

Rating Object	Rating Information
<p>Banco Santander Totta S.A.</p> <p>Creditreform ID: 31003789</p>	<p>Long Term Issuer Rating / Outlook: A / stable</p> <p>Short Term: L2</p> <p>Type: Update / Unsolicited</p>
<p>Rating Date: 20 June 2024</p> <p>Monitoring until: withdrawal of the rating</p> <p>Rating Methodology: CRA "Bank Ratings v.3.3" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.2" CRA "Environmental, Social and Governance Score for Banks v.1.1" CRA "Rating Criteria and Definitions v.1.3"</p> <p>Rating History: www.creditreform-rating.de</p>	<p>Rating of Bank Capital and Unsecured Debt Instruments:</p> <p>Preferred Senior Unsecured (PSU): A</p> <p>Non-Preferred Senior Unsecured (NPS): A-</p> <p>Tier 2 (T2): BBB-</p> <p>Additional Tier 1 (AT1): BB+</p>

Rating Action

Creditreform Rating upgrades Banco Santander Totta S.A.'s Long-Term Issuer Rating to A (Outlook: stable)

Creditreform Rating (CRA) upgrades Banco Santander Totta S.A.'s Long-Term Issuer Rating to A. The rating outlook is stable.

CRA upgrades Banco Banco Santander Totta S.A.'s Preferred Senior Unsecured Debt to A, Non-Preferred Senior Unsecured Debt to A-, Tier 2 Capital to BBB- and AT1 Capital to BB+.

The ratings of Banco Santander Totta S.A. are equalized with those of the parent Banco Santander S.A. (Group)

Please find a complete list of rating actions regarding the bank at the end of this rating update.

Key Rating Drivers

- Rating equalization with Banco Santander S.A. (Group) due to inclusion into Banco Santander S.A.'s consolidation perimeter (for Key Rating Drivers of the parent, see rating report Banco Santander S.A. (Group) from 20 June 2024)

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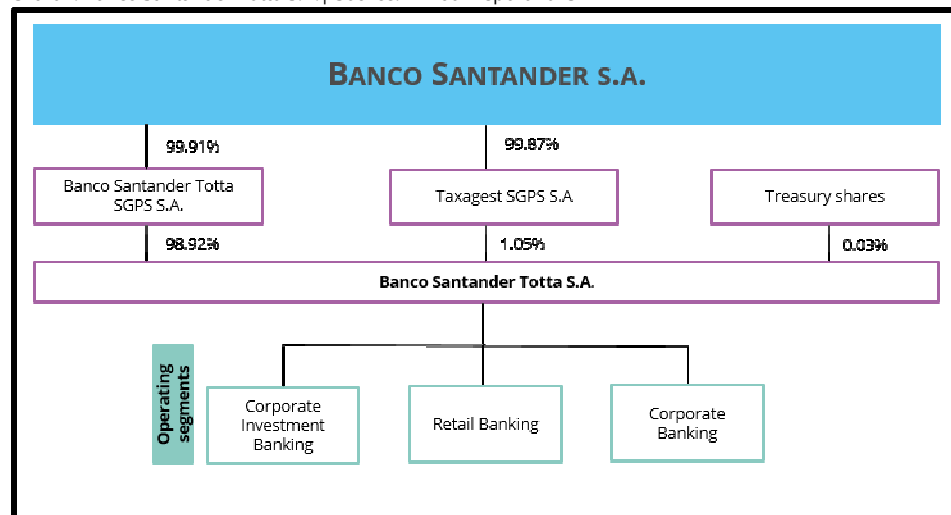
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Company Overview

Banco Santander Totta, S.A. (BST) is a fully-owned banking subsidiary of Banco Santander S.A. (Group). Banco Santander S.A. (Group) holds its shares in BST via Banco Santander Totta SGPS, S.A., which acts as a bank holding company and Taxagest SGPS S.A.. In Q2-23, BST was integrated in Banco Santander’s Spanish resolution group.

With total assets of EUR 54.5bn at year-end 2023 BST was Portugal’s third largest bank. It has 376 branches and serves 1.7mn customers. The bank reports its results across three operating segments. Corporate Investment Banking includes the capital market business with large corporates, as well as custody, brokering and settlement services. Retail Banking is focused on the provision of mortgage and consumer loans to private customers, Corporate Banking comprises lending activities to enterprises, including trade, export and real-estate financing.

Chart 1: Banco Santander Totta S.A. | Source: Annual Report 2023



Due to BST’s bank capital and debt structure, the Group’s Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating. Due to the seniority structure, BST’s Non-Preferred Senior Unsecured debt is rated A-. BST’s Tier 2 Capital is rated BBB- based on the BST’s capital structure and seniority in accordance with our rating methodology. Additional Tier 1 Capital is rated BB+, reflecting the capital structure, seniority and a high bail-in risk in the event of resolution.

