



Poland



2023

Earnings Presentation

Important Information

Non-IFRS and alternative performance measures

This presentation contains financial information prepared according to International Financial Reporting Standards (IFRS) and taken from our consolidated financial statements, as well as 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, and other non-IFRS measures. The APMs and non-IFRS measures were calculated with information from Grupo Santander; however, they are neither defined or detailed in the applicable financial reporting framework nor audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider them to be useful metrics for our management and investors to compare operating performance between periods. APMs we use are presented unless otherwise specified on a constant FX basis, which is computed by adjusting comparative period reported data for the effects of foreign currency translation differences, which distort period-on-period comparisons. Nonetheless, the APMs and non-IFRS measures are supplemental information; their purpose is not 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. APMs using ESG labels have not been calculated in accordance with the Taxonomy Regulation or with the indicators for principal adverse impact in SFDR. For further details on APMs and Non-IFRS Measures, including their 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 2022 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the SEC) on 1 March 2023 (<https://www.santander.com/content/dam/santander-com/en/documentos/informacion-sobre-resultados-semestrales-y-anales-suministrada-a-la-sec/2023/sec-2022-annual-20-f-2022-en.pdf>), as well as the section "Alternative performance measures" of Banco Santander, S.A. (Santander) Q4 2023 Financial Report, published on 31 January 2024 (<https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information#quarterly-results>). Underlying measures, which are included in this document, are non-IFRS measures.

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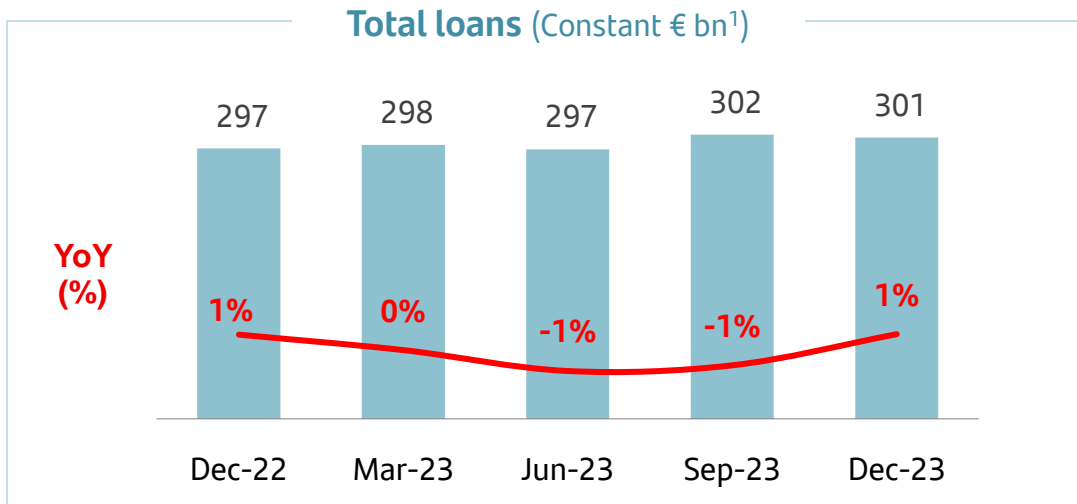
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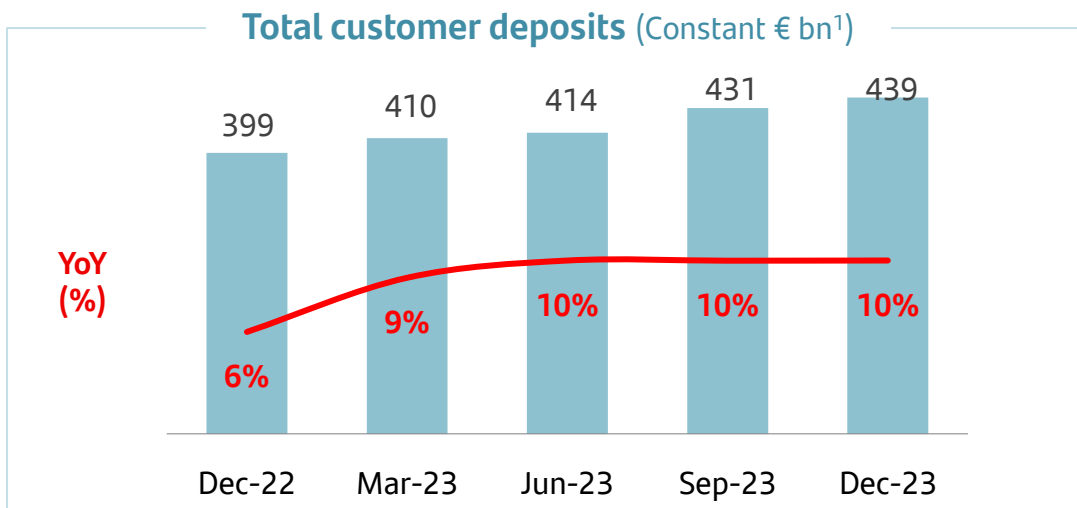
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Appendix

Loans recovering while deposits remain strong



- ▶ Total loan growth in annual terms was 1%. However, this happened amid an appreciation of the zloty, so FX-corrected value was above 2%.
- ▶ Strong acceleration in mortgage demand, driven by government support programme. Delivering 2% YoY growth (-1% in September). Consumer loans also improved, while corporate loans lagged.



- ▶ Deposits grew 10% YoY in December, as term deposits rose 16% YoY while demand deposits increased by 7% YoY.
- ▶ Discrepancy between deposit and loan growth is mostly resulting from a rise in net foreign assets of the banking system.



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Appendix

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

| KEY DATA | | 2023 | YoY Var. ⁴ |
|---|------------------------------------|---------|-----------------------|
|  | Customer loans ¹ | €34.7bn | +5.5% |
|  | Customer funds ² | €49.4bn | +8.0% |
|  | Attributable profit | €674mn | +79.6% |
|  | RoTE | 17.7% | +5.8pp |
|  | Efficiency ratio | 27.1% | -0.9pp |
|  | Loans market share ³ | 11.3% | +51bps |
|  | Deposits market share ³ | 11.2% | +10bps |
|  | Total customers | 5.9mn | +3.2% |
|  | Digital customers | 3.5mn | +5.7% |
|  | Branches | 381 | -3.5% |
|  | Employees | 10,822 | +2.8% |



Strategic Priorities

- ▶ Maintain top 3 NPS position in the highly competitive digital market in Poland - implementing the agenda from the client roadmap to strengthen the position
- ▶ Working to implement Total Experience - combining attention to the best employee and customer experience. An innovative approach to experience management with a direct impact on the bank's performance
- ▶ Continue to optimize the branch network to increase the number of cashless branches
- ▶ Optimization and automation of repetitive processes with low added value for customers, further exit from paper communication, migration of customers to service in remote channels with new role of customer advisor in retail banking

Note: 3rd largest bank in Poland in terms of assets as of Sep-23.

