

# Presentation of financial results for H1 2020

Santander Bank Polska Group



Bank  
Newswatch

1. miejsce  
za bankowość tradycyjną  
2. miejsce  
za bankowość internetową



2. miejsce  
za „Bank przyjazny firmie”



# Agenda

## Results for H1 2020

1. Our activities and our people
2. Our business development
3. Our customers
4. Our financial results

## More information

5. Attachments

Results for H1 2020 |

# Our activities and our people

01

# Our response to COVID-19



## We changed our products and processes to increase safety

- We temporarily suspended an option to sign a personal or business account agreement via a courier for the sake of safety of our customers and employees.
- We implemented temporary solutions to support borrowers from personal, SME, business and corporate segments.
- We increased the limit of contactless payments without a PIN from PLN 50 to PLN 100 for holders of debit and credit cards.

## We limited footfall at branches

- We suspended sales campaigns requiring a visit to the branch.
- New initiatives were launched to promote remote channels.

## We introduced remote work solutions

- A range of communication and information campaigns are run to support remote work.
- Employees may borrow their office monitors to work from home.

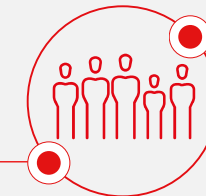
## We took care of our employees' health

- During the peak of the pandemic (March–May), we shortened the working time of branch staff from eight to six hours, with five hours dedicated to direct customer service (seven hours since 1 June).
- Vulnerable employees (people above 55 years of age with underlying conditions) were assigned to other tasks than customer service (including tasks performed as part of remote work).
- We implemented a dedicated form followed by an application for monitoring employees' health to ensure that appropriate measures can be taken as needed.

## We took measures to help customers and employees stay safe

- We provided personal protective equipment to branch staff (plexiglass screens, face masks, gloves, face shields) and employees working from offices (face masks, gloves).
- Our BSC offices were adapted in accordance with the safety regulations – we have put notice signs, reminding employees of social distancing rules and enhanced hygiene measures.
- Employees who have to work from the office (critical roles) can use parking space next to the office buildings to avoid public transport.
- Employees who return to offices are informed about the new hygiene regime.

We took care of our employees



We looked after our customers

## We supported our employees with children

- We provided information and support to employees with children, including dedicated materials with up-to-date information about additional allowances for employees who stayed at home with their children during the closure of schools and kindergartens.

# Our response to COVID-19

## Temporary payment moratoria

### Support for personal and business customers

- We provided customers with an option to apply for three-month or six-month deferral of principal repayments or principal and interest repayments on cash loans and mortgage loans; and for business customers – repayments under loan, factoring and lease agreements.
- We offered a possibility to suspend\* the performance of agreements on the following credit facilities:
  - cash loans
  - mortgage loans
  - personal overdrafts
  - credit card limits (for one, two or three months)
  - SME overdrafts with a decreasing limit (for three or six months).
- Our customers could also apply for:
  - automatic renewal of personal overdrafts and credit card limits;
  - automatic free-of-charge two-month extension of SME overdrafts and – in the case of large companies – for extension of overdrafts with no additional fees and charges as part of a fast-track procedure.

### Number of clients with loans and advances subject to moratoria (as at end-June 2020)

**Total number of clients: 137.2k**

- **Santander Bank Polska S.A. ogółem 84.2k clients, including:**
  - Individual 58.5k clients
  - SME 23.7k clients
  - BCB and CIB 1.9k clients
- **Santander Consumer Bank Group 53k clients.**

# Our communication



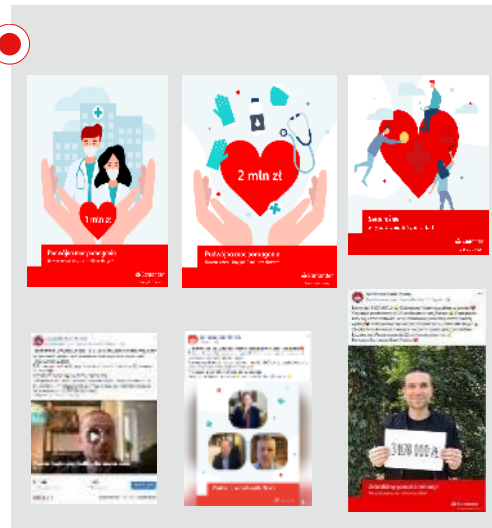
## Bank As You Want It

In 2017, we introduced our new brand claim: BANK AS YOU WANT IT. We offer products and services which are tailored to our customers' changing needs. This is one of the banking brand claims that people tend to remember the most.

## Communication during the COVID-19 pandemic

Our communication with customers during the pandemic has been intended to **give them the sense of security and support** (providing customers with advice on how to protect their health, how to avoid cyber attacks and how to bank in a safe way).

Our customers joined us in our efforts to provide financial aid to hospitals in their fight against the coronavirus – **we donated PLN 5m.**



## Brand Ambassador

Actor **Marcin Dorociński** became our new brand ambassador. As the surveys had shown, he was the most recommended candidate to represent our Bank. Marcin Dorociński is a popular actor who also actively supports social responsibility initiatives.



## New advertising campaign



We have designed an advertising campaign based on the new communication platform featuring Marcin Dorociński (start: 1 July). Our brand ambassador plays different roles in the commercial, highlighting the Bank's ability to meet all customers' needs and presenting the advantages of mobile payment solutions – BLIK and instant transfers.

# Euromoney Award

**Santander Bank Polska awarded in the prestigious Euromoney competition for its actions for clients and society during the pandemic**



Santander Bank Polska was the only bank in Poland to be distinguished in Euromoney Awards competition, for the actions taken for the benefit of its clients and society during the COVID-19 pandemic.

The award, which Santander Bank Polska received in the Excellence in Leadership category, was granted this year to only three financial institutions from across Central and Eastern Europe.

The jury of the Euromoney competition distinguished Santander Bank Polska not only for the extensive financial support it provided to retail clients, but also to businesses, especially SMEs.

The organisers also appreciated the initiatives undertaken by the Bank, which had a positive impact on Polish society. The awarded activities include “We will double your impact” campaign, a charity fundraiser for hospitals in Poland to support medical personnel in the fight against the coronavirus, and the launch of the RazemPokonamy.pl website with general information related to the pandemic.



**Cieszymy się, że możemy pomagać**  
w powrocie do świata, który kochamy.

 **Santander**  
bank jaki chcesz

Results for H1 2020

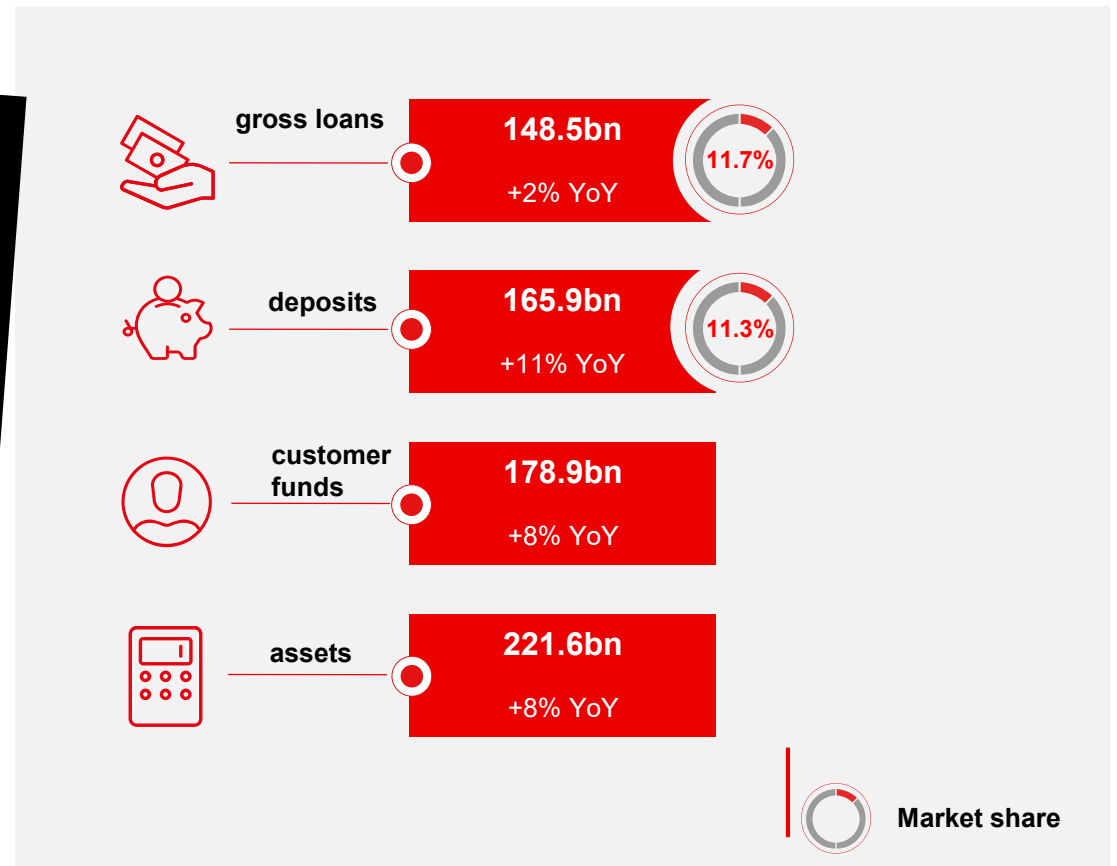
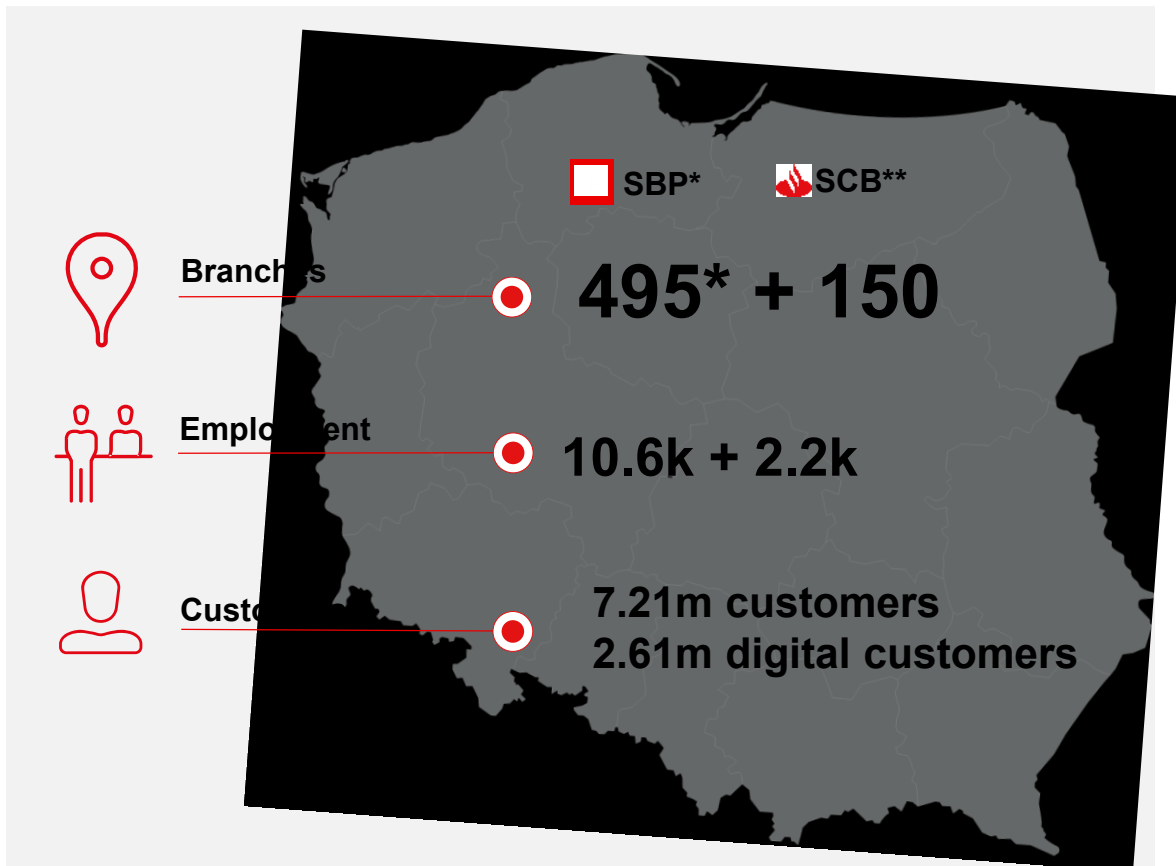
# Our business development

