



Poland



9M'21

Earnings Presentation

Important Information

Non-IFRS and alternative performance measures

This presentation contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) and derived from our financial statements, alternative performance measures (“APMs”) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures (“Non-IFRS Measures”). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Santander Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for our management and investors to compare operating performance between accounting periods, as these measures exclude items outside the ordinary course performance of our business, which are grouped in the “management adjustment” line and are further detailed in Section 3.2 of the Economic and Financial Review in our Directors’ Report included in our Annual Report on Form 20-F for the year ended 31 December 2020. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. For further details on APMs and Non-IFRS Measures, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2020 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) on 26 February 2021, as updated by the Form 6-K filed with the SEC on 14 April 2021 in order to reflect our new organizational and reporting structure, as well as the section “Alternative performance measures” of the annex to the Banco Santander, S.A. (“Santander”) Q3 2021 Financial Report, published as Inside Information on 27 October 2021. These documents are available on Santander’s website (www.santander.com). Underlying measures, which are included in this presentation, are non-IFRS measures.

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries.

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Santander advises that this presentation contains “forward-looking statements” as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words like “expect”, “project”, “anticipate”, “should”, “intend”, “probability”, “risk”, “VaR”, “RoRAC”, “RoRWA”, “TNAV”, “target”, “goal”, “objective”, “estimate”, “future” and similar expressions. Found throughout this presentation, they include (but are not limited to) statements on our future business development, economic performance and shareholder remuneration policy. However, a number of risks, uncertainties and other important factors may cause actual developments and results to differ materially from our expectations. The following important factors, in addition to others discussed elsewhere in this presentation, could affect our future results and could cause materially different outcomes from those anticipated in forward-looking statements: (1) general economic or industry conditions of areas where we have significant operations or investments (such as a worse economic environment; higher volatility in the capital markets; inflation or deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the COVID-19 pandemic in the global economy); (2) exposure to various market risks (particularly interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices); (3) potential losses from early repayments on our loan and investment portfolio, declines in value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the United Kingdom, other European countries, Latin America and the US (5) changes in legislation, regulations, taxes, including regulatory capital and liquidity requirements, especially in view of the UK exit of the European Union and increased regulation in response to financial crisis; (6) our ability to integrate successfully our acquisitions and related challenges that result from the inherent diversion of management’s focus and resources from other strategic opportunities and operational matters; and (7) changes in our access to liquidity and funding on acceptable terms, in particular if resulting from credit spreads shifts or downgrade in credit ratings for the entire group or significant subsidiaries.

Important Information

Numerous factors could affect our future results and could cause those results deviating from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

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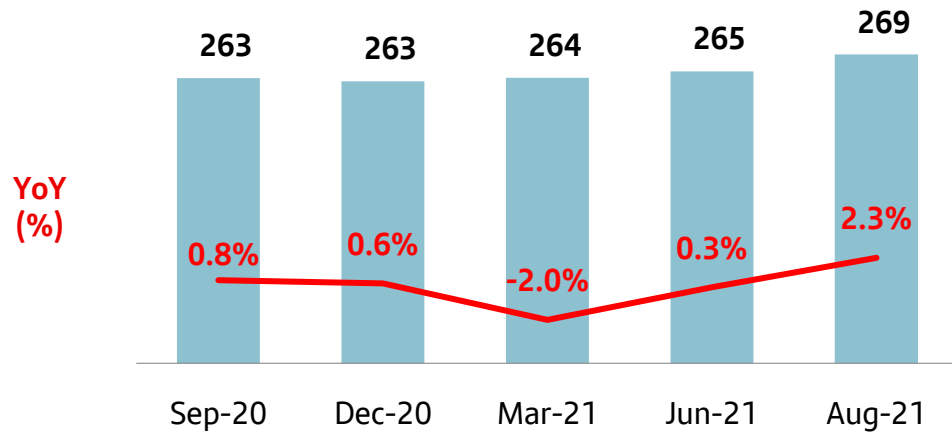
Appendix



Loan growth showing some recovery, deposit growth remains strong

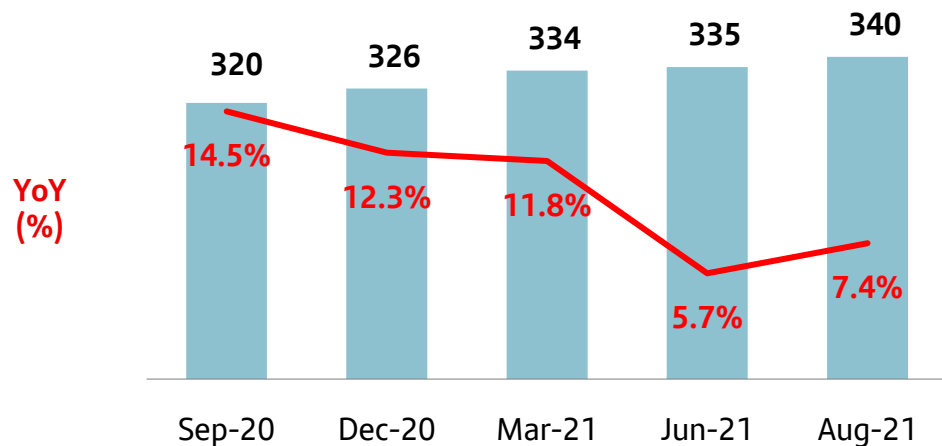


Total loans (Constant EUR bn¹)



