

26 July 2023

# Earnings Presentation

—

## H1'23



# Important information

## Non-IFRS and alternative performance measures

This presentation contains financial information prepared according to International Financial Reporting Standards (IFRS) and taken from our consolidated financial statements, as well as 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, and other non-IFRS measures. The APMs and non-IFRS measures were calculated with information from Grupo Santander; however, they are neither defined or detailed in the applicable financial reporting framework nor audited or reviewed by our auditors.

We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider them to be useful metrics for our management and investors to compare operating performance between periods.

Nonetheless, the APMs and non-IFRS measures are supplemental information; their purpose is not 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. APMs using ESG labels have not been calculated in accordance with the Taxonomy Regulation or with the indicators for principal adverse impact in SFDR.

For further details on APMs and Non-IFRS Measures, including their 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 2022 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the SEC) on 1 March 2023 (<https://www.santander.com/content/dam/santander-com/en/documentos/informacion-sobre-resultados-semestrales-y-anales-suministrada-a-la-sec/2023/sec-2022-annual-20-f-2022-en.pdf>), as well as the section "Alternative performance measures" of Banco Santander, S.A. (Santander) Q2 2023 Financial Report, published on 26 July 2023 (<https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information#quarterly-results>). Underlying measures, which are included in this document, 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 businesses included 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.

## Non-financial information

This presentation contains, in addition to financial information, non-financial information (NFI), including environmental, social and governance-related metrics, statements, goals, commitments and opinions.

NFI is included to comply with Spanish Act 11/2018 on non-financial information and diversity and to provide a broader view of our impact. NFI is not audited nor reviewed by an external auditor. NFI is prepared following various external and internal frameworks, reporting guidelines and measurement, collection and verification methods and practices, which are materially different from those applicable to financial information and are in many cases emerging and evolving. NFI is based on various materiality thresholds, estimates, assumptions, judgments and underlying data derived internally and from third parties. NFI is thus subject to significant measurement uncertainties, may not be comparable to NFI of other companies or over time or across periods and its inclusion is not meant to imply that the information is fit for any particular purpose or that it is material to us under mandatory reporting standards. NFI is for informational purposes only and without any liability being accepted in connection with it except where such liability cannot be limited under overriding provisions of applicable law.

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# Important information

The following important factors (and others described elsewhere in this presentation and other risk factors, uncertainties or contingencies detailed in our most recent Form 20-F and subsequent 6-Ks filed with, or furnished to, the SEC), as well as other unknown or unpredictable factors, could affect our future development and results and could lead to outcomes materially different from what our forward-looking statements anticipate, expect, project or assume: (1) general economic or industry conditions (e.g., an economic downturn; higher volatility in the capital markets; inflation; deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the war in Ukraine or the COVID-19 pandemic in the global economy) in areas where we have significant operations or investments; (2) climate-related conditions, regulations, policies, targets and weather events; (3) exposure to various market risks (e.g., risks from interest rates, foreign exchange rates, equity prices and new benchmark indices); (4) potential losses from early loan repayment, collateral depreciation or counterparty risk; (5) political instability in Spain, the UK, other European countries, Latin America and the US; (6) legislative, regulatory or tax changes (including regulatory capital and liquidity requirements), especially in view of the UK's exit from the European Union and increased regulation prompted by financial crises; (7) acquisition integration challenges arising from deviating management's resources and attention from other strategic opportunities and operational matters; (8) our own decisions and actions including those affecting or changing our practices, operations, priorities, strategies, policies or procedures; (9) uncertainty over the scope of actions that may be required by us, governments and others to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and governmental standards and regulations; and (10) changes affecting our access to liquidity and funding on acceptable terms, especially due to credit spread shifts or credit rating downgrades for the entire group or core subsidiaries.

Forward looking statements are based on current expectations and future estimates about Santander's and third-parties' operations and businesses and address matters that are uncertain to varying degrees, including, but not limited to developing standards that may change in the future; plans, projections, expectations, targets, objectives, strategies and goals relating to environmental, social, safety and governance performance, including expectations regarding future execution of Santander's and third-parties' energy and climate strategies, and the underlying assumptions and estimated impacts on Santander's and third-parties' businesses related thereto; Santander's and third-parties' approach, plans and expectations in relation to carbon use and targeted reductions of emissions; changes in operations or investments under existing or future environmental laws and regulations; and changes in government regulations, regulatory requirements and internal policies, including those related to climate-related initiatives.

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## **Not a securities offer**

This presentation and the information it contains does not constitute an offer to sell nor the solicitation of an offer to buy any securities.

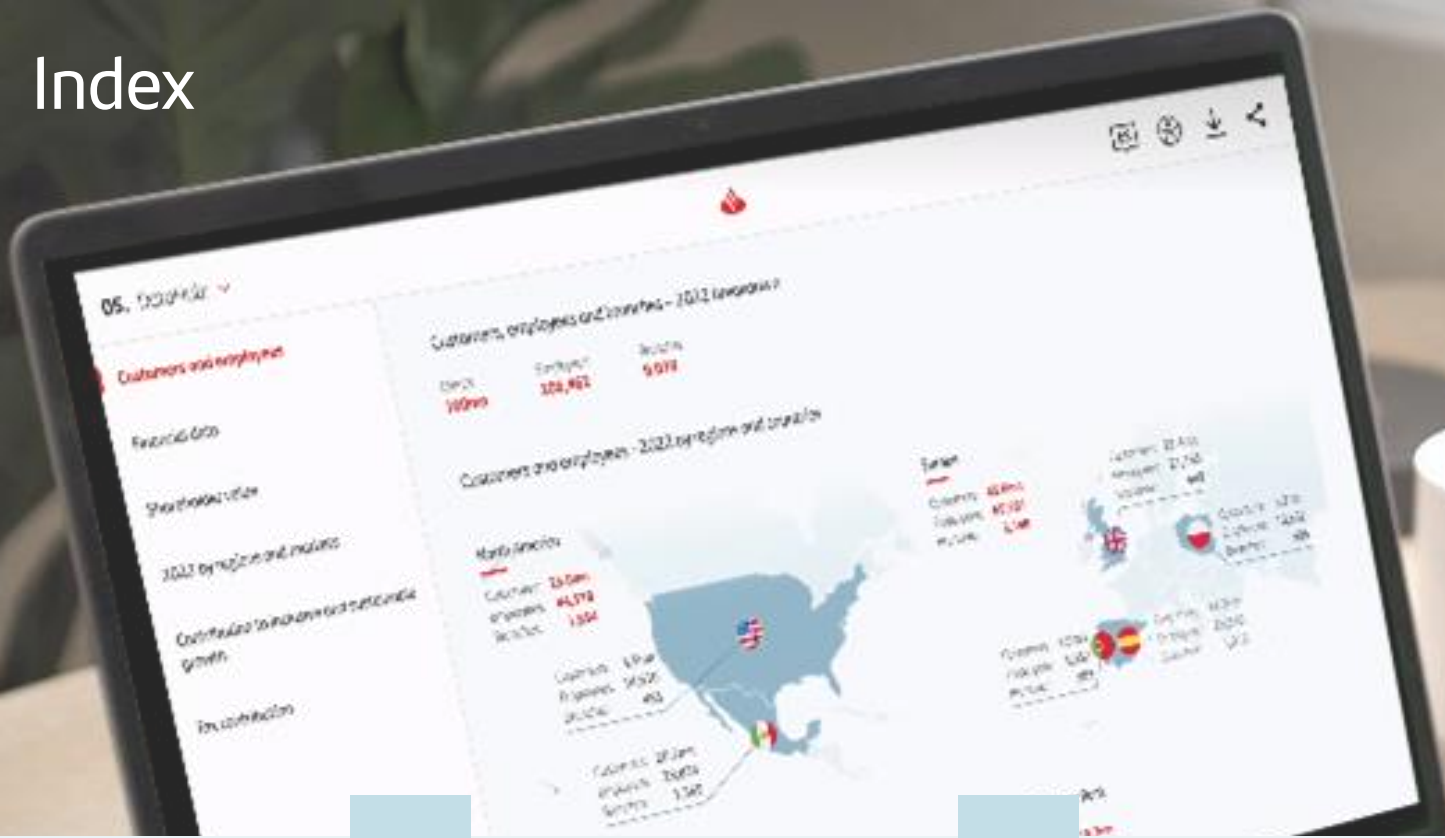
## **Past performance does not indicate future outcomes**

Statements about historical performance or growth rates must not be construed as suggesting that future performance, share price or results (including earnings per share) will necessarily be the same or higher than in a previous period. Nothing in this presentation should be taken as a profit and loss forecast.

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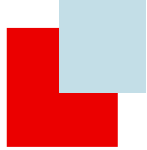
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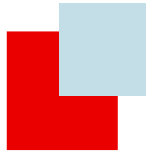
# H1'23 highlights



**Strong H1 results** with 9 million new customers YoY contributing to a 12% revenue increase



ONE TRANSFORMATION driving efficiency improvement and **growth** in profitability



Strong balance sheet supporting **value creation** and shareholder remuneration

Q2 Attributable Profit

**€2.7bn**

+14% vs. Q2'22

H1 Attributable Profit

**€5.2bn**

+7% YoY

EPS

**+13%**

YoY

RoTE

**14.5%**

+80bps YoY

FL CET1

**12.2%**

+0.2 pp YoY

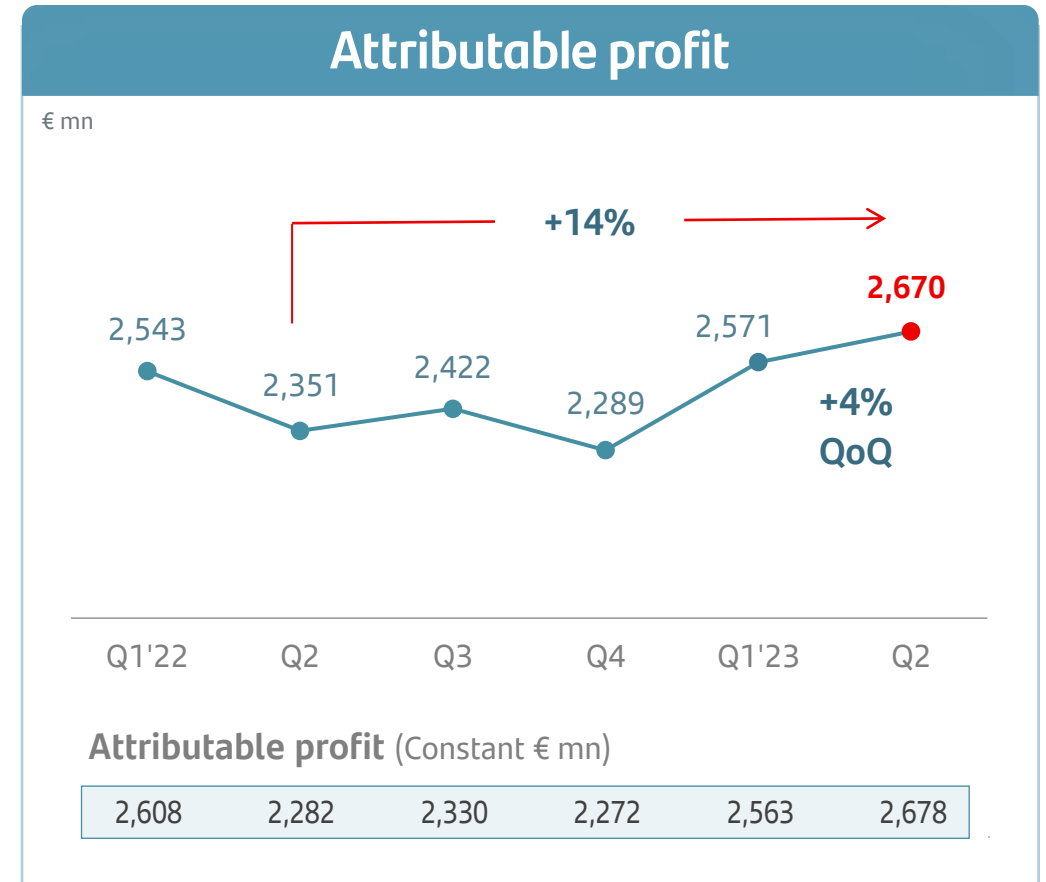
TNAVps + DPS

**+11%**

YoY

# Profit increased in H1'23, supported by customer revenue and efficiency improvement, with double-digit growth in net operating income

Underlying P&L			Current	Constant
€ million	H1'23	H1'22	%	%
NII	20,920	18,409	14	15
Net fee income	6,103	5,852	4	5
Other income	1,211	859	41	27
<b>Total revenue</b>	<b>28,234</b>	<b>25,120</b>	<b>12</b>	<b>13</b>
Operating expenses	-12,479	-11,435	9	11
<b>Net operating income</b>	<b>15,755</b>	<b>13,685</b>	<b>15</b>	<b>15</b>
LLPs	-5,771	-4,735	22	21
Other results*	-1,655	-1,035	60	69
<b>Attributable profit</b>	<b>5,241</b>	<b>4,894</b>	<b>7</b>	<b>7</b>



