



WYŻSZA KULTURA. BANK NOWOŚCI.

REPORT OF ALIOR BANK S.A. GROUP ON NON-FINANCIAL INFORMATION FOR 2019



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1. Alior Bank Group and its parent company – Alior Bank S.A.

1.1. Who we are

[GRI 102-18]

Alior Bank is one of the fastest growing banks in Poland. It's the first start-up bank which from the very beginning of its activity has been committed to innovation and trend-setting in online banking in the Polish market.

It's a leader of modern banking based on pioneering technology solutions. It uses blockchain, open banking, artificial intelligence and biometrics while courageously and always successfully delivering its innovative ideas. Alior Bank has been the first bank in Poland to create a fully online Currency Exchange Bureau. Alior Bank is also responsible for launching Poland's first video verification of setting up personal accounts.

Key figures – place of Alior Bank among the biggest banks in Poland



The activity of the Alior Bank Group extends to different, albeit interlinked segments. It is closely related to the activity of Group companies. In addition to banking, the Group is active in, among others: leasing, insurance brokerage, asset management, searching for and attracting third parties to collaborate in offering non-banking services, services in online technology.



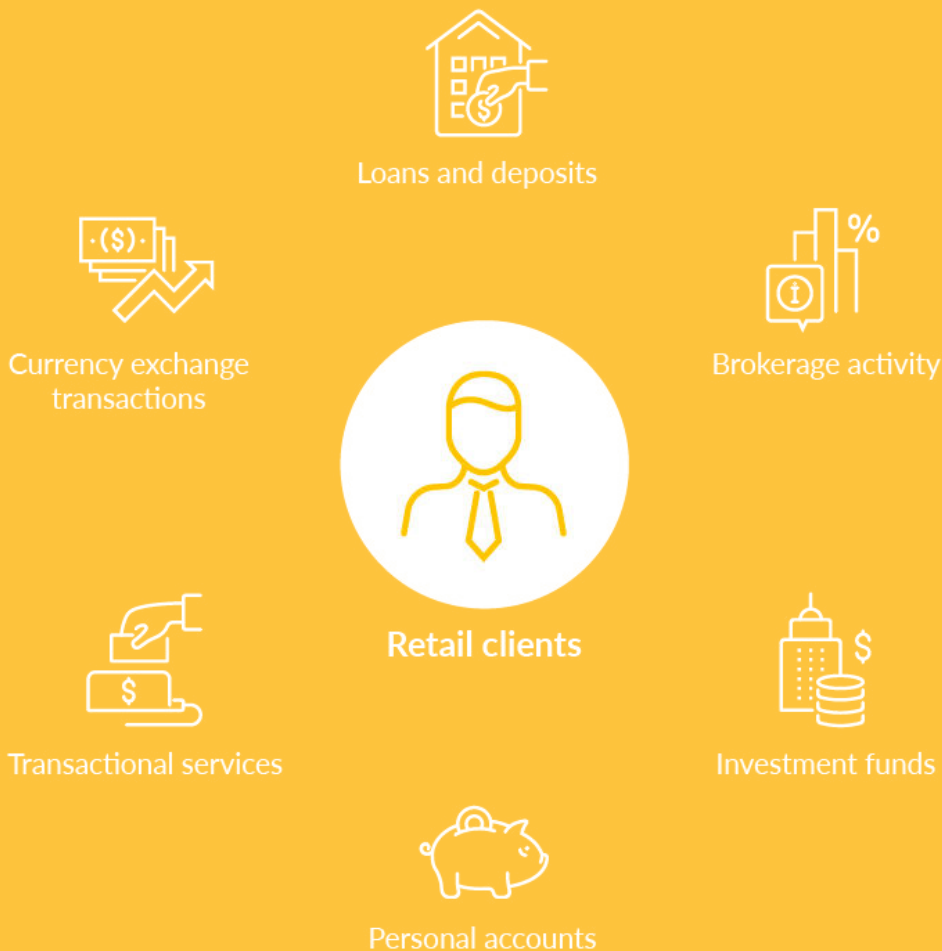


The main operations of the Bank include the keeping of bank accounts, providing loans and advances, issuing bank securities and purchasing and selling foreign exchange. We also pursue brokerage, financial advisory and intermediation services, underwriting of the issuance of corporate bonds, and provide other financial services. In the years to come we plan to significantly grow sales through electronic channels.

[GRI 102-5]

We have offered our banking products and services through a network of our own outlets, through partners and financial intermediaries and distribution channels based on our IT platform comprising: online banking, mobile banking and call centres. Support to the distribution network is provided by service points which offer our products under the brand: T-Mobile Banking Services delivered by Alior Bank.

Alior Bank's products and services



Alior Bank is a public company. Since December 2012, our shares have been listed at the Warsaw Stock Exchange (WSE) - the initial public offering (IPO) for PLN 2.1 billion was the biggest offering of a private company in the history of WSE. Since 2014, Alior Bank's shares are part of the WIG20 index. Our shareholders are Polish and international investors.

Alior Bank's Headquarters are in Warsaw, but we operate nation-wide. At the end of December 2019, Alior Bank held 820 outlets (197 traditional branches, 7 Private Banking branches, 8 Corporate Centers and 608 franchise branches).

Alior Bank S.A., in collaboration with Telekom Romania, a Deutsche Telekom Group company, has started commercial activity in the Romanian market in October 2017. Currently, the collaboration between Alior Bank and Telekom Romania is the only one between such large and significant entities in the financial and telecom sectors in the Romanian market. The „Telekom Banking” brand has become increasingly recognisable by customers as a modern bank focused on offering innovative products and services. There are many processes today which require no customer visit to the outlets (signing a contract, opening the personal account), which is very well received by the market. The synergy achieved between the companies allows us to reach a broad group of customers in Telekom's points of sale (POS) and through the network of our own outlets (SIS), as well as highly appreciated mobile and online apps. The Branch is also involved in the activities of non-governmental organisations. In December 2019, a Christmas Fair was held, and the funds collected from that event supported the activity of the NGO „Ana and Children” whose mission is to prevent social exclusion of children from dysfunctional environments.

[GRI 102-4]

[GRI 102-6]



1.2. Our business strategy

Since 2017, we have been delivering a „Digital disruptor” Strategy whose overriding business goal is to maintain the position of innovation leader in Poland and being among the most innovative banks in Europe. To increase customer comfort and convenience, we have developed our flexible products and digitalised and simplified processes both in the consumer and business segments. In 2019, we have delivered a number of projects bringing us closer to the achievement of our goals.

[GRI 102-16]



Delivery of the „Digital disruptor“ Strategy in 2019

In 2019, Alior Bank continued delivering its 2017-2020 „Digital disruptor“ Strategy, adapting it to the changing environment and complex customer demand. The project map was focused on delivering projects under six key streams:

- Retail banking;
- Corporate banking;
- Operations and back-office;
- Innovation and fintechs;
- HR transformation;
- IT transformation.

Open Banking and Customer-Centric Approach were the areas supporting the key streams.

“Digital disruptor” strategic stream	Key activities	Description
Retail banking	Development of Konto Jakże Osobiste account	We have developed the package of benefits available under the Konto Jakże Osobiste (“How Personal”) account. At the end of 2019, our customers could flexibly select and replace extra benefits from among ten benefits offered by the Bank. In 2019, we have provided access to preferential payment terms abroad in foreign currencies. Our customers have been able to choose the currency and change it from the level of the new online and mobile banking.
	Integrated contract	We have implemented an integrated contract for bank account, debit card and savings account under a single application form, both online and in branches.
	Modern and environment-friendly branches	In December 2019, we presented the first branch in a new format. The outlet stands out with its new design and new technologies. The role of the new branch is above all to provide comfort and privacy to customers and working comfort to the banker. We used materials and products from local suppliers in the branch. In large part, these are recycled materials.



Corporate banking	Virtual card	Customers from the business segment have been provided with access to new products such as virtual card which enables businesses to manage significant volumes of online payments.
	New loan origination system	We have implemented a new loan origination system for the business customer segment which enables us to take swift loan decisions. In addition, businesses from the SME segment can now apply for a funding facility up to PLN 3 million under a single automated loan decision. The Bank has simplified the process and reduced loan decision waiting time even down to 20 minutes. This process can even be delivered on the banker's tablet at the company's offices.
	Development of Zafirmowani.pl	We have implemented new solutions on the Zafirmowani.pl portal. The loan calculator and EU funding search engine allows us to initially verify the company's credit rating and search for crucial information on the funding aid of interest to the company quickly and easily.
Digitalisation	Customer migration to Alior Mobile and Online	We have accomplished full migration of consumers from the micro-enterprise segment to the new online (Alior Online) and mobile (Alior Mobile) banking.
	Development of Consumer Finance customer relations	Customers using hire-purchase loans have been provided with automated access to online and mobile banking.
	Development of the Kantor Walutowy app	We have made available a new Kantor Walutowy (Currency Exchange Bureau) app, both in the www and mobile versions. The app has been furnished with extra functions, and the Currency Exchange Bureau's product range has been expanded to include a multi-currency card with the possibility of making payments in 23 currencies. In addition, work has been started to develop modern methods for customer identification and the onboarding process in digital channels.
Operations and back-office	Process robotisation	We digitalised not only operating and collection processes, but also sales network processes, such as: direct, online, telephone sales, Consumer Finance, as well as Brokerage, HR and Audit. A total of 100 robots have been released for production since the



		beginning of the project.. In 2019 alone, 61 robots were successfully released as part of new technology.
	Automation of email contacts	We have implemented a pilot system to automate customer email contacts. This solution was developed together with a startup from the RBL_Start acceleration programme.
Open banking	The TPP status and simplified loan origination process	Alior Bank was granted the approval of the Polish financial regulator KNF for acting as a TPP (Third Party Provider). This will enable us to further simplify our processes and to adapt even better our offering to customer requirements, among other things. Already in 2019, a new loan origination process has been launched, based on access to the customer account history in another bank without the need for them to provide their income certificates.
Innovation and fintechs	CASH Platform	PZU SA and Alior Bank have launched an innovative online platform called CASH, through which employees will be provided with swift access to cheap and safe advances. Using this facility, employers will be able to offer extra benefits to their employees.
	Four pilot projects in the second edition of the RBL_START programme	Four pilot projects were launched as a result of the second edition of the RBL_START accelerator. The selected solutions included, among other things, data integration and analysis, and development of banking products on third-party platforms.
	Use of public blockchain to verify documents	Alior Bank has been the first bank in Poland to use the public blockchain. We have also made available our platform with banking documents whose authenticity can be verified using the Ethereum public blockchain network. The application of the public blockchains allows us to maintain complete transparency.
HR transformation	Digital collaboration toolkit	We have delivered a number of initiatives under our Cultural Transformation Programme which have significantly improved the involvement of the Bank's employees. The most important of them include, in particular: successful completion of a pilot project for hybrid application of collaboration cloud, providing solutions which enable remote working from anywhere, and the



	development of KOMPAS, an in-house employee portal (including e-learning, periodic assessment, annual targets).
Expansion of work under the Agilor agile methodology	This strategy could be delivered owing to the application of the Agilor proprietary production method (adaptation of Agile best practices to the specifics of Alior's operations). Currently, more than 200 people work under the agile model (called Tribes) both from business units and from the IT in four business areas: Consumer Loans, Consumer Finance, Operations and Backoffice, and Monitoring and Collection.
Microservices	We have been developing a modern architecture based on microservices, which will enable us to further reduce Time-2-Market and improve the Bank's performance.

Delivery of new products to customers, high quality of service, agile use of current technologies, and efficient operations provide the basis for continued growth of Alior Bank in the perspective of the new Strategy for 2020-2022.





zaczytani.org

Tysięczna Zaczytana Biblioteka

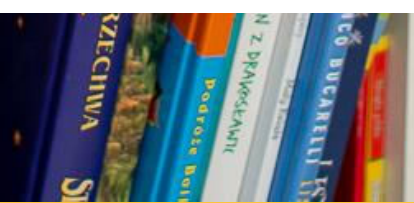
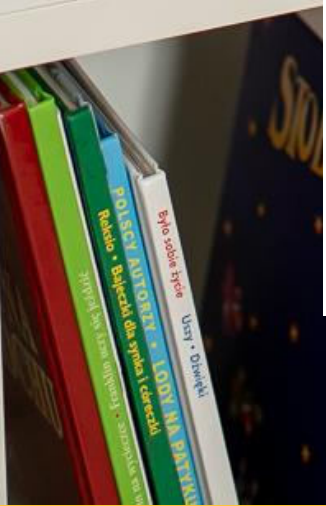
Jubileusz 150-lecia
Warszawskiego Szpitala dla Dzieci SPZOZ



"Libraries opened at children's wards help little patients through a difficult time of illness. An access to literature is an access to the complex world of emotions and a tool to build a relationship with a guardian.

We would like to instil this thought in everyone, that once the book is read, it can be shared. Because for Zaczytani, sharing means gaining."

- Agnieszka Machnicka, President of the Zaczytani.org Foundation



WYŻSZA KULTURA. BANK NOWY

1.3. Our relations

Friendly and effective communication with Customers is a key element of our information policy. We formulate our information in a straightforward and understandable way. In parallel, to ensure the best possible recognition of the needs and problems of our customers, we have conducted among them regular satisfaction surveys using the NPS indicator.

We also take care to maintain confidentiality of communication. In providing data which are covered by banking confidentiality, we always exercise the highest standard of care to provide such information, in keeping with strict security standards.

We also care for regular, timely and effective communication with the participants of the capital market. As a public company, we have been taking measures to meet stakeholder information needs, caring for universal and equal access to information, in accordance with the highest market standards and applicable legislation.

Our stakeholders



Activities related to the fulfilment of information obligations by the Bank and maintaining appropriate relations with investors and analysts are carried out by the Investor Relations Department. Main activities of the Department aim at ensuring permanent, equal and immediate access to information on all major events concerning the Bank which have or may have impact on the value of its shares. The Investor Relations Department organises regular meetings of the Management Board of the Bank with market actors. Such meetings address current financial and operating standing of Alior Bank, and present its operating strategy and projected paths of development. In addition to the topics mentioned above, these meetings address topics related to the current macroeconomic situation, general condition of the financial sector, and the Bank's competitive environment.



In 2019, there were 278 such meetings, including 151 meetings and call conferences with 74 international investors and 127 meetings with 39 local investors, held at the Alior Bank's offices or at national and international conferences and roadshows. The Bank also regularly takes part in conferences and events held by national and foreign brokerage houses.

The quality of collaboration and service of the internal customer is monitored through regular internal NPS surveys of the selected organisational units. In 2019, the survey covered a total of 11 departments. The results of these surveys provide valuable source of knowledge for the surveyed units and allow us to better adapt the operations of the units to the reported needs.

In Alior Bank, we have kept constant dialogue with employees. We have used for this purpose the most popular and most effective communication tools. These include, among others, meetings, emails, posters, stickers, competitions and films. Each employee receives every week newsletters with news useful in their daily work („HR News“) and news related to the delivery of the strategy, new products and achievements of the Bank („Digital disruptor“). We have collected on an ongoing basis, through questionnaires, feedback on employee satisfaction level with the newsletters they receive.



In 2018, we have launched a new employees portal called „Kompas“ which was constantly developed throughout 2019 and will be developed in 2020 by launching new modules and tapping its potential. It has functionalities known from popular social media and news portals. It allows our staff to freely share information with others, set up discussion groups or comment and „like“ the posts. „Kompas“ has been developed with a view to establishing a full-fledged portal with all staff processes, we already have electronic training together with

IDD, MBO, 360 assessment, applications for funding, and in 2020 new functionalities will be launched on the portal. We will also deliver a new mobile app with a chatting facility which facilitates communication between employees.





Five trade unions operate in Alior Bank, which represent employee interests towards the Bank resulting from the Labour Code. The Bank holds regularly, i.e. each month, meetings with representatives of trade unions which discuss, among others, the most important topics related to the Bank's activities. Regular meetings between trade unions and members of the Management Board and the President of Alior Bank are also held.

In 2019, the key topics undertaken with trade unions were negotiations of the collective bargaining agreement, and these works are still ongoing. In 2019, a collective dispute was initiated against the Bank by some trade union organizations. In February 2020, the dispute was completed by signing the contract, the combination of functions is the implementation of a minimum wage at the Bank.

The Bank supports social dialogue with staff representatives and respects the rights of trade unions. Outside of Alior Bank, but within the Group, there is another trade union which similarly supports the staff of Alior Leasing company.

Alior Bank has regularly held satisfaction surveys regarding employee benefits. An important source of feedback from employees is the annual involvement survey, in which employees answer several dozens of questions concerning their work at our Bank.

Selected organisations of which Alior Bank was member in 2019

Polish Bank Association	Banking Cybersecurity Centre
Bank Security Council	Banking Register of IT Security Incidents
ACI Poland	Polish Factors Association
Banking Consumer Arbitration	System for the Analysis of Property Financing Market
Electronic Economy Chamber	Committee on Financial Services Quality
Pracodawcy RP	Council of Depository banks
Single Euro Payments Area Secretariat	EFMA
Banking Ethics Commission	Electronic Banking Council





1.4. Strategic partnerships

In 2019, collaboration with the existing strategic partners of the Bank – in particular with PZU Group, Lotos or Mastercard was further strengthened, new strategic partnerships were established, and completely new cooperation areas were developed under the existing partnerships – including with PZU Group, Innergo Systems (Apple Premium Reseller), or Booking Holding. A number of other initiatives and arrangements with new partners are ongoing, and we will ascertain their effects in 2020.

The bank opens up to new partners who want to establish and set trends in the market. These partnerships have the potential of bringing tangible benefits to Customers, the Partner and the Bank. Strategic partnerships allow us to expand the product range offered by the Bank, open up new sales and service channels, expand the base of potential customers which we can reach, acquire new customers or support the building of the main relationship of the customer with the Bank, and multiply customer interfaces with the Bank.

In Alior Bank, we want to personalise more our offering for our Customers, and we are committed to building their positive experience in contacts with the Bank and the services and products we can make available to our customers. The establishment and development of partnerships is to support these processes.

Our key strategic partner is PZU Group, with which we have carried out a number of initiatives – these involve such areas as: income and cost synergies, innovation, or corporate governance. In 2019, in addition to the expansion of collaboration in already identified areas (such as bancassurance, investment products, purchasing), new collaboration areas have been opened up. In particular, we have begun intensive cooperation in the Assurbanking area, by delivering two extensive strategic projects and taking a number of other, less extensive initiatives.



