



WITAMY

ALIOR BANK

# Alior Bank S.A.

Presentation of results for H1 2021

1. Key issues

2. Operating activities

3. Credit risk

4. Financial results

5. Appendices



Key issues

## In H1 2021, the Alior Bank Group generated PLN 232 million net profit

### PLN 124 million net profit in Q2 2021

- ROE for Q2 2021 was 7.6%
- C/I for Q2 2021 was 42.5%
- Cost of financing (CoF) decreased from 0.72% in Q2 2020 to 0.17% in Q2 2021



### Superb sale of housing loans

Q2 2021 saw the sale of housing loans amounting to PLN 901 million, which means an increase of 21% Q/Q and 35% y/y. Q2 2021 saw the Bank achieving market share in new sales at 4.1%.



### Secure capital position of the Bank

TIER1 ratio at 12.99% and TCR at 14.95%.

Large surplus above regulatory minimums:

- for TIER1 449 bps. (PLN 2,167 mln)
- for TCR 445 bps. (PLN 2,150 mln)



### Corporate loans – increase in value

Despite the difficult market environment, Q2 2021 saw an increase in the balance of gross loans to corporations.



### Significant improvement in the level of the cost of risk (CoR)

In Q2 2021, the cost of risk amounted to PLN 265 million, and the CoR remained low at 1.71%.



### Very good lease sale

Q2 2021 saw the lease sales amounting to PLN 808 million which means an increase of 94% y/y and 12% Q/Q.



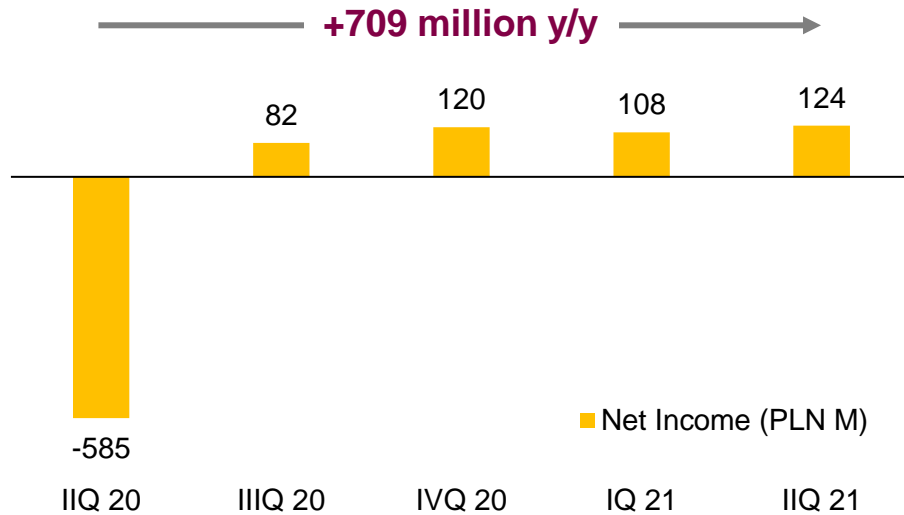
### Record-breaking value of assets managed by Alior TFI

Q2 2021 saw net sales amounting to PLN 177 million, and total assets managed by the funds increased by 141% y/y and reached PLN 1.53 billion.

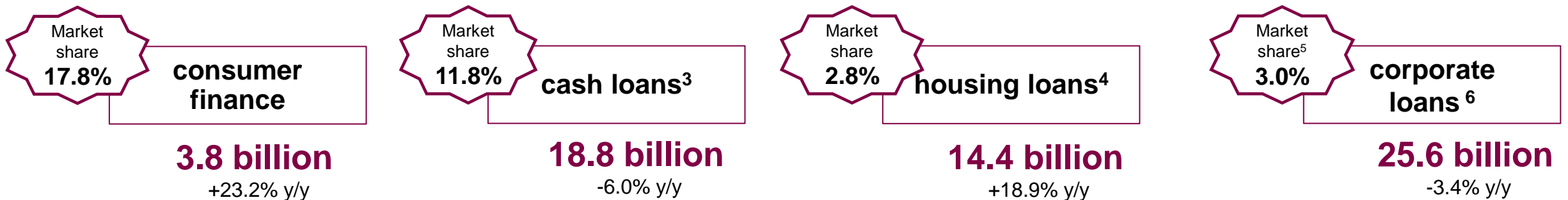
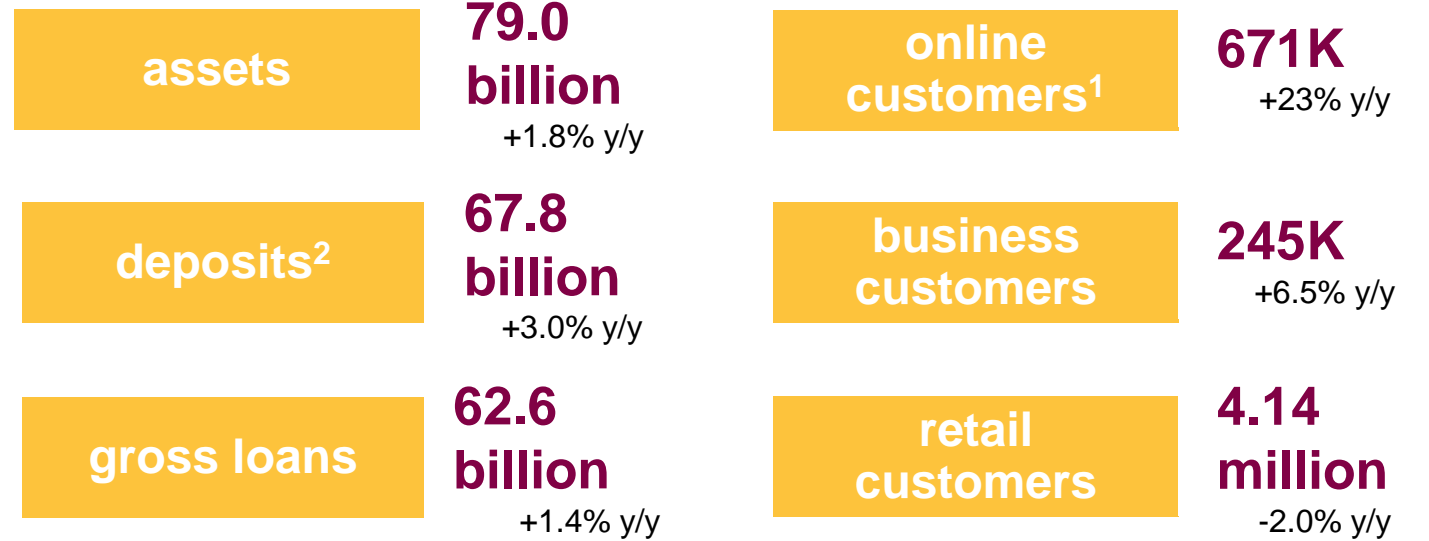


# Thanks to an increase in operational efficiency, the Bank effectively improves its results

Despite the unfavourable external environment, the Bank improves its financial results



A stable growth of the loan portfolio, combined with an increase in operational efficiency, serves as the basis for further improvement of the Group's results in subsequent periods

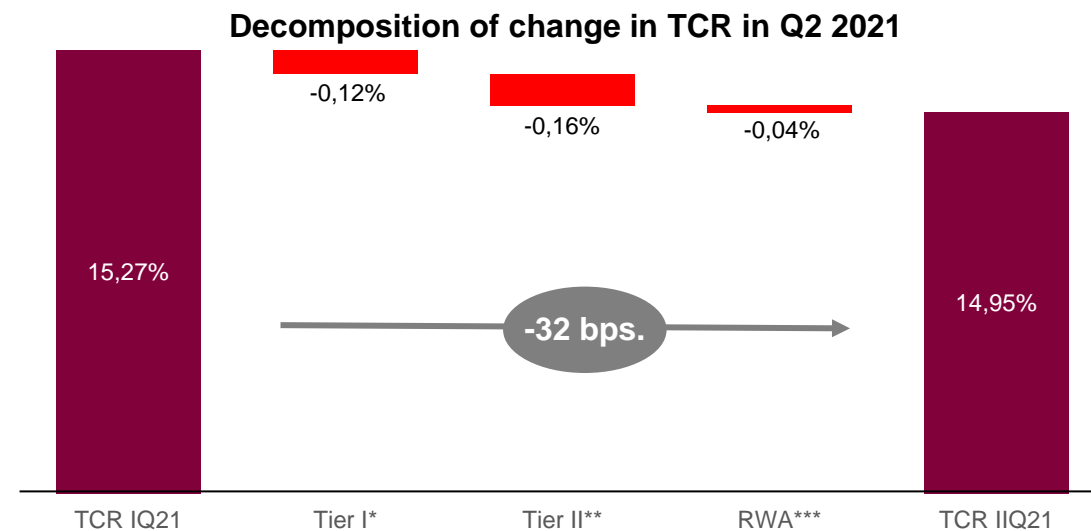
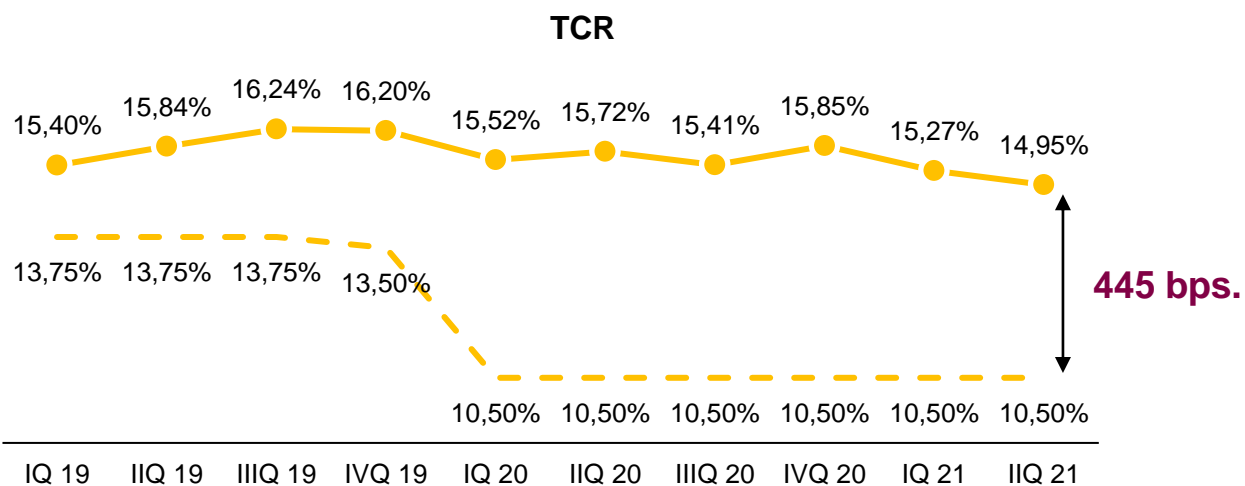
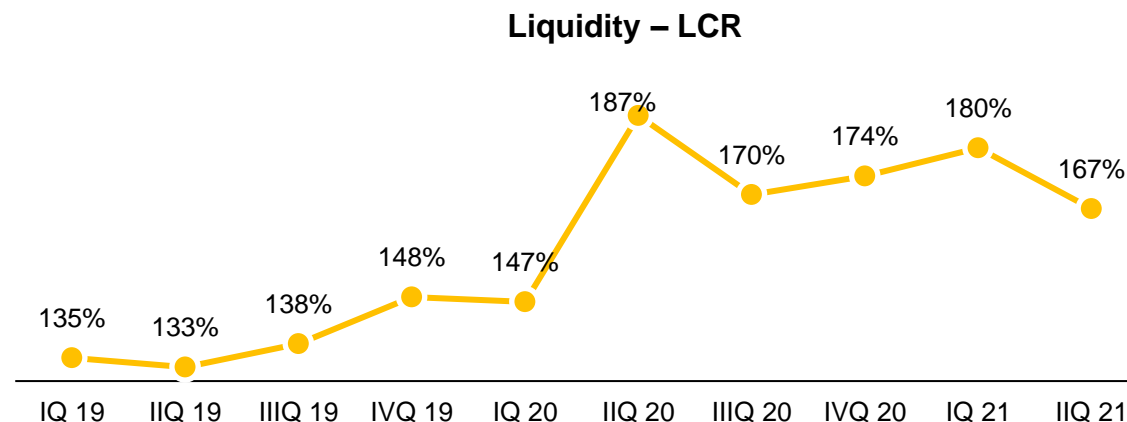
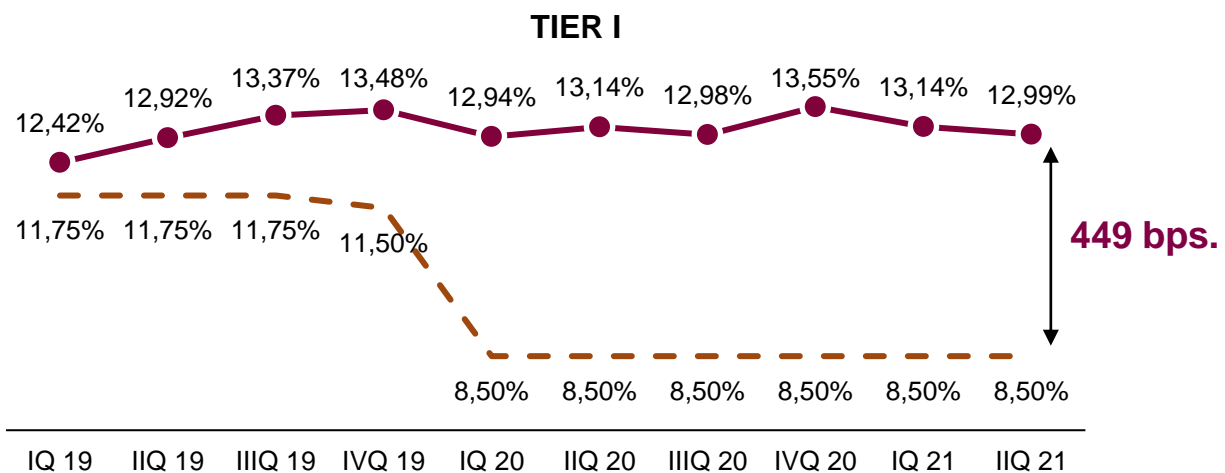


<sup>1</sup> Users of Alior Bank mobile applications  
<sup>2</sup> Liabilities to non-financial Customers  
<sup>3</sup> Individual Customer – consumer loans

<sup>4</sup> Individual Customer – residential real estate loans  
<sup>5</sup> Market share of SMEs and Large-sized Enterprises  
<sup>6</sup> Total for Micro, SME and Large segments

# Stable and secure position of the Bank: capital and liquidity surplus significantly above the regulatory minimum

The levels of TIER I and TCR capital adequacy ratios as at the end of Q2 2021 significantly exceed the regulatory minimum by: 449 bps. (PLN 2,167 million) and 445 bps. (PLN 2,150 million)

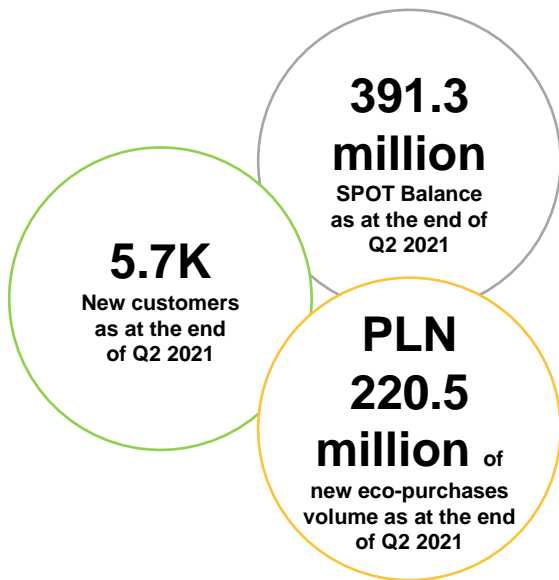


\*Change caused, inter alia, by revaluation of securities and adjustment related to the amount of tax assets

\*\*Change due to depreciation of subordinated bonds

\*\*\*Change in RWA (Risk-weighted Assets) results from changes in the loan portfolio

# We successfully address climate-related challenges



## #ECO category in the MasterCard Specials loyalty programme

When executing transactions with MC cards, the Customer collects points **and replaces them for attractive prizes in the #ECO category.**



## “Refund for eco-purchases with a Credit Card”

### Refund of up to PLN 600 for eco-purchases

Customers with a credit card issued during the promotion may receive up to PLN 600 cashback/bonus for the first year, including up to PLN 50 per month (3% of the transaction value) for purchases with a credit card in the indicated online stores included in the Eco-Stores Catalogue.

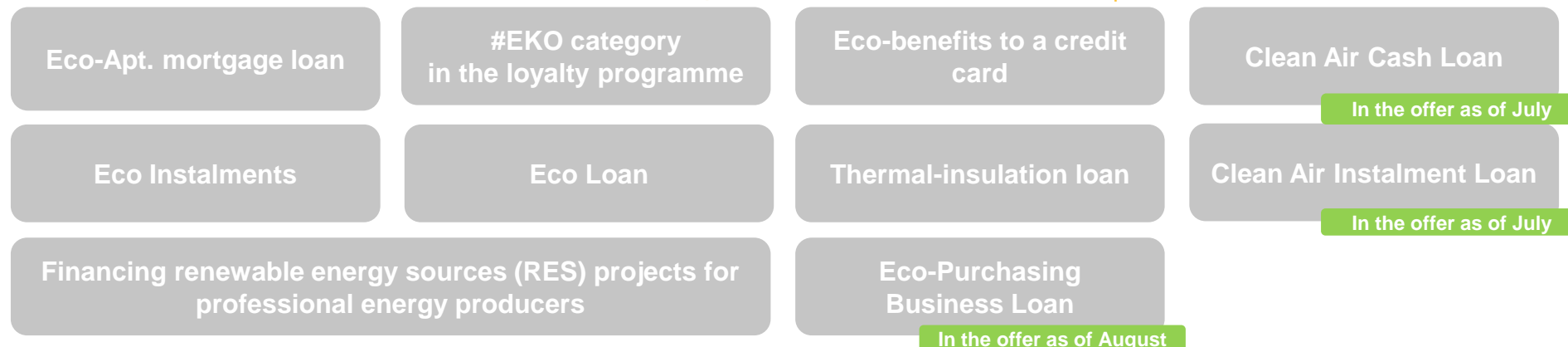
Offer available in any sales channel



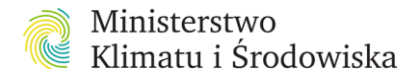
## “Eco-purchases with a Credit Card – PLN 0 instalments”

**1-instalment plan for PLN 0** up to PLN 2,000 for a period of up to 12M available for the first year (this applies to transactions spread into instalments previously made in online stores indicated in the Eco Store Catalogue). The offer is available only in the telephone sales channel.

## ECO OFFER



We cooperate with



WORLD BANK GROUP

## We are continuing to work on building the Sustainable Development Strategy

*In the process of developing the environmental and social awareness of employees, the Bank initiated activities related to ecology and the impact on the natural environment.*

### Selected CSR activities at Alior Bank:

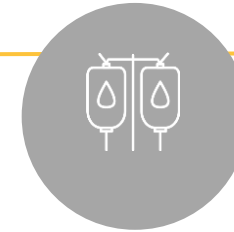


**Eco Challenge** – a project aimed at integrating employees around pro-ecological attitudes. Thus far, **over 40 outlets** participated in the challenge. Activities are undertaken in 5 categories.

The “Eco Challenge” Group enjoys great popularity and is a place for discussion and inspiration.



**Eco-education of children and youth**  
**The Fabulous Alior Bank** competition involved the writing of an eco-related fairy tale by employees. The fairy tales will be published in a special collection and will be distributed to branches, schools, health care facilities and other friendly institutions.



**Cooperation with the National Blood Centre** – 30 June 2021 saw the signing of a cooperation agreement.

Establishment of the **Alior Bank Blood Donors’ Circle**, which consists of over 100 people.

From 10 May 2021, 23 Blood Donation and Blood Treatment Centres in Poland have conducted a nationwide collection of blood and its components under the slogan “**Alior Bank saves life**”.



### Volunteering

- Supporting animal shelters under the project: “Involved in helping”.



