



## Statement on Remuneration of the Members of the Management Board and the Supervisory Board of Alior Bank S.A. for 2023

### Definitions

Unless the context provides otherwise, the terms and definitions used in the Statement on Remuneration of the Members of the Management Board and the Supervisory Board of Alior Bank S.A. for 2023 shall have the following meaning:

<b>Bank</b>	– Alior Bank Spółka Akcyjna with its registered office in Warsaw
<b>Capital Group</b>	– Alior Bank S.A. Capital Group – a capital group within the meaning of the Accounting Act of 29 September 1994
<b>Remuneration Policy</b>	– Remuneration Policy Applicable to Members of the Management Board and the Supervisory Board of Alior Bank S.A. introduced by Resolution No. 26/2023 of the Ordinary General Meeting of Shareholders of Alior Bank Spółka Akcyjna of 1 May 2023
<b>Supervisory Board</b>	– Supervisory Board of the Bank
<b>Regulation</b>	– Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk

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share capital: PLN 1,305,539,910 (paid up in full)



**Statement**

management system and internal control system and remuneration policy in banks

– this Statement on Remuneration of the members of the Management Board and the Supervisory Board of Alior Bank S.A. for 2023

**Detailed Remuneration Policy**

– the remuneration policy for the Bank’s employees, with a particular emphasis on persons whose professional activities have a significant impact on the Bank’s risk profile, adopted at the Bank pursuant to Article 9ca of the Banking Law and the provisions of § 25-29 of the Regulation

**Act**

– Act of 29 July 2005 on Public Offerings and Conditions for the Introduction of Financial Instruments to the Organised Trading System and on Public Companies

**Guidelines**

– European Commission guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828

**Management Board**

– Management Board of the Bank



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## I. Introduction

In connection with the amendment of the Act of 29 July 2005 on Public offering, conditions governing the introduction of financial instruments to organised trading, and public companies, the Bank adopted the Remuneration Policy by means of Resolution No. 35/2020 of the Ordinary General Meeting of Shareholders of the Bank of 21 May 2020. This policy was updated by Resolution No. 26/2023 of the Bank's Annual General Meeting of 10 May 2023. The update of the Remuneration Policy took into account revised external regulations: Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks, Recommendation Z on the principles of internal governance in banks – PFSA and the changes introduced in the Detailed Remuneration Policy. The update of the Detailed Remuneration Policy took place on the basis of the revised external regulations, i.e. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of information related to sustainability in the financial services sector and the EBA Guidelines on the data collection process for high earners under Directive 2013/36/EU and Directive (EU) 2019/2034. The update of the Remuneration Policy concerned, among other things, the definitions used in the Policy, the alignment of the Policy with Recommendation Z of the PFSA regarding: the objectives and general provisions of the Policy and the definitions and provisions in the Policy regarding the Supervisory Board's report on the evaluation of the functioning of the remuneration policy, the alignment of the Policy with the provisions of the Detailed Policy regarding the update of the tasks of the Management Board in the Policy in connection with the implementation of the Detailed Policy and the addition of provisions regarding the exclusion of PPK and PPE from individual ("not predetermined") pension benefits for members of the Management Board and members of the Supervisory Board.

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

The remuneration policy regulates, among other things, the main principles for the allocation of the fixed part of the remuneration (including additional benefits) to the members of the Management Board and Supervisory Board, as well as the variable part of the remuneration to the members of the Management

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Board. Additionally, the Management Board's remuneration is also regulated by the Detailed Remuneration Policy.

In addition, Alior Bank bears the costs of liability insurance for the members of the Bank's Management and Supervisory Boards (so-called D&O insurance) - in accordance with agreements concluded with insurers, including liability insurance for the issue of securities. In addition, in accordance with the current "Development Policy for Members of the Management Board and Supervisory Board of Alior Bank S.A." The Bank provides opportunities to improve the qualifications of the members of the Bank's Management Board and members of the Supervisory Board, e.g. in the form of training courses or other development methods tailored to individual needs. Training or other development methods should not be limited to areas of the business for which individuals have direct responsibility. In 2023, recommendations for development activities were presented to the members of both bodies following the annual suitability assessments. The Bank ensured that members of both bodies participated in initiatives of their choice (e.g. postgraduate studies, conferences and training).

