

22/02/19

# Santander Bank Polska SA Group

Financial results during 2018



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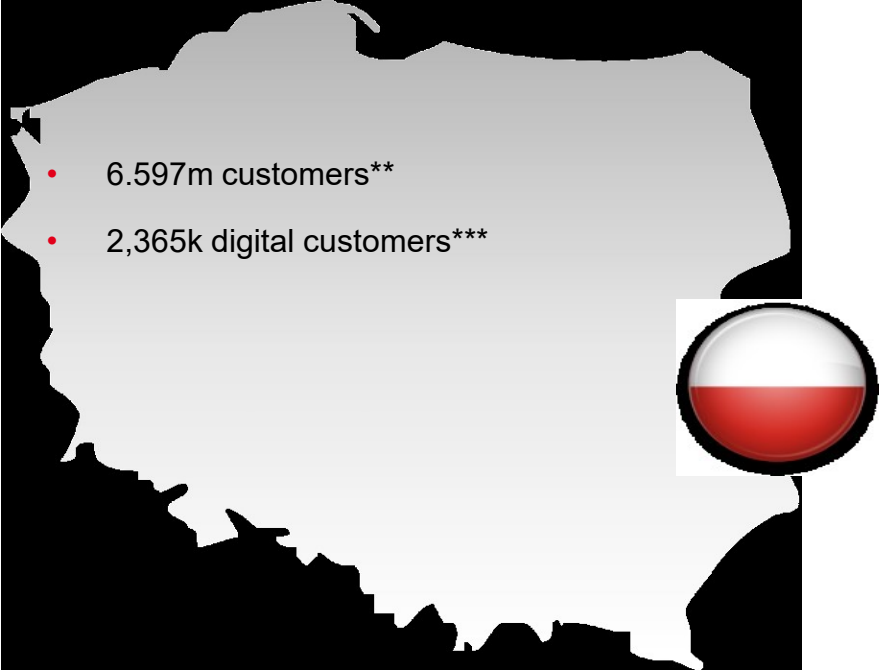
1. Strategy and business
2. Macroeconomic environment
3. Santander Group Results
4. Appendix

# Strategy and business

01

# Branch network and basic financial data

	31.12.2018	YoY
<b>Business and results</b>		
<i>PLN</i>		
Gross Loans	141.8 bn	26%
Deposits	149.6 bn	34%
Total customer funds	165.0 bn	29%
Assets	205.9 bn	35%
<b>Market Share*</b>		
Gross loans	12.0%	
Deposits	12.1%	
<b>Network and Employees</b>		
	<b>Santander Bank Polska S.A.</b>	<b>SCB</b>
Branches	611	152
Employees	12.8 k	2.6 k



\* Market share for Santander Bank Polska S.A . Group as of end of December 2018.  
 \*\* Including SCB.  
 \*\*\* Excluding SCB. Digital: customers: clients who have logged in at least once in a given month.

# Rebranding and The Banker award

## Achievements

- Strong launch of the new brand
- Smooth customer conduct through the process of change
- Effective communication of the main elements of the new brand – **innovations and security**
- Creating foundations for further business development

## Further steps

- Continuation of the rebranding campaign
- Communications of Santander values to consumers
- **UEFA Champions League** - strengthening the brand

## „Bank of the Year in Poland” award

- Santander Bank Polska received the title „Bank of the Year 2018 in Poland” in one of the most prestigious sector rankings, by „The Banker” magazine.
- The award confirms the strong position of the bank and success of strategic projects realised by Santander Bank Polska.
- Jury appreciated the success in efficiency improvement and in profitability of the company, and innovativeness of products and services offered by the bank.



**Santander Internet**

- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system

**Santander mobile**

- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system
- Sprawdź na stronie, jak działa system

**Plac, jak chcesz**

**Złóż wniosek o telefonem w Santander mobile**

**BLIK** - BUKIEM w Santander mobile

**Google Pay**

**Apple Pay**

**Plac przy użyciu Garmin Pay**

**Program punktowy z kartą Doposażaniem Mastercard®**

**priceless specials**

**Pakiet na start**

**Teraz bankujesz, jak chcesz**

**Santander bank jaki chcesz**

**Włącz eKsięgowość i zyskaj na czasie**

Przebiegaj firmę łatwo i szybko, również w swoim smartfonie

**Santander bank jaki chcesz**

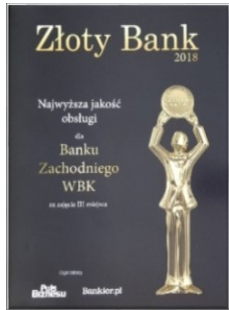
**UEFA CHAMPIONS LEAGUE**

**Twoje bezpieczeństwo to teraz Santander Bank Polska**

**Santander bank jaki chcesz**

# The year of business growth and further transformation

Q1 ... Gold Banker\*



Increasingly better service quality

Q2 ... Agile



Effective organizational model

Q3 ... Santander



Strong global brand

Q4 ... DB



New potential ... +400k clients

1.13  
m

Opened Accounts As I Want

81.4  
bn

Deposits volume

❖ +38% YoY

4.9  
bn

Cash loans sales

❖ +17% YoY

6.8  
bn

Mortgage loans sales

❖ +31% YoY

# Innovation and digital channels development



- ❖ Santander One Pay FX
- ❖ Apple Pay
- ❖ Garmin Pay
- ❖ Fitbit Pay
- ❖ Motor insurance
- ❖ Multicurrency package



**4.02**  
m

Customers with access to internet and mobile banking  
❖ **+19%** YoY

**2.36**  
m

Active digital customers  
❖ **+13%** YoY

**1.34**  
m

Mobile users  
❖ **+22%** YoY

**40.9**  
m

Transactions in mobile banking  
❖ **+74%** YoY

**431**  
ths.

Cards in digital wallets  
❖ **+209%** YoY



# Business development and sound financial results

**12.4**  
bn

Credit volume  
❖ **+26%** YoY

**13.5**  
bn

Deposit volume  
❖ **+31%** YoY

**3.5**  
bn

Loans (new sales)  
❖ **+15%** YoY

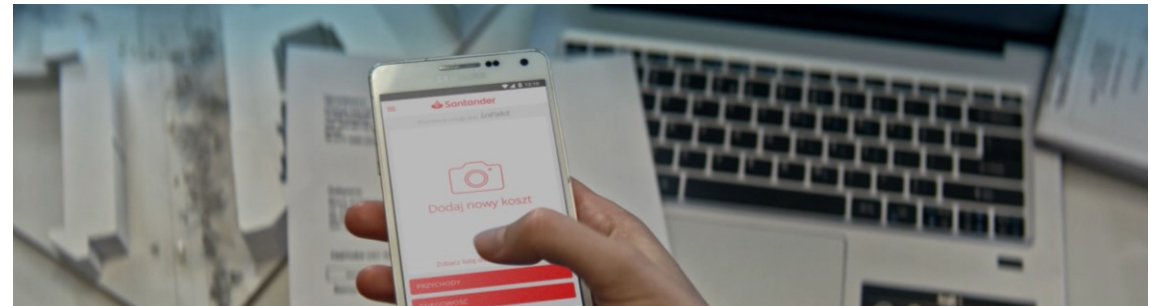
**125**  
m

Credit fee income  
❖ **+30%** YoY

**642**  
m

Net interest income  
❖ **+12%** YoY

- ❖ eKsięgowość – online accounting service
- ❖ działalność.pl website
- ❖ Split Payment
- ❖ Business account available on-line



# Dynamic development of Business and Corporate Banking

11%\*

**Underlying growth in core customer revenues**

16%

**YoY growth in Strategic Sectors revenues**

15%

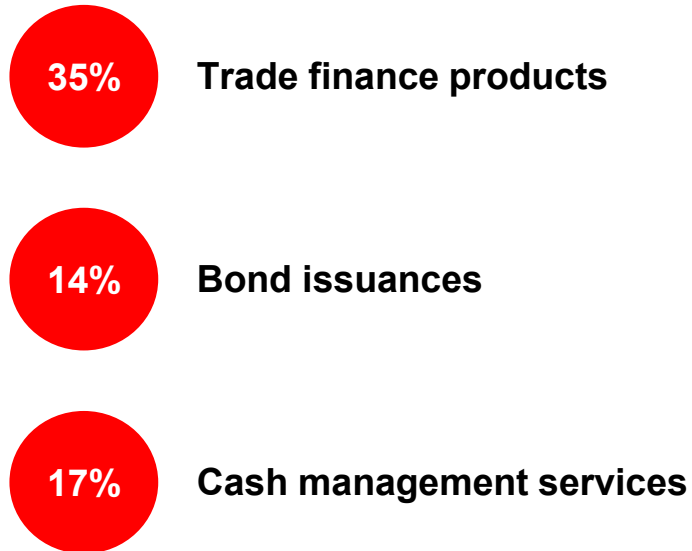
**YoY growth in International Business revenues**

- **Integration of Corporate and SME2 segments**
- **Successful integration with DB**
- Implementation of **New Sales Model** – new strategy of cooperation between product specialists, bankers and credit partners
- **Self Service Zone in iBiznes24** – continuation of customer activation
- Start of **8th edition of Program Rozwoju Eksportu** (Export Development Program)
- Continued development of International Business trade corridors – Germany, Spain/LatAm, US/UK

# First place on the capital market in terms of the value of issued shares<sup>1</sup> and bonds<sup>2</sup>

## Chosen products' sales

YoY revenue increase



## Innovation

### Tailor-made solutions:

- creating a service enabling immediate ordering and settlement of bank operations, as well as servicing dedicated VAT accounts for clients in Poland of one of the largest US financial institutions
- SCIB Debt Advisory launch: advice on optimal financing structure, logistics of debt fund raising and comprehensive support in rating process and communication with rating agencies

### Santander Cash Nexus:

- simple and fast communication tool for international companies offering a complete set of solutions that provides local transactional services via one global entry point



# 2018 Basic financial highlights

■ Net Interest Income

vs. 2017

+9%

■ Fee income

vs. 2017

+2%

■ Net operating income PLN 8 684m

vs. 2017

+12%

■ Attributable profit PLN 2 365m

vs. 2017

+7%

# 2018 Basic financial highlights

- Strong capital position meeting PFSA criteria

<b>TCR</b>	<b>15.98%*</b>
<b>CET1</b>	<b>14.11%*</b>

- ROE, ROA – leading position in Peer Group Banks

<b>ROE</b>	<b>11.9%</b>
<b>ROA</b>	<b>1.3%</b>

- Secure funding position (L/D ratio)

<b>Santander Bank Polska Group</b>	<b>91.9%</b>
<b>Santander Bank Polska S.A.</b>	<b>84.2%</b>



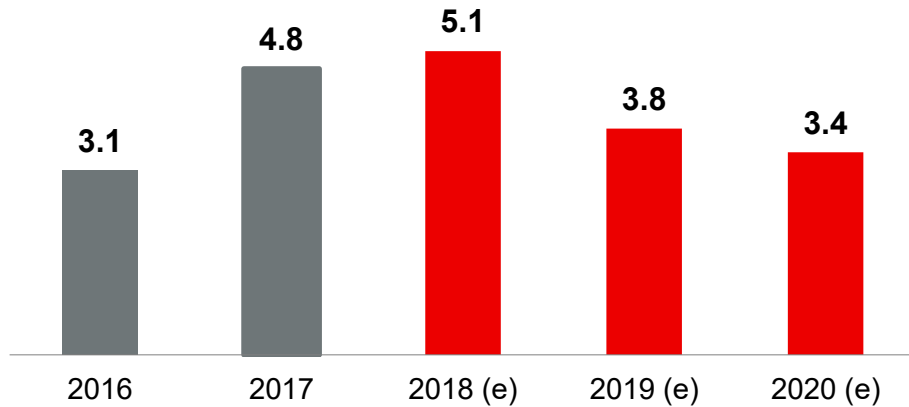
\* The capital ratio for 2018 was calculated excluding of a capital increase on acquisition of an organised part of Deutsche Bank Polska S.A. The Bank is in the process of obtaining a relevant consent from the regulator. The capital ratio was calculated on the basis of own funds and the total capital requirements established for the individual risk types by means of the standardised approach, in line with the CRD IV/CRR package.

