



Condensed Interim Separate Financial Statements

of Santander Bank Polska Group
for the 6-month period
ended 30 June 2025

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I. Condensed separate income statement

		1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
	for the period				
Interest income and similar to income		4 245 202	8 441 472	3 834 559	7 770 743
Interest income on financial assets measured at amortised cost		3 708 396	7 378 051	3 368 970	6 799 083
Interest income on financial assets measured at fair value through other comprehensive income		509 996	1 013 798	441 832	938 458
Income similar to interest on financial assets measured at fair value through profit or loss		26 810	49 623	23 757	33 202
Interest expense		(1 159 788)	(2 272 872)	(1 024 838)	(2 030 521)
Net interest income	Note 6	3 085 414	6 168 600	2 809 721	5 740 222
Fee and commission income		826 857	1 598 414	752 645	1 488 901
Fee and commission expense		(141 172)	(242 655)	(120 567)	(216 779)
Net fee and commission income	Note 7	685 685	1 355 759	632 078	1 272 122
Dividend income		167 101	184 090	167 032	168 837
Net trading income and revaluation	Note 8	109 448	134 684	77 506	77 629
Gains (losses) from other financial securities	Note 9	791	561	901	7 821
Gain/loss on derecognition of financial instruments measured at amortised cost	Note 31	(10 802)	(7 146)	(20 573)	(28 343)
Other operating income	Note 10	10 462	23 537	27 009	36 967
Impairment losses on loans and advances	Note 11	(103 889)	(217 670)	(267 075)	(408 197)
Cost of legal risk associated with foreign currency mortgage loans	Note 31	(738 781)	(818 110)	(799 333)	(1 013 322)
Operating expenses incl.:		(1 049 344)	(2 358 295)	(1 026 730)	(2 139 662)
-Staff, operating expenses and management costs	Note 12 and 13	(891 837)	(2 040 989)	(871 648)	(1 842 466)
-Amortisation of property, plant and equipment and Intangible assets		(105 535)	(209 990)	(96 486)	(189 718)
-Amortisation of right of use asset		(32 979)	(66 034)	(32 421)	(65 237)
-Other operating expenses	Note 14	(18 993)	(41 282)	(26 175)	(42 241)
Tax on financial institutions		(205 918)	(410 280)	(187 386)	(377 224)
Profit before tax		1 950 167	4 055 730	1 413 150	3 336 850
Corporate income tax	Note 15	(890 283)	(1 381 283)	(430 249)	(881 303)
Net profit for the period		1 059 884	2 674 447	982 901	2 455 547
Net earnings per share					
Basic earnings per share (PLN/share)		10,37	26,17	9,62	24,03
Diluted earnings per share (PLN/share)		10,37	26,17	9,62	24,03

Notes presented on pages 9-55 constitute an integral part of this Separate Financial Statements

II. Condensed separate statement of comprehensive income

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Net profit for the period	1 059 884	2 674 447	982 901	2 455 547
Items that will be reclassified subsequently to profit or loss:	362 280	735 751	(63 183)	(280 766)
Revaluation and sales of debt financial assets measured at fair value through other comprehensive income, gross	136 558	307 034	7 678	313 313
Deferred tax	(25 946)	(58 336)	(1 458)	(59 529)
Revaluation of cash flow hedging instruments, gross	310 701	601 300	(85 682)	(659 938)
Deferred tax	(59 033)	(114 247)	16 279	125 388
Items that will not be reclassified subsequently to profit or loss:	(38 867)	(38 892)	95 300	95 288
Revaluation of equity financial assets measured at fair value through other comprehensive income, gross	(55 380)	(55 411)	116 357	116 342
Deferred and current tax	10 522	10 528	(22 108)	(22 105)
Provision for retirement benefits – actuarial gains/losses, gross	7 396	7 396	1 298	1 298
Deferred tax	(1 405)	(1 405)	(247)	(247)
Total other comprehensive income, net	323 413	696 859	32 117	(185 478)
Total comprehensive income for the period	1 383 297	3 371 306	1 015 018	2 270 069

III. Condensed separate statement of financial position

	as at:	30.06.2025	31.12.2024* restated	1.01.2024* restated
ASSETS				
Cash and cash equivalents	Note 16	21 735 977	28 722 169	33 698 889
Loans and advances to banks	Note 17	3 773 906	4 167 697	361 474
Financial assets held for trading	Note 18	14 285 044	9 366 581	8 941 960
Hedging derivatives	Note 19	1 595 197	1 363 319	1 559 374
Loans and advances to customers incl.:	Note 20	155 697 919	152 257 402	140 903 101
- measured at amortised cost		151 327 502	147 965 869	138 093 756
- measured at fair value through other comprehensive income		4 369 434	4 289 996	2 798 234
- measured at fair value through profit and loss		983	1 537	11 111
Reverse sale and repurchase agreements		1 537 032	4 475 404	2 036 133
Investment securities incl.:	Note 21	74 476 186	65 825 372	56 856 194
- debt securities measured at fair value through other comprehensive income		31 882 166	32 135 296	38 717 640
- debt investment securities measured at amortised cost		42 187 114	33 227 759	17 866 218
- equity securities measured at fair value through other comprehensive income		406 906	462 317	272 336
Assets pledged as collateral		1 683 193	1 198 845	271 933
Investments in subsidiaries and associates	Note 22	174 493	2 330 907	2 377 407
Intangible assets		799 751	826 533	730 461
Goodwill		1 688 516	1 688 516	1 688 516
Property, plant and equipment		361 459	415 295	472 100
Right of use asset		423 951	449 693	449 610
Deferred tax assets	Note 32	117 640	674 692	986 915
Assets classified as held for sale	Note 32	2 156 422	4 308	4 308
Other assets		3 797 793	2 324 187	1 062 826
Total assets		284 304 479	276 090 920	252 401 201
LIABILITIES AND EQUITY				
Deposits from banks	Note 23	2 699 484	3 050 432	2 668 293
Hedging derivatives	Note 19	188 097	600 071	829 565
Financial liabilities held for trading	Note 18	12 645 180	9 926 216	8 834 034
Deposits from customers	Note 24	220 873 364	215 776 367	195 365 937
Sale and repurchase agreements		1 700 759	1 198 455	273 547
Subordinated liabilities	Note 25	2 118 085	2 127 985	2 585 476
Debt securities in issue	Note 26	7 808 522	7 514 380	5 929 056
Lease liabilities		447 130	475 622	484 012
Current income tax liabilities		366 897	673 956	1 127 618
Provisions for financial liabilities and guarantees granted	Note 27	160 356	170 350	151 294
Other provisions	Note 28	2 010 858	1 580 516	741 677
Other liabilities	Note 29	4 474 137	2 769 203	3 925 195
Total liabilities		255 492 869	245 863 553	222 915 704
Equity				
Share capital		1 021 893	1 021 893	1 021 893
Other reserve capital		21 642 488	22 427 789	23 369 548
Revaluation reserve		498 956	(197 903)	(275 166)
Retained earnings		2 973 826	1 778 108	696 244
Profit for the period		2 674 447	5 197 480	4 672 978
Total equity		28 811 610	30 227 367	29 485 497
Total liabilities and equity		284 304 479	276 090 920	252 401 201

*Details in note 2.5.

IV. Condensed separate statement of changes in equity

Statement of changes in equity 1.01.2025 - 30.06.2025	Share capital	Own shares	Other reserve capital	Revaluation reserve	Retained earnings and profit for the period	Total
As at the beginning of the period	1 021 893	-	22 427 789	(197 903)	6 975 588	30 227 367
Total comprehensive income	-	-	-	696 859	2 674 447	3 371 306
Profit for the period	-	-	-	-	2 674 447	2 674 447
Other comprehensive income	-	-	-	696 859	-	696 859
Share-based incentive scheme	-	-	33 848	-	-	33 848
Purchase of own shares	-	(82 367)	-	-	-	(82 367)
Settlements under share-based incentive scheme	-	82 367	(83 172)	-	-	(805)
Profit allocation to other reserve capital	-	-	104 130	-	(104 130)	-
Profit allocation to dividends	-	-	(840 887)	-	(3 897 632)	(4 738 519)
Other changes	-	-	780	-	-	780
As at the end of the period	1 021 893	-	21 642 488	498 956	5 648 273	28 811 610

As at the end of the period revaluation reserve in the amount of PLN 498,956 k comprises: change in revaluation of debt securities in the amount of PLN (381,356) k, revaluation of equity securities in the amount of PLN 307,582 k, revaluation of cash flow hedge instruments in the amount of PLN 569,399 k and accumulated actuarial gains of PLN 3,331 k.

Statement of changes in equity 1.01.2024 - 30.06.2024	Share capital	Own shares	Other reserve capital	Revaluation reserve	Retained earnings and profit for the period	Total
As at the beginning of the period	1 021 893	-	23 369 548	(275 166)	5 369 222	29 485 497
Total comprehensive income	-	-	-	(185 478)	2 455 547	2 270 069
Profit for the period	-	-	-	-	2 455 547	2 455 547
Other comprehensive income	-	-	-	(185 478)	-	(185 478)
Share-based incentive scheme	-	-	38 752	-	-	38 752
Purchase of own shares	-	(72 334)	-	-	-	(72 334)
Settlements under share-based incentive scheme	-	72 334	(72 592)	-	-	(258)
Profit allocation to other reserve capital	-	-	87 042	-	(87 042)	-
Profit allocation to dividends	-	-	(1 056 637)	-	(3 504 072)	(4 560 709)
Other changes	-	-	236	-	-	236
As at the end of the period	1 021 893	-	22 366 349	(460 644)	4 233 655	27 161 253

As at the end of the period revaluation reserve in the amount of PLN (460,644) k comprises: change in revaluation of debt securities in the amount of PLN (777,885) k, revaluation of equity securities in the amount of PLN 294,098 k, revaluation of cash flow hedge instruments in the amount of PLN 22,715 k and accumulated actuarial gains of PLN 428 k.

V. Condensed separate statement of cash flows

	for the period	1.01.2025- 30.06.2025	1.01.2024- 30.06.2024* restated
Cash flows from operating activities			
Profit before tax		4 055 730	3 336 850
Adjustments for:			
Depreciation/amortisation		276 024	254 955
Net interest income		(6 168 600)	(5 740 222)
Net gains on investing activities		(8 385)	(3 284)
Dividends		(182 844)	(167 145)
Impairment losses (reversal)		511	1 935
Changes in:			
Provisions		420 348	278 171
Financial assets / liabilities held for trading		(2 091 136)	416 494
Assets pledged as collateral		(125 147)	(1 698 979)
Hedging derivatives		(936 724)	249 116
Loans and advances to banks		411 592	(1 921 102)
Loans and advances to customers		(3 448 347)	(6 478 253)
Deposits from banks		(352 919)	181 421
Deposits from customers		5 053 799	4 624 093
Buy-sell/ Sell-buy-back transactions		3 418 745	3 971 761
Other assets and liabilities		704 368	(1 490 927)
Interest received on operating activities		6 986 720	6 042 131
Interests paid on operating activities		(1 787 616)	(1 446 307)
Paid income tax		(1 294 751)	(1 511 013)
Net cash flows from operating activities		4 931 368	(1 100 305)
Cash flows from investing activities			
Inflows		7 494 503	9 055 202
Sale/maturity of investment securities		6 257 343	7 806 528
Sale of intangible assets and property, plant and equipment		6 875	713
Dividends received		177 709	162 188
Interest received		1 052 576	1 085 773
Outflows		(14 424 150)	(11 386 681)
Purchase of investment securities		(14 291 494)	(11 249 640)
Purchase of intangible assets and property, plant and equipment		(132 656)	(137 041)
Net cash flows from investing activities		(6 929 647)	(2 331 479)
Cash flows from financing activities			
Inflows		389 138	2 226 077
Debt securities issued		320 000	2 156 000
Drawing of loans		69 138	70 077
Outflows		(5 377 051)	(6 951 615)
Debt securities buy out		(32 900)	(1 900 000)
Repayment of loans and advances		(80 339)	(47 908)
Repayment of lease liabilities		(72 415)	(73 194)
Dividends to shareholders		(4 738 519)	(4 560 709)
Purchase of own shares		(82 367)	(72 334)
Interest paid		(370 511)	(297 470)
Net cash flows from financing activities		(4 987 913)	(4 725 538)
Total net cash flows		(6 986 192)	(8 157 322)
Cash and cash equivalents at the beginning of the accounting period		28 722 169	33 698 889
Cash and cash equivalents at the end of the accounting period		21 735 977	25 541 567

*Details in note 2.5.

VI. Additional notes to financial statements

1. General information about issuer

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

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 SA is Banco Santander, having its registered office in Santander, Spain.

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

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

2. Basis of preparation of financial statements

2.1. Statement of compliance

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

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

2.2 Basis of preparation of financial statements

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

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

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

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

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

The same accounting principles were applied as in the case of the financial statements for the period ending 31 December 2024, except for changes in accounting standards p. 2.4. and change in presentation of "Cash and cash equivalents" according to p.2.5.

