



Poland



H1'22

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 2021. 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 2021 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) on 1 March 2022, as updated by the Form 6-K filed with the SEC on 8 April 2022 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”) Q2 2022 Financial Report, published as Inside Information on 28 July 2022. 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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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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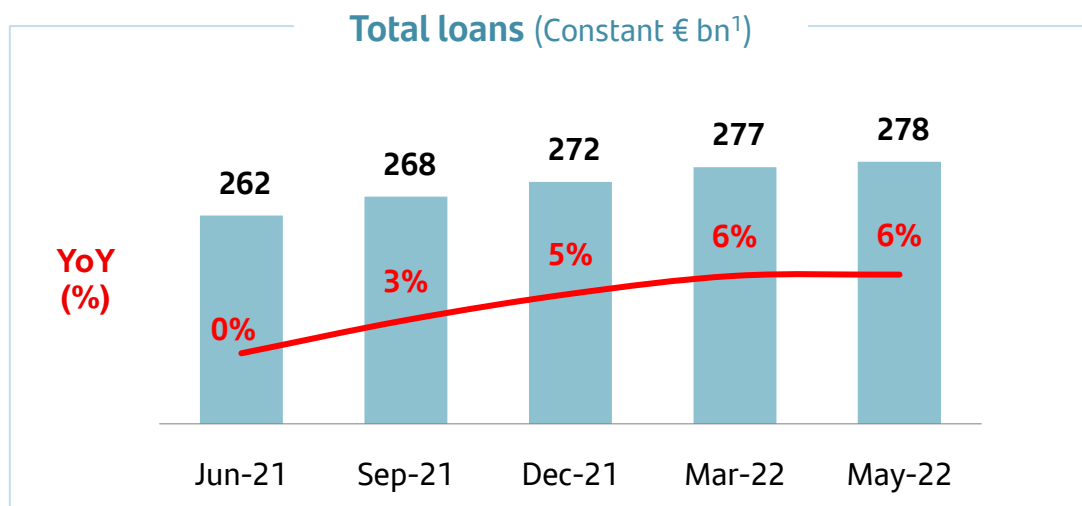
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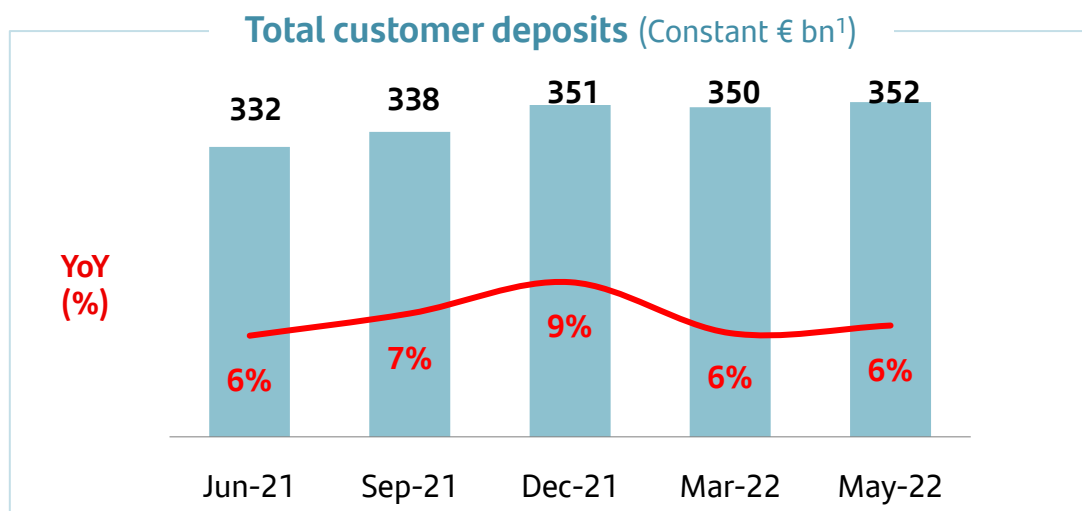
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Appendix

Loan growth steadily accelerating, while deposit growth has started to slow



- ▶ Loan growth has stabilized near 6%. Business loans accelerating, mostly due to elevated demand for working capital (+27% YoY).
- ▶ Meanwhile, loans to households slowed from +5% (FX-adjusted), mostly impacted by slowing mortgage originations and elevated repayments (PLN mortgage growth down to 9% YoY).



- ▶ Deposits grew 6%, at a slower pace than in December, primarily fuelled by time deposits (+35%)



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Concluding remarks



Appendix

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

KEY DATA	H1'22	YoY Var. ⁵
 Customer loans ¹	€31.0bn	+7.8%
 Customer funds ²	€39.7bn	+1.3%
 Underlying att. Profit	€207mn	+380.8%
 RoTE ³	20.2%	+15.9pp
 Efficiency ratio	31.1%	-11.2pp
 Loans market share ⁴	11.6%	-25bps
 Deposits market share ⁴	11.4%	-17bps
 Total customers	5.6mn	+5.6%
 Digital customers	3.2mn	+11.2%
 Branches	413	-12.3%
 Employees	10,468	+0.2%



Strategic Priorities

- ▶ Improve customer satisfaction, remaining at least among the Top 3 in NPS
- ▶ Focus on employee experience in order to attract talent and reinforce inclusive organizational culture
- ▶ Customer and processes digitalization and organizational simplification leveraging One Europe to evolve our business into a more agile, dynamic and profitable model
- ▶ Increase profitability through effective net interest income management, higher fee income and cost control
- ▶ Responsible banking: continue to support our customers in the transition to a sustainable economy

Note: 3rd largest bank in Poland in terms of assets as of Dec-21.

