



Appendix No. 1 to resolution No. 56/2022 of the Supervisory Board of Alior Bank S.A. of 26.04.2022

## **Report on Remuneration of the Members of the Management Board and the Supervisory Board of Alior Bank S.A. for 2021**

### **Definitions**

Unless the context provides otherwise, the terms and definitions used in the Report on Remuneration of the Members of the Management Board and the Supervisory Board of Alior Bank S.A. for 2021 shall have the following meaning:

<b>Bank</b>	– Alior Bank S.A.
<b>Capital Group</b>	– Alior Bank S.A. Capital Group – a capital group within the meaning of the Accounting Act of 29 September 1994
<b>Remuneration policy</b>	– Remuneration Policy Applicable to Members of the Management Board and the Supervisory Board of Alior Bank S.A. introduced by Resolution No. 35/2020 of the Ordinary General Meeting of Shareholders of Alior Bank Spółka Akcyjna of 21 May 2020
<b>Supervisory Board</b>	– the Supervisory Board of Alior Bank S.A.

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KRS no.: 0000305178, REGON no.: 141387142, NIP no.:  
1070010731,  
share capital: PLN 1,305,539,910 (paid up in full)

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<b>Regulation</b>	– Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks
<b>Report</b>	– this Report on remuneration of the members of the Management Board and the Supervisory Board of Alior Bank S.A. for 2021
<b>Detailed remuneration policy</b>	– the remuneration policy for the Bank’s employees, with a particular emphasis on persons whose professional activities have a significant impact on the Bank’s risk profile, adopted at the Bank pursuant to Article 9ca of the Banking Law and the provisions of § 25-29 of the Regulation.
<b>Act</b>	– Act of 29 July 2005 on Public offering, conditions governing the introduction of financial instruments to organised trading, and public companies,
<b>Guidelines</b>	– European Commission guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828;
<b>Management Board</b>	– the Management Board of Alior Bank S.A.;



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## I. Introduction

In connection with the amendment of the Act of 29 July 2005 on Public offering, conditions governing the introduction of financial instruments to organised trading, and public companies, the Bank adopted the Remuneration Policy by means of Resolution No. 35/2020 of the Ordinary General Meeting of Shareholders of the Bank of 21 May 2020.

The Remuneration Policy takes into account the principles of remuneration of members of management and supervisory bodies stemming from the provisions of the Act of 9 June 2016 on the principles of determining the remuneration of persons managing certain companies. Prior to the adoption of the Remuneration Policy, resolutions of the Extraordinary General Meeting of Shareholders of the Bank dated 5 December 2017 were in force in this regard, i.e.: Resolution No. 5/2017 on the principles of determining the remuneration of Members of the Supervisory Board and Resolution No. 6/2017 on the principles of determining the remuneration of Members of the Management Board, as amended by resolutions of the Ordinary General Meeting of Shareholders of the Bank No. 36/2019 and 37/2019 of 28 June 2019, respectively.

The remuneration policy governs, inter alia, the main principles pursuant to which fixed remuneration (including additional benefits) is awarded to members of the Management Board and the Supervisory Board, as well as principles pursuant to which variable remuneration is awarded members of the Management Board. Additionally, the Management Board's remuneration is also regulated by the Detailed Remuneration Policy.

This Report has been drawn up in fulfilment of the reporting obligation arising from the Act and from the Remuneration Policy adopted based thereon. The Report is concerned with the period of 2021 and takes into consideration the Act and the Guidelines.

The report covers the remuneration of Management Board and Supervisory Board members holding their positions in 2021.