# Well on track to achieve our 2023 financial targets ...

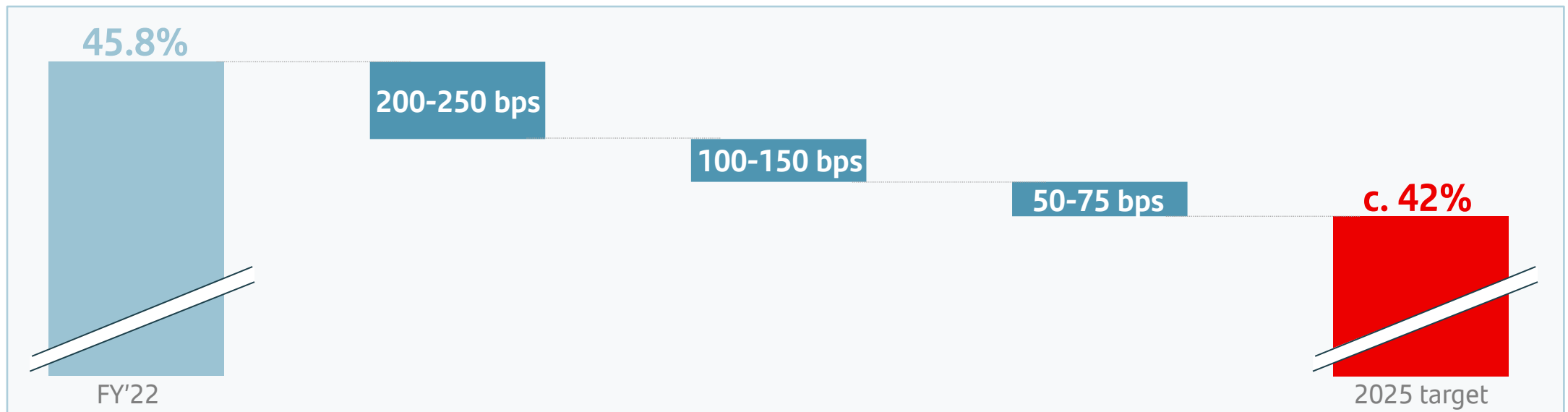
		FY 2023 targets	H1'23
Revenue <sup>1</sup>	>>	Double-digit growth	+13%
Efficiency ratio	>>	44-45%	44.2%
CoR	>>	<1.2%	1.08%
FL CET1	>>	>12%	12.2%
RoTE	>>	>15%	14.5%

# ... backed by consistent execution of One Transformation and value added from our Global and Network businesses

Execution YTD  
Efficiency

FY'22	One Transformation	Global & network businesses	Global Tech capabilities & others	H1'23
<b>45.8%</b>	<b>-85 bps</b>	<b>-43 bps</b>	<b>-36 bps</b>	<b>44.2%</b>
	<ul style="list-style-type: none"> <li>• <b>Product simplification:</b> 362 fewer products, -5% YTD</li> <li>• <b>Digital self-service model:</b> -17% use contact centres YTD</li> <li>• <b>In US,</b> c. \$70 mn efficiencies captured YTD in Consumer and Commercial</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Multilatinas / Multieuropeans:</b> +70% revenue growth YTD</li> <li>• <b>WM&amp;I:</b> new global alternative asset manager, €2bn commitments</li> <li>• <b>Auto:</b> expansion of agreements with OEMs, +c.\$4bn volume p.a.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Global approach</b> to technology: c. €80 mn efficiencies YTD                             <ul style="list-style-type: none"> <li>– <b>Gravity</b> (back-end) efficiencies</li> <li>– <b>Global vendor</b> agreements</li> <li>– <b>IT&amp;Ops shared-services</b></li> </ul> </li> </ul>	

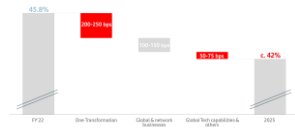
Reminder from  
Investor Day  
Efficiency





# Digital bank with branches: One Transformation delivering results

H1'23 data. Changes in constant euros



## Simplification

**Cost<sup>1</sup>**  
per active customer

**-2%**  
YoY

**Revenue**  
per active customer

**+11%**  
YoY

## Process automation

**# Operational FTEs**  
per mn customers

**-3%**  
YTD

**Transactions**  
per active customer

**+10%**  
YoY

## Best-in-class Tech Platform

**Gravity**  
Deployed in 3 countries



**50bn**  
Transactions YTD

**Integration**  
between ODS and Gravity



# Global and Network businesses: revenue growing above Group

H1'23 data. Changes YoY in constant euros








	SCIB	WM&I	Payments	Auto
	Network revenue	PB network AuMs	# Transactions	Auto loans and leases
	<b>€2.0bn</b>	<b>€50bn</b>	<b>17bn</b>	<b>€174bn</b>
	+27%	+10%	+13%	+7%
<b>Total revenue</b>	<b>+24%</b>	<b>+25%<sup>1</sup></b>	<b>+27%</b> PagoNxt	<b>-3%</b>
<b>ID Targets (CAGR 22-25)</b>	<b>c.10%</b>	<b>c.10%</b>	<b>c.30%</b> PagoNxt	<b>c.7%</b>







Note: total transactions include merchant payments, cards and electronic A2A payments.

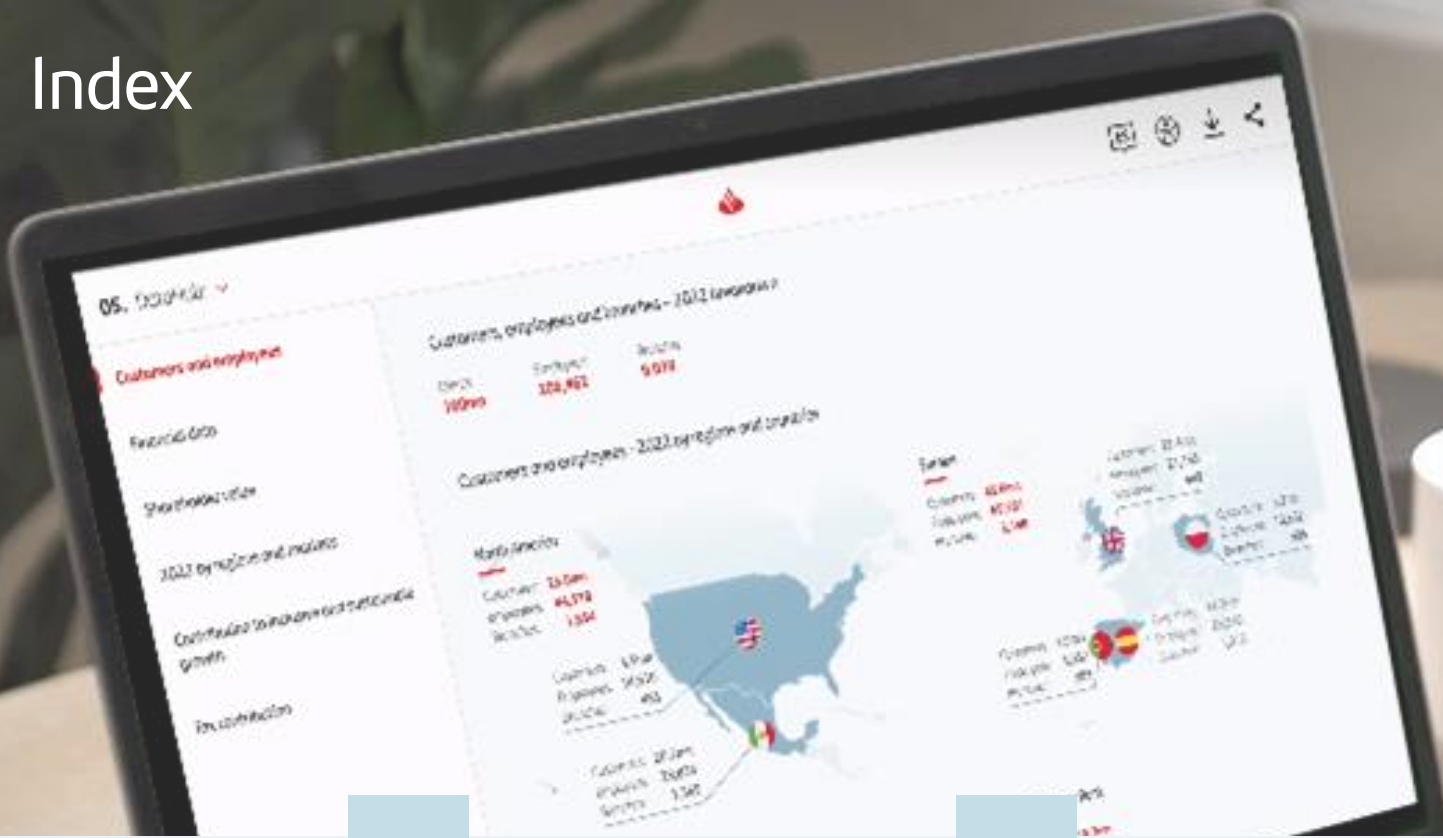
(1) Including fees generated by asset management and insurance ceded to the commercial network. If not included, +44%.

# Progressing towards our 2025 profitability targets

RoTE		H1'23	2025 Target
	Europe	13.5%	c.15%
	North America	11.1%	c.15% <sup>1</sup>
	South America	14.0%	c.19%
	Digital Consumer Bank	10.8%	c.15%
	Group	14.5%	15-17%

RoTE		H1'23	2025 Target
	SCIB	29.2%	>20%
	WM&I	89.3%	c.60%
	Auto	18.3%	>15%
EBITDA Margin		H1'23	2025 Target
	Pagonxt	11.2%	>30%

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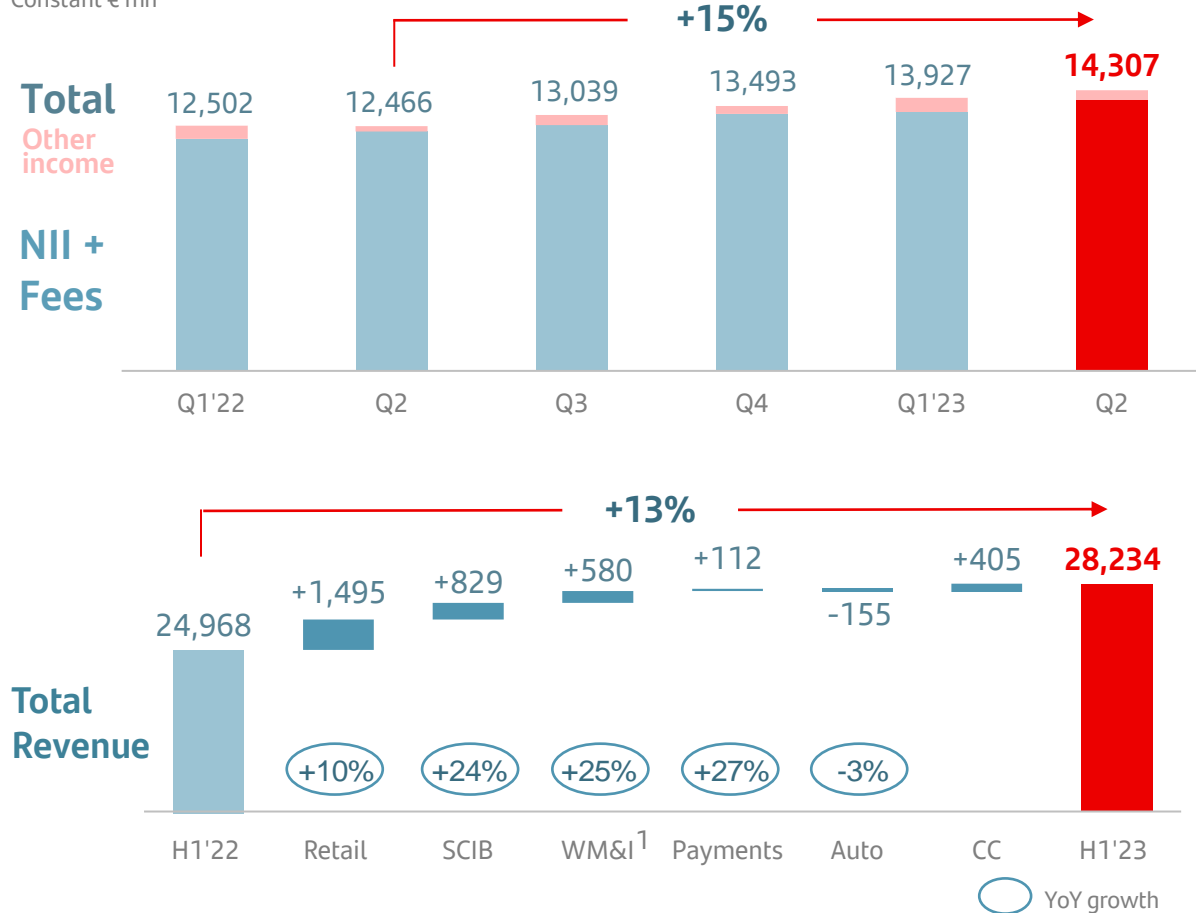
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# Double-digit revenue growth backed by good customer activity across businesses and regions