- ▶ Loan growth gained some momentum and rose by +2% YoY. Mainly driven by mortgages, which continued to rise at a healthy rate (+12% YoY). Consumer loans rose by 1% YoY, driving total loans to individuals to +5% YoY²
- ▶ In the corporate sector, new origination is also rebounding strongly. Nonetheless, loan growth declined by 2% YoY² due to base effect

Total customer deposits (Constant EUR bn¹)



- ▶ Deposits advanced by 7% YoY. Demand deposits surged 16% YoY and term deposits declined 24% YoY
- ▶ Deposits from individuals increased 6% YoY, while business deposits were up 10% YoY (non-financial firms up 8%)

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Santander Bank Polska S.A. – 3rd largest bank in Poland

KEY DATA	9M'21	YoY Var. ⁴
 Customer loans ¹	EUR 30.0 bn	+4.1%
 Customer funds ²	EUR 41.0 bn	+10.8%
 Underlying att. Profit	EUR 125 mn	-9.4%
 Underlying RoTE	5.1%	-0.8 pp
 Efficiency ratio	41.0%	-84 bps
 Loans market share ³	11.7%	-4 bps
 Deposits market share ³	11.2%	-14 bps
 Loyal customers	2.2 mn	+6.7%
 Digital customers	2.9 mn	+7.9%
 Branches	458	-11.1%
 Employees	9,776	-8.6%



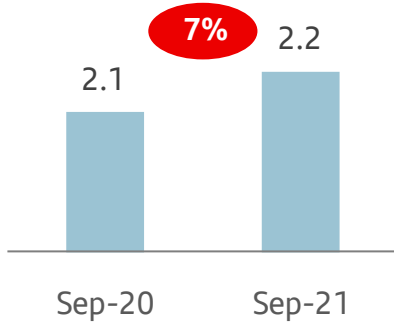
STRATEGIC PRIORITIES

- ▶ **Simplifying organization: systems, structures and processes** based on the One Purpose - One Process approach
- ▶ **Maximizing clients' self-service** and enhancing availability of remote processes & increasing digital customer base
- ▶ Improving customer satisfaction to achieve **the Top 3 position in NPS** in the Polish market
- ▶ **Ensuring sustainable growth** through safety & long-lasting trust of our customers and communities by continuing the involvement in **CSR activities & cybersecurity**
- ▶ Strengthen **employee engagement** to support transformation of the Bank
- ▶ Striving to be the Best Financial Services Platform-supporting further **evolution to the Open Platform**
- ▶ Increasing profitability through effective net interest income management, higher net fee income and cost control



Good growth in loyal customers across all segments

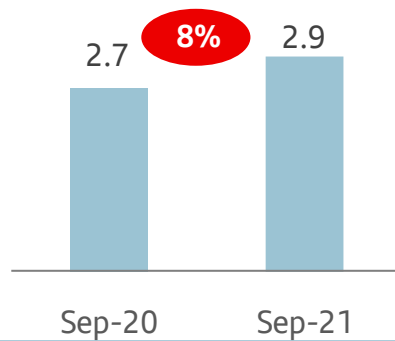
Loyal customers (mn)



Loyal / Active: 55% (+1 pp YoY)

- ▶ Significant increase in loyal customers YoY (+7%) reflecting our strategy to increase income from loyal customers and to build long-term relationships
- ▶ Loyal individuals: +7% YoY
- ▶ Loyal corporates and SMEs: significant increase in loyal companies YoY (+8%) as we enhance value proposition and non-risk based revenue and provide service excellence and continuous quality improvement

Digital customers (mn)



Digital sales / total¹: 60% (+7 pp YoY)

- ▶ Mobile customers: +16% YoY
- ▶ Digital framework: delivering efficiency and broadening product range in digital channels

Retail Banking Q3'21 Summary



Key product performance

Business recovery while covid pandemic impact decreasing.

Higher customer acquisition and sales volumes in key business lines.

In September - record mortgage loans and insurance premium monthly sales.

Personal account sales +17% vs. Q2'21; +2% vs. Q3'20

Personal loan sales vol. +8% vs. Q2'21; +37% vs. Q3'20

Mortgage loan sales vol. +32% vs Q2'21; +126% vs. Q3'20

Bancassurance premiums +17% vs. Q2'21; +51% vs. Q3'20



Customer Experience

Maintained high service quality level and **Top 3 in NPS** benchmark (#4 in 2020).



Digital channel development

2.9 mn digital customers (+8% YoY)

2.1 mn mobile customers (+16% YoY)

Product and process improvements to maximize self-service, increase digital acquisition and sales.

New products and processes

Eco vertical debit card Visa made in 85% from recycled material.

New **application process for cash consolidation loans** in internet and mobile.

Autosavings facility – easy automatic way to save money for any purpose.

New **investment fund offer** - Santander Future Wealth focused on investment in megatrends: society of the future, technology of future and the planet of the future.

