

INFORMATION ON CAPITAL ADEQUACY OF SANTANDER BANK POLSKA GROUP as at 30th June 2020



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I. Introduction

This document is issued under the Santander Bank Polska Group Disclosure Strategy formulated based on Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 which formed the legal basis of the reporting date i.e. 30 June 2020, as well as applicable provisions arising from Regulation (EU) No 2019/876 of the European Parliament and of the Council of 20 May 2019.

Starting from January 1st, 2014 by the decision of the European Parliament and of the Council the new regulations of the CRD IV/CRR package come into force. The CRD IV/CRR package consist of two parts, the CRD IV Regulation and CRR Directive as amended, inter alia, by Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic. The regulation is directly applicable in all EU member states. The Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management in the financial system transposes CRD IV into the Polish law.

Santander Bank Polska S.A. is the significant subsidiary of Banco Santander S.A. with its seat in Spain, which is the EU parent institution. Santander Bank Polska S.A. discloses information about the capital adequacy on a consolidated basis – at the highest local level of prudential consolidation – i.e. based on the data of Santander Bank Polska S.A.

The objective of the report is to present information about the capital adequacy of Santander Bank Polska Group in accordance with the requirements set out in Article 13 of CRR. The disclosures are made pursuant to EBA/GL/2014/14 Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 and EBA/GL/2016/11 Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 and EBA/GL/2020/07 guidelines from 02 June 2020 on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis.

The data presented in the report were prepared as at 30 June 2020. The information contained herein refers to the foregoing regulations to the extent applicable to the Bank and Santander Bank Polska Group.

Disclosure of capital adequacy	Guidelines on disclosures	Article of CRR
I. Introduction		
1. Capital Group	Scope of application of the regulatory framework	Article 436
II. Own funds	Own funds	Article 437 paragraph 1
III. Capital requirements	Capital requirements	Article 438
1. Total capital requirements		
2. Credit risk	Credit risk and its mitigation	Article 442, 453
	ECAI	Article 444
3. Counterparty credit risk	Counterparty credit risk	Article 439, 444, 452
4. Market risk	Market risk	Article 445, 455
IV. Capital buffers	Macroprudential supervisory measures	Article 440
V. Capital adequacy		
1. Capital adequacy management		
2. Regulatory capital adequacy		
3. Internal capital adequacy		
VI. Non-performing and forborne exposures		
VII. Leverage ratio	Leverage ratio	Article 451
VIII. Remuneration Policy	Governance arrangements	Article 435 paragraph 2
	Remuneration	Article 450
IX. Liquidity measures		Article 435
X. Covid-19		
N/A	Indicators of global systemic importance	Article 441
N/A	The IRB approach for credit risk purpose	Article 452
N/A	Use of internal market risk measurement models	Article 455

1. Capital Group

Santander Bank Polska S.A. forms a Group with following subsidiaries which are consolidated in accordance with IFRS 10 and associates which are accounted for using the equity method.

EU LI3 – OUTLINE OF THE DIFFERENCES IN THE SCOPES OF CONSOLIDATION (ENTITY BY ENTITY) AS AT 30.06.2020

Name of the entity	Accounting consolidation method	Regulatory consolidation method				Deducted	Business profile
		Full consolidation	Equity method consolidation	Proportional consolidation	Neither consolidated nor deducted from common equity		
Santander Factoring Sp. z o.o.	Full consolidation	X					Factoring services
Santander F24 S.A.	Full consolidation	X					Lending services
Santander Leasing S.A.	Full consolidation	X					Lease services
Santander Finanse Sp. z o.o.	Full consolidation	X					Financial, lease and insurance intermediary services
Santander Inwestycje Sp. z o.o.	Full consolidation	X					purchase and sale of shares in commercial companies and other securities; prospecting activities
Santander Towarzystwo Funduszy Inwestycyjnych S.A.	Full consolidation	X					Management of open-end investment funds, specialised open-end investment funds and portfolios comprising one or more financial instruments
Santander Leasing Poland Securitization 01	Full consolidation	X					SPV set up for the purpose of securitisation
Santander Consumer Bank S.A.	Full consolidation	X					Banking services
Santander Consumer Multirent Sp. z o.o.	Full consolidation	X					Lease and Factoring services
Santander Consumer Finanse Sp. z o.o.	Full consolidation	X					Investing cash surpluses and financial intermediary services
SC Poland Consumer 15-1 Sp. z o.o.	Full consolidation	X					SPV set up for the purpose of securitisation
SC Poland Consumer 16-1 Sp. z o.o.	Full consolidation	X					SPV set up for the purpose of securitisation
PSA Consumer Finance Polska Sp. z o.o.	Full consolidation	X					Financial services supporting the sale of Peugeot and Citroën vehicles (consumer loans)
PSA Finance Polska Sp. z o.o.	Full consolidation	X					Financial services supporting the sale of Peugeot and Citroën vehicles (lease, factoring)
Sanstander AVIVA Towarzystwo Ubezpieczeń S.A.	Equity method		X				Insurance services (personal and property insurance)
Sanstander AVIVA Towarzystwo Ubezpieczeń na Życie S.A.	Equity method		X				Insurance services (life insurance)
Polfund - Fundusz Poręczeń Kredytowych S.A.	Equity method		X				Issuing loan guarantees, investing and managing entrusted funds

Compared with 31 December 2019, no changes were made to the composition of the bank's Group. Compared with 30 June 2019, the list of the bank's subsidiaries excludes Santander Securities S.A. as a result of the division of the company and its liquidation on 8 November 2019.

II. Own funds

The level of own funds of the Santander Bank Polska Group is adjusted to the Group's business.

Own funds are calculated in accordance with the Banking Law and legislative package of CRDIV/CRR.

According to CRR, own funds of the Group are a sum of:

- Tier I capital,
- Tier II capital.

Tier I capital consists of:

- Common Equity Tier I capital, which is a sum of items of Common Equity Tier I capital items after adjustments, deductions and inclusions
- Additional Tier I capital

Tier II capital includes items of Tier II capital after deductions.

Common Equity Tier I consists of:

1. Share capital, fully paid and registered at its nominal value
2. Emission premium
3. Supplementary capital
4. Profit or loss eligible – pursuant to Art. 26 of CRR, the non-audited profit for the current period or the annual profit may be included in Common Equity Tier I capital, as long as the Bank is granted approval from a relevant authority (KNF in this case). Relevant authority shall issue the approval on conditions that:
 - a. Profits have been verified by institution-independent persons responsible for analysing financial statements of the institution
 - b. The institution has satisfactorily proved that the profit amount has been reduced by all foreseeable encumbrances and dividends
5. Accumulated other comprehensive income
6. Other reserves
7. Funds for general banking risk
8. Minority interest recognised in Common Equity Tier I capital – calculated in line with the standards indicated in Art. 84 of CRR
9. Adjustment and deductions from Common Equity Tier I items:
 - a. Additional value adjustments due to the requirements of prudent valuation – acc. to Article 34 and 105 of CRR
 - b. Goodwill arising on acquisition
 - c. Other intangible assets
 - d. Surplus of deferred tax assets or liabilities exceeding 10% of Tier I - according to EBA's interpretation re. inclusion of assets and reserves under deferred tax, in line with the answer Q&A 2014_980, the Bank nets deferred tax assets and deferred tax liabilities in order to determine the threshold value necessary to calculate the deductible amount
 - e. Surplus of material exposure in financial sector institutions exceeding 10% of Tier I
 - f. Portion of deferred income tax assets depending on future profitability and arising from temporary differences, as well as direct and indirect holdings in Common Equity Tier I instruments, where the institution has invested a considerable amount of funds, which shall be deducted

- g. Defined benefit pension fund assets,
- h. Cash flow hedge reserve,
- i. Adjustments re IFRS 9 phase in – acc. to Article 473a
- j. Securitisation positions which can alternatively be subject to a 1 250% risk weight

Tier II capital includes eligible subordinated loans of the bank and instruments issued by subsidiaries that are given recognition in Tier II Capital.

Reconciliation between balance sheet items used to calculate own funds and regulatory own funds, according to methodology described in Annex I to Commission Implementing Regulation (EU) No 1423/2013 and according to article 437 (1)(a) of CRR, is presented in the table below.

TABLE 1 -DIFFERENCES IN OWN FUNDS ITEMS OF SANTANDER BANK POLSKA GROUP
DUE TO DIFFERENT SCOPE OF ACCOUNTING AND PRUDENTIAL CONSOLIDATION AS AT 30.06.2020 (PLN K)

ITEMS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION USED FOR CALCULATION OF OWN FUNDS	as at 30.06.2020	Adjustments for companies that are not covered by prudential consolidation	Adjustments regarding transitional arrangements for the introduction of IFRS 9	Part of profit for the current period, not eligible	Other equity	BALANCE SHEET	
						Retained earnings of subsidiaries	ITEMS IMPACTING REGULATORY OWN FUNDS
Assets							
Investment financial assets and Investments in associates	57 754 864	-	-	-	-	-	
-including significant investments into financial sector entities – amount not exceeding the threshold set in Article 48(1)(b)	1 016 691	-	-	-	-	-	1 016 691 73
Intangible fixed assets	696 945	-	-	-	-	-	696 945 8
Goodwill	1 712 056	-	-	-	-	-	1 712 056 8
Deferred tax assets (net)	1 910 219	124 804	-50 097	-	-	-	1 984 926
-including assets that do not exceed the threshold set in Article 48(1)(a)	1 910 219	124 804	-50 097	-	-	-	1 984 926 75
Liabilities							
Subordinated obligations	2 703 243	-	-	-	-	-	
- including loans eligible as instruments under Tier II	2 594 809	-	-	-	-	-	2 594 809 46
Equity attributable to shareholders of BZ WBK S.A. including:							
Share capital	1 020 883	-	-	-	-	-	1 020 883 1
Other capital items	21 296 994	-347 920	-	-	-143 949	-	20 805 125
Revaluation reserve	1 724 523	-	-	-	-	-	1 724 523 3
Retained earnings	1 799 655	-9 711	-	-	143 949	-222 831	1 711 064 2
Current year profit	475 787	-	-	-475 787	-	-	0 5a

As at 30 June 2020, the total own funds of the Santander Bank Polska Group amounted to PLN **26 294 101k**.

The amounts and nature of their specific items are presented in Table 2. The disclosure uses the template presented in Annex 4 to article 5 of Commission Implementing Regulation (goodwill arising from the fact that Santander Bank Polska S.A. holds 60% EU) No 1423/2013, which states the disclosure requirement of own funds items. The table is limited to lines relevant for Santander Bank Polska Group.

References in the last column of Table 1 allow the mapping between individual elements of own funds with balance sheet items used for their calculation.

TABLE 2 - THE NATURE AND AMOUNTS OF SPECIFIC ITEMS ON OWN FUNDS OF SANTANDER BANK POLSKA GROUP DURING THE INTERIM PERIOD - AS AT 30.06.2020 (PLN K)

	AMOUNT AT DISCLOSURE DATE [PLN k]	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
Common Equity Tier 1 capital: instruments and reserves		
1 Capital instruments and the related share premium accounts	9 002 857	26 (1), 27, 28, 29
of which: shares	9 002 857	EBA list 26 (3)
2 Retained earnings	1 711 064	26 (1) (c)
3 Accumulated other comprehensive income (and any other reserves)	13 897 864	26 (1)
3a Funds for general banking risk	649 810	26 (1) (f)
5 Minority interests (amount allowed in consolidated CET1)	711 165	84
5a Independently reviewed interim profits net of any foreseeable charge or dividend	0	26 (2)
6 Common Equity Tier 1 (CET1) capital before regulatory	25 972 761	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7 Additional value adjustments (negative amount)	-168 452	34, 105
8 Intangible assets (net of related tax liability) (negative amount)	-2 409 001	36 (1) (b), 37
11 Cash flow hedge reserve	-5 573	33 (1) (a)
15 Defined-benefit pension fund assets (negative amount)	-7 477	36 (1) (e), 41
20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-34 721	36 (1) (k)
20c of which: securitisation positions (negative amount)	-34 721	36 (1) (k) (ii) ; 243 (1) (b) 244 (1) (b); 258
26b Filter for IFRS 9 phase in	213 570	473a
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	-2 411 654	
29 Common Equity Tier 1 (CET1) capital	23 561 106	
Additional Tier 1 (AT1) capital: instruments		
36 Additional Tier 1 (AT1) capital before regulatory adjustments	-	
Additional Tier 1 (AT1) capital: regulatory adjustments		
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44 Additional Tier 1 (AT1) capital	-	
45 Tier 1 capital (T1 = CET1 + AT1)	23 561 106	
Tier 2 (T2) capital: instruments and provisions		
46 Capital instruments and the related share premium accounts	2 594 809	62, 63
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	138 186	87, 88
51 Tier 2 (T2) capital before regulatory adjustment	2 732 995	
Tier 2 (T2) capital: regulatory adjustments		
57 Total regulatory adjustments to Tier 2 (T2) capital	-	
58 Tier 2 (T2) capital	2 732 995	
59 Total capital (TC = T1 + T2)	26 294 101	
60 Total risk-weighted assets	140 194 561	
Capital ratios and buffers		
61 Common Equity Tier 1 (as a percentage of total risk exposure amount)	16,81%	92 (2) (a)
62 Tier 1 (as a percentage of total risk exposure amount)	16,81%	92 (2) (b)
63 Total capital (as a percentage of total risk exposure amount)	18,76%	92 (2) (c)
64 Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	3,25%	CRD 128, 129, 130, 131, 133
65 of which: capital conservation buffer requirement	2,50%	
66 of which: countercyclical buffer requirement	0,00%	
67 of which: systemic risk buffer requirement	0,00%	
67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0,75%	
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8,81%	CRD 128
Amounts below the thresholds for deduction (before risk-weighting)		
73 Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1 016 691	36 (1) (i), 45, 48
75 Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)	1 984 926	36 (1) (c), 38, 48

1. Tier I

Common Equity Tier I

Share capital in accordance with the Bank's Statutes and the entry to the Court Register as at 30 June 2020 amounted to PLN **1 020 833k**.

