



Portugal



9M'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.

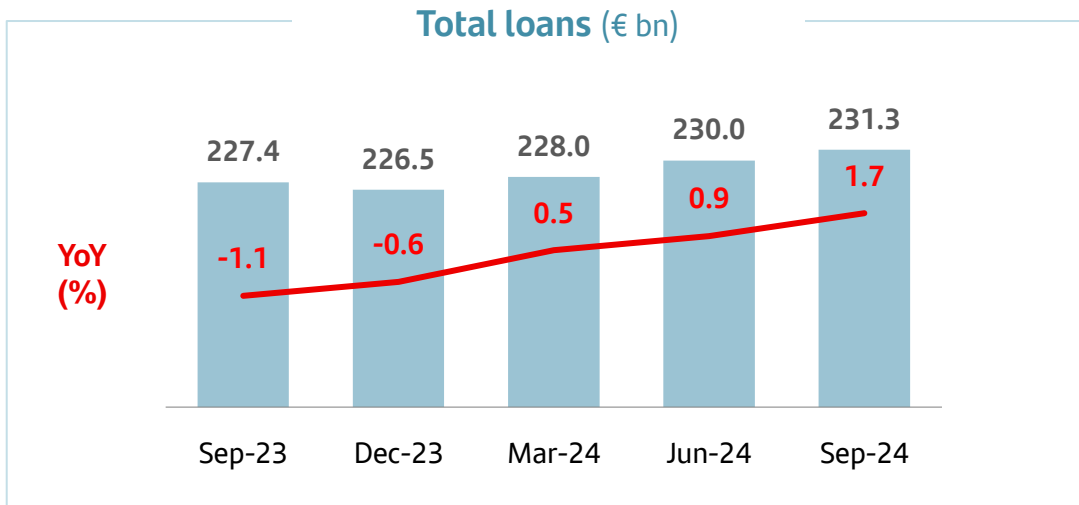


# Macroeconomic environment and financial system

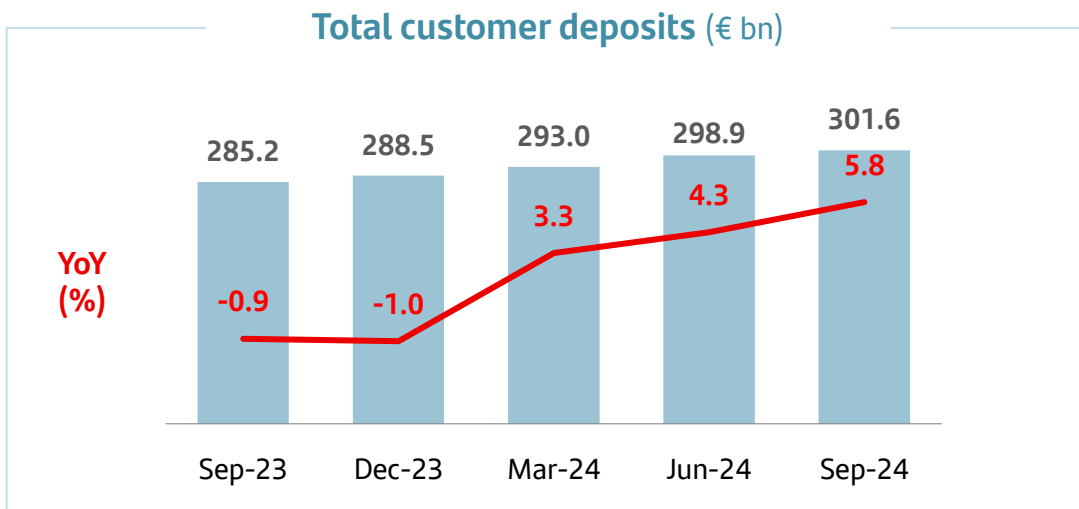


01

# Loan and deposit volumes continue to increase, in the context of gradually lower interest rates



- ▶ 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 continue to recover, despite the fact that rates on new deposits are now receding, in line with the evolution of Euribor rates.
- ▶ Households remain focused on rebuilding their savings, with a steady increase in deposits.

# Strategy and business



02

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

KEY DATA	9M'24	YoY Var.
 Customer loans (gross)	€47.9 bn	+6.6%
 Customer Deposits	€37.0 bn	+4.2%
 Attributable profit	€778.1 mn	+25.1%
 RoTE	26.8%	+3.6 pp
 Efficiency ratio	24.2%	-3.3 pp
 Loans market share <sup>1</sup>	16.7%	+15 bps
 Deposits market share <sup>1</sup>	12.9%	-7 bps
 Total customers	3.0 mn	+2.2%
 Digital customers	1.2 mn	+7.2%
 Branches <sup>2</sup>	329	-0.9%
 Employees <sup>2</sup>	4,580	-1.8%

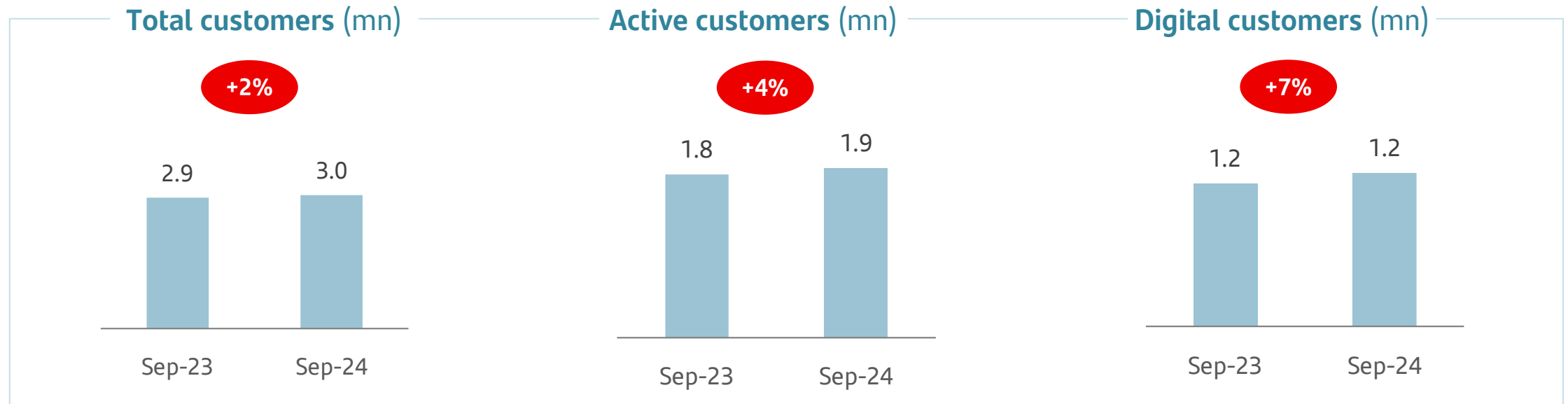


## Strategic Priorities

- ▶ 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

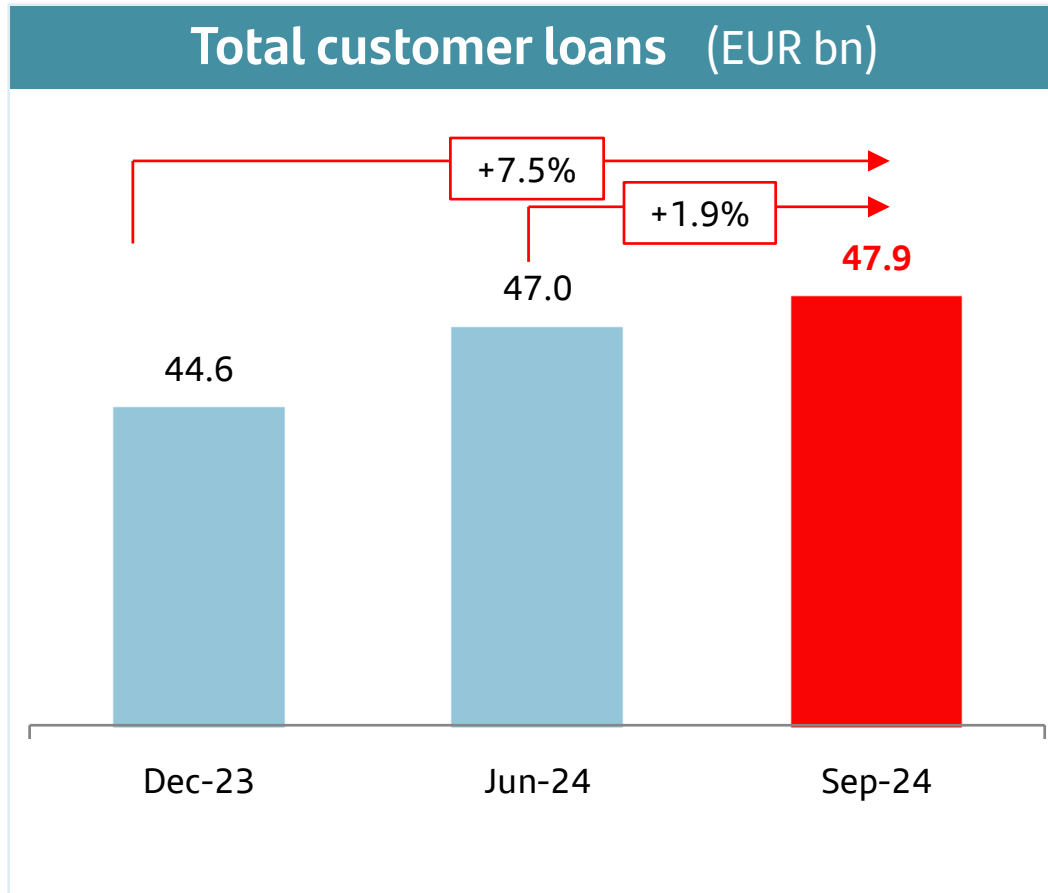


# Our continuous commercial and digital transformation allows to grow customers, especially in high-value segments



- ▶ 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 (+4% YoY); and
  - ▶ Translating into the continued increase in digital customers (+7%), underpinned by our focus on providing a seamless experience across channels.

