



**Report on the activities
of the Supervisory Board of Alior Bank
in 2018**

May 2019

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

In the reporting period, the Supervisory Board of Alior Bank Spółka Akcyjna with its registered office in Warsaw (hereinafter referred to as “Bank” or “Alior Bank”), acting on the basis of the provisions of the Code of Commercial Companies and Partnerships, the Banking Law Act and other applicable provisions of law, Articles of Association of the Bank and the Rules of the Supervisory Board, exercised permanent supervision of the activities of the Bank in all areas of its activity.

When fulfilling their statutory obligations in 2018, the Supervisory Board actively participated in monitoring and exercising supervision of key areas of the Bank’s activities, including risk management and fulfillment of requirements imposed by supervisory authorities. Within the framework of said obligations, the Supervisory Board became acquainted with periodical reports on credit risk, operational risk, including issues covering information technology, market and liquidity risk, hard-to-measure risks (model risk, business risk) as well as with the results of the review of the internal capital adequacy assessment process (ICAAP). An important element of the activities carried out by the Supervisory Board in the reporting period was supervision of the financial results of the Bank, including in particular supervision of the execution of the financial plan for 2018 and achievement of the expected financial result at the end of 2018. The Supervisory Board analyzed the execution of the development strategy and the budget of the Bank on an ongoing basis. The Supervisory Board received and analyzed periodical reports presenting current financial results of the Bank on an ongoing basis, as well as the changes in the solvency ratio and Bank’s capital requirements. When fulfilling the requirements of the supervisory authorities, the Supervisory Board approved an updated Recovery Plan for the Capital Group Alior Bank S.A. within the implementation of the BRR Directive (Bank Resolution and Recovery).

In 2018, the Supervisory Board changed the composition of the Management Board of the Bank. In close cooperation with the Nomination and Remuneration Committee, candidates were analyzed in terms of their fulfillment of requirements in accordance with the criteria arising from relevant provisions of law and internal regulations of the Bank. On 12 March 2018, due to resignation submitted by Michał Jan Chyczewski from the position of the Vice President of the Management Board of the Bank, managing the activities of the Bank, the Supervisory Board entrusted the control of the works of the Management Board to Katarzyna Sułkowska, Vice President of the Management Board responsible for managing risk substantial in the Bank’s activity and applied to the Polish Financial Supervision Authority for consent to appoint Katarzyna Sułkowska as the President of the Management Board of the Bank. Therefore, the Supervisory Board began intensive works on looking for and selecting a candidate for the Vice President of the Management Board responsible for managing risk substantial in the Bank’s activity. Simultaneously, on 13 March 2018, Marcin Jaszczuk was appointed as a Member of the Management Board of the Bank and entrusted him with the position of the Vice President of the Management Board. On 13 April 2018, due to resignation submitted by Urszula Krzyżanowska-Piękoś and Celina Wałęskiewicz from the positions of Vice Presidents of the Management Board, the Supervisory Board of the Bank appointed Agata Strzelecka, Mateusz Poznański and Maciej Surdyk as Members of the Management Board and entrusted them with the positions of Vice Presidents of the Management Board of the Bank. On 21 May 2018, in relation to the consent granted by the Polish Financial Supervision Authority on 15 May 2018, the Supervisory Board of the Bank appointed Katarzyna Sułkowska as the President of the Management Board of the Bank. On 17 October 2018, Katarzyna Sułkowska submitted her resignation from the position of the President of the Management Board of the Bank. Simultaneously, on the same day, the Supervisory Board of the Bank appointed Krzysztof Bachta as a Member of the Management Board of the Bank and entrusted him with the position of the Vice President of the

Management Board of the Bank managing the works of the Management Board until the Polish Financial Supervision Authority grants their consent to entrusting him with the position of the President of the Management Board. At the meeting on 26 November 2018, the Supervisory Board appointed Marek Szcześniak as a Member of the Management Board as of 27 November 2018 and subsequently filed an application with the Polish Financial Supervision Authority to grant their consent to entrusting him with the position of the Member of the Management Board supervising management of the risk substantial in the Bank's activity. At this meeting on 26 November 2018, the Supervisory Board appointed Seweryn Kowalczyk (as of 27 November 2018), Dariusz Szwed (as of 1 January 2019) and Tomasz Biłous (as of 1 February 2019) as Members of the Management Board of the Bank and entrusted them all with the positions of Vice Presidents of the Management Board of the Bank

After the period covered by the report, on 27 February 2019, the Supervisory Board appointed Krzysztof Bachta as the President of the Management Board on the basis of the decision by the Polish Financial Supervision Authority issued on 26 February 2019 on granting consent to appointing Krzysztof Bachta as the President of the Management Board of Alior Bank S.A. Simultaneously, on 26 February 2019, the Polish Financial Supervision Authority granted their consent to entrusting Marek Szcześniak with the position of the Member of the Management Board of Alior Bank S.A. supervising management of the risk substantial in the Bank's activity.

In 2018, the Supervisory Board was interested i.a. in the progress in the execution of the strategy for 2017-2020 "Digital Disruptor" as well as the status of works within the area of its operationalization.

The Supervisory Board was informed of the progress of the project related to potential strategies of cooperation between Alior Bank and Bank Pekao S.A. on an ongoing basis, received information on the progress and schedule of works carried out within the project and was familiarized with its summary and the Closing Report.

In 2018, the Supervisory Board monitored status of the implementation of the Act on principles of state wealth management as well as Act on remuneration of managers of certain legal entities in Alior Bank group. Furthermore, the Supervisory Board amended the Policy of selection and assessment of the Members of the Management Board and the Supervisory Board in relation to the Act on principles of state wealth management as well as within the scope of assessment criteria for candidates in terms of their possibilities of devoting enough time to fulfill the obligations of the Member of the Management Board or the Supervisory Board.

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

An internal control system the aim of which is to ensure secure operation of the Bank in accordance with applicable law and the adopted strategy is present at the Bank. The internal control system encompasses all activities of the Bank, i.e. all its organizational units and entities, as well as Bank's committees and task forces as well as subsidiaries of the Bank.

