

Information on  
Capital Adequacy of  
Santander Bank Polska  
Group as at  
30 June 2024

The image shows the Santander logo, consisting of a stylized bird icon and the word "santander" in lowercase, mounted on a glass facade of a modern building. The glass reflects the sky and other buildings, creating a layered effect.

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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 amended by Regulation (EU) No 2019/876 of the European Parliament and of the Council of 20 May 2019. (CRR) which formed the legal basis of the reporting date i.e. 30 June 2024.

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 consists of two parts, the CRD IV Regulation and CRR Directive. Amendments to the above regulations are introduced by the CRD V / CRR II package as well as 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 regulations are 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 subconsolidated basis – at the highest local level of prudential consolidation – i.e. based on the data of Santander Bank Polska Group.

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 II. Information is published in accordance with the Commission Implementing Regulation (UE) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200.

The data presented in the report were prepared as at 30 June 2024. The information contained herein refers to the foregoing regulations to the extent applicable to the Bank and Santander Bank Polska Group. The figures presented in the Report are expressed in thousand PLN, unless otherwise stated. Any potential differences in the sums and percentages are due to presentation of the amounts with a specific degree of accuracy.

Disclosure of capital adequacy	Guidelines on disclosures	Article of CRR
I. Introduction		
2. Capital Group		
3. Outline of differences in consolidation	Scope of application of the regulatory framework	Article 436 point b)
II. Own funds	Own funds	Article 437 point (a)
	Transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds	Guidelines EBA/GL/2020/12
	Own funds and eligible liabilities	Article 437a
III. Capital requirements	Capital requirements	Article 438 point d), Article 447
1. Total capital requirements		
2. Credit risk	Credit risk and its mitigation	Article 442 point (c), (e), (f), (g), Article 444 point (e), Article 453 point (f)–(j)
3. Counterparty credit risk	Counterparty credit risk	Article 439 points (e)–(l), Article 444 point (e)
4. Market risk	Market risk	Article 445
IV. Capital buffers	Macroprudential supervisory measures	Article 440
V. Capital adequacy		
1. Capital adequacy management		
2. Regulatory capital adequacy		
3. Internal capital adequacy		
VI. Securitization	Exposure to securitization positions	Article 449 point (j)–(l)
VII. Leverage ratio	Leverage ratio	Article 451(1) points (a) and (b)
VII. Remuneration Policy	Remuneration	Article 450
VIII. Liquidity risk measures	Liquidity information	Article 448(1) point (a) and (b), Article 451a(2)(3)
N/A	Specialised lending	Article 438 point (e)
N/A	The IRB approach for credit risk purpose	Article 452 point (g)
N/A	Use of internal market risk measurement models	Article 455 point (d), (e), (g)
N/A	The variations in the risk-weighted exposure amounts that result from the use of internal models.	Article 438 Point (h)

## 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 30.06.2024

Name of the entity	Accounting consolidation method	Regulatory consolidation method					Business profile
		Full consolidation	Equity method consolidation	Proportional consolidation	Neither consolidated nor deducted from common equity	Deducted	
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 Consumer Bank S.A.	Full consolidation	X					Banking services
Santander Consumer Multirent sp. z o.o.	Full consolidation	X					Leasing activities (finance and operating leases, leasing loan)
SC Poland Consumer 23-1 DAC	Full consolidation	X					SPV set up for the purpose of securitisation
SCM Poland Auto 2019-1 DAC	Full consolidation	X					SPV set up for the purpose of securitisation
Santander Consumer Financial Solutions sp. z o.o.	Full consolidation	X					Lending institution-consumer loan
Stellantis Consumer Financial Services Polska sp. z o.o.	Full consolidation	X					Financial services in support of car sales (consumer credit)
Stellantis Financial Services Polska sp. z o.o.	Full consolidation	X					Financial services to support car sales (leasing, borrowing, factoring)
Santander Allianz Towarzystwo Ubezpieczeń S.A.	Equity method		X				Insurance services (personal and property insurance)
Santander Allianz 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

### Subsidiaries

As at 30 June 2024, Santander Bank Polska Group comprised Santander Bank Polska S.A. and the following subsidiaries:

- Santander Consumer Bank S.A. (SCB S.A.);
- Santander Consumer Multirent Sp. z o.o. (SCM Sp. z o.o. – subsidiary of SCB S.A.);
- Santander Consumer Financial Solutions Sp. z o.o. (subsidiary of SCM Sp. z o.o.);
- SCM Poland Auto 2019-1 DAC (subsidiary of SCM Sp. z o.o.);
- SC Poland Consumer 23-1 DAC (subsidiary of SCB S.A.);
- Stellantis Financial Services Polska Sp. z o.o. (subsidiary of SCB S.A.);
- Stellantis Consumer Financial Services Sp. z o.o. (subsidiary of Stellantis Financial Services Polska Sp. z o.o.);
- Santander Towarzystwo Funduszy Inwestycyjnych S.A.;
- Santander Finanse Sp. z o.o.;
- Santander Factoring Sp. z o.o. (subsidiary of Santander Finanse Sp. z o.o.);
- Santander Leasing S.A. (subsidiary of Santander Finanse Sp. z o.o.);
- Santander F24 S.A. (subsidiary of Santander Finanse Sp. z o.o.);
- Santander Inwestycje Sp. z o.o.

Compared with 31 December 2023, the list of subsidiaries of Santander Bank Polska S.A. did not change.

As at 30 June 2024, all companies within Santander Bank Polska Group were consolidated with the Bank in accordance with IFRS 10.

## Associates

In the consolidated financial statements of Santander Bank Polska Group for the 6-month period ended 30 June 2024, the following companies are accounted for using the equity method in accordance with IAS 28:

- Santander Allianz Towarzystwo Ubezpieczeń S.A.;
- Santander Allianz Towarzystwo Ubezpieczeń na Życie S.A.;
- POLFUND – Fundusz Poręczeń Kredytowych S.A.

Compared with 31 December 2023, the list of associates did not change.

Detailed information on the structure of the Santander Bank Polska S.A. Group is provided in the Condensed Interim Consolidated Financial Statements of the Santander Bank Polska S.A. Group for the 6-month period ended 30 June 2024.

## 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 the rules set out in 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 amended by Regulation (EU) No 2019/876 of the European Parliament and of the Council of 20 May 2019 as amended.

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;
- k. Shortage of coverage due to non-performing exposures acc. to Article 47 of CRR;
- l. Own CET1 instruments.

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 to the Commission Implementing Regulation (UE) 2021/637, is presented in the table below.

EU CC2 - RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE FINANCIAL STATEMENTS AS AT 30.06.2024 (PLN K)

	Balance sheet as in published financial statements		Reference
	As at period end	Under regulatory scope of consolidation As at period end	
<b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>			
1 Intangible fixed assets	870 198	361 538	III. Condensed consolidated statement of financial position (Assets)
2 Goodwill	1 712 056	1 712 056	
3 Deferred tax assets (net)	1 568 281	1 551 889	
-including assets that do not exceed the threshold set in Article 48(1)(a)	1 568 281	1 551 889	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements</b>			
1 Subordinated obligations	2 673 797	-	III. Condensed consolidated statement of financial position
-including loans eligible as instruments under Tier II	2 572 920	1 527 236	
<b>Shareholders' Equity</b>			
1 Share capital	1 021 893	1 021 893	III. Condensed consolidated statement of financial position (Liabilities and Equity)
2 Other capital items	24 349 730	23 857 861	
3 Revaluation reserve	-486 959	-486 959	
4 Non-controlling interests	1 853 198	684 988	
5 Retained earnings	2 096 586	1 910 788	
6 Current year profit	2 359 646	-	
<b>Total Equity</b>	<b>31 194 094</b>	<b>26 988 571</b>	

As at 30 June 2024, the total own funds of the Santander Bank Polska Group amounted to PLN **26 299 192 k**.

The amounts and nature of their specific items are presented in EU CC1 table. The disclosure uses the template presented in Annex of Commission Implementing Regulation (UE) 2021/637, which states the disclosure requirement of own funds items. The table is limited to lines relevant for Santander Bank Polska Group.



## EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS AS AT 30.06.2024 (PLN K)

	Amounts
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>	
1 Capital instruments and the related share premium accounts	9 003 867
of which: Instrument type 1	9 003 867
2 Retained earnings	1 910 788
3 Accumulated other comprehensive income (and other reserves)	14 739 118
EU-3a Funds for general banking risk	649 810
5 Minority interests (amount allowed in consolidated CET1)	684 988
<b>6 Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>26 988 571</b>
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>	
7 Additional value adjustments (negative amount)	-153 831
8 Intangible assets (net of related tax liability) (negative amount)	-2 073 595
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-17 762
15 Defined-benefit pension fund assets (negative amount)	-1 780
EU-20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-127 755
EU-20c of which: securitisation positions (negative amount)	-127 755
27a Other regulatory adjustments	39 470
<b>28 Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-2 335 253</b>
<b>29 Common Equity Tier 1 (CET1) capital</b>	<b>24 653 318</b>
<b>Additional Tier 1 (AT1) capital: instruments</b>	
<b>36 Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>-</b>
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>	
<b>43 Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>
<b>44 Additional Tier 1 (AT1) capital</b>	<b>-</b>
<b>45 Tier 1 capital (T1 = CET1 + AT1)</b>	<b>24 653 318</b>
<b>Tier 2 (T2) capital: instruments</b>	
46 Capital instruments and the related share premium accounts	1 527 236
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	118 637
<b>51 Tier 2 (T2) capital before regulatory adjustments</b>	<b>1 645 873</b>
<b>Tier 2 (T2) capital: regulatory adjustments</b>	
<b>57 Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>-</b>
<b>58 Tier 2 (T2) capital</b>	<b>1 645 873</b>
<b>59 Total capital (TC = T1 + T2)</b>	<b>26 299 192</b>
<b>60 Total Risk exposure amount</b>	<b>147 447 770</b>
<b>Capital ratios and requirements including buffers</b>	
61 Common Equity Tier 1 capital	16,72%
62 Tier 1 capital	16,72%
63 Total capital	17,84%
64 Institution CET1 overall capital requirements*	3,52%
65 of which: capital conservation buffer requirement	2,50%
66 of which: countercyclical capital buffer requirement	0,01%
EU-67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1,00%
EU-67b of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0,01%
<b>68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	<b>12,22%</b>
<b>Amounts below the thresholds for deduction (before risk weighting)</b>	
73 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	1 245 174
75 Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	1 551 889

\* Total Common Equity Tier 1 capital requirements have been calculated taking into account the institution specific countercyclical capital buffer.

## 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 2024 amounted to PLN **1 021 893k**.

**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 2024, the supplementary capital in own funds was PLN **9 484 530k**, 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 2024, after including prudential consolidation adjustments, the other reserves and accumulated other comprehensive income in own funds were PLN **14 739 118k**.

**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 2024, 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 2024 to 30 June 2024 totaled PLN **2 333 698 k**, including PLN (25 948)k of profit/(loss) attributable to shareholders who do not exercise control. As at 30 June 2024 Santander Bank Polska Group not included the current year profit in own funds.

As at 30 June 2024 in Own Funds of Santander Bank Polska Group the **retained earnings** are included in the amount of PLN **1 910 788 k**.

In April 2024, the General Meeting of Santander Bank Polska S.A. Shareholders agreed on the distribution of the net profit of PLN **4 672 978 k** for the accounting year from 1 January 2023 to 31 December 2023 as follows:

- PLN 3 504 072k was allocated to the dividend for shareholders;
- PLN 87 042k was allocated to capital reserves;
- PLN 1 081 865k kept undistributed.

Additionally, It was decided to allocate to dividend for shareholders the amount of PLN 1 056 637k out of the Dividend Reserve created by force of resolution no. 6 of the Annual General Meeting of 22 March 2021 on profit distribution and creation of capital reserve ("Resolution No. 6/2021"). Total amount allocated for Dividend was PLN 4 560 709k.

102,189,314 (say: one hundred two million, one hundred eighty nine thousand and three hundred fourteen) series A, B, C, D, E, F, G, H, I, J, K, L, M, N and O shares give entitlement to the Dividend.

Dividend per one share was PLN 44.63.

The Dividend record day was 16 May 2024 and the Dividend was paid out on 23 May 2024.