This Report has been drawn up in fulfilment of the reporting obligation arising from the Act and from the Remuneration Policy adopted based thereon. The Report is concerned with the period of 2023 and takes into consideration the Act and the Guidelines.

The report covers the remuneration of Management Board and Supervisory Board members holding their positions in 2023.

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

1) changes in the composition of the Supervisory Board

On 3 August 2023, the Extraordinary General Meeting of Shareholders of the Bank dismissed Mr Artur Kucharski from the Supervisory Board.

On 3 August 2023, the Extraordinary General Meeting of Shareholders of the Bank appointed Mr Jacek Kij to the Supervisory Board.

On 30 November 2023, Mr Paweł Śliwa resigned from the Bank's Supervisory Board with effect from the end of the day on 30 November 2023.

2) changes in the composition of the Management Board

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On 3 April 2023, the Supervisory Board of the Bank appointed Mr Paweł Broniewski to the Management Board of the Bank for the position of Vice-President of the Bank, effective as of 4 April 2023.

On 28 April 2023, the Polish Financial Supervision Authority approved the appointment of Mr Tomasz Miklas to the position of Vice-President of the Bank's Management Board overseeing the management of risks material to the Bank's operations. On 13 October 2022, the Bank's Supervisory Board appointed Mr Tomasz Miklas to the Bank's Management Board, entrusting him with the position of Vice-President of the Management Board, and subject to the approval of the Polish Financial Supervision Authority and as of the date of obtaining such approval, entrusted Mr Tomasz Miklas with the position of Vice-President of the Bank's Management Board overseeing the management of significant risks in the Bank's operations. The condition referred to above has been fulfilled.

### 3) Financial results

In 2023, the Alior Bank Group generated a net profit attributable to equity holders of the parent of PLN 2,030.1 million and, compared to the 2022 net profit of PLN 683.1 million, it was higher by PLN 1,347.0 million.

## II. Management Board

### Agreements concluded with Members of the Management Board

The agreements of the members of the Management Board in accordance with the resolution of the Extraordinary General Meeting of the Bank of 5 December 2017 on the regulation of the remuneration of the members of the Management Board and the rules adopted by the Supervisory Board are:

- service provision agreements concluded pursuant to the Act of 9 June 2016 on the principles of determining the remuneration of persons managing certain companies;
- agreements concluded for the duration of their terms as Management Board members;
- taking into account the notice period:
  - of 1 month in the event that a member of the Management Board has been in office for less than 12 months effective at the end of the calendar month,
  - of 3 months in the event that a member of the Management Board has been in office for at least 12 months;



- agreements with a severance pay equalling three times the fixed remuneration, if the agreement is cancelled or terminated by the Bank otherwise than for a breach of key responsibilities by the member of the Management Board, provided that the member of the Management Board held their positions for at least 12 months prior to the termination of the agreement;
- agreements with a non-competition clause, pursuant to which a member of the Management Board undertakes that they shall not conduct any competitive activity over the period of 6 months after ceasing to act in the capacity of a Management Board member or after the termination of the contract, meaning that they shall be eligible to compensation in the total amount of 6 times the monthly fixed salary, provided that the member of the Management Board held their position for a period of at least 3 months.

### Remuneration of Management Board members

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

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

Variable remuneration depends on the level of achievement of the managerial objectives set and must not exceed 100% of the Fixed Remuneration in the previous financial year for which the amount of Variable Remuneration due is calculated. The Bank does not apply a limited remuneration policy for members of the Management Board.