The internal control system at the Bank is constructed in accordance with the model of separated three lines/levels of defense. The first line of defense refers to risk management in the Bank's operating activities and is based on business units whose functioning generates three different types of risk affecting the achievement of objectives by the Bank. The second line of defense comprises risk management at dedicated positions or in organizational units independent from risk management

under the first line of defense and the compliance function. The third line of defense consists of the activities of the internal audit unit. At all three levels of defense, the employees of the Bank, due to performing their professional duties, apply accordingly control mechanisms or monitor independently compliance with control mechanisms. The control function at each level comprises solutions adopted by the Bank with regard to the organizational structure, internal procedures and documentation of IT systems, documentation of financial and economic operations as well as functional control. Functional control comprises all activities covering every level of management and every employee, organizational unit, as well as all areas of activity. The control covers the current and periodic analysis of the course and results of the work of individual employees and teams, identification of irregularities, and implementation of corrective measures. The control function comprises all control mechanisms present in processes performed at the Bank, independent monitoring of their compliance and reporting.

Specific tasks within the internal control system lie within the internal audit unit whose basic task is to investigate and evaluate, independently and objectively, the adequacy and effectiveness of the internal control system. The Bank has in place appropriate mechanisms ensuring the independence and objectivity of the internal audit unit. The Supervisory Board and Management Board receive periodical reports from the internal audit unit including information on the results of the audits and internal controls carried out, progress in the execution of the orders given as well as information on the activities of the internal audit. On 10 October 2018, the Supervisory Board appointed a new Audit Department Director. In December 2018, the Supervisory Board approved the Audit Plan for 2019 and accepted a long-term strategy of activities of the internal audit unit.

In accordance with the provisions of law the Supervisory Board approves the rules governing the functioning of the internal control system at the Bank.

The compliance risk management process is present at the Bank, within which the Compliance Department (CD) / Compliance unit is a separate, independent organizational unit of the Bank, whose basic task it to properly ensure the observance of the law, internal regulations and market standards through the control function and compliance risk management. The CD carries out processes of risk identification, assessment, control and monitoring in accordance with provisions of the Compliance Policy. Detailed CD operating rules are stipulated in the Operating Rules for the Compliance Department and detailed procedures and instructions which govern activities performed as part of the control function and Compliance Risk management.

When executing an order included in the Compliance Policy applicable at the Bank, the Supervisory Board became familiar with and accepted the Compliance Department Action Plan for 2018 prepared on the basis of the results of the identification and assessment of the compliance risk conducted by the CD. Subsequently, through the Audit Committee the Supervisory Board received quarterly reports on the compliance risk management and execution of the control function. These reports included in particular: results of the current compliance risk assessment, information on key changes to provisions of law, internal regulations and market standards, results of the tests on compliance risk along with the information on the status of the execution of orders given by the CD, results of the process of Key Compliance Risk Indicators (KRI) monitoring as well as information on the functioning of the process of reporting violations and irregularities by employees of the Bank (whistleblowing system). Furthermore, the Supervisory Board was familiarized with the activities planned and carried out by the compliance unit aiming at promoting ethical standards applicable at the Bank by means of training and education. The Supervisory Board also had an opportunity to hold

direct discussions on issues in the area of compliance risk with the employee of the Compliance unit of the Bank who participated in the meetings of the Audit Committee of the Supervisory Board on a regular basis.

In the opinion of the Supervisory Board, the compliance risk management system needs facilitating, in particular with regard to the execution of the control function as well as adequacy and effectiveness of the internal control system at the Bank. Furthermore, the Supervisory Board points out that in 2018 human resources in the Compliance unit at the Bank were not sufficient in particular in the context of the tasks entrusted to the unit.

Simultaneously, it should be emphasized that as a result of the irregularities determined in Q4 2018 the Management Board of the Bank undertook activities necessary to improve the effectiveness of the compliance risk management system at the Bank, in particular it initiated a project consisting in reorganizing the Internal Control System entrusting its execution to the Compliance unit and took a decision on increasing employment in the Compliance Department in order to make it possible to fully execute the tasks for which the Compliance unit is responsible.

Risk management is one of the most crucial internal processes at the Bank and Alior Bank Group. The role of the risk management system is to ensure an adequate and early recognition and management of material risks related to the Bank's activities.

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

Risk management strategy at the Bank was described in the Risk Management Policy at Alior Bank and approved by the Management Board of the Bank and accepted by the Supervisory Board. The main aim of the Risk Management Policy is to support achievement of business goals and execution of the Bank's strategy by active risk management and ensuring stable capital status. The aim of the Risk Management Policy is to stipulate rules related to the management of particular types of risk on the level which makes it possible to achieve financial objectives and ensure full security of basic business activities as well as compliance with regulatory requirements at the same time.

The Bank exercises supervision of the operations of subsidiary companies of the Bank Capital Group. The Bank supervises risk management system in such entities and takes into consideration the risk level of activities of particular entities within the system for monitoring and reporting risk on the level of the Bank Capital Group. Subsidiary companies establish and update internal regulations related to the management of significant types of risk taking into consideration recommendations formed by the Bank and taking into consideration provisions of the Risk Management Policy of Alior Bank S.A. Group with reference to subsidiary companies.

The Management Board of the Bank is responsible for establishing, implementing and effective functioning of risk management processes as well as improving such processes on an ongoing basis. The Supervisory Board supervises the compliance of the policy on taking different types of risk with the strategy and financial plan of the Bank.

The Bank maintains its exposure to credit risk in connection with its lending activity, whose goal is to generate return on the engaged capital. The Bank manages the credit risk exposure by taking into account the goal of optimizing the quality of the credit portfolio with the assumed rate of return on the invested capital and appropriate diversification of the assets acquired as part of the Bank's lending activities. The Bank ensures good quality of the credit portfolio by appropriately tailored processes

for granting and monitoring credit exposures, as well as the process of accepting adequate credit exposure collaterals which mitigate the credit risk. On 7 December 2018, the Bank entered into an agreement on a synthetic securitization transaction of the credit portfolio towards a business customer up to the amount of PLN 1.5 million with the following investors: the European Investment Fund as well as the European Investment Bank. It is the first agreement of this kind on the Polish market, which will enable the Bank to optimize the credit risk of the credit portfolio and capital maintained as a collateral.

The Bank manages its exposure to liquidity risk, taking into account the objective of ensuring, at any moment of the operation, full liquidity in the short, medium and long term, i.e. the ability to pay all liabilities in a timely manner, both in a normal and in a crisis situation, caused by internal and external factors.

