



**Resolution No 51/2023  
of the Supervisory Board of Alior Bank Spółka Akcyjna  
with its registered office in Warsaw  
dated 3 April 2023**

**Re: adoption of the “Report on the activities of the Supervisory Board of the Bank in the financial year 2022” and the performance of a self-assessment of the activities of the Supervisory Board of the Bank in 2022.**

Pursuant to Article 382 § 3.3 and Article 382 § 3<sup>1</sup> of the Act of 15 September 2000, the Code of Commercial Companies (uniform text: Journal of Laws 2022.1467, as amended) and § 21.5 in conjunction with § 23.2.3 of the Articles of Association of Alior Bank S.A. (“**Bank**”), it shall be resolved as follows:

**§ 1**

The Supervisory Board of the Bank hereby adopts the “Report on the activities of the Supervisory Board of Alior Bank in the financial year 2022” in its wording specified in Appendix 1 to this resolution (“**Report**”), containing:

- 1) assessment of the financial statements of the Bank and the Bank’s Capital Group for the financial year ended 31 December 2022 and the assessment of the Management Board’s report on the activities of the Bank’s Capital Group in the financial year 2022, including the Management Board’s report on the activities of the Bank in the financial year 2022,
- 2) assessment of the motion of the Management Board of the Bank concerning activities in the financial year 2022,
- 3) report on the fulfilment of supervisory obligations with regard to the activities of the Bank in the financial year 2022, including information on the implementation of the diversity policy,
- 4) assessment of the company’s standing, taking into consideration the adequacy and effectiveness of its internal control, risk management, compliance and internal audit systems used at the Bank, including a concise assessment of the Bank’s standing in the financial year 2022,
- 5) assessment of compliance in the financial year 2022 with reporting obligations concerning the observance of corporate governance principles specified in the Warsaw Stock Exchange Rules and Corporate Governance Rules for Supervised Institutions,
- 6) assessment of internal governance at the Bank, its adequacy, effectiveness and implementation
- 7) assessment of the performance by the Management Board of the Bank of the obligations referred to in Article 380<sup>1</sup> of the Code of Commercial Companies and the manner in which the Management Board of the Bank prepares or provides the Supervisory Board with information, documents, reports or explanations requested in accordance with Article 382 § 4 of the Code of Commercial Companies, together with information on the total remuneration due from the Bank for all audits commissioned by the Supervisory Board during the financial year 2022 in the manner specified in Article 382<sup>1</sup> of the Code of Commercial Companies,
- 8) information concerning educational, cultural, and charitable activities,
- 9) assessment of the adequacy of internal regulations regarding the functioning of the Supervisory Board and the Management Board and the effectiveness of these bodies,

- 10) report on the activities of the committees of the Supervisory Board of the Bank,
- 11) assessment of suitability of the Supervisory Board of the Bank.

**§ 2**

The Supervisory Board of the Bank hereby makes a positive self-assessment of its activities in the financial year 2022, in accordance with the detailed description of the self-assessment procedure presented in the Report.

**§ 3**

The Supervisory Board of the Bank hereby submits the Report to the Ordinary General Meeting of Shareholders of the Bank.

**§ 4**

The Resolution enters into force on the date of its adoption.

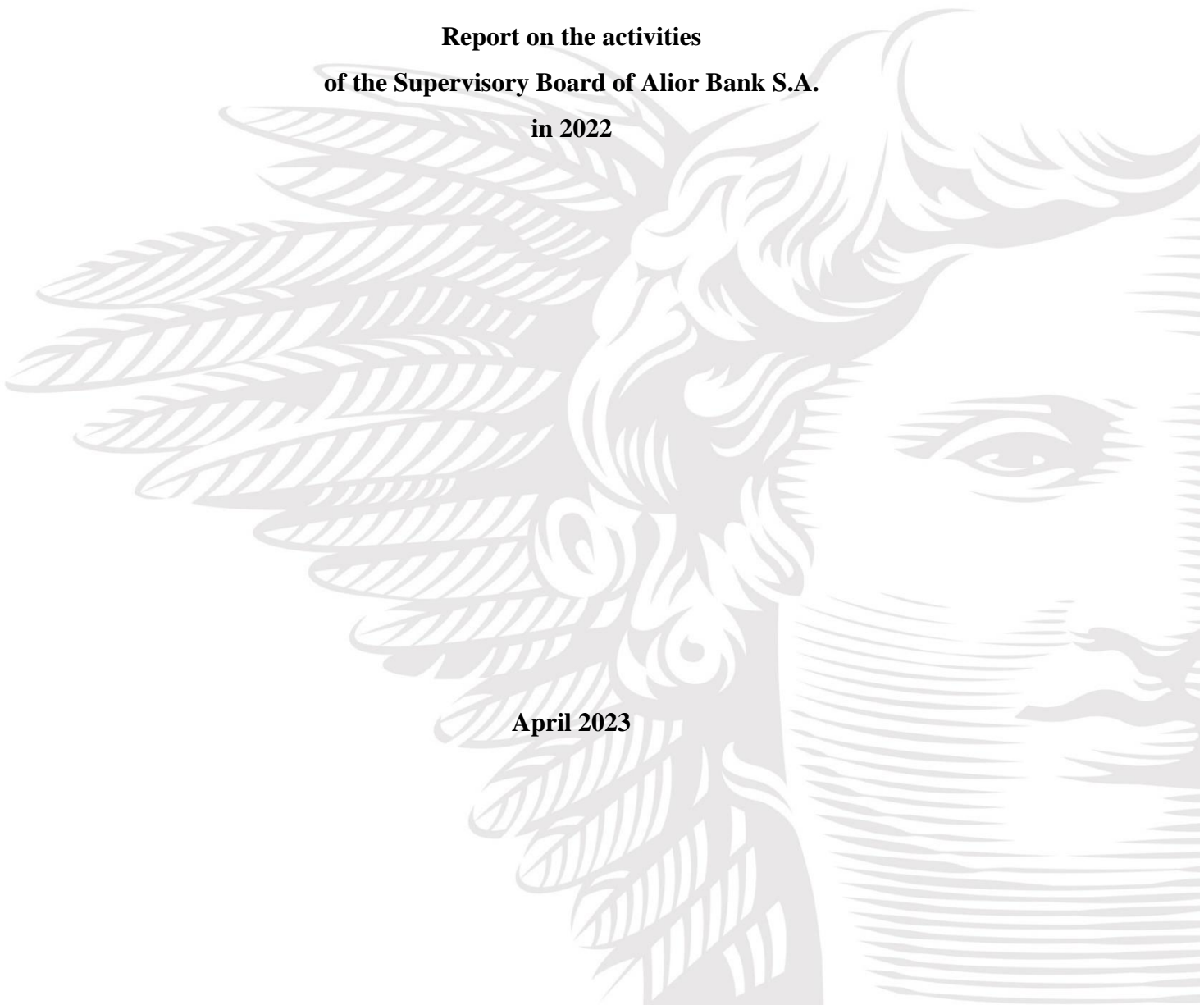
*Number of votes cast: 7, including:*

*Votes cast for the Resolution: 7 (Filip Majdowski, Ernest Bejda, Małgorzata Erlich - Smurzyńska, Paweł Knop, Marek Pietrzak, Paweł Śliwa, Dominik Witek)*



**Report on the activities  
of the Supervisory Board of Alior Bank S.A.  
in 2022**

**April 2023**



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### **Introduction**

During the reporting period, the Supervisory Board of Alior Bank Spółka Akcyjna with its registered office in Warsaw (“Bank” or “Alior Bank S.A.”), acting on the basis of the provisions of the Act of 15 September 2000. Code of Commercial Partnerships and Companies (*Dziennik Ustaw* 2022, item 1467, as amended), Act of 29 August 1997 - Banking Law (*Dziennik Ustaw* 2022, item 2324, as amended; “Banking Law”) and other applicable legal regulations, the Articles of Association of the Bank as well as the Regulations of the Supervisory Board, exercised continuous supervision over the Bank’s activities in all areas of its activity.

In the performance of its duties, in 2022, the Supervisory Board actively participated in the monitoring and supervision of key areas of the Bank’s activities, including risk management, internal

control system and compliance with the law, requirements imposed by regulators and market standards, and internal audit activities.

As part of the performance of these duties, the Supervisory Board acquainted itself with regular reports on credit risk, operational risk, including issues covering the scope of information technology, market and liquidity risks, difficult-to-measure risks (model risk, business risk, compliance risk, reputation risk), and with the results of liquidity risk stress tests for the purposes of the internal liquidity adequacy assessment process (ILAAP) and regulations concerning the review of the internal capital adequacy assessment process (ICAAP), and with the reports of the Audit Department and the Regulation Compliance Department. The Supervisory Board was informed about the impact of situation related to the war in Ukraine on the Bank. An important element of the activities performed by the Supervisory Board during the reporting period was supervision over the Bank's financial results, including, in particular, supervision over the implementation of the financial plan for 2022. The Supervisory Board received and analysed on an on-going basis periodic reports prepared by relevant organisational units of the Bank and the Management Board of the Bank, presenting the current financial results of the Bank as well as the development of the solvency ratio and capital requirements of the Bank. When fulfilling the requirements of the supervisory authorities, the Supervisory Board approved an updated "Recovery Plan for the Alior Bank S.A. Capital Group".

The activities of the Supervisory Board also referred to issues related to the composition of the Management Board of the Bank. On 24 March 2022, Mr Maciej Brzozowski resigned his position in the Management Board and resigned as the Vice-President of the Management Board effective as of 24 March 2022, 18:00. In connection with the aforementioned change in the composition of the Management Board, on 31 March 2022 the Supervisory Board approved the Resolution of the Management Board of the Bank on the internal division of powers in the Management Board of the Bank, thus introducing a new division of powers among Members of the Management Board. The Supervisory Board confirmed that until a candidate for a Member of the Management Board of the Bank in charge of supervising the management of risk relevant to the Bank's operations is selected and until the Polish Financial Supervision Authority approves the appointment, supervision over the management of relevant risk is exercised by the Management Board of the Bank *in gremio*. On 14 July 2022, the Polish Financial Supervision Authority approved the appointment of Mr Grzegorz Olszewski as the President of the Management Board of the Bank. On 2 August 2022 the Supervisory Board approved the Resolution of the Management Board of the Bank on the internal division of powers in the Management Board of the Bank, thus introducing a new division of powers among Members of the Management Board. On 13 October 2022, the Supervisory Board of the Bank appointed Mr Tomasz Miklas to the Management Board of the Bank and entrusted him with the function of Vice-President of the Management Board of the Bank supervising the management of material risk in the Bank's operations, subject to obtaining the relevant approval of the Polish Financial Supervision Authority and as of the date of issue of the said approval. At the same time, the Supervisory Board of the Bank entrusted the Management Board of the Bank acting *in gremio* with the obligation to supervise material risk management in the Bank's operations, until such time as the approval of the Polish Financial Supervision Authority to entrust Mr Tomasz Miklas with the function of Vice-President of the Management Board of the Bank supervising material risk management in the Bank's operations is obtained. On 20 October 2022 the Supervisory Board approved the Resolution of the Management Board of the Bank on the internal division of powers in the Management Board of the Bank, thus introducing a new division of powers among Members of the Management Board.

On 3 November 2022, Mr Marek Majsak resigned from his position in the Management Board of the Bank and from the function of the Vice-President of the Management Board, effective as of the end of 4 November 2022. On the same day, the Supervisory Board of the Bank appointed Mr Szymon Kamiński to the Management Board of the Bank for the position of Vice-President of the Management Board, effective as of 7 November 2022. On 2 December 2022, the Supervisory Board of the Bank approved the Resolution of the Management Board of the Bank on the internal division of powers in the Management Board of the Bank, thus introducing a new division of powers among Members of the Management Board.

