REPORT

of Santander Bank Polska Group for Quarter 1 2025

FINANCIAL HIGHLIGHTS		PLN k		EUR k	
		1.01.2025-31.03.2025	1.01.2024-31.03.2024	1.01.2025-31.03.2025	1.01.2024-31.03.2024
	Consolidated financial statements of Santander Bank Polska Group				
I	Net interest income	3 598 024	3 387 338	859 784	783 906
II	Net fee and commission income	748 332	728 555	178 821	168 604
III	Profit before tax	2 332 225	2 096 647	557 309	485 211
IV	Net profit attributable to owners of the parent entity	1 733 624	1 564 744	414 267	362 117
V	Total net cash flows	937 252	(5 223 979)	223 966	(1 208 947)
VI	Profit of the period attributable to non-controlling interests	57 397	32 830	13 716	7 598
VII	Profit per share in PLN/EUR	16,96	15,31	4,05	3,54
VIII	Diluted earnings per share in PLN/EUR	16,96	15,31	4,05	3,54
	Separate financial statements of Santander Bank Polska S.A.				
I	Net interest income	3 083 186	2 930 501	736 758	678 184
II	Net fee and commission income	670 074	640 044	160 121	148 121
III	Profit before tax	2 105 563	1 923 700	503 145	445 188
IV	Profit for the period	1 614 563	1 472 646	385 816	340 803
V	Total net cash flows	1 302 904	(4 822 998)	311 342	(1 116 151)
VI	Profit per share in PLN/EUR	15,80	14,41	3,78	3,33
VIII	Diluted earnings per share in PLN/EUR	15,80	14,41	3,78	3,33

FINANCIAL HIGHLIGHTS		PLN k		EUR k	
		31.03.2025	31.12.2024	31.03.2025	31.12.2024
	Consolidated financial statements of Santander Bank Polska Group				
I	Total assets	313 716 818	304 373 920	74 981 911	71 231 903
II	Deposits from banks	5 325 734	5 148 660	1 272 911	1 204 929
III	Deposits from customers	237 078 916	232 028 762	56 664 575	54 301 138
IV	Total liabilities	277 157 238	269 932 734	66 243 753	63 171 714
V	Total equity	36 559 580	34 441 186	8 738 158	8 060 189
VI	Non-controlling interests in equity	1 980 415	1 913 719	473 342	447 863
VII	Number of shares	102 189 314	102 189 314		
VIII	Net book value per share in PLN/EUR	357,76	337,03	85,51	78,87
IX	Capital ratio	18,10%	17,68%		
X	Declared or paid dividend per share in PLN/EUR	46,37*	44,63	11,08	10,37
	Separate financial statements of Santander Bank Polska S.A.				
I	Total assets	285 215 125	276 090 920	68 169 680	64 612 900
II	Deposits from banks	2 768 294	3 050 432	661 654	713 885
III	Deposits from customers	220 906 269	215 776 367	52 799 127	50 497 629
IV	Total liabilities	253 067 511	245 863 553	60 486 032	57 538 861
V	Total equity	32 147 614	30 227 367	7 683 648	7 074 039
VI	Number of shares	102 189 314	102 189 314		
VII	Net book value per share in PLN/EUR	314,59	295,80	75,19	69,23
VIII	Capital ratio	20,10%	19,74%		
IX	Declared or paid dividend per share in PLN/EUR	46,37*	44,63	11,08	10,37

*Detailed information are described in note 43.

The following rates were applied to determine the key EUR amounts for selected financial statements line items:

- for balance sheet items – average NBP exchange rate as at 31.03.2025: EUR 1 = PLN 4,1839 and sa at 31.12.2024: EUR 1 = PLN 4,2730
- for profit and loss items – as at 31.03.2025 - the rate is calculated as the average of NBP exchange rates prevailing as at the last day of each month in 2025: EUR 1 = PLN 4,1848; as at 31.03.2024 - the rate is calculated as the average of NBP exchange rates prevailing as at the last day of each month in 2024: EUR 1 = PLN 4,3211

As at 31.03.2025, FX denominated balance sheet positions were converted into PLN in line with the NBP FX table no. 062/A/NBP/2025 dd. 31.03.2025.

Overview of Performance of Santander Bank Polska Group

in Q1 2025

Santander

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I. Basic information about Santander Bank Polska Group in Q1 2025

1. Key achievements

EFFICIENCY AND SECURITY	▸ Group's solid capital position confirmed by capital ratios as at 31 March 2025, including the total capital ratio of 18.10%, i.e. well above the statutory and regulatory minimum (17.89% as at 31 March 2024). ▸ High and stable ROE (19.5% vs 20.1% as at 31 March 2024). ▸ Sound liquidity position. Net customer loans to deposits ratio at 74.2%. Supervisory liquidity ratios well above the regulatory minimum. ▸ Close monitoring of risk and implementation of relevant prudential measures. ▸ High cost efficiency of the Group, with a cost to income ratio of 34.8% (32.6% in Q1 2024) amid rising regulatory, transformation and business scale-related costs. ▸ Further automation and optimisation of operational processes. ▸ Improved availability, reliability, performance and cybersecurity of the Group's systems.
BUSINESS VOLUMES AND ASSET QUALITY	▸ 12.0% YoY increase in total assets to PLN 313.7bn supported by growing business volumes in key product lines and customer segments. ▸ 12.7% YoY growth in deposits from customers to PLN 237.1bn driven by an increase in term deposits (+15.8% YoY) and current and savings account balances (+11.5% YoY). ▸ 7.8% YoY increase in gross loans and advances to customers to PLN 181.5bn, including loans and advances to business customers and the public sector (+11.1% YoY), lease receivables (+10.2% YoY) and loans and advances to individuals (+4.7% YoY). ▸ Continuously high quality of the credit portfolio, with the NPL ratio of 4.3% (4.6% as at 31 March 2024), Group's prudential approach to risk management and an increase in credit receivables. ▸ Decrease in the cost of credit risk from 0.70% in Q1 2024 to 0.57% in Q1 2025 amid gradual economic recovery. ▸ Slight decline in the annualised Ytd net interest margin on a comparative basis (5.14% for Q1 2025 vs 5.38% for Q1 2024) as a combined effect of the growth in business volumes and regular adjustments to external and internal conditions. ▸ 2.7% YoY rise in net fee and commission income on account of higher net income from the investment fund, stock and bancassurance markets and from currency exchange. ▸ Growth in the number of transactions made via mobile banking (+20.9% YoY) and in the share of this channel in remote credit sales. ▸ 18.3% YoY increase in the net asset value of investment funds, reflecting strong positive net sales of investment funds in Q1 2025 and higher valuation of assets.
CUSTOMERS AND COMMUNITIES	▸ 7.5m customers of Santander Bank Polska S.A. and Santander Consumer Bank S.A., including 3.6m loyal customers. ▸ 5.1% YoY increase in the number of accounts held by customers of Santander Bank Polska S.A. to 7.1m, including 3.9m Santander Accounts. ▸ 4.5m digital customers of both banks, including 3.7m mobile banking customers. ▸ Further automation, robotisation, optimisation and simplification of operational processes. ▸ Continuation of IT projects aimed at improving experience of customers and employees. ▸ Implementation of measures to support sustainable development and promote cybersecurity culture. ▸ Further enhancement of the remote channel functions, including improvements in the new Santander mobile application and iBiznes24.

AWARDS	

AWARDS

- First place awarded to Mr. Michał Gajewski, President of the Management Board of Santander Bank Polska S.A., (for the third time) in the Forbes "Banker of the Year" ranking.
- Magdalena Proga-Stępień, a member of the Bank's Management Board, ranked among 15 most influential women in the Polish finance industry by My Company Polska magazine.
- The Brokerage Team of Santander Brokerage Poland placed first for the third year running in the ranking published by the Parkiet daily.
- Santander Bank Polska S.A. named the Leader of Ethics in the "Ethical Company" competition organised by Puls Biznesu.
- Santander Bank Polska S.A. awarded in ten categories of the Institution of the Year ranking: best private banking, best bank for business, best internet banking, best customer service in remote channels, best customer service in branches, best personal banking (at branches and remote channels), best account opening, CX leader and best bank based on customer voice. 30 branches were individually recognised for top customer service quality.
- Santander Bank Polska S.A. placed first in the Best Branch Services and Personal Account categories of the Golden Banker ranking by Bankier.pl and Puls Biznesu. The Bank was also a runner-up in the main Multichannel Services category (making the podium for the eighth time), and in the Premium Account (for Select Account) and Social Media categories.
- Santander Bank Polska S.A. named the Best Bank in the Finance World Leaders competition organised as part of the Banking & Insurance Forum in recognition of its dynamic growth, impressive financial performance and high operational efficiency.
- Santander Factoring Sp. z o.o. recognized as Forbes Diamonds 2025 in the ranking of the most dynamically developing companies which have substantially increased their value over the last three years.

2. Financial and business highlights of Santander Bank Polska Group

Selected income statement items		Q1 2025	Q1 2024	Change YoY (2025 / 2024)
Total income	PLN m	4,433.1	4,151.7	6.8%
Total costs	PLN m	(1,542.3)	(1,353.0)	14.0%
Net expected credit loss allowances	PLN m	(251.9)	(231.9)	8.6%
Profit before tax	PLN m	2,332.2	2,096.6	11.2%
Profit attributable to the shareholders of Santander Bank Polska S.A.	PLN m	1,733.6	1,564.7	10.8%
Selected balance sheet items		**31.03.2025**	**31.03.2024**	**Change YoY (2025 / 2024)**
Total assets	PLN m	313,716.8	280,024.9	12.0%
Total equity	PLN m	36,559.6	35,015.0	4.4%
Net loans and advances to customers	PLN m	175,937.5	162,653.1	8.2%
Deposits from customers	PLN m	237,078.9	210,308.2	12.7%
Selected off-balance sheet items		**31.03.2025**	**31.03.2024**	**Change YoY (2025 / 2024)**
Net assets of investment funds [1]	PLN bn	24.9	21.1	3.8
Selected ratios [2]		**31.03.2025**	**31.03.2024**	**Change YoY (2025 / 2024)**
Costs/Income	%	34.8%	32.6%	2.2 p.p.
Total capital ratio	%	18.10%	17.89%	0.21 p.p.
ROE	%	19.5%	20.1%	-0.6 p.p.
NPL ratio	%	4.3%	4.6%	-0.3 p.p.
Cost of credit risk	%	0.57%	0.70%	-0.13 p.p.
Loans/Deposits	%	74.2%	77.3%	-3.1 p.p.
Selected non-financial data [3]		**31.03.2025**	**31.03.2024**	**Change YoY (2025 / 2024)**
Electronic banking users [5]	m	6.5	6.4	0.1
Active digital customers [6]	m	4.5	4.3	0.2
Active mobile banking customers	m	3.7	3.1	0.6
Debit cards	m	5.1	4.8	0.3
Credit cards	m	0.8	0.9	-0.1
Customer base	m	7.5	7.4	0.1
Branch network	locations	342	353	-11
Santander Zones and off-site locations	locations	13	17	-4
Partner outlets	locations	401	431	-30
Employment	FTEs	11,286	11,344	-58

1) Assets in investment funds managed by Santander Towarzystwo Funduszy Inwestycyjnych S.A.
2) For definitions of ratios presented in the table above, see Section 3 "Selected financial ratios of Santander Bank Polska Group" of Chapter V "Financial situation after Q1 2025".
3) The selected non-financial data refer to Santander Bank Polska S.A. and Santander Consumer Bank S.A., except for the number of shares, dividend paid and debit cards.
4) For more information about the dividend, see Chapter VII "Investor relations".
5) Registered users with active access to internet and mobile banking services of Santander Bank Polska S.A. and Santander Consumer Bank S.A.
6) Active users of electronic banking services of Santander Bank Polska S.A. and Santander Consumer Bank S.A. who at least once used the services in the last month of the reporting period.

3. Key external factors

Main macroeconomic factors which impacted the financial and business performance of Santander Bank Polska Group in the first quarter of 2025

Economic growth	▸ Weakening of industrial production linked to the downturn in the euro area. Improvement in construction output, which may signal an increasing use of EU funds. Continued weakness in exports.
Labour market	▸ Unemployment rate near historical lows. Wage growth slowing down to single-digit levels, with real wages continuing to grow at a solid pace.
Inflation	▸ Lower-than-expected path of CPI inflation, resulting from a revision of the inflation weights basket, stronger zloty and lower commodity prices.
Monetary policy	▸ Interest rates remaining unchanged, with the MPC maintaining its stance that there were no conditions for interest rate cuts for the first months, then announcing the start of discussions on potential cuts.
Fiscal policy	▸ Increase in the fiscal deficit in 2024 to 6.6% of GDP (above 5.7% of GDP projected in the 2025 budget act), reducing the chances for a significant fiscal consolidation. Higher-than-expected debt-to-GDP ratio in 2024, its further upward trend and very high treasury bond issuance in 2025.
Loans market	▸ Relatively stable situation in the credit market. Continued high sales of consumer loans.
Financial markets	▸ High volatility of debt markets caused by changing expectations as to global inflation and monetary policy as well as initially increasing and then receding prospects of rate cuts in the US to a greater extent than in the euro area, also affecting the domestic market. Revived investor interest in Polish debt despite record high borrowing needs this year. ▸ Significant strengthening of the Polish zloty against the euro and the US dollar, resulting in a temporary decline in the EUR/PLN exchange rate to its lowest level since the beginning of 2018, followed by an increase in EUR/PLN caused by deteriorated market sentiment and higher expectations of monetary easing.

4. Corporate events

Major corporate events in the reporting period until the release date of the report for Q1 2025

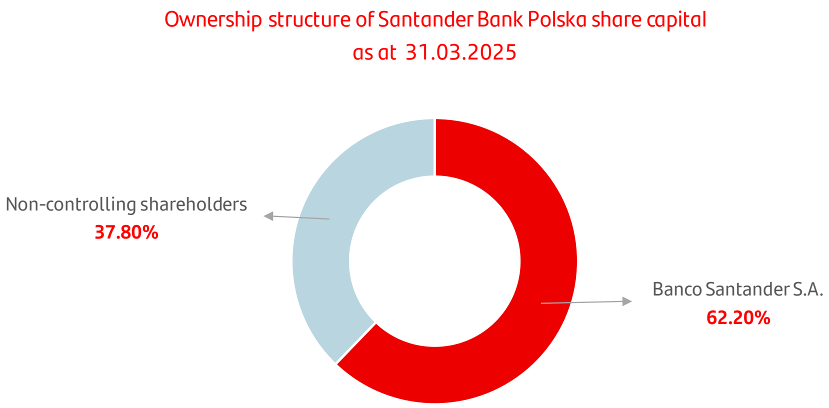
Buyback of own shares for the purpose of Incentive Plan VII	**Definition of buyback rules** ▸ On 25 February 2025, the Bank's Management Board adopted a resolution on the buyback of own shares to pay out awards for 2024 and deferred awards for 2022 and 2023 payable in 2025 to the participants of Incentive Plan VII. ▸ The maximum amount allocated to the buyback was PLN 87,042k. The maximum number of own shares to be repurchased was 326k (approx. 0.32% of the Bank's share capital and voting rights). The buyback was planned to take place in two periods: a) between 26 February 2025 and 28 March 2025 and b) between 2 May 2025 and 27 June 2025. ▸ The Bank's shares were to be repurchased on the regulated market of the Warsaw Stock Exchange via the agency of Santander Brokerage Poland, using funds from the capital reserve. The price of own shares subject to the buyback could not be lower than PLN 50 or higher than PLN 1,000. The Bank could repurchase not more than 25% of the average daily trading volume for the last 20 session days before the repurchase day. ▸ The Management Board was authorised to withdraw from the buyback at any time, including to close it early if the maximum number of shares were repurchased or the maximum allocated amount was used before the set date.
	Buyback process and performance of related obligations ▸ From 26 February 2025 to 12 March 2025, the Bank bought back 155,605 own shares representing 0.15% of the share capital and the total voting power. As the number of shares repurchased by the Bank was sufficient to pay out awards to the participants of Incentive Plan VII in 2025 (i.e. awards for 2024 and deferred awards for 2022–2023), on 12 March 2025 the Bank's Management Board closed the buyback programme. ▸ As at 12 March 2025, all 155,605 repurchased shares were transferred to the brokerage accounts of Incentive Plan VII participants. ▸ The above measures were taken with the consent from the Polish Financial Supervision Authority (KNF) for the buyback of 2,331k own shares in the period between 1 January 2023 and 31 December 2033 to meet obligations towards the Bank's employees under Incentive Plan VII.

Major corporate events in the reporting period until the release date of the report for Q1 2025 (cont.)

Waiver of an additional capital requirement for risk connected with foreign currency mortgage loans	▸ On 11 March 2025, the Management Board of Santander Bank Polska S.A. received a decision from the KNF on the expiry of the KNF's decision of 21 December 2023 requiring the Bank to cover, on a consolidated basis, an additional own funds requirement above the value required under Regulation No 575/2013. As a result, Santander Bank Polska Group is no longer required to maintain own funds to cover an additional capital requirement for risk connected with foreign currency home loans and equity releases at 0.013 percentage point above the total capital ratio. The ratio should consist in at least 75% of Tier 1 capital and in at least 56.25% of Common Equity Tier 1 capital.
Profit distribution and dividend payout	**Individual recommendation of the KNF with regard to satisfaction of the criteria for payment of a dividend from the net profit earned in 2024** ▸ On 13 March 2025, the Bank's Management Board received an individual recommendation from the KNF regarding the dividend policy of commercial banks for 2025, the supervisory review and evaluation process and the Bank's reporting data. ▸ In view of the sound 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 Bank's potential dividend payout ratio was set at 75%. ▸ To ensure the stability of operations and further development, the KNF recommended that the Bank should limit the risk present in its operations by: ▹ not distributing more than 75% of the profit earned in 2024 with the proviso that the maximum payout should not be higher than the annual profit reduced by profit already allocated to own funds; ▹ consulting upfront with the supervisory authority any other measures which could reduce the Bank's own funds (in particular if they go beyond the scope of the ordinary business and operational activity), including the distribution of the profit retained in previous years or the buyback or redemption of own shares.
	Information on potential dividend payout in 2025 from the dividend reserve ▸ On 17 March 2025, the Management Board of Santander Bank Polska S.A. was advised by the KNF that it did not have any objections to the potential payout of the additional amount of PLN 840,886,574.78 from the dividend reserve in 2025.
	Management Board's recommendation on 2024 profit distribution and dividend reserve ▸ On 19 March 2025, the Management Board of Santander Bank Polska S.A. issued a recommendation on 2024 profit distribution and dividend reserve. The recommendation was approved by the Bank's Supervisory Board. ▸ The Management Board proposed that the profit of PLN 5,197,479,813.35 earned in 2024 be distributed as follows: ▹ PLN 3,897,631,915.40 to be allocated to dividend for shareholders (74.99% of the net profit for 2024); ▹ PLN 104,130,000.00 to be allocated to the capital reserve; ▹ PLN 1,195,717,897.95 to be left undistributed. ▸ It was also recommended that PLN 840,886,574.78 of the dividend reserve should be allocated to dividend for shareholders. ▸ The dividend to be paid out from the 2024 profit and from the dividend reserve totalled PLN 4,738,518,490.18. ▸ The dividend payment from the profit earned in 2024 and from the dividend reserve covers 102,189,314 shares of series A, B, C, D, E, F, G, H, I, J, K, L, M, N, O. The dividend per share is PLN 46.37. ▸ The dividend record date is 13 May 2025 and the dividend payment date is 20 May 2025. ▸ When taking the decision, the Management Board took into account the current macroeconomic environment as well as the recommendations and current position of the KNF.
Annual General Meeting	▸ On 15 April 2025, the AGM of Santander Bank Polska S.A. was held. It approved annual reports of the Bank and the Group, distributed the profit and approved the dividend in accordance with the recommendation of the Bank's Management Board of 19 March 2025. It also granted discharge to the members of the Management Board and Supervisory Board, changed the Remuneration Policies for members of the Supervisory and Management Boards of Santander Bank Polska S.A. and aligned the remuneration of the Supervisory Board Chairman with the market. Furthermore, it created a capital reserve for the buyback of own shares under Incentive Plan VII and reported on its execution, as well as updated the Bank's Statutes to reflect changes in the legal environment.
Management Board for a new term of office	▸ On 15 April 2025, the Supervisory Board of Santander Bank Polska S.A. appointed the Management Board for a new term of office, effective as of 16 April 2025. All existing members were re-elected, except for Juan de Porras Aguirre, who stepped down due to his retirement plans. Magdalena Szwarc-Bakuła was appointed as a new Management Board member in charge of the Legal and Compliance Division.
Resolution fund contribution	▸ Pursuant to Resolution no. 12/2025 of the Bank Guarantee Fund's Council of 21 March 2025, the resolution fund contribution payable by the Bank in 2025 is PLN 271,442,065.18 (including adjustments to contributions for 2023 and 2024).

5. Ownership structure of the share capital

> Entities with significant holdings of Santander Bank Polska S.A. shares as at 31 March 2025 and 31 December 2024



As at 31 March 2025, Banco Santander S.A. held a controlling stake of 62.20% in the registered capital of Santander Bank Polska S.A. and in the total number of votes at the Bank's General Meeting. The remaining shares were held by the minority shareholders, of which, according to the information held by the Bank's Management Board, only Nationale-Nederlanden Otwarty Fundusz Emerytalny (OFE) exceeded the 5% threshold in terms of share capital and voting power.

According to the information held by the Management Board, the ownership structure did not change in the period from the end of Q1 2025 until the authorisation of the Report of Santander Bank Polska Group for Q1 2025 for issue.

Between 26 February and 12 March 2025, the Management Board of Santander Bank Polska S.A., acting under the authorisation granted by the Annual General Meeting of 18 April 2024, bought back 155,605 own shares representing 0.15% of the share capital and voting power to meet the Bank's obligations under Incentive Plan VII. On 12 March 2025, the buyback was closed and instructions were made to transfer the repurchased shares to brokerage accounts of the eligible participants of the Incentive Plan. Having settled all the instructions, the Bank does not hold any own shares.

For more information about the buyback under Incentive Plan VII, see "Corporate events" above, and section "Variable remuneration" in Part 1 "Human resources management" of Chapter IV "Organisational and infrastructure development".

Majority shareholder

Since 2011, Santander Bank Polska S.A. has been a member of Santander Group, with Banco Santander S.A. as a parent entity.

Banco Santander S.A., having its registered office in Santander and operating headquarters in Madrid, is one of the largest commercial banks in the world in terms of market capitalisation, with around 168 years of history. The bank is listed on the stock exchanges in Spain, Mexico, Poland, the USA and the UK.

Santander Group specialises in retail banking, private banking, business and corporate banking, as well as asset management and insurance. The business of the Group is geographically diversified, but it focuses on ten core markets: Spain, Poland, Portugal, the UK, Germany, Brazil, Argentina, Mexico, Chile and the USA.

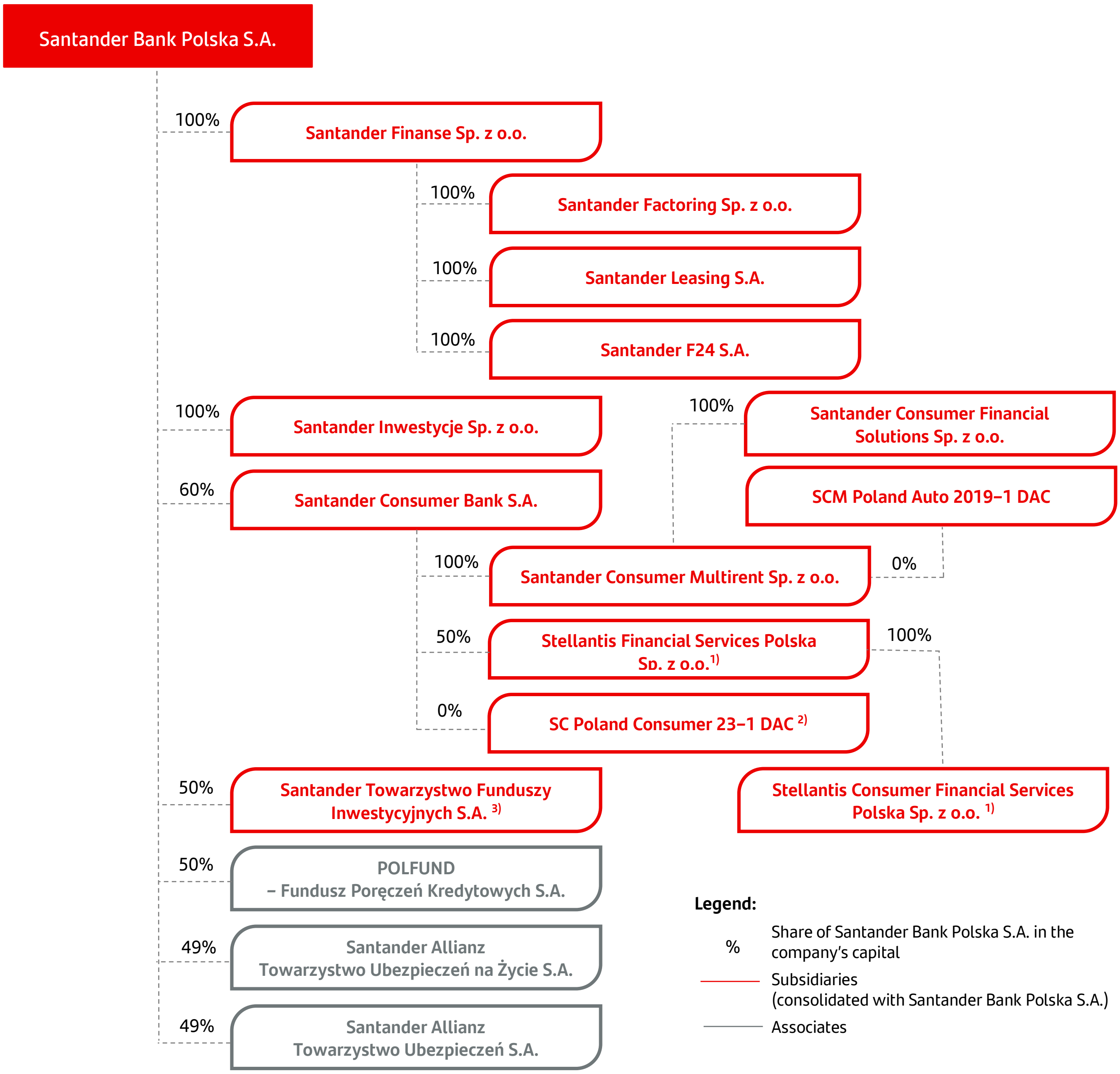
The Group's operating model is based on three pillars: customer focus, global and local scale, and business and geographical diversification.

The primary level of segmentation, which is based on the Group's management structure, comprises five operating segments: Retail & Commercial Banking, Digital Consumer Bank, Corporate & Investment Banking, Wealth Management & Insurance and Payments. At the secondary level, which is based on geographical presence, there are four operating segments: Europe, DCB Europe (consumer business, open platform), North America and South America.

Santander Group's global strategy is to be the best open financial services platform by acting responsibly and earning the lasting loyalty of people, customers, shareholders and communities. Its purpose is to help people and businesses prosper while being Simple, Personal and Fair.

6. Structure of Santander Bank Polska Group

> Subsidiaries and associates of Santander Bank Polska S.A. as at 31 March 2025



1) As a result of the formation of the automotive manufacturing corporation Stellantis N.V. in 2021 in a merger of the Italian-American conglomerate Fiat Chrysler Automobiles and the French Groupe PSA, on 3 April 2023 PSA Finance Polska Sp. z o.o. and its wholly-owned subsidiary, PSA Consumer Finance Polska Sp. z o.o., were renamed Stellantis Financial Services Polska Sp. z o.o. and Stellantis Consumer Financial Services Polska Sp. z o.o., respectively. Stellantis Financial Services Polska Sp. z o.o. is a subsidiary undertaking for the purposes of consolidated financial reporting as it is controlled by Santander Consumer Bank S.A. (directly) and Santander Bank Polska S.A. (indirectly). Pursuant to the framework agreement, Santander Consumer Bank (SCB S.A.) has the right to take decisions regarding key areas such as financing and risk management. In practice, SCB S.A. has ability to direct activities that significantly affect investment returns and is exposed to potential risks (e.g. losses) and benefits (e.g. dividends).

2) SC Poland Consumer 23-1 Designated Activity Company (DAC) is a special purpose entity (SPE) incorporated in Dublin on 17 June 2022 for the purpose of securitising a part of the retail loan portfolio of SCB S.A. The SPE does not have any capital connections with SCB S.A., which nevertheless exercises control over the entity in accordance with IFRS 10.7 based on contractual rights. The Servicing Agreement and Asset Transfer Agreement give SCB S.A. power over the management and operations of the SPE. In addition, the entity relies on SCB S.A. for access to financing and guarantees as well as technology, know-how and other resources, which further enhances the controlling power of SCB S.A.

3) The owners of Santander Towarzystwo Funduszy Inwestycyjnych S.A. (Santander TFI S.A.), i.e. Santander Bank Polska S.A. and Banco Santander S.A., are members of global Santander Group and hold an equal stake of 50% in the company's share capital. Santander Bank Polska S.A. has control over Santander TFI S.A. because, as concluded by the Bank's Management Board in line with the guidance provided in IFRS 10 par. B18 and legal requirements concerning Santander TFI S.A. and its operations, the Bank has a practical ability to unilaterally direct the relevant activities of Santander TFI S.A. even if it does not have a contractual right to do so. The Bank can have a real impact on the composition of the Supervisory Board and through it – on the composition of the Management Board of Santander TFI S.A., both of which decide on the relevant activities of Santander TFI S.A. Furthermore, as the major business partner and distributor of investment products, Santander Bank Polska S.A. significantly affects the operations and returns of the investment fund company. At the same time, through its ownership interest, the Bank is exposed and has right to variable returns generated by that company. It should therefore be concluded that by having power and right to variable returns (benefits), the Bank has control over Santander TFI S.A.

7. Share price of Santander Bank Polska S.A. vs the market

In Q1 2025, banks were the top gainers on the WSE, as confirmed by all-time highs reached by WIG-Banks on 18 March 2025, and its overall gain of 29.8% during the first three months. WIG, a broad-based index, increased by 20.6% in the same period. Shares of Santander Bank Polska S.A. performed equally well, closing March up 21.2% Ytd. The Bank's intraday share price was highest on 25 March (PLN 596.40), only to drop slightly towards the end of the quarter. The upturn in the banking sector and the stock market at large was supported by optimism about a possible peace deal between Russia and Ukraine. European markets, the Warsaw floor included, also positively reacted to the plans for a significant increase in defense spending by EU member states, which might boost Europe's economy.

However, no substantial developments were seen in terms of the interest rate policy, a key issue for the banking sector. Despite the signals of gradual alleviation of inflationary pressure, the MPC maintained its overall hawkish stance.

Also noteworthy is the resolution adopted on 15 April 2025 by the AGM of Santander Bank Polska S.A. in accordance with the recommendation of the Bank's Management Board dated 19 March 2025 on payment of dividend at PLN 46.37 per share. The dividend record date is 13 May, and the dividend payment date is 20 May 2025.

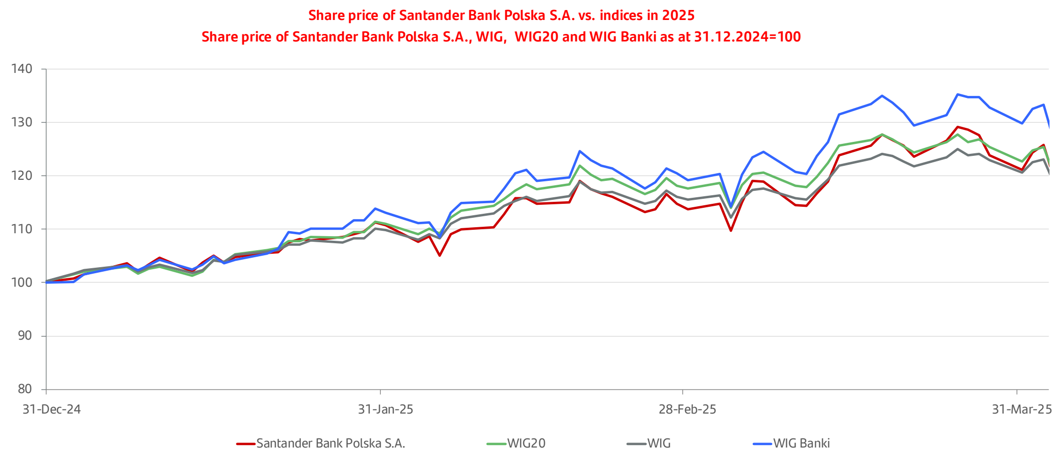
> Key data on shares of Santander Bank Polska S.A. in Q1 2025 vs previous period

Price at the end of the previous reporting period (31.12.2024)	Price at the end of the current reporting period (31.03.2025)	Minimum intraday price in Q1 2025	Maximum intraday price in Q1 2025
PLN 457.60	PLN 554.40	PLN 454.00	PLN 596.40

Key data on shares of Santander Bank Polska S.A.	Unit	31.03.2025	31.12.2024
Total number of shares at the end of the period	item	102,189,314	102,189,314
Nominal value per share	PLN	10.00	10.00
Closing share price at the end of the reporting period	PLN	554.40	457.60
Ytd change	%	+21.2%	-6.6%
Highest closing share price Ytd	PLN	591.00	581.00
Date of the highest closing share price	-	25.03.2025	8.04.2024
Lowest closing share price Ytd	PLN	460.90	437.20
Date of the lowest closing share price	-	2.01.2025	29.11.2024
Capitalisation at the end of the period	PLN m	56,653.76	46,761.83
Average trading volume per session	item	86,059	84,928
Dividend per share	PLN	46.37[1)]	44.63
Dividend record date	-	13.05.2025	16.05.2024
Dividend payment date	-	20.05.2025	23.05.2024

1) Dividend approved for payout by the AGM of 15 April 2025

> Share price of Santander Bank Polska S.A. vs key indices



8. Ratings of Santander Bank Polska S.A.

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

The tables below show the latest ratings assigned by the agencies to the Bank, which remained in effect on the date the Report of Santander Bank Polska Group for Q1 2025 was authorised for issue.

Ratings by Fitch Ratings

Rating category	Ratings changed/affirmed on 17.02.2025[1]	Ratings changed/affirmed on 14.09.2022, 6.09.2023 and 17.07.2024[2]
Long-Term Issuer Default Rating (Long-Term IDR)	A-	BBB+
Outlook for the long-term IDR	stable	stable
Short-Term Issuer Default Rating (Short-Term IDR)	F1	F2
Viability Rating (VR)	bbb	bbb
Shareholder Support Rating	a-	bbb+
National Long-Term Rating	AA+(pol)	AA(pol)
Outlook for the long-term IDR	stable	stable
National Short-Term Rating	F1+(pol)	F1+(pol)
Long-Term Senior Preferred Debt Rating	A-	BBB+
Short-Term Senior Preferred Debt Rating	F1	F2
Short-Term Senior Non-Preferred Debt Rating	BBB+	BBB

1) Ratings of Santander Bank Polska S.A. applicable as at 31 March 2025
2) Ratings of Santander Bank Polska S.A. applicable as at 31 December 2024

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 Viability Rating (VR) of "bbb" and the National Short-Term Rating (Natl ST) of "F1+ (pol)" were not changed.

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 parent for Santander Bank Polska S.A.

According to the rationale provided by Fitch Ratings, the one-notch difference between the Long-Term IDR of Banco Santander S.A. and Santander Bank Polska S.A. reflects the high propensity of the parent to support the Bank if need be. It also confirms the strategic importance of the Polish market to Banco Santander S.A. as well as the synergies and integration between the Bank and its parent, reflected in its product offering and risk management, and translating into the Bank's support for Santander Group's objectives.

Ratings by Moody's Investors Service

Rating category	Ratings affirmed on 20.12.2022, 10.04.2024 and 19.02.2025[1)]	Ratings upgraded on 3.06.2019[2)]
Long-term/short-term counterparty risk rating	A1/P-1	A1/P-1
Long-term/short-term deposit rating	A2/P-1	A2/P-1
Outlook for long-term deposit rating	stable	stable
Baseline credit assessment (BCA)	baa2	baa2
Adjusted baseline credit assessment	baa1	baa1
Long-term/short-term counterparty risk assessment	A1 (cr)/P-1 (cr)	A1 (cr)/P-1 (cr)
Senior unsecured euro notes rating (EMTN Programme)	(P) A3	(P) A3

1) Ratings of Santander Bank Polska S.A. applicable as at 31 March 2025
2) Ratings of Santander Bank Polska S.A. applicable as at 31 December 2024

II. Economic situation in the first quarter of 2025

Economic growth

The available statistical data indicate that in Q1 2025 the Polish GDP was still rising at a moderate pace, close to 3% YoY, continuing the trend seen at the end of 2024 when the economic growth accelerated to 3.4% YoY, mainly thanks to a recovery in domestic demand.

Industrial production continued to weaken, with better performance registered by manufacturers focused on the domestic market and worse by exporters. Construction output improved versus 2024, which may be linked to an increase in the use of EU funding. However, in March this sector lost momentum too. Retail sales were volatile: surprisingly good in January, surprisingly weak in February and moderately sound in March (after seasonal adjustments). Exports remain under pressure, which translates into continued low trade and current account balances. Private consumption can be expected to continue to grow moderately in the coming quarters, supported by strong wage growth, and the progress of EU-funded projects will lead to a rebound in investment, over time making it the main source of economic growth.

Labour market

In recent quarters, the Polish labour market has been characterised by historically low unemployment and dynamic wage growth. In Q1 2025, the registered unemployment rate continued to remain close to historical lows, at 5.4% in February (slightly increased by seasonal factors), while the LFS unemployment rate at 2.6% in February was the lowest in the European Union. While a slight year-on-year decline in employment has been observed, the number of employed remains close to record levels. Wage growth has slowed down but remains strong: close to 8% YoY in the corporate sector in February and March. In 2025, the labour market conditions should remain stable, with the registered unemployment rate remaining at around 5.0% and wage growth in the national economy likely to show 7-8% YoY.

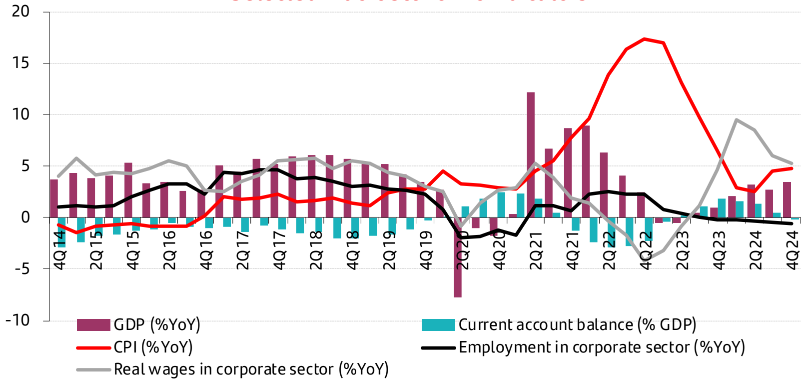
Inflation

During Q1 2025, CPI inflation remained at 4.9% YoY, below the market consensus of above 5% YoY and slightly above the average of 4.8% YoY in Q4 2024. The lower-than-expected inflation rate was mainly attributed to the revision of weights in the CPI basket which reduced the initial estimate of inflation in January at 5.3% YoY by 0.4 p.p. Notable developments among the main components of the CPI basket included an increase in goods inflation from 4.0% YoY on average in Q4 2024 to 4.3% YoY in Q1 2025 (mainly due to an increase in food and beverages inflation from 4.8% YoY to 6.1% YoY, with a simultaneous decrease in non-food inflation from 3.5% YoY to 3.1% YoY), and a decline in services inflation from 6.8% YoY to 6.6% YoY. Core inflation fell from approx. 4.1% YoY in Q4 2024 to approx. 3.6% YoY in Q1 2025. Further substantial declines in inflation should be expected in April and July due to statistical base effects related to the reinstatement of VAT on food and the increase in energy prices. At the end of the year, CPI inflation should near 3.5% YoY.

