



Argentina



H1'20

Earnings Presentation

Important Information

Non-IFRS and alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, this presentation contains certain financial measures that constitute 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"). The financial measures contained in this presentation that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander Group but are not defined or detailed in the applicable financial reporting framework and have neither been audited nor 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 management and investors to facilitate operating performance comparisons from period to period, 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 2019. While we believe that these APMs and non-IFRS measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in our industry, may calculate or use such measures differently, which reduces their usefulness as comparative measures. For further details of the APMs and Non-IFRS Measures used, 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 2019 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 6 March 2020, as well as the section "Alternative performance measures" of the annex to the Banco Santander, S.A. ("Santander") Q2 2020 Financial Report, published as Inside Information on 29 July 2020. 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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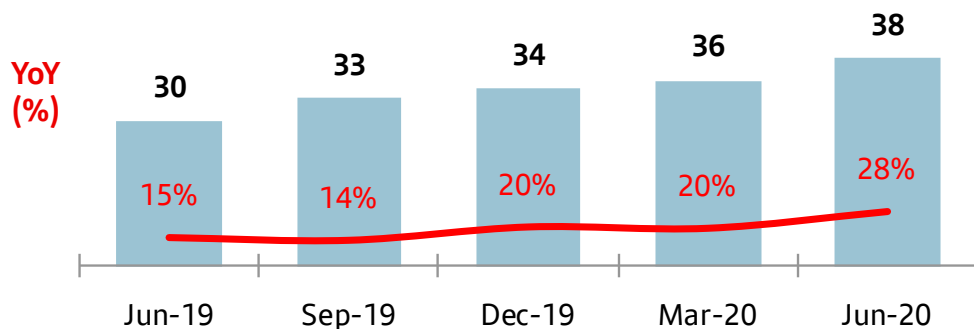
Appendix



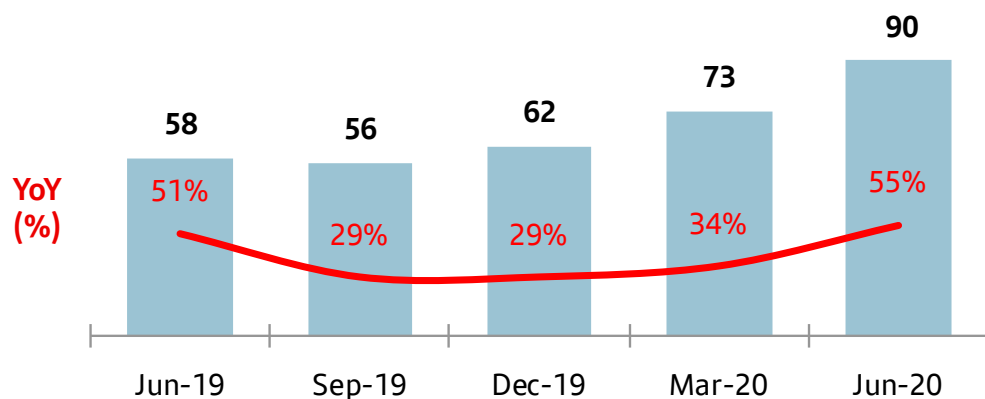
Transactional and well capitalised financial system



Total loans (Constant EUR bn)¹



Total customer funds (Constant EUR bn)^{1,2}



- ▶ Loans/GDP³: 11.1%.
- ▶ Deposits/GDP³: 18.9%.
- ▶ Loans: 49% growth YoY in local currency and -23% fall in dollar-denominated portfolio (in local currency).
- ▶ Deposits: 49% growth YoY, 80% in local currency and -8% in dollar-denominated portfolio (in local currency).
- ▶ Mutual funds growth: +82% YoY.
- ▶ Liquid assets/Deposits³: 61%.
- ▶ Capital ratio³: 21.8%. CET1 Ratio³: 20.0%. Positively impacted by HIIA
- ▶ Private sector NPL ratio³: 5.3% (coverage³: 100%).
- ▶ 12M Inflation: 41.3%.

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Santander Argentina: the leading privately-owned bank in Argentina by business volume

KEY DATA	H1'20	YoY Var. ⁴
 Customer loans ¹	EUR 4,970 mn	+39.3%
 Customer funds ²	EUR 9,669 mn	+44.0%
 Underlying att. Profit	EUR 109 mn	+144.5%
 Underlying RoTE	28.8%	+11.8 pp
 Efficiency ratio	54.0%	-587 bps
 Loans market share ³	10.5%	+52 bps
 Deposits market share ³	11.1%	-72 bps
 Loyal customers	1.3 mn	-3.2%
 Digital customers	2.6 mn	+20.2%
 Branches	438	-6.6%
 Employees	9,244	+0.7%