The significant events that affected the remuneration presented in the Report included the following:

### 1) changes in the composition of the Supervisory Board

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

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

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

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

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

## 2) changes in the composition of the Management Board

On 4 March 2021, in connection with the decision of the PFSA Board of 3 March 2021 on consent to the appointment of Ms Iwona Duda as President of the Management Board of the Bank, the Supervisory Board of the Bank adopted a resolution on the appointment of Ms Iwona Duda, former Vice-President of the Management Board, to the position of President of the Management Board

On 17 March 2021, the Supervisory Board of the Bank adopted a resolution on the posting of Mr Mikołaj Handschke, Member of the Supervisory Board of the Bank, to perform, for the period from 21 March 2021 to 20 June 2021, the activities of Vice-President of the Management Board of the Bank responsible for the area of finance, subject to the possibility of early termination of the secondment

On 17 May 2021, the Supervisory Board of the Bank appointed Mr Radomir Gibała (with effect from 14 June 2021) and Mr Jacek Polańczyk (with effect from 17 May 2021) as Vice-Presidents of the Management Board of the Bank. At the same time, in accordance with the resolution of the Supervisory Board of the Bank, as of 13 June 2021, the secondment of Mr Mikołaj Handschke, a Member of the Supervisory Board of the Bank, to perform the duties of Vice-President of the Management Board of the Bank responsible for the area of finance was completed

On 14 October 2021, the Bank received the resignation of Ms Iwona Duda from the function of President of the Management Board of the Bank and from membership in the Management Board of the Bank with effect from 22 October 2021 at 24:00 (end of the day). Ms Iwona Duda also resigned from her



mandate as a Member of the Management Board of the Bank with effect from the aforementioned moment

On 22 October 2021, the Supervisory Board of the Bank adopted a resolution on entrusting the management of the work of the Management Board of the Bank with the Vice-President of the Management Board of Bank Mr Maciej Brzozowski in the period from 23 October 2021 until the appointment of a person designated by the Supervisory Board of the Bank as President of the Management Board

On 10 November 2021 the Bank received the resignation of Ms Agata Strzelecka, Mr Seweryn Kowalczyk, and Mr Dariusz Szwed from their functions of Vice-Presidents of the Management Board of the Bank and from the mandates of members of the Management Board of the Bank with effect from 10 November 2021, at 24:00 (end of the day)

On 10 November 2021 the Supervisory Board of the Bank appointed Mr Grzegorz Olszewski as Vice-President of the Management Board of the Bank with effect from 11 November 2021. In addition, the Supervisory Board of the Bank appointed Mr Grzegorz Olszewski as President of the Management Board of the Bank, provided that the PFSA Board has given its relevant consent and as of the date of issuing thereof At the same time, the Supervisory Board of the Bank entrusted, with effect from 11 November 2021, Mr Grzegorz Olszewski with directing the work of the Management Board of the Bank until the PFSA Board consented to appoint him as President of the Management Board of the Bank

On 10 November 2021, the Supervisory Board of the Bank also appointed the following persons as to the Management Board of the Bank and Vice-Presidents of the Bank: Mr Rafał Litwińczuk (with effect from 15 November 2021), Mr Marek Majsak (with effect from 16 November 2021), and Mr Paweł Tymczyszyn (with effect from 11 November 2021).

### 3) Financial results

In 2021, the Alior Bank Group generated a net profit attributable to the shareholders of the parent company in the amount of PLN 481.9 million, and compared to the net loss in 2020 of PLN 311.2 million, it was higher by PLN 793 million.

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## II. Management Board

### Agreements with Members of the Management Board

Agreements with Management Board members include, in accordance with the resolution of the Extraordinary General Meeting of Shareholders of the Bank of 5 December 2017 on the principles of remunerating Management Board members, and with the regulations adopted by the Supervisory Board, the following:

- service provision agreements concluded pursuant to the Act of 9 June 2016 on the principles of determining the remuneration of persons managing certain companies;
- agreements concluded for the duration of their terms as Management Board members;
- agreements with the termination notice of:
  - one month, if the member of the Management Board holds their position for less than 12 months, with the termination becoming effective at the end of a calendar month,
  - three months, if the member of the Management Board holds their positions for at least 12 months;
- agreements with a severance pay equalling three times the fixed remuneration, if the agreement is cancelled or terminated by the Bank otherwise than for a breach of key responsibilities by the member of the Management Board, provided that the member of the Management Board held their positions for at least 12 months prior to the termination of the agreement;
- agreements with a non-competition clause, pursuant to which a member of the Management Board undertakes that they shall not conduct any competitive activity over the period of 6 months after ceasing to act in the capacity of a Management Board member or after the termination of the contract, meaning that they shall be eligible to compensation in the total amount of 6 times the monthly fixed salary, provided that the member of the Management Board held their position for a period of at least 3 months.



