



United Kingdom

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

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.

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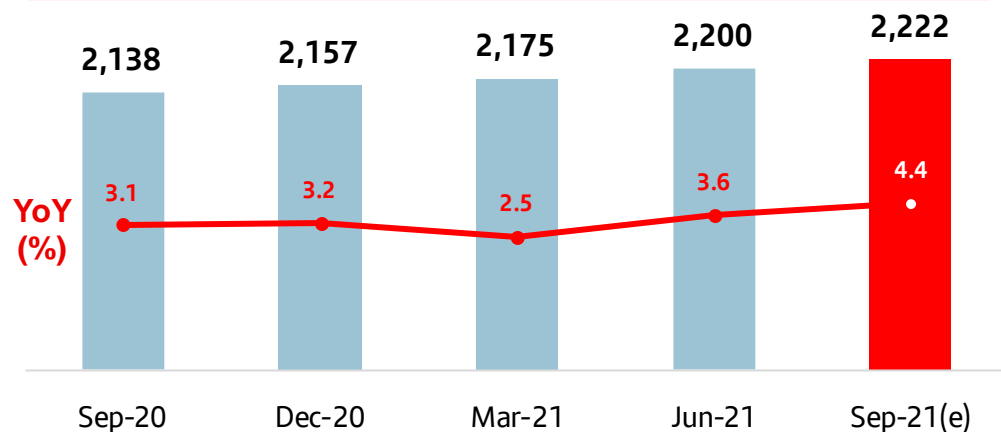
Appendix



Temporary government policy changes have boosted the mortgage market

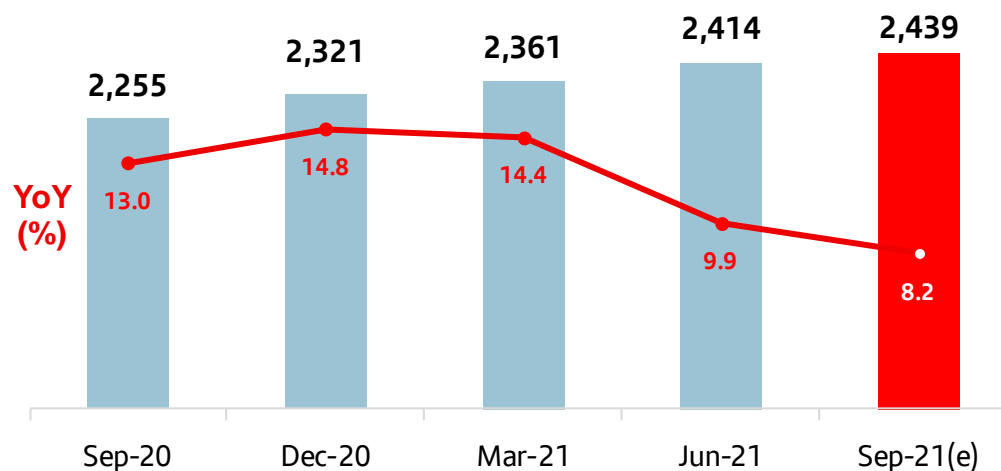


Total loans (GBP bn¹)



- ▶ Mortgage lending growth to remain elevated by recent historic standards due to low mortgage rates and loose credit conditions
- ▶ The consumer credit market is expected to see positive growth now that all restrictions on social distancing have been removed
- ▶ Corporate borrowing growth is set to slow this year as demand for bank loans reduces and companies focus on repaying debt

Total deposits (GBP bn²)



- ▶ After being elevated while restrictions remained in place, retail deposit flows are now expected to start falling back towards more typical levels
- ▶ Corporate deposit growth is set to ease on account of firms having built up adequate buffers from the substantial government support provided

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Customer focused strategy with a resilient balance sheet

	KEY DATA	9M'21	YoY Var.
	Customer loans ¹	GBP 209.2 bn	+1.5%
	Customer funds ²	GBP 200.8 bn	+2.7%
	Underlying att. profit	GBP 989 mn	+407.3%
	Underlying RoTE	11.5%	+9 pp
	Efficiency ratio	53.4%	-1,266 bps
	Loans market share ³	9.3%	-24 bps
	Deposits market share ³	7.8%	-41 bps
	Loyal customers	4.4 mn	-1.8%
	Digital customers	6.5 mn	+5.2%
	Branches	450	-20.2%
	Employees	20,008	-12.0%



