

Alior Bank SA

Presentation of Q3 2020 Financial Performance

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- 2 Operations
- 3 Credit risk
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Key Issues

In Q3 the Bank generated solid performance in all of its business areas



Net profit at the level of PLN 81.8 M.

Each month in Q3 was closed with positive financial income.



Record sales of mortgage loans. In Q3 2020 it totalled PLN 960 M, up by 43% q/q. and 100% y/y. In Q3 2020 the Bank share of market (SoM) was at the level of 6.9%.



Bank's safe capital position.

TIER1 at the level of 12.98% and TCR at the level of 15.41%.

High surplus above regulatory minima:

- for TIER1 448 b.p. (PLN 2,196 M),
- for TCR 491 b.p. (PLN 2,405 M).



Very good sales performance in lease business and improvement in loans in volume terms.

- lease sales in Q3 2020 totalled PLN 634 M – up by 12% y/y and 52% q/q),
- loan sales totalled PLN 1.16 bn in Q3 2020, up by 18% q/q.



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

CoR down by 68%, from PLN 915 M in Q2 2020 to PLN 289 M in Q3 2020, which implies that CoR q/q was down from 5.94% to 1.86%.

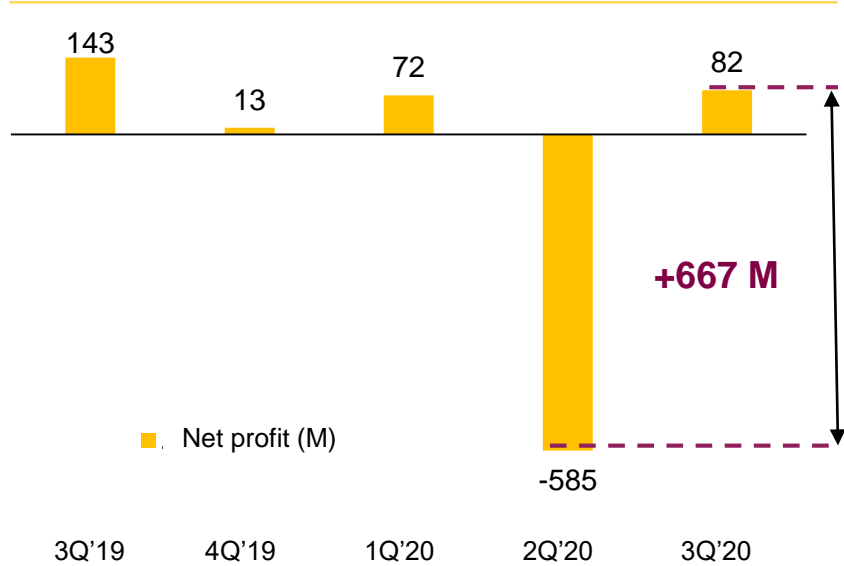


Record net sales of investment funds managed by Alior Investment Fund Company (TFI).

Net sales in Q3 2020 reached PLN 287 M, and total value of assets under management in Funds was up by 57% y/y to reach almost PLN 920 M.

Q3 2020 – business development and improvement of financial performance

Despite a significant deterioration of the external environment, the Bank is able to generate stable financial performance.



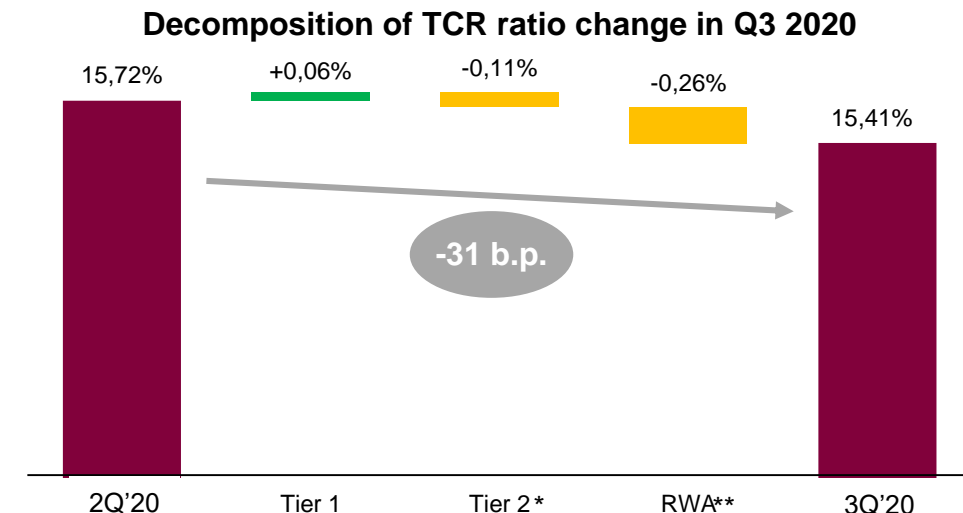
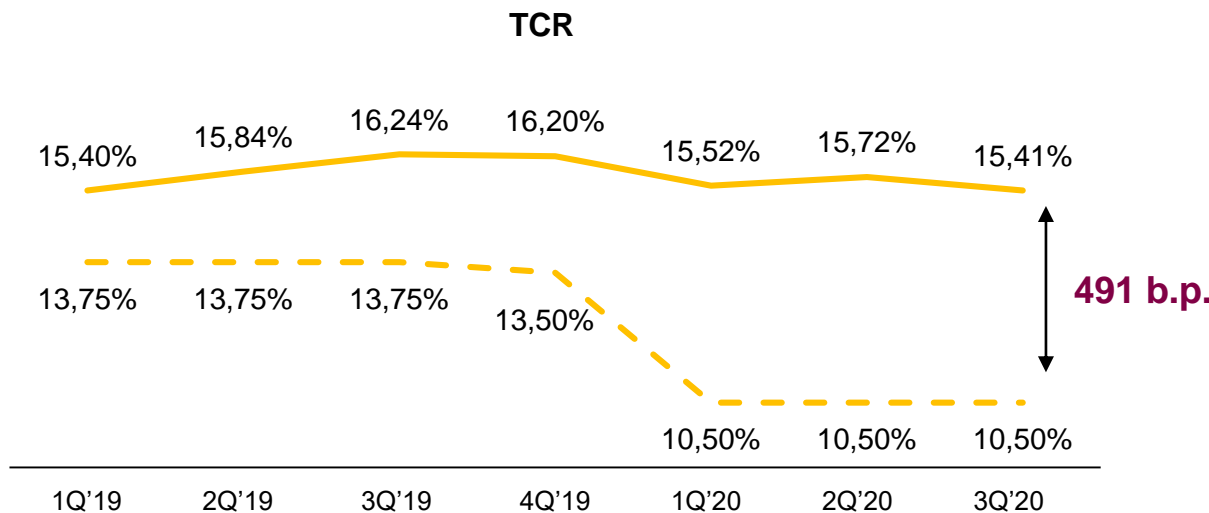
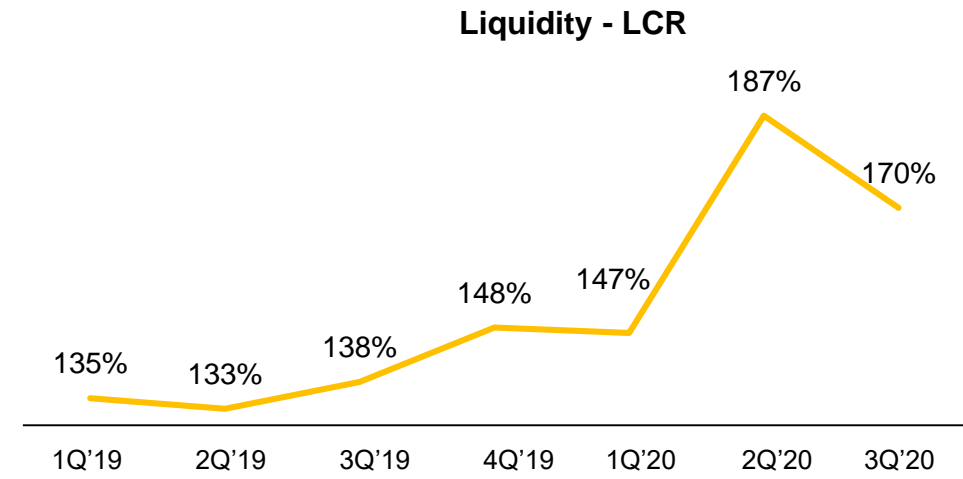
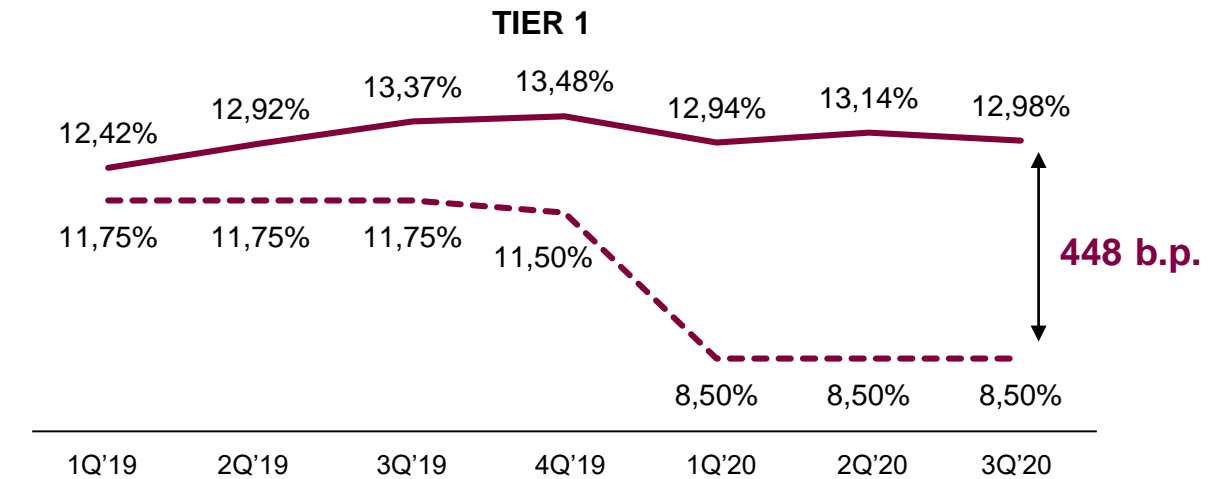
Business volumes growth allows us to look optimistically at the Bank development in consecutive periods.

assets	77.7 bn +1.0% y/y	retail customers	4.3 mn +4.9% y/y
deposits	65.9 bn +1.7% y/y	business customers	235 k. +9.4% y/y
gross loans	PLN 62.3 bn +0.3% y/y	online customers*	585 k. +47% y/y

loans business customers	loans**	mortgage loans***
26.1 bn -8.5% y/y	23.5 bn +4.6% y/y	12.7 bn +14.1% y/y

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

At the end of Q3 2020 the levels of TIER1 and TCR capital ratios exceed significantly the regulatory minima, respectively by: 448 b.p. (PLN 2 196 M) and by 491 b.p. (PLN 2,405 M)



* Change caused by depreciation of subordinated bonds

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

Bank's quick and efficient actions taken to minimize the impact of COVID-19

Income-side initiatives



- increase of cross selling of transactional products, including insurance of credit products
- development of automated decisions
- optimization of deposit interest rates



- changes in the Bank's Table of Fees and Charges fuelling growth of fee income
- an increase of fee income share in new cash loan sales



- optimisation of credit margins and development of automated decision-making processes
- development of remote customer service processes (credit and transactional products)

Cost-side initiatives

- enhancement of process efficiency using robotization, artificial intelligence (AI) and automation
- reduction of IT infrastructure costs through Data Center centralization
- the bank carries out projects increasing the application rate of cloud solutions in order to constant enhance the bank's operational efficiency
- constant optimization of the headcount level matching the scale of the bank's operations
- optimization of costs of rented office space and number of branch offices
- cost optimization, as part of the documentation signed with the customers
 - implementation of the Autenti signature
 - implementation of the qualified signature



1st place

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.



1st place

Traditional banking

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



1st place

Remote banking

Alior Bank in the "**Newsweek's Friendly Bank**" contest, was granted the first prize in the **remote banking** category.



Retail and business customers appreciate the Bank's activities - Alior wins the highest Awards (2/2)



Alior Bank's currency exchange office

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**.



Alior Bank brokerage house

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.



New branch of Alior Bank

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.





Operations

Development of digital solutions and new facilities in the offer for the customers



Consistent development of open banking

- Alior Bank systematically integrates its systems with API (application programming interface) of consecutive financial institutions. Thanks to that the number of people for whom **a convenient lending proces** using **the AIS service**, i.e. access to account information, is growing.
- Currently this solution is **integrated with 7 banks**: Bank Pekao, Santander Bank Polska, ING Bank Śląski, PKO BP, mBank, Millenium and BNP Paribas.



Innovations in the mobile application Alior Stock Exchange

- Making available **consecutive facilities** and functional modifications to the customers in the application **to enhance comfort and secure service convenience**:
 - company profile,
 - history of instruments, finance and profitability,
 - implementation of 1 and 3 month periods into the graphs,
 - modification of the client session support mechanism in the application,
 - the method of calculating the profitability on the customer's portfolio (calculation of the customer's profit or loss on a given investment project).



Good start

- **PLN 300 for school starter kits** for students regardless of the family income.
- An option to file an application **via Internet banking system**.



Improvements in customer service and development of digital channels



VideoSelfie

Use of biometrics to identify the client in the account opening process.



Cash Platform

Making the Cash platform available to Link4 personnel and PZU agents.



Credit card at Alior Online

Providing the functionalities to request and activate a credit card with Alior Online in the pre-approved processes.



Improvements of lending process

Automation of employer data retrieval the REGON and Business Activity Central Register and Information Record databases based on Tax ID (NIP).



Bill of exchange at the customer's

Allows for a completely remote lending process, with no the need to meet with the customer.



Autenti

Allows to sign a legally binding document in a couple of minutes



PSD2 at Alior Mobile

Giving view of accounts from other banks in Alior Mobile application.

Changes in the offer and transactional products



Application for an investment account and a supporting account available in Alior Online for microbusinesses:

- New self-service facility for Bank customers



New terms of PLN 1500 promotion for businesses

- The promotion rewards new customers for active use of the corporate account
- 2nd edition for the Customers who open iKonto Biznes and 4x4 accounts effective from 1 Sept. 2020



Priceless Specials programme by MasterCard is already available through Alior Online

- It is a loyalty programme that awards payments made with MasterCard. For the collected points the customer may be awarded with interesting prizes
- MasterCard extends its catalogue of consumer awards by adding awards dedicated to business



Competition for customers to take advantage of Auto-Dealing service

- Encouraging business customers to use Autodealing service to perform currency exchange transactions
- Preferential access to self-service currency exchange platform



New Classic Package in the BusinessPro banking:

- Offering a service package in the BusinessPro business client banking tailored to current customer needs
- Cost and revenue synergies related to BusinessPro offer optimization

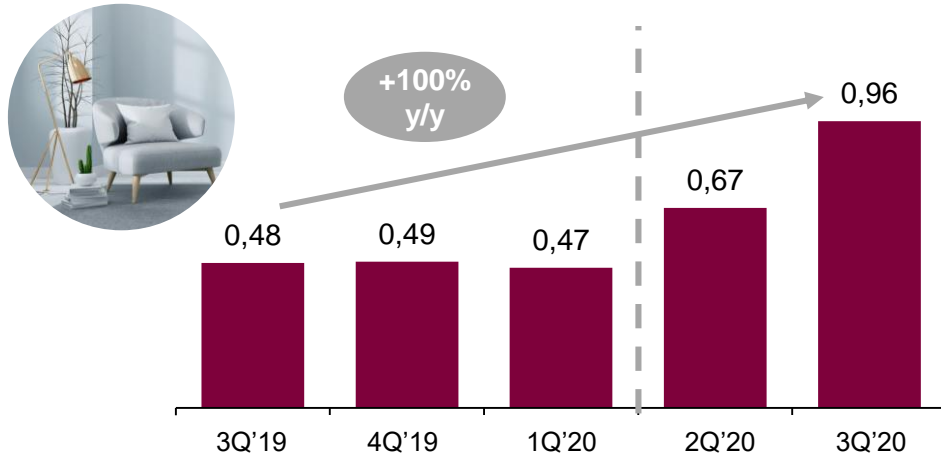


Financing Growth Campaign - new offer for customers

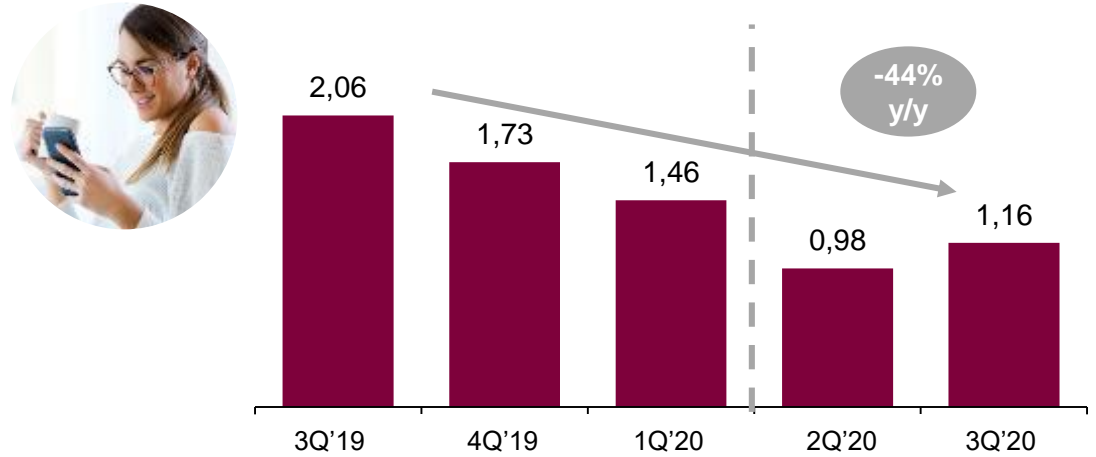
Alior Bank extended working capital and non-renewable/ investment loans worth PLN 2 billion under the new acquisition offer for clients from the following segments: Small, Medium and Large.