The year 2022 was the period of the fourth, joint, four-year term of office of the Supervisory Board of the Bank commenced in 2020.

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

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

Alior Bank ended the year 2022 with record profits of PLN 4.382 billion. Net interest income amounted to PLN 3.56 billion, which represents growth by 27% YoY. The reported net profit of the previous year amounted to PLN 683 million, which is the second highest result in the entire history of the bank's operations. Net profit adjusted for non-recurring events would have amounted to PLN 1.371 billion in 2022.

Alior Bank has clearly improved the performance, profitability and quality of its portfolio. The non-performing loan (NPL) ratio dropped below 10 percent. In annual terms, it dropped by 1.97 percentage points, down to 9.8 percent. The return on equity, expressed as ROE, also improved to 11.3 percent in 2022, which represents an increase by 3.6 p.p. compared to 2021. The bank's assets totalled PLN 82.9 billion, whereas the Cost of Risk (CoR) was at a good level of 1.51 percent in 2022.

Non-recurring events had a significant impact on net income in 2022, including primarily: impairment of non-financial assets for the branch in Romania, accession to the Commercial Bank Protection System, provisions for the cost of "credit holidays", provision for the return of additional margin related to the entry of mortgage into the land and mortgage register, contributions to the Borrower Support Fund.

The levels of TIER1 (13.00%) and TCR (14.19%) capital ratios at the end of 2022 left significant buffers above the regulatory minima at the level of respectively: 435 bps (PLN 2.1 billion) and 354 bps (PLN 1.7 billion). The liquidity position was also maintained at a safe level, as confirmed by the high LCR rate of 166% at the end of 2022.

The Bank's net interest margin (NIM) in 2022 was 4.64% (+90 bps YoY), whereas in Q4 2021 alone it was 5.92%.

The cost to income (C/I) ratio in 2022 was 45.6%, i.e. 2.1 pp higher than in 2021. The costs of operation amounted to PLN 1,998 million and were PLN 415 million (26%) higher compared to 2021. They were primarily impacted by non-recurring events related to the accession to the Commercial Bank Protection System in the amount of PLN 214 million as well as contributions to the Borrower



Support Fund in the amount of PLN 62 million. At the same time, in 2022 there were no costs of studies commissioned by the Supervisory Board.

In the retail client area, the number of active mobile application users increased by 25% in 2022 and exceeded one million users in November of last year. In Q4 2022, clients ordered 11 million transfers via the Alior Mobile app, i.e. nearly 20% more than in the corresponding period of the previous year. The clients of Alior Bank also continuously increased the frequency of using additional services, such as BLIK transactions and motorway toll payment via the app. The number of motorway tolls and ticket fares paid via the Alior Mobile app in Q4 2022 amounted to 483 thousand, which represents growth by 67% YoY.

Due to the low demand for mortgage loans, primarily due to higher market interest rates, the mortgage loan segment continued to follow a downward trend. Nevertheless, the share of mortgage loans in new sales in the last quarter of 2022 was at the level of 6.2% (compared to 4.1% in 2021). Despite a decline in sales by 57% YoY in Q4 2022 – compared to the corresponding period of the previous year, the gross value of the mortgage loan portfolio grew by 3% up to PLN 16 billion.

Despite a drop in the gross value of the consumer loan portfolio from PLN 18.7 billion in Q4 2021 to PLN 16.9 billion a year later, Alior Bank remained among the leaders of that market with a market share of 11.1%. The 49% share of agreements sold in remote channels is a great success of the Bank.

In December 2022, the Bank also implemented Alior Pay, an innovative service on the deferred payment market that allows to defer online transactions, transactions in brick and mortar stores made by card or BLIK and transfers from an account in Alior Bank for 30 days and then – at the client's request – break them down into instalments.

In the business client segment, in Q4 of the previous year the Bank began work on new online banking for businesses. A new, automatic online application for a business account for sole traders was also launched. As much as 87% of the processes are fully automatic, which translates into shorter execution time – from the moment of launching the application until the opening of the account, the entire process has been completed in 5 minutes and 40 seconds. In the small business segment, the share of automatic processes remains stable.

With the level of regularly serviced business client assets remaining stable at PLN 11 billion, the portfolio in restructuring and debt collection was systematically shrinking. This was accompanied by customer base optimisation. The Bank focuses on building relationships with customers with a good risk profile and high product potential. In Q4 of the previous year, the share of new overdraft facilities sold to business representing preferred industries grew by 15 pp compared to the previous quarter.

### **Assessment of the internal control system, Compliance, and internal audit functions**

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

The internal control system at the Bank is constructed in accordance with the model of three independent lines of defence. The first line of defence is responsible for risk management in the Bank's operating activities and consists of business units whose functioning generates various types of risk affecting the achievement of objectives by the Bank. The second line of defence comprises

risk management by employees at dedicated positions or in dedicated organisational units independent from risk management under the first line of defence and the compliance unit. The third line of defence consists of the activities of the internal audit unit. At all three levels of defence the Bank's employees apply, as appropriate, certain control mechanisms that ensure the achievement of objectives by the Bank or independently monitor compliance therewith.

The Audit Department plays a special role within the internal control system, as its primary task is to examine and evaluate, independently and objectively, the adequacy and effectiveness of the internal control system on the first and second lines, respectively, taking into account the adequacy and effectiveness of the control mechanisms selected for the audit and independent monitoring of their compliance within the first and second lines. There are adequate mechanisms in place at the Bank to ensure the independence and objectivity of the Audit Department. The Supervisory Board, in particular the Audit Committee of the Supervisory Board, and the Management Board of the Bank receive periodic reports of the Audit Department that include information on the results of conducted audits, progress in the implementation of recommendations issued and information on the internal audit activity. In December 2022, the Management Board of the Bank and the Audit Committee of the Supervisory Board approved the Annual Audit Plan for 2023 and the updated Strategic Audit Plan for the years 2020-2024. These plans were adopted by the Supervisory Board on 30 December 2022.

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

In the execution of its prerogative included in the Compliance Policy applicable at the Bank, the Supervisory Board received quarterly reports on compliance risk management and control function implementation in 2022. These reports included, in particular: information on the level of compliance risk, information on key changes in legal regulations and market standards, results of compliance risk testing together with information on the status of implementation of recommendations issued by the Compliance Department, and information on the functioning of the process of reporting breaches and non-conformities by Bank employees (*whistleblowing* system). The Supervisory Board also had an opportunity to hold direct discussions on issues in the area of compliance risk with the head of the Compliance Department, who participated in the meetings of the Audit Committee of the Supervisory Board on a regular basis, and the Bank had in place mechanisms guaranteeing the independence of the Department. In December 2022, the Supervisory Board also authorised the Compliance Unit's Action Plan for 2023, which had previously been approved by the Management Board of the Bank.

In 2022, the subject of particular interest for the Supervisory Board and the Audit Committee of the Supervisory Board was the issue of monitoring the status of irregularities identified by the first and second lines of defence. The Audit Committee also paid particular attention to issues related to risk (including credit holidays, "small CJEU", "large CJEU", credit portfolio analysis in the context of



interest rate changes) and the activities of Alior Leasing Sp. z o.o. (a subsidiary), Branch of the Bank in Romania and Partner Outlets of the Bank.

In the opinion of the Supervisory Board, the internal control system in 2022 was subject to further improvements compared to 2021. The application introduced as part of the project in the WEBCON tool, used to maintain the Control Function Matrix and keep a record of processes implemented at the Bank, risks/objectives of the internal control system as well as control mechanisms and their independent monitoring, along with the register of irregularities identified in tests performed as part of the internal control system, allowed to better coordinate and optimise the internal control system. Internal control system assessments resulting from process audits carried out in 2022 by the Audit Department have improved compared to 2021.

### **Risk management system assessment**

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

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

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

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

The Management Board of the Bank is responsible for designing, introducing and ensuring consistent approach adapted to the risk profile, risk management system in the Group, including for establishing rules for managing individual types of risk, ensuring their consistency with the Risk Management Strategy, and for determining the risk appetite. The Supervisory Board supervises the risk management system in the Group, compliance of the Group’s policy as regard risk taking with the strategy and financial plan of the Group, and assesses the adequacy and effectiveness of that system.

The Bank maintains its exposure to credit risk in connection with its lending activity, the goal of which is to generate return on the engaged capital. The Bank manages the credit risk exposure by taking into account the goal of optimising the quality of the credit portfolio with the assumed rate of

return on the invested capital and appropriate diversification of the assets acquired as part of the Bank's lending activities. In 2022, taking into account the macroeconomic and geopolitical situation, the Bank took a number of steps to tighten the lending policy in terms of assessing the creditability and creditworthiness of customers and the criteria for granting loans. It defined the preferred areas of lending development, increased the requirements for securing credit exposures granted to customers who, in the Bank's opinion, pose a higher credit risk.

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

The Bank has a formalised operational risk management system in place to prevent operational events from occurring and minimise losses if the risk materialises. The operational risk management process is implemented at all management levels of the Bank – from basic organisational units to the Management Board and the Supervisory Board. The amount of operational risk expenses in 2022 was within the adopted target and operational risk expense limit for the Bank. A significant part of these expenses are provisions for legal risks related to foreign currency mortgages and cases concerning the actions of buyers of investment certificates of exWI funds.

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

On 23 March 2022, the Polish Financial Supervision Authority approved a change in the AMA model consisting in shifting the threshold for differentiating the body and tail regions of the data and approved the implementation of remedial measures arising from the position of the Polish Financial Supervision Authority of 11 February 2021 by the Bank. This is yet another step to strengthen the operational risk management system in the Capital Group and reflect the actual level of that risk in the measurement.

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

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

The risk management system applicable at the Bank is adjusted to the activities carried out by the Bank and its organisational structure, complexity of the activities, size and profile of risks. As part of the risk management system, the Bank applies formal procedures to identify, measure, assess, control, monitor and report risk and take preventive measures. The system of managerial information in the Bank enables the effective monitoring of risk levels.

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

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

**Assessment of compliance with reporting obligations concerning the observance of corporate governance principles specified in the Warsaw Stock Exchange Rules and Corporate Governance Principles for Supervised Institutions by the Bank in 2022**

Pursuant to the Warsaw Stock Exchange (WSE) Rules, the Bank, as a public company, is under an obligation to comply with Best Practice for GPW Listed Companies 2021 ("Best Practice"), which provide a set of rules of conduct applicable in particular to the bodies of companies listed on the WSE and their shareholders. The Best Practice was adopted for application by virtue of Resolution No. 35/2022 of the Annual General Meeting of the Bank held on 31 May 2022.

Pursuant to Resolution No. 89/2014 of the Supervisory Board of the Bank of 29 December 2014, Corporate Governance Principles for Supervised Institutions ("Corporate Governance Principles") were also adopted for application, as confirmed in Resolution No. 25/2015 of the Ordinary General Meeting of the Bank of 25 May 2015.

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

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

In 2022, compliance by the Bank with rules established in the Best Practice has been analysed and information regarding compliance with the said rules was published on 27 April 2022. According to the published statement, Alior Bank applied the principles established in the Best Practice with the following reservations updated to include information that the Annual General Meeting of the Bank was held in 2022:

- Principle 2.1 is not applied. The Policy of Selection and Assessment of the Members of the Management Board was adopted by the Supervisory Board of the Bank. The Policy of Selection

and Assessment of the Members of the Management Board was discussed at the Bank's Ordinary General Meeting. Both documents incorporate the objectives and criteria for diversity of members of the Bank's governing bodies in line with Principles 2.1 and 2.2 and set the gender diversity ratio at no less than 30% minority participation. According to the current state of the Bank's bodies, the specified level of gender diversity has not been achieved.