Monetary policy

In Q1 2025, the Monetary Policy Council kept interest rates unchanged, leaving the reference rate at 5.75%. During the press conferences after the policy meetings in the first three months of the year, NBP Governor Adam Glapiński underlined that there were no grounds to cut interest rates. However, during the conference in March he also added, at the request of the MPC, that the discussion on policy easing had started. The April policy meeting, which took place after the release of the lower-than-expected data on inflation and wage growth, brought about an unexpected dovish pivot of the MPC and an announcement of possible interest rate cuts in the nearest future, depending on incoming data. Since the April meeting, four MPC members, apart from Governor Glapiński, have given statements supporting expectations for policy easing at the nearest meetings, which means that in the ten-member MPC there is now a majority necessary to loosen the monetary policy (because in case of a tie, the NBP Governor has a casting vote). The financial market has started to price-in a high probability of a 50 b.p. interest rate cut in May and a possibility of further reduction by over 100 b.p. by the end of the year and to approx. 3.5% in 2026.

Selected macroeconomic indicators



Source: GUS, NBP, Santander

Credit and deposit market

In Q1 2025, loan volumes grew by less than 4% YoY, slightly below the result at the end of 2024. The slowdown is linked to the normalisation of housing loan sales, which returned to around PLN 6bn per month and translated into a decline in the growth rate of housing loan volumes to slightly above 2% YoY. Consumer loan sales continued at a high level of around PLN 10bn per month, with the volume growth in this category exceeding 6.5% YoY as in Q4 2024. The growth rate of the corporate loan portfolio decelerated to around 2% YoY at the end of Q1 2025, mainly as an effect of high base from March 2024.

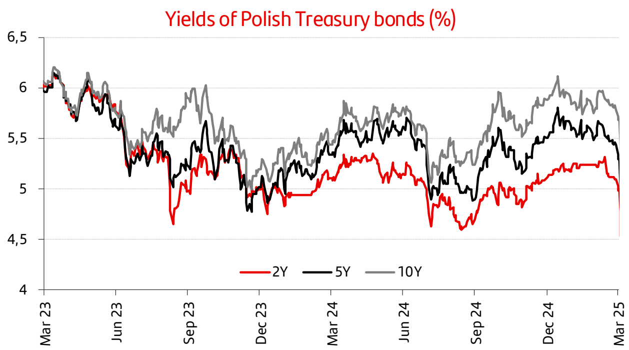
Deposit volumes grew by about 10% YoY at the end of Q1 2025, slightly faster than in Q4 2024, helped by an acceleration in the growth of term deposits from an average of 5% YoY in Q4 2024 to around 9% YoY. The growth rate of current deposits was at 11% YoY, slightly above 10% recorded in Q4 2024.

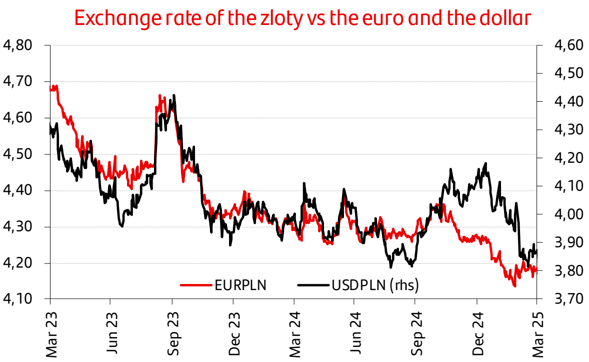
Financial markets

The first quarter of 2025 was characterised by a significant increase in volatility and risk aversion in global financial markets. Concerns about the impact of tighter trade policy on the US economy translated into a rise in the market valuation of the scale of interest rate cuts by the Fed in 2025 and 2026, as well as into an increase in US bond yields (after their temporary decline in the first weeks of Donald Trump's new presidency). In the euro area, interest rate cuts by a total of 50 b.p. narrowed the room for further policy easing, and the announcement of the European Commission's plans to increase defence spending and loosen fiscal rules, as well as the announcement of significant fiscal spending in Germany led to a strong rise in the euro area bond yields. EUR/USD rose from around 1.03 at the start of the year to around 1.08 at the end of March.

In the domestic financial market, the first two months of the year saw a significant appreciation of the zloty, which gained around 3% against the euro and 5% against the US dollar. The EUR/PLN exchange rate set a local minimum at 4.13, a level last reached at the beginning of 2018. Growing hopes for a ceasefire in Ukraine played a key role in the appreciation of the zloty. It was also supported by rising expectations of interest rate disparity and the resilience of the domestic economy to economic stagnation in the euro area. In March, the EUR/PLN exchange rate rebounded to around 4.20, partly due to the lack of an agreement between Ukraine and the US, which negatively impacted market sentiment.

In the domestic interest rate market, as in the euro area markets, there was an upward shift in the yield curve due to the announcement of fiscal expansion in Europe. However, the scale of the increase in the Polish market was smaller than in the euro area, due to the earlier increase in the fiscal deficit and defence spending. The publication of lower-than-expected inflation data in mid-March contributed to an increase in the market valuation of the scale of interest rate cuts, which was further strengthened at the end of March, following another positive surprise in the inflation data.





Source: Bloomberg, Santander

III. Business development in Q1 2025

1. Business development of Santander Bank Polska S.A. and non-banking subsidiaries

1.1. Retail Banking Division

Personal customers

Product line for personal customers	Activities of the Retail Banking Division in Q1 2025
Cash loans	▸ The Bank focused on further development and optimisation of digital processes related to cash loans, including on the basis of customers' needs analysis. ▸ Measures were continued to support digital sales of cash loans, both to borrowers and non-borrowers. ▸ Work was underway to align services related to consumer loans (cash loans, credit cards and personal overdrafts) with the European Accessibility Act (EAA) and the Polish Act on credit servicers and credit purchasers. ▸ In Q1 2025, cash loan sales of Santander Bank Polska S.A. were PLN 2.9bn, up 15.0% YoY. Sales generated via remote channels accounted for 76.7% vs 70.5% last year. As at 31 March 2025, the Bank's cash loan portfolio totalled PLN 18.3bn, up 8.0% YoY.
Mortgage loans	▸ The Bank increased the frequency of mortgage loan communications sent in remote channels, notably to Select customers. ▸ The mortgage loan offer for external customers was further improved by optimising the pricing strategy. ▸ The offer of home loans for primary market property buyers was simplified. ▸ The scope of remote post-sales services connected with the Family Home Loan was extended to include a prepayment option. ▸ Execution of annexes to mortgage loan agreements was aligned with the Act on credit servicers and credit purchasers. ▸ A campaign was run among customers with an offer to sign an annex setting out the terms that will apply if the base rate is not provided or is materially changed. ▸ The pricing offer of mortgage loans was modified by adjusting fixed interest rates for the first five years to 5Y IRS quotations. ▸ In Q1 2025, the value of new mortgage loans totalled PLN 1.6bn and decreased by 63.0% YoY as a high base effect connected with the closure of the Safe Mortgage 2% programme in the corresponding period last year. ▸ The gross mortgage loan portfolio of Santander Bank Polska S.A. increased by 2.5% YoY to PLN 54.6bn as at 31 March 2025. PLN mortgage loans totalled PLN 53.6bn, up 5.2% YoY.
Personal accounts and bundled products, including:	▸ In Q1 2025, customers were provided with an option to change transfer limits via Santander mobile. The Bank also set the maximum number of PLN and FX personal accounts per customer. ▸ As at 31 March 2025, the number of PLN personal accounts grew by 3.5% YoY and reached 4.8m. The number of Santander Accounts (the main acquisition product for a wide group of customers) was 3.9m (+4.1% YoY). Together with FX accounts, the account base was 6.2m (+4.7% YoY). ▸ The Bank's acquisition activities were focused on Santander Account, Santander Max Account, Select Account and Child's Account.

Product line for personal customers	Activities of the Retail Banking Division in Q1 2025 (cont.)
Payment cards	▸ In Q1 2025, the Bank continued its promotional, sales and relationship-building activities to increase payment card turnover. ▸ Work was underway to extend the range and functionality of card products, including to introduce a credit card for the Premium segment. ▸ Measures were taken to grow sales of the New to Bank card in Santander internet and Santander mobile. External customers could also use those channels to apply for the above card. ▸ As at 31 March 2025, the personal debit card portfolio comprised 4.6m cards and increased by 4.4% YoY. Together with business debit cards, it included 5.1m cards (+4.9% YoY) and generated 7.1% higher non-cash turnover YoY. ▸ The credit card portfolio of Santander Bank Polska S.A. included 628.9k cards and was stable YoY in terms of number (+0.2% YoY) and debt level (+0.8% YoY), while generating 5.2% higher non-cash turnover YoY.
Deposit and investment products, including:	▸ In Q1 2025, the Bank's priority in terms of management of deposit and investment products in the continuously high interest rate environment was to optimise the cost of the portfolio and ensure high satisfaction of savers. ▸ The Bank's investment offer comprised mainly brokerage services and investment funds, including funds managed by the Bank's subsidiary Santander Towarzystwo Funduszy Inwestycyjnych S.A. (Santander TFI S.A.) as well as selected Polish and foreign funds.
➢ **Deposits**	▸ In Q1 2025, Santander Bank Polska S.A. offered a range of solutions rewarding existing customers, supported by direct marketing communication. ▸ The most popular products in the reporting period were term deposits (including Winter Deposit and Spring Deposit) and investment products with various risk levels. 240k customers signed up for the Winter Deposit (available until 10 March 2025). ▸ In February 2025, the Bank offered an option to open savings accounts in the mobile application. Private Banking customers could also open Private Banking savings accounts via Santander online. ▸ As part of educational initiatives, the Bank launched the "Financial health" section in the "My goals" module. The travel category was expanded, encouraging customers to save money for that goal in an even more effective way. ▸ At the end of March, the following initiatives were launched: ▹ Promotion for customers depositing new funds in the Multi Savings Account, with an interest rate of 6% on up to PLN 100k. ▹ "We reward active customers" ("Doceniamy aktywnych"), a special offer of 4% interest rate on funds up to PLN 100k for holders of the Select savings account who transfer their salary in excess of the threshold and actively use the account. ▹ A new issue of the 12-month structured deposit based on USD/PLN rate. ▸ As at 31 March 2025, deposits from retail customers totalled PLN 121.4bn, up 3.1% Ytd and 9.2% YoY. Term deposit balances grew by 1.3% Ytd to PLN 39.8bn and current account balances increased by 4.0% Ytd to PLN 81.4bn (including a 8.1% Ytd rise in savings account balances).
➢ **Investment funds managed by Santander TFI S.A.**	▸ In Q1 2025, net sales of investment funds managed by Santander TFI S.A. were positive at PLN 334.2m net. ▸ Particularly popular were short-term debt sub-funds (57% of sales) and bond sub-funds (22% of sales). Santander Prestiż Calm Investment was the best performing short-term debt sub-fund, accounting for nearly 22% of sales. ▸ In Q1 2025, Santander TFI S.A. continued to build its market position in terms of Employee Capital Plans (ECPs). As 31 March 2025, the company managed ECP assets of PLN 557.1m from more than 105k Santander PPK SFIO unitholders. ▸ As at 31 March 2025, the total net assets of investment funds managed by Santander TFI S.A. were PLN 24.9bn, up 3.9% Ytd and 18.3% YoY. ▸ In Q1 2025, Santander TFI S.A. continued to work closely with Santander Bank Polska S.A. in terms of sales of products for Private Banking and Select segments and development of distribution in the Mass and Premium segment. The company provided product training for the Bank's employees handling customers from the above segments, and its representatives participated in the meetings with high net worth customers of Santander Bank Polska S.A.
Brokerage activities	▸ On 1 February 2025, Santander Brokerage Poland launched a promotion (available until the end of 2025) whereby a fee on orders for ETFs and ETCs traded on the WSE made online (including via the mobile application) was reduced to 0.19%. It is a result of the WSE "Fee Reduction Programme" intended to attract investors to the above-mentioned solutions. ▸ From 22 to 30 January 2025, customers could subscribe for IPO shares of Diagnostyka. They paid a promotional subscription fee at 0.19% of the order value (not less than PLN 1 or PLN 9, depending on the channel). Santander Brokerage Poland was a joint bookrunner and an intermediary accepting subscriptions from retail and institutional investors. ▸ In February 2025, helpline staff and employees from branches with brokerage services participated in training on services for customers with special needs, organised in partnership with the Polska bez barier Foundation.

Product line for personal customers	Activities of the Retail Banking Division in Q1 2025 (cont.)
Bancassurance	▸ A number of improvements were implemented in the digital channel, including a much-awaited option to change the beneficiaries. ▸ In Q1 2025, the insurance premium decreased by 61.0% YoY as a combined effect of lower sales of related insurance products (mainly cash loan insurance) and higher sales of non-related ones.
Private Banking	▸ The Euromoney magazine once again recognised Santander Bank Polska S.A. for its private banking services, granting it two awards: for Poland's best international private bank and Poland's best private bank for succession planning.

Small and Medium Enterprises (SMEs)

Product line for SMEs	Activities of the Retail Banking Division in Q1 2025
Business accounts and bundled products	▸ As regards business accounts, Santander Bank Polska S.A.: ▹ Ended the "Free account forever" promotion that attracted more than 9.5k customers in Q1 2025. ▹ Launched an additional special offer for customers opening a business account online. ▹ Started a referrals programme, encouraging selected customers to recommend an online business account. ▸ Introduced a new special offer of 12-month free rental of POS terminals. ▸ Launched the second edition of "Let's talk business over coffee", a series of six webinars about taxes, cybersecurity, new technologies, marketing and investments.
Loans	▸ In Q1 2025, the following special credit offers were introduced: ▹ 0% arrangement fee for instalment loans ▹ 0% fee for loans in remote channels ▹ 0% arrangement fee for exposures transferred from other banks ▹ waiver of part of the fee for loans with interest subsidised by the Agency for Restructuring and Modernisation of Agriculture and loans with partial principal repayment. ▸ As regards ESG: ▹ In partnership with KPMG, the Bank published report: "Green transition and SME – how to get a competitive edge", providing guidance on how to benefit from new regulatory requirements. ▹ The Bank implemented the ESG Code of Conduct for Suppliers of Santander Bank Polska, which is applicable to all suppliers participating in the procurement process. ▸ In Q1 2025, credit sales to SME customers of Santander Bank Polska S.A. totalled PLN 1.3bn, down 1.7% YoY. As at 31 March 2025, the Bank's credit portfolio totalled PLN 17.8bn, up 4.5% YoY.
Lease facilities offered by Santander Leasing S.A.	▸ In Q1 2025, Santander Leasing S.A. financed net assets of PLN 2.1bn (+0.4% YoY). The most pronounced growth was reported in the segment of machines and equipment (+13.5% YoY), notably agricultural ones.

1.2. Business and Corporate Banking Division

Direction	Activities of the Business and Corporate Banking Division in Q1 2025
Business trends in the main product lines	▶ Progressive business growth across all segments and business lines, translating into higher income from trade finance (+16.2% YoY), lending (+9.2% YoY) and leasing (+2.9% YoY). ▶ Sound sales performance despite challenging market conditions, notably in terms of lending (+22.2% YoY) and factoring (+4.9% YoY). ▶ 12.1% YoY growth in volumes (including 13.3% YoY in terms of loans). Credit limits up 13.9% YoY. ▶ High credit quality of the corporate lending portfolio, with a low and stable cost of risk. ▶ 16.7% YoY increase in deposit volumes. ▶ Growing sales in digital channels, particularly in terms of currency exchange (+11.9% YoY). ▶ 13.5% YoY rise in the number of mobile customers.
Business transformation/ digitalisation	**Simplification and digitalisation** ▶ Continuation of digitalisation and development projects to ensure best-in-class services. ▶ Implementation of new solutions for users of a new iBiznes24 electronic banking platform and iBiznes24 mobile application. ▶ Pilot run of ESCC assessment for corporate customers. ▶ Wider use of data-driven approach, with decisions made on the basis of advanced data analytics. A key element of this strategy is the cooperation between teams to deliver the set goals. Other significant developments: ▷ Extension of the data ecosystem: development of a data environment which processes and provides data from different systems and uses cloud-based reporting solutions. ▷ AI-related initiatives: increasing the potential of the data ecosystem and implementing generative AI solutions, making sure they are used in an informed and ethical way. ▶ Further development of the CLP (Corporate Lending Platform), including changes resulting in a considerable increase in the number of processed cases and limitation of email correspondence on the business side, reducing turnaround times. **Transformation** ▶ Continuation of innovative transformation programmes #4US and #4Leaders aimed at improving work environment, developing skills and sharing leadership experiences. ▶ Launch of a new transformation programme called #4Growth to build a self-learning organisation.
Commercial activities	▶ The Bank was a partner of the EY Entrepreneur Of The Year gala, an event recognising the most outstanding entrepreneurs in Poland. Winners at the country level compete for the EY World Entrepreneur Of The Year title in Monte Carlo. During this year's gala, CEO of Santander Bank Polska S.A. Michał Gajewski granted the Special Prize for a family business.
Awards and recognitions	▶ The Bank ranked top in terms of letters of commitment issued for an eco loan in the competition organised by BGK for institutions offering products secured by Biznesmax and Ekomax guarantees.

1.3. Corporate and Investment Banking Division

<table>
<tr><th>Unit</th><th>Key activities in Q1 2025</th></tr>
<tr><td>Credit Markets Department</td><td>
The Bank actively communicated with key customers as regards syndicated loan refinance, project finance (particularly renewable energy projects), securitisation, and debt, rating and ESG advisory services. Debt transactions were particularly popular among companies from the telecommunications, retail, logistics, property and energy sectors. A number of transactions were also concluded in the asset turnover and underwriting area (mainly in connection with renewable energy).
In the project finance and syndicated lending area, the following transactions are particularly noteworthy:
Leading role in the financing of the off-shore wind farm project.
Acting as the coordinator and ESG coordinator in the refinancing of the transaction in the logistics sector.
Co-financing of the commercial property development project.
Participation in syndicated refinancing for a company from the telecommunications sector.
Co-financing of a transaction in the energy sector.
Acting as the lead arranger of bond issues in the domestic and foreign markets for customers from Poland:
Participation in the issue of eurobonds in the US market for customers from the multi-utility sector (USD 1.25bn) and public sector (USD 5.5bn).
Issue of bonds for the subsidiaries totalling approx. PLN 1bn.
Participation in PLN 1.7bn worth of corporate bond issues in Poland in the telecommunications and service sectors.
</td></tr>
<tr><td>Capital Markets Department</td><td>
The key initiatives of the Capital Markets Department included:
Acting as the joint global coordinator in the IPO of a company from the healthcare sector.
Acting as the sole global coordinator in the accelerated book building for shares of a medical device distributor.
Acting as the joint bookrunner in the SPO of a company from the retail sector.
Transactional advisory and intermediary services for an acquirer in the tender offer for shares of a holding company from the energy and mining sector.
Advisory services for a private equity fund in the sale of shares of a financial sector service provider.
Advisory services for a company from the IT sector in the sale of shares to a strategic investor.
</td></tr>
<tr><td>Global Transactional Banking Department</td><td>
Business trends in trade finance:
In Q1 2025, customers' demand for working capital finance increased substantially YoY. High interest rates continued to impact customers' behaviour, resulting in a lower limit utilisation. A growing number of customers were interested in mitigating counterparty risk on a standalone and portfolio basis. Supplier finance programmes were more popular too.
Documentary letters of credit and collections were increasingly used to reduce counterparty risk and the risk of the counterparty's country, particularly in the infrastructure finance sector. The cooperation with foreign banks was expanded.
Customers looking for stable long-term funding sources actively used export finance products as part of existing transactions and new relationships.
Business trends in transactional banking:
In Q1 2025, the Division posted lower net interest income compared to previous periods as an effect of deposit cost optimisation (started in Q4 2024), with limitations imposed on large deposit transactions due to customers' excessive expectations about rates of return. Lower-value deposits did not compensate for this reduction, which resulted in a decline in the overall value of the customer deposit portfolio.
Q1 2025 was another successful period in terms of net income on transactional banking, with a large number of tenders won by the Bank. Considerable growth in this business line already affects customers' performance and is expected to continue going forward. Substantial recovery was also observed in the property development market, translating into a record number of escrow accounts.
Business trends in other areas:
Customers show continued interested in loans with a fixed interest rate over two to four years.
The average overdraft utilisation between December 2024 and February 2025 was 75%, up 7% compared to September and November 2024. Higher limit utilisation reported at the end of January and February 2025 was a seasonal effect, notably in the fashion sector.
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Unit	Key activities in Q1 2025 (cont.)
Financial Markets Area	**Treasury Services Department:** ▸ Retail/SME/WM: ▹ A series of investment breakfasts was launched, bringing together economists and customers from the Select and Wealth segments. ▹ Sales workshops were organised for Select customer advisors. ▹ Net FX income from transactions with personal customers increased by 17% YoY. ▹ The number of active customers (Mass, Select, WM, SME) using Santander Exchange platform reached an all-time high (over 315,000 in February 2025). ▹ Santander Exchange ads were displayed in the Bank's branches, including information about current exchange rates. ▹ A demo version of Santander Exchange was launched on the Bank's website. ▸ CORPO: ▹ Income from currency exchange and investment line grew by 15% YoY and 23% YoY, respectively. ▹ Increase was reported in the number of active customers making currency exchange transactions (+4% YoY), hedging currency risk (+27% YoY) and using investment lines with products offered by the Treasury Services Department (+30% YoY). ▹ Santander Exchange Weekly News was launched in iBiznes24 for corporate customers. ▹ The first sales campaign for Smartbank customers was started. ▹ Collaboration with Premium Property: participation in the prestigious real estate conference MIPIM 25' in Cannes. ▹ Collaboration with Premium Commercial: visit to Madrid with key segment customers. ▹ Support for a customer in the M&A process as a provider of currency hedging solutions. **Financial Market Transactions Department:** ▸ The Bank topped the Treasury Securities Dealers ranking for the seventh year running (Q4 2024), according to the report published by the Finance Ministry in February 2025.

2. Business development of Santander Consumer Bank Group

Direction	Activities of Santander Consumer Bank Group in selected areas in Q1 2025
Key focus areas of Santander Consumer Bank Group's operations	▸ Santander Consumer Bank S.A. (SCB) focused on maintaining the second position in the instalment loan market by holding a stable share in traditional sales, extending cooperation with large retailers, growing online sales, identifying new sales growth opportunities and maintaining profitability of collaboration with trade partners. ▸ As regards cash loans, SCB concentrated on growing sales in the existing distribution channels, optimising the decision-making process and reducing risk. ▸ The share of deposits in the overall funding structure was further increased. ▸ In view of strong pricing competition in the new and second-hand car finance market, high car prices and high interest rates, the SCB Group focused on the cooperation with captives and on maintenance of the market position and business profitability through development of products for individuals in the dealership and remote channels. ▸ At the end of January 2025, the car loan for individuals was removed from SCB's product range as a result of changes in customer demand. The car finance offer of SCB Group currently includes a consumer loan for personal customers, a lease loan for SME customers, as well as finance and operating lease. ▸ As regards insurance products, SCB focused on business opportunities connected with existing products. It also started to expand its insurance offer in remote channels.
Lending	▸ As at 31 March 2025, net loans and advances granted by Santander Consumer Bank Group totalled PLN 19.1bn, up 12.7% YoY.The increase is attributed to record cash loan sales (+PLN 1.3bn YoY) and high supply of cars, translating into growth in the lease portfolio (+PLN 0.5bn YoY) and stock finance and factoring portfolio (+PLN 1.1bn YoY). Meanwhile, the value of the instalment loan and credit card portfolio decreased due to selective sales, increased focus on profitability of credit cards and acquisition of new instalment loan borrowers, as well as the migration of the credit card platform limiting the possibility to win new customers. A substantial decline was also reported in the expiring mortgage loan portfolio. ▸ SCB Group pursues its strategic objectives in the car finance area through steady business growth of its subsidiaries offering lease and factoring products, while focusing on sales profitability and risk optimisation. ▸ In Q1 2025, SCB Group launched cooperation with Ford in relation to car finance for individuals and SMEs. Agreements with Ford and Chinese car brands offer high sales growth potential. ▸ In the reporting period, SCB did not sell any written-off loan portfolio. In Q1 2024, it sold the portfolio of PLN 219.1m, with a positive P&L impact of PLN 41.8m gross (PLN 33.9m net).
Deposits	▸ As at 31 March 2025, deposits from customers of SCB Group totalled PLN 16.2bn and increased by 18.1% YoY owing to retail deposits. The strategy related to corporate deposits was to meet short-term financing needs of the organisation, while focusing on cost effectiveness.
Other	▸ In Q1 2025, SCB renewed the agreements with three key partners from the household appliances sector. ▸ SCB Group continued measures taken to: ▹ increase cost effectiveness (optimisation of the branch network, hyperautomation, further digitalisation, optimisation and simplification of sales and back-office processes, etc.) and ▹ improve the quality of operational processes (automation of mass and recurring processes, reduction of response times in the electronic channel, extension of a bot farm, implementation of new self-service solutions, etc.).

IV. Organisational and infrastructure development

1. Human resources management

Employment

As at 31 March 2025, the number of FTEs in Santander Bank Polska Group was 11,286 (11,396 as at 31 December 2024), including 9,433 FTEs of Santander Bank Polska S.A. (9,486 as at 31 December 2024) and 1,320 FTEs of Santander Consumer Bank Group (1,361 as at 31 December 2024).

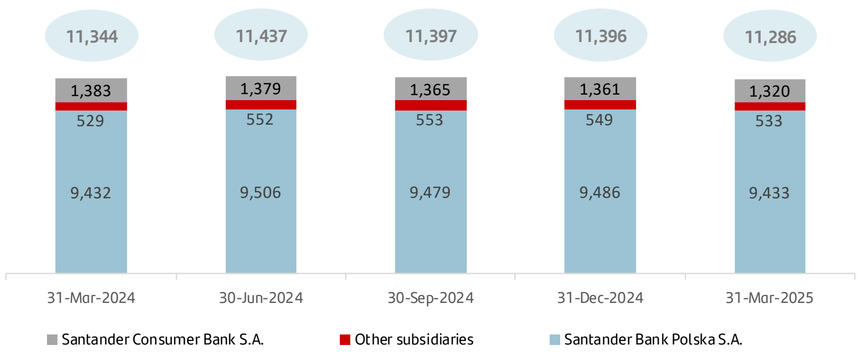
The employment in Santander Bank Polska Group decreased by 58 FTEs YoY and 110 FTEs Ytd.

The Group continues the transformation of the business model through digitalisation, branch network optimisation, migration of products and services to remote distribution channels, and gradual implementation of technological and organisational solutions increasing operational efficiency. The objective is to allocate the maximum resources to strengthen customer relationships, grow business and build skills matching the target profile for the organisation.

The HR processes take into account present operational needs, development requirements as well as the market and regulatory environment.

> Employment of Santander Bank Polska Group [1)]

Employment at Santander Bank Polska Group (in FTE [1)])
by quarter in 2024 and 2025



1) The above employment data exclude employees of Stellantis Financial Services Polska Sp. z o.o. who are employed in Poland but provide services to customers abroad.

Variable remuneration

As the business and quality targets were met at the level triggering a bonus pool for 2024, in Q1 2025 the Bank's Management Board decided to pay variable remuneration in its full amount.

Objectives were also achieved to pay the awards under long-term Incentive Plan VII. The Plan was launched on 27 April 2022 under Resolution no. 30 of the Annual General Meeting and is addressed to the employees of the Bank and its subsidiaries (excluding Santander Consumer Bank S.A.) who significantly contribute to growth of the organisation value. Its purpose is to motivate the participants to achieve business and qualitative goals in line with the Group's long-term strategy. This mechanism is intended to strengthen the employees' relationship with the Group and encourage them to act in its long-term interest.

The Plan obligatorily covers all persons with an identified employee status in Santander Bank Polska Group. Key function holders designated by the Management Board and approved by the Supervisory Board can participate in the Plan on a voluntary basis.

The Plan covers the period of five years (2022–2026). However, as the payment of variable remuneration is deferred, the share buyback and allocation will be completed by 2033.

The participants are entitled to variable remuneration in the form of the Bank's shares provided that they meet the terms and conditions stipulated in the participation agreement and the resolution. To that end, Santander Bank Polska S.A. can buy back up to 2,331,000 own shares from 1 January 2023 until 31 December 2033.

The Annual General Meeting of Santander Bank Polska S.A. held on 18 April 2024 authorised Management Board members to repurchase fully covered own shares for the Plan participants in respect of the award for 2024 and part of the deferred awards for 2022–2023.

On 12 March 2025, the buyback was closed as the sufficient number of shares were repurchased to pay out the awards for Incentive Plan VII participants in 2025. The Bank bought back 155,605 own shares (of 326,000 shares eligible for buyback) totalling PLN 82.4m (from PLN 87.0m worth of capital reserve allocated to the delivery of the Plan in 2025). The average buyback price per share was PLN 527.46. All shares were transferred to brokerage accounts of the eligible participants. Having settled the instructions, the Bank does not hold any own shares.

In Q1 2025, the total amount recognised in the Group's equity in line with IFRS 2 was PLN 14.6m and was taken in full to staff expenses for the three months of 2025. This amount includes expenses incurred in 2025 and part of the costs attributable to subsequent years of the Incentive Plan as the award will be vested in stages. As at 31 March 2025, PLN 82.4m worth of shares were transferred to the eligible employees.

For more information about the buyback, please see Section 4 "Corporate events" in Chapter I "Basic information about Santander Bank Polska Group in Q1 2025".

Key HR initiatives

Total Employee Experience	▸ As part of the Total Experience strategic direction, the Employee Experience (EX) was incorporated into the assessment of priorities of all strategic initiatives as an additional parameter of the Quarterly Business Review. ▸ In line with the EX management model, in Q1 2025 a number of initiatives were continued as part of Hot & Gain Spots (interdisciplinary teams) in relation to financial and non-financial recognition, effectiveness, development and promotion of a role of employees as ambassadors of the Bank's products and services.
Certification Top Employer Poland 2025 and Top Employer Europe 2025	▸ At the beginning of 2025, the Bank was once again recognised as an organisation committed to creating a better work environment by implementing top HR management standards and practices.
"Your Voice" employee engagement survey	▸ The "Your Voice" survey was started in March 2025 and conducted across Santander Group. The survey results will be analysed in Q2 2025 and projects will be launched based on findings.

2. Development of distribution channels of Santander Bank Polska S.A.

The table below presents the main sales channels of Santander Bank Polska S.A. and basic statistics on remote channel users.

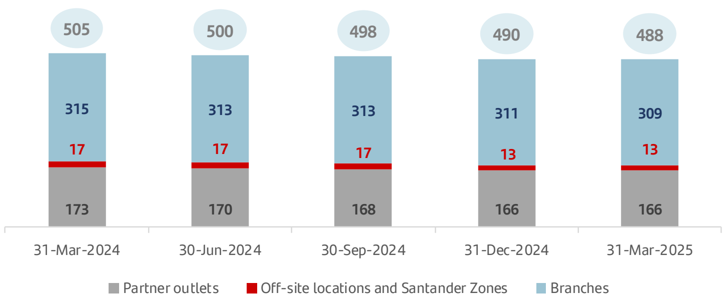
Santander Bank Polska S.A.	31.03.2025	31.12.2024	31.03.2024
Branches (locations)	309	311	315
Off-site locations	2	2	2
Santander Zones (acquisition stands)	11	11	15
Partner outlets	166	166	173
Business and Corporate Banking Centres	6	6	6
Single-function ATMs [1)]	123	130	370
Dual-function machines [1)]	1,239	1,242	1,029
Registered internet and mobile banking customers [2)] (in thousand)	5,264	5,197	5,071
Digital (active) mobile and internet banking customers [3)] (in thousand)	3,844	3,765	3,591
Digital (active) mobile banking customers [4)] (in thousand)	3,196	3,112	2,707
iBiznes24 – registered companies [5)] (in thousand)	26	26	26

1) Network of ATMs of Santander Bank Polska S.A. maintained by specialised operators (following the migration of machines between September 2023 and November 2024).
2) Number of customers who signed an electronic banking agreement under which they can use the available products and services remotely.
3) Number of active internet and mobile banking users (digital customers) who at least once logged into internet or mobile banking or checked their balance without logging in the last month of the reporting period.
4) Number of active mobile banking customers who at least once logged into the mobile application or its light version or checked their balance without logging in the last month of the reporting period.
5) Only the customers using iBiznes24 – an electronic platform for business customers (iBiznes24, iBiznes24 mobile and iBiznes24 Connect).

Traditional distribution channels

As at 31 March 2025, Santander Bank Polska S.A. had 309 branches, 2 off-site locations, 11 Santander Zones and 166 partner outlets. During the three months of 2025, the number of banking outlets (branches, off-site locations and Santander Zones) decreased by 2, and the number of partner outlets did not change.

Number of branches and partner outlets of Santander Bank Polska S.A.
by quarter in 2024 and 2025



ATMs

As at 31 March 2025, the network of self-service devices of Santander Bank Polska S.A. comprised 1,362 units, including 123 ATMs (cash dispense functionality only) and 1,239 dual function machines (cash dispense and deposit functionality) including 1,161 recyclers, i.e. devices enabling withdrawal of cash that has been previously deposited by other customers.

Since November 2024, all machines have been maintained by Euronet and ITCARD under an ATM-as-a-service model. ATMs of Santander Bank Polska S.A. are equipped with a speech-to-text technology, enabling visually impaired customers to make all types of transactions without additional assistance. A large number of ATMs also have NFC readers, making it possible for customers to use cards from their digital wallets.

Remote channels

The section below presents the development of functionality of the digital customer contact channels in Q1 2025.

Electronic channel	Selected solutions and improvements introduced in Q1 2025
santander.pl	▸ In Q1 2025, new solutions were developed to support sales and increase security. ▹ The integration of santander.pl with Salesforce was continued and the following features were added to facilitate communication with customers: an option to add deep links (in the mobile version of the application), URLs linked to CTA buttons prompting users to take certain action, and an exit pop-up with a message for users leaving the website. ▹ Work was underway to introduce two-factor authentication and to refine and extend the CSP (Cloud Solution Provider) licence model to ensure high Bitsight Security Ratings. ▸ The implementation of WCAG (Web Content Accessibility Guidelines) was completed. ▹ The last stage involved the modification of the individual retirement account calculator and the investment calculator, as well as optimisation of other less frequently used components.
Internet and mobile banking	▸ In Q1 2025, the Bank continued to improve and develop its mobile application. The following features were added: standing orders, trusted payees, savings account opening, payment limit management and recurring BLIK payments (the latter two options available to personal customers). ▸ Individuals using BLIK payments can now see the code before logging into the application. The limited access to the application during maintenance breaks was extended (customers can view their latest transaction history). New fixes were prepared in relation to BLIK payments, transfers, quick view and other functions.
Santander Open	▸ In Q1 2025, the scope of payment initiation services available as part of Santander Open was extended to include Velo Bank. Santander Bank Polska S.A. is one of the Polish market leaders in terms of open banking services. The Bank's customers can now integrate their accounts online (AIS) and initiate payments (PIS) in relation to accounts held with any of the following ten banks: Alior Bank, Bank Millennium, BNP Paribas, Credit Agricole, ING Bank Śląski, mBank, Nest Bank, PKO BP, Pekao S.A. and VeloBank. ▸ AIS and PIS are available both in Santander internet and Santander mobile.
Contact Centre (Multichannel Communication Area and Remote Distribution Area)	**Process and technological changes** ▸ SME advisors were provided with an option to change transfer limits in the mobile application via the video channel. ▸ Customers using the Mini Firma application can now change the transfer limit for users who are not authorised to make instructions. ▸ Private Banking customers calling the helpline are identified through mobile authorisation. This new tool can also be used to confirm the identity of the Bank's employees in outgoing calls. ▸ The Click2Call function was implemented for Private Banking customers, enabling them to contact the Bank via the mobile application as authenticated users. ▸ As voice biometrics was abandoned, the customer identification process at the Contact Centre is now uniform and more secure by using mobile authorisation and Click2Call. ▸ Service channels that customers can use to update their residential address were extended to include the helpline and chat. ▸ As part of call steering, two new functions (password reset and advance notification of cash withdrawal) were made available together with instructions, increasing the use of self-service solutions by customers. ▸ A new mechanism was put in place for routing helpline callers interested in brokerage products. ▸ New transfer groups were added in the Online Advisor channel, enabling quick and precise redirection and, consequently, improving customer experience. ▸ The customer identification process related to the payable-on-death designation was improved by implementing video verification. **Bots:** ▸ Sandi, a chatbot, was launched on the internet banking login page.
e-commerce	▸ Santander Bank Polska S.A. develops an e-commerce channel to sell strategic products online. The Bank offers personal accounts, business accounts and cash loans in partnership with affiliate networks in Poland, i.e. the largest online platforms. ▸ The Bank also takes active measures in electronic channels (website, electronic banking platform, mobile application) in relation to existing customers, providing them with tailored products and services.

3. Development of distribution channels of Santander Consumer Bank S.A.

The section below presents the main sales channels of Santander Consumer Bank S.A. and basic statistics on remote channel users.

Santander Consumer Bank S.A.	31.03.2025	31.12.2024	31.03.2024
Branches	33	38	38
Partner outlets	235	233	258
Car loan sales partners	281	1,124	1,252
Instalment loan sales partners	5,395	5,638	5,727
Registered internet and mobile banking customers [1)] (in thousand)	1,239	1,270	1,375
Digital (active) mobile and internet banking customers [2)] (in thousand)	702	691	739
Digital (active) mobile banking customers [3)] (in thousand)	516	491	438

1) Customers who signed an agreement with Santander Consumer Bank S.A. and at least once used the bank's electronic banking system in the reporting period.
2) Number of active internet and mobile banking users (digital customers) who at least once logged into internet or mobile banking or checked their balance without logging in the last month of the reporting period.
3) Number of active mobile banking customers who at least once logged into the mobile application or its light version or checked their balance without logging in the last month of the reporting period.

4. Continued digital transformation

The digital transformation at Santander Bank Polska Group is focused on developing cutting-edge digital banking services, automating processes and improving security. In Q1 2025, progress was made in such areas as mobile authorisation, voice assistance, self-service password reset and modernisation of IT infrastructure. New features were introduced in mobile applications, educational campaigns were run, and credit and payment processes were improved. The transformation process already translates into better quality of services and increased customer satisfaction.

The table below presents the selected strategic projects delivered by Santander Bank Polska S.A. in Q1 2025 in line with the main digital transformation directions.

Initiative	Selected strategic projects delivered in Q1 2025
Improvement of availability, reliability and performance of the Bank's systems	▸ The first stage of implementation of a new platform for authenticating users and authorising transactions was completed. It is part of a bigger project intended to modify the central registration of the Bank's customers. ▸ A number of IT infrastructure modernisation projects were run as part of LCM (Lifecycle Management) to ensure compliance with the latest standards, enhance security and optimise performance. ▸ Thanks to the work of its IT teams, the Bank has been among the top Polish banks in terms of failure-free operations for several months running (Mass NPS Benchmark, Q1 2025, Minds&Roses). ▸ A voice assistant service was launched on helplines for high net worth customers and customers of Santander Brokerage Poland. By routing the call to the right advisor based on a phrase spoken by the customer, the new mechanism improves service, reduces waiting times and provides quick access to specialist services. ▸ eDoręczenia, a new electronic contact channel was launched, enabling customers to: ▹ send and receive documents and data electronically, without the need to send them in paper form; ▹ receive confirmation of data dispatch and delivery. ▸ The functionality of Santander mobile was further enhanced by adding: ▹ a new function for managing standing orders: customers can set up, edit and cancel standing orders directly in the application without the need to log into internet banking, which makes the service more convenient and accessible; ▹ new transaction history filters in iOS enabling quick sorting by amount, type or date of operation (the filters can also be added to the bottom navigation bar for better user experience); ▹ a possibility to manage investments directly in the application, including to check the performance of investment funds.
Participation in global optimisation initiatives of Santander Group	▸ The first version of the new cash management system was implemented to facilitate operational processes and improve customer service at branches. ▸ The migration of payment systems to the global payment platform was continued.

