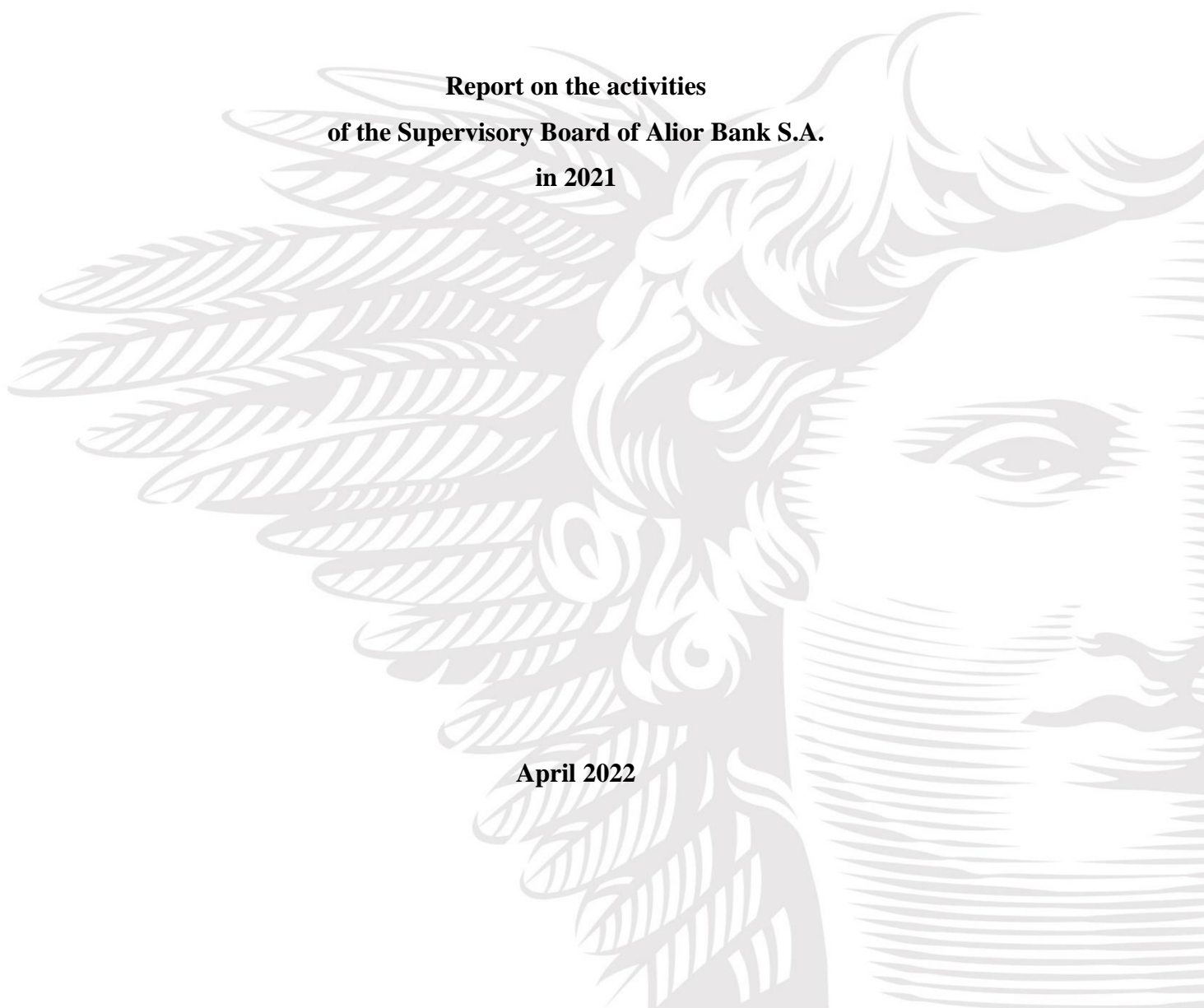




**Report on the activities  
of the Supervisory Board of Alior Bank S.A.  
in 2021**

**April 2022**



During the reporting period, the Supervisory Board of Alior Bank Spółka Akcyjna with its registered office in Warsaw ("*Bank*" or "*Alior Bank S.A.*"), acting on the basis of the provisions of the Act of 15 September 2000. Code of Commercial Companies (Journal of Laws of 2020, item 1526, as amended), Act of 29 August 1997 - Banking Law (Journal of Laws of 2020, item 1896, as amended; "*Banking Law*") and other applicable legal regulations, the Articles of Association of the Bank as well as the Rules of Procedure of the Supervisory Board, exercised continuous supervision over the Bank's activities in all areas of its activity.

In the performance of its duties, in 2021, the Supervisory Board actively participated in the monitoring and supervision of key areas of the Bank's activities, including risk management and compliance with the requirements imposed by supervisory authorities. As part of the performance of these duties, the Supervisory Board acquainted itself with regular reports on credit risk, operational risk, including issues covering the scope of information technology, market risk and liquidity risk, difficult-to-measure risks (model risk, business risk, compliance risk, reputation risk), as well as with the results of liquidity risk stress tests for the purposes of the liquidity adequacy assessment process (ILAAP) and regulations concerning the review of the internal capital adequacy assessment process (ICAAP). An important element in the activities performed by the Supervisory Board during the reporting period was supervision over the Bank's financial results, including, in particular, supervision over the implementation of the financial plan for 2021, as well as the impact of the situation related to the SARS-CoV-2 coronavirus pandemic on the Bank. The Supervisory Board received and analysed on an ongoing basis, periodic reports prepared by relevant organisational units of the Bank and the Management Board of the Bank, presenting the current financial results of the Bank, as well as the development of the solvency ratio and capital requirements of the Bank. When fulfilling the requirements of the supervisory authorities, the Supervisory Board approved an updated a Recovery Plan for the Capital Group Alior Bank S.A.

The activities of the Supervisory Board also referred to issues related to the composition of the Management Board of the Bank. On 4 March 2021, in connection with the PFSA decision of 3 March 2021 on consent to the appointment of Ms Iwona Duda as President of the Management Board of the Bank, the Supervisory Board of the Bank adopted a resolution on the appointment of Ms Iwona Duda, former Vice-President of the Management Board, to the position of President of the Management Board. On 17 March 2021 the Supervisory Board of the Bank adopted a resolution on the posting of Mr Mikołaj Handschke, Member of the Supervisory Board of the Bank, to perform, for the period from 21 March 2021 to 20 June 2021, the activities of Vice-President of the Management Board of the Bank responsible for the area of finance, subject to the possibility of early termination of the secondment. On 17 May 2021 the Supervisory Board of the Bank appointed Mr Radomir Gibała (with effect from 14 June 2021) and Mr Jacek Polańczyk (with effect from 17 May 2021) as Vice-Presidents of the Management Board of the Bank. At the same time, in accordance with the resolution of the Supervisory Board of the Bank, as of 13 June 2021, the secondment of Mr Mikołaj Handschke, a Member of the Supervisory Board of the Bank, to perform the duties of Vice-President of the Management Board of the Bank responsible for the area of finance was completed. In connection with the resignation from the position of President of the Bank's Management Board and the membership in the Bank's Management Board, as well as the resignation from the mandate of a member of the Management Board, effective as of 22 October 2021, 24:00 (end of day), submitted on 14 October 2021 by President of the Bank's Management Board, Ms Iwona Duda, on 22 October

2021 the Bank's Supervisory Board passed a resolution to entrust Vice-President of the Bank's Management Board, Maciej Brzozowski, with the management of the Bank's Management Board for the period from 23 October 2021 until a person indicated by the Bank's Supervisory Board is appointed as President of the Management Board, subject to approval by the Polish Financial Supervision Authority. On 10 November 2021 the Bank received the resignation of Ms Agata Strzelecka, Mr Seweryn Kowalczyk, and Mr Dariusz Szwed from their functions of Vice-Presidents of the Management Board of the Bank and from the mandates of members of the Management Board of the Bank with effect from 10 November 2021, at 24:00 (end of the day). On the same day, the Supervisory Board appointed Mr Grzegorz Olszewski to the Bank's Management Board as its Vice-President, effective as of 11 November 2021. At the same time, the Bank's Supervisory Board appointed Mr Grzegorz Olszewski to the position of the Bank's Management Board President, subject to the relevant approval of the Polish Financial Supervision Authority and as of the date of granting of this approval, entrusting Mr Grzegorz Olszewski, effective as of 11 November 2021, with the management of the Bank's Management Board works until the approval of the Polish Financial Supervision Authority for his appointment as President of the Management Board of the Bank. Furthermore, on 10 November 2021, the Bank's Supervisory Board also appointed the following persons as members of the Bank's Management Board and entrusted them with the functions of the Bank's Management Board Vice-Presidents: Mr Rafał Litwińczuk (effective as from 15 November 2021), Mr Marek Majsak (effective as from 16 November 2021), and Mr Paweł Tymczyszyn (effective as from 11 November 2021).

2021 was the period of the fourth, joint, four-year term of office of the Supervisory Board of the Bank commenced in 2020.

### **Assessment of the situation of the company covering the internal control systems, risk management, compliance, and internal audit functions**

An internal control system, objectives of which, in accordance with the law, are defined in the Bank's Articles of Association, is present at the Bank. The internal control system covers all activities of the Bank, i.e. all its units, organisational units, and subsidiaries.

The internal control system at the Bank is constructed in accordance with the model of separated three lines of defence. The first line of defence refers to risk management in the Bank's operating activities and is based on business units whose functioning generates three different types of risk affecting the achievement of objectives by the Bank. The second line of defence comprises risk management at dedicated positions or in organisational units independent from risk management under the first line of defence and the compliance function. The third line of defence consists of the activities of the internal audit unit. At all three levels of defence, a control function was organised, within which the Bank's employees apply, as appropriate, certain control mechanisms or independently monitor compliance therewith.

A significant role within the internal control system is performed by the Audit Department, the primary task of which is to examine and evaluate, independently and objectively, the adequacy and effectiveness of the internal control system on the first and second lines, respectively, taking into

account the adequacy and effectiveness of the control mechanisms selected for the audit and independent monitoring of their compliance within the first and second lines. There are adequate mechanisms in place at the Bank to ensure the independence and objectivity of the Audit Department. The Supervisory Board, in particular the Audit Committee of the Supervisory Board, as well as the Management Board of the Bank receive periodic reports of the Audit Department, taking into account information on the results of external audits and inspections, progress in the implementation of recommendations issued and information on the internal audit activity. In December 2021, the Bank's Management Board and the Audit Committee of the Supervisory Board gave a positive opinion on the Annual Plan of Audits for 2022 and the update of the Strategic Plan of Audits for 2020-2024. The plans were adopted by the Supervisory Board on 13 January 2022.

