

Alior Bank SA

Presentation of 2020 Financial Performance

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Key issues

Q4 2020 – despite demanding economic environment, Alior Bank once again generated very good financial performance



Net profit at the level of PLN 120.3 M.

- In Q4 2020 ROE was at the level of 7.4%, whereas C/I in Q4 20 was 41.7% vs. 43.8% in Q4 2019.
- Cost of Financing (CoF) was down from 1.12% in Q4 2019 to 0.26% in Q4 2020.



Outstanding sales of mortgage.

In Q4 2020 it totalled PLN 866 M, up by 78% y/y. In Q4 2020 the Bank's Share of Market (SoM) was at the level of 5.3%.



Bank's safe capital position.

TIER1 at the level of 13.55% and TCR at the level of 15.85%.

High surplus above regulatory minima:

- for TIER1 505 bps PLN (2,438) M
- for TCR 535 bps PLN (2,585) M



Very good lease and hire purchase loan performance.

- lease sales in Q4 2020 totalled PLN 684 M – up by 11% y/y and 8% q/q),
- The sales of hire purchase loans was up in Q4 2020 by 26% y/y and totalled PLN 1.46 BN.



Significant drop of Costs of Risk (CoR) q/q.

CoR down by 20%, from PLN 289 M in Q3 2020 to PLN 233 M in Q4 2020, which implies that CoR q/q was down from 1.86% to 1.48%.

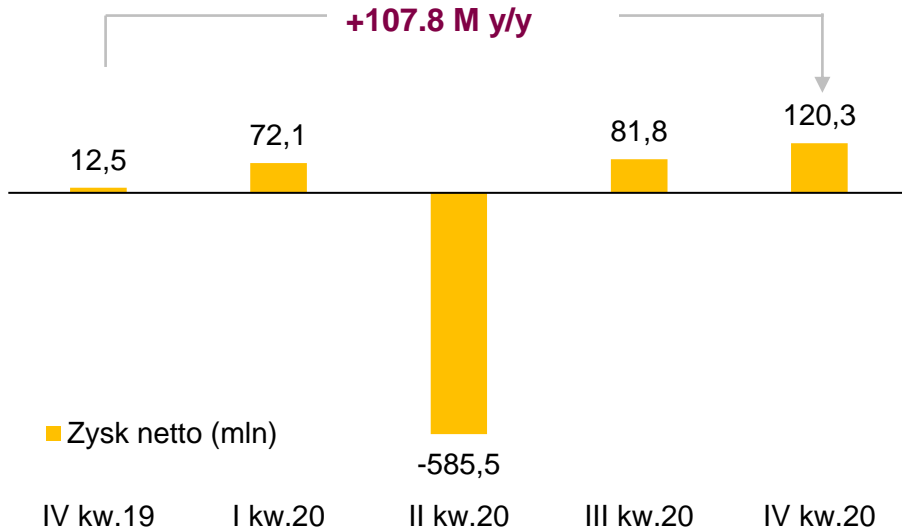


Record-high value of assets managed by Alior Fund Management Company.

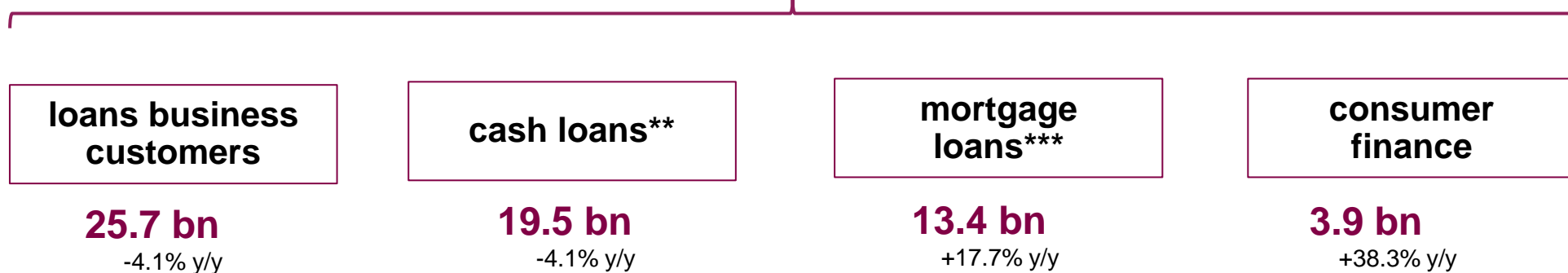
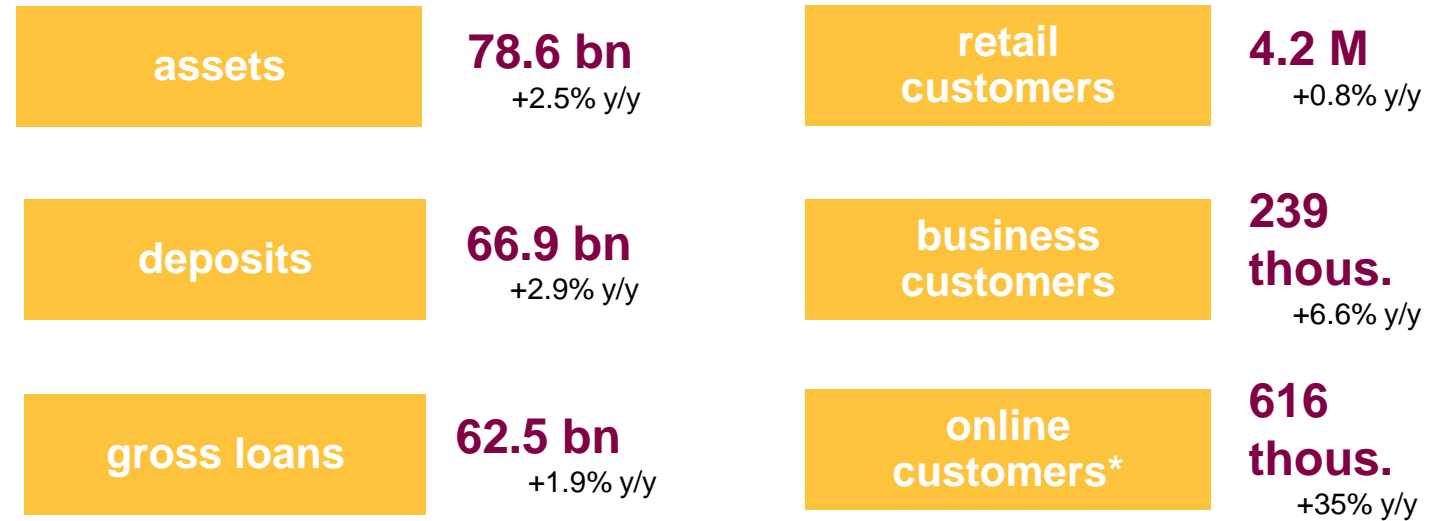
Net sales in Q4 2020 reached PLN 225 M, and total value of Funds' assets under management was up by 44% y/y to reach PLN 1.14 BN.

Q4 2020 – further business development and improvement of financial performance

Despite a significant deterioration of the external environment, the Bank generates stable financial performance.



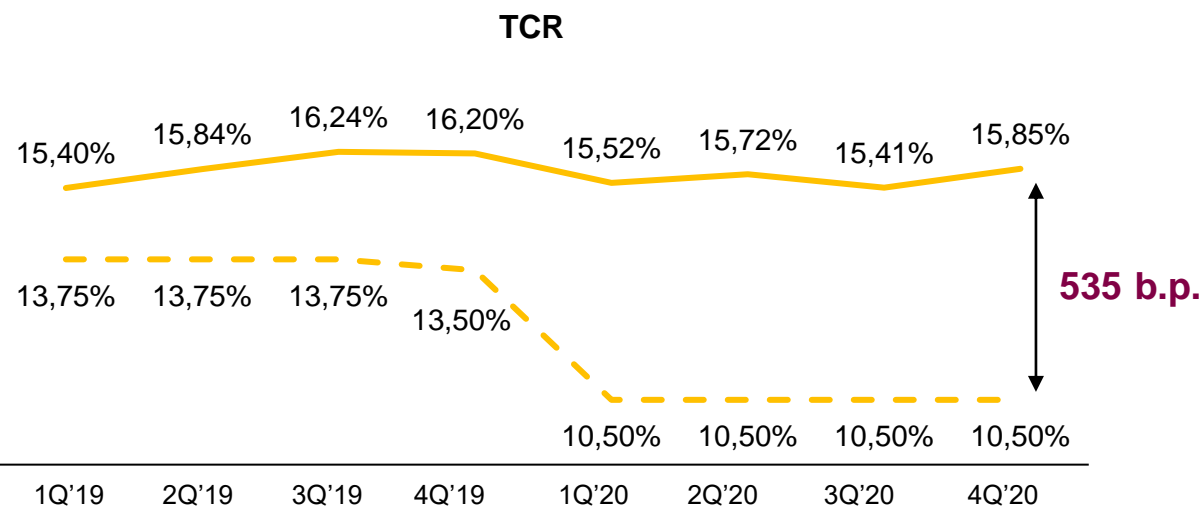
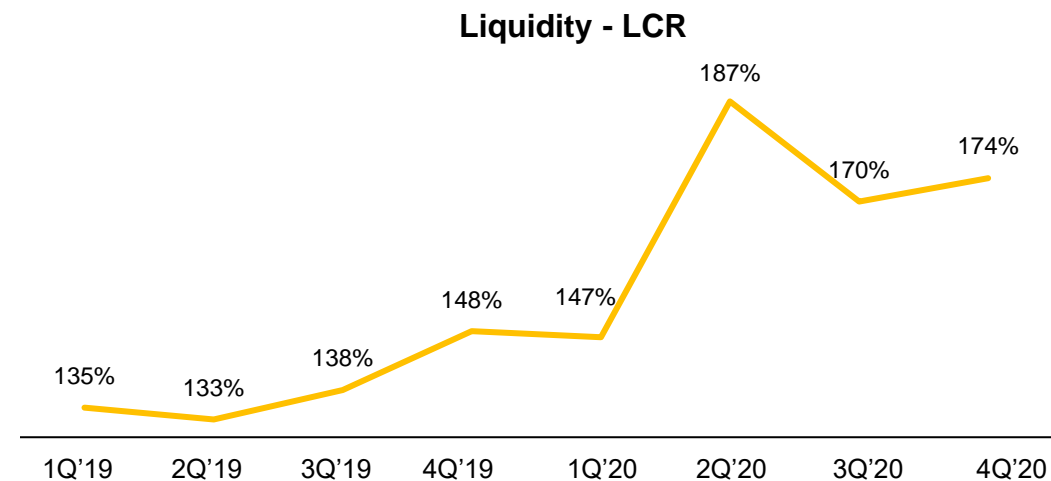
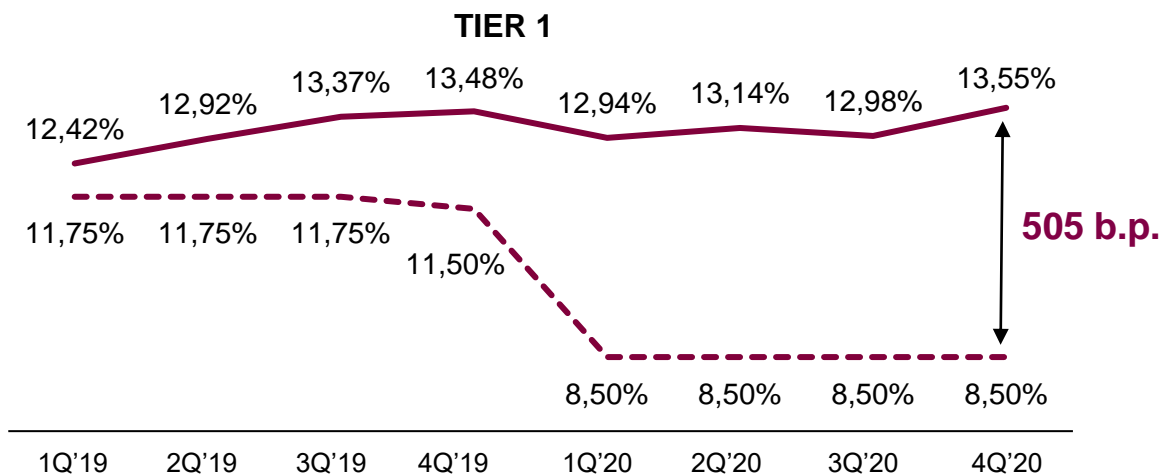
The growth of business volumes and the number of on-line customers allows us to look optimistically at the Bank development in consecutive periods



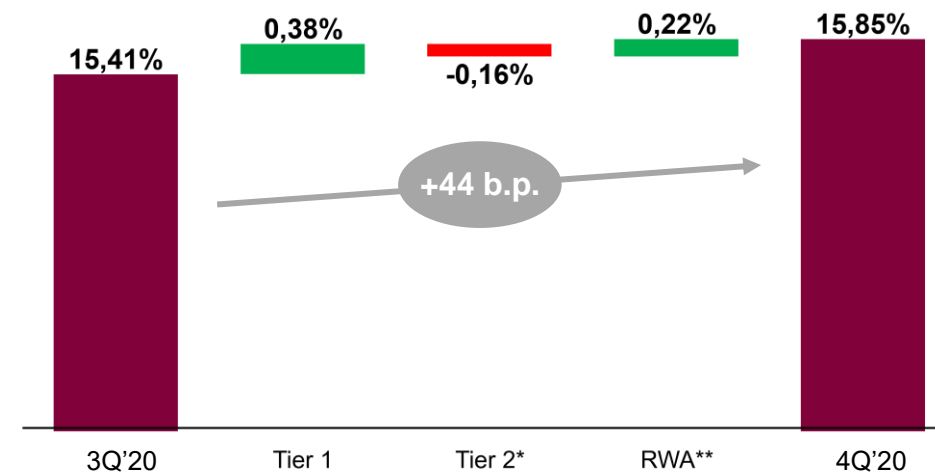
* Users of Alior Bank's mobile applications
 ** private individuals – consumer loans
 *** private individual - housing loans

Bank's stable and safe position: significant capital and liquidity surpluses over regulatory minima

At the end of Q4 2020 the levels of TIER1 and TCR capital ratios exceed significantly the regulatory minima, respectively by: 505 pbs (2 196 M PLN) and by 535 pbs PLN (2,585) M



Decomposition of TCR ratio change in Q4 2020



* Change caused by depreciation of subordinated bonds

** The change in the value of Risk Weighted Assets (RWA) driven by loan portfolio growth

In order to enhance the Bank's operational efficiency during the COVID-19 pandemic, the Bank's Management Board is implementing a savings program aimed at reducing the level of operating costs of the Alior Bank S.A. Group

Description of cost-efficiency initiatives:



- Wage costs: optimization of organizational structure, further RPA- and AI-based process automation
- IT costs: reduction of telecommunication costs, optimization and consolidation of IT infrastructure maintenance contracts
- Real estate and company car expenses: renegotiate RE leases, disposal of underutilized properties, car fleet reduction and cut back on business travel
- Costs of subsidiaries: implementation of initiatives analogous to those applied at the Bank, synergies as a result of the merger of some subsidiaries
- Fee expenses and other net operating income: including but not limited to the optimization of mass-printing mailings

Total impact of saving initiatives on the gross profit/loss of the Alior Bank Group in 2021 is expected to be at least at the level of PLN 100 M.



Since its foundation Alior Bank has focused on efficient and customer-friendly processes and tools.

Numerous implemented solutions are environment-friendly by nature.

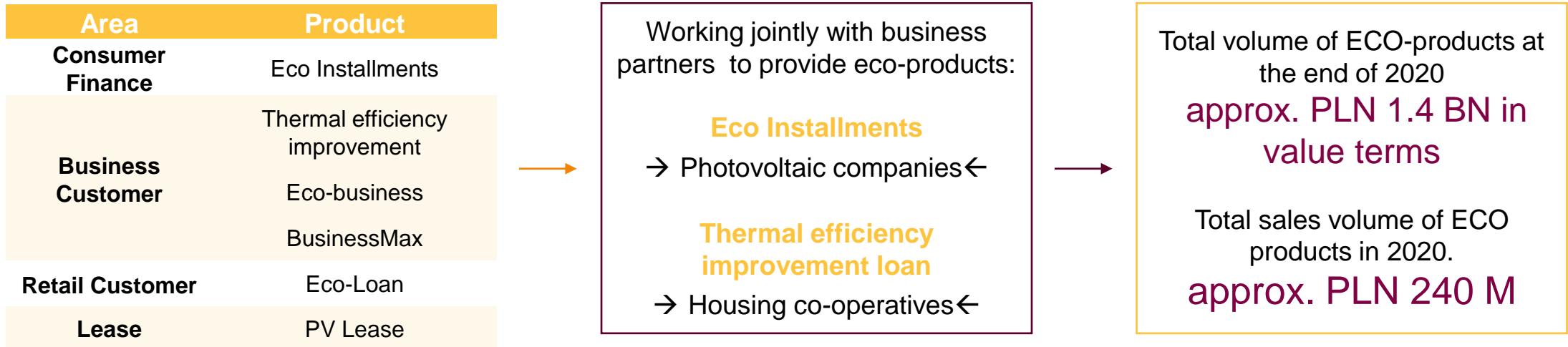
We are evolving and growing, exercising environmental care and helping customers to finance their ECO needs.



Why is Alior Bank more and more environment-friendly?

- Care for sustainable growth
- Curtailment of negative impact on environment and climate
- Growing environmental awareness of the Bank customers and personnel
- Ambitious goals of environmental transformation across the entire European Union
- Reaching and winning new customers enjoying the environmentally friendly products
- Compliance with regulations implemented by the EU and state institutions
- Active involvement of the Bank in efforts taken to the launch of environment-friendly programmes that provide customers with co-financing in the form of subsidies (e.g. Clean Air, Electromobility)

Alior Bank has already undertaken a number of environment-friendly initiatives



WE SUPPORT



- Green energy sources
- Electromobility
- Energy-efficiency
- Reduction of CO₂ emissions
- Water saving
- Paper saving
- Recycling

WE ACT

- We increase the availability of photovoltaic purchases through hire purchase loans and leasing
- Help in financing the purchase of electric vehicles
- Soft loans for energy efficiency improvement of multifamily apartment buildings
- Implementation of a digital workflow and digital signature provided by a company in our AUTENTI investment portfolio - paper savings in many areas: with our clients, personnel, candidates and partners
- The launch of paperless account opening and selfie lending process through partnership with ONFIDO – a technology company that helps companies verify identity using photo IDs, selfies and artificial intelligence algorithms
- Car fleet replacement with more economic and environment-friendly models with factory-fitted LPG system
- Modernisation of branches using recycled materials and application of energy-efficient solutions
- Waste segregation at Head Offices and branches



We put emphasis on "Clean Air" and "Electromobility" Programmes

- **ECO Business purchase loan with BGK guarantee** in automatic processes and promotional price offer on ECO investment projects
- **Cooperation with the EIB under ROPs in the Pomorskie and Kujawsko-Pomorskie Provinces** - financing of thermal efficiency improvement projects
- **RES Offer** – offer for medium and large Renewable Energy Sources (RES) investment projects (for own needs and for energy generators that generate energy sold also in the auction system), including construction of wind, hydro and photovoltaic power plants and photovoltaic power plants
- **EKOFIRMA PRO LOAN** – Offer for manufacturers of innovative environment-friendly components secured with a guarantee (e.g. manufacturers of photovoltaic panels)

- **Project run jointly with the National Fund of Environmental Protection and Water Management under "Clean Air" Programme**– Customer's application for a grant for partial repayment of bank loan principal designated for replacement of old heat sources and purchase and installation of new ones, energy-efficiency improvement of single-family buildings, purchase of photovoltaic system
- **A project run jointly with the National Fund of Environmental Protection and Water Management under "Clean Air" Programme**– Customer's application for a grant for partial repayment of a bank loan to purchase electric vehicles



Additionally, we will launch other products that support climate improvement



Ministerstwo Klimatu i Środowiska



WORLD BANK GROUP

Alior Bank's triple victory in prestigious quality rankings in Q4 2020



Business friendly Bank according to Forbes Polska Magazine

In this year's edition of "**Business Friendly Bank**" ranking, the jury recognized Alior Bank as the best bank for businesses, thus appreciating innovative products and attractive offer targeted at businessmen.