Initiative	Selected strategic projects delivered in Q1 2025 (cont.)
Enhancement of security of the Bank's systems	▸ A new more effective system for monitoring payments made via electronic banking was implemented, enabling the deployment of machine learning models. Existing fraud prevention rules were reviewed and developed to ensure highest possible security for customers. ▸ A range of initiatives were undertaken to increase customers' awareness of cyber risk. Customers received regular educational materials via internet and mobile banking. A refreshed campaign "Don't believe in fairy tales" was also run in social media, focusing on the most common cyberthreats. The fairy tales were written by the Bank's employees and customers. In partnership with the Santander Foundation, the Bank awarded grants for cybereducation initiatives as part of the Cyberattack Defenses (Haki na Cyberataki) programme. ▸ The security of infrastructure was improved by implementing additional control mechanisms reducing the risk of DDoS attacks. An operating model and a standard were introduced to enhance safeguards for proper identity and access management, authentication and protection of the Bank's assets. ▸ A new tool was implemented to detect fraudulent activities in electronic banking services. Based on artificial intelligence, the solution is to replace the anti-fraud technology currently used by the Bank. ▸ As the last stage of implementation of a new customer verification mechanism on the Bank's helplines, mobile authorisation was enabled for Private Banking customers. This push-based mechanism is currently used by customers from the mass/SME, Corpo, Select and Private Banking segments. It is offered to users of iBiznes24 mobile or Santander mobile as part of Santander online, Mini Firma, Moja Firma plus or iBiznes24 package. ▸ Self-service password reset was introduced in Santander internet, enabling customers to quickly and securely recover access to internet banking without the need to contact the helpline. In addition to increasing users' independence, the solution reduces the time to regain access to the account as well as the number of requests made with the helpdesk.
Implementation of regulatory requirements	▸ In response to international financial regulations and sanctions, a mechanism was put in place to monitor deposits above EUR 100k made by customers from Russia and Belarus. The Bank has modified its sanctions policy and has not executed transfers to Russia since 21 March 2025. This applies to all transfers in any currency instructed in electronic banking services and other channels, including banking outlets. The Bank does not accept incoming transfers from Russia either, returning them to payers. ▸ Operational processes were modified in line with the Digital Operational Resilience Act (DORA) and ISO 20022 was implemented to ensure compliance with international electronic payment requirements, improve cyber resilience of payment infrastructure and enable quicker response to incidents. ▸ The scope of mandatory insurance of mortgaged properties was extended to include flood risk and properties located in flood risk zones can no longer be used as security for mortgage loans (KNF requirement). ▸ System changes were introduced in order to process customers' requests as part of the refinancing of fixed-rate mortgage loans. ▸ Further document templates were modified and made available to customers with special needs in accordance with regulatory requirements (WCAG project). ▸ To meet the requirements arising from DORA, an internal governance and control framework was established, ensuring effective and prudent management of all ICT (Information and Communication Technology) risks, including a digital operational resilience strategy. Work is underway to ensure compliance with DORA reporting obligations and modify the implementation of new cloud-based ICT services in line with the current regulatory environment.
Automation and optimisation of operational processes	▸ A solution was introduced to automate the posting of sealed cash deposits to customers' accounts using details from the QR code included on the bank deposit slip. ▸ The processing of cross-border and foreign-currency transfers related to disbursement of mortgage loans was centralised and standardised. ▸ The process of partial cash loan repayment was automated and extended to include an option to repay the loan in full or change the repayment date. ▸ Mobile authorisation was implemented to confirm the identity of advisors from the early arrears teams.

V. Financial situation after Q1 2025

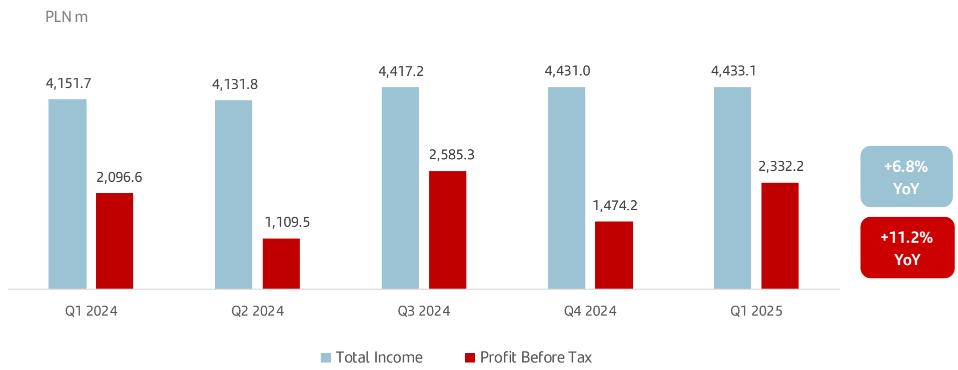
1. Consolidated income statement

Structure of Santander Bank Polska Group's profit before tax

Condensed consolidated income statement of Santander Bank Polska Group in PLN m (for analytical purposes)	Q1 2025	Q1 2024	Change YoY
Total income	**4,433.1**	**4,151.7**	**6.8%**
- Net interest income	3,598.0	3,387.3	6.2%
- Net fee and commission income	748.3	728.6	2.7%
- Other income [1]	86.8	35.8	142.5%
Total costs	**(1,542.3)**	**(1,353.0)**	**14.0%**
- Staff, general and administrative expenses	(1,327.7)	(1,168.0)	13.7%
- Depreciation/amortisation [2]	(161.9)	(152.9)	5.9%
- Other operating expenses	(52.7)	(32.1)	64.2%
Net expected credit loss allowances	**(251.9)**	**(231.9)**	**8.6%**
Cost of legal risk connected with foreign currency mortgage loans [3]	**(120.5)**	**(296.1)**	**-59.3%**
Share of profit/loss of entities accounted for using the equity method	28.9	24.3	18.9%
Tax on financial institutions	(215.1)	(198.4)	8.4%
Consolidated profit before tax	**2,332.2**	**2,096.6**	**11.2%**
Corporate income tax	(541.2)	(499.1)	8.4%
Net profit for the period	**1,791.0**	**1,597.5**	**12.1%**
- Net profit attributable to owners of the parent entity	**1,733.6**	**1,564.7**	**10.8%**
- Net profit attributable to non-controlling interests	57.4	32.8	75.0%

1) Other income includes total non-interest and non-fee income of the Group comprising the following items of the full income statement: dividend income, net trading income and revaluation, gain/loss on other financial instruments, gain/loss on derecognition of financial instruments measured at amortised cost and other operating income.
2) Depreciation/amortisation includes depreciation of property, plant and equipment, amortisation of intangible assets and depreciation of the right-of-use asset.
3) This line item reflects the raised and released provisions for legal risk and legal claims related to foreign currency mortgage loans. Together with the gain/loss on derecognition of financial instruments measured at amortised cost (included in other income), it presents the total impact of legal risk connected with the above-mentioned loans on the Group's performance in line with the accounting treatment based on IFRS 9. Starting from 1 January 2022, the Group measures and presents legal risk connected with the foreign currency mortgage loan portfolio reducing the gross carrying amount of loans in line with IFRS 9. If there is no exposure to cover the estimated provision (or the existing exposure is insufficient), the provision is recognised in accordance with IAS 37.

The Group's total income and profit before tax by quarter in 2024 and 2025



The profit before tax of Santander Bank Polska Group for the 3-month period ended 31 March 2025 was PLN 2,332.2m, up 11.2% YoY. The profit attributable to the shareholders of the parent entity increased by 10.8% YoY to PLN 1,733.6m.

The table presented in the "Comparability of periods" section below contains the selected items of the income statement of Santander Bank Polska Group which affect the comparability of the periods. After the relevant adjustments:

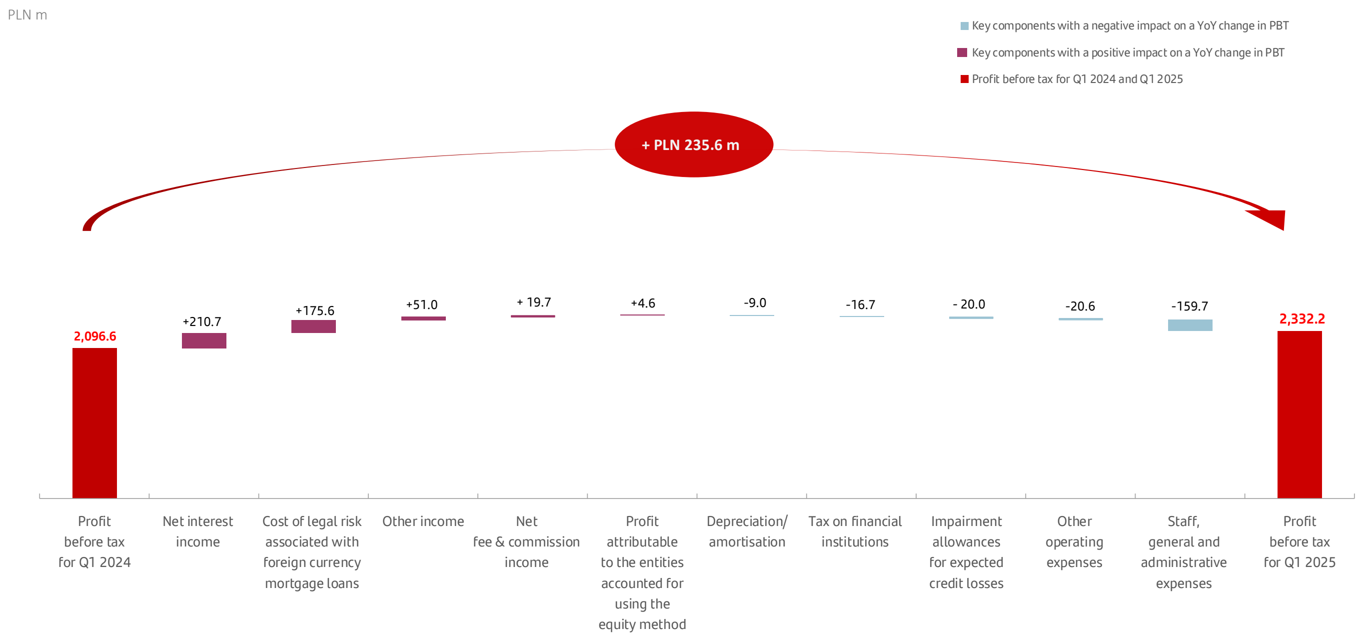
- the underlying profit before tax increased by 6.2% YoY;
- the underlying profit attributable to the shareholders of the parent entity went up by 4.4% YoY.

Comparability of periods

Selected items of the income statement affecting the comparability of periods	Q1 2025	Q1 2024
Contributions to the BFG guarantee and resolution fund made by Santander Bank Polska S.A. and Santander Consumer Bank S.A. *(general and administrative expenses)*	PLN 306.4m (including PLN 22.9m for the guarantee fund)	PLN 205.6m (excluding the guarantee fund contribution suspended for 2023-2024)
Cost of legal risk connected with foreign currency mortgage loans *(income statement item)*	PLN 120.5m	PLN 296.1m

Determinants of the Group's profit for Q1 2025

Changes in the key components of the consolidated profit before tax for Q1 2025 vs Q1 2024



During the first three months of 2025, Santander Bank Polska Group reported an increase of 6.2% YoY in net interest income and a decline of 0.25 p.p. in net interest margin. Loans and advances, the main growth driver of interest income, rose YoY along with higher demand for consumer loans, w/c finance and investment facilities. On the other hand, lower interest rates in foreign currencies adversely impacted both the variable-rate loan portfolio and FX surplus investments. The value of the debt securities portfolio also increased significantly YoY, as did net interest income generated by those assets.

Net fee and commission income grew by 2.7% YoY, reflecting, among other things, an increase in net income from FX fees and insurance fees as well as in net fee and commission income from lending, leasing and factoring activities. What also contributed to the growth in net fee and commission income was the Group's activity in the stock and investment fund markets, which translated into higher net income from brokerage fees and distribution and asset management fees.

The consolidated profit before tax was also positively affected by other non-interest and non-fee income, which grew by PLN 51.0m due to net trading income and revaluation (+PLN 36.2m), other operating income (+PLN 7.7m) and gain on derecognition of financial instruments measured at amortised cost (+PLN 11.6m), which reflects the financial result of settlements with foreign currency mortgage loan borrowers.

The Group's profitability was improved by lower costs of legal risk connected with foreign currency mortgage loans (-59.3% YoY).

On the other hand, the Group's profitability was reduced by a 13.7% YoY increase in staff, general and administrative expenses, reflecting the salary review and adjustment, higher amounts payable to the BFG due to higher resolution fund contribution and reinstated guarantee fund contribution, as well as growing operating expenses in respect of third party services, consultancy and advisory fees and use of IT systems.

Expected credit loss allowances increased by 8.6% YoY due to additional allowances resulting from the modification of the criteria for identification of a significant increase in credit risk (SICR) made by Santander Consumer Bank S.A. in Q1 2025. As SCB did not sell any credit receivables in the analysed period, the negative impact of the above change in the SICR model was not offset. The risk profile of the Group's credit portfolios remains at a good and stable level.

Profit before tax of Santander Bank Polska Group by contributing entities

Components of Santander Bank Polska Group's profit before tax in PLN m (by contributing entities)	Q1 2025	Q1 2024	Change YoY
Santander Bank Polska S.A.	**2,105.6**	**1,923.7**	**9.5%**
Subsidiaries:	**214.7**	**150.4**	**42.8%**
Santander Consumer Bank S.A. and its subsidiaries [1)]	117.6	70.6	66.6%
Santander Towarzystwo Funduszy Inwestycyjnych S.A.	40.5	33.5	20.9%
Santander Finanse Sp. z o.o. and its subsidiaries (Santander Leasing S.A., Santander Factoring Sp. z o.o., Santander F24 S.A.)	56.6	46.0	23.0%
Santander Inwestycje Sp. z o.o.	0.0	0.3	-100.0%
Equity method valuation	**28.9**	**24.3**	**18.9%**
Exclusion of dividends received by Santander Bank Polska S.A. and consolidation adjustments	**(17.0)**	**(1.8)**	**844.4%**
Profit before tax	**2,332.2**	**2,096.6**	**11.2%**

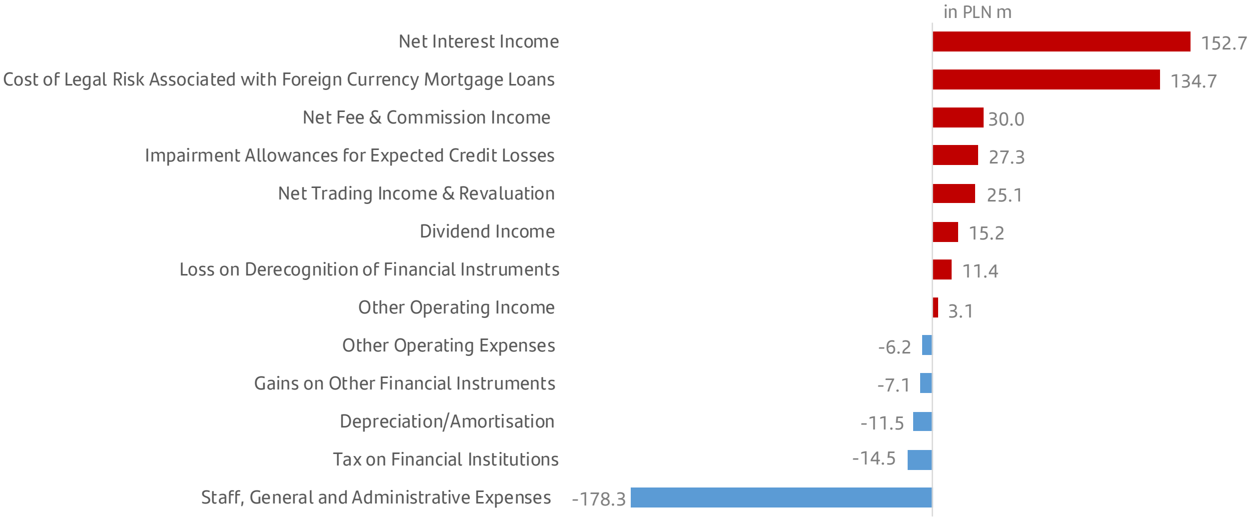
1) In both periods under review, SCB Group comprised Santander Consumer Bank S.A. and the following entities: Santander Consumer Multirent Sp. z o.o., Stellantis Financial Services Polska Sp. z o.o., Stellantis Consumer Financial Services Polska Sp. z o.o., Santander Consumer Financial Solutions Sp. z o.o., SCM Poland Auto 2019-1 DAC and S.C. Poland Consumer 23-1 DAC. The amounts provided above represent profit before tax (after intercompany transactions and consolidation adjustments) of SCB Group for the periods indicated.

Santander Bank Polska S.A. (parent entity of Santander Bank Polska Group)

The profit before tax of Santander Bank Polska S.A. was PLN 2,105.6m, up 9.5% YoY.

Changes to the components of the profit before tax earned by the Bank are presented below.

Year-on-year changes in the main items of the income statement of Santander Bank Polska S.A. for Q1 2025 in absolute numbers



Changes in the main components of the standalone profit reflect the trends relating to the consolidated profit. Similarly to the Group, the Bank's profit before tax was positively affected by net interest income, cost of legal risk connected with foreign currency mortgage loans, net fee and commission income, net expected credit loss allowances, net trading income and revaluation, dividend income and gain on derecognition of financial instruments measured at amortised cost. The increases in the above-mentioned items were partly offset by a negative impact of changes in staff, general and administrative expenses, and amortisation/depreciation, tax on financial institutions, gain/loss on other financial instruments and other operating expenses.

Subsidiaries

The subsidiaries consolidated by Santander Bank Polska S.A. reported a profit before tax of PLN 214.7m, up 42.8% YoY on account of stronger performance of Santander Consumer Bank Group, Santander TFI S.A. as well as leasing and factoring companies controlled by Santander Finanse Sp. z o.o.

SCB Group

The contribution of Santander Consumer Bank Group to the consolidated profit before tax of Santander Bank Polska Group for Q1 2025 was PLN 117.6m (excluding intercompany transactions and consolidation adjustments) and increased by 66.6% YoY as a combined effect of the following:

- A 13.8% YoY increase in net interest income to PLN 422.2m driven by growth of the credit portfolio and favourable changes in its structure (a higher share of high-margin products and a lower share of instalment and mortgage loans).
- A 37.9% YoY decrease in net fee and commission income to PLN 20.6m due to higher cost of securitisation.
- A 155.4% YoY increase in other non-interest and non-fee income to PLN 34.2m reflecting an improvement in net trading income and revaluation, gain on other financial instruments and other operating income.
- A PLN 56.3m YoY rise in negative balance of net expected credit loss allowances to PLN 132.0m, caused mainly by the modification of the model for identification of a significant increase in credit risk (SICR) of credit exposures, resulting in an additional allowance of PLN 30m. Furthermore, no credit receivables were sold in the reporting period, while the debt sale transactions in Q1 2024 brought in a gross profit of PLN 41.8m (PLN 33.9m net).
- A decrease of 2.8% YoY in operating expenses to PLN 175.5m on account of lower staff, general and administrative expenses, and reduction in right-of-use asset amortisation.
- Downward revision of cost of legal risk connected with foreign currency mortgage loans to PLN 41.2m (-49.8% YoY).

Other subsidiaries

The profit before tax of Santander TFI S.A. for Q1 2025 increased by 20.9% YoY to PLN 40.5m, as a result of 10.6% YoY higher net fee and commission income. Asset management fees, the main contributor, grew YoY along with a rise in the average assets under management supported by sound net sales of investment funds and a positive change in the value of investment fund units. Another growth driver was a margin increase resulting from a higher management fee introduced on 1 March 2025 in relation to two short-term debt sub-funds and Santander Prestiż Calm Investment, whose combined assets accounted for more than 40% of total net assets managed by Santander TFI S.A. Meanwhile, net income from success fees went down, as an effect of a high base resulting from solid rates of return generated by the funds last year. The company also reduced its staff, general and administrative expenses due to downsizing and release of the unused part of accruals for bonuses.

Profit before tax posted by companies controlled by Santander Finanse Sp. z o.o. went up by 23.0% YoY to PLN 56.6m.

- Total profit before tax of Santander Leasing S.A., Santander Finanse Sp. z o.o. and Santander F24 S.A. for the three months of 2025 grew by 37.6% YoY to PLN 41.2m. Strong sales generated in Q1 2025 triggered an increase in performing lease receivables (+10.2% YoY), net interest income (+7.0% YoY) and net insurance income (+16.4% YoY). Another contributing factor was a decrease in the negative balance of net expected credit loss allowances (-60.2% YoY). The quality of the lease portfolio remained high, with the NPL ratio of 3.44% (-0.46 p.p. YoY). The positive financial impact of the above changes was offset by higher costs of synthetic securitisation (+44.8% YoY) resulting from a new project launched in December 2024.
- The profit before tax posted by Santander Factoring Sp. z o.o. decreased by 3.7% YoY to PLN 15.4m, reflecting a decline in net fee and commission income resulting from higher costs of transactions made under the Risk Participation Agreement. Furthermore, operating expenses increased moderately in Q1 2025 on account of staff expenses (annual salary review) and amortisation of intangibles (software investments). At the same time, the company's net interest income grew on account of YoY higher factoring receivables. Net expected credit loss allowances were broadly stable YoY.

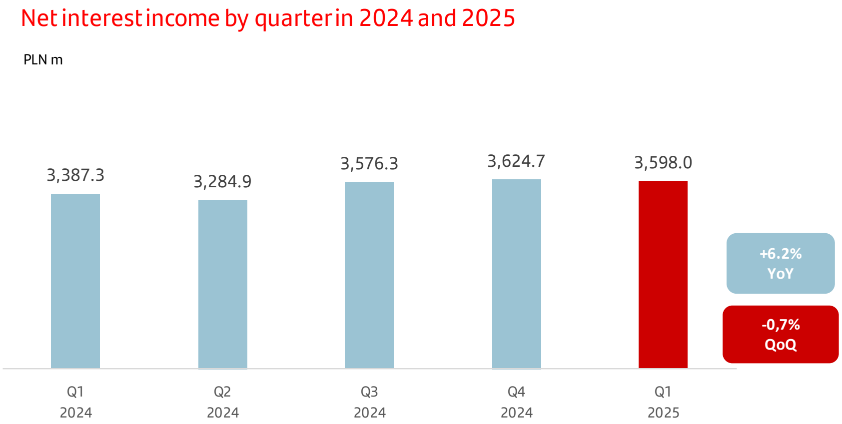
Structure of Santander Bank Polska Group's profit before tax

Total income

Total income of Santander Bank Polska Group for Q1 2025 increased by 6.8% YoY to PLN 4,433.1m.

Net interest income

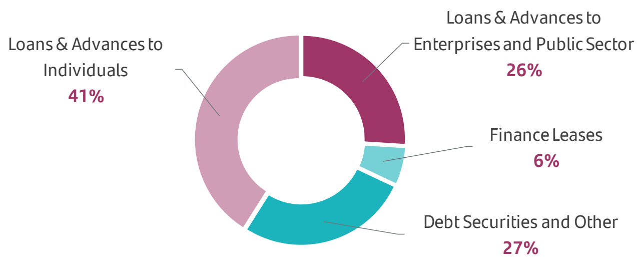
Net interest income for the first three months of 2025 totalled PLN 3,598.0m and increased by 6.2% YoY as a result of higher business volumes generated in the continuously high interest rate environment (the Monetary Policy Council has kept interest rates unchanged since October 2023, with the main reference rate at 5.75%). Slight reductions in market rates observed in that period reflected market consensus on earlier-than-expected rate cuts.



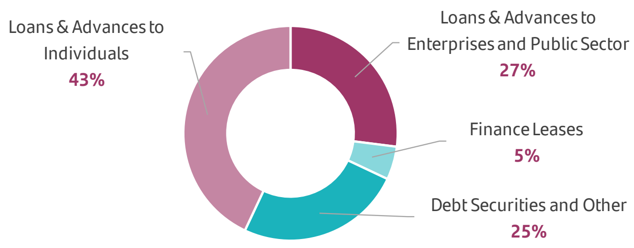
Interest income for the three months of 2025 totalled PLN 4,994.8m and was up 7.5% YoY, supported by debt securities portfolios, loans and advances to individuals, loans and advances to enterprises and the public sector as well as leasing receivables, loans and advances to banks, and reverse sale and repurchase agreements.

Meanwhile, interest expenses grew by 11.0% YoY to PLN 1,396.8m on account of the Group's main liabilities, including deposits from enterprises and the public sector, subordinated liabilities and liabilities in respect of debt securities in issue, deposits from banks and repurchase transactions.

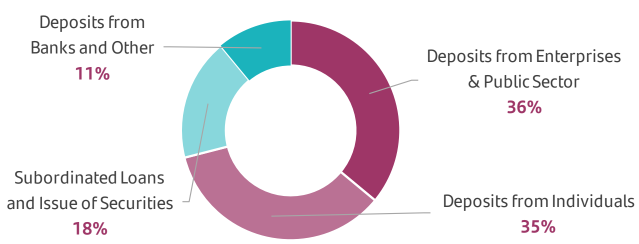
Structure of interest revenue for Q1 2025



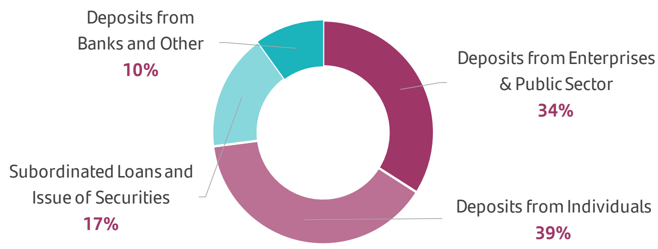
Structure of interest revenue for Q1 2024



Structure of interest expense for Q1 2025



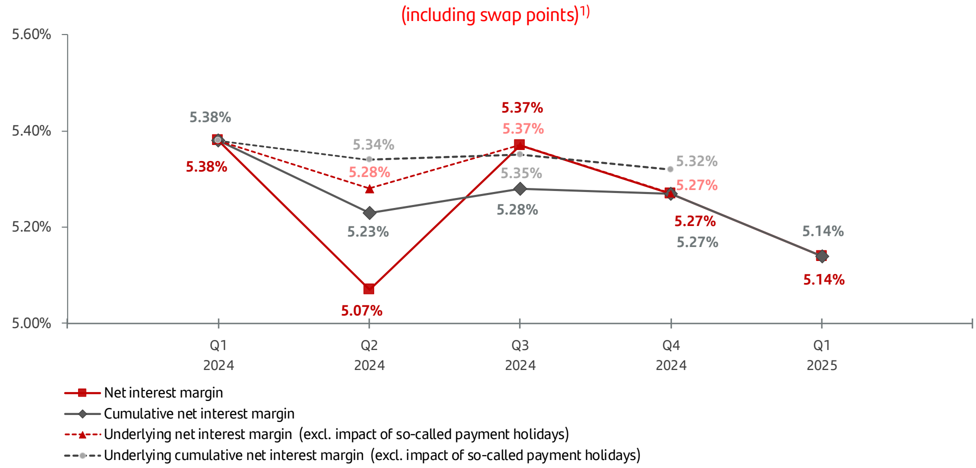
Structure of interest expense for Q1 2024



The annualised net interest margin of Santander Bank Polska Group totalled 5.14% in Q1 2025 vs 5.38% for Q1 2024 (down 0.24 p.p. YoY and 0.13 p.p. Ytd). This decrease reported in the period of growth of the Group's key business volumes reflects a decline in market interest rates and adjustment measures taken by the Group, including the management of prices of assets and liabilities.

Lease receivables increased by 10.2% YoY, loans and advances to personal customers were up 4.7% YoY, and loans and advances to enterprises and the public sector grew by 11.1% YoY. The carrying amount of investment securities measured at amortised cost increased by 47.3%. At the same time, deposits from individuals and from enterprises and the public sector grew dynamically by 10.0% YoY and 16.4% YoY, respectively (both term deposits and current account balances). The corresponding assets and liabilities increased on a quarterly basis too.

Net interest margin by quarter in the years 2024 and 2025 (including swap points)[1]



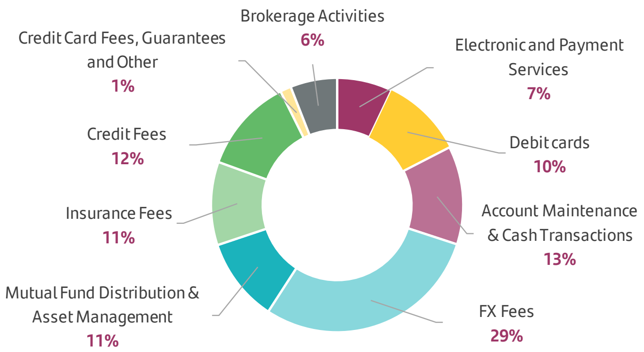
1) The calculation of the net interest margin of Santander Bank Polska S.A. takes account of swap points allocation from derivative instruments used for the purpose of liquidity management but excludes interest income from the portfolio of debt securities held for trading and other exposures connected with trading.

Net fee and commission income

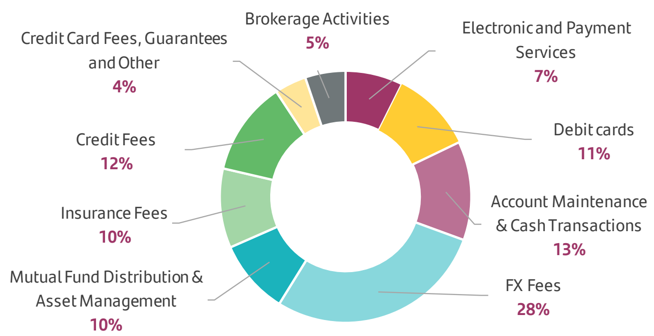
Net fee and commission income (PLN m)	Q1 2025	Q1 2024	Change YoY
FX fees	218.4	206.1	6.0%
Account maintenance and cash transactions	93.4	92.2	1.3%
Credit fees [1]	90.7	87.8	3.3%
Asset management and distribution	80.2	70.3	14.1%
Insurance fees	79.2	74.5	6.3%
Debit cards	78.1	76.4	2.2%
Electronic and payment services [2]	53.0	53.8	-1.5%
Brokerage activities	44.8	37.8	18.5%
Credit cards	25.2	27.4	-8.0%
Guarantees and sureties	8.9	15.5	-42.6%
Other fees [3]	(23.6)	(13.2)	78.8%
Total	**748.3**	**728.6**	**2.7%**

1) Net fee and commission income from lending, factoring and leasing activities which is not amortised to net interest income. This line item includes, among other things, the cost of credit agency.
2) Fees for payments (foreign and mass payments, Western Union transfers), trade finance, services for third party institutions as well as other electronic and telecommunications services.
3) Issue arrangement fees, brokerage fees, fees paid to other banks and other fees.

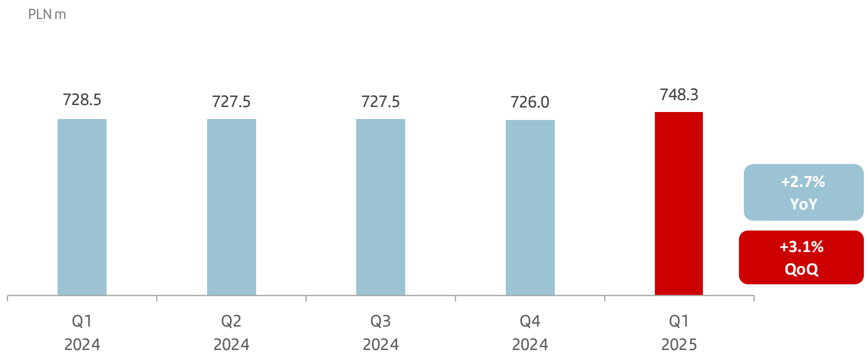
Net fee & commission income structure in Q1 2025



Net fee & commission income structure in Q1 2024



Net fee & commission income by quarter in 2024 and 2025

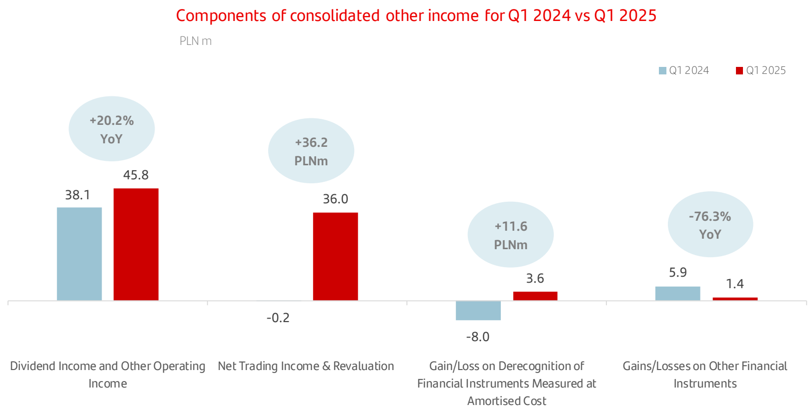


Net fee and commission income for Q1 2025 was PLN 748.3m and increased by 2.7% YoY on account of the Group's diversified operations, including activities in the investment fund, stock, bancassurance and foreign exchange markets, with higher rates of return generated in the reporting period.

The key changes to net fee and commission income items were as follows:

- Net FX fee income increased by 6.0% YoY mainly on account of higher turnover, accompanied by a slight decline in average quotations. Higher FX transaction volumes were reported in both electronic and traditional channels.
- Net fee and commission income from distribution and asset management grew by 14.1% YoY on account of higher income from fees collected by Santander TFI S.A. for fund asset management, resulting from a higher average value of net assets driven by solid sales growth and a positive change in the value of fund units. Income from asset management fees was also supported by a margin increase resulting from a higher management fee introduced on 1 March 2025 in relation to two short-term debt sub-funds and Santander Prestiż Calm Investment, whose combined assets accounted for more than 40% of total net assets managed by Santander TFI S.A.
- A 6.3% YoY increase was reported under the insurance line item, reflecting higher net income from insurance activities of Santander Leasing S.A. At the same time Santander Bank Polska S.A. posted higher YoY net fee income from the Life and health (Życie i zdrowie) insurance, a key product not linked to standard banking products offered by the Bank.
- Despite downturn of foreign markets, an 18.5% YoY rise was reported in net income from brokerage activities, reflecting stronger performance on the secondary market of the Warsaw Stock Exchange. Foreign investors' activity on the WSE increased amid positive economic trends (GDP growth driven by domestic consumption and investments supported by EU funds), translating into higher turnover. In effect, trading volumes of Polish retail investors, including the customers of Santander Brokerage Poland, continued at satisfactory levels.
- Despite higher income from guarantee activities, net fee and commission income from guarantees and sureties was down 42.6% YoY due to higher costs related to new securitisation projects launched in 2024.
- Net fee and commission income from issuance and management of a credit card portfolio of Santander Consumer Bank S.A. decreased by 8.0% YoY as a result of card-related transformation processes, among other things. Net income from credit card fees generated by Santander Bank Polska S.A. was stable YoY.
- Other changes in net fee and commission income reflected standard business operations.

Non-interest and non-fee income



Non-interest and non-fee income of Santander Bank Polska Group presented above totalled PLN 86.8m and was up PLN 51.0m YoY on account of changes in the following components:

- Net trading income and revaluation increased by PLN 36.2m YoY to PLN 36.0m, reflecting a rise of PLN 24.9m YoY to PLN 58m in the total gain on trading in debt and equity securities measured at fair value through profit or loss (with the latter instruments being the main growth driver). Transactions in derivative and FX markets brought in a lower loss YoY (-PLN 22.5m in Q1 2025 vs -PLN 33.3m in Q1 2024). Weaker result on trading in derivatives was offset by higher gain on transactions used by the Bank to manage FX liquidity.
- Gain on other financial instruments totalled PLN 1.4m and decreased by 76.3% YoY due to lower gain on hedging and hedged instruments (-PLN 2.0m YoY) and sale of debt investment securities measured at fair value through other comprehensive income (-PLN 2.9m YoY), mainly treasury bonds.
- Other operating income was PLN 45.8m and increased by 20.2% YoY due to higher releases of provisions for legal claims and other assets and income from the sale and liquidation of property, plant and equipment.
- The Group reported a gain of PLN 3.6m on derecognition of financial instruments measured at amortised cost vs a loss of PLN 8m in the corresponding period last year. This line item includes mainly the financial result of voluntary settlements with CHF home loan borrowers, which brought in a profit of PLN 2.0m in Q1 2025 vs a loss of PLN 9.1m in Q1 2024. In the current reporting period, 531 settlements were made, both

pre-court and following the lawsuits (13,573 by the end of March 2025). As part of the settlement, the loan is converted to PLN and/or a method is determined to settle the liabilities arising from the loan agreement. The settlement terms are individually negotiated with customers.

Expected credit loss allowances

Net expected credit loss allowances on loans and advances measured at amortised cost (PLN m)	Stage 1 Q1 2025	Stage 1 Q1 2024	Stage 2 Q1 2025	Stage 2 Q1 2024	Stage 3 Q1 2025	Stage 3 Q1 2024	POCI Q1 2025	POCI Q1 2024	Total Q1 2025	Total Q1 2024
Allowance on loans and advances to banks	-	0.1	-	-	-	-	-	-	-	0.1
Allowance on loans and advances to customers	28.9	(21.9)	(160.3)	(135.4)	(135.7)	(140.6)	17.3	12.0	(249.8)	(285.9)
Recoveries of loans previously written off	-	-	-	-	(8.8)	29.7	-	-	(8.8)	29.7
Allowance on off-balance sheet credit liabilities	(22.1)	(1.3)	3.6	10.8	25.2	14.7	-	-	6.7	24.2
Total	**6.8**	**(23.1)**	**(156.7)**	**(124.6)**	**(119.3)**	**(96.2)**	**17.3**	**12.0**	**(251.9)**	**(231.9)**

In Q1 2025, the charge made by Santander Bank Polska Group to the income statement on account of net expected credit loss allowances was PLN 251.9m, up 8.6% YoY.

It reflects an increase of PLN 56.3m to PLN 132.0m in net expected credit loss allowances made by Santander Consumer Bank Group resulting from the modification of the quantitative criteria determining a significant increase in risk of SCB's credit portfolios. Furthermore, Santander Consumer Bank Group did not sell any credit receivables in the reporting period. In Q1 2024, it sold the portfolio of PLN 219.1m, with a positive P&L impact of PLN 41.8m gross.

Net expected credit loss allowances of Santander Bank Polska S.A. totalled PLN 113.8m on a standalone basis and were down 19.4% YoY, reflecting positive economic trends, which favourably affected the condition of the credit portfolios and revision parameters. The Bank did not report any significant one-off items affecting the level of allowances in the analysed period.

In Q1 2025, sales of credit receivables of Santander Bank Polska S.A. totalled PLN 495.5m, generating a profit before tax of PLN 18.7m (last year, receivables of PLN 96.0m were sold at a profit before tax of PLN 10.8m).

The cost of credit risk of Santander Bank Polska Group in the first three months of 2025 was 0.57% vs 0.70% for the corresponding period last year.

The Group steadily monitors its credit portfolio and the impact of the current macroeconomic and geopolitical situation on risk levels, adjusting credit ratings and classification of exposures to individual stages accordingly. The quality of credit portfolios is considered to be good and the key risk indicators are stable.

Total costs

Total costs (PLN m)	Q1 2025	Q1 2024	Change YoY
Staff, general and administrative expenses, of which:	**(1,327.7)**	**(1,168.0)**	**13.7%**
- Staff expenses	(609.1)	(569.4)	7.0%
- General and administrative expenses	(718.6)	(598.6)	20.0%
Depreciation/amortisation	**(161.9)**	**(152.9)**	**5.9%**
- Depreciation of property, plant and equipment and amortisation of intangible assets	(126.7)	(111.9)	13.2%
- Depreciation of the right-of-use asset	(35.2)	(41.0)	-14.1%
Other operating expenses	**(52.7)**	**(32.1)**	**64.2%**
Total costs	**(1,542.3)**	**(1,353.0)**	**14.0%**

Total operating expenses of Santander Bank Polska Group in Q1 2025 increased by 14.0% YoY to PLN 1,542.3m on account of inflation, salary review, higher contributions to the Bank Guarantee Fund, higher costs of third party services (including consultancy and advisory services) and IT systems as well as increased depreciation/amortisation of property, plant and equipment and intangible assets, and higher provisions for legal claims and other assets.

As total costs grew by 14.0% YoY and total income by 6.8% YoY, the Group's cost to income ratio increased to 34.8% in Q1 2025 from 32.6% in Q1 2024. The corresponding ratios for the Bank were 34.3% and 31.1%, respectively.

Staff expenses

Staff expenses for Q1 2025 totalled PLN 609.1m and increased by 7.0% YoY. The average employment was relatively stable in both periods. The main components of staff expenses, i.e. salaries, bonuses and statutory deductions from salaries, went up by 7.1% YoY to PLN 587.8m on account of the salary review and adjustment in Q4 2024 and higher accruals for employee bonuses. The costs related to the Group's long-term share-based incentive plan (Incentive Plan VII) were PLN 14.6m vs PLN 18.5m last year.

General and administrative expenses

In Q1 2025, general and administrative expenses of Santander Bank Polska Group increased by 20.0% YoY to PLN 718.6m.

