



Portugal



9M'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 (the “SEC”) on 26 February 2021, as updated by the Form 6-K filed with the SEC on 14 April 2021 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”) Q3 2021 Financial Report, published as Inside Information on 27 October 2021. These documents are available on Santander’s website (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.

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Important Information

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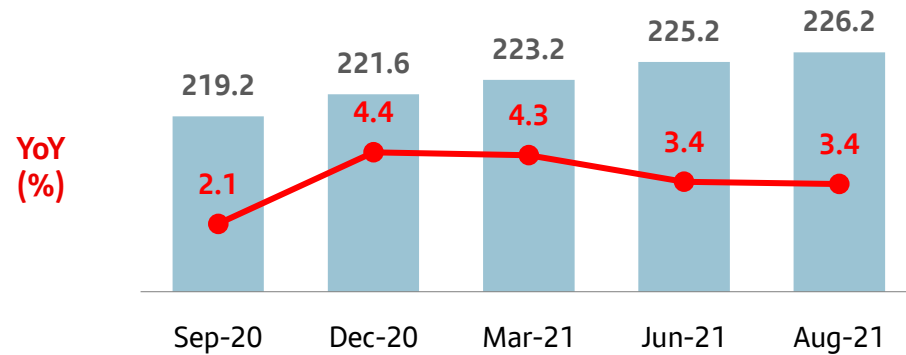
Appendix





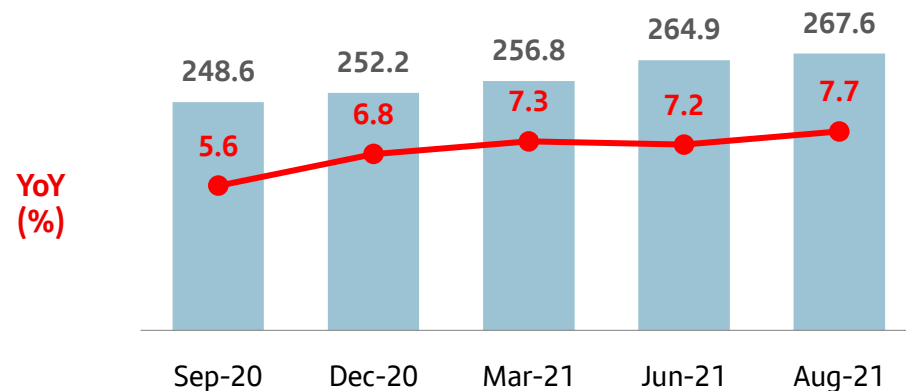
Credit dynamics underpinned by strong new originations, especially for mortgages. Deposits reflect the historically high household savings rate.

Total loans (EUR bn)



- ▶ Loans grew on a yearly basis due to the policy measures implemented, credit lines with state guarantees for the corporate sector and moratoria on loans to households and corporates (which ended in September 2021)
- ▶ In 2021, mortgage production recorded its highest level since 2008

Total deposits (EUR bn)



- ▶ The pandemic resulted in a significant increase in the savings rate to 11.5% of disposable income in Q2'21, the highest since the 2000s
- ▶ As a result, deposits continued to grow due to precautionary savings and despite diversification into off-balance resources

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Santander Portugal is the country's largest privately-owned bank by loans

KEY DATA*	Q3'21	YoY Var.
 Customer loans ¹	EUR 40.2 bn	+4.0%
 Customer funds ²	EUR 46.0 bn	+6.5%
 Underlying att. profit	EUR 339 mn	+39.3%
 Underlying RoTE	11.2%	+2.7 pp
 Efficiency ratio	41.2%	-389 bps
 Loans market share ³	17.9%	-2 bps
 Deposits market share ³	14.5%	-82 bps
 Loyal customers	845 k	+5.5%
 Digital customers	980 k	+8.6%
 Branches	397	-20.4%
 Employees	5,716	-11.1%



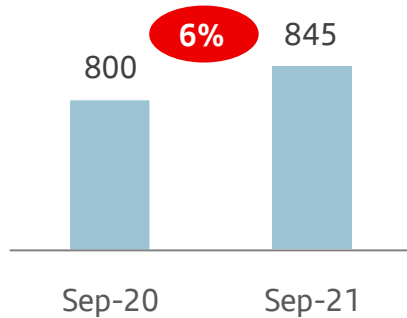
STRATEGIC PRIORITIES

- ▶ Deepen the digital and commercial transformation of the Bank to make it simpler, more agile and closer to customers
- ▶ Maintain an appropriate risk policy, with enhanced follow-up procedures, to keep the cost of credit under control
- ▶ Remain focused on gaining profitable market share, improving our position as leading private sector bank and leveraging our position in the corporate sector, especially in SMEs
- ▶ Improve efficiency, leveraging digital capabilities to better serve customers
- ▶ Keep a solid capital and liquidity position, as the current environment remains challenging