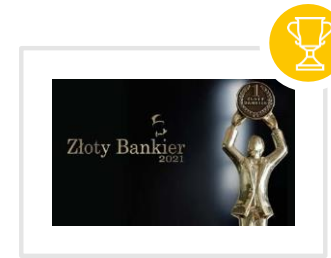
Modern products and high standards of service are appreciated by the market



## Gazeta Bankowa Awards

In the competitions organised by “Gazeta Bankowa” Alior Bank was awarded three titles:

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



## Golden Banker

- **“Cash loan”** – first place
- **“Credit card”** – second place
- **“Personal account”** – third place
- **“Safe bank – best practices”** – distinction

The Ranking is held by “Bankier.pl” and “Puls Biznesu”

## Distinctions for the Brokerage House

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

## Awards for the Currency Exchange

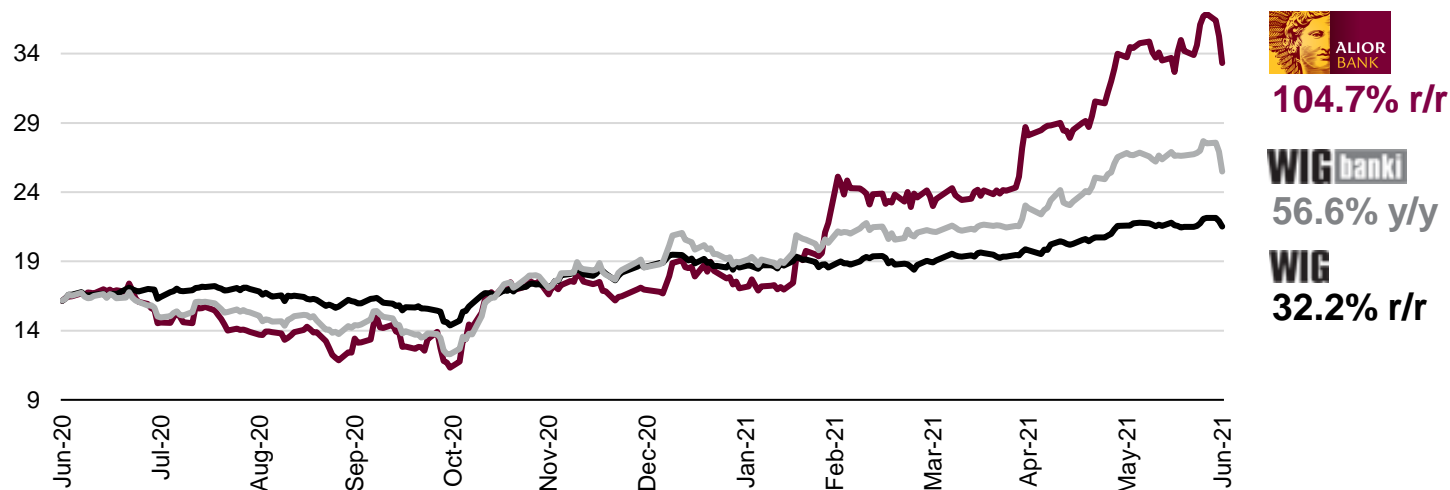
- **First place** in the ranking of online exchange offices and foreign currency accounts prepared by najlepszekonto.pl
- **First place** for the Exchange Office in the ranking held by Tanie-konto.pl
- **First place** for the Exchange Office in the ranking held by Kontomaniak.pl

## J.P Morgan Award

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

# Alior Bank S.A. – price performance, shareholders, ratings

## Alior Bank's share price compared to WSE indices (comparable data for 12 months)



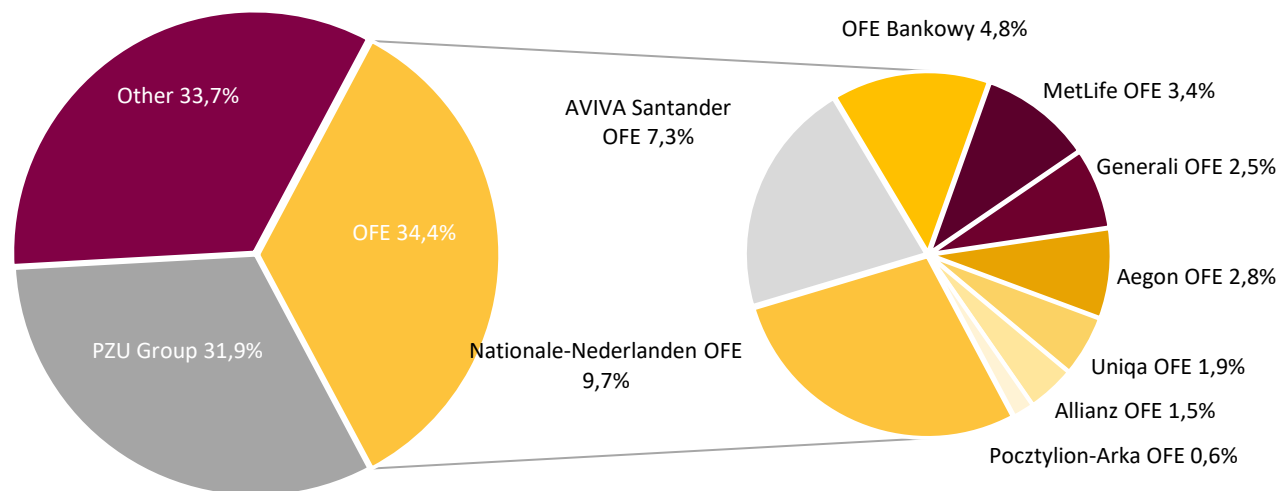
Alior Bank share price: **PLN 33.33**  
 (data as at 30 June 2021)  
 Capitalisation: **PLN 4.4 billion**  
 Value of shares in free trade: **PLN 2.2 billion**  
 C/WK: **0.66x**

**ISIN code:** PLALIOR00045  
**WSE:** ALR  
**Bloomberg:** ALR PW  
**Reuters:** ALRR.WA

**Fitch rating:**  
 long-term: BB  
 short-term: B  
 outlook: negative

**S&P rating:**  
 long-term: BB  
 short-term: B  
 outlook: stable

## Shareholding structure\*



Alior Bank's shares are part of the following stock indices:

- WIG
- WIG-BANKI
- mWIG40
- mWIG40TR
- WIG.MS-FIN
- WIG30
- WIG30TR
- WIG-Poland
- WIG-ESG
- CEEplus

## Pursuit of the updated “More than a Bank” strategy 2021 – 2022

		2020	Performance for H1 2021	Goal 2022
Business volumes	Assets	PLN 78.6 billion	PLN 79.0 billion	PLN 89 billion
	Number of Individual Customers	4.2 million	4.1 million	4.5 million
	Number of Business Customers	239K	245K	278K
Profitability	ROE	-4.7%	7.1%	>5%
	NIM	3.9%	3.7%	4%
	C/I	47.0%	44.7%	<46%
Risk and capital	COR	2.8%	1.6%	1.9%
	Tier 1 surplus	505 bps.	449 bps.	>280 bps.
	NPL	14.5%	12.96%	11.8%
	COF	0.6%	0.2%	0.3%



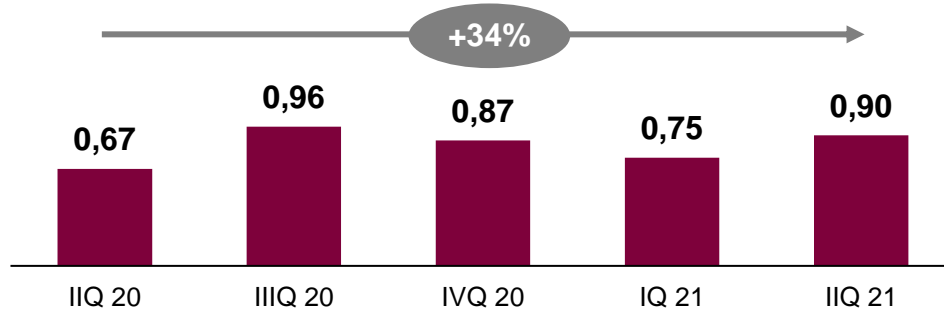
Operating activities

# Increase in sales of key products of the Bank

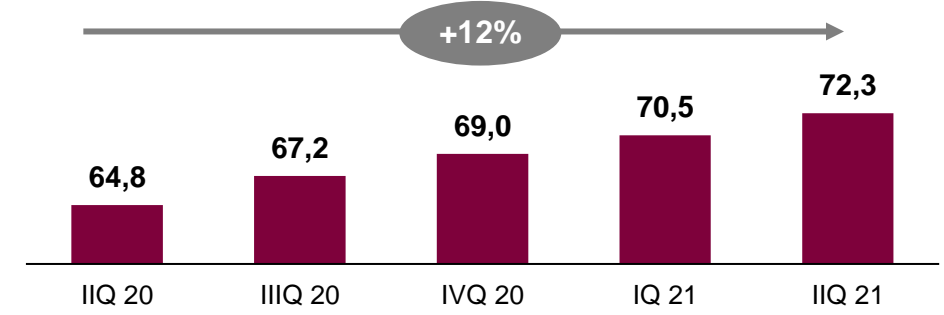
PERSONAL CUSTOMERS



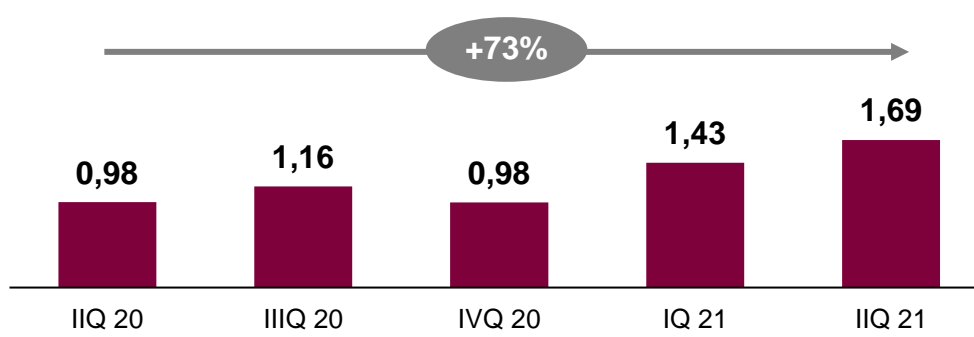
Sale of mortgage loans (PLN billion)



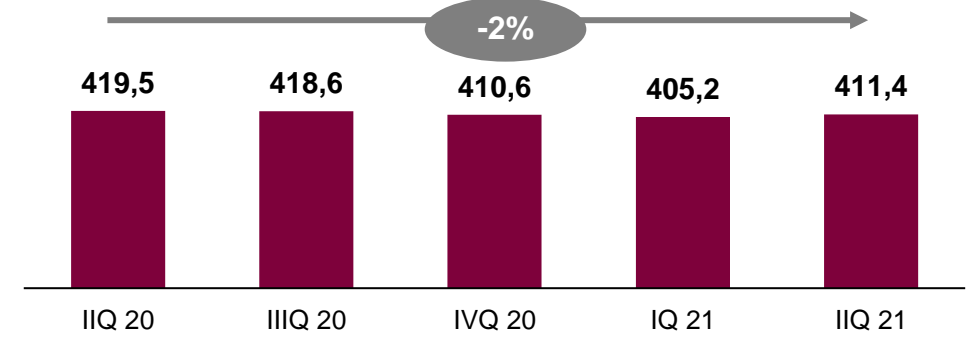
Number of Customers with a mortgage loan (K)



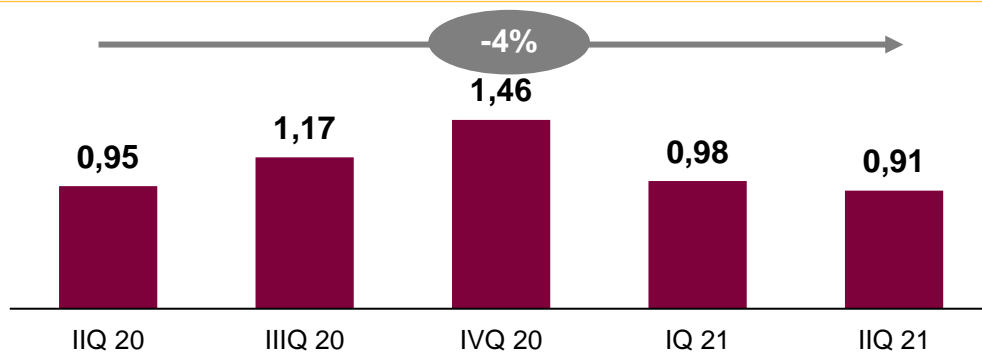
Sale of loans (PLN billion)



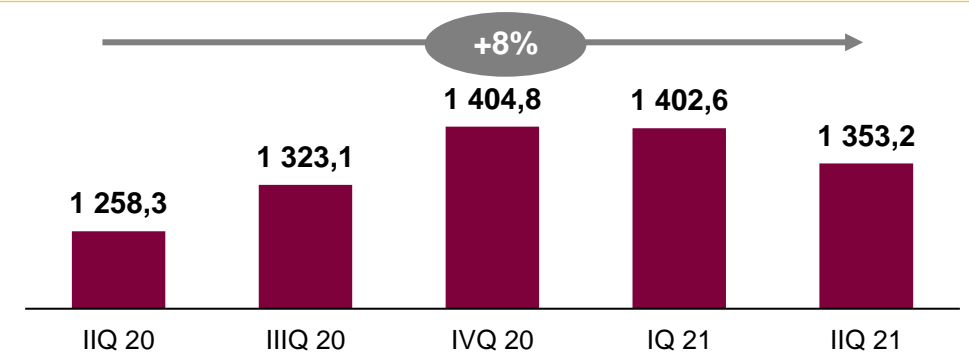
Number of Customers with a loan (K)



Sale of CL loans (PLN billion)

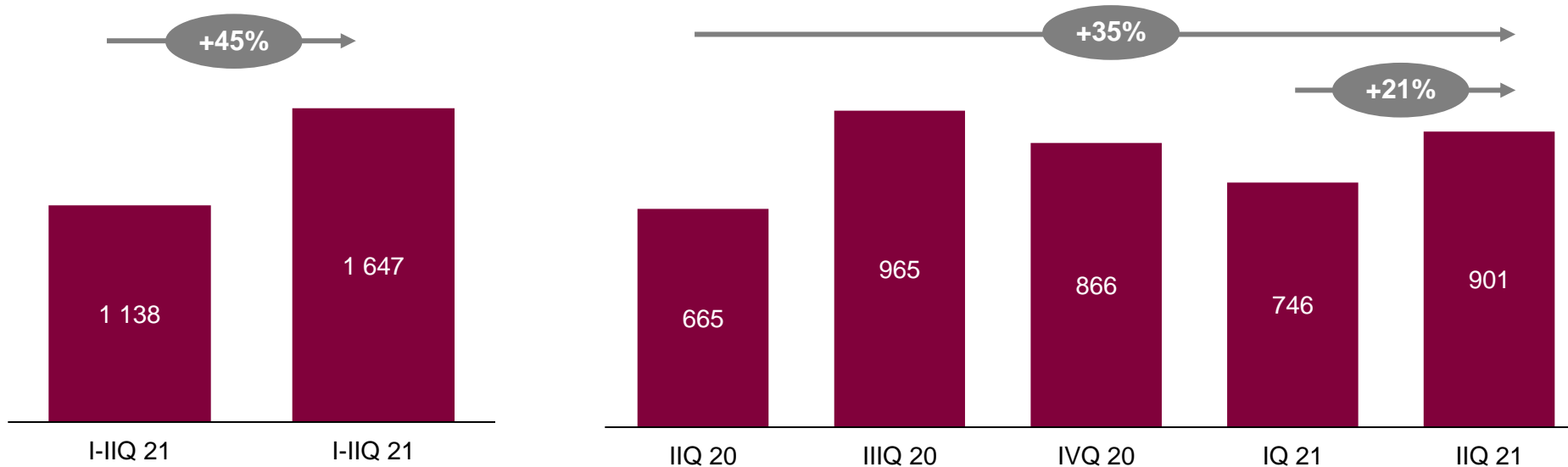


Number of CF Customers (K)



Alior Bank takes advantage of the demand prevailing in the mortgage market and continues high sale of mortgage loans

### Sales of housing loans (PLN million)



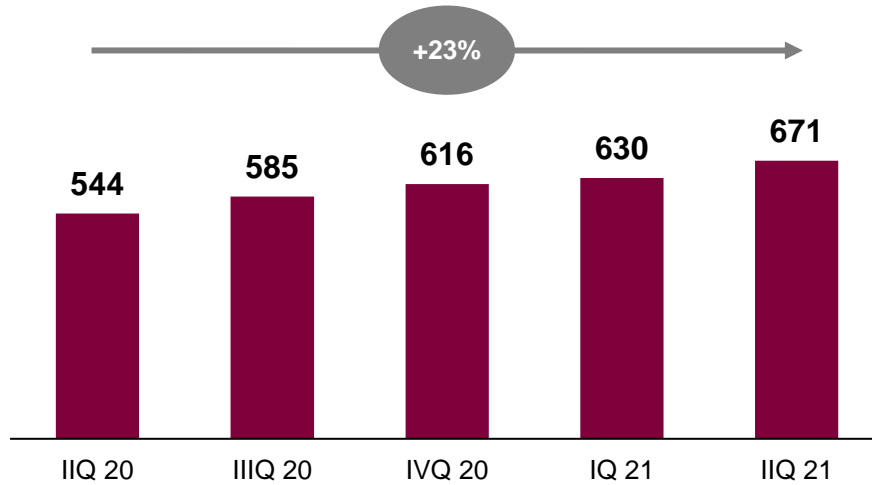
Q2 2021 saw Alior Bank achieving a 4.1% share in the sale of loans for residential real estate.



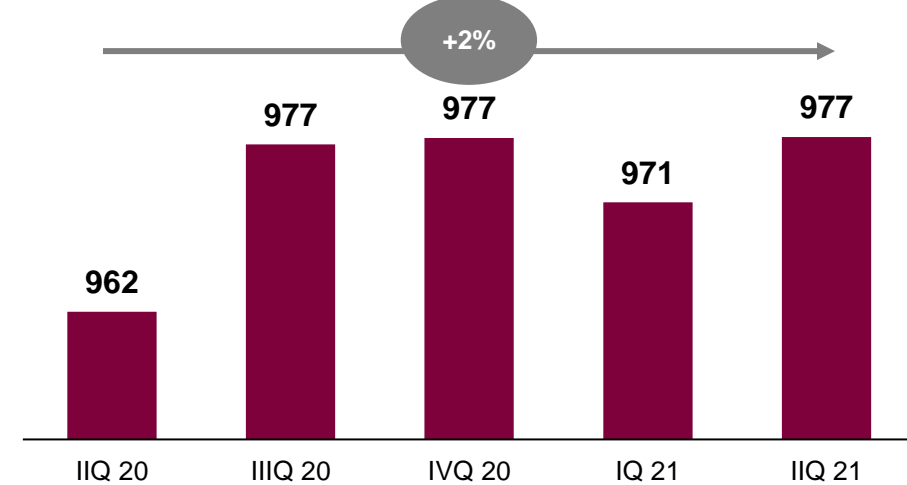
- Alior Bank consistently pursue the policy of maintaining the sales volume of housing loans
- Housing loans are one of the pillars of Alior Bank's Strategy for 2020-2022
- The Bank consistently endeavours to increase its share in the sale of mortgage loans in the largest cities through the sale of loans included in the promotional product range "Własne M w Wielkim Mieście" [Own Apt. in the Big City]
- The Bank also follows the current pro-ecological trends, by launching a special offer "Własne EKO M" [Own ECO Apt.]
- The Bank develops the organisational structure and adapts it to the trends prevailing in the housing loan market

# Effective building of a lasting relationship with Customers and the growing importance of digital channels

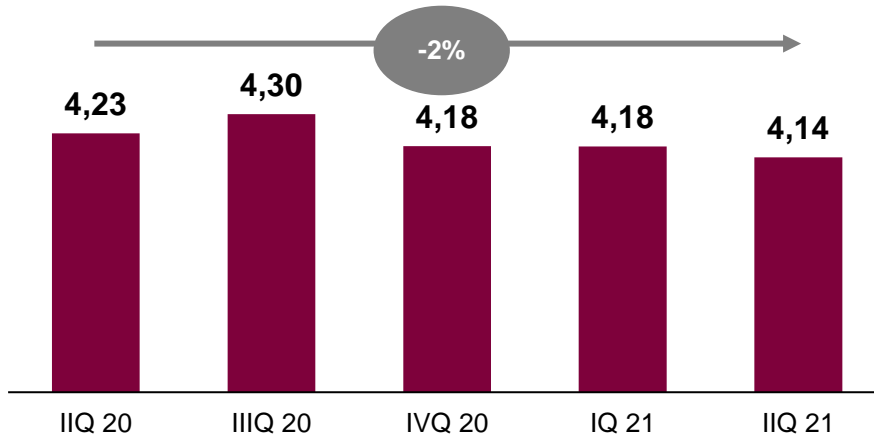
### Users of Alior Bank mobile applications (K)



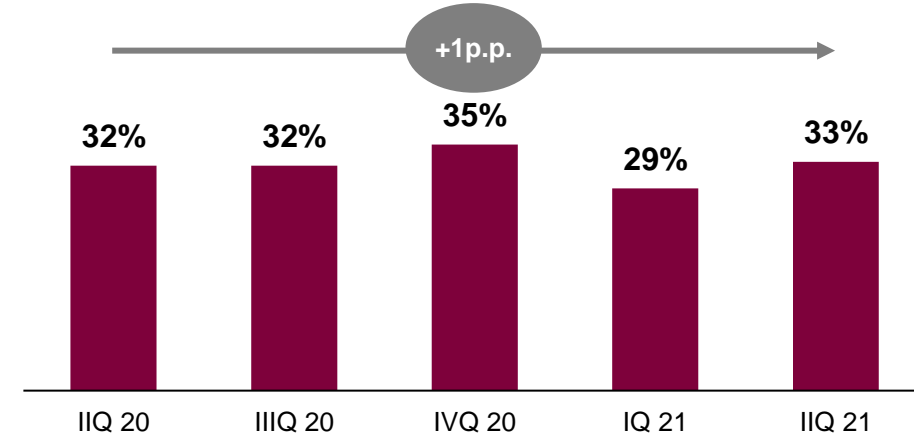
### Number of Customers with systematic incomes (K)



### Number of Individual Customers (million)



### Share of cash loan sales in remote channels



AppStore rate **4.6** of 5

Google rate **4.3** of 5



### Launch of the “Clean Air” offer

Launch of the loan offer with a subsidy from the National Fund for Environmental Protection and Water Management under the “Clean Air” programme, among other things, for the replacement of highly-smoking furnaces and the thermo-modernisation of houses.