As part of their additional benefits (Table 1), members of the Management Board are entitled to:

- medical care for themselves and immediate family members,
- life and health insurance and insurance against remuneration lost due to inability to work caused by an illness or an accident,
- refinancing of training costs which do not stem from the “Development Policy for Members of the Management Board and Supervisory Board of Alior Bank S.A.”. and constitute income of the member of the Management Board,
- a housing allowance, in certain cases.
- Employee Capital Scheme (PPK).



A table of the components of the remuneration of the members of the Management Board received and payable at the Bank.

**Table 1. Fixed part of remuneration of members of the Management Board received and payable at the Bank**

Member of the Management Board (first name and last name)	Position held	Fixed part of remuneration due for 2022 paid in 2023 (in thousands of PLN)			Fixed part of remuneration due for 2023 paid in 2023 (in thousands of PLN)			Fixed part of remuneration due for 2023 paid in 2024 (in thousands of PLN)			Total <sup>1</sup> (in thousands of PLN)
		Fixed remuneration	Other cash remuneration <sup>2</sup>	Other non-cash remuneration <sup>3</sup>	Fixed remuneration	Other cash remuneration <sup>2</sup>	Other non-cash remuneration <sup>3</sup>	Fixed remuneration	Other cash remuneration <sup>2</sup>	Other non-cash remuneration <sup>3</sup>	
Paweł Broniewski	since 4 April 2023	0	0	0	798 <sup>4</sup>	18	8	101	3	0	927
Radomir Gibała	since 15 June 2021	90	0	1	1 111	1	41	101	0	2	1 347
Szymon Kamiński	since 7 November 2022	90	0	0	1 111	0	32	101	0	2	1 336
Rafał Litwińczuk	since 15 November 2021	90	0	1	1 111	10	41	101	0	2	1 356
Tomasz Miklas	since 13 October 2022	90	2	1	1 111	26	31	101	4	2	1 368
Grzegorz Olszewski	since 11 November 2021	93	0	1	1 149	13	25	104	0	2	1 389
Jacek Polańczyk	since 17 May 2021	90	1	1	1 111	13	43	101	0	2	1 363
Paweł Tymczyszyn	since 11 November 2021	90	7	0	1 111	55	25	101	3	0	1 392

<sup>1</sup> The sum of the fixed parts of the remuneration paid during the period and the remuneration due for the period

<sup>2</sup> Other cash remuneration - non-competition, severance payments and additional cash benefits

<sup>3</sup> Other non-cash remuneration - additional non-cash benefits and ECP

<sup>4</sup> Includes an adjustment to the fixed remuneration due for April 2023 of PLN 10,000. PLN, the correction of the mistakenly calculated remuneration for April 2023 will be made in March this year.





**Table 2. Variable part of remuneration of members of the Management Board received and payable at the Bank**

Member of the Management Board (first name and last name)	Position held	Variable part of remuneration awarded (potentially due) as of 31 December 2022 <sup>5</sup>	Variable part of remuneration paid in 2023 (in thousands of PLN)				Variable part of remuneration awarded (due and potentially due) as of 31 December 2023 <sup>6</sup>
			Variable remuneration, not deferred <sup>7</sup>	Deferred variable remuneration <sup>8</sup>	Total (in thousands of PLN)	Proportion of variable part of remuneration to fixed part of remuneration <sup>9</sup>	
Paweł Broniewski	since 4 April 2023	N/D	-	-	-	-	-
Radomir Gibała	since 15 June 2021	279	196	61	257	21%	1 352
Szymon Kamiński	since 7 November 2022	-	49	0	49	4%	177
Rafał Litwińczuk	since 15 November 2021	65	196	14	210	17%	1 210
Tomasz Miklas	since 13 October 2022	-	71	0	71	6%	259
Grzegorz Olszewski	since 11 November 2021	73	203	16	219	17%	1 256

<sup>5</sup> Part of variable deferred remuneration awarded for 2021 comprising the cash part and the phantom part converted according to the share rate as at 31 December 2023.

