

# INFORMATION ON OWN FUNDS AND ELIGIBLE LIABILITIES OF SANTANDER BANK POLSKA GROUP as at 30<sup>th</sup> June 2019



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# I. Introduction

This report has been drawn up to fulfill the obligations arising from the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (CRR). Being a subsidiary and a member of international Santander Group with Banco Santander as the parent undertaking, Santander Bank Polska S.A. belongs to a group considered to be a global systemically important institution.

According to the Group Resolution Plan and Viability Assessment for Santander Group, the preferred resolution strategy is the Multiple Point of Entry (MPE) resolution strategy. Being a subsidiary of Santander Group, Santander Bank Polska S.A. is considered to be one of the points of entry. In the light of the foregoing, the Bank is considered compliant with Article 92a of the CRR and, as from 27 June 2019, the Bank has an obligation to satisfy the requirements for own funds and bailed-in liabilities laid down in CRR, taking into account the transitional period under Article 494 of the CRR.

According to Article 92a of the CRR, whereby institutions need to satisfy the requirements for own funds and eligible liabilities, calculated as 16% of the total risk exposure amount and 6% of the leverage ratio exposure measure by 31 December 2021 and, as from 1 January 2022, calculated as 18% of the total risk exposure amount and 6.75% of the leverage ratio exposure measure.

For Santander Bank Polska Group<sup>1</sup> surplus own funds and other TLAC-eligible instruments amounted 2.1% referred to the minimum requirement, i.e. 16%, which applied as at 30 June 2019.

The resolution and recovery authorities decided that the minimum requirement for own funds and eligible liabilities (MREL) for Santander Bank Polska Group would be 14.087% of the total liabilities and own funds on the basis of data as at 31 December 2016 according to current report no 26/2018 of 5 June 2018.

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<sup>1</sup> Santander Bank Polska S.A. forms a Group with subsidiaries. Details (list of entities included in the Group) are presented in document "Information on capital adequacy of Santander Bank Polska Group as at 30<sup>th</sup> June 2019"

## II. TLAC1: Total Loss Absorbing Capacity composition for G-SIBs (at resolution group level)

### TLAC Position of Santander Bank Polska Group

<b>Regulatory capital elements of TLAC and adjustments</b>		<b>06.2019</b>
1	Common Equity Tier 1 capital (CET1)	21 213 963
2	Additional Tier 1 capital (AT1) before TLAC adjustments	0
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	0
4	Other adjustments	0
5	AT1 instruments eligible under the TLAC framework	0
6	Tier 2 capital (T2) before TLAC adjustments	2 664 725
7	Amortised portion of T2 instruments where remaining maturity > 1 year	0
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	0
9	Other adjustments	146 335
10	T2 instruments eligible under the TLAC framework	2 518 389
11	TLAC arising from regulatory capital	23 732 352
<b>Non-regulatory capital elements of TLAC</b>		
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	0
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	2 848 924
14	Of which: amount eligible as TLAC after application of the caps	2 848 924
15	External TLAC instruments issued by funding vehicles prior to 1 January 2022	0
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	0
17	TLAC arising from non-regulatory capital instruments before adjustments	2 848 924
<b>Non-regulatory capital elements of TLAC: adjustments</b>		
18	TLAC before deductions	26 581 276
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	0
20	Deduction of investments in own other TLAC liabilities	0
21	Other adjustments to TLAC	0
22	TLAC after deductions	26 581 276
<b>Risk-weighted assets and leverage exposure measure for TLAC purposes</b>		
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	146 860 022
24	Leverage exposure measure	213 078 028
<b>TLAC ratios and buffers</b>		
25	TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	18.10%
26	TLAC (as a percentage of leverage exposure)	12.47%
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	-
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	3.00%
29	Of which: capital conservation buffer requirement	2.50%
30	Of which: bank specific countercyclical buffer requirement	0.00%
31	Of which: higher loss absorbency requirement (O-SII)	0.50%

### III. TLAC3: Resolution entity – creditor ranking at legal entity level

#### Creditor Hierarchy of Santander Bank Polska Group

	Creditor ranking				Sum of 1 to 4
	1	2	3	4	
	(most junior)			(most senior)	
1 Description of creditor ranking (free text)	Share Capital*	Additional Tier I instruments	Subordinated Debts in Tier II**	Other TLAC-eligible instruments***	
2 Total capital and liabilities net of credit risk mitigation	9 002 857	0	2 518 389	2 848 924	14 370 170
3 Subset of row 2 that are excluded liabilities	0	0	0	0	0
4 Total capital and liabilities less excluded liabilities (row 2 minus row 3)	9 002 857	0	2 518 389	2 848 924	14 370 170
5 Subset of row 4 that are potentially eligible as TLAC	9 002 857	0	2 518 389	2 848 924	14 370 170
6 Subset of row 5 with 1 year ≤ residual maturity < 2 years	0	0	0	31 534	31 534
7 Subset of row 5 with 2 years ≤ residual maturity < 5 years	0	0	0	2 234 780	2 234 780
8 Subset of row 5 with 5 years ≤ residual maturity < 10 years	0	0	2 518 389	0	2 518 389
9 Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	0	0	0	0	0
10 Subset of row 5 that is perpetual securities	9 002 857	0	0	0	9 002 857