Our key initiatives in the Assurbanking area:

- **Cash Platform** – an innovative online advance platform addressed to employers who can offer it to their employees as part of extra-payment benefits. The employee can receive funding to meet their needs with minimum formalities, quickly and conveniently, and the offering is very attractive. A pilot platform has started in September at PZU Group, and we have reported dynamic growth of loan volumes over the subsequent months. In 2020, this growth should continue – new companies will join the platform, making available the Cash offering to their staff.
- **Employee Capital Plans (PPK)** – in 2019, PZU signed agreements for the operation of PPKs in large establishments, encompassing a total of several thousands of people. In 2020, the number of such companies, and thus the number of employees covered, will certainly increase (the PPK offering will be addressed to new groups of entities – in particular to companies employing at least 50 people). Alior Bank has prepared for the employees of such companies an attractive offering involving various banking products. Through the PPK channel, Alior Bank has the opportunity to reach a broad spectrum of individuals who might become the Bank's customers and may expand the range of the Bank's products they currently use. Collaboration under PPK is also an opportunity to reach the companies themselves with an offer of products and services for business customers – offered by the Bank itself and by Alior Bank Group companies (including Alior Leasing).



Having regard to the above, **the Cash platform and collaboration within the PPK will surely be the main axes of more intensive collaboration with PZU in the Assurbanking area in 2020** – contributing to the achievement of strategic goals of both organisations (PZU and the Bank). Other initiatives will be continued or established to test various options of collaboration, acquisition of new customers, generating income for both parties.

We have been constantly expanding our insurance offering, delivered in particular by PZU, available through Alior Bank's channels – as products linked to the relevant banking products or as standalone products. We have been implementing new products, and providing the opportunity to buy insurance in new channels.

Strategic partnerships is not only PZU Group. As a Bank, we have worked with many entities in various contexts. **In the business context, in 2019, we continued our work with Lotos, expanded our cooperation with Innergo Systems, established new partnerships – with Booking.com, and Rentalcars, among others; we have been expanding the scope of collaboration with Mastercard**, we also started negotiations with a number of other partners who will complement the Bank's offering, open up new channels for us to reach the customer, or allow us to achieve other synergies – e.g., in the CSR area, or the acquisition, development and retention of staff.

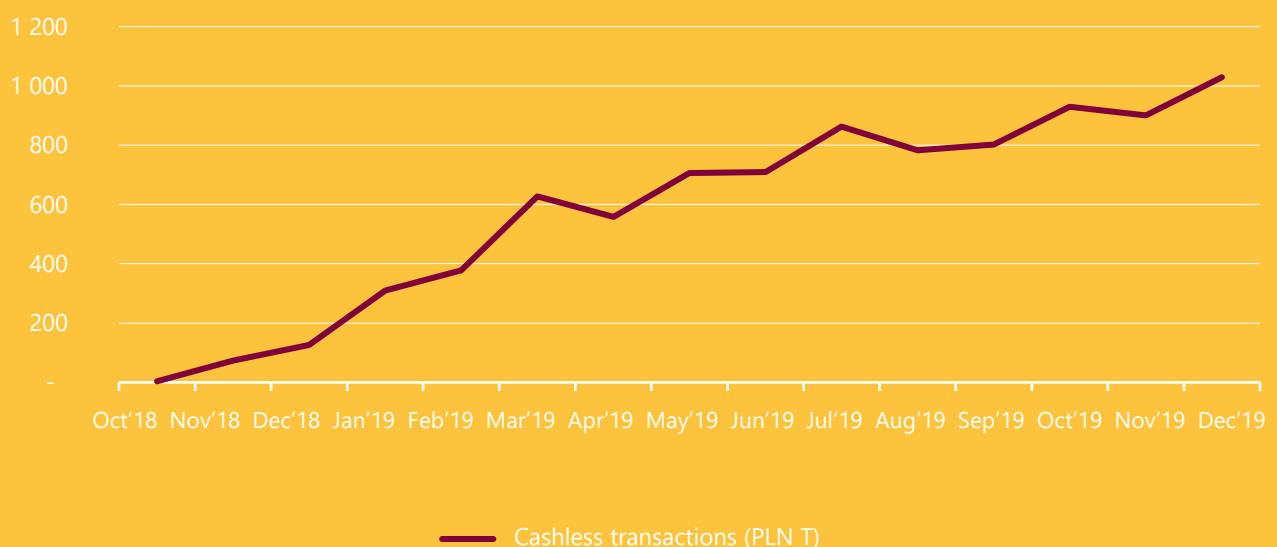


Thus, we have started the process of establishing a broader programme, under which we will be soon able to append various partners, their offerings, products and services.

Selected partnerships (outside of the PZU Group) accomplished in 2019:

- **Lotos** – since November 2018 there has been collaboration with Lotos Paliwa based on Mastercard Alior Lotos credit card, which enables our customers to purchase fuels and products at service stations with a discount, and systematically increases transaction volumes of customers in the fuels industry.

Summary of cashless transaction volumes with ALIOR LOTOS BIZNES credit cards (2018-2019)



- **Innengo Systems** – we have expanded our strategic collaboration with Innengo Systems (Apple partner for mobile solutions for business, called Apple Authorised Enterprise Reseller). The Bank’s customers have gained access to the ipromocja.aliorbank.pl platform where they can buy Apple devices on special terms if they pay by instant payment, card or based on hire-purchase agreement. The promotion covered smartphones, including the newest model of iPhone (11), and other products then followed. Expansion of collaboration with Innengo Systems opens up a new area of collaboration based on successful experience from previous joint initiatives. In 2018, Alior Bank, in collaboration with Innengo Systems equipped all of its staff with smartphones. **In June 2019, the smartphonisation project received the Innovation of the Month award in the Banking Innovation Awards 2019 EFMA-Accenture competition.**
- **Booking.com and Rental Cars** – we have established collaboration with Booking Holding, which enables Alior Bank’s customers to receive attractive offerings (cashback) for transactions completed on the Booking.com platform and a discount for car rental as part of Rental Cars.





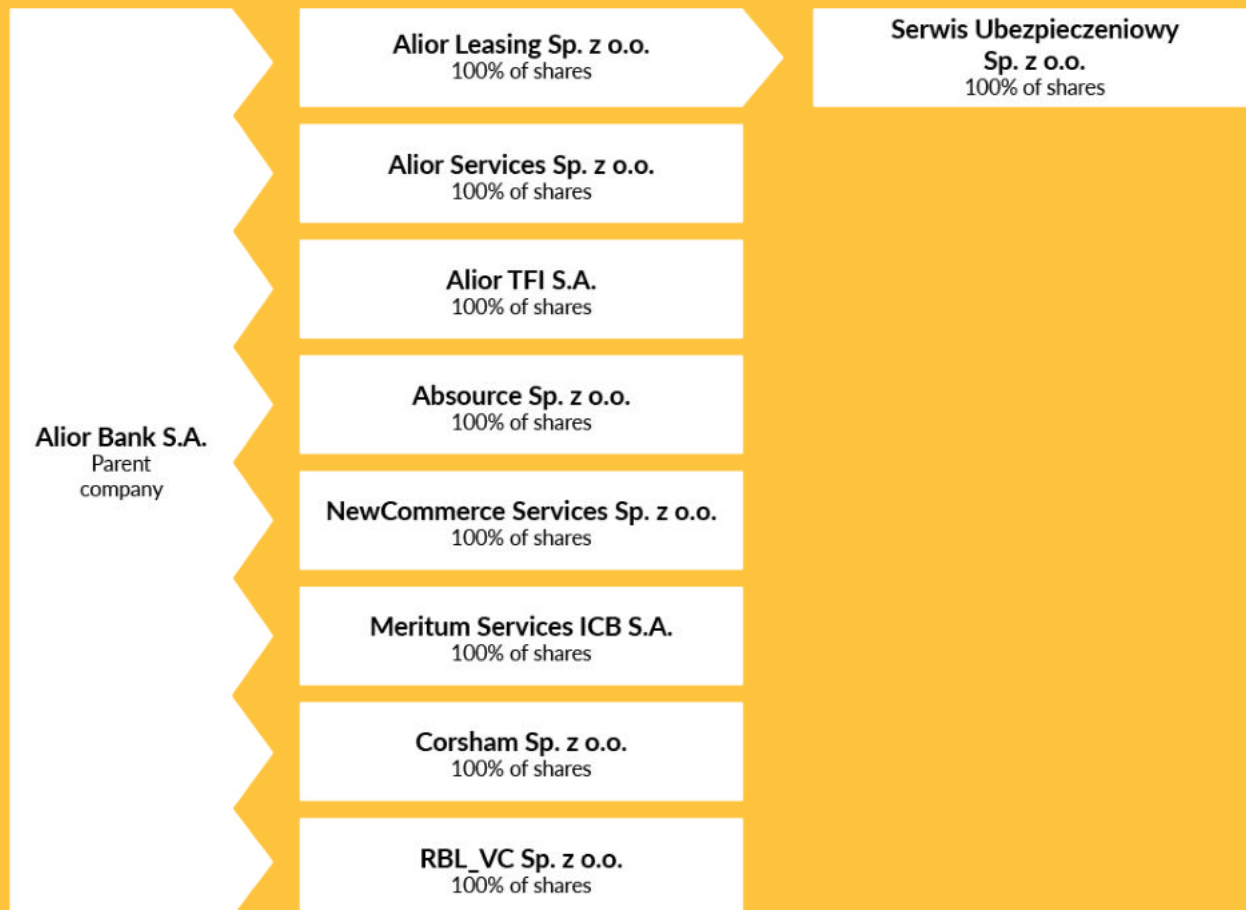
We believe in the social effects of educational activities and reading activities run by the Zeczytani.org Foundation. That is why our commitment takes place not only at the financial level, but also at the personal level. Alior Bank employees are happy to volunteer as part of the foundation's activities.

- Anna Baranek, Marketing Manager



1.5 Alior Bank Group companies

Alior Bank Group as at 31 December 2019



*Corsham Sp. z o.o. owns 20% of shares in PayPo Sp. z o.o. On December 20, 2019 Corsham Sp. z o.o. concluded an agreement under which it acquired shares in the increased share capital of Autenti Sp. z o.o. At the end of the reporting period and as at the date of publication of the Report, the increase was not registered. Both companies are not a subject to consolidation.



LEASING

Alior Leasing Sp. z o.o.

The company Alior Leasing Sp. z o.o. was established in April 2015, and has operated since October 2015.

The company's mission is to support the growth of businesses by providing best solutions to respond to the expectations of forward-looking companies which search for a comprehensive lease offering adapted to their individual requirements. Under the Alior Leasing offering, companies can use the most popular forms of funding of fixed assets, mainly motor vehicles, necessary for operations and growth. With products such as: operating lease, financial lease and lease loan, businesses



gain easy and quick access to transport vehicles, machinery and equipment. Alior Leasing holds an extensive sales network and collaborates with a broad network of business partners, dealers and vendors, as well as with Alior Bank's sales network. The company has worked mainly with sole traders and SMEs, but it has also large corporate customers.

Serwis Ubezpieczeniowy Sp. z o.o.

Serwis Ubezpieczeniowy Sp. z o.o is a company established in November 2016 and has operated since February 2017.

Serwis Ubezpieczeniowy Sp. z o.o operates in the insurance market. The company's object is agency activities related to insurance.

Alior Services Sp. z o.o.

Alior Services Sp. z o.o. acts as insurance agent and delivers other operational and services projects for corporate customers of Alior Bank, as well as projects expanding on the offering for Private Banking customers to strengthen our competitive position.



Alior TFI S.A.

Alior TFI S.A. was established in 2010, initially as a brokerage focused on asset management services, and since July 2015, following transformation, it has been active as Investment Fund Company.

The collaboration between Alior Bank and its subsidiary Alior TFI S.A. involves the primary object of the Company, which is the establishment and management of investment funds, and representing the same in dealing with third parties.

Absource Sp. z o.o.

Absource Spółka z ograniczoną odpowiedzialnością was established on 31 March 2016.

Absource Sp. z o.o. is a company whose objects include: provision of services for information and computer technology, activities related to IT advisory, and activities related to software. Absource Sp. z o.o. focuses on the provision of computer software based on sublicensing and conducting other IT activities.





NewCommerce Services Sp. z o.o.

Bancovo has operated since March 2018, creating a new category of services in Poland: online financial intermediation. The „Bancovo“ brand belongs to NewCommerce Services Sp. z o.o. The platform allows customers to compare actual loan offerings and enables them to quickly and easily get cash through the Internet (end-2-end) due to innovative solutions based on API, RPA, big data, machine learning, and supported by advanced UX. At the end of 2019, the company offered products of more than 25 financial institutions addressed to a broad range of audience, both to consumers (loans/advances), as well as to small-company owners (advances/microfactoring). In 2019, Bancovo has expanded its loan brokerage offering to include hire-purchase financing by launching collaboration in this regard with the Polish biggest consumer electronics and home appliance retailer, EURO RTV AGD. Under that solution, Bancovo provides a loan engine and aggregates the offerings of selected financial institutions, which provides paperless financing for the goods offered by the retailer chain.

The innovation and uniqueness of the Bancovo model has been recognised by awarding numerous prizes and recognitions, of which the most important are:

- Product Innovation of the Year – awarded by Retail Banker International;
- The Heart Corporate Innovation Awards 2018 in the New Digit Business category.

Meritum Services ICB S.A.

Meritum Services ICB S.A. is a company active in the provision of services for information and computer technologies, and other activities related to IT. In 2015, the company's objects were expanded to include the activities of insurance brokers and agents, activities related to risk assessment and estimation of losses, other activities supporting insurance and pension funds. Currently, the company has derived its revenues from two primary channels:

- making available to Alior Bank S.A. software under the Software as a Service (SaaS) model - about 74% of the company's revenue;
- hiring of IT specialists to develop Alior Bank S.A.'s systems - approx. 26% of the company's revenue.





We particularly appreciate the support of business institutions when it is multidimensional. This is the case with cooperation with Alior Bank - mutual exchange of experiences and mutual trust allow for effective and satisfactory operation.

- Agnieszka Machnicka, President of the Zaczyni.org Foundation



Corsham Sp. z o.o.

Corsham Sp. z o.o. with its registered office in Warsaw is a company established in September 2018 and entered to the National Court Register on 22 October 2018. On 4 February 2019, Alior Bank S.A. acquired 100% of shares of Corsham Sp. z o.o.

In 2019, the Bank increased the share capital of the company by issuing new shares and paying them with in-kind contribution, being the shares of PayPo Sp. z o.o being a startup company which offers online shopping and a shopper protection programme. When shopping online, one can order a product and pay for it even up 30 days later, without any transactional costs and interest. The company has used its proprietary scoring system based on information collected in the web, without the need to provide such information by the customer. With PayPo, the customer can receive and check out the goods before payment. If the goods do not reach the user for any reason, he/she does not need to pay for it.

On 20 December 2019, Corsham Sp. z o.o. acceded to Autenti Sp. z o.o. which is a comprehensive platform to authorise documents and enter into contracts online, using all sIDAS e-signatures available: standard, advanced and qualified ones. The platform established by Autenti Sp. z o.o. can be applied in many industries, which supports the company's aspiration to become a leader for electronic signature in Poland. So far, the company has attracted as key customers BNP Paribas, Vienna Life, Credit Agricole, PGE Lumi and Medcover. The company intends to strengthen its competitive advantage by developing its platform and

RBL_VC Sp. z o.o.

RBL_VC Sp. z o.o. was established on 23 October 2019.

The company is a target investment vehicle through which Alior Bank intends to conduct venture capital investments. The investments will involve taking up minority stakes at entities operating new solutions in the financial market and financial support services (fin-techs). Currently, it is under the KNF regulatory verification process, before entry to the register of Managers of Alternative Investment Companies (ZASI). Upon registration, it will take over the current role played by Corsham Sp. z o.o. in venture-capital investments.



1.6. Our awards



Voices of recognition of our activity, as well as prizes and recognitions are things we are proud of. **In 2019, we were awarded 20 times.** Ten recognitions prized our products and customer service, and six applied to the way we conducted our business, four acknowledged our innovation and the technologies we have used.

Products and customer service

- First place in two categories: „Mobile Banking” and „Online Banking” in the “Newsweek Friendly Bank” ranking. Second place of traditional banking and third place in „Mortgage Banking” category;
- Best quality of service of business customer, best quality of service at the outlet, and best call centre in the „Institution of Year 2018” sectoral ranking.
- Second place in the „Best Personal Account” category and third place in the „Best Credit Card” category in the „Golden Banker” poll held by editorial desks of Puls Biznesu and Bankier.pl;
- Recognition from Puls Biznesu for Alior Bank’s brokerage account.



Business

- First place in the „Company Friendly Bank” ranking held by Forbes, a prestigious business magazine;
- Best bank in corporate financing in the „Institution of the Year 2019” ranking;
- Award from the Management Board of Warsaw Stock Exchange. The Bank as a benchmark domestic institution that has signed comprehensive contract for the application of WIBID/WIBOR reference rates.
- Brokerage House of Alior Bank with the highest note in ranking of the Puls Biznesu daily specialised in business, economic and stock market topics.
- Alior Bank’s initiatives recognised in the annual Report of the Forum Odpowiedzialnego Biznesu „Corporate Responsibility in Poland: Best Practice”. The



report describes such Bank's activities as Christmas initiatives „Paka dla zwierzaka, „Zaczytana Akademia” and „Podziel się książką”;

- Second place in XXVII edition of the Best Bank 2019 competition of Gazeta Bankowa in the Big Commercial Bank category;
- Bancovo.pl zwycięzcą kategorii „Nowy Cyfrowy Biznes” w konkursie The Heart Corporate Innovation Awards 2018,
- Bancovo.pl z tytułem „Product Innovation of the Year” przyznany w ramach konkursu Retail Banker.



Innovation and technology

- „Smartphonisation” project with first place in the „Employees experience” category in the „Customer Insights and Growth Banking” competition held by EFMA-ACCENTURE;
- Alior Bank's R&D Division with the „Top Institutional Innovator of the Year” title awarded by CEE Capital Markets X-Tech Awards;
- RBL_Innovation by Alior Bank among 25 best innovation labs in the world of finance according to Global Finance magazine. The list was published as part of The Innovators 2019 competition;
- Award for „Innovation Bank” by Efma-Accenture for 2019 for the Smartphonisation project;
- „Product Innovation of the Year” title awarded by Retail Banker International.





**ALIOR
BANK**

WIELKA GALA BANKOWOŚCI



ALIOR BANK
liderem w rankingach
Newsweeka i Forbesa



Brokerage House of Alior Bank is the best according to „Puls Biznesu” magazine

Attractive offering, modern mobile app (Alior Giełda) and 24-hours a day call service - all this made Alior Bank's brokerage account distinguished by experts of the Puls Biznesu daily, and our Brokerage House received the highest note in the ranking of the daily specialised in business, economy and stock market topics.

As many as 16 brokerages were compared on the list reviewed by Puls Biznesu. Like in the prior year, Alior Bank's Brokerage House took the first place, overtaking other brokerages on the podium by more than 30 percentage points.

„Institution of the Year” title for Alior Bank

Alior Bank was awarded as many as four statuettes in this industry ranking, and received the „Institution of the Year 2018” title. It was distinguished as the best bank in corporate financing, it was also acknowledged for the best quality of service of business customers, best quality of service at the outlet, and the best Call Centre.

