

REPORT OF THE ALIOR BANK S.A. CAPITAL GROUP

ON NON-FINANCIAL INFORMATION
FOR THE YEAR 2021



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GRI Indicator

01

ALIOR BANK S.A. CAPITAL GROUP
AND ALIOR BANK – PARENT COMPANY

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1.1. Who are we

[GRI 102-1] Alior Bank Spółka Akcyjna (hereinafter: "Alior Bank" or "Bank") is a universal bank targeting its services at both individual and business customers. In our activity, we combine the principles of traditional banking with innovative solutions, thanks to which [GRI 102-2] we systematically strengthen the market position and set new directions for the development of Polish banking. Where others see limitations, we perceive a chance to develop. Alior Bank is a modern and agile organisation, quickly adapting to the changing environment. We have been introducing our innovative ideas – we are a pioneer of innovation. We have created the first, entirely online, foreign exchange office, implemented the first in Poland video authentication for opening personal bank accounts. We are the first bank in Poland using the public blockchain technology and we have already seized opportunities provided by the EU's PSD2.



We are aware that offering banking services only to manage home or business finances is not enough. Our ambitions reach far much further. Our desire involves accompanied our Customers in their everyday life, whereas our overriding goal is to make life easier at every stage and in every dimension. Everything we do in the Bank will be subordinated to the improvement of customer experience – in the current strategic perspective, we want to be "More than a bank" to our customers.

The activities of the Alior Bank Group comprise different, interlinked segments. In addition to banking, the Group is active

in, among others: leasing, insurance brokerage, asset management, searching for and attracting third parties to collaborate in offering non-banking services, services in online technology.

We have offered our banking products and services through a network of our own outlets, through partners and financial intermediaries, as well as remote distribution channels including: online banking, mobile banking and call centres.

Alior Bank is a public company. Our shareholders are both Polish and international investors. Alior Bank's Headquarters are based in Warsaw, but we operate nationwide. As at the end of December 2021, Alior Bank held 599 outlets (173 own branches, 7 Private Banking branches, 13 Corporate Banking Centres, and 407 partner outlets). We also had 34 branches in Romania.

[GRI 102-3]
[GRI 102-4]
[GRI 102-5]
[GRI 102-6]

Alior is a bank focused on innovation, which sets trends in Internet banking on the Polish market. These principles are the foundations of the business strategy "More than a bank". One of the main objectives of the business strategy is responsible development and enhancing green transformation. Our digital transformation activities simplifies the lives of our Customers, especially the development of the mobile application. We consistently broaden our product portfolio and services to incorporate ESG.

[GRI 102-15]

The implementation of the "More than a bank" strategy coincides with the pandemic period, namely a period marked by a changed economic and social reality. The pandemic and the related need to change the organisation of work accelerated the digital transformation of the Bank while being part of the ECO strategy. We make full use of modern work tools, such as: Cooperation and communication platform Sharepoint (working together online on the same document), CISCO Jabber (the possibility of organising videoconferences, meetings and communication via chats), or a Webinar system (delivering training sessions in a virtual classroom), which enable effective work of employees, mostly working in remote mode. The sales network has also been making use of new technological solutions – it goes without saying, protective measures (face masks, plexiglass covers) are used, which are an integral part of the banker's workplace.



Banking outlets we renovated by the end of 2021 – branches in a new format



Traditional branches



Partner outlets



Private Banking branches



Corporate Banking Centres

Alior Bank Management Board

[GRI 102-18]

Composition of the Management Board of the Bank as at 31 December 2021

<p>Grzegorz Olszewski Vice-President in charge of Management Board works</p>	<p>Grzegorz Olszewski directs the work of the Management Board of the Bank until the KNF Board agrees to appoint him as President of the Management Board of the Bank. He is responsible for managing organizational units of the Bank's Head Office responsible for internal audit, compliance risk management, HR, communication and PR, handling of the Bank's bodies and strategy. He is also responsible for the day-to-day functioning of procedures for reporting breaches of the provisions of law, procedures and business ethics applicable at the Bank, and accepts reports in this regard in accordance with the provisions of the Bank's internal regulations.</p>
<p>Maciej Brzozowski Vice-President of the Management Board</p>	<p>Maciej Brzozowski manages organizational units of the Bank's Head Office responsible for risk management relevant to the Bank's operations.</p>
<p>Radomir Gibała Vice-President of the Management Board</p>	<p>Radomir Gibała manages organizational units of the Bank's Head Office responsible for: finance, accounting and financial reporting, auditing and supervision of subsidiaries, and activities in other countries.</p>
<p>Rafał Litwińczuk Vice-President of the Management Board</p>	<p>Rafał Litwińczuk manages organizational units of the Bank responsible for products and sales in the scope of retail customers (individuals and micro-enterprises) and brokerage activities.</p>
<p>Marek Majsak Vice-President of the Management Board</p>	<p>Marek Majsak manages organizational units of the Bank responsible for products and sales within the scope of business customer and treasury activities.</p>
<p>Jacek Polańczyk Vice-President of the Management Board</p>	<p>Jacek Polańczyk manages organizational units of the Bank's Head Office responsible for marketing, logistics and purchases.</p>
<p>Paweł Tymczyszyn Vice-President of the Management Board</p>	<p>Paweł Tymczyszyn manages organizational units of the Bank's Head Office responsible for the operational, legal, IT areas and cybersecurity, security, and protection of personal data.</p>

1.2. Our business strategy – to be more than a bank

March 2021 saw us updating the “More than a bank” strategy, which in terms of the main assumptions did not change the directions of development adopted in 2020. At the same time, some of the indicators describing its implementation in the time-frame of its duration until the end of 2022 were adjusted.

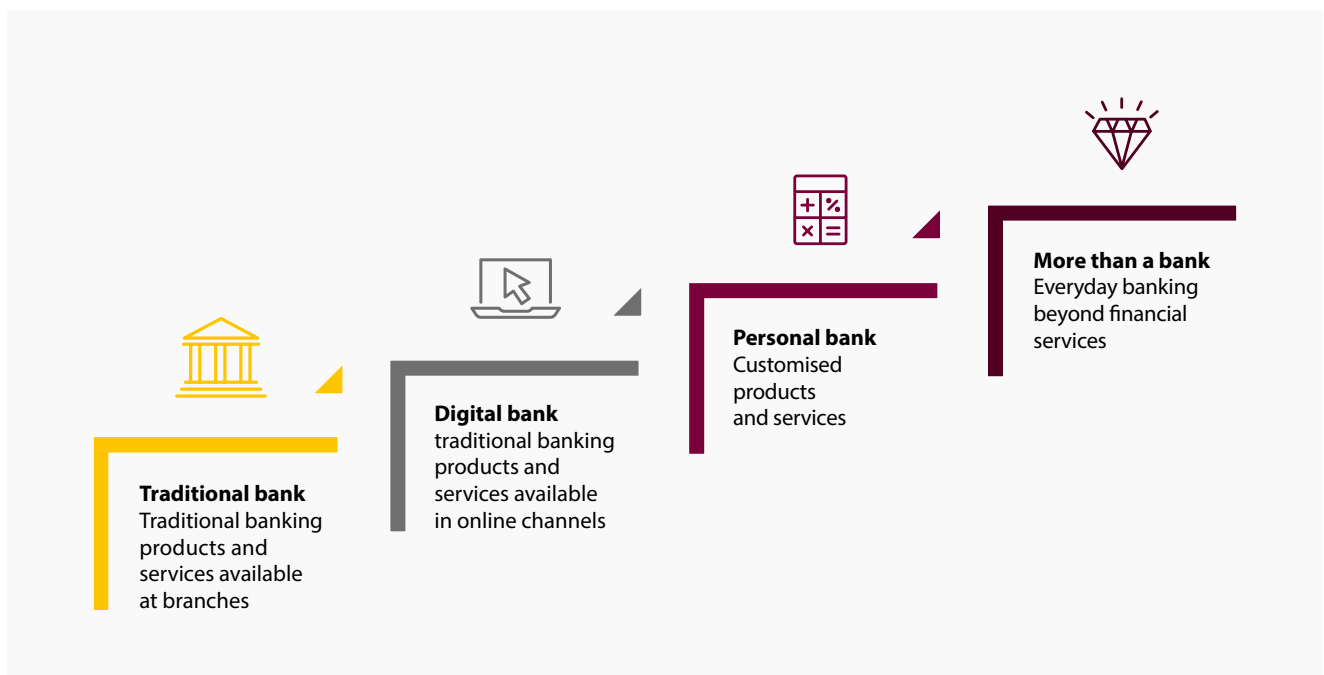
Its main assumptions remain unchanged:

- Building lasting relations with customers based on frequent contact points,
- Consistent digitalisation and personalisation of services,
- Use of state-of-the-art technology to enhance the organisation’s performance
- Balancing the loan portfolio and reducing the risk cost.

In practice, these assumptions mean that our aim is to combine the functions of traditional banking and a highly personalised digital bank in order to provide our customers with a completely new quality. The actions taken regarding the product, technology or work organisation are subordinated to the improvement of customer experience, as well as they are intended to facilitate their everyday life using banking products and non-financial services available from the level of the mobile app.



An important element added to the Bank’s development directions as part of the strategy update is a wide range of products and activities in the ecological area. Alior Bank thus responds to climate challenges and – bearing in mind current and new customers – implements the demand for social responsibility, continuing to support the green transformation and progressive development of the offer of organic products.



Implementation of the business strategy in 2021

We have been focusing the implementation of our strategy in two areas which are spread over eight strategic programmes:

- “Customer experience” – area focused on acquiring digital customers, increasing the level of use of the products and services offered, as well as enhancing customer satisfaction,
- “Bank transformation” – activities focused on strengthening competences and technological potential, optimising operating costs, implementing policies and solutions aimed at reducing risk and financing costs, as well as on ensuring high involvement of our employees.

Priorities of the business strategy

Strategic pillar	Strategic programmes	Most important effects
Customer experience	Alior Mobile	Non-banking services in alior Mobile app
	Personalisation	Products meeting Customers' expectations
	Convenience	Convenient digital processes
	Business customer relationship	Modern service and sector-related support
Transformation of the Bank	Technology leader	Technological advantage
	Effectiveness	Process and cost optimisation
	Risk and capital	Safety and predictability
	Bank of committed	Employee development and social responsibility












Key projects implemented in 2021 – customer’s experience

We develop an ecosystem of financial and non-financial services in banking applications, focusing on customer experience, its convenience and independence, while improving product offer. To address customer expectations, we improved the remote service process by introducing, for instance, the possibility of signing an agreement by a text message

in the eUmowa portal. Furthermore, we have conducting activities aimed at making our app available to an increasing number of Customers. The past 2021 witnessed the Alior Mobile app being made available to users of Huawei devices. Customers were also given the opportunity to purchase insurance products in the remote channel.


Retail clients

 <p>Digital signature in a remote process</p> <p>The possibility of signing a contract via SMS in the eUmowa portal allows to shorten the time of customer service and more efficient conclusion of agreements in the telephone process.</p>	 <p>MasterCard Priceless Specials</p> <p>Integration of the MasterCard Priceless Specials programme with the mobile application facilitates access to the programme and allows more convenient use of its benefits.</p>
 <p>Sharing the “My Matters” section</p> <p>The possibility of ordering certificates and opinions, complaints and correspondence in one place without leaving home.</p>	 <p>Start of the “Clean Air” offer</p> <p>The launch of loans with a subsidy from the National Fund for Environmental Protection and Water Management under the Clean Air programme, for instance, for the replacement of old furnaces and thermal-modernisation of houses.</p>
 <p>Framework agreement in KI remote sales</p> <p>Customers using the loan offer in the remote process receive access to digital channels (Alior Online and Alior Mobile) at the same time.</p>	 <p>Alior Mobile in Huawei AppGallery</p> <p>Making the Alior Mobile application available to users of Huawei devices.</p>
 <p>Multi-productivity</p> <p>New process for joint application for credit products and a current account.</p>	 <p>Accident and unemployment insurance package and reimbursement</p> <p>for costs for borrowers (available with a loan or consolidation loan agreement).</p>
 <p>Online insurance</p> <p>Travel and motor insurance available in a new, more convenient purchas process available in Alior Online banking and Alior Mobile banking.</p>	

The development of our banking ecosystem is not limited to individual customers. We are aware of the challenges that our business customers have to face, and it is them for whom have


been successively introducing new solutions and improving our product offer.

Business clients




4x4 company account

An account for customers settling on the basis of simplified accounting with a package of services to choose from. The packages have been specially adapted to the needs of users.




Business Plan Account

Account for full accounting with 3 plans to choose from. The customer can adjust the scope of services to the needs of the company.




Debit card with plus

A card with a package of additional benefits for new and existing micro, SMEs and large companies with preferential terms at Partners (e.g. Circle K).




Public programmes and company support

Alior adapted the offer to BGK's aid plans and proposed to increase the availability of the guarantee (changes in feeds and the amount and duration of the collateral).




Company loan with selfies

The Bank has extended the possibility of fully remote processing of transactions using the Autenti platform and the PHOTO ID verification method.



Feniks KB pre-approved process

A new, simplified credit process with pre-calculated creditworthiness in own branches and partner outlets in the new credit system.



New post-sales module in BusinessPro

A module enabling independent execution of instructions by customers.

Key projects implemented in 2021 – Bank transformation

We transform the Bank into a stable and responsible way, and the state-of-the-art technologies provide us with cost and process efficiency.

Robotisation and hyperautomation

In 2021, we placed extraordinary emphasis on hyperautomation to streamline processes and increase efficiency. The effects resulting in accelerated digital transformation, for which have been becoming better prepared, thanks to the deployed tools in the field of artificial intelligence and robotisation, are visible both in communication with the customer (Voicebots, Chatbots, InfoNina), as well as in lowering costs and enhancing the efficiency of the processes as part of which we use these technologies. Thanks to the deployment of Speech Analytics tools and the support of bots in conversations with customers, we boosted the efficiency of the call centre, thus contributing to an increase in the level of customer satisfaction. Going further, aggregated data and deployed analytical tools provide deeper knowledge

of the customer, giving the possibility of better and faster adaptation of individualised offers to the customer's expectations.

Robotisation and automation support more and more areas of work at the Bank. We deployed 140 robots and held 5 editions of the Robotisation Academy, during which 59 employees acquired skills in the construction of RPA robots, namely, the possibility of creating new automation by business units, which will accelerate further progress in the field of hyperautomation.

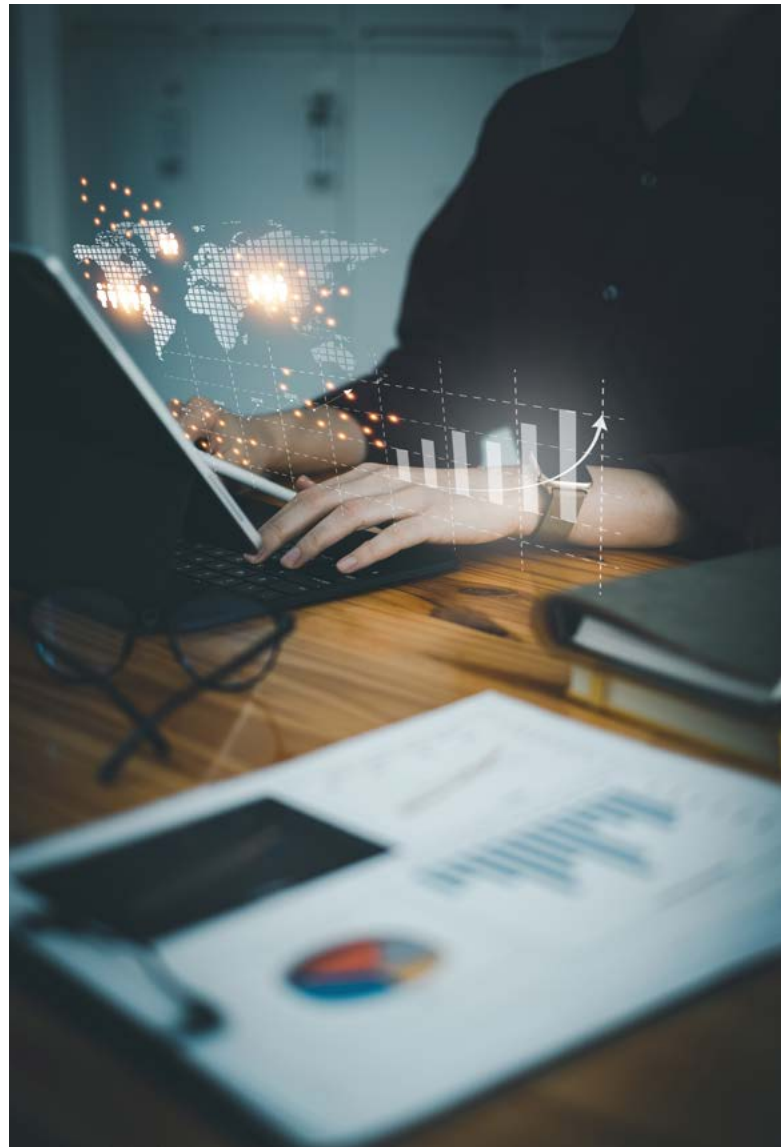


Advanced analytics

Alior Bank has been gradually developing advanced analytics in obtaining data or content by means of specialised techniques that cannot be obtained using traditional Business Intelligence tools. As part of making use of advanced analytics, we implemented, for instance, a risk scoring model, a dynamic micro recommendation engine as well as a new model for credit frauds. We have also been building a special environment for the generation and production of models, which of key importance in the process of continuous strengthening of credit security.

IT transformation

Alior Bank has been transforming its IT systems to the cloud model. It aims to achieve a higher level of flexibility and efficiency of the introduced business changes. The implementation of the cloud strategy adopted at the Bank, taking into account the security and risk aspects indicated in the announcements by PFSA, Bank is at an advanced stage and follows the adopted schedule.