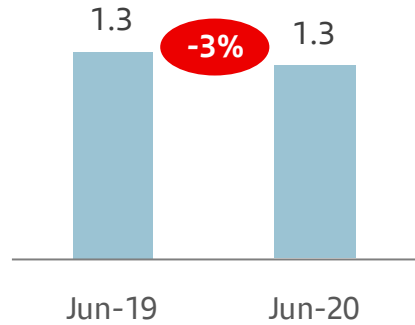
STRATEGIC PRIORITIES

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



High digitalisation levels and solid loyalty ratio

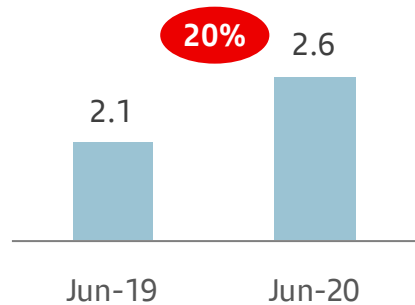
Loyal (mn)



Loyal / Active: 44% (-3 pp YoY)

- ▶ Loyal individuals: YoY decrease explained by re-segmentation of our customers towards segments with more strict loyalty criteria
- ▶ Loyal corporates and SMEs: Reinforce assistance model through technology
- ▶ Loyal customers: SMEs 55% - Middle market companies 56% of active companies
- ▶ Recovering NPS position (4th)

Digital customers (mn)



Digital sales / total²: 66% (flat YoY)

- ▶ Mobile customers: +41% YoY
- ▶ 65% of our digital customers are mobile banking users
- ▶ Best digital bank¹ in Argentina



(1) By Global Finance Magazine
(2) YTD data



Customer-centric business model focused on enhancing customer service

New segments launched adding value to different audiences



Financial and non-financial benefits, aiming to increase our female entrepreneur customer base



Designed for young people, includes financial benefits and other non-financial advantages



Pre-paid card designed for teens (from 13 to 17 years old)



Products and services to simplify daily operations of independent professionals and businesses



Cuenta Blanca

Helping health care professionals. Contact centre priority, higher benefits in food



Cuenta Senior

Free account with contact centre priority for pensioners



Enhancing our network model

- ▶ **Santander Express:** expanding our non-banking correspondent network
- ▶ **Work Café**
- ▶ **Financial inclusion branches**
- ▶ **2.0 branches:** closer to our customers supported by technology



Reward and benefit programmes



Recognitions



- ▶ Best Digital Bank 2019
- ▶ Best Bank 2018



- ▶ Best Bank 2019



- ▶ Top 5 in GPTW for 12 years



We continue doing business in a responsible and sustainable way

Culture

Women

27% Executive Committee

5th best workplace for women



Diversity & Inclusion

80 participants in our talks^{1,2}

Volunteering

132 employees participating in 5 initiatives²

Cultural transformation

Managers committee: remote leadership + agile tools

Communities²

EUR 140 k

community investment programmes with a focus on education and employment

1.3 k universities scholarships

Centros Formar + Potrero Digital

400 students in Jr Programming and Digital Marketing courses

Goal: to improve our reputation

Local Indexes

Sustainability

Energy efficiency award

Recognising SMEs that that have implemented energy efficiency actions

Strategic alliance: Correcamino cooperative

20 branches available to receive recyclable material

Financial inclusion²

3.5 k people financially empowered trough financial training

20 social entrepreneurs with EUR 7.5 k microcredits approved³

Guaranteed financial access to 150 k clients and non-clients



(1) Gender, LGBT, Disability and Vulnerability
(2) H1'20 figures
(3) Total amount. Via Bana project



Social measures to mitigate COVID-19 impacts

Employees

65% of total employees connected **remotely**

Internal communication related to prevention and personal hygiene

Independent and dedicated **line to provide assistance** during **lockdown**

Corporates

EUR 13 mn loan facility for micro, small and medium sized businesses to enable **remote working**

EUR 430 mn granted loans to **SMEs** (to pay 250,000 salaries) and **medical services providers**



Individuals

New features in app to help customers operate remotely

Benefits to customers **shifted to food, primary care** and **delivery apps**

Cuenta Blanca: helping **health care professionals**.
Contact centre priority, higher benefits in food

Cuenta Senior: free account with contact centre priority for pensioners

Society

Santander Academia (www.academiasalud.com.ar), **our platform solution** available for health workers (nurses and staff) to be trained on COVID