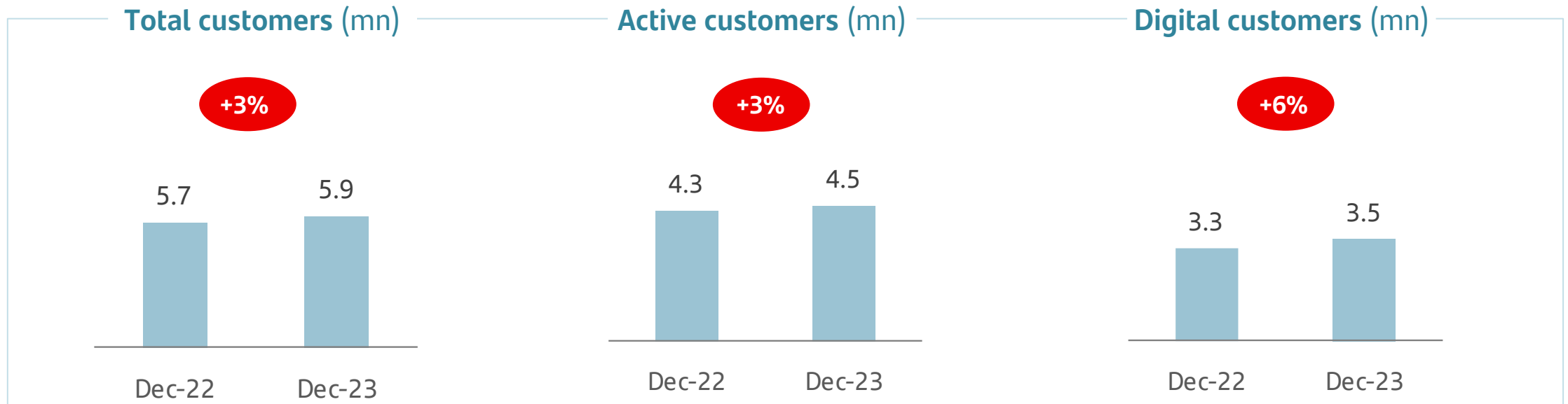
(1) Gross loans excluding reverse repos.

(2) Excluding repos.

(3) As of September 2023.

(4) Constant euros.

Sustained customer growth and increased loyalty



- ▶ Continued increase in both total (+3%) and active (+3%) customers
- ▶ Growth in loyal SMEs reached 8% YoY
- ▶ Investments in digitalization drove 6% growth in our digital customer base

Retail Banking Q4 2023 Summary



Total Experience focus

- ▶ Providing superior customer experience in every available customer service channel.
- ▶ Value Proposition enhancement – new products available: 2% mortgage loan with government support and IKZE (retirement protection account) provided by Santander Investment Funds.
- ▶ Continued programme to strengthen employee experience and engagement.



Profitable business growth

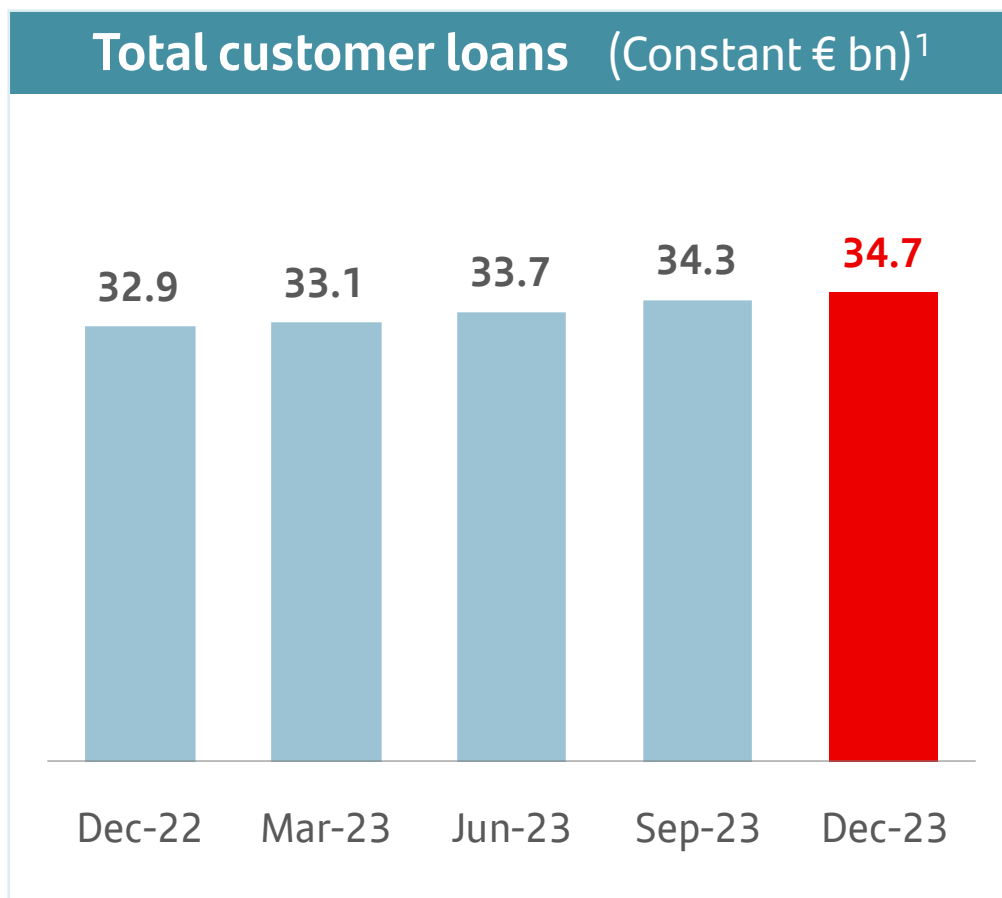
- ▶ Continued customer acquisition growth; increased number of active customers both Individuals and SME.
- ▶ Strong results in key business lines, in particular in cash loans (good new sales and record balance growth), significant improvement in mortgage loans and improved market position in investment funds.
- ▶ Strong total income growth on the back of controlled increases in cost of funding.