Detailed information about prices of the above instruments, including Tier 1 capital, are presented in Table 3.

Supplementary capital is created from profit allocations and from share premium. By the Bank's Statutes, the supplementary capital is created from net profit allocations. Its purpose is to cover any balance sheet losses. The value of the allocations is determined by the General Meeting of Shareholders. As at 30 June 2020, the supplementary capital in own funds was PLN **9 093 741k**, incl. share premium of PLN **7 981 974k**.

Other reserves are created from net profit allocations in an amount approved by the General Meeting of Shareholders. Other reserve are used to cover balance sheet losses if they are greater than the supplementary capital. The decision to resort to the reserve capital is taken by the General Meeting of Shareholders. As at 30 June 2020, after including prudential consolidation adjustments, the other reserves in own funds was PLN **11 061 575k**.

Funds for general banking risk are used to cover costs and losses connected with unidentified banking risks that were not separately provided for. As at 30 June 2020, the general risk fund earmarked for unidentified risks of the banking business was PLN **649 810k**.

Net profit of Santander Bank Polska Group from 1 January 2020 to 30 June 2020 totaled PLN **580 018k**, including PLN 104 231k of profit attributable to shareholders who do not exercise control. As at 30 June 2020 Santander Bank Polska Group not included the current year profit in own funds.

As at 30 June 2020 in Own Funds of Santander Bank Polska Group the **retained earnings** are included in the amount of PLN **1 711 064k**, of which undistributed Bank's net profit from previous years amounted PLN 542 513k for 2018 and PLN 1 056 762k for 2019.

In June 2020, the General Meeting of Santander Bank Polska S.A. Shareholders agreed on the distribution of the net profit of **PLN 2 113 524k** for the accounting year from 1 January 2019 to 31 December 2019 as follows:

- PLN 1 056 762k was allocated to capital reserves;
- PLN 1 056 762k was left undistributed.

Due to the Covid-19 pandemic, the KNF, similarly to other EU supervisory authorities, took measures to enhance resilience of the financial sector entities by imposing restrictions on profit distribution. In the letter of 26 March 2020, Polish banks were informed that they were expected to retain the entire profit earned in the previous years.

Minority interests

As at 30 June 2020, the minority interests recognised in the consolidated Tier 1 capital totalled PLN **711 165k** and were attributed of SCB Group.

Minority interest are no longer included in own funds based on the balance sheet value, but are calculated according to article 84 of CRR.

Adjustment and deductions from Common Equity Tier I

Santander Bank Polska Group has calculated the additional value adjustments due to the requirements for prudent valuation according to articles 34 and 105 of CRR. It amounted to PLN **(168 452)k**.

As at 30 June 2020, the adjustment of the Common Equity Tier 1 capital due to goodwill amounted to PLN **(1 712 056)k**, including:

- PLN 1 688 516k – goodwill arising from the merger of Santander Bank Polska S.A. and Kredyt Bank on 4 January 2013. The goodwill recognised as at the date of the merger between Santander Bank Polska S.A. and Kredyt Bank represents a control premium and arises from the possibility to generate additional benefits from the expected synergies, increase in revenues and market share, combination of staff competencies and an increase in the effectiveness of processes, in relation to the fair value of the acquired net assets.
- PLN 23 540k – goodwill arising from the acquisition by Santander Consumer Bank of shares in PSA Finance Polska sp. o.o. Santander Consumer Bank S.A. holds 50% of shares in PSA Finance Polska sp. o.o., in turn, Santander Bank Polska S.A. holds a 60% of shares in Santander Consumer Bank.

As at 30 June 2020, deduction from Common Equity Tier I regarding other intangible assets amounted to PLN **(696 945)k**.

2. Tier II

Subordinated liabilities

Own funds of Santander Bank Polska Group:

- include funds raised through the issuance of variable-rate registered bonds which were taken up and paid up by the European Bank for Reconstruction and Development. In 2016, the bank amended the agreement under which subordinated registered bonds had been issued on 5 August 2010. The amendments included a maturity extension to 5 August 2025, among other things. Pursuant to the KNF decision of 18 May 2016 (letter No. DBK/DBK 2/7100/2/7/2016), the foregoing subordinated bonds of EUR 100m were allocated to Tier 2 capital.
- pursuant to the KNF decision of 24 February 2017 (letter No. DBK/DBK 2/7100/6/7/2016/2017), the subordinated bonds of EUR 120m issued by Santander Bank Polska S.A. on 2 December 2016, maturing on 3 December 2026 and taken up by investors, were allocated to Tier 2 capital.
- pursuant to the KNF decision of 19 October 2017 (letter No. DBK/DBK 2/7100/1/14/2017), the subordinated bonds of EUR 137.1m issued by Santander Bank Polska S.A. on 22 May 2017, maturing on 22 May 2027 and taken up by an investor, were allocated to Tier 2 capital.
- pursuant to the Decision of KNF of 6 June 2018 (document DBK-DBK2.7100.3.2018.) subordinated loan PLN 1b with maturity of 5 April 2028 were allocated to Tier II capital.

Hence, as at 30 June 2020, own funds include subordinated liabilities of PLN **2 594 809k**.

SUBORDINATED LIABILITIES OF THE SANTANDER BANK POLSKA GROUP ELIGIBLE AS TIER II CAPITAL
AS AT 30 JUNE 2020 (PLN k)

Entity	Nominal value [k]	Currency	Amount included in own funds [k]	Redemption date	Start date of amortization	Subordinated liabilities included in own funds [PLN k]
European Bank for Reconstruction and Development	100 000	EUR	100 000 EUR	05.08.2025	05.08.2020	446 600
Other financial institution (serie E)	120 000	EUR	120 000 EUR	03.12.2026	03.12.2021	535 920
International Finance Corporation (IFC green bonds)	137 100	EUR	137 100 EUR	22.05.2027	22.05.2022	612 289
Other financial institution (serie F)	1 000 000	PLN	1 000 000 PLN	05.04.2028	05.04.2023	1 000 000
						2 594 809

Instruments issued by subsidiaries that recognised in Tier II capital

Following the acquisition of control over Santander Consumer Bank in 2014, its qualifying own funds of PLN **138 186k**, calculated in accordance with Art. 88 of CRR as own funds of a subsidiary, represent another item of Tier II capital of Santander Bank Polska Group.

More details about the subordinated liabilities are presented in Note 26 to the Interim Report 2020 of the Santander Bank Polska Group.

Detailed description of capital instruments' main features is presented in Table 3.

DESCRIPTION OF MAIN FEATURES OF COMMON EQUITY TIER I AND TIER II INSTRUMENTS OF SANTANDER BANK POSKA

Capital instruments' main features					
1	Issuer	Santander Bank Polska S.A.	Santander Bank Polska S.A.	Santander Bank Polska S.A.	Santander Bank Polska S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	PLBZ00000044	XS0531310182	PLBZ00000226	not applicable PLBZ00000275
3	Governing law(s) of the instrument	polish	english/polish	polish	english polish
<i>Regulatory treatment</i>					
4	Transitional CRR rules	Common Equity Tier I	Tier II	Tier II	Tier II Tier II
5	Post-transitional CRR rules	Common Equity Tier I	Tier II	Tier II	Tier II Tier II
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	shares - Common Equity Tier I as published in Regulation (EU) No 575/2013 article 28	Tier II as published in Regulation (EU) No 575/2013 article 63	Tier II as published in Regulation (EU) No 575/2013 article 63	Tier II as published in Regulation (EU) No 575/2013 article 63 Tier II as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	PLN 1 020,883 m	PLN 446,600 m	PLN 535,920 m	PLN 612,289 m PLN 1 b
9	Nominal amount of instrument	10 PLN	100 000 000 EUR	120 000 000 EUR	137 100 000 EUR 1 000 000 000 PLN
		Series A: 10 PLN Series B: 10 PLN Series C: 10 PLN Series D: 102 PLN Series E: 102 PLN Series F: 40 PLN Series G: 10 PLN Series H: 10 PLN Series I: 212.60 PLN Series J: "Share Exchange Ratio" re. the merger of Santander Bank Polska S.A. with Kredyt Bank, pursuant to Resolution no. 2 of the Extraordinary Meeting of Santander Bank Polska S.A. Shareholders, dd. 30.07.2012 r. Series K: 10 PLN Series L: 400.53 PLN Series M: 10 PLN Series N: "Share Exchange Ratio" re. the merger of Santander Bank Polska S.A. with Deutsche Bank Polska S.A., pursuant to Resolution no. 3 of the Extraordinary Meeting of Santander Bank Polska S.A. Shareholders, dd. 29.05.2018 r.			
9a	Issue price		100% of nominal value	100% of nominal value	100% of nominal value 100% of nominal value
9b	Redemption price	N/A	100% of nominal value	100% of nominal value	100% of nominal value 100% of nominal value
10	Accounting classification	Shareholders' equity	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost Liability - amortised cost

II. OWN FUNDS

		Series A: 08.11.1991 Series B: 21.12.1996 Series C: 31.12.1996 Series D: 25.10.1999 Series E: 17.05.2000 Series F: 30.11.2000 Series G: 13.06.2001 Series H: 10.07.2009 Series I: 09.08.2012 Series J: 04.01.2013 Series K: 11.07.2014 Series L: 18.07.2014 Series M: 03.08.2017 Series N: 27.11.2018				
11	Original date of issuance		05-08-2010	02-12-2016	22-05-2017	05-04-2018
12	Perpetual or dated	N/A	Dated	Dated	dated	dated
13	Original maturity date	No maturity	05-08-2025	03-12-2026	22-05-2027	05-04-2028
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	05-08-2020	03-12-2021	22-05-2022	05-04-2023
16	Subsequent call dates, if applicable <i>Coupons / dividends</i>	N/A	each interest period, every 3 months	each interest period, every 6 months	each interest period, every 6 months (after five years)	each interest period, every 6 months (after five years)
17	Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	N/A	above three-month EURIBOR for each interest period	above six-month EURIBOR for each interest period	above six-month EURIBOR for each interest period	above six-month WIBOR for each interest period
19	Existence of a dividend stopper	No	Yes	No	Yes	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	N/A	Partially discretionary	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	N/A	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	N/A	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative	N/A	N/A	n/a
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible	Convertible	Non-convertible

II. OWN FUNDS

					<p>If:</p> <p>(1)The Bonds shall be converted into a senior loan if:</p> <p>(i) there is a change in the regulatory classification of the Bonds that would be likely to result in their exclusion from the Issuer's own funds (as defined in the CRR) or reclassification as a lower quality form of own funds;</p> <p>or</p> <p>(2) Under BGF Act as defined in Terms and Conditions: 'Under the BGF Act, the Issuer's obligations under the Bonds may be subject to write-down or conversion on the terms set out in the BGF Act. By purchasing the Bonds, each Bondholder acknowledges the results of a decision the Bank Guarantee Fund may make on exercising its write-down or conversion powers with respect to the Bonds.'</p>	
24	If convertible, conversion trigger (s)	N/A	N/A	N/A		N/A
25	If convertible, fully or partially	N/A	N/A	N/A	fully	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	The Bonds shall be converted into a senior loan at the price level agreed by both Parties.	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	mandatory	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	Senior loan or any other financial instrument defined under BGF Act, as mentioned above.	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	Santander Bank Polska S.A.	N/A
30	Write-down features	No	No	No	Under the BGF Act, the Issuer's obligations under the Bonds may be subject to write-down or conversion on the terms set out in the BGF Act. By purchasing the Bonds, each Bondholder acknowledges the results of a decision the Bank Guarantee Fund may make on exercising its write-down or conversion powers with respect to the Bonds.	No
31	If write-down, write-down trigger (s)	N/A	N/A	N/A	as above	N/A
32	If write-down, full or partial	N/A	N/A	N/A	as above	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	as above	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	as above	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A

3. Transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds

On 12 December 2017, the European Parliament and the Council adopted Regulation No 2017/2395 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State. This Regulation entered into force on the next day following its publication in the Official Journal of the European Union and has been applicable since 1 January 2018. The European Parliament and the Council concluded that the application of IFRS 9 may lead to a sudden significant increase in expected credit loss provisions and consequently to a sudden decrease in institutions' Common Equity Tier 1 capital.

The regulation regarding the mitigation of impact of IFRS 9 on Tier 1 capital provides for the following:

- Where an institution's opening balance sheet on the day that it first applies IFRS 9 reflects a decrease in Common Equity Tier 1 capital as a result of increased expected credit loss provisions, including the loss allowance for lifetime expected credit losses for financial assets that are credit-impaired, compared to the closing balance sheet on the previous day, Santander Bank Polska Group should be allowed to include in its Common Equity Tier 1 capital a portion of the increased expected credit loss provisions for a transitional period. That transitional period should have a maximum duration of 5 years and should start in 2018. The portion of expected credit loss provisions that can be included in Common Equity Tier 1 capital should decrease over time down to zero to ensure the full implementation of IFRS 9 on the day immediately after the end of the transitional period.
- The multipliers (f1) that can be applied in consecutive years of the transitional period are as follows: 95%, 85%, 70%, 50%, 25%.
- If Santander Bank Polska Group decides to apply the IFRS 9 transitional arrangements, it should publicly disclose its own funds, capital ratios and leverage ratio both with and without the application of those arrangements in order to enable the recipients of financial statements to determine the impact of those arrangements.
- Institution should decide whether to apply those transitional arrangements and inform the Regulatory Supervision accordingly.
- During the transitional period, Institution may reverse once its initial decision, subject to the prior permission of the Polish Financial Supervision Authority, which should ensure that such decision is not motivated by considerations of regulatory arbitrage.
- Institutions that decide to apply transitional arrangements should be required to adjust the calculation of regulatory items which are directly affected by expected credit loss provisions to ensure that they do not receive inappropriate capital relief.

