

# Report on the activities of the Supervisory Board of Santander Bank Polska S.A. in 2024

Warsaw, March 2025



## Table of contents

<b>I. Activities of the Supervisory Board of Santander Bank Polska S.A. in 2024.....</b>	<b>3</b>
1. Supervisory Board composition; discharge of duties and responsibilities	3
4.1. Independence of the Supervisory Board members and ON relationship with the shareholder holding at least 5% of voting power	5
2. Statistical data on the Supervisory Board's activity in 2024	5
3. Major areas of the Supervisory Board's activity in 2024	5
4. Activities of the Supervisory Board Committees	8
4.2. Nominations Committee	9
4.3. Remuneration Committee	10
4.4. Audit and Compliance Committee	11
4.5. Risk Committee	16
5. Self-assessment of the Supervisory Board activity in 2024	18
<b>II. Report of the Supervisory Board on the examination of 2024 financial statements, the Management Board report on performance in 2024 and the Bank's Management Board's motion for distribution of profit.....</b>	<b>19</b>
1. Review of the financial statements for 2024 and the Management Board report on performance in 2024	19
2. Expressing opinion about the Bank Management Board's motion on profit distribution	20
<b>III. Assessment of Santander Bank Polska Group's performance in 2024 .....</b>	<b>21</b>
1. Santander Bank Polska Group Performance in 2024	21
2. Assessment of the internal control system	23
3. Assessment of compliance	26
4. Assessment of the internal audit function	27
5. Assessment of the risk management system	28
6. Assessment of reasonableness of expenditure to support culture, sports, charities, the media, community organisations, trade unions and others	30
7. Assessment of the manner of fulfilling by Santander Bank Polska S.A. disclosure requirements set out in the WSE rules and regulations pertaining to current and periodic information published by issuers of securities	32
8. Delivery of the Diversity Policy	32
9. Assessment of discharging other duties arising from Article 380 <sup>1</sup> of the Commercial Companies Code by the Bank's Management Board	33
10. Assessment of the manner of submitting by the Management Board information, documents, reports or explanation requested by the Supervisory Board	33
11. Information about the total remuneration due from the Bank for all any audits requested by the Supervisory Board in accordance with Article 382 <sup>1</sup> of the Commercial Companies Code	34
12. Summary	34
<b>IV. Assessment of compliance with the corporate governance rules for supervised institutions .....</b>	<b>35</b>
<b>V. Assessment of the remuneration policy of Santander Bank Polska S.A.....</b>	<b>36</b>

# I. Activities of the Supervisory Board of Santander Bank Polska S.A. in 2024

## 1. Supervisory Board composition; discharge of duties and responsibilities

In the period from 1 January to 31 December 2024, the Supervisory Board of Santander Bank Polska S.A. worked in the following composition:

Function in the Supervisory Board	No.	Composition as at 01.01.2024	No.	Composition as at 31.12.2024
Chair of the Supervisory Board:	1.	Antonio Escámez Torres	1.	Antonio Escámez Torres
Deputy Chair of the Supervisory Board:	2.	José Luis de Mora	2.	José Luis de Mora
Members of the Supervisory Board:	3.	Dominika Bettman	3.	Dominika Bettman
	4.	José García Cantera	4.	José García Cantera
	5.	Adam Celiński	5.	Adam Celiński
	6.	Danuta Dąbrowska	6.	Danuta Dąbrowska
	7.	Isabel Guerreiro	7.	Isabel Guerreiro**
	8.	David Hexter	8.	Kamilla Marchewka-Bartkowiak*
	9.	Jerzy Surma	9.	Tomasz Sójka*
	10.	Marynika Woroszyńska-Sapieha	10.	Jerzy Surma**

\* Supervisory Board members appointed on 18 April 2024.

\*\* Supervisory Board members until 18 April 2024 and since 1 July 2024.

As the mandates of Supervisory Board members expired as of the date of the General Meeting held on 18 April 2024 to approve the financial statements for 2023, on 20 March 2024 the Nominations Committee of the Supervisory Board of Santander Bank Polska S.A. assessed individual suitability of prospective Supervisory Board members as well as collective suitability of the Supervisory Board of Santander Bank Polska S.A. for the new term of office.

The assessments were annual re-assessments of incumbent members of the Supervisory Board given that the following persons were designated as candidates for the new term of office:

- |                           |                                     |
|---------------------------|-------------------------------------|
| 1) Antonio Escámez Torres | Chair of the Supervisory Board      |
| 2) José Luis de Mora      | Vice Chair of the Supervisory Board |
| 3) José García Cantera    | Member of the Supervisory Board     |
| 4) Dominika Bettman       | Member of the Supervisory Board     |
| 5) Isabel Guerreiro       | Member of the Supervisory Board     |
| 6) Danuta Dąbrowska       | Member of the Supervisory Board     |
| 7) Adam Celiński          | Member of the Supervisory Board     |
| 8) Jerzy Surma            | Member of the Supervisory Board     |

Additionally, the Committee assessed the individual suitability of candidates for the Supervisory Board members who had not previously performed any role on the Board:

- |                                 |                                    |
|---------------------------------|------------------------------------|
| 9) Kamilla Marchewka-Bartkowiak | candidate to the Supervisory Board |
| 10) Tomasz Sójka                | candidate to the Supervisory Board |

The Nominations Committee decided that each of the assessed persons met the suitability criteria set out in Article 22(aa) of the Banking Law Act, i.e. with regard to the knowledge, skills and experience required to perform duties and responsibilities on the Bank's Supervisory Board, warranted proper discharge of these duties, and met the criteria for reputation, honesty and integrity. In the Committee's opinion, there were no objective and demonstrable circumstances or factors that could raise concerns about good repute of the said individuals and each person met the independence of mind criteria and was able to commit sufficient time to perform his/her duties, including in periods of particularly increased activity of the Bank. As regards the collective suitability assessment, the Committee unanimously stated that the structure, size, composition and effectiveness of the Supervisory Board in the target composition were suitable and complied with the applicable regulations, in particular Article 22(aa) of the Banking Law Act. The information about the candidates for the Supervisory Board was published on the Bank's website and in current report no. 20/2024 of 21 March 2024 together with notice of

the Annual General Meeting. The Annual General Meeting held on 18 April 2024 approved the results of the suitability assessments and appointed the following Supervisory Board members for the new term of office in accordance with the recommendation of the Nominations Committee:

1) Antonio Escámez Torres	Chair of the Supervisory Board
2) José Luis de Mora	Vice Chair of the Supervisory Board
3) José García Cantera	Member of the Supervisory Board
4) Dominika Bettman	Member of the Supervisory Board
5) Isabel Guerreiro*	Member of the Supervisory Board
6) Danuta Dąbrowska	Member of the Supervisory Board
7) Adam Celiński	Member of the Supervisory Board
8) Jerzy Surma*	Member of the Supervisory Board
9) Kamilla Marchewka-Bartkowiak	Member of the Supervisory Board
10) Tomasz Sójka	Member of the Supervisory Board.

\* as of 1 July 2024

The information about the Supervisory Board members appointed for the new term of office, including their academic and professional background, was published in current report no. 24/2024 of 18 April 2024. Adam Celiński met the independence criteria as of 1 July 2024 given the lapse of the cool-off period of three years from 30 June 2021 when he ceased to be a partner at PwC – the Bank’s auditor. On 11 May 2024, Jerzy Surma lost the independent member status as he had been performing the function on the Supervisory Board for more than 12 years. Therefore, given the need to comply with the requirement set out in § 25(2) of the Bank’s Statutes, namely that at least half of the Supervisory Board members should be independent, the Committee recommended that all the assessed individuals be appointed to the Supervisory Board for the new term of office with the proviso that Isabel Guerreiro’s and Jerzy Surma’s appointment should take effect as of 1 July 2024. This ensured that there is the required number of independent members of the Supervisory Board at all times. Between 18 April 2024 and 30 June 2024, the Supervisory Board was composed of eight members, including four independent ones (Dominika Bettman, Danuta Dąbrowska, Kamilla Marchewka-Bartkowiak, Tomasz Sójka), and starting from 1 July 2024 – of ten members, including five independent ones (together with Adam Celiński).

The General Meeting also approved the results of the collective suitability assessment of the Supervisory Board conducted by the Nominations Committee. The structure, composition and effectiveness of the Supervisory Board in the target composition was deemed to be suitable and comply with the applicable regulations, in particular Article 22(aa) of the Banking Law Act. Half of the Supervisory Board members continuously meet the independence criteria (both as part of ten- and eight-person composition) arising from the Act on statutory auditors, audit firms and public oversight, Commission Recommendation 2005/162/EC of 15 February 2005 as well as relevant criteria stipulated in the Bank’s Statutes (as agreed with the KNF), Terms of Reference of the Supervisory Board and Terms of Reference of the Audit and Compliance Committee. The following members of the Supervisory Board held independent status: Dominika Bettman, Danuta Dąbrowska, David Hexter (Supervisory Board member until 18 April 2024), Marynika Woroszyńska-Sapieha (Supervisory Board member until 18 April 2024), Jerzy Surma (until 10 April 2024), Adam Celiński (since 1 July 2024) and Tomasz Sójka and Kamilla Marchewka-Bartkowiak (Supervisory Board members since 18 April 2024). Each of the above persons made a relevant statement which is subject to suitability assessment. The results of individual and collective suitability assessments of the Supervisory Board are approved by the General Meeting.

Members of the Bank’s Supervisory Board have various academic background, extensive expertise and considerable professional experience in banking and business, including finance, accounting, financial analysis, IT law and economics. Individual competencies and experience of Supervisory Board members guarantee due performance of the obligations entrusted with them, while their complementarity ensures effective discharge of collective supervisory obligations.

The composition of the Supervisory Board ensures diversity in terms of gender, age, experience and academic background. The tables below show diversity of the above-mentioned bodies:

<b>GENDER</b>	<b>WOMEN</b>	<b>MEN</b>
Number of the Supervisory Board members	4	6

<b>AGE</b>	<b>31–40</b>	<b>41–50</b>	<b>51–60</b>	<b>ABOVE 60</b>
Number of the Supervisory Board members	-	1	7	2

<b>YEARS OF SERVICE WITH SANTANDER BANK POLSKA S.A.</b>	<b>UP TO 5</b>	<b>6–10</b>	<b>11–15</b>	<b>16–20</b>	<b>21–25</b>	<b>ABOVE 26</b>
NUMBER OF THE SUPERVISORY BOARD MEMBERS	6	2	2	-	-	-

INTERNATIONAL EXPERIENCE:	NUMBER OF MEMBERS
NUMBER OF THE SUPERVISORY BOARD MEMBERS	7

The curricula vitae of the Supervisory Board members are available on the Bank's website at: <https://www.santander.pl/en/investor-relations/about-company/authorities>

The information on the composition of the Supervisory Board's committees is presented in point 4 below.

#### 4.1. Independence of the Supervisory Board members and ON relationship with the shareholder holding at least 5% of voting power

In line with the criteria of independence of Supervisory Board members set out in the Act of 11 May 2017 on statutory auditors, audit firms and public oversight, § 25(2) of the Bank's Statutes, in the Supervisory Board Terms of Reference and in the Audit and Compliance Committee's Terms of Reference, the following persons held the status of an independent member in 2024:

until 18 April 2024:	from 18 April 2024 to 30 June 2024	as of 1 July 2024
Dominika Bettman	Dominika Bettman	Dominika Bettman
Danuta Dąbrowska	Danuta Dąbrowska	Adam Celiński
David Hexter	Kamilla Marchewka-Bartkowiak	Danuta Dąbrowska
Jerzy Surma	Tomasz Sójka	Kamilla Marchewka-Bartkowiak
Marynika Woroszyńska-Sapieha		Tomasz Sójka

None of them has actual or material relationship with the Bank's shareholder holding at least 5% of voting power.

Each of the above persons made a relevant statement which is subject to suitability assessment. The results of individual and collective suitability assessments of the Supervisory Board are approved by the Supervisory Board and the General Meeting in the form of a resolution.

The Supervisory Board activities and manner of discharging its duties and responsibilities are governed by the Supervisory Board's Terms of Reference available on the Bank's website.

## 2. Statistical data on the Supervisory Board's activity in 2024

In 2024, members of the Supervisory Board committed sufficient time to perform their functions. During the year 18 Supervisory Board meetings were held at which 146 resolutions were passed. The average attendance of Supervisory Board members was 94.8% (this figure does not include one secret ballot via means of direct communication over distance – nine out of ten Board members participated in that voting, the non-participating member has not been identified due to the nature of the secret ballot procedure).

## 3. Major areas of the Supervisory Board's activity in 2024

In 2024, the Supervisory Board carried out its activities based on the adopted schedule of meetings and the general work plan adjusted to the current circumstances on an ongoing basis.

The Supervisory Board regularly requested and received from the Bank's Management Board exhaustive materials on issues covered by the agendas of its meetings as well as those pertaining to other matters important to the Bank's operations. The agenda of each meeting covered current business issues, important developments in the Bank, matters submitted by the Bank's Management Board for consideration and any other issues mandated by the Supervisory Board or deemed necessary to be covered by the agenda by the Board.

The Supervisory Board's activities are described in detail in the minutes of its meetings which, together with the adopted resolutions, are kept at the Bank's headquarters.

Irrespective of regular meetings, Supervisory Board members stayed in regular contact with the Bank's Management Board members in order to exercise comprehensive oversight of the Management Board's operations.

The individual matters were also considered by the Supervisory Board's Committees in accordance with their powers.

In 2024, the Supervisory Board's activities concerned the following areas:

## DELIVERY OF THE STRATEGY

The Supervisory Board exercised an ongoing oversight of strategic projects, including those related to ESG issues, delivered in the Bank in 2024.

As part of monitoring of the KPIs set for the strategic transformation continued by the Bank, a particular focus was placed on the impact of individual initiatives on business and on ESG issues. The Supervisory Board received and analysed comprehensive information on the pursuance of the following three strategic directions: *Total Experience, Total Digitalization and Total Responsibility*.

The Supervisory Board particularly focused on the ongoing digital transformation, including the delivery of IT projects aimed to improve customer experience (such as accelerated digitalisation of retail banking, improved NPS of the new mobile application).

The Supervisory Board approved the Strategic and Business Planning Policy and the Strategic Plan S-30 as well as the new Strategy of Santander Bank Polska Group for 2024-2026.

## FINANCE

The Supervisory Board assessed the actual and forecast financial performance of the Bank and Santander Bank Polska Group on an ongoing basis. The assessment was based on financial reports regularly presented by the Bank's Management Board. As part of the reports presented by the Management Board President, at each meeting the Supervisory Board was updated on the key developments referring to the Bank and its environment, the Bank's standing, assets as well as about important circumstances related to managing the business of the Bank, especially in the area of its operations, investments, human resources. The reports also covered up-to-date macroeconomic and market forecasts and their impact on the Polish economy as well as on the Bank's and Santander Bank Polska Group's financial and business performance.

The Supervisory Board was also updated by the Bank's Management Board about current priorities and the approach adopted to management of funding, liquidity, capital, risk (including credit risk) and costs.

Furthermore, special focus was placed on the impact of legal risks connected with the foreign currency mortgage portfolio and implementation of the long-term funding ratio by the KNF.