(1) Gross loans excluding reverse repos.

(2) Excluding repos.

(3) Adjusted RoTE: adjusted based on Group's deployed capital calculated as contribution of RWAs at 12%. Using tangible equity, RoTE is 13.7%.

(4) As of March 2022.

(5) Constant euros.

Sustained customer growth and increased loyalty



- ▶ Significant increase in both total and loyal customers
- ▶ Growth in loyal SMEs reached 9% YoY
- ▶ Investments in digitalization drove 11% growth in our digital customer base

Retail Banking Q2 2022 Summary



Customer focus

- ▶ Improved service quality
- ▶ Awards in important ranking 'Golden Bank' (#1 in service quality, #2 personal account, #2 mortgage loan; #3 payment card design; #3 credit card)



Business performance

- ▶ Customer acquisition growth including high Ukrainian inflow
- ▶ Sales volumes growth in key business lines, especially in personal and mortgage loans and bancassurance
- ▶ #1¹ in Polish market in new mortgage business
- ▶ Strong P&L results YoY



Business transformation

- ▶ Strategic programmes focused on digital acceleration and simplification in progress (in H1 2022: 10 fewer products in back book)
- ▶ Further optimization of the retail network: 6% reduction in own branch network in H1 2022 (27 branches closed)
- ▶ Integration with Allianz in bancassurance area, rebranding of Santander Aviva



Russia-Ukraine conflict

- ▶ Support for the bank's Ukrainian employees and customers (free money transfers, free current account and debit cards, possibility to suspend cash and mortgage loans instalments; Ukrainian language in ATMs)
- ▶ Charity action Double Power of Help – supported UNICEF, Polish Red Cross, Polish Humanitarian Action and the city of Przemysl

