

20/02/2020

Santander Bank Polska SA Group

Financial results during 2019



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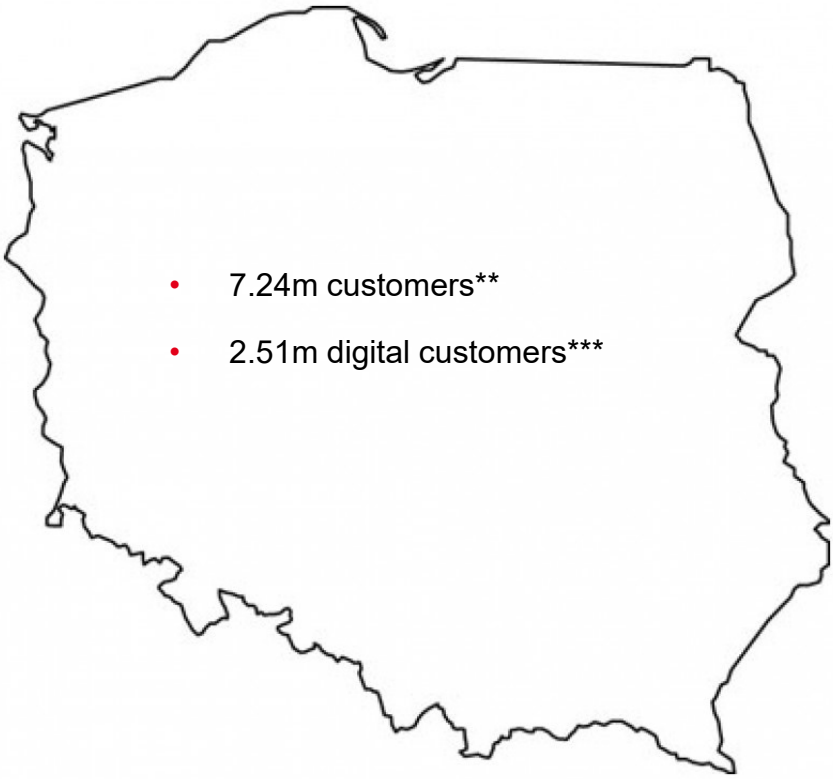
1. Strategy and business
2. Macroeconomic environment
3. Santander Group Results
4. Appendix

Strategy and business

01

Branch network and basic financial data

	31.12.2019	YoY
Business and results		
<i>PLN</i>		
Gross Loans	148.6 bn	+5%
Deposits	156.5 bn	+5%
Total customer funds	173.4 bn	+5%
Assets	209.5 bn	+1%
Market Share*		
Gross loans	11.8%	
Deposits	11.7%	
Network and Employees		
	Santander Bank Polska S.A.	SCB
Branches	515	150
Employees	10.9k	2.5k



* Market share for Santander Bank Polska S.A . Group as of end of September 2019.
 ** Including SCB.
 *** Excluding SCB. Digital: customers: clients who have logged in at least once in a given month.

2019 Basic financial highlights

■ Net Interest Income

vs. 2018

+15%

■ Fee income

vs. 2018

+3%

■ Total income PLN 9 484m

vs. 2018

+9%

■ Profit after tax PLN 2 138m

vs. 2018

-9.5%
+19.8% underlying*

2019 Basic financial highlights

- Strong capital position well above PFSA criteria

TCR	17.07%
CET1	15.21%

- ROE, ROA – leading position in Peer Group Banks

ROE	9.7% 11.2% underlying
ROA	1.0% 1.2% underlying

- Secure funding position (L/D ratio)

Santander Bank Polska Group	91.6%
Santander Bank Polska S.A.	81.8%

2019 ... business growth

+65%
YoY

Accounts As I Want growth
1.78 mln opened accounts

+73%
YoY

Dynamic Cash loans growth
Sales **8.5 bn**

+4%
YoY

Deposits growth
Balance **84.3 bn**

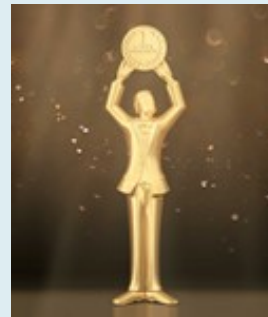
+43%
YoY

Strong growth of Insurance
new business
552 mln written premium

+12%
YoY

Santander TFI Investment Funds
assets growth
AuM **16.9 bn**

Golden Bank ... customers friendly ...



Best Multichannel service quality

Best Personal account

Best Cash loan

Awarded Credit card



#1
in Traditional
Banking
category

... with constantly improved offer

- Account As I Want for children <13 y.o.
- Improved cash loan process in remote channels (Buy By Click)
- CPI insurance dedicated for cash loans PLN 80k+
- Santander Private Banking credit card - MC World Elite
- New saving account for Private Banking
- Structured deposits offer re-design
- Cyberrescue service for Select



Digital channels development



The best mobile application in the customers vote

#1 Mobile Trends Awards

Internet banking

#2 in Newsweek's ranking

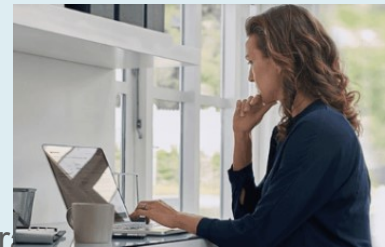
Growth of digital channels share in products sales

- Personal accounts ... **12.5%**, sales **x2.3** YoY
- SME accounts ... **24%**, sales **x9.4** YoY
- Cash loans ... **25%**, sales **x2.8** YoY



Improved functionality of mobile and internet banking

- Facility for own customer login setting for internet and mobile banking
- The same one login for individual and business services
- Easier transaction confirmation ... more friendly SMS-code format
- Internet and mobile banking available in Russian and Ukrainian
- SCA (Strong customer authentication)



2.5
m

Active digital customers
+7% YoY

1.6
m

Mobile users
+17% YoY

74.5
m

Transactions
in mobile banking
+80% YoY

834
k

Cards in digital wallets
+94% YoY

Improved banking for entrepreneurs

+60%
YoY

Strong growth
of **SME Installment loans**
Sales **3.1 bn**

+10%
YoY

SME financing
performing portfolio growth
Balance **13.4 bn**

+25%
YoY

Deposits growth
Balance **16.8 bn**

+36%
YoY

Dynamic **POS terminals**
sales growth
7.6 k

13.5
k

New **eAccounting** users

Appreciated by customers and experts ...



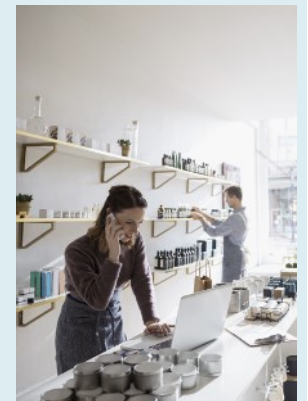
#2
in Forbes
Best Business
Bank ranking



Mobile Trends Awards:
#3 in the customers vote
for eAccounting module
for SME

... supporting in daily business

- Smart Loan – new automatic credit process
- Credit offer simplification
- Fees and commissions tariff simplification



Business and Corporate Banking

15%

YoY growth in Strategic Sectors revenues

13%

YoY growth in International Business revenues

33 bn

Performing assets

29 bn

Deposits

- Increasing revenue and transactionality, effectiveness of sales network and optimization of costs.
- Continuing activities supporting international expansion of Polish exporters
- Maintaining low level of credit risk
- Optimizing deposit costs while increasing deposit volumes and current account balances

Corporate & Investment Banking

YoY revenue increase

34% Cash management services

30% Syndicated lending

29% Trade Finance products

- **Euromoney Award for Excellence for Poland's best investment bank**
- **Sustainable banking at the heart of CIB Poland strategy: Santander-led consortium of 5 banks signed the first ESG loan in Poland and the CEE region** – margin dependent on Environmental, Social and Governance criteria
- **Carrying out the biggest tender offer on the Polish market in years**
- **Acting as an exclusive financial advisor for the shareholders of a industrial holding company - one of the five biggest M&A transactions this year in Poland**

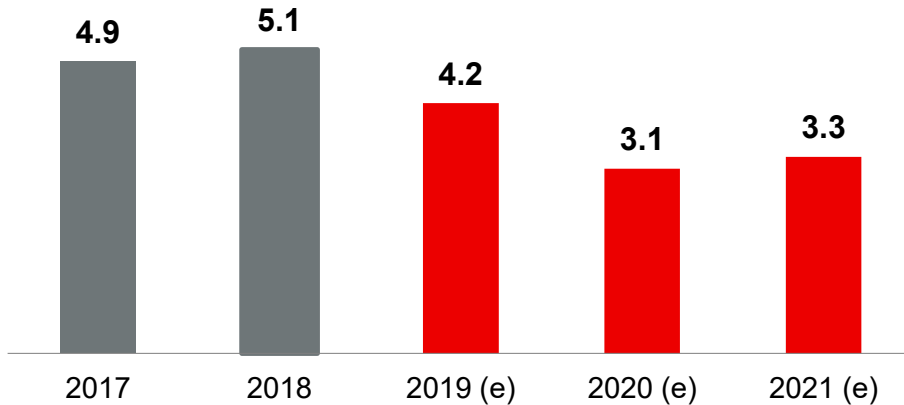


Macroeconomic environment

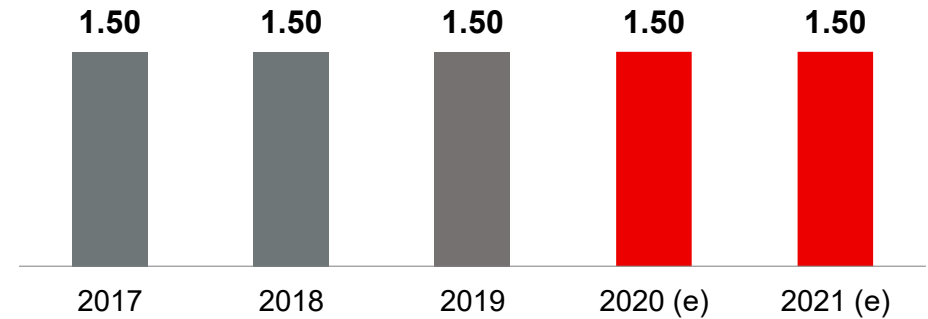
02

GDP growth slowing, CPI above the NBP target

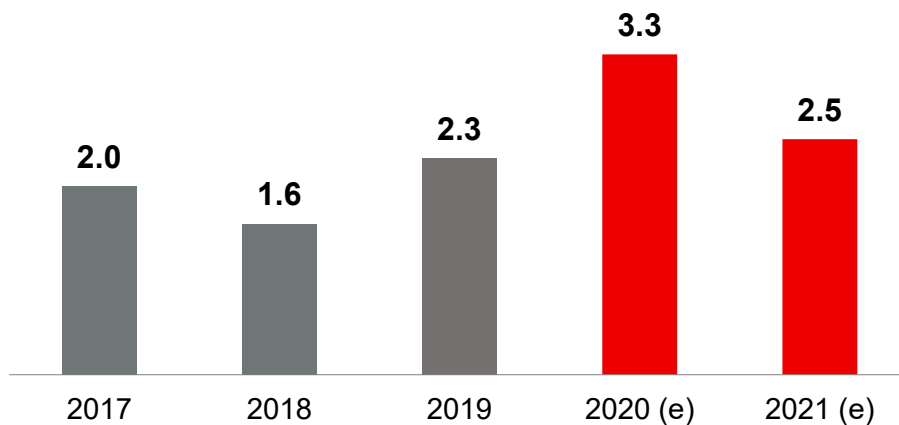
Annual GDP Growth (real, %)