Digital transformation and simplification

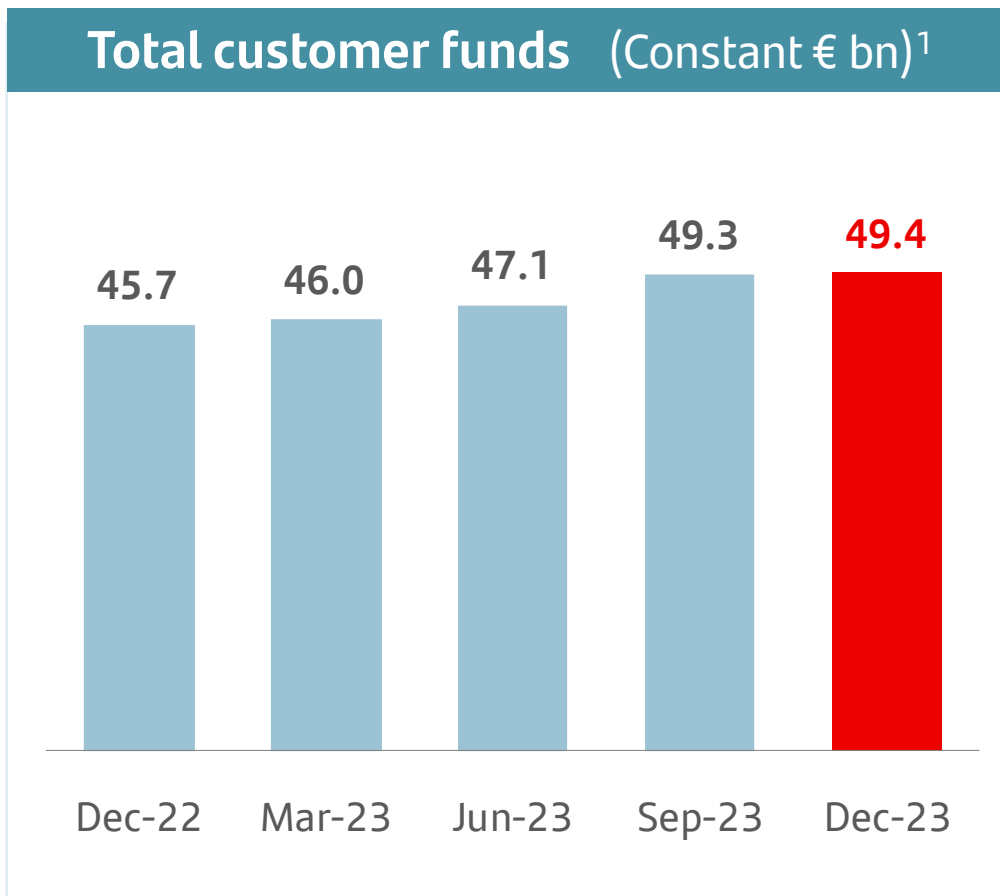
- ▶ Strategic programmes focused on digital acceleration and simplification underway – successful customer migration to new mobile application (more than 2.5mn customers in just one month).
- ▶ Increased number of digital (+6% YoY) and mobile customers (+13% YoY) as well as digital sales (+25% YoY cash loans sales via “self-click”).
- ▶ Product catalogue reduction in 2023: front book 4 fewer products and back book 29 fewer.
- ▶ Optimization of the retail banking network: 14 own branches closed in 2023; development of cashless branches - 32 transformed as of end of 2023).

Greater demand from consumer, corporates and CIB and a pick-up in new mortgage lending during H2'23, drove the volume increase



| | Dec-23 | Dec-22 | YoY (%) | QoQ (%) |
|--------------------------------------|-------------|-------------|--------------|-------------|
| Individuals² | 16.3 | 15.8 | 3.2 | 1.2 |
| o/w Mortgages | 11.6 | 11.5 | 1.4 | 0.8 |
| o/w Consumer credit | 3.6 | 3.2 | 10.6 | 1.8 |
| SMEs | 3.9 | 3.7 | 6.3 | 0.3 |
| Corporates & Institutions | 9.0 | 8.8 | 2.3 | -2.4 |
| CIB | 5.3 | 4.3 | 22.8 | 6.6 |
| Other | 0.2 | 0.3 | -33.8 | 54.2 |
| Total customer loans | 34.7 | 32.9 | 5.5 | 1.1 |

Higher volumes in both demand and time deposits and a strong performance in mutual funds. Customer funds grew across retail, corporates and CIB segments



| | Dec-23 | Dec-22 | YoY (%) | QoQ (%) |
|-----------------------------|-------------|-------------|------------|-------------|
| Demand | 32.8 | 31.9 | 2.9 | 3.5 |
| Time | 11.7 | 10.5 | 10.9 | -11.9 |
| Total deposits | 44.5 | 42.4 | 4.9 | -1.0 |
| Mutual Funds | 4.9 | 3.3 | 48.2 | 12.0 |
| Total customer funds | 49.4 | 45.7 | 8.0 | 0.1 |