02



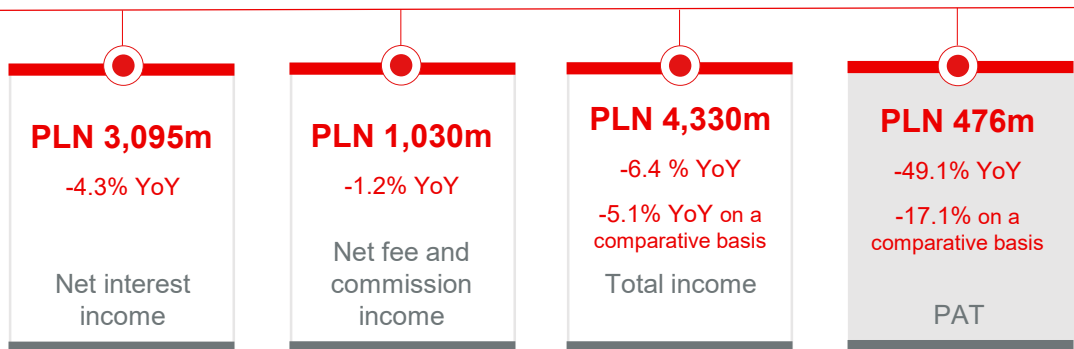
## General operational data

## Key volumes



# Key financial results for H1 2020

## Key results

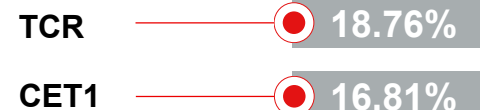


On a comparative basis for individual line items, i.e. assuming a fixed level of contributions to the BFG and excluding the following items – from the profit for H1 2020: an adjustment to interest income accounting for the refund of a portion of fees on early repaid consumer loans (PLN 93m), provisions for legal risk connected with the consumer loans portfolio (PLN 47.1m), provision for legal risk connected with the foreign currency mortgage loans portfolio (PLN 63.2m), management provision for expected credit losses arising from a worsening economic outlook (PLN 150.3m), dividend income (PLN 20.7m) and provision for employment restructuring at SCB (PLN 11.1m) income from an update of parameters of the model for calculation of provisions for insurance premium refunds at SCB (PLN 103m), and – from the profit for H1 2019: dividend income (PLN 97.2m) and provision for employment restructuring at Santander Bank Polska S.A. (PLN 86.3m).

# Financial ratios for H1 2020

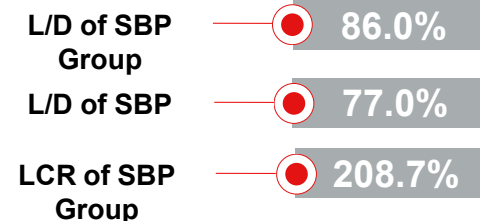
## Capital position

Strong capital position well above the KNF requirements



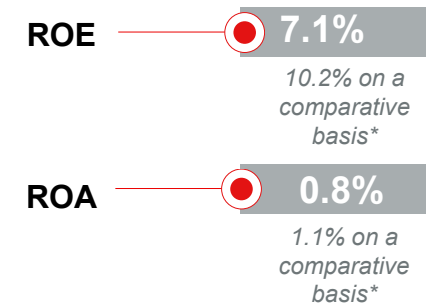
## Liquidity position

Safe liquidity position



## ROE, ROA

ROE, ROA – leading position in the peer group



# Corporate Social Responsibility (CSR)



## GREEN BANK

**Our objectives**

The **green strategy** involves:

- green products and services
- support in Poland’s transition to zero emission
- and gradual reduction of the Bank’s environmental footprint.




**Our achievements**

**Green products and services**

- PLN 267m worth of financing granted since the beginning of 2020 to support development of renewable energy sources in Poland (R.Power, Polenergia)
- PLN 165.4m worth of loan secured by the BGK guarantees granted to Solaris Bus & Coach to finance the supply of 50 emission-free buses to the Kraków City Transport.

**Green bank**

- 100% of energy purchased from renewable sources since the beginning of 2020
- publicity materials printed on recycled paper
- Green Ribbon For Planet as part of the World Environment Day

## BANK FOR EVERYONE

**Our objectives**

Development of an inclusive and integrating banking offer that suits diverse customers’ needs and commitment to financial education

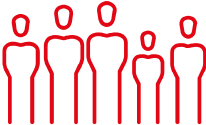


**Our achievements**

**Bank that responds to specific needs**

- Support for customers from all segments in connection with the COVID-19 pandemic
- PLN 2bn for SMEs affected by the COVID-19 pandemic provided under an agreement with the EIB

**Financial education at every stage of life**

- “Help the elderly get online” (“Zaloguj seniora”) – an educational campaign
- A series of webinars for all customer segments on how to do business during the pandemic
- “Finansiaki to MY” – an e-book about financial education available to parents free of charge

Results for H1 2020

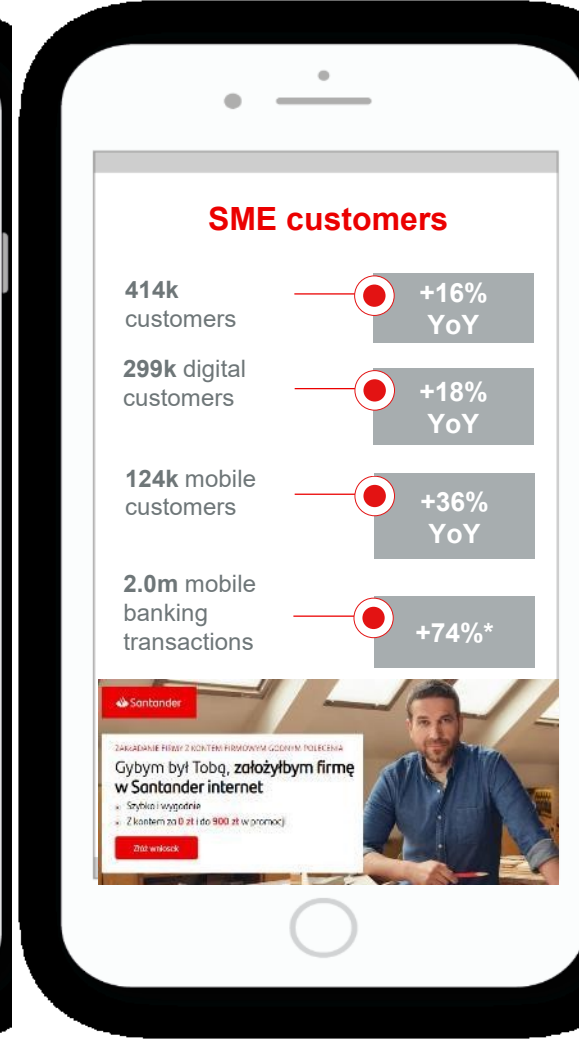
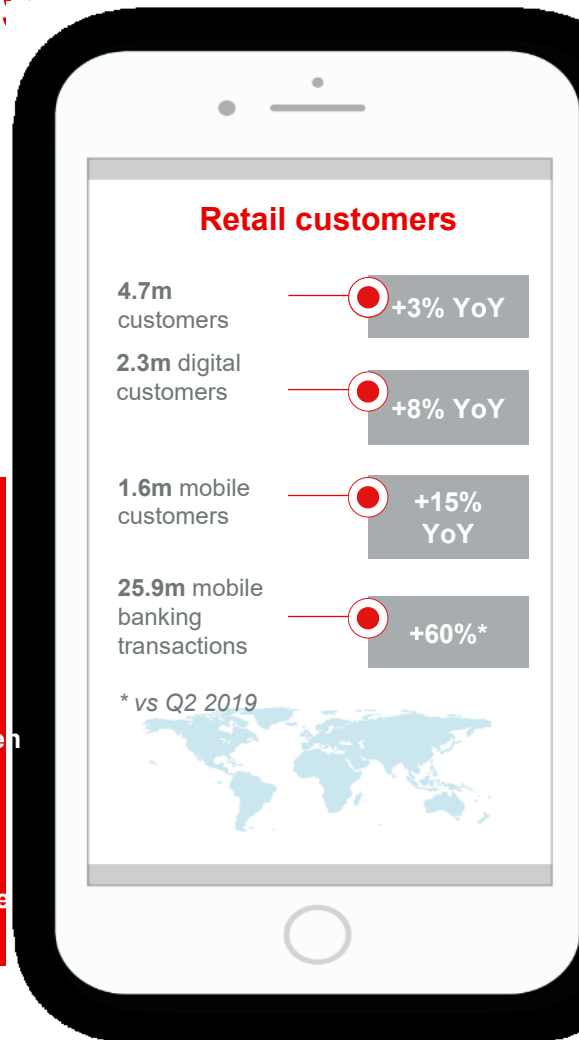
# Our customers

03

# Our customers in numbers\*



- Santander Bank Polska among the top three in the main category of the **Golden Banker 2020** ranking
- **Account As I Want It** chosen the best account for the second time
- **Cash loan #3**
- First place in the **Socially Responsible Bank** category



# New products and services

## Retail customers

- **Życie i Zdrowie life insurance** with insurance coverage tailored to customers' needs
- **Kantor Santander** currency exchange platform available 24/7
- **Santander Open:** aggregation of accounts with PKO BP, Alior Bank, Pekao and BNP Paribas
- Simplified **overdraft application process** in Santander internet and mobile
- **New instructions** available to borrowers in the mobile application



Wszystkie konta w jednym miejscu  
Poznaj Santander open!

