

# Financial results of Santander Bank Polska Group for H1 2021



# Agenda

## Results

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

## More information

5. Attachments

Results for H1 2021

# Our activities and our people

01

## Our people

### We take care of employees while facing pandemic

#### Current COVID-19 cases status and its impact on our work

- In the first half of 2021, we struggled with the 3rd wave of coronavirus, which peaked at the Bank in March. That month, we closed 109 branches due to confirmed cases of COVID-19 or contact with infected people. The number of closed branches in the first half of the year was 262. In the first half of the year we recorded 842 cases among employees, compared with 591 in the whole 2020.
- We manage the Covid-19 pandemic situation based on the *Crisis Procedure guidelines on the circumstances of the emergence or suspected appearance of SARS-CoV-2 virus ("coronavirus") in the workplace* and the applicable rules under the law.

#### Changes in operating model

- We are working on implementing a hybrid model and office reorganisation. From June there is an opportunity for willing employees to return to the offices gradually. We follow the epidemiological situation and react on an ongoing basis, because this is what the new reality requires of us.
- We have developed rules and recommendations for organising online meetings that will make it easier to function in the new work model.

#### Vaccinations and tests for employees

- We organized the process of vaccinations at the workplace for our employees in 11 locations in the country in cooperation with a healthcare provider. We carry out vaccinations for employees of SBP and subsidiaries and their family members.
- In cooperation with our partners we have provided a special offer for employees to purchase tests for the presence of coronavirus at preferential prices.

#### We care about wellbeing

- As part of our Wellbeing & Mental Health Strategy for 2021, we are preparing an activity proposal for our employees to care for their health and wellbeing. We organise WELLcasts and WELLbinars, where experts share knowledge and useful tips. From June 2021, we make them available for viewing at any time for the convenience of our employees.

## “We will double your impact” (“Podwójna moc pomagania”) fundraiser We support psychiatric wards for children and adolescents

Mental health of children and adolescents is the second, after oncological diseases, social need in our country. The scale of the phenomenon was further aggravated by the pandemic. Long-term isolation, a sense of loneliness, and the transfer of the real world to the digital world worsened the mental state of children and youth. We see how important the problem is and decided to act!

**The Double Power of Helping campaign continued throughout June. Together with our employees and clients from all business segments, we collected money to support children's and adolescent psychiatry departments.**

- The total number of donors to 9 thousand.
- The campaign was most often supported by people between 26 and 40 years of age.
- The average payments from our donors are PLN 43.
- We doubled every donation
- Santander Bank Polska allocated PLN 1 million to start the shares



**We will donate PLN 2m**

to support child and adolescent mental health units in 16 hospitals across Poland.

# Our people

## We take care of employees on a daily basis

### Personal development

- In April, we conducted the first Career Days at the Bank – an internal job fair designed to support internal mobility and help employees look for new professional opportunities within the organisation.
- In June 2021, we organized YOUiversity Week – a series of meetings, webinars and workshops organized by employees for employees. YOUiversity is an internal tutoring initiative in which colleagues from the Bank actively and selflessly share their knowledge and experience with others.
- We have launched the MOST internship program, which aims to enable employees to take an active part in the project work carried out in another part of the organization in order to upgrade their skills and knowledge.
- The Santander Group pays special attention to the need for continuous learning and competence development, which is why in 2021 we continued the Santander Scholarships project - which are addressed to students and graduates of universities, but also to the Bank's employees.

### Special EB campaign

- We started an employer branding campaign "You're like..." in the social media. The campaign shows growth opportunities on offer and profiles of desired employees, such as specialists in IT, risk, data analysis and sales network.



### Actions for diversity and inclusivity

- "IT in the female eye" & "Santander Women" – we implement initiatives aimed at supporting the development of women and equal opportunities. We are on the list of employers most advanced in managing diversity and inclusion in Poland (Diversity INCheck).
- Our leaders have taken part in numerous debates, promoting the topic of inclusive workplaces.
- We launched a series of Santander Women podcasts on topics related to the development of women's leadership.
- In June we inaugurated Embrace Poland Group – supporting diversity, tolerance and respect in the workplace.

### Employee Experience

- We constantly care about the experience of our employees. We focus on dialogue and collect employee feedback through various studies (eNPS, Peakon, Engagement Survey).
- We work with the results, among others in working groups - hot spots. We keep employees informed about the progress of work on the intranet.

### We implement modern work tools

- In June 2021, we launched MS Teams application for all employees. More apps are being made available.
- We work on the implementation of the Workday system which will simplify and change the HR operations throughout the Santander Group.

# 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.

## Brand Ambassador

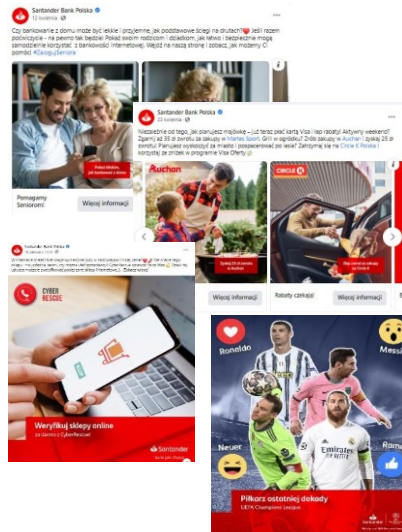
This year, we are continuing our cooperation with the brand ambassador – **Marcin Dorociński**. According to our surveys, he was the most recommended candidate to represent our Bank. Marcin Dorociński is a popular actor who also actively supports social responsibility initiatives.

## Social Media

In H1 2021 we had continuous education cycles:

- **Daily banking with Santander mobile** (demonstrating the application's features),
- **Online security** (cyber education),
- **Log in senior citizen** – an educational campaign aimed at building digital skills of the seniors

In addition, we launched a campaign promoting our sponsorship as part of the **UEFA Champions League**.



## ATL campaigns / TV

**Campaigns promoting the Account As I Want it with a mobile application, thanks to which our clients can do more**

**Spring campaign** – we launched a new version of the TV spot that was broadcast in the autumn. We emphasized even more the convenience of having the application, the possibility of contactless payments as well as BLIK transfers to a phone number, available both to adults and teenagers.

**Summer campaign** – "How much can you really afford?" asks Marcin Dorociński in the latest campaign. In the TV commercial, we show the joy that comes from supporting the talent and passion of the loved ones. The Santander mobile app makes it easier thanks to the option of viewing accounts from different banks on one platform.

Advertising activities in both campaigns include, among others TV and the Internet (including YT, VOD, content marketing and social media).



## Other campaigns

### Insurance

In Q1 2021, we launched a campaign to promote **new Locum insurance**, which can be adapted to personal needs: protect your house, apartment, garage and even windows add bikes. We communicated with our customers via the internet and branches. The face of the campaign was Marcin Dorociński.

### Business Account Worth Recommending with e-services

In March 2021, we launched a campaign for SME customers, promoting the **Business Account Worth Recommending complete with a package of e-services** for easy and convenient business management. The e-services can be used to issue invoices, collect payments or sign contracts online. Communication was run in branches, on the radio and the internet.

### Charity fundraiser "We will double your impact"

The fundraiser campaign **"We will double your impact"** to support the psychiatric ward of children and youth in Poland. The Santander Group donated PLN 1 million to start. Start on June 1 – video, social media, display, posters in branches, LCD, ATM.

Results

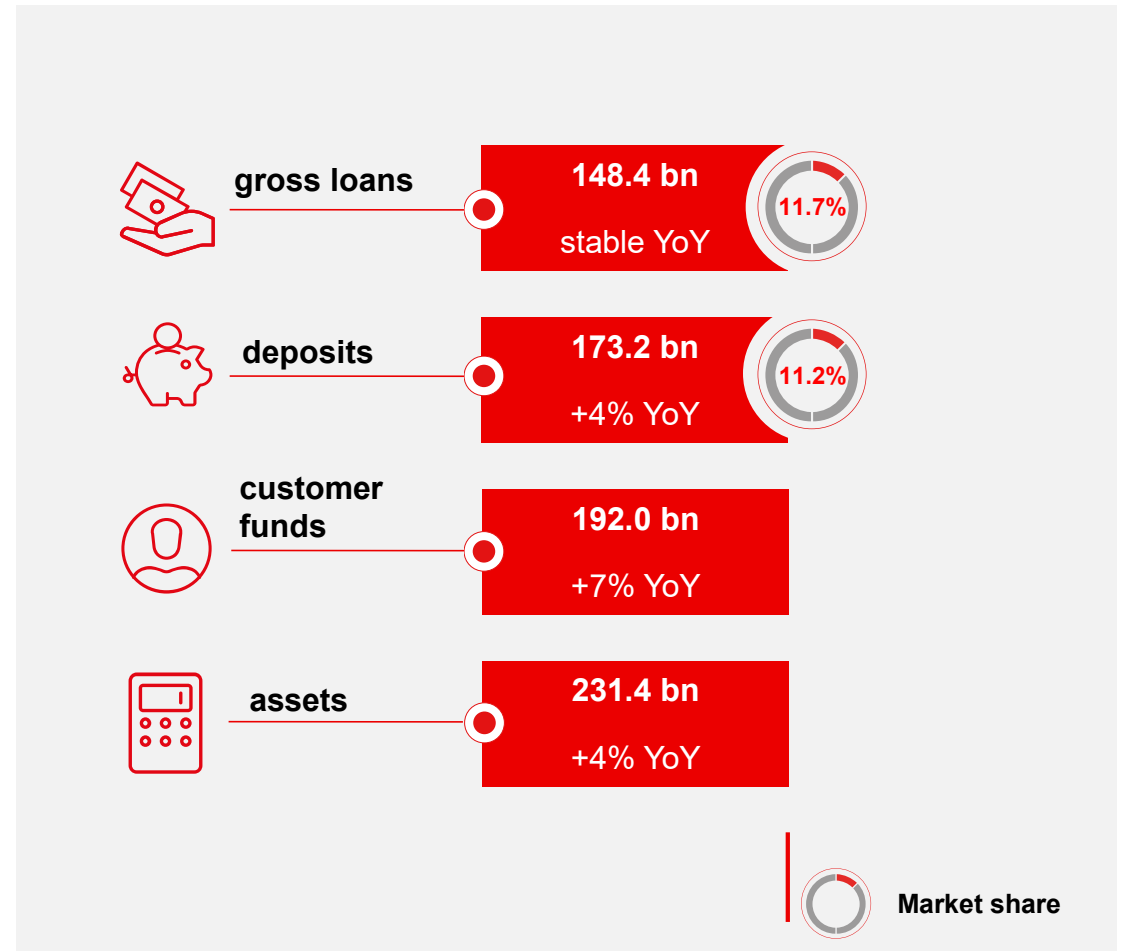
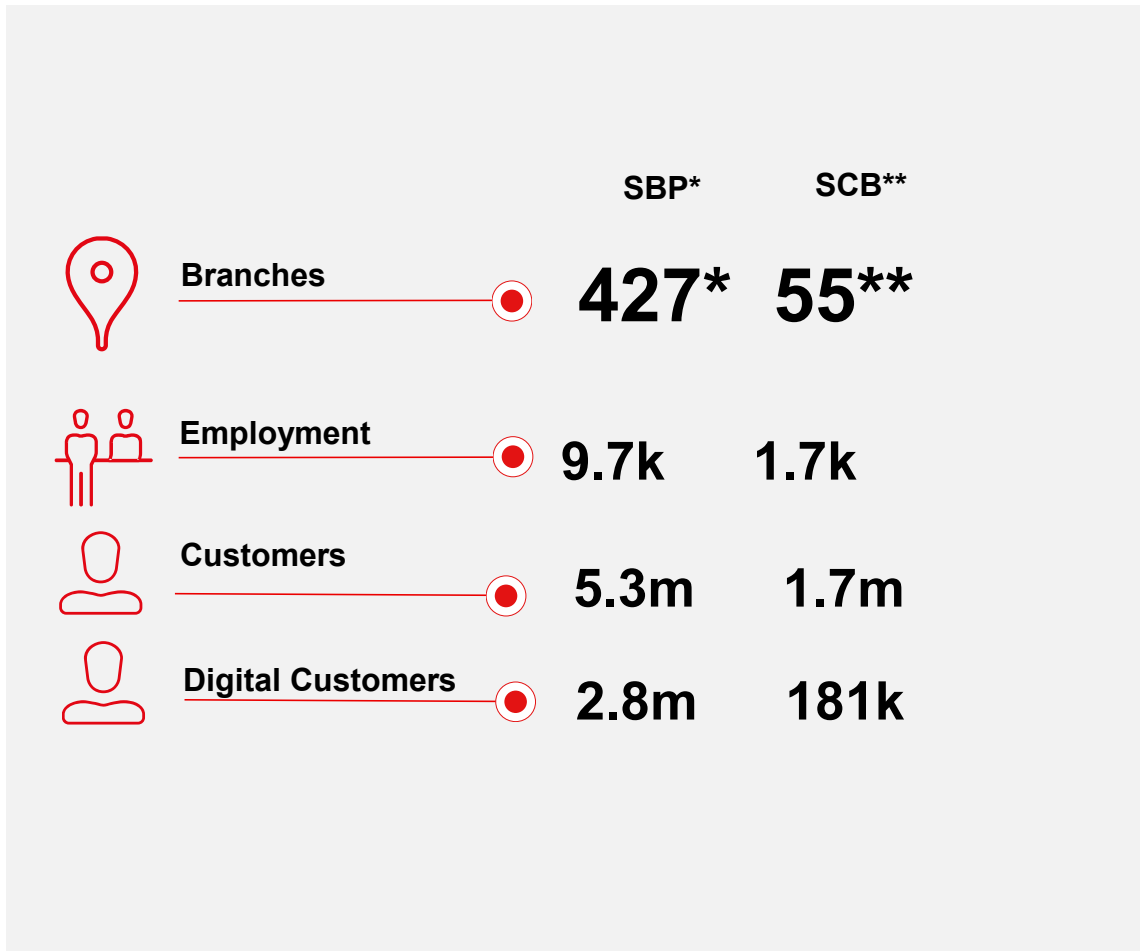
# Our business development