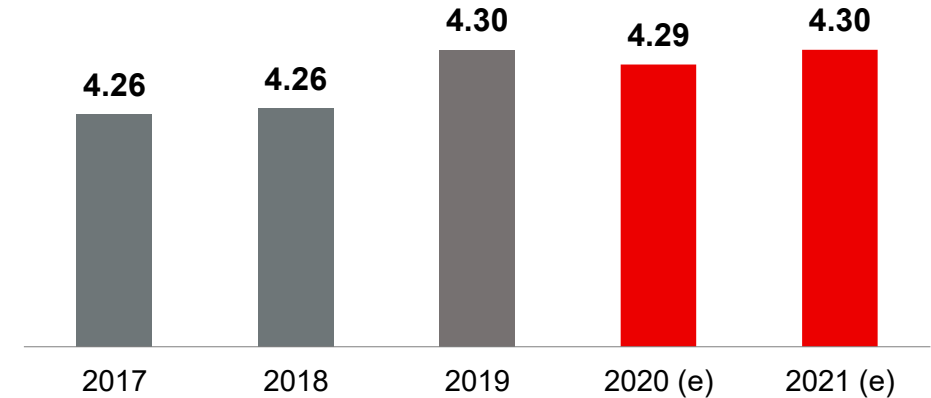
Central Bank Monetary Policy (year end, %)



Annual inflation rate (average, %)

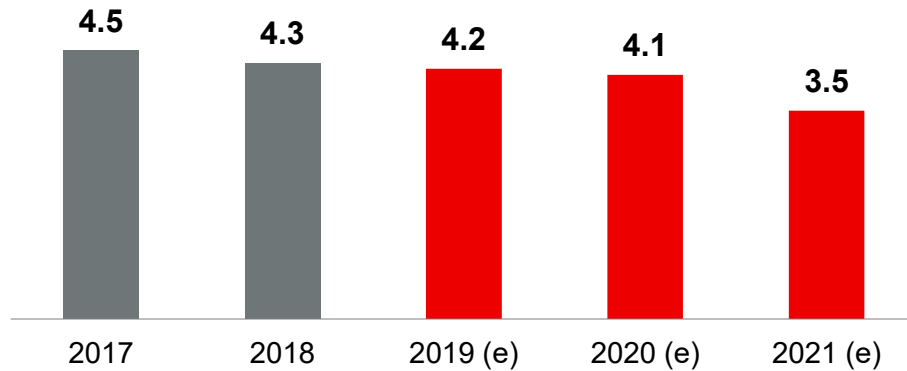


Average exchange rate (EUR / PLN)

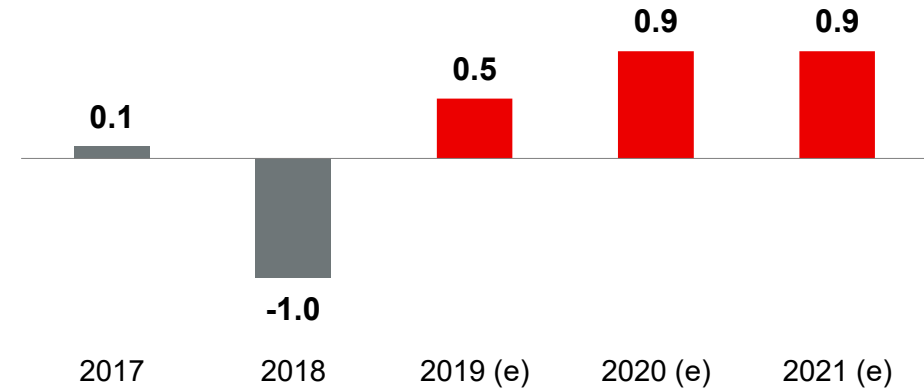


Consumption to stay strong, investments slowing, record low unemployment

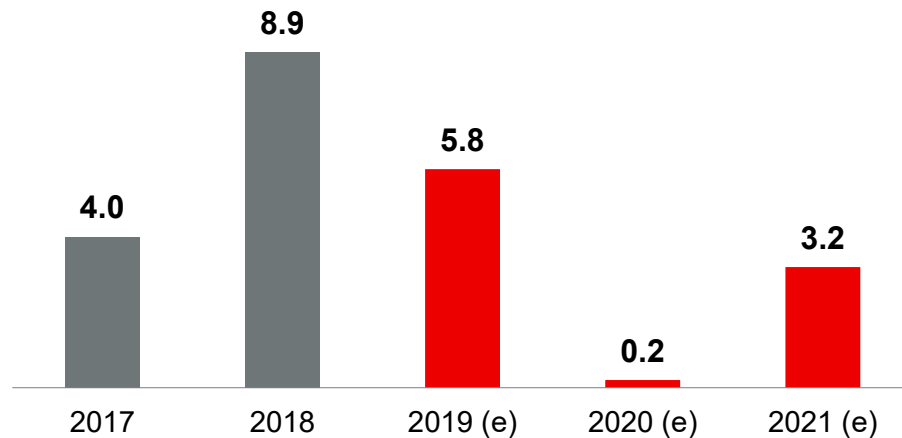
Private Consumption Growth (real, %)



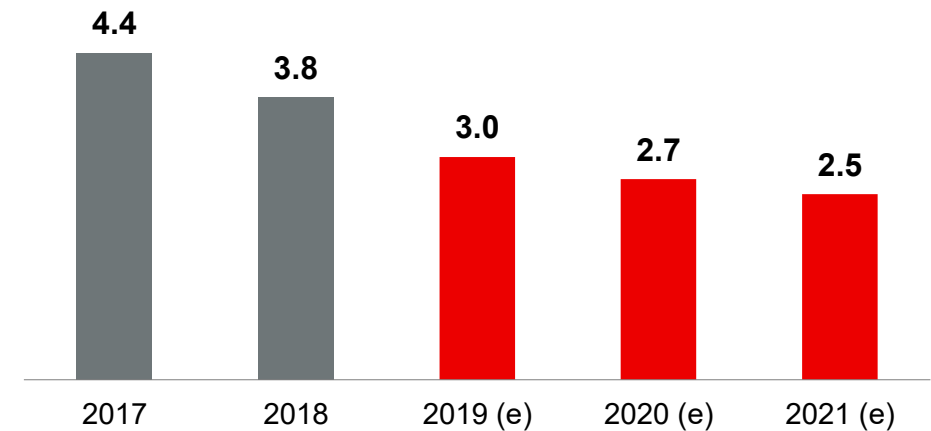
Current Account Balance (year end, % GDP)



Annual Investment Growth (real, %)

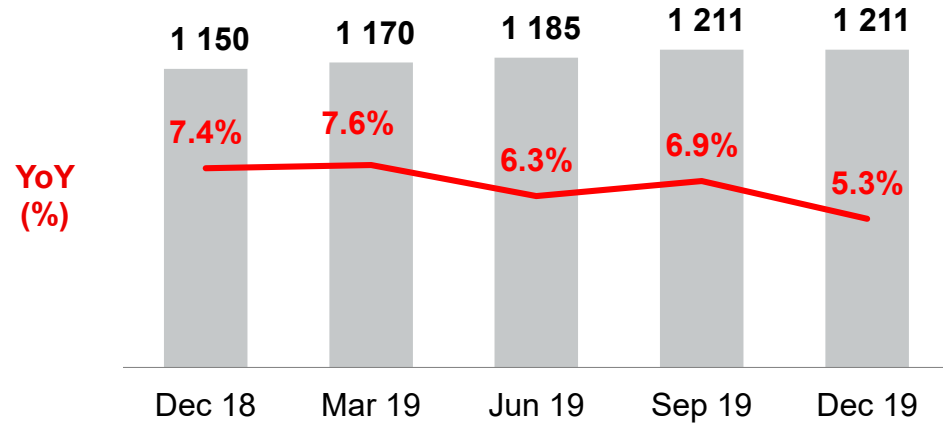


Unemployment (year-end, %)

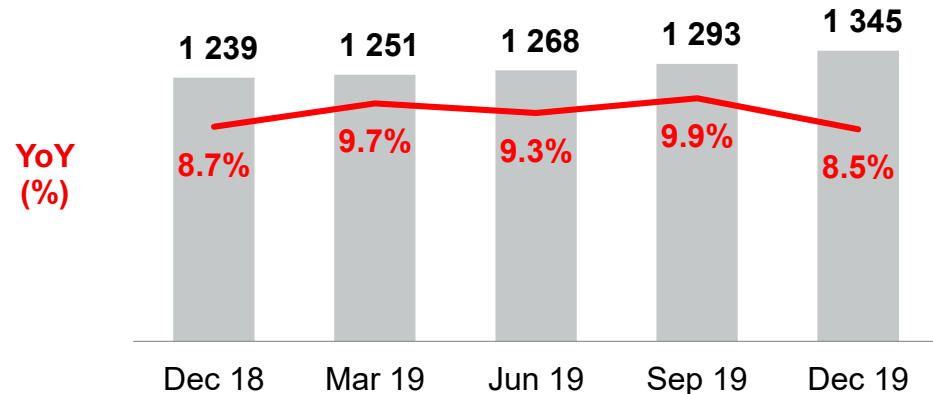


Continued solid growth of loans and deposits

Total loans (PLN bn)



Total customer deposits (PLN bn)



- Total loan growth still solid, at around 5% YoY after correcting for exchange rate movements.
- Consumer loans grew by 8.1% YoY in December 2019, with growth rate more or less unchanged versus the previous months. PLN-denominated mortgage loan growth remained high, exceeding 12.0% YoY in November 2019.
- In the corporate sector, the loan growth (after FX adjustment) was at 3.3% YoY.

- Deposit growth at 8.5% YoY in November, with demand deposits rising by 15.0% YoY and term deposits by 0.9% YoY
- Individuals' deposits advanced by 9.3% YoY, while business deposits added 7.4% YoY.