Sales of key products at the Bank during COVID-19 period

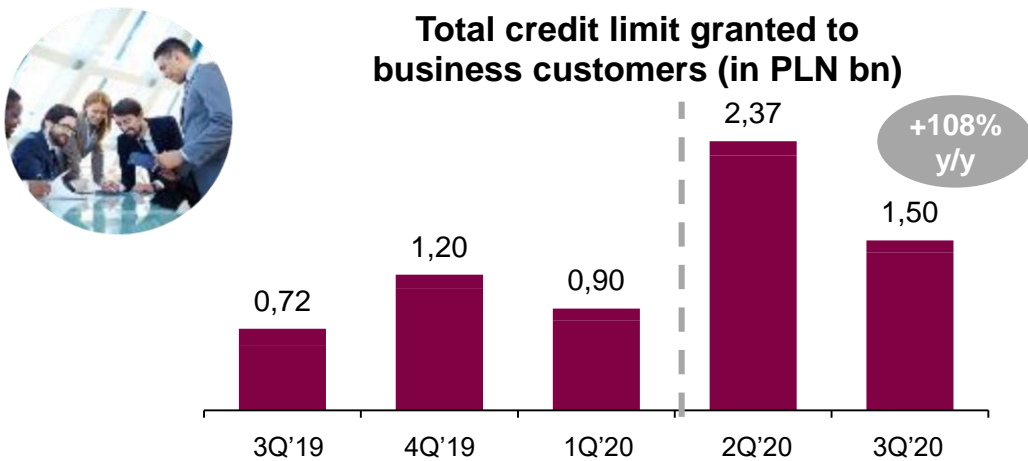
Mortgage loans (in PLN bn)



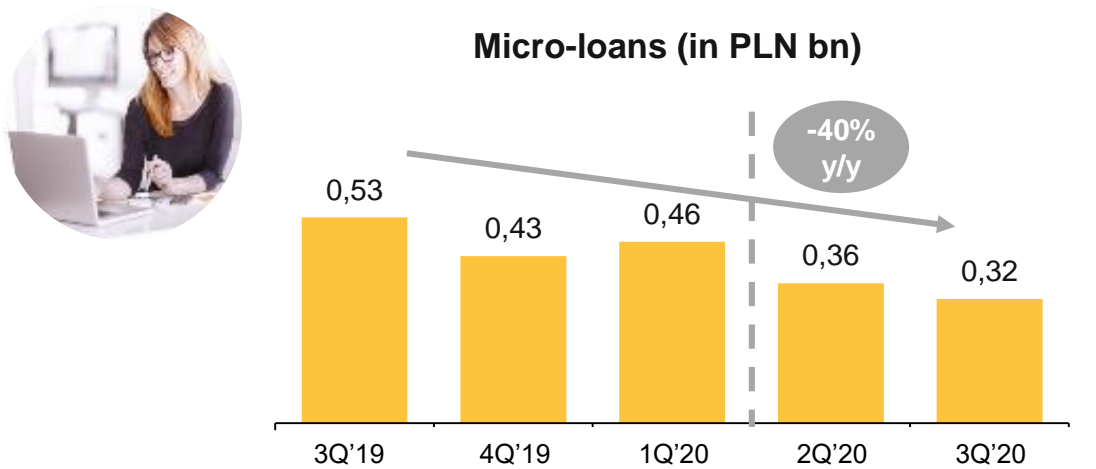
Loan (in PLN bn)



Total credit limit granted to business customers (in PLN bn)



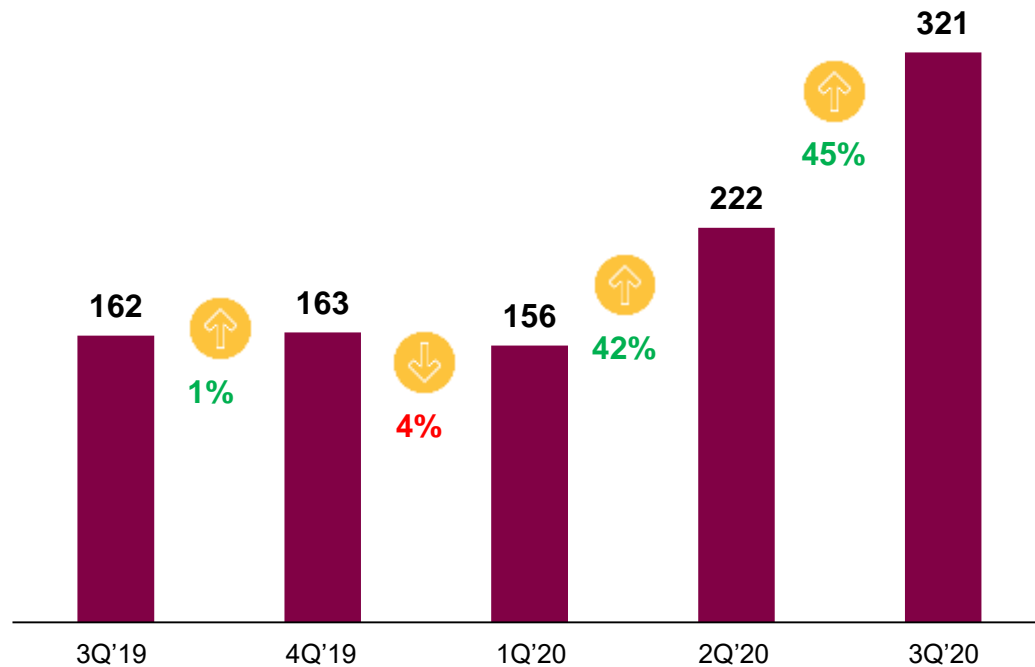
Micro-loans (in PLN bn)



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

Increase in sales of mortgage loans (average monthly volume per quarter)

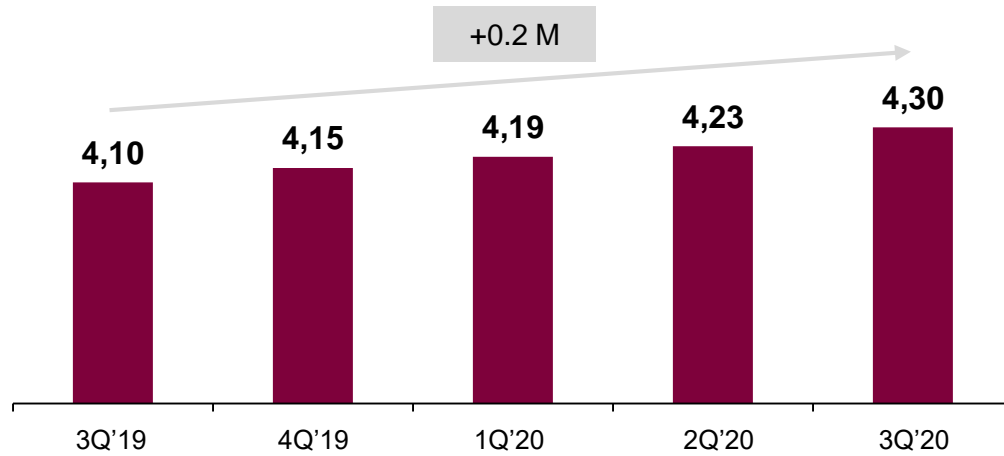
Mortgage loans - average monthly sales in PLN M



Share of market

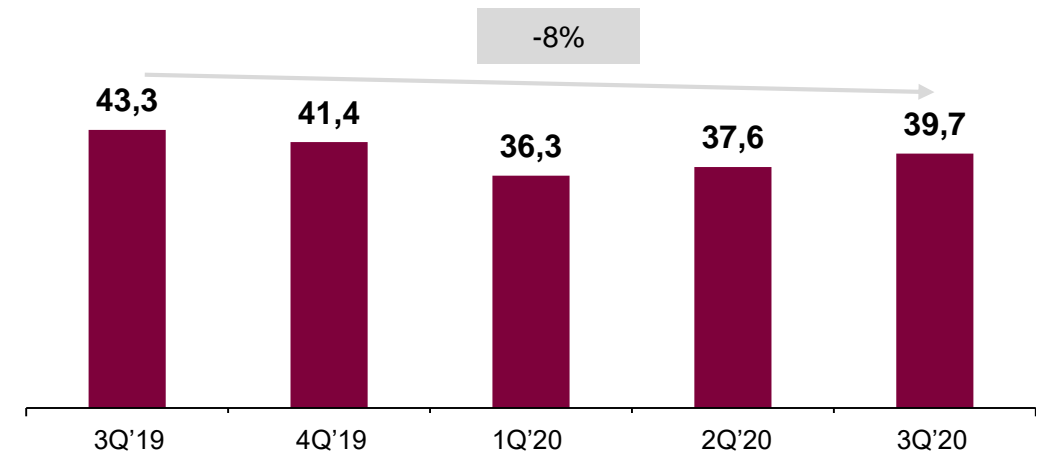
2020	Alior Bank's share in Mortgage loan market
January	2.7%
February	3.1%
March	2.8%
APRIL	3.5%
May	4.9%
June	7.1%
July	7.0%
August	7.5%
September	6.4%

Number of retail customers (M)

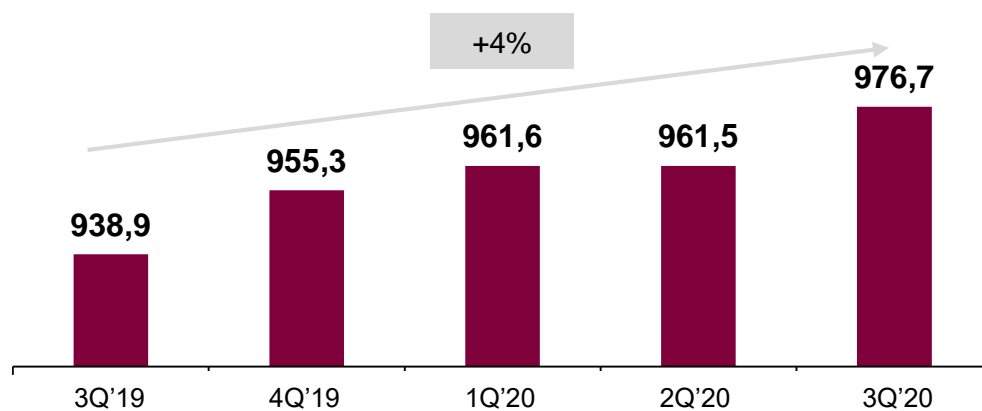


Sales of savings and current accounts ('000)

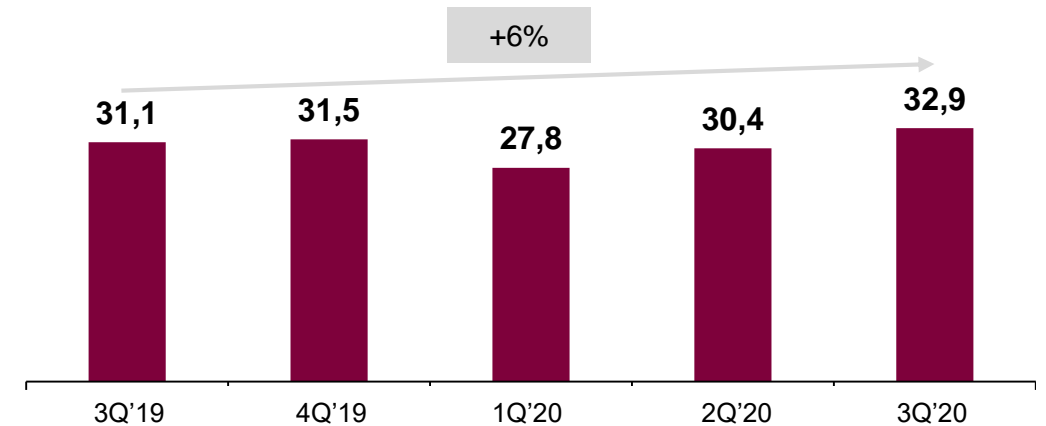
(No. of savings and current accounts opened for New to Bank and New to Product customers)



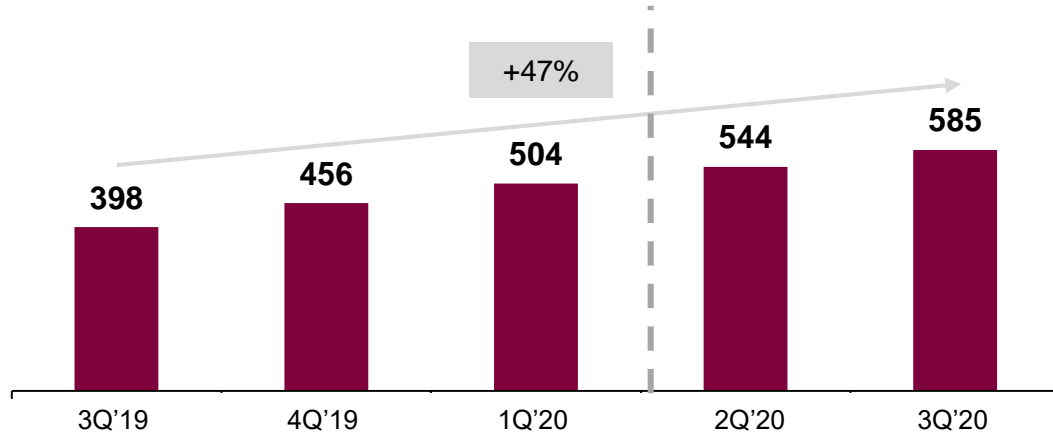
Number of customers with regular inflows ('000)



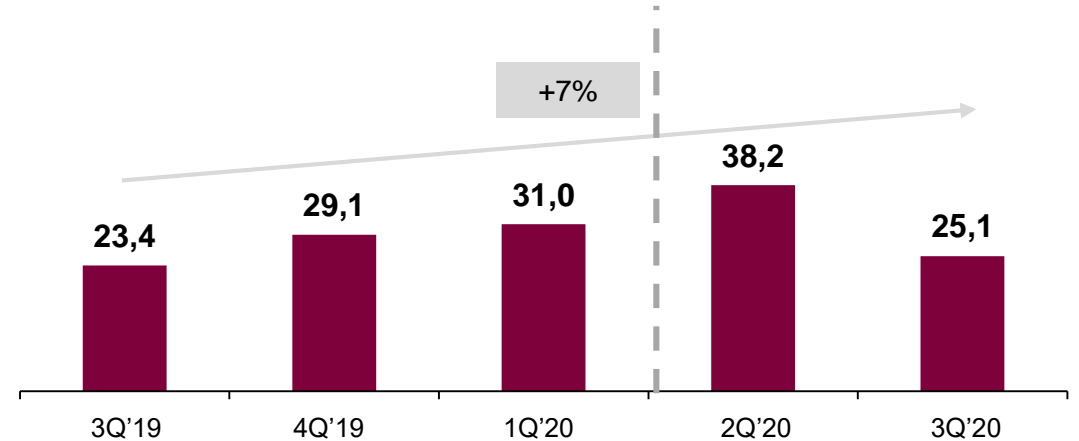
No. of new savings and current accounts with a debit card ('000)



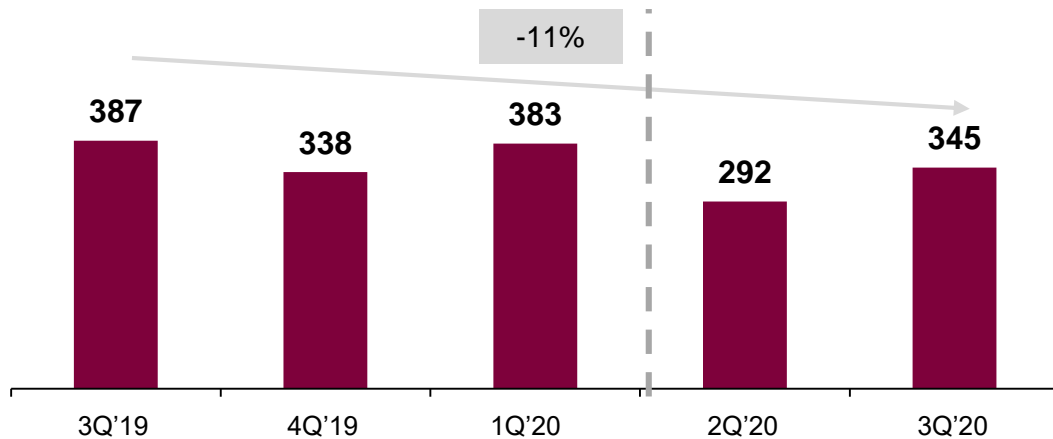
Users of Alior Bank's mobile applications ('000)



Sales of saving and current account, and personal account online ('000)



Sales of cash loan via remote channels (PLN M)

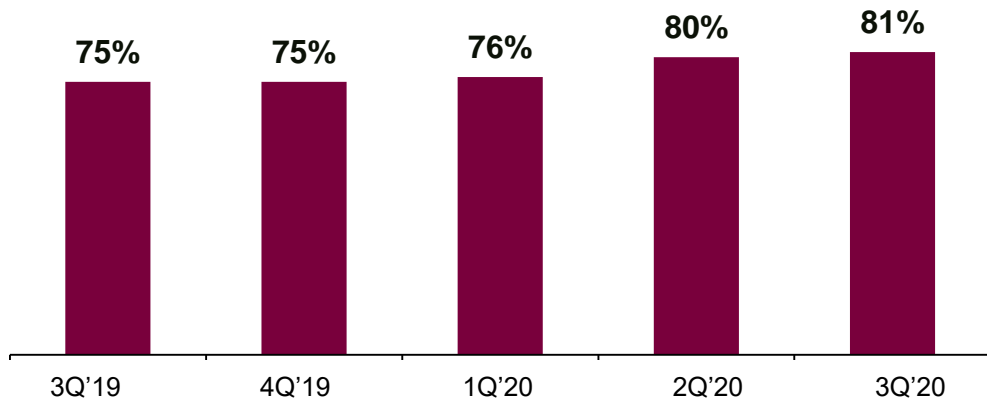


AppStore Rating **4.6** out of 5

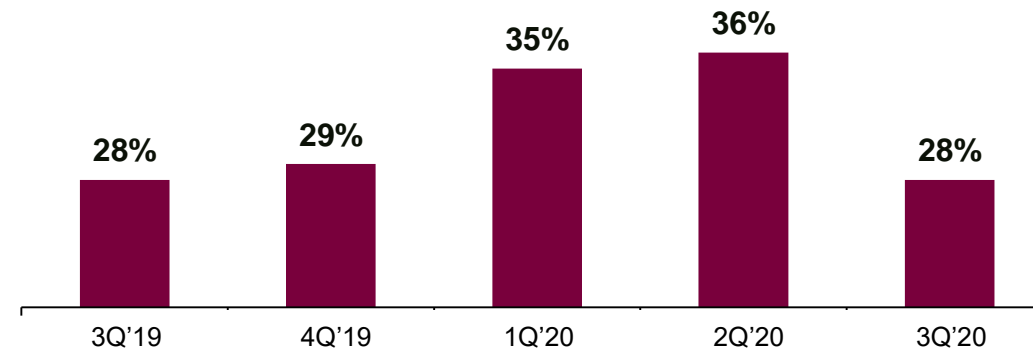
Google Rating **3.6** out of 5

- The number of mobile application users up by 47% y/y.
- Ratings of the mobile application users at AppStore and GooglePlay stores remained stable.
- Cash loan sales down by 11% y/y via remote channels.
- Online sales of savings and current accounts and savings account up by 7% y/y.