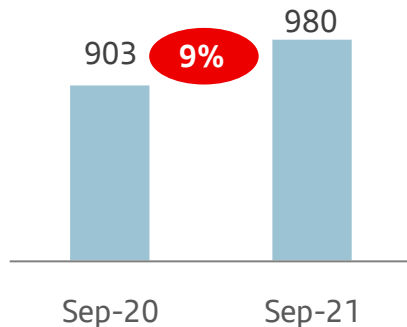
Improving customer loyalty underpinned by the ongoing digital transformation

Loyal customers (k)



Loyal / Active: 50% (+3 pp YoY)

Digital customers (k)



Digital sales / total¹: 58% (+19 pp YoY)

- ▶ The commercial and digital transformation process aimed at providing first class service to customers continues to support loyalty growth (+6% YoY), both in:
 - ▶ Loyal individuals (+4% YoY)
 - ▶ and in the corporate segment (+21% YoY)

- ▶ The Bank continued to expand its product and service offering, as well as additional self-service capabilities through digital channels, leveraging the change in customer behaviour which accelerated during the pandemic:
 - ▶ Sustained growth in digital customers, to 980 k (+9% YoY) by the end of Q3'21
 - ▶ Digital sales represent 58% of total sales, an increase of 19 pp YoY

- ▶ Mobile customers up 22% YoY

Retail and digital services



Awards – 2021

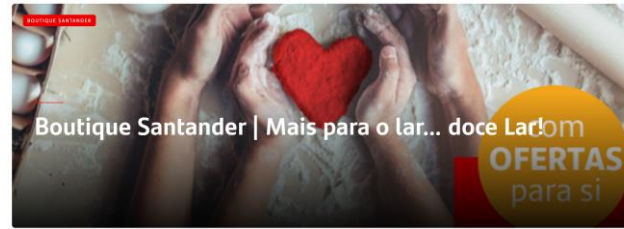


Best Bank for Financial Inclusion



Safest Bank in Portugal, by Global Finance

Individuals



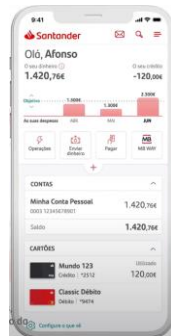
Santander Boutique continued to expand its offer of products. Customer can apply immediately for a loan, with flexibility in terms of its payment plan

Corporates



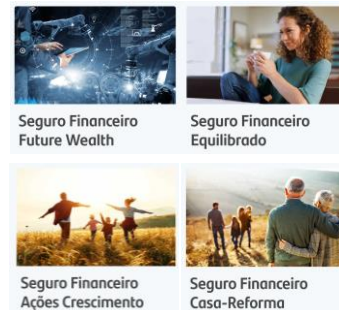
“Together we promote the Recovery”
Santander is working closely with its corporate customers to provide them with the best financial solutions to boost their investments eligible for the European financing under the Programmes “Portugal 2020”, “PRR- Recovery and Resilience Plan” and “Portugal 2030”

Digilosofia



Santander in Portugal released a new mobile app, which offers a more personalized, simpler and secure experience. It materializes the common vision and strategy of 4 European countries where Santander operates

Insurance



Wide-range offer of open financial insurance products, which combine savings and protection products.

Responsible banking



Santander Universities in Portugal since 2013:

- More than 12,500 scholarships
- More than EUR 50 mn in investments
- Approx. 50 agreements with Portuguese Universities



Further embedding ESG to build a more responsible bank



Environmental: supporting the green transition

Helping customers go green

Biodegradable & CarbonNeutral®

credit & debit cards, also for corporates

Participated in EDP's **issuance of EUR 750 mn green hybrid debt** and acted as joint bookrunner in the **EUR 300 mn green bond** for REN

708 photovoltaic panels placed at the Porto University

Environmental footprint

-45% carbon emissions in 2020.

Goal of **75%** reduction in prints

Carbon Neutral

in our own operations

100% of electricity

from renewable sources



Social: building a more inclusive society

Talented & diverse team

24% women in leadership positions

c. 2% employees with disabilities

Financially empowering people

>318 k people¹ since 2019

Supporting society

>84 k people helped in H1'21

>1.1k scholarships in H1'21

Support line for social sector

Santander Golden for clients >65 who have been with the Bank for over 50 years

150 blood collections

95% local suppliers & **300** suppliers certified last year



Governance: doing business the right way

A strong culture

Simple, Personal, Fair

Family-Responsible Company – certificate of excellence efrA.