- Principle 2.2 is not applied. Management Board members are selected and evaluated by the Nomination and Remuneration Committee of the Supervisory Board in cooperation with the HR Division. Supervisory Board members are evaluated by the shareholder who has recommended the appointment. The Policy of Selection and Assessment of the Members of the Management Board was adopted by the Supervisory Board of the Bank. The Policy of Selection and Assessment of the Members of the Management Board was discussed at the Bank's Ordinary General Meeting. Both documents incorporate the objectives and criteria for diversity of members of the Bank's governing bodies in line with Principles 2.1 and 2.2 and set the gender diversity ratio at no less than 30% minority participation. According to the current state of the Bank's bodies, the specified level of gender diversity has not been achieved.
- Principle 4.1 is not applied. Given the need to perform multiple technical and organisational measures and the involved costs and risks, as well as little experience of the market in this regard, the Bank has not currently opted for providing the shareholders with real-time communication capability whereby shareholders would be able to speak at a General Meeting from a location other than the place of deliberations.
- Principle 4.8 is applied. The Bank shall immediately publish draft resolutions upon their receipt, together with a set of materials concerning them, on the Bank's website.
- Principle 4.9 is applied. The Bank shall immediately publish candidacies upon their receipt, together with a set of materials concerning them, on the Bank's website.
- Principle 6.3 is applied. As at the day of publication of the report at the Bank, there are no incentive programmes in accordance with the principles described above.
- Principle 6.4 is applied. The rule is applied to the extent compliant with the Act on Remuneration of the Management of Certain Entities of 9 June 2016.

The Supervisory Board assessed the application of Corporate Governance Principles by the Bank, as expressed in Resolution No. 12/2023 of 10 December 2023. As a result of the analysis, it was found that in 2022 the Bank applied the Corporate Governance Principles, with the exception of:

- § 8.4 - Principle is not applied. The convening and holding of the General Meetings of Alior Bank S.A. complies with the regulations applicable to public companies and the Best Practice and Corporate Governance Principles to the extent consistent with the expectations of the Bank's shareholders. Given the need to perform multiple technical and organisational measures and the involved costs and risks, as well as small experience of the market in this regard, the Bank has not currently opted to provide the shareholders with real-time communication capability whereby shareholders would be able to speak at a General Meeting of Shareholders from a location other than the place of deliberations.
- § 49.4 – not applicable. The Audit Department and the Compliance Department are separated from the Bank.
- § 52.2 – not applicable. The Audit Department and the Compliance Department are separated from the Bank.

- § 53 - § 57 – not applicable. The Bank does not conduct activities consisting in managing assets at customer risk.

Information on the application of the principles contained in the Best Practice by the Bank as well as the Report on the assessment of the application of Corporate Governance Principles was published on the Bank's website <https://www.aliorbank.pl/additional-informe/relacje-Investorskie/lad-korporacyjny.html>.

Taking the above into consideration, the Supervisory Board positively assesses the manner in which the Bank fulfilled its information obligations in 2022.

### **Assessment of internal governance at the Bank, its adequacy, effectiveness and implementation**

The Management Board positively assesses the internal governance implemented at the Bank, including its adequacy and effectiveness.

The assessment was made after the Supervisory Board examined the results of the assessment of the Management Board in that regard, presented in the Report of the Management Board of the Alior Bank S.A. Capital Group in 2022. Furthermore, as part of the implementation of Recommendation Z at the Bank, provisions obliging the Compliance Unit to audit compliance with internal governance principles at the Bank were introduced to the Regulations of the Compliance Department. The assessment of the internal governance in individual areas of Recommendation Z adopted by the Polish Financial Supervision Authority on the principles of internal governance in banks is presented below (hereinafter: Recommendation Z).

### **General principles of internal governance at the Bank**

In the opinion of the Supervisory Board, the Bank has in place a transparent and effective internal governance that complies with the law. It is defined in the Bank's Articles of Association and the hierarchical system of internal regulations adopted by the Bank. The internal governance includes, in particular, the Bank's management system, the Bank's organisation, principles of operation, powers, duties, and responsibilities as well as mutual relations between the Supervisory Board, the Management Board and Bank's key function holders.

As the parent entity in the Alior Bank S.A. Capital Group, the Bank ensures proper internal governance throughout the group, appropriate to the structure, operations, and risk of the group and its constituent entities, as well as exercises appropriate ownership supervision over subsidiaries. The appropriate framework for cooperation within the group was defined primarily in the Ownership Supervision Policy at Alior Bank S.A. and in the Risk Management Strategy of the Alior Bank S.A. Capital Group.

The organisation of the Bank contributes to ensuring effective and prudent management of the Bank, both individually and at the Group level. The organisation of the Bank was reflected in the organisational structure of the Bank, defined in the internal regulations, which covers the entire area of the Bank's operations and explicitly distinguishes each key function. This applies both to the division of tasks, powers, duties, and responsibilities between Members of the Management Board (following the resolution specifying the internal division of competences in the Management Board of the Bank), as well as to the division of tasks, powers, duties, and responsibilities between



organisational units, organisational cells, and organisational positions. The most important internal regulations ensuring effective and prudent management of the Bank include: Regulations of the Management Board of Alior Bank S.A., Regulations of the Supervisory Board of Alior Bank S.A., Organisational Regulations of Alior Bank S.A., Organisational Regulations of the Head Office of Alior Bank S.A.

Acquisition from the parent entity within the PZU S.A. Capital Group of information that is necessary to understand the general objectives of the group and the types of risk to which it is exposed is possible under the agreement concluded between the Bank and Powszechny Zakład Ubezpieczeń S.A. on cooperation and information exchange, including through the establishment of a Strategic Committee under that agreement.

**Principles of operation, powers, duties, responsibilities as well as mutual relations of the Supervisory Board and the Management Board and suitability of members of these bodies and Bank's key function holders.**

The system of internal regulations applicable at the Bank ensures a clear assignment of responsibility to the Management Board and the Supervisory Board. The tasks of both bodies are coordinated to ensure their effective operation for the implementation of the Bank's management strategy and risk management strategy.

Advisory and opinion-making support is provided to the Supervisory Board by the Strategy and Bank Development Committee of the Supervisory Board of Alior Bank S.A., appointed in order to increase the effectiveness of supervisory activities performed by the Supervisory Board in the scope of issuing opinions on all strategic documents submitted to the Supervisory Board by the Management Board of the Bank (in particular the Bank's development strategy) and to present recommendations for planned investments with significant impact on the Bank's assets to the Supervisory Board.

The principles of management information are set out in the document Principles of the Management Information System in force at the Bank, which defines a set of reports used to manage the Bank at all basic management levels: Supervisory Board, Committees of the Supervisory Board, Management Board, Committees of the Management Board, Directors of Regions, Branches, Compliance Department, Data Protection Officer, Risk Area (units and cells reporting to the Member of the Management Board supervising risk management in the Bank's operations – in accordance with the resolution of the Management Board of the Bank of 22 November 2022 until the Polish Financial Supervision Authority expresses its consent to entrust Tomasz Miklas with the function of the Vice-President of the Management Board of the Bank supervising the management of material risk in the Bank's operations, supervision over material risk management is exercised by the Management Board of the Bank *in gremio*).

The Supervisory Board, by virtue of the Resolution of 11 October 2022, having reviewed the information of the Management Board on the amendment to the provisions of the Code of Commercial Partnerships and Companies entering into force as of 13 October 2022, stated that the scope of information about the Bank required to be provided to the Supervisory Board by the Management Board pursuant to Article 380<sup>1</sup> § 1 items 1-3) and Article 380<sup>1</sup> § 2 of the Code of Commercial Partnerships and Companies, is covered by the system of periodic reporting to the Supervisory Board and Committees of the Supervisory Board functioning at the Bank, resulting from



the Bank's internal regulations, including in particular the Principles of the Management Information System – in the form and with the frequency and deadlines for submitting information specified in these regulations. The Supervisory Board decided that the above information about the Bank, referred to in Article 380<sup>1</sup> § 1 items 1-3) and Article 380<sup>1</sup> § 2 of the Code of Commercial Partnerships and Companies, will be provided taking into account the form as well as with the frequency and deadlines resulting from the current reporting system.

The Bank, through the applied solutions, ensures that positions with a significant impact on the direction of the Bank's operations are held by persons with appropriate features and qualifications. They are defined primarily in: The Policy of Selection and Assessment of Supervisory Board Members of Alior Bank S.A., the Policy of Selection and Assessment of Management Board Members of Alior Bank S.A., the Policy of Assessment of the Suitability of Members of the Authorities of the Brokerage House of Alior Bank S.A. and the Policy of Selection and Assessment of Key Function Holders at Alior Bank S.A.

### **Bank's standards of conduct and conflicts of interest at the Bank's level**

The Bank has established appropriate standards of conduct and conflict of interest management. The Code of Ethics of Alior Bank S.A. and the Instruction on Conflict of Interest Management were adopted by the Management Board and approved by the Supervisory Board.

The Code of Ethics constitutes a collection of the most important principles and ethical standards specifying the standards of conduct of the Alior, as well as person through which the Bank performs its banking activities.

The principles for managing conflict of interest have been described in the Instruction on Conflict of Interest Management. The Bank has in place appropriate internal procedures and operational solutions to ensure proper conflict of interest management, in particular specifying the method of identifying, preventing, monitoring, eliminating, and minimising the effects of the conflict.

Both of the above regulations are available on the Bank's website.

### **Outsourcing policy, principles of remuneration at the Bank and dividend policy**

The Bank developed the outsourcing principles, including the comprehensive implementation of the guidelines on outsourcing of the European Banking Authority, referred to in document EBA/GL/2019/02 of 25 February 2019 (hereinafter: the Outsourcing Guidelines) as well as in position of the Office of the Polish Financial Supervision Authority of 16 September 2019. The Bank has in place: the Purchasing Policy at Alior Bank, the Rules for Concluding Agreements, the Policy for Managing Relations with IT Service Providers, as well as the Policy of Managing Outsourcing, Insourcing and Sensitive Services at Alior Bank S.A. ("Outsourcing Policy"), which governs the entrustment of activities pursuant to Articles 6a to 6d of the banking law and the Outsourcing Guidelines. The provisions of the Outsourcing Policy cover such aspects as risk assessment, as well as monitoring and control of outsourcing agreements. The Bank conducts periodic assessment of Critical Outsourcing Agreements and Sensitive IT Services (semi-annual) and assessment of Outsourcing, Insourcing and Sensitive Agreements (annual). Assessment reports are subject to

approval by the Bank's Operational Risk Committee and then submitted to the Management Board and the Supervisory Board.

The Bank has in place the Remuneration Policy of Alior Bank S.A., which is the basic document in the field of policy and rules for shaping the remuneration of the Bank's employees. It includes the rules for the remuneration of individuals who, due to their special role in the Bank's risk management system, have been covered by a separate regulatory regime in this regard.

The Bank also has in place a Nomination and Remuneration Committee of the Supervisory Board of Alior Bank Spółka Akcyjna ("Remuneration Committee"), which is an advisory committee subordinate to the Supervisory Board. The primary tasks of the Remuneration Committee include advising the Supervisory Board and the Management Board on the implementation of the provisions of the Remuneration Policy of Alior Bank S.A. and the Remuneration Policy for Members of the Management Board and Supervisory Board of Alior Bank S.A. – in relation to Persons Influencing the Bank's Risk Profile, as well as preparing opinions, assessments or recommendations on matters specified in the Policy of Selection and Assessment of Management Board Members of Alior Bank S.A. and Policy of Selection and Assessment of Supervisory Board Members of Alior Bank S.A.

The Dividend Policy of Alior Bank S.A. adopted by the Bank aims to establish rules for stable dividend payment in the long-term perspective while observing the principle of prudential capital management as well as any and all regulatory requirements whereto the Bank has been obligated. In particular, the Dividend Policy of Alior Bank S.A. takes into account elements resulting from Recommendation Z, and is subject to regular update under the annual review of internal procedures.