## Total revenue

Constant € mn



## Revenue trends

### Group performance

- **>95% of total revenue is customer related** which drives the vast majority of total revenue growth
- **Double-digit revenue growth** across all businesses except Auto, which was mainly affected by negative interest rate sensitivity and lower leasing income in the US

### By region

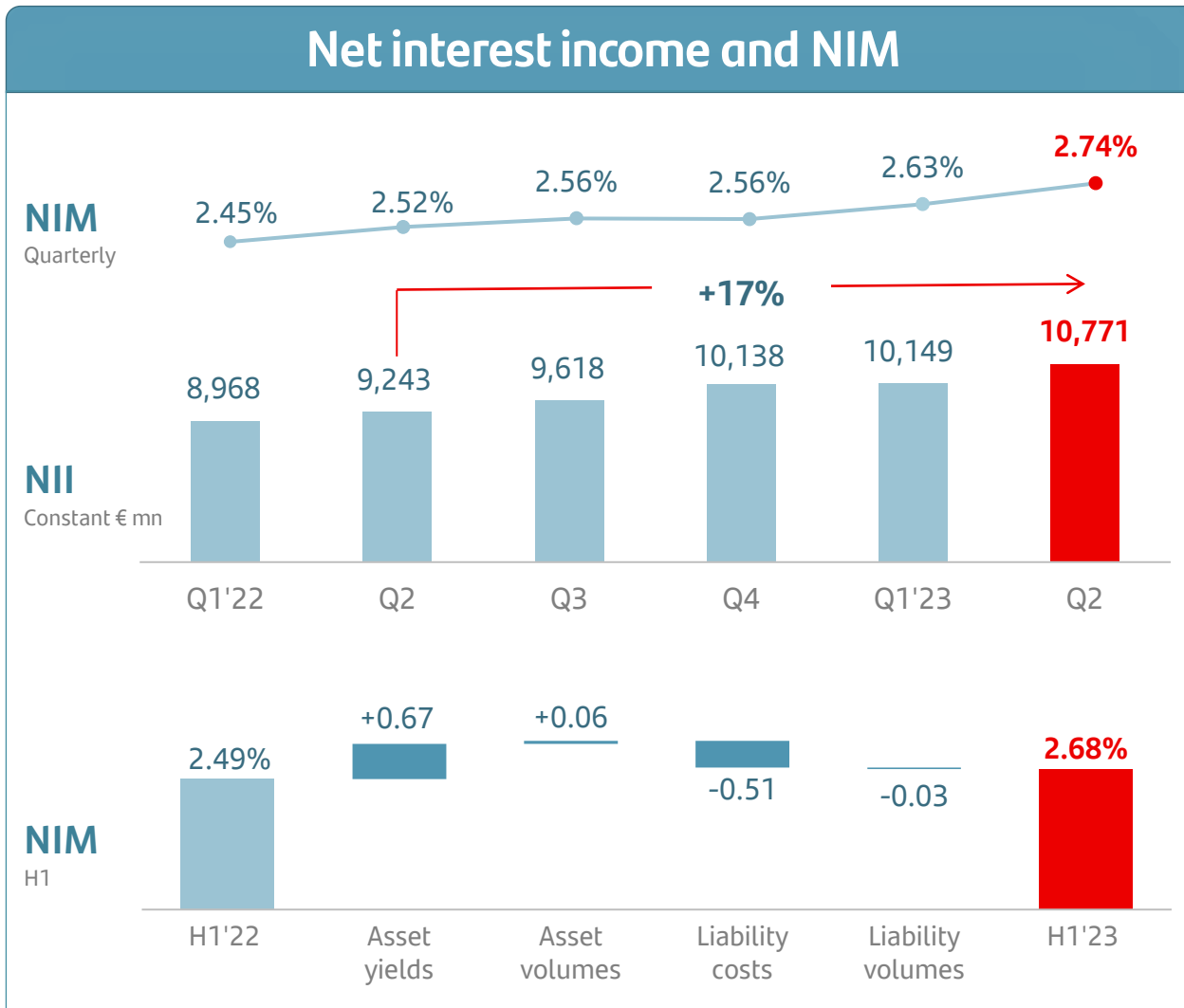
- **All regions increased.** Margin management in a context of higher interest rates in Europe and solid fee performance in North and South America
- Revenue up 5% in **DCB**, backed by **focus on profitability** with disciplined asset repricing and deposits growth
- Higher liquidity buffer remuneration and lower negative impact from FX hedging in the Corporate Centre



Note: Retail excluding Auto. Payments includes PagoNxt and Global Cards Platform.

(1) Including fees generated by asset management and insurance ceded to the commercial network.

# NII and NIM up YoY, supported by volumes and margin improvement



## NII drivers

**NII**

- Strong NII growth of 6% in the quarter
- NII growing YoY across regions:
  - Europe (+32%) and Mexico (+12%), strong increase driven by positive sensitivity to interest rates
  - South America (+6%), US (flat) and DCB (+3%) compensates negative interest rate sensitivity with volume growth

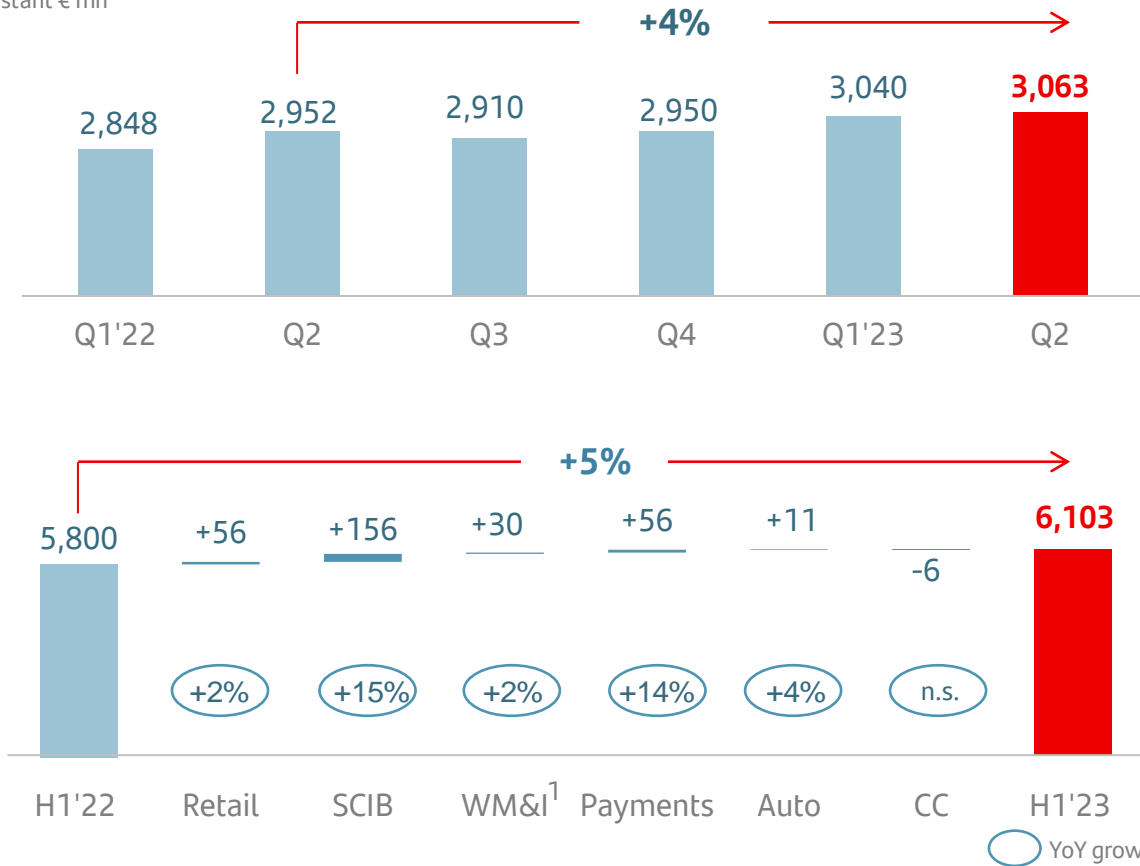
**Margins**

- NIM consistently improving QoQ, driven by asset repricing and contained cost of deposits
- Positive NII sensitivity of c.€500mn above the Investor Day assumptions

# Net fee income grew driven by customer activity and value-added products, with 42% of total fees from Global and Network businesses

## Net fee income

Constant € mn



## Net fee income drivers

YoY % changes in constant euros

### Retail

- **Active customers** increased by **2mn YoY**
- **Transactionality** and well-targeted services to segments

### SCIB

- **Double-digit growth in all regions**
- Strengthening value-added services

### WM&I

- **Private Banking CAL** increased **12% YoY**, **GWPs grew 11%**
- **SAM** net new money €3.2bn YTD. Product mix change

### Payments

- Strong **total payments volume growth** (+25%) in PagoNxt backed by Brazil, Europe and Mexico

### Auto

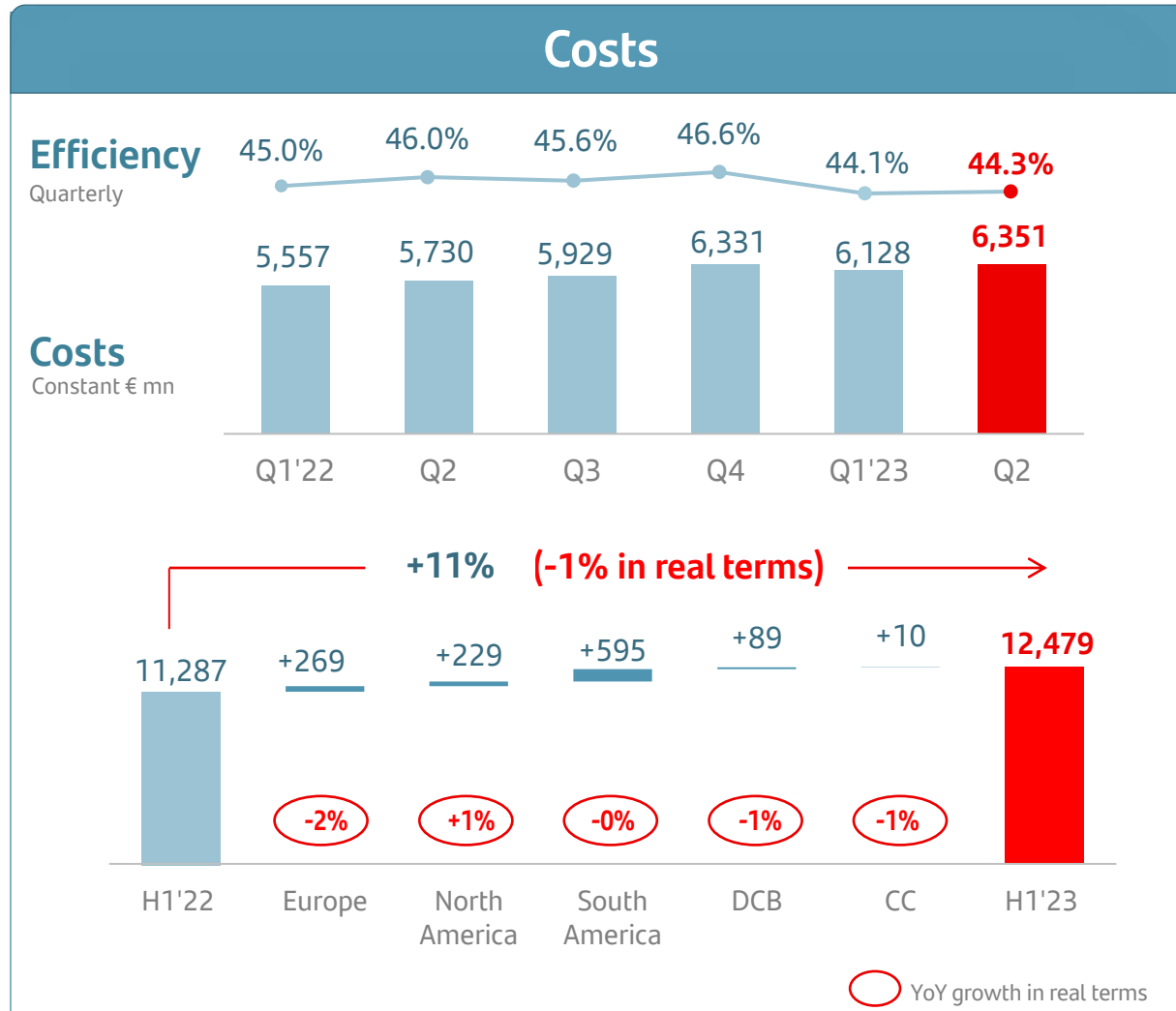
- **Increased activity** across the board
- Negative impact from new insurance regulation in Germany



Note: Retail excluding Auto. Payments includes PagoNxt and Global Cards Platform.  
n.s. = not significant.

(1) Including fees generated by asset management and insurance ceded to the commercial network.

