

Strategic and Financial Analysis. Financial Division

# Institutional Presentation H1'22





**Our business model and strategy**



**Group structure and businesses**



**H1'22 results & activity**



**Financial targets and final remarks**



**Links to public materials**



1












- Our business model and strategy

# Santander, a leading financial group

Simple | Personal | Fair



## H1'22 Highlights

	<b>Total assets</b> (€ bn)	<b>1,723</b>
	<b>Customer loans</b> (€ bn excluding reverse repos)	<b>1,015</b>
	<b>Customer deposits + mutual funds</b> (€ bn; excluding repos)	<b>1,099</b>
	<b>Branches</b>	<b>9,193</b>
	<b>H1'22 Net operating income (pre-provision profit)</b> (€ mn)	<b>13,685</b>
	<b>H1'22 Attributable profit</b> (€ mn)	<b>4,894</b>
	<b>Market capitalization</b> (€ bn; 30-06-22)	<b>45</b>
	<b>People</b> (headcount)	<b>200,651</b>
	<b>Customers</b> (mn)	<b>157</b>
	<b>Shareholders</b> (mn)	<b>4.0</b>
	<b>Communities 2019-H1'22</b> (mn; financially empowered people)	<b>9</b>

# The Santander Way

## Our purpose

To help people and businesses prosper.

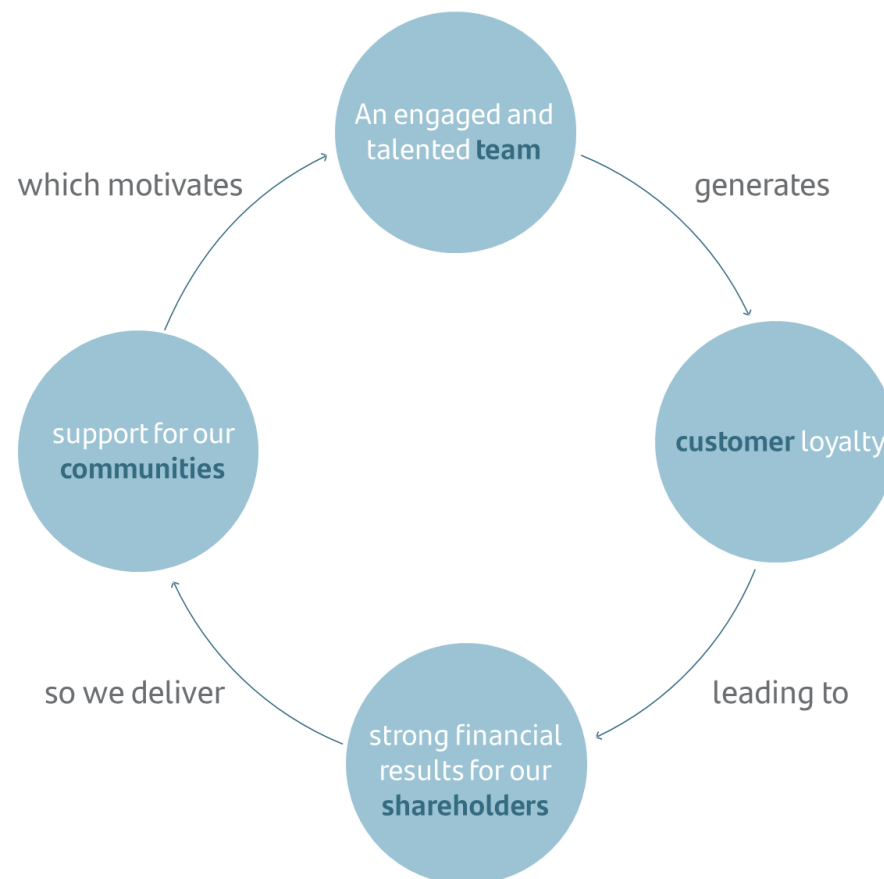
## Our aim

To be the best open financial services **platform**, by acting **responsibly** and earning the lasting **loyalty** of our people, customers, shareholders and communities.

## Our how

Everything we do should be **Simple, Personal and Fair.**

## We create value for all



■ ■  
It is the bedrock on which we are building a more responsible bank ■ ■

# Santander business model

Our business model is the foundation for generating value for our shareholders

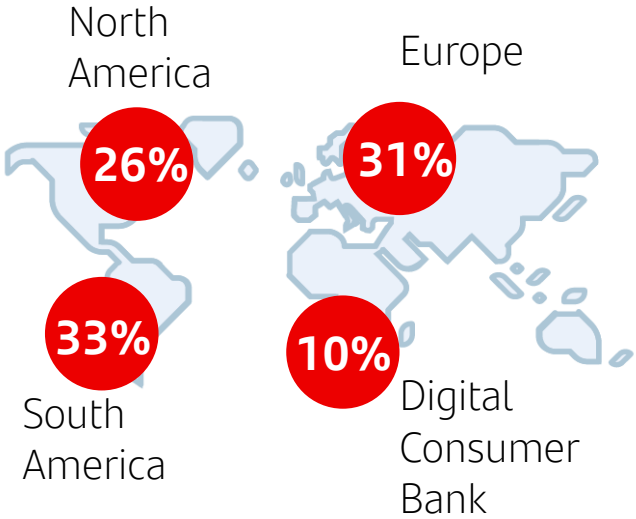
**1. Customer focus**  
Deepening the relationships with our customers through a simpler value proposition, superior customer experience and our digital proposition



**2. Scale**  
Local scale and global reach



**3. Diversification<sup>1</sup>**  
Our geographic and business diversification makes us more resilient under adverse circumstances



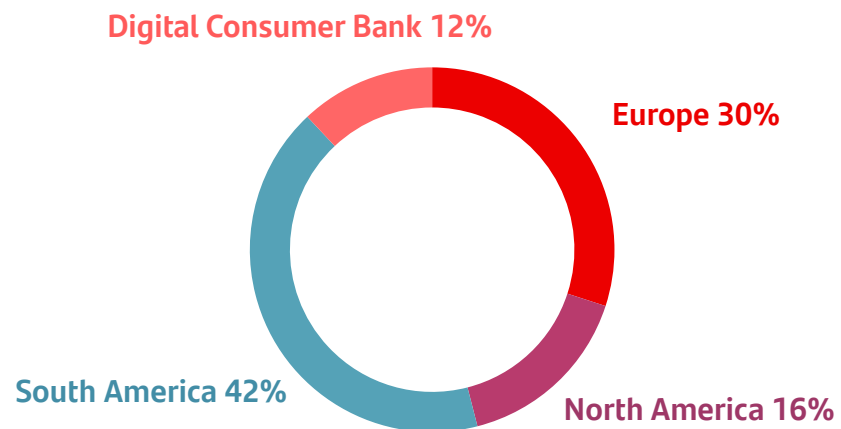
01.

## Customer focus

We have grown our customer base over the last seven years, with balanced growth by region and business

157  
million customers

Distribution by market, Jun-22



Our aim is to further enhance our customers' experience and satisfaction



Customer satisfaction in NPS<sup>1</sup>

#1



Top 3




Top 4



01.

## Customer focus

We also increased loyalty and helped a new generation of customers with new ways to interact with their finances

 **26.5 mn** (+9%)  
Loyal customers



**24.4 mn** (+10%)  
Individuals



**2.1 mn** (+1%)  
Companies

 **49.9 mn** (+10%)  
Digital customers<sup>1</sup>

Tech investments to transform the business ...



**€2 bn** / year

... help customers transact online



**80%**

Digital transactions  
of our core banks



**56%**

Digital sales  
as a % of total sales



**44.2 mn**

Mobile  
customers



01.

# Customer focus

Traditional customer service and digital technology boost financial access



## Customer support services: available anytime, anywhere, anyhow



**Branches: >9,000**

The largest branch network in the international banking world<sup>1</sup>



**Guaranteeing access for all segments**

Collaborative spaces and increased digital capabilities



**Santander Smart and Ágil** branches

- Sparsely populated communities
- Most vulnerable groups
- Low-income communities
- University students

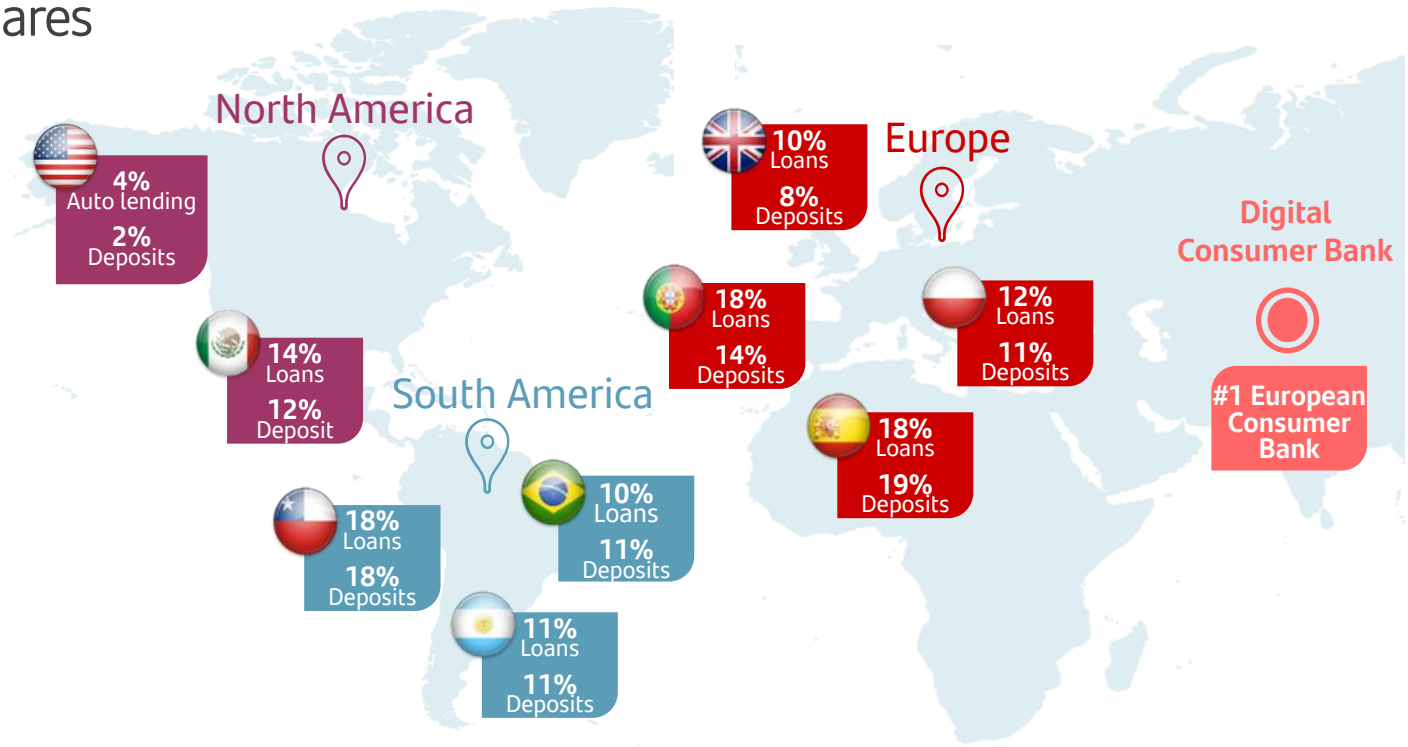


02.

