

Condensed interim financial statement  
of Santander Bank Polska SA  
for the 6-month period  
ended 30 June 2019

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## I. Condensed income statement of Santander Bank Polska

	1.04.2019- 30.06.2019	1.01.2019- 30.06.2019	1.04.2018- 30.06.2018	1.01.2018- 30.06.2018
<b>Interest income and similar to interest</b>	<b>1 563 343</b>	<b>3 109 892</b>	<b>1 235 224</b>	<b>2 436 562</b>
Interest income on financial assets measured at amortised cost	1 339 899	2 649 137	1 059 681	2 083 306
Interest income on financial assets measured at fair value through other comprehensive income	185 977	382 953	162 774	314 750
Income similar to interest - financial assets measured at fair value through profit or loss	37 467	77 802	12 769	38 506
<b>Interest expenses</b>	<b>( 387 816)</b>	<b>( 763 109)</b>	<b>( 254 019)</b>	<b>( 468 393)</b>
<b>Net interest income</b>	<b>1 175 527</b>	<b>2 346 783</b>	<b>981 205</b>	<b>1 968 169</b>
Fee and commission income	507 272	989 602	488 394	934 434
Fee and commission expenses	( 83 203)	( 149 241)	( 79 302)	( 132 073)
<b>Net fee and commission income</b>	<b>424 069</b>	<b>840 361</b>	<b>409 092</b>	<b>802 361</b>
Dividend income	250 608	585 991	490 891	491 070
Net gains/(losses) on subordinated entities	-	-	-	( 65)
Net trading income and revaluation	27 939	77 066	67 070	79 350
Gains (losses) from other financial securities	63 238	95 662	18 040	22 696
Other operating income	32 321	49 595	54 290	116 727
Impairment losses on loans and advances	( 253 273)	( 432 902)	( 145 969)	( 320 484)
Operating expenses incl.:	( 818 795)	( 1 841 315)	( 739 811)	( 1 522 649)
-Staff, Operating expenses and management costs	( 650 387)	( 1 527 605)	( 596 582)	( 1 292 116)
-Depreciation/amortisation	( 93 256)	( 182 645)	( 67 262)	( 137 563)
-Amortisation of right of use asset	( 42 169)	( 82 508)	-	-
-Other operating expenses	( 32 983)	( 48 557)	( 75 967)	( 92 970)
Tax on financial institutions	( 130 210)	( 261 853)	( 102 283)	( 198 964)
<b>Profit before tax</b>	<b>771 424</b>	<b>1 459 388</b>	<b>1 032 525</b>	<b>1 438 211</b>
Corporate income tax	( 150 834)	( 279 749)	( 133 583)	( 256 313)
<b>Profit for the period</b>	<b>620 590</b>	<b>1 179 639</b>	<b>898 942</b>	<b>1 181 898</b>
<b>Net earnings per share (PLN/share)</b>				
Basic earnings per share	6,09	11,56	9,05	11,90
Diluted earnings per share	6,07	11,55	9,04	11,89

Notes presented on pages 9– 49 constitute an integral part of this Financial Statement.

## II. Condensed statement of comprehensive income of Santander Bank Polska

	<b>1.04.2019- 30.06.2019</b>	<b>1.01.2019- 30.06.2019</b>	<b>1.04.2018- 30.06.2018</b>	<b>1.01.2018- 30.06.2018</b>
<b>for reporting period:</b>				
<b>Profit for the period</b>	<b>620 590</b>	<b>1 179 639</b>	<b>898 942</b>	<b>1 181 898</b>
<b>Other comprehensive income which can be transferred to the profit and loss account:</b>	<b>175 049</b>	<b>186 961</b>	<b>(38 298)</b>	<b>98 011</b>
Valuation of debt securities measured at fair value through other comprehensive income gross	207 045	157 223	(80 148)	98 692
Deferred tax	(39 338)	(29 872)	15 228	(18 751)
Valuation of cash flow hedging instruments gross	9 065	73 593	32 867	22 309
Deferred tax	(1 723)	(13 983)	(6 245)	(4 239)
<b>Other comprehensive income which can't be transferred to the profit and loss account:</b>	<b>(10 763)</b>	<b>(10 761)</b>	<b>36 736</b>	<b>36 767</b>
Valuation and sales of equity securities measured at fair value through other comprehensive income gross	(7 241)	(7 239)	31 783	31 822
Deferred and current tax	(3 522)	(3 522)	(6 053)	(6 061)
Provision for retirement allowances – actuarial gains/losses gross	-	-	13 588	13 588
Deferred tax	-	-	(2 582)	(2 582)
<b>Other comprehensive income for the period net of income tax</b>	<b>164 286</b>	<b>176 200</b>	<b>(1 562)</b>	<b>134 778</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>784 876</b>	<b>1 355 839</b>	<b>897 380</b>	<b>1 316 676</b>

Notes presented on pages 9– 49 constitute an integral part of this Financial Statement.

### III. Condensed statement of financial position of Santander Bank Polska

	as at:	30.06.2019	31.12.2018 * restated
<b>ASSETS</b>			
Cash and balances with central banks	Note 16	5 983 920	8 841 902
Loans and advances to banks	Note 17	2 727 061	2 859 479
Financial assets held for trading	Note 18	9 098 738	9 776 705
Hedging derivatives	Note 19	76 619	52 554
Loans and advances to customers incl.:	Note 20	118 633 361	117 492 490
- measured at amortised cost		117 312 846	116 056 599
- measured at fair value through other comprehensive income		419 535	366 751
- measured at fair value through profit or loss		900 980	1 069 140
Buy-sell-back transactions		537 258	177 482
Investment securities incl.:	Note 21	36 365 588	36 372 113
- debt securities measured at fair value through other comprehensive income		35 405 541	35 439 836
- debt securities measured at fair value through profit and loss		170 290	131 005
- equity securities measured at fair value through other comprehensive income		789 757	801 272
Investments in subsidiaries and associates	Note 22	2 405 699	2 405 699
Intangible assets		697 147	775 908
Goodwill		1 688 516	1 688 516
Property, plant and equipment		637 038	870 686
Right of use asset		811 593	-
Net deferred tax assets		954 768	950 886
Assets classified as held for sale	Note 23	10 572	11 123
Other assets		672 263	771 783
<b>Total assets</b>		<b>181 300 141</b>	<b>183 047 326</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from banks	Note 24	1 078 151	1 039 979
Hedging derivatives	Note 19	874 188	903 170
Financial liabilities held for trading	Note 18	1 726 673	1 238 002
Deposits from customers	Note 25	138 414 675	139 469 776
Sell-buy-back transactions		6 914 819	8 233 994
Subordinated liabilities	Note 26	2 526 974	2 543 940
Debt securities in issue	Note 27	3 279 426	3 311 969
Lease liability		869 741	-
Current income tax liabilities		138 176	186 769
Provisions for off balance sheet credit facilities	Note 28	42 211	58 143
Other provisions	Note 29	116 868	83 644
Other liabilities	Note 30	2 126 623	2 135 000
<b>Total liabilities</b>		<b>158 108 525</b>	<b>159 204 386</b>
<b>Equity</b>			
Share capital		1 020 883	1 020 883
Other reserve capital		19 201 396	18 093 257
Revaluation reserve		1 229 173	1 030 661
Retained earnings		560 525	1 490 654
Profit for the current period		1 179 639	2 207 485
<b>Total equity</b>		<b>23 191 616</b>	<b>23 842 940</b>
<b>Total liabilities and equity</b>		<b>181 300 141</b>	<b>183 047 326</b>

\* details in Note 2.8 and 35.

Notes presented on pages 9– 49 constitute an integral part of this Financial Statement.

## IV. Condensed statement of changes in equity

Statement of changes in equity	Share capital	Other reserve capital	Revaluation reserve	Retained earnings and profit for the period	Total
<b>Equity as at 1.01.2019 restated *</b>	<b>1 020 883</b>	<b>18 093 257</b>	<b>1 030 661</b>	<b>3 698 139</b>	<b>23 842 940</b>
Total comprehensive income	-	-	176 200	1 179 639	1 355 839
<i>Profit for the period</i>	-	-	-	1 179 639	1 179 639
<i>Other comprehensive income</i>	-	-	176 200	-	176 200
Profit allocation to other reserve capital	-	1 102 619	-	(1 102 619)	-
Profit allocation to dividends	-	-	-	(2 012 683)	(2 012 683)
Share scheme charge	-	5 520	-	-	5 520
Profit on sale of equity securities measured at fair value through other comprehensive income	-	-	22 312	(22 312)	-
<b>Equity as at 30.06.2019</b>	<b>1 020 883</b>	<b>19 201 396</b>	<b>1 229 173</b>	<b>1 740 164</b>	<b>23 191 616</b>

\* details in Note 2.8 and 35

As at the end of the period revaluation reserve in the amount of PLN 1,229,173 k comprises of debt securities and equity shares of PLN 671,745 k and PLN 553,841 k respectively and additionally cash flow hedge activities of PLN (7,296) k and accumulated actuarial gains - provision for retirement allowances of PLN 10,883 k.

Statement of changes in equity	Share capital	Other reserve capital	Revaluation reserve	Retained earnings and profit for the period	Total
<b>Equity as at 31.12.2017</b>	<b>993 335</b>	<b>16 176 183</b>	<b>712 303</b>	<b>2 957 016</b>	<b>20 838 837</b>
Impact of the implementation of IFRS 9	-	-	(32 278)	(200 527)	(232 805)
<b>Equity as at 1.01.2018 (restated)</b>	<b>993 335</b>	<b>16 176 183</b>	<b>680 025</b>	<b>2 756 489</b>	<b>20 606 032</b>
Coverage of negative impact of IFRS 9 implementation*	-	-	-	218 466	218 466
Total comprehensive income	-	-	134 778	1 181 898	1 316 676
<i>Profit for the period</i>	-	-	-	1 181 898	1 181 898
<i>Other comprehensive income</i>	-	-	134 778	-	134 778
Profit allocation to other reserve capital	-	958 078	-	(958 078)	-
Profit allocation to dividends	-	-	-	(307 627)	(307 627)
Profit allocation to cover negative impact of IFRS 9 implementation*	-	-	-	(218 466)	(218 466)
Share scheme charge	-	6 315	-	-	6 315
Profit on sale of equity securities measured at fair value through other comprehensive income	-	-	(55)	55	-
<b>Equity as at 30.06.2018</b>	<b>993 335</b>	<b>17 140 576</b>	<b>814 748</b>	<b>2 672 737</b>	<b>21 621 396</b>

\*On 16.05.2018 General Meeting of Santander Bank Polska SA decided to allocate part of the retained earnings to cover the negative impact of the implementation of IFRS 9.

As at the end of the period revaluation reserve in the amount of PLN 814,748 k comprises of debt securities and equity shares of PLN 317,215 k and PLN 559,563 k respectively and additionally cash flow hedge activities of PLN (73,359) k and accumulated actuarial gains - provision for retirement allowances of PLN 11,329 k.

## V. Condensed statement of cash flows of Santander Bank Polska

	for reporting period:	1.01.2019- 30.06.2019	1.01.2018- 30.06.2018
<b>Profit before tax</b>		<b>1 459 388</b>	<b>1 438 211</b>
<b>Total adjustments:</b>			
Depreciation/amortisation		265 153	137 563
Profit from investing activities		( 68 781)	( 49 433)
Impairment losses (reversal)		17 460	-
		<b>1 673 220</b>	<b>1 526 341</b>
<b>Changes in:</b>			
Provisions		17 292	39 711
Trading portfolio financial instruments		1 166 638	(2 675 069)
Hedging derivatives		( 53 047)	449 485
Loans and advances to banks		( 465 384)	( 99 183)
Loans and advances to customers		(1 140 871)	(5 584 296)
Deposits from banks		38 172	441 756
Deposits from customers		( 580 208)	9 718 285
Buy-sell/ Sell-buy-back transactions		(1 319 175)	2 802 729
Other assets and liabilities		299 426	( 482 047)
		<b>(2 037 157)</b>	<b>4 611 371</b>
Interest accrued excluded from operating activities		( 277 608)	( 266 228)
Dividends		( 585 721)	( 491 044)
Paid income tax		( 379 601)	( 295 680)
<b>Net cash flows from operating activities</b>		<b>(1 606 867)</b>	<b>5 084 760</b>
<b>Inflows</b>		<b>3 019 562</b>	<b>1 507 998</b>
Sale of investments in subsidiaries		-	35
Sale/maturity of investment securities		2 086 610	990 612
Sale of intangible assets and property, plant and equipment		36 851	53 561
Dividends received		585 601	295 446
Interest received		310 500	168 344
<b>Outflows</b>		<b>(5 903 811)</b>	<b>(5 056 164)</b>
Purchase of investment securities		(5 816 052)	(4 925 848)
Purchase of intangible assets and property, plant and equipment		( 87 759)	( 130 316)
<b>Net cash flows from investing activities</b>		<b>(2 884 249)</b>	<b>(3 548 166)</b>
<b>Inflows</b>		<b>632 000</b>	<b>2 334 104</b>
Debt securities in issue		632 000	2 000 000
Drawing of loans		-	334 104
<b>Outflows</b>		<b>(3 296 441)</b>	<b>(1 859 127)</b>
Debt securities buy out		( 650 000)	(1 235 000)
Repayment of loans		( 474 702)	( 275 104)
Repayment of lease liability		( 79 203)	-
Dividends and other payments to shareholders		(2 012 683)	( 307 627)
Interest paid		( 79 853)	( 41 396)
<b>Net cash flows from financing activities</b>		<b>(2 664 441)</b>	<b>474 977</b>
<b>Total net cash flows</b>		<b>(7 155 557)</b>	<b>2 011 571</b>
<b>Cash and cash equivalents at the beginning of the accounting period</b>		<b>17 777 727</b>	<b>7 506 027</b>
<b>Cash and cash equivalents at the end of the accounting period</b>		<b>10 622 170</b>	<b>9 517 598</b>

Notes presented on pages 9- 49 constitute an integral part of this Financial Statement.



