

# Selected Financial Information on Santander Bank Polska Group for 2020



The financial information provided herein and concerning the quarter and the year ended on 31 December 2020 includes selected, preliminary, unaudited data which has been prepared for information purposes, in addition to the interim reporting obligations of Santander Bank Polska Group. The scope of disclosures does not meet the definition of an interim report required by the International Accounting Standard 34 "Interim Financial Reporting" or the Regulation of the Minister of Finance of 29 March 2018 on current and financial reports published by the issuers of securities and the rules of equal treatment of the information required by the laws of a non-member state. Some financial data may be subject to revision in the Group's Annual Report for 2020 to be published on 23 February 2021 along with an independent auditor's opinion.

# Agenda

## Results for 2020

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

## More information

5. Attachments

Results for 2020 |

# Our activities and our people

01

## Our response to COVID-19

### We made effort to ensure smooth operations

#### We modified our products and processes to increase safety

- We implemented temporary solutions to support borrowers from personal, SME, business and corporate segments.
- We increased the limit for contactless payments without PIN from PLN 50 to PLN 100 for debit and credit cardholders.

#### We limited footfall at branches

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

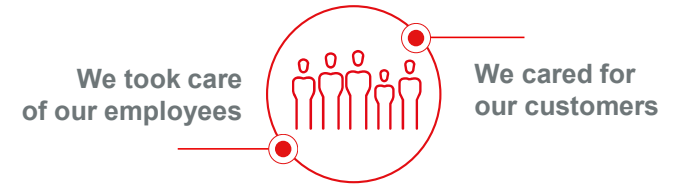
#### We introduced remote work solutions

- A wide range of communication and information campaigns is run to support remote work.
- Employees have an option to borrow their computer monitors from the office to work from home.



## Our response to COVID-19

### We took care of customers and employees to ensure safety



#### We took care of our employees' health

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



#### We supported our employees who have children

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

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

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

#### Change of our behaviours

- In view of the epidemic situation in Poland, the Bank's Management Board decided to pause the return of employees to offices and to continue teleworking until the end of Q1 2021.
- For the employees subject to the plan of returning to the office, we have implemented a work-rotation system for managing the employees' presence in the office, thus limiting the risk of infection.
- We actively monitor employees' health and the cases of infection. The data we obtain enable us to ensure safety to our employees and to manage the situation on an ongoing basis.

## Charity initiatives

In March and April, we carried out a charity campaign for the Polish medical services. We wanted to jointly support medical services in the fight for our health, life and return to everyday life. Therefore, the Foundation launched a charity fundraising initiative, in which the Bank doubled the amount collected. We managed to collect over PLN 3,090,605.86. Before that, Santander Bank Polska and the Santander Foundation donated PLN 2 million for fighting the coronavirus. Our activities resulted in the donation of over PLN 5 million for the purchase of medical equipment for 23 hospitals throughout Poland.



We have carried out the “Power to Help” (“PoMoc jest w nas”) charity campaign in order to increase social awareness about cancer in children and the challenges related to its treatment. The purpose was to raise funds for 10 paediatric oncology centres across Poland. For every BLIK payment, the Bank paid 5 groszy to the campaign fund. Over 600 thousand customers participated and made a total of 3 081 444 BLIK transactions. Thanks to their contribution, we donated PLN 200 000 to hospitals.



# 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

In 2020, actor **Marcin Dorociński** became our new brand ambassador. As the surveys had shown, he was the most recommended candidate to represent our Bank. Marcin Dorociński is a popular actor who also actively supports social responsibility initiatives.

## Communication during the COVID-19 pandemic

Our communication with customers during the pandemic was intended to **give them the sense of security and support** (providing customers with advice how to protect their health, how to avoid cyber attacks and how to bank in a safe way; we also presented the Bank's innovative services, which improved our NPS). In the **"Different Christmas – the same magic"** communication, we shared with our customers useful tips on how to organise Christmas in a safe and simple manner during this special time.

We organised also two charity campaigns:

- **"We will double your impact"** – our customers joined us in our efforts to provide financial aid to hospitals in their fight against the coronavirus – **we donated over PLN 5m**.
- **"Power to Help"** in which for every transaction made with BIK, we donated money to help children with cancer (a total of PLN 200,000).



## ATL campaigns / TV

### Account As I Want It – summer

During the campaign we promoted our mobile app (a safe home banking solution) as well as the Account As I Want It. Marcin Dorociński plays different roles in the commercial, highlighting the Bank's ability to meet all customers' needs and presenting the advantages of mobile payment solutions – BLIK and instant transfers. Key communication channels are: TV, internet and branches.

### Account As I Want It – Family banking – autumn

Yet another campaign this year promoting family banking (start: 5 October). Marcin Dorociński impersonates someone who witnesses dreams and problems of adolescence. Using accounts in one bank by the whole family allows teenagers to gain independence under adult supervision. Teenagers can pay with a card and make BLIK transfers to their friends, while parents can control their children's expenses and transfer pocket money to their accounts. Key communication channels are: TV, internet and branches.

TV: reach – **8.3m**  
people in TG (18-54)



TV: reach – **8.8m**  
people in TG (20-54)



## Other ATL campaigns

### Insurance

In Q2 2020, we launched a campaign to promote new **"Life and health"** insurance, which can be adapted to personal needs. We communicated with our customers via the internet and branches. The promotion was also supported with a tutorial featuring Marcin Dorociński.




### SME online

In June 2020, we launched a campaign targeted at SMEs and promoted a service whereby customers could start up their business remotely via Santander Internet. Communication was run in branches, the radio and the internet.



## Responsible Banking (CSR)\*

SUSTAINABLE MANAGEMENT	
<p><b>Our goals</b></p> <p>Sustainable management and building an inclusive work environment.</p>	
<p><b>Our achievements</b></p> <ul style="list-style-type: none"><li>▪ Responsible Banking strategy based on ESG indicators</li><li>▪ Social and environmental policy package</li><li>▪ Environmental and Social Risk Management (ESRM) as criteria for assessing corporate and investment banking projects</li><li>▪ Start of the implementation of TCFD recommendations</li><li>▪ ESG indicators as part of product and service evaluation process</li><li>▪ Simplification and digitisation of processes</li></ul>	

CSR PROJECTS	
<p><b>Our goals</b></p> <p>Supporting local communities and investments in universities</p>	
<p><b>Our achievements</b></p> <p><b>Activities of the Santander Bank Polska Foundation</b></p> <ul style="list-style-type: none"><li>▪ PLN 0.5 million spent on co-financing 68 projects under the "Here I Live, Here I Make ECO Changes" campaign.</li><li>▪ More than 250 beneficiaries of the projects implemented by the Foundation.</li></ul> <p><b>Santander Universidades</b></p> <ul style="list-style-type: none"><li>▪ 59 associated universities</li><li>▪ online scholarships in the field of digital law</li><li>▪ 252 scholarships granted so far under SU scholarship programs in Poland.</li></ul>	 

## Responsible Banking (CSR)\*

### GREEN BANK

#### Our goals

The **Green Strategy** includes:

- green product offering
- support for Poland on its way to zero emissions
- gradual reduction of our own environmental footprint

#### Our achievements

##### Green offer

- as of the beginning of 2020, PLN 267 million in support of RES development in Poland (R.Power, Polenergia)
- PLN 165.4 million for Solaris Bus & Coach with BGK's guarantee for the delivery of 50 zero-emission buses for the Municipal Transit Company in Krakow.

##### Green bank

- as of 2020, 100% of energy purchased from renewable sources
- the only bank in the Ellen Mc Arthur's "Plastics Pact"



### INCLUSIVE BANK

#### Our goals

Development of an inclusive and integrating banking offer tailored to different customer needs and providing financial education.

#### Our achievements

##### Bank adapted to specific needs

- An innovative branch for blind persons with a typhlographic (convex images) branch plan and tactile paths as well as the TOTUPOINT system.

##### Financial education at every stage of life

- "Log in Seniors" educational campaign
- A series of webinars for all customer segments on running a business in times of the pandemic. [www.finansiaki.pl](http://www.finansiaki.pl) website for parents and teachers devoted to financial education



## Euromoney Award

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



Santander Bank Polska was the only bank in Poland to be recognized in the Euromoney Awards competition for its impact on its customers and the society during the COVID-19 pandemic.

The award that Santander Bank Polska received as part of the Excellence in Leadership category was granted to only three financial institutions from across Central and Eastern Europe in 2020.

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

The jury also appreciated the Bank's initiative which had a positive impact on the Polish society. The awarded initiatives include "We will double your impact" campaign, a charity fundraiser for hospitals in Poland to support medical personnel in their fight against the coronavirus, and the launch of the RazemPokonamy.pl website providing general pandemic-related content.