A compliance unit also plays an important role in the internal control system, i.e., Compliance Department ("*Compliance Unit*"). It is a separate, independent organisational unit of the Bank, the primary task of which is to shape solutions aimed at ensuring the Bank's compliance with legal regulations, internal regulations and market standards through the control function and compliance risk management. The Compliance Department implements processes for the identification, assessment, control, and monitoring and reporting of compliance risk in accordance with the provisions of the Compliance Policy. The Compliance Department coordinates the implementation of the control function at the Bank, including the function of the administrator of the control function matrix. Detailed operating rules of the Compliance Unit are set forth in the Rules of Operation of the Compliance Department and detailed procedures and instructions which govern activities performed as part of the control function and compliance risk management.

In performing the instruction contained in the Compliance Policy in force at the Bank, the Supervisory Board approved the Compliance Policy in December 2020. Compliance Unit's 2021 action plan, prepared in particular on the basis of the results of the Compliance Department's compliance identification and assessment risk process and results of the analysis of significant processes. Subsequently, through the Audit Committee of the Supervisory Board, in 2021 the Supervisory Board received quarterly reports on the compliance risk management and execution of the control function. These reports included, in particular: results of the current compliance risk assessment, information on key changes in legal regulations and market standards, results of compliance risk testing together with information on the status of implementation of recommendations issued by the Compliance Department, results of the process of monitoring key Compliance Risk Indicators (KRI), as well as information on the functioning of the process of reporting breaches and non-conformities by Bank employees (whistleblowing system). The Supervisory Board also had an opportunity to hold direct discussions on issues in the area of compliance risk with the person running the Compliance Unit who participated in the meetings of the Audit Committee of the Supervisory Board on a regular basis.

In 2021, the Supervisory Board, and in particular the Audit Committee of the Supervisory Board, paid particular attention to the issue of monitoring the status of irregularities identified by the first and second line of defence. The Audit Committee reviewed disputes and sales of receivables, and was informed about the results of ad hoc tasks commissioned by the Bank's Management Board, Audit Committee, or Supervisory Board. The Audit Committee was particularly interested in issues related to credit risk (provisioning, large exposures) and compliance risk (risk assessment and preventive measures), including the process of appointing Director of the Compliance Department, activities of a subsidiary Alior Leasing Sp. z o.o., the Branch in Romania, and the Bank's Partner Branches.

In the opinion of the Supervisory Board, the internal control system in 2021 was subject to further improvements compared to 2020 as part of the implementation of the PFSA recommendations following the 2020 inspection and the audit completed in January 2021 by the Audit Department, during which the need for further work implementing the remaining recommendations, including those carried out as part of the project, to better coordinate and optimise the internal control system, particularly with respect to the implementation of the control functions at the first and second lines of defence. In December 2021, the Supervisory Board also authorised the Compliance Unit's Action Plan for 2022, which had previously been approved by the Bank's Management Board.

Risk management is one of the most important internal processes at the Bank and Alior Bank S.A. Capital Group (hereinafter referred to as the "Group"). The role of the risk management system is to ensure adequate and early recognition and management of material risks related to the Bank's activities.

The Bank's risk management system is based on three independent lines of defence. Its framework is set by standards applicable at the banking sector, as well as guidelines in regulations, including supervisory recommendations which are reflected in the applicable internal regulations.

The risk management strategy at the Bank is described in the Risk Management Strategy of Alior Bank S.A. Capital Group (hereinafter referred to as the Risk Management Strategy), adopted by the Bank's Management Board and approved by the Supervisory Board. The main objective of the Risk Management Strategy is to support the achievement of business goals and the Bank's strategy through active risk management and ensuring a stable capital position. The purpose of the Risk Management Strategy is to define the principles related to the management of particular types of risk at a level enabling the achievement of financial objectives, while ensuring full safety of core business activity and compliance with regulatory requirements.

The Bank exercises supervision over the operations of Group subsidiary companies. The Bank supervises risk management systems in these entities and takes into account the level of risk of activity of individual entities as part of the risk monitoring and reporting system at the Group level. Subsidiary companies establish and update internal regulations related to the management of significant types of risk while taking into consideration recommendations formulated by the Bank and provisions of the Risk Management Policy.

The Bank's Management Board is responsible for designing, implementing and ensuring the operation of a coherent risk management system for the Group, adapted to the risk profile, for defining the principles of managing individual risk types, ensuring their consistency with the Risk Management Strategy, as well as for determining the risk appetite. The Supervisory Board supervises the risk management system in the Group and compliance of the Group's policy with regard to taking various types of risk in accordance with the strategy and financial plan of the Group, as well as assesses the adequacy and effectiveness of this system.

The Bank maintains its exposure to credit risk in connection with its lending activity, the goal of which is to generate return on the engaged capital. The Bank manages the credit risk exposure by taking into account the goal of optimising the quality of the credit portfolio with the assumed rate of return on the invested capital and appropriate diversification of the assets acquired as part of the Bank's lending activities. The Bank continued its efforts in 2021 to mitigate the impact of the COVID-19 pandemic effects on the quality of its loan portfolio by adjusting accordingly its lending and

monitoring processes for credit exposures and assisting customers in overcoming liquidity issues. The above was possible thanks to the previously introduced changes in risk management policies and processes aimed at reducing risk costs (improvement of profile) and reducing their volatility (reduction of concentration), as well as reducing the sensitivity of the Bank's results to a potential economic downturn. At the same time, the Bank kept risk measurement tools and models adjusted to the pandemic environment by implementing new supervisory requirements (including EBA guidelines on default and PFSA Recommendation R) also in this regard.

The Bank manages the liquidity risk exposure, taking into account the objective of ensuring full liquidity at any time in the short, medium and long term, i.e. capacity to pay all obligations on time, both in normal and crisis situations caused by internal and external factors.

The Bank has a formalised operational risk management system in place to prevent operational events from occurring and minimise losses if the risk materialises. The operational risk management process is implemented at all management levels of the Bank – from basic organisational units to the Management Board and the Supervisory Board. The value of operational risk expenses in 2021 did not exceed the goal and limit adopted for the Bank's operational risk.

The Bank has been using the Advanced Operational Risk Measurement Approach (AMA) since 2018 to measure regulatory capital for operational risk.

On 10 February 2021, the Bank obtained PFSA permission to implement significant changes to the AMA method. Specifically, the change concerns the inclusion of non-insurance recoveries in the model. This is yet another step related to the strengthening of the operational risk management system at the Bank and the reflection of the actual level of this risk in the measurement.

In order to determine the own funds requirements for operational risk at the consolidated level of the Group, the following tools are applied: the advanced measurement method - with regard to the operations carried out by the Bank, and the standardised method (TSA) - with regard to the operations of the Bank's Branch in Romania and the operations of the company subject to consolidation - Alior Leasing Sp. z o.o.

The exposure to the market risk (including interest rate risk of the banking book) is formally limited at the Bank by a system of periodically updated limits, introduced by resolution of the Supervisory Board or Management Board, encompassing all risk measurements, the level of which is monitored and reported by the Bank's organisational units which are independent of business. Market risk management is focused on potential changes in the economic result. Non-quantifiable risks related to the conducting of treasury activities are also limited by quantitative requirements applicable at the Bank related to the risk management process (internal control system, implementation of new products, legal risk analysis, operational risk analysis).

The risk management system applicable at the Bank is adjusted to the activities carried out by the Bank and its organisational structure, complexity of the activities, size and profile of risks. As part of the risk management system, the Bank uses formal procedures to identify, measure, assess and monitor risks, as well as formal limits restricting risks. The system of managerial information in the Bank enables the effective monitoring of risk levels.

Furthermore, the following standing committees supporting the Management Board of the Bank in risk management functioned in the reporting period:

- Capital, Assets, and Liabilities Management Committee (CALCO),
- Bank's Credit Committee,
- Operational Risk Committee,
- Lower Level Credit Committee,
- Model Risk Committee,
- Credit Risk and Business Initiative Committee.

**Evaluation of the Bank's fulfilment in 2021 of its disclosure obligations regarding the application of corporate governance rules set forth in the Stock Exchange Regulations and the Corporate Governance Rules for Supervised Institutions**

Pursuant to the Warsaw Stock Exchange (WSE) Regulations, the Bank, as a public company, is obliged to comply with Good Practices for Companies Listed on the Warsaw Stock Exchange 2021 ("Good Practices"), which provide a set of rules of conduct applicable in particular to the bodies of companies listed on the WSE and their shareholders. Pursuant to Resolution 89/2014 of the Supervisory Board of the Bank of 29 December 2014, Corporate Governance Rules for Supervised Institutions ("Corporate Governance Rules") were also adopted for application, as confirmed in Resolution No. 25/2015 of the Ordinary General Meeting of the Bank of 25 May 2015.

The Bank has been taking active measures to meet stakeholder information needs, caring for universal and equal access to information, in accordance with the highest market standards and commonly binding law.

Activities related to the performance of information obligations by the Bank and maintaining proper relations with investors, analysts and rating agencies are carried out by the Investor Relations and Corporate Governance Department. The main activities of the Investor Relations and Corporate Governance Department are aimed at ensuring permanent, equal, and immediate access to information about any significant events concerning the Bank which have or may have a potential impact on the value of the Bank's financial instruments. The Investor Relations and Corporate Governance Department organises regular meetings of the Management Board of the Bank with market actors. The aim of the meetings is to discuss the current financial and operational situation of the Bank, present the strategy of operation and planned directions of further development. In addition, these meetings address topics related to the current macroeconomic situation, general condition of the financial sector, and the Bank's competitive environment.

In 2021, the Bank's application of the principles contained in Good Practices was analysed and information on the state of their application was published on 29 July 2021. According to the published statement, Alior Bank applied the principles contained in Good Practices with the following reservations:

- Principle 2.1 is not applied. The Bank makes efforts to ensure diversity of the Supervisory Board and the Management Board, in particular in terms of education and professional experience, gender and age of members of the Management Board and the Supervisory Board. As regards gender diversity as at the date of publication of the report (29.07.2021), approx. 29% of the Management Board of the Bank were women, whereas the respective number for the Supervisory

Board was approx. 12%. Works on amending the Policy of Selection and Assessment of the Members of the Management Board and Supervisory Board in this respect by entering the assumed target level are ongoing.