## VI. Additional notes to financial statement of Santander Bank Polska

### 1. General information about issuer

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

On 7.09.2018, the District Court for Wrocław-Fabryczna in Wrocław, VI Economic Unit of the National Court Register, entered into the register of entrepreneurs changes in the Bank's statute resulting in, among others, the change of the Bank's name from the Bank Zachodni WBK SA to Santander Bank Polska SA.

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

Santander Bank Polska S.A. offers a wide range of banking services for individual and business customers and operates in domestic and interbank foreign markets. Additionally, it offers also the following services:

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

### 2. Basis of preparation of the financial statement

#### 2.1 Statement of compliance

The condensed interim financial statement of Santander Bank Polska S.A. was prepared in accordance with the International Accounting Standards (IAS 34) adopted by the European Union, which are applied on a consistent basis, as at 30 June 2019 and, in the case of matters not governed by the above Standards, in accordance with the provisions of the Accounting Act of 29 September 1994 (consolidated text: Journal of Law 2019, item 351) and related implementing acts as well as the requirements imposed on issuers whose securities are admitted to trading on regulated markets or issuers who have applied to have securities admitted to trading on regulated markets outlined in the Act of 29 July 2005 on Public Offering, on Conditions for the Introduction of Financial Instruments to the Organized Trading System and on Public Companies.

## 2.2 New standards and interpretations or changes to existing standards or interpretations which can be applicable to Santander Bank Polska S.A. and are not yet effective or have neither been implemented earlier

IFRS	Nature of changes	Effective from	Influence on Santander Bank Polska S.A.
Conceptual Framework for Financial Reporting	<p>The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.</p> <p>The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:</p> <ul style="list-style-type: none"> <li>• Chapter 1 – The objective of financial reporting</li> <li>• Chapter 2 – Qualitative characteristics of useful financial information</li> <li>• Chapter 3 – Financial statements and the reporting entity</li> <li>• Chapter 4 – The elements of financial statements</li> <li>• Chapter 5 – Recognition and derecognition</li> <li>• Chapter 6 – Measurement</li> <li>• Chapter 7 – Presentation and disclosure</li> <li>• Chapter 8 – Concepts of capital and capital maintenance</li> </ul> <p>The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 Business Combinations and for those applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p>	Effective immediately for the IASB and the IFRS IC. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.	The amendment will not have a significant impact on financial statement.
IAS 1 Presentation of financial statements and IAS 8 Accounting principles (policy), changes in estimates and correction of errors	The IASB has published a new definition of 'material'. Amendments to IAS 1 and IAS 8 clarify the definition and increase consistency across standards	1 January 2020	The standard will not have a significant impact on financial statement.
IFRS 17 Insurance Contracts*	IFRS 17 defines a new approach to the recognition, valuation, presentation and disclosure of insurance contracts. The main purpose of IFRS 17 is to guarantee the transparency and comparability of insurers' financial statements. In order to meet this requirement the entity will disclose a lot of quantitative and qualitative information enabling the users of financial statements to assess the effect that insurance contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of the entity. IFRS 17 introduces a number of significant changes in relation to the existing requirements of IFRS 4. They concern, among others: aggregation levels at which the calculations are made, methods for the valuation of insurance liabilities, recognition a profit or loss over the period the entity provides insurance coverage, reinsurance recognition, separation of the investment component and presentation of particular items of the balance sheet and profit and loss account of reporting units including the separate presentation of insurance revenues, insurance service expenses and insurance finance income or expenses.	1 January 2021	The standard will not have a significant impact on financial statement.
Amendments to IFRS 3 Business combinations	As a result of the amendments to IFRS 3, the definition of a "business" has been modified. The definition has been narrowed down and is likely to result in more acquisitions being classified as a purchase of assets.	1 January 2020	The standard will not have a significant impact on financial statement.
Improvements to IFRS 10 and IAS 28 *	<p>Improvements to IFRS 10 and IAS 28 cover sales or contributions of assets between an investor and its associate/joint venture. The improvements eliminate the inconsistencies between IFRS 10 and IAS 28. The accounting treatment hinges on whether the non-monetary assets sold or contributed to an associate/joint venture constitute a business.</p> <p>Should the assets constitute a business, the investor shall recognize the profit or loss in full. Should the assets not constitute a business, the profit or loss shall be recognised only to the extent of unrelated investors' interests in the associate or joint venture.</p> <p>The improvements were published on 11 September 2014.</p>	The International Accounting Standards Board has not established the validity date of the amended regulations.	The amendment will not have a significant impact on financial statement.

\*New standards and amendments to the existing standards issued by the IASB, but not yet authorized for use in the EU.

## 2.3 Standards and interpretations or changes to existing standards or interpretations which were applied for the first time in the accounting year 2019

IFRS	Nature of changes	Effective from	Influence on Santander Bank Polska S.A.
IFRS 16 Leases	<p>The new standard establishes principles for the recognition, measurement, presentation and disclosure of leases. All lease transactions results in the lessee's right to use the assets and the obligation to make a payment. Accordingly, the classification of leases into operating lease and finance lease as per IAS 17 no longer applies under IFRS 16, as the new standard introduces a single model for accounting for leases by the lessee. The lessee will be required to present the following: (a) assets and liabilities in respect of all leases executed for more than 12 months, except where an asset is of low quality; and (b) depreciation charge for the leased asset separately from the interest expense on the lease liability in the statement of profit or loss and other comprehensive income.</p> <p>The principles of accounting for leases by the lessee established in IFRS 16 are largely the same as in IAS 17. As a consequence, the lessee continues to use the classification into operating lease and finance lease and accounts for them accordingly.</p>	1 January 2019	Standard's implementation impact is described in Note 2.7
IAS 19, Plan Amendment, Curtailment or Settlement*	<p>Amendments to IAS 19 specifies how an entity determines pension expenses when changes to a defined benefit pension plan occur. IAS 19 'Employee Benefits' specifies how an entity accounts for a defined benefit plan. When a change to a plan – an amendment, curtailment or settlement-takes place, IAS 19 requires an entity to remeasure its net defined benefit liability or asset. The amendments require an entity to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. By requiring the use of updated assumptions, the amendments are expected to provide useful information to users of financial statements.</p>	1 January 2019	The amendment does not have a significant impact on financial statement.
Amendment to IFRS 9 Financial Instruments Prepayment right with negative compensation	<p>Amendments to IFRS 9 introduce the statements with reference to contractual prepayment feature, when the lender could be forced to accept the prepayment amount that is substantially less than unpaid amounts of principal and interest. Such a prepayment amount would be a payment to the borrower from the lender, instead of compensation from the borrower to the lender. Such a financial asset would be eligible to be measured at amortized cost or fair value through other comprehensive income (subject to an assessment of the business model in which they are held), however, the negative compensation must be reasonable compensation for early termination of the contract.</p>	1 January 2019	The amendment does not have a significant impact on financial statement.
IFRIC 23 Uncertainty over Income Tax Treatments*	<p>Interpretation clarifies how the recognition and measurement requirements of IAS 12 "Income taxes" are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied where there is uncertainty over whether that treatment will be accepted by the tax authority.</p> <p>IFRIC Interpretation 23 addresses, in particular, when there is uncertainty over income tax treatments, whether an entity considers uncertain tax treatments separately, what assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, tax rates and how an entity considers changes in facts and circumstances.</p> <p>The impact of the uncertainty should be measured using the method that best predicts the resolution of the uncertainty - either the most likely amount method or the expected value method when measuring an uncertainty.</p>	1 January 2019	The amendment does not have a significant impact on financial statement.

2015-2017 Cycle	<p>Following is a summary of the amendments from the 2015-2017 annual improvements cycle:</p> <p><b>IFRS 3 Business Combinations</b> - Previously held Interests in a joint operation</p> <ul style="list-style-type: none"> <li>• The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.</li> <li>• In doing so, the acquirer remeasures its entire previously held interest in the joint operation.</li> <li>• An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.</li> </ul> <p><b>IFRS 11 Joint Arrangements</b> - Previously held Interests in a joint operation</p> <ul style="list-style-type: none"> <li>• A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.</li> <li>• An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.</li> </ul>	1 January 2019	The amendment does not have a significant impact on financial statement.
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2015-2017 Cycle	<p>Following is a summary of the amendments from the 2015-2017 annual improvements cycle:</p> <p><b>IAS 12 Income Taxes</b> - Income tax consequences of payments on financial instruments classified as equity</p> <ul style="list-style-type: none"> <li>• The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.</li> <li>• An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.</li> </ul> <p><b>IAS 23 Borrowing Costs</b> - Borrowing costs eligible for capitalisation</p> <ul style="list-style-type: none"> <li>• The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.</li> <li>• An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.</li> <li>• An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.</li> </ul>	1 January 2019	The amendment does not have a significant impact on financial statement.
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\*New standards and amendments to the existing standards issued by the IASB, but not yet authorized for use in the EU.

## 2.4 Basis of preparation of financial statement

The condensed interim financial statement are presented in PLN, rounded to the nearest thousand.

The condensed interim financial statement of Santander Bank Polska was prepared in accordance with the International Accounting Standards (IAS 34) applied consistently adopted by the European Union. Santander Bank Polska S.A has produced condensed interim financial statement in accordance with the historical cost principle, except for the items below:

Item	Balance sheet valuation rules
Held-for-trading financial instruments	Fair value through profit or loss
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 securities	Fair value through other comprehensive income – an option
Debt securities measured at fair value through profit and loss	Fair value through profit or loss
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 same accounting principles were applied as in the case of the financial statement for the period ending 31 December 2018, except for changes arising from the implementation of IFRS 16 Leases as of 1 January 2019 (described in the later part of this document) and income tax charged under IAS 34.30c.

## 2.5 Changes in estimated values

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

The Santander Bank Polska significant estimates are estimates of credit risk and fair value.

The Bank did not make significant changes in terms of credit risk and fair value estimations, except for those described below.

The Bank regularly analyses the risk profile of the CHF portfolio, including in terms of a potential impact of courts' rulings described in Note 32 on expected future cash flows from this portfolio. In 2019, the Bank has not made any significant changes to the expected credit loss model for the CHF mortgage loan portfolio in connection with the foregoing uncertainties due to the fact that at the release date of the financial statements, the bank did not have any documentable information about future events which would require it to change the assumptions for estimating expected credit losses in this respect in the half-yearly financial reports. The bank will continue to monitor the above issues in the subsequent periods and will appropriately consider the risk of changes in courts' rulings in the estimation of expected credit losses for the CHF mortgage loan portfolio.

The other estimations were provided in the financial statements for 2018.

The Bank did not make any new estimates, except for the estimates described below under IFRS 16.

### Measurement of right-of-use assets and lease liabilities

For lease contracts and contracts that contain a lease component, Santander Bank Polska S.A. made estimates which affect the value of right-of-use assets and their corresponding lease liabilities. The following items were estimated:

- a lease term; and
- an interest rate used for the purpose of discounting future cash flows.

#### Lease term

Santander Bank Polska S.A. determined the lease term as the non-cancellable period of a lease, together with:

1. periods covered by an option to extend the lease if Santander Bank Polska S.A., the lessee, is reasonably certain to exercise that option; and
2. periods covered by an option to terminate the lease if Santander Bank Polska S.A., the lessee, is reasonably certain not to exercise that option.

In assessing whether Santander Bank Polska S.A., the lessee, is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, Santander Bank Polska S.A. considered all relevant facts and circumstances

that create an economic incentive for Santander Bank Polska S.A. to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

For fixed-term contracts, Santander Bank Polska S.A. assumed the lease term equal to the term of the lease contract, unless Santander Bank Polska S.A. was aware of circumstances indicating that an extension or termination option would be exercised. For contracts made for an indefinite period, the lease term typically equals three years, unless a given property is subject to redevelopment. In such a case, the lease term does not exceed five years. In the case of right-of-use assets which are accessory to the underlying asset, the lease term is determined as the term of lease of the underlying asset, e.g. commercial premises where the branch is located.

Where an underlying asset is subleased by Santander Bank Polska S.A., the head lessee ("intermediate lessor"), to a third party, and the lease ("head lease") between the head lessor and lessee remains in effect, the term of the sublease contract does not exceed the term of the head lease contract.

### Incremental borrowing rate

The discount rate equals Santander Bank Polska S.A. incremental borrowing rate at the time of the initial application of IFRS 16. The rate is the sum of:

1. risk-free rate
2. credit spread.

Average weighted incremental borrowing rates applied for lease liabilities as at the first application date for individual currencies are as follows:

- PLN: 3.84%
- USD: 4.14%
- EUR: 1.87%

### Impact of IFRS 16 on the assets and financial position of Santander Bank Polska S.A.

IFRS 16 Leases has a significant impact on the financial statements of Santander Bank Polska S.A.

In 2019, the classification of expenses in the income statement will change (lease rents will be replaced by amortisation/depreciation and interest expenses), as will the timing of their recognition (under the new model, lease expenses will be recognised relatively earlier compared to the current model for recognition of operating lease expenses) and the balance sheet total will increase.

The table below presents the value of each class of right-of-use assets:

Class of right-of-use assets	Land	Buildings and structures	Vehicles	Other	TOTAL
<b>TOTAL</b>	20 412	639 244	2 267	4 128	666 051

As at the initial application of IFRS 16, all assets indicated above, which are the subjects of lease contracts, were recognised separately from other assets under "Right-of-use assets". Such contracts were classified as operating lease in accordance with IAS 17. Consequently, during the term of the contract, the related fees were recognised in operating expenses under "General and administrative expenses".