# Focus on productivity and efficiency with costs decreasing in real terms



## Costs and efficiency drivers

### Efficiency improved

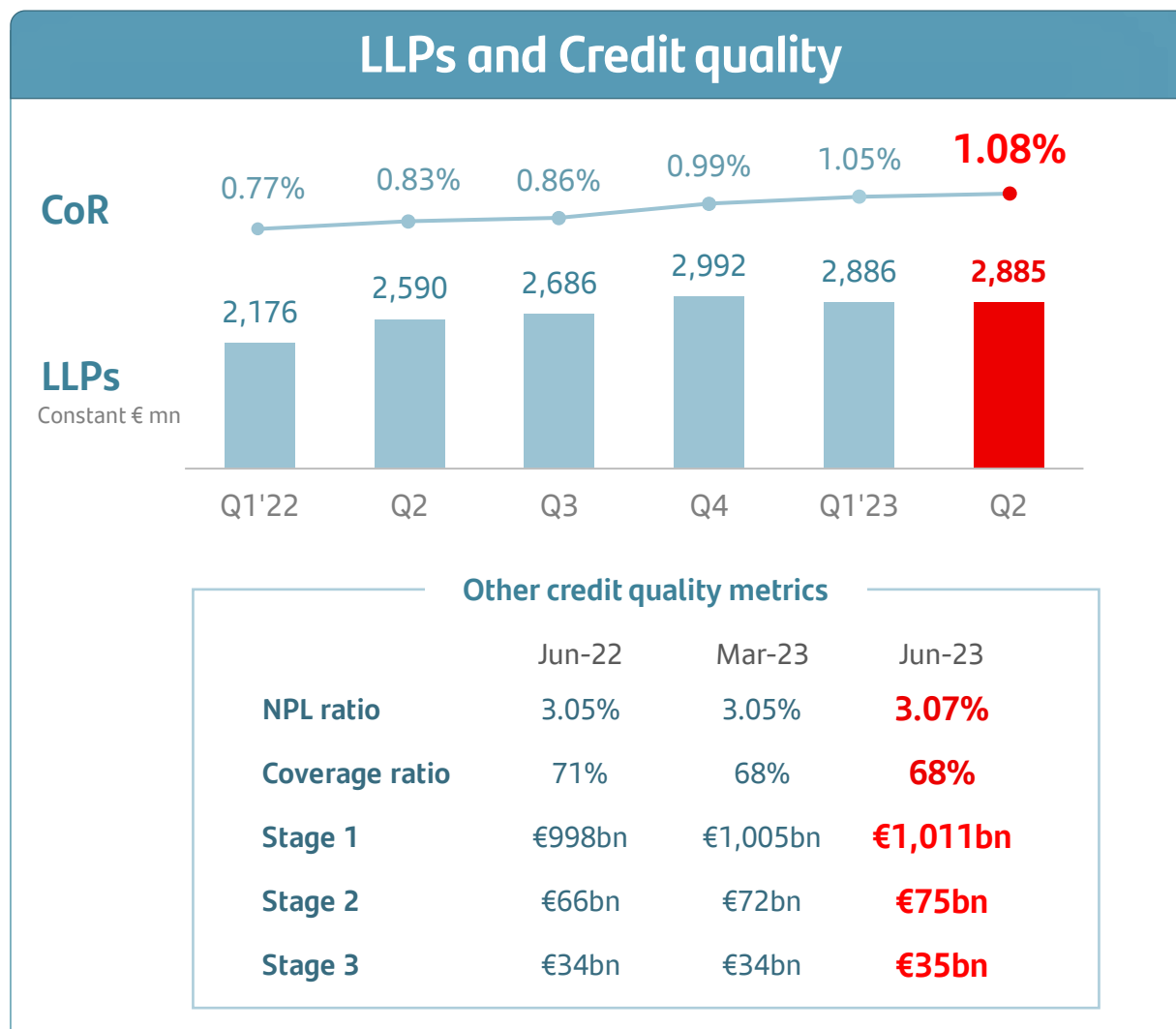
- Transformation towards **simpler and more integrated models** is driving cost improvements
- Cost performance includes investments in **transformation (technology)** for €1.2bn
- H1'23 Group **efficiency improved 1.3pp YoY to 44.2%** mainly driven by Europe (-7pp)

### Costs grew below inflation

- **Costs in real terms: -1% YoY**
- Costs **growing below inflation** in Europe, DCB and South America
- North America up 1% reflecting **investments in transformation**



# Credit quality remains robust, on track to achieve Group 2023 CoR target



## Credit quality drivers

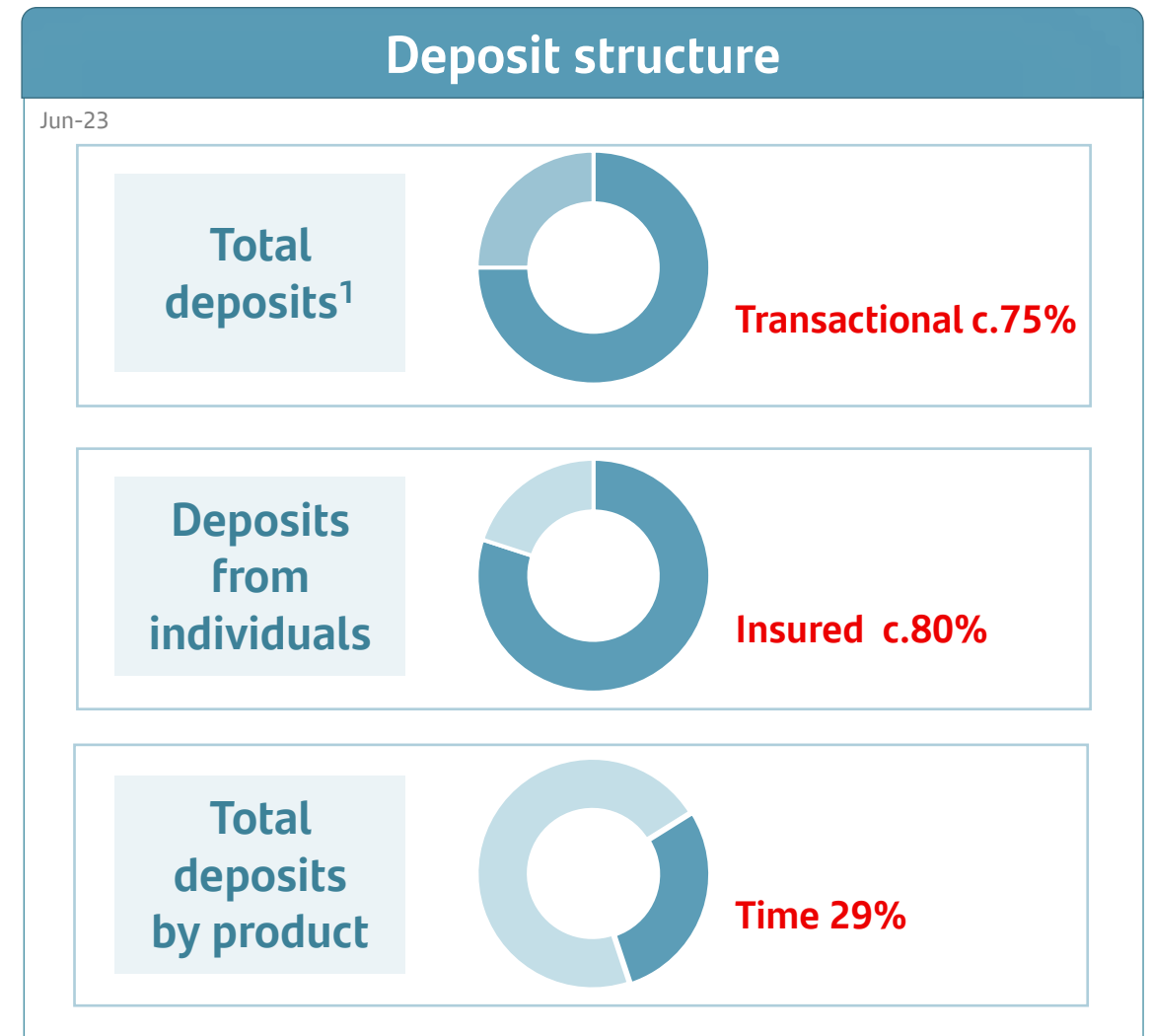
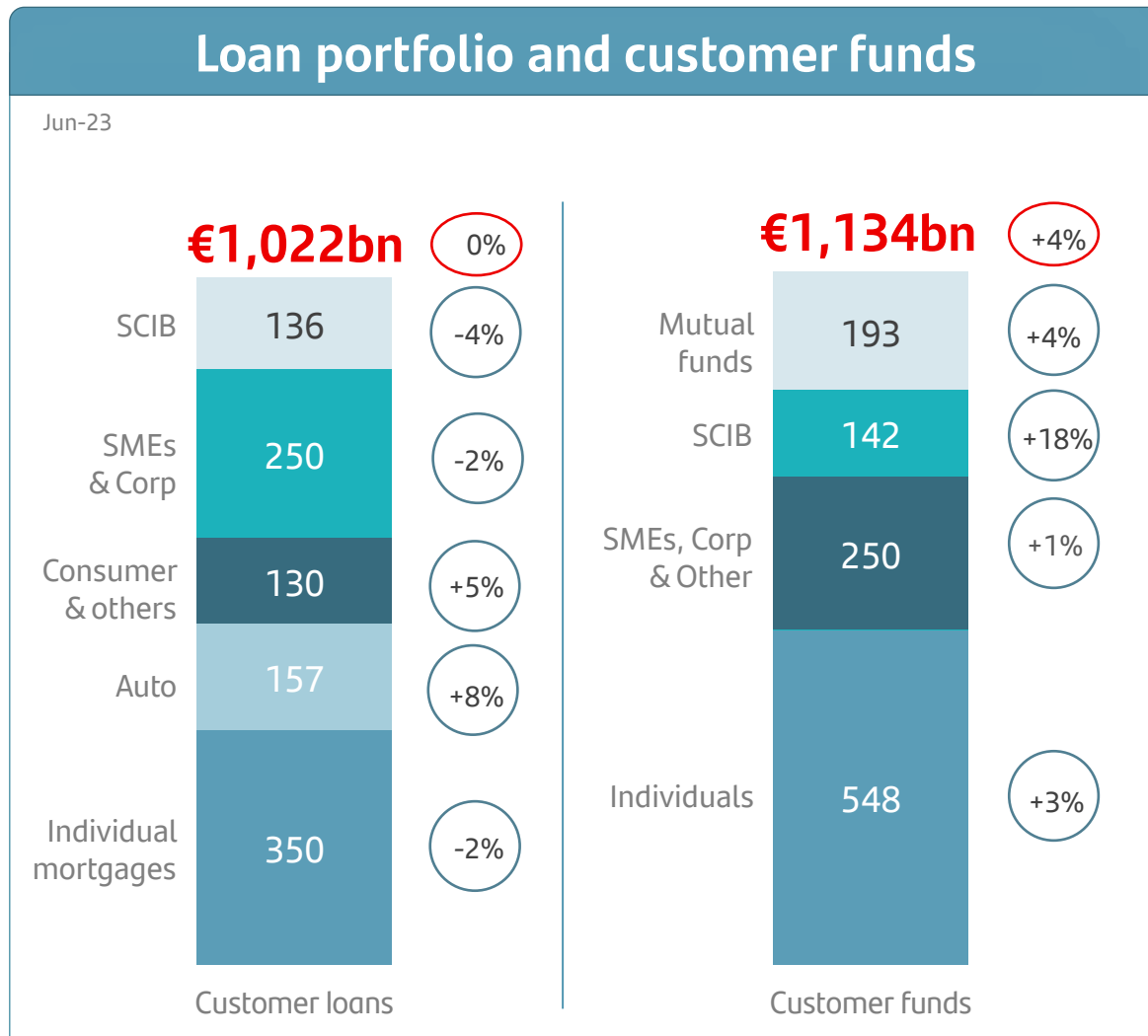
### Group NPL and stages

- **Credit quality remains robust** supported by record low unemployment in most countries
- **NPL ratio stood at 3.07%** (3.05% Jun-22) with **NPL coverage and stages** fairly stable