### **Risk management**

The risk management system in force at the Bank utterly takes into account the essence of the Bank's exposure to risk and covers all significant types of risk. The base document aimed at ensuring that the Bank's risk is maintained at an acceptable level in accordance with the risk appetite adopted and that the long-term financial objectives of the Bank are achieved is the Risk Management Strategy of the Alior Bank S.A. Capital Group. The Strategy overrides policies and principles related to the management of individual material types of risk.

In addition, the Bank regularly reviews the strategy and procedures for estimating and maintaining internal capital on a regular basis. In accordance with the regulation, the Internal Capital Adequacy Assessment Process (ICAAP) at Alior Bank S.A. in order to ensure that the ICAAP process is appropriate to the scale of the Bank's operations, it is subject to regular reviews. These reviews are conducted once a year or whenever any significant changes are made to the internal and external environment of the Bank. Between 23 June 2022 – 30 August 2022, the process of estimating internal capital at the Bank was reviewed. The review was carried out for the period from 31 March 2021 to 31 March 2022. This review resulted in issuing 3 recommendations for verification and approval by the Management Board. By virtue of the resolution, the Management Board approved the "Report on the review of the ICAAP process at Alior Bank S.A." and submitted the report for information to the Supervisory Board via the Risk Committee of the Supervisory Board.

In the opinion of the Supervisory Board, the Bank applies appropriate standards with regard to the introduction of new products, services, starting new activities, starting activities on a new market, or

to the introduction of products or services to new markets and significant changes to the above in accordance with the provisions of Recommendation Z. A document specifying the rules applicable in this respect is the Policy of Approving New Products at Alior Bank S.A.

## **Disclosures**

The Bank has in place the Information Policy on capital adequacy and other information subject to disclosure in Alior Bank S.A. (hereinafter: “Information Policy”). The document was introduced to the Bank by way of a resolution of the Management Board and then approved by a resolution of the Supervisory Board.

The information policy defines the scope of information subject to disclosure, the frequency and date of disclosing information, as well as the form and place of disclosing information. The information policy shall be reviewed at least once a year.

The Bank, when announcing to the public all information, also covered by the Information Policy, follows the principle that all information made available presents the material and financial situation of the Bank correctly, reliably, and clearly to the applicable extent and in accordance with the provisions of law. For this reason, the rules for verifying and approving published information were implemented in the Information Policy.

In the opinion of the Supervisory Board, the scope of disclosed information takes into account the Bank’s size, risk profile, and complexity of its operations.

The information policy is available on the Bank’s website.

### **Assessment of the performance by the Management Board of the Bank of the obligations referred to in Article 380<sup>1</sup> of the Code of Commercial Partnerships and Companies and the manner in which the Management Board of the Bank prepares or provides the Supervisory Board with information, documents, reports or explanations requested in accordance with Article 382 § 4 of the Code of Commercial Partnerships and Companies**

The Supervisory Board, having reviewed the information of the Management Board of the Bank on the amendment to the provisions of the Code of Commercial Partnerships and Companies entering into force as of 13 October 2022, stated that the scope of information about the Bank required to be provided to the Supervisory Board by the Management Board pursuant to Article 380<sup>1</sup> § 1 (1) to (3) and Article 380<sup>1</sup> § 2 of the Code of Commercial Partnerships and Companies is covered by the system of periodic reporting to the Supervisory Board and Committees of the Supervisory Board functioning at the Bank, resulting from the Bank’s internal regulations, including in particular the “Principles of the Management Information System” – in the form and with the frequency and deadlines for submitting information specified in these regulations, having regard to the schedule of meetings of the Supervisory Board and Committees of the Supervisory Board.

Furthermore, the Supervisory Board of the Bank decided that the above information about the Bank, referred to in Article 380<sup>1</sup> § 1 (1) to (3) and Article 380<sup>1</sup> § 2 of the Code of Commercial Partnerships and Companies, will be provided taking into account the form, frequency and deadlines resulting from the current reporting system and having regard exclusively to information on relevant

subsidiaries of the Bank in regard to Article 380<sup>1</sup> § 2 of the Code of Commercial Partnerships and Companies.

At the request of the Supervisory Board of the Bank, all information, materials, documents and analyses necessary to duly perform the supervisory duties of the Board were being provided.

Having regard to the above, the Supervisory Board positively assessed the performance of obligations referred to in Article 380<sup>1</sup> of the Code of Commercial Partnerships and Companies by the Management Board in 2022 and positively assessed the manner in which the Management Board of the Bank prepared or provided the Supervisory Board with information, documents, reports or explanations requested in accordance with Article 382 § 4 of the Code of Commercial Partnerships and Companies in 2022.

### **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. This activity is aimed at helping implement individual projects as well as disseminating knowledge of social responsibility and sustainable development among employees, customers, business partners and shareholders of the Bank.

#### **Sponsoring**

##### **Culture and art (Expenditure incurred in 2022 - PLN 417,900.00 gross)**

###### ***Orszak Trzech Króli [Procession of the Three Kings] (PLN 98,400.00 gross)***

In 2022, Alior Bank S.A. for the fifth time was a Partner of the “Orszak Trzech Króli” Foundation and the event traditionally organised by the Foundation on 6 January 2022. The event gathered 1.5 million participants on the streets of 753 Polish cities and villages.

###### ***Biały Kruk [White Raven] (PLN 61,500.00 gross)***

In 2022, Alior Bank S.A. also became the sponsor of the publication titled “Inventor and Donor. Biography of Ignacy Łukasiewicz” by Fr. prof. Janusz Królikowski, published by the publishing house Biały Kruk.

###### **Grash Music (PLN 246,000.00 gross)**

In 2022, Alior Bank became the sponsor of a record release and a premiere concert by Rafał Brzozowski titled “Zielone I love You” [Green I love You].

###### **Polish Artists Hockey Team (PLN 12,000.00 gross)**

In 2022, Alior Bank supported the Polish Artists Hockey Team, which has been participating in charity competitions for many years.

## **Sports (Expenditure incurred in 2022 - PLN 3,540,198.4 gross)**

### **Kraina Bugu Triathlon and Paratriathlon [Bug River Land Triathlon and Paratriathlon] (PLN 12,300.00 gross)**

On August 27th, 330 competitors from all over Poland participated in the 5<sup>th</sup> Charitable Triathlon and Paratriathlon KRAINA BUGU in Janów Podlaski. Competitors competing in 3- or 4-person groups completed a 6 km run, 15 km rafting section and 31 km bike run – a total of 52 km. The purpose of the event was to collect funds to provide protected housing for people with disabilities. The event was held as part of the “Aktywni z Aliorem” [Active with Alior] cycle.

### **Bieg Przemyska Piątka [Przemyśl 5K Run] (PLN 10,000.00 gross)**

On September 25th, the Przemyśl 5K Run for the Hospice was held for the fifth time. Alior Bank became the main partner of the event for the third time. All revenue generated from the run was donated to the “Betania” St. Lazarus Hospice and Care Centre in Przemyśl. In total, nearly PLN 12,500 was collected. 230 competitors competed on a 5 km long route through the historic streets of the Przemyśl city centre. Alior Bank employees were among the competitors. The event was held as part of the “Aktywni z Aliorem” [Active with Alior] cycle.

### **Wild Run – Wrocław ZOO (PLN 12,300.00 gross)**

On October 9th, Alior Bank was a partner of the Wild Run event held on the premises of the Wrocław ZOO. Approximately 1000 people participated in the run and, therefore, supported the commendable goal of rescuing Asian animals in nature. Winners were guaranteed attractive prizes for participating in the run. In addition, Alior Bank funded gadgets for the participants of the competition for the most interesting costume. The event was held as part of the “Aktywni z Aliorem” [Active with Alior] cycle.

### **Polish Football Association (PLN 3,444,098.40 gross)**

In 2022, as part of continued cooperation with the Polish Football Association (*Polski Związek Piłki Nożnej*), the Bank supported Polish Football Team as its Official Partner.

### **Maciej Gładysz (PLN 61,500.00 gross)**

In 2022, Alior Bank also started cooperation with Maciej Gładysz, a karting driver, who despite his young age has already achieved numerous sports successes.

## **Charity and employee volunteer programme**

### **Education and environmental protection (Expenditure incurred in 2022 - PLN 28,588.96 gross)**

#### **Distribution of “Raz, dwa, trzy, o planetę zadbaj Ty” books (PLN 1,870.40 gross)**

The books were sent to branches of the Bank and affiliated educational institutions (schools, preschools) as well as distributed among Bank employees.

### **Polish Association For Persons with Intellectual Disability “Kolo” in Miechów (PLN 8,000.00 gross)**

A financial donation for the construction of a gazebo for wards of the Association. The investment represented one of the elements of the construction of the Support Centre for Persons with Intellectual Disability.

### **Przemyśl Municipality (PLN 18,718.56 gross)**

A donation (two cardiac monitors BT-780) was made to the President of the City of Przemyśl. The equipment made its way to one of the Ukrainian hospitals to help the victims of the war in the territory of Ukraine.

### **Other projects/events (Expenditure incurred in 2022 - PLN 1,766,242.00 gross)**

#### **Cooperation with the National Blood Donation Centre**

The Bank operates the Honorary Blood Donors' Club of Alior Bank S.A. (“HBD”). It has over 151 members (as at 11 January 2023). The Bank conducts communication to promote blood donation. In October 2022, a team comprised of HBD members was created in the Teams messenger. The team in Teams operates in parallel with the social group on the Kompas internal platform, used to communicate with employees. New Club members received starter packages (t-shirt, notepad, bag and Empik gift card).

#### **Christmas Campaign “Podaruj prezent” [Give a Gift]**

As in previous years, on the initiative of the employees, a Christmas campaign *Podaruj prezent* [Give a Gift] was organised, which aimed to provide help and support to those most in need. As part of this campaign, employees provide material support to children from children's homes and other centres for those in need. Employees fulfilled wishes from over 190 letters from Caritas Polska charges (charges from Rzeszów) and from the Children's Home in Morąg. 67 teams were formed in Alior Bank to prepare packages as a team, and 59 people took care of making dreams come true individually.

#### **Alior Bank Aid Centre (PLN 738,000 gross)**

Since the beginning of the war in Ukraine, Alior Bank has been actively involved in aid initiatives. On May 19th, the Alior Bank Aid Centre was opened. The centre is located at ul. Towarowa 25a in Warsaw, in the former head office of Alior Bank. The Aid Centre is the next step of the Bank towards even more structured and systemic support for Ukrainian nationals. The space made available by Alior Bank, nearly 4 thous. square metres, was repurposed as a place of comprehensive aid coordinated by both public benefit organisations and other entities implementing educational initiatives. The centre offers psychological, legal, professional and educational support as well as childcare, remote learning stations and material assistance for Ukrainian nationals. The centre is run in cooperation with CARITAS Polska, UNICEF Polska and the Municipal City of Warsaw. The Aid Centre operates in conjunction with the Education and Development Centre, which has been used by 11,683 children and 8,504 adult caretakers in 2022.



Furthermore:

- From March 2022 onwards, 10,150 people received material support at the Aid Centre. A significant portion of them receives aid on a regular, rather than one-off basis.
- Psychological assistance offered at the Centre was provided to 6,007 children and 662 caretakers.
- 1,300 children received a present for St. Nicholas day.
- 1,200 backpacks with school starter kits were distributed at the beginning of the school year.
- 4.5 thousand people received a food voucher.
- Children and adults take part in regularly held painting and handicraft workshops (meetings are held twice a week).
- Seniors have their regular weekly meetings and at least two integration outings per month.
- More than 350 professional and psychological counselling consultations have been conducted.
- The Foundation organised 4 Christmas Eve meetings to celebrate Catholic and Orthodox religious holidays.
- Meetings were organised for the World Refugee Day (20.06) and the World Migrant and Refugee Day (26.09).
- 30 children received an annual scholarship.
- 95 children took part in a summer holiday integration camp.

