

---

**Regulation specification:**

**Previous Regulation:** Dividend Payment Policy of Alior Bank S.A. adopted by way of a resolution no. 510/2012 of the Management Board of Alior Bank S.A. of 30 November 2012

**Effective date:**

**Regulation owner: Investor Relations Department**

---

---

**DIVIDEND POLICY OF ALIOR BANK S.A.**

---

## **Table of Contents**

1.	General information .....	3
2.	Purpose and scope of the Policy.....	4
3.	Definitions.....	4
4.	Decisions in the scope of dividend payment.....	5
5.	Formal terms and conditions pertaining to payment of dividend.....	6
6.	Dividend payment ratio.....	7

## 1. GENERAL INFORMATION

Type of regulation	Policy
Scope of application	Alior Bank S.A.
Unit/ owner	Investor Relations Department (IRD)
Related regulations	a) Capital Management and Capital Planning Policy at Alior Bank S.A. b) Rules of calculating capital requirements on each risk type and capital coefficients in Alior Bank S.A.) and in its subsidiaries subject to consolidation.
The risk to be prevented by the regulation	Failure to satisfy the Bank's obligations related to dividend payment
Regulation status	Internal document of the Bank the provisions of which shall be published at the Bank's website if the decision is taken that the Bank pays its dividend
Approval	Resolution of the Management Board of the Bank subject to approval by the Supervisory Board of the Bank.
Update	The Policy is subject to regular update under the annual review of internal procedures.

## 2. PURPOSE AND SCOPE OF THE POLICY

- 2.1. This Policy aims at stable fulfilment of dividend payment in the long-term perspective while observing the principle of prudential capital management as well as any and all regulatory requirements whereto the Bank has been obligated.
- 2.2. The Policy defines the rules which the Management Board of the Bank applies in recommending actions pertaining to dividend payment and defines the terms and conditions whereunder the dividend may be paid.
- 2.3. The Policy specifies formal terms and conditions pertaining to dividend payment.
- 2.4. The Dividend Policy relies on the following principles:
- 2.4.1. The Bank strives to manage the capital efficiently and maximise the capital rate of return for its shareholders while preserving the capital surplus above the minimum capital thresholds required by law and in consideration of the pursuance of the development objectives of the Bank and its capital group;
- 2.4.2. the level of dividend shall be each time proposed by the Management Board of the Bank;
- 2.4.3. in accordance with the plans of the Management Board of the Bank as well as its own assessment of the risks and solvency, the Bank's own funds, following the declaration to pay or payment of dividend, shall remain at the level that ensures satisfaction of the terms and conditions referred to in the Capital Management and Capital Planning Policy at Alior Bank S.A..
- 2.4.4. in determination of the dividend, the recommendations of the supervisory authority on dividend shall be taken into account;
- 2.4.5. The Bank shall consider the aforementioned criteria both at the unitary and consolidated level.

## 3. DEFINITIONS

- 3.1. The terms used herein shall be understood as follows:

<b>Bank</b>	Alior Bank S.A.
<b>Group</b>	Alior Bank S.A. Capital Group
<b>NDS</b>	National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.)
<b>PFSA</b>	Polish Financial Supervision Authority
<b>stock exchange message</b>	a message containing information published on the basis of the Market Abuse Regulation (MAR), the Act on Offering, the Regulation on Current and Periodic Information or the Stock Exchange Rules.
<b>CCCC</b>	Act of September 15, 2000 – – Code of Code of Commercial Companies and Partnerships (consolidated text: Journal of Laws of 2020, no. 94, item 1037 as amended)

<b>Recommendations of PFSA</b>	Recommendations addressed to banks by the Polish Financial Supervision Authority with regard to dividend payment
<b>Regulation on Current and Periodic Information</b>	Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-Member State (Journal of Laws of 2018, item 757)
<b>Detailed Principles of NDS Operations</b>	Detailed Principles of the National Depository for Securities Operations as per their legal status of 31 May 2021
<b>Act on Macro-Prudential Supervision</b>	The Act on Macro-Prudential Supervision over the Financial System and Crisis Management in the Financial System of 5 August 2015 (Journal of Laws of 2021, item 140, 680, 1598 as amended).
<b>Act on Offering</b>	Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (consolidated text Journal of Laws of 2021, item 355, as amended)
<b>Best Practices Collection</b>	Best Practices of WSE Listed Companies 2021 in the wording adopted by Resolution No. 13/1835/2021 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange) of 29 March 2021.
<b>CRR Regulation</b>	Regulation of the European Parliament and of the Council (EU) no. 575/2013 with regard to regulatory technical standards for Own Funds requirements for institutions (Official Journal of EU L 074 of 14.3.2014, pp. 8 as amended)
<b>Own Funds Regulation</b>	Regulation of the European Parliament and of the Council (EU) no. 241/2014 of 7 January 2014 supplementing the Regulation of the European Parliament and of the Council (EU) no. 575/2013 with regard to regulatory technical standards for Own Funds requirements for institutions (Official Journal of EU L 074 of 14.3.2014, pp. 8 as amended)

- 3.2. The terms and phrases not defined herein shall have the meaning attributed to them in the common laws.