2.3 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 and have not been early adopted

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

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

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

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

2.5 Comparability with the results from the previous periods

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

The section below describes presentation changes made to the separate financial statements of Santander Bank Polska for H1 2025, affecting the separate statement of financial position as at 1 January 2024 and 31 December 2024.

Financial assets with original maturity of up to three months, meeting the definition of cash and cash equivalents, namely loans and advances to banks and debt investment securities (NBP bills), are presented under "Cash and cash equivalents" together with assets that used to be disclosed under "Cash and balances with central banks". In the Bank's view, such presentation is reliable and more relevant for readers of the statement of financial position as the total amount of cash and cash equivalents is directly indicated. It is also consistent with the guidelines of the IFRS Interpretations Committee and requirements of IAS 1 Presentation of Financial Statements. The foregoing changes in the accounting policies made it necessary to restate the comparative data but did not affect the Bank's total assets, net profit or equity. The changes also had no effect on the value of cash and cash equivalents presented in the cash flow statement.

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

Items in the statement of financial position

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

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

Presentation of net interest income in the statement of cash flows

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

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

Items of the separate statement of cash flows

	for the period:		
	1.01.2024-30.06.2024		
	before	adjustment	after
Cash flows from operating activities			
Profit before tax	3 336 850		3 336 850
Adjustments for:			
Net interest income	-	(5 740 222)	(5 740 222)
Interest accrued excluded from operating activities	(1 031 141)	1 031 141	-
Changes in:			
Provisions	278 171		278 171
Financial assets / liabilities held for trading	384 249	32 245	416 494
Assets pledged as collateral	(1 698 979)		(1 698 979)
Hedging derivatives	276 433	(27 317)	249 116
Loans and advances to banks	(2 346 016)	424 914	(1 921 102)
Loans and advances to customers	(12 173 818)	5 695 565	(6 478 253)
Deposits from banks	243 034	(61 613)	181 421
Deposits from customers	6 154 920	(1 530 827)	4 624 093
Buy-sell/ Sell-buy-back transactions	3 795 647	176 114	3 971 761
Other assets and liabilities	(1 490 927)		(1 490 927)
Net cash flows from operating activities	(1 100 305)	-	(1 100 305)
Total net cash flows	(8 157 322)	-	(8 157 322)
Cash and cash equivalents at the beginning of the accounting period	33 698 889	-	33 698 889
Cash and cash equivalents at the end of the accounting period	25 541 567	-	25 541 567

2.6 Use of estimates

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

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

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

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

Key estimates include:

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

Allowances for expected credit losses in respect of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

A credit-impaired assets

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

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

- significant financial difficulty of the issuer or debtor;
- a breach of contract, e.g. delay in repayment of interest or principal over 90 days in an amount exceeding the materiality threshold (PLN 400 for individual and small and medium-sized enterprises and PLN 2,000 for business and corporate clients) and at the same time relative thresholds (above 1% of the amount past due in relation to the balance sheet amount);
- the Santander Bank Polska S.A., for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the Santander Bank Polska S.A. Bank would not otherwise consider, which fulfil below criteria:
 - (1) restructuring transactions classified in the Stage 3 category (before restructuring decision),
 - (2) transactions restructured in the contingency period that meet the criteria for reclassification to the Stage 3 (quantitative and/or qualitative),
 - (3) transactions restructured during the contingency period previously classified as non-performing due to observed customer financial difficulties, have been restructured again or are more than 30 days past due,
 - (4) restructured transactions, where contractual clauses have been applied that defer payments through a grace period for repayment of the principal for a period longer than two years,
 - (5) restructured transactions including debt write-off, interest grace periods or repaid in installments without contractual interest,
 - (6) restructured transactions, where there was a decrease in the net present value of cash flows (NPV) of at least 1% compared to the NPV before the application of the forbearance measures,
 - (7) transactions where there is a repeated failure to comply with the established payment plan of previous forbearances that has led to successive forbearances of the same exposure (transaction),
 - (8) transactions where:
 - in inadequate repayment schedules were applied, which are related to, inter alia, repeated situations of non-compliance with the schedule, changes in the repayment schedule in order to avoid situations of non-compliance with it, or
 - a repayment schedule that is based on expectations, unsupported by macroeconomic forecasts or credible assumptions about the borrower's ability or willingness to repay was applied
 - (9) transactions for which the Bank has reasonable doubts as to the probability of payment by the customer.
- it becoming probable that the debtor will enter bankruptcy, recovery proceedings, arrangement or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;

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

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

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

A significant increases in credit risk

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

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

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

The average thresholds according to data as at 30.06.2025 (expressed in terms of PD over a one-year horizon), exceeding which results in the classification of the exposure to Stage 2 in accordance with the quantitative risk buffer method used by the Bank, are presented in the table below.

Average threshold (annualized) of the probability of default

mortgage loans	3,20%
consumer loans	12,89%
business loans	6,44%

Bank independently verifies the fulfillment of other quantitative thresholds (the absolute threshold criterion and the threefold risk increase criterion).

Santander Bank Polska S.A. identifies exposures with low credit risk in its corporate segment in accordance with the rules under IFRS 9, which allows for the recognition of 12-month expected losses even if credit risk has increased significantly since initial recognition. As of 30 June 2025, this portfolio was immaterial and represented 0.034% of Santander Bank Polska S.A.'s portfolio classified as Stage 1 or Stage 2.

Exposure in Stage 2 may be re-classified into Stage 1 without probation period as soon as significant increase in credit risk indicators after its initial recognition end e.g. when the following conditions are met: client's current situation does not require constant

monitoring, no restructuring actions towards exposure are taken, exposure has no payment delay over 30 days for significant amounts, no suspension of the contact due to Shield 4.0, and according to risk buffer method no risk increase occurs.

ECL measurement

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

To this end, the Bank determines the factors which affect individual asset classes to estimate an appropriate evolution of risk parameters. The Bank uses scenarios developed internally by the analytical team, which are updated on a monthly basis at least every six months. The models and parameters generated for the needs of IFRS 9 are subject to model management process and periodic calibration and validation. These tools are also used in the financial planning process.

Determination of forward-looking information and their likelihood

Forward-looking events are reflected both in the process of estimating ECL and when determining a significant increase in credit risk, by developing appropriate macroeconomic scenarios and then reflecting them in the estimation of parameters for each scenario. The final parameter value and the ECL is the weighted average of the parameters weighted by the likelihood of each scenario. Bank uses three scenario types: the baseline scenario and two alternative scenarios, which reflect the probable alternative options of the baseline scenario: upside and downside scenario. Scenario weights are determined using the expected GDP path and the confidence intervals for this forecast in such a way that the weights reflect the uncertainty about the future development of this factor.

The Bank's models most often indicate the dependence of the quality of loan portfolios on the market situation in terms of the level of deposits, loans, as well as the levels of measures related to interest rates.

Baseline scenario

In 2024 the Polish economy expanded by 2.9% as the economy was rebounding after the 2022 shock related to Russian invasion on Ukraine. Poland's economy is expected to continue its recovery and to grow by 3.4% in 2025 and by 3.3% in 2026. While private consumption is expected to remain a backbone of economic momentum, an acceleration will be caused by stronger investment, bolstered by growing usage of EU funds. Labour market is expected to remain robust, with positive real growth of incomes and strong consumer confidence. Inflation is forecast to remain contained at 3.9% on average in 2025 and 3.0% in 2026.

Decline of CPI inflation from double-digit levels seen in 2022-2023 will allow for some normalization in rates and encourage the MPC to cut rates down.

The MPC has cut interest rates by 50bps in the first half-year of 2025. Monetary easing is expected to continue, bringing the reference rate to 3.75% at the end of 2025 and 3.25% at the end of 2026. Fiscal policy is likely to remain loose given the election cycle as well as needs for higher defence spending.

EURPLN is expected to remain fairly close to 4.30. On one hand the zloty may benefit from inflow of EU funds, but on the other hand the purchasing parity is putting an upward pressure on the exchange rate.

The rebounding economy, interest rate cuts to be delivered in 2025 will revive the loan market. Deposit growth recorded a high momentum, driven by an uptick in banking sectors' net foreign assets, but is expected to converge towards growth rate of loans.

Best case scenario

The optimistic scenario was built assuming a quick disbursement of EU funds, strong private consumption and a strong inflow of workers into the economy, which will allow it to record higher long-term growth rates.

The economy was expected to accelerate to 4.9% in 2025, 5.3% in 2026 and 5.0% in 2027. Higher growth was expected to contribute to higher CPI inflation, averaging 4.5% in 2025, 3.3% in 2026, and 2.5% in 2027.

Strong economic growth and an increased CPI was expected to decrease the MPC's willingness to cut rates, with NBP rate falling to 5.00% in 2025.

The Polish currency is expected to appreciate in the coming quarters, but the pace of appreciation will be limited by high inflation in Poland. The euro exchange rate is expected to fall to 4.15-4.25 in the coming years.

Accelerating economic activity will have a positive impact on the demand for loans in the banking system, which will also support money creation and the growth of deposits.

Worst case scenario

The pessimistic scenario was built assuming a deterioration in consumer confidence, leading to a decline in private consumption in the short term, accompanied by poor use of EU funds, which translates into lower investment outlays in the economy, as well as a weaker inflow of foreign workers, which will weaken the long-term growth potential in Poland.

In the negative scenario, the economy is expected to grow by 1.8% in 2025, by 1.4% in 2026 and 1.4% in 2027. Slower growth will translate into somewhat faster disinflation, with CPI falling to 3.4% in 2025, 2.7% in 2026 and 2.5% in 2027.

Weaker growth prospects will encourage the NBP to reduce interest rates and will cause the NBP reference rate to drop to 2.50% by the end of 2025 and remain unchanged in 2026.

Less optimistic economic results and low NBP interest rates will weaken the zloty, and the euro exchange rate will increase towards 4.45.

Lower economic activity will negatively impact demand for loans in the banking system, especially in the household sector, as businesses may need liquidity loans.

The table below presents the key economic indicators arising from the respective scenarios.

Scenario as at 30. 06.2025		baseline		best case		worst case	
likelihood		60%		20%		20%	
		2025	average, next 3 years	2025	average, next 3 years	2025	average, next 3 years
GDP	YoT	3.4%	3.1%	4.9%	5.0%	1.8%	1.5%
WIBOR 3M	average	4.6%	3.7%	5.5%	5.3%	3.7%	2.7%
unemployment rate	% active	2.6%	2.7%	2.6%	2.5%	2.7%	3.2%
CPI	YoY	3.9%	2.7%	4.5%	2.8%	3.4%	2.6%
EURPLN	period-end	4.28	4.33	4.19	4.21	4.39	4.45

Management ECL overlays

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

Potential variability in the level of allowances for expected credit losses

Reclassifications to Stage 2 from Stage 1 could pose a significant variability for the income statement. Theoretically, reclassifying a given share of exposures from Stage 1 with the highest risk to Stage 2 for each exposure type would result in an increase in allowances by the amount presented in the table below. The following estimates represent the expected variability in allowances resulting from changes in the classification of exposures between Stages 1 and 2, resulting in material changes in the coverage of exposures with allowances for different expected loss recognition horizons.

additional expected credit loss (mPLN)

reclassification from stage 1 to stage 2	individuals	mortgage loans	business	Total 30.06.2025	Total 31.12.2024
1%	7,7	3,8	2,9	14,4	14,4
5%	30,6	11,9	39,8	82,2	65,1
10%	51,1	18,9	64,3	134,4	119,1

Changes to macroeconomic forecasts may result in significant one-off effects affecting the level of impairment losses. Applying macroeconomic parameter estimates based on only one scenario (pessimistic or optimistic) will result in a one-time change in impairment losses at the level presented below.

	in PLN m	change in ECL level		30.06.2025	31.12.2024
scenario	individuals	mortgage	business	Total	Total
pessimistic	43,8	9,5	35,2	88,4	79,2
optimistic	(44,2)	(9,6)	(31,3)	(85,1)	(81,0)

Based on GDP as the main factor determining the condition of the economy, Santander Bank Polska S.A. estimates that a 1% reduction in the target level of gross domestic production in 2025 would translate into an increase in expected credit losses of PLN 53,202 k. The above analysis was prepared assuming that the relationships between macroeconomic factors remain unchanged.

Estimates for legal claims

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

Details on the value of the provisions and the assumptions made for their calculation are provided in notes 28, 31 and 33.

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

Estimates of risk arising from mortgage loans in foreign currencies

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

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

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

which are described in more details in note 31.

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

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

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

In the first half of 2025, the Bank recognized PLN 818,110 k as cost of legal risk related to mortgage loans in foreign currencies and PLN 8,798 k as cost of signed settlements.