# Macroeconomic environment

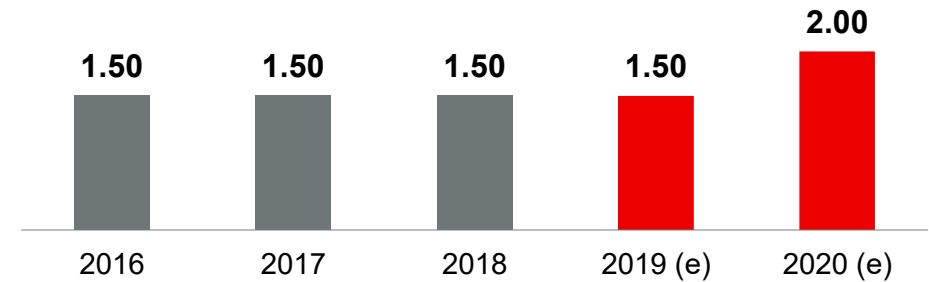
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# Peak of GDP growth behind us, CPI still below the NBP target

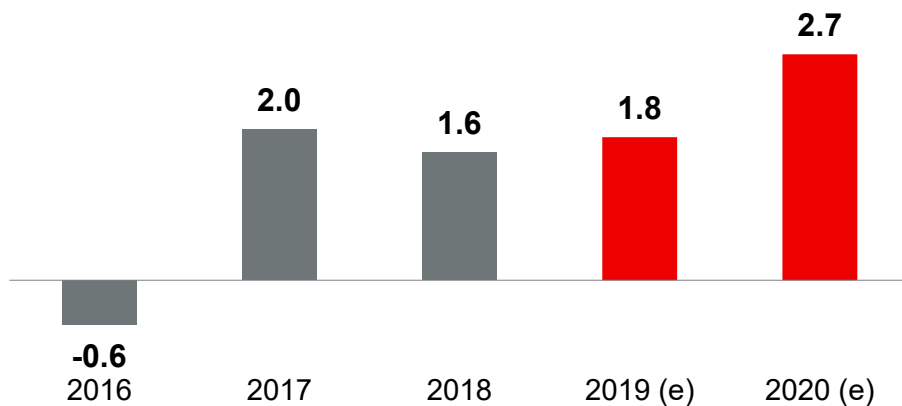
Annual GDP Growth (real, %)



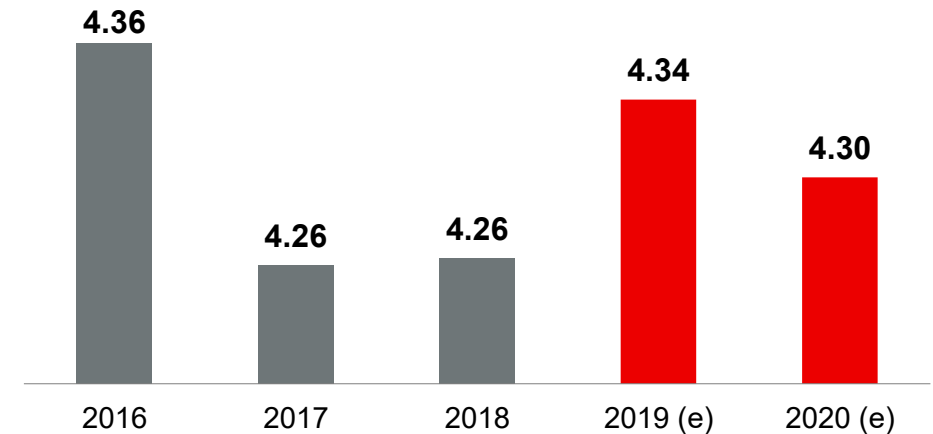
Central Bank Monetary Policy (year end, %)



Annual inflation rate (average, %)

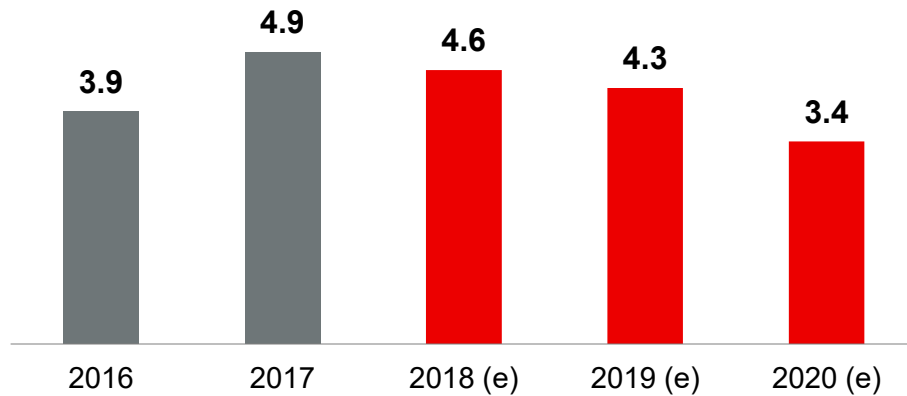


Average exchange rate (EUR / PLN)

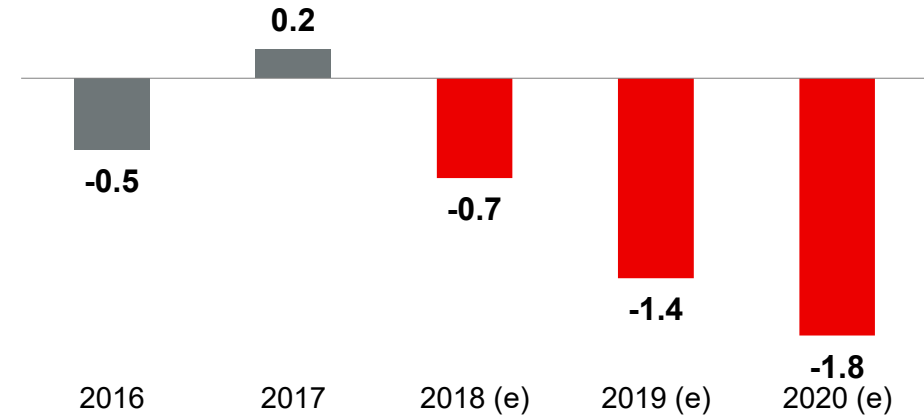


# Consumption to stay strong, record low unemployment and investment recovery, but worse C/A balance

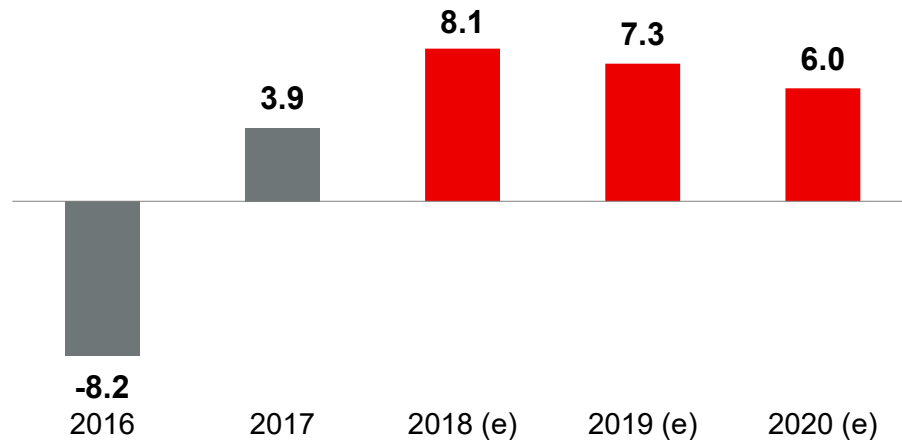
Private Consumption Growth (real, %)



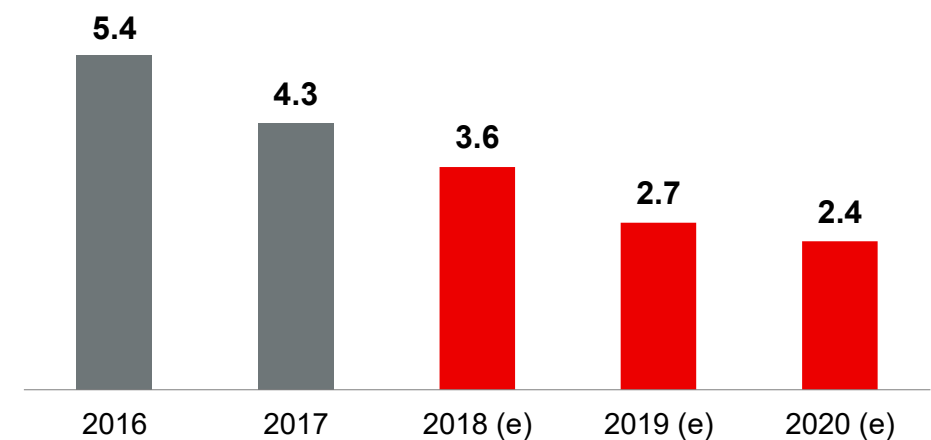
Current Account Balance (year end, % GDP)



Investment Growth (real, %)