# Scale

Local scale and leadership based on three regions. Worldwide reach through our global businesses and PagoNxt

## Market shares



Digital Consumer Bank

#1 European Consumer Bank



Santander Corporate & Investment Banking



Santander Wealth Management & Insurance



PagoNxt



Market share data: as at Mar-22 and Argentina, USA, Brazil and Digital Consumer Bank latest available. Spain includes Santander España (public criteria) + Hub Madrid + SCF España + Openbank and Other Resident sectors in deposits. The UK: includes London Branch. Poland: including SCF business in Poland. The US: retail auto loans includes Santander Consumer USA and Chrysler Capital combined. Deposits considering all states where Santander Bank operates. Brazil: deposits including debenture, LCA (agribusiness notes), LCI (real estate credit notes), financial bills (*letras financeiras*) and COE (*certificates of structured operations*).

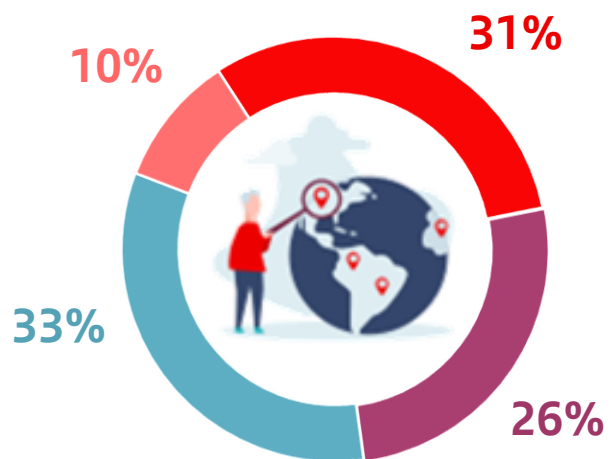
# 03.

## Diversification

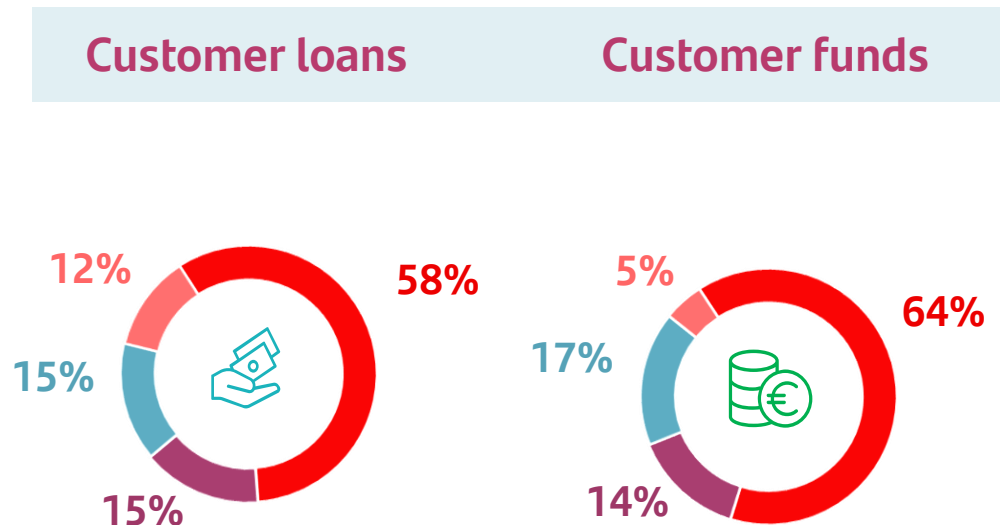
Our balanced profit and volume diversification remains a source of great strength and stability

### Well balanced profit and volume distribution

Contribution to H1'22 underlying attributable profit<sup>1</sup>



Jun-22 Group's contribution<sup>2</sup> by primary segments



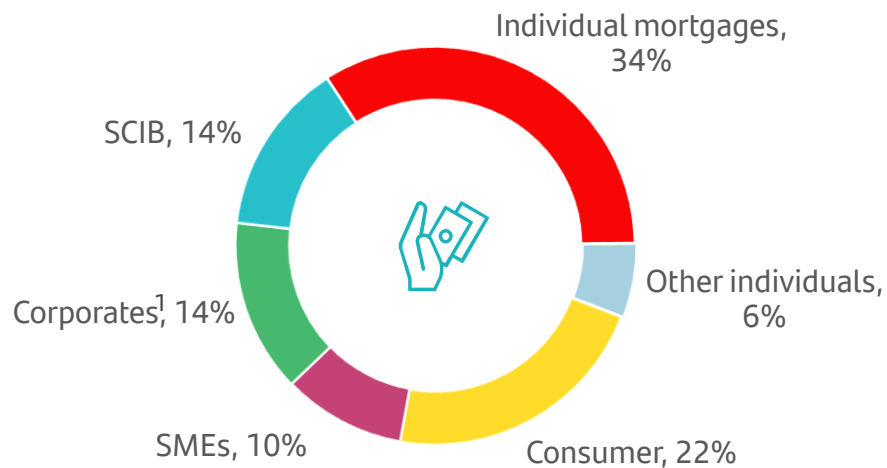
■ Europe ■ North America ■ South America ■ Digital Consumer Bank

# 03.

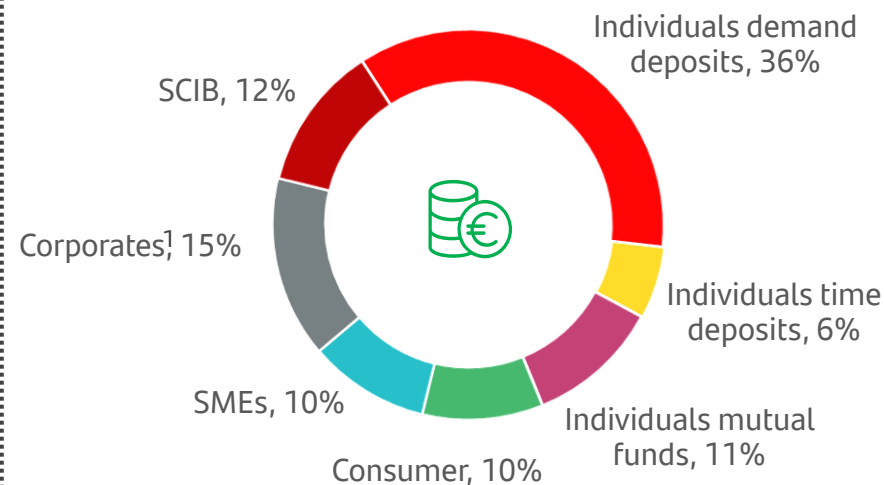
## Diversification

Business diversification among customer segments (individuals, SMEs, mid-market companies and large corporates)

Customer loans by business, Jun-22



Customer funds by business, Jun-22

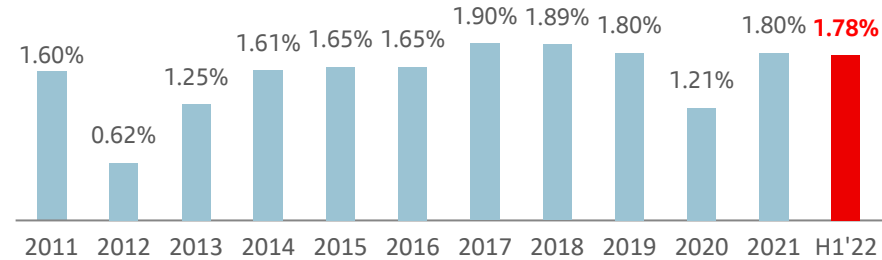


# In summary

Our strong model is reflected in the resilience of our business. It is a competitive strength that continues to differentiate us

## More resilience and lower volatility of results

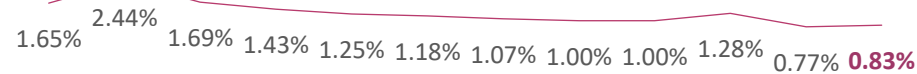
**Differential Pre-provision profit / loans and Cost of credit**



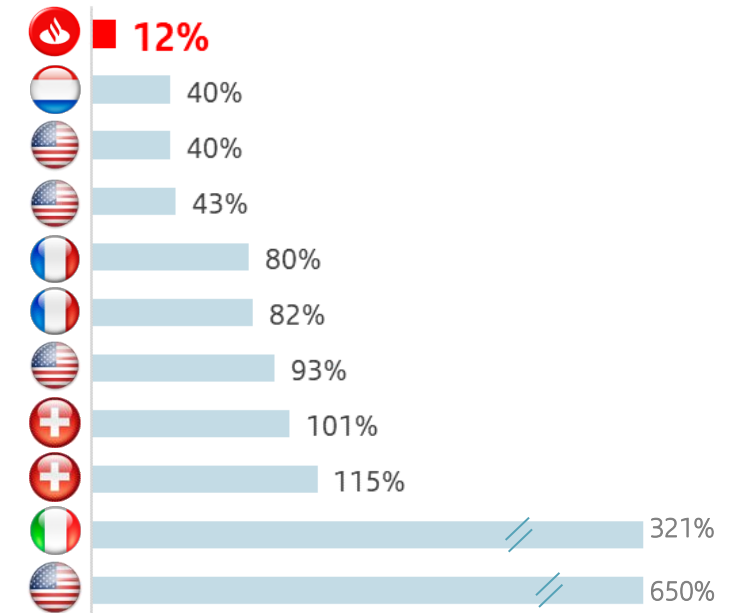
**Pre-provision profit / loans**



**Cost of credit<sup>1</sup>**



**EPS volatility calculated using quarterly data from Jan-99 to Q1'22<sup>2</sup>**








(1) Provisions to cover losses due to impairment of loans in the last 12 months / average customer loans and advances of the last 12 months. Considering annualized H1'21 provisions, cost of credit would be 0.91%.  
 (2) Source: Bloomberg, with GAAP criteria. Standard deviation of the quarterly EPS starting from the first available data since Jan-99.