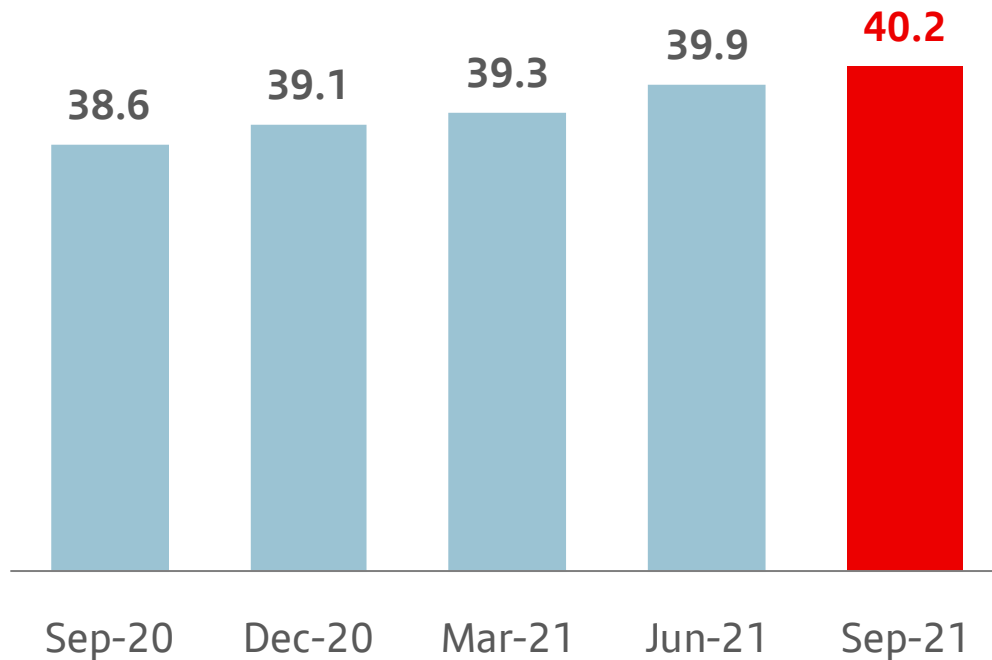
An independent, diverse Board

43% women on the Board



Sustained loan growth, especially in mortgages, SMEs and CIB, underpinned by strong new lending volumes

Total customer loans¹ (EUR bn)

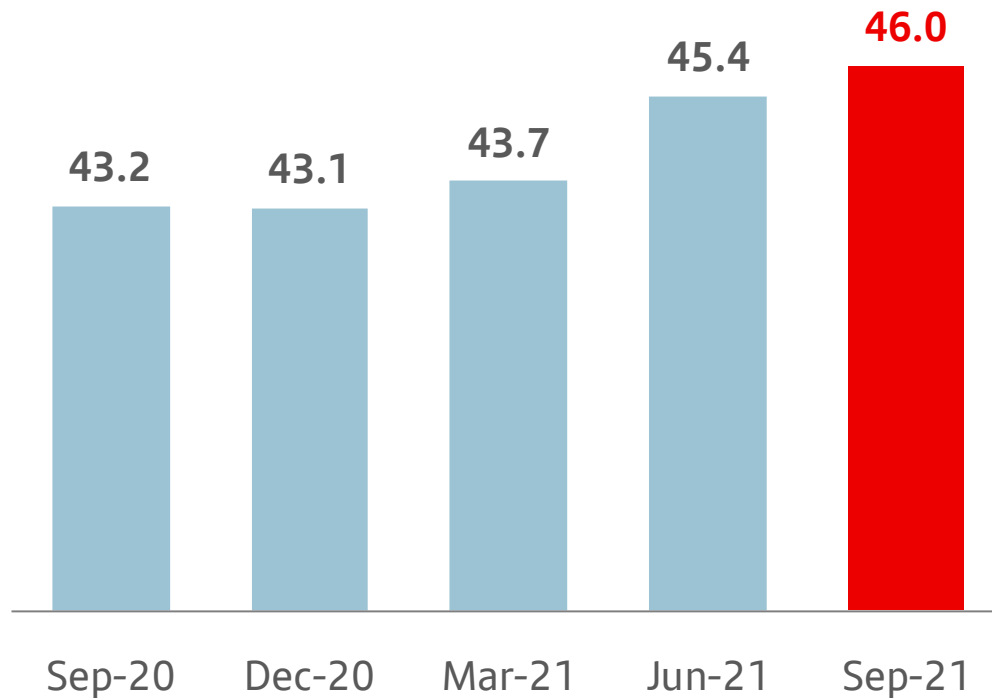


	Sep-21	Sep-20	YoY (%)	QoQ (%)
Individuals ²	24.0	22.7	5.5	1.6
o/w Mortgages	21.4	20.1	6.3	1.8
SMEs	6.2	6.0	3.4	0.3
Corporates & Institutions	3.6	3.8	-5.9	-1.6
CIB	2.9	2.7	8.9	3.9
Other	3.5	3.4	3.0	-2.7
Total customer loans	40.2	38.6	4.0	0.9
Commercial Paper (CP)	3.6	4.0	-10.3	-5.8
Customer loans + CP	43.8	42.7	2.7	0.3



Customer funds increased 7% YoY, with significant diversification into demand deposits and mutual funds

Total customer funds (EUR bn)



	Sep-21	Sep-20	YoY (%)	QoQ (%)
Demand	23.7	21.6	9.6	2.1
Time ¹	18.1	18.5	-2.3	-0.7
Total deposits	41.8	40.2	4.1	0.9
Mutual Funds	4.2	3.0	39.7	5.7
Total customer funds	46.0	43.2	6.5	1.3

of which:

Financial Insurance	3.9	3.9	0.8	1.3
Deposits ex-Fin. Insurance	37.9	36.3	4.4	0.8

Additionally, the Bank also includes Securities placed (EUR 2.7 bn, -19.0% YoY) and other managed funds² (EUR 6.0 bn, +26.1% YoY) in its management of customer funds.