- Principle 2.2 is not applied. Management Board members are selected and evaluated by the Nomination and Remuneration Committee of the Supervisory Board in cooperation with the HR Division. Supervisory Board members are evaluated by the shareholder who has recommended the appointment. Having amended the Policy of Selection and Assessment of the Members of the Management Board and the Supervisory Board, the Bank will recommend its application, inter alia, with regard to gender diversity.
- Principle 2.7 is not applied. Although the principle is not directly applied, the objective of this good practice is achieved through additional mechanisms used in the regulations in force at the Bank. Members of the Management Board of the Company are obliged to inform the Supervisory Board of the Bank about their plans to take a post in another commercial company. After taking up a post, a secondary suitability assessment is performed each time in accordance with the "Methodology for Assessing the Suitability of Members of the Supervised Entities' Bodies" - if the Supervisory Board identifies risks related to the post taken over or conflict of interest covered thereby, the Supervisory Board may recommend corrective actions. Works on amending the Policy of Selection and Assessment of the Members of the Management Board and Supervisory Board in this respect are ongoing.
- Principle 4.1 is not applied. Given the need to perform multiple technical and organisational measures and the involved costs and risks, as well as small experience of the market in this regard, the Bank has not currently opted for providing the shareholders with real-time communication capability whereby shareholders would be able to speak at a General Meeting of Shareholders from a location other than the place of deliberations.
- Principle 4.8 is applied. The Bank shall immediately publish draft resolutions upon their receipt, together with a set of materials concerning them on the Bank's website.
- Principle 4.9 is applied. The Bank shall immediately publish candidacies upon their receipt, together with a set of materials concerning them on the Bank's website.
- Principle 6.3 is applied. As at the day of publication of the report at the Bank, there are no incentive programmes in accordance with the principles described above.
- Principle 6.4 is applied. The rule is applied to the extent compliant with the Act on remuneration of the management of certain entities of 9 June 2016.

By 30 June 2021, the Bank applied the principles provided for in Good Practices for Companies Listed on the Warsaw Stock Exchange 2016. The Bank informed about the scope of compliance with these principles in the Report of the Alior Bank S.A. Capital Group Management Board for 2020. There was no change in this respect in the first half of 2021.

The Supervisory Board assessed the application of the Corporate Governance Rules by the Bank in 2021, as expressed in Resolution No. 176/2021 of 30 December 2021. As a result of the analysis, it was found that in 2021 the Bank applied the Corporate Governance Rules with the exception of:

- § 8.4 - Rule is not applied. The convening and holding of the General Meetings of Alior Bank S.A. complies with the regulations applicable to public companies as well as Good Practices and Corporate Governance Rules to the extent consistent with the expectations of the Bank's shareholders. Given the need to perform multiple technical and organisational measures and the



involved costs and risks, as well as small experience of the market in this regard, the Bank has not currently opted to provide the shareholders with real-time communication capability whereby shareholders would be able to speak at a General Meeting of Shareholders from a location other than the place of deliberations.

- § 49.4 – not applicable. The Bank has a separate Audit Department and Compliance Department.
- § 52.2 – not applicable. The Bank has a separate Audit Department and Compliance Department.
- § 53 - § 57 – not applicable. The Bank does not conduct activities consisting in managing assets at customer risk.

Information about the Bank's compliance with the Good Practices and the report on the assessment of application of the Corporate Governance Rules have been published on the Bank's website <https://www.aliorbank.pl/dodatkowe-informacje/relacje-inwestorskie/lad-korporacyjny.html>.

Taking the above into consideration, the Supervisory Board positively assesses the manner in which the Bank fulfilled its information obligations in 2021.

### **Information concerning educational, cultural, and charitable activities**

As an institution laying emphasis on the corporate social responsibility, Alior Bank has for years been involved in a wide range of initiatives, both on a local and a nation-wide scale. This activity is aimed at helping implement individual projects as well as disseminating knowledge about the social responsibility and sustainable development among employees, customers, business partners and shareholders of the Bank.

#### **Sponsoring**

##### **Culture and arts (expenses incurred in 2021 - PLN 145,140.00 gross)**

###### **Procession of the Three Kings**

In 2021 Alior Bank S.A. was for the fourth time a Partner of the Foundation "Orszak Trzech Króli" and the event traditionally organised by the Foundation on 6 January 2021. The Bank's customers from the biggest Polish cities could pick up songbooks and procession crowns provided by the event organiser at the Bank's branches.

###### **Biały Kruk**

In 2021 Alior Bank S.A. was also a sponsor of the publication entitled "Faith and Sacrifice. The life, work and epoch of St. Maksymilian M. Kolbe" with a text by Czesław Ryszka, published by the publishing house Biały Kruk.

##### **Sports (expenses incurred in 2021 - PLN 5,816,047.60 gross)**

### **Polski Związek Piłki Nożnej (Polish Football Association)**

In 2021, as part of the continued of cooperation with the Polish Football Association (Polski Związek Piłki Nożnej), the Bank supported the Polish National Football Team as its Official Partner.

### **PL.2012+ Sp. z o.o. (PGE National Stadium operator)**

On 19 June 2021, the National Fan Zone was created on the PGE National Stadium, whose partner was Alior Bank S.A. The Poland – Spain match played during the UEFA EURO 2020 tournament was broadcast on wallscreens, and the Polish National Football Team was supported by thousands of fans during this event.

### **Golf Instructors Association - PGA Poland**

For the fourth time Alior Bank S.A. was the Sponsor and Naming Rights Partner of a cycle of golf tournaments Alior Bank PGA Polska Tour 2021.

### **Polsat Media Biuro Reklamy Sp. z o.o.**

The Bank is the naming rights sponsor of the e-sports Ultraliga and a partner of Polsat Games in all League of Legends tournaments. It cooperates in social media with the team and web developers of the e-sports organisation Illuminar Gaming.

### **Przemyska Piątka Run**

The Bank got involved in co-financing the run "Przemyska Piątka dla Hospicjum" as part of the initiative - helping others. The event was organised by the Knightly and Hospital Brotherhood of St. Lazarus of Jerusalem in cooperation with the Przemyśl Runner Club. The Bank donated PLN 10,000 to the Association, which made it possible, for instance, to buy prizes. The event was held on 26 September 2021 and brought together several hundred running enthusiasts.

## **Charity and employee volunteer programme**

### **Education and ecology (expenses incurred in 2021 – PLN 187,356.64 gross)**

#### **Eco Challenge**

In the year covered by the report, the Bank launched its Eco Challenge campaign. The purpose of the challenge was to integrate the Bank's employees around environmental initiatives, to build environmental awareness and to promote environmental protection. Employees and branches nominated each other by taking pro-ecological activities. The Challenge began on 22 April 2021. Almost 600 employees of the Bank in 39 cities across Poland engaged in the initiative (Łódź, Sokołów Podlaski, Siedlce, Piotrków Trybunalski, Nowy Sącz, Stalowa Wola, Zabrze, Wrocław, Bielsko-Biała, Radom, Białystok, Gdańsk, Tarnów, Brzesko, Dębica, Warszawa, Elbląg, Wadowice, Mielec, Rzeszów, Lublin, Sosnowiec, Rzeszów, Suwałki, Świdnica, Augustów, Jaworzno, Nowa Ruda, Przemyśl, Kraków, Wrocław, Chełmno, Lublin, Krosno, Busko- Zdrój, Zielona Góra, Gorzów, Leszno, Ostrów Wielkopolski). 41 branches took part in the challenge.

As part of the challenge, 10,560 trees and shrubs were planted, a total of 11,400 km were covered (on roller skates, bicycles or running), 123 persons gave up traveling to work by car, approximately 13

km of the coastline were cleaned up, more than 250 bags of trash were collected, and 225 kg of pet food were purchased, thus supporting 3 shelters. Many Branches have started accepting four-legged friends by offering them a bowl of water, hotels and beehives for bees as well as bird feeders have been built, 11 eco films have been produced, and Consumer Finance Olympic Games have been organised.

The most interesting initiatives include:

- the first campaign organised as part of the Eco Challenge: cleaning up the area around Lake Mucharskie in Wadowice. Employees filled up 50 bags of rubbish and cleaned 11 km of the coastline.
- Consumer Finance Olympic Games - Alior Bank employees participating in the event covered 11,110 km, thanks to which they planted 2,200 trees: it was an employee initiative aimed at strengthening the sporting spirit, encouraging daily physical activity, healthy lifestyle, and thus contributing to being eco-friendly by replacing cars with bicycles or roller skates. The Consumer Finance Olympic Games feature four sports: running, walking, roller skating and cycling. Each and every kilometre of the actively spent time was awarded with points (1 point for every 5 km of the distance travelled).
- 25 participants took part in the Olympic Games.
- Construction of a hotel for insects by the employees of the Alior Bank branch in Przemyśl: as part of cooperation with the Przemyśl Culture and Science Centre, Region D13 created a complex of hotels for bees and other insects at the Kazimierzowski Castle in Przemyśl. The beehives with Alior Bank S.A. logo were placed in a prominent place of the castle courtyard.
- Planting trees: almost the entire team of employees from the Alior Bank branch in Ostrów Wielkopolski planted 300 seedlings of small trees in Przygodziczki.



**Eco Challenge w całej Polsce**

**W tych miastach odbył się Eco Challenge:**

1. Łódź	11. Białystok	21. Lublin	31. Krosno
2. Sokółów Podlaski	12. Gdańsk	22. Sosnowiec	32. Busko-Zdrój
3. Siedlce	13. Tarnów	23. Suwałki	33. Zielona Góra
4. Piotrków Trybunalski	14. Brzesko	24. Świdnica	34. Gorzów Wielkopolski
5. Nowy Sącz	15. Dębica	25. Augustów	35. Leszno
6. Stalowa Wola	16. Warszawa	26. Jaworzno	36. Ostrów Wielkopolski
7. Zabrze	17. Elbląg	27. Nowa Ruda	37. Pisz
8. Wrocław	18. Wadowice	28. Przemyśl	
9. Bielsko-Biala	19. Mielec	29. Kraków	
10. Radom	20. Rzeszów	30. Chełmno	

Dane na dzień: 19.11.2021 r.