### Minority interests

As at 30 June 2024, the minority interests recognised in the consolidated Tier 1 capital totalled PLN **684 988 k** 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 **(153 831) k**.

As at 30 June 2024, the adjustment of the Common Equity Tier 1 capital due to goodwill amounted to PLN **(1 712 056) k**, including:

- PLN 1 688 516 k – 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 23 540 k – goodwill arising from the acquisition by Santander Consumer Bank S.A. 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 S.A.

As at 30 June 2024, deduction from Common Equity Tier I regarding other intangible assets amounted to PLN **(361 538) k**. The value of the shortage in coverage due to non-performing exposures amounted to PLN **(30 412) k**. The value of securitisation positions which can alternatively be subject to a 1 250% risk weight amounted to PLN **(127 755) 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.

From August 5, 2020, the amount of the first, from December 3, 2021, the amount of the second, from May 22, 2022, the amount of the third and from April 5, 2023 the amount of the fourth of the above-mentioned subordinated loans are amortized due to the last 5 years of maturity, in accordance with Art. 64 CRR.

Hence, as at 30 June 2024, own funds include subordinated liabilities of PLN **1 527 236 k**.

## 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 **118 637 k**, 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 of the Condensed Interim Consolidated Financial Statements of Santander Bank Polska Group for the 6-month period ended 30 June 2024.

### 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 2024, 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 AS AT 30.06.2024 (PLN K)

	Available capital (amounts)	30.06.2024	31.03.2024*	31.12.2023*	30.09.2023**	30.06.2023**
1	Common Equity Tier 1 (CET1) capital	24 653 318	24 441 853	24 273 646	26 190 384	25 953 160
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	24 583 437	24 371 972	24 133 883	26 070 074	25 832 850
3	Tier 1 capital	24 653 318	24 441 853	24 273 646	26 190 384	25 953 160
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	24 583 437	24 371 972	24 133 883	26 070 074	25 832 850
5	Total capital	26 299 192	26 238 213	26 205 765	28 259 028	28 153 518
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	26 229 310	26 168 332	26 066 002	28 138 718	28 033 208
	<b>Risk-weighted assets (amounts)</b>					
7	Total risk-weighted assets	147 447 770	146 631 200	140 519 215	142 046 748	141 480 580
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	147 418 868	146 602 297	140 461 412	141 996 990	141 430 822
	<b>Capital ratios</b>					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	16,72%	16,67%	17,27%	18,44%	18,34%
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%	16,62%	17,18%	18,36%	18,27%
11	Tier 1 (as a percentage of risk exposure amount)	16,72%	16,67%	17,27%	18,44%	18,34%
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%	16,62%	17,18%	18,36%	18,27%
13	Total capital (as a percentage of risk exposure amount)	17,84%	17,89%	18,65%	19,89%	19,90%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17,79%	17,85%	18,56%	19,82%	19,82%
	<b>Leverage ratio</b>					
15	Leverage ratio total exposure measure	300 226 806	294 087 026	287 208 319	291 752 572	276 644 607
16	Leverage ratio	8,21%	8,31%	8,45%	9,29%	9,78%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8,19%	8,29%	8,41%	9,25%	9,74%

\* Data in relevant periods include profits included in own funds taking into account the applicable EBA guidelines

\*\* Restated data - includes reclassification of financial instruments (For details, see section no. 2.5 of the Condensed Interim Consolidated Financial Statements of Santander Bank Polska Group for the 6-month period ended 30 June 2024)

## 4. Own funds and eligible liabilities

The information below fulfils the requirements arising from the entry into force of Regulation (EU) No. 575/2013 of the European Parliament and of the Council dated 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019. As a member of the international Santander Group, whose parent entity is Banco Santander, Santander Bank Polska S.A. belongs to a group considered a global systemically important institution.

Santander Bank Polska S.A. as subsidiary of Santander Group, a global systemically important institution, is required to comply with Article 92a of the CRR with respect to the obligation to satisfy the requirements for own funds and bailed-in liabilities laid down in the CRR,

According to Article 92a of the CRR, the requirements for own funds and eligible liabilities are calculated as 18% of the total risk exposure amount ("TREA") and 6,75% of the total exposure measure ("TEM").

In accordance with Article 128 of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures ("CRD V"), institutions should not use Common Equity Tier 1 capital that is maintained to meet the combined buffer requirement to meet the risk-based components of the requirements set out in Article 92a of the CRR.

Based on these provisions, the required minimum regulatory TLAC (total loss-absorbing capacity) is increased by the value of capital buffers that the Bank is required to maintain.

This means that the minimum regulatory TLAC must be maintained at 21.520% of the TREA.

For Santander Bank Polska Group, the TLAC calculated as own funds and eligible liabilities in relation to the TREA as at 30 June 2024 is 22,50%. The TLAC calculated as own funds and eligible liabilities in relation to the TEM as at 30 June 2024 is 11,05%.

In relation to the minimum requirements specified in Article 92a of the CRR, the Bank obtained the approval from resolution authorities, in accordance with the conditions laid down in Article 72b(3) of the CEE, to use the liabilities that do not meet the subordination requirement defined in Article 72b(2)(d) of the CRR in the amount not exceeding 3.5% of the TREA as of 1 January 2022.

The Bank is also required to meet the requirements for own funds and eligible liabilities (MREL) based on Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.

Based on the decision provided by the Bank Guarantee Fund of 8 May 2024, the target value of the MREL requirement for the Bank is 15.38% in relation to the total risk exposure amount (the subordination requirement is 15,02%) and 5.91% in relation to the total exposure measure.

At the same time in accordance with Article 19(2)(3), Article 21(3)(3), Article 42(3) and Article 48(3) of the Act on macro-prudential supervision, which transposes Article 128 of the CRD, Common Equity Tier 1 instruments maintained by the entity in accordance with the combined buffer requirement are not eligible for the MREL requirement expressed as a percentage of the total risk exposure. This rule does not apply to the MREL requirement expressed as a percentage of the total exposure measure.

As a result, the Bank needs to maintain the target MREL at 18.90% in relation to the total amount of risk exposure, including in respect of subordination at 18,54%.

As at 30 June 2024 the Bank met both requirements. the MREL in relation to the TREA was 22.50%, while the MREL including own funds and eligible subordinated liabilities was 19.81%. As at 30 June 2024, the MREL in relation to the TEM was 11.05%, in relation to subordinated debt 9.73%.

EU KM2 – KEY METRICS - MREL AND, WHERE APPLICABLE, G-SII REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES AS AT 30.06.2024 (PLN K)

	Minimum requirement for own funds and eligible liabilities (MREL)		G-SII Requirement for own funds and eligible liabilities (TLAC)			
	a	b	c	d	e	f
	30.06.2024	30.06.2024	31.03.2024**	31.12.2023**	30.09.2023***	30.06.2023***
<b>Own funds and eligible liabilities, ratios and components</b>						
1 Own funds and eligible liabilities	33 174 728	33 174 728	32 972 904	32 832 591	35 263 093	35 014 765
EU-1a Of which own funds and subordinated liabilities	29 212 128					
2 Total risk exposure amount of the resolution group (TREA)	147 447 770	147 447 770	146 631 200	140 519 215	141 521 909	140 839 685
3 Own funds and eligible liabilities as a percentage of TREA (row1/row2)	22,50%	22,50%	22,49%	23,37%	24,92%	24,86%
EU-3a Of which own funds and subordinated liabilities	19,81%					
4 Total exposure measure of the resolution group	300 226 806	300 226 806	294 087 026	287 208 319	291 542 637	276 388 249
5 Own funds and eligible liabilities as percentage of the total exposure measure	11,05%	11,05%	11,21%	11,43%	12,10%	12,67%
EU-5a Of which own funds or subordinated liabilities	9,73%					
6a Does the subordination exemption in Article 72b(4) of the CRR apply? (5% exemption)		No	No	No	No	No
6b Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities in instruments if the subordination discretion as per Article 72b(3) CRR is applied (max 3.5% exemption)		3 962 600	3 960 180	3 969 600	3 476 700	3 337 725
6c Pro-memo item: If a capped subordination exemption applies under Article 72b(3) CRR, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)		100%	100%	100%	100%	100%
<b>Minimum requirement for own funds and eligible liabilities (MREL and TLAC)*</b>						
TLAC as a percentage of TREA		18,00%	18,00%	18,00%	18,00%	18,00%
TLAC as percentage of TEM		6,75%	6,75%	6,75%	6,75%	6,75%
EU-7 MREL requirement expressed as percentage of the total risk exposure amount	15,38%					
EU-8 Of which to be met with own funds or subordinated liabilities	15,02%					
EU-9 MREL requirement expressed as percentage of the total exposure measure	5,91%					
EU-10 Of which to be met with own funds or subordinated liabilities	5,91%					

\* Without taking into account the combined buffer requirement

\*\* Data in relevant periods include profits included in own funds taking into account the applicable EBA guidelines

\*\*\* Restated data - includes reclassification of financial instruments (For details, see section no. 2.5 of the Condensed Interim Consolidated Financial Statements of Santander Bank Polska Group for the 6-month period ended 30 June 2024)



## II. OWN FUNDS

### EU TLAC1 - COMPOSITION - MREL AND, WHERE APPLICABLE, G-SII REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES SANTANDER BANK POLSKA GROUP AS AT 30.06.2024 (PLN K)

	Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not TLAC
<b>Own funds and eligible liabilities and adjustments</b>			
1 Common Equity Tier 1 capital (CET1)	24 653 318	24 653 318	-
2 Additional Tier 1 capital (AT1)	-	-	-
3 Empty set in the EU			
4 Empty set in the EU			
5 Empty set in the EU			
6 Tier 2 capital (T2)	1 645 873	1 645 873	-
7 Empty set in the EU			
8 Empty set in the EU			
11 Own funds for the purpose of Articles 92a CRR and 45 BRRD	26 299 192	26 299 192	-
<b>Own funds and eligible liabilities: Non-regulatory capital elements</b>			
12 Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	1 900 000	1 900 000	-
EU-12a Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-	-	-
EU-12b Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	-	-	-
EU-12c Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	1 012 936	1 012 936	-
13 Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	3 962 600	3 962 600	-
EU-13a Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	-	-	-
14 Amount of non subordinated instruments eligible, where applicable after application of Article 72b (3) CRR	3 962 600	3 962 600	-
15 Empty set in the EU			
16 Empty set in the EU			
17 Eligible liabilities items before adjustments	6 875 536	6 875 536	-
EU-17a Of which subordinated	2 912 936	2 912 936	-
<b>Own funds and eligible liabilities: Adjustments to non-regulatory capital elements</b>			
18 Own funds and eligible liabilities items before adjustments	33 174 728	33 174 728	-
19 (Deduction of exposures between MPE resolution groups)		-	
20 (Deduction of investments in other eligible liabilities instruments)		-	
21 Empty set in the EU			
22 Own funds and eligible liabilities after adjustments	33 174 728	33 174 728	-
EU-22a Of which own funds and subordinated	29 212 128		
<b>Risk-weighted exposure amount and leverage exposure measure of the resolution group</b>			
23 Total risk exposure amount	147 447 770	147 447 770	-
24 Total exposure measure	300 226 806	300 226 806	-
<b>Ratio of own funds and eligible liabilities</b>			
25 Own funds and eligible liabilities (as a percentage of total risk exposure amount)	22,50%	22,50%	0,00%
EU-25a Of which own funds and subordinated	19,81%		
26 Own funds and eligible liabilities (as a percentage of total exposure measure)	11,05%	11,05%	0,00%
EU-26a Of which own funds and subordinated	9,73%		
27 CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	4,50%	4,50%	
28 Institution-specific combined buffer requirement		3,50%	
29 of which: capital conservation buffer requirement		2,50%	
30 of which: countercyclical buffer requirement		0,01%	
31 of which: systemic risk buffer requirement		0,00%	
EU-31a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		1,00%	
<b>Memorandum items</b>			
EU-32 Total amount of excluded liabilities referred to in Article 72a(2) CRR		123 336 852	

Table EU TLAC3A can be found in Annex „Pillar III 2024 06 Tables“, which is available on the Santander Bank Polska website.

## 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 CRR II, 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 2024.