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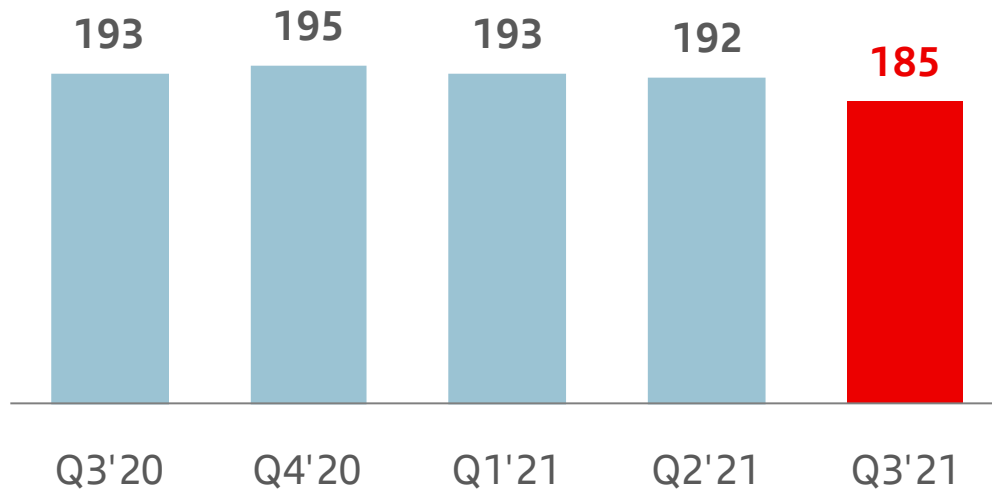
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NII continued to be impacted by the spread compression on loans and negative Euribor rates

Net interest income (EUR mn)



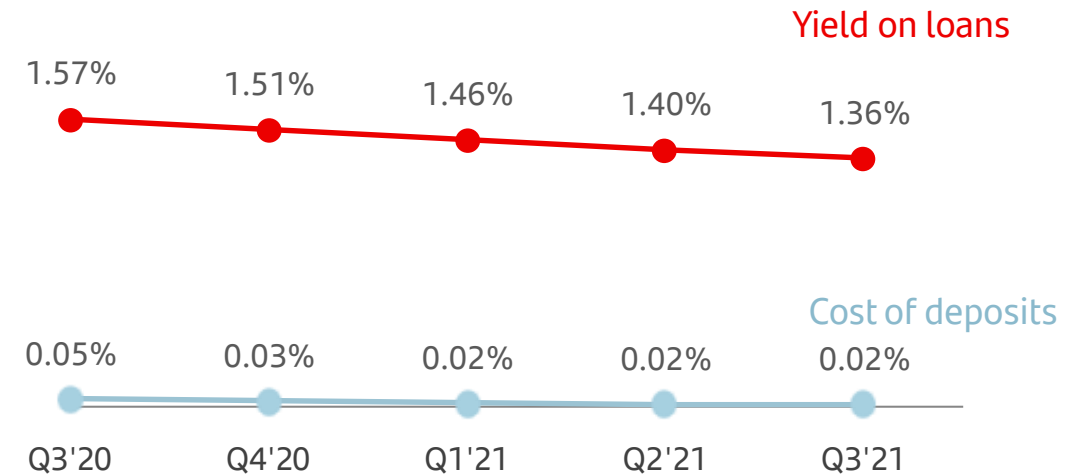
NIM¹

1.29%	1.33%	1.33%	1.31%	1.24%
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Central Bank interest rate

0.00%	0.00%	0.00%	0.00%	0.00%
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Yields and costs (%)



