

## **Substantiation to the draft resolution No. 4/2018 of the Extraordinary General Meeting of Alior Bank S.A. convened on 26<sup>th</sup>, 2018**

**on: granting consent for the disposal and purchase by the Bank of financial assets classified as fixed assets and for the acquisition and disposal of shares in connection with the Bank's operating activities**

### **Substantiation**

The subject of the draft resolution of the Extraordinary General Meeting are issues related to the implementation of the provisions of § 17a of the Articles of Association by the General Meeting in accordance with the functions of the Bank's bodies as a joint stock and public company and the nature of the activities indicated in the planned resolution of the General Meeting.

The draft resolution provides for the manner of performing the obligation to express corporate consent for the Bank to perform activities listed in § 17a of the Articles of Association, which assumes **the control of operations of an operational nature at the general level (collective) rather than incidental**. As a result of the adoption of the draft resolution, the following categories of activities will be distinguished from activities requiring corporate approvals specified in § 17a of the Articles of Association:

- a.** operational activities, which under the Accounting Act (and therefore on the basis of the Articles of Association) may be regarded as the disposal or acquisition of financial assets classified as fixed assets, and acquisition or disposal of shares in another company in connection with the implementation of established collateral (and additionally they exhaust the hypothesis of § 17a of the Articles of Association), but at the same time belong to a group of ordinary, typical, ongoing banking operations of an operational nature, often performed at management levels lower than the Management Board level ("**Operational Activities**"); these activities are listed in **§ 1 paragraph 2 points 1–5 and in § 2 of the draft resolution**;
- b.** activities related to the acquisition of a bank subject to liquidation, a banking enterprise or its organized part or a cooperative savings and credit union, which under the Accounting Act (and therefore on the basis of the Articles of Association) may be considered as the purchase of financial assets classified as fixed assets with a value exceeding PLN 100,000,000 ("**Activities regarding special cases of acquisitions**"); these activities are listed in **§ 1 paragraph 2 point 6 of the draft resolution**; and
- c.** activities that are not operating activities and do not fall under the category of Operational Activities or Activities related to special cases of acquisitions ("**Non-standard Activities**"),

while adapting to each of the separate categories of Activities an adequate mode of providing consent.

In the case of Operational Activities and Activities regarding special cases of acquisitions, the draft resolution provides for a solution according to which the General Meeting agrees with the general (collective) consent to perform these Activities, while in order to ensure adequate corporate control of their performance, under § 3 of the proposed resolution it is required to obtain a positive opinion of the Supervisory Board on performing these Activities.

The general consent of the General Meeting is accompanied by, as determined in § 4 of the draft resolution, an obligation of the Management Board to present an annual report, including a summary of basic information on the performed Activities, on which the General Meeting has agreed at the general level.

However, with reference to the Non-standard Activities category (not explicitly mentioned in the draft resolution and not covered by it), the General Meeting should provide consent in respect of each such activity, and thus in accordance with the model of incidental consent.