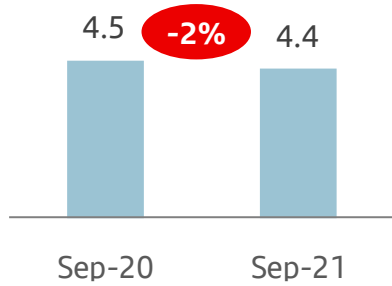
STRATEGIC PRIORITIES

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



Committed to improving customer loyalty, supported by our enhanced digital offering

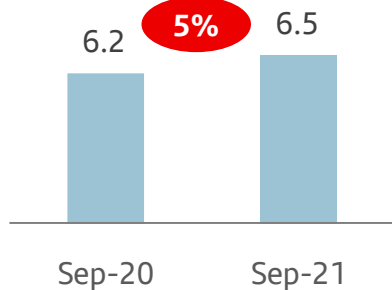
Loyal customers (mn)



Loyal / Active: 31% (flat YoY)

- ▶ We remain focused on customer loyalty, simplification, improved efficiency and sustainable growth. As anticipated, loyal customer growth was impacted by the 11213 Current Account repricing
- ▶ We provided over 368 k payment holidays and GBP 4.7 billion of government backed business loans to support customers through the covid-19 pandemic
- ▶ We achieved lending growth in 9M'21, particularly in mortgages (up GBP 5.2 billion) and customer deposits (up GBP 1.5 billion)

Digital customers (mn)



Digital sales / total¹: 85% (+4 pp YoY)

- ▶ Mobile customers: +11% YoY
- ▶ Enhanced digital capability attracted a further 322,500 digital customers, growth of 5% YoY
- ▶ 71% of our refinanced mortgages were retained online, 90% of current account openings (+8 pp YoY) and 97% of credit card openings were made through digital channels (+7 pp YoY)



Business transformation is supported by deeper customer relationships

Push Off Politely – Scam awareness campaign¹



Partnered with the Chelsea Pensioners – to grant the nation permission to say Push Off to fraudsters. Delivered online, print and broadcast coverage achieving c. 2.2 mn views. The videos were also used on screens in branches across the UK network, helping to further spread a key piece of advice to customers on avoiding scams.

Digitising for improved customer experience



1.5 k
New mobile users per day in 9M'21



c.307 mn
Total digital transactions² in 9M'21
18% YoY



Well established UK market position



largest mortgage lender³



largest commercial lender³



c. 14.2 mn
Active customers



(1) Campaign launched on 14 July 2021

(2) Total retail customer with financial transactions made online or on mobile. These transactions include internal transfers, third party payments and Paym.

(3) Santander UK analysis, as at June 2021. Commercial lending refers to loans to SME and mid corporate clients by UK retail and commercial banks and building societies.



Further embedding ESG to build a more responsible bank



Environmental: supporting the green transition

Helping customers go green¹

GBP 3.3 bn

Green Finance since 2019

1st

Top UK lender for renewables, 2020

'Net Zero with Nature' Founding Partner for UK National Parks nature restoration initiative