New **website for stock analysis and recommendations** for brokerage house retail clients, in line with UX standards and the latest technical requirements.

Business transformation

Strategic programmes focused on **digital acceleration and simplification** in progress.

Further **optimization** of the retail network: **9%** reduction of own branches network in 2021 (44 branches closed).

Further embedding ESG to build a more responsible bank



Environmental: supporting the green transition

Helping customers go green

EUR 239 mn Green Finance in 9M'21
2 largest issuances of **green bonds** by non-financial enterprises in Poland with a total value of **EUR 311 mn**

1st SDG-linked bonds in Poland

Going green ourselves

100% purchased electricity from renewable sources
Carbon Neutral in our own operations

0% of single use plastic



Social: building a more inclusive society

Talented & diverse team

Top Employer Certificate **34%** women in leadership positions

Financially empowering people

c. 98 k people since 2019

Supporting society

c. 880 k people helped since 2019
9.1 k scholarships granted since 2019



Governance: doing business the right way

A strong culture

Simple, Personal, Fair

Taking ESG criteria into account when determining **remuneration**

ESG governance

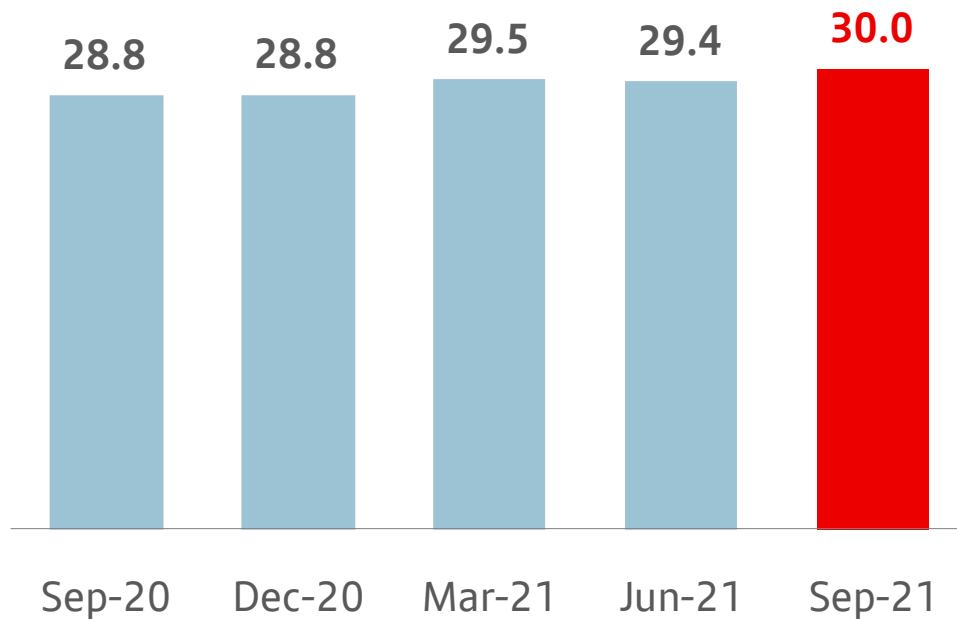
Establishing an **ESG forum with ESG Leds** function in each division

40% women on Supervisory Board



Positive system-wide trend in mortgages, together with our growth strategy in SMEs and CIB led to a 4% growth in loans

