



US 

## 2021 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”) Q4 2021 Financial Report, published as Inside Information on 2 February 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 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

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# Perimeter

**Data shown throughout this presentation reflects information regarding Santander Holdings USA, Inc. which includes Santander Bank N.A. (SBNA), Santander Consumer USA Holdings Inc. (SC), Santander Investment Securities (SIS), Banco Santander International (BSI Miami), and NY (Santander Investment Securities and the NY Branch).**

**In August 2020, Grupo Santander sold its Retail and Commercial Banking franchise to FirstBank Puerto Rico. The transaction closed on 31 August 2020 and impacts P&L and Balance Sheet from 1 September 2020.**

**In March 2021, Grupo Santander sold an unsecured personal loan portfolio which impacts P&L and Balance Sheet from 31 March 2021.**

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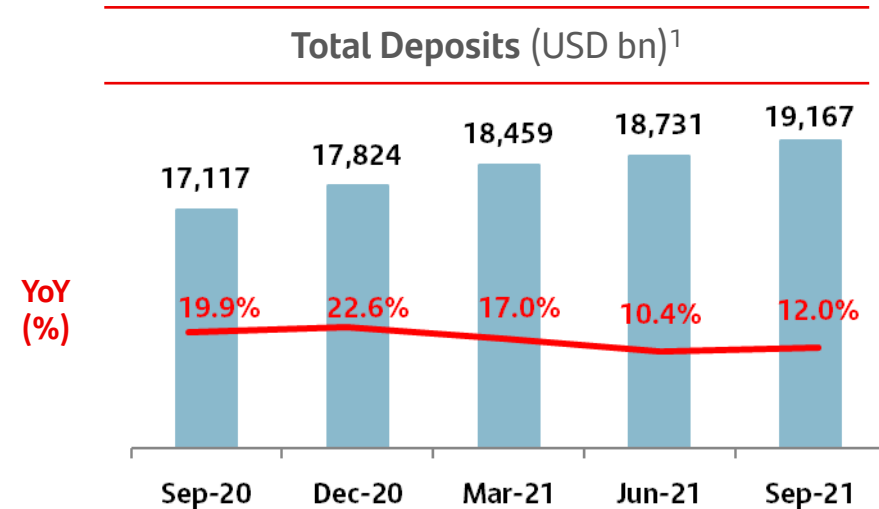
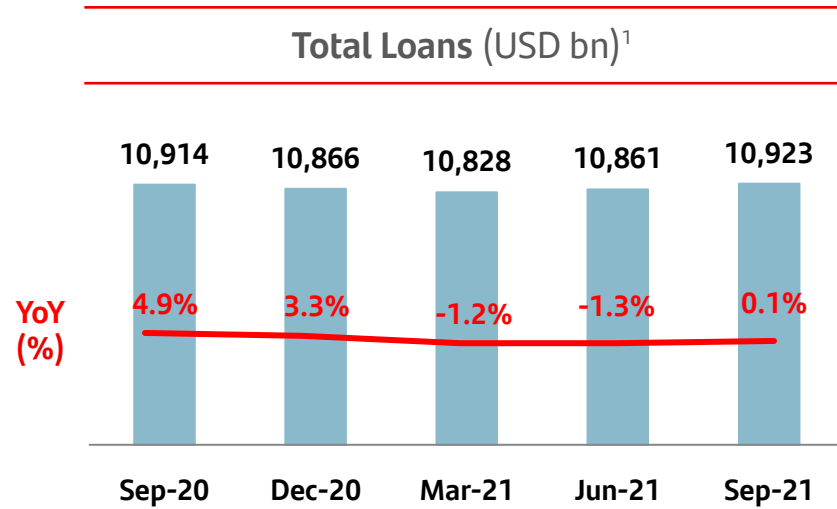
**Appendix**







# Loan demand has stabilized since the peak of the pandemic while YoY deposit growth continues to be robust



QoQ Growth % <sup>2</sup>	S'20	D'20	M'21	J'21	S'21
<b>Total Loans</b>	(3.3)	(0.2)	0.3	3.3	(11.6)
<i>C&amp;I</i>	(25.4)	(12.9)	2.2	(15.4)	(13.1)
<i>Real Estate</i>	4.5	(3.4)	(1.6)	1.0	(13.9)
<i>Resi Mortgage</i>	3.3	(7.1)	(6.3)	(1.1)	(13.5)
<i>Commercial Real Estate</i>	4.3	0.9	4.4	2.9	(6.7)
<i>Other RE</i>	8.2	1.2	3.5	4.6	(25.2)
<i>Consumer</i>	1.1	7.9	(13.7)	15.9	(19.5)
<b>Deposits</b>	3.6	17.1	13.6	28.0	(10.8)
<b>Loan / Deposit Ratio</b>	62.8	61.7	59.2	57.3	54.0

- ▶ Loans declined by over 10% QoQ, in all 3 major segments
- ▶ Deposits declined 11% after 9 consecutive quarters of growth

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

	KEY DATA	2021	YoY Var.
	Customer loans <sup>1</sup>	USD 113.0 bn	+1.8%
	Customer funds	USD 104.0 bn	+10.2%
	Underlying att. profit	USD 2,750 mn	+230.0%
	Underlying RoTE	13.6%	+9 pp
	Efficiency ratio	43.3%	+146 bps
	Loans market share <sup>2</sup> - SBNA	2.8%	-18 bps
	Deposits market share <sup>2</sup> - SBNA	2.3%	-2 bps
	Retail Auto Lending market share <sup>3</sup> - SC USA	4.6%	(#6 in the US)
	Loyal customers - SBNA	373 k	+7.6%
	Digital customers - SBNA	1,036 k	+2.5%
	Branches	488	-16.6%
	Employees	15,674	-2.8%