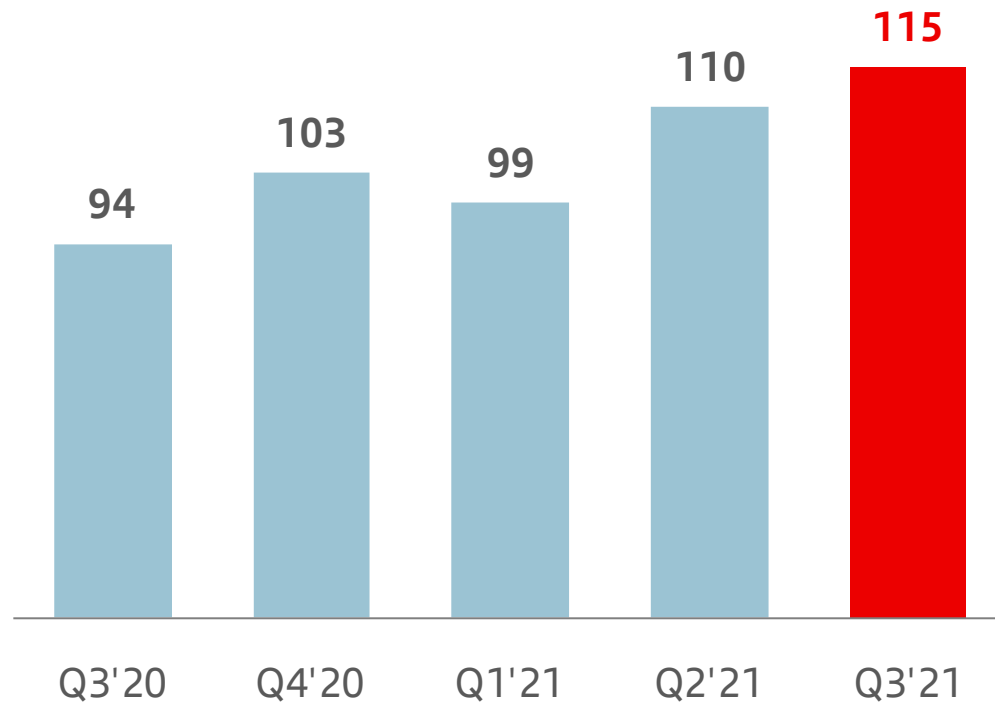
Differential

152 bps	148 bps	143 bps	138 bps	134 bps
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Net fee income increased 14% YoY, supported by the economic recovery and higher customer transactionality

Net fee income (EUR mn)

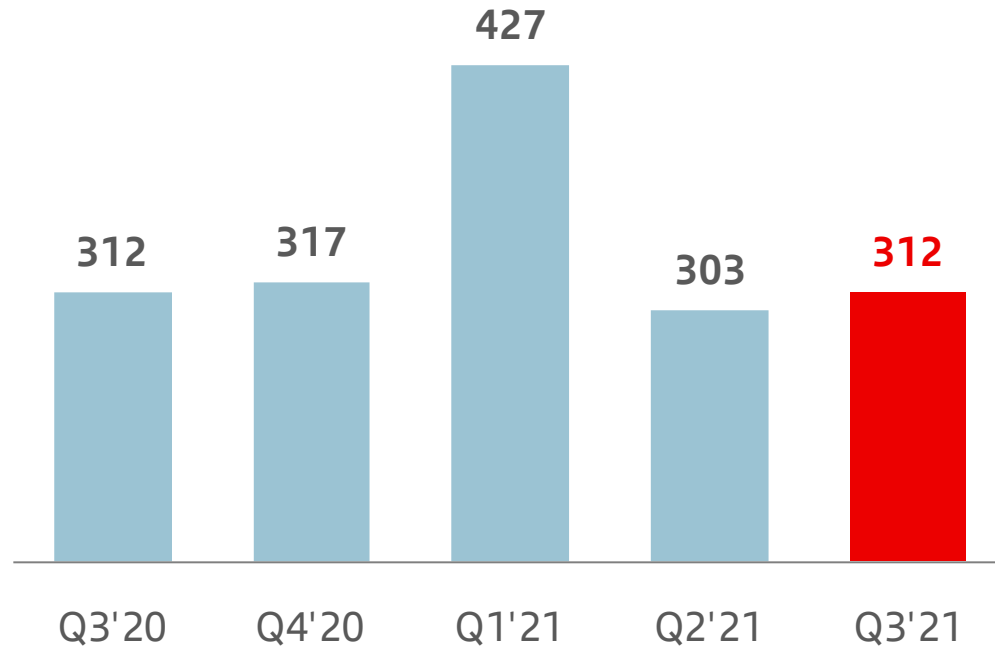


	9M'21	9M'20	YoY (%)	QoQ (%)
Transactional fees	194	179	8.0	-3.8
Payment methods	74	67	10.6	-7.8
Account admin. and maintenance	58	50	16.9	-0.4
Exchange and commercial bills	34	33	2.5	-7.4
Other transactional	27	29	-7.1	6.3
Investment and pension funds	32	26	23.7	3.3
Insurance	84	76	11.0	3.0
Securities and custody services	5	6	-11.3	22.9
Other	10	(1)	-	-
Total net fee income	325	285	13.9	4.3



Total income increased 6% YoY, with customer revenue supported by net fee income growth more than offsetting the interest rate pressure on NII

Total income (EUR mn)

