



Argentina



H1'21

Earnings 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 2020. 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 2020 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 26 February 2021, as well as the section “Alternative performance measures” of the annex to the Banco Santander, S.A. (“Santander”) Q2 2021 Financial Report, published as Inside Information on 28 July 2021. 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.

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# Important Information

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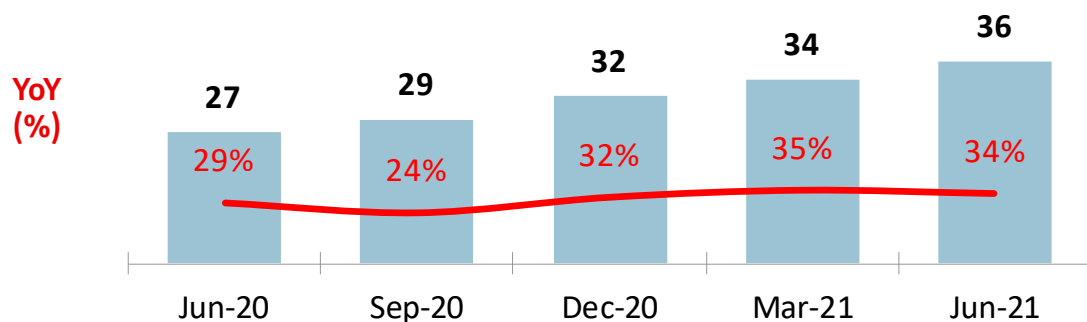
**Appendix**



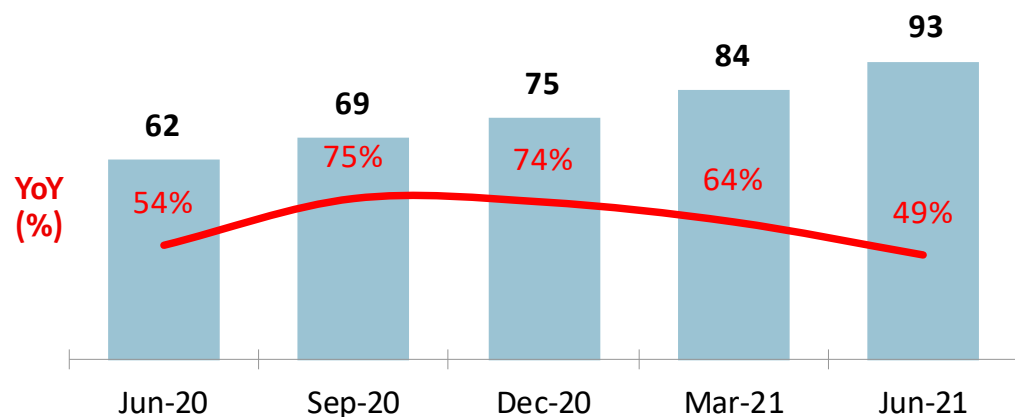
# Transactional and well capitalized financial system



## Total loans (Constant EUR bn)<sup>1</sup>



## Total customer funds (Constant EUR bn)<sup>1,2</sup>



- ▶ Loans/GDP<sup>3</sup>: 11.0%. Deposits/GDP<sup>3</sup>: 20.0%.
- ▶ Loans: 40% growth YoY in local currency and 1% in dollar-denominated portfolio (in local currency).
- ▶ Deposits: 43% growth YoY, 45% in local currency and +34% in dollar-denominated portfolio (in local currency).
- ▶ High liquidity levels in both pesos and USD. Excess liquidity placed in Central Bank notes and repos.
- ▶ Improved Capital ratio<sup>3</sup>: 23.2%. CET1 Ratio<sup>3</sup>: 23.0%.
- ▶ Private sector NPL ratio<sup>3</sup> at 4.1% and Coverage<sup>3</sup> at 133%, impacted by temporary flexibility in regulation.
- ▶ 12M Inflation: 50.2%.



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# Santander Argentina: the leading privately-owned bank in Argentina by deposit volumes

KEY DATA	H1'21	YoY Var. <sup>4</sup>
 Customer loans <sup>1</sup>	EUR 4,713 mn	+35.8%
 Customer funds <sup>2</sup>	EUR 9,896 mn	+46.5%
 Underlying att. Profit	EUR 108 mn	+41.5%
 Underlying RoTE	23.9%	-4.8 pp
 Efficiency ratio	62.0%	+806 bps
 Loans market share <sup>3</sup>	10.9%	+50 bps
 Deposits market share <sup>3</sup>	10.9%	-29 bps
 Loyal customers	1.6 mn	+20.4%
 Digital customers	2.7 mn	+6.2%
 Branches	408	-6.8%
 Employees	8,814	-4.7%



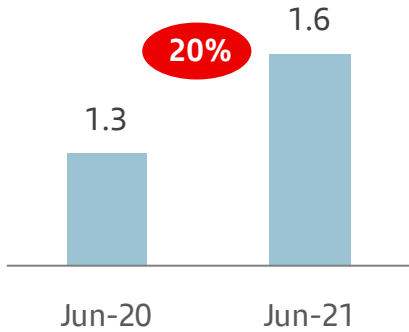
## STRATEGIC PRIORITIES

- ▶ Customer-centric decisions, helping people and businesses prosper
- ▶ Progressing towards a simpler and more efficient model, driven by digital transformation
- ▶ Profitable growth increasing revenue with efficient capital allocation
- ▶ Be agile and collaborative, with challenging goals and clear priorities
- ▶ Continue building our financial services platform