The Bank has in place a formalized operational risk management system within which it prevents operating events and incidents and minimized loss in case of risk materialization. The operational risk management process encompasses identification, measurement and assessment of operational risk, management activities as well as monitoring and control of risk on all levels, reporting from organizational units responsible for operational risk management in their areas, Operational Risk Coordinators, through the Operational Risk Management Department, Operational Risk Committee and the Management Board and the Supervisory Board.

The amount of operating losses in 2018 was within the accepted operational risk appetite and limit for the Bank. To measure internal capital for operational risk the Bank uses an advanced method of operational risk assessment AMA. Since 1 January 2018 the Bank has been using AMA method to calculate regulatory capital as well.

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

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

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

- Asset-Liability Committee (ALCO);
- Bank's Credit Committee;
- Operational Risk Committee;
- Credit Committee for Business Customer Risk Department;
- Credit Committee for Individual Customer Debt Collection Department;
- Model Risk Committee.

How the Bank fulfills its information obligations

As a public company, Alior Bank is obligated within information obligations to comply with generally applicable provisions of law and apply the provisions of Good Practices for Companies Listed on the Warsaw Stock Exchange in 2016. The Bank carries out activities whose aim is to fulfill information needs of stakeholders and ensure common and equal access to information as well as in accordance with the latest market standards.

Activities related to the fulfillment of information obligations by the Bank and maintaining appropriate relations with investors and analysts are carried out by the Investor Relations Department whose most important values are: reliability, credibility, consistency and transparency. Main activities of the Department aim at ensuring permanent, equal and immediate access to information on any considerable changes taking place at the Bank which have or may have impact on the value of its shares and establishing relations with shareholders and market analysts based on reliable information.

Meetings of the Management Board of the Bank with participants of the capital market, including investors and analysts are organized as part of the policy of activities of the Investor Relations Department. Such meetings aim at discussing current financial and operational standing of Alior Bank, presenting strategies of functioning and planned directions for further development of the Bank. Except the issues mentioned above, matters related to the current macroeconomic situation, general condition of the financial sector as well as competitive environment of the Bank are also discussed.

In 2018, 265 meetings took place, including 142 meetings with 79 foreign investors and 123 meetings with 46 local investors, which were both held in the registered office of Alior Bank and organized as part of national and foreign conferences and roadshows. The Bank also takes part in conferences organized by national and foreign brokerage houses on a regular basis.

An important tool supporting communication with the participants of the capital market are tabs, which are updated on an ongoing basis, related to investor relations, available at the website of the Bank at https://www.aliorbank.pl/dodatkowe-informacje/relacje-inwestorskie/relacje_inwestorskie.html, where information necessary for an investor to carry out an extensive analysis and evaluation of the functioning of Alior Bank can be found. The Investor Relations Department publishes there i.a. current and periodical reports, presentations of financial results, information concerning General Meetings, corporate documents and current ratings prepared at Bank's request.

Taking the above activities into consideration, the Supervisory Board positively assesses the manner how the Bank fulfilled its information obligations in 2018.

Information concerning educational, cultural and charitable activities

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 at not only supporting the execution of particular projects, but also popularizing knowledge in the area of social responsibility and sustainable development among employees, customers, business partners and shareholders of the Bank.

In 2018, within the program “Engaged in helping” the Bank successfully executed many valuable projects, i.a.:

- “Podziel się książką” (“Share a book”);
- “Bankowość jest OK” (“Banking is OK”);
- “Paka dla zwierzaka” (“A package for an animal”);
- “Zaczytana Akademia” (“Reading Academy”);
- “Podaruj prezent” (“Make a Gift”);
- “Spotkaj się” (“Have a meeting”);
- “Dorzuć do pudła” (“Kick in for a box”).

In the second half of 2018, Alior Bank also launched its cooperation with the foundation Zacztyani.org whose main mission is to promote reading and social education. Joint activities were a great success, which thanks to the collection of books organized by employees of the Bank provided many people with access to literature when hospitalized. Furthermore, 480 children at hospitals were supported by a series of courses in fairytale therapy for whom more than 100 hours of reading workshops were conducted.

Between August and September 2018, Alior Bank carried out an internal volunteer program entitled “Collection of Books”. Books were collected internally in Gdańsk, Cracow and Warsaw.

Employees of Alior Bank also started long-term fairytale education program “Fairytale Therapy” in Gdańsk, Warsaw and Cracow. Participants of the program declared three personal visits in hospital, which in total ensure an eight-month educational and relaxation program for the youngest patients.

Alior Bank assumed patronage over the Reading Bench “Wisława Szymborska’s Bench” – a city item of furniture designed in cooperation with the Wisława Szymborska Foundation whose ambassador is Michał Rusinek.

Within the customer-centered program Alior Bank initiated active development of the action “We make dreams come true”. Thanks to this, a son of one of the Bank’s customers who suffers from cancer received help.

Sponsoring

In 2018, Alior Bank became a patron of the 11th Cavalcade of Magi in Poland for the third time in a row. In March 2018, Alior Bank sponsored the European Agricultural Forum in Jasionka where the activities of the agricultural sector were promoted.

In June 2018, Alior Bank became a partner of one of the most important European conferences on innovation and future of digital economy – Impact’18.

The Bank was a patron of the 4th edition of the festival “Capital City of Polish Language” in Szczepleszyn which was held in August 2018. The event popularizing Polish classical and modern literature as an important element of social and national identity became one of the most crucial literary festivals in Poland.

In October 2018, Cracow hosted the 4th European Cybersecurity Forum – CYBERSEC 2018, Alior Bank was a strategic partner thereof.

In October, the Bank also became a sponsor of a business conference entitled Inside Trends organized by Business Insider.

Between June and October 2018, a series of cultural and sports events sponsored by Alior Bank took place in Dolina Charlotty near Słupsk.

The Bank also sponsored sports competition as part of private banking activities – a golf tournament Alior Bank PGA Polska Tour as well as equine competition Mazovia Equi Cup.

In 2018, within further cooperation with the Polish Football Association, Alior Bank supported Polish Football National Team at first as an official sponsor and then as a partner.