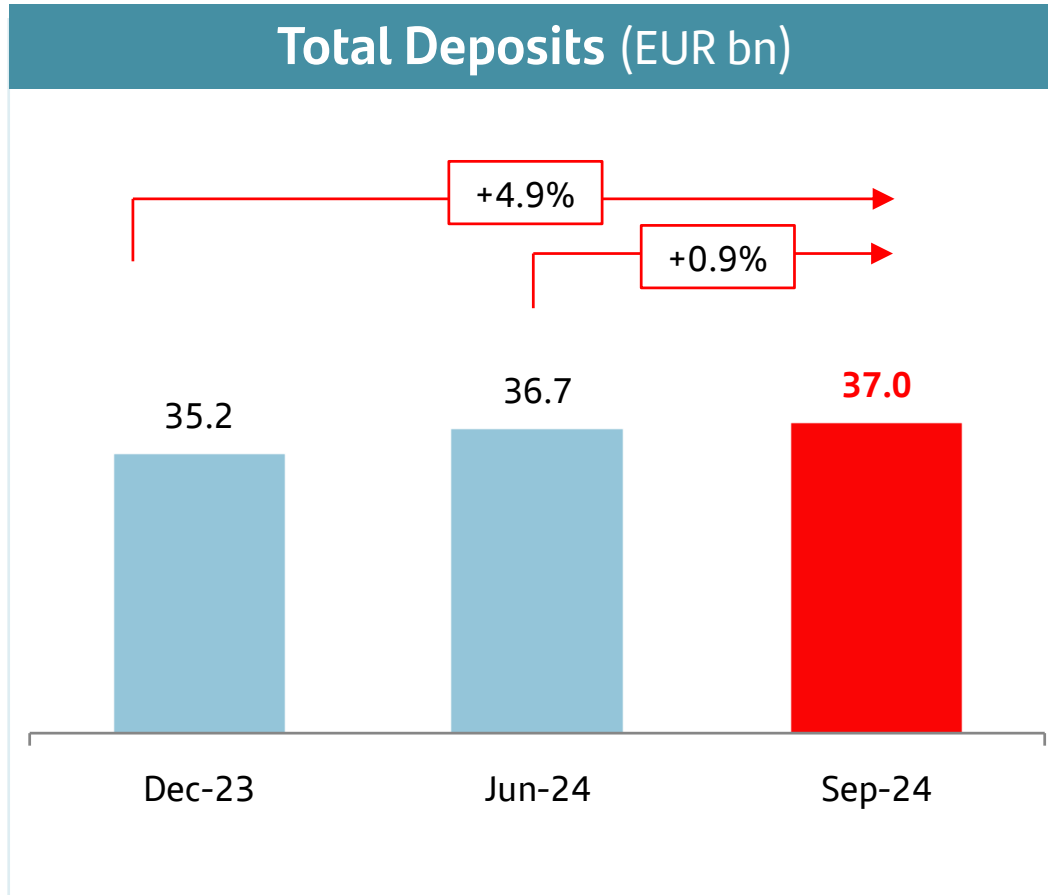
The new interest rate cycle is supporting sound volumes of new loan origination, contributing to the growth in customer loans in all segments



	Sep-24	Dec-23	YtD (%)	QoQ (%)
<b>Individuals</b>	<b>25.2</b>	<b>24.1</b>	<b>+4.3</b>	<b>+1.6</b>
Mortgage	23.0	22.0	+4.4	+1.5
Consumer and other	2.2	2.1	+3.8	+2.4
<b>Corporates and Institucionals</b>	<b>22.8</b>	<b>20.5</b>	<b>+11.1</b>	<b>+2.2</b>
<b>Total</b>	<b>47.9</b>	<b>44.6</b>	<b>+7.5</b>	<b>+1.9</b>



# Customer funds continue to increase, with sound growth in both mutual funds and deposits



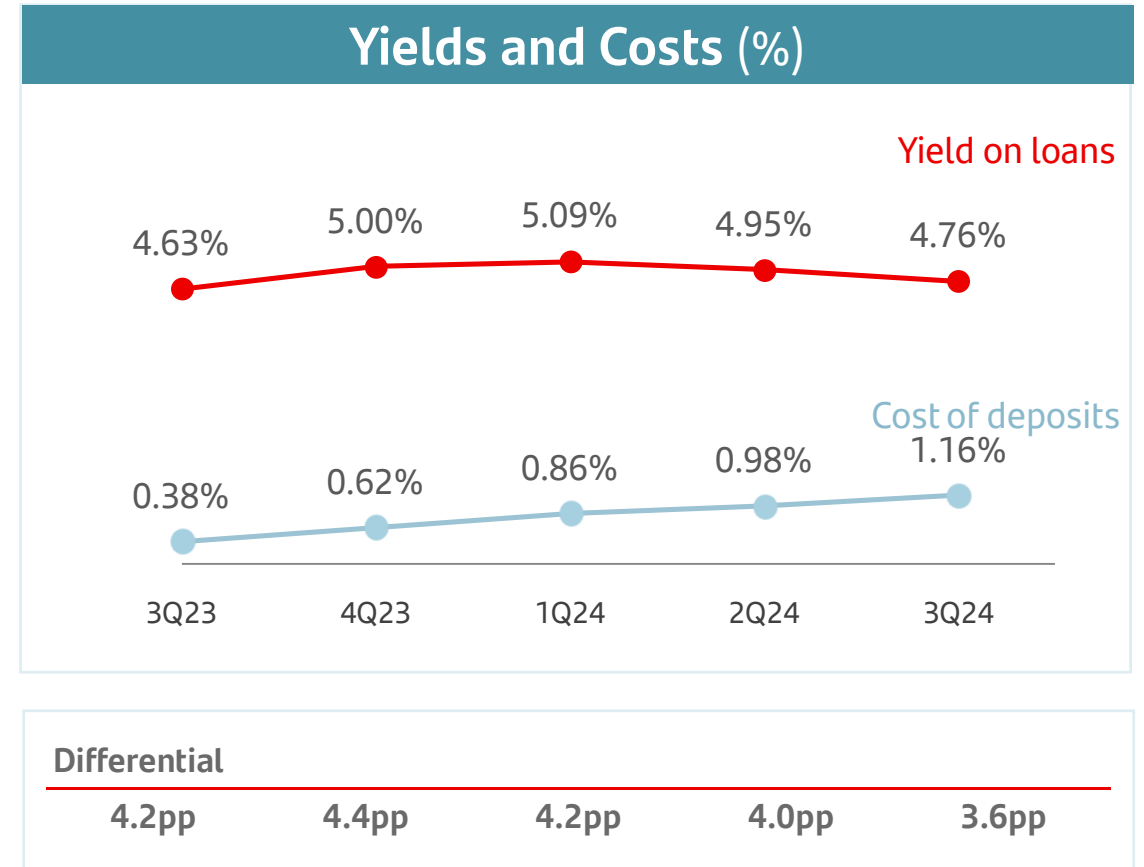
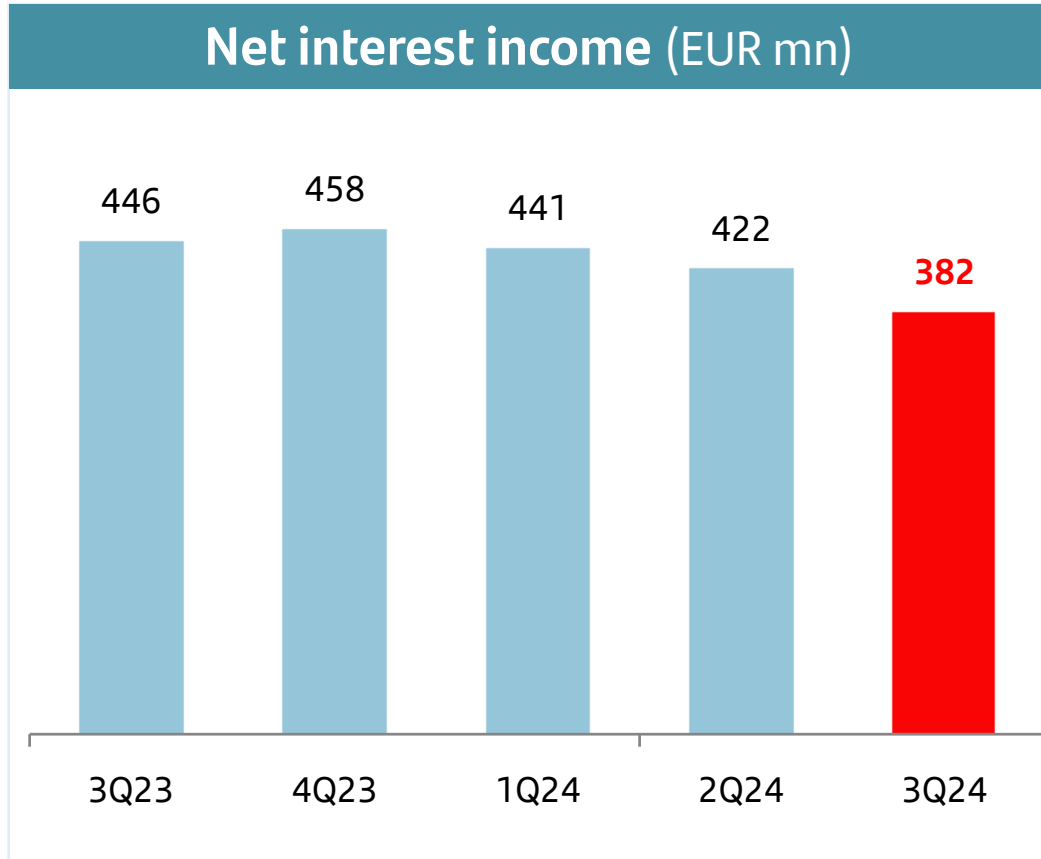
	Sep-24	Dec-23	YtD (%)	QoQ (%)
<b>Deposits</b>	<b>37.0</b>	<b>35.2</b>	<b>+4.9</b>	<b>+0.9</b>
<b>Off Balance Sheet Resources</b>	<b>8.7</b>	<b>8.1</b>	<b>+7.1</b>	<b>+2.7</b>
Investment Funds	4.7	4.3	+9.9	+3.8
Insurance and other	4.0	3.8	+4.0	+1.5
<b>Total Customer Funds</b>	<b>45.6</b>	<b>43.3</b>	<b>+5.3</b>	<b>+1.2</b>