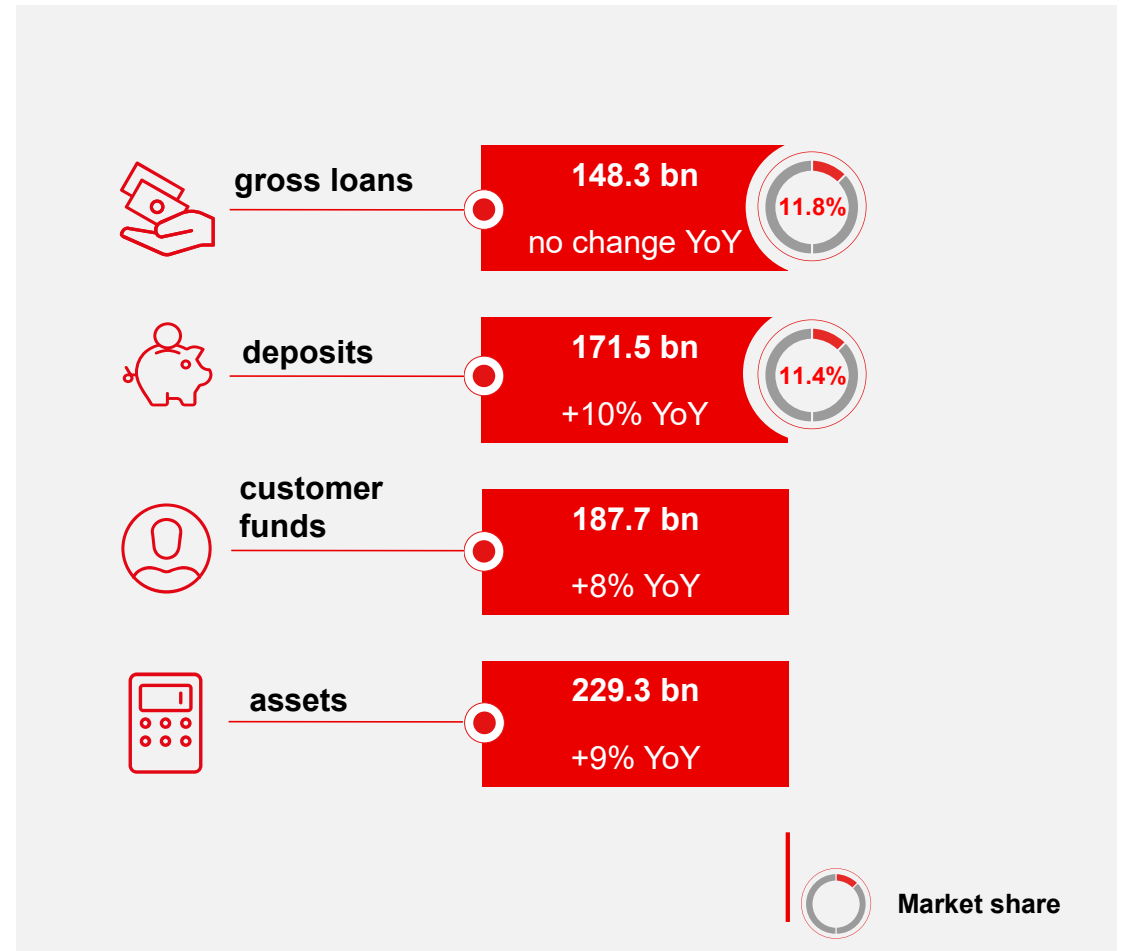
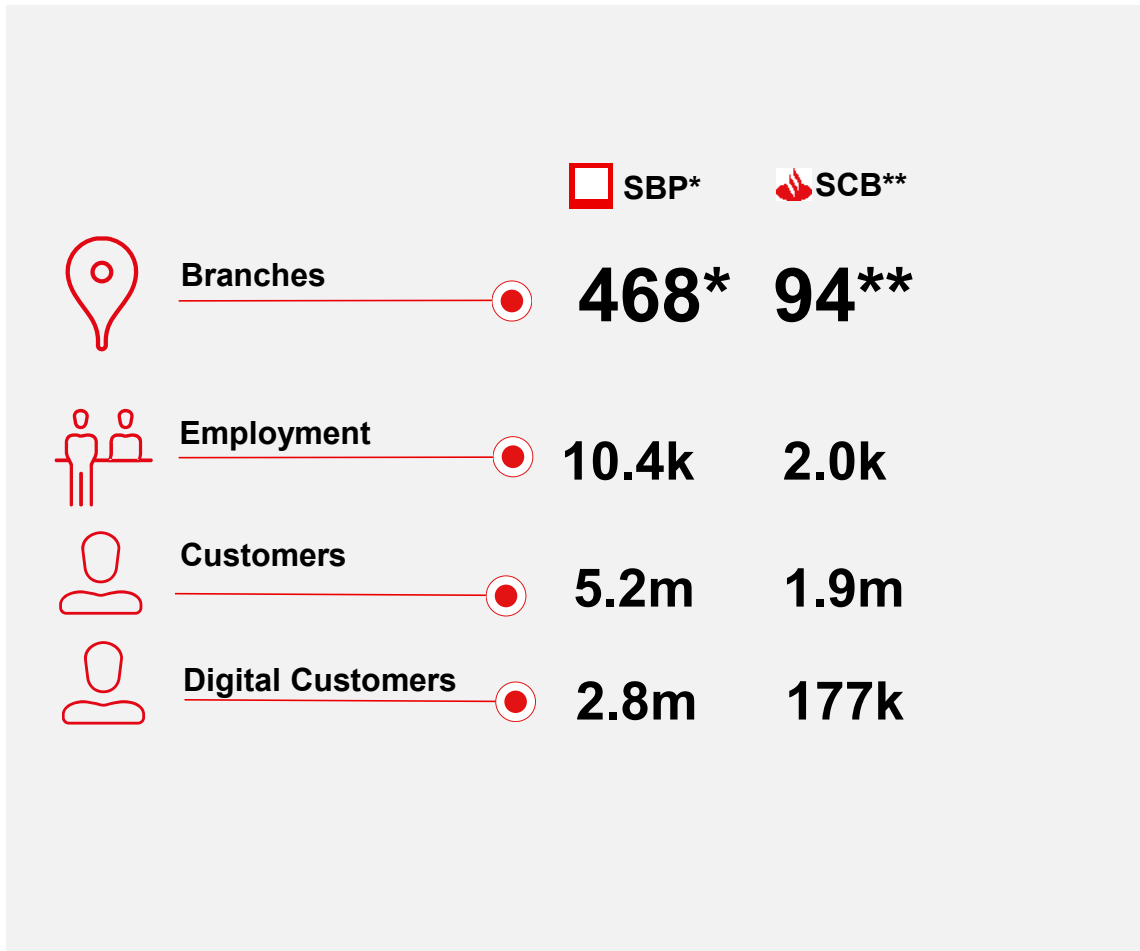
Results for 2020

# Our business development

02

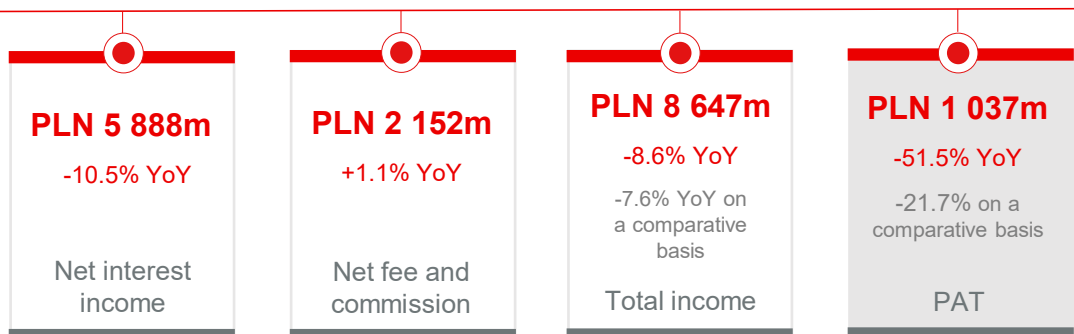
## General operational data

## Key volumes



## Key financial results for 2020

### Key results

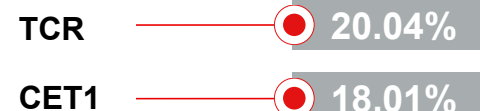


On a comparative basis for individual items, i.e. assuming a constant level of BFG fees and after excluding from profit for 2020: adjustments to interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 165 million), SCB income from updating parameters of provisions for insurance premiums (PLN 103 million), revenues from dividends (PLN 22.5 million), provisions for legal risk related to the currency portfolio of mortgage loans (PLN 201 million), provisions for employment restructuring (PLN 154 million), provisions for disputed liabilities and other assets (PLN 322 million) and management provisions on the expected credit losses resulting from the deteriorating economic outlook (PLN 121 million), and from the profit for 2019: an adjustment of interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 100 million), dividends (PLN 99 million), profit on the settlement of the sale of an organized part of the Investment Center enterprise (PLN 59 million), provisions for employment restructuring (PLN 100 million), provisions for legal risk related to the FX portfolio of mortgage loans (PLN 267 million) and provisions for disputed liabilities and other assets (PLN 60 million).

## Financial ratios For 2020

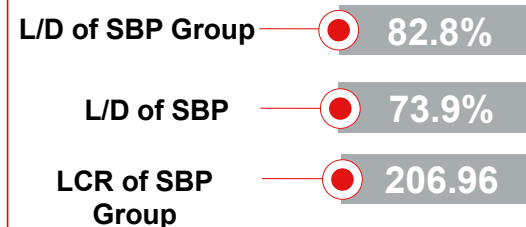
### Capital position

Strong capital position well above the KNF requirements



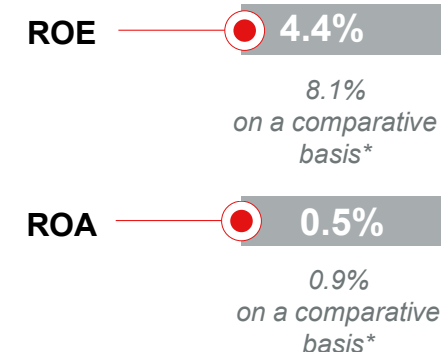
### Liquidity position

Safe liquidity position



### ROE, ROA

ROE, ROA – leading position in the peer group



data as at 31 December 2020

Results for 2020

# Our customers

03

# Our customers in numbers\*

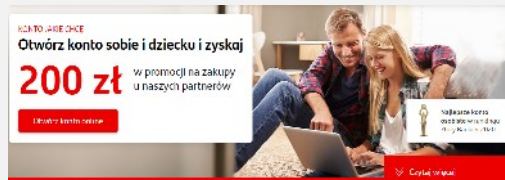
## Retail customers

4.8m customers — **+3% YoY**

2.4m digital customers — **+9% YoY**

1.7m mobile customers — **+18% YoY**

33.6m mobile banking transactions — **+60%\***  
\* vs. Q4 2019



## SME customers

431k customers — **+11% YoY**

313k digital customers — **+13% YoY**

135k mobile customers — **+28% YoY**

2.7m mobile banking transactions — **+73%\***  
\* vs. Q4 2019



## Corporate customers

25.0k customers — **+2% YoY**

20.7k digital customers — **+2% YoY**

4.4k mobile customers — **+11% YoY**

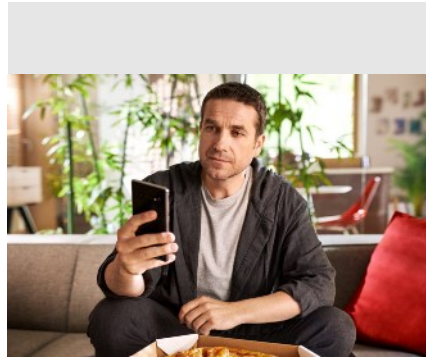
48.8m e-commerce transactions — **+25% YoY**



## New products and services

### Retail customers

- We made it possible for customers to open personal accounts based on a photo (“selfie”).
- We implemented a new life insurance – Spokojna Hipoteka – for customers who take out mortgage loans and equity releases.
- Based on a solution designed by Santander Group, we launched a new investment advisory service targeted at Private Banking clients.
- We opened the third Work/Café – this time in Praga district in Warsaw.