<sup>6</sup> Part of the variable deferred and non-deferred (retained) remuneration awarded for 2021 and 2022 comprising the cash portion and the phantom portion converted according to the Bank's share price as of 31 December 2023.

<sup>7</sup> The bank presents the variable remuneration actually paid in a given year, and related to the previous year.

<sup>8</sup> Part of variable remuneration for previous years paid in the reported year

<sup>9</sup> % of the variable part of the remuneration actually paid in 2023 in relation to the fixed part of the remuneration paid in 2023.



Member of the Management Board (first name and last name)	Position held	Variable part of remuneration awarded (potentially due) as of 31 December 2022 <sup>5</sup>	Variable part of remuneration paid in 2023 (in thousands of PLN)				Variable part of remuneration awarded (due and potentially due) as of 31 December 2023 <sup>6</sup>
			Variable remuneration, not deferred <sup>7</sup>	Deferred variable remuneration <sup>8</sup>	Total (in thousands of PLN)	Proportion of variable part of remuneration to fixed part of remuneration <sup>9</sup>	
Jacek Polańczyk	since 17 May 2021	321	196	70	266	21%	1 380
Paweł Tymczyszyn	since 11 November 2021	71	196	15	212	16%	1 214

As at the date of the 2023 Report, the targets for 2023 have not been settled and the decision on the award of the Variable Remuneration has not been made. The amount of the provision for variable remuneration for 2023 for members of the Management Board is PLN 9,428,000. Provision made at maximum amount, i.e. at 100% of the Fixed Remuneration for 2023.

Members of the Management Board do not receive any remuneration for holding positions in other Capital Group entities. In 2023, one member of the Management Board received remuneration from his position in another Group entity for the period prior to serving on the Management Board.

### III. Supervisory Board

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

The monthly remuneration of the Chairperson of the Supervisory Board is increased by 10% and that of the Vice-Chairperson of the Supervisory Board by 9%. The monthly remuneration of the chairpersons of the Committees functioning in the Supervisory Board is increased by 9%. The aforementioned additional remuneration components will not be combined.

Members of the Bank’s Supervisory Board shall be entitled to remuneration provided that they do hold the position of a member of the Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna or of an



entrepreneur other than the Bank, controlled by Powszechny Zakład Ubezpieczeń Spółka Akcyjna, within the meaning of Article 4.4 of the Act of 16 February 2007 on competition and consumer protection.

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

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

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

**Table 3. Components of remuneration of Supervisory Board members received from the Bank**

Member of the Supervisory Board (first name and last name)	Position held	Fixed remuneration (in thousands of PLN)		Total (in thousands of PLN)
		Fixed cash remuneration	Additional non- cash benefits <sup>10</sup>	
Ernest Bejda <sup>11</sup>	since 21 May 2020	-	-	-
Małgorzata Erlich-Smurzyńska	since 1 December 2021	251	4	255
Jacek Kij	since 3 August 2023	94	1	95
Paweł Knop <sup>12</sup>	since 1 December 2021	238	4	242
Artur Kucharski	31 October 2017 - 3 August 2023	149	2	151
Filip Majdowski	since 28 May 2021	253	4	257
Marek Pietrzak	since 21 May 2020	230	3	233
Dominik Witek <sup>11</sup>	since 28 May 2021	-	-	-
Paweł Śliwa	12 April 2022 - 30 November 2023	211	3	214

<sup>10</sup> PPK

<sup>11</sup> No remuneration is payable due to the appointment as a member of the Management Board of PZU S.A.

<sup>12</sup> Reimbursement of travel expenses of PLN 8,000 not included in Table 3



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

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

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

In 2023, the financial objectives included the following:

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

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

- the sound and effective management of the Bank, including risk management understood as the mitigation of the risks of unexpected increases in the Bank's exposure to risk as a result of changes in market conditions and the effective prevention of excessive risk taking reflected in the positive assessment of the regulator and the Supervisory Board, and the adequacy and effectiveness of the internal control system, in particular the timeliness of the implementation of the recommendations of the Polish Financial Supervision Authority and other authorised bodies, the Audit Department and the Compliance Department,
- fulfilment of the obligations arising from the Agreement on cooperation and exchange of information between Alior Bank S.A. and PZU S.A., realisation of revenue synergies within the PZU Group, provided that these objectives are achievable taking into account first of all the interests of the Bank's customers, including their requirements, capabilities and individual needs.