# Environmental, Social and Governance

Supporting the green transition of our customers, committed to our climate change goals and financial inclusion

### Decarbonization targets<sup>1</sup> 2030 (vs 2019)

 <b>Power generation</b>	<b>-46%</b> emissions intensity
 <b>Thermal coal-related power<sup>2</sup> and mining</b>	<b>Phase-out</b>
<b>NEW</b>	
 <b>Energy</b>	<b>-29%</b> absolute emissions
 <b>Aviation</b>	<b>-33%</b> emissions intensity
 <b>Steel</b>	<b>-32%</b> emissions intensity

**Additional net-zero targets in 2023**

### Key sustainability metrics

**Green finance<sup>3</sup>**

**€74bn**  
since 2019

Target: €120bn by 2025

**AuM in Socially Responsible Investments<sup>4</sup>**

**€30bn**  
Jun-22

Target: €100bn by 2025

### Social & Governance

**Financially empowered people**

**9mn**  
since 2019

Target: 10mn by 2025

**Top management ESG incentives**

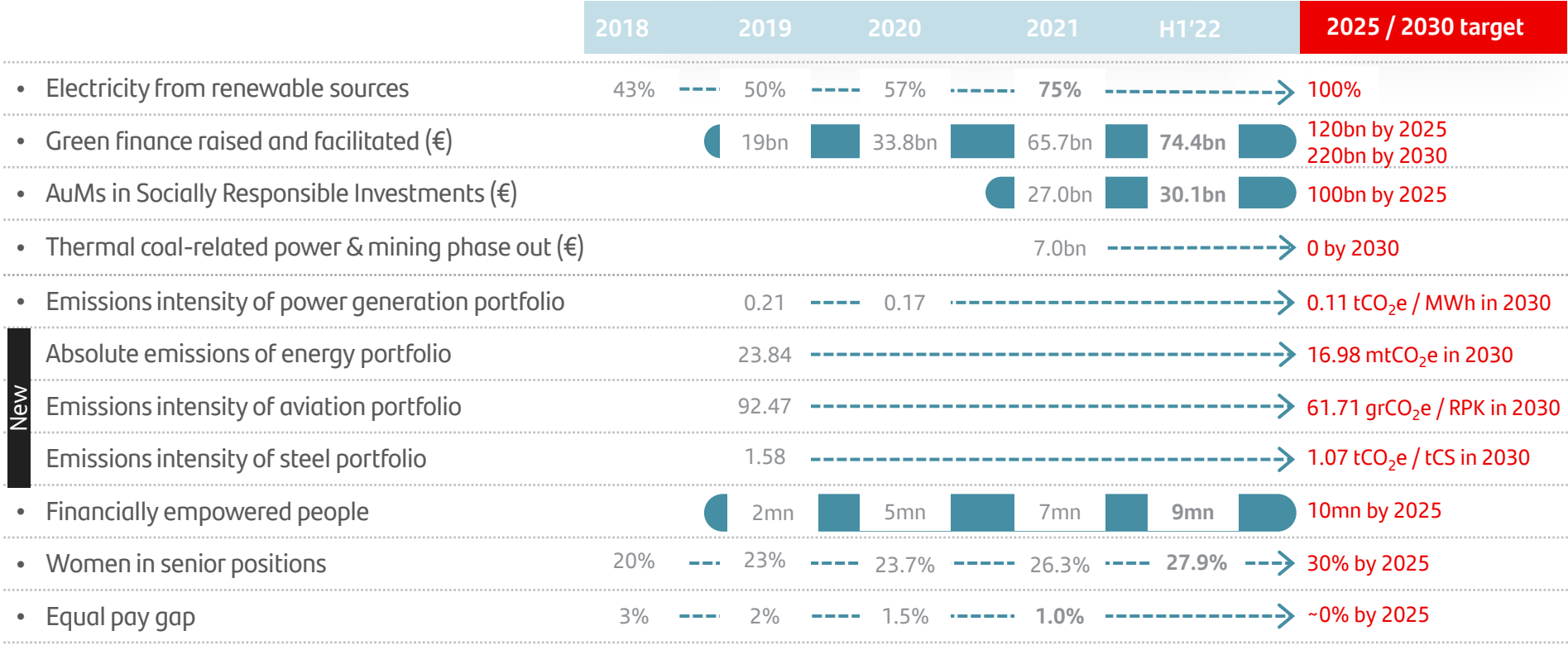
**20%**  
of long-term incentives in scorecard



Note: H1'22 data not audited.  
 (1) More information in our Climate Finance Report 2021–June 2022. (2) Refers to power generation clients with over 10% of their revenue depending on thermal coal.  
 (3) Only SCIB global business. (4) AuMs classified as Article 8 and 9 funds (SFDR) from SAM, plus third-party funds and other ESG products according to EU taxonomy from Private Banking. We apply equivalent ESG criteria to SAM's funds in Latin America.

# ESG commitments

We continue to make progress on our ESG agenda and added three new decarbonization targets



New

---> From...to...      ● Accumulated



2



Group structure and  
businesses





# Group organizational structure

Towards the Santander of Tomorrow

- **One Santander** (Europe, North America and South America). New operating model leveraging our global scale to deliver a better customer experience, supported by common culture and higher degrees of commonality, technology being one
- **Digital Consumer Bank:** our vision is to become the largest digital consumer bank in the world
- **Global businesses** (SCIB and WM&I) to enhance our local scale with global reach and collaboration
- **PagoNxt:** innovative payments solutions for both Santander and non-Santander clients
- **The Corporate Centre and other functions** servicing the whole Group

## Primary segments

Europe		North America		South America		Digital Consumer Bank	
Spain	UK	United States		Brazil	Uruguay	SCF	
Portugal	Poland	Mexico		Chile	Peru	Openbank	
Other Europe				Argentina	Colombia		

## Secondary segments

Retail Banking	SCIB	WM&I	PagoNxt
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## Group functions and Corporate Centre activities

Audit	Compliance	Risk	Universities	Communication, Corporate Marketing and Research	Costs	General Secretariat <sup>1</sup>	Human Resources	Technology & Operations	Financial Control / Accounting	Finance	Strategy, Corporate Dev.& Financial Planning	Exec. Chairman's Office & Responsible Banking
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# Primary segments



# EUROPE

'Accelerating our business transformation in One Europe to achieve superior growth with a more efficient operating model'

## H1'22 Highlights

	Branches	3,178
	Employees	63,579
	Total customers (mn)	46.4
	Digital customers (mn)	16.8
	Customer loans (€ bn)	589
	Customer funds (€ bn)	705
	Underlying attributable profit (€ mn)	1,839
	RoTE <sup>1</sup>	12.1%









## Strategic priorities

- Grow our business by better serving our customers through regional simplification and an improved value proposition
- Redefining customer interaction, enhancing our digital capabilities to offer comprehensive experiences (such as OneApp)
- Create a common operating model that embeds technology into our business, leveraging our scale in the region



'The commitment to and collaboration with our customers demonstrates the full potential of Santander España'

## H1'22 Highlights

 Branches	1,921
 Employees	26,272
 Total customers (mn)	13.9
 Digital customers (mn)	5.7
 Customer loans (€ bn)	253
 Customer funds (€ bn)	377
 Underlying attributable profit (€ mn)	652
 RoTE <sup>1</sup>	7.8%









## Strategic priorities

- Grow our customer base providing the best customer experience across all channels
- Deliver an innovative and tailored value proposition to grow in high-value businesses
- Simplify and automate products, processes and operations to enhance operational excellence
- Leverage our scale across One Europe to grow our business and build a common operating model
- Optimize capital allocation through higher asset rotation
- Accelerate evolution towards an Agile organization



'Santander UK creates value by serving customers with tailored financial products and services'

### H1'22 Highlights

	Branches	450
	Employees	20,320
	Total customers (mn)	23.6
	Digital customers (mn)	6.8
	Customer loans (€ bn)	251
	Customer funds (€ bn)	229
	Underlying attributable profit (€ mn)	736
	RoTE <sup>1</sup>	16.1%

### Strategic priorities

- Deliver growth through customer loyalty and outstanding customer experience
- Simplify and digitalize the business to improve efficiency and returns
- Engage, motivate and develop a talented and diverse team
- Be a responsible and sustainable business











# Portugal



'A strategy focused on customer experience and digital solutions for sustained and profitable growth'

## H1'22 Highlights

	Branches	386
	Employees	4,977
	Total customers (mn)	3.0
	Digital customers (mn)	1.0
	Customer loans (€ bn)	41
	Customer funds (€ bn)	48
	Underlying attributable profit (€ mn)	225
	RoTE <sup>1</sup>	25.4%

## 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











# Poland



'One of the largest and most innovative financial institutions in Poland'

## H1'22 Highlights

	Branches	413
	Employees	10,468
	Total customers (mn)	5.6
	Digital customers (mn)	3.2
	Customer loans (€ bn)	31
	Customer funds (€ bn)	40
	Underlying attributable profit (€ mn)	207
	RoTE <sup>1</sup>	20.2%

## ■ ■ Strategic priorities ■ ■









- Improve customer satisfaction, remaining at least among the Top 3 in NPS
- Focus on employee experience in order to attract talents and reinforce inclusive organizational culture
- Clients and processes digitalization and organizational simplification leveraging One Europe to evolve our business into a more agile, dynamic and profitable model
- Increase profitability through effective net interest income management, higher fee income and cost control
- Responsible banking: continue to support our customers in the transition to a sustainable economy



# NORTH AMERICA

'We provide a full range of financial services with particular focus on Retail, Private and Corporate Banking'

## H1'22 Highlights

	Branches	1,859
	Employees	43,779
	Total customers (mn)	25.3
	Digital customers (mn)	7.0
	Customer loans (€ bn)	152
	Customer funds (€ bn)	151
	Underlying attributable profit (€ mn)	1,578
	RoTE <sup>1</sup>	23.3%

## Strategic priorities

- Strengthen One Santander in North America by unifying a common and regional approach to forge future growth within the region
- Boost customer attraction and retention, while broadening our tailored products and services proposition for a more straightforward customer experience
- Leverage our regional capabilities and sharing best practices to optimize expenses and improve profitability
- Focus on expanding and implementing sustainable finance opportunities within our businesses













# United States



'Santander US combines a strong depositary base in the Northeast with its nationwide auto finance, wealth management and corporate banking capabilities'

## H1'22 Highlights

	Branches	486
	Employees	14,943
	Total customers (mn)	4.7
	Digital customers (mn)	1.0
	Customer loans (€ bn)	112
	Customer funds (€ bn)	102
	Underlying attributable profit (€ mn)	1,090
	RoTE <sup>1</sup>	21.3%

## Strategic priorities

- Positioned to deliver above cost of capital returns across core businesses
  - Refocus the US on our market leading consumer franchise
  - Simplification: disciplined capital allocation. Discontinuing home lending operations and review certain C&I segments
  - Synergies from 2021 strategic investments (Crédit Agricole / Amherst Pierpont / SC USA minority interests)<sup>2</sup>

(1) Adjusted RoTE: adjusted based on Group's deployed capital calculated as contribution of RWAs at 12%. Using tangible equity, RoTE is 11.5%.

(2) Acquisition of SC USA minority interest closed on 31 January 2022. Acquisition of Amherst Pierpont received regulatory approval in April 2022.









Customer loans: Gross loans excluding reverse repos. Customer funds: customer deposits excluding repos + marketed mutual funds.