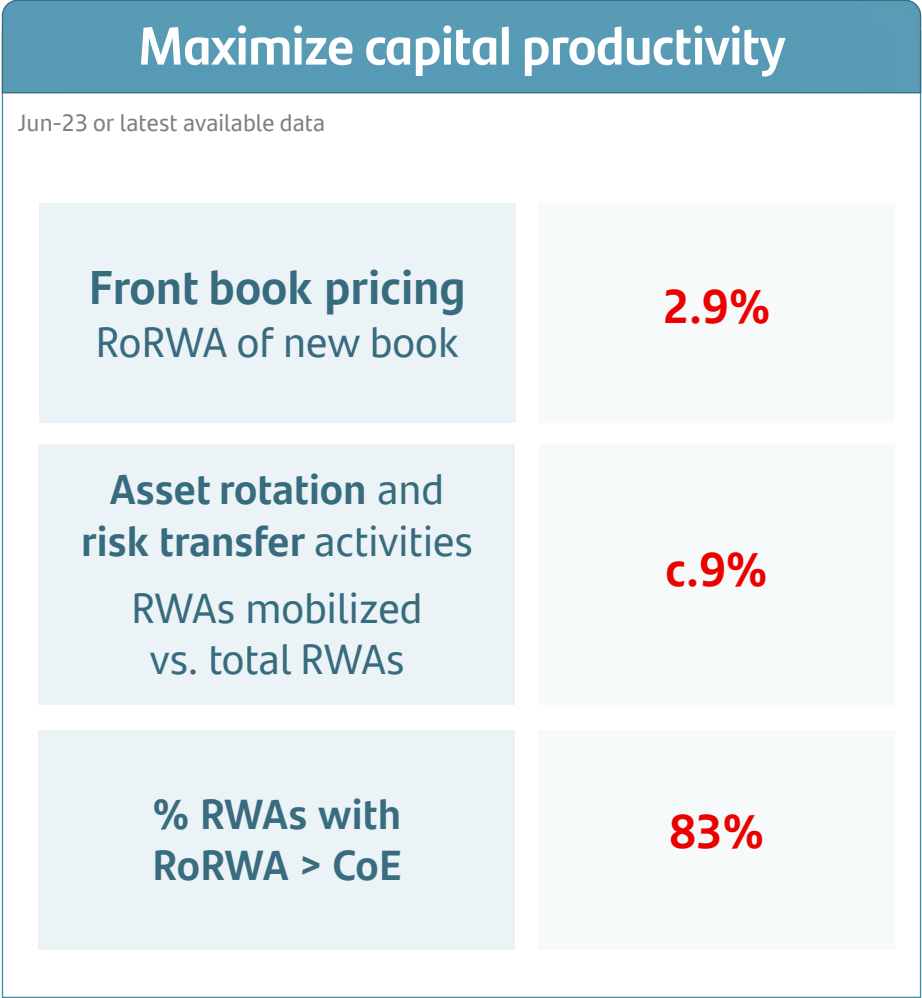
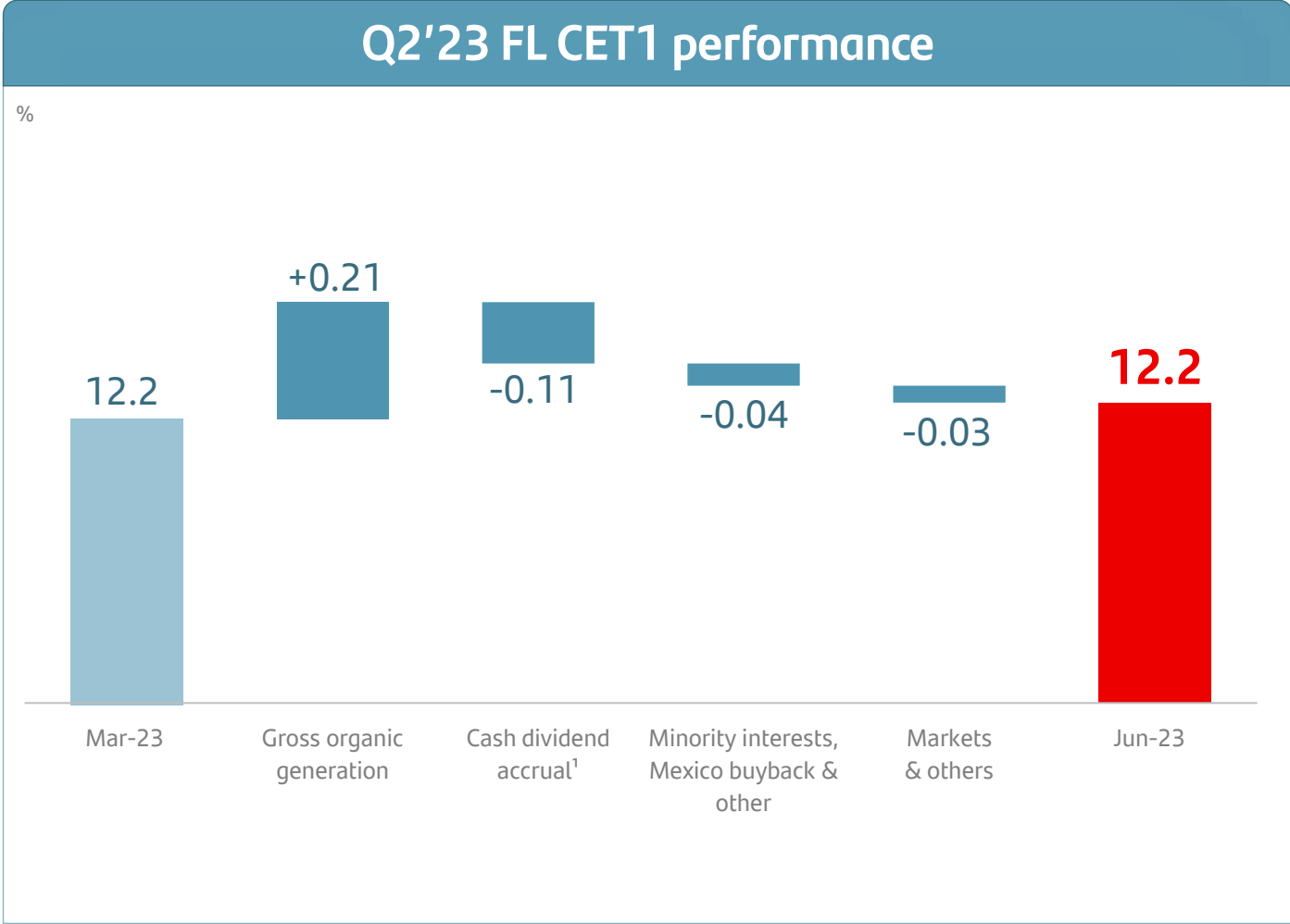
### Detail by country

- **Spain** credit quality continues to improve with CoR dropping YoY
- CoR in the **UK, DCB** and **Mexico** slightly up from very low levels in H1'22
- **US** CoR remains better-than-expected at 1.57%
- **Brazil** NPL and CoR improved QoQ
- **Poland** impacted by CHF mortgages

# Diversified balance sheet funded with stable retail deposits

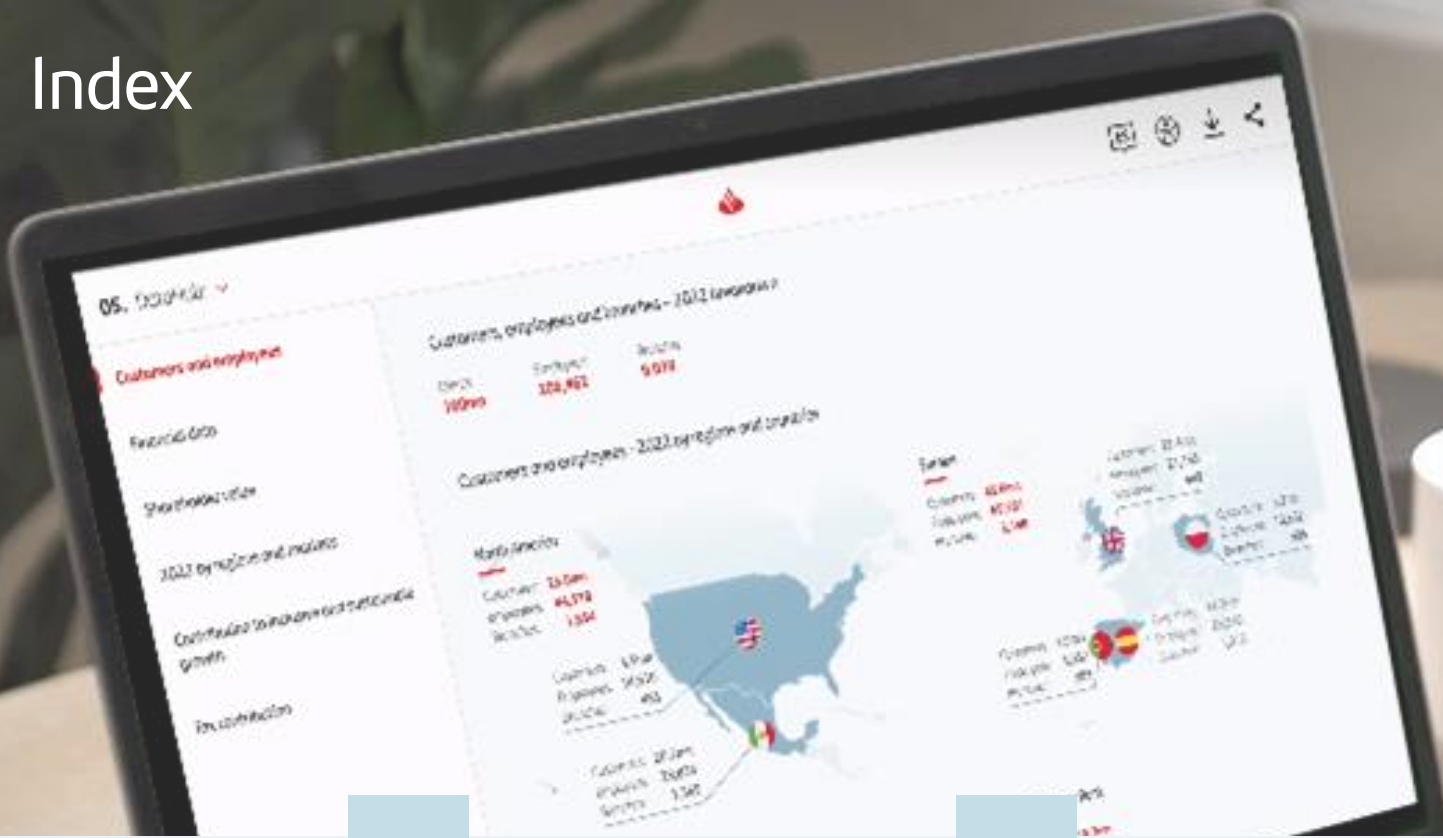


# Capital in line with our target of >12%. Front-book RoTE above 15%

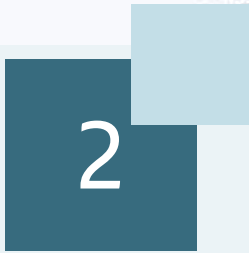


(1) Target payout is c.50% of Group reported profit (excluding non-cash, non-capital ratios impact items), distributed approximately 50% in cash dividends and 50% in share buybacks. Execution of the shareholder remuneration policy is subject to future corporate and regulatory decisions and approvals.