### Remuneration of Management Board members

The total remuneration of a member of the Management Board consists of a fixed basic monthly remuneration (hereinafter: **“Fixed remuneration”**) and a variable component, being a supplementary remuneration for a given financial year of the Bank (hereinafter: **“Variable remuneration”**).

The fixed remuneration of the individual members of the Management Board shall equal seven to fifteen times the benchmark value referred to in Article 1.3.11 of the Act of 9 June 2016 on the principles of determining the remuneration of persons managing certain companies.

Variable remuneration depends on the level of achievement of the managerial objectives set and must not exceed 100% of the Fixed Remuneration in the previous financial year for which the amount of Variable Remuneration due is calculated.

Management Board members are entitled to receive the following additional benefits:

- medical care,
- third party liability insurance for persons holding managerial positions (the so-called D&O),
- insurance against liability related to issuing securities,
- life and health insurance and insurance against remuneration lost due to inability to work caused by an illness or an accident,
- a company car for private use.

The table below presents the remuneration components received from the Bank by the members of the Management Board.

**Table 1. Components of remuneration of Management Board members received from the Bank**

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Management Board (first name and last name)	Position held	Fixed remuneration (in thousands of PLN)			Variable remuneration (in thousands of PLN)		Total <sup>1</sup> (in thousands of PLN)	Variable to fixed remuneration ratio <sup>2</sup>
		Fixed cash remuneration <sup>3</sup>	Additional cash benefits <sup>4</sup>	Additional non-cash benefits <sup>5</sup>	Variable remuneration, not deferred <sup>6</sup>	Deferred variable remuneration <sup>7</sup>		
Maciej Brzozowski	from 29.06.2020	831	-	32	-	-	864	0%
Iwona Duda	12.05.2020 – 22.10.2021	709	-	21	-	-	730	0%
Radomir Gibała	from 15.06.2021	419	-	14	-	-	433	0%
Mikołaj Handschke <sup>8</sup>	21.12.2020 – 13.06.2021	370	-	5	-	-	375	0%
Seweryn Kowalczyk	27.11.2018 – 10.11.2021	724	319	21	-	8	1,072	1%
Rafał Litwińczuk	From 15.11.2021	98	-	2	-	-	100	0%
Marek Majsak	From 16.11.2021	96	-	3	-	-	99	0%
Grzegorz Olszewski	From 11.11.2021	110	-	-	-	-	110	0%
Jacek Polańczyk	From 17.05.2021	482	-	19	-	-	501	0%
Agata Strzelecka	13.04.2018 – 10.11.2021	724	319	28	-	32	1,104	3%

<sup>1</sup> The sum of fixed and variable remuneration paid within a given period (deferred and not deferred)

<sup>2</sup> Variable-to-fixed remuneration ratio in a given year

<sup>3</sup> Fixed remuneration paid in a given year

<sup>4</sup> Additional cash benefits – non-competition, severance pay,

<sup>5</sup> Additional benefits – insurance, including family medical package, Employee Capital Plan

<sup>6</sup> The bank presents the variable remuneration actually paid in a given year, and actually related to the previous year. Due to the fact that for 2020 the members of the Management Board were not granted variable remuneration, the non-deferred tranche was not paid out.

<sup>7</sup> Deferred variable remuneration for previous years, paid in the reported year. In 2021, some of variable remuneration tranches for 2017-18 (cash portion and monetised phantom shares) were paid out.

<sup>8</sup> Seconded to act as Vice-President of the Management Board.

Management Board (first name and last name)	Position held	Fixed remuneration (in thousands of PLN)			Variable remuneration (in thousands of PLN)		Total <sup>1</sup> (in thousands of PLN)	Variable to fixed remuneration ratio <sup>2</sup>
		Fixed cash remuneration <sup>3</sup>	Additional cash benefits <sup>4</sup>	Additional non-cash benefits <sup>5</sup>	Variable remuneration, not deferred <sup>6</sup>	Deferred variable remuneration <sup>7</sup>		
Dariusz Szwed	01.01.2019 – 10.11.2021	724	232	28	-	-	984	0%
Paweł Tymczyszyn	From 11.11.2021	106	-	-	-	-	106	0%

As at the date of the Report, the objectives were not settled and the decision to award the variable remuneration was not made. The variable remuneration may be awarded in the amount not exceeding 100% of the fixed remuneration. The amount of the provision for variable remuneration for 2021 for members of the Management Board is PLN 4,699 thousand. Provision created in the maximum amount, i.e. at the level of 100% of the fixed remuneration.