In particular, the Supervisory Board:

- assessed the Financial Statements of Santander Bank Polska S.A. for 2023, the Consolidated Financial Statements of Santander Bank Polska Group for 2023 and the Management Board Report on Santander Bank Polska Group Performance in 2023 (containing the Management Board report on Santander Bank Polska S.A. performance in 2022);
- issued an opinion with regard to the Management Board's motion on the distribution of profit for 2023 and payment of dividend representing 100% of the profit earned in 2023 and comprising 75% of the profit for 2023 and PLN 1,056,761,994.64 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). In H2 2023, the Supervisory Board gave its consent to the payment of interim dividend;
- approved the Management Board's resolution on the approval of disclosures with regard to the capital adequacy of Santander Bank Polska Group as at 31 December 2023;
- approved the Report on the Internal Capital Adequacy Assessment Process (ICAAP Report) as at 31 December 2023;
- approved the Report on the Internal Liquidity Adequacy Assessment Process (ILAAP Report) as at 31 December 2023;
- reviewed progress against Santander Bank Polska Group Strategy for 2024–2026 and approved minor changes to the document;
- approved the Group's Financial Plan for 2025 and the Group's Three-Year Financial Plan for 2025–2027;
- reviewed and approved the Financial Plan Document – ALM Strategy for 2025–2027.

## RELATIONSHIP WITH THE EXTERNAL AUDITOR

In accordance with the Bank's Statutes and applicable regulations and pursuant to the recommendation of the Audit and Compliance Committee issued in line with the applicable principles, on 11 December 2024 the Bank's Supervisory Board adopted resolution no. 128/2024 reappointing PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. ("PwC") to:

- review the Bank's semi-annual financial statements and the Group's semi-annual consolidated financial statements for H1 2025;
- audit the Bank's financial statements and the Group's consolidated financial statements for 2025.

This process included, among other things, the assessment of PwC's independence and the quality of services provided to date.

The Supervisory Board was kept up-to-date by the Audit and Compliance Committee on the process of selecting the auditor to examine the Bank's financial statements in the coming years in connection with the obligation to rotate the auditor.

## INTERNAL AUDIT

The Supervisory Board was provided with regular updates on the Internal Audit Area's (IAA) operations, in particular on the results of the carried out audits and performance against the post-audit recommendations in reports given by the Chair of the Audit and Compliance Committee, reports presented directly at the Supervisory Board meetings by the Chief Audit Executive as well as in reports given by the internal audit of Santander Brokerage Poland. The results of the Supervisory Board's assessment of the Internal Audit function are presented in point III(4) below.

The Supervisory Board approved among others:

- the IAA Strategic (Long-Term) Plan for 2025–2028 and Operational Plan for 2025;
- changes to the audit plans reported throughout 2024;
- internal regulations pertaining to the internal audit function, including: Internal Audit Charter of Santander Bank Polska S.A. and the Santander Brokerage Internal Audit Terms of Reference.

## REGULATORY AND COMPLIANCE ISSUES

The Supervisory Board was regularly updated on the operations of the compliance function and on compliance risk issues, both in reports given by the Chair of the Audit and Compliance Committee and reports presented directly at the Supervisory Board meetings by the head of the compliance function as well as in the reports on the compliance function in Santander Brokerage Poland. The results of the Supervisory Board's assessment of compliance and compliance risk management function are presented in point III (3) below.

In particular, the Supervisory Board:

- appointed the new head of the compliance unit;
- updated the compliance unit's Terms of Reference;
- approved the Compliance Programme for 2024 and monitored its delivery, and approved new and amended internal regulations regarding the operations of the compliance unit, including the Whistleblowing Policy, Compliance Policy, Policy of commercialisation and monitoring of products and services, Reputational Risk Management Policy – Model, Internal Reporting Procedure (whistleblower protection), General Code of Conduct;
- positively assessed the Bank's whistleblowing procedure;
- received a report on conformance with ethical principles,
- received reports on major court proceedings to which the Bank was a party, on proceedings instigated by regulators, on implementation of the KNF's post-inspection recommendations along with assurance that the process was executed in an adequate and timely manner, and information on the course and results of the KNF's inspection and the supervisory review and evaluation process (BION);
- in line with Recommendation U and the Bancassurance Policy applicable in the Bank, the Supervisory Board was provided with regular updates on that business and on bancassurance risk management issues and reviewed them;
- received comprehensive information on the current legal status and circumstances of the Bank in relation to the portfolio of foreign currency mortgage loans, particularly in the context of decisions of Polish courts and judgments of CJEU.

## RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

As part of supervision of the risk management system, during each meeting the Supervisory Board carried out a review of the main risk areas based on the Risk Dashboard report and paid special attention to, among other things, trends, utilisation of limits set in the Risk Appetite Statement, supervision over individual risk types, compliance with internal regulations, the KNF recommendations and the EU and the EBA regulations as well as appropriate identification of threats and determination of management actions. The Supervisory Board was also provided with information on the credit strategy, credit risk and condition of the credit portfolio, operational risk and other risks embedded in the Bank's operations.

Based on the conducted review, the Supervisory Board approved the risk appetite for 2024, expressed as limits set out in the Risk Appetite Statement (RAS), approved RAS updates throughout the year and monitored compliance with it. The Supervisory Board approved also the excess of a limit defined in the Risk Appetite Statement and the schedule for eliminating the excess.

The Supervisory Board received updates on risk management and control environment in the Bank's individual units and subsidiaries, including a report on annual ICM/SOX certification. The management of risk triggered by IT security issues, Cybersecurity Strategy as well as legal issues related to foreign currency mortgage loans were given special attention.

The Supervisory Board assessed also the effectiveness of managing: (i) operational risk, including IT risk; (ii) market risk in the Bank; (iii) interest rate risk in the banking book. In addition, the Supervisory Board focused on issues arising from supervisory priorities set by the KNF for 2024, i.e.: (i) IRRBB management in the context of hedging against excessive risk exposure and preparations for the management of liquidity risk in crisis situations; (ii) implementation of the KNF's recommendations for the Bank.

The assessment of the internal control system and the risk management system by the Supervisory Board is presented in point III(2) below.

In 2024, the Supervisory Board approved a number of internal regulations related to risk management and internal control and their updates, including:

- Strategy for Risk Management in Santander Bank Polska S.A.;
- Operational Risk Management Strategy;
- Risk Appetite Statement – Framework;
- Structural Risk Policy;
- Control Function Matrix Methodology;
- FX Risk Management Policy;
- Market Risk Policy;
- The NPE Strategy and operational plan for 2025-2027;
- Liquidity Risk Management Policy;
- Terms and conditions for the sanction of loans, cash borrowings, bank guarantees and civil law guarantees by Santander Bank Polska S.A. as well as maintenance of bank accounts for entities specified in Article 79 of the Banking Law Act.

## OTHER ISSUES

The Supervisory Board:

- reviewed the strategy and activities of individual business segments, areas of the Bank and its subsidiaries, and was regularly informed about progress in delivery of regulatory projects significant to the Bank;
- approved the ESG report and reviewed the progress against the sustainability agenda;
- monitored the status of work on the preparation of the Recovery Plan and approved the Bank Group's Recovery Plan along with the related Policies and the Bail-in Playbook;
- approved other internal regulations and their amended versions as recommended by the relevant committees;
- approved the suitability assessment of Management Board members as recommended by the Nominations Committee;
- assessed the delivery of the objectives by the Management Board members in 2023 and approved their objectives for 2024 along with the level of remuneration and bonuses of the Management Board members and other persons in accordance with the applicable regulations;
- approved amendments to the Group's Remuneration Policy and other related internal regulations;
- where required, the Supervisory Board approved related-party transactions;
- issued a positive opinion on draft General Meeting resolutions.

## 4. Activities of the Supervisory Board Committees

In 2024, Supervisory Board members sat on the following Supervisory Board Committees:

- Nominations Committee
- Remuneration Committee
- Audit and Compliance Committee
- Risk Committee.

The Committees' rules of procedure are set out in their Terms of Reference introduced by relevant resolutions of the Supervisory Board. The Committees' Terms of Reference are available on the Bank's website in the Investor Relations tab. The members of individual Committees have knowledge and experience suitable for their roles and adequate discharge of their duties and responsibilities.

The Committees support the activities of the Supervisory Board and facilitate the discharge of its statutory obligations. They conduct in-depth and comprehensive analyses of relevant issues and provide the results to the Supervisory Board along with opinions and recommendations.

At each meeting of the Supervisory Board, the Committee Chairmen present reports on the activities of individual Committees, as well as opinions and recommendations for the Supervisory Board on relevant matters. In addition, Supervisory Board members receive minutes of all Committees' meetings.



The Committees received appropriate and timely information and reports from the Management Board enabling them to discharge their responsibilities in 2024.

## 4.2. Nominations Committee

### Role and responsibilities

The Nominations Committee supports the Supervisory Board in performing its tasks, issues recommendations on appointment and removal of members of the Supervisory Board, Management Board and other key function holders by the Bank's relevant bodies, and contributes to the performance of the Bank's duties with respect to the assessment of the suitability of members of the Supervisory Board, Management Board and key function holders.

### Terms of Reference

The Committee performs its duties in accordance with the Terms of Reference approved by the Supervisory Board (as amended by the Supervisory Board's resolution no. 82/2019 of 11 December 2019). The review of the Terms of Reference carried out by the Committee did not indicate any need for introducing changes.

### Committee composition

In 2024, the composition of the Nominations Committee was as follows:

until 17 April 2024:

- Marynika Woroszyńska-Sapieha – Chair
- Danuta Dąbrowska
- José Luis de Mora
- Jerzy Surma
- David Hexter

as of 18 April 2024:

- Tomasz Sójka – Chair
- Danuta Dąbrowska
- Kamilla Marchewka-Bartkowiak
- José Luis de Mora

### Number of meetings and attendance rate

Between 1 January and 31 December 2024, the Nominations Committee held five meetings with all members being present, except for one not attended by José Luis de Mora.

### Committee's activity in 2024

In 2024, the key areas of focus for the Committee were:

- Succession plans – the Committee presented recommendations to the Supervisory Board with regard to the list of successors of the Bank's Management Board members;
- Assessment of the individual and collective suitability of Supervisory Board members – the Committee assessed the individual and collective suitability of Supervisory Board members given the need to appoint the Supervisory Board for the new term of office; the Committee made the initial assessment of candidates who had not performed any role on the Bank's Board to-date, i.e. Kamilla Marchewka-Bartkowiak and Tomasz Sójka, and

reassessed the suitability of the remaining to-date Supervisory Board members. The Committee deemed that all candidates to the Supervisory Board for the new term of office and the Supervisory Board collectively met all suitability criteria and provided assurance of proper exercise of their duties; The Committee assessed also the individual suitability of the Audit and Compliance Committee's members as well as the collective suitability of this Committee; The Annual General Meeting of 18 April 2024 approved these assessments and appointed the Supervisory Board for the new term of office (see AGM resolutions of 18 April 2024 no. 31-41).

- Assessment of the individual and collective suitability of Management Board members – the Committee assessed the individual and collective suitability of Management Board members in view of: (i) the need to perform the annual reassessment; (ii) vesting Juan de Porras Aguirre, Vice President of the Management Board, with management of the Wealth Management and Insurance Division (due to Arkadiusz Przybył's resignation); (iii) vesting Maciej Reluga, member of the Management Board, with management of the Digital Transformation Division (due to Patryk Nowakowski's resignation); (iv) planned appointment of Michał Gajewski, President of the Management Board, to the Council of Adam Mickiewicz University in Poznań; the Committee's recommendations related to the suitability assessment were presented to the Supervisory Board which endorsed them;
- Assessment of the effectiveness of the Supervisory Board and its Chairman as well as the assessment of the Management Board's efficiency;
- The Supervisory Board's training plan for 2024 covering: responsible banking (ESG), risk management, current trends in the banking sector, changes in legislation, Total Experience methodology, cybersecurity, prevention of money laundering and financial crime;
- Review of the Diversity Policy – the Committee analysed the diversity of the Bank's governing bodies and did not recommend any changes to the Policy in place; the Committee also reviewed the manner of discharging that Policy;
- Review of regulations concerning the Committee, including the Policy on suitability assessment, selection, appointment and succession planning.

### 4.3. Remuneration Committee

#### Role and responsibilities

The Remuneration Committee supports the Supervisory Board in performing its tasks concerning remuneration of the members of the Bank's governing bodies and key function holders, reviews and monitors the Remuneration Policy and remuneration principles, and assesses their impact on the Bank management.

#### Terms of Reference

The Committee performs its duties in accordance with the Terms of Reference approved by the Supervisory Board (as amended by the Supervisory Board's resolution no. 64/2022 of 25 May 2022). The review of the Terms of Reference carried out by the Committee did not indicate any need for changes.

#### Committee composition

In 2024, the composition of the Remuneration Committee was as follows:

until 17 April 2024:

- Danuta Dąbrowska – Chair
- Dominika Bettman
- José Luis de Mora
- Marynika Woroszyńska-Sapieha

as of 18 April 2024:

- Danuta Dąbrowska – Chair
- Dominika Bettman
- José Luis de Mora
- Tomasz Sójka

#### Number of meetings and attendance rate

Between 1 January and 31 December 2024, the Remuneration Committee held seven meetings. The attendance rate was 100% during each meeting, except for two meetings not attended by José Luis de Mora, one not attended by Danuta Dąbrowska and one not attended by Dominika Bettman.

## Committee's activity in 2024

In 2024, the key areas of focus for the Committee were:

- Evaluation of the Management Board members' performance and setting the objectives for 2024 in accordance with the Procedure for setting objectives and evaluating performance of the Management Board members of Santander Bank Polska S.A., and awarding bonuses to the Management Board members for 2023;
- Recommendation for the Supervisory Board on the award of bonus for 2023 to the Chief Audit Executive and the head of the compliance unit, and review of remuneration of these individuals as well as other employees in charge of risk management in line with the requirements of the Regulation of the Minister of Development and Finance of 8 June 2021 on the risk management system and internal control system, remuneration policy and detailed method of internal capital estimation in banks;
- Remuneration of Identified Employees – the Committee reviewed and assessed compliance with the triggers for payment of variable remuneration to the individuals with the status of Identified Employees and recommended that the Supervisory Board should approve payment of certain portions of bonuses for 2019–2022 deferred until 2024;
- Bonus schemes – the Committee reviewed the bonus schemes for key executives, management, employees of the Business Support Centre and branch banking employees;
- Recommendation with regard to changes in remuneration for the Management Board members following the salary review.
- Recommendation for the general meeting with regard to remuneration for Supervisory Board members.
- Review and assessment of the pursued Remuneration Policy as the one supporting growth and security of the Bank Group, in particular sound and effective risk management, and as consistent with the Bank's business strategy, objectives, values and long-term interests;
- Supervisory Board report on remuneration of the Management Board and Supervisory Board members – the Committee positively assessed the draft report for 2023 and decided to recommend its approval to the Supervisory Board and its presentation at the Bank's general meeting;
- Recommendation on the updated Remuneration Policy of Santander Bank Polska Group – based on the conducted review the Committee presented to the Supervisory Board a recommendation on the said update which consisted in the introduction of such changes as: (i) clarification of general rules related to variable remuneration, including performance management and My Contribution model; (ii) additional information on severance payments (variable-to-base salary ratio exceptions); (iii) sales staff remuneration – additional information on quantitative indicators related to credit activities (alignment with the new ESMA guidelines); (iv) alignment of statements on malus clauses with the updated malus procedure.
- MRT identification – the Committee reviewed the MRT identification process and established that it was carried out in line with the applicable laws and internal regulations of the Bank. The Committee also recommended that the Supervisory Board should approve the updated list of MRTs and that the Rules for payment of variable remuneration to MRTs should be revised; the Committee also reviewed MRTs' remuneration as compared to the market.
- Employment and remuneration – the Committee reviewed the employee turnover rate and the pay offered by the Bank benchmarked to the market as well as actions taken by the Bank to retain talents and ensure high satisfaction of employees. The Committee positively assessed the Management Board's decision to implement pay rises at the Bank on 1 September 2024;
- Management Board members' performance against objectives – the Committee recommended that the Supervisory Board confirmed the delivery of 2023 objectives by the Management Board members in relation to Incentive Plan VII (the delivery of objectives by other Plan's participants will be confirmed by the Bank's Management Board) and issued a positive opinion on buyback of the Bank's own shares; Participants in Incentive Plan VII – the Committee recommended changes to the list of participants in Incentive Plan VII (a share-based incentive plan for employees of Santander Bank Polska Group introduced by force of the annual general meeting; resolution no. 30 of 27 April 2022);
- Positive recommendation on authorising the Management Board to buy back the Bank's own shares for the purpose of paying awards to the Incentive Plan VII participants – the awards will be paid in 2025 subject to fulfilment of the criteria set out in the Plan's conditions (resolution no. 46 of the Annual General Meeting of 18 April 2024).
- Review of regulations concerning the Committee and positive recommendation for the Supervisory Board on changes to the Procedure for setting individual objectives and evaluating performance of the Management Board members of Santander Bank Polska.