Traditional banking

Alior Bank became "**Newsweek's Friendly Bank**", where showing its unmatched competences provided to be the best in traditional banking



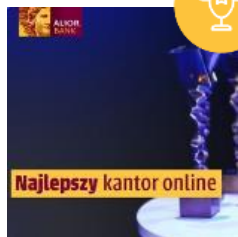
Remote banking

Alior Bank in the "**Newsweek's Friendly Bank**" contest, was granted the 1st prize in the **online banking** category.

Customers and market appreciate Alior Bank services. Triumph in the top rankings in 2020.



Invest Cuffs Award



Currency Exchange Office of Alior Bank won the award called **Invest Cuffs!** Thanks to the votes of its customers, the Alior Bank's Currency Exchange Office won the award in the category **Online Currency Exchange Office.**



Golden Banker



Alior Bank wins **first place** in the "**Golden Banker**" contest in the cash loan **category** organised by Bankier.pl portal and The Puls Biznesu daily. Alior Bank was also granted **special distinction** in the "**Safe Bank – Best Practices**" category.



Bankier.pl portal award



The brokerage account of Alior Bank's Brokerage Office **took second place** for the **most cost effective brokerage account**, prepared by the editors of "Bankier.pl" portal in the free account category.



European Property Award



Our New Branch Format won the European Property Award in the **Public Service Interior category in Poland for Alior Bank – Bank Branch project**, which was awarded to the creators, viz. the Robert Majkut Design Studio.



Institution of the Year Award



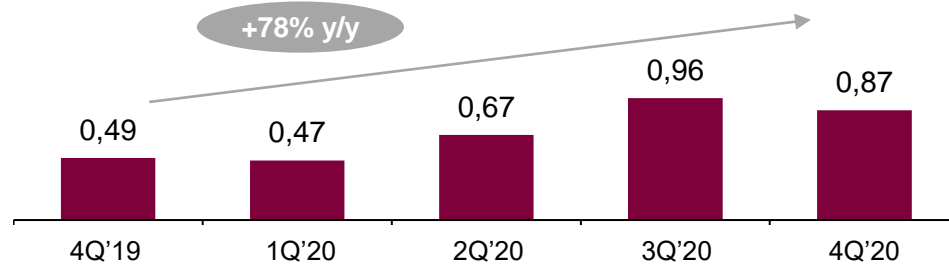
Alior Bank is ranked 3rd in the "**Institution of the Year 2019**" ranking in the following categories: "Best Service at the Branch", "Best Remote Account Opening Process", "Best Internet Banking" and "Best Mobile Application".



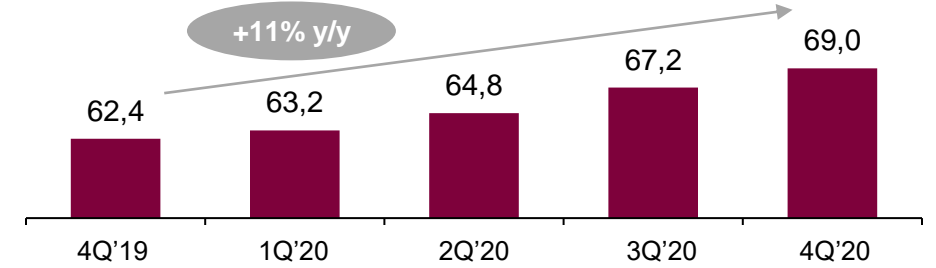
Operations



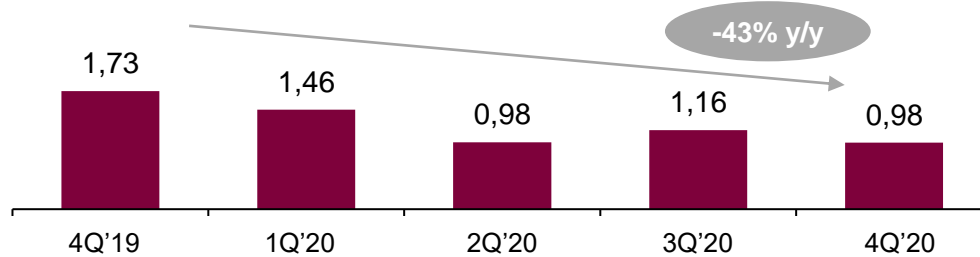
Sales of mortgage loans (bn PLN)



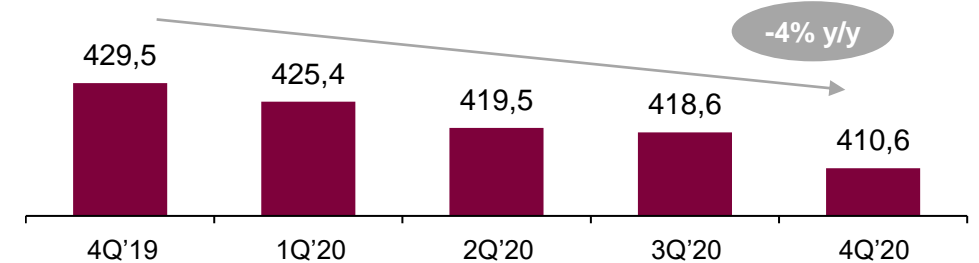
No. of Customers with mortgage loan ('000)



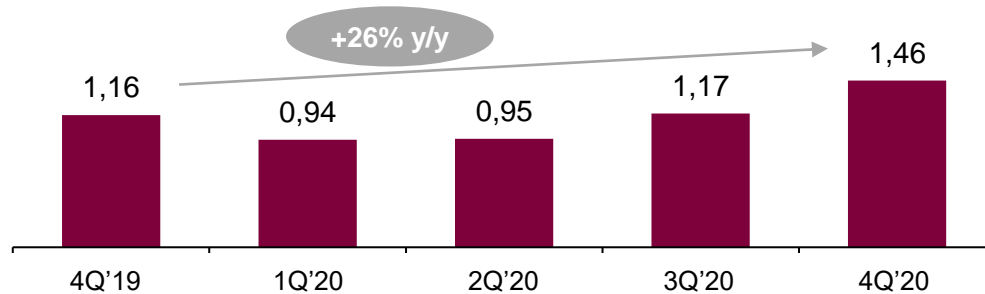
Loan sales (bn PLN)



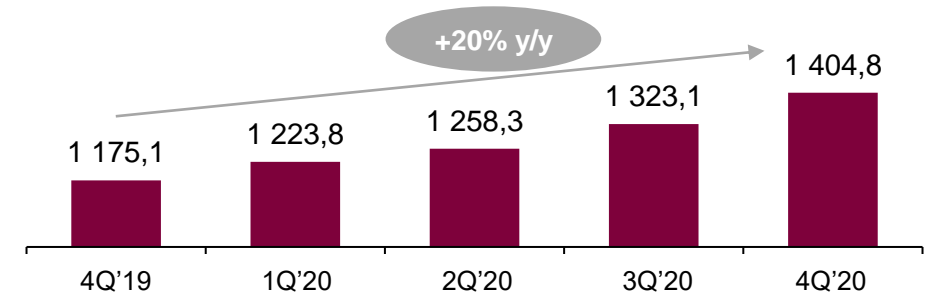
No. of Customers with the loan ('000)



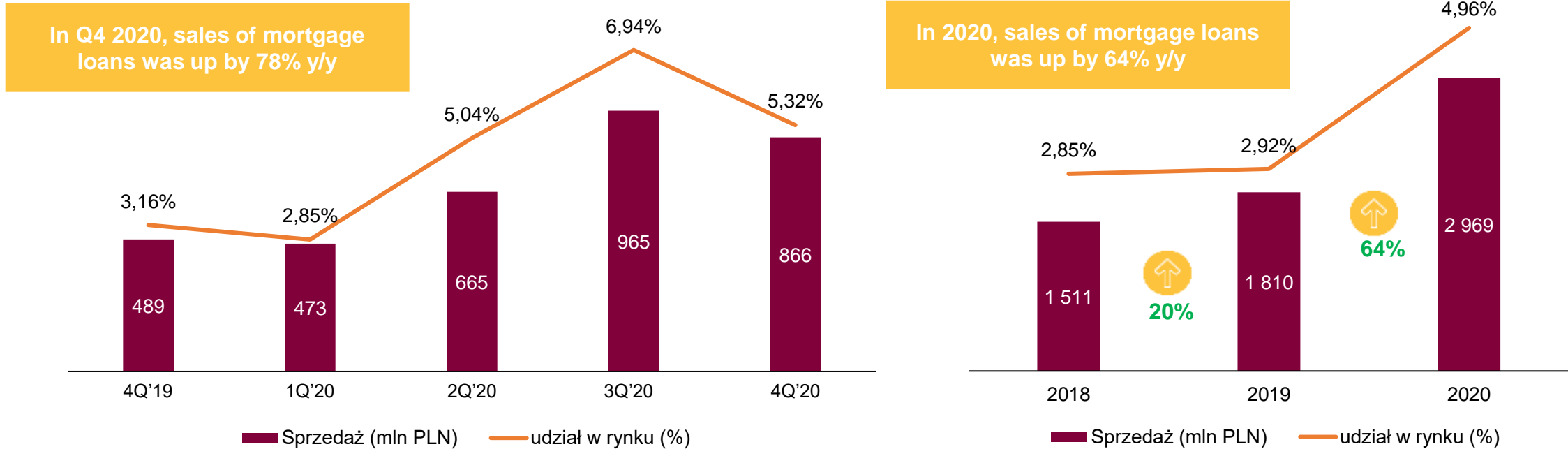
Sales of CF loans (bn PLN)



No. of customers with CF product ('000)



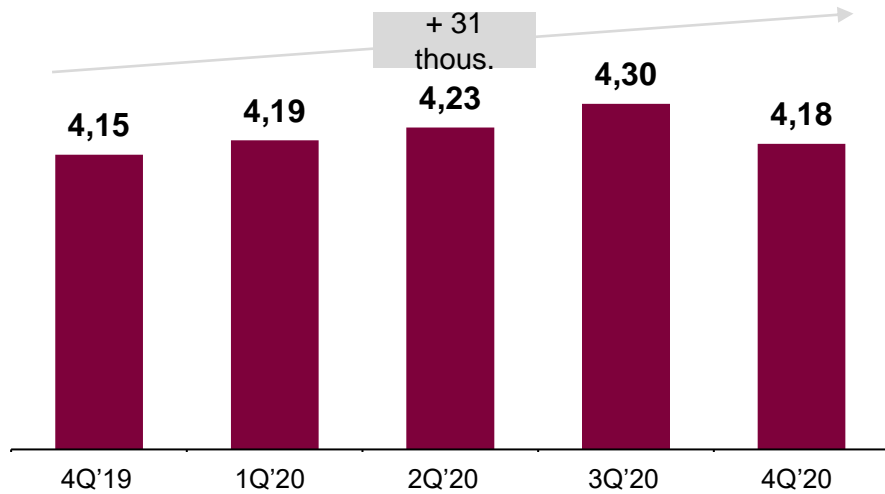
Mortgage loan sales and Share of Market*



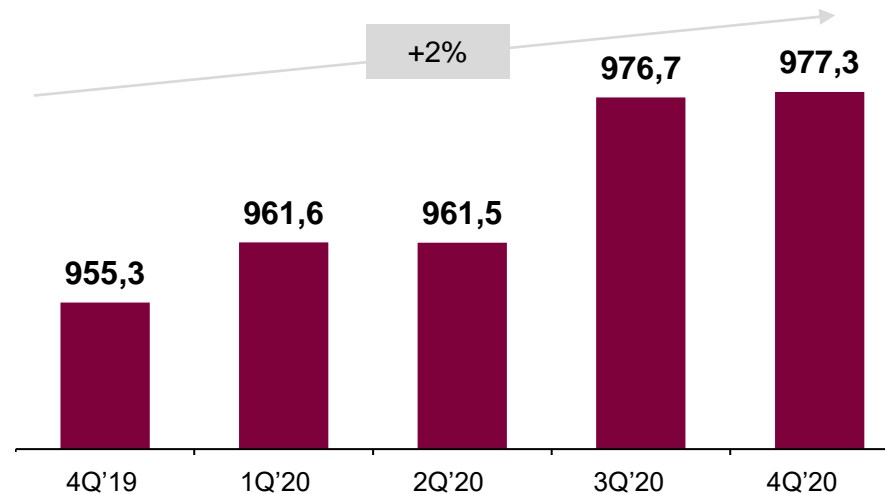
- The sales of mortgage loans in 2020 is a result of consistent implementation of the Bank's strategy, supported, among others, by changes in the product offering - making margins more attractive and extending the availability of the offer dedicated to customers purchasing real estate in major Polish metropolia.
- In 2021 the Bank intends to maintain the sales volume of mortgage loans same level as that in 2020.
- In 2021 the Bank anticipates a continuation of trends to date in the mortgage lending market.

Effective building of lasting customer relationships and the growing importance of digital channels

No. of retail customers (M)

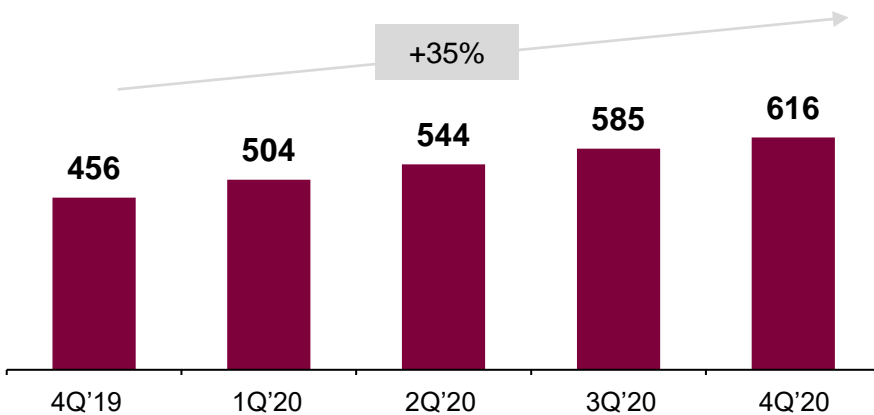


Number of clients with regular inflows ('000)

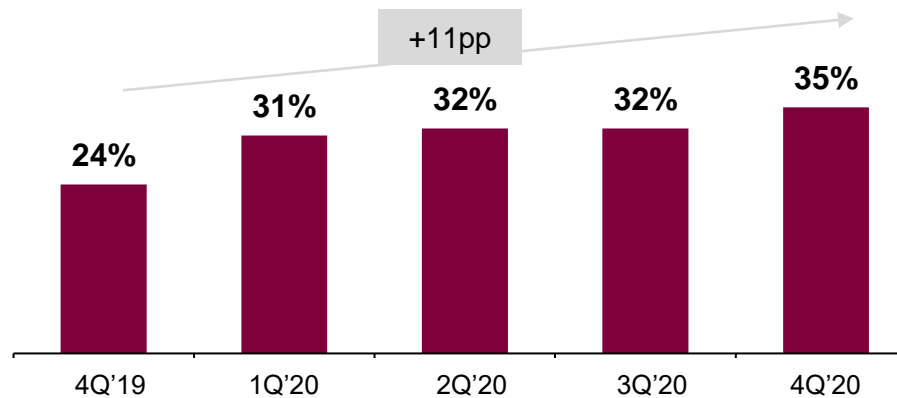


- The decrease in the number of Retail Clients in Q4 2020 is related to the merger of Alior Bank's and T-Mobile Banking Services and termination of agreements on the Device Financing service.
- These events led to a total decline in the number of customers by 168,000. As a result of the Bank's regular businesations, the number of customers increased by 53,000.

Users of Alior Bank's mobile applications ('000)



Share of cash loan sales through online channels



AppStore Rating **4.6** out of 5

Google Rating **3.5** out of 5



City transport tickets and parking fees payable via Alior Mobile

A new functionality via Alior Mobile app. Payments for public transportation tickets and parking fees.



Motorways via Alior Mobile app.

A new functionality via Alior Mobile app. Payment of motorway tolls.



Card Installments via Alior Online and Alior Mobile

Making available the functionality of spreading credit card payments into convenient installments in Alior Online and Alior Mobile apps



CVC2 code via Alior Online

New functionality allows to obtain a CVC2 code in online banking.



An account for the youth

The "Jakže Osobiste" Account offer is addressed to 13-18 year olds and is available together with the "Bonus for the Young" savings offer.



Autenti in mortgaging processes

Implementation of a digital signature while entering into the mortgage loan agreement.



Development of online lending

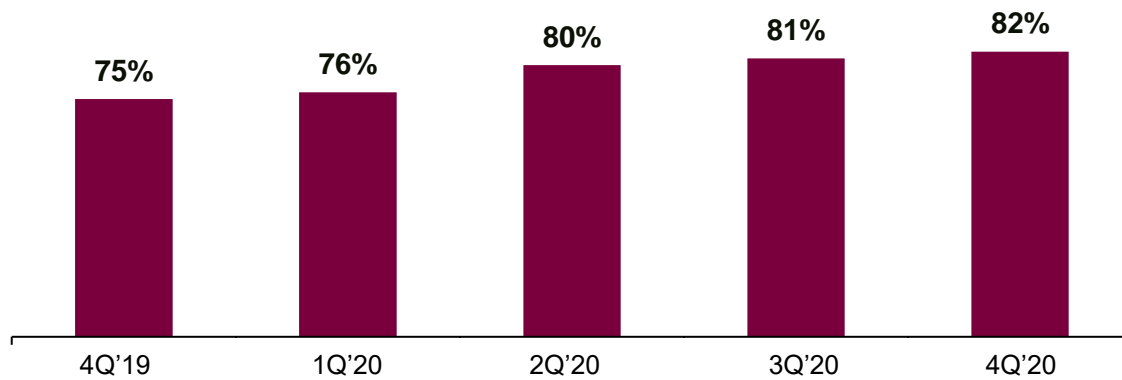
Full online application and PSD2 form in Alior Online and Alior Mobile.



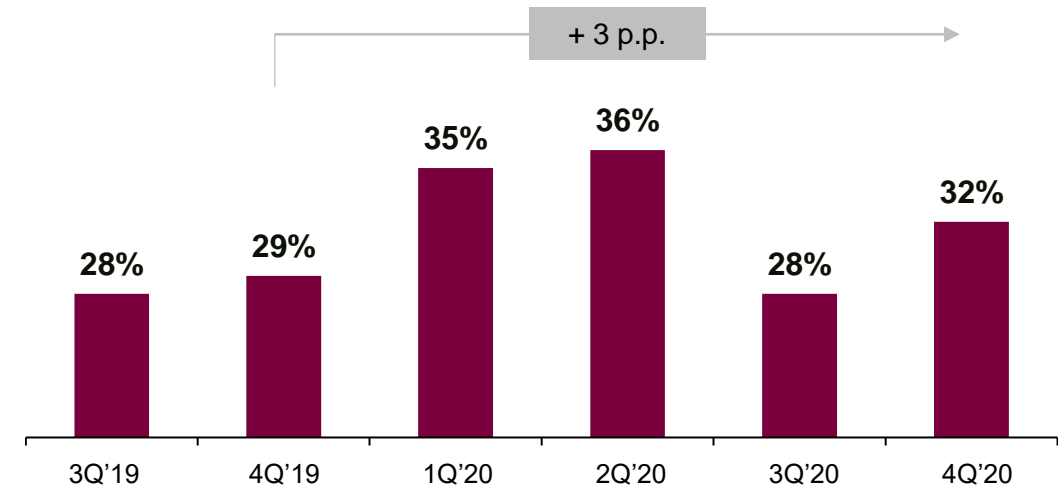
Eco Loan

A new cash loan offer for people who are thinking about buying an electric vehicle.