Outlook

The outlook of the Long-Term Issuer Rating of BST is stable in line with that of its parent Banco Santander S.A..

Scenario Analysis

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of A+ in the “Best-Case-Scenario” and a Long-Term Issuer Rating of A- in the “Worst-Case-Scenario”. The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

Best- and Worst-Case-Scenario are in line with that of the parent Banco Santander S.A..

Best-case scenario: A+

Worst-case scenario: A-

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Appendix

Bank ratings Banco Santander Totta S.A.

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **A / L2 / stable**

Bank Capital and Debt Instruments Ratings Banco Santander Totta S.A.

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU): **A**
 Non-Preferred Senior Unsecured (NPS): **A-**
 Tier 2 (T2): **BBB-**
 Additional Tier 1 (AT1): **BB+**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Long-Term Issuer Rating	Rating Date	Result
LT / Outlook / Short-Term (Initial)	25.09.2018	A / stable / L2
Rating Update	22.11.2019	A / stable / L2
Monitoring	24.03.2020	A / NEW / L2
Rating Update	26.11.2020	A- / negative / L2
Rating Update	17.12.2021	A- / stable / L2
Rating Update	13.04.2022	A- / positive / L2
Rating Update	19.06.2023	A- / positive / L2
Rating Update	20.06.2024	A / stable / L2
Bank Capital and Debt Instruments	Rating Date	Result
Senior Unsecured / T2 / AT1 (Initial)	25.09.2018	A / BBB- / BB+
PSU / NPS / T2 / AT1	22.11.2019	A / A- / BBB- / BB+
PSU / NPS / T2 / AT1	24.03.2020	A / A- / BBB- / BB+ (NEW)
PSU / NPS / T2 / AT1	26.11.2020	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	17.12.2021	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	13.04.2022	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	19.06.2023	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	20.06.2024	A / A- / BBB- / BB+

Tables Banco Santander Totta S.A.

Figure 2: Income statement¹ | Source: eValueRate / CRA

Income Statement (EUR m)	2023	%	2022	2021	2020
Income					
Net Interest Income	1.481	+90,1	779	729	785
Net Fee & Commission Income	457	-3,9	476	432	378
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	69	> +100	33	141	96
Equity Accounted Results	-	-	5	4	6
Dividends from Equity Instruments	2	-55,8	4	2	2
Other Income	19	+1,3	19	20	20
Operating Income	2.028	+54,1	1.316	1.328	1.287
Expense					
Depreciation and Amortisation	49	+49,9	32	66	68
Personnel Expense	284	+8,9	261	279	322
Tech & Communications Expense	94	+18,0	79	76	66
Marketing and Promotion Expense	7	+7,0	7	6	12
Other Provisions	22	< -100	-4	243	66
Other Expense	153	-12,0	173	195	201
Operating Expense	609	+10,9	549	866	736
Operating Profit & Impairment					
Operating Profit	1.419	+85,1	767	463	551
Cost of Risk / Impairment	73	< -100	-12	74	188
Net Income					
Non-Recurring Income	5	-94,8	86	14	5
Non-Recurring Expense	-	-	11	-	-
Pre-tax Profit	1.350	+58,2	854	403	368
Income Tax Expense	419	+56,7	267	133	111
Discontinued Operations	-	-	-	-	-
Net Profit	931	+58,8	587	270	258
Attributable to minority interest (non-controlling interest)	0	-	-	-	-
Attributable to owners of the parent	931	+58,8	587	270	258

Figure 3: Key earnings figures | Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2023	%	2022	2021	2020
Cost Income Ratio (CIR)	30,01	-11,71	41,72	65,17	57,17
Cost Income Ratio ex. Trading (CIRex)	31,07	-11,73	42,80	72,93	61,79
Return on Assets (ROA)	1,71	+0,65	1,05	0,48	0,47
Return on Equity (ROE)	22,43	+6,38	16,05	6,28	6,17
Return on Assets before Taxes (ROAbT)	2,47	+0,94	1,53	0,72	0,68
Return on Equity before Taxes (ROEbT)	32,51	+9,15	23,36	9,36	8,82
Return on Risk-Weighted Assets (RORWA)	6,02	+2,33	3,70	1,88	1,44
Return on Risk-Weighted Assets before Taxes (RORWAbT)	8,73	+3,35	5,38	2,80	2,05
Net Financial Margin (NFM)	2,88	+1,40	1,48	1,58	1,66
Pre-Impairment Operating Profit / Assets	2,60	+1,23	1,37	0,82	1,01