## 4.4. Audit and Compliance Committee

## Role and responsibilities

The Audit and Compliance Committee supports the Supervisory Board in discharging its oversight responsibilities towards shareholders and other stakeholders in relation to: (i) the quality and integrity of accounting policies, financial statements and disclosure practices; (ii) the Bank's compliance with laws and internal regulations; (iii) the independence and effectiveness of internal and external auditors and evaluation of their performance; (iv) the assessment of the effectiveness of the internal control and risk management systems; (vii) review of the ESG Report as well as rating of the Bank and Bank Group.

## Terms of Reference

The Committee operates under the Terms of Reference introduced by the Supervisory Board's resolution. The last changes to the document were made in 2024 when it was updated by Supervisory Board resolution no. 75/2024 of 28 May 2024. The changes consisted in adjusting the ToR to the requirements of the KNF's Recommendation U by listing the Committee's tasks such as: (i) obtaining information on planned changes in accounting policies (including the planned amendments concerning the recognition of insurance income and costs) and their impact on the Bank's future financial performance as well as obtaining information on material changes in bancassurance; (ii) analysing the effectiveness of the internal control system and risk management system in terms of correct settlement of income and costs related to insurance distribution; (iii) ensuring that third-parties engaged in developing IFRS 9 models and processes applied in the verification of insurance distribution income and costs (carried out as part of the audit of financial statements) meet all confidentiality requirements set for statutory auditors.

## Committee composition

In 2024, the composition of the Audit and Compliance Committee was as follows:

until 17 April 2024:

- David Hexter – Chair
- Dominika Bettman
- Danuta Dąbrowska
- Marynika Woroszyńska-Sapieha
- Jerzy Surma

as of 18 April 2024:

- Adam Celiński – Chair (as of 1 July 2024)
- Danuta Dąbrowska – Chair (from 18 April 2024 to 30 June 2024)
- Dominika Bettman
- Kamilla Marchewka-Bartkowiak
- Tomasz Sójka

Changes in the Committee's composition resulted from the appointment of the Supervisory Board for the new term of office on 18 April 2024. All members appointed by the Supervisory Board to the Committee for the Supervisory Board's current term of office have met the independence criteria set out in the Polish Auditors Act of 11 May 2017 and the Bank's Statutes.

The following Committee members have knowledge and skills in the area of accounting or auditing:

- Danuta Dąbrowska – certificate and membership in Association of Chartered Certified Accountants (ACCA) since 1999 and long-term professional experience.
- Dominika Bettman – degree in economics and robust professional experience gained in previous positions, including as CFO at companies from Siemens Group and CEO of Microsoft Polska sp. z o.o.
- Adam Celiński – degree in economics, acquired in the past certificate ACCA (Association of Chartered Certified Accountants); from 1999 until 2021, he was the holder of the UK Audit Practising Certificate; in 2000, he became a Polish registered auditor, member of PIBR (Polska Izba Biegłych Rewidentów, a self-government uniting all statutory auditors in Poland); for 30 years, he worked for PricewaterhouseCoopers (PwC).
- David Hexter – degree in economics, professional experience gained in executive positions in financial institutions.

Other members of the Committee have relevant knowledge and skills in accountancy or examination of financial statements given their long-term experience as members of the Bank's Supervisory Board and the Audit and Compliance Committee.

The following Committee members have knowledge and skills in the area of banking:

- Dominika Bettman – skills gained as a member of the Supervisory Board of Eurobank S.A.

- Adam Celiński – skills gained in the course of performing statutory audits of banks' financial statements.
- Tomasz Sójka – educational background, recognised academic record and a broad knowledge of the Polish financial and business market, including the banking sector; professional consultancy services provided to many financial institutions, including banks.
- Kamilla Marchewka-Bartkowiak – skills gained during academic work at the Department of Investments and Financial Markets of Poznań University of Economics and Business, as an expert at the Bureau of Research (formerly: the Sejm Analyses Bureau) at the Chancellery of the Polish Sejm as well as during academic internships abroad, e.g. in central banks of Belgium and Italy.
- David Hexter – skills gained in executive positions in the banking and financial services sectors, including in Citibank and the EBRD.
- Other members of the Audit and Compliance Committee have long-term experience in banking given their track record as members of the Bank's Supervisory Board.

## Number of meetings and attendance rate

The Committee held ten meetings in 2024, including three joint meetings with the Risk Committee of the Supervisory Board. The attendance rate was 100% during each meeting, except for one meeting not attended by Dominika Bettman and one not attended by Danuta Dąbrowska.

The following Supervisory Board members attended the Committee meetings as experts: Adam Celiński (in the period: 1 January 2024 - 30 June 2024) and Jerzy Surma (as of 1 July 2024).

Apart from the Committee's members, the regular attendees included representatives of the Bank's Auditor, Vice President of the Management Board in charge of the Risk Management Division, member of the Management Board in charge of the Financial Accounting and Control Division, member of the Management Board in charge of the Financial Management Division, member of the Management Board in charge of the Compliance and FCC Division, Head of the Legal Area as well as Head of the Corporate Governance Department and Head of the Internal Audit Area (Chief Audit Executive).

Other members of the Management Board and executives are also invited to attend as appropriate in order to present reports and discuss issues related to the areas under their management, including to provide explanations for the issues highlighted in the reports of the Internal Audit indicating areas for improvement as well as proposed remediation plans.

## Committee's activity in 2024

In 2024, the Committee focused on oversight of the Bank's financial reporting as well as the review of key control mechanisms, especially those related to financial, operational, and regulatory compliance controls. As part of monitoring of the operations of the internal audit function, the compliance unit and the control function, the Committee received information required to assess the effectiveness and adequacy of the internal control system and presented a relevant opinion to the Supervisory Board in that respect, noting that the system is adequate and effective.

The Committee regularly reviewed the issues within its remit, including regulatory, compliance, corporate governance, bancassurance, anti-money laundering, ICM/SOX certification and other issues.

One of the key issues in 2024 was the macroeconomic situation, and the war in Ukraine and its impact on the Bank's customers standing.

Another important issue was the portfolio of foreign currency mortgage loans. The Committee analysed the current position of the Bank in the light of court decisions and CJEU judgements, and supervised estimation of provisions for legal risk related to that portfolio. To that end, the Committee held meetings with the Management Board and the representatives of the external auditor.

The Committee, during its joint meetings with the Risk Committee of the Supervisory Board, also dealt such issues as: (i) internal control system (including the analysis and supervision of the status of deficiencies of the Internal Control System), effectiveness and adequacy of the Internal Control System, internal control model; (ii) review of the report on court cases; (iii) FX mortgage loan portfolio.

The Committee also reviewed the ESG Report 2023.

In 2024, the key areas of focus for the Committee were:

## Financial reporting

The Committee reviewed the Bank's and the Group's audited financial statements for 2023 and discussed their content with the Management Board.

The Committee discussed with the auditor the results of the review of the financial statements and issues reported in this respect to the Management Board, and reviewed and discussed with the auditor its additional report for the Audit and Compliance Committee. In 2024, the Committee also monitored the implementation of the auditor's recommendations presented in that report by the Management Board.

Based on the detailed review of the financial statements and the auditor's additional report for the Committee, the Committee recommended that the Supervisory Board should approve the audited financial statements for inclusion in the Company's annual report for the year ended 31 December 2023, and the Supervisory Board endorsed the Committee's recommendation.

The Committee reviewed the Bank's and Group's financial statements for Q1 and Q3 2024 and H1 2024. The Committee recommended approval of those statements to the Supervisory Board.

The Committee reviewed the reports on Capital adequacy and on the activities of the Disclosure Committee in 2023 and noted that the capital ratios were above the KNF's minimum requirements and recommended to the Supervisory Board that the disclosures related to the capital adequacy of Santander Bank Polska Group as at 31 December 2023 should be approved.

The Committee also reviewed and recommended to the Supervisory Board the approval of the report with a condensed interim information on Santander Bank Polska Group's capital adequacy as at 30 June 2024. In accordance with the Bank's Disclosure Strategy, the Report (Disclosure Report) provides information on the capital adequacy at the consolidated level of Santander Bank Polska Group, including Santander Consumer Bank.

## Internal audit

The Committee supervised the activity of the Internal Audit Area on a regular basis and monitored the Audit Plan delivery on an ongoing basis. During the year, the Committee also reviewed and recommended that the Supervisory Board approve changes to the Audit Plan.

The Committee positively assessed the activity of the Internal Audit Area in 2023 and concluded that the IAA was independent from other functions and that its work was adequate and effective.

The Committee monitored on an ongoing basis the implementation of the Internal Audit Area recommendations. The post-audit reports are presented in a manner that enables the Committee to focus on high risk areas which require improved controls. Objective indicators were defined to track the delivery of remediation commitments across the Group, and the Chief Audit Executive presented to the Committee regular reports on compliance with these indicators. The Committee also regularly analysed information about the KNF requests sent to the Internal Audit Area (mostly concerning audits of selected issues). The Committee also reviewed the corresponding reports related to internal audit issues in Santander Brokerage Poland – a separate unit of the Bank.

The Committee reviewed the report on the quality assurance and improvement programme for 2023 – periodic internal quality assessment (no major issues or irregularities) as well as remuneration, headcount and staff turnover rates in the Internal Audit Area. Succession plans for key roles within the Internal Audit Area were approved, too. In the Committee's opinion the staffing levels in the Internal Audit Area were adequate and the Area's independence was ensured, also as required under Standard 1110 of the International Standards for the Professional Practice of Internal Auditing and the KNF's Recommendation H.

As part of oversight of the internal audit function, the Committee reviewed the reports of the head of Internal Audit in Santander Brokerage Poland – a separate unit performing the audit function for Santander Brokerage Poland. The Committee also reviewed the reports of the Internal Audit Department of Santander Consumer Bank S.A.

In 2024, the Committee also analysed proposals to introduce and amend internal regulations concerning the Internal Audit Area and recommended their approval to the Supervisory Board.

In December 2024, the Committee reviewed and recommended to the Supervisory Board the approval of the operational (annual) plan for internal audits for 2025, the strategic (long-term) plan for internal audits for 2025–2028 and the Area's budget for 2025. The plans take into account the audit function in Santander Brokerage Poland (a separate organisational unit of the Bank).

## External audit

The Bank complies with the Polish Auditors Act of 11 May 2017 in terms of selection of an external auditor and determines the scope of services related to the audit of financial statements and other tasks.

In 2024, the Committee issued a recommendation to the Supervisory Board to appoint PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. to review and audit the financial statements of the Bank and Santander Bank Polska Group for 2025. The process included, among other things, the assessment of independence of PwC and quality of the services provided to date.

The Committee was also provided with a written statement from the external auditor confirming their independence pursuant to Articles 69-74 of the Polish Auditors Act of 11 May 2017.

The Committee also oversaw the process aimed at selecting an auditor to audit the financial statements of the Bank and its Group for 2026 and subsequent years.

Furthermore, in 2024 the Committee gave consent to PwC and other entities from its network to provide permitted non-audit services. Before the relevant recommendations were presented to the Supervisory Board, the independence of the auditor with respect to the audit of financial statements had been verified with a positive outcome. The Committee also approved the remuneration for the above-mentioned services, in line with the parameters approved by the Supervisory Board.

The Committee reviewed: (i) Policy on audit and non-audit services rendered by the auditor; and (ii) Auditor Services Policy at Santander Bank Polska S.A.

The Committee is satisfied that the external auditor ensures an effective and independent assessment of accuracy of the Bank's financial statements and adequacy and effectiveness of control mechanisms. Moreover, the auditor's report on the review of financial statements and an additional report for the

Audit and Compliance Committee provide valuable recommendations regarding effectiveness of the internal controls. The Committee regularly checks if these recommendations are delivered as required and scheduled.

## Compliance

The Committee positively reviewed the report on the compliance unit's operations in 2023 and monitored the unit's activities in 2024 on an ongoing basis.

The Committee assessed the Compliance Programme for 2024, recommended its approval to the Supervisory Board, supervised its implementation, also as part of reports and information provided at the Committee's meetings, and recommended its update to the Supervisory Board.

The Committee analysed and recommended to the Supervisory Board the approval of new and amended internal regulations governing the compliance unit and its tasks, including management of conflicts of interest.

The Committee paid special attention to employment in the unit, its organisational structure and independence. The Committee also approved the appointment of the new head of the compliance unit.

Its analyses also covered the reports on compliance risk (including the self-assessment), commercialisation of products, regulatory proceedings, court litigations involving the Group's entities, anti-money laundering issues, implementation of the KNF's and Internal Audit's recommendations, monitoring of conduct and reputational risk indicators, customer complaints ratios and adherence to the Bank's General Code of Conduct.

The Committee also reviewed the reports of the Supervision Inspector in Santander Brokerage Poland, focusing on the compliance issues in that unit.

As part of the annual assessment, the Committee concluded that the unit was independent of other functions and that compliance risk management was adequate and effective.

## Other matters

In 2024, the Committee also reviewed reports related, among others, to:

- internal control system;
- confirmation of compliance of provisions with bonus and incentive policies and schemes in the context of the KNF's and EBA's guidelines;
- regulations concerning cases reported by staff via dedicated whistleblowing channels, assessing positively the adequacy and effectiveness of the whistleblowing system;
- counteracting money laundering and terrorist financing;
- supervision of compliance with legal requirements on custodian services;
- bancassurance business, with special focus on claims rejection indicators and early termination of insurance policies;
- updates on the KNF's inspections and the Bank's BION [SREP] rating;
- brokerage activities carried out by Santander Brokerage Poland pursuant to Article 70(2) of the Banking Law Act;
- key tax and accounting issues from the Bank's perspective;
- court cases;
- reviews of internal regulations;
- outsourcing;
- review of the ESG report;
- the exit interview with the Head of Compliance Area in view of his resignation from the role and taking up a job in another company from the Bank Group, and approval of the candidate for the role of the compliance unit head (i.e. Management Board member in charge of the Compliance and FCC Division).