# High digitalization levels and solid loyalty ratio

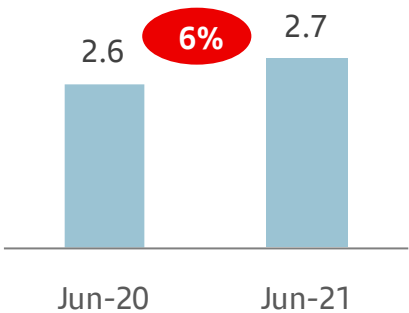
## Loyal customers (mn)<sup>1</sup>



- ▶ Total customers increased 283 k YoY
- ▶ Loyal individuals rose 18% YoY<sup>1</sup> and loyal corporates +38% YoY<sup>1</sup>
- ▶ 67% of our SME customers and 60% of our middle market companies are loyal customers

Loyal / Active: 51% (+7 pp YoY)

## Digital customers (mn)



- ▶ Digital transactions increased 28% (H1'21 vs. H1'20)
- ▶ Mobile customers rose 27% YoY
- ▶ 100% digital onboarding for basic accounts and SMEs

Digital sales / total<sup>2</sup>: 78% (+12 pp YoY)



(1) YoY increases partially explained by the addition of new products in the loyalty criteria in 2021  
 (2) YTD data





# Customer-centric business model

## Building Santander platform



Grupo Santander payment solution  
+35 k active merchants since its launch in October 2020



Consumer finance company  
- Strategic alliance with Mercadolibre and Demotores.com  
- Launched *Cockpit*, a platform to optimize car dealerships work



Payment solution to promote digital payments and increase financial inclusion

## Enhancing our network model

▶ **Santander Express:** expanding our non-banking correspondent network



▶ **Agribusiness office**



▶ **Work Café**

▶ **Financial inclusion branches**

▶ **2.0 branches:** closer to our customers supported by technology

## Towards a more digital bank

▶ **100% digital onboarding** for basic accounts and SMEs

▶ **Top app rating** in iOS and Android

▶ **ECHEQ:** digital experience in check issuing, endorsing and financing

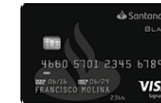
▶ **Foreign Trade services** in digital channels



## Adding value to different audiences



## Reward and benefit programmes



## Recognitions



▶ Top 5 in GPTW for 12 years



▶ Best Bank 2021



# Further embedding ESG to build a more responsible bank



## Environmental: supporting the green transition

### Helping customers go green

**EUR 17 mn**

Santander was involved in the placement of the 1<sup>st</sup> local bond issuance with green and social certification<sup>1</sup>

### Going green ourselves

#### Energy

10.1% from renewable energy<sup>2</sup>

#### Carbon Neutral

offsetting 22,364 CO<sub>2</sub> tons emitted in 2019<sup>3</sup>



## Social: building a more inclusive society

### Talented & diverse team<sup>2</sup>

Top **3** company to work for<sup>4</sup>  **21.5%** women in leadership positions