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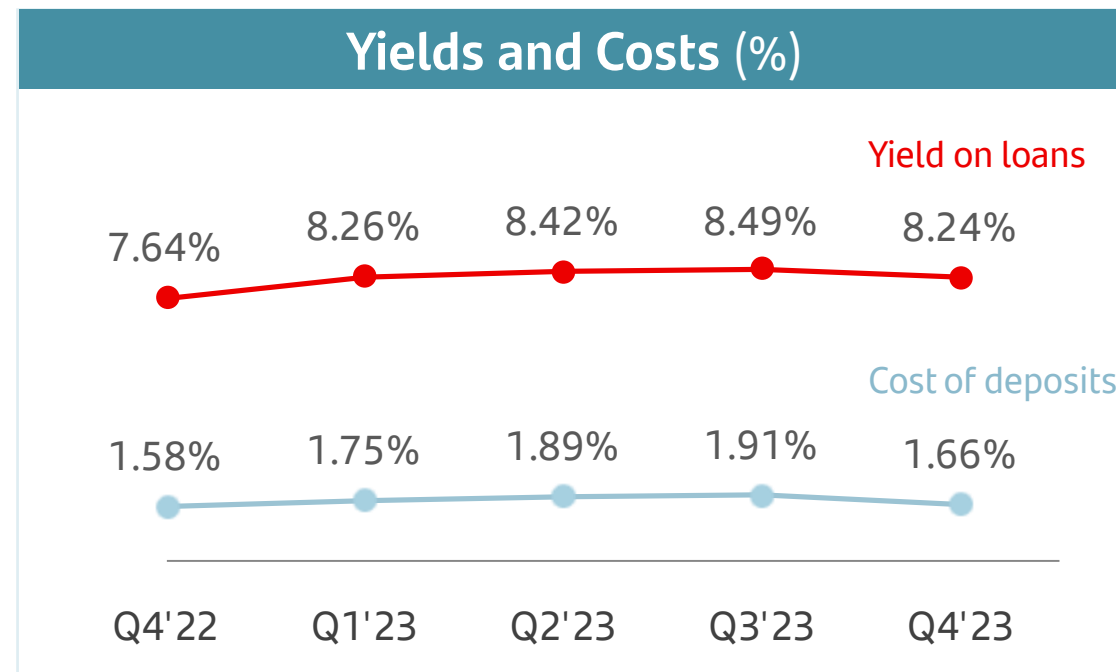
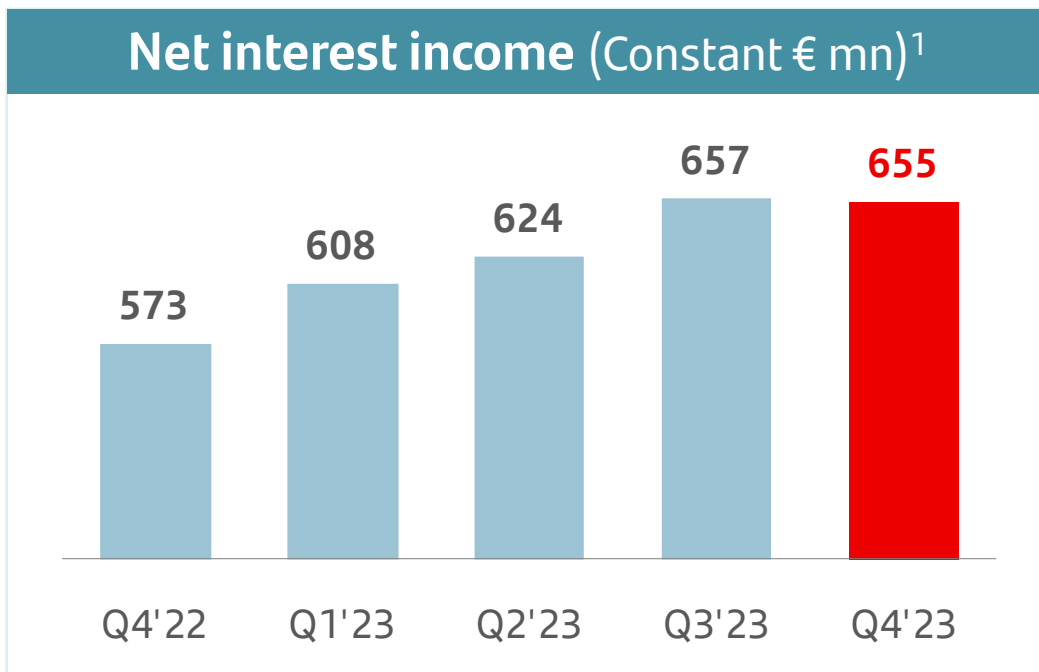


Concluding remarks



Appendix

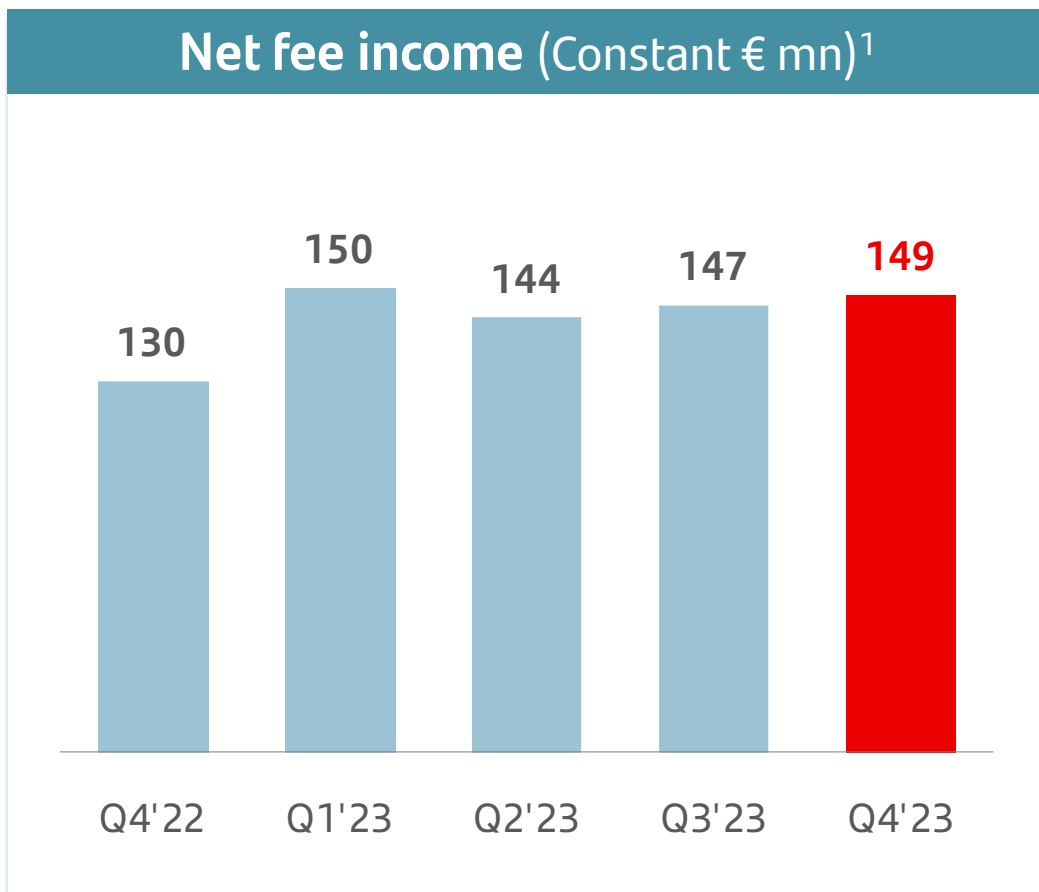
NII growth on the back of higher average interest rates and strict control of the cost of funding



| NII / Average earning assets | | | | |
|------------------------------|-------|-------|-------|-------|
| 4.41% | 4.70% | 4.77% | 4.83% | 4.74% |
| Official interest rate (EoP) | | | | |
| 6.75% | 6.75% | 6.75% | 6.00% | 5.75% |