Santander Group Results

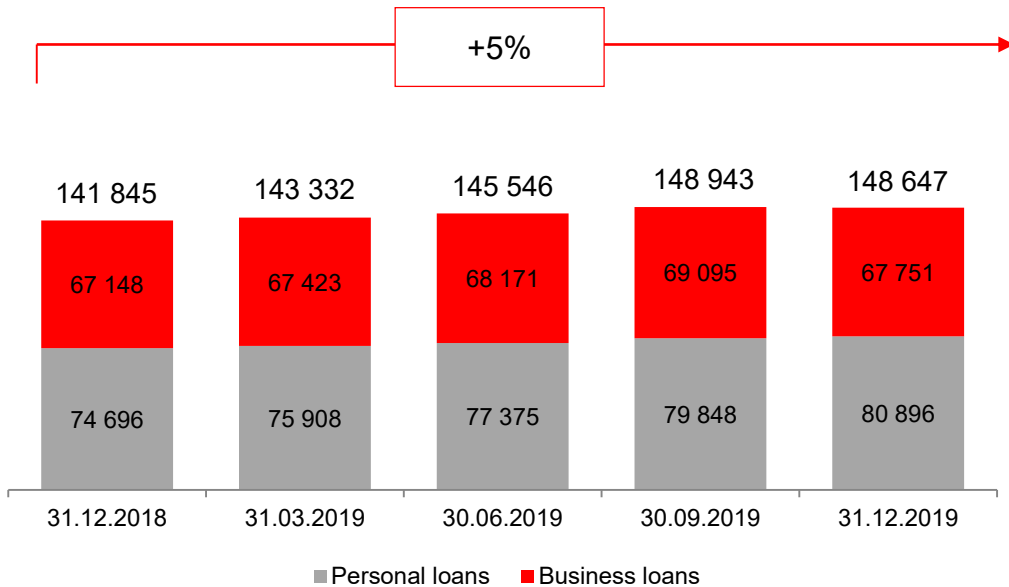
03

Loan Performance

Gross Loans +5% YoY

Total gross loans

PLN m



SCB gross loans PLN 19.6bn (+11% YoY)
Mortgage portfolio -8% YoY (CHF mortgage loans -9% YoY)
SCB loans (excluding mortgage) +16% YoY

	31.12.2019	31.12.2018	YoY (%)	QoQ (%)
Individuals	80 896	74 696	8%	1%
Mortgage	51 209	49 211	4%	0%
Other personal	29 686	25 485	16%	4%
Business	67 751	67 148	1%	-2%
Total gross loans	148 647	141 845	5%	0%

Comment

- **Santander Bank Polska S.A. gross loans: +6 YoY and +1% QoQ:**
 - Mortgage loans +4% YoY and stable QoQ
 - CHF mortgage loans -8% YoY (in PLN -6% YoY)
 - Cash loans +23% YoY and +4% QoQ
 - SME (including leasing and factoring) +10% YoY and +1% QoQ
 - Corporate (BCB) portfolio -5% YoY and -2% QoQ
 - CIB +4% YoY and -4% QoQ.

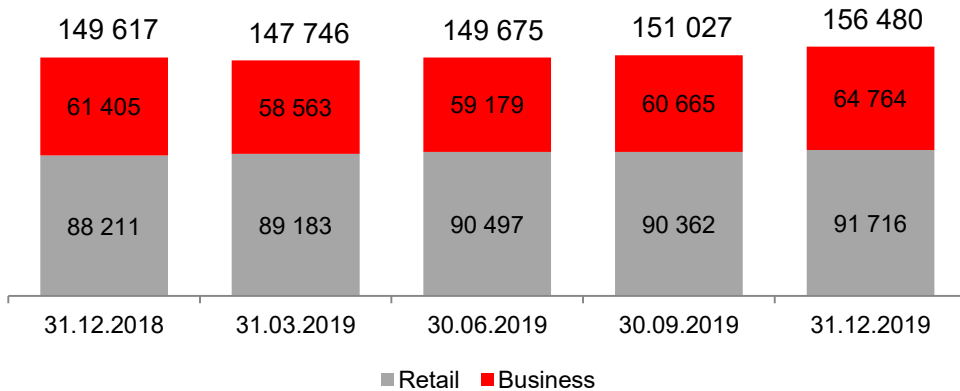
Total Customer Funds

Total Customer Funds +5% YoY and +4% QoQ

Total Deposits

PLNm

+5%



**SCB deposits: PLN 10.4bn
(+17% YoY)**

	31.12.2019	31.12.2018	YoY (%)	QoQ (%)
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Demand	58 378	51 673	13%	13%
Savings	40 175	34 496	16%	4%
Time	57 928	63 448	-9%	-5%

Total	156 480	149 617	5%	4%
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Funds under management	16 920	15 057	12%	4%
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Total Customer Funds	173 400	164 674	5%	4%
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Comment

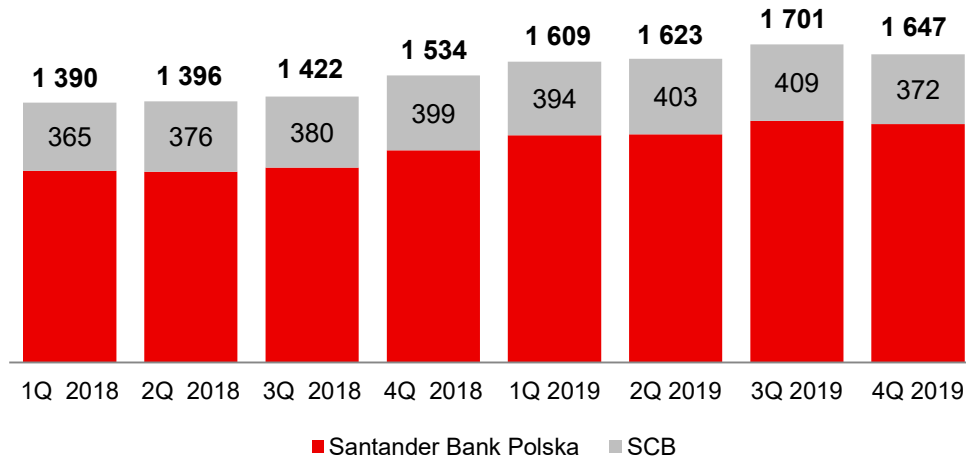
- **Santander Bank Polska Group deposits:**
 - Retail +4% YoY and +1% QoQ
 - Business +5%YoY and +7% QoQ
- **Mutual Funds +12% YoY and +4% QoQ**

Net Interest Income and Net Interest Margin

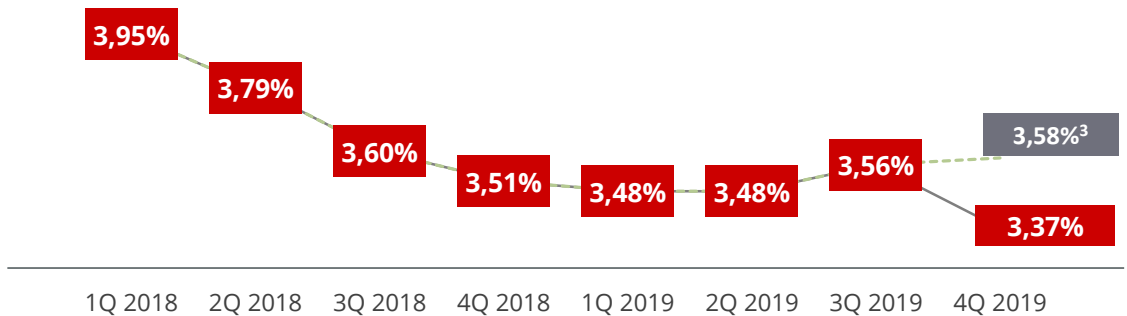
Net Interest Income +15% YoY and -3% QoQ.

Net Interest Income

PLNm



Net Interest Margin (%) ^{1,2}



SCB Group accounted for PLN 1 577m in 2019 and PLN 1 520m in 2018

Comment

- Net Interest Income +15% YoY in 2019 (-3% QoQ in 4Q). Quarterly decrease is connected with booking of the costs related with return of the part of commissions from earlier repaid consumer loans (impact of ECJ ruling). Excluding ECJ ruling impact net interest income would grow by 16.3% YoY and +2.8% QoQ.
- In Q4 2019, the annualised quarterly net interest margin was 3.37% and was lower QoQ from 3.58% mainly due to ECJ ruling, when excluding this factor quarterly NIM would be 3.58%. Excluding ECJ ruling impact NIM improved mainly due to optimisation of deposit base and positive change in the structure of loans.
- Quarterly dynamic of interest income was -3.2% QoQ (+1.5% excl. impact of ECJ ruling), when interest expense was down by 3.1% QoQ.

1) The net quarterly interest margin has been adjusted to account for the retrospective change in the accounting treatment of transactions in government securities for the previous quarterly reporting periods.

2) The calculation of the net interest margin of Santander Bank Polska S.A. takes account of swap points allocation from derivative instruments used for the purpose of liquidity management but excludes interest income from the portfolio of debt instruments held for trading and other exposures arising from trading transactions.

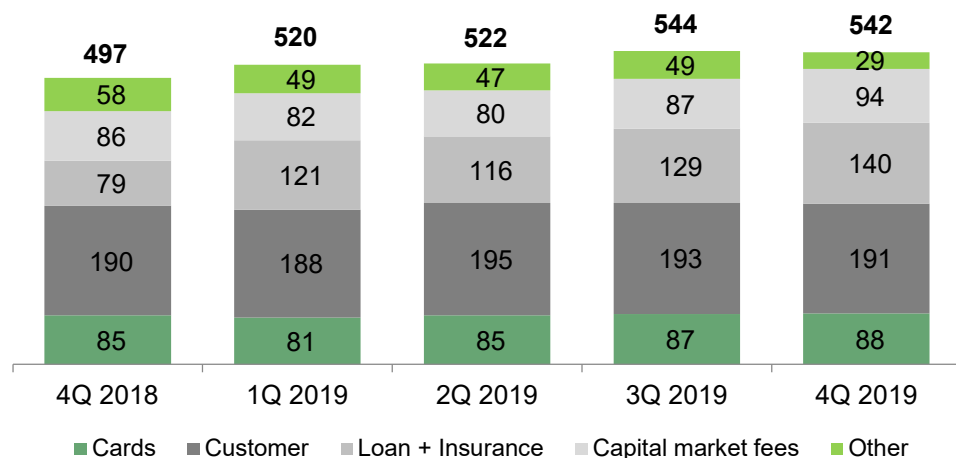
3) The annualised net interest margin of 3,58% for Q4 2019 r. excludes the amount of PLN 100.4m charged to net interest income for partial refund of fees in respect of early repaid consumer loans.

Net fees

Net fees +3% YoY and stable QoQ.

Net fees

PLNm



Main items of fee income

	2019	2018	YoY (%)	QoQ (%)
Cards	340	325	5%	1%
Customer + Other	767	713	8%	-1%
Loan + Insurance	505	446	13%	9%
Capital market fees*	342	358	-4%	8%
Other	174	215	-19%	-41%
Total	2 128	2 058	3%	0%

SCB Group accounted for PLN 133m in 2019 and PLN 129m in 2018.

