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ALIOR BANK

# Alior Bank S.A.

## Presentation of results for 3Q 2022



1. Operating activities

2. Financial results

3. Credit risk

4. Other issues



Operating activities

## Very good results of Alior Bank disfigured by one-off events

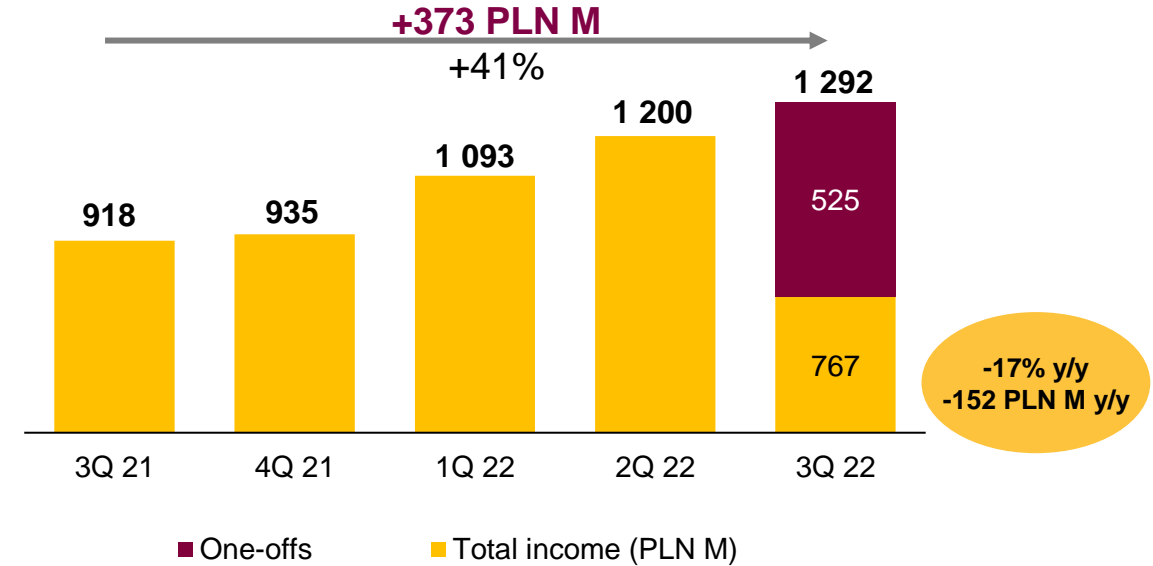
In 3Q 22, the revenues generated by the Alior Bank Group amounted to PLN 767 million. Compared to 3Q 21, the reported revenues decreased by PLN 152 million (-17 %)

- interest income amounted to PLN 587 million (-17% y/y)
- fee income amounted to PLN 202 million (+6% y/y)

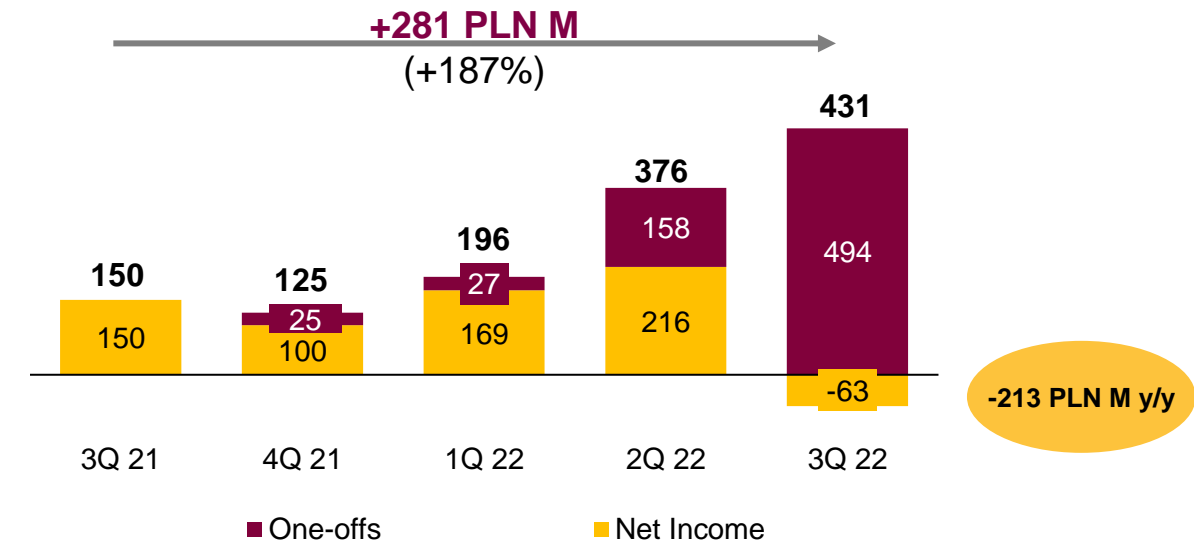
In 3Q 22, the revenues generated by the Alior Bank Group were encumbered with the additional cost of credit holidays (PLN 502 million), as well as by the provision for the reimbursement for the additional margin on mortgage loans (PLN 23 million). **Adjusted revenues increased y/y by PLN 373 million (+41%) and amounted to almost PLN 1.3 billion – the highest revenues in its entire history.**

In 3Q 22, the net result achieved the Alior Bank Group amounted to PLN -63 million. The reported net loss was caused by number of one-off events which reduced the net result by a total of PLN 494 million. **Adjusted net profit of the Alior Bank Group in 3Q 22 amounted to approximately PLN 431 million.**

### Total revenues (PLN M)

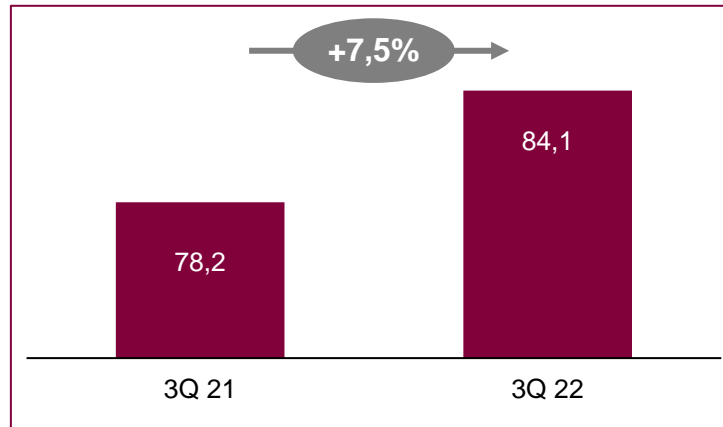


### Net profit (PLN M)

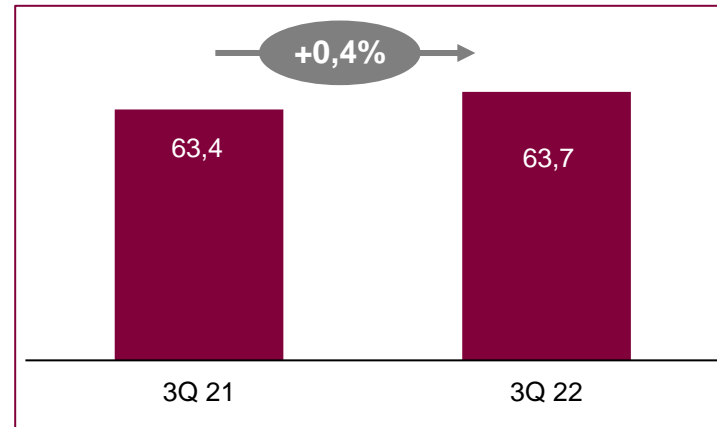


# Stable growth of the Bank, profitability under the pressure of one-off events

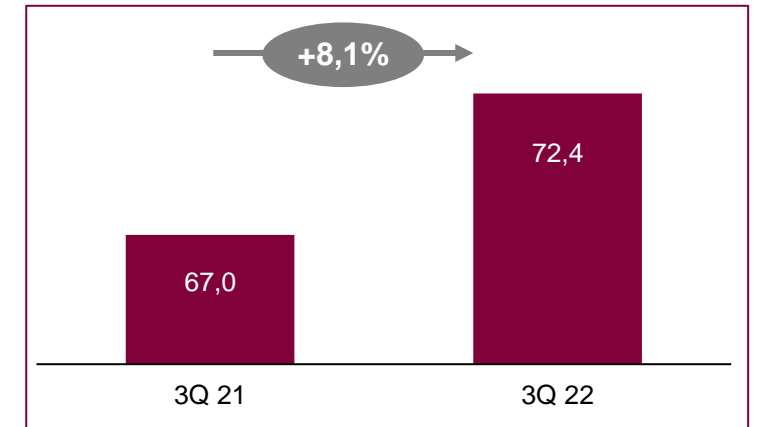
### Assets (PLN bn)



### Gross Loans (PLN bn)



### Deposits volume\* (PLN bn)



**C/I 3Q 22**

**59.5%**  
+16.9 p.p. y/y

**ROE 3Q 22**

**-4.6%**  
-13.7 p.p. y/y

**NIM 3Q 22**

**3.07%**  
-0.69 p.p. y/y

**TCR 3Q 22**

**13.70%**  
-1.60 p.p. y/y

**C/I 3Q 22  
(adj.)\*\***

**31.0%**  
-12.9 p.p. y/y

**ROE 3Q 22  
(adj.)\*\*\***

**30.0%**  
+20.9 p.p. y/y

**NIM 3Q 22  
(adj.)\*\*\*\***

**5.81%**  
+2.04 p.p. y/y

**CoR 3Q 22**

**1.64%**  
+0.06 p.p. y/y

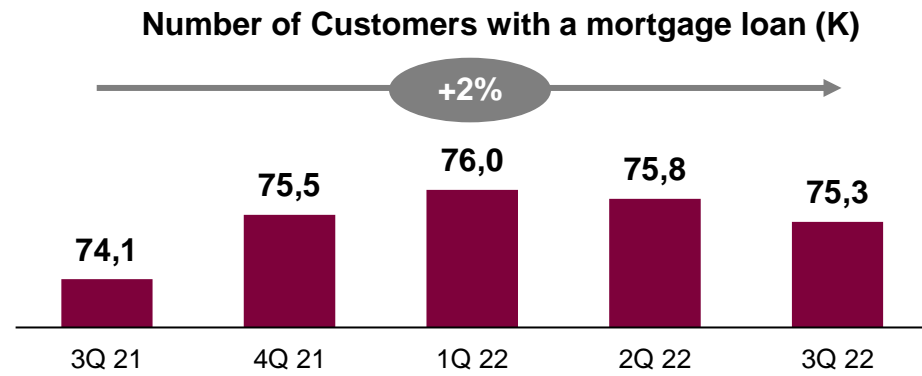
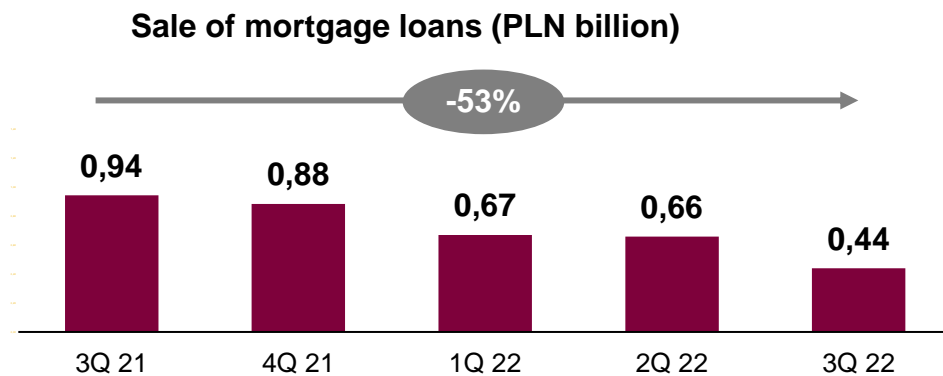
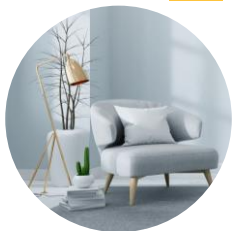
\* Liabilities towards customers

\*\* Ratio calculated with an assumption of linear distribution of the contribution to the BFG resolution fund and lack of one-off events affecting level of income and general administrative costs in 3Q22

\*\*\* Ratio calculated with an assumption of lack of one-off events decreasing net profit of 494 PLN M

\*\*\*\* Ratio calculated with an assumption of lack of influence of credit moratoria and provision for return of additional margin related with mortgage loans

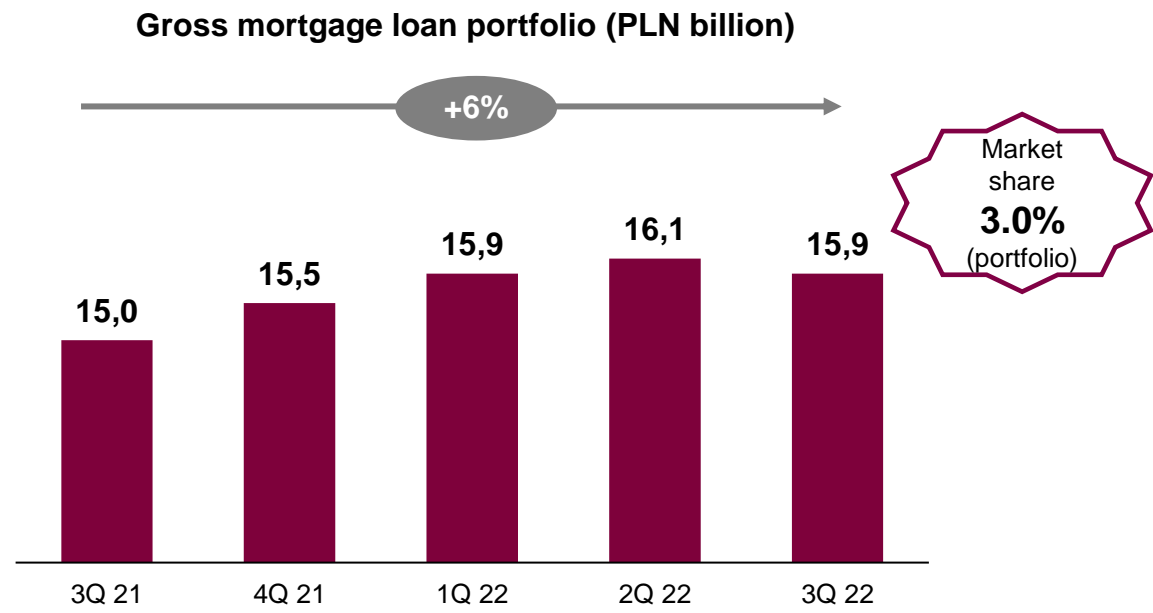
# Growth of the Bank's key products – mortgage loans\*



**Light start** Offer with a 0% margin in the first year of the loan  
 The new offer will be made available to new and existing Customers of the Bank from 20 October 2022.