Having analysed Regulation No. 2017/2395, the bank as the parent company has decided to apply the transitional arrangements provided for therein, which means that the full impact of the introduction of IFRS 9 will not be taken into account for the purpose of capital adequacy assessment of Santander Bank Polska Group.

Bank fulfilled its obligations imposed by the CRR by informing the Polish Financial Supervision Authority about its intention to apply transitional provisions (letter ref. GZP/06/01/2018 of 31 January 2018).

As at 30th June 2020, the Group applied the updated rules for transitional arrangements related to IFRS 9. In accordance with the Regulation of the European Parliament and of the Council (EU) 2020/873 of 24 June 2020 the formula on the basis of which the amount included in own funds is determined has been modified in such a way that the dynamic factor is calculated in relation to the status as of 01/01/2020 instead of 01/01/2018 and the transitional period for the dynamic factor is extended until 31 December 2024. Starting from 2020, the multipliers (f2) for the dynamic factor that can be applied in the subsequent years of the transition period are: 100%, 100%, 75%, 50%, 25%, respectively. In addition, a factor was added to the formula, calculated as the change in provisions for expected credit losses between 01/01/2020 and 01/01/2018.

Based on the changes resulting from the above-mentioned Regulation and Art. 473a (7a) from June 2020 The Group uses a derogation in the form of assigning a risk weight equal to 100% to the adjustment value included in own funds.

Below, Santander Bank Polska Group has disclosed own funds, capital ratios, as well as the leverage ratio, both including and excluding application of transitional solutions stemming from Article 473a of Regulation (EU) No 575/2013:

COMPARISON OF INSTITUTIONS' OWN FUNDS AND CAPITAL AND LEVERAGE RATIOS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 (PLN K)

	30.06.2020	31.03.2020	31.12.2019	30.09.2019	30.06.2019	31.03.2019	31.12.2018	30.09.2018	30.06.2018
Available capital (amounts)									
1 Common Equity Tier 1 (CET1) capital	23 561 106	22 072 814	21 772 007	21 304 929	21 213 963	21 319 141	20 166 059	19 657 685	19 660 476
2 Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	23 363 863	21 871 052	21 518 299	21 112 683	21 022 236	21 162 089	19 984 622	19 476 357	19 518 903
3 Tier 1 capital	23 561 106	22 072 814	21 772 007	21 304 929	21 213 963	21 319 141	20 166 059	19 657 685	19 660 476
4 Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	23 363 863	21 871 052	21 518 299	21 112 683	21 022 236	21 162 089	19 984 622	19 476 357	19 518 903
5 Total capital	26 294 101	24 847 276	24 440 183	24 022 983	23 878 687	23 994 949	22 839 754	22 323 263	22 357 159
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	26 096 482	24 645 212	24 186 104	23 830 358	23 686 570	23 837 572	22 658 089	22 141 723	22 215 395
Risk-weighted assets (amounts)									
7 Total risk-weighted assets	140 194 561	148 020 351	143 180 901	148 832 179	146 860 022	145 694 924	142 927 860	126 770 298	125 769 908
8 Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	140 106 233	147 914 691	143 036 349	148 669 000	146 651 223	145 626 494	142 852 541	126 704 428	125 718 206
Capital ratios									
9 Common Equity Tier 1 (as a percentage of risk exposure amount)	16,81%	14,91%	15,21%	14,31%	14,45%	14,63%	14,11%	15,51%	15,63%
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,68%	14,79%	15,04%	14,20%	14,33%	14,53%	13,99%	15,37%	15,53%
11 Tier 1 (as a percentage of risk exposure amount)	16,81%	14,91%	15,21%	14,31%	14,45%	14,63%	14,11%	15,51%	15,63%
12 Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,68%	14,79%	15,04%	14,20%	14,33%	14,53%	13,99%	15,37%	15,53%
13 Total capital (as a percentage of risk exposure amount)	18,76%	16,79%	17,07%	16,14%	16,26%	16,47%	15,98%	17,61%	17,78%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18,63%	16,66%	16,91%	16,03%	16,15%	16,37%	15,86%	17,48%	17,67%
Leverage ratio									
15 Leverage ratio total exposure measure	228 891 346	222 075 146	216 545 068	211 890 820	213 078 028	221 096 601	212 258 409	186 417 103	177 260 235
16 Leverage ratio	10,29%	9,94%	10,05%	10,05%	9,96%	9,64%	9,50%	10,55%	11,09%
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,21%	9,86%	9,95%	9,97%	9,87%	9,58%	9,42%	10,46%	11,02%

4. Own funds and eligible liabilities

This report has been drawn up to fulfill the obligations arising from the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (CRR). Being a subsidiary and a member of international Santander Group with Banco Santander as the parent undertaking, Santander Bank Polska S.A. belongs to a group considered to be a global systemically important institution.

According to the Group Resolution Plan and Viability Assessment for Santander Group, the preferred resolution strategy is the Multiple Point of Entry (MPE) resolution strategy. Being a subsidiary of Santander Group, Santander Bank Polska S.A. is considered to be one of the points of entry. In the light of the foregoing, the Bank is considered compliant with Article 92a of the CRR and, as from 27 June 2019, the Bank has an obligation to satisfy the requirements for own funds and bailed-in liabilities laid down in CRR, taking into account the transitional period under Article 494 of the CRR.

According to Article 92a of the CRR, whereby institutions need to satisfy the requirements for own funds and eligible liabilities, calculated as 16% of the total risk exposure amount and 6% of the leverage ratio exposure measure by 31 December 2021 and, as from 1 January 2022, calculated as 18% of the total risk exposure amount and 6.75% of the leverage ratio exposure measure.

For Santander Bank Polska Group surplus own funds and other TLAC-eligible instruments amounted 4.39% referred to the minimum requirement, i.e. 16%, which applied as at 30 June 2020.

The resolution and recovery authorities decided that the minimum requirement for own funds and eligible liabilities (MREL) for Santander Bank Polska Group would be 15.87% of the total liabilities and own funds ("TLOF"), which corresponds to 22.146% of total risk exposure (TRE). This requirement should be met by 1 January 2023. At the same time, the mid-term MREL targets have been set. Their values at the end of 2019, 2020 and 2021 in relations to TLOF are 10.37%, 12.202% and 14.035%, respectively, and in relations to TRE are 14.474%, 17.031% and 19.588%, respectively, according to current report no 40/2019 of 18 December 2019.

The requirements of the Bank Guarantee Fund regarding the obligatory compliance of banks with the MREL minimum levels were updated with a communication of 26 March 2020. The mid-term MREL goals set for entities identified as forced restructuring entities at the end of 2020 will not be treated by the Fund as mandatory. The deadline for meeting the first mid-term goal was set for 1 January 2022, the target should be met by 1 January 2024.

TLAC1 - POSITION OF SANTANDER BANK POLSKA GROUP

Regulatory capital elements of TLAC and adjustments		30.06.2020
1	Common Equity Tier 1 capital (CET1)	23 561 106
2	Additional Tier 1 capital (AT1) before TLAC adjustments	0
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	0
4	Other adjustments	0
5	AT1 instruments eligible under the TLAC framework	0
6	Tier 2 capital (T2) before TLAC adjustments	2 732 995
7	Amortised portion of T2 instruments where remaining maturity > 1 year	0
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	0
9	Other adjustments	0
10	T2 instruments eligible under the TLAC framework	2 732 995
11	TLAC arising from regulatory capital	26 294 101
Non-regulatory capital elements of TLAC		
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	0
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	2 286 563
14	Of which: amount eligible as TLAC after application of the caps	2 286 563
15	External TLAC instruments issued by funding vehicles prior to 1 January 2022	0
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	0
17	TLAC arising from non-regulatory capital instruments before adjustments	2 286 563
Non-regulatory capital elements of TLAC: adjustments		
18	TLAC before deductions	28 580 664
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	0
20	Deduction of investments in own other TLAC liabilities	0
21	Other adjustments to TLAC	0
22	TLAC after deductions	28 580 664
Risk-weighted assets and leverage exposure measure for TLAC purposes		
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	140 194 561
24	Leverage exposure measure	228 891 346
TLAC ratios and buffers		
25	TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	20,39%
26	TLAC (as a percentage of leverage exposure)	12,49%
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	-
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	3,25%
29	Of which: capital conservation buffer requirement	2,50%
30	Of which: bank specific countercyclical buffer requirement	0,00%
31	Of which: higher loss absorbency requirement (O-SII)	0,75%

As at 30th June 2020 total amount of covered deposits which are excluded from eligible liabilities items according to Art. 72a (2) at the level of Santander Bank Polska Group amounted **97 223 167 kPLN**.

TLAC3 - CREDITOR HIERARCHY OF SANTANDER BANK POLSKA GROUP

1	Description of creditor ranking (free text)	Creditor ranking				Sum of 1 to 4
		1	2	3	4	
		(most junior)			(most senior)	
		Share Capital*	Additional Tier I instruments	Subordinated Debts in Tier II	Other TLAC-eligible instruments**	
2	Total capital and liabilities net of credit risk mitigation	9 002 857	0	2 594 809	2 322 271	13 919 936
3	Subset of row 2 that are excluded liabilities	0	0	0	35 708	35 708
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)	9 002 857	0	2 594 809	2 286 563	13 884 228
5	Subset of row 4 that are potentially eligible as TLAC	9 002 857	0	2 594 809	2 286 563	13 884 228
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	0	0	0	2 268 708	2 268 708
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	0	0	0	17 854	17 854
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	0	0	2 594 809	0	2 594 809
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	0	0	0	0	0
10	Subset of row 5 that is perpetual securities	9 002 857	0	0	0	9 002 857

* inc. Share Capital (PLN 1 020 883k) and Share Premium (PLN 7 981 974k)

**TLAC eligible instruments include senior unsecured liabilities

KM2 - SUMMARIES KEY METRICS ABOUT TLAC AVAILABLE AND TLAC REQUIREMENTS APPLIED AT THE SANTANDER BANK POLSKA GROUP LEVEL

Resolution group		30.06.2020
1	Total Loss Absorbing Capacity (TLAC) available	28 580 664
1a	Fully loaded ECL accounting model TLAC available*	28 383 044
2	Total RWA at the level of the resolution group	140 194 561
3	TLAC as a percentage of RWA (row1/row2) (%)	20,39%
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	20,26%
4	Leverage exposure measure at the level of the resolution group	228 891 346
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	12,49%
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Leverage exposure measure (%)	12,41%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if no cap was applied (%)	N/A

* including total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied

CCA - THE MAIN FEATURES OF COMMON EQUITY TIER I, TIER II INSTRUMENTS AND OTHER TLAC ELIGIBLE INSTRUMENTS

Instruments' main features							
1	Issuer	Santander Bank Polska S.A.	Santander Bank Polska S.A.	Santander Bank Polska S.A.	Santander Bank Polska S.A.	Santander Bank Polska S.A.	Santander Bank Polska S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	PLBZ00000044	X50531310182	PLBZ00000226	not applicable	PLBZ00000275	Operation No. 48146 XS1849525057
3	Governing law(s) of the instrument	polish	english/polish	polish	english	polish	English English
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	N/A	N/A	N/A	N/A	N/A	Statutory Statutory
<i>Regulatory treatment</i>							
4	Transitional CRR rules	Common Equity Tier I	Tier II	Tier II	Tier II	Tier II	TLAC TLAC
5	Post-transitional CRR rules	Common Equity Tier I	Tier II	Tier II	Tier II	Tier II	TLAC TLAC
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	shares - Common Equity Tier I as published in Regulation (EU) No 575/2013 article 28	Tier II as published in Regulation (EU) No 575/2013 article 63	Tier II as published in Regulation (EU) No 575/2013 article 63	Tier II as published in Regulation (EU) No 575/2013 article 63	Tier II as published in Regulation (EU) No 575/2013 article 63	Senior unsecured Senior unsecured
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	PLN 1 020,883 m	PLN 446,600 m	PLN 535,920 m	PLN 612,289 m	PLN 1 b	N/A - amount eligible for TLAC only N/A - amount eligible for TLAC only
9	Nominal amount of instrument	10 PLN Series A: 10 PLN Series B: 10 PLN Series C: 10 PLN Series D: 102 PLN Series E: 102 PLN Series F: 40 PLN Series G: 10 PLN Series H: 10 PLN Series I: 212.60 PLN Series J: "Share Exchange Ratio" re. the merger of Santander Bank Polska S.A. with Kredyt Bank, pursuant to Resolution no. 2 of the Extraordinary Meeting of Santander Bank Polska S.A. Shareholders, dd. 30.07.2012 r. Series K: 10 PLN Series L: 400.53 PLN Series M: 10 PLN Series N: "Share Exchange Ratio" re. the merger of Santander Bank Polska S.A. with Deutsche Bank Polska S.A., pursuant to Resolution no. 3 of the Extraordinary Meeting of Santander Bank Polska S.A. Shareholders, dd.	100 000 000 EUR	120 000 000 EUR	137 100 000 EUR	1 000 000 000 PLN	89 270 833 PLN 500 000 000 EUR
9a	Issue price		100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value 99.926 per cent. of the aggregate nominal amount
9b	Redemption price	N/A	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value
10	Accounting classification	Shareholders' equity	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost Liability - amortised cost
11	Original date of issuance	Series A: 08.11.1991 Series B: 21.12.1996 Series C: 31.12.1996 Series D: 25.10.1999 Series E: 17.05.2000 Series F: 30.11.2000 Series G: 13.06.2001 Series H: 10.07.2009 Series I: 09.08.2012 Series J: 04.01.2013 Series K: 11.07.2014 Series L: 18.07.2014 Series M: 03.08.2017 Series N: 27.11.2018	05-08-2010	02-12-2016	22-05-2017	05-04-2018	28.09.2018 20.09.2018
12	Perpetual or dated	N/A	Dated	Dated	dated	dated	dated dated