### **Ecological competition Bajeczny Alior Bank [Fabulous Alior Bank] for the Bank's employees**

The competition *Bajeczny Alior Bank* [Fabulous Alior Bank] involved the writing of an eco-related fairy tale by employees. Out of 38 submitted fairy tales, 7 winners were selected. The fairy tales were published in a special compilation entitled *Raz dwa trzy, o planetę zadbaj Ty* [One two three, you shall take care of the planet], which was distributed in the Bank's branches. At the end of 2021, 5,000 books were printed. The PDF version of the compilation is available on the bank's website (<https://www.aliorbank.pl/aktualnosci/2021-12-14-Alior-Bank-troska-o-planete-bajki.html>).

The book will be sent to children's homes, health care facilities, bank branches and other befriended institutions. Distribution plans for the time are being prevented by the pandemic, and operations will resume after easing the restrictions.

### **Other projects/events (expensed incurred in 2021 – PLN 29,946.04 gross)**

#### **Cooperation with the National Blood Donor Centre and establishment of the Alior Bank S.A. Blood Donors' Circle**

On 30 June, the Bank signed a cooperation agreement with the National Blood Donor Centre, under which the Alior Bank S.A. Blood Donors' Circle was established. The Circle has over 110 members (as at 18 January 2022). Starting from 10 May 2021, 23 Blood Donation and Blood Treatment Centres in Poland have conducted a nationwide collection of blood and its components under the slogan "Alior Bank saves lives". The Bank has established regular communication promoting blood donation and set up a community group to exchange information and discuss HBD-related issues via an internal platform Kompas used for communication with employees. Members of the Circle received starter packs (t-shirt, notebook, bag and gift card to Empik stores). An online meeting of the Circle members was held in November 2021, during which the activities of the Circle to date were summarised and blood donors shared their observations and ideas to promote the initiative.

#### **Christmas Campaign "Podaruj prezent" [Give a Gift]**

As in previous years, on the initiative of the employees, a Christmas campaign "Podaruj prezent" [Give a Gift] was organised, which aimed to provide help and support to those most in need. As part of this campaign, employees provide material support to children from children's homes and other centres for those in need. Employees fulfilled wishes from over 200 letters from the Friends of Children Association in Oborniki Śląskie, the Centre for Aid to Migrants and Refugees of the Archdiocese of Warsaw, Caritas Polska (charges from Rzeszów, Łańcut, Sanok, Grodzisk Dolny) and the Children's Home in Morąg. The Bank formed 73 teams which prepared parcels as teams, while 60 persons decided to take care of others' dreams individually. The biggest parcel was prepared by the team called the Trust and Department and Friends, which collected almost PLN 3000 for the most needy child and his/her family, and bought a fridge and a bed for this amount. Additionally, they prepared parcels of clothes, toys and food, which they donated directly to those in need.

#### **Charitable activities promoted at Alior Bank, carried out by employees (expenses incurred in 2021 – no expenses incurred by the Bank)**

- Help for fire victims from Barciany: Quilts, clothing, toys, bedding and towels were donated to 5 families which lost their homes.
- Support for the Cat Asylum in Konstancin.
- An appeal to support charitable initiatives: 1% tax donation, collections.

**Evaluation of the financial statements of Alior Bank S.A. for the financial year ended 31 December 2021 along with the assessment of the financial statements of the Capital Group of Alior Bank S.A. for the financial year ended 31 December 2021**

Pursuant to Article 382 § 3 of the Code of Commercial Companies and § 70.1 (14) of the Regulation on current and periodic information, the Supervisory Board of the Bank assessed the financial statements (individual and consolidated) submitted by the Management Board of the Bank for the financial year ended 31 December 2021.

The financial statements of Alior Bank Spółka Akcyjna include:

- statement on financial standing as at 31 December 2021, which shows on the assets and liabilities side a sum of PLN 82,930,687 thousand,
- profit and loss account for the period from 1 January 2021 to 31 December 2021, which shows a net profit in the amount of PLN 439,293 thousand,
- statement of comprehensive income for the period from 1 January 2021 to 31 December 2021, which shows a loss of PLN -683,119 thousand,
- statement of changes in equity for the fiscal year from 1 January 2021 to 31 December 2021, which shows a decrease in equity by PLN -683,119 thousand,
- cash flow statements for the period from 1 January 2021 to 31 December 2021, showing an increase in cash by PLN 1,314,500 thousand,
- additional information and explanations.

The financial statements of the Capital Group of Alior Bank Spółka Akcyjna include:

- statement on financial standing as at 31 December 2021, which shows on the assets and liabilities side a sum of PLN 83,048,372 thousand,
- profit and loss account for the period from 1 January 2021 to 31 December 2021, which shows a net profit in the amount of PLN 481,925 thousand, including a net profit for the shareholders of the dominant unit in the amount of PLN 481,925 thousand,
- statement of comprehensive income for the period from 1 January 2021 to 31 December 2021, which shows a loss of PLN -640,487 thousand,
- statement of changes in equity for the fiscal year from 1 January 2021 to 31 December 2021, which shows a decrease in equity by PLN -640,400 thousand,
- cash flow statements for the period from 1 January 2021 to 31 December 2021, showing an increase in cash by PLN 1,303,490 thousand,
- additional information and explanations.

The financial statements of Alior Bank Spółka Akcyjna and the Capital Group of Alior Bank Spółka Akcyjna for the period from 1 January to 31 December 2021 were prepared in accordance with the continuously applied International Financial Reporting Standards (IFRS) adopted by the European Union as at 31 December 2021.

In reports of an independent statutory auditor on the audit, the statutory auditor – KMPG Audyt Sp. z o.o. sp.k. with its registered office in Warsaw, ul. Inflancka 4A, assessed that unconsolidated and consolidated statements:

- give a true and fair view of the economic and financial standing of the Bank and its Capital Group as at 31 December 2021, as well as unconsolidated and consolidated financial results, and unconsolidated and consolidated cash flows for the fiscal year ending on 31 December 2021, in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations and the adopted accounting principles (policies),
- has been prepared, in all material respects, on the basis of properly kept accounting books, in accordance with the provisions of Chapter 2 of the Act of 29 September 1994 on accounting ("the Accounting Act"),
- and comply, with respect to their form and content, in all material aspects, with the applicable provisions of law and the Articles of Association of the Bank.

Having thoroughly reviewed the financial statements of Alior Bank Spółka Akcyjna and the financial statements of the Capital Group of Alior Bank Spółka Akcyjna for the year ended 31 December 2021, as well as having become familiar with the reports on the audit, the Supervisory Board positively assesses said financial statements with regard to their compliance with the books and documents and confirms that they contain information which properly reflect the economic and financial standing of the Bank and its Capital Group.

Simultaneously, the Supervisory Board states that the financial statements mentioned above were prepared within the deadline specified by law and in accordance with the International Financial Reporting Standards which were approved by the European Union. Correctness of the financial statements subject to assessment as to their compliance with the books, documents and actual state of affairs does not raise any reservations and is confirmed in positive opinions of the statutory auditor.

The Supervisory Board recommends adopting a resolution on the approval of the financial statements of Alior Bank Spółka Akcyjna (both unconsolidated and consolidated) for the financial year ended 31 December 2021 to the Ordinary General Meeting of the Bank.

**Assessment of the report of the Management Board on the activities of the Capital Group of Alior Bank S.A. in 2021 covering the Report of the Management Board on the operations of Alior Bank S.A.**

Pursuant to Article 382 § 3 of the Code of Commercial Companies, § 70.1 (14) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for considering information required by the law of a non-member state as equivalent (Journal of Laws of 2018, item 757, as amended), the Supervisory Board assessed the report presented by the Management Board on the activities of the Capital Group of Alior Bank S.A. in 2021, including the Management Board Report on the activities of Alior Bank S.A.

The Supervisory Board finds that the Report of the Management Board on the activities of Alior Bank S.A. is consistent with the applicable law and information contained in the financial statements. The report of the Management Board in a synthetic form presents all material aspects of the activities of the Bank in a given reporting period. The information in the Report of the Management Board is consistent with the books, documents, and actual state of affairs.

The Supervisory Board recommends that the Ordinary General Meeting of the Bank adopts a resolution on approving the Report of the Management Board on the activities of the Alior Bank S.A. Capital Group in 2021, including the Report of the Management Board on the activities of Alior Bank S.A.

### **Assessment of the request of the Management Board of the Bank for the distribution of the Bank's profit for 2021**

Pursuant to art. 382 § 3 of the Code of Commercial Companies, the Management Board filed with the Supervisory Board a motion on the distribution of the Bank's profit for 2021, included in the Resolution of the Management Board No. 143/2022 of 26<sup>th</sup> April 2022.

The Management Board proposed to distribute the Bank's net profit in the total amount of PLN 439,292,863.06 (say: four hundred thirty nine million two hundred ninety two thousand eight hundred and sixty three Polish zlotys 06/100) as follows:

- 1) allocation to cover retained earnings (loss) in the amount of PLN 437,052,248.79 (say: four hundred thirty seven million fifty two thousand two hundred and forty eight Polish zlotys 79/100),
- 2) allocation of the Bank's non-distributable Housing Fund profit in the amount of PLN 2,240,614.27 (say: two million two hundred forty thousand six hundred and fourteen Polish zlotys 27/100) to reserve capital.

### **Brief assessment of the situation of the Bank in 2021**

For the full year 2021, the net profit of the Alior Bank S.A. Capital Group (the "Group") amounted to PLN 482 million and increased by PLN 793 million compared to the 2020 result. The Group continues its stable growth in the scale of operations - at the end of the year its assets amounted to PLN 83 billion (+6% compared to the 2020 result). In 2021, revenues amounted to PLN 3,637 million, i.e. +3% y/y. The Group also maintains its cost efficiency, ending the year 2021 with a C/I ratio of 43.5% and an increase in ROE by 12.4 p.p. y/y (7.7%).

The levels of TIER1 (12.55%) and TCR (14.16%) capital ratios at the end of the fourth quarter 2021 left significant buffers above the regulatory minima at the levels of, respectively: 405 bps. (PLN 2,000

million) and 366 bps. (PLN 1,810 million). The liquidity position was also maintained at a safe level, as confirmed by the high LCR rate of 160% at the end of 2021.