Further embedding ESG to build a more responsible bank



Environmental: supporting the green transition

€212mn
green buildings

€127mn
RES¹ Financing

€345.5mn
green finance

5,966
customers received
green financing

100%
single use plastic free



Social: building a more inclusive society

**Ranking
Responsible
Companies**
2nd place

**Best Bank
for CR²**
2022 Euromoney
Awards for Excellence

>€1mn
raised for
Ukrainian Aid

28.5k
People helped

>498k
financially
empowered people
2019-H1'22

>35%
women in
senior positions



Governance: doing business the right way

**Climate Risk
analysis**
TCFD Report

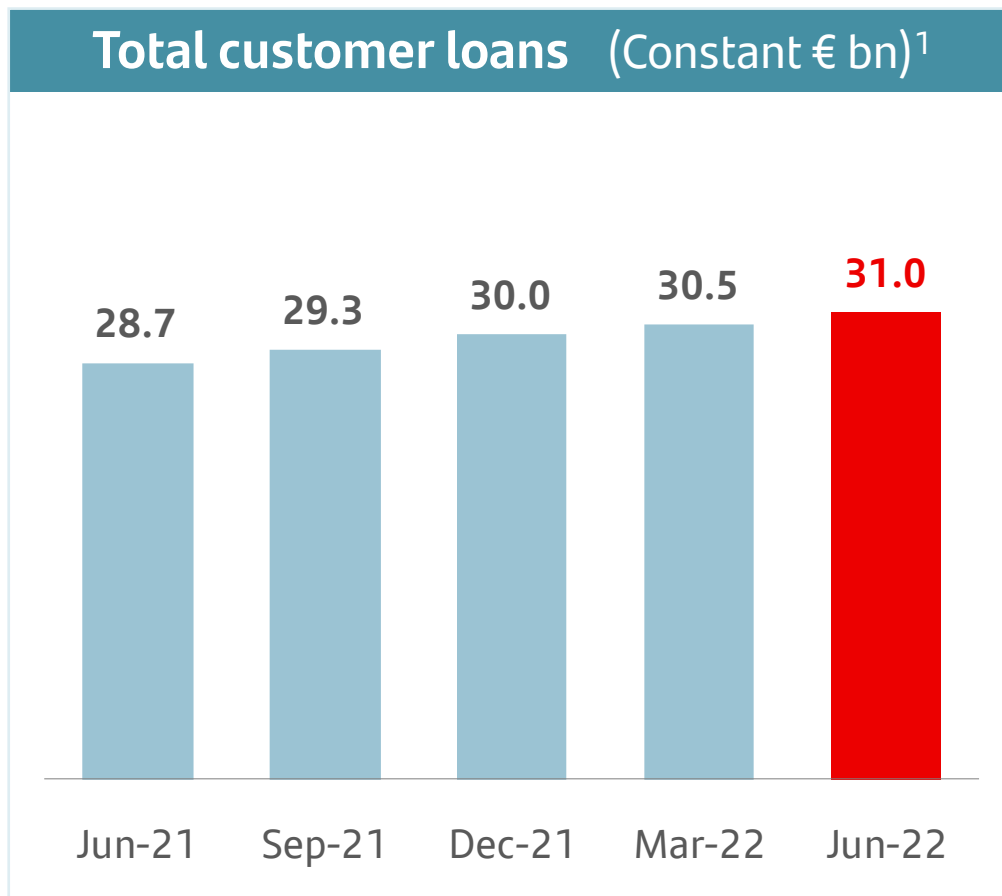
**ESG
Materiality
Matrix**
2022 update

ESG yearly goals
for board & senior management

>50%
independent
directors

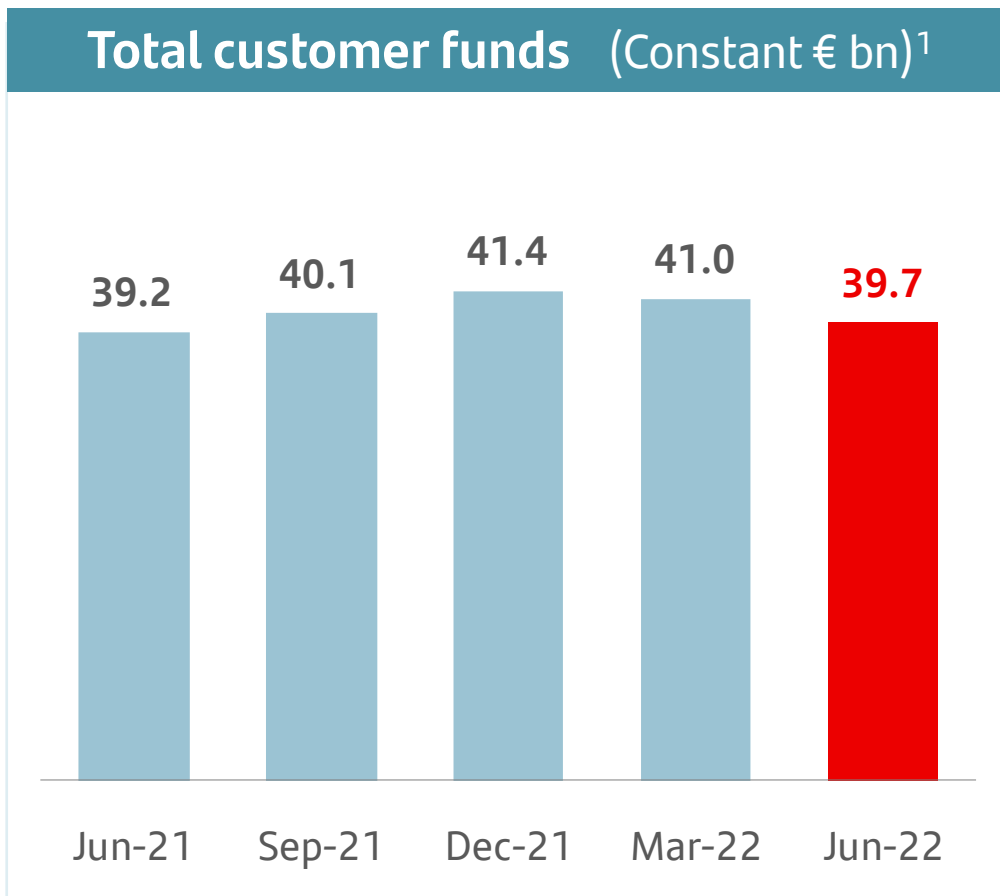
41%
women on
supervisory
board

Stock of loans grew by 8% on the back of mortgage market momentum and our growth strategy in companies



	Jun-22	Jun-21	YoY (%)	QoQ (%)
Individuals²	15.0	14.5	3.7	0.1
o/w Mortgages	11.2	10.7	4.1	-0.4
o/w Consumer credit	3.0	2.9	3.3	0.6
SMEs	3.5	3.4	3.6	0.8
Corporates & Institutions	7.8	7.2	9.2	2.1
CIB	4.2	3.3	28.9	3.6
Other	0.5	0.5	-0.8	56.2
Total customer loans	31.0	28.7	7.8	1.7

Supported by latest interest rate hikes, time deposits grew 89% improving our liquidity position



	Jun-22	Jun-21	YoY (%)	QoQ (%)
Demand	31.3	31.9	-1.6	-5.5
Time	5.2	2.8	89.1	21.4
Total deposits	36.6	34.6	5.6	-2.4
Mutual Funds	3.1	4.6	-31.5	-10.6
Total customer funds	39.7	39.2	1.3	-3.1