„Institution of the Year” is an independent ranking held by MojeBankowanie.pl, an industry portal. It distinguishes only the companies which are customer-focused and provide the customer with the friendliest solutions. In 2018, the ranking in the „Best quality of service at the outlet” and the „Best quality of service in remote channels” categories covered four examination waves which allowed them to identify the winners by March of the following year. For Alior Bank, this examination ended with exceptional success and a place on the podium.

Recognition for Alior Bank from the Forum Odpowiedzialnego Biznesu

Alior Bank's initiatives were recognised in the annual Report of the Forum Odpowiedzialnego Biznesu „Corporate Responsibility in Poland: Best Practice”. It is the only such publication which juxtaposes best practices of Polish companies in Corporate Social Responsibility.

FOB mentioned Alior Bank activities in the context of social involvement and development of local communities. The report describes such Bank's activities as Christmas initiatives „Paka dla zwierzaka”, „Zaczytana Akademia” and „Podziel się książką”.





2019 UNDER THE BANNER OF BOOKS AT ALIOR BANK

In 2019, Alior Bank became a strategic partner of the Zaczytani.org Foundation.

The Foundation's mission is reading promotion and social education. In addition, the fairytale therapy sessions conducted at hospitals by Foundation volunteers help support good health and higher quality of life. The activities conducted together with the Foundation follow the #HigherCulture (*#WyższaKultura*) motto which is imprinted in the Bank's strategy of social and sponsoring activities. Supporting the Zaczytani.org Foundation, Alior Bank contributes to the development of education, culture and reading in Poland, and plays its part providing good health. This way we fulfil goals 3 and 4 of the UN Sustainable Development Goals.

2019 was a year full of joint projects, events and initiatives with the Zaczytani.org Foundation. The most important among them are described below.

2. Foundations of our activity

Alior Bank Group's employees is obliged to observe the law, guidelines of regulators, and the applicable Bank's internal regulations and procedures. In their daily work, the Bank and its employees should also act in accordance with the „Code of Banking Ethics“ („Principles of Good Banking Practice“) adopted by the Polish Bank Association and the in-house Ethics Code. Both Alior Bank S.A. and Alior TFI S.A. have applied best practices for companies listed on GPW.

2.1. Ethics - rules of conduct

Ethics, Simplicity, Agility and Team-Work are four principal values for Alior Bank S.A. We have defined them in the "Digital disruptor" business strategy adopted in 2017, which sets out the Bank's activities for 2017-2020.

Our values



Ethics

We act with integrity in in-house relations and towards customers. We act in accordance with the law and in-house regulations, keep our promises, 'carry out the assumed commitments, prevent any forms of discrimination and unfairness towards employees and Customers. We promote the culture of mutual respect and fairness towards the employees and Customers.



Simplicity

We focus on what actually builds value for the Customer, promoting simple and effective solutions. We work out solutions that are intelligible for the employees and for our Customers. We promote such approach as a standard activity. We communicate openly, propose improvements and streamlining of the existing processes and promote technology solutions that help us in current operations.



Agility

We are agile in responding to changing circumstances and efficiently implement any necessary solutions. The Bank analyses the market on an ongoing basis, including any trends regarding technology development in its area of operations, analyses customer needs and plans innovative solutions on this basis. Faced with changes, it is agile in searching for any information necessary and introduces necessary modifications. It documents projects and tasks so that to ensure continuity of operations.





Teamwork

We feel accountable for the delivery of Alior Bank's goals and adapt our priorities to the team and organisation strategy. We act according to the rule: „we are all on the same team“. Each employee has an impact on how strategic goals of Alior Bank are delivered and adapts his or her priorities to the team and organisation strategy. The Bank promotes collaboration and consults solutions with all stakeholders of the process (within the Bank and outside of its organisation).

In 2019, Alior Bank continued the implementation of the leader role-model, meaning an ambassador of values and attitudes who sets out engaging and ethical goals, gives autonomy, supports employees development. Alior Bank's Transformational Leader is a leader who ensures the implementation of business goals in an ethical way by building employees involvement and lasting customer relations.

Ethics is one of our basic values defined in Alior Bank's Strategy 2017-2020. **Every day, we take many activities and initiatives which focus on strengthening the awareness and attitudes of employees for Compliance and ethics.**



The organisation operates a Code of Ethics implemented in Alior Bank S.A. and in the following companies: Alior Leasing Sp. z o.o., Serwis Ubezpieczeniowy Sp. z o.o., NCS Bancovo and Alior TFI S.A. The staff working in other Alior Bank Group companies are employed by Alior Bank S.A., and they are required to act in accordance with the rules of the Code applicable at the Bank.

The Code of Ethics is a set of the principal rules of conduct related to the Bank's activity. It is addressed both to our employees, as well as to people through which the Bank performs banking activities. For Alior Bank's employees, the Code is a guide which helps to take fair and legal decisions.

The Code of Ethics consists of four parts containing rules of conduct towards customers, towards each other, towards counterparties, and towards the market and communities. It contains guidance on the compliance at the workplace with the principles of professionalism, respect and good manners, as well as maintenance of openness to diversity and toleration. In addition, the document encourages care for the environment.

We do our best to make the Code of Ethics a pillar of our daily work, that's why all employees of the Bank participate in training on various aspects of ethics. Employees who join Alior Bank are required to complete training as part of onboarding which is concluded with a test



of knowledge. Other employees regularly use e-learning training to refresh their knowledge of ethical topics. Ethical rules are also promoted in cyclical Compliance Bulletin.

Alior Bank prohibits discrimination. The Bank is guided by high ethical standards in the process of employees recruitment, where the principle of no discrimination is overriding. The required competences and the expected attitudes of the candidate on the respective job are each time clearly and precisely formulated in job ads. The ads are published on generally available portals so that all potential candidates are able to reach them and apply for the job. The candidates are assessed according to the same criteria, taking into account the qualifications and attitudes expressing the values promoted by the Bank. Employment decisions are always taken collectively based on a procedure adopted for that purpose.

[GRI 412-1]

[GRI 102-17]

We put great store by properly organised system of breach reporting - we want that all employees are able to provide information or share their doubts easily and without fear.

Alior Bank ensures to its employees the possibility of using many communication channels for this purpose. The report may be oral, written or sent by e-mail to dedicated mailboxes, including directly to Members of the Management Board or of the Supervisory Board.

The adopted breach reporting system gives the possibility of maintaining anonymity. The Bank unconditionally prohibits any retaliation or discrimination, or other unfair treatment against any employee who has reported a breach in good faith. **In addition, in 2018 we have launched a Policy of Working Environment Free from Undesirable Behaviour in Alior Bank S.A. and Procedure of Reporting Undesirable Behaviour in Alior Bank S.A., which apply, in particular, to such undesirable behaviours as discrimination, mobbing, humiliation, sexual harassment.** An e-learning training has been prepared for all employees and made available on the training platform on undesirable behaviours at the workplace.

In 2019, we received 67 reports on potential breaches of ethics (including mistreatment of employees by managers, discrimination, mobbing, etc.). All reports were subjected to detailed review which found 17 of them reasonable. Recommendations were issued aimed at removing the inadequacies.



2.2. Fraud risk management

A major element of minimising the risk of non-compliance is for the Bank to ensure proper oversight of dealing with conflicts of interest. This area is governed within Alior Bank Group by the provisions of the Conflict of Interest Management Manual.

Conflict of interest management manuals have been adopted in five largest Alior Bank Group companies (Alior Bank S.A., Alior Leasing Sp. z o.o., Serwis Ubezpieczeniowy Sp. z o.o. and Alior TFI S.A., NCS Bancovo). The staff working in other companies are employed by Alior Bank S.A., and they are required to act in accordance with the rules of the Code applicable at the Bank.

In that document, employees of Alior Bank Group can find answers to the question of how to define a conflict of interest and determines its potential and actual consequences, and how they should act to avoid a conflict of interest. The manual governs such significant items as, e.g., the rules of serving relatives, acceptance of gifts and invitations, and conducting paid activities by the employees outside of the Group. This document also clearly defines the rules on on-job subordination between close relatives, placing special emphasis on the elimination of the risk of nepotism.



Alior Bank also uses a Compliance Policy and a Fraud Prevention Policy. The Compliance Policy defines how Alior Bank ensures the observance of the law, internal regulations and market standards through the control function and Compliance Risk management. The Bank pursues the policy of full observance of the law and business integrity and ethics in all fields of its activity. Security Policy defines the principal rules of operation of Alior Bank's Security System and provides the foundation on which to develop policies, detailed requirements, security processes and procedures, is an overriding document to other in-house regulations of the Bank related to security, such as Fraud Prevention Policy, Information and Communication System Security Policy, Information and Personal Data Protection Policy, Policy of Physical and Engineering Security of Banking Facilities, Prevention of Money Laundering and Terrorist Financing Programme. These documents are applicable to all those employed at the Bank, regardless of the employment basis, and apply, in the scope defined by agreements, to the employees of third parties collaborating with the Bank.

The employees of Alior Bank S.A., Alior Leasing and Alior TFI S.A. have received training on fraud prevention procedures and the rules of ethical conduct. Training at Alior Bank related to, among others, security policy and compliance risk, where conflict of interest was one of the addressed areas, in addition to banking confidentiality and gift policy. Training has been introduced as a duty for all new employees at Alior Bank.

In 2019, the Bank's employees reported 268 cases of acceptance of valuable consideration, such as presents, invitations to conferences or training, tickets, gifts, etc., which were recorded in a special registry. Vast



majority of the reported presents was within the admissible limit of PLN 200. For presents exceeding that value, the usual solution is donation to charity, e.g., to children's homes. For invitations to conferences or business meetings, consent was given if the topics addressed were related to one's business responsibilities.

In 2019, 171 cases of potential conflict of interest were identified, of which 106 were determined to be actual breach of the applicable conflict of interest avoidance rules. As a result of the discovered breaches, recommendations were issued for measures to restore the desirable status. The breaches related mostly to serving close relatives or undertaking potentially competitive activity.



2.3. Prevention of violation of human rights in the supply chain

Any entity joining a bid organised by the Bank is required to submit a special appendix to the bid - „Business Ethics” Statement, which is part of the formal legal evaluation of the bid. By signing that document, the bidder represents that within their business they comply with legislation and rules of ethical conduct. The crucial elements of the statement to be signed are:

No employment of minors

No discrimination of employees for any reason



Compliance with legal requirements for minimum wages and working hours

Providing the employees with safe and healthy working conditions

Compliance with environmental regulations and prohibition of adverse effect on direct neighbourhood

Compliance with regulations on competition and consumer protection

Compliance with one's own professional ethics policy

The bank pursues a Purchasing Policy whose purpose is to define principal rules and guidelines for the Supplier selection process as part of purchasing conducted for Alior Bank S.A. and its subsidiaries. To care for information security and confidentiality, the Contractors are required to provide the following schedules, among others: Confidentiality Agreement and No-Relationship Statement. In 2019, the purchasing policy was additionally updated to include an Anti-Mobbing Policy.

In 2019, Alior Bank's subsidiaries have implemented common rules for purchasing procedures for PLN 30,000 or more, to which Alior Bank's Purchasing Policy applies.

In addition, Alior Bank operates an Outsourcing and Sensitive Services Management Policy, Policy of IT Service Provider Relations Management, and Manual for the Keeping of the Agreement Registry, as well as the Operating Rules of the Spending Control Team.

2.4. Management of risks related to business activity

Risk management is a crucial in-house process at the Bank and at Alior Bank Group. Risk management supports the delivery of the Bank's strategy and is aimed at ensuring adequate level of profitability and security of business, while ensuring an adequate level of risk control and keeping it within risk tolerances (risk appetite) and the adopted limit system, in changing macroeconomic and legal conditions. The Bank's risk management system is based on three independent lines of defence.

[GRI 102-30]

[GRI 102-15]





This framework is set by the standards applicable in the banking sector as well as guidelines in regulations and regulatory recommendations.

The overriding goal of the risk management policy pursued by the Bank is to ensure sufficiently early recognition and adequate management of all material risks related to the Bank's activities. The Bank aims at keeping the level of risk within the adopted tolerances, in order to:



Protect the value of shareholders' interest,



Protect customer deposits



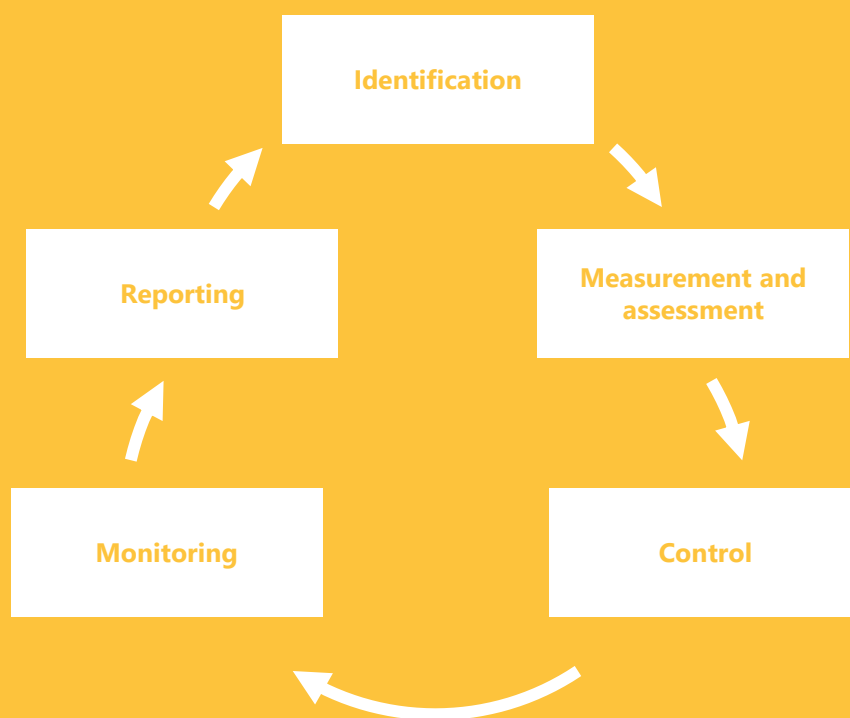
Support the Group in pursuing effective operations



Risk management in Alior Bank is delivered in particular based on the following rules:

- The Bank manages all risks identified in its activity;
- Organisational structure and the assignment of functions to particular units of the Bank provide for precise division of responsibilities, and mitigate the risk of conflict of interest;
- Risk management process and methods are adequate to the scale of the Bank's activity and adapted to the significance, scale and complexity of the respective risk;
- Risk management process is regularly adapted to new risk factors and risk sources, and to the changing business and regulatory environment;
- Risk management methods are periodically verified and validated;
- Risk management is integrated into planning and controlling processes;
- Risk level is regularly monitored and compared to the system of limits applicable at the Bank, and the Management Board and the Supervisory Board of the Bank receive regular information on the risk profiles and levels.

The risk management system is comprehensive and integrated into the Bank's operational processes. The basic steps of the risk management processes are as follows:



The risk management process is carried out at the Bank based on fully formalised in-house regulations.

The Bank exercises supervision of the operations of the subsidiaries belonging to the Bank's Group. The Bank supervises the risk management systems in these entities and takes into consideration the risk level of activities of particular entities within the risk monitoring and reporting system on the level of the Bank's Group.



The Bank has identified the following as major risks in its activities: credit risk, market risk (interest rate risk in the banking book, market risk in the trading book), liquidity, operational, compliance, model, business, reputation, and equity risks. Among them, the Bank recognises the following crucial risks: credit risk, operational risk, interest rate risk in the banking book, market risk in the trading book, and liquidity risk. Operational and compliance risks are of particular significance in terms of their effect on social, employees, environmental, human respect and anticorruption aspects.

**Selected risks managed by the Bank taking into account sustainable development factors
(ESG - Environmental, Social, Governance)**



Credit risk

Credit risk is taken to mean the risk of a loss as a result of customer default towards the Group or as a risk of lower economic value of the Group’s receivables as a result of customers’ reduced capacity to service their debt.

The purpose of credit risk management is to limit the loss on the credit portfolio and to minimise the risk of lending exposures which may lose their value, while keeping the expected level of profitability and value of the credit portfolio.



The management of credit risk and maintaining it at a secure level defined by the risk appetite is fundamental for stable operation and growth of the Bank. Regulations applicable at the Bank are used for the control of credit risk, in particular credit origination methodologies and the risk valuation models adapted to the customer segment, type of product and transaction, the rules for establishing and monitoring legal securities for loans, and by debt monitoring and collection processes. We aim at full centralisation and maximisation of automation of processes while making use of the available third-party and in-house information.

As part of minimisation of the risk level, each time when originating a credit product, we assess the customer's credibility and credit rating, taking into account, among other things, detailed analysis of the source from which the exposure is to be repaid and the credibility of the provided security.

Operational risk

Operational risk is a risk of a loss due to failure to apply or fallibility of internal processes, people and systems, or external events. The operational risk includes legal risks, but does not include reputation risk and business risk. The purpose of operational risk management is to keep operational risk at a secure level adequate to the activities, objectives, strategies and development of the Bank.

Alior Bank has in place a formalised operational risk management system within which we prevent operating events and incidents and minimise the loss if the risk materialises.

We monitor operational risk at all levels of our organisation.

Market risk

The purpose of market risk management is to limit potential losses due to changes in market risk factors to an acceptable level by adequate composition of balance sheet and off-balance sheet items.

Alior Bank has identified the following market risks to be managed:

- Interest rate risk in the banking book;
- Market risk in the trading book (encompassing, in particular: interest rate risk in the trading book, currency risk, and commodity price risk).

Interest rate risk (including interest rate risk in the banking book) is defined as a risk of adverse effect of market interest rates on the current result or net current value of the Bank's equity. Due to its policy of limiting risks in the trading book, the Bank has attached special importance to specific aspects of interest rate risk related to the banking book, such as:

- risk of repricing gap;
- basis risk, or the risk of non-parallel shifts in various reference indices with similar repricing dates on the result of the Bank;



- yield curve risk;
- customer option risk.

Currency risk is defined as the risk of a loss occurring due to changes in foreign exchange rates in connection with currency positions maintained. Currency risk is measured by monitoring and mitigated by limiting currency positions taken by the Bank.

Commodity price risk is defined as the risk of a loss occurring due to changes in commodity prices. Commodities are taken to mean all material trading objects defined as to type and quality, the quantity of which may be expressed in physical units of measurement. Measurement is conducted by monitoring and commodity risk is limited by limiting commodity positions so that this risks becomes insignificant for the Bank.

Liquidity risk

Liquidity risk is the risk of being unable to meet payment obligations resulting from balance sheet and off-balance sheet items held by the Bank on terms and conditions convenient for the Bank and at reasonable prices.

The purpose of liquidity risk management is to ensure funding to meet current and future (including potential) liabilities, taking into account the specific features of the activity and the needs that may emerge as a result of changing market or macroeconomic conditions. Liquidity risk is measured and assessed using indicators and the related liquidity limits.

Compliance risk

Compliance Risk is the risk of legal sanctions, financial losses or loss of reputation due to non-observance by the Bank, entities acting on its behalf or its employees, of the law, requirements of supervisory authorities, internal regulations or adopted standards of conduct and ethical standards. Of particular importance for compliance risk are topics related to, among others: adaptation to new regulations, processing and protection of personal data and banking confidentiality, conflict of interest, protection of confidential information and prevention of market manipulation, and proper treatment of the employees.