Taking the above in consideration, the Supervisory Board of Alior Bank positively assesses educational, cultural, charitable and sponsoring activities carried out by the Bank in 2018.

Assessment of the financial statements of Alior Bank Spółka Akcyjna for the year ended on 31 December 2018 along with the assessment of the financial statements of the Capital Group of Alior Bank Spółka Akcyjna for the year ended on 31 December 2018

Pursuant to Article 382 § 3 of the Code of Commercial Companies and Partnerships as well as § 70 item 1 point 14 of the Regulation on current and periodic information, the Supervisory Board of the Bank assessed the financial statements (both unconsolidated and consolidated) submitted by the Management Board of the Bank for the year ended on 31 December 2018.

The financial statements of Alior Bank Spółka Akcyjna includes:

- statement on financial standing as at 31 December 2018 which shows on the assets and liabilities side a sum in the amount of PLN **73,242,895** thousand;
- profit and loss account for the period from 1 January 2018 to 31 December 2018 which shows a net profit in the amount of PLN **731,074** thousand;
- statement of comprehensive income for the period from 1 January 2018 to 31 December 2018 which shows income in the amount of PLN **757,869** thousand;
- statement concerning changes in equity for the financial year from 1 January 2018 to 31 December 2018 which shows a decrease in equity in the amount of PLN **254,419** thousand;
- additional notes and explanations.

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

- statement on financial standing as at 31 December 2018 which shows on the assets and liabilities side a sum in the amount of PLN **73,419,887** thousand;
- profit and loss account for the period from 1 January 2018 to 31 December 2018 which shows a net profit in the amount of PLN **713,373** thousand, including a net profit for the shareholders of the dominant unit in the amount of PLN **713,373** thousand;
- statement of comprehensive income for the period from 1 January 2018 to 31 December 2018 which shows income in the amount of PLN **740,168** thousand;
- statement concerning changes in equity for the financial year from 1 January 2018 to 31 December 2018 which shows a decrease in equity in the amount of PLN **275,926** thousand;
- additional notes and explanations.

The financial statements of Alior Bank Spółka Akcyjna and the Capital Group of Alior Bank Spółka Akcyjna for the period from 1 January to 31 December 2018 were prepared in accordance with the

continuously applied International Financial Reporting Standards (IFRS) adopted by the European Union as at 31 December 2018.

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

- give a true and fair view of the economic and financial standing of the Bank and its Capital Group as at 31 December 2018 as well as unconsolidated and consolidated financial results and unconsolidated and consolidated cash flows for the financial year ending on 31 December 2018, in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations and the adopted accounting principles (policies);
- were prepared on the grounds of dutifully kept, in all material aspects, books;
- as well as comply with respect to their form and content in all material aspects with the applicable provisions of law and of the Articles of Association of the Bank.

Having thoroughly reviewed the financial statements of Alior Bank Spółka Akcyjna and the financial statements of the Capital Group of Alior Bank Spółka Akcyjna for the year ended on 31 December 2018 as well as having become familiar with the reports on the audit, the Supervisory Board positively assesses said financial statements with regard to their compliance with the books and documents and confirms that they contain information which properly reflect the economic and financial standing of the Bank and its Capital Group.

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

The Supervisory Board recommends adopting a resolution on the approval of the financial statements of Alior Bank Spółka Akcyjna (both unconsolidated and consolidated) for the period ended on 31 December 2018 to the Ordinary General Meeting of the Bank.

Assessment of the report of the Management Board on the activities of the Capital Group of Alior Bank Spółka Akcyjna in 2018 comprising the report of the Management Board on the activities of Alior Bank Spółka Akcyjna

Pursuant to Article 382 § 3 of the Code of Commercial Companies and Partnerships as well as § 70 item 1 point 14 of the Regulation on current and periodic information, the Supervisory Board assessed the statement on the activities of the Capital Group of Alior Bank S.A. in 2018 comprising the report of the Management Board on the activities of Alior Bank S.A. presented by the Management Board.

The Supervisory Board states that the report of the Management Board complies with applicable provisions of law and is consistent with the information provided for in the financial statements. The report of the Management Board in a synthetic form presents all material aspects of the activities of the Bank in a given reporting period. The information in the report of the Management Board is consistent with the books, documents and actual state of affairs.

The Supervisory Board recommends adopting a resolution on the approval of the report of the Management Board on the activities of the Capital Group of Alior Bank S.A. in 2018 comprising the report of the Management Board on the activities of Alior Bank S.A. to the Ordinary General Meeting of the Bank.

Assessment of the motion of the Management Board of the Bank concerning the distribution of profit for 2018

Pursuant to Article 382 § 3 of the Code of Commercial Companies and Partnerships, the Management Board filed with the Supervisory Board a motion concerning the distribution of profit of the Bank for 2018, included in the Resolution of the Management Board No. 140/2019.

The Management Board suggested that the profit of the Bank from its operation in the financial year of 2018, in the total net amount of **731,073,627.45** (in words: seven hundred thirty-one million seventy-three thousand six hundred twenty-seven zlotys 45/100) be distributed in the following manner:

- to cover the undistributed result from the previous years (loss), resulting from the adjustment related to the implementation of the IFRS 9 in the amount of **724,967,282.80** (in words: seven hundred twenty-four million nine hundred sixty-seven thousand two hundred eighty-two zlotys 80/100);
- non-distributable profit from the operations of the Building Society in the amount of **6,106,344.65** (in words: six million one-hundred and six thousand three hundred forty-four zlotys 65/100), on the basis of Article 5 item 4 of the Act of 26 October 1995 on certain forms of support for housing construction (as amended) for supplementary capital.

Brief assessment of the situation of the Bank in 2018

In 2018, Alior Bank Group achieved one of the highest profitability in the entire banking sector (ROE 11.7 percent). It is attributable to a record-high net profit, which is more than 50 percent higher than the previous year, as well as dynamically increasing revenue, which amounted to approx. PLN 4 billion.

Net profit amounted to PLN 713 million, whereas a year before it was PLN 471 million. Total revenue amounted to PLN 3,956 million (PLN 3,658 million in 2017), 78 percent of which was interest, which increased by 8 percent YoY. The Group is constantly improving its profitability. At the end of 2018, return on equity (ROE) accounted for as much as 11.7 percent, whereas interest margin NIM 4.6 percent.