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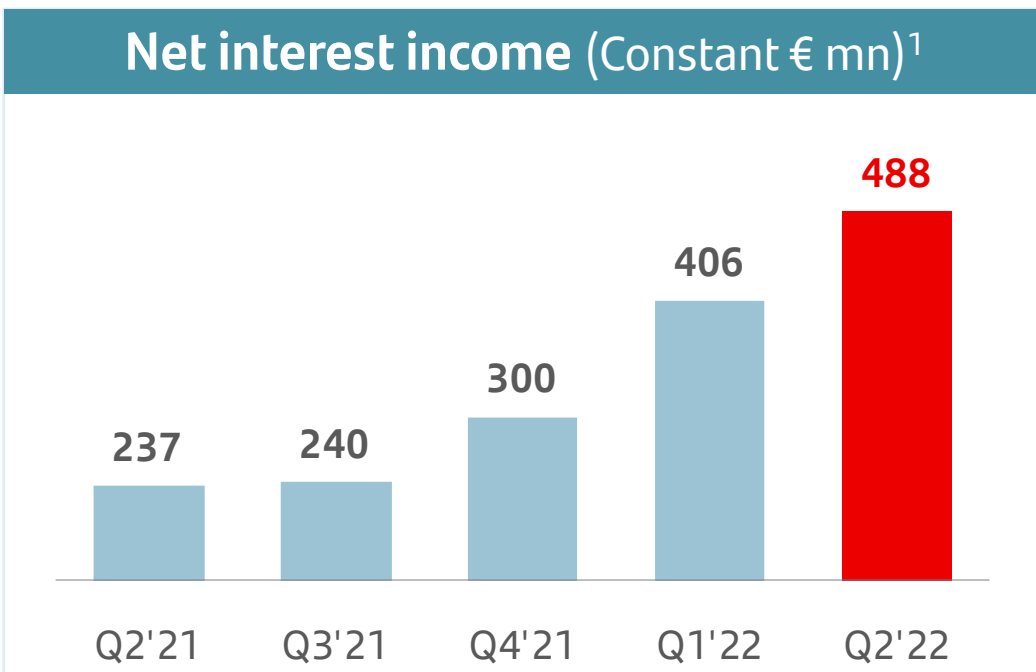
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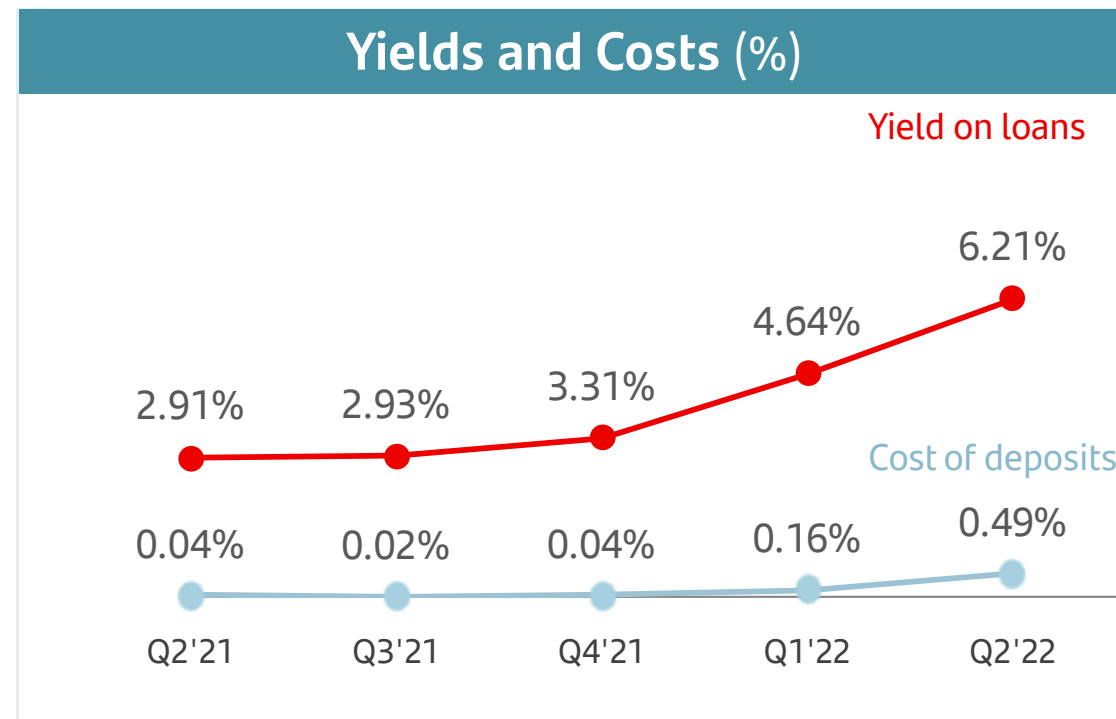
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Appendix

NII increased 92% YoY boosted by solid commercial activity and higher interest rates



NII / Average total assets				
2.00%	2.04%	2.49%	3.27%	3.85%
Official interest rate ²				
0.10%	0.10%	1.07%	2.69%	5.08%