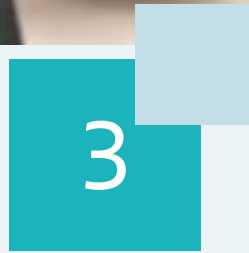
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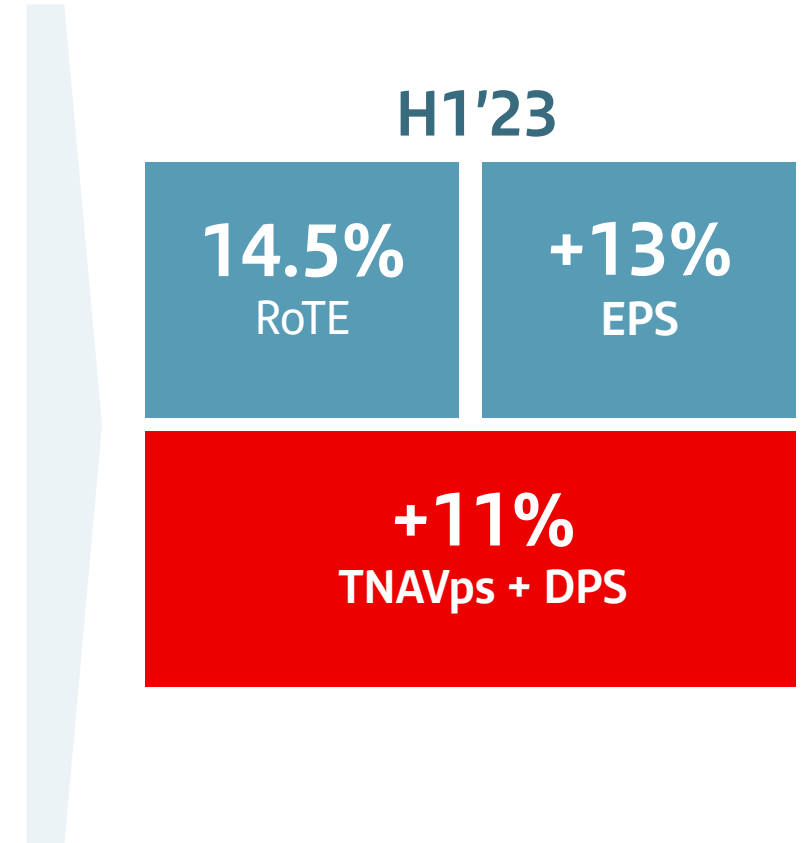
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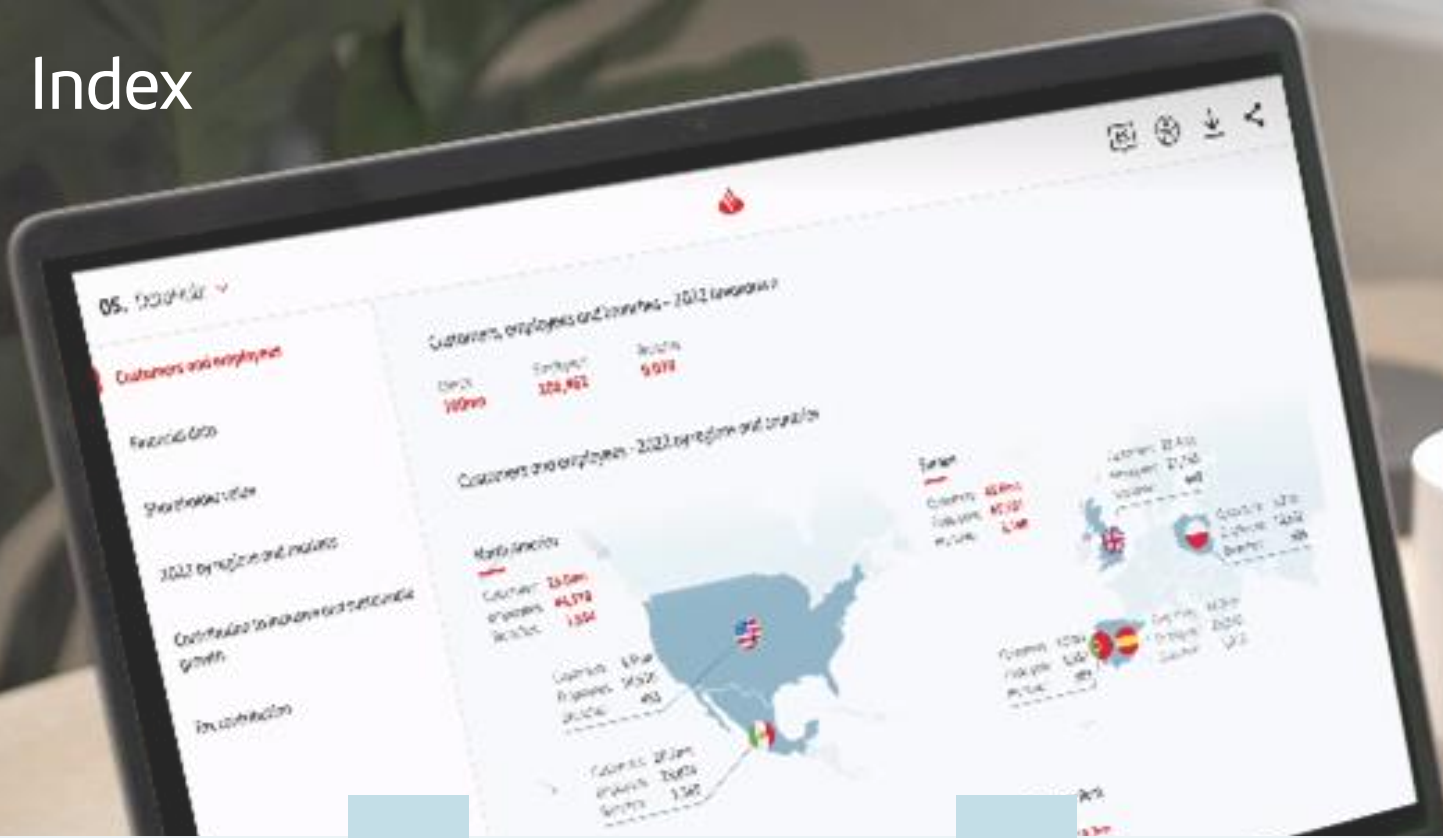
Appendix

# Well-positioned to create shareholder value and sustainable profitability

- Our **profitability was up** YoY, supported by customer growth and double-digit increase in revenue
- Acceleration of our structural changes to a simpler & more integrated model through **ONE TRANSFORMATION** is driving **efficiency and profitable growth**
- Strong balance sheet** with robust capital and credit quality, contributes to **growth and value creation**
- Given these results, we are **confident** we will **reach our 2023 targets** and **remunerate our shareholders** in line with our 50% payout policy



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# Appendix

**Investor Day 2025 targets summary**

Primary and Secondary segments

Reconciliation of underlying results to statutory results

Glossary

**The other information in the Appendix regularly provided each quarter can be found in the document entitled "Supplementary Information", published together with this presentation on the Group's corporate website**

# Double-digit growth in value creation

		2022	H1'23	2025 targets
<b>Profitability</b>	RoTE (%)	13.4	14.5	15-17
	Payout (Cash + SBB) <sup>1</sup> (%)	40	50	50
	EPS Growth (%)	23	13	Double-digit
<b>Customer centric</b>	Total customers (mn)	160	164	c.200
	Active customers (mn) <sup>2</sup>	99	99	c.125
<b>Simplification &amp; automation</b>	Efficiency ratio (%)	45.8	44.2	c.42
<b>Network contribution</b>	Global & network businesses' contribution to total revenue (%)	>30	39	>40
	Global & network businesses' contribution to total fees (%)	c.40	42	>50
<b>Customer activity</b>	Transactions volume per active customer (% growth) <sup>3</sup>	-	10	c.8
<b>Capital</b>	FL CET1 (%)	12.0	12.2	>12
	RWA with RoRWA>CoE (%)	80	83	c.85
<b>ESG</b>	Green financed raised & facilitated (€bn) <sup>4</sup>	94.5	98.6	120
	Socially responsible Investments (AuM) (€bn)	53	58.6	100
	Financial inclusion (# People) (mn) <sup>5</sup>	-	0.9	5
	Women in senior positions (%)	c.29	30.8%	35
	Equal pay gap (%)	c.1	-	c.0

**TNAVps+DPS (Growth YoY)**

**+6%**

**+11%**

**Double-digit growth average through-the-cycle**



(1) Target payout will be c.50% of group reported profit (excluding non-cash, non-capital ratios impact items), distributed in approximately 50% in cash dividend and 50% in share buybacks. Execution of the shareholder remuneration policy is subject to future corporate and regulatory decisions and approvals.

(2) Those customers who meet transactionality threshold in the past 90 days.

(3) Total transactions include merchant payments, cards and electronic A2A payments.

(4) Since 2019. (5) Starting Jan-23. Does not include financial education.

Note: ESG - Not taxonomy. Definitions in the Glossary of this presentation.



# Appendix

Investor Day 2025 Targets summary

**Primary and Secondary segments**

Reconciliation of underlying results to statutory results

Glossary

The other information in the Appendix regularly provided each quarter can be found in the document entitled "Supplementary Information", published together with this presentation on the Group's corporate website

A light blue world map is centered in the background of the slide. The map shows the outlines of continents and countries. A vertical light blue bar runs through the center of the map, behind the text.

# Primary segments

Detail by region  
and country

## Highlights

- On track to achieve our key **transformation projects** such as One App, tech commonality and shared services
- **Customer growth continued** in the region (+1mn YoY)
- **Loans** affected by lower demand from companies and early repayments, particularly in mortgages. **Deposits** rose 1% with a significant migration to time deposits
- **Double-digit profit growth** supported by strong NII (margin management and positive balance sheet sensitivity to higher interest rates), efficiency gains and active risk management
- **Positive trends continued QoQ as profit rose 12%** fuelled by asset repricing, disciplined deposit pricing and cost control

## Key data and P&L

Loans	Deposits	Mutual Funds
€564bn -5%	€604bn +1%	€100bn +3%
Efficiency	CoR	RoTE
41.9% -6.6pp	0.42% +5bps	13.5% +4.7pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	3,968	9.1	7,565	32.0	30.0
Net fee income	1,076	-8.4	2,244	-2.8	-3.1
Total revenue	5,293	1.4	10,464	23.3	21.9
Operating expenses	-2,215	1.4	-4,382	6.5	5.3
<b>Net operating income</b>	<b>3,078</b>	<b>1.4</b>	<b>6,081</b>	<b>39.2</b>	<b>37.7</b>
LLPs	-646	-0.4	-1,289	12.9	12.4
<b>Attributable profit</b>	<b>1,347</b>	<b>12.2</b>	<b>2,536</b>	<b>40.0</b>	<b>37.9</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.

## Spain

- Strong YoY **growth in customers** (+738k) **and deposits** (+3%). Loans affected by prepayments and lower corporate demand
- **Profit +74%** driven by higher NII, boosted by active pricing management in a context of interest rate hikes, cost control and **strong improvement in credit quality metrics**
- **Similar trends QoQ**

Loans	Deposits	Mutual Funds
€238bn -6%	€299bn +3%	€75bn +1%
Efficiency	CoR	RoTE
39.9% -9.5pp	0.62% -16bps	13.4% +6.8pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22
NII	1,701	16.5	3,161	56.9
Net fee income	661	-12.0	1,413	-4.3
Total revenue	2,566	0.7	5,113	29.9
Operating expenses	-1,025	1.2	-2,039	4.9
<b>Net operating income</b>	<b>1,540</b>	<b>0.5</b>	<b>3,074</b>	<b>54.2</b>
LLPs	-389	-6.3	-803	-0.4
<b>Attributable profit</b>	<b>666</b>	<b>42.7</b>	<b>1,132</b>	<b>73.6</b>

(\*) € mn and % change.

## UK

- Higher rates and economic slowdown continued to affect **loan** volumes, while **deposits** up YoY (mainly in saving accounts)
- **Profit up** YoY supported by NII, on the back of higher rates, good cost control and a drop in LLPs
- **Continued good trends** in costs and provisions **QoQ**

Loans	Deposits	Mutual Funds
€242bn -4%	€223bn +1%	€7bn -4%
Efficiency	CoR	RoTE
49.4% -1.8pp	0.11% +13bps	13.9% +3.1pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	1,300	-0.2	2,583	11.1	6.8
Net fee income	84	0.6	167	-14.0	-17.3
Total revenue	1,391	0.1	2,759	9.0	4.8
Operating expenses	-689	0.7	-1,363	5.2	1.1
<b>Net operating income</b>	<b>702</b>	<b>-0.5</b>	<b>1,395</b>	<b>12.9</b>	<b>8.6</b>
LLPs	-44	-27.4	-103	-14.2	-17.5
<b>Attributable profit</b>	<b>423</b>	<b>5.4</b>	<b>818</b>	<b>15.6</b>	<b>11.2</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.

## Portugal

- **Loan** volumes remained under pressure due to higher rates
- **Excellent management of liquidity ratios**, mitigating the effect on deposits from the migration to public sector instrument
- **Profit +43% YoY** with strong NII, strict cost control and robust credit quality
- **QoQ profit** affected by regulatory charges

Loans	Deposits	Mutual Funds
€39bn -4%	€37bn -9%	€4bn +5%
Efficiency	CoR	RoTE
32.1% -8.7pp	0.10% +15bps	18.7% +7.0pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22
NII	314	20.3	575	68.8
Net fee income	111	-10.2	235	-3.9
Total revenue	419	3.4	824	34.4
Operating expenses	-132	0.1	-265	5.6
<b>Net operating income</b>	<b>286</b>	<b>4.9</b>	<b>559</b>	<b>54.2</b>
LLPs	-20	51.4	-34	214.5
<b>Attributable profit</b>	<b>142</b>	<b>-21.2</b>	<b>321</b>	<b>42.6</b>

(\*) € mn and % change.

## Poland

- **Loans increased** in CIB, corporates and consumer but were offset by the drop in mortgages
- **Profit up 55% YoY**, driven by customer revenue (mainly NII) and efficiency improvement, which allowed us to absorb additional CHF mortgage charges

Loans	Deposits	Mutual Funds
€33bn 0%	€42bn +9%	€4bn +20%
Efficiency	CoR	RoTE
26.8% -4.3pp	1.87% +92bps	17.9% +4.2pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>(1)</sup>
NII	623	2.6	1,209	34.9	35.3
Net fee income	144	-4.3	289	7.5	7.8
Total revenue	780	3.3	1,509	38.1	38.4
Operating expenses	-207	1.2	-405	19.1	19.4
<b>Net operating income</b>	<b>573</b>	<b>4.1</b>	<b>1,105</b>	<b>46.7</b>	<b>47.0</b>
LLPs	-191	22.2	-343	69.4	69.8
<b>Attributable profit</b>	<b>155</b>	<b>-10.7</b>	<b>321</b>	<b>54.6</b>	<b>55.0</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.



## Highlights

- **Larger customer base** and enhanced customer experience through tailored products and services
- **Strong performance in both loans** (especially individuals and corporates) and **time deposits**
- **Product rationalization and business simplification**, including launch of an ambitious transformation plan in Mexico, on track and beginning to deliver savings
- **Revenue growing YoY** driven by good performance in Mexico, which more than offset higher funding costs and lower lease income in the US
- **Bottom line** affected by LLP normalization
- **Profit up 13% QoQ** backed by **lower LLPs in the US**

## Key data and P&L

Loans	Deposits	Mutual Funds
€160bn +5%	€140bn +13%	€28bn -2%
Efficiency	CoR	RoTE
47.7% +1.1pp	1.70% +61bps	11.1% -1.1pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	2,483	0.6	4,931	4.4	10.0
Net fee income	555	4.5	1,077	6.7	14.9
Total revenue	3,276	3.4	6,417	5.4	11.0
Operating expenses	-1,560	3.4	-3,060	8.1	13.6
<b>Net operating income</b>	<b>1,716</b>	<b>3.4</b>	<b>3,357</b>	<b>3.0</b>	<b>8.7</b>
LLPs	-722	-10.9	-1,530	50.6	59.0
<b>Attributable profit</b>	<b>719</b>	<b>12.9</b>	<b>1,346</b>	<b>-18.9</b>	<b>-14.7</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.