NPS distribution network



Relationship NPS



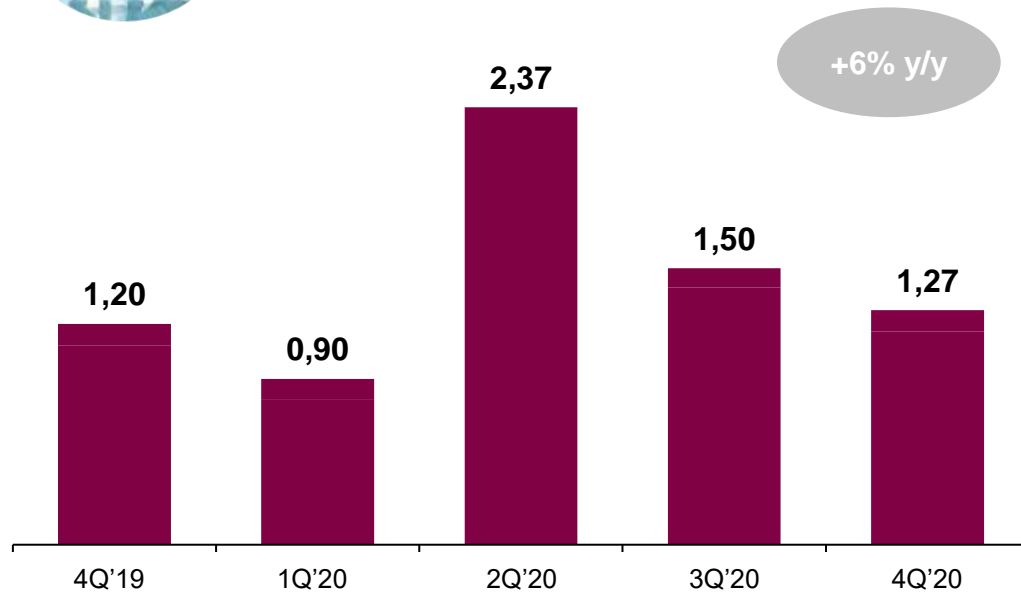
The year 2020 brought significant increases in customer satisfaction with the distribution network especially in own branches, where satisfaction levels went up by 12pp. y/y.

Despite a tough year driven by the pandemic, Alior improved its customer satisfaction index.

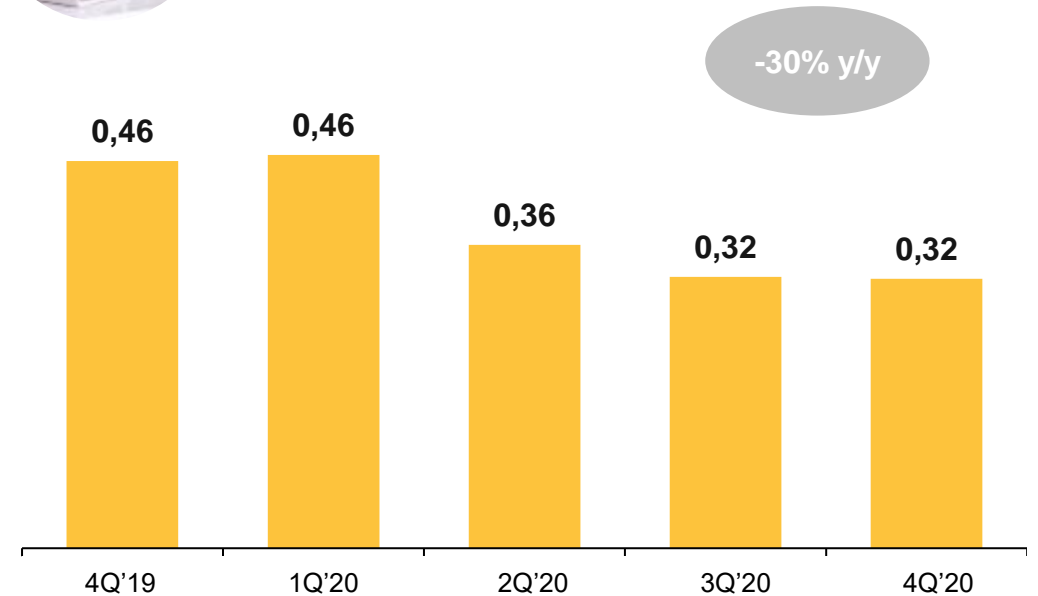
NPS increase in Q4 was driven by improved satisfaction with the sales network, better perception of checking and savings accounts and constantly growing satisfaction with mobile banking services, which is gaining relevance with each quarter in the eyes of our customers.



Total credit limit granted to business customers (PLN BN)

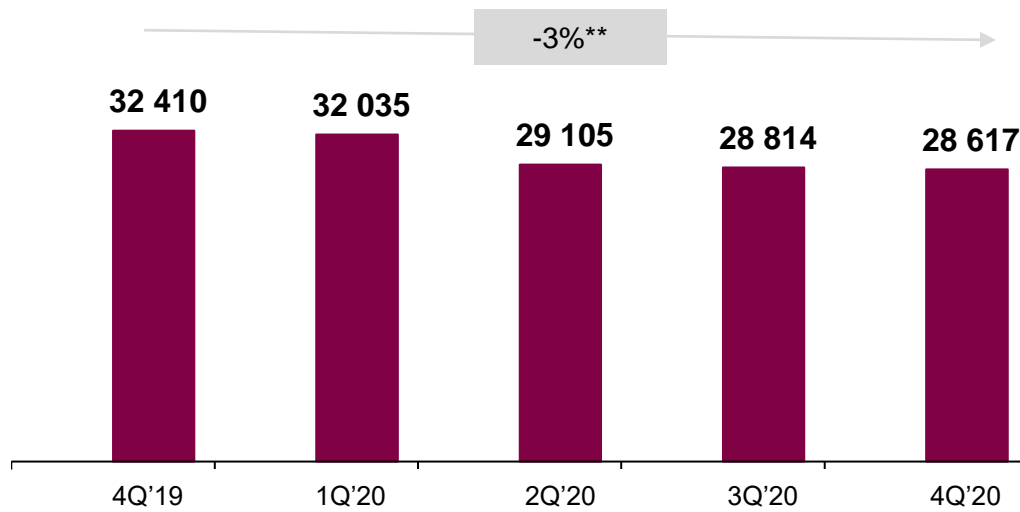


Micro-loans (in PLN bn)

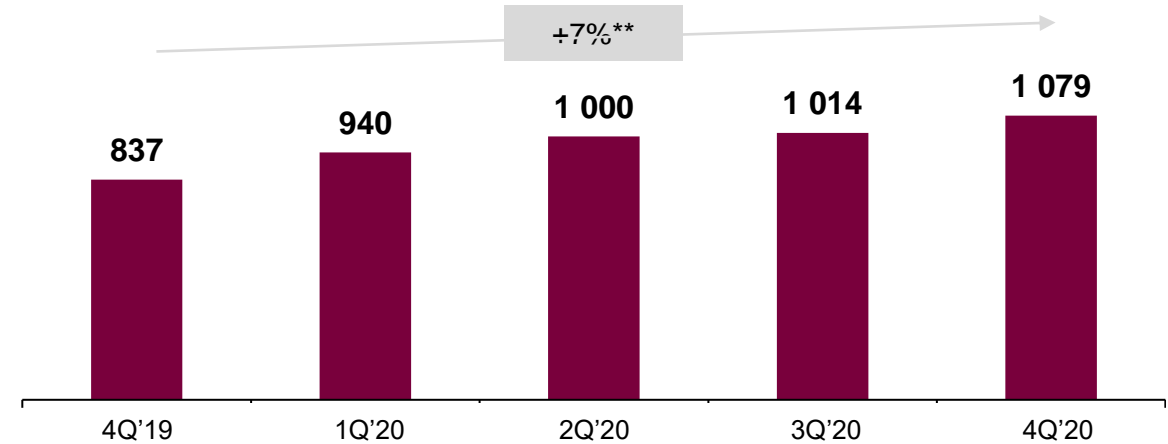


Change in sales of the Bank's key products due to the development of the COVID-19 pandemic and related adjustments to lending policies.

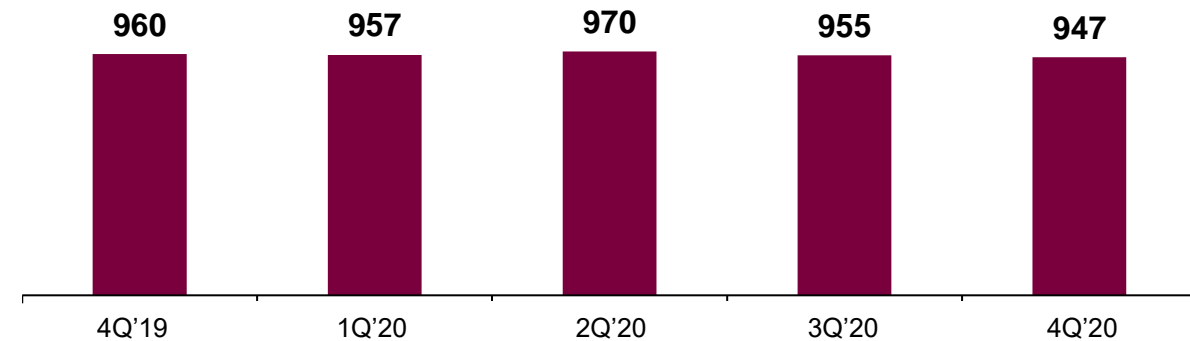
No. of business customers in Small /Medium/Large



No. of customers of BankConnect*



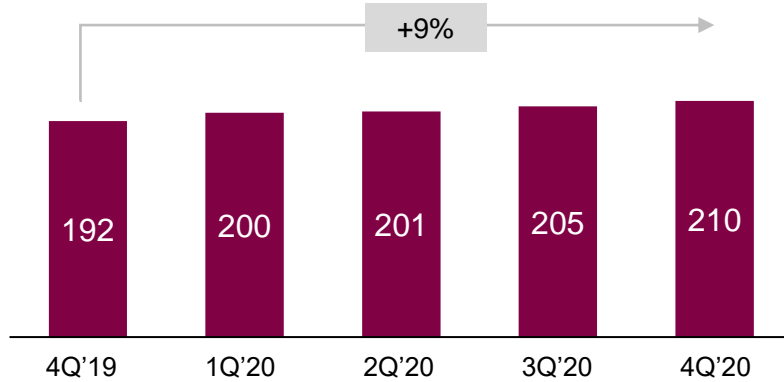
No. of customers who use their payroll accounts actively



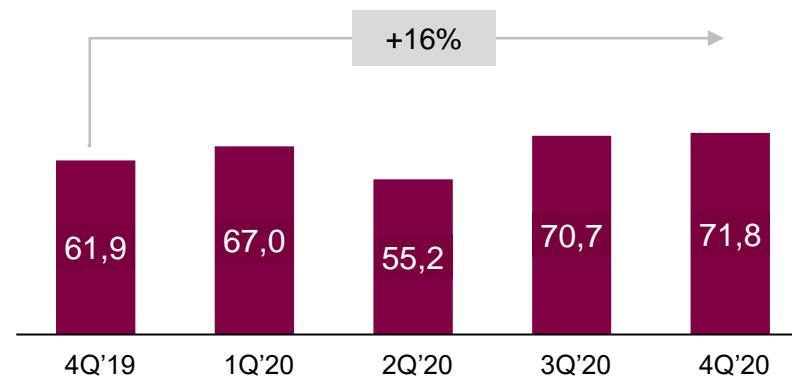
- Q4 2020 saw a decline in the number of new accounts compared to Q2 2020 due to an overhaul of the loan portfolio and a focus on serving customers that bring more revenue to the Bank.
- A significant growth in the number of customers holding the BankConnect product was observed. It supports the integration of the customer's accounting systems with the BusinessPro system.

Growth in the number of customers and improvement of relationship ratio

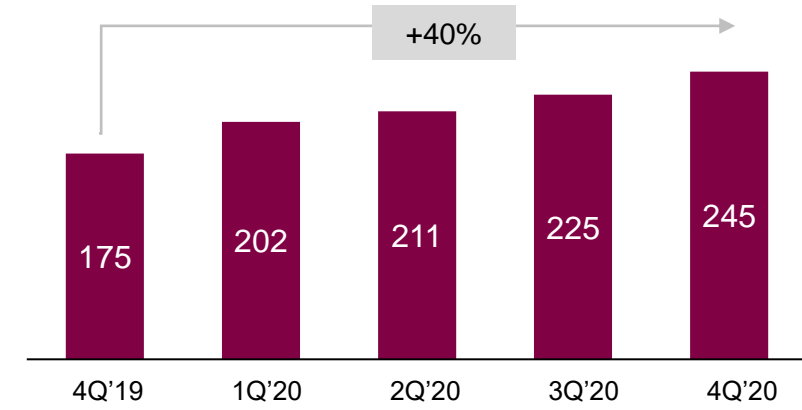
No. of business customers in Micro segment ('000)



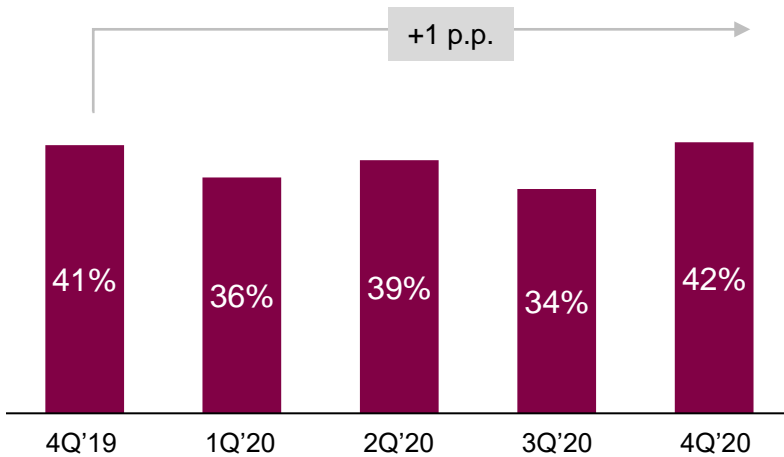
No. of Micro segment customers paying Social Insurance contributions/making tax payments ('000)



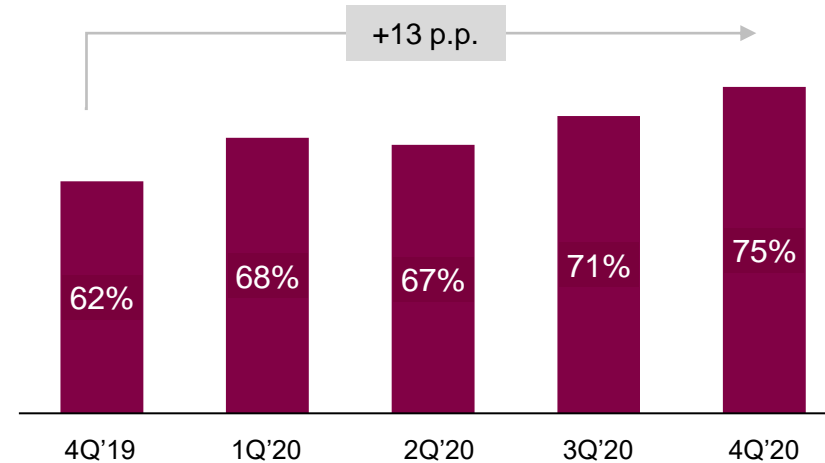
No. of instant transfers ('000)



Online processes consistently above the strategic target (39%)



Already 3/4 of new customers applies for a debit card to match the account



- Alior Bank has been consistently deepening its relations with business customers, becoming their first choice bank.
- Customers are increasingly turning to additional payment products and services (bills, transfers, cards).



- Alior Bank adjusted its offer to BGK's assistance plans and offered businessmen an increase of the availability of guarantees by changing the level of fees, effective term as well as an increase of the collateral amount. In addition, the bank has introduced the possibility of refunding part of the loan interest under two guarantee programs (Agricultural Guarantee under the Agricultural Guarantee Fund, and Businessmax Guarantee under the FG POIR).
- In 2020, Alior Bank's customers could take advantage of the changed conditions for the extension of **de minimis guarantee**, **COSME guarantee**, **BiznesMax guarantee**, **Creative Europe guarantee**, **Agricultural Guarantee** and **guarantees from the Liquidity Guarantee Fund** for loans and factoring.
- **6.5 thousand customers** were granted financing that totalled **PLN 3.2 bn** and was secured with guarantees worth **PLN 2.5 bn**.



- **PFR Financial Shield** for businesses and their personnel is a support program aimed at micro businesses (with at least 1 employee) and for SMEs. Its objective is to protect the labor market and provide companies with liquidity during times of severe economic disruption.
- In 2020, Alior Bank customers had the opportunity to apply for subsidies under the PFR 1.0 Financial Shield. The applications were available at Alior Online and BusinessPro online banking.
- **17 thous. customers** of Alior Bank were granted subsidies exceeding **PLN 2.7 billion**.
- **In December 2020, the Bank started to work on the acceptance of applications for subsidies under the PFR 2.0 Financial Shield (the implementation was successfully completed on 15 January 2021).**



Pursuant to the adopted strategy for development of products for business customers, Alior Bank is developing its offer of payment services and value-added services, which deepen customer relations with the Bank



Promotion at the Circle K petrol stations

Business and retail customers paying for fuel with Alior Bank cards could receive a discount for fuel - up to 15 gr per litre. The promotion was developed in partnership with Circle K.



Online banking applications for debit cards and accounts

Business customers were given the opportunity to apply online for accounts and debit cards in the BusinessPro system. This is another step to expand the self-service offered to customers on the bank's systems.



Swatch Pay for companies

Business customers have been given access to a mobile payment service with Swatch watches. This expanded existing contactless payment offerings with standards such as Google Pay, Apple Pay, Garmin Pay, Fitbit Pay and Swatch Pay.



Changes in the account offering

Revitalization of the Business Comfort Account offering targeted at small and medium-sized businesses and adjust business customers' pricing to meet the challenges of falling interest rates.



"Feel the Call of the Wild" Competition

Alior Bank supported card transactions, among other things, through competitions and promotions aimed at boosting the number of business card transactions.



Employee Capital Plans

Thanks to its cooperation with PZU TFI Investment Fund Company, the bank has offered to the businessmen an option to enter into contracts for Employee Capital Plans at its branches.



Business Customer Digital Banking in 2020

The launch of the **self service platform** via BusinessPro electronic banking, that enables the customers to apply online for debit cards and auxiliary, deposit and payroll accounts and grant privileges to designated company employees. The Product Center is based on a special type of approval scheme, both single and multi-person, and the authority to enter, sign and send requests, including editing and deleting them before forwarding to the Bank.

Online processes installed on the BusinessPro Communication Platform - an extension of messaging functionality with a new field for attachments - file checksum, an option to indicate any type of acceptance scheme, an extension of the existing communication process with an option to send messages to the customers from the back-office application level to be read on the communication platform.

In 2020 using the communication platform we handled **43%** of the total number of post-sales instructions.

Launching applications for financial subsidies offered by the Polish Development Fund under the Programmes **Financial Shield 1.0**, and efforts taken to launch the **Financial Shield 2.0**.

Nearly 60% of applications for Shield 1.0 support originates from business customer e-banking system.

Provide customers with a new, intuitive interface on electronic banking transfer screens.



Remote processes

6
thous.

after-sales instructions
accepted via Internet
banking

3
thous.

documents signed
using a qualified
signature

1.5
thous.

documents signed
using the Autenti
platform

37%

micro accounts
opened online

100
%

SMALL/MID/LARGE
advisors have
purchased qualified
signature licenses

Lending processes executed remotely



- Entering into annexes in the process of "payment holiday" and technical renewals via Autenti and qualified signature.
- Providing new financing and renewing existing commitments for Micro Clients up to PLN 200 thousand via Autenti.
- Provide new funding and renew existing commitment for qualified signatures without amount limitations.
- Implementation of the "bill of exchange at the customer's" option, which, combined with a qualified signature and Autenti service, allows for a completely remote lending process, with no the need to meet with the customer. The customer has 180 days to provide original documentation for the bill of exchange.