The Bank's net interest margin (NIM) in 2021 was 3.75% (-17 bps y/y), with the NIM reaching 4.01% in Q4 2021 alone.

The cost-to-income (C/I) ratio in 2021 was 43.5%, 3.4 p.p. lower than in 2020, despite rising inflationary pressures. Operating expenses amounted to PLN 1,583 million and were lower by PLN 82 million or 4.9% compared to 2020. The decrease was mainly due to lower costs of the BGF in the amount of PLN 54 million.

As a result of actions taken in 2020 and 2021 with a view to manage the risk of the loan portfolio and due to the observed behaviour of customers, the cost of risk in 2021 amounted to PLN 1,007 million, a decrease of 42% compared to 2020. The 2021 cost of risk (CoR) ratio stood at 1.60%, i.e. 1.20 p.p. better than in 2020 when, due to the COVID-19 coronavirus pandemic, it was higher. At the end of 2021, already 740,000 persons used the Alior Bank mobile application (+20% y/y), with a simultaneous 37% increase y/y in the number of transfers made through this application. In the analysed period, customers made 9 million BLIK transfers (+70% y/y). The Bank continues to focus on developing its offer, digital channels and improving customer service.

In 2021 Alior Bank also continued its efforts to increase the brand recognition on the mortgage loan market. Since 2019 the value of sales in this segment has grown incrementally from PLN 1.81 billion to PLN 3.47 billion in 2021, and the number of customers in this product category has increased by 9% y/y. Along with increasing sales and portfolio, the Bank implements projects to optimise processes and channels of their remote service.

In order to increase its relationships with individual customers, the Bank successfully developed a new line of products based on multiproduct sales (automatic calculation of offer parameters). The Bank focused on developing product accessibility in remote channels, implementing innovative processes such as digital signatures allowing access loan documents in the cloud.

In the business customer segment the strategy of improving the quality of Alior Bank's loan portfolio results in better risk parameters and will positively influence the Bank's financial results in the future. Thanks to a consistent policy of building and strengthening relationships, the number of customers for whom Alior Bank is the bank of first choice is growing. The number of actively used payment cards in the analysed period amounted to 71.2 thousand (+7% y/y), while the volume of non-cash transactions reached PLN 637 million (+24% y/y). The number of users of the BankConnect platform is also growing (+36% y/y).

## **Report on the fulfilment of supervisory obligations with regard to the activities of the Bank in 2021**

### **Composition of the Supervisory Board**

2021 was the period of the fourth, joint, four-year term of office of the Supervisory Board of the Bank commenced in 2020.



As at 1 January 2021, the Supervisory Board was composed of:

- Aleksandra Agatowska Chair of the Supervisory Board
- Ernest Bejda Deputy Chair of the Supervisory Board
- Mikołaj Handschke Member of the Supervisory Board delegated to act as Vice-President of the Management Board
- Artur Kucharski Member of the Supervisory Board
- Wojciech Myślecki Member of the Supervisory Board
- Marek Pietrzak Member of the Supervisory Board
- Robert Pusz Member of the Supervisory Board

During the reporting period, the composition of the Supervisory Board changed.

On 26 May 2021, Mr Robert Pusz resigned from the function of Member of the Supervisory Board of the Bank effective as of the date of submission.

On 7 June 2021 the Ordinary General Meeting of Shareholders of the Bank appointed Mr Filip Majdowski and Mr Dominik Witek to the Supervisory Board.

On 9 August 2021, Mr Wojciech Myślecki resigned from the function of a Member of the Supervisory Board of the Bank effective as of the date of submission.

On 29 November 2021, Mr Mikołaj Handschke resigned from the function of a Member of the Supervisory Board of the Bank effective as of 30 November 2021,

On 1 December 2021 the Extraordinary General Meeting of Shareholders of the Bank appointed Ms Małgorzata Erlich-Smurzyńska and Mr Paweł Knop as members of the Supervisory Board.

As at 31 December 2021, the composition of the Supervisory Board of the Bank was as follows:

- Aleksandra Agatowska Chair of the Supervisory Board
- Ernest Bejda Deputy Chair of the Supervisory Board
- Małgorzata Erlich-Smurzyńska Member of the Supervisory Board
- Paweł Knop Member of the Supervisory Board
- Artur Kucharski Member of the Supervisory Board
- Filip Majdowski Member of the Supervisory Board
- Marek Pietrzak Member of the Supervisory Board
- Dominik Witek Member of the Supervisory Board

### **Diversity Policy**

The Bank has a management and staff diversity policy in place, and includes basic elements of diversity policy in staff policy.

"Policy of selection and assessment of members of the Management Board and Supervisory Board of Alior Bank S.A." emphasises the importance of diversity of education, professional experience, age and gender of members of the Management Board and Supervisory Board. In assessing the diversity of members of the Management Board and the Supervisory Board in terms of their education and professional experience, account shall be taken in particular of criteria such as: place of education or professional experience, education profile, field of study, specialisation in a specific field, type of entities where the candidate was or remained employed or trained. When selecting the members of the Management Board and the Supervisory Board, the Bank shall be guided primarily by the need to ensure appropriate competences in the Bank's bodies, and the increase of the degree of diversification shall not be detrimental to the functioning and suitability of the bodies as a whole or at the expense of the suitability of individual members.

The Bank informs about the participation of women and men respectively in the Management Board and in the Supervisory Board of the Bank in the last five years. In 2017-2021, the participation of women and men in the aforementioned statutory bodies of the Bank is as follows:

Management Board of the Bank					
	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
women	3	1	1	2	0
men	3	6	6	4	7

Supervisory Board of the Bank					
	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
women	1	1	0	1	2
men	7	7	7	6	6

### Organisation of the Supervisory Board work

Works of the Supervisory Board in the period from 1 January 2021 to 31 December 2021 was headed by Ms Aleksandra Agatowska as the Chair of the Bank's Supervisory Board, elected to this function by the Supervisory Board's Resolution No. 82/2020 of 25 May 2020.

The Supervisory Board operates pursuant to the Articles of Association, as well as the Rules of Procedure adopted by the Supervisory Board. Meetings of the Supervisory Board are convened as necessary, but no less frequently than four times in a financial year. Resolutions of the Supervisory Board are adopted by an absolute majority of votes unless the provisions of law or the Articles of Association stipulate otherwise, in an open ballot. If there is a tie on votes, the vote of the Chair of the Supervisory Board shall be the casting vote. In personal matters or at the request of at least one

member, the Chair of the Supervisory Board shall order a secret ballot. For the resolutions to be valid, all members of the Supervisory Board must be invited to the meeting and at least half of them must be present at the meeting. The Supervisory Board shall appoint from among its members the Audit Committee of the Supervisory Board, the Risk Committee of the Supervisory Board and other committees required by law, and may also establish permanent or ad hoc committees for the performance of specific activities. Tasks and competencies of particular committees shall be set by the Supervisory Board.

In 2021, the following committees were functioning within the framework of the Bank's Supervisory Board: Nomination and Remuneration Committee, Audit Committee, Risk Committee and Bank Strategy and Development Committee.

In accordance with the Articles of Association of the Bank, at least two members of the Supervisory Board must meet the criteria of independence from the Bank and entities having a significant connection with the Bank. The criteria of independence of members of the Supervisory Board are set out in the Rules of Procedure of the Supervisory Board of the Bank, in accordance with the criteria set out in Good Practices.

The Bank's Supervisory Board, by adopting Resolution No. 130/2021 of 4 November 2021, amended the Rules of Procedure of Alior Bank S.A. Supervisory Board.

### **Activities of the Supervisory Board**

In the financial year 2021, the Supervisory Board held 15 meetings and adopted a total of 180 resolutions related, inter alia, to:

- approval of the amended "Policy for the selection of auditing firm to audit and review financial statements at Alior Bank S.A."
- approval of the amended regulation "Selection of the entity authorised to audit financial statements at Alior Bank S.A."
- approval of the Annual Plan of Audits for 2021 (Operating Plan) at the Brokerage House
- approval of the amended regulation "Rules for conducting credit risk stress tests at Alior Bank S.A."
- approval of the amended "Credit risk management policy at Alior Bank S.A."
- selection of the entity authorised to audit financial statements of Alior Bank S.A. and Alior Bank S.A. Capital Group
- statement of the Supervisory Board on the selection of an audit firm for Alior Bank S.A.
- assessment of the Bank's financial statements for the fiscal year ended 31 December 2020, assessment of the Bank's Group financial statements for the financial year ended 31 December 2020, and assessment of the Bank Management Board's report on activities of the Bank's Group in the financial year ended 31 December 2020
- approval of the "Summary of annual risk performance, including risk appetite settlement and risk policy implementation in 2020"

- assessment of the adequacy and effectiveness of the Bank's internal control system in 2020, including assessment of the adequacy and effectiveness of the control function, the compliance unit and the internal audit unit, as well as assessment of the adequacy and effectiveness of the Bank's risk management system in 2020
- statement of the Supervisory Board regarding the establishment and operation of the Audit Committee of the Supervisory Board of Alior Bank S.A.
- approval of the amended "Compliance Policy" and the amended "Rules of Operation of the Compliance Department"
- approval of the "Information Policy at Alior Bank S.A."
- meeting by the Management Board members of the requirements set forth in Article 22aa sub-paragraphs 1 to 6 of the Act - Banking Law, and the result of the secondary evaluation of their suitability carried out by the Supervisory Board
- assessment of the collective suitability of the Bank's Management Board
- appointment of the President of the Bank's Management Board in connection with the decision of the Polish Financial Supervision Authority of 3 March 2021
- expressing a positive opinion on approving the updated financial plan of Alior Bank S.A. and of Alior Bank S.A. Group for the financial year ending 31 December 2021
- evaluation of the degree of efficiency of the compliance risk management system at Alior Bank S.A. in the period from 1 January 2020 to 31 December 2020
- assessment of the application by the Bank of the "Corporate Governance Rules for Supervised Institutions" in the period from 1 January 2020 to 31 December 2020
- approval of the Bank's Management Board proposal regarding the Bank's activities undertaken within the Global Limit in order to incur liabilities or dispose of assets whose value with respect to a single entity exceeds 5% of the Bank's equity
- fulfilment by the member of the Bank's Supervisory Board delegated by the Bank's Supervisory Board to temporarily perform functions of the Bank's Management Board Vice-President, who is a candidate for re-delegation to temporarily perform functions of the Bank's Management Board Vice-President, of the requirements set forth in Article 22aa sub-paragraphs 1 to 6 of the Act - Banking Law, and the result of the secondary evaluation of his/her suitability, carried out by the Bank's Supervisory Board
- delegating a member of the Bank's Supervisory Board to temporarily perform duties of the Bank's Management Board Vice-President
- granting the consent for the Bank to enter into framework agreements for the provision of human relations (public relations) and social communication services to the Bank, and placing orders under the said framework agreements
- granting the consent to the financing provided by the Bank
- examination and expressing a positive opinion on the Management Board's report on representation expenses as well as on expenses for legal services, marketing services, human

relations (public relations) and communications services, and management consulting services for the year ended 31 December 2020