## STRATEGIC PRIORITIES

▶ Positioned to deliver above cost of capital returns across core businesses

- Refocusing US on our market leading consumer franchise
- Simplifying: disciplined capital allocation. Discontinuing home lending operations & Review certain C&I segments
- Synergies from 2021 strategic investments (Amherst Pierpont / SCUSA minority interests)<sup>4</sup>





# Core businesses expected to generate through-the-cycle >15% RoTE<sup>1</sup>

## Strategic focus



### Consumer

Market-leading consumer finance franchise funded by attractive consumer deposits



### Commercial

Top 10 CRE and Multifamily lender



### CIB

Global hub for capital markets and investment banking



### Wealth Management

Leading brand in LatAm HNW leveraging connectivity with Group

## 2022 US Targets

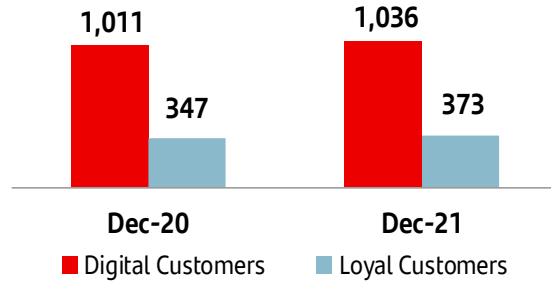
**~19%**  
RoTE<sup>1</sup>

**~43%**  
Efficiency ratio

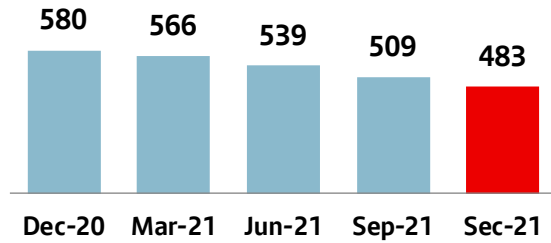


# Santander US: Bank & Consumer Focus

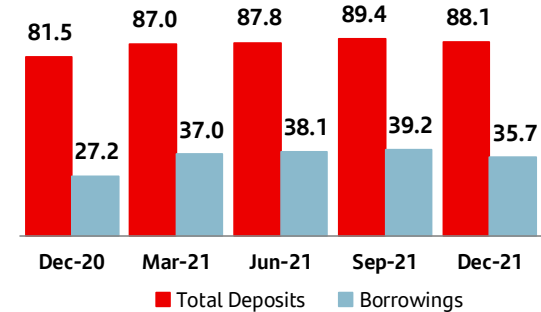
Digital & Loyal Customers (k)<sup>1</sup>



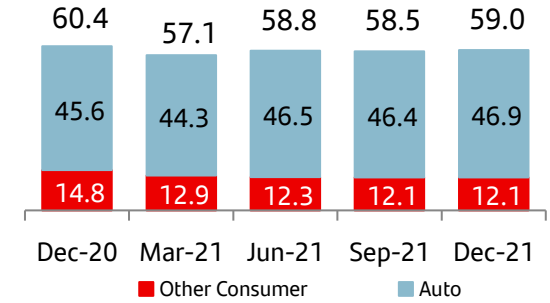
Efficient Branch Network<sup>1</sup>



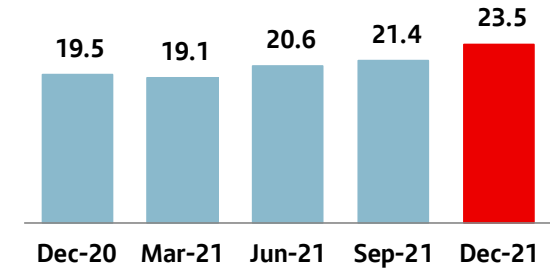
Deposit Base (USD bn)



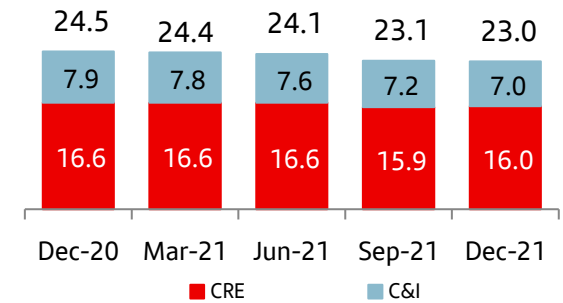
Consumer Portfolio (USD bn)<sup>2</sup>



CIB Portfolio (USD bn)




Commercial Portfolio (USD bn)



NOTE: Balances calculated using IFRS accounting criteria excluding repos  
 1. Consumer focus  
 2. Excludes wealth management and corporate loans



# ESG strategy implementation



## Environmental: supporting the green transition


**USD 1.9 bn**  
in renewable projects financed by Project Finance team in 2021

100% of energy from renewable sources by 2025

Carbon neutral operations in 2020

Plug-In Hybrids are a growing percentage of auto portfolio at more than USD 700 mn in 2021

**Achieved 100% single-use plastic free in 2021**



## Social: building a more inclusive society

**Talented & diverse team**  
**24%** women in senior leadership positions

**Financially empowering people**  
**>439 k** people since 2019

**Supporting society**  
**>105 k** people helped  
**USD 18.6 mn** in charitable commitments  
**USD 501 mn** invested in affordable housing projects