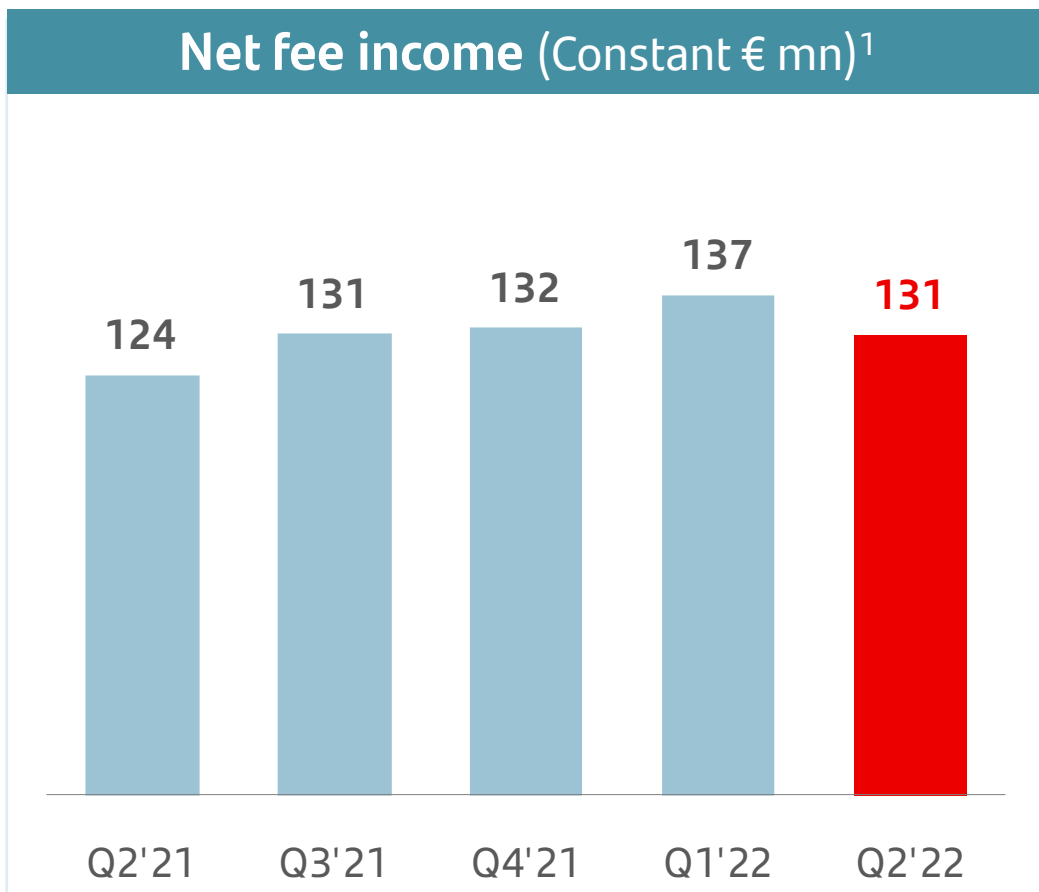


Differential				
2.9pp	2.9pp	3.3pp	4.5pp	5.7pp



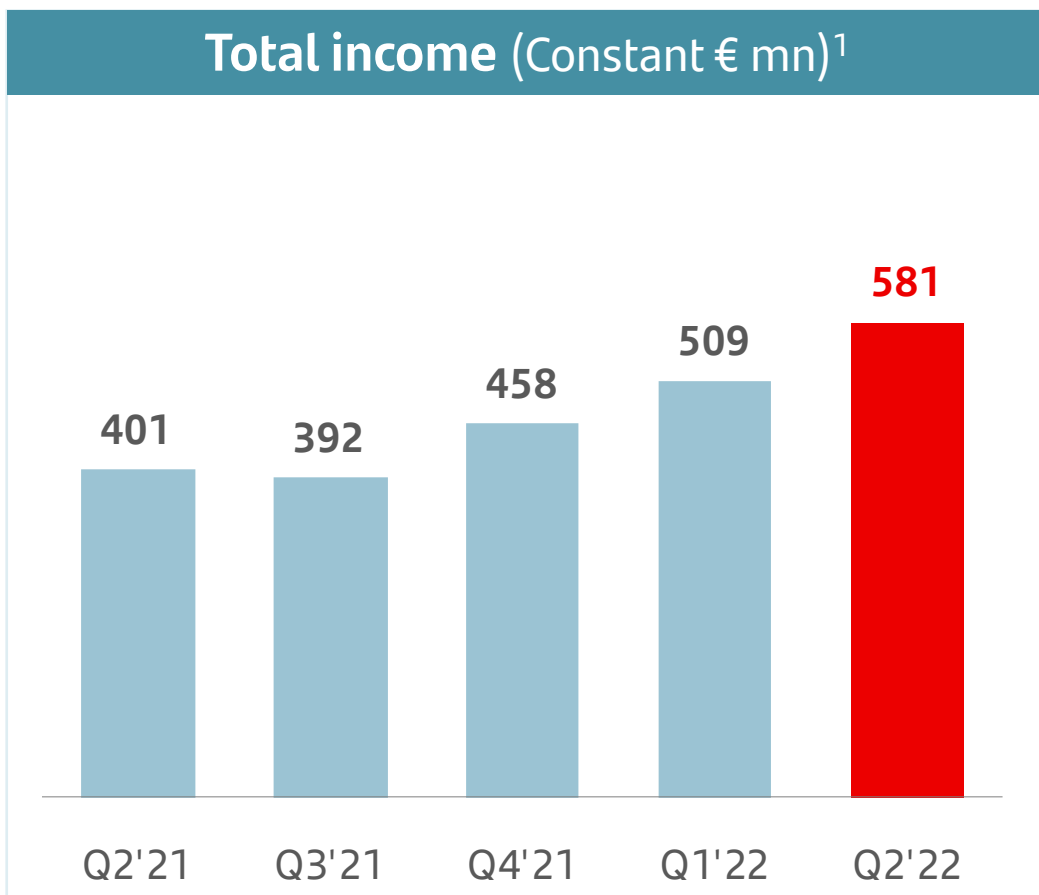
(1) Average exchange rate as at 6M'22.
 (2) Quarterly average.

Net fee income was up 8%, mainly due to insurance fees and transactionality on the back of higher economic activity