The purpose of compliance risk management is to reduce the level of risk and ensure safe level of operations in dynamically changing and demanding legal and market environment, without adverse consequences of breaches of legislation, regulations and ethical standards.

Environmental risk

As a socially responsible financial institution, we measure the environmental risks involved in the customers and projects which we finance. We conduct careful assessment of environmental risks, including community risk, for customers whose total exposure (actual and applied for) exceeds PLN 1 million.



Environmental risk is defined as a risk of deteriorated credit rating of the customer due to adverse financial and legal consequences caused by the business activity conducted or contemplated by the customer, or the proposed collateral, which has or may have major adverse effects on the environment or communities.

We have developed for our employees an Environmental Risk Assessment Checklist which enables them to precisely determine the level of environmental risk related to the transactions to be financed by the Bank. The statements and documents submitted by customers are carefully reviewed and verified. In special cases, we also use independent expert consultancy on the level of environmental and community risks involved in the respective project.

Alior Bank has regulations in place which define the entities active in the areas not financed by the Bank:

- manufacturing or sales of weapons and arms, fighting vehicles and warships
- gambling
- production of nuclear energy or nuclear fuels
- cultivation of tobacco, manufacturing of tobacco products, wholesale trade in unprocessed tobacco
- fisheries in marine waters where the entity uses drifting nets longer than 2.5 km,
- alcohol distilling, rectification and mixing
- production of industrial cooling and ventilation equipment if it uses substances which destroy the ozone layer,
- inshore marine transport of goods if the activity involves transport of oil or other materials dangerous to the environment using tankers which fail to meet the requirements of the International Maritime Organisation,
- speculative deals, except for Treasury limits secured with a deposit,
- projects which may generate high reputation risk,
- enterprises operating in breach of the applicable regulations of the Polish law or of the law of the country of origin of the activity, or holding no licenses, authorisations or permits or rights which are required to operate the respective business,
- activities with a negative impact on neighbouring areas protected under national law and international conventions, places of scientific interest, habitats of rare/endangered species, or such as would have adverse effect on places of cultural or archaeological significance.

Alior Bank also does not finance the activities of religious organisations, political parties, sporting clubs or any projects involving harmful or exploitative forms of child labour, direct discrimination or practices which prevent the employees from their legal rights of affiliation and collective bargaining.

The bank has in place numerous risk management policies. These include, among others: Alior Bank Group Risk Management Policy for Subsidiaries; Policy of Credit Risk Management at Alior Bank S.A., Credit Concentration Risk Management Policy; Model Risk Management Policy, Policy of Operation Risk Management at Alior Bank S.A., Policy of Capital Management and Capital Planning at Alior Bank S.A. In 2019, the Bank has implemented the Alior Bank S.A. Assets and Liabilities Management Policy for 2019-2021.





ZACZYTANA BIBLIOTEKA

Nie Twoje ręce przekazujemy książkę,
jedną z nich możesz zabrać do domu!
To nie jest zwyczajna książka,
Kiedyś czytał ją ktoś inny i postanowił
się z Tobą podzielić.

Może kiedyś Ty podarujesz swoje
książki innym czytelnikom?

Jest jeszcze coś ważnego:
wiele osób zaangażowało się w to,
żebyś mógł dostać książkę. Ci ludzie serdecznie
Cię pozdrawiają i mają nadzieję, że spędzisz
z nią wspaniałe i niezapomniane chwile!

zaczyni.org

The child who reads will become an adult who thinks.

– Erich Fromm



3. Customer in focus

3.1. Customer's voice

Satisfaction level surveys (NPS)

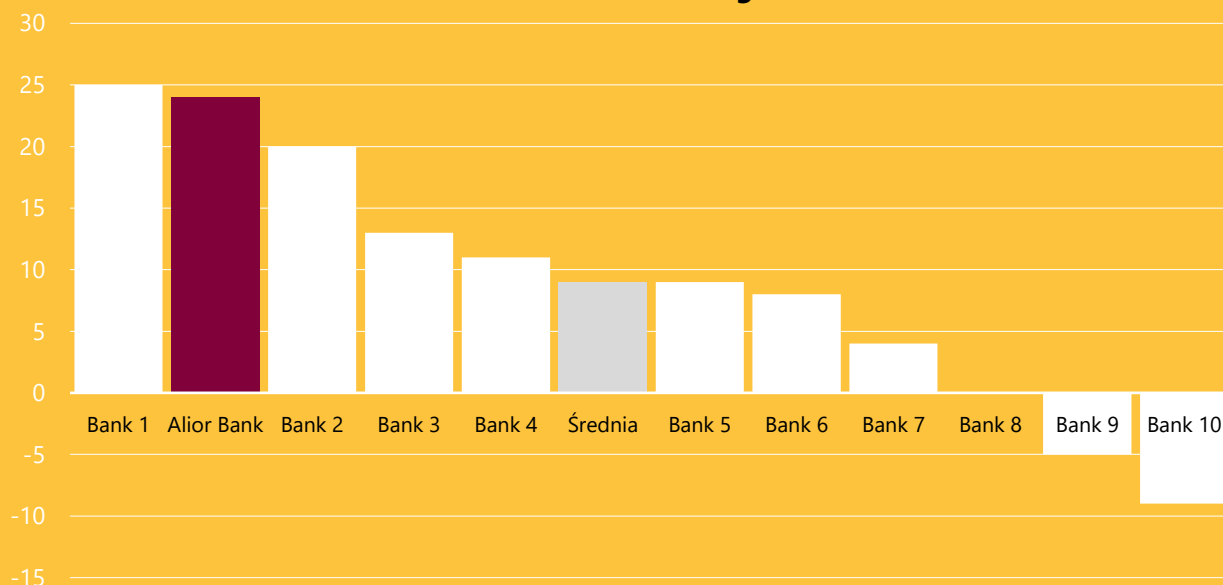
At Alior Bank, we carefully listen to the voice of Customers, including thanks to regular surveys of their satisfaction using the NPS (Net Promoter Score) method. These surveys encompass both the surveys of general satisfaction level with working with the Bank, and satisfaction level of service for particular products or distribution channels.

NPS relationship surveys, carried out every quarter of the year, allow us to determine the overall level of satisfaction of our Customers and their willingness to recommend our Bank to others. Due to the fact that the satisfaction level information is complemented by Customers' comments, we are able to conduct more comprehensive analyses being a point of reference for implementing improvements which contribute to further growth of satisfaction among our Customers with working with us.

According to the NPS relationship survey commissioned by Alior Bank and conducted in Q4 2019, the Bank's relationship NPS score was 29.

In addition, we would like to emphasise that, according to the results of the Monitor Satysfakcji survey carried out by ARC Rynek i Opinia, Alior Bank ranks second in terms of the pace of growth of NPS in 2017-2019.

NPS recommendation indicator
ARC Satisfaction Monitor - Pace of growth 2017-2019



At the same time, we conduct systematic surveys of NPS levels for particular products and distribution channels on Customer groups who have had direct contact with them prior to the survey, which provides us with more precise awareness of how Customers assess certain aspects of the Bank's operations that are of interest to us. The outcomes of particular surveys are immediately presented to those responsible for the operation of the respective product or distribution channel, together with information on the underlying factors and measures that can be taken to achieve improvement.

Regarding the surveys of distribution channels, we also conduct regular surveys of satisfaction with the quality of service in our branches and in partner outlets. These surveys cover Customers or at least have a personal account or deposit, or have conducted a transaction, or have taken a loan, who have visited our branch or our partner's outlet.

NPS results, upon verification, are immediately presented to those responsible for the operation of particular products and distribution channels, heads of the branches, and owners of partner outlets through dashboards which enable them to carry out comprehensive analysis of the information, and makes it possible to promptly respond to any worrying symptoms. In addition, the Customer Relationship Department holds regular meetings with the owners of the surveyed products and processes in order to discuss in detail the outcomes and to take measures to improve customer satisfaction. Such meetings provides feedback and better understanding of the influence of particular events on the NPS level in particular areas.

Systematic NPS surveys have allowed us to focus our activities on key aspects indicated by Customers. Surveys conducted in 2019 show that convenience is the most important aspect for our Customers - about one-third of the Customers, in assessing the Bank in the relationship survey mentioned convenience as a factor which determines their assessment. The next places are taken by pricing and human-dependent aspects.

VOC 360

To be able to listen intently to Customer voices, the bank has developed a VOC (Voice of the Customer) 360 tool which broadly describes Customer contacts from such areas as: call centre, complaints handling, or social media, and allows us to conduct a thorough analysis. This tool presents trends in the number of customer queries in particular areas of Bank's operations, thus supporting the recommendation process and development of products which are more customer-friendly. Through this implementation, we have been able to launch a full „Close the loop“ process by which we collect and analyse customer voices, and then take measures and deliver initiatives to improve customer experience with our Bank.



Thorough analysis of the information provided by the VOC tool allows us to determine how our measures impact on customers and at the same time show how the number of Customer queries decreases in the wake of the improvements implemented by the Bank.



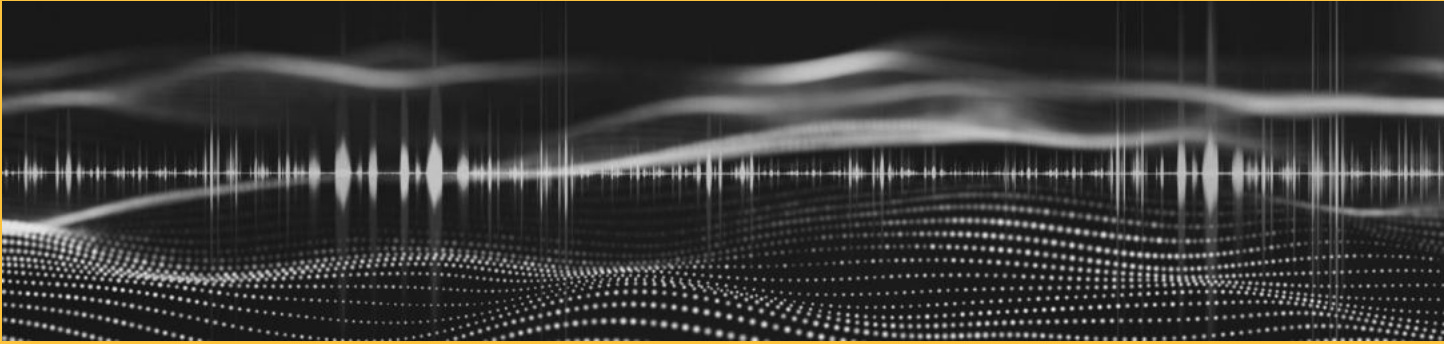
BEST PRACTICE

To learn the opinion of business operators on Alior Bank’s solutions for companies and to even better adapt our offering to business needs, in 2019 Alior Bank has established a Business Customer Council which is an advisory body consulted when creating new products and services and when streamlining processes for the business community. The Business Customer Council Comprises about 100 business customers who regularly meet members of the Management Board of Alior Bank, business representatives responsible for products, risks and operations.

3.2. Customer experience

In 2019, we continued our efforts to develop processes and products in such a way as to make them simple, convenient and as expected by our customers. Any changes that we implement result not only from our NPS surveys, VOC 360 information, monitoring of the banking market, but also comments of our Customers received through a dedicated tab on the bank’s website, called Strefa Klienta (Customer Zone).





Improved quality of service

We have implemented research of the quality of service in our brick-and-mortar channel - in branches and partner outlets - using the Mystery Shopping method.

This research is conducted regularly and is aimed at continuous measurement and verification of the level of compliance with standards, the quality of any sales talk, and we experience of potential customers during visits at Alior Bank. This research has covered both the Consumer and Business Customer segments. The results allow us to diagnose critical areas of interaction with Customers. These results are used by the Bank's units involved in the development of sales talk standards and by the Employees of Branches and Partner Outlets, providing valuable feedback from the Customer point of view.

Since early 2019, Customers in selected Branches and Partner Outlets can read the provided newspapers and magazines when waiting for service. After a pilot conducted early in the year which provided positive feedback, we decided to spread the project onto our sales network. This allows our Customers to have a good time when waiting for service at outlets with the largest transactional volumes. Meanwhile, we conducted a pilot project of making available a Wi-Fi network to customers in selected branches.

Regardless of which contact channel with the Bank the Customer chooses, we want to communicate with them in clear and intelligible way, without banking jargon, clearly presenting what we want to convey. We have conducted a communication simplification project which covers letters, individual and mass mailing - including provisions in contracts and Rules & Regulations so that to make them unambiguous for the audience. In terms of communication simplification, this year was devoted to building competences of plain language of all workers responsible for customer communication. **We have carried out a number of workshops which involved a total of 217 people from 32 teams.** We conducted the inventory and analysis of communications mailed to our customers, focusing on the most voluminous documents. Based on this analysis, we work out new standards in communication, template letters, contracts and Rules & Regulations. A handbook is being prepared which will standardise the new practices. Employees will be able to use it as a manual, to be able to quickly apply new rules. Behind us is also a project kick-off meeting at which a linguist presented the outcomes of analysis, and we have taken key decisions for our bank related to the simplification of letters and legal texts.

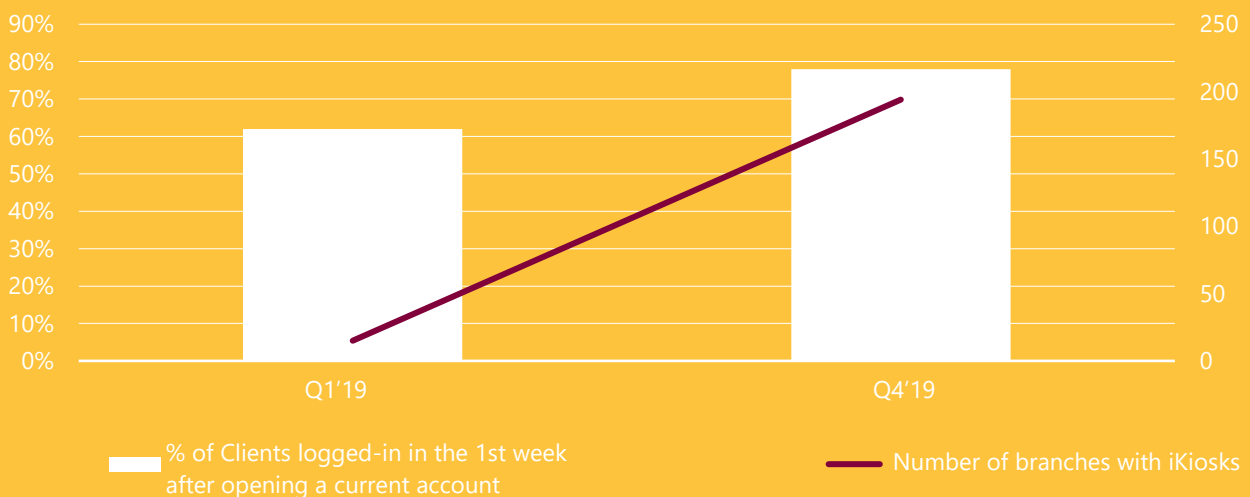


Development of self-service

In 2019 we have launched throughout our branch network 194 iKiosks - innovative online workstations for Customers. This equipment provides Consumers and Business Customers with access to Alior Online, Kantor Walutowy (Currency Exchange Bureau) and BusinessPro.

iKiosks, being part of digital transformation of Branches, provide support and play an educational role for Customers. During the onboarding, bankers help in the first login, demonstrate the potential of our online banking and encourage to systematic use of it, e.g., to make online transfers without waiting in queues. In addition, due to making available in iKiosks of the documentation required by Article 111 of the Banking Law, we have removed the necessity of printing out dozens of pages of paper documents.

The availability of iKiosks in Branch Outlets increased the number of Customers logging in to online banking.



At the same time, we worked on the development of the Cash Deposit Machine (CDM) network – what's more, we took care to educate those who have not yet had the opportunity to use this service.

We are aware that Customer expectations can vary, so we aim at creating such solutions by which everyone will find something for themselves. We appreciate customers who prefer self-service, at the same time being the driver for making our systems more modern and technologically advanced, by conveying their expectations towards what we offer to them. On the other hand, we focus our activities also on customers for which the Bank is primary a human contact. We respect our Customers' preferences, try to support them on every stage of their contact with the bank, and educate them so that they consciously make the choice of the path on which to stay with us.

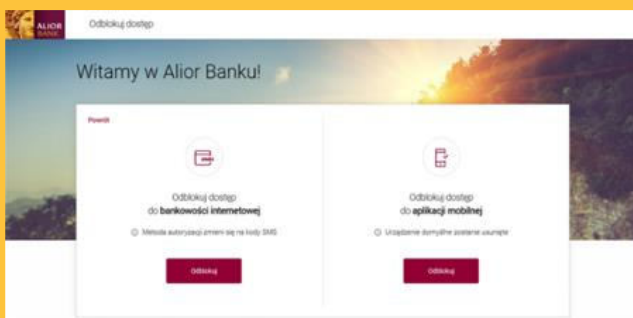
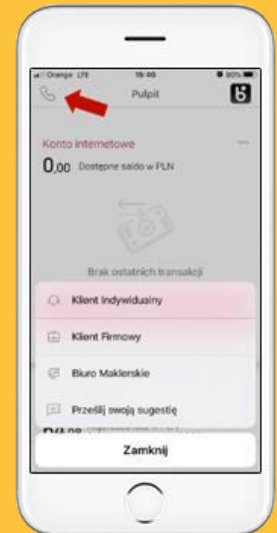
As Customer Experience Team, we take care that customers can stay at home while handling their affairs, e.g., by choosing our online banking or mobile banking systems, or contact with the Call Centre.



We work on solutions to minimise Customer's effort due to such solution as "Secure Link" (*Bezpieczne Połączenie*) or direct Customer contact with a Call Centre consultant upon login to mobile banking. Such solution absolutely facilitates our Customers to obtain the necessary information or execute certain instructions.

A breakthrough for the minimisation of Customer effort came with remote activation of access to online banking without the need to visit a branch office or contact the Call Centre. This allows our customers to fully tap remote services which we offer.

For Customers who have accidentally locked their PIN to the card, we have implemented a functionality of self-unlocking the PIN on the same day by changing the same.



We also make effort to support our Customers in transition from the analogue to the digital world. We are committed to what is called digitisation of our Customers by educating them how easy it is to bank on your own or from any place and at any time. As part of education, we have introduced active use of the text message

channel to inform our customers about: insufficient amount to repay a cash advance, or conditions which make them eligible for waiver of charges for the account and the debit/credit card, not only for the existing Customers but also for those who have only begun working with us.

Our efforts are reflected in the area on quality rankings, such "Newsweek Friendly Bank" and "Company Friendly Bank", where Alior Bank has occupied the leadership role for several years now.