Distribution network NPS



Relationship NPS



In Q3 2020 the main reason for indicator change was the customers' opinion on the reduction of interest rates of deposits

We simplify communication with customers

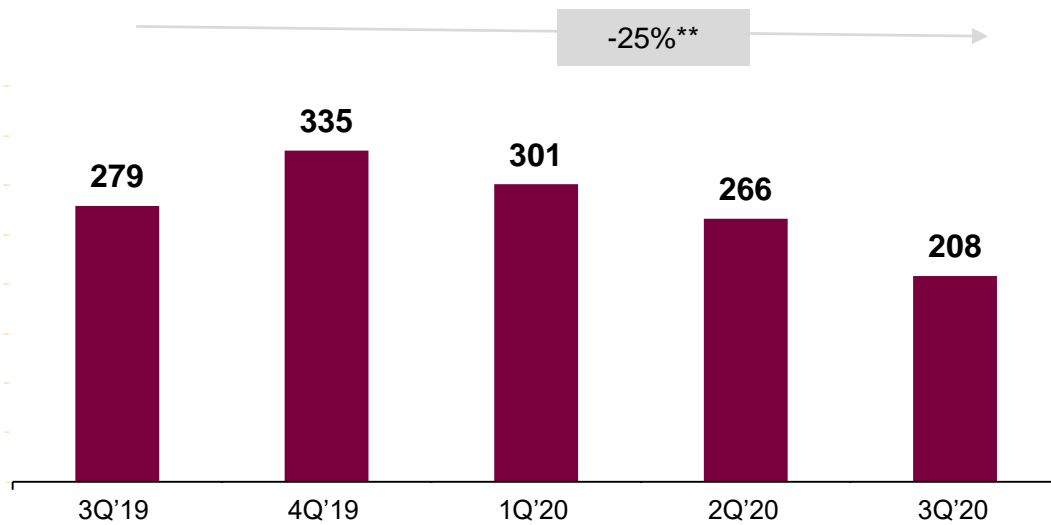
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simplified letters, documents and messages - the effect of listening attentively to the customers and their opinions

Business customers: transformation of business customer base into more active and sustainable relationships

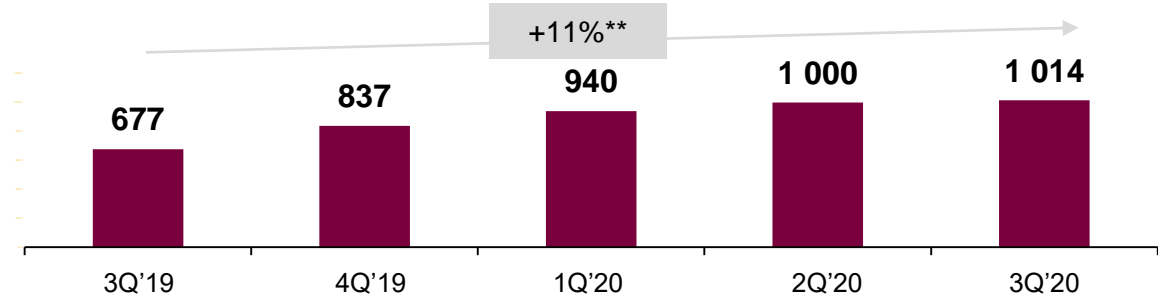
New business customers in Small /Medium /Large Enterprises segments

(number of customers)



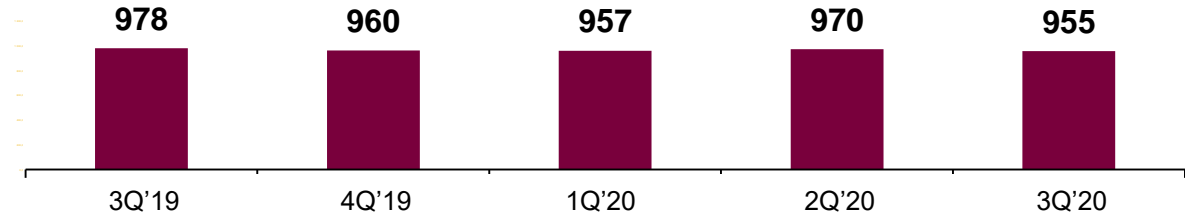
BankConnect Customers*

(number of customers)



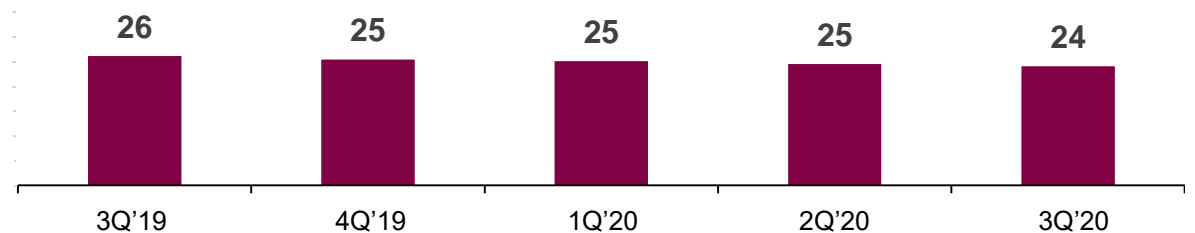
Customers using actively their payroll accounts

(number of customers)



Number of customers who generated income

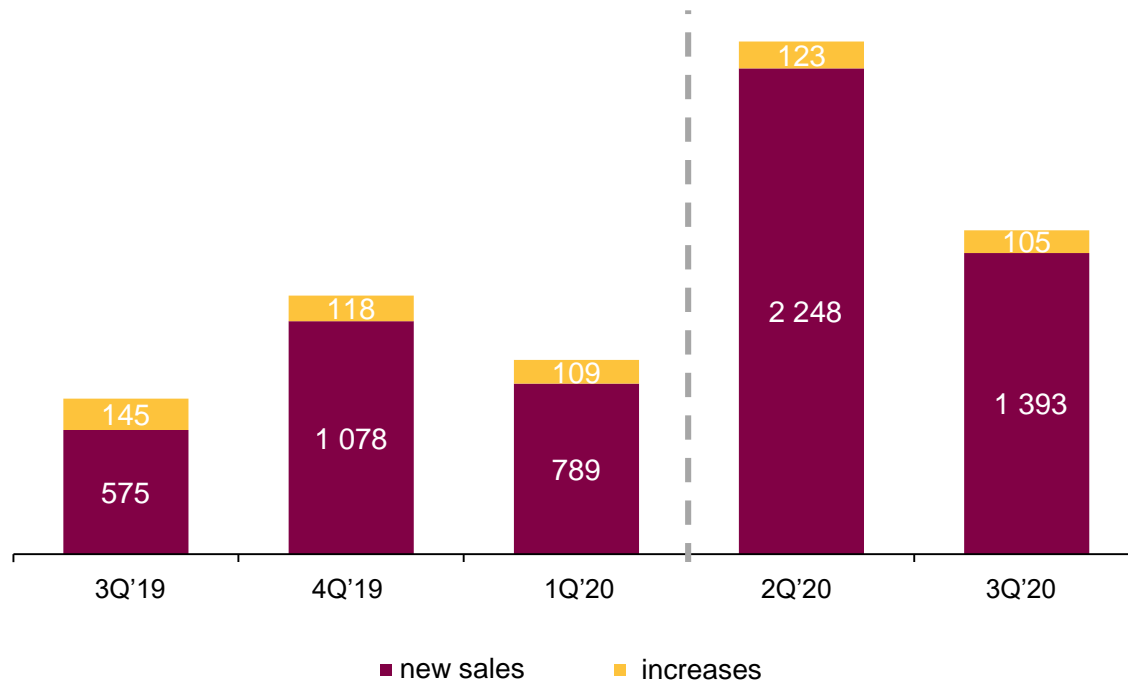
(in '000) in the quarter



- Q3 2020 saw a decline in the number of new accounts compared to Q2 2020. A decline is driven by the constraints implemented due to COVID-19 epidemic.
- The newly acquired customers are characterized by the higher number of products they use and by the focus on building core relationship. 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.

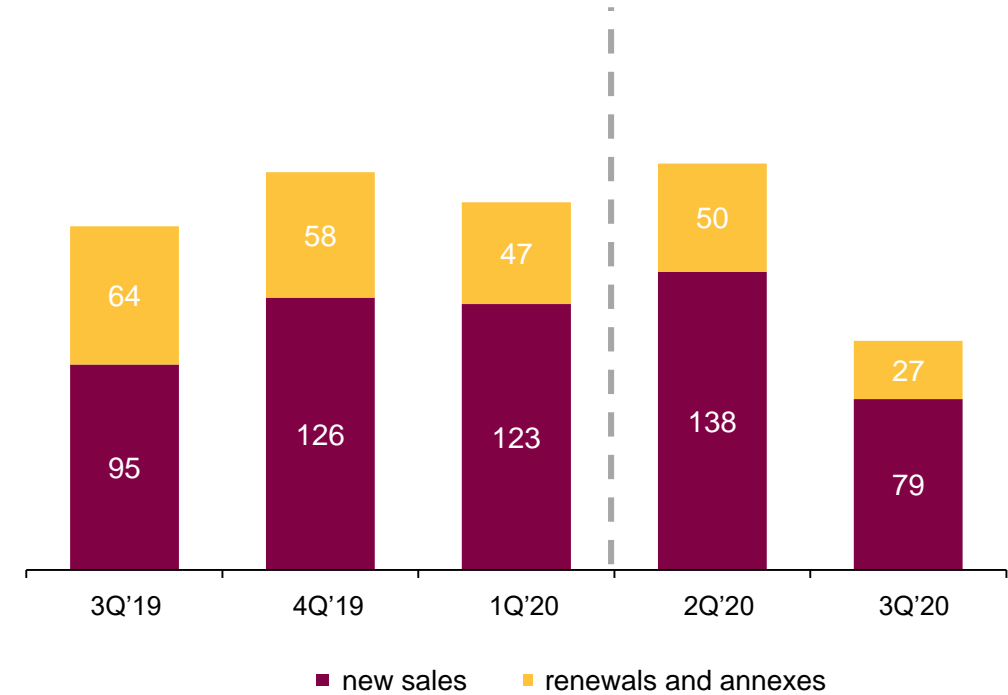
Limit of new sales*

(PLN M, small, medium and large segments)



Sales limit using automatic decision-making process

(PLN M, small segment)



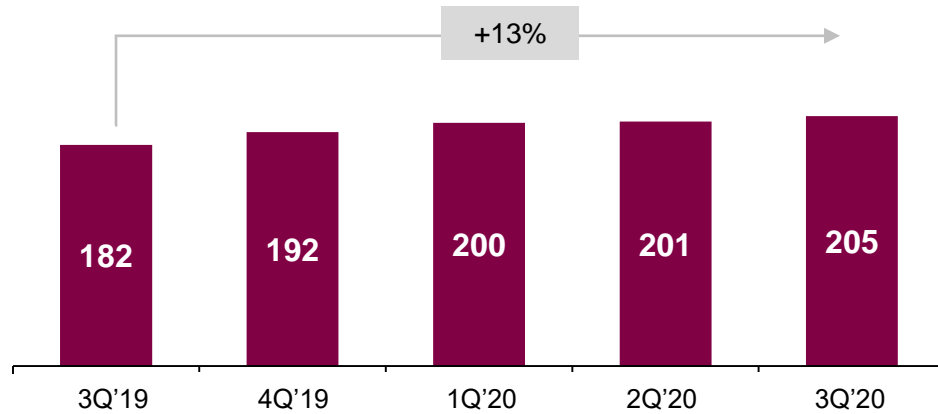
In Q2 2020 significant growth 20 limits of new sales caused by structural changes.

Q3 saw a decline in the new sales limits. It was driven by the policy adopted by the bank to make lending policy rules more rigid.

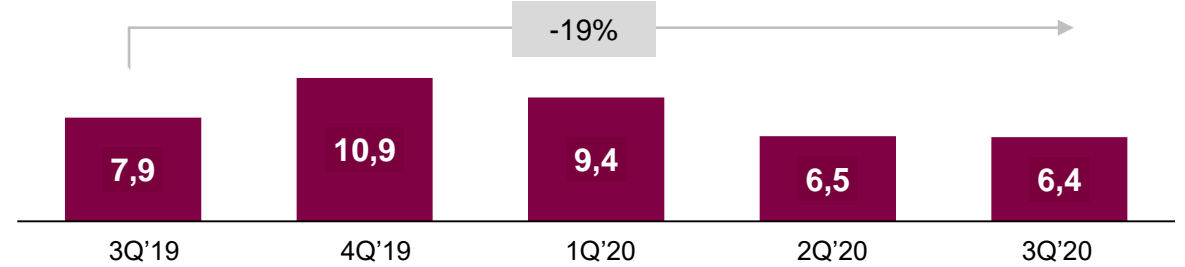
New sales in Q3 2020 in automatic decision-making process was down by 42% compared to Q2 2020.

It was necessitated by an individual approach to customer analysis, which is driven by the current economic situation.

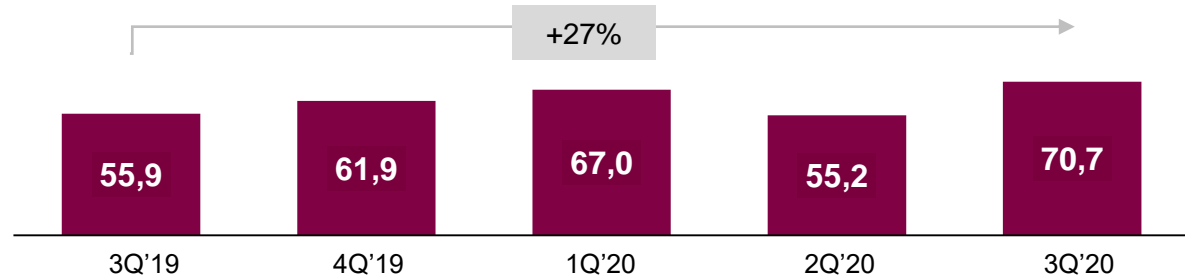
No. of business customers in Micro segment ('000)



New business customers in Micro segment ('000)

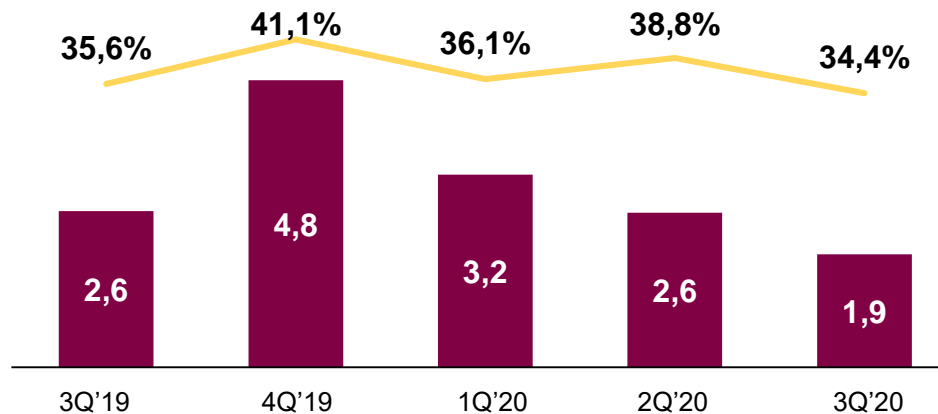


No. of Micro segment customers paying Social Insurance contributions/making tax payments ('000)

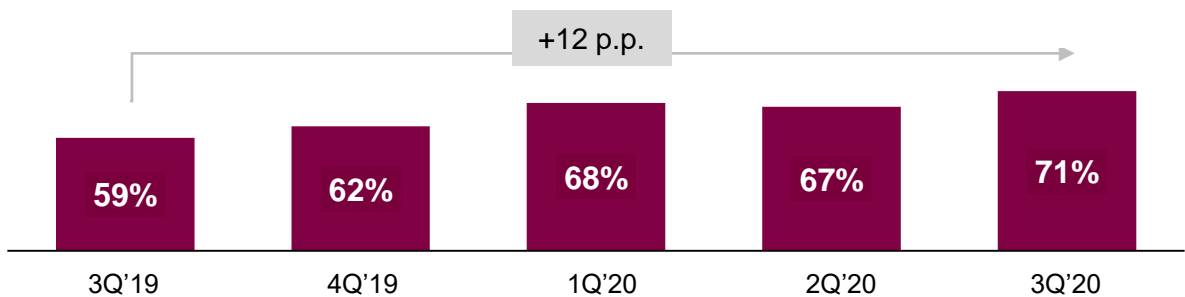


New Micro segment customers acquired online

(new accounts in '000; % of online acquisition)



Share of new accounts in Micro segment with a debit card (in %)



The proposal of Alior Bank offered jointly with the Bank of National Economy (BGK)

Alior Bank is one of the main distributors of portfolio guarantees jointly with BGK
Alior Bank was one of the first to modify the guarantee schemes in the times of COVID-19



**Above 3700
businesses**

took advantage of special terms and conditions of **De minimis Guarantee** in the COVID-19 times, worth more than PLN 1 billion. No guarantee fee, for up to 39 months for working capital loans, up to 80% of collateral.