### SME customers

- We implemented processes available for customers via their mailbox in online banking for businesses: lending, updating sole traders’ data and signing annexes.
- We introduced new rules for confirming online card transactions (SCA).
- We opened multisalon24.pl – a car lease platform.



### Corporate customers

- As the first financial institution in Poland, we have implemented a cloud-based CRM - one of the most innovative systems in the world: Salesforce CRM.



- We have implemented:
  - a new e-banking platform iBiznes24
  - a possibility of using electronic signature for leasing contracts
  - a new Treasury product – Window Forward
  - regular customer surveys in the Net Promoter Score methodology
- As one of the first factors in Poland, we signed an agreement with BGK on supporting factoring limits with guarantees from the Liquidity Guarantee Fund.

## Education and support for customers

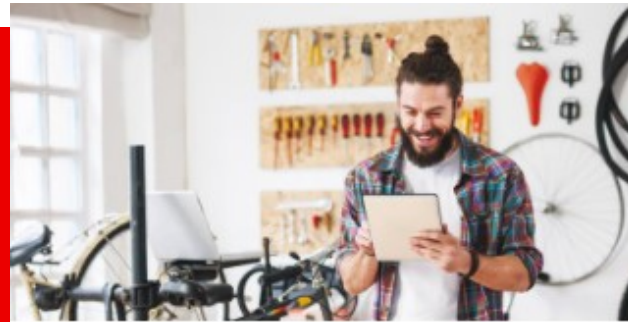
### Retail Customers

- We published “Poles’ Financial DNA 2020” report showing results of the survey on how Poles manage their personal finances.
- In liaison with the Kraków University of Economics, we run a unique development programme for students and graduates from all over Poland – a series of 9 webinars with the Bank’s management team.



### SME Customers

We run regular educational campaigns about business products and services, including useful tips on how to pay less for a business account.



### BCB Customers

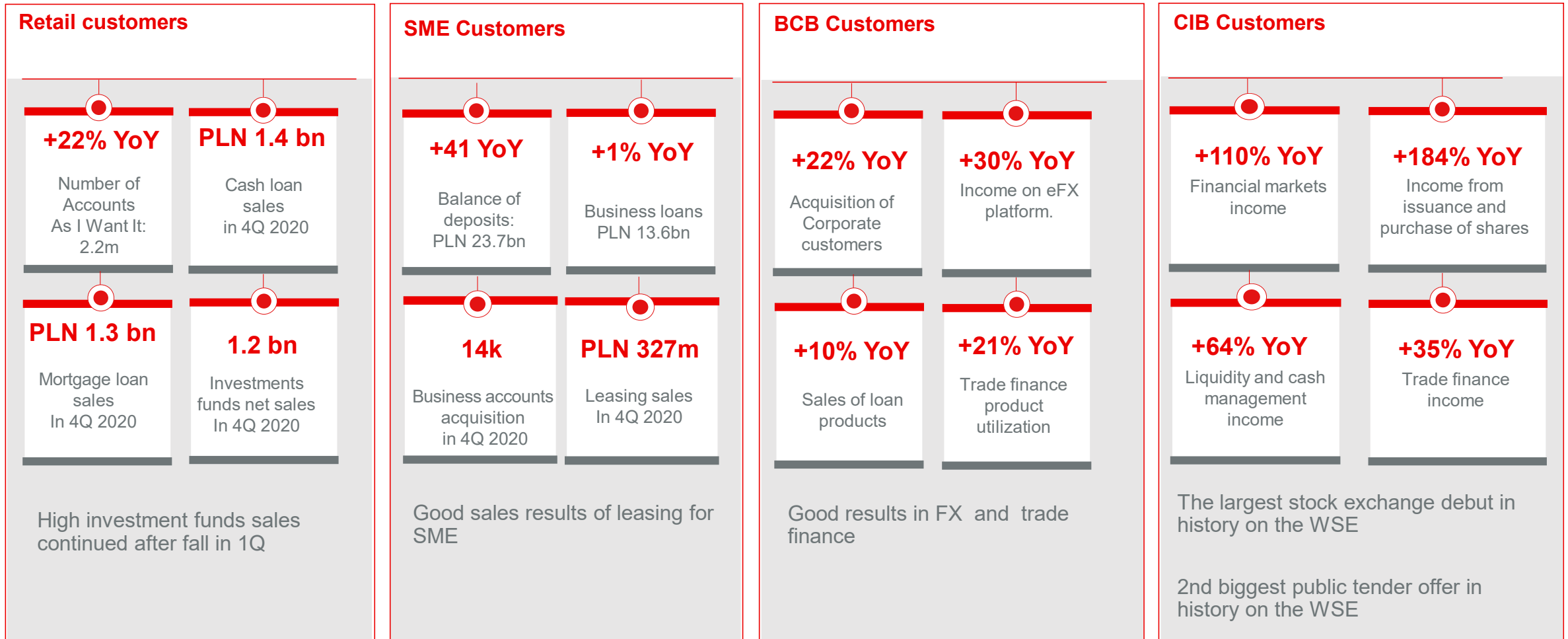


- In 2020 we organised a series of webinars for customers about the situation in selected sectors and key markets of the Santander Group
- We actively used the Santander Trade Alliance portal to support our customers business growth and networking
- Together with SpotData, we published a report: “Time for margins. How Polish food producers can move from volume expansion to increasing efficiency.” The report, preceded by a series of press publications and completed by an expert webinar, has received very positive feedback from the market and industry experts.

### CIB Customers

We issued more than 300 stock exchange recommendations in 2020 and organised a conference for institutional investors "2020 CEE Equity Outlook," attended by several dozen of investment and pension fund managers.

## Selected business data



Results for 2020

# Our financial performance

04

# Gross loans

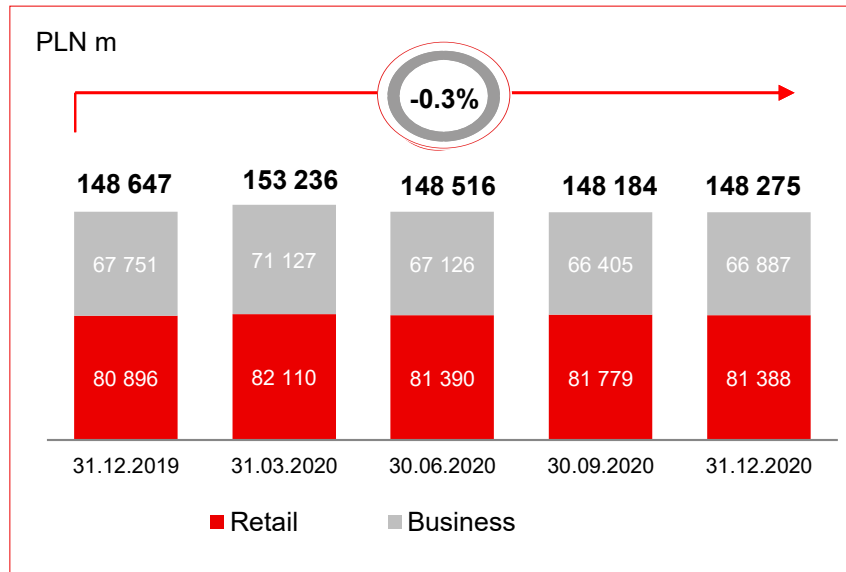
## Comment

### Santander Bank Polska S.A.

- Gross loans: +1% YoY and +0.4% QoQ
- Total mortgage loans: +2% YoY and -1% QoQ
- CHF mortgage loans: -8% YoY (+2% YoY in PLN)
- Cash loans: stable YoY and -2% QoQ
- SME (including leasing and factoring): +2% YoY and stable QoQ
- BCB loans: -4% YoY and -1% QoQ
- CIB loans: -2% YoY and +7% QoQ.

### Santander Consumer Bank

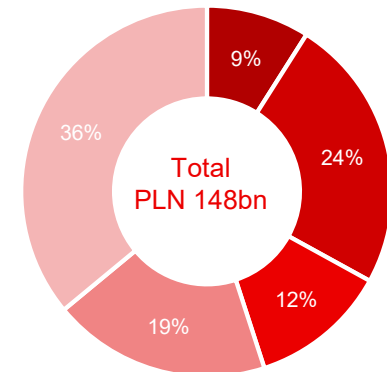
- SCB gross loans: PLN 18bn (-8% YoY)
- Mortgage portfolio: -4% YoY (CHF mortgage portfolio: -9% YoY)
- SCB loans (excluding mortgage loans): -9% YoY.



PLN m

	31/12/2020	31/12/2019	YoY (%)	QoQ (%)
<b>Retail customers</b>	<b>81 388</b>	<b>80 896</b>	<b>1%</b>	<b>0%</b>
Mortgage loans	52 758	51 209	3%	0%
Other – retail customers	28 630	29 686	-4%	-2%
<b>Business loans</b>	<b>66 887</b>	<b>67 751</b>	<b>-1%</b>	<b>1%</b>
<b>Total gross loans</b>	<b>148 275</b>	<b>148 647</b>	<b>-0.3%</b>	<b>0.1%</b>

## Structure of loans\*



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

# Customer funds

## Comment

### Santander Bank Polska Group

#### Deposits

- Retail deposits: +7% YoY and +2% QoQ
- Business deposits: +13% YoY and +4% QoQ

#### Investment funds

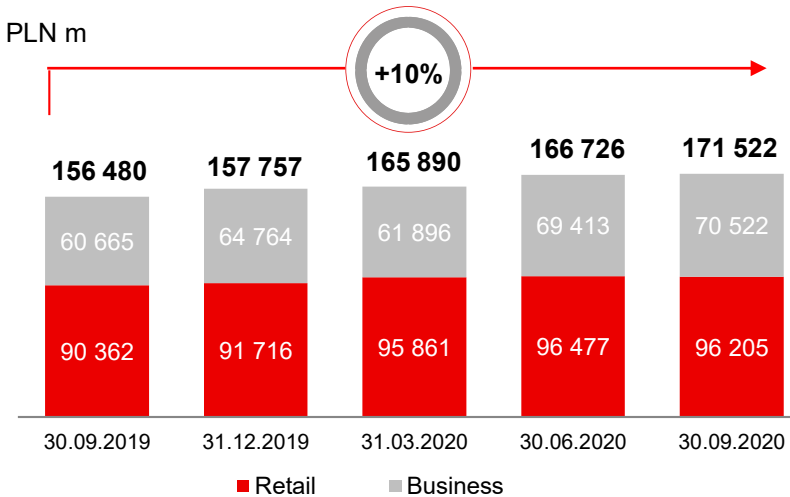
- Investment funds: -4% YoY and +11% QoQ