The Committee was also regularly updated on the internal governance in the Bank. The Committee reviewed drafts of internal regulations in this respect and recommended their approval by the Supervisory Board.

In line with its Terms of Reference, in 2024 the Committee held individual meetings with the Vice President of the Bank's Management Board in charge of the Risk Management Division, the Management Board member in charge of the Financial Accounting and Control Division, the Management Board member in charge of the Compliance and FCC Division, the Head of the Internal Audit Area (Chief Audit Executive) and the External Auditor (PwC).

The Committee regularly reviews its activities and results. The review process includes discussions on the format of the Committee's meetings and effectiveness of the reporting process.

## 4.5. Risk Committee

### Role and responsibilities

The mission of the Risk Committee is to assist the Supervisory Board in discharging its responsibilities to the shareholders and other stakeholders in relation to: (i) ongoing monitoring of the risk management system, (ii) appropriate risk management philosophy, as articulated in relevant legal regulations and regulatory recommendations and market standards; (iii) risk appetite, as reflected in policies and risk limits; (iv) enhanced oversight of more significant business risks undertaken by the Bank; and (v) the appropriateness of the overall risk governance framework.

As part of its responsibilities the Committee:

- issues opinions on the current and future readiness of the Bank to take up risk,
- issues opinions on the risk management strategy developed by the Bank's Management Board and information about its delivery submitted by the Management Board;
- supports the Supervisory Board in overseeing the implementation of the risk management strategy in the Bank's operations by senior management;
- verifies if the prices of assets and liabilities offered to customers fully reflect the Bank's business model and risk strategy; otherwise, the Committee presents to the Management Board proposals to ensure that the prices of assets and liabilities are adequate to relevant risk types;
- participates in the appointment/ removal of the Management Board member in charge of risk management by issuing opinions to the Nominations Committee in this respect;
- issues opinions on the appointment and removal of the Management Board member in charge of risk management and reviews his/her annual objectives and their delivery.

The Committee's tasks are reflected in the annual work plan, in line with which the Committee discharges its responsibilities.

### Terms of Reference

The Committee acts in accordance with the Terms of Reference approved by the Supervisory Board. The Committee's ToR were updated in 2024. The last changes were introduced by Supervisory Board resolution no. 170/2023 of 13 December 2023 and consisted in (i) the introduction of statements on ESG risks which the Committee needs to take into account when verifying the risk profile of the Bank Group and making recommendations to the Supervisory Board with regard to approval of internal regulations; and (ii) adjustment to the Bank's current organisational structure.

### Committee composition

In 2024, the composition of the Risk Committee was as follows:

Until 17 April 2024:

- Jerzy Surma – Chair
- Dominika Bettman
- David Hexter
- Adam Celiński.

As of 18 April 2024:

- Dominika Bettman – Chair
- Adam Celiński
- Kamilla Marchewka-Bartkowiak
- Jerzy Surma (as of 1 July 2024).

### Number of meetings and attendance rate



In 2024, the Committee held six meetings with all members sitting on the Committee as at the meeting date being present, except for Dominika Bettman who did not participate in one meeting.

All members of the Committee also participated in three joint meetings with the Audit and Compliance Committee of the Supervisory Board.

Apart from the Committee's members, regular attendees included representatives of the Bank's Auditor, Vice President of the Management Board in charge of the Risk Management Division, member of the Management Board in charge of the Financial Accounting and Control Division, member of the Management Board in charge of the Financial Management Division, member of the Management Board in charge of the Compliance and FCC Division, Head of the Legal Area, Head of the Compliance Area, Head of the Internal Audit Area (Chief Audit Executive) and other members of the Management Board and senior management of the Bank invited to the Committee meetings to present reports and discuss matters related to the areas they manage.

## Committee's activity in 2024

When performing its responsibilities, the Committee takes into account the fact that risk-taking by the Bank has to be adequate to the scale and profile of its business. Risk management is governed by the industry standards and regulatory guidance and recommendations concerning, among other things, operational risk, credit risk, market risk and liquidity risk.

Accordingly, in 2024 the key areas of focus for the Committee were:

- monitoring of the current risk profile of Santander Bank Polska Group based on Risk Dashboards and monitoring of the internal limits utilisation from the perspective of the current business strategy and the macroeconomic environment;
- review and evaluation of Santander Bank Polska Group's Risk Appetite Statement and recommendations for the Supervisory Board with regard to risk appetite approval; opinions and recommendations for the Supervisory Board with respect to limit excesses;
- comprehensive review and assessment of credit policies and portfolio, including non-performing loans;
- assessment of the pricing of assets and liabilities offered to customers;
- review of model risk management;
- review and recommendations for the Supervisory Board with regard to approval of the internal capital adequacy assessment of Santander Bank Polska Group (ICAAP Report) and the Internal Liquidity Adequacy Assessment Report (ILAAP Report);
- review of the operational risk management process, including the management of business continuity, information security, outsourcing and insourcing risk and fraud prevention in all areas of the Bank's business, including fraud detection in e-banking;
- review of the risk management and internal control in the Bank's subsidiaries (Santander-Allianz, Santander TFI, Santander Consumer Bank, Santander Leasing and Santander Factoring) and the Bank's different areas of operations (Multichannel Communication Area, Central Operations Area, Business and Corporate Banking Division, Corporate and Investment Banking Division, including Financial Markets Area and Treasury Services Department, Santander Brokerage Poland, Branch Banking – branch network and partner outlets, mobile banking, Wealth Management);
- review of resources and succession plans in the Risk Management Division, and presentation of recommendations to the Supervisory Board with regard to the assessment of the knowledge and skills of the Management Board members in terms of operational risk management;
- recommendations for the Supervisory Board with regard to approval of the strategy and policies referring to risks embedded in the Bank's business as well as updates of these documents, including Risk Management Strategy, Operational Risk Management Strategy, Control Function Matrix Methodology, NPE Strategy for 2025-2027 and the operational plan;
- review of the three-year financial plan and strategic plan risk challenge.

The Committee reviewed the regulations on the ALM governance structure, changes to the Capital Contingency Plan and regulations and procedures on Special Situations Management and recommended their approval to the Supervisory Board.

The Committee also paid special attention to such issues as: (i) risks associated with the war in Ukraine; (ii) risks related to the Bank's ICT environment, including the review of Cybersecurity Dashboards, information security, measures taken to prevent IT systems unavailability, data quality, and implementation of the Cybersecurity Strategy; (iii) review of 2024-2025 Cybersecurity and Financial Crime Prevention Strategy of Santander Bank Polska Group; (iv) risks related to foreign currency mortgage loans (including provisions) and risks related to payment holidays; (v) cost of credit; (vi) event related to CrowdStrike software outage; (vii) the process of aligning the Bank with the requirements of the regulation on digital operational resilience for the financial sector (DORA).

As part of the review of individual risk areas, the Committee also monitored the identification of risks and the results of inspections and audits carried out by the KNF, Internal Audit Area and the external auditor as well as implementation of recommendations issued after such inspections and audits.

Another important issue in 2024 was the portfolio of foreign currency mortgage loans and issues related to payment holidays, also for mortgage loans.

The Committee, during its joint meetings with the Audit and Compliance Committee of the Supervisory Board, also dealt such issues as: (i) internal control system (including the analysis and supervision of the status of its deficiencies); assessment of effectiveness and adequacy of the internal control system and internal control model; (ii) review of the report on court cases; (iii) FX mortgage loan portfolio.

One of the Committee's tasks is the oversight of the stress tests undertaken by the Bank in line with its own assumptions and requirements set by the KNF. These tests are one of the elements of the credit risk management process and are used to evaluate: (i) potential impact of market developments, movements in financial and macroeconomic ratios as well as changes in the risk profile on the condition of the Bank and the Group; (ii) changes of quality of credit portfolios in the case of adverse events. The results of stress tests are closely linked with the review of the Group's Risk Appetite Statement and provide management information on the adequacy of the set limits and allocated internal capital.

The Committee receives regular reports on Santander Bank Polska Group's risk profile, which in particular refer to: (i) performance against the defined risk appetite and exceptions in this respect; (ii) risk trends; (iii) risk concentration; (iv) key performance indicators.

## 5. Self-assessment of the Supervisory Board activity in 2024

In line with the KNF's Recommendation Z no. 8.9, the Supervisory Board self-assessed the effectiveness of its activities. The self-assessment was carried out based on results of the assessment of the collective suitability of the Supervisory Board (approved by resolutions of: the Annual General Meeting – no. 19 of 18 April 2024 and Extraordinary General Meeting – no. 3 of 20 July 2023).

The Supervisory Board stated that in 2024 it had duly and effectively discharged its responsibilities arising from applicable laws, including the Commercial Companies Code, the Banking Law, the Bank's Statutes and the KNF recommendations, as well as from corporate governance rules.

The Supervisory Board met as often as necessary to ensure that all matters within its remit were duly addressed. It obtained all the required documents and information and regularly requested the Management Board to provide updates on the Bank and its Group.

The Supervisory Board members committed sufficient time to perform their duties as confirmed by high attendance at all meetings of the Supervisory Board (94.8% on average) and its Committees as well as active participation of the members, who asked questions, made comments and discussed the matters submitted by the Management Board.

All issues regarded by the Supervisory Board or its Committees as significant for the oversight of the Bank's business were thoroughly analysed and – based on detailed questions and agreements with the Management Board – effectively monitored, both by the Supervisory Board and its Committees.

The Audit and Compliance Committee and the Risk Committee held regular joint sessions to analyse selected issues in detail in accordance with the powers and responsibilities of these Committees. This helped to improve oversight and address major issues in a comprehensive way.

While performing their duties, Supervisory Board members were guided by the interest of the Bank and the independence of judgements and opinions.

Both the composition of the Supervisory Board and knowledge and experience of its individual members, and their active participation in the meetings of the Supervisory Board and its Committees ensured sound and effective operations of the Supervisory Board as well as proper and effective supervision over the Bank's activities in 2024.

The Supervisory Board will present the results of the self-assessment to the Annual General Meeting in 2025 together with the assessment made by the external advisor.

The Annual General Meeting on 18 April 2024 (Resolution 19) assessed that the Supervisory Board was operating effectively and efficiently, duly performing its duties, and approved the Evaluation of the Supervisory Board's efficiency and effectiveness in 2023.

## II. Report of the Supervisory Board on the examination of 2024 financial statements, the Management Board report on performance in 2024 and the Bank's Management Board's motion for distribution of profit

### 1. Review of the financial statements for 2024 and the Management Board report on performance in 2024

Pursuant to Article 382(3) of the Commercial Companies Code and § 32(1) and § 32(6) of the Bank's Statutes, the Supervisory Board reviewed the Bank's financial statements for 2024 and the Group's consolidated financial statements for 2023 as well as the Management Board report on the Group's performance in 2024, including the Management Board report on the Bank's performance in 2023 in terms of their consistency with the books of account, documents and factual circumstances. These documents will be submitted by the Bank's Management Board to the Bank's Annual General Meeting.

Pursuant to resolution no. 161/2023 of 13 December 2023, the Supervisory Board appointed PricewaterhouseCoopers Sp. z ograniczoną odpowiedzialnością Audyt sp. k. ("PwC", "statutory auditor") to review the foregoing statements.

Having thoroughly reviewed the financial statements of Santander Bank Polska S.A. for 2024 and the consolidated financial statements of Santander Bank Polska Group for 2024, and having read the auditor's opinion and report, the Supervisory Board positively assessed the financial statements in terms of their consistency with the books of account, documents and factual circumstances.

Furthermore, the Supervisory Board stated that the financial statements had been prepared within the regulatory time frame and in accordance with the International Financial Reporting Standards as adopted by the European Union. The accuracy of the financial statements does not raise any reservations and is confirmed by the auditor's unqualified opinion in terms of their consistency with the books of account, documents and factual circumstances.

Pursuant to the opinion of the independent statutory auditor, both standalone and consolidated financial statements of Santander Bank Polska S.A. give a true and fair view of the assets and financial position of the Bank and the Group as at 31 December 2024 as well as the standalone and consolidated financial performance and cash flows for the accounting year of 2024. They comply in terms of form and substance with the applicable laws and the Bank's Statutes.

Having thoroughly reviewed the Management Board Report on Santander Bank Polska Group Performance in 2024 (including the Management Board Report on Santander Bank Polska S.A. Performance), the Supervisory Board positively assessed the report in terms of its consistency with the books of account, documents and factual circumstances. The report gives an accurate view of the development and achievements as well as assets, financial position and financial performance of the Bank and Santander Bank Polska Group.

Furthermore, the Supervisory Board stated that the report had been prepared in accordance with the Accounting Act of 29 September 1994 and the Finance Minister's Regulation of 29 March 2018 on current and financial reports published by the issuers of securities and the rules of equal treatment of the information required by the laws of a non-member state.

Pursuant to the opinion issued by the independent statutory auditor, the Management Board report is consistent with the information presented in the Bank's and the Group's financial statements and does not contain any material misstatements. The Statement on Corporate Governance in 2024 included in the report contains all the required elements, and the Statement on Non-Financial Information is an independent section of the Bank's Management Board report.

PwC opinions referred to above are consistent with the external auditor's additional report for the Audit and Compliance Committee.

When making the above assessments, the Supervisory Board also took into account the Audit and Compliance Committee's recommendation presented at the Supervisory Board meeting held on 24 February 2025.

Given the above, pursuant to resolution no. 7/2025 of 24 February 2025, the Supervisory Board decided to submit the following documents for approval to the Annual General Meeting:

- Financial Statements of Santander Bank Polska S.A. for 2024,
- Consolidated Financial Statements of Santander Bank Polska Group for 2024,
- Management Board Report on Santander Bank Polska Group Performance in 2024, containing which includes report on Santander Bank Polska S.A. activities in 2024 and Consolidated Sustainability Statement of Santander Bank Polska Group for 2024),

and pursuant to resolution no. 12/2025 of 24 February 2025, the Supervisory Board decided to submit these documents to the Annual General Meeting for approval.

## 2. Expressing opinion about the Bank Management Board's motion on profit distribution

On 19 March 2025, the Supervisory Board reviewed and positively assessed the Management Board's recommendation to distribute net profit of PLN 5,197,479,813.35 for the accounting year from 1 January 2024 to 31 December 2024 as follows:

- PLN 3,897,631,915.40 to be allocated to dividend for shareholders;
- PLN 104,130,000.00 to be allocated to the capital reserves;
- PLN 1,195,717,897.95 to be kept undistributed.

The Management Board also recommended to pay out as a dividend the amount of PLN 840,886,574.78 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**).

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 will give entitlement to the dividend to be paid out from profit earned in 2024 and from the Dividend Reserve (Dividend). The Dividend amount will be PLN 4,738,518,490.18 (of which PLN 3,897,631,915.40 represents 74.99% of the net profit earned in 2024 and PLN 840,886,574.78 represents the amount allocated from the Dividend Reserve). The Dividend is PLN 46.37 per share. The Dividend record date is 13 May 2025.

The Dividend will be paid out on 20 May 2025.

The Supervisory Board issued a positive opinion on the above recommendations, taking into account that:

As at 31 December 2024, the capital ratios were as follows:

Tier 1 capital ratio of 18.73% and 16.78% for the Bank and the Bank's Group, respectively;

total capital ratio of 19.74% and 17.68% for the Bank and the Bank's Group, respectively.