**Above 1000
businesses**

took advantage of special terms and conditions of **COSME Guarantee** effective in the times of COVID-19. Reduction of a fee to 0.7% or extension of the effective term to 39 months for working capital loans.



PLN 5.5 bn of the
guarantee limit for medium and
large companies extended by
Liquidity Guarantee Fund (FGP)

The Bank introduced an offer of a liquidity loan with a guarantee for medium and large companies, **which will allow it to generate lending activity worth almost PLN 7 billion for companies with liquidity problems caused by Covid-19 virus.** Loans with Liquidity Guarantee Fund's guarantees were worth PLN 0.6 billion



PLN 250 M of guarantee
limit for factoring services rendered
to SMEs and large corporations
under the Liquidity Guarantee Fund

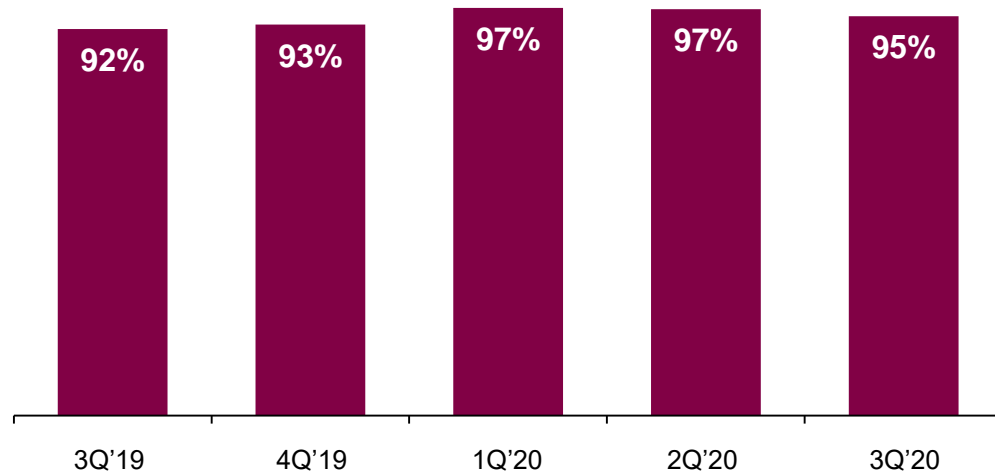
The Bank signed an agreement concerning the implementation of guarantees under FGP (Liquidity Guarantee Fund) for factoring transactions.*



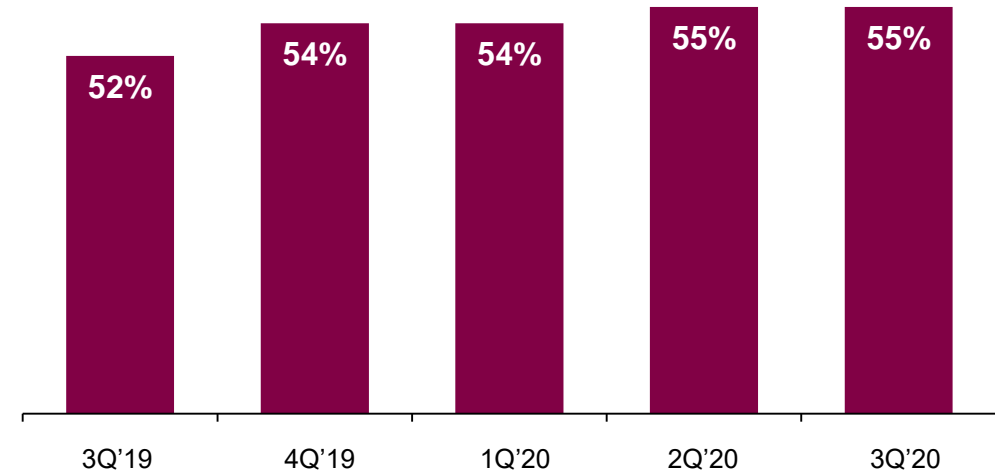
PLN 500K
of Eco-business loan for financing
of photovoltaics projects

Eco-business product has been offered by the Bank since June to finance photovoltaics projects for enterprises for their own consumption. Loan secured with a free Businessmax guarantee with an option of interest return for the customer for a period of 3 years.

Micro new sales coverage with BGK guarantees



Micro portfolio coverage with BGK guarantees



- Coverage of new loan sales with BGK's microguarantees remains above 90%.
- Updated lending policy and implementation of a new lending system boost the quality of new sales.
- A high level of guarantees will have a positive impact on RWA, COR and capital ratios.

Operations of key member companies of the Alior Bank Group

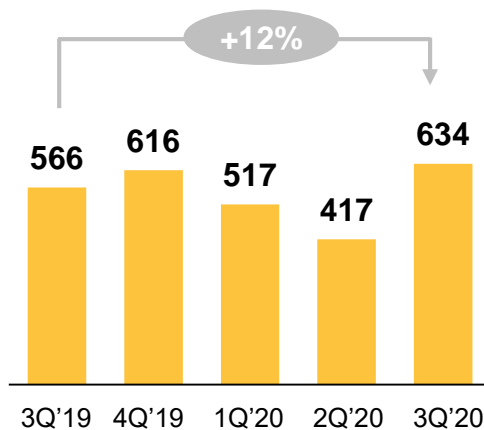
ALIOR LEASING



In the period of 9 months of 2020 Alior Leasing generated sales in the range of **PLN 1.6 billion**, of which **PLN 634 M was generated in Q3 (up by 12% compared to Q3 2019)**. The main impact on the sales performance in the period under study was still exerted by the ongoing coronavirus epidemic in Poland.

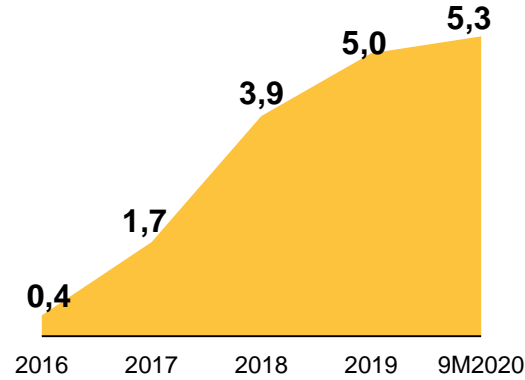
- Since June, however, a trend of slow demand growth has been observed due to the gradual defreezing of the economy
- At the end of Q3 2020:
 - the balance of lease receivables totalled **PLN 5.3 bn** and was up by PLN 0.4 bn compared to the end of Q3 2019.
 - number of customers: **65.3 thous.** (+14.3 thous. compared to Q3 2019)
 - No. of contracts: **90.1 thous.** (+19 thous. compared to Q3 2019)

Lease and loan sales (PLN M)



Source: Alior Leasing

Lease and loan portfolio (PLN bn)



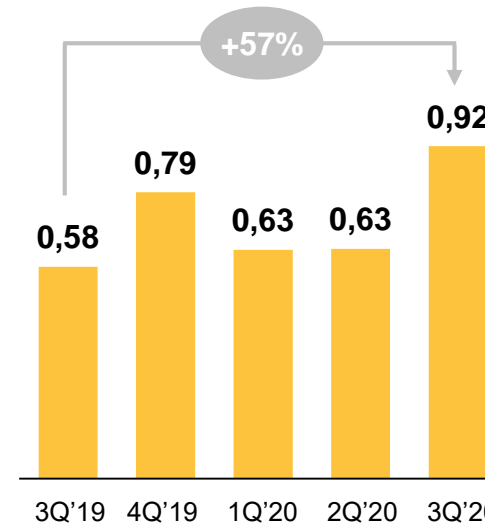
Source: Alior Leasing

ALIOR TFI



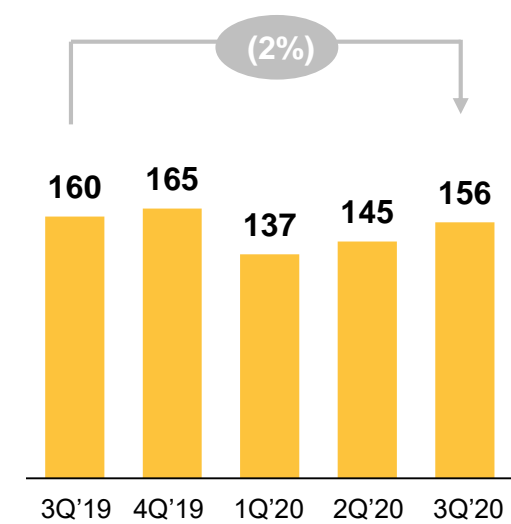
- In Q32020 Alior TFI generated record net sales of PLN 287 M generated by the investment funds under its management.
- Alior Investment Fund Company (TFI) not only quickly recovered after losses generated in H1 of the year caused by COVID19, but also its assets under management in open-ended investment funds rose by 16% compared to the end of 2019, and in the period of 12 months the assets under management in open-ended investments funds rose by **57%**.

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)



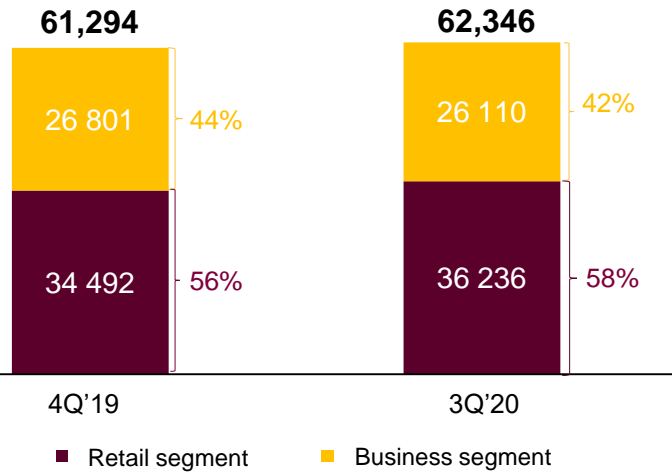
Source: Source: own analysis based on The Chamber of Funds and Assets Managers



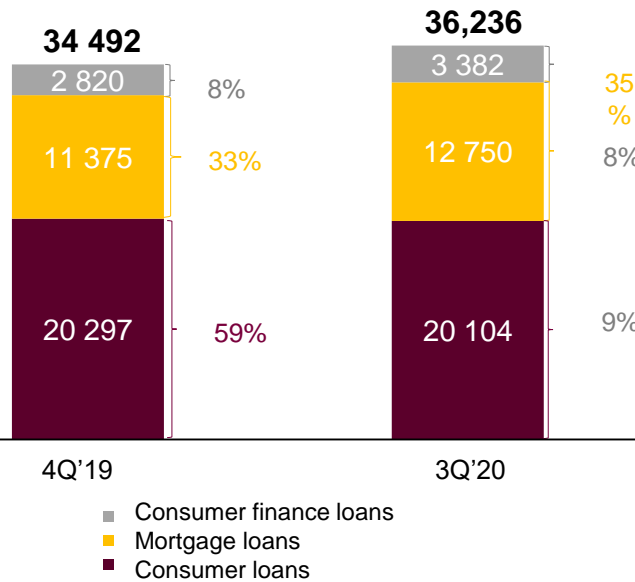
Credit risk

Structure and quality of the loan portfolio

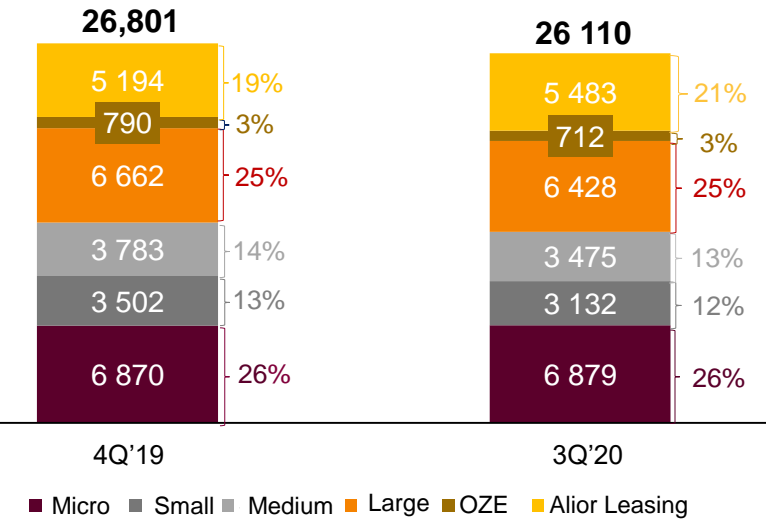
Total loan portfolio, gross (PLN M)



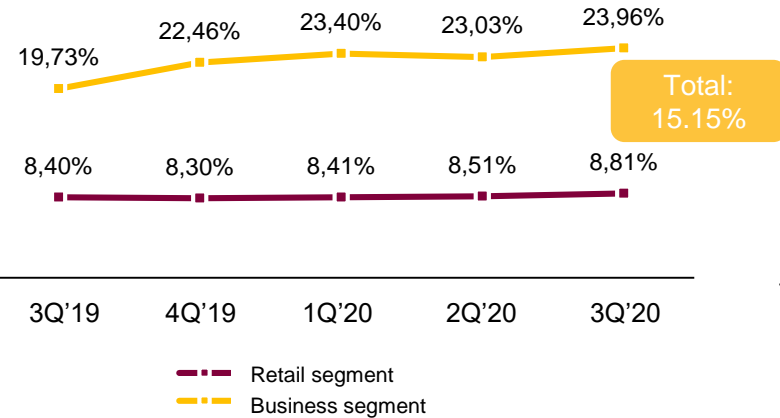
Retail customer portfolio (PLN M)



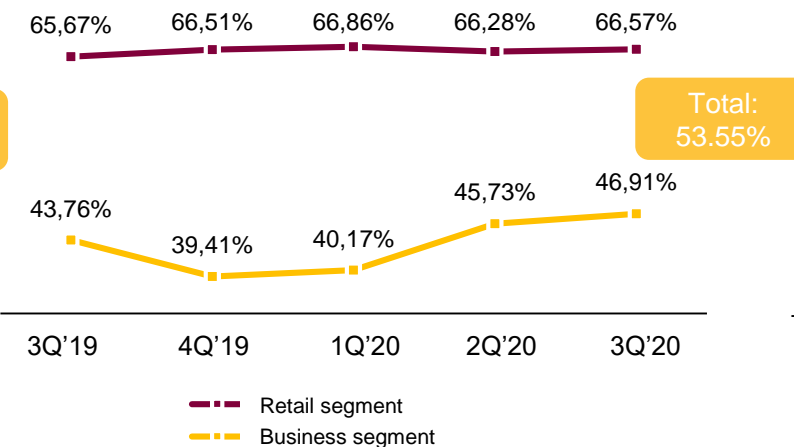
Business customer portfolio* (PLN M)



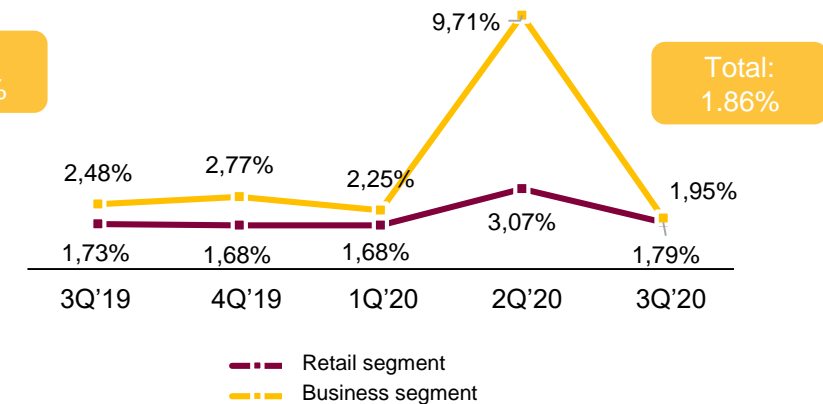
Share of impaired loans** (%)



Provision coverage ratio** (%)



Cost of risk (CoR) (%) – on QTD basis

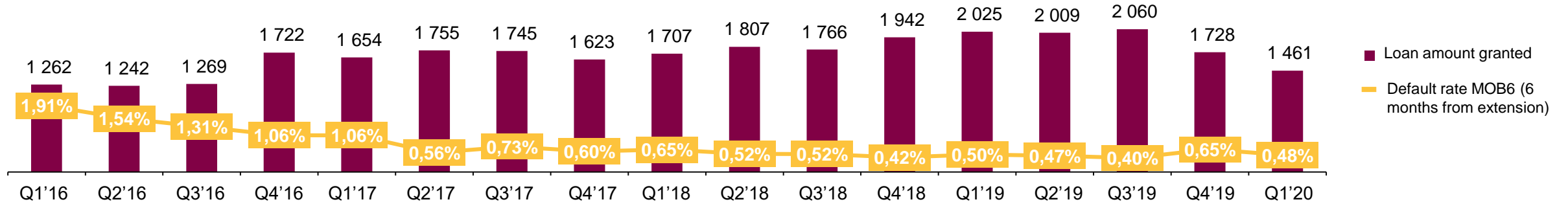


* On management accounting basis

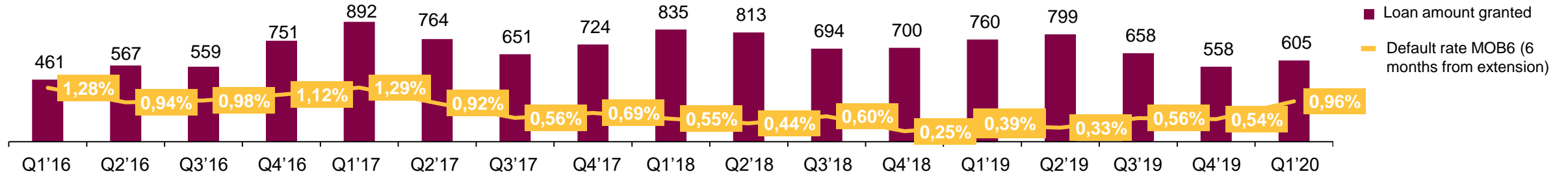
**The Bank changed the definition of the NPL (adjustment to the EBA guidelines). Currently, the NPL ratio shows the share of exposures with default in the total value of credit exposures. In the previous periods, the ratio covered exposures with impairment grounds, for which the Bank additionally identified individual impairment (which may not have occurred, e.g. in the case of material coverage with collateral for which the Bank did not identify the risk of ineffective recoveries).