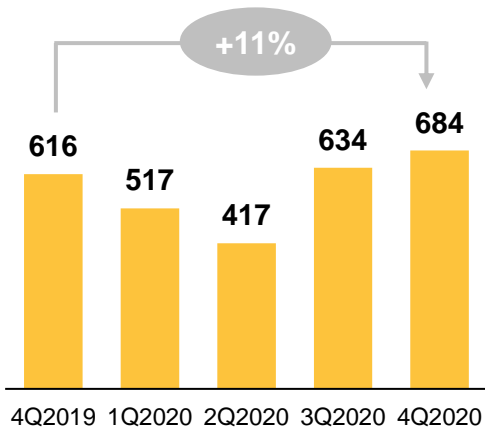
Alior Leasing



LEASING

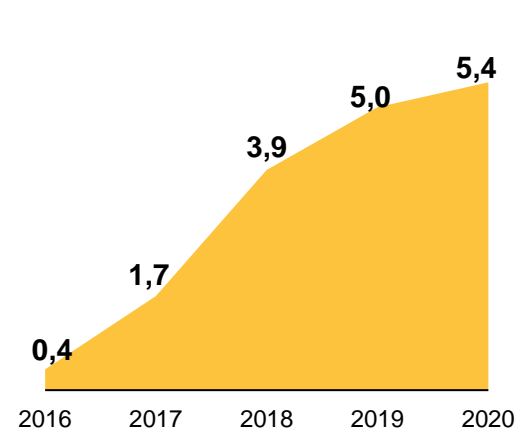
- In 2020, Alior Leasing generated sales in the range of **PLN 2.3bn**, including **PLN 684 M in Q4 2020 r. (up by 11% vs. Q4 2019)**. The main impact on the sales performance in the period under study was still exerted by the ongoing coronavirus pandemic in Poland.
- From June 2020 onwards, there has been a trend of slow demand growth as a result of the general public adapting to the economy being unfrozen.
- At the end of Q4 2020:
 - the balance of lease receivables totalled **PLN 5.4 bn** and was up by PLN 0.4 bn compared to the end of 2019.
 - No. of customers: **68.3 thous.** (+12,9 thous. compared to Q4 2019).
 - No. of contracts: **94.4 thous.** (+17,0 thous. compared to Q4 2019).

Lease and loan sales (PLN M)



Source: Alior Leasing

Lease and loan portfolio (PLN bn)



Source: Alior Leasing

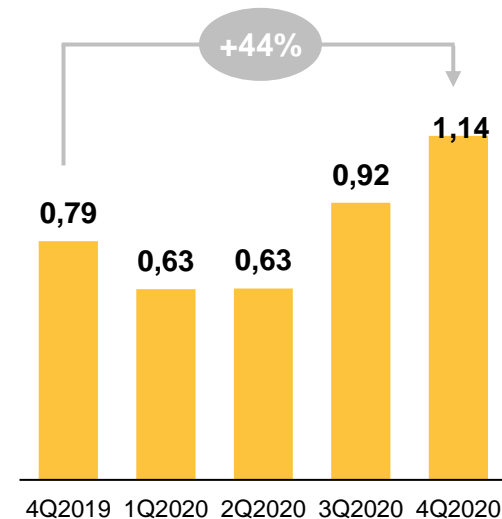
Alior TFI



TFI

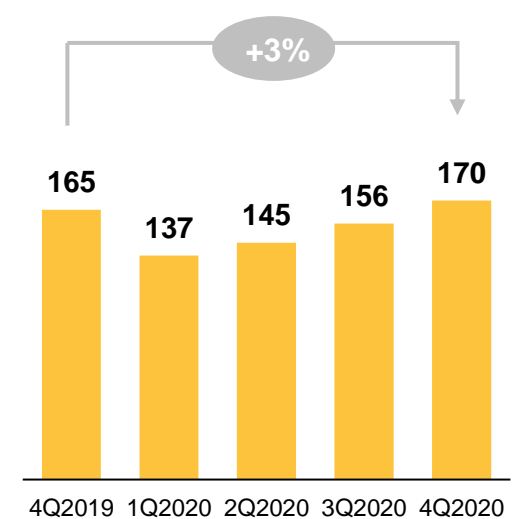
- In **Q4 2020 Alior TFI maintained high net sales of the investment funds** under its management, reaching the level of **PLN 225 M** (in the previous record quarter it was PLN 287 M)
- Alior TFI not only quickly recovered from H1 losses caused by COVID19, but compared to the year-end of 2019, the assets under its management in open-ended funds rose by **44%**.

Assets under management in Alior TFI's open-end investment funds (PLN bn)



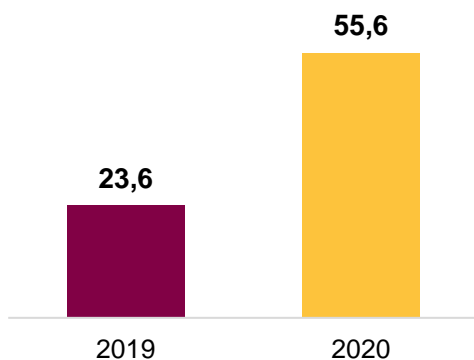
Source: Alior TFI

Assets under management in Alior TFI's non-dedicated investment funds* (PLN bn)

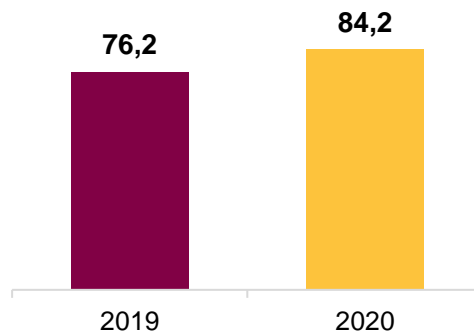


Source: Source: own analysis based on The Chamber of Funds and Assets Managers

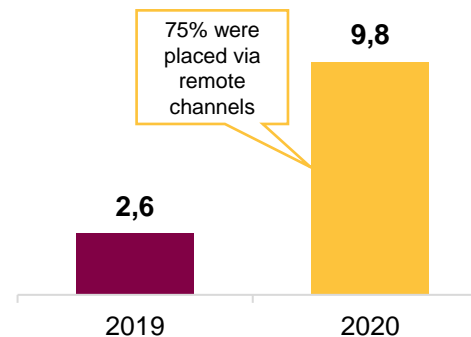
Brokerage fees (income) [M]
(+135% y/y)



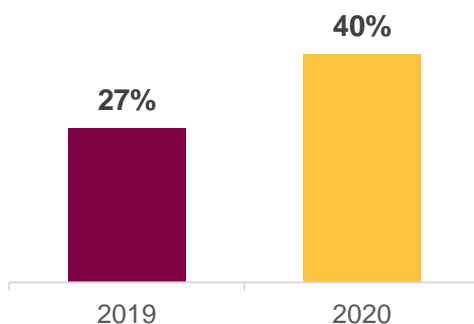
No. of brokerage accounts ['000]
(+10% YTD)



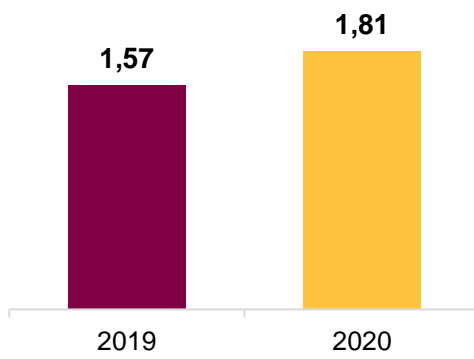
No. of new brokerage accounts ['000] (+280% y/y)



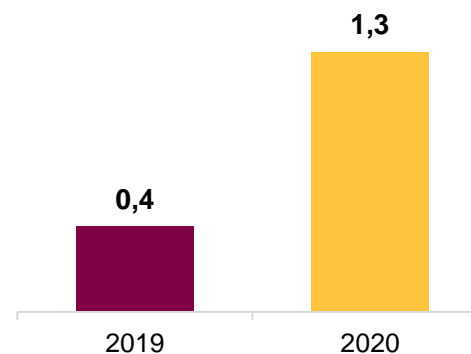
Share of exchange orders placed via the mobile app (+13 p.p. y/y)



FIO acquisitions [bn]
(+16% y/y)



No. of new accounts Alior Trader ['000] (+205% y/y)



Initiatives and achievements

- A number of **new investment functionalities in electronic banking** (e.g. investment search engine, thematic portfolios, basket of stock exchange orders) and **Alior Gielda mobile app** (in 2020 40% of stock exchange orders will be placed via the application vs. 27% in 2019). All investment products can be set up **completely remotely**, which is a big advantage in the pandemic times.
- In January 2020, the Brokerage Office implemented a **fee for the Investment Advisory - Personal service** (addressed mainly to the Private Banking segment) - there are already PLN 0.5 billion of assets covered by this service.
- In Q4 the Brokerage House **was a consortium member in five IPOs** on the Polish stock exchange (Allegro.eu, Canal+ Polska, Mo-Bruk SA, PCF Group SA, Answear.com), four of which were successful.
- Many communication and educational initiatives in Social Media channels, including the **#inwestujdomu** (*#invest from home*) campaign.
- On 31 December 2020 PFSA approved the prospectus of Alior Bank prepared in connection with the public offering and the intention to apply for the admission to trading of securities issued under the **Second Bank Securities Issue Programme**.



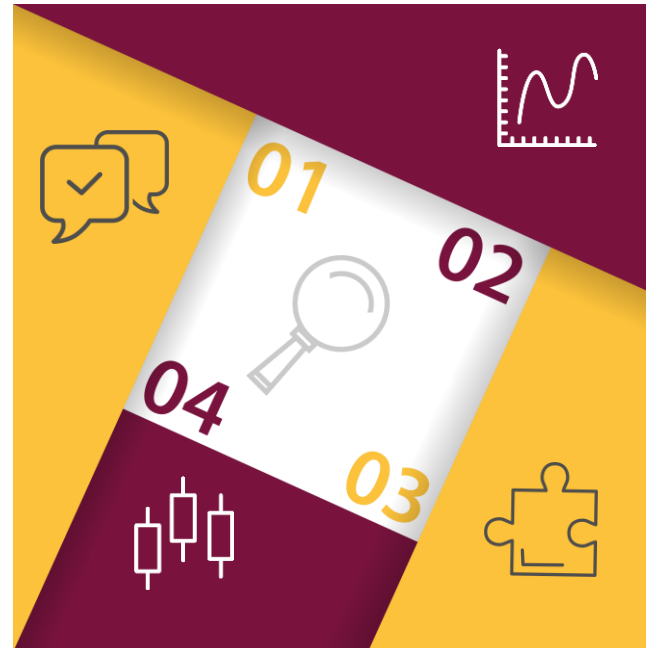
Credit risk

2020 was a challenge for the risk management area

In 2020, the Alior Bank's risk management activities focused on four key areas:

Active assistance to the Bank's customers through the application of payment moratoria mechanism

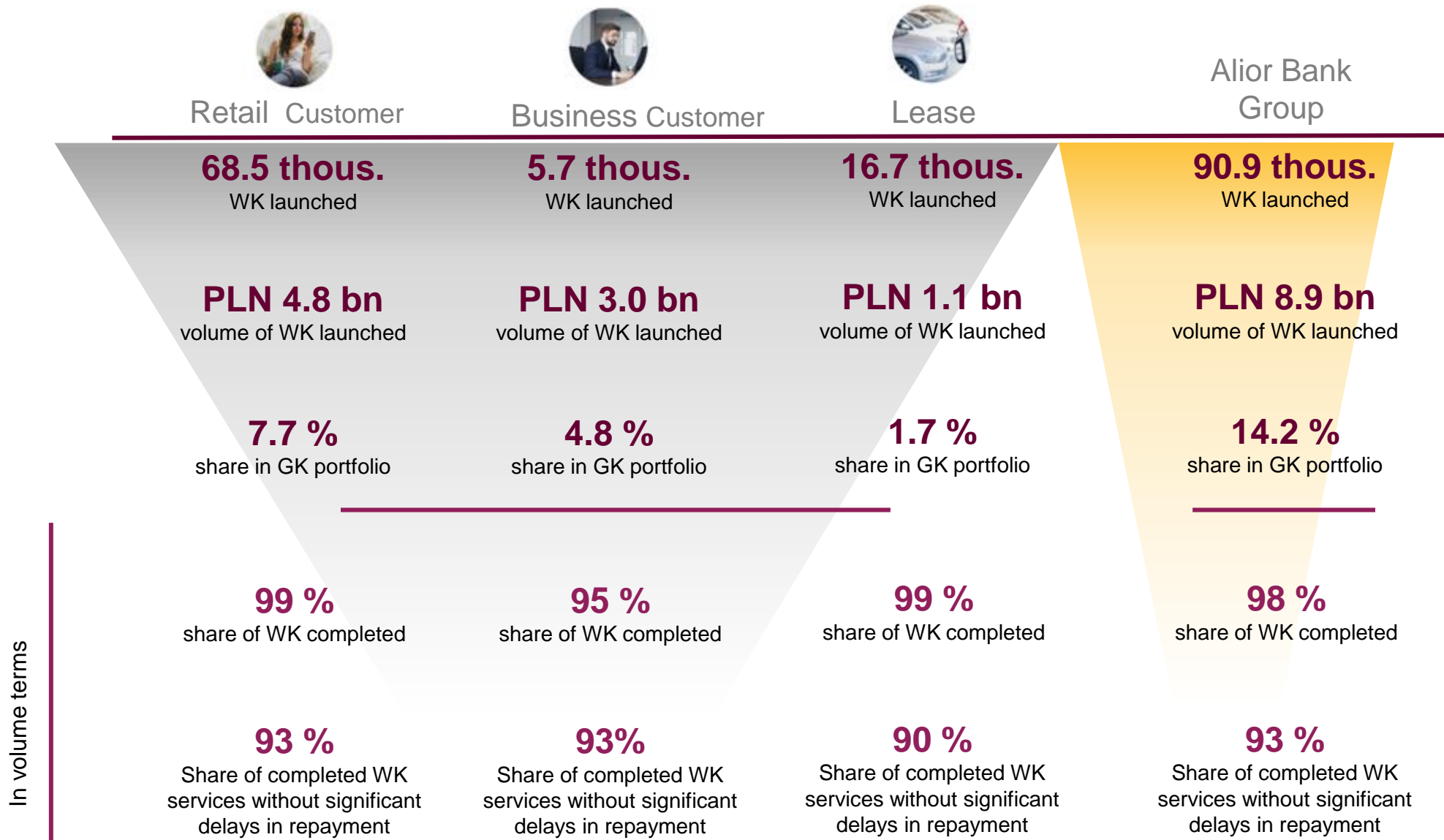
Dynamic management of credit policy in response to evolving industry risk



Managing credit risk models in a period of above-average uncertainty

Consistently maintain high quality of new loan product sales

The Bank provided extensive support to customers in the form of payment holidays in 2020



In the Retail Customer area, at the end of 2020, PLN 300 million of **Statutory Payment Holidays** were activated, of which PLN 30 million are overdue for repayments of more than 30 days.

*WK - Payment Holidays
*GK - Capital Group

Business Customers (KB) are coping better and better in the times pandemic

Low risk industries



Low risk industries, resilient or gaining in importance, such as: production, trade and sales of necessities, online sales, pharmaceutical and chemical industries, courier and parcel station services.

Medium risk industries



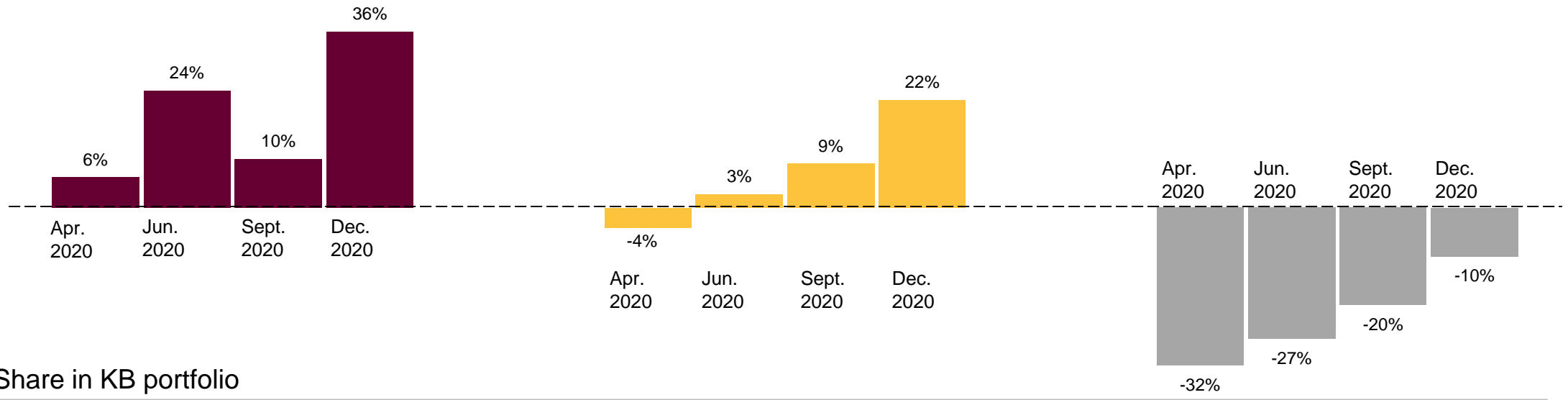
Industries threatened by interrupted supply chains or falling demand from customers, such as clothing production, textiles, sales and repair of vehicles, freight transport.

High risk industries



Industries severally hit by economic constraints due to the measures implemented to counteract the development of the COVID-19 epidemic, such as: shopping malls, restaurants, passenger transport, tourism, organisation of cultural events, leisure services.