Amounts payable to market regulators (BFG, KNF and KDPW) totalled PLN 318.0m and were up 46.1% YoY due to the reinstatement (after two years) of a quarterly BFG guarantee fund contribution, which totalled PLN 22.9m (PLN 20.9m payable by Santander Bank Polska S.A. and PLN 2m by Santander Consumer Bank S.A.) and recognition of 40.0% YoY higher annual contribution to the BFG bank resolution fund, which totalled PLN 283.5m in accordance with the BFG Council's resolution of 21 March 2025 (PLN 271.4m payable by Santander Bank Polska S.A. and PLN 12.1m by Santander Consumer Bank S.A.). In total BFG charges amounted to PLN 306.4m and increased by 49.0% YoY.

Excluding the mandatory contributions to the BFG, the Group's general and administrative expenses increased by 4.9% YoY, mainly on account of higher cost of IT systems, consultancy and advisory services and other third party services.

- → The cost of IT systems went up by 12.1% YoY on account of licence fees and multiple projects.
- → Consultancy and advisory fees rose by 24.2% YoY, reflecting higher costs of legal services and support for projects delivered by the Group (including the ones related to ESG).
- → The costs of other third party services were up 13.8% YoY due to, among other things, the outsourcing of banking operations which used to be performed in-house and generated costs in other line items (payment handling, ATM maintenance, AML/CFT processes).

In the case of outsourced ATM maintenance services, the increase in the costs of third party services was accompanied by a reduction in the costs of cars, transport and cash-in-transit services (-30.6% YoY). Furthermore, the costs of marketing and entertainment decreased considerably (-9.8% YoY), reflecting changes in the timing and frequency of marketing campaigns, and in the costs of maintenance of premises (-4.0% YoY), resulting from network optimisation and negotiation of the power supply contract.

Tax and other charges

Tax on financial institutions for Q1 2025 totalled PLN 215.1m and was up 8.4% YoY, reflecting a YoY increase in assets (including loans and advances) and a rise in the portfolio of treasury securities lowering the tax base.

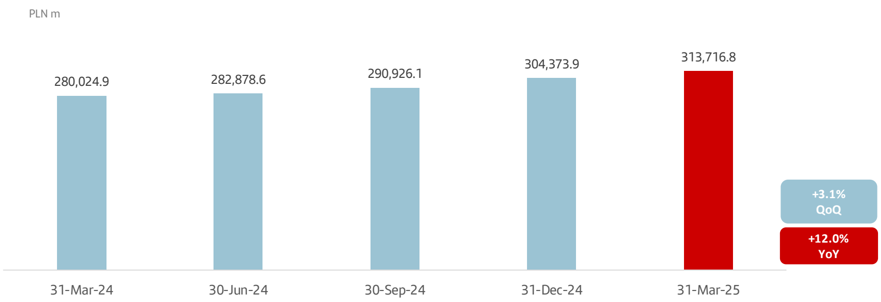
Corporate income tax was PLN 541.2m and effectively lower (decrease from 23.8% in Q1 2024 to 23.2% in Q1 2025) as a result of an 11.2% increase in profit before tax and a rise in contributions to the BFG, partly offset by a decrease in costs of legal risk connected with foreign currency mortgage loans.

2. Consolidated statement of financial position

Consolidated assets

As at 31 March 2025, the total assets of Santander Bank Polska Group were PLN 313,716.8m, up 12.0% YoY and 3.1% Ytd, mainly on account of loans and advances to customers and investment securities. The value and structure of the Group's financial position is determined by the parent entity, which held 90.9% of the consolidated total assets vs 90.7% as at the end of December 2024 and 92.4% as at the end of March 2024.

Total consolidated assets at the end of consecutive quarters in 2024 and 2025



Structure of consolidated assets

Assets in PLN m (for analytical purposes)	31.03.2025	Structure 31.03.2025	31.12.2024 Restated data	Structure 31.12.2024	31.03.2024 Restated data	Structure 31.03.2024	Change Ytd	Change YoY
	1	2	3	4	5	6	1/3	1/5
Loans and advances to customers	175,937.5	56.1%	174,776.3	57.4%	162,653.1	58.1%	0.7%	8.2%
Investment securities	76,896.8	24.5%	70,917.0	23.3%	65,204.3	23.3%	8.4%	17.9%
Cash and cash equivalents	29,940.7	9.5%	29,003.5	9.5%	29,351.2	10.5%	3.2%	2.0%
Financial assets held for trading and hedging derivatives	10,517.8	3.4%	10,749.3	3.6%	9,217.5	3.3%	-2.2%	14.1%
Reverse sale and repurchase agreements and assets pledged as collateral	7,224.4	2.3%	5,674.3	1.9%	4,434.0	1.6%	27.3%	62.9%
Property, plant and equipment, intangible assets, goodwill and right-of-use assets	3,913.7	1.2%	3,975.9	1.3%	3,841.4	1.4%	-1.6%	1.9%
Loans and advances to banks	3,711.5	1.2%	4,031.2	1.3%	253.8	0.1%	-7.9%	1,362.4%
Other assets [1]	5,574.4	1.8%	5,246.4	1.7%	5,069.6	1.7%	6.3%	10.0%
Total	**313,716.8**	**100.0%**	**304,373.9**	**100.0%**	**280,024.9**	**100.0%**	**3.1%**	**12.0%**

1) Other assets include the following items of the full version of financial statements: investments in associates, deferred tax assets, non-current assets classified as held for sale and other assets.

In the above condensed statement of financial position as at 31 March 2025, net loans and advances to customers were the key item of the consolidated assets (56.1%). They totalled PLN 175,937.5m and increased by 0.7% Ytd along with a rise in loans to personal customers, enterprises and the public sector, and in lease receivables.

Investment securities, the second largest asset item, grew by 8.4% Ytd supported by higher investments in treasury bonds which accounted for 80.9% of the Group's portfolio of debt investment securities.

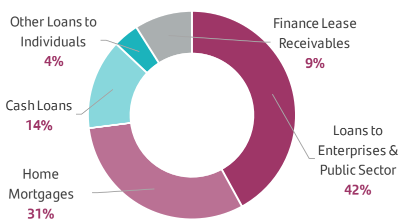
Reverse sale and repurchase agreements and assets pledged as collateral increased substantially (+27.3% Ytd), reflecting a higher value of bonds used to secure repo transactions.

A presentation change was made to the consolidated financial statements of Santander Bank Polska Group as at 31 March 2025 and for the comparative periods, namely financial assets with original maturity of up to three months that used to be disclosed under "Loans and advances to banks" and "Debt investment securities (NBP bills)" are now presented under a separate line item "Cash and cash equivalents" together with assets that used to be disclosed under "Cash and balances with central banks". Detailed information in this respect is provided in the Condensed Interim Consolidated Financial Statements of Santander Bank Polska Group for the 3-month period ended 31 March 2025, section "Presentation of cash and cash equivalents in the statement of financial position" in Note 2.5 "Comparability with the results from the previous periods".

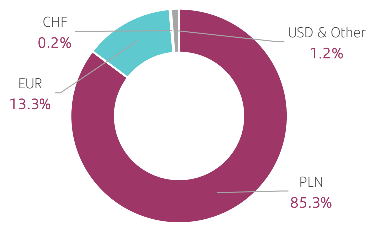
Credit portfolio

Gross loans and advances to customers in PLN m	31.03.2025	31.12.2024	31.03.2024	Change Ytd	Change YoY
Loans and advances to individuals	89,289.8	88,814.2	85,273.3	0.5%	4.7%
Loans and advances to enterprises and the public sector	76,829.5	76,315.9	69,174.9	0.7%	11.1%
Finance lease receivables	15,336.9	15,145.2	13,917.0	1.3%	10.2%
Other	71.3	70.3	79.1	1.4%	-9.9%
Total	**181,527.5**	**180,345.6**	**168,444.3**	**0.7%**	**7.8%**

Product structure of consolidated loans and advances to customers as at 31.03.2025



FX structure of consolidated loans and advances to customers as at 31.03.2025

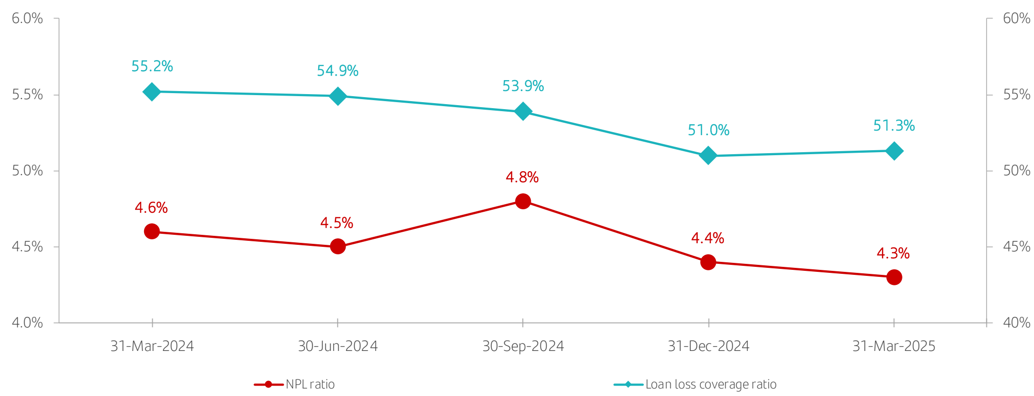


As at 31 March 2025, consolidated gross loans and advances to customers were PLN 181,527.5m and increased by 0.7% vs 31 December 2024. The portfolio includes loans and advances to customers measured at amortised cost of PLN 161,723.3m (+0.6% Ytd), loans and advances to customers measured at fair value through other comprehensive income of PLN 4,408.0m (+0.4% Ytd), loans and advances to customers measured at fair value through profit or loss of PLN 59.3m (-6.3% Ytd), and finance lease receivables of PLN 15,336.9m described below.

The section below presents the Group's credit exposures by key portfolios in terms of customer segments and products:

- Loans and advances to individuals increased by 0.5% Ytd to PLN 89,289.8m as at the end of March 2025. Home loans, which were the main contributor to this figure, totalled PLN 55,889.4m and were stable Ytd (-0.1% vs 31 December 2024) due to a moderate demand for this product. Cash loans were the second largest item and totalled PLN 26,089.0m, up 1.8% Ytd due to a high base at the end of December 2024 supported by sales growth driven by macroeconomic factors.
- Loans and advances to enterprises and the public sector (including factoring receivables) went up by 0.7% Ytd to PLN 76,829.5m on account of higher exposures in respect of working capital loans (utilisation of overdrafts) by customers of the Business and Corporate Banking and Corporate and Investment Banking segments.
- Finance lease receivables of the subsidiaries of Santander Bank Polska S.A. rose by 1.3% Ytd to PLN 15,336.9m, supported by solid sales, particularly in the machines and equipment segment.

Credit quality ratios by quarter in 2024 and 2025



As at 31 March 2025, the NPL ratio was 4.3% and the provision coverage ratio for impaired loans was 51.3% (vs 4.4% and 51.0% as at the end of 2024, respectively).

Structure of consolidated equity and liabilities

Equity and liabilities in PLN m (for analytical purposes)	31.03.2025	Structure 31.03.2025	31.12.2024	Structure 31.12.2024	31.03.2024	Structure 31.03.2024	Change Ytd	Change YoY
	1	2	3	4	5	6	1/3	1/5
Deposits from customers	237,078.9	75.6%	232,028.8	76.2%	210,308.2	75.1%	2.2%	12.7%
Subordinated liabilities and debt securities in issue	13,753.5	4.4%	14,080.0	4.6%	12,504.5	4.5%	-2.3%	10.0%
Financial liabilities held for trading and hedging derivatives	9,633.4	3.1%	10,517.4	3.5%	8,135.3	2.9%	-8.4%	18.4%
Deposits from banks and sale and repurchase agreements	9,020.0	2.9%	6,347.1	2.1%	6,828.4	2.4%	42.1%	32.1%
Other liabilities [1)]	7,671.4	2.4%	6,959.4	2.3%	7,233.5	2.6%	10.2%	6.1%
Total equity	36,559.6	11.6%	34,441.2	11.3%	35,015.0	12.5%	6.2%	4.4%
Total	**313,716.8**	**100.0%**	**304,373.9**	**100.0%**	**280,024.9**	**100.0%**	**3.1%**	**12.0%**

1) Other liabilities include lease liabilities, current tax liabilities, deferred tax liabilities, provisions for financial and guarantee liabilities, other provisions and other liabilities.

As at 31 March 2025, deposits from customers totalled PLN 237,078.9m and were the largest item of the total equity and liabilities (75.6%) disclosed in the consolidated statement of financial position and the main source of funding for the Group's assets. They increased by 2.2% Ytd as a combined effect of a significant inflow of funds to term deposit accounts of enterprises and public sector entities and to current accounts (including savings accounts) and term deposit accounts of personal customers.

A considerable increase (+42.1% Ytd) was reported in deposits from banks and sale and repurchase agreements, reflecting the Group's increased activity in the repo market.

Furthermore, the balance of financial liabilities held for trading and hedging derivatives declined by 8.4% Ytd, on account of both components of this line item.

Subordinated liabilities and liabilities in respect of debt securities in issue went down by 2.3% vs 31 December 2024 along with a decrease in the carrying amount of the Group's own issues, which is a combined effect of the issue of debt instruments of PLN 616.0m and redemption of PLN 1,158.8m worth of securities on their maturity dates.

In Q1 2025, the following issues were made:

- On 19 February 2025, Santander Factoring Sp. z o.o. issued PLN 516m worth of series A25 bonds with a floating interest rate and a maturity date of 19 August 2025. The issue is guaranteed by the Bank.
- On 19 March 2025, Santander Leasing S.A. issued PLN 100m worth of series T bonds with a floating interest rate and a maturity date of 19 March 2026 (subject to the bondholders' right to exercise a put option).

Deposit base

Deposits by entities

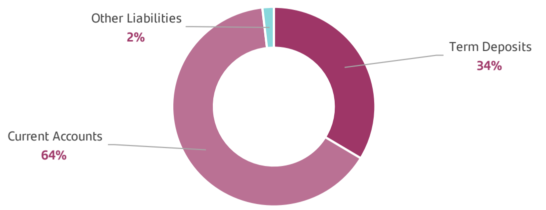
Deposits from customers in PLN m	31.03.2025	31.12.2024	31.03.2024	Change Ytd	Change YoY
Deposits from individuals	131,561.8	127,764.5	119,637.3	3.0%	10.0%
Deposits from enterprises and the public sector	105,517.1	104,264.3	90,670.9	1.2%	16.4%
Total	**237,078.9**	**232,028.8**	**210,308.2**	**2.2%**	**12.7%**

As at 31 March 2025, consolidated deposits from customers were PLN 237,078.9m and increased by 2.2% Ytd due to higher balances of term deposits of enterprises and public sector entities, and current accounts (including savings accounts) and term deposits of individuals.

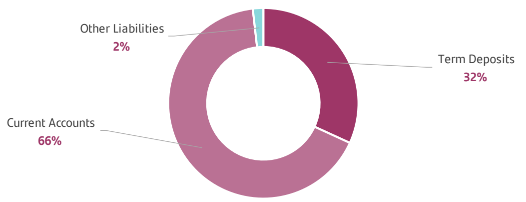
- The retail deposit base totalled PLN 131,561.8m, up 3.0% Ytd. Due to a solid inflow of funds, the total balance of current and savings accounts increased by 4.0% Ytd to PLN 82,743.4m. Customers were also interested in term deposits, whose balance increased by 1.3% Ytd to PLN 48,505.5m.
- Deposits from enterprises and the public sector increased by 1.2% Ytd to PLN 105,517.1m, reflecting a rise of 20.6% Ytd in term deposits to PLN 31,274.9m and decline of 5.7% Ytd in current account balances to PLN 70,259.2m.

Deposits by tenors

Structure of consolidated customer deposits as at 31.03.2025



Structure of consolidated customer deposits as at 31.12.2024

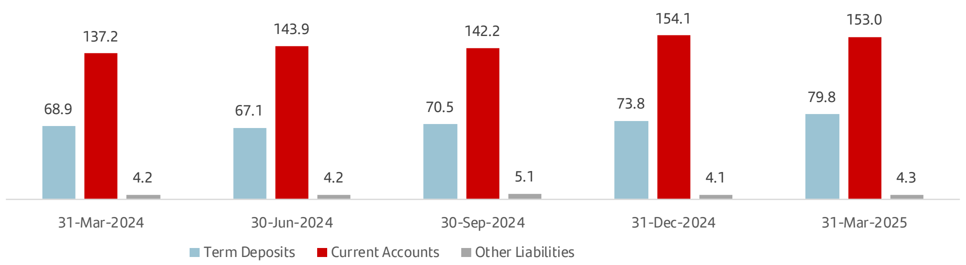


During the first three months of 2025, the Group's total term deposits from customers increased by 8.1% to PLN 79,780.4m, current account balances decreased by 0.7% to PLN 153,002.6m, and other liabilities were PLN 4,295.9m, up 4.2%.

Loans and advances from financial institutions (PLN 849.2m vs PLN 906.1m as at 31 December 2024) were one of the components of other liabilities and were recognised under deposits from enterprises, which included loans granted by international financial organisations (the European Investment Bank/ EIB, the European Bank for Reconstruction and Development/ EBRD and the Council of Europe Development Bank/ CEB) to finance the lending activity of the Bank and its subsidiaries. The Ytd decrease in the above line item is the result of scheduled repayments.

Term deposits and current accounts * at quarter-ends of 2024 and 2025

PLN bn



*including savings accounts

3. Selected financial ratios of Santander Bank Polska Group

Selected financial ratios of Santander Bank Polska Group	31.03.2025	31.03.2024
Cost/Income	34.8%	32.6%
Net interest income/Total income	81.2%	81.6%
Net interest margin [1)]	5.14%	5.38%
Net fee and commission income/Total income	16.9%	17.5%
Net loans and advances to customers/Deposits from customers	74.2%	77.3%
NPL ratio [2)]	4.3%	4.6%
NPL provision coverage ratio [3)]	51.3%	55.2%
Cost of credit risk [4)]	0.57%	0.70%
ROE [5)]	19.5%	20.1%
ROTE [6)]	21.6%	21.9%
ROA [7)]	1.7%	1.9%
Total capital ratio [8)]	18.10%	17.89%
Tier 1 capital ratio [9)]	17.26%	16.67%
Book value per share (PLN)	357.76	342.65
Earnings per ordinary share (PLN) [10)]	16.96	15.31

1) Net interest income annualised on a year-to-date basis (excluding interest income from the portfolio of debt securities held for trading and other exposures related to trading) to average net earning assets as at the end of consecutive quarters after the end of the year preceding the particular accounting year (excluding financial assets held for trading, hedging derivatives, other exposures related to trading and other loans and advances to customers).
2) Lease receivables and gross loans and advances to customers measured at amortised cost and classified to Stage 3 and POCI exposures to the total gross portfolio of such lease receivables and loans and advances as at the end of the reporting period.
3) Impairment allowances for lease receivables and loans and advances to customers measured at amortised cost and classified to Stage 3 and POCI exposures to the gross value of such lease receivables and loans and advances as at the end of the reporting period.
4) Net expected credit loss allowances (for four consecutive quarters) to average gross loans and advances to customers measured at amortised cost and lease receivables (as at the end of the current reporting period and the end of the previous year).
5) Net profit attributable to the parent's shareholders (for four consecutive quarters) to average equity (as at the end of the current reporting period and the end of the previous year), excluding non-controlling interests, current period profit and dividend reserve.
6) Net profit attributable to the parent's shareholders (for four consecutive quarters) to average tangible equity (as at the end of the current reporting period and the end of the previous year) defined as common equity attributable to the parent's shareholders less revaluation reserve, current year profit, dividend reserve, intangible assets and goodwill.
7) Net profit attributable to the parent's shareholders (for four consecutive quarters) to average total assets (as at the end of the current reporting period and the end of the previous year).
8) The capital ratio was calculated on the basis of own funds and total capital requirements established for the individual risk types by means of the standardised approach, in line with the CRD IV/CRR package. The comparative period includes profits allocated to own funds pursuant to EBA guidelines.
9) Tier 1 capital ratio calculated as a quotient of Tier 1 capital and risk-weighted assets for credit, market and operational risk. The comparative period includes profits allocated to own funds pursuant to EBA guidelines.
10) Net profit for the period attributable to the parent's shareholders to the average weighted number of ordinary shares.

4. Factors which may affect the financial results in the next quarter

The following external factors may significantly affect the financial results and the operations of the Capital Group Santander Bank Polska S.A. in the next quarter:

- Economic policy of the new US administration (including policy on tariffs, migration, deregulation).
- Scale and pace of further interest rate cuts by major central banks.
- Continued weakness in the euro area and the resulting relatively low foreign demand for Polish goods and services.
- The change of the US approach to the conflict in Ukraine and the US relations with Europe.
- The war between Russia and Ukraine. Impact of sanctions and international trade restrictions. Potential increase in migration movements in case of the end of military activity. Potential disruptions to the supply of energy resources. Increased defence spending in Poland.
- Possible escalation of the conflict in the Middle East, with potential impact on prices of crude oil and natural gas and on global risk aversion.
- Further path of inflation in Poland impacting the market pricing of changes in NBP rates and their timing.
- The MPC's decisions on interest rates. Potential reduction of NBP's balance sheet.
- Foreign currency loans: banks' decisions on settlements with customers and further litigation.
- Potential introduction of a new government programme supporting the financial availability of housing.
- Changes in the valuation of credit risk in financial markets, also influenced by changes in the assessment of geopolitical risk.

- Changes in bond yields depending, among other things, on monetary and fiscal policy expectations.
- Changes in the credit demand in the context of liquidity, still high rates, impact of the armed conflict and the significant increase in housing prices in recent quarters.
- Changes in the financial situation of households influenced by labour market trends and benefits.
- Changes in customers' savings allocation decisions influenced by expected returns on various asset classes and changes in attitudes toward saving and spending.
- Further developments in global stock markets and their impact on demand for mutual funds and stocks.
- Scale of utilisation of funds under the EU multiannual financial framework cohesion policy and the National Recovery Plan.
- Presidential elections in Poland, the result of which may impact the stability of the ruling coalition and effectiveness of its policies.

VI. Risk and capital management

1. Risk management priorities in Q1 2025

Geopolitical and macroeconomic situation

Macroeconomic conditions in Q1 2025 were favourable. Cumulative inflation from the previous periods caused reduction in debt of the entire economy (in relation to the GDP) and the Group's customers in individual portfolios. Positive changes particularly affect retail portfolios as wages grow significantly faster than loan balances. The situation of business customers is more complex, though. On the one hand, moderate investment activity amid continuously high interest rates does not significantly increase loan balances, but on the other, the labour cost pressure and weak exports growth combined with strong zloty adversely affect the profitability of businesses.

In Q1 2025, the Group monitored the potential impact of increased uncertainty and deglobalisation risk on individual customer segments and economic sectors in order to ensure prompt and adequate response and duly align the credit policy parameters. Stress tests and sensitivity analyses focused in particular on assessing the impact of such factors as interest rates, exchange rates, exports, labour costs and energy prices on the quality of the credit portfolios. The Group also monitors sectors which are particularly susceptible to economic downturn such as transport and automotive sectors. At the same time, the Bank continues to reduce consumer credit risk and actively adjusts its risk appetite related to SME financing. The Bank also monitored the factors directly related to the geopolitical situation, i.e. sanctions and restriction of operations of business customers on the territory of armed conflicts. In addition, the Bank kept track of legislative changes that may significantly affect the situation in individual sectors to take adequate proactive measures in relation to the credit portfolio.

As part of regular reviews of ECL parameter models, the Bank takes into account the latest macroeconomic projections, using in-house predictive models based on historical observations of relationships between those variables and risk parameters. ECL parameters were updated in Q4 2024 to account for the impact of the geopolitical environment on the current economic situation and macroeconomic projections.

Furthermore, as part of standard ongoing monitoring, the Group assessed the impact of the geopolitical factors on borrowers through individual reviews, analysis of macroeconomic indicators, monitoring of behavioural models (including transactional patterns), analysis of trends in individual economic sectors and comprehensive management information.

Market risk

In Q1 2025, the Group continued its strategy to maintain low sensitivity of net interest income to interest rate movements in response to the regulatory limit, i.e. NII SOT at max 5% of Tier 1 capital.

ESG risks

The Group thoroughly analysed flood risk related to its mortgage collateral using interactive flood maps provided by government agencies. While the Group did not suffer significant losses as a consequence of the flood in September 2024, it recognises a growing importance of this risk. Accordingly, it decided to modify its mortgage lending policy for personal customers by extending the minimum required insurance cover for the mortgaged property to include flood risk and changing the acceptable level of flash flood risk. This is to reduce the Bank's credit risk arising from climate risks but, more importantly, protect customers against such risks.

The Group implemented a pilot standardised and systemic solution for analysing ESG risk of medium-sized companies in order to fully use all available data to assess inherent risk and optimise residual risk assessment as part of cooperation with customers. The solution received a positive customer feedback and is planned to be rolled out.

The analysis of credit risk and borrowers' exposure to environmental risks related to climate change also includes the portfolio analysis of the physical and transition risk materiality matrix.

Greenwashing is becoming more prevalent and taking new forms. In 2024, the EU and EBA introduced new regulations in this respect. The Bank followed suit by developing and implementing the "Guidelines for greenwashing risk management and control", an internal regulation covering all processes that may be affected by such risk, from strategy definition to products and services to communication.

Cybersecurity

The importance of cybersecurity has been steadily growing because of the increasing digitalisation of the banking sector and dynamic technological development. As the geopolitical situation did not improve in Q1 2025 but further deteriorated, the risk of targeted attacks made by well-structured, disciplined and sophisticated hacker groups was monitored on an ongoing basis. The risk connected with the consequences of attacks was regularly analysed and relevant measures were taken where justified.

Disinformation campaigns aimed to destabilise the financial sector were subject to close monitoring. The Group took measures to build awareness among employees and customers, e.g. by issuing security warnings about emerging threats, and running numerous educational campaigns.

Particular focus was placed on the risk of DDoS attacks, supply chain attacks, application attacks, malware, unauthorised transactions and attacks against customers and employees with the use of social engineering.

Another critical issue was the increasing use of artificial intelligence in cyberattacks on the one hand, and as a control mechanism in risk and cybersecurity management on the other. It is becoming increasingly important to raise the employees' and customers' awareness of AI-driven attacks, particularly of technologies used for impersonation.

The Bank is currently implementing the requirements of the EU AI Act setting out rules for development, implementation and use of artificial intelligence in the EU.

2. Material risk factors expected in the future

Macroeconomic situation

GDP growth projections for 2025 are cautiously optimistic (above 3%). The economic growth is driven mainly by an increasing purchasing and saving power of consumers. Investments should continue to rise too. Meanwhile, lower exports, strong zloty, rising labour costs and limited possibility to transfer higher costs to consumers will weigh down on the performance of companies, except for the services sector.

This may put pressure on the quality of credit portfolios of companies from the manufacturing and freight transport sectors, in particular the highly leveraged ones (insignificant share of the Bank's loan book). Exports are yet another sensitivity area due to their large share in GDP, with a particular focus placed on the growth rate and the impact of the zloty appreciation.

Increased market uncertainty and growing risk of deglobalisation (or even turmoil in the international trade) are the main concerns. As a result, the risk of the entire credit portfolio, and business customer portfolios in particular, has been increasing. The Bank mitigates that risk through active management of concentration policy and selective approach to financing.

ESG risks

A considerable challenge is the implementation of requirements arising from EBA's final Guidelines on the management of environmental, social and governance (ESG) risks, especially in the context of deregulation changes proposed by the EU under the Omnibus Package.

Cyber threats

Cyber risk and risk related to modern digital technology have been the top concerns for many years. This relates both to human behaviour and technology. The following threats still prevail: the loss or theft of sensitive data, disruption of key services, attacks against customer assets and fraudulent transactions. They result from the dynamic growth of modern IT technologies and digital transformation.

There is still a considerable risk of ransomware attacks, DDoS attacks or use of social engineering. As expected, supply chain attacks, mobile malware attacks and cyber spying are a growing threat to cybersecurity. Other challenges include supplier risk management, cloud computing and shadow IT.

AI-driven attacks have been steadily increasing. Easy access to tools that make it possible to impersonate other people or generate legitimately-looking materials to spread disinformation is and will be a challenge for the banking sector.

Due to the geopolitical situation connected with the war in Ukraine, the Group will still focus on the risk of targeted attacks made by well-structured, disciplined and sophisticated hacker groups.

VII. Other information

Bank's shares held by Supervisory and Management Board members

As at the release dates of the financial reports for the periods ended 31 March 2025 and 31 December 2024, no member of the Supervisory Board held any shares of Santander Bank Polska S.A.

The table below shows shares of Santander Bank Polska S.A. held by Management Board members as at the release dates of the above-mentioned reports as well as shares conditionally awarded and vested (for the period of their service on the Board) as part of Incentive Plan VII.

	30.04.2025			25.02.2025		
Management Board members as at the release date of the report for Q1 2025	Total shares held as at the report release date	Shares transferred to brokerage accounts as part of Incentive Plan VII 2) in 2025	Shares conditionally awarded as part of Incentive Plan VII 4)	Total shares held as at the report release date	Shares transferred to brokerage accounts as part of Incentive Plan VII 1) in 2024	Shares conditionally awarded as part of Incentive Plan VII 3)
Michał Gajewski	11,663	3,060	19,559	8,603	3,808	14,310
Andrzej Burliga	3,309	901	5,376	2,408	1,524	3,702
Lech Gałkowski	10	1,223	6,744	120	1,774	4,598
Artur Głembocki	524	462	2,148	272	-	770
Magdalena Proga-Stępień	1,487	776	3,025	606	-	1,293
Maciej Reluga	4,696	904	5,291	3,792	1,491	3,659
Wojciech Skalski	4,112	-	1,282	3,669	-	-
Dorota Strojkowska	5,183	960	5,287	4,223	1,491	3,751
Magdalena Szwarc-Bakuła	861	-	-	n/a	n/a	n/a

1) Shares awarded to members of the Management Board of Santander Bank Polska S.A. as part of Incentive Plan VII for 2022 and transferred to their individual brokerage accounts in 2024.
2) Shares awarded to members of the Management Board of Santander Bank Polska S.A. as part of Incentive Plan VII for 2022 and 2023 and transferred to their individual brokerage accounts in 2025.
3) Shares conditionally awarded to members of the Management Board of Santander Bank Polska S.A. as part of Incentive Plan VII for 2022 and 2023 subject to settlement in 2024–2030.
4) Shares conditionally awarded to members of the Management Board of Santander Bank Polska S.A. as part of Incentive Plan VII for 2022, 2023 and 2024 subject to settlement in 2024–2031.

Condensed Interim Consolidated Financial Statements

of Santander Bank Polska Group for the 3-month period ended 31 March 2025

In thousands of PLN

I. Consolidated income statement

	for the period:	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Interest income and similar to interest		**4 994 787**	**4 646 036**
Interest income on financial assets measured at amortised cost		4 161 275	3 853 333
Interest income on financial assets measured at fair value through other comprehensive income		537 112	529 214
Income similar to interest on financial assets measured at fair value through profit or loss		25 484	13 488
Income similar to interest on finance leases		270 916	250 001
Interest expense		**(1 396 763)**	**(1 258 698)**
Net interest income	Note 4	**3 598 024**	**3 387 338**
Fee and commission income		916 584	871 339
Fee and commission expense		(168 252)	(142 784)
Net fee and commission income	Note 5	**748 332**	**728 555**
Dividend income		17	28
Net trading income and revaluation	Note 6	35 961	(211)
Gains (losses) from other financial securities	Note 7	1 366	5 909
Gain/loss on derecognition of financial instruments measured at amortised cost	Note 28	3 631	(7 967)
Other operating income	Note 8	45 794	38 056
Impairment allowances for expected credit losses	Note 9	(251 934)	(231 869)
Cost of legal risk associated with foreign currency mortgage loans	Note 28	(120 524)	(296 073)
Operating expenses incl.:		(1 542 253)	(1 352 976)
-Staff, operating expenses and management costs	Note 10,11	(1 327 680)	(1 168 005)
-Amortisation of property, plant and equipment and Intangible assets		(126 650)	(111 917)
-Amortisation of right of use assets		(35 188)	(40 972)
-Other operating expenses	Note 12	(52 735)	(32 082)
Share in net profits (loss) of entities accounted for by the equity method		28 855	24 288
Tax on financial institutions		(215 044)	(198 431)
Profit before tax		**2 332 225**	**2 096 647**
Corporate income tax	Note 13	(541 204)	(499 073)
Consolidated profit for the period		**1 791 021**	**1 597 574**
of which:			
-attributable to owners of the parent entity		1 733 624	1 564 744
-attributable to non-controlling interests		57 397	32 830
Net earnings per share			
Basic earnings per share (PLN/share)		16,96	15,31
Diluted earnings per share (PLN/share)		16,96	15,31

Notes presented on pages 16-69 constitute an integral part of this Financial Statements

In thousands of PLN

II. Consolidated statement of comprehensive income

	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Consolidated net profit for the period	**1 791 021**	**1 597 574**
Items that will be reclassified subsequently to profit or loss:	**396 720**	**(223 320)**
Revaluation and sales of debt financial assets measured at fair value through other comprehensive income, gross	189 679	310 085
Deferred tax	(36 039)	(58 916)
Revaluation of cash flow hedging instruments, gross	300 099	(585 789)
Deferred tax	(57 019)	111 300
Items that will not be reclassified subsequently to profit or loss:	**(25)**	**(12)**
Revaluation of equity financial assets measured at fair value through other comprehensive income, gross	(31)	(15)
Deferred and current tax	6	3
Total other comprehensive income, net	**396 695**	**(223 332)**
Total comprehensive income for the period	**2 187 716**	**1 374 242**
Total comprehensive income attributable to:		
- owners of the parent entity	2 121 020	1 343 686
- non-controlling interests	66 696	30 556

In thousands of PLN

III. Consolidated statement of financial position

	as at:	31.03.2025	31.12.2024* restated	1.01.2024* restated
ASSETS				
Cash and cash equivalents	Note 14	29 940 758	29 003 506	34 575 193
Loans and advances to banks	Note 15	3 711 512	4 031 165	262 995
Financial assets held for trading	Note 16	9 270 423	9 347 575	8 939 360
Hedging derivatives		1 247 395	1 401 753	1 575 056
Loans and advances to customers incl.:	Note 17	175 937 523	174 776 281	159 520 007
- measured at amortised cost		156 556 203	155 594 869	143 488 004
- measured at fair value through other comprehensive income		4 315 550	4 289 996	2 798 234
- measured at fair value through profit and loss		59 290	63 289	85 093
- from finance leases		15 006 480	14 828 127	13 148 676
Reverse sale and repurchase agreements		3 663 372	4 475 404	2 036 133
Investment securities incl.:	Note 18	76 896 773	70 917 031	61 276 635
- debt securities measured at fair value through other comprehensive income		35 098 402	34 847 851	41 352 202
- debt securities measured at fair value through profit and loss		1 303	1 247	2 005
- debt investment securities measured at amortised cost		41 325 776	35 596 997	19 639 468
- equity securities measured at fair value through other comprehensive income		462 286	462 317	277 121
- equity securities measured at fair value through profit and loss		9 006	8 619	5 839
Assets pledged as collateral		3 560 990	1 198 845	271 933
Investments in associates	Note 19	994 137	967 209	967 514
Intangible assets		947 317	979 811	881 857
Goodwill		1 712 056	1 712 056	1 712 056
Property, plant and equipment		780 976	795 006	765 278
Right of use assets		473 330	489 056	494 296
Deferred tax assets		1 205 215	1 414 382	1 751 189
Non-current assets classified as held for sale		446	5 400	6 453
Other assets		3 374 595	2 859 440	1 615 930
Total assets		**313 716 818**	**304 373 920**	**276 651 885**
LIABILITIES AND EQUITY				
Deposits from banks	Note 20	5 325 734	5 148 660	4 156 453
Hedging derivatives		285 833	607 737	880 538
Financial liabilities held for trading	Note 16	9 347 608	9 909 687	8 818 493
Deposits from customers	Note 21	237 078 916	232 028 762	209 277 356
Sale and repurchase agreements		3 694 256	1 198 455	273 547
Subordinated liabilities	Note 22	2 223 810	2 228 898	2 686 343
Debt securities in issue	Note 23	11 529 708	11 851 163	9 247 159
Lease liabilities		327 496	348 450	365 833
Current income tax liabilities		143 552	741 297	1 174 609
Deferred tax liability		807	686	435
Provisions for financial liabilities and guarantees granted	Note 24	86 515	93 919	123 085
Other provisions	Note 25	1 958 718	2 075 840	967 106
Other liabilities	Note 26	5 154 285	3 699 180	4 989 910
Total liabilities		277 157 238	269 932 734	242 960 867
Equity				
Equity attributable to owners of the parent entity		34 579 165	32 527 467	31 762 645
Share capital		1 021 893	1 021 893	1 021 893
Other reserve capital		24 439 662	24 424 796	25 097 202
Revaluation reserve		167 189	(218 647)	(298 688)
Retained earnings		7 216 797	2 086 694	1 111 131
Profit for the period		1 733 624	5 212 731	4 831 107
Non-controlling interests in equity		1 980 415	1 913 719	1 928 373
Total equity		36 559 580	34 441 186	33 691 018
Total liabilities and equity		**313 716 818**	**304 373 920**	**276 651 885**

*Details in note 2.5.

Notes presented on pages 16-69 constitute an integral part of this Financial Statements

In thousands of PLN

IV. Consolidated statement of changes in equity

Consolidated statement of changes in equity 1.01.2025 - 31.03.2025	Equity attributable to owners of parent entity							
	Share capital	Own shares	Other reserve capital	Revaluation reserve	Retained earnings and profit for the period	Total	Non-controlling interests	Total equity
As at the beginning of the period	**1 021 893**	**-**	**24 424 796**	**(218 647)**	**7 299 425**	**32 527 467**	**1 913 719**	**34 441 186**
Total comprehensive income	-	-	-	387 396	1 733 624	2 121 020	66 696	2 187 716
Consolidated profit for the period	*-*	*-*	*-*	*-*	*1 733 624*	*1 733 624*	*57 397*	*1 791 021*
Other comprehensive income	*-*	*-*	*-*	*387 396*	*-*	*387 396*	*9 299*	*396 695*
Share-based incentive scheme	-	-	14 630	-	-	14 630	-	14 630
Purchase of own shares	-	(82 367)	-	-	-	(82 367)	-	(82 367)
Settlements under share-based incentive scheme	-	82 367	(83 172)	-	-	(805)	-	(805)
Profit allocation to other reserve capital	-	-	82 628	-	(82 628)	-	-	-
Other changes	-	-	780	(1 560)	-	(780)	-	(780)
As at the end of the period	**1 021 893**	**-**	**24 439 662**	**167 189**	**8 950 421**	**34 579 165**	**1 980 415**	**36 559 580**

As at the end of the period revaluation reserve in the amount of PLN 167,189 k comprises: change in revaluation of debt securities in the amount of PLN (502,825) k, revaluation of equity securities in the amount of PLN 353,041 k, revaluation of cash flow hedge instruments in the amount of PLN 317,539 k and accumulated actuarial gains of PLN (566) k.

Consolidated statement of changes in equity 1.01.2024 - 31.03.2024	Equity attributable to owners of parent entity							
	Share capital	Own shares	Other reserve capital	Revaluation reserve	Retained earnings and profit for the period	Total	Non-controlling interests	Total equity
As at the beginning of the period	**1 021 893**	**-**	**25 097 202**	**(298 688)**	**5 942 238**	**31 762 645**	**1 928 373**	**33 691 018**
Total comprehensive income	-	-	-	(221 058)	1 564 744	1 343 686	30 556	1 374 242
Consolidated profit for the period	*-*	*-*	*-*	*-*	*1 564 744*	*1 564 744*	*32 830*	*1 597 574*
Other comprehensive income	*-*	*-*	*-*	*(221 058)*	*-*	*(221 058)*	*(2 274)*	*(223 332)*
Share-based incentive scheme	-	-	18 317	-	-	18 317	-	18 317
Purchase of own shares	-	(72 334)	-	-	-	(72 334)	-	(72 334)
Settlements under share-based incentive scheme	-	72 334	(72 592)	-	-	(258)	-	(258)
Other changes	-	-	236	2 600	1 207	4 043	-	4 043
As at the end of the period	**1 021 893**	**-**	**25 043 163**	**(517 146)**	**7 508 189**	**33 056 099**	**1 958 929**	**35 015 028**

As at the end of the period revaluation reserve in the amount of PLN (517,146) k comprises: change in revaluation of debt securities in the amount of PLN (807,646) k, revaluation of equity securities in the amount of PLN 202,276 k, revaluation of cash flow hedge instruments in the amount of PLN 87,574 k and accumulated actuarial gains of PLN 650 k.