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

- application and implementation, in the event of acquisition or establishment of a new company within the Capital Group, of remuneration principles applicable to members of management and supervisory bodies, in accordance with the provisions of the Act on the principles of determining the remuneration of persons managing certain companies of 9 June 2016, in all of the Bank's subsidiaries within the Capital Group,
- application and implementation, in the event of acquisition or establishment of a new company within the Capital Group, of principles governing the management of state property, in accordance with Articles 17 to 20, 22 and 23 of the Act of 16 December 2016 on the principles governing the management of state property (in all of the Bank's subsidiaries within the Capital Group).

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

In order to take into account the Bank's long-term perspective in the variable remuneration, at least 40%, and in the case of particularly large amounts at least 60%, of the variable remuneration is deferred and at least 50% of the variable remuneration is awarded in the form of a financial instrument. Additionally, prior to awarding variable remuneration, the Bank applies ex-ante assessment mechanisms to adjust that remuneration to all current and future risks related to the Bank's operations. These mechanisms include, in particular, the following:

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



the ability to strengthen regulatory capitals, the solvency ratio and equity remaining below regulatory requirements.

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

**Table 4. Remuneration of members of the Management Board and the Supervisory Board, results of the Bank and average remuneration of the Bank's employees not being members of the Management Board or the Supervisory Board, over the past five financial years**

Full name of the Management Board Member	Position held	2019	2020	2021	2022	2023
Paweł Broniewski	since 4 April 2023	N/D	N/D	N/D	N/D	824
Radomir Gibała	since 15 June 2021	N/D	N/D	433	1 153	1 501
Szymon Kamiński	since 7 November 2022	N/D	N/D	N/D	73	1 282
Rafał Litwińczuk	since 15 November 2021	N/D	N/D	100	982	1 464
Tomasz Miklas	since 13 October 2022	N/D	N/D	N/D	153	1 333
Grzegorz Olszewski	since 11 November 2021	N/D	N/D	110	1 005	1 501
Jacek Polańczyk	since 17 May 2021	N/D	N/D	501	1 195	1 526
Paweł Tymczyszyn	since 11 November 2021	N/D	N/D	106	997	1 500
Remuneration paid to members of the Management Board holding their positions before 2023		17 390	9 632	6 101	3 764	1 161
Remuneration paid to members and former members of the Management Board <sup>13</sup>	in thousands of PLN	17 390	9 632	7 351	9 322	12 092
	change in % YoY	51%	55%	76%	127%	130%
Full name of the Supervisory Board Member	Position held	2019	2020	2021	2022	2023
Ernest Bejda	since 21 May 2020	n/d	n/d	n/d	n/d	n/d
Małgorzata Erlich-Smurzyńska	since 1 December 2021	n/d	n/d	16	208	255
Jacek Kij	since 3 August 2023	n/d	n/d	n/d	n/d	95

<sup>13</sup> Remuneration paid to members and former members of the Management Board in individual years, regardless of the dates between which they held their positions; data for members of the Management Board listed above