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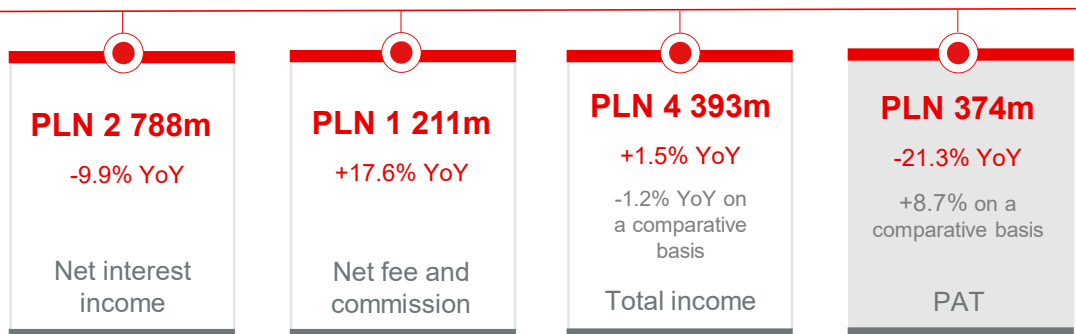
## General operational data

## Key volumes



## Key financial results for H1 2021

### Key results

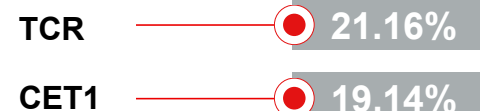


On a comparative basis for individual items, i.e. assuming a constant level of BFG fees and after excluding from H1 2021 profit: provisions for disputed liabilities and other assets (PLN 567 million), collective provision for legal risk (PLN 196 million), adjustments to interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 59 million), dividend income (PLN 103 million), release of management provisions on the expected credit losses resulting from COVID-19 (PLN 899 million), and from H1 2020 profit: provisions for disputed liabilities and other assets (PLN 68 million), collective provision for legal risk (PLN 110 million), adjustments to interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 93 million), dividend income (PLN 21 million) and management provisions on the expected credit losses resulting from the deteriorating economic outlook (PLN 151 million).

## Financial ratios For H1 2021

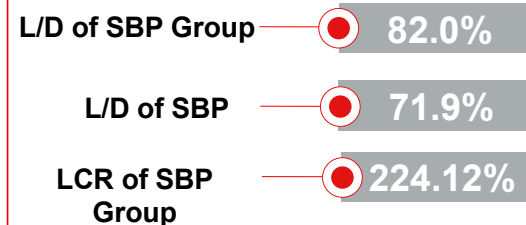
### Capital position

Strong capital position well above the KNF requirements

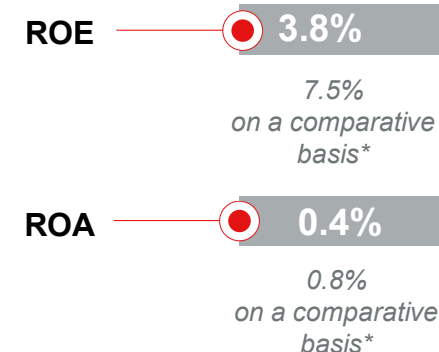


### Liquidity position

Safe liquidity position



### ROE, ROA



data as at 30 June 2021

Results for H1 2021

# Our customers

03

# Our customers in numbers\*

## Retail customers

4.8m customers — **+3% YoY**

2.5m digital customers — **+8% YoY**

1.9m mobile customers — **+18% YoY**

38.4m mobile banking transactions — **+48% YoY**



## SME customers

453k customers — **+9% YoY**

322k digital customers — **+8% YoY**

143k mobile customers — **+15% YoY**

3.2m mobile banking transactions — **+58% YoY**

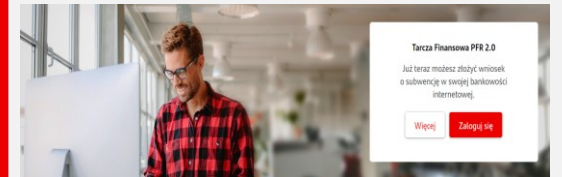


## Corporate customers

25.3k customers — **+3% YoY**

20.0k digital customers — **+1% YoY**

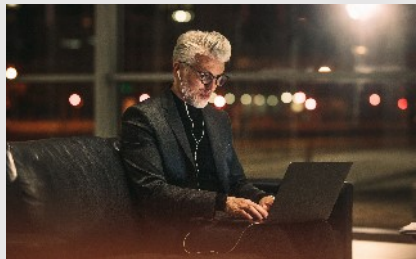
3.8k mobile customers — **+19% YoY**



## New products and services

### Retail customers

- We have implemented biometrics in the mobile authorisation.
- Life and health insurance is now available in the mobile app.
- We have extended the scope of Locum Comfort insurance to include, among other things, ground-mounted solar panels in addition to rooftop ones, fencing, gates and gate systems, garden lights as well as pets (accidents and theft).
- We have implemented the online video advisor service for Private Banking customers.



### SME customers

- We have launched a new identity check for customers opening business accounts – photo-based opening process.
- We have a new service in Mini Firma internet – eHealth (eZdrowie) and eLeasing.
- We have provided customers with a possibility to take out a business loan via a mobile app.
- All companies (irrespective of their legal form) are provided with a possibility to update their details via the Mini Firma internet banking mailbox.



### Corporate customers

- We are successfully building the role and position of Santander Bank on the public sector market, in Q2 we acquired 3 new local governments
- We have implemented an electronic banking hotline on Salesforce - all operational units handle non-credit orders in one tool.
- We have launched regular customer surveys with regard to the FCR (First Contact Resolution) and satisfaction with handling non-credit orders



## Education and support for customers

### Retail Customers

- As part of Santander Universidades, we have launched another edition of Language Scholarship with British Council. It offers 500 e-learning scholarships, LearnEnglishSelect, thanks to which you can develop your practical English language skills. Anybody above 18 years of age, regardless of their education, experience or professional status can apply.



### SME Customers

- We have organised “How to manage your business online” webinar on modern online business management.
- We continue our regular education campaigns about business products and services.