Members of the Management Board do not receive any remuneration for holding positions in other Capital Group entities.

### III. Supervisory Board

In accordance with the Remuneration Policy, monthly remuneration of Supervisory Board members (hereinafter: “**Monthly remuneration**”) is determined as the product of the benchmark amount referred to in Article 1.3.11 of the Act of 9 June 2016 on the principles of determining the remuneration of persons managing certain companies and a multiplier of 2.75.

The monthly remuneration of the Chairperson of the Supervisory Board shall be increased by 10%, and of the Deputy Chairperson of the Supervisory Board – by 9%. Monthly remuneration of the chairpersons of the Supervisory Board Committees shall be increased by 9%. The aforementioned additional remuneration components shall not be combined.

Members of the Bank’s Supervisory Board shall be entitled to remuneration provided that they do hold the position of a member of the Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna or of an entrepreneur other than the Bank, controlled by Powszechny Zakład Ubezpieczeń Spółka Akcyjna, within the meaning of Article 4.4 of the Act of 16 February 2007 on competition and consumer protection.

The Bank shall provide any variable remuneration to any members of the Supervisory Board.

The table below presents remuneration components obtained from the Bank by Supervisory Board members

**Table 2. Components of remuneration of Supervisory Board members received from the Bank**

Supervisory Board (first name and last name)	Position held	Fixed remuneration (in thousands of PLN)		Total (in thousands of PLN)
		Fixed cash remuneration	Additional non-cash benefits <sup>9</sup>	
Aleksandra Agatowska <sup>10</sup>	from 21.05.2020	-	-	-
Ernest Bejda <sup>10</sup>	from 21.05.2020	-	-	-
Małgorzata Erlich-Smurzyńska	from 01.12.2021	16	-	16
Mikołaj Handschke <sup>11</sup>	14.06.2021 – 30.11.2021	87	1	89
Paweł Knop	from 01.12.2021	16	-	16
Artur Kucharski	from 31.10.2017	203	3	206
Filip Majdowski	from 28.05.2021	107	1	108
Wojciech Myślecki	Until 09.08.2021	113	-	113
Marek Pietrzak	from 21.05.2020	187	3	189
Robert Pusz	from 26.05.2021	85	1	86
Dominik Witek <sup>10</sup>	From 28.05.2021	-	-	-

Members of the Supervisory Board did not perform any functions in and did not receive any remuneration from other Capital Group entities.

#### IV. Performance-related criteria (including long-term performance criteria)

Pursuant to the Remuneration Policy, remuneration of Supervisory Board members is not related to the Bank's performance, and Supervisory Board members are not entitled to any variable remuneration.

<sup>9</sup> ECP

<sup>10</sup> No remuneration is payable due to the appointment as a member of the Management Board of PZU S.A.

<sup>11</sup> Seconded to act as Vice-President of the Management Board until 13.06.2021



Variable remuneration payable to Management Board members depends on specific financial and non-financial criteria. The financial criteria include: achievement of managerial objectives of financial nature, as set by the Supervisory Board for Management Board members.

In 2021, the financial objectives included the following:

- consolidated net result of the Capital Group in accordance with the plan adopted,
- cost of risk for a member of the Management Board responsible for managing risks that are significant for the Bank's operations, or income less cost or risk for other members of the Management Board.