**BGK guarantee** Housing without own contribution programme  
 The new offer will be made available to new and existing Customers of the Bank from 14 July 2022.

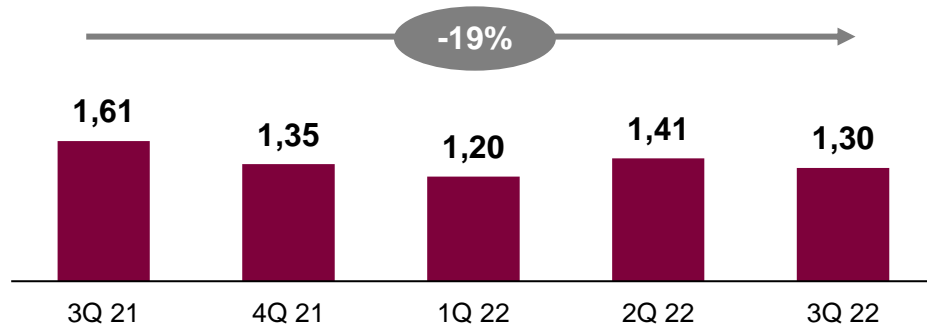
**6.2%\*\*** Market share of sale of mortgage loans



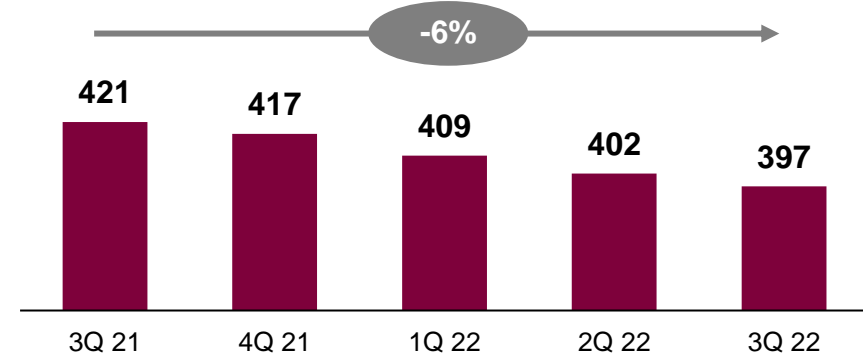
# Growth of the Bank's key products – cash loans\*



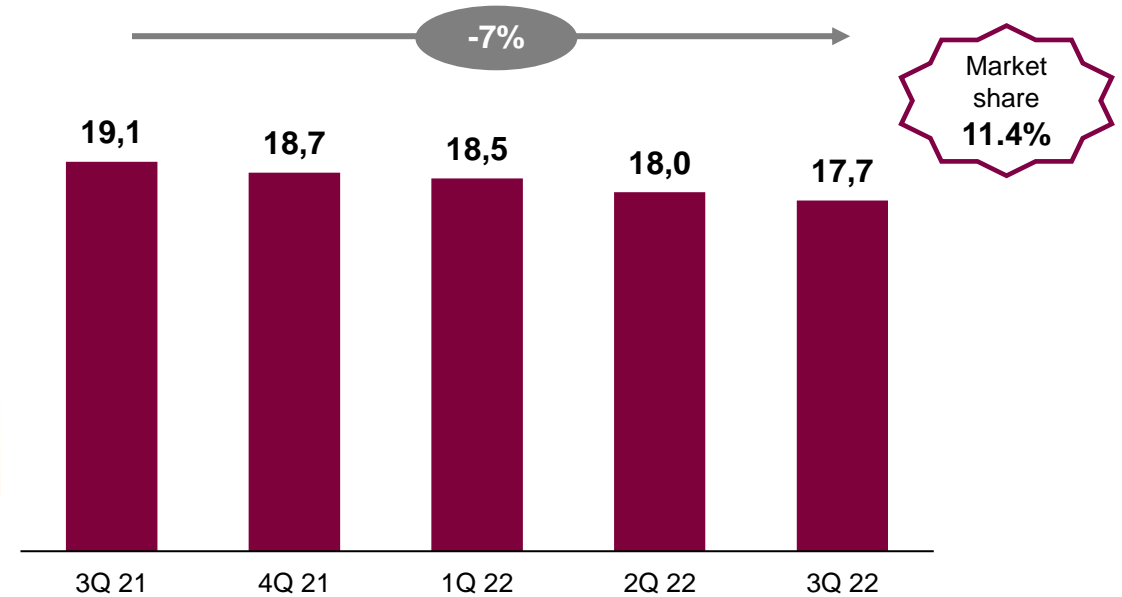
Sale of loans (PLN billion)



Number of Customers with a loan (K)



Gross consumer loan portfolio (PLN billion)



**Postpone Loan**

A product with an extensive marketing campaign

The Customer may postpone the payment of the first instalment by 3 months.

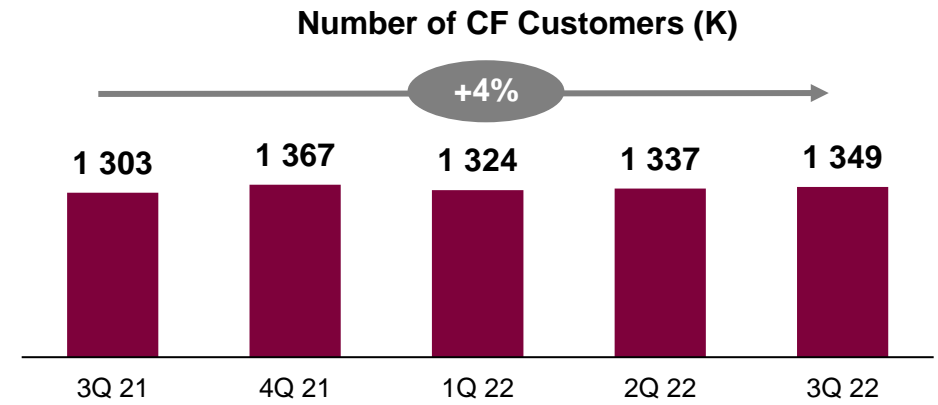
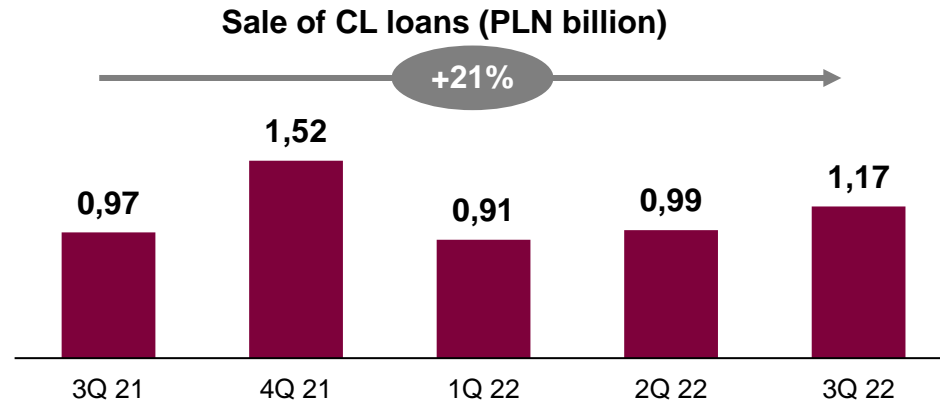
**Loan for a senior**

Offer for Customers generating their income by retirement pension

Loan with low interest rate and 0% commission

# Development of the Bank's key products – Consumer Finance (CF) loans

RETAIL CUSTOMERS



## ECO

Increased financing in the ECO industry (solar panels, heat pumps, etc.). Strengthening cooperation with existing partners and acquiring new business partners

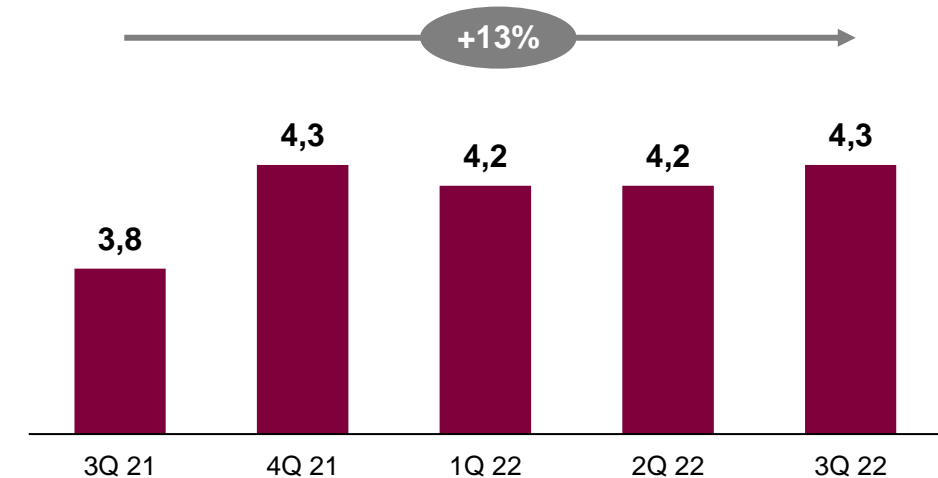
## E-commerce

Growth thanks to optimisation in the online process responding to market needs

## Relations with Partners

Adjusting the product offer and sales processes of instalment loans to the current needs and expectations of Customers and Business Partners (promotions at Partners)

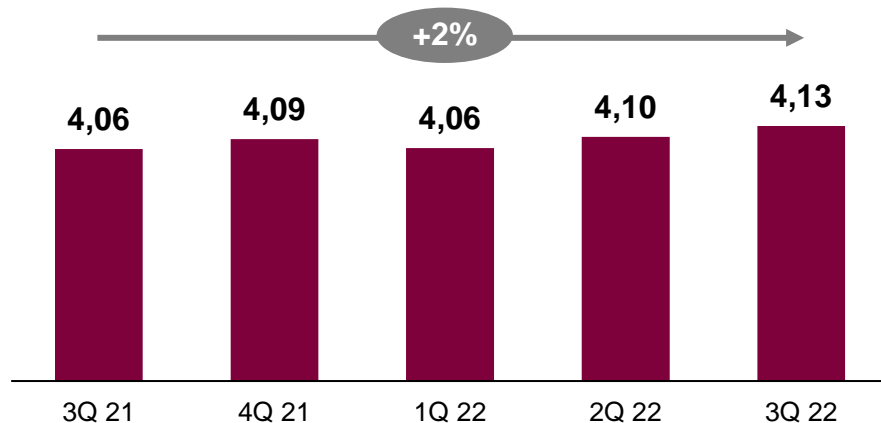
## Gross loan portfolio (PLN billion)



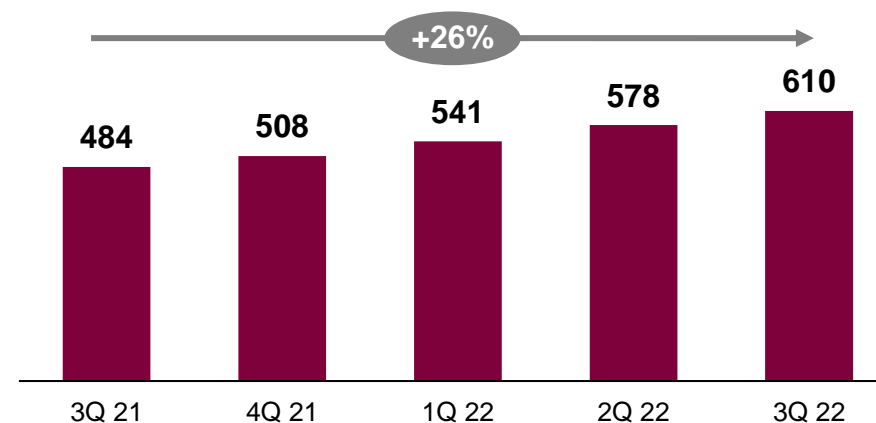
Market share  
18.1%



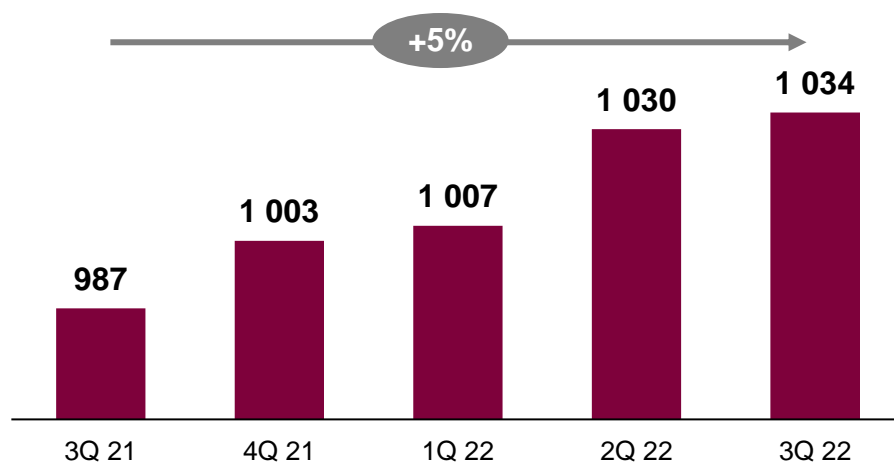
Number of Individual Customers\* (million)