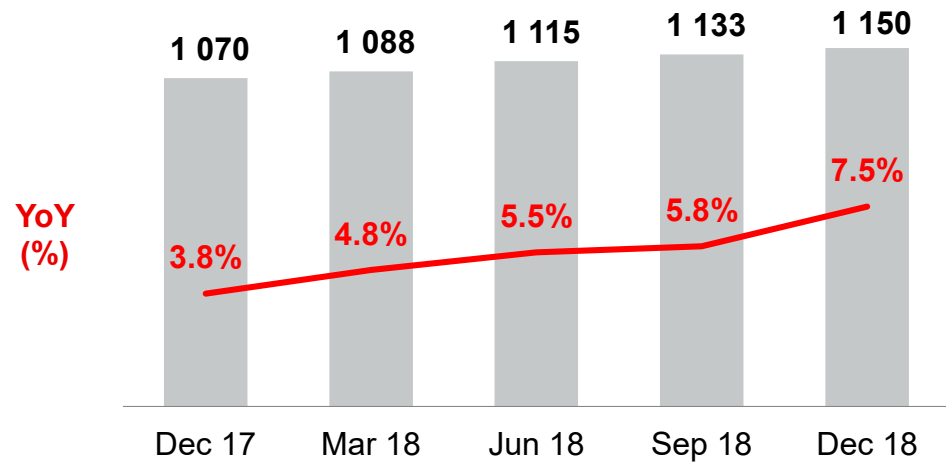
Unemployment (year-end, %)



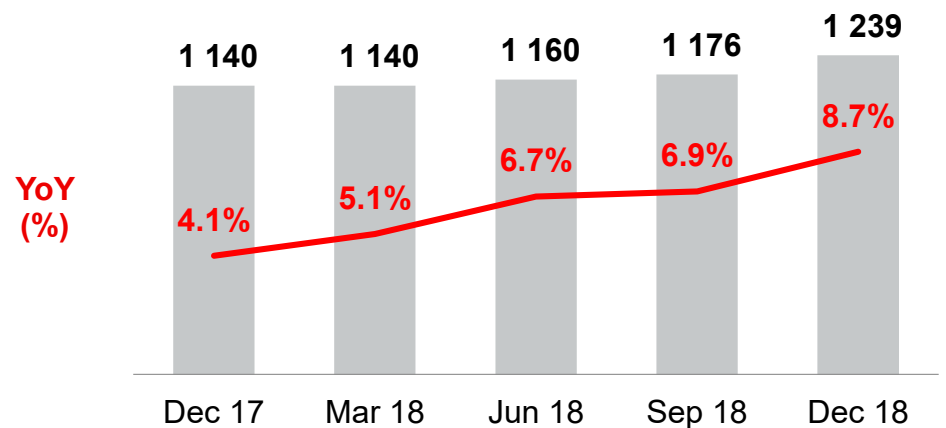


# Continued acceleration of loans and deposits

Total loans (PLN bn)



Total customer deposits (PLN bn)



- Total market loans rose by 7.5% in 2018, the most since 2015. Gradual acceleration was observed throughout the year. The FX-adjusted pace of loan growth reached 6.7% YoY in late 2018 compared to 5.4% average for 2017.
- Consumer loans were growing almost 10% YoY, with higher pace in 2H18 than in 1H. PLN-denominated mortgage loan growth rate kept rising gradually and in late 2018 exceeded 11% YoY.
- In the corporate sector, the loan growth moved from c6% YoY (after FX adjustment) in the middle of the year to c7% at the year-end.
- Deposit growth rose to 8.7% YoY in December – the highest pace in three years. Household deposit growth accelerated from less than 4% at the start of last year to almost 10% YoY by year-end. Corporate deposits rose 7% YoY in 2018.
- The growth of deposits came from demand deposits, which kept rising at double-digit growth rates in late 2018 (c12% YoY in total, c16% YoY when it comes to household demand deposits). Term deposits stagnated in annual terms.

# Santander Group Results

03

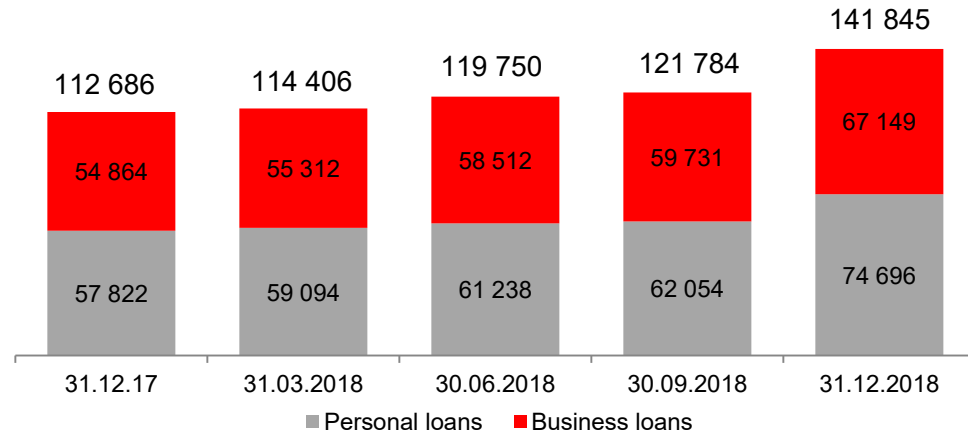
# Loan Performance

**Gross Loans +26% YoY and +16% QoQ**

## Total gross loans

PLN m

+26%



**SCB gross loans PLN 18bn (+8% YoY)**  
**CHF mortgage loans -9% YoY (in PLN -3% YoY)**  
**SCB retail loans (excluding mortgage) +11% YoY**

	Dec'18	Dec'17	YoY (%)	Q/Q (%)
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<b>Individuals</b>	<b>74 696</b>	<b>57 822</b>	<b>29%</b>	<b>20%</b>
Mortgage	49 211	37 293	32%	23%
Other personal	25 485	20 529	24%	16%
<b>Business</b>	<b>67 149</b>	<b>54 864</b>	<b>22%</b>	<b>12%</b>
<b>Total gross loans</b>	<b>141 845</b>	<b>112 686</b>	<b>26%</b>	<b>16%</b>

## Comment

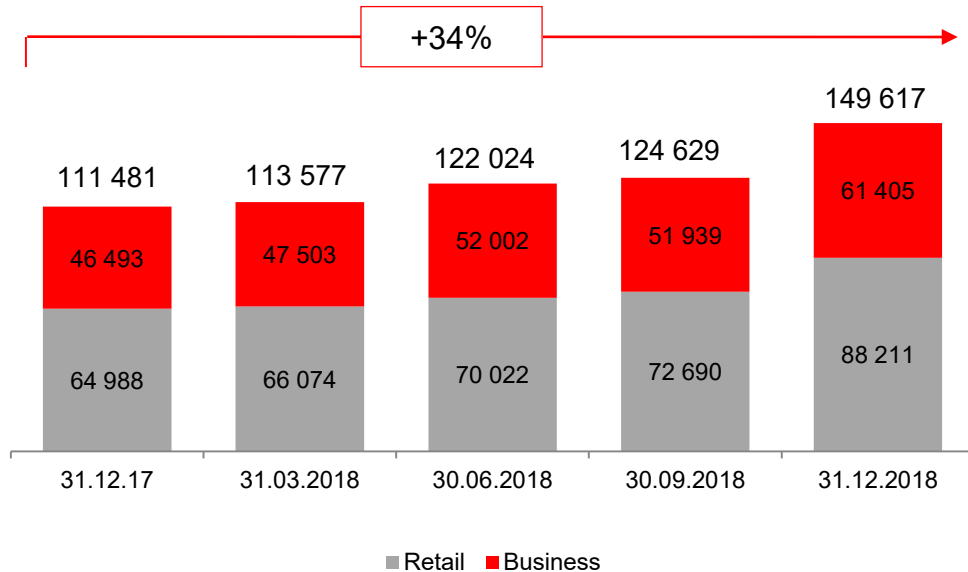
- **Santander Bank Polska S.A. gross loans: +27% YoY:**
  - Mortgage loans **+32% YoY, in PLN +53% YoY**
  - CHF mortgage loans **-9% YoY (in PLN -2% YoY)**
  - Cash loans / credit cards / overdraft **+40% YoY**
  - SME (including leasing and factoring) **+59% YoY**
  - Corporate (excl. Property, incl. leasing and factoring) **+12% YoY**
  - Property **stable YoY**

# Total Customer Funds

## Total Customer Funds +29% YoY

### Total Deposits

PLNm



**SCB deposits: PLN 9bn  
(+9% YoY)**

	Dec'18	Dec'17	YoY (%)	QoQ (%)
Demand	51 673	41 403	25%	26%
Savings	34 496	25 042	38%	28%
Time	63 448	45 036	41%	12%
<b>Total</b>	<b>149 617</b>	<b>111 481</b>	<b>34%</b>	<b>20%</b>
Funds under management	15 446	16 447	-6%	-7%
<b>Total Customer Funds</b>	<b>165 063</b>	<b>127 928</b>	<b>29%</b>	<b>17%</b>

### Comment

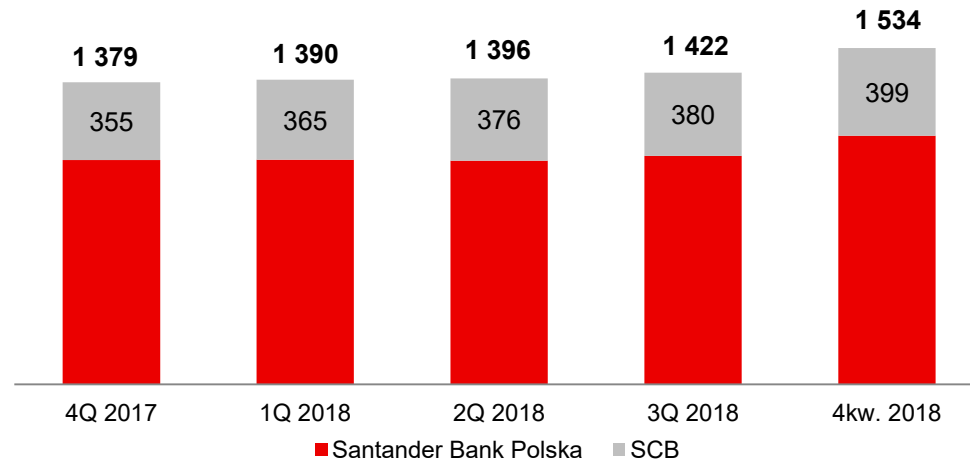
- **Santander Bank Polska Group deposits:**
  - Retail +36% YoY
  - Business +32%YoY
- **Mutual Funds lower by 6% YoY**

# Net Interest Income and Net Interest Margin

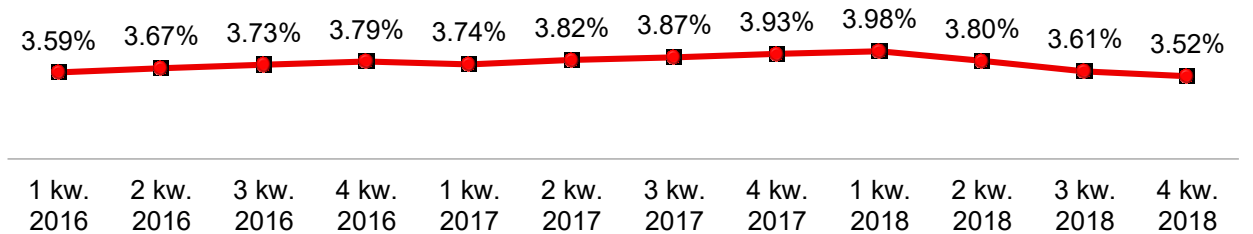
**Net Interest Income +9% YoY. Temporary NIM decline**