**29** people with disabilities

### Supporting society<sup>2</sup>

**>EUR 370 k** invested in university programmes sponsorship

**>1.3 k** people financially empowered through financial education

**>7.4 k** items exchanged under "Super Club Comprometidos"

**Volunteering**  
**50** employees contributing



## Governance: doing business the right way

### A strong culture: SPF

Taking ESG criteria into account when determining **remuneration**

### An independent, diverse Board<sup>2</sup>

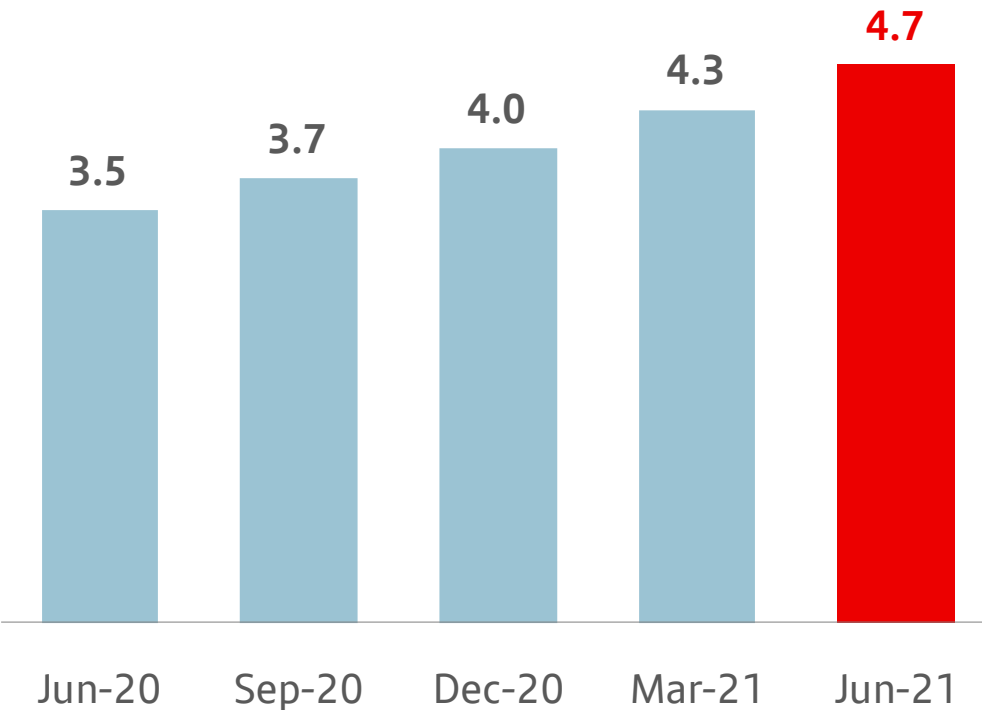
**45%** independent directors

**27%** women on Board



# Loans grew 36% YoY mainly driven by cards and SMEs

## Total customer loans (Constant EUR bn)<sup>1</sup>

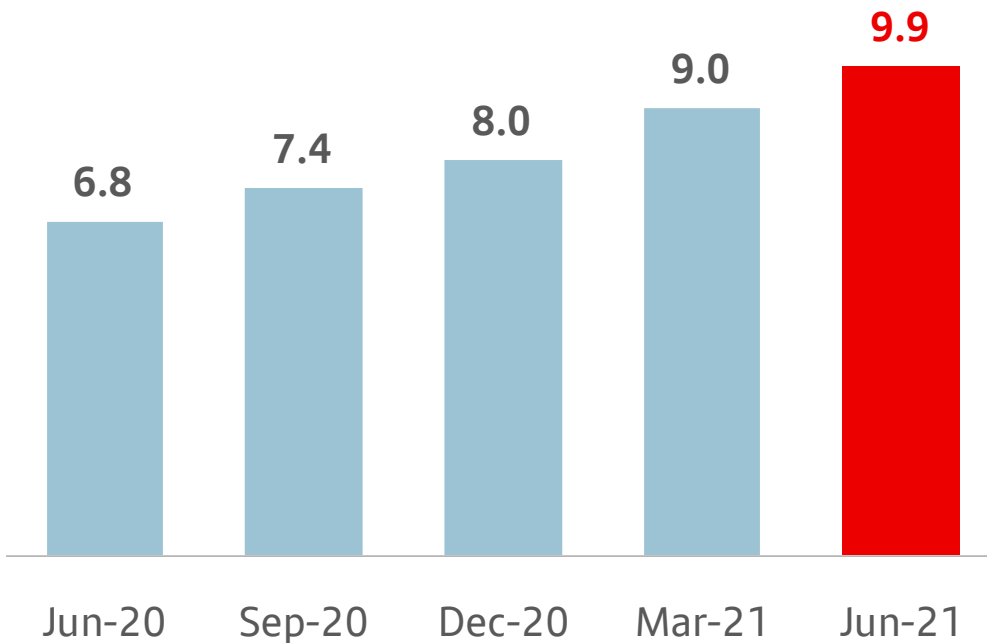


	Jun-21	Jun-20	YoY (%)	QoQ (%)
<b>Individuals<sup>2</sup></b>	<b>2.1</b>	<b>1.4</b>	<b>49.0</b>	<b>9.0</b>
o/w Mortgages	0.3	0.2	32.7	10.8
o/w Cards & Consumer Credit	1.7	1.1	53.7	6.1
<b>SMEs</b>	<b>0.5</b>	<b>0.3</b>	<b>36.8</b>	<b>2.7</b>
<b>Corporates &amp; Institutions</b>	<b>0.6</b>	<b>0.5</b>	<b>31.1</b>	<b>5.2</b>
<b>CIB</b>	<b>1.4</b>	<b>1.1</b>	<b>21.1</b>	<b>14.5</b>
<b>Other</b>	<b>0.1</b>	<b>0.1</b>	<b>32.7</b>	<b>-4.3</b>
<b>Total customer loans</b>	<b>4.7</b>	<b>3.5</b>	<b>35.8</b>	<b>9.0</b>



# Total customer funds rose 47% YoY spurred by local currency deposits and mutual funds

**Total customer funds** (Constant EUR bn)<sup>1</sup>



	Jun-21	Jun-20	YoY (%)	QoQ (%)
Demand	5.2	3.9	32.3	9.9
Time	2.6	1.7	47.8	7.0
<b>Total deposits</b>	<b>7.8</b>	<b>5.7</b>	<b>37.1</b>	<b>8.9</b>
Mutual Funds	2.1	1.1	96.7	12.0
<b>Total customer funds</b>	<b>9.9</b>	<b>6.8</b>	<b>46.5</b>	<b>9.5</b>

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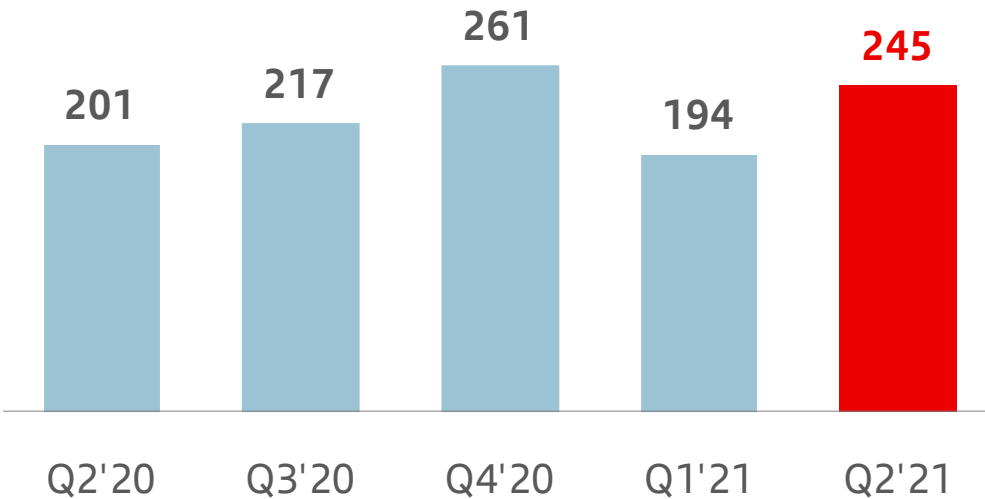
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# H1'21 net interest income rose 25% YoY driven by volumes, offsetting the pressure on spreads and funding mix