Advanced analytics



Artificial intelligence



Cloud computing

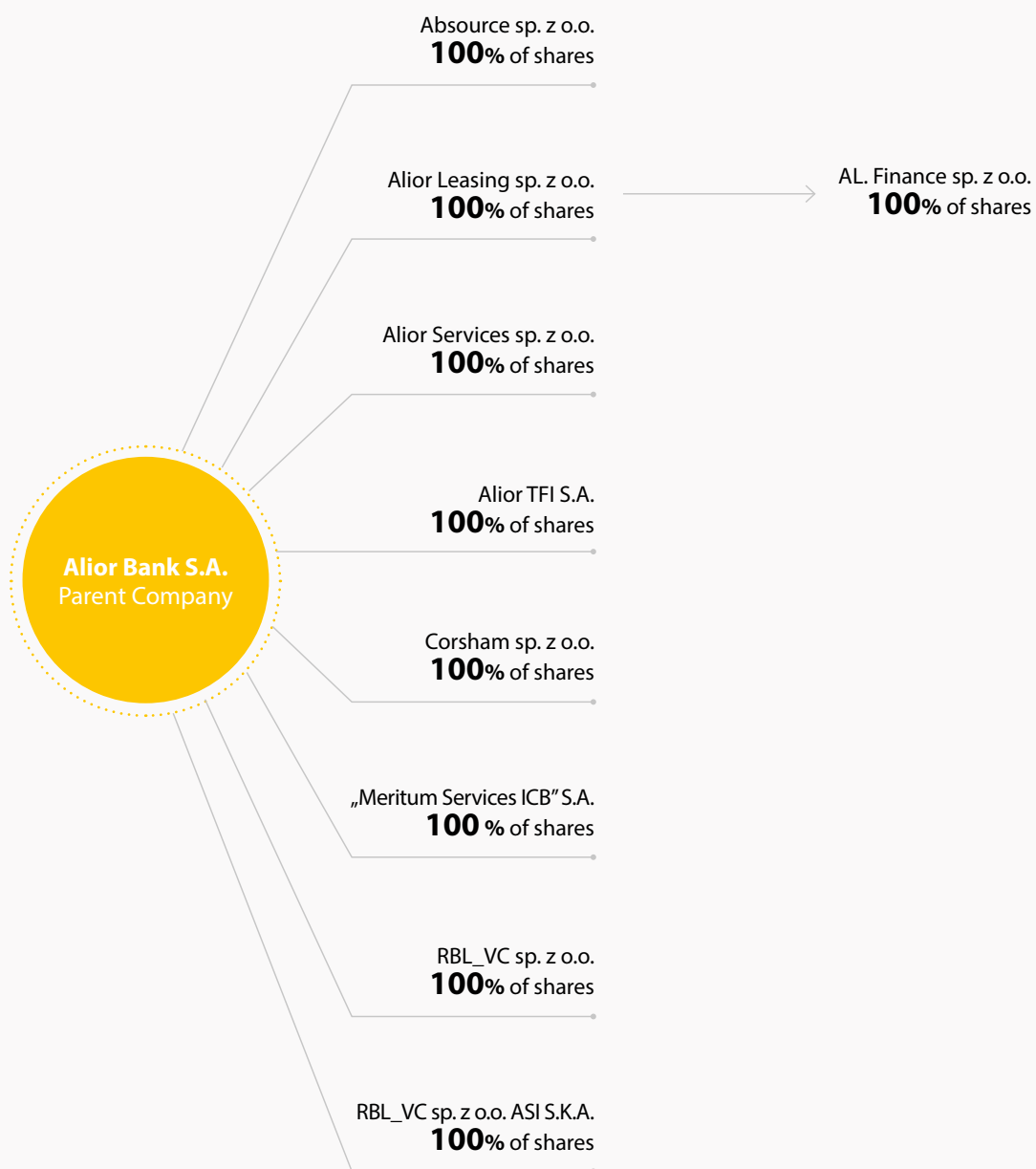
The Bank achieved the maturity level indicated for the financial sector in terms of the main cloud technologies, which translate into:

- successive shortening of the time of deployment of a new app or its update,
- carrying out deployments transparently, without affecting the customer,
- maintaining a high level of validity of information for the customer in all digital channels.

Actions taken translate into faster deployment of a new product or business value, as well as time limits for system adaptation amid a dynamically changing legislative environment. By implementing initiatives under the cloud development strategy, the time to prepare the infrastructure (environment) for the needs of the app or to implement changes in the app was reduced by half.

1.3. Structure of the Capital Group

[GRI 102-45]



1.4. Our relations

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

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

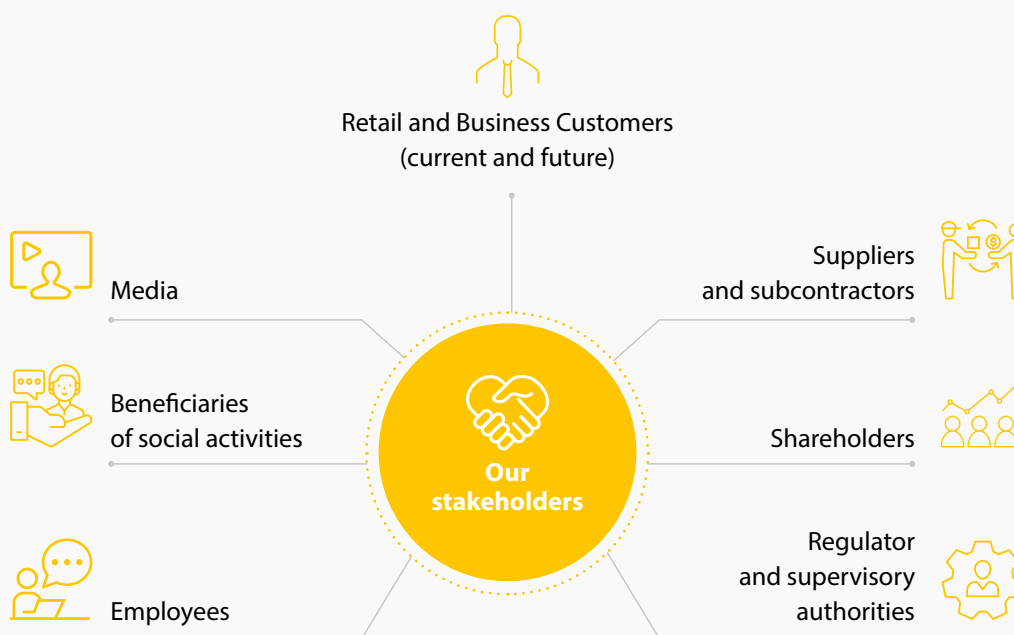
We also care for regular, timely and effective communication with the participants of the capital market. As a public company, we have been taking measures to meet stakeholders' information needs, caring for universal and equal access to information, in accordance with the highest market standards and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

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

In 2021, approx. 72 meetings with foreign and domestic investors were held, and they were in the form of teleconferences.

[GRI 102-40]

Our Stakeholders



Further, there were approx. 100 talks with analysts from brokerage houses. These talks addressed trends in the banking sector in individual quarters and the current financial standing of the Bank. Two General Meeting of Alior Bank were held in 2021.



Meetings/talks with investors (including investor conferences)



Talks with analysts from brokerage house



General Meetings

inter-company trade unions. The implemented strategy of relations with the social partner complies with applicable law. The Bank applies procedures and time limits specified in the provisions of the Labour Code and specific acts, including the act on trade unions.

The social dialogue at the Bank is conducted in good faith while respecting the principles of social coexistence, and its participants are equal before the law. The parties are guided by the principles of mutual trust, and in the negotiation processes they try to reach a compromise, whereas in the event of a large divergence of stances, they strive for a consensus at least on core issues. The dialogue is a process involving constant interaction between the trade unions and the Bank, as the employer, in order to reach agreement on important issues, both economically and socially, on a macro and micro scale.

The Bank's representatives to handle all matters as part of the social dialogue are employees of the HR Division with appropriate powers of attorney. They are held accountable for the correctness of social dialogue, take stances on behalf of the Bank and mitigate risks in this regard, including but not limited to by informing the Management Board on an ongoing basis about matters being discussed with the public.

In 2021, 34 meetings with trade unions were held, 11 of which concerned miscellaneous matters, and 23 meetings were held as part of the social commission.

We respect freedom of association. According to the data as at 31 December 2021, Alior Bank is unionised by almost 40%.

The quality of collaboration and service of the internal Customer is monitored through regular internal NPS surveys of the selected areas of the Bank's operation. In 2021, the survey covered 28 organisational units in total. The results of these surveys provide a valuable source of knowledge for the surveyed units and allow us to better adapt the operations of the units to the reported needs.

[GRI 407-1] Alior Bank has been acting in respect to the freedom of association and has not been infringing the workers' freedom to become members of trade unions. There are five trade unions in place at Alior Bank, including one company-based and four



[GRI 102-13]

Selected organisations of which Alior Bank was member in 2021

Polish Bank Association	Committee on Financial Services Quality
Banking Register of IT Security Incidents	Polish Factors Association
System for the Analysis of Property Financing Market	CFA Society Poland
Banking Consumer Arbitration	ACI Poland
Polish Swift Users' Committee	Hazard Warning Exchange System (SWOZ)
Board of Bank Card Issuers	Banking Cybersecurity Centre
Council of Depositary Banks	Electronic Banking Council
Single Euro Payments Area Secretariat (SEPA)	Database of Events in the Field of Operating Risk (ZORO)
Union of Entrepreneurs and Employers	Polish Association of Human Resources Management (PSZK)
Chamber of Brokerage Houses	Electronic Economy Chamber (eIZBA)
Polish Organisation of Franchisees	SimilarWeb

1.5. Strategic partnerships

Strategic partnerships

Acquisition of strategic partnerships at Alior Bank is primarily aimed at expanding the offer available to the customer and developing services beyond the scope of banking. Amid the conditions marked by the pandemic, the projects carried out together with our partners were primarily based on guaranteeing to our customers convenient access to Alior Bank's services and ensuring their maximum security through, including but not limited to providing new functionalities in the field of technology or extending insurance packages.

The past 2021 was also the time of the start of the green transformation. Partnerships with such institutions as the National Fund for Environmental Protection and Water Management, Bank Gospodarstwa Krajowego and the European Investment Bank became the essential sources of eco-development and increasing the share of the green loan portfolio.

Selected partnerships within the PZU Group accomplished in 2021

2021 saw as pursuing activities leading to further synergies at the level of the Group of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (hereinafter: "PZU Group"), whose effects include:

- great interest in mortgage loans, which translates into the sale of life insurance to customers, securing housing loans,
 - increasing sales of investment funds, among others, through greater interest in investments in the search for alternatives to deposits in connection with reducing interest rates,
 - making it possible to sell PZU Wojażer travel insurance in the mobile and internet app of Alior Bank,
 - promotion of "KJO z Telemedycyna" under which 3,000 new bank customers received free access for 12 months to the basic telemedicine service offered by PZU Zdrowie.
- greater customer interest in life insurance for cash loans,
 - from 4 January 2021, in collaboration with PZU S.A., provision of customers, who take out a cash loan agreements, with the possibility of concluding an insurance contract in the event of unemployment,



Within the PZU Group, we have also been developing a partnership with Link4. The past 2021 witnessed us making it possible to purchase TPL motor vehicle insurance and TPL and comprehensive motor insurance, as well as home insurance in online and mobile banking. The new service is an important element of the category being built around the "Auto" area in Alior Bank's banking.

Internal synergies with the PZU Group are not limited to the above initiatives or products. It is a considerably further-ranging issue and concerns at least several areas, within which we jointly carry out a number of initiatives concerning, inter alia, revenue and cost synergies, innovation, or corporate governance.

In 2021, we continued to cooperate in the Assurbanking area by implementing 2 strategic projects and undertaking a number of other, smaller initiatives.

Our key initiatives in the Assurbanking area included:



Cash Platform – an innovative online loan platform, ranked as a non-wage employee benefit, under which employees may, at a minimum level

of formalities, quickly and conveniently obtain a cash advance for any purpose. Through cooperating with employers and their involvement in the granting and subsequent repayment of the loan directly from one's wage, we created an offer that is very attractive when compared to others available in the market. The companies present on the portal, such as: Grupa PZU, Link4, PGNiG OD Sp. z o. o., were joined by new workplaces (PGG S.A., PKP S.A., TVP S.A., PKP PLK S.A., PGE Synergia Sp. z o.o. and Nexteer Automotive Sp. z o.o.), thanks to which the number of employees with access to the platform tripled. Further large, major and recognisable companies have already been included in the implementation process or at are the stage of final

arrangements – their employees will soon be able to benefit from the offer of the Cash Platform.

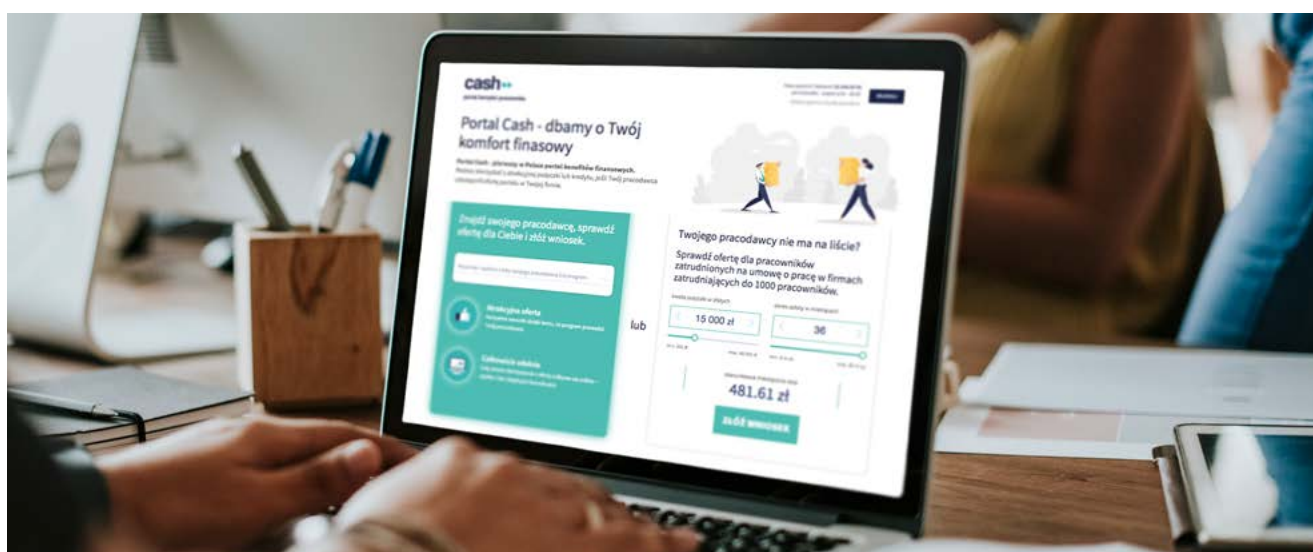
The group of customers submitted by the Cash Platform for completion in the bank's remote process was also expanded. As of today, this offer is also available to club members of PZU Pomoc w Życiu, people using the NAIS benefit platform and members of the Medical Chamber.

Having analysed the application process and the created processes, it was decided to include a consolidation loan to the offer, which was positively received by existing partners as well as during talks with new workplaces.

The superior goal for the Cash Platform was, and still is, to build up a large scale of the Platform's recipients and enable them to benefit from an attractive loan offer at Alior Bank. We focus on the Platform's continuous development while customising both the processes and offer to the changing business and technological conditions. As part of expanding the potential and functionality of our platform, we started works on creating an even more customer-friendly new application, which will be deployed in H1 2022.

Selected partnerships (outside of the PZU Group) accomplished in 2021

One of the priorities for building external partnerships is still the development of services around the Alior Mobile app. As part of one of the areas of the strategy ("Me and my family") – we continued analytical works with the Polish Security Printing Works, which caused the signing of the agreement in August 2021. The established cooperation will enable the Bank to provide access to another method of verifying customers' identity without the need to visit a branch, based on using the eDO App. Customers will be able to confirm their personal data using an e-ID card, use an advanced signature and by doing so, they will be able to freely apply for banking products.



Given the new reality created by the pandemic, significant collaborations with external companies included those under which solutions and services were related to extending the possibilities of serving customers and employees remotely. Therefore, addressing the expectations and needs of our customers, we extended our partnerships with Booksy and Autenti.

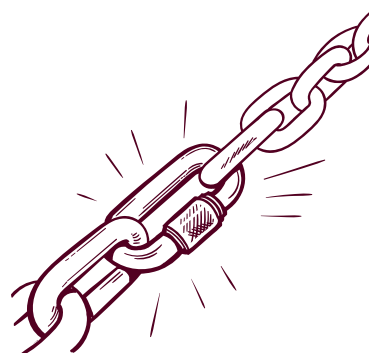


In view of the great interest in the Booksy service and the high conversion of meetings into the sold product, after the pilotage phase

in June 2021, the collaboration was extended to include all own branches of Alior Bank. Not only high interest towards development of new functionalities was expressed because of their simplicity, the opportunity to go through the processes without visiting the branch or the attractiveness of their use, but also because it became helpful – or even necessary – in the face of yet another wave of the COVID-19 pandemic.

The years 2020-2021 were breakthrough ones for Alior Bank in terms of the increase in importance and volumes generated by remote sales, to which our collaboration with Autenti contributed. Owing to the solutions provided by this partner, the bank's customers can set up a personal account or take out a cash loan without having to leave home. The tools provided by Autenti are now widely used and appreciated also in relationships with Alior Bank employees.

In view of the significant increase in the importance of remote and mobile solutions, we signed a collaboration agreement with Huawei at the beginning of June 2021, whereby the Alior Mobile app is now available on all phones of this brand, including those based on GMS (Google Mobile Services) and HMS (Huawei Mobile Services). The establishment of collaboration aimed to include mobile banking to AppGallery is an important step due to the large share of Huawei phones in the Polish market.



The period from September to the end of November 2021 was marked with the validity of the special offer “Safe Lending at Alior Bank”, created in cooperation with our Partner – Biuro Informacji Kredytowej. Each person who concluded a loan or consolidation loan agreement received an electronic code allowing for free use of the BIK Alerts service for 12 months.

In 2021, we established cooperation with the company called KOMEX (the owner of the brand and the 5-10-15 chain of stores), under which a sampling campaign addressed to 5-10-15 customers was launched. From December 2021, customers of this network placing online orders received a leaflet with information about the promotion regarding the Konto dla Młodych account, which translated into an increase in sales of new accounts in this period.

Our plans include further business initiatives regarding cooperation with the KOMEX partner in various channels and segments, which will be reflected in the activities carried out in 2022.

Additionally, arrangements were made with other business partners for whom employee programmes are prepared based on the available Alior Bank products, e.g. Savings Account as a carrier for storing employee bonuses. The implementation of the programmes is scheduled for 2022.



1.6. Our awards

In 2021, we were distinguished 19 times. The awarded distinctions prove the right direction of our actions, as well as motivate us to further development in the field of services we offer. They are an appreciation for our activity, and any prizes and recognitions are things we are proud of.

Gazeta Bankowa Awards



- Bank Manager of 2020 for president of the Management Board Iwona Duda in the commercial banks category
- Best Bank of 2021 in the category of small- and medium-sized commercial banks.
- third place for the Foto ID service in the competition held by TechnoBiznes.

Golden Banker



- First place in the "Cash Loan" category.
- Second place in the "Credit Card" category.
- Third place in the "Personal account" category.
- Distinction in the "Safe Bank – Best Practices" category.

J.P. Awards Morgan

- Award for achieving the STP (Straight Through Processing) ratio of 99.3% in 2020 in the execution of US dollar payments by customers using the SWIFT system.

Awards for the Currency Exchange

- First place in the ranking of online exchange offices and foreign currency accounts prepared by Najlepszekonto.pl
- First place for the Exchange Office in the ranking held by Taniekonto.pl.
- First place for the Exchange Office in the ranking held by Kontomaniak.pl.

Distinctions for the Brokerage House

- First place for the brokerage account in the ranking held by "Puls Biznesu".
- Second place in the ranking of the most affordable brokerage account prepared by the editorial office of Bankier.pl

The Cashless Poland Foundation Award

- Leader title in the category of the highest degree of conversion of leads from the Cashless Poland Foundation in 2020.

Forbes Awards



- Second place in the "Best Bank for Companies" category.

Telemarketer of the Year 2021 Awards

- Distinctions in the Remote Service Department in the "Help Desk" category.
- Grand Prix awarded to a group of Alior Bank consultants.

Institution of the Year Award

- Second place in the category "The best quality of service in the branch".
- Second place in the category "The best quality of service in online channels".