## Net Interest Income

PLNm



## Net Interest Margin (%)\*



SCB Group accounted for PLN 1,520 m in 2018 and PLN1,352m in 2017

## Comment

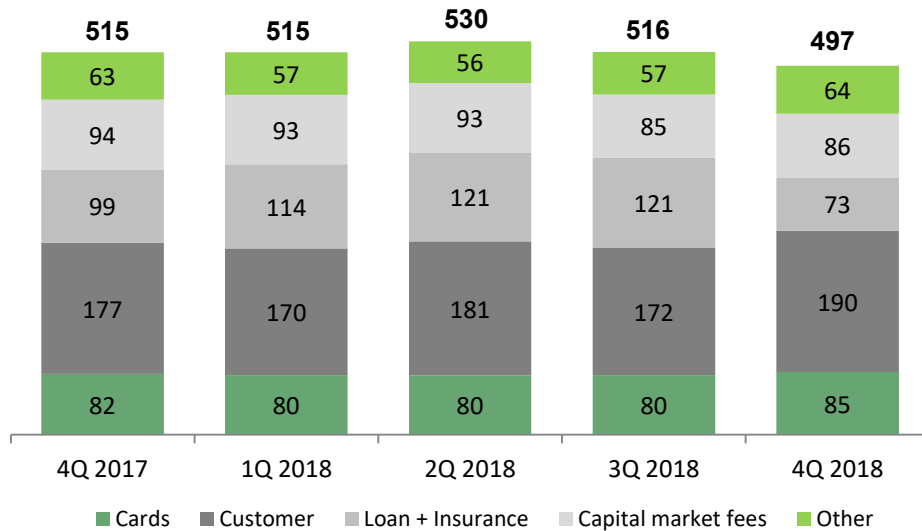
- Net Interest Income +9% YoY / +10% QoQ.
- Quarterly net interest margin in 4Q 2018 down by 9bps q/q impacted by the acquisition of Core DB Polska and temporary liquidity excess at the year-end.

# Net fees

**Net fees +2% YoY**

## Net fees

mIn PLN



## Main items

	2018	2017	YoY (%)	QoQ (%)
Cards	325	314	3%	6%
Customer + Other	713	684	4%	11%
Loan + Insurance	429	406	6%	-40%
Capital market fees*	358	379	-6%	1%
Other	233	230	1%	12%
<b>Total</b>	<b>2 058</b>	<b>2 013</b>	<b>2%</b>	<b>-4%</b>

**SCB Group accounted for PLN 129 m in 2018 and PLN 128m 2017**

## Comment

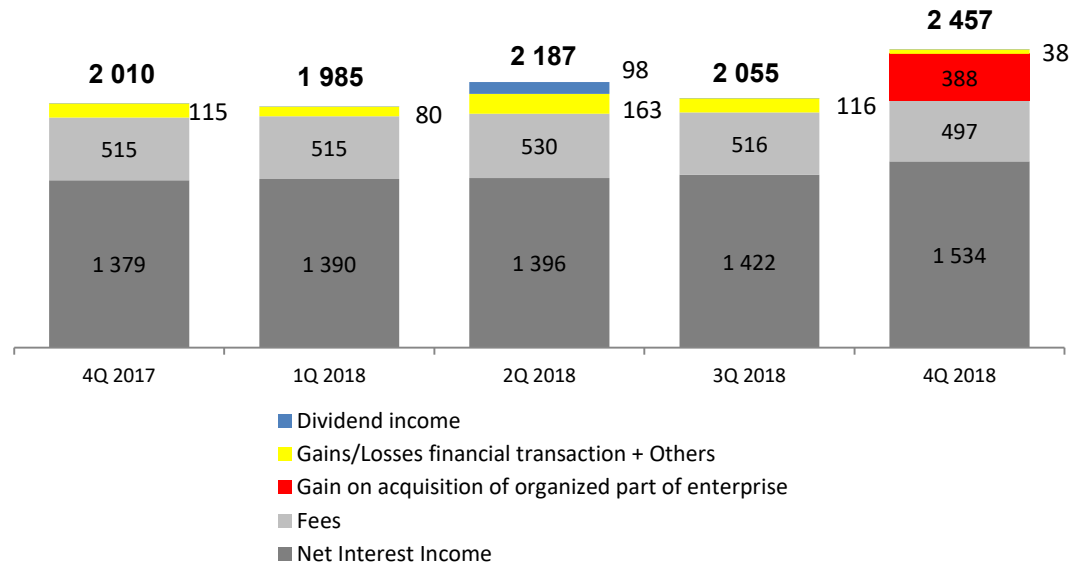
- Fee income +2% YoY.
- Good performance especially in credit fees (+16% YoY), in fx fees (+14%), debit cards (+6% YoY).
- Fees connected with capital markets under pressure in 4Q 2018 due to general situation on the market.
- Seasonal increase of commission costs in SCB related to remuneration for intermediaries.

# Gross Income

**Gross Income +12% YoY**

## Gross income

PLNm



	2018	2017	YoY (%)	QoQ (%)
Net Interest Income	5 742	5 277	9%	8%
Net Fees	2 058	2 013	2%	-4%
<b>Subtotal</b>	<b>7 800</b>	<b>7 290</b>	<b>7%</b>	<b>5%</b>
Gains/losses on financial transactions	182	242	-25%	-97%
Net gains/(losses) on subordinated entities	(0)	4		
Dividends	100	77	30%	-81%
Other operating income	214	151	42%	32%
<b>Gross Income</b>	<b>8 296</b>	<b>7 764</b>	<b>7%</b>	<b>1%</b>
Gain on acquisition of organized part of enterprise	388			
<b>Gross Income incl. Gain on acquisition of organized part of enterprise</b>	<b>8 684</b>	<b>7 764</b>	<b>12%</b>	<b>20%</b>

**SCB Group accounted for PLN 1,661m in 2018 and PLN 1,521 m in 2017**

## Comment

- Total income +12% YoY and 20% QoQ, excluding Gain on acquisition of organized part of enterprise (PLN 388m) – total income higher by 7% YoY.

# Preliminary settlement of Acquisition of Core Deutsche Bank Polska & DB Securities S.A.

## FV considerations:

FV adjustments related to loan portfolio are mainly resulting from: (i) lower historical margins, and (ii) write-off of the capitalised intermediary costs

FV adjustments to performing loan portfolio are subject to unwinding in the post acquisition reporting periods with the positive impact on NII

Bank has recognized PLN 192.6m of intangibles representing customer relationships for deposits, insurance and investment products

## Additionally considered:

IFRS 9 Stage 1 pre-tax provision PLN 130.5m created on acquired Stage 1 loan book

In course of the preparation process the Bank incurred PLN 108.9m of administrative costs directly related to the acquisition

CAR T1 impact -74bps, influenced by higher intangibles and lower gain on acquisition than originally estimated (impact - 65bps)

## Purchase consideration

Cash paid	257 960
Ordinary shares issued	1 031 839

<b>Total purchase consideration</b>	<b>1 289 799</b>
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## Preliminary gain from acquisition

Consideration paid	1 289 799
less: fair value of identifiable assets	(1 677 533)

<b>Total</b>	<b>(387 734)</b>
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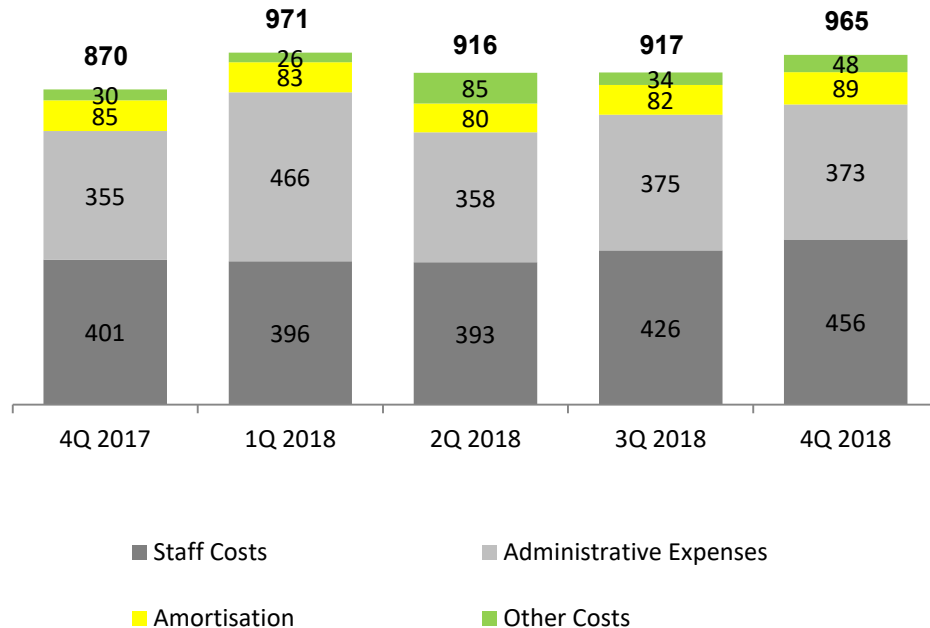


# Operating Expenses

## Expenses impacted by strategic projects and pressure on wages

### Operating expenses

PLNm



	2018	2017	YoY (%)	QoQ (%)
General and administrative expenses	(3 243)	(2 939)	10%	3%
<i>Staff costs</i>	(1 670)	(1 563)	7%	7%
<i>Administration costs</i>	(1 572)	(1 376)	14%	-1%
Depreciation + Other	(526)	(433)	22%	18%
<b>Total expenses</b>	<b>(3 769)</b>	<b>(3 372)</b>	<b>12%</b>	<b>5%</b>

SCB Group accounted for PLN 585m in 2018 and PLN 550 m in 2017

### Komentarz

- Total costs +12% YoY due to investment in strategic projects.
- Staff costs +7% YoY due to salary increases from May onwards and DB acquisition.
- Increase in IT-related costs +15% YoY due to numerous projects and the acquisition of Core DB Polska. Higher advisory and marketing costs related to future investments.
- SCB saw increase in operating costs YoY mainly due to increased costs in IT investment.
- C/I ratio at 43.4% in 2018 in comparison to 43.4% in 2017.