Going green ourselves

98%

single-use plastic removed from sites

Carbon Neutral in our own operations

Aligning to Paris targets

95%² mortgage

lending at negligible or very low flood risk

>230 large clients

engaged as part of CBES preparation



Social: building a more inclusive society

Talented & diverse team

Top Employer in the UK and Europe, Top Employers Institute³

24.3% women in leadership positions

Financially empowering people

>607 k

people since 2019

>119,000⁴

Unique downloads of number games initiative to help improve maths skills

Supporting society

>15 k people

helped in H1'21

3,480

scholarships granted in H1'21



Governance: doing business the right way

A strong culture

Simple, Personal, Fair

Remuneration policy

takes account of people and sustainability performance

Enhanced ESG governance

24 Sustainability Business Partners

embedding ESG across the bank

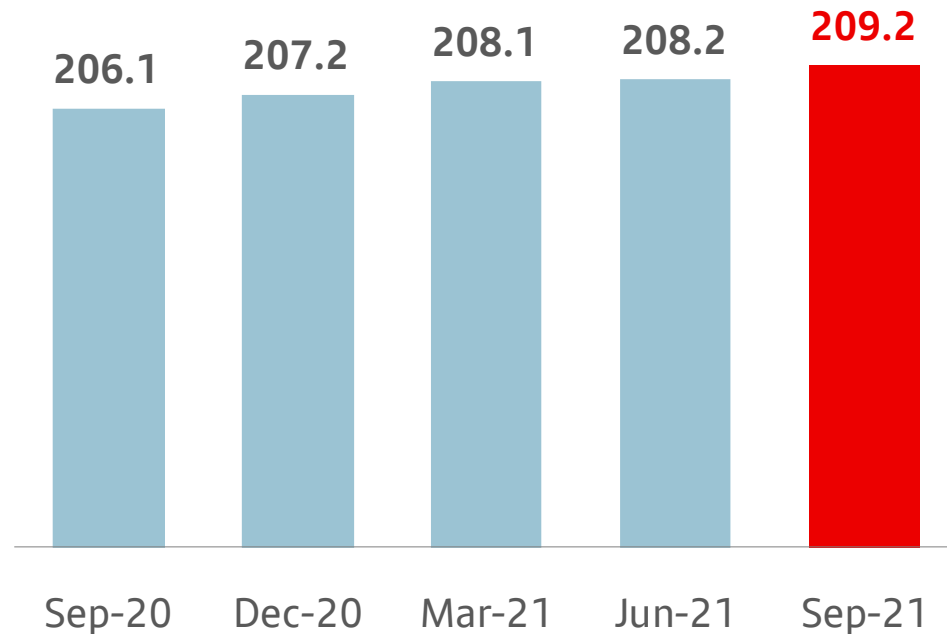
Established climate governance with

Board oversight and executive leads

Strong demand for mortgages and government-backed business loans drove volumes up 1%



Total customer loans (GBP bn)¹

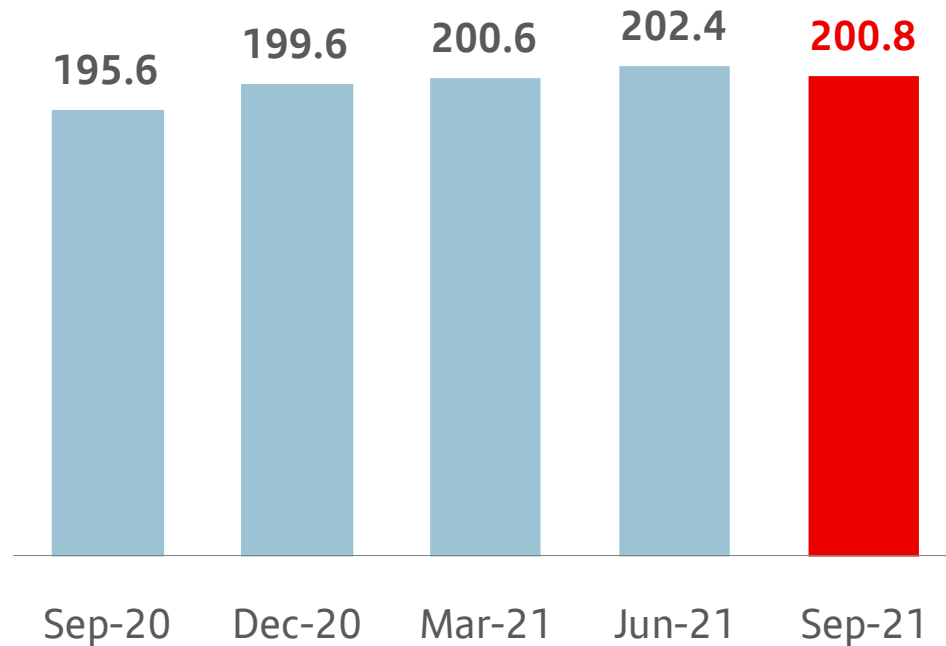


	Sep-21	Sep-20	YoY (%)	QoQ (%)
Individuals ²	180.2	173.0	4.2	1.0
o/w Mortgages ³	173.7	166.3	4.4	1.0
SMEs	3.7	3.5	5.2	-4.7
Corporates	16.7	18.2	-8.5	-2.5
CIB	3.0	5.4	-44.7	-27.2
Other	5.7	6.1	-7.1	18.6
Total customer loans	209.2	206.1	1.5	0.4



As a result of pandemic restrictions, spending contracted increasing customer funds, mainly in retail banking and corporate demand deposits

Total customer funds (GBP bn)



	Sep-21	Sep-20	YoY (%)	QoQ (%)
Demand	181.9	169.4	7.4	-0.1
Time ¹	11.6	19.5	-40.5	-10.5
Total deposits	193.4	188.9	2.4	-0.8
Mutual Funds ²	7.4	6.7	9.9	0.4
Total customer funds	200.8	195.6	2.7	-0.8