The capital standing of Alior Bank remains stable. Compared to the end of 2017, the Bank recorded an increase in the value of capital ratios by approx. 0.7 percent. At the end of 2018, the values of TCR ratio as well as Tier -1 ratio were considerably higher than regulatory minima. On a consolidated level the latter accounted for 15.8 percent (whereas the regulatory minimum at the end of 2018 was 13.13 percent) and the former 12.8 percent (whereas the regulatory minimum was 11.13 percent).

The liquidity situation of the Bank is also stable and secure. In 2018, the liquid asset buffer rose to PLN 14,185 million. At the end of 2018, liquidity coverage ratio (LCR) remained on a secure level of 133 percent, which was reached in Q3 of the previous year. That means an increase in comparison

to the end of 2017, when the value of LCR was 124 percent. The Bank gradually reduces concentration and builds stability of the deposit base.

At the end of 2018, Alior Bank lowered the costs of its operation from PLN 1,854 million to PLN 1,705 million. The cost-income ratio (C/I) decreased from 50.7 percent recorded the previous year to 43.1 percent. Thus, the Bank is on the right track to achieve the level of 39 percent in 2020 adopted in the level strategy.

Systematically executing the strategy of “Digital Disruptor”, Alior Bank expanded its credit base in 2018 in strategic segments: micro, leasing and loans. Gross volume of loans increased by PLN 5.6 billion YoY, which is a result in the middle of the range of increase stipulated in the Group’s strategy (PLN 5-6 billion).

As regards small and medium-sized enterprises, Alior Bank extended its cooperation with Bank Gospodarstwa Krajowego by granting de minimis and COSME guarantees. 45 percent of the micro portfolio is covered with the guarantees of BGK, whereas the share in the new sales is close to 90 percent. High lease sales were also maintained, which in 2018 reached approx. PLN 3 billion. A considerable increase was especially noticeable in the segment of cash loans; in Q4 2018 the Bank granted cash loans in a record-breaking amount of PLN 1.9 billion (PLN 1.8 billion in Q3).

At the end of 2018, Alior Bank served 4,227 thousand customers against 3,980 thousand the previous year. Thanks to the personal account offer, the number of new individual customers increased by 58 percent and amounted to 29.5 thousand (18.7 thousand in Q4 2017).

Report on the fulfillment of supervisory obligations with regard to the activities of the Bank in 2018

Composition of the Supervisory Board

As at 1 January 2018, the Supervisory Board was composed of:

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|---------------------------------|--|
| • Tomasz Kulik | Chairman of the Supervisory Board |
| • Małgorzata Iwanicz-Drozdowska | Deputy Chairwoman of the Supervisory Board |
| • Dariusz Gątarek | Member of the Supervisory Board |
| • Mikołaj Handschke | Member of the Supervisory Board |
| • Artur Kucharski | Member of the Supervisory Board |
| • Sławomir Niemierka | Member of the Supervisory Board |
| • Maciej Rapkiewicz | Member of the Supervisory Board |
| • Paweł Szymański | Member of the Supervisory Board |

Changes in the composition of the Supervisory Board of the Bank took place in the reporting period.

On 21 June 2018 the following persons filed their resignations from the function of the Member of the Management Board of the Bank: Paweł Szymański and Sławomir Niemierka;

On 22 June 2018, by resolution of the Ordinary General Meeting of the Bank Marcin Eckert was appointed as a Member of the Supervisory Board.

On 25 June 2018, by resolution of the Ordinary General Meeting of the Bank, after a break, Wojciech Myślecki was appointed as a Member of the Supervisory Board.

As at 31 December 2018, the Supervisory Board of the Bank was composed of:

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|----------------|-----------------------------------|
| • Tomasz Kulik | Chairman of the Supervisory Board |
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- Małgorzata Iwanicz-Drozdowska Deputy Chairwoman of the Supervisory Board
- Marcin Eckert Member of the Supervisory Board
- Dariusz Gątarek Member of the Supervisory Board
- Mikołaj Handschke Member of the Supervisory Board
- Artur Kucharski Member of the Supervisory Board
- Wojciech Myślecki Member of the Supervisory Board
- Maciej Rapkiewicz Member of the Supervisory Board

After the period covered by the report, a change in the composition of the Supervisory Board took place – on 31 January 2019, Małgorzata Iwanicz-Drozdowska submitted her resignation from the position of the Member of the Supervisory Board who was also the Deputy Chairwoman of the Supervisory Board. On 27 February 2019, Marcin Eckert was appointed a new Deputy Chairperson of the Supervisory Board.

Organization of the Supervisory Board works

Works of the Supervisory Board within the period covered by the report were managed by Tomasz Kulik performing the function of the Chairperson of the Supervisory Board.

The Supervisory Board operates pursuant to the Articles of Association as well as the Regulations adopted by the Supervisory Board. Meetings of the Supervisory Board are convened as necessary, but no less frequently than three times a financial year. Resolutions of the Supervisory Board are adopted by an absolute majority of votes unless the provisions of law or the Articles of Association stipulate otherwise, in an open voting. In personal matters or at the request of at least one member, the Chairman of the Supervisory Board orders secret voting. If there is a tie on votes, the vote of the Chairman of the Supervisory Board is the casting vote. For the resolutions to be valid, all members of the Supervisory Board must be invited to the meeting and at least half of the members of them must be present at the meeting. The Supervisory Board appoints the Audit Committee, Risk Committee of the Supervisory Board as well as other committees required by law which are composed of its members, it may also appoint permanent or temporary committees to perform specified tasks. Tasks and competencies of particular committees are stipulated by the Supervisory Board.

In 2018, the following committees were appointed by the Supervisory Board: Nomination and Remuneration Committee, Audit Committee and Risk Committee of the Supervisory Board.

Pursuant to the Articles of Association of the Bank, at least two members of the Supervisory Board fulfilled the criteria of independence from the Bank and the Bank's affiliated entities. The criteria of independence of the members of the Supervisory Board are stipulated in the Regulations of the Supervisory Board of the Bank in accordance with the criteria stipulated in the Good Practices of Companies Listed on the Warsaw Stock Exchange.