\* inc. Share Capital (PLN 1 020 883k) and Share Premium (PLN 7 981 974k)

\*\* details re sub debts in capital Tier II are presented in document "Information on capital adequacy of Santander Bank Polska Group as at 30th June 2019"

\*\*\*TLAC eligible instruments include senior unsecured liabilities and uncovered deposits which meet conditions of to Art. 72a CRR

## IV. KM2: Key metrics - TLAC requirements (at resolution group level)

The following table summaries key metrics about TLAC available and TLAC requirements applied at the Santander Bank Polska Group level

Resolution group		06.2019
1	Total Loss Absorbing Capacity (TLAC) available	26 581 276
1a	Fully loaded ECL accounting model TLAC available*	26 535 495
2	Total RWA at the level of the resolution group	146 860 022
3	TLAC as a percentage of RWA (row1/row2) (%)	18.10%
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	18.09%
4	Leverage exposure measure at the level of the resolution group	213 078 028
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	12.47%
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Leverage exposure measure (%)	12.45%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if no cap was applied (%)	N/A

\* including total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied

## V. CCA: main features of the regulatory capital and of the other TLAC eligible instruments of Santander Bank Polska Group

The following table outlines the main features of Common Equity Tier I, Tier II instruments and other TLAC eligible instruments

<b>Instruments' main features</b>						
1	Issuer	Santander Bank Polska S.A.	Santander Bank Polska S.A.	Santander Bank Polska S.A.	Santander Bank Polska S.A.	Santander Bank Polska S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	PLBZ00000044	XS0531310182	PLBZ00000226	not applicable	PLBZ00000275
3	Governing law(s) of the instrument	polish	english/polish	polish	english	polish
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	N/A	N/A	N/A	N/A	N/A
<i>Regulatory treatment</i>						
4	Transitional CRR rules	Common Equity Tier I	Tier II	Tier II	Tier II	Tier II
5	Post-transitional CRR rules	Common Equity Tier I	Tier II	Tier II	Tier II	Tier II
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	shares - Common Equity Tier I as published in Regulation (EU) No 575/2013 article 28	Tier II as published in Regulation (EU) No 575/2013 article 63	Tier II as published in Regulation (EU) No 575/2013 article 63	Tier II as published in Regulation (EU) No 575/2013 article 63	Tier II as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	PLN 1 020,883 m	PLN 425,200 m	PLN 510,240 m	PLN 582,949 m	PLN 1 b
9	Nominal amount of instrument	10 PLN	100 000 000 EUR	120 000 000 EUR	137 100 000 EUR	1 000 000 000 PLN



	Series A: 10 PLN Series B: 10 PLN Series C: 10 PLN Series D: 102 PLN Series E: 102 PLN Series F: 40 PLN Series G: 10 PLN Series H: 10 PLN Series I: 212.60 PLN Series J: "Share Exchange Ratio" re. the merger of Santander Bank Polska S.A. with Kredyt Bank, pursuant to Resolution no. 2 of the Extraordinary Meeting of Santander Bank Polska S.A. Shareholders, dd. 30.07.2012 r. Series K: 10 PLN Series L: 400.53 PLN Series M: 10 PLN Series N: "Share Exchange Ratio" re. the merger of Santander Bank Polska S.A. with Deutsche Bank Polska S.A., pursuant to Resolution no. 3 of the Extraordinary Meeting of Santander Bank Polska S.A. Shareholders, dd. 29.05.2018 r.					
9a	Issue price		100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value
9b	Redemption price	N/A	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value
10	Accounting classification	Shareholders' equity	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
	Series A: 08.11.1991 Series B: 21.12.1996 Series C: 31.12.1996 Series D: 25.10.1999 Series E: 17.05.2000 Series F: 30.11.2000 Series G: 13.06.2001 Series H: 10.07.2009 Series I: 09.08.2012 Series J: 04.01.2013 Series K: 11.07.2014 Series L: 18.07.2014 Series M: 03.08.2017 Series N: 27.11.2018					
11	Original date of issuance		05-08-2010	02-12-2016	22-05-2017	05-04-2018
12	Perpetual or dated	N/A	Dated	Dated	dated	dated
13	Original maturity date	No maturity	05-08-2025	03-12-2026	22-05-2027	05-04-2028