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

Details presenting the impact of the above-mentioned risk on financial statement, assumptions adopted for their calculation, scenario description and sensitivity analysis are contained in notes 28 and 31, respectively.

2.7 Information on significant accounting policies

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

In connection with the planned transaction of sale of 60% of the shares in Santander Consumer Bank, we would like to draw your attention to the accounting policy regarding assets held for sale, which was not presented as a significant accounting policy in the financial statements as of December 31, 2024, but which is significant to the financial statements as of June 30, 2025.

Santander Bank Polska S.A. classifies fixed assets (or disposal groups) as held for sale when their carrying amount is expected to be recovered primarily through a sale transaction rather than through continued use. Fixed assets or disposal groups are measured at the lower of their carrying amount and their fair value less costs of sell.

For an asset (or disposal group) to be classified as held for sale, it must be available for immediate sale in its current condition, subject only to customary and standard terms and conditions, and the sale itself must be highly probable.

A sale is highly probable when:

- the appropriate level of management is committed to the sale plan for the asset (or disposal group) and an active program to find a buyer and complete the plan has been initiated,
- the asset (or disposal group) must be actively marketed for sale at a price that is reasonable with respect to its current fair value,
- the sale is expected to be recorded as completed within one year from the date of classification.

3. Operating segments reporting

Data regarding the respective business segments are presented in „Condensed interim consolidated financial statements of Santander Bank Polska Group for 6-month period ended 30 June 2025” published on 30 July 2025.

4. Risk management

Information on risk management included in „Condensed interim consolidated financial statements of Santander Bank Polska Group for 6-month period ended 30 June 2025” fully stand in for notes to this condensed interim financial statements.

5. Capital management

Details on capital management have been presented in document „Information on Capital Adequacy of Santander Bank Polska Group as at 30 June 2025”.

6. Net interest income

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Interest income and similar to interest				
Interest income on financial assets measured at amortised cost	3 708 396	7 378 051	3 368 970	6 799 083
Loans and advances to enterprises and leasing agreements	1 174 408	2 347 838	1 201 778	2 386 627
Loans and advances to individuals, of which:	1 611 741	3 234 867	1 441 070	3 037 272
<i>Home mortgage loans</i>	965 447	1 933 979	801 632	1 767 410
Loans and advances to banks	218 040	438 185	217 339	424 914
Loans and advances to public sector	30 492	73 389	23 798	48 416
Reverse repo transactions	163 598	334 189	162 154	307 131
Debt securities	508 068	959 362	340 112	622 039
Interest recorded on hedging IRS	2 049	(9 779)	(17 281)	(27 316)
Interest income on financial assets measured at fair value through other comprehensive income	509 996	1 013 798	441 832	938 458
Loans and advances to enterprises	69 535	145 392	70 283	126 713
Loans and advances to public sector	4 088	8 156	4 193	8 335
Debt securities	436 373	860 250	367 356	803 410
Income similar to interest - financial assets measured at fair value through profit or loss	26 810	49 623	23 757	33 202
Loans and advances to individuals	58	117	449	957
Debt securities	26 752	49 506	23 308	32 245
Total income	4 245 202	8 441 472	3 834 559	7 770 743
Interest expenses				
Interest expenses on financial liabilities measured at amortised cost	(1 159 788)	(2 272 872)	(1 024 838)	(2 030 521)
Liabilities to individuals	(432 037)	(825 637)	(412 071)	(810 548)
Liabilities to enterprises	(334 059)	(657 640)	(269 473)	(539 745)
Repo transactions	(97 294)	(175 500)	(66 428)	(131 017)
Liabilities to public sector	(89 991)	(193 000)	(89 975)	(175 370)
Liabilities to banks	(22 684)	(51 289)	(30 803)	(61 613)
Lease liability	(5 246)	(10 840)	(5 379)	(10 656)
Subordinated liabilities and issue of securities	(178 477)	(358 966)	(150 709)	(301 572)
Total costs	(1 159 788)	(2 272 872)	(1 024 838)	(2 030 521)
Net interest income	3 085 414	6 168 600	2 809 721	5 740 222

7. Net fee and commission income

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Fee and commission income				
eBusiness & payments	75 483	147 953	72 926	143 928
Current accounts and money transfer	101 391	202 640	99 545	196 680
Foreign exchange commissions	229 534	447 975	220 294	426 412
Credit commissions incl. factoring commissions and other	96 399	186 683	84 201	172 769
Insurance commissions	40 565	79 216	40 962	78 963
Commissions from brokerage activities	53 948	103 424	37 735	80 073
Credit cards	23 924	46 037	21 903	43 547
Debit cards	122 635	231 303	114 921	219 207
Off-balance sheet guarantee commissions	38 903	79 368	33 918	69 506
Issue arrangement fees	15 466	18 473	2 443	12 091
Distribution fees	28 609	55 342	23 797	45 725
Total	826 857	1 598 414	752 645	1 488 901
	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Fee and commission expenses				
eBusiness & payments	(24 458)	(43 753)	(23 702)	(40 781)
Current accounts and money transfer	(12 941)	(21 171)	(5 824)	(9 476)
Commissions from brokerage activities	(5 783)	(10 429)	(3 828)	(8 295)
Credit cards	(3 027)	(5 263)	(2 581)	(4 486)
Debit cards	(40 756)	(71 270)	(37 489)	(65 396)
Credit commissions paid	(27 032)	(41 502)	(17 020)	(30 886)
Insurance commissions	(2 386)	(4 856)	(2 995)	(5 844)
Finance lease commissions	(318)	(548)	(138)	(292)
Commissions paid to other banks	(3 083)	(5 553)	(2 951)	(5 431)
Off-balance sheet guarantee commissions	(2 355)	(4 997)	(5 363)	(11 771)
Brokerage fees	(5 440)	(8 694)	(3 224)	(5 883)
Other	(13 593)	(24 619)	(15 452)	(28 238)
Total	(141 172)	(242 655)	(120 567)	(216 779)
Net fee and commission income	685 685	1 355 759	632 078	1 272 122

8. Net trading income and revaluation

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Net trading income and revaluation				
Derivative instruments	(66 062)	(61 499)	(13 053)	138 444
Interbank FX transactions and other FX related income	104 210	66 708	58 706	(126 092)
Net gains on sale of equity securities measured at fair value through profit or loss	36 607	78 900	6 980	8 794
Net gains on sale of debt securities measured at fair value through profit or loss	34 337	50 070	23 842	55 103
Change in fair value of loans and advances mandatorily measured at fair value through profit or loss	356	505	1 031	1 380
Total	109 448	134 684	77 506	77 629

The above amounts included CVA and DVA adjustments in the amount of PLN (665)k for H1 2025, PLN (554) k for 2Q 2025 and PLN 3,592k for H1 2024, PLN 621 k for 2Q 2024.

9. Gains (losses) from other financial securities

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Gains (losses) from other financial securities				
Net gains on sale of debt securities measured at fair value through other comprehensive income	4 854	5 651	1 268	5 651
Total gains (losses) on financial instruments	4 854	5 651	1 268	5 651
Change in fair value of hedging instruments	(43 548)	(76 747)	(7 897)	29 708
Change in fair value of underlying hedged positions	39 485	71 657	7 530	(27 538)
Total gains (losses) on hedging and hedged instruments	(4 063)	(5 090)	(367)	2 170
Total	791	561	901	7 821

10. Other operating income

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Other operating income				
Income from services rendered	4 528	9 161	5 625	10 242
Release of provision for legal cases and other assets	1 885	5 058	17 219	18 489
Recovery of other receivables (expired, cancelled and uncollectable)	13	22	7	13
Gain on sales or liquidation of fixed assets, intangible assets and assets for disposal	1 174	4 435	-	-
Settlements of leasing agreements / Income from claims received from the insurer	586	612	1 548	1 654
Received compensations, penalties and fines	209	388	528	962
Other	2 067	3 861	2 082	5 607
Total	10 462	23 537	27 009	36 967

11. Impairment allowances for expected credit losses

Impairment allowances for expected credit losses on loans and advances measured at amortised cost	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Charge for loans and advances to banks	(2)	(15)	22	20
Stage 1	(2)	(15)	22	20
Stage 2	-	-	-	-
Stage 3	-	-	-	-
POCI	-	-	-	-
Charge for loans and advances to customers	(111 261)	(228 961)	(262 623)	(424 288)
Stage 1	(8 271)	(23 927)	756	(23 097)
Stage 2	(43 874)	(90 383)	(231 761)	(310 796)
Stage 3	(89 181)	(161 339)	(69 475)	(141 733)
POCI	30 065	46 688	37 857	51 338
Recoveries of loans previously written off	4 267	1 763	8 095	5 216
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	4 267	1 763	8 095	5 216
POCI	-	-	-	-
Off-balance sheet credit related facilities	3 107	9 543	(12 569)	10 855
Stage 1	(2 260)	(2 245)	2 902	2 465
Stage 2	434	4 062	(20 755)	(11 354)
Stage 3	4 933	7 726	5 284	19 744
POCI	-	-	-	-
Total	(103 889)	(217 670)	(267 075)	(408 197)

12. Employee costs

Employee costs	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Salaries and bonuses	(423 769)	(839 852)	(394 030)	(778 011)
Salary related costs	(76 182)	(154 288)	(70 549)	(141 944)
Cost of contributions to Employee Capital Plans	(3 742)	(7 227)	(3 437)	(6 590)
Staff benefits costs	(12 121)	(23 982)	(11 935)	(23 231)
Professional trainings	(1 813)	(2 736)	(2 431)	(3 746)
Retirement fund, holiday provisions and other employee costs	(330)	(330)	(944)	(944)
Total	(517 957)	(1 028 415)	(483 326)	(954 466)

13. General and administrative expenses

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
General and administrative expenses				
Maintenance of premises	(29 720)	(57 271)	(31 188)	(61 076)
Cost of short-term lease, low-value assets lease and other payments	(1 968)	(4 326)	(2 499)	(5 670)
Non-tax deductible VAT- lease	(9 840)	(19 538)	(8 304)	(17 986)
Marketing and representation	(41 255)	(70 062)	(34 117)	(63 574)
IT systems costs	(119 286)	(248 930)	(114 443)	(225 880)
Cost of BFG, KNF and KDPW	(31 204)	(333 926)	(67 467)	(251 643)
Postal and telecommunication costs	(13 628)	(27 199)	(10 996)	(23 701)
Consulting and advisory fees	(11 611)	(19 917)	(9 325)	(16 995)
Cars, transport expenses, carriage of cash	(7 750)	(15 502)	(10 538)	(22 079)
Other external services	(64 837)	(131 671)	(59 635)	(118 271)
Stationery, cards, cheques etc.	(3 255)	(7 301)	(2 798)	(6 521)
Sundry taxes and charges	(7 937)	(15 846)	(8 702)	(17 122)
Data transmission	(7 186)	(13 101)	(5 480)	(11 742)
KIR, SWIFT settlements	(9 297)	(19 095)	(9 378)	(19 018)
Security costs	(5 205)	(10 092)	(4 796)	(9 704)
Costs of repairs	(2 824)	(5 409)	(1 580)	(3 209)
Other	(7 077)	(13 388)	(7 076)	(13 809)
Total	(373 880)	(1 012 574)	(388 322)	(888 000)

14. Other operating expenses

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Other operating expenses				
Charge of provisions for legal cases and other assets	(11 277)	(21 742)	(15 045)	(23 070)
Impairment loss on property, plant, equipment, intangible assets covered by financial lease agreements and other fixed assets	(55)	(511)	-	(1 935)
Gain on sales or liquidation of fixed assets, intangible assets and assets for disposal	-	-	(1 006)	(2 367)
Costs of purchased services	(165)	(518)	(424)	(779)
Other membership fees	(101)	(253)	(410)	(783)
Paid compensations, penalties and fines	(16)	(18)	(5)	(8)
Donations paid	-	(3 600)	(3 997)	(4 000)
Other	(7 379)	(14 640)	(5 288)	(9 299)
Total	(18 993)	(41 282)	(26 175)	(42 241)

15. Corporate income tax

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Corporate income tax				
Current tax charge in the income statement	(600 940)	(998 731)	(327 297)	(575 115)
Deferred tax charge in the income statement	(289 343)	(393 591)	(102 952)	(321 693)
Adjustments from previous years for current and deferred tax	-	11 039	-	15 505
Total tax on gross profit	(890 283)	(1 381 283)	(430 249)	(881 303)

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Corporate total tax charge information				
Profit before tax	1 950 167	4 055 730	1 413 150	3 336 850
Tax rate	19%	19%	19%	19%
Tax calculated at the tax rate	(370 532)	(770 589)	(268 499)	(634 002)
Non-tax-deductible expenses	(4 498)	(7 967)	(1 621)	(5 001)
Cost of legal risk associated with foreign currency mortgage loans	(102 780)	(105 603)	(139 516)	(158 976)
The fee to the Bank Guarantee Fund	(3 958)	(59 504)	(11 034)	(44 284)
Tax on financial institutions	(39 124)	(77 953)	(35 603)	(71 672)
Deferred tax liability arising from the difference between the carrying amount and the tax base of the SCB shares held for sale *)	(399 489)	(399 489)	-	-
Non-taxable income	31 749	34 977	31 736	32 079
Non-tax deductible bad debt provisions	(7 503)	(8 366)	(4 426)	(12 805)
Adjustment of prior years tax	-	11 039	-	15 505
Other	5 852	2 172	(1 286)	(2 147)
Total tax on gross profit on continued operation	(890 283)	(1 381 283)	(430 249)	(881 303)

*) In relation to the sale of SCB shares, the Bank estimated the tax deductible acquisition cost based on the share exchange: the nominal value of own shares issued at the time of acquisition was taken as the acquisition cost for the purpose of determining the taxable income from the sale of SCB shares. At the time of acquiring SCB shares in 2014, the Bank applied an exemption from recognising a deferred tax liability related to investments in subsidiaries in accordance with IAS 12.39. In 2025, once there was sufficient evidence that the sale of SCB shares was highly probable, the above exemption ceased to apply. As a consequence, SBP recognised a deferred tax liability.