### Santander Consumer Bank

- Deposits: PLN 9.5bn (-8% YoY)

## Deposits

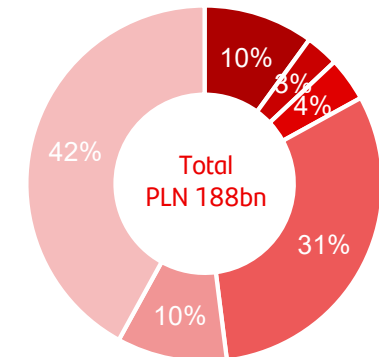
PLN m



PLN m

	31/12/2020	31/12/2019	YoY (%)	QoQ (%)
Current deposits	93 475	58 378	60%	14%
Savings accounts	48 915	40 175	22%	2%
Term deposits	29 132	57 928	-50%	-21%
<b>Total deposits</b>	<b>171 522</b>	<b>156 480</b>	<b>10%</b>	<b>3%</b>
Investment funds	16 169	16 920	-4%	11%
<b>Total customer funds</b>	<b>187 691</b>	<b>173 400</b>	<b>8%</b>	<b>4%</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

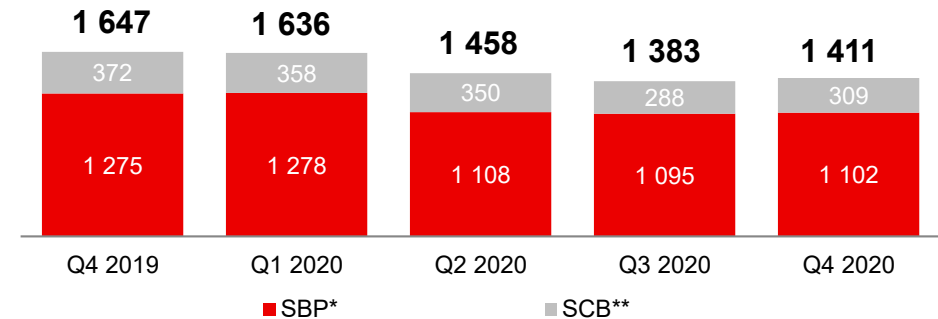
- In 2020, net interest income fell by 10.5% YoY (+2% QoQ in Q4).
- Net interest margin for Q4 2020 (annualised on a quarterly basis) totalled 2.66% and was at the same level as in Q3 2020
- The decreases in net interest income and net interest margins are attributed to interest rate cuts, costs of partial return 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 -0.6% Q4 2020 / Q3 2020, while interest costs decreased by 22.4% Q4 2020 / Q3 2020 due to a reduction in deposit prices. During the year, this dynamics amounted to -18.5% and -46.4%, respectively.

● Net interest income of SCB Group\*\*

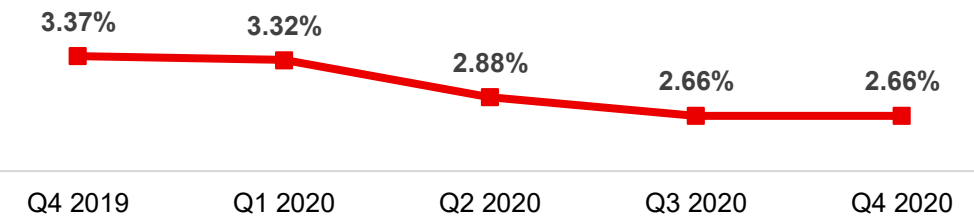
**PLN 1,305m (2020)**  
**PLN 1,577m (2019)**

## Net interest income

PLN m



## Net interest margin



## Net fee and commission income

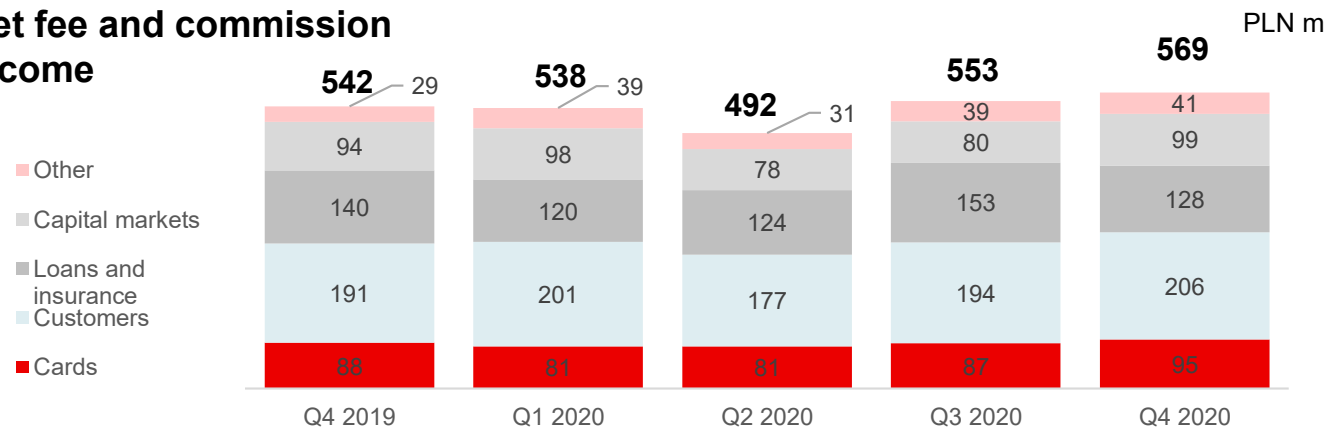
### Comment

- Net fee and commission income was +1.1% YoY and +3% QoQ. Fees in Q4 were affected by the number of transactions made by customers during the COVID-19 pandemic. Q4 saw an improvement in almost all categories.
- Good results were reported in terms of brokerage fees (119% YoY) and credit fees (+6% YoY), as well as debit card fees (+10% YoY).
- SCB net fee and commission income +20% YoY due to one-off income from updating the model of calculating provisions for insurance premium returns (in Q2 2020). This income was partially offset by higher securitization costs and the impact of the pandemic resulting in lower insurance and other fees.

Net fee and commission income of SCB Group\*

PLN 160m (2020)  
PLN 133m (2019)

### Net fee and commission income



### Net fee and commission income

PLN m	2020	2019	YoY (%)	QoQ (%)
Cards	345	340	1%	10%
Transactional	778	767	1%	7%
Loans + insurance	525	505	4%	-16%
Capital markets*	354	342	4%	23%
Other	150	174	-13%	5%
<b>Total</b>	<b>2 152</b>	<b>2 128</b>	<b>1%</b>	<b>3%</b>

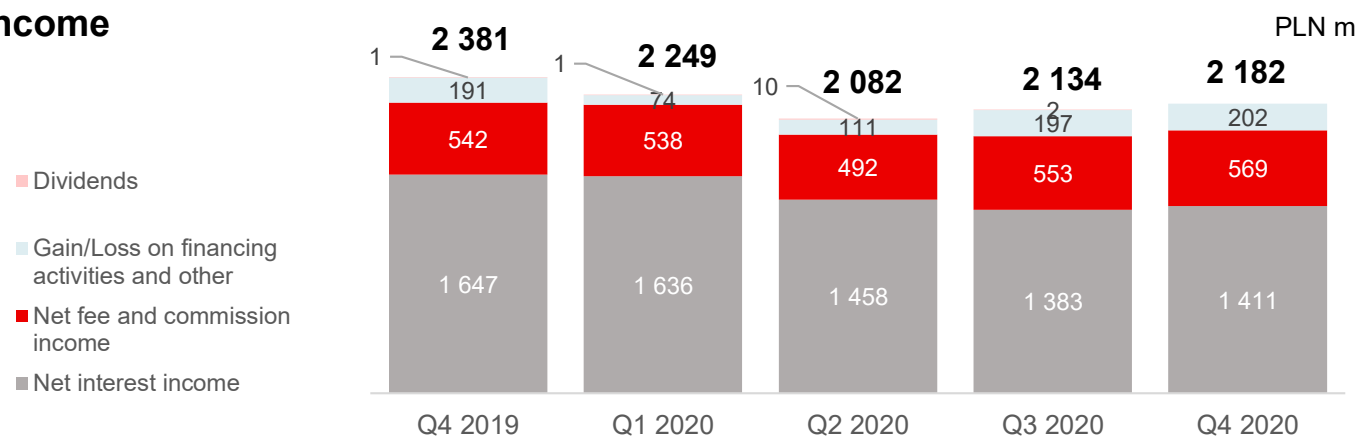


# Income

## Comment

- The Group's total income in 2020 amounted to PLN 8,647 million and decreased by 8% compared to 2019; comparable total income decreased by 7.6% YoY.
- Higher income in Q4 2020 compared to Q3 due to an increase in net interest and fee income and other operating income.
- Profit on the sales of treasury bonds in 2020 stood at PLN 229 million (compared to PLN 125 million in 2019).
- Positive change in the fair value of VISA Inc. shares in the amount of PLN 33 million in 2020 (PLN 18 million in Q4 alone), included in the result on other financial instruments.
- Lower dividend income (by 77% YoY) in connection with the KNF recommendation for the insurance sector.