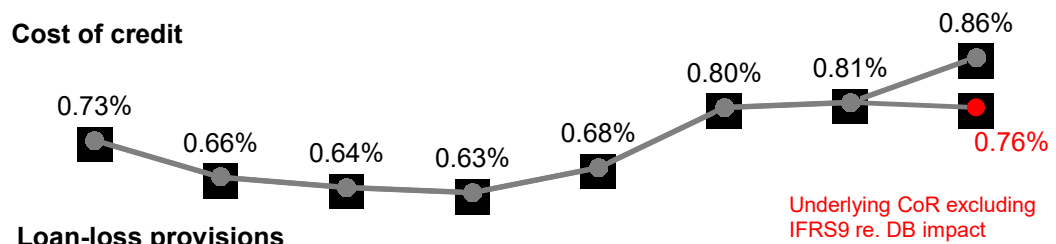
# Loan-loss provisions (LLPs) and Credit Quality

Cost of risk in line with expectations, NPL ratio improvement

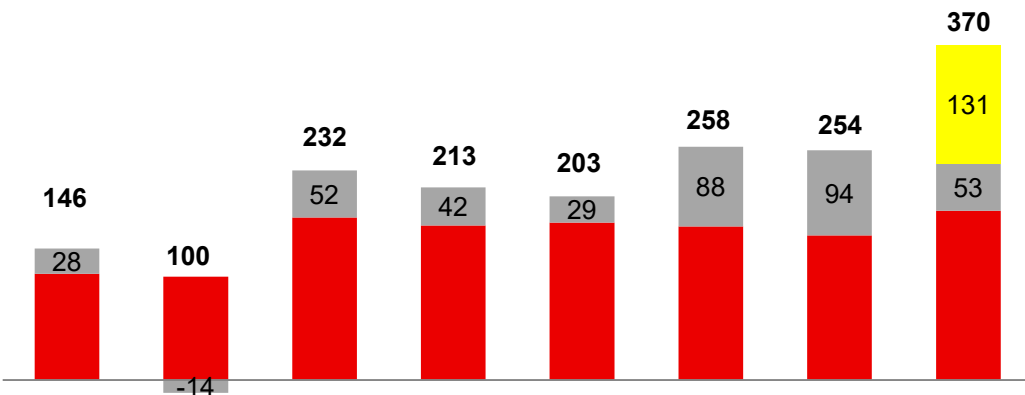
mIn PLN

## LLPs and Cost of credit

Cost of credit



Loan-loss provisions

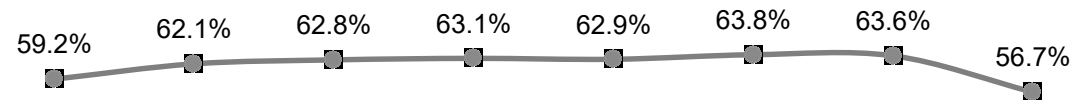


1Q 2017 2Q 2017 3Q 2017 4Q 2017 1Q 2018 2Q 2018 3Q 2018 4kw. 2018

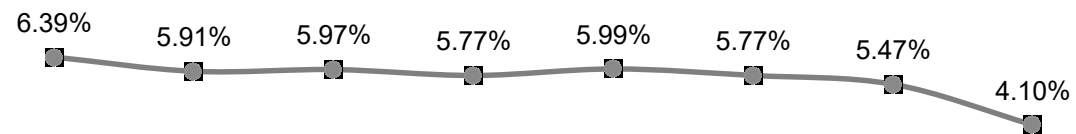
■ Santander Bank Polska ■ SCB ■ IFRS 9 re. DB

## NPL and Coverage ratio\*

Coverage ratio



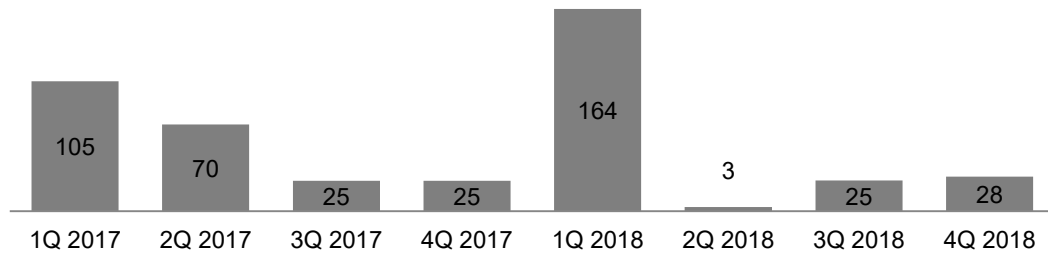
NPL's ratio



1Q 2017 2Q 2017 3Q 2017 4Q 2017 1Q 2018 2Q 2018 3Q 2018 4Q 2018

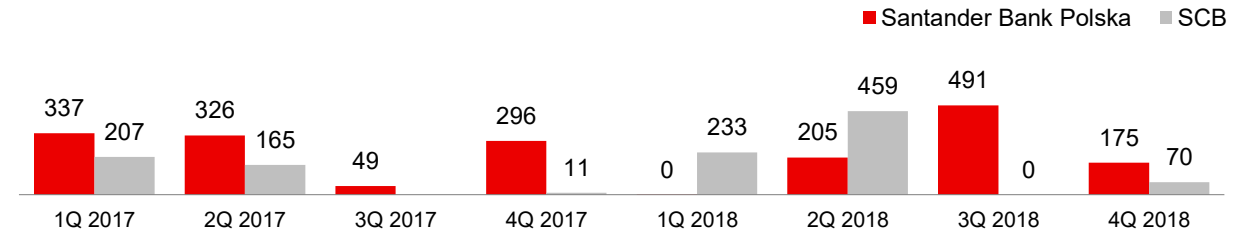
# Bank Tax, Regulatory Costs and NPL Sales

## Costs related to BGF and PFSA



## NPL Sales\*

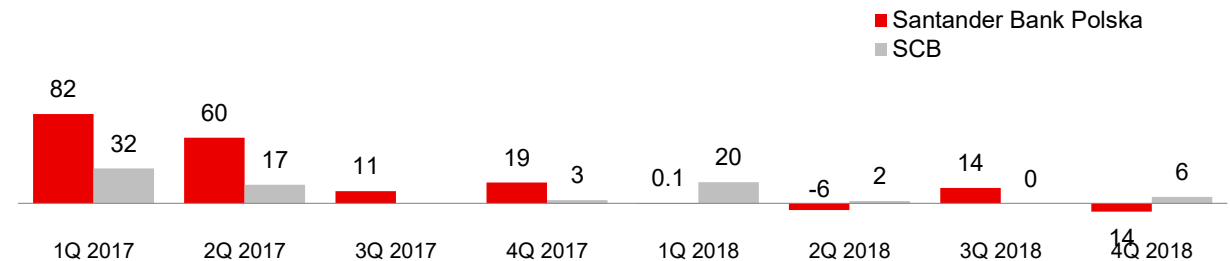
- **Santander Bank Polska:** 1-4Q 2018 NPL sales of PLN 871m, PBT loss of PLN 0.8m.
- **SCB:** 1-4Q 2018 NPL sales of PLN 761m, PBT gain of PLN 27.8m.



## Banking tax

Pursuant to the Act on tax imposed on certain financial institutions, bank assets are subject to tax of 0.0366% per month, effective from 1 February 2016. In 2018, the total tax charged to Santander Bank Polska SA and SCB in this respect was PLN 466m (PLN 427m and PLN 39m respectively).

## P&L impact (PBT) of sale of NPL



# 2018: Solid commercial results

## Solid performance amid significant development investments

mln zł

	2018	2017	Change
NII + Fee income	7 800	7 290	7.0%
Gross Income	8 684	7 764	11.9%
Operating expenses	-3 769	-3 372	11.8%
<b>Net operating income</b>	<b>4 915</b>	<b>4 391</b>	<b>11.9%</b>
Loan-loss provisions	-1 085	-690	57.1%
Tax on financial institutions	-466	-309	50.7%
<b>Gross profit</b>	<b>3 426</b>	<b>3 335</b>	<b>2.7%</b>
Tax	-727	-817	-11.0%
<b>Net profit of Santander Bank Polska S.A. shareholders</b>	<b>2 365</b>	<b>2 213</b>	<b>6.9%</b>
Effective Tax Rate	21.2%	24.5%	

**Significant growth in net interest and fee income**

**Costs driven by strategic projects  
Strong focus on efficiency**

**Cost of credit in line with expectations, YoY increase due to sale of NPLs in 2017 and one-off (IFRS9 impact on acquired credit portfolio)**

**Solid profit amid investments in the future (temporarily increased cost base and lower NIM)**

**Effective tax rate impacted by regulatory factors**

# Conclusions

## Market Environment & Financial System

- GDP growth to decelerate slightly below 4% in 2019, with still strong private consumption and growing investments. Labour shortage still a major bottleneck for growth. There are some risks regarding Poland's international trade.
- CPI inflation climbing gradually towards the NBP target (2.5%) due to rising core inflation and energy costs (ex electricity).
- Main interest rates unchanged at 1.5% until at least spring 2020.
- Total loan growth after FX adjustment accelerated further to almost 7% YoY. Coming quarters may see a stabilisation or even deceleration, amid lower nominal GDP growth.

## Strategy & Business

- Strategy based on a on existing course of action in line with the same values and behaviours. Focus on business and digital transformation, as well as strategic projects.
- The strategy promotes customer-centric culture in business management, excellent customer service and product range, operational effectiveness, simple, clear and innovative solutions, and corporate culture that strengthens employees' engagement and motivation.

## Results

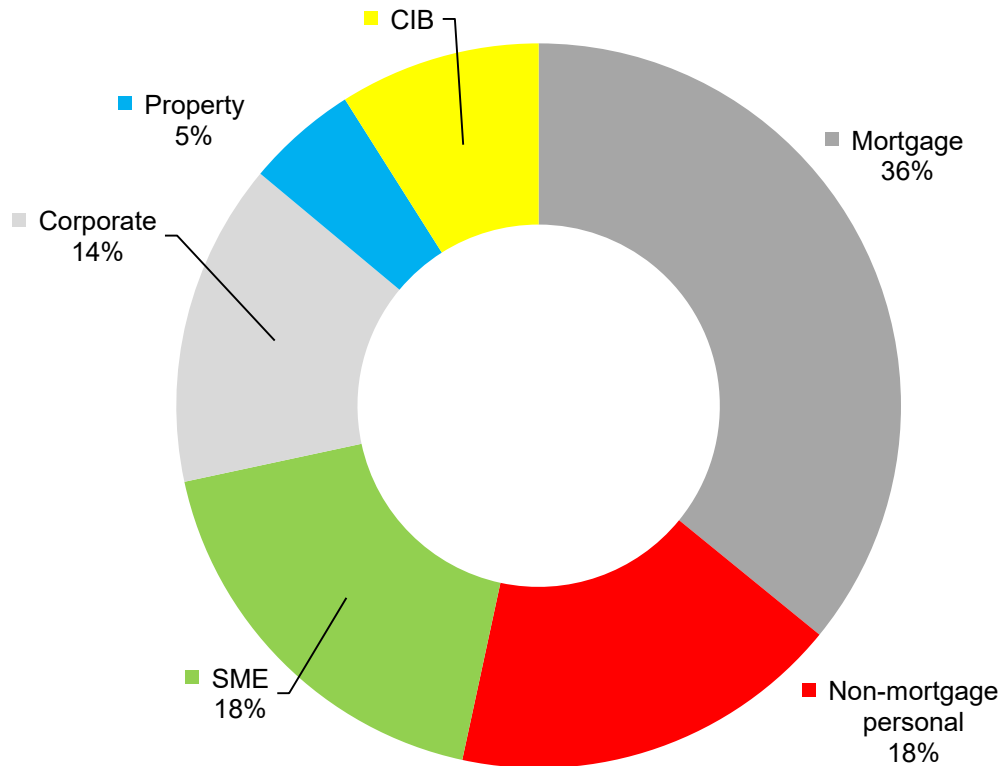
- Increase in income on core business (interest and fee income ) +7% YoY.
  - Efficient management of interest income: net interest income +9% YoY.
  - Increase in fee income by 2% YoY.
- Credit portfolio performance as expected, stable risk costs, and portfolio quality improvement.
- Solid net profit of PLN 2,365m.