In 2024, 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:

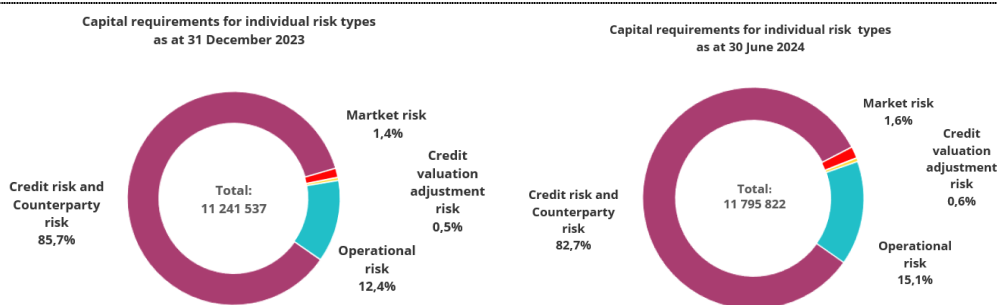
- capital requirement for credit risk;
- capital requirement for market risk, including:
  - ✓ capital requirement for positions risk, including:
    - specific and general risk of debt instruments;
    - specific and general risk of equity instruments;
  - ✓ capital requirement for FX risk;
- capital 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;
- capital requirement for securitization.

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

As at 30 June 2024, the total capital requirements of Santander Bank Polska Group calculated in line with the CRR was **PLN 11 795 822k**, including:

- for credit risk, counterparty credit risk, credit valuation risk, securitization **PLN 9 816 584 k**;
- for market risk **PLN 193 785 k**;
- for operational risk **PLN 1 785 453k**.

PERCENTAGE STRUCTURE OF THE CAPITAL REQUIREMENTS FOR 12/2023 VS 06/2024



Below the most important metrics in accordance with Article 447 CRR.

EU KM1 - KEY METRICS AS AT 30.06.2024 (PLN K)

	30.06.2024	31.03.2024*	31.12.2023*	30.09.2023**	30.06.2023**
<b>Available own funds (amounts)</b>					
1 Common Equity Tier 1 (CET1) capital	24 653 318	24 441 853	24 273 646	26 190 384	25 953 160
2 Tier 1 capital	24 653 318	24 441 853	24 273 646	26 190 384	25 953 160
3 Total capital	26 299 192	26 238 213	26 205 765	28 259 028	28 153 518
<b>Risk-weighted exposure amounts</b>					
4 Total risk exposure amount	147 447 770	146 631 200	140 519 215	142 046 748	141 480 580
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5 Common Equity Tier 1 ratio (%)	16,72%	16,67%	17,27%	18,44%	18,34%
6 Tier 1 ratio (%)	16,72%	16,67%	17,27%	18,44%	18,34%
7 Total capital ratio (%)	17,84%	17,89%	18,65%	19,89%	19,90%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,01%	0,01%	0,01%	0,01%	0,01%
EU 7b of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 7c of which: to be made up of Tier 1 capital (percentage points)	0,00%	0,00%	0,00%	0,01%	0,01%
EU 7d Total SREP own funds requirements (%)	8,01%	8,01%	8,01%	8,02%	8,02%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
8 Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%	2,50%
9 Institution specific countercyclical capital buffer (%)	0,01%	0,01%	0,02%	0,01%	0,01%
EU 10a Other Systemically Important Institution buffer (%)	1,00%	1,00%	1,00%	1,00%	1,00%
11 Combined buffer requirement (%)	3,51%	3,51%	3,52%	3,51%	3,51%
EU 11a Overall capital requirements (%)	11,52%	11,52%	11,53%	11,53%	11,53%
12 CET1 available after meeting the total SREP own funds requirements (%)	9,83%	9,88%	10,64%	11,87%	11,88%
<b>Leverage ratio</b>					
13 Total exposure measure	300 226 806	294 087 026	287 208 319	291 752 572	276 644 607
14 Leverage ratio (%)	8,21%	8,31%	8,45%	9,29%	9,78%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
EU 14c Total SREP leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%	3,00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14e Overall leverage ratio requirement (%)	3,00%	3,00%	3,00%	3,00%	3,00%
<b>Liquidity Coverage Ratio</b>					
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	78 759 401	76 787 292	73 386 633	70 340 845	66 996 115
EU 16a Cash outflows - Total weighted value	53 158 751	52 806 299	52 951 038	52 161 107	50 784 488
EU 16b Cash inflows - Total weighted value	15 020 467	15 276 320	15 049 171	14 439 802	13 340 397
16 Total net cash outflows (adjusted value)	38 138 285	37 529 979	37 901 867	37 721 305	37 444 091
17 Liquidity coverage ratio (%)	207%	205%	194%	186%	179%
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	208 195 299	204 665 027	201 280 056	197 947 055	191 817 671
19 Total required stable funding	136 163 566	132 421 978	128 865 657	130 511 261	128 042 302
20 NSFR ratio (%)	153%	155%	156%	152%	150%

\* Data includes profits included in own funds, taking into account the applicable EBA guidelines

\*\* Restated data - includes reclassification of financial instruments (For details, see section no. 2.5 of the Condensed Interim Consolidated Financial Statements of Santander Bank Polska Group for the 6-month period ended 30 June 2024)

EU OV1 – OVERVIEW OF RWA AS AT 30.06.2024 (PLN K)

	Total risk exposure amounts (TREA)		Total own funds requirements
	a	b	c
	30.06.2024	31.03.2024*	30.06.2024
<b>1 Credit risk (excluding CCR)</b>	<b>116 949 858</b>	<b>117 155 819</b>	<b>9 355 989</b>
2 Of which the standardised approach	116 949 858	117 155 819	9 355 989
3 Of which the Foundation IRB (F-IRB) approach	-	-	-
4 Of which slotting approach	-	-	-
EU 4a Of which equities under the simple riskweighted approach	-	-	-
5 Of which the Advanced IRB (A-IRB) approach	-	-	-
<b>6 Counterparty credit risk - CCR</b>	<b>4 528 369</b>	<b>4 429 184</b>	<b>362 269</b>
7 Of which the standardised approach	2 915 231	2 949 184	233 219
8 Of which internal model method (IMM)	-	-	-
EU 8a Of which exposures to a CCP	73 861	76 351	5 909
EU 8b Of which credit valuation adjustment - CVA	826 372	729 927	66 110
9 Of which other CCR	712 905	673 722	57 032
<b>15 Settlement risk</b>	<b>-</b>	<b>230</b>	<b>-</b>
<b>16 Securitisation exposures in the non-trading book (after the cap)</b>	<b>1 229 076</b>	<b>547 458</b>	<b>98 326</b>
17 Of which SEC-IRBA approach	-	-	-
18 Of which SEC-ERBA (including IAA)	-	-	-
19 Of which SEC-SA approach	1 229 076	547 458	98 326
EU 19a Of which 1250%	-	-	-
<b>20 Position, foreign exchange and commodities risks (Market risk)</b>	<b>2 422 310</b>	<b>2 180 351</b>	<b>193 785</b>
21 Of which the standardised approach	2 422 310	2 180 351	193 785
22 Of which IMA	-	-	-
<b>EU 22a Large exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23 Operational risk</b>	<b>22 318 158</b>	<b>22 318 158</b>	<b>1 785 453</b>
EU 23a Of which basic indicator approach	-	-	-
EU 23b Of which standardised approach	22 318 158	22 318 158	1 785 453
EU 23c Of which advanced measurement approach	-	-	-
24 Amounts below the thresholds for deduction (subject to 250% risk weight)	6 992 657	6 904 275	559 413
<b>29 Total</b>	<b>147 447 770</b>	<b>146 631 200</b>	<b>11 795 822</b>

\* Data includes profits included in own funds, taking into account the applicable EBA guidelines

The biggest item is the total capital requirement of Santander Bank Polska Group is the capital requirement for credit risk (excluding counterparty credit risk), which on 30 June 2024 accounted for 79% 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 (UE) 2021/637 Regulation. The exposure classes for which no items have been identified, have been disregarded.

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 Santander Bank Polska Group'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 - PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS AS AT 30.06.2024 (PLN K)

	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		
	Of which stage			Of which stage			Of which stage			Of which stage			On performing exposures	On non-performing exposures	
	1	2		2	3		1	2		2	3				
005 Cash balances at central banks and other demand deposits	8 718 919	8 718 919	-	-	-	-	-	-	-	-	-	-	-	-	
010 Loans and advances	182 921 755	166 433 530	16 240 033	7 484 631	-	6 881 828	-1 764 917	-579 634	-1 180 378	-4 197 345	-	-4 053 587	-1 421 307	122 477 811	2 577 061
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
030 General governments	1 246 670	1 211 494	35 176	5	-	5	-1 562	-1 404	-159	-3	-	-3	-	61 129	
040 Credit institutions	15 059 707	15 059 707	-	-	-	-	-318	-318	-	-	-	-	-	10 949 359	
050 Other financial corporations	4 130 953	4 114 196	16 752	18 577	-	18 119	-21 118	-19 090	-2 028	-14 942	-	-14 645	3 626	1 582 672	3 397
060 Non-financial corporations	76 054 569	69 304 005	6 744 474	3 868 113	-	3 429 601	-819 283	-221 494	-597 672	-1 926 568	-	-1 864 087	-806 345	53 024 730	1 845 548
070 Of which SMEs	56 847 773	51 627 731	5 213 958	3 835 589	-	3 397 138	-709 773	-192 901	-516 755	-1 923 575	-	-1 861 152	-805 135	43 352 350	1 844 443
080 Households	86 429 857	76 744 128	9 443 632	3 597 937	-	3 434 104	-922 635	-337 328	-580 519	-2 255 833	-	-2 174 852	-611 335	56 859 921	728 116
090 Debt securities	68 958 109	68 956 049	-	27 270	-	27 270	-	-	-	-26 876	-	-26 876	-	-	
100 Central banks	3 465 334	3 465 334	-	-	-	-	-	-	-	-	-	-	-	-	
110 General governments	51 135 966	51 135 966	-	-	-	-	-	-	-	-	-	-	-	-	
120 Credit institutions	10 482 687	10 482 687	-	-	-	-	-	-	-	-	-	-	-	-	
130 Other financial corporations	3 874 122	3 872 062	-	-	-	-	-	-	-	-	-	-	-	-	
140 Non-financial corporations	-	-	-	27 270	-	27 270	-	-	-	-26 876	-	-26 876	-	-	
150 Off-balance-sheet exposures	64 751 964	63 156 393	1 592 247	112 841	-	94 027	86 401	34 949	51 428	15 864	-	5 273	-	-	2 623
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
170 General governments	1 361 003	1 345 431	15 572	-	-	-	140	84	56	-	-	-	-	-	
180 Credit institutions	5 211 718	5 192 710	19 008	-	-	-	354	354	-	-	-	-	-	-	
190 Other financial corporations	8 670 299	8 669 583	716	-	-	-	2 988	2 469	519	-	-	-	-	-	
200 Non-financial corporations	42 738 233	41 688 866	1 048 780	103 640	-	87 081	72 229	28 027	44 194	15 806	-	5 216	-	-	2 623
210 Households	6 770 711	6 259 802	508 170	9 201	-	6 946	10 690	4 014	6 660	57	-	57	-	-	
220 Total	325 350 747	307 264 891	17 832 280	7 624 743	-	7 003 126	-1 851 318	-614 583	-1 231 806	-4 240 085	-	-4 085 736	-1 421 307	122 477 811	2 579 684

As at 30.06.2024, the gross carrying amount of NPLs calculated in accordance with 2021/637 Regulation was 3,93%, it is lower compared to the previous reporting period (as at 31.12.2023 NPL was 3,96%).