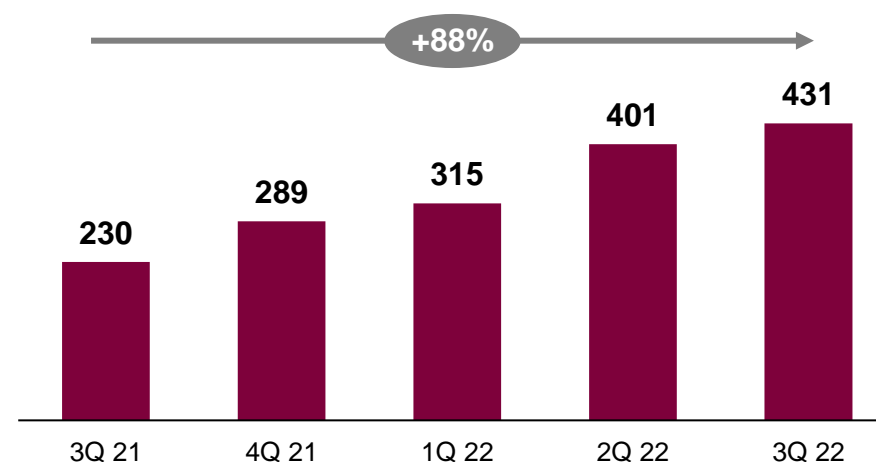
Number of accounts "Konto Jakże Osobiste" (thousand)



Number of Customers with systematic incomes (thousand)

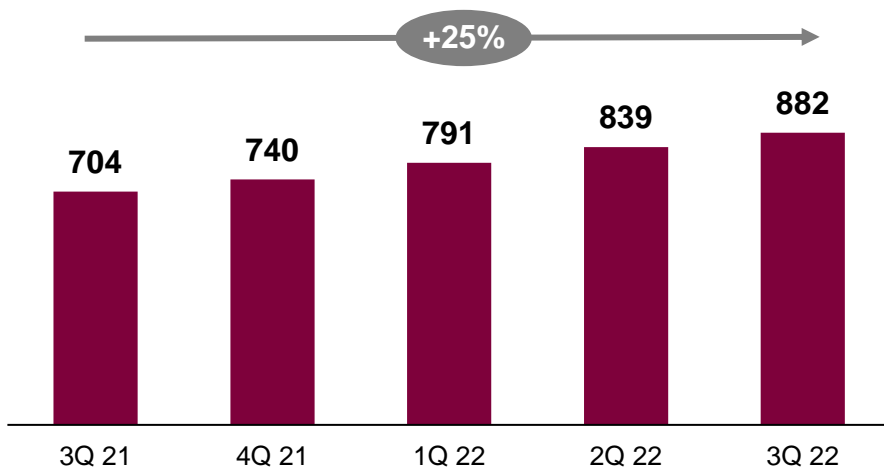


Number of motorway journeys and tickets paid in the Alior Mobile application (thousand)

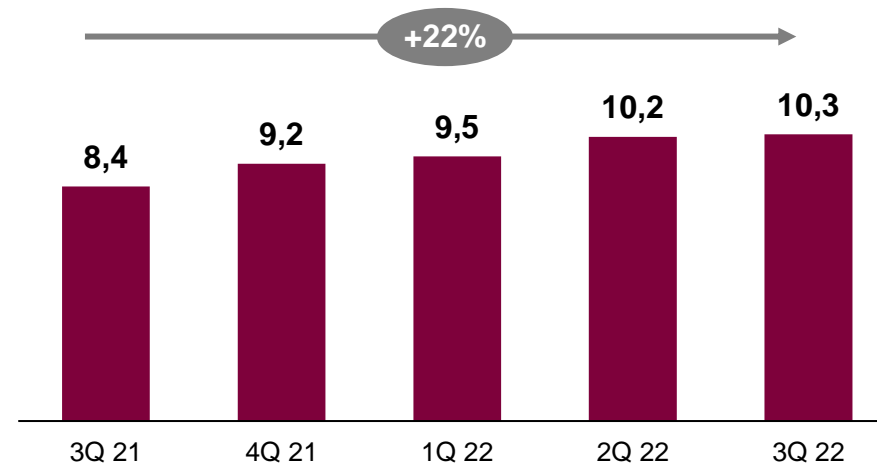


\*3Q 21 saw the Bank conducting an action aimed at closing inactive accounts

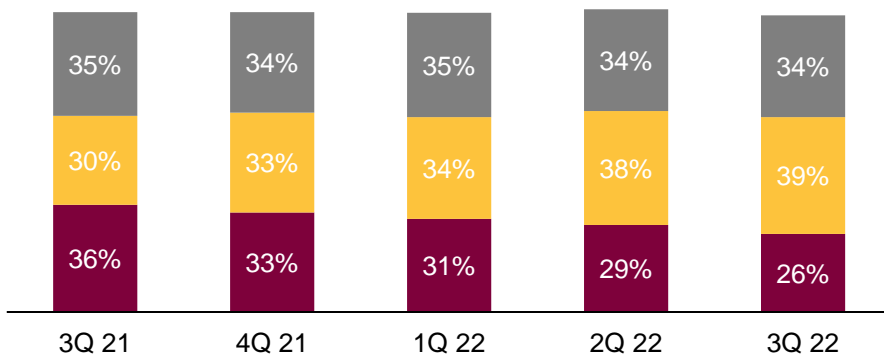
Users of Alior Bank mobile applications (thousand)



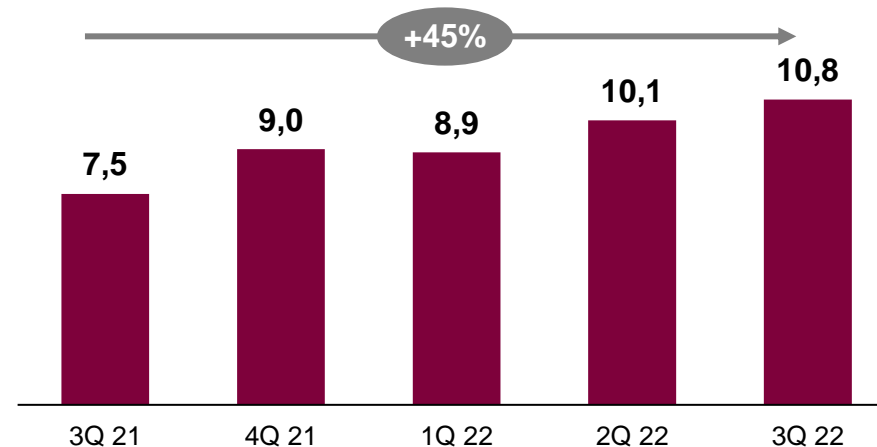
Number of wire transfers ordered in the Alior Mobile application (million)



Structure of Alior Online and Alior Mobile usage



Number of BLIK transactions (million)

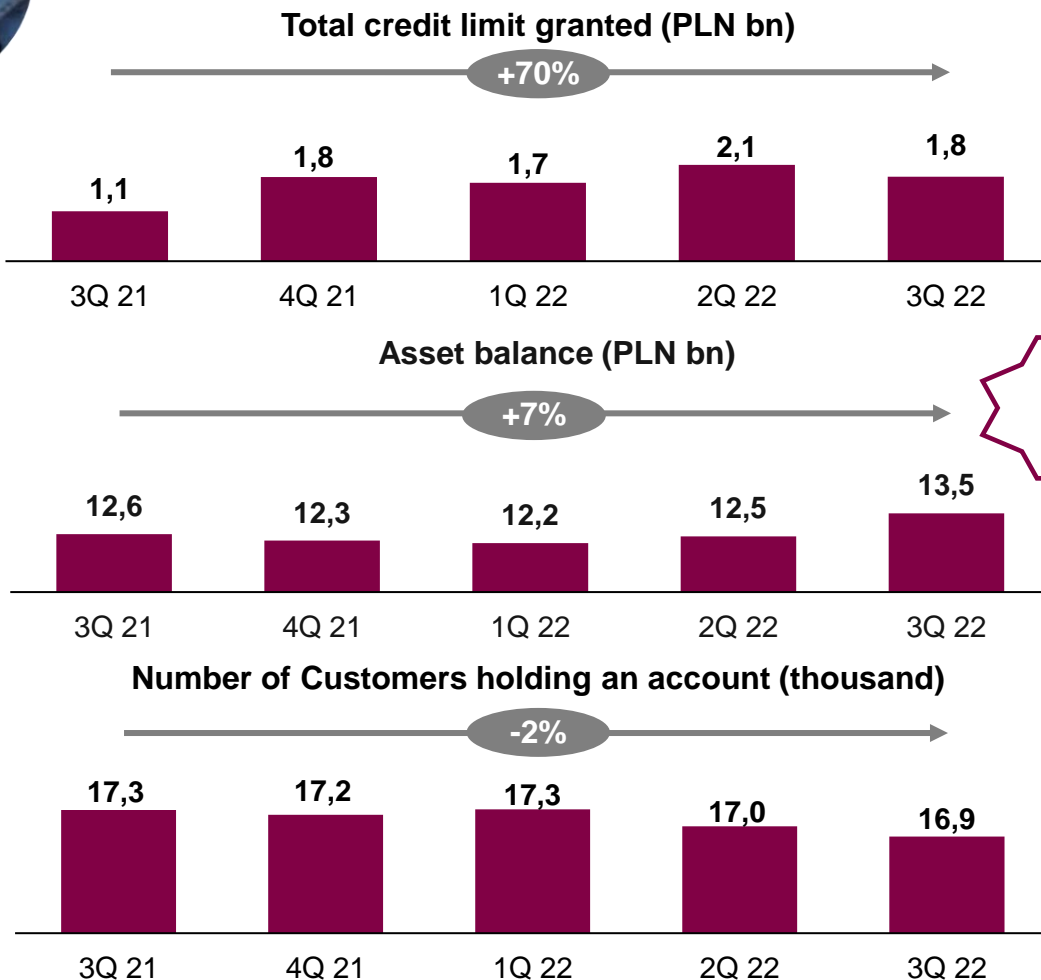


■ Only Alior Online   ■ Only Alior Mobile   ■ Alior Mobile i Alior Online

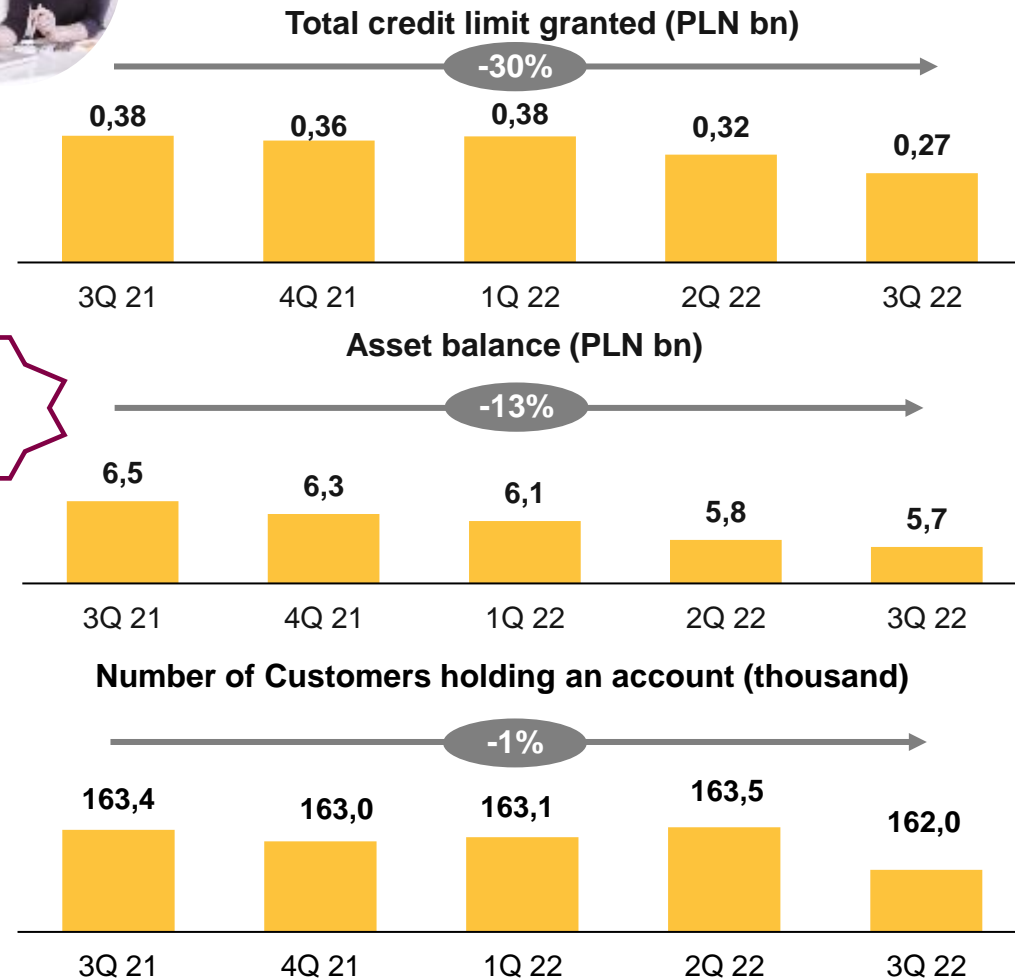
# Increase in sales and effectiveness of the loan portfolio ...



## Segment: Small / Medium / Large



## Micro segment



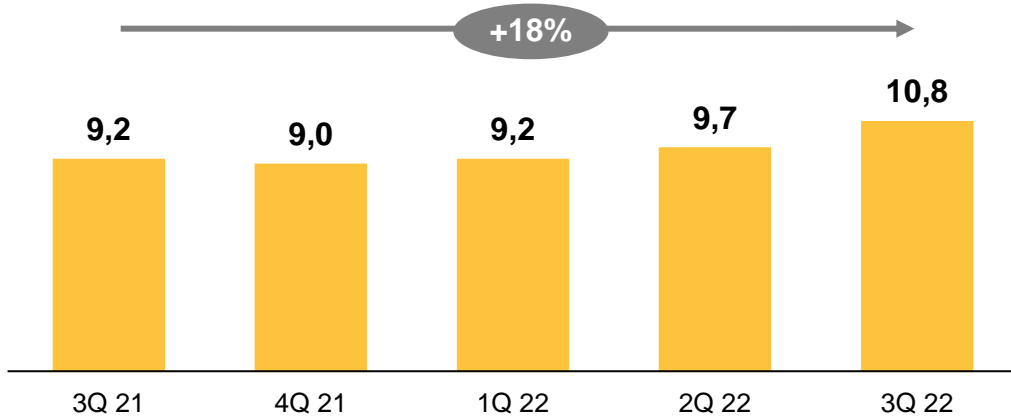
**-3,7 p.p. NPL y/y\***

The strategy of improving the quality of the loan portfolio has a positive impact on revenue growth, a decrease in the cost of risk and a reduction in the NPL ratio. It is accompanied by optimisation of the Customer base. We focus on building relationships with Customers with a good risk profile and high product potential.