### BCB Customers



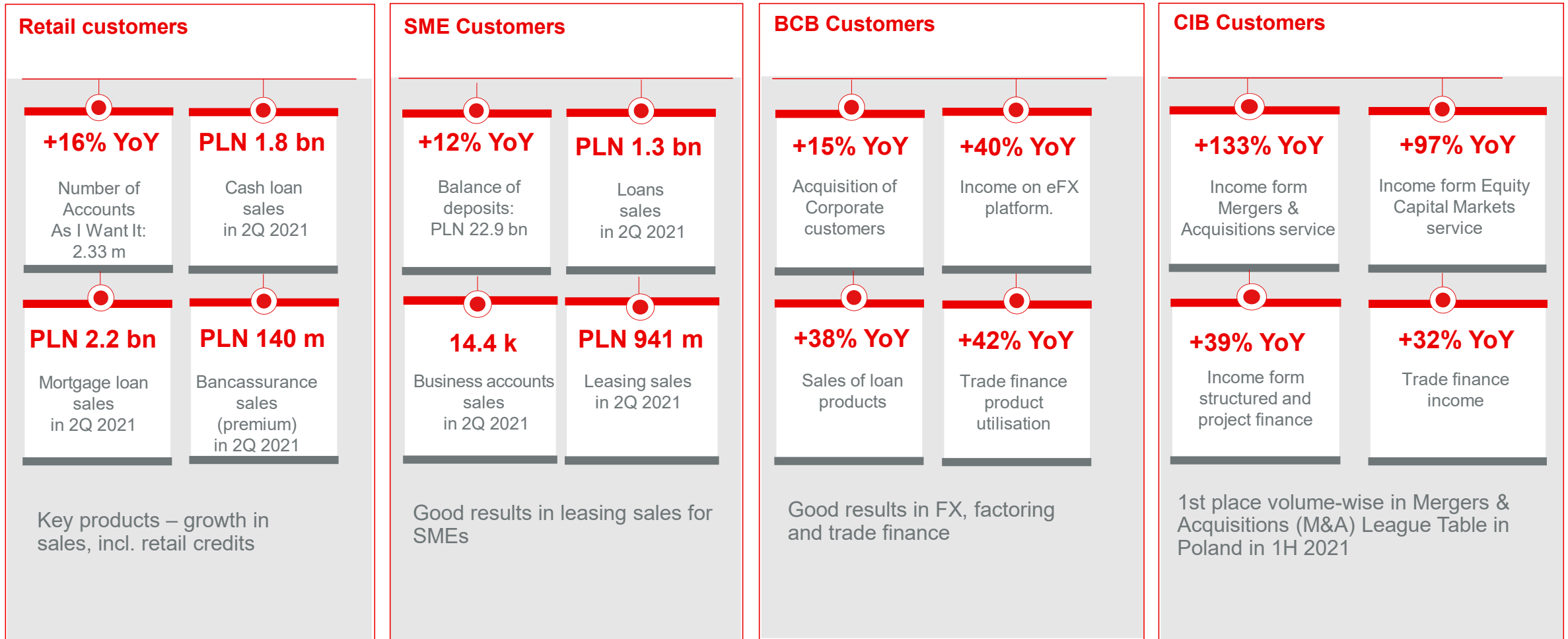
- We keep working on improving the customer experience. In the second quarter, this led to improvement of the NPS ratio.
- We organised webinars for clients operating on the furniture and cosmetics markets
- We have published a series of sector reports on various industries (including agro, e-commerce, automotive, cosmetics, bakery and furniture) and a customer opinion survey combined with a report (automotive) covering the latest information in the sectors

### CIB Customers

The Equity Research Team of Santander Brokerage Poland took the third position in the annual ranking of analysts of the Parkiet daily.

We issued more than 100 stock exchange recommendations in 1H 2021 and facilitate participation in conferences for institutional investors

## Selected business data



Results for H1 2021

# Our financial performance

04



# Gross loans

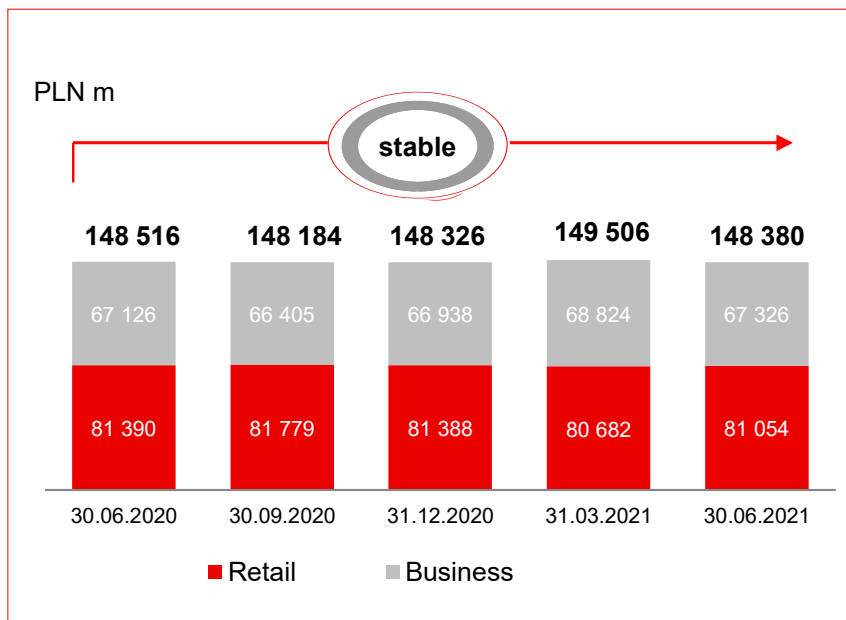
## Comment

### Santander Bank Polska S.A.

- The loan portfolio in H1 2021 was influenced by lower demand for loans and government assistance programs offered to business customers.
- Increase in sales of mortgage loans in 2Q 2021 by 76% vs. 2Q 2020 and cash loans by 44%. Sales in Q2 2021 vs. 1Q2021 increased by 56% for mortgage loans and by 15% for cash loans.
- CHF mortgage loans: -9% YoY (-10% YoY in PLN)
- Including leasing and factoring SME: +5% YoY and +4% QoQ and BCB loans: stable YoY and QoQ
- CIB loans (including leasing and factoring): +3% YoY and -6% QoQ.

### Santander Consumer Bank

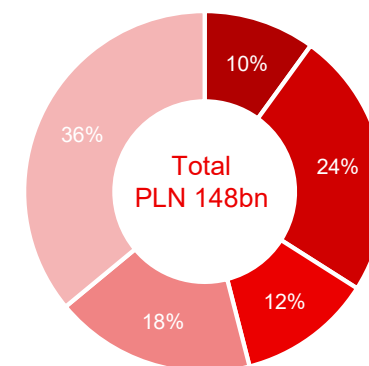
- SCB gross loans: PLN 17bn (-10% YoY)
- Mortgage portfolio: -11% YoY (CHF mortgage portfolio: -10% YoY)
- SCB loans (excluding mortgage loans): -7% YoY.



PLN m

	30/06/2021	30/06/2020	YoY (%)	QoQ (%)
<b>Retail customers</b>	<b>81 054</b>	<b>81 390</b>	<b>0%</b>	<b>0%</b>
Mortgage loans	52 975	52 340	1%	1%
Other – retail customers	28 079	29 050	-3%	0%
<b>Business loans</b>	<b>67 326</b>	<b>67 126</b>	<b>0%</b>	<b>-2%</b>
<b>Total gross loans</b>	<b>148 380</b>	<b>148 516</b>	<b>0%</b>	<b>-1%</b>

## Structure of loans\*



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

# Customer funds

## Comment

### Santander Bank Polska Group

- Increase in customer funds YoY was influenced by government assistance programs offered to customers.

### Deposits

- Increase in retail deposits by 4% YoY and stable QoQ
- Business deposits increased by 4% YoY and fell by -8% QoQ

### Investment funds

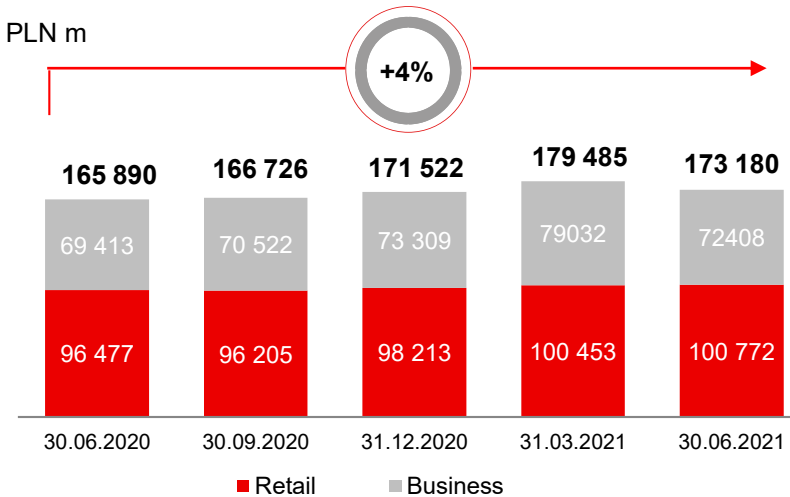
- Investment funds increased by 44% YoY (low base in 2020) and increased by 5% QoQ

### Santander Consumer Bank

- Deposits: PLN 8.7bn (-14% YoY)

## Deposits

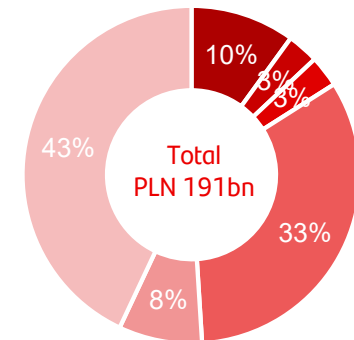
PLN m



PLN m

	30/06/2021	30/06/2020	YoY (%)	QoQ (%)
Current deposits	97 997	74 524	31%	-4%
Savings accounts	52 835	47 296	12%	0%
Term deposits	22 348	44 070	-49%	-10%
<b>Total deposits</b>	<b>173 180</b>	<b>165 890</b>	<b>4%</b>	<b>-4%</b>
Investment funds	18 850	13 065	44%	5%
<b>Total customer funds</b>	<b>192 030</b>	<b>178 954</b>	<b>7%</b>	<b>-3%</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

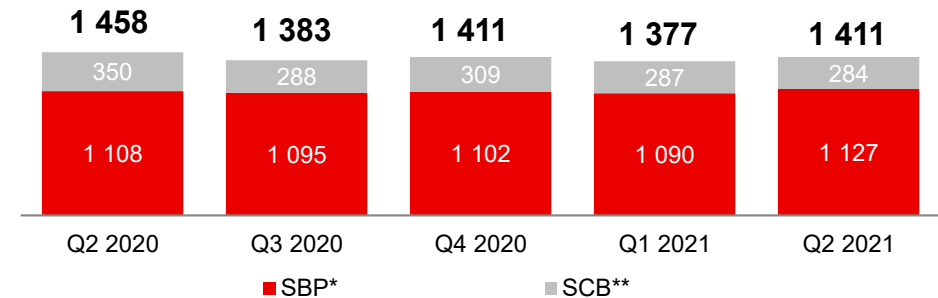
- In Q1 2021, net interest income fell by 9.9% YoY and increased by 2.5% QoQ in Q2.
- Net interest margin for Q2 2021 (annualised on a quarterly basis) totalled 2.59% and increased by 3bp QoQ.
- The decline in net interest income YoY and net interest margins is attributable to interest rate cuts, costs of partial reimbursement of fees on early repaid consumer loans (CJEU) and the effects of the COVID-19 pandemic (impact on lending activity).
- Quarterly dynamics of interest income was +1.3% Q2 2021, while interest costs decreased by 12.6%. During the year, the dynamics were -21% and -70%, respectively.