Paweł Knop	since 1 December 2021	n/d	n/d	16	208	242
Artur Kucharski	31 October 2017 - 3 August 2023	180	196	206	227	151
Filip Majdowski	since 28 May 2021	n/d	n/d	107	223	257
Marek Pietrzak	since 21 May 2020	n/d	109	189	208	233
Dominik Witek	since 28 May 2021	n/d	n/d	n/d	n/d	0
Paweł Śliwa	12 April 2022 - 30 November 2023	n/d	n/d	n/d	149	214
Remuneration paid to members of the Supervisory Board holding their positions before 2023 <sup>14</sup>		576	546	288	-74	0
<b>Remuneration paid to members and former members of the Supervisory Board<sup>15</sup></b>	<b>in thousands of PLN</b>	<b>756</b>	<b>851</b>	<b>822</b>	<b>1 150</b>	<b>1 446</b>
	<b>change in % YoY</b>	<b>80%</b>	<b>112%</b>	<b>97%</b>	<b>140%</b>	<b>126%</b>
Consolidated net result of the Capital Group	in thousands of PLN	252 832	-311 233	481 925	683 111	2 030 125
	change in % YoY	35%	n/d	n/d	142%	297%
Income at risk costs	in PLN million	2 357	1 812	2 630	3 414	5 007
	change in % YoY	81%	77%	145%	130%	147%
Risk costs	in PLN million	-1 437	- 1 733	- 1 007	- 950	-625
	change in % YoY	137%	121%	58%	94%	66%
Average monthly salary for full-time employees <sup>16</sup>	in PLN	8 467	8 156	8 378	10 052	11 657
	change in % YoY	98%	96%	103%	120%	116%
Number of employees as at 31 December		7 946	7 371	6 886	6 591	6 742

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

### Phantom shares

<sup>14</sup> Remuneration adjustment in 2022

<sup>15</sup> Remuneration paid to members and former members of the Supervisory Board in individual years, regardless of the dates between which they held their positions; data for members of the Supervisory Board listed above

<sup>16</sup> Average remuneration calculated by dividing the sum of gross annual earnings (fixed and variable) paid in a given year to active employees (who are not absent on a long-term basis as at the end of the month); this does not include members of the Management Board or Supervisory Board



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

The number of phantom shares and the terms and conditions for their monetisation shall be determined, in accordance with the Detailed Remuneration Policy, for phantom shares for sale in 2023, in the following manner:

- for the purposes of the following calculations, year “0” shall be taken to mean the year for which the variable remuneration is awarded (hereinafter: the Assessment Period), year “1” shall be taken to mean the year in which the variable remuneration is awarded and the first tranche (not deferred and not held) is paid, year “i” shall be taken to mean the consecutive years of payment of the deferred tranches representing years 2-6 for the five-year deferral period,
- the price of one phantom share of the Bank, marked as ‘WA(0)’, is determined on the basis of the average closing price of the Bank’s shares from 30 trading days preceding the day on which the variable remuneration for a given period is allocated,
- number of phantom shares (hereinafter referred to as ‘L’) calculated using the following formula:  $L=50\%$  of variable remuneration/ WA(0),
- the phantom shares allocated are monetised and paid in 6 tranches:
  - Tranche 1 contains the number of shares  $L(1)=40\%*L$  (rounded down) in the case of variable remuneration amounting to a particularly high amount or  $60\%*L$  (rounded down), respectively, in other cases, and will be monetised within 10 days falling 12 months after the date of allocation,
  - Monetisation price: WA(1) for Tranche 1 will be the price calculated on the basis of the average closing price of the Bank’s shares for the 30 trading days preceding the day falling after 12 months from the date of grant,
  - Tranche “i” (2-5) contains the number of shares  $L(i)=12\%*L$  (rounded down) in the case of variable remuneration amounting to a particularly high amount or respectively  $8\%*L$  (rounded down) in other cases and will be monetised within one month of the expiry of (i)\*12 months from the date of grant, but no later than 15 July of the year in which the tranche should be monetised in accordance with the above,
  - Tranche 6: contains the remaining number of L(6) shares and will be monetised within one month of the expiry of 72 months from the date of grant, but no later than 15 July of the year in which this tranche should be monetised in accordance with the above,





- WA(i) for Tranche 2-6 will be the price calculated on the basis of the average closing price of the Bank's shares for the 30 trading days preceding 31 March of the year in which the tranche is to be monetised, but not before WA(1),
- the amounts paid shall be as follows: payment of the tranche for a given year (hereinafter referred to as (i))= $L(i)*WA(i)$ .
- vesting of deferred tranches is subject to the conditions set out in the Detailed Remuneration Policy, and ex-post adjustment mechanisms may be applied to deferred tranches.