EU CQ1 - CREDIT QUALITY OF FORBORNE EXPOSURES AS AT 30.06.2024(PLN K)

	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	
	Performing forborne	Non-performing forborne		On performing forborne exposures	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					
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	2 419 962	1 703 728	1 703 728	1 703 695	-158 093	-734 638	2 563 164	874 409
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	929	5 030	5 030	5 030	-151	-4 200	1 596	819
060 Non-financial corporations	1 389 840	1 001 786	1 001 786	1 001 786	-111 560	-348 140	1 576 071	638 896
070 Households	1 029 194	696 913	696 913	696 879	-46 382	-382 299	985 497	234 695
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	44 326	3 315	3 315	3 315	385	3 315	-	-
<b>100 Total</b>	<b>2 464 288</b>	<b>1 707 043</b>	<b>1 707 043</b>	<b>1 707 010</b>	<b>-158 478</b>	<b>-737 953</b>	<b>2 563 164</b>	<b>874 409</b>

EU CQ3 - CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYSW AS AT 30.06.2024 (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			
005 Cash balances at central banks and other demand deposits	8 718 919	8 718 919	-	-	-	-	-	-	-	-	-	
010 Loans and advances	182 921 755	182 023 550	898 205	7 484 631	2 374 421	742 841	1 040 032	1 390 444	1 295 261	291 974	349 659	7 484 631
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	1 246 670	1 246 668	1	5	-	-	-	5	-	-	-	5
040 Credit institutions	15 059 707	15 059 707	-	-	-	-	-	-	-	-	-	-
050 Other financial corporations	4 130 953	4 130 124	828	18 577	3 295	785	1 953	4 189	6 970	1 259	126	18 577
060 Non-financial corporations	76 054 569	75 790 882	263 687	3 868 113	1 330 201	305 967	373 210	693 534	668 982	206 146	290 072	3 868 113
070 Of which SMEs	56 847 773	56 585 230	262 544	3 835 589	1 320 122	302 402	372 214	693 001	652 122	205 942	289 785	3 835 589
080 Households	86 429 857	85 796 169	633 688	3 597 937	1 040 924	436 089	664 869	692 716	619 308	84 569	59 461	3 597 937
090 Debt securities	68 958 109	68 958 109	-	27 270	-	-	-	-	27 270	-	-	27 270
100 Central banks	3 465 334	3 465 334	-	-	-	-	-	-	-	-	-	-
110 General governments	51 135 966	51 135 966	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	10 482 687	10 482 687	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	3 874 122	3 874 122	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	27 270	-	-	-	-	27 270	-	-	27 270
150 Off-balance-sheet exposures	64 751 964	-	-	112 841	-	-	-	-	-	-	-	112 841
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
170 General governments	1 361 003	-	-	-	-	-	-	-	-	-	-	-
180 Credit institutions	5 211 718	-	-	-	-	-	-	-	-	-	-	-
190 Other financial corporations	8 670 299	-	-	-	-	-	-	-	-	-	-	-
200 Non-financial corporations	42 738 233	-	-	103 640	-	-	-	-	-	-	-	103 640
210 Households	6 770 711	-	-	9 201	-	-	-	-	-	-	-	9 201
<b>220 Total</b>	<b>325 350 747</b>	<b>259 700 578</b>	<b>898 205</b>	<b>7 624 743</b>	<b>2 374 421</b>	<b>742 841</b>	<b>1 040 032</b>	<b>1 390 444</b>	<b>1 322 531</b>	<b>291 974</b>	<b>349 659</b>	<b>7 624 743</b>

Table EU CR1-A, EU CQ4 and EU CQ5 can be found in Appendix „Pillar III 2024 06 Tables”, which is available on the Santander Bank Polska website.

## 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) and the Ministry of Finance as a State unit.

As at 30 June 2024, the Group's debt instruments portfolio included PLN **5 879 898k** worth of bonds of Bank Gospodarstwa Krajowego and PLN **3 872 062k** worth of bonds of Polski Fundusz Rozwoju (PFR), which were fully guaranteed by the State Treasury. In the case of debt issued in the domestic currency, a risk weight of 0% was assigned, while the remaining ones in EUR were assigned a risk weight of 10%.

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

### EU CR3 – CRM TECHNIQUES OVERVIEW: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES AS AT 30.06.2024 (PLN K)

	Secured carrying amount		Of which secured by financial guarantees		Of which secured by credit derivatives
	Unsecured carrying amount		Of which secured by collateral		
1 Loans and advances	68 108 173	125 054 871	113 095 017	11 959 854	-
2 Debt securities	68 958 503	-	-	-	-
<b>3 Total</b>	<b>137 066 676</b>	<b>125 054 871</b>	<b>113 095 017</b>	<b>11 959 854</b>	<b>-</b>
4 Of which non-performing exposures	710 620	2 577 061	2 305 479	271 582	-
EU-5 Of which defaulted	710 620	2 577 061	-	-	-

### EU CR4 – STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS AS AT 30.06.2024 (PLN K)

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
	a	b	c	d	e	f
1 Central governments or central banks	63 558 500	-	78 963 184	867 246	4 361 935	5,46%
2 Regional government or local authorities	950 490	186 148	950 490	26 504	195 399	20,00%
3 Public sector entities	209 414	106 564	209 164	6 468	107 816	50,00%
4 Multilateral development banks	4 602 789	-	7 297 073	-	-	0,00%
5 International organisations	-	-	-	-	-	-
6 Institutions	11 282 415	7 238 327	12 091 889	984 132	5 876 746	44,94%
7 Corporates	34 744 142	31 273 618	23 005 716	3 435 543	24 460 137	92,51%
8 Retail	53 124 901	13 101 341	50 650 044	2 349 863	36 769 851	69,38%
9 Secured by mortgages on immovable property	64 697 229	5 496 498	62 965 535	1 188 810	33 936 118	52,90%
10 Exposures in default	2 824 048	73 589	2 649 939	31 626	3 067 973	114,41%
11 Exposures associated with particularly high risk	1 542 431	281 616	346 559	59 707	609 400	150,00%
12 Covered bonds	-	-	-	-	-	-
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-
15 Equity	1 376 625	-	1 376 625	-	3 244 386	235,68%
16 Other items	5 938 235	-	5 938 235	-	4 320 095	72,75%
<b>17 TOTAL</b>	<b>244 851 218</b>	<b>57 757 701</b>	<b>246 444 455</b>	<b>8 949 899</b>	<b>116 949 858</b>	<b>45,79%</b>

## 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 Group 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. Pursuant to Article 126 of the CRR and to Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 October 2020 amending the Regulation on a higher risk weight for exposures secured with mortgages on properties, Santander Bank Polska Group identifies exposures effectively secured by mortgage on a commercial property used by the borrower to conduct his own business and not generating income generated by rent or profits from their sale, to which preferential risk weight is applied.

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 Santander Bank Polska Group 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 Santander Bank Polska Group 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.

### EU CR5 – STANDARDISED APPROACH AS AT 30.06.2024 (PLN K)

Exposure classes	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1 Central governments or central banks	73 971 715	-	-	3 618 233	688 594	-	-	-	-	-	-	1 551 889	-	-	-	79 830 431	75 103 483
2 Regional government or local authorities	-	-	-	-	976 994	-	-	-	-	-	-	-	-	-	-	976 994	976 994
3 Public sector entities	-	-	-	-	-	-	215 632	-	-	-	-	-	-	-	-	215 632	215 632
4 Multilateral development banks	7 297 073	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7 297 073	7 297 073
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	94 973	-	-	2 057 045	-	10 921 128	-	-	2 874	-	-	-	-	-	13 076 021	1 217 065
7 Corporates	-	-	-	-	0	-	111 444	-	-	26 329 814	1	-	-	-	-	26 441 259	25 589 772
8 Retail exposures	-	-	-	-	-	-	-	-	52 999 907	-	-	-	-	-	-	52 999 907	52 999 907
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	37 101 841	9 624 394	-	-	15 568 705	1 859 405	-	-	-	-	64 154 345	64 008 572
10 Exposures in default	-	-	-	-	-	-	-	-	-	1 908 750	772 816	-	-	-	-	2 681 565	2 681 565
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	406 267	-	-	-	-	406 267	406 267
12 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	131 451	-	1 245 174	-	-	-	1 376 625	1 376 625
16 Other items	1 617 758	-	-	-	478	-	-	-	-	4 320 000	-	-	-	-	-	5 938 235	5 938 235
<b>17 TOTAL</b>	<b>82 886 545</b>	<b>94 973</b>	<b>-</b>	<b>3 618 233</b>	<b>3 723 111</b>	<b>37 101 841</b>	<b>20 872 599</b>	<b>-</b>	<b>52 999 907</b>	<b>48 261 594</b>	<b>3 038 488</b>	<b>2 797 063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255 394 354</b>	<b>237 811 190</b>



### 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).

Counterparty credit risk is calculated in accordance with the provisions 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 amended by Regulation (EU) No 2019/876 of the European Parliament and of the Council of 20 May 2019.

Santander Bank Polska Group uses the standard approach (SA CCR) to calculate the exposures and risk weighted assets for counterparty credit risk.

EU CCR1 – CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH AS AT 30.06.2024 (PLN K)

	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1 EU - Original Exposure Method (for derivatives)	-	-	-	1,4	-	-	-	-
EU-2 EU - Simplified SA-CCR (for derivatives)	-	-	-	1,4	-	-	-	-
1 SA-CCR (for derivatives)	959 103	2 611 796	-	1,4	4 999 259	4 999 259	4 999 259	2 915 231
2 IMM (for derivatives and SFTs)	-	-	-	-	-	-	-	-
2a Of which securities financing transactions netting sets	-	-	-	-	-	-	-	-
2b Of which derivatives and long settlement transactions netting sets	-	-	-	-	-	-	-	-
2c Of which from contractual cross-product netting sets	-	-	-	-	-	-	-	-
3 Financial collateral simple method (for SFTs)	-	-	-	-	-	-	-	-
4 Financial collateral comprehensive method (for SFTs)	-	-	-	-	12 623 929	291 791	291 791	69 898
5 VaR for SFTs	-	-	-	-	-	-	-	-
<b>6 Total</b>					<b>17 623 187</b>	<b>5 291 050</b>	<b>5 291 050</b>	<b>2 985 129</b>

\* The scope of disclosed information compliant with the CRR.

EU CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHTS AS AT 30.06.2024 (PLN K)

Exposure classes	Risk weight											Total exposure value
	a	b	c	d	e	f	g	h	i	j	k	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1 Central governments or central banks	-	-	-	-	137 803	-	-	-	-	-	-	137 803
2 Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3 Public sector entities	-	-	-	-	0	-	-	-	-	-	-	0
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	3 607 490	-	-	1 334 701	3 496 578	-	-	-	-	-	8 438 769
7 Corporates	-	-	-	-	2 892	114 435	-	-	1 515 982	-	-	1 633 309
8 Retail	-	-	-	-	-	-	-	19 406	-	-	-	19 406
9 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10 Other items	-	-	-	-	-	-	-	-	-	242	-	242
<b>11 Total exposure value</b>		<b>3 607 490</b>			<b>1 475 396</b>	<b>3 611 012</b>		<b>19 406</b>	<b>1 515 982</b>	<b>242</b>		<b>10 229 529</b>

## EU CCR2 – TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK AS AT 30.06.2024 (PLN K)

	Exposure value	RWEA
1 Total transactions subject to the Advanced method	-	-
2 (i) VaR component (including the 3× multiplier)		-
3 (ii) stressed VaR component (including the 3× multiplier)		-
4 Transactions subject to the Standardised method	3 532 493	826 372
EU-4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
<b>5 Total transactions subject to own funds requirements for CVA risk</b>	<b>3 532 493</b>	<b>826 372</b>

## EU CCR8 – EXPOSURES TO CCPS AS AT 30.06.2024 (PLN K)

	Exposure value	RWEA
<b>1 Exposures to QCCPs (total)</b>		<b>73 861</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	3 607 490	72 150
3 (i) OTC derivatives	3 515 159	70 303
4 (ii) Exchange-traded derivatives	-	-
5 (iii) SFTs	92 331	1 847
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	
8 Non-segregated initial margin	-	-
9 Prefunded default fund contributions	85 548	1 711
10 Unfunded default fund contributions	-	-
<b>11 Exposures to non-QCCPs (total)</b>		<b>-</b>

## Credit risk mitigation

The Santander Bank Polska Group uses contractual netting according to art. 295–298 of CRR.