Total customer loans (Constant EUR bn)¹

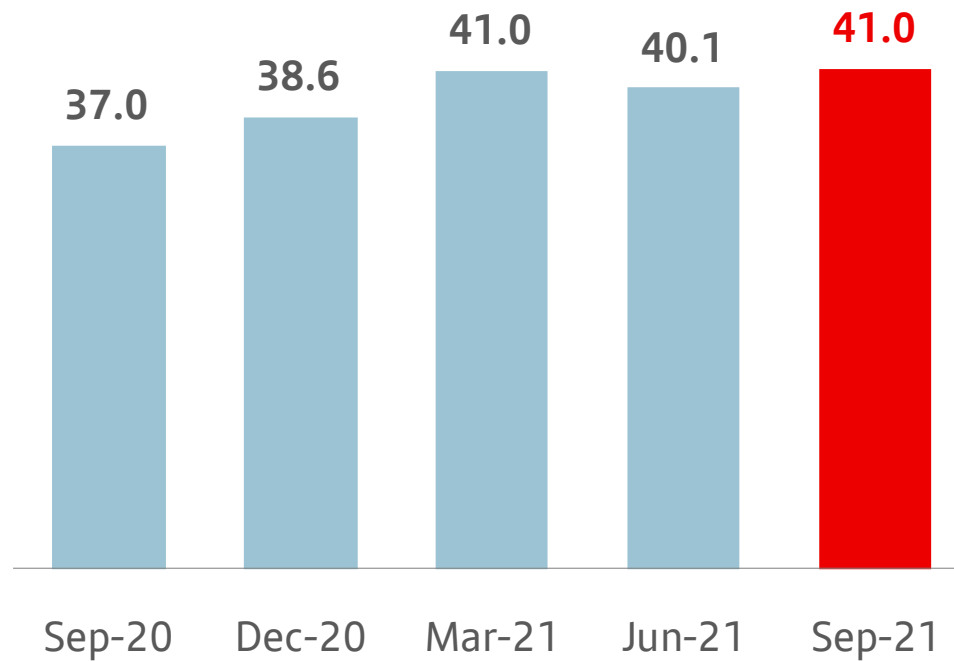


	Sep-21	Sep-20	YoY (%)	QoQ (%)
Individuals²	15.2	14.7	3.4	2.6
o/w Mortgages	11.3	10.9	3.8	2.9
o/w Consumer credit	3.0	3.0	0.5	1.9
SMEs	3.5	3.3	5.4	0.8
Corporates & Institutions	7.3	7.4	-0.9	0.0
CIB	3.6	3.0	19.0	7.9
Other	0.4	0.4	0.5	-16.3
Total customer loans	30.0	28.8	4.1	2.0

Following our funding cost optimization strategy, demand deposits increased but time decreased. Mutual funds grew 33%



Total customer funds (Constant EUR bn)¹



	Sep-21	Sep-20	YoY (%)	QoQ (%)
Demand	33.5	28.0	19.6	2.9
Time	2.7	5.4	-49.7	-3.0
Total deposits	36.2	33.4	8.4	2.4
Mutual Funds	4.8	3.6	33.2	2.8
Total customer funds	41.0	37.0	10.8	2.5

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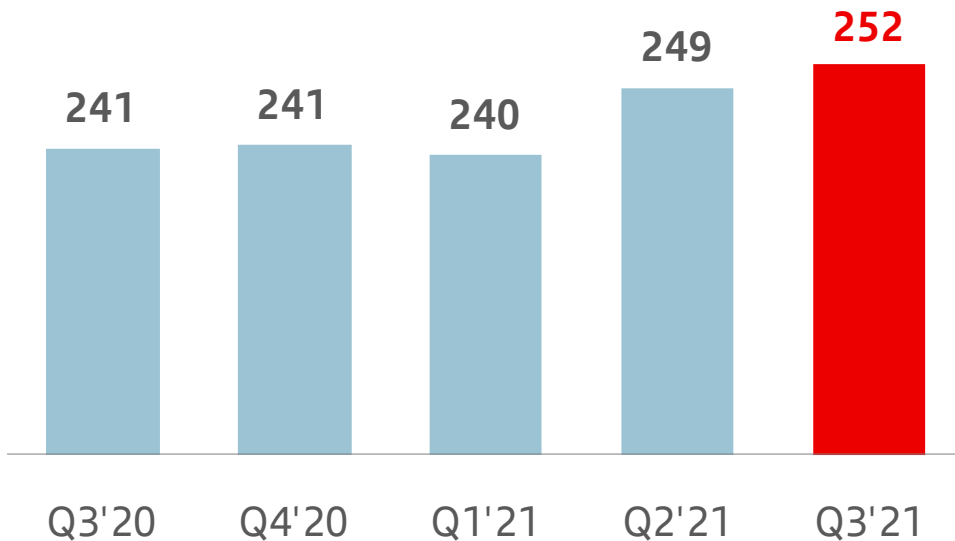
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Despite low interest rates, active spreads management increased NIM by 5 bps delivering a higher NII for the quarter

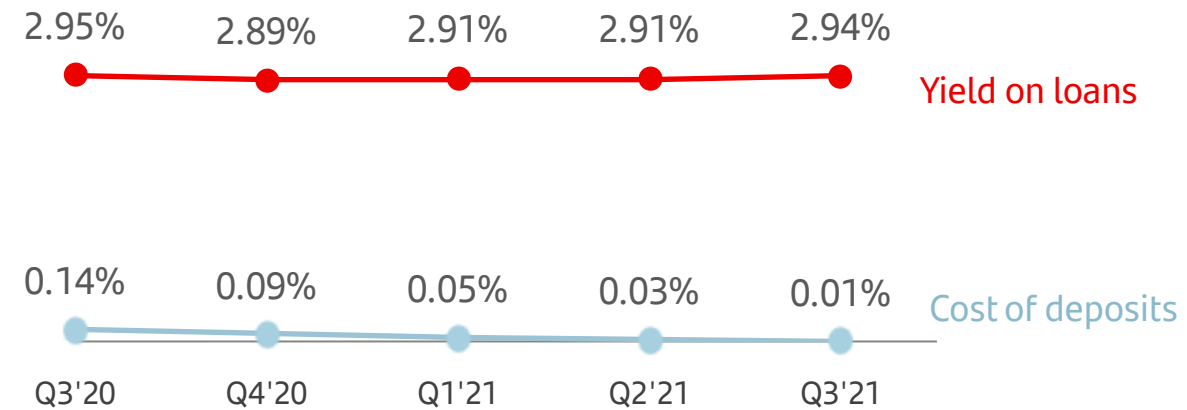


Net interest income (Constant EUR mn)¹



NIM ²				
2.14%	2.10%	2.03%	2.06%	2.11%
Official target interest rate ³				
0.10%	0.10%	0.10%	0.10%	0.10%

Yields and costs (%)