More information at <https://www.santander.com/en/about-us/where-we-are/santander-us>



**'Santander México, one of the leading financial groups in the country, focused on commercial transformation and innovation'**

## H1'22 Highlights

	Branches	1,373
	Employees	28,236
	Total customers (mn)	20.5
	Digital customers (mn)	5.8
	Customer loans (€ bn)	40
	Customer funds (€ bn)	49
	Underlying attributable profit (€ mn)	546
	RoTE <sup>1</sup>	33.2%

## Strategic priorities

- To become the leading bank in terms of customer experience, leveraging new tools and improved processes
- Maintain strong growth rates in loyal and digital customers, as well as increase presence in high-potential businesses
- Strengthen the corporate business to maintain our position as market leaders in value-added products
- Further the technological transformation and digitalization, through the execution of a multi-year plan to improve the operating model



# SOUTH AMERICA

'We remain focused on expanding, sharing best practices from each country and delivering profitable growth'

## H1'22 Highlights

	Branches	3,786
	Employees	75,588
	Total customers (mn)	65.8
	Digital customers (mn)	25.3
	Customer loans (€ bn)	148
	Customer funds (€ bn)	182
	Underlying attributable profit (€ mn)	1,946
	RoTE <sup>1</sup>	27.6%









## Strategic priorities

- Strengthen connectivity and share best practices across countries, capturing new business opportunities
- Focus on delivering profitable growth, increasing loyalty and customer attraction, as well as controlling risks and costs
- Make headway in the development of joint initiatives between SCIB and corporates
- In payment methods, focus on e-commerce strategies and on the business of instant domestic and international transfers
- Continue to promote inclusive and sustainable businesses, such as micro-credit programmes, and further developed ESG initiatives



'The best way to grow in a profitable, recurring and sustainable manner is by providing high quality services'

## H1'22 Highlights

 Branches	2,936
 Employees	53,743
 Total customers (mn)	56.2
 Digital customers (mn)	19.8
 Customer loans (€ bn)	91
 Customer funds (€ bn)	122
 Underlying attributable profit (€ mn)	1,365
 RoTE <sup>1</sup>	27.8%









## Strategic priorities

- Expand our customer base and profitability, with robust new customer acquisition dynamics and steady loyalty growth
- Build a more integrated distribution platform, a benchmark in the market, to strengthen connectivity between businesses
- Maintain loan quality indicators under control, backed by continuous enhancements to our risk models
- Consolidate the productivity culture, with a relentless pursuit for operational efficiency
- Maintain profitability levels by adapting to different scenarios through innovation



'We are the leading bank in the country and we always have the customer at the centre of our strategy'

## H1'22 Highlights

	Branches	306
	Employees	9,921
	Total customers (mn)	4.0
	Digital customers (mn)	2.0
	Customer loans (€ bn)	40
	Customer funds (€ bn)	35
	Underlying attributable profit (€ mn)	391
	RoTE <sup>1</sup>	32.7%









## Strategic priorities

- Maintain our leadership position in NPS through the continuous improvement of our service quality
- Continue to progress in our technological developments in order to improve efficiency
- Transform the bank into a platform that customers can use as a channel or software provider to develop their businesses (e.g. Workcafé Community, Getnet)
- Continue to consolidate our position in the mass segment through Life and Superdigital
- Continue with our ESG strategy, increasing green finance and financially empowering our customers



'Working towards a more digital and agile model,  
with customer-centric decisions'

### H1'22 Highlights

	Branches	407
	Employees	8,514
	Total customers (mn)	4.4
	Digital customers (mn)	2.9
	Customer loans (€ bn)	6
	Customer funds (€ bn)	15
	Underlying attributable profit (€ mn)	145
	RoTE <sup>1</sup>	33.5%

### Strategic priorities

- Increase our customer base and loyalty, and ensuring the best customer service through our multi-channel strategy
- Further develop new businesses
- Continue our process of efficiency and simplification through digital transformation
- Boost profitable growth, optimizing the use of capital and preserving the quality of the portfolio
- Be agile and collaborative, with challenging goals and clear priorities



# Uruguay

'Santander Uruguay is the country's leading privately-owned bank'

## H1'22 Highlights

Underlying att. profit (€ mn)	60
RoTE <sup>1</sup>	30.1%

### Strategic priorities

- Further consolidate the business (Getnet's roll-out and strengthening SME offering) and accelerate the technological and digital development model



# Peru

'Activity focused on corporates, the country's large companies and the Group's global customers (SCIB)'

## H1'22 Highlights

Underlying att. profit (€ mn)	33
RoTE <sup>1</sup>	19.0%

### Strategic priorities

- Continue expanding our global, corporate and retail customer base, driving greater synergies and expanding our microfinance businesses



# Colombia

'Focus on corporates and SCIB, and new alliances in auto finance'

## H1'22 Highlights

Underlying att. profit (€ mn)	13
RoTE <sup>1</sup>	10.3%









### Strategic priorities

- Increase profitability with the new financial entity in consumer, develop Prospera and deepen the offer for *Multilatinas* in Corporates

# Digital Consumer Bank

'Europe's consumer finance leader: solid business model, geographic diversification and leading market shares in auto/mobility finance and in personal finance/e-commerce'

## H1'22 Highlights

 Branches	370
 Employees	15,894
 Active customers (mn)	19.4
 Points of sale (k)	>130
 Customer loans (€ bn)	119
 Customer funds (€ bn)	60
 Underlying attributable profit (€ mn)	572
 RoTE <sup>1</sup>	12.8%

## Strategic priorities

- To become the largest digital consumer bank leveraging SCF's footprint, profiting from Openbank's technology and reinforcing our leadership with strategic alliances
- **Auto:** strengthening auto financing leadership by reinforcing mobility solutions with focus on leasing and subscription
- **Consumer (non-auto):** gaining market share in consumer lending, with focus on e-commerce checkout lending and buy now, pay later (BNPL)
- **Simplification for efficiency:** maintaining high speed digitalization in order to transform the business and improve efficiency
- **ESG:** enhancing green finance propositions (fully electric vehicles, electric chargers, solar panels, etc.) in both auto and consumer loans



A light blue world map is centered in the background of the slide. The map shows the continents of North America, South America, Europe, Africa, Asia, and Australia. A vertical light blue bar runs through the center of the map, behind the text.

# Secondary segments



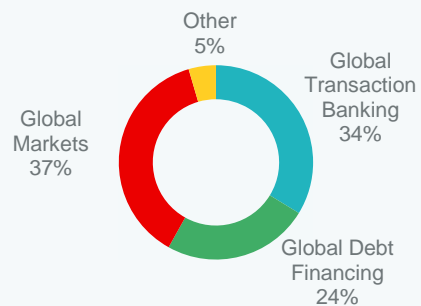
# Corporate & Investment Banking

'Santander CIB supports corporate and institutional customers, offering tailored services and value-added wholesale products suited to their complexity and sophistication'

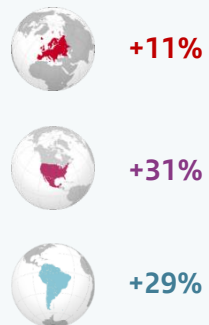
## H1'22 Highlights

	Total income (€ mn)	3,612
	Collaboration revenue	+33% YoY
	RoTE	24.3%
	Underlying attributable profit (€ mn)	1,531

### Total income breakdown by business



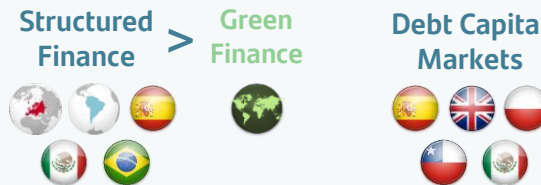
### Revenue YoY growth by region



## Strategic priorities

- Continue the business transformation to partner with our clients as strategic advisors, strengthening our value-added services, with an increased focus on ESG and Digital solutions
- In Europe, our aim is to become one of the relevant European CIB players by strengthening our advisory capabilities leveraging a pan-European platform to better serve our global clients' needs
- In South America, our ambition is to become the top CIB player in most countries and products, consolidating our leadership position evolving from multi-country to pan-regional
- In the US, our aim is to up-tier our CIB franchise to compete on a level playing field. Focus on the Amherst Pierpont Securities (APS) integration as a step to deliver on our growth aspirations

### Top 3 Leaders in League Tables Q2'22



Source: Dealogic, Inframation, Bloomberg



### Recent Awards

**EUROMONEY**

Best Investment Bank in Spain

**GTR** Global Trade Review

Best Supply Chain Finance Bank

**GlobalCapital**

Most Impressive Bank for Latin American Bonds



# Wealth Management & Insurance

'We strive to become the best responsible wealth and insurance manager in Europe and the Americas'

## H1'22 Highlights

	Total assets under management <sup>1</sup> (€ bn)	395
	Total fees generated as % of the Group's total fees <sup>2</sup>	30%
	RoTE	57.1%
	Underlying attributable profit (€ mn)	515
	Total contribution to Group's profit <sup>3</sup> (€ mn)	1,276
	Total contribution to Group's profit <sup>3</sup>	+15% YoY
	Private Banking customers (k)	>220
	Private Banking collaboration volume	+22% YoY
	Private Banking net new money (€ bn)	5.8
	Santander Asset Management net sales (€ bn)	-1.7
	Insurance Gross written premiums	+17% YoY

## Strategic priorities



- Continue to build our global platform
  - Expand and develop our product and service proposition
  - Deploy the best digital tools
- Renew or improve our top 3 position as Best Global Private Bank according to Euromoney (clients up to \$250mn)



- Continue to be the preferred funds partner for our retail network
  - Complete the creation of the global hubs
  - Expand the One Investments model and methodologies
  - Work to complete the implementation of our digital funds distribution platforms



- Optimize our customer service by completing our digital proposition using customer data
- Manage our portfolio to extend policy life
- Increase customer base penetration

**ESG transversal across our businesses:** offer sustainable investment management in our private banking platform, expand our SRI range to help reach our commitment of €100bn AuM by 2025, work towards our Net Zero commitments and create a sustainable insurance value proposition.



(1) Total assets marketed and/or managed. Private Banking + SAM excluding AuM of Private Banking customers managed by SAM.  
 (2) Including fees generated by asset management and insurance transferred to the commercial network.  
 (3) Profit after tax + net fee income generated by this business and excluding insurance one-offs in 2021. Otherwise, +8%.  
 More information at <https://www.santander.com/en/about-us/where-we-are/wealth-management-insurance>



'Innovative payments solutions for both Santander and non-Santander clients'

## H1'22 Highlights

PagoNxt revenue (€ mn) **398; +87% YoY**

### Merchants

Active merchants (mn) 1.27; +5% YoY

Total payments volume (€ bn) 74.6; +35% YoY

### International Trade

Active customers (One Trade & Ebury; k) >25

We are a **one of a kind paytech business** backed by Santander.