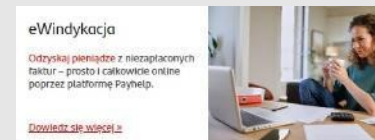


## SME customers

Approx. PLN 4.5bn paid to more than 48k customers as part of the PFR financial stimulus programme in H1 2020

We implemented:

- New digital services for sole traders who actively use electronic banking services:
- eAgreements (eUmowy): free access to several dozen document templates
- eDebtCollection (eWindykacja): soft debt collection in relation to counterparties in arrears
- eFactoring (eFaktoring): exchange of sales invoices to cash
- An option for retail customers with access to Santander internet to set up their business online



## Corporate customers

- Approx. PLN 4bn paid to more than 5k customers as part of the PFR financial stimulus programme in H1 2020
- Internet banking:
  - We launched e-FX module in the internet banking platform which is available 24/7;
  - We provided an option for automatic verification of the payee's account against the VAT payers list;
  - We changed the SWIFT transfer form which now shows the estimated transfer costs including FX conversion.
- Security of internet and mobile banking:
  - We introduced Strong Customer Authentication (SCA) for the purpose of user identification.

# Education and support for customers

## Retail customers

- Educational campaigns for the elderly: remote banking, contactless payments, trusted profile, internet banking, video chat, e-prescription, dedicated helpline
- Price guide available on Santander.pl: how to bank cheaper and pay lower fees
- Tips on how to manage household budget and expenses
- Webinars on the situation in financial markets



## SME customers

- Support for customers in partnership with inFakt:
- Helpline for business customers
  - Webinars with accounting experts presenting the key provisions of the anti-crisis legislation



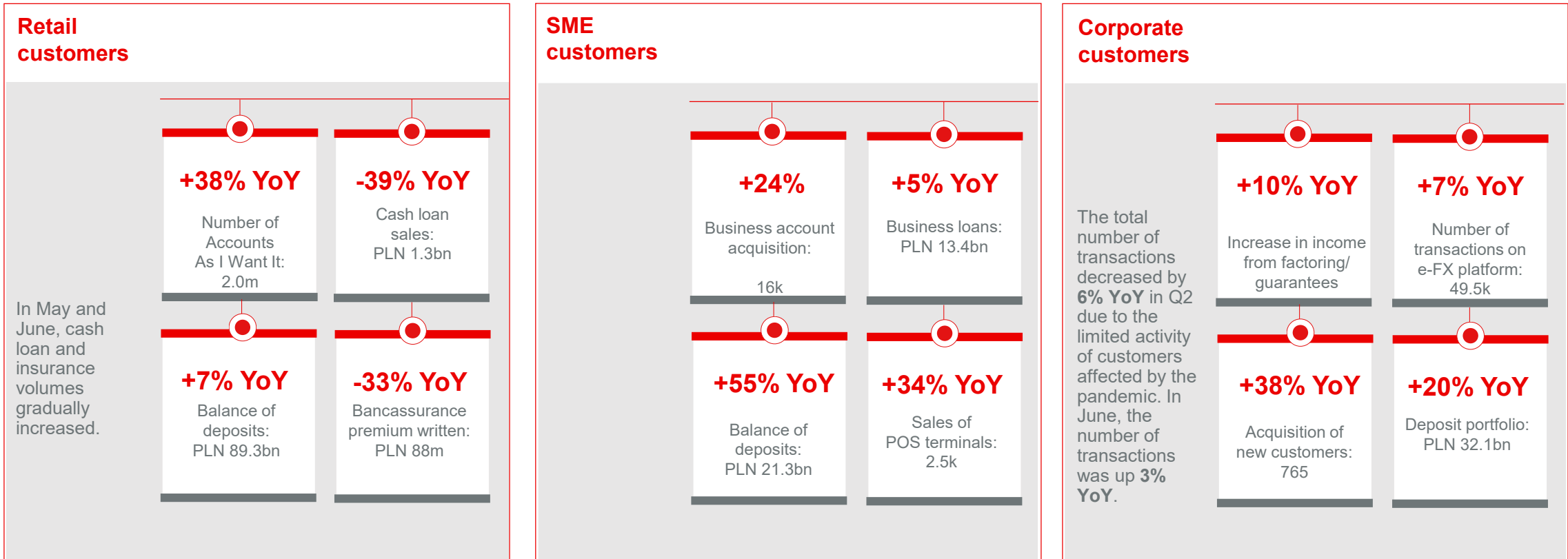
## Corporate customers



Development of sector knowledge among employees and customers:

- Regular publication of articles and reports on strategic sectors (automotive/ TFL, food/ FMCG, industrial production, windows & doors and services) in cooperation with external partners
- Publication of expert market commentaries, periodical reports and analyses of developments in individual sectors (including in social media and trade press)
- 16 webinars for approx. 1,500 customers held in H1 2020 to discuss the situation of selected sectors and key markets of Santander Group as well as business activities supported by trade finance instruments
- Periodical webinars for employees presenting information about the sectors in which the Bank's customers operate

# Selected business data





Results for H1 2020

# Our financial performance

04

# Gross loans

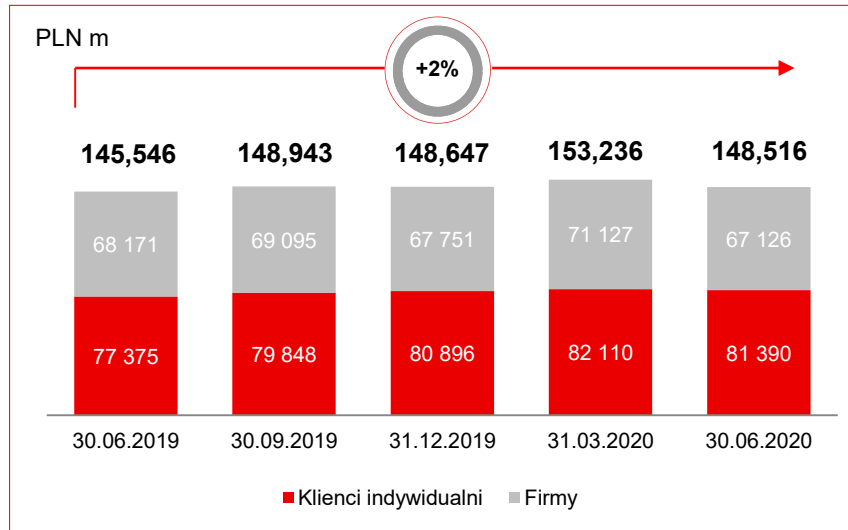
## Comment

### Santander Bank Polska S.A.

- Gross loans: +2% YoY and -3% QoQ
- Total mortgage loans: +4% YoY and stable QoQ
- CHF mortgage loans: -9% YoY (stable YoY in PLN)
- Cash loans: +13% YoY and -1% QoQ
- SME (including leasing and factoring): +3% YoY and -3% QoQ
- BCB loans: -5% YoY and -5% QoQ
- CIB loans: -1% YoY and -11% QoQ

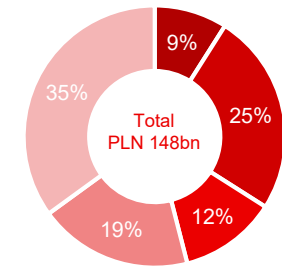
### Santander Consumer Bank

- SCB gross loans: PLN 18bn (stable YoY)
- Mortgage portfolio: -4% YoY (CHF mortgage portfolio: -9% YoY)
- SCB loans (excluding mortgage loans): +0.3% YoY



PLN m	30/06/2020	30/06/2019	YoY (%)	QoQ (%)
<b>Retail customers</b>	<b>81,390</b>	<b>77,375</b>	<b>5%</b>	<b>-1%</b>
Mortgage loans	52,340	50,193	4%	0%
Other – retail customers	29,050	27,181	7%	-2%
<b>Business loans</b>	<b>67,126</b>	<b>68,171</b>	<b>-2%</b>	<b>-6%</b>
<b>Total gross loans</b>	<b>148,516</b>	<b>145,546</b>	<b>2%</b>	<b>-3%</b>

## Structure of loans\*



- CIB
- BCB
- SME
- Non-mortgage personal loans
- Mortgage loans

# Customer funds

## Comment

### Santander Bank Polska S.A.

#### Deposits

- Retail deposits: +7% YoY and +1% QoQ
- Business deposits: +17% YoY and +12% QoQ