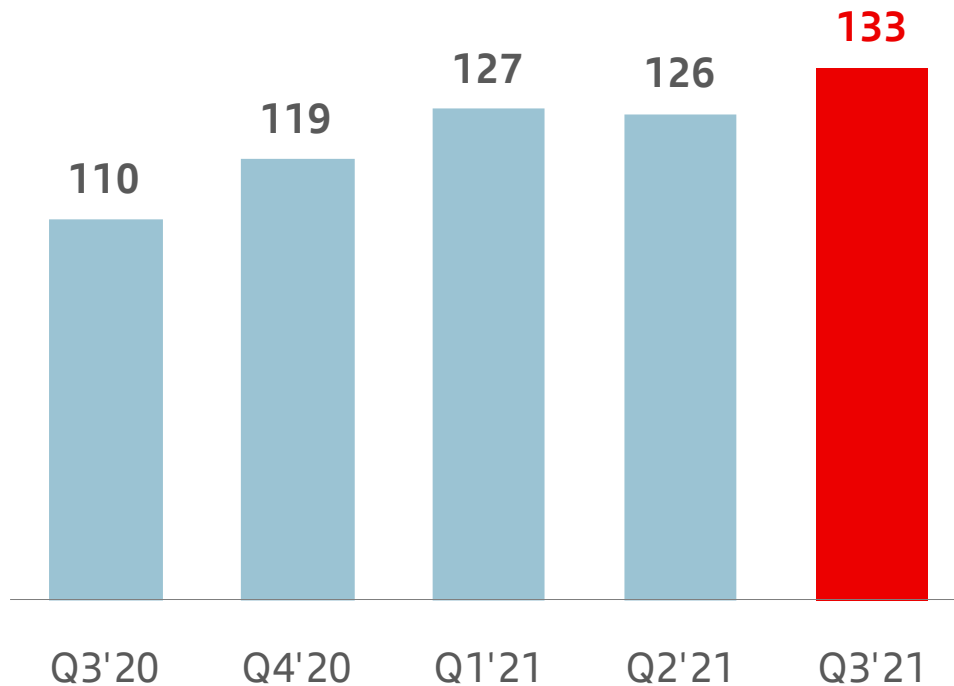
Differential

2.8 pp	2.8 pp	2.9 pp	2.9 pp	2.9 pp
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Net fee income up 19% YoY, boosted by transactional fees, FX and insurance

Net fee income (Constant EUR mn)¹

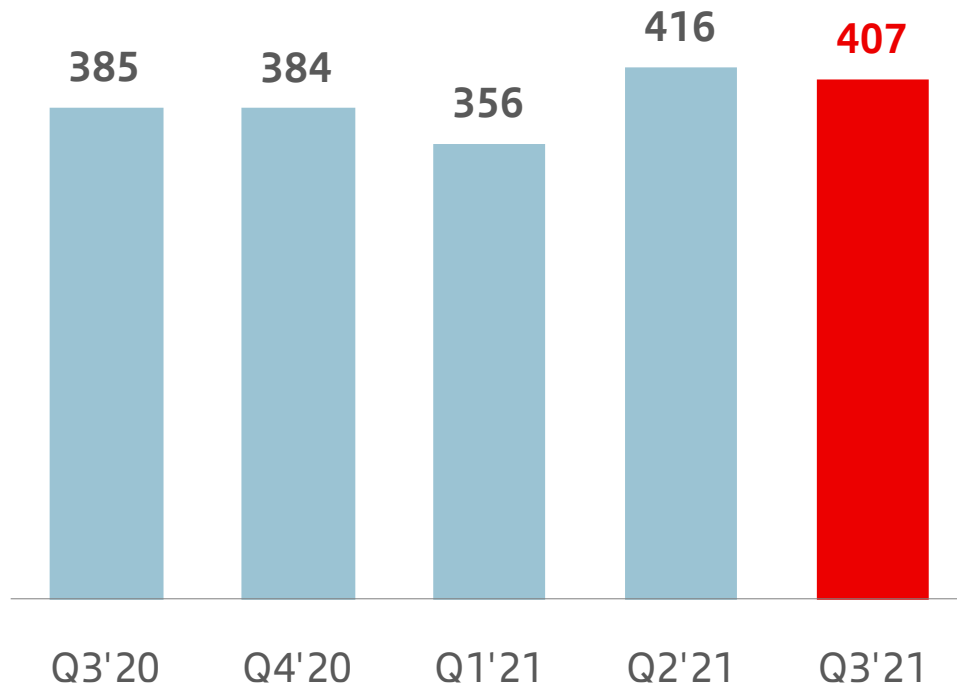


	9M'21	9M'20	YoY (%)	QoQ (%)
Transactional fees	260	209	24.2	10.1
Payment methods	58	48	21.5	2.7
Transfers, drafts, cheques and other orders	38	34	11.1	3.5
Foreign exchange currencies	90	75	19.9	12.4
Other transactional	74	52	41.4	16.9
Investment and pension funds	45	38	19.0	0.2
Insurance	22	16	36.7	13.5
Securities and custody services	22	18	26.7	-47.0
Other	37	42	-13.1	17.5
Total net fee income	386	323	19.5	5.7



Strong performance in net fee income and margin management drove 3% increase in customer revenue, boosting growth in total income to 7%