#### **Alior Bank Foundation (PLN 1,025,956.00 gross)**

In May 2022, Alior Bank established the Alior Bank Foundation, which commenced its operation in August after budget has been approved by the Supervisory Board. The Foundation pursues its statutory objectives through original projects and cooperation with other organisations, focusing on 4 key areas: education, health and sport, environmental protection, and social projects. In 2022, the Foundation organised the sports charity challenge “Let’s Walk Together” and supported the Wrocław ZOO in actions for the benefit of endangered species.

The objective of the Foundation is to support actions related to:

- a) education,
- b) healthcare,
- c) physical culture and sport,
- d) social aid, including aid for children, families and people in a difficult life situation, and equal opportunities for personal development and learning, aid for victims of disasters, natural disasters, armed conflicts and wars, both domestically and abroad,
- e) science and technology,
- f) charity,
- g) culture,
- h) national heritage protection,
- i) public safety,
- j) environmental protection,
- k) employee volunteering activities,
- l) vocational and social rehabilitation of persons with disabilities,
- m) animal protection,
- n) supporting the development of entrepreneurship among young people,
- o) supporting technological innovation, including start-ups.

### **Charitable activities promoted at Alior Bank, carried out by employees**

- Participation in the “Give a child a book, give them wings” initiative of Caritas Polska – collection of books among employees for children from children’s homes.
- Organisation of the “Santa Claus in the middle of summer” campaign – gifts for children from the Children’s Home in Ukraine.
- Call for support of charity initiatives: transfer of 1% of tax, donation drives as part of *Szlachetna Paczka* projects.
- Involvement of Alior Bank in the 25<sup>th</sup> edition of the Fields of Hope campaign in Przemyśl, organised by Order of Knights of the Hospital of Saint John of Jerusalem

### **16 hours for involvement in volunteer programmes**

Many Bank employees have been involved in volunteer programme for years, both individually and as a team. For that reason, in order to settle the topic of employee volunteering activities, from 1 July 2022 each employee can use 16 hours in each calendar year to spend on volunteering activities, while retaining the right to remuneration. The rules of volunteering are defined in the Employee Volunteering Regulations.

### **Cultural and recreational activities**

#### **“Active with Alior” campaign (expenditure incurred in 2022 – PLN 304,150.00 gross)**

In 2022, Alior Bank initiated a series of sports and recreational events under the slogan “Active with Alior”. Within its framework, the institution was involved in several initiatives of local communities throughout Poland. In the past year, 17 events were held as part of the project. Over 5,000 of their participants covered nearly 60,000 km on foot, by running, canoeing or cycling. The events within the “Active with Alior” programme were highly diverse. They comprised cyclical events, such as the Botanical Five or the Bike Marathon in Charsznica, as well as charity activities – “Przemyśl 5K”, the 5<sup>th</sup> Charity Triathlon and Paratriathlon Kraina Bugu and “Wild Run”, organised at the Wrocław ZOO. On the other hand, Bydgoszcz was the host of the “Cross Country Massacre”, namely a run with obstacles in extremely difficult terrain. The charitable events that took place as part of the Active with Alior are included in the “Sponsorship” section.

#### **Sports charity challenge “Let’s Walk Together” (donations in 2022, PLN 130,000.00 gross)**

Between 15 October and 15 December 2022, the Bank’s employees took part in the charity sports challenge “Let’s Walk together” organised together with the Alior Bank Foundation. The challenge involved employees covering kilometres, which translated into financial support for the operations of the Rak’n’Roll Foundation and the Gajusz Foundation. More than 1,200 employees participated in the challenge, including from the head office and the network of branches, and enthusiastically covered kilometres by running, walking and cycling. Both assumed goals were achieved. The distance covered by the employees translated into PLN 100,000 of support for the Rak’n’Roll Foundation, which will be spent on workshops for relatives of people undergoing oncological treatment and the iPoRaku programme supporting people who have already completed such treatment, as well as PLN 30,000 in support for the Gajusz Foundation to be spent on a training programme for specialists working and caring for terminally ill children.

## **Assessment of the legitimacy of expenses incurred by Alior Bank S.A. to support culture, sports, charitable institutions, media, social organisations, trade unions**

In the opinion of the Supervisory Board, expenditure incurred to support culture, sports, charitable institutions, media, social organisations, trade unions and the like in 2022 was incurred in an informed and reasonable manner. The Bank has consistently focused on supporting projects in specific areas that are part of the “More than a Bank” strategy. The measures taken confirm that Alior Bank is a responsible and socially committed institution.

### **Assessment of the financial statements of Alior Bank S.A. for the financial year ended 31 December 2022 along with the assessment of the financial statements of the Alior Bank S.A. Capital Group for the financial year ended 31 December 2022**

Pursuant to Article 382 § 3 of the Code of Commercial Partnerships and Companies and § 70.1 (14) of the Regulation on current and periodic information, the Supervisory Board of the Bank assessed the financial statements (individual and consolidated) submitted by the Management Board of the Bank for the financial year ended 31 December 2022.

The financial statements of Alior Bank Spółka Akcyjna include:

- statement on financial position as at 31 December 2022, which shows, on the side of assets and liabilities, the sum of PLN 82,685,264 thousand,
- profit and loss account for the period from 1 January 2022 to 31 December 2022, which shows a net profit in the amount of PLN 621,852 thousand,
- statement of comprehensive income for the period from 1 January 2022 to 31 December 2022, which shows income in the amount of PLN 189,261 thousand,
- statement of changes in equity for the financial year from 1 January 2022 to 31 December 2022, which shows an increase in equity by the amount of PLN 189,261 thousand,
- statement of cash flow for the period from 1 January 2022 to 31 December 2022, which shows an increase in cash by PLN 1,158,171 thousand,
- additional information and explanations.

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

- statement of financial position as at 31 December 2022, which shows, on the side of assets and liabilities, the sum of PLN 82,877,172 thousand,
- profit and loss account for the period from 1 January 2022 to 31 December 2022, which shows a net profit in the amount of PLN 683,111 thousand, including net profit for the shareholders of the parent entity in the amount of PLN 683,111 thousand,
- statement of comprehensive income for the period from 1 January 2022 to 31 December 2022, which shows income in the amount of PLN 250,663 thousand,
- statement of changes in equity for the financial year from 1 January 2022 to 31 December 2022, which shows an increase in equity by the amount of PLN 250,663 thousand,
- statement of cash flow for the period from 1 January 2022 to 31 December 2022, which shows an increase in cash by PLN 1,179,248 thousand;

- additional information and explanations.

The financial statements of Alior Bank Spółka Akcyjna and the Alior Bank Spółka Akcyjna Capital Group for the period from 1 January to 31 December 2022 were prepared in accordance with the continuously applied International Financial Reporting Standards (IFRS) adopted by the European Union as at 31 December 2022.

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

- give a true and fair view of the economic and financial standing of the Bank and its Capital Group as at 31 December 2022, as well as unconsolidated and consolidated financial results, and unconsolidated and consolidated cash flows for the fiscal year ending on 31 December 2022, 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),
- have been prepared, in all relevant aspects, on the basis of correctly kept accounting books, in accordance with the provisions laid down in Chapter 2 of the Accounting Act of 29 September 1994 (“Accounting Act”),
- comply, with respect to their form and content, in all material aspects, with the applicable provisions of law and the Articles of Association of the Bank.

Having thoroughly reviewed the financial statements of Alior Bank Spółka Akcyjna and the financial statements of the Alior Bank S.A. Capital Group for the year ended 31 December 2022, 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 that properly reflects the economic and financial standing of the Bank and its Capital Group.

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

The Supervisory Board recommends adopting a resolution on the approval of the financial statements of Alior Bank Spółka Akcyjna (both unconsolidated and consolidated) for the financial year ended on 31 December 2022 to the Annual General Meeting of the Bank.

**Assessment of the report of the Management Board on the activities of the  
Alior Bank S.A. Capital Group including  
the Report of the Management Board on the activities of Alior Bank S.A.**

Pursuant to Article 382 § 3 of the Code of Commercial Companies (kodeks spółek handlowych), § 70.1 (14) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for considering information required by

the law of a non-member state as equivalent (Dz. U. [*Polish Journal of Laws*] of 2018, item 757, as amended), the Supervisory Board assessed the report presented by the Management Board on the activities of the Alior Bank S.A. Capital Group in 2022, including the Report of the Management Board on the activities of Alior Bank S.A.

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

The Supervisory Board recommends to the Annual General Meeting to adopt a resolution on the approval of the report of the Management Board on the activities of the Alior Bank S.A. Capital Group in 2022 comprising the report of the Management Board on the activities of Alior Bank S.A.

### **Assessment of the request of the Management Board of the Bank for the distribution of the Bank's profit for 2022**

Pursuant to Article 382 § 3 of the Code of Commercial Partnerships and Companies, the Management Board filed with the Supervisory Board a motion concerning the distribution of profit of the Bank for 2022, included in the Resolution of the Management Board No. 118/2023 of April 2023.

The Management Board proposed to distribute the Bank's net profit in the total amount of PLN 621,852,413.37 (say: six hundred twenty one million eight hundred fifty two thousand four hundred and thirteen Polish zlotys 37/100) in the following manner:

- 1) to cover the undistributed result from previous years (loss), in the amount of PLN 2,616,575.19 (say: two million six hundred sixteen thousand five hundred and seventy five Polish zlotys 19/100),
- 2) to allocate the remaining part in the amount of PLN 619,235,838.18 (say: six hundred nineteen million two hundred and thirty five thousand eight hundred and thirty eight Polish zlotys 18/100) to reserve capital, including non-distributable profit earned from the activity of the Housing Fund in the amount of PLN 10,501,106.89 (say: ten million five hundred one thousand one hundred and six Polish zlotys 89/100).

### **Report on the fulfilment of supervisory obligations with regard to the activities of the Bank in 2022**

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

The year 2022 was the period of the fourth, joint, four-year term of office of the Supervisory Board of the Bank commenced in 2020.

As at 1 January 2022, the Supervisory Board was composed of:

- Aleksandra Agatowska Chair of the Supervisory Board
- Ernest Bejda Deputy Chair of the Supervisory Board

- Małgorzata Erlich-Smurzyńska Member of the Supervisory Board
- Paweł Knop Member of the Supervisory Board
- Artur Kucharski Member of the Supervisory Board
- Filip Majdowski Member of the Supervisory Board
- Marek Pietrzak Member of the Supervisory Board
- Dominik Witek Member of the Supervisory Board

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

On 12 April 2022, Ms Aleksandra Agatowska resigned from her position in the Supervisory Board and resigned the position of the Chair of the Supervisory Board of the Bank, effective as of the day of resignation, at 1:30 p.m., On the same day, the Extraordinary General Meeting of the Bank appointed Mr Paweł Śliwa to the Supervisory Board of the Bank.

On 26 April 2022, the Supervisory Board appointed Mr Filip Majdowski as the Chair of the Supervisory Board.