- approval of the Annual Plan of Audits for 2021 (Operational Plan) for the Branch Office in Romania
- approval of the amended regulation "Audit Charter - Rules of Operation of the Audit Department at Alior Bank S.A."
- approval of the "Policy on the provision of permitted non-audit services at Alior Bank S.A. by the audit firm which carries out the statutory audit, entities associated with that audit firm and by a member of the audit firm's network"
- approval of the Bank's Management Board annual report on the implementation of the Model Risk Management Policy for 2020, along with periodic management information for the Bank's Supervisory Board
- approval of the updated Bank's strategy for 2020-2022 with regard to the years 2021-2022, and of the updated financial projection and capital plan to the Bank's strategy
- approval of the amended regulation "Remuneration Policy at Alior Bank S.A."
- granting, at the request of the Bank's Management Board, the consent to: establish remuneration limits under certain agreements concluded by the Bank prior to the introduction of § 23a points 1 to 3 to the Bank's Articles of Association, placing orders by the Bank under such agreements as well as concluding annexes to these agreements
- granting, at the request of the Bank's Management Board, the consent to: establish limits under agreements concluded by the Bank with providers of e-commerce services, placing orders by the Bank under the above agreements as well as concluding annexes to these agreements
- approval of the updated strategy and risk appetite for 2021
- recommendation to the Ordinary General Meeting of the Bank to grant discharge to Members of the Bank's Management Board in respect of their duties in the financial year 2020
- recommendation to the Ordinary General Meeting of the Bank to grant discharge to former Members of the Bank's Management Board in respect of their duties in the financial year 2020
- recommendation the Ordinary General Meeting of Shareholders of the Bank to grant discharge to a Member of the Supervisory Board of the Bank temporarily seconded to act in the capacity of a Vice-President of the Management Board of the Bank, for the performance of his duties in the financial year 2020
- recommendation to the Ordinary General Meeting of Shareholders of the Bank to pass resolutions on reviewing and approving the following: "Financial Statements of Alior Bank Spółka Akcyjna for the year ended on 31 December 2020", "Consolidated Financial Statements of the Alior Bank Spółka Akcyjna Capital Group for the year ended on 31 December 2020", "Report of the Management Board on the activities of the Alior Bank Capital Group in 2020, including the Report of the Management Board on the activities of Alior Bank", and "Report of the Alior Bank Capital Group on non-financial information for 2020"

- assessment of the motion of the Management Board of the Bank to the Ordinary General Meeting of Shareholders of the Bank, concerning the manner in which the 2020 operating loss of the Bank shall be covered
- acceptance of the "Report on the remuneration of the members of the Management Board and the Supervisory Board of Alior Bank S.A. for the years 2019–2020" as submitted by the Supervisory Board of the Bank
- acceptance of the "Supervisory Board report assessing the functioning of the Remuneration Policy in effect at Alior Bank S.A. in 2020"
- adoption of the report on the activities of the Supervisory Board of the Bank in the financial year 2020 and on performing a self-assessment of the activities of the Supervisory Board of the Bank in 2020
- expressing an opinion on the documents submitted by the Management Board of the Bank for deliberation by the Ordinary and Extraordinary General Meetings of Shareholders of the Bank
- expressing a positive opinion on approving the updated financial plan of Alior Bank S.A. and of Alior Bank S.A. Group for the financial year ending 31 December 2021
- approval of the amended "Policy of the Internal Control System at Alior Bank S.A.", and approval of the amended "Description of the Internal Control System at Alior Bank S.A.", which is subject to publication on the publicly accessible Bank's website
- approval of the amended regulation "Rules of categorisation and registration of irregularities detected by the Internal Control System at Alior Bank S.A."
- granting the consent to the appointment of the Compliance Department Director
- determination of the fixed salary of the Compliance Department Director
- meeting by the candidate for a position in the Bank's Management Board of the requirements set forth in Article 22aa sub-paragraphs 1 to 6 of the Act - Banking Law, and the result of the candidate assessment carried out by the Supervisory Board
- approval of the amended regulation "Rules for conducting liquidity risk stress tests at Alior Bank S.A."
- approval of the amended regulation "Credit concentration risk management policy"
- approval of the document "Strategy towards subsidiaries and corporate governance rules in the Alior Bank S.A. Capital Group"
- determination of the consolidated text of the Bank's Articles of Association
- settling management objectives and not granting variable remuneration to members of the Management Board for 2020
- expressing an opinion on and approval of the amended "Policy of assets and liabilities management at Alior Bank for 2021-2023"
- assessment of the collective suitability of the Bank's Supervisory Board
- determining the composition of the Alior Bank S.A. Supervisory Board Committees in view of personal changes in the composition of the Bank's Supervisory Board

- acquisition of the right to tranches of Deferred Variable Remuneration for 2017-2018
- granting the consent to release from debt
- approval of the amended regulations "Rules of the internal control system at the Alior Bank S.A. Brokerage House" and "Rules of categorisation of irregularities detected by the internal control system at the Alior Bank S.A. Brokerage House"
- approval of the amended regulation "Policy of the Internal Control System at Alior Bank S.A."
- approval of the report "Liquidity risk stress tests for ILAAP"
- assessment of the collective adequacy of the Audit Committee of the Alior Bank S.A. Supervisory Board
- acceptance of the "Report on the review of credit concentration risk management policy"
- approval of the internal division of competencies within the Management Board of the Bank
- approval of the amended "Rules of Procedure of the Alior Bank S.A. Management Board"
- adoption of the amended "Rules of Procedure of the Alior Bank S.A. Supervisory Board"
- approval of the regulation "Reputation risk management policy"
- amendments to the "Regulations of the Audit Committee of the Supervisory Board of Alior Bank S.A."
- approval of the amended regulation "Instruction on managing conflicts of interest at Alior Bank S.A."
- expressing a positive opinion on approving the financial plan of Alior Bank S.A. and of Alior Bank S.A. Group for the financial year ending 31 December 2022
- approval of strategy and risk appetite for 2022
- approval of the amended regulation "Information policy regarding capital adequacy and other information subject to disclosure at Alior Bank S.A."
- approval of the regulation "Policy of approving new products at Alior Bank S.A."
- approval of the amended regulation "Organisational Rules of Alior Bank S.A."
- approval of the Compliance Unit annual action plan for 2022
- approval of the "Dividend policy of Alior Bank S.A."
- approval of the amended regulation "Code of Ethics at Alior Bank S.A."
- approval of the regulation "Whistleblowing and whistleblower protection policy"
- assessment of the application by the Bank of the "Corporate Governance Rules for Supervised Institutions" in 2021
- approval of the amended regulations "Compliance Policy" and "Rules of Operation of the Compliance Department"
- approval of the amended regulation "Risk Management Strategy at the Alior Bank S.A. Capital Group"

- approval of the amended "Regulations for crediting members of the Alior Bank S.A. bodies, persons holding B-class executive positions and their related entities, as well as shareholders, persons employed at parent entities, and the Bank's employees"
- approval of the amended "Outsourcing, Insourcing and Sensitive Services Management Policy at Alior Bank S.A."
- evaluation of the degree of efficiency of the compliance risk management system at Alior Bank S.A. in the period from 1 January 2020 to 31 December 2020

## **Activities of the Committees of the Supervisory Board within the period covered by the report**

### **Audit Committee**

The Audit Committee of the Supervisory Board operated in accordance with the requirements of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws of 2017, item 1089, of 2020, item 1415, of 2021, item 1598. 2106). The Committee was established by the Supervisory Board's Resolution No. 61/2013 of 30 July 2013. In the current financial year, the Committee comprised at least three members, and at least one of the members had knowledge and skills in the field of accounting or auditing financial statements. Most of the Members, including the Chair, were independent. Members of the Committee had knowledge and skills in the sector in which the Bank operates. This condition is deemed to be met if at least one Audit Committee Member has knowledge and skills in that area or specific members have knowledge and skills to the specific extent within that area. Detailed tasks and rules of appointing and functioning of the Audit Committee are stipulated in the Audit Committee Regulations and the Rules of Procedure of the Supervisory Board. When selecting the members of the Committee, the Supervisory Board shall take into account the competence and experience of candidates in the matters entrusted to that Committee and shall carry out a collective suitability assessment. The Members of the Audit Committee were also assessed on the basis of the statements provided thereby.

As at 1 January 2021, the Committee was composed of:

- |                     |                         |
|---------------------|-------------------------|
| • Artur Kucharski   | Chair of the Committee  |
| • Wojciech Myślecki | Member of the Committee |
| • Ernest Bejda      | Member of the Committee |
| • Marek Pietrzak    | Member of the Committee |

Mr Artur Kucharski was indicated as a person who has knowledge and skills in the field of accounting or auditing financial statements.

In connection with the personnel changes in the composition of the Supervisory Board of the Bank of the 4th joint term, on 3 August 2021, the Supervisory Board of the Bank appointed a new composition of the Audit Committee of the Supervisory Board. The Committee shall be composed



of: Mr Artur Kucharski, Mr Ernest Bejda, Mr Wojciech Myślecki, Mr Marek Pietrzak, and Mr Filip Majdowski.

Subsequent changes in the composition of the Supervisory Board took place on 10 December 2021. Therefore, following suitability assessments, the Bank's Supervisory Board appointed a new composition of its Audit Committee. The Committee shall be composed of: Mr Artur Kucharski, Mr Ernest Bejda, Mr Marek Pietrzak, Mr Filip Majdowski, and Mr Paweł Knop.