Based on the status as at 31 December 2024 (the Bank's quarterly data on own funds and monthly data on receivables portfolio), the Bank met the basic criteria defined in the Polish Financial Supervision Authority's guidance of 10 December 2024 on the dividend policy of commercial banks for 2024 to pay a dividend up to 50% of its net profit earned in the period from 1 January 2024 to 31 December 2024. Additionally, after factoring in the quality of the Bank's loan portfolio measured as the share of NPLs in the total portfolio of receivables from the non-financial sector, including debt instruments, the potential dividend payout ratio was increased to 75% in view of the Bank's sound credit quality.

At the same time, the Bank's receivables arising from unsecured FX home loans to households do not account for more than five percent of its portfolio of receivables from the non-financial sector.

Taking into account the lack of additional adjustments, in the individual recommendation addressed to the Bank, the KNF informed the Bank that it met the requirements to pay out 75% of its net profit for 2024 in the form of a dividend, whilst the maximum payment cannot exceed the amount of the annual profit reduced by the profit earned in 2024 already allocated to own funds. The Bank hereby explains that it has not allocated to own funds any amount out of the profit earned in 2024.

Additionally, the KNF has informed the Bank about its positive stance on the possibility to pay out the amount of PLN 840,886,574.78 out of the Dividend Reserve, which represents the undistributed profit earned on the sale of shares in AVIVA insurance companies and posted under other comprehensive income.

## III. Assessment of Santander Bank Polska Group's performance in 2024

Pursuant to Best Practice for GPW Listed Companies 2021, the Supervisory Board assessed the Bank's and Santander Bank Polska Group's standing in 2024. The assessment covered the internal control system, risk management, compliance and internal audit function, including significant control mechanisms, including those related to reporting and operational activity.

### 1. Santander Bank Polska Group Performance in 2024

#### Economic growth

Poland's GDP grew 2.9% YoY in 2024. It was driven by a recovery in private consumption, which increased by 3.1% and accounted for more than half of the overall growth. The recovery in consumer activity slowed unexpectedly in the third quarter, raising concerns about further growth prospects, but preliminary GDP data for the full year suggest that this was only a one-time disruption to the trend. Investment growth in 2024 was 1.3%, driven by the early stage of the EU's 2021-2027 financial perspective and growth in inventories, the latter contributing 0.5 p.p. to the overall GDP growth.

#### Inflation

CPI declined at the beginning of the year to reach its minimum of 2.0% YoY in March. It rose in the following months fuelled to some extent by the reinstatement of VAT on food. Changes in household energy prices in July hiked CPI inflation to 4.2% YoY, i.e. outside the +/-1 pp fluctuation range around the 2.5% YoY target. CPI remained above 4% YoY until the end of the year. The drought also contributed to the higher inflation. Average annual CPI was 3.6%. In the first half of the year, core inflation declined to rebound slightly in the second half, ending the year at 4.0% YoY.

#### Monetary policy

The Monetary Policy Council has kept rates unchanged since the end of 2023, including the NBP reference rate at 5.75%. Although inflation continued to surprise downward in the first half of the year, reluctance to change rates built up within the MPC. By the end of the year, the MPC's stance was again evolving towards increased caution, with statements from the NBP President Adam Glapiński indicating that the prospects for starting rate cuts were receding, possibly even to 2026, following the government's decision to maintain a freeze on energy prices only until September 2025.

#### Credit and Deposits

In 2024, the loan market was in a moderate recovery phase and grew by 5% after zero growth in 2023. At the beginning of the year, high activity was registered in the mortgage market, due to the introduction of the 2% Safe Mortgage programme in July 2023. At the end of the year, the volume of mortgage loans was 3.3% higher than a year earlier. In the following months of the year, the credit market also accelerated at a higher pace. At the end of the year, the total volume of consumer loans was by 6% higher than the year before. The business loan market gradually grew in strength during the year, with the portfolio growing by ca. 5.5% YoY.

Deposit growth was fairly stable in the region of 8% YoY. Time deposits grew by about 5%, and current deposits by 10%. It was driven mainly by growing net foreign assets in the banking sector and the accelerating credit delivery.

#### Income Statement

The profit before tax of Santander Bank Polska Group for 2024 was PLN 7,265.7m, up 6.1% YoY. The profit attributable to the shareholders of the parent entity increased by 7.9% YoY to PLN 5,212.7m.

Total income of Santander Bank Polska Group for 2024 increased by 7.1% YoY to PLN 17,131.7m.

Net interest income for 2024 totalled PLN 13,873.2m and increased by 5.8% YoY as a result of growth in business volumes achieved in the environment of lower YoY but still high interest rates. In September 2023, interest rates were cut for the first time since 2020 by 0.75 p.p., marking the start of the monetary policy easing cycle. With the interest rate cut of 0.25 p.p. in October, the total reduction in 2023 was 1.0 p.p. and was not continued in the subsequent months. As a result, the NBP reference rate was stable in 2024 at 5.75%.

The net interest income for 2024 includes the negative adjustment of PLN 134.5m reflecting the estimated financial impact of the so-called payment holidays for eligible PLN mortgage borrowers in 2024 arising from the amended Act on crowdfunding for business and support for borrowers.

Net fee and commission income for 2024 was PLN 2,909.5m and increased by 7.1% YoY on account of the Group's diversified operations, including activities in the investment fund, stock, bancassurance and foreign exchange markets, with higher rates of return generated in the reporting period.

Net trading income and revaluation went down by 37.2% YoY to PLN 192.6m due to a YoY decline in gain on transactions in derivative and FX markets (PLN 108.1m in 2024 vs PLN 221.4m in 2023).

Gain on other financial instruments totalled PLN 25.8m and rose by PLN 30.9m YoY, largely supported by higher gain on hedging and hedged instruments (+PLN 33.9m YoY) and sale of debt investment securities measured at fair value through other comprehensive income (+PLN 9.2m YoY), mainly treasury bonds.

Total operating expenses of Santander Bank Polska Group for 2024 increased by 7.4% YoY to PLN 5,065.0m on account of an inflationary pressure, salary review, higher contributions to the Bank Guarantee Fund, higher costs of third party services as well as increased depreciation of property, plant and equipment and amortisation of intangible assets, resulting from the delivery of investment projects and capitalisation of the related costs.

The Group's cost to income ratio was stable at 29.6% vs 29.5% in 2023. The corresponding ratios for the Bank were 28.2% and 27.9%, respectively.

In 2024, the charge made by Santander Bank Polska Group to the income statement on account of net expected credit loss allowances was PLN 983.4m, down 14.4% YoY. The lower level of allowances is attributed, among other things, to gradual economic recovery, which positively affected the condition of the credit portfolios and revision parameters.

The cost of legal risk and settlements connected with CHF mortgage loans totalled PLN 3,101m (+19.6% YoY) following the review and update of risk parameters in 2024.

## Assets

As at 31 December 2024, the total assets of Santander Bank Polska Group were PLN 304,373.9m, and increased by 10.0% YoY mainly on account of loans and advances to customers and investment securities.

## Credit portfolio

As at 31 December 2024, consolidated gross loans and advances to customers were PLN 180,345.7m and increased by 9.2% YoY. The portfolio includes loans and advances to customers measured at amortised cost of PLN 160,747.1m (+8.0% YoY), loans and advances to customers measured at fair value through other comprehensive income of PLN 4,390m (+51.9% YoY), loans and advances to customers measured at fair value through profit or loss of PLN 63.3m (-25.6% YoY), and finance lease receivables of PLN 15,145.2m.

Loans and advances to individuals increased by 6.9% YoY to PLN 88,814.2m at the end of December 2024. Home loans totalled PLN 55,931.2m and went up by 5.5% YoY as a result of recovery in the mortgage loan market with the record high sales reported in Q1 2024 on account of loans disbursed under the closing 2% Safe Mortgage programme. Cash loans totalled PLN 25,632.1m (+12.4% YoY) supported by growth in sales driven by macroeconomic factors.

Loans and advances to enterprises and the public sector went up by 11.1% YoY to PLN 76,315.9m on account of higher exposures in respect of term loans, including loans for investment purposes in the Business and Corporate Banking segment and the Corporate and Investment Banking segment as well as the utilisation of overdrafts by Business and Corporate Banking customers.

As at 31 December 2024, the NPL ratio was 4.4% and the provision coverage ratio for impaired loans was 51.0% (vs 4.6% and 55.4% for 2023, respectively).

In 2024, the cost of credit risk of Santander Bank Polska Group was 0.58% vs 0.72% in the previous year.

## Equity and liabilities

As at 31 December 2024, deposits from customers totalled PLN 232,028.7m and were the largest constituent item of the Group's total equity and liabilities (76.2%) and the main source of funding for the Group's assets. During 2024, they increased by 10.9% as a combined effect of a steady inflow of funds to term deposit accounts and current accounts in all customer segments defined for financial reporting purposes.

A considerable increase (+43.3% YoY) was reported in deposits from banks and sale and repurchase agreements, reflecting the Group's activity in the repo market and a higher balance of deposits and loans granted by banks.

Subordinated liabilities and liabilities in respect of debt securities in issue increased by 18.0% vs 31 December 2023, with the latter item rising by 28.2% to PLN 11,851.2m, as a combined effect of the issue of debt instruments of PLN 8,159.6m and redemption of PLN 5,577.4m worth of securities on their maturity dates.

## Deposits

As at 31 December 2024, consolidated deposits from customers were PLN 232,028.7m and increased by 10.9% YoY due to higher balances of term deposits and current accounts of individuals, enterprises and public sector entities.

Deposits from retail customers totalled PLN 127,764.5m, up 10.8% YoY. Due to a solid inflow of funds, the total balance of current and savings accounts increased by 8.8% YoY to PLN 79,583.7m. Term deposits with a pricing adjusted to the high interest rate environment were popular too, which resulted in a 14.5% YoY rise in the total deposit balance to PLN 47,896.5.

Deposits from enterprises and the public sector increased by 10.9% YoY to PLN 104,264.2m, reflecting a rise of 15.4% YoY in term deposits to PLN 25,936.3m and growth of 10.3% YoY in current account balances to PLN 74,487.7m.

## Share price of Santander Bank Polska S.A.

In 2024, WIG-Banks gained 11.61%, even though it grew twice as much in the first half of the year and was one of the best performing WSE indices at that time. It decelerated in the second half of the year along with a clear deterioration of market sentiment.

The share price of Santander Bank Polska S.A. followed suit, closing the year 6.6% down on 2023. However, adjusted for the record dividend of PLN 44.63 per share paid in May, the annual rate of return was 1.66%. The highest price of PLN 590 was recorded in April, i.e. before payment of the dividend. The lowest price of PLN 423.80 was paid in November. Banks' weaker performance in the second half of the year may be attributed to the overall aversion to Polish equities as well as foreign investors' anticipation of possible interest rate cuts in 2025.

## Rating

Santander Bank Polska S.A. has bilateral credit rating agreements with Fitch Ratings and Moody's Investors Service.

On 17 February 2025, Fitch Ratings upgraded Santander Bank Polska S.A.'s Long-Term Issuer Default Rating (LT IDR) from "BBB+" to "A-" and its Shareholder Support Rating (SSR) from "bbb+" to "a-". The outlook for Long-Term IDR remained stable. The agency also upgraded the following ratings: Short-Term Issuer Default Rating (ST IDR) (to "F1"), National Long-Term Rating (NatL LT) (to "AA+") and debt ratings.

The above rating actions reflect an upgrade of the rating of Banco Santander S.A. (majority shareholder) from "A-/Outlook stable/a-" to "A/Outlook stable/a" on 11 February 2025 as well as potential support of the Spain-based parent for Santander Bank Polska S.A.

Moody's upheld the ratings issued in the previous years: twice in 2024 and on 19 February 2025.

## 2. Assessment of the internal control system

At the meeting in February 2025, the Supervisory Board performed the annual adequacy and effectiveness assessment of the internal control system in Santander Bank Polska S.A. for 2024, including annual assessment of the adequacy and effectiveness of the control function, compliance unit and the internal audit unit, taking into account in particular:

- the Audit and Compliance Committee's opinion presented at the Supervisory Board meeting;
- the information obtained from the Bank's Management Board about delivery of the tasks referred to in recommendations 1.1–1.6.; the KNF's Recommendation H;
- periodical reports of the compliance unit and internal audit unit as well as information from subsidiaries, including information reported by Chairmen of the Audit and Compliance Committee and the Risk Committee based on the reviews made by these Committees;

- findings of the statutory auditor, including those presented when discussing the report from the audit of the financial statements;
- findings from supervisory activities performed by authorised institutions, including findings and recommendations from the KNF issued after inspections and the supervisory review and evaluation process (BION);
- assessment of adequacy and effectiveness of the internal control system and the risk management system presented by the Internal Audit Area.

As required by the Statutes, the Bank operates an internal control system which supports the decision-making processes and contributes to the Bank's efficient operations, compliance with risk management rules, reliability of financial reporting as well as compliance with law, international standards, internal regulations and best practice (e.g. recommendations published by the KNF, Regulation of the Minister of Finance, Development Funds and Regional Policy on the risk management system and the internal control system, the Sarbanes-Oxley Act, Volcker Rule (section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act), RDA/RRF (Basel Committee on Banking Supervision 239: Principles for effective risk data aggregation and risk reporting)).

The Bank's Management Board is responsible for designing and implementing an effective and adequate internal control system for all organisational units and positions in the Bank, including the control function, the compliance unit and the internal audit unit. The Management Board also ensures the independence of the system, financial resources and validity of procedures in this respect, and sets criteria for assessing the adequacy and effectiveness of the internal control system. The Supervisory Board oversees the implementation and maintenance of the internal control system.

The internal control and risk management systems are based on the three lines of defence.

- The first line of defence covers risk management in the Bank's operations and is based on business units which in their BAU generate the risks impacting the achievement of the Bank's objectives. The first line includes activities performed by each employee and business units to ensure the quality and correctness of the completed tasks, examination of compliance of the performed activities with procedures as well as dealing with and responding to irregularities on an ongoing basis. Additionally, the first line of defence receives assessments, information and analyses of risk exposure provided by the risk management unit and takes them into account when managing risk management as well as in decision taking processes. However, the accountability for decisions remains with the management of business units making up the 1 LoD, and ultimately the Bank's Management Board in line with the powers held.
- The second line of defence consists of units that support the Bank's Management in identifying and managing risks by providing appropriate tools, internal regulations, and techniques for managing, monitoring, verifying, testing, and reporting risks, as well as specialised units performing control activities aimed at independent assessment of the effectiveness of the control mechanisms of the first line of defence. The second line of defence involves risk management by employees of organisational units especially established for this purpose and the Compliance function. The second line of defence is also responsible for vertical monitoring, including ongoing vertical verification and vertical testing. The purpose of vertical monitoring is to verify whether the first line of defence applies the required control mechanisms. Risk management within the second line of defence is conducted independently from risk management in the first line of defence.
- The third line of defence is the Internal Audit function, which is responsible for the independent and objective assessment of the adequacy and effectiveness of the internal control system in the first and second lines of defence, including the effectiveness of risk management related to the operations of the Bank and its subsidiaries. To that end, the Internal Audit Area verifies whether Santander Bank Polska Group's risks are adequately covered, as required by the applicable management policies, procedures and internal and external regulations. Using its own risk matrix and knowledge, the Internal Audit Area regularly assesses existing and future risks across the Bank and Santander Bank Polska Group, and develops annual audit plans to cover such risks. They also take into account the priorities defined by the Bank's management, the Audit and Compliance Committee, the external auditor and banking supervision authorities.