Activities of the Supervisory Board

In the financial year of 2018, the Supervisory Board held 21 meetings and adopted in total 119 resolutions related to i.a.:

- Introduction of the Internal Control System Policy at Alior Bank S.A., Audit Charter – rules on the functioning of the internal audit function at Alior Bank S.A. as well as Rules of

classification and registration of irregularities revealed during the Internal Control System at Alior Bank S.A.;

- update of the Recovery Plan of the Capital Group of Alior Bank S.A.;
- acceptance of the results of stress tests carried out as at 30 June 2017;
- update of the Credit Concentration Risk Management Policy;
- update of the Procedure for the selection of an entity authorized to audit financial statements at Alior Bank S.A.;
- determination of the consolidated text of the Bank's Articles of Association;
- changes to the composition of the Audit Committee of the Supervisory Board of Alior Bank S.A.;
- acceptance of the dismissal of the Audit Department Director;
- consent to granting the obligations of the Audit Department Director;
- positive assessment of candidates for the members of the Management Board before any changes to the Management Board are made;
- appointment of Katarzyna Sułkowska as the President of the Management Board;
- appointment of new Members of the Management Board;
- entrusting management of the works of the Management Board to Vice President Krzysztof Bachta;
- changes to the Terms and Conditions of the Bonus Program for the Management Board;
- payment of deferred parts of variable remuneration for 2014, 2015 and 2016, approval of the internal division of competencies in the Management Board of the Bank;
- approval of objectives and their weight for the Members of the Management Board of Alior Bank S.A. for 2018;
- approval of the Remuneration Policy at Alior Bank S.A.;
- amendments to the Policy for the Management of Banking Outsourcing, Insourcing, and Sensitive Services at Alior Bank S.A.;
- decision to grant variable remuneration for 2017 to persons having significant impact on the risk profile of the Bank in accordance with the Remuneration Policy at Alior Bank S.A.;
- approval of strategy and risk appetite for 2018;
- amendments to the regulations concerning risk management, capital management, internal capital adequacy assessment as well as capital allocation to credit risk and operational risk,
- assessment of the financial statements of Alior Bank Spółka Akcyjna for the year ended on 31 December 2017;
- assessment of the financial statements of the Capital Group of Alior Bank Spółka Akcyjna for the year ended on 31 December 2017;
- assessment of the report of the Management Board on the activities of the Capital Group of Alior Bank S.A. in 2017 comprising the report of the Management Board on the activities of Alior Bank S.A.;
- motion of the Management Board concerning distribution of profit of the Bank from the operations in the financial year of 2017;
- motion to the General Meeting of the Bank concerning the vote of acceptance for the Members of the Management Board,;
- adoption of the report on the activities of the Supervisory Board for the financial year of 2017;

- opinion on the materials submitted by the Management Board of the Bank for deliberation to the Ordinary General Meeting of the Bank;
- changes to the internal division of competencies within the Management Board of the Bank,
- amendments to the Organizational Rules of the Bank;
- changes to the composition of the Nomination and Remuneration Committee of the Supervisory Board of Alior Bank S.A.;
- approval of the annual report of the Management Board of the Bank on the execution of the Model Risk Management Policy for 2017 along with the information for the Supervisory Board;
- adoption of the document IT Strategy and IT Security at Alior Bank for 2017-2020;
- acceptance of the Assets and Liabilities Management Policy for 2018-2020;
- adoption of the updated Rules of Carrying Out Stress Tests of Liquidity Risk;
- update of the regulations: Operational Risk Management Strategy for 2017-2020 and Operational Risk Management Policy;
- introduction of the Risk Management Policy of the Capital Group of Alior Bank S.A., in relation to subsidiary companies;
- deferred granting and payment of the variable remuneration;
- amendments to the Compliance Policy;
- acceptance of the results of review of full liquidity stress tests;
- consent to appoint the Audit Department Director;
- opinion on the materials submitted by the Management Board of the Bank for deliberation to the Extraordinary General Meeting of the Bank;
- amendments to the Rules of the Supervisory Board of Alior Bank Spółka Akcyjna;
- approval of periodical management information within the area of model risk management at Alior Bank S.A.;
- approval of the review and update of appetite for risk for 2018 as well as values of capital ratios and capital allocation limits for 2019;
- approval of the financial plan of Alior Bank S.A. as well as the financial plan of Alior Bank S.A. Group for the financial year ending on 31 December 2019;
- acceptance of the resolution of the Management Board of the Bank on the extension of the First Program of bank securities issue;
- granting and changes in the terms and conditions of financing;
- amendments to the Policy of selection and assessment of the Members of the Management Board and the Supervisory Board of Alior Bank S.A.;
- approval of the Audit Department Strategy for 2019-2020, approval of the update of the Three-Year Control Program for 2017-2019, including update of the Annual Control Plan for 2018 and Annual Audit Plan for 2019.

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

Audit Committee

The Audit Committee of the Supervisory Board operated in accordance with the requirements of the Act of 11 May 2017 on statutory auditors, auditing companies and public oversight. The Committee

was appointed by virtue of the Resolution of the Supervisory Board of Alior Bank S.A. No. 61/2013 of 30 July 2013.

The Committee comprised at least three members, at least one member had knowledge and skills in the area of accounting or examining of financial statements. Most of the members, including the chairperson, were independent. Members of the Committee has knowledge and skills in the sector in which the Bank operates. This condition is deemed to be met if at least one Audit Committee Member has knowledge and skills in that area or specific members have knowledge and skills to the specific extent within that area. Detailed tasks and rules of appointing and functioning of the Audit Committee are stipulated in the Audit Committee Regulations. When selecting members of the Audit Committee, the Supervisory Board takes into consideration both competencies and experience of the candidates with regard to the matters entrusted to this Committee. The Members of the Audit Committee were also assessed on the basis of the statements made by them.