### ECO Cash-back on the Credit Card

Cash-back promoting purchases with EKO partners by refunding up to PLN 600 per year and the possibility of spiting transactions into PLN 0 instalments.



### Motor vehicle insurance

The new, more convenient process of purchasing Link4 motor vehicle insurance is fully available in the Alior Online Banking environment.



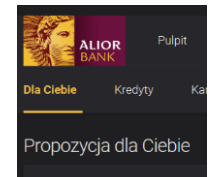
### Wojażer travel insurance

The new, more convenient process of purchasing PZU travel insurance is fully available in the Alior Online Banking environment.



### MasterCard® Priceless® Specials

Integration of the MasterCard® Priceless® Specials programme with the Mobile Application facilitates access to the programme and makes the use of its benefits more convenient.



### New Marketplace in Alior Online

Renewed and more convenient access to the personalised offer in the Alior Online Banking.



### Digital signature in remote process

The possibility of signing an agreement by SMS in the eUmowa portal allows for shortening the time of customer service and more efficient conclusion of agreements in the telephone process.

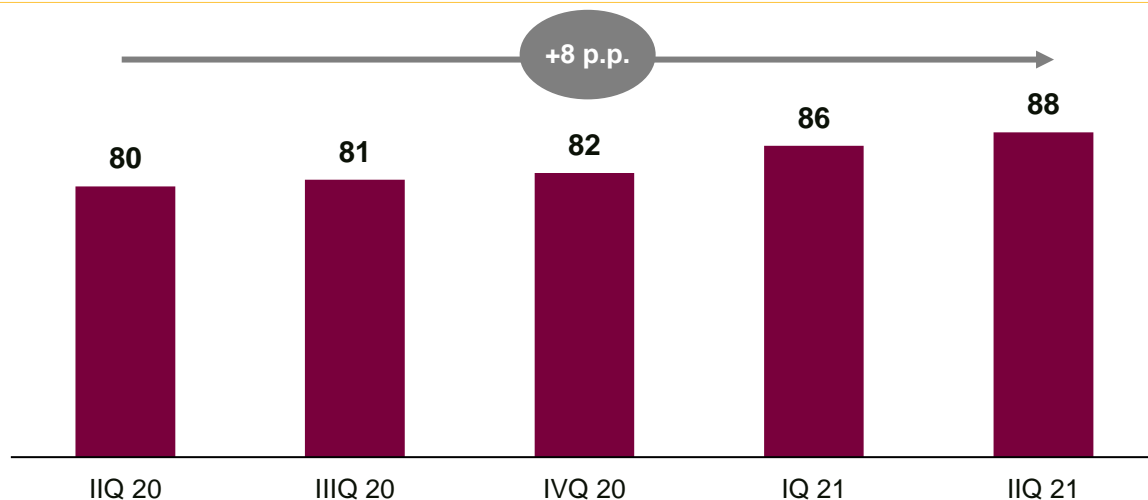


### Fixed rate in mortgage loan

A new mortgage loan offer with the longest periodically fixed rate available in the market with a term of 7 years.

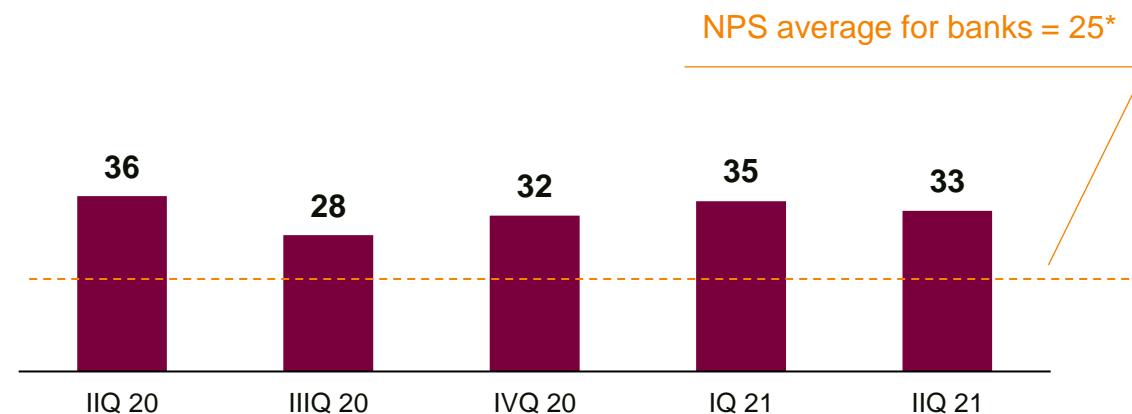


NPS distribution network (%)



Q2 21 saw a further increase in the satisfaction of Customers using the own branches – the level of satisfaction increased by 8 p.p. y/y.

Relationship NPS (%) (Bank's internal survey)

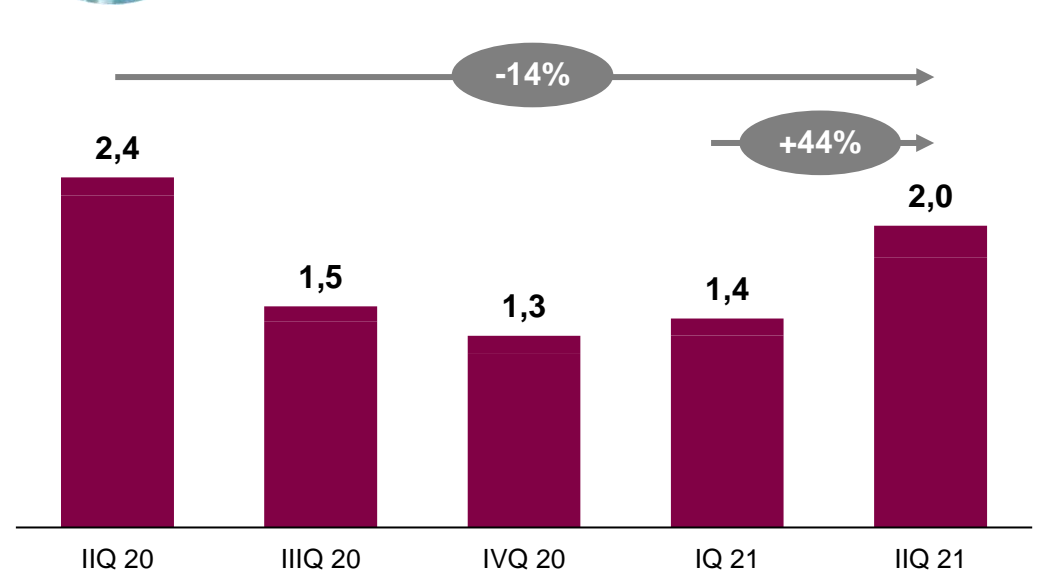


Stabilisation of results in terms of Customer satisfaction at the level exceeding 30%. Much above the average for banks.

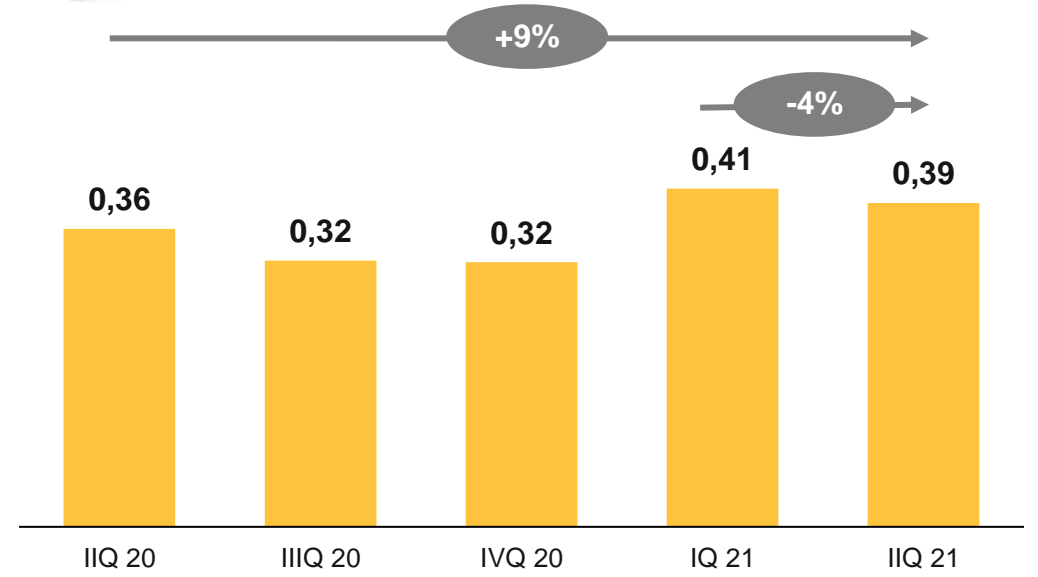
Positive trends in recovering from the COVID-19 pandemic in the Business Customer segment



**Total overdraft facility granted to Small/Medium/Large Customers (PLN billion)**

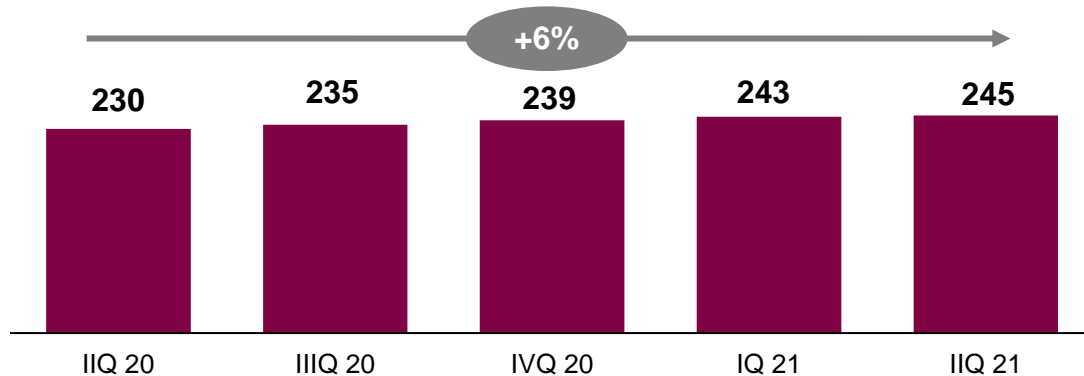


**Total overdraft facility granted to Micro Customers (PLN billion)**



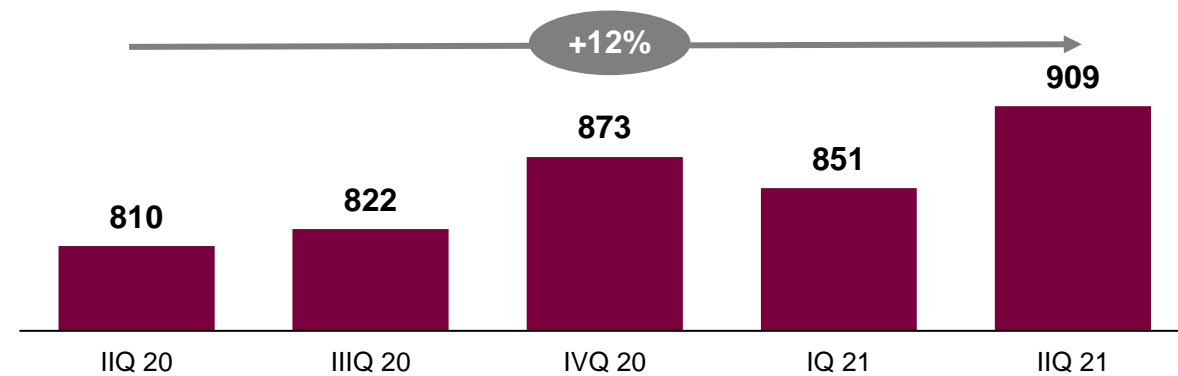
After decreases in sales volumes caused by the COVID-19 pandemic and adjustments tightening credit policies, H1 2021 saw a visible rebound in sales in the segments of Business Customers.

### Number of Business Customers – all segments (K)



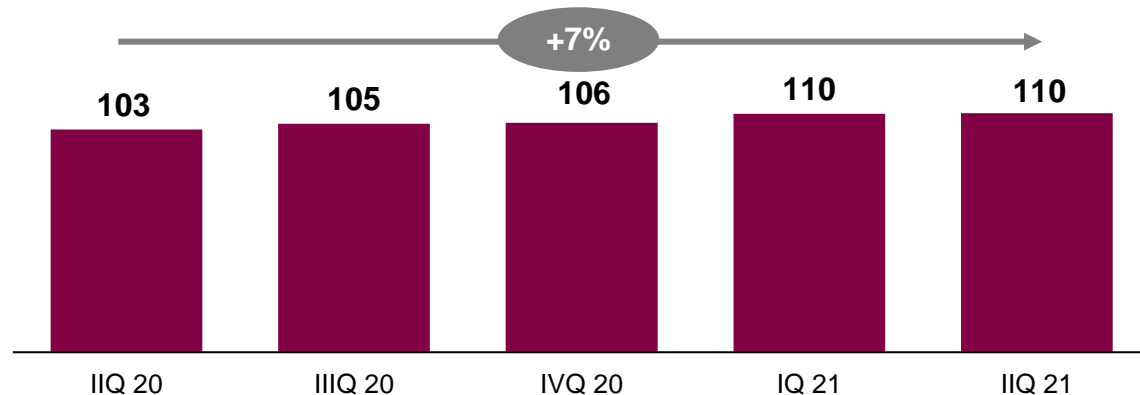
Alior Bank consistently maintains the growth in the number of Business Customers.

### Number of BankConnect Customers – Small/Medium/Large segments (K)



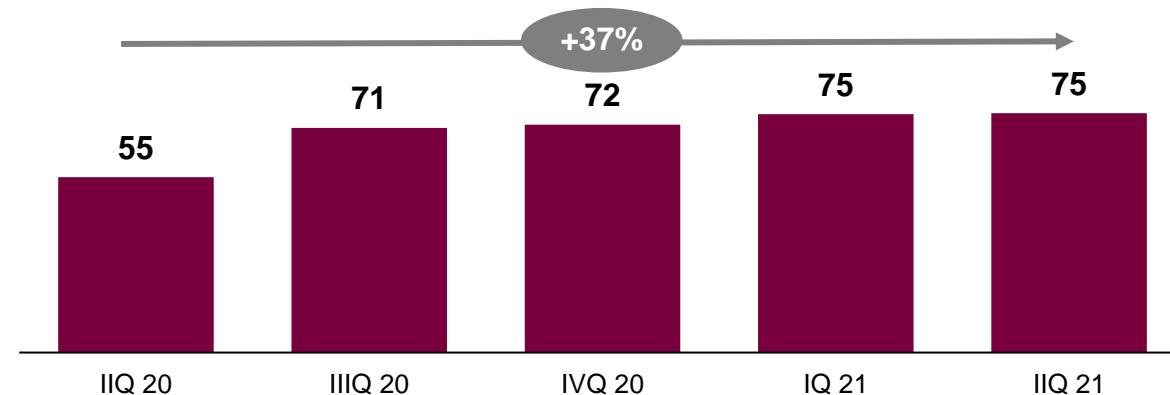
Increase in the number of Customers using BankConnect, which allows for integrating the Customer's accounting systems with the BusinessPro account.

### Number of payment cards of Micro Customers (K)



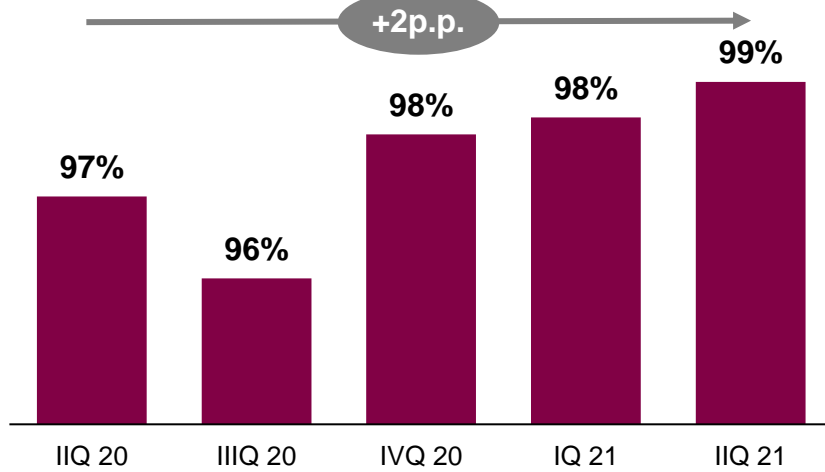
Alior Bank consistently maintains a high level of payment cards in the micro-enterprise segment.

### Number of Micro Clients paying ZUS/Taxes (K)

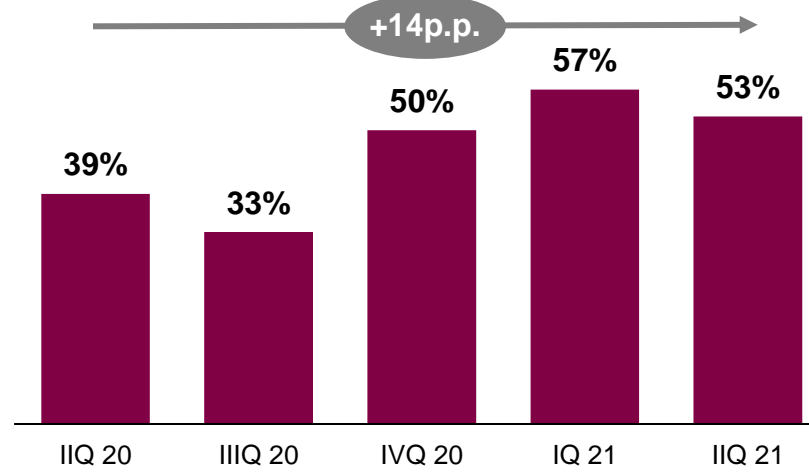


The increase in the number of customers paying ZUS/Taxes manifests that Customers are returning to operation similar to that from before the COVID-19 pandemic.

Covering new sales with BGK guarantees – Micro segment \*



Covering new sales with BGK guarantees – Small segment\*



- 13% market share in sales of *de minimis* guarantees\*\*
- 58% market share in the COSME Guarantee programme\*\*



## Implementation of the thermo-insulation loan offer in the Pomerania Region

- **9 July 2021** saw the launch of the thermo-insulation loan offer in the Pomeranian and Kujawsko-Pomorskie Voivodeships



WOJEWÓDZTWO POMORSKIE



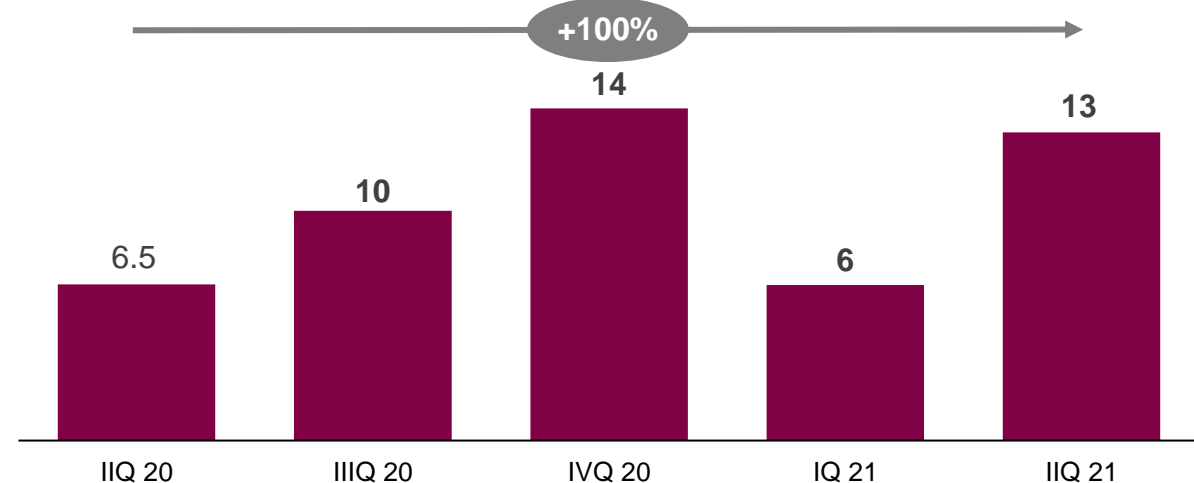
European Investment Bank



WOJEWÓDZTWO KUJAWSKO-POMORSKIE

Alior Bank's share in the public funds contracted under the Programme is 50.6%.