Deferred tax recognised in other comprehensive income	30.06.2025	31.12.2024
Relating to valuation of debt investments measured at fair value through other comprehensive income	89 455	147 791
Relating to valuation of equity investments measured at fair value through other comprehensive income	(72 150)	(82 678)
Relating to cash flow hedging activity	(133 562)	(19 315)
Relating to valuation of defined benefit plans	(782)	623
Total	(117 039)	46 421

16.Cash and cash equivalents

	30.06.2025	31.12.2024* restated
Cash and cash equivalents		
Cash and balances with central banks	9 750 725	10 240 316
Loans and advances to banks	4 075 856	4 835 277
Reverse sale and repurchase agreements to banks	7 909 396	7 650 952
Debt securities measured at fair value through other comprehensive income	-	5 995 624
Total	21 735 977	28 722 169

*Details in note 2.5.

Santander Bank Polska SA hold an obligatory reserve in a current account in the National Bank of Poland. The figure is calculated at a fixed percentage of minimal statutory reserve of the monthly average balance of the customers' deposits, which was 3.5% as at 30 June 2024 and 31 December 2024.

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

	30.06.2025	31.12.2024*
Loans and advances to banks		restated
Loans and advances	3 773 797	4 167 606
Current accounts	208	177
Gross receivables	3 774 005	4 167 783
Allowance for expected credit losses	(99)	(86)
Total	3 773 906	4 167 697

*Details in note 2.5.

18.Financial assets and liabilities held for trading

	30.06.2025		31.12.2024	
Financial assets and liabilities held for trading	Assets	Liabilities	Assets	Liabilities
Trading derivatives	10 912 926	11 523 688	7 728 709	8 222 452
Interest rate operations	6 461 942	6 742 533	5 124 291	5 237 019
FX operations	4 450 984	4 781 155	2 604 418	2 985 433
Debt and equity securities	3 372 118	-	1 637 872	-
Debt securities	3 073 960	-	1 517 541	-
Government securities:	3 058 495	-	1 490 857	-
- bills	97 432	-	-	-
- bonds	2 961 063	-	1 490 857	-
Other securities:	15 465	-	26 684	-
- bonds	15 465	-	26 684	-
Equity securities	298 158	-	120 331	-
Short sale	-	1 121 492	-	1 703 764
Total	14 285 044	12 645 180	9 366 581	9 926 216

Financial assets and liabilities held for trading - trading derivatives include the change in the value of counterparty risk in the amount of PLN (1,537) k as at 30.06.2025 and PLN (874) k as at 31.12.2024.

19.Hedging derivatives

	30.06.2025		31.12.2024	
Hedging derivatives	Assets	Liabilities	Assets	Liabilities
Derivatives hedging fair value	111 667	18 360	173 150	95 108
Derivatives hedging cash flow	1 483 530	169 737	1 190 169	504 963
Total	1 595 197	188 097	1 363 319	600 071

As at 30.06.2025, the line item: hedging derivatives – derivatives hedging cash flows reflects a change in the first-day valuation of forward-starting CIRS transactions of PLN (0) k and PLN (114) k as at 31.12.2024.

20.Loans and advances to customers

Loans and advances to customers	30.06.2025			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	76 216 146	4 239 045	-	80 455 191
Loans and advances to individuals, of which:	77 044 017	-	983	77 045 000
Home mortgage loans*	55 150 705	-	-	55 150 705
Loans and advances to public sector	1 472 204	249 605	-	1 721 809
Other receivables	65 027	160	-	65 187
Gross receivables	154 797 394	4 488 810	983	159 287 187
Allowance for expected credit losses	(3 469 892)	(119 376)	-	(3 589 268)
Total	151 327 502	4 369 434	983	155 697 919

* Includes changes in gross book value described in note 31 Legal risk connected with CHF mortgage loans

Loans and advances to customers	31.12.2024			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	73 592 721	4 140 166	-	77 732 887
Loans and advances to individuals, of which:	75 753 200	-	1 537	75 754 737
Home mortgage loans*	54 551 095	-	-	54 551 095
Loans and advances to public sector	2 189 158	249 725	-	2 438 883
Other receivables	61 405	123	-	61 528
Gross receivables	151 596 484	4 390 014	1 537	155 988 035
Allowance for expected credit losses	(3 630 615)	(100 018)	-	(3 730 633)
Total	147 965 869	4 289 996	1 537	152 257 402

* Includes changes in gross book value described in note 31 Legal risk connected with CHF mortgage loans

Impact of the legal risk of mortgage loans in foreign currency	Gross carrying amount of mortgage loans in foreign currency before adjustment due to legal risk costs	Impact of the legal risk of mortgage loans in foreign currency	Gross carrying amount of mortgage loans in foreign currency after adjustment due to legal risk costs*
30.06.2025			
Mortgage loans in foreign currency - adjustment to gross carrying amount	3 448 980	3 280 401**	168 579
Provision in respect of legal risk connected with foreign currency mortgage loans		1 899 468	
Total		5 179 869	
31.12.2024			
Mortgage loans in foreign currency - adjustment to gross carrying amount	4 005 092	3 722 362	282 730
Provision in respect of legal risk connected with foreign currency mortgage loans		1 461 997	
Total		5 184 59	

* Includes changes in gross book value described in note 31 Legal risk connected with CHF mortgage loans

**of which the amount of PLN 3,056,944 k refers to loans denominated in and indexed to CHF, and the amount of PLN 223,457 k converted into PLN loans subject to debt enforcement

Loans and advances to enterprises 30.06.2025	Gross carrying amount	Allowance for expected credit losses	Net
Stage 1	67 841 223	(144 825)	67 696 398
Stage 2	5 346 276	(366 302)	4 979 974
Stage 3	2 539 885	(1 317 758)	1 222 127
POCI	488 762	(59 770)	428 992
Total	76 216 146	(1 888 655)	74 327 491

Loans and advances to individuals - home mortgage loans 30.06.2025	Gross carrying amount	Allowance for expected credit losses	Net
Stage 1	49 198 870	(12 502)	49 186 368
Stage 2	5 007 551	(51 716)	4 955 835
Stage 3	817 429	(286 385)	531 044
POCI	126 855	(21 294)	105 561
Total	55 150 705	(371 897)	54 778 808

Loans and advances to individuals - other loans 30.06.2025	Gross carrying amount	Allowance for expected credit losses	Net
Stage 1	17 635 812	(137 097)	17 498 715
Stage 2	3 015 724	(337 071)	2 678 653
Stage 3	1 146 125	(712 973)	433 152
POCI	95 651	(22 198)	73 453
Total	21 893 312	(1 209 339)	20 683 973

Loans and advances to enterprises 31.12.2024	Gross carrying amount	Allowance for expected credit losses	Net
Stage 1	65 521 648	(142 684)	65 378 964
Stage 2	4 804 043	(362 259)	4 441 784
Stage 3	2 965 076	(1 458 009)	1 507 067
POCI	301 954	(50 659)	251 295
Total	73 592 721	(2 013 611)	71 579 110

Loans and advances to individuals - home mortgage loans 31.12.2024	Gross carrying amount	Allowance for expected credit losses	Net
Stage 1	47 304 137	(13 037)	47 291 100
Stage 2	6 312 015	(79 114)	6 232 901
Stage 3	790 156	(267 680)	522 476
POCI	144 787	(22 950)	121 837
Total	54 551 095	(382 781)	54 168 314

Loans and advances to individuals			
- other loans	Gross carrying	Allowance for	
31.12.2024	amount	expected	Net
		credit losses	
Stage 1	16 850 380	(143 705)	16 706 675
Stage 2	3 111 942	(319 990)	2 791 952
Stage 3	1 145 467	(744 286)	401 181
POCI	94 316	(26 245)	68 071
Total	21 202 105	(1 234 226)	19 967 879

Movements on allowances for expected credit losses on loans and advances to customers measured at amortised cost for reporting period	1.01.2025-30.06.2025	1.01.2024-30.06.2024
Balance at the beginning of the period	(3 630 615)	(3 832 393)
Charge/write back of current period	(255 757)	(452 746)
Stage 1	(21 847)	(22 724)
Stage 2	(81 443)	(293 598)
Stage 3	(148 931)	(141 733)
POCI	(3 536)	5 309
Write off/Sale of receivables	287 595	205 354
Stage 1	-	-
Stage 2	-	-
Stage 3	287 595	205 354
POCI	-	-
Transfer	124 442	73 989
Stage 1	26 318	145 053
Stage 2	86 707	3 356
Stage 3	11 346	(74 275)
POCI	71	(145)
FX differences	4 443	3 561
Stage 1	528	389
Stage 2	1 010	872
Stage 3	2 849	2 043
POCI	56	257
Balance at the end of the period	(3 469 892)	(4 002 235)

21. Investment securities

Investment securities	30.06.2025	31.12.2024* restated
Debt investment securities measured at fair value through other comprehensive income	31 882 166	32 135 296
Government securities:	23 089 845	21 532 605
- bills	3 487 179	-
- bonds	19 602 666	21 532 605
Other securities:	8 792 321	10 602 691
-bonds	8 792 321	10 602 691
Debt investment securities measured at amortised cost	42 187 114	33 227 759
Government securities:	38 433 798	30 197 021
- bonds	38 433 798	30 197 021
Equity investment securities measured at fair value through other comprehensive income	406 906	462 317
- unlisted	406 906	462 317
Total	74 476 186	65 825 372

*Details in note 2.5.

22. Investments in subsidiaries and associates

Investments in subsidiaries and associates	30.06.2025	31.12.2024
Subsidiaries	137 887	2 294 301
Associates	36 606	36 606
Total	174 493	2 330 907

The decrease in the exposure referring to the subsidiaries results from the reclassification of shares of Santander Consumer Bank S.A. to disposal assets classified as held for sale. For detailed information, please see Note 32 Assets classified as held for sale.

23. Deposits from banks

Deposits from banks	30.06.2025	31.12.2024
Term deposits	586 485	100 625
Current accounts	2 112 999	2 949 807
Total	2 699 484	3 050 432

24. Deposits from customers

Deposits from customers	30.06.2025	31.12.2024
Deposits from individuals	124 863 845	117 707 702
Term deposits	37 531 140	39 298 718
Current accounts	87 242 708	78 318 562
Other	89 997	90 422
Deposits from enterprises	85 955 662	87 003 429
Term deposits	20 028 207	20 020 298
Current accounts	62 464 935	64 207 430
Loans from financial institution	157 808	169 008
Other	3 304 712	2 606 693
Deposits from public sector	10 053 857	11 065 236
Term deposits	732 679	727 530
Current accounts	9 178 952	10 316 117
Other	142 226	21 589
Total	220 873 364	215 776 367

25.Subordinated liabilities

Subordinated liabilities on 30.06.2025

Subordinated liabilities	Nominal value	Currency	Redemption date	Book Value (In thousands of PLN)
Issue 2	120 000	EUR	03.12.2026	511 002
Issue 3	137 100	EUR	22.05.2027	589 587
Issue 4	1 000 000	PLN	05.04.2028	1 017 496
Total				2 118 085

Subordinated liabilities on 31.12.2024

Subordinated liabilities	Nominal value	Currency	Redemption date	Book Value (In thousands of PLN)
Issue 2	120 000	EUR	03.12.2026	515 085
Issue 3	137 100	EUR	22.05.2027	594 938
Issue 4	1 000 000	PLN	05.04.2028	1 017 962
Total				2 127 985

Movements in subordinated liabilities	1.01.2025-30.06.2025	1.01.2024-30.06.2024
As at the beginning of the period	2 127 985	2 585 476
Increase (due to):	68 112	91 189
- interest on subordinated loans	68 112	91 189
Decreases (due to):	(78 012)	(103 745)
- interest repayment	(70 367)	(91 819)
- FX differences	(7 645)	(11 926)
As at the end of the period	2 118 085	2 572 920
Short-term	28 824	35 332
Long-term (over 1 year)	2 089 261	2 537 588