The table below presents the difference between future fees under operating leases payable by Santander Bank Polska S.A. and disclosed at the end of 2018 in accordance with IAS 17 and lease liabilities recognised in the statement of financial position as at initial application of IFRS 16:

Description	Value
Total liabilities arising from irrevocable operating leases of Santander Bank Polska S.A. as at 31 December 2018	790 910
Discount based on the incremental borrowing rate of Santander Bank Polska S.A. as the lessee	( 93 016)
Lease liabilities classified as finance lease before initial application of IFRS 16	190 953
Value of contractual liabilities considering extension and termination options	11 963
Exclusion – short-term leases	( 17 685)
Exclusion – leases of low-value assets	( 3 291)
<b>Lease liabilities as per IFRS 16 as at 1 January 2019 – TOTAL</b>	<b>879 833</b>

The value of right-of-use assets does not equal the value of lease liabilities to the fact that Santander Bank Polska S.A.:

- determined the provisions for onerous leases as an alternative to performing an impairment review. The use of this expedient entailed an adjustment of the right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application and totalling PLN 8 397 k.
- adjusted the carrying amount of the right-of-use asset by assets and liabilities recognized in respect of business combination in line with IFRS 3 "Business combinations" relating to favourable and unfavourable terms of operating leases acquired as part of a business combination in amount PLN 21 578 k,
- decommissioning provision. As regards the lease contracts providing for the obligation of Santander Bank Polska S.A. to reinstate the leased asset to its original condition after termination of the lease, Santander Bank Polska S.A. recognised decommissioning assets and corresponding provisions mainly in connection with the lease of buildings and structures. Decommissioning costs are incurred in relation to the right-of-use asset and amortised over the estimated economic life. The fair value of decommissioning costs is estimated by Santander Bank Polska S.A. on the basis of average historical costs of asset reinstatement for the last 12 months. As at 1 January 2019, the present value of provisions for reinstatement of assets to their original condition is PLN 7 146 k and will be presented in the statement of financial position under "Other liabilities".

The table below presents right-of-use assets reconciliations with lease liabilities:

Description	Value
Right-of-use assets as per IFRS 16 as at 1 January 2019 , including:	666 051
- lease liabilities as per IFRS 16 as at 1 January 2019	688 880
- provisions for onerous contracts	( 8 397)
- assets' adjustment related to assets and liabilities recognized in applying IFRS 3	( 21 578)
- decommissioning provision	7 146

Lease liabilities were measured at the present value of the lease payments not paid as at 1 January 2019, including net fixed payments.

Lease liabilities do not include:

- variable lease payments that do not depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option.

It is due to the fact that contracts do not provide for such types of payments, and in the case of the purchase option, it is not reasonably certain whether the lessee will exercise that option.

There are no variable payments that depend on external factors such as sales generated on the leased premises.

Santander Bank Polska S.A. applied the two exemptions regarding:

- short-term leases (with a term up to 12 months and no purchase options); and
- low-value assets (assets with the initial value of PLN 20k or less)

by taking them directly to costs, usually on a straight-line basis, over the lease term.

For the purpose of the initial application of the standard, Santander Bank Polska S.A. used a modified retrospective approach and measured right-of-use assets at the amount of lease liabilities adjusted for any prepayments or accrued lease payments relating to leases only, recognised in the statement of financial position directly before the date of initial application, and avoided the to restate comparative data.

At the date of initial application of the standard, Santander Bank Polska S.A. decided to use additional expedients available for first-time adopters, other than those specified above, specifically:

- exclude any initial direct costs from measurement of the right-of-use asset;
- apply a single discount rate to the portfolio of leases with substantially similar characteristics (such as leases with a similar remaining lease term for a similar class of the underlying asset in a similar economic environment);
- determine the provisions for onerous leases as an alternative to performing an impairment review.

For contracts that contain a lease component and one or more additional lease or non-lease components and not showing how the remuneration is divided into lease and non-lease elements, Santander Bank Polska S.A. used the expedient

provided under IFRS 16 and did not allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. As a practical expedient, Santander Bank Polska S.A. elected not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

Santander Bank Polska S.A. was not required under IFRS 16 to make any adjustments on transition for leases where it is the lessor. However, as the intermediate lessor, the reassessed subleases that were classified as operating leases applying IAS 17 and are ongoing at the date of initial application. As a result of assessment of subleases, Santander Bank Polska S.A. continued to classify all sublease contracts as operating leases.

## 2.6 Judgements that affect the amounts recognised in financial statement

In the process of applying the accounting policies, the management of Santander Bank Polska makes various subjective judgements, apart from those involving estimates, that can significantly affect the amounts it recognises in the financial statement. Santander Bank Polska S.A. did not make new judgements except for the judgements described below, resulting from the implementation of IFRS 16.

### Leasing of low value assets

Lease agreements regarding assets with an initial value not exceeding PLN 20k, Santander Bank Polska S.A. evaluates as a low value lease.

### Lease term

For fixed-term contracts, Santander Bank Polska S.A. assumed the lease term equal to the term of the lease contract, unless Santander Bank Polska S.A. was aware of circumstances indicating that an extension or termination option would be exercised. For contracts made for an indefinite period, the lease term typically equals three years, unless a given property is subject to redevelopment. In such a case, the lease term does not exceed five years. In the case of right-of-use assets which are accessory to the underlying asset, the lease term is determined as the term of lease of the underlying asset, e.g. commercial premises where the branch is located.

## 2.7 Changes to accounting principles

Except for the changes presented below, Santander Bank Polska applied the accounting policies consistently both to the reporting period and to the comparable period.

Below is the description of changes to accounting policies arising from the implementation of IFRS 16 Lease as of 1 January 2019.

### Separating components of a lease contract

#### Lessee

Santander Bank Polska (the lessee) does not separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component for each underlying asset class where it is possible and where the share of non-lease components is not significant compared to total net lease payments.

#### Lessor

For a contract that contains a lease component and one or more additional lease or non-lease components, Santander Bank Polska (the lessor) allocates the consideration in the contract applying the provisions of the accounting policy in respect of revenue from contracts with customers.



## Lease term

Santander Bank Polska determines the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the Santander Bank Polska (the lessee) is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Santander bank Polska (the lessee) is reasonably certain not to exercise that option.

The lease term is updated upon the occurrence of either a significant event or a significant change in circumstances.

## Santander Bank Polska as the lessee

### Recognition

At the commencement date, Santander Bank Polska (the lessee) recognises a right-of-use asset and a lease liability.

### Measurement

#### Initial measurement

##### Initial measurement of the right-of-use asset

At the commencement date, Santander Bank Polska (the lessee) measures the right-of-use asset at cost.

The cost of the right-of-use asset comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by Santander Bank Polska (the lessee); and
- an estimate of costs to be incurred by Santander Bank Polska (the lessee) in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

##### Initial measurement of the lease liability

At the commencement date, Santander Bank Polska (the lessee) measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Santander Bank Polska uses its incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- net fixed payments (including in-substance fixed payments), less any lease incentives;
- net variable lease payments that depend on an index or a rate;
- net amounts expected to be payable by the lessee under residual value guarantees;
- net exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of net penalties for terminating the lease, if the lease term reflects that Santander Bank Polska (the lessee) may exercise an option to terminate the lease.

### Lease modifications

Santander Bank Polska (the lessee) accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification Santander Bank Polska (the lessee):

- does not allocate the consideration in the modified contract;
- determines the lease term of the modified lease; and

- remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

## Recognition exemptions

Santander Bank Polska (the lessee) does not apply the recognition and measurement requirements arising from the accounting policy to:

- short-term leases; and
- leases for which the underlying asset is of low value (i.e. if the net value of a new asset is lower or equal to PLN 20,000).

In the case of short-term leases or leases for which the underlying asset is of low value, the Santander Bank Polska recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

## Santander Bank Polska as the lessor

### Classification of leases

Santander Bank Polska (the lessor) classifies each of its leases as either an operating lease.

Santander Bank Polska recognises costs, including depreciation, incurred in earning the lease income as an expense.

Santander Bank Polska, as the lessor, adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognises those costs as an expense over the lease term on the same basis as the lease income.

Lease classification is made at the inception date and is reassessed only if there is a lease modification.

### Operating lease

#### Recognition and measurement

Santander Bank Polska (the lessor) recognises lease payments from operating leases as income on a straight-line basis.

## 2.8 Comparability with the results from the previous periods

### The implementation of IFRS 16

The implementation of IFRS 16 Leases required modification of the lease recognition rules and extension of the scope of the disclosures in additional information, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, which gives a basis for users of financial statement to assess the effect that leases have on the financial position, financial performance and cash flows of Santander Bank Polska as a lessor and lessee.

For the purpose of the initial application of the standard, Santander Bank Polska used a modified retrospective approach and measured right-of-use assets at the amount of lease liabilities. This approach did not impact the Santander Bank Polska equity.

Santander Bank Polska did not restate comparative information.

The impact of the implementation of IFRS 16 on the financial statement of the Santander Bank Polska as at January 1, 2019 is presented in the table below.

Financial lease so far presented together with property, plant and equipment, from January 1, 2019 are presented in a separate report line "Assets due to rights to use".

	As at 31.12.2018	Impact of implementation of IFRS 16	As at 1.01.2019
Property, plant and equipment	870 686	( 200 550)	670 136
Right-of-use asset	-	866 601	866 601
Lease liabilities	-	879 833	879 833

## Final settlement of the acquisition of an organised part of the enterprise of Deutsche Bank Polska S.A.

The table below presents the impact of changes made in relation to the final settlement of the acquisition of an organised part of the enterprise of Deutsche Bank Polska S.A. on the key items of the income statement and the statement of financial position of Santander Bank Polska S.A.

Changes	Gain on acquisition of enterprise 2018	Impact on retained earnings -	Impact on Other capital -
		correction as at 31.12.2018	correction as at 31.12.2018
<b>Value before restated</b>	<b>364 765</b>	<b>3 657 815</b>	<b>18 150 998</b>
1 Fair value adjustment of consideration in the form of demerger shares	57 741	57 741	( 57 741)
2 Adjustement of cash consideration	( 2 988)	( 2 988)	-
3 Update of the fair value of the identified net assets	( 14 429)	( 14 429)	-
<b>Restated value</b>	<b>405 089</b>	<b>3 698 139</b>	<b>18 093 257</b>

1. The adjustment to the value of the demerger shares takes into account the result of recalculating the fair value of the partial consideration in the form of the demerger shares and applying the market price of shares of the acquiring entity as at the transaction date.
2. The adjustment to the value of the cash consideration reflects the updated key business parameters of the acquired entities, notably the difference in their goodwill between the date of the agreement and the effective date of the transaction.
3. As regards the update of the fair value of the acquired net assets, the changes result from the review of financial data of the acquired entities, specifically the update of the value of the acquired portfolio of non-performing loans and selected other liabilities.

## Change of presentation method

As presented in Financial Statement of Santander Bank Polska for 2018, as a result of the analysis in 2018, on 1 January 2018, the Bank changed the method of presentation of discounts or reduction connected with electronic services, in relation to fee and commission income and costs. These changes were applied by the Bank to the data for 1H 2018 and 2Q2018 to make them comparable.

These items were previously presented as fee and commission income in "eBusiness and payments" and as fee and commission expenses in "eBusiness and payments", "Insurance fees" and "Other fees". These items have been netted and presented as fee and commission income in "eBusiness and payments".

The table below shows the impact of the presentation change on comparative data.

1.01.2018-30.06.2018	Before conversion	Change of presentation	Converted
		method	
<b>Fee and commission income</b>	<b>317 781</b>	<b>( 28 785)</b>	<b>288 996</b>
eBusiness & payments	317 781	( 28 785)	288 996
<b>Fee and commission expenses</b>	<b>( 140 521)</b>	<b>28 785</b>	<b>( 111 736)</b>
eBusiness & payments	( 111 774)	13 407	( 98 367)
Insurance commissions	( 4 224)	1 236	( 2 988)
Other	( 24 523)	14 142	( 10 381)

1.04-2018-30.06.2018	Before conversion	Change of presentation	Converted
		method	
<b>Fee and commission income</b>	<b>170 606</b>	<b>( 15 033)</b>	<b>155 573</b>
eBusiness & payments	170 606	( 15 033)	155 573
<b>Fee and commission expenses</b>	<b>( 82 118)</b>	<b>15 033</b>	<b>( 67 085)</b>
eBusiness & payments	( 66 627)	7 051	( 59 576)
Insurance commissions	( 2 234)	728	( 1 506)
Other	( 13 257)	7 254	( 6 003)

The above changes are for presentation purposes only.

### 3. Operating segments reporting

Data regarding the respective business segments are presented in the interim condensed consolidated financial statement of Santander Bank Polska Group for H1 2019.

### 4. Risk management

In the first half of 2019, Santander Bank Polska managed its risks in accordance with the principles laid down in the consolidated financial statements for 2018. No material changes took place in the risk management process of Santander Bank Polska taking into account information presented in Note 2.5 'Use of estimates'.

#### Credit risk

In the first half of 2019 no material changes took place in the credit risk management process. The bank carried out a half-year process of updating the parameters used for the calculation of allowances for impairment. Moreover, the Bank has focused on the implementation of new EU guidance on non-performing and restructured loans which is aimed at more effective management and steady reduction of distressed exposures.

Additional information concerning credit risk is presented in Note 20.

#### Market risk

In the first half of 2019, Santander Bank Polska managed its market risks in accordance with the principles laid down in the consolidated financial statements for 2018. In the first half of 2019 no material changes took place in the market risk management process.

#### Other key risk indicators. Liquidity risk

In the reporting period, the liquidity risk management of Santander Bank Polska did not undergo any material changes. In terms of monitoring and reporting of risk, successfully implemented the requirements set out in the Regulation of the European Parliament and of the Council of the European Union on prudential requirements for credit institutions and investment firms for the measurement and reporting of new liquidity measures.

The table below presents the supervisory liquidity measures of Santander Bank Polska as at 30.06.2019 and 31.12.2018:

<b>Supervisory liquidity measures</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
M1 (in PLN k)	17 374 725	23 834 991
M2	1,29	1,46
M3	4,11	4,75
M4	1,18	1,20
LCR	137%	151%

### 5. Capital management

Details on capital management have been presented in document „Information on Capital Adequacy of Santander Bank Polska Group as at 30<sup>th</sup> June 2019”.