Continuous 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 loan segment has been stable.

Portfolio by pandemic risk level

Change of turnover – Sept. 2020 vs. Feb. 2020

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.

10%



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.

9%



High risk industries

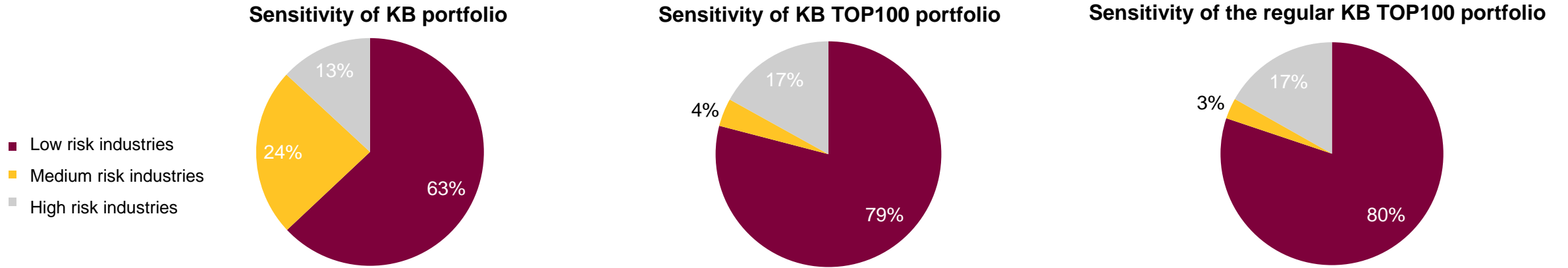


Industries severally hit by economic constraints due to the measures implemented to counteract the development of the COVID-19 epidemic, such as: shopping malls, restaurants, passenger transport, tourism, organisation of cultural events, leisure services.

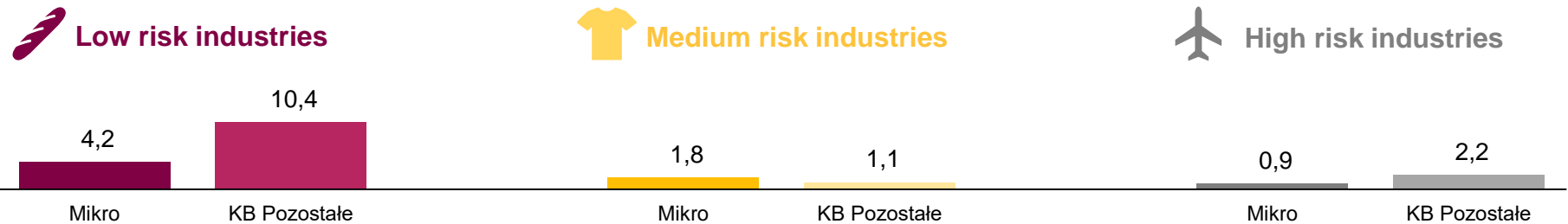
-20%



Portfolio by pandemic risk level



Gross balance sheet value of the micro and other business customer portfolios [PLN bn]



Share of repayment holidays in value terms as of 30 Sept. 2020

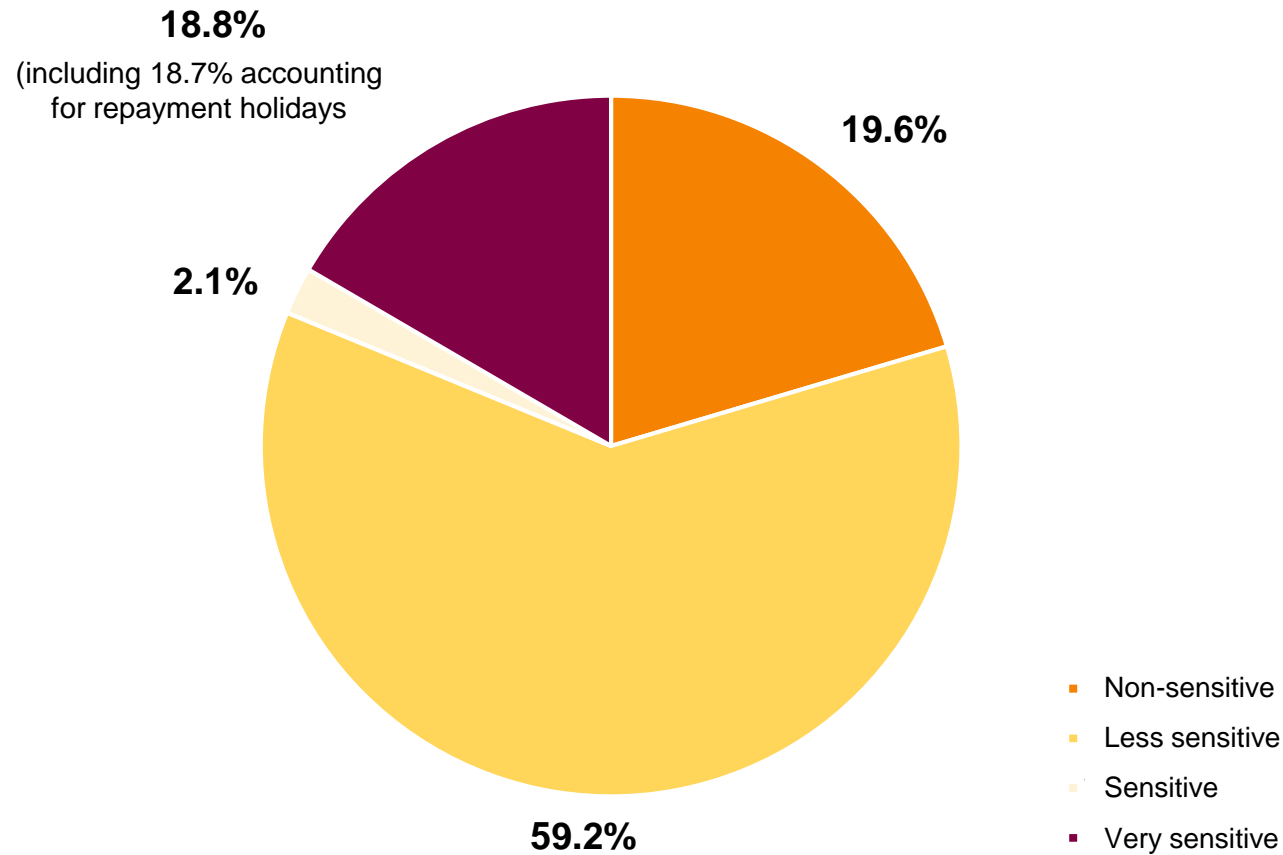


Securities covered by economic value



Sensitivity of cash loan portfolio to the risk of employment termination

Share in total cash loan portfolio



Scale of sensitivity to the risk of employment termination based on:

source of income

employment sector

age

ongoing or completed repayment holidays (applying a conservative approach it was moved entirely to the 'Very Sensitive' category)

Customer support - repayment holidays (non-statutory/sectoral payment moratoria)



Klient Indywidualny



Klient biznesowy



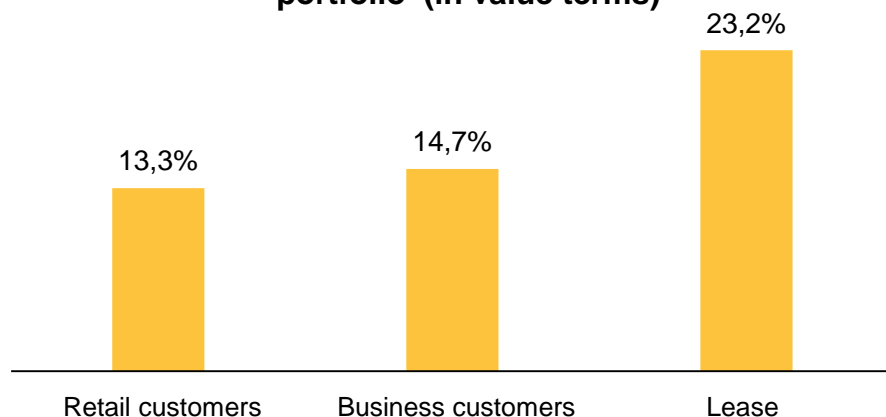
Leasing

No. of launched repayment holidays (accounts)*	66,396	5,436	16,533
Share (%) of applications processed positively	95.5%	89.0%	99.7%
Repayment holidays granted in volume terms (PLN M)	4,806	3,026	1,267
Share of launched repayment holidays in portfolio (in value terms)	7.7%	4.9%	2.0%

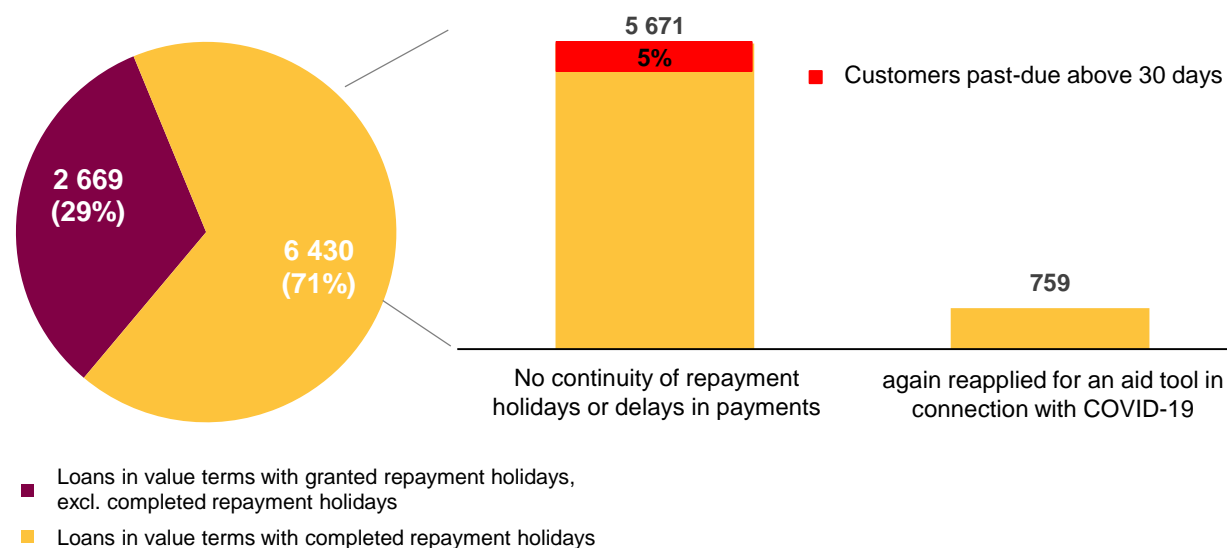
14.6%

Share of launched repayment holidays in TOTAL portfolio

Share of launched repayment holidays in a certain portfolio (in value terms)



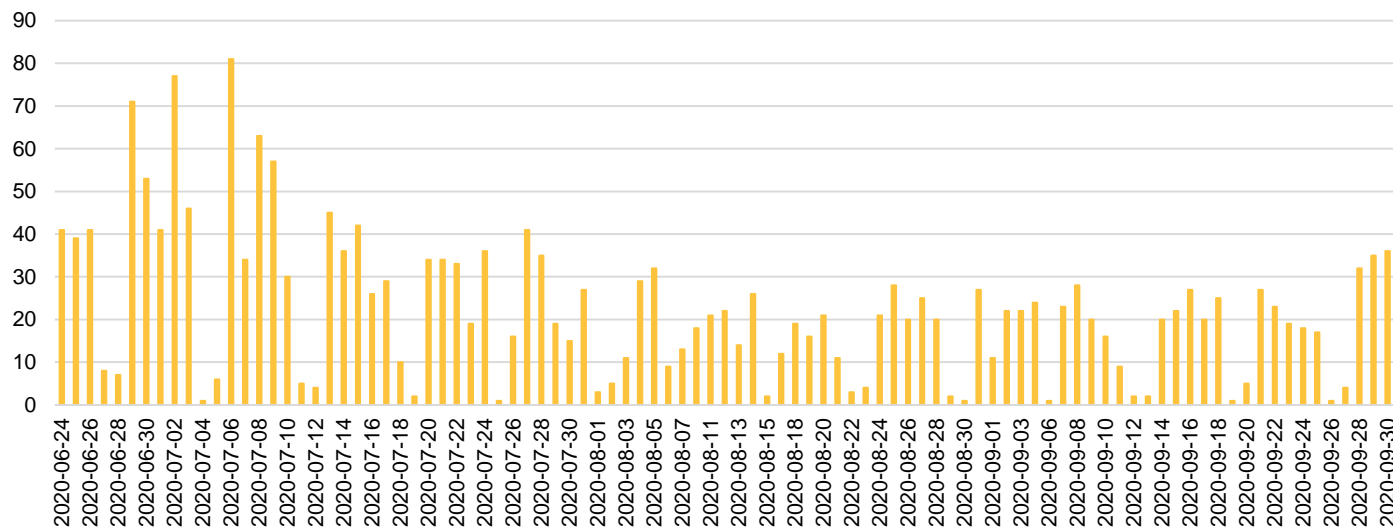
Completed Repayment Holidays (PLN M) in value terms as of 30 Sept. 2020



Customer support - statutory repayment holidays (applies only to Retail Customers)

	Loan	Mortgage	CF	Other	Total Retail Customers
A. Total number of applications	1586	202	67	297	2152
B. Total volume of applications (in PLN M)	100.9	45.5	0.2	1.3	147.9
C. Total share of applications in the Retail Customer portfolio (in value terms)	0.28%	0.13%	0.00%	0.00%	0.41%

Inflow of new applications



	Total Retail Customers
A. Total number of applications	2152
B. No. of rejected applications	428
C. No. of accepted applications	1671
D. Volume of accepted applications (PLN M)	137.8
E. Share of accepted applications in Retail Customer portfolio (in value terms)	0.38%

Change of lending policy since 2Q 2020

Area	Scope of changes
Industry policy	<ul style="list-style-type: none"> • Implementation of additional analysis and requirements for risk acceptance for customers in directly and indirectly exposed industries
Enhanced risk segments	<ul style="list-style-type: none"> • Imposing financing constraints on the customers generating income under civil law contracts and for the customers running their businesses in the industries most severely hit by the pandemic. • Reduction of the lending offer availability for customers with enhanced risk of income loss • Coverage of an additional group/industry of high-risk customers with mandatory life insurance (mortgage loan)
Parameters for credit rating and creditworthiness assessment	<ul style="list-style-type: none"> • Stricter approach to creditworthiness testing of new customers (new to Bank) • Taking into account subsidies in the creditworthiness. • Limitation of the maximum available loan amount in view of the deteriorated macroeconomic environment <ul style="list-style-type: none"> – reduction of the acceptable level of financial burden in relation to income (Cash Loan and Mortgage Loan) – reduction of maximum exposure according to the revised risk assessment (Cash Loan and Installment Loan) • Adaptation of the level of acceptance of scoring grades for customers (Cash loan)
Loan application verification process	<ul style="list-style-type: none"> • Widening of the scope of customer verification • Acquisition of additional information to assess the stability of the income source
Securities & collaterals	<ul style="list-style-type: none"> • Extension of the scope of application as collateral for BGK guarantees for businesses falling into the SME segment. • Adding to the offer a liquidity loan with the guarantee of FGP BGK.
Repayment Holidays	<ul style="list-style-type: none"> • Customer support in providing the functionality of requesting the suspension of loan repayments in accordance with the consensus developed by the Polish Banking Association and later legislation.



Financial performance

Profit and Loss Account

PLN M	Q3 2019	Q2 2020	Q3 2020	change % y/y	change y/y	Q1-3 2019	Q1-3 2020	change % y/y m. y/y	
Total income	955,1	791,2	892,7	-7%	-62,4	2 985,0	2 634,0	-12%	-351,0
Interest income	803,0	722,0	683,1	-15%	-119,9	2 436,7	2 182,0	-10%	-254,7
Fee & charges income	170,2	154,6	169,1	-1%	-1,1	495,1	458,9	-7%	-36,3
Other operational income	-18,2	-85,4	40,5	-	58,7	53,2	-6,8	-	-60,0
Total expenses	-755,8	-1 435,8	-754,3	0%	1,5	-2 549,2	-3 020,6	18%	-471,4
Group operating expenses	-372,0	-395,0	-407,8	10%	-35,8	-1 277,9	-1 284,4	1%	-6,4
Assets revaluation	0,0	-69,9	-1,8	-	-1,8	-1,8	-70,4	-	-68,6
Costs of risk	-324,8	-915,1	-289,3	-11%	35,4	-1 100,3	-1 500,6	36%	-400,4
Banking tax	-59,0	-55,8	-55,3	-6%	3,7	-169,2	-165,2	-2%	4,0
Gross profit/loss	199,3	-644,6	138,4	-31%	-60,9	435,8	-386,6	-	-822,4
Income tax	-56,7	62,2	-47,7	-16%	8,9	-200,0	-33,1	-83%	167,0
Discontinued activity	0,0	-3,1	-8,9	-	-8,9	0,0	-11,9	-	-11,9
Net profit/loss	142,6	-585,5	81,8	-43%	-60,8	235,8	-431,6	-	-667,4
Net interest margin (NIM)	4,43%	4,0%	3,71%	-	-0,72 p.p.	4,63%	4,01%	-	-0,62 p.p.
C/I ratio (%)	38,9%	49,9%	45,7%	-	+6,73 p.p.	42,8%	48,8%	-	+5,95 p.p.
L/D ratio (%)	87,5%	84,6%	85,0%	-	-2,51 p.p.	87,5%	85,0%	-	-2,51 p.p.
Solvency ratio	16,24%	15,72%	15,41%	-	-0,83 p.p.	16,24%	15,41%	-	-0,83 p.p.