## Governance: doing business the right way

**A strong culture**  
Simple, Personal, Fair  
Risk Culture focused on consumer protection, cyber awareness, privacy

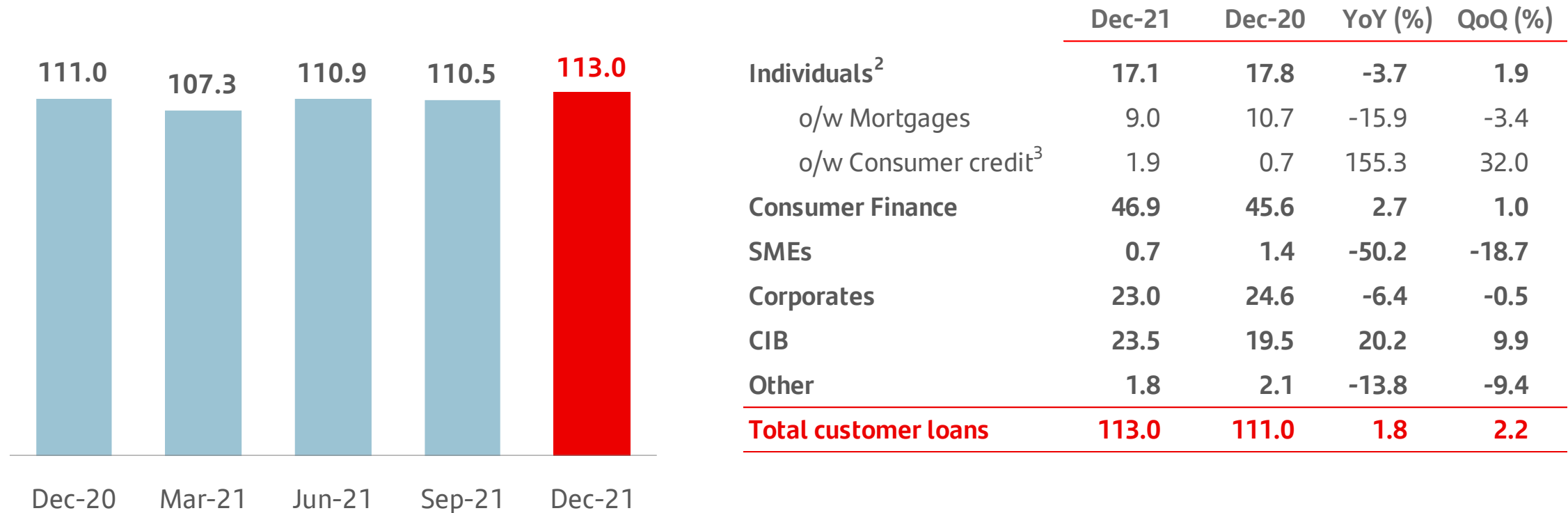
**Diversity, Equity, Inclusion Framework**

**Governance embedded to deliver on ESG**



## Loans increased 2% YoY driven by growth in auto and CIB

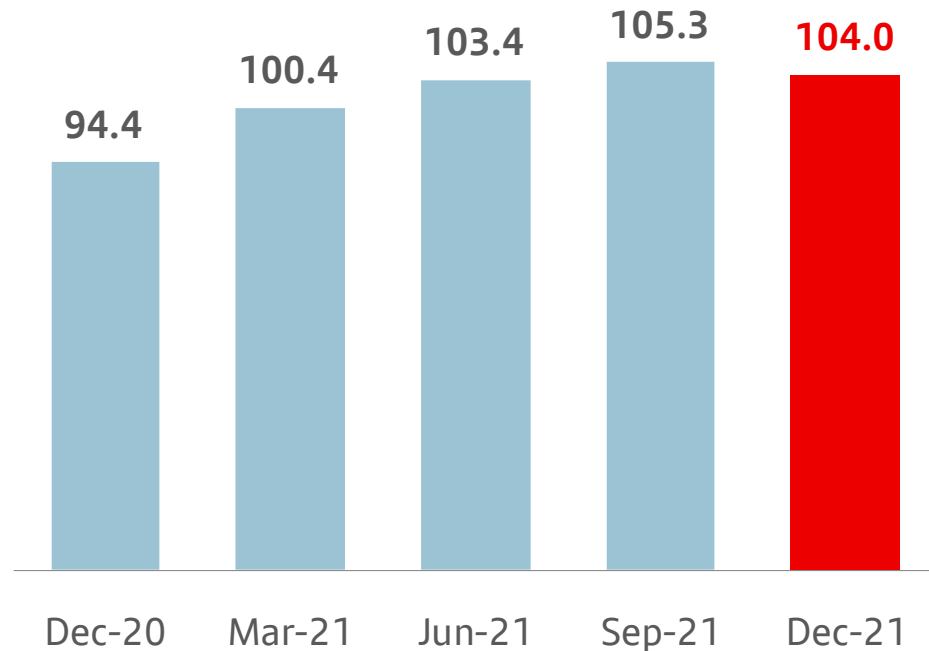
### Total customer loans (USD bn)<sup>1</sup>





# Customer fund growth boosted by consumer deposits, despite pricing actions and more efficient retail network

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



	Dec-21	Dec-20	YoY (%)	QoQ (%)
Demand	81.0	72.1	12.4	2.1
Time	7.1	9.4	-24.5	-29.8
<b>Total deposits</b>	<b>88.1</b>	<b>81.5</b>	<b>8.1</b>	<b>-1.5</b>
Mutual Funds	16.0	13.0	22.8	0.5
<b>Total customer funds</b>	<b>104.0</b>	<b>94.4</b>	<b>10.2</b>	<b>-1.2</b>