## Net interest income of SCB Group\*\*

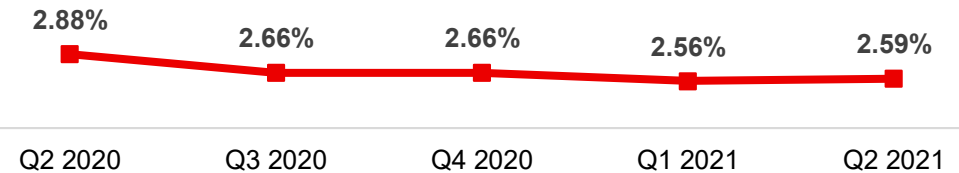
PLN 571m (H1 2021)  
PLN 708m (H1 2020)

## Net interest income

PLN m



## Net interest margin



# Net fee and commission income

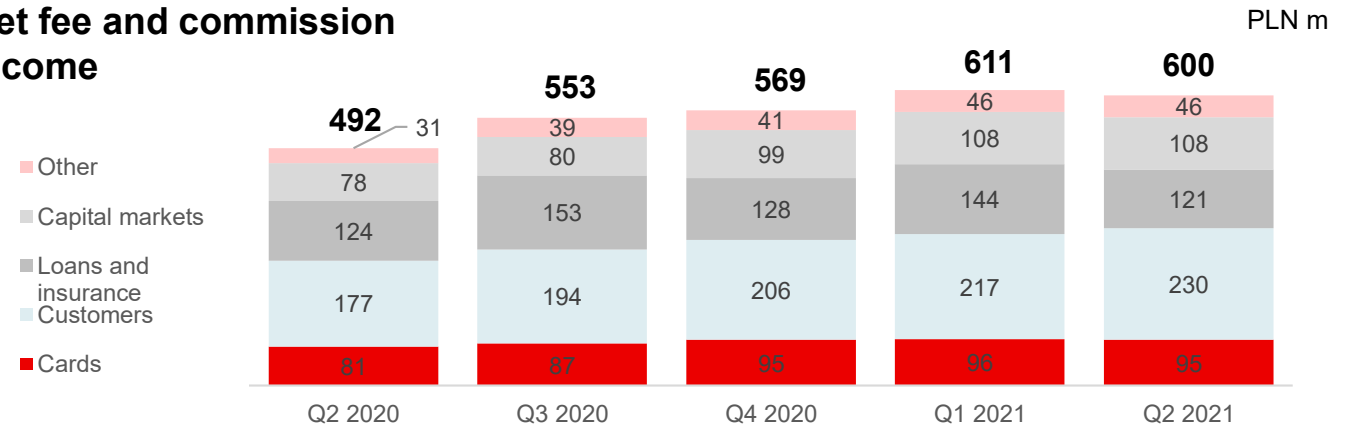
## Comment

- Net commission income +17.6% YoY and -1.8% QoQ
- Good results in card commissions (+30% YoY) and Credit commissions (+15% YoY). Brokerage commissions (+24% YoY) and asset management fees (+13% YoY).
- Higher commission income from the account and cash turnover services (+25% YoY) results from the increase in the number of Accounts As I Want It and the introduction of a fee conditional on the account activity.
- SCB - stable net commission income YoY.

Net fee and commission income of SCB Group\*

PLN 68m (H1 2021)  
PLN 68m (H1 2020)

## Net fee and commission income



## Net fee and commission income

	H1 2021	H1 2020	YoY (%)	QoQ (%)
PLN m				
Cards	191	163	18%	-2%
Transactional	447	378	18%	6%
Loans + insurance	265	244	9%	-16%
Capital markets*	216	176	23%	0%
Other	92	70	32%	1%
<b>Total</b>	<b>1 211</b>	<b>1 030</b>	<b>18%</b>	<b>-2%</b>

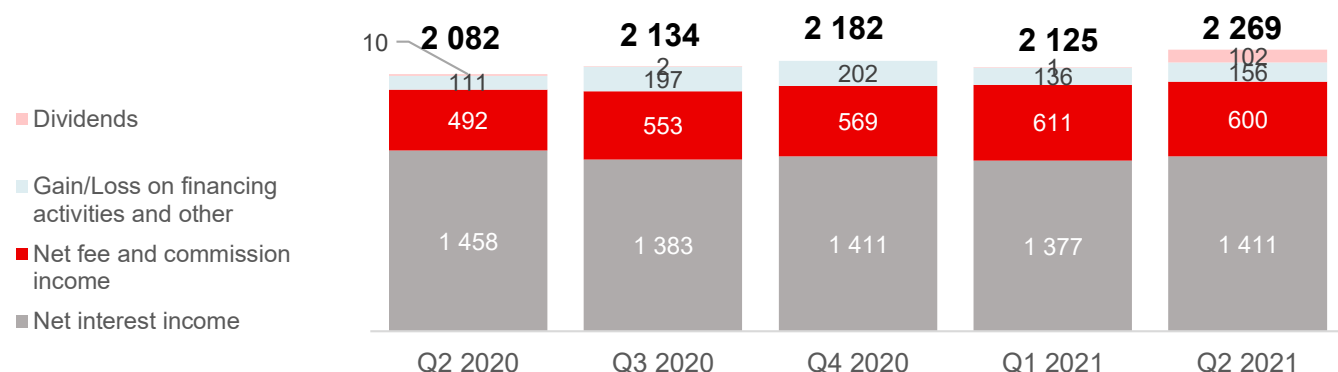
# Income

## Comment

- The Group's total income in the first half of 2021 amounted to PLN 4,393 million and by increased by 1.5% compared to the first half of 2020 and +6.8% QoQ.
- Higher non-interest and non-commission income in H1 2021 compared to H1 2020, influenced by an increase in the trading result and revaluation - resulting from the situation on financial markets.
- In H1 2021 group booked dividend income of PLN 103 million vs. PLN 21 million in 2020.
- Profit on the sale of treasury bonds in the first half of 2021 - PLN 38m (of which PLN 10m in Q2 2021) compared to PLN 60m in H1 2020 (PLN 8m in Q2).
- Change in the fair value of VISA Inc. shares in the amount of PLN 12m in H1 2021 (-7m in Q1 2021 and 19m in Q2 2021) recognized in the result on other financial instruments. Impact of the sale of Visa Inc. shares series A in Q2 2021 amounted to PLN 8 million.

## Income

PLN m



PLN m	H1 2021	H1 2020	YoY (%)	QoQ (%)
Net interest income	2 788	3 095	-10%	2%
Net fee and commission income	1 211	1 030	18%	-2%
<b>Total</b>	<b>3 999</b>	<b>4 125</b>	<b>-3%</b>	<b>1%</b>
Gains/ losses on financing activities	193	118	63%	-3%
Dividends	103	21	397%	-
Other operating income	98	67	47%	59%
<b>Total income</b>	<b>4 393</b>	<b>4 330</b>	<b>1,5%</b>	<b>6,8%</b>
One-off items in net interest income	59	93		
Dividends	103	21		
<b>Total income excluding one-off items</b>	<b>4 349</b>	<b>4 402</b>	<b>-1.2%</b>	

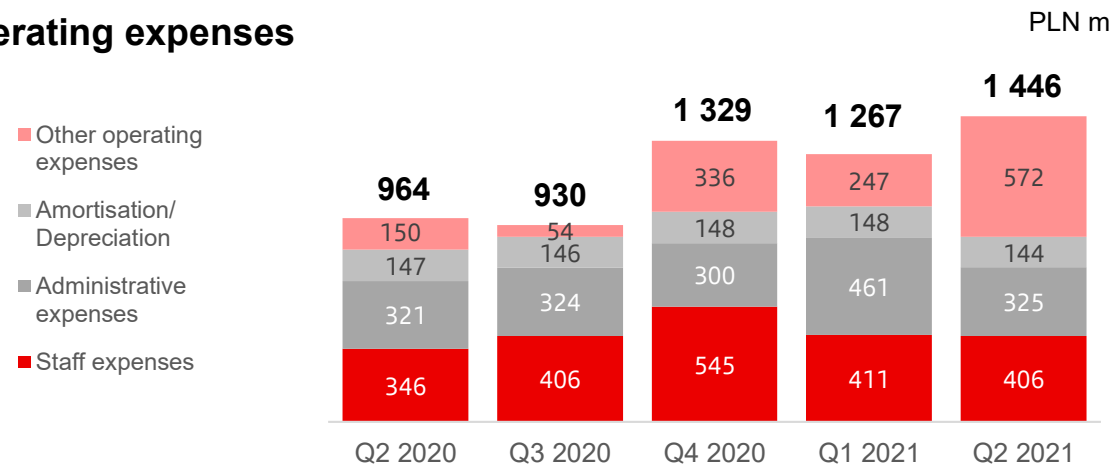
\* On a comparative basis for individual items, i.e. excluding from H1 2021: adjustments to interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 59 million) dividend income (PLN 103 million), and from H1 2020: adjustments to interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 93 million), dividend income (PLN 21 million).

## Operating expenses

### Comment

- Total costs in H1 2021 under the influence of regulatory costs which amounted to PLN 225 million (PLN 339 million in H1 2020) and the creation of provisions for legal risk related to the FX mortgage loan portfolio in the amount of PLN 713 million disclosed under other operating costs (SPL: PLN 578m and SCB PLN 134m).
  - Excluding regulatory costs, a 2% YoY decrease in administrative costs - the most significant declines under the lines: maintenance of buildings and costs of external services.
  - Employee costs higher by 3.7% YoY due to the release of the bonus provision in Q2 2020. Decrease in Staff costs lower by 2.4% in comparison to the previous quarter (excluding the restructuring provision) due to optimisation of employment.
  - In SCB, operating costs -17% QoQ. and -14% YoY. Staff costs -10% YoY, administrative costs -16% YoY.
- 
- Group C/I ratio at 61.7% in H1 2021 compared to 51.5% in H1 2020. The comparable C/I ratio was 47.6% in H1 2021 compared to 46.6% in H1 2020.

### Operating expenses

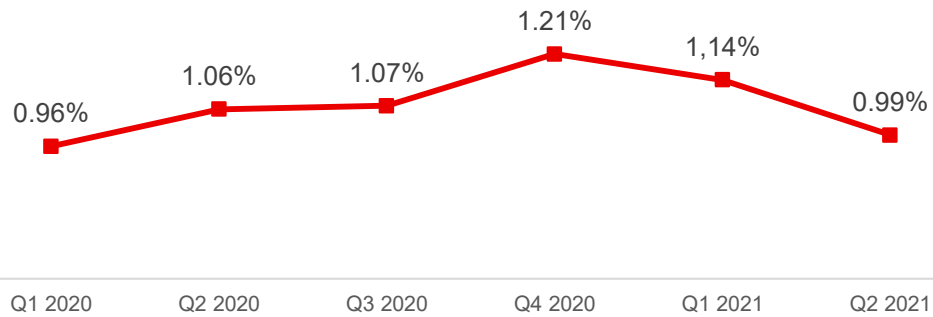


PLN m	H1 2021	H1 2020	YoY (%)	QoQ (%)
Administrative and staff expenses	(1 603)	(1 689)	-5%	-16%
<i>Staff expenses</i>	(816)	(794)	3%	-1%
<i>Administrative expenses</i>	(787)	(895)	-12%	-29%
Amortisation/depreciation + other	(1 110)	(540)	105%	81%
<b>Total costs</b>	<b>(2 713)</b>	<b>(2 229)</b>	<b>22%</b>	<b>14%</b>
One-off items	(642)	(178)		
<b>Underlying total costs*</b>	<b>(2 071)</b>	<b>(2 051)</b>	<b>1%</b>	

On a comparative basis for individual items, i.e. assuming a constant level of BFG fees and after excluding from H1 2021: provisions for disputed liabilities and other assets (PLN 567 million), collective provision for legal risk (PLN 196 million), and from H1 2020: provisions for disputed liabilities and other assets (PLN 68 million), collective provision for legal risk (PLN 110 million).