## EU CCR5 – COMPOSITION OF COLLATERAL FOR CCR EXPOSURES AS AT 30.06.2024 (PLN K)

Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency	-	678 229	93 275	1 088 716	-	4 983 769	-	-
2 Cash – other currencies	-	1 318 646	667 335	147 208	-	-	-	-
3 Domestic sovereign debt	-	165	-	-	-	2 314 673	-	-
4 Other sovereign debt	-	254 561	-	-	-	10 052 255	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	30 533	-	408 390	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
<b>9 Total</b>	<b>-</b>	<b>2 282 136</b>	<b>760 609</b>	<b>1 644 314</b>	<b>-</b>	<b>17 350 697</b>	<b>-</b>	<b>-</b>

Santander Bank Polska Group does not disclose the EU CCR6 table due to the fact that it does not have credit derivatives.

## 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 AS AT 30.06.2024 (PLN K)

	RWEAs
<b>Outright products</b>	
1 Interest rate risk (general and specific)	2 271 999
2 Equity risk (general and specific)	150 310
3 Foreign exchange risk	0
4 Commodity risk	-
<b>Options</b>	
5 Simplified approach	-
6 Delta-plus approach	-
7 Scenario approach	-
8 Securitisation (specific risk)	-
<b>9 Total</b>	<b>2 422 310</b>

Santander Bank Polska Group presents information on exposures to interest rate risk on positions not held in the trading book with point (a) and (b) of Article 448(1).

Below presented the changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU and the changes in the net interest income calculated under the two supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU at 30.06.2024 and for the comparative period for which data are available 31.12.2023.

The table below presents regulatory scenarios for which the MVE sensitivity and NII sensitivity for the Santander Group are calculated, respectively. When calculating the sensitivity for these scenarios, assumptions established by the EBA are used. The worst case scenario (WCS) is applied to Tier 1 Capital for the Group. The regulatory limit for MVE sensitivity is 15% and for NII sensitivity 5%.

EU IRRBB1 - INTEREST RATE RISKS OF NON-TRADING BOOK ACTIVITIES AS AT 30.06.2024 (PLN K)

Supervisory shock scenarios	Changes of the economic value of equity		Changes of the net interest income (NII)	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
1 Parallel up	(3 023 953)	(1 784 165)	500 585	217 906
2 Parallel down	1 017 669	252 837	(1 135 348)	( 544 423)
3 Steepener	164 375	( 31 657)		
4 Flattener	( 991 812)	( 631 482)		
5 Short rates up	(1 955 945)	(1 097 742)		
6 Short rates down	869 721	408 224		
Worst case scenario	(3 023 953)	(1 784 165)		
Tier 1 - Grupa	24 653 318	24 141 924		
Result	<b>12,27%</b>	<b>7,39%</b>		

At 31.12.2023 for the sensitivity of the EVE the test result is 7.39%, which means that the regulatory limit (15%) is not exceeded. NII sensitivity: if the scenario of parallel increase in interest rates by approx. 250 bp materializes, net interest income will increase by

PLN 217 906 k. If the scenario of parallel decrease in interest rates by approximately 250 bp materializes, net interest income will decrease by approx. PLN 544 423 k.

At 30.06.2024 for the sensitivity of the EVE the test result is 12.27%, which means that the regulatory limit (15%) is not exceeded. The test result for NII sensitivity was 4.61%, which is also within the regulatory limit (5%). NII sensitivity: if the scenario of parallel increase in interest rates by approx. 250 bp materializes, net interest income will increase by PLN 500 585 k. If the scenario of parallel decrease in interest rates by approximately 250 bp materializes, net interest income will decrease by approx. PLN 1 135 348 k.

The increase in MVE sensitivity results mainly from the realization of the hedging of the interest income strategy in the form of concluding new IRS transactions and purchases of bonds to the Held-to-Collect portfolio, as well as an increase in the volume of loans based on a fixed rate. The bank actively manages of exposure of interest rate risk in the banking book to avoid exceeding the SOT on NII and SOT on MVE regulatory limits.

## 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, as amended 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 an other systemically important institution (O-SII) and imposed O-SII buffer on the bank. Based on the Polish Financial Supervision Authority's decision dated 16 December 2022 the Bank is currently required to maintain the O-SII buffer in the amount equivalent to 1% of the total risk exposure amount calculated in accordance with art. 92 par. 3 of the Regulation (EU) No 575/2013. The Bank' Group maintains the O-SII buffer at the same level.

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.

Bank received letter from the Polish Financial Supervision Authority no DBK-DBK2B.700.2.2023 dated 21 December 2023 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 0.013 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 0.010 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 56.25% of the Common Equity Tier I capital (equivalent to own funds requirement of 0.007 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.

On 11 February 2022 the Bank received a letter from the Polish Financial Supervision Authority with a recommendation on mitigating the risk of the Bank's operations by maintaining, at both standalone and consolidated level, own funds to cover a capital add-on in order to absorb potential losses that may arise from stress conditions (P2G buffer). The add-on should consist in full of Common Equity Tier 1 capital. According to letter dated 13 December 2023 the recommended capital add-on at standalone and consolidated level is 0.37p.p based on supervisory stress tests carried out by the Polish Financial Supervision Authority in 2023.

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.

At the meeting of the Financial Stability Committee held on 14 June 2024, the Committee adopted a resolution on the recommendation to set the countercyclical capital buffer rate at the level of:

- 1% - after 12 months;
- 2% - after 24 months.

#### IV. CAPITAL BUFFERS

since the announcement of the regulation by the Minister of Finance. The representative of the Minister of Finance accepted the recommendation and declared to take appropriate legislative actions.

The institution specific countercyclical capital buffer for other countries as at 30 June 2024 for the Group amounts to 0.01%. 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.

#### EU CCYB2 - AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER AS AT 30.06.2024 (PLN K)

1 Total risk exposure amount	147 447 770
2 Institution specific countercyclical capital buffer rate	0,01%
3 Institution specific countercyclical capital buffer requirement	21 761

Table EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer can be found in Appendix „Pillar III 2024 06 Tables”, which is available on the Santander Bank Polska website.

Taking into account the above requirements the minimum capital ratios as at 30 June 2024 are as follows:

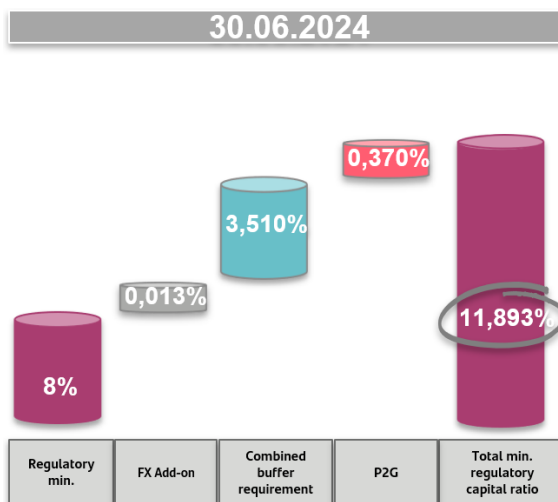
- Tier 1 capital ratio of 9.88% and 9.890% for the Bank and the Group, respectively;
- total capital ratio of 11.88% and 11.893% for the Bank and the Group, respectively.

The table below presents unconsolidated and consolidated minimum ratios.

#### CAPITAL BUFFERS OF BANK AND SANTANDER BANK POLSKA GROUP AS AT 30.06.2024

Components of the minimum capital requirement		30.06.2024
Minimal capital ratios	Common Equity Tier 1 capital ratio	4.5%
	Tier 1 capital ratio	6%
	Total capital ratio	8%
	Santander Bank Polska	no requirement
	Santander Bank Polska Capital Group:	
Additional capital requirement for Santander Bank Polska relating to the portfolio of FX mortgage loans for households	· for total capital ratio:	✓ 0.013 p.p.
	· Tier 1 capital ratio:	✓ 0.010 p.p.
	· for Common Equity Tier 1 capital ratio:	✓ 0.007 p.p.
The capital buffer for Santander Bank Polska as other systemically important institution		✓ 1 p.p.
The capital conservation buffer maintained in accordance with the Macroprudential Supervision Act		✓ 2.5 p.p.
The systemic risk buffer (SRB)		✓ 0 p.p.
The institution specific countercyclical capital buffer		✓ 0.01 p.p.
The bank's sensitivity to an unfavorable macroeconomic scenario measured using the supervisory stress tests results (P2G)	Santander Bank Polska	✓ 0.37 p.p.
	Santander Bank Polska Capital Group	✓ 0.37 p.p.

CAPITAL BUFFER AND RATIOS OF SANTANDER BANK POLSKA GROUP AS AT 30.06.2024



## V. Capital adequacy

Pursuant of Article 92 of CRR, total capital ratio is determined on the basis of own funds and total capital requirements multiplied by 12.5.

The capital requirement for Santander Bank Polska Group as at 30 June 2024 was determined in accordance with Regulation no. 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as well as KNF recommendations regarding national options.

The capital requirements for credit, market and operational risks were calculated using a standardised approach. The capital requirement for credit risk is the most significant one.

The value of asset exposure is the carrying value of the asset after adjustments for specific credit risk, additional value adjustments and other own fund deductions related to a particular asset. The off-balance sheet exposure is the percentage of the nominal value less adjustments for specific credit risk.

Taking into account total capital requirements of PLN **11 795 822k** as at 30 June 2024 and own funds of PLN **26 299 192k**, the capital ratio of Santander Bank Polska Group is **17.84%**.

The **total capital ratio** as at 30 June 2024 vs. 31 December 2023 was impacted by the following:

- allocation of the profit for 2023 to Tier 1 capital and the dividend payment;
- amortization of subordinated loans recognized in Tier 2 capital;
- an increase in risk-weighted assets due to credit risk as a result of business activities;
- reduction in the value of the portfolio of foreign currency loans secured on residential real estate;
- securitization transaction - on 24 June 2024, Santander Bank Polska entered into a synthetic securitisation transaction on a corporate loans portfolio;
- an increase in risk weighted assets as a result of an increase in the value of the capital requirement due to operational risk calculated according to the standardized method based on the annual results of business lines achieved in 2021-2023.

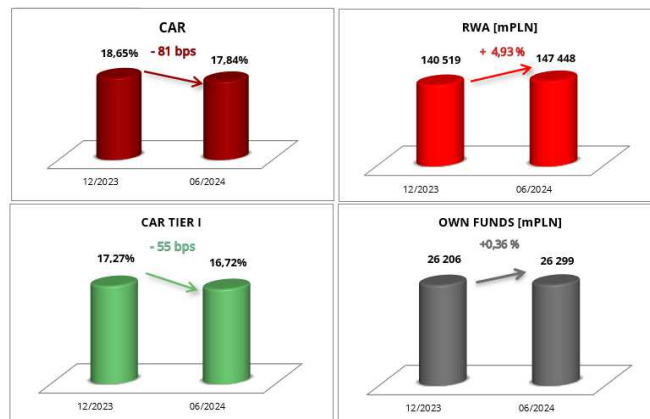
The minimum capital ratios set by the Polish Financial Supervision Authority (KNF) for Santander Bank Polska Group are as follows:

- a Tier 1 capital ratio of 9.890%;
- a total capital ratio of 11.893%.

The capital ratios of Santander Bank Polska Group calculated in accordance with the CRR amended CRR II 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 31 December 2023 vs. 30 June 2024.

OWN FUNDS, RISK WEIGHTED ASSETS AND CAPITAL RATIOS AS AT 31 DECEMBER 2023 VS 30 JUNE 2024





## VI. Securitization

Santander Bank Polska Group presents information on securitization in accordance with points j)-l) of Article 449 of the CRR.

Securitization tables for the Santander Bank Polska Capital Group (EU SEC1, EU SEC3, EU SEC4, EU SEC5) can be found in Annex „Pillar III 2024 06 Tables”, which is available on the Santander Bank Polska website.

### Santander Bank Polska S.A.

#### Synthetic securitisation 2018

On 7 December 2018, the bank signed a guarantee agreement with the European Investment Fund (EIF) in respect of PLN 2 150 031 k worth of cash loan portfolio, the purpose of which is to release capital further allocated to financing projects supporting the development of the SME, corporate and public sector client segments.

The transaction transfers credit risk to the EIF and implements the Bank's Tier 1 capital optimization strategy. The transaction is a synthetic securitization without a financing element, which does not involve financing and covers the selected portfolio of cash loans which remain on the bank's balance sheet. The entire securitized portfolio is risk weighted according to the standard approach.