The non-financial criteria include the following quality-related managerial objectives set for members of the Management Board, with their fulfilment assessed by the Supervisory Board:

- proper and effective management of the Bank, including risk management understood as mitigating the threat of unexpected increase in the Bank's exposure to risk as a result of changes in market conditions, effective prevention of excessive risk-taking, reflected in a positive assessment of the regulator and the Supervisory Board, as well as adequacy and effectiveness of the internal control system, in particular timely implementation of recommendations of the PFSA and other authorised bodies, the Audit Department and the Compliance Department
- meeting the obligations arising from the Memorandum on Cooperation and Exchange of Information concluded between Alior Bank S.A. and PZU S.A. and implementing revenue and cost synergies within the PZU Group.

The Supervisory Board sets additional managerial objectives on the implementation of which right to receive Variable Remuneration is conditioned:

- Application and implementation, in the event of acquisition or establishment of a new company within the Capital Group, of remuneration principles applicable to members of management and supervisory bodies, in accordance with the provisions of the Act on the principles of determining the remuneration of persons managing certain companies of 9 June 2016, in all of the Bank's subsidiaries within the Capital Group.

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- Application and implementation, in the event of acquisition or establishment of a new company within the Capital Group, of principles governing the management of state property, in accordance with Articles 17 to 20, 22 and 23 of the Act of 16 December 2016 on the principles governing the management of state property (in all of the Bank's subsidiaries within the Capital Group).

The award of Variable Remuneration is conditional on the achievement of the additional managerial objectives referred to above and on the achievement of the consolidated net profit of the Capital Group (80% or more).

In order to take into account the long-term objectives of the Bank, at least 40% of variable remuneration shall be deferred and 50% of variable remuneration shall be allocated in the form of a financial instrument. Additionally, prior to awarding variable remuneration, the Bank applies ex-ante assessment mechanisms to adjust that remuneration to all current and future risks related to the Bank's operations. These mechanisms include, in particular, the following:

- assessment, performed on each occasion, whether Variable Remuneration reflects the results of the Bank and the level of achievement of specific objectives by a given person,
- the risk is measured, each time, taking into account risk mitigation measures, in order to maintain the desired risk profile (the Supervisory Board determines the risk appetite and assesses compliance with the levels set),
- risk assessment, taking into account both quantitative and qualitative risk adjustments, including those pertaining to risk of non-compliance,
- taking into account the cost of capital and avoiding situations where the acquisition of the right to variable remuneration and the payment of that remuneration, whether deferred or not, would limit the ability to strengthen regulatory capitals, the solvency ratio and equity remaining below regulatory requirements.

**V. Changes in remuneration of members of the Management Board and the Supervisory Board, in results of the Bank and in average remuneration of the Bank's employees not being members of the Management Board or the Supervisory Board, over the past five financial years**

**Table 3. Remuneration of members of the Management Board and the Supervisory Board, results of the Bank and average remuneration of the Bank's employees not being members of the Management Board or the Supervisory Board, over the past five financial years**

		2016	2017	2018	2019	2020	2021
Full name of the Management Board Member	Position held	Annual remuneration					
Maciej Brzozowski	from 29.06.2020	n/a	n/a	n/a	n/a	332	864
Iwona Duda	12.05.2020 – 22.10.2021	n/a	n/a	n/a	n/a	452	730
Radomir Gibała	from 15.06.2021	n/a	n/a	n/a	n/a	n/a	433
Mikołaj Handschke <sup>12</sup>	21.12.2020 – 13.06.2021	n/a	n/a	n/a	n/a	0	375
Seweryn Kowalczyk	27.11.2018 – 10.11.2021	n/a	n/a	0	792	832	1,072
Rafał Litwińczuk	from 15.11.2021	n/a	n/a	n/a	n/a	n/a	100
Marek Majsak	from 16.11.2021	n/a	n/a	n/a	n/a	n/a	99
Grzegorz Olszewski	from 11.11.2021	n/a	n/a	n/a	n/a	n/a	110
Jacek Polańczyk	from 17.05.2021	n/a	n/a	n/a	n/a	n/a	501
Agata Strzelecka <sup>13</sup>	13.04.2018 – 10.11.2021	n/a	n/a	489	786	949	1,104
Dariusz Szwed	01.01.2019 – 10.11.2021	n/a	n/a	n/a	719	795	984
Paweł Tymczyszyn	from 11.11.2021	n/a	n/a	n/a	n/a	n/a	106
Remuneration paid to members of the Management Board holding their positions before 2021		16,072	31,267	33,395	15,093	6,272	872
	in thousands of PLN	16,072	31,267	33,883	17,390	9,632	7,351

<sup>12</sup> Seconded to act as Vice-President of the Management Board

<sup>13</sup> Change in % YoY for 2020 was 121%.