The Bank's Management Board ensures that the Internal Control System is designed, introduced and operated in Santander Bank Polska Group and that it is adequately adjusted to its organisational structure and Risk Management System as well as to the size and complexity of the Group's business. The system covers all units across the Bank and its subsidiaries. In particular, the following is taken into account when ensuring the adequacy and effectiveness of the internal control system of Santander Bank Polska Group:

- a) the complexity of the processes in place;
- b) available resources;
- c) the risk of deficiencies occurring in particular processes, including significant processes;
- d) assessment of the adequacy and effectiveness of the first, second and third line of defence.

The Bank's Management Board ensures the operation of the internal control system in its material subsidiaries, i.e. Santander Leasing S.A., Santander Factoring sp. z o. o. and Santander Towarzystwo Funduszy Inwestycyjnych S.A. These subsidiaries have adequate internal regulations and a documented internal control model, within which elements such as controls, tasks and functions are described and managed. These elements, just like those defined in Santander Bank Polska S.A., are subject to an annual assessment and certification process.

The internal control system of Santander Bank Polska Group takes into account the solutions used by Santander Group. The Bank's Management Board ensured conformance of the system with the national legislation and Recommendation H, which is evidenced by a documented analysis certifying such conformance.

The internal control system comprises:



- a) the control function responsible for ensuring that control mechanisms, in particular those related to risk management, are observed; it may include individual positions, groups of employees or organisational units;
- b) the compliance unit responsible for identification, assessment, control and monitoring of the risk of the Bank's non-compliance with laws, internal regulations and market standards, and for presentation of reports in that respect;
- c) the independent internal audit unit responsible for autonomous and impartial assessment of the adequacy and effectiveness of the risk management system and the internal control system (except for the internal audit unit).

The control function is an element of the Internal Control System:

- a) comprises all control mechanisms in the Bank's processes which relate especially to the risk management in the Bank;
- b) includes independent horizontal and vertical monitoring of compliance with these control mechanisms (including ongoing verification and testing);
- c) is documented as part of Internal Control Model and Control Function Matrix;
- d) reports as part of the control function.

On an on-going basis, the Bank's Management Board undertakes actions aimed at ensuring the continuity of the Internal Control System, including effective cooperation of all Bank's employees with the control function, the compliance function and the internal audit function. Moreover, it makes sure that employees of those units when performing their professional duties have access to the required data and source documents, including those that contain confidential information.

If deficiencies are identified by the internal control system, the Bank's Management Board takes adequate actions to eliminate them timely as well as defines remedial and disciplinary measures, such as designing new controls or updating the existing ones.

The Bank's Management Board defined the following criteria for assessing the adequacy and effectiveness of the internal control system that were approved by the Supervisory Board:

- a) performance against the general objectives of the internal control system;
- b) the effectiveness of controls which constitute independent monitoring of key control mechanisms indicated in the Control Function Matrix;
- c) the effectiveness of controls not included in the Control Function Matrix, but included in the Internal Control Model;
- d) the timeliness and efficiency of the delivery of key mitigating actions for operational risk, recommendations of internal audit and KNF.

These criteria are subject to regular reviews and updates. The Audit and Compliance Committee of the Supervisory Board is informed about the results of assessing the risk of failure to comply with the overall objectives of the Internal Control System.

The analysis of the established criteria for 2024 confirmed that the Internal Control System of Santander Bank Polska Group is adequate and effective, and that its objectives are being delivered to a sufficient extent. None of the assessment Internal Control System criteria exceed the defined tolerance thresholds. The analysis of the design and effectiveness of controls made in 2024 concluded that the weaknesses identified had a moderate impact on the delivery of the Internal Control System objectives.

Santander Bank Polska Group identifies deficiencies on an ongoing basis and takes actions to remedy them. The following deficiency materiality classification is used:

- a) **Critical deficiency** - an deficiency or combination of deficiencies that involves, among others, a reasonable possibility of a material error in financial information that is not prevented or detected in time or that, due to its relevance in other areas, prevents the achievement of the organization's objectives or has a significant impact on customers/shareholders, requiring formal communication to the market.
- b) **Significant deficiency** - a deficiency (or a combination of deficiencies) that is less severe than a critical deficiency, but sufficiently relevant to be reported to the Management Board and the Audit and Compliance Committee / Supervisory Board.
- c) Other deficiencies.

As at 15 January 2025 for entire Santander Bank Polska Group, none of the deficiencies were critical (the highest materiality level).

Every year, the Bank performs the certification of the Internal Control Model to support the global assessment of the control environment as part of the Risk Control Self-Assessment and comply with Section 404 of the Sarbanes-Oxley; and ensure compliance with various regulations (e.g. corporate defence, Volcker Rule, FATCA, Dodd-Frank Act, Recommendation H).

The ongoing focus of cooperation with the first line of defence is on a proactive approach and the need to address areas for improvement on an ongoing basis.

The results of controls and assessment of control effectiveness are taken into account and used to improve the existing processes, data security and the Bank's infrastructure by making relevant changes to internal processes and regulations. They are regularly verified by the Internal Audit Area.

The Supervisory Board receives current and accurate information on identified deficiencies and on the measures taken to eliminate them, on the extent of compliance with internal and external regulations and on adequacy and security of the IT systems.

The Supervisory Board monitors the effectiveness of the Internal Control System based on the information obtained from the compliance unit, internal audit unit, the Bank's Management Board and the Audit and Compliance Committee.

The Supervisory Board positively assessed the Bank's Internal Control System (including the control function, compliance unit and internal audit unit) as it is adjusted to the Bank's organisational structure, risk management system as well as to the size and complexity of the Bank's business. The Internal Control System covers all significant controls, including those related to the Bank's financial reporting and operational activity (including the Bank's subsidiaries). The Internal Control System meets the adequacy and effectiveness conditions in line with the agreed criteria.

When assessing the control function, the Supervisory Board also took into account the manner in which the Bank's Management Board discharged the duties referred in part B of the KNF's Recommendation H.

Detailed information on the assessment made by the Supervisory Board with regard to compliance (including the adequacy and effectiveness of the compliance unit and the compliance risk management system) as well as with regard to the adequacy and effectiveness of the internal audit unit and the risk management system is presented below in points 3 – 5.

### 3. Assessment of compliance

The assessment was based on reports on the activity of the Compliance Unit submitted to the Audit and Compliance Committee, opinions of the Audit and Compliance Committee, meetings and discussions between Supervisory Board members and the head of the compliance unit (Chief Compliance Officer – CCO), as well as own analyses of reports, including by the IAA, of the unit's operations.

The applicable compliance risk management system covers the units listed below together with their scope of responsibilities:

- Compliance Unit – compliance with legal and regulatory requirements in individual areas of the business activity, in particular with regard to: protection of consumer rights, implementation and sale of new products, prevention of money laundering, ethical issues, protection of confidential information, and management of conflicts of interest.
- Specialist units dedicated to identifying and interpreting other legal and regulatory requirements that the Bank is obliged to fulfil as a legal entity (labour regulations, tax and reporting, prudential standards, counteracting money laundering, personal data protection).
- Specialist committees that are supervised by the Risk Management Committee.

The Santander Bank Polska Compliance Policy adopted by the Management Board and approved by the Supervisory Board provides the Compliance Unit with a mandate to effectively support the process of managing compliance risk that includes the following risk categories: regulatory risk, conduct risk, reputational risk, financial crime risk.

In February 2025, the Supervisory Board conducted the overall review and assessment of the compliance unit for 2024.

The Supervisory Board stated that:

- The Compliance Unit is a function independent from any other function or unit whose activities support the Bank's Management Board, Supervisory Board and other members of senior management with regard to the discharge of regulatory obligations and approval of internal control principles and compliance policy framework.
- The independence of the Compliance Unit is confirmed to the Management Board and to Audit and Compliance Committee on an annual basis and is ensured in particular by the following:
  - the Compliance Unit direct reporting line to the Chief Compliance Officer;
  - a direct and unlimited access of the Chief Compliance Officer to the Chairman of the Audit and Compliance Committee and his participation in all meetings of that committee and the Risk Committee; holding, at least once a year, a meeting with the Audit and Compliance Committee by the Chief Compliance Officer;
  - participation of the Chief Compliance Officer in meetings of the Management Board and his membership in the Risk Control Committee and Risk Management Committee which provides him with a full insight into their operations bodies and an opportunity to express his opinion;
  - a detailed procedure for appointing and removing the Chief Compliance Officer;
  - unlimited access of the Compliance Unit to all information, documents, systems, applications and physical locations necessary to properly perform its tasks;
  - reports presented directly by the Compliance Unit to the Management Board and the Audit and Compliance Committee/ Supervisory Board; the reports are delivered periodically to all these bodies.
- Compliance risk management is adequate and effective given the scale of the Bank's business. The compliance unit has sufficient resources, knowledge and experience to carry out the duties set out in the Compliance Programme. It should be noted that high volatility of the regulatory and business environment of the financial sector requires a continued optimisation and automation of compliance processes. Employee skills are continuously upgraded by participation in specific subject matter training.
- The Compliance Unit's regulations are adequate, taking into account the applicable laws, the Bank's internal regulations, supervisory recommendations and requirements of the KNF's Recommendation H.

- As a part of mandatory, independent testing, the Compliance Unit carried out controls in line with the annual testing plan, which is a part of the Compliance Programme:
  - the annual testing plan is based in particular on the risk assessment and legal requirements;
  - The Compliance Unit's testing plan for 2024 covered all necessary issues and ensured an independent and objective manner of reviewing and assessing controls applied as part of the first and second line of defence in terms of compliance risk.
  - The tests did not identify any significant or critical risks; all other identified risks were addressed to the controlled units and action plans were prepared to mitigate those risks.
- The Compliance Unit is periodically audited by the Internal Audit Area. In 2023 a comprehensive audit of the Compliance Unit was carried out, as a result of which remedial actions were taken with regard to the issues related to the strengthening of the management of Compliance Programme, whistleblowing channels, supervision over the Bank's activity related to art. 70.2 of the Act on trading in financial instruments and control environment. All remedial actions were closed during 2024. In 2024, as part of other audits covering the activities of the Compliance Unit, remedial actions were recommended to strengthen the reputational risk management process, new products approval process, control of communication channels and control in terms of MiFID regulation. Remedial actions are still in progress.

The assessment took also into account that each quarter, as part of the compliance risk management process, the Audit and Compliance Committee reviews key compliance issues identified by the compliance unit as well as those arising from the unit's business as usual. Information in this respect as well as the Committee's opinions and recommendations are presented to the Supervisory Board as part of the Committee's report.

## 4. Assessment of the internal audit function

The Supervisory Board assessed the adequacy and effectiveness of the internal audit function based on the reports on the performance of the Internal Audit Area (IAA) provided to the Audit and Compliance Committee, opinions of the Audit and Compliance Committee, meetings and discussions between Supervisory Board members and the Chief Audit Executive, and own analyses of reports of the function's performance.

At its meeting in February 2025, the Supervisory Board conducted the overall review and assessment of the internal audit function.

As a result, the Supervisory Board stated that:

- The internal audit function is adequate and effective.
  - The IAA regulations in place are adequate, effective, up-to-date and compliant with applicable laws, the Bank's internal regulations, supervision authority's recommendations and market standards adopted in the Bank. The IAA operates in line with the International Professional Practices Framework (IPPF) for Internal Auditing issued by the Institute of Internal Auditors which was confirmed by an independent external assessment carried out in June 2024.
  - The internal audit methodology reflects the current professional standards and allows for identification of significant risks in Santander Bank Polska Group.
  - The annual audit plan is developed on the basis of comprehensive risk assessment and precisely defines the objectives and scope of audit engagements. The audit plan takes into account requirements both of the top management of the Bank (Supervisory Board and Management Board) and the regulator. Moreover, as part of an annual risk assessment, the strategic and operational audit plan was developed.
  - In the opinion of the Bank's Management Board and the Audit and Compliance Committee, the Audit Plan for 2024 covered all significant issues and ensured an independent and objective review and assessment of controls applied as part of the first and second line of defence as well as of the Bank's management system, including the assessment of effectiveness of managing risk related to the Bank's operations. Moreover, audit findings are used to improve the existing processes and security of operations.
  - The policies and practices for monitoring the quality of internal audit work are adequate and comply with professional standards and the approved methodology. The quality assurance report is presented to the Supervisory Board, the Management Board and the Audit and Compliance Committee on an annual basis.
  - The IAA strategy for 2024-2026 was developed adequately and duly and reflects the need to cover the Bank's key strategic directions by audit engagements.
- Audit findings indicating weaknesses in internal controls and risk management are presented in audit reports and represent a basis for issuing recommendations aimed at elimination of these weaknesses by the audited units.
- Each time, the IAA verifies actions taken by the audited units in response to audit recommendations as well as progress in delivering them. The status of implementation of the recommendations and issues under resolution is monitored and reported to the Bank's Management Board, the Audit and Compliance Committee and the Supervisory Board on a regular basis. Audit findings are regularly presented at the meetings of the Management Board, the Audit and Compliance Committee and Supervisory Board.
- The IAA presentation to the Supervisory Board (on 25 February 2025) included the assessment of the internal audit function in terms of adequacy and effectiveness of the internal control and risk management system as part of the summary of the IAA's activity in 2024. This information was also provided to the Audit and Compliance and the Management Board.

- The internal audit is a permanent function, independent of any other functions or units whose objective is to provide the Management Board, the Supervisory Board and other senior management with independent assurance on the quality and effectiveness of internal control, risk management (current or emerging) and governance processes and systems, thereby helping to protect the Bank's value, solvency and reputation.
- Its independence is confirmed every year to the Management Board, the Audit and Compliance Committee and the Supervisory Board and is ensured by the following:
  - In line with the Bank's Statutes, the Internal Audit Area reports directly to the President of the Management Board. The Audit and Compliance Committee supervises the activity of the internal audit function.
  - The Chief Audit Executive has direct and unlimited access to the Chairman of the Audit and Audit and Compliance Committee and participates in all meetings of that committee and the Risk Committee. At least once a year, the Chief Audit Executive holds a meeting with the Audit and Compliance Committee in absence of Management Board members.
  - The Chief Audit Executive participates in meetings of the Management Board and is a member of the Risk Control Committee and Risk Management Committee (without voting rights in either). Thanks to that he has a full insight into the operations of those governing bodies and an opportunity to express his opinion.
  - A detailed procedure of appointing and removing the Chief Audit Executive is in place.
  - IAA employees have unlimited access to all information, documents, systems, applications and premises required to perform their engagements.
- The Internal Audit Area has sufficient resources to carry out its duties:
  - Audit plans define both the number of auditors as well as adequacy of their skills. The Chief Audit Executive reviews the human resources in place on a regular basis (at least once a year) in order to ensure their adequacy.
  - Auditors keep improving their skills through professional certifications.
  - The Chief Audit Executive presents the proposed annual budget of the internal audit function for approval to the Audit and Compliance Committee.
  - Remuneration of IAA employees and their performance against training plans is reported on a regular basis to the Audit and Compliance Committee for review. Conclusions from the review are submitted also to the Bank's Management Board and Supervisory Board.