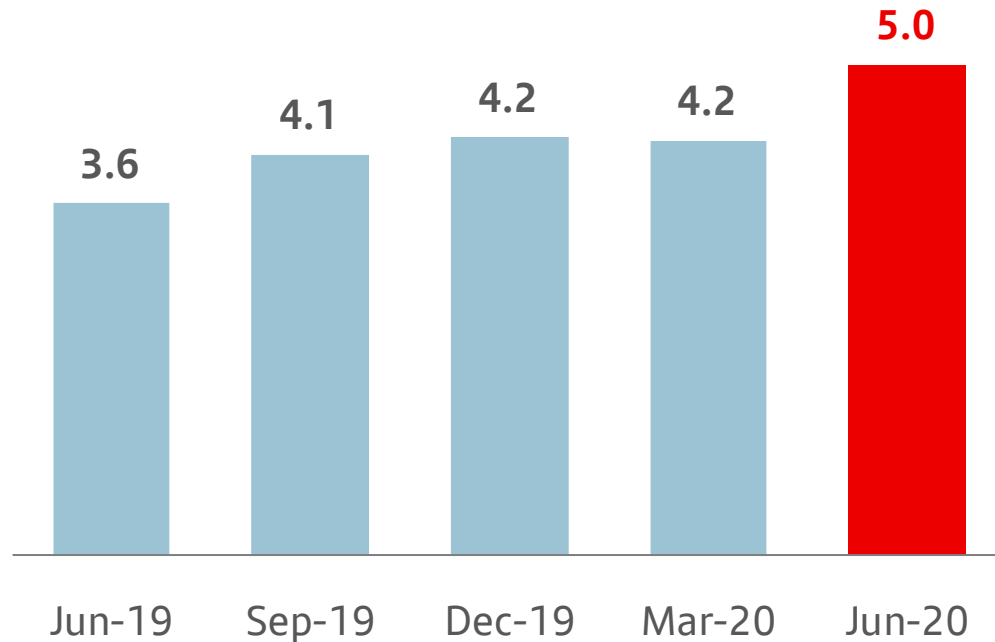
Esto lo superamos juntos (<https://ar.estolosuperamosjuntos.com/>), an open and accessible website for anyone, with information and resources to help overcome the situation

Collaboration with Government to **pay social benefits** through our ATM network



Loans grew 39% YoY driven by SMEs, CIB and cards

Total customer loans (Constant EUR bn)¹

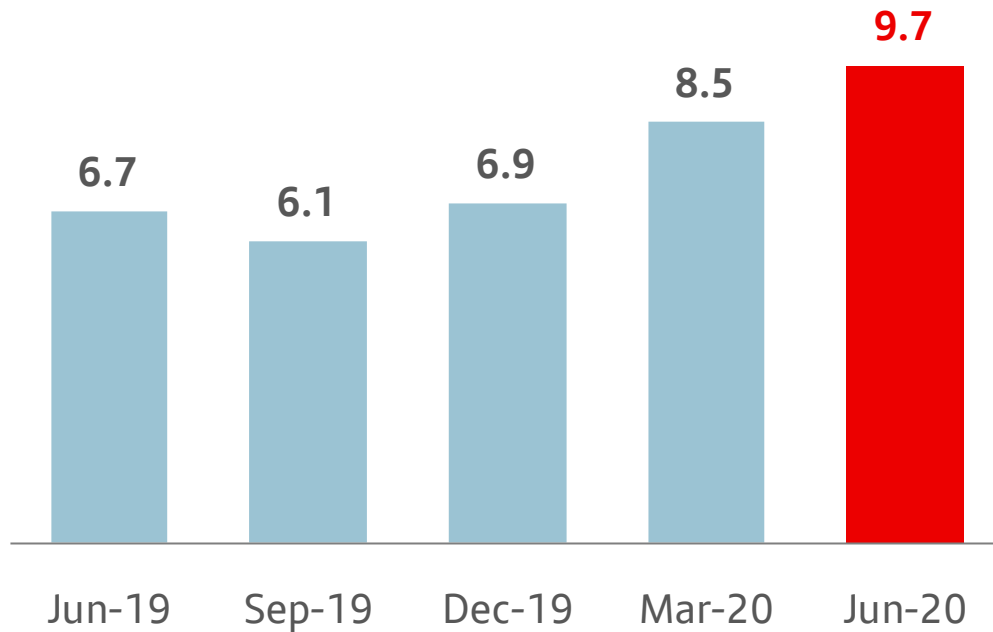


	Jun-20	Jun-19	YoY (%)	QoQ (%)
Individuals²	2.0	1.6	29.3	5.0
o/w Mortgages	0.3	0.2	34.5	4.4
o/w Cards & Consumer Credit	1.7	1.2	39.4	5.7
SMEs	0.5	0.3	58.1	49.2
Corporates & Institutions	0.7	0.6	10.0	31.6
CIB	1.6	1.0	60.0	26.4
Other	0.1	0.0	—	-2.3
Total customer loans	5.0	3.6	39.3	18.3



Total deposits +42% YoY driven by local currency deposits

Total customer funds (Constant EUR bn)¹



	Jun-20	Jun-19	YoY (%)	QoQ (%)
Demand	5.6	4.4	27.4	4.8
Time	2.5	1.3	93.3	24.3
Total deposits	8.1	5.7	42.4	10.1
Mutual Funds	1.5	1.0	53.1	36.5
Total customer funds	9.7	6.7	44.0	13.6