As at 1 January 2018, the Audit Committee was composed of:

- Małgorzata Iwanicz-Drozdowska Chairwoman of the Committee
- Sławomir Niemierka Member of the Committee
- Paweł Szymański Member of the Committee

As Artur Kucharski was appointed as the Member of the Committee, as at 7 March 2018, the Audit Committee was composed of:

- Małgorzata Iwanicz-Drozdowska Chairwoman of the Committee
- Sławomir Niemierka Member of the Committee
- Paweł Szymański Member of the Committee
- Artur Kucharski Member of the Committee

Due to the resignations submitted by Sławomir Niemierka and Paweł Szymański from their functions as Members of the Supervisory Board, Marcin Eckert joined the Audit Committee, as a result of which the composition of the Audit Committee as at 22 June 2018 was as follows:

- Małgorzata Iwanicz-Drozdowska Chairwoman of the Committee
- Artur Kucharski Member of the Committee
- Marcin Eckert Member of the Committee

As Wojciech Myślecki was appointed as the Member of the Committee, as at 2 August 2018, the Audit Committee was composed of:

- Małgorzata Iwanicz-Drozdowska Chairwoman of the Committee
- Artur Kucharski Member of the Committee
- Marcin Eckert Member of the Committee
- Wojciech Myślecki Member of the Committee

Małgorzata Iwanicz-Drozdowska, Artur Kucharski and Wojciech Myślecki were indicated as persons who fulfill the criteria of independence.

Artur Kucharski was indicated as a person who has knowledge and skills in the area of accounting or examining of financial statements. Artur Kucharski gained his knowledge and skills when he worked as a financial auditor at PricewaterhouseCoopers (PWC). Artur Kucharski graduated from a training organized by the Association of Chartered Certified Accountants (ACCA) and passed all required exams.

Małgorzata Iwanicz-Drozdowska was indicated as a person who has knowledge and skills in the sector in which the Bank operates. Małgorzata Iwanicz-Drozdowska is a professor of economics. In her research Małgorzata Iwanicz-Drozdowska focuses on banking, including risk management, financial security network and assessment of banks' operations. Małgorzata Iwanicz-Drozdowska is an active employee at the Warsaw School of Economics and an author of multiple scientific publications and has many years of practical experience in the banking sector.

In the reporting period 13 meetings of the Audit Committee were held (7 February 2018, 12 February 2018, 23 February 2018, 7 March 2018, 18 April 2018, 30 May 2018, 15 June 2018, 8 August 2018, 22 August 2018, 24 September 2018, 24 October 2018, 21 November 2018, 12 December 2018) during which issues in the following areas were discussed: financial reporting, internal control system, risk management system, including in particular compliance risk, internal audit, financial audit procedures. The Audit Committee received information on material issues concerning accounting and financial reporting, controlled and monitored the independence of the statutory auditor and entity authorized to examine financial statements. Depending on the issues discussed, former Members of the Management Board, Directors of Bank's Departments as well as representative of the auditing company were invited to the meetings of the Audit Committee. The Audit Department Director as well as the Compliance Department Director participate in the meetings of the Audit Committee on a constant basis. Decisions of the Audit Committee were taken in the form of Resolutions. As regards monitoring of the financial reporting process, the Audit Committee periodically received information on material issues related to accounting and reporting, including issued concerning material and atypical transactions at the Bank, how they are registered as well as information on the amendments to the Accounting Policy of the Bank. As regards monitoring of the performance of financial review activities, independence of the statutory auditor and entity authorized to examine financial statements, the Audit Committee periodically met with the Bank's auditor and assessed the independence of the auditor and auditing company, including supervision of the services provided by the statutory auditor and auditing company. In the financial year of 2018 the auditing company examining the financial statements provided permitted services not being examination for the benefit of Alior Bank. The independence of the auditing company was assessed and the consent to the provision of such services was granted each time.

As regards monitoring of the effectiveness of the control system and risk management systems as well as internal audit, the Audit Committee received reports from the Audit Department, taking into consideration i.a. information on the results of the audits carried out, progress in the implementation of recommendations, reports on the execution of the control plan, including the report on the activities of the Audit Department as well as adequacy and effectiveness of the internal control system and risk management system. The Audit Committee received reports from the compliance unit on a regular basis.

After the period covered by the report, a change to the composition of the Audit Committee took place due to the resignation submitted by Małgorzata Iwanicz-Drozdowska from her function as the Member of the Supervisory Board of the Bank, on 27 February 2019 Artur Kucharski became a new Chairman of the Audit Committee. Ph.D. Wojciech Myślecki and Marcin Eckert were indicated as persons who have knowledge and skills in the sector in which the Bank operates.

Nomination and Remuneration Committee

The Remuneration Committee was established by the Resolution of the Supervisory Board on 7 December 2011 in order to apply rules concerning the establishment of the policy of variable components of remuneration of persons holding managerial positions at the Bank adopted by the Resolution of the Polish Financial Supervision Authority No. 258/2011 of 4 October 2011. On 21 December 2016, the Committee was transformed into the Nomination and Remuneration Committee. The Committee issues its opinion on the remuneration policy in order to ensure compliance of the terms and conditions of remuneration with regulations, in particular with the Regulation of the Minister of Development and Finance of 6 March 2017 on risk management system and internal control system, remuneration policy and detailed method of estimating internal capital in banks, in accordance with the principles of stable and careful management of risk, capital and liquidity, as well as with special consideration of long-term interests of the Bank and interests of its shareholders; the Committee issues its opinion on the acceptability of payment of variable components of remuneration in the part related to deferred payment dates of variable components of remuneration; the Committee issues its opinion on and monitors variable remuneration paid to the persons holding managerial positions at the Bank, involving risk management and compliance with the applicable provisions of law and internal regulations by the Bank; the Committee issues its opinion on the classification of positions, which is governed by the remuneration policy with regard to persons having considerable impact on the risk profile of the Bank; the Committee issues its opinion on annual objectives of such persons; the Committee assesses the results of such persons' work; the Committee prepares opinions, assessments or recommendations on candidates for the Management Board of the Bank, on concluding, amending and terminating agreements with the Members of the Management Board, on the structure, size, composition and effectiveness of the operations of the Management Board as a body as well as knowledge, skills and experience of particular Members of the Management Board; the Committee prepares opinions, assessments or recommendations in other personal matters for which the Supervisory Board or the Committee is competent in accordance with the applicable internal regulations and provisions of generally applicable law.

As at 1 January 2018, the Nomination and Remuneration Committee was composed of:

- Tomasz Kulik Chairman of the Committee
- Sławomir Niemierka Member of the Committee
- Maciej Rapkiewicz Member of the Committee
- Mikołaj Handschke Member of the Committee

On 22 June 2018, the Supervisory Board appointed Marcin Eckert as the Member of the Nomination and Remuneration Committee who replaced Sławomir Niemierka, who filed his resignation from the function of the Member of the Management Board of the Bank on 21 June 2018.