		2016	2017	2018	2019	2020	2021
<b>Remuneration paid to members and former members of the Management Board<sup>14</sup></b>	<b>change in % YoY</b>		<b>195%</b>	<b>108%</b>	<b>51%</b>	<b>55%</b>	<b>76%</b>
<b>Full name of the Supervisory Board Member</b>	<b>Position held</b>	<b>Annual remuneration</b>					
Aleksandra Agatowska	from 21.05.2020	n/a	n/a	n/a	n/a	0	0
Ernest Bejda	from 21.05.2020	n/a	n/a	n/a	n/a	0	0
Małgorzata Erlich-Smurzyńska	from 01.12.2021	n/a	n/a	n/a	n/a	n/a	16
Mikołaj Handschke <sup>15</sup>	14.06.2021 – 30.11.2021	n/a	22	156	168	175	89
Paweł Knop	from 01.12.2021	n/a	n/a	n/a	n/a	n/a	16
Artur Kucharski <sup>16</sup>	from 31.10.2017	n/a	22	156	180	196	206
Filip Majdowski	from 28.05.2021	n/a	n/a	n/a	n/a	n/a	107
Wojciech Myślecki <sup>17</sup>	25.06.2018 – 09.08.2021	n/a	n/a	81	167	177	113
Marek Pietrzak	from 21.05.2020	n/a	n/a	n/a	n/a	109	189
Robert Pusz	21.05.2020 – 26.05.2021	n/a	n/a	n/a	n/a	119	86
Dominik Witek	from 28.05.2021	n/a	n/a	n/a	n/a	n/a	0
Remuneration paid to members of the Supervisory Board holding their positions before 2021		1,025	870	557	241	75	0
<b>Remuneration paid to members and former members of the Supervisory Board<sup>18</sup></b>	<b>in thousands of PLN</b>	<b>1,025</b>	<b>914</b>	<b>951</b>	<b>756</b>	<b>851</b>	<b>822</b>
	<b>change in % YoY</b>		<b>89%</b>	<b>104%</b>	<b>80%</b>	<b>112%</b>	<b>97%</b>

<sup>14</sup> Remuneration paid to members and former members of the Management Board in individual years, regardless of the dates between which they held their positions; data for members of the Management Board listed above

<sup>15</sup> Seconded to act as Vice-President of the Management Board until 13.06.2021

<sup>16</sup> Change in % YoY for 2021 was 105%, for 2020: 109%, for 2019: 115%

<sup>17</sup> Change in % YoY for 2020 was 106%.

<sup>18</sup> Remuneration paid to members and former members of the Supervisory Board in individual years, regardless of the dates between which they held their positions; data for members of the Supervisory Board listed above

		2016	2017	2018	2019	2020	2021
Consolidated net result of the Capital Group	in thousands of PLN	618,077	515,617	713,373	252,832	-311,233	481,925
	change in % YoY		83%	138%	35%	-123%	-155%
Income at risk costs	in PLN million	2,389	2,783	2,901	2,357	1,812	2,631
	change in % YoY		116%	104%	81%	77%	145%
Risk costs	in PLN million	-800	-915	-1,048	-1,437	-1,733	-1,007
	change in % YoY		114%	115%	137%	121%	58%
Average monthly salary for full-time employees <sup>19</sup>	in PLN	7,332	8,570	8,661	8,467	8,156	8,378
	change in % YoY		117%	101%	98%	96%	103%
Number of employees as at 31 December		10,808	8,491	8,101	7,946	7,371	6,886

Percentage change given for a given person only in the case of full employment in both comparable years.

## VI. Information on the number of financial instruments allocated or offered, and key terms and conditions for exercising the rights under those instruments

### Phantom shares

At least 50% of the variable remuneration of persons having an impact on the risk profile is paid in a financial instrument, i.e. (in accordance with the Detailed Remuneration Policy adopted) in phantom shares.