In thousands of PLN

V. Consolidated statement of cash flows

for the period	1.01.2025-31.03.2025	1.01.2024-31.03.2024* restated
Cash flows from operating activities		
Profit before tax	**2 332 225**	**2 096 647**
Adjustments for:		
Share in net profits of entities accounted for by the equity method	(28 855)	(24 288)
Depreciation/amortisation	161 838	152 889
Net interest income	(3 598 024)	(3 387 338)
Net gains on investing activities	(2 460)	298
Dividends	(15)	(10)
Impairment losses (reversal)	655	2 064
Changes in:		
Provisions	(124 526)	15 904
Financial assets / liabilities held for trading	(469 940)	(515 541)
Assets pledged as collateral	(2 254 632)	(1 392 893)
Hedging derivatives	(576 978)	169 743
Loans and advances to banks	334 519	18 539
Loans and advances to customers	(1 110 643)	(3 030 909)
Deposits from banks	(311 529)	167 618
Deposits from customers	5 077 627	973 182
Buy-sell/ Sell-buy-back transactions	3 312 878	2 524 393
Other assets and liabilities	1 245 434	(1 903 559)
Interest received on operating activities	4 439 163	3 811 497
Interest paid on operating activities	(1 018 578)	(786 264)
Paid income tax	(1 022 346)	(254 079)
Net cash flows from operating activities	**6 385 813**	**(1 362 107)**
Cash flows from investing activities		
Inflows	**3 214 812**	**4 802 291**
Sale/maturity of investment securities	2 966 034	4 542 843
Sale of intangible assets and property, plant and equipment	7 509	7 933
Dividends received	15	10
Interest received	241 254	251 505
Outflows	**(8 351 626)**	**(8 710 666)**
Purchase of investment securities	(8 263 608)	(8 607 623)
Purchase of intangible assets and property, plant and equipment	(88 018)	(103 043)
Net cash flows from investing activities	**(5 136 814)**	**(3 908 375)**
Cash flows from financing activities		
Inflows	**3 128 213**	**1 418 568**
Debt securities issued	616 000	776 500
Drawing of loans	2 512 213	642 068
Outflows	**(3 439 960)**	**(1 372 065)**
Debt securities buy out	(1 017 889)	(300 000)
Repayment of loans and advances	(2 089 375)	(838 324)
Repayment of lease liabilities	(39 954)	(40 519)
Purchase of own shares	(82 367)	(72 334)
Interest paid	(210 375)	(120 888)
Net cash flows from financing activities	**(311 747)**	**46 503**
Total net cash flows	**937 252**	**(5 223 979)**
Cash and cash equivalents at the beginning of the accounting period	**29 003 506**	**34 575 193**
Cash and cash equivalents at the end of the accounting period	**29 940 758**	**29 351 214**

*Details in note 2.5.

In thousands of PLN

VI. Condensed income statement

for the period	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Interest income and similar to income	**4 196 270**	**3 936 184**
Interest income on financial assets measured at amortised cost	3 669 655	3 430 113
Interest income on financial assets measured at fair value through other comprehensive income	503 802	496 626
Income similar to interest on financial assets measured at fair value through profit or loss	22 813	9 445
Interest expense	**(1 113 084)**	**(1 005 683)**
Net interest income	**3 083 186**	**2 930 501**
Fee and commission income	771 557	736 256
Fee and commission expense	(101 483)	(96 212)
Net fee and commission income	**670 074**	**640 044**
Dividend income	16 989	1 805
Net trading income and revaluation	25 236	123
Gains (losses) from other financial securities	(230)	6 920
Gain/loss on derecognition of financial instruments measured at amortised cost	3 656	(7 770)
Other operating income	13 075	9 958
Impairment losses on loans and advances	(113 781)	(141 122)
Cost of legal risk associated with foreign currency mortgage loans	(79 329)	(213 989)
Operating expenses incl.:	(1 308 951)	(1 112 932)
-Staff, operating expenses and management costs	(1 149 152)	(970 818)
-Amortisation of property, plant and equipment and Intangible assets	(104 455)	(93 232)
-Amortisation of right of use asset	(33 055)	(32 816)
-Other operating expenses	(22 289)	(16 066)
Tax on financial institutions	(204 362)	(189 838)
Profit before tax	**2 105 563**	**1 923 700**
Corporate income tax	(491 000)	(451 054)
Profit for the period	**1 614 563**	**1 472 646**
Net earnings per share		
Basic earnings per share (PLN/share)	15,80	14,41
Diluted earnings per share (PLN/share)	15,80	14,41

Notes presented on pages 16- 69 constitute an integral part of this Financial Statements

In thousands of PLN

VII. Condensed statement of comprehensive income

	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Net profit for the period	**1 614 563**	**1 472 646**
Items that will be reclassified subsequently to profit or loss:	**373 471**	**(217 583)**
Revaluation and sales of debt financial assets measured at fair value through other comprehensive income, gross	170 476	305 635
Deferred tax	(32 390)	(58 071)
Revaluation of cash flow hedging instruments, gross	290 599	(574 256)
Deferred tax	(55 214)	109 109
Items that will not be reclassified subsequently to profit or loss:	**(25)**	**(12)**
Revaluation of equity financial assets measured at fair value through other comprehensive income, gross	(31)	(15)
Deferred and current tax	6	3
Total other comprehensive income, net	**373 446**	**(217 595)**
Total comprehensive income for the period	**1 988 009**	**1 255 051**

In thousands of PLN

VIII. Condensed statement of financial position

as at:	31.03.2025	31.12.2024* restated	1.01.2024* restated
ASSETS			
Cash and cash equivalents	30 025 073	28 722 169	33 698 889
Loans and advances to banks	3 664 758	4 167 697	361 474
Financial assets held for trading	9 279 607	9 366 581	8 941 960
Hedging derivatives	1 245 324	1 363 319	1 559 374
Loans and advances to customers incl.:	153 597 500	152 257 402	140 903 101
- measured at amortised cost	149 280 884	147 965 869	138 093 756
- measured at fair value through other comprehensive income	4 315 550	4 289 996	2 798 234
- measured at fair value through profit and loss	1 066	1 537	11 111
Reverse sale and repurchase agreements	3 663 373	4 475 404	2 036 133
Investment securities incl.:	71 248 336	65 825 372	56 856 194
- debt securities measured at fair value through other comprehensive income	32 090 696	32 135 296	38 717 640
- debt investment securities measured at amortised cost	38 695 354	33 227 759	17 866 218
- equity securities measured at fair value through other comprehensive income	462 286	462 317	272 336
Assets pledged as collateral	3 560 990	1 198 845	271 933
Investments in subsidiaries and associates	2 330 907	2 330 907	2 377 407
Intangible assets	796 028	826 533	730 461
Goodwill	1 688 516	1 688 516	1 688 516
Property, plant and equipment	385 505	415 295	472 100
Right of use asset	428 948	449 693	449 610
Deferred tax assets	482 846	674 692	986 915
Non-current assets classified as held for sale	8	4 308	4 308
Other assets	2 817 406	2 324 187	1 062 826
Total assets	**285 215 125**	**276 090 920**	**252 401 201**
LIABILITIES AND EQUITY			
Deposits from banks	2 768 294	3 050 432	2 668 293
Hedging derivatives	277 039	600 071	829 565
Financial liabilities held for trading	9 365 229	9 926 216	8 834 034
Deposits from customers	220 906 269	215 776 367	195 365 937
Sale and repurchase agreements	3 694 256	1 198 455	273 547
Subordinated liabilities	2 121 028	2 127 985	2 585 476
Debt securities in issue	7 566 665	7 514 380	5 929 056
Lease liabilities	451 750	475 622	484 012
Current income tax liabilities	144 740	673 956	1 127 618
Provisions for financial liabilities and guarantees granted	163 253	170 350	151 294
Other provisions	1 471 446	1 580 516	741 677
Other liabilities	4 137 542	2 769 203	3 925 195
Total liabilities	253 067 511	245 863 553	222 915 704
Equity			
Share capital	1 021 893	1 021 893	1 021 893
Other reserve capital	22 360 027	22 427 789	23 369 548
Revaluation reserve	175 543	(197 903)	(275 166)
Retained earnings	6 975 588	1 778 108	696 244
Profit for the period	1 614 563	5 197 480	4 672 978
Total equity	32 147 614	30 227 367	29 485 497
Total liabilities and equity	**285 215 125**	**276 090 920**	**252 401 201**

*Details in note 2.5.

In thousands of PLN

IX. Condensed statement of changes in equity

Statement of changes in equity 1.01.2025 - 31.03.2025	Share capital	Own shares	Other reserve capital	Revaluation reserve	Retained earnings and profit for the period	Total
As at the beginning of the period	**1 021 893**	**-**	**22 427 789**	**(197 903)**	**6 975 588**	**30 227 367**
Total comprehensive income	-	-	-	373 446	1 614 563	1 988 009
Profit for the period	-	-	-	-	*1 614 563*	*1 614 563*
Other comprehensive income	-	-	-	*373 446*	-	*373 446*
Share-based incentive scheme	-	-	14 630	-	-	14 630
Purchase of own shares	-	(82 367)	-	-	-	(82 367)
Settlements under share-based incentive scheme	-	82 367	(83 172)	-	-	(805)
Other changes	-	-	780	-	-	780
As at the end of the period	**1 021 893**	**-**	**22 360 027**	**175 543**	**8 590 151**	**32 147 614**

As at the end of the period revaluation reserve in the amount of PLN 175,543 k comprises: change in revaluation of debt securities in the amount of PLN (491,966) k, revaluation of equity securities in the amount of PLN 352,439 k, revaluation of cash flow hedge instruments in the amount of PLN 317,730 k and accumulated actuarial gains of PLN (2,660) k.

Statement of changes in equity 1.01.2024 - 31.03.2024	Share capital	Own shares	Other reserve capital	Revaluation reserve	Retained earnings and profit for the period	Total
As at the beginning of the period	**1 021 893**	**-**	**23 369 548**	**(275 166)**	**5 369 222**	**29 485 497**
Total comprehensive income	-	-	-	(217 595)	1 472 646	1 255 051
Profit for the period	-	-	-	-	*1 472 646*	*1 472 646*
Other comprehensive income	-	-	-	*(217 595)*	-	*(217 595)*
Share-based incentive scheme	-	-	18 317	-	-	18 317
Purchase of own shares	-	(72 334)	-	-	-	(72 334)
Settlements under share-based incentive scheme	-	72 334	(72 592)	-	-	(258)
Other changes	-	-	236	-	-	236
As at the end of the period	**1 021 893**	**-**	**23 315 509**	**(492 761)**	**6 841 868**	**30 686 509**

As at the end of the period revaluation reserve in the amount of PLN (492,761) k comprises: change in revaluation of debt securities in the amount of PLN (784,104) k, revaluation of equity securities in the amount of PLN 199,849 k, revaluation of cash flow hedge instruments in the amount of PLN 92,117 k and accumulated actuarial gains of PLN (623) k.

In thousands of PLN

X. Condensed statement of cash flows

for the period	1.01.2025-31.03.2025	1.01.2024-31.03.2024* restated
Cash flows from operating activities		
Profit before tax	**2 105 563**	**1 923 700**
Adjustments for:		
Depreciation/amortisation	137 510	126 048
Net interest income	(3 083 186)	(2 930 501)
Net gains on investing activities	(2 357)	(3 022)
Dividends	(16 987)	(1 787)
Impairment losses (reversal)	456	1 935
Changes in:		
Provisions	(116 167)	6 390
Financial assets / liabilities held for trading	(459 030)	(534 453)
Assets pledged as collateral	(2 254 632)	(1 373 156)
Hedging derivatives	(576 349)	203 464
Loans and advances to banks	517 709	20 576
Loans and advances to customers	(1 300 180)	(2 869 982)
Deposits from banks	(281 500)	220 112
Deposits from customers	5 076 782	1 035 512
Buy-sell/ Sell-buy-back transactions	3 312 877	2 524 393
Other assets and liabilities	1 173 364	(1 709 374)
Interest received on operating activities	3 678 876	3 156 760
Interests paid on operating activities	(868 843)	(621 099)
Paid income tax	(915 968)	(199 925)
Net cash flows from operating activities	**6 127 938**	**(1 024 409)**
Cash flows from investing activities		
Inflows	**3 181 592**	**4 611 666**
Sale/maturity of investment securities	2 966 034	4 342 348
Sale of intangible assets and property, plant and equipment	4 326	282
Dividends received	-	1 787
Interest received	211 232	267 249
Outflows	**(7 809 157)**	**(8 303 538)**
Purchase of investment securities	(7 762 963)	(8 257 124)
Purchase of intangible assets and property, plant and equipment	(46 194)	(46 414)
Net cash flows from investing activities	**(4 627 565)**	**(3 691 872)**
Cash flows from financing activities		
Inflows	**42 622**	**40 279**
Drawing of loans	42 622	40 279
Outflows	**(240 091)**	**(146 996)**
Debt securities buy out	(17 888)	-
Repayment of lease liabilities	(36 624)	(36 870)
Purchase of own shares	(82 367)	(72 334)
Interest paid	(103 212)	(37 792)
Net cash flows from financing activities	**(197 469)**	**(106 717)**
Total net cash flows	**1 302 904**	**(4 822 998)**
Cash and cash equivalents at the beginning of the accounting period	**28 722 169**	**33 698 889**
Cash and cash equivalents at the end of the accounting period	**30 025 073**	**28 875 891**

*Details in note 2.5.

XI. Additional notes to consolidated financial statements

1. General information about issuer

Santander Bank Polska SA is a bank located in Poland, 00-854 Warszawa, al. Jana Pawła II 17, National Court Registry identification number is 0000008723, TIN os 896-000-56-73, National Official Business Register number (REGON) is 930041341.

Consolidated financial statement of Santander Bank Polska Group includes the Bank's financial information as well as information of its subsidiaries (forming together the "Group").

The immediate and ultimate parent entity of Santander Bank Polska is Banco Santander, having its registered office in Santander, Spain.

Santander Bank Polska Group offers a wide range of banking services to individual and business customers and operates in domestic and interbank foreign markets. It also offers the following services:

- intermediation in trading in securities,
- leasing,
- factoring,
- asset/ fund management,
- insurance distribution services,
- trading in shares of commercial companies,
- brokerage services.

In thousands of PLN

Santander Bank Polska Group consists of the following entities:

Subsidiaries:

	Subsidiaries	Registered office	[%] of votes on AGM at 31.03.2025	[%] of votes on AGM at 31.12.2024
1.	Santander Finanse sp. z o.o.	Poznań	100%	100%
2.	Santander Factoring sp. z o.o.	Warszawa	100% of AGM votes are held by Santander Finanse sp. z o.o.	100% of AGM votes are held by Santander Finanse sp. z o.o.
3.	Santander Leasing S.A.	Poznań	100% of AGM votes are held by Santander Finanse sp. z o.o.	100% of AGM votes are held by Santander Finanse sp. z o.o.
4.	Santander Inwestycje sp. z o.o.	Warszawa	100%	100%
5.	Santander F24 S.A.	Poznań	100% of AGM votes are held by Santander Finanse sp. z o.o.	100% of AGM votes are held by Santander Finanse sp. z o.o.
6.	Santander Towarzystwo Funduszy Inwestycyjnych S.A. 1)	Poznań	50%	50%
7.	Santander Consumer Bank S.A.	Wrocław	60%	60%
8.	Stellantis Financial Services Polska Sp. z o.o. 2)	Warszawa	50% of AGM votes are held by Santander Consumer Bank S.A. and 50% of AGM votes are held by Stellantis Financial Services S.A .	50% of AGM votes are held by Santander Consumer Bank S.A. and 50% of AGM votes are held by Stellantis Financial Services S.A .
9.	Stellantis Consumer Financial Services Polska Sp. z o.o. 2)	Warszawa	100% of AGM votes are held by Financial Services Polska Sp. z o.o .	100% of AGM votes are held by Financial Services Polska Sp. z o.o .
10.	Santander Consumer Multirent sp. z o.o.	Wrocław	100% of AGM votes are held by Santander Consumer Bank S.A.	100% of AGM votes are held by Santander Consumer Bank S.A.
11.	SCM POLAND AUTO 2019-1 DAC	Dublin	subsidiary of Santander Consumer Multirent S.A.	subsidiary of Santander Consumer Multirent S.A.
12.	Santander Consumer Financial Solutions Sp. z o.o.	Wrocław	subsidiary of Santander Consumer Multirent S.A.	subsidiary of Santander Consumer Multirent S.A.
13.	S.C. Poland Consumer 23-1 DAC. 3)	Dublin	subsidiary of Santander Consumer Bank S.A.	subsidiary of Santander Consumer Bank S.A.

1. The owners of Santander Towarzystwo Funduszy Inwestycyjnych S.A. (Santander TFI S.A.), i.e. Santander Bank Polska S.A. and Banco Santander S.A., are members of global Santander Group and hold an equal stake of 50% in the company's share capital.

Santander Bank Polska S.A. exercises control over Santander TFI S.A. within the meaning of the International Financial Reporting Standard 10 (IFRS 10) because it has a practical ability to unilaterally direct the relevant activities of Santander TFI S.A. Furthermore, it significantly affects the company's operations and returns as the major business partner and distributor of investment products. At the same time, through its ownership interest, Santander Bank Polska S.A. is exposed and has right to variable returns generated by Santander TFI S.A.

Considering the guidance provided in IFRS 10 par. B18, the Bank's Management Board concluded that, having regard to legal requirements concerning Santander TFI S.A. and its operations, the Bank has a practical ability to unilaterally direct the relevant activities of Santander TFI S.A. even if it does not have a contractual right to do so.

The Bank can have a real impact on the composition of the Supervisory Board and through it – on the composition of the Management Board of Santander TFI S.A. and these governing bodies decide on the relevant activities of Santander TFI S.A. It should therefore be concluded that by having power and right to variable returns (benefits), the Bank has control over Santander TFI S.A

2 As a result of the formation of the automotive manufacturing corporation Stellantis N.V. in 2021 in a merger of the Italian–American conglomerate Fiat Chrysler Automobiles and the French Groupe PSA, on 3 April 2023 PSA Finance Polska Sp. z o.o. and its wholly-owned subsidiary, PSA Consumer Finance Polska Sp. z o.o., were renamed Stellantis Financial Services Polska Sp. z o.o. and Stellantis Consumer Financial Services Polska Sp. z o.o., respectively. Stellantis Financial Services Polska Sp. z o.o. is a subsidiary undertaking for the purposes of consolidated financial reporting as it is controlled by Santander Consumer Bank S.A. (directly) and Santander Bank Polska S.A. (indirectly). Under the terms of the framework agreement, Santander Consumer Bank S.A.(SCB S.A.) has the right to make decisions regarding key areas such as financing and risk management. In practice, the Bank has ability to direct activities that significantly affect investment returns and is exposed to potential risks (losses) and benefits (dividends).

3. SC Poland Consumer 23-1 Designated Activity Company (DAC) is a special purpose entity (SPE) incorporated in Dublin on 17 June 2022 for the purpose of securitising a part of the retail loan portfolio of Santander Consumer Bank S.A. (SCB S.A.) The SPE does not have any capital connections with SCB S.A., which nevertheless exercises control over the entity in accordance with IFRS 10.7. based on contractual rights. The combined stipulations of Servicing Agreement and Asset Transfer Agreement give SCB S.A. power over the management and operations of the SPE. In addition, the entity relies on SCB S.A. for access to financing and guarantees as well as technology, know-how and other resources, which further enhances the controlling power of the Bank.

In thousands of PLN

Associates:

	Associates	Registered office	[%] of votes on AGM at 31.03.2025	[%] of votes on AGM at 31.12.2024
1.	POLFUND - Fundusz Poręczeń Kredytowych S.A.	Szczecin	50%	50%
2.	Santander - Allianz Towarzystwo Ubezpieczeń S.A.	Warszawa	49%	49%
3.	Santander - Allianz Towarzystwo Ubezpieczeń na Życie S.A.	Warszawa	49%	49%

2. Basis of preparation of consolidated financial statements

2.1 Statement of compliance

These condensed interim consolidated financial statements of Santander Bank Polska S.A. Group were prepared in accordance with the International Accounting Standard 34 " Interim financial reporting" as adopted by the European Union.

The accounting principles were applied uniformly by individual units of the Santander Bank Polska S.A. Group. Santander Bank Polska S.A. Group applied the same accounting principles and calculation methods as in the preparation of the consolidated financial statements for the year ended as at 31 December 2024, except for the income tax charge, which was calculated in accordance with the principles set out in IAS34.30c and changes in accounting standards p. 2.4.

2.2 Basis of preparation of financial statements

Presented consolidated condensed interim financial statement does not contain information and disclosures required in annual financial statement and should be read together with consolidated financial statements as at 31 December 2024.

These consolidated financial statements have been prepared on the assumption that the Group companies will continue as going concern in the foreseeable future, i.e. for a period of at least 12 months from the date on which these financial statements were prepared.

Consolidated financial statements are presented in PLN, rounded to the nearest thousand.

These condensed interim consolidated financial statements of Santander Bank Polska S.A. Group have been prepared in accordance with the International Accounting Standard 34 " Interim financial reporting" adopted by the European Union. Santander Bank Polska S.A. Group prepared consolidated financial statements in accordance with following valuation rules:

Item	Balance sheet valuation rules
Held-for-trading financial instruments	Fair value through profit or loss
Loans and advances to customers which meet the contractual cash flows test	Amortized cost
Loans and advances to customers which do not meet the contractual cash flows test	Fair value through profit or loss
Financial instruments measured at fair value through other comprehensive income	Fair value through other comprehensive income
Share-based payment transactions	According to IFRS 2 "Share-based payment" requirements
Equity investment financial assets	Fair value through other comprehensive income – an option
Equity financial assets-trading	Fair value through profit or loss
Debt securities measured at fair value through profit or loss	Fair value through profit or loss
Non-current assets	The purchase price or production cost reduced by total depreciation charges and total impairment losses
Right of use assets (IFRS 16)	Initial measurement reduced by total depreciation charges and total impairment losses
Non-current assets held for sale and groups of non-current assets designated as held for sale	Are recognised at the lower of their carrying amount and their fair value less costs of disposal.

The accounting principles have been applied uniformly by all the entities forming Santander Bank Polska S.A. Group.

In thousands of PLN

The same accounting principles were applied as in the case of the consolidated financial statements for the period ending 31 December 2024, except for changes in accounting standards p. 2.4.

2.3. New standards and interpretations or changes to existing standards or interpretations which can be applicable to Santander Bank Polska S.A. Group and are not yet effective and have not been early adopted

IFRS	Nature of changes	Effective from	Influence on Santander Bank Polska S.A. Group
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	Amendments regarding classification and measurement of financial instruments clarify derecognition of a financial liability settled through electronic transfer,present examples of contractual terms that are consistent with a basic lending arrangement,clarify characteristics of non-recourse features and contractually linked instruments and specify new disclosures.	1 January 2026	The amendment may have impact on classification, cash in transits and some of the disclosures in consolidated financial statements.*
Annual Improvements to IFRS Accounting Standards	Collection of amendments to IFRS Accounting Standards that will not be a part of any other project and adress necessary, but non-urgent, minor updates. Amendments concern IFRS 7, IFRS 9, IFRS 10, IAS 7.	1 January 2026	The amendment will not have a significant impact on consolidated financial statements.*
Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity	The amendments made to IFRS 9 include detail on which power purchase agreements (PPAs) contracts can be used in hedge accounting, and the specific conditions allowed in such hedge relationships. The amendments made to IFRS 7 introduce some new disclosure requirements for contracts referencing naturedependent electricity as defined in the amendments to IFRS 9.	1 January 2026	The amendment will not have a significant impact on consolidated financial statements.*
IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. IFRS 18 replaces IAS 1.	1 January 2027	The amendment may have impact on cash flow statement, some of the disclosures and income statement in consolidated financial statements.*
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	1 January 2027	The amendment will not have an impact on consolidated financial statements.*

*New standards and amendments to the existing standards issued by the IASB, but not yet adopted by EU.

In thousands of PLN

2.4 Standards and interpretations or changes to existing standards or interpretations which were applied for the first time in the accounting year 2025

IFRS	Nature of changes	Effective from	Influence on Santander Bank Polska S.A. Group
Amendments to IAS 21: Lack of Exchangeability	Amendments require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.	1 January 2025	The amendment doesn`t have a significant impact on consolidated financial statements.

2.5 Comparability with the results from the previous periods

Presentation of cash and cash equivalents in the statement of financial position

The section below describes presentation changes made to the consolidated financial statements of Santander Bank Polska Group for Q1 2025, affecting the consolidated/ separate statement of financial position as at 1 January 2024 and 31 December 2024.

Financial assets with original maturity of up to three months, namely loans and advances to banks and debt investment securities (NBP bills), are presented under "Cash and cash equivalents" together with assets that used to be disclosed under "Cash and balances with central banks". In the Group's view, such presentation is not only reliable but also more informative for readers of the statement of financial position as the total amount of cash and cash equivalents is directly indicated. It is also consistent with the guidelines of the IFRS Interpretations Committee and requirements of IAS 1 Presentation of Financial Statements. The foregoing changes in the accounting policies made it necessary to restate the comparative data but did not affect the Group's total assets, net profit or equity.

The impact of the above change on the published consolidated/ separate financial statements as at 1 January 2024 and 31 December 2024 is presented below.

Items in the consolidated statement of financial position

	as at: 1.01.2024		
	before	adjustment	after
Cash and cash equivalents	-	34 575 193	34 575 193
Cash and balances with central banks	8 417 519	(8 417 519)	-
Loans and advances to banks	9 533 840	(9 270 845)	262 995
Reverse sale and repurchase agreements	12 676 594	(10 640 461)	2 036 133
Investment securities incl.:	67 523 003	(6 246 368)	61 276 635
- debt securities measured at fair value through other comprehensive income	47 598 570	(6 246 368)	41 352 202
Total assets	**276 651 885**	**-**	**276 651 885**

	as at: 31.12.2024		
	before	adjustment	after
Cash and cash equivalents	-	29 003 506	29 003 506
Cash and balances with central banks	10 575 107	(10 575 107)	-
Loans and advances to banks	8 812 988	(4 781 823)	4 031 165
Reverse sale and repurchase agreements	12 126 356	(7 650 952)	4 475 404
Investment securities incl.:	76 912 655	(5 995 624)	70 917 031
- debt securities measured at fair value through other comprehensive income	40 843 475	(5 995 624)	34 847 851
Total assets	**304 373 920**	**-**	**304 373 920**

In thousands of PLN

Items in the statement of financial position

	as at : 1.01.2024		
	before	adjustment	after
Cash and cash equivalents	-	33 698 889	33 698 889
Cash and balances with central banks	8 275 110	(8 275 110)	-
Loans and advances to banks	9 048 400	(8 686 926)	361 474
Reverse sale and repurchase agreements	12 676 594	(10 640 461)	2 036 133
Investment securities incl.:	62 952 586	(6 096 392)	56 856 194
- debt securities measured at fair value through other comprehensive income	44 814 032	(6 096 392)	38 717 640
Total assets	**252 401 201**	**-**	**252 401 201**

	as at: 31.12.2024		
	before	adjustment	after
Cash and cash equivalents	-	28 722 169	28 722 169
Cash and balances with central banks	10 240 316	(10 240 316)	-
Loans and advances to banks	9 002 974	(4 835 277)	4 167 697
Reverse sale and repurchase agreements	12 126 356	(7 650 952)	4 475 404
Investment securities incl.:	71 820 996	(5 995 624)	65 825 372
- debt securities measured at fair value through other comprehensive income	38 130 920	(5 995 624)	32 135 296
Total assets	**276 090 920**	**-**	**276 090 920**

Presentation of net interest income in the statement of cash flows

Changes were made to the presentation of net interest income. Previously, interest accrued on operating activities adjusted, among other things, the balance of financial assets/liabilities held for trading, hedging derivatives, loans and advances to banks, loans and advances to customers, deposits from banks and deposits from customers. Now, it is presented under a separate line item: Net interest income including accrued interest excluded from operating activities, with the latter item previously presented separately.

Such presentation is based on prevailing market practice and, in the Group's opinion, better reflects the nature of the above items in the statement of cash flows. The foregoing changes in the accounting policies made it necessary to restate the comparative data but did not affect the total net cash flows.

In thousands of PLN

Items of the consolidated statement of cash flows

for the period:	1.01.2024-31.03.2024		
	before	adjustment	after
Cash flows from operating activities			
Profit before tax	**2 096 647**		**2 096 647**
Adjustments for:			
Net interest income	-	(3 387 338)	(3 387 338)
Interest accrued excluded from operating activities	(500 947)	500 947	-
Changes in:			
Provisions	15 904		15 904
Financial assets / liabilities held for trading	(524 478)	8 937	(515 541)
Assets pledged as collateral	(1 392 893)		(1 392 893)
Hedging derivatives	177 262	(7 519)	169 743
Loans and advances to banks	(193 481)	212 020	18 539
Loans and advances to customers	(6 578 222)	3 547 313	(3 030 909)
Deposits from banks	202 093	(34 475)	167 618
Deposits from customers	1 893 455	(920 273)	973 182
Buy-sell/ Sell-buy-back transactions	2 444 005	80 388	2 524 393
Other assets and liabilities	(1 903 559)		(1 903 559)
Net cash flows from operating activities	**(1 362 107)**	**-**	**(1 362 107)**
Total net cash flows	**(5 223 979)**		**(5 223 979)**
Cash and cash equivalents at the beginning of the accounting period	**34 575 193**		**34 575 193**
Cash and cash equivalents at the end of the accounting period	**29 351 214**		**29 351 214**

Items of the separate statement of cash flows

for the period:	1.01.2024-31.03.2024		
	before	adjustment	after
Cash flows from operating activities			
Profit before tax	**1 923 700**		**1 923 700**
Adjustments for:			
Net interest income	-	(2 930 501)	(2 930 501)
Interest accrued excluded from operating activities	(528 060)	528 060	-
Changes in:			
Provisions	6 390		6 390
Financial assets / liabilities held for trading	(543 390)	8 937	(534 453)
Assets pledged as collateral	(1 373 156)		(1 373 156)
Hedging derivatives	213 498	(10 034)	203 464
Loans and advances to banks	(186 999)	207 575	20 576
Loans and advances to customers	(5 773 018)	2 903 036	(2 869 982)
Deposits from banks	250 922	(30 810)	220 112
Deposits from customers	1 792 163	(756 651)	1 035 512
Buy-sell/ Sell-buy-back transactions	2 444 005	80 388	2 524 393
Other assets and liabilities	(1 709 374)		(1 709 374)
Net cash flows from operating activities	**(1 024 409)**	**-**	**(1 024 409)**
Total net cash flows	**(4 822 998)**	**-**	**(4 822 998)**
Cash and cash equivalents at the beginning of the accounting period	**33 698 889**		**33 698 889**
Cash and cash equivalents at the end of the accounting period	**28 875 891**	**-**	**28 875 891**

2.6 Use of estimates

Preparation of financial statement in accordance with the IFRS requires the management to make subjective judgements and assumptions, which affects the applied accounting principles as well as presented assets, liabilities, revenues and expenses.

The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and assumptions are reviewed on an ongoing basis. Changes to estimates are recognised in the period in which the estimate is changed if the change affects only that period, or in the period of the change and future periods if the change affects both current and future periods

Key accounting estimates made by Santander Bank Polska S.A. Group

Key estimates include:

- Allowances for expected credit losses
- Fair value of financial instruments
- Estimates for legal claims
- Estimates of risk arising from mortgage loans in foreign currencies

Allowances for expected credit losses in respect of financial assets

The IFRS 9 approach is based on estimation of the expected credit loss (ECL). ECL allowances reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at an amount equal to a 12-month ECL or the lifetime ECL, when it is deemed there has been a significant increase in credit risk since initial recognition (Stage 2) or impairment (Stage 3). Accordingly, the ECL model gives rise to measurement uncertainty, especially in relation to:

- measurement of a 12-month ECL or the lifetime ECL;
- determination of whether/when a significant increase in credit risk occurred;
- determination of any forward-looking information reflected in ECL estimation, and their likelihood.

As a result, ECL allowances are estimated using the adopted model developed using many inputs and statistical techniques. Structure of the models that are used for the purpose of ECL estimation consider models for the following parameters:

- PD - Probability of Default, i.e. the estimate of the likelihood of default over a given time horizon (12-month or lifetime);
- LGD - Loss Given Default, i.e. the part of the exposure amount that would be lost in the event of default;
- EAD – Exposure at Default, i.e. expectation for the amount of exposure in case of default event in a given horizon 12-month or lifetime.

Changes in these estimates and the structure of the models may have a significant impact on ECL allowances.

In accordance with IFRS 9, the recognition of expected credit losses depends on changes in credit risk level which occur after initial recognition of the exposure. The standard defines three main stages for recognising expected credit losses:

- Stage 1 – exposures with no significant increase in credit risk since initial recognition, i.e. the likelihood of the exposure being downgraded to the impaired portfolio (Stage 3 exposures) has not increased. For such exposures, 12-month expected credit losses are recognised
- Stage 2 – exposures with a significant increase in credit risk since initial recognition, but with no objective evidence of impairment. For such exposures, lifetime expected credit losses are recognised.
- Stage 3 – exposures for which the risk of default has materialised (objective evidence of impairment has been identified). For such exposures, lifetime expected credit losses are recognised

For the purpose of the collective evaluation of ECL, financial assets are grouped on the basis of similar credit risk characteristics that indicate the debtors' ability to pay all amounts due according to the contractual terms (for example, on the basis of the Group's credit risk evaluation or the rating process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). The characteristics chosen are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. The rating/scoring systems have been internally developed and are continually being enhanced, e.g through external analysis that helps to underpin the aforementioned factors which determine the estimates of impairment charges.

In the individual approach, the ECL charge was determined based on the calculation of the total probability-weighted impairment charges estimated for all the possible recovery scenarios, depending on the recovery strategy currently expected for the customer.

In the scenario analysis, the key strategies / scenarios used were as follows:

- Recovery from the operating cash flows / refinancing / capital support;
- Recovery through the voluntary realisation of collateral;
- Recovery through debt enforcement;
- Recovery through systemic bankruptcy/recovery proceeding/liquidation bankruptcy;
- Recovery by take-over of the debt / assets / sale of receivables
- Recovery as part of legal restructuring.

In addition, for exposures classified as POCI (purchased or originated credit impaired) - i.e. purchased or orginated financial assets that are impaired on initial recognition, expected credit losses are recognized over the remaining life horizon. Such an asset is created when impaired assets are initially recognized and the POCI classification is maintained over the life of the asset.

A credit-impaired assets

Credit-impaired assets are classified as Stage 3 or POCI. A financial asset or a group of financial assets are impaired if, and only if, there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset or asset was recognized as POCI and that impairment event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

It may not be possible to identify a single event that caused the impairment, rather the combined effect of several events may have caused the impairment. Objective evidence that a financial asset or group of assets was impaired includes observable data:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, e.g. delay in repayment of interest or principal over 90 days in an amount exceeding the materiality threshold (PLN 400 for individual and small and medium-sized enterprises and PLN 2,000 for business and corporate clients) and at the same time relative thresholds (above 1% of the amount past due in relation to the balance sheet amount);
- the Santander Bank Polska S.A. Group, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the Santander Bank Polska S.A. Group would not otherwise consider, which fulfil below criteria:

  (1) restructuring transactions classified in the Stage 3 category (before restructuring decision),

  (2) transactions restructured in the contingency period that meet the criteria for reclassification to the Stage 3 (quantitative and/or qualitative),

  (3) transactions restructured during the contingency period previously classified as non-performing due to observed customer financial difficulties, have been restructured again or are more than 30 days past due,

  (4) restructured transactions, where contractual clauses have been applied that defer payments through a grace period for repayment of the principal for a period longer than two years,

  (5) restructured transactions including debt write-off, interest grace periods or repaid in installments without contractual interest,

  (6) restructured transactions, where there was a decrease in the net present value of cash flows (NPV) of at least 1% compared to the NPV before the application of the forbearance measures,

  (7) transactions where there is a repeated failure to comply with the established payment plan of previous forbearances that has led to successive forbearances of the same exposure (transaction),

  (8) transactions where:

- in inadequate repayment schedules were applied, which are related to, inter alia, repeated situations of non-compliance with the schedule, changes in the repayment schedule in order to avoid situations of non-compliance with it, or
- a repayment schedule that is based on expectations, unsupported by macroeconomic forecasts or credible assumptions about the borrower's ability or willingness to repay was applied

(9) transactions for which the Group has reasonable doubts as to the probability of payment by the customer.

- it becoming probable that the debtor will enter bankruptcy, recovery proceedings, arrangement or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;

Impaired exposures (Stage 3) can be reclassified to Stage 2 or Stage 1 if the reasons for their classification to Stage 3 have ceased to apply (particularly if the borrower's economic and financial standing has improved) and a probation period has been completed (i.e. a period of good payment behaviour meaning the lack of arrears above 30 days), subject to the following:

- In the case of individual customers, the probation period is 180 days.
- In the case of SME customers, the probation period is 180 days, and assessment of the customer's financial standing and repayment capacity is required in some cases. However, the exposure cannot be reclassified to Stage 1 or 2 in the case of fraud, client`s death, discontinuation of business, bankruptcy, or pending restructuring/ liquidation proceedings.
- In the case of business and corporate customers, the probation period is 92 days, and positive assessment of the financial standing is required (the Group assesses all remaining payments as likely to be repaid as scheduled in the agreement). The exposure cannot be reclassified to Stage 1 or 2 in the case of fraud, discontinuation of business, or pending restructuring/ insolvency/ liquidation proceedings.

Additionally, if the customer is in Stage 3 and subject to the forbearance process, they may be reclassified to Stage 2 not earlier than after 365 days (from the start of forbearance or from the downgrade to the NPL portfolio, whichever is later) of regular payments, repayment by the client of the amount previously overdue / written off (if any) and after finding that there are no concerns as to the further repayment of the entire debt in accordance with the agreed terms of restructuring.

A significant increases in credit risk

One of the key elements of IFRS 9 is the identification of a significant increase in credit risk which determines the classification to Stage 2. The Group has developed detailed criteria for the definition of a significant increase in credit risk based on the following main assumptions:

- Qualitative assumptions:
  - Implementing dedicated monitoring strategies for the customer following the identification of early warning signals that indicate a significant increase in credit risk
  - Restructuring actions connected with making concessions to the customers as a result of their difficult financial standing
  - Delay in payment as defined by the applicable standard, i.e. 30 days past due combined with the materiality threshold
- Quantitative assumptions:
  - A risk buffer method based on the comparison of curves illustrating the probability of default over the currently remaining lifetime of the exposure based on the risk level assessment at exposure recognition and at reporting date. Risk buffer is set in relative terms for every single exposure based on its risk assessment resulting from internal models and other parameters of exposure impacting assessment of the Group whether the increase might have significantly increased since initial recognition of the exposure (such parameters considered types of the products, term structure as well as profitability). Risk buffer methodology was prepared internally and is based on the information gathered in the course of the decision process as well as in the process of transactions structuring.
  - Absolute threshold criterion - a significant increase in risk is considered to have occurred when, over the horizon of the current remaining life of the exposure, the annualised PD at the reporting date exceeds the corresponding PD at the time the exposure was recognised by an amount greater than the threshold.
  - In addition, the Bank applies the threefold risk criterion. It is met when, over the horizon of the current remaining life of the exposure, the annualised PD as at the reporting date exceeds three times the corresponding PD at the time the exposure was recognised.

The fact that the exposure is supported by the Borrowers' Support Fund is reported as a forborne and a significant increase in credit risk (Stage 2), and in justified cases (previously identified impairment, subsequent restructuring action, inability to service the debt forecasted on the basis of defined criteria) constitutes an indication of impairment (Stage 3).

Exposure in Stage 2 may be re-classified into Stage 1 without probation period as soon as significant increase in credit risk indicators after its initial recognition end e.g. when the following conditions are met: client`s current situation does not require constant monitoring, no restructuring actions towards exposure are taken, exposure has no payment delay over 30 days for significant amounts, no suspension of the contact due to Shield 4.0, and according to risk buffer method no risk increase occurs.

ECL measurement

Another key feature required by IFRS 9 is the approach to the estimation of risk parameters. For the purpose of estimating allowances for expected losses, Santander Bank Polska S.A. Group uses its own estimates of risk parameters that are based on internal models. Expected credit losses are the sum of individual products for each exposure of the estimated values of PD, LGD and EAD parameters in particular periods (depending on the stage either in the horizon of 12 months or in lifetime) discounted using the effective interest rate.