Change in customer turnover compared to February 2020 by classification



Share in KB portfolio

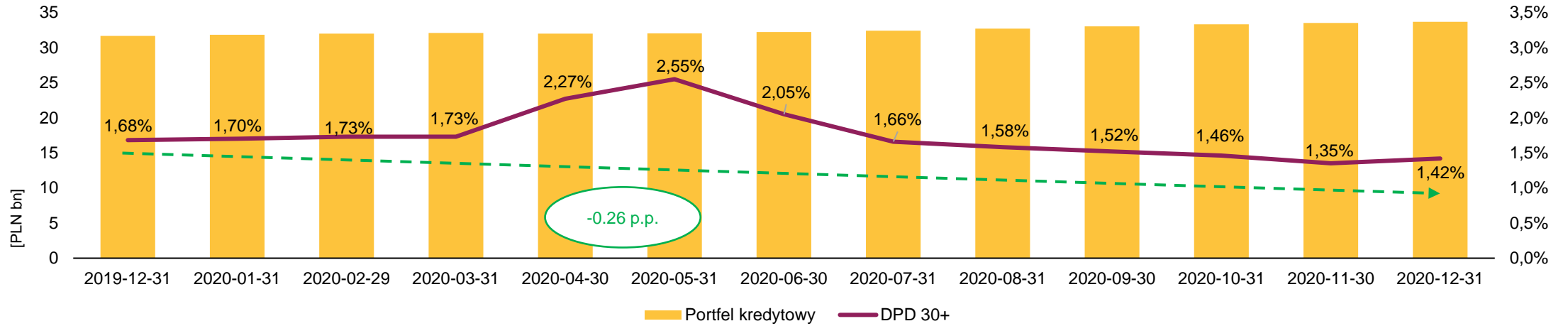
68%

18%

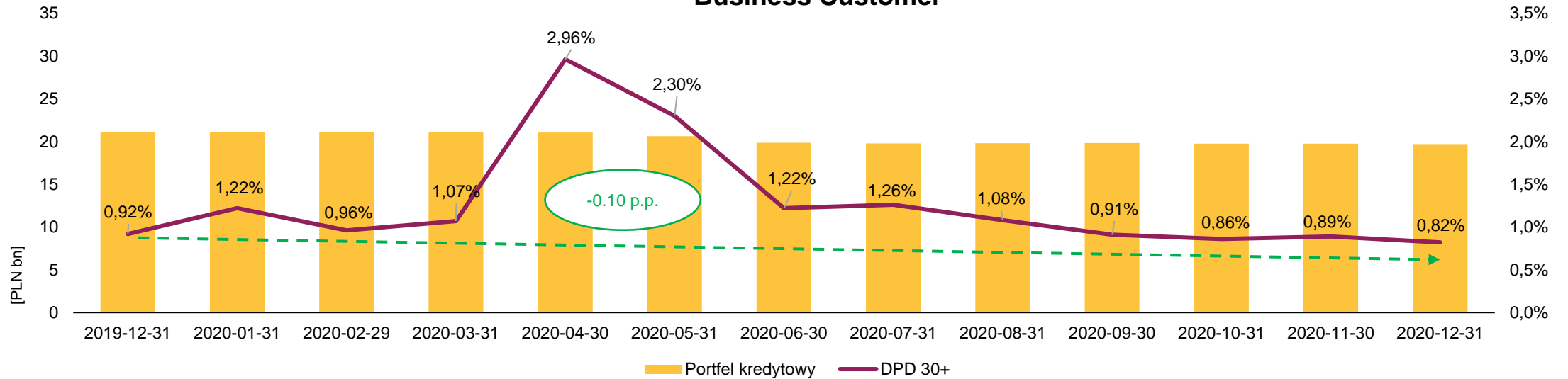
14%

In the Covid environment, the quality of the loan portfolio has not deteriorated

Retail Customer



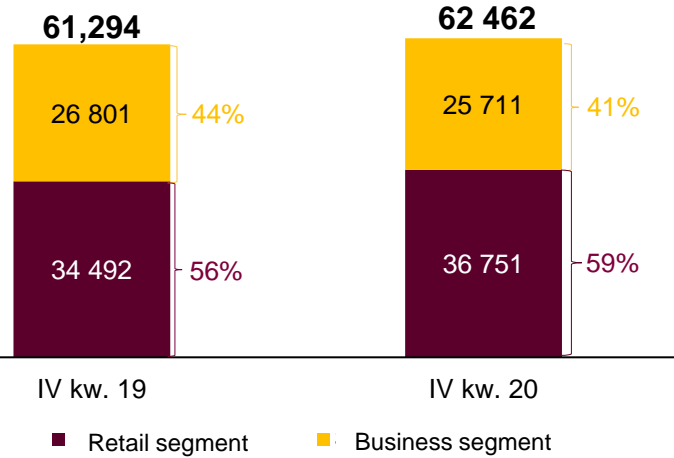
Business Customer



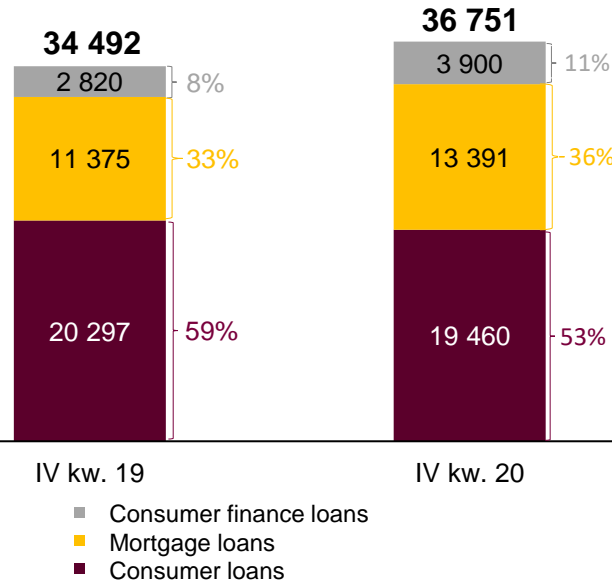
After a period of DPD 30+ growth as a result of the Covid outbreak, the Bank has achieved a significant improvement in DPD ratios, which are now performing at comparable or even lower (better) levels

Decrease in the cost of risk and a noticeable improvement in the quality of the loan portfolio

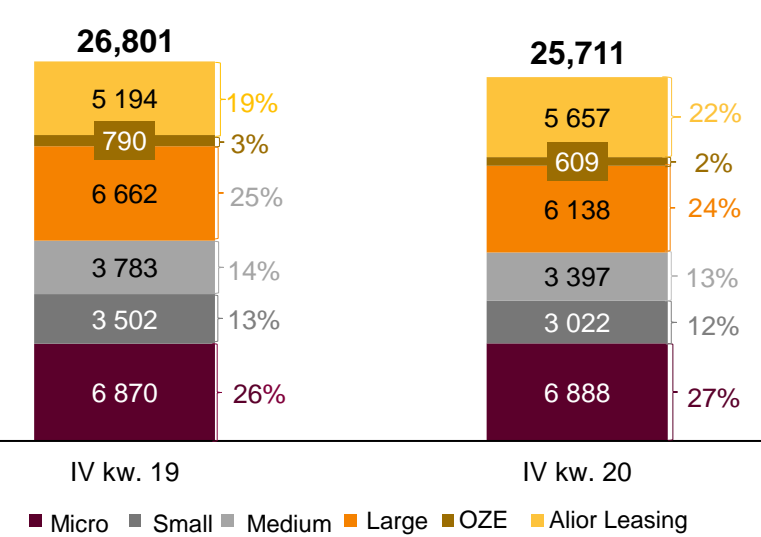
Total loan portfolio, gross (PLN M)



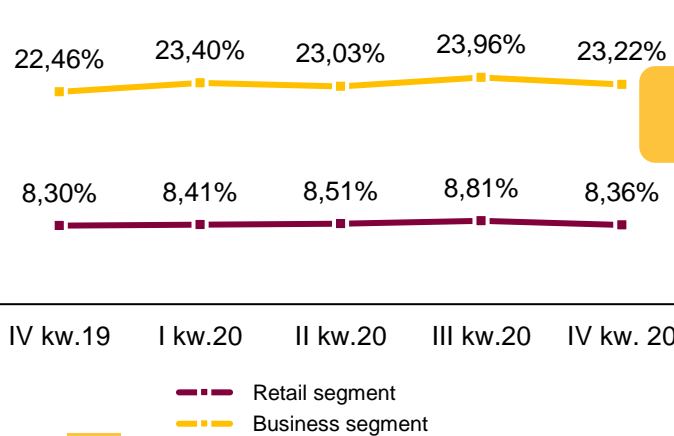
Retail customer portfolio (PLN M)



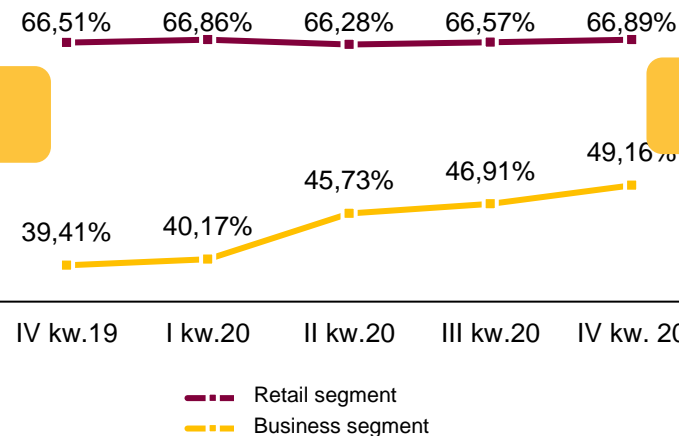
Business customer portfolio* (PLN M)



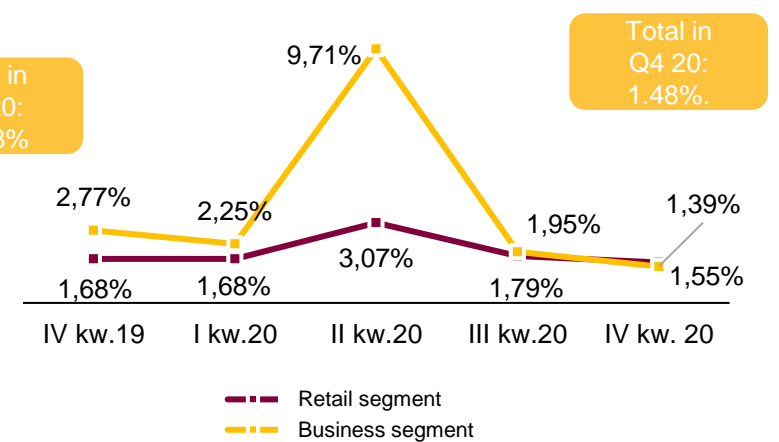
Share of impaired loans** (%)



Provision coverage ratio** (%)

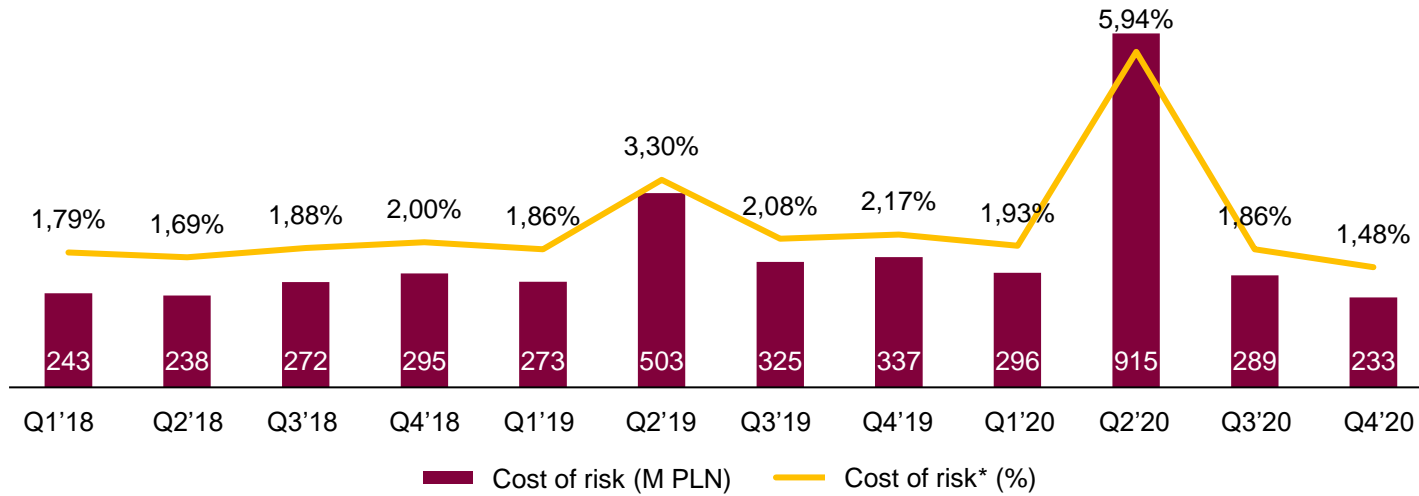


Cost of risk (CoR) (%) – on QTD basis



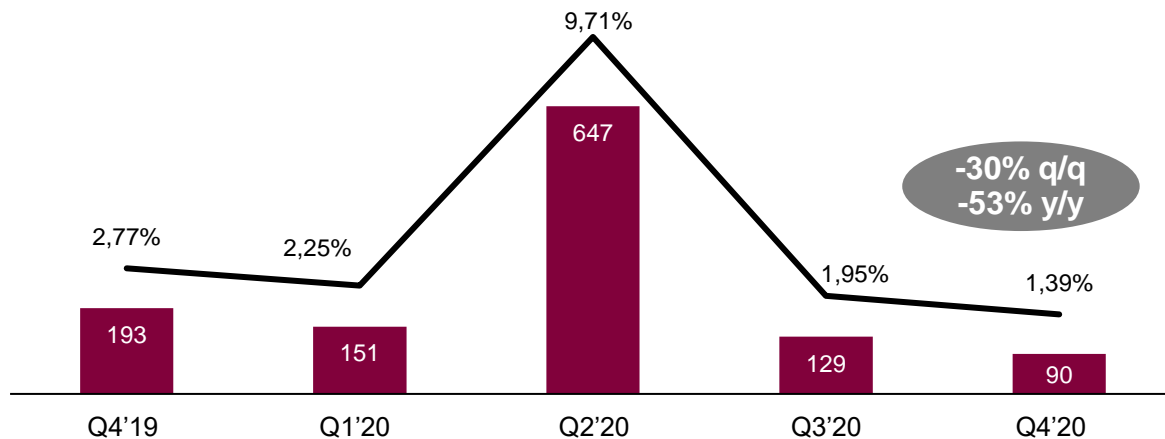
Change in credit policy is beginning to have tangible results - a visible decline in the value of allowances for expected losses

Cost of Risk - Alior Bank Group

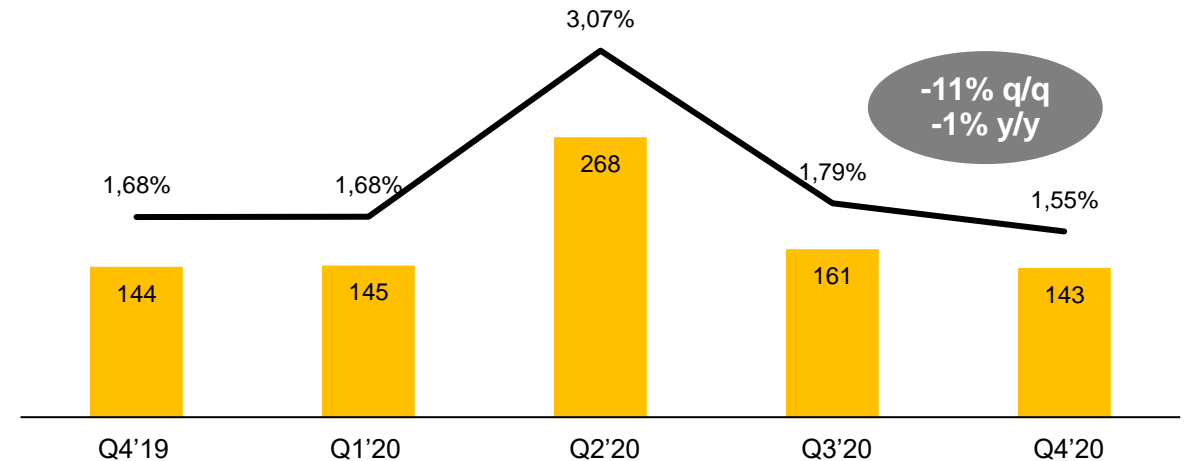


- A significant increase in the Cost of Risk (CoR) in Q2 2020, was followed by a decline to the levels slightly below the long-term average.
- Credit losses in the second half of 2020 were lower than anticipated, primarily due to the financial assistance companies received. However, the position of many companies is uncertain and there is still a risk that credit losses, for which write-downs were taken in Q2 2020, will materialize in 2021.
- If the macro environment has stabilized and there are no one-off events, the Cost of Risk should not exceed 2.2%.

Business Customer Segment - Cost of Risk (PLN M; %)



Retail Customer Segment - Cost of Risk (PLN M; %)

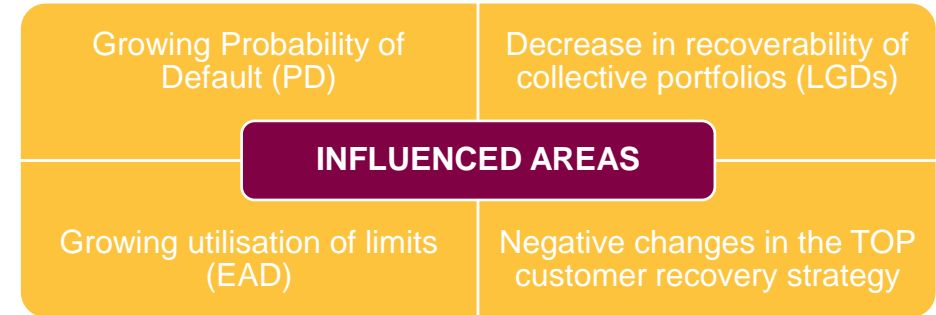


Bank at the end of 2020 maintains model adjustments related to uncertain economic environment

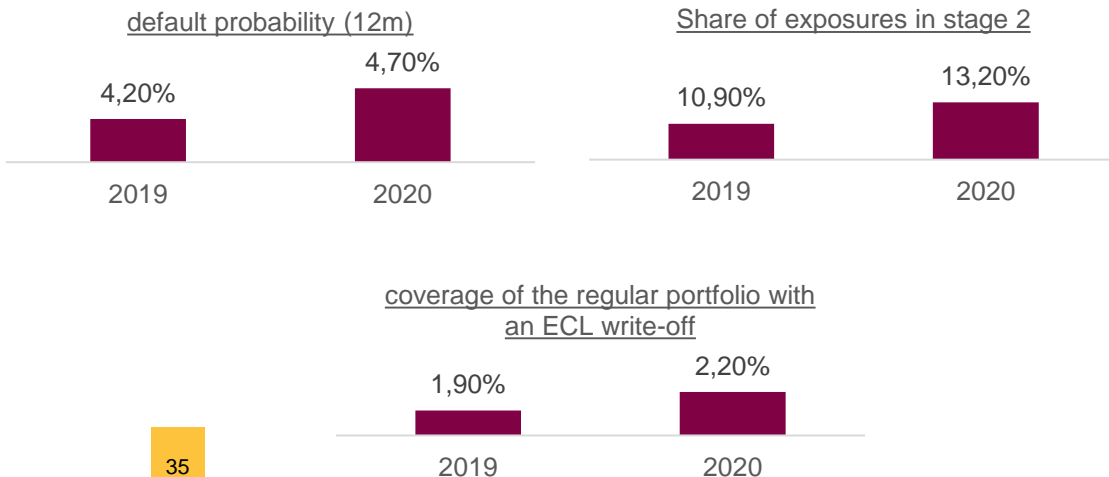
Macroeconomic scenarios for impairment estimation based on market consensus

Scenario	Change of GDP in real terms in 2021	Probability
Base	3.8	60%
Pessimistic	0.9	25%
Optimistic	4.6	15%

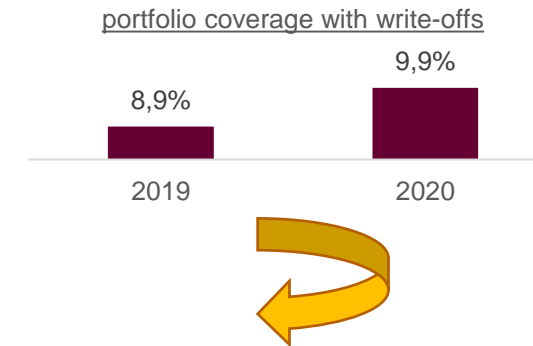
All COVID impact risks included in the classification of write-offs



Despite decline in proportion of portfolio past due, increase in key valuation parameters pending for COVID impact crystallization



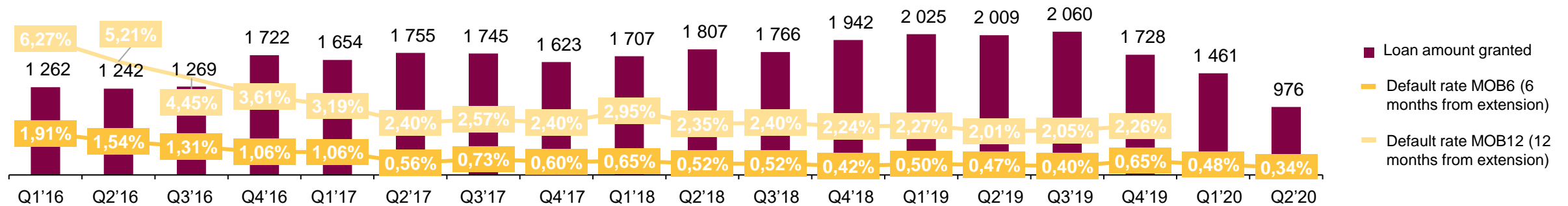
Portfolio coverage of all write-downs during 2020 rose by 11.8%...