Status of the TERMO Programme implementation – Volume of launches (PLN million)



## Alior Bank is successfully developing a loan offer for entrepreneurs investing in green energy sources

BUSINESS CUSTOMERS



- offer for financing renewable energy sources (RES) projects for professional energy producers
- long financing period – until the end of auction support
- loan covering up to 85% of investment costs
- it also applies to projects implemented within the framework of banking consortia.

**Implemented – July 2021**



- financing as many as 13 ecological goals, for instance, purchase of photovoltaic panels, a hybrid car or installation of a new heat source
- high amount – even up to PLN 3 million
- decision even up to 20 minutes after the application has been entered into the credit system
- the loan is secured by the guarantee of Bank Gospodarstwa Krajowego

**Implementation – August 2021**

We strengthen the relationship with Business Customers based on the products and services offered in the subscription model

BUSINESS CUSTOMERS

## Offer for simplified accounting

### Rachunek firmowy 4x4

Postaw na rozwój swojej firmy i wybierz Rachunek 4x4 z pakietem usług do wyboru. Oferta skierowana jest do nowych klientów biznesowych banku rozliczających się na zasadach uproszczonej księgowości.

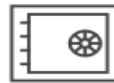
As part of the offer, the Customer receives:

- PLN 0 account management fee
- PLN 0 for online transfers to ZUS, issuing debit cards and online accounting service
- PLN 0 for products and services in 4 packages to choose from (package cost: PLN 10/month)

**+1500 ZŁ**  
DLA AKTYWNYCH



PAKIET KRAJOWY



PAKIET OSZCZĘDNY



PAKIET GOTÓWKOWY



PAKIET ZAGRANICZNY

- Support for packages in online banking

**28K** Customers have already used the account

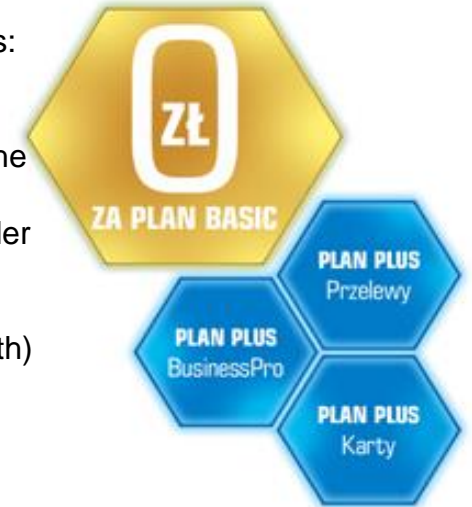
## Offer for full accounting

### Rachunek Plan Biznes

Twój biznes – Twoje zasady.  
Wybierz Rachunek Plan Biznes i sam dopasuj rozwiązania do potrzeb firmy

As part of the offer, the Customer receives:

- PLN 0 account management fee (if active)
- PLN 0 for products and services in the free Basic Plan in BusinessPro
- PLN 0 for products and services under Plus Plans, made available to Customers online in the subscription formula (package cost: PLN 30/month)



- Support for packages in online banking
- The account is available for Simple Joint-Stock Companies

**0.5K** Customers have already used the account

# Activities of the key companies of the Alior Bank Group

## Alior Leasing



Q2 2021 saw Alior Leasing achieving sales of **PLN 808 million (94% more than in Q2 2020)**.

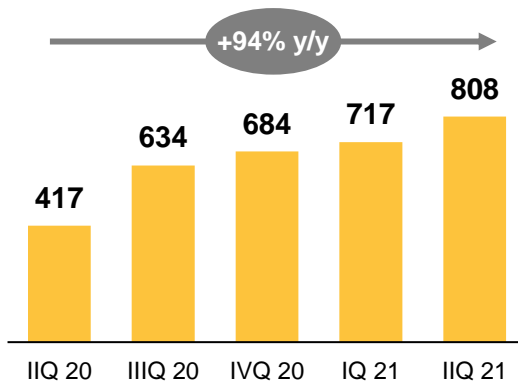
### LEASING

From the end of Q2 2020, we have been observing an upward trend in demand for products offered by Alior Leasing.

#### As at the end of Q2 2021:

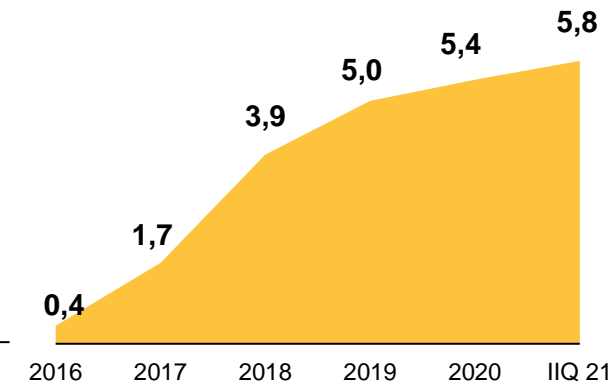
- The balance of the portfolio of lease amounts due was **PLN 5.8 billion** and it was higher by PLN 0.7 billion than as at the end of Q2 2020.
- Number of Customers: 73.8K (+12.5K compared to Q2 2020)
- Number of agreements: **102.8K** (+17.7K compared to Q2 2020)

Sale of lease and loans (PLN million)



Source: Alior Leasing

Lease portfolio and loans (PLN billion)



Source: Alior Leasing

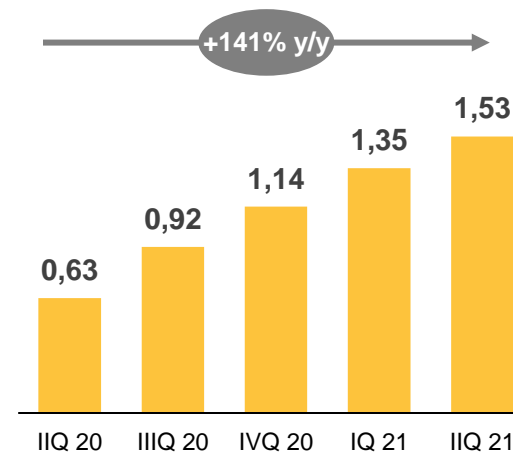
## Alior TFI



Q2 2021 saw Alior TFI keeping the high level of net sales of the investment funds under its management and achieving sales of PLN 177 million.

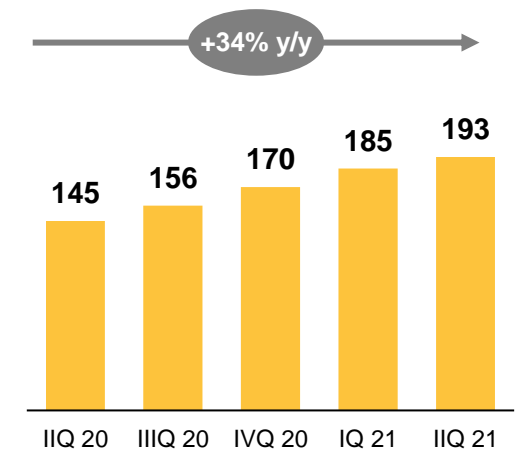
Alior TFI managed to quickly recover from the losses suffered in H1 2020 caused by the COVID-19 pandemic. By the end of Q2 2021, it increased assets under management in open funds by **141% y/y**.

Assets under management in Alior TFI open funds (PLN billion)



Source: Alior TFI

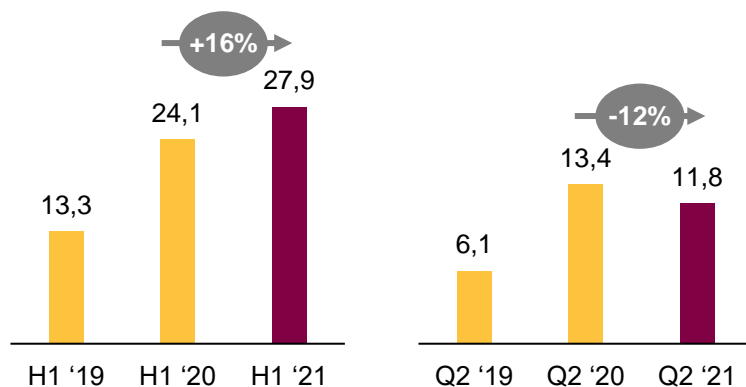
Assets under management in non-dedicated funds\* in Poland (PLN million)



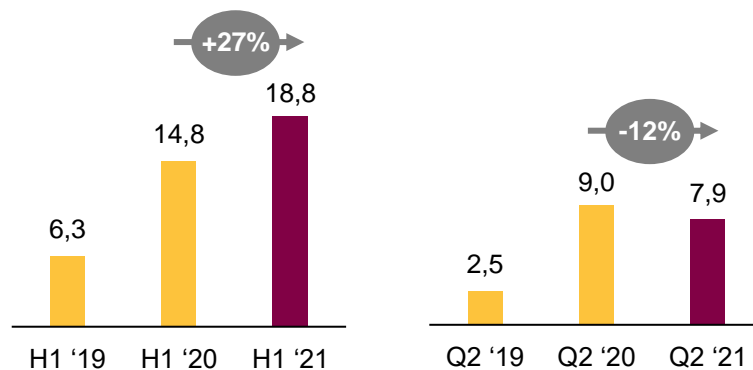
Source: Own elaboration based on IZFiA

# Very good results achieved by the Brokerage House

**Commissions of the Brokerage House (revenues)**  
[PLN million]



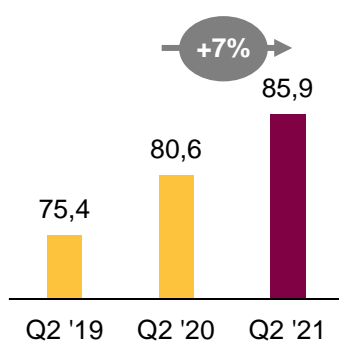
**Commissions – brokerage account**  
[PLN million]



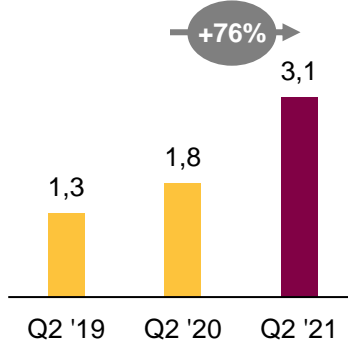
## Initiatives and achievements

- Yet another year in a row, our brokerage account took the podium (**1<sup>st</sup> place**) in the ranking of the best brokerage accounts held by Puls Biznesu
- May 2021 saw the implementation of another **partnership programme, namely Squaber Premium**, alongside Orlen w Portfelu and Unimot Klub+
- June 2021 saw the **Alior 4 Trader** platform being made available in a demo version (forex market)
- Participation in the consortium for two **IPOs on the WSE** – Vercom SA and Onde SA.
- Q2 2021 saw the Alior Bank Brokerage House acquiring **1k new brokerage accounts** and nearly 150 Alior Trader accounts. Since the beginning of the year, it has been **2.6K new brokerage accounts** (78% of them were opened in remote channels) and 360 Alior Trader accounts, respectively
- H1 2021 saw **FIO sales exceeding PLN 1 billion** (compared to PLN 670 million in the prior year), i.e., + 62% y/y

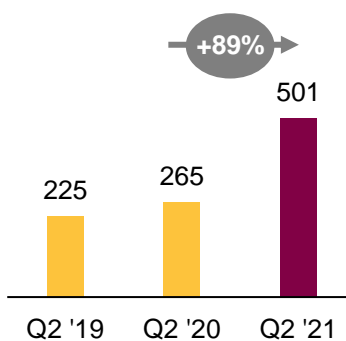
**Number of brokerage acc.**  
[thousand of items]



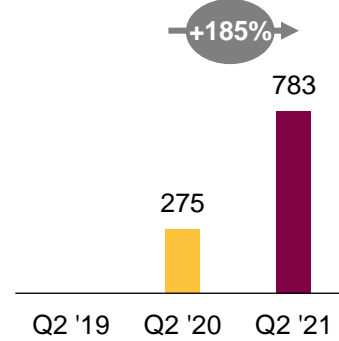
**Value of FIO assets**  
[PLN billion]



**Acquisition of FIO**  
[PLN million]



**Assets – Ind. Ivest. Consultancy (payable)** [PLN million]



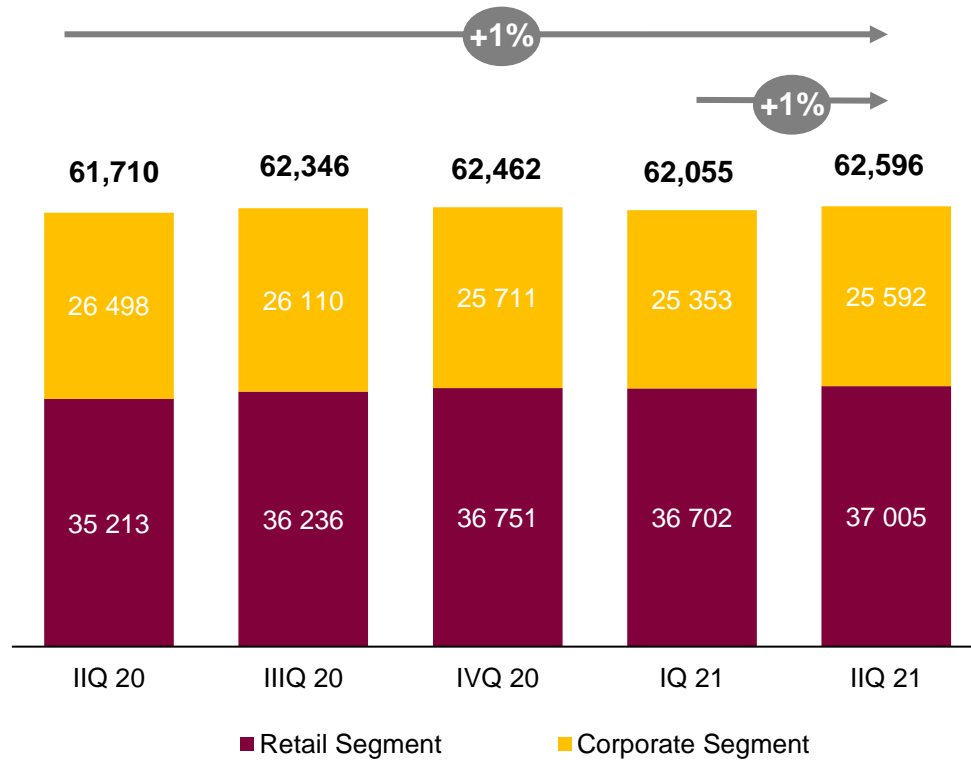




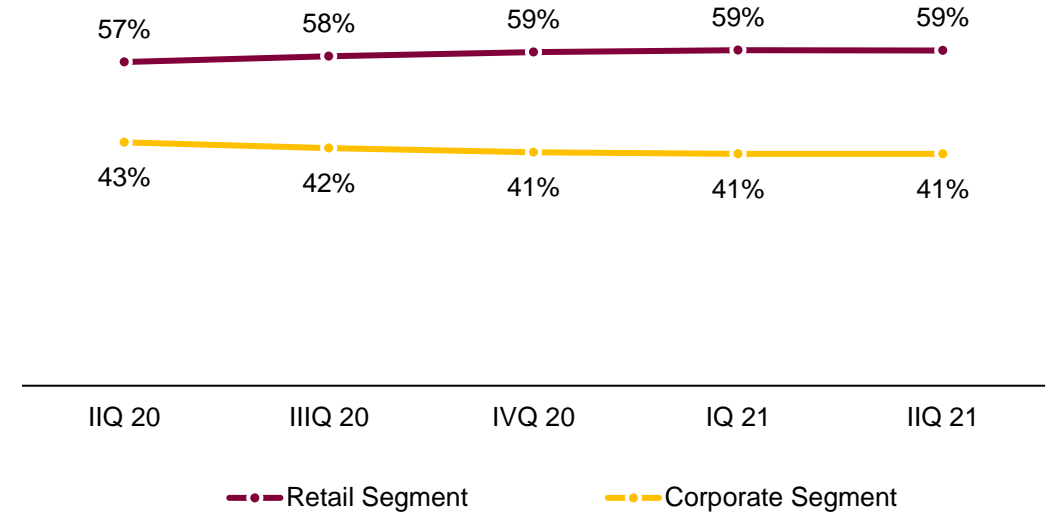
Credit risk

# Structure of the gross loan portfolio – the share of the Retail Segment increasingly grows

Loan portfolio in total (PLN million)

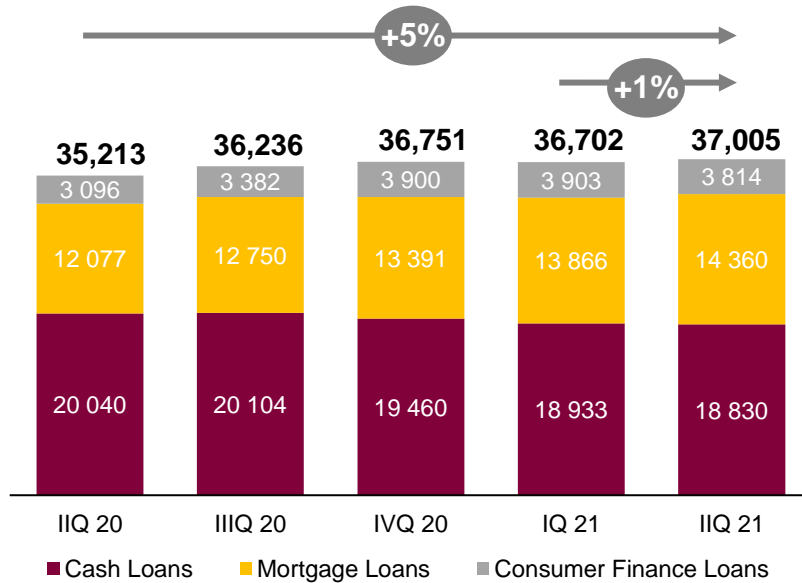


Loan portfolio structure in total

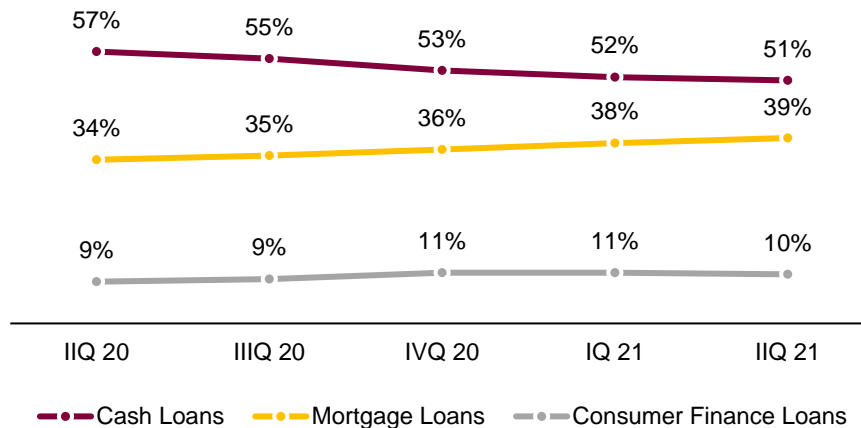


# Gross structure of the loan portfolio – we are increasing the share of housing loans

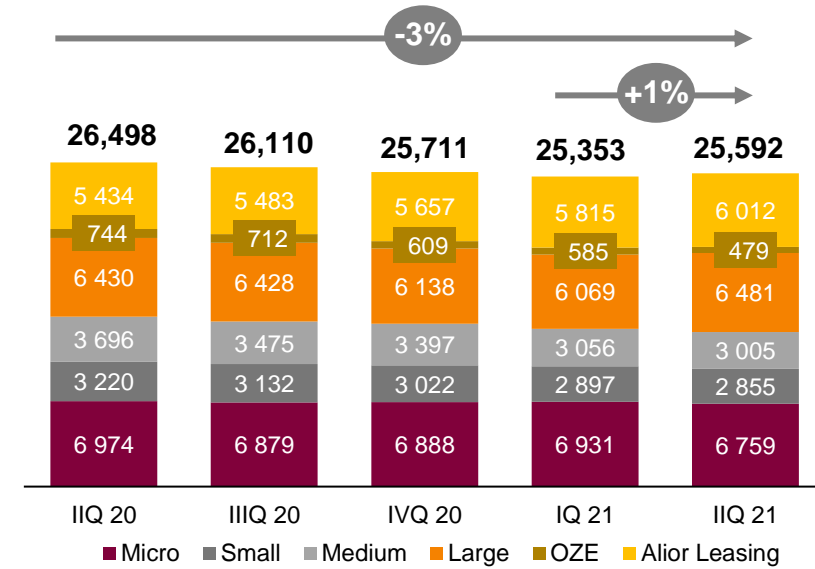
## Retail Customer Segment (PLN million)