## Income



PLN m

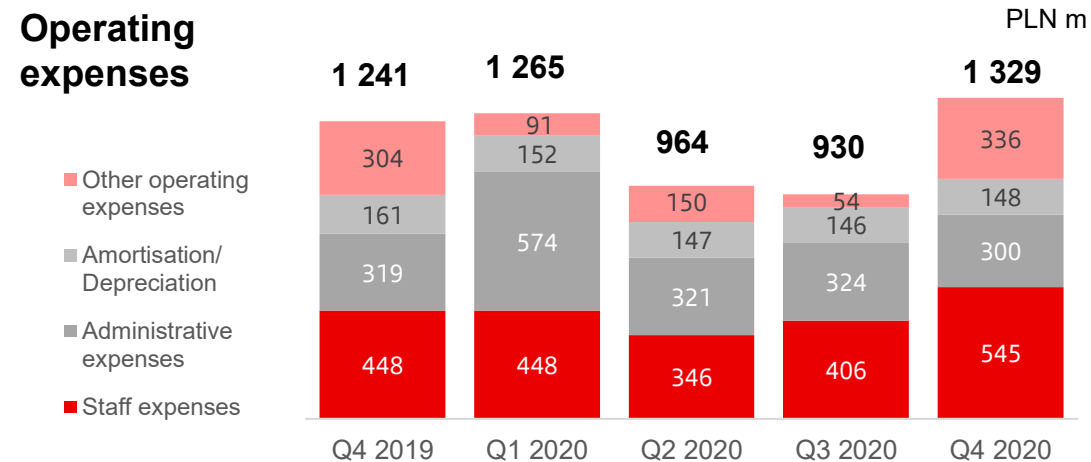
	2020	2019	YoY (%)	QoQ (%)
Net interest income	5 888	6 580	-11%	2%
Net fee and commission income	2 152	2 128	1%	3%
<b>Total</b>	<b>8 040</b>	<b>8 708</b>	<b>-8%</b>	<b>2%</b>
Gains/ losses on financing activities	408	401	2%	-15%
Dividends	23	99	-77%	-
Other operating income	176	253	-31%	68%
<b>Total income</b>	<b>8 647</b>	<b>9 462</b>	<b>-8.6%</b>	<b>2,2%</b>
One-off items in net interest income	(165)	(100)		
Other one-off items (dividends)	126	158		
<b>Total income excluding one-off items</b>	<b>8 686</b>	<b>9 404</b>	<b>-7.6%*</b>	

\* In underlying terms for individual items, i.e. after the exclusion from 2020: adjustments to interest income related to the reimbursement of part of consumer loan fees repaid ahead of schedule (PLN 165 million), SCB's income from updating parameters of provisions for insurance premiums (PLN 103 million), revenues from dividends (PLN 22.5 million), and in 2019: an adjustment to interest income related to the reimbursement of part of fees on consumer loans repaid ahead of schedule (PLN 100 million), dividends (PLN 99 million), profit on the settlement of the sale of an organized part of the enterprise Centrum Usług Inwestycyjnych (PLN 59 million).

## Operating expenses

### Comment

- Assuming a constant level of BFG fees and excluding the restructuring provision, provisions for legal risk and litigation, comparable operating costs in total were lower by 8.8% YoY, mainly due to a decrease in depreciation and salaries and savings in selected cost categories as a result of optimisation and transformation processes.
- Total costs influenced by regulatory costs, which in 2020 amounted to PLN 436 million (from PLN 311 million in 2019: increase of 40% YoY).
- Excluding regulatory costs, administrative costs decreased by 13% YoY – most significantly in the following items: marketing, building maintenance and costs of external services.
- Staff costs, excluding the restructuring provision, lower by 10% YoY due to lower costs of remuneration and overheads on remuneration, as well as lower training costs.
- Increase in other operating expenses in Q4 due to the creation of provisions for legal risk related to FX mortgage loans in the amount of PLN 209 million and the legal risk related to the reimbursement of part of the fees for consumer loans prepaid in the amount of PLN 69 million.
- In SCB, operating costs -7% QoQ. and -10% YoY. Staff costs -13% YoY, administrative costs -3% YoY.
- Group C/I ratio at 51.9% in 2020 compared to 47.2% in 2019. The comparable C/I ratio was 42.4% in 2020 compared to 43.0% in 2019.



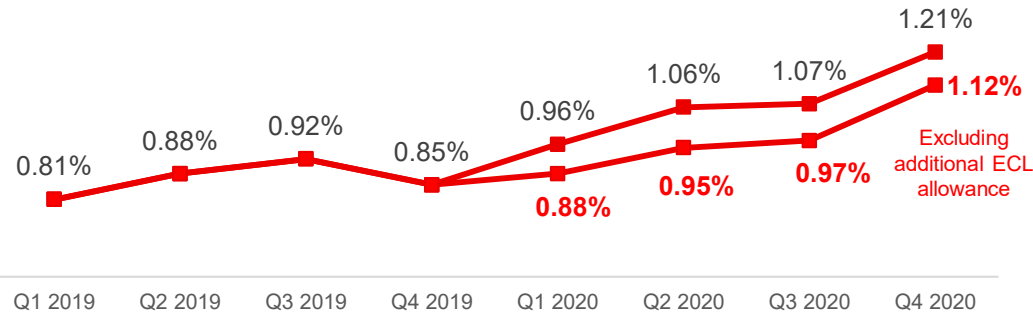
### PLN m

	2020	2019	YoY (%)	QoQ (%)
Administrative and staff expenses	(3 263)	(3 426)	-5%	16%
Staff expenses	(1 744)	(1 870)	-7%	34%
Administrative expenses	(1 518)	(1 556)	-2%	-7%
Amortisation/depreciation + other	(1 225)	(1 040)	18%	141%
<b>Total costs</b>	<b>(4 488)</b>	<b>(4 466)</b>	<b>0,5%</b>	<b>43%</b>
One-off items	(805)	(426)		
<b>Underlying total costs*</b>	<b>(3 683)</b>	<b>(4 040)</b>	<b>-8,8%</b>	

In underlying terms for individual items, i.e. assuming a stable level of BFG fees and excluding from 2020: provisions for legal risk related to the FX portfolio of mortgage loans (PLN 201 million), provisions for employment restructuring (PLN 154 million), provisions for disputed liabilities and other assets (PLN 322 million), and as of 2019: provisions for employment restructuring (PLN 100 million), provisions for legal risk related to the FX mortgage portfolio (PLN 267 million) and provisions for disputed liabilities and other assets (PLN 60 million) PLN).

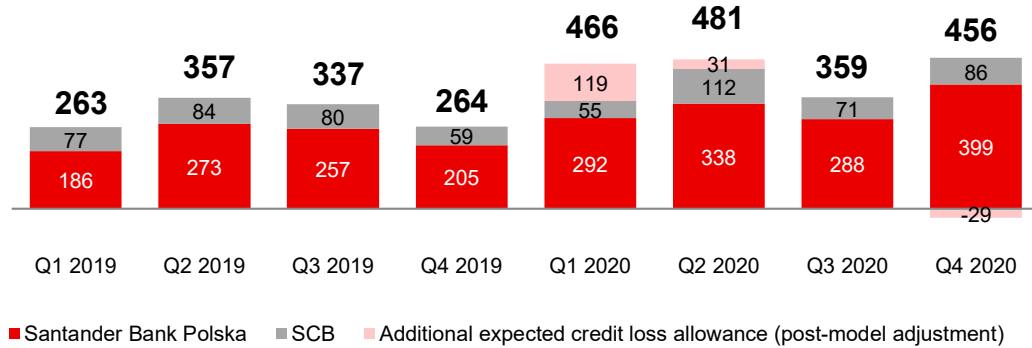
## Provisions and credit portfolio quality

### Cost of credit

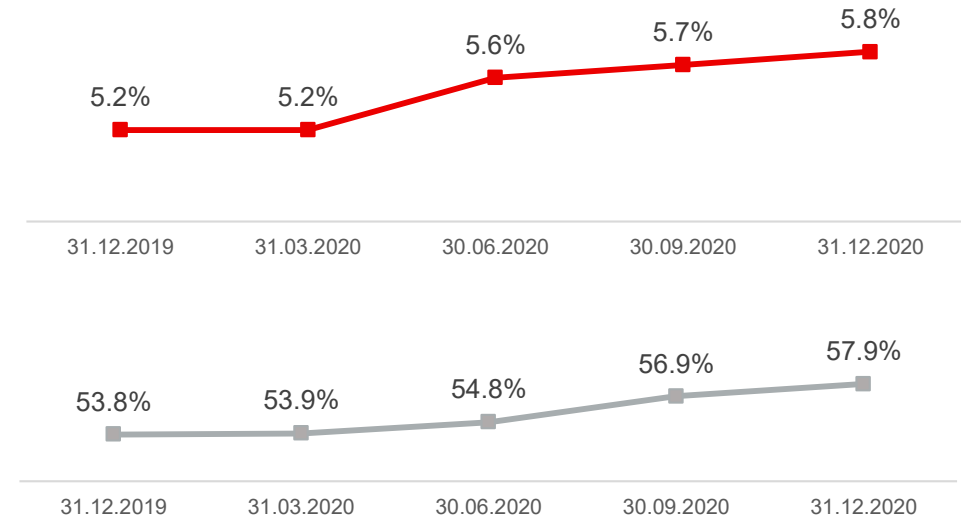


### Balance of provisions

PLN m



### NPL and NPL coverage ratio\*

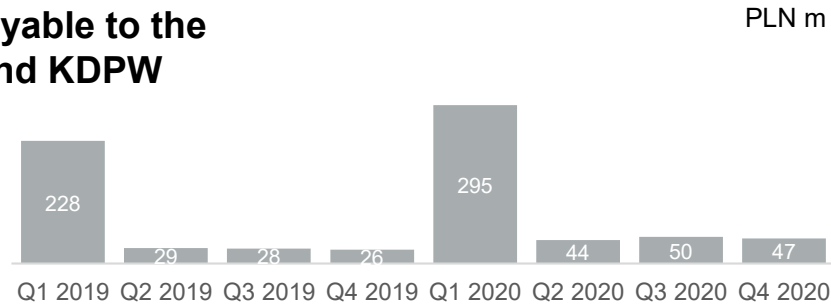


\*Including POCI – purchased or originated credit-impaired asset.