Total income (Constant EUR mn)¹

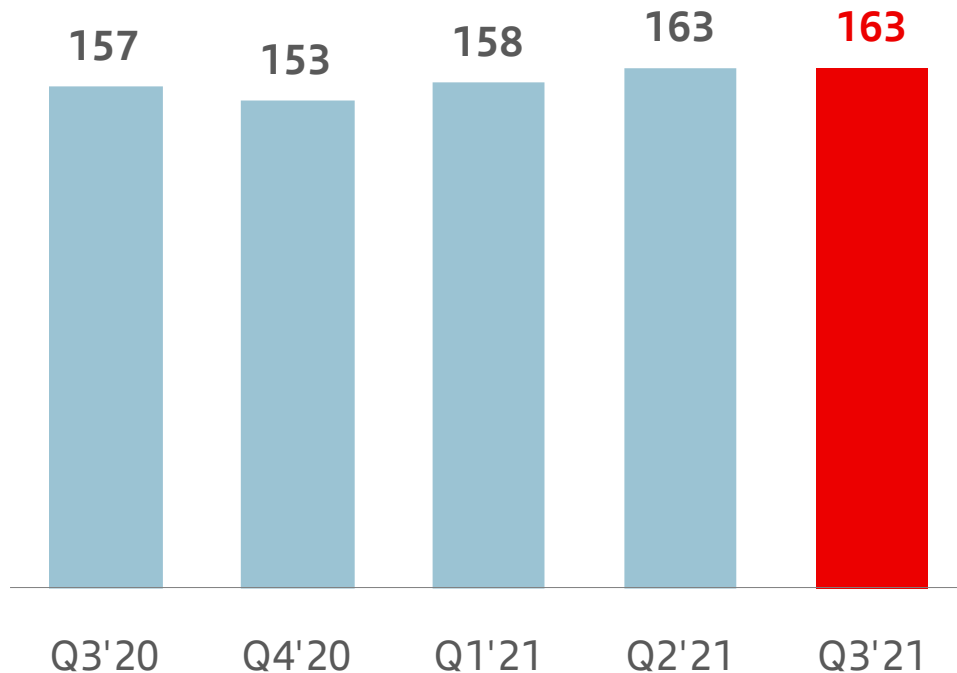


	9M'21	9M'20	YoY (%)	QoQ (%)
Net interest income	741	772	-4.0	1.3
Net fee income	386	323	19.5	5.7
Customer revenue	1,126	1,095	2.9	2.8
Other ²	52	10	-	-47.8
Total income	1,179	1,104	6.7	-2.2

IT and transformation expenditures, marketing and activity related costs increased cost base YoY



Operating expenses (Constant EUR mn)¹



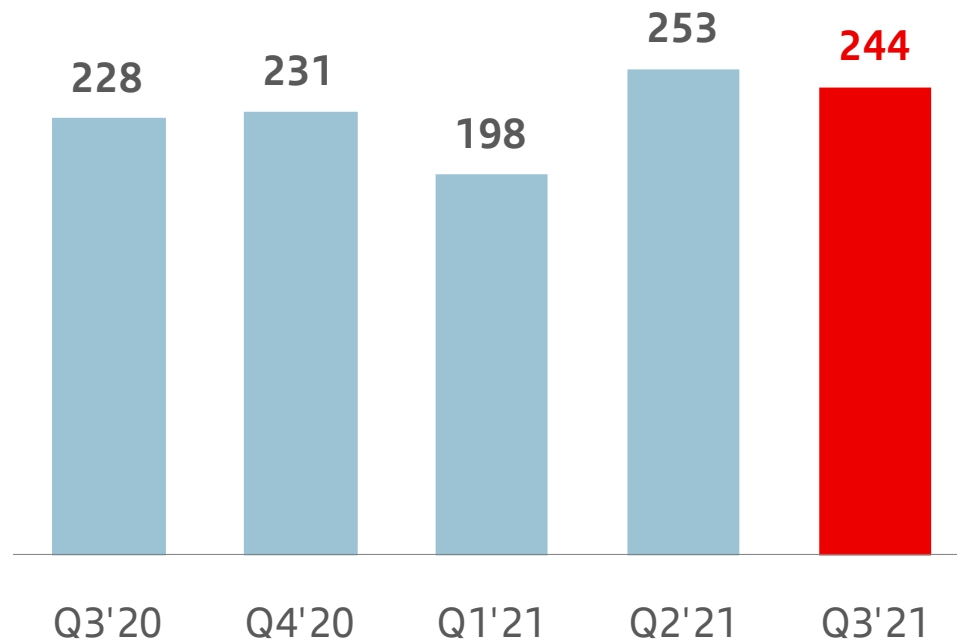
	9M'21	9M'20	YoY (%)	QoQ (%)
Operating Expenses	483	462	4.6	0.0

Branches (#)	458	515	-11.1	-2.8
Employees (#)	9,776	10,698	-8.6	-1.6

Net operating income up 8% YoY, driven by stronger revenue (net fee income and dividends) which were able to offset cost growth and enhance efficiency ratio by 84 bps