# Appendix

04

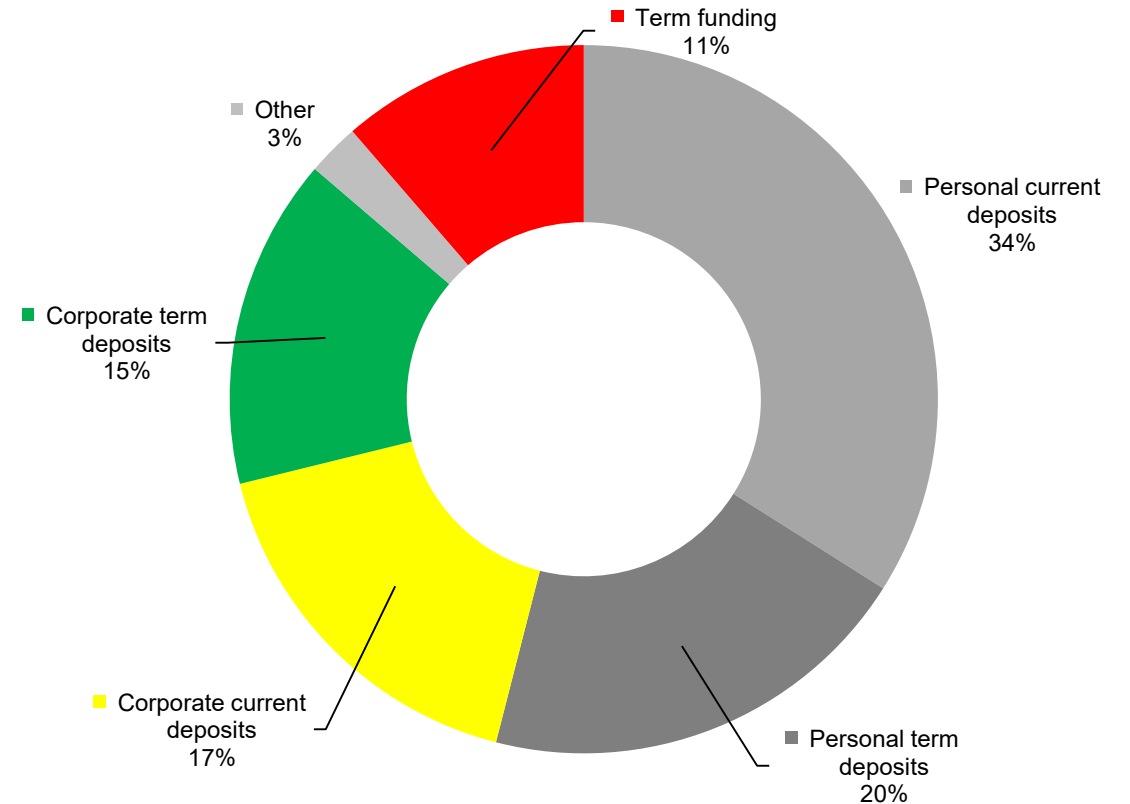
# Structure of Loans and Deposits / Term Funding

## Gross Loans\*



Total 141bn PLN

## Deposits & Term Funding\*

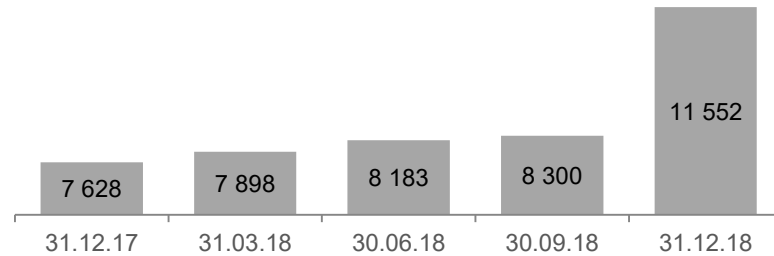


Total 163bn PLN

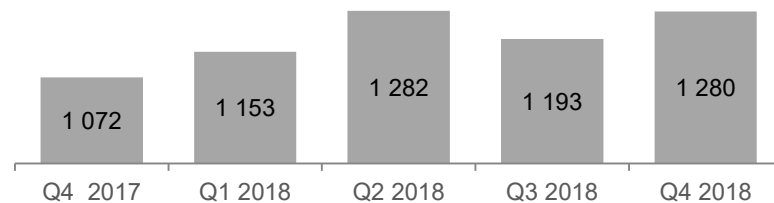
# Double-digit credit action growth

## Cash loans portfolio (gross)

PLN mln

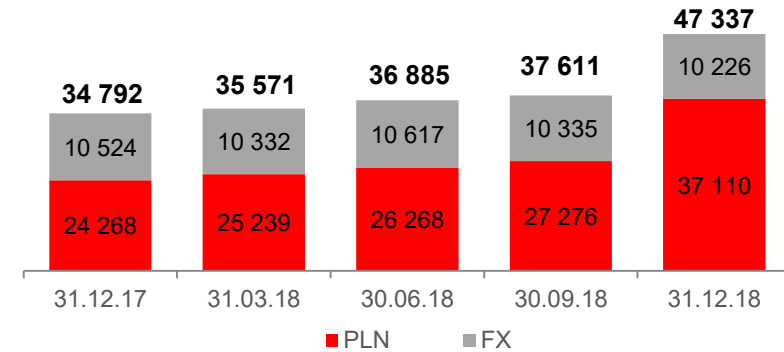


## Cash loans - sales

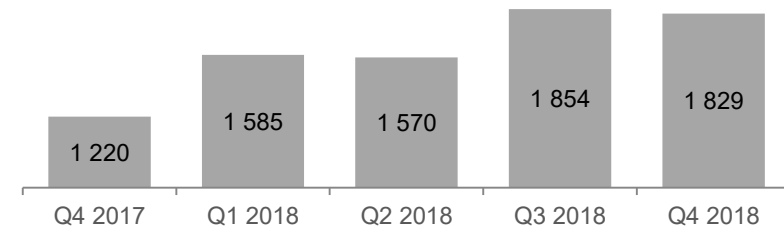


- Cash loans portfolio **+51%** YoY
- Cash loans sales **+19%** Q4 18 / Q4 17; **+17%** YoY

## Mortgage loans portfolio (gross)



## Mortgage loans - sales



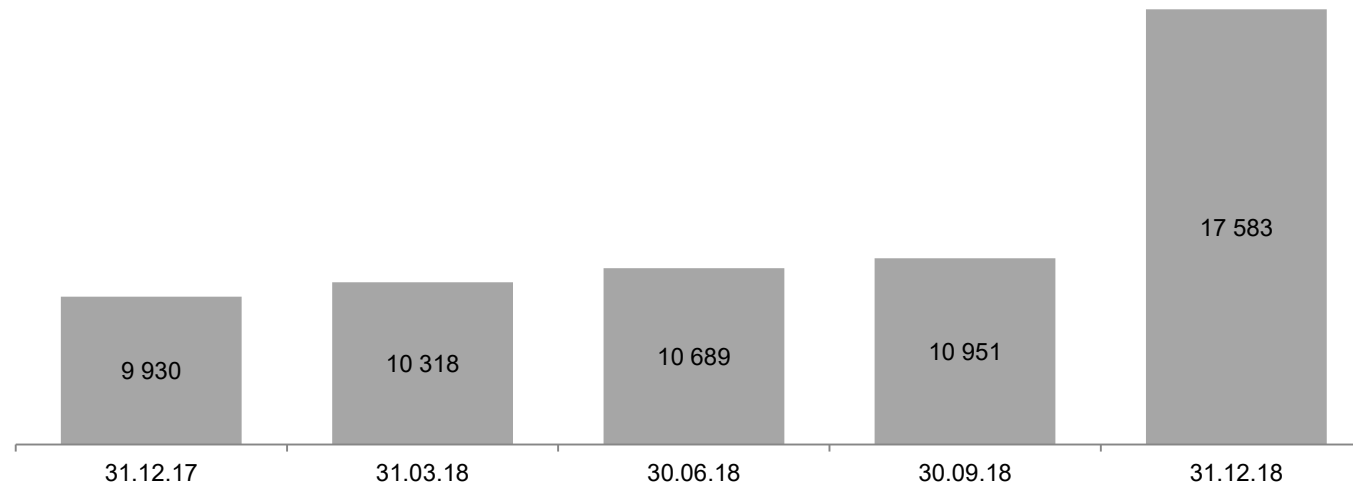
- PLN mortgage loans portfolio **+53%** YoY
- FX mortgage loans portfolio **-3%** YoY
- Mortgage loans sales **+50%** Q4 18 / Q4 17; **+31%** YoY
- Significant market share in mortgage sales: **14.7%\***



# SME (excluding SCB)

## SME Loans (gross)

PLNm



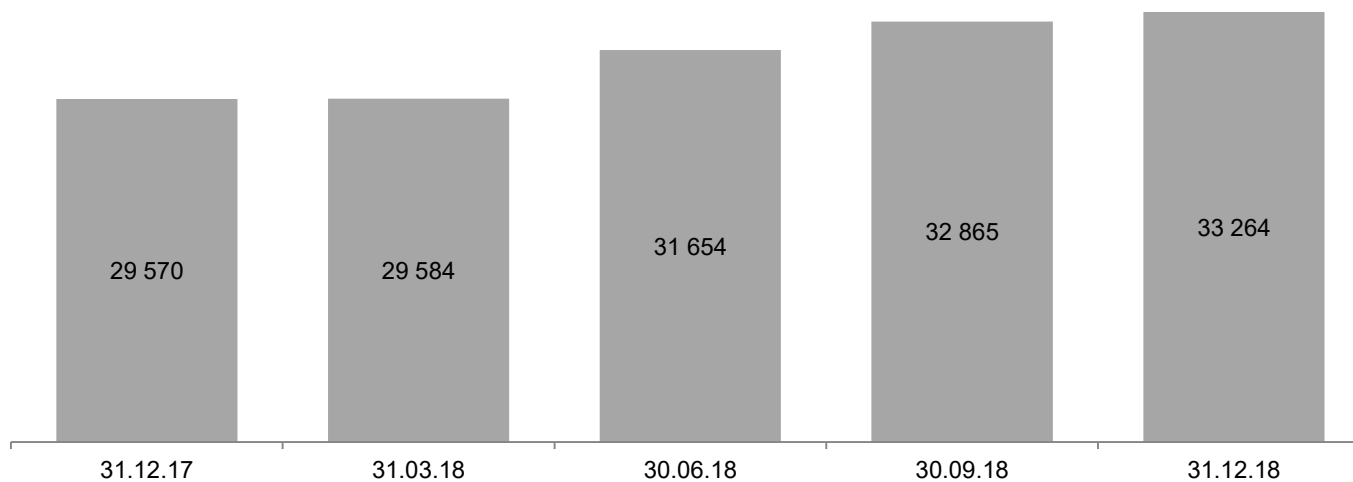
## Comment

- SME portfolio increase due to Core DB Polska acquisition.
- SME sales +15% YoY.
- SME loyal customers +8% YoY.