II. OWN FUNDS

13	Original maturity date	No maturity	05-08-2025	03-12-2026	22-05-2027	05-04-2028	05.12.2022	20.09.2021
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes	Yes	Yes	No	No
15	Optional call date, contingent call dates, and redemption amount	N/A	05-08-2020	03-12-2021	22-05-2022	05-04-2023	any time	Event of default
16	Subsequent call dates, if applicable	N/A	each interest period, every 3 months	each interest period, every 6 months	each interest period, every 6 months (after five years)	each interest period, every 6 months (after five years)	any time	Event of default
	<i>Coupons / dividends</i>							
17	Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating	Floating	Fixed coupon
18	Coupon rate and any related index	N/A	above three-month EURIBOR for each interest period	above six-month EURIBOR for each interest period	above six-month EURIBOR for each interest period	above six-month WIBOR for each interest period	above six-month WIBOR for each interest period	0,0075
							EBRD consent required if dividend payment NOT out of the Borrower's net income earned in the preceding Financial Year and then only if no Default has occurred and is continuing	
19	Existence of a dividend stopper	No	Yes	No	Yes	No		No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	N/A	Partially discretionary	Partially discretionary	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	N/A	Partially discretionary	Partially discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	N/A	No	No	No	No	No	N/A
22	Noncumulative or cumulative	Noncumulative	Cumulative	N/A	N/A	n/a	Cumulative	Cumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible	Convertible	Non-convertible	Non-convertible	Non-convertible
					(1)The Bonds shall be converted into a senior loan if: (i) there is a change in the regulatory classification of the Bonds that would be likely to result in their exclusion from the Issuer's own funds (as defined in the CRR) or reclassification as a lower quality form of own funds; or (2) Under BGF Act as defined in Terms and Conditions: 'Under the BGF Act, the Issuer's obligations under the Bonds may be subject to write-down or conversion on the terms set out in the BGF Act. By purchasing the Bonds, each Bondholder acknowledges the results of a decision the Bank Guarantee Fund may make on exercising its write-down or			
24	If convertible, conversion trigger (s)	N/A	N/A	N/A		N/A	N/A	N/A

II. OWN FUNDS

25	If convertible, fully or partially	N/A	N/A	N/A	fully	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	The Bonds shall be converted into a senior loan at the price level agreed by both Parties.	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	mandatory	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	Senior loan or any other financial instrument defined under BGF Act, as mentioned above.	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	Santander Bank Polska S.A.	N/A	N/A	N/A
30	Write-down features	No	No	No	Under the BGF Act, the Issuer's obligations under the Bonds may be subject to write-down or conversion on the terms set out in the BGF Act. By purchasing the Bonds, each Bondholder acknowledges the results of a decision the Bank Guarantee Fund may make on exercising its write-down or conversion powers with respect to	No	No	No
31	If write-down, write-down trigger (s)	N/A	N/A	N/A	as above	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	as above	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	as above	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	as above	N/A	N/A	N/A
34a	Type of subordination	N/A	N/A	N/A	N/A	N/A	Statutory	Statutory
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	most senior in subordination hierarchy	most senior in subordination hierarchy
36	Non-compliant transitioned features	No	No	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A	N/A

III. Capital requirements

1. Total capital requirements

The capital requirements of Santander Bank Polska Group are set in accordance with part III of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ("CRR") as amended, inter alia, by Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic, which was the official legal basis as at 30 June 2020.

In 2020, Santander Bank Polska applied the standardised approach to the calculation of capital requirement for credit, market and operational risk. Under this approach the total capital requirement for credit risk is calculated as a sum of risk-weighted assets multiplied by 8%. To calculate risk-weighted exposures, risk weights are allocated to all exposures in accordance with the CRR. The Group measures its balance sheet assets and liabilities in accordance with International Accounting Standards and International Financial Reporting Standards.

The Bank calculates and monitors capital requirements for all key risks, including:

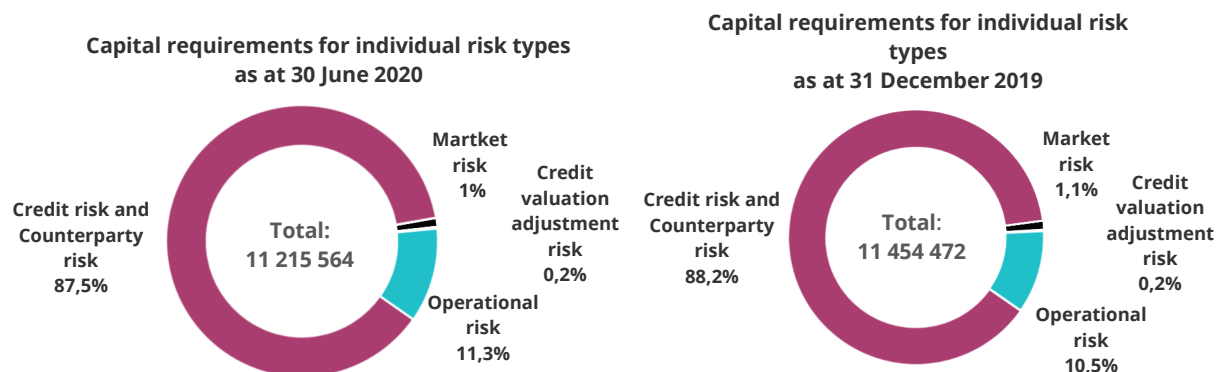
- capital requirement for credit risk
- capital requirement for market risk, including:
 - ✓ capital requirement for positions risk, including:
 - specific and general risk of debt instruments
 - specific and general risk of equity instruments
 - ✓ capital requirement for FX risk
- capital requirement for the settlement, supplier and counterparty risk
- capital requirement for credit valuation adjustments
- capital requirement for the excess of large exposures limit
- capital requirement for the excess of capital concentration limit
- capital requirement for operational risk.

Santander Bank Polska Group calculates capital requirement separately for the exposures classified into the banking and trading book.

As at 31 June 2020, the total capital requirements of Santander Bank Polska Group calculated in line with the CRR was PLN **11 215 564k**, including:

- for credit risk and counterparty credit risk **PLN 9 816 663k**
- for market risk **PLN 113 477k**
- for credit valuation adjustment risk **PLN 24 950k**
- for operational risk **PLN 1 260 474k**.

PERCENTAGE STRUCTURE OF THE CAPITAL REQUIREMENTS FOR 06/2020 VS 12/2019



EU OV1 – OVERVIEW OF RWAS (PLN K)

	RWAs		Minimum capital requirements
	30.06.2020	31.03.2020	30.06.2020
Credit risk (excluding CCR)	113 395 810	120 966 183	9 071 665
Article 438(c)(d) Of which the standardised approach	113 395 810	120 966 183	9 071 665
Article 438(c)(d) Of which the foundation IRB (FIRB) approach	0	0	0
Article 438(c)(d) Of which the advanced IRB (AIRB) approach	0	0	0
Article 438(d) Of which equity IRB under the simple risk-weighted approach or the IMA	0	0	0
Article 107 Article 438(c)(d) CCR	2 120 314	2 511 123	169 625
Article 438(c)(d) Of which mark to market	1 803 237	2 120 241	144 259
Article 438(c)(d) Of which original exposure	0	0	0
Of which the standardised approach	0	0	0
Of which internal model method (IMM)	0	0	0
Article 438(c)(d) Of which risk exposure amount for contributions to the default fund of a CCP	5 202	6 131	416
Article 438(c)(d) Of which CVA	311 875	384 751	24 950
Article 438(e) Settlement risk	0	0	0
Article 449(o)(i) Securitisation exposures in the banking book (after the cap)	0	0	0
Of which IRB approach	0	0	0
Of which IRB supervisory formula approach (SFA)	0	0	0
Of which internal assessment approach (IAA)	0	0	0
Of which standardised approach	0	0	0
Article 438 (e) Market risk	1 418 465	1 488 674	113 477
Of which the standardised approach	1 418 465	1 488 674	113 477
Of which IMA	0	0	0
Article 438(e) Large exposures	0	0	0
Article 438(f) Operational risk	15 755 929	15 755 929	1 260 474
Of which basic indicator approach	0	0	0
Of which standardised approach	15 755 929	15 755 929	1 260 474
Of which advanced measurement approach	0	0	0
Article 437(2), Article 48 and Article 60 Amounts below the thresholds for deduction (subject to 250% risk weight)	7 504 043	7 298 442	600 323
Article 500 Floor adjustment	0	0	0
Total	140 194 561	148 020 351	11 215 564

The biggest item is the total capital requirement of Santander Bank Polska Group is the capital requirement for credit risk, including counterparty credit risk (without CVA), which on 30 June 2020 accounted for 87.53% of the total capital requirement. Santander Bank Polska S.A. manages credit risk on a priority basis, using its internal rating systems, credit concentration limits and sectoral exposure limits, seeking to maintain the possible highest quality of the credit portfolio. The Santander Bank Polska uses contractual netting according to art. 295-298 of CRR.

2. Credit risk

The structure of the exposure

In the capital adequacy assessment process, Santander Bank Polska Group classified each of these exposures in accordance with the standardised approach as provided for in Article 112 CRR.

The tables below present details of exposures in accordance with EBA/GL/2016/11 guidelines.

The exposure classes for which no items have been identified, have been disregarded.

EU CR1-A - CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT (PLN K)

	a) Gross carrying values of		c) Specific credit risk adjustment	d) General credit risk adjustment	e) Accumulated write-offs	f) Credit risk adjustment charges of the period	g) Net values (a+b-c-d)
	Defaulted exposures	Non-defaulted exposures					
Central governments or central banks	-	51 330 394	-	-	-	-	51 330 394
Regional governments or local authorities	-	140 606	334	-	-	-	140 272
Public sector entities	-	78 872	487	-	-	-	78 385
Multilateral development banks	-	638 143	-	-	-	-	638 143
Institutions	-	7 776 428	66	-	-	-	7 776 362
Corporates	-	27 401 405	29 648	-	6	-	27 371 757
Of which: SMEs	-	4 569 583	16 963	-	0	-	4 552 620
Retail	-	50 834 232	933 996	-	32	-	49 900 236
Of which: SMEs	-	15 167 367	289 455	-	9	-	14 877 912
Secured by mortgages on immovable property	-	65 362 179	256 197	-	-	-	65 105 982
Of which: SMEs	-	11 910 447	101 893	-	-	-	11 808 554
Exposures in default	8 207 519	-	3 985 966	-	521 490	-	4 221 553
Items associated with particularly high risk	105 418	30 001	29 271	-	-	-	106 148
Collective investments undertakings	-	424	-	-	-	-	424
Equity exposures	-	1 749 371	-	-	-	-	1 749 371
Other exposures	-	4 716 486	-	-	-	-	4 716 486
Total	8 312 937	210 058 541	5 235 965	-	521 527	-	213 135 513
Of which: Loans	8 260 486	136 681 288	5 200 438	-	521 527	-	139 741 336
Of which: Debt securities	7 492	57 444 342	53	-	-	-	57 451 781
Of which: Offbalance-sheet exposures	28 124	4 392 724	15 475	-	-	-	4 405 373

Pursuant to Article 1 of Commission Delegated Regulation (EU) No 183/2014 of 20 December 2013 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, with regard to regulatory technical standards for specifying the calculation of specific and general credit risk adjustments, the bank's capital adequacy account includes adjustments connected with general and specific risk which were applied to Tier 1 capital to reflect losses related to credit risk, in accordance with the applicable accounting standards, and disclosed accordingly in the income statement, regardless of whether they arise from impairment, value adjustment or provisions for off-balance sheet items.