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

## Banking tax and regulatory costs

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



#### Resolution fund\*:

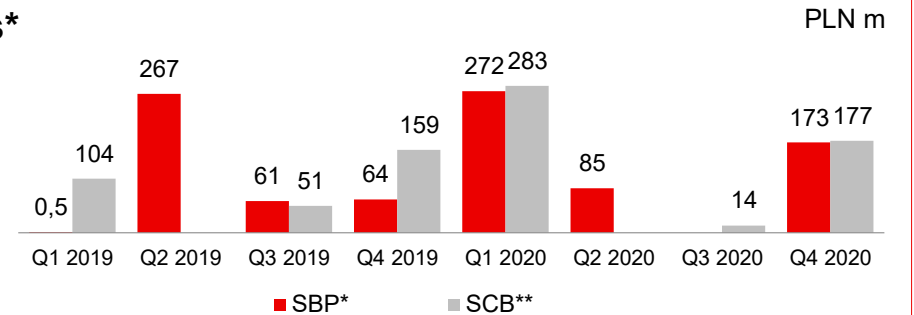
- 2018: SBP PLN 78m SCB PLN 12m
- 2019: SBP PLN 173m SCB PLN 26m
- 2020: SBP PLN 227m SCB PLN 21m

### Banking tax

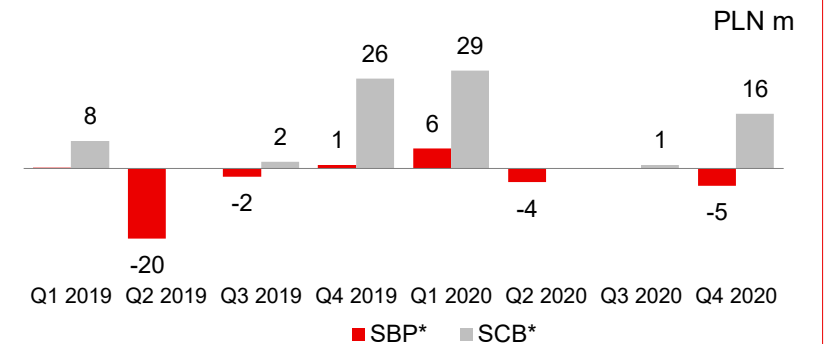
Pursuant to the Act of 1 February 2016 on tax imposed on certain financial institutions, bank assets are subject to a tax of 0.0366% per month. In 2020, the total tax charged to Santander Bank Polska S.A. and SCB S.A. in this respect was PLN 602m (PLN 561m and PLN 41m, respectively).

## NPL sales

### NPL sales\*



### Impact of NPL sales on PBT\*



**SBP 2020:** NPL sales: PLN 531m, impact on PBT PLN -15m  
**SCB 2020:** NPL sales: PLN 473m, impact on PBT PLN 45m

## Results for 2020

### Comment

- Decline in net interest and fee and commission income due to the interest rate cuts, CJEU judgments and the COVID-19 pandemic. Net fees and commissions in Q4 alone increased by over 3% compared to Q3.
- Costs influenced by regulatory and legal factors (BFG and CJEU). Significant improvement in costs in underlying terms.
- Further emphasis on cost efficiency and synergies.
- Increase in credit provisions due to the COVID-19 pandemic.
- Profit decrease in underlying terms by approx. 22%.
- Effective tax rate influenced by regulatory costs

### Results for 2020 impacted by extraordinary items

PLN m	2020	2019	% YoY	On a comparative basis*
Net interest and fee income	8 040	8 708	-8%	-8%
Gross income	8 647	9 462	-9%	-8%
Operating expenses	-4 488	-4 466	0%	-9%
Credit impairment allowances	-1 763	-1 219	45%	35%
Tax on financial institutions	-602	-599	0%	0%
<b>PBT</b>	<b>1 881</b>	<b>3 245</b>	<b>-42%</b>	<b>-21%</b>
Income tax	-644	-800	-20%	-20%
<b>Profit attributable to shareholders of Santander Bank Polska S.A.</b>	<b>1 037</b>	<b>2 138</b>	<b>-51%</b>	<b>-22%</b>
Effective tax rate	34.2%	24.7%		

In underlying terms for individual items, i.e. assuming a stable level of BFG fees and after excluding from profit for 2020: adjustments to interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 165 million), SCB income from updating parameters of provisions for insurance premiums (PLN 103 million), revenues from dividends (PLN 22.5 million), provisions for legal risk related to the currency portfolio of mortgage loans (PLN 201 million), provisions for employment restructuring (PLN 154 million), provisions for disputed liabilities and other assets (PLN 322 million) and management provisions on the expected credit losses resulting from the deteriorating economic outlook (PLN 121 million), and from the profit for 2019: an adjustment of interest income related to the reimbursement of part of fees for consumer loans repaid ahead of schedule (PLN 100 million), dividends (PLN 99 million), profit on the settlement of the sale of an organized part of the Investment Center enterprise (PLN 59 million), provisions for employment restructuring (PLN 100 million), provisions for legal risk related to the FX portfolio of mortgage loans (PLN 267 million) and provisions for disputed liabilities and other assets (PLN 60 million).

# Attachments

05

## 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	149 665	21 642 609
Legislative moratoria	2 340	253 722
<b>Total moratoria</b>	<b>152 005</b>	<b>21 896 331</b>
Liquidity BGK	11 631	2 987 385
<b>All assistance tools</b>	<b>163 636</b>	<b>24 883 716</b>

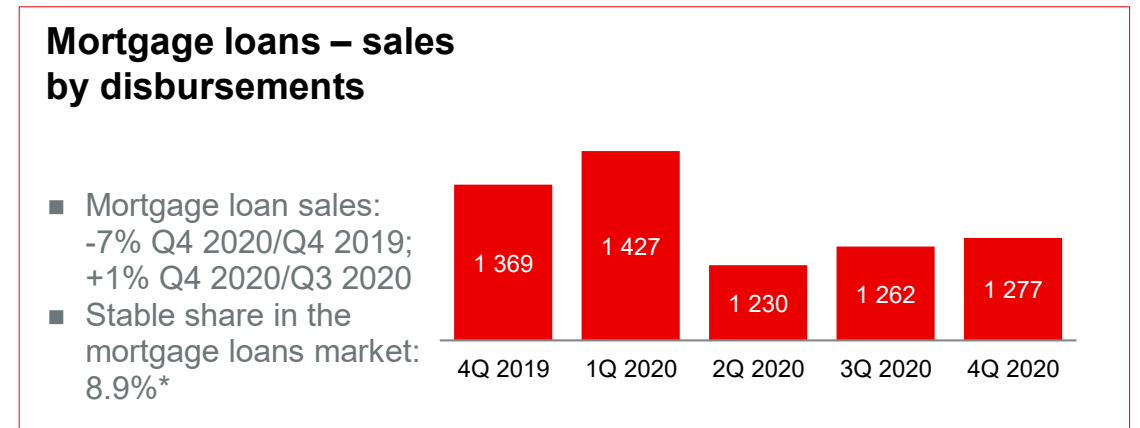
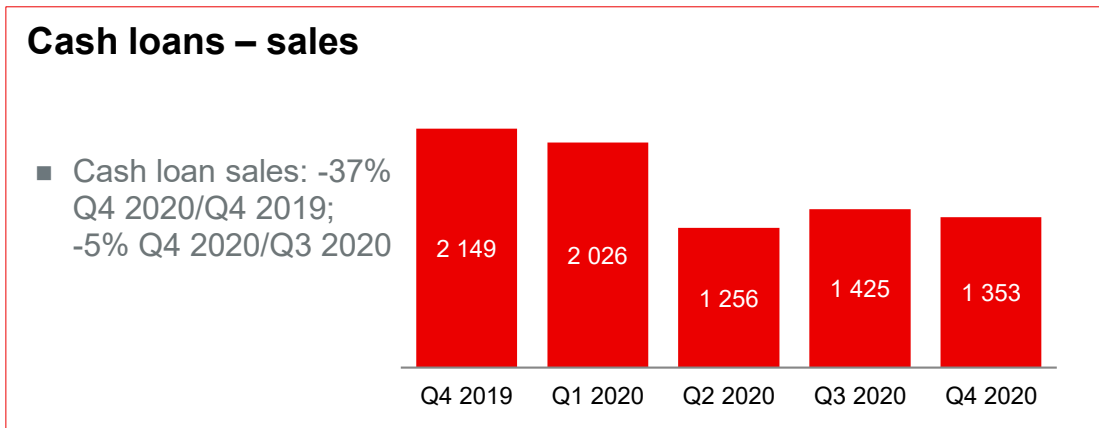
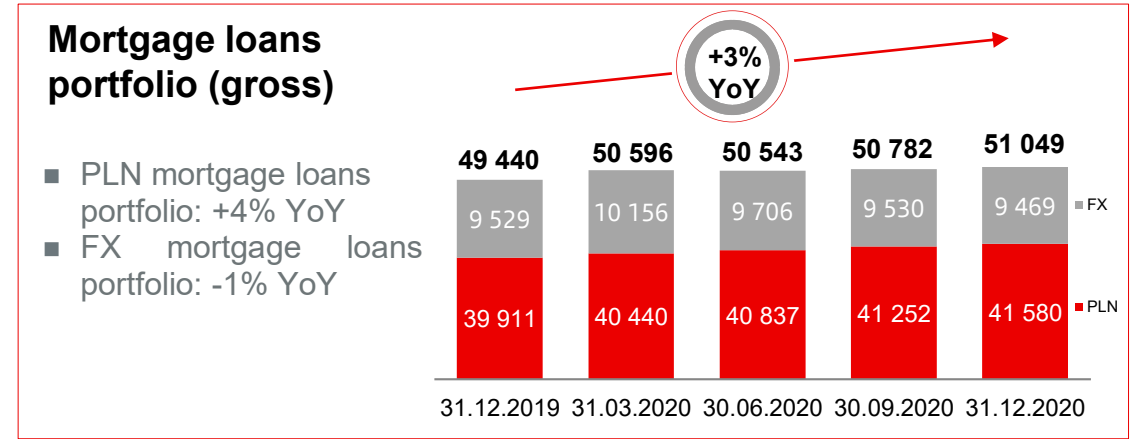
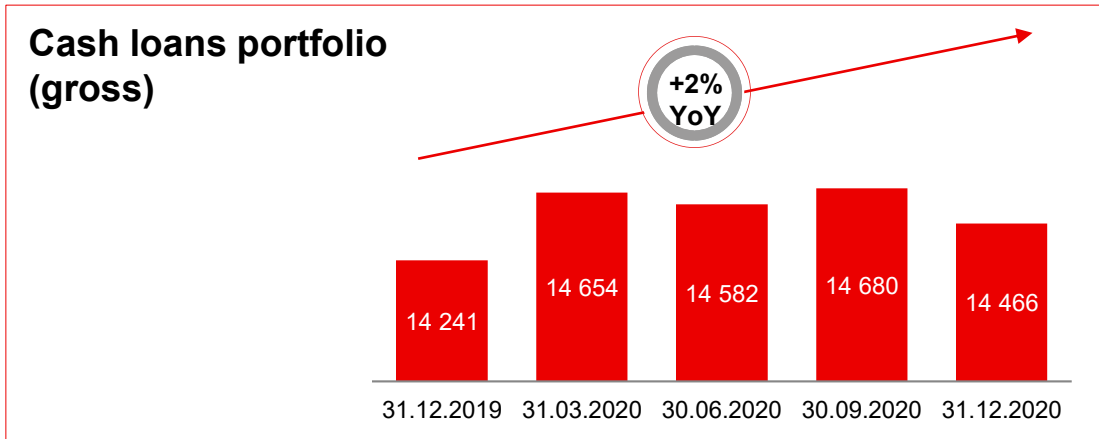
## Assistance tools for individual clients and companies in COVID-19 - moratoria (in PLN thousand)