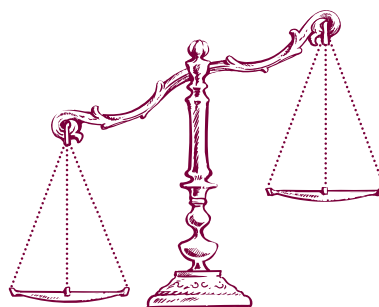
02

FOUNDATIONS OF OUR ACTIVITY

Alior Bank Capital Group's workforce is obliged to observe the law, guidelines of regulators, and the applicable Bank's internal regulations, procedures and ethical standards. In their daily work, the Bank and its workforce should act in accordance with the "Code of Banking Ethics" ("Principles of Good Banking Practice") adopted by the Polish Bank Association and the in-house Ethics Code. Alior Bank observes best practices of companies listed on the WSE and the Principles of Corporate Governance for supervised institutions.

pp. 18-27

2.1. Ethics – rules of conduct



The way how the organisation, as a public-trust institution, operates is based on the principles described in the Alior Bank Code of Ethics. Ethical principles are also enforced at the level of subsidiaries, i.e.: Alior Leasing sp. z o.o., AL Finance sp. z o.o. and Alior TFI S.A. Other companies belonging to the Alior Bank Capital Group employ Alior Bank employees who are obliged to act in accordance with the principles of the Code in force at the Bank.

[GRI 102-16] The Code of Ethics of Alior Bank S.A. constitutes a collection of the most important principles and ethical standards specifying the standards of conduct of Alior Bank, as well as person through which the Bank performs its banking activities.



The principles included in the Code of Ethics are intended to consequently and continuously improve the level of services offered by Alior Bank and build an internally stronger organisation based on honesty, reliability and mutual trust. These values constitute a pillar for building an effective internal governance at the Bank and the principles of conduct formulated thereon shape responsible and ethical attitudes. It enables the Bank to implement an important task, which is to raise the awareness among the employees of the Bank on the importance of risk in the activities of this institution.

Further, with its actions and conduct the Management Board of the Bank promotes adopted high ethical and professional standards, including, in particular, the awareness of the importance of risk in the activities conducted by the Bank and the risk culture.

Everyone within the organisation may exert an impact on shaping and consolidating ethical attitudes. Alior Bank continues its activities focused on increasing the awareness of adverse effects among employees, including, but not limited to, delivering training courses on adverse effects in the work environment. At the same time, the Bank points to the important role of the manager in communication with employees, who is supposed to be a forerunner of ethical activities among their subordinates, and emphasises that ethical behaviour is more than just following the regulations.

We do our best to make the Code of Ethics a pillar of our daily work, that is why all employees of the Bank participate in training covering the Compliance issue. Workforce who join Alior Bank are required to complete training as part of onboarding which is concluded with a test of knowledge. Other employees use e-learning training regularly to refresh this knowledge. Ethical rules are also promoted in cyclical the Compliance Bulletin.

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

We put great store by a properly organised system of breach reporting. We want that all employees could be able to provide information or share their doubts easily and without fear. For this purpose, the Bank introduced the Whistleblowing and Whistleblower Protection Policy. The Policy aims to

introduce a procedure to be followed in the case of reports of internal breaches in accordance with Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting breaches of EU law (hereinafter: "Directive" and: "whistleblower"). The Policy specifies the procedures whistleblowing and processing reports on breaches at the workplace and ensure protection of whistleblowers against retaliation. The Whistleblowing and Whistleblower Protection Policy is complemented by the Policy of a Working Environment Free From Undesirable Behaviour, in the form of the Operational Procedure concerning reporting of undesirable behaviour at Alior Bank S.A., regulating in detail the employer's actions in the event of receiving a report of irregularities in the working environment.

[GRI 102-17] Alior Bank ensures to its workforce the possibility of using many communication channels for this purpose. The report

may be oral, written or sent by e-mail to dedicated mailboxes, including directly to Members of the Management Board or of the Supervisory Board.

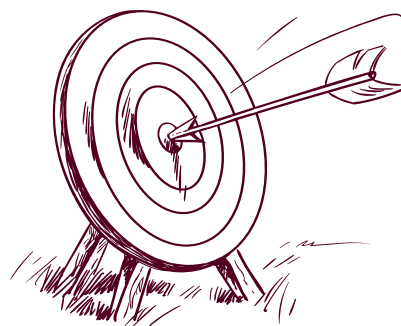
The adopted breach reporting system gives the possibility of maintaining anonymity. The Bank unconditionally prohibits any retaliation or discrimination, or other unfair treatment against any employee who has reported a breach in good faith, as well as guarantees confidentiality if the reporting person disclosed their identity or their identity can be somehow determined.

In 2021, we received 86 reports on potential breaches of ethics (including mistreatment of employees by managers, discrimination, mobbing, etc.). All reports were subjected to detailed review which found 16 of them reasonable. Recommendations were issued aimed at removing the inadequacies.

2.2. Fraud risk management

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

The Instructions for Conflict of Interest Management apply to the largest companies of the Alior Bank Capital Group (Alior Bank S.A., Alior Leasing sp. z o.o., AL Finance sp. z o.o. and Alior TFI S.A.). The staff working in other companies are employed by Alior Bank S.A., and they are required to act in accordance with the rules of the Code applicable at the Bank.



In the aforementioned document, employees of the Alior Bank Group can find answers to the questions of how to define a conflict of interest and its potential and actual effect, as well as of how they should act to avoid a conflict of interest. The manual governs such significant items as, e.g. the rules of serving relatives, acceptance of gifts and invitations, and conducting paid activities by the employees outside of the Group. This document also clearly defines the rules on on-job subordination between close relatives, placing special emphasis on the elimination of the risk of nepotism. Alior Bank also uses a Compliance Policy and a Fraud Prevention Policy. The first one defines the principal rules of ensuring compliance of the operations of Alior Bank, all employees of the Bank, and entities cooperating with it with the provisions of law, internal regulations and market standards, and when



it results from the provisions of law and relevant regulations of other entities, through compliance risk management and the control function, including on the first and the second lines of defence. The Bank pursues the policy of full observance of the law and business integrity and ethics in all fields of its activity. The Security Policy defines the principal rules of operation of Alior Bank's Security System and provides the foundation on which to develop policies, detailed requirements, security processes and procedures. It is an overriding document to other in-house regulations of the Bank related to security, such as Fraud Prevention Policy, Information and Communication System Security Policy, Information and Personal Data Protection Policy, Policy of Physical and Engineering Security of Banking Facilities, Prevention of Money Laundering and Terrorist Financing Programme. These documents are applicable to all those employed at the Bank, regardless of the employment basis, and apply, in the scope defined by agreements, to the workforce of third parties collaborating with the Bank.

The workforce of Alior Bank were delivered training on fraud prevention procedures and the rules of ethical conduct. Training at Alior Bank related, among others, to security policy, a policy of a work environment free from undesirable behaviour and compliance risk, where conflict of interest was one of the addressed areas, in addition to banking confidentiality and gift policy. Training has been introduced as a duty for all new workforce at Alior Bank.

In 2021, the Bank's employees reported 125 cases of receiving gifts, invitations to conferences, non-cash gifts, etc., which were recorded in a specially designated register. The vast majority of the reported presents was within the admissible limit of PLN 200. For presents exceeding that value, the usual solution is a donation to charity, e.g. to children's homes. For invitations to conferences or business meetings, consent was given if the topics addressed were related to one's business responsibilities.

[GRI 205-3]

In 2021, 69 cases were identified that were determined to be an actual breach of the applicable conflict of interest avoidance rules.

As a result of the discovered breaches, recommendations were issued for measures to restore the desirable status. The breaches related mostly to serving close relatives or undertaking potentially competitive activity.

The Bank pursues a gift policy aimed at preventing corruption-related events, among others, by applying the principles that stipulate the acceptance and giving gifts in relations with customers and counterparties. When accepting and giving gifts, employees should be driven solely by the willingness to build up business relationships or the courtesy in relations with those entities. Employees may only accept gifts that are permitted and in line with the guidelines described in the Instructions for Conflict of Interest Management applicable at the Bank.

No corruption cases were confirmed at the Bank in 2021.



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

At Alior Bank, we look at external partners, including Suppliers, as at an element of the Bank's environment that affects our potential and image. Therefore, we find it important that our values and high ethical standards be known and respected by the Suppliers cooperating with us, as well as that they comply with generally applicable provisions of law, in particular, in the area of employee rights, safety and health protection rules and broadly understood human rights. As far as we are concerned, the selection of partners with whom we have common values is an opportunity to build a stable and growing business.

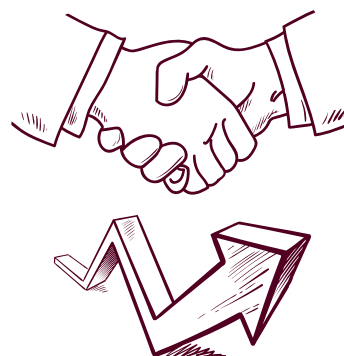
In order to guarantee the supreme standards and reduce the risks of cooperation with an unreliable supplier, the Bank uses a two-stage supplier verification process in the Supplier Qualification process described in the Purchasing Policy.

Initial stage of qualification

[GRI 102-9] Suppliers establishing relationships with the Bank as part of purchasing procedures are verified on many dimensions, in particular: in terms of financial stability, the so-called warning signals (namely information available in open sources), verification of checklists, including e.g. the PFSA Public Warnings List, taxpayer status or incidents threatening banking activities.

Additionally, Suppliers must submit "Business Ethics" statements, in which they refer to the adherence by their organisation to the ethical standards specified therein. These are, in particular, statements concerning:

1. compliance with the applicable law in relationships with employees, including in particular: not employing minors; following non-discrimination policy to employees for any reasons, in particular due to their gender, age, race, disability, nationality, ethnic origin, sexual orientation, political views, trade union membership (with regard to not restricting the freedom of association and concluding collective agreements), or professed religion; adherence to the law on minimum wages; guaranteeing safe and healthy working conditions to employees;
2. compliance with the applicable law in relationships with the environment and the immediate surroundings, especially: compliance with environmental regulations and prohibition of adverse effect on immediate vicinity;



3. compliance with the applicable law in relationships with other entities, including in particular: not doing business with entities whose manner of conducting business may pose a threat to their reputation; respecting the intellectual property rights of third parties; treating contractors fairly and not using hidden terms in contracts;
4. compliance with generally applicable legal provisions, including in particular: regarding competition and consumer protection; accounting regulations and standards;
5. compliance with high ethical standards, including in particular: having one's own professional ethics and following it; corruption intolerance; identifying and informing about a potential conflict of interest; not using confidential information and not disclosing it.

In 2021, 770 purchasing procedures were conducted, of which 566 ended with a liability in 2021. As part of these procedures, Suppliers invited to participate were subject to the Initial Qualification processes.

Ongoing qualification stage

Suppliers continuing cooperation under the already existing cooperation, for whom the turnover exceeds PLN 100,000 gross in the year preceding the cycle of the ongoing classification of the so-called Annual Supplier Qualification, are subject to verification covering the main dimensions described also in the initial stage.

The past 2021 saw 512 Suppliers being verified in the ASQ process, of which 484 were positively qualified, out of 21 the Bank continues to cooperate with stricter monitoring, and 7 Suppliers were qualified negatively.

2.4. Management of risks related to business activity

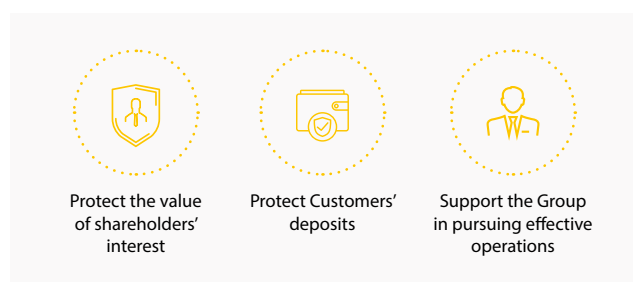
[GRI 102-15] Risk management is one of the most crucial internal processes at the Bank and the Alior Bank S.A. Capital Group. It is supportive for pursuing the Bank's strategy and aimed at ensuring an adequate level of profitability and security of business

activities. It is also to ensure an adequate level of risk control and keeping it within risk tolerances (risk appetite), in changing macroeconomic and legal conditions. The Bank's risk management system is based on three independent lines of defence.



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

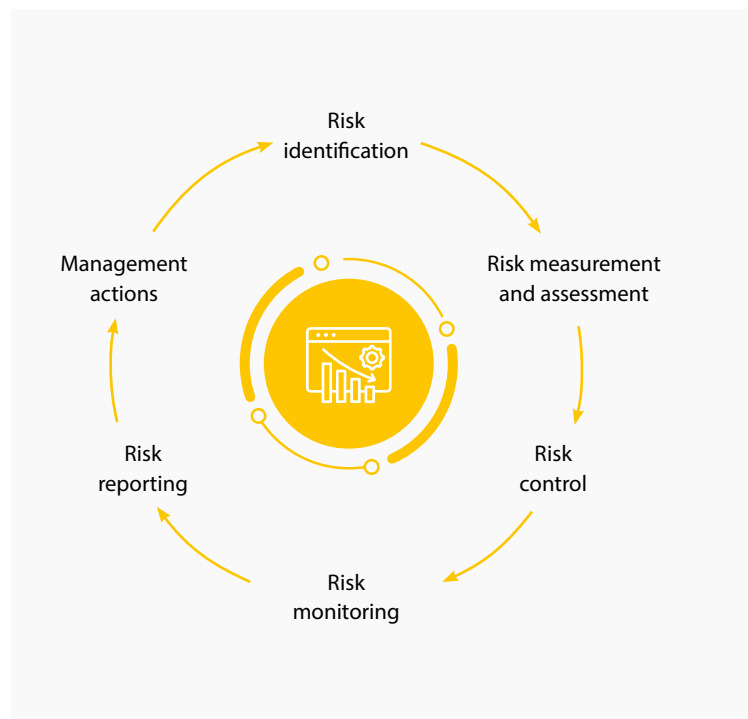
The overriding goal of the risk management strategy is to ensure sufficiently early recognition and adequate management of all material risks related to the Bank's activities. Alior Bank aims at keeping the level of risk within the adopted tolerances, in order to:



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

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

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



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

The Bank exercises supervision over the operations of subsidiaries of the Bank's Capital Group. The Bank supervises the risk management systems in these entities and takes into consideration the level of risk connected with activities of particular entities within the risk monitoring and reporting system at the level of the Bank's Capital Group.

As part of its operations, the Bank identifies the following risks as material: credit, market, liquidity, operational, non-compliance, model, business, reputation, capital and excessive financial leverage. Among them, the Bank recognises the following crucial risks: credit risk, operational risk, interest rate risk in the banking book, market risk in the trading book, and liquidity risk. Operational and compliance risks are of particular significance in terms of their effect on social, workforce, environmental, human respect and anti-corruption aspects.



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



Credit risk

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

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

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

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

Operational risk

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

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

We monitor operational risk at all levels of our organisation.

Market risk

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

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

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

Interest rate risk (including interest rate risk in the banking book) is defined as a risk of adverse effect of market interest rates on the current result or net current value of the Bank's equity.

Due to its policy of limiting risks in the trading book, the Bank has attached special importance to specific aspects of interest rate risk related to the banking book:

- risk of repricing period gap,
- basis risk, or the risk of non-parallel shifts in various reference indices with similar repricing dates on the result of the Bank,
- yield curve risk,
- customer option risk.



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

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

Liquidity risk

Liquidity risk is the risk of inability to fulfil payment liability arising from the Bank's balance sheet and off-balance sheet items.

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

Liquidity risk is measured and assessed using appropriate measures, including ratios and related limits.

Compliance risk

Compliance Risk – is the risk of legal sanctions, financial losses or loss of reputation due to non-observance on the part of the Bank, entities acting on its behalf or its employees, of the provisions of law, requirements of supervisory authorities, internal regulations or adopted standards of conduct and ethical standards and when it results from the provisions of law and relevant regulations of other entities.

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



Environmental risk

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

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

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

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

- manufacturing or sales of weapons and arms, fighting vehicles and warships,
- gambling,
- cultivation of tobacco, manufacturing of tobacco products, wholesale trade in unprocessed tobacco,
- fisheries in marine waters where the entity uses drifting nets longer than 2.5 km,
- alcohol distilling, rectification and mixing,
- production of industrial cooling and ventilation equipment if it uses substances which destroy the ozone layer,

- inshore marine transport of goods if the activity involves transport of oil or other materials dangerous to the environment using tankers which fail to meet the requirements of the International Maritime Organisation,
- speculative deals, except for treasury limits secured with a deposit,
- projects which may generate high reputation risk,
- enterprises operating in breach of the applicable regulations of the Polish law or of the law of the country of origin of the activity, or holding no licences, authorisations or permits or rights which are required to operate the respective business,
- activities with a negative impact on neighbouring areas protected under national law and international conventions, places of scientific interest, habitats of rare or endangered species, or such as would have adverse effect on places of cultural or archaeological significance.

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

The Bank has in place numerous risk management policies. These include, among others: Alior Bank Group Risk Management Strategy; Policy of Credit Risk Management at Alior Bank S.A., Credit Concentration Risk Management Policy; Model Risk Management Policy, Policy of Operation Risk Management at Alior Bank S.A., Policy of Capital Management and Capital Planning at Alior Bank S.A.

03

CUSTOMER IN FOCUS

pp. 28-36

3.1. Customer's voice

Satisfaction level surveys (NPS)

Thanks to surveys on customer satisfaction carried out in line with the NPS (Net Promoter Score) method, we learn cyclical information about the general level of customer satisfaction in terms of cooperation with the Bank and their inclination to spread a good word about Alior Bank to others. The continuous surveys also allow assessing the products offered by the Bank offer and their distribution channels.

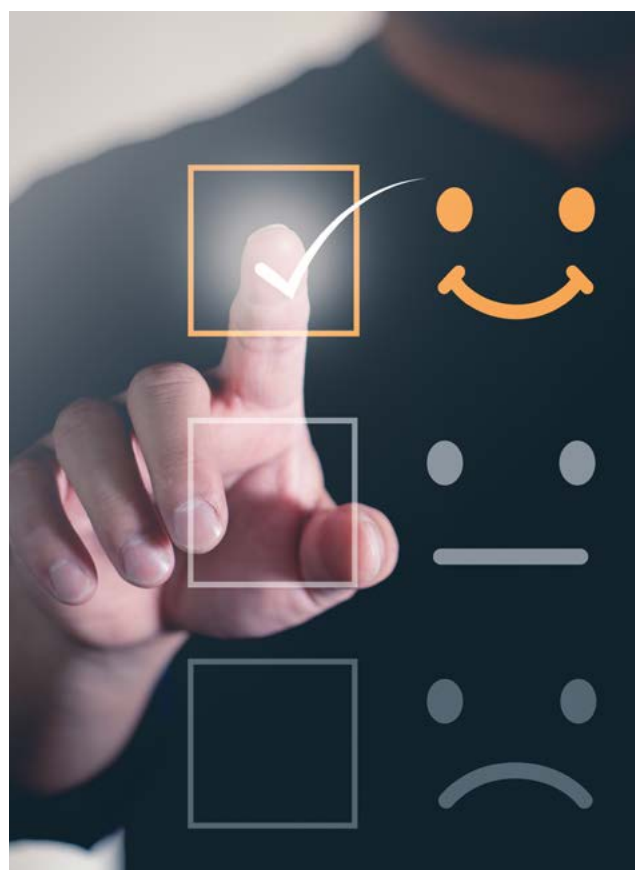
The past 2021 witnessed us carrying out telephone (CATI) and internet (CAWI) surveys involving a group of over 57,000 bank customers. The Bank's NPS relationship survey carried out in the fourth quarter with a score of 36, confirmed that 2021 was another year in which we managed to increase customers' satisfaction.