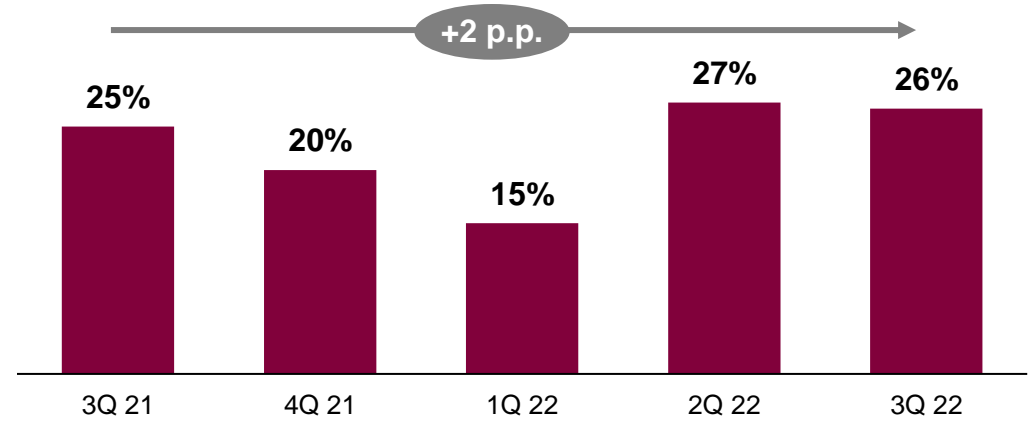
\*NPL ratio of the business customer segment's loan portfolio decreased from 21.73% at the end of 3Q 21 to 18.06% at the end of 3Q 22

... simultaneous improvement of the portfolio structure and new sales...

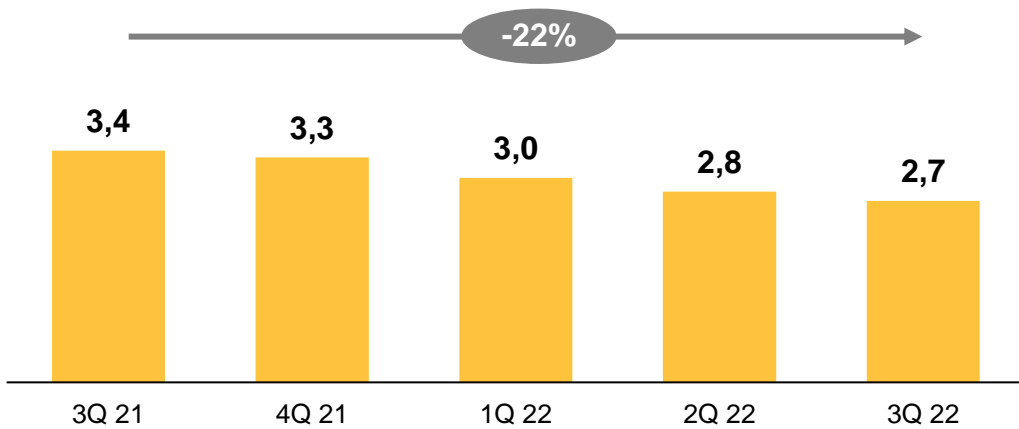
**Balance of assets Small/Medium/Large in regular service (PLN billion)**



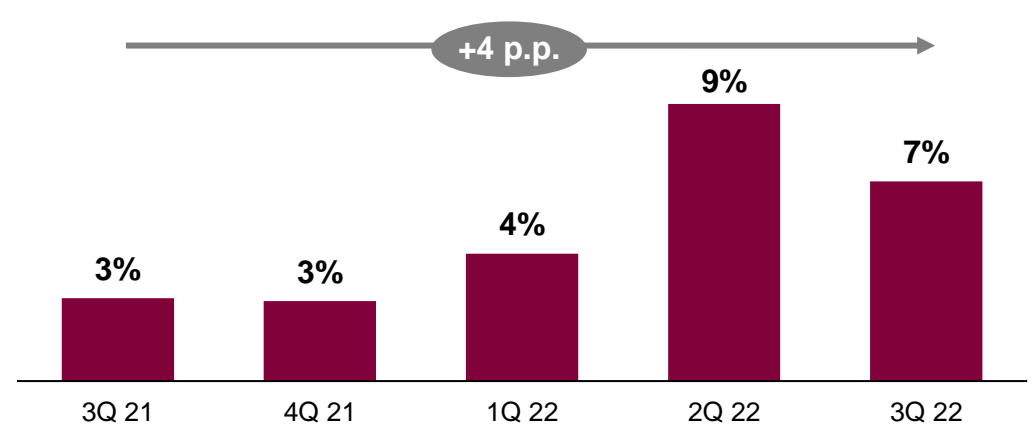
**Share of new sales to preferred industries**



**Balance of assets Small/Medium/Large in collection\* (PLN billion)**



**Share of factoring in new sales**

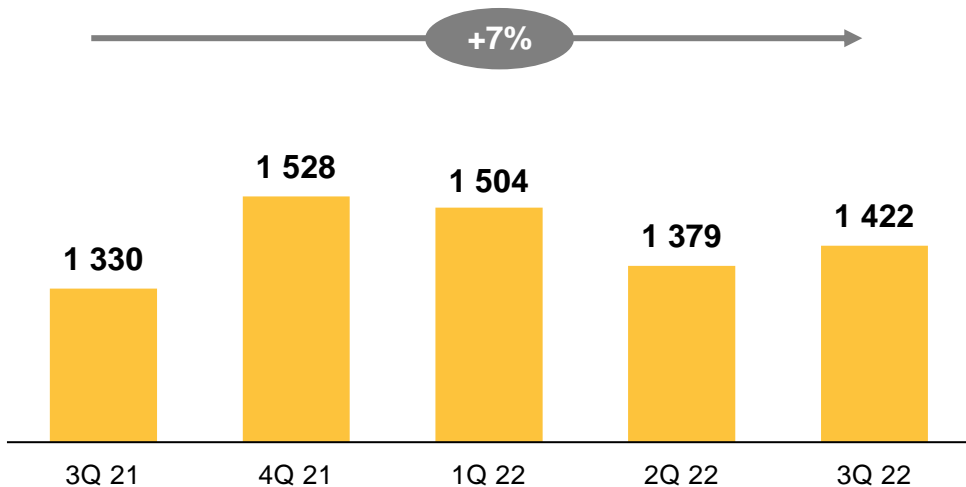


In the Business Customer segment, the effects of work to improve the quality of the loan portfolio are visible. Assets in regular servicing are increasing, while the portfolio in restructuring or collection is decreasing.

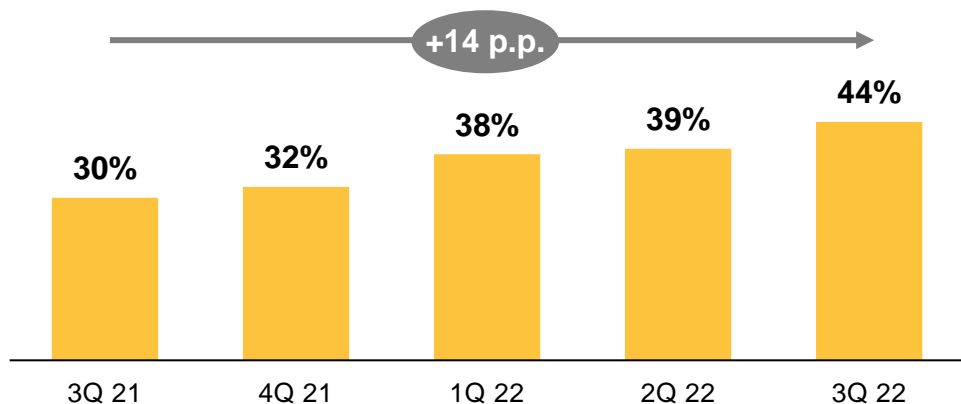
In 3Q 22, the share of new credit and factoring limits sold to preferred industries, in the SME and large company segments, reached 26%, while in 1Q-3Q 22 it is 23%. The high value reflects the Bank's activities towards portfolio diversification and growth in industries with low risk and high revenue potential.

Remote service (Segments: Micro / Small / Medium / Large)

Sale of cards and auxiliary accounts in BusinessPro Banking and Alior Online (pcs.)

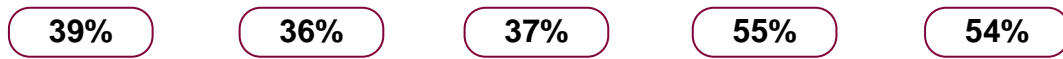
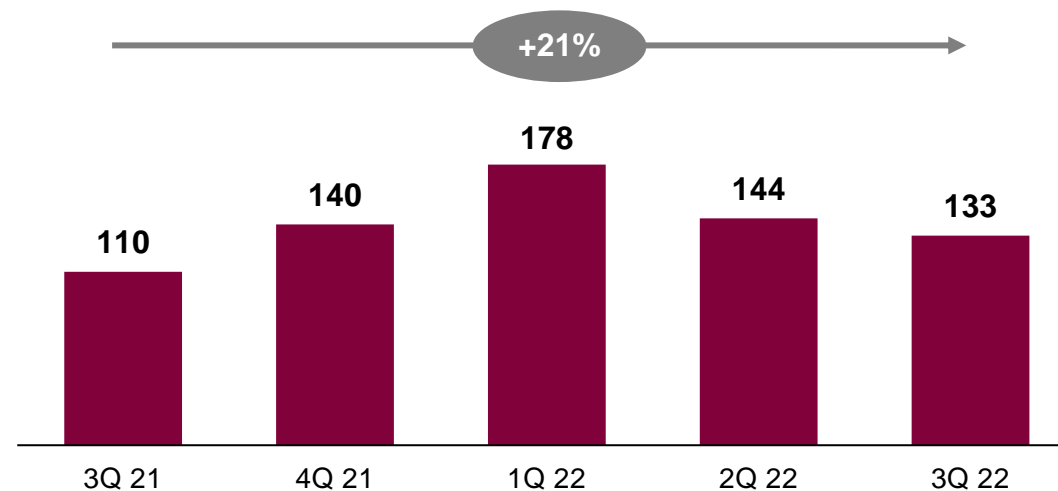


% of instructions received remotely



Automated decisions (Segments: Small / Medium / Large)

New sales in automated decisions (PLN million)



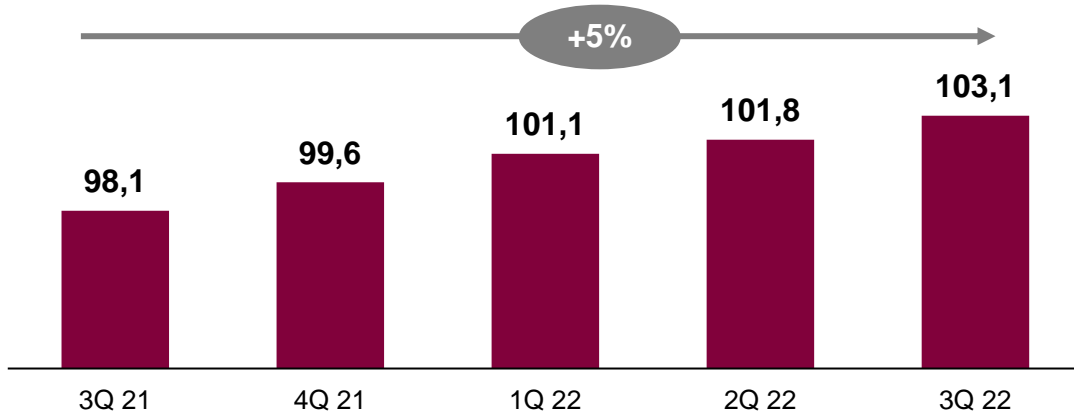
share of automated decisions in the Small segment

- Most important implementations in 3Q 22:**
- Overdraft facility to 36 months
  - Fast-track – credit decision in 4 days for Medium and Large Companies
  - External refinancing of an overdraft facility with a BGK guarantee
  - INIT – online process initiation in the pre-approved path

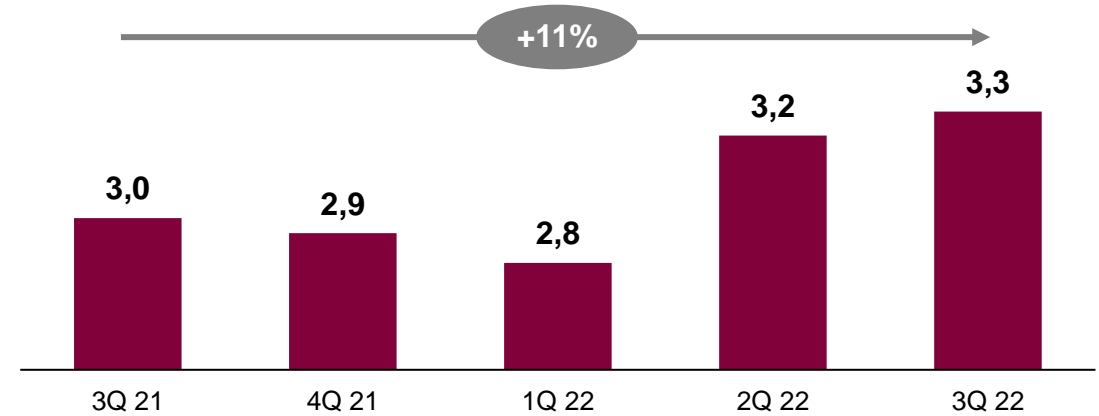
Consequently, improved x-sell results and Customer transaction activity