Net interest income (Constant EUR mn)<sup>1</sup>



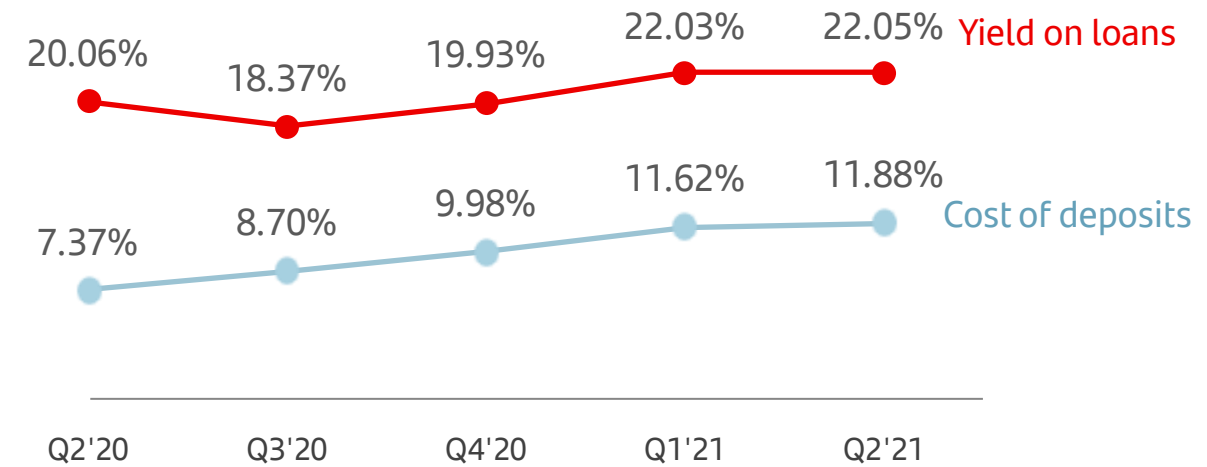
NIM<sup>2</sup>

10.83%	10.49%	12.35%	8.22%	9.53%
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Official interest rate<sup>3</sup>

24.42%	29.64%	32.52%	34.10%	34.11%
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Yields and Costs (%)



Differential

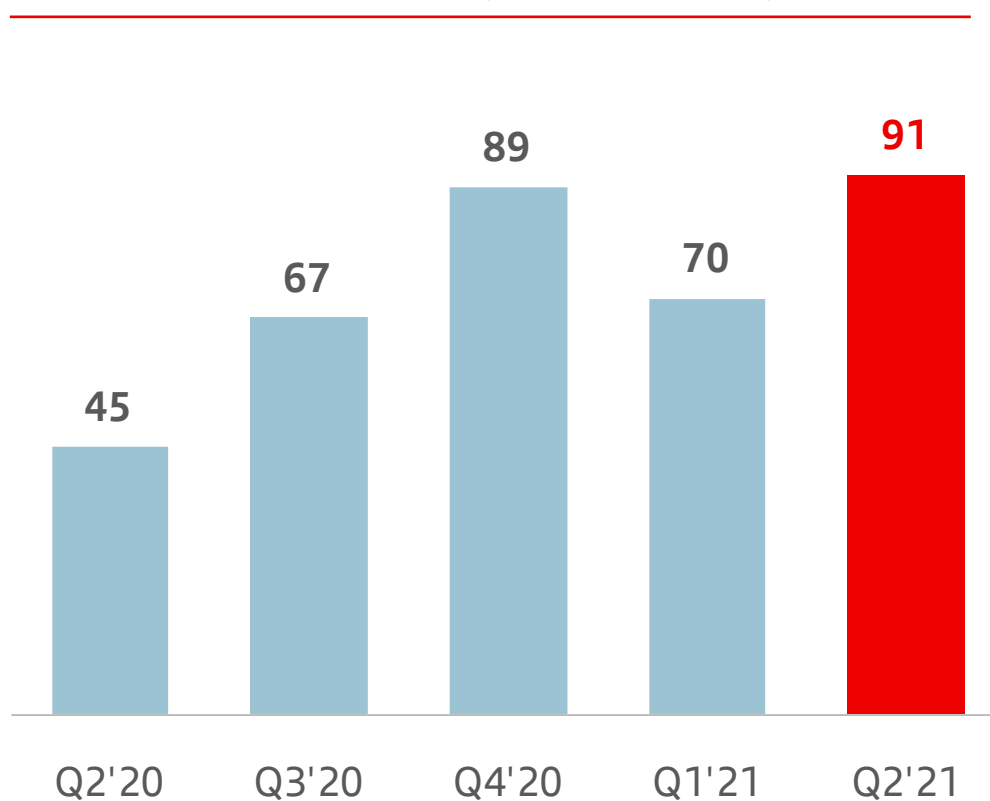
12.7 pp	9.7 pp	10.0 pp	10.4 pp	10.2 pp
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# Net fee income increased 75% YoY, underpinned by transactional and investment and pension funds fees