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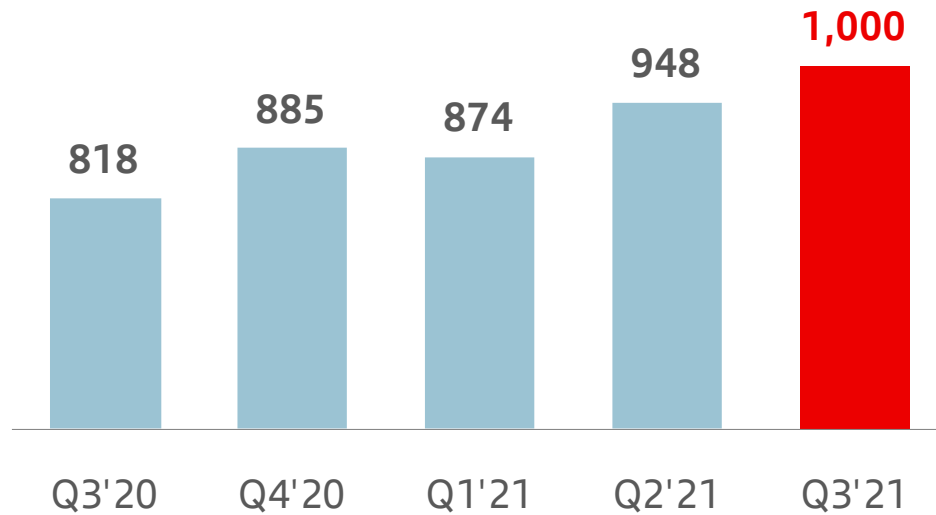
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NII continued its positive trend supported by deposit repricing actions and higher customer volumes

Net interest income (GBP mn)



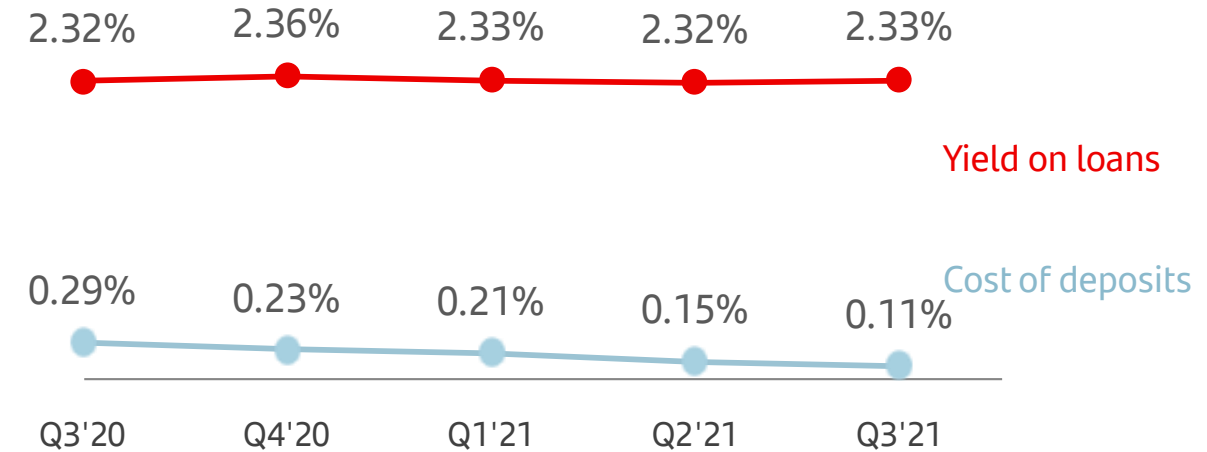
NIM¹

1.12%	1.22%	1.18%	1.31%	1.38%
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Central Bank interest rate

0.10%	0.10%	0.10%	0.10%	0.10%
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Yields and Costs (%)



