



DISCLOSURE STRATEGY

of Santander Bank Polska Group

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1. Definitions

Glossary of terms and abbreviations used in the Disclosure Strategy of Santander Bank Polska Group.

Bank/ Santander Bank	Santander Bank Polska S.A.
Group	The parent (Santander Bank Polska S.A.) together with all subsidiaries and associates
Strategy	This Disclosure Strategy concerning the disclosure of qualitative and quantitative information concerning capital adequacy and information subject to disclosure by Santander Bank SA
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No 648/2012, as amended. Later changes to the regulation include CRR II, CRR 'quick fix'
CRR II	Regulation (EU) No 219/876 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 'quick fix'	Regulation (EU) No 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic
CRD IV	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC
Regulation no 2021/637	Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295

Regulation no 2019/630	Regulation (EU) No 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures
Guidelines EBA	Implementing rules for the CRR Regulation and the European Banking Authority's Strategy Guidelines, including on disclosure requirements under Part Eight of Regulation (EU) No 575/2013
Recommendation H	Recommendation H on the internal control system in banks, April 2017
Recommendation M	Recommendation M on operational risk management in banks, January 2013
Recommendation P	Recommendation P on bank liquidity risk management, March 2015
Recommendation Z	Recommendation Z on the principles of internal governance in the Banks, October 2020
The Act of macro prudential supervision	The Act of August 5, 2015 macro prudential supervision over the financial system and crisis management in the financial system
EBA	European Banking Authority

2. Scope and objective of the strategy

This document presents the information disclosure strategy of Santander Bank Polska S.A. with respect to the requirements that arise out of:

- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms;
- Regulation (EU) No 575/2013 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;
- Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295;
- Regulation (EU) No 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures;
- Guidelines EBA;
- The Act of August 5, 2015 macro prudential supervision over the financial system and crisis management in the financial system;
- Recommendation H on the internal control system in banks, April 2017;
- Recommendation M on operational risk management in banks, January 2013;
- Recommendation P on bank liquidity risk management, March 2015;
- Recommendation Z on the principles of internal governance in the Banks, from October 2020;
- other regulations or guidelines introduced for the purpose of articles in Part eight of the CRR.

The purpose of the disclosure of information under the Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013, should be to provide market participants with accurate and comprehensive information on the risk profile of the Bank.

The Bank as a significant subsidiary of an EU parent institution, which is of material significance for its local market, shall disclose the information on a consolidated basis of Santander Bank Polska Group according to Article 13 of Regulation (EU) No 575/2013.

The Bank shall disclose information about the entities of Santander Bank Polska Group and provide information about Group members that are excluded from the process of consolidation for prudential consolidation purposes.

This strategy sets out the following:

- The scope of disclosure
- Frequency of publications and dates of disclosure
- Means of disclosure
- Rules for approval and verification of information subject to disclosure, and assessment whether market participants are provided with a comprehensive picture of the risk profile;
- Rules of verification and adoption of the disclosure strategy

3. Disclosure Strategy - principles

3.1. Scope of disclosure

In order to provide market participants with a comprehensive view of the risk profile, the Bank disclose information pursuant to Article 13 of Regulation No 575/2013 as amended and others regulations/ guidelines indicated in them, listed in point 2 of the Strategy.

The Bank shall publicly disclose the information specified in Article 431 of the CRR except for non-material, proprietary or confidential information.

1. With regard to own funds, the Bank shall disclose:

- a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied to own funds and the balance sheet in the audited financial statements;
- a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the Bank;
- the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;
- separate disclosure of the nature and amounts of the following:
 - each prudential filter;
 - each deduction made;
 - items not deducted;
- a description of all restrictions applied to the calculation of own funds and the instruments, prudential filters and deductions to which those restrictions apply;
- information on own funds and eligible liabilities;
- information on transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds.

During the period from 1 January 2014 to 31 December 2021, the Bank shall disclose the amount of instruments that qualify as Common Equity Tier 1 instruments, Additional Tier 1 instruments and Tier 2 instruments by way of applying grandfathering.

2. With respect to compliance with the capital requirements, the Bank shall disclose inter alia:

- a summary of the Bank's approach to assessing the adequacy of its internal capital to support current and future activities;
- for risk-weighted exposures calculated in accordance with the standardized approach, i.e. method currently used by the Bank, 8 % of the risk-weighted exposure amounts for each of the exposure classes;

- the total amount of requirements for individual risks;
- information on capital ratios;
- when calculating the risk-weighted exposure amounts the Bank shall disclose the exposures assigned to each category and to each risk weight.

3. Regarding the remuneration policy and specific categories of staff:

The Bank shall disclose inter alia the following information, regarding the remuneration policy and practices of the Bank for those categories of staff whose professional activities have a material impact on its risk profile:

- information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year;
- information on link between pay and performance;
- the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;
- the ratios between fixed and variable remuneration;
- information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;
- the main parameters of variable remuneration components;
- aggregate quantitative information on remuneration, broken down by business area;
- aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following:
 - the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;
 - the amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types;
 - the amounts of outstanding deferred remuneration, split into vested and unvested portions;
 - the amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments;
 - new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments;

- the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person.