## 6. Net interest income

	1.04.2019- 30.06.2019	1.01.2019- 30.06.2019	1.04.2018- 30.06.2018	1.01.2018- 30.06.2018
<b>Interest income and similar to interest</b>				
<b>Interest income on financial assets measured at amortised cost:</b>	<b>1 339 899</b>	<b>2 649 137</b>	<b>1 059 681</b>	<b>2 083 306</b>
Loans and advances to enterprises	509 507	1 019 646	429 769	846 636
Loans and advances to individuals, of which:	752 640	1 473 717	558 094	1 095 972
<i>Home mortgage loans</i>	391 990	772 140	275 074	537 288
Leasing agreements	2	4	-	-
Loans and advances to banks	12 541	24 542	8 040	15 373
Loans and advances to public sector	2 488	5 244	1 935	3 883
Reverse repo transactions	25 573	50 188	15 780	29 433
Interest recorded on hedging IRS	37 148	75 796	46 063	92 009
<b>Interest income on financial assets measured at fair value through other comprehensive income:</b>	<b>185 977</b>	<b>382 953</b>	<b>162 774</b>	<b>314 750</b>
Loans and advances to enterprises	4 707	9 245	-	-
Debt securities incl.:	181 270	373 708	162 774	314 750
<i>Investment securities</i>	181 270	373 708	162 774	314 750
<b>Income similar to interest - financial assets measured at fair value through profit or loss:</b>	<b>37 467</b>	<b>77 802</b>	<b>12 769</b>	<b>38 506</b>
Loans and advances to enterprises	510	1 011	510	1 011
Loans and advances to individuals	16 179	33 112	17 908	37 282
Debt securities incl.:	20 778	43 679	(5 649)	213
<i>Trading portfolio</i>	20 778	43 679	(5 649)	213
<b>Total income</b>	<b>1 563 343</b>	<b>3 109 892</b>	<b>1 235 224</b>	<b>2 436 562</b>
<b>Interest expenses</b>				
<b>Interest expenses on financial liabilities measured at amortised cost:</b>	<b>( 387 816)</b>	<b>( 763 109)</b>	<b>( 254 019)</b>	<b>( 468 393)</b>
Deposits from individuals	( 198 191)	( 389 450)	( 110 888)	( 201 399)
Deposits from enterprises	( 99 710)	( 204 987)	( 82 482)	( 154 223)
Repo transactions	( 33 486)	( 62 835)	( 17 622)	( 34 948)
Deposits from public sector	( 13 980)	( 25 827)	( 15 309)	( 27 933)
Deposits from banks	( 4 580)	( 7 250)	( 1 921)	( 7 209)
Lease liability	( 6 524)	( 11 071)	-	-
Subordinated liabilities and issue of securities	( 31 345)	( 61 689)	( 25 797)	( 42 681)
<b>Total costs</b>	<b>( 387 816)</b>	<b>( 763 109)</b>	<b>( 254 019)</b>	<b>( 468 393)</b>
<b>Net interest income</b>	<b>1 175 527</b>	<b>2 346 783</b>	<b>981 205</b>	<b>1 968 169</b>

## 7. Net fee and commission income

	1.04.2019- 30.06.2019	1.01.2019- 30.06.2019	1.04.2018- 30.06.2018	1.01.2018- 30.06.2018
<b>Fee and commission income</b>				
eBusiness & payments	155 587	290 878	155 573	288 996
Current accounts and money transfer	79 846	159 032	78 338	157 712
Foreign exchange commissions	113 794	220 644	100 549	189 640
Credit commissions incl. factoring commissions and other	80 238	159 949	76 137	139 901
Insurance commissions	20 405	38 314	16 394	34 052
Commissions from brokerage activities	11 537	28 683	19 073	37 206
Credit cards	21 749	43 485	20 249	41 827
Off-balance sheet guarantee commissions	17 520	35 815	15 015	31 161
Issue arrangement fees	1 399	2 433	3 252	6 310
Distribution fees	5 197	10 369	3 814	7 629
<b>Total</b>	<b>507 272</b>	<b>989 602</b>	<b>488 394</b>	<b>934 434</b>
<b>Fee and commission expenses</b>				
eBusiness & payments	( 57 255)	( 97 855)	( 59 576)	( 98 367)
Commissions from brokerage activities	( 1 783)	( 4 286)	( 2 388)	( 5 119)
Credit cards	( 3 874)	( 7 614)	( 3 987)	( 7 424)
Credit commissions paid	( 3 943)	( 9 467)	( 5 812)	( 7 727)
Insurance commissions	( 5 298)	( 10 034)	( 1 506)	( 2 988)
Finance lease commissions	( 57)	( 100)	( 30)	( 67)
Other	( 10 993)	( 19 885)	( 6 003)	( 10 381)
<b>Total</b>	<b>( 83 203)</b>	<b>( 149 241)</b>	<b>( 79 302)</b>	<b>( 132 073)</b>
<b>Net fee and commission income</b>	<b>424 069</b>	<b>840 361</b>	<b>409 092</b>	<b>802 361</b>

## 8. Net trading income and revaluation

	1.04.2019- 30.06.2019	1.01.2019- 30.06.2019	1.04.2018- 30.06.2018	1.01.2018- 30.06.2018
<b>Net trading income and revaluation</b>				
Derivative instruments and interbank fx transactions	36 780	80 002	47 617	68 638
Profit on equity securities measured at fair value through profit or loss	( 3 102)	( 2 133)	( 18)	( 3 020)
Profit on debt securities measured at fair value through profit or loss	( 3 039)	( 20 560)	11 114	11 508
Change in fair value of loans and advances mandatorily measured at fair value through profit or loss	( 2 700)	19 757	8 357	2 224
<b>Total</b>	<b>27 939</b>	<b>77 066</b>	<b>67 070</b>	<b>79 350</b>

The above amounts included CVA and DVA adjustments in the amount of PLN (1 978) k for H1 2019, PLN ( 636) k for 2Q 2019 and PLN 2,857 k for H1 2018, PLN 5,944 k for 2Q 2018.

## 9. Gains (losses) from other financial securities

<b>Gains (losses) from other financial securities</b>	<b>1.04.2019- 30.06.2019</b>	<b>1.01.2019- 30.06.2019</b>	<b>1.04.2018- 30.06.2018</b>	<b>1.01.2018- 30.06.2018</b>
Profit on sale of debt securities measured at fair value through other comprehensive income	40 760	48 986	7 498	7 708
Change in fair value of debt securities mandatorily measured at fair value through profit or loss	17 124	40 679	10 468	14 619
<b>Total profit (losses) on financial instruments</b>	<b>57 884</b>	<b>89 665</b>	<b>17 966</b>	<b>22 327</b>
Change in fair value of hedging instruments	( 7 809)	( 11 917)	6 939	( 2 393)
Change in fair value of underlying hedged positions	13 163	17 914	( 6 865)	2 762
<b>Total profit (losses) on hedging and hedged instruments</b>	<b>5 354</b>	<b>5 997</b>	<b>74</b>	<b>369</b>
<b>Total</b>	<b>63 238</b>	<b>95 662</b>	<b>18 040</b>	<b>22 696</b>

## 10. Other operating income

<b>Other operating income</b>	<b>1.04.2019- 30.06.2019</b>	<b>1.01.2019- 30.06.2019</b>	<b>1.04.2018- 30.06.2018</b>	<b>1.01.2018- 30.06.2018</b>
Income on sale of services	5 661	9 313	3 884	13 810
Release of provision for legal cases and other assets	2 978	4 948	46 722	48 017
Settlements of leasing agreements	185	263	95	186
Recovery of other receivables (expired, cancelled and uncollectable)	5 040	5 761	1 841	4 137
Profit on sales or liquidation of fixed assets, intangible assets and assets for disposal	13 818	19 837	( 2 768)	41 677
Received compensations, penalties and fines	173	514	230	1 607
Other	4 466	8 959	4 286	7 293
<b>Total</b>	<b>32 321</b>	<b>49 595</b>	<b>54 290</b>	<b>116 727</b>

## 11. Impairment losses on loans and advances

<b>Impairment losses on loans and advances measured at amortised cost</b>	<b>1.04.2019- 30.06.2019</b>	<b>1.01.2019- 30.06.2019</b>	<b>1.04.2018- 30.06.2018</b>	<b>1.01.2018- 30.06.2018</b>
<b>Charge for loans and advances to banks</b>	<b>( 2)</b>	<b>( 2)</b>	<b>( 67)</b>	<b>( 67)</b>
Stage 1	( 2)	( 2)	( 67)	( 67)
Stage 2	-	-	-	-
Stage 3	-	-	-	-
POCI	-	-	-	-
<b>Charge for loans and advances to customers</b>	<b>( 366 957)</b>	<b>( 647 075)</b>	<b>( 260 620)</b>	<b>( 479 378)</b>
Stage 1	( 30 146)	( 46 706)	( 7 543)	( 10 564)
Stage 2	( 199 036)	( 246 593)	1 240	28 004
Stage 3	( 148 220)	( 392 751)	( 263 794)	( 515 857)
POCI	10 445	38 975	9 477	19 039
<b>Recoveries of loans previously written off</b>	<b>( 5 847)</b>	<b>1 595</b>	<b>( 1 272)</b>	<b>16 408</b>
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	( 5 847)	1 595	( 1 272)	16 408
POCI	-	-	-	-
<b>Off-balance sheet credit related facilities</b>	<b>16 248</b>	<b>26 236</b>	<b>4 083</b>	<b>1 797</b>
Stage 1	13 299	15 794	1 976	( 564)
Stage 2	388	3 330	3 344	5 455
Stage 3	2 561	7 112	( 1 237)	( 3 094)
POCI	-	-	-	-
<b>Total</b>	<b>( 356 558)</b>	<b>( 619 246)</b>	<b>( 257 876)</b>	<b>( 461 240)</b>

## 12. Employee costs

<b>Employee costs</b>	<b>1.04.2019- 30.06.2019</b>	<b>1.01.2019- 30.06.2019</b>	<b>1.04.2018- 30.06.2018</b>	<b>1.01.2018- 30.06.2018</b>
Salaries and bonuses	( 302 498)	( 598 141)	( 270 612)	( 530 804)
Salary related costs	( 52 614)	( 107 916)	( 46 670)	( 94 062)
Staff benefits costs	( 7 119)	( 14 131)	( 6 875)	( 13 461)
Professional trainings	( 2 839)	( 4 398)	( 3 356)	( 5 408)
Retirement fund, holiday provisions and other employee costs	-	-	16 485	15 891
Restructuring provision*	-	( 80 000)	-	-
<b>Total</b>	<b>( 365 070)</b>	<b>( 804 586)</b>	<b>( 311 028)</b>	<b>( 627 844)</b>

\*The Management Board of Santander Bank Polska SA informed that on 10 January 2019, as per the Act of 13 March 2003 on special rules of terminating employment contracts for reasons not attributable to the employees, they adopted a resolution on the intended collective redundancies and the start of the consultation procedure for collective redundancies.

The intention of the Management Board of the Bank is to make up to 1,400 employees of the Bank redundant, between February and 31 December 2019, and due to this the restructuring provision was created in the Bank's accounting books. Details on charge and utilization of restructuring provision are disclosed in Note 29.



## 13. General and administrative expenses

<b>General and administrative expenses</b>	<b>1.04.2019- 30.06.2019</b>	<b>1.01.2019- 30.06.2019</b>	<b>1.04.2018- 30.06.2018</b>	<b>1.01.2018- 30.06.2018</b>
Maintenance of premises*	( 29 942)	( 76 024)	( 70 566)	( 140 894)
Short-term lease costs*	( 5 916)	( 7 334)	-	-
Low-value assets lease costs*	( 2 541)	( 2 717)	-	-
Costs of variable lease payments not included in the measurement of the lease liability*	( 894)	( 1 110)	-	-
VAT costs not deductible*	( 13 665)	( 20 284)	-	-
Marketing and representation	( 27 202)	( 46 778)	( 25 682)	( 35 423)
IT systems costs	( 55 150)	( 110 425)	( 64 549)	( 110 719)
Cost of BFG, KNF and KDPW	( 27 326)	( 225 046)	( 8 446)	( 149 970)
Postal and telecommunication costs	( 12 817)	( 25 589)	( 10 880)	( 20 291)
Consulting fees	( 16 678)	( 27 190)	( 18 256)	( 33 161)
Cars, transport expenses, carriage of cash	( 12 419)	( 29 828)	( 14 767)	( 27 995)
Other external services	( 39 821)	( 74 477)	( 30 626)	( 61 458)
Stationery, cards, cheques etc.	( 3 043)	( 8 843)	( 3 055)	( 6 960)
Sundry taxes and charges	( 8 174)	( 16 347)	( 7 880)	( 14 807)
Data transmission	( 2 725)	( 5 454)	( 2 717)	( 5 509)
KIR, SWIFT settlements	( 8 167)	( 16 075)	( 7 436)	( 13 701)
Security costs	( 7 290)	( 14 356)	( 7 413)	( 14 195)
Costs of repairs	( 4 653)	( 5 450)	( 7 532)	( 18 215)
Other	( 6 894)	( 9 692)	( 5 749)	( 10 974)
<b>Total</b>	<b>( 285 317)</b>	<b>( 723 019)</b>	<b>( 285 554)</b>	<b>( 664 272)</b>

\*Details in note 2.5.