26.Debt securities in issue

Debt securities in issue on 30.06.2025

Name of the entity issuing the securities	Type of securities	Nominal value	Currency	Date of issue	Redemption date	Book Value (In thousands of PLN)
Santander Bank Polska S.A.	Bonds	320 000	PLN	26.06.2025	31.03.2036	320 598
Santander Bank Polska S.A.	Bonds	394 000	PLN	17.12.2024	07.02.2033	407 455
Santander Bank Polska S.A.	Bonds	1 800 000	PLN	30.09.2024	30.09.2027	1 832 838
Santander Bank Polska S.A.	Bonds	187 097	PLN	26.06.2024	14.02.2034	194 503
Santander Bank Polska S.A.	Bonds	1 900 000	PLN	02.04.2024	02.04.2027	1 934 013
Santander Bank Polska S.A.	Bonds	3 100 000	PLN	29.11.2023	30.11.2026	3 119 115
Total						7 808 522

Debt securities in issue on 31.12.2024

Name of the entity issuing the securities	Type of securities	Nominal value	Currency	Date of issue	Redemption date	Book Value (In thousands of PLN)
Santander Bank Polska S.A.	Bonds	394 000	PLN	17.12.2024	31.12.2032	396 216
Santander Bank Polska S.A.	Bonds	1 800 000	PLN	30.09.2024	30.09.2027	1 833 250
Santander Bank Polska S.A.	Bonds	219 997	PLN	26.06.2024	31.12.2033	228 796
Santander Bank Polska S.A.	Bonds	1 900 000	PLN	02.04.2024	02.04.2027	1 934 817
Santander Bank Polska S.A.	Bonds	3 100 000	PLN	29.11.2023	30.11.2026	3 121 301
Total						7 514 380

Movements in debt securities in issue	1.01.2025-30.06.2025	1.01.2024-30.06.2024
As at the beginning of the period	7 514 380	5 929 056
Increase (due to):	610 441	2 365 737
- debt securities in issue	320 000	2 156 000
- interest on debt securities in issue	290 441	209 737
Decrease (due to):	(316 299)	(2 098 452)
- debt securities repurchase	(32 900)	(1 900 000)
- interest repayment	(283 399)	(189 613)
- FX differences	-	(7 000)
- other changes	-	(1 839)
As at the end of the period	7 808 522	6 196 341

27.Provisions for financial liabilities and guarantees granted

Provisions for financial liabilities and guarantees granted	30.06.2025	31.12.2024
Provisions for financial commitments to grant loans and credit lines	139 659	146 065
Provisions for financial guarantees	19 651	19 380
Other provisions	1 046	4 905
Total	160 356	170 350

Change in provisions for financial liabilities and guarantees granted	1.01.2025-30.06.2025
As at the beginning of the period	170 350
Provision charge	214 528
Write back	(224 072)
Other changes	(450)
As at the end of the period	160 356
Short-term	123 727
Long-term	36 629

Change in provisions for financial liabilities and guarantees granted	1.01.2024-30.06.2024
As at the beginning of the period	151 294
Provision charge	95 457
Write back	(106 312)
Other changes	349
As at the end of the period	140 788
Short-term	71 681
Long-term	69 107

28. Other provisions

Other provisions	30.06.2025	31.12.2024
Provisions for legal risk connected with foreign currency mortgage loans	1 899 468	1 461 996
Provisions for reimbursement of costs related to early repayment of consumer and mortgage loans	19 424	21 629
Provisions for legal claims and other	91 966	96 891
Total	2 010 858	1 580 516

Change in other provisions 1.01.2025 - 30.06.2025	Provisions for legal risk connected with foreign currency mortgage loans*	Provisions for reimbursement of costs related to early repayment of consumer loans	Provisions for legal claims and other	Total
As at the beginning of the period	1 461 996	21 629	96 891	1 580 516
Provision charge/release	544 207	-	69 453	613 660
Utilization	(69 424)	(2 205)	(74 378)	(146 007)
Other	(37 311)	-	-	(37 311)
As at the end of the period	1 899 468	19 424	91 966	2 010 858

* Detailed information are described in Note 31.

29. Other liabilities

Other liabilities	30.06.2025	31.12.2024
Settlements of stock exchange transactions	63 689	30 395
Interbank	1 067 075	598 724
Employee provisions	307 568	444 751
Sundry creditors	2 220 607	1 029 274
Liabilities from contracts with customers	123 254	127 202
Public and law settlements	166 829	189 013
Accrued liabilities	525 115	349 844
Total	4 474 137	2 769 203
of which financial liabilities *	3 876 486	2 008 237

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

Change in employee provisions 1.01.2025 - 30.06.2025	of which: Provisions for retirement allowances	
As at the beginning of the period	444 751	62 638
Provision charge	156 728	1 991
Utilization	(285 768)	-
Release of provisions	(8 143)	(7 396)
As at the end of the period	307 568	57 233
Short-term	250 335	-
Long-term	57 233	57 233

		<i>of which: Provisions for retirement allowances</i>
Change in employee provisions		
1.01.2024 - 30.06.2024		
As at the beginning of the period	434 834	55 945
Provision charge	122 223	2 429
Utilization	(265 009)	-
Release of provisions	(2 136)	(1 298)
As at the end of the period	289 912	57 076
Short-term	232 836	-
Long-term	57 076	57 076

30. Fair value

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

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

	30.06.2025		31.12.2024	
	Book Value	Fair Value	Book Value	Fair Value
ASSETS				
Cash and cash equivalents	21 735 977	21 735 977	28 722 169	28 722 169
Loans and advances to banks	3 773 906	3 773 906	4 167 697	4 167 697
Loans and advances to clients measured at amortised cost, of which:	151 327 502	153 383 706	147 965 869	148 053 354
-individuals	20 683 973	21 064 725	19 994 125	20 577 795
-housing loans	54 778 808	55 917 888	54 191 264	53 284 949
-business	74 327 491	74 863 863	71 629 771	72 039 901
Buy-sell-back transactions	1 537 032	1 537 032	4 475 404	4 475 404
Debt investment securities measured at amortised cost	42 187 114	42 705 259	33 227 759	33 017 624
LIABILITIES				
Deposits from banks	2 699 484	2 699 484	3 050 432	3 050 432
Deposits from customers	220 873 364	220 876 082	215 776 367	215 778 190
Sell-buy-back transactions	1 700 759	1 700 759	1 198 455	1 198 455
Subordinated liabilities	2 118 085	2 090 592	2 127 985	2 098 588
Debt securities in issue	7 808 522	8 417 126	7 514 380	7 972 500

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 financial statements. The fair value of such instruments is measured using the following methods and assumptions.

Apart from assets that are not measured at fair value, all the other fair values fulfil conditions for classification to Level III of fair value.

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

Loans and advances to customers: Carried at net value after impairment charges. Fair value is calculated as the discounted value of the expected future cash flows in respect of principal and interest payments. It is assumed that loans and advances will be repaid at their contractual maturity date. The estimated fair value of the loans and advances reflects changes in the credit risk from the moment of

sanction (margins) and changes in interest rates. Loans and advances to customers were classified in their entirety as Level 3 of the fair value hierarchy due to application of a measurement model with significant unobservable inputs, i.e. current margins achieved on new credit transactions.

Debt investment financial assets measured at amortized cost: fair value estimated based on market quotations. Instruments classified in category I of the fair value hierarchy.

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

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

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

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

As at 30.06.2025 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 NBP bills and derivative instruments. Derivative instruments are measured using discounted cash flow models based on the discount curve derived from the inter-bank market.

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

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

Level 3: Other valuation techniques.

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

LEVEL 3		VALUATION METHOD	UNOBSERVABLE INPUT
LOANS AND ADVANCES TO CUSTOMERS: credit cards and underwriting loans and advances;	4 370 417	Discounted cash flow method	Effective margin on loans
CORPORATE DEBT SECURITIES	7 842 263	Discounted cash flow method	Credit spread
SHARES IN BIURO INFORMACJI KREDYTOWEJ SA	61 600	Estimation of the fair value based on the present value of the forecast results of the company	The valuation assumed a payment of 100% of the net result forecasted by the company and a discount estimated at market level.
SHARES IN KRAJOWA IZBA ROZLICZENIOWA SA	74 900	Estimation of the fair value based on the present value of the forecast results of the company	The valuation assumed a payment of 80% of the net result forecasted by the company and a discount estimated at market level.
SHARES IN POLSKI STANDARD PŁATNOŚCI SP. Z O.O.	265 500	Estimation of the fair value based on the present value of the forecast results of the company	The valuation based on the company's forecasted net financial results and the median P/E and EV/S multipliers based on the comparative group.
SHARES IN SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION	1 459	Estimation of the fair value based on the net assets value of the company and average FX exchange rate	The valuation was based on net assets of the company and the Bank's share in the capital (ca0.048%).
SHARES IN SYSTEM OCHRONY BANKÓW KOMERCYJNYCH S.A.	124	Estimation of the fair value based on the net assets value of the company	The valuations were based on the companies' net assets and the Bank's share in capital at the level of: -for SOBK ca. 12.9%; -for DCHRS and ca. 1.3%; -for WSSE ca. 0.2%.
SHARES IN DOLNOŚLĄSKIE CENTRUM HURTU ROLNO-SPOŻYWCZEGO S.A.	1 582		
SHARES IN WAŁBRZYSKA SPECJALNA STREFA EKONOMICZNA „INVEST-PARK” SP Z O.O.	1 741		

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

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

In the period from January 1 to June 30, 2025, the following transfers of financial instruments between levels of the fair value measurement hierarchy were made:

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

The impact of estimated parameters on measurement of financial instruments for which the Bank applies fair value valuation according to Level 3 as at 30 June 2025 and in comparative period is as follows:

	Fair value as at 30.06.2025	Valuation technique	Unobservable factor	Unobservable factor range	Impact on fair value +/-100 bps	
					Positive scenario	Negative scenario
Corporate debt securities	7 842 263	Discounted cash flow	Credit spread	(0,37%-0,95%)	129 543	(123 893)
Loans and advances measured at fair value through other comprehensive income	4 369 434	Discounted cash flow	Effective margin	(0,90%-3,18%)	150 631	(140 778)

	Fair value as at 31.12.2024	Valuation technique	Unobservable factor	Unobservable factor range	Impact on fair value +/-100 bps	
					Positive scenario	Negative scenario
Corporate debt securities	9 648 274	Discounted cash flow	Credit spread	(0,03%-0,88%)	163 205	(156 328)
Loans and advances measured at fair value through other comprehensive income	4 289 996	Discounted cash flow	Effective margin	(2,21%-3,17%)	140 458	(130 663)

As at 30.06.2025 and in the comparable periods the bank classified its financial instruments to the following fair value levels:

30.06.2025	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading	3 365 747	10 909 479	9 818	14 285 044
Hedging derivatives	-	1 595 197	-	1 595 197
Loans and advances to customers measured at fair value through other comprehensive income	-	-	4 369 434	4 369 434
Loans and advances to customers measured at fair value through profit or loss	-	-	983	983
Debt securities measured at fair value through OCI	24 039 903	-	7 842 263	31 882 166
Equity securities measured at fair value through OCI	-	-	406 906	406 906
Assets pledged as collateral	1 683 193	-	-	1 683 193
Total	29 088 843	12 504 676	12 629 404	54 222 923
Financial liabilities				
Financial liabilities held for trading	1 121 492	11 523 036	652	12 645 180
Hedging derivatives	-	188 097	-	188 097
Total	1 121 492	11 711 133	652	12 833 277
31.12.2024	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading	1 620 817	7 728 473	17 291	9 366 581
Hedging derivatives	-	1 363 319	-	1 363 319
Loans and advances to customers measured at fair value through other comprehensive income	-	-	4 289 996	4 289 996
Loans and advances to customers measured at fair value through profit or loss	-	-	1 537	1 537
Debt securities measured at fair value through OCI	22 487 022	-	9 648 274	32 135 296
Equity securities measured at fair value through OCI	-	-	462 317	462 317
Assets pledged as collateral	1 198 845	-	-	1 198 845
Total	25 306 684	9 091 792	14 419 415	48 817 891
Financial liabilities				
Financial liabilities held for trading	1 703 764	8 221 381	1 071	9 926 216
Hedging derivatives	-	600 071	-	600 071
Total	1 703 764	8 821 452	1 071	10 526 287