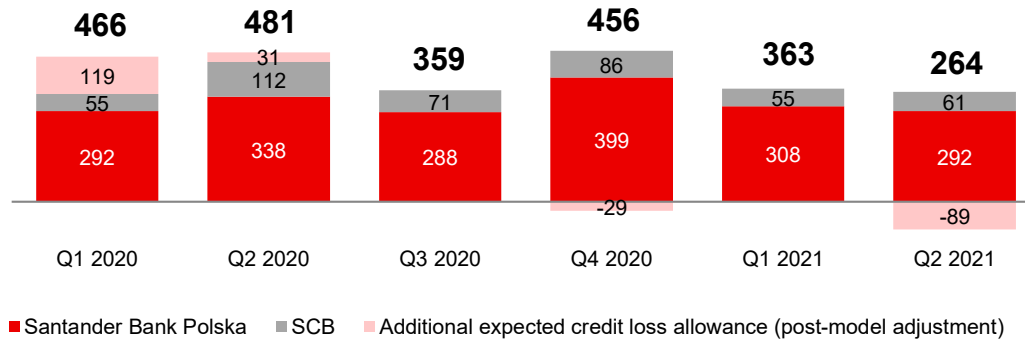
## Provisions and credit portfolio quality

### Cost of credit

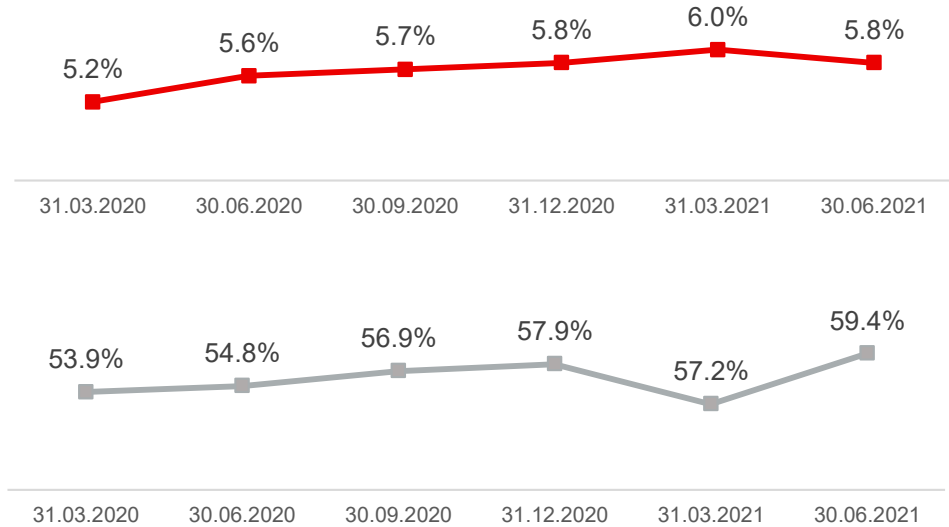


### Balance of provisions

PLN m



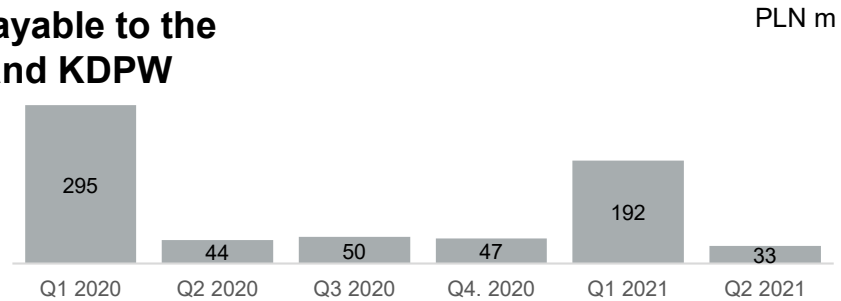
### NPL and NPL coverage ratio\*



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

## Banking tax and regulatory costs

### Amounts payable to the BFG, KNF and KDPW



#### Resolution fund\*:

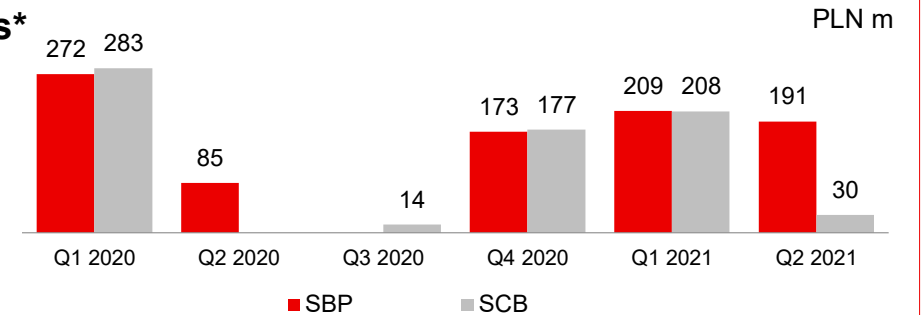
- 2020: SBP PLN 227m SCB PLN 21m
- 2021: SBP PLN 135m SCB PLN 19m

### Banking tax

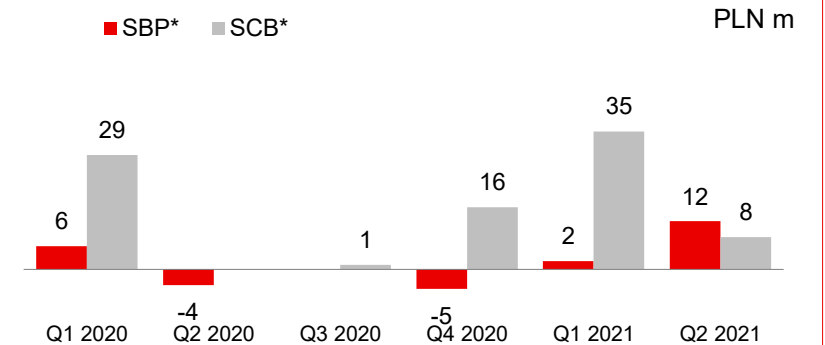
Pursuant to the Act of 1 February 2016 on tax imposed on certain financial institutions, bank assets are subject to a tax of 0.0366% per month. In H1 2021, the total tax charged to Santander Bank Polska S.A. and SCB S.A. in this respect was PLN 300m (PLN 284m and PLN 16m, respectively).

## NPL sales

### NPL sales\*



### Impact of NPL sales on PBT\*



**SBP H1 2021:** NPL sales: PLN 400m, impact on PBT PLN 14.5m  
**SCB H1 2021:** NPL sales: PLN 238m, impact on PBT PLN 42.2m



## Results for H1 2021

### Comment

- Decline in net interest income YoY due to interest rate cuts and the COVID-19 pandemic. Increase of NII by 2.5% QoQ.
- Solid net commission income +17.6% YoY.
- Costs influenced by provisions for legal risk and by regulatory factors (BFG).
- Further emphasis on cost-effectiveness and synergies.
- Profit lower by 21% YoY, on a comparative basis+9% YoY.
- Effective tax rate influenced by regulatory costs and legal risk provisions

### Results for H1 2021 impacted by regulatory payments and extraordinary factors

PLN m	H1 2021	H1 2020	% YoY	On a comparative basis*
Net interest and fee income	3 999	4 125	-3%	-4%
Gross income	4 393	4 330	1%	-1%
Operating expenses	-2 713	-2 229	22%	1%
Credit impairment allowances	-627	-947	-34%	-10%
Tax on financial institutions	-301	-301	0%	0%
<b>PBT</b>	<b>792</b>	<b>890</b>	<b>-11%</b>	<b>1%</b>
Income tax	-354	-310	14%	14%
<b>Profit attributable to shareholders of Santander Bank Polska S.A.</b>	<b>374</b>	<b>476</b>	<b>-21%</b>	<b>9%</b>
Effective tax rate	44.7%	34.8%		

On a comparative basis for individual items, i.e. assuming a constant level of BFG fees and after excluding from H1 2021 profit: provisions for disputed liabilities and other assets (PLN 567 million), collective provision for legal risk (PLN 196 million), adjustments to interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 59 million) dividend income (PLN 103 million), release of management provisions on the expected credit losses resulting from COVID-19 (PLN 899 million), and from H1 2020 profit: provisions for disputed liabilities and other assets (PLN 68 million), collective provision for legal risk (PLN 110 million), adjustments to interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 93 million), dividend income (PLN 21 million) and management provisions on the expected credit losses resulting from the deteriorating economic outlook (PLN 151 million).