14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	05-08-2020	03-12-2021	22-05-2022	05-04-2023
16	Subsequent call dates, if applicable	N/A	each interest period, every 3 months	each interest period, every 6 months	each interest period, every 6 months (after five years)	each interest period, every 6 months (after five years)
<i>Coupons / dividends</i>						
17	Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	N/A	above three-month EURIBOR for each interest period	above six-month EURIBOR for each interest period	above six-month EURIBOR for each interest period	above six-month WIBOR for each interest period
19	Existence of a dividend stopper	No	Yes	No	Yes	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	N/A	Partially discretionary	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	N/A	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	N/A	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative	N/A	N/A	n/a
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible	Convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A	N/A	N/A	<p>If:</p> <p>(1)The Bonds shall be converted into a senior loan if:</p> <p>(i) there is a change in the regulatory classification of the Bonds that would be likely to result in their exclusion from the Issuer's own funds (as defined in the CRR) or reclassification as a lower quality form of own funds; or</p> <p>(2) Under BGF Act as defined in Terms and Conditions: 'Under the BGF Act, the Issuer's obligations under the Bonds may be subject to write-down or conversion on the terms set out in the BGF Act. By purchasing the Bonds, each Bondholder acknowledges the results of a decision the Bank Guarantee Fund may make on exercising its write-down or conversion powers with respect to the Bonds.'</p>	N/A

25	If convertible, fully or partially	N/A	N/A	N/A	fully	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	The Bonds shall be converted into a senior loan at the price level agreed by both Parties.	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	mandatory	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	Senior loan or any other financial instrument defined under BGF Act, as mentioned above.	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	Santander Bank Polska S.A.	N/A
30	Write-down features	No	No	No	Under the BGF Act, the Issuer's obligations under the Bonds may be subject to write-down or conversion on the terms set out in the BGF Act. By purchasing the Bonds, each Bondholder acknowledges the results of a decision the Bank Guarantee Fund may make on exercising its write-down or conversion powers with respect to the Bonds.	No
31	If write-down, write-down trigger (s)	N/A	N/A	N/A	as above	N/A
32	If write-down, full or partial	N/A	N/A	N/A	as above	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	as above	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	as above	N/A
34a	Type of subordination	N/A	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right	the lowest priority of satisfaction and will rank only to the extent permitted by applicable laws relating to creditors' right
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A

(1) 'N/A' inserted if the question is not applicable

**Instruments' main features**

1	Issuer	Santander Bank Polska S.A.	Santander Bank Polska S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Operation No. 48146	XS1849525057
3	Governing law(s) of the instrument	English	English
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	Statutory	Statutory
	<i>Regulatory treatment</i>		
4	Transitional CRR rules	TLAC	TLAC
5	Post-transitional CRR rules	TLAC	TLAC
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	solo and consolidated	solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Senior unsecured	Senior unsecured
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	N/A – amount eligible for TLAC only	N/A – amount eligible for TLAC only
9	Nominal amount of instrument	25 000 000 EUR	500 000 000 EUR
9a	Issue price	100% of nominal value	99.926 per cent. of the aggregate nominal amount
9b	Redemption price	100% of nominal value	100% of nominal value
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	2018-09-28	2018-09-20
12	Perpetual or dated	dated	dated
13	Original maturity date	2022-12-05	2021-09-20
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates, and redemption amount	any time	Event of default
16	Subsequent call dates, if applicable	any time	Event of default
	<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Floating	Fixed coupon
18	Coupon rate and any related index	above six-month WIBOR for each interest period	0.0075
19	Existence of a dividend stopper	EBRD consent required if dividend payment NOT out of the Borrower's net income earned in the preceding Financial Year and then only if no Default has occurred and is continuing	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	N/A
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger (s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination	Statutory	Statutory
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	most senior in subordination hierarchy	most senior in subordination hierarchy
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

(1) 'N/A' inserted if the question is not applicable

## VI. CCA: main features of the other TLAC eligible instruments of Santander Bank Polska Group

The following table outlines the main features of the other TLAC eligible instruments

<b>Instruments' main features</b>			
1	Issuer	Santander Bank Polska S.A.	Santander Bank Polska S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Operation No. 48146	XS1849525057
3	Governing law(s) of the instrument	English	English
	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	Statutory	Statutory
3a	Regulatory treatment		
4	Transitional CRR rules	TLAC	TLAC
5	Post-transitional CRR rules	TLAC	TLAC
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	solo and consolidated	solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Senior unsecured	Senior unsecured
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	N/A – amount eligible for TLAC only	N/A – amount eligible for TLAC only
9	Nominal amount of instrument	25 000 000 EUR	500 000 000 EUR
9a	Issue price	100% of nominal value	99.926 per cent. of the aggregate nominal amount
9b	Redemption price	100% of nominal value	100% of nominal value
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	2018-09-28	2018-09-20
12	Perpetual or dated	dated	dated
13	Original maturity date	2022-12-05	2021-09-20
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates, and redemption amount	any time	Event of default
16	Subsequent call dates, if applicable	any time	Event of default
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Fixed coupon
18	Coupon rate and any related index	above six-month WIBOR for each interest period	0.0075
19	Existence of a dividend stopper	EBRD consent required if dividend payment NOT out of the Borrower's net income earned in the preceding Financial Year and then only if no Default has occurred and is continuing	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	N/A
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger (s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination	Statutory	Statutory
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	most senior in subordination hierarchy	most senior in subordination hierarchy
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

(1) 'N/A' inserted if the question is not applicable