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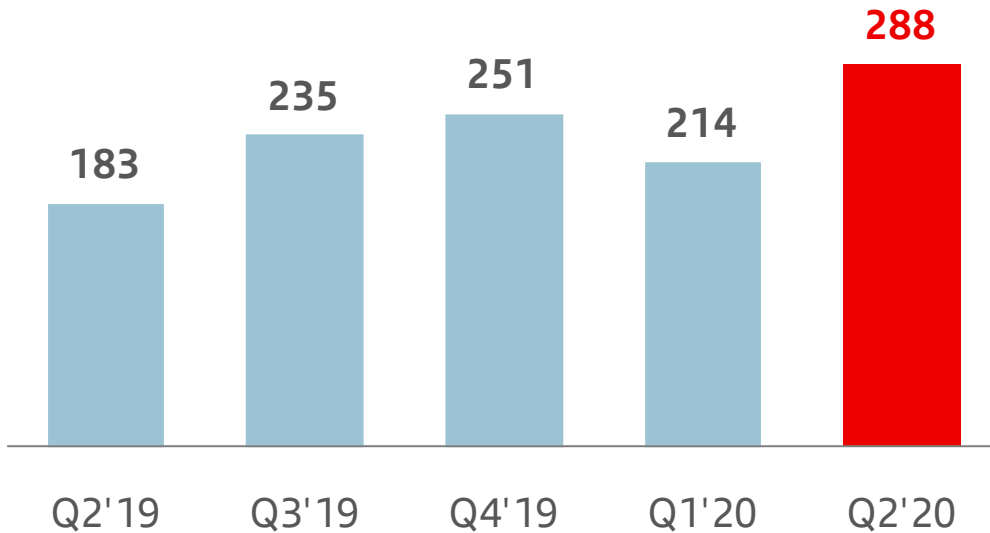
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Net interest income rose 62% YoY driven by solid deposit growth and lower cost of funding

Net interest income (Constant EUR mn)¹



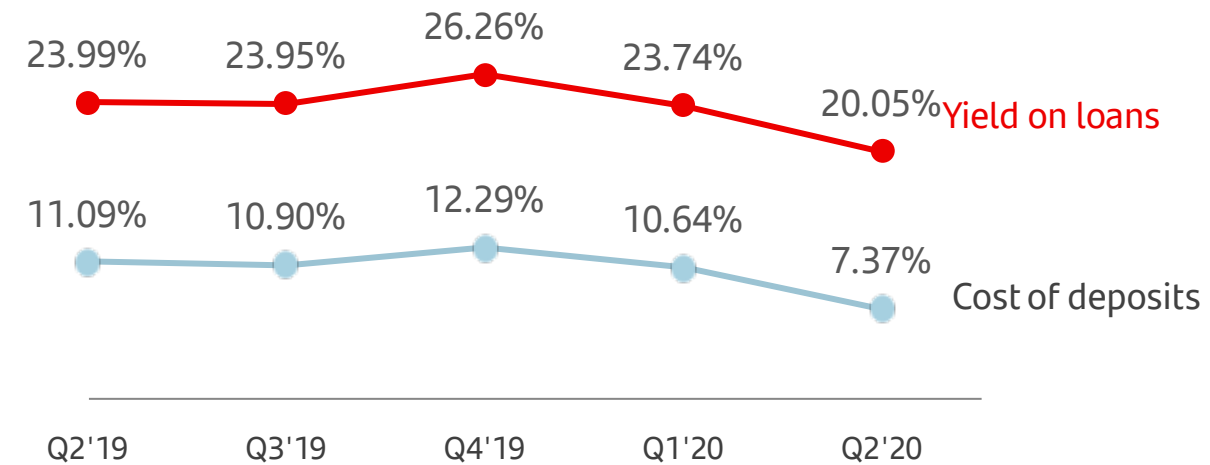
NIM²

9.33%	11.72%	12.64%	9.21%	10.83%
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Official interest rate³

50.82%	54.67%	48.06%	33.25%	24.82%
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Yields and Costs (%)