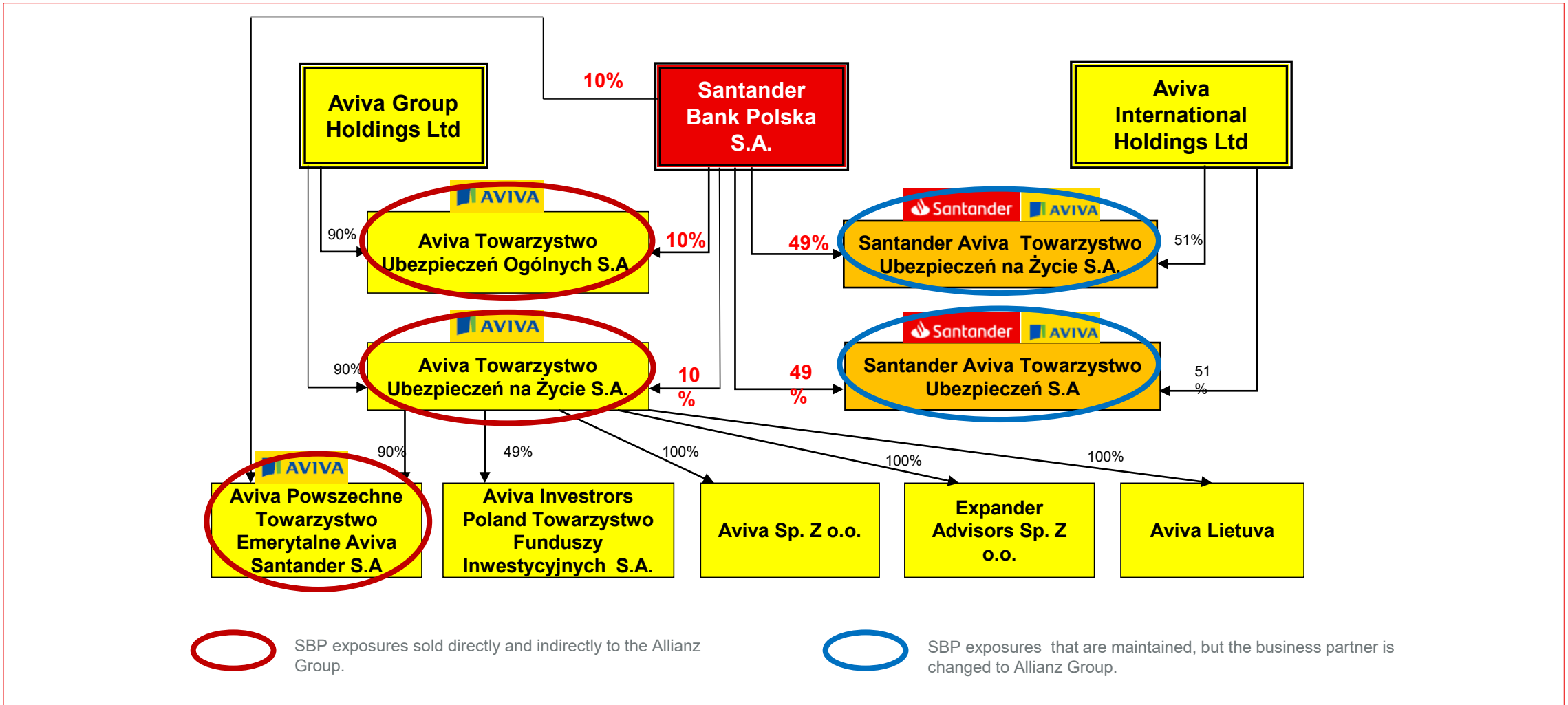
Attachments

05

## SBP and Aviva transaction

- On 26 March 2021:
  1. the Bank executed a share sale agreement relating to: **4,125 shares in AVIVA Towarzystwo Ubezpieczeń na Życie S.A.**, representing ca. 10% of the share capital of this company; and **2,968 shares in AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A.**, representing ca. 10% of the share capital of this company; the purchaser is ALLIANZ HOLDING EINS GMBH ("Allianz"); the total **sale price is EUR 243,000,000** (whereby the sale price may be subject to adjustments as set out in the share sale agreement);
  2. the Bank undertook to execute a share sale agreement relating to **1,370 shares in AVIVA Powszechne Towarzystwo Emerytalne Aviva Santander S.A.**, representing ca. 10% of the share capital of this company; the purchaser is AVIVA Towarzystwo Ubezpieczeń na Życie S.A.; the **sale price is EUR 14,000,000** (whereby the sale price may be subject to adjustments as set out in the share sale agreement); and
  3. the Bank undertook to execute with Aviva International Holdings Limited, Aviva International Insurance Limited, **Santander Aviva Towarzystwo Ubezpieczeń na Życie S.A. and Santander Aviva Towarzystwo Ubezpieczeń S.A.** a termination agreement effective as at the completion of the aforementioned transactions in relation to the agreements concerning the cooperation of the Bank and Aviva International Holdings Limited in Santander Aviva Towarzystwo Ubezpieczeń na Życie S.A. and Santander Aviva Towarzystwo Ubezpieczeń S.A. (including the shareholders agreements relating to Santander Aviva Towarzystwo Ubezpieczeń na Życie S.A. and Santander Aviva Towarzystwo Ubezpieczeń S.A.).
- One of the elements of the Transaction will be the execution of new shareholder agreements with **Allianz, which will be the new partner for the Bank in Santander Aviva Towarzystwo Ubezpieczeń na Życie S.A. and Santander Aviva Towarzystwo Ubezpieczeń S.A.**, where Allianz will hold approximately 51% of the shares in their respective share capitals as a result of the Transaction, as well as new bancassurance agreements with Santander Aviva Towarzystwo Ubezpieczeń na Życie S.A. and Santander Aviva Towarzystwo Ubezpieczeń S.A.
- Furthermore, the Bank is entitled to an **additional payment of EUR 10m** after closing the transaction.
- The Bank further announces that the completion of the transaction is dependent on the receipt of all the regulatory approvals required by law, including the required decisions of the Polish Financial Supervision Authority and the European Commission, and the satisfaction of the other conditions specified in the Transaction documentation. It is assumed that the transaction will be completed within 12 months.
- Pursuant to the share purchase agreement, PLN 89m worth of dividends paid to the bank by Aviva Towarzystwo Ubezpieczeń na Życie S.A. and Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. in June 2021 will be deducted from the amount to be paid to the bank by Allianz at the time of closing the transaction.

# SBP and Aviva transaction: structure of capital ties between SBP and Aviva



## Our response to COVID-19

### 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; to business customers, we offer 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; in the case of large companies: extension of overdrafts with no additional fees and charges as part of a fast-track procedure.

### The assistance tools provided by the Group as part of initiatives aimed at mitigating the negative effects of the COVID-19 pandemic

The range of tools included:

- debt moratoria resulting from the banks' position regarding the unification of the rules for offering aid tools to customers of the banking sector i.e. non-legislative moratorium within the meaning of the guidelines of the European Banking Authority (EBA),
- Anti-Crisis Shield 4.0,
- financing to stabilize the liquidity situation, under which BGK collaterals were used

Type of assistance tool	Number of customers with granted assistance tools	Gross carrying amount of granted assistance tools PLNk
Non-legislative moratoria	150 128	18 350 146
Legislative moratoria	3 659	319 273
<b>Total moratoria</b>	<b>153 787</b>	<b>18 669 419</b>
Liquidity BGK	18 551	4 930 584
<b>All assistance tools</b>	<b>172 338</b>	<b>23 600 003</b>

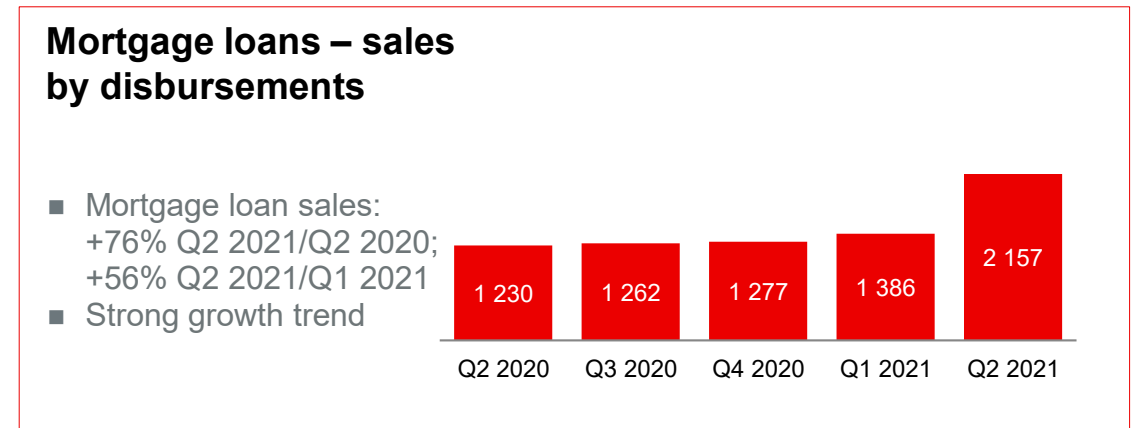
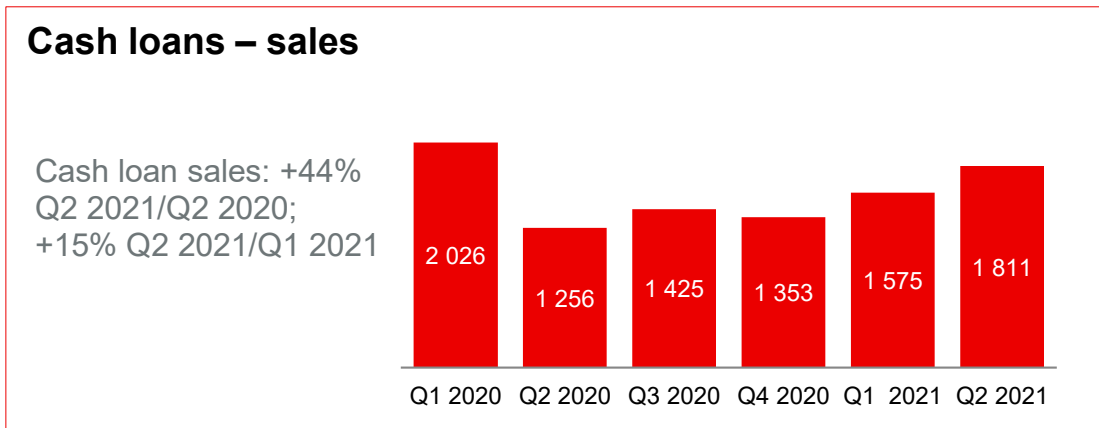
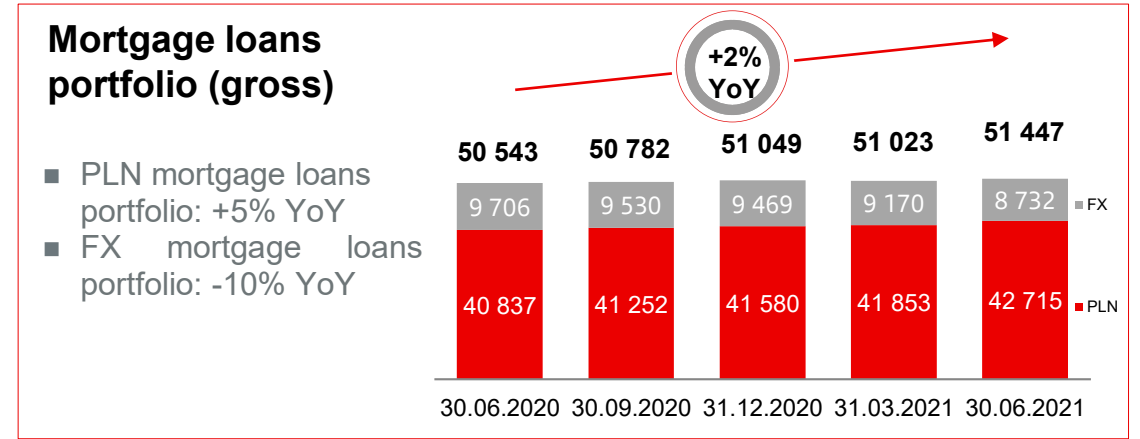
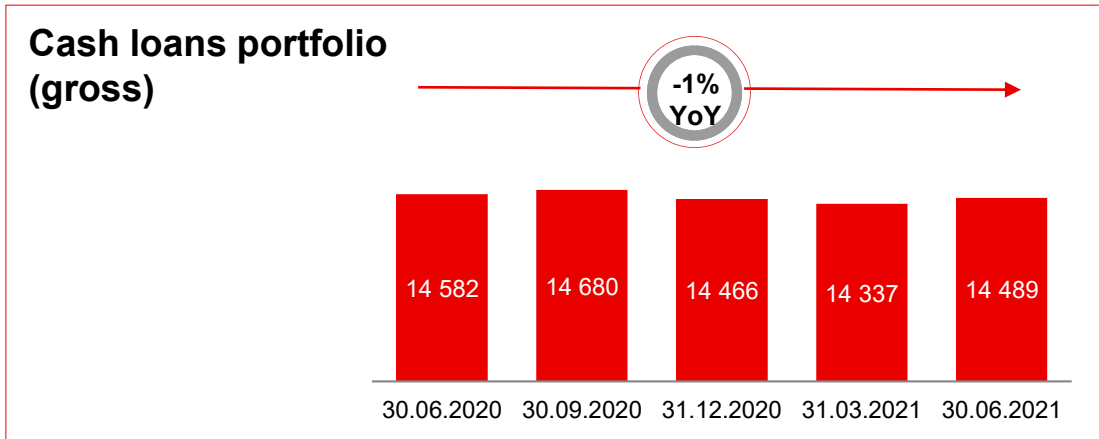
# Assistance tools for individual customers and companies during the COVID-19 pandemic - moratoria (in PLN thousand)