Comment

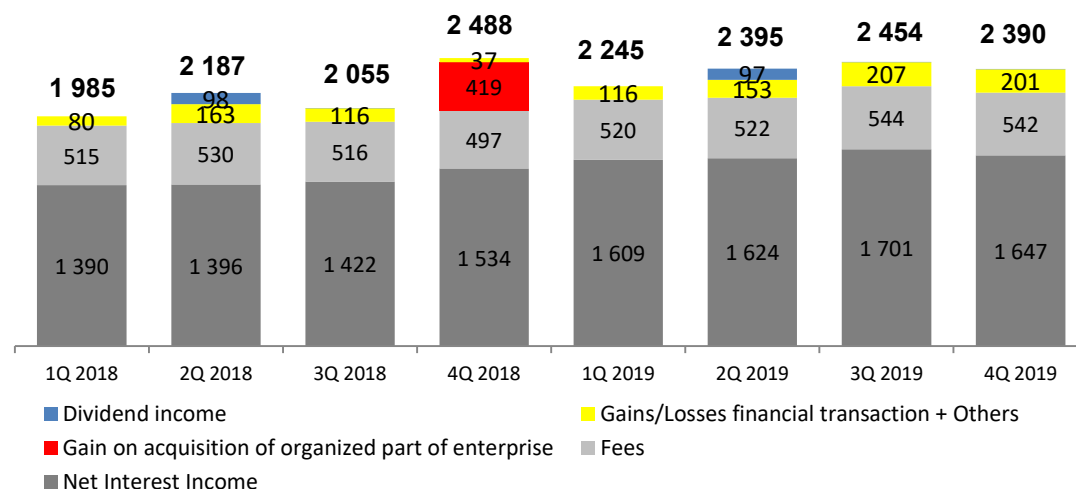
- Fee income +3% YoY and stable QoQ.
- Good performance especially in credit fees (+14%YoY and +16% QoQ) and credit card fees (+7% YoY and +8% QoQ), insurance fees (+11% YoY and stable QoQ), and in FX fees (+11% YoY and stable QoQ).
- Fees connected with capital markets under pressure in 2019, with significant improvement in the second half of the year.
- SCB fees +3% YoY and +18% QoQ. Costs of securitisation presented in fee and commission line in amount of PLN 17m in 2019.

Gross Income

Gross Income +9% YoY, underlying* Gross Income +15%

Gross income

PLNm



	2019	2018	YoY (%)	QoQ (%)
Net Interest Income	6 580	5 742	15%	-3%
Net Fees	2 128	2 058	3%	0%
Subtotal	8 708	7 800	12%	-3%
Gains/losses on financial transactions	401	182	120%	15%
Dividends	99	100	-1%	-
Other operating income	276	214	29%	-21%
Gain on acquisition of organized part of enterprise		419		
Gross Income	9 485	8 715	9%	-3%
One off items net interest income	100			
One off items other income	59	419		
Gross Income excl. one offs	9 526	8 296	15%	

SCB Group accounted for PLN 1 618m in 2019 and PLN 1 661m in 2018

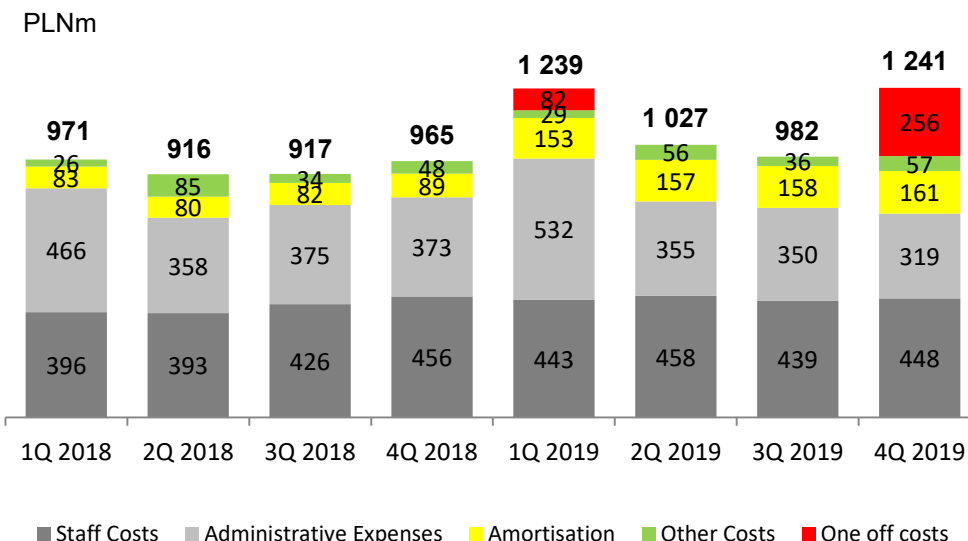
Comment

- Total income +9% YoY and -3% QoQ. Underlying income +15% YoY.
- As part of transformation of the business model, on 27 September 2019 Santander Bank Polska S.A. sold an organised part of the bank's enterprise, namely the Investment Services Centre (a separate organisational unit) providing professional transfer agent services to Santander TFI. The income on sale of PLN 59m was booked in 2019.
- Dividends at the similar level as in the previous year.
- Profit on sale of debt securities of PLN 125m (PLN 26m in 2018).
- Positive change in fair value of VISA Inc. shares of PLN 58m (PLN21m in 2018).

Operating Expenses

Lower integration costs, higher effects of cost synergies
Expenses impacted by regulatory and legal and by the situation on the employment market

Operating expenses



	2019	2018	YoY (%)	QoQ (%)
General and administrative expenses	(3 426)	(3 243)	6%	-3%
Staff costs	(1 870)	(1 670)	12%	2%
Administration costs	(1 556)	(1 572)	-1%	-9%
Depreciation + Other	(1 062)	(526)	102%	145%
General and administrative expenses	(4 489)	(3 769)	19%	26%
One off items	346			
Total expenses – excl. one off	(4 143)	(3 769)	10%	1%

SCB Group accounted for PLN 619m in 2019 and PLN 585m in 2018.

Comment

- One-off costs connected with the acquisition of core of DB Polska and with group redundancies amounted to PLN 182m in 2019 (PLN 16m lower than planned).
- Cost synergies in 2019, including the effect of group redundancies amounted to PLN 112m (vs. PLN 101m planned).
- Administration costs impacted by regulatory costs, which in 2019 were PLN 311m (increase of 42% YoY) and impacted by legal risk provisions of PLN 266m.
- On quarterly basis decrease of administration costs by 9% - decreases in the following items: IT system, third party services and consulting.
- The increase of depreciation costs in 2019 (with decrease of administration costs at the same time) due to IFRS16 introduction.
- C/I ratio at the level of 47.3% (43.2% in 2018). Underlying C/I ratio for 2019 was 43.5%, (45.4% in 2018).
- SCB saw increase in operating costs YoY mainly due to increased regulatory costs, IT investment, pressure on labour market and restructuring provision of PLN7m.

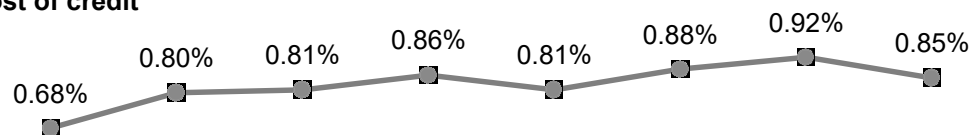
Loan-loss provisions (LLPs) and Credit Quality

Cost of risk stable, NPL ratio slightly up

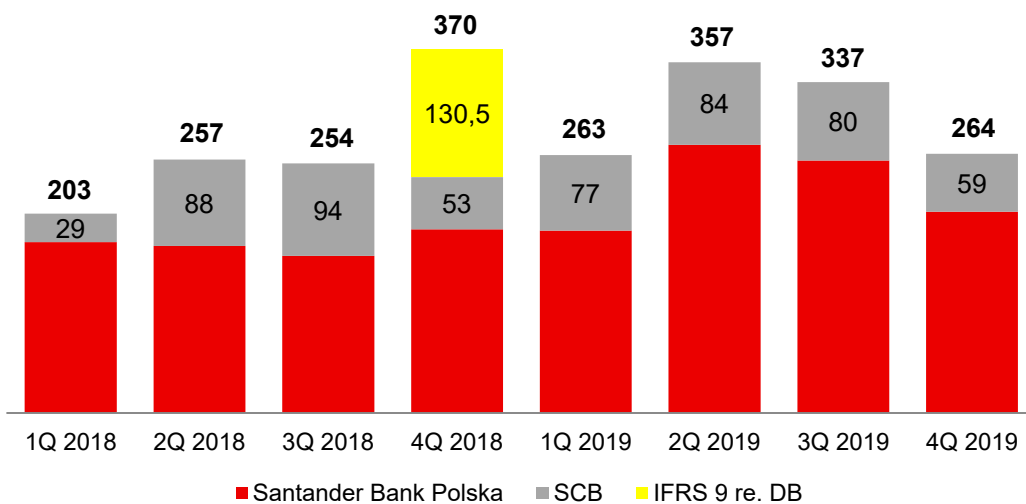
mln PLN

LLPs and Cost of credit

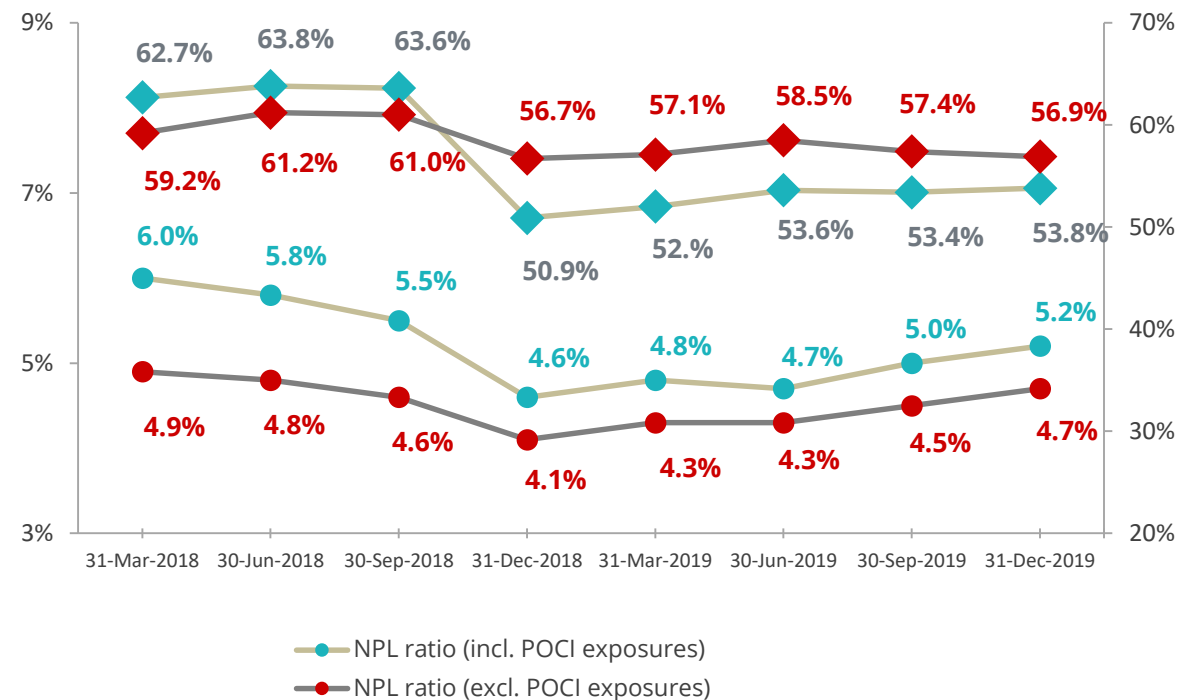
Cost of credit



Loan-loss provisions



NPL and Coverage ratio*

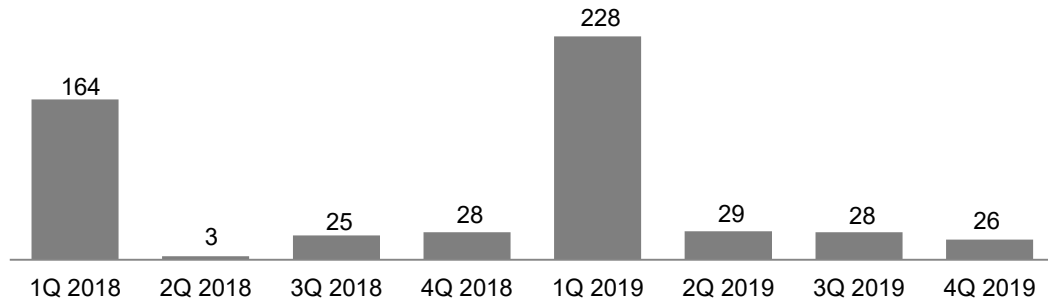


POCI – purchased or originated credit-impaired asset.