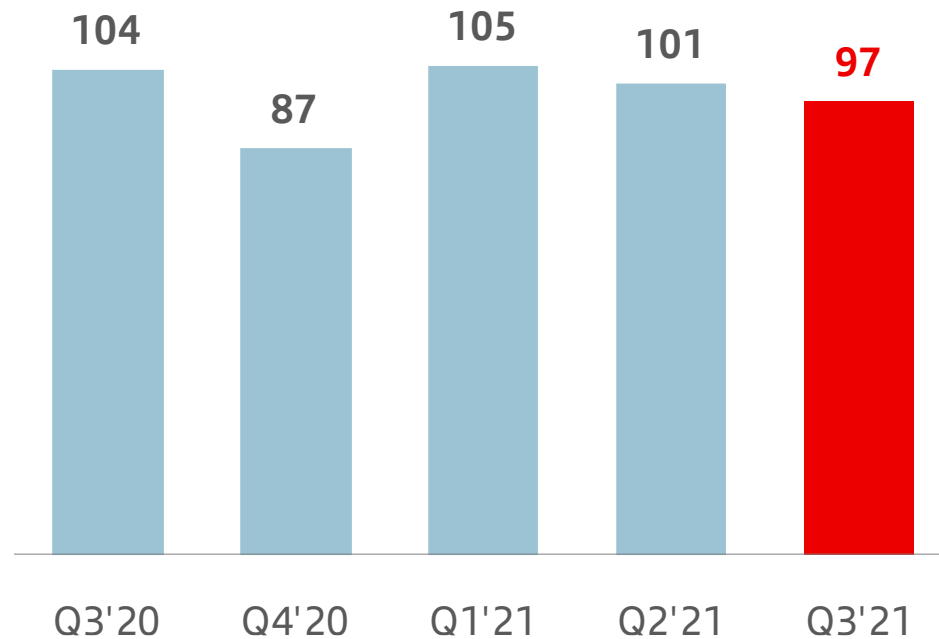
Differential

203 bps	213 bps	212 bps	217 bps	222 bps
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Reduced fee income from regulatory changes to overdrafts that took effect in April 2020



Net fee income (GBP mn)

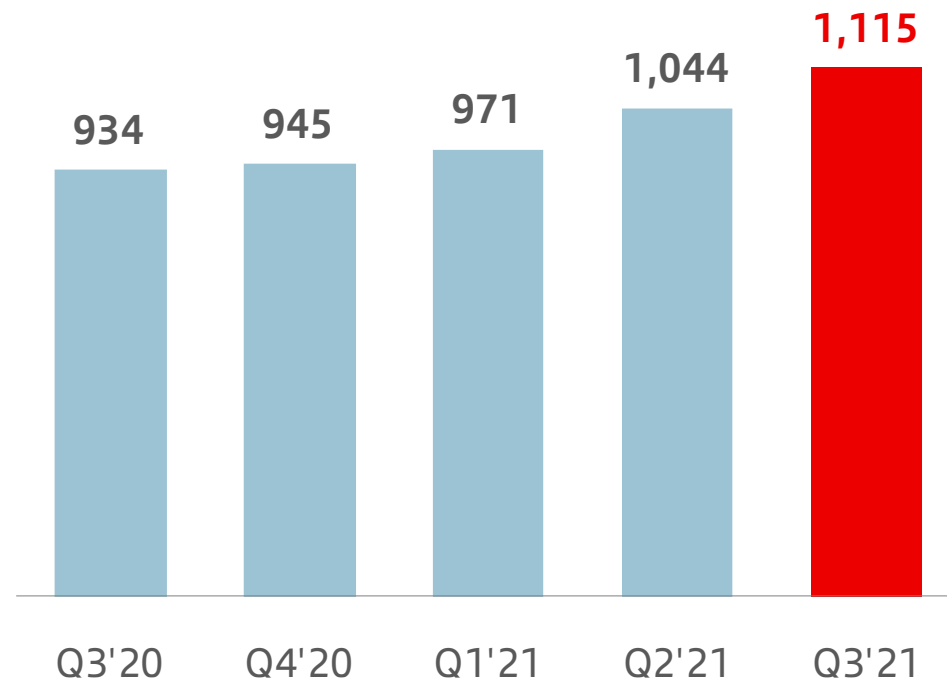


	9M'21	9M'20	YoY (%)	QoQ (%)
Transactional fees	224	281	-20.2	-23.0
of which overdraft fees	3	57	-95.0	2.0
Investment and pension funds	51	51	-0.3	8.5
Insurance	36	38	-5.2	8.4
Other	(9)	(18)	-51.5	-
Total net fee income	304	352	-13.8	-3.7

Total income grew 21% YoY driven by margin management and higher mortgage activity



Total income (GBP mn)