#### Investment funds

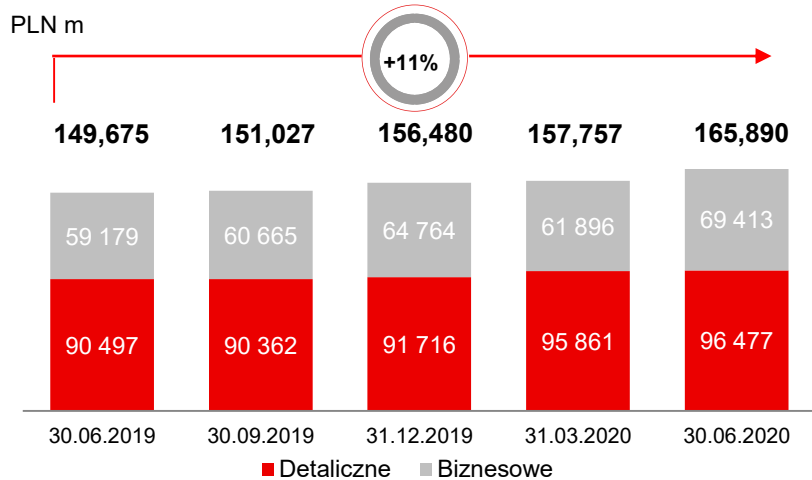
- Investment funds: -18% YoY and +9 QoQ

### Santander Consumer Bank

- Deposits: PLN 10.1bn (+6% YoY)

## Deposits

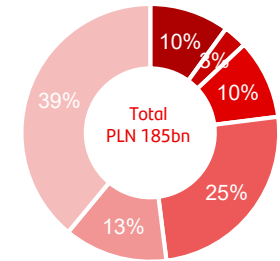
PLN m



PLN m

	30/06/2020	30/06/2019	YoY (%)	QoQ (%)
Current deposits	74,524	51,001	46%	21%
Savings accounts	47,296	37,698	25%	10%
Term deposits	44,070	60,976	-28%	-17%
<b>Total deposits</b>	<b>165,890</b>	<b>149,675</b>	<b>11%</b>	<b>5%</b>
Investment funds	13,065	15,841	-18%	9%
<b>Total customer funds</b>	<b>169,777</b>	<b>163,126</b>	<b>4%</b>	<b>5%</b>

## Deposits and term funding\*



- Term funding
- Other
- Business term deposits
- Business current deposits
- Personal term deposits
- Personal current deposits

# Net interest income and net interest margin

## Comment

- In H1 2020, net interest income fell by 4.3% YoY (down 10.9% QoQ in Q2).
- Net interest margin for Q2 2020 (annualised on a quarterly basis) totalled 2.88% and was down from 3.32% QoQ.
- The decreases in net interest income and net interest margins are attributed to interest rate cuts, costs of partial reimbursement of fees on early repaid consumer loans (CJEU) and the effects of the COVID-19 pandemic (impact on lending activity).
- Interest income was down 9.3% QoQ, and interest expense decreased by 27.5% QoQ as a result of lower deposit prices.

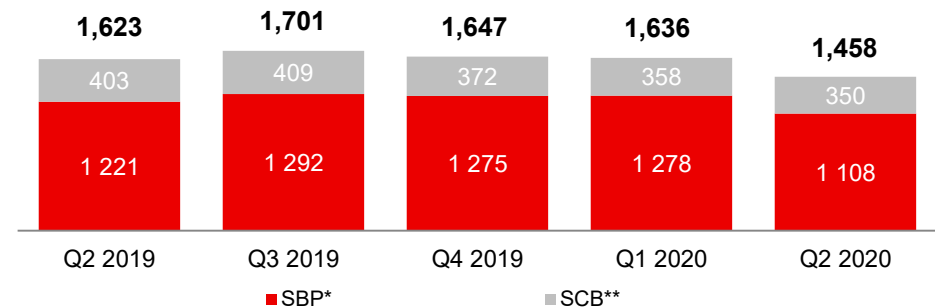
Net interest income of SCB Group\*\*

**PLN 708m** (H1 2020)

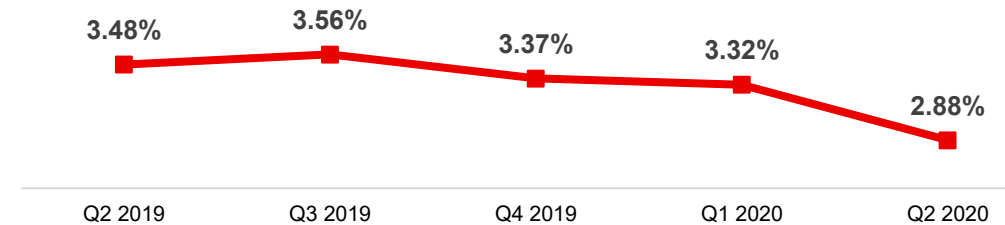
**PLN 796m** (H1 2019)

## Net interest income

PLN m



## Net interest margin



# Net fee and commission income

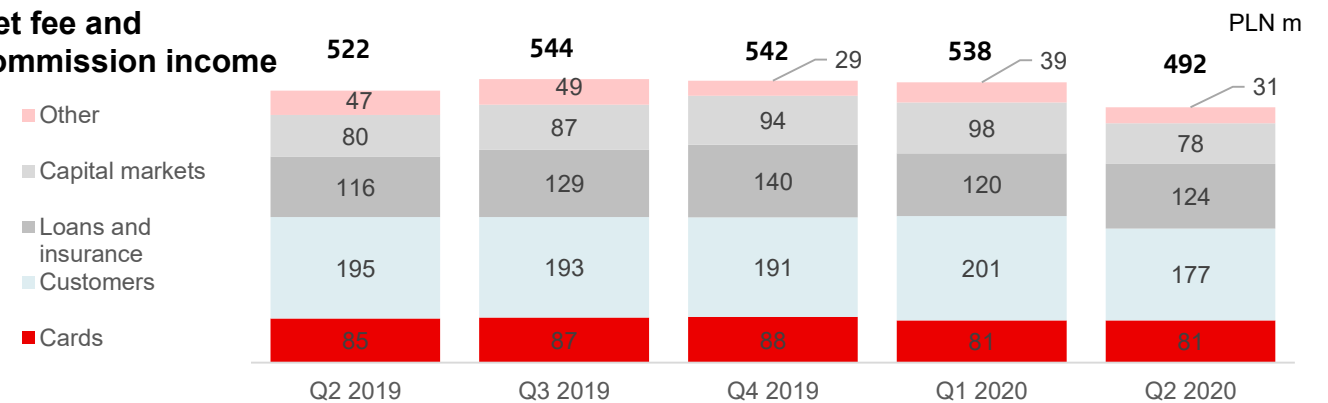
## Comment

- Net fee and commission income was down 1% YoY and 9% QoQ, affected by the number of transactions made by customers during the COVID-19 pandemic.
- Good results were reported in terms of brokerage fees (+93% YoY and 14% QoQ) and insurance fees (+4% YoY).
- Credit fees increased by 2.6% YoY as a combined effect of lower costs of credit agency as part of settlements between Santander Consumer Bank S.A. and its retail partners, and lower income from SME loans sales impacted by the pandemic.
- Net fee and commission income of SCB increased by 17% YoY as a result of one-off income from an update of the model for calculation of provisions for insurance premium refunds. The quarterly growth rate was down 17% as a result of the coronavirus situation.

Net fee and commission income of SCB Group\*

**PLN 68m** (H1 2020)  
**PLN 58m** (H1 2019)

## Net fee and commission income



## Net fee and commission income

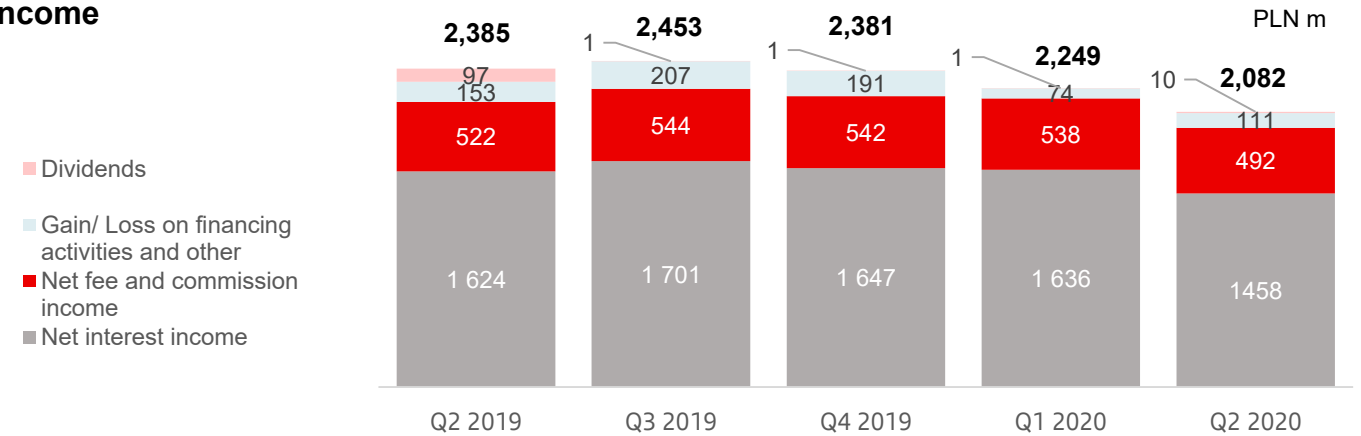
PLN m	H1 2020	H1 2019	YoY (%)	QoQ (%)
Cards	163	165	-2%	0%
Transactional	378	383	-1%	-12%
Loans + insurance	244	236	3%	4%
Capital markets*	176	162	9%	-21%
Other	70	96	-27%	-20%
<b>Total</b>	<b>1,030</b>	<b>1,042</b>	<b>-1%</b>	<b>-9%</b>

# Income

## Comment

- Total income of Santander Bank Polska Group for H1 2020 decreased by 6.4% YoY to PLN 4,330.5m. Compared to H1 2019, the underlying total income was down 5.1% YoY.
- Lower dividend income was affected by the KNF recommendation for the insurance sector.
- Positive change of PLN 3.3m in the fair value of shares in Visa Inc. (PLN 32.1m in Q2 alone) recognised in gains on other financial instruments (+PLN 42.2m in H1 2019).
- In H1 2020, gain on sales of government bonds totalled PLN 60.5m (PLN 49m in H1 2019). In Q2 alone, the gain was PLN 8.5m.

## Income



## PLN m

	H1 2020	H1 2019	YoY (%)	QoQ (%)
Net interest income	3,095	3,232	-4%	-1%
Net fee and commission income	1,030	1,042	-1%	-1%
<b>Total</b>	<b>4,125</b>	<b>4,275</b>	<b>-4%</b>	<b>-1%</b>
Gains/ losses on financing activities	118	173	-32%	-73%
Dividends	21	97	-79%	-
Other operating income	67	83	-20%	-42%
<b>Total income</b>	<b>4,330</b>	<b>4,628</b>	<b>-6.4%</b>	<b>-5.5%</b>
One-off items in net interest income	(10)			
Other one-off items (dividends)	(21)	(97)		
<b>Total income excluding one-off items</b>	<b>4,299</b>	<b>4,531</b>	<b>-5.1%</b>	

\* On a comparative basis, i.e. excluding dividend income (PLN 20.7m in H1 2020 and PLN 97.2m in H1 2019), PLN 103m from an update of SCB provision parameters and a negative adjustment of PLN 92.6m to net interest income on account of partial refund of fees on early repaid consumer loans.