Helping our customers prosper and accelerate their growth through a **one-stop shop**, providing **solutions beyond payments** to merchants, SMEs & corporates and consumers

### Business lines

#### ▼ Merchants

Global and integrated **acquiring, processing and value-added solutions** for physical and e-comm merchants

#### ▼ International Trade

Specialized **cross-border trading solutions** for businesses in a global market yet to be fully digitalized

#### ▼ Payments

Wholesale **account to account payment processing** and instant connectivity to schemes in multiple geographies

#### ▼ Consumers

Financial **marketplace for the economic inclusion** of the underbanked population with focus in Latam



# Group functions and Corporate Centre activities

- Global T&O strategy
- HR strategy
- Risk management and compliance
- Corporate governance and internal control
- Our brand



# Technology and Operations (T&O)

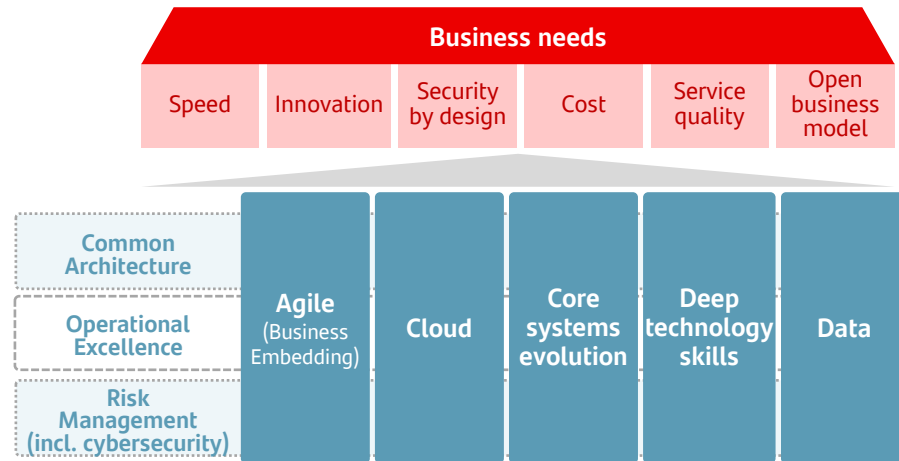
'The T&O mission is to enable the Group strategy by building customer-oriented, secure, efficient and innovative technology working with the business units in a flexible and agile way'

## Global T&O capabilities are key for our commercial and digital transformation

Composed of **four main domains** that contribute to the digital transformation



Focused on **five technological pillars** to respond to the changing business needs



**Operating model** oriented to develop global products and digital services, guaranteeing their quality and security



c.3,600 tech professionals



The robust T&O service has allowed to run the Bank and serve our customers with high standards of quality during the recent period of crises



# HR strategy: Our aim is to be an employer of choice

'Focus on employee engagement, leveraging our SPF culture to retain and attract the best talent'



**200,651**

Employees, Jun-22

**98%**

workforce with a permanent contract in 2021<sup>1</sup>

**54%**

women in our workforce in 2021<sup>1</sup>



Only bank among world's top 25 best workplaces according to Great Place to Work

The **SPF culture** is based on our 5 corporate behaviours



Engagement among the best in the sector<sup>2</sup>

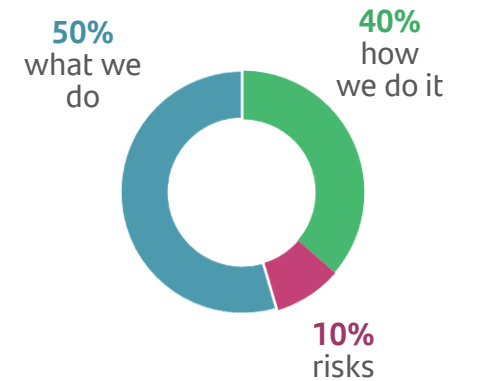
8.3

Global Engagement score<sup>3</sup> for Santander (0.1 above benchmark<sup>4</sup>)

8.1

Employees feel inspired by the purpose and mission of our organization rating this aspect<sup>5</sup>

Our corporate management evaluation model



(1) Last available.  
 (2) Source: "Your Voice" engagement survey issued to the full organization on 27 June 2022  
 (3) Engagement score is over 10, and it is made up of 4 questions around engagement, loyalty, belief and satisfaction.  
 (4) Peakon benchmark for Finance companies.  
 (5) Question: I'm inspired by the purpose and mission of our organization.

# Risk management and compliance

'Our solid Risk & Compliance function is key to making sure we remain a robust, safe and sustainable bank that helps people and businesses prosper'

We rely on:



**3 lines of defence** model with a robust risk committees structure



Clearly defined **management and control processes**



Common **Risk Principles** aligned with regulatory requirements and inspired by best market practices



**Advanced management tools** to effectively manage and control all risks under a forward-looking approach

## Risk Profile Assessment

Continuous risk identification and evaluation to address potential threats

## Scenario Analysis

Anticipating potential impacts to take early action

## Risk Appetite & structure of limits

Amounts and types of risks deemed prudent to assume

## Risk Reporting Structure

Comprehensive, versatile with deep analysis to facilitate decision making



## Models & data unit

Boosting our analytic capabilities to provide tailored value propositions for our customers through a cross-functional scope of risk & business models



## Oversight Plan

Risk & Compliance annual plans to better oversight and follow-up the implementation of long-term strategies



## Customers

Our proactive and customer-centric Risk and Compliance management enables us to maintain our medium-low risk profile



## ESG risk management

Our risk management and control model is key in supporting our customer in their green transition and the fulfilment of our **Net-Zero commitments**



Our strong **Risk culture** is based on the principle that all employees are risk managers, supporting long-term business sustainability



More information on the Group's Overview of our Corporate Governance presentation. See link to this document on page 58.





# Corporate governance and internal control

'As a responsible bank, we have a clear and robust governance which is key for guaranteeing a sustainable business model over the long term'



**Diversified and well-balanced**  
shareholder base



**Effective engagement**  
with our shareholders  
and investors

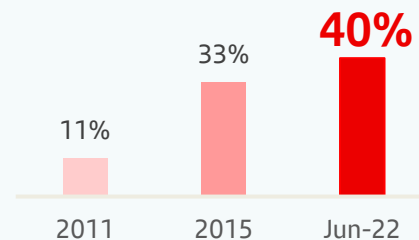
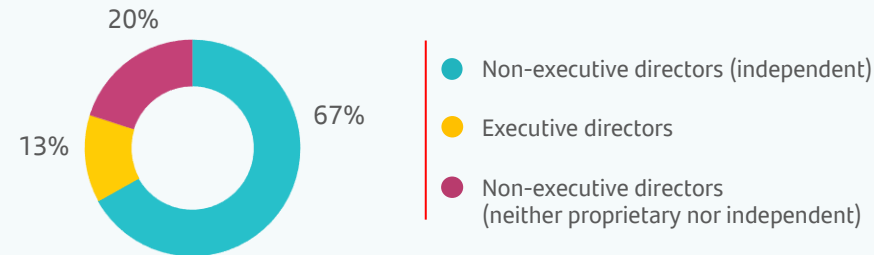


**Effective** board of directors



Focus on **responsible business practices** and attention to all stakeholders' interests

## Composition of the board of directors, Jun-22



**Women**  
on the board



## Board committees

Executive

Audit

Nomination

Remuneration

Risk supervision, regulation  
and compliance

Innovation and technology

Responsible banking,  
sustainability and culture

**External advisory board**  
International advisory board



# Corporate governance and internal control

'Best practices on robust governance are channelled to all subsidiaries'

## Group-subsidary governance model



**The Group's appointment and suitability assessment procedure is a key element of Governance**

# Santander brand

'Our brand embeds the essence of the Group's culture and identity'

Santander is one of the most valued brands in the world

**3<sup>rd</sup>** best global retail bank brand  
by Interbrand's Best Global Brands ranking, 2021

As one of our most important strategic assets, our brand helps us connect with people and businesses, demonstrating our commitment to prosperity and determination to bring it to life in a positive and sustainable manner every day.



More information at <https://www.santander.com/en/about-us/our-brand>







3

- H1'22 results & activity

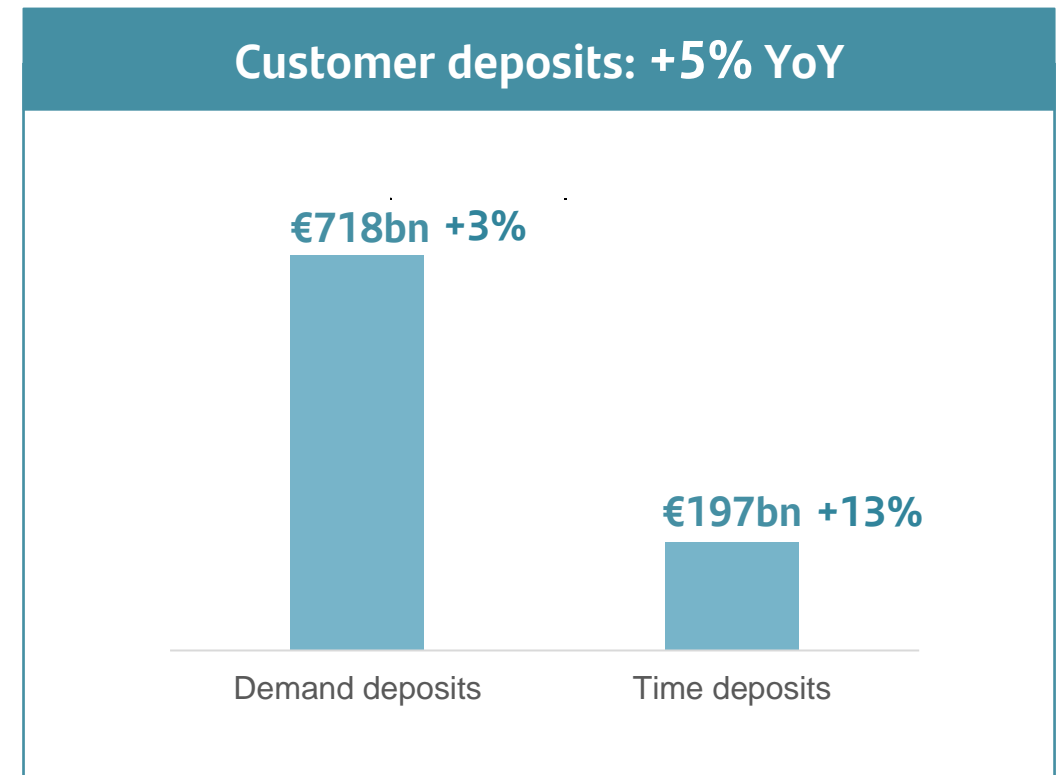
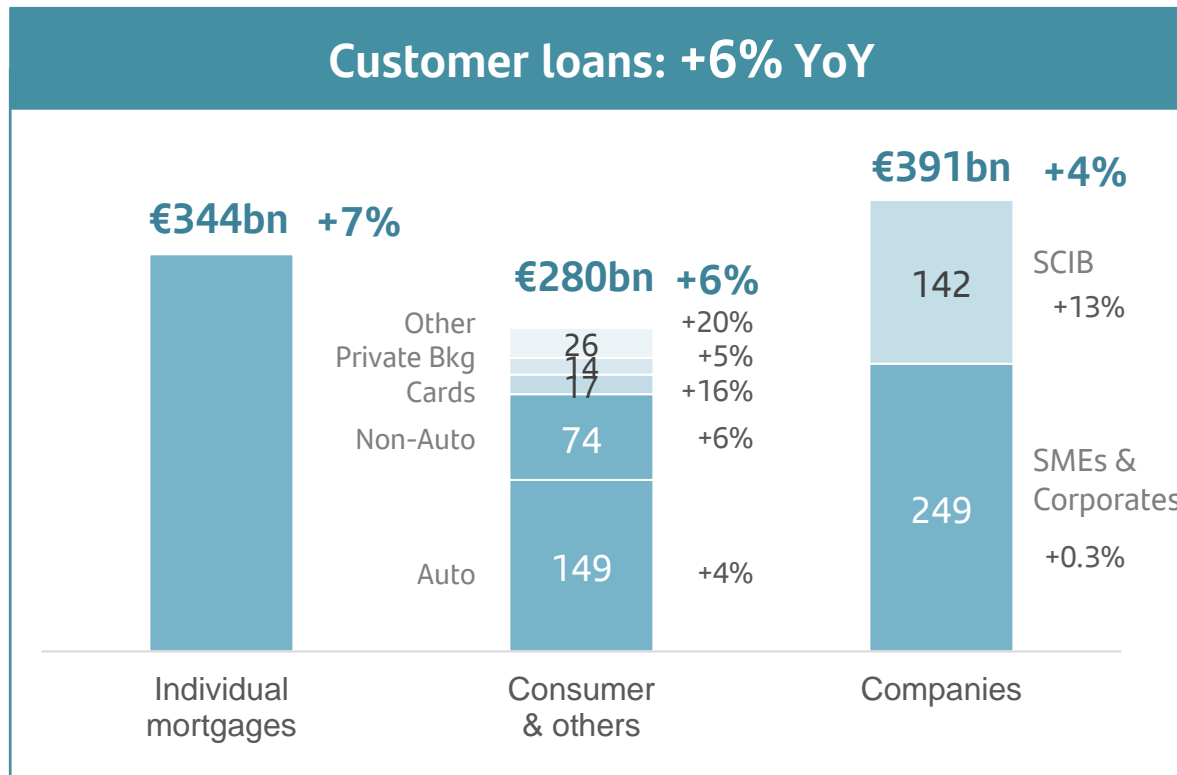
# We are executing our strategy to drive greater growth, profitability and strength