	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>21 896 331</b>	<b>19 282 432</b>	<b>2 613 899</b>	<b>21 258 960</b>	<b>493 075</b>	<b>3 098 158</b>	<b>637 371</b>	<b>346 112</b>	<b>465 928</b>
Of which: Households	8 587 007	8 112 769	474 238	8 124 623	74 930	915 711	462 384	279 133	353 588
Collateralised by residential immovable property	5 888 091	5 579 090	309 001	5 652 832	50 223	475 551	235 259	186 989	216 015
Consumer loans	2 698 916	2 533 679	165 237	2 471 792	24 707	440 160	227 124	92 144	137 573
of which: Non- financial corporations	13 309 324	11 169 663	2 139 661	13 134 337	418 145	2 182 447	174 987	66 980	112 340
SME loans	2 831 579	2 761 124	70 455	2 748 689	88 681	391 852	82 890	14 703	40 231
Corpotare loans	10 477 746	8 408 539	2 069 206	10 385 648	329 464	1 790 595	92 098	52 276	72 108

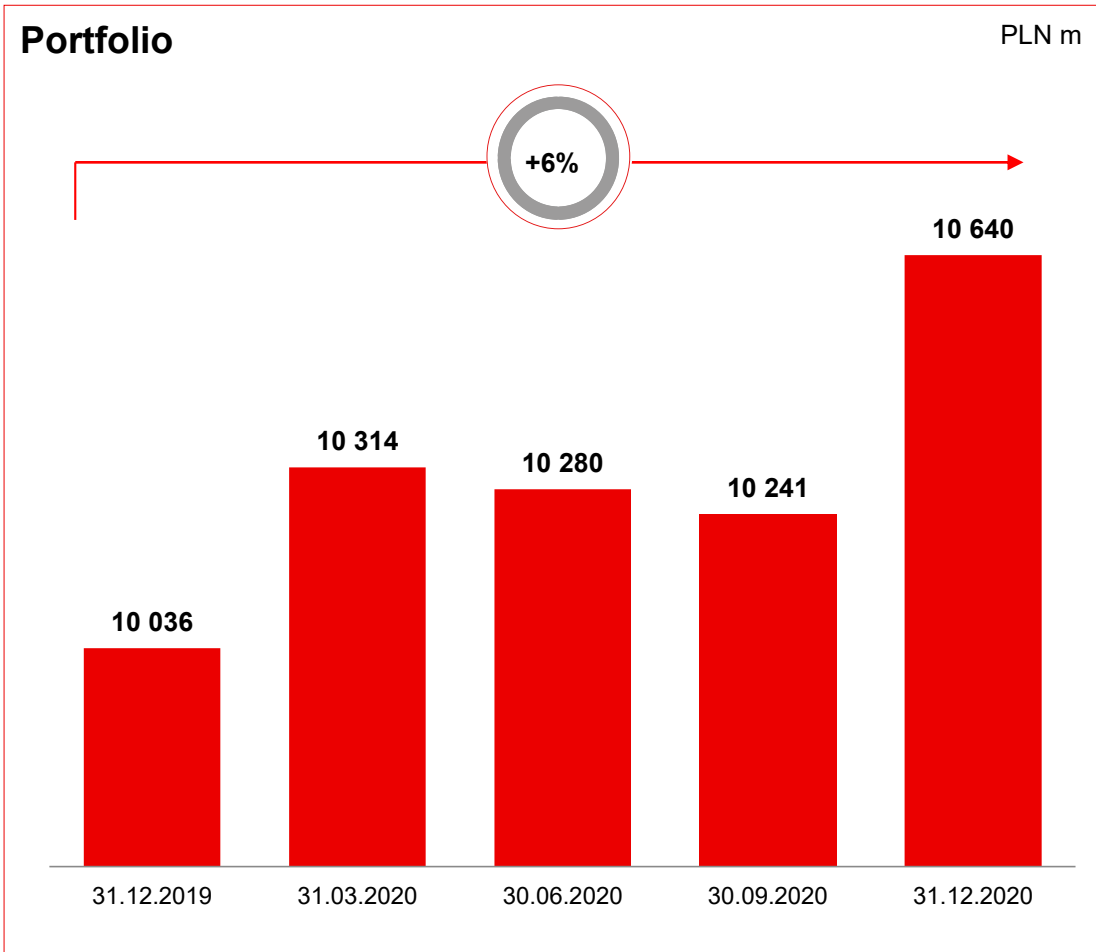


# Retail Banking - growth in lending activity

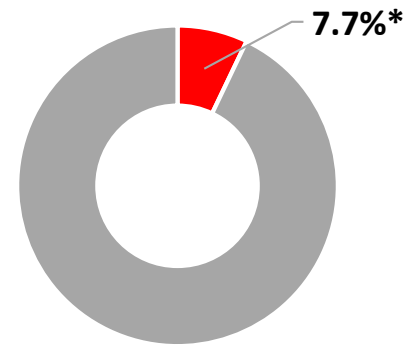
PLN m



# Santander Leasing



## Market share



- Leasing portfolio at PLN 10.6bn, +6% YoY.
- Net sales value 5.4 billion, + 1% YoY, including SME PLN 3.3 billion, + 13% YoY
- 8% YoY growth in income.
- Excellent C/I at 33.2%.

## Awards



Marka Godna Zaufania 2020 (Trustworthy Brand 2020) in the leasing category. 1,200 entrepreneurs were asked to indicate products and services (in 25 categories) that CEOs and management staff trust the most. Santander Leasing became the research leader in the leasing industry

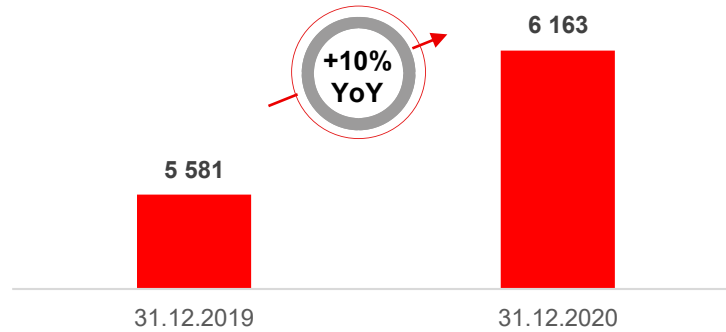
The Most Innovative Bank in Poland 2020 - award granted to Santander Leasing during the Forum of Leaders of the Banking and Insurance World, for innovative solutions that support the energy efficiency of the SME sector and set trends for the entire financial market in Poland