The transaction is set to expire on 10 September 2031.

Santander Bank Polska is the originator of the synthetic securitisation and it does not perform any other roles in the synthetic structure in question. No Securitisation Special Purpose Entities (SSPE) participate in the transaction.

As part of the transaction, the securitised portfolio is divided into three tranches: senior (80%), mezzanine (18.5%) and junior, i.e. the first loss tranche (1.5%). As at the guarantee activation date, the senior tranche totalled PLN 1 720 025 k, the mezzanine tranche was PLN 397 756 k and the junior tranche amounted to PLN 32 251 k.

The senior and mezzanine tranches are fully guaranteed by the EIF (in relation to the principal component of the underlying exposures). In addition, the mezzanine tranche is secured by a counter-guarantee from the European Investment Bank (EIB). The first loss tranche was retained by the Bank and deducted from Common Equity Tier 1 capital in accordance with Art. 36 sec. 1 lit. k) CRR. Deduction from Common Equity Tier 1 capital implies the application of the "full deduction method" according to Art. 245 sec. 1 lit. b) CRR.

As at June 30, 2024, the total amount of deductions from Common Equity Tier 1 capital due to securitization amounts to PLN 29 382 k.

As at 30 June 2024, the amounts of the individual tranches were as follows: senior tranche: PLN 114 542 k, mezzanine tranche: PLN 26 488 k and junior tranche: PLN 32 250 k. In the reporting period, credit losses allocated outside the securitisation structure using the synthetic excess spread mechanism totalled PLN 17 843 k.

The structure of the transaction assumes that losses up to the amount of the junior tranche are covered by the Bank, and only after its consumption, further losses will be covered by the EIF guarantee.

#### Synthetic securitisation 2022

On March 31, 2022, Santander Bank Polska S.A. concluded with the International Finance Corporation (IFC) a securitization transaction, as a result of which a portfolio of cash loans in the amount of PLN 2 443 520 k was covered by the guarantee, with the possibility of increasing this amount in the future to the level of PLN 2 878 788 k. The transaction is the first transaction concluded by the Bank and entities of the SBP Group with this investor. Its purpose is to release the capital that the Bank will allocate to finance climate projects (projects related to climate change mitigation, focusing mainly on renewable energy sources, energy efficiency and financing green real estate projects) with a total value of at least USD 600 000 k.

The transaction is a synthetic securitization without a financing element, and the selected portfolio of cash loans covered by it remains included in the Bank's balance sheet.

The transaction is set to expire by 31 January 2030. Santander Bank Polska is the originator of the synthetic securitisation and it does not perform any other roles in the synthetic structure in question. No Securitisation Special Purpose Entities (SSPE) participate in the transaction.

The transaction is an implementation of the Bank's Tier 1 capital optimization strategy by transferring a significant part of the risk (SRT) related to securitized credit exposures to a third party (IFC), in accordance with Art. 245 (1) (a) and Art. 245 (2) (a) of the CRR Regulation. The structure of the transaction assumes the division of the securitized portfolio into three tranches: the senior tranche (82.67% of the portfolio), the guaranteed mezzanine tranche (16.5% of the portfolio) and the first loss tranche junior (0.83% of the portfolio). Only the guaranteed tranche is covered by unfunded credit protection in the form of a guarantee granted to the Bank by IFC on the basis of the Guarantee Agreement. The IFC is qualified according to Art. 117 of the CRR Regulation as a multilateral development bank which, based on the principles set out in the CRR Regulation, can be assigned a risk weight of 0%.

As at 30 June 2024, the amounts of the individual tranches were as follows: senior tranche: PLN 1 060 123 k mezzanine tranche: PLN 211 589 k and junior tranche: PLN 23 856 k.

The risk-weighted exposure amounts for the retained tranches (ie senior and first loss tranches) are calculated using the SEC-SA standardized approach in accordance with Art. 261 (the transaction is not an STS securitization).

The first loss tranche is deducted from Common Equity Tier 1 items pursuant to Art. 36 sec. 1 lit. k) of the CRR, as an alternative to applying a risk weight of 1,250%. Deduction from CET 1 capital implies the application of the "full deduction method" as set out in Art. 245 section 1 lit. b) of the CRR Regulation.

As at December June 30, 2024, the senior tranche generated a risk-weighted exposure amount of PLN 260 666 k.

### Securitisation 2023

On 28th February 2023 Santander Bank Polska has purchased bonds issued by VCL Master Poland DAC (SSPE).

Transaction was externally certified with a STS status. Banks intention is to hold the bonds till the maturity. Primary risk of the bonds is credit risk.

In February 2024, an amendment regarding replenishment period renewal was signed.

Due to external ratings removal, the risk-weighted exposure amounts for the bonds are calculated under the securitisation approach SEC-SA.

As at 30 June 2024, the senior tranche generated a risk-weighted exposure amount of PLN 50 000 k.

### Synthetic securitisation 2024

On 24 June 2024, Santander Bank Polska entered into a synthetic securitisation transaction on a corporate loans portfolio with a total nominal value of PLN 3 730 485 k. The securitised portfolio was divided into three tranches corresponding to the sequence of allocation of credit losses.

The junior tranche and senior tranche were acquired by Santander Bank Polska. The mezzanine tranche was acquired in full by external investors. The transaction structure does not use the Synthetic Excess Spread. As part of the transaction, Santander Bank Polska obtained credit risk protection in a synthetic form in relation to the exposures from the portfolio, in the form of funded credit linked notes ("CLNs") issued directly by Santander Bank Polska. The CLNs cover losses on the securitisation portfolio in the amount of the mezzanine tranche. The requirement to maintain a significant net economic share is met by retaining randomly selected eligible exposures representing at least 5% of the nominal value of the securitised loans.

As part of the transaction on 26 June 2024, Santander Bank Polska issued CLNs marked with ISIN code XS2846982820, maturing on 31 December 2033, with a nominal value of PLN 256 000 k. The Bank has the option of earlier repayment of its bonds under the CLNs. On 26 June 2024, the CLNs were introduced to trading in the alternative trading system on the Vienna MTF organised by Wiener Börse AG (Vienna Stock Exchange).

As of June 30, 2024, the total amount of deductions from Common Equity Tier 1 capital due to securitization is PLN 17 368 k, and the senior tranche generated the amount of risk-weighted assets of PLN 326 020 k. Moreover, in connection with the application of a regulatory volatility adjustment in the event of a currency mismatch for the securitization position resulting from the mezzanine tranche

covered by credit protection, the Bank includes an additional amount of risk-weighted assets in the amount of PLN 58 071 k. The total amount of risk weighted assets for securitization is PLN 384 091 k.

## Securitisations risks

The securitisation transactions carried out by the Bank are designed to reduce credit risk and release part of the capital. In the case of Santander Bank Polska, securitisation risks include, but are not limited to risks resulting from the Bank's role as the entity initiating and handling the transaction (monitoring of underlying transactions, reporting and debt collection). The Bank constantly analyses risks that may materialise after the conclusion of the securitisation transactions, as well as risks that may materialise in connection with the planned execution of subsequent securitisation transactions.

## Santander Consumer Bank S.A.

### Synthetic securitisation

In June 2024, Santander Consumer Bank S.A. carried out a synthetic securitization transaction of the portfolio of cash and installment loans granted by the Bank. The purpose of the transaction was to obtain a capital relief on the retail loan portfolio. The transaction is a synthetic STS securitization with a recognized transfer of significant risk and consists of three tranches. On June 29, 2024, the Bank signed an agreement with the private investor, under which it obtained a financial guarantee for 100% of the Mezzanine tranche. As part of the transaction, the Bank acquired credit risk protection in synthetic form for exposures comprising the securitized portfolio and arising in the ordinary course of the Bank's business, in the form of a financial guarantee issued by the investor. In addition, in order to secure the realization of payments under the financial guarantee, the investor made a cash deposit in the amount corresponding to the guaranteed sum under the financial guarantee. Effective date means June 28, 2024. The impact on the Bank's risk-weighted assets was recognized as at the reporting date of June 30, 2024. As a result, the guarantee covered the portfolio of cash and installment loans in the amount of PLN 3 409 981 thousand, of which the guarantee covers the capital part of the loans granted for Mezzanine tranche. The transaction includes a half-year revolving period, during which the Bank may supplement the amortized amount of the securitized portfolio with new exposures that meet the criteria set out in the agreement. The transaction does not have a financing element, and the selected portfolio of cash and installment loans covered by it remains in the Bank's balance sheet. The transaction is part of the Bank's Tier 1 capital optimization strategy.

As of June 30, 2024, the total amount of deductions from Common Equity Tier 1 capital due to securitization is PLN 44 694 k.

In 2024, Santander Consumer Bank S.A. continued the, initiated in 2019 and 2022, transactions of synthetic securitization of the portfolio of cash and installment loans granted by the Bank. The purpose of the transactions was to obtain a capital relief on the retail loan portfolio, which provides additional capacity to finance projects supporting the development of the MSP customer segment.

### Liquidity securitisation

In December 2022, the Bank closed the securitization transaction concluded in 2019 and at the same time concluded a new securitization transaction of the cash loan portfolio. The new transaction is similar in nature to the previous transaction - it is a traditional, revolving securitization with a maximum duration of 10 years, however, SCB estimates that it will take place within 2 years from the date of the transaction.

As part of this transaction, SCB transferred the ownership rights from future cash flows, worth PLN 1 250 000 k, to the special purpose entity: SC Poland Consumer 23-1 DAC (SPV) based in Ireland, and granted a subordinated loan of PLN 250 000 k to this company. The loan is subordinated to senior and secured binds. Interest on the loan is paid in cascade payments, i.e. in a specific order, from the funds held by the SPV, and the total capital repayment will take place after full redemption of the bonds. The interest rate on the loan is based on a fixed rate.

The acquisition by the SPV of receivables from SCB took place thanks to the issue of bonds secured by a registered pledge on the company's assets worth PLN 1 000 000 k, bearing interest based on the WIBOR rate.

In the light of the provisions of IFRS 9, the contractual terms of both securitizations do not meet the conditions for not including the securitized assets in the Bank's statement of financial position.

As at June 30, 2024, the fair values were:

- Subordinated loan granted - PLN 253 137,75 k;
- Securitized assets - PLN 1 174 932,92 k.

At the same time, SCB recognizes a liability for securitization flows in the statement of financial position, under the field: amounts due to customers, in the amount as at 30.06.2024 of PLN 1 252 676,03 k.

### Santander Consumer Multirent Sp.z o.o.

#### Liquidity securitisation

In May 2022, Santander Consumer Multirent Sp z o.o. (SCM) restructured the securitization transaction of the July 2020 lease portfolio. The concluded transaction is a traditional and revolving securitization involving the transfer of ownership of the securitized receivables to the special purpose entity SCM POLAND AUTO 2019-1 DAC (SPV3) with its registered office in Ireland.

As at 30.06.2024, the value of the bonds based on securitised assets issued by the Company totalled PLN 891 000 k. The interest on the issued bonds consists of the WIBOR 1M rate and a margin. As a result of the securitization, SCM obtained financing for its operations in exchange for giving up the rights to future flows resulting from the securitized loan portfolio.

In order to support the financing of the transaction, SCM granted SPV3 a subordinated loan with a value of PLN 216 700 k as at June 30, 2024. The loan is subordinated to senior and secured bonds. Interest on the loan is paid in cascade payments, i.e. in a specific order, from the funds held by SPV4, and the total repayment of the principal will take place after full redemption of the bonds. The interest rate on the loan is based on a variable rate based on WIBOR 1M.

In the light of the provisions of IFRS 9, the contractual terms of the securitization transaction do not meet the conditions for not including the securitized assets in the SCM's statement of financial position. In connection with the above, SCM recognizes securitized assets as at 30 June 2024 under Finance lease receivables in the amount of PLN 1 100 000 k.

At the same time, SCM recognizes a liability for securitization flows under the field: Other liabilities, in the amount as at June 30, 2024 of PLN 1 107 700 k.

As at June 30, 2024, SCM also had receivables due to current settlements with the SPV in the amount of PLN 7 656 k, these receivables are presented in Trade receivables and other receivables.