## 5. Assessment of the risk management system

At its meeting in February 2025, the Supervisory Board conducted the overall review and assessment of the risk management system of Santander Bank Polska, taking into account in particular:

- opinions presented by the Risk Committee at the meeting of the Supervisory Board,
- the information obtained from the Management Board with regard to performance of the risk management system,
- reports on risk management in individual units and information from subsidiaries, including information reported by Chairpersons of the Audit and Compliance Committee, and the Risk Committee based on the reviews made by these Committees,
- findings from supervisory activities performed by authorised institutions, including findings and recommendations issued after the KNF's inspections,
- assessment of adequacy and effectiveness of the internal control system and the risk management system presented by the Internal Audit Area as well as internal audit reports.

The Supervisory Board assessed the risk management system of the Bank as adequate and efficient.

The key principles of the risk management system, which meet the requirements of banking supervision, have been specified in the "Strategy for Risk Management", adopted by the Bank's Management Board and approved by the Supervisory Board of Santander Bank Polska S.A. (last update: resolution of the Bank's Management Board no. 237/2024 of 5<sup>th</sup> Dec., 2024 and Resolution of the Supervisory Board no. 137/2024 of 11<sup>th</sup> Dec., 2024). In line with the Strategy, the Bank has an integrated risk management framework ensuring that all risks having material impact on the Bank's operations are identified, measured, monitored, and controlled. The risk management structure is adequate versus the size of the Bank and the risk it is exposed to. It is also being optimised on an ongoing basis, and adjusted to the changing external environment.

The risk management strategy is set by the Management Board of the Bank and its supporting committees: Risk Management Committee (RMC) and the Risk Control Committee (RCC) overseeing the activity of other committees having delegated authority to manage particular risks. The fact that members of the Management Board and senior management sit on key Committees ensures and confirms the engagement of senior management in the risk management of the Bank as representatives of both first and second line of risk management. The Vice President of the Management Board member in charge of Risk Management Division is assigned the function of the Chief Risk Officer (CRO) and is responsible for providing the Management Board and Supervisory Board with comprehensive information on the risk level, thanks to which they can make adequate decisions.

The responsibility for the management of individual risks was split between the Bank's organizational units that are supported by dedicated Committees.

The comprehensive risk management is based on three lines of defence, where:

- the first line is made up by the units taking risk in their activity,
- in the second line, there are established special organizational units dedicated to control and report risk, i.e. to monitor risk levels on an ongoing basis as well as develop risk management standards,
- the third line is the internal audit unit, which reviews the adequacy and effectiveness of the first and second lines.

The Bank undertakes numerous activities to propagate the principles of risk culture, including raising awareness of the need to manage risk and the responsibility of each employee in this respect. To this end, appropriate articles are regularly published on the intranet, employees undergo mandatory e-learning trainings, competitions and campaigns are held to promote risk management, and all employees are set a mandatory annual goal in this area.

The Bank has implemented methodologies and processes supporting identification and assessment of risks to determine their potential impact on the Bank's operations now and in the foreseeable future; With a view to identifying and assessing risks for the entire organisation, the relevant reviews are carried on a regular basis.

The identified risks are managed with the use of policies, best practice, and appropriate tools to keep them at an acceptable level.

The Bank uses various risk assessment and measurement techniques depending on the risk type and materiality. These techniques are consistent with the approach of Banco Santander Group and leverage the best practice of the parent, a leader in the banking sector.

The Bank aims at keeping the right risk/reward balance. The process of risk management assumes support for the Bank's development strategy, while retaining best in class risk management standards and compliance with the regulatory environment. One of the essential elements of risk management in Santander Bank Polska S.A. is defining and regular monitoring of the risk levels that the Bank is ready to accept in its day-to-day business (the so-called risk appetite). Risk appetite is expressed as quantitative limits and captured in the Risk Appetite Statement of Santander Bank Polska Group agreed by the Management Board and approved by the Supervisory Board. The Bank conducts a detailed review of the limits with regard to the existing and potential risks, market conditions as well as the financial and capital plan at least once a year. Stress testing and scenario analyses represent the key tools used to analyse the limits and ensure that the Bank retains an adequate capital position and liquidity even in extreme and severe circumstances.

The Bank has in place a consistent and transparent system aimed at monitoring and reporting risk levels and excesses against defined limits. The reporting system is defined in detail by the Bank's internal regulations (especially in the Management Information System) and covers key management levels. The Supervisory Board receives regular reports assessing the level of identified risks and periodical assessments of the effectiveness of actions taken by the Bank's Management Board. The key report is the monthly Risk Dashboard (also known as the Unit Report), presented by the second line of defence to the Risk Control Committee (Management Board level) on a monthly basis as well as to Risk Committee (Supervisory Board level). The report contains key indicators for particular risks identified in the Bank's activity, the usage of internal limits resulting from Risk Appetite, risk forecast, actions being taken, etc.

### Committees

The following changes were introduced in 2024 in the structure of committees participating in risk management related process:

- liquidation of the Regulatory and Reputational Risk Committee as well as change of the name of the General Compliance Committee to Compliance Committee;
- introduction of a Compliance Panel;
- change of the name of the Responsible Banking and Corporate Culture Committee to ESG committee;
- liquidation of the CyberTechRisk Forum;
- liquidation of the Compliance Forum.

### **Priorities in 2024**

The importance of geopolitical risk in risk management processes is still high due to the ongoing armed conflicts (war between Russia and Ukraine and in the Middle East). The Group identifies this risk both in its operations and in relation to its loan book and financial assets. The process is based on the definition and assessment of material risks that may arise due to the geopolitical and macroeconomic situation and threaten the delivery of business plans of Santander Bank Polska S.A.. Both first and second line of defense units are involved in the process. To maintain business continuity, the Group closely monitors external developments and their impact on its operations. The monitoring covers, among other things, the key threats related to the above armed conflicts, which ensures that the Group appropriately adjusts its control mechanisms to potential scenarios and is prepared to minimise the impact of emerging risks.

In 2024, as in previous years, the Bank continued to monitor its credit portfolio in terms of the impact of macroeconomic factors on individual segments and industries in order to ensure adequate and prompt reaction and adequate adjustment of credit policy parameters. The assessment covered mainly impact of certain factors (such as: level of inflation and interest rates, exchange rates, export dynamics, energy and gas prices) on the quality of loan portfolios via stress tests and sensitivity analysis. The Bank also continued monitoring of factors directly related to geopolitical situation (sanctions, restriction of operations of business customers in the regions of armed conflicts). Additionally the Bank performed monitoring of draft legislation changes,

that could have a significant impact on the situation of particular industries and, as a result of such monitoring, adequate anticipatory measures are put in place in reference to related portfolios.

## 6. Assessment of reasonableness of expenditure to support culture, sports, charities, the media, community organisations, trade unions and others

In 2024, Santander Bank Polska S.A. carried out various sponsorship, image and charitable projects to support education, including in particular financial education, culture, charitable actions, as well as the statutory activities of foundations, chambers or associations.

These activities were carried out in accordance with the provisions of the Brand and Marketing Policy, as well as with the Anti-Bribery and Corruption Policy, which includes provisions on sponsorship and donations. Directions were also set by the Santander Bank Polska Strategy, the Responsible Banking and Sustainable Development Policy and the Responsible Banking Strategy. The units responsible for the implementation of tasks in accordance with the guidelines of the aforementioned documents include the Public Relations Department and the Santander Bank Polska S.A. Foundation, which carries out its activities on the basis of the Foundation's Statutes.

The Bank and the Foundation have consistently focused on implementing long-term projects and programmes over the years. They provide an opportunity to reach a wider audience, build the best experiences, arouse positive emotions and good associations linking the Bank/Foundation with the supported initiative. They also allow them to be used synergistically in communication or relationship activities with employees, customers and local communities. All projects are aimed at strengthening the Bank's image as the best commercial bank in Poland, a trustworthy, responsible and socially committed institution, an informed, nationally active participant of community life. The themes of the projects focused on the following areas:

- education, including in particular financial education - projects aimed at different target groups (as part of the Responsible Banking and ESG agenda, investing in the future, raising public awareness),
- promoting culture - both Polish and Spanish - to a diverse audience, supporting young talent,
- supporting projects relevant to local communities (establishing partnerships, building a committed attitude among employees - corporate volunteering).

### Assessment of the reasonableness of expenditure

In 2024, activities mainly focused on the following areas: education, particularly financial education, sport and culture. In addition to the continuation of long-term projects, the Bank also implemented several new initiatives. These benefited the Bank in terms of image, allowed it to arouse positive emotions, to reach out to a younger audience (Santander Summer Sounds, the immersive exhibition "Dali Cybernetics", the Malta Festival), but also to involve many of the Bank's experts from different areas (Impact'24). In addition, the Bank also promoted the Santander Group's continuing global sponsorship projects: the partnership with Scuderia Ferrari and the League of Legends European Championship (LEC).

In the Supervisory Board's opinion, the expenditure on sponsorship, image and charitable activities was incurred in 2024 in a reasonable, prudent and well-considered manner. The Bank consistently focused on supporting projects from specific and strategically important areas. The projects to be implemented were each time selected in a rational manner, after a thorough analysis of their effectiveness, both in terms of image and cost, with simultaneous care to ensure the maximum possible promotional and advertising benefits for the Bank. Such an approach is conducive to building and reinforcing the Bank's positive image as a responsible, reliable and committed institution. It also makes it possible to establish multidimensional relations, as well as to strengthen the Bank's reputation and prestige among all stakeholder groups: shareholders, customers and employees. These values are very important in positioning the Santander brand, increasing its recognition and building brand loyalty.

### The Bank's key projects in 2024 (ongoing and new):

- From the start of the F1 Grand Prix season in 2022 until December 2024. Banco Santander was one of the key partners of the Scuderia Ferrari team. Santander provided Scuderia Ferrari with solutions to support the team's plans to achieve carbon neutrality by 2030.
- In September 2024, Banco Santander announced that it would be an official partner of Formula 1<sup>®</sup> under a multi-year agreement as the official bank from 2025 onwards. The bank's logo will be visible on the track at many Grand Prix events in Santander's core markets, including the US, Brazil, Mexico, Spain and the UK. In December 2024, Banco Santander announced that it would be the official sponsor of the Williams Racing team for the 2025 season.
- Banco Santander is continuing its partnership agreement with the League of Legends European Championship, signed in 2022. It is the main sponsor of the League of Legends competition in Europe and Latin America. The sponsorship agreement with LEC supports the Bank in promoting innovation, diversity and digitalisation. With the slogan 'Level up your dreams', the Santander Group wants to build a new community to help the younger generations succeed.
- In 2024, the Bank was once again the title sponsor of the "Santander Summer Sounds" summer tour - a series of summer weekend concerts featuring the best Polish male and female artists in 6 cities: Kraków, Wrocław, Katowice, Warsaw, Łódź and Poznań. More than 66,000 people attended the festival.
- A new image-based cultural project was the Malta Festival. The Bank became the main partner of the 34th edition of the festival and the exclusive patron of the "Lear" performance as part of the event. The festival has been held in Poznań for more than 30 years and is the largest theatre festival in this part of Europe. The events of the Malta Festival 2024 were attended by nearly 30,000 people.

- The Bank was a partner of the multisensory exhibition 'Dali Cybernetics. An immersive journey into the brilliant mind' at the Art Box Experience in Warsaw. The exhibition created in collaboration with the Salvador Dali Foundation premiered on 11 September 2024 and was open to the public until 23 March 2025. The exhibition was accompanied by an educational programme for children and young people, including guided tours for school groups with educators for which special teaching materials were prepared. The exhibition was very popular with the public. Until 31 December, 2024, 35,000 people had visited the exhibition.
- For the second consecutive year, the Bank was a strategic partner of the Impact Congress. This is the most prestigious economic and technological event in Central and Eastern Europe, attended by top executives from major global companies, policy makers, regulators, prominent scientists and world-class experts and speakers. The programme includes inspiring sessions and workshops on economics and the worldwide economic, social and technological situation. The congress took place on 15-16 May 2024 in Poznań. It is a congress that attracts the greatest speakers from all over the world. The Impact'24 stage featured 600 speakers, including: Peter Zeihan, Chris Bailey, Kenneth Cukier, Valerie Jarrett and Jesse Eisenberg. Michelle Obama was a special guest. Experts from Santander Bank Poland also participated in panels and discussions. The event was attended by more than 6,000 people.
- The Bank continued the implementation of its proprietary project "Finansiaki", which aims to support the educational competences of parents and teachers in the area of finance and entrepreneurship by providing them with relevant materials (in line with the curriculum of pre-school education and general education at primary school level). The project is part of the Responsible Banking strategy. Its main element is the [www.santander.pl/finansiaki](http://www.santander.pl/finansiaki) website. The programme is complemented by classes in kindergartens and schools conducted by bank employees as part of corporate volunteering activities (1,836 participants in 2024), classes run by teachers based on available, ready-made scripts (in 2024: 33 classes, 852 participants), a free guide for parents "Finansiaki to My!", as well as "Finansiaki to My" profiles on Facebook and Instagram. In 2024, the Bank implemented numerous initiatives to promote the project and raise awareness of financial education. ,
- In cooperation with MCA BIS Sp. z o. o., the Bank carried out the third edition of the financial education workshop "Financial Games" for students from grades 5-8 of primary schools. The aim is to familiarise students with difficult financial topics, such as. payments, savings, interest, cyber security, demand, supply or credit, in an easy and fun way. During the 3 editions, workshops have already been held in 32 cities and were attended by 8,000 students.
- Since 2017, the Bank has been a partner to the educational project 'Security in Cyberspace', coordinated by the Warsaw Banking Institute. The aim of the project is to improve the public's awareness of online safety, to develop practical skills regarding the use of new technologies, as well as to increase knowledge of cyber threats and to shape appropriate attitudes in the field of cyber security. A total of approximately 2,000 classes, lectures, webinars, training courses, e-learning, conferences and competitions were held in 2024. The project reached around 145,000 participants directly (children and young people, students, adults and seniors).

#### Key projects of Santander Bank Polska Foundation in 2024:

- **Bank of Young Sport Champions 2.0** – the aim of the project is to promote sporting endeavours and the principles of fair play in sport and to increase public awareness of the benefits of regular physical activity. The project's priority is to support the physical development of programme beneficiaries.
- **Scholarship Programme** – The Santander Foundation launched its Scholarship Programme for the first time in 2018. The Foundation's support has contributed to the development of talent and facilitated students' education at the highest level. The amount of scholarship support in the 2024/2025 school year is PLN 10,000 which is paid out in PLN 1,000 monthly instalments for a period of 10 months (from September 2024 to June 2025).
- **Flame Clubs** - a project running from 2019 the purpose of which is to renovate and equip rooms according to the needs of children who are hospitalised or live in children's homes. Facilities that lack rooms for learning, leisure, play or rehabilitation or are in an unsatisfactory technical condition are eligible for the programme. New rooms were created at the University Children's Hospital in Kraków and two at the University Children's Hospital in Lublin.
- **"We multiply the good"** - in 2024, the Santander Group and the Santander Foundation carried out a charity campaign to raise funds to help all eighteen children's oncology wards in Poland and the Father E. Dutkiewicz Home Hospice for Children. The campaign lasted from 2-27 September 2024. Each day the amount collected by donors was increased by PLN 40 000. In total, the Santander Group and the Foundation donated altogether more than PLN 1 million. The funds raised will be spent on purchasing equipment necessary to fight childhood cancer.
- **Corporate volunteering - social engagement of employees**  
Since 2010, the Santander Foundation has been promoting corporate volunteering. The Foundation supports the Bank's employee-volunteers with its expertise and funding and recognises their contribution to the development of local communities. Volunteering is carried out in three forms: time volunteering, competence volunteering and educational volunteering. Volunteering is a form of social engagement that helps create positive change in local communities. Volunteering activities benefit both the beneficiaries and the volunteers. Through volunteering, one can upgrade existing skills and learn completely new ones, make new contacts, increase one's level of empathy and sense of belonging to the community.