Results

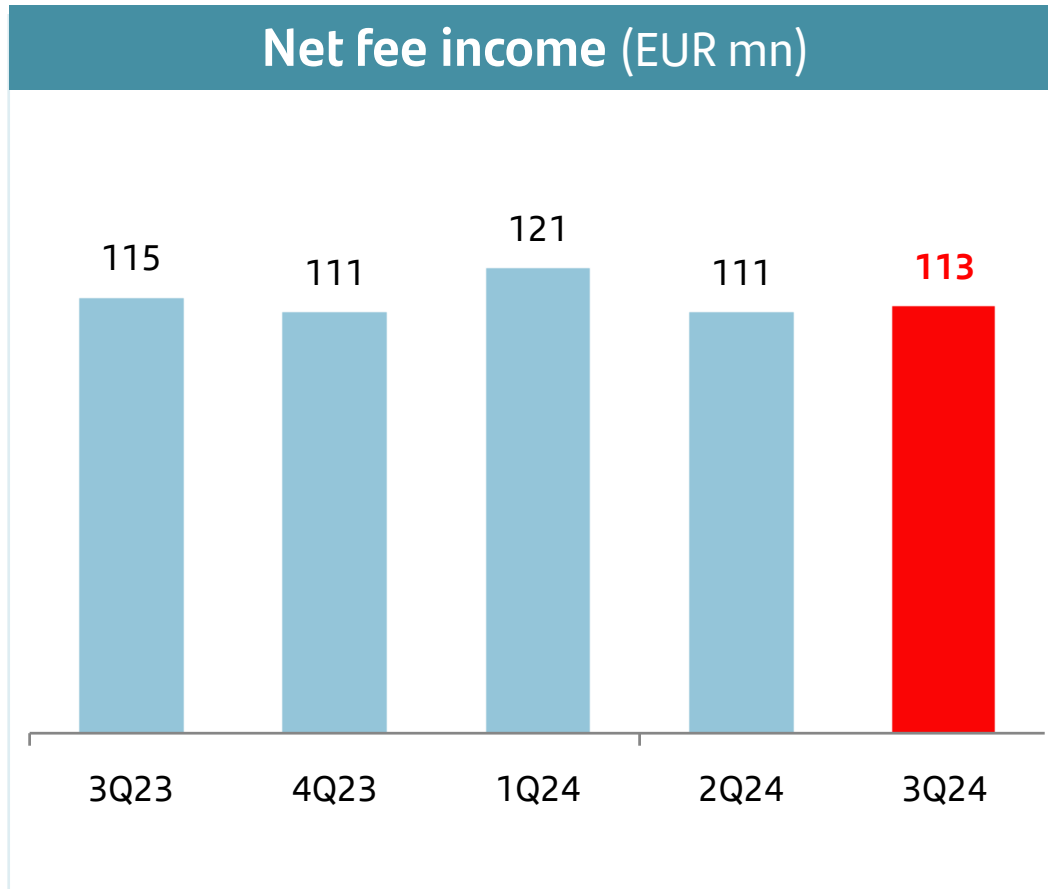


03

NII declined from the peak, as lower rates pass through to the loan book. The transformation of sight into time deposits continues, despite lower rates on new deposits



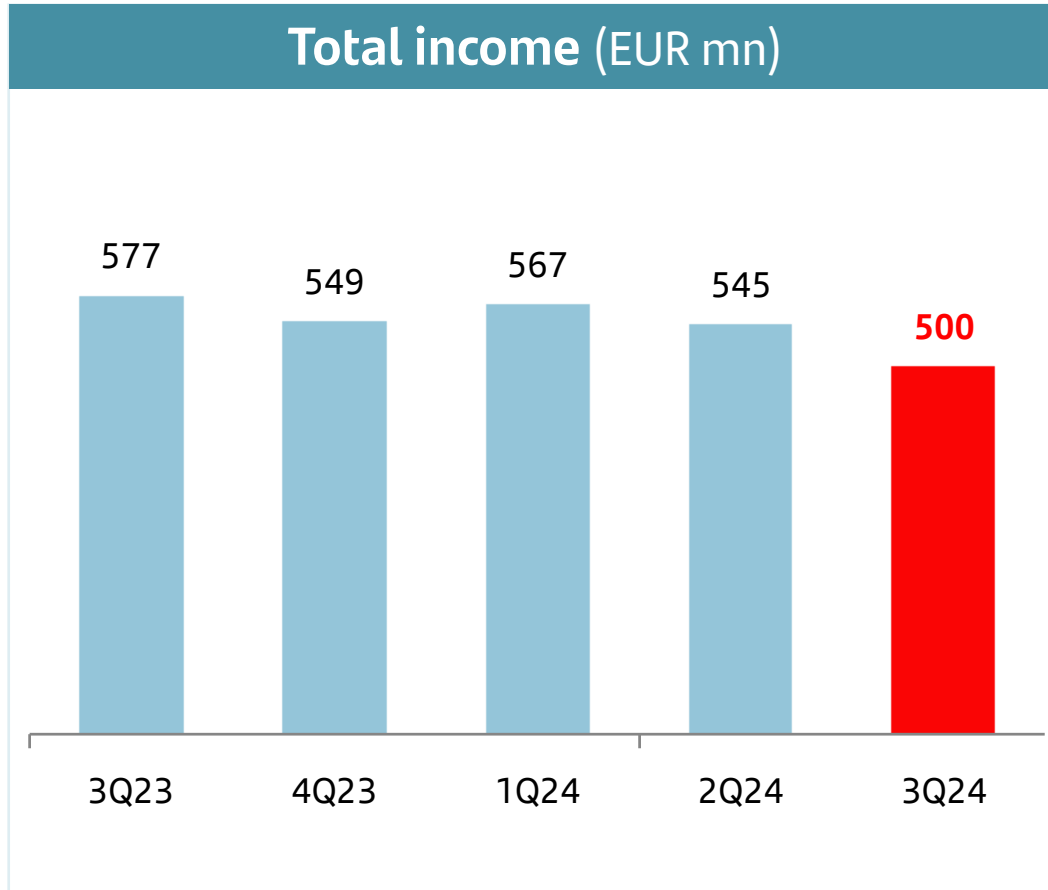
# Net fee income basically flat YoY, as advisory fees offset the improvement in credit related fees



	9M'24	9M'23	YoY (%)	QoQ (%)
Credit	53	45	+18.3	-25.9
Means of Payment	82	83	-0.7	+2.6
Mutual funds	27	26	+5.6	+3.9
Insurance	100	92	+8.1	+2.6
Other	83	100	-17.2	+13.6
<b>Total net fee income</b>	<b>345</b>	<b>346</b>	<b>-0.2</b>	<b>+1.1</b>