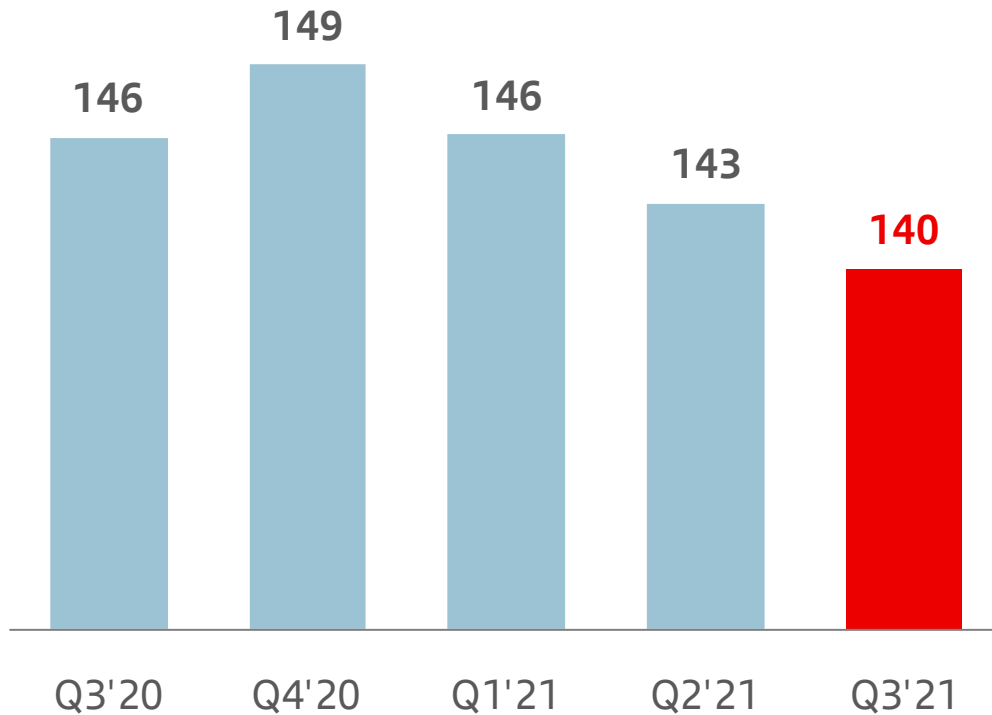


	9M'21	9M'20	YoY (%)	QoQ (%)
Net interest income	569	592	-3.9	-3.5
Net fee income	325	285	13.9	4.3
Customer revenue	894	877	1.9	-0.6
Other ¹	148	102	44.5	-
Total income	1,042	979	6.3	3.0



Lower operating expenses, aligned with the structure optimization driven by the digital and commercial transformation process

Operating expenses (EUR mn)



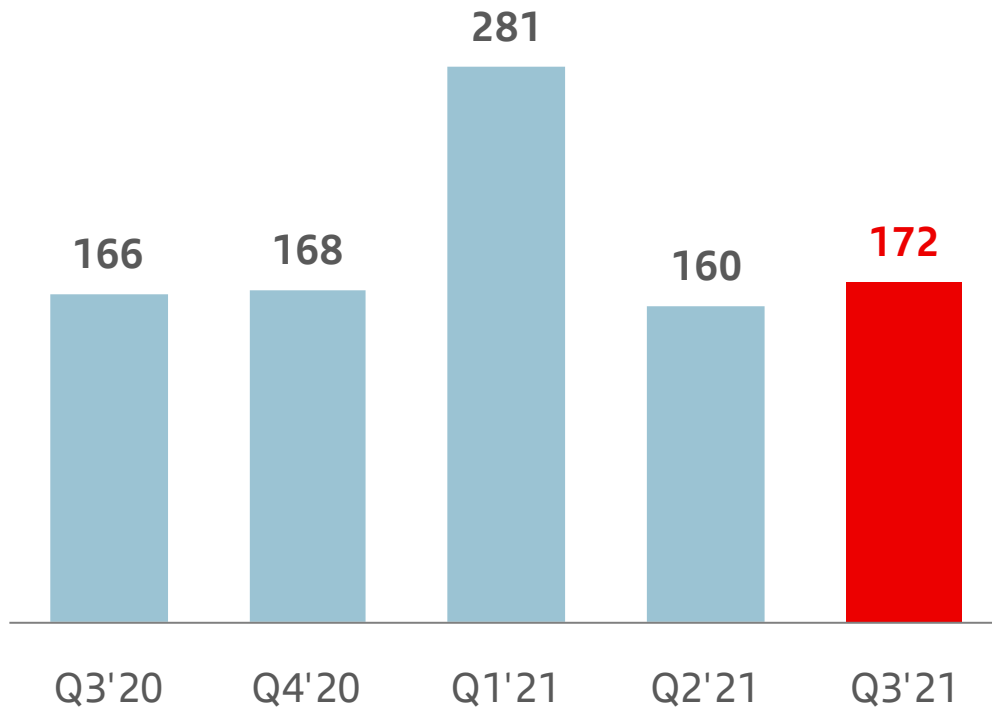
	9M'21	9M'20	YoY (%)	QoQ (%)
Operating Expenses	429	442	-2.8	-2.0

Branches (#)	397	499	-20.4	-5.0
Employees (#)	5,716	6,431	-11.1	-5.5



Cost reduction plans are translated into efficiency improvements (4 pp) delivering strong operating income growth

Net operating income (EUR mn)

