

Interim Pillar III Disclosures of the Alior Bank SA Capital Group as at 30 June 2022

Disclosure Pillar III

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Introduction

Alior Bank SA is obliged, under Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 as amended by (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (hereinafter referred to as CRR), **publish interim information on Pillar III in a publicly available manner.**

Information is published in accordance with Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosure by institutions of information referred to in Part Eight, Titles II and III of the Regulation of the European Parliament and of the Council (EU) No 575/2013, and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295, **as well as the EBA / GL / 2020/07 Guidelines of 2 June 2020** on reporting and disclosure of exposures subject to measures **in response to the COVID-19 crisis and Guidelines EBA / GL / 2020/12**, which amend the EBA / GL / 2018/01 guidelines on uniform disclosure, pursuant to Art. 473a of Regulation (EU) No 575/2013, information on the transition period to **mitigate the effects of IFRS 9** and the **temporary treatment of unrealized gains and losses** in accordance with **Art. 468** of the CRR.

As at 30 June 2022, the **Alior Bank SA Capital Group** was composed of: Alior Bank SA, as the parent company, and subsidiaries in which the Bank holds a majority interests. For the purposes of calculations in the area of capital adequacy, **prudential consolidation was used - in accordance with Article 19** of Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013, as amended - **Alior Bank SA and Alior Leasing sp. o. o**

Unless otherwise stated, the information in this document has been disclosed based on the data from the Interim condensed consolidated financial statements of the Alior Bank SA Group for the 6-month period ended 30 June 2022. Alior Bank SA exerts a dominant influence on the shape of the risk profile in the Bank's Capital Group, therefore some information contained in the report relates to the individual data of Alior Bank SA.

Figures are drawn up in Polish zlotys (PLN) and are rounded up to one million zlotys (M), with accuracy to one decimal place.

This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

EU KM1 - Key metrics template

PLN m	a	c	e
	30.06.2022	31.12.2021	30.06.2021
Available own funds (amounts)			
1 Common Equity Tier 1 (CET1) capital	6 254,0	6 200,0	6 269,9
2 Tier 1 capital	6 254,0	6 200,0	6 269,9
3 Total capital	6 926,5	6 997,7	7 218,3
Risk-weighted exposure amounts			
4 Total risk exposure amount	49 513,7	49 411,2	48 270,0
Capital ratios (as a percentage of risk-weighted exposure amount)			
5 Common Equity Tier 1 ratio (%)	12,63%	12,55%	12,99%
6 Tier 1 ratio (%)	12,63%	12,55%	12,99%
7 Total capital ratio (%)	13,99%	14,16%	14,95%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,00%	0,00%	0,00%
EU 7b of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%
EU 7c of which: to be made up of Tier 1 capital (percentage points)	0,00%	0,00%	0,00%
EU 7d Total SREP own funds requirements (%)	8,00%	8,00%	8,00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8 Capital conservation buffer (%)	2,50%	2,50%	2,50%
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9 Institution specific countercyclical capital buffer (%)	0,00%	0,00%	0,00%
EU 9a Systemic risk buffer (%)	0,00%	0,00%	0,00%
10 Global Systemically Important Institution buffer (%)	-	-	-
EU 10a Other Systemically Important Institution buffer (%)	-	-	-
11 Combined buffer requirement (%)	2,50%	2,50%	2,50%
EU 11a Overall capital requirements (%)	10,50%	10,50%	10,50%
12 CET1 available after meeting the total SREP own funds requirements (%)	5,99%	2,04%	2,49%
Leverage ratio			
13 Total exposure measure	86 673,7	85 857,0	82 295,2
14 Leverage ratio (%)	7,22%	7,22%	7,62%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
EU 14b of which: to be made up of CET1 capital (percentage points)	-	-	-
EU 14c Total SREP leverage ratio requirements (%)	3,00%	3,00%	3,00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d Leverage ratio buffer requirement (%)	0,00%	0,00%	0,00%
EU 14e Overall leverage ratio requirement (%)	3,00%	3,00%	3,00%
Liquidity Coverage Ratio			
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	12 985,7	16 030,8	16 276,9
EU 16a Cash outflows - Total weighted value	11 586,6	12 331,6	11 690,6
EU 16b Cash inflows - Total weighted value	2 062,0	2 310,8	1 923,8
16 Total net cash outflows (adjusted value)	9 524,6	10 020,8	9 766,8
17 Liquidity coverage ratio (%)	136%	160%	167%
Net Stable Funding Ratio			
18 Total available stable funding	64 387,8	66 105,8	63 340,9
19 Total required stable funding	51 404,7	50 211,1	48 698,8
20 NSFR ratio (%)	125%	132%	130%