- The interest income in Q3 comprises full impact of Monetary Policy Council's decisions on interest rate cuts. We expect an upward trend in the following quarters.
- As far as the operating costs of the Group are concerned, there were two one-off events with a total impact of approx. -9.2 million:
 - depreciation of non-financial assets related to the closed T-Mobile Banking Services project worth PLN 48 million
 - lower than expected bonus costs by 38.8 million

Impact of interest rate cuts on the financial performance

According to the Current Report No. 29/2020, published on 29 May 2020 the Bank estimates the impact of the interest rate cut* on the quarterly net profit/loss in the range of PLN 116 - 133 M.

The assumptions comprise:

- adjustment of interest rates of variable-rate loans
- impact of the maximum interest rate cuts
- reduction of reserve requirements from 3.5% to 0.5%
- an increase of reserve interest rate from 0.5% to 1.0%
- reduction of deposit interest rates

As of 30 September 2020 the reduction of interest rates caused a decline of:

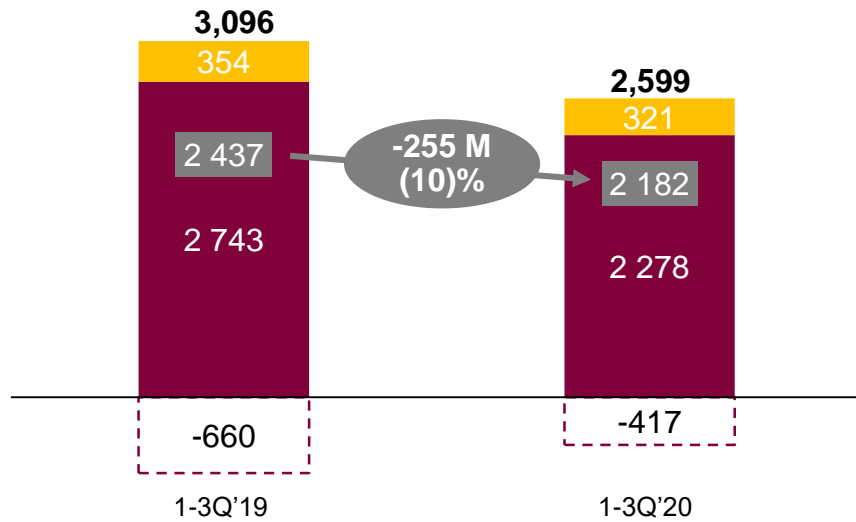
- **interest income by PLN 208 M (compared to PLN 125 M in the Q3 2020 alone)**
- **interest income by PLN 169 M (compared to PLN 101 M in the Q3 2020 alone)**

Thanks to the adjustment of the offer to the low interest rate environment , **the impact of the interest rate cut on the quarterly net profit was limited from the originally estimated PLN 124 M (center of the range from the Current report No. 29/2020) to PLN 101 M, i.e. by PLN 23 M per quarter.**

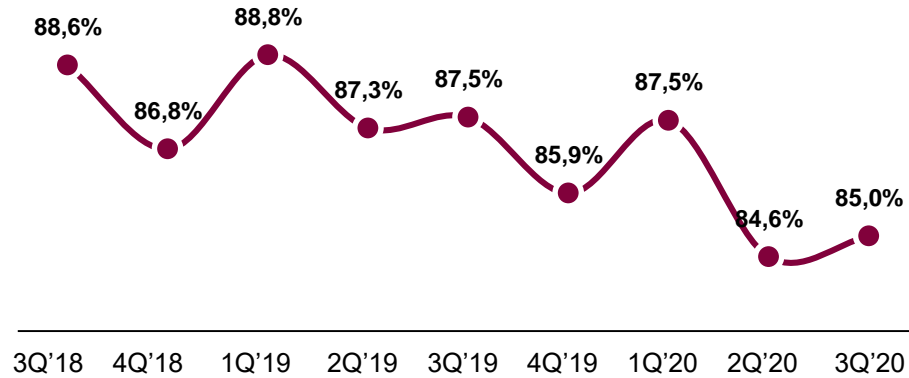
We expect the impact of the interest rate cuts to gradually decrease in the quarters to come with the depreciation of the old portfolio of loans and credits in the Micro Business segment, whose interest rates have been reduced as a result of the Monetary Policy Council's decisions to the maximum level provided for in the Civil Code and with the depreciation of the old portfolio of long-term deposits.

Interest net income (M PLN)

Interest income YTD, y/y



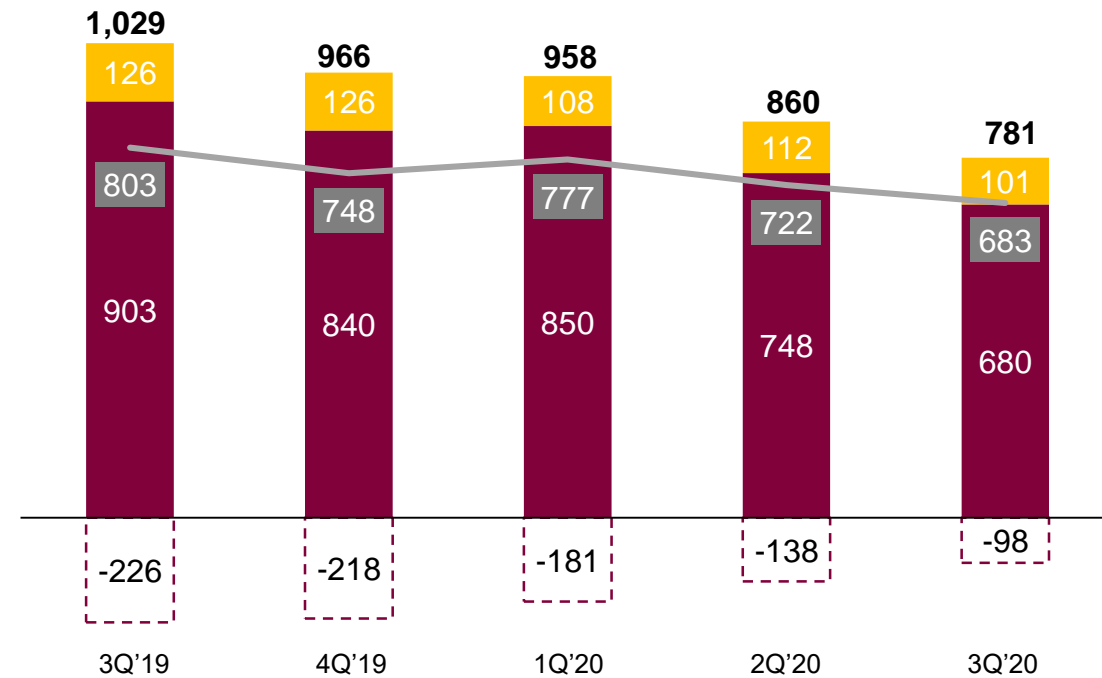
Loans / Deposits



Net interest income on a quarterly basis

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
NIM*	4.43%	4.11%	4.34%	4.00%	3.71%
COF**	1.14%	1.12%	1.02%	0.72%	0.44%

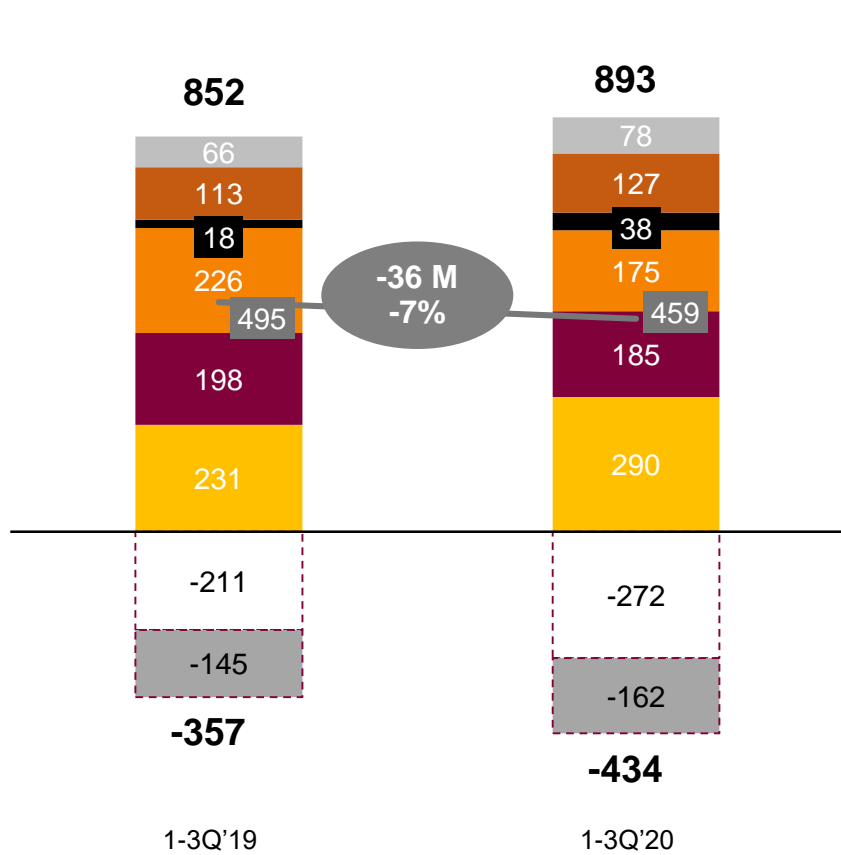
Interest income (PLN M)



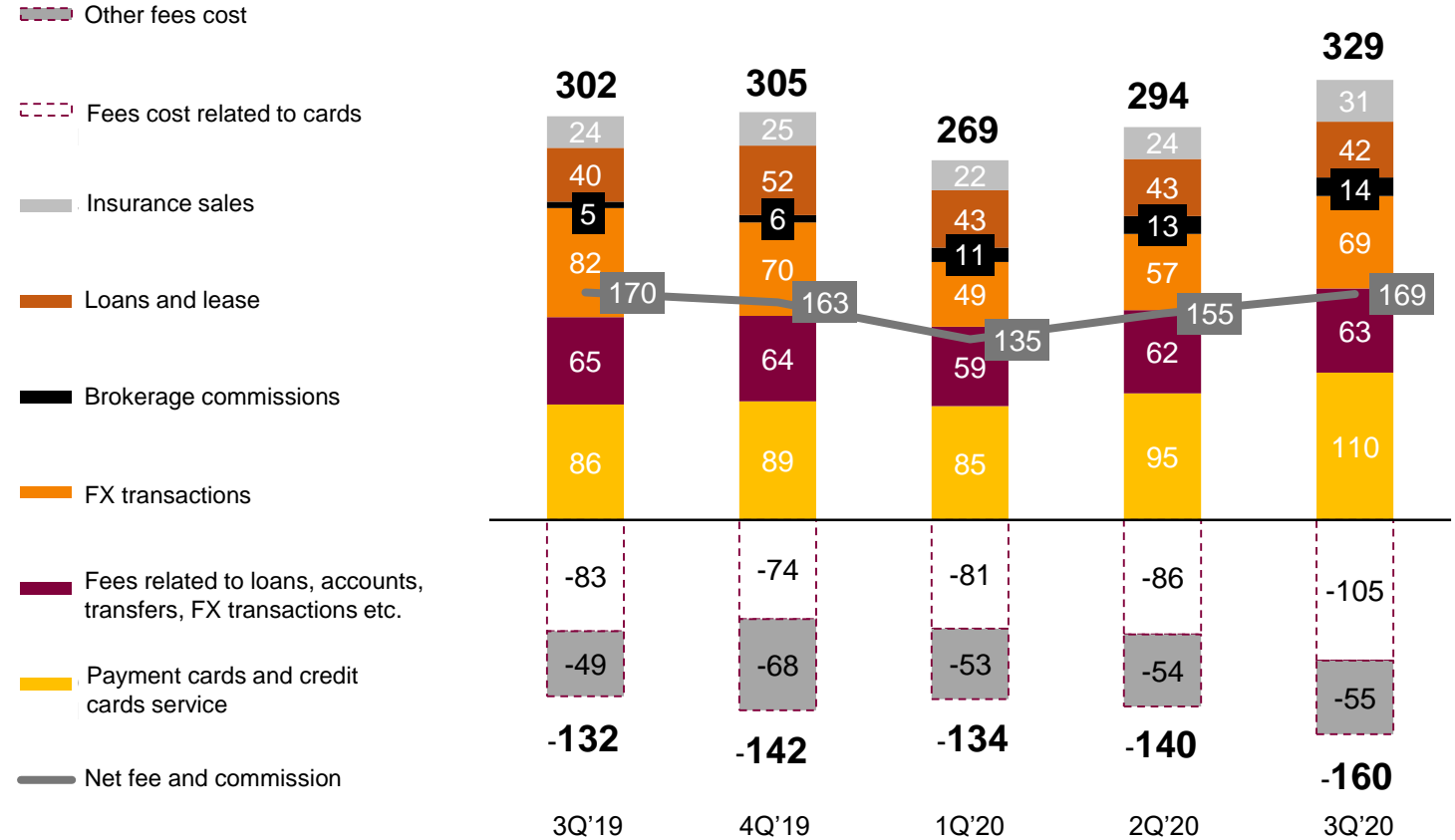
- Other interest income
- Interest income related to loans
- Interest expenses
- Net interest income

Net fee and commission income (PLN M)

Fee and charges income YTD, y/y

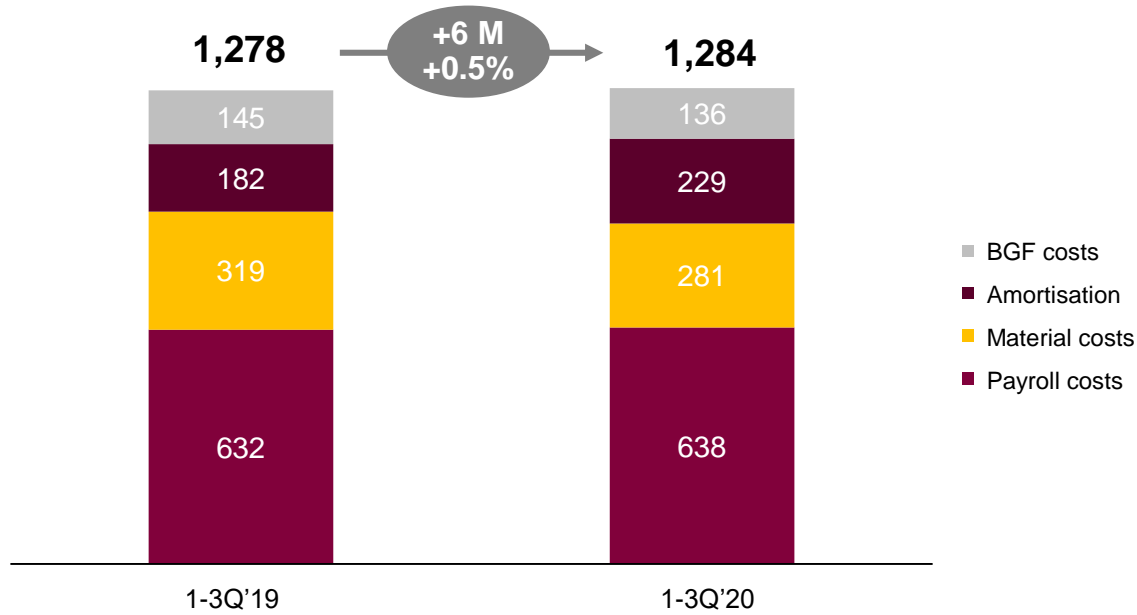


Net fee and charges income on quarterly basis

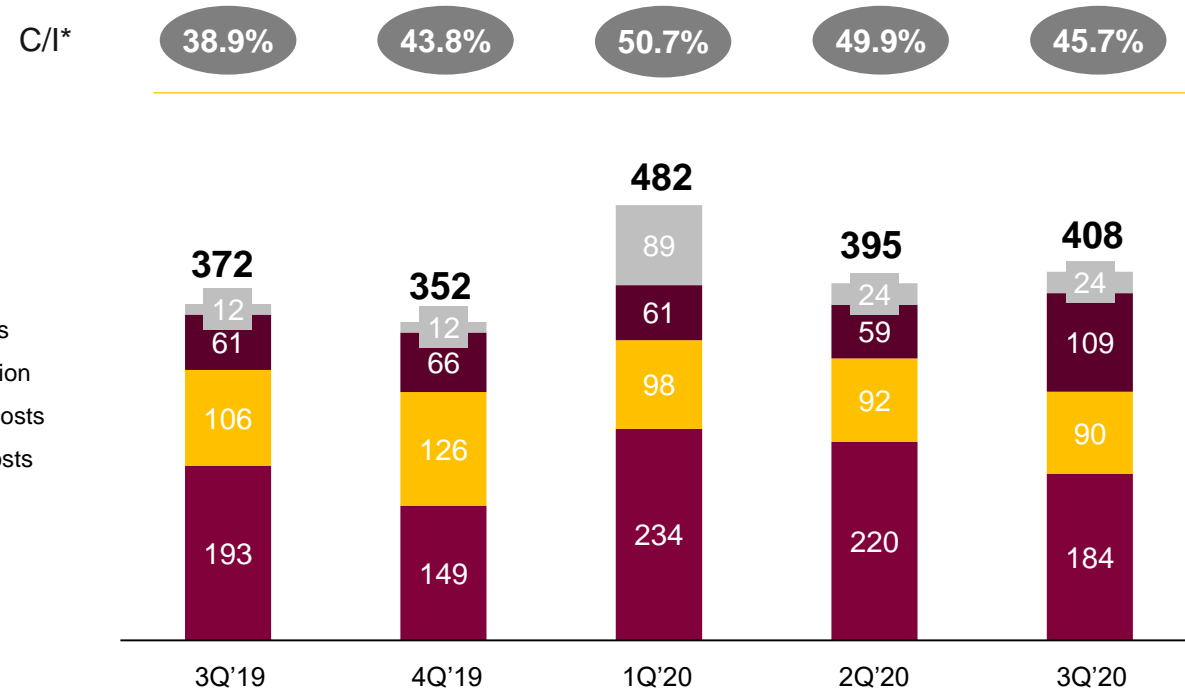


Operating expenses of Alior Bank Group (PLN M)