 <b>Growth</b>	
YoY percentage changes	
Total customers	<b>+5%</b>
Digital customers	<b>+10%</b>
Digital sales / total	<b>+4pp</b>
<hr/>	
Loans <sup>1</sup>	<b>+6%</b>
Deposits <sup>1</sup>	<b>+5%</b>
NII + fees <sup>1</sup>	<b>+7%</b>

 <b>Profitability</b>	
H1'22 data and YoY percentage change	
Profit	<b>€4,894mn</b>
Efficiency ratio	<b>45.5%</b>
RoTE	<b>13.7%</b>
EPS	<b>+38%</b>

 <b>Strength</b>	
H1'22 data and YoY percentage change	
CoR	<b>0.83%</b>
NPL ratio	<b>3.05%</b>
FL CET1	<b>12.05%</b>
TNAVps + Cash DPS	<b>+9%</b>

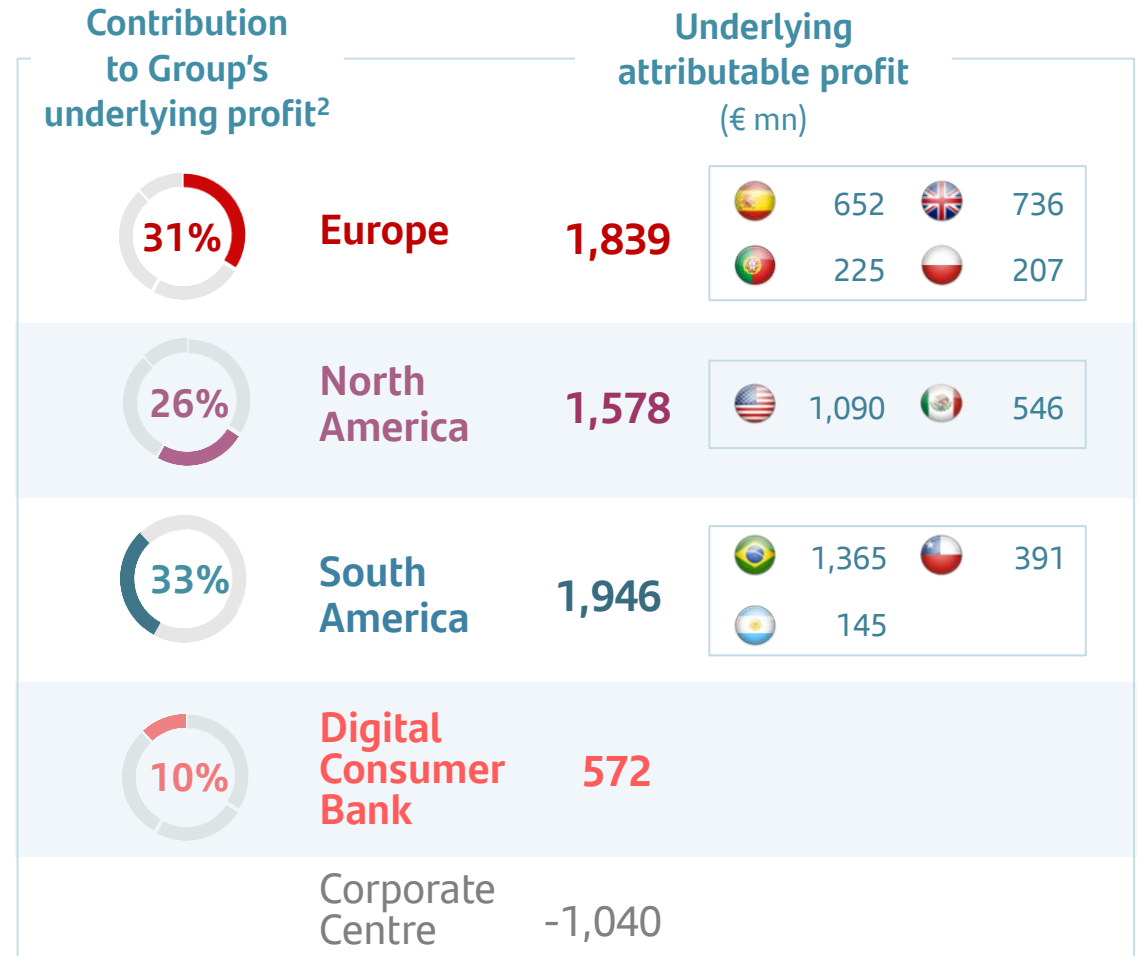
# Steady customer growth and commercial strategy reflected in volumes increases in all products and segments



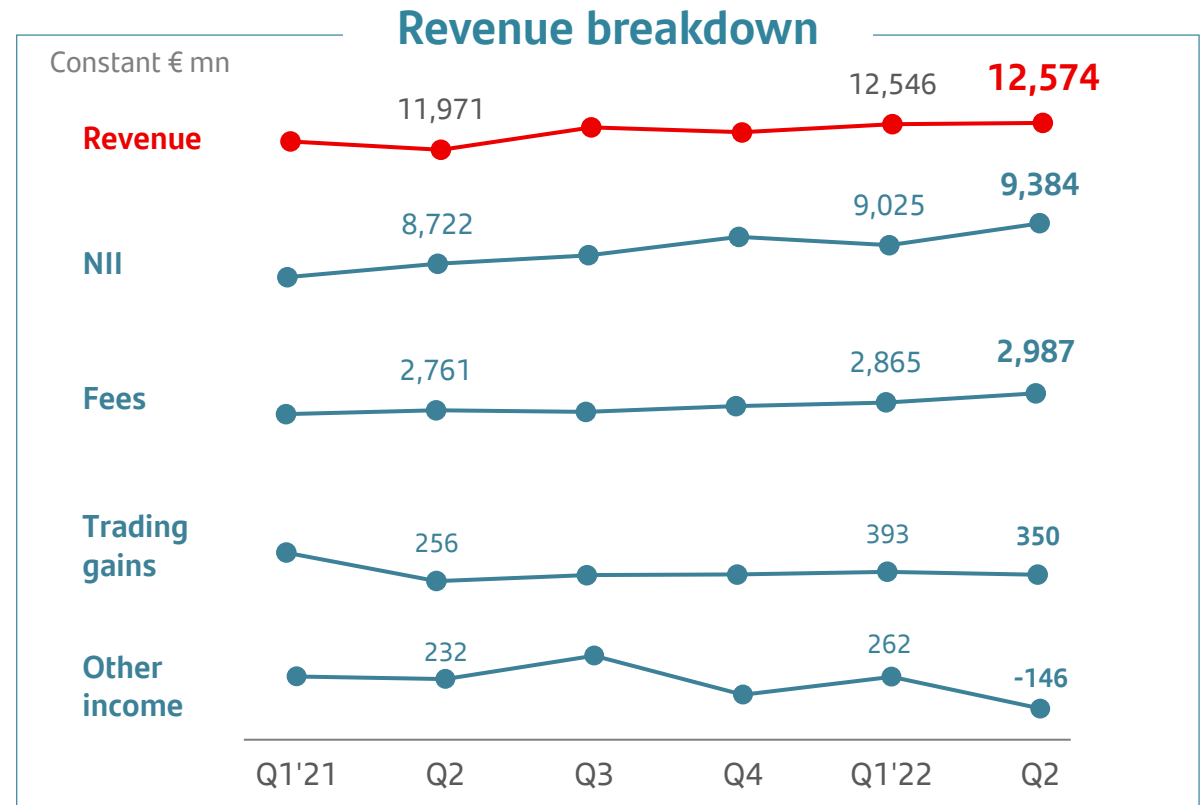
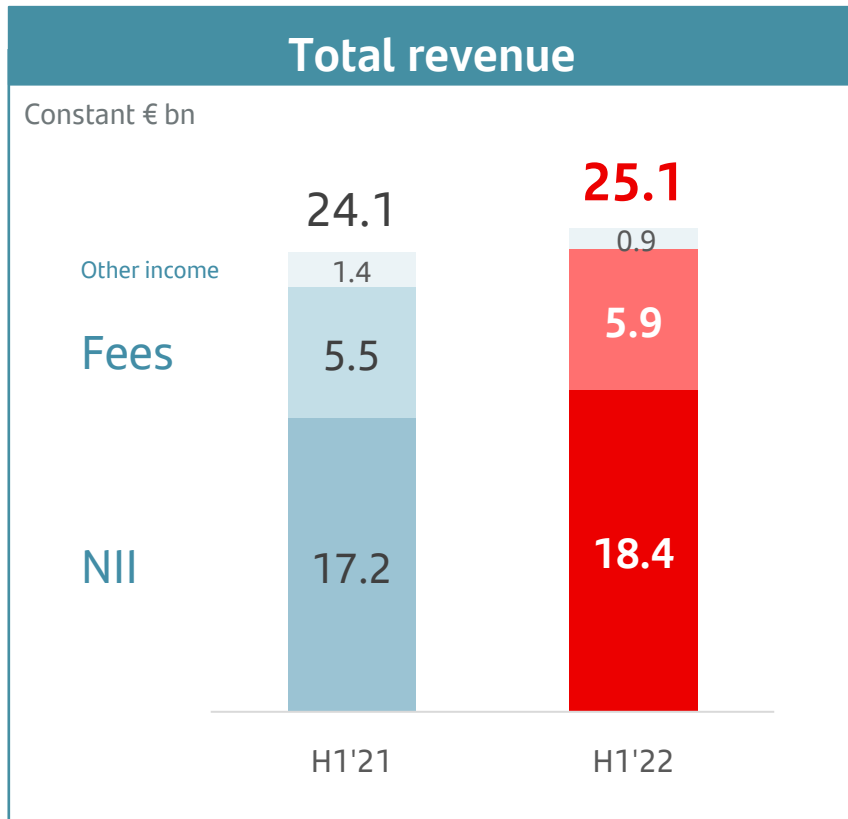
- **Loan portfolio well diversified** by segment: roughly 1/3 individual mortgages; 1/3 consumer; 1/3 companies
- **QoQ and YoY growth in loans in all countries**
- **Mortgages** driven by the UK and Spain, **Consumer & others** by all products, with a strong performance in **SCIB** while **SMEs and Corporates** were affected by weaker market demand