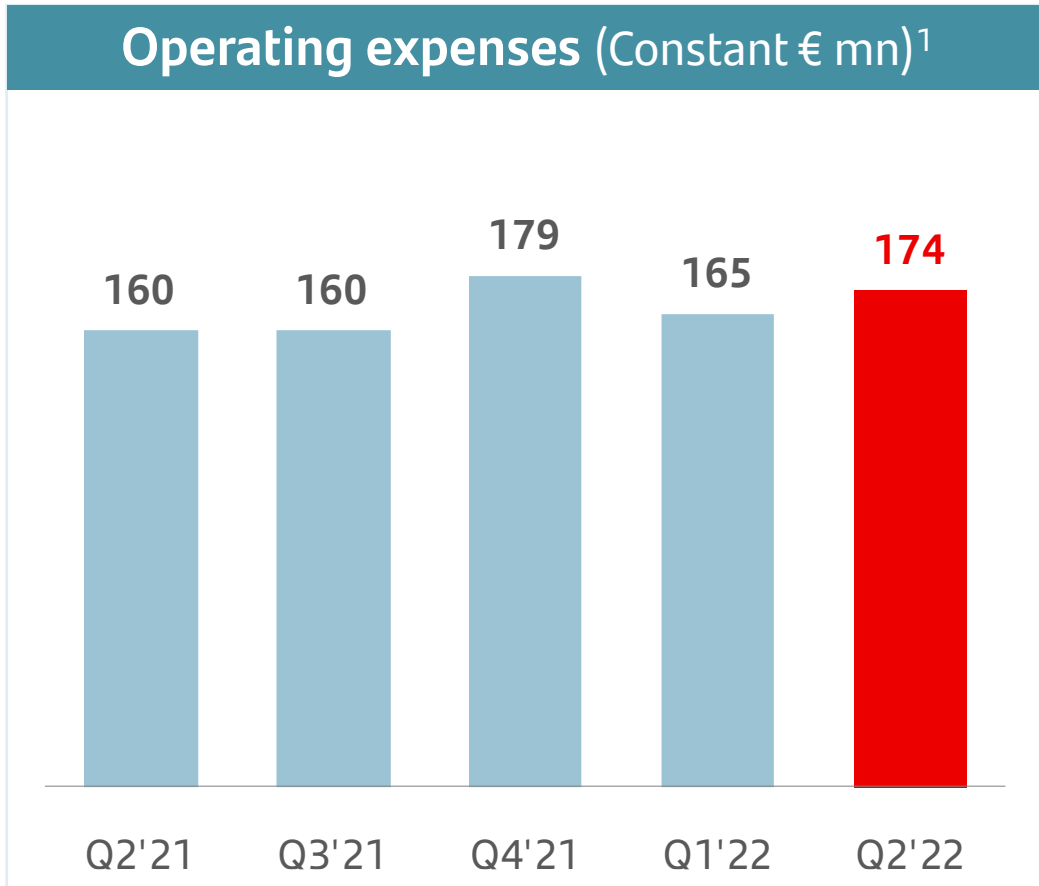
	H1'22	H1'21	YoY (%)	QoQ (%)
Transactional fees	197	164	20.3	0.3
Payment methods	40	38	5.7	11.1
Transfers, drafts, cheques and other orders	26	24	9.8	-1.2
Foreign exchange	78	55	40.6	-2.8
Other transactional	53	47	13.3	-2.1
Investment and pension	22	29	-23.0	-15.7
Insurance	17	13	25.5	1.6
Securities and custody	14	17	-17.7	-27.2
Other	18	24	-27.9	-31.3
Total net fee income	268	248	8.1	-5.1

Strong customer revenue performance drove a 47% increase in total income



	H1'22	H1'21	YoY (%)	QoQ (%)
Net interest income	894	465	92.2	20.2
Net fee income	268	248	8.1	-5.1
Customer revenue	1,162	713	63.0	13.8
Other ²	(72)	30	-	7.9
Total income	1,090	743	46.7	14.2

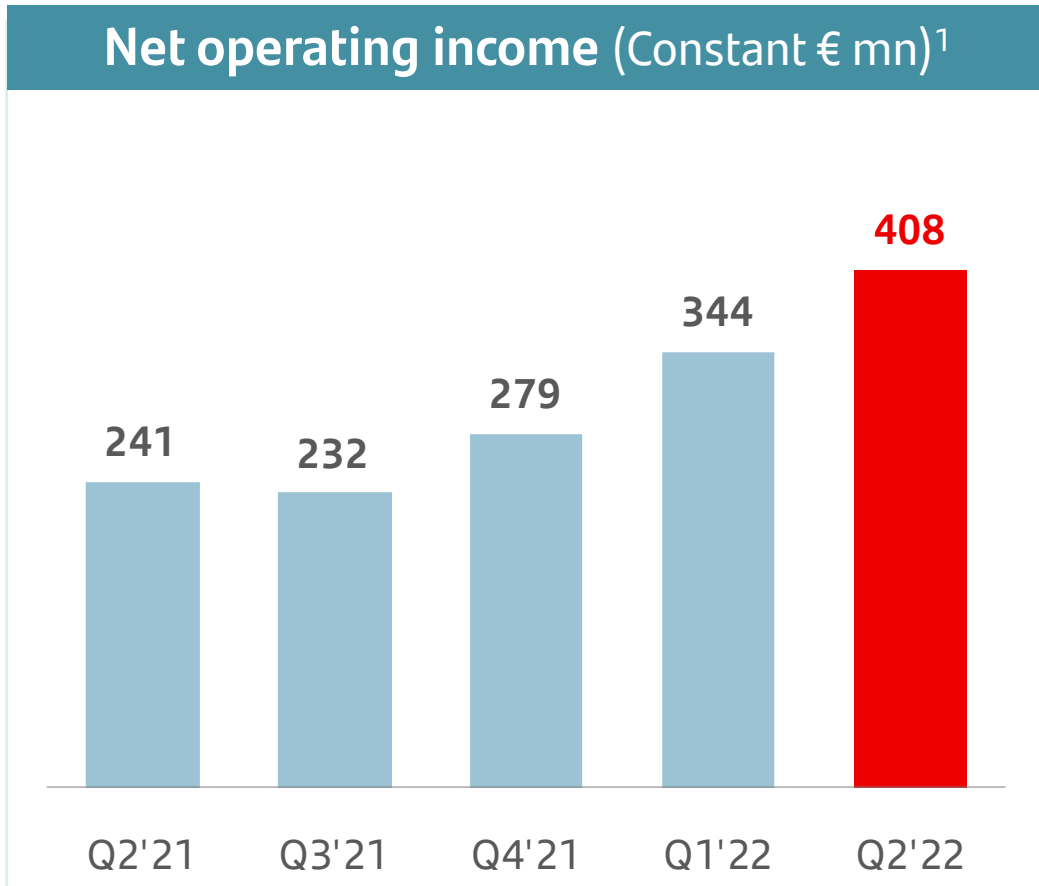
Operating expenses rose 8% YoY due to higher inflation and nearly full employment.
In real terms, costs fell slightly (-1%)