EU CR1-B – CREDIT QUALITY OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES (PLN K)

	a)		b)	c)	d)	e)	f)	g)
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)	
	Defaulted exposures	Non-defaulted exposures						
Agriculture, forestry and fishing	237 855	2 883 164	166 004	-	0	-	2 955 015	
Mining and quarrying	381 462	954 651	26 019	-	-	-	1 310 094	
Manufacturing	865 031	12 889 484	498 497	-	45 704	-	13 256 018	
Electricity, gas, steam and air conditioning supply	8 837	1 406 997	10 754	-	-	-	1 405 080	
Water supply	21 178	303 981	14 080	-	94	-	311 079	
Construction	469 683	3 507 731	205 540	-	9 028	-	3 771 874	
Wholesale and retail trade	986 362	13 727 701	538 646	-	19 413	-	14 175 417	
Transport and storage	227 254	3 429 559	174 726	-	3 129	-	3 482 087	
Accommodation and food service activities	229 595	1 878 008	139 799	-	22	-	1 967 804	
Information and communication	154 545	3 320 959	91 667	-	230	-	3 383 837	
Financial and insurance activities	26 071	19 384 708	21 972	-	1	-	19 388 807	
Real estate activities	427 530	8 867 830	163 896	-	1 113	-	9 131 464	
Professional, scientific and technical activities	147 366	4 341 874	137 284	-	6 765	-	4 351 956	
Administrative and support service activities	144 974	1 114 575	81 869	-	2 188	-	1 177 680	
Public administration and defence, compulsory social security	715	44 550 770	750	-	-	-	44 550 735	
Education	19 797	283 529	14 571	-	37	-	288 755	
Human health services and social work activities	37 113	1 504 477	46 342	-	2 475	-	1 495 248	
Arts, entertainment and recreation	15 028	384 140	11 351	-	86	-	387 817	
Other services	224 317	5 713 025	68 827	-	277 013	-	5 868 515	
Retail	3 688 224	74 894 892	2 823 371	-	154 229	-	75 759 745	
Other	-	4 716 486	-	-	-	-	4 716 486	
Total	8 312 937	210 058 541	5 235 965	-	521 527	-	213 135 513	

EU CR1-C – CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY (PLN K)

	a)		b)	c)	d)	e)	f)	g)
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)	
	Defaulted exposures	Non-defaulted exposures						
Europe	8 312 259	209 584 513	5 235 217	0	521 451	0	212 661 555	
Belgium	4	950 945	3	-	-	-	950 946	
Czech Republic	64	116 775	573	-	-	-	116 266	
Denmark	3	160 756	6	-	0	-	160 753	
France	99	469 633	35	-	1	-	469 697	
Spain	149	1 147 158	109	-	0	-	1 147 198	
Netherlands	27	191 500	217	-	1	-	191 310	
Luxembourg	30	1 959 364	1 705	-	0	-	1 957 689	
Germany	298	501 728	187	-	1	-	501 839	
Poland	8 281 332	202 936 817	5 222 696	-	521 379	-	205 995 453	
Switzerland	1	228 942	9	-	-	-	228 934	
United Kingdom	1 057	386 784	431	-	31	-	387 410	
Other countries	29 195	534 111	9 246	-	38	-	554 060	
Other geographical areas	678	474 028	748	-	77	-	473 958	
Łącznie	8 312 937	210 058 541	5 235 965	-	521 527	-	213 135 513	

EU CR2-A – CHANGES IN THE STOCK OF GENERAL AND SPECIFIC CREDIT RISK ADJUSTMENTS (PLN K)

	a)	b)
	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance	-3 417 584	0
Increases due to amounts set aside for estimated loan losses during the period	(1 317 493)	-
Decreases due to amounts reversed for estimated loan losses during the period	869 449	-
Decreases due to amounts taken against accumulated credit risk adjustments	588 095	-
Transfers between credit risk adjustments	(1 117 901)	-
Impact of exchange rate differences	(1 931)	-
Business combinations, including acquisitions and disposals of subsidiaries	(251 147)	-
Other adjustments	(366 726)	-
Closing balance	-4 015 237	0
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	(10 467)	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

EU CR2-B – CHANGES IN THE STOCK OF DEFAULTED AND IMPAIRED LOANS AND DEBT SECURITIES (PLN K)

	Gross carrying value defaulted exposures
Opening balance	7 499 270
Loans and debt securities that have defaulted or impaired since the last reporting period	1 690 196
Returned to non-defaulted status	(132 969)
Amounts written off	(521 248)
Other changes	(222 312)
Closing balance	8 312 937

Credit risk mitigation

The Group uses credit risk mitigation techniques both for funded credit protection and for unfunded credit protection.

In the latter case, borrowers protected by guarantees are allocated a risk grade that corresponds to the risk grade of the guarantor. Most providers of unfunded credit protection are banks, including Bank Gospodarstwa Krajowego (with its “de minimis” guarantee programme, guarantees from the Fundusz Gwarancji Płynnościowych) and the Ministry of Finance as a State unit.

On 10 February 2017, Santander Bank Polska (“the Bank”) signed a guarantee agreement (“Guarantee”) with the European Investment Bank (EIB) providing for unfunded credit protection with respect to the portfolio of selected corporate loans of the bank in accordance with EU Regulation No 575/2013.

As at the date of the agreement, the value of the bank’s loans portfolio secured by the guarantee was PLN 2,499m PLN. The coverage ratio is now 50%, which means that the maximum guarantee amount is PLN 1,249m PLN. The guarantee expires on 15 December 2034. The bank may terminate the guarantee before its expiry.

The guarantee coverage ratio depends on the volume of lending provided by the bank after the date of the guarantee agreement to SMEs which meet the definition set out in Commission Recommendation 2003/361/EC of 6 May 2003 and additional criteria stipulated in the guarantee agreement. As at the date of this report, the weighted average coverage ratio was 26.75%.

As at 30 June 2020, the the parto of Group’s debt instruments portfolio included bonds of Bank Gospodarstwa Krajowego and bonds of Polski Fundusz Rozwoju, which were fully guaranteed by the State Treasury. They were allocated a preferential risk weight of 0%.

In the case of funded credit protection, Santander Bank Polska Group recognizes exposures secured by financial collateral.

EU CR3 – CRM TECHNIQUES – OVERVIEW (PLN K)

	a) Exposures unsecured – Carrying amount	b) Exposures secured – Carrying amount	c) Exposures secured by collateral	d) Exposures secured by financial guarantees	e) Exposures secured by credit derivatives
Total loans (include off balance exposure)	139 564 302	8 332 201	1 492 598	6 839 603	-
Total debt securities	48 004 778	9 447 003	-	9 447 003	-
Total exposures	187 569 080	17 779 204	1 492 598	16 286 606	-
Of which defaulted	4 258 024	39 826	2 235	37 591	-

EU CR4 – STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS (PLN K)

Exposure classes	a)		b)		c)		d)		e)		f)
	Exposures before CCF and CRM		Exposures post CCF and CRM		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density		
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density	
Central governments or central banks	51 330 394	-	61 719 529	-	173 382	-	5 196 766	-	4%		
Regional governments or local authorities	140 240	87 739	140 229	-	32	-	28 052	-	0%		
Public sector entities	77 007	51 949	76 966	-	1 370	-	39 168	-	0%		
Multilateral development banks	638 143	-	6 421 301	-	-	-	-	-	0%		
Institutions	7 662 532	962 283	5 374 525	483 239	1 793 334	15%					
Corporates	25 696 201	21 029 956	17 721 494	1 245 363	18 027 632	15%					
Retail	47 992 842	11 998 633	47 112 598	1 743 801	34 167 694	28%					
Secured by mortgages on immovable property	64 419 438	4 356 320	63 502 154	659 845	50 617 258	42%					
Exposures in default	4 200 911	322 061	4 162 705	19 022	5 006 035	4%					
Items associated with particularly high risk	106 149	-	82 149	-	123 223	0%					
Collective investments undertakings	424	-	424	-	424	0%					
Equity exposures	1 749 371	-	1 749 371	-	3 274 407	3%					
Other exposures	4 716 486	-	4 716 486	-	2 625 863	2%					
Total	208 730 138	38 808 941	212 779 931	4 326 054	120 899 856	100%					

Allocating risk weights to the credit portfolio

The risk weights used in the calculation of capital requirement for credit risk in the standardised approach are based on the provision of Chapter 2, Title II, Part III of the CRR. Risk weights are allocated in line with the category of the exposure and the credit quality of the exposure/entity.

Defaulted exposures have their risk weight allocated in accordance with the rules laid down in Article 127 of the CRR.

Pursuant to Article 125(2) of the CRR, Santander Bank Polska S.A. additionally assigns a preferential risk weight of 35% to a part of an exposure which is fully and completely secured by a mortgage on a residential property and whose value does not exceed 80% of the market value of the property in question. Santander Bank Polska S.A. has not identified exposures effectively secured by mortgage on a commercial property, to which preferential risk weights are applied in accordance with Article 126.

Pursuant to Regulation of the Minister of Economic Development and Finance of 25 May 2017 on a higher risk weight for exposures secured with mortgages on properties, for exposures secured by mortgages on a residential property, where the principal or interest instalment is linked to an exchange rate of a currency or currencies other than the currency of the debtor's revenue, the risk weight is set at 150%.

In each asset class, appropriate risk weight is allocated depending on the available credit rating of external rating institutions or export credit agencies. The Bank accepts ratings of the following agencies:

- Fitch Ratings;
- Moody's Investors Service;
- Standard and Poor's Ratings Services.

If two credit ratings are available for an exposure and the ratings are linked to different risk weight of the particular exposure, the Bank uses the higher risk weight. If for an exposure three or more credit ratings are available, the Bank uses two ratings with the lowest risk weights and if the two are different, the higher risk weight is applied.

In accordance with the provisions of Regulation 2020/873 of 24 June 2020. amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic, risk-weighted assets related to SME exposures and infrastructure projects were multiplied by the respective support factors.

III. CAPITAL REQUIREMENTS

EU CR5 – STANDARDISED APPROACH (PLN K)

Exposure classes	Risk weight											Others	Deducted	Total	Of which unrated			
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%					250%	370%	1250%
Central governments or central banks	58 735 737	-	-	-	1 172 248	-	-	-	-	-	-	1 984 927	-	-	-	-	61 892 912	5 554 042
Regional governments or local authorities	-	-	-	-	140 261	-	-	-	-	-	-	-	-	-	-	-	140 261	140 261
Public sector entities	-	-	-	-	-	-	78 335	-	-	-	-	-	-	-	-	-	78 335	78 335
Multilateral development banks	6 421 301	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6 421 301	1 713 274
Institutions	-	-	-	-	3 808 925	-	2 034 578	-	-	14 260	-	-	-	-	-	-	5 857 763	770 866
Corporates	-	-	-	-	-	-	210 799	-	-	18 756 058	-	-	-	-	-	-	18 966 857	18 355 771
Retail	-	-	-	-	-	-	-	-	48 856 399	-	-	-	-	-	-	-	48 856 399	48 856 399
Secured by mortgages on immovable property	-	-	-	-	-	25 640 420	-	-	27 560 596	10 960 983	-	-	-	-	-	-	64 161 999	63 510 101
Exposures in default	-	-	-	-	-	-	-	-	2 533 113	1 648 614	-	-	-	-	-	-	4 181 727	4 181 727
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	82 149	-	-	-	-	-	-	82 149	82 149
Collective investments undertakings	-	-	-	-	-	-	-	-	-	424	-	-	-	-	-	-	424	424
Equity exposures	-	-	-	-	-	-	-	-	732 680	-	1 016 691	-	-	-	-	-	1 749 371	1 749 371
Other exposures	2 083 021	-	-	-	9 503	-	-	-	2 623 961	-	-	-	-	-	-	-	4 716 485	4 716 485
Total	67 240 059	-	-	-	5 130 937	25 640 420	2 323 712	-	48 856 399	52 221 092	12 691 746	3 001 618	-	-	-	-	217 105 983	149 709 204

3. Counterparty credit risk

The structure of the exposition

The tables below present detailed information about instruments held in trading and non-trading portfolios in relation to counterparty credit risk (CCR).

Santander Bank Polska Group uses the mark to market accounting approach to calculate the exposures and risk weighted assets for counterparty credit risk.

EU CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH (PLN K)

	a) Notional	b) Replacement cost/current market value	c) Potential future credit exposure	d) EEPE	e) Multiplier	f) EAD post CRM	g) RWAs
Mark to market		3 372 832	1 413 869			4 786 700	1 778 520
Original exposure	-					-	-
Standardised approach		-				-	-
IMM (for derivatives and SFTs)						-	-
Of which securities financing transactions						-	-
Of which derivatives and long settlement transactions						-	-
Of which from contractual crossproduct netting						-	-
Financial collateral simple method (for SFTs)						-	-
Financial collateral comprehensive method (for SFTs)						104 918	24 717
VaR for SFTs						-	-
Total							1 803 237

EU CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK (PLN K)

Exposure classes	Risk weight												Total	Of which unrated	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Others			
Central governments or central banks	-	-	-	-	56 354	-	-	-	-	-	-	-	-	56 354	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	320	-	-	-	-	-	-	320	320
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	363 281	1 107 557	-	-	1 379 736	-	842 284	-	-	6 813	-	-	-	3 699 671	1 834 105
Corporates	-	-	-	-	-	-	38 643	-	-	982 837	5 673	-	-	1 027 153	807 113
Retail	-	-	-	-	-	-	-	-	41 178	-	357	-	-	41 535	41 535
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	363 281	1 107 557	-	-	1 436 090	-	881 247	-	41 178	989 650	6 030	-	-	4 825 033	2 683 073

EU CCR2 – CVA CAPITAL CHARGE (PLN K)

	a) Exposure value	b) RWAs
Total portfolios subject to the advanced method	-	-
(i) VaR component (including the 3x multiplier)		-
(ii) SVaR component (including the 3x multiplier)		-
All portfolios subject to the standardised method	1 429 741	311 875
Based on the original exposure method	-	-
Total subject to the CVA capital charge	1 429 741	311 875

EU CCR8 – EXPOSURES TO CCPS (PLN K)

	a) EAD post CRM	b) RWAs
Exposures to QCCPs (total)		27 353
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1 107 557	22 151
(i) OTC derivatives	1 107 557	22 151
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	363 281	
Non-segregated initial margin	-	-
Prefunded default fund contributions	81 197	5 202
Alternative calculation of own funds requirements for exposures		-
Exposures to non-QCCPs (total)		-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-

Credit risk mitigation

The Santander Bank Polska S.A. uses contractual netting according to art. 295-298 of CRR.

EU CCR5-A – IMPACT OF NETTING AND COLLATERAL HELD ON EXPOSURE VALUES (PLN K)

	a) Gross positive fair value or net carrying amount	b) Netting benefits	c) Netted current credit exposure	d) Collateral held	e) Net credit exposure
Derivatives	7 827 060	4 454 228	3 372 832	-	4 760 769
SFTs	326 305	-	326 305	3 103 640	104 918
Cross-product netting	-	-	-	-	-
Total	8 153 365	4 454 228	3 699 137	3 103 640	4 865 687

EU CCR5-B – COMPOSITION OF COLLATERAL FOR EXPOSURES TO CCR (PLN K)

Collateral used in SFTs	
Fair value of collateral received	Fair value of posted collateral
100	3 360
Total	3 360

4. Market risk

The table below presents the elements of own funds requirements for market risk under the standardized approach.

EU MR1 – MARKET RISK UNDER THE STANDARDISED APPROACH (PLN K)

	a) RWAs	b) Capital requirements
Outright products		
Interest rate risk (general and specific)	1 387 496	111 000
Equity risk (general and specific)	30 969	2 477
Foreign exchange risk	-	-
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitisation (specific risk)	-	-
Total	1 418 465	113 477

IV. Capital buffers

The Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management in the financial system transposed CRD IV into the Polish law with regard to, among other things, additional capital buffers to be maintained by banks.