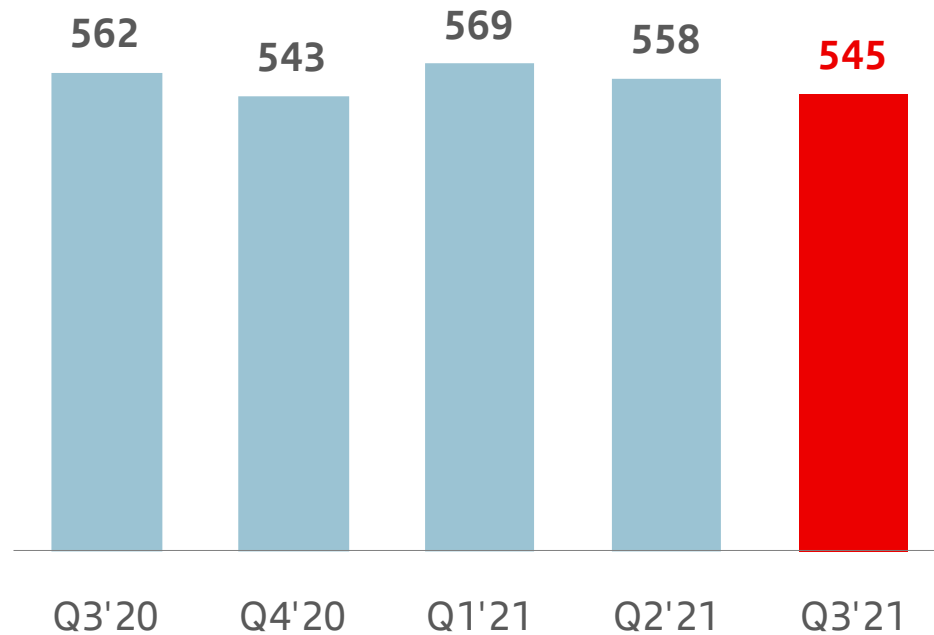


	9M'21	9M'20	YoY (%)	QoQ (%)
Net interest income	2,822	2,230	26.6	5.4
Net fee income	304	352	-13.8	-3.7
Customer revenue	3,126	2,582	21.1	4.5
Other ¹	4	11	-59.7	-
Total income	3,130	2,593	20.7	6.8



Our transformation strategy is paying-off, delivering a sustainable decrease in cost base, partially offset by IT investments

Operating expenses (GBP mn)



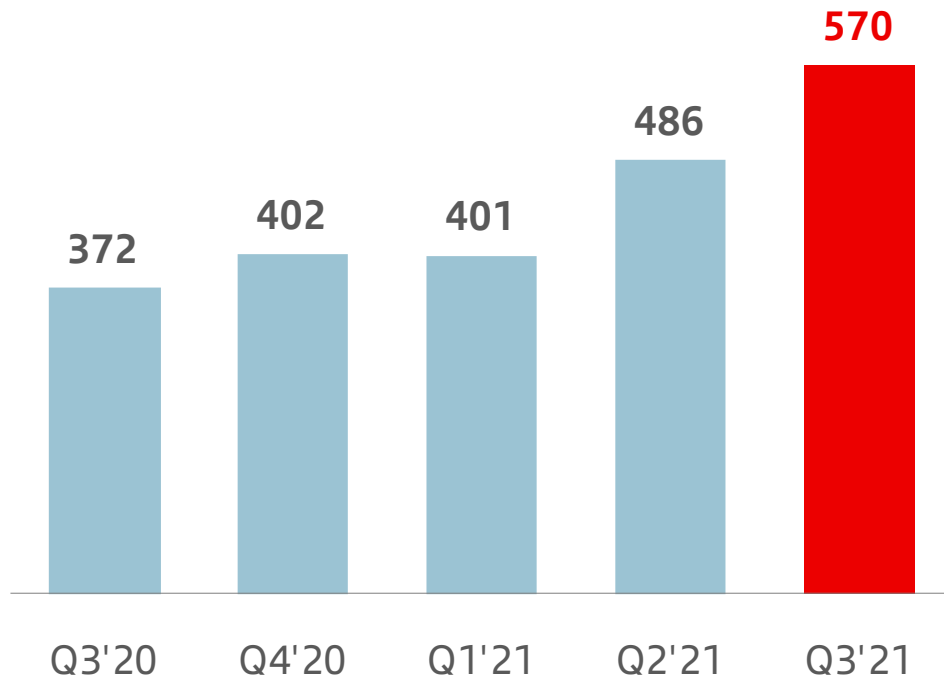
	9M'21	9M'20	YoY (%)	QoQ (%)
Operating Expenses	1,673	1,714	-2.4	-2.3

Branches (#)	450	564	-20.2	-18.6
Employees (#)	20,008	22,741	-12.0	-4.1



Our focus in widening jaws is reflected in strong net operating income increase, with a significant efficiency ratio improvement

Net Operating Income (GBP mn)