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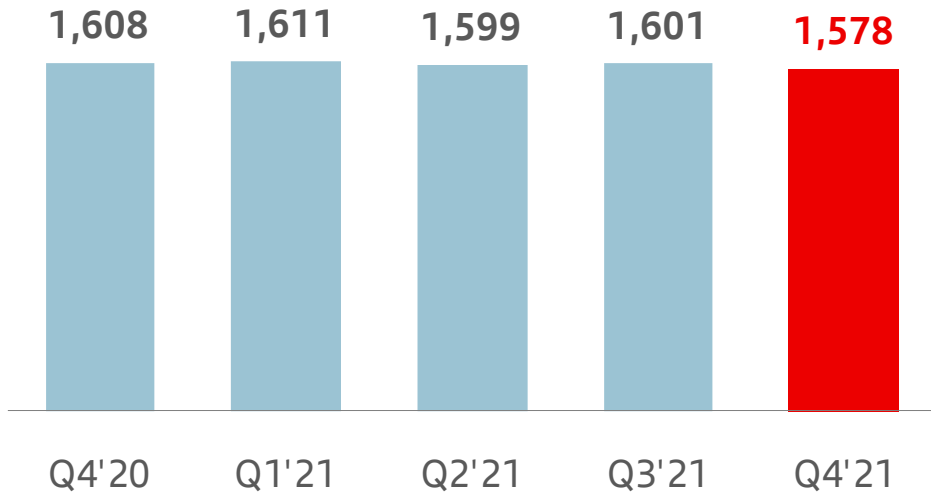
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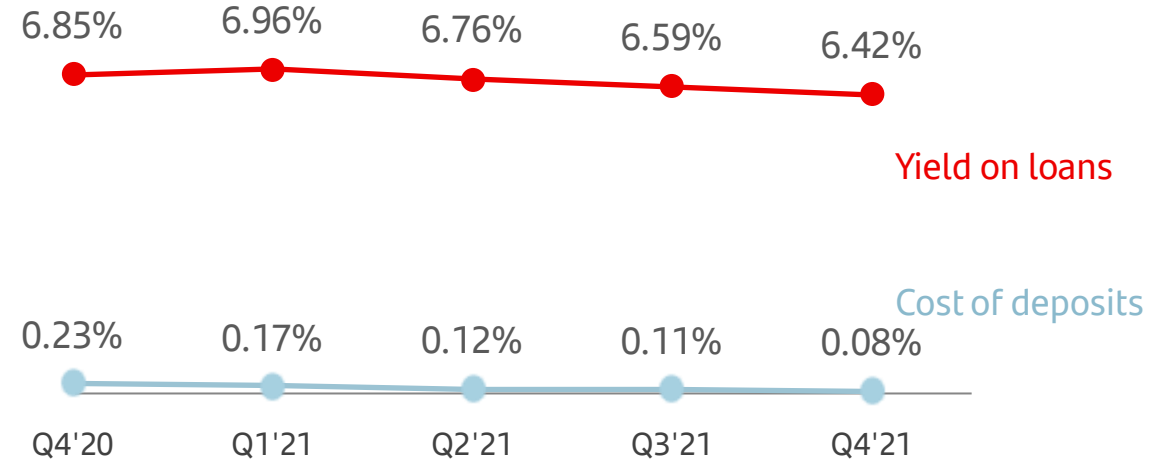


