



## **Update of information on the impact of the COVID-19 epidemic on the financial performance of the Alior Bank S.A. Capital Group**

**Company:** Alior Bank S.A.

**Current report no:** 29/2020

**Date:** May 29<sup>th</sup>, 2020

**Legal basis:** Article 17 (1) of MAR – confidential information

**Content of the report:** With reference to the current report No. 10/2020 of March 26<sup>th</sup>, 2020, and No.14/2020 of April 16<sup>th</sup>, 2020 the Management Board of Alior Bank S.A. ("Bank") informs about updated preliminary estimates of various aspects of the impact of the COVID-19 coronavirus epidemic on the operating performance, financial results and outlook of the Bank's Capital Group.

In connection with the decisions of the Monetary Policy Council of March 17<sup>th</sup>, 2020 and of April 8<sup>th</sup>, 2020 (about which the Bank informed in current report No. 10/2020 and 14/2020), as well as of the decision of May 28<sup>th</sup>, 2020 on the reduction of the NBP reference rate by a total of 1.4 percent point, i.e. to 0.10 percent and in connection with the decision of the National Bank of Poland to reduce the required reserve rate from 3.5% to 0.5%, the Management Board of the Bank informs that they will cumulatively reduce the net result of the Bank's Capital Group by approximately PLN 116-133 million quarterly and the NIM ratio by 0,79-0,91 percent points per annum. The impact of the decision of May 28<sup>th</sup>, 2020 to lower the NBP reference rate from 0.50 percent to 0.10 percent will amount to approximately PLN 41-48 million quarterly at the net result of the Bank's Capital Group and will decrease the NIM ratio by 0.28-0.33 percent points annum.

At the same time, the Management Board of the Bank informs that, as at the date of publication of this report, the Bank is not able to estimate the impact of the COVID-19 coronavirus epidemic on the level of risk costs of the Bank's Capital Group.

The Bank's liquidity ratios remain at high, safe levels. The capital position remains safe, and Tier1 and TCR ratios remain at a stable, high level, leaving a safe buffer above regulatory requirements.

Due to the already observed and further forecasted decrease in economic activity in Poland, the Bank expects limited activity of clients, deterioration of their financial situation and, consequently, lower sales of financial products. The bank is taking measures to limit the impact of these factors on financial results by continuing the implementation of the "More than a bank" strategy.

The above assessment of the impact of the COVID-19 coronavirus epidemic, on the operating performance, financial results and outlook of the Bank's Capital Group, was prepared based on the best



knowledge of the Bank as at the date of publication of this current report. Given a number of external circumstances, including the dynamics of events related to, among others, the spread of coronavirus, the occurrence of legislative changes, the introduction of changes in the regulatory environment and assistance solutions for clients, it is not possible to precisely estimate their impact on the operations and financial results of the Bank's Capital Group. The calculations provided are therefore not final and may change.

The impact of the effects of COVID-19 on the performance of the Bank's Capital Group will be presented in accordance with the recommendations of the European Securities and Markets Authority in interim periodic reports.

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