## 14. Other operating expenses

<b>Other operating expenses</b>	<b>1.04.2019- 30.06.2019</b>	<b>1.01.2019- 30.06.2019</b>	<b>1.04.2018- 30.06.2018</b>	<b>1.01.2018- 30.06.2018</b>
Charge of provisions for legal cases and other assets	( 9 744)	( 17 211)	( 68 140)	( 75 803)
Costs of purchased services	( 718)	( 1 216)	( 2 341)	( 7 946)
Other membership fees	( 318)	( 451)	( 301)	( 440)
Paid compensations, penalties and fines	( 570)	( 777)	( 327)	( 380)
Donations paid	( 2 200)	( 4 399)	( 2 700)	( 2 700)
Other	( 1 973)	( 7 043)	( 2 158)	( 5 701)
<b>Total</b>	<b>( 32 983)</b>	<b>( 48 557)</b>	<b>( 75 967)</b>	<b>( 92 970)</b>

## 15. Corporate income tax

	1.04.2019- 30.06.2019	1.01.2019- 30.06.2019	1.04.2018- 30.06.2018	1.01.2018- 30.06.2018
<b>Corporate income tax</b>				
Current tax charge in the income statement	( 197 958)	( 328 583)	( 178 307)	( 297 571)
Deferred tax	47 124	50 446	44 724	38 975
Tax adjustment for previous years	-	( 1 612)	-	2 283
<b>Total tax on gross profit</b>	<b>( 150 834)</b>	<b>( 279 749)</b>	<b>( 133 583)</b>	<b>( 256 313)</b>
<b>Corporate total tax charge information</b>				
Profit before tax	771 424	1 459 388	1 032 525	1 438 211
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	( 146 571)	( 277 284)	( 196 180)	( 273 260)
Non-tax-deductible expenses	( 12 831)	( 13 678)	( 9 364)	( 11 096)
The fee to the Bank Guarantee Fund	( 4 202)	( 40 836)	( 1 032)	( 27 350)
Tax on financial institutions	( 24 740)	( 49 752)	( 19 434)	( 37 803)
Non-taxable income (dividends)	47 568	111 245	93 231	93 231
Tax adjustment for previous years	-	( 1 612)	-	2 283
Other	( 10 058)	( 7 832)	( 804)	( 2 318)
<b>Total tax on gross profit</b>	<b>( 150 834)</b>	<b>( 279 749)</b>	<b>( 133 583)</b>	<b>( 256 313)</b>

<b>Deferred tax recognised in other comprehensive income</b>	30.06.2019	31.12.2018
Relating to valuation of debt investments measured at fair value through other comprehensive income	( 157 570)	( 127 697)
Relating to valuation of equity investments measured at fair value through other comprehensive income	( 129 914)	( 127 204)
Relating to cash flow hedging activity	1 711	15 694
Relating to valuation of defined benefit plans	( 2 553)	( 2 553)
<b>Total</b>	<b>( 288 326)</b>	<b>( 241 760)</b>

## 16. Cash and balances with central banks

<b>Cash and balances with central banks</b>	30.06.2019	31.12.2018
Cash	1 918 920	2 431 098
Current accounts in central banks	4 034 999	6 410 804
Term deposits	30 001	-
<b>Total</b>	<b>5 983 920</b>	<b>8 841 902</b>

Santander Bank Polska SA holds an obligatory reserve on a current account in the National Bank of Poland. The figure is calculated at a fixed percentage of the monthly average balance of the customers' deposits, which was 3.5% as at 30.06.2019 and 31.12.2018.

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

## 17. Loans and advances to banks

<b>Loans and advances to banks</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Loans and advances	889 751	1 255 204
Current accounts	1 837 377	1 604 341
<b>Gross receivables</b>	<b>2 727 128</b>	<b>2 859 545</b>
Allowance for impairment	( 67)	( 66)
<b>Total</b>	<b>2 727 061</b>	<b>2 859 479</b>

## 18. Financial assets and liabilities held for trading

<b>Financial assets and liabilities held for trading</b>	<b>30.06.2019</b>		<b>31.12.2018</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Trading derivatives</b>	<b>1 346 665</b>	<b>1 406 692</b>	<b>1 088 081</b>	<b>1 062 313</b>
Interest rate operations	733 446	697 410	560 854	545 539
Transactions on equity instruments	3 148	3 148	3 279	3 279
FX operations	610 071	706 134	523 948	513 495
<b>Debt and equity securities</b>	<b>7 752 073</b>	<b>-</b>	<b>8 688 624</b>	<b>-</b>
<b>Debt securities</b>	<b>7 720 903</b>	<b>-</b>	<b>8 671 723</b>	<b>-</b>
Government securities:	7 716 115	-	8 667 540	-
- bonds	7 716 115	-	8 667 540	-
Commercial securities:	4 788	-	4 183	-
- bonds	4 788	-	4 183	-
<b>Equity securities:</b>	<b>31 170</b>	<b>-</b>	<b>16 901</b>	<b>-</b>
<b>Short sale</b>	<b>-</b>	<b>319 981</b>	<b>-</b>	<b>175 689</b>
<b>Total financial assets/liabilities</b>	<b>9 098 738</b>	<b>1 726 673</b>	<b>9 776 705</b>	<b>1 238 002</b>

Financial assets and liabilities held for trading - trading derivatives include the change in the value of counterparty risk in the amount of PLN (2 995) k as at 30.06.2019 and PLN (1 017) k as at 31.12.2018.

## 19. Hedging derivatives

<b>Hedging derivatives</b>	<b>30.06.2019</b>		<b>31.12.2018</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Derivatives hedging fair value	1 240	172 234	312	129 205
Derivatives hedging cash flow	75 379	701 954	52 242	773 965
<b>Total hedging derivatives</b>	<b>76 619</b>	<b>874 188</b>	<b>52 554</b>	<b>903 170</b>

Hedging derivatives – derivatives hedging cash flow include value adjustments day first profit or loss for start forward CIRS transactions in the amount of PLN (8,040) k as at 30.06.2019 and (8,562) k as at 31.12.2018.

## 20. Loans and advances to customers

Loans and advances to customers	30.06.2019			Total
	Measured at amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	
Loans and advances to enterprises	57 944 790	419 529	37 528	58 401 847
Loans and advances to individuals, of which:	62 087 307	-	863 452	62 950 759
<i>Home mortgage loans</i>	47 047 043	-	-	47 047 043
Loans and advances to public sector	256 701	-	-	256 701
Other receivables	22 403	6	-	22 409
<b>Gross receivables</b>	<b>120 311 201</b>	<b>419 535</b>	<b>900 980</b>	<b>121 631 716</b>
Allowance for impairment	(2 998 355)	-	-	(2 998 355)
<b>Total</b>	<b>117 312 846</b>	<b>419 535</b>	<b>900 980</b>	<b>118 633 361</b>

Loans and advances to customers	31.12.2018			Total
	Measured at amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	
Loans and advances to enterprises	58 823 206	366 751	106 374	59 296 331
Loans and advances to individuals, of which:	59 619 111	-	962 766	60 581 877
<i>Home mortgage loans</i>	45 927 616	-	-	45 927 616
Finance lease receivables	-	-	-	-
Loans and advances to public sector	325 767	-	-	325 767
Other receivables	11 517	-	-	11 517
<b>Gross receivables</b>	<b>118 779 601</b>	<b>366 751</b>	<b>1 069 140</b>	<b>120 215 492</b>
Allowance for impairment	(2 723 002)	-	-	(2 723 002)
<b>Total</b>	<b>116 056 599</b>	<b>366 751</b>	<b>1 069 140</b>	<b>117 492 490</b>

Loans and advances to enterprises 30.06.2019	Gross carrying amount	Allowance for impairment	Net
Stage 1	51 804 394	( 163 485)	51 640 909
Stage 2	2 599 530	( 215 602)	2 383 928
Stage 3	3 179 036	(1 651 050)	1 527 986
POCI	361 830	( 27 917)	333 913
<b>Total</b>	<b>57 944 790</b>	<b>(2 058 054)</b>	<b>55 886 736</b>

Loans and advances to individuals 30.06.2019	Gross carrying amount	Allowance for impairment	Net
Stage 1	58 839 618	( 161 645)	58 677 973
Stage 2	1 711 180	( 122 575)	1 588 605
Stage 3	1 215 674	( 615 517)	600 157
POCI	320 836	( 39 793)	281 043
<b>Total</b>	<b>62 087 307</b>	<b>( 939 530)</b>	<b>61 147 777</b>

<b>Loans and advances to enterprises</b> <b>31.12.2018</b>	<b>Gross carrying amount</b>	<b>Allowance for impairment</b>	<b>Net</b>
Stage 1	53 265 502	( 204 607)	53 060 895
Stage 2	1 956 745	( 163 419)	1 793 326
Stage 3	3 193 667	(1 500 586)	1 693 081
POCI	407 292	( 13 301)	393 991
<b>Total</b>	<b>58 823 206</b>	<b>(1 881 914)</b>	<b>56 941 292</b>

<b>Loans and advances to individuals</b> <b>31.12.2018</b>	<b>Gross carrying amount</b>	<b>Allowance for impairment</b>	<b>Net</b>
Stage 1	56 865 498	( 157 291)	56 708 207
Stage 2	1 473 388	( 100 690)	1 372 698
Stage 3	959 098	( 562 635)	396 463
POCI	321 127	( 19 616)	301 511
<b>Total</b>	<b>59 619 111</b>	<b>( 840 232)</b>	<b>58 778 879</b>

<b>Movements on impairment losses on loans and advances to customers measured at amortised cost for reporting period</b>	<b>1.01.2019-30.06.2019</b>	<b>1.01.2018-30.06.2018</b>
<b>Balance at the beginning of the period</b>	<b>(2 723 002)</b>	<b>(2 668 155)</b>
<b>Charge/write back of current period</b>	<b>( 506 008)</b>	<b>( 356 848)</b>
Stage 1	( 14 895)	( 6 398)
Stage 2	( 116 632)	32 294
Stage 3	( 339 676)	( 358 181)
POCI	( 34 805)	( 24 563)
<b>Write off/Sale of receivables</b>	<b>206 173</b>	<b>155 344</b>
Stage 1	-	106
Stage 2	-	-
Stage 3	206 173	155 238
POCI	-	-
<b>Transfer</b>	<b>21 666</b>	<b>25 339</b>
Stage 1	51 543	-
Stage 2	42 442	207
Stage 3	( 72 333)	25 132
POCI	14	-
<b>F/X differences</b>	<b>2 816</b>	<b>( 17 065)</b>
Stage 1	228	( 1 646)
Stage 2	104	( 2 196)
Stage 3	2 486	( 12 969)
POCI	( 2)	( 254)
<b>Balance at the end of the period</b>	<b>(2 998 355)</b>	<b>(2 861 385)</b>

## 21. Investment securities

<b>Investment securities</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>Debt securities measured at fair value through other comprehensive income</b>	<b>35 405 541</b>	<b>35 439 836</b>
Government securities:	31 445 166	27 621 915
- bonds	31 445 166	27 621 915
Central Bank securities:	1 939 700	5 999 249
- bills	1 939 700	5 999 249
Other securities:	2 020 675	1 818 672
-bonds	2 020 675	1 818 672
<b>Debt securities measured at fair value through profit and loss</b>	<b>170 290</b>	<b>131 005</b>
<b>Equity securities measured at fair value through other comprehensive income</b>	<b>789 757</b>	<b>801 272</b>
- unlisted	789 757	801 272
<b>Total</b>	<b>36 365 588</b>	<b>36 372 113</b>

## 22. Investments in subsidiaries and associates

<b>Investments in subsidiaries and associates</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Subsidiaries	2 369 093	2 369 093
Associates	36 606	36 606
<b>Total</b>	<b>2 405 699</b>	<b>2 405 699</b>

## 23. Assets classified as held for sale

<b>Assets classified as held for sale</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Land and buildings	10 572	11 123
<b>Total</b>	<b>10 572</b>	<b>11 123</b>

## 24. Deposits from banks

<b>Deposits from banks</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Term deposits	158 405	144 907
Current accounts	919 746	895 072
<b>Total</b>	<b>1 078 151</b>	<b>1 039 979</b>

## 25. Deposits from customers

<b>Deposits from customers</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>Deposits from individuals</b>	<b>83 753 375</b>	<b>81 591 647</b>
Term deposits	25 133 000	26 315 057
Current accounts	58 535 194	55 180 825
Other	85 181	95 765
<b>Deposits from enterprises</b>	<b>50 418 139</b>	<b>54 101 104</b>
Term deposits	21 230 529	22 847 784
Current accounts	25 538 121	27 359 966
Loans	2 651 569	3 141 372
Other	997 920	751 982
<b>Deposits from public sector</b>	<b>4 243 161</b>	<b>3 777 025</b>
Term deposits	811 721	1 155 361
Current accounts	3 431 396	2 617 635
Other	44	4 029
<b>Total</b>	<b>138 414 675</b>	<b>139 469 776</b>

## 26. Subordinated liabilities

<b>Subordinated liabilities</b>	<b>Redemption date</b>	<b>Currency</b>	<b>Nominal value</b>
Tranche 1	05.08.2025	EUR	100 000
Tranche 2	03.12.2026	EUR	120 000
Tranche 3	22.05.2027	EUR	137 100
Tranche 4	05.04.2028	PLN	1 000 000

<b>Movements in subordinated liabilities</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
<b>As at the beginning of the period</b>	<b>2 543 940</b>	<b>1 488 602</b>
<b>Additions from:</b>	<b>40 004</b>	<b>1 099 717</b>
- drawing of subordinated loan	-	-
- interest on subordinated loans	40 004	26 287
- FX differences	-	68 152
- reclassification *	-	1 005 278
<b>Disposals from:</b>	<b>( 56 970)</b>	<b>( 23 005)</b>
- interest repayment	( 40 372)	( 23 005)
- FX differences	( 16 598)	-
<b>As at the end of the period</b>	<b>2 526 974</b>	<b>2 565 314</b>
Short-term	16 058	16 383
Long-term (over 1 year)	2 510 916	2 548 931

\*Bonds issued by Bank and qualified with the consent of the Polish Financial Supervision Authority to subordinated liabilities.

## 27. Debt securities in issue

<b>Issuance of debt securities in 1H 2019 (non-matured securities)</b>	<b>Nominal value</b>	<b>Currency</b>	<b>Redemption date</b>
Series J bank securities	550 000	PLN	27.04.2020
Series K bank securities	82 000	PLN	23.12.2019

<b>Issuance of debt securities in 2018 (non-matured securities)</b>	<b>Nominal value</b>	<b>Currency</b>	<b>Redemption date</b>
Series G bank securities	500 000	PLN	26.04.2019
Series H bank securities	500 000	PLN	27.09.2019
Series I bank securities	150 000	PLN	21.06.2019
Santander Bank Polska bonds 09/2018	500 000	EUR	20.09.2021

<b>Movements in debt securities in issue</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
<b>As at the beginning of the period</b>	<b>3 311 969</b>	<b>1 240 244</b>
<b>Increase (due to):</b>	<b>653 074</b>	<b>2 015 738</b>
- debt securities in issue	632 000	2 000 000
- interest on debt securities in issue	20 354	15 738
- other changes	720	-
<b>Decrease (due to):</b>	<b>( 685 617)</b>	<b>(2 254 032)</b>
- debt securities redemption	( 650 000)	(1 235 000)
- interest repayment	( 11 633)	( 13 754)
- reclassification *	-	(1 005 278)
- FX differences	( 23 984)	-
<b>As at the end of the period</b>	<b>3 279 426</b>	<b>1 001 950</b>

\*Bonds issued by Bank and qualified with the consent of the Polish Financial Supervision Authority to subordinated liabilities.