## Gross carrying amount

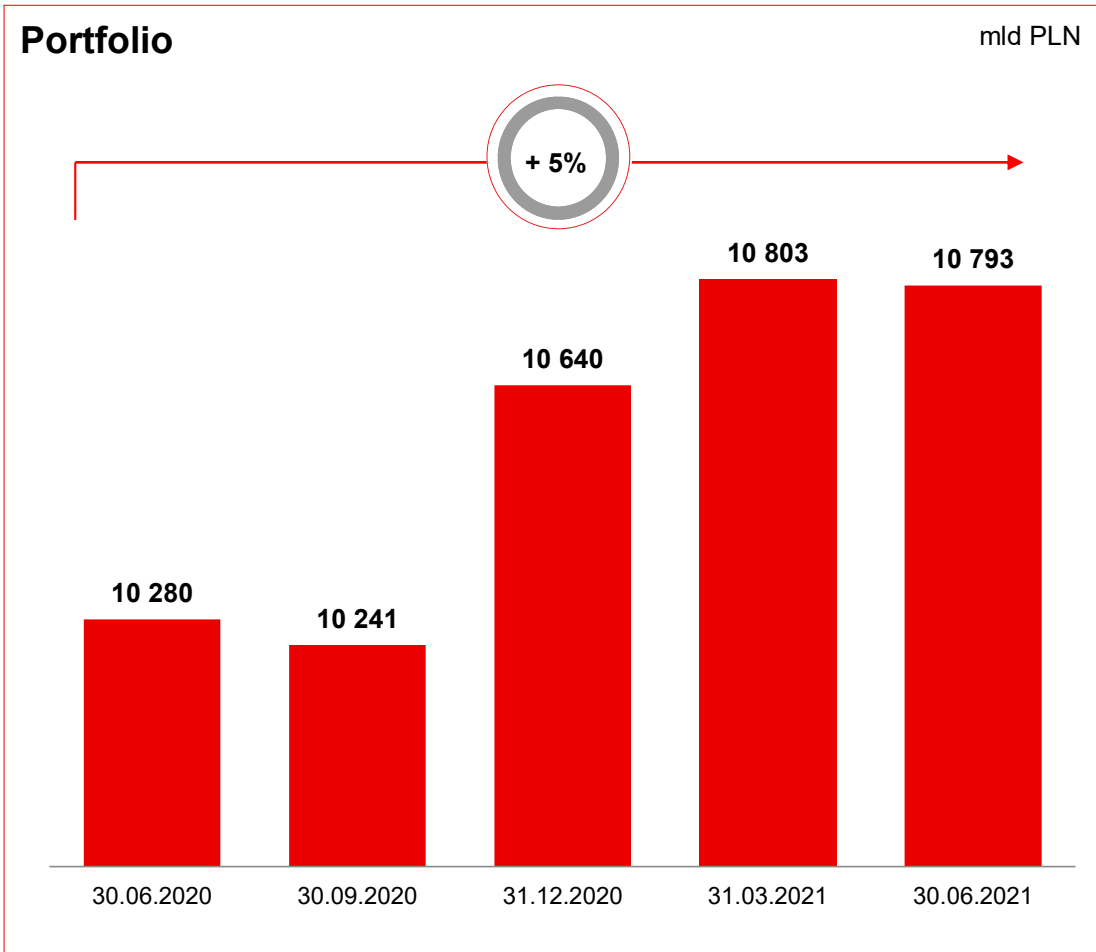
	Granted	Expired	Active	Performing		Non performing			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit impaired (Stage 2)	Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		
<b>Loans and advances subject to moratorium</b>	<b>18 669 856</b>	<b>17 969 823</b>	<b>700 033</b>	<b>17 504 562</b>	<b>1 005 861</b>	<b>2 736 091</b>	<b>1 165 293</b>	<b>583 419</b>	<b>741 875</b>
<b>Of which: Households</b>	<b>7 844 291</b>	<b>7 725 823</b>	<b>118 469</b>	<b>7 053 814</b>	<b>137 617</b>	<b>640 378</b>	<b>790 477</b>	<b>437 808</b>	<b>531 514</b>
Collateralised by residential immovable property	5 600 644	5 522 552	78 092	5 254 189	91 374	378 319	346 455	274 936	313 259
Consumer loans	2 243 647	2 203 271	40 376	1 799 625	46 243	262 059	444 022	162 872	218 255
<b>of which: Non- financial corporations</b>	<b>10 825 565</b>	<b>10 244 001</b>	<b>581 564</b>	<b>10 450 749</b>	<b>868 244</b>	<b>2 095 713</b>	<b>374 816</b>	<b>145 611</b>	<b>210 361</b>
SME loans	2 619 978	2 582 198	37 780	2 388 362	118 576	367 254	231 616	79 165	115 358
Corpotare loans	8 205 586	7 661 803	543 784	8 062 386	749 668	1 728 459	143 200	66 446	95 003

# Retail Banking - growth in lending activity

PLN m



# Santander Leasing



**Market share**

- Leasing portfolio at PLN 10.79bn, +5% YoY,
- Net sales value 3.34bn, +47% YoY,
- 14% YoY growth in income
- Excellent C/I at 30.3%

\* Data as of 30/05/2021r.

For the second year in a row, Santander Leasing has received the honourable title of Trustworthy Brand 2021 in the leasing category. Based on votes of the owners and managers of small and medium-sized enterprises, the company outperformed its competitors, collecting 4 times more votes than other leasing providers. Over 1,200 entrepreneurs took part in the survey and spontaneously indicated the most appreciated brands in 25 categories in open questions.