## US

- **Stable and diversified deposit base** supported YoY growth (time deposits). **Lending up** driven by Auto, Multifamily and CIB
- **Profit up 24% QoQ** with positive performance in fees and, in particular, LLPs (YoY still affected by LLP normalization)

Loans	Deposits	Mutual Funds
€113bn +6%	€96bn +13%	€12bn -6%
Efficiency	CoR	RoTE <sup>2</sup>
49.6% +3.8pp	1.57% +79bps	13.1% -8.2pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	1,436	-0.6	2,901	-0.3	0.8
Net fee income	200	7.1	390	-2.2	-1.1
Total revenue	1,797	-0.3	3,624	-2.2	-1.1
Operating expenses	-887	-1.4	-1,799	5.8	7.0
<b>Net operating income</b>	<b>910</b>	<b>0.9</b>	<b>1,825</b>	<b>-9.0</b>	<b>-8.0</b>
LLPs	-438	-21.6	-1,005	67.5	69.3
<b>Attributable profit</b>	<b>367</b>	<b>24.0</b>	<b>667</b>	<b>-39.5</b>	<b>-38.8</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.

## Mexico

- **Successful customer attraction strategy** reflected in 1mn new customers and **growth in volumes**
- **Excellent profit and profitability** performance supported by top line growth, improved efficiency and CoR at low levels
- **Positive trends** continued in **Q2**

Loans	Deposits	Mutual Funds
€46bn +3%	€44bn +11%	€16bn +1%
Efficiency	CoR	RoTE
42.1% -2.3pp	2.13% +9bps	17.9% +2.1pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	1,045	2.2	2,027	11.9	26.2
Net fee income	344	3.4	663	11.3	25.5
Total revenue	1,463	8.3	2,763	16.8	31.8
Operating expenses	-623	11.0	-1,163	10.9	25.1
<b>Net operating income</b>	<b>840</b>	<b>6.4</b>	<b>1,600</b>	<b>21.5</b>	<b>37.2</b>
LLPs	-284	14.3	-523	26.2	42.4
<b>Attributable profit</b>	<b>401</b>	<b>7.6</b>	<b>760</b>	<b>23.4</b>	<b>39.2</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.



## Highlights

- We are focusing on **increasing the value** we bring to the Group and **promoting synergies** across our global and regional businesses
- **11% customer growth** driven by higher transactionality
- Solid performance in **loans, deposits and mutual funds** with a strengthened risk model
- **Revenue rose both YoY and QoQ**, with all countries improving trends
- **Profit** down (QoQ and YoY) affected by rising costs and the reversal in Q2 of the tax liability release recorded in Brazil in Q1. LLPs rising YoY in line with volumes growth

## Key data and P&L

Loans	Deposits	Mutual Funds
€165bn +8%	€134bn +8%	€62bn +7%
Efficiency	CoR	RoTE
39.1% +3.8pp	3.32% +34bps	14.0% -6.8pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	3,314	9.0	6,477	5.8	0.8
Net fee income	1,229	7.5	2,395	16.3	10.1
Total revenue	4,634	7.2	9,037	4.9	1.2
Operating expenses	-1,810	8.5	-3,534	20.3	12.1
<b>Net operating income</b>	<b>2,823</b>	<b>6.4</b>	<b>5,504</b>	<b>-3.0</b>	<b>-4.8</b>
LLPs	-1,309	4.6	-2,541	9.4	8.9
<b>Attributable profit</b>	<b>668</b>	<b>-11.1</b>	<b>1,458</b>	<b>-23.2</b>	<b>-25.1</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.



## Brazil

- **Selective volumes growth** focused on secured and higher rated customers
- **Profit down YoY** affected by negative NII sensitivity, inflation and higher provisions
- **In Q2, revenue up** with better fees and controlled costs. Profit affected by the reversal of the tax liability release in Q1

Loans	Deposits	Mutual Funds
€101bn +6%	€85bn +6%	€46bn -1%
Efficiency	CoR	RoTE
35.1% +4.6pp	4.74% +49bps	12.0% -9.4pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	2,180	0.1	4,285	-3.9	-3.1
Net fee income	858	1.6	1,675	3.7	4.7
Total revenue	3,224	2.0	6,281	-2.6	-1.8
Operating expenses	-1,127	0.9	-2,207	12.1	13.1
<b>Net operating income</b>	<b>2,096</b>	<b>2.6</b>	<b>4,073</b>	<b>-9.1</b>	<b>-8.3</b>
LLPs	-1,129	5.7	-2,163	6.4	7.3
<b>Attributable profit</b>	<b>354</b>	<b>-27.5</b>	<b>823</b>	<b>-40.2</b>	<b>-39.7</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.

## Chile

- Continued **business transformation** to offer the best products and services
- **Profit YoY** impacted by negative NII sensitivity. Solid performance in fees (+38%, driven by active customer growth), costs (-9% in real terms) and CoR
- **Profit up 20% in Q2** backed by higher revenue and lower LLPs

Loans	Deposits	Mutual Funds
€47bn +4%	€31bn 0%	€10bn +21%
Efficiency	CoR	RoTE
42.4% +6.3pp	0.88% -1bp	16.5% -6.3pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	356	-3.8	727	-32.4	-29.9
Net fee income	163	6.8	316	37.8	42.8
Total revenue	623	2.9	1,229	-12.6	-9.4
Operating expenses	-266	4.9	-521	2.7	6.4
<b>Net operating income</b>	<b>356</b>	<b>1.4</b>	<b>708</b>	<b>-21.3</b>	<b>-18.4</b>
LLPs	-86	-26.7	-203	-4.4	-0.9
<b>Attributable profit</b>	<b>180</b>	<b>19.8</b>	<b>330</b>	<b>-18.7</b>	<b>-15.7</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.

## Argentina

- Changes affected by **high inflation**
- Customer and volumes growth, with stable credit quality. **#1 NPS**, with one of the best rated apps among local banks
- **Profit up** driven by strong revenue growth and efficiency improvement

Loans	Deposits	Mutual Funds
€6bn +116%	€10bn +88%	€4bn +166%
Efficiency	CoR	RoTE
50.7% -7.4pp	3.46% +39bps	30.7% +9.7pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	606	63.8	1,138	232.7	55.5
Net fee income	145	53.8	282	128.8	6.9
Total revenue	528	53.3	1,029	168.2	25.3
Operating expenses	-272	57.5	-522	134.1	9.4
<b>Net operating income</b>	<b>256</b>	<b>49.2</b>	<b>508</b>	<b>215.3</b>	<b>47.3</b>
LLPs	-54	78.7	-97	187.7	34.4
<b>Attributable profit</b>	<b>113</b>	<b>23.3</b>	<b>252</b>	<b>271.2</b>	<b>73.4</b>

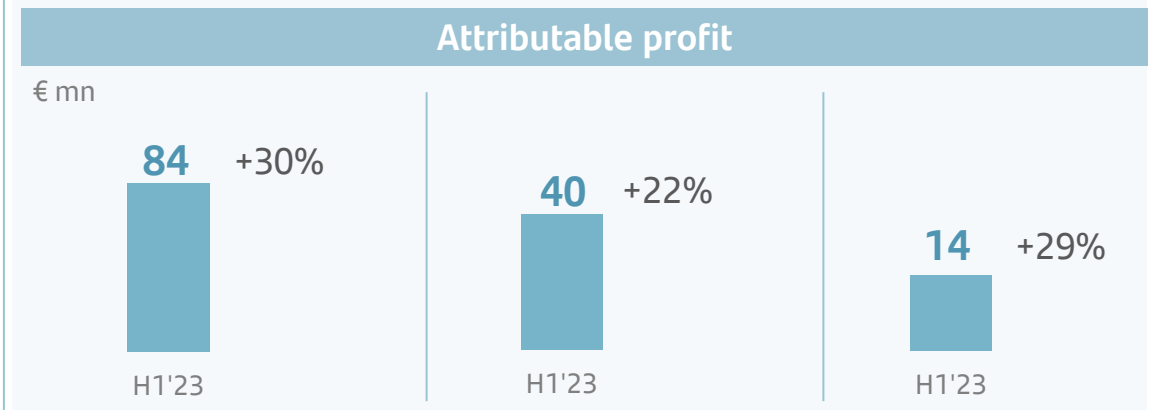
(\*) € mn and % change in constant euros.

(1) % change in current euros.

## Uruguay, Peru and Colombia

- Focus on **digital expansion** in Uruguay and on **joint initiatives** between CIB and Corporates in Peru and Colombia
- **Profit up 30% YoY** in Uruguay mainly driven by NII. Peru and Colombia also grew double-digits in profit (revenue driven)
- **High profitability:** double-digit RoTEs

RoTEs		
Uruguay	Peru	Colombia
23.4% +2.7pp	23.4% +1.8pp	15.7% +0.2pp



## Highlights

- We have the **most OEM relationships in Europe** supporting our auto business. Additionally, we are focusing on being a **leader in leasing and mobility**
- **Renewed our partnership with Stellantis in Europe**, which will consolidate our position as their main financing partner and drive medium-term growth
- **New lending up 5% YoY**, with margins beginning to improve as repricing starts to catch up with rising funding costs
- Effort to **grow customer deposits** as main funding source to neutralize negative interest rate sensitivity
- **Fee income YoY** impacted by new fee regulation in Germany
- **Costs** grew below inflation (**-1% in real terms**) and **CoR normalizing but still at low levels**

## Key data and P&L

New lending	Loans	Customer Funds
€26bn +5%	€128bn +8%	€65bn +11%
Efficiency	CoR	RoTE
49.4% +0.9pp	0.54% +11bps	10.8% -1.2pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
NII	1,011	-1.3	2,040	2.6	0.4
Net fee income	203	6.4	394	-6.8	-7.2
Total revenue	1,315	-1.7	2,658	5.2	3.3
Operating expenses	-655	-0.3	-1,314	7.3	5.3
<b>Net operating income</b>	<b>660</b>	<b>-3.1</b>	<b>1,344</b>	<b>3.2</b>	<b>1.4</b>
LLPs	-222	15.8	-415	48.0	44.5
<b>Attributable profit</b>	<b>277</b>	<b>14.4</b>	<b>521</b>	<b>-6.9</b>	<b>-8.9</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.

## Highlights

- **NII improved significantly** driven by the higher liquidity buffer remuneration as a result of the rising interest rates
- **Lower negative FX hedging impact** resulted in greater gains on financial transactions
- Slight decrease in LLPs and other provisions

## Income statement

Underlying P&L*	H1'23	H1'22
NII	-94	-353
Gains/losses on financial transactions	-189	-371
Operating expenses	-189	-179
LLPs and other provisions	-70	-88
Tax and minority interests	-19	-26
<b>Attributable profit</b>	<b>-620</b>	<b>-1,040</b>

(\*) € mn.

A light blue world map is centered in the background of the slide. The map shows the outlines of continents and countries. A vertical light blue bar runs through the center of the map, behind the text.

# Secondary segments

Detail on CIB, WM&I and Payments businesses

## Corporate & Investment Banking

- Our **unique, diversified business model** (geographical, customer type and products) combined with our **global reach and local strength** generates **more resilient and predictable results**
- **Positive trends continue**, signalling market share gains, league table improvements and **higher RoTE YoY**
- **Double-digit revenue and profit growth** in all regions in H1'23

Total fees	Profit	RoTE
<b>€1,172mn</b> +15%	<b>€1,876mn</b> +28%	<b>29%</b> +5pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
Total revenue	2,147	-1.2	4,353	23.5	20.8
<b>Net operating income</b>	<b>1,375</b>	<b>-4.5</b>	<b>2,843</b>	<b>26.9</b>	<b>23.0</b>
<b>Attributable profit</b>	<b>899</b>	<b>-5.2</b>	<b>1,876</b>	<b>28.2</b>	<b>22.0</b>

(\*) € mn and % change in constant euros.

(1) % change in current euros.