Segments: Micro / Small / Medium / Large

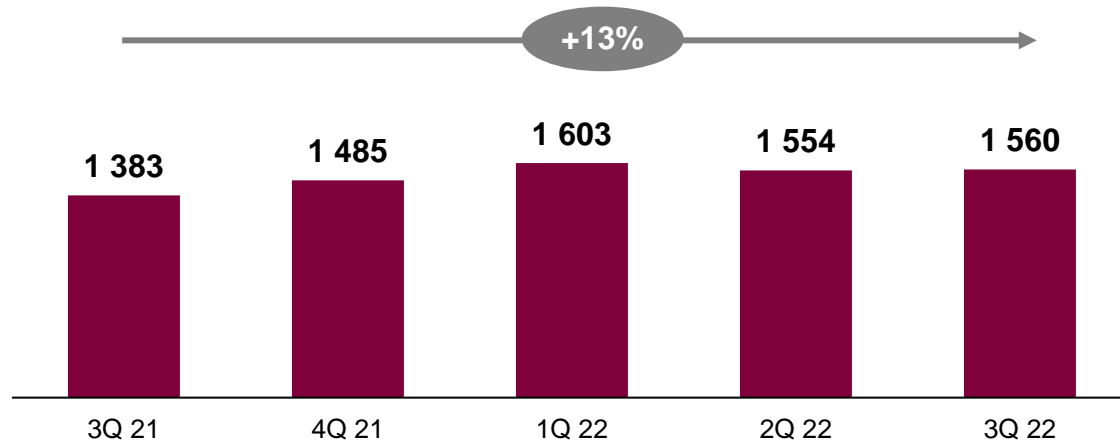
Number of actively used cards (thousand)



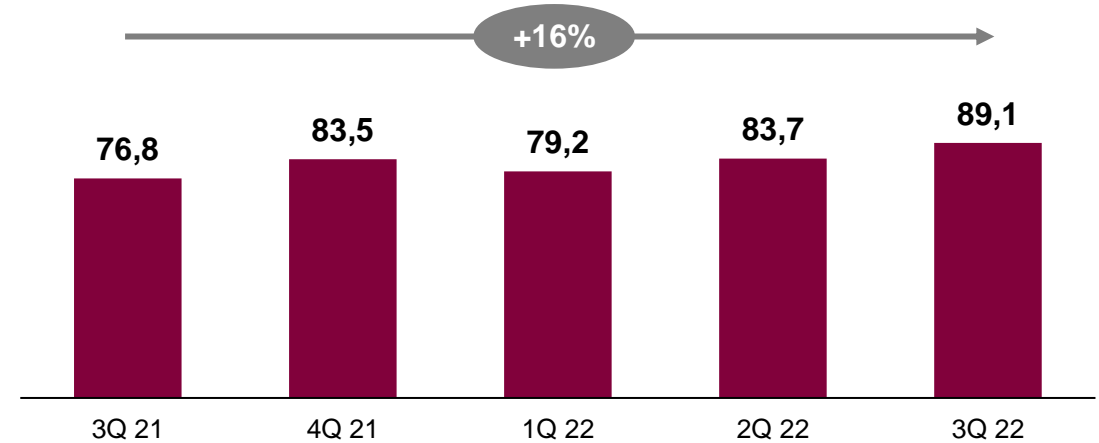
Number of cashless transactions with payment cards (million)



Number of Customers with BankConnect



Volume of Clients' wire transfers (PLN bn)



Thanks to the consistent policy of building and consolidating relationships with companies, we are having an increase in sales of transactional products, which has a positive impact on the result of the Business Client segment.

### Fast Track Process

Fast Track – a new simple and fast credit path for Medium and Large Companies



decision in only  
4 business days

up to PLN 10 million  
(max 10% of annual sales revenues)



The minimum amount of financing is PLN 500 thousand (or its equivalent in a foreign currency).

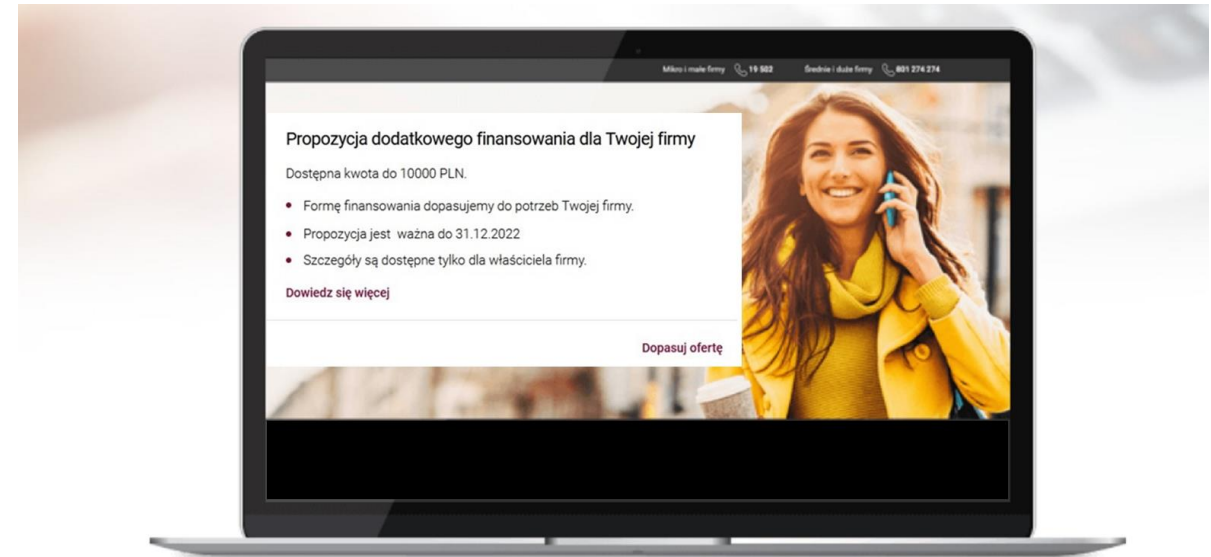
The Bank does not require complicated forms of collateral

It includes new financing or refinancing of liabilities from other banks for:

- ✓ revolving and non-revolving working capital loans,
- ✓ credit cards,
- ✓ treasury limits,
- ✓ trade finance products – guarantees, letters of credit, factoring and loan for financing purchase invoices.

### Online INIT Pre-approved Process

The pre-approved application is addressed to the Bank's Customers with an initial overdraft facility amount



Benefits:

- ✓ the scope of data required from the Customer has been limited to a minimum,
- ✓ at a convenient moment, the Customer can read the loan offer and initiate the loan process at Alior Online banking,
- ✓ the terms and conditions are finally determined during a phone conversation with the advisor or during a meeting at the Bank's branch.



## My Bills - many things, one click ... and paid!

After positive results of the "friends & family" phase conducted in 3Q 22, in October this year, in the Alior Mobile application and in the Alior Online internet banking service, we have implemented the new **My Bills** service, which allows Customers to easily aggregate all their bills and invoices, and then pay them collectively with one click. After a one-time configuration, the solution independently monitors the bills to be paid, making it easier for our Customers to control the dates and amounts of bills. The solution was developed in cooperation with fintech Billtech, which participated in the RBL\_START banking acceleration program.

## IKE (Individual Retirement Account)/IKZE (Individual Pension Security Account)



In the third quarter, we extended our offer to include the IKE/IKZE brokerage account. Customers can apply for opening an account via Alior Online electronic banking. We also provided access to the product in the Alior Mobile app.

## A mobile app tailored to your tastes – the next step in personalisation



**Personalisation of the login screen background.** We made available to our Customers various wallpapers that were selected by the Customers themselves on Alior Bank's social media channels. We improved UX processes while maintaining the supreme security standards, e.g. we simplify the login process

## MojeID - MyID



We provided our Customers with the *mojeID* service in Alior Online. Customers can both easily and securely confirm their identity and thus gain access to commercial service providers without having to leave home.

## New Market Place – more contextual ads



The Alior Mobile app features new dedicated graphic icons. Higher personalisation of the displayed content and improvement of the customer redirection path to the offer. The Customers is granted short access to regularly refreshed promotions and individual offers ("Offer for You").



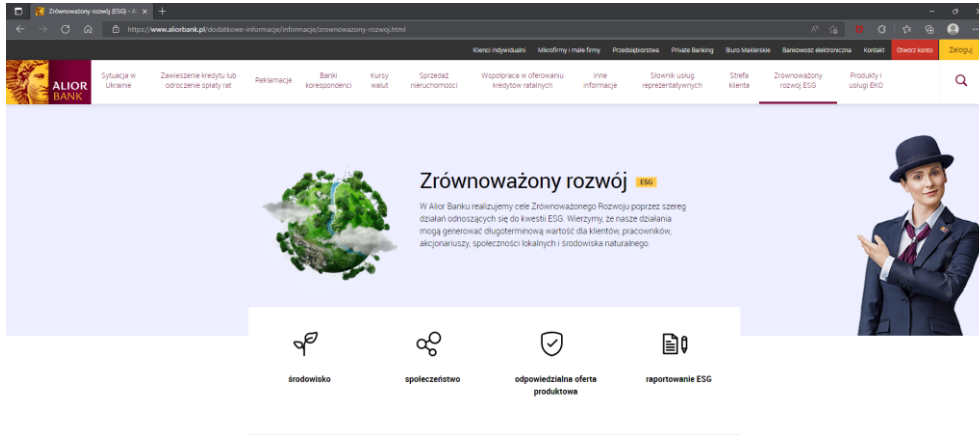
# Summary of Alior Bank's activity in the area of ESG and CSR in 3Q 22



## ESG tab on the website of Alior Bank

<https://www.aliorbank.pl/dodatkowe-informacje/informacje/zrownowazony-rozwoj.html>

It is there where the Bank announces its commitment to environmental, social and corporate governance issues:



## Sustainable Development Committee

It reports to the President of the Bank and the Vice President responsible for the risk management area.

It is a platform for dialogue, decision-making and providing recommendations for the Bank's Management Board in the field of ESG.



## Social Responsibility

### Health-promoting actions for Alior Bank Employees:

- **“Day on the U”**. Each and every employee may take an additional day off (8 hours) to go through medical examinations (other than obligatory, resulting from the Labour Code).
- **“Health Zones”** at the headquarters in Warsaw, Kraków and Gdańsk. During the visit to the Zone, Employees could undergo dermatological, general, and dietary consultations, check their body composition, and perform an ultrasound. The event was held in two editions – August and September.



### Employee Volunteer Programme:

- **16 hours of volunteering** in a calendar year with the right to remuneration. Benefit is supposed to be an additional motivation to engage in social activities.



### Aid for Ukraine:

- Continuing the active, multi-faceted aid given by the Alior Bank Group, Alior Leasing provided Caritas Polska with three cars for the transport of people and equipment as well as a trailer intended for aid activities for Ukraine and its citizens.



## Active with Alior Cycle

- Sports and recreational events.
- Promotion of a healthy lifestyle and active leisure.
- Integration of local communities.
- Events in different parts of Poland (including **the Podhale Ski Run** in Nowy Targ, **the 30<sup>th</sup> Jarosławiec Beach Run**, **the Castle Run** in Malbork, **the “Kraina Bugu” Triathlon** in Janów Podlaski, **the Sailing Song Festival** in Charzykowy, **the Bicycle Marathon** in Charsznica in Małopolska, **the “Botanical Five” runs**, **the 26<sup>th</sup> Science Festival** in Warsaw, **the Korczyzna Run to Prządki** in Korczyzna in Podkarpacie and **Przemysł Five in Przemysł**).



## Meet at Rift

- As part of the #WeSupportGamers series, the Bank became one of the main partners of **the Meet at Rift Festival** in Łódź. This is Poland's first event for fans of the universe created by Riot Games, the developer of games such as League of Legends or VALORANT.
- Those who attended the event could enjoy the zones of each of the studio's games, gaming competitions with prizes and meetings with influencers.