### Santander Leasing S.A.

#### Synthetic securitisation 2020

On 19 June 2020 Santander Leasing SA made a guarantee agreement with the European Investment Fund ("EIF"). The pertinent guarantee relates to a lease and loan portfolio totalling approx. PLN 2 014 000 k. The transaction is set to expire on 31 May 2031.

The guarantee agreement made by Santander Leasing conforms to the requirements set out in CRR Regulation (amended by Regulation (EU) 2017/2041) regarding synthetic securitisation, however, it is not an STS transaction. The transaction is a synthetic securitisation which does not involve financing and it covers the selected portfolio of lease and loans which remain on the Company's balance sheet.

Structure of the transaction is that the securitised portfolio is divided into three tranches: senior (85% portfolio), mezzanine (14.2%) and junior, i.e., the first loss tranche (0.8%). As at the guarantee activation date, the senior tranche totalled PLN 1 700 000 k, the mezzanine

tranche was PLN 284 000 k and the junior tranche amounted to PLN 16 000 k. The senior and mezzanine tranches are fully guaranteed by the EIF (in relation to the principal component of the underlying exposures). In addition, the mezzanine tranche is secured by a counter-guarantee from the European Investment Bank (EIB).

To ensure the stability of the portfolio structure, the transaction provides for synthetic excess spread (SES) based on the use-it-or-lose-it mechanism that makes it possible to allocate losses up to 0.7% of the portfolio per year outside the securitisation structure during the first two years after activation of the guarantee.

On 31 May 2022 a two-year period of replenishment ended and the depreciation period started. Since then the structure of the transaction is different: senior and mezzanine tranches are systematically depreciated, but the junior tranche remains unchanged.

As at 30 June 2024 the senior tranche totalled PLN 447 842 k, the mezzanine tranche was PLN 68 562 k and the junior tranche amounted to PLN 15 332 k.

Santander Leasing is the originator of the synthetic securitisation and it does not perform any other roles in the synthetic structure in question. No Securitisation Special Purpose Entities (SSPE) participate in the transaction.

For the purposes of the said synthetic securitisation meeting capital adequacy, under Article 245(1)(b) of CRR the principal component of the junior tranche exposures will be deducted from common equity Tier 1. In addition, the value of common equity Tier 1 will be reduced by a value of the available Synthetic Excess Spread.

As at 30 June 2024 the cumulative deductions from common equity Tier 1 on account of securitisation amount to PLN 7 319 k.

### Synthetic securitisation 2021

On 16 December 2021 Santander Leasing SA made a guarantee agreement with the European Investment Fund ("EIF"). The pertinent guarantee relates to a lease and loan portfolio totalling approx. PLN 2 736 219 k. The transaction is set to expire on 30 November 2030.

The guarantee agreement made by Santander Leasing SA (hereinafter "SL") conforms to the requirements set out in CRR Regulation (amended by Regulation (EU) 2017/2041) regarding synthetic securitisation, however, it is not an STS transaction. The transaction is a synthetic securitisation which does not involve financing and it covers the selected portfolio of lease and loans which remain on SL's statement of financial position.

Structure of the transaction is that the securitised portfolio is divided into two tranches: senior (87.5% portfolio) and junior, i.e. the first loss tranche (12.5% portfolio). As at the guarantee activation date, the senior tranche was PLN 2 394 192 k and the junior tranche amounted to PLN 342 027 k. The junior tranche was guaranteed by EIF. Both the principal, as well as the interest components of the underlying exposures are covered by EIF guarantee. The Synthetic Excess Spread (SES) was not applied in the transaction.

As at 30 June 2024 the senior tranche totalled PLN 552 689 k and the junior tranche amounted to PLN 170 804 k.

SL is the originator of the synthetic securitisation process and does not perform any other roles in the synthetic structure in question. No Securitisation Special Purpose Entities (SSPE) participate in the transaction.

The amount of risk-weighted exposure with respect to the retained tranche is defined with the use of a standard SEC-SA method, in line with Article 262 of CRR.

As at 30 June 2022 the senior tranche generated risk-weighted exposure of PLN 88 573 k.

### Synthetic securitisation 2023

On 28 September 2023 Santander Leasing SA made a guarantee agreement with the European Bank for Reconstruction and Development "EBRD". The pertinent guarantee relates to a lease and loan portfolio totalling approx. PLN 2 382 979 k. The transaction is set to expire on 28 February 2032.

The guarantee agreement made by Santander Leasing SA (hereinafter "SL") conforms to the requirements set out in CRR Regulation (amended by Regulation (EU) 2017/2041) regarding synthetic securitisation. The transaction is a synthetic securitisation which does not involve financing and it covers the selected portfolio of lease and loans which remain on SL's statement of financial position.

## VI. SECURITIZATION

Structure of the transaction is that the securitised portfolio is divided into three tranches: senior, protected and first loss. The losses are allocated to the first loss tranche. The protected and senior tranches are proportionally depreciated.

As at the guarantee activation date, the senior tranche was PLN 2 097 021 k (88% portfolio), protected was PLN 254 979 k (10,70% portfolio) and the first loss tranche amounted to PLN 30 979 k (1,3% portfolio). The protected tranche was guaranteed by EBRD. Both the principal, as well as the interest components of the underlying exposures are covered by EBRD guarantee. The transaction includes one-year period of replenishment

As at 30 June 2024 the senior tranche totalled PLN 1 500 135 k, the protected tranche was PLN 182 403 k and the first loss tranche amounted to PLN 28 833 k.

As at June 30, 2024, the total amount of deductions from Common Equity Tier 1 capital due to securitization is PLN 21 877 k, while the senior tranche generated a risk-weighted exposure amount of PLN 150 014 k.

SL is the originator of the synthetic securitisation process and does not perform any other roles in the synthetic structure in question. No Securitisation Special Purpose Entities (SSPE) participate in the transaction.

## 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 amended by Regulation (EU) No 2019/876 of the European Parliament and of the Council of 20 May 2019.

The leverage ratio of Santander Bank Polska Group is disclosed in accordance with the Regulation (UE) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

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 2024. 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.

## VII. LEVERAGE RATIO

### EU LR2 - LRCOM: LEVERAGE RATIO COMMON DISCLOSURE AS AT 30.06.2024 (PLN K)

	CRR leverage ratio exposures	
	a	b
	30.06.2024	31.12.2023*
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
1 On-balance sheet items (excluding derivatives, SFTs, but including collateral)	268 739 880	255 399 300
2 Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	403 488	253 668
3 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-1 259 088	-1 578 228
4 (Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5 (General credit risk adjustments to on-balance sheet items)	-	-
6 (Asset amounts deducted in determining Tier 1 capital)	-2 335 253	-2 721 799
<b>7 Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>265 549 028</b>	<b>251 352 940</b>
<b>Derivative exposures</b>		
8 Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	3 835 452	5 040 076
EU-8a Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9 Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	5 689 083	4 880 664
<b>13 Total derivatives exposures</b>	<b>9 524 534</b>	<b>9 920 741</b>
<b>Securities financing transaction (SFT) exposures</b>		
14 Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	12 655 045	13 975 510
16 Counterparty credit risk exposure for SFT assets	362 003	170 737
<b>18 Total securities financing transaction exposures</b>	<b>13 017 048</b>	<b>14 146 247</b>
<b>Other off-balance sheet exposures</b>		
19 Off-balance sheet exposures at gross notional amount	57 869 638	56 873 185
20 (Adjustments for conversion to credit equivalent amounts)	-45 733 442	-45 084 794
<b>22 Off-balance sheet exposures</b>	<b>12 136 196</b>	<b>11 788 391</b>
<b>Excluded exposures</b>		
EU-22k (Total exempted exposures)	-	-
<b>Capital and total exposure measure</b>		
<b>23 Tier 1 capital</b>	<b>24 653 318</b>	<b>24 273 646</b>
<b>24 Total exposure measure</b>	<b>300 226 806</b>	<b>287 208 319</b>
<b>Leverage ratio</b>		
25 Leverage ratio (%)	8,21%	8,45%
EU-25 Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	8,21%	8,45%
25a Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	8,21%	8,45%
26 Regulatory minimum leverage ratio requirement (%)	3,00%	3,00%
EU-27a Overall leverage ratio requirement (%)	3,00%	3,00%
<b>Choice on transitional arrangements and relevant exposures</b>		
EU-27b Choice on transitional arrangements for the definition of the capital measure	transitional	transitional
<b>Disclosure of mean values</b>		
28 Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	15 107 384	16 771 855
29 Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	12 655 045	13 975 510
30 Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	302 679 145	290 004 664
30a Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	302 679 145	290 004 664
31 Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8,15%	8,37%
31a Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8,15%	8,37%

\* Data includes profits included in own funds, taking into account the applicable EBA guidelines

As at 30 June 2024, the leverage ratio of Santander Bank Polska Group totalled 8,21% and was almost three fold higher than the minimum requirement of 3%.

Tables EU LR1 and LR3 can be found in Appendix „Pillar III 2024 06 Tables”, which is available on the Santander Bank Polska website.



## 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, 2023*.

### EU REM1 - REMUNERATION AWARDED AS AT 31.12.2023 (PLN K)

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Number of identified staff	11	11	39	107
2	Total fixed remuneration*	2 296	18 171	23 135	38 489
3	Of which: cash-based	1 326	15 216	22 016	37 550
4	(Not applicable in the EU)				
EU-4a	Fixed remuneration				
	Of which: shares or equivalent ownership interests	-	-	-	-
5	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x	Of which: other instruments	-	-	-	-
6	(Not applicable in the EU)				
7	Of which: other forms	970	2 954	1 119	939
8	(Not applicable in the EU)				
9	Number of identified staff	11	11	39	107
10	Total variable remuneration	-	17 063	14 055	17 253
11	Of which: cash-based	-	8 531	6 225	9 279
12	Of which: deferred	-	3 880	2 490	2 771
EU-13a	Variable remuneration				
	Of which: shares or equivalent ownership interests	-	8 531	7 830	4 743
EU-14a	Of which: deferred	-	3 880	2 490	789
EU-13b	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	3 231
EU-14b	Of which: deferred	-	-	-	1 306
EU-14x	Of which: other instruments	-	-	-	-
EU-14y	Of which: deferred	-	-	-	-
15	Of which: other forms	-	-	-	-
16	Of which: deferred	-	-	-	-
17	<b>Total remuneration (2 + 10)</b>	<b>2 296</b>	<b>35 233</b>	<b>37 190</b>	<b>55 742</b>

\*In the first half of the year, additional remuneration in the amount of PLN 109.4 thousand was additionally paid to the members of the Supervisory Board for 2023

### EU REM5 - INFORMATION ON REMUNERATION OF STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE AS AT 31.12.2023 (PLN K)

		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										168
2	Of which: members of the MB	11	11	22							
3	Of which: other senior management				5	14	1	10	5	4	
4	Of which: other identified staff				2	1	3	5	19	77	
5	Total remuneration of identified staff	2 296	35 233	37 529	8 898	13 692	1 911	10 870	13 544	44 018	
6	Of which: variable remuneration	-	17 063	17 063	3 911	5 335	596	3 830	3 920	13 717	
7	Of which: fixed remuneration	2 296	18 171	20 466	4 987	8 357	1 315	7 040	9 625	30 301	

\*In the first half of the year, additional remuneration in the amount of PLN 109.4 thousand was additionally paid to the members of the Supervisory Board for 2023

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 2023*.

## IX. Liquidity risk measures

Santander Bank Polska S.A. presents information on liquidity measures in accordance with Article 451a para. 2, 3.

The table below presents the disclosure of the amount and components of the net income coverage ratio.