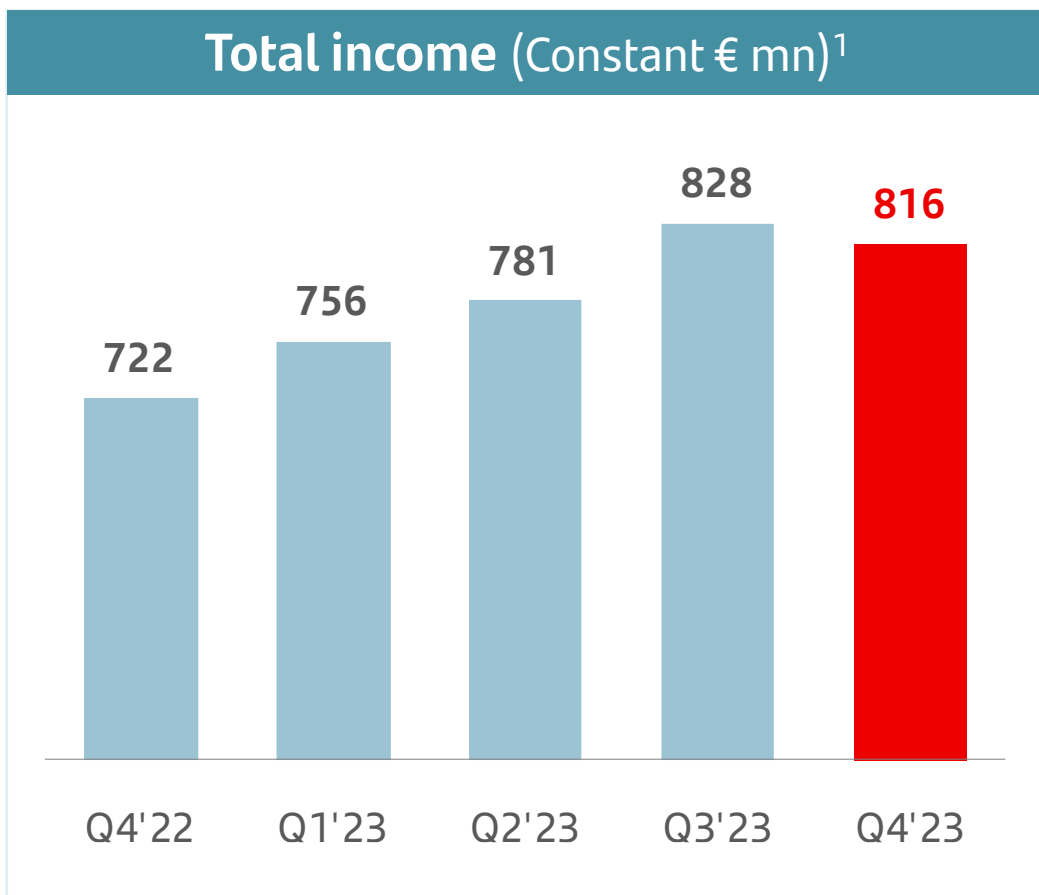
| Differential | | | | |
|--------------|-------|-------|-------|-------|
| 6.1pp | 6.5pp | 6.5pp | 6.6pp | 6.6pp |

Net fee income performed positively, boosted by global businesses



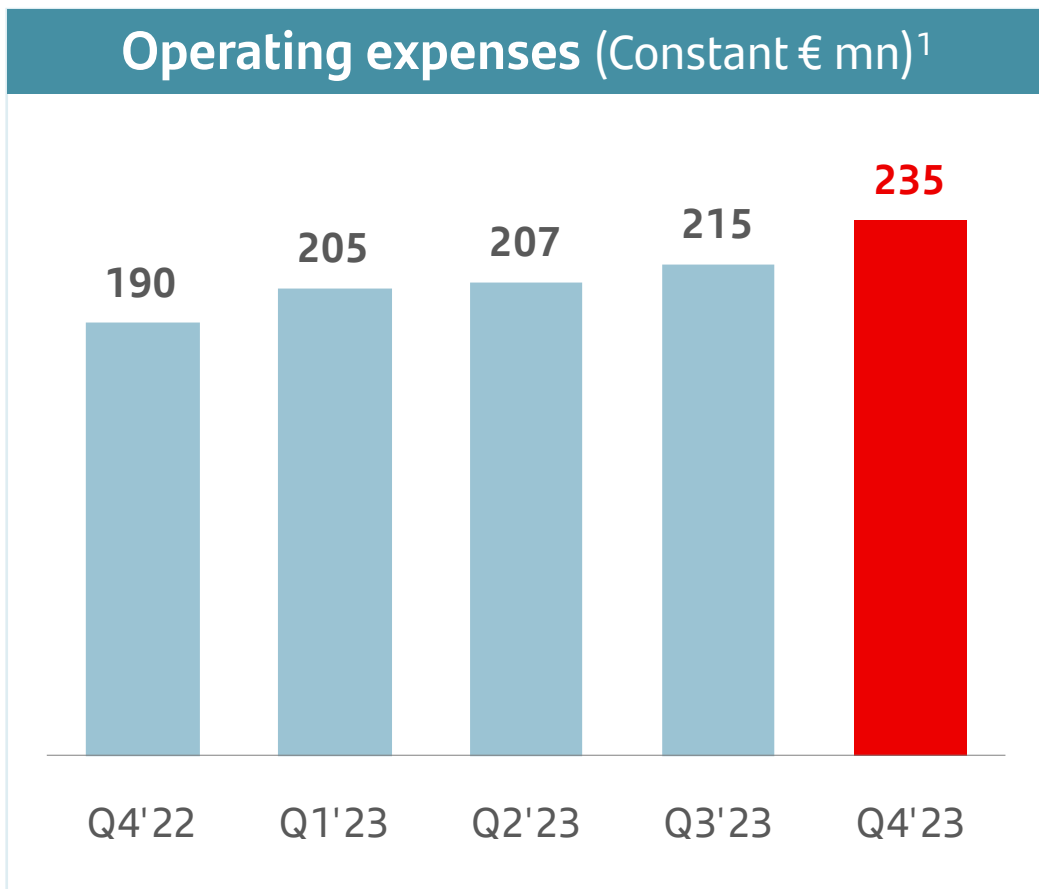
| | 2023 | 2022 | YoY (%) | QoQ (%) |
|---|------------|------------|-------------|--------------|
| Transactional fees | 412 | 404 | 2.0 | -3.3 |
| Payment methods | 94 | 86 | 9.3 | -7.2 |
| Transfers, drafts, cheques and other orders | 55 | 54 | 2.2 | 0.4 |
| Foreign exchange currencies | 168 | 161 | 4.2 | 4.3 |
| Other transactional | 95 | 103 | -7.7 | -14.7 |
| Investment and pension funds | 53 | 44 | 20.2 | 57.0 |
| Insurance | 43 | 34 | 28.5 | 4.1 |
| Securitized and custody services | 32 | 28 | 16.2 | 67.9 |
| Other | 50 | 36 | 36.8 | -44.0 |
| Total net fee income | 589 | 545 | 8.1 | 1.4 |