## Wealth Management & Insurance

**Strong growth in contribution to Group profit** (+30% YoY) in a capital-light business, reflected in an RoTE of 89%

- **Private Banking: outstanding growth (x2 PAT)** on the back of NII and good commercial activity (net new money of €6.4bn; customers +10%)
- **SAM: solid growth in H1'23 net sales (€3.2bn)**, reversing 2022 trends
- **Insurance: continued growth backed by non-related and saving products. GWPs increased 11% YoY**

AuMs	Total fees <sup>2</sup>	RoTE
<b>€440bn</b> +10%	<b>€1,832mn</b> +2%	<b>89%</b> +36pp

Underlying P&L*	Q2'23	% Q1'23	H1'23	% H1'22	% H1'22 <sup>1</sup>
Total revenue	887	7.3	1,717	43.9	44.1
<b>Net operating income</b>	<b>604</b>	<b>10.1</b>	<b>1,156</b>	<b>68.4</b>	<b>68.4</b>
<b>Attributable profit</b>	<b>442</b>	<b>17.7</b>	<b>819</b>	<b>69.5</b>	<b>69.8</b>

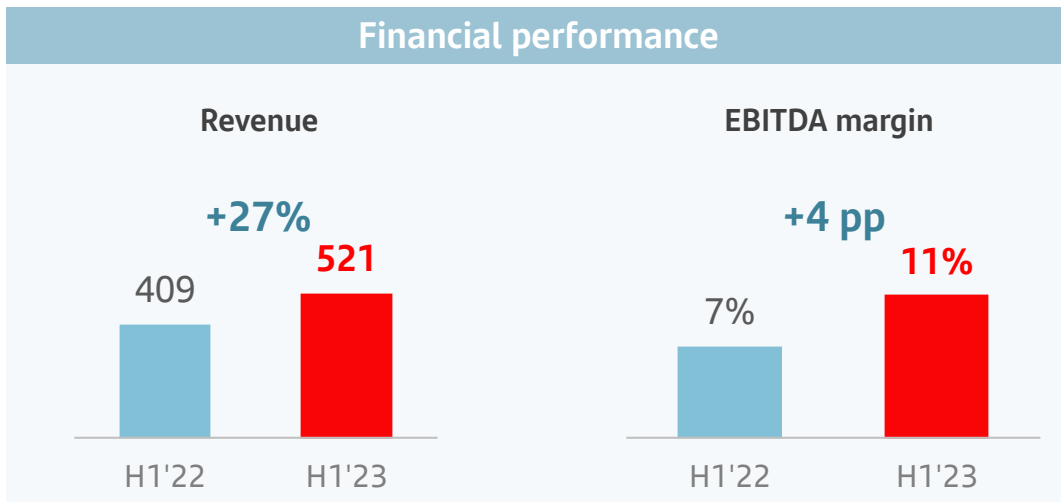
<b>Contribution to profit</b>	<b>864</b>	<b>11.9</b>	<b>1,637</b>	<b>30.1</b>	<b>30.9</b>
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(\*) € mn and % change in constant euros.

(1) % change in current euros.

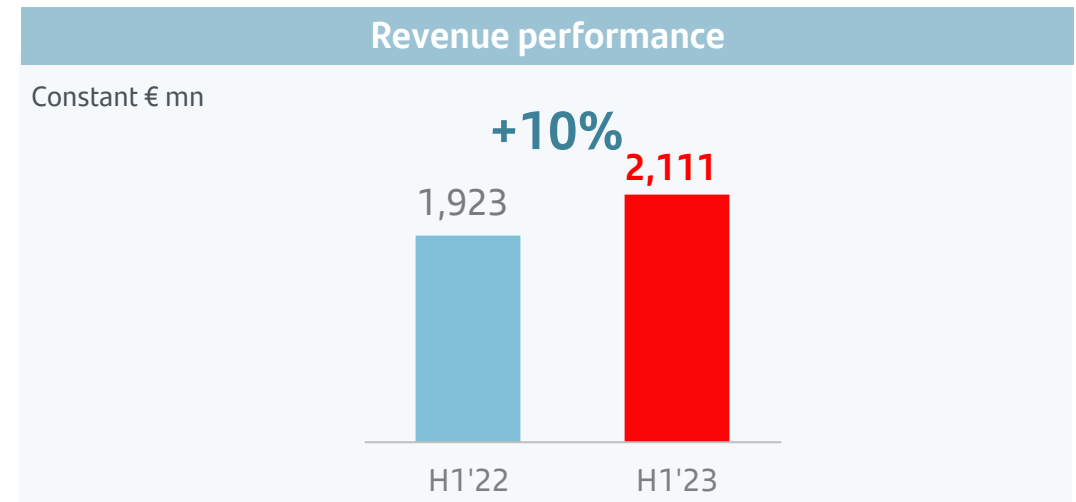
- **Merchant Acquiring:** strong TPV growth (+25% YoY) with market share gains in core markets
- **Revenue increased 31% YoY (+27% in constant euros)** due to overall increase in business activity and volumes across geographic segments especially in our Merchant (Getnet) and Trade (Ebury) businesses

Merchant	
<b>Total Payments Volume (TPV)</b>	<b>Number of transactions</b>
€95bn +25%	+32%



- **97 million cards** managed globally
- **Revenue grew 9% YoY (+10% in constant euros)**
- **High profitability** with an **RoTE of 40%**

Cards	
<b>Turnover</b>	<b>Fees</b>
€157bn +9%	+20%



# Appendix

Investor Day 2025 Targets summary

Primary and Secondary segments

**Reconciliation of underlying results to statutory results**

Glossary



# Reconciliation of underlying results to statutory results

January-June 2023

January-June 2022

	Statutory results	Adjustments	Underlying results	Statutory results	Adjustments	Underlying results
Net interest income	20,920	—	20,920	18,409	—	18,409
Net fee income	6,103	—	6,103	5,852	—	5,852
Gains (losses) on financial transactions	1,302	—	1,302	743	—	743
Other operating income	(315)	224	(91)	116	—	116
<b>Total income</b>	<b>28,010</b>	<b>224</b>	<b>28,234</b>	<b>25,120</b>	<b>—</b>	<b>25,120</b>
Administrative expenses and amortizations	(12,479)	—	(12,479)	(11,435)	—	(11,435)
<b>Net operating income</b>	<b>15,531</b>	<b>224</b>	<b>15,755</b>	<b>13,685</b>	<b>—</b>	<b>13,685</b>
Net loan-loss provisions	(6,245)	474	(5,771)	(4,735)	—	(4,735)
Other gains (losses) and provisions	(1,196)	(459)	(1,655)	(1,035)	—	(1,035)
<b>Profit before tax</b>	<b>8,090</b>	<b>239</b>	<b>8,329</b>	<b>7,915</b>	<b>—</b>	<b>7,915</b>
Tax on profit	(2,281)	(213)	(2,494)	(2,374)	—	(2,374)
<b>Profit from continuing operations</b>	<b>5,809</b>	<b>26</b>	<b>5,835</b>	<b>5,541</b>	<b>—</b>	<b>5,541</b>
Net profit from discontinued operations	—	—	—	—	—	—
<b>Consolidated profit</b>	<b>5,809</b>	<b>26</b>	<b>5,835</b>	<b>5,541</b>	<b>—</b>	<b>5,541</b>
Non-controlling interests	(568)	(26)	(594)	(647)	—	(647)
<b>Profit attributable to the parent</b>	<b>5,241</b>	<b>—</b>	<b>5,241</b>	<b>4,894</b>	<b>—</b>	<b>4,894</b>

Explanation of January-June 2023 adjustments:

- Temporary levy on revenue in Spain amounted to EUR 224 million, which was moved from total income to other gains (losses) and provisions.
- Provisions to strengthen the balance sheet, which net of tax and minority interests totalled EUR 235 million (recorded EUR 474 million in net loan-loss provisions, EUR 213 million positive impact in tax and EUR 26 million in minority interest).

# Appendix

Investor Day 2025 Targets summary

Primary and Secondary segments

Reconciliation of underlying results to statutory results

**Glossary**

# Glossary - Acronyms

- **ALCO:** Assets and Liabilities Committee
- **AM:** Asset management
- **AT1:** Additional Tier 1
- **AuMs:** Assets under Management
- **BFG:** Deposit Guarantee Fund in Poland
- **bn:** Billion
- **BNPL:** Buy now, pay later
- **bps:** Basis points
- **c.:** Circa
- **CAL:** Customer assets and liabilities
- **CET1:** Common equity tier 1
- **CHF:** Swiss franc
- **CIB:** Corporate & Investment Bank
- **CoE:** Cost of equity
- **CoR:** Cost of risk
- **Covid-19:** Coronavirus Disease 19
- **CRE:** Commercial Real Estate
- **DCB:** Digital Consumer Bank
- **DGF:** Deposit guarantee fund
- **DPS:** Dividend per share
- **eNPS:** Employee net promoter score
- **EPS:** Earning per share
- **ESG:** Environmental, social and governance
- **FL:** Fully-loaded
- **FX:** Foreign exchange
- **FY:** Full year
- **GDF:** Global Debt Finance
- **GDP:** Gross domestic product
- **GTB:** Global Transaction Banking
- **GWPs:** Gross written premiums
- **HQLA:** High quality liquid asset
- **HTC&S:** Held to collect and sell
- **IFRS 9:** International Financial Reporting Standard 9, regarding financial instruments
- **IPS:** Institutional Protection Scheme
- **LCR:** Liquidity coverage ratio
- **LLPs:** Loan-loss provisions
- **LTV:** Loan to value
- **M/LT:** Medium-and long-term
- **mn:** million
- **MREL:** Minimum requirement for own funds and eligible liabilities
- **NII:** Net interest income
- **NIM:** Net interest margin
- **NOI:** Net operating income
- **NPL:** Non-performing loans
- **NPS:** Net promoter score
- **OEM:** Original equipment manufacturer
- **PB:** Private Banking
- **PBT:** Profit before tax
- **P&L:** Profit and loss
- **PoS:** Point of Sale
- **pp:** Percentage points
- **Ps:** Per share
- **QoQ:** Quarter-on-Quarter
- **Repos:** Repurchase agreements
- **RoA:** Return on assets
- **RoE:** Return on equity
- **RoRWA:** Return on risk-weighted assets
- **RoTE:** Return on tangible equity
- **RWA:** Risk-weighted assets
- **SAM:** Santander Asset Management
- **SAN:** Santander
- **SBB:** share buybacks
- **SCIB:** Santander Corporate & Investment Banking
- **SC USA:** Santander Consumer USA
- **SME:** Small and Medium Enterprises
- **SRF:** Single Resolution Fund
- **ST:** Short term
- **T1/T2:** Tier 1/Tier 2
- **TLAC:** Total loss absorbing capacity
- **TLTRO:** Targeted longer-term refinancing operations
- **TNAV:** Tangible net asset value
- **TPV:** Total Payments Volume
- **YoY:** Year-on-Year
- **YTD:** Year to date
- **WM&I:** Wealth Management & Insurance

# Glossary - Definitions

## PROFITABILITY AND EFFICIENCY

- **RoTE:** Return on tangible capital: Group attributable profit / average of: net equity (excluding minority interests) – intangible assets (including goodwill)
- **RoRWA:** Return on risk-weighted assets: consolidated profit / average risk-weighted assets
- **Efficiency:** Operating expenses / total income. Operating expenses defined as general administrative expenses + amortisations

## VOLUMES

- **Loans:** Gross loans and advances to customers (excl. reverse repos)
- **Customer funds:** Customer deposits excluding repos + marketed mutual funds

## CREDIT RISK

- **NPL ratio:** Credit impaired loans and advances to customers, customer guarantees and customer commitments granted / Total risk. Total risk is defined as: Total loans and advances and guarantees to customers (including credit impaired assets) + contingent liabilities granted that are credit impaired
- **NPL coverage ratio:** Total allowances to cover impairment losses on loans and advances to customers, customer guarantees and customer commitments granted / Credit impaired loans and advances to customers, customer guarantees and customer commitments granted
- **Cost of risk:** Provisions to cover losses due to impairment of loans in the last 12 months / average customer loans and advances of the last 12 months

## CAPITALIZATION

- **Tangible net asset value per share – TNAVps:** Tangible stockholders' equity / number of shares (excluding treasury shares). Tangible stockholders' equity calculated as shareholders equity + accumulated other comprehensive income - intangible assets

## ESG METRICS

- **Green Finance raised and facilitated** = Nominal amount of PF, PF Advisory, PF bonds, Green bonds, ECA, M&A, ECM transactions classified by SCFS panel and reported in the League Tables since the beginning of the exercise.
- **SRI** = Volume of assets under management classified as article 8 - promoting ESG objectives - and 9 - with explicit sustainability objectives - of the SFDR regulation (EU Reg. 2019/2088). Includes assets managed by Santander Asset Management (SAM), third-party funds and SAM funds managed with equivalent criteria in those geographies where SFDR does not apply (mainly LatAm).
- **Financial inclusion (# People)** = Number of people who are unbanked, underbanked, in financial difficulty, with difficulties in accessing credit who, through the Group's products and services, are able to access the financial system or receive tailored finance. Financially underserved groups are defined as people who do not have a current account, or who have an account but obtained alternative (non-bank) financial services in the last 12 months. Beneficiaries of various programs are included in the quantification process only once in the entire period. Only new empowered people are counted, taking as a base year those existing since 2019.
- **Women in senior positions** = Percentage of women in senior executive positions over total headcount. This segment corresponds to less than 1% of the total workforce.



Notes: The averages for the RoTE and RoRWA denominators are calculated using the monthly average over the period, which we believe should not differ materially from using daily balances. The risk-weighted assets included in the denominator of the RoRWA metric are calculated in line with the criteria laid out in the CRR (Capital Requirements Regulation).

# 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**