The NPS survey also encompasses customers who used specific products, services or distribution channels directly before its carrying out, thanks to which we can learn, in more details, about the interesting aspects of how the Bank operates. In addition to surveys carried out on a continuous basis, in 2021 we also carried out numerous new surveys that were a response to the emerging needs of the Bank to listen to the customer's voice, related, for instance, to the introduction of new processes or functionalities.

One of them was the cyclical satisfaction survey with the service provided by InfoNina (a virtual assistant supporting the process of servicing customers contacting the bank's helpline. 96 percent of customers confirmed that the information provided by InfoNina is understandable, and 65 percent of customers said that the support provided by the virtual assistant helped to get the matter settled).

The analysis of the survey results is supported by constantly developed analytical dashboards, which, on the one hand, allowed for far-reaching automation of the processing of information obtained from customers, which enables faster and easier presentation of the outcome data for the recipient, and on the other, made it possible to combine data obtained from surveys with information reflecting the customer's life cycle in the bank.

Yet another year showed us that customers in their relations with the Bank pay special attention to aspects related to service convenience. Surveys conducted in 2021 show 40% of the Customers, in assessing the Bank in the relationship survey, mentioned convenience as a factor which determines their assessment. The next places are taken by pricing and human-dependent aspects.



Customer relationships

Retail customers

In the area of Customer Experience, 2021 witnessed us focusing our activities on initiatives and improvements that translate directly into customer comfort. It was a year that continues to be marked by the pandemic that entails many companies to shift to the digital world as extensively as possible. We undertook activities optimising our processes in terms of the speed of settling the matter and without having to leave home.

We acted in the process of opening savings and checking accounts via VideoSelfie, whereby the customer could easily and quickly conclude a product agreement with us. We worked out recommendations for the process of concluding a cash loan agreement, whose implementation is our priority due to providing our customers with modern and expected solutions.

We deployed a special button "open an account" on the website so that the customer can open an account at any time from anywhere on our website.

We researched the market in terms of functionalities offered by other banks, services offered or those focused on the needs of visually impaired customers. We were constantly looking for

areas that we can optimise and develop in order to provide the supreme-quality services, showing only empathy that is so important nowadays.

We checked the functionalities of online and mobile banking as well as of the helpline for individual and business customers. We verified how the competition modifies the trusted telephone, we verified the content of IVR messages and those on the website regarding service during the pandemic (also for disabled customers). We dealt with comparing offers for our younger customers (13-17) so as to become a partner in their daily banking as well.

We also aimed at providing adequate education to customers via the helpline; therefore, at the beginning of the year, we introduced standards in sales talks for a customer who is merely interested in getting to know the bank's offer, but has not yet decided to start the product application process.

Thanks to the standards of conversations, when customers call our helpline they can count on the supreme quality of service.

All our activities are aimed at providing customers with the tools necessary for convenient banking and settling many matters on their own without having to contact an employee.

The past 2021 witnessed us supplementing the customer FAQ database with key topics related to the Bank Guarantee Fund or the Trusted Profile – all based on the customer's voice, which shows us which areas should be supplemented with additional information.

To shorten the answer to the question asked via the form on the website, we modified it so that a person who is our customer could immediately log in to online banking and ask a question as a bank customer.

Business customers

2021 was also the beginning of work on improving the experience of our business customers. Under the CEX KB Strategy,



we proposed several dozen initiatives based on three main pillars – Convenience, Credibility and Humanity, which directly translate into an increase in customer satisfaction in everyday banking.

Giving consideration to the market conditions and the period of pandemic-triggered constraints, we opened and updated one of the basic channels of information exchange between the customer and the liaison in the BPRO Communication Platform. We arranged and grouped the processes so that they are as optimal as possible for our customers while centralising some of them and providing others directly to business liaisons in bank branches. We have been constantly working on increasing the number of handled queries and shortening the response time in this channel. Further, we worked together with the business sector to make a larger number of the available functionalities in mobile channels, i.e. foreign payments or payments using BLIK (we plan to finalise these functionalities in 2022).

Wishing to limit the lack of information-related issues, we implemented a model of coherent, multi-channel communication concerning, among others, changes in price lists. Currently, we reach customers with the most important changes in a multitude of carriers, we make use of digital channels, voicebots, bank statements, but also direct contact between business liaisons.

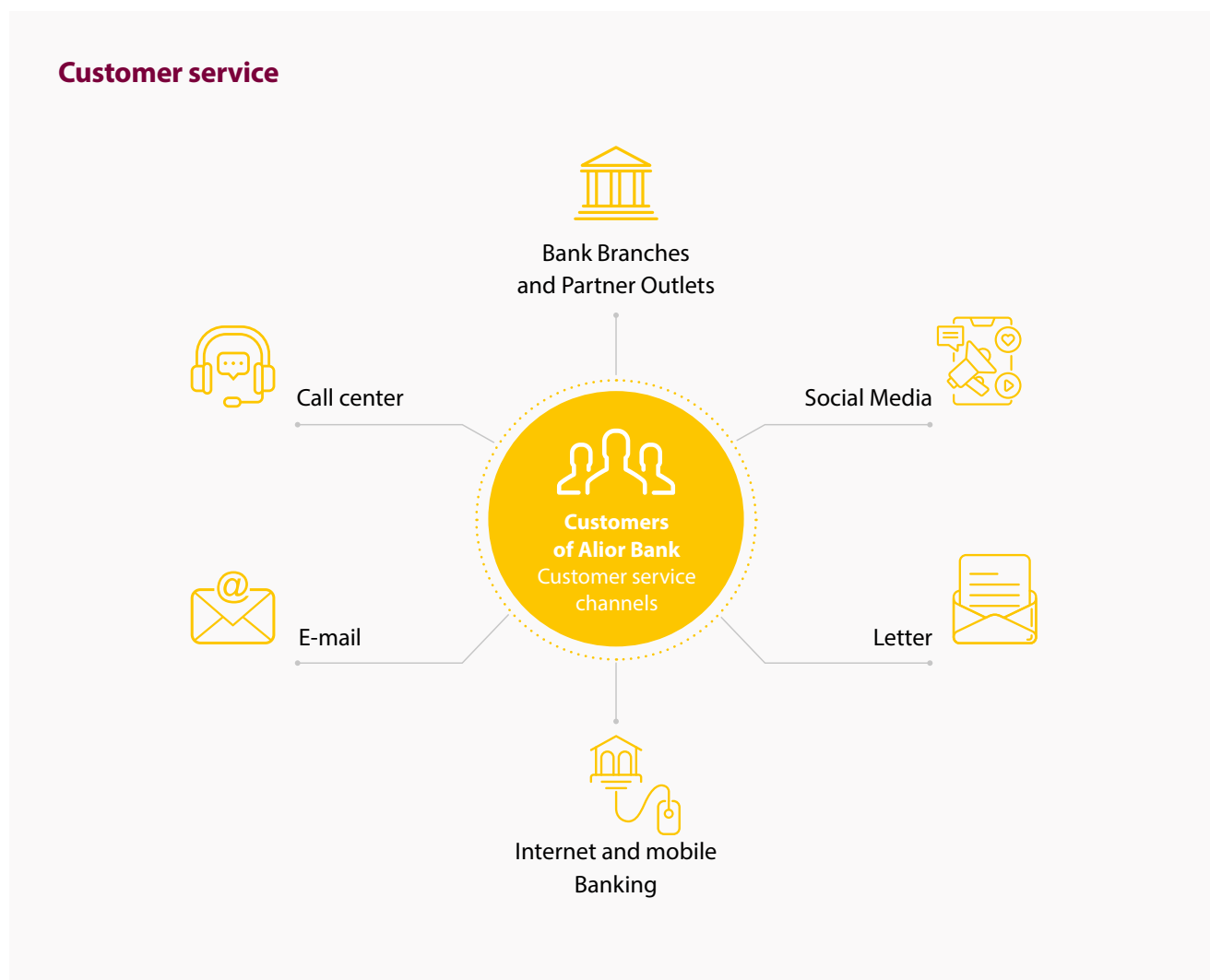
Yet another element of improving customer experience is the Fair Play Strategy we developed. We communicate the most important information about the basic system and product functionalities to our new customers, whereas existing customers are informed about the possibilities that allow them not paying fees for operating company accounts.

As part of initiatives supporting appropriate business relationships, we place emphasis on the huge role of the customer liaison in the process of service and after-sales support. We proposed a model of automatic update of that liaison's data along with the sending of current information transmitted in digital channels.

This solution is given support by the robot Relacjusz, which, in the event of a change, informs the business customer on a weekly basis about the support and contact details of its liaison in internet and mobile apps.

End-to-end actions undertaken by the Bank in the field of business customer service allowed to increase the Bank's recommendation index (NPS), as well as to further enhance the satisfaction with cooperation with the liaison.

3.2. Customer experience



Alior Bank offers many possibilities in the field of customer service, both as part of the sale of banking products and subsequent service. We have been constantly working on improving the quality of service and introducing new amenities.

Improved quality of service

In 2021, we continued surveying the quality of service at the outlets through the mysterious customer method. We placed our focus on checking the quality of service and the quality of offering investment products and cash loan insurance. We used the results to diagnose critical points in customer service and to work out identified problems.

The past year was dictated by the coronavirus pandemic, also when it comes to surveying the quality of service. In the surveys we carried out, we checked whether employees at the outlets observe the standards and guidelines for preparing outlets for service during COVID-19.

Our surveys, on top of checking issues related to the quality of a sales conversation, also focused on monitoring the elements indicated in the new standards. Furthermore, we launched an additional process of immediate information transfer within our organisation so as to implement solutions increasing customer safety at our outlets as soon as possible.

Simplifying communication



2021 saw us continuing the project of simplifying customer-facing communication. The Bank established a Team for Simplifying Communication and Sales Quality Management. Every day we change the language of the texts, their architecture,

as well as we plan the arrangement of both key and less important information from the customer's point of view.

Simplification of texts – since the project was launched, we have simplified over 700 documents and pieces of information. Every day we increase the pool of simplified texts so that the customer receives more readable, clear and simple messages from our Bank. Thus far, we have changed, for instance: operational letters and e-mails, responses to complaints, bank opinions, certificates and instructions, operational and debt-collection text messages, voice and written messages. Works are in progress, incl. on legal documents or debt collection requests. We also want to expand our activities to include new areas that require changes in correspondence.

Artificial intelligence – we also worked on the messages of the voice helpline assistant as part of the InfoNina project. We issued opinions on several dozen information processes. We simplified each and every statement of the voicebot in line with the rules of plain language. From month to month, we increased the number of messages, so that they were simple and clear for our customers. Throughout the year, we issued opinions on over 2,000 messages. As a result, customers receive answers to their questions much faster and without having to contact the helpline. They may, for example, obtain information on the process of logging in to banking or changes in regulations.

Education and promotion – we were also involved in working on the project strategy, its promotion and education. We shared knowledge with our employees in the field of simple writing. We sent educational news, posts as well as we created an interesting page informing about a given project. However, most importantly – this year we made available a "Handbook of Simple Writing" for all the Bank's employees and two e-training courses. Over 2,100 employees from several dozen different teams completed the e-training.

Throughout 2021, we were also focused on promoting our project outside the organisation. We promoted activities in social media on: Facebook, LinkedIn and Twitter. We could not help but promote the project among the Bank's employees (which is why we organised, for instance, an educational "Plain Language Week").

Together with other banks, we signed the "Declaration of banks on the standard of plain language" – an initiative of the Polish

Bank Association. We also joined the working group for simple banking communication, which operates at the Polish Bank Association. As part of the meetings, we developed the "Best Practices of Simple Banking Communication" (the so-called catalogue of basic principles of plain language).

Modernisation of branches

We continue to modernise our branches. 69 branches are already of the new format – we are currently transforming yet another one.

The changes we introduced provide our customers with the supreme comfort of service. Separate stations are of special value - they allow for discretion during conversations with customers. Moreover, if a meeting requires extraordinary privacy, employees can make use of a separate and glazed area.

Additionally, each modernised branch has a digital zone in place. All customers can use online banking or our bank's mobile app. They are supported by branch employees, and if necessary, they show the functionalities of these tools.



Customer Zone

In 2021, in the "Customer Zone" tab on the website, we continued to collect customers' opinions regarding processes, products and services, whereby we were able to shape them as simply as possible and tailor to the expectations. In the tab, we always provide information on changes or improvements implemented in the Bank as well as the results of industry rankings and competitions.



Recommendation process

We continued the actions undertaken as part of the work of the recommendation group, where, with the cooperation and involvement of key units, we analyse the most voluminous complaint categories, and afterwards, we influence the factors that led to that complaint, both regarding product and process. We developed recommendations for improvement actions and implementation dates. Thanks to the actions of the recommendation group, the decline in complaints filed in 2020 vs 2021 is 15 percent.

The past 2021 saw us launching the recommendation process in the business customer area, and we were working on the volume limits for both inquiries and complaints. As a result of the analyses of the reasons for the high number of complaints and thanks to the support of business units responsible for processes and products, we developed over 47 recommendations for changes, modifications and improvements.

The foregoing caused a reduction in the number of customer contacts with the Bank and almost 30% decline in complaints number compared to the previous year.

Customer Problem Lab

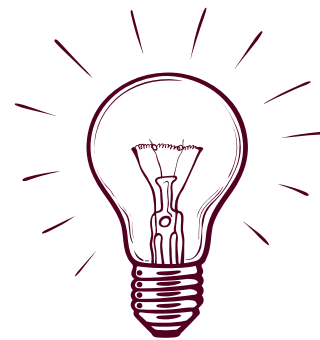
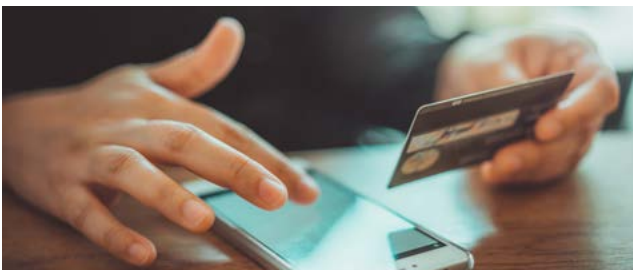
As part of supporting customers who make direct contact with the Customer Ombudsman or the Bank's Management Board, we exercised due care to act quickly and to develop solutions for customers that would address their expectations. They often included complicated matters that required a rapid response. We initiated meetings during which we collected opinions of various bank units as well as we developed solutions to eliminate the risk of similar situations. We resolved disputes in favour of customers so that to testify to our understanding and partnership attitude in everyday banking.

Alior Bank Customer Ombudsman

In addition, the Banks has in place a Customer Ombudsman. The Customer Ombudsman is the last appellate instance in the complaint process. This appeal may be lodged where the response to the complaint so far and any potential appellate procedures do not meet the Customer's expectations. The activities of the Ombudsman contributed to the increase of Customers' sense of security thanks to the efficient and objective verification of the problems they reported.

3.3. Innovation

Alior Bank continued to pursue its innovation goals, despite the tangible impact of the ongoing COVID-19 pandemic. The Bank reorganised the structure responsible for establishing cooperation with external entities, which are also one of the sources of innovation for the Bank. In the new system, two specialised teams within the Department of Innovation, Strategic Partnerships and Fintech deal with the ongoing scouting of suppliers of products, services or technologies (Fintech). The aforesaid Department also executed projects focusing mainly on improving the experience of the Bank's customers, especially in the area of interaction with the systems provided by the Bank and new services. We also continued to search for new products and services that could be implemented in the bank's mobile app, and would respond to the daily needs of our customers. In these actions, we follow the assumptions of the current



"More than a bank" strategy. We have been maintaining a very high level of open banking services for TPP (Third Party Provider), and we also expanded the use of PSD2 directives. We also launched new paid business services based on API. The support given by the Department of Innovation, Strategic Partnerships and Fintech was focused on projects related to the development of processes and products strictly in the context of the applications used by the customer.

The designed innovations were based on strong coordination of business activities with units competent for examining system usability, UX/UI design, design thinking or acceleration of solutions furnished by startups.

Fintech Partnerships and Strategic Partnerships

As part of the Fintech Partnerships in 2021, we continued pursuing projects started with partners acquired under previous editions of the RBL_START program and we continued looking for new partners with interesting offers of products and services that would be complementary to those provided by the Bank. We considered around 100 potential partnerships. We organised over 60 workshops with product teams and potential partners.

This resulted in 12 projects, 4 of which were to be implemented last year. A large portion of the projects will be implemented in the H1 2022. As part of technological partnerships, our focus was placed on improving the customer experience in using services already available in our application ecosystem, as well as on adding complementary services, e.g. in the area of payments.

Thanks to the cooperation of Fintech Partnerships, Strategic Partnerships and the Daily Banking product team, telemedicine accounts were implemented, under which we gave out almost 3,000 vouchers entitling to free telephone consultations by an internist. The result of the teams' work was also, inter alia, making the BIK Alert offer available to the Bank's customers or extending the availability of the Bank's mobile app on new Huawei phones. Furthermore, we have been developing partnerships with public institutions in the field of data access.

UX Research & Service Design

The past 2021 witnessed the UX Research team establishing itself as a zero-stage provider in product design and changes, as well as a provider of customer data and research on the basis of which decisions are taken. We pursued projects supporting the optimisation of user experience in the Bank's digital channels. In 2021, we carried out over a dozen research projects, placing focus on improving processes in digital channels (Alior Mobile, Alior Online, BusinessPro) and in internal banking systems. We made use and will make use of this knowledge about customers, their needs and trends observed among them, as the main sources of inspiration for building concepts of new products and services, which allows us to verify ideas at very early stages of development. Moreover, in cooperation with the UX Service Design team, we have been generating and researching new concepts of daily banking products, whose potential will be tested with customers in 2022. At the end



of 2021, we launched a new tool – Research Repository, which promotes customer-focused thinking by sharing knowledge about their opinions.

Open Banking

Alior Bank is one of the banks that are the Polish market's leaders in the implementation of solutions based on open banking services. February 2021 saw the Bank launching the first API Premium (API FX Trade) on Sandbox, enabling the automatic ordering of currency exchange transactions. The services can be tested by all interested business customers, partners and users of the developer portal. The level of TPP service is high, which certainly makes the Bank stand out on the Polish market.

The number of customers using open banking services provided by Alior Bank as TPP was also increasingly growing. At the end of 2021, the Bank was already integrated with the 9 largest banks in Poland. As a result, customers in the loan process efficiently and safely confirm their income to accounts in other banks, while in electronic banking they can also aggregate information about these accounts and initiate transfers from them.



RBL_VC

RBL_VC – Alior Bank's corporate investment fund in 2021 disinvested in PayPal by selling its shares, thus achieving a high return on capital employed.

The RBL_VC fund remains a shareholder of Autenti, which has been consistently increasing the magnitude of its operations since the investment. Autenti solutions were implemented as part of the digitisation of selected processes in the Bank. The Fund positively assesses the company's further growth potential and the possibility of implementing its products in other entities from the capital group. Further investments in this area are not ruled out.

The past 2021 saw the Fund tightening its cooperation with innovative units of entities from the PZU Group. Currently, it has been conducting an in-depth analysis of four entities that are attractive for investments and show potentially significant synergies with entities from the group.