Operating expenses YTD, y/y



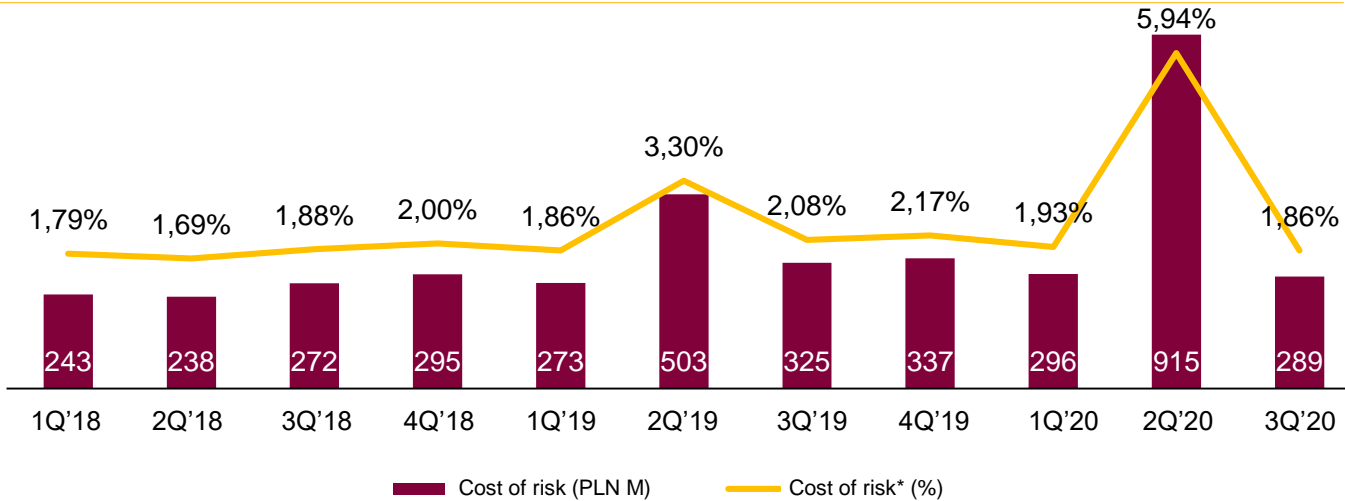
Operating expenses on a quarterly basis



- In Q3 2020, the Bank made additional write-downs of intangible assets (PLN 46.7 M) and write-downs of non-financial assets (PLN 1.3 M) in connection with the termination of cooperation with T-Mobile Polska for the total amount of 48 million.
- In Q3 2020 lower than expected bonus costs by 38.8 million.

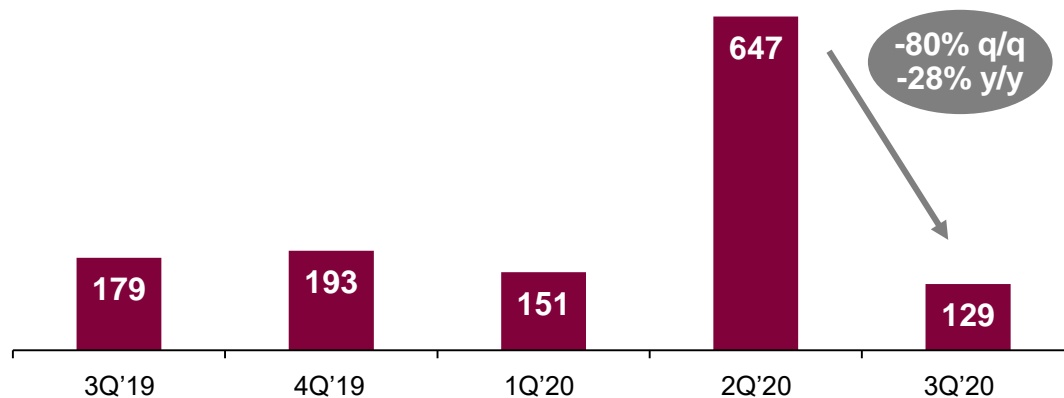
Cost of Risk (CoR)

Alior Bank Group

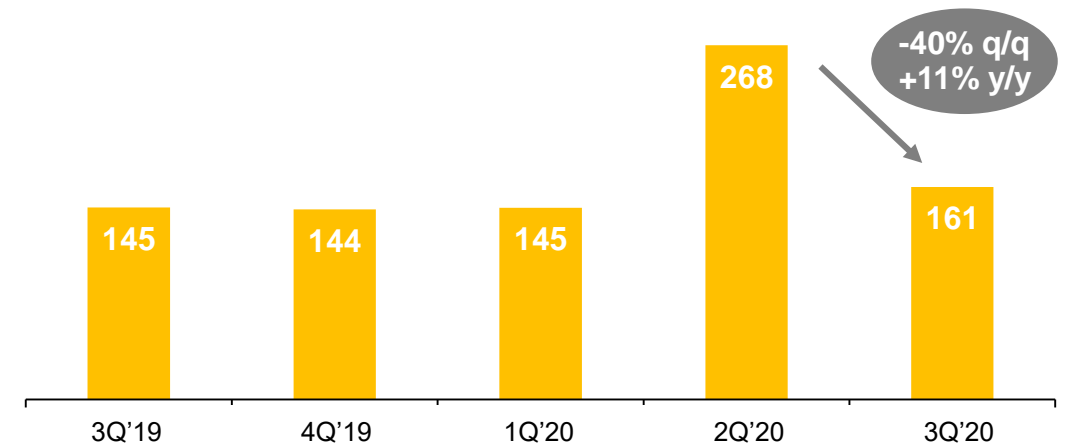


- A significant increase in the Cost of Risk (CoR) in Q2 2020, it was followed by a decline to the levels corresponding to the long-term average.
- If the macro environment has stabilized and there are no one-off events, the Cost of Risk should not exceed 2.0%.
- Cost of Risk level in Q4 2020 will very much depend on the further development of the pandemic and the retention of the portfolio coming out of the repayment holidays.

Cost of Risk - Business Customer segment (PLN M)



Cost of Risk - Retail Customer segment (PLN M)

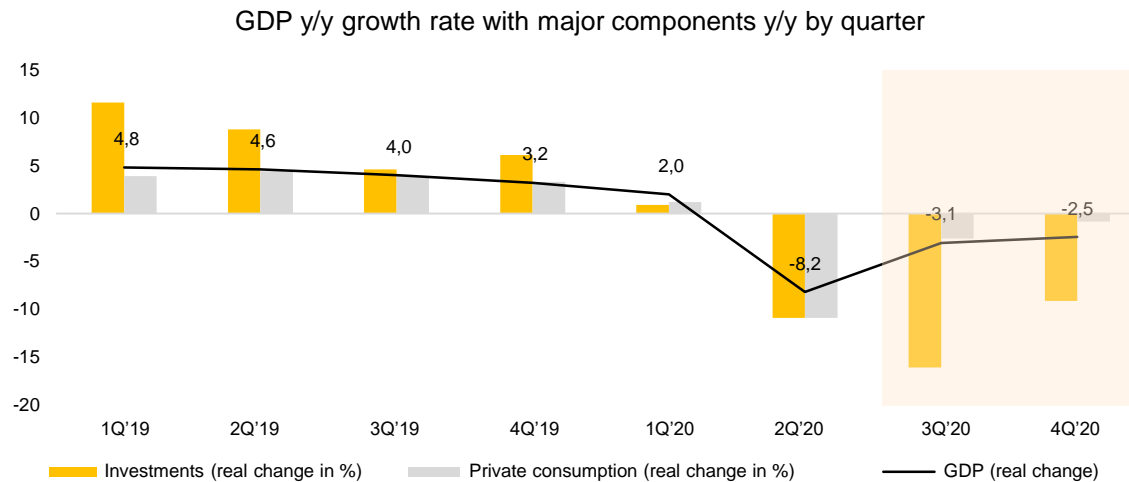


Thank you for attention

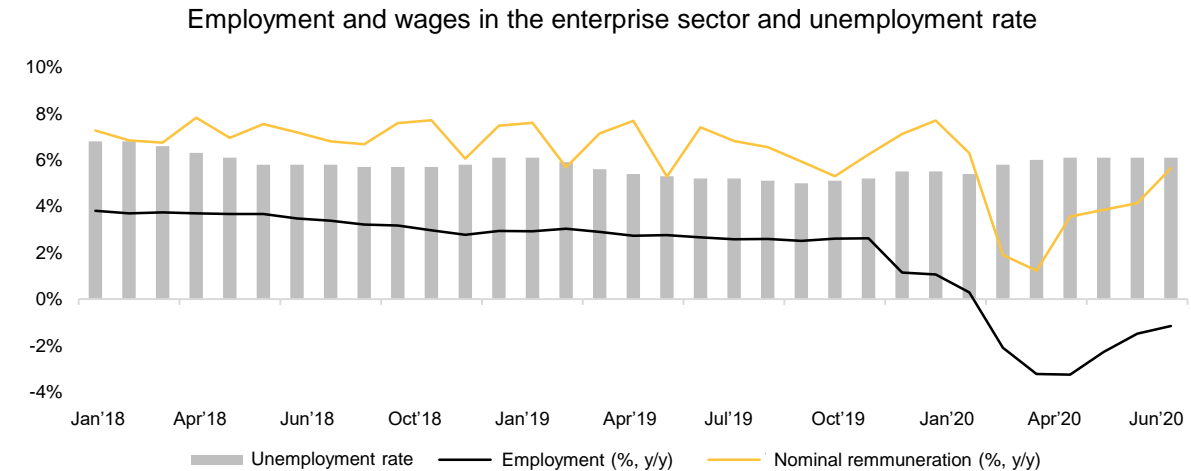


Appendices

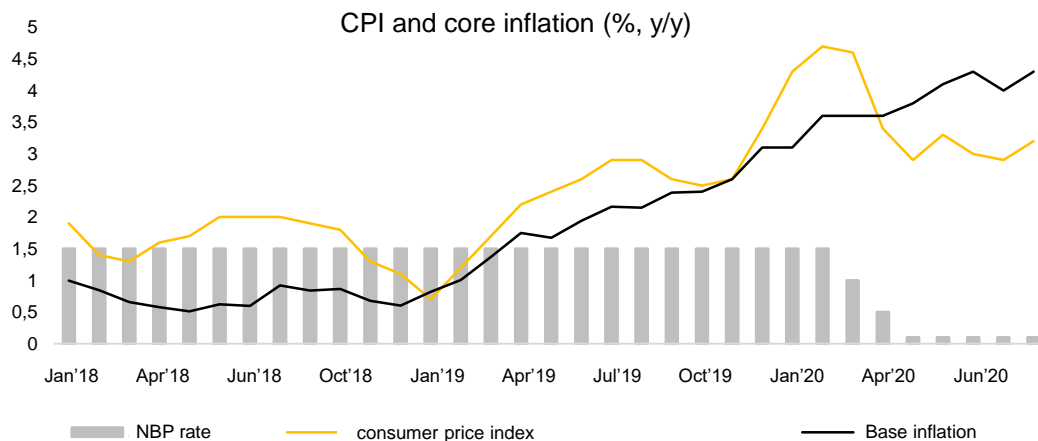
Economy rebounds



Labour market is supported by the Anti-Crisis Shield

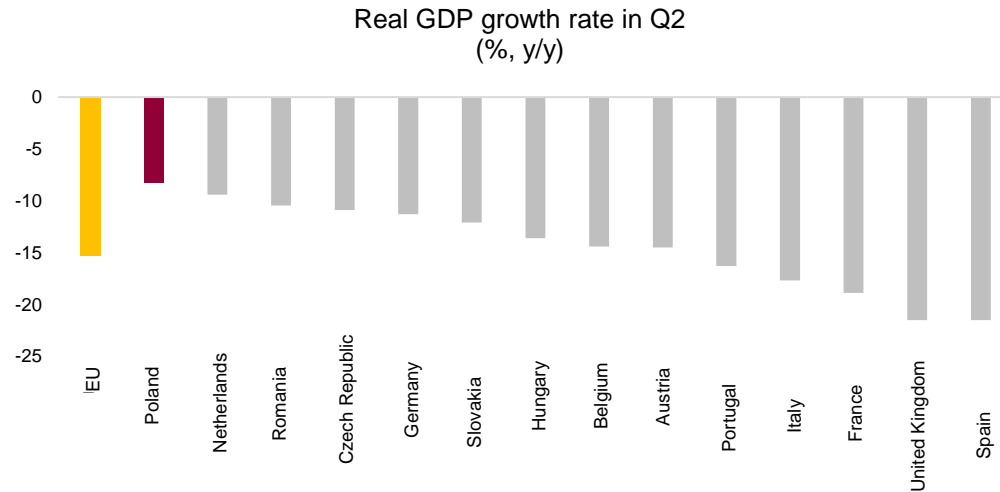


Inflation growth fuelled by core inflation

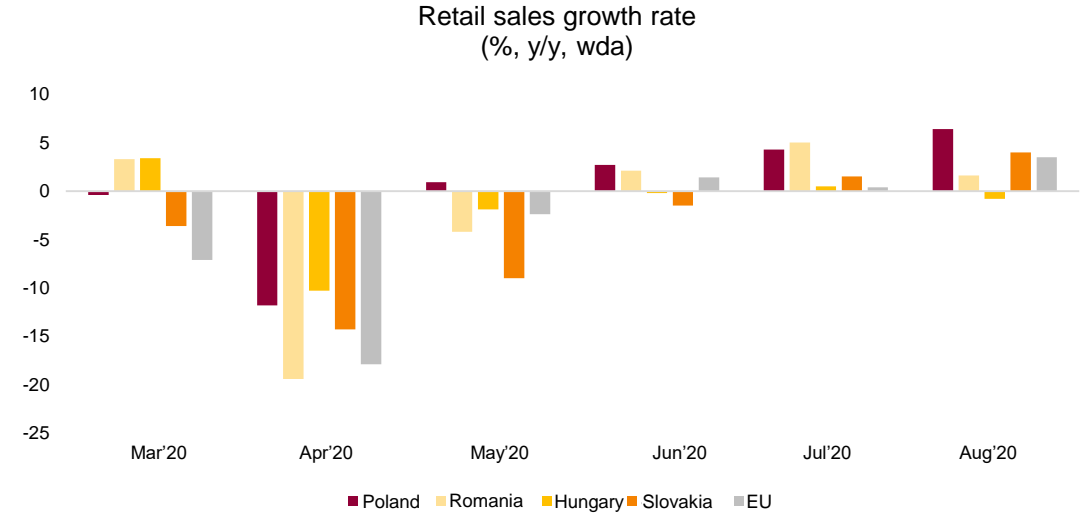


- The consequences of the social restrictions implemented in the spring season remained a key driver of the economic situation in Q3 2020, but the economy was making up for the losses.
- The withdrawal from pre-summer holidays restrictions led to a rapid rebounding in retail and industry segments, but did not improve investment prospects, since the businessmen still fear the impact of the current pandemic.
- 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 6.1% from about 5% at the end of 2019.
- The implementation of the postponed demand after the economy's lock-down period, as well as a stable labor market supported consumer inflation above the National Bank of Poland's inflation target in Q3 of the current year, but in the absence of clear inflationary pressure, the Monetary Policy Council is currently focusing on supporting the economic recovery and keeps interest rates at 0.1%.

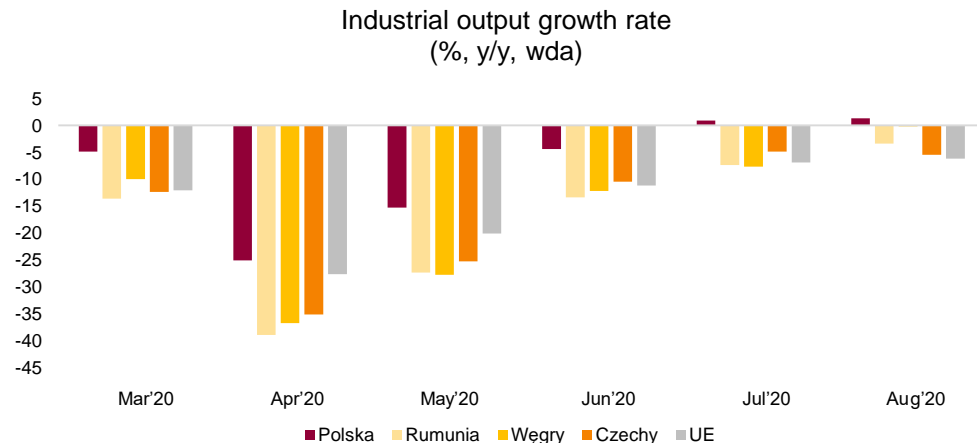
Q2 – one of the best at the background of Europe



Retail sales with relatively quick rebounding



Industrial output – highest in CEE

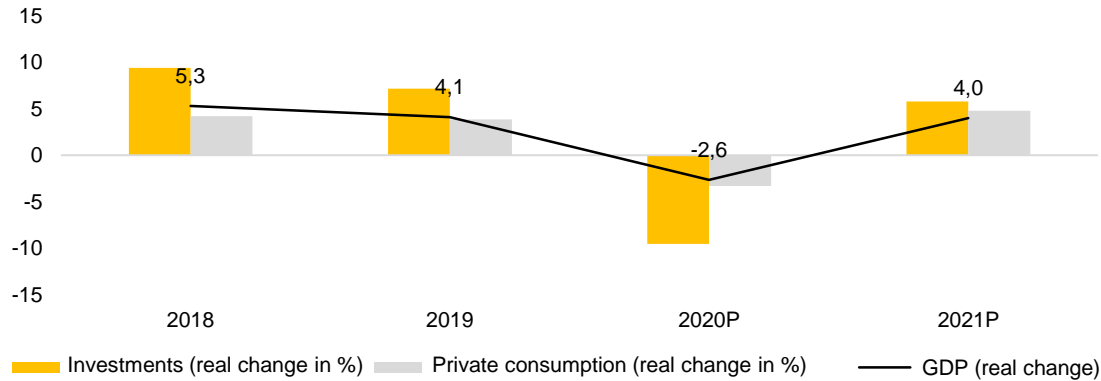


- The collapse of the Polish economy in Q2 of this year was one of the less severe compared to the European countries. Poland's GDP fell by 8.2% y/y in real terms in this period, compared to a 15.3% y/y decline in the EU as a whole.
- The economic revival in the country, associated with the lifting of epidemic restrictions, also made in plus difference. The national economy's performance in Q3 should still be relatively good, both at the background of CEE countries and (even more so) the whole EU.
- 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.