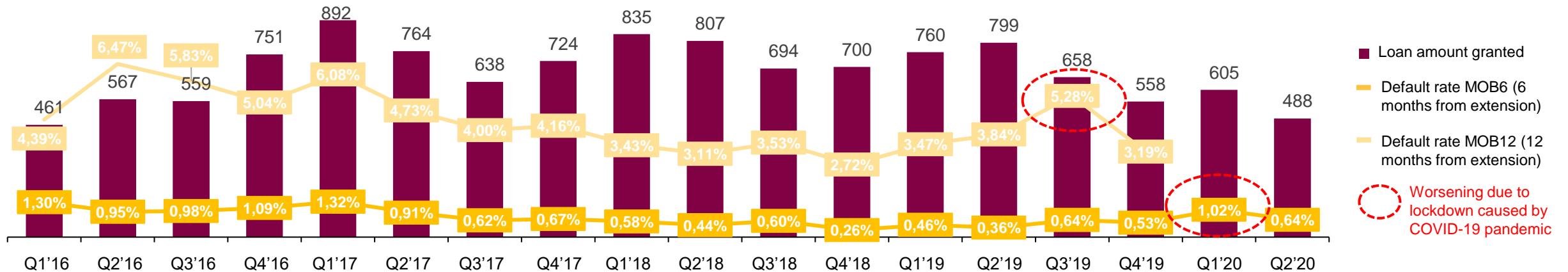
...which in the Bank's opinion represents a safe cushion against the risk of pandemic consequences

Improvement of the quality of new loan sales

Sales volume and quality of new cash loans (PLN M)



Sales volume * and quality ** in the micro business customer segment (PLN M)



The quality of exposures in strategic segments (loan and micro) is stable.

*New limits + renewals and increases of the existing ones

**There has been a slight update of the definition of the DR MOB6 indicator for the micro segment compared to the values presented in the previous quarters. Currently, the indicator's numerator includes the exposure at the time of default, and in the previous definition, the numerator had exposure 6 months after the loan was granted



Financial performance

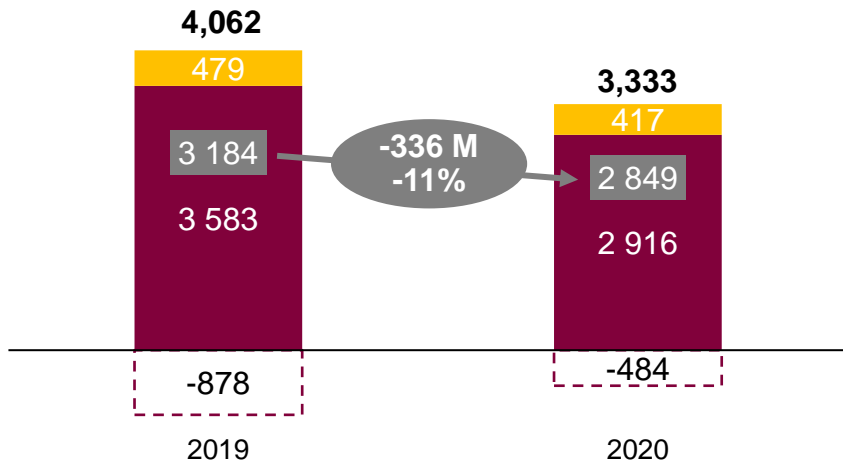
Profit and Loss Account

PLN M	Q4 2019	Q3 2020	Q4 2020	change % y/y	change y/y	2019	2020	change % y/y	change y/y
Total income	803,8	892,7	911,4	13%	107,6	3 788,9	3 545,5	-6%	-243,4
Interest income	747,7	683,1	666,7	-11%	-80,9	3 184,3	2 848,7	-11%	-335,6
Fee & charges income	162,9	169,1	177,0	9%	14,1	658,1	635,8	-3%	-22,2
Other operational income	-106,8	40,5	67,7	-163%	174,5	-53,5	60,9	-214%	114,5
Total expenses	-750,0	-754,3	-731,3	-2%	18,7	-3 299,2	-3 751,9	14%	-452,8
Group operating expenses	-352,2	-407,8	-380,5	8%	-28,3	-1 630,1	-1 664,8	2%	-34,7
Assets revaluation	-4,2	-1,8	-62,4	-	-58,2	-5,9	-132,8	-	-126,9
Cost of risk	-336,9	-289,3	-232,8	-31%	104,0	-1 437,2	-1 733,5	21%	-296,3
Banking tax	-56,8	-55,3	-55,6	-2%	1,2	-226,0	-220,8	-2%	5,2
Gross profit/loss	53,8	138,4	180,1	235%	126,3	489,7	-206,5	-	-696,1
Income tax	-41,3	-47,7	-71,7	73%	-30,4	-241,4	-104,8	-57%	136,6
Discontinued activity	0,0	-8,9	11,9	-	11,9	0,0	0,0	-	0,0
Net profit/loss	12,5	81,8	120,3	863%	107,8	248,3	-311,2	-	-559,5
Net interest margin (NIM)	4,11%	3,71%	3,63%	-	-0,48 p.p.	4,52%	3,91%	-	-0,61 p.p.
C/I ratio (%)	43,81%	45,68%	41,74%	-	-2,07 p.p.	43,02%	46,96%	-	+3,93 p.p.
L/D ratio (%)	85,92%	85,01%	84,06%	-	-1,86 p.p.	85,92%	84,06%	-	-1,86 p.p.
Solvency ratio	16,20%	15,41%	15,85%	-	-0,35 p.p.	16,20%	15,85%	-	-0,35 p.p.

- Net interest income in Q4 comprises PLN 30 M of additional provisions related to model adjustments for early repayment of loans. Net interest margin excluding this adjustment would have been in Q4 2020 at the level of 3.79%. We expect the upward trend in interest margin to continue in the consecutive quarters.
- Other net operating income comprises PLN 35 million of additional provision for the so-called small CJEU and PLN 48 million of profit recognized on the sales of securities
- Additionally net profit in Q4 2020 was influenced by the following one-off items:
 - write-off of the remaining portion of goodwill arising on the acquisition of Meritum Bank S.A. (PLN -40 M)
 - deconsolidation of RUCH S.A. (PLN +12 M)
 - write-off of non-financial assets (PLN -23 M),
 - release of the provision for bonuses (PLN +14.5 million)

Net interest income - further decline in financing costs, interest margin includes the fee refunds (the so called small CJEU)

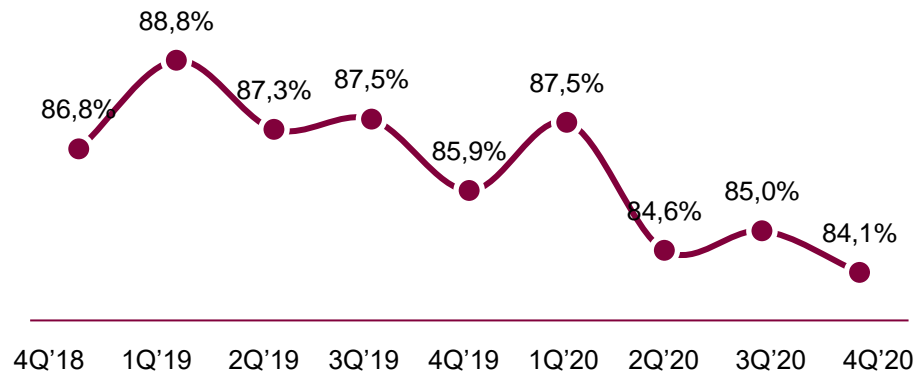
Interest net income (M PLN)



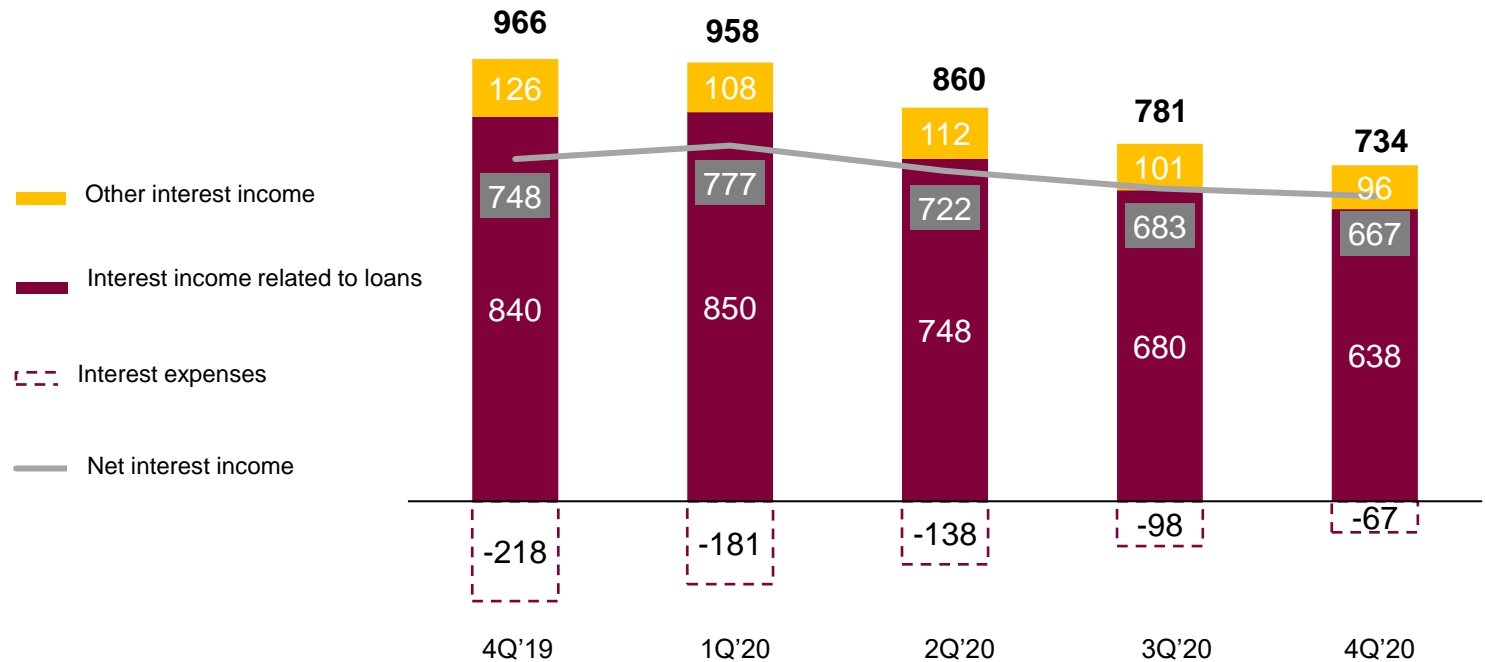
Interest margin / Cost of Financing*

	2019	2020	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
NIM	4.52%	3.91%	4.11%	4.34%	4.00%	3.71%	3.63%
CoF**	1.17%	0.60%	1.12%	1.02%	0.72%	0.44%	0.26%

Loans / Deposits



Interest income (PLN M)

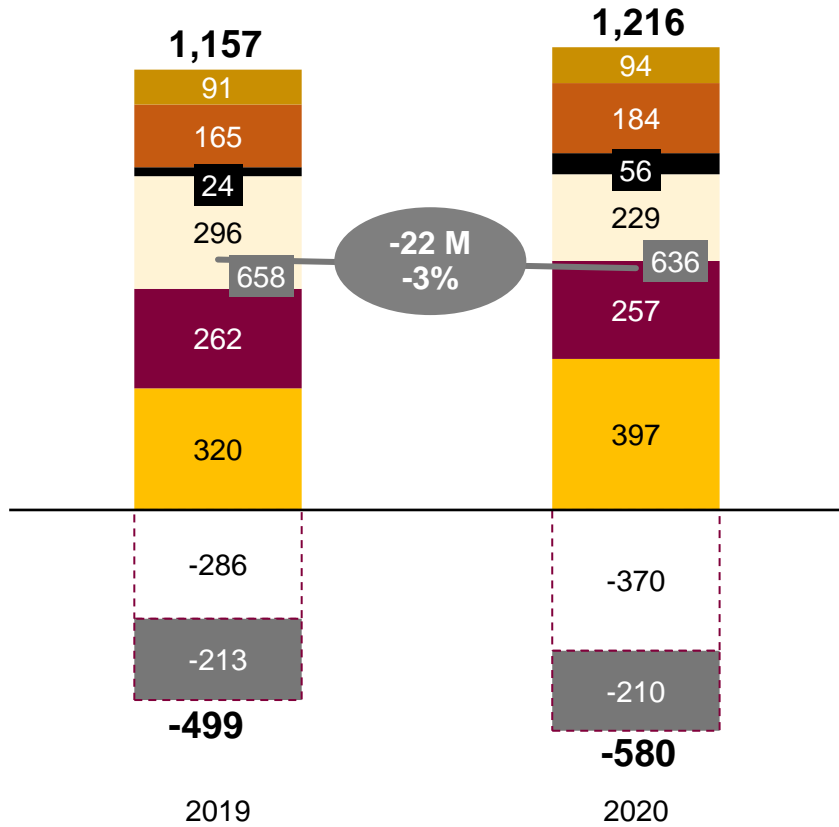


*for quarterly data on the QTD basis

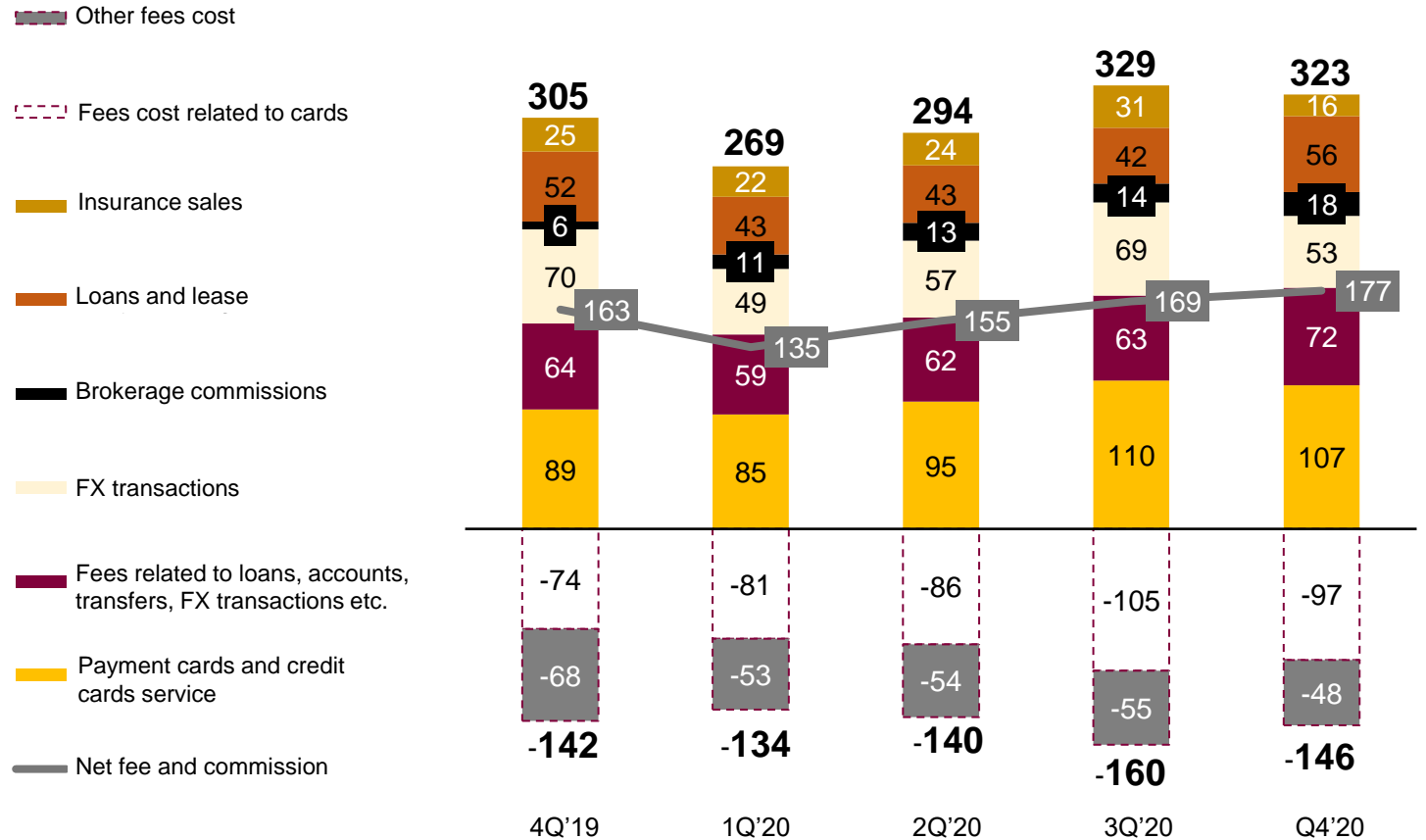
**Specified value of the CoF in Q4 2020 has been cleansed for the one-time impact of lower interest expense recognized in consolidation. Based on reported data accounting for this effect, CoF in Q4 2020 was 0.23%

Thanks to a number of initiatives, fee income improved in H2 2020

Fee and charges income YTD, y/y



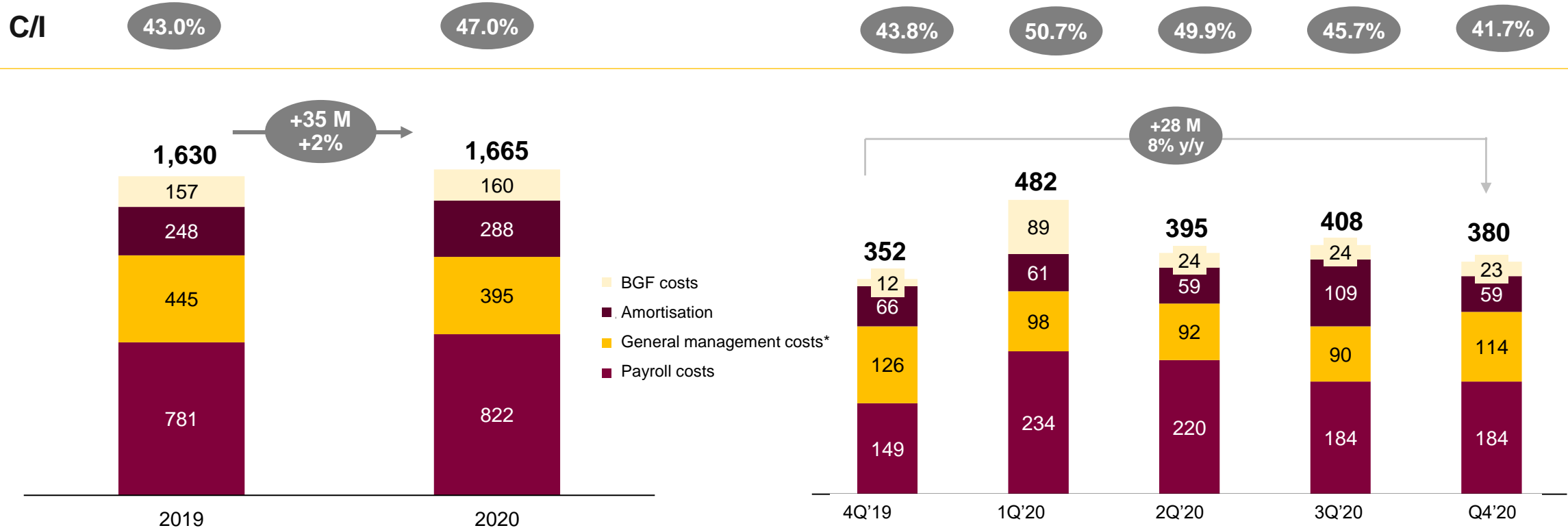
Net fee and charges income on quarterly basis



Operating expenses of Alior Bank Group

Operating expenses on QTD basis (PLN M)

Operating expenses on a quarterly basis (PLN M)



In Q4 2020 wage costs were influenced by the release of a provision of PLN 14.5 million (in the entire 2020, PLN 57 M worth of provisions were released).



Thank you for your
attention.