	H1'22	H1'21	YoY (%)	QoQ (%)
Operating Expenses	339	314	7.8	5.0

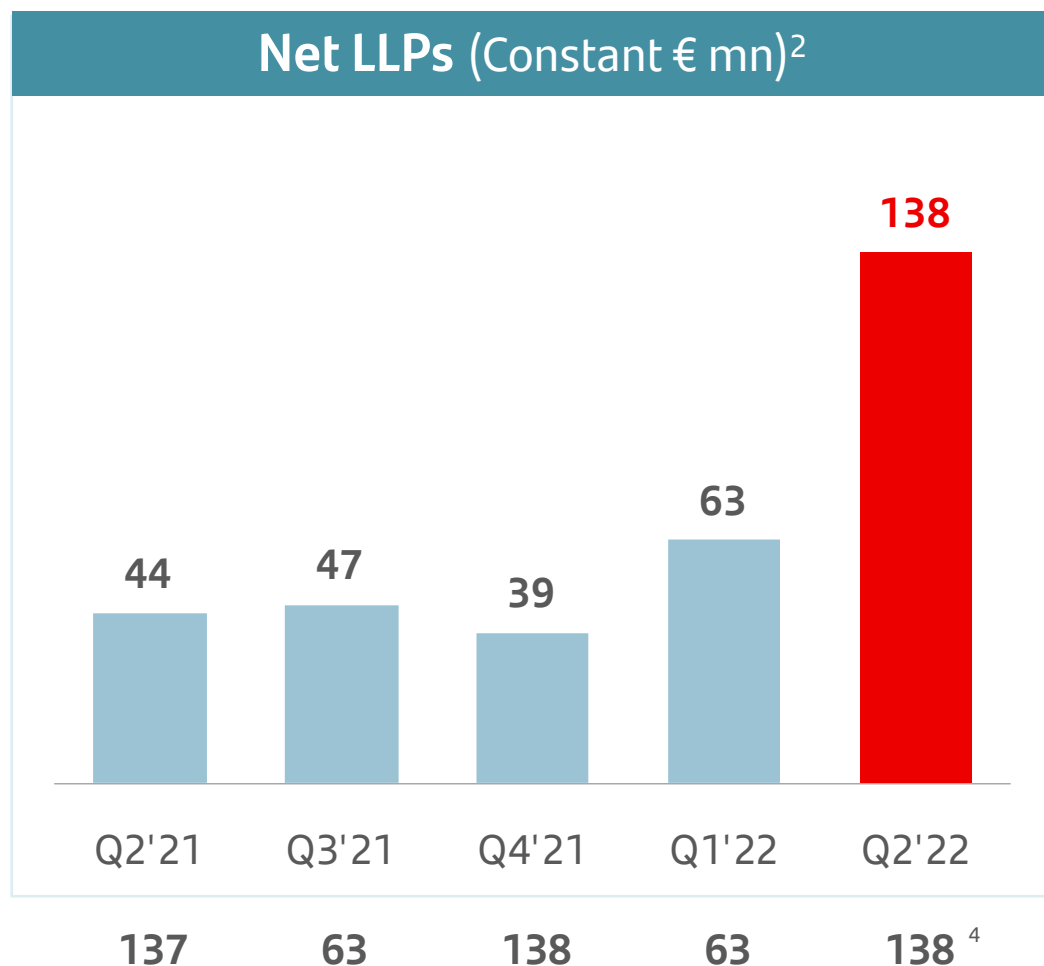
Branches (#)	413	471	-12.3	-1.7
Employees (#)	10,468	10,443	0.2	1.5

Strong commercial activity boosted net operating income (+75%)



	H1'22	H1'21	YoY (%)	QoQ (%)
Total income	1,090	743	46.7	14.2
Operating Expenses	(339)	(314)	7.8	5.0
Net operating income	751	429	75.2	18.6
Efficiency ratio	31.1%	42.3%	-11.2pp	

Loan-loss provisions were affected by CHF mortgage-related charges¹. On a like-for-like basis, there is no material increase in provisioning



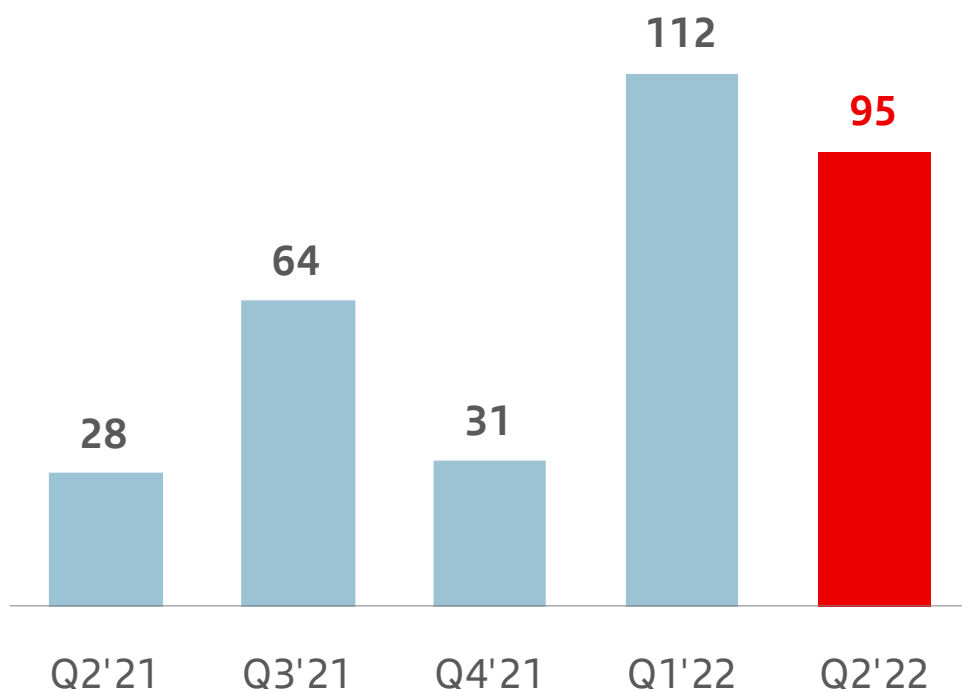
	H1'22	H1'21	YoY (%)	QoQ (%)
Net operating income	751	429	75.2	18.6
Loan-loss provisions	(202)	(111)	81.8	118.4
Net operating income after provisions	550	318	72.8	-4.0