Moreover, the KNF set the minimum capital ratios for banks. Since 2018, banks should maintain Tier 1 capital ratios at the minimum levels under Pillar 1 as set out in Article 92 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Official Journal of the European Union of 2013, p. 1, as amended; "CRR") and under Pillar 2 ("add-on") arising from Article 138(1)(2a) of Banking Law (consolidated text: Journal of Laws of 2017, item 1876) and combined buffer requirement set out in Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management (consolidated text: Journal of Laws of 2017, item 1934).

From 1 January 2019 the conservation buffer is 2.5 p.p.

Based on the assessment of the systemic importance of the bank, the KNF in its decision of 19 December 2017, as presented in letter No DAZ/7105/5/7/2017, identified the bank as other systemically important institution (O-SII). O-SII buffer imposed on the bank at that time was 0.50 p.p. On 18 October 2019 Bank received the Polish Financial Supervision Authority's decision (letter no DBK.7111.62.2019 dated 14 October 2019) regarding a change of the other systemically important institution buffer imposed on Bank. Pursuant to the PFSA's decision, the Bank is currently required to maintain the O-SII buffer in the amount equivalent to 0.75% of the total risk exposure amount calculated in accordance with art. 92 par. 3 of the Regulation (EU) No 575/2013.

On 12 November 2019 Bank received the decision of the Polish Financial Supervision Authority (letter no DBK.700.57.2019 dated 5 November 2019) regarding the expiry of a decision issued by Polish Financial Supervision Authority dated of 15 October 2018 (no DBK-DBK2.700.21.2018) in the subject of maintain own funds to cover the additional capital requirement to secure the risk arising from FX mortgage loans for households at over the amount calculated in accordance with the detailed rules set in Regulation. Thus, the Bank is not obliged to keep the additional capital requirement indicated in the expired decision.

Additionally, Bank received letter from the Polish Financial Supervision Authority no BDK-DBK.Z2.7111.2.2019 dated 19 November 2019 concerning imposing on the Bank the amount of an additional capital requirement over the amount calculated in accordance with detailed rules defined in Regulation (EU) No 575/2013 for the Bank' Group. The Polish Financial Supervision Authority imposed the additional capital requirement covering the risk of the foreign currency mortgage loans for households, at Bank's Group level at amount 0.04 p.p., for the amount calculated in accordance with article 92 item 1 letter c of the Regulation (EU) No 575/2013, which should be covered at least in 75% by Tier I funds (equivalent to own funds requirement of 0.03 p.p. over the amount calculated in accordance with article 92 item 1 letter b of the Regulation (EU) No 575/2013) and at least in 56% of the Common Equity Tier I capital (equivalent to own funds requirement of 0.02 p.p. over the amount calculated in accordance with art. 92 clause 1 letter a of the Regulation (EU) No 575/2013).

To mitigate the risk of credit crunch arising from the Covid-19 pandemic, on 18 March 2020 the Minister of Finance, issued a regulation based on the recommendation of the Financial Stability Committee removing banks' obligation to keep the systemic risk buffer of 3%. The released funds may be used by banks to support their lending activity and cover potential losses in the upcoming quarters.

The decrease in the systemic risk buffer results in the reduction of the total capital ratio from 14.29% to 11.29% for the Group, and from 14.25% to 11.25% for the Bank.

Taking into account the above requirements, the minimum capital ratios as at 30 June 2020 are as follows:

- ✓ Tier 1 capital ratio of 9.25% and 9.28% for the Bank and the Group, respectively;
- ✓ total capital ratio of 11.25% and 11.29% for the Bank and the Group, respectively.

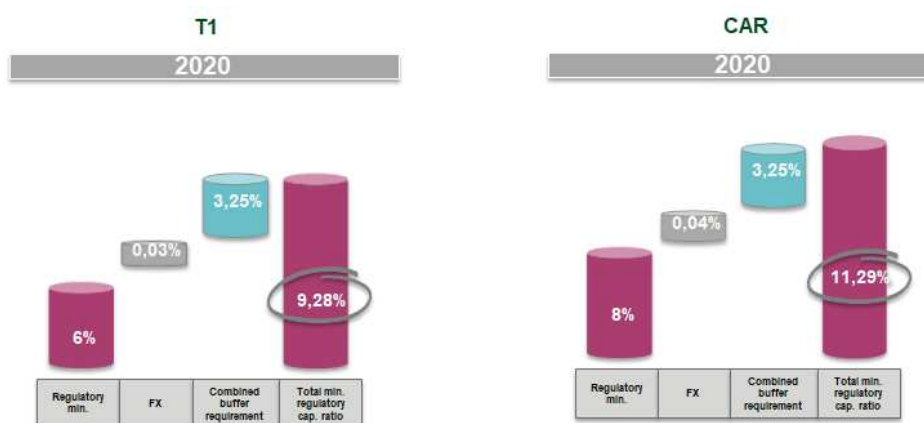
The table below presents unconsolidated and consolidated minimum ratios.

IV. CAPITAL BUFFERS

CAPITAL BUFFERS OF BANK AND GROUP FOR 2020

	2020			
	BANK		GRUPA	
	CAR	TIER 1	CAR	TIER 1
Base	8%	6%	8%	6%
Systemic risk buffer	0%	0%	0%	0%
Fx buffer	0%	0%	0,04%	0,03%
Capital conservation buffer	2,5%	2,5%	2,5%	2,5%
O-SII buffer	0,75%	0,75%	0,75%	0,75%
Total minimum ratio	11,25%	9,25%	11,29%	9,28%

CAPITAL BUFFER AND RATIOS OF SANTANDER BANK POLSKA GROUP AS AT 30.06.2020



Since 1 January 2016, the countercyclical capital buffer ratio of 0% has been applied to credit exposures in Poland. The ratio shall be effective until it is changed by way of an ordinance of the Finance Minister.

Santander Bank Polska Group calculates the bank-specific countercyclical capital buffer in accordance with the Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management.

THE AMOUNT OF THE INSTITUTION SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER (PLN K)

	As at 30.06.2020
Total risk exposure amount [PLN k]	140 194 561
Institution specific countercyclical buffer rate [%]	0,00269
Institution specific countercyclical buffer requirement [PLN k]	3 771

IV. CAPITAL BUFFERS

GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER (PLN K)

No.	Country	General credit exposures		Trading book exposures		Securitisation exposures		Own funds requirements			Own funds requirements weights [%]	Countercyclical capital buffer rate[%]	
		Exposure value for SA	Exposure value for IRB	Sum of long and short position of trading book exposure for SA	Value of trading book exposures for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures			Total
1.	Poland	151 838 581	-	124 724	-	5 463 068	-	9 038 934	-	-	9 038 934	0,98350	0,00000
2.	Luxembourg	1 077 435	-	-	-	-	-	81 279	-	-	81 279	0,00880	0,00250
3.	Germany	480 264	-	-	-	-	-	5 875	-	-	5 875	0,00060	0,00000
4.	United States	261 933	-	-	-	-	-	12 826	-	-	12 826	0,00140	0,00000
5.	Switzerland	215 176	-	-	-	-	-	550	-	-	550	0,00010	0,00000
6.	Malta	180 197	-	-	-	-	-	14 416	-	-	14 416	0,00160	0,00000
7.	Netherlands	143 234	-	-	-	-	-	11 487	-	-	11 487	0,00120	0,00000
8.	Czech Republic	109 981	-	-	-	-	-	8 773	-	-	8 773	0,00100	0,00500
9.	Cyprus	58 237	-	-	-	-	-	4 123	-	-	4 123	0,00040	0,00000
10.	Mexico	34 323	-	-	-	-	-	2 333	-	-	2 333	0,00030	0,00000
11.	Ireland	21 894	-	-	-	-	-	2 045	-	-	2 045	0,00020	0,00000
12.	United Kingdom	18 150	-	-	-	-	-	1 779	-	-	1 779	0,00020	0,00000
13.	Estonia	13 579	-	-	-	-	-	1 401	-	-	1 401	0,00020	0,00000
14.	Korea, Republic of	11 055	-	-	-	-	-	882	-	-	882	0,00010	0,00000
15.	Romania	10 701	-	-	-	-	-	853	-	-	853	0,00010	0,00000
16.	Liechtenstein	6 176	-	-	-	-	-	741	-	-	741	0,00010	0,00000
17.	Ukraine	5 669	-	-	-	-	-	395	-	-	395	0,00000	0,00000
18.	Monaco	2 955	-	-	-	-	-	177	-	-	177	0,00000	0,00000
19.	Spain	2 711	-	-	-	-	-	282	-	-	282	0,00000	0,00000
20.	France	2 653	-	-	-	-	-	221	-	-	221	0,00000	0,00000
21.	Turkey	2 640	-	-	-	-	-	209	-	-	209	0,00000	0,00000
22.	Israel	1 072	-	-	-	-	-	86	-	-	86	0,00000	0,00000
23.	Sweden	883	-	-	-	-	-	61	-	-	61	0,00000	0,00000
24.	Belarus	689	-	-	-	-	-	42	-	-	42	0,00000	0,00000
25.	Australia	639	-	-	-	-	-	38	-	-	38	0,00000	0,00000
26.	Slovakia	498	-	-	-	-	-	30	-	-	30	0,00000	0,01500
27.	Hungary	456	-	-	-	-	-	16	-	-	16	0,00000	0,00000
28.	Russian Federation	403	-	-	-	-	-	32	-	-	32	0,00000	0,00000
29.	Tunisia	399	-	-	-	-	-	32	-	-	32	0,00000	0,00000
30.	Italy	377	-	-	-	-	-	23	-	-	23	0,00000	0,00000
31.	Belgium	983	-	-	-	-	-	87	-	-	87	0,00000	0,00000
32.	Peru	374	-	-	-	-	-	30	-	-	30	0,00000	0,00000
33.	New Zealand	366	-	-	-	-	-	44	-	-	44	0,00000	0,00000
34.	Finland	315	-	-	-	-	-	19	-	-	19	0,00000	0,00000
35.	India	231	-	-	-	-	-	16	-	-	16	0,00000	0,00000
36.	Portugal	107	-	-	-	-	-	-	-	-	-	0,00000	0,00000
37.	Bangladesh	75	-	-	-	-	-	5	-	-	5	0,00000	0,00000
38.	Nepal	73	-	-	-	-	-	5	-	-	5	0,00000	0,00000
39.	Lithuania	72	-	-	-	-	-	6	-	-	6	0,00000	0,00000
40.	Latvia	72	-	-	-	-	-	5	-	-	5	0,00000	0,00000
41.	Bulgaria	67	-	-	-	-	-	4	-	-	4	0,00000	0,00500
42.	Serbia	66	-	-	-	-	-	4	-	-	4	0,00000	0,00000
43.	Chile	62	-	-	-	-	-	4	-	-	4	0,00000	0,00000
44.	Norway	60	-	-	-	-	-	5	-	-	5	0,00000	0,01000
45.	Georgia	51	-	-	-	-	-	3	-	-	3	0,00000	0,00000

IV. CAPITAL BUFFERS

No.	Country	General credit exposures		Trading book exposures		Securitisation exposures		Own funds requirements			Own funds requirements weights (%)	Countercyclical capital buffer rate (%)
		Exposure value for SA	Exposure value for IRB	Sum of long and short position of trading book exposure for SA	Value of trading book exposures for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures		
									Total			
46.	Anguilla	50	-	-	-	-	-	4	4	0,00000	0,00000	
47.	Moldova, Republic of	49	-	-	-	-	-	3	3	0,00000	0,00000	
48.	Armenia	38	-	-	-	-	-	2	2	0,00000	0,00000	
49.	United Arab Emirates	37	-	-	-	-	-	2	2	0,00000	0,00000	
50.	Austria	30	-	-	-	-	-	2	2	0,00000	0,00000	
51.	Denmark	30	-	-	-	-	-	2	2	0,00000	0,00000	
52.	China	29	-	-	-	-	-	2	2	0,00000	0,00000	
53.	Canada	26	-	-	-	-	-	2	2	0,00000	0,00000	
54.	Venezuela, Bolivarian Republic of	22	-	-	-	-	-	1	1	0,00000	0,00000	
55.	Egypt	21	-	-	-	-	-	1	1	0,00000	0,00000	
56.	Taiwan, Province of China	14	-	-	-	-	-	1	1	0,00000	0,00000	
57.	Panama	13	-	-	-	-	-	1	1	0,00000	0,00000	
58.	Viet Nam	12	-	-	-	-	-	1	1	0,00000	0,00000	
59.	Uzbekistan	12	-	-	-	-	-	1	1	0,00000	0,00000	
60.	Congo	10	-	-	-	-	-	1	1	0,00000	0,00000	
61.	Kazakhstan	10	-	-	-	-	-	1	1	0,00000	0,00000	
62.	Philippines	10	-	-	-	-	-	1	1	0,00000	0,00000	
63.	Nigeria	9	-	-	-	-	-	1	1	0,00000	0,00000	
64.	Azerbaijan	9	-	-	-	-	-	1	1	0,00000	0,00000	
65.	Cameroon	8	-	-	-	-	-	1	1	0,00000	0,00000	
66.	Rwanda	8	-	-	-	-	-	-	-	0,00000	0,00000	
67.	Slovenia	7	-	-	-	-	-	1	1	0,00000	0,00000	
68.	Pakistan	6	-	-	-	-	-	-	-	0,00000	0,00000	
69.	Saudi Arabia	5	-	-	-	-	-	-	-	0,00000	0,00000	
70.	Dominican Republic	5	-	-	-	-	-	-	-	0,00000	0,00000	
71.	Kenya	5	-	-	-	-	-	-	-	0,00000	0,00000	
72.	Tajikistan	4	-	-	-	-	-	-	-	0,00000	0,00000	
73.	Zimbabwe	4	-	-	-	-	-	-	-	0,00000	0,00000	
74.	Iraq	3	-	-	-	-	-	-	-	0,00000	0,00000	
75.	Greece	3	-	-	-	-	-	-	-	0,00000	0,00000	
76.	Gibraltar	3	-	-	-	-	-	-	-	0,00000	0,00000	
77.	Indonesia	2	-	-	-	-	-	-	-	0,00000	0,00000	
78.	Virgin Islands, British	2	-	-	-	-	-	-	-	0,00000	0,00000	
79.	Ethiopia	2	-	-	-	-	-	-	-	0,00000	0,00000	
80.	Belize	2	-	-	-	-	-	-	-	0,00000	0,00000	
81.	Kyrgyzstan	2	-	-	-	-	-	-	-	0,00000	0,00000	
82.	Morocco	2	-	-	-	-	-	-	-	0,00000	0,00000	
83.	Mongolia	2	-	-	-	-	-	-	-	0,00000	0,00000	
84.	Seychelles	2	-	-	-	-	-	-	-	0,00000	0,00000	
85.	Libyan Arab Jamahiriya	1	-	-	-	-	-	-	-	0,00000	0,00000	
86.	Japan	1	-	-	-	-	-	-	-	0,00000	0,00000	
87.	Croatia	1	-	-	-	-	-	-	-	0,00000	0,00000	
88.	Lebanon	1	-	-	-	-	-	-	-	0,00000	0,00000	
89.	Albania	1	-	-	-	-	-	-	-	0,00000	0,00000	
90.	South Africa	1	-	-	-	-	-	-	-	0,00000	0,00000	
91.	Hong Kong	1	-	-	-	-	-	-	-	0,00000	0,01000	
92.	Ghana	1	-	-	-	-	-	-	-	0,00000	0,00000	
93.	Malaysia	1	-	-	-	-	-	-	-	0,00000	0,00000	
94.	Brazil	1	-	-	-	-	-	-	-	0,00000	0,00000	
95.	Congo, the Democratic Republic of the	1	-	-	-	-	-	-	-	0,00000	0,00000	
96.	Thailand	1	-	-	-	-	-	-	-	0,00000	0,00000	
TOTAL		154 506 454	0	124 724	0	5 463 068	0	9 190 210	0	0	9 190 210	1