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.

Bank Tax, Regulatory Costs and NPL Sales

Costs related to BGF and PFSA



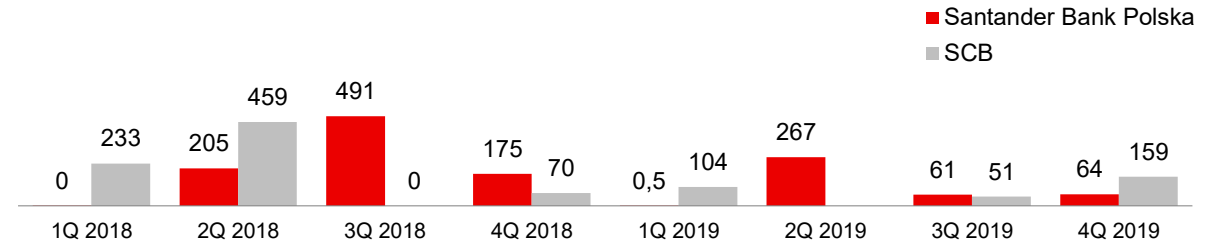
Resolution Fund contribution:
 2018: SBP PLN 97m; SCB PLN 12m
 2019: SBP PLN 199m; SCB PLN 26m.

Banking tax

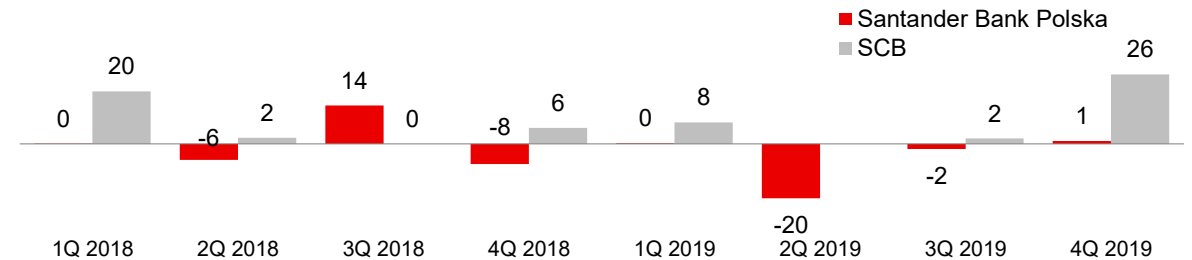
Pursuant to the Act on tax imposed on certain financial institutions, bank assets are subject to tax of 0.0366% per month, effective from 1 February 2016. In 2019, the total tax charged to Santander Bank Polska SA and SCB in this respect was PLN 599m (PLN 554m and PLN 45m respectively).

NPL Sales*

- **Santander Bank Polska:** 2019 NPL sales of PLN 393m, PBT impact PLN -22m.
- **SCB:** 2019 NPL sales of PLN 314m, PBT gain of PLN 36.3m.



P&L impact (PBT) of sale of NPL



2019: Significant growth of comparable* income.

2019 result under influence of significant regulatory and restructuring costs

mIn zł

	2019	2018	2019%	Underlying*
NII + Fee income	8 708	7 800	11.6%	12.9%
Gross income	9 485	8 715	8.8%	13.6%
Operating expenses	-4 489	-3 769	19.1%	9.9%
Loan-loss provisions	-1 219	-1 085	12.4%	27.7%
Tax on financial institutions	-599	-500	19.9%	19.9%
PBT	3 245	3 424	-5.2%	15.8%
Tax	-800	-727	10.1%	10.1%
Attributable profit	2 138	2 363	-9.5%	19.8%

Growth in core income

Costs impacted by regulatory and legal charges (BGF and ECJ)
Further strong focus on efficiency and synergies

Growth in loan-loss provisions due to growing volumes and structure of the loan portfolio

Underlying profit +20% YoY

Effective tax rate impacted by regulatory factors

Effective Tax Rate

24.7%

21.2%

* Assuming a constant level of contributions to the Bank Guarantee Fund and adjusting the 2019 profit for the gain on sale of the Investment Services Centre and the impact of additional charges and provisions for liabilities arising from the portfolio of FX mortgage loans and consumer loans, while excluding the impact of acquisition of an organised part of Deutsche Bank Polska S.A. from the 2018 profit.
 Underlying total income adjusted for in reporting period: one-off gain of PLN 59.1m on sale of the Investment Services Centre (a demerged part of Santander Bank Polska S.A.) and provisions of PLN 100.4m which reduce net interest income and are raised for refund of fees in respect of early repayment of consumer loans and in comparative period: gain of PLN 419.3m on acquisition of a demerged part of Deutsche Bank Polska S.A.

Conclusions

Market Environment & Financial System

- GDP growth strong yet decelerating in 2019, with private consumption remaining strong, fuelled by a robust labour market, high consumer confidence and social spending. Growth rate of investments started the year at high level but then decelerated quickly. Weakening global economic environment affected the Polish economy negatively.
- CPI inflation rose above the Central Bank target (2.5%) due to rising core inflation and shocks in energy and food prices.
- Main interest rates to stay unchanged at 1.5% over the next few years.
- Total loan growth after FX adjustment close to 5% YoY. Coming quarters may see a stabilisation or even slight deceleration, amid lower nominal GDP growth.

Strategy & Business

- Strategy based 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) +12% YoY.
 - Efficient management of interest income: net interest income +15% YoY.
 - Increase in fee income by +3% YoY – demanding competitive environment.
- Cost of risk stable YoY.

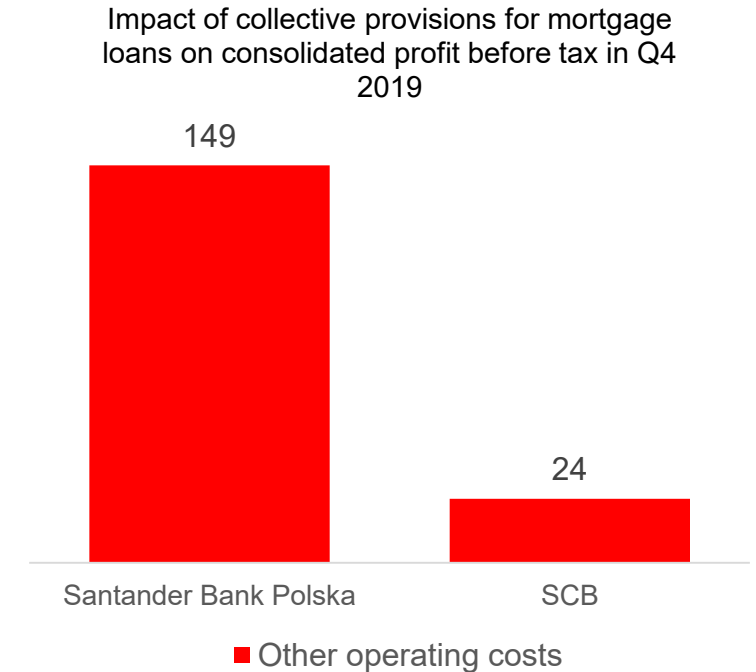
The net profit of PLN 2,138m impacted by additional regulatory charges and provisions for liabilities arising from the portfolio of FX mortgage loans and consumer loans,.

Appendix

04

Provisions for the portfolio of FX mortgage loans

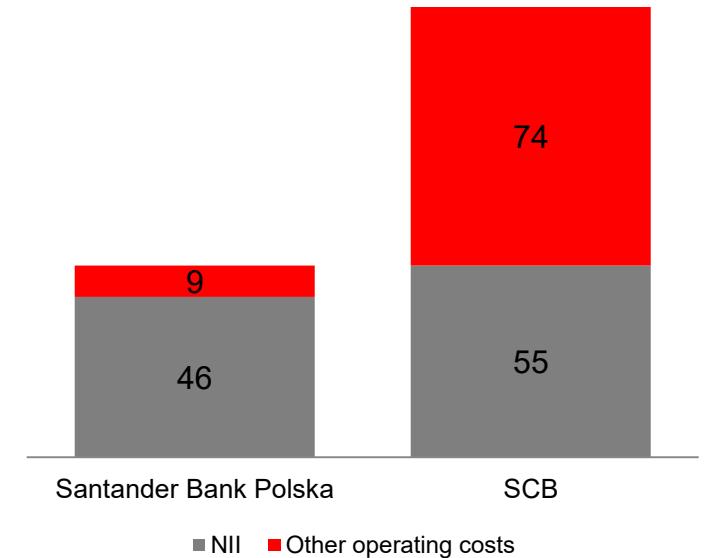
- At present, it is difficult to determine how the CJEU ruling of 3 October 2019 on case no. C-260/18 will affect the ruling practice of local courts in cases relating to loans based on a foreign currency and to estimate the ensuing legal risk.
- Santander Bank Polska Group raises provisions for legal risk associated with pending court cases taking into account different possible judgments. The Group will monitor Polish courts' rulings to ensure that provisions have been estimated correctly, and has raised relevant collective provisions to this end.
- Key assumptions underpinning the collective provision raised in Q4 2019:
 - A collective provision for all FX loans;
 - The Group considered four scenarios of possible court rulings:
 - Deeming the loan agreement clauses unfair, which causes the loan balance to be determined in PLN while interest rate will remain to be LIBOR-based;
 - Invalidating the whole loan agreement as it contains unfair clauses;
 - Invalidating the loan agreement clauses identified as unfair with respect to the FX differences determination mechanism, which causes the average NBP rate to be applied;
 - Dismissing the claim.
 - Time horizon: 3 years.