NPL ratio	3.45%	4.58%	-113bps	-4bps
Cost of risk ³	0.95%	0.88%	7bps	30bps
Coverage ratio	76%	72%	3.6pp	-2.5pp

Five-fold profit increase YoY supported by good performance across all lines



Underlying Attributable Profit (Constant € mn)¹



	H1'22	H1'21	YoY (%)	QoQ (%)
PBT	444	124	257.9	(11.1)
Tax on profit	(135)	(61)	121.1	(3.5)
Consolidated profit	309	63	389.8	(14.2)
Minority interests	(102)	(20)	409.2	(13.4)
Underlying attributable profit	207	43	380.8	(14.6)

Effective tax rate	30.3%	49.1%	-18.8pp
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Financial System

- ▶ Loan growth has stabilized near 6%. Business loans accelerating, mostly due to elevated demand for working capital (+27% YoY)
- ▶ Meanwhile, loans to households slowed from +5% (FX-adjusted), mostly impacted by slowing mortgage originations and elevated repayments (PLN mortgage growth down to 9% YoY).
- ▶ Deposits grew 6%, at a slower pace than in December, primarily fuelled by term deposits (+35%)



Strategy & Business

- ▶ Strategic programmes, focused on digital acceleration and simplification, in progress and further optimization of the retail network
- ▶ Support of Ukrainian refugees, including a dedicated banking offering
- ▶ Integration with Allianz in bancassurance
- ▶ Sales volumes growth in key business lines, especially in retail and SME financing and bancassurance



Results

- ▶ Mortgage market momentum, our growth strategy in companies and interest rate hikes drove a 94% increase YoY in NII with 89% growth in revenue
- ▶ Net operating income grew by 75% supported by increased revenue and good cost control
- ▶ Loan-loss provisions were affected by CHF mortgage-related charges. On a like-for-like basis, there is no material increase in provisioning
- ▶ Five-fold profit increase YoY supported by good performance across all lines

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Balance sheet



Constant € million ¹	Variation			
	Jun-22	Jun-21	Amount	%
Loans and advances to customers	30,245	27,767	2,477	8.9
Cash, central banks and credit institutions	3,779	1,815	1,964	108.2
Debt instruments	13,011	14,581	(1,570)	(10.8)
Other financial assets	841	748	93	12.5
Other asset accounts	1,714	1,237	477	38.6
Total assets	49,591	46,148	3,443	7.5
Customer deposits	36,558	34,614	1,944	5.6
Central banks and credit institutions	4,644	2,197	2,447	111.4
Marketable debt securities	782	2,368	(1,586)	(67.0)
Other financial liabilities	1,160	811	348	42.9
Other liabilities accounts	1,609	1,192	417	35.0
Total liabilities	44,753	41,182	3,571	8.7
Total equity	4,838	4,966	(128)	(2.6)
Other managed customer funds	3,319	4,808	(1,488)	(31.0)
Mutual funds	3,128	4,565	(1,436)	(31.5)
Pension funds	—	—	—	—
Managed portfolios	191	243	(52)	(21.4)

Income statement



Constant € million ¹	Variation			
	H1'22	H1'21	Amount	%
Net interest income	894	465	429	92.2
Net fee income	268	248	20	8.1
Gains (losses) on financial transactions	57	40	17	41.7
Other operating income	(129)	(10)	(119)	—
Total income	1,090	743	347	46.7
Operating expenses	(339)	(314)	(24)	7.8
Net operating income	751	429	322	75.2
Net loan-loss provisions	(202)	(111)	(91)	81.8
Other gains (losses) and provisions	(106)	(194)	88	(45.5)
Underlying profit before tax	444	124	320	257.9
Tax on profit	(135)	(61)	(74)	121.1
Underlying profit from continuing operations	309	63	246	389.8
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	309	63	246	389.8
Non-controlling interests	(102)	(20)	(82)	409.2
Underlying attributable profit to the parent	207	43	164	380.8

Quarterly income statement



Constant € million¹

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Net interest income	228	237	240	300	406	488
Net fee income	124	124	131	132	137	131
Gains (losses) on financial transactions	20	21	22	14	13	44
Other operating income	(30)	20	(1)	12	(47)	(81)
Total income	343	401	392	458	509	581
Operating expenses	(155)	(160)	(160)	(179)	(165)	(174)
Net operating income	188	241	232	279	344	408
Net loan-loss provisions	(67)	(44)	(47)	(39)	(63)	(138)
Other gains (losses) and provisions	(71)	(123)	(55)	(149)	(46)	(60)
Underlying profit before tax	50	74	130	91	235	209
Tax on profit	(30)	(31)	(35)	(43)	(68)	(66)
Underlying profit from continuing operations	20	43	96	48	166	143
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	20	43	96	48	166	143
Non-controlling interests	(5)	(15)	(31)	(17)	(55)	(47)
Underlying attributable profit to the parent	15	28	64	31	112	95

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



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**Dow Jones
Sustainability Indices**
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