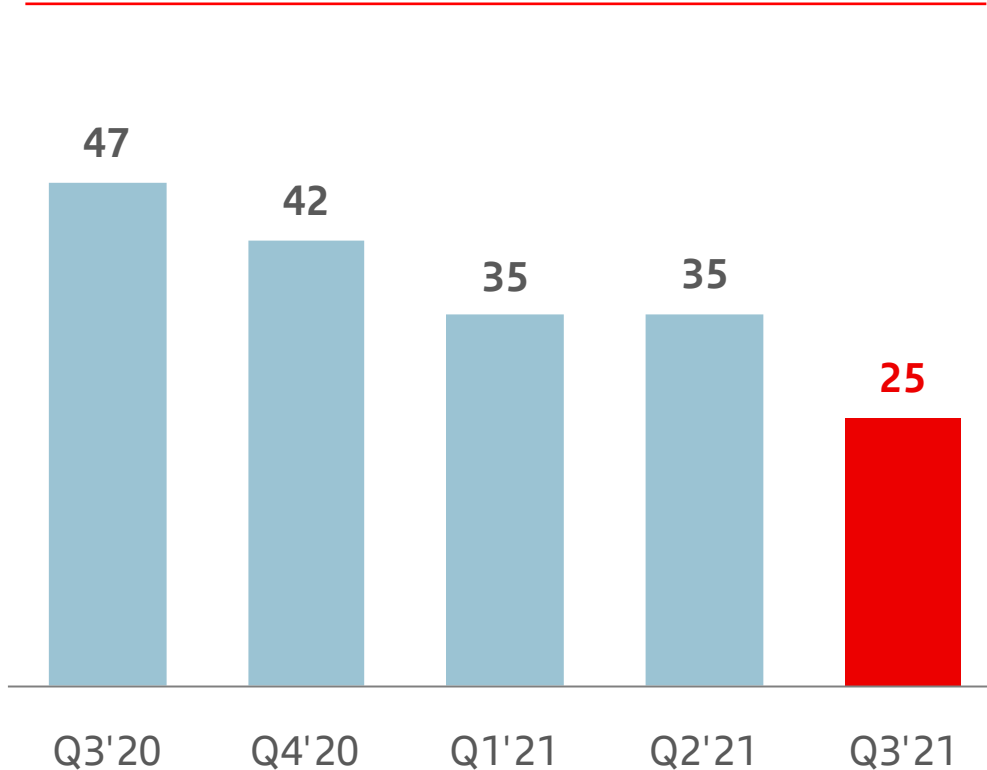


	9M'21	9M'20	YoY (%)	QoQ (%)
Total income	1,042	979	6.3	3.0
Operating Expenses	(429)	(442)	-2.8	-2.0
Net operating income	613	538	13.9	7.5
Efficiency ratio	41.2%	45.1%	-389 bps	



LLPs fell by 28% QoQ, with improving asset quality. The NPL ratio and the cost of credit continued to decline

Net LLPs (EUR mn)



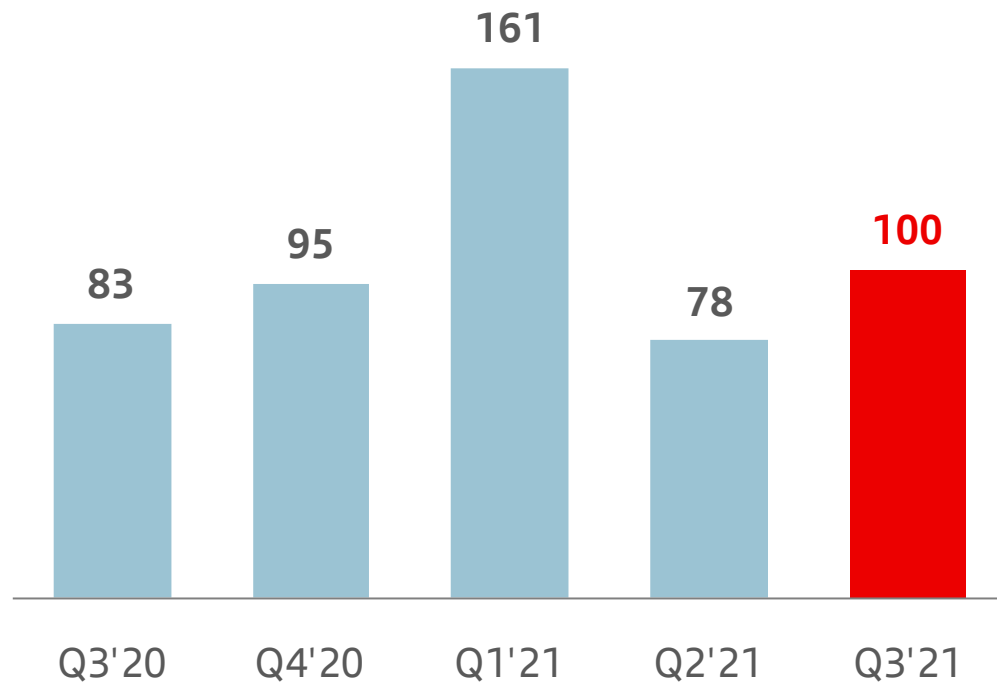
	9M'21	9M'20	YoY (%)	QoQ (%)
Net operating income	613	538	13.9	7.5
Loan-loss provisions	(95)	(152)	-37.6	-27.8
Net operating income after provisions	518	386	34.1	17.3

NPL ratio	3.44%	4.25%	-81 bps	-27 bps
Cost of credit ¹	0.35%	0.42%	-7 bps	-6 bps
Coverage ratio	76%	64%	11.3 pp	2.6 pp



Underlying attributable profit increased 39% YoY. QoQ improvement due to higher net fee income and lower LLPs