**Net fee income** (Constant EUR mn)<sup>1</sup>

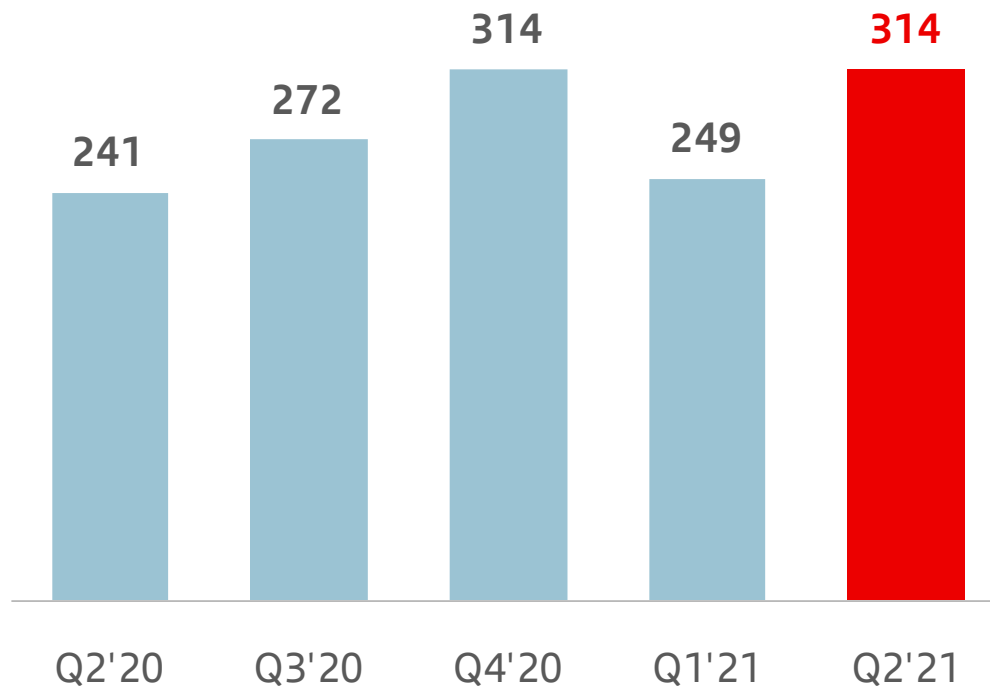


	H1'21	H1'20	YoY (%)	QoQ (%)
<b>Transactional fees</b>	<b>107</b>	<b>69</b>	<b>55.6</b>	<b>16.6</b>
Payment methods	39	20	95.4	23.6
Transfers, drafts, cheques and other orders	26	15	74.3	16.7
Foreign exchange currencies	2	6	-57.6	-32.4
Other transactional	40	29	41.2	13.9
<b>Investment and pension funds</b>	<b>15</b>	<b>7</b>	<b>132.3</b>	<b>31.8</b>
<b>Insurance</b>	<b>14</b>	<b>8</b>	<b>61.4</b>	<b>10.4</b>
<b>Securities and custody services</b>	<b>4</b>	<b>2</b>	<b>117.7</b>	<b>-17.7</b>
<b>Other</b>	<b>21</b>	<b>6</b>	<b>-</b>	<b>188.3</b>
<b>Total net fee income</b>	<b>161</b>	<b>92</b>	<b>75.1</b>	<b>29.6</b>



