

re item 8 on the agenda

**RESOLUTION No. 6
of the Annual General Meeting
of Santander Bank Polska S.A**

(draft)

re profit distribution and creation of a capital reserve

Pursuant to Article 395 § 2(2), Article 349 § 2 of the Commercial Companies Code and § 46 of the Statutes of of Santander Bank Polska S.A. (Bank), the following is hereby resolved:

§ 1

The Annual General Meeting of the Bank's Shareholders is creating a capital reserve to be earmarked for dividend payout, including advance dividend ("dividend reserve") and hereby authorises the Management Board to manage this capital reserve in order to pay advance dividend pursuant to Article 349 § 2 of the Commercial Companies Code.

§ 2

The Bank' Annual General Meeting hereby distributes the Bank's net profit earned in the accounting year from 1 January 2020 to 31 December 2020 in the amount of PLN 738,411,718.72 as follows:

- PLN 369,205,859.36 – to be allocated to the capital reserve,
- PLN 369,205,859.36 – to be allocated to the dividend reserve.

§ 3

This Resolution becomes effective on the day of its adoption.

Recommendation of the Bank's Management Board regarding proposed 2020 profit distribution

The arguments supporting the reported proposal are presented below.

As at 31 December 2020, the capital ratios were :

- Tier 1 capital ratio of 20.94% and 18.01% for the Bank and the Bank's Group, respectively;
- total capital ratio of 23.34% and 20.04% for the Bank and the Bank's Group, respectively.

In the letter of 16 December 2020, the Polish Financial Supervision Authority (KNF) presented its position on dividend policy for 2021. In view of significant uncertainty as to further evolution of the Covid-19 crisis, the KNF considered it necessary that commercial banks do not pay out dividends in H1 2021.

With reference to this position, on 14 January 2021 the Bank received the KNF's letter of 11 January 2021 with the following recommendations:

- 1) to withhold the payment of dividend in H1 2021,
- 2) not to take, without prior consultation with the KNF, any actions other than BAU that could weaken the capital base, including potential payments of dividend from undistributed profit from previous years and buyout of own shares.

As communicated in the said letter, the KNF's position on the dividend policy of commercial banks in H2 2021 will be presented separately after analysing the situation of the banking sector in the first six months of 2021.

Taking into account the current macroeconomic landscape as well as the KNF's recommendations and its current position, the Bank's Management Board recommends to:

- create a capital reserve to be earmarked for dividend payout, including advance dividend allocations (dividend reserve), and
- retain the entire profit earned between 1 January 2020 and 31 December 2020, by allocating 50% of the 2020 profit to the capital reserve and 50% to the dividend reserve.

The Management Board took into account the fact that profit distribution falls within the powers of the Annual General Meeting.

The profit distribution recommended to the Annual General Meeting will not preclude the Management Board's potential decision to distribute profit to shareholders in the form of advance dividend and to use the dividend reserve for that purpose in H2 2021 pursuant to the authorisation given to the Management Board in accordance with § 50(4) of the Bank's Statutes.

This will be subject to the KNF's position on the dividend policy in H2 2021 to be received by the Bank that will determine the possibility to make such a payment.

The Management Board's potential decision to pay advance dividend in H2 2021 will also require the approval of the Supervisory Board.