3.4. Responsible sales

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



In 2021, we continued activities for branch employees, during which we improved the knowledge about the requirements for responsible sales in the area of investment products. Sales bonuses for employees depend on the quality of the sales process, which we regularly control. The primary mechanism here is post-sale customer surveys (so-called Post-Sale Calls) for products involving the highest risk of misselling, and this is complemented with the assessment of the quality of documentation, complaints and so-called early resignation of Customers.

3.5. Security of data and customer transactions

The security of the funds entrusted to us and of our customers' data are our highest priority.

That is why throughout the Alior Bank Group strict security procedures are in place to ensure confidentiality, integrity and availability of the processed information. Our security policy and all procedures in this area are updated as required in response to changing cybersecurity conditions in the market, as well as new requirements and guidelines of regulators. As an operator of the key service, in keeping with the National Cybersecurity System Act (implementing the requirements of the NIST European directive), the Bank meets high cybersecurity requirements stemming from the law and the recommendations of the Polish Financial Supervision Authority. In 2021, all key IT systems of Alior Bank that process customer data and are involved in the process of conducting financial transactions were subjected to extensive security tests, which provided us with assurance that customers' data and funds at Alior Bank are secure. The security of customer data and transactions is also supervised by a team of highly qualified experts working on a 24/7 basis, who constantly monitor the security of both the Bank and the security of our customers' financial transactions.

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

In 2021, the Bank also actively worked with the industry in the area of cybersecurity – both with other banks and with the Banking Cybersecurity Centre at the Polish Bank Association, getting involved in the work of many working groups or forums (e.g. Payment Transaction Security Forum, Threat Intelligence Forum).

Due to such comprehensive approach to cybersecurity, in 2021 the Bank reported no major data security incidents and stood out with particularly high security of transactions which translated into a negligible level of transactional fraud.



3.6. Protection of personal data

Protection of personal data of our Customers and thus of the data covered by bank secrecy count among Alior Bank's priorities. The Bank is personal data controller for millions of Customers and processes such data for various purposes, of which selling purposes are the most important, yet not the only ones. We are committed to the protection of our Customers' privacy. Since the entry into force of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (hereinafter referred to as "GDPR"), the Bank has been modifying its approach to data protection. In compliance with the GDPR, the Bank focuses on the assessment of data processing risk as soon as in the initial design phase (privacy by design) and evaluates the effects for data processing of all new relevant processes and projects.

The GDPR has been in force for over three years and we have observed constant, even growing interest in personal data protection, both on the part of natural persons and on the part of legal persons and other entities which since 2018 have begun to pay more attention to this issue. The Data Protection Officer

constantly receives letters and requests made by Customers pertaining to the exercise of rights under the GDPR. Probably it is caused by huge financial penalties that can be imposed by the data protection authority and the giant GDPR-related publicity, but also by growing awareness of what a valuable commodity data and information are in the 21st century. The Bank responds to requests within the statutory time limit and with utmost care.

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

However, new interpretations and penalties imposed on data controllers both in Poland and in other EU countries are a new challenge. As a result, banks must quickly adapt to new decisions and solutions. In this regard, we have been trying to be up to date and react quickly in the areas of possible risk.

3.7. Secure electronic banking

As a technologically-advanced bank, we are aware that amid the advancement of technology and digitisation of financial services, new threats keep emerging every day, which we, as a bank committed to security, must predict and then remedy them. Therefore, Alior Bank pays special attention to the security of funds entrusted by our customers while taking care to provide them with the possibility of safe banking via electronic channels.

In 2021, we also expanded our systems which monitor and protect the funds of Customers in electronic banking (e.g. FDS – Fraud Detection System and Malware Shield – a proprietary solution developed by the bank's cybersecurity experts). We adapted these systems to the newly implemented services (e.g. BLIK-C), we deployed a dozen or so improvements in them, which allow us to even better respond to the existing and future threats to electronic banking.



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

In 2021, the Bank once again supported an educational action on cybersecurity, called "Bankers for Education", organised by the Polish Bank Association and Warsaw Banking Institute. The action was to promote awareness of cybersecurity, electronic economy and electronic payments.

04

EMPLOYMENT.
WHO ARE OUR EMPLOYEES?

pp. 37-46

4.1. Headcount

[GRI 102-8]
[GRI 401-1]

At the end of 2021, employment in the Alior Bank Group was 7 441 FTEs (7 678 people). Most of our employees work at Alior Bank – 6 749 FTEs (6 886 people). In 2021, about 10 percent

of new employees were people who returned to Alior Bank after working in other companies.

Alior Bank workforce (persons), by type of employment

	Male	Female
Open-ended contract of employment	2 091	3 713
Contract for a definite time	339	637
Trial contract of employment	42	43
Replacement contract	8	13

Alior Bank's workforce (persons) by working time

	Male	Female
Full-time	2 399	4 175
Half-time or more	21	169
Less than half-time	60	62

Alior Bank workforce (persons), by age

	Male	Female
<30	479	733
30-50	1 795	3 357
>50	206	316

Alior Bank employees (persons) by organisational structure

	Male	Female
Management Board Members*	7	0
Managers	361	388
Other	2 119	4 018

* Board Members are only listed in the table AB employees by structure. The tables on type of contract, full-time equivalent, age do not include Board Members.

The HR strategy stems directly from the “More Than a bank” strategy: its goal is to create such conditions – in terms of employees, organisation, HR processes – that will enable pursuing the Bank’s strategic priorities for 2020-2022+.

Given that the “More Than a bank” strategy assumes establishing long-term, valuable relationships with customers, based on the knowledge of employees, their comprehensive expert solutions, their commitment and consultancy, the HR strategy for 2022+ is to guarantee that Alior Bank will be the Bank of Committed Experts.



Alior Bank will be an employer for **experts**, thanks to the operational freedom, a great team and an agile work environment, driven by continuous improvement, full exploitation of the potential and positive experience of the employee.

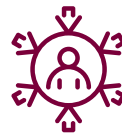


Thanks to this, the Bank will provide **the customer** with an excellent experience, founded on comfort, simplicity and a valuable relationship. We will become the Bank of the first choice for selected customer segments.



This will allow us to develop steadily, while guaranteeing the constantly growing goodwill, **shareholders’** trust and capital for the future.

Our focus is set on the further development of key roles and expert skills. We launch re-skilling programmes aimed at acquiring skills that are increasingly in demand and valued by customers. We support the development of leadership competencies insofar as the proper management of experts. In the face of COVID-19, the Bank undertook a number of actions to enhance the efficiency and comfort of employees, including in the areas of: change management, managing a dispersed team, improving skills in the field of remote work. The HR division has been focusing its operations on the key pillars related to human resource management: efficiency and long-term relationships, expert organisation, employee experience.



Long-term relationships



Development



Experience

The past 2021 saw us being granted the Top Tech Employer Certificate, which is awarded by the Bulldogjob portal, and its purpose is to promote the best IT employers. The two-stage certification process – based on the substantive assessment of activities in our IT Division, examined 4 areas: work environment, software development process, code quality, satisfaction and development.

The examination was attended by our employees – developers and managers. They rated the issues related to software development as above average, which, combined with a high rating of the work atmosphere, shows that this title was fully deserved.

Top Tech Employer means that we are an organisation that gives its employees both job satisfaction and meets modern market standards in terms of technology and programming practices.



4.2. Changes in handling the employee

In the worldwide situation caused by COVID-19, the Bank managed to adapt the method of HR and payroll services to our employees, including those who shifted from office locations to work remotely. By doing so, we significantly accelerated the automation of processes, hence enabling the efficiency and higher speed of their implementation. A significant proportion of thus far paper applications pertaining to the staff was transferred to the staff platform – Kompas. We launched automatic information prompts. The HR-and-payroll helpline was tailored to a far greater frequency of inquiries (5,000 e-mails and phone calls per month).

Alior Bank has been flexible in handling new, mass processes related to the pandemic, e.g. records and settlement of the new childcare allowance, or settlement of work while being under quarantine.

As part of the green transformation executed as part of the strategy, the HR Division implemented an e-signature solution using the Autenti platform. Over 90 percent of employment contracts and agreements regarding the change of employment conditions, as well as civil law contracts and most of the employment certificates, are signed by electronic means.

Thanks to digitisation activities, employees can handle HR matters quickly and efficiently. The processes that are fully performed electronically include: applying for absence, settling overtime work, creating and modifying working time schedules, electronic time record sheet. Documents such as pay slips, IMIR or PIT documents are made available to employees in electronic form in employee and manager self-service tools. For employees, we prepared electronic forms on the website,

whereby they can report changes to their data in the HR system without having to send paper documents. The hiring process of an employee under an employment contract or a civil-law contract, or changing the terms of employment, is also initiated electronically through dedicated tools and applications in the self-service system.

All the foregoing, combined with the e-signature solution, is a clear testimony that we act knowingly and responsibly while demonstrating good understanding of the concept and the need for sustainable development.

It is worthwhile to mention that the deployment of electronic signatures for employees, whereby, in the pandemic time, the Management Board and managerial staff can sign documents remotely without having to appear at the office, is not only an important element of care exercised by the organisation with regard to the health of all employees amid the COVID-19 conditions, but also makes remote work effective.

Alior Bank established a team dedicated to handling employee matters reported by employees. Its permanent element is a helpline operated by HR and payroll specialists, five days a week, eight hours a day. Employees also have the option of contacting HR and payroll specialists via email. Every day, we receive over 200 employee reports, which also include people who have been absent for long periods. To maintain full transparency of the process, aforesaid reports are registered, and employees receive feedback on their execution. Thanks to the support of the team, the Banks employees are also given help in understanding the provisions of the Labour Code and other provisions related to the employment relationship.

4.3. Working conditions

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

In the Bank, OSH tasks are carried out in accordance with current legislation in this regard. These regulations commit us to applying broad accident prevention and conduct periodic OSH training for the required groups of employees. Employees who start the job complete initial training which is to build the awareness of safe behaviour at the workplace. To furnish employees

with practical skills of providing pre-medical aid, training courses are organised which allow them to acquire the appropriate skills.

The Bank is a safe place of work for our employees. The total number of employee absences of all Bank employees in 2021 resulting from accidents during or on the way to work was 534 business days. It accounts for approx. 0.005% of their working time per all employees of the Bank.

[GRI 403-2]

We take care that our workforce has access to the latest news on the Bank and employment affairs. With this in mind,

we developed Kompas, a workforce portal. It is a tool which has capabilities similar to those which we all know from social media. Kompas publishes daily news which makes everyone have access to the latest information. Kompas also provides for efficient communication between employees (through a chat service), allows the employees to develop their own profiles, create social groups which promote integration. Kompas is also available as an app on any employee's smartphone.

We have been introducing flexible working methods at Alior Bank. For instance, project groups are organised which combine many competencies in one place – business, analytical, programming and testing capacities – necessary for carrying out the respective project. The main advantage of such approach is shortening the communication path which enables agile acting and prompt responding to changing requirements or technology.



approx. 26 thousand telephone inquiries were handled by the HR hotline (and **about 25.7 thousand** e-mail inquiries)



11.5 thousand PLN – average monthly savings after the introduction of the Autenti digital signature (and **5 thousand** sheets of paper less)



approx. 5.7 thousand – Christmas packages and layettes issued under the Social Fund



950 people supported by a care allowance

We have been promoting flexible forms of employment wherever possible in terms of the tasks performed and applicable regulations. Thus, we exercise our best to adapt to the expectations of candidates and employees in facilitating the start of cooperation with the Bank, as well as to provide the opportunity to maintain work-life balance or flexibly combine work with education. Alior Bank gives local communities a chance to access work in the financial industry.

The headquarters of the Bank are located in the largest city centres in Poland. Branches are spread across the entire territory of Poland. An additional large centre is located in Rzeszów.

Every year we aim to work out a commitment-driven work environment

Alior Bank strives to keep developing and cultivating commitment, which requires a two-way relationship between the employer and employee.

Measures in this area focus on all employees, whereas the diagnostic tool used to build appropriate support in this area is the opinion poll and commitment survey of all units and organisational units of the Bank. This tool guarantees to learn about and understand the factors that significantly affect the efficient and effective operation of the Bank. The results of the survey provide feedback for the Bank's Management Board, show the employees' attitude towards the employer, their motivation to work, and constitute an indicator of potential turnover or absenteeism. As a result of the employee commitment and opinion survey, the Bank draws conclusions and makes decisions based on facts and concerning the implementation of necessary measures.

4.4. Benefits

[GRI 401-2]

Alior Bank provides all employees with a wide and varied offer of benefits and employee benefits. At the same time, it exercises every effort to ensure that they address the needs of various groups and are attractive in relation to the opinions of employees and the latest market trends. The Bank's offer includes, for instance:



Despite the pandemic, within the Company Social Benefits Fund, MultiSport cards were very popular among our employees, used by more than half of them, which is a continuation of the trend from the previous year. In 2021, nearly 6 thousand layettes and Christmas packages for employees' children were sent, whereas almost 5 thousand employees took advantage of the scheme wczasy pod gruszą [self-arranged countryside holiday].

In 2021, more resources were allocated to the Aid Fund than in the previous year. The purpose of the Fund is to provide non-repayable financial aid to Bank's employees and their families who found themselves in particularly precarious circumstances.

Moreover, Alior Bank has in place the Sports Section run by a group of the Bank's Employees, bringing together people doing one sports discipline or one type of activity in order to achieve sports or recreational goals. The essence of the Section's operation is to encourage more active life, promote a healthy lifestyle, and enable integration among the Bank's employees.

As an employer, Alior Bank is aware of the great importance of health and safety of its employees, therefore the benefits offered in this area are to address the needs of the widest possible group in the best possible way. Medical care and life insurance represent benefits that encourage health care and help to secure the future of employees and their family members in situations where treatment or financial support is needed. Thanks to the group nature of the benefits, Alior Bank can obtain much better conditions for its employees than they would receive in individual offers.

[GRI 102-41]

Companies belonging to the PZU Group are the partner offering medical packages and insurance for the employees and their families. The life insurance offer was extended to include the part financed by the Bank with a high sum insured in the event of death. On top of that, the offer launched new voluntary options. Medical care is distinguished by its wide coverage, including dental services. Currently, over 5.6 thousand employees benefit from packages in PZU Zdrowie and 4,9 benefit from sponsored insurance of PZU Życie. Moreover, Alior Bank has 3.5 thousand employees who signed up for selected optional variants.



We give consideration to the convenience and ease of access to medical services. Private medical care ensures greater comfort of treatment through flexible solutions and convenient appointment channels. We provide: accessibility standards – visits to an internist, paediatrician or family doctor within a maximum of 24 hours, to specialists within a maximum of 5 business days, and to children's specialists up to 14 working days. We give consideration to the issue of freedom of treatment – reimbursement for treatment costs outside the supplier's network, allowing for a free choice of treatment location. We ensure that our employees do not need to have a referral for visits to specialists. We respect referrals for diagnostic tests from doctors outside the supplier's network. The service provider's helpline is open 24 hours a day, 7 days a week. 130 own outlets of the supplier and over 2,000 cooperating outlets are available to Alior Bank employees, as well as they have access to the portal and mobile app facilitating the use of medical services (online booking, reminders, e-visits). An important element is the attractive price of the packages – the health of employees is of great importance to the Bank, therefore it largely co-finances the basic packages.

In the field of life insurance, it is of special importance to provide employees with a sense of security and financial support in the event of unforeseen life events. Under group insurance, Alior Bank offers sponsored insurance against death, as well as optional variants with high sums insured, whereby employees can tailor the coverage of insurance to their needs and life situation.

In addition to providing employees with the mere care, Alior Bank also exercises due care to inform employees about the coverage of insurance, as well as to explain how to take full advantage of it through information materials or the Helpline for employees. It is essential that employees receive prompt and appropriate help whenever the need arises.

Out of concern for the health of its employees, Alior Bank also takes additional measures to ensure the safety of its employees. During the COVID-19 pandemic, the Bank organised vaccination campaigns:

- against influenza – in a situation of limited availability of preparations, the Bank made it possible to vaccinate against influenza to the groups of employees most in need of protection,
- against COVID-19 – the Bank joined the vaccination campaign organised by employers.

In line with the legislator’s guidelines, the Bank implemented the Employee Capital Plans in the companies of the Capital Group. Currently, the level of employee participation in the Employee Capital Plan scheme is over 43%.

[GRI 102-41]

4.5. Diversity management

Alior Bank is aware that companies promoting diversity in the workplace have a chance to achieve better results than those that fail to build an inclusive culture. We find important the issue of gender diversity in management bodies and among senior and middle management.

The Bank manages diversity (including gender diversity) in management bodies and among the workforce. Alior Bank has for a number of years taken into account in its HR policy some elements of the diversity policy mindful that the value derived from differences are an additional asset of our organisation while enriching their competencies serving effectiveness.

As part of our approach to diversity and inclusion, we make sure that everyone feels good at the Bank and is treated with dignity and respect. We do not tolerate any form of improper employment relationship. We want to make sure that each person feels like a part of the team and that they are accepted for who they are, including regardless of gender, age and regardless of their origin.

A Policy of Selecting and Evaluating Members of the Management Board and Supervisory Board pursued at the Bank ensures the diversity of education, work experience, age and gender of members of the Management Board and Supervisory Board, in particular, by ensuring the participation of women in recruit-

ment process and equal treatment of candidates regardless of gender. Every year, Alior 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 Alior Bank alone, 64 percent of employees represent women. Every year, the group of “aliored” children increases (in 2021, a total of 775 people were on maternity or parental leave, including 172 people who took paternity leave).

[GRI 401-3]

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

Alior Bank requires mutual respect from all employees, regardless of their position, and does not accept any form of discrimination.

The Bank makes sure that all people with disabilities have right to work, while preferring the professional integration of people with disabilities employed on the open labour market.

[GRI 405-1]

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

The Bank’s Supervisory Board					
	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
women	1	1	0	1	2
men	7	7	7	6	6

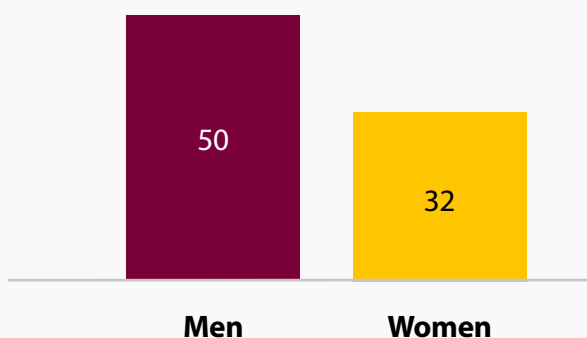
In this regard, the Bank employs 77 people with a certified disability. Moreover, the Bank ensures adequate working conditions, making as much as 68 percent of these people have more than 5 years of work experience at Alior Bank. Half of these employees work in the area of operations and sales. These data is a testimony to the Bank's efforts to provide equal employment opportunities by removing barriers that both hinder and limit the professional functioning of people with disabilities. We allow remote forms of employment thanks to the regulations in place in this area, which makes it easier for the Bank to adapt the form of employment to the conditions resulting from disability.

The Bank follows a policy of openness to all people and provides access to all professional specialisations.

Processes related to candidate selection are based on objective grounds and their respective stages follow established patterns and rules. Adopted internal rules for task performance in the field of OHS, as well as technological and technical solution standards result in undertaking necessary actions to adapt a workplace for persons with disabilities.