# Total income increased 28% YoY on the back of higher NII, net fee income and gains on financial transactions

**Total income** (Constant EUR mn)<sup>1</sup>

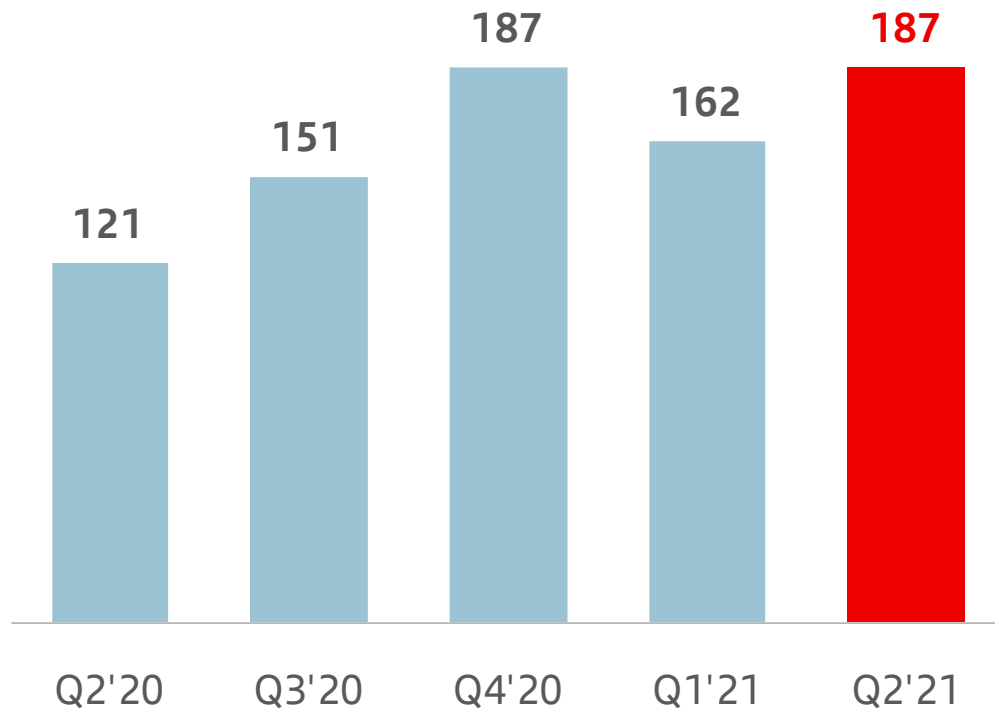


	H1'21	H1'20	YoY (%)	QoQ (%)
Net interest income	440	351	25.3	26.5
Net fee income	161	92	75.1	29.6
<b>Customer revenue</b>	<b>601</b>	<b>443</b>	<b>35.6</b>	<b>27.3</b>
Other <sup>2</sup>	(38)	(4)	-	52.7
<b>Total income</b>	<b>563</b>	<b>439</b>	<b>28.5</b>	<b>25.8</b>



## Costs rose 48% YoY impacted by higher inflation and the salary agreement

### Operating expenses (Constant EUR mn)<sup>1</sup>



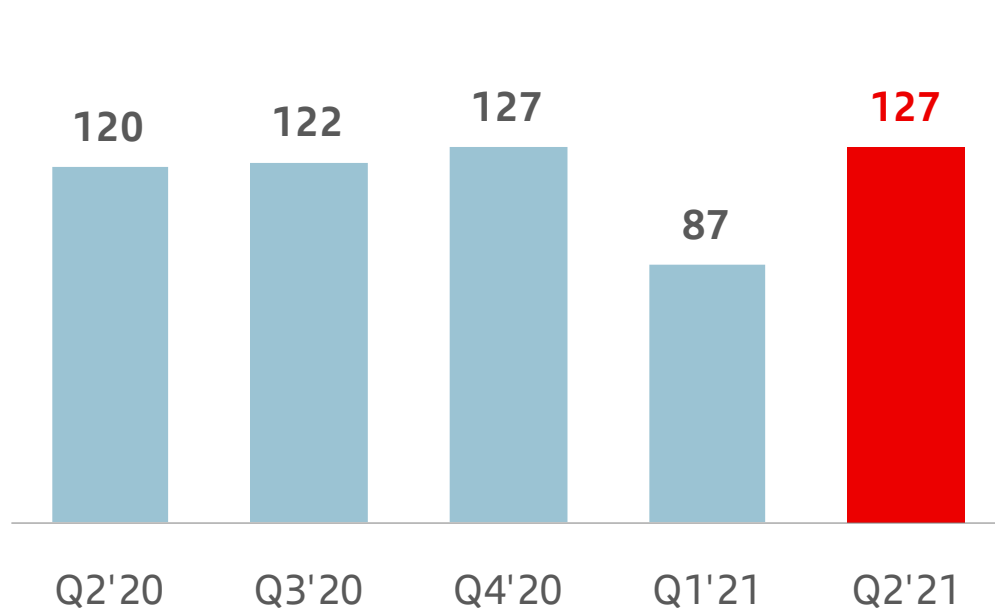
	H1'21	H1'20	YoY (%)	QoQ (%)
<b>Operating Expenses</b>	<b>349</b>	<b>237</b>	<b>47.6</b>	<b>15.3</b>