Customer Problem Lab Alior Bank Customer Ombudsman

Any suggestions or queries submitted by Customers to the Bank through various channels, e.g.: in letters to the Management Board, to the PR Department, through social media, on the phone, or directly at the company's offices, are forwarded to a specially established unit called Customer Problem Lab (CPL). It is a "rapid response team" which aims to immediately (typically within 48 hours) solve Customer problems and prevent them from occurring in the future.

And the same time, we continue the recommendation process consisting in analysing the problems important from the point of view of: Customer, reputation risk, financial risk and operational risk. The main purpose of the process is to identify key problems, effectively work out and implement recommendations



and corrective action on them. Elimination of problems helps to reduce the number of complaints by eliminating the most important causes, which results in increased Customer satisfaction.



The Customer Problem Lab (CPL) team analysed more than 100 cases having effect on Customers. The analysis led to modification of the processes to make them more Customer-friendly and eliminated a large part of the queries. This measures have translated into a downward trend for the number of complaints submitted to the Bank.

In addition, there is a Customer Ombudsman at the Bank. The Customer Ombudsman is the last appellate instance in the complaint process. An appeal to the Ombudsman may be lodged where the response to the complaint so far and any potential appellate procedures do not meet the Customer's expectations. The activity of the Customer Ombudsman contributed to increased feeling of security among our customers due to efficient and objective verification of any problems submitted by them. In 2019, an Ombudsman's dashboard has been created which identifies any improvements to be made, which additionally supports the recommendation process.

Facilities for business customers

Alior Bank's offering for companies was expanded to include virtual cards which assist businesses in managing significant volumes of online payments. They have no plastic form, but they operate only in the online environment as part of the Smart Data service which enables customers to generate a single card number for each transaction. Such solution ensures confidentiality of data and high level of transaction security.

Alior Bank offers to businesses:



**Virtual debit card
denominated in PLN**



Virtual credit card



**Virtual multicurrency card with
access to 23 currencies with no
currency conversion costs**



The existing offering of contactless payments for companies in the form of Apple Pay and Google Pay was supplemented in 2019 with Garmin Pay (Garmin watch) and Fitbit Pay (FitBit watch) payments.

Pursuing its „Digital disruptor“ strategy, the Bank made available the possibility of processing of the financing through its new loan app called Feniks KB. In the Biznes Financial Package, the company receives under a single decision as many as five financing forms to choose from. The amount can be divided into: non-revolving credit, overdraft facility, credit card, factoring, and leasing. Such solution enables the customer to spend money for any of the various needs related to their business activity. Under its new offering for businesses, the Bank has increased the funding amount to PLN 3 million, at the same reducing the loan origination decision to 20 minutes. For the convenience of businesspeople, the application for funding has been integrated into current account opening, card ordering, and activation of access to e-banking. The offering is addressed to micro-, small and mid-sized enterprises.



In 2019, we have also developed an offering for services which are complementary to banking services, on the zafirmowani.pl platform dedicated to businesspeople. The portal makes available to customers, among other things, a questionnaire tool which helps the users to select the form of their business activity. In addition, businesses holding a company account at Alior Bank can connect to the www.zafirmowani.pl portal directly from the online banking level (without additional login). Due to automatic mechanism of pairing the account history with accounting documents, the customer can also check in the accounting module the status of invoice payments.

In 2019, conferences and webinars were held by the Bank as part of „Akademia zafirmowani.pl“. The zafirmowani.pl portal is increasingly a primary website address where to find comprehensive tools for establishing, running and developing your own business activity.

Comprehensive offering and quality of service made Alior Bank in 2019 reach the top of Newsweek and Forbes rankings. The Bank took 1st place in the Newsweek Friendly Bank ranking in the „Mobile Banking“ and „Online Banking“ categories, as well as in the Company-Friendly Bank ranking.





"Cooperation of Alior Bank and the Zaczynani.org Foundation is not just a business relationship. Our Committed to Helping programme shows that Alior Bank employees are willing to engage in volunteering activities."

- Wojciech Grabiec, coordinator of Committed to Helping employee volunteering





3.3. Innovation

In its strategy, Alior Bank has always identified innovation as a key area of its business. It is in response to changes in external environment, increased pace of new technology solutions emerging and growing expectations of customers for the Bank's innovation - in 2018 Alior Bank has built an internal structure - RBL_Innovation by Alior Bank. The new brand is fostered by the Innovation and FinTech Department with its 6 teams: Fintech Partnership Team, Open Banking Team, Blockchain Competence Centre, and Innovation Lab which is responsible for prototyping, UX research, and service design. The objective of RBL_Innovation by Alior Bank is to build two ecosystems: internal and external ones. The former is responsible for testing, creating and moderation of the building of innovative solutions. The latter, external one, is responsible establishing partnerships with fintechs, accelerator, open banking development strategy, as well as investing in fintech, regtech and insuretech companies. Just within one year RBL_Innovation by Alior Bank was recognised by Global Finance magazine as one of 25 best innovation labs worldwide, and the acceleration programme RBL_START carried out by the Partnership Team was nominated to BAI Global Awards 2019. The Innovation and Fintech Department closely works both with the strategy department and with business divisions - Consumer, Business Customer, as well as with the subsidiaries, by recommending and selecting projects which meet the business priorities defined in Alior Bank's development strategy.

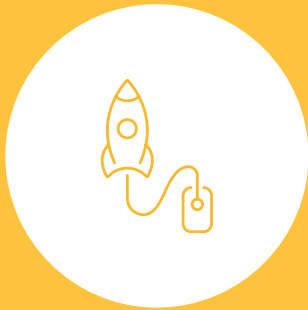
Only during the year RBL_Innovation by Alior Bank was recognized as one of the 25 best innovation laboratories in the world by the Global Finance magazine, while the RBL_START acceleration program implemented by the Partnership Team was nominated for the BAI Global Awards 2019.



The Innovation and Fintech Department closely cooperates with both the Strategy Department as well as business divisions - Individual client, Business client, as well as subsidiaries, recommending and selecting projects that correspond to the business priorities set out in Alior Bank's development strategy.



Alior Bank's internal ecosystem is created by the **Innovation Lab**, or a team dedicated to designing and testing ideas for new solutions. The process is so designed as to provide each unit of the bank with professional support on the conceptual, prototyping and user testing stages, before it creates a business plan and applies for project funding.



The testing team at RBL_



The Service Design Team



The Digital Services Designer Team



Innovation Lab



The Blockchain Competence Centre



Open Banking Team

The testing team at RBL_ is responsible for searching for new ideas and demand from users. It is focused on user experience, or building positive experiences in the Bank's customers. It regularly tests prototypes of new and existing digital solutions, ensuring their adaptation both to user expectations and business needs. In 2019, 30 research projects were carried out, involving 200 respondents who tested prototypes prepared by UX teams.

The Service Design Team provides coherence and commitment in the process of solution creation by using a full gamut of techniques to design of larger and smaller changes improving customer experience. A total of more than 120 workshop days were held in 2019.

The Digital Services Designer Team sees to the functionality and aesthetic qualities of the proposals to be developed. It ensures the compliance of the solution with best practice and trends in the digital world.



Due to creative and experimental nature of the innovation process, a large part of designers' work is spent on building models and prototypes for testing with potential users.

Support to the internal ecosystem of Alior Bank is provided by the activities of the Innovation Lab team, which are focused on transforming the culture of the entire organisation. Through such initiatives as RBL_BRAIN, a crowdsourcing platform, and RBL_SPARKS, a mentoring programme, the team moderates, encourages and sparks innovative perspective in the employees and builds their digital competences. **Five projects were carried out under the RBL_BRAIN initiative, which involved 1675 employees of the Bank. Almost 200 ideas on how to respond to business challenges were proposed.** At the same time, educational initiatives were conducted, including RBL_SPARKS, which build competences in the innovation design area among employees from different areas of the organisation.



One of the units of the Innovation and FinTech Department is the Blockchain Competence Centre. The task of the team is to top the properties of distributed information repositories to create solutions with high level of security and transparency. In Q2 2019, this technology has been implemented in a tool used for the authentication of public documents delivered to the bank's customers, such as: rules and regulations, tariffs of charges and commissions, or interest rate tables. The Bank's customers have gained a transparent solution which is in compliance with regulatory requirements, and Alior Bank has made a significant step forward in digitisation of document flows. In carrying out this project, Alior Bank has been one of the first in the world and the first in Poland financial institution to use the public blockchain technology.

The Blockchain Competence Centre also conducts educational activities and dissemination of this technology by participating in presentations, conferences, in the work of the Group for Distributed Repositories at the Ministry of Digitisation, as well as by holding Blockchain Club meetings. It is an initiative that involves not only Alior Bank employees, but also market experts interested in using this technology. **In addition, dedicated training on the operation and application of the blockchain technology were conducted both for the bank's employees, and for other institutions, such as the KNF.**



The external ecosystem is built based on open banking, partnership agreements with third-party companies, fintechs, startups or through investment projects carried out by Alior Bank's investment vehicle.

The Open Banking Team is responsible for the implementation and development of open banking strategy at Alior Bank. In 2019, it has implemented a number of projects resulting from the PSD2 Directive and the Payment Services Act becoming effective, by which banks were required to make available a testing environment and publish production interfaces to ensure a connection with the services of access to information about the accounts and payment initiation. **Alior Bank has enabled universal use of the testing environment through**



its Developers' Portal in March 2019. In June, the Bank has published an API set with access to production data, which can be used by authorised service providers. At the same time, due to obtaining, as the second bank in Poland, an authorisation for the provision of services in the Third-Party Provider's (TPP) role, the Bank has started to work on tapping the opportunities provided by access to the data held by other banks. Towards the end of 2019, the first service using the API of the largest Polish banks has been launched in the loan origination process. In 2020, further integration with banks are scheduled, as is the use of these interfaces for offering new solutions for Alior Bank's customers. Work will also begin on new APIs by Alior Bank to offer them on the commercial terms to institutional customers and third-party service providers.



Another project which was being developed throughout 2019 by the team of RBL_Innovation by Alior Bank is the Bank's special-purpose vehicle which has executed two transactions during that time. One of them is the continuation project investing in PayPal, a Polish fintech which offers deferred payments for online shopping. This project has confirmed dynamic development and good prospects of the first investment project carried out in 2018. In addition, in December 2019, the investment vehicle has completed another transaction. Jointly with PKO BP and BNP Paribas banks and two venture-capital funds, the vehicle invested in Autenti company. It is an entity which



offers a platform for electronic signing of agreements and digital document flow. It is the first such joint and equal-footing transaction of such a type carried out by banks in Central and Eastern Europe. The Autenti investors are eager to have established cooperation with the banking community, which could support the creation of a Polish standard for, both, remote signing and digital circulation of documents, and thus the development of environmentally friendly solutions in this regard.

Partnership agreements on business or pilot collaboration with partners from the fintech segment is another area of activity of the Innovation and FinTech Department team whose task is to bring to Alior Bank innovative solutions, services and technologies.



In 2019, a total of 15 contracts with fintechs were made, including 8 projects under the RBL_START acceleration programme.

In 2019, more than 200 companies from all over the world applied in the second edition of this banking startup programme, of which 11 companies have been accepted as they responded to the bank's business challenges related to the building of the main relationship with customers, advanced data analysis, and acquisition of new channels through which to offer banking products. The operative partners of the RBL_START programme in 2019 were: PZU, Linklaters, Mastercard, Microsoft, IBM.



3.4. Responsible sales

In Alior Bank, we have always taken care that our products and services get to the people who really need them and for whom they are a real value. We strictly comply with the Unfair Sales Prevention Policy which prevents misselling practices. We have defined the rules for proper construction and distribution of products. We have limited the product shelf, and the selected items from our offering may be distributed only through authorised channels (e.g., Private Banking) and by employees holding appropriate knowledge and experience. We have systematically monitored the sales process for misselling risks. We have defined rules of proceeding with any identified mis-selling cases. All staff have also completed training on the rules of transparent sales.

In 2018 we conducted a series of training courses for branch employees (Road Show) during which experts from the Bank's Headquarters have explained in detail the requirements for responsible sales in the area of investment products. Sales bonuses for employees depend on the quality of the sales process, which we regularly control. The primary mechanism here is post sale customer surveys (so-called Post Sale Calls) for



products involving the highest risk of mis-selling, and this is complemented with the assessment of the quality of documentation, complaints and so-called early resignation of customers.



3.6. Education of employees

Throughout the Group, we take care to enhance cybersecurity competences of the employees. All employees are required to undergo training in this regard, thus raising their competences and awareness of the existing threats. In 2019, we actively tested the effectiveness of such training, through various simulated socio-technical attacks on our employees which demonstrated a satisfactory and ever increasing level of awareness and skills in correct responding to threats among the Bank's employees.

3.5. Security of data and customer transactions

The security of the funds entrusted to us and of our customers' data are our highest priority. That's why throughout the Alior Bank Group strict security procedures are in place to ensure confidentiality, integrity and availability of the processed information. Our security policy and all procedures in this area are updated as required in response to changing cybersecurity conditions in the market, as well as new requirements and guidelines of regulators. In the cybersecurity area, we have conducted both prevention and detection. In 2019, we have upgraded our Data Leakage Prevention (DLP) systems, which makes us even better prepared to limit the risks related to data security incidents.

As an operator of the key service, in keeping with the National Cybersecurity System Act (implementing the requirements of the NIST European directive), the bank has carried out a project of adaptation to that act, achieving full compliance with its requirements. All key systems were subjected to extensive audits and security tests, which provided us with assurance that customers' data and funds at Alior Bank are secure. The safety of data and customer transactions is also monitored 24/7 by a team of highly qualified experts.

Our cybersecurity experts have not only tracked down active new threats, but also analysed trends in this area and on this basis they modified and adapted the security systems.



In 2019, the bank also actively worked with the industry in the area of cybersecurity - both with other banks and with the Banking Cybersecurity Centre at the Polish Bank Association, getting involved in the work of many working groups or forums (e.g., Payment Transaction Security Forum, Threat Intelligence Forum).

Due to such comprehensive approach to cybersecurity, in 2019 the bank reported no major data security incidents and stood out with particularly high security of transactions which translated into a negligible level of transactional fraud.



3.6. Protection of personal data

Protection of personal data of our Customers and thus of the data covered by bank secrecy count among the Bank's priorities. The Bank is the controller of personal data of millions of Customers and processes such data for various purposes, of which sale-related purposes are the most important, though not the only ones. We are committed to the protection of our Customers' privacy.

Since the entry into force of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (hereinafter referred to as "GDPR"), the Bank has modified its approach to data protection. In compliance with the GDPR, the Bank focuses on the assessment of data processing risk as soon as in the initial design phase (privacy by design) and evaluates the effects for data processing of all new relevant processes and projects.

In May 2019, the Act of 21 February 2019 amending certain acts in connection with ensuring the application of the GDPR came into force. This Act amended the provisions of such acts as for instance the Banking Law, Labour Code or act on providing services by electronic means. These amendments required the Bank to adjust to new provisions, among which the most important ones in the Banking Law area were: to ensure the right to information about the factors that influenced the credit decision and ensure the right to human intervention in loan-related automated decision-making. The amendments applied also to the processing of Bank employees' data as regards video surveillance regulating, change of the extent to which the employer processed personal data or matters related to the Company Social Benefits Fund. We monitor legislative amendments and regulatory guidelines on an ongoing basis to quickly respond to any changes in this area and ensure compliance.

The GDPR has been in force for over a year and a half and we have observed constant, even growing interest in personal data protection, both on the part of natural persons and on the part of legal persons and other entities which since 2018 have begun to pay more attention to the subject. Probably it is caused by huge financial penalties that can be imposed by the data protection authority and the giant GDPR-related publicity, but also by growing awareness of what a valuable commodity data and information are in the 21st century.



The Data Protection Officer's e-mail box available on the Bank's website receives thousands requests from Customers related to their rights resulting from the GDPR as well as other questions regarding data protection. Letters from our Customers and the regulator give us credit for ensuring the rights which arise from the GDPR in a timely and substantive manner.

3.7. Secure electronic banking

As a „digital disruptor”, we are aware that technology progress and digitisation of financial services come with new threats appearing daily in the market, which we need to anticipate and tackle. That's why in 2019 we have provided our customers with increased security of access to the account by implementing strong authentication in the banking login process, and we have made available secure and convenient authorisation of operations using PUSH messages in the mobile app. We have also adapted our online banking to the requirements of PSD2 directive.



We have also expanded our systems which monitor and protect the funds of customers in electronic banking (e.g. FDS - Fraud Detection System or Malware Shield). They incorporate a number of improvements (some of them are proprietary and unique in the market) which allow us to even better respond to the existing and future threats to electronic banking. We have also adapted these systems to new challenges and threats from „open banking” provided for by PSD2. We have also expanded the operation of the FDS system onto electronic banking dedicated to business customers (BPro), replacing the previous system there with a single centralised, state-of-the-art antifraud solution.

We are aware that transaction security also depends on online behaviour of our customers, that's why the Bank has conducted an extensive campaign about new threats addressed to customers in social media, through dedicated email communication, and on our web pages.

In 2019, the bank also supported an educational action on cybersecurity, called „Bankers for Education”, organised by the Polish Bank Association and Warsaw Banking Institute. The action was to promote awareness on cyber security, electronic economy and electronic payments.





"A book and its wise use provide us with an excuse to talk, build relationships, educate, inspire and develop social projects."

- Agnieszka Machnicka, President of the Zaczytani.org Foundation

4. Employment - who are our employees?

4.1. Headcount

At the end of 2019, Alior Bank Group held 8143 FTEs. The largest number of our employees work at Alior Bank - 7624 FTEs. In terms of headcount, Alior Bank S.A. ranks fifth among ten biggest banks in Poland.

2018



8228

2019



8143

[GRI 102-8]

Alior Bank's employees by type of employment

	Male	Female
Open-ended contract of employment	2299	4058
Contract for a definite time	566	850
Trial contract of employment	61	64
Replacement contract	18	26

Alior Bank's employees by working time

	Male	Female
Full-time	2766	4594
Half-time or more	48	266
Less than half-time	130	142

Alior Bank's employees by age

	Male	Female
>30	2766	4594
30-50	48	266
>50	130	142



Alior Bank's employees by structure

	Male	Female
Management Board members*	2766	4594
Managers	48	266
Other	130	142

*Members of the Management Board are listed only in the Alior Bank Employees table by structure. Tables regarding the type of contract, full-time employment, and age do not include Management Board Members.

Implementation of the „Digital disruptor“ strategy at Alior Bank requires adaptation of our employees and changes in personnel policy. We know that, to effectively and security transfer our customers from the analogue to digital world we also need to undertake cultural transformation inside our Bank. Only in this way will we be able to achieve our strategic goals by 2020.

Four priorities for HR development for 2017-2020 covered by Alior Bank's business strategy are the following:

1. Develop Transformational Leaders;
2. Nurture Employee experience;
3. Develop Digital Alior People;
4. Support the development of ethical and effective organisational culture.