# NII is stable as deposit pricing initiatives and hedges offset impact of divestitures

**Net interest income (USD mn)**



**Yields and Costs (%)**

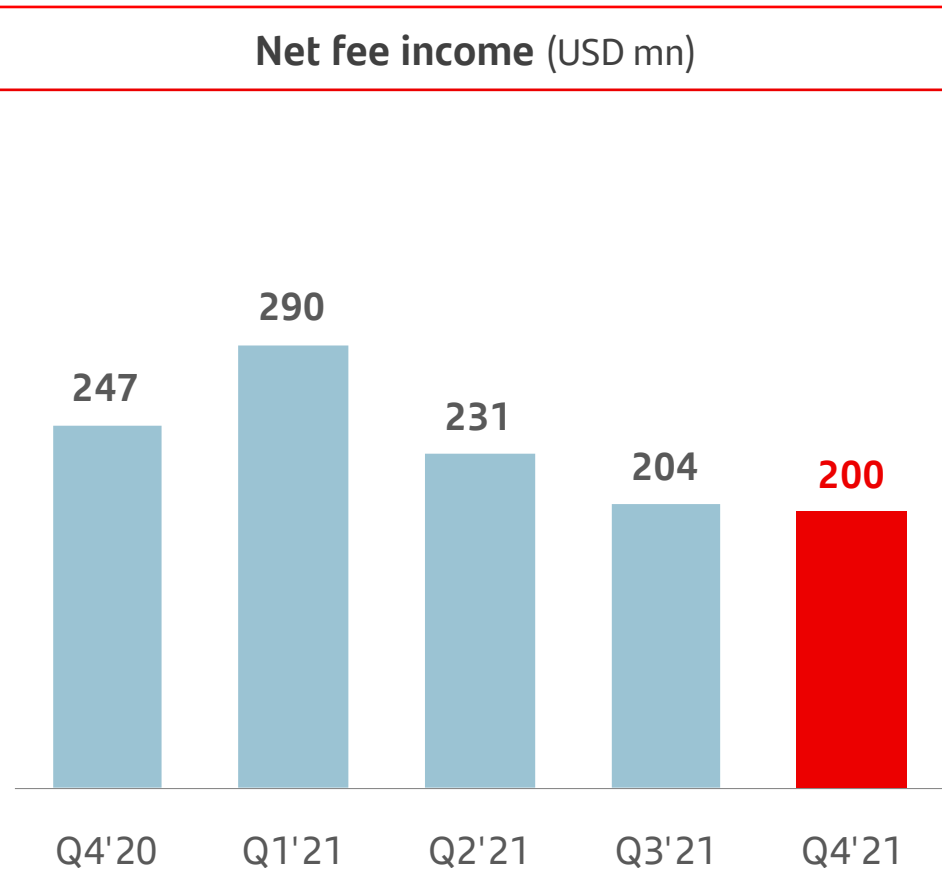


NIM				
3.69%	3.67%	3.56%	3.48%	3.37%
Federal Funds rate <sup>1</sup>				
0.25%	0.25%	0.25%	0.25%	0.25%

Differential				
6.6 pp	6.8 pp	6.6 pp	6.5 pp	6.3 pp



## Net fee income decreased 9% YoY. Excluding divestitures impact, fee income increased 6% YoY driven by Wealth Management and CIB initiatives

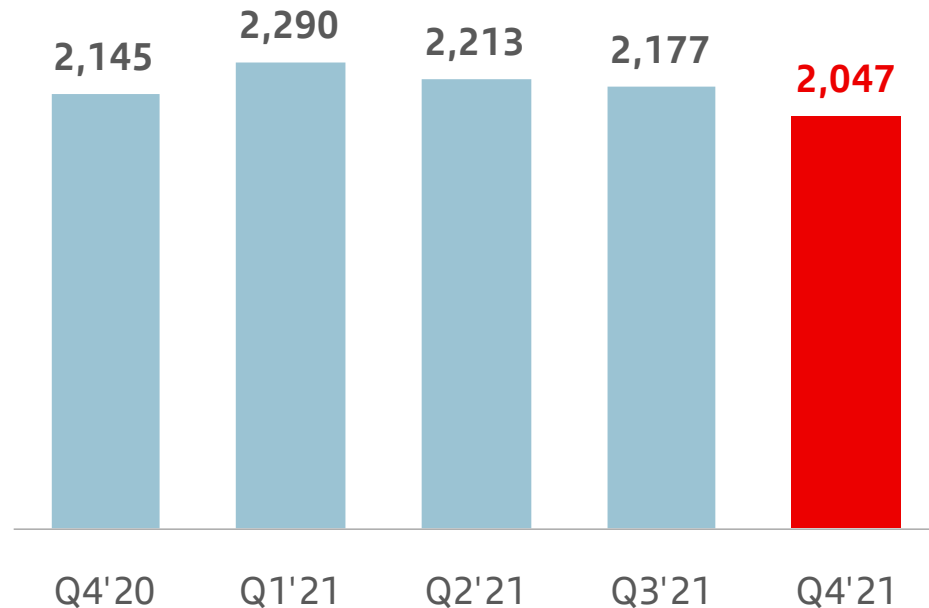


	2021	2020	YoY (%)	QoQ (%)
<b>Consumer ex Auto</b>	<b>261</b>	<b>261</b>	<b>0.1</b>	<b>4.4</b>
Payment methods	117	103	12.9	-3.1
Account admin. and maintenance	26	30	-13.3	11.5
Insurance	36	27	34.8	-11.2
Other consumer	82	101	-18.3	12.3
<b>Auto</b>	<b>53</b>	<b>73</b>	<b>-26.7</b>	<b>6.7</b>
<b>Total consumer</b>	<b>314</b>	<b>334</b>	<b>-5.7</b>	<b>5.0</b>
<b>Corporate</b>	<b>60</b>	<b>57</b>	<b>5.4</b>	<b>8.8</b>
WM	222	202	9.9	2.6
SCIB	235	196	19.9	-32.9
Other	92	224	-58.9	-2.1
<b>Total net fee income</b>	<b>925</b>	<b>1,014</b>	<b>-8.8</b>	<b>-2.1</b>



## Total income increased 4% YoY driven by strong auto lease income despite loss of revenue due to divestitures. Q4 impacted by seasonally lower lease income