Branches (#)	408	438	-6.8	0.0
Employees (#)	8,814	9,244	-4.7	-2.8



# Net operating income rose 6% YoY and 45% QoQ driven by the good performance in the main revenue lines

## Net operating income (Constant EUR mn)<sup>1</sup>

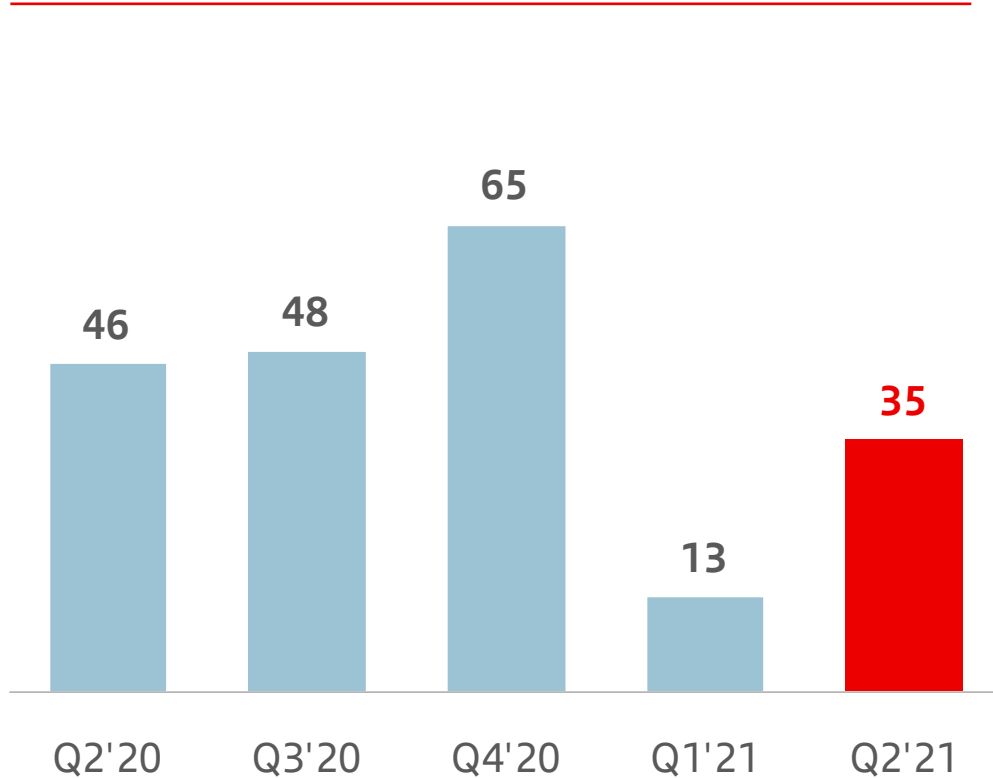


	H1'21	H1'20	YoY (%)	QoQ (%)
Total income	563	439	28.5	25.8
Operating Expenses	(349)	(237)	47.6	15.3
<b>Net operating income</b>	<b>214</b>	<b>202</b>	<b>6.0</b>	<b>45.2</b>
Efficiency ratio	62.0%	54.0%	806 bps	



# LLPs fell 47% YoY due to covid-19 related provisions recorded in 2020. Cost of credit improvement QoQ and YoY

## Net LLPs (Constant EUR mn)<sup>1</sup>



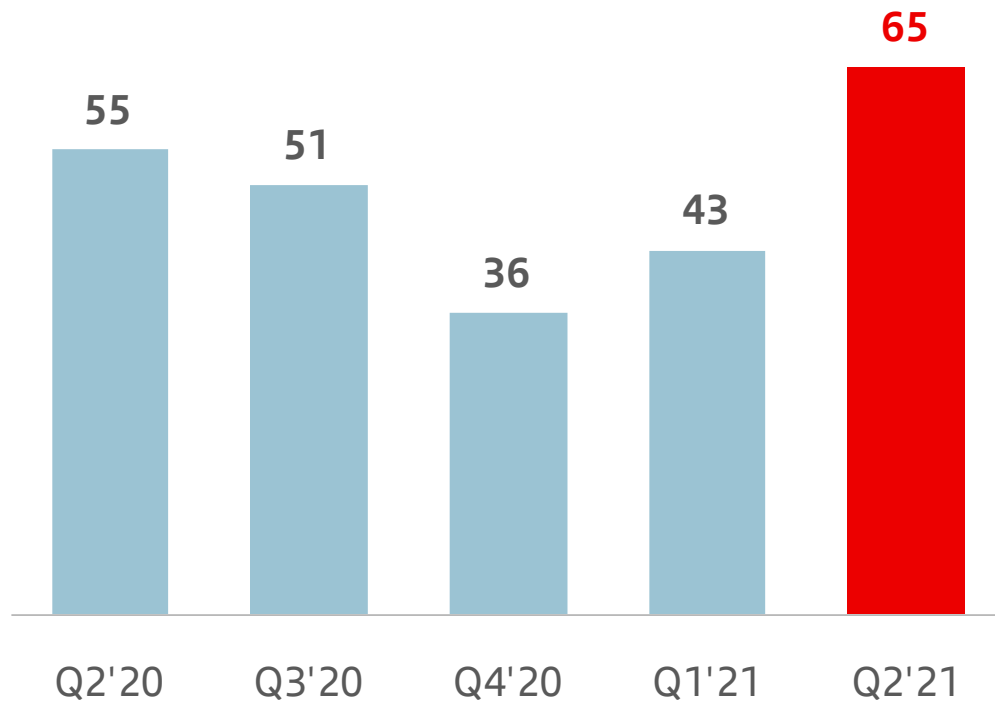
	H1'21	H1'20	YoY (%)	QoQ (%)
Net operating income	214	202	6.0	45.2
Loan-loss provisions	(48)	(92)	-47.4	166.2
<b>Net operating income after provisions</b>	<b>165</b>	<b>110</b>	<b>50.9</b>	<b>23.6</b>

NPL ratio	3.34%	3.15%	19 bps	102 bps
Cost of credit <sup>2</sup>	3.94%	5.67%	-173 bps	-60 bps
Coverage ratio	168%	166%	2.0 pp	-64.7 pp



# H1'21 underlying profit rose 42% YoY boosted by higher revenue and lower LLPs. Profit increased 50% QoQ on the back of higher customer revenue

## Underlying Attributable Profit (Constant EUR mn)<sup>1</sup>



	H1'21	H1'20	YoY (%)	QoQ (%)
PBT	100	88	14.3	41.5
Tax on profit	8	(11)	-	-
<b>Consolidated profit</b>	<b>108</b>	<b>77</b>	<b>41.5</b>	<b>50.2</b>
Minority interests	(1)	(1)	35.8	60.9
<b>Underlying attributable profit</b>	<b>108</b>	<b>76</b>	<b>41.5</b>	<b>50.1</b>

Effective tax rate	-8.2%	12.6%	-20.8 pp
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## Concluding remarks