At the end of the period covered by the report, the composition of the Nomination and Remuneration Committee was as follows:

- Tomasz Kulik Chairman of the Committee
- Mikołaj Handschke Member of the Committee
- Maciej Rapkiewicz Member of the Committee
- Marcin Eckert Member of the Committee

In the reporting period of 2018, 14 meetings of the Nomination and Remuneration Committee were held (11 January 2018, 17 January 2018, 16 February 2018, 21 February 2018, 2 March 2018, 12 March 2018, 28 March 2018, 13 April 2018, 23 April 2018, 25 April 2018, 2 August 2018, 1-17 October 2018, 26 November 2018, 12 December 2018) during which the Committee i.a. assessed the Members of the Management Board as well as candidates for the Management Board, assess the Management Board itself, issued its opinion on the classification of positions, which is governed by the remuneration Policy with regard to persons having considerable impact on the risk profile of the Bank, issued its opinion on the objectives of such persons for 2018 and issues related to variable remuneration of such persons.

The Committee actively participated in the process of adjusting the Remuneration Policy to new regulations, recommended amendments to the draft of the Remuneration Policy at Alior Bank S.A. and issued its opinion on it.

Due to the necessity of adjusting the Policy of selection and assessment of the Members of the Management Board and the Supervisory Board to legal changes, the Committee issued its opinion on the project amendments to the Policy and subsequently provided the Supervisory Board with a positive recommendation as to adoption thereof.

Furthermore, in 2018, due to changes in the composition of the Management Board the Nomination and Remuneration Committee was responsible for finding potential internal successors for the Members of the Management Board as well as potential internal candidates. The Committee held meetings with potential candidates and assessed them in accordance with the Policy of selection and assessment of the Members of the Management Board and the Supervisory Board applicable at the Bank and applicable regulations. Said activities aimed at ensuring careful and stable Bank management, including in particular ensuring its business continuity.

Risk Committee

The Risk Committee was appointed on 22 December 2015 by virtue of the Resolution of the Supervisory Board No. 81/2015 in order to support the Supervisory Board in the supervision of the risk management process at the Bank.

At the end of the period covered by the report, the composition of the Risk Committee was as follows:

- Dariusz Gątarek Chairman of the Committee
- Małgorzata Iwanicz-Drozdowska Member of the Committee
- Maciej Rapkiewicz Member of the Committee

In the reporting period of 2018, 7 meetings of the Risk Committee were held (21 March 2018, 15 June 2018, 19 September 2018, 17 October 2018, 24 October 2018, 7 November 2018, 19 December 2018) as well as 2 joined meetings of the Risk Committee and the Audit Committee.

During said meeting the Risk Committee discussed issues related to risk management at the Bank, including i.a. results of BION results, terms and conditions for the financing of a subsidiary company, rules of the rating system applied at the Bank, as well as became familiar with the new rules on registering structures bonds.

When performing its obligations in 2018, the Risk Committee recommended that the Supervisory Board accept: settlement of the risk appetite for 2017, adoption of the strategy and risk appetite for 2018, update of the Recovery Plan of the Capital Group of Alior Bank S.A., introduction of the Risk

Management Policy of the Capital Group of Alior Bank S.A. with regard to subsidiary companies, amendments to the Risk Management Policy at Alior Bank S.A., Capital Management and Capital Planning Policy at Alior Bank S.A., update of the Operational Risk Management Strategy for 2017-2020 and Operational Risk Management Policy, as well as management information within the area of model risk management. Furthermore, the Risk Committee recommended that the Supervisory review scenarios along with the results of liquidity stress tests and adopt the updated Rules of Carrying Out Stress Tests of Liquidity Risk. The Committee also became familiar with the terms and conditions for the issue of short-term liquidity bonds of Alior Bank addresses to professional entities.

As part of ongoing supervision of the execution of strategies the Risk Committee received monthly reports in the area of credit risk, including credit concentration, counterparts, market and liquidity risk, capital adequacy, compliance risk, operational risk and IT risk.

The Members of the Risk Committee participated in multiple discussions, posing numerous remarks and questions concerning submitted documents. Exercising supervision of appropriate risk management at the Bank, the Risk Committee also discussed the results of the scenario “hard Brexit” and the results of the review of assets and liabilities assessment.

As part of ongoing supervision of the risk management system the Risk Committee issued its opinion on key documents supporting the risk management process at the Bank.

After the period covered by the report, a change to the composition of the Risk Committee took place due to the resignation submitted by Małgorzata Iwanicz-Drozdowska from her function as the Member of the Supervisory Board of the Bank, on 27 February 2019 Marcin Eckert and Artur Kucharski were appointed as the Members of the Risk Committee.

Self-assessment of the suitability of the Supervisory Board

In accordance with the Policy of selection and assessment of the Members of the Management Board and the Supervisory Board at Alior Bank S.A. adopted on the basis of the Guidelines of the European Banking Authority on the assessment of qualifications of members of a management body and persons performing the most important functions, taking into consideration Article 22 and in relation to Article 22aa of the Banking Act, the Supervisory Board hereby carries out a positive self-assessment of the suitability of the Supervisory Board as a body on the basis of the criteria stipulated in the provisions of the Banking Act and the Guidelines of the European Banking Authority and requests the Ordinary General Meeting of the Bank to approve said self-assessment.

Summary

Having regard to the information presented in this report, the Supervisory Board positively assesses how the Supervisory Board functions and operates, as well as positively assesses the fulfillment of obligations by all Members of the Supervisory Board.

The Supervisory Board requests the Ordinary General Meeting of the Bank to approve this report on the activities of the Supervisory Board in 2018 and grant a vote of acceptance to all Members of the Supervisory Board for the fulfillment of their obligations within the reporting period.

Warsaw, on 29.05.2019

Chairman of the Supervisory Board

.....
Tomasz Kulik

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Marcin Eckert
Deputy Chairman

.....
Dariusz Gątarek
Member of the Supervisory Board

.....
Mikołaj Handschke
Member of the Supervisory Board

.....
Artur Kucharski
Member of the Supervisory Board

.....
Wojciech Myślecki
Member of the Supervisory Board

.....
Maciej Rapkiewicz
Member of the Supervisory Board