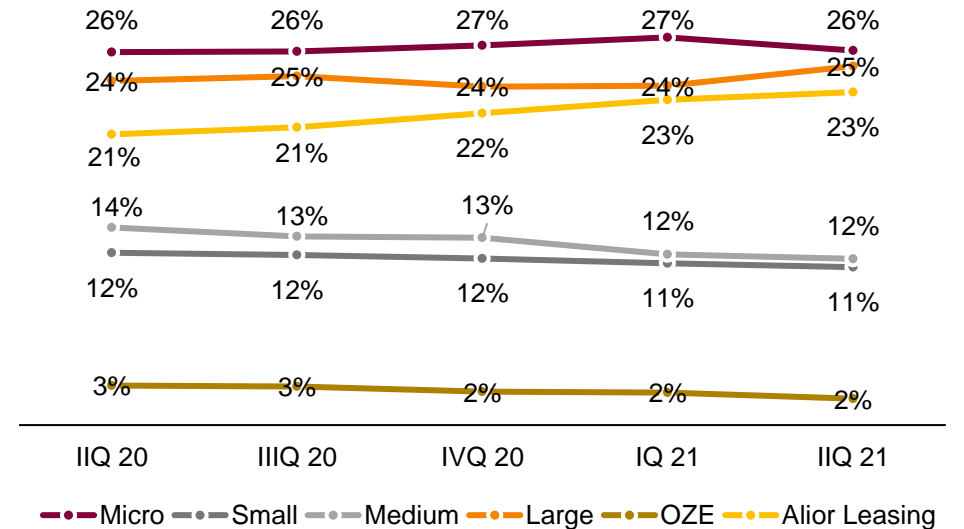
### Structure of the Retail Customer segment



## Business Customer segment\* (PLN million)

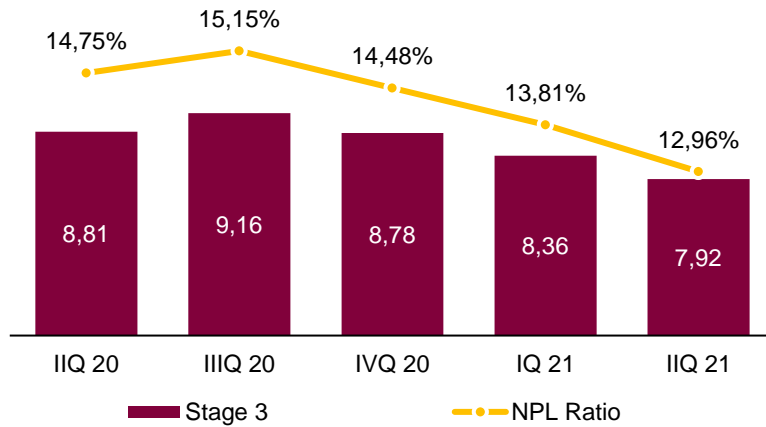


### Structure of the portfolio of the Business Customer segment\* (PLN million)

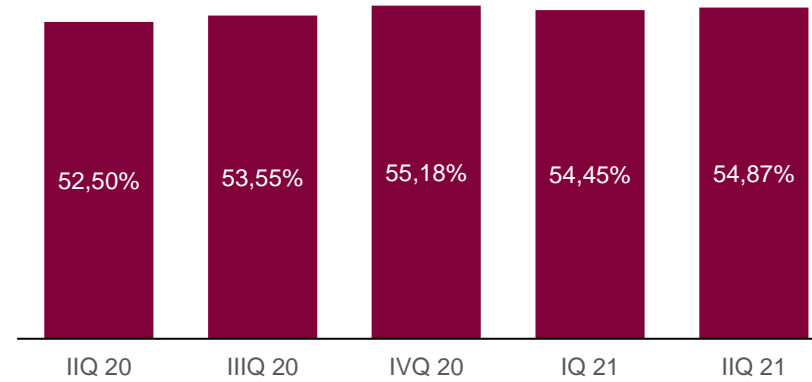


# Decrease in the cost of risk and a perceptible improvement in the loan portfolio quality

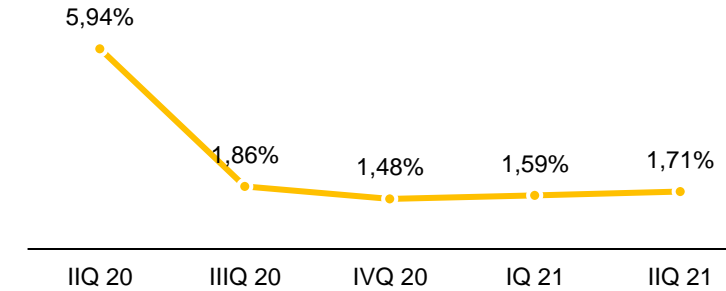
## Impaired loans (PLN billion)



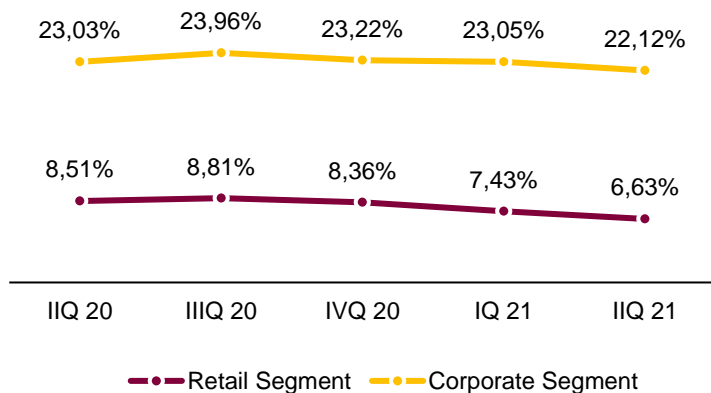
## Provisions coverage ratio\*



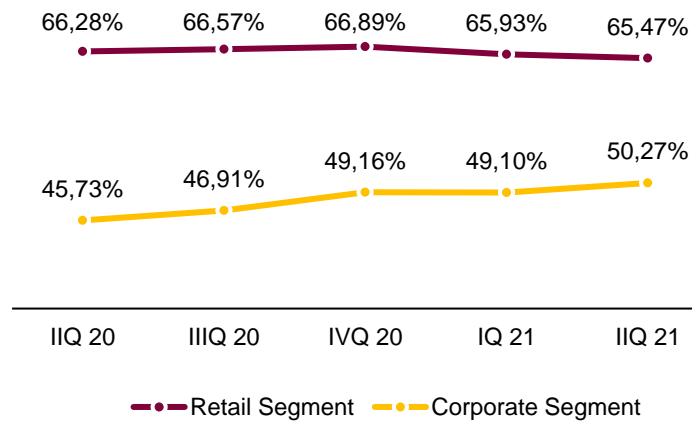
## Cost of risk (CoR; QTD pattern)



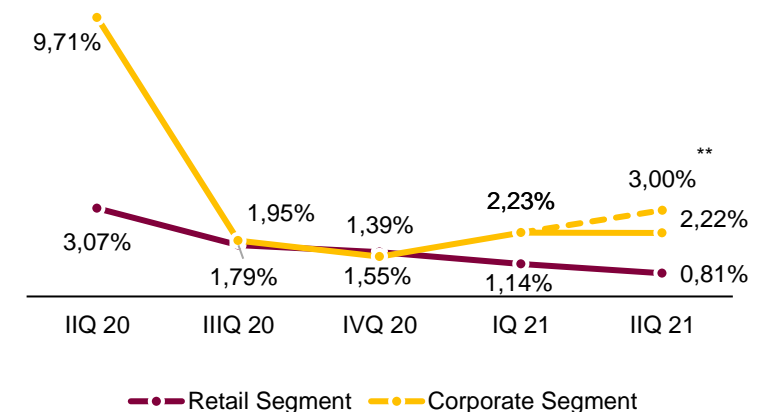
## Impaired loans – segments



## Coverage with NPL provisions\* – segments



## Cost of risk - segments (QTD pattern)

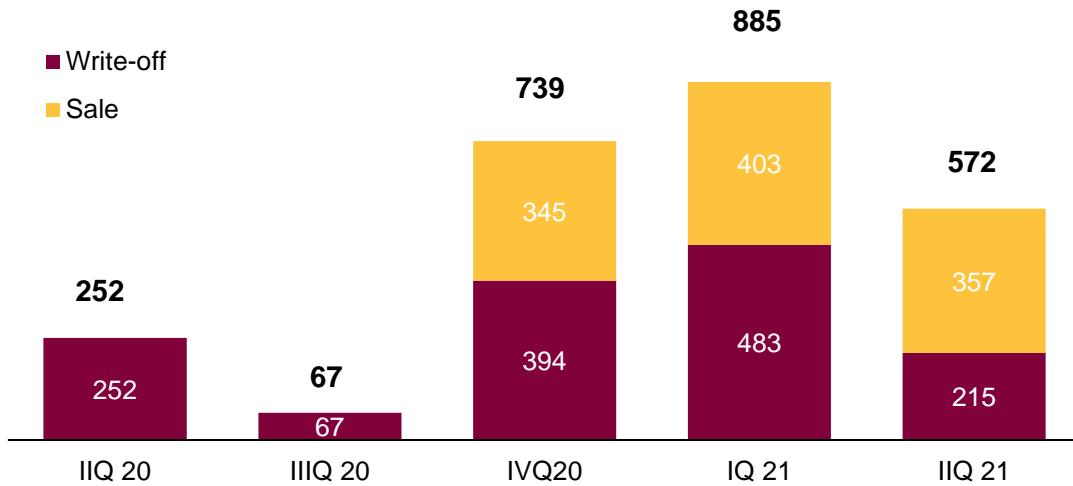


\*Managerial pattern.

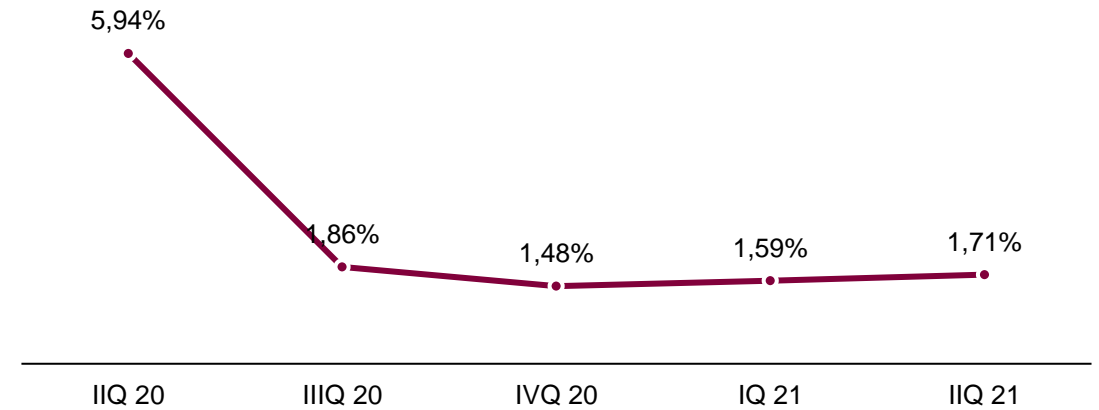
\*\*The level of risk costs adjusted by an additional 50 million provisions related to the reduction recorded in Q2 2021 of the NPL level in the Business Customer Segment

# Measurable effects of active management of the loan portfolio

## NPL write-off and sale improves the quality of the loan portfolio (PLN million)

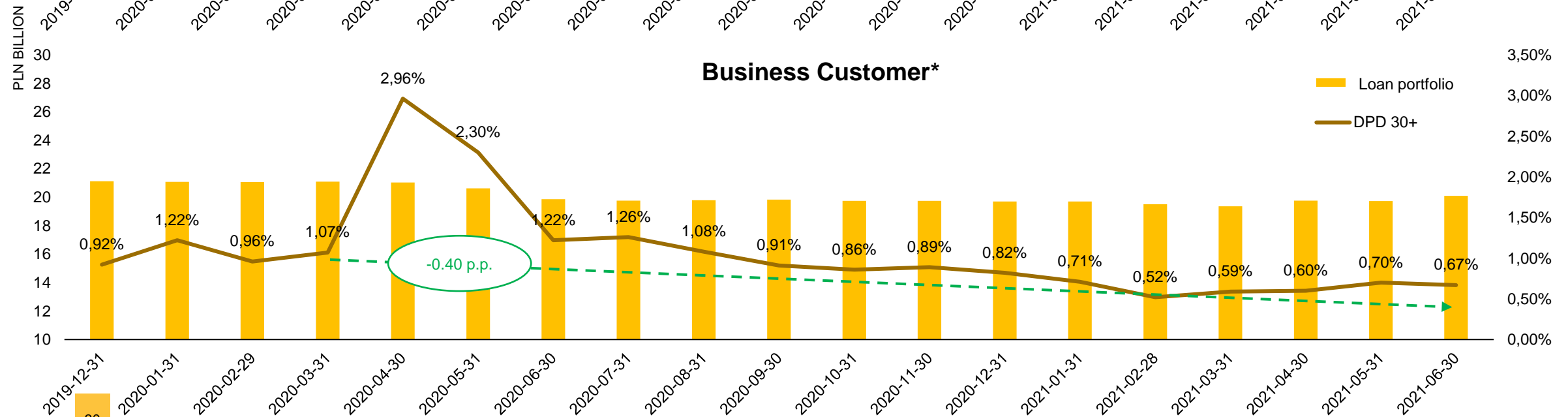
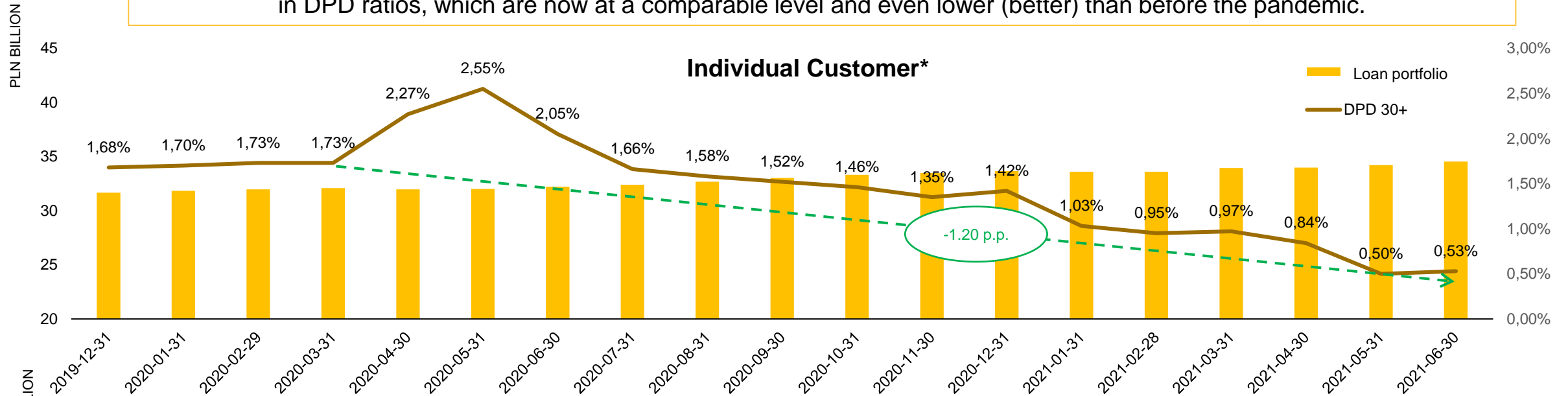


## Cost of risk (CoR; QTD pattern)



# Further improvement in the quality of Alior Bank's loan portfolio

Following the periodic increase in DPD 30+ as a result of the COVID-19 situation, the Bank achieved a significant improvement in DPD ratios, which are now at a comparable level and even lower (better) than before the pandemic.



\*Managerial pattern.



## Financial results

## Income statement

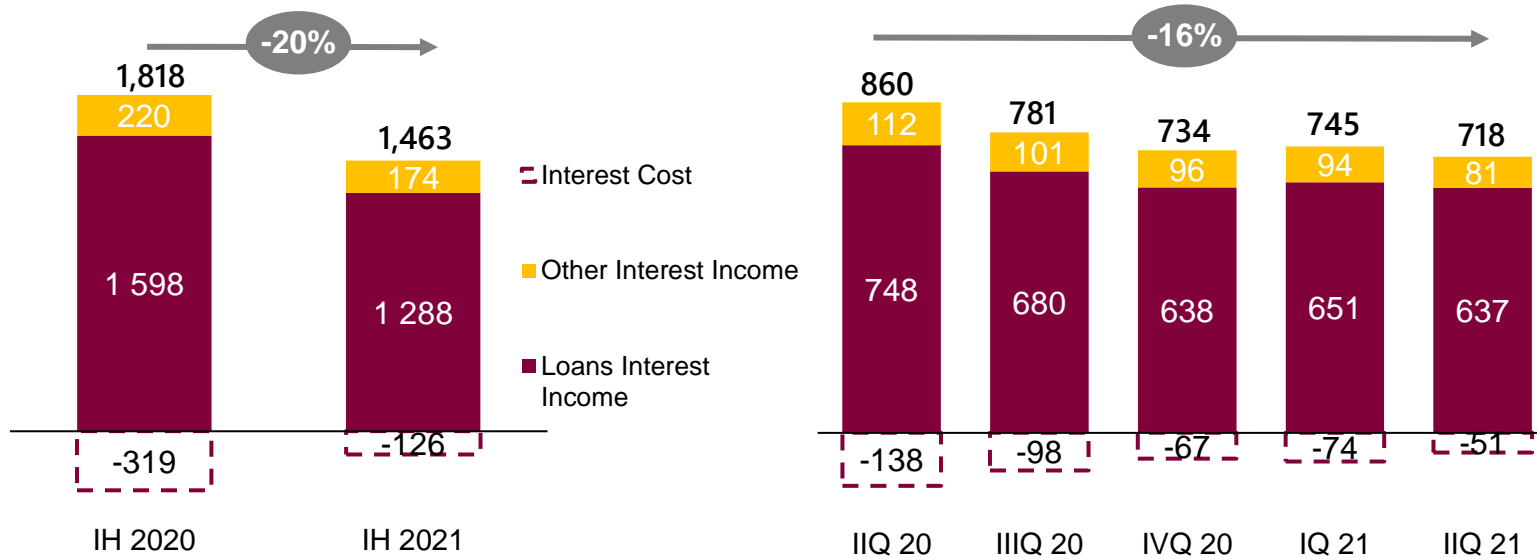
<i>PLN million</i>	IIQ 2020	IIQ 2021	% y/y	y/y	I-IIQ 2020	I-IIQ 2021	% y/y	y/y
<b>Total Income</b>	<b>791,2</b>	<b>892,7</b>	<b>13%</b>	<b>101,5</b>	<b>1 741,4</b>	<b>1 784,1</b>	<b>2%</b>	<b>42,7</b>
Net interest income	722,0	666,7	-8%	-55,3	1 498,9	1 336,8	-11%	-162,0
Net fee and commission income	154,6	183,4	19%	28,8	289,8	361,1	25%	71,3
Other income	-85,4	42,7	-	128,0	-47,3	86,1	-	133,4
<b>Total costs</b>	<b>-1 435,8</b>	<b>-703,4</b>	<b>-51%</b>	<b>732,4</b>	<b>-2 266,3</b>	<b>-1 423,9</b>	<b>-37%</b>	<b>842,5</b>
General administrative expenses	-395,0	-379,3	-4%	15,7	-876,6	-797,3	-9%	79,3
Impairment of non-financial assets	-69,9	-1,4	-98%	68,5	-68,6	-1,9	-97%	66,7
Net expected credit losses	-915,1	-265,0	-71%	650,2	-1 211,3	-508,5	-58%	702,8
Banking tax	-55,8	-57,7	3%	-1,9	-109,9	-116,3	6%	-6,4
<b>Gross profit</b>	<b>-644,6</b>	<b>189,3</b>	<b>-</b>	<b>833,9</b>	<b>-525,0</b>	<b>360,2</b>	<b>-</b>	<b>885,1</b>
Income tax	62,2	-65,5	-	-127,7	14,7	-128,3	-	-142,9
Discontinued activity	-3,1	0,0	-	3,1	-3,1	0,0	-	3,1
<b>Net profit</b>	<b>-585,5</b>	<b>123,8</b>	<b>-</b>	<b>709,3</b>	<b>-513,4</b>	<b>231,9</b>	<b>-</b>	<b>745,3</b>
Net interest margin	4,00%	3,58%	-	-0,42 p.p.	4,13%	3,65%	-	-0,48 p.p.
Cost of finance	0,72%	0,17%	-	-0,56 p.p.	0,86%	0,19%	-	-0,67 p.p.
Cost of risk	5,94%	1,71%	-	-4,24 p.p.	3,96%	1,64%	-	-2,32 p.p.
Cost / Income ratio	49,9%	42,5%	-	-7,4 p.p.	50,3%	44,7%	-	-5,6 p.p.
Loan / Deposit ratio	84,6%	84,1%	-	-0,5 p.p.	84,6%	84,1%	-	-0,5 p.p.
Return on equity (ROE)	-35,8%	7,6%	-	43,3 p.p.	-15,8%	7,1%	-	+22,9 p.p.
Total Capital Ratio	15,72%	14,95%	-	-0,77 p.p.	15,72%	14,95%	-	-0,77 p.p.