### Total income (USD mn)

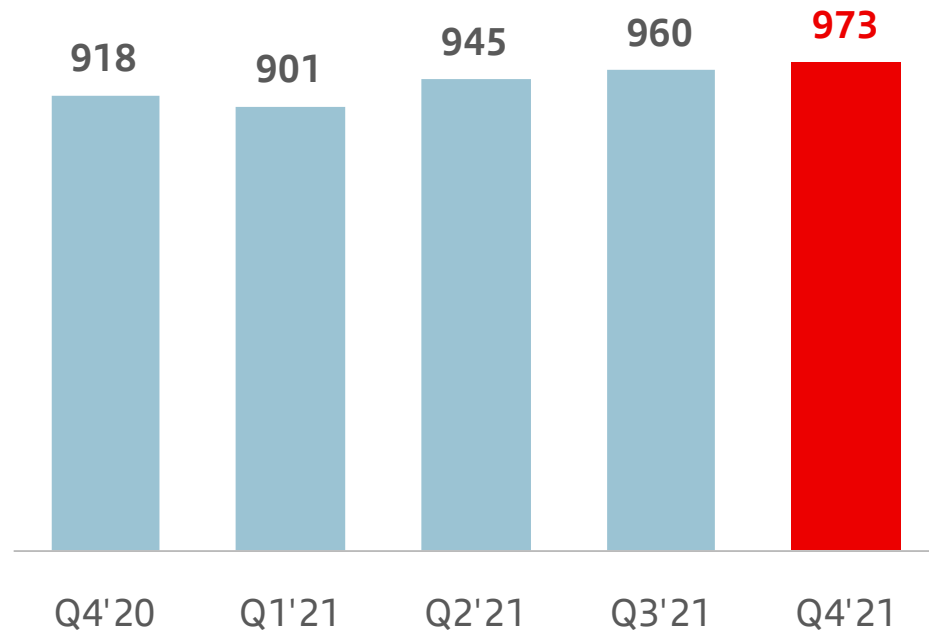


	2021	2020	YoY (%)	QoQ (%)
Net interest income	6,389	6,437	-0.8	-1.4
Net fee income	925	1,014	-8.8	-2.1
<b>Customer revenue</b>	<b>7,313</b>	<b>7,451</b>	<b>-1.8</b>	<b>-1.5</b>
Other <sup>1</sup>	1,414	943	50.0	-27.8
<b>Total income</b>	<b>8,727</b>	<b>8,394</b>	<b>4.0</b>	<b>-6.0</b>



## Increase in expenses related to normalization of business activities, strategic investments across core business lines and SC Foundation donations in H2'21

### Operating expenses (USD mn)



	2021	2020	YoY (%)	QoQ (%)
<b>Operating Expenses</b>	<b>3,778</b>	<b>3,512</b>	<b>7.6</b>	<b>1.3</b>

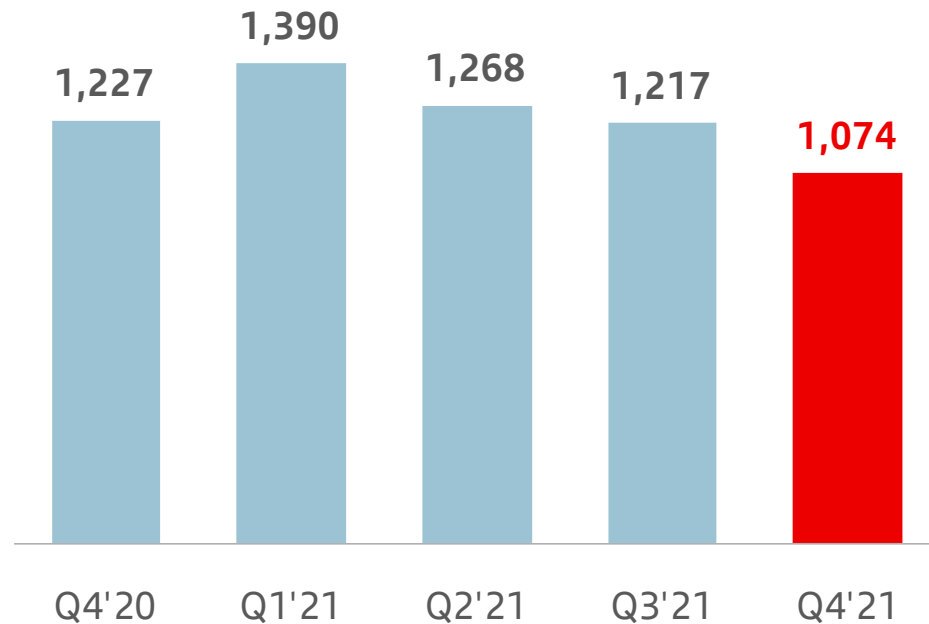
Branches (#)	488	585	-16.6	-5.1
Employees (#)	15,674	16,125	-2.8	1.2





# Net operating income stable, despite divestitures, through disciplined deposit pricing, robust auto leasing activity and strong fee growth in core businesses