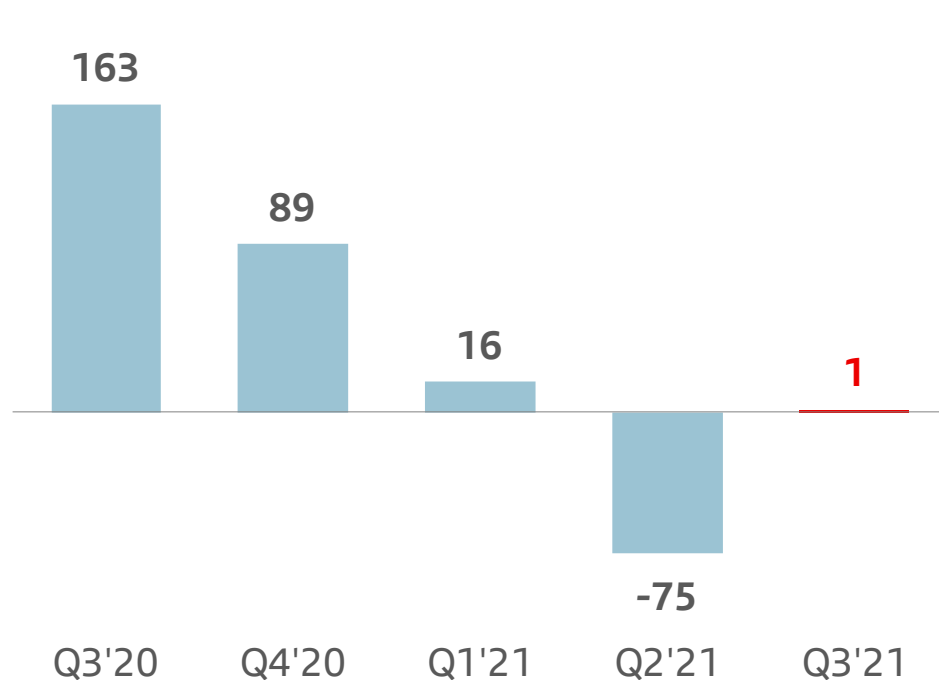


	9M'21	9M'20	YoY (%)	QoQ (%)
Total income	3,130	2,593	20.7	6.8
Operating Expenses	(1,673)	(1,714)	-2.4	-2.3
Net operating income	1,457	879	65.8	17.3
Efficiency ratio	53.4%	66.1%	-1,266 bps	



Our extremely cautious policy during 2020 led us to release LLPs in 2021 driving results

Net LLPs (GBP mn)



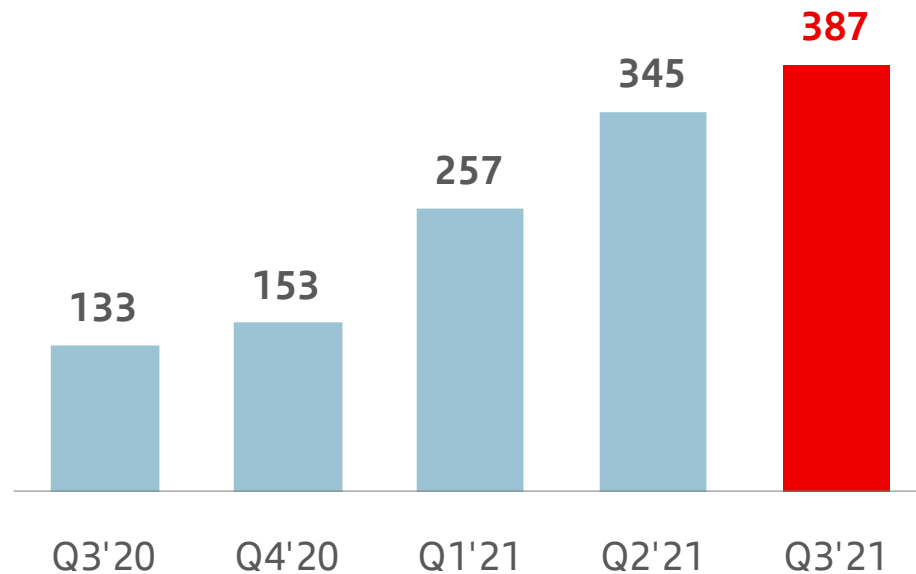
	9M'21	9M'20	YoY (%)	QoQ (%)
Net operating income	1,457	879	65.8	17.3
Loan-loss provisions	58	(513)	-	-
Net operating income after provisions	1,515	366	313.6	1.3

NPL ratio	1.27%	1.33%	-6 bps	-3 bps
Cost of credit ¹	0.01%	0.26%	-25 bps	-7 bps
Coverage ratio	37%	42%	-5.1 pp	-0.8 pp



Strong operating performance and LLP releases drove our underlying profit to increase five-fold

Underlying Attributable Profit (GBP mn)



	9M'21	9M'20	YoY (%)	QoQ (%)
PBT	1,401	273	413.9	5.6
Tax on profit	(412)	(78)	430.6	-8.3
Consolidated profit	989	195	407.3	12.2
Minority interests	0	(0)	-	-
Underlying attributable profit	989	195	407.3	12.2

Effective tax rate	29.4%	28.5%	0.9 pp
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Delivered another strong financial performance in Q3 while continuing to support our customers, colleagues and communities