# Operating expenses

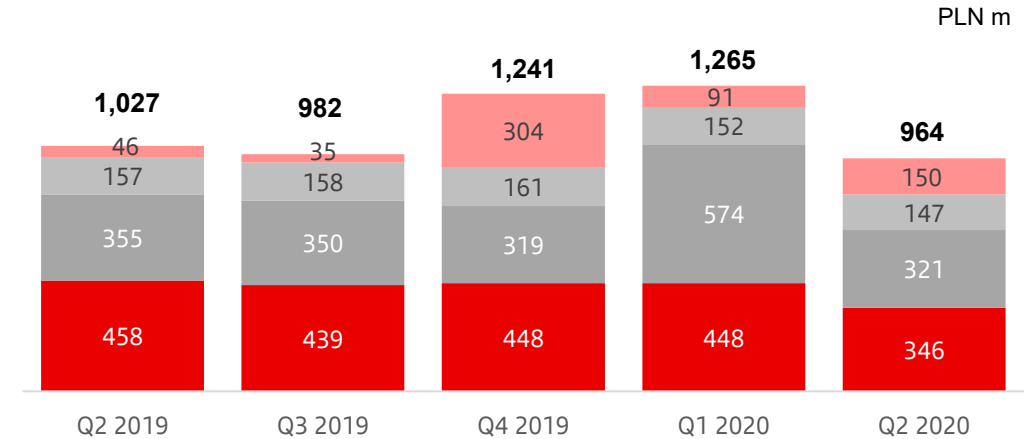
## Comment

- Total costs were impacted by regulatory costs totalling PLN 340m in H1 2020 (up 32% YoY from PLN 257m in H1 2019) and provisions for legal risk totalling PLN 110m (including an additional portfolio provision of PLN 63m raised in Q2 for FX mortgage loans).
- Administrative expenses adjusted for regulatory costs decreased by 12% YoY (mainly costs of marketing, maintenance of premises and third party services).
- Staff expenses fell by 23% QoQ. The decrease is due to lower costs of salaries and statutory deductions from salaries, and lower training costs.
- Implementation of a number of initiatives to reduce operating costs and prioritisation of investment initiatives.
- Operating expenses of SCB went down by 22% QoQ and 5% YoY. In H1 2020, a restructuring provision of PLN 11m was recognised.

The Group's C/I ratio totalled 51.5% in H1 2020 vs 48.7% for H1 2019. The underlying C/I ratio dropped from 47.8% for H1 2019 to 47.0% for H1 2020.

## Operating expenses

- Other operating expenses
- Amortisation/Depreciation
- Administrative expenses
- Staff expenses



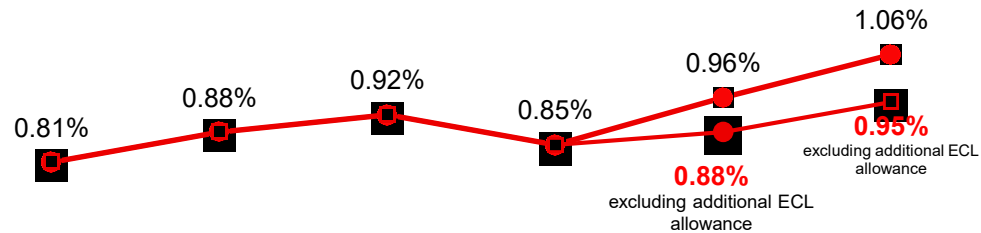
PLN m

	H1 2020	H1 2019	YoY (%)	QoQ (%)
Administrative and staff expenses	(1,689)	(1,870)	-10%	-35%
<i>Staff expenses</i>	(794)	(983)	-19%	-23%
<i>Administrative expenses</i>	(895)	(887)	1%	-44%
Amortisation/depreciation + other	(540)	(383)	41%	22%
<b>Total costs</b>	<b>(2,229)</b>	<b>(2,253)</b>	<b>-1%</b>	<b>-24%</b>
One-off items	(208)	(86)		
<b>Underlying total costs*</b>	<b>(2,000)</b>	<b>(2,166)</b>	<b>-6.7%</b>	

\* On a comparative basis for individual line items, i.e. assuming a fixed level of BGF contributions payable in both periods, i.e. excluding the surplus of PLN 86.7m from the cost base of 2020 and excluding: from H1 2020 – provisions for legal risk of customer claims connected with FX mortgage loans (PLN 63.2m) and partial reimbursement of fees related to early repaid consumer loans (PLN 47.1m); and from both analysed periods – provisions for employment restructuring at Santander Consumer Bank S.A. (PLN 11.1m for H1 2020 and PLN 6.3m for H1 2019) and at Santander Bank Polska S.A. (PLN 80m for H1 2019).

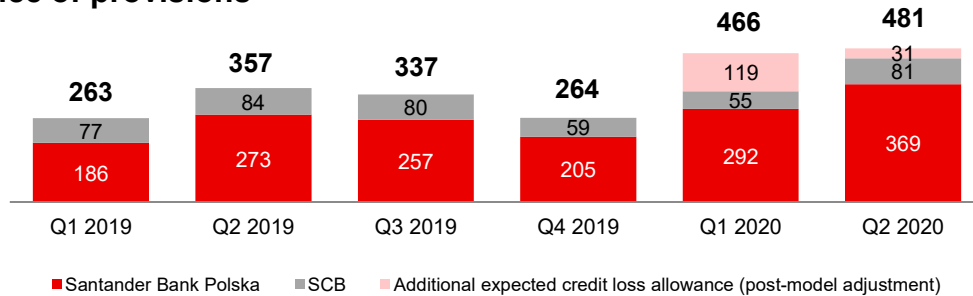
# Provisions and credit portfolio quality

## Cost of credit

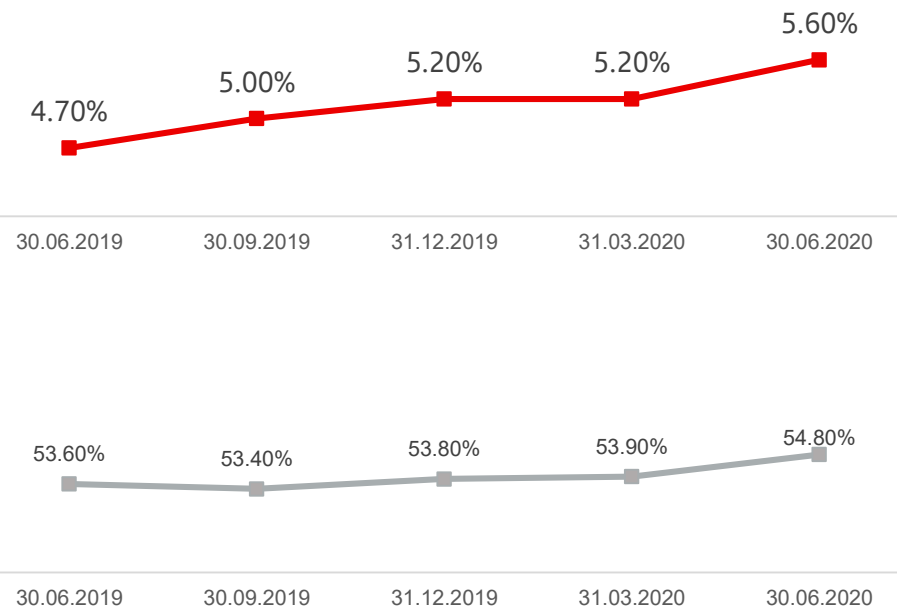


## Balance of provisions

PLN m



## NPL and NPL coverage ratio\*

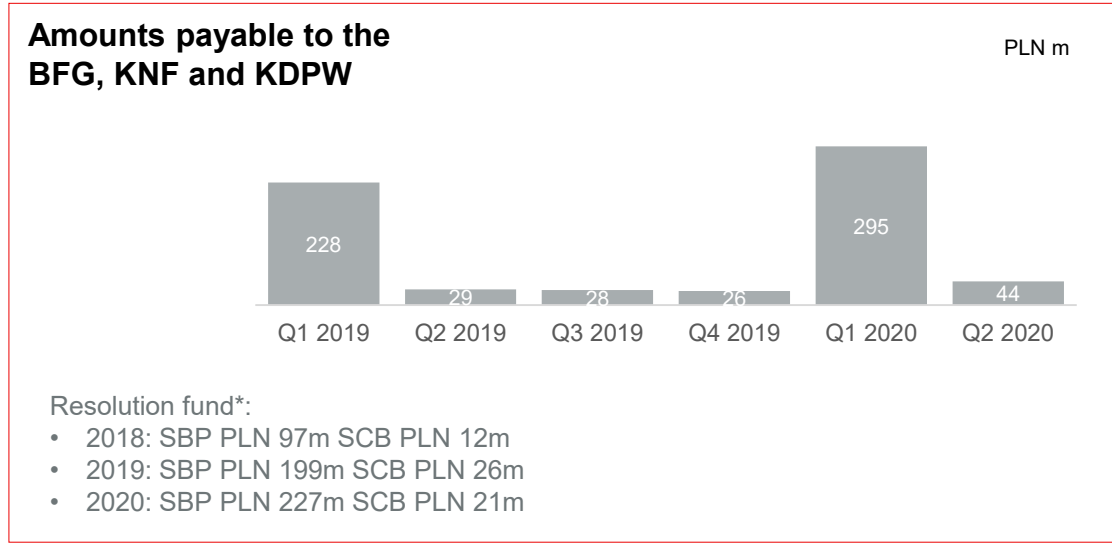


\*Including POCI – purchased or originated credit-impaired asset.

The NPL ratio and the NPL coverage ratio (including the POCI portfolio) for the period from 31 March 2018 to 30 September 2018 were calculated using gross value of POCI exposures and provision, without adjusting them to the fair value at initial recognition. This presentation was adjusted as of 31 December 2018.