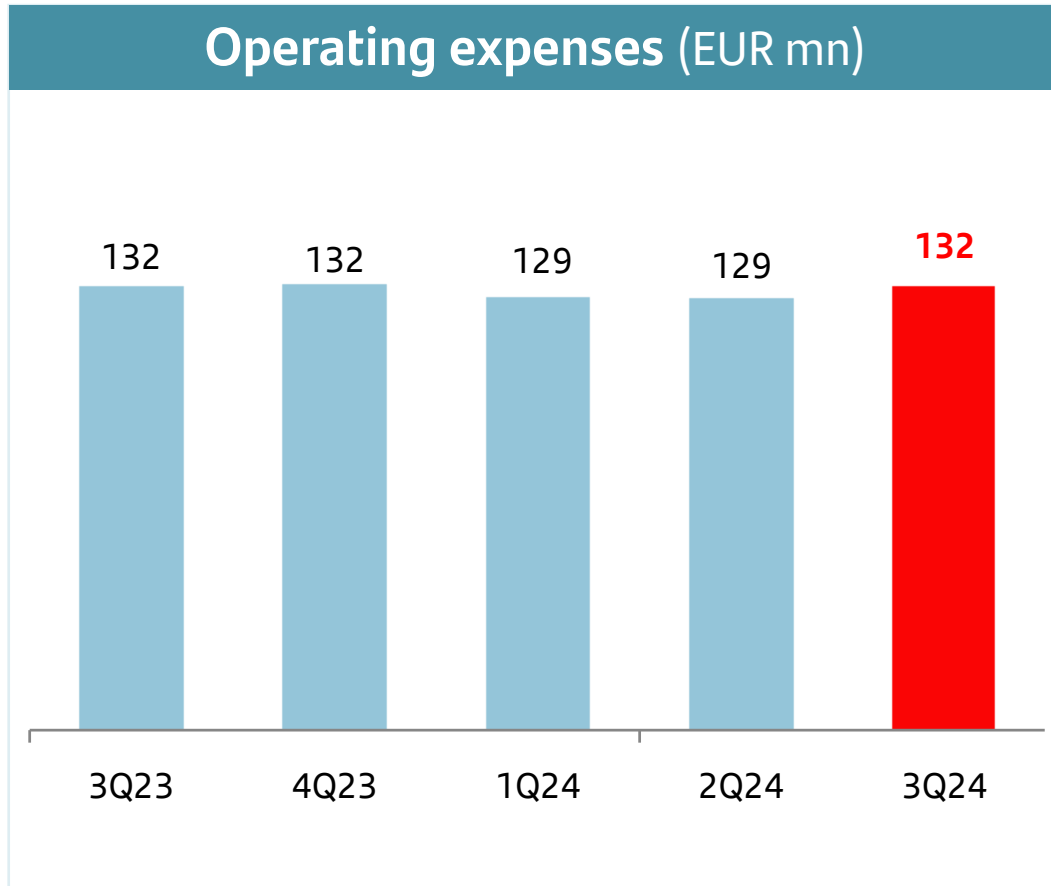


# Total income improved YoY, supported by NII. QoQ affected by lower capital gains



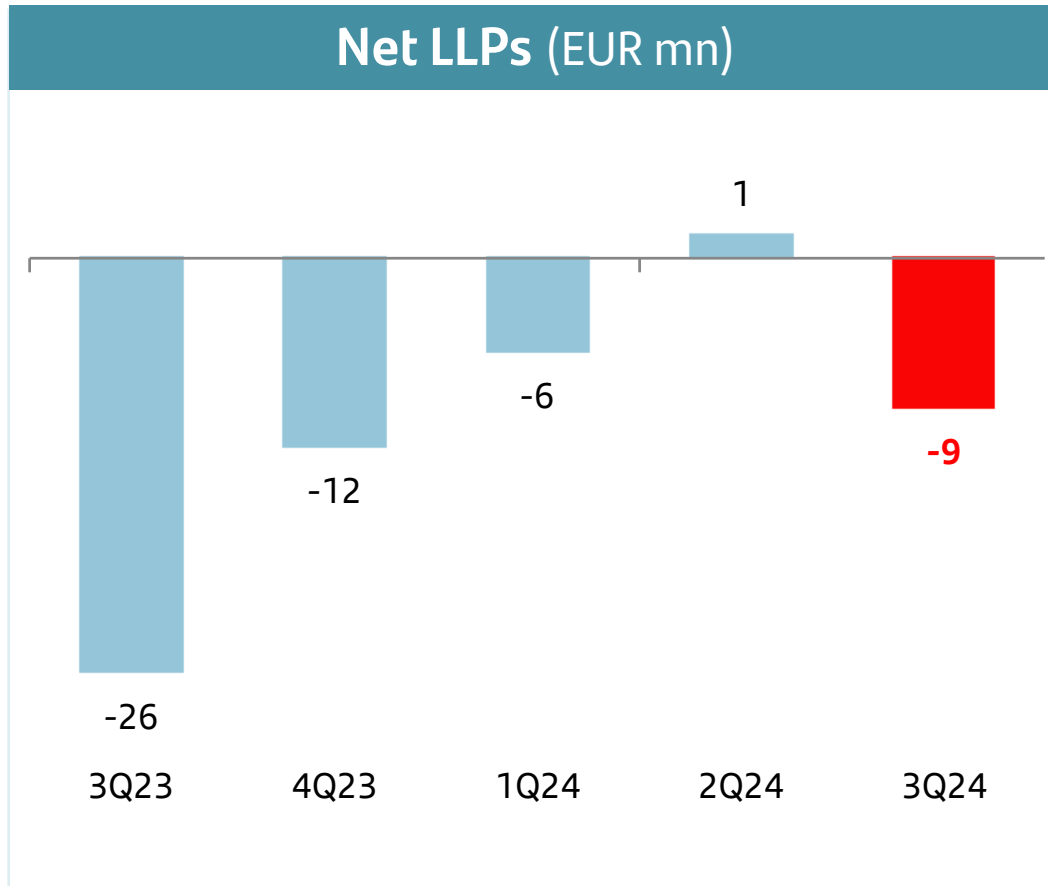
	9M'24	9M'23	YoY (%)	QoQ (%)
Net interest income	1,244	1,033	+20.5	-9.3
Net Fees	345	346	-0.2	+1.1
<b>Customer revenue</b>	<b>1,589</b>	<b>1,379</b>	<b>+15.3</b>	<b>-7.2</b>
Other	23	29	-20.9	-57.8
<b>Total income</b>	<b>1,612</b>	<b>1,408</b>	<b>+14.5</b>	<b>-8.3</b>

Expenses remain under control, as the continuous digital and commercial transformation allows to reduce the cost to serve



	9M'24	9M'23	YoY (%)	QoQ (%)
<b>Operating Expenses</b>	<b>390</b>	<b>387</b>	<b>+0.6</b>	<b>+2.9</b>
Efficiency ratio (with amortisations)	24.2%	27.5%	-3.3pp	+2.9pp
Branches in Portugal (#)	329	332	-0.9	+0.0
Employees in Portugal (#)	4,580	4,662	-1.8	+0.3

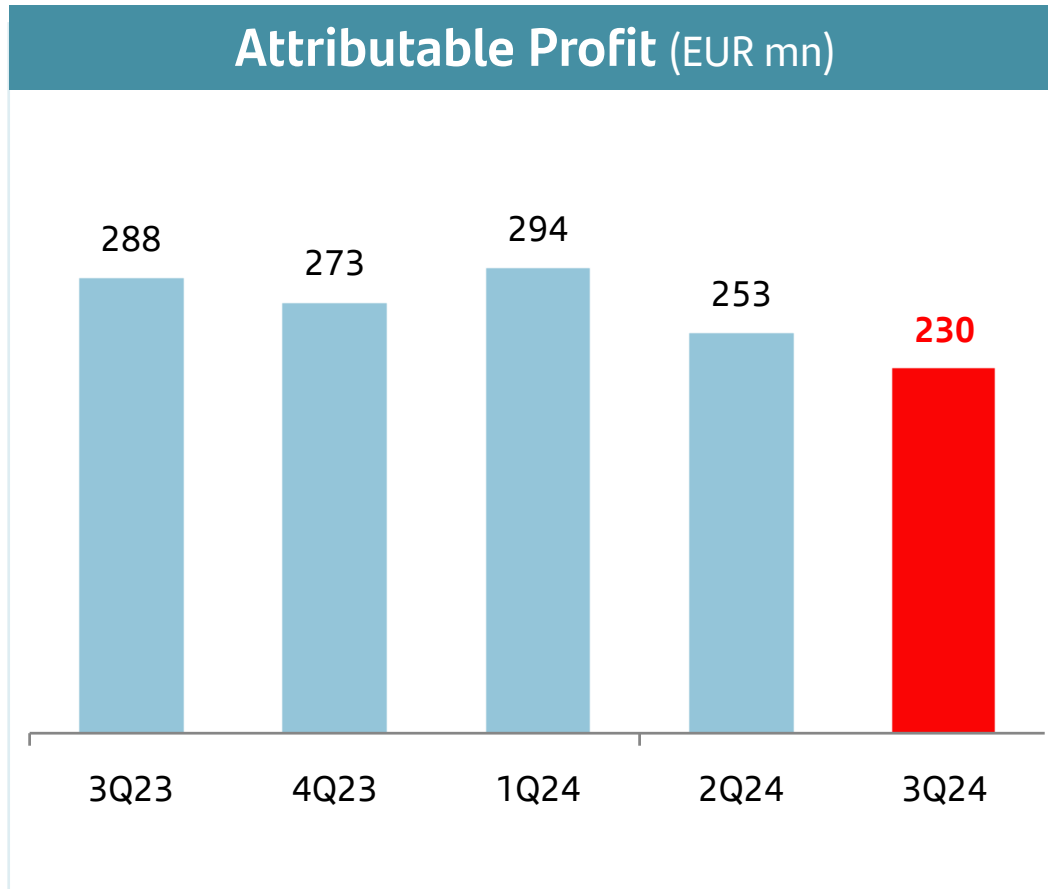
# Credit fundamentals remained robust, with declining cost of risk and low NPE ratio