As at 31 December 2022, the composition of the Supervisory Board of the Bank was as follows:

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

### **Diversity Policy**

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

“Policy of Selection and Assessment of Management Board Members of Alior Bank S.A.” and “Policy of Selection and Assessment of Supervisory Board Members of Alior Bank S.A.” define the objectives and criteria of diversity, including in areas such as education, know-how, age, gender and professional experience. When assessing the adequacy of candidates for the Management Board and the Supervisory Board, the Bank takes into account a wide range of characteristics and competences required to be perform functions in both bodies of the Bank. When assessing the diversity of Members of the Management Board and Supervisory Board in terms of their education and professional experience, criteria such as: place (country, region) in which education or professional experience is obtained, education profile, university degree, specialisation in a specific field, type of entities in which the candidate has held the function or has been employed and employment time may be taken



into consideration. Alior makes efforts to ensure diversity of the Management Board and the Supervisory Board, in particular in terms of education and professional experience, gender and age of the members. It is important to ensure that there is a wide spectrum of views among the governing and supervisory bodies. When selecting the composition of the Management Board and the Supervisory Board, the Bank strives to achieve a balance in the area of gender representation in the Company's bodies, taking into account the minimum share of a minority by gender at the level of 30%.

Alior Bank recognises the value resulting from diversity, which affects the innovativeness of the organisation, which is why it promotes the development of a wide range of employees. In implementing the diversity policy, the Bank strengthens innovation and versatility resulting from balanced and objective views of all employees working for the organisation. In line with the "Personnel Policy of Alior Bank S.A.", the Bank endeavours to ensure diversity of the Supervisory Board, in particular in terms of education and professional experience, gender and age of employees, and to the extent ensuring a broad spectrum of competencies and views.

The Bank informs about the participation of women and men respectively in the Management Board and in the Supervisory Board of the Bank in the last five years. In 2018-2022, the participation of women and men in the aforementioned statutory bodies of the Bank was as follows:

<b>Management Board of the Bank</b>					
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
women	1	1	2	0	0
men	6	6	4	7	7

<b>Supervisory Board of the Bank</b>					
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
women	1	0	1	2	1
men	7	7	6	6	7

### **Organisation of the work of the Supervisory Board**

The work of the Supervisory Board was led by its Chair – Ms Aleksandra Agatowska in the period from 1 January 2022 to 12 April 2022 and Mr Filip Majdowski in the period from 26 April 2022 to 31 December 2022.

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

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 shall appoint from among its Members the Audit Committee of the Supervisory Board, the Risk Committee of the Supervisory Board and other committees required by law and may also establish permanent or ad hoc committees for the performance of specific activities. Tasks and competencies of particular committees shall be set by the Supervisory Board.

In 2022, the following committees were functioning under the Supervisory Board of the Bank: Nomination and Remuneration Committee, Audit Committee, Risk Committee, and Strategy and Development Committee of the Bank.

In accordance with the Articles of Association of the Bank, at least two Members of the Supervisory Board met and meets the criteria of independence from the Bank and entities having a significant connection with the Bank. The criteria of independence of Members of the Supervisory Board are set out in the Regulations of the Supervisory Board, in accordance with the criteria set out in the Best Practice. As at 31 December 2022, the criteria of independence were satisfied by: Małgorzata Erlich-Smurzyńska, Paweł Knop, Artur Kucharski and Marek Pietrzak.

The Supervisory Board of the Bank amended the Regulations of the Supervisory Board of Alior Bank S.A. by adopting Resolution No. 111/2022 of 27 September 2022 by adjusting the provisions of the Regulations to the provisions of the Code of Commercial Companies (“CCC”) in connection with the amendment, which came into force on 13 October 2022 (Act of 9 February 2022 amending the Act the Code of Commercial Companies and certain other acts – Journal of Laws 2022, item 807).

Scope of amendments introduced:

- complementing the provision concerning the possibility for the Supervisory Board to request information on each aspect of the Bank’s operations also from persons employed at the Bank under an employment contract or performing specific activities for the Bank on a regular basis under civil law contracts. So far, the Regulations have provided for the possibility of requesting the indicated information from the Bank’s Management Board (Article 382 §4 of the Code of Commercial Companies),
- clarification of the provision concerning the convening of a meeting of the Supervisory Board by the Chair of the Supervisory Board no later than two weeks from the date of receipt of the request (Article 389 §4 of the Code of Commercial Companies),
- introduction of a provision indicating that the Supervisory Board may also adopt resolutions on matters not included in the proposed agenda, if none of the members of the Supervisory Board participating in the meeting objects to it (Article 389 §3 of the Code of Commercial Companies),
- introduction of a provision indicating that the Supervisory Board may also hold meetings without being formally convened, provided that all members agree to it and do not object to the inclusion of particular matters on the agenda (Article 389 §6 of the Code of Commercial Companies),
- modification of the provision on secret ballots, indicating that a secret ballot is ordered by the Chair of the Supervisory Board in cases specified in the Articles of Association or at the request of at least one member of the Supervisory Board (Article 388 § 3<sup>1</sup> of the Code of Commercial Companies).

## **Activities of the Supervisory Board**

In the financial year 2022, the Supervisory Board held 11 meetings and adopted a total of 167 resolutions, including resolutions related to:

- approval of the Annual Audit Plan for 2022 (Operational Plan) and the updated Five-Year Audit Plan (Strategic Plan);
- approval of the amended “Remuneration Policy of Alior Bank S.A.”;
- approval of the amended “Credit Risk Management Policy at Alior Bank S.A.”;
- introduction of the “Stress Testing Programme at Alior Bank S.A.”;
- a statement of the Supervisory Board on the selection of the entity authorised to audit the annual financial statements of Alior Bank S.A. and Alior Bank S.A. Capital Group;
- approval of the updated “Rules for Conducting Credit Risk Stress Tests at Alior Bank S.A.”;
- adoption of the position of the Polish Financial Supervision Authority on the recommendation to maintain an additional capital charge within the framework of Pillar II;
- approval of the amended “Audit Card – Regulations of the Audit Department at Alior Bank S.A.”;
- assessment of the financial statements of the Bank for the financial year ended 31 December 2021, assessment of the financial statements of the Capital Group of the Bank for the financial year ended 31 December 2021, and assessment of the report of the Management Board of the Bank on the activities of the Capital Group of the Bank in the financial year ended 31 December 2021;
- Approval of the “Summary of annual results in the area of risk, including the determination of risk appetite and implementation of risk policy for the year 2021”;
- a statement of the Supervisory Board regarding the establishment and operation of the Audit Committee of the Supervisory Board of Alior Bank S.A.;
- assessment of the adequacy and effectiveness of the Bank’s internal control system in 2021, including the assessment of the adequacy and effectiveness of the control function, compliance unit and internal audit unit, and the assessment of the adequacy and effectiveness of the risk management system of the Bank for the year 2021;
- fulfilment by the Member of the Management Board of the requirements set forth in Article 22aa (1) to (6) of the “Banking Law” Act and the result of the secondary evaluation carried out by the Supervisory Board of the Bank;
- consent to a partial conditional release from debt;
- providing an opinion on the documents submitted by the Management Board of the Bank for deliberation by the General Meeting of the Bank;
- issuing a positive opinion on the acceptance of the updated financial plan of Alior Bank S.A. as well as the financial plan of Alior Bank S.A. Group for the financial year ended 31 December 2022;
- consent to the conclusion by Alior Bank S.A. of master agreements for the provision of marketing research services to Alior Bank S.A. with providers and placement of orders on the basis of the aforementioned master agreements;
- consent to the acquisition by the Bank of financial assets classified as fixed assets with a value exceeding PLN 100,000,000.00;

- approval of targets and their weights for the Members of the Management Board of the Bank for the year 2022;
- an assessment of the collective suitability of the Management Board of the Bank;
- approval of the internal division of powers in the Management Board of the Bank;
- approval of the annual report of the Management Board of the Bank on the execution of the Model Risk Management Policy for 2021 along with the periodic information for the Supervisory Board of the Bank;
- approval of the change of the terms and conditions of granted financing and approval for the Bank to make commitments and manage assets the value of which in relation to a single entity exceeds 5% of the Bank's own funds as part of the Global Limit;
- approval of the Annual Audit Plan for 2022 at the Brokerage House (Operational Plan);
- assessment of the effectiveness of the compliance risk management system at Alior Bank S.A. in the period from 1 January 2021 to 31 December 2021;
- approval for the Bank to grant financing to an entity operating in the sector with limited financing due to the current strategy of the Bank;
- assessment of the collective suitability of the Supervisory Board of the Bank;
- election of the Chair of the Supervisory Board of the Bank;
- authorisation of the Chair of the Supervisory Board of the Bank to perform activities related to personal matters of Members of the Management Board of Alior Bank S.A. of the fifth, joint term of office before the Polish Financial Supervision Authority, including to conduct proceedings concerning the appointment of the Chair of the Management Board of Alior Bank S.A. and the Member of the Management Board of Alior Bank S.A. referred to in Article 22a.4 of the Banking Law Act of 29 August 1997;
- determination of the composition of the Bank Strategy and Development Committee;
- fulfilment by the Members of the Management Board of the Bank of the requirements set forth in Article 22aa (2) to (6) of the Banking Law Act and the result of the secondary evaluation carried out by the Supervisory Board of the Bank;
- introduction of the "Policy of Selection and Assessment of Management Board Members of Alior Bank S.A." and acceptance of the "Policy of Selection and Assessment of Supervisory Board Members of Alior Bank S.A.";
- recommendation for the Annual General Meeting of the Bank to grant discharge to Members of the Management Board and a Member of the Supervisory Board of the Bank temporarily seconded to act in the capacity of Vice-President of the Management Board of the Bank, for the performance of duties in the financial year 2021;
- recommendation to the Annual General Meeting of the Bank to adopt resolutions regarding review and approval of: "Financial Statements of Alior Bank Spółka Akcyjna for the year ended 31 December 2021", "Consolidated Financial Statements of the Alior Bank Spółka Akcyjna Capital Group for the year ended 31 December 2021", "Report of the Management Board on the activities of the Alior Bank Capital Group in 2021, including the Report of the Management Board on the

activities of Alior Bank”, and “Report of the Alior Bank Capital Group on non-financial information for 2021”;

- assessment of the motion of the Management Board of the Bank to the Annual General Meeting of the Bank concerning the distribution of profit of the Bank from activities in the financial year 2021;
- preparation of the “Report on remuneration of the Members of the Management Board and the Supervisory Board of Alior Bank S.A. for 2021”;
- acceptance of the “Report of the Supervisory Board assessing the functioning of the Remuneration Policy in effect at Alior Bank S.A. in 2021”;
- adoption of the report on the activities of the Supervisory Board of the Bank in the financial year 2021 and the performance of a self-assessment of the activities of the Supervisory Board of the Bank in 2021;
- approval of the updated “Recovery Plan of the Alior Bank S.A. Capital Group”;
- amendment of Resolution No. 073/2017 of the Supervisory Board of 14 December 2017 on the remunerations for Members of the Management Board of the Bank;
- authorisation of the Chair of the Supervisory Board to conclude an annex to the management services agreement concluded with Members of the Management Board;
- review and approval of the Report of the Management Board on representation expenses as well as expenses for legal fees, marketing services, public relations services, social communication services, and management consulting services for the year ended 31 December 2021;
- approval to conclude agreements for legal services;
- approval of the “Strategy and risk appetite update for 2022”;
- approval of the updated “Rules for Conducting Liquidity Risk Stress Tests at Alior Bank S.A.”;
- granting ex-post approval for the Bank to perform activities related to the current operational activity of the Bank in connection with the disposition and acquisition by the Bank of certain financial assets classified as fixed assets;
- joining the Institutional Protection System
- approval of the amended Assets and Liabilities Management Policy in Alior Bank for 2022-2024”;
- granting approval to appoint the Compliance Department Director and the Audit Department Director;
- determination of the amount of fixed remuneration of the Compliance Department Director and the Audit Department Director;
- settlement of management objectives and award of variable remuneration to Members of the Management Board for 2021;
- determination of the consolidated text of the Bank’s Articles of Association;
- acquisition of the right to deferred tranches of Variable Remuneration for 2018 by former Members of the Management Board of Alior Bank S.A.;
- approval of the “Alior Bank Capital Group Security Policy”;