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

Level III

	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	Equity securities measured at fair value through other comprehen sive income	Financial liabilities held for trading
30.06.2025						
As at the beginning of the period	17 291	1 537	4 289 996	9 648 274	462 317	1 071
Profit or losses						
-recognised in income statement						
---net trading income and revaluation	3 403	865	132 902	-	-	(916)
--net interest income			-			
---gains/losses from other financial securities	-	-	-	165 712	-	-
-recognised in equity (OCI)-valuation change of equity instruments	-	-	-	-	(55 411)	-
Purchase/granting	3 643	432	545 531	-	-	506
Sale	(14 519)	(595)	(218 881)	-	-	-
Matured	-	(1 256)	(361 811)	(1 971 723)	-	-
Transfer	-	-	-	-	-	(9)
Other	-	-	(18 303)	-	-	-
As at the end of the period	9 818	983	4 369 434	7 842 263	406 906	652

Level III

	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	Equity securities measured at fair value through other comprehen sive income	Financial liabilities held for trading
31.12.2024						
As at the beginning of the period	9 498	11 111	2 798 234	11 555 157	272 336	5 944
Profit or losses						
-recognised in income statement						
---net trading income and revaluation	109	2 859		-	-	186
--net interest income			292 854			
---gains/losses from other financial securities	-	-	-	256 038	-	-
-recognised in equity (OCI)-valuation change of equity instruments	-	-	-	-	188 399	-
Purchase/granting	18 001	2 568	2 192 326	-	1 582	1 331
Sale	(4 626)	(930)	(203 096)	-	-	-
Matured	-	(14 071)	(778 653)	(2 162 921)	-	-
Transfer	(5 691)	-	-	-	-	(6 390)
Other	-	-	(11 669)	-	-	-
As at the end of the period	17 291	1 537	4 289 996	9 648 274	462 317	1 071

31. Legal risk connected with CHF mortgage loans

As at 30 June 2025, the Bank had a portfolio of 14k CHF-denominated and CHF-indexed loans of PLN 3,157,220k gross before adjustment to the gross carrying amount at PLN 3,056,944k reducing contractual cash flows in respect of legal risk. The Bank also had PLN loans which used to be denominated in or indexed to CHF. Their total gross amount was PLN 291,760k before adjustment to the gross carrying amount at PLN 223,457k reducing contractual cash flows in respect of legal risk. There were 34.6k repaid CHF-denominated or CHF-indexed loans exposed to legal risk, and the disbursed amount totalled PLN 4.3bn.

As at 31 December 2024, the Bank had a portfolio of 16.7k CHF-denominated and CHF-indexed loans of PLN 3,707,626k gross before adjustment to the gross carrying amount at PLN 3,491,974k reducing contractual cash flows in respect of legal risk. The Bank also had PLN loans which used to be denominated in or indexed to CHF. Their total gross amount was PLN 297,466k before adjustment to the gross carrying amount at PLN 230,388k reducing contractual cash flows in respect of legal risk. There were 34.6k repaid CHF-denominated or CHF-indexed loans exposed to legal risk, and the disbursed amount totalled PLN 4.3bn.

For a long period of time, the ruling practice regarding loans indexed to or denominated in foreign currencies has not been unanimous. The prevailing practice is the annulment of a loan agreement due to unfair clauses concerning loan indexation and application of an exchange rate from the bank's FX table. Some courts issue judgments as a result of which the loan is converted to PLN: the unfair indexation mechanism is removed and the loan is treated as a PLN loan with an interest rate based on a rate relevant for CHF. Other courts adjudicate partly in favour of banks: only the application of an exchange rate based on the bank's FX table is deemed to be unfair and is replaced by an objective indexation rate, i.e. an average NBP exchange rate or market exchange rate. Still others decide on the removal of loan indexation, as a consequence of which the loan is treated as a PLN loan with an interest rate based on WIBOR. Judgments are also passed which declare loan agreements void due to unlawful terms. Those judgments are incidental and as such, in the Group's view, have no significant impact on the assessment of legal risk of court cases regarding mortgage loans denominated in or indexed to CHF.

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

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

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

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

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

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

- if a bank disbursed a loan in full or in part under a loan agreement which is not binding due to unfair clauses and a borrower made loan repayments under that agreement, the parties can make separate claims for reimbursement of undue consideration (two separate claims theory);
- if a loan agreement is not binding due to unfair clauses, then in principle, the limitation period for the bank's claims for reimbursement of amounts disbursed under that agreement starts running as of the next day after the borrower questioned the binding nature of the agreement;
- if a loan agreement is not binding due to unfair clauses, there is no legal basis for either party to claim interest or other benefits in respect of the use of that party's funds during the period from performance of undue consideration until the day the party fell in arrears with reimbursement of that consideration.

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

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

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

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

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

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

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

- not precluding a judicial interpretation of national law according to which the consumer has the right to seek compensation from the credit institution going beyond reimbursement of the monthly instalments paid and the expenses paid in respect of the performance of

that agreement together with the payment of default interest at the statutory rate from the date on which notice is served, provided that the objectives of Directive 93/13/EEC and the principle of proportionality are observed; and

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

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

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

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

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

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

On 7 December 2023, the CJEU passed a judgment in another case brought by the Polish court (C-140/22), in which it stated that the assessment of unfairness of contractual clauses is made by operation of law and the national court should examine disputable provisions ex officio. The CJEU also stressed that the consumer should be able to exercise their rights irrespective of whether they have made a statement before the court that they are aware of the consequences of the invalidity of the agreement and gives their consent to its annulment. In its judgment of 14 December 2023 in case C-28/22, the TSUE ruled on the limitation period for claims of banks and consumers but did not specifically indicate the start date of that period. It merely concluded that it cannot begin to run as from the date of the final and non-appealable judgment and that the start date for bank's claims cannot be earlier than that for consumer's claims. The CJEU also noted that banks may use their right of retention but it should not automatically mean the suspension of the accrual of late payment interest due to consumers.

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

In Q4 2024, the Regional Court in Warsaw requested a preliminary ruling from the CJEU regarding the settlements made between the parties following the invalidation of the agreement, mainly in the context of banks' restitution claims. The questions referred by the court concerned the statute of limitations for claims, as well as the rules for enforcing claims and awarding legal costs.

On 19 June 2025, the CJEU issued a judgment in case C-396/24, stating that Directive 93/13 must be interpreted as precluding national case-law according to which, where a term of a loan agreement classified as unfair renders that agreement invalid, the seller or supplier is entitled to require the consumer to repay the full nominal amount of the loan obtained, irrespective of the value of repayments made by the consumer in performance of that agreement and irrespective of the amount remaining due. The CJEU's stance differs in this regard from the two claims theory adopted by the Polish Supreme Court whereby each party must repay all the amounts received (without the automatic offsetting of the two claims to the extent of the lower claim based on the balance theory). Accordingly, the rules for settling claims between parties to the invalidated loan agreement may change if the Polish courts adopt the same stance as the CJEU.

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

agreement will still largely depend on the ruling practice of national courts with regard to the enforcement of CJEU and Supreme Court's judgments.

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

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

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

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

As at 30 June 2025, there were 14,402 pending lawsuits against the Bank over loans indexed to or denominated in a foreign currency, with the disputed amount totalling PLN 5,910,912k. Loans repaid as at the lawsuit date accounted for 18% of all lawsuits. The latter included one class action filed against Santander Bank Polska S.A. under the Class Action Act and relating to 233 CHF-indexed loans with the disputed amount of PLN 50,983k.

As at 31 December 2024, there were 14,568 pending lawsuits against the Bank over loans indexed to or denominated in CHF, with the disputed amount totalling PLN 5,912,148k. Loans repaid as at the lawsuit date accounted for 14% of all lawsuits. The latter included one class action filed against Santander Bank Polska S.A. under the Class Action Act and relating to 263 CHF-indexed loans with the disputed amount of PLN 50,983k.

As at 30 June 2025, the total cumulative impact of legal risk connected with foreign currency mortgage loans in the Bank was estimated at PLN 5,179,869k, including:

- IFRS 9 adjustment to the gross carrying amount at PLN 3,280,401k
- IAS 37 provision at PLN 1,899,468k.

As at 31 December 2024, the total cumulative impact of legal risk connected with foreign currency mortgage loans in the Bank was estimated at PLN 5,184,359k, including:

- IFRS 9 adjustment to the gross carrying amount at PLN 3,722,362k
- IAS 37 provision at PLN 1,461,997k.

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

	1.04.2025- 30.06.2025	1.01.2025- 30.06.2025	1.04.2024- 30.06.2024	1.01.2024- 30.06.2024
Cost of legal risk connected with foreign currency mortgage loans				
Impact of legal risk connected with foreign currency mortgage loans recognised as adjustment to gross carrying amount	(37 454)	(17 937)	(428 503)	(492 360)
Impact of legal risk connected with foreign currency mortgage loans recognised as provision	(570 514)	(544 207)	(278 242)	(336 385)
Other costs *	(130 813)	(255 966)	(92 588)	(184 577)
Total cost of legal risk connected with foreign currency mortgage loans	(738 781)	(818 110)	(799 333)	(1 013 322)
Gain/loss on derecognition of financial instruments measured at amortised cost	(10 802)	(7 146)	(20 573)	(28 343)
including: settlements made	(10 841)	(8 798)	(21 918)	(30 789)
Total cost of legal risk connected with foreign currency mortgage loans and settlements made	(749 622)	(826 908)	(821 251)	(1 044 111)

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

	30.06.2025	31.12.2024
Adjustment to gross carrying amount in respect of legal risk connected with foreign currency mortgage loans	3 280 401	3 722 362
Provision for legal risk related to foreign currency mortgage loans	1 899 468	1 461 997
Total cumulative impact of legal risk related to foreign currency mortgage loans	5 179 869	5 184 359

As at 30 June 2025, the total adjustment to the gross carrying amount and provisions for legal risk and legal provisions (for legal claims and a collective portion) in respect of the CHF loan portfolio totalled PLN 5,123,256k and accounted for 148.5% of the gross value of the active CHF loan portfolio (before IFRS 9 adjustment to the gross carrying amount).

As at 31 December 2024, the total adjustment to the gross carrying amount and provisions for legal risk and legal provisions (for legal claims and a collective portion) accounted for 129.4% of the gross value of the active CHF loan portfolio (before IFRS 9 adjustment to the gross carrying amount).

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

The change in the value of the provisions between January and June 2025 resulted from the review of legal risk connected with foreign currency mortgage loans.

As a consequence of the review, the Bank considered the level of expected settlements and the number of expected lawsuits regarding active and, in particular, repaid loans, as well as settlement costs in the case of invalidation of the loan agreement.

The change in the value of the provisions between January and June 2025 resulted from the review of legal risk connected with foreign currency mortgage loans.

As a consequence of the review, the Bank considered the level of expected settlements and the number of expected lawsuits regarding active and repaid loans, as well as settlement costs in the case of invalidation of the loan agreement.

The Bank used a statistical model to estimate the likelihood of claims being made by borrowers in relation to both active and repaid loans based on the existing lawsuits against the Bank and the estimated growth in their number. The model assesses the so-called lifetime risk and is based on a range of behavioural characteristics related to the loan and the customer. The Bank assumes that lawsuits have been or will be filed against the Bank in relation to approx. 41% of active and repaid loans (36% in December 2024). These assumptions are highly sensitive to a number of external factors, including but not limited to the ruling practice of Polish courts, the level of publicity around individual rulings, measures taken by the mediating law firms and the cost of proceedings. Customers' interest in proposed settlements is another important aspect affecting the estimates, as is the practice of Polish courts with regard to the enforcement of CJEU rulings.

The Bank expects that most of the lawsuits will be filed by the end of 2026, and then the number of new claims will drop as the legal environment will become more structured.

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

For the purpose of calculating the costs of legal risk, the Bank also estimated how likely it is that a specific number of lawsuits will be filed and what the possible end scenarios are in this respect. The Bank also considered the protracted proceedings in some courts.

As at 30 June 2025, 4,557 final and non-appealable judgments were issued in cases against the Bank (considering those passed after the CJEU ruling of 3 October 2019), of which 4,440 were unfavourable to the Bank, and 117 were entirely or partially favourable to the Bank (compared to 3,207 judgments as at 31 December 2024, including 3,100 unfavourable ones and 107 entirely or partially favourable). When assessing the likelihoods, the Bank used the support of law firms and conducted thorough analysis of the ruling practice in cases concerning indexed and denominated loans.

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

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

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

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

Settlements

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

By 30 June 2025, the Bank made 10,453 settlements (both pre-court and post-court), of which 952 ones were reached in H1 2025.

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

Sensitivity analysis

Due to the high uncertainty around both individual assumptions and their total impact, the Bank carried out the following sensitivity analysis of the estimated impact of legal risk by assessing the influence of variability of individual parameters on the level of that risk. In December 2024, the sensitivity analysis was extended to include the impact of an increase in the loss on settlement. The amount of loss accepted by the Bank as part of the settlement affects the total value of the provision as it is one of the possible ways to terminate the agreement whether or not the customer has filed a lawsuit against the Bank.

The estimates were prepared in the form of a univariate analysis of provision value sensitivity.