# Corporate & CIB

## Corporate & CIB (gross)

PLNm



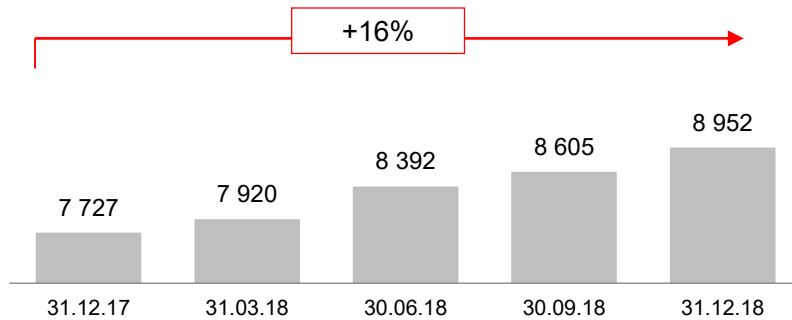
## Comment

- Corporate and CIB gross loan portfolio (excl property and including leasing and factoring) +12% YoY: Corporate loans +14% YoY and CIB +10% YoY.
- Property loans (PLN 7bn) stable YoY.

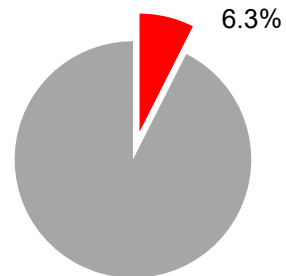
# Leasing & Factoring (excluding SCB)

## Leasing – empowering the 5<sup>th</sup> position on the market\*

Leasing Portfolio (PLN m)



Market share\* (%)

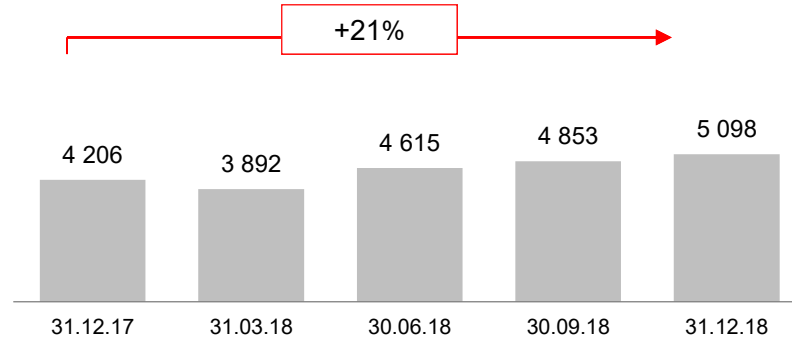


Comment

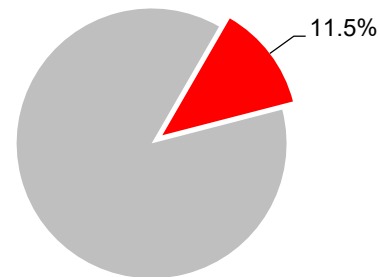
- Leasing portfolio PLN 9bn, i.e. +16% YoY
- Total Income growth +18% YoY
- Net value of financed assets PLN 5,4bn, i.e. +29% YoY, this includes over PLN 3bn of financed vehicles (+45% YoY)

## Factoring – 3<sup>rd</sup>\* position on the market

Portfolio (PLN m)



Market share\* (%)

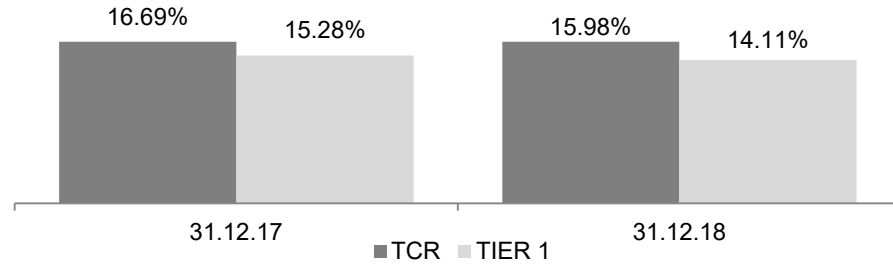


Comment

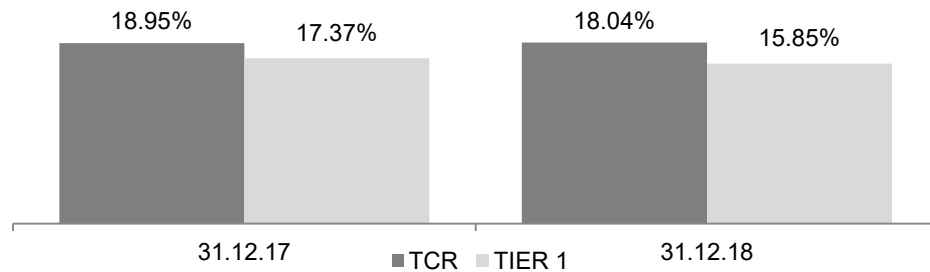
- Portfolio + 21% YoY
- Turnover + 17% YoY
- Market position – 3<sup>rd</sup> position
- Confirming / Reverse factoring market leader with 31% market share

# Capital Position

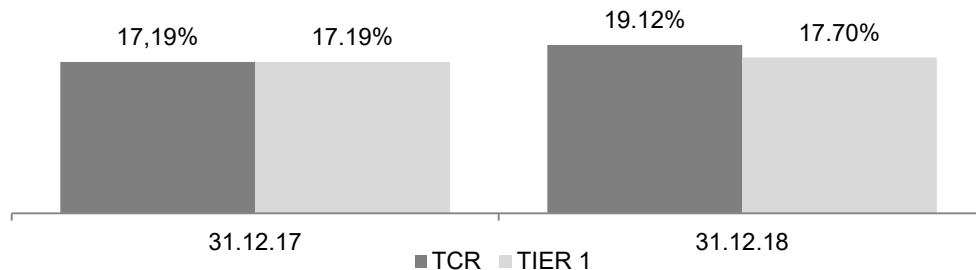
## Santander Group Capital Ratio



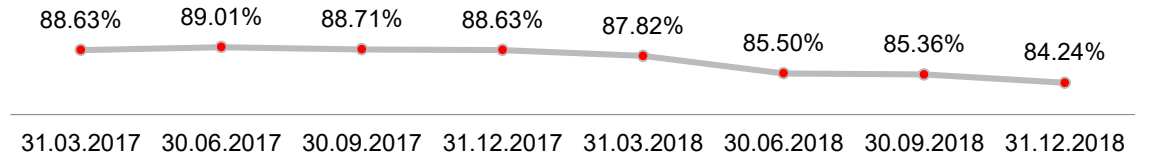
## Santander Bank Capital Ratio



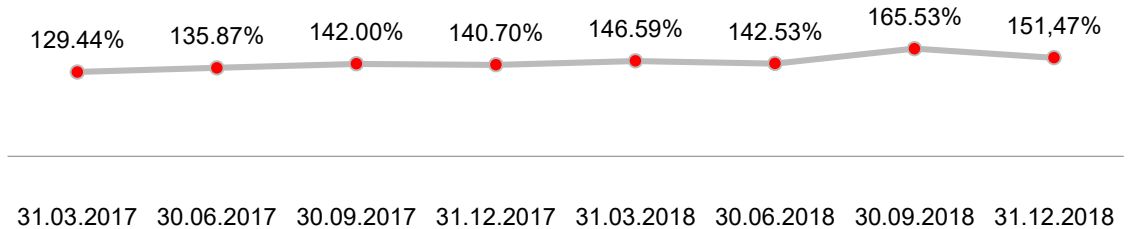
## SCB Capital Ratio



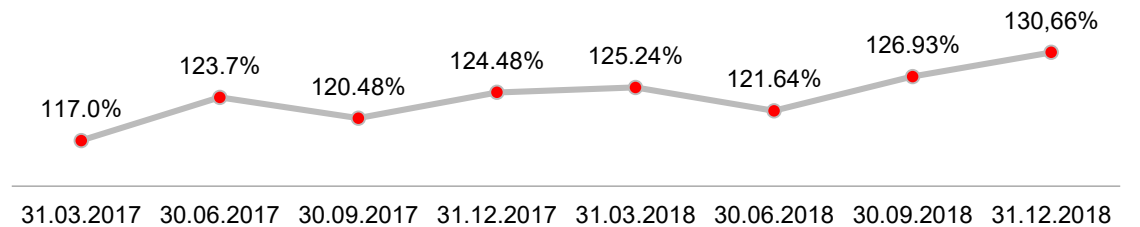
## Santander Bank Polska (excl. SCB ) Loan to Deposits Ratio (L/D)



## Santander Bank Polska Liquidity Coverage Ratio (LCR)



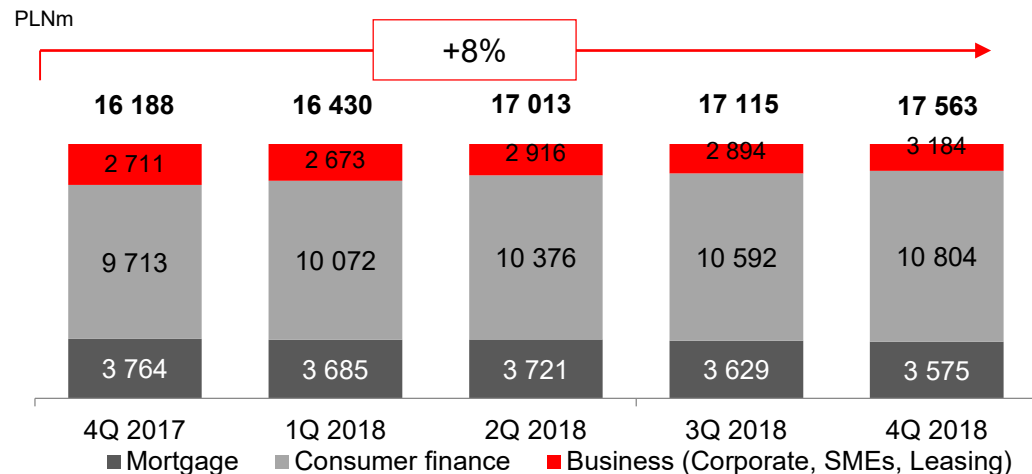
## Santander Bank Polska Net Stable Funding Ratio (NSFR)