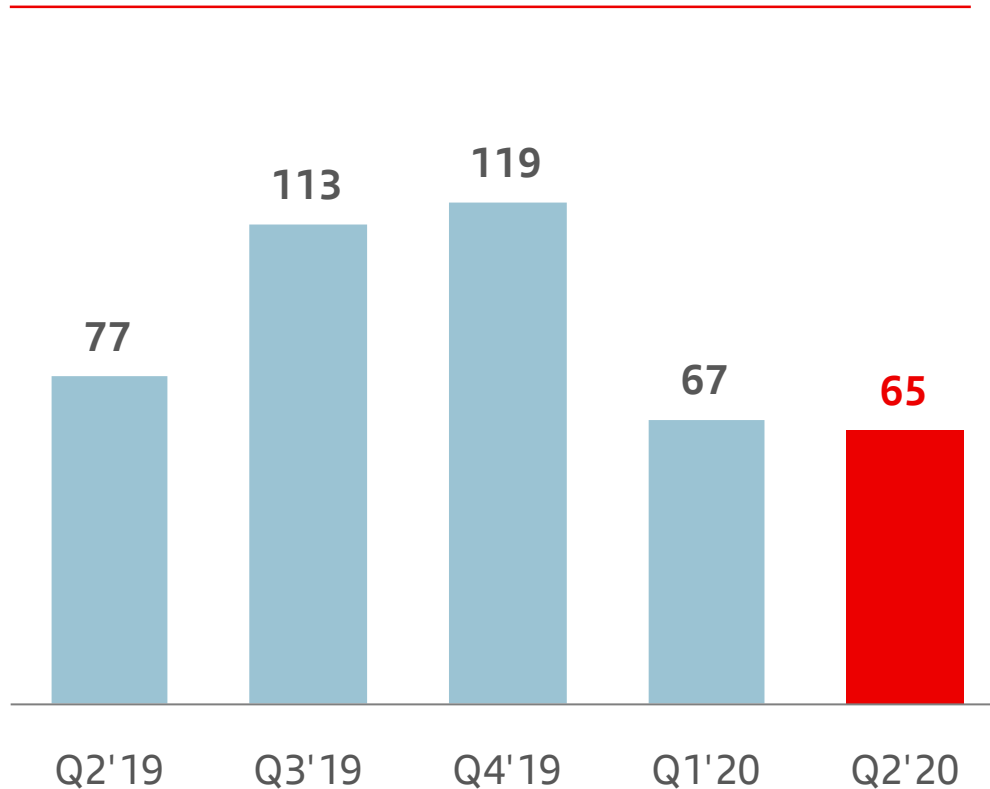
Differential

12.9 pp	13.1 pp	14.0 pp	13.1 pp	12.7 pp
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Net fee income decreased 10%, impacted by lower foreign currency exchange transactions and stronger regulation

Net fee income (Constant EUR mn)¹

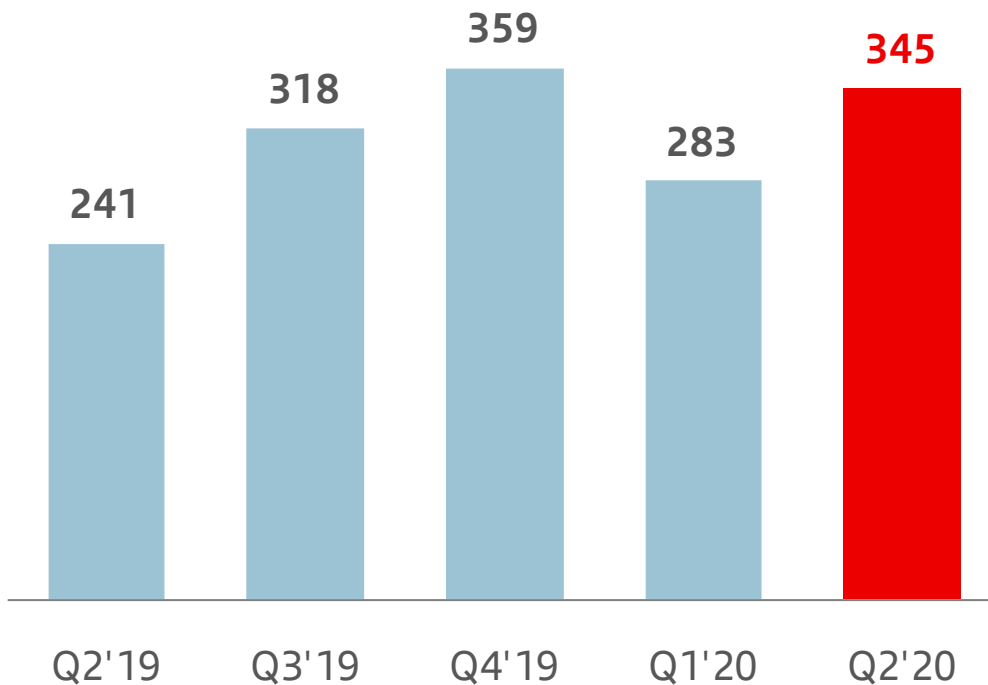


	H1'20	H1'19	YoY (%)	QoQ (%)
Transactional fees	99	115	-13.8	-6.6
Payment methods	28	24	18.4	3.9
Transfers, drafts, cheques and other orders	21	28	-23.7	-47.7
Foreign exchange currencies	8	31	-73.3	-
Other transactional	41	32	28.5	-7.5
Investment and pension funds	9	6	62.9	31.6
Insurance	12	9	34.4	7.8
Securities and custody services	3	1	192.2	24.7
Other	9	16	-45.3	-22.3
Total net fee income	132	146	-10.0	-3.6



Total income increased 43% YoY on the back of NII growth which more than offset the fee income decrease