## 28. Provisions for off balance sheet credit facilities

<b>Provisions for off balance sheet credit facilities</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Provisions for financial liabilities to grant loans	23 144	43 833
Provisions for financial guarantees	14 008	12 821
Provisions for low-risk credit lines	3 452	-
Other provisions	1 607	1 489
<b>Total</b>	<b>42 211</b>	<b>58 143</b>

<b>Change in provisions for off balance sheet credit facilities</b>	<b>30.06.2019</b>
<b>As at the beginning of the period</b>	<b>58 143</b>
Provision charge	57 495
Utilization	( 96)
Write back	( 73 331)
<b>As at the end of the period</b>	<b>42 211</b>
Short-term	29 965
Long-term	12 246



<b>Change in provisions for off balance sheet credit facilities</b>	<b>30.06.2018</b>
<b>As at 31.12.2017</b>	<b>25 384</b>
Impact of the implementation of IFRS 9	24 489
<b>As at 1.01.2018 (restated)</b>	<b>49 873</b>
Provision charge	66 897
Utilization	411
Write back	( 76 584)
<b>As at the end of the period</b>	<b>40 597</b>
Short-term	27 622
Long-term	12 975

## 29. Other provisions

<b>Other provisions</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Provisions for legal claims	92 134	83 644
Provisions for restructuring*	24 734	-
<b>Total</b>	<b>116 868</b>	<b>83 644</b>

\*Details on restructuring provision are disclosed in Note 12.

<b>Change in other provisions on 30.06.2019</b>	<b>Provisions for legal claims</b>	<b>Provisions for restructuring</b>	<b>Total</b>
<b>As at the beginning of the period</b>	<b>83 644</b>	<b>-</b>	<b>83 644</b>
Provision charge	8 747	80 000	88 747
Utilization	( 231)	( 55 266)	( 55 497)
Write back	( 26)	-	( 26)
<b>As at the end of the period</b>	<b>92 134</b>	<b>24 734</b>	<b>116 868</b>

<b>Change in other provisions on 30.06.2018</b>	<b>Provisions for legal claims</b>
<b>As at the beginning of the period</b>	<b>57 216</b>
Provision charge	77 570
Utilization	( 3 338)
Write back	( 25 245)
<b>As at the end of the period</b>	<b>106 203</b>

## 30. Other liabilities

<b>Other liabilities</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Settlements of stock exchange transactions	28 639	17 039
Interbank settlements	751 934	267 632
Employee provisions	220 506	333 250
Other provisions	3 300	3 300
Sundry creditors	574 075	1 000 712
Other deferred and suspended income	148 876	160 901
Public and law settlements	111 422	101 926
Accrued liabilities	287 871	250 240
<b>Total</b>	<b>2 126 623</b>	<b>2 135 000</b>
of which financial liabilities *	1 866 325	1 872 173

\*Financial liabilities include all items of 'Other liabilities' with the exception of Public and law settlements and Other deferred and suspended income.

	<b>Employee provisions</b>			<b>Total</b>
	<b>of which:</b>			
<b>Change in provisions on 30.06.2019</b>		<b>Provisions for retirement allowances</b>	<b>Other provisions</b>	
<b>As at the beginning of the period</b>	<b>333 250</b>	<b>34 351</b>	<b>3 300</b>	<b>336 550</b>
Provision charge	135 622	844	-	135 622
Utilization	( 248 330)	-	-	( 248 330)
Write back	( 36)	-	-	( 36)
<b>Balance at the end of the period</b>	<b>220 506</b>	<b>35 195</b>	<b>3 300</b>	<b>223 806</b>
Short-term	185 311	-	3 300	188 611
Long-term	35 195	35 195	-	35 195

	<b>Employee provisions</b>			<b>Total</b>
	<b>of which:</b>			
<b>Change in provisions on 30.06.2018</b>		<b>Provisions for retirement allowances</b>	<b>Other provisions</b>	
<b>As at the beginning of the period</b>	<b>340 770</b>	<b>67 225</b>	<b>3 300</b>	<b>344 070</b>
Provision charge	113 051	1 849	-	113 051
Utilization	( 187 126)	-	-	( 187 126)
Write back	( 34 241)	( 31 328)	-	( 34 241)
<b>Balance at the end of the period</b>	<b>232 454</b>	<b>37 746</b>	<b>3 300</b>	<b>235 754</b>
Short-term	194 708	-	3 300	198 008
Long-term	37 746	37 746	-	37 746

## 31. 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.

	30.06.2019		31.12.2018	
	Book Value	Fair Value	Book Value	Fair Value
<b>ASSETS</b>				
Cash and balances with central banks	5 983 920	5 983 920	8 841 902	8 841 902
Loans and advances to banks	2 727 061	2 727 061	2 859 479	2 859 479
Financial assets held for trading	9 098 738	9 098 738	9 776 705	9 776 705
Hedging derivatives	76 619	76 619	52 554	52 554
Loans and advances to customers	118 633 361	119 474 331	117 492 490	118 318 342
- measured at amortised cost	117 312 846	118 153 816	116 056 599	116 882 451
- measured at fair value through other comprehensive income	419 535	419 535	366 751	366 751
- measured at fair value through profit or loss	900 980	900 980	1 069 140	1 069 140
Investment securities incl.:	36 365 588	36 365 588	36 372 113	36 372 113
- debt securities measured at fair value through other comprehensive income	35 405 541	35 405 541	35 439 836	35 439 836
- debt securities measured at fair value through profit and loss	170 290	170 290	131 005	131 005
- equity securities measured at fair value through other comprehensive income	789 757	789 757	801 272	801 272
<b>LIABILITIES</b>				
Deposits from banks	1 078 151	1 078 151	1 039 979	1 039 979
Hedging derivatives	874 188	874 188	903 170	903 170
Financial liabilities held for trading	1 726 673	1 726 673	1 238 002	1 238 002
Deposits from customers	138 414 675	138 427 742	139 469 776	139 478 610
Subordinated liabilities	2 526 974	2 514 137	2 543 940	2 531 230

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 Bank 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 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. Additional information is presented in Note 2.5 Change in estimates.

**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.

**Debt securities in issue and subordinated liabilities:** The Bank has made an assumption that fair value of those securities is based on discounted cash flows methods incorporating adequate interest rates.

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

As at 30.06.2019 and in the comparable periods the Bank 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 Bank 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 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.

Valuation of major capital investments classified to Level III:

- a) AVIVA Towarzystwo Ubezpieczeń na Życie SA (AVIVA TUŻ),
- b) AVIVA Powszechne Towarzystwo Emerytalne SA (AVIVA PTE),
- c) AVIVA Towarzystwo Ubezpieczeń Ogólnych SA (AVIVA TUO).

are made semi-annually by specialized units of the Bank using income methods based on discounted cash flows, where the most important variables of the model are the level of forecasted dividends and the risk free rate rate including the discount for liquidity risk and lack of control.

As at 30.06.2019 and in the comparable periods the Bank classified its financial instruments to the following fair value levels:

30.06.2019	Level I	Level II	Level III	Total
<b>Financial assets</b>				
Financial assets held for trading	7 752 073	1 346 665	-	9 098 738
Hedging derivatives	-	76 619	-	76 619
Loans and advances to customers measured at fair value through other comprehensive income	-	-	419 535	419 535
Loans and advances to customers measured at fair value through profit or loss	-	-	900 980	900 980
Debt securities measured at fair value through OCI	35 378 271	-	27 270	35 405 541
Debt securities measured at fair value through profit and loss	-	-	170 290	170 290
Equity securities measured at fair value through OCI	-	-	789 757	789 757
<b>Total</b>	<b>43 130 344</b>	<b>1 423 284</b>	<b>2 307 832</b>	<b>46 861 460</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	319 981	1 406 692	-	1 726 673
Hedging derivatives	-	874 188	-	874 188
<b>Total</b>	<b>319 981</b>	<b>2 280 880</b>	<b>-</b>	<b>2 600 861</b>

<b>31.12.2018</b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
<b>Financial assets</b>				
Financial assets held for trading	8 688 624	1 088 081	-	9 776 705
Hedging derivatives	-	52 554	-	52 554
Loans and advances to customers measured at fair value through other comprehensive income	-	-	366 751	366 751
Loans and advances to customers measured at fair value through profit or loss	-	90 300	978 840	1 069 140
Debt securities measured at fair value through OCI	35 412 566	-	27 270	35 439 836
Debt securities measured at fair value through profit and loss	-	-	131 005	131 005
Equity securities measured at fair value through OCI	-	-	801 272	801 272
<b>Total</b>	<b>44 101 190</b>	<b>1 230 935</b>	<b>2 305 138</b>	<b>47 637 263</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	175 689	1 062 313	-	1 238 002
Hedging derivatives	-	903 170	-	903 170
<b>Total</b>	<b>175 689</b>	<b>1 965 483</b>	<b>-</b>	<b>2 141 172</b>

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.

<b>Level III</b>	<b>Financial assets</b>					
	<b>Financial assets held for trading</b>	<b>Loans and advances to customers measured at fair value through profit and loss</b>	<b>Loans and advances to customers measured at fair value through other comprehensive income</b>	<b>Debt securities measured at fair value through other comprehensive income</b>	<b>Debt securities measured at fair value through profit and loss</b>	<b>Equity securities measured at fair value through other comprehensive income</b>
<b>30.06.2019</b>						
<b>As at the beginning of the period</b>	-	978 840	366 751	27 270	131 005	801 272
Profit or losses						
<i>recognised in income statement</i>	-	82 015	-	-	39 285	-
<i>recognised in equity (OCI)</i>	-	-	-	-	-	(7 214)
Purchase/ granting	-	258 221	52 784	-	-	-
Sale	-	-	-	-	-	(4 301)
Matured	-	(418 096)	-	-	-	-
Transfer	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>As at the end of the period</b>	<b>-</b>	<b>900 980</b>	<b>419 535</b>	<b>27 270</b>	<b>170 290</b>	<b>789 757</b>

Level III	Financial assets					
	Financial assets held 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 other comprehensive income	Debt securities measured at fair value through profit and loss	Equity securities measured at fair value through other comprehensive income
<b>31.12.2018</b>						
<b>As at the beginning of the period</b>	447	-	-	32 532	-	894 550
<b>Impact of the implementation of IFRS 9</b>	-	1 067 920	-	-	90 175	( 15 718)
Profit or losses						
<i>recognised in income statement</i>	( 26)	15 355	-	-	12 120	-
<i>recognised in equity (OCI)</i>	-	-	-	-	-	45 472
Purchase	-	17 294	366 751	-	20 013	2 604
Sale	( 421)	-	-	-	-	( 316)
Matured	-	( 18 368)	-	( 5 262)	-	-
Transfer	-	( 90 300)	-	-	-	( 125 320)
Other	-	( 13 061)	-	-	8 697	-
<b>As at the end of the period</b>	-	978 840	366 751	27 270	131 005	801 272

## 32. Contingent liabilities

### Significant court proceedings

**As at 30.06.2019**, no proceedings were instituted by court or by state administration agencies with relation to liabilities or receivables made by or against the Bank amounting to a minimum of 10% of the Bank's equity.

The value of all litigation amounts to PLN 844,768 k, which is ca. 3.64% of the Bank's equity. This amount includes PLN 364,255 k claimed by the Bank, PLN 480,513 k in claims against the Bank. There were no litigations for bankruptcy or arrangement.

In 1H 2019 the amount of significant court proceedings which had been completed amounted to PLN 81,661 k.

As at 30.06.2019, the value of provisions for legal risks, for court cases against Santander Bank Polska SA was PLN 92,134 k. In 48 cases against the Bank, where the claim value was high, a provision of PLN 37,364 k was raised and in 1 case claimed by the Bank, a provision of PLN 26,245 k was raised.

As at 30 June 2019, the Bank had PLN 7,925 m worth of retail exposures in respect of mortgage loans denominated in, or indexed to, CHF.

As at 30 June 2019, there were 723 pending lawsuits against the bank over loans indexed to, or denominated in, a foreign currency (mainly CHF), whereby the disputed amount totalled PLN 207 m. This included a class action filed under the Act on pursuing claims through group proceedings in respect of 530 CHF-indexed loans, with the disputed amount of PLN 47 m.

As at 30 June 2019, the Bank raised PLN 25 m worth of provisions for legal risk connected with the above lawsuits.

So far, in the vast majority of cases brought against Santander Bank Polska SA courts have decided in favour of the bank (15 final rulings dismissing the case vs. one ruling against the bank ordering it to refund the overpaid amount).

There are significant differences in courts' rulings on CHF loan cases:

- Courts deciding in favour of banks hold that indexation clauses are not unfair and dismiss the cases.
- Courts deciding strongly against banks generally rule that: (1) loan indexation and application of an exchange rate from the bank's exchange rates table is unfair and therefore invalid, and the loan at issue is treated as a PLN loan with an interest rate based on CHF LIBOR; or (2) the indexation clause is unfair and renders the loan agreement null and void.

- Some courts argue that loan indexation itself is lawful but application of an exchange rate based on the bank's table is unfair and should be deemed invalid. Accordingly, an objective indexation rate should be used, i.e. an average NBP exchange rate (this is usually based on default rules of the national law supported by rulings by the Court of Justice of the European Union (CJEU) and the Supreme Court). As a result, banks may be ordered to refund overpaid amounts; however, they will be equal to FX differences close to the currency spread.

To date, the Supreme Court has presented a uniform stance as to the consequences of rendering the exchange rate calculation clause unfair: indexed loan agreements are lawful and the agreement at issue retains the features of an agreement on an indexed loan. However, in the last two cases, the Supreme Court ruled that the indexation clause was invalid and the agreement should be treated as an agreement on a PLN loan with an interest rate based on LIBOR. These rulings were an exception to the decisions made by the Supreme Court so far.