V. Capital adequacy

The capital requirements of Santander Bank Polska Group are set in accordance with part III of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (“CRR”) as amended, inter alia, by Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic, which was the official legal basis as at 30 June 2020.

The **total capital ratio** as at 30 June 2020 vs. 31 December 2019 was impacted by the following:

- allocation of the profit for 2019 to Tier 1 capital;
- regulatory changes re CRR;
- increase in the value of risk weighted assets for credit risk arising from the business activity;
- synthetic securitisation of the portfolio of SME and corporate loans and leases with the total volume of PLN 2bn. As part of the transaction, the securitised portfolio is divided into three tranches: senior (85%), mezzanine (14.2%) and junior, i.e. the first loss tranche (0.8%). Santander Leasing S.A. received a guarantee for 100% of the senior and mezzanine tranches (A and B-class) and retained 100% of the C-class first loss tranche, which will be deducted from the Common Equity Tier 1 in accordance with Article 36(1)(k) of the CRR.

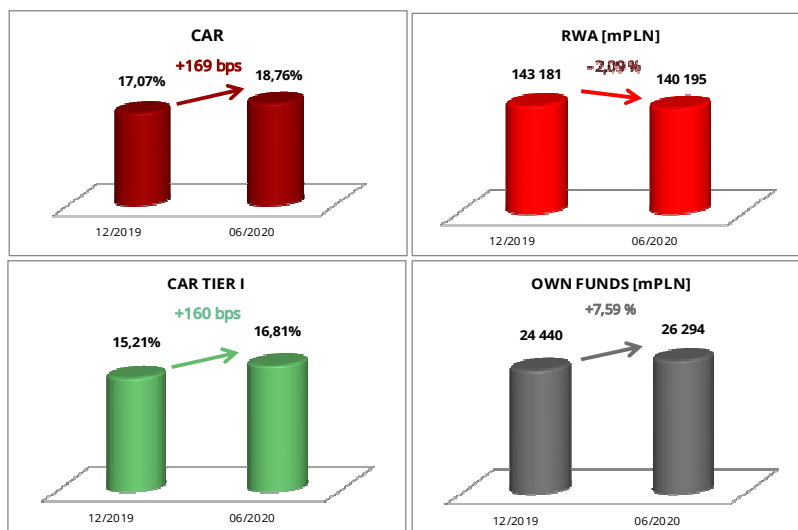
The minimum capital ratios set by the Polish Financial Supervision Authority (KNF) for Santander Bank Polska Group are as follows:

- a Tier 1 capital ratio of 9.28%;
- a total capital ratio of 11.29%.

The above-mentioned capital ratios include a conservation buffer, buffer for an additional capital requirement due to risk attaching to foreign currency home mortgages and buffer for other systemically important institution (OSII). The capital ratios of Santander Bank Polska Group calculated in accordance with the CRR requirements and an individual capital decision of the supervisory body are above the minimum requirements.

The charts below presents a details of own funds, risk weighted assets and capital adequacy ratios as at 30 June 2020 vs. 31 December 2019.

OWN FUNDS, RISK WEIGHTED ASSETS AND CAPITAL RATIOS AS AT 30 JUNE 2020 VS.31 DECEMBER 2019



VI. Non-performing and forborne exposures

Santander Bank Polska S.A. presents information of non-performing and forborne exposures in accordance with EBA/GL/2018/10 guidelines of December 17, 2018 on disclosure of non-performing and forborne exposures.

CREDIT QUALITY OF FORBORNE EXPOSURES (PLN K)

	a		b		c		d		e		f		g		h	
	Gross carrying amount/nominal amount of exposures with forbearance measures								Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Collateral received and financial guarantees received on forborne exposures			
	Non-performing forborne				On non-performing forborne exposures				Of which collateral and financial guarantees received on non-performing exposures with forbearance measures							
	Performing forborne	Of which defaulted	Of which impaired	Performing forborne	Of which defaulted	Of which impaired	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	Of which defaulted	Of which impaired	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	Of which defaulted	Of which impaired	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
1 Loans and advances	1 533 858	2 341 746	1 257 329	2 340 968	-130 286	-1 070 422	173 939	67 262								
2 Central banks	0	0	0	0	0	0	0	0								
3 General governments	186	0	0	0	0	-35	0	0								
4 Credit institutions	0	0	0	0	0	0	0	0								
5 Other financial corporations	1 465	4 558	2 923	4 558	-261	-3 218	737	526								
6 Non-financial corporations	813 398	1 509 720	729 499	1 509 720	-73 951	-559 875	169 800	65 388								
7 Households	718 808	827 468	524 906	826 691	-56 038	-507 329	3 402	1 348								
8 Debt Securities	0	381 904	0	302 329	0	-36 009	0	0								
9 Loan commitments given	18 976	8 105	6 012	8 105	609	2 086	0	0								
10 Total	1 552 834	2 731 754	1 263 341	2 651 402	-129 677	-1 104 346	173 939	67 262								

CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS (PLN K)

	Gross carrying amount/nominal amount												
	Performing exposures			Non-performing exposures									Of which defaulted
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years				
1 Loans and advances	145 079 963	144 334 963	745 000	8 508 698	1 884 175	855 127	1 103 623	1 737 549	2 006 401	607 323	314 501	6 624 067	
2 Central banks	0	0	0	0	0	0	0	0	0	0	0	0	
3 General governments	297 457	297 454	3	715	0	0	0	5	710	0	0	715	
4 Credit institutions	4 513 679	4 513 679	0	0	0	0	0	0	0	0	0	0	
5 Other financial corporations	1 791 496	1 790 464	1 032	22 286	2 782	2 113	3 650	6 643	6 178	462	457	19 046	
6 Non-financial corporations	58 058 232	57 907 490	150 742	4 236 477	1 179 260	287 878	395 249	661 917	1 007 598	521 484	183 092	3 057 217	
7 Of which SMEs	45 898 761	45 782 331	116 430	4 067 880	1 055 043	286 069	382 665	657 439	991 866	515 309	179 490	3 012 837	
8 Households	80 419 100	79 825 876	593 224	4 249 220	702 132	565 136	704 724	1 068 984	991 915	85 376	130 952	3 547 088	
9 Debt securities	57 120 742	57 120 742	0	429 022	381 904	27 270	0	0	0	0	19 847	0	
10 Central banks	599 997	599 997	0	0	0	0	0	0	0	0	0	0	
11 General governments	46 535 399	46 535 399	0	0	0	0	0	0	0	0	0	0	
12 Credit institutions	4 210 193	4 210 193	0	0	0	0	0	0	0	0	0	0	
13 Other financial corporations	5 758 631	5 758 631	0	0	0	0	0	0	0	0	0	0	
14 Non-financial corporations	16 522	16 522	0	429 022	381 904	27 270	0	0	0	0	19 847	0	
15 Off-balance-sheet exposures	40 036 937		96 393									17 573	
16 Central banks	0		0									0	
17 General governments	378 487		0									0	
18 Credit institutions	1 209 268		0									0	
19 Other financial corporations	907 228		0									0	
20 Non-financial corporations	30 734 555		70 858									8 451	
21 Households	6 807 400		25 535									9 122	
22 Total	242 237 642	201 455 705	745 000	9 034 113	2 266 079	882 397	1 103 623	1 737 549	2 006 401	607 323	334 348	6 641 640	

As at 30/06/2020, the gross carrying amount of NPLs calculated in accordance with EBA / GL / 2018/10 was 5.54% and it is higher than in the previous reporting period.

VI. NON PERFORMING AND FORBORNE EXPOSURE

PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (PLN K)

	a				b				c				d				e				f				g				h				i				j				k				l				m				n				o			
	Gross carrying amount/nominal amount								Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								Collateral and financial guarantees received																																											
	Performing exposures				Non-performing exposures				Performing exposures - accumulated impairment and provisions				Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off				On performing exposures				On non-performing exposures																																			
	Of which stage 1		Of which stage 2		Of which stage 2		Of which stage 3		Of which stage 1		Of which stage 2		Of which stage 2		Of which stage 3																																													
1	Loans and advances	145 079 963	136 057 500	8 056 950	8 508 698	0	8 385 316	-1 395 274	-570 543	-824 730	-5 136 910	0	-5 136 910	-380 887	97 987 137	2 321 799																																												
2	Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																												
3	General governments	297 457	284 983	12 473	715	0	715	-792	-185	-608	-402	0	-402	0	109 921	310																																												
4	Credit institutions	4 513 679	4 513 679	0	0	0	0	-102	-102	0	0	0	0	0	7 286	0																																												
	Other financial																																																											
5	corporations	1 791 496	1 759 353	31 393	22 286	0	22 286	-7 108	-5 035	-2 072	-16 361	0	-16 361	0	1 602 955	5 385																																												
	Non-financial																																																											
6	corporations	58 058 232	53 757 290	4 300 940	4 236 477	0	4 236 477	-527 811	-183 161	-344 651	-2 342 527	0	-2 342 527	-39 374	41 823 449	1 735 717																																												
7	Of which SMEs	45 898 761	42 266 386	3 632 375	4 067 880	0	4 067 880	-496 019	-172 002	-324 017	-2 251 119	0	-2 251 119	-30 552	36 033 392	1 702 769																																												
8	Households	80 419 100	75 742 196	3 712 144	4 249 220	0	4 125 838	-859 461	-382 061	-477 400	-2 777 619	0	-2 777 619	-341 514	54 443 527	580 387																																												
9	Debt securities	57 120 742	56 914 888	0	429 022	0	349 447	-27	-27	0	-50 404	0	-50 404	0	0	345 895																																												
10	Central banks	599 997	599 997	0	0	0	0	0	0	0	0	0	0	0	0	0																																												
11	General governments	46 535 399	46 535 399	0	0	0	0	-26	-26	0	0	0	0	0	0	0																																												
12	Credit institutions	4 210 193	4 210 193	0	0	0	0	0	0	0	0	0	0	0	0	0																																												
	Other financial																																																											
13	corporations	5 758 631	5 552 777	0	0	0	0	0	0	0	0	0	0	0	0	0																																												
	Non-financial																																																											
14	corporations	16 522	16 522	0	429 022	0	349 447	-1	-1	0	-50 404	0	-50 404	0	0	345 895																																												
15	Off-balance-sheet exposures	40 036 937	39 151 828	885 109	96 393	0	96 393	39 747	27 047	12 700	20 938	0	20 938		0	2 336																																												
16	Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0																																												
17	General governments	378 487	378 476	12	0	0	0	36	35	2	0	0	0		0	0																																												
18	Credit institutions	1 209 268	1 209 268	0	0	0	0	486	486	0	0	0	0		0	0																																												
	Other financial																																																											
19	corporations	907 228	905 937	1 291	0	0	0	1 389	1 174	215	0	0	0		0	0																																												
	Non-financial																																																											
20	corporations	30 734 555	30 009 234	725 321	70 858	0	70 858	26 478	16 893	9 584	20 906	0	20 906		0	2 336																																												
21	Households	6 807 400	6 648 914	158 485	25 535	0	25 535	11 357	8 459	2 899	31	0	31		0	0																																												
22	Total	242 237 642	232 124 216	8 942 059	9 034 113	0	8 831 156	-1 355 554	-543 524	-812 030	-5 166 376	0	-5 166 376	-380 887	97 987 137	2 670 029																																												

COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES (PLN K)

	a		b	
	Collateral obtained by taking possession			
	Value at initial recognition		Accumulated negative changes	
1	Property, plant and equipment (PP&E)		0	0
2	Other than PP&E	8 555 400		-4 255 400
3	Residential immovable property		0	0
4	Commercial Immovable property		0	0
5	Movable property (auto, shipping, etc.)		0	0
6	Equity and debt instruments		0	0
7	Other	8 555 400		-4 255 400
8	Total	8 555 400		-4 255 400

VII. Leverage ratio

The leverage ratio of Santander Bank Polska Group is set in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ("CRR") and Commission delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio.