## Net operating income (USD mn)

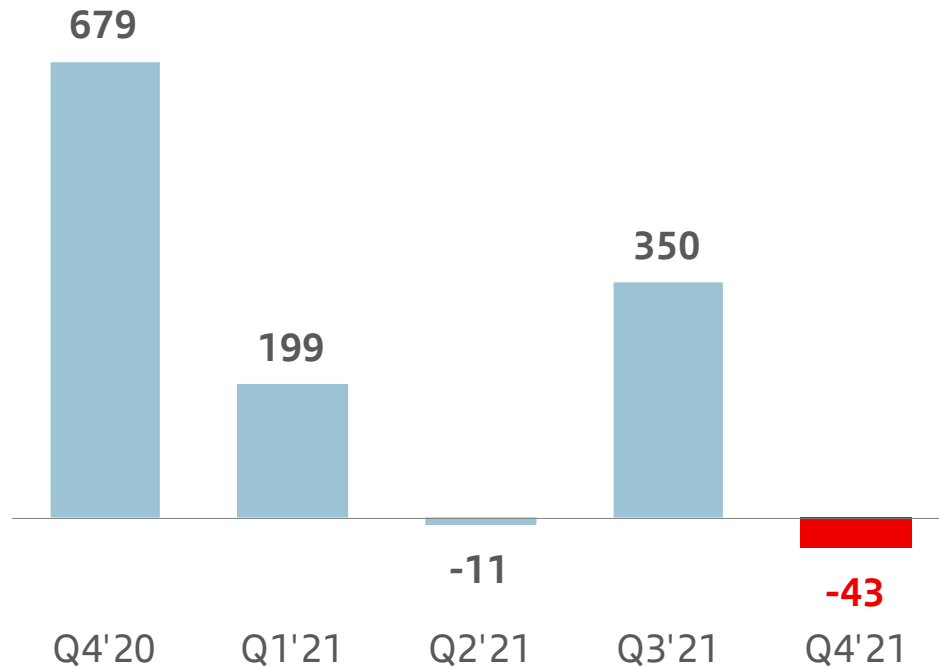


	2021	2020	YoY (%)	QoQ (%)
Total income	8,727	8,394	4.0	-6.0
Operating Expenses	(3,778)	(3,512)	7.6	1.3
<b>Net operating income</b>	<b>4,949</b>	<b>4,882</b>	<b>1.4</b>	<b>-11.7</b>
<b>Efficiency ratio</b>	<b>43.3%</b>	<b>41.8%</b>	<b>146 bps</b>	



# Provisions decreased due to substantially lower net charge offs across the portfolio and reserve releases from favorable macro conditions

## Net LLPs (USD mn)



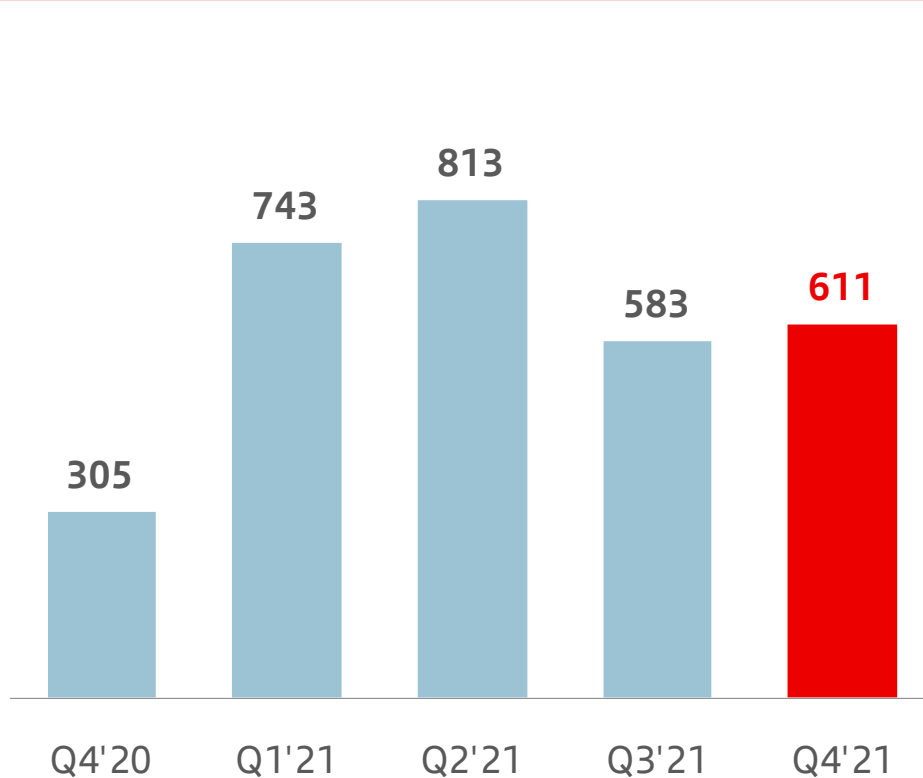
	2021	2020	YoY (%)	QoQ (%)
Net operating income	4,949	4,882	1.4	-11.7
Loan-loss provisions	(495)	(3,349)	-85.2	-
<b>Net operating income after provisions</b>	<b>4,454</b>	<b>1,533</b>	<b>190.6</b>	<b>29.0</b>

NPL ratio	2.33%	2.04%	28 bps	-3 bps
Cost of credit <sup>1</sup>	0.43%	2.86%	-243 bps	-63 bps
Coverage Ratio	150%	210%	-60.1 pp	-11.2 pp



# Profit increased YoY due to solid credit performance across the portfolio, robust lease income and lower cost of funds

## Underlying Attributable Profit (USD mn)



	2021	2020	YoY (%)	QoQ (%)
PBT	4,317	1,426	202.7	14.9
Tax on profit	(983)	(363)	170.7	36.5
<b>Consolidated profit</b>	<b>3,334</b>	<b>1,063</b>	<b>213.7</b>	<b>9.7</b>
Minority interests	(584)	(230)	154.3	36.0
<b>Underlying attributable profit</b>	<b>2,750</b>	<b>833</b>	<b>230.0</b>	<b>4.7</b>

Effective tax rate	22.8%	25.5%	-2.7 pp
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# Conclusions

## Financial System

- ▶ Loan demand has stabilized since the peak of the pandemic while YoY deposit growth continues to be robust

## Strategy & Business

- ▶ Positioned to sustain above cost of capital returns across core businesses
- ▶ Refocusing operations in the US around our market leading consumer franchise and fee-based businesses with Group's connectivity or distinct competitive advantage
- ▶ Simplifying the US business through expense management and disciplined capital allocation. Discontinuing originations of home lending products and reviewing certain C&I segments
- ▶ Synergies from 2021 strategic investments (Amherst Pierpont / SCUSA minorities)