- **A significant improvement in the net result in H1 2021 was achieved thanks to an improvement in the result arising from fees and commissions, to a 9% reduction in operating costs and to significantly lower risk costs, which in H1 2020 were burdened with additional charges related to the COVID-19 pandemic**
- As in Q1 2021, in Q2 2021 the level of net interest income was adversely affected by a slightly increased scale of current commission returns ("small CJEU") caused by internal consolidation of loans by the Bank's Customers
- The Bank's results in Q2 2021 were positively influenced (+ PLN 7 million) by the revaluation of the block of Visa Inc. shares.

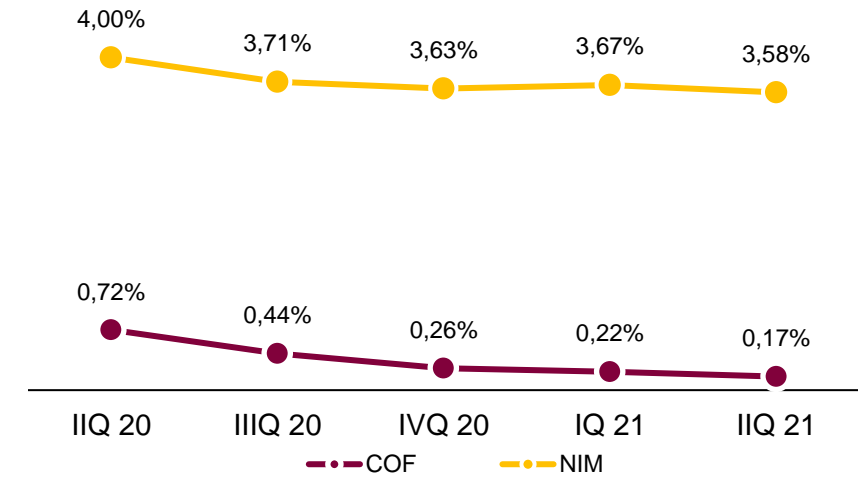


# Demanding external environment affects the level of net interest income

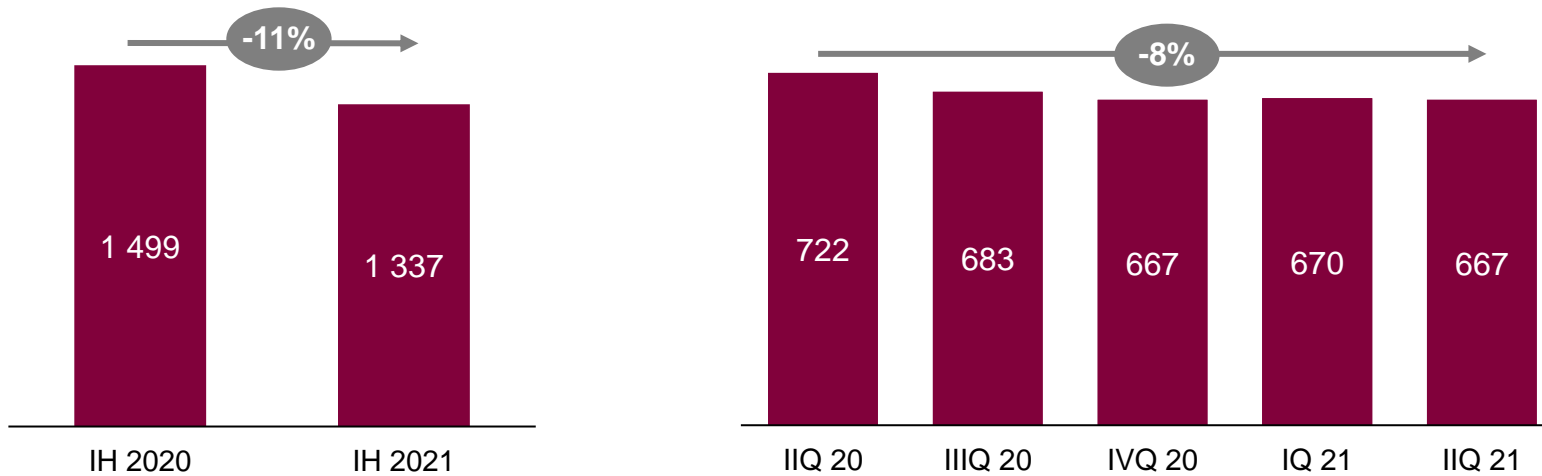
### Interest income and expenses (PLN million)



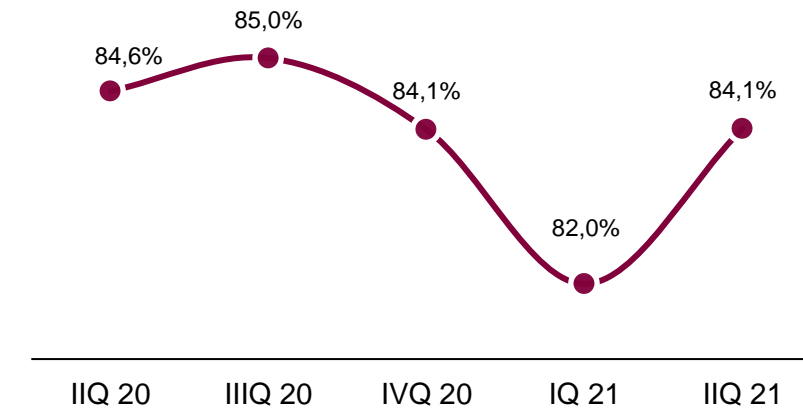
### Interest margin and financing cost\*



### Interest income (PLN million)

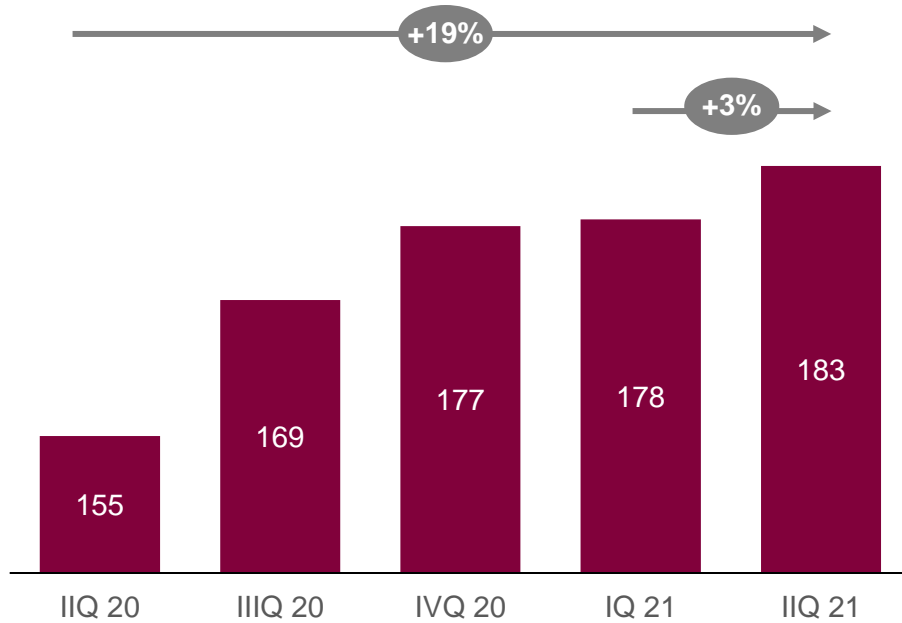


### Loan / Deposit Ratio



Thanks to undertaking a multitude of initiatives, the Bank is gradually improving its commission result

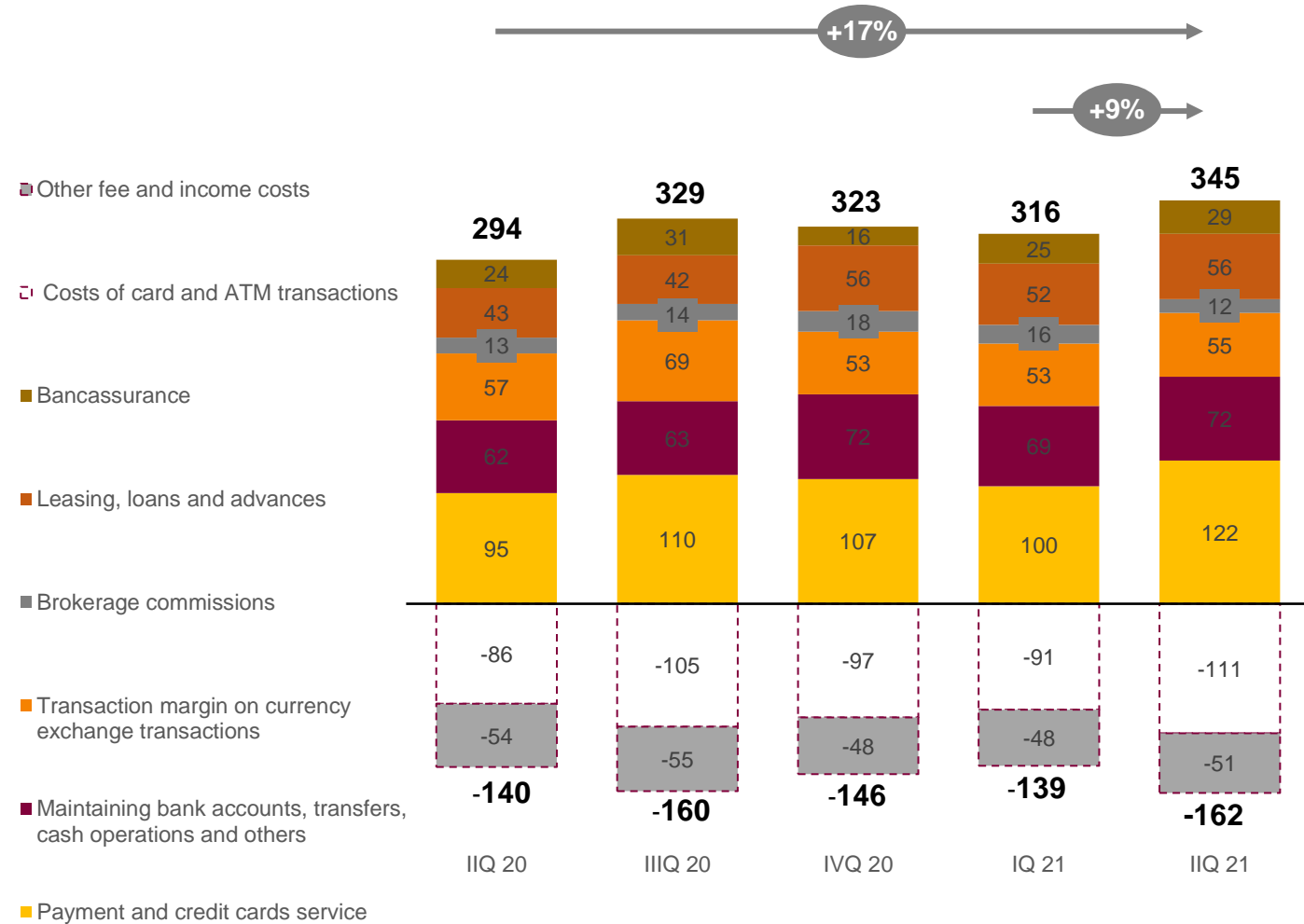
Commission result by quarter (PLN million)



In Q2 2021, the commission income amounted to PLN 183 million and increased by PLN 29 million compared to Q2 2020 mainly due to higher commissions:

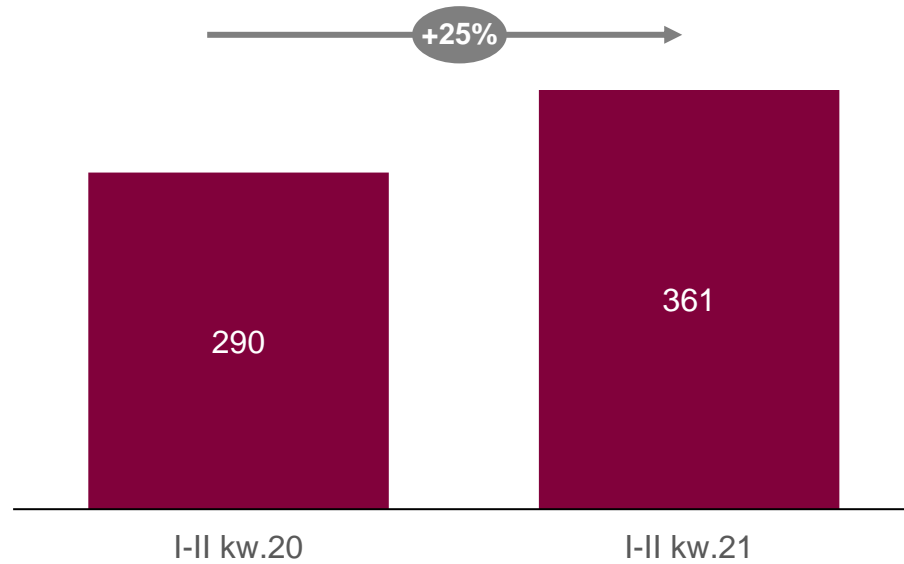
- on granted loans and leases,
- related to the management of accounts, transfers and payments, and
- on insurance sales.

Income and commission expenses (PLN million)

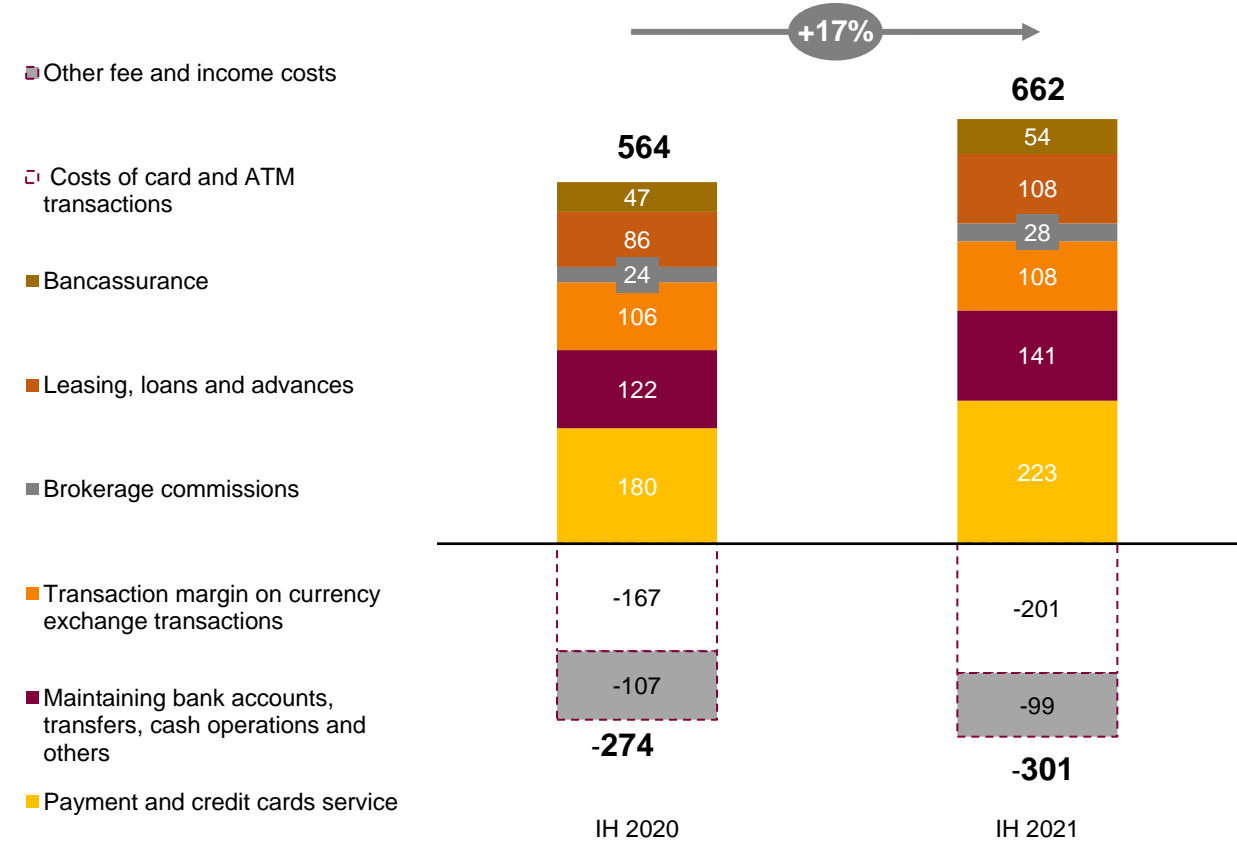


The improvement in commission income is the result of, among others, attractive offer of the Bank and Customer satisfaction

Commission result by increase (PLN million)

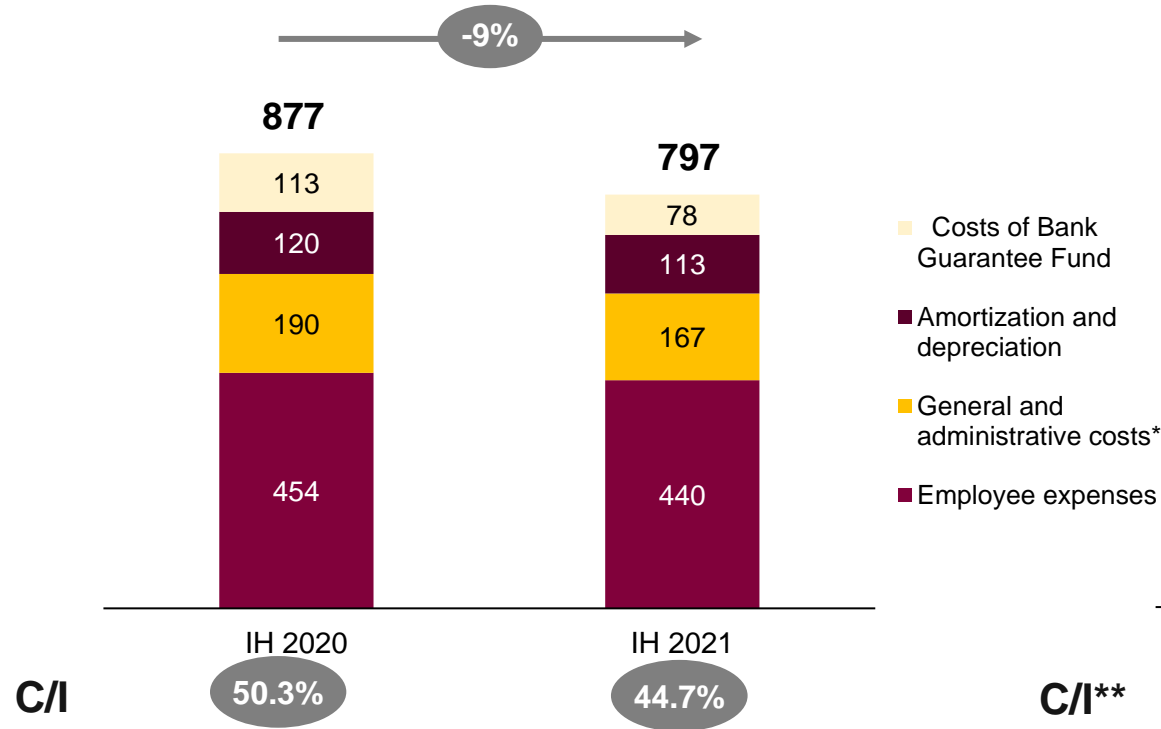


Income and commission costs by increase (PLN million)

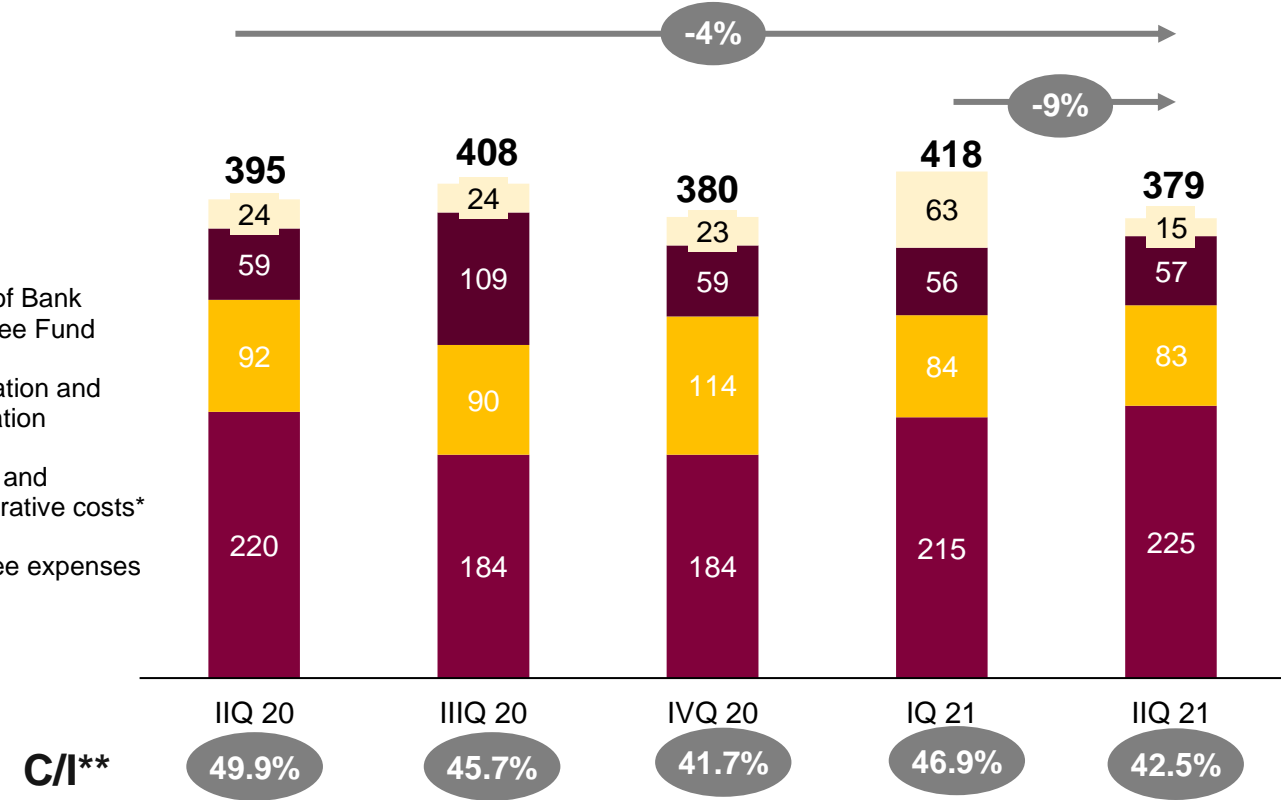


# Improvement of cost effectiveness – all categories of operating costs of Alior Bank Group decreased

## Cumulative expenses of operations (PLN million)



## Operating expenses by quarter (PLN million)



- Employee costs in Q2 2021 include PLN 11.6 million in holiday provision, which will be released in H2 2021
- H1 2021 saw the Bank achieving the C/I ratio in line with the assumptions of the updated strategy (<46%)