The leverage ratio (LR) shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage.

A reference day for the following data is 30 June 2020. Presented leverage ratio is calculated in relation to Tier 1 capital phase in definition. Santander Bank Polska Group disclose the information on sub-consolidated basis. Fiduciary items are not eliminated from the total leverage ratio exposure.

SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES AS AT 30.06.2020 (PLN K)

	Reference date	30.06.2020
	Entity name	Santander Bank Polska S.A.
	Level of application	sub-consolidated
		Applicable Amounts
1	Total assets as per published financial statements	221 609 229
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	0
4	Adjustments for derivative financial instruments	1 413 869
5	Adjustments for securities financing transactions "SFTs"	93 684
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	6 881 149
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	0
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	0
7	Other adjustments	-1 106 585
8	Total leverage ratio exposure	228 891 346

VII. LEVERAGE RATIO

LEVERAGE RATIO COMMON DISCLOSURE AS AT 30.06.2020 (PLN K)

		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	217 571 188
2	(Asset amounts deducted in determining Tier 1 capital)	-2 411 654
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	215 159 534
Derivative exposures		
4	Replacement cost associated with <i>all</i> derivatives transactions (i.e. net of eligible cash variation margin)	2 460 857
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions (mark-to-market method)	1 413 869
EU-5a	Exposure determined under Original Exposure Method	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	Total derivative exposures (sum of lines 4 to 10)	3 874 726
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	2 882 253
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	Counterparty credit risk exposure for SFT assets	93 684
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	0
15	Agent transaction exposures	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	2 975 937
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	38 859 743
18	(Adjustments for conversion to credit equivalent amounts)	-31 978 594
19	Other off-balance sheet exposures (sum of lines 17 to 18)	6 881 149
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
Capital and total exposures		
20	Tier 1 capital	23 561 106
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	228 891 346
Leverage ratio		
22	Leverage ratio	10,29%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	"phase in"
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	0

SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES) (PLN K)

		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	217 571 188
EU-2	Trading book exposures	147 178
EU-3	Banking book exposures, of which:	217 424 010
EU-4	Covered bonds	0
EU-5	Exposures treated as sovereigns	62 677 762
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	217 206
EU-7	Institutions	6 367 703
EU-8	Secured by mortgages of immovable properties	63 622 416
EU-9	Retail exposures	47 133 489
EU-10	Corporate	18 992 255
EU-11	Exposures in default	4 164 051
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	14 249 127

VII. LEVERAGE RATIO

PROCEDURES USED FOR THE PURPOSE OF MANAGEMENT OF EXCESSIVE LEVERAGE RISK AND FACTORS AFFECTING THE LEVERAGE RATIO BETWEEN THE CURRENT PERIOD AND THE LAST PERIOD FOR WHICH THE RATIO WAS PRESENTED

1	Description of the processes used to manage the risk of excessive leverage	The Santander Bank Polska Group has the Leverage & Excessive Leverage Risk Policy in place which defines the objectives and addresses the key aspects of measurement, monitoring and reporting the leverage ratio and its compliance with the regulatory requirements as well as identification, management and monitoring of excessive leverage risk. The document sets out the roles and responsibilities of the parties involved in the relevant processes.
2	Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	As at 30 June 2020, the leverage ratio of Santander Bank Polska Group totalled 10.29% and was three-fold higher than the minimum requirement of 3%. It was driven by increase of own funds.

VIII. Policy of variable components of remuneration

Information on the variable components of remuneration is the fulfillment of the obligations in accordance with Part eighth CRR and complements the information in the annual report Information on Capital Adequacy of Santander Bank Polska Group as at December 31, 2019.

SUMMARY SUMMARY INFORMATION ON THE VARIABLE REMUNERATION OF THE SANTANDER BANK POLSKA EMPLOYEES COVERED BY THE VARIABLE REMUNERATION POLICY, PRESENTED BY AREAS OF ACTIVITY AND EXECUTIVES CONCERNED (PLN K)

Area	Management Board*	Retail Banking	Business and Corporate Banking	Global Corporate Banking	Business Support	Subsidiaries	Total
Variable remuneration***	11 803	3 315	1 964	3 679	7 568	7 001	35 330

*The "Management Board" line shows the aggregated data for periods during which the persons acted as the Management Board members. The remaining part of the remuneration payable to the persons who did not sit on the Management Board was included in a relevant group.

** Variable remuneration granted for 2019.

Data also refer to the former employees covered by the rules regarding identified employees in the Remuneration Policy of the Santander Bank Poland Group.

VARIABLE REMUNERATION (PLN K)

	VARIABLE REMUNERATION FOR 2019*			
	Headcount	Deferred bonus for 2019	Non-redeemed phantom shares (number of phantom shares)	Long-term performance share programme started in 2017 (number of Santander Bank Polska shares)
Management Board**	12	11 803	20 001	9 346
Other persons holding managerial positions including number of individuals being remunerated between 1,5- 2 million EUR	123	23 528	34 533	12 987
TOTAL	135	35 330	54 534	22 333

* Variable remuneration granted for 2019.

** The "Management Board" line shows the aggregated data for periods during which the persons acted as the Management Board members. The remaining part of the remuneration payable to the persons who did not sit on the Management Board was included in a relevant group.

Data also refer to the former employees covered by the rules regarding identified employees in the Remuneration Policy of the Santander Bank Poland Group.

The above data presents information on additional components of variable remuneration that have not been presented in the information on variable remuneration components presented in the annual report Information on capital adequacy of Santander Bank Polska Group as at 31 December 2019.

IX. Liquidity measures

Table below contains the values and components of the liquidity coverage ratio in accordance with the template that is a part of the EBA/GL/2017/01 guidelines on LCR disclosure.

LCR

Scope of consolidation: consolidated		Total unweighted value (average)				Total weighted value (average)			
Currency and units (PLN million)									
Quarter ending on (DD Month YYYY)		30 June 2020	31 March 2020	31 December 2019	30 September 2019	30 June 2020	31 March 2020	31 December 2019	30 September 2019
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					43 243	38 877	38 223	37 216
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	94 225	84 461	80 502	77 290	7 871	7 449	7 031	6 662
3	Stable deposits	51 161	47 760	46 140	45 230	2 558	2 388	2 307	2 262
4	Less stable deposits	38 387	36 701	34 361	32 060	5 313	5 061	4 724	4 401
5	Unsecured wholesale funding	37 479	36 895	37 637	36 724	17 634	16 871	16 850	16 349
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	5 677	7 491	7 975	7 604	1 418	1 871	1 991	1 899
7	Non-operational deposits (all counterparties)	31 494	29 149	29 407	28 899	15 908	14 745	14 603	14 230
8	Unsecured debt	307	255	255	221	307	255	255	221
9	Secured wholesale funding					0	0	0	0
10	Additional requirements	25 470	24 341	22 970	22 236	4 979	4 476	3 831	3 406
11	Outflows related to derivative exposures and other collateral requirements	3 078	2 561	1 887	1 466	3 078	2 561	1 887	1 466
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	22 392	21 780	21 082	20 770	1 901	1 915	1 943	1 940
14	Other contractual funding obligations	1 440	1 599	1 672	1 983	1 165	1 322	1 419	1 726
15	Other contingent funding obligations	11 561	11 331	11 336	10 899	520	515	529	516
16	TOTAL CASH OUTFLOWS					32 168	30 633	29 658	28 660
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	1 235	992	769	413	1	1	1	1
18	Inflows from fully performing exposures	7 142	6 786	6 410	6 095	5 948	5 644	5 291	4 983
19	Other cash inflows	1 287	1 236	1 000	833	1 287	1 236	1 000	833
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	9 663	9 013	8 179	7 342	7 236	6 881	6 292	5 818
EU-20a	Fully exempt inflows	0	0	0	0	0	0	0	0
EU-20b	Inflows Subject to 90% Cap	0	0	0	0	0	0	0	0
EU-20c	Inflows Subject to 75% Cap	9 663	9 013	8 179	7 342	7 236	6 881	6 292	5 818
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					43 243	38 877	38 223	37 216
22	TOTAL NET CASH OUTFLOWS					24 933	23 752	23 366	22 842
23	LIQUIDITY COVERAGE RATIO (%)					173%	164%	164%	163%

X. Impact of Covid-19 on the Bank's position

In response to the need to address negative economic consequences of COVID-19 pandemic, the European Union (EU) and Member States have introduced a wide range of mitigating measures to support the real economy and the financial sector. As part of such measures, some Member States have introduced legislative moratoria on loan repayments granting the borrowers various forms of payment holidays on their existing loans or various forms of public guarantees.

As payment deferrals and public guarantees were granted to customers, a need arose to collect relevant information for supervisory purposes and disclose it so as to ensure market discipline and transparency for investors and to protect the public interest.

As a coordinated approach to the collection of information regarding the application of the payment moratoria to the existing loans and public guarantees in response to COVID-19 pandemic, the EBA is introduced additional reporting and disclosure covering both aspects -. EBA/GL/2020/07 of 2 June 2020 on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis.

BREAKDOWN OF LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA BY RESIDUAL MATURITY OF MORATORIA (PLN K)

	a	b	c	d	e	f	g	h	i					
										Gross carrying amount				
										Number of obligors	Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria	
<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year										
1 Loans and advances for which moratorium was offered	150 134	25 061 455												
2 Loans and advances subject to moratorium (granted)	137 201	21 120 986	3 844	450 531	9 279 640	11 390 815	0	0	0					
3 of which: Households		8 724 180	3 844	311 837	3 642 041	4 770 303	0	0	0					
4 of which: Collateralised by residential immovable property		5 750 490	2 871	214 462	1 924 385	3 611 644	0	0	0					
5 of which: Non-financial corporations		12 396 806	0	138 694	5 637 600	6 620 512	0	0	0					
6 of which: Small and Medium-sized Enterprises		4 026 655	0	58 926	1 611 173	2 356 556	0	0	0					
7 of which: Collateralised by commercial immovable property		0	0	0	0	0	0	0	0					

* Data refer to active loans as at 30 June 2020.

The bank offers a grace period for principal repayment for a period not longer than 6 months and a grace period for principal and interest repayment for a period not longer than 3 months. The bank also offers an extension of the grace period.

INFORMATION ON NEWLY ORIGINATED LOANS AND ADVANCES PROVIDED UNDER NEWLY APPLICABLE PUBLIC GUARANTEE SCHEMES INTRODUCED IN RESPONSE TO COVID-19 CRISIS (PLN K)

	a	b	c	d				
					Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
						of which: forborne	Public guarantees received	Inflows to non-performing exposures
1 Newly originated loans and advances subject to public guarantee schemes	315 613	13 266	233 124	4 062				
2 of which: Households	0			0				
3 of which: Collateralised by residential immovable property	0			0				
4 of which: Non-financial corporations	315 613	13 266	233 124	4 062				
5 of which: Small and Medium-sized Enterprises	215 771			1 109				
6 of which: Collateralised by commercial immovable property	0			0				

The government guarantees granted cover clients from the SME and Corporate portfolio. The guarantees cover up to 80% of the exposure.

X. COVID-19

LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA (PLN K)

	a	b	c	d		e		f	g	h	i				j	k	l	m	n	o
	Gross carrying amount								Accumulated impairment, accumulated negative changes in fair value due to credit risk											Gross carrying amount
	Performing				Non performing				Performing				Non performing				Inflows to non-performing exposures			
	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			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						
1 Loans and advances subject to moratorium	20 682 726	20 508 728	80 625	2 073 956	173 999	91 924	62 862	329 118	276 631	3 998	155 213	52 486	27 252	18 432	49 449					
2 of which: Households	8 412 595	8 392 085	13 021	672 938	20 510	3 116	14 251	149 267	138 340	624	80 124	10 927	1 266	8 347	6 240					
3 of which: Collateralised by residential immovable property	5 536 029	5 527 741	4 663	327 823	8 287	1 912	4 711	27 140	22 979	91	18 471	4 160	586	3 083	3 498					
4 of which: Non-financial corporations	12 270 131	12 116 642	67 603	1 401 018	153 489	88 807	48 611	179 851	138 292	3 374	75 090	41 559	25 986	10 085	43 209					
5 of which: Small and Medium-sized Enterprises	3 979 141	3 947 752	5 226	408 647	31 389	929	15 603	111 469	99 474	1 336	49 718	11 995	700	5 959	27 766					
6 of which: Collateralised by commercial immovable property	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					

* The table does not include exposures for which the moratorium has expired.

** Data refer to active loans as at 30 June 2020.

The Santander Bank Polska offers options a grace of period for principal and a grace of period for principal and interest for retail, SME and Corporate portfolio.

Signatures of the persons representing the entity

Date	Name	Function	Signature
28.07.2020	Michał Gajewski	President	
28.07.2020	Andrzej Burliga	Vice-President	
28.07.2020	Michael McCarthy	Vice-President	
28.07.2020	Juan de Porras Aguirre	Vice-President	
28.07.2020	Arkadiusz Przybył	Vice-President	
28.07.2020	Patryk Nowakowski	Member	
28.07.2020	Carlos Polaino Izquierdo	Member	
28.07.2020	Maciej Reluga	Member	
28.07.2020	Dorota Strojowska	Member	

Signature of a person who is responsible for maintaining the book of account

Date	Name	Function	Signature
28.07.2020	Wojciech Skalski	Financial Accounting Area Director	