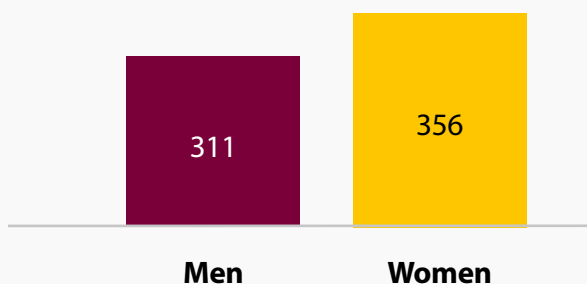
[GRI 405-1]

Higher-level managerial staff (No. of people)



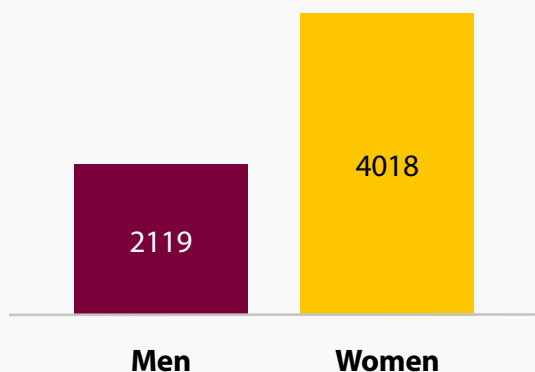
The share of women employed in middle- and lower-level managerial positions is higher than the share of men and accounts for 53% vs 47% of share of men.

Mid- and lower-level management (number pf persons)



Women represent 65% of the staff employed in specialist and expert positions, while the share of men in this group is 35%.

Employees in specialist and expert positions (number pf persons)



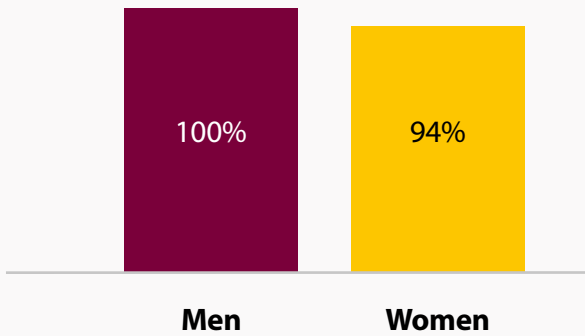
We want to attract best specialists and market experts to work with Alior Bank. That is why we offer to our staff attractive pay, which is governed by the Pay Policy, which has the following objectives, among others:

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

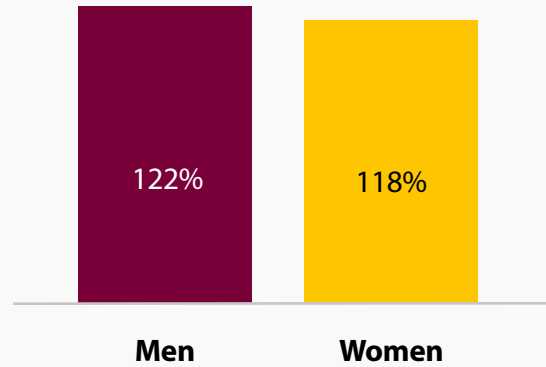
Importantly, all Group companies employing more than 10 employees have regulations in the area of pay.

In 2021, banks operating in Poland under the aegis of the Polish Bank Association jointly developed a methodology for reporting pay differences between women and men (the so-called pay gap). The pay gap was only 6% in 2021 and it results from historical differences in employment demographics in various areas of Alior Bank.

The pay gap (women/men) – in accordance with the methodology of the Polish Bank Association



Pay of the lowest job level as compared to minimum wages (PLN 2,800 gross in 2021), by gender



[GRI 406-1] Alior Bank has in place a policy of counteracting undesired behaviours, under which not only does the Bank introduce a number of preventive measures, but also responds appropriately in the event of suspicion or receipt of a report regarding

potentially occurring activities that we find unacceptable. The past 2021 saw the Ethics Committee failing to confirm any case of discrimination at Alior Bank.

4.6 Development of staff competencies

[GRI 404-2] At Alior Bank all processes and business priorities are supported by dedicated development programmes. In adherence to the “More Than a bank” strategy for 2020-2022, we constantly care about supporting all its constituents, while continuously taking care of the viable development of the competencies of the Bank’s employees and managers. Our development and training policy provides all Alior Bank’s staff with opportunities of specialising as experts in the selected field, by being able to develop their own competencies resulting from their job responsibilities, as well and their aspirations and team

management skills. The management system and the development model that we have rolled out allow us to effectively guide specialists and develop their careers. We provide employees with training programmes delivered by both internal and external coaches. Our proposition encompasses training on products, sales and quality of service, interpersonal skills and management skills.

In 2021, the average number of training days per Labour-Code employee (one FTE) was 2.15 days, which, taking into account



employees trained (860 onboarding to own network + 3149 other courses)



employees trained at partner outlets (579 onboarding + 372 other courses)



participants in remote examinations (FSA certification)



e-learning courses (262 new courses and tests + 254 updates)

the scale of employment, results in almost 116,000 training hours delivered at the Bank.

In 2021, due to the prevailing pandemic situation, we continued to follow the remote formula of providing knowledge for employees. Through implementing further remote solutions, notwithstanding the incapacities of holding on-site meetings, we managed to provide knowledge supporting the accomplishment of business goals. We continued the solutions developed together with PZU and PZU Życie enabling the organisation and conducting of remote examinations for people applying for entry into the Register of Agents.

Since the first day of employment, we take effort to equip the new employee with knowledge necessary to delivering the responsibilities assigned to their job. Newly employed people are sent to orientation training, which is in part the same for each member of the organisation (welcome day), and further dependent on the specific features of the job and their role in the organisation, with particular consideration of their place in the Sales Network. In 2021, we continued an onboarding programme for the Sales Network, supporting both the new employee and their superior. Gaining knowledge by newly-hired employees of Own Branches is supported by a gamification platform that combines the acquisition of the necessary knowledge with elements of competition. We also started preparations for the implementation of a new, more ergonomic and user-friendly onboarding process for central units.

September 2021 witnessed us launching a webinar platform, whereby coaches (both bank employees and external experts) can be more effective in sharing knowledge and experience to a wider group of interested parties. It was this platform that delivered workshops as part of the Development Zone series, during which participants received knowledge related to, for example, internal energy management or communication styles. This project made 990 bank employees possible to safely participate in Q4 2021 alone.

Bearing in mind the challenges related to remote work and work-life balance, in December 2021, as part of a pilot programme, we provided employees with the Mindgram wellbeing platform, whereby employees gained access to unlimited events in the area of broadly understood well-being and the ability to communicate via chat with a psychologist, child and adolescent psychologist and psycho-dietician.

A factor which influences workforce development are measures agreed with the direct supervisor who, as part of the budget assigned to them, has as their disposal funding for training and development for their staff. Due to such management, employees of particular departments can propose training initiatives themselves. Such development applies to the areas which:

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

Under that programme, the employee may apply for employer's participation in the education costs, e.g. postgraduate studies, or apply for financing of a development activity, whereby it would acquire skills of key importance for the bank.



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



05

COMMUNITY AND NEIGHBOURHOOD RESPONSIBILITY

Activities in the field of corporate social responsibility are an important element of Alior Bank's operation and are engraved in the strategy. As a financial institution that also acts as a public trust institution, Alior Bank supports organisations that provide viable help to those in need, as well as is engaged in initiatives responding to social and environmental challenges.

The coronavirus pandemic also confirmed that CSR activities are of special power, whereas supporting those who are on the front line of the fight against the coronavirus is a must. Therefore, we are actively engaged in a variety of activities addressed to those in need while helping healthcare institutions and entrepreneurs.

5.1. Actions undertaken in 2021

[GRI 102-12]
[GRI 413-1]

Przemyska Piątka Run

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

Cooperation with the National Blood Centre and establishment of the Alior Bank Blood Donors' Circle

On 30 June, we signed a cooperation agreement with the National Blood Centre, under which the Alior Bank Blood Donors' Circle was created. The Circle has over 110 people (as at 18 January 2022). From 10 May 2021, 23 Blood Donation

and Blood Treatment Centres in Poland have conducted a nationwide collection of blood and its components under the slogan "Alior Bank saves life".

"Podaruj prezent" Christmas Campaign

As in previous years, on the initiative of the employees, a "Podaruj prezent" Christmas Campaign [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 associating those in need. Employees fulfilled wishes from over 200 letters from the Friends of Children Association in Oborniki Śląskie, the Centre for Aid to Migrants and Refugees of the Archdiocese of Warsaw, Caritas Polska (charges from Rzeszów, Łańcut, Sanok, Grodzisk Dolny) and the Children's Home in Morağ. 73 teams were formed in Alior Bank, which prepared packages as a team, and 60 people took care of making their dreams come true individually.

5.2. Community involvement

[GRI 203-1]

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

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

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



Eco Challenge

Last year saw us starting the Eco Challenge campaign. The challenge aimed to integrate Alior Bank employees around environmental initiatives, build environmental awareness and promote environmental protection. Employees and branches nominated each other by taking pro-ecological activities. The Challenge began on 22 April 2021. Almost 600 of our employees in 39 cities all over Poland got involved in the initiative. As part of the Challenge, we planted 10,560 trees and shrubs, we covered a total of 11,400 km (on roller skates, bikes or jogging), 123 people gave up travelling to work by car, we cleaned about 13 km of the coastline, filled up over 250 bags of rubbish, purchased 225 kg of feed for animals, thus we supported three shelters.

[GRI 203-1]
[GRI 102-12]

[GRI 413-1] The most interesting initiatives include:

- the first campaign organised as part of the Eco Challenge: cleaning the area of Lake Mucharskie in Wadowice. Employees filled up 50 bags of rubbish and cleaned 11 km of the coastline;
- Consumer Finance Olympics – employees covered 11,110 km, whereby they planted 2,200 trees: it was an employee initiative, which was aimed at enhancing the sports spirit, encouraging daily physical activity, a healthy lifestyle, and thus contributing to being eco and replacing the car with a bicycle or roller skates. The CF Olympics covers sports disciplines: running, walking, roller skating and cycling. Each and every kilometre of actively spent time was awarded with points (1 point for every 5 km of the distance travelled). 25 participants took part in the Olympics;
- construction of a hotel for insects by employees in Przemyśl: as part of cooperation with the Przemyśl Culture and Science Centre, Region D13 created a complex of hotels for bees and other insects at the Kazimierzowski Castle in Przemyśl. The beehives with the Alior Bank logo are located in the castle courtyard in a visible place;
- planting trees: almost the entire team from Ostrów Wielkopolski planted 300 seedlings of small trees in Przygodziczki.

Ecological competition “Bajeczny Alior Bank” for the Bank’s employees

The competition “Bajeczny Alior Bank [Fabulous Alior Bank]” involved the writing of an eco-related fairy tale by employees.

Out of 38 submitted fairy tales, 7 winners were distinguished. The fairy tales were published in a special compilation entitled “Raz dwa trzy, o planetę zadbaj Ty [One two three, you shall take care of the planet]”, which was distributed in the branches of Alior Bank. At the end of 2021, 5,000 books was printed.

The PDF version of the compilation is available on the bank’s website (<https://www.aliorbank.pl/aktualnosci/2021-12-14-Alior-Bank-troska-o-planete-bajki.html>).

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

Donation to shelters

The Foundation of PZU Foundation, Bank Pekao and Alior Bank donated almost PLN 500 thousand to help animals from 60 shelters all over Poland. The money provided financed the most urgent needs of the shelters – including veterinary treatments, as well as the purchase of medicines, vaccines, food, and cleaning products. Alior Bank’s share in that amount was PLN 142,900 which went to 15 shelters selected throughout the country.

Collection of funds for the purchase of barrier tents

Together with other entities of the PZU Capital Group, the Bank collected money among employees for the purchase of so-called barrier tents for COVID-19 patients. As a result of the meeting, the Bank transferred more than PLN 26 thousand to Municipal Hospital No. 4 in Gliwice (Szpital Miejski nr 4 w Gliwicach).

Additional sponsorship activities carried out in 2021

Orszak Trzech Króli

2021 saw Alior Bank being a Partner of the Foundation Orszak Trzech Króli and an event organised thereby on 6 January 2021. The Bank’s customers from the largest Polish cities were able to collect songbooks and procession crowns provided by the event organiser at Bank’s branches.

PL.2012+ sp. z o.o .

On 19 June 2021, the National Fan Zone was created on the PGE Narodowy board, whose partner was Alior Bank. The Poland – Spain match as part of UEFA EURO 2020 was broadcast on large screens, and the Polish National Football Team was supported by thousands of fans during this event.

Donation to shelters

The Foundation of PZU Foundation, Bank Pekao and Alior Bank donated almost PLN 500 thousand to help animals from 60 shelters all over Poland. The funds donated by the Foundation of PZU Foundation, Bank Pekao and Alior Bank helped to finance the most urgent needs of shelters – including veterinary treatments, medicines, vaccines, food, and cleaning products. Alior Bank donated a total of PLN 142,900 to 15 shelters selected throughout the country.

Biały Kruk

The past 2021 saw Alior Bank sponsoring the publication of the book entitled “Faith and Victim. The life, work and epoch of St. Maksymilian M. Kolbe” with a text by Czesław Ryszka, published by the publishing house Biały Kruk.



5.3. Supporting the development of enterprise among Polish companies

[GRI 102-2]
[GRI 203-1]

In Alior Bank, we appreciate every entrepreneur as well as we are aware of the role enterprises play in the Polish economy.

We are able to identify the biggest problems and limitations faced by companies. In the current market situation, the main handicaps most often include the lack of financial resources not only for development, but also for the day-to-day running of economic activities. We are proud to emphasise that Alior Bank actively participates in government programmes supporting development of companies. The Bank was involved in the PFR 2.0 Financial Shield Programme for Companies and Employees, and from as of 15 January 2021, it has been providing business customers, those from supported industries, with the possibility of submitting applications for subsidies in Alior Online and the BusinessPro system.

On 29 April 2021, for those customers who have benefited from assistance under the PFR 1.0 Financial Shield, the Bank made available applications for the redemption of subsidies. In 2021, Alior Bank maintained a number of improvements in the processing the cases of customer at risk of the economic consequences of the pandemic. It included, for instance, waiving the need to conduct an on-site inspection of the enterprise, or the possibility of accepting, in emergency situations, bank statements confirming payments to the revenue office and the Social Insurance Institution instead of certificates.

Products and services offered by the Bank have been adapted to the aid plan of Bank Gospodarstwa Krajowego (BGK). By doing so, Customers were able to obtain working capital financing easier and faster, as described in more detail in the EU Funds and Aid Programmes section.

Offer adapted to BGK Aid Plans



Alior Bank has for years been active in public programmes, both those financed from EU funds and national funds. This enables the development of an attractive credit offer for customers, especially those representing the micro-, small- and medium-sized enterprises sector. A very large part of funding awarded to companies by Alior Bank have been loans secured by Bank Gospodarstwa Krajowego (BGK) using public (national and EU) funding. Alior Bank provided, among others, loans with BGK

guarantees as part of the National Guarantee Fund (this continues the de minimis programme) and under the following programmes: COSME, Creative Europe, Agricultural Guarantee Fund, Guarantee Fund under the Smart Growth Operational Programme (Biznesmax guarantee), Liquidity Guarantee Fund. Through the guarantees, on top of access to loan on more favourable terms, customers were given alternative methods of securing financing. In 2021, Alior Bank continued changing the guarantee offer and adjusted the terms of their granting to BGK's Aid Plans. The maximum value of the collateral for the de minimis guarantee increased from 60% to 80 percent of the loan amount. The collateral period was also extended from 27 to 75 months for working capital financing. The commission fee for the entire portfolio of exposures covered by the de minimis guarantee was abolished as well.

When it comes to the COSME Guarantee, the period of its granting was extended to 39 months. The fee for its granting was also reduced to 0.7% per annum.

Guarantee programmes offered by the Bank also included special guarantees addressed to innovative enterprises from creative and agricultural and food-processing sectors. The terms and conditions of granting these guarantees were also tailored to the economic situation caused by the pandemic and to the needs of entrepreneurs.

Biznesmax guarantee



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

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

In order to counteract the COVID-19 effects, in 2021, the Bank also made it possible to cover revolving working capital facilities related to the company's ongoing operations with the Biznesmax guarantee. It is an additional support for entrepreneurs which allows to return part of or even the whole interest paid by the customer on the loan for a maximum of 3 years from the loan disbursement date.

Financing of green projects

The past 2021 witnessed Alior Bank expanding its financing offer for companies to include new solutions enabling the financing of green initiatives.

Bizneskredyt Zakupowy for green goals

The offer is distinguished by a wide range of financing options. Alior Bank offers financing for as many as 13 different green goals, a high amount – even up to PLN 3 million, a quick loan decision in 20 minutes and no material security (the loan is secured by a BGK guarantee).



An entrepreneur may allocate funds from the loan, among others, for the purchase and installation of photovoltaic panels, the purchase of ecological cars with an electric or hybrid engine – these can be both new passenger cars or vans, as well as used cars, but not older than 2 years and with a mileage of not more than 100,000 km. The loan can also be taken out for the purchase of materials for insulation of building walls, roofs, ceilings, basement along with construction works or the purchase and installation of a new heat source, e.g. a heating boiler, heat pump, solar collector, heating pipes or radiators.

Offer for financing auction renewable energy sources (RES) projects

Alior Bank's proposal is addressed to entrepreneurs who won the RES auction and plan to build wind or solar farms with a power of more than 500 kW. The Bank offers financing in the form of an investment loan.

The loan can be used by special-purpose vehicles belonging to the segment of small, medium- and large companies, conducting business activities in the field of generating energy from renewable sources. The Bank finances projects implemented in the SPV formula by investors experienced in the implementation of renewable energy projects. The investment loan is granted in PLN. The loan amount can be up to 85 percent



of investment costs. The maximum financing period is 15 years as of the date of commencement of sale of electricity under the auction system, but not longer than until the date of completion of support for the project. The Bank allows a grace period for repayment of capital up to 6 months as of the date of the first sale of energy and adjusting the amount of capital instalments to the seasonality of revenues.

Agricultural guarantee (Agricultural Guarantee Fund, FGR)

The Alior Bank's offer includes an agricultural guarantee addressed to entities executing investments in the agribusiness sector. Farmers may count on a guarantee of up to PLN 5 million, whereas processors – up to PLN 10 million.

In order to counteract the effects of COVID-19, the Bank grants an FGR guarantee that makes it possible to cover revolving working capitals related to the company's day-to-day operations with this form of collateral. Additionally, the Bank introduced 2% subsidies to the interest rate on working capital facilities secured with the guarantee from the Agricultural Guarantee Fund. Thanks to this, the customer may be reimbursed for part of the interest paid on the facility, for a maximum of 12 months from the date of its disbursement.

Liquidity Guarantee Fund – guarantee for medium- and large-sized enterprises

The guarantee from the Liquidity Guarantee Fund is addressed to customers from the sector of medium- and large-sized enterprises (within the meaning of the EU directive). The Guarantee aims to maintain lending activity in connection with liquidity needs of enterprises which are or may be affected by the economic effects of the COVID-19 pandemic. Alior Bank launched a liquidity loan offer secured by the guarantee from Liquidity Guarantee Fund. The loan is granted for up to 24 months, whereas the maximum amount of financing is as high as PLN 250 million. The Liquidity Guarantee Fund secures up to 80% of the value of financing. By the end of 2021, Alior Bank granted loans with the Liquidity Guarantee Fund in the amount of PLN 1.6 billion, while securing PLN 1.3 billion by this Guarantee.