	9M'24	9M'23	YoY (%)	QoQ (%)
<b>Net Operating Income</b>	<b>1,222</b>	<b>1,020</b>	<b>+19.8</b>	<b>-11.7</b>
LLPs	-14	-61	-77.4	-
<b>Net Operating Income after LLPs</b>	<b>1,209</b>	<b>959</b>	<b>+26.1</b>	<b>-14.3</b>

NPE ratio	1.7%	1.6%	+0.0pp	+0.0pp
NPE coverage ratio	83.9%	93.2%	-9.3pp	-2.1pp
Cost of Credit <sup>(1)</sup>	0.06%	0.14%	-0.08pp	-0.03pp

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



	9M'24	9M'23	YoY (%)	QoQ (%)
<b>Profit before taxes</b>	<b>1,170</b>	<b>914</b>	<b>+28.0</b>	<b>-8.1</b>
Taxes and MI	-392	-292	+34.2	-6.2
<b>Underlying Attributable Profit</b>	<b>778</b>	<b>622</b>	<b>+25.1</b>	<b>-9.1</b>



# Santander Portugal's transformation allowed to grow customers in high-value segments, increase transactions, and to maintain outstanding financial performance



## Financial System

- ▶ Loans are growing in the system, as interest rates initiated the downward cycle, allowing for sound new origination levels, both in individuals and in corporates.
- ▶ Deposits are also increasing, as households are rebuilding their savings base. Despite the reduction in the rates paid on new deposits, the transformation of sight deposits into term deposits allows for the attraction of savings.



## Strategy & Business

- ▶ Continue to implement our transformation plan with the aim of improving service quality and increasing our customer base, in high-value segments.
- ▶ 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

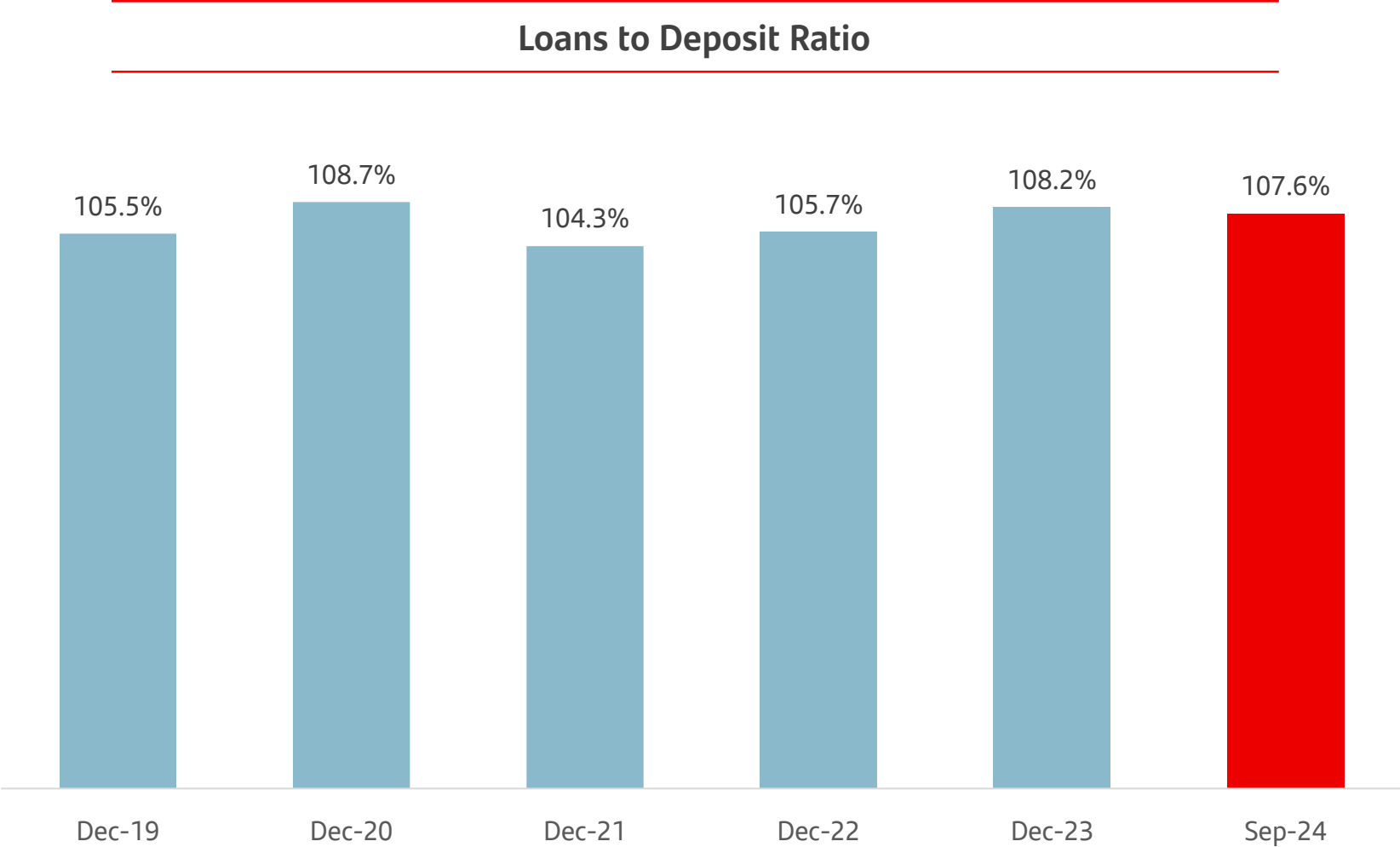
- ▶ 15% growth YoY in total income supported supported by NII, despite having already peaked in QoQ terms. We maintain strict management of liability costs. Net fees flat, as advisory fees offset the improvement in credit and transactional fees.
- ▶ Net operating income grew 26% as costs remain controlled. Efficiency improved 3pp.
- ▶ Credit fundamentals remained robust and the NPE holds at low levels, while CoR declined further, to 6bps.
- ▶ Profit increased 25% YoY driven by NII growth, controlled costs and sound asset quality.