Positive performance in total income mainly supported by strong NII growth



| | 2023 | 2022 | YoY (%) | QoQ (%) |
|-------------------------|--------------|--------------|-------------|-------------|
| Net interest income | 2,543 | 2,039 | 24.7 | -0.3 |
| Net fee income | 589 | 545 | 8.1 | 1.4 |
| Customer revenue | 3,133 | 2,584 | 21.2 | 0.0 |
| Other ² | 49 | (31) | - | -50.6 |
| Total income | 3,182 | 2,553 | 24.6 | -1.5 |

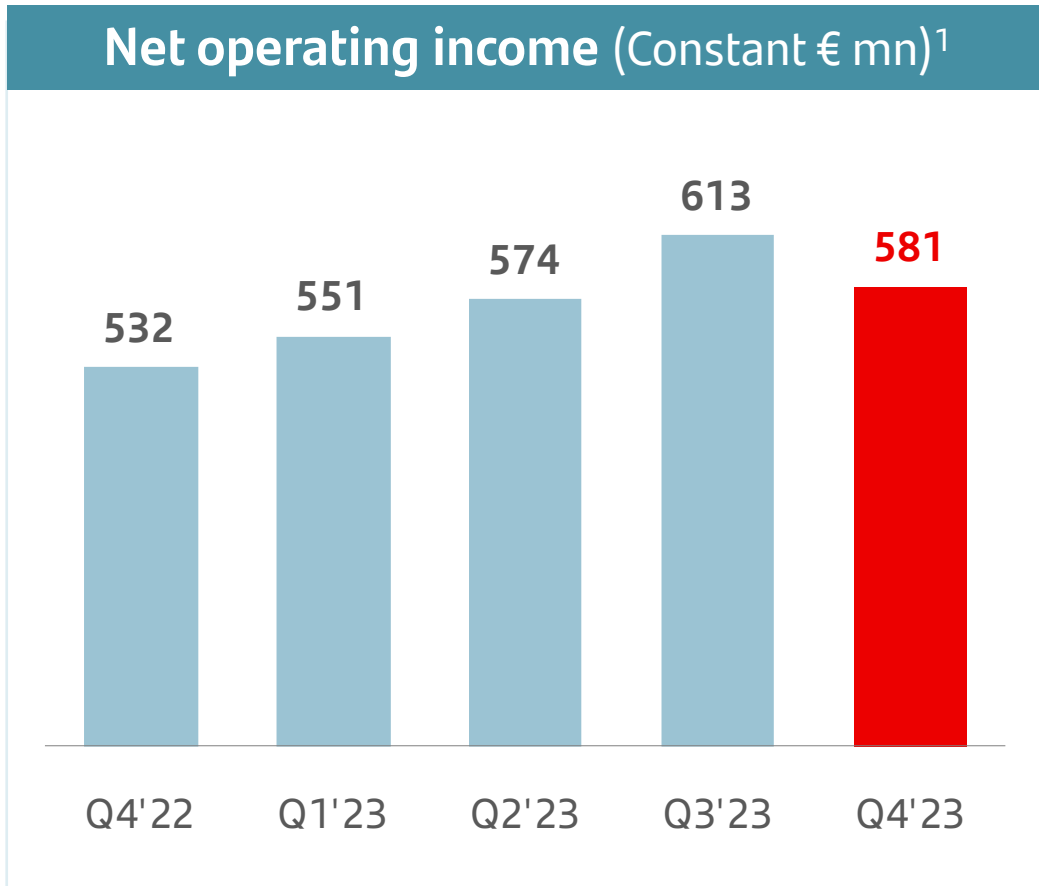
Our cost base increased affected by high inflation, mainly driven by a tight labour market as well as a lagged effect from inflation in 2022



| | 2023 | 2022 | YoY (%) | QoQ (%) |
|---------------------------|------------|------------|-------------|------------|
| Operating Expenses | 862 | 714 | 20.7 | 8.9 |