#### **4. DECISIONS IN THE SCOPE OF DIVIDEND PAYMENT**

- 4.1. Pursuant to the Article 395 (2)(2) of the CCCP, the Annual General Shareholders Meeting of the Bank shall be the authority competent to take decision on profit distribution and dividend payment.
- 4.2. The level of dividend shall be each time proposed by the Management Board of the Bank while the Supervisory Board of the Bank shall assess the applications of the Management Board of the Bank for profit distribution.
- 4.3. The draft resolution of the of the Annual General Meeting of Shareholders of the Bank on profit distribution shall be published at the time of convening the Annual General Shareholders Meeting of the Bank while the stock exchange message inclusive of the note

of the convention shall contain the recommendation of the Management Board of the Bank as well as the opinion of the Supervisory Board of the Bank on profit distribution.

4.3.1. In their recommendations, the Management Board of the Bank shall take account of the following:

- a) current economic and financial standing of the Bank and of the Group as well as the strategy of the Bank and of the Group and the ensuing plans for developing their operations and need for own funds;
- b) risk strategy which enables to ensure capital security for the Bank and the Group, that is, ensuring the Tier 1 ratio, solvency ratio and internal capital coverage ratio with own funds at the levels not lower than the ones resulting from supervisory regulations and internal minimum levels while considering Article 26 (2) of the CRR Regulation and Article 2 of the Own Funds Regulation;
- c) Recommendations of PFSA;
- d) Opinion of PFSA on dividend-related policy of financial institutions;
- e) limitations under the Act on Macro-Prudential Supervision;
- f) relevant provisions of the CCCP being currently in effect, in particular Article 348 (1) of the CCCP providing that the amount to be distributed among the shareholders cannot exceed the profit for the last financial year increased by undivided retained earnings and share premium and reserves carried forward and set up from profit, which may be appropriated for payment of the dividend. This amount must be reduced by uncovered losses, own shares and amounts, which according to the Act or by-laws, should be contributed from the last financial year's profit to share premium or reserves.
- g) principles referred to in the Best Practices Collection pertaining to the dividend payment, in particular the principle no. 4.14;
- h) macro-economic standing as well as the standing on financial markets in Poland and abroad.

4.4. Having approved the annual financial statements of the Bank, the Annual General Shareholders Meeting of the Bank shall take a decision on dividend payment in certain amounts or on any other manner of profit distribution.

## **5. FORMAL TERMS AND CONDITIONS PERTAINING TO PAYMENT OF DIVIDEND**

### **5.1. Adoption of the Resolution by the Annual General Shareholders Meeting of the Bank**

5.1.1. The Annual General Shareholders Meeting shall set the record date and the date for dividend payment.

5.1.2. The Record Date (R Date) may be set on the day falling not earlier than five days and not later than three months from the day of adopting the resolution by the Annual General Shareholders Meeting of the Bank.

5.1.3. The dividend payment date (P Date) may be set in the period of three subsequent months counting from the R Date.

5.1.4. The Management Board of the Bank recommends to the Annual General Shareholders Meeting that P Date be set in such a way that it falls between R Date + 5 days and R Date +3 months.

**5.2. Right to dividend**

5.2.1. The right to dividend shall be vested in the shareholders on whose accounts the shares of the Bank on the R Date are recorded.

5.2.2. The information pertaining to dividend payment shall be communicated by the Bank in the form of stock exchange messages.

5.2.3. NDS shall distribute the funds received from the Bank into pecuniary accounts of direct participants.

**5.3. Payment of dividend**

5.3.1. The dividend shall be paid via the NDS deposit system.

5.3.1.1. In accordance with the Detailed Principles of NDS Operations, the Bank shall inform NDS of the level of dividend per one share, of the date of declaring the right to dividend and dividend payment date as well as, on the dividend payment date, shall make the funds appropriated for execution of rights to dividend available to NDS at the indicated bank account specified by NDS.

5.3.1.2. On the dividend payment date, until 11:30 a.m., the Bank shall make the funds appropriated for the execution of the right to dividend available to NDS.

**6. DIVIDEND PAYMENT RATIO**

The Bank shall set a dividend payment ratio in accordance with Article 2 (7) of the Own Funds Regulation or under a separate decision of the Management Board of the Bank on the recommendations on dividend payment for a given period.