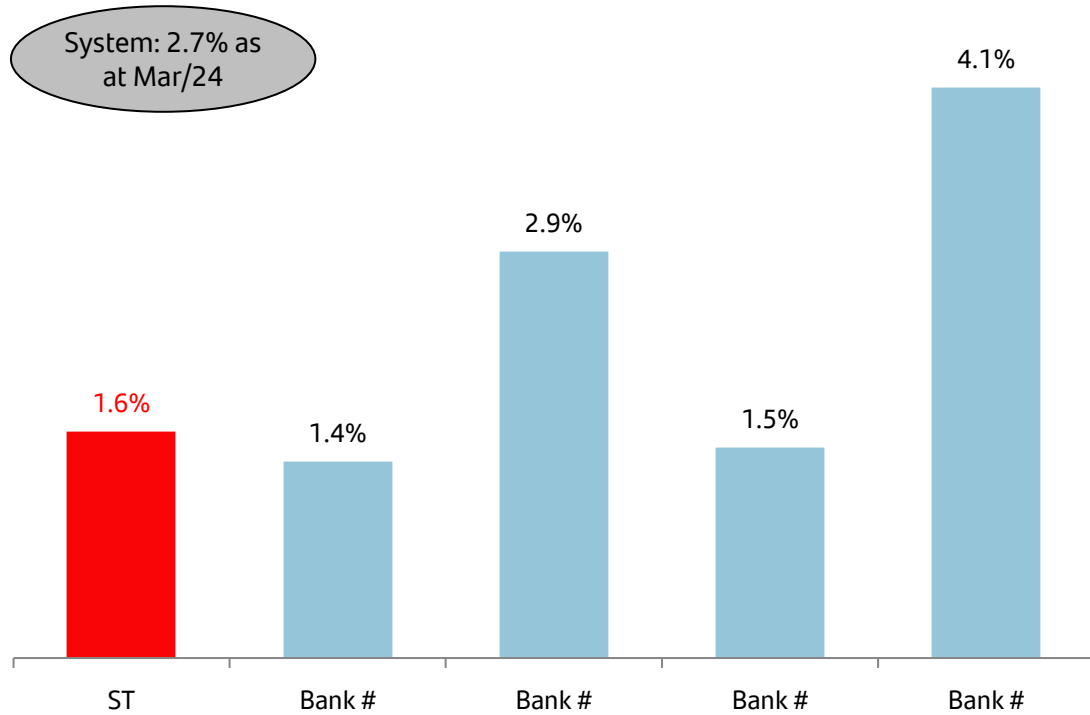


CET 1 (full implemented)