Total income (Constant EUR mn)¹

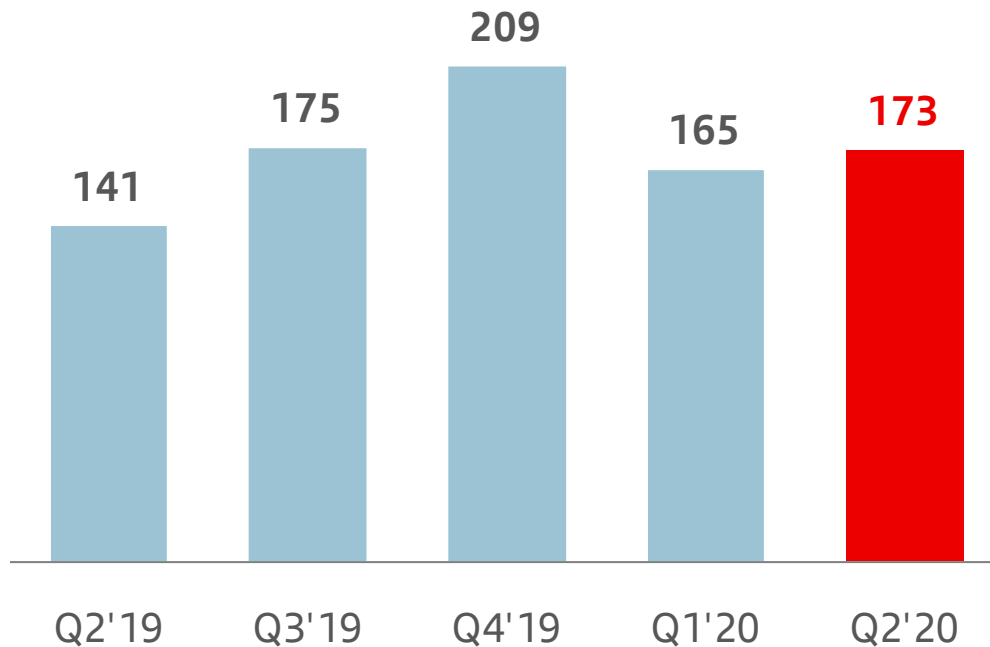


	H1'20	H1'19	YoY (%)	QoQ (%)
Net interest income	502	311	61.5	34.5
Net fee income	132	146	-10.0	-3.6
Customer revenue	634	457	38.6	25.4
Other ²	(6)	(19)	-66.1	-
Total income	628	439	43.1	22.2



Costs rose 29% YoY, below revenue growth, as cost management mitigated the high inflation environment and peso depreciation

Operating expenses (Constant EUR mn)¹



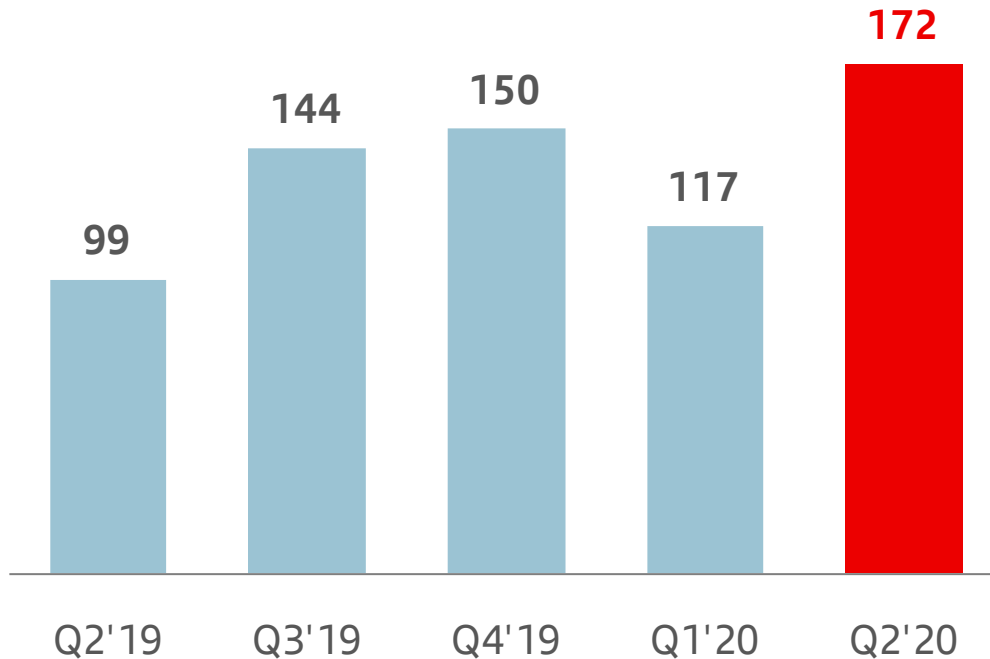
	H1'20	H1'19	YoY (%)	QoQ (%)
Operating Expenses	339	262	29.1	4.9

Branches (#)	438	469	-6.6	0.0
Employees (#)	9,244	9,183	0.7	-0.5



Net operating income increased 64% YoY due to the increase in NII and the effort in cost management. Strong efficiency ratio improvement