Taking into account the variability of the parameters outlined below, the collective provision for legal risk as at 30 June 2025 and in the comparative period is affected as follows:

Scenario (PLN m)	Change in the collective provision as at 30.06.2025	Change in the collective provision as at 31.12.2024
Doubling the expected number of new customers filing a lawsuit (active and non-active customers)	798	584
50% reduction in the expected number of new customers filing a lawsuit (active and non-active customers)	(457)	(411)
10% increase in the loss on settlements	6	16

For all the parameters, the variability range in the sensitivity analysis was estimated taking into account the existing market conditions. The adopted variability ranges may change depending on market developments, which may significantly affect the results of the sensitivity analysis.

Taking into account the variability of the parameters outlined below, the provision for individual legal claims as at 30 June 2025 and in the comparative period is affected as follows:

Scenario (PLN m)	Change in the individual provision as at 30.06.2025	Change in the individual provision as at 31.12.2024
1% absolute increase in the likelihood of losing the case	43	45
1% absolute decrease in the likelihood of losing the case	(44)	(45)
10% increase in the loss on settlements	22	47

The Bank has also estimated the average cost of annulment of a loan agreement depending on whether the loan has been already repaid in full or not. The assumptions adopted in the estimation can change along with changes in the legal system and case law. The results of the analysis are presented below.

Scenario (PLN m)	30.06.2025	31.12.2024
Average loss on the annulment of 1,000 active loans	284	277
Average loss on the annulment of 1,000 repaid loans	77	72

32.Assets classified as held for sale

Expected ownership changes

On 5 May 2025, an announcement was made about an agreement concluded by Erste Group Bank AG (Erste Group) and Banco Santander S.A. (Santander Group) whereby Erste Group will acquire a 49% stake in Santander Bank Polska S.A. for a cash consideration of EUR 6.8bn (PLN 584 per share) and a 50% stake in Santander Towarzystwo Funduszy Inwestycyjnych S.A. (Santander TFI S.A.) for EUR 0.2bn. Together, this amounts to a total cash consideration of EUR 7bn.

The sale transaction is expected to be closed at the end of 2025, subject to regulatory approvals and other prerequisites such as the sale of a 60% stake in Santander Consumer Bank S.A. held by Santander Bank Polska S.A. to Santander Group.

By acquiring 49% of shares in Santander Bank Polska S.A., Erste Group will become the largest shareholder. Banco Santander S.A. will keep a stake representing 13% of the share capital of Santander Bank Polska S.A.

Measures to sell Santander Consumer Bank S.A.

In relation to the agreement made by Banco Santander S.A. (Santander Group) and Erste Group Bank AG (Erste Group), as announced on 5 May 2025, regarding the sale of a 49% stake in Santander Bank Polska S.A. and a 50% stake in Santander Towarzystwo Funduszy Inwestycyjnych S.A. (Santander TFI), the operations of Banco Santander S.A. in Poland must be reorganised. It involves a change to the ownership structure of Santander Consumer Bank S.A., which, together with its subsidiaries, is part of Santander Bank Polska Group.

On 12 May 2025, Santander Bank Polska S.A. announced the start of discussions with Banco Santander S.A. on the sale of Santander Consumer Bank S.A.

With the consent from the Management Board and Supervisory Board of Santander Bank Polska S.A., on 16 June 2025 the Bank signed a preliminary agreement with Spain-based Santander Consumer Finance S.A. on the sale of 3,120k shares in Santander Consumer Bank S.A. representing 60% of the share capital and voting power for the total price of PLN 3.105bn.

For the purpose of the transaction, on 13 June 2025 the Bank's Management Board received a fairness opinion on the financial terms of the potential transaction.

The closing of the transaction is subject to obtaining all consents required by law (including approval from the Polish Financial Supervision Authority, "KNF") and fulfillment of other terms defined in the transaction documentation.

The Management Board of Santander Bank Polska S.A. assessed if the criteria for classification of the shares in Santander Consumer Bank S.A. as disposal assets held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations were met as at 30 June 2025.

The shares in Santander Consumer Bank S.A. are available for immediate sale in their present condition. The sale is subject to the consent of the KNF. The Management Board of Santander Bank Polska S.A. assessed the probability of the foregoing and concluded that the consent would be granted and that the sale was highly probable.

In view of the above, as at 30 June 2025 the shares in Santander Consumer Bank S.A. were reclassified as disposal assets held for sale.

In accordance with the policy adopted by Santander Bank Polska S.A., assets held for sale are recognised at the lower of their carrying amount and their fair value less costs of disposal. In relation to the disposal of the shares in Santander Consumer Bank S.A., the measurement at the carrying amount was adopted, as this amount is lower than the agreed sales price.

The Management Board of Santander Bank Polska S.A. expects to recover the carrying amount of the assets, i.e. shares of Santander Consumer Bank S.A., in the form of economic benefits from the sale. As the carrying amount of those assets exceeds their tax base, the amount of taxable economic benefits will exceed the amount that will be allowed as a deduction for tax purposes. In relation to the sale of shares of Santander Consumer Bank S.A., Santander Bank Polska S.A. estimated the tax deductible acquisition cost based on the share exchange: the nominal value of own shares issued at the time of acquisition was taken as the acquisition cost for the purpose of determining the taxable income from the sale of SCB shares.

A deferred tax liability has been recognised in relation to the expected tax payable on the transaction. Given that the current tax will be paid by Santander Bank Polska S.A., the deferred tax liability is recognised in the Bank's statement of financial position.

33. Contingent liabilities and litigation and claims

Information about pending court and administrative proceedings

As at 30.06.2025 the value of all litigation amounts to PLN 9,959,245 k. This amount includes PLN 3,546,261 k claimed by the Bank, PLN 6,412,984 k in claims against the Bank.

As at 30.06.2025 the amount of all court proceedings which had been completed amounted to PLN 742,922 k.

As at 30.06.2025 the provisions for instigated lawsuits recognised in accordance with IAS 37 totalled PLN 1,405,638 k and the adjustment to gross carrying amount under IFRS 9 related to instigated lawsuits totalled PLN 2,883,605 k. In 3,838 cases against Santander Bank Polska SA, where the claim value was high (equal or above PLN 500 k), the total value of provisions for legal claims recognised in accordance with IAS 37 and the adjustment to gross carrying amount under IFRS 9 related to legal claims was PLN 1,894,219 k.

As at 31.12.2024 the value of all litigation amounts to PLN 9,513,582 k. This amount includes PLN 3,128,890 k claimed by the Bank, PLN 6,384,692 k in claims against the Bank.

As at 31.12.2024 the amount of all court proceedings which had been completed amounted to PLN 721,698 k.

As at 31.12.2024 the provisions for instigated lawsuits recognised in accordance with IAS 37 totalled PLN 1,198,247 k and the adjustment to gross carrying amount under IFRS 9 related to instigated lawsuits totalled PLN 3,124,236 k. In 3,804 cases against Santander Bank Polska SA, where the claim value was high (equal or above PLN 500 k), the total value of provisions for legal claims recognised in accordance with IAS 37 and the adjustment to gross carrying amount under IFRS 9 related to legal claims was PLN 1,871,052 k.

Court cases over a free credit sanction

As at 30 June 2025, there were 2,551 pending lawsuits against the Bank over a free credit sanction, with the disputed amount totalling PLN 64,402 k. The lawsuits are brought by customers or entities that have purchased customers' debt and concern the compliance of consumer cash loan agreements with the Consumer Credit Act.

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

On 13 February 2025, the CJEU issued a judgment in case C-472/23, addressing some of the issues mentioned above: contractual information on annual percentage rate of charge (APRC), banks' information obligations in the case of amendment of charges connected with the performance of an agreement and proportionality of the sanction depriving the lender of its right to interest and charges in the case of infringement of an information obligation. While not ruling on the permissibility of interest calculation on the loan portion financing non-interest costs, the CJEU held that an APRC is calculated at the time the agreement is concluded, based on the assumption that the agreement in the wording applicable at that time will remain valid for the period agreed. It means that the bank does not violate its information obligations regarding the APRC even if contractual terms affecting the APRC are subsequently found to be unfair. Accordingly, the CJEU concluded that such practice does not constitute in itself an infringement of the information obligation set out in Article 10(2)(g) of Directive 2008/48.

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

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

Administrative penalty proceedings by the Polish Financial Supervision Authority

On 9 May 2025, the Polish Financial Supervision Authority (KNF) decided to dismiss the administrative proceedings instigated on 22 November 2023 against Santander Bank Polska S.A. regarding a fine under Article 176i(1)(4) of the Act on trading in financial instruments.

Off-balance sheet liabilities

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

Contingent liabilities	30.06.2025			
	Stage 1	Stage 2	Stage 3	Total
Liabilities granted	57 596 193	1 479 077	234 959	59 310 229
- financial	37 956 238	1 048 379	38 905	39 043 522
- credit lines	34 125 082	807 156	31 227	34 963 465
- credit cards debits	3 314 786	215 995	7 155	3 537 936
- import letters of credit	516 370	25 228	523	542 121
- guarantees	19 674 078	443 960	309 025	20 427 063
Provision for financial liabilities and guarantees granted	(34 123)	(13 262)	(112 971)	(160 356)
Liabilities received				45 607 467
- financial				25 936
- guarantees				45 581 531
Total	57 596 193	1 479 077	234 959	104 917 696

Contingent liabilities	31.12.2024			
	Stage 1	Stage 2	Stage 3	Total
Liabilities granted	58 091 375	1 657 694	265 970	60 015 039
- financial	36 315 675	1 307 621	72 171	37 695 467
- credit lines	32 533 275	1 012 422	48 457	33 594 154
- credit cards debits	3 097 543	292 790	7 449	3 397 782
- import letters of credit	670 970	2 409	16 265	689 644
- term deposits with future commencement term	13 887	-	-	13 887
- guarantees	21 807 395	367 871	314 656	22 489 922
Provision for financial liabilities and guarantees granted	(31 695)	(17 798)	(120 857)	(170 350)
Liabilities received				48 546 893
- financial				130 590
- guarantees				48 416 303
Total	58 091 375	1 657 694	265 970	108 561 932

34.Shareholders with min. 5% voting power

Shareholder	Number of shares held		% in the share capital		Number of votes at AGM		Voting power at AGM	
	30.07.2025	30.04.2025	30.07.2025	30.04.2025	30.07.2025	30.04.2025	30.07.2025	30.04.2025
Banco Santander S.A.	63 560 774	63 560 774	62,20%	62,20%	63 560 774	63 560 774	62,20%	62,20%
Nationale-Nederlanden OFE *	5 123 581	5 123 581	5,01%	5,01%	5 123 581	5 123 581	5,01%	5,01%
Others	33 504 959	33 504 959	32,79%	32,79%	33 504 959	33 504 959	32,79%	32,79%
Total	102 189 314	102 189 314	100%	100%	102 189 314	102 189 314	100%	100%

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

According to the information held by the Bank's Management Board, the shareholders 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 report for 1H 2025 /30.07.2025/ are Banco Santander SA and Funds managed by Nationale-Nederlanden Powszechna Towarzystwo Emerytalne SA.

35.Related parties

The tables below present transactions with related parties. Transactions between Santander Bank Polska SA and its related entities are banking operations carried out on an arm's length basis as part of their ordinary business and mainly represent loans, bank accounts, deposits, guarantees and leases. In the case of internal Group transactions, a documentation is prepared in accordance with requirements of tax regulations for transfer pricing.

	30.06.2025	31.12.2024* restated
Transactions with subsidiaries**		
Assets	21 016 071	19 945 091
Cash and cash equivalents	64 138	127 415
Loans and advances to banks	99 906	99 885
Financial assets held for trading	2 290	18 702
Loans and advances to customers	20 803 543	19 676 558
Other assets	46 194	22 531
Liabilities	779 585	920 550
Deposits from banks	235 829	295 149
Financial liabilities held for trading	31 539	40 822
Deposits from customers	327 356	397 406
Lease liabilities	184 852	187 156
Other liabilities	9	17
Contingent Liabilities	6 572 058	6 384 851
Granted:	6 172 058	5 984 851
<i>financial</i>	1 907 672	1 496 570
<i>guarantees</i>	4 264 386	4 488 281
Received:	400 000	400 000
<i>guarantees</i>	400 000	400 000

*details in Note 2.5

	1.01.2025- 30.06.2025	1.01.2024- 30.06.2024
Transactions with subsidiaries**		
Income	542 706	555 651
Interest income	481 581	503 302
Fee and commission income	50 273	40 960
Other operating income	3 293	3 261
Net trading income and revaluation	7 559	8 128
Expenses	17 303	11 738
Interest expenses	16 871	11 313
Fee and commission expenses	146	363
Net trading income and revaluation	-	-
Operating expenses incl.:	286	62
<i>Bank's staff, operating expenses and management costs</i>	279	58
<i>Other</i>	7	4

**The disclosed transactions also include the transactions with SCB and its subsidiaries although the investment in SCB was transferred in the current period to disposal assets classified as held for sale.