# Continued profit momentum, maintaining main P&L trends: top line growth, greater sustainable efficiencies and LLP normalization

€ million	H1'22	H1'21	% change	
			Euros	Constant euros
NII	18,409	16,196	14	7
Net fee income	5,852	5,169	13	7
Trading and other income	859	1,330	-35	-40
<b>Total revenue</b>	<b>25,120</b>	<b>22,695</b>	<b>11</b>	<b>4</b>
Operating expenses	-11,435	-10,377	10	5
<b>Net operating income</b>	<b>13,685</b>	<b>12,318</b>	<b>11</b>	<b>3</b>
LLPs	-4,735	-3,753	26	18
Other results	-1,035	-937	10	9
<b>Underlying PBT</b>	<b>7,915</b>	<b>7,628</b>	<b>4</b>	<b>-5</b>
<b>Underlying att. profit</b>	<b>4,894</b>	<b>4,205</b>	<b>16</b>	<b>7</b>
Net capital gains and provisions <sup>1</sup>	0	-530	-100	-100
<b>Attributable profit</b>	<b>4,894</b>	<b>3,675</b>	<b>33</b>	<b>21</b>



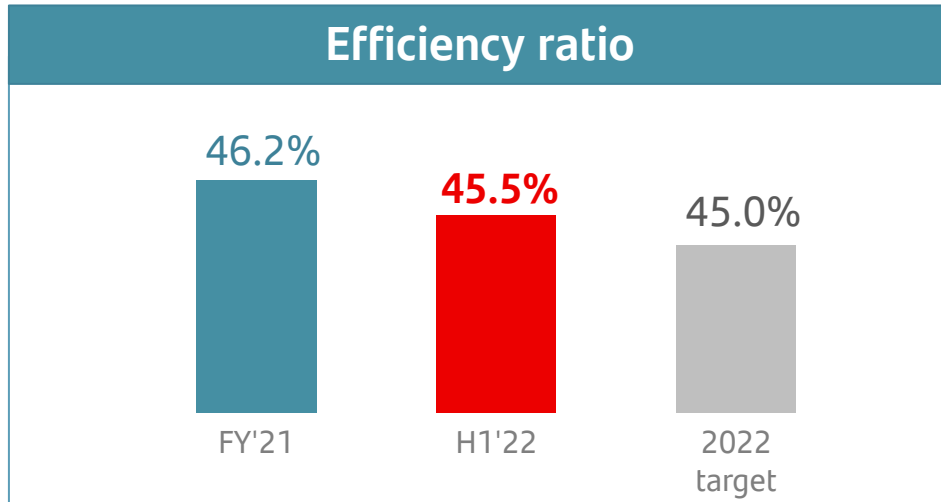
# Revenue up boosted by NII and fees, partly offset by lower trading gains and other income



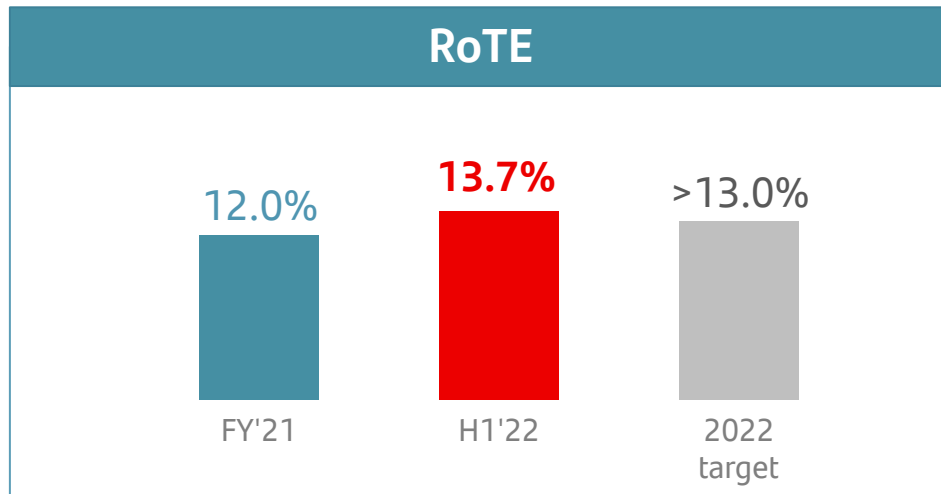
- In Q2, total revenue increased 4% excluding the SRF & IPS contributions
- NII and net fee income (97% of total income) increased QoQ and YoY supported by volumes, greater interest rates and activity
- In Q2, lower trading gains due to FX hedge and other income affected by the SRF & IPS contributions and lower US lease income



## Positive performance in key metrics ...

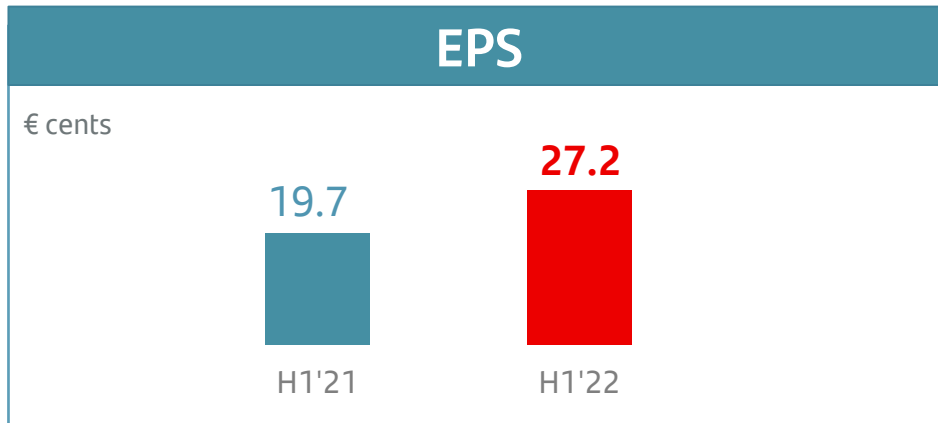


- **Best-in-class efficiency**, supported by higher revenue and ongoing cost management
- Our transformation plan continues to progress towards a more integrated and digital operating model

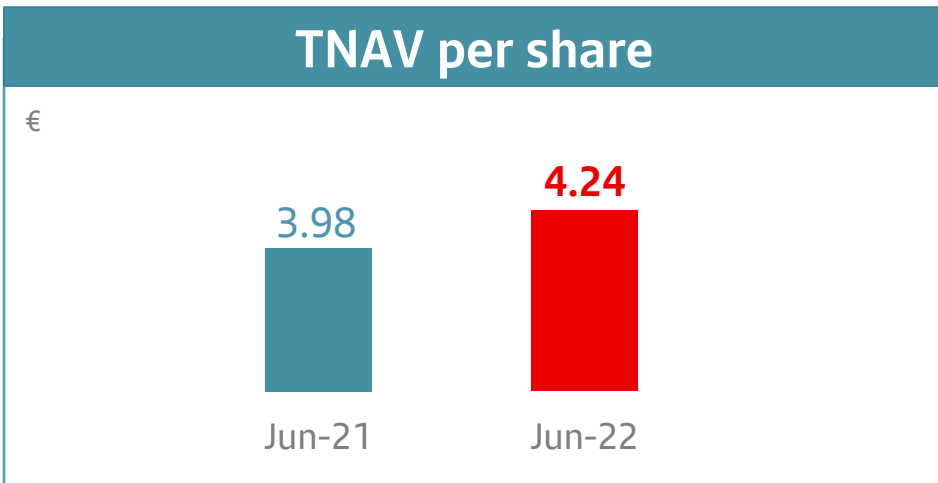


- **RoTE improved 1.7pp vs. FY'21**. Above European banks average profitability
- **We are on track to reach our 2022 target**

## ... while delivering shareholder value



- **EPS +38% YoY** (+19% vs H1'21 underlying EPS)
- **Sustained earnings per share growth**, driven by higher profit and share buybacks
- **546mn shares amortized** this year through buybacks (3.2% of capital)

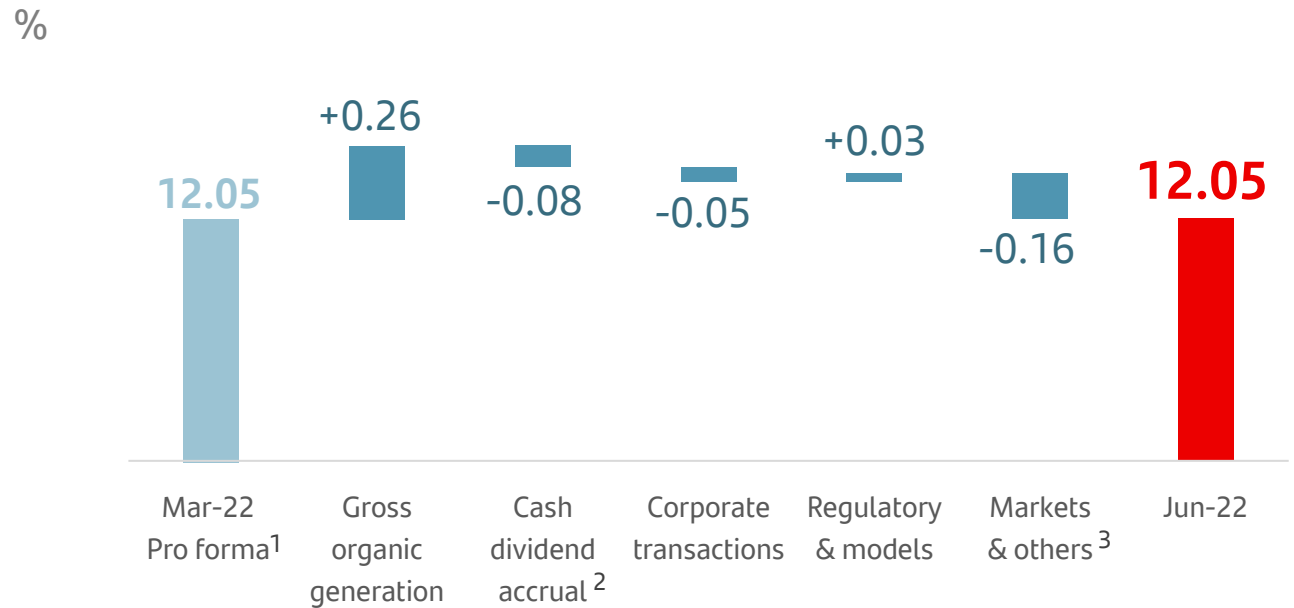


- Performance driven by attributable profit and FX movements, mainly offset by cash dividend
- **TNAVps + cash DPS<sup>1</sup>: +9% YoY**

**Our 2022 shareholder remuneration policy<sup>2</sup> is 40% payout split in equal parts (cash and share buybacks)**

# Continued organic generation, maintaining the CET1 ratio above 12%

## Q2 fully-loaded CET1 ratio performance



CET1	€72.2bn	€73.0bn
RWAs	€599bn	€605bn







- **Continued profit growth**
  - RoTE 13.7% (12.0% in FY'21)
- **Disciplined capital allocation strategy with:**
  - RWAs rising below loan growth +1% < +6% (excluding FX impact)
  - H1'22 front book RoRWA of 2.5%
  - % of RWAs with RoE < CoE of 23% (30% in FY'21)
- As of Jun-22, the distance to the MDA is 307bps

A light blue world map is centered in the background of the slide. The map shows the continents of North America, South America, Europe, Africa, Asia, and Australia. The text 'Business segments review' is overlaid on the map in a dark blue, sans-serif font.