Liquidity Guarantee Fund for factoring

Thanks to the extension of the possibility to use guarantees from the BGK Liquidity Guarantee Fund, micro-, small-, medium- and large-sized enterprises could more easily obtain financing taking the form of recourse factoring and reverse factoring. The guarantee is addressed to both new and prior customers who apply for financing in the form of factoring, intended to secure the company's financial liquidity, whose loss is caused by the COVID-19 pandemic.

It is granted for 24 months and may secure up to 80% of the factoring limit amount, whereas the maximum amount is PLN 200 million and the highest amount of financing is PLN 250 million.



Loans involving EU grants

Customer of Alior Bank can count on support in obtaining EU funding in the form of loan commitments, bridging loans or a technology loan.

Under its “European Package”, the Bank has been offering comprehensive support for investments with EU subsidies distributed by the Polish Agency for Enterprise Development (PARP), the National Centre for Research and Development, the Ministry of Development, the Marshal’s Offices, i.e., loan commitments, loans with EU grants, bridging loans – pre-financing grants, loans for non-eligible costs, and a loan to finance VAT. A very popular grant programme is a loan for technological innovation. In 2021, the Bank issued loan commitments for the total amount of over PLN 251 million.

Funding of Thermal Insulation Projects

The Thermal Insulation Loan is an attractive opportunity to finance energy-saving projects in multi-family residential houses, addressed mainly to housing co-operatives, housing communities and Social Housing Societies. The Loan, co-funded from EU funds and Alior Bank’s own funds, has been now offered to investors from the Dolnośląskie, Małopolskie, Łódzkie and Podlaskie, Pomorskie and Kujawsko-Pomorskie Regions.

The past 2021 witnessed Alior Bank expanding its offer of funding thermal insulation to include a loan with a bonus of Bank Gospodarstwa Krajowego. BGK’s non-returnable bonus for partial repayment of funding for energy modernisation or renovation of buildings is just one of the advantages of the new Alior Bank offer. Co-operatives and housing communities, as well as local government units from all over Poland, can also count on

a high amount of financing – up to PLN 5 million, long funding period – up to 20 years and reimbursement for the costs of audit and technical documentation. The offer is available at Alior Bank’s corporate banking centres.

Moreover, the Bank continues its collaboration with the European Investment Bank under the grant agreement concluded in 2019, intended to support the funding of thermal insulation projects in multi-family residential buildings, which provides for, among others, a refund of 90% of costs of the documentation to be obtained by the Customer applying for a Thermal Insulation Loan a loan with a bonus of Bank Gospodarstwa Krajowego. Thanks to very attractive financing terms, the managers of multi-family residential buildings more often carry out such investment projects, which translates into greater energy performance of buildings, reduces CO₂ emissions, and improves the quality of the neighbourhood.

Support for businesses during the pandemic

Process centralisation and remote service

Since the outbreak of the pandemic, Alior Bank has focused on the implementation of initiatives that make it easier for entrepreneurs to quickly, conveniently and safely contact the bank, maintain financial liquidity, as well as to operate a business in a stable way.

Alior Bank introduced remote services for all products for companies thanks to:

- the wide use of qualified signatures, Autenti e-signature and FOTO ID,
- the launch of the possibility of applying for new transactional products in the BusinessPro online banking,
- the centralisation of as many as 45 after-sales processes.

The exchange of banking agreements, after-sales instructions affixed with a qualified signature, between Alior Bank and an entrepreneur from the SME and large-sized companies segment, may take place by e-mail or via the BusinessPro online banking system. For this purpose, micro-companies use an e-signature provided by Autenti or an Autenti e-signature in combination with the Foto ID tool.

Remote support applies to corporate accounts, loans, cards, transaction products, and trade financing products for new and existing customers. The range of remotely supported documents also comprises a promissory note. Before the loan is disbursed, those entrepreneurs who want to take advantage of this option shall electronically submit to the bank a scan of the signed promissory note, in line with the company’s representation in force. The time for delivering the original copy of the promissory note documentation to a bank branch is a maximum of 180 days following the moment when the financing is disbursed.

Transaction banking and the BusinessPro online banking system

The package of transactional banking products and services includes the management of cash flows, monitoring of the collection of receivables and their ongoing identification through BusinessPro online banking system, and automation of accounting processes through BankConnect. Customers are also satisfied to make use of the Product Centre – a self-service module in BusinessPro online banking, which enables the ordering of selected banking products and services online at any time and from anywhere in the world. The module enables fast and safe communication with the Bank. Applications in the Product Centre are authorised via an SMS code.

In 2021, the Bank introduced a number of user-friendly improvements in the BusinessPro online banking system, including:

- **AutoDealing and a new functionality of automated currency exchange (API FX Trade)** made available via the BankConnect service, which allow for the integration of the company's external systems with the Alior Banks currency exchange system. Thanks to this solution, users of the currency exchange platform were granted immediate access to a wide range of currencies and attractive currency exchange conditions, from the level of their own systems, without having to log in to the BusinessPro electronic banking,
- **possibility to assign an e-PIN in card details** – the e-Pin service was deployed implemented in view of changes in online card payments stemming from the EU PSD2 directive,
- **possibility to manage Plus Plans** to the Plan Biznes Account in the Product Centre – a self-service business customer module,
- processing of applications for a subsidy under the Financial Shield 2.0 offered by the Polish Development Fund and of redemption applications under the Shield 1.0,
- a mechanism for automating the collection and setting of fees in the BusinessPro system,
- instant tokenisation service for company debit cards.



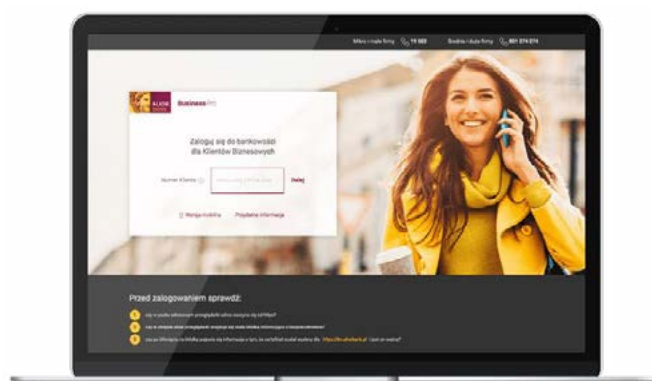
Alior Bank also established cooperation with Sonata Enova 365 and Symfonia, one of the largest vendors of software for business. Thanks to this, entrepreneurs who use the services of Alior Bank and use the software of these companies can automate the handling of banking operations.

The Bank centralised 45 after-sales processes. The processing of orders placed by customers via the BusinessPro system is handled by the specially appointed for this purpose Operation Team for Business Customer, which facilitates the daily work of bankers to a significant extent.

In 2021, this team completed over 17,800 orders and after-sales processes reported by customers of Corporate Banking Centres, over 42 percent of these orders were transferred to the Bank via remote channels.

In H1 2021, Alior Bank increased the amount of the selfie loan from PLN 200 thousand to PLN 600 thousand, as well as made the online financing offer available, without having to visit the branch, not only to micro-enterprises but also to small-sized enterprises. Such an innovative solution is possible by using a proprietary method of verifying the customer. To complete all the formalities related to the loan, micro- and small-sized companies use the Autenti and FOTO ID platforms.

The FOTO ID procedure is delivered to customers who have a mobile phone with Internet access.





Financial Shield of the Polish Development Fund for micro-companies and small- and medium-sized enterprises

Alior Bank was actively involved in the PFR 2.0 Financial Shield Programme for Companies and Employees, and from as of 15 January 2021, it has been providing business customers, those from supported industries, with the possibility of submitting applications for subsidies in Alior Online and the BusinessPro system.

Information on the launch of applications was provided to customers via SMS, e-mails and screens in online banking systems. Entrepreneurs also received a set of materials containing the most important tips on how to submit an application and how to complete it correctly. As at the end of 2021, PFR positively considered 2,450 applications submitted by Alior Bank's customers under the Financial Shield 2.0 Programme. The total amount of subsidies granted to our customers totalled PLN 399,679,025 (Alior Bank's market share is 5.2%).

On 29 April 2021, for those customers who have benefited from assistance under the PFR 1.0 Financial Shield, the Bank made available applications for the redemption of subsidies. By the end of 2021, over 16.4 thousand customers sent their application for redemption. We received over 16.3 thousand decisions with an average redemption of 73% for a total amount of over PLN 1.68 billion.

Preferred sectors

The current strategy pursued at Alior Bank assumes an increase in the Bank's lending activity in a way that ensures high revenue potential, while minimising risk costs. As part of pursuing the said strategy, Alior Bank identifies attractive sectors of the economy, creating a list of the so-called preferred industries. Companies operating in selected industries can count on a favourable pricing policy and faster loan-related decision time.

The list of preferred industries is periodically updated based on the analysis of long-term economic trends as well as short-term macroeconomic forecasts. The last changes to the list were made in November 2021 and consisted in extending it with additional PKD [Polish Classification of Activities] codes.

As at the end 2021, the volume of loans granted to preferred industries increased to PLN 3.9 billion and accounted for 21% of the entire portfolio of corporate loans. Total sales of the overdraft facility limit in the micro-, small-, medium- and large-sized companies segment at the end of 2021 amounted to PLN 1.6 billion. As in the case of volume, the significant increase in new sales resulted, inter alia, from expanding the list of preferred industries. Moreover, a large part of new sales to preferred industries was carried out under automatic decisions, which significantly speeds up the credit process.

Added services

Zafirmowani.pl website

The website www.zafirmowani.pl is a free platform available as an open website. The portal is a practical guide for entrepreneurs from the micro-enterprises segment, who will find there expert articles and video materials answering the questions that arise when setting up and running their own business. The website also offers tools helpful for running a business. These tools include, first and foremost, a free accounting application enabling them to keep simplified accounting records (revenue and expense ledger, flat-rate income tax), featuring a generator of SAF-T mandatory files – including new SAF-T_V7 files which are a combination of the prior VAT 7 return declaration and a SAF-T file, which greatly facilitates settlements with the Tax Office. This accounting also allows for automatic calculation of the amount of tax due, keeping property records and calculating depreciation charges or automatic settlement of social security taxes. In addition, businesses holding a company account at Alior Bank can connect to the www.zafirmowani.pl website directly from the online banking level. Due to automatic mechanism of pairing the account history with accounting documents, the customer can also check in the accounting module the status of invoice payments. Registered users also get access to services such as online debt collection, microfactoring or remote reception, as well as to special offers of the portal's partners. In 2021, the hosting company nazwa.pl, the Carrotspot cafeteria system or the Start-up Plan Be Eco, offering a tool supporting the process of achieving climate neutrality and carbon footprint reporting, as well as special offers of portal partners, joined the group of partners.





Employee Capital Plans

Thanks to the strategic partnership within the PZU Group, by the end of 2021 entrepreneurs were able to sign agreements on the management of Employee Capital Plans with TFI [Investment Fund Company] PZU at Alior Bank branches.

Our Customers could count on expert support during the launch and ongoing ECP service. Additionally, TFI PZU provided e-learning training courses, as well as an easy and simple method of controlling payments using a modern and user-friendly website. At the end of 2021, through Alior Bank, entrepreneurs signed over 2,300 agreements on managing Employee Capital Plans.

New deposit and transaction products

In 2021, Alior Bank implemented a new business account Rachunek Plan Biznes [Plan Business Account] – which, whereby an innovative formula, allows customers for the singlehanded selection of the necessary services and creation of a convenient model of cooperation with Alior Bank resembling a modern subscription model.

The account is addressed to micro-, small- and medium-sized enterprises that settle accounts on the basis of full accounting. The new offer unconditionally provides entrepreneurs with a number of benefits for PLN 0 as part of the Basic Plan, which is launched automatically upon opening of a current account. Business customers make use of 2 debit cards and commission-free cash withdrawals for free at ATMs located in Alior Bank branches. Nor does the Bank charge fees for own transfers, transfers to the Social Insurance Institution and the Tax Office executed via online banking, nor for the BusinessPro eFX Trader module with favourable exchange rates. What is also free of charge is access for two users of the BusinessPro online banking system. If a company have met one of the two simple requirements of activity – 4 card transactions (except for the virtual card) or a transfer to the Social Insurance Institution or the Tax Office per month (not applicable to transfers via standing orders and instant transfers) – it will also not incur the costs of keeping the basic account and two auxiliary accounts.

In addition, the core version is supplemented by three types of additional plans (Plus Cards Plan, Plus Transfers Plan, Plus BusinessPro Plan) in the form of limited free products and services. The price of each plan is PLN 30 per month. What is an additional advantage of the plans is the ability to manage them singlehandedly via BusinessPro online banking. The Customer can launch any number of plans online, as well as deactivate them at any time. The account was implemented on 20 April 2021. At the end of 2021, it was already used by 1,500 business customers.



MasterCard z Plusem company debit card

Alior Bank has extended its offer for business customers to include a new debit card Mastercard z Plusem. The card is issued to accounts kept in currencies such as PLN, EUR, USD, GBP. In addition to such amenities as the possibility of making non-cash payments, also via the Internet (no fees for domestic payments) and cash withdrawals at domestic and foreign ATMs (no fees for withdrawals from ATMs at Alior Bank branches), in 2021 the holders of the debit card Mastercard z Plusem received unique benefits on the market: a voucher of PLN 50 for fuel at Circle K stations and PLN 20 thousand points to start to be exchanged for prizes worth PLN 300 in the Mastercard® Priceless® Specials programme. The Bank also exempted users of the card Mastercard z Plusem from monthly fees for using the card until the end of 2022.

MasterCard® Priceless® Specials programme



2021 saw Alior Bank launching the Mastercard® Priceless® Specials programme to micro-enterprises. This programme allowed to collect points for card transactions and exchange them for prizes of participants' choice. Alior Bank was the first in the market to provide

a special range of prizes for business. Additionally, our customers received 8,350 welcome points to start with (the equivalent of PLN 125).

Cashless payments immediately after applying for a payment debit card (card tokenisation)

Alior Bank once again modernised its offer to actively promote non-cash payments. In 2021, the Bank implemented the instantaneous card tokenisation service, whereby business customers can quickly and easily create a virtual equivalent of a plastic debit card and pay cashless with a phone or watch within a few minutes of ordering. Full card details are available immediately in BusinessPro Online Banking. All it takes is to add them to one of the payment services on mobile devices and read out the PIN to the card in online banking.



5.4. Management of environmental impacts

In our day-to-day operations we care about the efficiency of our activities. We are implementing environmentally friendly solutions. Together with our customers and partners we want to reduce the environmental impact by using the latest technological solutions to improve the Bank's operational efficiency.

[GRI 306-2] Alior Bank brings no significant direct adverse effects on the environment. Each year, we have consistently achieved lower consumption of utilities, which significantly contributes to reduced emissions of greenhouse gases.

The past 2021 saw Alior Bank placing emphasis on maintaining the previously chosen direction in rational waste management through selective waste collection, using tap water, which also significantly contributes to reducing the generation of waste in the form of plastic bottles.

The number of branches in an eco-friendly format using materials and products from local suppliers was increased. To a large extent, these are recycled materials. When designing new outlets, we placed particular emphasis on increasing the access to daylight, enabling the reduction of electricity consumption, whereas the LED lighting allows for adjusting the intensity to the current time of day.

In 2021, by changing the structure of the fleet and increasing the share of gas-powered cars in it, we significantly reduced the consumption of diesel oil.

We introduced restrictions on printing documents by using company printers only after the employee logs in to the device, which prevents accidental printouts, resulting in better management of paper and toner consumption. By default, printers are set to duplex printing. The idea of a "paperless bank" has been consistently carried out at the Bank, which allows us to reduce paper consumption every year.

On top of reducing paper consumption, we also undertook other measures in the field of efficient resource management. We implemented, for instance, a number of electricity-saving initiatives. Movement and presence sensors were installed on the common areas (corridors, bathrooms, kitchens) at the Headquarters, which turn the light on and off automatically. The system in question also works in some of the premises of the Warsaw headquarters and in branches that were remodelled. In the near future, the external signage of buildings will be replaced with LED equivalents, which will also appear in the new eco-format outlets.

Employees of the Bank's Head Office can use bicycles as an ecological means of transport in their daily commuting to work, thanks to the availability of bicycle parking lots.

Consumption of materials and utilities at Alior Bank Group

		2020	2021	
Paper	[tonnes]	165	143	
Heat	[GJ]	87 940	79 146	[GRI 302-1]
Electric power	[MWh]	17 160	16 814	
Fuel oil	[tonnes]	45	94	
Petrol	[tonnes]	224	272	[GRI 305-5]
Diesel oil	[tonnes]	357	7	
Natural gas	[m ³]	99 447	94 475	
Water	[m ³]	26 470	12 506	[GRI 303-5]
LPG	[tonnes]		80.8	

Environmental data for 2021 are presented only for the Bank due to the limited availability and low significance of such data in other Group companies.

Additionally, a tender was launched for the construction of a photovoltaic farm in one of the Bank's own properties. This investment,

the first of its kind in renewable energy infrastructure, will be completed later this year.

No sanctions or penalties have been imposed on the Bank for non-compliance with environmental regulations.

[GRI 307-1]

Our impact on the climate

The years 2019–2021 are a special period with regard to introducing new regulations related to the impact of companies on the environment. As Alior Bank, we carry out day-to-day monitoring of new legal acts that may emerge, mainly introduced by the European Union, which are successively implemented at the Bank.

One of them is Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing

a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. The new regulation is part of the so-called Green Deal, which aims to introduce measures for a sustainable economy in the European Union. Bearing in mind that, in line with the EU taxonomy, the obligation to disclose this data will be launched in the financial sector as of 31 December 2021, we carried out intensive work and were members of the working groups of the Polish Bank Association to adjust on time to the said regulation.



5.5. EU Taxonomy Disclosures

Legal regulations in the area of Taxonomy:

- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment (EU Taxonomy),
- EU Commission Delegated Regulation 2021/2139 of 4 June 2021 establishing the technical qualification criteria for determining the conditions under which an economic activity qualifies as making a significant contribution to climate change mitigation or adaptation, and whether this economic activity does not cause serious damage to any of the other environmental objectives (Technical Qualification Criteria),
- EU Commission Delegated Regulation 2021/2178 of 6 July 2021 supplementing Regulation 2020/852 by specifying the content of the presentation of information on environmentally sustainable economic activities to be disclosed by enterprises subject to Article 19a or 29a of Directive 2013/34/EU, and specifying the method compliance with this disclosure obligation (Disclosure Regulation),
- Accounting Act implementing Directive 2014/95/EU of the European Parliament and of the Council on disclosure of non-financial data and information on diversity by certain large entities and groups (Accounting Act).

Under the above regulations, Alior Bank analysed its loan portfolio, determining the percentage share in total assets of exposure to business activities that do not qualify for taxonomy and business activities that qualifies for taxonomy. In view of the fact that Alior Bank does not have detailed information on the taxonomic classification directly from its customers, due to the obligation to publish the necessary data from this year (i.e. for 2021), the Bank performed its own estimation.