Underlying Attributable Profit (EUR mn)



	9M'21	9M'20	YoY (%)	QoQ (%)
PBT	492	350	40.5	27.4
Tax on profit	(153)	(107)	43.0	27.2
Consolidated profit	339	243	39.4	27.5
Minority interests	(1)	(0)	78.3	32.9
Underlying attributable profit	339	243	39.3	27.5

Effective tax rate	31.0%	30.5%	0.5 pp
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Santander Portugal volumes supported by mortgages and corporates. Profitability benefitting from the transformation process

Financial System

- ▶ Economic activity consolidation in Q3'21, as the economy reopened further. Domestic demand and exports of goods are the drivers behind the recovery, while tourism begins to recover, with the improving vaccination rates (85% of Portuguese population fully vaccinated in October)
- ▶ Resilient loan growth, with new mortgage origination at its highest level since 2008
- ▶ Deposits continued to grow, aligned with the higher household savings rate (11.5% in Q2'21 – highest since the 2000s)

Strategy & Business

- ▶ Santander Portugal maintained its support to households and companies, with market shares in new lending to corporates and mortgages over 20% in Q3'21, sustaining its strong position as the largest privately-owned bank in Portugal by loans. Growth in funds, with a focus on diversification of household funds into off-balance products.
- ▶ Santander Portugal remained focused on its digital transformation process, including continuous delivery on digital channels and simplification of internal processes and commercial offering, to provide first class business to customers.
- ▶ Sound capital and liquidity bases, which puts Santander in a leading position to support its customers to develop their projects and take advantage of the economic recovery. Santander Portugal also maintained the best risk ratings by the rating agencies, aligned with or above the sovereign's

Results

- ▶ Higher customer revenue led by strong growth in net fee income, driven by improved commercial activity and transactionality, which offset the reduction in NII
- ▶ LLPs declined YoY, as the NPL ratio maintained its downward trend
- ▶ Underlying attributable profit increased 39% YoY due to improved net fee income, Q1 ALCO portfolio sales and cost control

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Balance sheet

EUR million	Sep-21	Sep-20	Variation	
			Amount	%
Loans and advances to customers	39,168	37,604	1,565	4.2
Cash, central banks and credit institutions	9,177	6,803	2,373	34.9
Debt instruments	8,752	11,673	(2,921)	(25.0)
Other financial assets	1,566	1,491	75	5.1
Other asset accounts	1,329	1,732	(403)	(23.3)
Total assets	59,992	59,302	690	1.2
Customer deposits	41,817	40,179	1,638	4.1
Central banks and credit institutions	9,487	9,734	(247)	(2.5)
Marketable debt securities	2,651	3,274	(623)	(19.0)
Other financial liabilities	218	265	(47)	(17.8)
Other liabilities accounts	1,671	1,820	(149)	(8.2)
Total liabilities	55,844	55,272	573	1.0
Total equity	4,148	4,031	117	2.9
Other managed customer funds	5,980	4,741	1,239	26.1
Mutual funds	4,165	2,982	1,184	39.7
Pension funds	1,342	1,308	35	2.6
Managed portfolios	472	451	21	4.6



Income statement

EUR million	9M'21	9M'20	Variation	
			Amount	%
Net interest income	569	592	(23)	(3.9)
Net fee income	325	285	40	13.9
Gains (losses) on financial transactions	151	106	46	43.2
Other operating income	(3)	(3)	(0)	2.2
Total income	1,042	979	62	6.3
Operating expenses	(429)	(442)	13	(2.8)
Net operating income	613	538	75	13.9
Net loan-loss provisions	(95)	(152)	57	(37.6)
Other gains (losses) and provisions	(26)	(36)	10	(28.2)
Underlying profit before tax	492	350	142	40.5
Tax on profit	(153)	(107)	(46)	43.0
Underlying profit from continuing operations	339	243	96	39.4
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	339	243	96	39.4
Non-controlling interests	(1)	(0)	(0)	78.3
Underlying attributable profit to the parent	339	243	96	39.3



Quarterly income statements

EUR million

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21
Net interest income	202	197	193	195	193	192	185
Net fee income	101	90	94	103	99	110	115
Gains (losses) on financial transactions	56	35	15	6	147	6	(2)
Other operating income	(9)	(5)	10	13	(12)	(5)	14
Total income	350	317	312	317	427	303	312
Operating expenses	(151)	(145)	(146)	(149)	(146)	(143)	(140)
Net operating income	199	172	166	168	281	160	172
Net loan-loss provisions	(80)	(24)	(47)	(42)	(35)	(35)	(25)
Other gains (losses) and provisions	(21)	(16)	1	7	(13)	(11)	(2)
Underlying profit before tax	98	132	120	133	234	114	145
Tax on profit	(30)	(41)	(37)	(38)	(72)	(35)	(45)
Underlying profit from continuing operations	68	92	83	95	161	78	100
Net profit from discontinued operations	—	—	—	—	—	—	—
Underlying consolidated profit	68	92	83	95	161	78	100
Non-controlling interests	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Underlying attributable profit to the parent	68	92	83	95	161	78	100

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