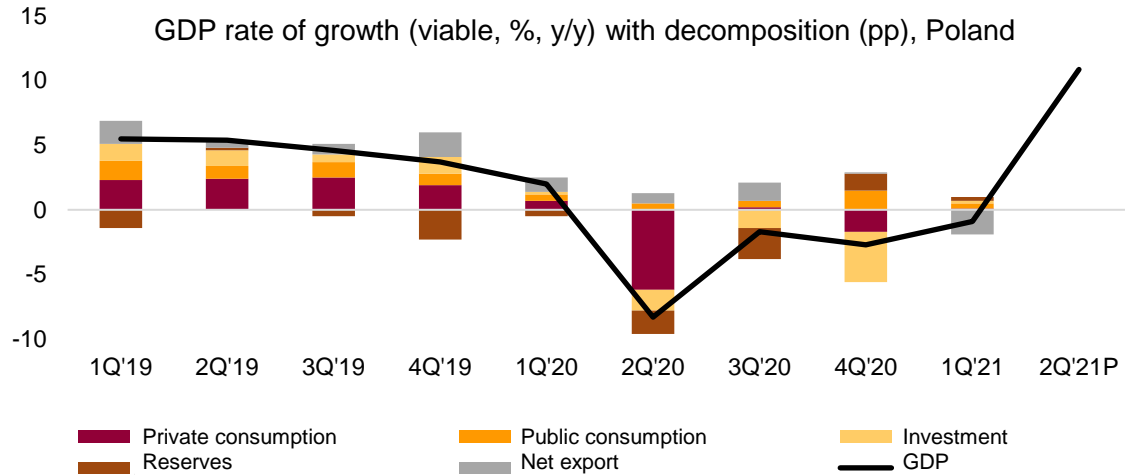
- Innovation, digitisation, high quality of services for Customers
- Improvement of performance by increasing income and reducing costs
- Improvement in the loan portfolio quality
- Negligible share of CHF mortgage loans in the portfolio
- High sensitivity of interest income to changes in NBP interest rates



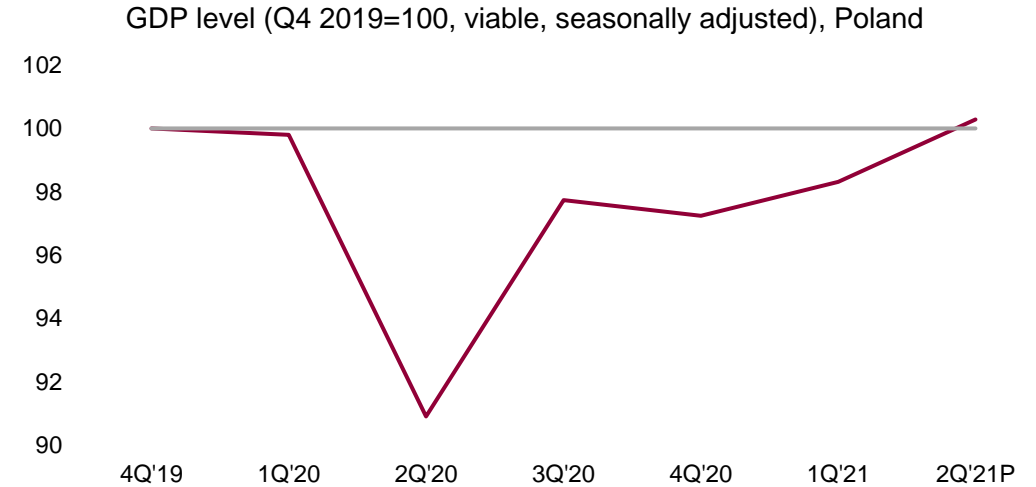
Other information

# Recovery after the crisis with inflationary pressure in the background

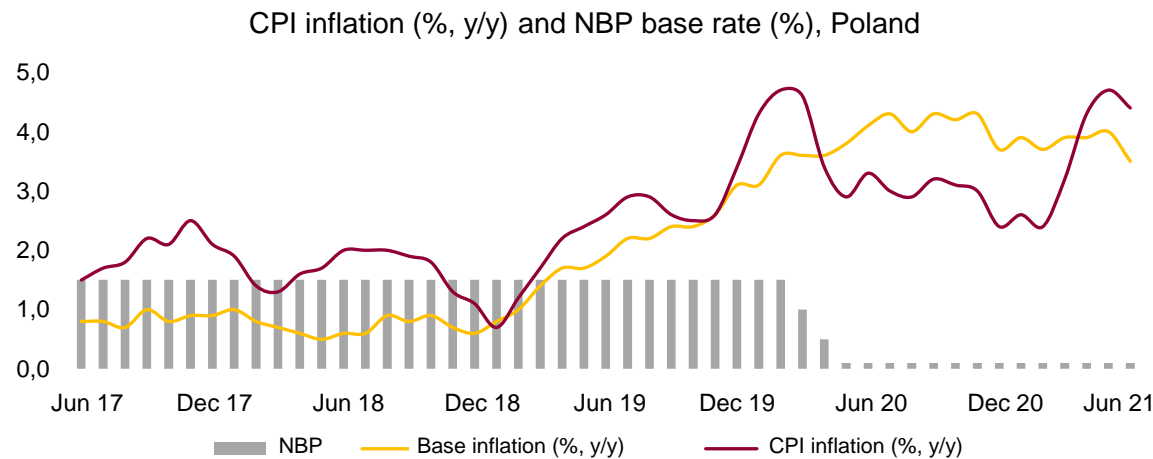
## Q1 2021 was the last with negative y/y dynamics



## Despite the pandemic, the recovery occurred already in Q1 2021



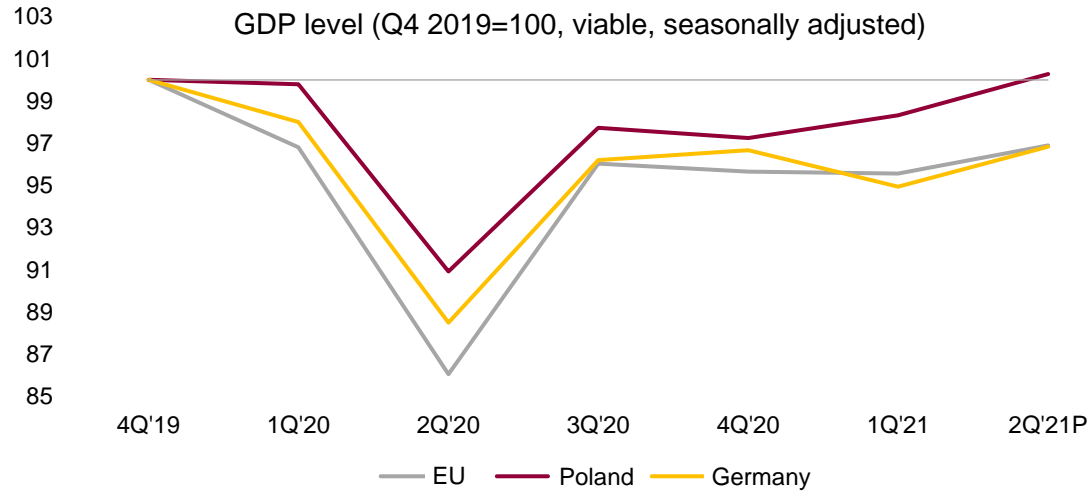
## Inflation clearly accelerated in Q2 2021



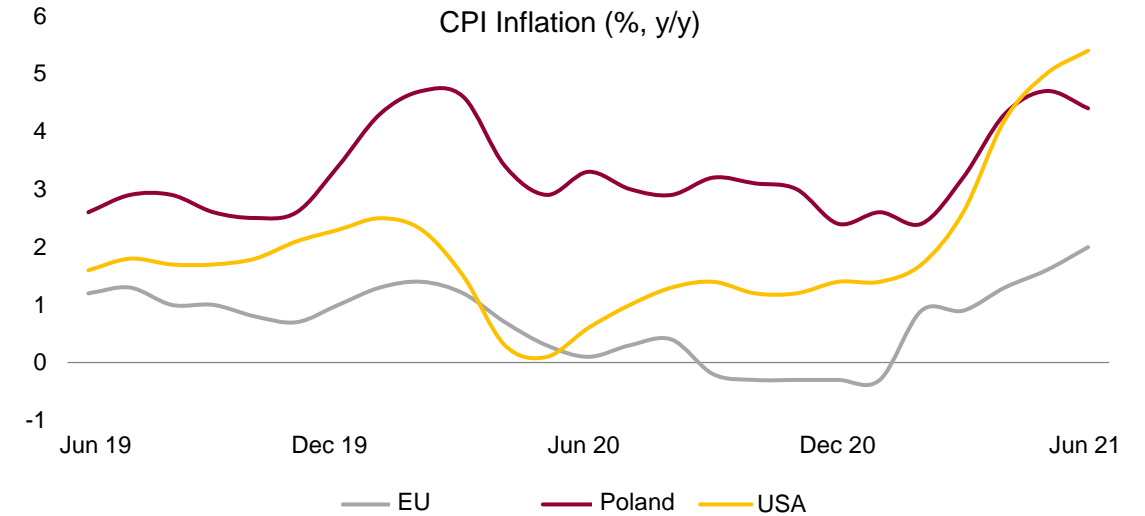
- H1 2021 in Poland's economy saw the recovery after the crisis triggered by the pandemic
- Already in Q1 2021 GDP increased by 1.1% q/q (after seasonal adjustment), which, with worse epidemic statistics than that in Q4 2020, meant the progressive adaptation of the economy to operating in an epidemic mode. The available data for Q2 2021 indicate an acceleration of recovery, along with a significant improvement in the epidemic situation
- Q1 2021 also saw a strong rebound in investments. Their scope was still quite selective, nonetheless the recovery in this area clearly implies that companies are starting the investment cycle faster (at least by 1-2 quarters) than expected beforehand
- Amid the relatively good situation in the labour market, we could observe an improvement in consumer sentiment, which, alongside an increasingly easing of restrictions as of May 2021, resulted in the implementation of the delayed demand
- The recovery is accompanied by high inflationary pressure, visible mainly in Q2 2021. So far, its intensification is largely related to supply and exogenous factors (including prices of raw materials, "bottlenecks in international trade")

# Inflation phenomena are global

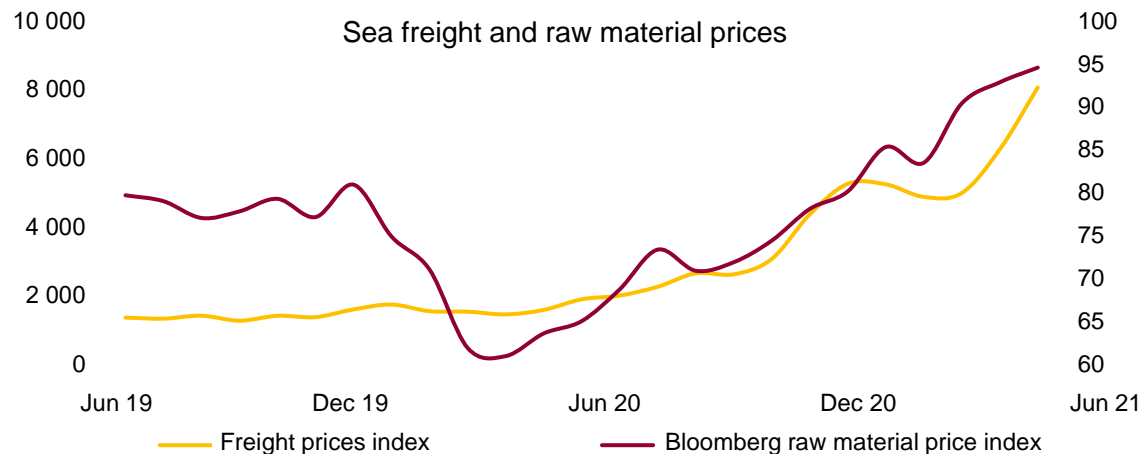
## Annual decline in national GDP compared to the EU



## Not only did inflation accelerated in Poland...



## ... driven by, among others rising producer costs



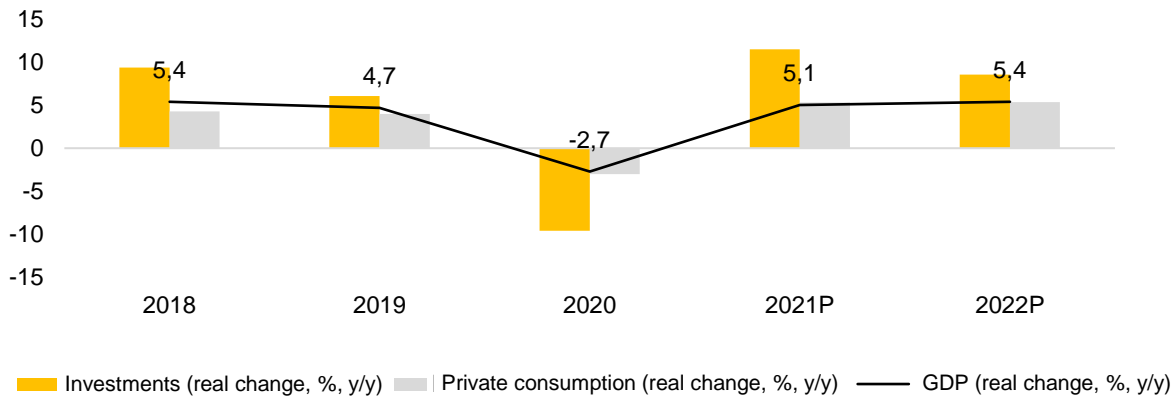
- Poland's economy still stands out positively compared to the EU. In the whole H1 2021 we could observe a recovery, whereas in the EU the decline in q/q dynamics caused by successive waves of the epidemic was observed not only in Q4 2020 but also in Q1 2021
- Q2 2021, amid the improvement of the epidemic situation and the easing of restrictions related to it, saw a recovery in the EU, which additionally drives the Polish economy
- Inflation pressures observed in Q1 to Q2 2021 are a global phenomenon. It results, inter alia, from sectorally (demand has partially shifted from services to goods) and geographically uneven recovery, which raises the prices of raw materials, transport, etc., and generally raises the costs of companies
- The shifting of these costs onto the consumer is facilitated by the globally loose monetary and fiscal policy supporting the situation of households. In the latter case, the developed world, mainly the USA, is the leader
- The supply factors that boosted inflation will be phased out rather gradually, and in a moment we should see a stronger impact of demand factors. In such an environment, pressure placed on central banks to tighten monetary policy is growing



# The pace and nature of the recovery places pressure on the normalisation of monetary policy

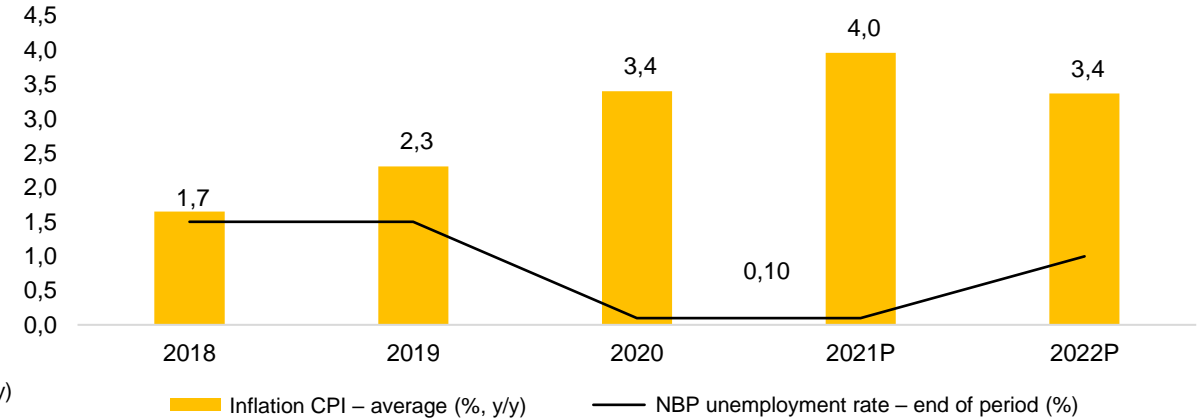
## Deferred consumption as a driver of economic rebound

GDP rate of growth along with its main components



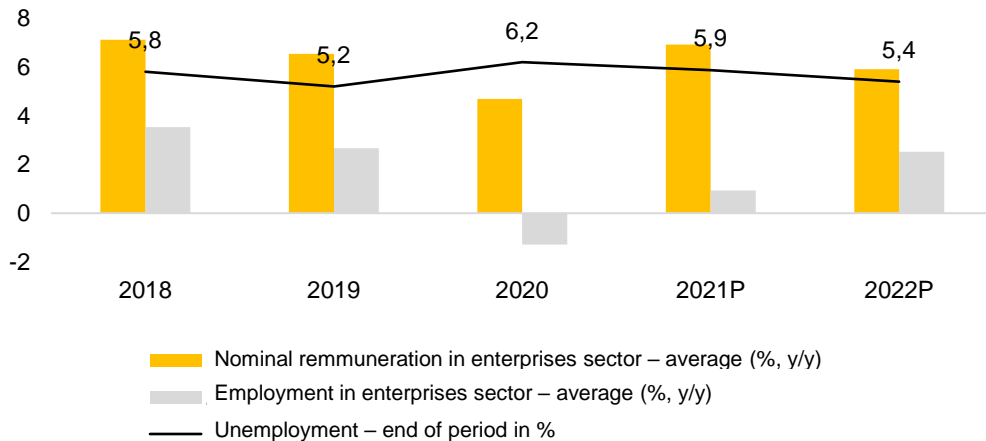
## Inflation will return to the NBP target

Y/y price index and MPC interest rate in the years



## Employment growth will reduce the unemployment rate

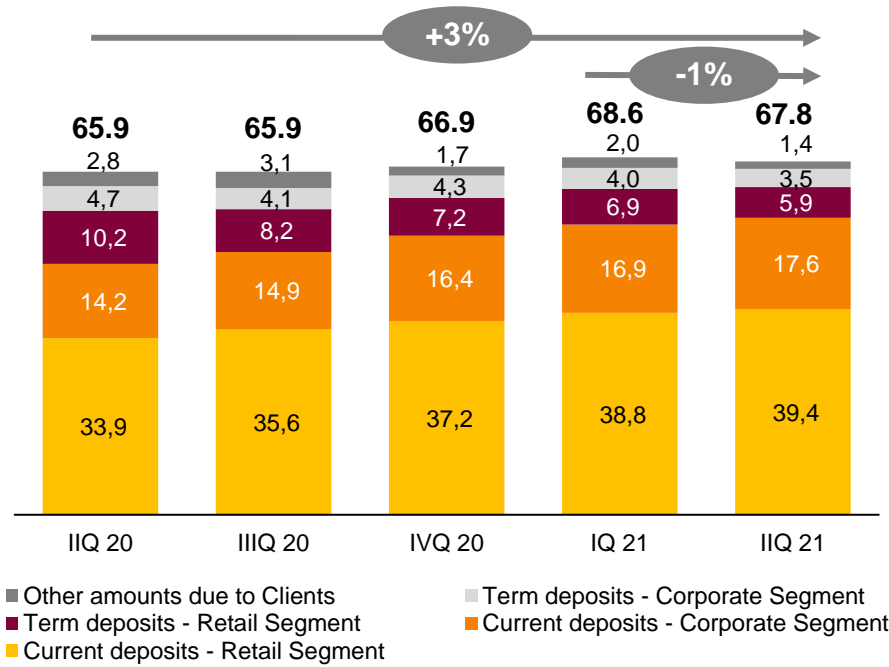
Wage and employment dynamics and unemployment rates