## Financial results

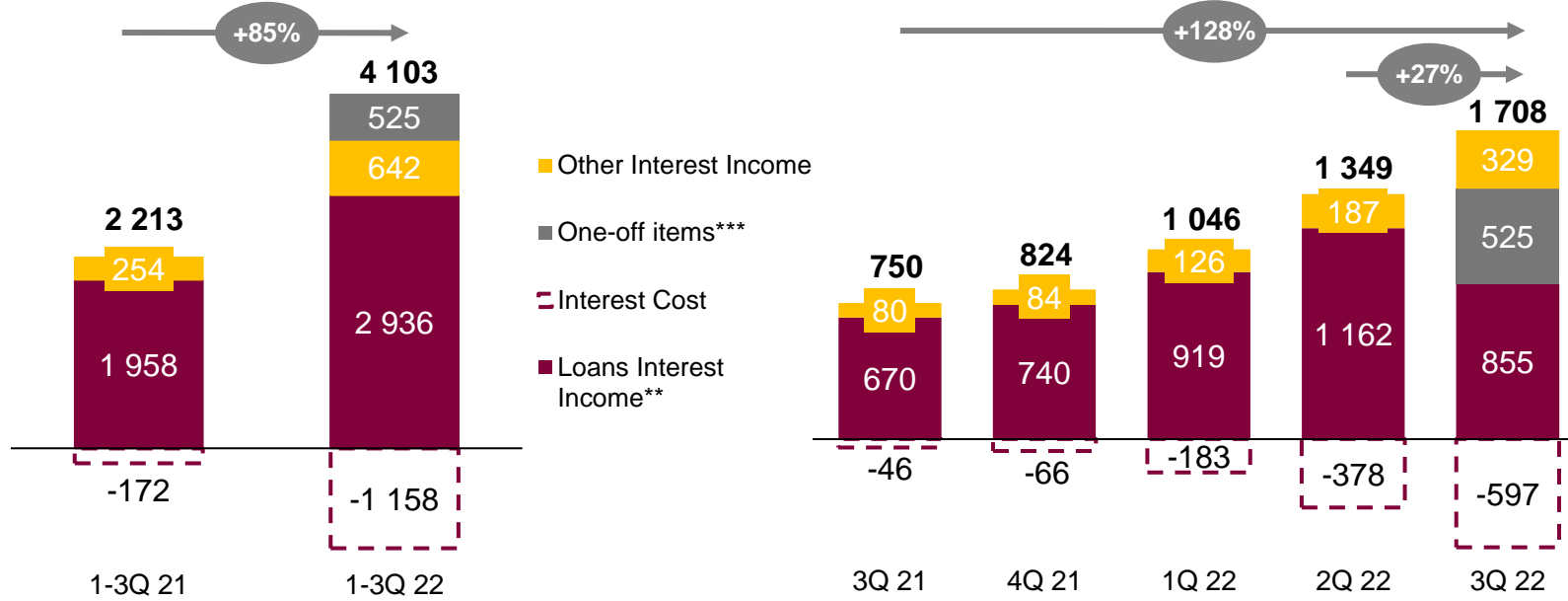
## Income statement

PLN M	3Q 21	3Q 22	% y/y	y/y	1-3Q 21	1-3Q 22	% y/y	y/y
<b>Total Income</b>	<b>918,3</b>	<b>766,5</b>	<b>-17%</b>	<b>-151,7</b>	<b>2 702,3</b>	<b>3 059,5</b>	<b>13%</b>	<b>357,2</b>
Net interest income	703,5	586,7	-17%	-116,8	2 040,4	2 420,8	19%	380,4
Net fee and commission income	189,6	201,6	6%	12,0	550,7	612,9	11%	62,2
Other income	25,1	-21,7	-	-46,9	111,3	25,8	-77%	-85,4
<b>Total costs</b>	<b>-705,0</b>	<b>-802,2</b>	<b>14%</b>	<b>-97,3</b>	<b>-2 128,8</b>	<b>-2 519,9</b>	<b>18%</b>	<b>-391,1</b>
General administrative expenses	-391,1	-456,4	17%	-65,2	-1 188,4	-1 540,8	30%	-352,4
Impairment of non-financial assets	-1,3	-1,0	-27%	0,4	-3,2	-41,2	1185%	-38,0
Net expected credit losses	-251,7	-262,8	4%	-11,1	-760,2	-701,3	-8%	58,9
Cost of fx mortgage legal risk	-2,8	-15,1	450%	-12,4	-2,8	-39,6	1338%	-36,8
Banking tax	-58,0	-67,0	15%	-9,0	-174,3	-197,1	13%	-22,8
<b>Gross profit</b>	<b>213,3</b>	<b>-35,7</b>	<b>-</b>	<b>-249,0</b>	<b>573,5</b>	<b>539,6</b>	<b>-6%</b>	<b>-33,9</b>
Income tax	-62,9	-26,9	-57%	36,1	-191,2	-216,7	13%	-25,6
<b>Net profit</b>	<b>150,4</b>	<b>-62,6</b>	<b>-</b>	<b>-212,9</b>	<b>382,3</b>	<b>322,8</b>	<b>-16%</b>	<b>-59,5</b>
Net interest margin (NIM)	3,77%	3,07%	-	-0,69 p.p.	3,71%	4,27%	-	+0,56 p.p.
Cost of funding (CoF)	0,14%	1,79%	-	+1,65 p.p.	0,18%	1,12%	-	+0,94 p.p.
Cost of risk (CoR)	1,58%	1,64%	-	+0,06 p.p.	1,61%	1,47%	-	-0,14 p.p.
Cost / Income ratio (C/I)	42,6%	59,5%	-	+16,9 p.p.	44,0%	50,4%	-	+6,4 p.p.
Loan / Deposit ratio (L/D)	86,4%	80,8%	-	-5,6 p.p.	86,4%	80,8%	-	-5,6 p.p.
Return on equity (ROE)	9,1%	-4,6%	-	-13,7 p.p.	7,8%	7,6%	-	-0,2 p.p.
Total Capital Ratio (TCR)	15,30%	13,70%	-	-1,6 p.p.	15,30%	13,70%	-	-1,6 p.p.

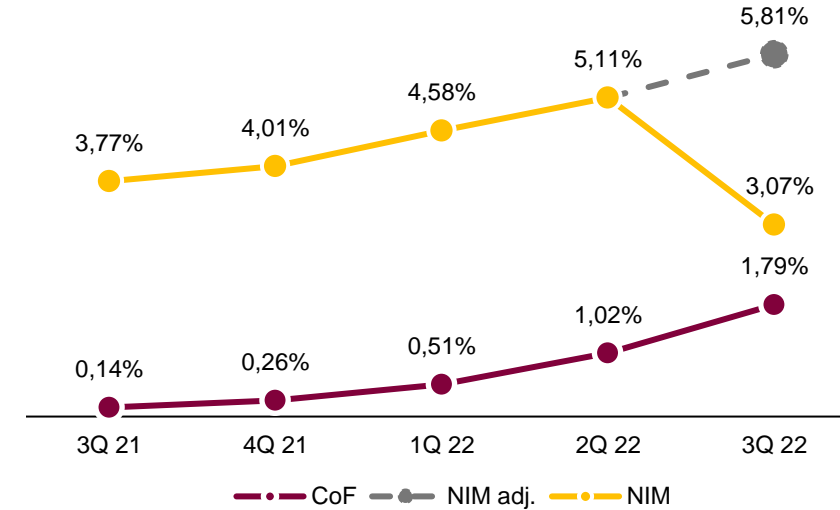
- In 3Q 22, the Bank's result was additionally burdened with a number of one-off events: (I) credit moratoria, (II) provision for the reimbursement for additional mortgage loan margins charged to Customers in the period until collateral was established, (III) additional payment to the Commercial Banks Protection Scheme (IPS) and (IV) payment to the Borrowers Support Fund.
- The total value of the above-mentioned events amounted to PLN 597 million and resulted in decreasing the net profit of the Alior Bank Group in 3Q 22 by approx. PLN 494 million.
- **The Alior Bank Group's net profit in 3Q 22, adjusted for the aforementioned events, amounted to approximately PLN 431 m, while the annualised adjusted ROE reached 30%.**

# Despite the increase in financing costs, the rise in market interest rates continues to positively affect the (adjusted) net interest income

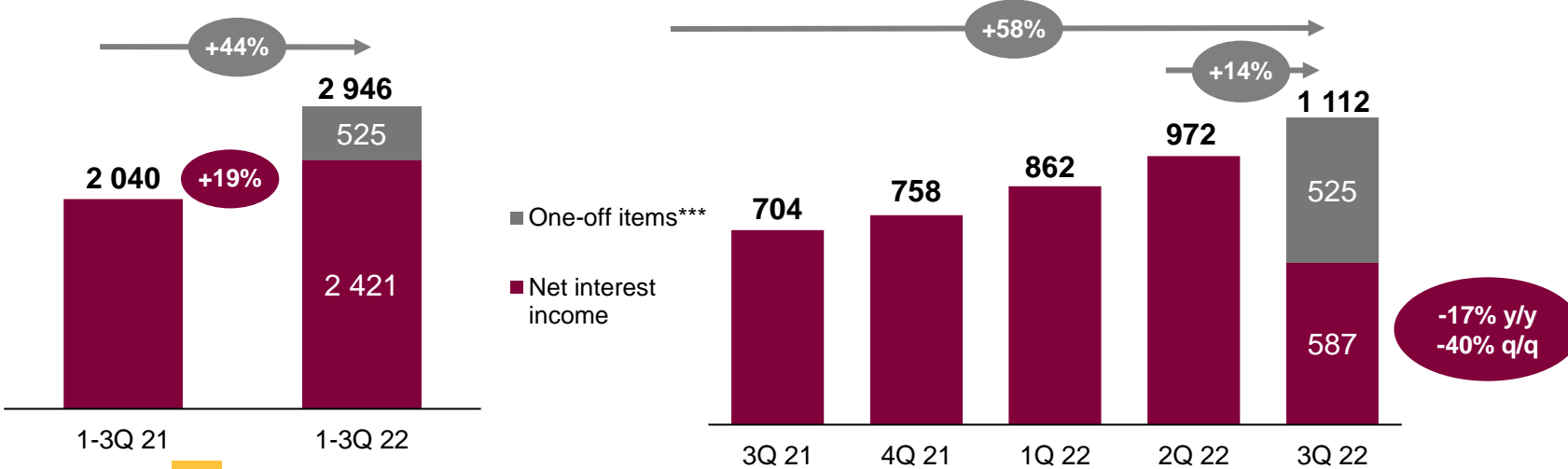
## Interest income and expenses (PLN M)



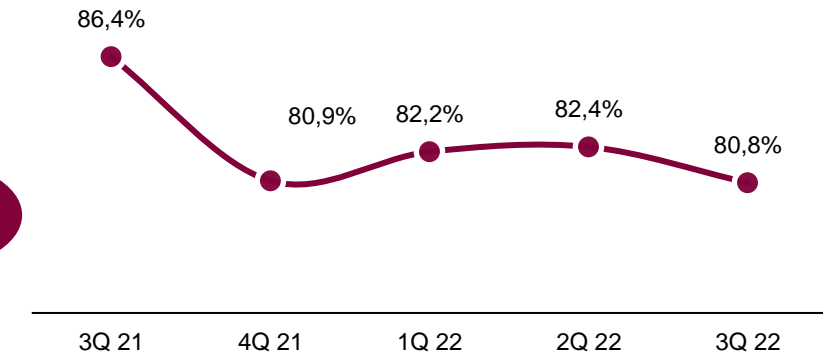
## Interest margin and financing cost\*



## Interest income (PLN mn)



## Loan / Deposit Ratio



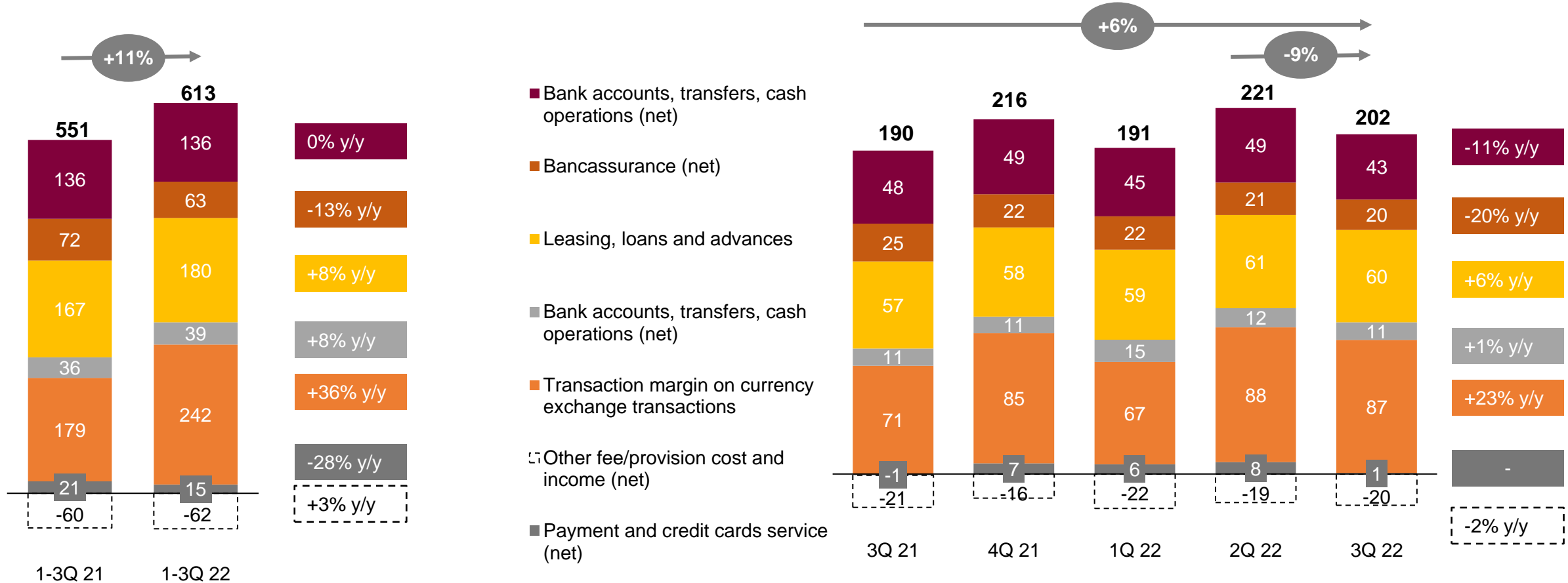
\*Managerial pattern, QTD

\*\*Interest income from loans, debt purchased and leasing

\*\*\*One-off Events consisted in 3Q 22: PLN M 502 mln for credit moratoria and PLN M 23 for provision for the reimbursement for additional mortgage loan margins charged to Customers in the period until collateral was established

Thanks to the increase in Customer transactions, Alior successively improves its commission income y/y

### Fees and Commissions Income (PLN million)

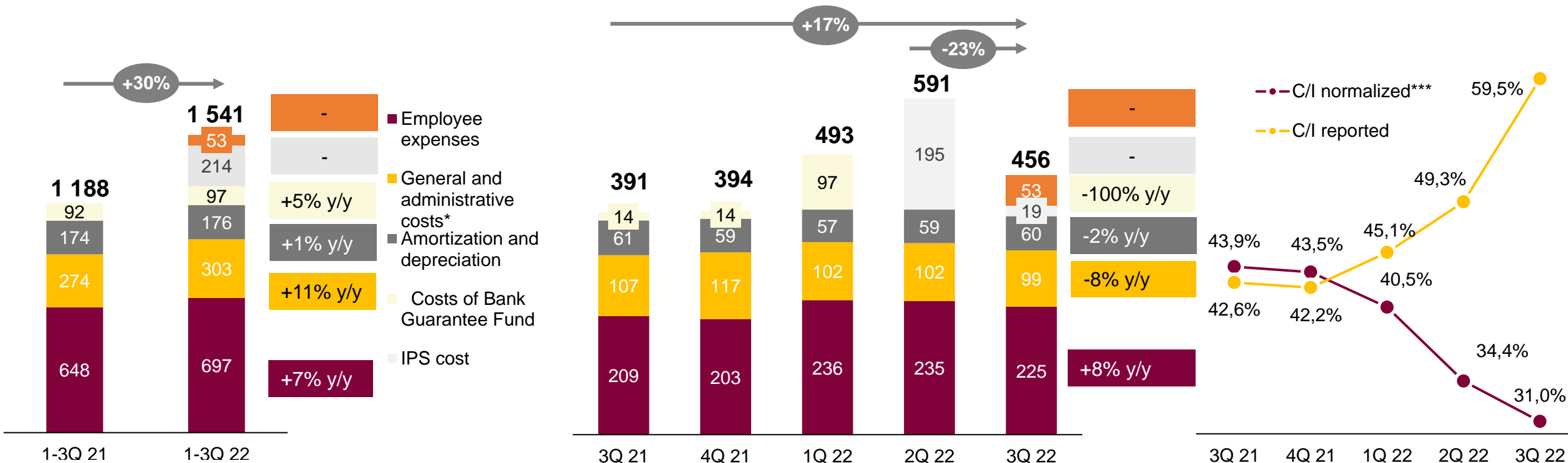


- 3Q 22 saw commission income amounting to PLN 202 million and increasing by PLN 12 million (+6%) compared to 3Q 21 – mainly due to higher commission on foreign exchange transactions, which increased by PLN 16 million y/y (+23%).
- The decrease by PLN 19 million (-9%) in commission income in 3Q 22 compared to 2Q 22 was mainly due to the specificity of card transaction settlements and the related volatility of quarterly results as well as the recognition of one-off fees related to keeping accounts in 2Q 22
- In future quarters, we expect the fee income to increase in line with the balance sheet growth of the Bank.