4.2. Development of Transformational Leaders

Changes at Alior Bank require new-generation leaders. In implementing our strategy, we put strong emphasis on the role of managers who, as organisational leaders, should be not only effective but also should inspire the employees, get them involved and be ambassadors of Alior Bank's values - ethical attitudes, simplicity, agility and teamwork.



We have developed our unique leadership model taking into account Alior Bank's challenges. A leader at our Bank should be a person who:

- Sets out involving goals which are linked to Alior Bank's strategy and explains how they contribute to progressing the strategy. In communicating these goals, he or she demonstrates their meaning by referring to Alior Bank's values and to the customer perspective;
- Leaves autonomy in choosing the method by which to achieve these goals. Shows trust and respect, and acknowledges individual input of each employee in progressing Alior Bank goals;
- Supports the development, and encourages employees to take responsibility for their development. Inspires and supports employees in development and measures taken by them, and takes into consideration their professional aspirations;
- Carries forward four values of Alior Bank Group - conducts fairly in in-house relations and towards the customer, takes responsibility for the achievement of Alior Bank's goals, and adapts the priorities of his/her team to the organisation's strategy. Acts according to the rule: „we are all on the same team“. In his/her activities, he/she focuses on what actually builds value for the customer, promoting simple and effective solutions. Promptly responds to changing circumstances and efficiently implements any necessary solutions.

Measure that we have taken as part of Leader transformation:

- T-LAB - programme dedicated to B-2 directors and managers, whose main idea is to build transformation leadership;
- Transformation Ambassadors - workshops for directors who are ambassadors of the idea of transformation leadership;
- Manager's Toolkit - a package of training courses for directors, managers and leaders at Alior Bank.

Zmiany w Alior Banku wymagają liderów nowej generacji. Wdrażając strategię duży nacisk kładziemy na rolę menedżerów, którzy jako liderzy organizacji nie tylko powinni być skuteczni, ale także powinni inspirować pracowników, angażować ich i być ambasadorami wartości Alior Banku – etycznych postaw, prostoty, zwinności oraz zespołowości.



4.3. Working conditions

These are Job Rules & Regulations which defines the internal order and organisation at Alior Bank and defines the rights and duties of both employees and the employer related to the job process. The document is available to all employees of the Bank, and any modifications are communicated to the employees as soon as they are made.



In the Bank, OSH tasks are carried out in accordance with current legislation in this regard. These regulations commit us to applying broad accident prevention and conduct periodic OSH training for the required groups of employees. Employees who start the job complete initial training which is to build the awareness of safe behaviour at the workplace. To furnish employees with practical skills of providing pre-medical aid, training courses are organised which allow them to acquire the appropriate skills.

We have been constantly improving the working environment and conditions at our Bank. We have carried forward the „smartphonisation” project implemented in the prior year whose purpose is to equip the employees with modern phones to enable them remote working. A vast majority of the Bank’s employees have an iPhone.



We take care that our employees have access to the latest news on the Bank and employment affairs. With this in mind, we have developed Kompas, a employees portal. It’s a tool which has capabilities similar to those which we all know from social media. Kompas publishes daily news which makes everyone have access to the latest information. Kompas also provides for efficient communication between employees (through a chat service), allows the employees to develop their own profiles, create social groups which promote integration and at the same time support project work. Kompas is also available on each business phone of employees. Kompas provides for convenient conduct of e-learning training, and employees define their annual goals in it (periodic assessment). We will continue developing this tool through 2020.

What is very important is also that, at Alior Bank, we take effort to introduce new, agile working methods. For instance, project groups are organised which combine many competences in one place - business, analytical, programming and testing capacities - necessary for carrying out the respective project. The main advantage of such approach is shortening the communication path which enables agile acting and prompt responding to changing requirements or technology.

Each time, we survey the involvement of our employees at all our units. Based on the outcomes, we initiate measures focused on increasing the involvement and bringing improvement in key areas.



**In 2019, we achieved the involvement indicator at 48%.
As many as 79% of our employees took part in the survey.**



Compared to the outcomes of the prior survey, the Bank's employees have noted improvement in working conditions and in opportunities to perform ambitious tasks - 62% (1 pp increase on 2018). Employees feel supported if they are well adapted to their jobs and roles and can work in conditions conducive to demonstrating their potential.



4.4. Benefits

All Alior Bank's employees can use many attractive benefits (including corporate life insurance and a rich package of medical care) as well as a broad offer of the Company Social Benefit Fund which organises events which have become the Bank's tradition, such as sporting competition or family picnics.

In 2019, 12 types of benefits were available under the Company Social Benefit Fund, which were used more than 35,000 times. It means that an average of more than 4 benefits per employee with children were provided.

Most popular among employees were multisport cards, used by 6000 individuals, and slightly less than that, 5995 employees, received multi-tickets. Christmas gifts were given to 5095 children and more than 5000 employees and more than 4000 of their children used the holiday allowance. „Layette“ for newborn babies went to the children of 512 Alior's employees. Non-repayable aid were received by 249 people and 163 people received advances for home redecoration.



512

„Layette“ for newborn babies



249

nNon-repayable aid



163

advances for home redecoration





In June 2019, in the three locations which have the largest number of the Bank's employees, i.e., in Krakow, Warsaw and Gdansk, picnics were held, to which Alior's employees with families were invited. They were an excellent opportunity to better know each other and build teams by a table and sporting games, also for the employees of Alior Bank's distributed sales network in these regions. As many as 2247 people used this form of activity in 2019.

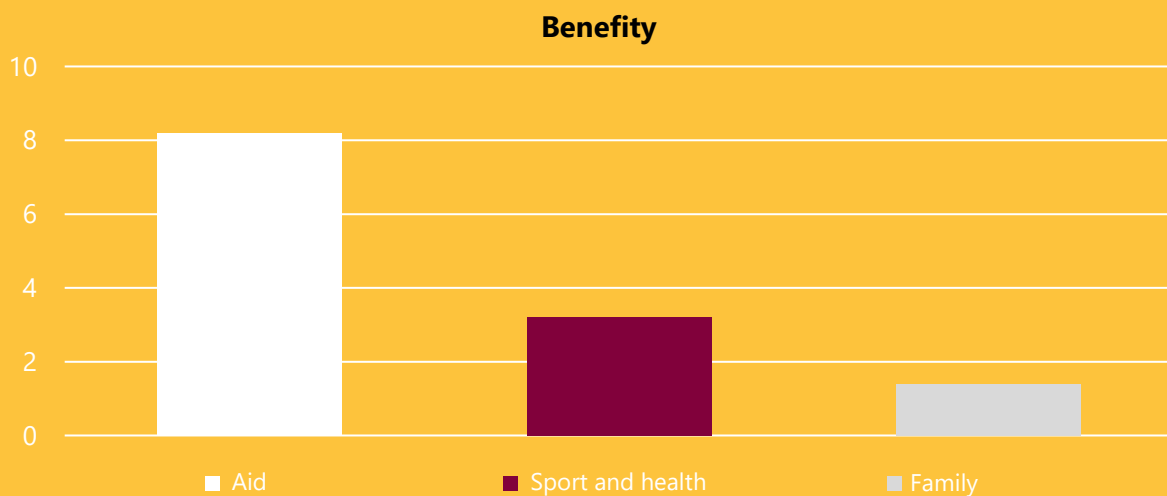


As part of support to sporting initiatives, 13 sporting sections associating Alior's employees, and in September a sporting contest were held, attended by 584 people from the Bank who competed in sporting events, both for teams and for individuals.

Alior Bank also provides its employees with opportunity to meet in less formal settings and each year assigns funding for integration events.

Alior Bank keeps an Assistance Fund which provides non-repayable financial aid to Bank's employees and their families who found themselves in particularly precarious circumstances. In 2019, PLN 230,300 were disbursed from the fund, including monthly pensions for 15 children of deceased employees and two allowances.

Under the Employee Capital Plan Act of 4 October 2018 (Journal of Laws 2018, item 2215) employee capital plans were introduced to Alior Bank's companies and to Alior Leasing in 2019. The implementation was conducted in accordance with the Legislator's guidelines, i.e., a number of communication and training activities for employees, and in collaboration with trade unions. The information analysed in the first half of January 2020 (i.e., taking into account employee contributions in December 2019) show that 3857 individuals used the programme at the Bank, which is 48% of the PPK eligible individuals.



Under the Employee Capital Plan Act of 4 October 2018 (Journal of Laws 2018, item 2215) employee capital plans were introduced to Alior Bank's companies and to Alior Leasing in 2019. The implementation was conducted in accordance with the Legislator's guidelines, i.e., a number of communication and training activities for employees, and in collaboration with trade unions, i.e., The information analysed in the first half of January 2020 (i.e., taking into account employee contributions in December 2019) show that 3857 individuals used the programme at the Bank, which is 48% of the PPK eligible individuals.



BEST PRACTICE

Rules and Regulation of the Alior Bank Employee Aid Fund

The purpose of the Fund is to provide non-repayable financial aid to Bank's employees and their families who found themselves in particularly precarious circumstances. These funds are assigned for financial aid in connection with the loss of health due to serious disease and accidents, for family members in the event of death of a Bank's employee, in the event of a loss of entire or a significant part of the assets due to fortuitous events. The aid is provided against an application with grounds. The decision to provide aid is taken by the President of the Management Board or his/her authorised representative. In 2019, monthly pensions were disbursed for 15 children of employees who died and two individual allowances.

4.5. Diversity management

Alior Bank S.A. does not hold any developed and formally approved by the Company's authorities diversity policy valid throughout the entire organisation. However, the Bank has for a number of years taken into account in its HR policy some elements of the diversity policy mindful that the value derived from differences are an additional asset of our organisation.

Since June 2018, the Bank has had in place a Policy of Working Environment Free from Undesirable Behaviours, which delivers, among other things, the Employer's duty to prevent and counteract undesirable behaviour in job relations, in particular: discrimination, mobbing, humiliation, sexual harassment. After slightly more than 1.5 years of having this Policy in place, a team of in-house experts reviewed the performance of the Policy both in quantitative and qualitative terms. Based on the analysis, recommendations were work out which were presented to the Management Board of the Bank and received the required acceptances. As a result, they will be fully put in place in the initial months of 2020.

The Bank provides working conditions which are conducive to full tapping and developing of unique traits, skills and interests of all employees, including the managerial staff, including through participation in training.



Since mid-2018, the Bank has had in place a Policy of Working Environment Free from Undesirable Behaviours, which delivers, among other things, the Employer's duty to prevent and counteract undesirable behaviour in job relations, in particular: discrimination, mobbing, humiliation, sexual harassment. A team of in-house experts keep reviewing the compliance with legislation and the performance of the Policy, making updates, the most recent being in the last quarter of 2019.

At Alior Bank, diversity-related matters pertain to many aspects of the Bank's activity and are aimed at respecting other people, treating everyone equally and utilising employee potential. The Bank and its Employees follow the Principles of Good Banking Practice adopted by the Polish Bank Association on an everyday basis. The Bank's recruitment standards are compliant with the EU's Directive on equal treatment in employment which means that the Bank observes the provisions regarding equal treatment in employment and occupation.

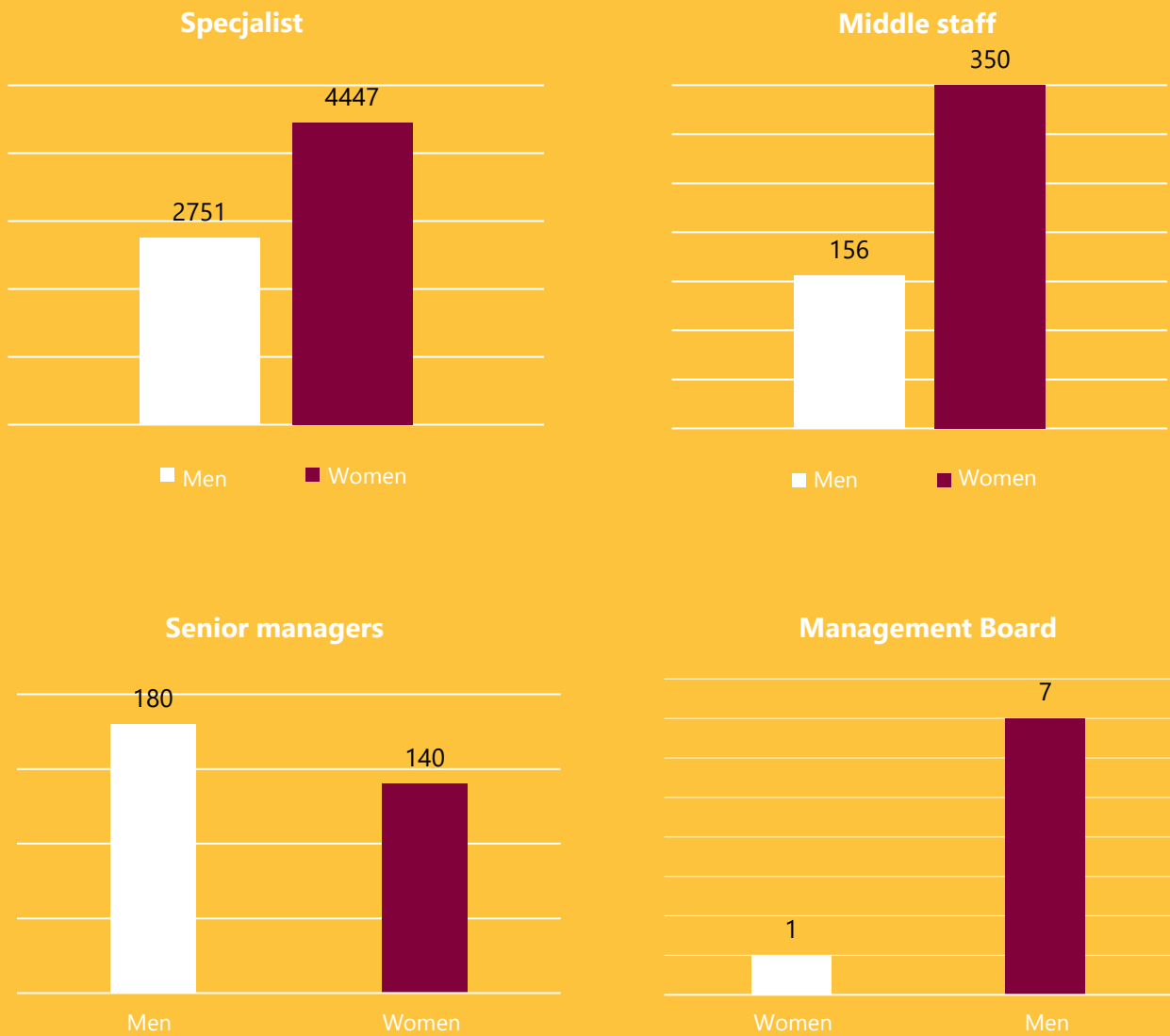


As at 31 December 2019, the number of persons with disabilities employed with Alior Bank increased by 9% compared to 31 December 2018.

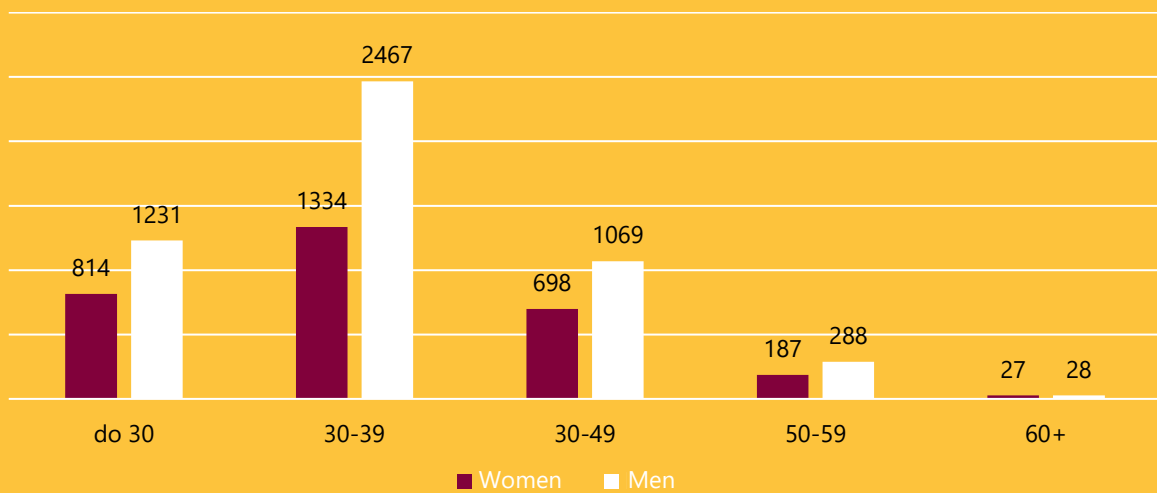
Processes related to candidate selection are based on objective grounds and their respective stages follow established patterns and rules. Adopted internal rules for task performance in the field of occupational health and safety as well as technological and technical solution standards result in undertaking necessary actions to adapt a workplace for persons with disabilities. Alior Bank requires mutual respect from all employees, regardless of their position, and does not accept any form of discrimination. The Bank's internal regulations, i.e. Code of Ethics and Work Regulations, comprise relevant provisions, including anti-discrimination ones, compliant with the Labour Code. Since June 2018, Alior Bank has had in place the Policy of Deterring Undesirable Behaviour, which applies to all Alior Bank Employees and delivers the employer's duty to prevent and deter undesirable behaviour in job relations, in particular to counteract: discrimination, mobbing, pestering and sexual harassment. As part of this Policy and joined actions of Compliance and HR units, the Bank has provided all employees with a mandatory training related to work environment free from undesirable behaviour. The Bank employees are trained also as regards standards of customer service culture in the case of persons with disabilities. The Bank headquarters located in Warsaw, Gdańsk and Kraków have lifts and sanitary facilities adapted for persons with disabilities. In our branches around the country, we facilitate access for disabled customers (who must use wheelchairs) for instance through platform lifts installed.



Composition of employees, by job level and sex



Composition of employees, by age



We want to attract best specialists and market experts to work with Alior Bank. That is why we offer to our staff attractive pay, which is governed by the Pay Policy, which has the following objectives, among others:

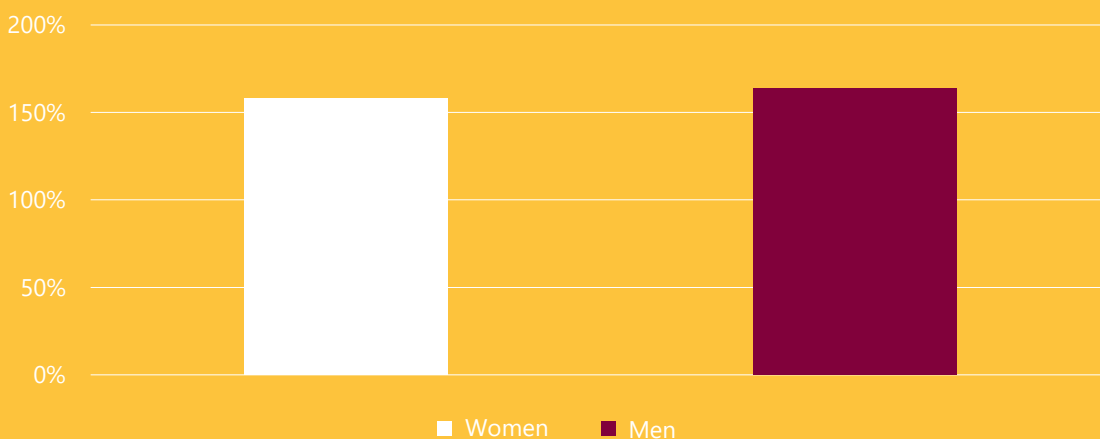
- promote proper and effective risk management and discourages from taking excessive risks;
- promote the strategy for sustainable development and prudent risk management policy;
- mitigate conflict of interest;
- allow us to maintain transparent relationship between individual results and individual pay by focusing on goals linked to responsibilities and actual influence;
- ensure that the Bank's staff act in the best interests of their customers, including provide them with clear and transparent information on services and products offered by the Bank.