The number of phantom shares and the terms and conditions for their monetisation shall be determined, in accordance with the Detailed Remuneration Policy, for phantom shares for sale in 2021, in the following manner:

<sup>19</sup> Average remuneration calculated as the quotient of annual gross earnings (sum of fixed and variable components) paid in a given year to active employees (not long-term absentees as at the end of a month) and the sum of FTEs of active employees (at least 0.4 FTEs); this does not apply to members of the Management Board or the Supervisory Board



- for the purposes of the following calculations, the year '0' shall be understood as the year for which variable remuneration is due (hereinafter: Assessment Period), and years marked from '1' to '4' shall be understood as subsequent years after the Assessment Period.
- the price of one phantom share of the Bank, marked as 'WA(0)', is determined on the basis of the average closing price of the Bank's shares from 30 trading days preceding the day on which the variable remuneration for a given period is allocated,
- number of phantom shares (hereinafter referred to as 'L') calculated using the following formula:  

$$L = 50\% \text{ of variable remuneration} / \text{WA}(0),$$
- the phantom shares allocated are monetised and paid in 4 tranches:
  - Tranche 1 - not deferred, relates to the number of shares  $L(1) = 40\% * L$  (rounded down) in the case of variable remuneration that is particularly high, or  $60\% * L$  (rounded down) in the remaining cases, and is monetised 5 months and 10 days from the date of its allocation,
  - Monetisation price: WA(1) for Tranche 1 is the price calculated on the basis of the average closing price of the Bank's shares from 30 trading days preceding the day falling 5 months from the allocation date,
  - Tranche 2: relates to the number of shares  $L(2) = 20\% * L$  (rounded down) in the case of variable remuneration that is particularly high, or  $13.4\% * L$  (rounded down) in the remaining cases, and is monetised within one month from the date of expiry of 12 months from the date of allocation, but no later than on 15 July of year '2',
  - Tranche 3: relates to the number of shares  $L(3) = 20\% * L$  (rounded down) in the case of variable remuneration that is particularly high, or  $13.4\% * L$  (rounded down) in the remaining cases, and is monetised within one month from the date of expiry of 24 months from the date of allocation, but no later than on 15 July of year '3',
  - Tranche 4: relates to the remaining number of shares  $L(4)$  and is monetised within one month from the date of expiry of 36 months from the date of allocation, but no later than on 15 July of year '4',
  - WA(i) for Tranches 2, 3 and 4 is the price calculated on the basis of the average closing price of the Bank's shares from 30 trading days preceding 31 March of year '2', '3' and '4', respectively, but not earlier than WA(1),

- the amounts paid shall be as follows: payment of the tranche for a given year (hereinafter referred to as (i))= $L(i) \cdot WA(i)$ .
- rights to deferred tranches (Tranche 1, Tranche 2 and Tranche 3) are acquired under the terms and conditions set out in the Detailed Remuneration Policy. However, ex-post adjustment mechanisms may apply to deferred tranches.

**Table 4. Number of phantom shares allocated to members of the Management Board**

Management Board (first name and last name)	Phantom shares allocated (potentially due) as at 31.12.2020	Phantom shares in 2021			Phantom shares allocated (potentially due) as at 31.12.2021
		Allocated <sup>20</sup>	Acquired and monetised <sup>21</sup>	Redeemed	
Seweryn Kowalczyk	305	153	153	0	152
Agata Strzelecka	1,253	631	631	0	622
Members of the Management Board not holding their positions in 2021	3,809	3,312	3,312	0	497

## VII. Information on taking advantage of the option to demand the repayment of variable remuneration components

The Remuneration Policy and the Detailed Remuneration Policy do not provide for the possibility of repaying the variable remuneration.

<sup>20</sup> Phantom shares allocated in the non-deferred (due) and deferred (potentially due) part Based on the resolutions of the Supervisory Board in 2021, rights to tranches of deferred phantom shares for 2017-2018 were granted.