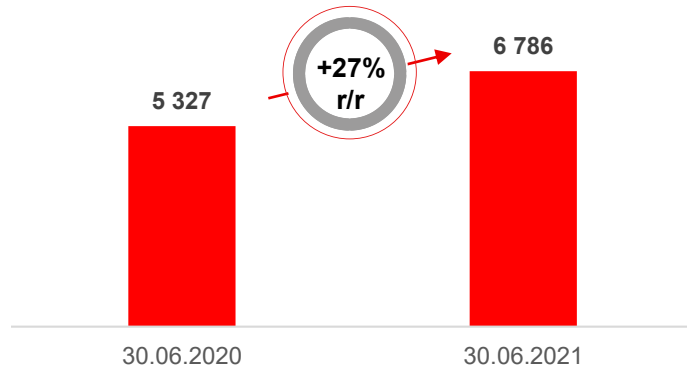




# Santander Factoring

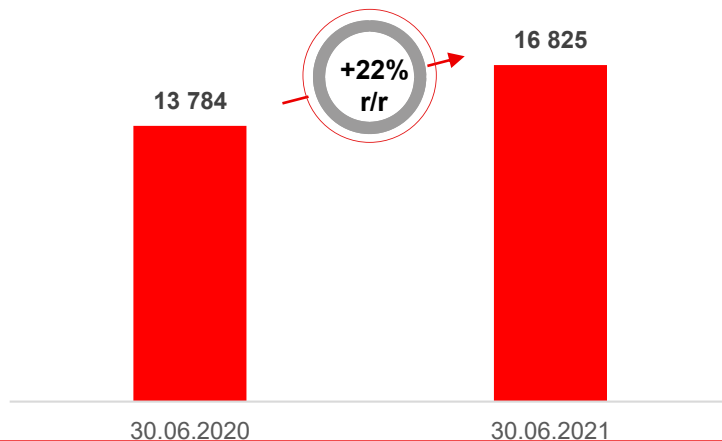
## Portfolio

PLN m

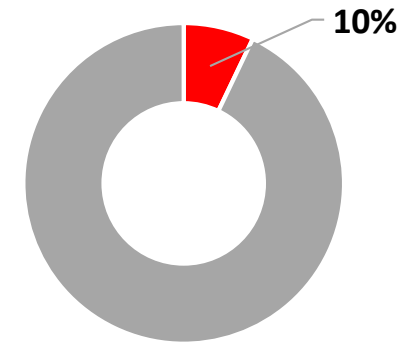


## Turnover

PLN m

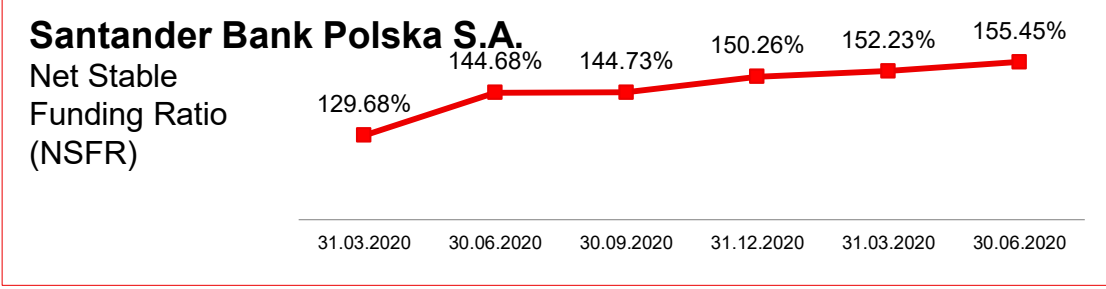
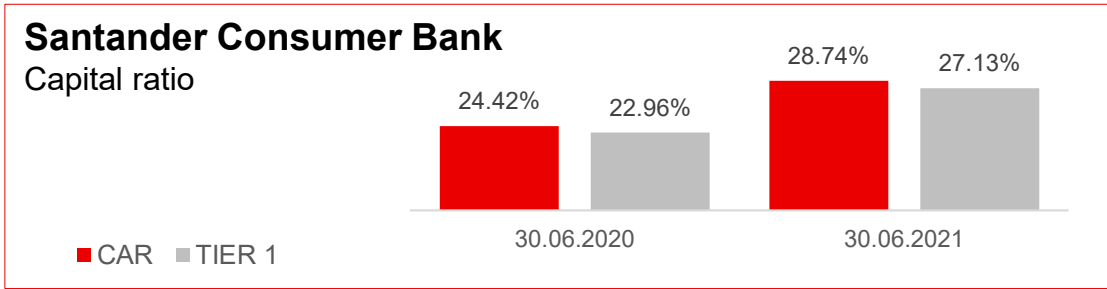
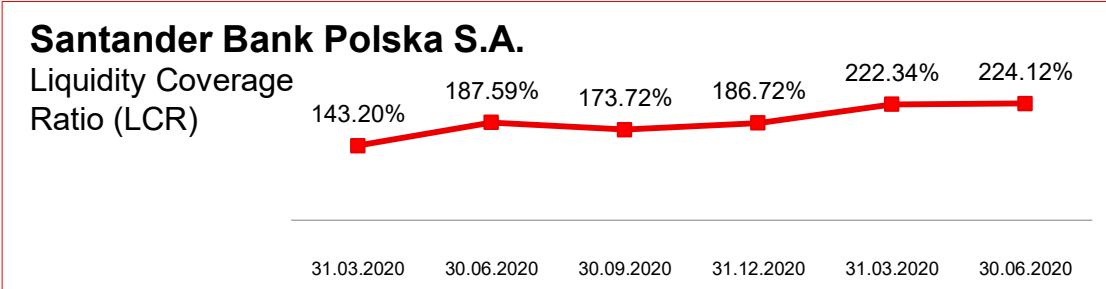
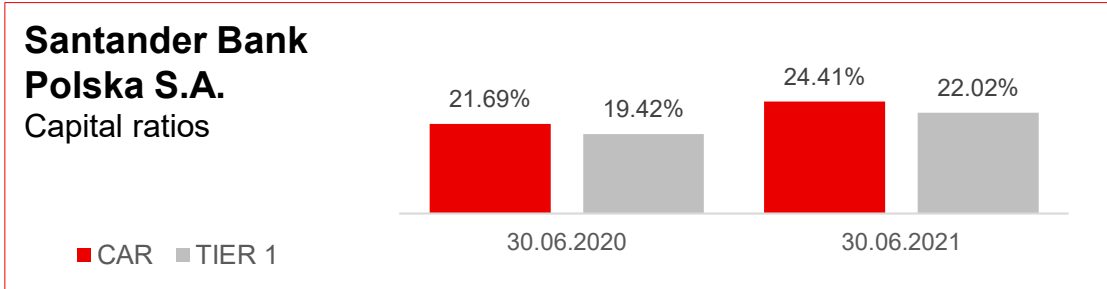
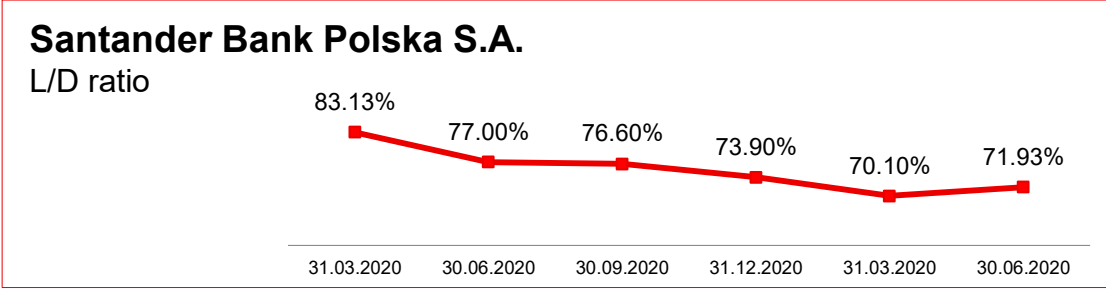
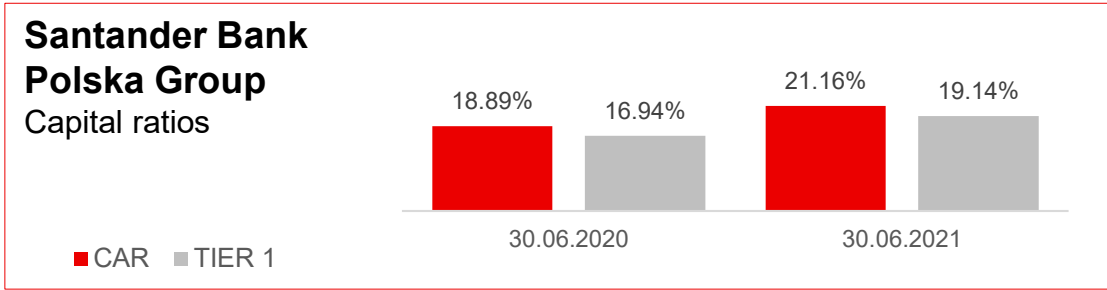


## Market Share



- In Q2 2021, Santander Factoring maintained its first position on the market in terms of the balance sheet, reporting 27% YoY growth in balances and increase in a respective market share to 18.6%.
- Santander Factoring also maintains its first position in payables financing (31% YoY growth and 25% market share).
- After two quarters of 2021, the Polish factoring market recorded a 24% increase YoY.
- Santander Factoring continues its cooperation with BGK and is a leader in terms of the value of guarantees granted to businesses from the Liquidity Guarantee Fund.

# Capital and liquidity position



## Key financial ratios

### 1H 2021 - Santander Bank Polska Group

Selected financial ratios of Santander Bank Polska Group	1H 2021	1H 2020
Cost/ income	61.7%	51.5%
Net interest income/ total income	63.5%	71.5%
Net interest margin <sup>1)</sup>	2.59%	3.09%
Net fee and commission income/ total income	27.6%	23.8%
Net loans and advances to customers/ deposits from customers	82.0%	86.0%
NPL ratio <sup>2)</sup>	5.8%	5.6%
NPL provision coverage ratio <sup>3)</sup>	59.4%	54.8%
Costs of credit <sup>4)</sup>	0.99%	1.06%
ROE <sup>5)</sup>	3.8%	7.1%
ROTE <sup>6)</sup>	4.6%	8.6%
ROA <sup>7)</sup>	0.4%	0.8%
Total capital ratio <sup>8)</sup>	21.16%	18.89%
Tier 1 capital ratio <sup>9)</sup>	19.14%	16.94%
Book value per share (PLN)	283.13	273.17
Earnings per ordinary share (PLN) <sup>10)</sup>	3.66	4.66

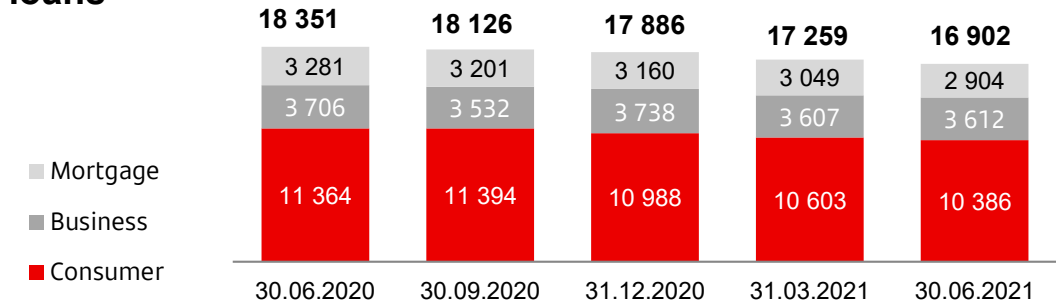
## Key financial ratios - comment

### 1Q 2021 - Santander Bank Polska Group

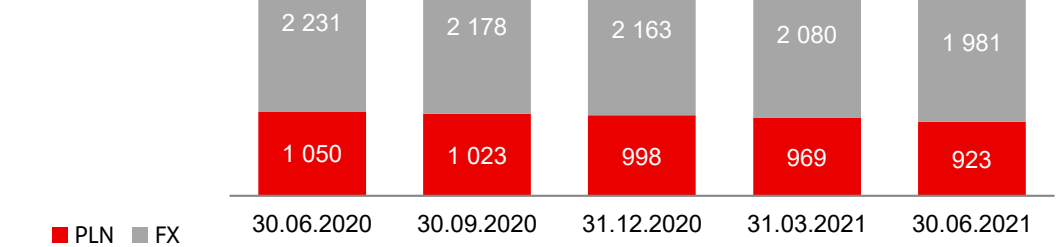
- 1) *Net interest income annualised on a year-to-date basis (excluding interest income from the portfolio of debt securities held for trading and other exposures related to trading) to average net earning assets as at the end of consecutive quarters after the end of the year preceding a given accounting 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 POCI exposures and measured at amortised cost to gross value of such loans and advances at the end of the reporting period.*
- 4) *Net expected credit loss allowance (for four consecutive quarters) to average gross loans and advances to customers measured at amortised cost (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), net of non-controlling interests, current period profit and the undistributed portion of the profit.*
- 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).*
- 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 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.*

# Santander Consumer Bank Group Loans

## Gross loans



## Gross mortgage loans



PLN m

	30/06/2021	30/06/2020	YoY (%)	QoQ (%)
<b>Retail customers</b>	<b>13 290</b>	<b>14 645</b>	<b>-9%</b>	<b>-3%</b>
Mortgage loans	2 904	3 281	-11%	-5%
Consumer finance	10 386	11 364	-9%	-2%
<b>SME/ Leasing</b>	<b>3 612</b>	<b>3 706</b>	<b>-2%</b>	<b>0%</b>
<b>Total gross loans</b>	<b>13 290</b>	<b>14 645</b>	<b>-9%</b>	<b>-3%</b>

- Total loans: -8% YoY:
- Mortgage loans: -11% YoY
- CHF mortgage loans: -10% YoY (approx. – CHF 53m)
- Consumer finance: -9% YoY
- Business loans: -2% YoY

# Santander Consumer Bank Group

## Key financial results for 1H 2021

PLN m	1H 2021	1H 2020
<b>Assets</b>	<b>19 295</b>	<b>21 177</b>
<b>Net loans</b>	<b>14 986</b>	<b>16 329</b>
<b>Deposits</b>	<b>8 656</b>	<b>10 098</b>
<b>Total equity</b>	<b>3 815</b>	<b>3 606</b>
<b>PAT</b>	<b>80</b>	<b>161</b>
<b>L/D (%)</b>	<b>173.1%</b>	<b>161.7%</b>
<b>C/I (%)*</b>	<b>61.1%</b>	<b>49.9%</b>
<b>ROE (%)</b>	<b>4.2%</b>	<b>9.2%</b>
<b>ROA (%)</b>	<b>0.8%</b>	<b>1.5%</b>
<b>TCR (%)**</b>	<b>28.7%</b>	<b>24.4%</b>

# Thank You.

Our purpose is to help people  
and business prosper.

Our culture is based on believing  
that everything we do should be:

**Simple Personal Fair**



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



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