Macroeconomic environment (3/3)

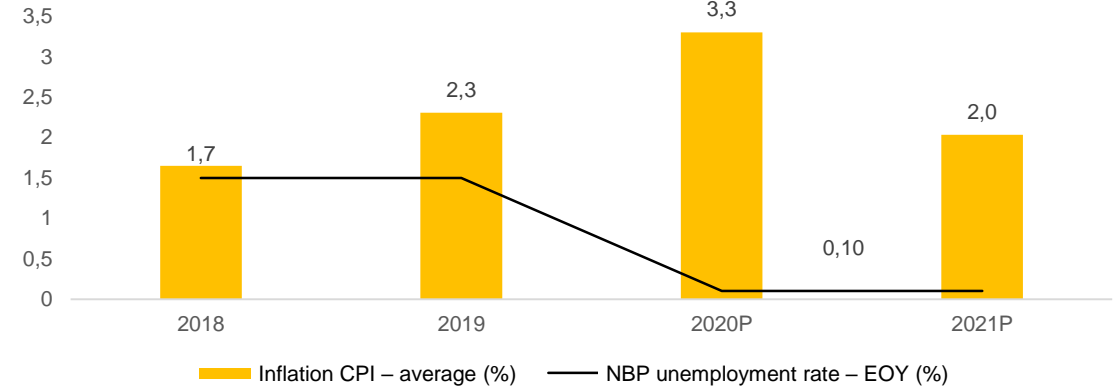
Economic growth

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



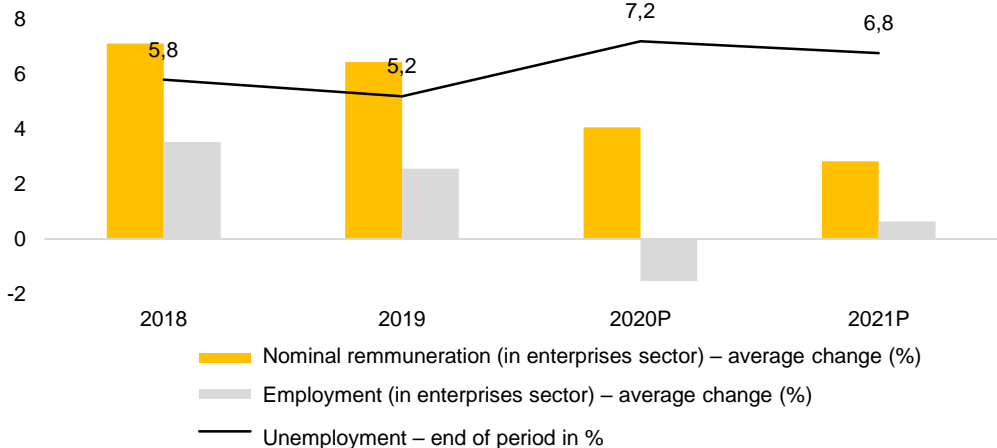
Inflation and National Bank of Poland rate

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



Labour market

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



- The constraints implemented in connection with the autumn wave of the epidemic should have a much milder impact on the economy than those in the spring, but the acceleration of the pandemic is a key risk factor for economic recovery and prospects, especially in Q4 of this year and H1 2021.
- Government support in the form of the Anti-Crisis Shield will continue to mitigate the effects of the crisis in the labor market, but without new programs its shielding effect will expire in the quarters to come.
- Consumption should remain the engine of GDP growth in consecutive quarters with a moderate rebounding of investments. The businesses that reduce their investment plans and are fuelled with Anti-Crisis Shield funds boosting their liquidity will show lower requirement for bank financing.
- In the case of households, with a fairly rapid and lively revival of consumption, the diminishing of credit demand will be much weaker.
- The base effect and lower inflationary pressure from the labour market will be conducive to a decline in the inflation rate in the coming quarters, which, with the still uncertain economic recovery, should prompt the Monetary Policy Council to keep the reference rate at its current level.

Market position of Alior Bank Capital Group

**Balance sheet
total**

PLN 77.7 bn

8th position in the market

Headcount

8 031 pers. (FTE)

5th position in the market

Equity

PLN 6.5 bn

9th position in the market

Branch offices

717 outlets

4th position in the market

**Deposit
volume**

PLN 65.9 bn

8th position in the market

**WSE
capitalisation**

PLN 1.8 bn

9th position in the market

Loan volume

PLN 56.0 bn

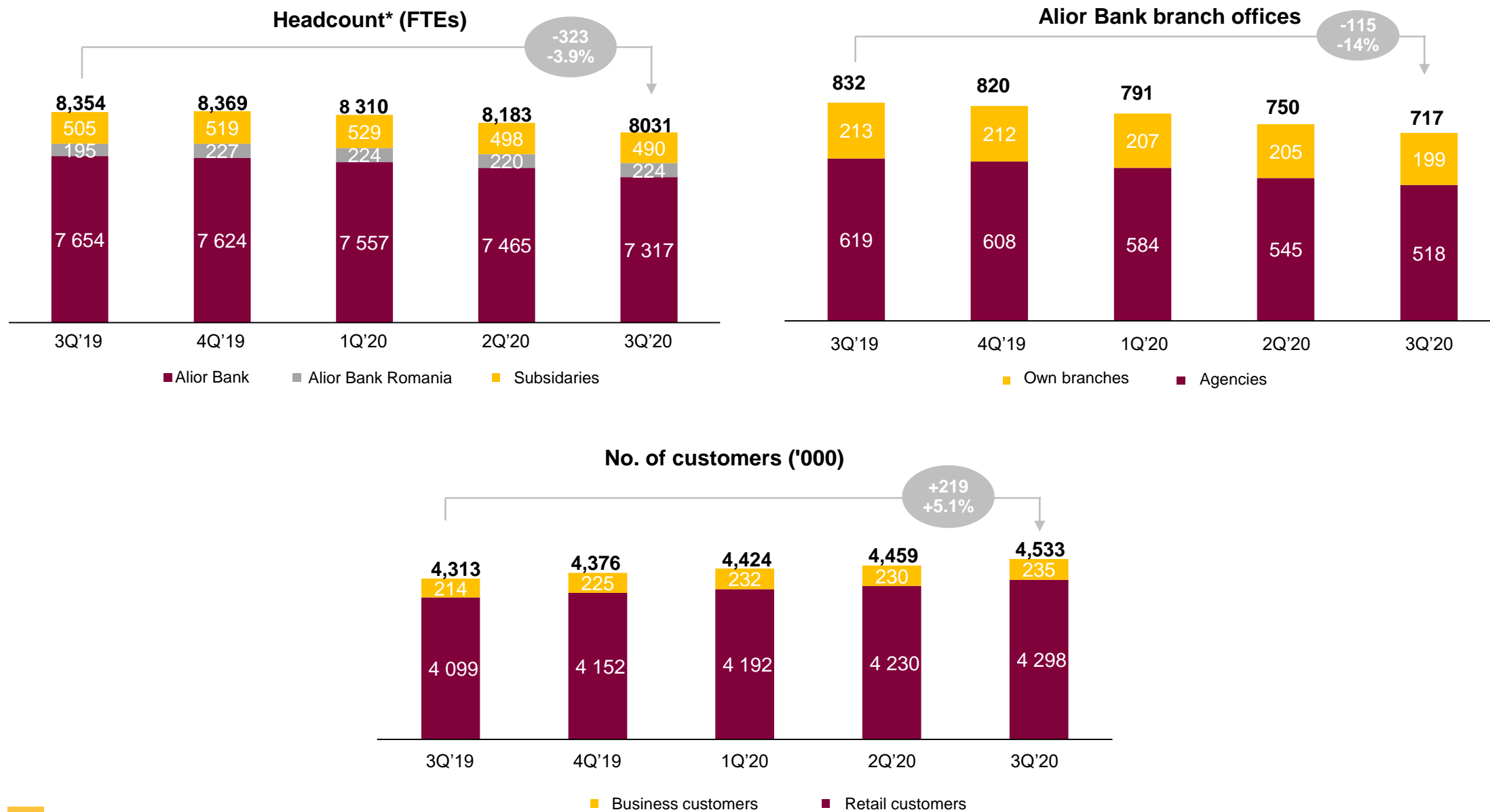
8th position in the market

P/BV ratio

0.27x

10th position in the market

Additional information

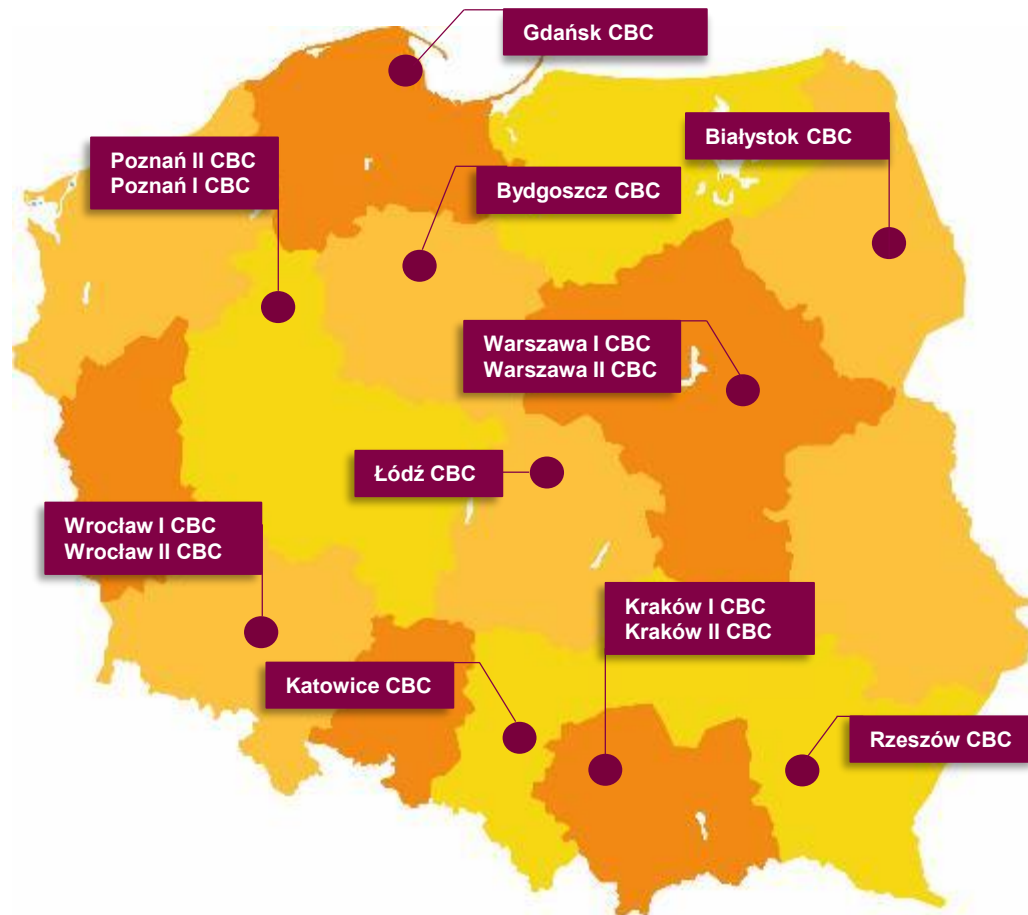


* The chart includes headcount level at Alior Bank Romania. The chart excludes the headcount level in Ruch SA, which totalled 391 FTEs at the end of Q3.

Consolidated Statement of Financial Position (PLN M)

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	change % q/q	change q/q	change % y/y	change y/y
Total assets	76 963,2	76 714,1	76 512	77 671,9	77 717,3	0,1%	45,4	1,0%	754,1
Cash assets and equivalents	946,8	1 379,1	1 960,9	1 128,5	1 636,9	45,1%	508,4	72,9%	690,2
Receivables from banks	2 945,0	212,9	276,1	290,5	330,5	13,8%	40,0	-88,8%	-2 614,5
Investment financial assets	12 707,5	15 798,7	14 197,5	16 756,8	15 062,1	-10,1%	-1 694,7	18,5%	2 354,7
Derivative hedging instruments	135,2	134,8	292,9	379,7	367,0	-3,3%	-12,6	171,5%	231,8
Receivables from customers	56 684,5	55 844,5	56 518,1	55 703,5	55 995,9	0,5%	292,4	-1,2%	-664,0
Assets used as liability collateral	357,7	335,5	338,4	383,9	1 270,6	230,9%	886,6	255,9%	913,6
Tangible fixed assets	787,6	763,6	741,5	713,3	700,1	-1,8%	-13,2	-11,1%	-87,4
Intangible assets	577,6	580,4	577,9	507,7	461,4	-9,1%	-46,3	-20,1%	-116,2
Stakes in associated entities	5,3	9,8	5,3	5,3	5,3	0,0%	0,0	0,0%	0,0
Assets held up for sale	0,1	0,1	0,1	139,8	140,2	0,2%	0,3	-	140,1
Income tax assets	1 113,8	1 169,9	1 139,4	1 223,4	1 222,5	-0,1%	-0,9	9,3%	103,9
Other assets	722,7	484,9	464,0	439,4	524,8	19,4%	85,4	-27,4%	-198,0
Liabilities	70 238,0	69 976,8	69 689,9	71 304,6	71 251,7	-0,1%	-52,9	1,4%	1 013,7
Liabilities vis-a-vis banks	984,2	822,5	940,0	967,4	1 063,2	9,9%	95,8	8,0%	79,0
Liabilities vis-a-vis customers	64 739,4	64 999,3	64 596,0	65 865,4	65 868,1	0,0%	2,7	1,7%	1 128,7
Financial liabilities	520,1	436,9	431,8	516,4	493,3	-4,5%	-23,0	-5,2%	-26,8
Derivative hedging instruments	46,4	40,7	77,5	89,7	88,8	-1,0%	-0,9	91,6%	42,5
Provisions	119,7	358,9	257,1	402,7	356,7	-11,4%	-46,0	198,0%	237,0
Other liabilities	1 824,4	1 429,7	1 572,9	1 503,1	1 408,3	-6,3%	-94,8	-22,8%	-416,1
Group liabilities held up for sale	0,0	0,0	0,0	165,1	172,3	4,4%	7,2	-	172,3
Income tax liabilities	41,7	94,9	10,2	1,4	1,9	40,5%	0,5	-97,5%	-73,4
Subordinated debts	1 928,4	1 794,0	1 804,5	1 793,3	1 798,9	0,3%	5,6	-6,7%	-129,6
Equity	6 725,2	6 737,4	6 822,3	6 367,4	6 465,7	1,5%	98,3	-3,9%	-259,5
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	5 393,4	5 399,6	5 399,6	0,0%	0,0	0,1%	6,3
Revaluation capital	72,9	76,4	68,0	220,7	237,6	7,7%	16,9	225,8%	164,7
Other reserve capital	171,6	166,9	166,9	166,9	166,9	0,0%	0,0	-2,8%	-4,8
FX gains/losses from conversion of units operating abroad	-0,3	0,6	-0,6	-0,2	-0,5	221,5%	-0,4	49,0%	-0,2
Retained earnings	-436,5	-453,7	-184,0	-211,8	-211,8	0,0%	0,0	-53,3%	241,8
Current year profit/loss	272,7	248,3	73,2	-513,4	-431,6	-15,9%	81,8	-	-667,4
Total equity and liabilities	76 963,2	76 714,1	76 512,2	77 671,9	77 717,3	0,1%	45,4	1,0%	754,1

Re-engineering of the sales network and expansion of business in preferred industries



Alior Bank optimized the Business Customer sales network through the transformation of 8 Corporate Centers and 13 SME Centers into **14 Corporate Banking Centres (CBC)**.



The new sales structure provides for **boosting effectiveness through synergy and mutual cooperation** of the previously separated small and medium and large corporate segments paralleled by reduction of operating costs.



The implemented changes will improve the dynamics of the Bank's development and **build long-term relationships with corporate customers**. Additionally, the centralization of selected after-sales service processes, being introduced for a couple of months several months, and the elimination of repetitive processes will allow for effective acquisition of new customers.



Alior Bank continues the process of building industry competence, initiated at the end of 2019, based on the concept of Preferred Industries, defined as **optimal directions for lending activity growth**. This process includes both the selection and updating of industries as well as training of bank personnel and marketing activities. The implementation of these tasks is coordinated by the Sectoral Analysis Team established for this purpose.

In Q3 2020 Alior Bank followed-up the project of centralization and optimization of after-sales processes



6644 cases

in the after-sales service area completed from the project start with no need to involve the Bankers



43% cases

in the after-sales service area was accepted by BusinessPro online banking system

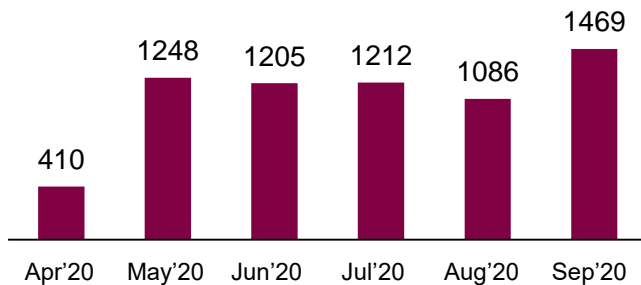


the process of central opening of the business customer's file along with the current account has been implemented



centralised credit monitoring for all clients of Corporate Banking Centres (CBCs)

Number of implemented actions



An option of remote transfer of after-sales instructions using, *inter alia*, qualified signatures has been made available.

The centralization covered 41 instructions and after-sales activities.



As part of the optimization of after-sales processes, **control and verification processes were automated with regard to the correctness of customer data, with particular focus on the correct identification of the Real Beneficiary.**

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

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