- granting approval to conclude donation agreement(s) with the Alior Bank Foundation;
- approval of the amended “Outsourcing, Insourcing and Sensitive Services Management Policy at Alior Bank S.A.”;
- approval of the “ILAAP Liquidity Risk Stress Tests” Report;
- approval for the Bank to enter into commitments in relation to the subsidy to the aid fund managed by System Ochrony Banków Komercyjnych S.A. with its registered office in Warsaw;
- approval of the motion of the Management Board of the Bank to enable the Bank to grant financing in the amount exceeding 5% of own funds of the Bank;
- approval of amended regulations: (i) “Compliance Policy”, (ii) “Regulations of the Compliance Department”;
- amendment of the “Regulations of the Audit Committee of the Supervisory Board of Alior Bank S.A.”;
- introduction of the amended “Regulations of the Supervisory Board of Alior Bank Spółka Akcyjna”;
- approval of the amended “Regulations of the Management Board of Alior Bank Spółka Akcyjna”;
- approval of the amended “Operational Risk Management Policy” and approval of the repeal of “Operational Risk Management Strategy for the years 2017-2020”;
- fulfilment of reporting obligations of the Management Board of the Bank towards the Supervisory Board of the Bank, arising from the amendment of provisions laid down in the Act of 15 September 2000 – Code of Commercial Partnerships and Companies;
- fulfilment by a candidate for a position in the Management Board of the Bank of the requirements set forth in Article 22aa (1) to (6) of the Banking Law Act and the result of the secondary evaluation carried out by the Supervisory Board of the Bank;
- approval of the updated “Annual Audit Plan for 2022 at the Brokerage House (Operational Plan)”;
- selection of the entity authorised to audit the financial statements of the Bank and the Capital Group of the Bank;
- approval of the amended “Regulations for crediting members of the Alior Bank S.A. bodies, persons holding B-class executive positions and their related entities, as well as shareholders, persons employed at parent entities, and employees of the Bank”;
- approval of the “Mid-year review of the target and limit for operational risk expenses for the Alior Bank S.A. Group”;
- update of the amended “Credit Concentration Risk Management Policy”;
- approval of the Annual Audit Plan for 2022 (Operational Plan) at the Branch in Romania;
- approval of amended regulations: (i) “Capital Management and Capital Planning Policy at Alior Bank S.A.” and (ii) “Internal Capital Adequacy Assessment Process (ICAAP) at Alior Bank S.A.”;
- approval of the “Report on the review of the Credit Concentration Risk Management Policy”;
- issuing a positive opinion on the acceptance 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 ended 31 December 2023;



- acceptance of changes to the Regulations of the Nomination and Remunerations Committee;
- determination of the composition of the Nomination and Remunerations Committee;
- approval of the “Risk Strategy and Appetite for 2023”;
- granting the Bank approval, at the request of the Management Board of the Bank, to: place orders under an agreement concluded by the Bank prior to the introduction of § 23a (1) to (3) to the Articles of Association and conclude annexes to that agreement as well as establish a remuneration limit under that agreement;
- granting the Bank approval, at the request of the Management Board of the Bank, to: conclude agreements for e-commerce services, place orders under the aforementioned agreements and conclude annexes to those agreements, establish limits under agreements concluded by the Bank with e-commerce service providers;
- granting approval to the conclusion of debt waiver agreements or other agreements with similar effect by the Bank with a value exceeding PLN 50,000 or 0.1% of the sum of assets in the period from 1 January 2023 to 31 December 2023,
- issuing a positive opinion and approval for the Bank to manage and acquire financial assets classified as fixed assets in connection with the operational activity of the Bank in the period from 1 January 2023 to 31 December 2023;
- approval of the amended “Risk Management Strategy of Alior Bank S.A. Capital Group”;
- approval of the “Annual Action Plan of the Compliance Unit for 2023”;
- approval of the Annual Audit Plan for 2023 (Operational Plan) at the Branch in Romania;
- approval of the Annual Audit Plan for 2023 (Operational Plan) and the updated Five-Year Audit Plan (Strategic Plan);
- approval of amended regulations: (i) “Regulations of the Internal Control System in the Brokerage House of Alior Bank S.A.” and (ii) “Rules for the Classification of Irregularities identified by the internal control system in the Brokerage House of Alior Bank S.A.”;

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

### **Audit Committee**

The Audit Committee of the Supervisory Board operated in accordance with the requirements of the Act of 11 May 2017 on statutory auditors, audit firms, and public supervision (*Dziennik Ustaw* 2017, item 1089; *Dziennik Ustaw* 2020, item 1415; *Dziennik Ustaw* 2021, items 1598, 2106). The Committee was appointed by way of Resolution No. 61/2013 of the Supervisory Board of the Bank of 30 July 2013. In the financial year 2022, the Committee was composed of at least three Members and at least one of its Members had knowledge and skills in accounting or auditing financial statements. Most of the Members, including the Chair, were independent. Members of the Committee had knowledge and skills in the sector in which the Bank operates. This condition is deemed to be met if at least one Audit Committee Member has knowledge and skills in that area or specific Members have knowledge and skills to the specific extent within that area. Detailed tasks and rules

of appointing and functioning of the Audit Committee are stipulated in the Regulations of the Audit Committee and the Regulations of the Supervisory Board. When selecting the Members of the Committee, the Supervisory Board takes into account the competence and experience of candidates in the matters entrusted to that Committee and carries out a collective suitability assessment. The Members of the Audit Committee were also assessed on the basis of the statements provided thereby.

As at 1 January 2022, the Committee was composed of:

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

As at 31 December 2022, the composition of the Committee did not change and was as follows:

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

Mr Artur Kucharski, Mr Marek Pietrzak and Mr Paweł Knop were appointed as persons who meet the criteria of independence within the meaning of Article 129.3 of the Act of 11 May 2017 on statutory auditors, audit companies, and public oversight (*Dziennik Ustaw* 2020, item 1415, as amended). Mr Artur Kucharski and Mr Paweł Knop have been designated as persons with knowledge and skills in the area of accounting or examining financial statements. Mr Artur Kucharski, Mr Ernest Bejda, Mr Paweł Knop, and Mr Filip Majdowski have been designated as persons with knowledge and skills in the sector in which the Bank operates.

Within the reporting period, 23 stationary meetings were held, including 2 joint meetings of the Audit Committee of the Supervisory Board and the Risk Committee of the Supervisory Board and 5 joint meetings of the Audit Committee of the Supervisory Board and the Supervisory Board of the Bank, during which the following issues were discussed: financial reporting and financial processes at the Bank, internal control and risk management system. During the meetings of the Audit Committee, issues related to internal audit, internal security, anti-fraud, anti-money laundering and financial audit activities were discussed.

The Committee received information on important accounting and financial reporting issues, controlled and monitored independence of the statutory auditor and the entity authorised to audit financial statements. Depending on the issues discussed, Members of the Management Board, Directors of the Bank's Departments as well as representatives of the audit firm were invited to the meetings of the Audit Committee. The Audit Department Director as well as the Compliance Department Director or their permanent deputies participated in the meetings of the Audit Committee. Decisions of the Audit Committee were taken in the form of resolutions. As regards monitoring of

the financial reporting process, the Audit Committee received information on material issues and changes related to accounting and reporting, including issued concerning material and atypical transactions at the Bank and how they are registered.

Moreover, the Committee reviewed the management accounting system, as well as analysed human resources in the financial and accounting departments.

As regards monitoring of the performance of financial review activities, independence of the statutory auditor and entity authorised to examine financial statements, the Audit Committee periodically met with the Bank's auditor and the Member of the Management Board of the Bank supervising finances, as well as assessed the independence of the auditor and auditing company, including supervision of the services provided by the statutory auditor and auditing company. In the financial year 2022, the audit firm auditing the financial statements provided permissible services other than audit to the Bank. The independence of the audit firm was assessed and the consent for the provision of such services was granted each time. The Committee was kept informed about the effectiveness of the financial audit process, and monitored the status of implementation of the recommendations issued by the statutory auditor in a letter to the Bank's Management Board, as well as supervised the areas indicated by the statutory auditor as particularly exposed to risk during the audit.

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

### **Nomination and Remuneration Committee**

The Remuneration Committee was appointed by Resolution No. 87/2011 of the Supervisory Board of the Bank of 7 December 2011. On 21 December 2016, the Remuneration Committee was transformed into the Nomination and Remuneration Committee of the Supervisory Board of Alior Bank Spółka Akcyjna.

The key tasks of the Committee include:

- providing opinions on the Remuneration Policy in order to ensure compliance of the terms and conditions of remuneration with regulations, especially the Regulation of the Polish Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks,
- providing opinions on the classification of jobs, which is governed by the pay policy with regard to individuals having material impact on the risk profile of the Bank (Material Risk Takers –

MRTs), providing opinions on annual objectives; providing opinions and monitoring variable pay of the MRTs,

- preparing opinions, assessments, or recommendations on candidates to the Management Board of the Bank, on the conclusion, amendment, and termination of contracts with Members of the Management Board, regarding the structure, size, composition, and effectiveness of the Management Board's operation as a body, as well as knowledge, skills and experience of individual Members of the Management Board,
- preparing opinions, assessments, or recommendations on other personnel matters for which the Supervisory Board or the Committee are competent as per the applicable in-house regulations and generally applicable legislation.

The composition of the Committee as at 1 January 2022 was as follows:

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

During the reporting period, the composition of the Nomination Committee was changed. On 12 April 2022, Ms Aleksandra Agatowska resigned from her position in the Supervisory Board and from the function of Chair of the Supervisory Board of the Bank of the fourth term of office effective as of 12 April 2022, thus her membership in the Committee has ceased. On 3 November 2022, Mr Ernest Bejda, who had been the Chair of the Committee since the resignation of Ms Aleksandra Agatowska, resigned from membership in the Nomination and Remuneration Committee, and Mrs Małgorzata Erlich-Smurzyńska was elected as the Chair of the Nomination and Remuneration Committee.

As at 31 December 2022, the Committee was composed of:

- Małgorzata Erlich-Smurzyńska Chair of the Committee
- Marek Pietrzak Member of the Committee
- Dominik Witek Member of the Committee

In 2022, the Nomination and Remuneration Committee held 10 meetings, during which it carried out the initial assessment of the individual suitability of candidates for the Management Board of the Bank, a secondary and secondary annual assessment of the individual suitability of Members of the Management Board of the Bank, as well as an assessment of the collective suitability of the Management Board of the Bank. In addition to the above, the Committee gave an opinion on the classification of positions which are subject to the Remuneration Policy with regard to persons having a significant impact on the Bank's risk profile (MRTs), their objectives and decisions related to variable remuneration of these persons; gave an opinion on amendments to draft Policies of Selection and Assessment of Management Board Members and Supervisory Board Members regarding diversity policy; in connection with changes to the composition of the Supervisory Board of the Bank,

the Committee assessed the adequacy and recommendations for the Supervisory Board as regards the composition of committees of the Supervisory Board; recommended the Supervisory Board to update the rules of remuneration of Members of the Management Board of the Bank and to update agreements for management services.

### **Risk Committee**

The Risk Committee of the Supervisory Board of the Bank was appointed on 22 December 2015 by way of 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.

The Committee operates based on the Regulations of the Risk Committee of the Alior Bank Supervisory Board approved by the Supervisory Board.

The tasks of the Committee stem from the Regulation of the Polish Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks, and from the Banking Law.

As at 1 January 2022, the Committee was composed of:

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

In 2022, there were no changes to the composition of the Committee.

Composition of the Committee ensures an adequate level of supervision over the entrusted area of the Bank's operations. Each Committee Member has appropriate knowledge and competence to supervise the implementation of the risk management strategy at the Bank and the Bank's willingness and preparedness to take risks, thereby guaranteeing the proper performance of its duties.