# Financial and liquidity management

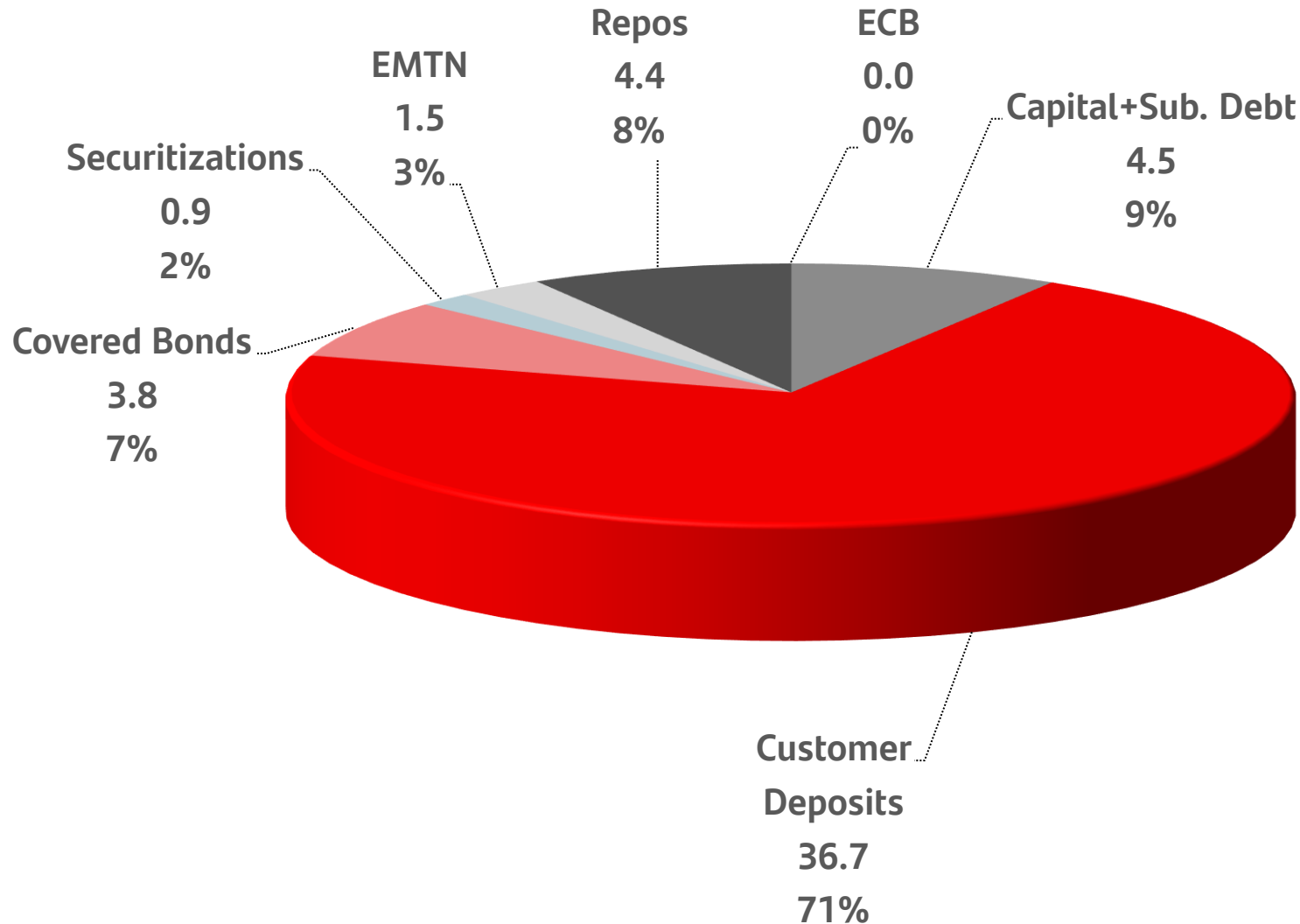


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# LtD ratio has been fairly stable



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



**LCR**  
146%

**NSFR**  
120%

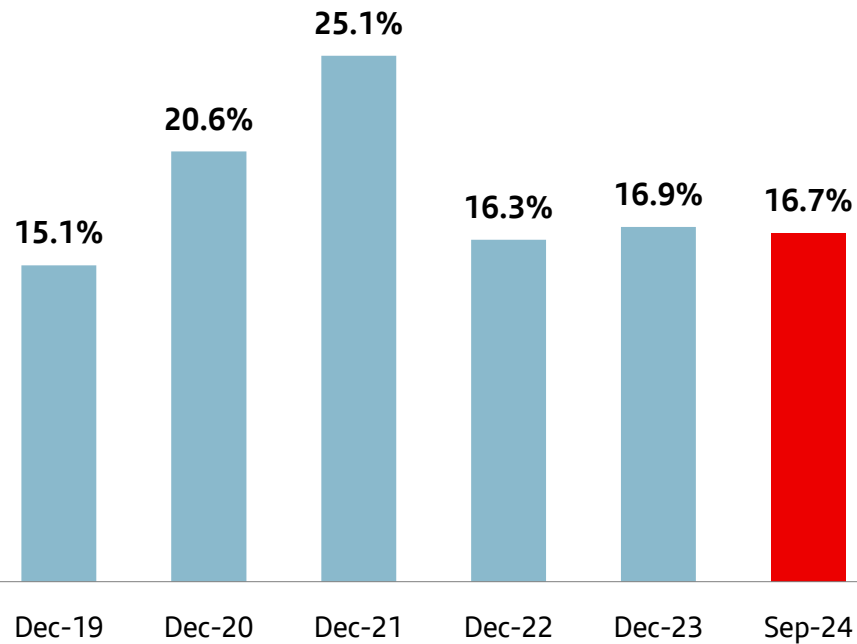
**Liquidity Buffer**  
(% of deposits)  
48%

As of Sep/24

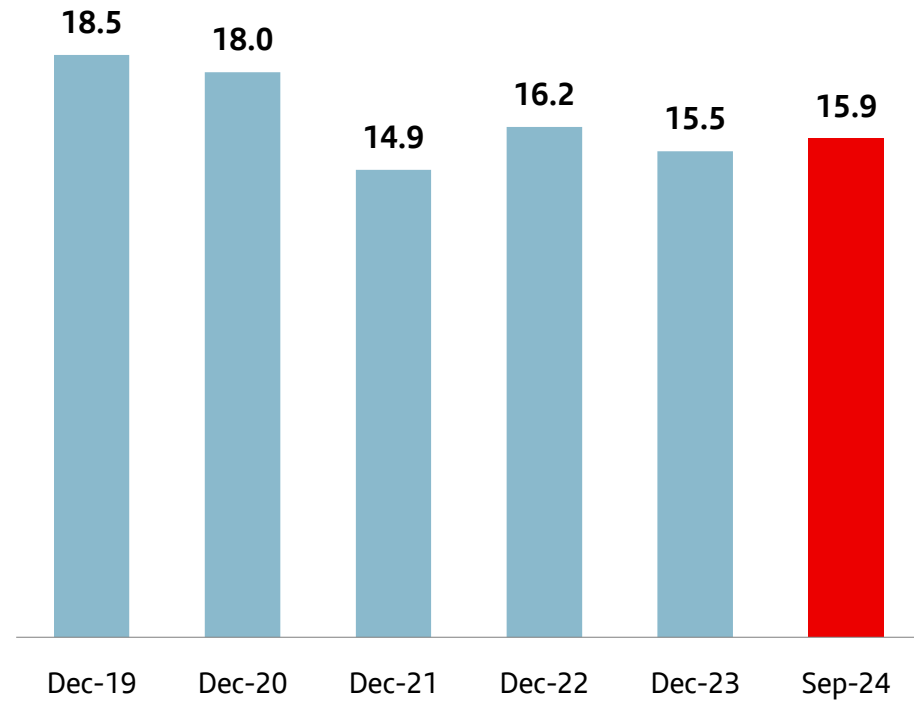


## Sound capital levels, with adequate management of RWAs

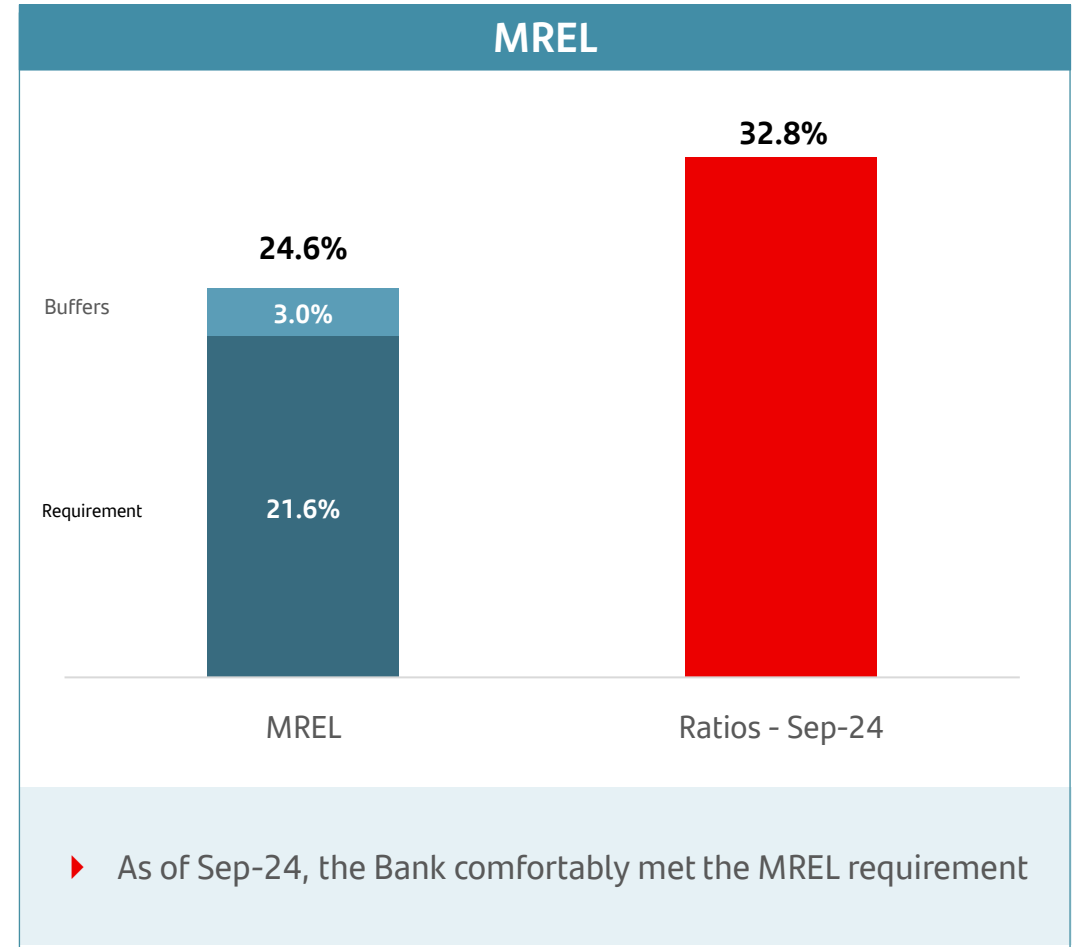
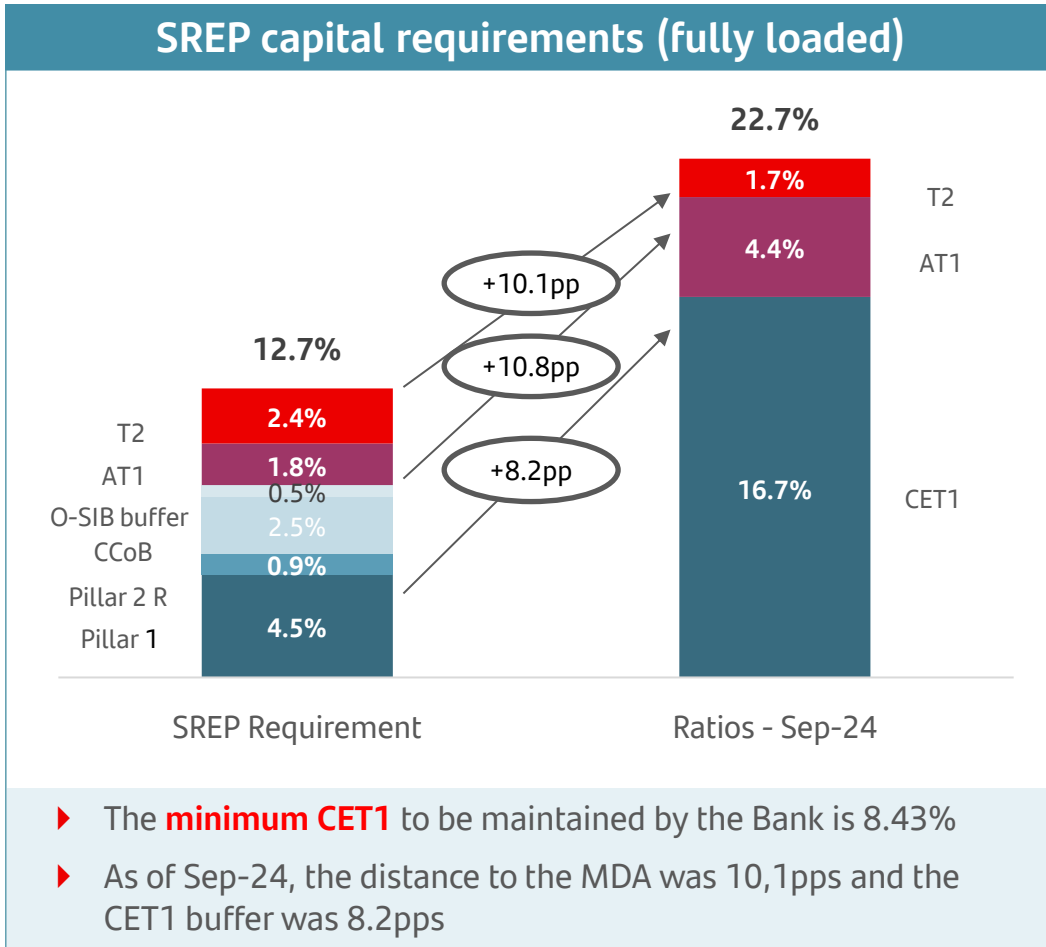
CET 1 – full implemented