As at 31 December 2021, the Committee was composed of:

- Artur Kucharski                      Chair of the Committee
- Ernest Bejda                         Member of the Committee
- Filip Majdowski                    Member of the Committee
- Marek Pietrzak                     Member of the Committee
- Paweł Knop                         Member of the Committee

As persons meeting the independence criteria within the meaning of Article 129 (3) of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws of 2020, item 1415, as amended), Mr Artur Kucharski, Mr Marek Pietrzak, and Mr Paweł Knop have been designated. Mr Artur Kucharski and Mr Paweł Knop were indicated as persons who have knowledge and skills in the field of accounting or auditing financial statements. Mr Artur Kucharski, Mr Ernest Bejda, Mr Paweł Knop, and Mr Filip Majdowski have been designated as persons with knowledge and skills in the sector in which the Company operates.

During the reporting period, 21 stationary Committee meetings were held, including 4 joint meetings of the Audit Committee of the Supervisory Board and the Risk Committee of the Supervisory Board, 1 joint meeting of the Audit Committee of the Supervisory Board, the Risk Committee of the Supervisory Board and the Supervisory Board, and 4 joint meetings of the Audit Committee of the Supervisory Board and the Supervisory Board of the Bank, during which the following issues were discussed: financial reporting process and financial processes at the Bank, internal control and risk management system, including in particular, credit risk and non-compliance risk, as well as operational risk. During the meetings of the Audit Committee, issues related to either internal audit, internal security, and anti-fraud, anti-money laundering, as well as to financial audit activities were discussed.

The Committee received information on important accounting and financial reporting issues, audited and monitored the independence of the auditor and the entity authorised to audit financial statements. Depending on the issues discussed, former Members of the Management Board, Directors of Bank's Departments, as well as representative of the auditing company were invited to the meetings of the Audit Committee. The Audit Department Director as well as the Compliance Department Director, or their permanent alternates, participated in the meetings of the Audit Committee. Decisions of the Audit Committee were taken in the form of resolutions. As regards monitoring of the financial reporting process, the Audit Committee periodically received information on material issues and

changes related to accounting and reporting, including issued concerning material and atypical transactions at the Bank, how they are registered.

The Committee audited the timeliness of individual stages of the financial reporting process and the effectiveness of the implemented key controlling procedures related to financial reporting. Moreover, the Committee reviewed the management accounting system, as well as analysed human resources in the financial and accounting departments. As regards monitoring of the performance of financial review activities, independence of the statutory auditor and entity authorised to examine financial statements, the Audit Committee periodically met with the Bank's auditor and the Member of the Management Board of the Bank supervising finances, as well as assessed the independence of the auditor and auditing company, including supervision of the services provided by the statutory auditor and auditing company. In the financial year 2021, the audit firm auditing the financial statements provided to Alior Bank S.A. certain admissible services other than audit. The independence of the audit firm was assessed and the consent for the provision of such services was granted each time. The Committee was kept informed about the effectiveness of the financial audit process, and monitored the status of implementation of the recommendations issued by the statutory auditor in a letter to the Bank's Management Board, as well as supervised the areas indicated by the statutory auditor as particularly exposed to risk during the audit.

As regards monitoring the effectiveness of the control system, risk management systems and internal audit, the Committee received reports prepared by the Audit Department, taking into account, inter alia, information on the results of audits carried out and ad hoc tasks commissioned by the Management Board of the Bank, the Audit Committee and the Supervisory Board of the Bank, progress of recommendations implementation, reports on the implementation of the audit plan, including the annual report on the activities of the Audit Department, report on the assessment of the adequacy and effectiveness of the internal control system and the risk management system. The Committee gave its opinion on the proposed audit plan for the following year, taking into account the risk analysis and the resources available to implement the plan. In addition, the Committee supported the Audit Department in situations where irregularities in the activities of the audit entities were identified. The Committee received reports prepared by the Compliance Department on a regular basis. The Audit Committee also recommended the development of analyses and reports by individual Bank Departments, on the basis of which guidelines for increasing the effectiveness and efficiency of the Internal Control System and the Risk Management System at the Bank, were phrased.

### **Nomination and Remuneration Committee**

The Remuneration Committee was established by the Supervisory Board's Resolution No. 87/2011 on 7 December 2011.

The tasks of the Committee include:

- providing opinions on the Remuneration Policy in order to ensure compliance of the terms and conditions of remuneration with regulations, mainly with the Regulation of the Minister of Development and Finance of 6 March 2017 on the risk management system and internal control system, remuneration policy and detailed method of estimating internal capital in banks (Journal

of Laws of 2017, item 637, as amended), in accordance with the principles of stable and prudent risk, capital and liquidity management, and with particular regard to the long-term interests of the Bank and the interests of its shareholders,

- providing opinions on the classification of jobs, which is governed by the pay policy with regard to individuals having material impact on the risk profile of the Bank (Material Risk Takers – MRTs), providing opinions on annual objectives; providing opinions and monitoring variable pay of the MRTs,
- preparing opinions, assessments, or recommendations on candidates to the Management Board of the Bank, on the conclusion, amendment, and termination of contracts with members of the Management Board, regarding the structure, size, composition, and effectiveness of the Management Board's operation as a body, as well as knowledge, skills and experience of individual members of the Management Board,
- preparing opinions, assessments, or recommendations on other personnel matters for which the Supervisory Board or the Committee are competent as per the applicable in-house regulations and generally applicable legislation.

The composition of the Committee as at 1 January 2021 was as follows:

- Aleksandra Agatowska Chair of the Committee
- Ernest Bejda Member of the Committee
- Mikołaj Handschke Member of the Committee delegated to act as Vice-President of the Management Board
- Marek Pietrzak Member of the Committee

During the reporting period there were changes in the composition of the Nomination and Remuneration Committee of the Supervisory Board of Alior Bank S.A. Due to personal changes in the composition of the Bank's Supervisory Board of the fourth joint term of office, on 23 June 2021 Mr Dominik Witek was appointed to the Committee as a Committee Member. Subsequently, due to the resignation of Mr Mikołaj Handschke from the Supervisory Board of the Bank, the Supervisory Board, as at 10 December 2021, appointed Ms Małgorzata Erlich-Smurzyńska to the Nomination and Remuneration Committee of the Supervisory Board as the Member of the Committee.

As at 31 December 2021, the Committee was composed of:

- Aleksandra Agatowska Chair of the Committee
- Ernest Bejda Member of the Committee
- Małgorzata Erlich-Smurzyńska Member of the Committee
- Marek Pietrzak Member of the Committee
- Dominik Witek Member of the Committee

In 2021 there were 12 meetings of the Nomination and Remuneration Committee of the Supervisory Board. The Committee carried out, inter alia: an initial assessment of the individual suitability of candidates for the Bank's Management Board, a secondary assessment of the individual suitability of members of the Bank's Management Board, and an assessment of the collective suitability of the Bank's Management Board. In connection with changes in the composition of the Supervisory Board, the Nomination and Remuneration Committee of the Supervisory Board assessed the original candidates for the Audit Committee, made a recommendation to the Supervisory Board with regard to the composition of the Supervisory Board's committees, and assessed the suitability of the collective Supervisory Board and the Audit Committee.

In the regulatory area, due to changes and adoption of new external Polish and EU regulations (inter alia Act - Banking Law, Recommendation Z of the Polish Financial Supervision Authority, Best Practices of WSE Listed Companies 2021), the Nomination and Remuneration Committee expressed its opinions on updates to the Remuneration policy and the Policy of selection and assessment of the members of the Management Board and Supervisory Board.

As regards persons exerting significant influence on the Bank's risk profile ("MRTs") and the Bank's Management Board, the Nomination and Remuneration Committee expressed its opinion on the identification of MRTs and the update of the list of MRTs due to regulatory changes. It also reviewed targets for the Management Board and MRTs for 2021. The Committee also expressed its opinions on the achievement by the Management Board Members and MRTs of their goals for 2020, as well as on recommendations related to the payment of deferred tranches and the award of bonuses to the Management Board and MRTs.

## **Risk Committee**

The Risk Committee was established on 22 December 2015 by the Supervisory Board's Resolution No. 81/2015 in order to support the Supervisory Board in the ongoing monitoring of the risk management system at the Bank. The Committee operates on the basis of the Rules of Operation of the Risk Committee of the Supervisory Board of Alior Bank S.A.

The objectives and tasks of the Risk Committee stem from the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks (Journal of Laws of 2021, item 1045) and from the Act - Banking Law.

As at 1 January 2021, the Committee was composed of:

- Robert Pusz - Chair of the Committee
- Ernest Bejda - Member of the Committee
- Mikołaj Handschke - Member of the Committee
- Artur Kucharski - Member of the Committee

On 26 May 2021 Mr Robert Pusz resigned from the membership in the Bank's Supervisory Board.

Starting from 23 June 2021, the composition of the Committee was as follows:

- Ernest Bejda - Chair of the Committee
- Mikołaj Handschke - Member of the Committee
- Artur Kucharski - Member of the Committee
- Dominik Witek – Member of the Committee

On 29 November 2021, Mr Mikołaj Handschke resigned from the function of a Member of the Supervisory Board of the Bank effective as of 30 November 2021.

Starting from 10 December 2021 and as at 31 December 2021, the Committee consisted of:

- Ernest Bejda - Chair of the Committee
- Małgorzata Erlich-Smurzyńska - Member of the Committee
- Paweł Knop - Member of the Committee
- Artur Kucharski - Member of the Committee
- Dominik Witek - Member of the Committee.

The composition of the Committee shall ensure an adequate level of supervision over the entrusted area of the Bank's activity. Each Committee Member has appropriate knowledge and competence to supervise the implementation of the risk management strategy at Alior Bank S.A. and the Bank's willingness and preparedness to take risks, thereby guaranteeing the proper performance of its duties.

The most important tasks of the Risk Committee of the Supervisory Board include, in particular:

- providing opinions on the Bank's overall current and future readiness to accept risk, which has been quantified in the risk appetite,
- issuing opinions on the risk management strategy at the Bank and analysing information submitted by the Management Board concerning the implementation of this strategy, including periodic reports on capital adequacy, credit, operational, market and liquidity risk, as well as model risk, non-compliance and reputation,
- supporting the Supervisory Board in supervising the implementation of the risk management strategy at the Bank,
- verifying compliance of the price of liabilities and assets offered to customers with the Bank's business model and its risk strategy, and, in the event of non-compliance, submitting proposals to the Bank's Management Board aimed at ensuring that the prices of liabilities and assets are adequate to these risks,

- issuing opinions on regulations defining the Bank's strategy and policy governing the approach to risk-taking, the approval of which falls within the competence of the Supervisory Board,
- analysing cyclical reports on the implementation of the above strategies and policies,
- supporting the Supervisory Board in the scope of ongoing monitoring of the risk management system at the Bank.