All Group companies employing more than ten people have a Pay Policy / Rules in place. Such Policy has been implemented in four largest Alior Bank Group companies, i.e., Alior Bank S.A., Alior Leasing Sp. z o.o., Serwis Ubezpieczeniowy Sp. z o.o. and Alior TFI S.A.

In 2019, based on analysis that were conducted, a process was designed which will be rolled out at the Bank in 2020. Its purpose is to build competitive market advantage by ensuring an attractive, comprehensive Employer Value Proposition (EVP) and a seamless interface of the employed person with the main processes of the Bank and its products, in order to build higher involvement and willingness to recommending Alior as a Bank and as an employer. EVP is a vision of adequate proposition for adequate target groups. 12 workshops were held in the process, which involved about 170 staff of the Bank

[GRI 202-1]

Pay of the lowest job level as compared to minimum wages (PLN 2250 gross), by age



4.6. Development of staff competencies



We constantly take care to develop our staff competencies. Our development policy provides all Alior Bank's staff with opportunities of specialising as experts in the selected field, by being able to develop their own competences resulting from their job responsibilities, as well as their aspirations and team management skills. The management system and the new development model that we have rolled out allow us to effectively guide specialists and dynamically develop their careers. We have made available to our staff a gamut of training programmes led both by in-house and third-party coaches. Our proposition encompasses training on products, sales and quality of service, interpersonal skills and management skills.



In 2019, the average number of training days per Labour-Code employee was 2.8 days, which, taking into account the scale of employment, results in almost 180,000 training hours delivered at the Bank. The Bank also keeps training analytics of managerial jobs and 1484 training days were delivered in this respect in 2019, involving a total of 628 managers.

Since the first day of employment, we take effort to equip the new employee with knowledge necessary to delivering the responsibilities assigned to his or her job. Newly employed people are sent to orientation training, which is in part the same for each member of the organisation (welcome day), and further dependent on the specific features of the job and his/her role in the organisation, with particular consideration of his/her place in the Service Network.



During the calendar year, a number of training sessions and workshops were held, during which the participants were able to deepen their knowledge on the products and services offered by the Bank, as well as to make progress in the achievement of any development goals set out for them by their superior in areas related to soft skills, which are available as part of the Future Competences Academy.



Regarding the activities available as part of the Future Competences Academy, in addition to training delivered at the Bank by in-house coaches, the staff could also use the experience of selected third-party companies. The activities included the skills covered by Alior Bank's business strategy: development of Digital Alior People (application training on Excel, VBA, SQL, training on new technologies), focus on Customer and Employee experience (Design Thinking, LEAN workshops, creative thinking training), as well as consistent with the building of ethical and effective organisational culture (social intelligence, inter-generational breaches, personality types, volunteering activities). Alior is intensively involved in volunteering activities, which is demonstrated by the number of people involved in such activities – almost 560 employees in 2019. Seventy-seven events were held in 2019. This makes up a total of almost 3600 hours, of which about 57% are working hours and about 43% – the hours worked in the employee's free time.



**560 employees
volunteering**



77 events



**3600 hours of
volunteering**

In 2019, we continued the part of the Future Competences Academy devoted to well-being, as part of which, in addition to relaxation workshops, we offered to those interested yoga sessions and healthy spine sessions at each of our main office locations.

Carrying forward best practice from prior years, in 2019, we took care to ensure internal transfer of knowledge by continuing our "Share Your Know-How" programme, under which experienced staff, supported by the Talent Development Department, shared their know-how with those willing to get that knowledge.

A factor which influences employees development are measures agreed with the direct supervisor who, as part of the budget assigned to him/her, has as his/her disposal funding for training and development for his/her staff. Due to such management, in keeping with the principles of agility and simplicity, Department employees can propose training initiatives themselves. Such development applies to the areas:

- which require expert skills (e.g., topics related to strategy, management of IT architecture, physical and electronic security, programming languages);
- of a changing environment, yet effective and quality work (applications, languages, interpersonal skills training).



Under that programme, the employee may apply for employer's participation in the education costs, e.g. postgraduate studies.



All Group companies regularly review their respective policies, procedures, manuals and other regulations. In addition to reviews, new standards are being implemented which are necessitated by internal needs of particular organisations or by guidelines of external regulators. These documents define the overall orientation of the organisation and determine the rules to be applied by particular companies in the respective thematic areas.

Regarding community, employment and environmental topics, in 2019 the Bank has implemented a Policy for training and certification of knowledge and competencies of the individuals who are to carry out at Alior Bank the activities mentioned in Article 82a(1)(1) or (2) of the Trading in Financial Instruments Act (M Training Policy). Holiday Allowance Payment Rules were implemented at Alior Services sp. z o.o. In the same year, in NewCommerce sp. z o.o. detailed OSH rules were implemented that define security requirements for the organisation and doing of work on electronic equipment, and Assessment of Occupational Hazards at NCS Positions, identifying new hazards and providing for a correction of measures to prevent the already existing hazards. A Code of Ethics was implemented in 2019 both at NewCommerce sp. z o.o., and at Serwis Ubezpieczeniowy sp. z o.o.

[GRI 404-1]

5. Community and neighbourhood responsibility

5.1. Community involvement

The Group has no formal procedures or policies in place to govern the topics of the effect on the neighbouring community, however, acting by the rules of corporate social responsibility is for us very important and we set great store by support to the local community initiatives. Social responsibility accompanies us virtually from the very inception of our activity.



In 2019, we provided more than PLN 300,000 for social causes.

[GRI 203[-1]



Special CSR area at the Bank is sophisticated culture which is invariably associated with us among customers since our inception. In the area of social responsibility it means for us a commitment to support initiatives to promote culture and prevent social exclusion by supporting the access to cultural or sporting values. We try to be close to the events which are important for the Poles.

As an institution laying emphasis on corporate social responsibility, Alior Bank has been involved in a wide range of initiatives, both on a local and on a nation-wide scale for years. Such activities aim not only support to the execution of particular projects, but also dissemination of knowledge in the area of social responsibility and sustainable development among employees, customers, business partners and shareholders of the Bank.



In 2019, as part of employees volunteering programme called “Engaged in helping”, almost 80 various events and social activities were delivered, in which the Bank’s employees were involved. At least 780 people took part in all the activities. It should be however noted that some of the activities were open in nature and were not recorded – such activity was, among others, the collection of the necessities for those in need, or the “Give a Present” initiative, under which employees prepared Christmas gifts, which engaged more than 1300 people.

An estimated of about 3500 hours were devoted to social action, of which more than 2000 hours was during working hours, and 1500 was private time of our employees.



In 2019, more than 7% of the employees engaged in volunteering (as compared to more than 1% in 2018).

During 2019, many actions initiated in prior years where continued, such as:

- Educational action for children and young people carried out as part of the “Banking Is OK” project which involved more than 100 people;



- Workshops preparing our employees to the fairy-tale educator role, as part of the Zaczytana Akademia (Engrossed in Reading Academy), a project carried out together with our strategic partner, Zaczytani.org Foundation, which involved 69 people, thus expanding to almost 100 people the group of volunteers engaged in the project. Notable is the activity of our staff from Rzeszów, where, on their initiative, an "Engrossed in Reading" Academy project will be launched at the local hospital;
- The Christmas "Give a Present" initiative, as part of which employee respond to letters with the needs and dreams of the pupils of social partners with which we work. More than 1300 people from all over Poland were engaged in the last years' action. The "Give a Present" action consisted in preparing Christmas presents for more than 360 beneficiaries, including children and young people from childcare centres, children with cancer, people with disability, lonely old people, people in the homelessness crisis or in a very tough living circumstances. As part of the action, we worked with 19 community organisations selected and reported to us by our stuff.



In 2019, there were also new important activities in the community area. We put very large emphasis on building the awareness of social responsibility and engagement in the local activities among our staff. As part of the programme to develop the competences of the staff of the service network, we have delivered a project called "Development-Zappy – Engaged in Helping", to which we invited 110 employees from all our sales regions. These people took part in an educational workshop devoted to Sustainable Development Goals, and then independently prepared and delivered local community projects. These people were taking decisions on selecting the beneficiary of the action, social partners selected for collaboration, the targets of the action and how to deliver it. **In this way, 15 projects were established and delivered, the purpose of which was to prevent social exclusion of children and young people from childcare centres, people with disabilities, seniors, people in difficult living circumstances, as well as project geared towards the promotion of sports and healthy lifestyle, projects for the environment and animals.** The objective of the project participants was also to promote social engagement among employees of the regions and their relatives, i.e., assuming the ambassadors' role. Thus, almost 200 employees got involved in the activities.



GOOD PRACTICE

Development-Zappy - Engaged in Helping

The programme was established for the best staff of the sales network to enhance not only their business competencies, but also to build their awareness of what is social responsibility. These employees became ambassadors of employees volunteering in their respective regions.

As strategic partners of Zaczytani.org Foundation, we got involved in the action carried out by our partner, called "Grand Collection of Books". The collection was conducted not only among the bank's employees, but also involved almost 100 branch outlets which play the role of open points of collection where anyone can bring with them the books intended for the action. In this way, we have collected more than about 36,000 books which were then transferred to our partner, Zaczytani.org Foundation.

Volunteers from the Bank who are also "fairy-tale educators", took part in the Polish Language Festival sponsored by Alior Bank, as part of which they conducted educational activities for the youngest participants of the festival, as well as educational activities for their parents. The activities for the youngest people lasted one hour in six days, and for the adults – one hour in five days.





**103 ODDZIAŁY
ALIOR BANKU**

**603 TYS.
ZEBRANYCH
KSIĄŻEK**

ZEBRAŁY

**36 TYS.
KSIĄŻEK**

**884
BIBLIOTEKI**

**74
MIASTA**



A very important social activity which should be mentioned, implemented with the participation of the bank's volunteers, was Poland's first Social Ideathon "Chcieć to MOC" (Will is POWER). This event was held by nine companies allied within the Human Explorers initiative. The purpose of the event was to work out new solutions to improve the employment situation of people with disabilities. Integracja Foundation was the social partner of the event.



GOOD PRACTICE

„Will is POWER” Ideathon

Twenty-five hours of work, almost 100 participants, nine different companies, 12 creative solutions to improve the job situation of people with disabilities.

Poland's first event held by nine companies allied within the Human Explorers initiative - Social Ideathon. The purpose of the event was to work out new solutions to improve the employment situation of people with disabilities. Integracja Foundation was the social partner of the event. Our collaboration was to show to the world a new form of social engagement - competences and creative support of a social partner in carrying out its community activity.

In 2019, we noted increased interest in social activities as a team-building tool among the Bank's employees. On the initiative of particular units, refurbishment projects were delivered for the places of community activity of seniors and childcare centres, rehabilitation of green areas of healthcare facilities, and actions to promote healthy and active lifestyle.



Under „Do It Yourself” projects, we supported the development of creative competencies among our staff by holding actions by which they produced themselves items for community purposes, such as e.g., making Christmas cards for lonely seniors, as well as floristic workshops which involve the seniors, preparation of scratchers for cats staying in shelters, stuffed toys for children from child care centres, as well as making Christmas decorations for a charitable fair which was held in December 2019.

We immensely enjoy growing interest in community activity among the Bank’s employees. We perceive employee volunteering both as a way of taking social responsibility, but also as a tangible tool to develop the competences of our employees. We promote and support a vast majority of the initiatives taken by our employees. We consider this the delivery of the value of our company which is teamwork.



Working with Zaczytani.org Foundation

In 2019, Alior Bank has become strategic partner of Zaczytani.org Foundation.

The mission of the foundation is to promote readership and social education. In addition, fairy-tale therapy conducted at hospitals by foundation volunteers contributes to supporting good health and higher quality of life. The activities conducted together with the foundation deliver the #HigherCulture (*#WyższaKultura*) model which is imprinted in the bank’s strategy of social and sponsoring activities. By supporting the Zaczytani.org Foundation, Alior Bank also supports development of education, culture and readership involvement, and contributes to better health. We contribute to goals number three and four of the UN Sustainable Development Goals.



Twenty-nineteen was a year full of joint projects, events and initiatives with Zaczytani.org Foundation. Below are presented the main ones.





Grand Collection of Books

As strategic partners of Zaczylani.org Foundation, we got involved in the action carried out by our partner, called "Grand Collection of Books". It is nation-wide social action which involves both private individuals (donors) and institutions such as kindergartens, schools, public authorities, museums, etc. (collection points). The Grand Collection of Books was conducted not only among the bank's employees, but also involved almost 100 branch outlets which play the role of open points of collection. Books were brought by our customers as well as other residents of towns and cities. In this way, we have collected more than about 36,000 books which were then transferred to our partner, Zaczylani.org Foundation, and further on to hospitals, care facilities, community centres, children's homes and other institutions. A total of more than 603,000 books were collected by the foundation during the Collection action. Due to Alior Bank branches joining the Grand Collection of Books, the initiative expanded from 7 to 77 towns and cities nationwide, and a total of more than 1300 collection points participated in the collection action. We estimate that more than 50,000 people got engaged in the Grand Collection of Books campaign, including about 3500 from Alior Bank.

Engrossed in Reading Academy

In 2019, 82 employees of our bank took part in fairy-tale therapy training and received Fairy-tale Educator certificates. These people regularly go to hospitals where they conduct fairy-tale therapy for children – in addition to reading, they discuss the school set reading, conduct exercises, play games, and just spend time with the patients. Our volunteers took part in the Polish Language Festival sponsored by Alior Bank. During the festival, they conducted, together with foundation members, fairy-tale education activities and workshops for the youngest participants of the festival, as well as educational activities for their parents. The activities were conducted every day for six days.

The Foundation delivers 50 hours of fairy-tale therapy a week throughout Poland, and its audience are about 13,000 children.

„Engrossed in Reading” Benches

„Engrossed in Reading” Benches (Zaczytane ławki) are urban furniture in the shape of open books which raise interest, inspire and educate. Each bench is equipped with a QR code which allows one to download books in electronic form free of charge. The benches make a Poland tour of exhibitions of “Engrossed in Reading” Benches, and the exhibitions are accompanied by readership events with the participation of Foundation ambassadors (actors, musicians, artists).

In 2019, 12 new „Engrossed in Reading” Benches were created, including three sponsored by Alior Bank - three benches from Alior Bank attracted an audience of 13.5 million.





ZACZYTANA

Ławka Brzechwy

zaczytani.org



“Engrossed in Reading” Libraries

Throughout its activity, the foundation established more than 1000 “Engrossed in Reading” Libraries (Zaczytane Biblioteki) in hospitals, children’s homes and community centres, among others. With Alior Bank’s support, 288 new libraries were established in 2019 alone. Thanks to them, patients can have a better time at hospital, because, as research has shown, fairy tales help them to reduce anxiety and fear, as well as promote quicker recovery. The purpose of the Libraries is also to promote readership – the reader can take the book home and does not need to return it to the library. Libraries are regularly replenished by Foundation volunteers. These libraries offer books both for children and for adults. In November, the Thousandth “Engrossed in Reading” Library was established at Warsaw Children’s’ Hospital under Alior Bank’s sponsorship – it was accompanied by a happening with the Foundation ambassadors and Alior Bank’s volunteers.



In 2019, the Foundation established 288 new “Engrossed in Reading” Libraries. Ten of them were established under direct sponsorship of Alior Bank. A total of 25,200 direct beneficiaries have used Alior Bank’s libraries.



Readership events

The Foundation has regularly held readership events throughout Poland. Thirty-two were held in 2019, of which 14 with the participation of Alior Bank. We jointly took part in Warsaw Book Fairs, where we met children and talked to their carers about fairy-tale therapy. In addition, three large outdoor events were held to inaugurate the exhibitions of „Engrossed in Reading” Benches in Krakow, Warsaw and Gdansk. These events were accompanied by educational games, lectures for adults, meetings with ambassadors such as Katarzyna Pakosińska, „Hrabi” Cabaret, Katarzyna Błażejewska-Stuhr, Joanna Jabłczyńska, Monika Mrozowska. Together with the Foundation, the bank also held six readership meetings with the participation of ambassadors - three meetings at „Engrossed in Reading” Benches of Alior Bank, and three at „Engrossed in Reading” Libraries of Alior Bank. In addition, we were actively present at the Polish Language Capital City Festival in Szczepczeszyn. Alior Bank’s special reading zone for children and their parents. Every day, we conducted fairy-tale therapy workshops and participated in discussion panels.



In 2019, Alior Bank took direct part in 14 readership and literature promotion events. These events attracted a total of about 200,000 participants.



Polish Language Capital City Festival

In August 2019, like in prior years, Alior Bank sponsored the Polish Language Capital City Festival held for the fifth time in Szczeczeszyn.

Volunteers of the programme engaged in helping got involved in holding the Festival. On the small scene of the festival, together with representatives of Zacztyani.org Foundation, they conducted fairy-tale education activities for the youngest participants of that event. At the same time, adult participants could take part in educational workshops on fairy-tale education process. This year, a special programme for children was prepared, and they could learn literature in pleasant and active way. The agenda of the Small Capital City of the Polish Language, because that was the name of the part created for children, was rich in musical and literary workshops for the youngest people and their parents.

About 15,000 take part in the festival each year. Workshops for children lasted one hour in six days, and for the adults - one hour in five days.



GOOD PRACTICE



zacztyani.org



Other sponsorship activities

In 2019, Alior Bank became a nationwide partner of the 12th Cavalcade of the Magi in Poland for the fourth time in a row.

The Bank also took sponsorship of the fifth edition of the "Polish Language Capital City Festival" in Szczepleszyn which was held in August. This event got the rank of one of the most important literary festivals in Poland.

In October 2019, Cracow hosted the 5th European Cybersecurity Forum – CYBERSEC 2019, and Alior Bank was its strategic partner. This event figures into several Alior Bank's strategic areas – innovation and security. It's the third sponsorship of that event by Alior Bank in a row.

The Bank also sponsored sporting competitions as part of Private Banking activity. We continued the activities started in 2018, by extending partnership to golf tournaments held by PGA Polska (Golf Coaches' Association). These tournaments are attended by wealthy people qualified to do Private Banking segment – top managers, businesspeople and celebrities.