### Financial System

- ▶ Transactional and well capitalized financial system
- ▶ High liquidity levels in both pesos and USD. Excess liquidity placed in Central Bank notes and repos
- ▶ YoY volumes growth mainly driven by local currency loans and deposits

### Strategy & Business

- ▶ Santander's strategy will continue to focus on 5 pillars: customer experience, operational excellence, profitable growth, new businesses and culture & talent
- ▶ Building Santander platform and enhancing our network model
- ▶ Volume growth boosted by local currency portfolio

### Results

- ▶ Net interest income rose 25% YoY driven by volumes, offsetting the pressure on spreads and funding mix
- ▶ Costs increased 48% YoY impacted by higher inflation and the salary agreement
- ▶ LLPs fell 47% YoY due to covid-19 related provisions recorded in 2020. Cost of credit improvement QoQ and YoY
- ▶ H1'21 underlying attributable profit reached EUR 108 mn, +42% YoY boosted by higher revenue and lower LLPs

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# Balance sheet

Constant EUR million <sup>1</sup>	Variation			
	Jun-21	Jun-20	Amount	%
Loans and advances to customers	4,457	3,297	1,160	35.2
Cash, central banks and credit institutions	3,207	2,086	1,121	53.8
Debt instruments	2,188	1,857	330	17.8
Other financial assets	77	48	29	61.7
Other asset accounts	835	587	249	42.4
<b>Total assets</b>	<b>10,765</b>	<b>7,875</b>	<b>2,890</b>	<b>36.7</b>
Customer deposits	7,787	5,681	2,106	37.1
Central banks and credit institutions	824	728	96	13.1
Marketable debt securities	63	53	10	19.5
Other financial liabilities	675	455	220	48.4
Other liabilities accounts	313	255	59	23.0
<b>Total liabilities</b>	<b>9,663</b>	<b>7,173</b>	<b>2,490</b>	<b>34.7</b>
<b>Total equity</b>	<b>1,102</b>	<b>703</b>	<b>400</b>	<b>56.9</b>
<b>Other managed customer funds</b>	<b>2,109</b>	<b>1,072</b>	<b>1,037</b>	<b>96.7</b>
Mutual funds	2,109	1,072	1,037	96.7
Pension funds	—	—	—	—
Managed portfolios	—	—	—	—



# Income statement

Constant EUR million <sup>1</sup>	H1'21	H1'20	Variation	
			Amount	%
Net interest income	440	351	89	25.3
Net fee income	161	92	69	75.1
Gains (losses) on financial transactions	66	23	43	186.1
Other operating income	(103)	(27)	(76)	276.7
<b>Total income</b>	<b>563</b>	<b>439</b>	<b>125</b>	<b>28.5</b>
Operating expenses	(349)	(237)	(113)	47.6
<b>Net operating income</b>	<b>214</b>	<b>202</b>	<b>12</b>	<b>6.0</b>
Net loan-loss provisions	(48)	(92)	44	(47.4)
Other gains (losses) and provisions	(65)	(22)	(43)	196.5
<b>Underlying profit before tax</b>	<b>100</b>	<b>88</b>	<b>13</b>	<b>14.3</b>
Tax on profit	8	(11)	19	—
<b>Underlying profit from continuing operations</b>	<b>108</b>	<b>77</b>	<b>32</b>	<b>41.5</b>
Net profit from discontinued operations	—	—	—	—
<b>Underlying consolidated profit</b>	<b>108</b>	<b>77</b>	<b>32</b>	<b>41.5</b>
Non-controlling interests	(1)	(1)	(0)	35.8
<b>Underlying attributable profit to the parent</b>	<b>108</b>	<b>76</b>	<b>32</b>	<b>41.5</b>



## Quarterly income statement

Constant EUR million<sup>1</sup>

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Net interest income	150	201	217	261	194	245
Net fee income	47	45	67	89	70	91
Gains (losses) on financial transactions	14	9	17	16	30	35
Other operating income	(14)	(14)	(29)	(52)	(45)	(58)
<b>Total income</b>	<b>197</b>	<b>241</b>	<b>272</b>	<b>314</b>	<b>249</b>	<b>314</b>
Operating expenses	(115)	(121)	(151)	(187)	(162)	(187)
<b>Net operating income</b>	<b>82</b>	<b>120</b>	<b>122</b>	<b>127</b>	<b>87</b>	<b>127</b>
Net loan-loss provisions	(46)	(46)	(48)	(65)	(13)	(35)
Other gains (losses) and provisions	(8)	(14)	(16)	(26)	(33)	(33)
<b>Underlying profit before tax</b>	<b>27</b>	<b>61</b>	<b>58</b>	<b>36</b>	<b>41</b>	<b>59</b>
Tax on profit	(6)	(5)	(7)	0	2	6
<b>Underlying profit from continuing operations</b>	<b>21</b>	<b>55</b>	<b>51</b>	<b>36</b>	<b>43</b>	<b>65</b>
Net profit from discontinued operations	—	—	—	—	—	—
<b>Underlying consolidated profit</b>	<b>21</b>	<b>55</b>	<b>51</b>	<b>36</b>	<b>43</b>	<b>65</b>
Non-controlling interests	(0)	(0)	(0)	(0)	(0)	(0)
<b>Underlying attributable profit to the parent</b>	<b>21</b>	<b>55</b>	<b>51</b>	<b>36</b>	<b>43</b>	<b>65</b>



# 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