## Results

- ▶ Total income increased 4% YoY (+11% ex-divestitures) driven by strong auto lease income despite loss of revenue due to divestitures. Q4 impacted by seasonally lower lease income
- ▶ Net operating income stable, despite divestitures, through disciplined deposit pricing, robust auto leasing activity and strong fee growth in core businesses (net operating income ex-divestitures +11%)
- ▶ Provisions decreased due to substantially lower net charge offs across the portfolio and reserve releases from favorable macro conditions
- ▶ Profits increased YoY due to solid credit performance across the portfolio, robust lease income and lower cost of funds



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# Balance sheet



USD million	Dec-21	Dec-20	Variation	
			Amount	%
Loans and advances to customers	117,273	111,652	5,622	5.0
Cash, central banks and credit institutions	27,219	20,387	6,832	33.5
Debt instruments	18,507	17,282	1,225	7.1
Other financial assets	4,823	5,376	(553)	(10.3)
Other asset accounts	19,976	20,863	(887)	(4.3)
<b>Total assets</b>	<b>187,798</b>	<b>175,559</b>	<b>12,239</b>	<b>7.0</b>
Customer deposits	94,181	82,764	11,417	13.8
Central banks and credit institutions	24,747	25,755	(1,007)	(3.9)
Marketable debt securities	35,655	36,488	(834)	(2.3)
Other financial liabilities	4,573	5,312	(739)	(13.9)
Other liabilities accounts	4,689	4,134	555	13.4
<b>Total liabilities</b>	<b>163,846</b>	<b>154,454</b>	<b>9,392</b>	<b>6.1</b>
<b>Total equity</b>	<b>23,952</b>	<b>21,105</b>	<b>2,847</b>	<b>13.5</b>
<b>Other managed customer funds</b>	<b>24,621</b>	<b>21,404</b>	<b>3,216</b>	<b>15.0</b>
Mutual funds	15,958	12,990	2,968	22.8
Pension funds	—	—	—	—
Managed portfolios	8,663	8,414	249	3.0



# Income statement

USD million			Variation	
	2021	2020	Amount	%
Net interest income	6,389	6,437	(48)	(0.8)
Net fee income	925	1,014	(89)	(8.8)
Gains (losses) on financial transactions	179	134	45	33.9
Other operating income	1,235	809	426	52.7
<b>Total income</b>	<b>8,727</b>	<b>8,394</b>	<b>334</b>	<b>4.0</b>
Operating expenses	(3,778)	(3,512)	(267)	7.6
<b>Net operating income</b>	<b>4,949</b>	<b>4,882</b>	<b>67</b>	<b>1.4</b>
Net loan-loss provisions	(495)	(3,349)	2,854	(85.2)
Other gains (losses) and provisions	(137)	(107)	(30)	28.6
<b>Underlying profit before tax</b>	<b>4,317</b>	<b>1,426</b>	<b>2,891</b>	<b>202.7</b>
Tax on profit	(983)	(363)	(620)	170.7
<b>Underlying profit from continuing operations</b>	<b>3,334</b>	<b>1,063</b>	<b>2,271</b>	<b>213.7</b>
Net profit from discontinued operations	—	—	—	—
<b>Underlying consolidated profit</b>	<b>3,334</b>	<b>1,063</b>	<b>2,271</b>	<b>213.7</b>
Non-controlling interests	(584)	(230)	(354)	154.3
<b>Underlying attributable profit to the parent</b>	<b>2,750</b>	<b>833</b>	<b>1,917</b>	<b>230.0</b>



# Income statement

## USD million

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21
Net interest income	1,612	1,573	1,644	1,608	1,611	1,599	1,601	1,578
Net fee income	275	237	255	247	290	231	204	200
Gains (losses) on financial transactions	51	55	15	13	84	24	39	31
Other operating income	188	118	225	278	306	359	333	237
<b>Total income</b>	<b>2,126</b>	<b>1,983</b>	<b>2,139</b>	<b>2,145</b>	<b>2,290</b>	<b>2,213</b>	<b>2,177</b>	<b>2,047</b>
Operating expenses	(892)	(855)	(846)	(918)	(901)	(945)	(960)	(973)
<b>Net operating income</b>	<b>1,235</b>	<b>1,128</b>	<b>1,292</b>	<b>1,227</b>	<b>1,390</b>	<b>1,268</b>	<b>1,217</b>	<b>1,074</b>
Net loan-loss provisions	(1,072)	(916)	(683)	(679)	(199)	11	(350)	43
Other gains (losses) and provisions	(7)	(33)	(24)	(44)	(18)	18	(7)	(130)
<b>Underlying profit before tax</b>	<b>156</b>	<b>180</b>	<b>586</b>	<b>504</b>	<b>1,173</b>	<b>1,297</b>	<b>860</b>	<b>987</b>
Tax on profit	(47)	8	(205)	(119)	(283)	(312)	(164)	(224)
<b>Underlying profit from continuing operations</b>	<b>109</b>	<b>188</b>	<b>381</b>	<b>386</b>	<b>890</b>	<b>985</b>	<b>695</b>	<b>763</b>
Net profit from discontinued operations	—	—	—	—	—	—	—	—
<b>Underlying consolidated profit</b>	<b>109</b>	<b>188</b>	<b>381</b>	<b>386</b>	<b>890</b>	<b>985</b>	<b>695</b>	<b>763</b>
Non-controlling interests	(42)	(22)	(84)	(81)	(147)	(173)	(112)	(152)
<b>Underlying attributable profit to the parent</b>	<b>66</b>	<b>166</b>	<b>296</b>	<b>305</b>	<b>743</b>	<b>813</b>	<b>583</b>	<b>611</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