Net operating income (Constant EUR mn)¹

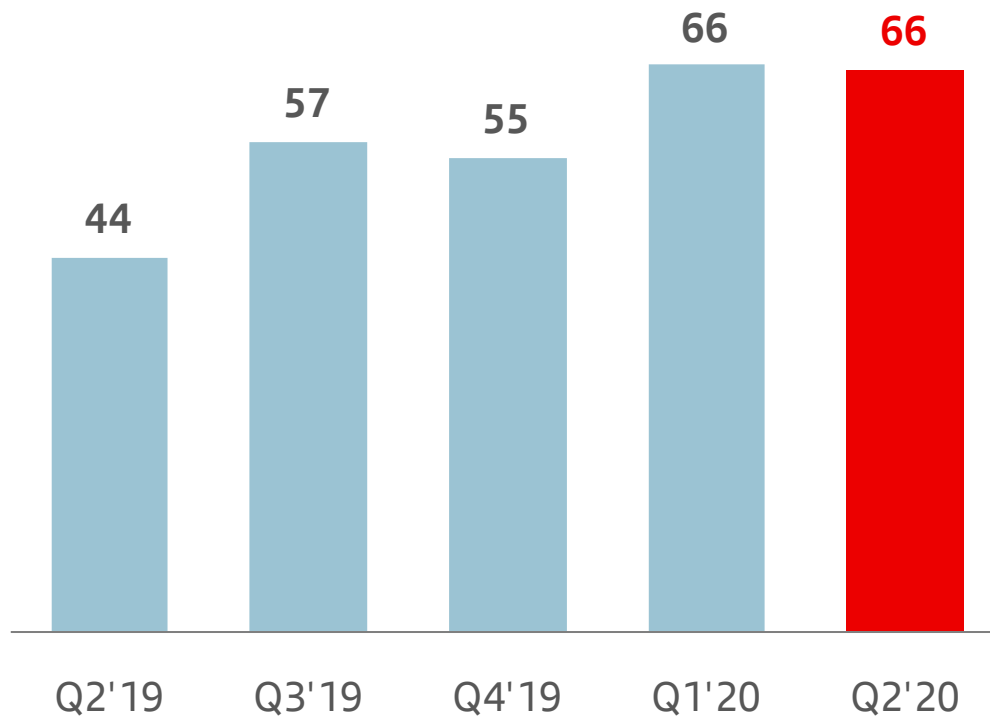


	H1'20	H1'19	YoY (%)	QoQ (%)
Total income	628	439	43.1	22.2
Operating Expenses	(339)	(262)	29.1	4.9
Net operating income	289	176	64.0	46.6
Efficiency ratio	54.0%	59.8%	-587 bps	



LLPs increased 52% YoY, impacted by COVID-19 related provisions

Net LLPs (Constant EUR mn)¹



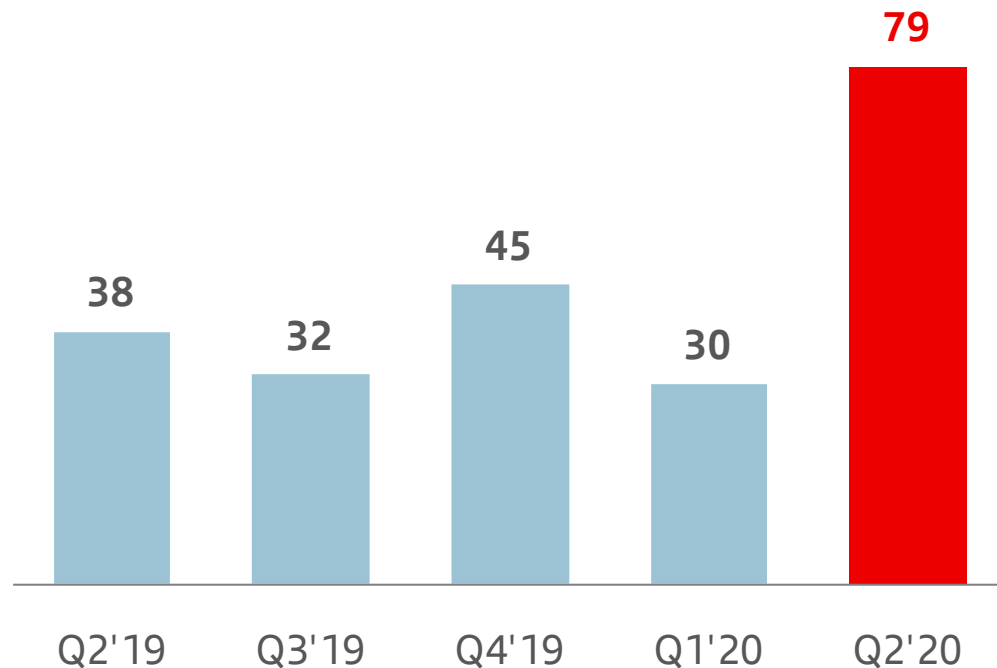
	H1'20	H1'19	YoY (%)	QoQ (%)
Net operating income	289	176	64.0	46.6
Loan-loss provisions	(132)	(87)	51.8	-1.1
Net operating income after provisions	157	89	76.0	109.0