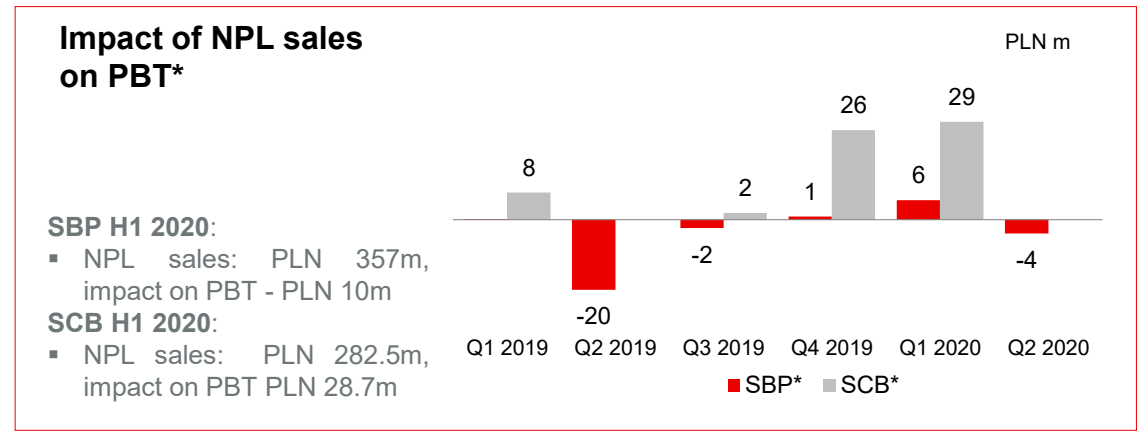
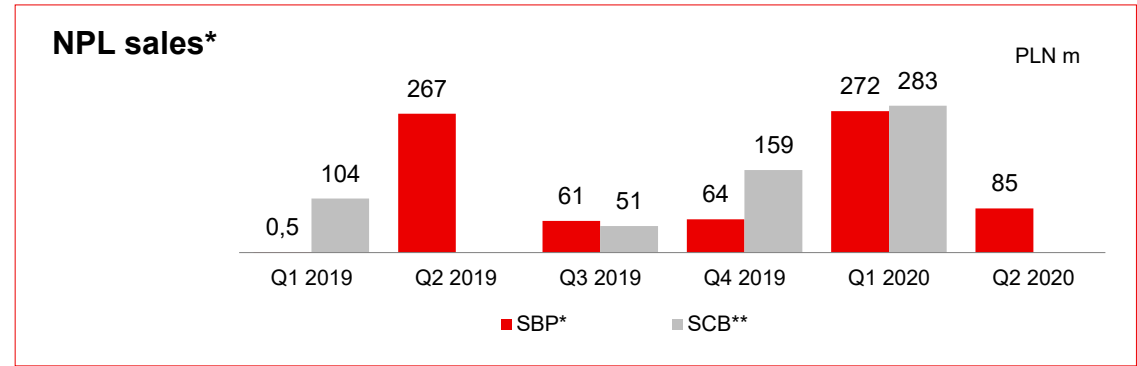
# Banking tax and regulatory costs



## Banking tax

Pursuant to the Act of 1 February 2016 on tax imposed on certain financial institutions, bank assets are subject to tax of 0.0366% per month. In 2020, the total tax charged to Santander Bank Polska S.A. and SCB S.A. in this respect was PLN 310m (PLN 278m and PLN 32m, respectively).

# NPL sales



# Results for H1 2020

## Comment

- The decrease in net interest income was affected by interest rate cuts, CJEU judgments and COVID-19 pandemic.
- The costs were under the pressure from regulatory and legal factors (BFG and CJEU). The underlying costs improved significantly.
- Further focus was placed on cost efficiency and synergies.
- Credit provisions increased due to the COVID-19 pandemic.
- The underlying profit was down approx. 17%.
- The effective tax rate was impacted by regulatory costs.

## Results for H1 2020 impacted by one-off items

PLN m	H1 2020	H1 2019	% YoY	On a comparative basis*
Net interest and fee income	4,125	4,275	-3.5%	-3.7%
Gross income	4,330	4,628	-6.4%	-5.1%
Operating expenses	-2,229	-2,253	-1.0%	-6.7%
Credit impairment allowances	-947	-619	53.0%	28.7%
Tax on financial institutions	-301	-305	-1.4%	-1.4%
<b>PBT</b>	<b>890</b>	<b>1,481</b>	<b>-39.9%</b>	<b>-17.2%</b>
Income tax	-310	-391	-20.7%	-20.7%
<b>Profit attributable to shareholders of Santander Bank Polska S.A.</b>	<b>476</b>	<b>935</b>	<b>-49.1%</b>	<b>-17.1%</b>
Effective tax rate	34.8%	26.4%		

On a comparative basis for individual line items, i.e. assuming a fixed level of contributions to the BFG and excluding the following items – from the profit for H1 2020: an adjustment to interest income accounting for the refund of a portion of fees on early repaid consumer loans (PLN 93m), provisions for legal risk connected with the consumer loans portfolio (PLN 47.1m), provision for legal risk connected with the foreign currency mortgage loans portfolio (PLN 63.2m), management provision for expected credit losses arising from a worsening economic outlook (PLN 150.3m), dividend income (PLN 20.7m) and provision for employment restructuring at SCB (PLN 11.1m) income from an update of parameters of the model for calculation of provisions for insurance premium refunds at SCB (PLN 103m), and – from the profit for H1 2019: dividend income (PLN 97.2m) and provision for employment restructuring at Santander Bank Polska S.A. (PLN 86.3m).

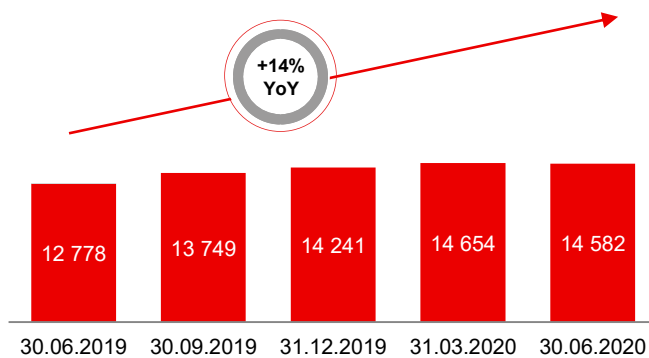
# Attachments

05

# Retail Banking

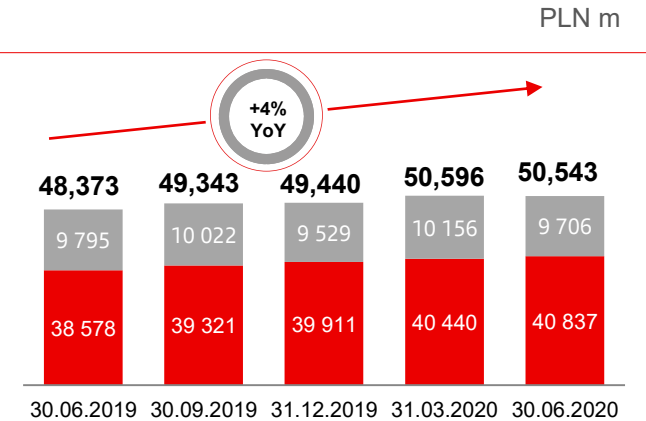
## - growth in lending activity

### Cash loans portfolio (gross)



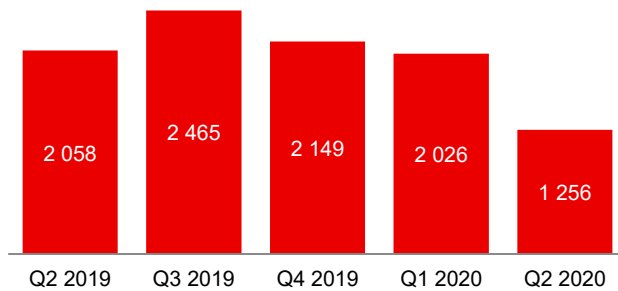
### Mortgage loans portfolio (gross)

- PLN mortgage loans portfolio: +6% YoY
- FX mortgage loans portfolio: -1% YoY



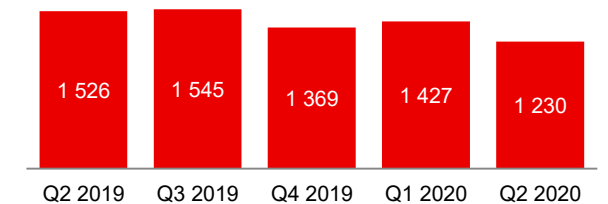
### Cash loans – sales

- Cash loan sales: -39% Q2 2020/ Q2 2019

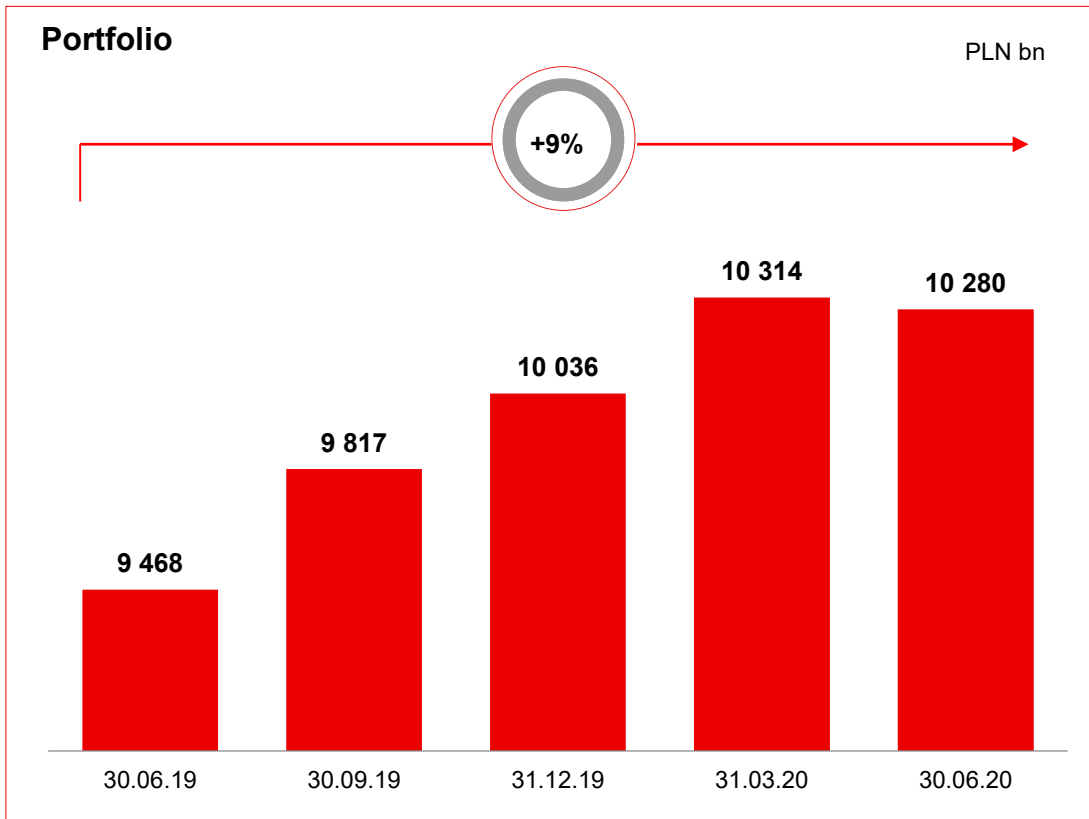


### Mortgage loans – sales by disbursements

- Mortgage loan sales: -20% Q2 2020/ Q2 2019
- Stable share in the mortgage loans market: 9.0%\*