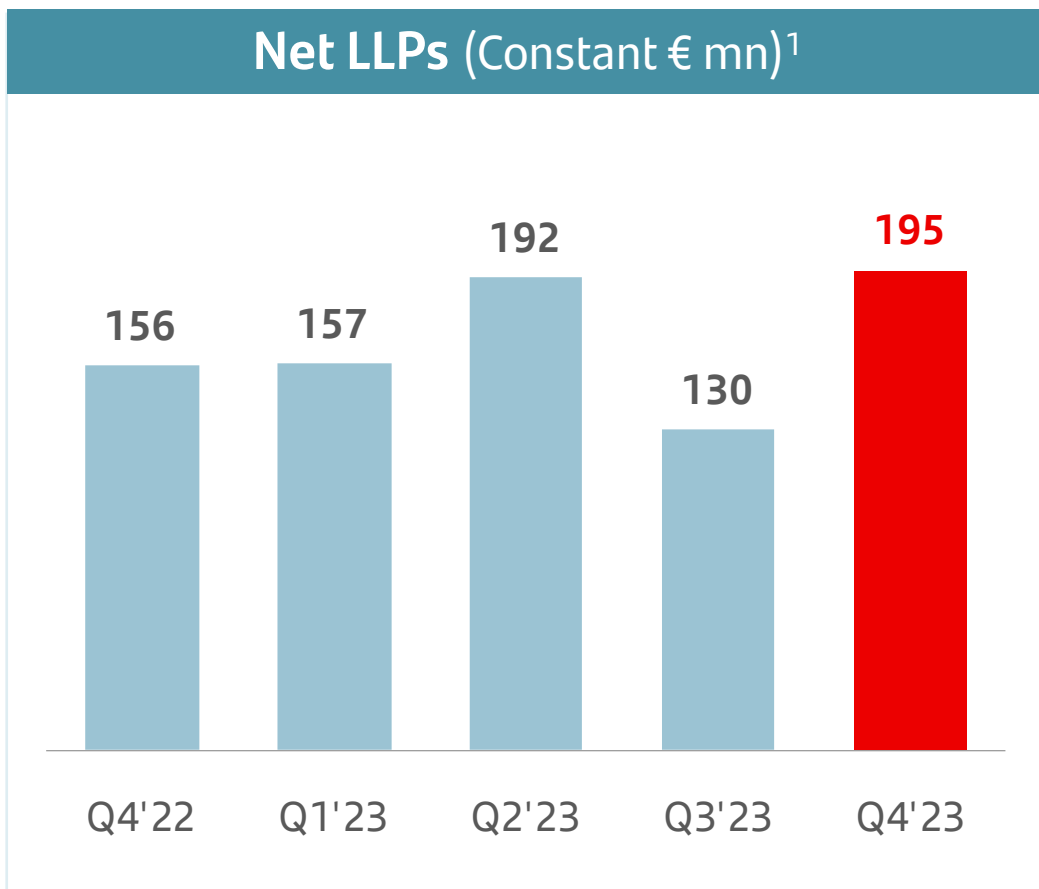
| | | | | |
|---------------|--------|--------|------|------|
| Branches (#) | 381 | 395 | -3.5 | -1.3 |
| Employees (#) | 10,822 | 10,532 | 2.8 | 0.9 |

The efficiency ratio continued to improve reaching 27%, as we delivered double-digit growth in net operating income on the back of higher revenue



| | 2023 | 2022 | YoY (%) | QoQ (%) |
|-----------------------------|--------------|--------------|-------------|-------------|
| Total income | 3,182 | 2,553 | 24.6 | -1.5 |
| Operating Expenses | (862) | (714) | 20.7 | 8.9 |
| Net operating income | 2,320 | 1,839 | 26.1 | -5.2 |
| Efficiency ratio | 27.1% | 28.0% | -0.9pp | |

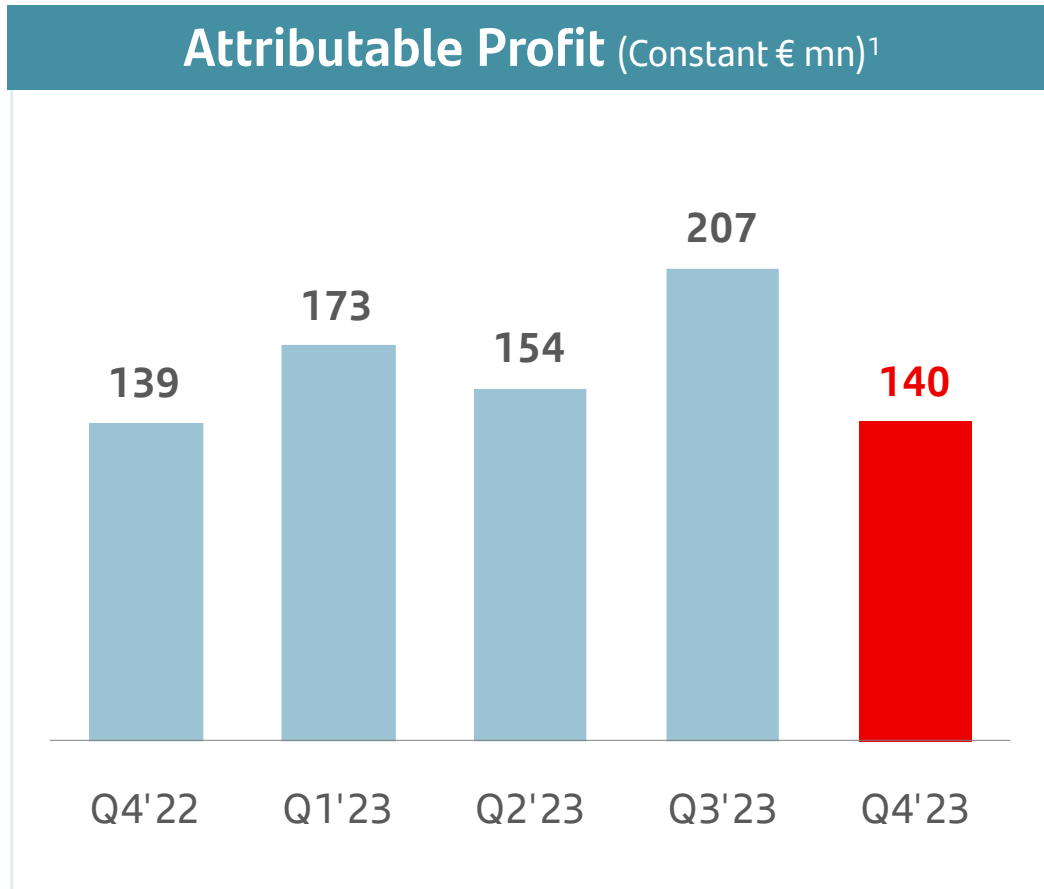
Credit quality remained solid. LLPs rose YoY as we increased coverage of the CHF mortgage portfolio, but underlying trends remained strong



| | 2023 | 2022 | YoY (%) | QoQ (%) |
|--|--------------|--------------|-------------|--------------|
| Net operating income | 2,320 | 1,839 | 26.1 | -5.2 |
| Loan-loss provisions | (674) | (454) | 48.5 | 49.8 |
| Net operating income after provisions | 1,646 | 1,385 | 18.8 | -20.0 |

| | | | | |
|---------------------------|-------|-------|--------|--------|
| Cost of risk ² | 2.08% | 1.43% | 65bps | 10bps |
| NPL ratio | 3.55% | 3.80% | -25bps | -8bps |
| Coverage ratio | 73% | 74% | -0.6pp | -3.2pp |

Strong profit increase on the back of volume growth and tight cost of deposits.
QoQ performance affected by higher LLPs related to the CHF mortgage portfolio



| | 2023 | 2022 | YoY (%) | QoQ (%) |
|----------------------------|--------------|------------|-------------|---------------|
| PBT | 1,392 | 814 | 71.0 | (29.1) |
| Tax on profit | (377) | (255) | 47.9 | (10.6) |
| Consolidated profit | 1,015 | 559 | 81.5 | (35.3) |
| Minority interests | (342) | (184) | 85.3 | (40.7) |
| Attributable profit | 674 | 375 | 79.6 | (32.4) |
| Effective tax rate | 27.1% | 31.3% | -4.2pp | |

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Financial System

- ▶ Total loan growth in annual terms was 1%. However, this happened amid an appreciation of the zloty, so FX-corrected value was above 2%.
- ▶ Strong acceleration in mortgage demand, driven by government support programme. Delivering 2% YoY growth (-1% in September). Consumer loans also improved, while corporate loans lagged.
- ▶ Deposits grew 10% YoY in December, as term deposits rose 16% YoY while demand deposits increased by 7% YoY.