# Santander Factoring

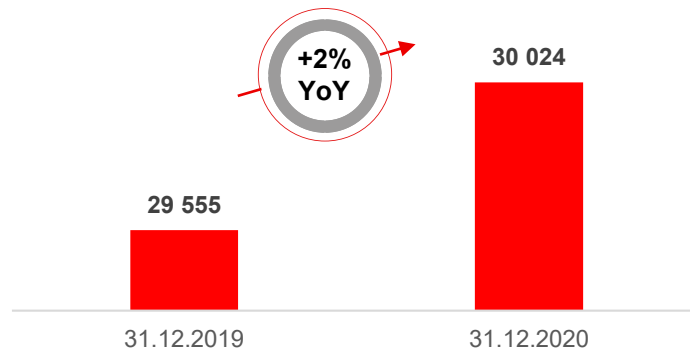
## Portfolio

PLN m

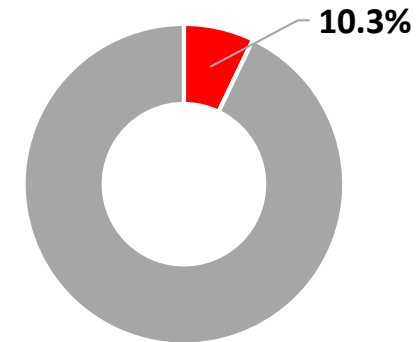


## Turnover

PLN m

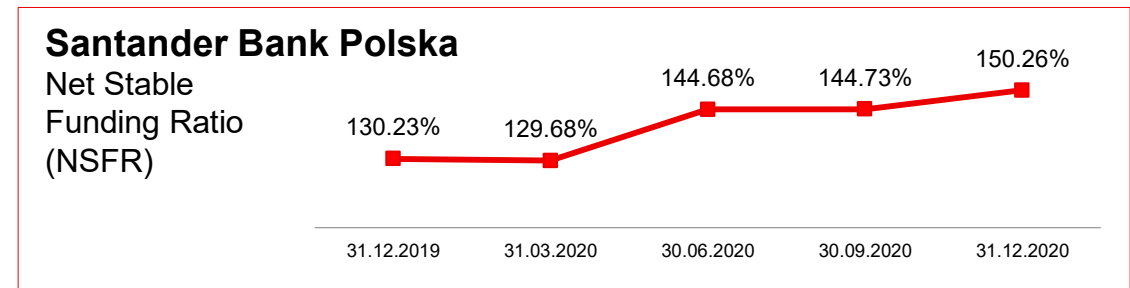
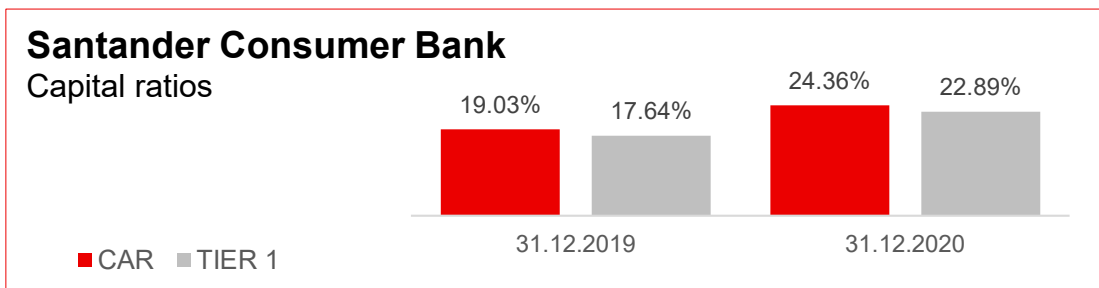
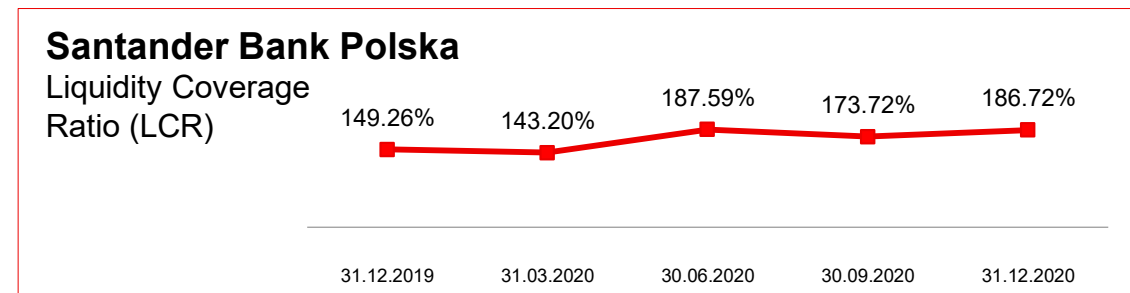
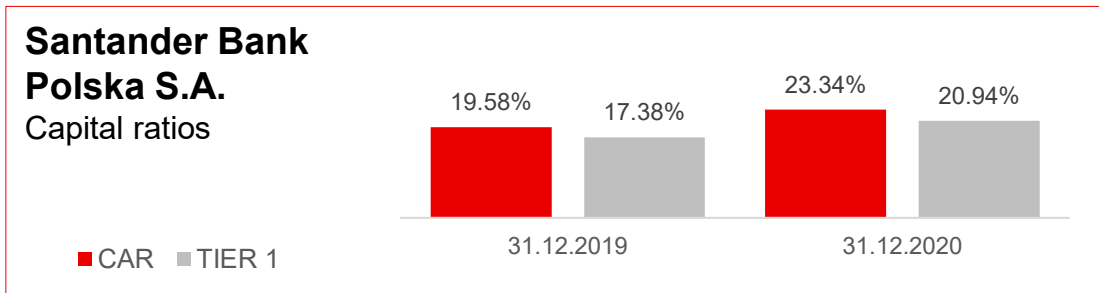
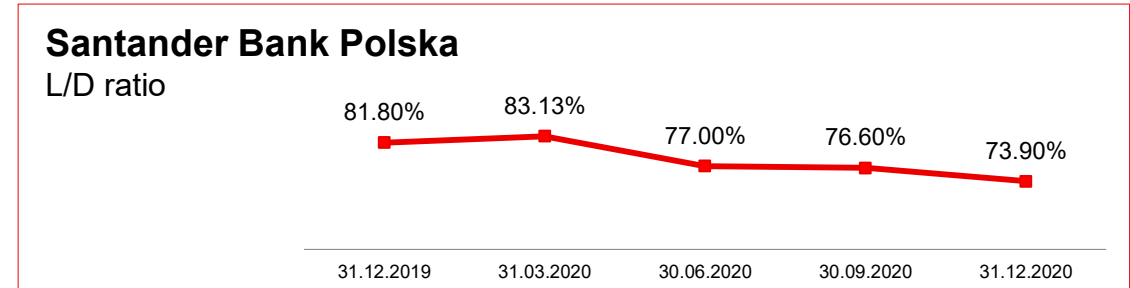
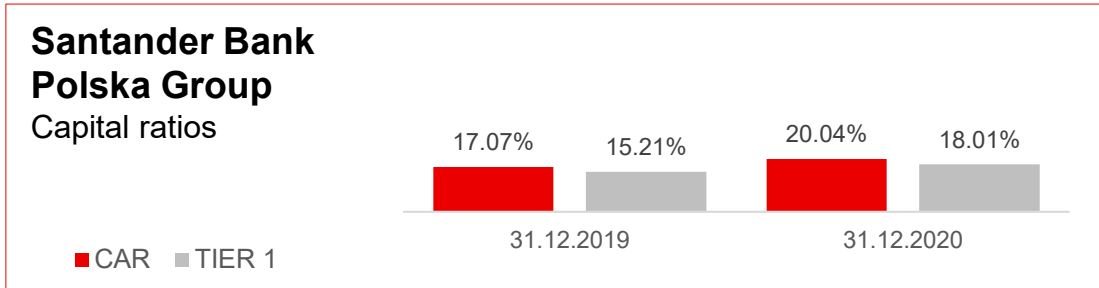


## Market share



- In Q4 2020, Santander Factoring maintained its first position on the market in terms of balance sheet.
- Santander Factoring also maintains its first position in liability financing factoring (9% YoY growth and 24% market share).
- After four quarters of 2020, the Polish factoring market recorded a 3% increase YoY.
- Santander Factoring, as one of the leading factor market players, was the first factor company to sign an agreement with BGK to provide support to customers with guarantees from the Liquidity Guarantee Fund.

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



## Key financial ratios

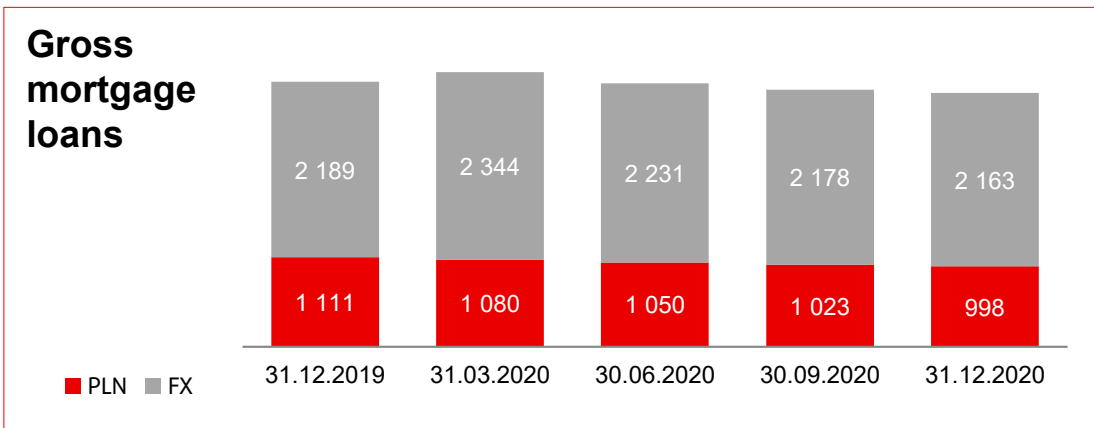
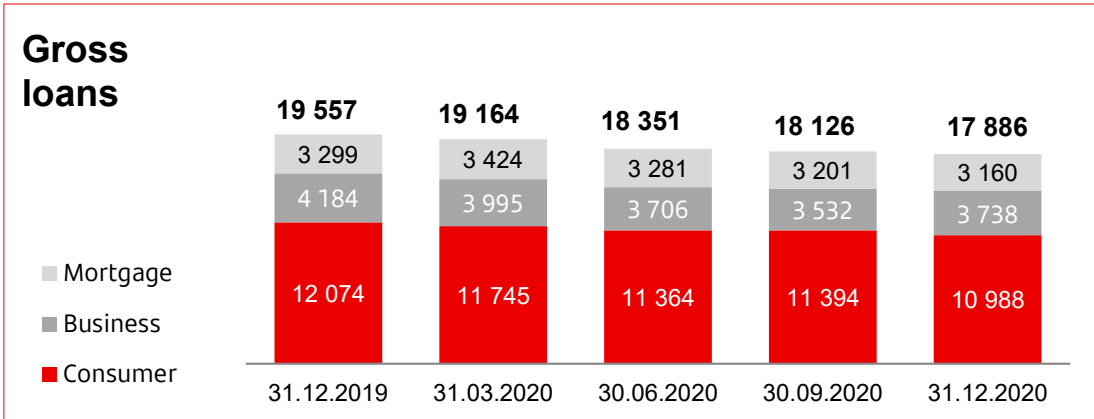
### 2020 - Santander Bank Polska Group

Selected financial ratios of Santander Bank Polska Group	2020	2019 <sup>11)</sup>
Cost/ income	51.9%	47.2%
Net interest income/ total income	68.1%	69.5%
Net interest margin <sup>1)</sup>	2.87%	3.46%
Net fee and commission income/ total income	24.9%	22.5%
Net loans and advances to customers/ deposits from customers	82.8%	91.6%
NPL ratio <sup>2)</sup>	5.8%	5.2%
NPL provision coverage ratio <sup>3)</sup>	57.9%	53.8%
Costs of credit <sup>4)</sup>	1.21%	0.85%
ROE <sup>5)</sup>	4.4%	9.7%
ROTE <sup>6)</sup>	5.3%	11.7%
ROA <sup>7)</sup>	0.5%	1.0%
Total capital ratio <sup>8)</sup>	20.04%	17.07%
Tier 1 capital ratio <sup>9)</sup>	18.01%	15.21%
Book value per share (PLN)	280.44	264.28
Earnings per ordinary share (PLN) <sup>10)</sup>	10.16	20.95

## Key financial ratios - comment 2020 - 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 measured at amortised cost and POCI exposures 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 to the average weighted number of ordinary shares.

# Santander Consumer Bank Group Loans



PLN m

	31/12/2020	31/12/2019	YoY (%)	QoQ (%)
<b>Retail customers</b>	<b>14 148</b>	<b>15 373</b>	<b>-8%</b>	<b>-3%</b>
Mortgage loans	3 160	3 299	-4%	-1%
Consumer finance	10 988	12 074	-9%	-4%
<b>SME/ Leasing</b>	<b>3 738</b>	<b>4 184</b>	<b>-11%</b>	<b>-6%</b>
<b>Total gross loans</b>	<b>17 886</b>	<b>19 557</b>	<b>-9%</b>	<b>-1%</b>

- Total loans: -9% YoY:
- Mortgage loans: -4% YoY
- CHF mortgage loans: -9% YoY (approx. – CHF 51m)
- Consumer finance: -9% YoY
- Business loans: -11% YoY

# Santander Consumer Bank Group

## Key financial results for 2020

PLN m	2020	2019
<b>Assets</b>	20 382	21 857
<b>Net loans</b>	15 907	17 595
<b>Deposits</b>	9 533	10 399
<b>Total equity</b>	3 773	3 434
<b>PAT</b>	334	540
<b>L/D (%)</b>	166.9%	169.2%
<b>C/I (%)*</b>	48.6%	43.2%
<b>ROE (%)</b>	9.3%	15.7%
<b>ROA (%)</b>	1.6%	2.6%
<b>TCR (%)**</b>	24.4%	19.0%



# 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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