# Despite the growing inflationary pressure, the Bank is maintaining a stable level of adjusted operating costs

## Operating costs (PLN mn)

## C/I ratio\*\*



- Operating costs in 3Q 22, adjusted by PLN 19 million of additional contribution to the Protection Scheme and a contribution to the Borrowers Support Fund of PLN 53 million would amount to **PLN 384 million (-2% y/y)**
- The y/y increase in employee costs in 3Q 22 amounted to PLN 17 million (+8%) and was mainly due to an increase in the average salary level
- The main reason for the decrease (-8% y/y) in general and administrative expenses in 3Q 22 was caused by the decrease in marketing expenses by PLN 4 million and other costs by PLN 7 million
- In future quarters, the level of operating costs will be impacted by additional business development costs, the implementation of certain projects postponed during the Covid-19 pandemic, and the general inflation-triggered increase of costs For the whole of 2022, the Group's operating costs are not expected to increase by more than 12% y/y (excluding BGF contributions, contributions to the Borrower Support Fund and the cost of joining the Commercial Banks Protection Scheme), with the final level of costs mainly determined by the level of inflation later in the year.

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

		2020	2021	1-3Q 2022	Goal 2022
Business volumes	Assets	PLN 78.6 bn	PLN 83.0 bn	PLN 84.1 bn	PLN 89.0 bn
	Number of Individual Customers	4.2 mn	4.1 mn	4.1 mn	4.5 mn
	Number of Business Customers	251 k	258 k	254 k	278 k
Profitability	ROE	-4.7%	7.7%	7.6%	>5%
	NIM	3.9%	3.7%	4.3%	4%
	C/I	46.9%	43.5%	50.4%	<46%
Risk and capital	COR	2.8%	1.6%	1.5%	1.9%
	Tier 1 surplus	505 bps	405 bps	246 bps	>280 bps
	NPL	14.5%	11.8%	11.0%	11.8%
	COF	0.6%	0.2%	1.1%	0.3%

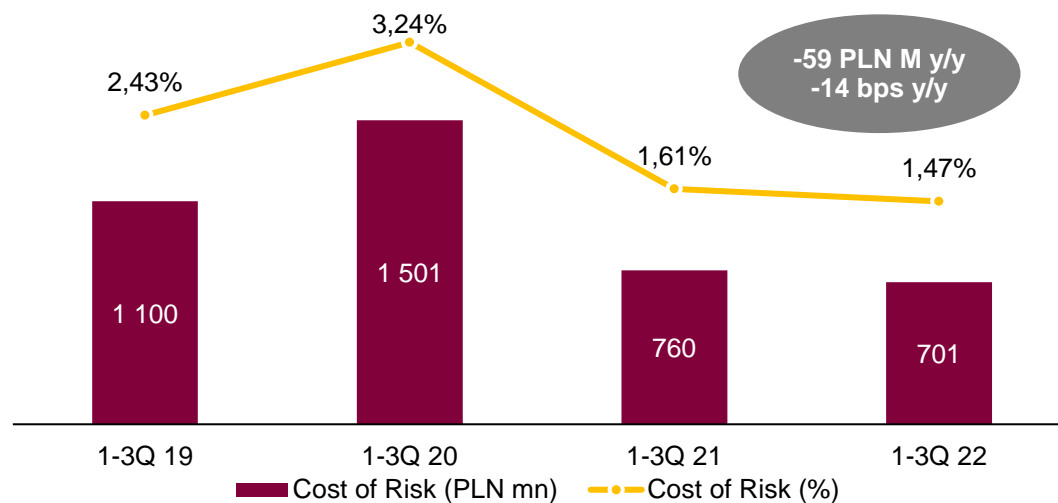




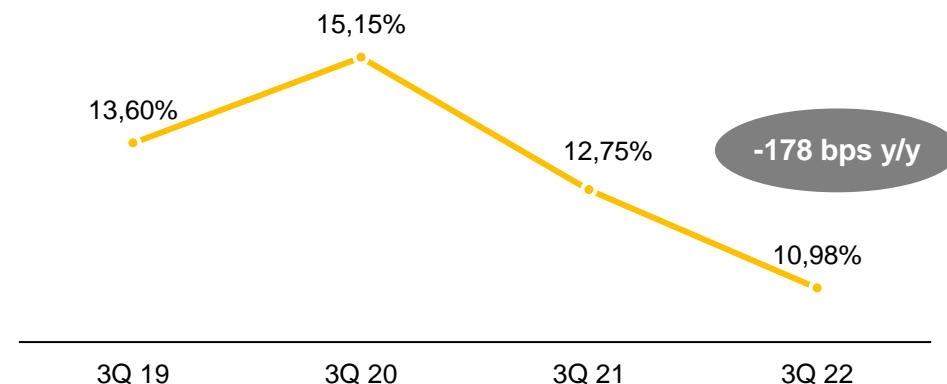
Credit risk

The change in the credit policy accompanied by the effective implementation of the NPL reduction strategy allowed for a sustained reduction in cost of risk and an improvement in the quality of the loan portfolio

**Alior Bank Group – cost of risk**



**Alior Bank Group – NPL ratio**

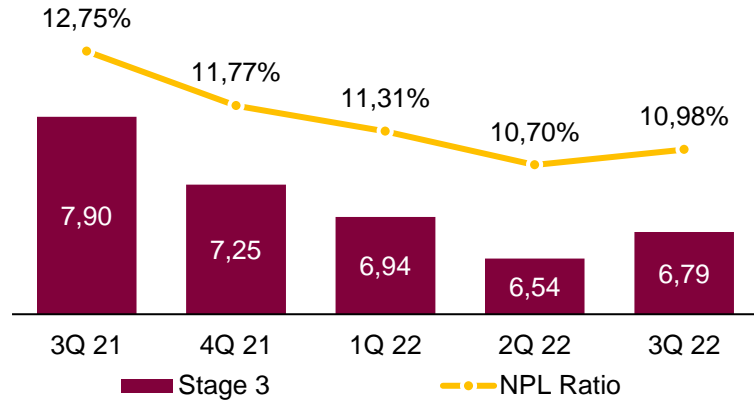


As a result of actions taken in 2020 and 2021 to manage the risk of the loan portfolio and due to the current Customer behaviour, the level of Cost of Risk (CoR) in 1Q-3Q 22 was well below the Bank's medium-term strategic target (1.9%).

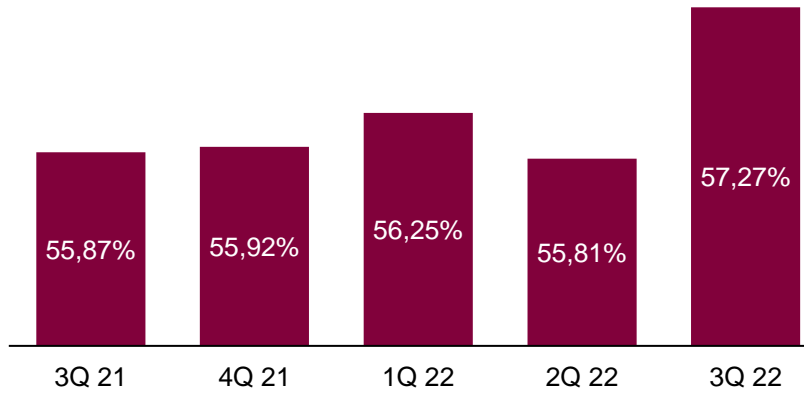
Currently, we do not see a significant negative impact of past interest rate hikes on the CoR level. However, we expect the costs of risk of the Alior Bank Group to increase slightly in the next few quarters. The CoR for the full year 2022 should not deviate significantly from the level achieved in 2021, i.e. 1.6%. The level of the costs of risk in 2023 may slightly increase, and it will depend mainly on the development of the macroeconomic situation and the current and expected behaviour of Customers.

# Despite a relatively small increase in the value of impaired loans, the coverage of NPL with provisions improved significantly

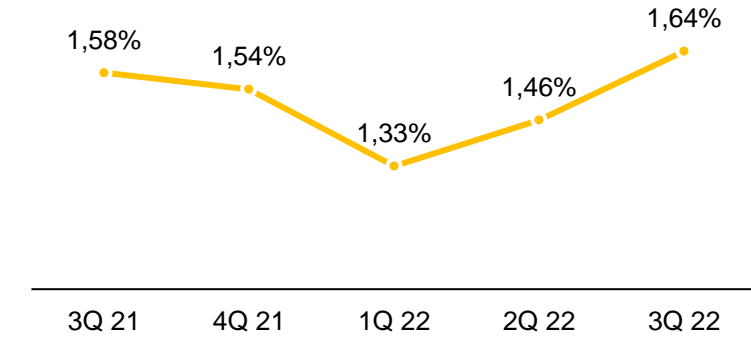
### Impaired loans (PLN bn)