Number of projects implemented in 2024: 172

Number of employee volunteers registered on the electronic platform at the end of 2024: 2,590

Number of people helped through employee volunteering actions in 2024: 13,198

## 7. Assessment of the manner of fulfilling by Santander Bank Polska S.A. disclosure requirements set out in the WSE rules and regulations pertaining to current and periodic information published by issuers of securities

In line with rule 2.11.4 of Best Practice for GPW Listed Companies 2021, the Supervisory Board makes and presents to the AGM the assessment of the manner of fulfilling by Santander Bank Polska S.A. the disclosure requirements and corporate governance rules set out in the WSE rules and in regulations pertaining to current and periodic information published by issuers of securities.

Pursuant to § 29(3) of the WSE Terms of Reference, the issuer of securities publishes information indicating which of the rules set out in Best Practice for GPW Listed Companies 2021 are complied with and which are not yet applied permanently. In the latter case, the information provided explains in detail the circumstances and reasons why a specific rule is not followed. If the compliance status changes or if circumstances occur as a result of which an explanation is required as to why a specific rule is not applied or the manner of its application is modified, the issuer promptly updates the published information.

The amended Best Practice for GPW Listed Companies 2021 document effective as of 1 July 2021 was adopted by virtue of resolution no. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 29 March 2021. The above version of best practice was adopted by the Bank by way of Management Board resolution no. 160/2021 of 21 July 2021, Supervisory Board resolution no. 108/2021 of 27 July 2023 and General Meeting resolution no. 33 of 27 April 2022.

On 29 July 2021, the Bank published a report on application of the rules set out in Best Practice for GPW Listed Companies 2021 (it is available on the bank's website at: [https://www.santander.pl/regulation\\_file\\_server/time20210729112136/download?id=163350&lang=pl\\_PL](https://www.santander.pl/regulation_file_server/time20210729112136/download?id=163350&lang=pl_PL)).

In addition, the Statement on Corporate Governance in 2024 was included in Section 8 of the 2023 Management Board Report on Santander Bank Polska Group's performance published on 16 February 2024. The Statement has been prepared in accordance with § 70(6)(5) of the Finance Minister's Regulation of 29 March 2018 on current and financial reports published by the issuers of securities and the rules of equal treatment of the information required by the laws of a non-member state. In accordance with Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting (2014/208/EU), the Statement presents details on application of corporate governance rules in 2022 regarding the topics of most importance for shareholders.

Prior to the publication of the Statement for 2023, the Supervisory Board reviewed compliance with the rules, including the Best Practice for GPW Listed Companies 2021 and Principles of Corporate Governance for Supervised Institutions. The review included a detailed analysis of reports describing how individual units of the Bank adhered to specific rules, along with the evidence of same.

Given the above, the Bank's fulfilment of disclosure requirements in relation to the adherence to the corporate governance rules is positively assessed by the Supervisory Board, whilst the Bank's disclosures are a deemed a reliable source of information on its compliance with the corporate governance rules.

## 8. Delivery of the Diversity Policy

The Bank strives to ensure diversity within the Management and Supervisory Boards in terms of competencies, knowledge and professional experience to allow a variety of views and independent opinions and facilitate informed decision-making.

The Bank pursues its diversity strategy as part of selection, assessment of suitability and succession of members of the Management Board and the Supervisory Board based on objective substantive criteria, while taking into account the benefits of diversity.

Not only does it strive to ensure that members of the Management and Supervisory Boards have the required professional skills, but it is also committed to having a balanced representation of men and women on these boards, while ensuring diversity in terms of age, academic and professional background and geographical origin.

The above processes are delivered in a way preventing discrimination on any grounds, particularly based on gender, race, colour, ethnic or social origin, genetic features, religion or beliefs, membership of a national minority, property, birth, disability, age or sexual orientation.

The Bank's internal regulations in this respect are based on the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders EBA/GL/2017/12 and comply with the applicable laws, including the Banking Law Act and the Commercial Companies Code. They also comply with new Guidelines EBA/GL/2021/06 effective as of 31 December 2021.

- Pursuant to Santander Bank Polska Management Board Diversity Policy, the Supervisory Board strives to achieve the objective of at least 30% female representation on the Management Board in 2025.
- In the case of the Supervisory Board, the notion of diversity is governed by the Policy on the Suitability Assessment of the Supervisory Board Members in Santander Bank Polska S.A. The Policy sets out an objective of 40%–60% female representation on the Supervisory Board by 2025.

To ensure the target percentage of women on the Management and Supervisory Boards, the Nominations Committee of the Supervisory Board takes into account all personnel of Santander Group and business objectives related to cross-border activities. It also takes measures to ensure that the succession



plans include an appropriate percentage of women and that the women considered in such plans are ready to take up their role within the prescribed time frame.

The Nominations Committee of the Supervisory Board monitors delivery of the objectives set out in the diversity policy and reviews the progress each year based on the data and information obtained as part of collective assessment of the Management Board and the Supervisory Board. If the progress in achieving the objectives or targets is insufficient, the Committee indicates the causes and recommends appropriate measures to be taken to meet the diversity targets.

As at 31 December 2024, there were four women on the Bank's Supervisory Board: Danuta Dąbrowska, Dominika Bettman, Isabel Guerreiro and Kamilla Marchewka-Bartkowiak (40% representation). On the Management Board, women were represented by Dorota Strojewska in charge of the Business Partnership Division and Magdalena Proga-Stępień in charge of the Retail Banking Division (20% representation). Women accounted for 30% of the supervisory and management bodies.

In terms of other criteria, the current composition of the Supervisory and Management Boards is sufficiently diverse and includes people of different geographical provenance (four EU states), age, years of service with the Bank and experience both in the financial industry and other areas of economy, representatives of science and business, having diverse academic background, including degree in economics, law, IT and new technologies.

The tables below present the delivery of the diversity policy within the Management Board and the Supervisory Board as at 31 December 2024.

Gender	Women <sup>1)</sup>	Men
Supervisory Board	4	6
Management Board	3	8

1) as a result of the resignation of Patryk Nowakowski, there are two women and seven men on the Management Board.

Age	31-40	41-50	51-60	above 60
Supervisory Board	-	1	7	2
Management Board	1	4	5	-

#### Years of service with Santander Bank Polska S.A.

counted from their first appointment to the Supervisory Board or Management Board.

	up to 5	6-10	11-15	16-20	21-25
Supervisory Board	6	2	2	-	-
Management Board	4	4	1	1	-

International experience:	Number of members
Supervisory Board	7
Management Board	5

## 9. Assessment of discharging other duties arising from Article 380<sup>1</sup> of the Commercial Companies Code by the Bank's Management Board

Having assessed the papers submitted by the Management Board for its each regular meeting, the Supervisory Board is of the opinion that in 2024 the Management Board duly discharged all its duties arising from Article 380<sup>1</sup> of the Commercial Companies Code, i.e. submitted to it information about:

- Management Board resolutions adopted since the last regular meeting,
- the Bank's standing, including its assets as well as important circumstances related to managing the business of the Bank, especially in the area of its operations, investments and HR issues;
- progress in delivering the development directions defined for the Bank.

Moreover, the Supervisory Board states that the Management Board duly discharged its duties when it comes to updates on transactions and other events or circumstances which have or may have a material impact on the financial standing of the company, including its profitability or liquidity. In the Supervisory Board's view, the Management Board provided it with due updates if the occurring changes had or could have a material impact on the Bank's standing.

Information provided to the Supervisory Board by the Management Board covered also the Bank's subsidiaries and affiliates.

## 10. Assessment of the manner of submitting by the Management Board information, documents, reports or explanation requested by the Supervisory Board

The Supervisory Board formulated a positive opinion on the manner of producing and submitting information, documents, reports and explanations by the Management Board. The Supervisory Board gets access to documents and information required for reviewing the Bank's assets. This refers also to documents and information about the Bank's subsidiaries and affiliates. All information, documents, reports and explanations requested by the Supervisory Board from the Management Board and designated employees were made available to it at due dates and in the required form.

## 11. Information about the total remuneration due from the Bank for all any audits requested by the Supervisory Board in accordance with Article 382<sup>1</sup> of the Commercial Companies Code

In 2024 pursuant to Article 382<sup>1</sup> of the Commercial Companies Code the Supervisory Board did not request any audits pertaining to the Bank's operations or assets to be carried out at the Bank's cost by the Supervisory Board's advisor.

## 12. Summary

Based on the assessment whose results are presented above, the Supervisory Board states that the situation of the Santander Bank Polska S.A. and Santander Bank Polska Group is good and stable, as evidenced specifically by:

- good financial results in a challenging economic environment;
- effective risk management;
- strong capital and liquidity position;
- efficient internal control system.

The Supervisory Board thanks the Bank's Management Board and all employees of Santander Bank Polska S.A. and its Group for a rewarding co-operation and contribution to its development and transformation, and to building the Bank's strong position on the financial market.

## IV. Assessment of compliance with the corporate governance rules for supervised institutions

As of 1 January 2015, Santander Bank Polska S.A. has followed and adhered to the Principles of Corporate Governance for Supervised Institutions (Principles) implemented under Resolution no. 218/2014 issued by the Polish Financial Supervision Authority (KNF) on 22 July 2014. This is an important document for the Bank's corporate policy as a public trust institution.

The Principles were approved by way of Resolution no. 29 passed by the Annual General Meeting held on 23 April 2015 and based on the relevant resolutions of the Bank's Management Board and Supervisory Board.

The Principles cover a wide range of issues, including among others internal and external relations of the Bank, also with the shareholders and customers, organisation and functioning of internal supervision and key internal systems and functions, statutory bodies and principles of cooperation, which requires the Bank to comply with top standards and to ensure that the obligations arising from the regulations are adequately fulfilled.

Therefore, the Bank precisely defined organisational units (the so-called business owners) responsible for the adherence to and implementation of the rules assigned to them in line with their area of responsibility in the Bank. Throughout 2024, these units took appropriate measures to ensure compliance with the Principles.

In February 2024, the Supervisory Board assessed compliance with the Principles of Corporate Governance for Supervised Institutions. The assessment was based on a detailed report and evidence from relevant units of the Bank.

All units fulfilled their obligations by confirming the application of all the Principles and indicating the actions taken that reflected their professionalism, integrity and diligence.

Given the above, the Supervisory Board stated that the process of implementing the Principles in the Bank in 2024 was carried out adequately. The process was subject to current, in-depth supervision by the business owners. The coordination of the process and collaboration between business owners in joint implementation of certain rules were also effective.

Therefore, the Supervisory Board positively assesses the application of the Principles in 2024 by the Bank.

## V. Assessment of the remuneration policy of Santander Bank Polska S.A.

This assessment was made pursuant to § 28(3) of the Principles of Corporate Governance for Supervised Institutions approved by resolution no. 29 of the Bank's Annual General Meeting of 23 April 2015 which states that the supervising body should present the general meeting with a report on the remuneration policy of the supervised institution on an annual basis.

The remuneration principles of Santander Bank Polska S.A. are defined in the Remuneration Policy of Santander Bank Polska Group ("Remuneration Policy").

At the same time, the following regulations apply at the Bank:

1. *Remuneration Policy for members of the Supervisory Board of Santander Bank Polska S.A.*
2. *Remuneration Policy for members of the Management Board of Santander Bank Polska S.A.*
3. *Rules for payment of variable remuneration to Identified Staff of Santander Bank Polska S.A. in 2024.*

The rules for paying fixed and variable remuneration to the Bank's Management Board members and key function holders arise from the above policies and the bonus regulations based on them as well as from regulations on variable components of remuneration paid to Identified Staff.

The purpose of the Remuneration Policy is to lay down core remuneration rules and practices consistent with internal regulations and applicable law, taking into account the remuneration policy adopted by the Group's parent company.

The Remuneration Policy is the key element of the remuneration strategy and serves as a reference for designing, reviewing, implementing and overseeing the staff remuneration practices. The Remuneration Policy promotes a high-performance culture that rewards employees' accomplishments and impacts the conduct of business as a responsible bank that serves interests of shareholders, employees and communities. The Remuneration Policy and related practices are gender neutral.

Given the applicable Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system, the internal control system and remuneration policy at banks, the Remuneration Department in cooperation with the legal, compliance and risk management functions at least once a year reviews all internal legal documents related to remuneration policy applicable in the Bank. As part of the review in 2024, the Remuneration Policy of Santander Bank Polska Group was adapted to the slightly amended remuneration policy applied by the parent of SBP Group. The changes made concerned in particular clarification of the rules related to: the variable remuneration level, the process of managing employee objectives and performance, the treatment of severance payments and compensations in internal processes, the variable remuneration of sales employees and the application of the malus clause.

The provisions of the policies and regulations applicable in the Bank comply with statutory regulations and implementing acts, which is confirmed by the results of internal audits.

In 2024, the Internal Audit Area reviewed the documents related to the remuneration policy of Santander Bank Polska Group, with the focus on variable components of remuneration paid to material risk takers in Santander Bank Polska Group applicable in 2023.

The audit function established that regulatory requirements were met and that variable components of remuneration were adequately calculated, paid and disclosed. The Internal Audit Area did not issue any recommendations.

The Bank has a centre of excellence with appropriate knowledge and skills enabling independent update and verification of the list of material risk takers (MRT). The Remuneration Committee of the Supervisory Board actively participated in the identification of MRTs, while the Supervisory Board constantly supervised the process, approving its result.

The Bank identified MRTs based on the applicable provisions of the Banking Law and the criteria laid down in Commission Delegated Regulation (EU) No 2021/923 of 25 March 2021. In line with the process, MRTs were identified in H1 and then the list was updated to reflect HR and organisational changes that took place in H2.

The list of persons identified as MRTs in 2024 includes 109 persons from Santander Bank Polska S.A. and 17 persons from Santander Bank Polska Group subsidiaries (some of them, due to the performed functions, were identified both in the Bank and in the subsidiaries).

In 2024, the identification was benchmarked to the banking sector practice in Poland in cooperation with a leading consulting company. Each time the identification of MRTs is completed and the list of such individuals is approved by resolution of the Supervisory Board, a formal communication process addressed to all identified employees takes place.

The Supervisory Board performed active oversight of the Remuneration Policy, both in terms of verification whether the conditions for awarding and paying variable remuneration for 2023 had been fulfilled (including application of malus clauses), analysis of remuneration of employees considered as MRTs, as well as the review of the assumptions underpinning the remuneration strategy and main bonus schemes for 2024, salary review or remuneration practice in the context of gender neutrality. Moreover, the Supervisory Board reviewed the list of participants of the Long-Term Incentive Programme applicable in the Bank in 2022-2026 and checked the fulfilment of conditions determining the payout of 2023 bonus in the form of the Bank's shares.

Against this background, the Supervisory Board is of the opinion that the Remuneration Policy supports growth and security of the Bank's Group, and that in particular it complies with the principles of sound and effective risk management, prudent capital management, and that it is consistent with the Bank's business strategy, objectives, values and long-term interests.

Accordingly, the Supervisory Board deems the Bank's remuneration policy and rules to be appropriate and conducive to delivery of the Bank's management strategy.

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Antonio Escámez Torres  
Chairman of the Supervisory Board