# SCB Group - Loans

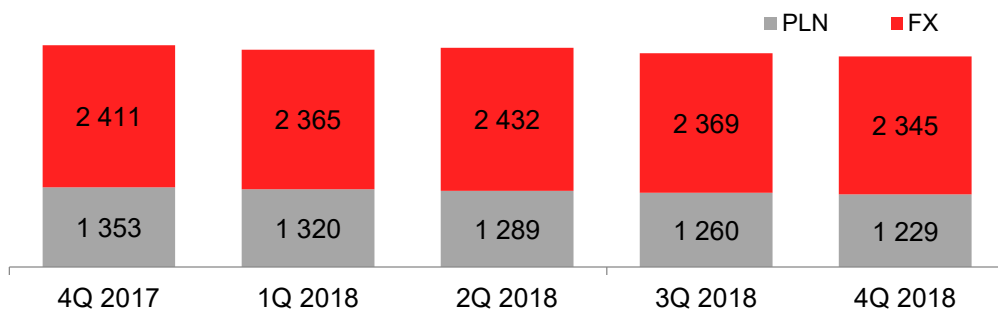
## Gross Loans SCB +8% YoY

### Total gross loans



	Dec'18	Dec'17	r/r (%)	kw/kw (%)
<b>Individuals</b>	<b>14 379</b>	<b>13 477</b>	<b>7%</b>	<b>1%</b>
Mortgage	3 575	3 764	-5%	-1%
Consumer finance	10 804	9 713	11%	2%
<b>MSP/Leasing</b>	<b>3 184</b>	<b>2 711</b>	<b>17%</b>	<b>10%</b>
<b>Total gross loans</b>	<b>17 563</b>	<b>16 188</b>	<b>8%</b>	<b>3%</b>

### Gross mortgage portfolio



### Comment

- **Total gross loans: +8% YoY:**
  - Mortgage portfolio -5% YoY
  - CHF mortgage loans -9% YoY (ca. CHF 61 m)
  - Consumer finance loans +11% YoY
  - Business loans +17% YoY

# SCB Group - Key Financial Results 2018

PLNm	2017	2018
Assets	18 448	19 846
Net Loans	14 550	15 781
Deposits	8 155	8 875
Total equity	3 330	3 460
Net profit	645	584
L/D (%)	178.4%	177.8%
C/I (%)*	37.5%	36.4%
ROE (%)	20.8%	17.2%
ROA (%)	3.5%	3.0%
TCR (%)**	17.2%	19.1%

# Santander Group Profit & Loss Account

for the period ( in PLN k):	1Q 2017	2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Interest income and similar to interest	1 559 802	1 620 968	1 663 808	1 684 729	1 688 501	1 736 743	1 805 709	1 982 843
Interest income on financial assets measured at amortised cost					1 518 899	1 506 838	1 584 506	1 734 889
Interest income on financial assets measured at fair value through other comprehensive income					163 239	174 832	189 226	206 081
Income similar to interest - financial assets measured at fair value through profit or loss					6 363	55 073	31 977	41 873
Interest expense	(305 806)	(318 481)	(322 842)	(305 281)	(298 675)	(340 536)	(383 490)	(448 690)
<b>Net interest income</b>	<b>1 253 996</b>	<b>1 302 487</b>	<b>1 340 966</b>	<b>1 379 448</b>	<b>1 389 826</b>	<b>1 396 207</b>	<b>1 422 219</b>	<b>1 534 153</b>
Fee and commission income	571 025	607 881	654 490	642 813	603 973	649 627	608 742	664 230
Fee and commission expense	(95 832)	(112 239)	(127 585)	(127 427)	(88 859)	(119 867)	(93 092)	(166 952)
<b>Net fee and commission income</b>	<b>475 193</b>	<b>495 642</b>	<b>526 905</b>	<b>515 386</b>	<b>515 114</b>	<b>529 760</b>	<b>515 650</b>	<b>497 278</b>
Dividend income	345	75 579	712	180	185	98 323	1 353	255
Net trading income and revaluation	55 858	36 228	55 567	47 321	(1 083)	69 249	60 451	15 922
Gains (losses) from other financial securities	17 177	10 770	3 962	15 593	3 927	16 900	29 449	(12 796)
Net gains/(losses) on subordinated entities	3 757	-	-	-	(65)	-	-	-
Other operating income	42 340	32 204	23 671	52 372	77 448	76 421	25 814	34 159
Gain on acquisition of enterprise					-	-	-	387 733
Impairment losses on loans and advances	(145 512)	(100 366)	(231 653)	(212 942)	(203 364)	(257 876)	(253 665)	(370 163)
Operating expenses incl.:	(865 972)	(828 582)	(807 694)	(870 166)	(971 151)	(915 827)	(916 628)	(965 363)
<i>Staff, operating expenses and management costs</i>	<i>(763 710)</i>	<i>(734 087)</i>	<i>(686 366)</i>	<i>(755 269)</i>	<i>(862 454)</i>	<i>(751 413)</i>	<i>(800 454)</i>	<i>(828 437)</i>
<i>Depreciation/amortisation</i>	<i>(74 269)</i>	<i>(77 840)</i>	<i>(82 167)</i>	<i>(84 657)</i>	<i>(82 536)</i>	<i>(79 866)</i>	<i>(82 093)</i>	<i>(88 975)</i>
<i>Other operating expenses</i>	<i>(27 993)</i>	<i>(16 655)</i>	<i>(39 161)</i>	<i>(30 240)</i>	<i>(26 161)</i>	<i>(84 548)</i>	<i>(34 081)</i>	<i>(47 951)</i>
Share in net profits (loss) of entities accounted for by the equity method	8 655	15 157	14 734	19 718	10 998	14 504	16 752	20 413
Tax on financial institutions	(105 809)	(105 123)	(105 892)	(106 991)	(106 478)	(112 071)	(115 052)	(132 729)
<b>Profit before tax</b>	<b>740 028</b>	<b>933 996</b>	<b>821 278</b>	<b>839 919</b>	<b>715 357</b>	<b>915 590</b>	<b>786 343</b>	<b>1 008 862</b>
Corporate income tax	(212 812)	(199 737)	(188 610)	(215 548)	(180 987)	(176 520)	(201 320)	(168 312)
<b>Consolidated profit for the period</b>	<b>527 216</b>	<b>734 259</b>	<b>632 668</b>	<b>624 371</b>	<b>534 370</b>	<b>739 070</b>	<b>585 023</b>	<b>840 550</b>
of which:								
attributable to owners of Santander Bank Polska SA	453 044	651 111	559 908	548 991	440 899	651 285	505 929	767 109
attributable to non-controlling interests	74 172	83 148	72 760	75 380	93 471	87 785	79 094	73 441

# Santander Group Balance Sheet

	1Q 2018	2Q 2018	3Q 2018	4Q 2018
<b>ASSETS</b>				
Cash and balances with central banks	5 202 843	4 681 443	6 835 281	8 907 552
Loans and advances to banks	1 810 599	1 704 535	1 743 975	2 936 214
Financial assets held for trading & hedging	5 965 252	6 178 269	9 845 952	9 843 072
Loans and advances to customers	109 077 791	114 176 972	116 590 007	137 460 378
- measured at amortised cost	107 577 229	112 688 503	115 127 536	134 554 879
- measured at fair value through other comprehensive income				1 455 169
- measured at fair value through profit or loss	1 500 562	1 488 469	1 462 471	1 450 330
Buy-sell-back transactions		60 756	259 599	177 482
Financial assets available for sale/Investment securities	-	-	-	-
Investment securities incl.:	29 001 043	34 865 845	35 314 771	39 179 100
- debt securities measured at fair value through other comprehensive income	28 090 221	33 903 526	34 342 101	38 221 051
- debt securities measured at fair value through profit or loss	99 238	118 746	131 330	136 511
- equity securities measured at fair value through other comprehensive income	811 584	843 573	841 340	821 538
- other investment securities measured at fair value through other profit or loss				
Investments in associates	901 864	855 457	871 776	891 952
Intangible assets	486 567	495 572	526 149	819 409
Goodwill	1 712 056	1 712 056	1 712 056	1 712 056
Property, plant & equipment	898 332	900 490	918 828	986 384
Current income tax assets	-	-	-	-
Net deferred tax assets	1 445 532	1 534 620	1 577 736	1 760 121
Assets classified as held for sale	15 261	12 860	13 985	12 145
Investment property	-	-	-	-
Other assets	1 039 282	1 338 337	1 189 768	1 166 995
<b>Total assets</b>	<b>157 556 422</b>	<b>168 517 212</b>	<b>177 399 883</b>	<b>205 852 860</b>
<b>LIABILITIES</b>				
Deposits from banks	3 838 090	3 252 586	3 646 033	2 832 928
Financial liabilities held for trading & hedging	1 597 220	2 205 906	1 968 776	2 146 195
Deposits from customers	113 576 582	122 024 315	124 629 188	149 616 658
Sell-buy-back transactions	5 378 655	5 376 727	8 850 189	9 340 788
Debt securities in issue	5 164 719	2 665 741	8 208 916	9 368 617
Subordinated liabilities	1 500 901	6 068 808	2 641 923	2 644 341
Current income tax liabilities	147 693	114 479	140 937	288 300
Provisions for off balance sheet credit facilities	68 036	64 295	65 656	81 048
Other provisions	108 114	152 034	118 947	132 881
Other liabilities	2 410 816	2 603 881	2 582 437	2 732 893
<b>Total liabilities</b>	<b>133 790 826</b>	<b>144 528 772</b>	<b>152 853 002</b>	<b>179 184 649</b>
<b>Equity</b>				
Equity attributable to owners of Santander Bank Polska S.A.	<b>22 234 904</b>	<b>22 577 440</b>	<b>23 057 027</b>	<b>25 104 027</b>
Share capital	993 335	993 335	993 335	1 020 883
Other reserve funds	16 923 096	17 959 061	17 962 140	18 969 482
Revaluation reserve	807 876	803 829	774 943	1 019 373
Retained earnings	3 069 698	1 729 031	1 728 496	1 729 067
Profit of the current period	440 899	1 092 184	1 598 113	2 365 222
<b>Non-controlling interest in equity</b>	<b>1 530 692</b>	<b>1 411 000</b>	<b>1 489 854</b>	<b>1 564 184</b>
<b>Total equity</b>	<b>23 765 596</b>	<b>23 988 440</b>	<b>24 546 881</b>	<b>26 668 211</b>
<b>Total equity and liabilities</b>	<b>157 556 422</b>	<b>168 517 212</b>	<b>177 399 883</b>	<b>205 852 860</b>





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