IFRS 9/Article 468-FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR

PLN m		31.12.2021	31.12.2021
Available capital (amounts)			
1	CET1 capital	6 254,0	6 200,0
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5 935,0	5 562,0
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied *	6 155,4	na*
3	Tier 1 capital	6 254,0	6 200,0
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5 935,0	5 562,0
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	6 155,4	na*
5	Total capital	6 926,5	6 997,7
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6 607,5	6 359,7
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	6 827,9	na*
Risk-weighted assets (amounts)			
7	Total risk-weighted assets	49 513,7	49 411,2
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	49 297,5	48 929,6
Capital ratios			
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	12,63%	12,55%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12,04%	11,37%
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	12,43%	na*
11	Tier 1 (as a percentage of risk exposure amount)	12,63%	12,55%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12,04%	11,37%
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	12,43%	na*
13	Total capital (as a percentage of risk exposure amount)	13,99%	14,16%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,40%	13,00%
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	13,79%	na*
Leverage ratio			
15	Leverage ratio total exposure measure	86 673,7	85 857,0
16	Leverage ratio	7,22%	7,22%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,86%	6,51%
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied *	7,12%	na*

*The Bank in 2021 did not temporarily treat unrealized gains and losses measured at fair value through other comprehensive income pursuant to Art. 468 of the CRR Regulation. Reported as at December 31, 2021, capital ratios including leverage ratio and Tier 1 capital they reflect all unrealized gains and losses measured at fair value through other comprehensive income.

From March 31, 2022, in terms of unrealized gains and losses measured at fair value through other comprehensive income, the Bank applies the interim provisions referred to in Art. 468 CRR Regulation.

EU REM1 - Remuneration awarded for the financial year

PLN m

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Number of identified staff	8	7	36	27
2	Total fixed remuneration	1,0	5,5	15,2	7,6
3	Of which: cash-based	0,9	5,4	15,0	7,5
4	(Not applicable in the EU)	x	x	x	x
EU-4a	Fixed remuneration				
	Of which: shares or equivalent ownership interests	-	-	-	-
5	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x					
	Of which: other instruments	-	-	-	-
6	(Not applicable in the EU)	x	x	x	x
7	Of which: other forms	0,0	0,1	0,2	0,1
8	(Not applicable in the EU)	x	x	x	x
9	Number of identified staff		7	36	27
10	Total variable remuneration		2,1	3,2	1,3
11	Of which: cash-based	-	1,0	1,7	1,3
12	Of which: deferred	-	0,4	0,6	-
EU-13a	Variable remuneration				
	Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a					
	Of which: deferred	-	-	-	-
EU-13b					
	Of which: share-linked instruments or equivalent non-cash instruments	-	1,0	1,4	-
EU-14b					
	Of which: deferred	-	0,4	0,6	-
EU-14x					
	Of which: other instruments	-	-	-	-
EU-14y					
	Of which: deferred	-	-	-	-
15	Of which: other forms	-	-	-	-
16	Of which: deferred	-	-	-	-
17	Total remuneration (2 + 10)	1,0	7,6	18,4	8,9

EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

PLN m

	a	b	c	d	e	f	g	h	i	j
	Management body remuneration			Business areas						
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff									75
2	8	7	15							
3				2	4	1	14	15	-	
4				2	12	1	1	8	-	
5	1,0	7,6	8,6	2,1	7,8	1,0	7,9	8,5	-	
6	-	2,1	2,1	0,5	1,1	0,1	1,4	1,4	-	
7	1,0	5,5	6,5	1,7	6,7	0,9	6,4	7,1	-	

The table shows the salaries of people employed as at 31 December 2021

This report has been supplemented, in comparison to the report Capital Adequacy and Other Information Subject to Announcement of the Alior Bank Spółka Akcyjna Group for the year ended December 31, 2021, with the value of the variable remuneration for 2021, which was granted and approved in accordance with the Remuneration Policy after the date of publication of the report annual. For items 5 and 7, for the Management function of the managing body, the amounts of remuneration have been adjusted, which in the annual report as at December 31, 2021 were given in PLN thousand instead of in PLN million.