Net operating income (Constant EUR mn)¹

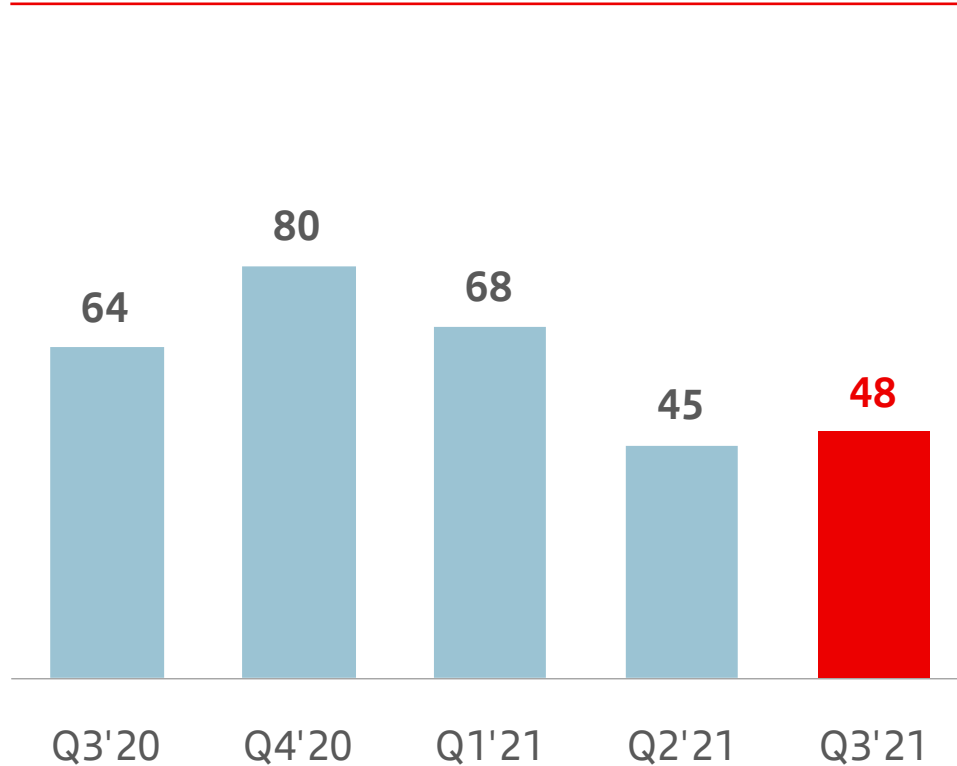


	9M'21	9M'20	YoY (%)	QoQ (%)
Total income	1,179	1,104	6.7	-2.2
Operating Expenses	(483)	(462)	4.6	0.0
Net operating income	696	642	8.3	-3.7
Efficiency ratio	41.0%	41.8%	-84 bps	



LLPs down 34% YoY, mainly due to lower charges in individuals, SMEs and BCB, resulting in a 34% increase in net operating income after LLPs

Net LLPs (Constant EUR mn)¹



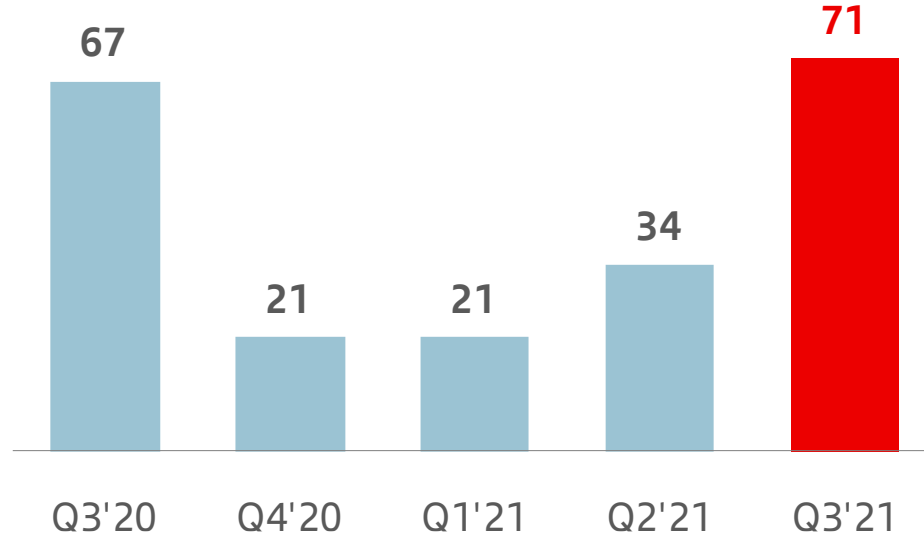
	9M'21	9M'20	YoY (%)	QoQ (%)
Net operating income	696	642	8.3	-3.7
Loan-loss provisions	(161)	(242)	-33.7	5.3
Net operating income after provisions	535	400	33.7	-5.6

NPL ratio	4.34%	4.58%	-24 bps	-24 bps
Cost of credit ²	0.82%	0.99%	-17 bps	-6 bps
Coverage ratio	75%	71%	3.8 pp	2.1 pp

Underlying attributable profit doubled in the quarter, but decreased 9% YoY impacted by the charges related to Swiss franc mortgages