# Business segments review

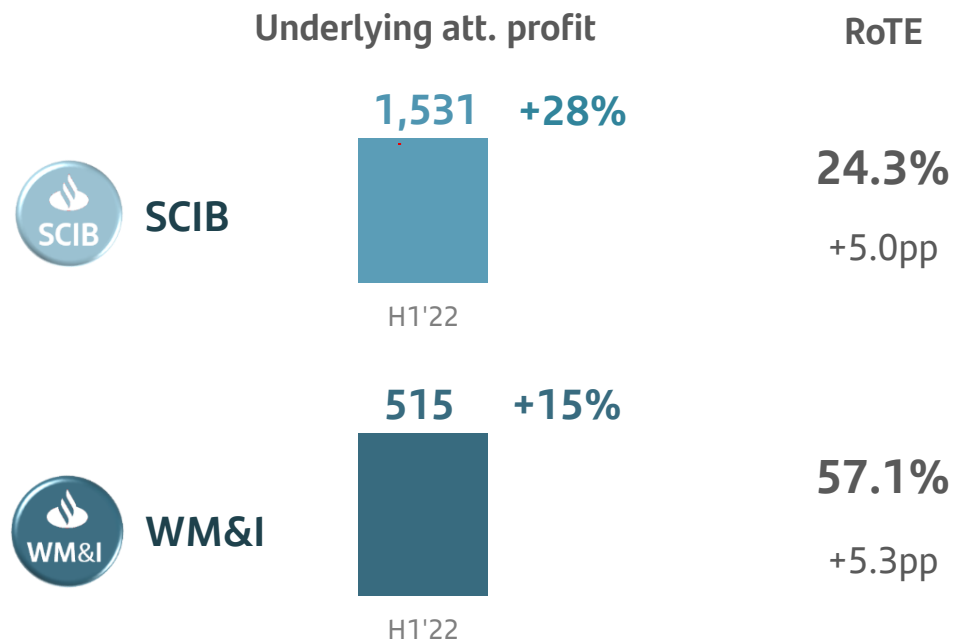
# The Group's solid customer, volume and profit growth was supported by all our regions and businesses

H1'22 vs. H1'21	Total customers (mn)	Customer loans (€bn)	Customer deposits (€bn)	Net operating income (€mn)	Underlying att. profit (€mn)	RoTE <sup>1</sup>
 <b>Europe</b>	<b>46.4</b> +1%	<b>589</b> +5%	<b>609</b> +5%	<b>4,417</b> +17%	<b>1,839</b> +38%	<b>12.1%</b> +3.2pp
 <b>North America</b>	<b>25.3</b> +3%	<b>152</b> +7%	<b>124</b> +4%	<b>3,088</b> -9%	<b>1,578</b> -10%	<b>23.3%</b> -3.0pp
 <b>South America</b>	<b>65.8</b> +11%	<b>148</b> +12%	<b>124</b> +5%	<b>5,780</b> +7%	<b>1,946</b> +7%	<b>27.6%</b> +1.0pp
 <b>Digital Consumer Bank</b>	<b>19.4</b> --	<b>119</b> +4%	<b>58</b> +7%	<b>1,325</b> +3%	<b>572</b> +16%	<b>12.8%</b> +1.9pp

## Global businesses

- **SCIB: solid profit increase** driven by **double-digit growth** in all core businesses and strict efficiency management
- **WM&I: double-digit increase** thanks to our diversified value-added proposition and solid performance in our 3 businesses (Private Banking, Asset Management and Insurance)

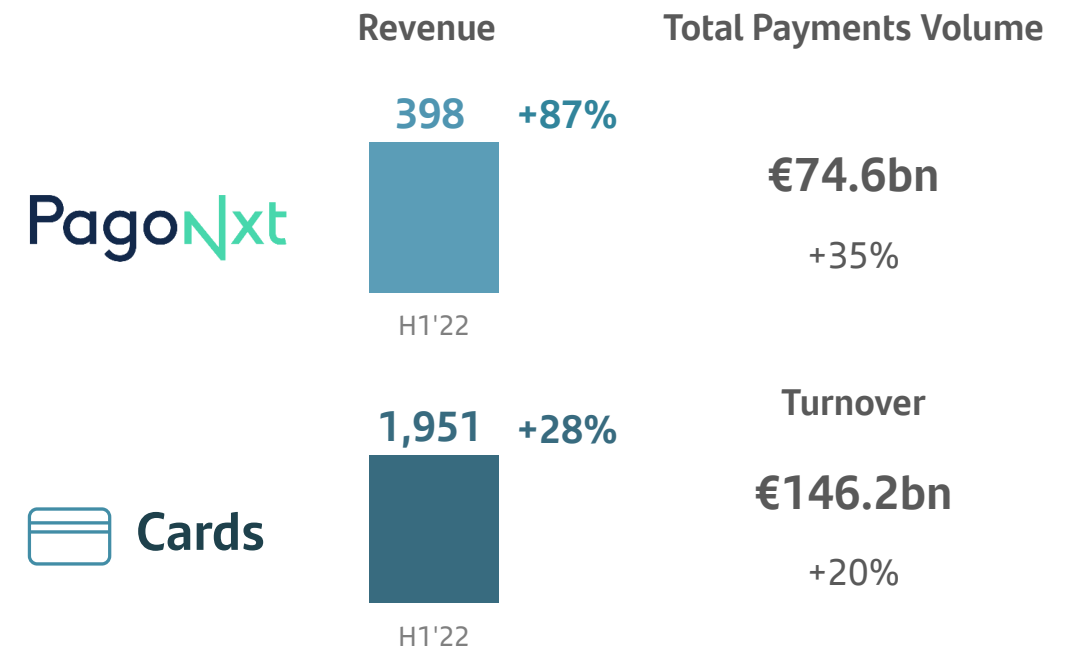
€ million and YoY changes in constant euros



## Payments

- **PagoNxt: revenue grew 87%** due to overall increase in business activity and volumes across regions
- **Cards: double-digit revenue growth YoY** in the Americas and Europe

€ million and YoY changes in constant euros





# 4

- Financial Targets and Final remarks

# Final remarks

## Revenue

- In an uncertain environment, we expect **revenue to improve**:
  - **NII should increase in the coming quarters**, benefitting from interest rate hikes and expected activity levels, accelerating in 2023
  - **Fee income supported by commercial activity and global business** growth (SCIB, WM&I and Payments)

## Costs

- **We will continue to manage costs below inflation** while enhancing the customer experience by evolving our operating model ...
- ... which should allow us to continue **improving productivity and efficiency**

## Credit quality

- **Credit quality improved YTD** and **no deterioration is expected**, supported by our loan portfolio structure, high household savings rates and low unemployment rates across our footprint
- 6 month annualized CoR (0.91%) allows us to be **confident in achieving our goal for the year**

## Capital

- **Fully committed to maintaining CET1 at 12% in each quarter** both through continued profit growth and disciplined capital allocation

**We expect revenue growth to offset cost inflation pressures and a potential CoR increase and achieve Group Targets**

Revenue

**Mid-single  
digit growth<sup>1</sup>**

Efficiency

**45%**

FL CET1

**12%**

RoTE

**>13%**





Help millions around the world realise their dreams and prosper.

5

● Links to public materials

# Links to Grupo Santander public materials

For additional information on the Group, please click on the images, icons or flags below

## H1'22 financial results

### Financial report



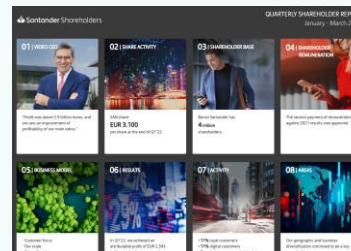
### Earnings presentation



### Series (excel)

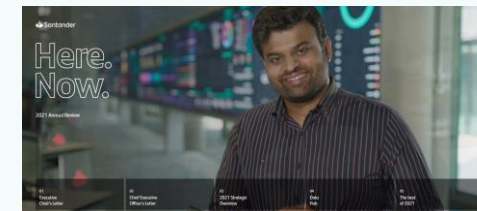


### Shareholders report (interactive)



## Other information

### 2021 Digital Annual review



### 2021 Annual report



### Country presentations



### Press room



### Fixed income presentation



### Ratings



### CEO's video (2 minutes)



### Pilar 3



### Overview of our Corporate Governance presentation



# Important information

## Non-IFRS and alternative performance measures

This presentation contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Santander Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for our management and investors to compare operating performance between accounting periods, as these measures exclude items outside the ordinary course performance of our business, which are grouped in the "management adjustment" line and are further detailed in Section 3.2 of the Economic and Financial Review in our Directors' Report included in our Annual Report on Form 20-F for the year ended 31 December 2021. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. For further details on APMs and Non-IFRS Measures, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2021 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the "SEC") on 1 March 2022, as updated by the Form 6-K filed with the SEC on 8 April 2022 in order to reflect our new organizational and reporting structure, as well as the section "Alternative performance measures" of the annex to the Banco Santander, S.A. ("Santander") Q2 2022 Financial Report, published as Inside Information on 28 July 2022. These documents are available on Santander's website ([www.santander.com](http://www.santander.com)). Underlying measures, which are included in this presentation, are non-IFRS measures.

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries.

## Forward-looking statements

Santander advises that this presentation contains "forward-looking statements" as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words like "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future" and similar expressions. Found throughout this presentation, they include (but are not limited to) statements on our future business development, economic performance and shareholder remuneration policy. However, a number of risks, uncertainties and other important factors may cause actual developments and results to differ materially from our expectations. The following important factors, in addition to others discussed elsewhere in this presentation, could affect our future results and could cause materially different outcomes from those anticipated in forward-looking statements: (1) general economic or industry conditions of areas where we have significant operations or investments (such as a worse economic environment; higher volatility in the capital markets; inflation or deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the war in Ukraine or the COVID-19 pandemic in the global economy); (2) exposure to various market risks (particularly interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices); (3) potential losses from early repayments on our loan and investment portfolio, declines in value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the United Kingdom, other European countries, Latin America and the US (5) changes in legislation, regulations, taxes, including regulatory capital and liquidity requirements, especially in view of the UK exit of the European Union and increased regulation in response to financial crises; (6) our ability to integrate successfully our acquisitions and related challenges that result from the inherent diversion of management's focus and resources from other strategic opportunities and operational matters; and (7) changes in our access to liquidity and funding on acceptable terms, in particular if resulting from credit spreads shifts or downgrade in credit ratings for the entire Group or significant subsidiaries.

# Important information

Numerous factors could affect our future results and could cause those results deviating from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date of this presentation and are informed by the knowledge, information and views available on such date. Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise.

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## Historical performance is not indicative of future results

Statements about historical performance or accretion must not be construed to indicate that future performance, share price or results (including earnings per share) in any future period will necessarily match or exceed those of any prior period. Nothing in this presentation should be taken as a profit forecast.

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# Thank You.

Our purpose is to help people and businesses prosper.

Our culture is based on believing that everything we do should be:

## Simple Personal Fair



Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