During the reporting period, 15 stationary meetings of the Committee took place, including 4 combined meetings of the Risk Committee of the Supervisory Board and the Audit Committee of the Supervisory Board.

During the meetings of the Risk Committee of the Supervisory Board, key issues related to the risk were discussed, in particular concerning: implementation of the risk appetite, capital position of the Bank, quality of the credit portfolio, the largest credit exposures and capital groups, issues related to identification and analysis of key risks from the point of view of the Bank's operations, impact of the Covid-19 pandemic on the Bank's risk, as well as status of implementation of recommendations issued.

As part of the ongoing monitoring of the risk management system at the Bank, the Committee received periodic reports in the area of credit risk, capital ratios, market risk, liquidity, operational risk, model risk, as well as compliance and reputation risk, which presented the situation of the Bank and significant subsidiaries.

The Committee also dealt with issues related to credit concentration risk, treasury transaction portfolio risk, as well as the results of the review of the adequacy of asset and liability prices. The results of the stress tests carried out by the Bank and the results of the review of the internal capital adequacy assessment process (ICAAP) were also discussed. The Committee also familiarised itself with the periodical assessment of the mortgage portfolio covered by Recommendation S and the retail exposure portfolio covered by Recommendation T.

The Committee issued opinions and recommended that the Supervisory Board approve key regulations defining the Bank's risk management strategy and policy.

Members of the Management Board and Directors of the Bank's Departments were invited to the meetings of the Committee, depending on the matters discussed, while the Director of the Audit Department and the Director of the Regulatory Compliance Department are permanent participants of the Committee's meetings.

The Committee forwarded its decisions to the Supervisory Board in the form of resolutions. Per the periodic reports received, the Committee regularly monitored the effectiveness of the Bank's risk management system.

The Committee took steps to clarify the reasons for the increased level of risk. Whenever threats were identified, the Committee members pointed to those areas that required additional review and taking appropriate action.

The members of the Committee actively formulated recommendations and advice aimed at increasing the effectiveness of the Bank's risk management system.

## **Committee on Strategy and Development of the Bank**

The Committee on Strategy and Development of the Bank was established on 30 September 2020 by the Supervisory Board's Resolution No. 143/2020, in order to support the Supervisory Board of the Bank in the scope of issuing opinions and presenting recommendations to the Supervisory Board concerning the Bank's development strategy and recommendations for planned investments having an impact on the Bank's assets. The Committee operates on the basis of the Rules of Operation of the Committee on Strategy and Development of the Bank's Supervisory Board of Alior Bank S.A. approved by the Supervisory Board.

The activities undertaken by the Committee on Strategy and Development of the Bank of the Supervisory Board are advisory in relation to decisions taken by the Supervisory Board. The purpose of the Committee's activities is to increase the effectiveness of supervisory activities performed by the Supervisory Board in the scope of issuing opinions on all strategic documents submitted to the Supervisory Board by the Management Board of the Bank (in particular the Bank's development strategy) and recommendations for planned investments, having a significant impact on the Bank's assets.

The Committee's tasks include issuing opinions and submitting recommendations to the Supervisory Board on decisions taken in the following matters:

- approving the Bank's long-term development plans developed by the Management Board,
- pursuing the Bank's long-term development programmes, including reports on projects implemented at the Bank,
- issuing opinions on applications of the Management Board of the Bank concerning the creation and accession of the Bank as shareholder (stockholder) to companies and divestment of shares (stocks) where those investments are of a long-term and strategic nature.

The composition of the Bank Strategy and Development Committee of the Supervisory Board was established by the Supervisory Board's Resolution No. 144/2020 on 30 September 2020. On 21 December 2020 the Bank's Supervisory Board delegated Mr Mikołaj Handschke to temporarily perform the duties of the Bank's Management Board Vice-President responsible for the finances.

The composition of the Committee as at 1 January 2021 was as follows:

- Aleksandra Agatowska                      Chair of the Committee
- Ernest Bejda                                      Member of the Committee
- Mikołaj Handschke                              Member of the Committee delegated to act as Vice-President of the Management Board
- Artur Kucharski                                 Member of the Committee
- Wojciech Myślecki                              Member of the Committee

During the reporting period, the composition of the Bank Strategy and Development Committee changed due to changes in staff in the composition of the Supervisory Board of the Bank's 4th joint term. The Supervisory Board appointed Mr Filip Majdowski and Mr Dominik Witek to the Bank Strategy and Development Committee effective as of 23 June 2021. The number of the Committee members decreased since Mr Wojciech Myślecki and Mr Mikołaj Handschke resigned from the positions of the Supervisory Board members (effective as of 9 August 2021 and 30 November 2021, respectively).

As at 31 December 2021, the Committee was composed of:

- Aleksandra Agatowska Chair of the Committee
- Artur Kucharski Member of the Committee
- Filip Majdowski Member of the Committee
- Dominik Witek Member of the Committee

The composition of the Committee shall ensure an adequate level of supervision over the entrusted area of the Bank's activity. Each Member of the Committee shall have appropriate knowledge and competence to perform the tasks entrusted by the Supervisory Board in the field of opinion and advice for recommendations concerning strategies and investments undertaken by the Bank.

3 stationary meetings of the Committee on Strategy and Development of the Bank's Supervisory Board took place in 2021. Two meetings in Q1 2021 were dedicated to updating the "More Than a Bank" strategy in terms of updating the financial forecast and reviewing directions for development. The Committee reviewed the presented materials, in which it was proposed to keep the directions adopted in the original strategy - to focus on digitisation and personalisation with a view to deepen customer relations with the Bank and to grow them attached thanks to the daily use of banking services available in the applications, including non-financial services. The use of new technologies and the improvement of the credit portfolio were highlighted in order to reduce risk costs. At the same time, a new element has been identified in the strategy, which fits well into the slogan "More Than a Bank" - participation in the green transformation. The Committee reviewed in detail and verified directions of the Bank's development, which showed that the selected and initiated actions were an adequate response to the challenges faced by the banking sector and Alior Bank S.A. The Committee gave a positive recommendation for the Supervisory Board to adopt the updated "More than a Bank" strategy. The Committee's third meeting in Q2 2021 was dedicated to a discussion on the progress in the implementation of the updated strategy as well as digitisation and digitalisation in the Private and Business Customer segments. The Committee reviewed the materials, emphasising that it is crucial that customers should be aware of the solutions offered by the Bank and believe that they are better than those of the competitors. It also noted that the axis of the new Bank's strategy must be listening to the voice of customers.

### **Self-assessment of the suitability of the Supervisory Board**



In accordance with the Policy of selection and assessment of the members of the Management Board and Supervisory Board applicable in 2021, the Supervisory Board carried out its collective suitability assessment after each change of the Supervisory Board composition. The performed assessments confirmed that an adequate number of the Supervisory Board members:

- meet the criteria of independence,
- have the required knowledge and skills in the field of accounting,
- have the required knowledge and skills in the field of auditing financial statements,
- have the required knowledge and skills in the financial industry,

and all members of the Bank's Supervisory Board have at least a high level of competence in chairing meetings (and the Bank's Supervisory Board as a body has the required level of other competences) and declare their willingness to dedicate sufficient time to the performance of their duties as members of the Bank's Supervisory Board.

At the meeting held on 26<sup>th</sup> April 2022, the Supervisory Board of Alior Bank S.A. carried out a self-assessment of its activities as the Bank's body in 2021.

In the opinion of the Supervisory Board, in 2021 this body fulfilled the obligations provided for by law, recommendations of supervisory authorities and other regulations (including the Bank's internal regulations) with due diligence, ensuring an adequate and effective level of supervision over all areas of the Bank's activities, taking into account the scale and specificities of the entity's activities.

The Supervisory Board considers that in 2021, its work was conducted in an efficient and uninterrupted manner, and that conduct thereof, in particular at regular meetings of the Board and its committees, allowed all members to obtain the necessary information, to take a position and to exchange views constructively. At the same time, the Supervisory Board positively assessed the cooperation with the Management Board of the Bank, as well as the interaction with its employees, in particular representatives of control functions. Materials, documents and information were received by the Supervisory Board without delay and were transparent and reliable and of a high level of content and exhaustiveness.

In the opinion of the Supervisory Board, the composition of this body throughout the reporting period was appropriate in the context of requirements arising from the provisions of law and expectations of the supervisory authority. The diversity of directions of education and professional experience of individual members of the Supervisory Board, as well as the participation of its independent members in the work of the body, enabled comprehensive supervision of various aspects of the Bank's activities.

The year 2021 was characterised by a high level of activity of the Supervisory Board *in corpore*, its committees, as well as individual members of that body. No significant absence levels were observed. Both the number of meetings and the agenda of the meetings of the Board and its committees have been assessed as sufficient to exercise effective control. Discussions within the Board and its committees were thorough and constructive.

In view of the above, the Supervisory Board positively assesses the Board's activities as a body in 2021.

## Summary

Having regard to the information presented in this report, the Supervisory Board positively assesses the manner in which the Supervisory Board functioned and operated in 2021, and positively assesses the performance of duties during the reporting period by all Members of the Supervisory Board.

The Bank's Supervisory Board positively assesses the effectiveness of its activities as well as the adequacy of internal regulations applicable at the Bank.

The Supervisory Board requests the Ordinary General Meeting of the Bank to adopt this report on the activities of the Supervisory Board of the Bank in 2021 and to grant all Members of the Supervisory Board discharge in respect of their performance of their duties during the reporting period.

Warsaw, 26<sup>th</sup> April 2022

### **Signatures:**

.....

Filip Majdowski

Chair of the Supervisory Board

.....

Ernest Bejda

Deputy Chair of the  
Supervisory Board

.....

Małgorzata Erlich -  
Smurzyńska

Member of the Supervisory  
Board

.....

Paweł Knop

Member of the Supervisory  
Board

.....

Artur Kucharski

Member of the Supervisory  
Board

.....

Marek Pietrzak

Member of the Supervisory  
Board

.....

Paweł Śliwa

Member of the Supervisory  
Board

.....

Dominik Witek

Member of the Supervisory  
Board