Provisions for reimbursement of a portion of fees charged from customers for early repayment of consumer loans

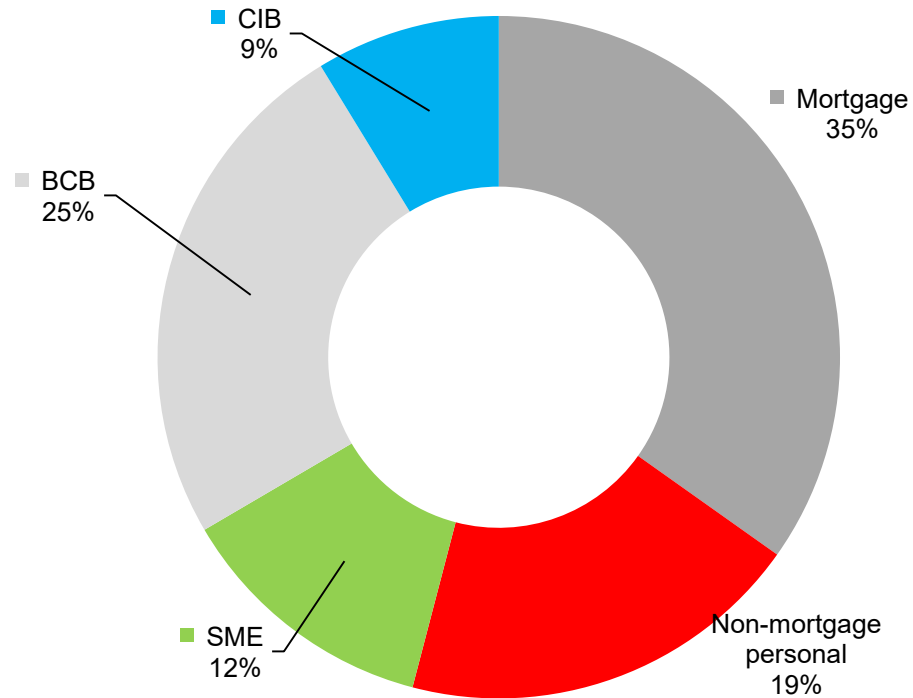
- On 11 September 2019, the CJEU issued a ruling in case C 383/18, in which it held that pursuant to Article 16(1) in conjunction with Article 3(g) of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers (“Directive”) the consumer is entitled to an equitable reduction in the total cost of the credit (except for notarial fees and taxes), irrespective of whether such costs are linked to the lending period.
- When assessing the legal risk attached to the court cases in the context of Article 49 of the Consumer Credit Act, the Group raises provisions for legal risk in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, taking into account interpretation differences. The Group monitors and analyses the rulings of Polish courts made in cases instigated under Article 49, and is awaiting full establishment of the local law interpretation practice.
- Based on the history of claims to date, the Group estimated the amount of fees to be reimbursed, using a likelihood matrix corresponding to product types, repayment methods and the reimbursement amount.
- In Q4 2019, the Group posted charges of PLN 184m in respect of the reimbursement obligation, which caused a corresponding reduction in net income of both the bank and SCB (by PLN 55m and PLN 129m, respectively).
- In 2019, the charges comprised:
 - cost of provisions: PLN 9m at the bank and PLN 84m at SCB;
 - recognised liabilities in respect of fees to be reimbursed: PLN 21m at the bank and PLN 44m at SCB;
 - restatement of the amortised external credit intermediation costs as part of measurement of the credit receivables at amortised cost using the effective interest rate – adjustment of balance sheet exposure in respect of credit receivables by PLN 24.7m and reduction of the interest income by a corresponding amount. An adjustment of PLN 11.2m on this account was also reflected by SCB in its books.

Impact of provisions for the reimbursement obligation on consolidated profit before tax in Q4 2019



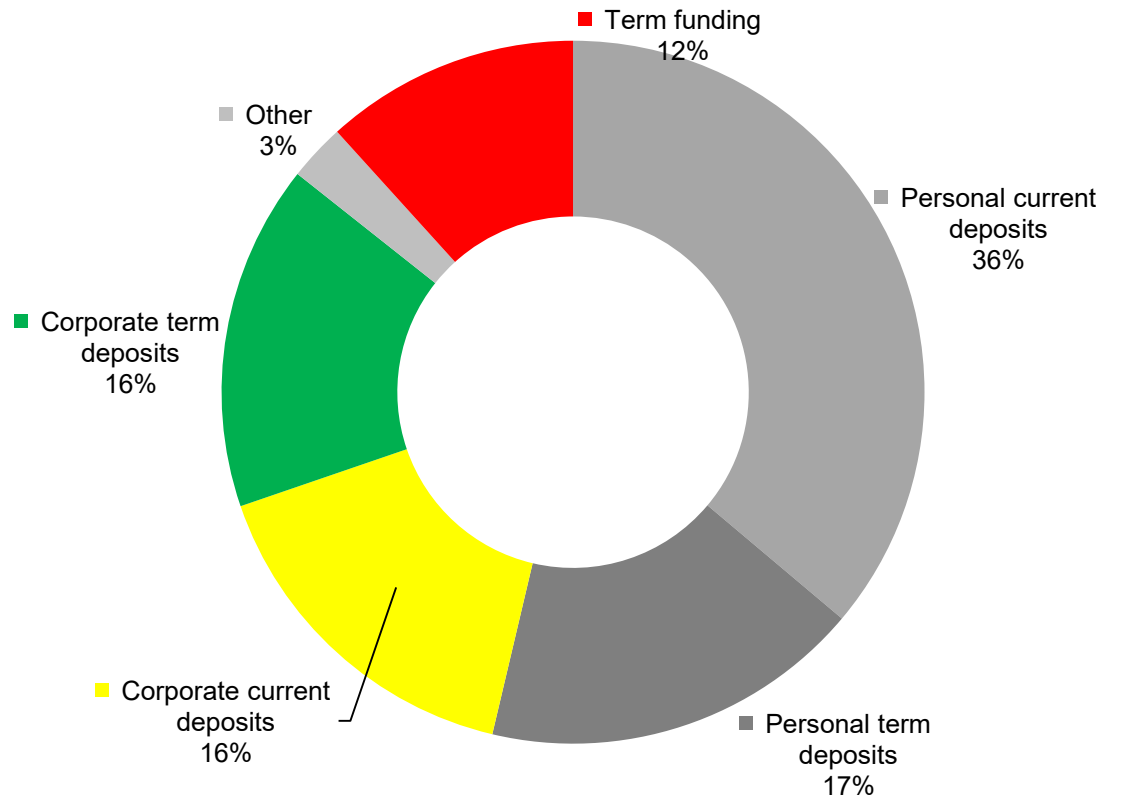
Structure of Loans and Deposits / Term Funding

Gross Loans*



Total PLN 142bn

Deposits & Term Funding*

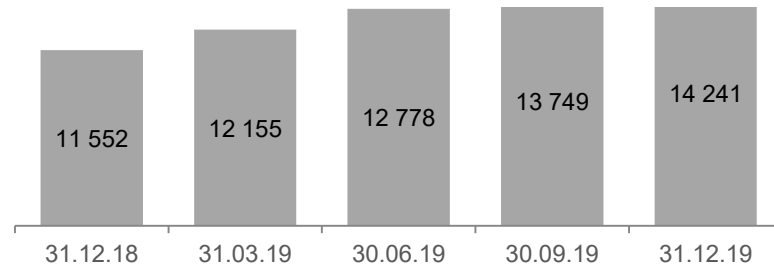


Total PLN 171bn

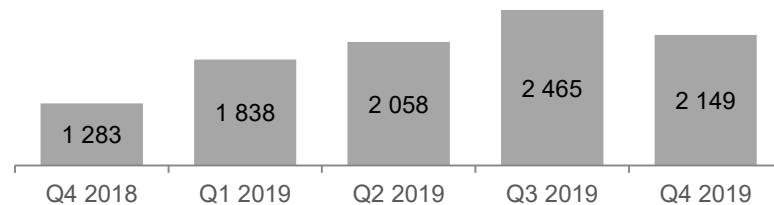
Credit action growth

PLN mln

Cash loans portfolio (gross)

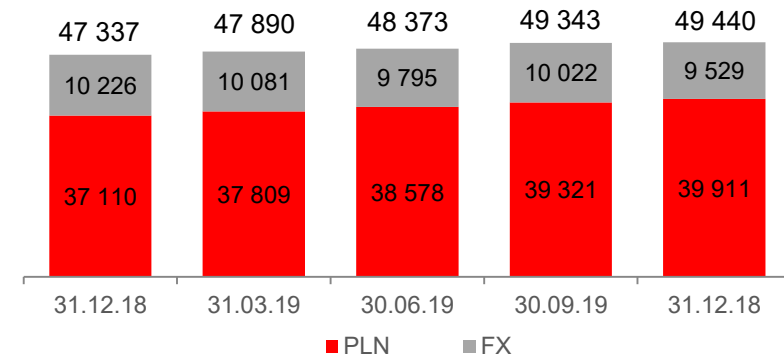


Cash loans - sales

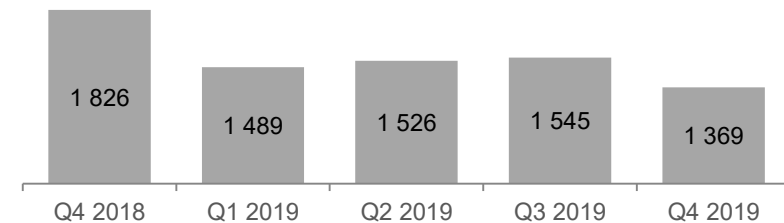


- Cash loans portfolio **+23%** YoY
- Cash loans sales **+68%** Q4 19 / Q4 18; **+73%** YoY

Mortgage loans portfolio (gross)



Mortgage loans - sales

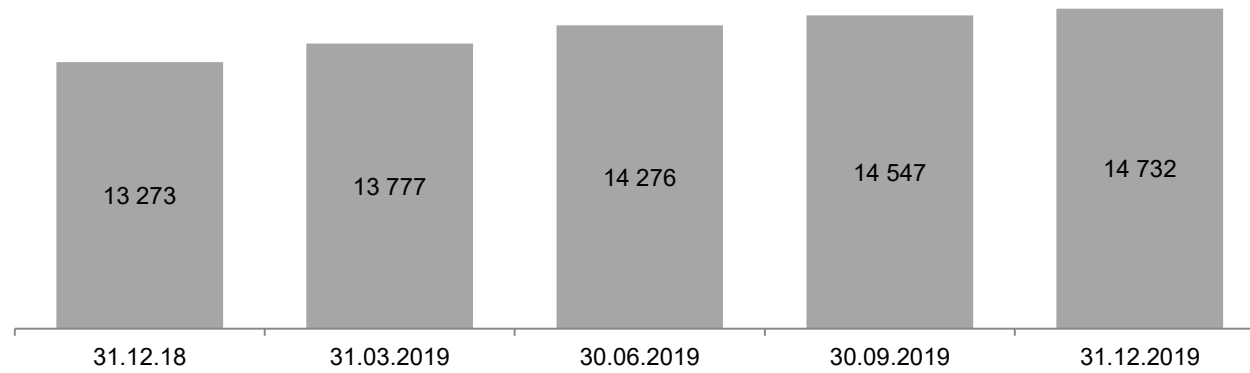


- PLN mortgage loans portfolio **+8%** YoY
- FX mortgage loans portfolio **-7%** YoY
- Mortgage loans sales **-25%** Q4 19 / Q4 18; **-13%** YoY
- Stable market share in mortgage sales: **9.8%***

SME (excluding SCB)