RWA (bn€)



# Capital ratios well above the regulatory requirements



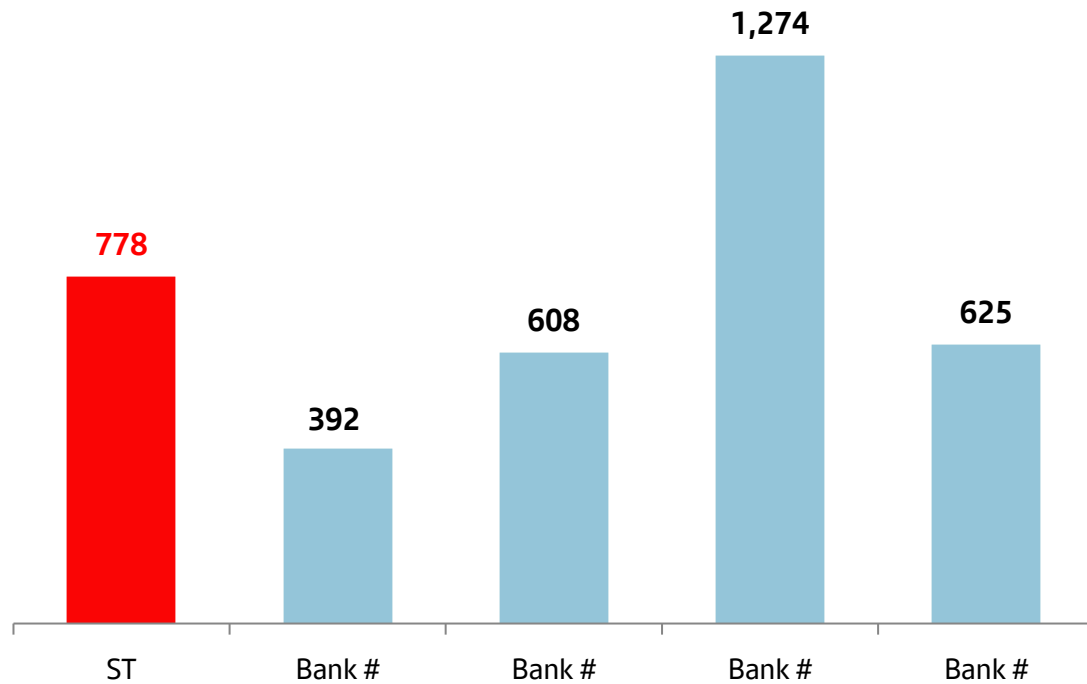
# Benchmarking



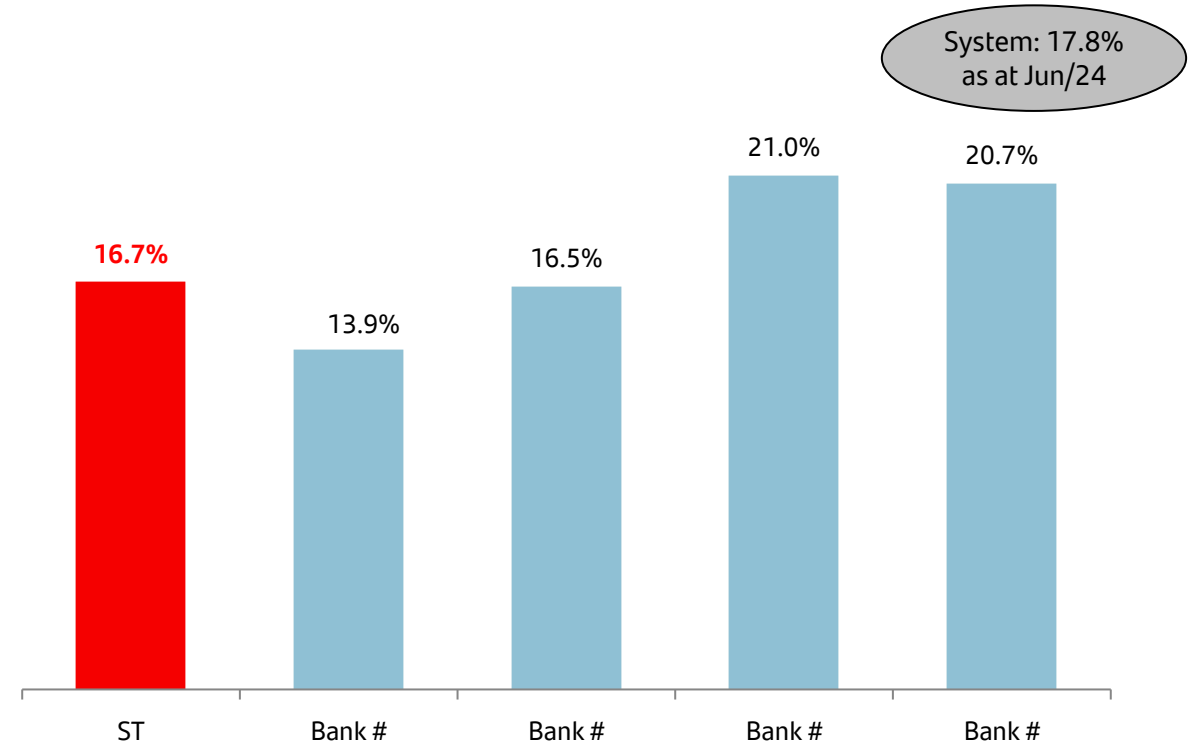
05

# Sustained profitability and strong capital position

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



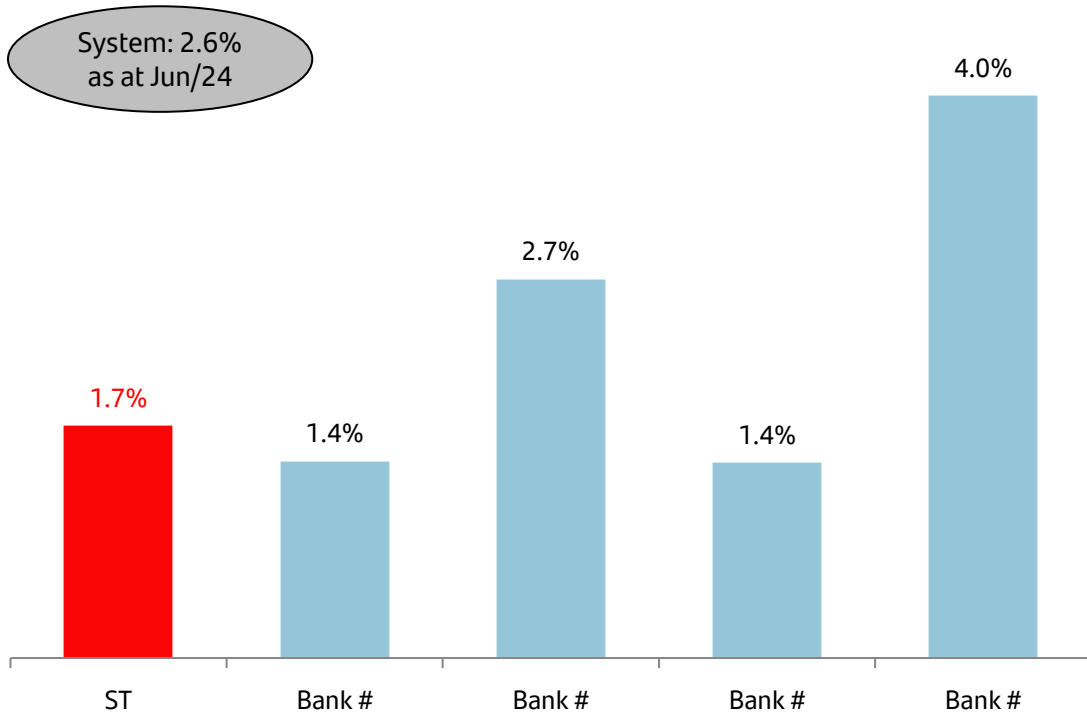
CET 1 (full implemented)



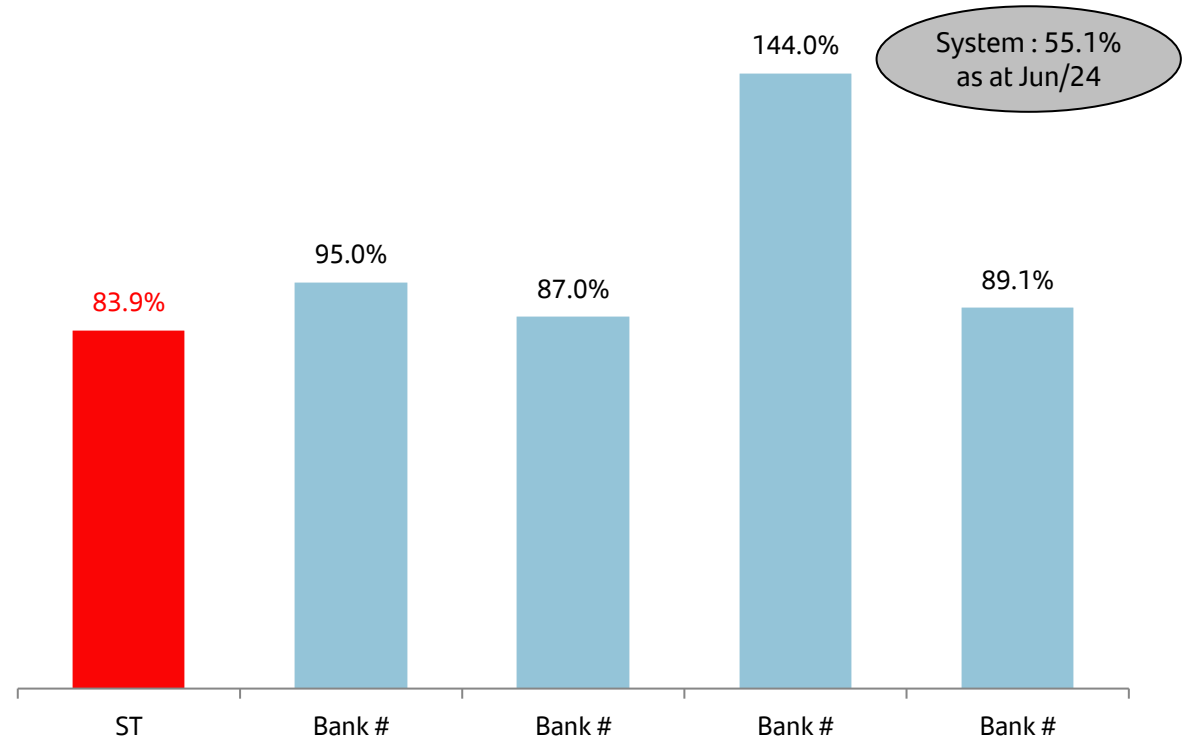
As at Sep/24



### NPE Ratio



### NPE Coverage Ratio



As at Sep/24

## Long Term Ratings – Senior Debt

DBRS		Fitch		Moody's		S&P	
A		A-		A2	Bank 3	A-	 Bank 3
AL	Bank 1	BBB+	Bank 3	A3		BBB+	
BBBH	Bank 3	BBB	Bank 1	Baa1	 Bank 1 Bank 2	BBB	Bank 2
BBB	Bank 4	BBB-	Bank 2 Bank 4	Baa2	Bank 4	BBB-	
BBBL		BB+		Baa3		BB+	
BBH		BB		Ba1		BB	
BB		BB-		Ba2		BB-	
BBL		B+		Ba3		B+	
BH		B		B1		B	
B		B-		B2		B-	
BL		CCC+		B3		CCC+	

# Appendix



06

## Santander Totta, SGPS

<b>BALANCE SHEET (million euro)</b>	<b>set-24</b>	<b>set-23</b>	<b>Var.</b>
Cash, cash balances at central banks and other demand deposits	4,574	4,694	-2.6%
Financial assets held for trading, at fair value through profit or loss, and at fair value through other comprehensive income	5,540	5,669	-2.3%
Financial assets at amortised cost	45,234	42,453	+6.5%
Investments in subsidiaries, joint ventures and associates	0	190	-100.0%
Tangible assets	389	414	-5.9%
Intangible assets	34	36	-3.4%
Tax assets	159	302	-47.4%
Non-current assets held for sale	35	43	-17.7%
Other assets	444	504	-11.9%
<b>Total Assets</b>	<b>56,409</b>	<b>54,304</b>	<b>+3.9%</b>
Financial liabilities held for trading	1,697	1,237	+37.2%
Financial liabilities at amortised cost	49,249	48,067	+2.5%
Resources from Central Banks and Credit Institutions	4,906	5,822	-15.7%
Customer deposits	36,970	35,647	+3.7%
Debt securities issued	7,091	6,258	+13.3%