Strategy & Business

- ▶ Maintain top 3 NPS position in a highly competitive market - achieving top 3 NPS in the third wave of the survey.
- ▶ Priority on enhancing employee experience – working on hot-spots defined based on employee pain points.
- ▶ Optimization of sales network - transformation of branches to cashless model, supporting of customers in digital self-service channels.
- ▶ Simplification of sales and post-sales processes - consistent elimination of paper from the use in communication, automation of manual processes.



Results

- ▶ Positive performance in total income mainly supported by strong NII growth on the back of higher average interest rates and strict control of the cost of funding.
- ▶ The efficiency ratio continued to improve reaching 27%, as we delivered double-digit growth in net operating income on the back of higher revenue.
- ▶ Credit quality remained solid. LLPs rose YoY as we increased coverage of the CHF mortgage portfolio, but underlying trends remained strong.
- ▶ Strong profit increase on the back of volume growth and tight cost of deposits. QoQ performance affected by higher LLPs related to the CHF mortgage portfolio.

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Balance sheet



| Constant € million ¹ | Variation | | | |
|---|---------------|---------------|--------------|-------------|
| | Dec-23 | Dec-22 | Amount | % |
| Loans and advances to customers | 33,850 | 31,989 | 1,860 | 5.8 |
| Cash, central banks and credit institutions | 9,289 | 9,597 | (308) | (3.2) |
| Debt instruments | 15,070 | 12,797 | 2,273 | 17.8 |
| Other financial assets | 733 | 677 | 56 | 8.3 |
| Other asset accounts | 1,974 | 1,742 | 231 | 13.3 |
| Total assets | 60,916 | 56,803 | 4,113 | 7.2 |
| Customer deposits | 44,500 | 42,386 | 2,114 | 5.0 |
| Central banks and credit institutions | 4,623 | 5,359 | (736) | (13.7) |
| Marketable debt securities | 1,945 | 735 | 1,210 | 164.8 |
| Other financial liabilities | 1,706 | 1,272 | 435 | 34.2 |
| Other liabilities accounts | 1,687 | 1,487 | 200 | 13.5 |
| Total liabilities | 54,462 | 51,239 | 3,223 | 6.3 |
| Total equity | 6,454 | 5,564 | 890 | 16.0 |
| Other managed customer funds | 5,090 | 3,491 | 1,599 | 45.8 |
| Mutual funds | 4,909 | 3,312 | 1,597 | 48.2 |
| Pension funds | — | — | — | — |
| Managed portfolios | 181 | 178 | 3 | 1.4 |

Underlying income statement



| Constant € million ¹ | Variation | | | |
|--|--------------|--------------|------------|-------------|
| | 2023 | 2022 | Amount | % |
| Net interest income | 2,543 | 2,039 | 504 | 24.7 |
| Net fee income | 589 | 545 | 44 | 8.1 |
| Gains (losses) on financial transactions | 67 | 96 | (29) | (30.4) |
| Other operating income | (17) | (127) | 109 | (86.3) |
| Total income | 3,182 | 2,553 | 628 | 24.6 |
| Operating expenses | (862) | (714) | (148) | 20.7 |
| Net operating income | 2,320 | 1,839 | 480 | 26.1 |
| Net loan-loss provisions | (674) | (454) | (220) | 48.5 |
| Other gains (losses) and provisions | (253) | (571) | 318 | (55.6) |
| Profit before tax | 1,392 | 814 | 578 | 71.0 |
| Tax on profit | (377) | (255) | (122) | 47.9 |
| Profit from continuing operations | 1,015 | 559 | 456 | 81.5 |
| Net profit from discontinued operations | — | — | — | — |
| Consolidated profit | 1,015 | 559 | 456 | 81.5 |
| Non-controlling interests | (342) | (184) | (157) | 85.3 |
| Profit attributable to the parent | 674 | 375 | 299 | 79.6 |

Quarterly underlying income statement



Constant € million¹

| | Q1'22 | Q2'22 | Q3'22 | Q4'22 | Q1'23 | Q2'23 | Q3'23 | Q4'23 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Net interest income | 415 | 498 | 553 | 573 | 608 | 624 | 657 | 655 |
| Net fee income | 140 | 133 | 141 | 130 | 150 | 144 | 147 | 149 |
| Gains (losses) on financial transactions | 13 | 45 | 26 | 11 | 27 | 4 | 31 | 4 |
| Other operating income | (48) | (83) | (2) | 7 | (29) | 10 | (6) | 8 |
| Total income | 520 | 593 | 718 | 722 | 756 | 781 | 828 | 816 |
| Operating expenses | (169) | (177) | (178) | (190) | (205) | (207) | (215) | (235) |
| Net operating income | 351 | 416 | 540 | 532 | 551 | 574 | 613 | 581 |
| Net loan-loss provisions | (65) | (141) | (92) | (156) | (157) | (192) | (130) | (195) |
| Other gains (losses) and provisions | (46) | (62) | (374) | (89) | (46) | (61) | (60) | (86) |
| Profit before tax | 240 | 213 | 74 | 287 | 348 | 320 | 423 | 300 |
| Tax on profit | (70) | (67) | (38) | (80) | (92) | (85) | (106) | (95) |
| Profit from continuing operations | 170 | 146 | 36 | 208 | 257 | 236 | 317 | 205 |
| Net profit from discontinued operations | — | — | — | — | — | — | — | — |
| Consolidated profit | 170 | 146 | 36 | 208 | 257 | 236 | 317 | 205 |
| Non-controlling interests | (56) | (48) | (12) | (68) | (84) | (81) | (111) | (66) |
| Profit attributable to the parent | 114 | 97 | 24 | 139 | 173 | 154 | 207 | 140 |

Thank You.

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

Simple Personal Fair