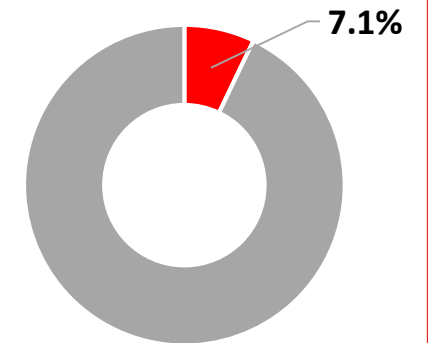
# Santander Leasing



## Comment

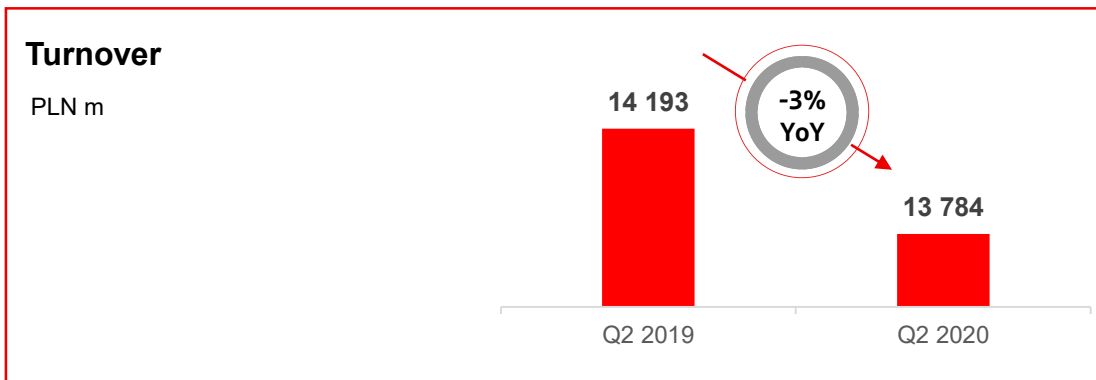
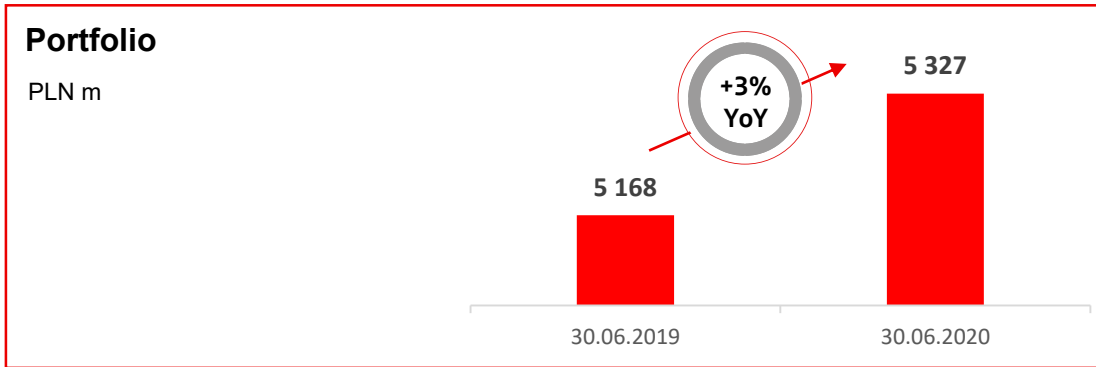
- Leasing portfolio at PLN 10.3bn, +9% YoY.
- 7% YoY growth in income.
- Excellent C/I at 33.2%.
- PLN 2.27bn net assets financed in H1 2020.

## Market share

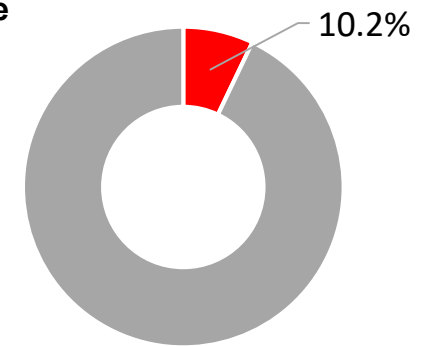


Santander Leasing was awarded a prestigious title of **Trustworthy Brand 2020** in the leasing category. As in the previous years, the survey participants – 1,200 businesses – were asked to choose the products and services that CEOs and managers trusted most. Santander Leasing was the leader of the survey in the leasing sector.

# Santander Factoring



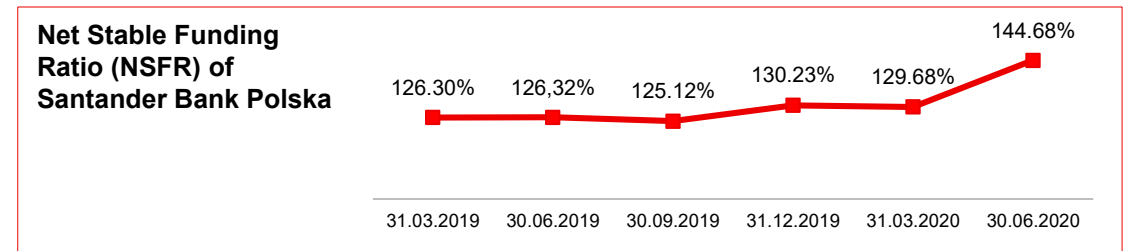
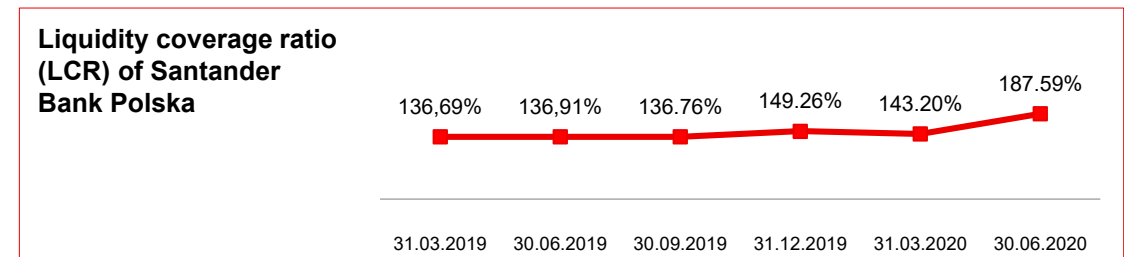
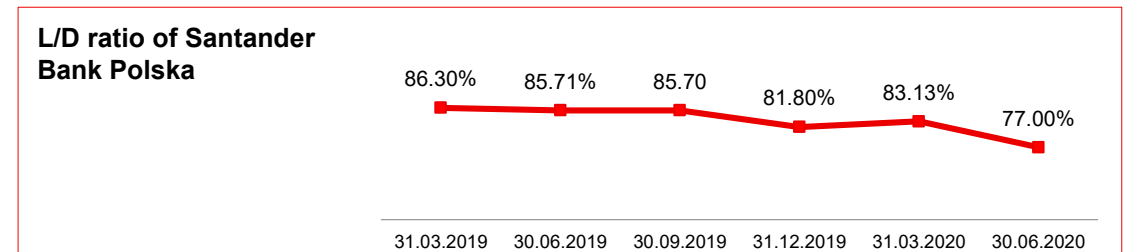
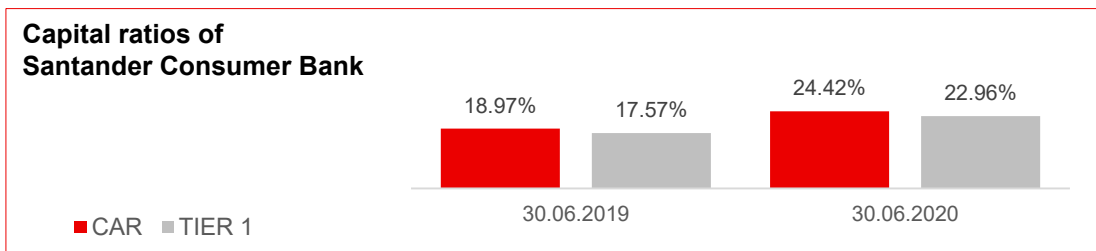
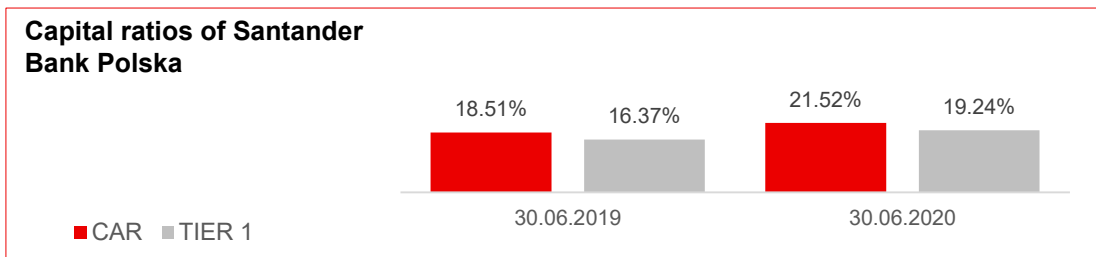
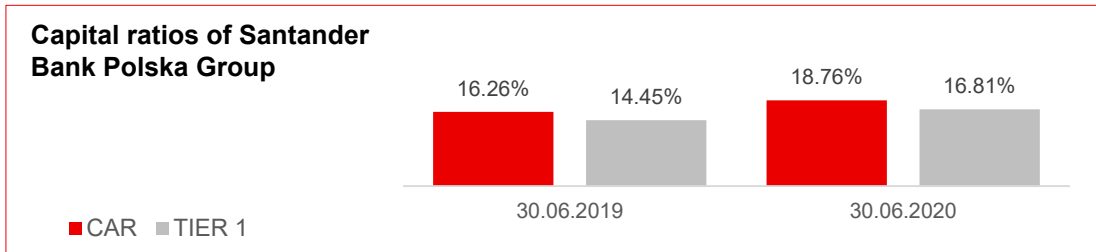
## Market share



## Comment

- In Q2 2020, Santander Factoring maintained its leadership position in terms of total assets.
- The company was also ranked first in terms of reverse factoring (up 5% YoY and 23% market share).
- In H1 2020, the Polish factoring market grew by 2.4% YoY. At the beginning of Q2, the entire sector was significantly impacted by the COVID-19 outbreak.
- Turnover fell by 3% compared to Q2 2020.