The estimated parameters are adjusted for macroeconomic scenarios in accordance with the assumptions of IFRS 9.

To this end, the Group determines the factors which affect individual asset classes to estimate an appropriate evolution of risk parameters.

The Group uses scenarios developed internally by the analytical team, which are updated on a monthly basis at least every six months.

The models and parameters generated for the needs of IFRS 9 are subject to model management process and periodic calibration and validation. These tools are also used in the financial planning process.

Management ECL adjustments

At the end of the first quarter 2025, Santander Banka Polska S.A. Group has no significant overlays due to credit risk.

Estimates for legal claims

Santander Bank Polska S.A. Group raises provisions for legal claims in accordance with IAS 37. The provisions have been estimated considering the likelihood of unfavourable verdict and amount to be paid, and their impact is presented in other operating income and cost.

Details on the value of the provisions and the assumptions made for their calculation are provided in notes 25, 28 and 29.

Due to their specific nature, estimates related to legal claims of mortgage loans in foreign currencies are described below.

Estimates of risk arising from mortgage loans in foreign currencies

Due to the revolving legal situation related to mortgage loans portfolio denominated and indexed to foreign currencies, and inability to recover all contractual cash flows risk materialisation, Group estimates impact of legal risk on future cash flows.

Gross book value adjustment resulting from legal risk is estimated based on a number of assumptions, taking into account:a specific time horizon and a number of probabilities such as:

- the probability of possible settlements and
- the probability of submitting claims by borrowers, and
- the probability in terms of the number of disputes

which are described in more details in note 28.

Legal risk is estimated individually for each exposure in the event of litigation and in terms of portfolio in the absence of such.

As explained in the accounting policies, Santander Bank Polska Group accounts for the impact of legal risk as an adjustment to the gross book value of the mortgage loans portfolio. If there is no credit exposure or its value is insufficient, the impact of legal risk is presented as a provision according to IAS 37.

The result on legal risk is presented in a separate position in income statement "Cost of legal risk associated with foreign currency mortgage loans" and "Gain/loss on derecognition of financial instruments measured at amortised cost".

In the first quarter of 2025, the Group recognized PLN 120,524 k as cost of legal risk related to mortgage loans in foreign currencies and PLN 2,018 k as a release of reserves cost of signed settlements.

The Group will continue to monitor this risk in subsequent reporting periods.

Details presenting the impact of the above-mentioned risk on financial statement, assumptions adopted for their calculation, scenario description and sensitivity analysis are contained in notes 28 and 29, respectively.

2.7 Change of accounting policy

Santander Bank Polska S.A. Group consistently applied the adopted accounting principles both for the reporting period for all reporting periods presented in these financial statements.

The accounting principles have been applied uniformly by all the entities forming Santander Bank Polska S.A. Group.

3. Operating segments reporting

Presentation of information about business segments in Santander Bank Polska Group bases on management information model which is used for preparing of reports for the Management Board, which are used to assess performance of results and allocate resources. Operational activity of Santander Bank Polska Group has been divided into five segments: Retail Banking, Business & Corporate Banking, Corporate & Investment Banking, ALM (Assets and Liabilities Management) and Centre, and Santander Consumer. They were identified based on customers and product types.

Profit before tax is a key measure which Management Board of the Bank uses to assess performance of business segments activity.

Income and costs assigned to a given segment are generated on sale and service of products or services in the segment, according to description presented below. Such income and costs are recognized in the profit and loss account for Santander Bank Polska Group and may be assigned to a given segment either directly or based on reasonable assumptions.

Interest and similar income split by business segments is assessed by Management Board of the Bank on the net basis including costs of internal transfer funds and without split by interests income and costs.

Settlements among business segments relate to rewarding for delivered services and include:

- sale and/or service of customers assigned to a given segment, via sale/service channels operated by another segment;
- sharing of income and costs on transactions in cases where a transaction is processed for a customer assigned to a different segment;
- sharing of income and cost of delivery of common projects.

Income and cost allocations are regulated by agreements between segments, which are based on single rates for specific services or breakdown of total income and/or cost.

Assets and liabilities of a given segment are used for the operational activity and may be assigned to the segment directly or on a reasonable basis.

Santander Bank Polska Group focuses its operating activity on the domestic market.

In 2025 isolation of staff costs from operating costs took place. Comparable data are adjusted accordingly.

In the part regarding Santander Bank Polska, the cost of legal risk connected with the portfolio of FX mortgage were presented in Retail Banking segment. Simultaneously, in the part regarding Santander Consumer Bank, the cost of legal risk connected with the portfolio of FX mortgage loans were presented in the Santander Consumer segment. More details regarding the above provisions are described in the note 28.

The principles of income and cost identification, as well as assets and liabilities for segmental reporting purposes are consistent with the accounting policy applied in Santander Bank Polska Group.

Retail Banking

Retail Banking generates income from the sale of products and services to personal customers and small companies. In the offer for customers of this segment there are a wide range of savings products, consumer and mortgage loans, credit and debit cards, insurance and investment products, clearing services, brokerage house services, GSM phones top-ups, foreign payments and Western Union and private-banking services. For small companies, the segment provides, among others, lending and deposit taking services, cash management services, leasing, factoring, letters of credit and guarantees. Furthermore, the Retail Banking segment generates income through offering asset management services within investment funds and private portfolios.

Business & Corporate Banking

Business & Corporate Banking segment covers products and activities targeted at business entities, local governments and the public sector, including medium companies. In addition to banking services covering lending and deposit activities, the segment provides services in the areas of cash management, leasing, factoring, trade financing and guarantees. It also covers insourcing services provided to retail customers based on mutual agreements with other banks and financial institutions.

Corporate & Investment Banking

In the Corporate & Investment Banking segment, Santander Bank Polska Group derives income from the sale of products and services to the largest international and local corporations, including:

- transactional banking with such products as cash management, deposits, leasing, factoring, letters of credit, guarantees, bilateral lending and trade finance;
- lending, including project finance, syndicated facilities and bond issues;
- FX and interest rate risk management products provided to all the Bank's customers (segment allocates revenues from this activity to other segments, the allocation level may be subject to changes in consecutive years);
- underwriting and financing of securities issues, financial advice and brokerage services for financial institutions.

Through its presence in the interbank market, segment also generates revenues from interest rate and FX risk positioning activity.

ALM and Centre

The segment covers central operations such as financing of other Group's segments, including liquidity, interest rate risk and FX risk management. It also includes managing the Bank's strategic investments and transactions generating income and/or costs that cannot be directly or reasonably assigned to a given segment.

Santander Consumer

This segment includes activities of the Santander Consumer Group. Activities of this segment focus on selling products and services addressed to both individual and business customers. This segment focuses mainly on loans products, i.e. car loans, credit cards, cash loans, installment loans and lease products. In addition, Santander Consumer segment includes term deposits and insurance products (mainly related to loans products).

In thousands of PLN

Consolidated income statement by business segments

1.01.2025-31.03.2025	Segment Retail Banking *	Segment Business and Corporate Banking	Segment Corporate& Investment Banking	Segment ALM and Centre	Segment Santander Consumer	Total
Net interest income	**2 155 115**	**607 018**	**193 034**	**220 460**	**422 397**	**3 598 024**
incl. internal transactions	(1 105)	(3 653)	5 633	13 167	(14 042)	-
Fee and commission income	545 052	177 789	141 311	-	52 432	916 584
Fee and commission expense	(104 778)	(14 362)	(17 199)	-	(31 913)	(168 252)
Net fee and commission income	**440 274**	**163 427**	**124 112**	**-**	**20 519**	**748 332**
incl. internal transactions	97 735	54 327	(151 327)	-	(735)	-
Net other income	**(5 950)**	**13 863**	**63 912**	**(19 664)**	**34 591**	**86 752**
incl. internal transactions	5 440	13 269	(18 104)	(1 984)	1 379	-
Dividend income	**-**	**-**	**2**	**-**	**15**	**17**
Staff costs	**(357 420)**	**(119 061)**	**(65 091)**	**-**	**(67 496)**	**(609 068)**
Operating costs	**(450 290)**	**(123 745)**	**(94 516)**	**(11 940)**	**(90 856)**	**(771 347)**
incl. internal transactions	-	-	-	662	(662)	-
Depreciation/amortisation	**(109 626)**	**(21 448)**	**(12 579)**	**-**	**(18 185)**	**(161 838)**
Impairment losses on loans and advances	**(124 081)**	**(7 809)**	**11 720**	**(123)**	**(131 641)**	**(251 934)**
Cost of legal risk associated with foreign currency mortgage loans	**(79 329)**	**-**	**-**	**-**	**(41 195)**	**(120 524)**
Share in net profits (loss) of entities accounted for by the equity method	**29 119**	**-**	**-**	**(264)**	**-**	**28 855**
Tax on financial institutions	**(114 738)**	**(47 786)**	**(41 839)**	**-**	**(10 681)**	**(215 044)**
Profit before tax	**1 383 074**	**464 459**	**178 755**	**188 469**	**117 468**	**2 332 225**
Corporate income tax						(541 204)
Consolidated profit for the period						**1 791 021**
of which:						
attributable to owners of the parent entity						1 733 624
attributable to non-controlling interests						57 397

* Includes individual customers, small companies and Wealth Management (private banking and Santander TFI SA)

1.01.2025-31.03.2025	Segment Retail Banking *	Segment Business and Corporate Banking	Segment Corporate& Investment Banking	Segment ALM and Centre	Segment Santander Consumer	Total
Fee and commission income	**545 052**	**177 789**	**141 311**	**-**	**52 432**	**916 584**
Electronic and payment services	45 928	18 377	8 081	-	-	72 386
Current accounts and money transfer	67 070	27 740	6 482	-	242	101 534
Asset management fees	78 096	156	-	-	-	78 252
Foreign exchange commissions	98 199	52 980	67 262	-	-	218 441
Credit commissions incl. factoring commissions and other	31 188	39 323	24 786	-	17 645	112 942
Insurance commissions	57 593	5 075	257	-	18 775	81 700
Commissions from brokerage activities	29 616	55	19 781	-	-	49 452
Credit cards	22 113	-	-	-	8 584	30 697
Card fees (debit cards)	102 817	5 337	514	-	-	108 668
Off-balance sheet guarantee commissions	1 974	26 314	12 406	-	-	40 694
Finance lease commissions	5 284	1 360	65	-	7 185	13 895
Issue arrangement fees	-	1 072	1 677	-	-	2 749
Distribution fees	5 174	-	-	-	-	5 174

In thousands of PLN

Consolidated statement of financial position by business segments

31.03.2025	Segment Retail Banking *	Segment Business and Corporate Banking	Segment Corporate& Investment Banking	Segment ALM and Centre	Segment Santander Consumer	Total
Loans and advances to customers	92 422 576	43 666 580	20 727 694	-	19 120 673	175 937 523
Investments in associates	944 327	-	-	49 810	-	994 137
Other assets	7 284 096	1 892 988	15 106 064	105 374 177	7 127 833	136 785 158
Total assets	**100 650 999**	**45 559 568**	**35 833 758**	**105 423 987**	**26 248 506**	**313 716 818**
Deposits from customers	151 236 647	49 003 111	18 699 498	1 954 068	16 185 592	237 078 916
Other liabilities	2 197 993	455 601	9 597 922	22 190 151	5 636 655	40 078 322
Equity	7 229 090	4 761 838	2 721 382	17 421 011	4 426 259	36 559 580
Total equity and liabilities	**160 663 730**	**54 220 550**	**31 018 802**	**41 565 230**	**26 248 506**	**313 716 818**

* includes individual customers, small companies and Wealth Management (private banking and Santander TFI SA)

Consolidated income statement by business segments

1.01.2024-31.03.2024	Segment Retail Banking *	Segment Business and Corporate Banking	Segment Corporate& Investment Banking	Segment ALM and Centre	Segment Santander Consumer	Total
Net interest income	**1 975 388**	**575 378**	**196 432**	**269 094**	**371 046**	3 387 338
incl. internal transactions	(535)	(1 834)	6 964	21 404	(25 999)	-
Fee and commission income	520 840	161 249	135 320	-	53 930	871 339
Fee and commission expense	(97 393)	(14 584)	(9 986)	-	(20 821)	(142 784)
Net fee and commission income	**423 447**	**146 665**	**125 334**	**-**	**33 109**	728 555
incl. internal transactions	94 699	47 705	(141 651)	-	(753)	-
Net other income	**(14 727)**	**18 796**	**76 045**	**(58 626)**	**14 299**	35 787
incl. internal transactions	5 524	16 760	(21 770)	70	(584)	-
Dividend income	**-**	**-**	**18**	**-**	**10**	28
Staff costs	**(341 563)**	**(104 067)**	**(58 822)**	**352**	**(65 290)**	(569 390)
Operating costs	**(359 157)**	**(86 170)**	**(78 366)**	**(10 284)**	**(96 720)**	(630 697)
incl. internal transactions	-	-	-	815	(815)	-
Depreciation/amortisation	**(105 272)**	**(18 453)**	**(9 869)**	**10**	**(19 305)**	(152 889)
Impairment losses on loans and advances	**(114 405)**	**(25 400)**	**(15 554)**	**(618)**	**(75 892)**	(231 869)
Cost of legal risk associated with foreign currency mortgage loans	**(213 989)**	**-**	**-**	**-**	**(82 084)**	(296 073)
Share in net profits (loss) of entities accounted for by the equity method	**24 796**	**-**	**-**	**(508)**	**-**	24 288
Tax on financial institutions	**(110 800)**	**(44 703)**	**(34 335)**	**34**	**(8 627)**	(198 431)
Profit before tax	**1 163 718**	**462 046**	**200 883**	**199 454**	**70 546**	2 096 647
Corporate income tax						(499 073)
Consolidated profit for the period						1 597 574
of which:						
attributable to owners of the parent entity						1 564 744
attributable to non-controlling interests						32 830

* includes individual customers, small companies and Wealth Management (private banking and Santander TFI SA)

In thousands of PLN

1.01.2024-31.03.2024	Segment Retail Banking *	Segment Business and Corporate Banking	Segment Corporate& Investment Banking	Segment ALM and Centre	Segment Santander Consumer	Total
Fee and commission income	**520 840**	**161 249**	**135 320**	**-**	**53 930**	**871 339**
Electronic and payment services	46 330	17 206	7 384	-	-	**70 920**
Current accounts and money transfer	66 415	26 307	4 494	-	360	**97 576**
Asset management fees	69 393	138	-	-	-	**69 531**
Foreign exchange commissions	94 663	48 200	63 255	-	-	**206 118**
Credit commissions incl. factoring commissions and other	32 533	38 265	25 242	-	18 209	**114 249**
Insurance commissions	54 466	3 312	359	-	19 308	**77 445**
Commissions from brokerage activities	28 650	25	13 643	-	-	**42 318**
Credit cards	21 644	-	-	-	10 717	**32 361**
Card fees (debit cards)	99 197	4 563	526	-	-	**104 286**
Off-balance sheet guarantee commissions	712	22 618	11 003	-	-	**34 333**
Finance lease commissions	2 349	480	51	-	5 336	**8 216**
Issue arrangement fees	-	135	9 363	-	-	**9 498**
Distribution fees	4 488	-	-	-	-	**4 488**

* includes individual customers, small companies and Wealth Management (private banking and Santander TFI SA)

Consolidated statement of financial position by business segments

31.12.2024	Segment Retail Banking *	Segment Business and Corporate Banking	Segment Corporate& Investment Banking	Segment ALM and Centre	Segment Santander Consumer	Total
Loans and advances to customers	91 962 332	43 021 156	20 920 878	-	18 871 915	**174 776 281**
Investments in associates	917 135	-	-	50 074	-	**967 209**
Other assets	10 237 155	2 638 887	13 990 910	94 873 199	6 890 279	**128 630 430**
Total assets	**103 116 622**	**45 660 043**	**34 911 788**	**94 923 273**	**25 762 194**	**304 373 920**
Deposits from customers	149 506 043	49 858 414	15 572 278	1 034 835	16 057 192	**232 028 762**
Other liabilities	2 039 413	445 779	7 891 161	22 133 957	5 393 662	**37 903 972**
Equity	8 476 341	5 321 716	3 075 074	13 256 715	4 311 340	**34 441 186**
Total equity and liabilities	**160 021 797**	**55 625 909**	**26 538 513**	**36 425 507**	**25 762 194**	**304 373 920**

* includes individual customers, small companies and Wealth Management (private banking and Santander TFI SA)

In thousands of PLN

4. Net interest income

Interest income and income similar to interest	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Interest income on financial assets measured at amortised cost	**4 161 275**	**3 853 333**
Loans and advances to enterprises	1 194 772	1 175 950
Loans and advances to individuals, of which:	2 057 575	1 994 468
Home mortgage loans	*982 520*	*986 717*
Loans and advances to banks	225 116	212 020
Loans and advances to public sector	42 913	24 629
Reverse repo transactions	170 591	144 977
Debt securities	485 709	308 808
Interest recorded on hedging IRS	(15 401)	(7 519)
Interest income on financial assets measured at fair value through other comprehensive income	**537 112**	**529 214**
Loans and advances to enterprises	75 857	56 430
Loans and advances to public sector	4 068	4 142
Debt securities	457 187	468 642
Income similar to interest - financial assets measured at fair value through profit or loss	**25 484**	**13 488**
Loans and advances to individuals	2 770	4 551
Debt securities	22 714	8 937
Income similar to interest on finance leases	**270 916**	**250 001**
Total income	**4 994 787**	**4 646 036**

Interest expenses	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Interest expenses on financial liabilities measured at amortised cost	**(1 396 763)**	**(1 258 698)**
Liabilities to individuals	(494 585)	(493 928)
Liabilities to enterprises	(392 219)	(338 752)
Repo transactions	(78 206)	(64 589)
Liabilities to public sector	(114 082)	(93 764)
Liabilities to banks	(64 318)	(52 006)
Lease liability	(5 548)	(5 487)
Subordinated liabilities and issue of securities	(247 805)	(210 172)
Total costs	**(1 396 763)**	**(1 258 698)**
Net interest income	**3 598 024**	**3 387 338**

In thousands of PLN

5. Net fee and commission income

Fee and commission income	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Electronic and payment services	72 386	70 920
Current accounts and money transfer	101 534	97 576
Asset management fees	78 252	69 531
Foreign exchange commissions	218 441	206 118
Credit commissions incl. factoring commissions and other	112 942	114 249
Insurance commissions	81 700	77 445
Commissions from brokerage activities	49 452	42 318
Credit cards	30 697	32 361
Card fees (debit cards)	108 668	104 286
Off-balance sheet guarantee commissions	40 694	34 333
Finance lease commissions	13 895	8 216
Issue arrangement fees	2 749	9 498
Distribution fees	5 174	4 488
Total	**916 584**	**871 339**
Fee and commission expenses	**1.01.2025-31.03.2025**	**1.01.2024-31.03.2024**
Electronic and payment services	(19 337)	(17 121)
Current accounts and money transfer	(8 168)	(5 388)
Distribution fees	(2 800)	(2 595)
Commissions from brokerage activities	(4 648)	(4 467)
Credit cards	(5 490)	(4 978)
Card fees (debit cards)	(30 514)	(27 907)
Credit commissions paid	(21 545)	(22 716)
Insurance commissions	(2 512)	(2 899)
Finance lease commissions	(14 633)	(11 955)
Asset management fees and other costs	(375)	(1 163)
Commissions paid to other banks	(2 470)	(2 480)
Off-balance sheet guarantee commissions	(31 835)	(18 855)
Brokerage fees`	(3 254)	(2 659)
Other	(20 671)	(17 601)
Total	**(168 252)**	**(142 784)**
Net fee and commission income	**748 332**	**728 555**

6. Net trading income and revaluation

Net trading income and revaluation	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Derivative instruments	5 046	149 944
Interbank FX transactions and other FX related income	(27 544)	(183 215)
Net gains on sale of equity securities measured at fair value through profit or loss	43 544	2 322
Net gains on sale of debt securities measured at fair value through profit or loss	14 472	30 753
Change in fair value of loans and advances mandatorily measured at fair value through profit or loss	443	(15)
Total	**35 961**	**(211)**

The above amounts included CVA and DVA adjustments in the amount of PLN (111)k for 1Q 2025 and PLN 2,971k for 1Q 2024.

In thousands of PLN

7. Gains (losses) from other financial securities

Gains (losses) from other financial securities	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Net gains on sale of debt securities measured at fair value through other comprehensive income	797	3 694
Change in fair value of financial securities measured at fair value through profit or loss	1 053	677
Total profit (losses) on financial instruments	**1 850**	**4 371**
Change in fair value of hedging instruments	(32 656)	36 606
Change in fair value of underlying hedged positions	32 172	(35 068)
Total profit (losses) on hedging and hedged instruments	**(484)**	**1 538**
Total	**1 366**	**5 909**

8. Other operating income

Other operating income	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Income from services rendered	4 096	6 590
Release of provision for legal cases and other assets	11 459	6 011
Recovery of other receivables (expired, cancelled and uncollectable)	13	9
Gain on sales or liquidation of fixed assets, intangible assets and assets for disposal	3 240	-
Received compensations, penalties and fines	623	467
Settlements of leasing agreements	2 566	2 404
Income from claims received from the insurer	1 007	1 220
Income from additional charges for leasing contracts	3 149	2 976
Other	19 641	18 379
Total	**45 794**	**38 056**

9. Impairment allowances for expected credit losses

Impairment allowances for expected credit losses on loans and advances measured at amortised cost	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Charge for loans and advances to banks	**(12)**	**164**
Stage 1	(12)	164
Stage 2	-	-
Stage 3	-	-
POCI	-	-
Charge for loans and advances to customers	**(249 835)**	**(285 841)**
Stage 1	28 851	(21 930)
Stage 2	(160 284)	(135 377)
Stage 3	(135 739)	(140 578)
POCI	17 337	12 044
Recoveries of loans previously written off	**(8 830)**	**29 664**
Stage 1	-	-
Stage 2	-	-
Stage 3	(8 830)	29 664
POCI	-	-
Off-balance sheet credit related facilities	**6 743**	**24 144**
Stage 1	(22 115)	(1 313)
Stage 2	3 617	10 796
Stage 3	25 241	14 661
POCI	-	-
Total	**(251 934)**	**(231 869)**

In thousands of PLN

10. Employee costs

Employee costs	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Salaries and bonuses	(494 559)	(462 297)
Salary related costs	(93 276)	(86 779)
Cost of contributions to Employee Capital Plans	(4 504)	(4 079)
Staff benefits costs	(14 997)	(13 704)
Professional trainings	(1 724)	(2 520)
Retirement fund, holiday provisions and other employee costs	(8)	(11)
Total	**(609 068)**	**(569 390)**

11. General and administrative expenses

General and administrative expenses	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Maintenance of premises	(32 492)	(33 835)
Cost of short-term lease, low-value assets lease and other payments	(2 375)	(3 191)
Non-tax deductible VAT - lease	(10 752)	(10 816)
Marketing and representation	(37 565)	(41 640)
IT systems costs	(151 676)	(135 335)
Cost of BFG, KNF and KDPW	(318 047)	(217 663)
Postal and telecommunication costs	(14 958)	(14 063)
Consulting and advisory fees	(19 576)	(15 758)
Cars, transport expenses, carriage of cash	(8 845)	(12 745)
Other external services	(73 659)	(64 721)
Stationery, cards, cheques etc.	(4 516)	(4 429)
Sundry taxes and charges	(10 465)	(11 251)
Data transmission	(6 537)	(6 840)
KIR, SWIFT settlements	(11 192)	(10 902)
Security costs	(5 263)	(5 095)
Costs of repairs	(2 773)	(1 946)
Other	(7 921)	(8 385)
Total	**(718 612)**	**(598 615)**

12. Other operating expenses

Other operating expenses	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Charge of provisions for legal cases and other assets	(29 661)	(12 960)
Impairment loss on property, plant, equipment, intangible assets covered by lease agreements and other fixed assets	(678)	(2 064)
Gain on sales or liquidation of fixed assets, intangible assets and assets for disposal	-	(3 992)
Costs of purchased services	(353)	(388)
Other membership fees	(213)	(430)
Paid compensations, penalties and fines	(365)	(175)
Donations paid	(4 000)	(197)
Other	(17 465)	(11 626)
Total	**(52 735)**	**(31 832)**

In thousands of PLN

13. Corporate income tax

Corporate income tax	1.01.2025-31.03.2025	1.01.2024 31.03.2024
Current tax charge in the income statement	(444 077)	(282 650)
Deferred tax charge in the income statement	(116 604)	(238 688)
Adjustments from previous years for current and deferred tax	19 477	22 265
Total tax on gross profit	**(541 204)**	**(499 073)**

Corporate total tax charge information	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Profit before tax	2 332 225	2 096 647
Tax rate	19%	19%
Tax calculated at the tax rate	(443 123)	(398 363)
Non-tax-deductible expenses	(6 245)	(7 903)
Cost of legal risk associated with foreign currency mortgage loans	(3 291)	(28 992)
The fee to the Bank Guarantee Fund	(58 210)	(39 074)
Tax on financial institutions	(40 858)	(37 666)
Non-taxable income	324	4 926
Non-tax deductible bad debt provisions	(6 019)	(14 463)
Adjustment of prior years tax	19 476	22 265
Other	(3 258)	197
Total tax on gross profit	**(541 204)**	**(499 073)**

Deferred tax recognised in other comprehensive income	31.03.2025	31.12.2024
Relating to valuation of debt investments measured at fair value through other comprehensive income	118 678	154 717
Relating to valuation of equity investments measured at fair value through other comprehensive income	(82 671)	(82 677)
Relating to cash flow hedging activity	(74 277)	(17 258)
Relating to valuation of defined benefit plans	(196)	(196)
Total	**(38 466)**	**54 586**

14. Cash and cash equivalents

Cash and cash equivalents	31.03.2025	31.12.2024* restated
Cash and balances with central banks	7 351 730	10 575 108
Loans and advances to banks	3 701 340	4 781 823
Reverse sale and repurchase agreements to banks	8 900 542	7 650 952
Debt securities measured at fair value through other comprehensive income	9 987 146	5 995 623
Total	**29 940 758**	**29 003 506**

*Details in note 2.5.

Santander Bank Polska SA and Santander Consumer Bank SA hold an obligatory reserve in a current account in the National Bank of Poland. The figure is calculated at a fixed percentage of minimal statutory reserve of the monthly average balance of the customers' deposits, which was 3.5% as at 31.03.2025 and 31.12.2024.

In accordance with the applicable regulations, the amount of the calculated provision is reduced by the equivalent of EUR 500 k.

In thousands of PLN

15. Loans and advances to banks

Loans and advances to banks	31.03.2025	31.12.2024* restated
Loans and advances	3 711 519	4 031 141
Current accounts	157	176
Gross receivables	**3 711 676**	**4 031 317**
Allowance for impairment	(164)	(152)
Total	**3 711 512**	**4 031 165**

*Details in note 2.5.

16. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading	31.03.2025		31.12.2024	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives	**8 008 930**	**8 666 452**	**7 720 642**	**8 205 923**
Interest rate operations	5 210 467	5 603 559	5 116 227	5 220 492
FX operations	2 798 463	3 062 893	2 604 415	2 985 431
Debt and equity securities	**1 261 493**	**-**	**1 626 933**	**-**
Debt securities	**1 010 905**	**-**	**1 506 602**	**-**
Government securities:	994 307	-	1 490 857	-
- bills	95 984	-	-	-
- bonds	898 323	-	1 490 857	-
Other securities:	16 598	-	15 745	-
- bonds	16 598	-	15 745	-
Equity securities	**250 588**	**-**	**120 331**	**-**
Short sale	**-**	**681 156**	**-**	**1 703 764**
Total	**9 270 423**	**9 347 608**	**9 347 575**	**9 909 687**

Financial assets and liabilities held for trading - trading derivatives include the change in the value of counterparty risk in the amount of PLN (985) k as at 31.03.2025 and PLN (874) k as at 31.12.2024.

17. Loans and advances to customers

Loans and advances to customers	31.03.2025				
	measured at amortised cost	measured at fair value through other comprehensive income	measured at fair value through profit or loss	from finance leases	Total
Loans and advances to enterprises	70 195 153	4 154 054	11	-	74 349 218
Loans and advances to individuals, of which:	89 230 497	-	59 279	-	89 289 776
*Home mortgage loans**	*55 889 358*	-	-	-	*55 889 358*
Finance lease receivables	-	-	-	15 336 857	15 336 857
Loans and advances to public sector	2 226 508	253 792	-	-	2 480 300
Other receivables	71 164	149	-	-	71 313
Gross receivables	**161 723 322**	**4 407 995**	**59 290**	**15 336 857**	**181 527 464**
Allowance for impairment	(5 167 119)	(92 445)	-	(330 377)	(5 589 941)
Total	**156 556 203**	**4 315 550**	**59 290**	**15 006 480**	**175 937 523**

* Includes changes in gross book value described in note 28 Legal risk connected with CHF mortgage loans

In thousands of PLN

Loans and advances to customers	31.12.2024 measured at amortised cost	measured at fair value through other comprehensive income	measured at fair value through profit or loss	from finance leases	Total
Loans and advances to enterprises	69 736 432	4 140 166	-	-	73 876 598
Loans and advances to individuals, of which:	88 750 902	-	63 289	-	88 814 191
*Home mortgage loans**	*55 931 181*	-	-	-	*55 931 181*
Finance lease receivables	-	-	-	15 145 171	15 145 171
Loans and advances to public sector	2 189 540	249 725	-	-	2 439 265
Other receivables	70 216	123	-	-	70 339
Gross receivables	**160 747 090**	**4 390 014**	**63 289**	**15 145 171**	**180 345 564**
Allowance for impairment	(5 152 221)	(100 018)	-	(317 044)	(5 569 283)
Total	**155 594 869**	**4 289 996**	**63 289**	**14 828 127**	**174 776 281**

* Includes changes in gross book value described in note 28 Legal risk connected with CHF mortgage loans

Impact of the legal risk of mortgage loans in foreign currency	Gross carrying amount of mortgage loans in foreign currency before adjustment due to legal risk costs	Impact of the legal risk of mortgage loans in foreign currency	Gross carrying amount of mortgage loans in foreign currency after adjustment due to legal risk costs*
31.03.2025			
Mortgage loans in CHF i PLN, which used to be denominated in or indexed to CHF - adjustment to gross carrying amount	4 685 995	4 226 051	459 944
Provision in respect of legal risk connected with mortgage loans in CHF i PLN, which used to be denominated in or indexed to CHF		1 797 946	
Total		**6 023 997**	
31.12.2024			
Mortgage loans in CHF i PLN, which used to be denominated in or indexed to CHF - adjustment to gross carrying amount	5 173 697	4 676 771	496 926
Provision in respect of legal risk connected with mortgage loans in CHF i PLN, which used to be denominated in or indexed to CHF		1 915 242	
Total		**6 592 013**	

* Includes changes in gross book value described in note 28 Legal risk connected with CHF mortgage loans

In thousands of PLN

Movements on impairment losses on loans and advances to customers measured at amortised cost for reporting period	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Balance at the beginning of the period	**(5 152 221)**	**(5 329 825)**
Charge/write back of current period	**(257 523)**	**(262 322)**
Stage 1	5 067	(20 605)
Stage 2	(136 949)	(109 505)
Stage 3	(123 834)	(125 823)
POCI	(1 807)	(6 389)
Write off/Sale of receivables	**173 981**	**164 282**
Stage 1	-	-
Stage 2	-	-
Stage 3	173 940	163 534
POCI	41	748
Transfer	**59 789**	**34 587**
Stage 1	23 194	12 195
Stage 2	98 970	108 658
Stage 3	(63 399)	(87 619)
POCI	1 024	1 353
FX differences	**8 855**	**7 313**
Stage 1	974	920
Stage 2	2 555	1 730
Stage 3	5 197	4 404
POCI	129	259
Balance at the end of the period	**(5 167 119)**	**(5 385 965)**

18. Investment securities

Investment securities	31.03.2025	31.12.2024* restated
Debt investment securities measured at fair value through other comprehensive income	**35 098 402**	**34 847 851**
Government securities:	25 956 538	23 834 660
- bills	2 027 919	-
- bonds	23 928 619	23 834 660
Other securities:	9 141 864	11 013 191
-bonds	9 141 864	11 013 191
Debt investment securities measured at fair value through profit and loss	**1 303**	**1 247**
Debt investment securities measured at amortised cost	**41 325 776**	**35 596 997**
Government securities:	37 937 593	32 464 124
- bonds	37 937 593	32 464 124
Other securities:	3 388 183	3 132 873
- bonds	3 388 183	3 132 873
Equity investment securities measured at fair value through other comprehensive income	**462 286**	**462 317**
- unlisted	462 286	462 317
Equity investment securities measured at fair value through profit and loss	**9 006**	**8 619**
- unlisted	9 006	8 619
Total	**76 896 773**	**70 917 031**

*Details in note 2.5.

In thousands of PLN

19. Investments in associates

Balance sheet value of associates	31.03.2025	31.12.2024
Polfund - Fundusz Poręczeń Kredytowych S.A.	49 810	50 074
Santander - Allianz Towarzystwo Ubezpieczeń S.A. and Santander - Allianz Towarzystwo Ubezpieczeń na Życie S.A.	944 327	917 135
Total	**994 137**	**967 209**

Movements on investments in associates	1.01.2025-31.03.2025	1.01.2024-31.03.2024
As at the beginning of the period	**967 209**	**967 514**
Share of profits/(losses)	28 855	24 288
Other	(1 927)	3 212
As at the end of the period	**994 137**	**995 014**

20. Deposits from banks

Zobowiązania wobec banków	31.03.2025	31.12.2024
Lokaty	143 079	100 625
Kredyty otrzymane od banków	2 853 031	2 385 925
Rachunki bieżące	2 329 624	2 662 110
Razem	**5 325 734**	**5 148 660**
Krótkoterminowe	5 022 610	4 736 160
Długoterminowe (powyżej 1 roku)	303 124	412 500

21. Deposits from customers

Deposits from customers	31.03.2025	31.12.2024
Deposits from individuals	**131 561 771**	**127 764 517**
Term deposits	48 505 524	47 896 484
Current accounts	82 743 429	79 583 654
Other	312 818	284 379
Deposits from enterprises	**93 531 667**	**92 782 556**
Term deposits	29 161 066	24 792 342
Current accounts	60 411 346	64 171 535
Loans received from financial institution	849 222	906 079
Other	3 110 033	2 912 600
Deposits from public sector	**11 985 478**	**11 481 689**
Term deposits	2 113 810	1 143 982
Current accounts	9 847 869	10 316 117
Other	23 799	21 590
Total	**237 078 916**	**232 028 762**

22. Subordinated liabilities

Subordinated liabilities in issue on 31.03.2025

Subordinated liabilities	Nominal value	Currency	Redemption date	Book Value (In thousands of PLN)
Issue 2	120 000	EUR	03.12.2026	511 411
Issue 3	137 100	EUR	22.05.2027	573 285
Issue 4	1 000 000	PLN	05.04.2028	1 036 332
SCF Madrid	100 000	PLN	18.05.2028	102 782
Total				**2 223 810**

Subordinated liabilities in issue on 31.12.2024

Subordinated liabilities	Nominal value	Currency	Redemption date	Book Value (In thousands of PLN)
Issue 2	120 000	EUR	03.12.2026	515 085
Issue 3	137 100	EUR	22.05.2027	594 938
Issue 4	1 000 000	PLN	05.04.2028	1 017 962
SCF Madrid	100 000	PLN	18.05.2028	100 913
Total				**2 228 898**

Movements in subordinated liabilities	1.01.2025-31.03.2025	1.01.2024-31.03.2024
As at the beginning of the period	**2 228 898**	**2 686 343**
Increase (due to):	**36 414**	**47 387**
- interest on subordinated loans	36 414	47 387
Decrease (due to):	**(41 502)**	**(46 197)**
- interest repayment	(18 629)	(29 784)
- FX differences	(22 873)	(16 413)
As at the end of the period	**2 223 810**	**2 687 533**
Short-term	49 532	54 432
Long-term (over 1 year)	2 174 278	2 633 101

23. Debt securities in issue

Debt securities in issue on 31.03.2025

Name of the entity issuing the securities	Type of securities	Nominal value	Currency	Date of issue	Redemption date	Book Value (In thousands of PLN)
Santander Bank Polska S.A.	Bonds	394 000	PLN	17.12.2024	07.02.2033	407 298
Santander Bank Polska S.A.	Bonds	1 800 000	PLN	30.09.2024	30.09.2027	1 800 706
Santander Bank Polska S.A.	Bonds	219 997	PLN	26.06.2024	14.02.2034	210 017
Santander Bank Polska S.A.	Bonds	1 900 000	PLN	02.04.2024	02.04.2027	1 969 250
Santander Bank Polska S.A.	Bonds	3 100 000	PLN	29.11.2023	30.11.2026	3 179 394
Santander Leasing S.A.	Bonds	100 000	PLN	19.03.2025	19.03.2026	99 850
Santander Leasing S.A.	Bonds	150 000	PLN	20.12.2024	18.12.2025	149 934
Santander Leasing S.A.	Bonds	180 000	PLN	23.10.2024	23.10.2025	181 651
Santander Leasing S.A.	Bonds	365 000	PLN	23.07.2024	23.07.2025	368 704
Santander Factoring Sp. z o.o.	Bonds	516 000	PLN	19.02.2025	19.08.2025	516 180
Santander Factoring Sp. z o.o.	Bonds	229 999	PLN	23.12.2024	23.06.2025	229 878
Santander Factoring Sp. z o.o.	Bonds	120 500	PLN	23.10.2024	23.04.2025	120 624
Santander Factoring Sp. z o.o.	Bonds	100 000	PLN	19.08.2024	08.08.2025	100 207
Santander Consumer Multirent sp. z o.o.	Bonds	300 000	PLN	24.06.2024	24.06.2025	300 276
S.C. Poland Consumer 23-1 DAC	Bonds	1 000 000	PLN	01.12.2022	16.11.2032	1 002 535
SCM POLAND AUTO 2019-1 DAC	Bonds	891 000	PLN	20.07.2020	31.07.2028	893 204
Total						**11 529 708**

Debt securities in issue on 31.12.2024

Name of the entity issuing the securities	Type of securities	Nominal value	Currency	Date of issue	Redemption date	Book Value (In thousands of PLN)
Santander Bank Polska S.A.	Bonds	394 000	PLN	17.12.2024	31.12.2032	396 216
Santander Bank Polska S.A.	Bonds	1 800 000	PLN	30.09.2024	30.09.2027	1 833 250
Santander Bank Polska S.A.	Bonds	219 997	PLN	26.06.2024	31.12.2033	228 796
Santander Bank Polska S.A.	Bonds	1 900 000	PLN	02.04.2024	02.04.2027	1 934 817
Santander Bank Polska S.A.	Bonds	3 100 000	PLN	29.11.2023	30.11.2026	3 121 301
Santander Leasing S.A.	Bonds	150 000	PLN	20.12.2024	18.12.2025	149 757
Santander Leasing S.A.	Bonds	169 062	PLN	23.10.2024	23.10.2025	170 606
Santander Leasing S.A.	Bonds	365 000	PLN	23.07.2024	23.07.2025	368 482
Santander Factoring Sp. z o.o.	Bonds	480 000	PLN	23.12.2024	23.06.2025	479 788
Santander Factoring Sp. z o.o.	Bonds	120 500	PLN	23.10.2024	23.04.2025	120 516
Santander Factoring Sp. z o.o.	Bonds	200 000	PLN	08.10.2024	08.01.2025	200 717
Santander Factoring Sp. z o.o.	Bonds	390 000	PLN	19.08.2024	19.02.2025	390 541
Santander Factoring Sp. z o.o.	Bonds	100 000	PLN	19.08.2024	08.08.2025	100 109
Santander Factoring Sp. z o.o.	Bonds	110 000	PLN	19.08.2024	19.05.2025	110 055
Santander Consumer Multirent sp. z o.o.	Bonds	300 000	PLN	24.06.2024	24.06.2025	300 142
Santander Consumer Multirent sp. z o.o.	Bonds	50 000	PLN	26.05.2023	31.03.2025	49 984
S.C. Poland Consumer 23-1 DAC	Bonds	1 000 000	PLN	01.12.2022	16.11.2032	1 002 889
SCM POLAND AUTO 2019-1 DAC	Bonds	891 000	PLN	20.07.2020	31.07.2028	893 197
Total						**11 851 163**

In thousands of PLN

Movements in debt securities in issue	1.01.2025-31.03.2025	1.01.2024-31.03.2024
As at the beginning of the period	**11 851 163**	**9 247 159**
Increase (due to):	**837 296**	**938 401**
- debt securities issued	616 000	776 500
- interest on debt securities in issue	210 735	161 901
- other changes	10 561	-
Decrease (due to):	**(1 158 751)**	**(368 564)**
- debt securities repurchase	(1 017 889)	(300 000)
- interest repayment	(140 862)	(56 528)
- FX differences	-	(9 420)
- other changes	-	(2 616)
As at the end of the period	**11 529 708**	**9 816 996**

24. Provisions for financial liabilities and guarantees granted

Provisions for financial liabilities and guarantees granted	31.03.2025	31.12.2024
Provisions for financial commitments to grant loans and credit lines	67 846	68 804
Provisions for financial guarantees	17 700	20 210
Other provisions	969	4 905
Total	**86 515**	**93 919**

Change in provisions for financial liabilities and guarantees granted	1.01.2025-31.03.2025
As at the beginning of the period	**93 919**
Provision charge	105 921
Write back	(112 664)
Other changes	(661)
As at the end of the period	**86 515**
Short-term	53 379
Long-term	33 136

Change in provisions for financial liabilities and guarantees granted	1.01.2024-31.03.2024
As at the beginning of the period	**123 085**
Provision charge	46 072
Write back	(68 285)
Other changes	(2)
As at the end of the period	**100 870**
Short-term	38 790
Long-term	62 080

In thousands of PLN

25. Other provisions

Other provisions	31.03.2025	31.12.2024
Provision for legal risk connected with foreign currency mortgage loans	1 797 947	1 915 242
Provisions for reimbursement of costs related to early repayment of consumer and mortgage loans	37 852	30 623
Provisions for legal claims and other	122 919	129 975
Total	**1 958 718**	**2 075 840**

Change in other provisions 1.01.2025 - 31.03.2025	Provision for legal risk connected with foreign currency mortgage loans	Provisions for reimbursement of costs related to early repayment of consumer loans	Provisions for legal claims and other	Total
As at the beginning of the period	**1 915 242**	**30 623**	**129 975**	**2 075 840**
Provision charge/relase	6 241	8 964	33 370	48 575
Utilization	(70 518)	(1 735)	(40 426)	(112 679)
Other	(53 018)	-	-	(53 018)
As at the end of the period	**1 797 947**	**37 852**	**122 919**	**1 958 718**

26. Other liabilities

Other liabilities	31.03.2025	31.12.2024
Settlements of stock exchange transactions	59 488	30 395
Interbank	969 208	600 684
Employee provisions	324 899	538 861
Sundry creditors	2 509 995	1 401 524
Liabilities from contracts with customers	226 073	219 021
Public and law settlements	283 353	183 329
Accrued liabilities	614 392	519 694
Liabilities to leasing contractors	151 682	189 333
Other	15 195	16 339
Total	**5 154 285**	**3 699 180**
of which financial liabilities *	4 304 765	2 741 630

*Financial liabilities include all items of other liabilities with the exception of employee provisions, public and law settlements, liabilities from contracts with customers and other.