For the need to define the group of clients subject to the obligation to publish non-financial information, internal data was analyzed in terms of the criteria indicated in the Accounting Act, including: sales revenue, assets and number of employees, as well as the type of legal form of the business. The sources of information analysed included the latest available financial statements. As a consequence of the above-mentioned criteria selection, Alior Bank selected companies which were analysed in the context of their activity compliant with the taxonomy. The taxonomy analysis was based not only on PKD codes of activities of the clients obliged to disclose non-financial data under the NFRD, but also on expert analysis of operations performed by a particular client on the basis of technical eligibility criteria. In its assessment the Bank relied on the latest available non-financial reports published by the Bank's clients. The Bank did not take into account the purpose for which the financing was granted.

Taxonomy – values and adopted methodology for calculating ratios		
Coefficient	Value	Adopted methodology
Percentage share of total assets of exposures to economic activities that qualify for taxonomy (A)	0,15%	Numerator – includes balance sheet items on the asset side: gross credit exposures (including factoring and leasing), debt securities and equity investments. a. The above-mentioned items are included in the numerator when the following cumulative conditions are met: i) an exposure to a corporation that is subject to the non-financial publication obligation in accordance with Article 19a or 29a of Directive 2013/34/EU, ii) exposure to a corporation whose core PKD complies with (A)/not complies with (B) the NACE codes listed in the Delegated Regulation. b. The following are excluded from the numerator: i) exposures to central governments, central banks and supranational issuers, ii) derivatives, iii) an exposure to corporations that are not subject to the non-financial publication obligation in accordance with Article 19a or 29a of Directive 2013/34/EU. Denominator – Total assets (total balance sheet of the Bank).
Percentage share of total assets of exposures to economic activities that do not qualify for taxonomy (B)	0,01%	Denominator – Total assets (total balance sheet of the Bank).
Percentage share of total assets of exposures to central governments, central banks and supranational issuers	19,44%	Numerator – balance sheet total of exposures to central governments, central banks and supranational issuers. Denominator – Total assets (total balance sheet of the Bank).
Percentage share of total assets of exposures to derivatives	0,26%	Numerator – sum of exposure to derivatives. Denominator – Total assets (total balance sheet of the Bank).
Percentage share of total assets of exposures to corporations that are not subject to the non-financial publication obligation in accordance with Article 19a or 29a of Directive 2013/34/EU	26,13%	Numerator – sum of exposures to corporations that are not subject to the non-financial publication obligation in accordance with Article 19a or 29a of Directive 2013/34/EU. Denominator – Total assets (total balance sheet of the Bank).
Percentage share of the trading portfolio and interbank loans on demand in total assets	0,37%	Numerator – balance sheet total of the trading portfolio and interbank loans on demand. Denominator – Total assets (total balance sheet of the Bank).

The business strategy “More than a bank” makes Alior Bank more committed to reducing emissions and increasing green financing in order to adapt to climate change and mitigate its effects, among others, by introducing a broad portfolio of green products in all customer segments. The presented ratios fulfil the regulatory obligation, yet do not fully reflect the share of green financing provided by Alior Bank to business customers not currently subject to non-financial reporting (in accordance with the NFRD regulation) and resulting from

the granted financing under green products offered by Alior Bank to both individual and business customers.

Our plans include utilising the potential of green financing to an even greater extent in connection with the reporting obligation under the EU Regulation 2020/852 from 2022, when the Bank’s new business strategy and its ESG commitments will be published.

5.6. ESG area at Alior Bank

ESG factors play an important role in making strategic decisions at Alior Bank, and their cruciality grows over time. As a bank, we are a public trust institution, highly regulated by numerous domestic and international regulators. A permanent constituent of our DNA is to represent the highest standards of social responsibility towards all parties with whom we collaborate and to exercise fair management within the organisation. On the other hand, the progressive digitisation and automation of processes, consistent focus on remote processes, as well as high quality and speed of operation year by year bring the Bank closer to the point where we will achieve climate neutrality.

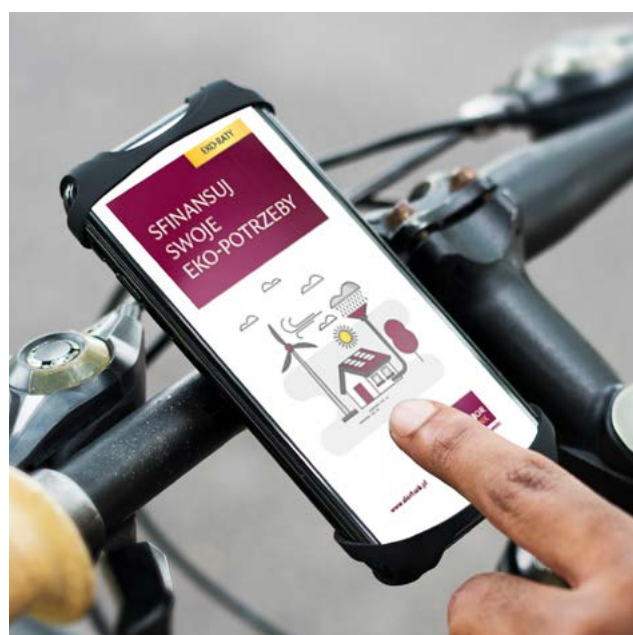
We have been monitoring ESG factors since 2017, when Alior Bank published the first non-financial report based on the GRI sustainability reporting standards. Every year, we expand the spectrum of ESG factors under our monitoring, that exert an impact on our strategic decisions and risk management.

ESG factors play a special role in our daily operations, also by embedding them in the previous (“Digital Disruptor”) and present (“More Than a bank”) strategy pursued by Alior Bank.

		Digital Disruptor 2017-2020	+	More Than a bank 2020-2022
Environmental	We are constantly developing our eco-friendly approach through digital and green transformation.	Digital transformation	+	Organic products, processes and industries
		“Paperless” organisation		Digitisation and optimisation
Social	From the very beginning of the Bank’s existence, we have been developing while respecting our social responsibility, which is embedded in our strategies.	Customer orientation		Customer’s voice – a programme facilitating communication
		Innovation		Feedback
		CSR initiatives		Highest-safety standards in protection against COVID-19 for employees and customers
Governance	As a bank, we are a highly regulated public trust institution - the highest management standards have always been inextricably linked to our decision-making process and risk management.	International and national banking sector regulations		Especially legal compliance UE CRD V / CRR II package Recommendation Z
		Internal, voluntary regulations, such as the Code Ethics	ESG Strategy To be completed in 2021	

Partnerships and products related to the bank’s commitment to green transformation

We have been endeavouring to optimise our activities that impact the environment. Not only have we been mitigating the negative impact of the organisation as an institution but also we have been launching products whereby our customers can modernise their flats, houses, companies, or change the way they move to a more ecological one. Customers are becoming increasingly eco-aware, they take pro-ecological initiatives or choose pro-ecological products – as they are encouraged by various subsidies or being guided by the desire to make their own contribution to environmental and climate protection. Being a key intermediary in financial transactions necessary to ensure financing of modernisation, we contribute to a significant reduction of dust and carbon dioxide emissions that are harmful to the climate, as well as to a reduction of fuel consumption. We strive to address the ecological needs of our customers, including through a diverse eco offer at Alior Bank.





Eco products available to the individual customer of Alior Bank in 2021:

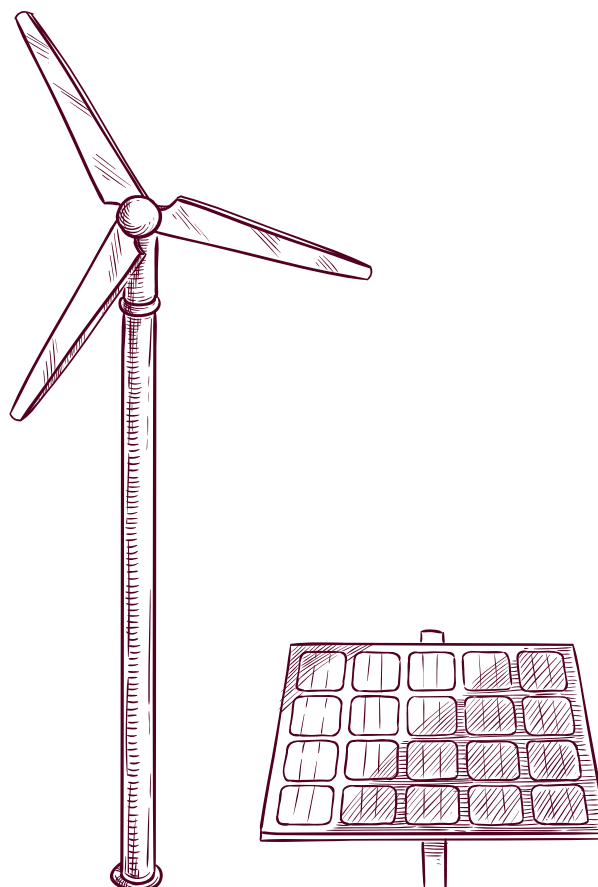
- Eco Instalments – financing the purchase of equipment and installations aimed at reducing energy consumption, producing renewable energy and reducing environmental pollution in the household. Within the scope of Eco Instalments, Alior Bank cooperates with approx. 1,000 Business Partners from the eco sector.
- Eco Loan – a special loan offer prepared for those Customers whose plans include buying a new electric car. The loan interest rate is 0%, and the commission fee 10% – all one has to do is to provide a scan of the invoice for the purchase of the car within 3 months following the date of taking out the loan.
- Eco-Apt mortgage loan – financing the purchase of a house or apartment on the secondary or primary market and financing the construction of an energy-efficient house, where the annual demand for usable energy for heating and ventilation does not exceed 50 kWh/m2/year.
- Eco credit card benefits, including:
 - “Refund for eco-purchases with a Credit Card” – the amount of the refund is up to PLN 600, 3% of the value of non-cash transactions made with MasterCard OK! or TU is TAM credit cards in online stores indicated in the Eco Stores Catalogue.
 - “Eco-purchases with a Credit Card – PLN 0 instalments” – 1-instalment plan for PLN 0 up to PLN 2,000 for a period of up to 12 months for new customers who have applied for OK! or TU i TAM credit cards (this applies to transactions spread into instalments previously made in online stores indicated in the Eco Store Catalogue).

- The #ECO category in the Priceless Specials loyalty programme – an additional category of prizes in the programme, the first implementation of this kind in Europe. Alior Bank’s Customers, when making transactions with MasterCard cards, they collect points that can afterwards be exchanged for attractive prizes in the #ECO category, while contributing to environmental protection.

As part of the ECO category, customers of Alior Bank have the opportunity to receive sports accessories promoting a healthy lifestyle, e.g. yoga mats, for lower point values than other programme participants.

In addition, from November 15 to 19 December 2021, we launched the “Prize for You, Prize for Earth!” promotion, under which MasterCard planted two trees for each prize received by a customer in the Mastercard® Priceless® Specials programme.

- Cash and Instalment Loan “Clean Air” – financing, among others: replacement of old heat sources and purchase and installation of new heat sources, thermal modernisation of single-family buildings and the purchase of photovoltaics in connection with the purchase of new heat sources. Loans associated with a subsidy under the “Clear Air” programme, managed by the National Fund for Environmental Protection and Water Management. The disbursed subsidy repays part of the loan principal.



Eco products available to the business customer of Alior Bank in 2021:

- Thermal-Insulation Loan – addressed to financing thermal modernisation in the housing sector (Housing Associations, Housing Cooperatives, Social Housing Associations and in selected regions of the Local Government Units and ESCO energy services companies) is currently available in 6 regions. The loan is co-financed by the Regional Operational Programmes for the following regions: Dolnośląskie, Łódzkie, Małopolskie, Podlaskie, Pomorskie and Kujawsko-Pomorskie.
- Loan with a BGK thermal modernisation and renovation bonus granted to finance thermal insulation projects carried out throughout the country. A preferential product addressed to the housing sector, and the customer's preference is a thermal modernisation or renovation bonus paid by Bank Gospodarstwa Krajowego and intended for the repayment of part of the loan principal. The source of financing the bonus is the Thermal Modernisation and Renovation Fund.
- Business Purchase Loan for environmental purposes addressed to entrepreneurs from the micro- and small- and medium-sized enterprises segment who plan to introduce modern tools to minimise the negative impact of the company's operations on the natural environment. The funds from the loan may be allocated, among others, for the purchase and installation of photovoltaic panels, the purchase of ecological cars with an electric or hybrid engine, thermal modernisation of real estate or the purchase and installation of a new heat source. The loan is secured by guarantees of Bank Gospodarstwa Krajowego – COSME guarantee or de minimis guarantee and bills of exchange for the benefit of Alior Bank and Bank Gospodarstwa Krajowego.



- Financing of auction of renewable energy projects addressed to entrepreneurs who won the RES auction and plan to build wind or solar farms with a power of more than 500 kW. The loan can be used by special-purpose vehicles belonging to the segment of small-, medium- and large companies, conducting business activities in the field of generating energy from renewable sources. The Bank finances projects implemented in the SPV formula by investors experienced in the implementation of renewable energy projects.

The development of partnerships and products extending the eco offer of Alior Bank allows both to accomplish the goals and assumptions of the updated “More than a bank” strategy 2020-2022 – especially in the field of “green transformation” – and to respond to the needs and voices of pro-ecological customers. In 2022, we plan to modify and develop individual eco products in accordance with the needs of our customers and strive for the highest possible competitiveness of the proposed offers. We want to develop responsibly while respecting the assumptions of sustainable development, and this is also what our current and future activities aim at. Conclusively, the Bank aims to minimise the negative impact on the climate across the entire spectrum of its activities – from internal processes to environmentally-friendly products for the customer.



06

IMPACT OF THE COVID-19 PANDEMIC ON NON-FINANCIAL ISSUES

pp. 62-64

6.1. Impact of COVID-19 on the Bank's Strategy

[GRI 103-1] Due to the consequences triggered by the COVID-19 pandemic, the "More than a bank" strategy was updated in March 2021. The update concerned the amount of strategic KPI. The key development directions were maintained and extended to include development in the area of eco products.



The COVID-19 epidemic intensified three main trends in Polish banking.



Complex expectations of customers towards banks



Increasing trust in remote channels



Access to technologies increasing comfort

The strategic goals set by Alior Bank under the influence of the COVID-19 epidemic have become even more important. Alior Bank pursues the strategic directions adopted in the "More than a bank" strategy, placing a particular emphasis on the development of its digital offer and services, as well as on communication and educational activities in the area of digitisation addressed to customers. Our priority is to provide Customers with the widest access to products and services offered by Alior Bank to the extent and in a way that is as convenient and safe as possible.



Having regard to the comfort and safety of our customers, we are speeding up the implementations – remote customer service is a priority.

We consistently develop the digitisation of our services. In 2021, we extended the possibility of booking an appointment via the popular Booksy application to include all own branches. Collaboration with Booksy is a response to the pandemic and the need to provide Customers with as great as possible comfort and safety. Both personal customers, as well as micro-entrepreneurs can arrange a visit to the Bank in order to settle matters such as, for example, opening or handling a personal or business account, taking a loan or credit, opening or closing a savings account, handling a mortgage, investments, and more.

We also improve our remote processes, refining the appearance and intuitiveness of the website, as well as of Alior Mobile and Alior Online apps. Our priority is set at deploying remote end-to-end processes available both online and in the mobile app. In 2021, we provided our Customers with access to, for instance, a fully remote process of purchasing Wojażer travel insurance and PZU motor insurance. We also increased the availability and convenience of obtaining a cash loan in the telephone sales process by enabling customers to sign documents digitally.

These goals are also pursued through products and services offered to business customers. We made for business customers possible, inter alia, to digital signing of many documents, which so far involved the banker and required a personal visit to the branch. Thanks to the Autenti digital signature, the customer can sign applications and forms completely remotely and single-handedly.

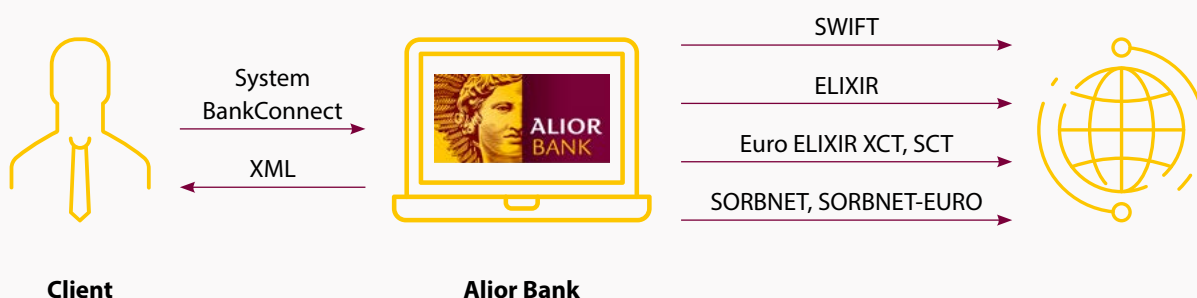
Q4 2021 saw us making available in the BusinessPro digital banking the possibility to tokenise the card in Google and Apple virtual wallets. This functionality allows customers to use the card immediately after ordering it, even before receiving to their hands. Thanks to such initiatives, the customer has immediate access to its finances and all banking services without having to wait for the courier.

We have been constantly developing BankConnect, namely an Internet service (WebService) that enables direct communication between the financial and accounting system or enterprise resource planning (FK/ERP) and the Internet banking system for BusinessPro business customers. Data exchange and connection authorisation takes place automatically online according to specific parameters. This year, the service has been expanded to include an automated process of concluding foreign exchange transactions with the already available option of automating transfers in Business Connect.

Besides extending the remote offer, we place our focus on collaboration with key state institutions, such as the Polish Development Fund, to partake in aid programmes through, inter alia, providing applications for subsidies under the Financial Shield or refinancing combined with a 12-month grace period in repayment of lease instalments for customers from those sectors that the pandemic has affected the most.



BankConnect incorporates the latest innovations in data protection, authorisation and authentication (SOAP, XAdES).



ABOUT THIS REPORT

[GRI 102-46] The above statement on non-financial information of Alior Bank as a parent company and its subsidiaries was prepared in compliance with the regulatory requirement for public-interest institutions under the amended Accounting Act. The Alior Bank S.A. Capital Group was covered with the regulatory requirement on the unit (Alior Bank) and consolidated levels.

[GRI 102-50]
[GRI 102-52] This statement presents the underlying management, policies and procedures of due care applicable at the Alior Bank S.A. Capital Group and its subsidiaries in 2021. The most important performance indicators are presented for the period from 1 January to 31 December 2021.

[GRI 102-54] These statement was developed with reference to the International Non-Financial Reporting Standard using GRI Standards.

[GRI 102-53] Any questions regarding the Report should be addressed to the Bank's Investor Relations Department: ir@alior.pl.

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

Signatures of all Members of the Management Board

Date		Signature
1st March 2022	Grzegorz Olszewski – Vice-President of the Management Board in charge of managing its affairs	Signed with a qualified electronic signature
1st March 2022	Maciej Brzozowski – Vice-President of the Management Board	Signed with a qualified electronic signature
1st March 2022	Radomir Gibała – Vice-President of the Management Board	Signed with a qualified electronic signature
1st March 2022	Rafał Litwińczuk – Vice-President of the Management Board	Signed with a qualified electronic signature
1st March 2022	Marek Majsak – Vice-President of the Management Board	Signed with a qualified electronic signature
1st March 2022	Jacek Polańczyk – Vice-President of the Management Board	Signed with a qualified electronic signature
1st March 2022	Paweł Tymczyszyn – Vice-President of the Management Board	Signed with a qualified electronic signature

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GRI 102-4	Location of operations	4	
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