Other financial liabilities	281	340	-17.1%
Provisions	121	143	-15.5%
Tax liabilities	274	410	-33.0%
Other liabilities	669	600	+11.5%
<b>Total Liabilities</b>	<b>52,010</b>	<b>50,456</b>	<b>+3.1%</b>
Share capital attributable to ST SGPS shareholders	4,397	3,847	+14.3%
Non controlling interests	1	1	+8.0%
<b>Total Shareholders' Equity</b>	<b>4,399</b>	<b>3,848</b>	<b>+14.3%</b>
<b>Total Shareholders' Equity and Total Liabilities</b>	<b>56,409</b>	<b>54,304</b>	<b>+3.9%</b>

## Santander Totta, SGPS

<b>CONSOLIDATED INCOME STATEMENTS* (million euro)</b>	<b>set-24</b>	<b>set-23</b>	<b>Var.</b>
<b>Net interest income</b>	<b>1,244.4</b>	<b>1,033.0</b>	<b>+20.5%</b>
Income from equity instruments	8.2	1.7	>200%
Results from associates	0.0	12.6	-100.0%
Net fees	345.0	345.7	-0.2%
Other operating results	-1.2	-18.9	-93.9%
Insurance activity	0.0	14.0	-100.0%
<b>Commercial revenue</b>	<b>1,596.5</b>	<b>1,388.0</b>	<b>+15.0%</b>
Gain/losses on financial assets	15.8	19.6	-19.3%
<b>Net Income from Banking Activities (1)</b>	<b>1,612.3</b>	<b>1,407.6</b>	<b>+14.5%</b>
Operating costs	-389.8	-387.4	+0.6%
Staff expenses	-215.2	-209.9	+2.5%
Other Administrative Expenses	-144.9	-144.3	+0.4%
Depreciation	-29.6	-33.2	-10.8%
<b>Net operating Income</b>	<b>1,222.5</b>	<b>1,020.1</b>	<b>+19.8%</b>
Impairment (net) of financial assets at amortised cost	-13.9	-61.3	-77.4%
Net provisions and other results	-38.5	-44.9	-14.3%
<b>Income before taxes and non-controlling interests</b>	<b>1,170.2</b>	<b>913.9</b>	<b>+28.0%</b>
Taxes	-391.8	-292.0	+34.2%
Non-controlling interests	-0.3	-0.2	+28.7%
<b>Consolidated net income</b>	<b>778.1</b>	<b>621.7</b>	<b>+25.1%</b>

(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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