Change in employee provisions 1.01.2025 - 31.03.2025		*of which: Provisions for retirement allowances*
As at the beginning of the period	**538 861**	***69 985***
Provision charge	102 233	*923*
Utilization	(312 205)	-
Release of provisions	(3 990)	-
As at the end of the period	**324 899**	***70 908***
Short-term	253 991	-
Long-term	70 908	*70 908*

In thousands of PLN

Change in employee provisions 1.01.2024 - 31.03.2024		*of which: Provisions for retirement allowances*
As at the beginning of the period	**514 628**	***63 554***
Provision charge	78 658	*889*
Utilization	(281 657)	*(20)*
Release of provisions	(1 084)	-
As at the end of the period	**310 545**	***64 423***
Short-term	246 122	-
Long-term	64 423	*64 423*

27. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Below is a summary of the book values and fair values of the individual groups of assets and liabilities not carried at fair value in the financial statements.

	31.03.2025		31.12.2024*	
ASSETS	**Book Value**	**Fair value**	**Book Value**	**Fair value**
Cash and balances with central banks	29 940 758	29 940 758	29 003 506	10 575 107
Loans and advances to banks	3 711 512	3 711 512	4 031 165	4 031 165
Loans and advances to customers measured at amortised cost	156 556 203	157 123 823	155 594 869	155 660 490
Buy-sell-back transactions	3 663 372	3 663 372	4 475 404	4 475 404
Debt investment securities measured at amortised cost	41 325 776	41 414 140	35 596 997	35 404 456
LIABILITIES				
Deposits from banks	5 325 734	5 325 734	5 148 660	5 148 660
Deposits from customers	237 078 916	237 029 565	232 028 762	232 014 242
Sell-buy-back transactions	3 694 256	3 694 256	1 198 455	1 198 455
Subordinated liabilities	2 223 810	2 184 158	2 228 898	2 214 232

*restated, details in note 2.5.

Below is a summary of the key methods and assumptions used in the estimation of fair values of the financial instruments shown in the table above.

Financial assets and liabilities not carried at fair value in the statement of financial position

The Group has financial instruments which in accordance with the IFRS are not carried at fair value in the consolidated financial statements. The fair value of such instruments is measured using the following methods and assumptions.

Loans and advances to banks: The fair value of deposits is measured using discounted cash flows at the current money market interest rates for receivables of similar credit risk, maturity and currency. In the case of demand deposits without a fixed maturity date or with maturity up to 6 months, it is assumed that their fair value is not significantly different than their book value. The process of fair value estimation for these instruments is not affected by the long-term nature of the business with depositors. Loans and advances to banks were classified in their entirety as Level 3 of the fair value hierarchy due to application of a measurement model with significant unobservable inputs.

Loans and advances to customers: Carried at net value after impairment charges. Fair value is calculated as the discounted value of the expected future cash flows in respect of principal and interest payments. It is assumed that loans and advances will be repaid at their contractual maturity date. The estimated fair value of the loans and advances reflects changes in the credit risk from the moment of sanction (margins) and changes in interest rates. Loans and advances to customers were classified in their entirety as Level 3 of the fair value hierarchy due to application of a measurement model with significant unobservable inputs, i.e. current margins achieved on new credit transactions.
Debt investment financial assets measured at amortized cost: fair value estimated based on market quotations. Instruments classified in category I of the fair value hierarchy.

Deposits from banks and deposits from customers: Fair value of the deposits with maturity exceeding 6 months was estimated based on the cash flows discounted by the current market rates for the deposits with similar maturity dates. In the case of demand deposits without a fixed maturity date or with maturity up to 6 months, it is assumed that their fair value is not significantly different than their book value. The process of fair value estimation for these instruments is not affected by the long-term nature of the business with depositors. Deposits from banks and deposits from customers were classified in their entirety as Level 3 of the fair value hierarchy due to application of a measurement model with significant unobservable inputs.

Debt securities in issue and subordinated liabilities: The Group has made an assumption that fair value of those securities is based on discounted cash flows methods incorporating adequate interest rates. Debt securities in issue and subordinated liabilities were classified in their entirety as Level 3 of the fair value hierarchy due to application of a measurement model with significant unobservable inputs.

For Debt securities in issue and other items of liabilities, not carried at fair value in the financial statements, including: lease liabilities and other liabilities - the fair value does not differ significantly from the presented carrying amounts.

Financial assets and liabilities carried at fair value in the statement of financial position

As at 31.03.2025 and in the comparable periods the Group made the following classification of its financial instruments measured at fair value in the statement of financial position:

Level I (active market quotations): debt, equity and derivative financial instruments which at the balance sheet date were measured using the prices quoted in the active market. The Group allocates to this level fixed-rate State Treasury bonds, treasury bills, shares of listed companies and WIG 20 futures.

Level II (the measurement methods based on market-derived parameters): This level includes NBP bills and derivative instruments. Derivative instruments are measured using discounted cash flow models based on the discount curve derived from the inter-bank market.

Level III (measurement methods using material non-market parameters): This level includes equity securities that are not quoted in the active market, measured using the expert valuation model; investment certificates measured at the balance sheet date at the price announced by the mutual fund and debt securities. This level includes also part of credit cards portfolio and loans and advances subject to underwriting, i.e. portion of credit exposures that are planned to be sold before maturity for reasons other than increase in credit risk.

The objective of using a valuation technique is to determine the fair value, i.e., prices, which were obtained by the sale of an asset in an orderly transaction between market participants carried out under current market conditions between market participants at the measurement date.

Level 3: Other valuation techniques.

Financial assets and liabilities whose fair value is determined using valuation models for which input data is not based on observable market data (unobservable input data). In this category, the Group classifies financial instruments, which are valued using internal valuation models:

LEVEL 3	VALUATION METHOD	UNOBSERVABLE INPUT
LOANS AND ADVANCES TO CUSTOMERS: credit cards and underwriting loans and advances;	Discounted cash flow method	Effective margin on loans
CORPORATE DEBT SECURITIES	Discounted cash flow method	Credit spread
SHARES IN BIURO INFORMACJI KREDYTOWEJ SA	Estimation of the fair value based on the present value of the forecast results of the company	The valuation assumed a payment of 100% of the net result forecasted by the company and the discount estimated at market level.
SHARES IN KRAJOWA IZBA ROZLICZENIOWA S.A.	Estimation of the fair value based on the present value of the forecast results of the company	The valuation assumed a payment of 80% of the net result forecasted by the company and the discount estimated at market level.
SHARES IN POLSKI STANDARD PŁATNOŚCI SP. Z O.O.	Estimation of the fair value based on the present value of the forecast results of the company	The valuation based on the company's forecasted net financial results and revenues and the median P/E and EV/S multipliers based on the comparative group.
SHARES IN SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION	Estimation of the fair value based on the net assets value of the company and average FX exchange rate	The valuation was based on net assets of the company and the Bank's share in the capital (ca0.048%).
SHARES IN SYSTEM OCHRONY BANKÓW KOMERCYJNYCH S.A.	Estimation of the fair value based on the net assets value of the company	The valuations were based on the companies' net assets and the Bank's share in capital at the level of: -for SOBK ca. 12.9% -for DCHRS ca. 1.3%. -for WSEZ ca. 0.2%.
SHARES IN DOLNOŚLĄSKIE CENTRUM HURTU ROLNO-SPOŻYWCZEGO S.A.		
SHARES IN WAŁBRZYSKA SPECJALNA STREFA EKONOMICZNA „INVEST-PARK" SP Z O.O.		

Expert valuations of capital instruments are prepared whenever required, but at least once a year. Valuations are prepared by an employee of the Department of Capital Management and Capital Investments (DZKiIK), and then verified by an employee of the Financial Risk Department (DRF) and finally accepted by a specially appointed team of Directors: Department of Capital Management and Capital Investments (DZKiIK), Financial Risk Department (DRF).) and the Financial Accounting Area (ORF) (or employees designated by them). The valuation methodology for estimating the value of financial instruments from the DZKiIK portfolio using the expert method is included in the document "Investment strategy of Santander Bank Polska S.A. in capital market instruments. This document is subject to periodic reviews, updated at least once a year and approved by the Management Board and the Supervisory Board of the Bank.

Instruments are transferred between levels of the fair value hierarchy based on observability criteria verified at the ends of reporting periods. In the case of risk factors commonly considered observable on the market, the Bank considers information on directly concluded transactions on a given market to be the primary criterion of observability, and information on the number and quality of available price quotations is an auxiliary criterion.

In the period from January 1 to March 31, 2025 the following transfers of financial instruments between levels of the fair value measurement hierarchy were made:

• derivatives were transferred from Level 3 to Level 2, which on the date of conclusion, due to the original maturity date and liquidity, are classified at level 3, and for which, as their period to maturity shortens, the liquidity of observable quotations increases and are transferred to level 2;

In thousands of PLN

As at 31.03.2025 and in the comparable periods the Group classified its financial instruments to the following fair value levels:

31.03.2025	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading	1 254 515	8 007 772	8 136	9 270 423
Hedging derivatives	-	1 247 395	-	1 247 395
Loans and advances to customers measured at fair value through other comprehensive income	-	-	4 315 550	4 315 550
Loans and advances to customers measured at fair value through profit and loss	-	-	59 290	59 290
Debt securities measured at fair value through other comprehensive income	27 304 020	-	7 794 382	35 098 402
Debt securities measured at fair value through profit and loss	-	-	1 303	1 303
Equity securities measured at fair value through other comprehensive income	-	-	9 006	9 006
Equity securities measured at fair value through other comprehensive income	-	-	462 286	462 286
Assets pledged as collateral	3 560 990	-	-	3 560 990
Total	**32 119 525**	**9 255 167**	**12 649 953**	**54 024 645**
Financial liabilities				
Financial liabilities held for trading	681 156	8 666 259	193	9 347 608
Hedging derivatives	-	285 833	-	285 833
Total	**681 156**	**8 952 092**	**193**	**9 633 441**

31.12.2024*	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading	1 620 979	7 720 406	6 190	9 347 575
Hedging derivatives	-	1 401 753	-	1 401 753
Loans and advances to customers measured at fair value through other comprehensive income	-	-	4 289 996	4 289 996
Loans and advances to customers measured at fair value through profit and loss	-	-	63 289	63 289
Debt securities measured at fair value through other comprehensive income	27 198 369	-	7 649 482	34 847 851
Debt securities measured at fair value through profit and loss	-	-	1 247	1 247
Equity securities measured at fair value through other comprehensive income	-	-	8 619	8 619
Equity securities measured at fair value through other comprehensive income	-	-	462 317	462 317
Assets pledged as collateral	1 198 845	-	-	1 198 845
Total	**30 018 193**	**9 122 159**	**12 481 140**	**51 621 492**
Financial liabilities				
Financial liabilities held for trading	1 703 764	8 204 852	1 071	9 909 687
Hedging derivatives	-	607 737	-	607 737
Total	**1 703 764**	**8 812 589**	**1 071**	**10 517 424**

*restated, details in note 2.5.

In thousands of PLN

The tables below show reconciliation of changes in the balance of financial instruments whose fair value is established by means of the valuation methods using material non-market parameters.

Level III

31.03.2025	Financial assets for trading	Loans and advances to customers measured at fair value through profit and loss	Loans and advances to customers measured at fair value through other comprehensive income	Debt securities measured at fair value through profit and loss	Debt securities measured at fair value through other comprehensive income	Equity securities measured at fair value through other comprehensive income	Equity securities measured at fair value through profit and loss	Financial liabilities held for trading
As at the beginning of the period	**6 190**	**63 289**	**4 289 996**	**1 247**	**9 648 274**	**462 317**	**8 619**	**1 071**
Profit or losses								
-recognised in income statement								
---net trading income and revaluation	1 172	*664*	*-*	-	-	-	-	*(871)*
---net interest	-	-	*84 353*	-	-	-	-	-
---gains/losses from other financial securites	-	-		*136*	-	-	*937*	-
-recognised in equity (OCI)	-	-	-	-	*117 830*	*(31)*	-	-
Purchase/granting	2 069	*3 423*	*235 257*	-	-	-	-	-
Sale	(1 295)	*(186)*	*(185 281)*	-	-	-	-	-
Matured	-	*(7 900)*	*(84 422)*	-	(1 971 722)	-	-	-
Transfer	-	-	-	-	-	-	-	(7)
Other	-	-	*(24 353)*	(80)	-	-	(550)	-
As at the end of the period	**8 136**	**59 290**	**4 315 550**	**1 303**	**7 794 382**	**462 286**	**9 006**	**193**

Level III

31.12.2024*	Financial assets for trading	Loans and advances to customers measured at fair value through profit and loss	Loans and advances to customers measured at fair value through other comprehensive income	Debt securities measured at fair value through profit and loss	Debt securities measured at fair value through other comprehensive income	Equity securities measured at fair value through other comprehensive income	Equity securities measured at fair value through profit and loss	Financial liabilities held for trading
As at the beginning of the period	**9 498**	**85 093**	**2 798 234**	**2 005**	**9 555 648**	**277 121**	**5 840**	**5 944**
Profit or losses								
-recognised in income statement								
---net trading income and revaluation	*109*	*3 752*		-	-	-	-	*186*
---net interest	-	-	*292 854*	-	-	-	-	-
---gains/losses from other financial securites	-	-	-	*(810)*	-	-	*1 462*	-
-recognised in equity (OCI)	-	-	-	-	*256 038*	*186 145*	-	-
Purchase/granting	6 900	9 184	2 192 326	-	-	1 582	-	1 331
Sale	(4 626)	(930)	(203 096)	-	-	(2 531)	-	-
Matured	-	(33 810)	(778 653)	-	(2 162 204)	-	-	-
Transfer	(5 691)	-	-	-	-	-	-	(6 390)
Other	-	-	(11 669)	52	-	-	1 317	-
As at the end of the period	**6 190**	**63 289**	**4 289 996**	**1 247**	**7 649 482**	**462 317**	**8 619**	**1 071**

*restated, details in note 2.5.

28. Legal risk connected with CHF mortgage loans

As at 31 March 2025, the Group had a portfolio of 22.7k CHF-denominated and CHF-indexed loans of PLN 4.315.572k gross before adjustment to the gross carrying amount at PLN 3.958.602k reducing contractual cash flows in respect of legal risk. The Group also had PLN loans which used to be denominated in or indexed to CHF. Their total gross amount was PLN 370.423k before adjustment to the gross carrying amount at PLN 267.449k reducing contractual cash flows in respect of legal risk. 52.3k loans denominated in and indexed to CHF with legal risk were repaid and the amount of these loans disbursed is PLN 6.2 billion.

As at 31 December 2024, the Group had a portfolio of 24.4k CHF-denominated and CHF-indexed loans of PLN 4,798,163k gross before adjustment to the gross carrying amount at PLN 4,399,400k reducing contractual cash flows in respect of legal risk. The Group also had PLN loans which used to be denominated in or indexed to CHF. Their total gross amount was PLN 375,534k before adjustment to the gross carrying amount at PLN 277,371k reducing contractual cash flows in respect of legal risk. 52.4k loans denominated in and indexed to CHF with legal risk were repaid and the amount of these loans disbursed is PLN 6.2 billion.

For a long time, the ruling practice regarding loans indexed to or denominated in foreign currencies has not been unanimous.

To date, the ruling practice regarding loans indexed to or denominated in foreign currencies has not been unanimous.

The prevailing practice is the annulment of a loan agreement due to unfair clauses concerning loan indexation and application of an exchange rate from the bank's FX table. Some courts issue judgments as a result of which the loan is converted to PLN: the unfair indexation mechanism is removed and the loan is treated as a PLN loan with an interest rate based on a rate relevant for CHF. Other courts adjudicate partly in favour of banks: only the application of an exchange rate based on the bank's FX table is deemed to be unfair and is replaced by an objective indexation rate, i.e. an average NBP exchange rate or market exchange rate. Still others decide on the removal of loan indexation, as a consequence of which the loan is treated as a PLN loan with an interest rate based on WIBOR. Judgments are also passed which declare loan agreements void due to unlawful terms. Those judgments are incidental and as such, in the Group's view, have no significant impact on the assessment of legal risk of court cases regarding mortgage loans denominated in or indexed to CHF.

Lastly, there are still rulings which are entirely favourable to banks, where conversion clauses are not deemed to be unfair and the case against the bank is dismissed.

The foregoing differences in the case-law resulted from discrepancies in the ruling practice of the Supreme Court and the nature of rulings passed by the Court of Justice of the European Union (CJEU), which essentially provide guidance rather than detailed rules on how specific disputes should be adjudicated and claims settled.

Judgments passed by the Supreme Court in cases examined as part of the cassation procedure varied as to the effects of potential unfairness of indexation clauses: from the annulment of a loan agreement (prevailing practice) to its continuation in existence after the removal of unfair terms.

In 2021, the Supreme Court was expected to present its stance on CHF loans in response to the questions asked by the First President of the Supreme Court in 2021 (file no. III CZP 11/21). However, as the Supreme Court's composition was contested the process was suspended, awaiting the CJEU's response to the question concerning the procedure for the appointment of judges. On 9 January 2024, the CJEU refused to respond to that question. The case was remanded to the Supreme Court. On 25 April 2024, the Civil Chamber passed a resolution (file no. III CZP 25/22). Nine judges refused to take part in the hearing on the constitutional grounds. Six judges issued dissenting opinions, mainly in relation to the continuation of an agreement in force after excluding unfair provisions. In accordance with the stance presented by the Supreme Court in the above resolution:

- if a contractual provision of an indexed or denominated loan agreement concerning the determination of a foreign currency exchange rate is found to be an unfair clause and is not binding, based on the current case law it is not possible for this provision to be replaced by any other method of determining exchange rates under the law or prevailing practices;
- if it is not possible to determine a binding exchange rate in an indexed or denominated loan agreement, other provisions of that agreement are not binding either.

In relation to the invalidation of a loan agreement, the Supreme Court further held that:

- if a bank disbursed a loan in full or in part under a loan agreement which is not binding due to unfair clauses and a borrower made loan repayments under that agreement, the parties can make separate claims for reimbursement of undue consideration (two separate claims theory);
- if a loan agreement is not binding due to unfair clauses, then in principle, the limitation period for the bank's claims for reimbursement of amounts disbursed under that agreement starts running as of the next day after the borrower questioned the binding nature of the agreement

- if a loan agreement is not binding due to unfair clauses, there is no legal basis for either party to claim interest or other benefits in respect of the use of that party's funds during the period from performance of undue consideration until the day the party fell in arrears with reimbursement of that consideration.

In September 2024, the grounds for the above resolution and part of dissenting opinions were published. Following the adoption of the above resolution by the Supreme Court, the prevailing ruling practice is still to declare the loan agreement invalid due to unfair indexation and currency exchange clauses. However, there are also judgments which do not follow the argumentation presented by the Supreme Court and declare that the loan agreement should continue in force.

Such rulings in favour of the continued existence of an agreement were also passed by the Supreme Court following the adoption of the resolution on 25 April 2024. They include the judgment of 9 May 2024 (file no. II CSKP 2416/22) and the judgment of 30 October 2024 (file no. II CSKP 1939/22). In the first judgment, the Supreme Court held that loan agreements which could be initially repaid directly in a foreign currency could continue as foreign currency loan agreements after removing the conversion clauses and that there were no grounds for their annulment. In the second judgment, the Supreme Court held that the agreement contained provisions which allowed it to continue in existence after removing the unfair terms. It also stressed that Directive 93/13/EEC does not provide for the absolute invalidity of agreements containing unfair terms, and the general rule is to keep the agreement in force.

In the earlier resolution passed in 2021 (file no. III CZP 6/21), the Supreme Court expressed its opinion on several important matters concerning settlements between the parties in the case of annulment of a loan agreement. It stated that the parties must each reimburse to the other any payments made under the agreement in accordance with the two separate claims theory. This way, the balance theory (ex officio mutual set-off of claims) was rejected. At the same time, the Supreme Court held that there are legal instruments in place, such as set-off and the right of retention, which make it possible to concurrently account for mutual settlements in relation to unjust enrichment following the invalidation of the loan agreement. As there were conflicting opinions about whether the right of retention can be exercised with respect to claims arising from a loan agreement, questions were submitted to the Supreme Court about the legal nature of a loan agreement. Courts also referred to the CJEU for a preliminary ruling.

In the above resolution, the Supreme Court also pointed out that the limitation of the bank's claims for return of unjust enrichment may not commence until the agreement is considered permanently ineffective, i.e. until the consumer takes an informed decision as to invalidity of the agreement, after they have been duly informed about the unfairness of contractual provisions and the related effects. This was in line with the opinion issued by the CJEU in respect of the limitation period for the consumer's claims for reimbursement of instalments paid following the annulment of the agreement, stating that it would be unreasonable to assume that this period should begin to run from the date of each payment made by the consumer as the consumer might not be aware of the existence or nature of unfair terms in the agreement.

In its ruling practice, the CJEU generally gives priority to the protection of consumer's interests violated by unfair contractual terms. At the same time, it reiterates that the main objective of Directive 93/13/EEC on unfair terms in consumer contracts is to restore the balance between the parties, i.e. to restore the legal and factual situation which the consumer would have been in had they signed the agreement without the unfair term, while not undermining the deterrent effect sought by the Directive (deterring sellers or suppliers from including unfair terms in agreements). Therefore, the court should first endeavour to keep the agreement in existence without the unfair term, where possible (i.e. if the main subject of the agreement is not changed). At the same time, the CJEU held that it was permissible for the unfair term to be replaced by a supplementary provision of national law (even the one that entered into force after the conclusion of the agreement) or a rule which the parties opted for, and put forward another option for consideration: that the parties should restore the balance through negotiations within the framework set by the court, this way protecting the consumer from adverse effects of the annulment of an agreement (particularly the need to immediately reimburse the amounts due to the bank). The CJEU takes the view that an agreement should be invalidated only as a last resort and only after the court presents the borrower with consequences of this solution and the borrower agrees to it. However, in order to ensure that the agreement can continue in existence, the court should apply all available measures, including an analysis of the possibility of removing only some of the clauses considered unfair without changing the substance of the contractual obligation. Nevertheless, the prevailing practice of Polish courts is to invalidate the agreement as a result of elimination of unfair clauses.

The CJEU pointed out on several occasions (e.g. in cases: C-6/22, C-349/18 to C-351/18) that settlements between the parties following the annulment of an agreement are governed by national law (provided that the objectives of Directive 93/13/EEC are met). Consequently, the national courts have the exclusive jurisdiction over claims for restitution. That said, losses arising from the annulled agreement should not be equally distributed, i.e. the consumer should not incur a half or more than a half of the related costs.

On 15 June 2023, the CJEU passed judgment in case C-520/21 regarding claims of the parties for settlement of amounts arising from the non-contractual use of the capital in the case of annulment of an agreement pursuant to Directive 93/13/EEC. In the grounds of the judgment the CJEU stated that "in the context of the annulment in its entirety of a mortgage loan agreement on the ground that it cannot continue in existence after the removal of the unfair terms, Article 6(1) and Article 7(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as:

– not precluding a judicial interpretation of national law according to which the consumer has the right to seek compensation from the credit institution going beyond reimbursement of the monthly instalments paid and the expenses paid in respect of the performance of that agreement together with the payment of default interest at the statutory rate from the date on which notice is served, provided that the objectives of Directive 93/13/EEC and the principle of proportionality are observed; and

– precluding a judicial interpretation of national law according to which the credit institution is entitled to seek compensation from the consumer going beyond reimbursement of the capital paid in respect of the performance of that agreement together with the payment of default interest at the statutory rate from the date on which notice is served."

In its judgment, the CJEU confirmed that the effects of the annulment of an agreement are governed by the national law subject to the provisions of Directive 93/13 EEC. Consequently, claims for restitution will be assessed by the national court after examining the facts of the case. The grounds of judgment indicate that the bank's claims going beyond the reimbursement of the loan principal are contrary to the objectives of Directive 93/13/EEC, if they would cause the bank to make a similar profit to the one intended to be earned in the performance of the agreement. The deterrent effect would thus be eliminated.

However, several courts issued decisions (which are not yet final) stating that banks' claims for reimbursement of the capital adjusted for changes in the time value of money are admissible and warranted.

At the same time, the CJEU held that the EU law does not preclude the consumer from seeking compensation from the bank beyond reimbursement of the instalments paid. But in its grounds of judgment it asserted that such claims should be assessed in the light of all the facts of the case to ensure that potential benefits derived by the consumer after annulment of the agreement do not go beyond what is necessary to restore the legal and factual situation they would have been in if they had not concluded a defective agreement and that the benefits are not a disproportionate penalty on a seller or supplier (proportionality principle). Furthermore, as any such claims will be assessed in accordance with national laws on unjust enrichment, the decision to uphold them would be questionable as there is no actual enrichment on the part of the bank as a result of the use of funds paid by the borrower (the borrower only reimburses the money provided by the bank under an agreement declared invalid).

On 11 December 2023, the CJEU issued an order in case C-756/22 concerning the bank's restitution claims, stating that the issue in question had already been resolved in the judgment of 15 June 2023 and a separate judgment in this regard was not necessary.

In its order of 12 January 2024 in case C-488/23, the CJEU maintained its stance presented in the judgment of 15 June 2023 in case C-520/21 and issued interpretation, indicating that the bank cannot seek compensation from the consumer in the form of court-ordered adjustment to the capital paid to the consumer, but only the capital and statutory late payment interest from the date of the demand for payment.

On 7 December 2023, the CJEU passed a judgment in another case brought by the Polish court (C-140/22), in which it stated that the assessment of unfairness of contractual clauses is made by operation of law and the national court should examine disputable provisions ex officio. The CJEU also stressed that the consumer should be able to exercise their rights irrespective of whether they have made a statement before the court that they are aware of the consequences of the invalidity of the agreement and gives their consent to its annulment.

In its judgment of 14 December 2023 in case C-28/22, the TSUE ruled on the limitation period for claims of banks and consumers but did not specifically indicate the start date of that period. It merely concluded that it cannot begin to run as from the date of the final and non-appealable judgment and that the start date for bank's claims cannot be earlier than that for consumer's claims. The CJEU also noted that banks may use their right of retention but it should not automatically mean the suspension of the accrual of late payment interest due to consumers.

In its order of 8 May 2024 in case C-424/22, the CJEU upheld its stance on the retention right, expressing a negative opinion on the very exercise of that right by a bank in relation to a consumer. In its resolution of 19 June 2024 (file no. III CZP 31/23), the Supreme Court also questioned the possibility to exercise a retention right by the bank or the borrower, indicating that whenever claims can be set off, the parties have no right of retention.

In the last quarter of 2024 the Regional Court in Warsaw submitted further preliminary questions to the CJEU relating to the issue of the parties' settlements in connection with the invalidation of the contract, mainly in the context of the banks' restitution claims. These questions relate to a number of specific issues related to the institution of the statute of limitations for claims, as well as the rules of claiming and charging the parties with the costs of litigation.

The CJEU's rulings do not address all issues concerning the settlement of an invalidated agreement, but at the same time they refer to the issues subject to national law which have already been adjudicated by the Supreme Court. Accordingly, the final assessment of legal risk related to claims of the parties for consideration arising from the non-contractual use of the capital in the case of annulment of the agreement will still largely depend on the ruling practice of national courts with regard to the enforcement of CJEU and Supreme Court's judgments.

As the ruling practice has not been completely unanimous, at the date of these financial statements the Group estimated the legal risk associated with the portfolio of loans indexed to and denominated in a foreign currency using a model which considers different observed court judgments (in the form of adjustment to the gross carrying amount for active exposures or provisions for inactive exposures), including those which were the subject of the resolution of the entire Civil Chamber of the Supreme Court. The model can also be affected by subsequent CJEU rulings on questions referred by the Polish courts, the stance of the Supreme Court and the ruling practice of national courts. The Group is monitoring court decisions taken with regard to foreign currency loans in terms of the ruling practice and its possible changes. The model might also be affected by a potential intervention of legislators aimed to restore the balance between the parties following the removal of the unfair clause to protect legal relationships from mass annulment of mortgage loan agreements or by introduction of sector-wide solutions for mass and amicable resolution of disputes with borrowers (the possibility of introducing such solutions is being consulted by the Minister of Justice with representatives of the banking sector, borrowers' organisations, the Polish Financial Supervision Authority (KNF) and the Office of Competition and Consumer Protection (UOKiK)).

In view of the above, the Group identified the risk that in the case of lawsuits which have already been filed or are predicted to be filed based on applicable models the scheduled cash flows from the portfolio of mortgage loans denominated in and indexed to foreign currencies might not be fully recoverable and/or that a liability might arise, resulting in a future cash outflow. The Group recognises the impact of legal risk associated with foreign currency mortgage loans in line with the requirements arising from:

- IFRS 9 Financial Instruments – in the case of active loans and
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – in the case of loans repaid in full or if the gross carrying amount of an active loan is lower than the value of risk.

The adjustment to the gross carrying amount (in accordance with IFRS 9) and provisions (in accordance with IAS 37) were estimated taking into account a number of assumptions which significantly influence the estimate reflected in the Group's financial statements.

As at 31 March 2025, there were 21 519 pending lawsuits against the Group over loans indexed to or denominated in a foreign currency, with the disputed amount totalling PLN 7,817,465k . Loans repaid as at the lawsuit date accounted for 16% of all lawsuits. The total number of cases included one class action filed under the Class Action Act against Santander Bank Polska S.A. in respect of 240CHF-indexed loans, with the disputed amount of PLN 50,983k.

As at 31 December 2024, there were 21 537 pending lawsuits against the Group over loans indexed to or denominated in a foreign currency, with the disputed amount totalling PLN 7,730,883k. Loans repaid as at the lawsuit date accounted for 16% of all lawsuits. The total number of cases included one class action filed under the Class Action Act against Santander Bank Polska S.A. in respect of 263 CHF-indexed loans, with the disputed amount of PLN 50,983k.

As at 31 March 2025, the total cumulative impact of legal risk associated with foreign currency mortgage loans recognised in the Group's balance sheet was PLN 6 023 997k, including:

- IFRS 9 adjustment to the gross carrying amount at PLN 4 226 051k (including PLN 3 379 794 k in the case of Santander Bank Polska S.A. and PLN 846 257k in the case of Santander Consumer Bank S.A.)
- IAS 37 provision at PLN 1 797 946k (including PLN 1 358 599k in the case of Santander Bank Polska S.A. and PLN 439 347k in the case of Santander Consumer Bank S.A.) .

As at 31 December 2024, the total cumulative impact of legal risk associated with foreign currency mortgage loans recognised in the Group's balance sheet was PLN 6 592 013 k, including:

- IFRS 9 adjustment to the gross carrying amount at PLN 4 676 771 k (including PLN 3 722 362 k in the case of Santander Bank Polska S.A. and PLN 954 409 k in the case of Santander Consumer Bank S.A.);
- IAS 37 provision at PLN 1 915 242k (including PLN 1 461 997 k in the case of Santander Bank Polska S.A. and PLN 453 245 k in the case of Santander Consumer Bank S.A.) .

The tables below present the total cost of legal risk connected with mortgage loans recognised in the Group's income statement and statement of financial position, including the cost of settlements discussed in detail in the section below.

In thousands of PLN

Cost of legal risk connected with foreign currency mortgage loans	1.01.2024–31.03.2025	1.01.2024–31.03.2024
Impact of legal risk associated with foreign currency mortgage loans recognised as adjustment to gross carrying amount	38 171	(88 669)
Impact of legal risk associated with foreign currency mortgage loans recognised as provision	(6 330)	(81 787)
Other costs*	(152 365)	(125 617)
Total cost of legal risk associated with foreign currency mortgage loans	**(120 524)**	**(296 073)**
Gain/loss on derecognition of financial instruments measured at amortised cost	3 631	(7 967)
including: settlements made	2 018	(9 068)
Total cost of legal risk associated with foreign currency mortgage loans and settlements made	**(118 506)**	**(305 141)**

* Other costs include but are not limited to the costs of court proceedings and costs of enforcement of court judgments.

	31.03.2025	31.12.2024
Adjustment to gross carrying amount in respect of legal risk associated with foreign currency mortgage loans	4 226 051	4 676 771
Provision for legal risk associated with foreign currency mortgage loans	1 797 946	1 915 242
Total cumulative impact of legal risk associated with foreign currency mortgage loans	**6 023 997**	**6 592 013**

As at 31 March 2025, the total adjustment to the gross carrying amount and provisions for legal risk and legal provisions (for legal claims and a collective portion) accounted for 128.6% of the gross value of the active CHF loan portfolio (before adjustment to the gross carrying amount in line with IFRS 9).

As at 31 December 2024, the total adjustment to the gross carrying amount and provisions for legal risk and legal provisions (for legal claims and a collective portion) accounted for 127.4% of the gross value of the active CHF loan portfolio (before adjustment to the gross carrying amount in line with IFRS 9).

The model for assessing legal risk of foreign currency loans which is used to estimate provisions for legal risk derives from statistical data and expert judgments based on observation of developments and trends that may have significant impact on the ruling practice and on the number of legal disputes and their resolution. Accordingly, the scenarios of different court judgments used in the model reflect all developments whose number and significance for risk assessment is relevant from the perspective of the portfolio. At the same time, in order to prevent the model from being overly susceptible to fluctuations caused by data variability in short periods of time, the likelihoods of those scenarios are taken into account when making any potential changes to the underlying parameters.

The change in the value of the provisions between January and March 2025 resulted from the update of the expected number of settlements and new lawsuits.The Group used a statistical model to estimate the likelihood of claims being made by borrowers in relation to both active and repaid loans based on the existing lawsuits against the Group and the estimated growth in their number. The model assesses the so-called lifetime risk and is based on a range of behavioural characteristics related to the loan and the customer. The Group assumes that lawsuits have been or will be filed against the Group in relation to approx. 35% of loans (active and repaid, 34% in December 2024). These assumptions are highly sensitive to a number of external factors, including but not limited to the ruling practice of Polish courts, the level of publicity around individual rulings, measures taken by the mediating law firms and the cost of proceedings. Customers' interest in proposed settlements is another important aspect affecting the estimates, as is the practice of Polish courts with regard to the enforcement of CJEU rulings.

The Group expects that most of the lawsuits will be filed by the end of 2025, and then the number of new claims will decline as the legal environment will become more structured.

In the Group's opinion, the expected number of cases estimated based on the statistical model is also characterised by uncertainty owing to such factors as: the duration of court proceedings (also estimated based on a relatively short time horizon of available statistics, which does not meet the conditions for application of quantitative methods) and the growing costs related to the instigation and continuation of court proceedings.

For the purpose of calculating the costs of legal risk, the Group also estimated how likely it is that a specific number of lawsuits will be filed and what the possible end scenarios are in this respect. The likelihoods differ between indexed and denominated loans. The likelihood of unfavourable ruling for the Group is higher for the former and lower for the latter. The Group also considered the protracted proceedings in some courts. As at 31 March2025, 5,951 final and non-appealable judgments were issued in cases against the Group (including those passed after the CJEU ruling of 3 October 2019), of which 5,749 were unfavourable to the Group, and 202were entirely or partially favourable to the Group (compared to 4,841 judgments as at 31 December 2024, including 4,649 unfavourable ones and

192entirely or partially favourable). When assessing the likelihoods, the Group used the support of law firms and conducted thorough analysis of the ruling practice in cases concerning indexed and denominated loans.

As to date the ruling practice has not been completely unanimous, the Group considered the following scenarios of possible court rulings that might lead to financial losses:

Annulment of the entire loan agreement due to unfair clauses, with only the nominal of the capital to be reimbursed by the borrower (prevailing scenario);

Annulment of the loan agreement clauses identified as unfair, resulting in the conversion of the loan into PLN and maintenance of an interest rate based on a rate relevant for CHF;

Conversion of the loan to PLN with an interest rate based on WIBOR;

These scenarios also vary in terms of likelihood depending on the type of agreement and in terms of the level of losses incurred in the case of their materialisation. They were estimated with the support of external law firms independent from the Group. Each of these scenarios has an estimated expected loss level based on the available historical data.

Settlements

The Group actively encourages customers to make settlements. As part of the settlement, the loan is converted to PLN and/or a method is determined to settle the liabilities arising from the loan agreement. The settlement terms are individually negotiated with customers. Settlement proposals are made both to customers who have taken legal action and to customers who have not yet decided to file a lawsuit. This is reflected in the model which is currently used to calculate legal risk provisions, both in terms of the impact of proposed settlements on customers' willingness to bring the case to court and with respect to the potential outcomes of court proceedings.

By 31 March 2025, the Group made 13,573 settlements (both pre-court and following the legal dispute), of which 531 ones were reached in Q1 2025.

In mid-2022, the Group developed a settlement scenario which reflects the level of losses for future settlements. The scenario is based on acceptance levels and losses on loans as part of settlement proposals described above. The acceptance level of future settlements is affected by factors such as the interest rate of PLN loans, the CHF/PLN conversion rate, the development of the ruling practice and the duration of proceedings.

29. Contingent liabilities

Information about pending court and administrative proceedings

As at 31.03.2025 the value of all litigation amounts to PLN 11,886,937k. This amount includes PLN 3,413,206k claimed by the Group, PLN 8,339,319k in claims against the Group and PLN 134,412k of the Group's receivables due to bankruptcy or arrangement cases.

As at 31.03.2025 the amount of all court proceedings which had been completed amounted to PLN 848,407k.

As at 31.03.2025 the provisions for instigated lawsuits recognised in accordance with IAS 37 totalled PLN 1,663,317 k and the adjustment to gross carrying amount under IFRS 9 related to instigated lawsuits totalled PLN 3,712,058k. In 3,853 cases against Santander Bank Polska SA, where the claim value was high (equal or above PLN 500 k), the total value of provisions for legal claims recognised in accordance with IAS 37 and the adjustment to gross carrying amount under IFRS 9 related to legal claims was PLN 1,106,945k.