EU KM2: Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities

PLN m

	Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)					
		a	b	c	d	e	f
		30.06.2022	30.06.2022	30.03.2022	31.12.2021	30.09.2021	30.06.2021
Own funds and eligible liabilities, ratios and components							
1 Own funds and eligible liabilities	7 395,7	na	na	na	na	na	
EU-1a Of which own funds and subordinated liabilities	7 395,7						
2 Total risk exposure amount of the resolution group (TREA)	49 513,7	na	na	na	na	na	
3 Own funds and eligible liabilities as a percentage of TREA (row1/row2)	14,94%	na	na	na	na	na	
EU-3a Of which own funds and subordinated liabilities	14,94%						
4 Total exposure measure of the resolution group	86 673,7	na	na	na	na	na	
5 Own funds and eligible liabilities as percentage of the total exposure measure	8,53%	na	na	na	na	na	
EU-5a Of which own funds or subordinated liabilities	8,53%						
6a Does the subordination exemption in Article 72b(4) of the CRR apply (5% exemption)		na	na	na	na	na	
6b Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities in-instruments If the subordination discretion as per Article 72b(3) CRR is applied (max 3.5% exemption)		na	na	na	na	na	
6c Pro-memo item: If a capped subordination exemption applies under Article 72b (3) CRR, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognised under		na	na	na	na	na	
Minimum requirement for own funds and eligible liabilities (MREL)							
EU-7 MREL requirement expressed as percentage of the total risk exposure amount	13,52%						
EU-8 Of which to be met with own funds or subordinated liabilities	13,52%						
EU-9 MREL requirement expressed as percentage of the total exposure measure	4,46%						
EU-10 Of which to be met with own funds or subordinated liabilities	4,46%						

Alior Bank SA is not a global systemically important institution (G-SII), therefore it is obliged to meet the minimum requirement for own funds and eligible liabilities MREL.

Due to the fact that the date of application of the disclosure obligations related to MREL, in accordance with point 10 of the introduction to Commission Implementing Regulation (EU) 2021/763 of 23 April 2021, should coincide with the end date of the transition period and should not earlier than 1 January 2024, the Bank decided to disclose only table EU KM2.

Information on loans and advances subject to legislative and non-legislative moratoria

PLN m

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
	Performing				Non performing			Performing				Non performing			Inflows to non-performing exposures
	Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired			Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired			Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		
1 Loans and advances subject to moratorium	6 048,9	4 964,8	246,5	1 810,0	1 084,0	359,9	466,8	-713,9	-235,6	-34,6	-193,4	-478,2	-128,2	-129,2	102,7
2 of which: Households	4 474,6	3 736,5	201,7	911,6	738,1	170,2	205,4	-614,5	-207,4	-33,9	-166,9	-407,1	-90,3	-84,2	94,4
3 of which: Collateralised by residential immovable property	1 508,5	1 462,5	68,2	179,3	46,0	16,4	20,7	-20,1	-10,3	-2,4	-6,8	-9,8	-3,5	-4,2	9,5
4 of which: Non-financial corporations	1 569,8	1 224,1	31,1	897,5	345,7	189,5	261,2	-99,2	-28,1	-0,7	-26,5	-71,0	-37,9	-45,0	8,3
5 of which: Small and Medium-sized Enterprises	1 486,4	1 140,7	31,1	835,0	345,7	189,5	261,2	-98,2	-27,2	-0,7	-25,5	-71,0	-37,9	-45,0	8,3
6 of which: Collateralised by commercial immovable property	1 149,7	873,1	27,2	713,7	276,6	156,3	232,6	-55,4	-13,2	-0,2	-12,9	-42,1	-24,8	-34,7	3,3

Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

PLN m

	a	b	c	d	e	f	g	h	i									
										Gross carrying amount								
										Number of obligors	Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria					
<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year														
1 Loans and advances for which moratorium was offered	67 605	9 842,7	x	x	x	x	x	x	x									
2 Loans and advances subject to moratorium (granted)	46 356	6 048,9	523,6	6 015,5	33,3	-	-	-	-									
3 of which: Households	x	4 474,6	523,6	4 441,3	33,3	-	-	-	-									
4 of which: Collateralised by residential immovable property	x	1 508,5	157,6	1 493,2	15,3	-	-	-	-									
5 of which: Non-financial corporations	x	1 569,8	-	1 569,8	-	-	-	-	-									
6 of which: Small and Medium-sized Enterprises	x	1 486,4	-	1 486,4	-	-	-	-	-									
7 of which: Collateralised by commercial immovable property	x	1 149,7	-	1 149,7	-	-	-	-	-									

Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

PLN m

	a	b	c	d
	Gross carrying amount	Maximum amount of the guarantee that can be considered		Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
1 Newly originated loans and advances subject to public guarantee schemes	4 934,9	9,3	4 164,8	35,1
2 of which: Households	2 067,5	x	x	23,8
3 of which: Collateralised by residential immovable property	1,1	x	x	-
4 of which: Non-financial corporations	2 848,5	4,8	2 425,0	11,3
5 of which: Small and Medium-sized Enterprises	2 530,5	x	x	11,3
6 of which: Collateralised by commercial immovable property	244,2	x	x	0,6