In order to meet the complete requirements for disclosure of information in accordance with Regulation (EU) No 575/2013, Regulation (EU) No 2021/637 and recommendation of the local supervision the Bank publishes other information deemed relevant, e.g.:

- counterparty credit risk;
- the amount of specific countercyclical capital buffer and the geographical distribution of its credit exposures relevant for the calculation of its countercyclical capital buffer;
- other capital buffer referred to in the Act of macro prudential supervision;
- credit risk profile, including: the definitions of past due and impaired items, the amount of the impaired exposures and past due exposures, structure of exposures broken down by: classes of exposures, maturity dates, risk weights, sectors and counterparty type, the amounts set aside or reversed for estimated probable losses on exposures during the reporting period, any other adjustments;
- strategies underlying the management of specific risks;
- use of ratings assigned by external agencies;
- rules underlying the assignment of specific risk weights to the credit portfolio;
- leverage ratio with description of the processes used to manage the risk of excessive leverage;
- securitization;
- non-performing and forborne exposures;
- use of credit risk mitigation techniques including: the policies and processes for, and an indication of the extent to which the entity makes use of them, on- and off- balance sheet netting, the policies and processes for collateral valuation and management, a description of the main types of collateral, the main types of guarantor and credit derivative counterparty and their creditworthiness, information about market or credit risk concentrations within the credit mitigation taken; in case the Bank does not provide own estimates of LGDs or conversion factors in respect of the exposure class, separately for each exposure class - the total exposure value (after, where applicable, on- or off-balance sheet netting) that is covered — after the application of volatility adjustments — by eligible financial collateral, and other eligible collateral; in case the Bank calculates risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, separately for each exposure class, the total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by guarantees or credit derivatives;
- information on operational risk provided that such disclosure does not jeopardize the safety of the current operational processes of the Bank;

- exposure to market risk;
- information about encumbered assets and unencumbered assets;
- information about the total average gross remuneration of the Management Board members per year to the total average gross remuneration of other Bank's employees per year, as defined in the Bank's remuneration rules;
- information about the conflict management policy adopted by the Bank, including how the Bank manages significant conflicts of interest that might arise from its membership in the Group or transactions made by the Bank with other Group members;
- information on exposures subject to measures applied in response to the COVID-19 crisis.

3.2. Frequency and date of disclosures

The information will be disclosed at least on an annual basis in conjunction with the date of publication of the financial statements.

Above information is disclosed in full report prepared as at the end of year (annual report).

Short information is disclosed during the year (interim report), semi-annual as a separate document, quarterly in the financial statements.

3.3. Means and form of disclosure

The information will be disclosed in an electronic form, at the Bank's website, in Investor Relations-> [Capital adequacy](#).

The Bank disclose information using following forms specified in the dedicated regulations and guidelines, in accordance with the CRR. The information will be disclosed in Polish and English languages. The consolidated financial statements of Santander Bank Polska Group, referred to in the disclosure document published by the Bank, are posted on the Bank's website under the Investor Relations tab: <https://www.santander.pl/>.

3.4. Verification and approval of disclosed information

The disclosed information about the capital adequacy of Santander Bank Polska Group is subject to independent evaluation and verification carried out by an internal or external entity entitled to audit the financial statements.

The entity authorized to carry out the assessment and verification of information on capital

adequacy draws up a written opinion, together with a report from evaluation of the correctness and reliability of the information to be disclosed.

The written opinion should state, in particular, whether the information disclosed by the Bank:

- has been prepared correctly, based on:
 - the actual outcome of the capital requirement calculations;
 - current state of the Bank's accounting records;
- presents a true and fair picture of all information which is vital to assess the risk exposure of the Bank – and in particular:
 - the information presented in the report includes all material details about the Bank's risk profile, including the scale and complexity of operations and the Bank's active presence in financial markets and financial sectors;
 - the disclosed financial information matches the data presented in the annual financial statement;
- the form and content of the requirements under the Regulation (EU) No 575/2013 and forms indicated therein.

The qualitative and quantitative information on the capital adequacy of Santander Bank Polska Group is approved, prior to its publication, by:

- Disclosure Committee to verify the fairness and transparency of the financial information presented;
- Capital Committee to verify the materiality and completeness of information regarding adequacy assessment and to provide market participants with a comprehensive picture of the risk profile;
- Management Board;
- Supervisory Board.

3.5. Rules for verification of the disclosure strategy

The rules for verification of the Bank's disclosure strategy are established by the Bank's Management Board and approved by the Supervisory Board.

In particular, the following aspects of the disclosure strategy are verified:

- the scope and level of detail of information disclosures as reviewed with respect to the Bank's business profile, scale of operations, range of activities, presence in different countries, involvement in different financial sectors, and participation in international financial markets and other important factors that could affect the Bank's capital adequacy;
- frequency, method and dates of publication;

- identification of organisational units which, according to their terms of reference, are responsible for evaluation of adequacy of the disclosed information and completeness of the risk profile assessment.

The disclosure strategy shall be reviewed no less than once a year.