Information on Polish Financial Supervision Authority Chairman's proposal related to F/X mortgage portfolio (CHF)

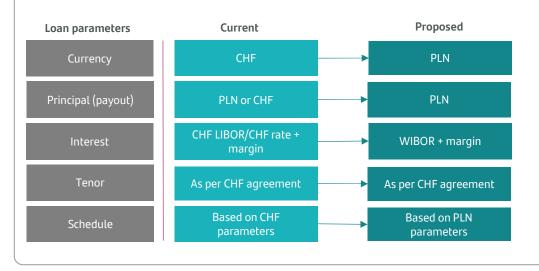




Summary of the KNF Chairman's proposal

FRAMEWORK COMMON FOR ALL BANKS

Equating a loan in CHF with a loan in PLN means that the former loan is accounted for as if it was granted in PLN:



For PLN payouts / repayments, the amount actually paid to the customer in PLN.

 For CHF payouts / repayments, the amount converted into PLN at the average NBP exchange rate on the payout/repayment date

Margin calculated in an objective and verifiable manner as a difference of:

- interest rate on new loans in PLN published by the NBP for the month of concluding the agreement,
- and the average WIBOR applicable in the month of granting the CHF loan.

Use KNF arbitration court

Apply pricing that will be more favorable to

the customer, both with regard to past

payments, and to the terms that will apply until

Previous CHF loan repayments in reduction of the PLN loan Payment allocation order

Interest installment

2 Principal installment

Payment higher than the installment

Reducing the outstanding principal on which further interest is accrued

Payment lower than the installment

Increasing the outstanding principal on which further interest is accrued

BANKS TO DECIDE

currencies).

full paydown.

Exclude from the settlement process the loans for which settlement is unjustified (based on the Bank's legal risk assessment), specifically:

- A. loans that do not contain conversion clauses;
- B. loans taken by customers who are not consumers;
- C. loans for purposes other than own housing needs;
- D. loans repaid full and other loans.
- Santander risk pro

Split the settlement process into phases (e.g. Phase 1: loans in CHF, Phase 2: loans in other

4

Ask shareholders to decide on entering into settlements.

The main aspects of KNF Chairman's proposal

	KEY ISSUES	
KEY LEGAL RISKS	NBP ROLE	Tax / Accounting
 Pre-settlement Information - only a duly informed consumer will not be able to contest the settlement in the future Protection against anti-competitive accusation - the cooperation of banks was aimed only at identifying common sectoral risks, it did not restrict competition, it was not aimed at working out decisions on concluding settlements Loss of security. It is important to maintain the currently established securities, in particular ordinary mortgages Risk of further legal dispute - Mode of executing settlements significantly reduced the risk: court settlement - where court proceedings are already initiated, other cases - settlement concluded before the mediator of the Arbitration Court at the PFSA and approved by the court 	Critical role of the NBP in order to facilitate closing FX funding position by banks, without a potentially negative impact on the FX market and the financial system, which might materialize if existing swap/funding positions are closed in the market.	s e

Santander risk pro

be in the order of PLN 3.5bn gross at the consolidated level. The calculation was made at the 4.15 PLN/CHF exchange rate.

Thank You.

Our purpose is to help people and business prosper.

Our culture is based on believing that everything we do should be:

Simple Personal Fair



MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM ()