Transactions with associates	30.06.2025	31.12.2024
Liabilities	32 501	61 369
Deposits from customers	32 501	61 369

Transactions with associates	1.01.2025- 30.06.2025	1.01.2024- 30.06.2024
Income	51 572	41 633
Fee and commission income	51 572	41 633
Expenses	679	1 174
Interest expense	679	1 174

Transactions with Santander Group	with the parent company		with other entities	
	30.06.2025	31.12.2024* restated	30.06.2025	31.12.2024* restated
Assets	13 994 220	12 802 000	1 975	1 918
Cash and cash equivalents	2 598 893	2 804 630	1 905	1 890
Loans and advances to banks, incl:	3 416 453	3 875 795	-	-
<i>loans and advances</i>	3 416 453	3 875 795	-	-
Financial assets held for trading	7 977 852	6 120 328	-	-
Other assets	1 022	1 247	70	28
Liabilities	8 773 431	6 260 406	294 924	251 905
Deposits from banks incl.:	343 461	1 519 359	10 442	10 974
<i>current accounts and advances</i>	343 461	1 519 359	10 442	10 974
Financial liabilities held for trading	8 375 817	4 726 694	-	-
Deposits from customers	-	-	165 146	208 869
Lease liabilities	-	-	25	25
Other liabilities	54 153	14 353	119 311	32 037
Contingent liabilities	4 803 427	5 342 036	31 194	31 543
Sanctioned:	1 168 170	1 324 770	9 958	11 754
<i>guarantees</i>	1 168 170	1 324 770	9 958	11 754
Received:	3 635 257	4 017 266	21 236	19 789
<i>guarantees</i>	3 635 257	4 017 266	21 236	19 789

*details in Note 2.5

Transactions with Santander Group	with the parent company		with other entities	
	1.01.2025- 30.06.2025	1.01.2024- 30.06.2024	1.01.2025- 30.06.2025	1.01.2024- 30.06.2024
Income	86 902	886 534	1 299	1 315
Interest income	81 840	150 011	4	4
Fee and commission income	5 062	9 288	38	42
Other operating income	-	17	1 057	685
Net trading income and revaluation	-	727 218	200	584
Expenses	869 119	115 384	134 015	88 786
Interest expense	42 043	70 535	1 607	642
Fee and commission expense	6 431	11 355	1	243
Net trading income and revaluation	788 659	-	-	-
Operating expenses incl.:	31 986	33 494	132 407	87 901
<i>staff, operating expenses and management costs</i>	31 955	33 457	132 407	87 837
<i>other operating expenses</i>	31	37	-	64

Transactions with Members of Management and Supervisory Boards

Remuneration of Santander Bank Polska Management Board Members, Supervisory Board Members and key management personnel Santander Bank Polska.

Loans and advances granted to the key management personnel.

As at 30.06.2025, 31.12.2024 and 30.06.2024 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.

Transactions with members of Management Board and Key Management Personnel	Management Board Members		Key Management Personnel	
	1.01.2025-30.06.2025	1.01.2024-30.06.2024	1.01.2025-30.06.2025	1.01.2024-30.06.2024
Short-term employee benefits	13 152	12 019	28 880	22 986
Post-employment benefits	-	-	-	-
Long-term employee benefits	9 554	10 462	9 086	8 416
Paid termination benefits	-	-	135	23
Share-based payments	5 291	4 498	9 670	9 410
Total	27 997	26 979	47 771	40 835

	Management Board Members		Key Management Personnel	
	30.06.2025	31.12.2024	30.06.2025	31.12.2024
Loans and advances made by the Bank to the Members of the Management Board/Key Management and to their relatives	2 516	2 697	12 914	14 763
Deposits from The Management Board/Key management and their relatives	16 035	12 565	25 767	18 535

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 S.A. 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 key executive positions are paid variable remuneration once a year following the end of the reference period and release of the Bank's results. Variable remuneration is awarded in accordance with bonus regulations and five-year Incentive Plan VII and is paid in cash and in the Bank's shares. The remuneration paid in shares may not be lower than 50% of the total amount of variable remuneration. Payment of min. 40% of the variable remuneration specified above is conditional and deferred for the period of four or five years. During that period, it is paid in arrears in equal annual instalments depending on the employee's individual performance in the analysed period and the value of shares.

In H1 2025, the total remuneration paid to the Supervisory Board Members of Santander Bank Polska totalled PLN 1,357 k (PLN 1,388k in H1 2024). In H1 2025, members of the Supervisory Board of Santander Bank Polska S.A. received remuneration from the Bank's related entities in the amount of PLN 156 k (PLN 80 k in H1 2024).

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. Details in Note 30.

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

No such events took place in the reporting period.

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

As at 30.06.2025 and 31.12.2024 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 10 and 14.

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

As at 30.06.2025 and 31.12.2024 or Santander Bank Polska S.A. or its subsidiaries have not made significant sales and purchases of property, plant and equipment. There were no significant liabilities arising from purchase of fixed assets either.

42. Share based incentive scheme

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

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

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

- a) not more than 207,000 shares of SAN PL with the maximum value of PLN 55.3m in 2023;
- b) not more than 271,000 shares of SAN PL with the maximum value of PLN 72.4m in 2024;
- c) not more than 326,000 shares of SAN PL with the maximum value of PLN 87.0m in 2025;
- d) not more than 390,000 shares of SAN PL with the maximum value of PLN 104.1m in 2026;
- e) not more than 826,000 shares of SAN PL with the maximum value of PLN 220.5m in 2027;

- f) not more than 145,000 shares of SAN PL with the maximum value of PLN 38.7m in 2028;
- g) not more than 47,000 shares of SAN PL with the maximum value of PLN 12.5m in 2029;
- h) not more than 42,000 shares of SAN PL with the maximum value of PLN 11.2m in 2030;
- i) not more than 35,000 shares of SAN PL with the maximum value of PLN 9.3m in 2031;
- j) not more than 27,000 shares of SAN PL with the maximum value of PLN 7.2m in 2032;
- k) not more than 15,000 shares of SAN PL with the maximum value of PLN 4.0m in 2033.

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

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

1. Delivery of at least 50% of the profit after tax (PAT) target of SAN PL for a given year.
2. Delivery of at least 80% of the team business targets for a given year at the level of SAN PL, Division or unit; the performance against the target is calculated as the weighted average of performance against at least three business targets defined as part of the financial plan approved by the Supervisory Board for a given year for SAN PL, Division or unit where the participant works, in particular:
 - PAT (profit after tax) of SAN PL Group (excluding Santander Consumer Bank S.A.);
 - ROTE (return on tangible equity expressed as a percentage calculated in line with SAN PL reporting methodology);
 - NPS (Net Promoter Score calculated in line with SAN PL reporting methodology);
 - RORWA (return on risk weighted assets calculated in line with SAN PL reporting methodology);
 - number of customers;
 - number of digital customers.

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

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

- 1) the participant's average annual individual performance rating is at least 2.0 on the 1–4 rating scale during the period of their participation in Incentive Plan VII;
- 2) the average annual weighted performance against the Bank's targets in the years 2022–2026 is at least 80%, taking into account the following weights:
 - a) 40% for the average annual performance against the PAT target;
 - b) 40% for the average annual performance against the RORWA target;
 - c) 20% for the average annual performance against the ESG target.

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

On 15 April 2025, the Annual General Meeting of Santander Bank Polska S.A. authorised the Bank's Management Board to buy back the Bank's fully covered own shares in 2026.

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

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

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

The average buyback price per share in 2025 was PLN 527.46.

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

Due to the exhaustion of the amount allocated for the purchase of the Bank's own shares in 2025, on March 13, 2025, the Bank's Management Board completed the purchase of the Bank's own shares in 2025 for Program participants for the award for 2024 and part of the award for 2022-2023 which were subject to deferral. At the same time, an order was issued to transfer the above-mentioned shares to the brokerage accounts of eligible program participants. After settling all instructions, the Bank has no treasury shares.

In 1H 2025, the total amount recognised in line with IFRS 2 in the Bank's equity was PLN 33,848k. The amount of PLN 33,848k was included in staff expenses for 1H 2025. The latter comprises expenses incurred in 2025 and part of the costs attributable to subsequent years of the Incentive Plan as the award will be vested in stages. In 1H 2025, PLN 82,367k worth of shares were transferred to employees.

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

43.Dividend per share

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

The Management Board of Santander Bank Polska S.A. reported that on 19 March 2025 it issued a recommendation on the distribution of profit for 2024 and the Dividend Reserve created pursuant to resolution no. 6 of the Annual General Meeting of 22 March 2021 (resolution no. 6). The recommendation was positively reviewed by the Bank's Supervisory Board.

In line with the decision taken, the Bank's Management Board recommends that profit of PLN 5,197,479,813.35 earned in 2024 be distributed as follows:

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

Moreover, the Management Board recommended that PLN 840,886,574.78 out of the Dividend Reserve created pursuant to resolution no. 6 be allocated to the dividend for shareholders.

The Management Board recommends that 102,189,314 series A, B, C, D, E, F, G, H, I, J, K, L, M, N and O shares give entitlement to the dividend to be paid out from the profit earned in 2024 and from the Dividend Reserve (Dividend). The dividend will total PLN 4,738,518,490.18 (of which PLN 3,897,631,915.40 represents 74.99% of the net profit earned in 2024 and PLN 840,886,574.78 represents the amount allocated from the Dividend Reserve).

When taking its decision, the Management Board took into account the current macroeconomic environment as well as the recommendations and current guidance of the Polish Financial Supervision Authority (KNF), including that outlined in the KNF's letter of 13 March 2025, of which the Bank informed the market in its current report no. 12/2025 of 13 March 2025 as well as that outlined in the letter of 17 March 2025 confirming the possibility to pay a dividend from the Dividend Reserve of which the Bank informed the market in its current report no. 13/2025 of 17 March 2025.

The Dividend per share was PLN 46.37.

The Dividend record date was 13 May 2025.

The Dividend was paid out on 20 May 2025.

Resolution re. dividend payment

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

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

The Management Board of Santander Bank Polska S.A. informed you that on 17 March 2025, it was advised by the Polish Financial Supervision Authority (KNF) that the KNF did not have any objections to the potential payout of the additional amount of PLN 840,886,574.78 as a dividend to shareholders in 2025; the amount derives from dividend reserve created by force of resolution no. 6 of the Annual General Meeting of 22 March 2021 on profit distribution and creation of capital reserve (Dividend Reserve).

This amount was transferred to the Dividend Reserve pursuant to resolution no. 6 of the Annual General Meeting of 19 April 2023 on profit distribution and decision on the capital reserve created under resolution no. 6 of the Annual General Meeting of 22 March 2021.

Thus, in line with the KNF's individual recommendation that the Bank communicated to the market in current report no. 12/2025 of 13 March 2025 and the said information of 17 March 2025 from the KNF, the total amount that the Bank can distribute to shareholders in 2025 is PLN 4,738,518,490.18.

The Management Board's recommendation regarding the distribution of profit and possible dividend payment in 2025, together with the Supervisory Board's opinion, was published in the form of a separate current report once these bodies have reached a decision.

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

The Management Board of Santander Bank Polska S.A. reported that on 13 March 2025 it received an individual recommendation from the KNF with regard to the commercial banks dividend policy (dividend policy) for 2025, the supervisory review and evaluation of the Bank and the Bank's reporting data.

The KNF stated that based on data as at 31 December 2024 the Bank met all the key dividend policy criteria to be able to pay dividend up to 50% of its net profit earned in the period from 1 January 2024 to 31 December 2024.

Additionally, after factoring in the quality of the Bank's loan portfolio measured as the share of NPLs in the total portfolio of receivables from the non-financial sector, including debt instruments, the potential dividend payout ratio was increased to 75% in view of the Bank's sound credit quality.

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

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

44.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
29.07.2025	Michał Gajewski	President	The original Polish document is signed with a qualified electronic signature
29.07.2025	Andrzej Burliga	Vice-President	The original Polish document is signed with a qualified electronic signature
29.07.2025	Lech Gatkowski	Vice-President	The original Polish document is signed with a qualified electronic signature
29.07.2025	Artur Głębowski	Vice-President	The original Polish document is signed with a qualified electronic signature
29.07.2025	Magdalena Proga-Stępień	Vice-President	The original Polish document is signed with a qualified electronic signature
29.07.2025	Maciej Reluga	Vice-President	The original Polish document is signed with a qualified electronic signature
29.07.2025	Wojciech Skalski	Member	The original Polish document is signed with a qualified electronic signature
29.07.2025	Dorota Strojewska	Member	The original Polish document is signed with a qualified electronic signature
29.07.2025	Magdalena Szwarc-Bakuła	Member	The original Polish document is signed with a qualified electronic signature

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

Date	Name	Function	Signature
29.07.2025	Anna Żmuda	Financial Accounting Area Director	The original Polish document is signed with a qualified electronic signature