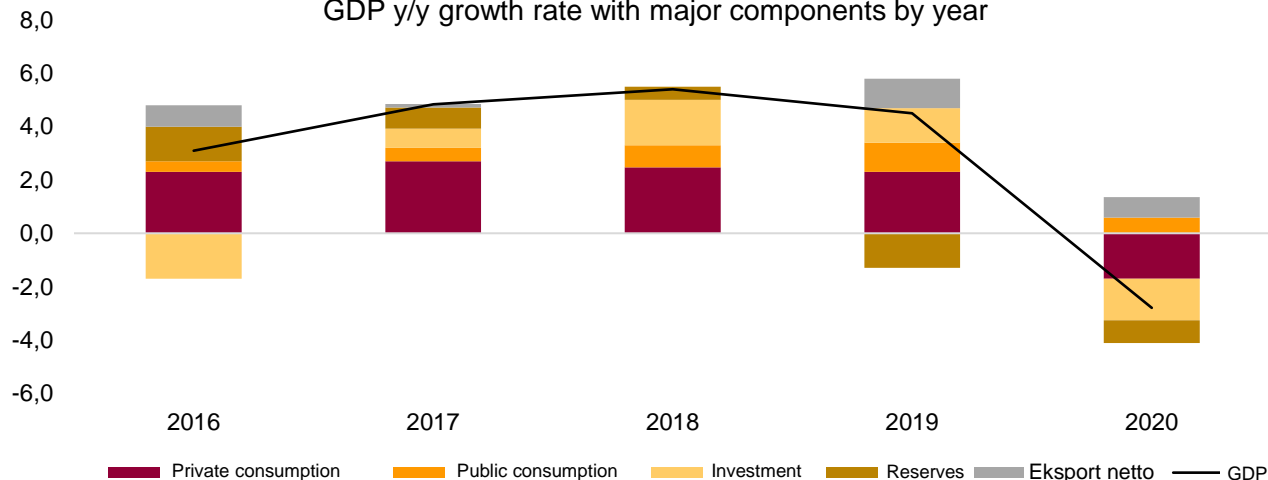


Other information

The year in the Polish economy was with GDP decline by 2.8%, but...

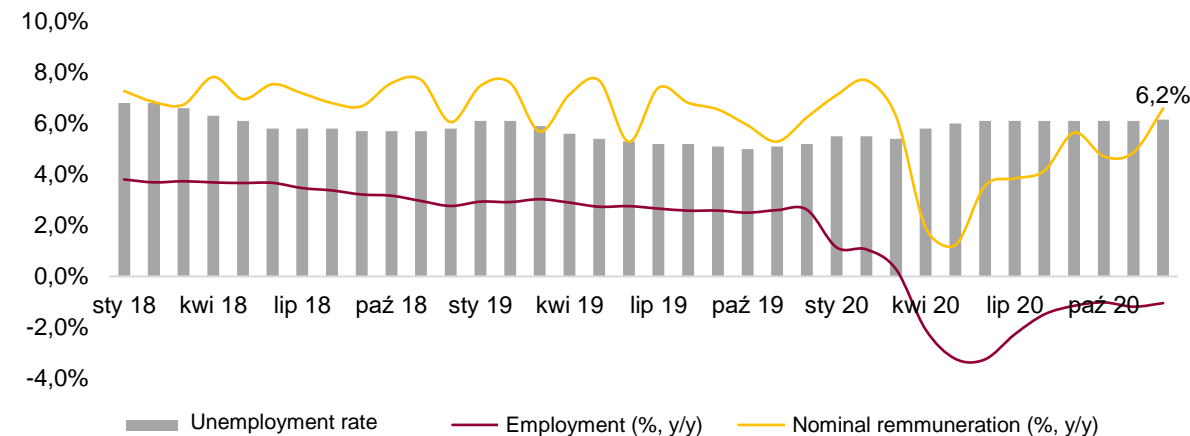
The recession is not as deep as it was

GDP y/y growth rate with major components by year



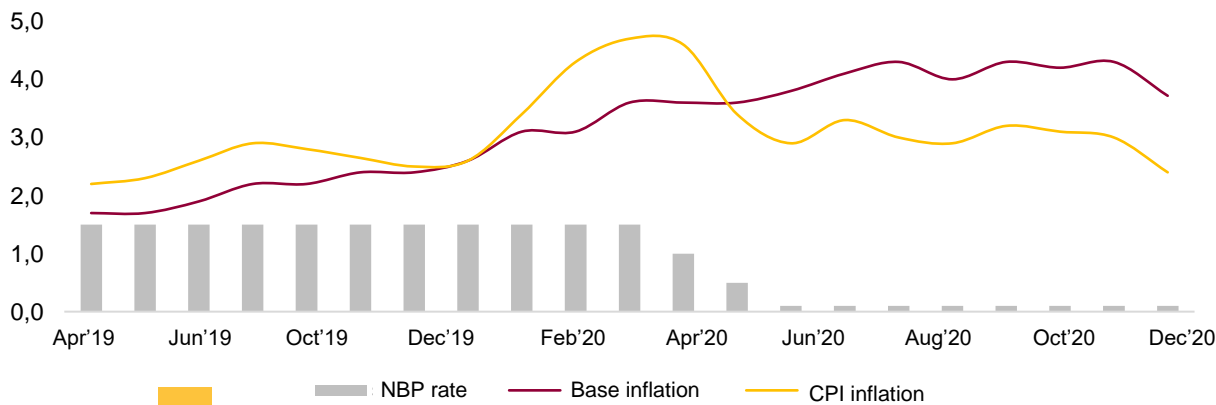
Anti-crisis Shield supported the labour market

Employment and wages in the enterprise sector and unemployment rate



Inflation growth fuelled by core inflation

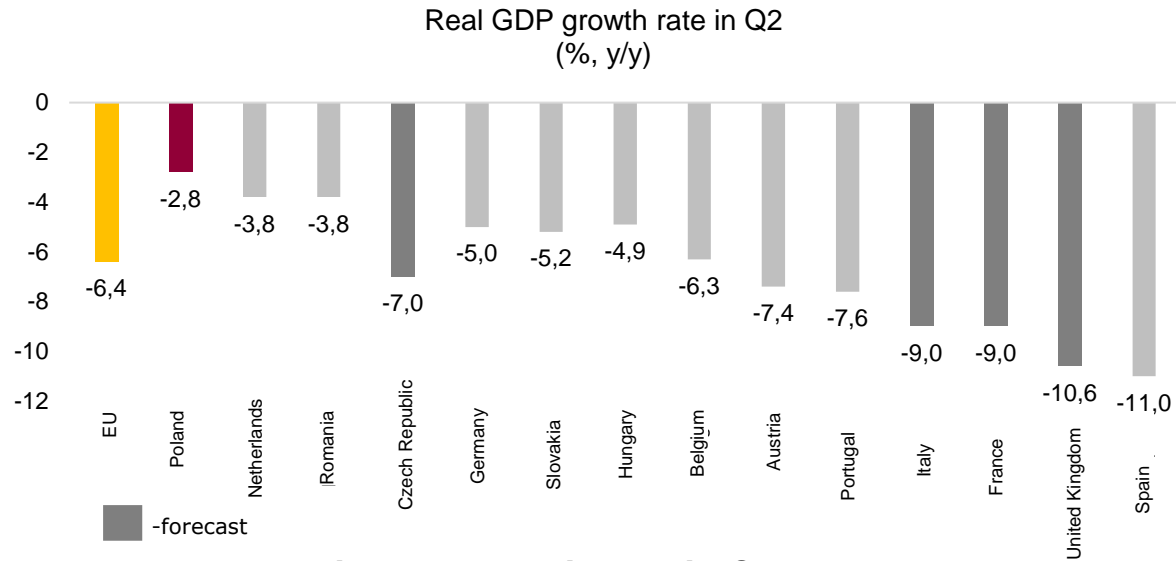
Inflation measured with CPI, Poland (% y/y)



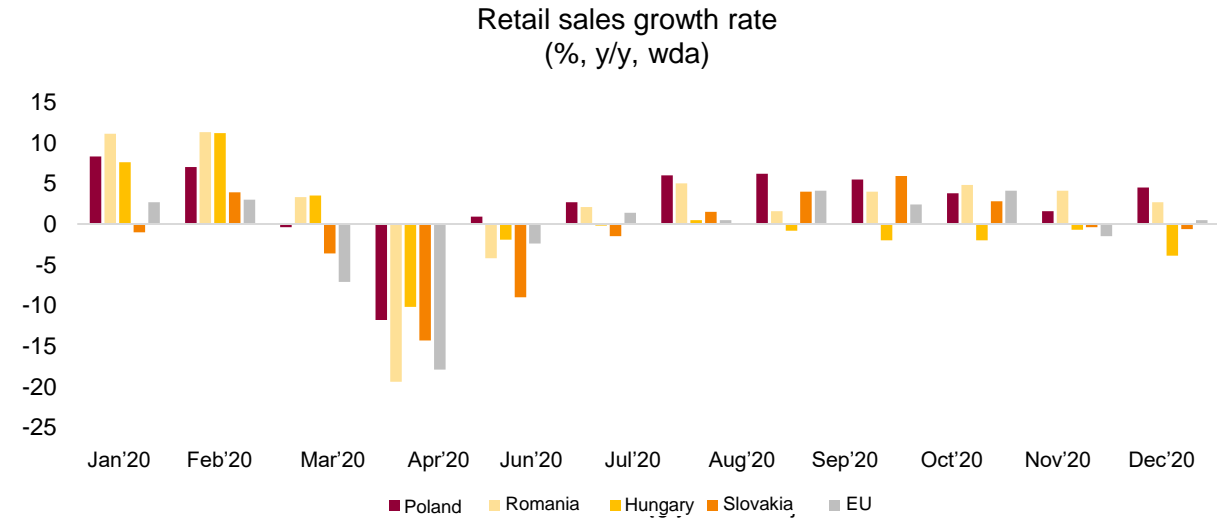
- The consequences of the social restrictions put in place during the spring and fall/winter remained a key factor for the economy in 2020, however, a period of lifting restrictions in Q3 and the economy's apparent adaptation to the pandemic situation in Q4 limited the depth of the recession.
- The consumption rebounding is supported by a relatively small disruption in the labour market (shielding effect of the Anti-Crisis Shield). The unemployment rate rose to only 6.2% from about 5% at the end of 2019.
- On the investment side, the uncertainty about pandemic developments and the financial health of companies, which prevailed for most of the year, curtailed the appetite for investment.
- Consumer inflation has been declining in 2020, although high CPI levels that prevailed at the year onset and rising core inflation have led to consumer inflation remaining above the NBP's inflation target.
- PWith inflationary pressures expected to decline, the MPC focused on supporting the economic recovery and cut interest rates from 1.5% to 0.1%.

... against the background of Europe it is one of the best results

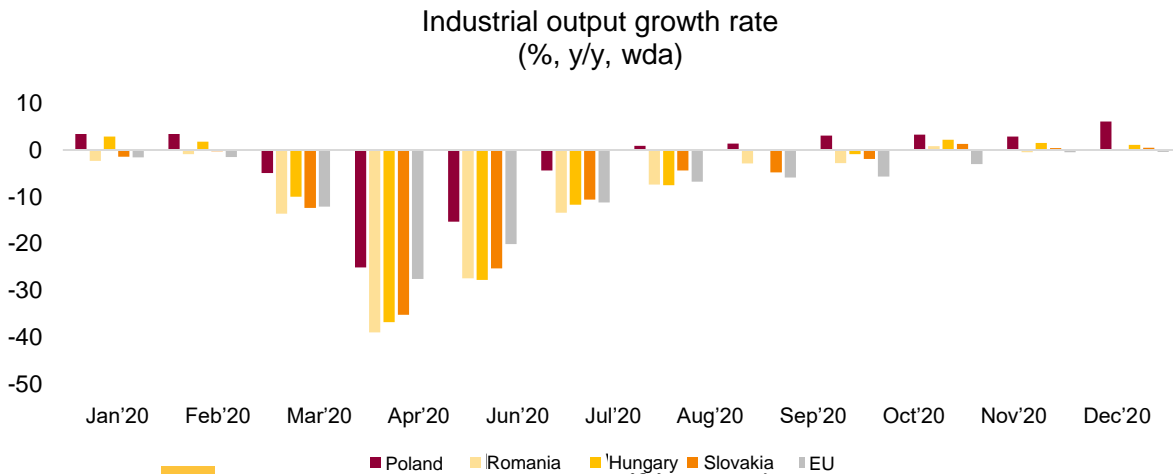
Annual decline in domestic GDP, small decline compared to EU



Sales is one of the best in the region



Industrial output – highest in CEE

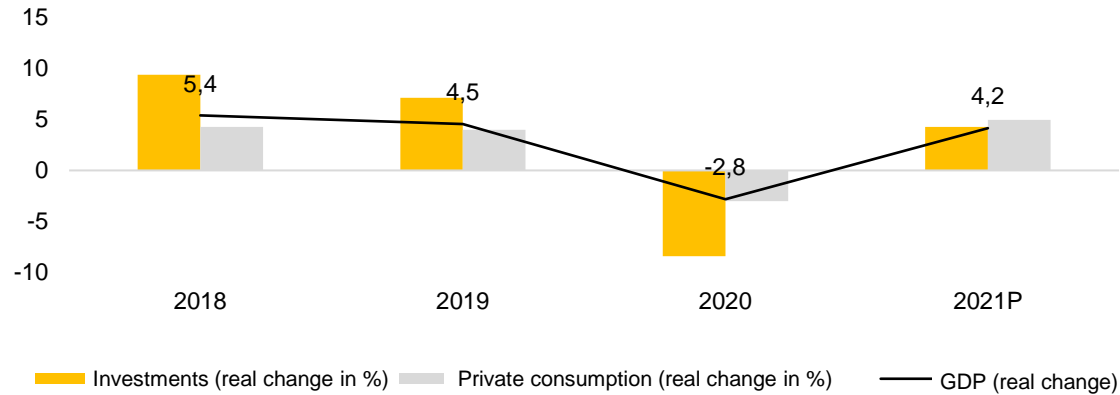


- In 2020 recession in the Polish economy was one of the smallest compared to other European countries. Poland's GDP fell by 2.8% y/y in real terms in this period, compared to a 6.4% y/y decline in the EU as a whole.
- Against the backdrop of the CEE region, domestic production recovery stood out, despite the return to austerity measures in Q4 of the year.
- This state of affairs is due, *inter alia*, the structure of domestic industry. The Polish industry against the region remains well-diversified, including smaller dependency on the automotive industry, which suffered large sales losses in H1 of the year.
- Apart from that, the industries related to tourism, leisure and recreation, which are most exposed to the current crisis, represent a relatively small share in the Polish economy.
- Retail sales grew more strongly than in CEE during the period of lifting restrictions, improving the performance of private consumption.

In 2021, the national economy will accelerate

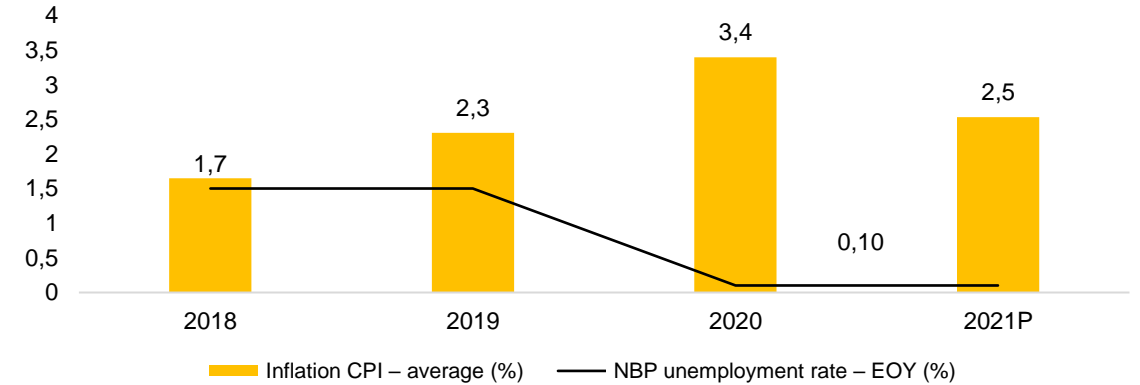
Deferred consumption will drive economic rebound

GDP y/y growth rate with major components y/y by year



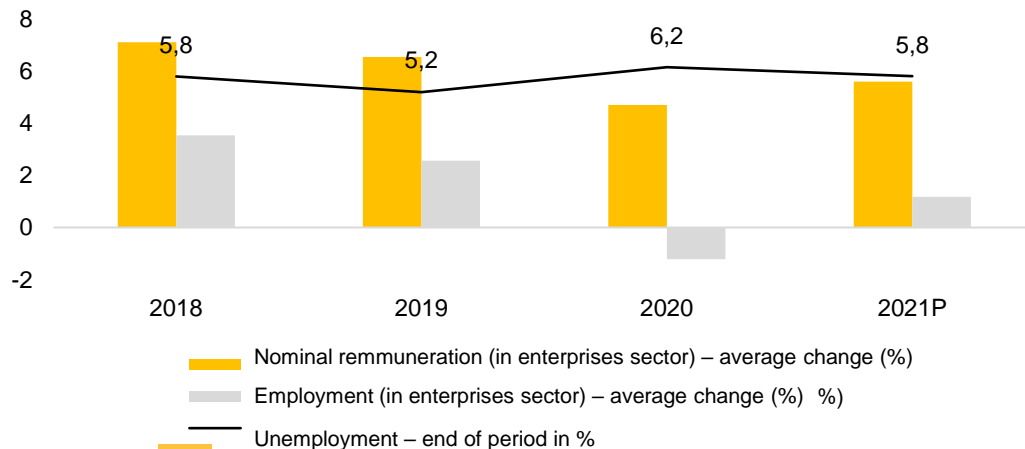
Inflation will go back to the inflationary target of National Bank of Poland (NBP)

CPI y/y and MPC's interest rate by year



Employment growth will reduce the unemployment rate

Wage and employment growth y/y and unemployment rate by year



- In 2021, economic growth should exceed 4% y/y mainly due to reviving consumer activity after a period of epidemic restrictions, supported by an improving labor market.
- We expect that the first half of the year will still be materially impacted by epidemic tightening. As the vaccination campaign progresses and with the slowdown of virus transmission in the spring, we expect a gradual acceleration of private consumption with a progressive recovery in the service sector industries blocked by the pandemic.
- In 2021 we expect a moderate rebound in investment mainly due to the still weak private investment outlook, in our view. This year, private companies will remain cautious with their investment plans, the stream of which we believe will slowly start to unlock in the second half of the year with rising revenues. In the area of public investment, an increased activity of local governments can be expected in the second half of the year, but a more pronounced revival in investment is not likely until 2022, when the dynamics will be further supported by the EU Reconstruction Fund.
- Inflation should remain within the Monetary Policy Council's target and rates will be kept at their current levels throughout 2021 in our view.