# Capital and liquidity position of Santander Bank Polska S.A.



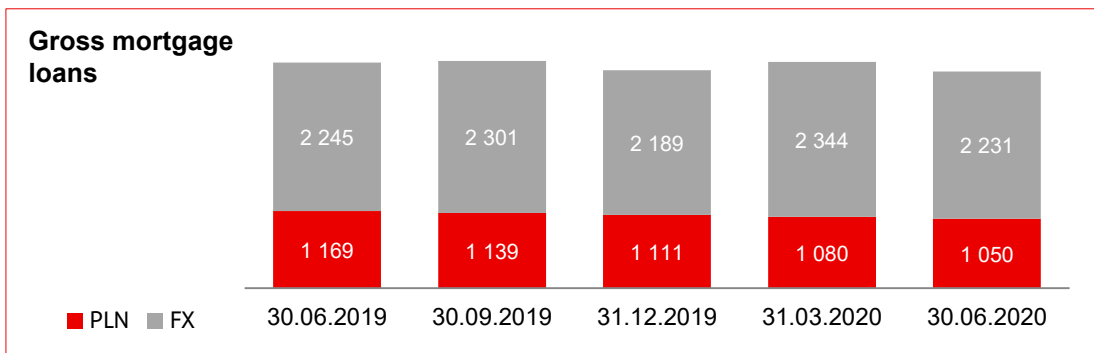
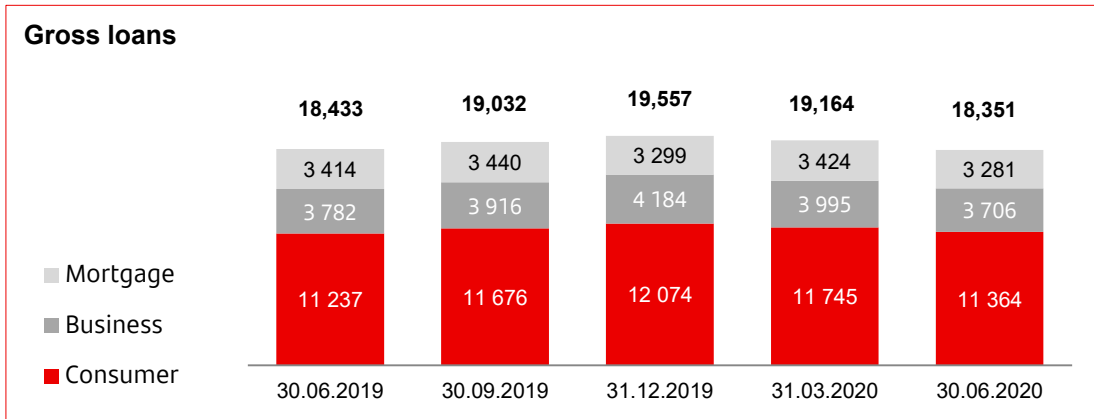
# Key financial ratios of Santander Bank Polska Group for H1 2020

Selected financial ratios of Santander Bank Polska Group	H1 2020	H1 2019 <sup>11)</sup>
Cost/ income	51.5%	48.7%
Net interest income/ total income	71.5%	69.8%
Net interest margin <sup>1)</sup>	3.09%	3.48%
Net fee and commission income/ total income	23.8%	22.5%
Net loans and advances to customers/ deposits from customers	86.0%	94.0%
NPL ratio <sup>2)</sup>	5.6%	4.7%
NPL provision coverage ratio <sup>3)</sup>	54.8%	53.6%
Costs of credit <sup>4)</sup>	1.06%	0.88%
ROE <sup>5)</sup>	7.1%	10.1%
ROTE <sup>6)</sup>	8.6%	12.1%
ROA <sup>7)</sup>	0.8%	1.1%
Total capital ratio <sup>8)</sup>	18.76%	16.26%
Tier 1 capital ratio <sup>9)</sup>	16.81%	14.45%
Book value per share (PLN)	273.17	250.07
Earnings per ordinary share (PLN) <sup>10)</sup>	4.66	9.16

- 1) Net interest income annualised on a year-to-date basis (excluding interest income from the portfolio of debt securities held for trading and other exposures related to trading) to average net earning assets as at the end of consecutive quarters after the end of the year preceding the accounting year (excluding financial assets held for trading, hedging derivatives, other exposures related to trading and other loans and advances to customers).
- 2) Gross loans and advances to customers classified to stage 3 and POCI exposures to the portfolio of gross loans and advances to customers measured at amortised cost at the end of the reporting period.
- 3) Impairment allowances for loans and advances to customers classified to stage 3 and measured at amortised cost and POCI exposures to gross value of such loans and advances at the end of the reporting period.
- 4) Impairment allowances (for four consecutive quarters) to average gross loans and advances to customers (as at the end of the current reporting period and the end of the last year).
- 5) Profit attributable to the parent's shareholders (for four consecutive quarters) to average equity (as at the end of the current reporting period and the end of the last year) less non-controlling interests, current period profit and the undistributed portion of the profit. The underlying ROE was 10.3% as at 30 June 2020.
- 6) Profit attributable to the parent's shareholders (for four consecutive quarters) to average tangible equity (as at the end of the current reporting period and the end of the last year) defined as common equity attributable to the parent's shareholders less revaluation reserve, current year profit, dividend, undistributed portion of the profit, intangible assets and goodwill.
- 7) Profit attributable to the parent's shareholders (for four consecutive quarters) to average total assets (as at the end of the current reporting period and the end of the last year). The underlying ROA was 1.1% as at 30 June 2020.
- 8) The capital adequacy ratio was calculated on the basis of own funds and total capital requirements established for the individual risk types by means of the standardised approach, in line with the CRD IV/CRR package.
- 9) Tier 1 ratio is Tier 1 capital expressed as a percentage of risk weighted assets for credit, market and operational risk.
- 10) Net profit for the period attributable to shareholders of the parent entity to the average weighted number of ordinary shares.
- 11) The ratios for H1 2019 were recalculated taking into account the impact of an adjustment to the accounting treatment of repurchase transactions.



# Santander Consumer Bank Group Loans



PLN m	30/06/2020	30/06/2019	YoY (%)	QoQ (%)
<b>Retail customers</b>	<b>14,645</b>	<b>14,651</b>	<b>0%</b>	<b>-3%</b>
Mortgage loans	3,281	3,414	-4%	-4%
Consumer finance	11,364	11,237	1%	-3%
<b>SME/ Leasing</b>	<b>3,706</b>	<b>3,782</b>	<b>-2%</b>	<b>-7%</b>
<b>Total gross loans</b>	<b>18,351</b>	<b>18,433</b>	<b>0%</b>	<b>-4%</b>

- Total loans: stable YoY:
- Mortgage loans: -4% YoY
- CHF mortgage loans: -9% YoY (approx. – CHF 52m)
- Consumer finance: +1% YoY
- Business loans: -2% YoY

# Santander Consumer Bank Group

## Key financial results for H1 2020

PLN m	H1 2020	H1 2019
Assets	21,177	20,679
Net loans	16,329	16,570
Deposits	10,098	9,492
Total equity	3,606	3,173
PAT	161	277
L/D (%)	161.7%	174.6%
C/I (%)*	49.9%	38.0%
ROE (%)	9.2%	16.7%
ROA (%)	1.5%	2.7%
TCR (%)**	24.4%	19.0%

# Corporate Social Responsibility (CSR)



SUSTAINABLE MANAGEMENT	
<p><b>Our objectives</b></p> <p>Sustainable management and development of an inclusive work environment</p>	
<p><b>Our achievements</b></p> <ul style="list-style-type: none"> <li>Responsible banking strategy based on ESG indicators</li> <li>Social and environmental policies</li> <li>Environmental and social aspects of risk management (ESRM) incorporated into the assessment criteria for corporate and investment banking projects</li> <li>Start of implementation of TCFD recommendations</li> <li>ESG indicator included in the assessment of products and services</li> <li>Simplification and digitalisation of processes</li> </ul>	

CSR PROJECTS	
<p><b>Our objectives</b></p> <p>Support for local communities and investments in universities</p>	
<p><b>Our achievements</b></p> <p><b>Initiatives of Santander Bank Polska</b></p> <ul style="list-style-type: none"> <li>PLN 0.5m grant for 68 projects as part of “Here I live, here I make ECO changes” (“Tu mieszkam, tu zmieniam ECO”)</li> <li>PLN 5m donated as part of the “We will double your impact” (“Podwójna moc pomagania”) fundraiser to support the fight against COVID-19</li> <li>Support for the KORKI TV project – free lessons for eight graders and secondary school graduates</li> </ul> <p><b>Santander Universidades</b></p> <ul style="list-style-type: none"> <li>59 member universities</li> <li>Online scholarships for digital law students</li> <li>Free subscription of <i>Puls Biznesu</i> for students of SGH Warsaw School of Economics</li> <li>Virtual university tours for secondary school graduates</li> </ul>	

# Dziękujemy.

Pomagamy klientom indywidualnym i biznesowym w osiągnięciu codziennych sukcesów.

Wierzymy, że wszystko co robimy powinno być:

**Simple Personal Fair**



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
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