SME Loans (gross)

PLNm



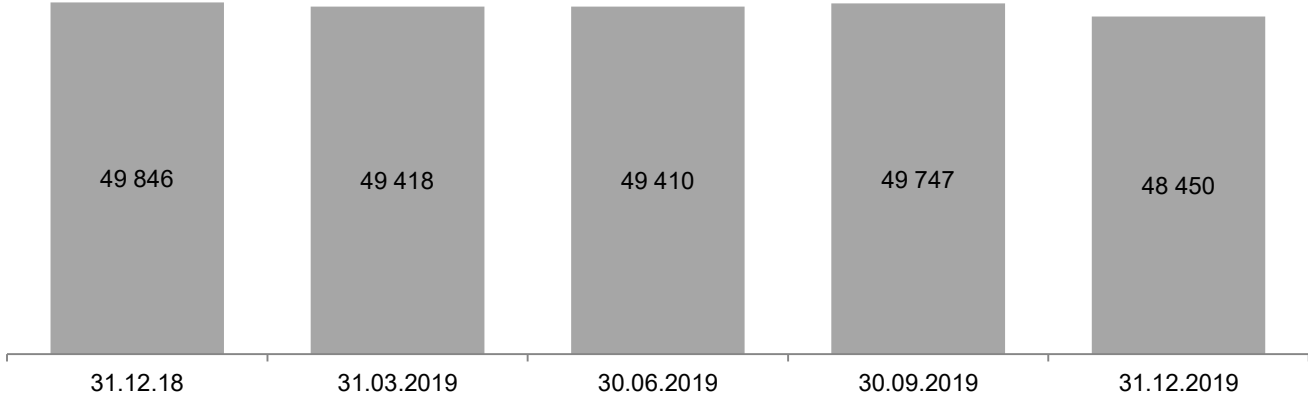
Comment

- SME portfolio growth by +10% YoY and +1% QoQ.

Corporate & CIB

Corporate & CIB (gross)

PLNm



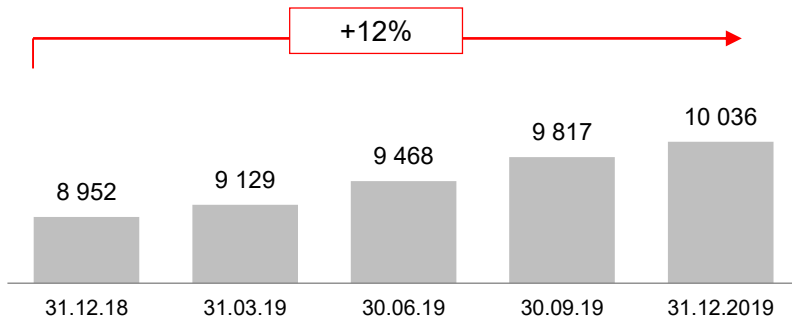
Comment

- Corporate and CIB gross loan portfolio -2.8% YoY: Corporate loans -5% YoY and CIB +4% YoY.

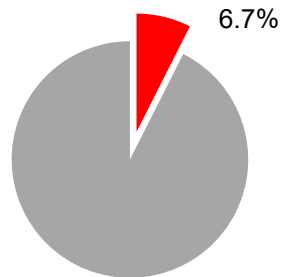
Leasing & Factoring (excluding SCB)

Leasing – empowering the 5th position on the market*

Leasing Portfolio (PLN m)



Market share* (%)

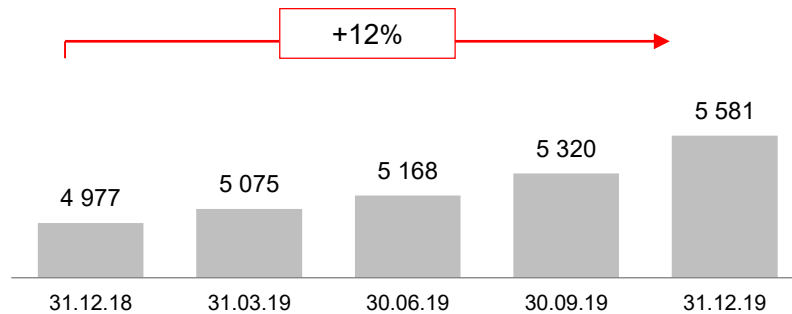


Comment

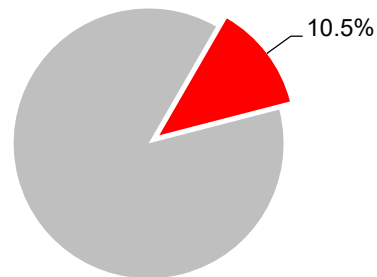
- Leasing portfolio PLN 10bn, i.e. +12% y/y
- Total Income growth +16% y/y
- Net value of financed assets in 2019 PLN 5.3bn
- Leasing and EBRD once again stepped up green financing in Poland with the green loan of EUR 80m
- Awarded with „Fleet Leader of Innovation 2019” for electric car financing.

Factoring – 4th position on the market

Portfolio (PLN m)



Market share* (%)

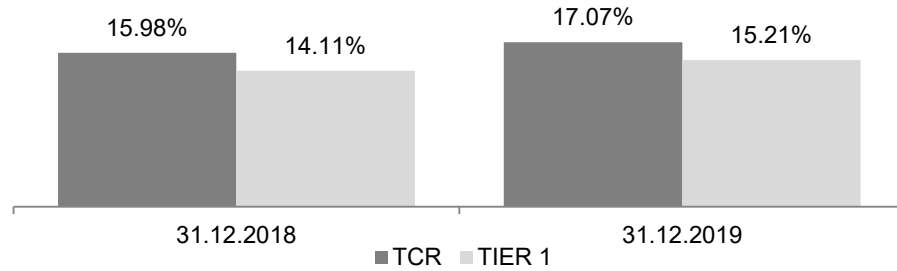


Comment

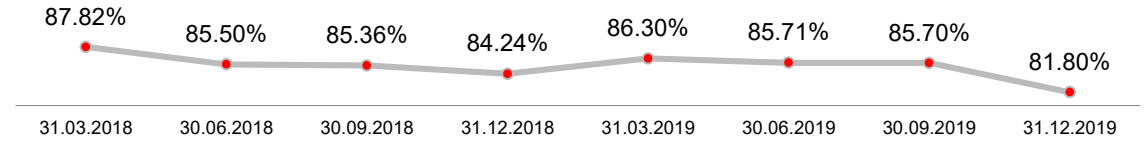
- Portfolio + 12% YoY
- Turnover + 8% YoY
- Market position – 4th position
- Confirming / Reverse Factoring market leader with 27% market share

Capital & Liquidity Position

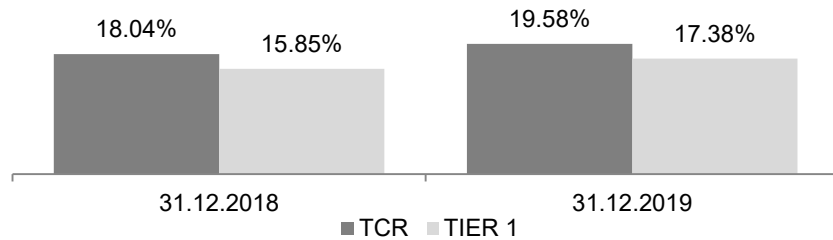
Santander Group Capital Ratio



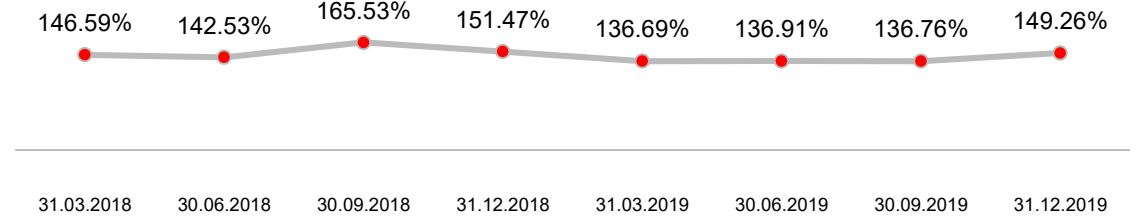
Santander Bank Polska (excl. SCB) Loan to Deposits Ratio (L/D)



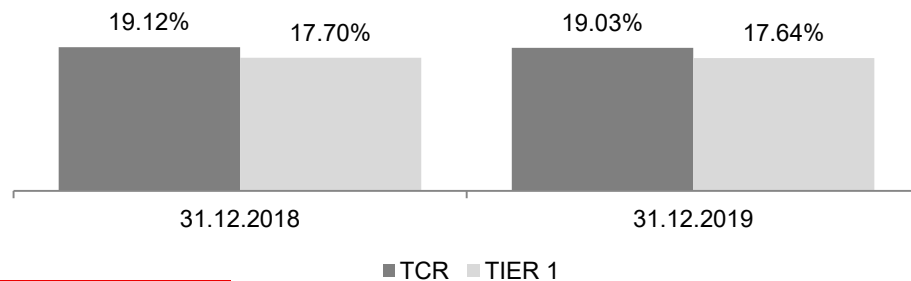
Santander Bank Capital Ratio



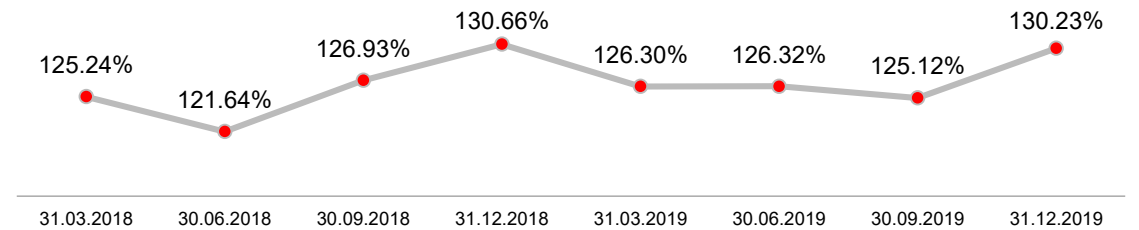
Santander Bank Polska Liquidity Coverage Ratio (LCR)