### EU LIQ1 - QUANTITATIVE INFORMATION OF LCR AS AT 30.06.2024 (PLN K)

EU 1a Quarter ending on	Total unweighted value (average)				Total weighted value (average)			
	30.06.2024	31.03.2024*	31.12.2023*	30.09.2023**	30.06.2024	31.03.2024*	31.12.2023*	30.09.2023**
EU 1b Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>								
<b>1 Total high-quality liquid assets (HQLA)</b>					<b>78 759 401</b>	<b>76 787 292</b>	<b>73 386 633</b>	<b>70 340 845</b>
<b>CASH - OUTFLOWS</b>								
<b>2 Retail deposits and deposits from small business customers, of which:</b>	<b>145 990 786</b>	<b>142 175 810</b>	<b>138 802 781</b>	<b>136 247 633</b>	<b>12 258 552</b>	<b>11 773 152</b>	<b>11 368 819</b>	<b>11 116 502</b>
3 Stable deposits	89 149 289	86 502 426	84 035 610	82 336 673	4 457 464	4 325 121	4 201 781	4 116 834
4 Less stable deposits	53 813 166	51 611 707	49 838 048	48 814 927	7 801 088	7 448 031	7 167 039	6 999 669
<b>5 Unsecured wholesale funding</b>	<b>60 592 360</b>	<b>60 515 960</b>	<b>61 042 682</b>	<b>60 767 090</b>	<b>26 963 421</b>	<b>27 712 403</b>	<b>29 069 899</b>	<b>29 670 387</b>
Operational deposits (all counterparties) and deposits in networks of cooperative banks	5 885 926	3 419 223	852 293	-	1 391 745	808 350	201 587	-
7 Non-operational deposits (all counterparties)	54 311 333	56 720 946	59 641 859	60 386 351	25 176 575	26 528 261	28 319 783	29 289 649
8 Unsecured debt	395 101	375 791	548 530	380 738	395 101	375 791	548 530	380 738
<b>9 Secured wholesale funding</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Additional requirements</b>	<b>35 930 113</b>	<b>35 216 531</b>	<b>33 943 330</b>	<b>32 813 316</b>	<b>10 328 354</b>	<b>10 214 391</b>	<b>9 759 259</b>	<b>9 173 831</b>
Outflows related to derivative exposures and other collateral requirements	7 406 581	7 321 778	6 989 502	6 584 516	7 406 581	7 321 778	6 989 502	6 584 516
12 Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13 Credit and liquidity facilities	28 523 533	27 894 753	26 953 828	26 228 800	2 921 773	2 892 614	2 769 757	2 589 314
14 Other contractual funding obligations	2 754 847	2 290 988	2 016 234	1 482 533	2 424 296	1 985 947	1 773 865	1 247 284
15 Other contingent funding obligations	24 864 889	24 064 619	21 635 320	19 465 184	1 184 128	1 120 406	979 197	953 103
<b>16 TOTAL CASH OUTFLOWS</b>					<b>53 158 751</b>	<b>52 806 299</b>	<b>52 951 038</b>	<b>52 161 107</b>
<b>CASH - INFLOWS</b>								
17 Secured lending (e.g. reverse repos)	7 834 018	8 387 980	8 260 919	8 630 154	-	-	-	-
18 Inflows from fully performing exposures	10 528 004	11 015 108	11 105 993	10 846 767	9 358 620	9 835 796	9 969 028	9 757 312
19 Other cash inflows	5 661 847	5 440 524	5 080 143	4 682 490	5 661 847	5 440 524	5 080 143	4 682 490
(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)					-	-	-	-
EU-19a								
EU-19b (Excess inflows from a related specialised credit institution)					-	-	-	-
<b>20 TOTAL CASH INFLOWS</b>	<b>24 023 869</b>	<b>24 843 612</b>	<b>24 447 056</b>	<b>24 159 411</b>	<b>15 020 467</b>	<b>15 276 320</b>	<b>15 049 171</b>	<b>14 439 802</b>
EU-20a Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c Inflows subject to 75% cap	24 023 869	24 843 612	24 447 056	24 159 411	15 020 467	15 276 320	15 049 171	14 439 802
<b>TOTAL ADJUSTED VALUE</b>								
<b>EU-21 LIQUIDITY BUFFER</b>					<b>78 759 401</b>	<b>76 787 292</b>	<b>73 386 633</b>	<b>70 340 845</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>					<b>38 138 285</b>	<b>37 529 979</b>	<b>37 901 867</b>	<b>37 721 305</b>
<b>23 LIQUIDITY COVERAGE RATIO</b>					<b>207%</b>	<b>205%</b>	<b>194%</b>	<b>186%</b>

\* Data in relevant periods include profits included in own funds taking into account the applicable EBA guidelines

\*\* Restated data - includes reclassification of financial instruments. (For details, see section no. 2.5 of the Condensed Interim Consolidated Financial Statements of Santander Bank Polska Group for the 6-month period ended 30 June 2024)

The main factors influencing the Liquidity Coverage Ratio (hereinafter 'LCR') are:

- On the outflow side, retail deposits, and then non-operating non-retail deposits, additional outflows due to the impact of a negative market scenario on the valuation of derivatives and outflows due to irrevocable off-balance sheet liabilities, including those related to trade financing;

- On the inflows side, these are mainly the expected inflows from receivables from financial institutions (interbank and central bank deposits);
- On the side of liquid assets, the main part are liquid Treasury bonds or bonds fully guaranteed by the Treasury (including securities issued by the Polish Development Fund and Bank Gospodarstwa Krajowego as part of anti-crisis shields during the COVID-19 pandemic), government bonds of Germany, Spain, UK and bonds issued by the European Investment Bank, NBP bills (NBP), and then cash and the surplus on NBP accounts over the amount of the required reserve.

The main factors remain substantially the same over time.

Disclosed LCR in June 2024 remains on high and safe level, much above both the regulatory and internal Group's limits. The indicator that remains at a high level is primarily the result of high level of deposit base (especially in 'stable retail deposits' category), realized issues, allocated mainly in high quality liquid assets and specification of operational deposits within non-retail customer deposits.

In line with the Liquidity Risk Policy, the Group prudently manages an appropriately diversified deposit base. Financing is mostly based on the current accounts and term deposits of individual clients and enterprises, mainly non-financial. The Group also focuses on diversifying sources of long-term financing, being present on wholesale markets by issuing debt and taking long-term loans on the financial market. A significant, but much smaller than the aforementioned, part of financing are own issues in the form of both subordinated and ordinary debt. It should be noted that in the second quarter of 2024 r. Bank has issued PLN 1.9 billion in and Santander Factoring Sp. z o.o. issued PLN 625 million in June of new bonds. In the current strategy, the Group attempts to minimize the share of secured financing.

## General description of the institution's liquidity buffer structure

High quality liquid assets (HQLAs) consists of: extremely liquid securities (mainly Treasury Bonds or bonds fully guaranteed by Polish Central Government, government bonds of Germany, the United States, the Great Britain and bonds issued by the European Investment Bank), central bank assets (including NBP bills), cash, surplus in current accounts of National Bank of Poland (NBP) over the amount of mandatory reserve. As of June 30th 2024 the above mentioned categories accounted for 92.3%, 4.4%, 2.1% and 1.2%, respectively, of the liquid buffer. All components of liquid buffer are recognized as level 1 of liquid assets.

The main derivatives exposures of Group come from cross currency and fx swaps transactions. These transactions are aimed at obtaining funding in foreign currency (eg. CHF for financing of mortgages) from one side, and are the form of managing of liquidity surplus in currencies (eg. EUR) from the other hand.

LCR calculation include derivative payables and receivables during the next 30 days, posted and received collaterals (margin calls) due to valuation of derivative contracts and additional outflows due to impact of an adverse market scenario on derivative transactions (calculated with the usage of regulatory method of 'historical look back approach').

Notwithstanding the fulfillment of the required LCR limits at the aggregated level for all currencies, the Group maintains the LCR ratio above 100% for the domestic currency (PLN). In the case of the second currency identified as significant within the meaning of the CRR provisions, the periodically occurring mismatches are additionally monitored as part of the adjusted gap analysis and stress scenarios for the EUR currency. The Bank has the option of adjusting the liquidity position in EUR by acquiring liquid funds in this currency on the wholesale financial market, including, inter alia, FX swap transactions on dates beyond the LCR horizon (i.e. over 30 days).

The Group uses secured instruments to fund its activity to a limited degree only. However, in accordance with the existing contractual provisions, if the Group's rating is reduced by one notch (to BBB), the maximum potential additional security on account of those instruments would be as at June 30th 2024 PLN 15.0 million. At the same time, it should be noted that this potential obligation is not unconditional and its final value would depend on negotiations between the bank and its counterparty in relation to the above transactions.

## EU LIQ2: NET STABLE FUNDING RATIO AS AT 30.06.2024 (PLN K)

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>Available stable funding (ASF) Items</b>					
<b>1 Capital items and instruments</b>	<b>28 634 444</b>	-	-	<b>1 645 873</b>	<b>28 634 444</b>
2 Own funds	26 988 571	-	-	1 645 873	28 634 444
3 Other capital instruments		-	-	-	-
<b>4 Retail deposits</b>		<b>153 689 827</b>	<b>64 029</b>	<b>56 496</b>	<b>143 151 542</b>
5 Stable deposits		94 326 560	4 957	330	89 615 272
6 Less stable deposits		59 363 267	59 071	56 166	53 536 270
<b>7 Wholesale funding:</b>		<b>67 621 062</b>	<b>585 112</b>	<b>7 999 289</b>	<b>34 527 313</b>
8 Operational deposits		9 737 702	-	-	4 868 851
9 Other wholesale funding		57 883 360	585 112	7 999 289	29 658 463
<b>10 Interdependent liabilities</b>		-	-	-	-
<b>11 Other liabilities:</b>	-	<b>12 236 034</b>	<b>38 678</b>	<b>1 862 659</b>	<b>1 881 998</b>
12 NSFR derivative liabilities	-				
13 All other liabilities and capital instruments not included in the above categories		12 236 034	38 678	1 862 659	1 881 998
<b>14 Total available stable funding (ASF)</b>					<b>208 195 299</b>
<b>Required stable funding (RSF) Items</b>					
<b>15 Total high-quality liquid assets (HQLA)</b>					<b>1 485 790</b>
<b>EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool</b>		-	-	-	-
<b>16 Deposits held at other financial institutions for operational purposes</b>		-	-	-	-
<b>17 Performing loans and securities:</b>		<b>38 140 090</b>	<b>12 338 664</b>	<b>129 284 691</b>	<b>118 263 285</b>
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		11 487 489	-	-	-
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		4 147 540	258 805	2 326 357	2 870 514
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		13 374 401	11 193 100	89 042 585	88 129 223
21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22 Performing residential mortgages, of which:		623 640	665 233	33 977 316	22 938 719
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		591 585	632 459	32 932 183	22 017 941
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		8 507 020	221 526	3 938 432	4 324 830
<b>25 Interdependent assets</b>		-	-	-	-
<b>26 Other assets:</b>		<b>8 669 066</b>	<b>58 221</b>	<b>13 344 704</b>	<b>13 846 035</b>
27 Physical traded commodities				-	-
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29 NSFR derivative assets		82 155	-	-	82 155
30 NSFR derivative liabilities before deduction of variation margin posted		1 475 080	-	-	73 754
31 All other assets not included in the above categories		7 111 831	58 221	13 344 704	13 690 125
<b>32 Off-balance sheet items</b>		<b>51 997 982</b>	<b>1 591 445</b>	<b>3 097 616</b>	<b>2 568 457</b>
<b>33 Total RSF</b>					<b>136 163 566</b>
<b>34 Net Stable Funding Ratio (%)</b>					<b>153%</b>

## Signatures of the persons representing the entity

Date	Name	Function	Signature
23.07.2024	Michał Gajewski	President	The original Polish document is signed with a qualified electronic signature
23.07.2024	Andrzej Burliga	Vice-President	The original Polish document is signed with a qualified electronic signature
23.07.2024	Juan de Porras Aguirre	Vice-President	The original Polish document is signed with a qualified electronic signature
23.07.2024	Lech Gałkowski	Member	The original Polish document is signed with a qualified electronic signature
23.07.2024	Artur Głębcki	Member	The original Polish document is signed with a qualified electronic signature
23.07.2024	Patryk Nowakowski	Member	The original Polish document is signed with a qualified electronic signature
23.07.2024	Magdalena Proga-Stępień	Member	The original Polish document is signed with a qualified electronic signature
23.07.2024	Maciej Reluga	Member	The original Polish document is signed with a qualified electronic signature
23.07.2024	Wojciech Skalski	Member	The original Polish document is signed with a qualified electronic signature
23.07.2024	Dorota Strojowska	Member	The original Polish document is signed with a qualified electronic signature

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

Date	Name	Function	Signature
23.07.2024	Anna Żmuda	Financial Accounting Area Director	The original Polish document is signed with a qualified electronic signature