As at 31.12. 2024 the value of all litigation amounts to PLN 11,800,966k. This amount includes PLN 3,283,971 k claimed by the Group, PLN 8,406,881 k in claims against the Group and PLN 110,114 k of the Group's receivables due to bankruptcy or arrangement cases.

As at 31.12.2024 the amount of all court proceedings which had been completed amounted to PLN 848,485 k.

As at 31.12.2024 the provisions for instigated lawsuits recognised in accordance with IAS 37 totalled PLN 1,631,423k and the adjustment to gross carrying amount under IFRS 9 related to instigated lawsuits totalled PLN 3,913,821k. In 3,804 cases against Santander Bank Polska SA, where the claim value was high (equal or above PLN 500 k), the total value of provisions for legal claims recognised in accordance with IAS 37 and the adjustment to gross carrying amount under IFRS 9 related to legal claims was PLN 1,871,052 k.

Administrative penalty proceedings by the Polish Financial Supervision Authority

On 22 November 2023, the Polish Financial Supervision Authority (KNF) started administrative proceedings against Santander Bank Polska S.A. that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.

In thousands of PLN

Court cases over a free credit sanction

As at 31 March 2025, there were 2,921 pending lawsuits against the Group over a free credit sanction, with the disputed amount totalling PLN 65,272k. The lawsuits are brought by customers or entities that have purchased customers' debt and concern the compliance of consumer cash loan agreements with the Consumer Credit Act.

There are also several proceedings pending before the CJEU following from the requests for preliminary ruling from the Polish courts. They refer to such issues as the permissibility of interest calculation on the loan portion financing non-interest costs, lender's information obligations, appropriateness of application of a free credit sanction for potential infringement of information obligations in the light of the EU proportionality rule, and permissibility of disposal of consumer debt to a professional entity.

On 13 February 2025, the CJEU issued a judgment in case C-472/23, addressing some of the issues mentioned above: contractual information on annual percentage rate of charge (APRC), banks' information obligations in the case of amendment of charges connected with the performance of an agreement and proportionality of the sanction depriving the lender of its right to interest and charges in the case of infringement of an information obligation. While not ruling on the permissibility of interest calculation on the loan portion financing non-interest costs, the CJEU held that an APRC is calculated at the time the agreement is concluded, based on the assumption that the agreement in the wording applicable at that time will remain valid for the period agreed. It means that the bank does not violate its information obligations regarding the APRC even if contractual terms affecting the APRC are subsequently found to be unfair.

Accordingly, the CJEU concluded that such practice does not constitute in itself an infringement of the information obligation set out in Article 10(2)(g) of Directive 2008/48.

In its judgment, the CJEU also outlined the rules for proper performance of information obligations by banks in the case of amendment of charges connected with the performance of an agreement and stated that the proportionality rule should be applied in relation to the sanction rendering the loan free of interest and charges and that sanctions should be effective and dissuasive.

The Group closely monitors the ruling practice in terms of the free credit sanction. At present, the vast majority of rulings are favourable to the Group.

Off-balance sheet liabilities

The value of contingent liabilities and off-balance sheet transactions are presented below. The value of liabilities granted and provision for off-balance sheet liabilities are presented also presented by categories. The values of guarantees and letters of credit as set out in the table below represent the maximum possible loss that would be disclosed as at the balance sheet day if the customers did not meet any of their obligations towards third parties.

	31.03.2025			
Contingent liabilities	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Liabilities granted	**60 223 917**	**2 154 964**	**62 490**	**62 441 371**
- financial	**44 003 598**	**1 765 762**	**65 460**	**45 834 820**
- credit lines	39 918 116	1 426 242	56 467	41 400 825
- credit cards debits	3 540 152	318 421	8 447	3 867 020
- import letters of credit	545 330	21 099	546	566 975
- guarantees	**16 254 963**	**404 162**	**33 941**	**16 693 066**
Provision for off-balance sheet liabilities	**(34 644)**	**(14 960)**	**(36 911)**	**(86 515)**
Liabilities received				**57 398 527**
- financial				**332 272**
- guarantees				**57 066 255**
Total	**60 223 917**	**2 154 964**	**62 490**	**119 839 898**

In thousands of PLN

	31.12.2024			
Contingent liabilities	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Liabilities granted	**61 526 905**	**2 115 244**	**271 018**	**63 913 167**
- financial	**43 948 161**	**1 783 150**	**274 134**	**46 005 445**
- credit lines	39 804 477	1 479 086	249 662	41 533 225
- credit cards debits	3 458 827	301 655	8 207	3 768 689
- import letters of credit	670 970	2 409	16 265	689 644
- term deposits with future commencement term	13 887	-	-	13 887
- guarantees	**17 613 728**	**350 871**	**37 042**	**18 001 641**
Provision for financial liabilities and guarantees granted	**(34 984)**	**(18 777)**	**(40 158)**	**(93 919)**
Liabilities received				**58 381 401**
- financial				**189 847**
- guarantees				**58 191 554**
Total	**61 526 905**	**2 115 244**	**271 018**	**122 294 568**

30. Shareholders with min. 5% voting power

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	30.04.2025	25.02.2025	30.04.2025	25.02.2025	30.04.2025	25.02.2025	30.04.2025	25.02.2025
Banco Santander S.A.	63 560 774	63 560 774	62,20%	62,20%	63 560 774	63 560 774	62,20%	62,20%
Nationale-Nederlanden OFE *	5 123 581	5 123 581	5,01%	5,01%	5 123 581	5 123 581	5,01%	5,01%
Others	33 504 959	33 504 959	32,79%	32,79%	33 504 959	33 504 959	32,79%	32,79%
Total	**102 189 314**	**102 189 314**	**100%**	**100%**	**102 189 314**	**102 189 314**	**100%**	**100%**

* Nationale-Nederlanden OFE is managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne SA

According to the information held by the Bank's Management Board, the shareholders with a min. 5% of the total numer of votes at the Santander Bank Polska General Meeting as at the publication date of the condensed interim consolidated report for 1Q 2025 /30.04.2025/ are Banco Santander SA and Funds managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne SA.

31. Capital Adequacy

The capital requirements of Santander Bank Polska Capital Group are set in accordance with part III of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26.06.2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ("CRR"), as amended, inter alia, by CRR III, which was the official legal basis as at 31.03.2025.

The capital ratios of Santander Bank Polska Group calculated in accordance with the CRR requirements and an individual capital decision of the supervisory body are above the minimum requirements.

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

In thousands of PLN

		a	b	c	d	e
		31.03.2025	31.12.2024*	30.09.2024*	30.06.2024*	31.03.2024*
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	24 954 112	24 792 191	24 861 776	24 653 318	24 441 853
2	Tier 1 capital	24 954 112	24 792 191	24 861 776	24 653 318	24 441 853
3	Total capital	26 171 140	26 120 573	26 374 254	26 299 192	26 238 213
Risk-weighted exposure amounts						
4	Total risk exposure amount	144 593 326	147 721 396	151 357 992	147 447 770	146 631 200
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	17,26%	16,78%	16,43%	16,72%	16,67%
6	Tier 1 ratio (%)	17,26%	16,78%	16,43%	16,72%	16,67%
7	Total capital ratio (%)	18,10%	17,68%	17,43%	17,84%	17,89%
7b	Total capital ratio considering unfloored TREA (%)					
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,00%	0,01%	0,01%	0,01%	0,01%
EU 7e	of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 7g	Total SREP own funds requirements (%)	8,00%	8,01%	8,01%	8,01%	8,01%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%	2,50%
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0,02%	0,02%	0,02%	0,01%	0,01%
EU-9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU-10a	Other Systemically Important Institution buffer (%)	1,00%	1,00%	1,00%	1,00%	1,00%
11	Combined buffer requirement (%)	3,52%	3,52%	3,52%	3,51%	3,51%
EU-11a	Overall capital requirements (%)	11,52%	11,53%	11,53%	11,52%	11,52%
12	CET1 available after meeting the total SREP own funds requirements (%)	10,10%	9,67%	9,42%	9,83%	9,88%
Leverage ratio						
13	Total exposure measure	331 861 426	319 719 581	308 110 946	300 226 806	294 087 026
14	Leverage ratio (%)	7,52%	7,75%	8,07%	8,21%	8,31%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU-14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU-14c	Total SREP leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%	3,00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU-14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU-14e	Overall leverage ratio requirement (%)	3,00%	3,00%	3,00%	3,00%	3,00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	83 932 106	80 153 395	78 738 271	78 759 401	76 787 292
EU-16a	Cash outflows - Total weighted value	55 601 152	53 178 983	52 589 006	53 158 751	52 806 299
EU-16b	Cash inflows - Total weighted value	15 034 456	14 770 379	14 393 214	15 020 467	15 276 320
16	Total net cash outflows (adjusted value)	40 566 696	38 408 604	38 195 791	38 138 285	37 529 979
17	Liquidity coverage ratio (%)	207%	209%	206%	207%	205%
Net Stable Funding Ratio						
18	Total available stable funding	223 882 683	220 444 427	212 099 324	208 195 299	204 665 027
19	Total required stable funding	141 154 454	142 507 759	139 844 267	136 163 566	132 421 978
20	NSFR ratio (%)	159%	155%	152%	153%	155%

*Historical data, covering the period up to and including the end of Q4 2024, have been calculated based on Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as well as Regulation (EU) No 648/2012 (CRR II). From Q1 2025 onwards, data are presented in accordance with the requirements of CRR III. Data for March 2024 include profits included in own funds taking into account the applicable EBA guidelines.

In thousands of PLN

The following table summarizes key metrics about MREL I TLAC requirements applied at the Santander Bank Polska Group level.

		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)				
		a	b	c	d	e	f
		31.03.2025	31.03.2025	31.12.2024	30.09.2024	30.06.2024	31.03.2024**
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	33 954 056	33 954 056	33 815 513	34 813 235	33 174 728	32 972 904
EU-1a	Of which own funds and subordinated liabilities	30 854 056					
2	Total risk exposure amount of the resolution group (TREA)	144 593 326	144 593 326	147 721 396	151 357 992	147 447 770	146 631 200
3	Own funds and eligible liabilities as a percentage of TREA (row1/row2)	23,48%	23,48%	22,89%	23,00%	22,50%	22,49%
EU-3a	Of which own funds and subordinated liabilities	21,34%					
4	Total exposure measure of the resolution group	331 861 426	331 861 426	319 719 581	308 110 946	300 226 806	294 087 026
5	Own funds and eligible liabilities as percentage of the total exposure measure	10,23%	10,23%	10,58%	11,30%	11,05%	11,21%
EU-5a	Of which own funds or subordinated liabilities	9,30%					
6a	Does the subordination exemption in Article 72b(4) of the CRR apply? (5% exemption)		No	No	No	No	No
6b	Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities in-struments If the subordination discretion as per Article 72b(3) CRR is applied (max 3.5% exemption)		3 100 000	3 100 000	3 955 820	3 962 600	3 960 180
6c	Pro-memo item: If a capped subordination exemption applies under Article 72b (3) CRR, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognised under row 1 if no cap was applied (%)		100,00%	100%	100%	100%	100%
Minimum requirement for own funds and eligible liabilities (MREL)*							
	TLAC as a percentage of TREA		18,00%	18,00%	18,00%	18,00%	18,00%
	TLAC as percentage of TEM		6,75%	6,75%	6,75%	6,75%	6,75%
EU-7	MREL requirement expressed as percentage of the total risk exposure amount	15,38%					
EU-8	Of which to be met with own funds or subordinated liabilities	15,02%					
EU-9	MREL requirement expressed as percentage of the total exposure measure	5,91%					
EU-10	Of which to be met with own funds or subordinated liabilities	5,91%					

* Without taking into account the requirement for a combined buffer.

** Data in the relevant periods include profits included in own funds in accordance with the applicable EBA guidelines.

In thousands of PLN

The table below presents a specification of capital requirements and risk weighted assets for different risks.

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31.03.2025	31.12.2024**	31.03.2025
1	**Credit risk (excluding CCR)**	**112 173 416**	**115 812 532**	**8 973 873**
2	Of which the standardised approach	112 173 416	115 812 532	8 973 873
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	**Counterparty credit risk - CCR**	**4 363 490**	**4 052 390**	**349 079**
7	Of which the standardised approach	3 589 502	3 117 040	287 160
8	Of which internal model method (IMM)	-	-	-
EU-8a	Of which exposures to a CCP	630 897	67 940	50 472
9	Of which other CCR	143 091	867 410	11 447
10	Credit valuation adjustments risk - CVA risk	1 632 696	965 801	130 616
EU 10a	Of which the standardised approach (SA)	-	-	-
EU 10b	Of which the basic approach (F-BA and R-BA)	1 632 696	-	130 616
EU 10c	Of which the simplified approach	-	-	-
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**1 380 040**	**1 382 261**	**110 403**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	1 380 040	1 382 261	110 403
EU-19a	Of which 1250% / deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**3 159 879**	**3 190 255**	**252 790**
21	Of which the Alternative standardised approach (A-SA)	-	-	-
EU 21a	Of which the Simplified standardised approach (S-SA)	3 159 879	3 190 255	252 790
22	Of which the Alternative Internal Models Approach (A-IMA)	-	-	-
EU-22a	**Large exposures**	**-**	**-**	**-**
23	**Reclassifications between trading and non-trading books**	**-**	**-**	**-**
24	**Operational risk**	**21 883 805**	**22 318 158**	**1 750 704**
EU 24a	**Exposures to crypto-assets**	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	6 469 192	6 883 808	517 535
29	**Total**	**144 593 326**	**147 721 396**	**11 567 466**

* In row EU 19a institution disclose the own funds requirement for securitisation exposures in the banking book using a deduction from own funds in accordance with Chapter 5 of Title II of Part Three CRR. This own funds requirement is deducted from own funds and does not generate RWEAs with risk-weigh at 1 250 %. **Historical data, covering the period up to and including the end of Q4 2024, have been calculated based on Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as well as Regulation (EU) No 648/2012 (CRR II). From Q1 2025 onwards, data are presented in accordance with the requirements of CRR III.

The Bank is not presenting EU CMS1, EU CMS2 and EU CVA4 tables as it only uses the Standardised Approach to calculate capital requirements and the Reduced Basis Approach R-BA to calculate credit valuation adjustments (CVA risk).

In thousands of PLN

32. Measures of liquidity risk

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

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

		a	b	c	d
		Total unweighted value (average)			
EU 1a	Quarter ending on	31.03.2025	31.12.2024	30.09.2024	30.06.2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
	CASH - OUTFLOWS				
2	**Retail deposits and deposits from small business customers, of which:**	**155 430 349**	**152 505 963**	**149 605 212**	**145 990 786**
3	*Stable deposits*	*98 045 146*	*94 065 426*	*91 498 317*	*89 149 289*
4	*Less stable deposits*	*56 821 151*	*57 577 062*	*56 380 319*	*53 813 166*
5	**Unsecured wholesale funding**	**64 776 730**	**61 876 554**	**59 778 298**	**60 592 360**
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*10 998 927*	*10 287 885*	*8 330 126*	*5 885 926*
7	*Non-operational deposits (all counterparties)*	*53 161 718*	*51 220 487*	*50 979 370*	*54 311 333*
8	*Unsecured debt*	*616 085*	*368 182*	*468 802*	*395 101*
9	**Secured wholesale funding**				
10	**Additional requirements**	**36 368 178**	**36 276 486**	**36 204 920**	**35 930 113**
11	*Outflows related to derivative exposures and other collateral requirements*	*8 001 625*	*7 451 608*	*7 363 957*	*7 406 581*
12	*Outflows related to loss of funding on debt products*	-	-	-	-
13	*Credit and liquidity facilities*	*28 366 554*	*28 824 878*	*28 840 963*	*28 523 533*
14	**Other contractual funding obligations**	**2 234 862**	**1 974 412**	**2 625 518**	**2 754 847**
15	**Other contingent funding obligations**	**28 376 009**	**26 868 765**	**25 438 839**	**24 864 889**
16	TOTAL CASH OUTFLOWS				
	CASH - INFLOWS				
17	**Secured lending (e.g. reverse repos)**	**5 970 178**	**6 598 968**	**6 791 497**	**7 834 018**
18	**Inflows from fully performing exposures**	**9 290 209**	**9 720 471**	**9 728 339**	**10 528 004**
19	**Other cash inflows**	**6 975 605**	**6 245 311**	**5 869 190**	**5 661 847**
EU-19a	**(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)**				
EU-19b	**(Excess inflows from a related specialised credit institution)**				
20	TOTAL CASH INFLOWS	22 235 992	22 564 750	22 389 025	24 023 869
EU-20a	***Fully exempt inflows***	-	-	-	-
EU-20b	***Inflows subject to 90% cap***	-	-	-	-
EU-20c	***Inflows subject to 75% cap***	*22 235 992*	*22 564 750*	*22 389 025*	*24 023 869*

In thousands of PLN

		e	f	g	h
		Total weighted value (average)			
EU 1a	Quarter ending on	31.03.2025	31.12.2024	30.09.2024	30.06.2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS				
1	Total high-quality liquid assets (HQLA)	83 932 106	80 153 395	78 738 271	78 759 401
	CASH - OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:	12 933 936	13 101 710	12 786 107	12 258 552
3	*Stable deposits*	*4 902 257*	*4 703 271*	*4 574 916*	*4 457 464*
4	*Less stable deposits*	*8 031 679*	*8 398 438*	*8 211 191*	*7 801 088*
5	Unsecured wholesale funding	28 297 459	26 695 494	26 013 600	26 963 421
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*2 534 929*	*2 415 331*	*1 967 037*	*1 391 745*
7	*Non-operational deposits (all counterparties)*	*25 146 445*	*23 911 981*	*23 577 760*	*25 176 575*
8	*Unsecured debt*	*616 085*	*368 182*	*468 802*	*395 101*
9	Secured wholesale funding	-	-	-	-
10	Additional requirements	11 032 149	10 404 199	10 262 879	10 328 354
11	*Outflows related to derivative exposures and other collateral requirements*	*8 001 625*	*7 451 608*	*7 363 957*	*7 406 581*
12	*Outflows related to loss of funding on debt products*	-	-	-	-
13	*Credit and liquidity facilities*	*3 030 524*	*2 952 591*	*2 898 922*	*2 921 773*
14	Other contractual funding obligations	1 918 808	1 634 142	2 288 156	2 424 296
15	Other contingent funding obligations	1 418 800	1 343 438	1 238 264	1 184 128
16	TOTAL CASH OUTFLOWS	55 601 152	53 178 983	52 589 006	53 158 751
	CASH - INFLOWS				
17	Secured lending (e.g. reverse repos)	-	-	-	-
18	Inflows from fully performing exposures	8 058 851	8 525 068	8 524 024	9 358 620
19	Other cash inflows	6 975 605	6 245 311	5 869 190	5 661 847
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-
20	TOTAL CASH INFLOWS	15 034 456	14 770 379	14 393 214	15 020 467
EU-20a	***Fully exempt inflows***	-	-	-	-
EU-20b	***Inflows subject to 90% cap***	-	-	-	-
EU-20c	***Inflows subject to 75% cap***	*15 034 456*	*14 770 379*	*14 393 214*	*15 020 467*
	TOTAL ADJUSTED VALUE				
EU-21	LIQUIDITY BUFFER	83 932 106	80 153 395	78 738 271	78 759 401
22	TOTAL NET CASH OUTFLOWS	40 566 696	38 408 604	38 195 791	38 138 285
23	LIQUIDITY COVERAGE RATIO	207%	209%	206%	207%

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

- on the outflow side, retail deposits, and then non-operating non-retail deposits, additional outflows due to the impact of a negative market scenario on the valuation of derivatives and outflows due to irrevocable off-balance sheet liabilities, including those related to trade financing;
- on the inflows side, these are mainly the expected inflows from receivables from financial institutions (interbank and central bank deposits);
- on the side of liquid assets, the main part are liquid Treasury bonds or bonds fully guaranteed by the Treasury (including securities issued by the Polish Development Fund and Bank Gospodarstwa Krajowego as part of anti-crisis shields during the COVID-19 pandemic), government bonds of Germany, the Great Britain, the United States, Spain and bonds issued by the

European Investment Bank, NBP bills (NBP), and then cash and the surplus on NBP accounts over the amount of the required reserve.

The main factors remain substantially the same over time.

Disclosed LCR in March 2025 remains on high and safe level, much above both the regulatory and internal Group's limits. The indicator that remains at a high level is primarily the result of high level of deposit base (especially in 'stable retail deposits' category) and realized issues, allocated mainly in high quality liquid assets and specification of operational deposits within non-retail customer deposits.

In line with the Liquidity Risk Policy, the Group prudently manages an appropriately diversified deposit base. Financing is mostly based on the current accounts and term deposits of individual clients and enterprises, mainly non-financial. The Group also focuses on diversifying sources of long-term financing, being present on wholesale markets by issuing debt and taking long-term loans on the financial market. A significant, but much smaller than the aforementioned, part of financing are own issues in the form of both subordinated and ordinary debt. It should be noted that in the first quarter of 2025 r. Santander Factoring Sp. z o.o. issued PLN 516 million and Santander Leasing S.A. issued PLN 100 million of new bonds. In the current strategy, the Group attempts to minimize the share of secured financing.

General description of the institution's liquidity buffer structure

High quality liquid assets (HQLAs) consists of: extremely liquid securities (mainly Treasury Bonds or bonds fully guaranteed by Polish Central Government, government bonds of Germany, the United States, the Great Britain, Spain and bonds issued by the European Investment Bank), central bank assets (including NBP bills), cash, surplus in current accounts of National Bank of Poland (NBP) over the amount of mandatory reserve. As of March 31st 2025 the above mentioned categories accounted for 87.3%, 9.9%, 1.1% and 1.7%, respectively, of the liquid buffer. All components of liquid buffer are recognized as level 1 of liquid assets.

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

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

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

The Group uses secured instruments to fund its activity to a limited degree only. However, in accordance with the existing contractual provisions, if the Group’s rating is reduced by one notch (to BBB), the maximum potential additional security on account of those instruments would be as at March 31st 2025 PLN 6.4 million. At the same time, it should be noted that this potential obligation is not unconditional and its final value would depend on negotiations between the bank and its counterparty in relation to the above transactions.

33. Related parties

The tables below present transactions with related parties. They are effected between associates and related entities. Transactions between Santander Bank Polska Group companies and its related entities are banking operations carried out on an arm’s length business as part of their ordinary business and mainly represent loans, bank accounts, deposits, guarantees and leases. Intercompany transactions effected within the Group by the Bank and its subsidiaries have been eliminated from the consolidated financial statements. In the case of internal Group transactions, a documentation is prepared in accordance with requirements of tax regulations for transfer pricing.

In thousands of PLN

Transactions with associates	31.03.2025	31.12.2024
Assets	**60**	**246**
Loans and advances to customers	-	192
Other assets	60	54
Liabilities	**33 399**	**61 537**
Deposits from customers	33 354	61 369
Other liabilities	45	168

Transactions with associates	1.01.2025-31.03.2025	1.01.2024-31.03.2024
Income	**19 306**	**16 792**
Interest income	-	4
Fee and commission income	19 306	16 775
Other operating income	-	13
Expenses	**347**	**608**
Interest expense	347	608

Transactions with Santander Group	with the parent company		with other entities	
	31.03.2025	31.12.2024* restated	31.03.2025	31.12.2024* restated
Assets	**10 693 317**	**12 802 000**	**26 894**	**27 558**
Cash and cash equivalents	1 116 072	2 804 630	26 813	27 530
Loans and advances to banks, incl:	3 365 950	3 875 795	5	-
Loans and advances	*3 365 950*	*3 875 795*	*5*	-
Financial assets held for trading	6 209 270	6 120 328	-	-
Other assets	2 025	1 247	76	28
Liabilities	**6 787 187**	**6 681 100**	**1 681 565**	**566 159**
Deposits from banks incl.:	1 447 936	1 940 053	1 442 946	323 803
Current accounts and advances	*1 051 263*	*1 520 942*	*10 696*	*10 974*
Loans from other banks	*396 673*	*419 111*	*1 432 250*	*312 829*
Financial liabilities held for trading	5 319 724	4 726 694	-	-
Deposits from customers	-	-	169 132	208 869
Lease liabilities	-	-	25	25
Other liabilities	19 527	14 353	69 462	33 462
Contingent liabilities	**7 666 855**	**7 786 034**	**58 641**	**31 543**
Sanctioned:	1 248 246	1 324 770	37 518	11 754
guarantees	1 248 246	1 324 770	37 518	11 754
Received:	6 418 609	6 461 264	21 123	19 789
guarantees	*6 418 609*	*6 461 264*	*21 123*	*19 789*

*Details in note 2.5.

In thousands of PLN

Transactions with Santander Group	with the parent company 1.01.2025-31.03.2025	with the parent company 1.01.2024-31.03.2024	with other entities 1.01.2025-31.03.2025	with other entities 1.01.2024-31.03.2024
Income	**73 817**	**590 211**	**911**	**872**
Interest income	43 081	92 535	156	384
Fee and commission income	3 495	4 590	20	22
Other operating income	-	-	555	350
Net trading income and revaluation	27 241	493 086	180	116
Expenses	**52 130**	**61 991**	**62 895**	**44 736**
Interest expense	28 414	35 306	6 042	125
Fee and commission expense	7 513	6 596	83	141
Operating expenses incl.:	16 203	20 089	56 770	44 470
Staff,Operating expenses and management costs	*16 172*	*20 052*	*56 770*	*44 432*
Other operating expenses	31	37	-	38

34. Changes in the business or economic circumstances that affect the fair value of the entity’s financial assets and financial liabilities, whether those assets or liabilities are recognized at fair value or amortised costs

There were no changes in the business or economic circumstances that would affect the fair value of the entity's financial assets or financial liabilities, whether these assets or liabilities were recognised at fair value or amortised cost. Details in Note 27.

35. Any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period

No such events took place in the reporting period and the comparable period.

36. Character and amounts of items which are extraordinary due to their nature, volume or occurrence

No such events took place in the reporting period and the comparable period.

37. Information concerning issuing loan and guarantees by an issuer or its subsidiary

As at 31.03.2025 and 31.12.2024 Santander Bank Polska and its subsidiaries had not issued any guarantees to one business unit or a subsidiary totalling a minimum of 10% of the issuer’s equity.

38. Creation and reversal of impairment charges for financial assets, tangible fixed assets, intangible fixed assets and other assets

Details in Notes 8 and 12.

39. Material purchases or sales of tangible fixed assets and material obligations arising from the purchase of tangible fixed assets

As at 31.03.2025 and 31.12.2024 or Santander Bank Polska S.A. or its subsidiaries have not made significant sales and purchases of property, plant and equipment. There were no significant liabilities arising from purchase of fixed assets either.

40. Acquisitions and disposals of investments in subsidiaries and associates

There were no acquisitions or sales of subsidiaries and associates in the reporting period.

41. Share based incentive scheme

Santander Bank Polska S.A. ("Bank", "SAN PL") established Incentive Plan VII ("Plan"), which is addressed to the employees of the Bank and its subsidiaries who significantly contribute to growth in the value of the organisation. The purpose of the Plan is to motivate the participants to achieve business and qualitative goals in line with the Group's long-term strategy and to provide an instrument that strengthens the employees' relationship with the organisation and encourages them to act in its long-term interest.

The Plan obligatorily covers all employees of Santander Bank Polska Group designated as material risk takers (identified employees). The list of other key participants is defined by the Bank's Management Board and approved by the Supervisory Board. Those employees can participate in the Plan on a voluntary basis.

The participants who satisfy the conditions stipulated in the Participation Agreement and the Resolution confirming the delivery of objectives will be entitled to an award which is variable remuneration in the form of the Bank's shares classified as an equity-settled share-based payment transaction under IFRS 2 *Share-based Payment*. To that end, the Bank will buy back up to 2,331,000 shares from 1 January 2023 until 31 December 2033, i.e.:

a) not more than 207,000 shares of SAN PL with the maximum value of PLN 55.3m in 2023;

b) not more than 271,000 shares of SAN PL with the maximum value of PLN 72.4m in 2024;

c) not more than 326,000 shares of SAN PL with the maximum value of PLN 87.0m in 2025;

d) not more than 390,000 shares of SAN PL with the maximum value of PLN 104.1m in 2026;

e) not more than 826,000 shares of SAN PL with the maximum value of PLN 220.5m in 2027;

f) not more than 145,000 shares of SAN PL with the maximum value of PLN 38.7m in 2028;

g) not more than 47,000 shares of SAN PL with the maximum value of PLN 12.5m in 2029;

h) not more than 42,000 shares of SAN PL with the maximum value of PLN 11.2m in 2030;

i) not more than 35,000 shares of SAN PL with the maximum value of PLN 9.3m in 2031;

j) not more than 27,000 shares of SAN PL with the maximum value of PLN 7.2m in 2032;

k) not more than 15,000 shares of SAN PL with the maximum value of PLN 4.0m in 2033.

The Bank's Management Board will buy back the shares to execute Incentive Plan based on the authorisation granted by the General Meeting in a separate resolution. If it is not possible to buy back the shares (e.g. illiquidity of the shares on the Warsaw Stock Exchange, share prices going beyond the thresholds defined by the General Meeting, lack of the General Meeting's authorisation for the Management Board to buy back shares in a given year of Incentive Plan VII or lack of the General Meeting's decision to create a capital reserve for share buyback in a given year) in the number corresponding to the value of the awards granted, SAN PL will reduce pro-rata the number of shares granted to the participant. The difference between the value of the awards granted and the value of the shares transferred by the Bank to the participants as part of the award will be paid out as a cash equivalent.

Below are the vesting conditions that must be met jointly in a given year:

1. Delivery of at least 50% of the profit after tax (PAT) target of SAN PL for a given year.
2. Delivery of at least 80% of the team business targets for a given year at the level of SAN PL, Division or unit; the performance against the target is calculated as the weighted average of performance against at least three business targets defined as part of the financial plan approved by the Supervisory Board for a given year for SAN PL, Division or unit where the participant works, in particular:

- PAT (profit after tax) of SAN PL Group (excluding Santander Consumer Bank S.A.);
- ROTE (return on tangible equity expressed as a percentage calculated in line with SAN PL reporting methodology);
- NPS (Net Promoter Score calculated in line with SAN PL reporting methodology);
- RORWA (return on risk weighted assets calculated in line with SAN PL reporting methodology);
- number of customers;
- number of digital customers.

3. The participant's performance rating for a given year at the level not lower than 1.5 on the 1–4 rating scale.

In addition, at the request of the Bank's Management Board, the Supervisory Board can decide to grant a retention award to a participant, if the following criteria are met:

1)the participant's average annual individual performance rating is at least 2.0 on the 1–4 rating scale during the period of their participation in Incentive Plan VII;

2)the average annual weighted performance against the Bank's targets in the years 2022–2026 is at least 80%, taking into account the following weights:

a) 40% for the average annual performance against the PAT target;

b) 40% for the average annual performance against the RORWA target;

c) 20% for the average annual performance against the ESG target.

The maximum number of own shares to be transferred to participants as the retention awards is 451,000.

On 15 April 2025, the Annual General Meeting of Santander Bank Polska S.A. authorised the Bank's Management Board to buy back the Bank's fully covered own shares in 2026.
The total amount that the Bank can spend on the buyback of own shares in 2026, including the cost of the buyback, is PLN 104,130 k.

The Annual General Meeting set up the capital reserve for the repurchase of own shares.

For the purpose of the Plan, in 2025 Santander Bank Polska S.A. bought back 155,605 shares (of 326,000 shares eligible for buyback) with the value of PLN 82,365,107 (from PLN 87,042,000 worth of capital reserve allocated to the delivery in 2025).

The average buyback price per share in 2025 was PLN 527,46.
The Plan covers the period of five years (2022–2026). However, as the payment of variable remuneration is deferred, the share buyback and allocation will be completed by 2033.
Due to the exhaustion of the amount allocated for the purchase of the Bank's own shares in 2025, on March 13, 2025, the Bank's Management Board completed the purchase of the Bank's own shares in 2025 for Program participants for the award for 2024 and part of the award for 2022-2023 which were subject to deferral. At the same time, an order was issued to transfer the above-mentioned shares to the brokerage accounts of eligible program participants. After settling all instructions, the Bank has no treasury shares.

In 1Q 2025, the total amount recognised in line with IFRS 2 in the Group's equity was PLN 14,630k. The amount of PLN 14,630k was included in staff expenses for 1Q 2025. The latter comprises expenses incurred in 2025 and part of the costs attributable to subsequent years of the Incentive Plan as the award will be vested in stages. In 1Q 2025, PLN 82,367k worth of shares were transferred to employees.

In 2024, the total amount recognised in line with IFRS 2 in the Group's equity was PLN 100 192k. The amount of PLN 100 192 k was taken to staff expenses for 2024. The latter comprises expenses incurred in 2024 and part of the costs attributable to subsequent years of the Incentive Plan as the award will be vested in stages. In 2024, PLN 72 334 worth of shares were transferred to employees.

42. Dividend per share

Management Board's recommendation re distribution of profit for 2024 and decision on Dividend Reserve created pursuant to resolution no. 6 of the Annual General Meeting of 22 March 2021.

The Management Board of Santander Bank Polska S.A. reported that on 19 March 2025 it issued a recommendation on the distribution of profit for 2024 and the Dividend Reserve created pursuant to resolution no. 6 of the Annual General Meeting of 22 March 2021 (resolution no. 6). The recommendation was positively reviewed by the Bank's Supervisory Board.
In line with the decision taken, the Bank's Management Board recommends that profit of PLN 5,197,479,813.35 earned in 2024 be distributed as follows:
PLN 3,897,631,915.40 - to be allocated to the dividend for shareholders;
PLN 104,130,000.00 - to be allocated to the capital reserve;
PLN 1,195,717,897.95 - is to be kept undistributed.
Moreover, the Management Board recommended that PLN 840,886,574.78 out of the Dividend Reserve created pursuant to resolution no. 6 be allocated to the dividend for shareholders.
The Management Board recommends that 102,189,314 series A, B, C, D, E, F, G, H, I, J, K, L, M, N and O shares give entitlement to the dividend to be paid out from the profit earned in 2024 and from the Dividend Reserve (Dividend). The dividend will total 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 per share will be PLN 46.37.
The Dividend record date will be 13 May 2025.
The Dividend will be paid out on 20 May 2025.
The Bank's Management Board and Supervisory Board will present this proposal along with the recommendation at the next Bank's Annual General Meeting.
When taking its decision, the Management Board took into account the current macroeconomic environment as well as the recommendations and current guidance of the Polish Financial Supervision Authority (KNF), including that outlined in the KNF's letter of 13 March 2025, of which the Bank informed the market in its current report no. 12/2025 of 13 March 2025 as well as that outlined in the letter of 17 March 2025 confirming the possibility to pay a dividend from the Dividend Reserve of which the Bank informed the market in its current report no. 13/2025 of 17 March 2025.

Resolution re. dividend payment

Santander Bank Polska S.A. informed that the Annual General Meeting of the Bank, held on 15 April 2025, adopted a resolution on dividend payment.

Information on potential paying dividend from the dividend reserve in 2025.

The Management Board of Santander Bank Polska S.A. informed you that on 17 March 2025, it was advised by the Polish Financial Supervision Authority (KNF) that the KNF did not have any objections to the potential payout of the additional amount of PLN 840,886,574.78 as a dividend to shareholders in 2025; the amount derives from 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 (Dividend Reserve).
This amount was transferred to the Dividend Reserve pursuant to resolution no. 6 of the Annual General Meeting of 19 April 2023 on profit distribution and decision on the capital reserve created under resolution no. 6 of the Annual General Meeting of 22 March 2021.
Thus, in line with the KNF's individual recommendation that the Bank communicated to the market in current report no. 12/2025 of 13 March 2025 and the said information of 17 March 2025 from the KNF, the total amount that the Bank can distribute to shareholders in 2025 is PLN 4,738,518,490.18.
The Management Board's recommendation regarding the distribution of profit and possible dividend payment in 2025, together with the Supervisory Board's opinion, will be published in the form of a separate current report once these bodies have reached a decision.

Individual recommendation of the Polish Financial Supervision Authority (KNF) with regard to meeting the criteria for paying dividend from the net profit earned in 2024.

The Management Board of Santander Bank Polska S.A. reported that on 13 March 2025 it received an individual recommendation from the KNF with regard to the commercial banks dividend policy (dividend policy) for 2025, the supervisory review and evaluation of the Bank and the Bank's reporting data.
The KNF stated that based on data as at 31 December 2024 the Bank met all the key dividend policy criteria to be able to pay 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.

In order to ensure the stability of the Bank's operations in future periods, as well as its further development, KNF recommended that the Bank should limit the risk present in its operations by:

1. not distributing more than 75% of the profit earned in the period from 1 January 2024 to 31 December 2024 with a proviso that the maximum payout should not be higher than the annual profit reduced by profit earned in 2024 already allocated to own funds;
2. consulting upfront with the supervisory authority any other measures which could reduce its own funds (in particular if they go beyond the scope of the ordinary business and operational activity), including the distribution of the profit retained in previous years or the buy-backs or redemptions of the Bank's own shares.

43. Events which occurred subsequently to the end of the reporting period

Resolution re. dividend payment

Santander Bank Polska S.A. informed that the Annual General Meeting of the Bank, held on 15 April 2025, adopted a resolution on dividend payment.

Details in Note 43

Authorising the Bank’s Management Board to purchase (buy-back) own shares to execute the Incentive Plan VII and create the capital reserve for the purchase of those shares

The Annual General Meeting of Shareholders of Santander Bank Polska S.A. authorised the Bank’s Management Board to purchase (buy back) the Bank’s fully covered own shares.

The total amount that the Bank can spend on the purchase of own shares in 2026, including the cost of the purchase, is PLN 104,130 k.

In order to purchase (buy back) own shares, the Annual General Meeting raised the capital reserve in the Bank, earmarked for the purchase of own shares.

The Annual General Meeting transfers from Bank’s capital reserve to the capital reserve for the purchase of own shares the amount of PLN 104,130 k, which as per article 348(1) of the CCC can be allocated for distribution among the company’s shareholders.

New term of office of the Management Board of Santander Bank Polska S.A.

Santander Bank Polska S.A. informed that on 15 April 2025 the Bank's Supervisory Board appointed (effective as of 16 April 2025), the Bank's Management Board for the next term of office in the following composition:

- Michał Gajewski - President of the Management Board
- Andrzej Burliga - Vice President of the Management Board
- Lech Gałkowski - Vice President of the Management Board
- Artur Głembocki - Vice President of the Management Board
- Magdalena Proga-Stępień - Vice President of the Management Board
- Maciej Reluga - Vice President of the Management Board
- Wojciech Skalski - Member of the Management Board
- Dorota Strojkowska - Member of the Management Board
- Magdalena Szwarc-Bakuła - Member of the Management Board

The minimum requirement for own funds and eligible liabilities (MREL) for Santander Bank Polska Group.

On 23 April 2025 the Management Board of Santander Bank Polska S.A. received a letter from the Bank Guarantee Fund with information about the joint decision taken together with the resolution college of Santander Group set up by the Single Resolution Board on the minimum requirement for own funds and eligible liabilities ("MREL") for the Bank's Group, which is 15.36% of the total risk exposure amount ("TREA") calculated in line with Article 92(3)-(4) of Regulation (EU) 575/2013, and 5.91% of total exposure measure ("TEM") calculated in line with Article 429 and 429a of Regulation (EU) 575/2013.

The Bank is also obliged to meet the minimum MREL subordination requirement of 15.22% of TREA and 5.91% of TEM.

Signatures of the persons representing the entity

Date	Name	Function	Signature
29.04.2025	Michał Gajewski	President	The original Polish document is signed with a qualified electronic signature
29.04.2025	Andrzej Burliga	Vice-President	The original Polish document is signed with a qualified electronic signature
29.04.2025	Lech Gałkowski	Vice-President	The original Polish document is signed with a qualified electronic signature
29.04.2025	Artur Głembocki	Vice-President	The original Polish document is signed with a qualified electronic signature
29.04.2025	Magdalena Proga-Stępień	Vice-President	The original Polish document is signed with a qualified electronic signature
29.04.2025	Maciej Reluga	Vice-President	The original Polish document is signed with a qualified electronic signature
29.04.2025	Wojciech Skalski	Member	The original Polish document is signed with a qualified electronic signature
29.04.2025	Dorota Strojkowska	Member	The original Polish document is signed with a qualified electronic signature
29.04.2025	Magdalena Szwarc-Bakuła	Member	The original Polish document is signed with a qualified electronic signature

Signature of a person who is responsible for maintaining the accounting records

Date	Name	Function	Signature
29.04.2025	Anna Żmuda	Financial Accounting Area Director	The original Polish document is signed with a qualified electronic signature