On 14 May 2019, the Advocate General of CJEU issued an opinion in relation to the lawsuit against Raiffeisen Bank Polska SA regarding unfair contractual clauses in consumer agreements, specifically the consequences of potentially unfair contractual clauses in CHF-indexed loan agreements. The Advocate General concluded that if the FX difference clause is deemed to be unfair, the agreement may be converted to an agreement on a PLN loan with an interest rate based on CHF LIBOR or it may be rendered null and void, as decided by the domestic court. In consultation with the Polish Bank Association (ZBP), Raiffeisen Bank Polska SA filed for rehearing, enclosing a written opinion of the ZBP which pointed to a significant risk of the CJEU ruling based on incorrect legal assumptions presented in the opinion of the Advocate General.

The bank regularly monitors courts' rulings on loans indexed to, or denominated in, a foreign currency in terms of possible changes in courts' stance.

In view of the final and binding courts' decisions in lawsuits against Santander Bank Polska SA (the vast majority of which have been favourable to the bank) and differences in courts' stance, when assessing legal risk associated with lawsuits over foreign currency loans the bank considers the probability of different rulings and raises provisions for pending court proceedings.

The Management Board confirms that the Bank maintains capital adequacy ratios in accordance with the applicable laws and individual decisions of the KNF, at the level exceeding regulatory requirements respectively 18.51% of total capital ratio and 16.37% of Tier 1 ratio.

**As at 31.12.2018**, no proceedings were instituted by court or by state administration agencies with relation to liabilities or receivables made by or against the Bank amounting to a minimum of 10% of the Bank's equity.

The value of all litigation amounts to PLN 882,136 k, which is ca. 3.7% of the Bank's equity. This amount includes PLN 387,362 k claimed by the Bank, PLN 494,774 k in claims against the Bank. There were no litigations for bankruptcy or arrangement.

In 2018 the amount of significant court proceedings which had been completed amounted to PLN 166,553 k.

As at 31.12.2018, the value of provisions for legal risks, for court cases against Santander Bank Polska SA was PLN 83,644 k. In 37 cases against the Bank, where the claim value was high, a provision of PLN 37,340 k was raised and in 1 case claimed by the Bank, a provision of PLN 26,245 k was raised.

The Bank raises provisions for legal risk where an internal risk assessment for a particular case indicates a possible outflow of cash. Provisions for cases disputed in court are presented in Note 29.

### Off-balance sheet liabilities

The break-down of contingent liabilities and off-balance transactions into categories are presented below. 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.

Contingent liabilities - sanctioned	30.06.2019			Total
	Stage 1	Stage 2	Stage 3	
<b>Liabilities sanctioned</b>				
<b>- financial</b>	<b>25 913 288</b>	<b>273 426</b>	<b>38 690</b>	<b>26 225 404</b>
- credit lines	21 781 961	210 235	33 650	22 025 846
- credit cards debits	3 353 505	55 917	5 040	3 414 462
- import letters of credit	666 822	7 274	-	674 096
- term deposits with future commencement term	111 000	-	-	111 000
<b>- guarantees</b>	<b>7 750 311</b>	<b>142 282</b>	<b>24 713</b>	<b>7 917 306</b>
<b>Provision for off-balance sheet liabilities</b>	<b>( 7 816)</b>	<b>( 7 351)</b>	<b>( 27 044)</b>	<b>( 42 211)</b>
<b>Total</b>	<b>33 655 783</b>	<b>408 357</b>	<b>36 359</b>	<b>34 100 499</b>

Contingent liabilities - sanctioned	31.12.2018			Total
	Stage 1	Stage 2	Stage 3	
<b>Liabilities sanctioned</b>				
<b>- financial</b>	<b>26 792 453</b>	<b>303 656</b>	<b>76 549</b>	<b>27 172 658</b>
- credit lines	22 634 188	273 974	70 886	22 979 048
- credit cards debits	3 358 077	17 927	5 663	3 381 667
- import letters of credit	788 817	11 755	-	800 572
- term deposits with future commencement term	11 371	-	-	11 371
<b>- guarantees</b>	<b>7 432 336</b>	<b>141 102</b>	<b>27 530</b>	<b>7 600 968</b>
<b>Provision for off-balance sheet liabilities</b>	<b>( 15 733)</b>	<b>( 10 013)</b>	<b>( 32 397)</b>	<b>( 58 143)</b>
<b>Total</b>	<b>34 209 056</b>	<b>434 745</b>	<b>71 682</b>	<b>34 715 483</b>

### 33. Shareholders with min. 5% voting power

According to the information held by the Bank's Management Board, the shareholder with a min. 5% of the total number of votes at the Santander Bank Polska General Meeting as at the publication date of the condensed interim financial statement for H1 2019 /23.07.2019/ is Banco Santander S.A.

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	23.07.2019	30.04.2019	23.07.2019	30.04.2019	23.07.2019	30.04.2019	23.07.2019	30.04.2019
Banco Santander S.A.	68 880 774	68 880 774	67,47%	67,47%	68 880 774	68 880 774	67,47%	67,47%
Other	33 207 531	33 207 531	32,53%	32,53%	33 207 531	33 207 531	32,53%	32,53%
<b>Total</b>	<b>102 088 305</b>	<b>102 088 305</b>	<b>100%</b>	<b>100%</b>	<b>102 088 305</b>	<b>102 088 305</b>	<b>100%</b>	<b>100%</b>



## 34. Related parties

The tables below present intercompany transactions. Most of the transactions are banking transactions made as part of ordinary business activities and mainly include loans, deposits, guarantees, leases. In the case of internal Group transactions, a documentation is prepared in accordance with requirements of tax regulations for transfer pricing.

<b>Transactions with subsidiaries</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>Assets</b>	<b>9 275 153</b>	<b>9 462 343</b>
Loans and advances to banks	581 414	110 434
Financial assets held for trading	9 951	6 855
Loans and advances to customers	8 681 145	9 342 562
Other assets	2 643	2 492
<b>Liabilities</b>	<b>577 032</b>	<b>708 452</b>
Deposits from banks	1 586	30 595
Financial liabilities held for trading	6 284	4 742
Deposits from customers	370 892	476 177
Lease liability	198 184	-
Other liabilities	86	196 938
<b>Contingent Liabilities</b>	<b>4 212 173</b>	<b>5 495 274</b>
Sanctioned:	4 212 173	5 495 274
<i>financial</i>	2 544 067	3 499 375
<i>guarantees</i>	1 668 106	1 995 899

<b>Transactions with subsidiaries</b>	<b>01.01.2019- 30.06.2019</b>	<b>01.01.2018- 30.06.2018</b>
<b>Income</b>	<b>119 911</b>	<b>121 981</b>
Interest income	105 481	95 224
Fee and commission income	10 184	10 157
Other operating income	3 688	3 835
Net trading income and revaluation	558	12 765
<b>Expenses</b>	<b>6 363</b>	<b>3 495</b>
Interest expenses	5 402	2 637
Fee and commission expenses	705	971
Operating expenses incl.:	256	( 113)
<i>Bank's staff, operating expenses and management costs</i>	106	( 157)
<i>Other</i>	150	44

<b>Transactions with associates</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>Liabilities</b>	<b>129 401</b>	<b>105 519</b>
Deposits from customers	129 401	105 519

<b>Transactions with associates</b>	<b>1.01.2019- 30.06.2019</b>	<b>1.01.2018- 30.06.2018</b>
<b>Income</b>	<b>19 992</b>	<b>16 859</b>
Fee and commission income	19 992	16 859
<b>Expenses</b>	<b>1 414</b>	<b>1 549</b>
Interest expense	838	684
Fee and commission expense	-	56
Operating expenses incl.:	576	809
<i>General and administrative expenses</i>	576	809

Transactions with Santander Group	with the parent company		with other entities	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
<b>Assets</b>	<b>1 004 785</b>	<b>1 364 172</b>	<b>3 301</b>	<b>6 416</b>
Loans and advances to banks, incl:	415 933	955 508	3 301	6 398
<i>Loans and advances</i>	306 781	583 784	-	-
<i>Current accounts</i>	109 152	371 724	3 301	6 398
Financial assets held for trading	588 852	407 364	-	-
Hedging derivatives	-	1 085	-	-
Other assets	-	215	-	18
<b>Liabilities</b>	<b>746 857</b>	<b>784 526</b>	<b>115 845</b>	<b>127 015</b>
Deposits from banks incl.:	125 431	294 866	12 142	10 721
<i>Current accounts</i>	125 431	294 866	12 142	10 721
Hedging derivatives	1 509	8 634	-	-
Financial liabilities held for trading	596 936	477 638	-	-
Deposits from customers	-	-	66 538	100 130
Lease liability	-	-	1 181	-
Other liabilities	22 981	3 388	35 984	16 164
<b>Contingent liabilities</b>	<b>11 000</b>	<b>-</b>	<b>2 284</b>	<b>-</b>
Sanctioned:	11 000	-	2 284	-
<i>financial</i>	11 000	-	-	-
<i>guarantees</i>	-	-	2 284	-

Transactions with Santander Group	with the parent company		with other entities	
	1.01.2019- 30.06.2019	1.01.2018- 30.06.2018	1.01.2019- 30.06.2019	1.01.2018- 30.06.2018
<b>Income</b>	<b>224 828</b>	<b>6 049</b>	<b>1 000</b>	<b>17 454</b>
Interest income	3 792	4 922	24	12
Fee and commission income	1 128	1 127	153	120
Other operating income	-	-	4	89
Net trading income and revaluation	219 908	-	819	17 233
<b>Expenses</b>	<b>21 230</b>	<b>76 564</b>	<b>32 632</b>	<b>31 943</b>
Interest expense	859	846	433	200
Fee and commission expense	730	644	6	2
Net trading income and revaluation	-	63 741	-	-
Operating expenses incl.:	19 641	11 333	32 193	31 741
<i>Staff, Operating expenses and management costs</i>	19 641	11 332	32 193	31 739
<i>Other operating expenses</i>	-	1	-	2

## Transactions with key management personnel

### Remuneration of Santander Management Board Members, Supervisory Board Members and key management.

#### Loans and advances granted to key management personnel

As at 30.06.2019, 31.12.2018 and 30.06.2018 members of the Management Board were bound by the non-compete agreements which remain in force after they step down from their function. If a Member of the Management Board is removed from their function or not appointed for another term, he/she is entitled to a once-off severance pay. The severance pay does not apply if the person accepts another function in the Bank.

Loans and advances have been sanctioned on regular terms and conditions.

Remuneration of Management Board Members and Key Management	Management Board Members		Key Management	
	1.01.2019- 30.06.2019	1.01.2018- 30.06.2018	1.01.2019- 30.06.2019	1.01.2018- 30.06.2018
	Renumeration	5 979	6 448	11 432
Additional benefits (e.g among others, life insurance cover without pension option, medical cover, travel expenses and school fees)	293	457	304	311
The awards paid in 2019 and 2018 *	10 887	9 940	12 841	12 369
Equivalent paid for unused annual leave	129	146	-	192
Additional compensation for termination of the contract and the non-competition clause	-	1 105	-	660
Provisions for retirement benefits and provision for unused holidays	1 904	1 263	3 223	2 397
The number of conditional rights to shares	25 160	27 220	34 200	34 080

	Management Board Members		Key Management	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	Loans and advances made by the Bank to the Members of the Management Board/Key Management and to their relatives	8 705	10 103	30 028
Deposits from The Management Board/Key management and their relatives	17 398	13 714	32 883	26 169

\* included part of the award for 2018, 2017, 2016, 2015 and 2014 which was conditional and deferred in time

The category of key management personnel includes the persons covered by the principles outlined in the "Santander Bank Polska Group Remuneration Policy".

Santander Bank Polska SA applies the "Santander Bank Polska Group Remuneration Policy". The Policy has been approved by the bank's Management Board and Supervisory Board and is reviewed annually or each time significant organisational changes are made.

Persons holding managerial positions are paid variable remuneration once a year following the end of the settlement period and release of the bank's results. Variable remuneration is awarded in accordance with applicable bonus regulations and paid in cash and phantom stock. The latter shall represent min. 50% of the total amount of variable remuneration. Payment of min. 40% of variable remuneration referred to above is conditional and deferred for the period of three years (13.3% per annum). Variable remuneration is paid in arrears in equal annual instalments depending on the business and quality results obtained and individual performance in the period subject to assessment and the value of the phantom stock.

In H1 2019, the total remuneration paid to the Supervisory Board Members of Santander Bank Polska totalled PLN 972,1 k. Mr John Power received remuneration for the supervision over the integration process with the acquired carve-out business of Deutsche Bank Poland by Santander Bank Polska in the amount of PLN 1,720.6 k. Mr John Power received remuneration of PLN 24.8 k from subsidiaries for his membership in their Supervisory Boards.

In H1 2018, the total remuneration paid to the Supervisory Board Members of Santander Bank Polska totalled PLN 754 k. Mr John Power received remuneration for the supervision over acquisition of a carve-out business of Deutsche Bank Poland by Santander Bank Polska in the amount of PLN 422 k. Mr John Power received remuneration of PLN 13.8 k from subsidiaries for his membership in their Supervisory Boards.

## 35. Acquisition of an organized part of the enterprise

The below information is an update on the disclosures contained in the Financial Statements of Santander Bank Polska for 2018. The update is related to the final settlement of the acquisition of an organised part of the enterprise of Deutsche Bank Polska S.A. and DB Securities S.A.

### Final purchase price

In accordance with the terms and conditions of the agreement signed on 14 December 2017 and taking into account the final post-transaction settlement, the parties set the acquisition price to PLN 1,235,055,290.20, which includes:

1. PLN 1,206,293,353.00 in respect of purchase of the demerged part of Deutsche Bank Polska S.A.;
2. PLN 28,761,937.20 in respect of purchase of DB Securities S.A.

The price for purchase of the demerged part of Deutsche Bank Polska S.A. was calculated based on the initial level of risk weighted assets multiplied by 13.875% and discounted by the agreed multiplier of 0.60x.