Underlying Attributable Profit (Constant EUR mn)¹



	9M'21	9M'20	YoY (%)	QoQ (%)
PBT	281	295	-4.7	69.6
Tax on profit	(104)	(95)	9.9	11.3
Consolidated profit	177	200	-11.6	109.9
Minority interests	(52)	(63)	-16.4	108.8
Underlying attributable profit	125	138	-9.4	110.3

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Final remarks



Financial System

- ▶ Total annual **loan growth gained some momentum** and rose by +2% YoY in August driven by mortgage lending (+12% YoY). Consumer loans rose by 1%
- ▶ In the **corporate sector**, despite new origination is also rebounding, loan growth (after FX adjustment) declined by 2% YoY, mostly driven by base effect
- ▶ **Deposits** advanced 7%, as demand deposits surged 16% YoY (slower than in the previous months) while term deposits declined 24% YoY

Strategy & Business

- ▶ We are developing **customer-centric approach** to business management through continuous improvement of service quality and product range with a **special focus on digitalization** and simplification of processes, increasing efficiency
- ▶ In **retail banking**, we continued our strategic programmes to simplify products and processes and to maximize the number of self-service, digital acquisition and sales. We delivered new solutions and functionalities, including a new application process for cash consolidation loans in internet and mobile
- ▶ **Business Corporate Banking** was observing the positive experiences in the corporate treasury business, and strong FX business performance in the context of customer activity. While **CIB** maintained leading position in the local market

Results

- ▶ Active **spreads management** increased NIM delivering higher NII for the quarter. **Net fee income** boosted by transactional
- ▶ **Costs** increased by 5%, mainly due to IT expenditures and higher personnel expenses related to better commercial activity
- ▶ **LLPs** down 34% YoY, supporting **net operating income** (+34%)
- ▶ **Underlying attributable profit** doubled in the quarter, but decreased 9% YoY impacted by the charges relating to Swiss franc mortgages

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Balance sheet



Constant EUR million ¹	Sep-21	Sep-20	Variation	
			Amount	%
Loans and advances to customers	28,925	27,794	1,131	4.1
Cash, central banks and credit institutions	1,746	1,927	(180)	(9.4)
Debt instruments	14,595	13,074	1,521	11.6
Other financial assets	824	529	294	55.6
Other asset accounts	1,277	1,376	(99)	(7.2)
Total assets	47,367	44,701	2,666	6.0
Customer deposits	36,247	33,444	2,803	8.4
Central banks and credit institutions	2,008	2,561	(554)	(21.6)
Marketable debt securities	1,944	1,929	16	0.8
Other financial liabilities	885	643	242	37.6
Other liabilities accounts	1,210	1,121	89	7.9
Total liabilities	42,293	39,698	2,596	6.5
Total equity	5,074	5,003	71	1.4
Other managed customer funds	5,022	3,861	1,161	30.1
Mutual funds	4,795	3,599	1,196	33.2
Pension funds	—	—	—	—
Managed portfolios	227	262	(35)	(13.4)



Income statement

Constant EUR million ¹	Variation			
	9M'21	9M'20	Amount	%
Net interest income	741	772	(31)	(4.0)
Net fee income	386	323	63	19.5
Gains (losses) on financial transactions	63	62	1	1.3
Other operating income	(11)	(52)	42	(79.6)
Total income	1,179	1,104	74	6.7
Operating expenses	(483)	(462)	(21)	4.6
Net operating income	696	642	53	8.3
Net loan-loss provisions	(161)	(242)	82	(33.7)
Other gains (losses) and provisions	(254)	(105)	(149)	141.4
Underlying profit before tax	281	295	(14)	(4.7)
Tax on profit	(104)	(95)	(9)	9.9
Underlying profit from continuing operations	177	200	(23)	(11.6)
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	177	200	(23)	(11.6)
Non-controlling interests	(52)	(63)	10	(16.4)
Underlying attributable profit to the parent	125	138	(13)	(9.4)

Quarterly income statement

Constant EUR million¹

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21
Net interest income	281	250	241	241	240	249	252
Net fee income	111	103	110	119	127	126	133
Gains (losses) on financial transactions	8	21	34	25	20	21	22
Other operating income	(53)	0	1	(1)	(30)	20	(1)
Total income	347	373	385	384	356	416	407
Operating expenses	(163)	(142)	(157)	(153)	(158)	(163)	(163)
Net operating income	184	231	228	231	198	253	244
Net loan-loss provisions	(90)	(88)	(64)	(80)	(68)	(45)	(48)
Other gains (losses) and provisions	(34)	(40)	(31)	(86)	(72)	(125)	(56)
Underlying profit before tax	59	103	133	66	58	83	140
Tax on profit	(28)	(31)	(35)	(32)	(33)	(34)	(38)
Underlying profit from continuing operations	31	72	97	34	26	49	103
Net profit from discontinued operations	—	—	—	—	—	—	—
Underlying consolidated profit	31	72	97	34	26	49	103
Non-controlling interests	(9)	(23)	(31)	(13)	(5)	(15)	(32)
Underlying attributable profit to the parent	22	50	67	21	21	34	71

Thank You.

Our purpose is to help people and businesses 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



FTSE4Good