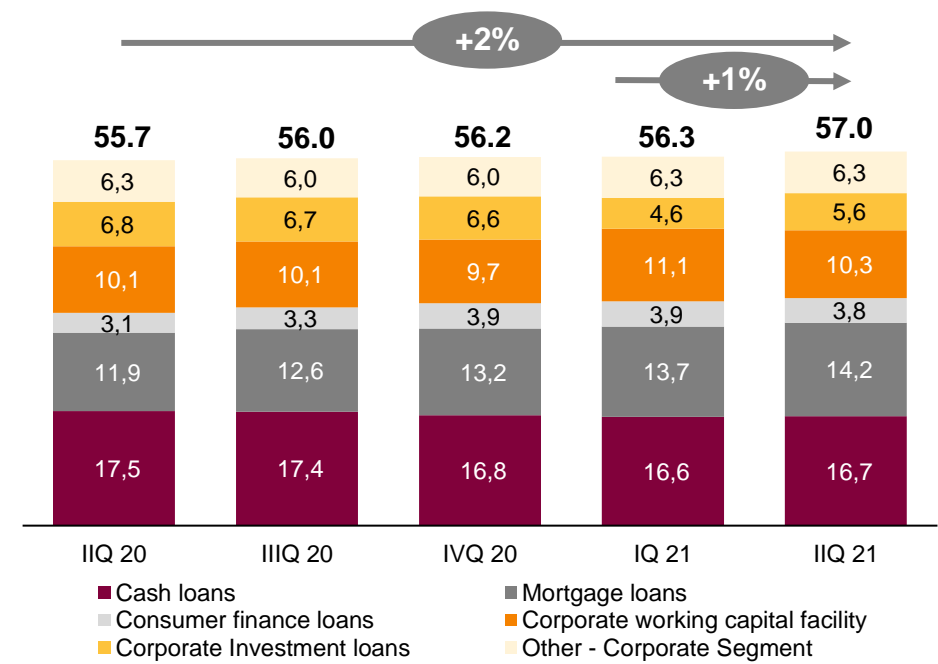
- The explicit recovery in Poland's economic activity observed in H1 2021 should continue in both H2 2021 and in 2022
- The situation of enterprises across the economy as a whole, as shown by the results for Q1 2021, is good, and should continue to improve along with the ongoing recovery. Therefore, the prospects for investment activity have been shining more clearly since the beginning of the year and throughout 2021 and we expect a solid rebound in investment. In the following years, the economy will be additionally stimulated by funds from the National Reconstruction Plan
- Of course, some of the sectors most vulnerable to epidemic restrictions, i.e., those related mainly to recreation and leisure, but also public transport, have been going through a difficult period
- Consumers are also in a relatively good position after the crisis. The situation on the labour market is good. The job loss, which occurred mainly in H1 2021, has been systematically being made up for. In addition, there is a solid increase in wages, which considerably compensates for the acceleration in inflation
- It is very likely that high inflationary pressure will stay with us for longer. This scenario also emerges from the projection by NBP, which, however, prefers to wait with the tightening of financing conditions, mainly due to the increased uncertainty related to how the pandemic develops. Nevertheless, rate increases in H1 2022 are becoming more realistic

# The Bank adjusts its loan and deposit portfolio to the current market situation

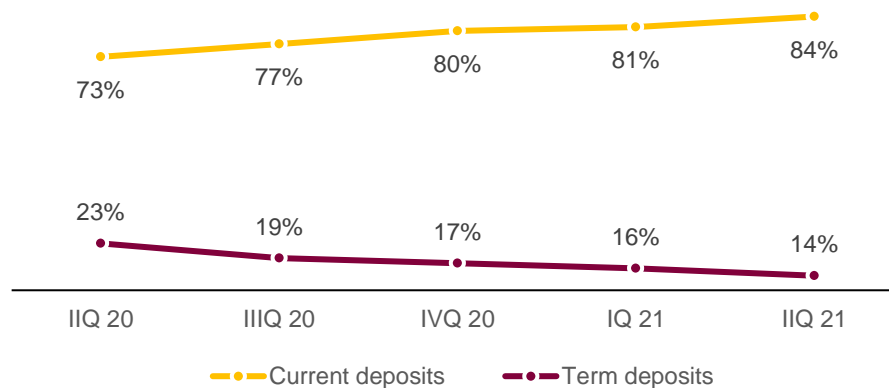
## Structure of net liabilities to Customers (PLN billion)



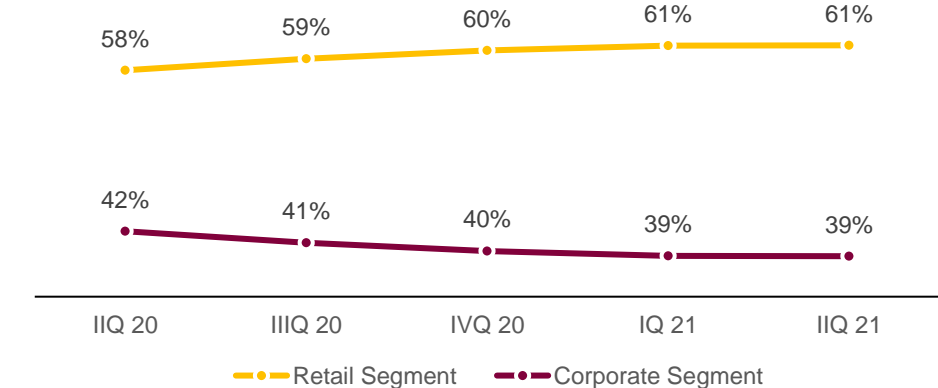
## Structure of net amounts due from Customers (PLN billion)



## Structure by type of the main net liabilities to Customers

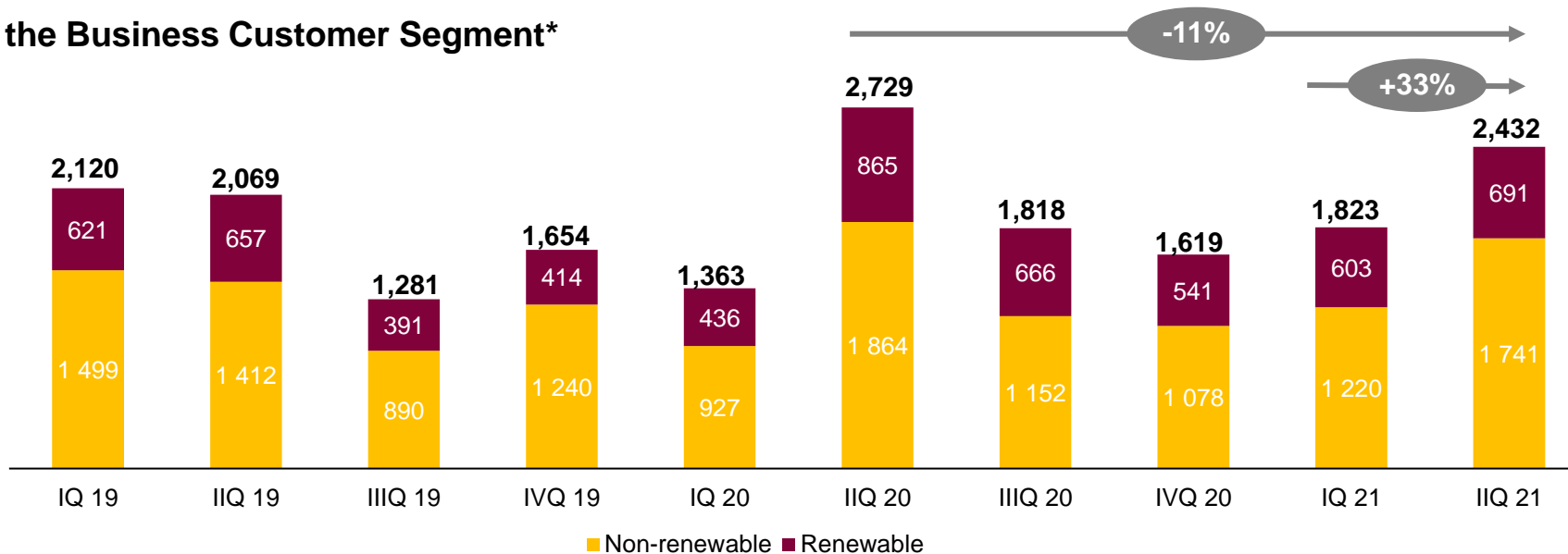


## Structure by segment of the main net amounts due from Customers

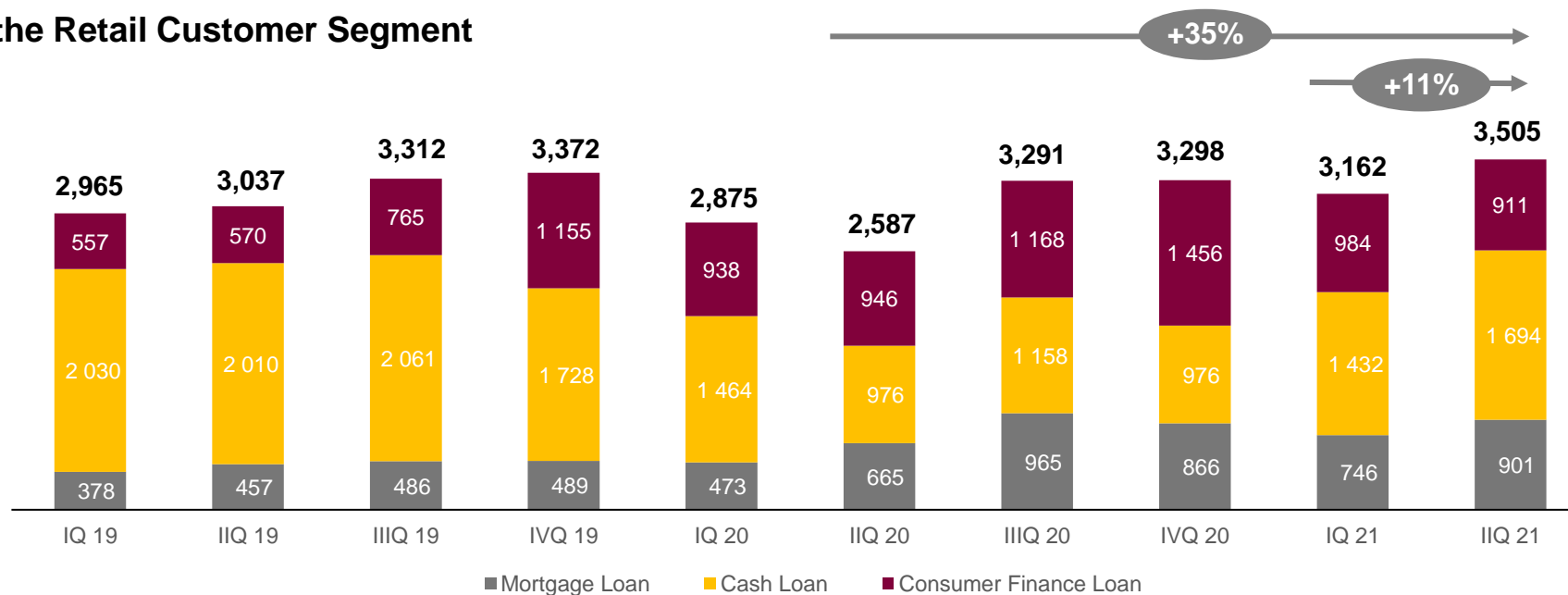


# New sale of loans (PLN million)

## Sales in the Business Customer Segment\*



## Sales in the Retail Customer Segment

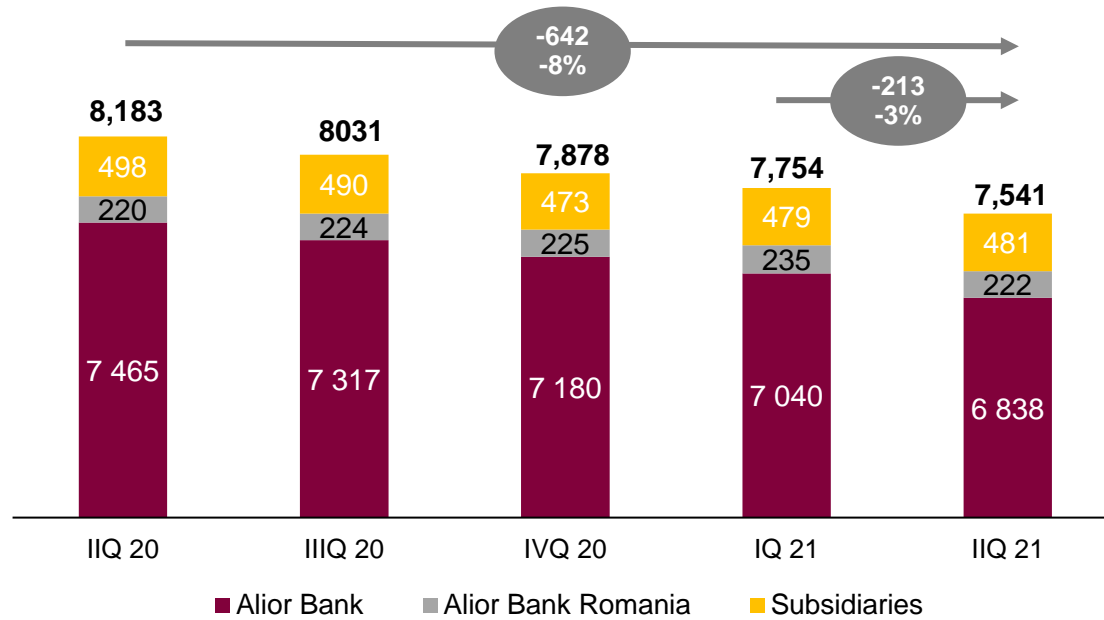


\*New sales limit (new sales + increases) for Customers in the Micro- / Small- / Medium- / Large-Sized categories

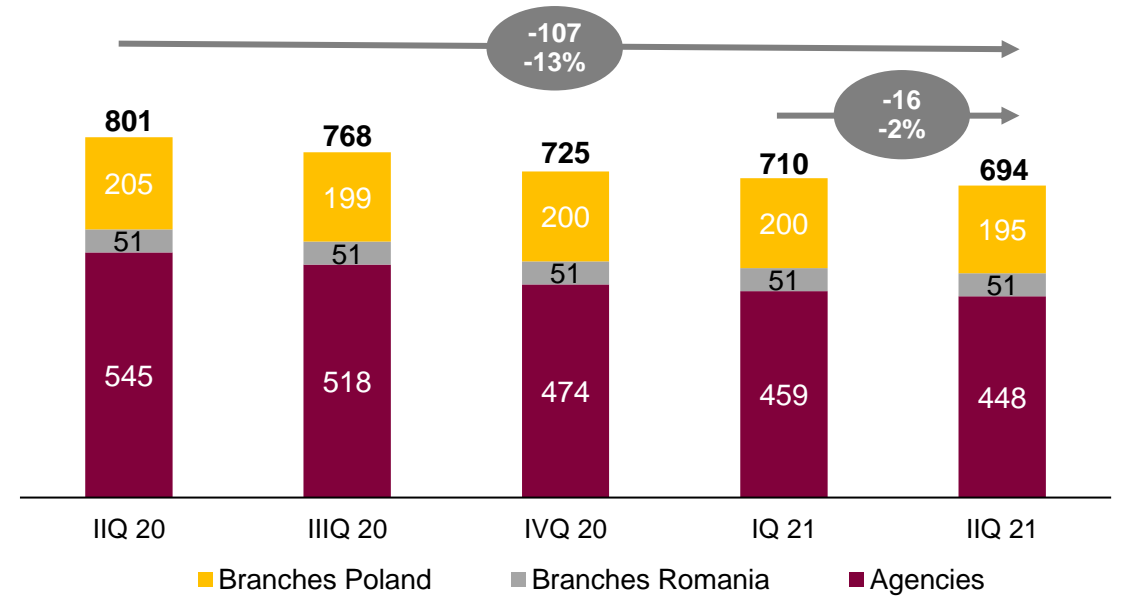
## Consolidated statement of the financial standing of the Alior Bank Group (PLN million)

	IIQ 2020	IIIQ 2020	IVQ 2020	IQ 2021	IIQ 2021	% q/q	q/q	% y/y	y/y
<b>Total assets</b>	<b>77 671,9</b>	<b>77 717,3</b>	<b>78 642,0</b>	<b>79 880,6</b>	<b>79 035,1</b>	<b>-1,1%</b>	<b>-845,5</b>	<b>1,8%</b>	<b>1 363,2</b>
Cash and cash equivalents	1 128,5	1 636,9	2 459,9	2 163,6	1 566,4	-27,6%	-597,2	38,8%	437,9
Amounts due from banks	290,5	330,5	508,4	400,5	607,3	51,7%	206,9	109,0%	316,8
Investment financial assets	16 756,8	15 062,1	15 744,7	17 367,3	16 507,8	-4,9%	-859,5	-1,5%	-249,0
Derivative hedging instruments	379,7	367,0	335,0	217,7	175,1	-19,6%	-42,6	-53,9%	-204,6
Loans and advances to customers	55 703,5	55 995,9	56 215,4	56 272,6	57 028,4	1,3%	755,8	2,4%	1 324,9
Assets pledged as collateral	383,9	1 270,6	446,5	558,9	130,9	-76,6%	-428,0	-65,9%	-253,0
Property, plant and equipment	713,3	700,1	702,4	693,7	709,3	2,3%	15,6	-0,6%	-4,0
Intangible assets	507,7	461,4	425,1	420,6	418,0	-0,6%	-2,6	-17,7%	-89,8
Investments in associates	5,3	5,3	5,3	0,0	0,0	-	0,0	-100,0%	-5,3
Asset held for sale	139,8	140,2	0,0	0,0	0,0	0,0%	0,0	-100,0%	-139,8
Income tax asset	1 223,4	1 222,5	1 218,3	1 232,3	1 241,6	0,8%	9,4	1,5%	18,2
Other assets	439,4	524,8	581,1	553,6	650,3	17,5%	96,6	48,0%	210,9
<b>Total liabilities and equity</b>	<b>71 304,6</b>	<b>71 251,7</b>	<b>72 082,4</b>	<b>73 334,5</b>	<b>72 452,9</b>	<b>-1,2%</b>	<b>-881,6</b>	<b>1,6%</b>	<b>1 148,3</b>
Amounts due to banks	967,4	1 063,2	912,4	827,3	717,9	-13,2%	-109,4	-25,8%	-249,5
Amounts due to customers	65 865,4	65 868,1	66 875,9	68 621,7	67 832,8	-1,1%	-788,9	3,0%	1 967,4
Financial liabilities	516,4	493,3	501,9	256,6	183,8	-28,4%	-72,8	-64,4%	-332,6
Derivative hedging instruments	89,7	88,8	86,2	137,7	169,3	23,0%	31,6	88,7%	79,6
Provisions	402,7	356,7	336,6	310,8	283,6	-8,7%	-27,2	-29,6%	-119,1
Other liabilities	1 503,1	1 408,3	1 569,9	1 572,2	1 732,8	10,2%	160,6	15,3%	229,7
Liabilities held for sale	165,1	172,3	0,0	0,0	0,0	-	0,0	-100,0%	-165,1
Income tax liabilities	1,4	1,9	6,7	3,1	3,5	11,9%	0,4	155,8%	2,1
Subordinated loans	1 793,3	1 798,9	1 793,0	1 605,1	1 529,2	-4,7%	-75,9	-14,7%	-264,1
<b>Equity</b>	<b>6 367,4</b>	<b>6 465,7</b>	<b>6 559,6</b>	<b>6 546,1</b>	<b>6 582,2</b>	<b>0,6%</b>	<b>36,1</b>	<b>3,4%</b>	<b>214,8</b>
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	5 399,6	5 399,6	5 399,6	5 399,6	5 403,7	0,1%	4,0	0,1%	4,0
Revaluation reserve	220,7	237,6	217,3	93,9	6,0	-93,6%	-87,9	-97,3%	-214,7
Other reserves	166,9	166,9	161,8	161,8	161,8	0,0%	0,0	-3,0%	-5,1
Foreign currency translation differences	-0,2	-0,5	-1,6	-0,2	0,3	-	0,5	-	0,4
Accumulated losses	-211,8	-211,8	-211,8	-522,7	-527,0	0,8%	-4,3	148,8%	-315,1
Profit for the period	-513,4	-431,6	-311,2	108,1	231,9	114,5%	123,8	-	745,3
<b>Total liabilities and equity</b>	<b>77 671,9</b>	<b>77 717,3</b>	<b>78 642,0</b>	<b>79 880,6</b>	<b>79 035,1</b>	<b>-1,1%</b>	<b>-845,5</b>	<b>1,8%</b>	<b>1 363,2</b>

## Employment (FTEs)



## Alior Bank's branches





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## More information



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## Subsequent events

- Results for Q3 2021 on 27 October 2021

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