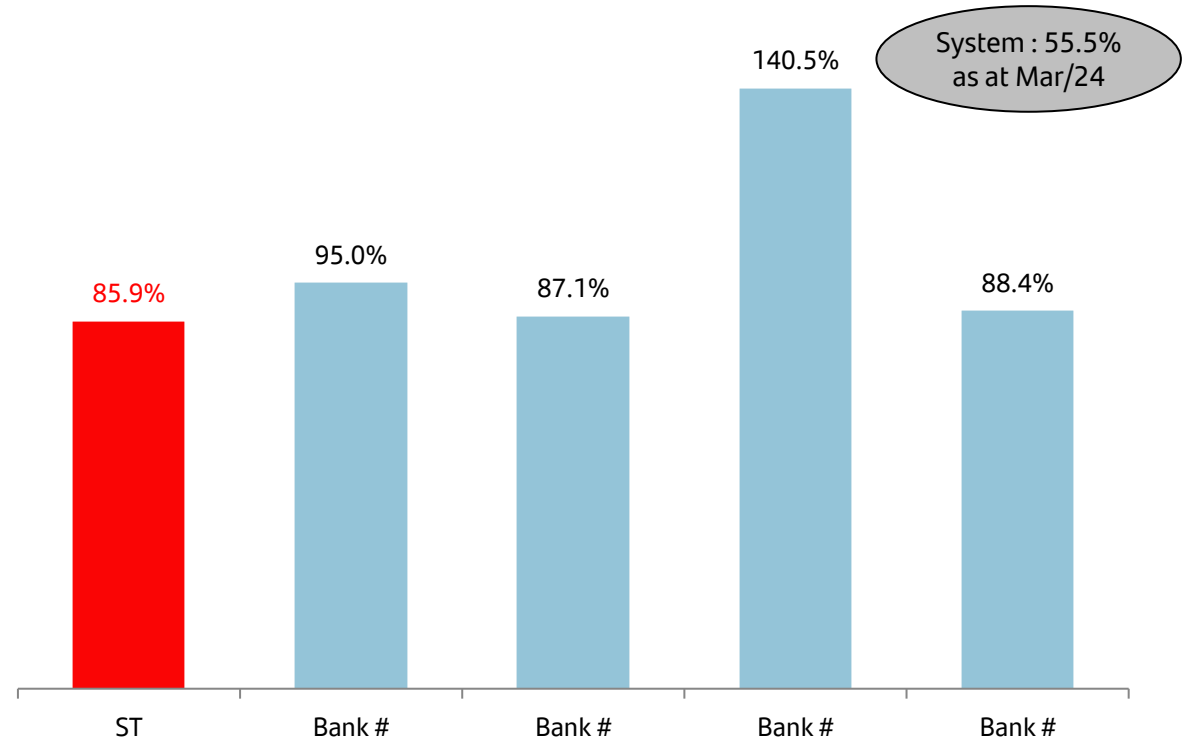


As at Jun/24

NPE Ratio




NPE Coverage Ratio



As at Jun/24

Long Term Ratings – Senior Debt

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

Appendix



06

Santander Totta, SGPS

BALANCE SHEET (million euro)	jun-24	jun-23	Var.
Cash, cash balances at central banks and other demand deposits	4,771	8,054	-40.8%
Financial assets held for trading, at fair value through profit or loss, and at fair value through other comprehensive income	5,575	5,401	+3.2%
Financial assets at amortised cost	44,484	39,181	+13.5%
Investments in subsidiaries, joint ventures and associates	0	197	-100.0%
Tangible assets	392	430	-8.9%
Intangible assets	34	35	-3.6%
Tax assets	168	181	-7.2%
Non-current assets held for sale	38	46	-18.0%
Other assets	426	749	-43.0%
Total Assets	55,888	54,272	+3.0%
Financial liabilities held for trading	1,783	831	+114.6%
Financial liabilities at amortised cost	48,248	48,459	-0.4%
Resources from Central Banks and Credit Institutions	5,008	6,116	-18.1%
Customer deposits	36,650	36,728	-0.2%
Debt securities issued	6,289	5,338	+17.8%
Other financial liabilities	301	277	+8.8%
Provisions	126	149	-16.0%
Tax liabilities	593	314	+89.3%
Other liabilities	614	599	+2.5%
Total Liabilities	51,365	50,353	+2.0%
Share capital attributable to ST SGPS shareholders	4,522	3,918	+15.4%
Non controlling interests	2	1	+29.3%
Total Shareholders' Equity	4,523	3,920	+15.4%
Total Shareholders' Equity and Total Liabilities	55,888	54,272	+3.0%

Santander Totta, SGPS

CONSOLIDATED INCOME STATEMENTS* (million euro)	jun-24	jun-23	Var.
Net interest income	862.2	586.5	+47.0%
Income from equity instruments	8.2	1.7	>200%
Results from associates	0.0	8.1	-100.0%
Net fees	232.3	231.2	+0.5%
Other operating results	-3.1	-19.6	-84.0%
Insurance activity	0.0	10.8	-100.0%
Commercial revenue	1,099.6	818.6	+34.3%
Gain/losses on financial assets	12.7	11.8	+8.1%
Net Income from Banking Activities (1)	1,112.3	830.4	+34.0%
Operating costs	-257.5	-255.4	+0.8%
Staff expenses	-142.1	-136.9	+3.7%
Other Administrative Expenses	-96.2	-96.3	-0.1%
Depreciation	-19.2	-22.2	-13.2%
Net operating Income	854.8	575.0	+48.7%
Impairment (net) of financial assets at amortised cost	-4.4	-35.0	-87.4%
Net provisions and other results	-35.2	-38.9	-9.7%
Income before taxes and non-controlling interests	815.3	501.0	+62.7%
Taxes	-267.3	-167.2	+59.9%
Non-controlling interests	-0.2	-0.1	+70.9%
Consolidated net income	547.7	333.7	+64.2%

(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



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