<sup>21</sup> Phantom shares monetised, as part of specific tranches, at the average price of PLN 22.82



The Detailed Remuneration Policy provides for a mechanism enabling to withhold the payment or to reduce the amount of the deferred bonus. To this end, the Bank applies ex-post adjustment mechanisms pertaining to deferred remuneration, in accordance with the Detailed Remuneration Policy.

Deferred remuneration may be decreased, meaning that a given member of the Management Board shall not acquire the right to the entire or to some of the deferred variable remuneration if the Supervisory Board determines, in relation to the members of the Management Board, that during the given Assessment Period, the person concerned:

- participated in activities resulting in significant losses of the Bank or was responsible for such activities,
- failed to meet applicable standards regarding guarantees of prudent and careful management of the Bank;
- knowingly participated in the transfer of materially incorrect information concerning the Bank's financial statements.

Furthermore, deferred remuneration may be decreased, meaning that a member of the Management Board shall not acquire the right to the entire or to a part thereof, or that its payment may be suspended in a situation where the Bank's financial results have deteriorated significantly, resulting in a change of the initial circumstances based on which Variable Remuneration is determined, in particular of the situation referred to in Article 142.1 of the Banking Law has taken place.

#### **VIII. Information on derogations from the procedure for implementing remuneration policies and temporary derogations from the application of remuneration policies<sup>22</sup>.**

The Remuneration Policy is implemented comprehensively and fully. No derogations, including those of temporary nature, from the Remuneration Policy have taken place.

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<sup>22</sup> Pursuant to § 5 of the Remuneration Policy

**IX. Cash or non-monetary benefits granted to the closest relatives of<sup>23</sup> the members of the Management Board and the Supervisory Board.**

Members of the Management Board shall be entitled to medical care package covering their family members, i.e. their spouse or partner and children. No other benefits are provided to the closest relatives.

Members of the Supervisory Board shall not be entitled to any benefits for their closest relatives.

**X. Compliance with the Remuneration Policy adopted.**

Members of the Supervisory Board shall be entitled to remuneration for their appointment. The Bank shall pay remuneration to members of the Supervisory Board only in accordance with the principles set forth in the Remuneration Policy.

Members of the Management Board shall perform their duties pursuant to management service contracts. The Bank shall pay remuneration to members of the Management Board only in accordance with the principles set forth in the Remuneration Policy and in the Detailed Remuneration Policy.

The total remuneration of Management Board members contributes to achieving long-term results of the Bank by:

- determining fixed remuneration at a level that allows for pursuing flexible policies pertaining to variable remuneration, with non-payment of variable remuneration included,
- determination, by the Supervisory Board, of annual financial objectives consistent with financial plans and non-financial criteria,
- adjusting the variable remuneration to the Bank's risk profile, individual results achieved and results of the Bank, as well as securing compliance with the principle of not rewarding for bad results through mechanisms of ex ante and ex post adjustment of Variable Remuneration,

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<sup>23</sup> The term closest relative shall cover the spouse, ascendants, descendants, siblings, relatives by affinity in the same line or to the same degree, persons adopted and their spouses, as well as person cohabitants.



- deferring the payment of specific portions of variable remuneration allocated, for a period of 3 years and applying ex post assessment mechanisms to ensure that members of the Management Board are remunerated taking into account the long-term effectiveness and impact of past decisions,
- allocating a portion of the variable remuneration in the form of a financial instrument (phantom shares), therefore linking the interests of the members of the Management Board with the interests of the shareholders.

In 2021, the Supervisory Board adopted the “Report on the remuneration of the members of the Management Board and Supervisory Board of Alior Bank S.A. for 2019-2020”. The Ordinary General Meeting of the Bank, by resolution No. 30/2021 of 28 May 2021, expressed a positive opinion on the “Report on the remuneration of the members of the Management Board and Supervisory Board of Alior Bank S.A. for 2019-2020”.

The Supervisory Board is of the opinion that in 2021, the Remuneration Policy was implemented at the Bank in accordance with the principles of applicable internal and external regulations.

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District Court for the Capital City of Warsaw in Warsaw,  
14<sup>th</sup> Commercial Division,  
KRS no.: 0000305178, REGON no.: 141387142, NIP no.:  
1070010731,  
share capital: PLN 1,305,539,910 (paid up in full)