SCB Capital Ratio

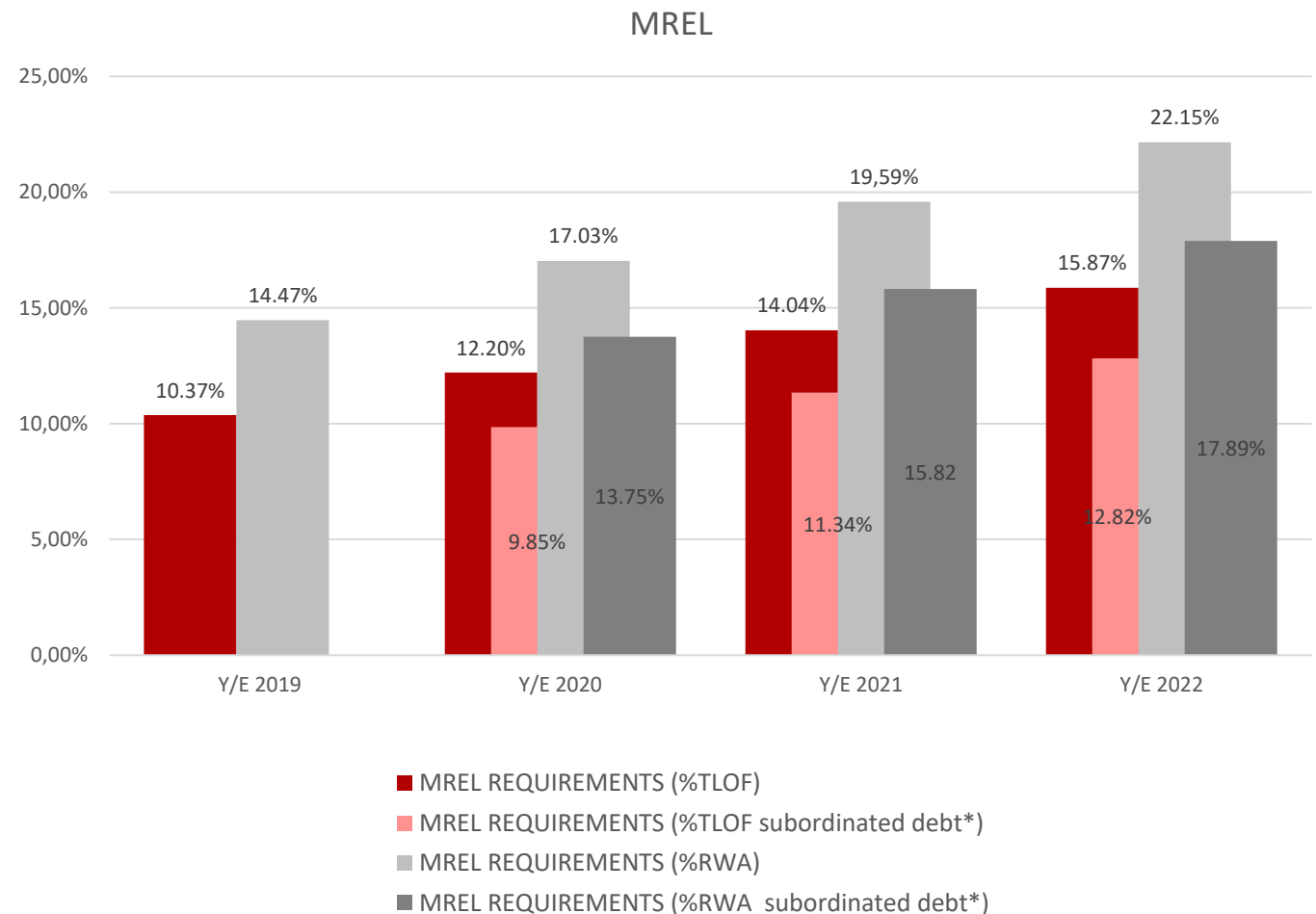


Santander Bank Polska Net Stable Funding Ratio (NSFR)



Minimum requirement for own funds and eligible liabilities - MREL

- On 18 December 2019 Management of Santander Bank Polska S.A. received a letter from the Bank Guarantee Fund with information about the joint decision of the resolution authorities, i.e. the Single Resolution Board, the Bank Guarantee Fund and the Bank of England, which had decided that the minimum requirement for own funds and eligible liabilities (MREL) for the Bank's Group would be 15.87% of the total liabilities and own funds ("TLOF"), which corresponds to 22.146% of total risk exposure (TRE). This requirement should be met by 1 January 2023.
- At the same time, the Bank received mid-term MREL targets. Their values at the end of 2019, 2020 and 2021, respectively, are as follows:
 - in relation to TLOF: 10.37%, 12.202% and 14.035%,
 - in relation to TRE: 14.474%, 17.031% and 19.588%
- BFG defined the degree, in which the requirements have to be met with subordinated debt*. The ratios as at the end of year 2020, 2021 and 2022, respectively, are as follows:
 - in relation to TLOF: 9.854%, 11.335% and 12.82%
 - in relation to TRE: 13.754%, 15.821% and 17.89%.



Santander Bank Polska Group

Key ratios 2019

Wybrane wskaźniki finansowe Grupy Santander Bank Polska S.A.	2019	2018 ¹¹⁾
Total costs/Total income	47.3%	43.2%
Net interest income/Total income	69.4%	65.9%
Net interest margin ¹⁾	3.46%	3.66%
Net commission income/Total income	22.4%	23.6%
Customer net loans/Customer deposits	91.6%	91.9%
NPL ratio ²⁾	5.2%	4.6%
NPL coverage ratio ³⁾	53.8%	50.9%
Credit risk ratio ⁴⁾	0.85%	0.86%
ROE ⁵⁾	9.7%	11.9%
ROTE ⁶⁾	11.7%	14.2%
ROA ⁷⁾	1.0%	1.3%
Capital ratio ⁸⁾	17.07%	15.98%
Tier I ratio ⁹⁾	15.21%	14.11%
Book value per share (in PLN)	264.28	260.51
Earnings per share (in PLN) ¹⁰⁾	20.95	23.70

1) Net interest income for an accounting year (excluding interest income from the portfolio of debt securities held for trading and other exposures arising from trading transactions) to average net earning assets as at the end of subsequent quarters starting from the end of the year preceding the year under analysis (excluding financial assets held for trading, hedging derivatives, other exposures arising from trading transactions and other loans and advances to customers).

Excluding the charge of PLN 100.4m to net interest income for Q4 2019 for refund of fees in respect of early repaid consumer loans, the cumulative net interest margin for 2019 was 3.52%.

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.

2) Following the implementation of an IT solution for POCI accounting, NPL ratios have been recalculated, taking POCI exposures into account.

Excluding the POCI portfolio, the NPL ratio was 4.7% in 2019 vs. 4.1% in 2018.

3) Impairment allowances for loans and advances to customers measured at amortised cost and classified to stage 3 and POCI exposures to gross value of such loans and advances at the end of the reporting period. Loan loss coverage ratio, excluding the POCI exposures was 56.9% in 2019 vs. 56.7% in 2018.

4) Impairment allowances (for the accounting year) to average gross loans and advances to customers (as at the end of the accounting year and the end of the preceding year).

5) Profit attributable to the parent's shareholders (for the accounting year) to average equity (as at the end of the accounting year and the end of the preceding year), net of non-controlling interests, current period profit and the undistributed portion of the profit. The underlying ROE for 2019 was 11.2% vs. 10.3% for 2018.

6) Profit attributable to the parent's shareholders (for the accounting year) to average tangible equity (as at the end of the accounting year and the end of the preceding year) defined as common equity attributable to the parent's shareholders less revaluation reserve, current period profit, dividend, undistributed profit, intangible assets and goodwill.

7) Profit attributable to the shareholders of the parent entity (for the accounting year) to average total assets (as at the end of the accounting year and the end of the preceding year). On a comparable basis, ROA for 2019 was 1.2% vs. 1.1% for 2018.

8) The capital adequacy 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.

9) Tier 1 capital ratio calculated as a quotient of Tier 1 capital and risk-weighted assets for credit, market and operational risk.

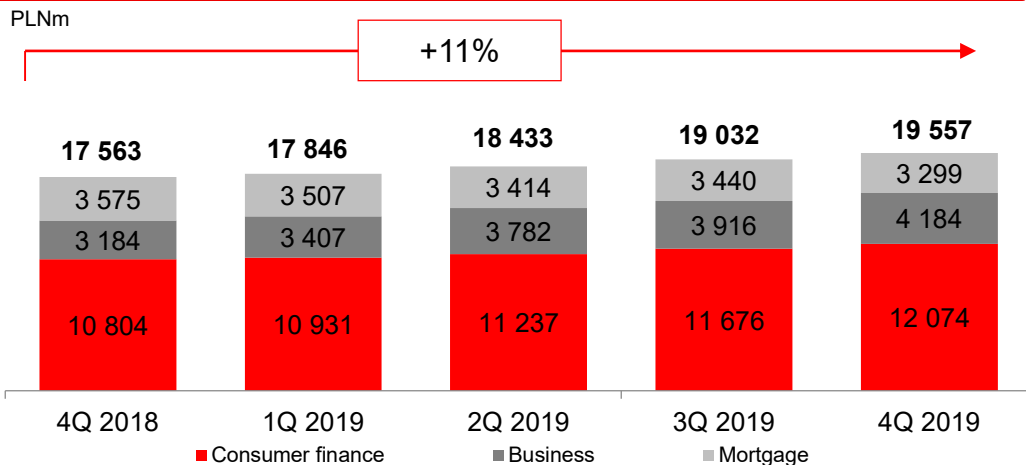
10) Net profit for the period attributable to shareholders of the parent entity divided by the average weighted number of ordinary shares.

11) The ratios for 2018 have been restated to take into account the gain on the final settlement of acquisition of an organised part of Deutsche Bank Polska S.A. and the impact of the retrospective correction of the accounting treatment of certain transactions in Treasury debt securities.

SCB Group - Loans

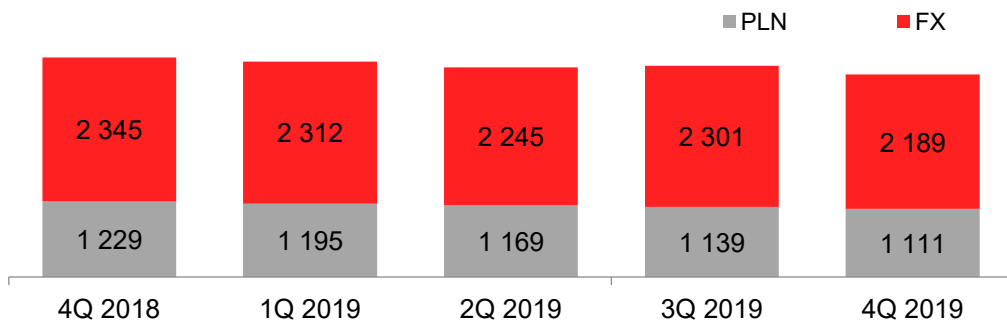
Gross Loans SCB +11% YoY

Total gross loans



	31.12.2019	31.12.2018	YoY (%)	QoQ (%)
Individuals	15 373	14 379	7%	2%
Mortgage	3 229	3 575	-8%	-4%
Consumer finance	12 074	10 804	12%	3%
MSP/Leasing	4 184	3 184	31%	7%
Total gross loans	19 557	17 563	11%	3%

Gross mortgage portfolio



Comment

- **Total gross loans: +11% YoY:**
 - Mortgage portfolio -8% YoY
 - CHF mortgage loans -9% YoY (ca. CHF 56 m)
 - Consumer finance loans +12% YoY
 - Business loans +31% YoY

SCB Group - Key Financial Results 2019

PLNm	2019	2018
Assets	21 857	19 846
Net Loans	17 595	15 781
Deposits	10 399	8 875
Total equity	3 434	3 460
Net profit	540	584
L/D (%)	169.2%	177.8%
C/I (%)*	43.2%	36.4%
ROE (%)	15.7%	17.2%
ROA (%)	2.6%	3.0%
TCR (%)**	19.0%	19.1%



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