In 2019, as a continuation of cooperation with the Polish Football Association, Alior Bank supported Poland's Football National Team as its official partner.

It's another time that Alior Bank sponsored the Rock Legend Festival in Dolina Charlotty. Six concerts were organised during the Festival, including: John Fogerty, Foreigner, Thirty Seconds to Mars or The Australian Pink Floyd Show. The Festival attracts each year flocks of fans from all over Poland.

In September 2019, Alior Bank also supported the "Przemysl Five for the Hospice" Run – a local event with enjoyed great interest in the region.

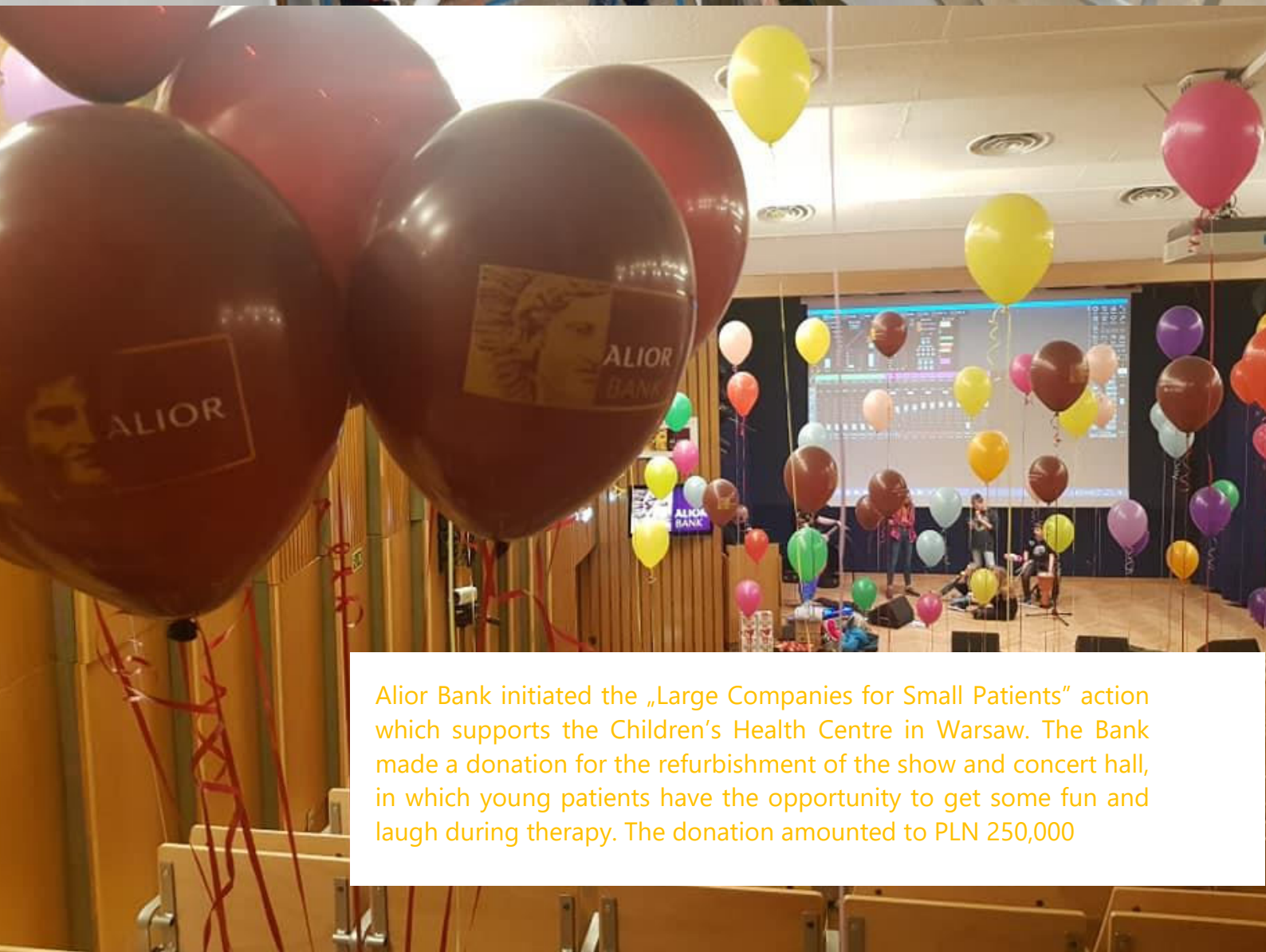




ALIOR
BANK



**#WyższaKultura: pomagania
w Centrum Zdrowia Dziecka**



Alior Bank initiated the „Large Companies for Small Patients” action which supports the Children’s Health Centre in Warsaw. The Bank made a donation for the refurbishment of the show and concert hall, in which young patients have the opportunity to get some fun and laugh during therapy. The donation amounted to PLN 250,000

5.2. Supporting the development of enterprise among Polish companies



In Alior Bank, we appreciate every entrepreneur and are well aware of the role small- and middle-sized enterprises play in the Polish economy.

We know the biggest problems and complaints of the companies and we know that the lack of funding is usually a major obstacle. This applies in particular to newly established companies and enterprises carrying out innovative projects, including delivery of the results of research and development.

We have carefully noted to the Government „Strategy for Responsible Development until 2020“ which mentions supporting SME access to capital as an activity to be taken in the years to come. We are proud to emphasise that Alior Bank actively participates in government programmes supporting SME development.



GOOD PRACTICE

ZAFIRMOWANI.PL

In 2019, zafirmowani.pl, which is Alior Bank's online portal for micro-enterprises, has developed an offering for services which are complementary to banking services. The portal's users got access to entrepreneur's questionnaire which helps businesspeople to select the format of business activity they want to pursue. New users can also apply for a company account and payment terminal already during the registration process on the portal. Small enterprises using the online accounting app can also use online collection services and microfactoring services. The users of the portal also had the opportunity to participate in webinars and conferences held in physical locations all over Poland. The meetings were conducted by renowned experts from various areas related to business activity. What's more, users of www.zafirmowani.pl holding a company account at Alior Bank can connect to the portal directly from the online banking level (without additional login). Due to automatic mechanism of pairing the account history with accounting documents, the customer can also check in the accounting module the status of invoice payments.



Supporting Polish enterprises in getting funding

Alior Bank has for several years now expanded its participation in public programmes, both those financed from EU funds and national funds. This allows us to expand and make more attractive offerings for customers, especially small and medium-sized enterprises (SMEs). A very significant part of funding awarded to companies by Alior Bank have been loans secured by Bank Gospodarstwa Krajowego (BGK) using public (national and EU) funding. Alior Bank has provided, among others, loans with BGK guarantees as part of the National Guarantee Fund (this continues the de minimis programme); under COSME and Creative Europe programmes. For loans backed up with a guarantee, customers benefit from alternative ways to secure their intended funding and often there is no need to present any security such as mortgage or fixed assets – a significant part of the risk is taken over by the guarantor (e.g., BGK).

Alior Bank has been a leader in sales of de minimis Guarantees. Since sales have begun in 2013, the Bank awarded 46,000 guarantees for a total volume of PLN 9.8 billion, thus supporting Polish enterprises.



Alior Bank has been also a leader in sales of COSME guarantees. Since 2015, the bank has awarded more than 15,500 COSME guarantees for a total amount of PLN 3.5 billion. In 2019, the Bank awarded PLN 1.9 billion worth of loans secured with this instrument.

Almost 90% of new sales of loans for customers from the micro segment and 50% of customers from the segment of small companies are secured with guarantees offered in collaboration with Bank Gospodarstwa Krajowego.

The offering of guarantee programmes also includes special guarantees addressed to innovative enterprises, creative sector, agricultural and food-processing sector or telecom sector customers.



Biznesmax guarantee

Currently, the most attractive loan repayment security for SMEs is Biznesmax guarantee, available under the portfolio guarantee line of the Guarantee Fund of the Smart Growth Operational Programme. This product is a unique combination of a guarantee with a grant.



The guarantee is free throughout the entire lending period, which can be even up to 20 years, and secures as much as 80% of the lending amount (up to the equivalent of 2.5 million euros), and Alior Bank transfers the benefit from securing the repayment of the loan to the customer in the form of a low margin as compared to the same loan without the Biznesmax guarantee. In addition, upon correct completion of the investment project, the Customer may apply for a grant in the form of a refund of a part of, or even entire interest paid for the initial three years of loan repayment.

This guarantee is addressed to enterprises carrying out investment projects with innovative potential at least on the company scale, as well as for those who intend to carry out pro-environmental projects, e.g., the installation of photovoltaic panels, thermal insulation of the company building.

Alior Bank has been the first bank in Poland to award in 2017 the first loan with such guarantee, and in 2019, also as the first bank in Poland, it paid the first aid to one of its customers who had used that guarantee.



In July 2019, Alior Bank was the first to offer the Creative Europe guarantee as part of the agreement signed with BGK with EFI counter-guarantee. This guarantee supports customers from the broad creative and cultural industries, including such industries as audiovisual production (including films, television, video games and multimedia); radio, visual arts, music, literature, performing arts, publishing, translation, design and festivals. Due to specific features of the intangible value produced by this sector and the lack of real property or machinery to be offered as a security for a loan, the sector has had problems getting a bank loan. Creative Europe guarantee filled the gap in this regard. Thanks to Alior Bank's offering, two initial customers used this security in 2019.



Like other loan repayment guarantees, the Creative Europe guarantee allows the customer to reduce the loan margin and the collateral up to 80% of the lending amount (maximum of PLN 8.4 million). It is provided for revolving and non-revolving working capital loans and investment loans.

FGR guarantee

Towards the end of 2019, Alior Bank entered into a contract with BGK under which customers will have the opportunity to apply for free security for their investment projects. The Bank has been one of the first institutions to award a loan secured with this guarantee, for an unprecedented guaranteed amount of almost PLN 5 million. Agricultural Guarantee (under the Agricultural Guarantee Fund) - a guarantee addressed to the agricultural sector and food processors who want to grow by improving their competitiveness versus the Polish and foreign industry.



Guarantee for telecoms

As part of the broad range of Alior Bank's products, customers can count on support in obtaining EU funding in the form of loan commitments, bridging loans or a technology loan.

Under its „European Packag“, Alior Bank has been offering comprehensive support to projects with EU grants distributed through the PARP, NCBiR, Ministry of Development, Regional Self-Government Offices. From a loan promise for EU grant loan to bridging loans, i.e. ones that pre-finance the grant and loan for own contribution, i.e. eligible costs not covered by the grant, loans for non-eligible costs, and loans for VAT financing. With supplementing costs, the Bank proposes to and encourages customers to use the Biznesmax guarantee, which, because it is free, reduces the loan margin and gives the opportunity to get refund of interest for the initial three years of repayment, is very attractive for the customer and supports Poland's spending of EU funding under programmes of the financial perspective for 2014-2020.

A very popular grant programme is a loan for technology innovation, for which Alior Bank has signed a cooperation agreement with BGK in 2015. A customer implementing its own or acquired results of research & development projects can receive non-refundable technology bonus at up to PLN 6 million, and up to 80% of the eligible costs of the technology investment project.



In 2019, the Bank issued loan commitments for a total amount of PLN 95 million, and loans with EU grants, including technology loans, were awarded for PLN 61 million.

Since 2017, Alior Bank has also been a financial intermediary which distributes public funds in the form of repayable instruments. The offering is addressed to telecoms registered with the Electronic Communication Office (broadband advance) and to Housing Communities, Housing Co-operatives, Social Housing Societies and Local and Regional Governments (thermal insulation advance).



Offering for telecoms

A broadband advance is a preferential funding addressed to telecoms, awarded under the Digital Poland Operation Programme for 2014-2020 (POPC). Alior Bank offers two types of Broadband Advance: for investment and for liquidity. The investment advance can finance projects of construction, expansion or upgrade of fibre networks which provide high-speed Internet connection, i.e., at least 30 Mb/s. The liquidity advance is for investment and working capital purposes.

By the end of 2019, Alior Bank awarded funding under the broadband advance for a combined amount of PLN 75 million. Customers which have received funding in this form include micro- and small enterprises from all over Poland.

In addition, for this customer group, the Bank has offered security for commercial loans both for investment projects and for working capital in the form of POPC guarantee. This is an alternative for customers who fail to meet the conditions for being granted a broadband advance.

Funding of thermal insulation projects

Since more than two years, Alior Bank has offered a Thermal Insulation Loan. It is an attractive opportunity to finance energy-saving projects in multi-family residential houses, addressed mainly to housing co-operatives, housing communities and Social Housing Societies. The loan, co-funded from EU funds (under regional operational programmes for 2014-2020) and Alior Bank's own funds, has been now offered to investors from Lower Silesian, Lodzkie, and Podlaskie regions.



In 2019 Alior Bank was also awarded a grant from the European Investment Bank to support the funding of thermal insulation projects in multi-family residential buildings, which provides for, among others, refund of 90% of documentation costs to be obtained by the Customer applying for the thermal insulation loan.

Thanks to very attractive financing terms, the managers of multi-family residential buildings more often carry out such investment projects, which translates into greater energy performance of buildings, reduces CO2 emissions, and improves the quality of the neighbourhood.

More than 20 entities took opportunity of this offer by the end of 2019, which included both housing communities and housing cooperatives.

Reaching with the offering of repayable instruments to customers who search for preferential funding forms was possible due to working with many institutions and sectoral organisations associating telecoms (including The Electronic Communication Office, „Digital Poland” Projects Centre, National Ethernet Communication Chamber, E-South Association) and Managers of Property, Executive Boards of Housing Co-operatives and Social Housing Societies (including National Energy Conservation Agency, Association of Energy Auditors, Auditing Association of Housing Co-operatives, National Chamber of Commerce, Associations of Property Managers



A new Engrossed in Reading Library was placed at the Stefan Żeromski Specialist Hospital in Kraków, where together with the Zaczytani.org Foundation, Young Gentlemen Cabaret and other Foundation Ambassadors we read aloud a very moving story „Proszę mnie przytulić” (Hug Me, Please)



5.3. Management of environmental impacts

Alior Bank brings no significant direct adverse effects on the environment, yet despite the absence of formal environmental policy does the bank pay special attention to environmental topics in its philosophy. Each year, we have consistently achieved lower consumption of utilities, which significantly contributes to reduced emissions of greenhouse gases.

The idea of a “paperless bank” has been consistently carried out, which allows us to reduce paper consumption every year. In Alior Bank we use tap water, which significantly reduces the generation of waste in the form of plastic bottles

Last year, the Bank started the process of upgrading its branch network where we use environmentally friendly materials for upgrades of our space, such as e.g. felt, which, in addition to natural fibre, also includes fibre from processed plastic. The materials used for the manufacture of certain furniture are from processed yoghurt cups, of which the tabletops of bankers’ stands are made. To light up all rooms in the revitalised branches, we have used LED fixtures which are energy efficient and consume little power. Together with the new lightning, sensors are being installed to measure the quantity of daylight. The purpose of such sensors will be to constantly adapt lightning power of the fixture to legally required standards. Search solution will directly translate into lower power consumption.

Consumption of materials and utilities at Alior Bank Group

Paper	[tonnes]	174
Heat	[GJ]	97711
Electric power	[MWh]	18430
Fuel oil	[tonnes]	41
Petrol	[tonnes]	229
Diesel oil	[tonnes]	775
Natural gas	[m3]	104681
Water	[m3]	27863

Dane środowiskowe za 2019 rok zostały zaprezentowane wyłącznie za Bank z uwagi na ograniczoną dostępność tych danych w pozostałych spółkach z Grupy i jednocześnie ich niewielką istotność.





The new face of a branch

In 2019, the Bank opened an entirely new kind of branch in Jana Pawła II Ave. in Warsaw. One of this branch's main assumptions is to increase efficiency. Separated zones and selection of adequate solutions allow to customise our services even better.

The first zone, that is customer service one, comprises for instance a comfy welcome space where Customers will find organic coffee and tea and filtered water. Nearby there are service desks equipped with tools allowing to perform any operation. Separated both in visual and in acoustic terms, they give a sense of comfort and provide discretion needed at any bank.

Then, in the digital zone, Customers may, with a banker's assistance, try out online banking and mobile application, log in for the first time and check

how these solutions work. Right beside it, Customers may see the other, non-business face of the Bank, which engages in charity actions and supports culture, arts and sport. In this section, the Bank presents its social activities. Customers may also count on a banker's help when using the ATM/CDM located at the branch entrance.



The next zone are meeting rooms where Customers can make an appointment with a banker for an individual conversation. These acoustically separated rooms are dedicated to meetings with Customers that require more confidentiality and privacy. Glass walls of such an office are covered with graphics preventing identification of people inside. These rooms, just like the service desks, have all necessary equipment.



Another zone is bankers' working space, inaccessible for Customers. It has a screen where bankers can for instance check hours for which each meeting room is booked. Additionally, the branch has a separated room for phone calls, with special acoustic felt stands. This way bankers may talk to Customers in quiet and comfort.

For the branch, materials and products from local suppliers were used. To a large extent, these are recycled materials. Examples are desktops made from processed yoghurt cups or upholstery and ceilings made from recycled PET bottles. Furthermore, furnishings are partially made of wood from fast-growing trees.

The branch is designed to limit resource utilisation. More daylight is available in the space and LED lights installed adjust their brightness and colour to the time of day. The branch offers filtered tap water - both sparkling and still. Coffee and tea served at the branch come from organic farming and beverage serving accessories are 100% biodegradable.



**Till the end of the year, the Bank plans to open
30 such outlets all over Poland.**





I am very happy that Alior Bank participates in such a necessary initiative as the Great Book Collection. I hope that thanks to the involvement of our branches and their employees, much more books will be collected than in previous years, and those under medical care will have even better access to interesting reading

- Krzysztof Bachta, president of the Management Board of Alior Bank (before the Great Book Collection 2019)

About this Report

The above statement on non-financial information of Alior Bank S.A. as a parent company and its subsidiaries was prepared in compliance with the regulatory requirement for public-interest institutions under the amended Accounting Act. Alior Bank Group was covered with the regulatory requirement on the unit (Alior Bank) and consolidated levels.

This statement presents the underlying management, policies and procedures of due care applicable at the Group and its subsidiaries in 2019. The most important performance indicators are presented for the period from 1 January to 31 December 2019.

These statement was developed with reference to the International Non-Financial Reporting Standard.

Requirements of the Accounting Act for disclosure of non-financial data

Description of the entity' s business model and key performance indicators	Yes
Description of the management of the risks identified as major risks	Yes
Description of policies, procedures of due care and performance indicators related to the entity' s activity for anti-corruption measures	Yes
Description of policies, procedures of due care and performance indicators related to the topics important for the Bank in terms of relationships with customers, quality of service, dialogue, responsible sales, and data and transaction security	Yes
Description of policies, procedures of due care and performance indicators related to the entity' s activity for employment topics	Yes
Description of policies, procedures of due care and performance indicators related to the entity' s activity for respect of human rights	Yes