**Table 5. Number of phantom shares allocated to members of the Management Board**

Management Board (first name and last name)	Phantom shares allocated (potentially due) as of 31 December 2022	Phantom shares in 2023.			Phantom shares allocated (potentially due) as of 31 December 2023
		Allocated <sup>17</sup>	Acquired and monetised	Redeemed	
Paweł Broniewski	-	-	-	-	-
Radomir Gibała	2 562	11 427	858	-	13 131
Szymon Kamiński	0	1 892	-	-	1 892
Rafał Litwińczuk	598	11 427	200	-	11 825
Tomasz Miklas	0	2 768	-	-	2 768
Grzegorz Olszewski	673	11 821	225	-	12 269
Jacek Polańczyk	2 946	11 427	986	-	13 387
Paweł Tymczyszyn	650	11 427	217	-	11 860
Member of the Management Board not holding his position in 2023	21 301	11 548	8 382	-	24 467

<sup>17</sup> Phantom shares allocated in the non-deferred (due) and deferred (potentially due) part for 2022.



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

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

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

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

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

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

## **VIII. Information on derogations from the procedure for implementing remuneration policies and temporary derogations from the application of remuneration policies<sup>18</sup>.**

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

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<sup>18</sup> Pursuant to § 5 of the Remuneration Policy



## **IX. Cash or non-monetary benefits granted to the closest relatives of<sup>19</sup> the members of the Management Board and the Supervisory Board.**

The Bank shall provide and bear the costs of the use by the Board member and members of his/her immediate family (i.e. spouses/life partners and children of the Board member and his/her spouse or life partner) of medical benefits to a value not exceeding one times the Fixed Salary in a period of 1 calendar year.

Non-monetary benefits relating to medical care are appropriately included in Table 1 under the amount of 'other non-monetary benefits'. As part of the available medical packages, a member of the Board of Directors may provide medical cover for senior citizens<sup>20</sup>, but the Bank does not cover this cost.

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

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

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

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

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

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<sup>19</sup> The term closest relative shall cover the spouse, ascendants, descendants, siblings, relatives by affinity in the same line or to the same degree, persons adopted and their spouses, as well as person cohabitants.

<sup>20</sup> A senior person is considered to be the mother, father, grandmother and grandfather of a Management Board Member or spouse/life partner.



- determining fixed remuneration at a level that allows for pursuing flexible policies pertaining to variable remuneration, with non-payment of variable remuneration included,
- determination, by the Supervisory Board, of annual financial objectives consistent with financial plans and non-financial criteria,
- adjusting the variable remuneration to the Bank's risk profile, individual results achieved and results of the Bank, as well as securing compliance with the principle of not rewarding for bad results through mechanisms of ex ante and ex post adjustment of Variable Remuneration,
- deferring part of the variable remuneration awarded in accordance with the adopted Remuneration Policy and using ex-post evaluation mechanisms to ensure that members of the Management Board are remunerated taking into account long-term performance and the impact of past decisions,
- allocating a portion of the variable remuneration in the form of a financial instrument (phantom shares), therefore linking the interests of the members of the Management Board with the interests of the shareholders.

In 2023, the Supervisory Board approved the "Statements on the remuneration of the members of the Management Board and the Supervisory Board of Alior Bank S.A. for 2022". The Annual General Meeting of the Bank issued a positive opinion on the "Report on the remuneration of the members of the Management Board and the Supervisory Board of Alior Bank S.A. for the year 2022" by Resolution No. 30/2023 of 10 May 2023.

The Supervisory Board is of the opinion that in 2023 the Remuneration Policy was followed at the Bank in accordance with the objectives of the implemented internal and external regulations.