Change in %-Points

¹ Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2023	%	2022	2021	2020
Cash and Balances with Central Banks	6.285	-25,3	8.408	8.711	4.536
Net Loans to Banks	25	+7,4	23	30	20
Net Loans to Customers	37.031	-6,5	39.625	39.864	38.975
Total Securities	8.686	+53,5	5.657	5.919	8.662
Total Derivative Assets	1.725	+56,9	1.100	595	940
Other Financial Assets	-	-	-	0	-
Financial Assets	53.752	-1,9	54.813	55.120	53.133
Equity Accounted Investments	-	-	41	38	63
Other Investments	138	-23,0	179	214	251
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	36	-18,7	44	75	51
Tangible and Intangible Assets	298	-1,8	303	317	370
Tax Assets	166	-32,3	245	255	371
Total Other Assets	197	+29,9	152	148	164
Total Assets	54.587	-2,1	55.778	56.167	54.403

Figure 5: Development of asset quality | Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2023	%	2022	2021	2020
Net Loans to Customers / Assets	67,84	-3,20	71,04	70,97	71,64
Risk-weighted Assets ¹ / Assets	-	-	-	-	-
NPL ² / Loans to Customers ³	2,41	-0,33	2,75	3,16	3,57
NPL ² / Risk-weighted Assets ¹	5,78	-1,08	6,86	8,74	7,75
Potential Problem Loans ⁴ / Loans to Customers ³	10,61	-1,94	12,55	16,06	10,91
Reserves ⁵ / NPL ²	89,20	+2,24	86,95	81,00	72,25
Cost of Risk / Loans to Customers ³	0,20	+0,23	-0,03	0,18	0,48
Cost of Risk / Risk-weighted Assets ¹	0,47	+0,55	-0,08	0,51	1,05
Cost of Risk / Total Assets	0,13	+0,16	-0,02	0,13	0,34

Change in %-Points

1 RWA: Pillar 3, EU CR1

2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR m)	2023	%	2022	2021	2020
Total Deposits from Banks	1.253	-74,2	4.856	7.804	7.085
Total Deposits from Customers	35.629	-8,8	39.062	38.959	36.270
Total Debt	5.922	+37,2	4.316	3.007	2.907
Derivative Liabilities	1.502	> +100	692	899	1.464
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	4.756	+95,8	2.429	219	1.461
Total Financial Liabilities	49.061	-4,5	51.355	50.888	49.188
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	533	+94,5	274	345	375
Provisions	133	-13,6	155	202	231
Total Other Liabilities	705	> +100	339	426	433
Total Liabilities	50.433	-3,2	52.123	51.861	50.227
Total Equity	4.153	+13,6	3.655	4.306	4.176
Total Liabilities and Equity	54.587	-2,1	55.778	56.167	54.403

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2023	%	2022	2021	2020
Total Equity / Total Assets	7,61	+1,06	6,55	7,67	7,68
Leverage Ratio	5,50	+0,00	5,50	7,10	6,50
Common Equity Tier 1 Ratio (CET1)	16,10	+0,30	15,80	26,40	20,80
Tier 1 Ratio (CET1 + AT1)	18,70	+0,40	18,30	26,40	20,80
Total Capital Ratio (CET1 + AT1 + T2)	21,30	+0,50	20,80	29,00	23,10
CET1 Minimum Capital Requirements	8,34	+1,34	7,00	8,30	0,00
Net Stable Funding Ratio (NSFR)	0,00	+0,00	0,00	0,00	0,00
Liquidity Coverage Ratio (LCR)	136,20	+9,80	126,40	131,62	121,90

Change in %-Points

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and [Rating Criteria and Definitions \(v1.3\)](#):

- [Bank ratings \(v3.3\)](#)
- [Rating of bank capital and unsecured debt instruments \(v2.2\)](#)
- [Environmental, Social and Governance Score for Banks \(v1.1\)](#)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

<https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html>

On 20 June 2024, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Banco Santander Totta S.A., and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Rating Endorsement Status: The rating of Banco Santander Totta S.A. (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services

are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

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Credit Service ancillary services for a related third party.

The final list of rating-related and credit services can be viewed on the Creditreform Rating AG website at <https://www.creditreform-rating.de/de/wir-ueber-uns/regulatorische-anforderungen.html#nebendienstleistungen>

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate
2. Annual Report and interim reports
3. Investors relations information and other publications
4. Website of the rated bank
5. Public and internal market analyses
6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings

as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available in the rating report or the „Basic data“ information card.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

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