Market position of Alior Bank Capital Group (in PLN)

**Balance sheet
total**

78.6 bn

8th position in the market

Headcount

7 878 pers. (FTE)

6th position in the market

Equity

6.6 bn

9th position in the market

Branch offices

725 outlets*

5th position in the market**

**Deposit
volume**

66.9 bn

8th position in the market

**WSE
capitalisation***

**

2.2 bn

9th position in the market

**Net loan
volume**

56.2 bn

8th position in the market

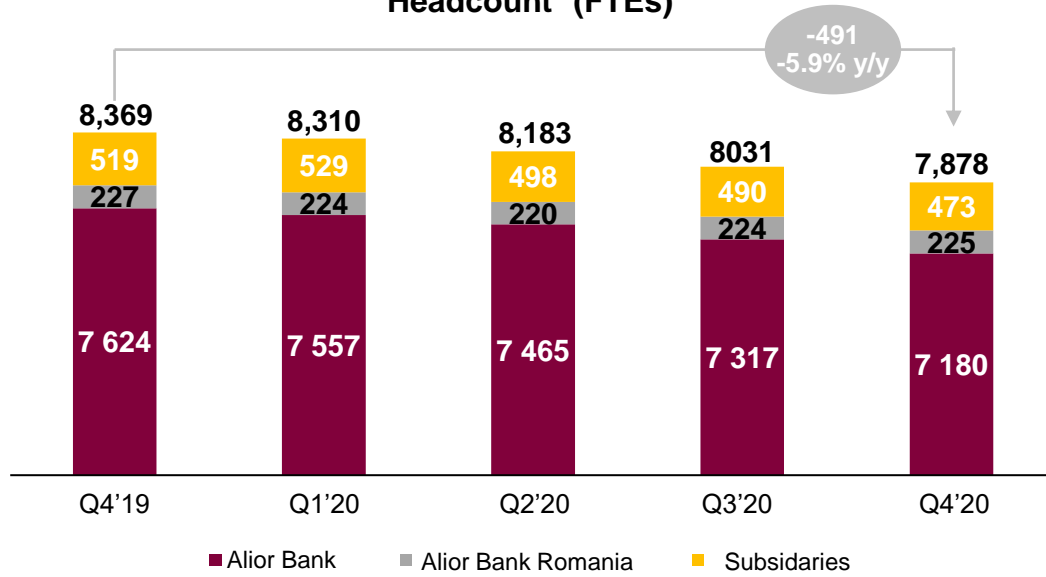
P/BV ratio*

0.34x

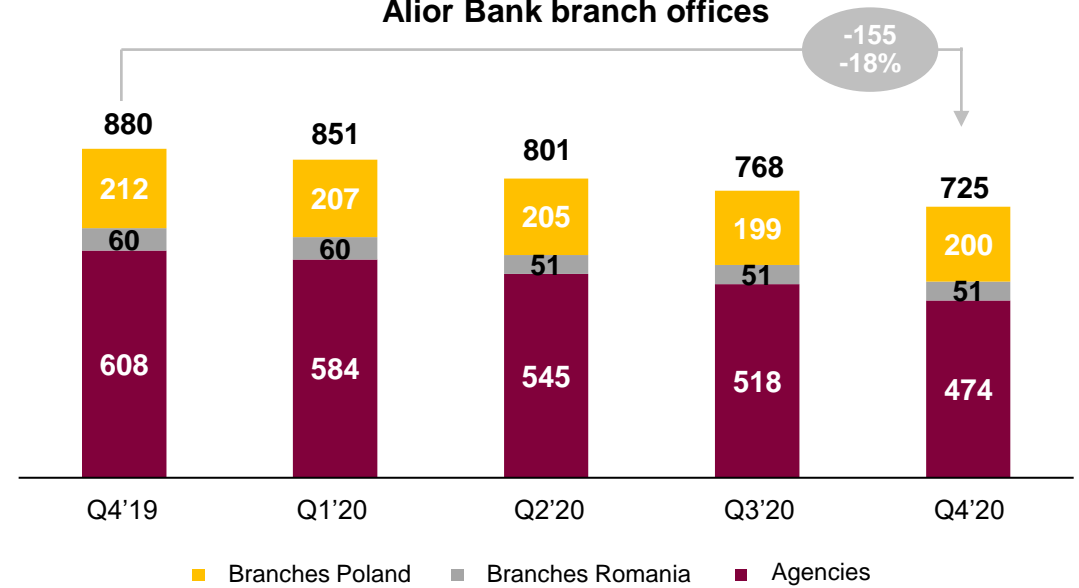
10th position in the market

Additional information

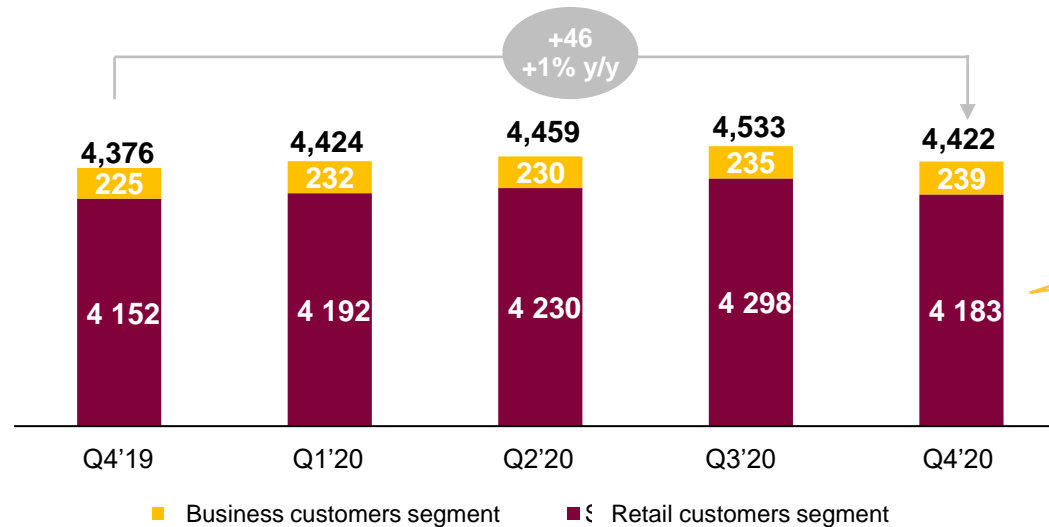
Headcount* (FTEs)



Alior Bank branch offices



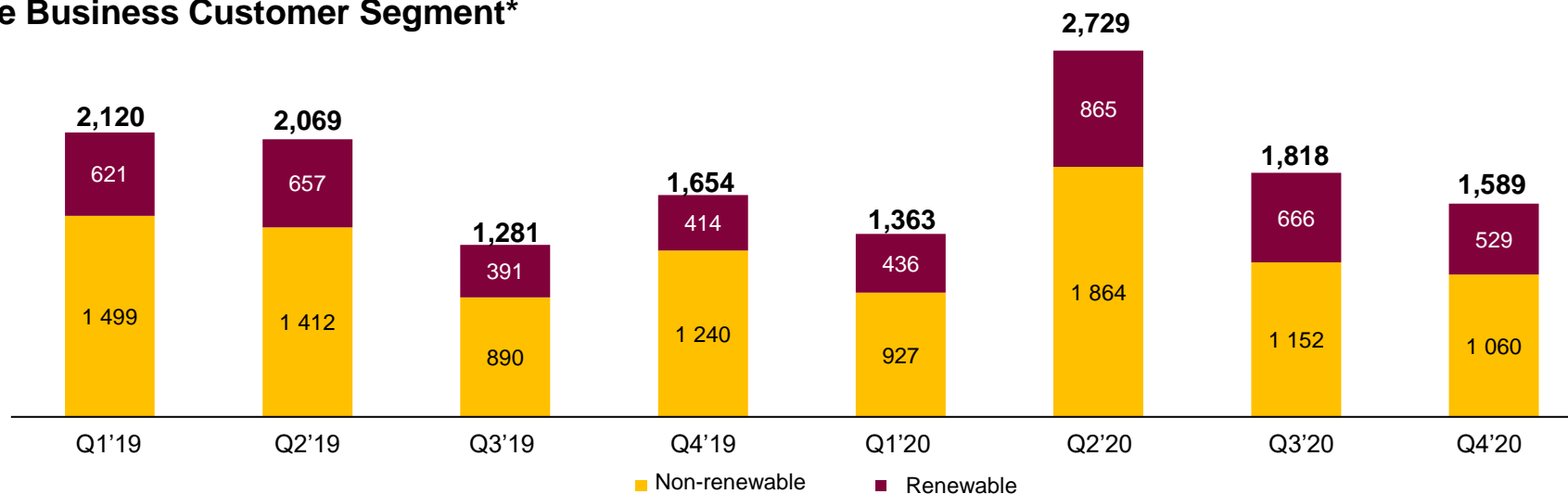
No. of customers ['000]



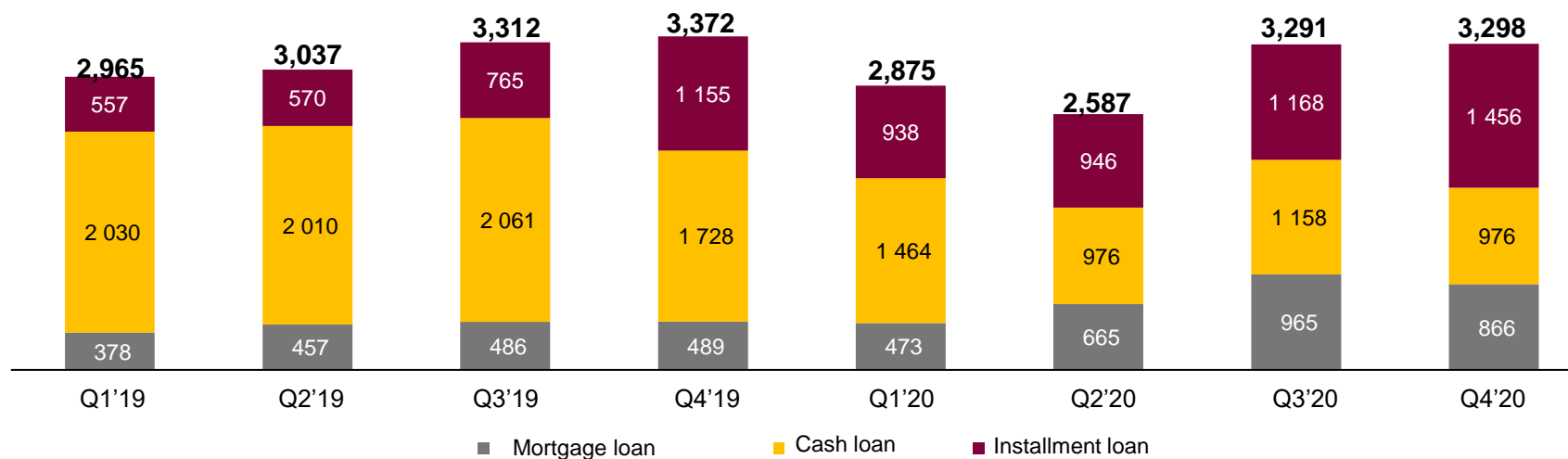
A decline in the number of retail customers (net, by approx. 115 thousand, q/q) driven mainly by the completion of the project titled "T-Mobile Banking Services" and migration of some customers to the Alior Bank

New sales of credits and loans (PLN M)

Sales in the Business Customer Segment*



Sales in the Retail Customer Segment



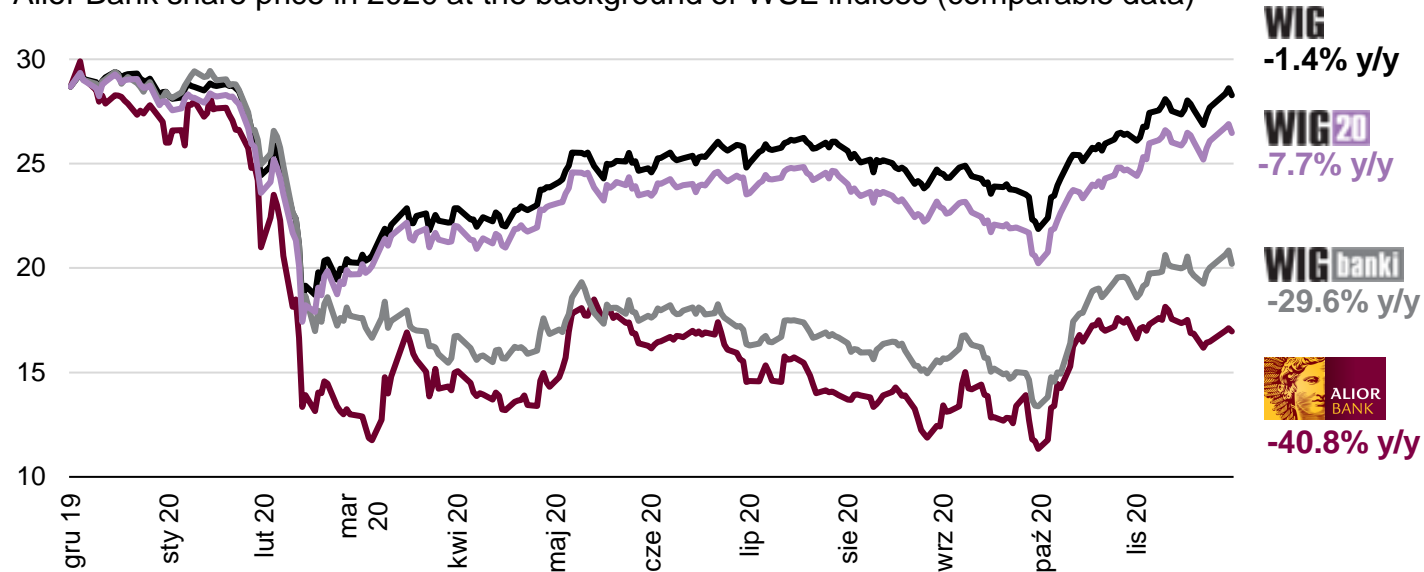
*Limit on new sales (new sales + increases) for the customers in the Micro / Small / Medium / Large segments

Consolidated Statement of Financial Position (PLN M)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	chnge % q/q	chnge q/q	chnge % y/y	chnge y/y
Total assets	76 714,1	76 512,2	77 671,9	77 717,3	78 642,0	1,2%	924,7	2,5%	1 927,9
Cash assets and equivalents	1 379,1	1 960,9	1 128,5	1 636,9	2 459,9	50,3%	823,0	78,4%	1 080,8
Receivables from banks	212,9	276,1	290,5	330,5	508,4	53,8%	177,8	138,8%	295,5
Investmetn financial assets	15 798,7	14 197,5	16 756,8	15 062,1	15 744,7	4,5%	682,5	-0,3%	-54,0
Derivative hedging instruments	134,8	292,9	379,7	367,0	335,0	-8,7%	-32,0	148,4%	200,1
Receivables from customers	55 844,5	56 518,1	55 703,5	55 995,9	56 215,4	0,4%	219,5	0,7%	370,9
Assets used as liability collateral	335,5	338,4	383,9	1 270,6	446,5	-64,9%	-824,1	33,1%	111,0
Tangible fixed assets	763,6	741,5	713,3	700,1	702,4	0,3%	2,3	-8,0%	-61,2
Intangible assets	580,4	577,9	507,7	461,4	425,1	-7,9%	-36,3	-26,7%	-155,2
Stakes in associated entities	9,8	5,3	5,3	5,3	5,3	0,0%	0,0	-45,7%	-4,5
Assets held up for sale	0,1	0,1	139,8	140,2	0,0	-	-140,2	-97,1%	-0,1
Income tax assets	1 169,9	1 139,4	1 223,4	1 222,5	1 218,3	-0,3%	-4,2	4,1%	48,4
Other assets	484,9	464,0	439,4	524,8	581,1	10,7%	56,4	19,8%	96,2
Liabilities	69 976,8	69 689,9	71 304,6	71 251,7	72 082,4	1,2%	830,8	3,0%	2 105,7
Liabilities vis-a-vis banks	822,5	940,0	967,4	1 063,2	912,4	-14,2%	-150,8	10,9%	89,9
Liabilities vis-a-vis customers	64 999,3	64 596,0	65 865,4	65 868,1	66 875,9	1,5%	1 007,8	2,9%	1 876,6
Financial liabilities	436,9	431,8	516,4	493,3	501,9	1,7%	8,6	14,9%	65,0
Derivative hedging instruments	40,7	77,5	89,7	88,8	86,2	-3,0%	-2,7	111,8%	45,5
Provisions	358,9	257,1	402,7	356,7	336,6	-5,7%	-20,2	-6,2%	-22,3
Other liabilities	1 429,7	1 572,9	1 503,1	1 408,3	1 569,9	11,5%	161,6	9,8%	140,2
Group liabilities held up for sale	0,0	0,0	165,1	172,3	0,0	-	-172,3	-	0,0
Income tax liabilities	94,9	10,2	1,4	1,9	6,7	252,0%	4,8	-93,0%	-88,2
Subordinated debts	1 794,0	1 804,5	1 793,3	1 798,9	1 793,0	-0,3%	-5,9	-0,1%	-1,0
Equity	6 737,4	6 822,3	6 367,4	6 465,7	6 559,6	1,5%	93,9	-2,6%	-177,8
Share capital	1 305,5	1 305,5	1 305,5	1 305,5	1 305,5	0,0%	0,0	0,0%	0,0
Supplementary capital	5 393,4	5 393,4	5 399,6	5 399,6	5 399,6	0,0%	0,0	0,1%	6,3
Revaluation capital	76,4	68,0	220,7	237,6	217,3	-8,5%	-20,3	184,4%	140,9
Other reserve capital	166,9	166,9	166,9	166,9	161,8	-3,0%	-5,1	-3,0%	-5,1
FX gains/losses from conversion of units operating abroad	0,6	-0,6	-0,2	-0,5	-1,6	218,9%	-1,1	-	-2,2
Retained earnings	-453,7	-184,0	-211,8	-211,8	-211,8	0,0%	0,0	-53,3%	241,8
Current year profit/loss	248,3	73,2	-513,4	-431,6	-311,2	-27,9%	120,3	-	-559,5
Total equity and liabilities	76 714,1	76 512,2	77 671,9	77 717,3	78 642,0	1,2%	924,7	2,5%	1 927,9

Alior Bank S.A. Group – quotations, shareholding structure, ratings

Alior Bank share price in 2020 at the background of WSE indices (comparable data)



Price of shares in Alior Bank: **PLN 16.97**
 (30 Dec. 2020)
 Capitalisation: **PLN 2.2 billion**
 Value of shares in free float: **PLN 1.1 billion**
 P/BV ratio **0.34x**

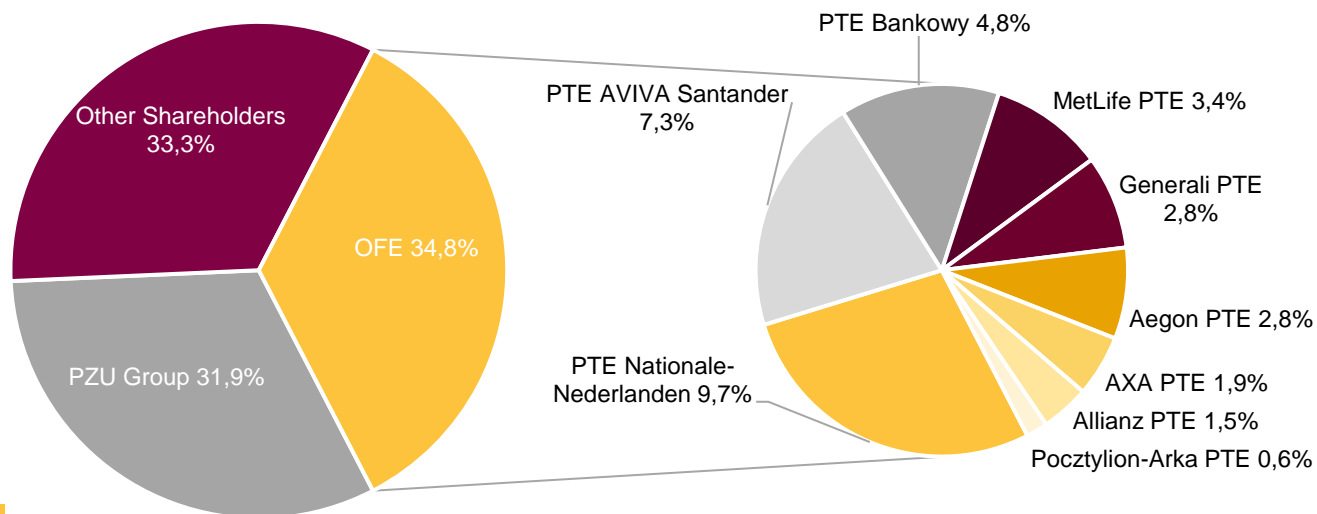
ISIN code: PLALIOR00045
GPW: ALR
Bloomberg: ALR PW
Reuters: ALRR.WA

Fitch rating:
 long-term: BB
 short-term: B
 prospect: negative
S&P rating:
 long-term: BB
 short-term: B
 prospect: negative

Alior Bank S.A. shares are included in the following WSE indices:

- WIG
- WIG-BANKI
- WIG20
- WIG20TR
- WIG.MS-FIN
- WIG30
- WIG30TR
- WIG-Poland
- WIG-ESG
- CEEplus

Shareholding structure*



*based on annual structure of Open-Ended Pension Fund assets as of 30 Dec. 2020

Should you have any questions or queries do not hesitate to send them at:

relacje.inwestorskie@alior.pl

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