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

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

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

During the reporting period, 10 stationary meetings of the Risk Committee of the Supervisory Board took place, including 2 joint meetings of the Audit Committee of the Supervisory Board and the Risk Committee of the Supervisory Board.

Key risk issues were discussed during the meetings of the Committee, especially issues concerning: implementation of the risk appetite, capital position of the Bank, quality of the credit portfolio, the largest credit exposures and capital groups, issues related to identification and analysis of key risks from the point of view of the Bank's operations, risks, as well as information related to the assessment of the impact of Russia's invasion of Ukraine on the Bank's situation and the assessment of the impact of interest rate increases and macroeconomic scenarios on credit risk.

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

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

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

Depending on the matters discussed, representatives of the Bank were invited to the meetings of the Committee, while the Director of the Audit Department and the Director of the Regulatory Compliance Department are permanent participants of the Committee's meetings.

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

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

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

### **Strategy and Development Committee of the Supervisory Board of the Bank**

The Bank Strategy and Development Committee was established on 30 September 2020 in order to support the Supervisory Board of the Bank in the scope of issuing opinions and presenting



recommendations to the Supervisory Board concerning the Bank's development strategy and recommendations for planned investments having an impact on the Bank's assets. The Committee operates on the basis of the Regulations of the Bank Strategy and Development Committee of the Supervisory Board of Alior Bank S.A. approved by the Supervisory Board.

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

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

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

As at 1 January 2022, the Committee was composed of:

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

On 12 April 2022, Ms Aleksandra Agatowska resigned from her position in the Supervisory Board of the Bank and resigned her position as the Chair of the Supervisory Board of Alior Bank Spółka Akcyjna in the 4<sup>th</sup> term of office, thus resigning her membership in the Committee. On 12 April 2022, Mr Paweł Śliwa was appointed to the Supervisory Board of the Bank, and on 26 April 2022 he was appointed to the Committee. At the same time, on 26 April Mr Filip Majdowski was appointed as Chair of the Committee.

As of 26 April 2022 and as at 31 December 2022, the Committee was composed of:

- Filip Majdowski                              Chair of the Committee
- Artur Kucharski                              Member of the Committee
- Dominik Witek                                Member of the Committee
- Paweł Śliwa                                    Member of the Committee

The composition of the Committee shall ensure an adequate level of supervision over the entrusted area of the Bank's activity. Each Member of the Committee shall have appropriate knowledge and

competence to perform the tasks entrusted by the Supervisory Board in the field of opinion and advice for recommendations concerning strategies and investments undertaken by the Bank.

In 2022, the Bank Strategy and Development Committee of the Supervisory Board held 3 meetings. The following topics were discussed during the meetings:

- approach to the preparation of a new strategy for Alior Bank (in the years 2023-2024),
- ESG roadmap and review of activities carried out at the Bank,
- progress in the implementation of the “More than a Bank” strategy, including a summary of ongoing work and KPI levels,
- selected most important projects implemented at the Bank: Hyperautomation (artificial intelligence, robotisation, process workflow) and Implementation of a hybrid cloud model.

As regards the Bank’s new strategy, the Committee familiarised itself with the presented materials, taking into account the scenarios of the approach to adopting a time horizon, market and macroeconomic context, and positively recommended the adoption of an open horizon strategy with cyclical operationalisation, pointing to the advantages and flexibility of the approach. The Committee actively participated in the discussion on the planned development directions, work schedule, as well as declared its support in further arrangements regarding the final shape of the new strategy.

The Committee got acquainted with the activities in the ESG area implemented at the Bank in 2021 and 2022, which constitute the roadmap of actions.

Each meeting of the Committee involved presentation of the materials regarding the implementation of the “More than a Bank” strategy – the Committee submitted comments and participated in the discussion. During one of the meetings, materials were presented discussing the assumptions and progress of two technologically important projects implementing the “More than a Bank” strategy: implementation of a robotisation and artificial intelligence programme in the Bank and the so-called hybrid cloud. The Committee acknowledged the presented materials.

On 2 March 2023, the Supervisory Board familiarised itself with the contents of reports on the activities of the aforementioned Committees of the Supervisory Board in 2022, approved contents thereof and positively assessed the work of Committees in 2022.

### **Assessment of the adequacy of internal regulations concerning the operation of the Supervisory Board and the Management Board as well as the effectiveness of operation of these bodies**

In line with Recommendation Z of the Polish Financial Supervision Authority concerning corporate governance in banks, and especially Recommendation 8.9 concerning the adequacy of internal regulations related to the operation of the supervisory board and the management board as well as the effectiveness of operation of these bodies, self-assessments and assessments have been conducted.

### **Assessment of the Management Board of the Bank**

Having regard to the self-assessment of the Management Board, the Supervisory Board assessed the adequacy of internal regulations concerning the operation and effectiveness of the Management Board of the Bank, including:

- Regulations of the Management Board of Alior Bank S.A.
- Organisational Regulations of Alior Bank S.A.
- Organisational Regulations of the Head Office of Alior Bank S.A.

The Supervisory Board assessed that the aforementioned regulations are adequate, consistent with the law and requirements of supervisory bodies and enable the Management Board to operate effectively and efficiently. The Supervisory Board confirmed that as an institution it is organised in a transparent and structured manner that takes into account the size and profile of risk as well as the nature and scale of activity, and in a way that ensures the achievement of the designated targets of the business and proper response to changing external conditions or sudden and unexpected events, effective flow and protection of information enabling the effective performance of tasks by the Management Board of the Bank. The tasks of the Management Board of the Bank ensure effective operation of the body to implement the adopted management strategy. The solutions adopted in the Regulations guarantee the Members of the Management Board access to all information, as well as the possibility of using external advisors and expert opinions.

In the opinion of the Supervisory Board, the tasks of the Supervisory Board and the Management Board are coordinated with each other and ensure effective operation of both bodies to implement the management strategy of the Bank. The adopted solutions ensure that Members of the Supervisory Board and the Management Board of the Bank correctly understand the principles of management in place at the Bank, their role and are aware of the risk culture at the Bank.

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

In line with the rights and obligations specified in: The Code of Commercial Partnerships and Companies, the Banking Law, recommendations of the Polish Financial Supervision Authority, the Best Practice of WSE Listed Companies and the Articles of Association of the Bank, in 2022 the Supervisory Board held constant supervision over the activities of the Bank. The activities of the Board were supported by the Committees acting under the Supervisory Board, i.e. the Audit Committee, the Nomination and Remuneration Committee, the Risk Committee, and the Bank Strategy and Development Committee.

The Supervisory Board performed a self-assessment of the adequacy of internal regulations concerning the operation and effectiveness of the Supervisory Board, i.e.:

- Articles of Association of Alior Bank S.A.
- Organisational Regulations of Alior Bank S.A.
- Regulations of the Supervisory Board of Alior Bank S.A.
- Regulations of the Audit Committee of the Supervisory Board of Alior Bank S.A.
- Regulations of the Nomination and Remuneration Committee of the Supervisory Board of Alior Bank S.A.
- Regulations of the Risk Committee of the Supervisory Board of Alior Bank S.A.

- Regulations of the Bank Strategy and Development Committee of the Supervisory Board of Alior Bank S.A.

In the opinion of the Supervisory Board, the regulations concerning the operation and effectiveness of the supervisory body adequately reflect the specificities of the Bank's operations as well as its size and organisational structure. They comply with the statutory requirements arising from the provisions of law and recommendations of the Polish Financial Supervision Authority as well as EBA Guidelines on internal governance, which in Alior Bank effectively contributes to prudent management of the Bank.

Moreover, in the opinion of the Supervisory Board, internal regulations concerning the operation of the Supervisory Board and the Management Board are prepared by the Bank with due diligence and subject to are periodical reviews to identify the need to update their contents adequately to: changes in legislation, changes arising from the regulatory environment, current needs. In order to ensure the above, the following are implemented at the Bank: "Instruction on the functioning of the internal legislation system at Alior Bank S.A." describing the rules for drafting, updating and repealing internal regulations, specifying the framework of substantive responsibility, opinion-making process and a range of detailed provisions on the issuing of opinions on regulations at the Bank, and "Rules for the annual review of internal regulations", which lay down guidelines on the annual review of internal regulations. The activities specified in the regulations standardise the manner in which the Bank conducts regulatory reviews, improves their quality, and ensures compliance of the regulations with the provisions of law and their consistency with other internal regulations of the Bank and the Control Function Matrix.

In the opinion of the Supervisory Board, the tasks of the Supervisory Board and the Management Board are coordinated with each other and ensure effective operation of both bodies to implement the management strategy of the Bank. The adopted solutions ensure that Members of the Supervisory Board and the Management Board of the Bank correctly understand the principles of management in place at the Bank, their role and are aware of the risk culture at the Bank.

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

In accordance with the Policy of Selection and Assessment of Supervisory Board Members in effect in 2022, after the composition of the Supervisory Board has been changed the Supervisory Board performed a self-assessment of its collective suitability, which confirmed that an adequate number of Members of the Supervisory Board:

- meets the criteria of independence,
- has the required knowledge and skills in the area of accounting,
- has the required knowledge and skills in the area of auditing financial statements,
- has the required knowledge and skills related to the financial sector,

and all Members of the Supervisory Board of the Bank have at least a high level of competence to chair the proceedings (whereas the Supervisory Board of the Bank as a body has the required level of other competencies) and declare readiness to devote a sufficient amount of time to perform their duties as Members of the Supervisory Board of the Bank.

At the meeting held on 3 April 2023, the Supervisory Board self-assessed its activities as the Bank's body in 2022.

In the opinion of the Supervisory Board, in 2022 this body fulfilled the obligations provided for by law, recommendations of supervisory authorities and other regulations (including the Bank's internal regulations) with due diligence, ensuring an adequate and effective level of supervision over all areas of the Bank's activities, taking into account the scale and specificities of the entity's activities.

The Supervisory Board considers that, in 2022, its work was conducted in an efficient and uninterrupted manner, and that conduct thereof, in particular at regular meetings of the Board and its committees, allowed all Members to obtain the necessary information, to take a position and to exchange views constructively. At the same time, the Supervisory Board positively assessed the cooperation with the Management Board of the Bank, as well as the interaction with its employees, in particular representatives of control functions. Materials, documents and information were received by the Supervisory Board without delay and were transparent and reliable and of a high level of content and exhaustiveness.

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

The year 2022 was characterised by a high level of activity of the Supervisory Board *in corpore*, its committees, as well as individual Members of that body. No significant absence levels were observed. Both the number of meetings and the agenda of the meetings of the Board and its committees have been assessed as sufficient to exercise effective control. Discussions within the Supervisory Board and its committees were thorough and constructive.

Due to the above, the Supervisory Board positively assesses the activities of the Board as a body in 2022.

### **Summary**

Having regard to the information presented in this report, the Supervisory Board positively assesses the manner in which the Supervisory Board functioned and operated in the financial year 2022, and positively assesses the performance of duties during the reporting period by all Members of the Supervisory Board.

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

The Supervisory Board requests the Annual General Meeting of the Bank to adopt this report on the activities of the Supervisory Board of the Bank in the financial year 2022 and to grant all Members of the Supervisory Board discharge in respect of their performance of their duties during the reporting period.

Warsaw, 3 April 2023

**Signatures:**

.....  
Filip Majdowski  
Chair of the Supervisory Board

.....  
Ernest Bejda  
Deputy Chair of the  
Supervisory Board

.....  
Małgorzata Erlich –  
Smurzyńska  
Member of the Supervisory  
Board

.....  
Paweł Knop  
Member of the Supervisory  
Board

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

.....  
Paweł Śliwa  
Member of the Supervisory  
Board

.....  
Marek Pietrzak  
Member of the Supervisory  
Board

.....  
Dominik Witek  
Member of the Supervisory  
Board