NPL ratio	3.15%	3.79%	-64 bps	-82 bps
Cost of credit ²	5.67%	4.33%	134 bps	19 bps
Coverage ratio	166%	126%	39.3 pp	34.5 pp



Underlying attributable profit reached EUR 109 mn boosted by NII growth and efficiency improvement

Underlying Attributable Profit (Constant EUR mn)¹



	H1'20	H1'19	YoY (%)	QoQ (%)
PBT	125	77	62.1	123.5
Tax on profit	(16)	(33)	-51.5	-8.4
Consolidated profit	110	45	144.8	159.2
Minority interests	(1)	(0)	-	159.8
Underlying attributable profit	109	45	144.5	159.2
Effective tax rate	12.6%	42.1%	-29.5 pp	-13.3 pp

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Concluding remarks

Financial System

- ▶ Transactional and well capitalised financial system
- ▶ YoY volumes growth in local currency, decreasing in dollar-denominated portfolio
- ▶ High liquidity levels in both pesos and US Dollars

Strategy & Business

- ▶ Santander's strategy will continue to be focused on 4 pillars: culture & talent, customer experience, operational excellence and profitable growth
- ▶ New segments launched adding value to different audiences
- ▶ *Santander Express*: expanding our non-banking correspondent network
- ▶ Social measures to mitigate COVID-19 impacts
- ▶ Volumes growth boosted by local currency portfolios with foreign currency ones declining, in line with the market

Results

- ▶ Net interest income increased 62% YoY, driven by solid deposits growth and lower cost of funding
- ▶ YoY positive jaws with a strong efficiency ratio improvement
- ▶ LLPs increased 52% YoY, impacted by COVID-19 related provisions
- ▶ Underlying attributable profit reached EUR 109 mn, boosted by NII growth and efficiency improvement

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Balance sheet



Constant EUR million ¹			Variation	
	Jun-20	Jun-19	Amount	%
Loans and advances to customers	4,721	3,504	1,216	34.7
Cash, central banks and credit institutions	2,986	3,165	(179)	(5.6)
Debt instruments	2,659	558	2,101	376.5
Other financial assets	68	76	(8)	(10.4)
Other asset accounts	840	553	287	51.8
Total assets	11,275	7,857	3,418	43.5
Customer deposits	8,134	5,714	2,420	42.4
Central banks and credit institutions	1,043	604	439	72.6
Marketable debt securities	76	156	(80)	(51.4)
Other financial liabilities	651	464	188	40.5
Other liabilities accounts	365	252	112	44.4
Total liabilities	10,269	7,191	3,078	42.8
Total equity	1,006	666	340	51.0
Other managed customer funds	1,535	1,003	533	53.1
Mutual funds	1,535	1,003	533	53.1
Pension funds	—	—	—	—
Managed portfolios	—	—	—	—



Income statement

Constant EUR million ¹	H1'20	H1'19	Variation	
			Amount	%
Net interest income	502	311	191	61.5
Net fee income	132	146	(15)	(10.0)
Gains (losses) on financial transactions	33	32	1	4.1
Other operating income	(39)	(50)	11	(22.2)
Total income	628	439	189	43.1
Operating expenses	(339)	(262)	(76)	29.1
Net operating income	289	176	113	64.0
Net loan-loss provisions	(132)	(87)	(45)	51.8
Other gains (losses) and provisions	(32)	(12)	(20)	166.9
Underlying profit before tax	125	77	48	62.1
Tax on profit	(16)	(33)	17	(51.5)
Underlying profit from continuing operations	110	45	65	144.8
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	110	45	65	144.8
Non-controlling interests	(1)	(0)	(0)	200.0
Underlying attributable profit to the parent	109	45	64	144.5



Quarterly income statement

Constant EUR million¹

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
Net interest income	128	183	235	251	214	288
Net fee income	69	77	113	119	67	65
Gains (losses) on financial transactions	22	9	20	17	21	12
Other operating income	(21)	(29)	(49)	(28)	(19)	(20)
Total income	198	241	318	359	283	345
Operating expenses	(121)	(141)	(175)	(209)	(165)	(173)
Net operating income	77	99	144	150	117	172
Net loan-loss provisions	(43)	(44)	(57)	(55)	(66)	(66)
Other gains (losses) and provisions	(13)	2	(26)	(48)	(12)	(19)
Underlying profit before tax	20	57	61	46	39	87
Tax on profit	(14)	(19)	(28)	(0)	(8)	(8)
Underlying profit from continuing operations	6	39	32	46	31	79
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	6	39	32	46	31	79
Non-controlling interests	(0)	(0)	(1)	(0)	(0)	(1)
Underlying attributable profit to the parent	6	38	32	45	30	79

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**
In Collaboration with RobecoSAM



FTSE4Good