Financial System

- ▶ The UK economic environment has faced a range of challenges over the last 18 months from Brexit, the weakening global environment and most significantly the covid-19 crisis which resulted in a sharp fall in growth in Q2'20
- ▶ The outlook for 2021 has been more positive following the success of the vaccination programme in alleviating the health crisis and allowing social restrictions to be lifted and economic activity to resume

Strategy & Business

- ▶ Supported by strong mortgage lending dynamics, NII continued its good growth trend
- ▶ In volumes terms, continued growth in lending +1% driven by mortgages (+4% YoY) and SMEs (+5%). Deposit volumes up 2%, mainly driven by Retail Banking growth
- ▶ Focus on digital has increased during the covid-19 crisis, with digital customers increasing 5%, and mobile customers up 11%. 71% of our refinanced mortgages were retained online, 90% of current account openings (+8 pp YoY) and 97% of credit card openings were made through digital channels (+7 pp YoY)

Results

- ▶ Strong revenue improvement driven by margin management and mortgage volume growth
- ▶ Costs continued their downward trend reflecting progress in our transformation programme, resulting in strong efficiency improvement (-12.7 pp)
- ▶ Slight LLP charge in the quarter, which added to releases in Q2 drove cost of credit below 10 bps
- ▶ For the first 9 months, net profit soared, increasing five-fold compared to the same period of 2020

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Balance sheet



GBP million	Sep-21	Sep-20	Variation	
			Amount	%
Loans and advances to customers	224,702	225,555	(853)	(0.4)
Cash, central banks and credit institutions	51,762	42,305	9,457	22.4
Debt instruments	6,893	12,624	(5,731)	(45.4)
Other financial assets	464	1,609	(1,145)	(71.1)
Other asset accounts	5,289	8,295	(3,006)	(36.2)
Total assets	289,110	290,388	(1,278)	(0.4)
Customer deposits	208,257	203,726	4,531	2.2
Central banks and credit institutions	26,345	15,576	10,769	69.1
Marketable debt securities	35,897	51,493	(15,596)	(30.3)
Other financial liabilities	2,484	2,680	(196)	(7.3)
Other liabilities accounts	2,757	3,967	(1,210)	(30.5)
Total liabilities	275,740	277,442	(1,703)	(0.6)
Total equity	13,371	12,946	425	3.3
Other managed customer funds	7,406	6,807	599	8.8
Mutual funds	7,406	6,736	670	9.9
Pension funds	—	—	—	-
Managed portfolios	—	71	(71)	(100.0)



Income statement

GBP million	9M'21	9M'20	Variation	
			Amount	%
Net interest income	2,822	2,230	592	26.6
Net fee income	304	352	(49)	(13.8)
Gains (losses) on financial transactions	2	11	(9)	(85.4)
Other operating income	3	(0)	3	-
Total income	3,130	2,593	537	20.7
Operating expenses	(1,673)	(1,714)	41	(2.4)
Net operating income	1,457	879	578	65.8
Net loan-loss provisions	58	(513)	571	-
Other gains (losses) and provisions	(114)	(94)	(20)	21.9
Underlying profit before tax	1,401	273	1,128	413.9
Tax on profit	(412)	(78)	(335)	430.6
Underlying profit from continuing operations	989	195	794	407.3
Net profit from discontinued operations	—	—	—	-
Underlying consolidated profit	989	195	794	407.3
Non-controlling interests	—	(0)	0	(100.0)
Underlying attributable profit to the parent	989	195	794	407.3



Quarterly income statements

GBP million

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21
Net interest income	706	706	818	885	874	948	1,000
Net fee income	163	85	104	87	105	101	97
Gains (losses) on financial transactions	(3)	2	13	(29)	(11)	(3)	16
Other operating income	1	(1)	(0)	1	2	(2)	2
Total income	867	791	934	945	971	1,044	1,115
Operating expenses	(591)	(560)	(562)	(543)	(569)	(558)	(545)
Net operating income	276	231	372	402	401	486	570
Net loan-loss provisions	(153)	(197)	(163)	(89)	(16)	75	(1)
Other gains (losses) and provisions	(61)	(5)	(27)	(134)	(27)	(54)	(33)
Underlying profit before tax	62	28	182	179	358	507	536
Tax on profit	(17)	(11)	(49)	(26)	(102)	(162)	(149)
Underlying profit from continuing operations	45	17	133	153	257	345	387
Net profit from discontinued operations	—	—	—	—	—	—	—
Underlying consolidated profit	45	17	133	153	257	345	387
Non-controlling interests	(0)	(0)	(0)	0	—	—	—
Underlying attributable profit to the parent	45	17	133	153	257	345	387

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