The fair value of the purchase price consisted of two parts: cash paid of PLN 260,948,269, which accounted for 20% of the total agreed price, and the remainder paid in the form of 2,754,824 demerger shares of the acquiring entity. The number of the shares issued as part of the consideration was based on their value, being an arithmetical average of daily prices weighted by trade volume of the acquiring bank's shares which were traded on the Warsaw Stock Exchange during the period between 14 November 2017 and 13 December 2017, and totaled PLN 374.56. The fair value of the consideration paid in the form of shares was based on the fair value of Santander Bank Polska S.A. stock quoted on the Warsaw Stock Exchange on 9 November 2018, which amounted to PLN 353.60.

The purchase price of DB Securities S.A. in the amount of PLN 28,761,937.20 was determined by the parties based on financial data of DB Securities S.A. verified after the acquisition, and the agreed discount of net assets.

Details of the payment:

<b>Fair value of purchase consideration</b>	
Cash paid	260 948
Ordinary shares issued	974 107
<b>Total purchase consideration</b>	<b>1 235 055</b>

### Analysis of the acquired assets and liabilities on the merger date

As at the date of publishing the report, Santander Bank Polska Group made the final valuation of the assets and liabilities related to the acquisition of the organised part of Deutsche Bank Polska S.A. and DB Securities S.A. The valuation included verification of balance sheet items (such as loans and advances to customers, fixed assets and deposits from customers and banks) and contingent liabilities. In addition, as part of the acquisition, the bank identified assets which meet the conditions to be recognised as intangible assets. They are the result of the valuation of the relationships with deposit customers of Deutsche Bank Polska S.A. (PLN 142.2m) and relationships with customers using investment and insurance products (PLN 50.4m).

Details of the approach used to calculate above balances are described in the section "Significant judgements and valuation assumptions".

The intangible assets are amortised to profit or loss using the non-straight line method. The assets' useful life was determined in relation to the life of the underlying products.

The tables below present the fair value of the acquired assets and liabilities.

	<b>as at: 09.11.2018</b>	<b>Organized part of the DB</b>
<b>ASSETS</b>		
Cash and balances with central banks	51 073	
Loans and advances to banks	405	
Financial assets held for trading	24 049	
Loans and advances to customers measured at amortised cost	18 781 513	
- Mortgage loans	8 442 540	
- Consumer loans	3 092 067	
- Business loans	7 246 906	
Investments in subsidiaries and associates	28 763	
Investment securities incl.:	83 090	
- debt securities measured at fair value through other comprehensive income	63 077	
- debt securities measured at fair value through profit and loss	20 013	
Intangible assets	195 977	
Property, plant and equipment	19 043	
Net deferred tax assets	52 972	
Other assets	37 017	
<b>Total assets</b>	<b>19 273 902</b>	
<b>LIABILITIES</b>		
Deposits from banks	4 417 460	
Financial liabilities held for trading	12 122	
Deposits from customers	13 041 354	
Provisions for off balance sheet credit risk	7 945	
Other provisions	5 230	
Other liabilities	149 647	
<b>Total liabilities</b>	<b>17 633 758</b>	
<b>Net assets acquired</b>	<b>1 640 144</b>	

## Significant judgements and valuation assumptions

### 1. Recognised intangible assets

Based on the valuation, Santander Bank Polska S.A. recognised the following intangible assets:

#### Core Deposit Intangible (CDI)

CDI is defined as a present value of the difference between the current accounts' cost of financing and the alternative cost of financing that the bank would have had to bear if it did not own such portfolio of accounts. The fair value of the CDI was estimated with income approach. The cash flows reflecting the cost savings were calculated based on the difference between the forecasted costs of the acquired accounts and the costs of alternative market funds during the average life period of acquired accounts. The cost of alternative funds was estimated on the basis of interest rates market benchmarks for PLN and EUR funding. Computed cash flows for subsequent years were discounted with the appropriate discount rate as of the acquisition date.

#### Customer relationships intangible – insurance and investments products

The value of a customer relationship is justified by the fact that such a relationship provides the bank with numerous benefits such as potentially reduced selling and marketing expenses, enhanced logistic capabilities between the bank and the customer, and a working rapport between the bank and the customer. The fair value of the intangible was estimated with income approach. The value was determined on the basis of discounted future cash flows resulting from the surplus revenue generated by the bank holding the given intangible asset. The contributory amount of general expenses (including amortisation) and other charges is deducted from such defined cash flows for each year of expected relationship. The received cash flows for each year are then discounted at the cost of equity increased by an appropriate premium to constitute the fair the value of intangible asset.

## 2. Acquired loans and advances to customers

Fair value measurement as of the acquisition date was based on data of the acquired portfolio provided to Santander Bank Polska S.A. in the process of migration. Valuation of loans and advances to customers was conducted taking into account the risk characteristics of the acquired portfolios.

### Fair value adjustment to performing loans

The fair value adjustment on performing loans was also calculated using the Discounted Cash Flow (DCF) method. The majority of adjustments resulted mainly from the acquired mortgage and SME loans portfolio, where contractual interest rate margins are lower than interest rates currently observed on the market. The newly acquired performing loans have been classified as Stage 1 portfolio.

### Fair value adjustment to non-performing loans

The fair value of non-performing loans subject to collective and individual provisions is measured using the Discounted Cash Flow (DCF) method. For non-performing exposures assessed individually Santander Bank Polska S.A. estimates expected future cash flows on a case-by-case basis. In the case of collectively assessed non-performing exposures, the future value of recoveries is based on recovery rate curves. Expected cash flows for non-performing exposures have been discounted using appropriate discount rates. The acquired non-performing loans have been classified as POCI portfolio.

As at transaction date, contractual cash flows in respect of the acquired loans were estimated at PLN 19,549,631k and the non-discounted value of non-recoverable cash flows was PLN 602,584k.

## 3. Significant acquired liabilities

### Unfavourable rental agreements

The bank acquired rental agreements with conditions worse from the market rates as of the acquisition date, therefore additional liability resulting from such onerous contracts was recognised. Estimation of the fair value of agreements for properties (branches) rented by the demerged bank has been conducted with an income approach based on differences between market rent fees per square meter for particular locations and actual rent fees from agreements signed by the demerged bank. Differences were then discounted by risk free rate as at the acquisition date during the remaining rental contract period.

### Other liabilities

Apart from the adjustments above, the bank recognised a number of minor provisions or cost accruals connected with expected litigations, debt enforcement proceedings or differences in accounting estimates related to human resources provisions and accruals. The value of liabilities was estimated on the basis of future expected outflow of funds. As the recognised liabilities are short-term in nature, no discount of cash flows was applied.

### Gain from the acquisition

As at the date of release of the report, Santander Bank Polska S.A. performed the final settlement of the acquisition of an organised part of the enterprise of Deutsche Bank Polska S.A. The resulting profit, presented in the table below, is recognised as "Gain from the acquisition" in the restated income statement.

#### Gain from acquisition

Fair value of consideration paid	(1 235 055)
less: fair value of identifiable net assets	1 640 144
<b>Total</b>	<b>405 089</b>

As required by IFRS 3, prior to profit recognition, the bank reassessed whether the acquired assets and assumed liabilities were identified correctly.

The analysis concluded that all assets and liabilities identified at the earlier stage were recognised properly and completely. Next, the bank reassessed procedures applied to measurement of identifiable acquired assets and liabilities and the consideration paid. The bank reviewed significant parameters in fair value models, in particular reference margins applied to the acquired loans and discount rates used in the models. In the opinion of the Management Board, the measurements appropriately reflect all available information as of the acquisition date, which justifies the recognition of the resulting gain from acquisition.

According to the preliminary settlement of the transaction, Santander Bank Polska S.A. recognised a gain of PLN 364,765k on acquisition of an enterprise and disclosed it in the financial statements for 2018.

In connection with the final settlement of the acquisition of the organised part of the enterprise of Deutsche Bank Polska S.A. and DB Securities S.A., the income statement for 2018 was restated.

The difference of PLN 40,324k between the preliminary and final settlement was recognised in the restated income statement for 2018 as an adjustment to the gain from the acquisition. More detailed information is presented in Note 2.8 Comparability with the results from the previous periods.

	<b>1.01.2018- 31.12.2018</b>	<b>correction</b>	<b>1.01.2018- 31.12.2018 restated</b>
<b>Interest income and similar to interest</b>	<b>5 174 209</b>	-	<b>5 174 209</b>
Interest income on financial assets measured at amortised cost	4 401 909	-	4 401 909
Interest income on financial assets measured at fair value through other comprehensive income	683 986	-	683 986
Income similar to interest - financial assets measured at fair value through profit or loss	88 314	-	88 314
<b>Interest expenses</b>	<b>(1 111 153)</b>	-	<b>(1 111 153)</b>
<b>Net interest income</b>	<b>4 063 056</b>	-	<b>4 063 056</b>
Fee and commission income	1 900 245	-	1 900 245
Fee and commission expenses	( 283 342)	-	( 283 342)
<b>Net fee and commission income</b>	<b>1 616 903</b>	-	<b>1 616 903</b>
Dividend income	492 607	-	492 607
Net gains/(losses) on subordinated entities	( 65)	-	( 65)
Net trading income and revaluation	153 564	-	153 564
Gains (losses) from other financial securities	40 522	-	40 522
Other operating income	154 335	-	154 335
Impairment losses on loans and advances	364 765	40 324	405 089
Operating expenses incl.:	( 777 511)	-	( 777 511)
-Staff, Operating expenses and management costs	(3 023 043)	-	(3 023 043)
-Depreciation/amortisation	(2 590 275)	-	(2 590 275)
-Amortisation of right of use asset	( 280 350)	-	( 280 350)
-Other operating expenses	( 152 418)	-	( 152 418)
Tax on financial institutions	( 427 069)	-	( 427 069)
<b>Profit before tax</b>	<b>2 658 064</b>	<b>40 324</b>	<b>2 698 388</b>
Corporate income tax	( 490 903)	-	( 490 903)
<b>Profit for the period</b>	<b>2 167 161</b>	<b>40 324</b>	<b>2 207 485</b>

## Revenue and profit contribution

As a result of the provisions of the agreement for the acquisition of the demerged part of Deutsche Bank Polska S.A.:

- Information about the opening balance as at 1 January 2018 and financial results of the demerged part of the enterprise from 1 January 2018 to the transaction date was not available to the acquirer;
- It was not possible to make significant estimates impacting performance of the demerged business for the period prior to the acquisition;
- Cost estimates in respect of funding for the demerged part of Deutsche Bank Polska S.A. differed materially from the cost potentially adopted by the acquirer;
- Impact of material operational aspects of the demerged part of the enterprise is unknown;
- The time between the transaction date and financial closure of 2018 was too short to reliably estimate the results on the basis of extrapolation.

In view of the above, Santander Bank Polska S.A. was not able to determine and disclose the potential impact of the acquired operations on the Group's pre-acquisition results.

## Purchase consideration – impact on cash flow statement

<b>Outflow of cash to acquire assets and liabilities, net of cash acquired</b>	
Cash consideration	( 260 948)
less: Balances acquired	51 488
<i>Cash</i>	51 073
<i>Current accounts</i>	415
<i>Other cash equivalents</i>	-
<b>Net outflow of cash, investing activities</b>	<b>(209 460)</b>

As at the date of publication of this report the Santander Bank Polska S.A. incurred cumulated acquisition-related costs of PLN 190,759 k.

## 36. 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.

## 37. 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.

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

Acquisition of a carve-out of Deutsche Bank Polska SA (details in Note 35).

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

As at 30.06.2019 and 31.12.2018 Santander Bank Polska SA 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.



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

Details in Note 14.

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

In February 2018, real estate located in Wrocław was sold. Profit on disposal amount of PLN 44,300 k.

## 42. Dividend per share

Regarding dividend from the Bank's net profit for 2018 and the Bank's undivided net profit for 2017 and 2016. Dividend pay – out date for 14 .06.2019.

The Management Board of Santander Bank Polska S.A. informed that, acting in full compliance with the individual recommendation issued by the Polish Financial Supervision Authority on 25th February 2019 to increase the Bank's own funds, it had adopted a resolution with recommendation to allocate 25% of net profit for 2018 to dividend. The recommendation was approved by the Supervisory Board. At the same time, taking into account a good capital position of the Bank and Group, the Bank's Management Board decided to propose to allocate to the dividend for shareholders:

- PLN 514,026,364.32 from the Bank's undivided net profit for 2016,
- PLN 957,588,300.90 from the Bank's undivided net profit for 2017,
- PLN 541,068,016.50 from the Bank's net profit for 2018

which means that the proposed dividend:

- per one: A, B, C, D, E, F, G, H, I, J, K, L and N series share is PLN 19.72,
- per one: M series share is PLN 14.68.

The Management Board of the Bank proposed to set the dividend registration date for 30th May 2019 and the dividend pay-out date for 14th June 2019.

The Annual General Meeting, held on 16th May 2019, made a decision on dividend payment.

Regarding dividend 2016. Dividend pay – out date for 14 .06.2018.

On 17.04.2018 The Management Board of Santander Bank Polska SA informed that, acting in full compliance with the individual recommendation issued by the Polish Financial Supervision Authority on 16.03.2018, it had adopted a resolution recommending not to allocate to dividend any part of the net profit for 2017. The recommendation was approved by the Supervisory Board. At the same time, taking into account a good capital position of the Bank and the Group, the Bank's Management Board tabled the proposal (approved by the Supervisory Board) to allocate PLN 307,627k from the Bank's undivided net profit for 2016 to dividend for shareholders which translated into a dividend per share of PLN 3.10.

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

There were no major events subsequent to the end of the interim period.

## Signatures of the persons representing the entity

Date	Name	Function	Signature
22.07.2019	Michał Gajewski	President	
22.07.2019	Andrzej Burliga	Vice-President	
22.07.2019	Michael McCarthy	Vice-President	
22.07.2019	Juan de Porras Aguirre	Vice-President	
22.07.2019	Arkadiusz Przybył	Vice-President	
22.07.2019	Patryk Nowakowski	Member	
22.07.2019	Carlos Polaino Izquierdo	Member	
22.07.2019	Maciej Reluga	Member	
22.07.2019	Dorota Strojowska	Member	

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

Date	Name	Function	Signature
22.07.2019	Wojciech Skalski	Financial Accounting Area Director	