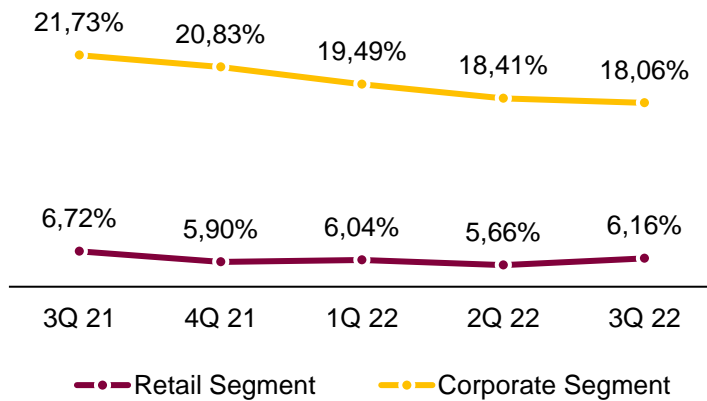
### NPL reserve coverage ratio\*



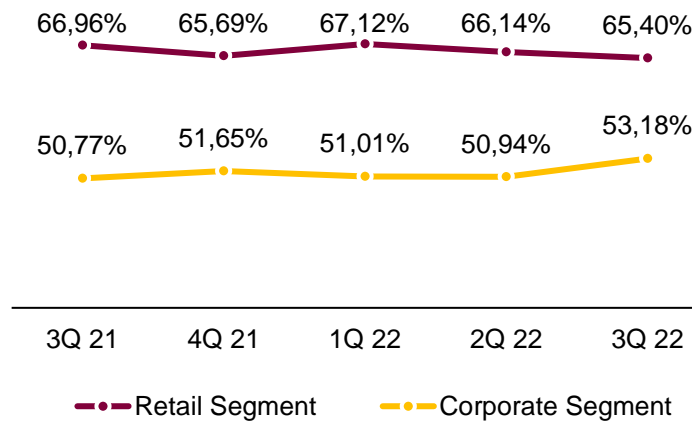
### Cost of Risk - CoR\*\*



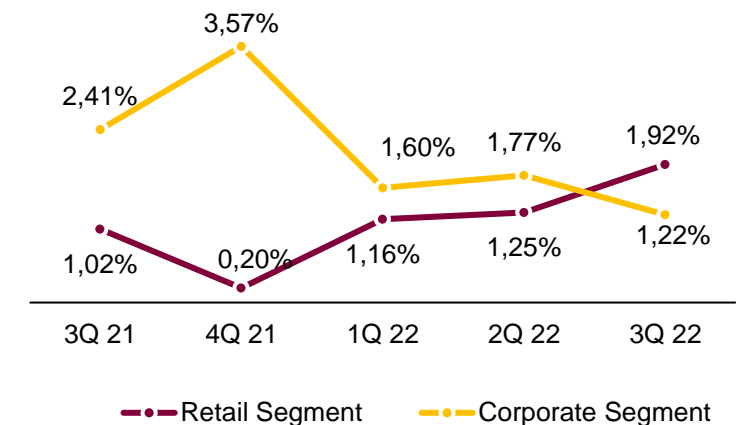
### Impaired loans – segments



### NPL provision coverage\* – segments

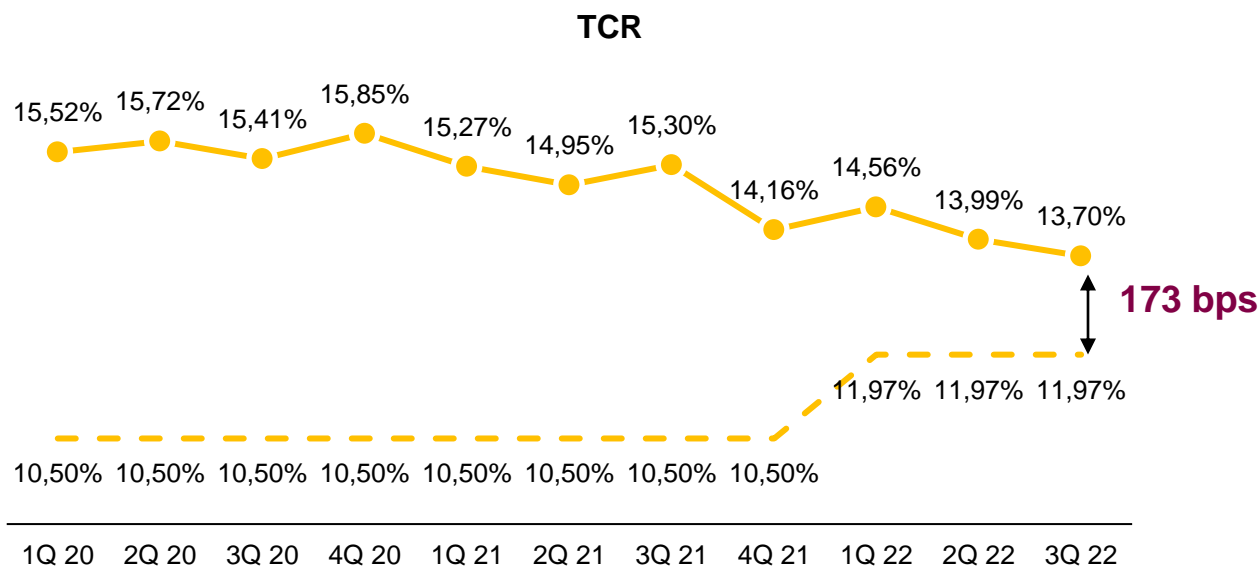
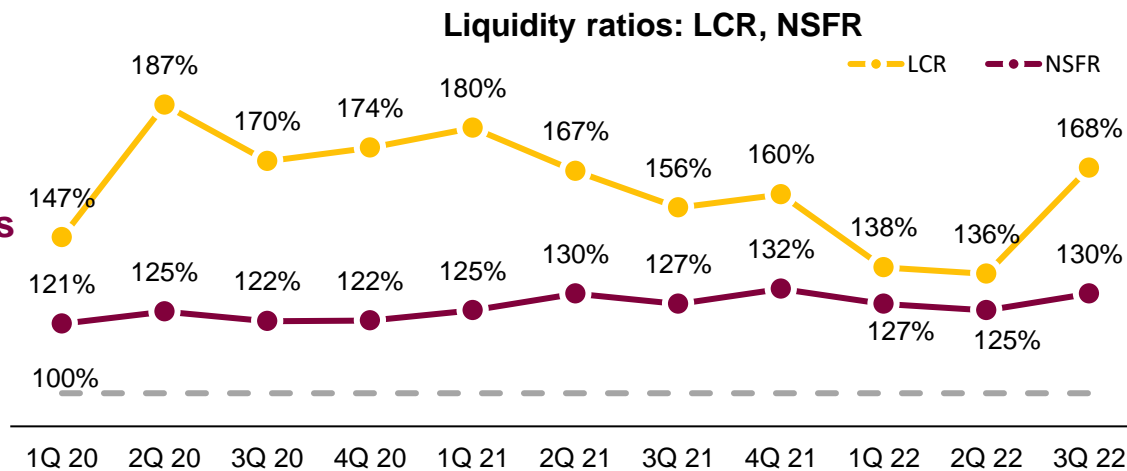
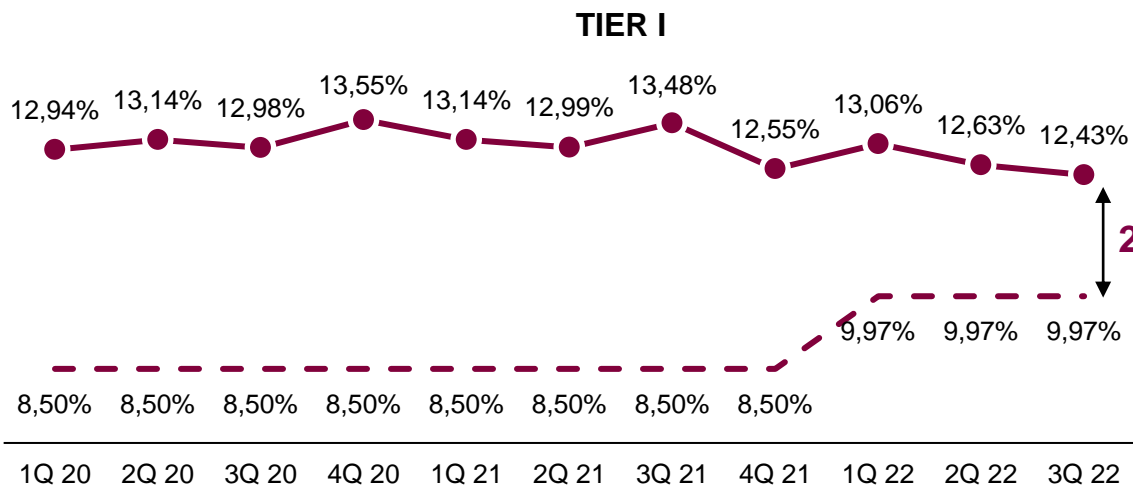


### CoR – segments\*\*

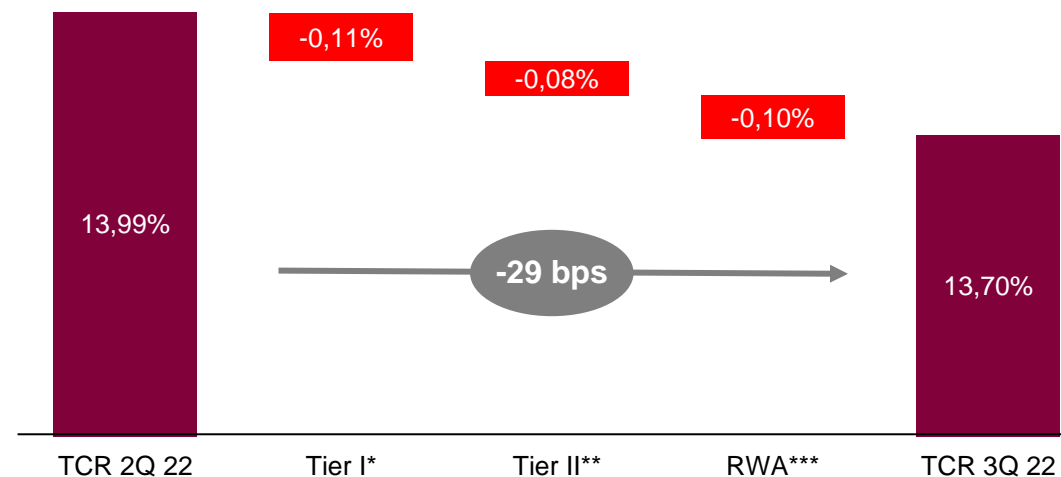


# Stable and secure position of the Bank: capital and liquidity surplus significantly above the regulatory minimum

The levels of TIER I and TCR capital adequacy ratios as at the end of 3Q 22 significantly exceed the regulatory minimum by: 246 bps (PLN 1.2 bn) and 173 bps (PLN 0.9 bn), respectively



### Decomposition of change in TCR in 3Q 22



\*Change is due from the impact of tax deferred asset and intangible assets

\*\*Change due to depreciation of subordinated bonds

\*\*\*Change of RWA results from the increase of the loan portfolio



- Innovation, digitisation, high quality of services for Customers
- Improvement of performance by increasing revenue and reducing costs
- Improvement in the loan portfolio quality
- Growing share of housing loans in the portfolio
- Negligible share of CHF housing loans in the portfolio

Coming soon...

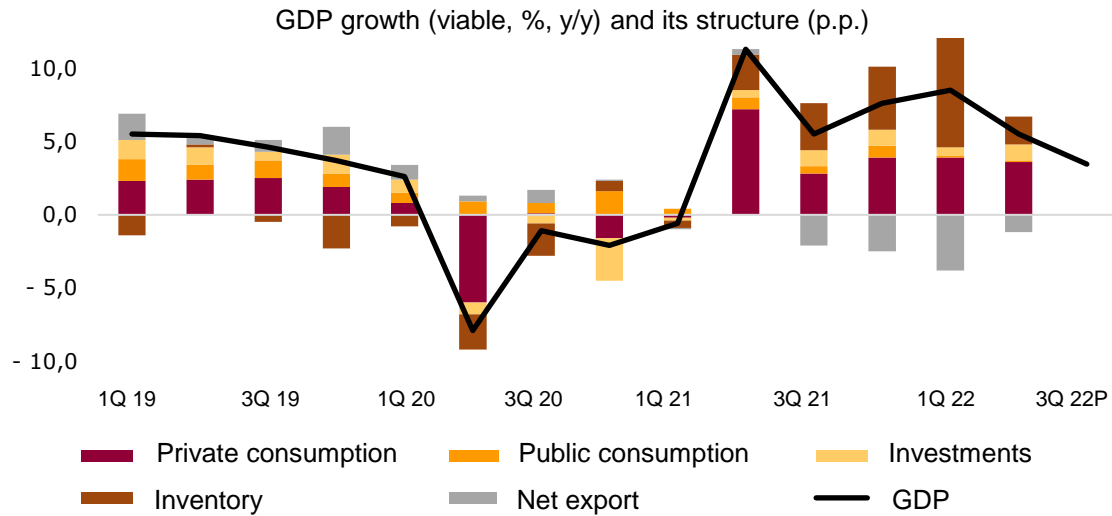
# Alior Pay



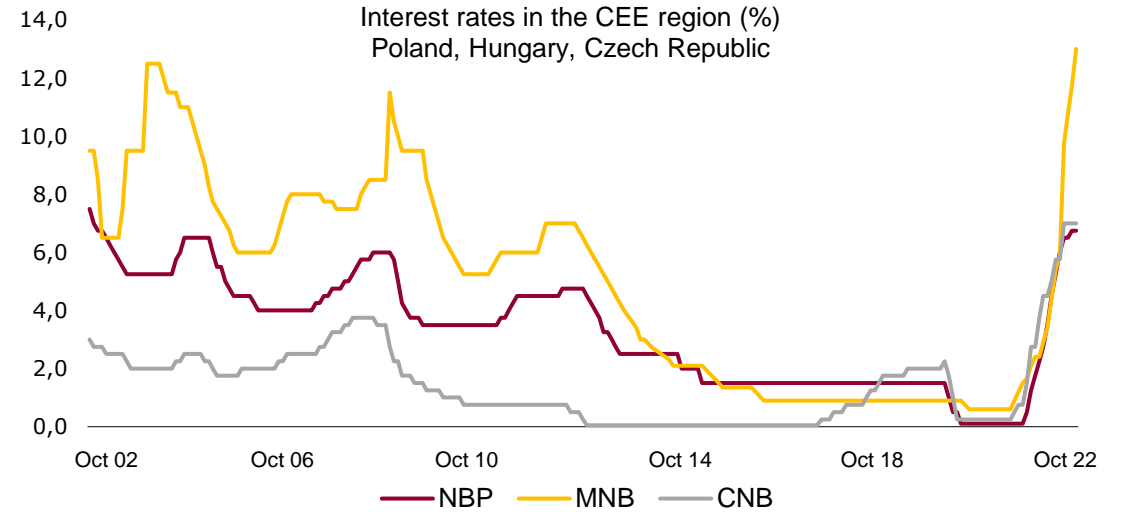
Other issues

# The pace of economic growth is slowing down, while inflation is quite the opposite

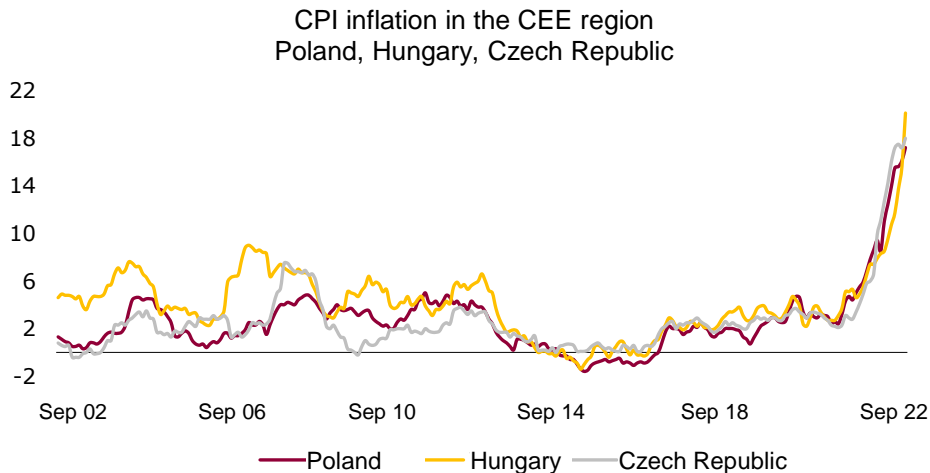
## GDP growth in 3Q 22 is declining...



## ... inter alia as a result of rapidly tightening monetary policy...



## ... in response to multi-year inflation records

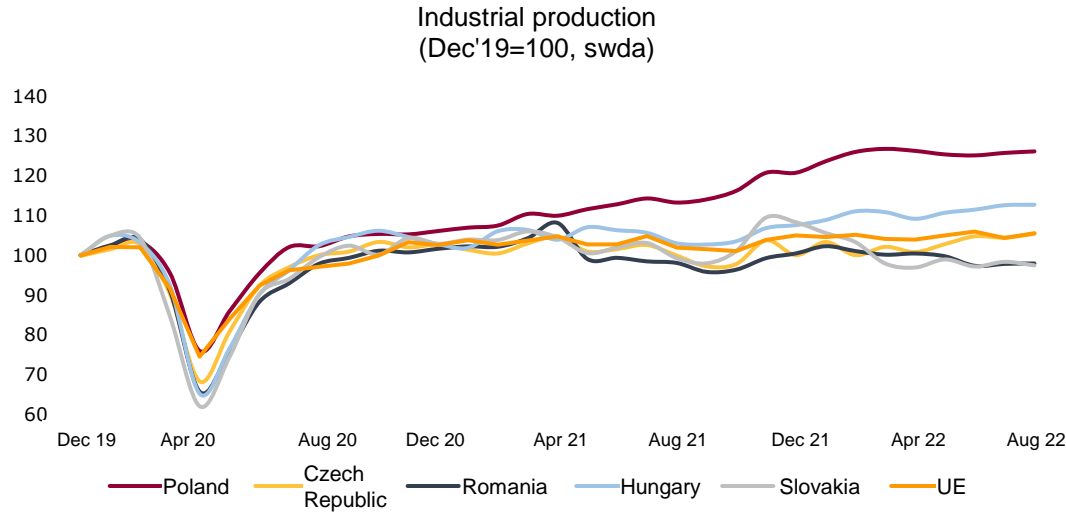


- In 3Q 22 the economic recovery slowed down due to the fading effects of the post-crisis recovery. Concurrently, the effects of the persistently high inflation and the pursued monetary policy limiting the demand are exerting an increasingly stronger impact on the economy.
- In 3Q 22, it can be expected that Poland's GDP will slow down towards 3.5% y/y after the still relatively successful 2Q, where GDP growth amounted to 5.5% y/y.
- Inflation was the key factor influencing the economic situation in 3Q 22. At the end of September, the consumer inflation index reached 17.2% y/y, and this was the highest level in over twenty years. The increase in inflationary pressure is mainly related to supply and exogenous factors (prices of raw materials, first and foremost energy, and the persistent imbalances in international trade). The past 3Q 22 also witnessed the trends boosting core inflation being more and more visible.
- In 3Q 22, real wage growth in the corporate sector remained negative, which clearly reduces the consumption potential of Polish households. Since April of this year, retail sales data, despite additional demand from Ukrainian refugees, has seen a slowdown in past trends
- In response, the National Bank of Poland continued to tighten monetary policy. The main NBP rate in August increased to 6.75%.

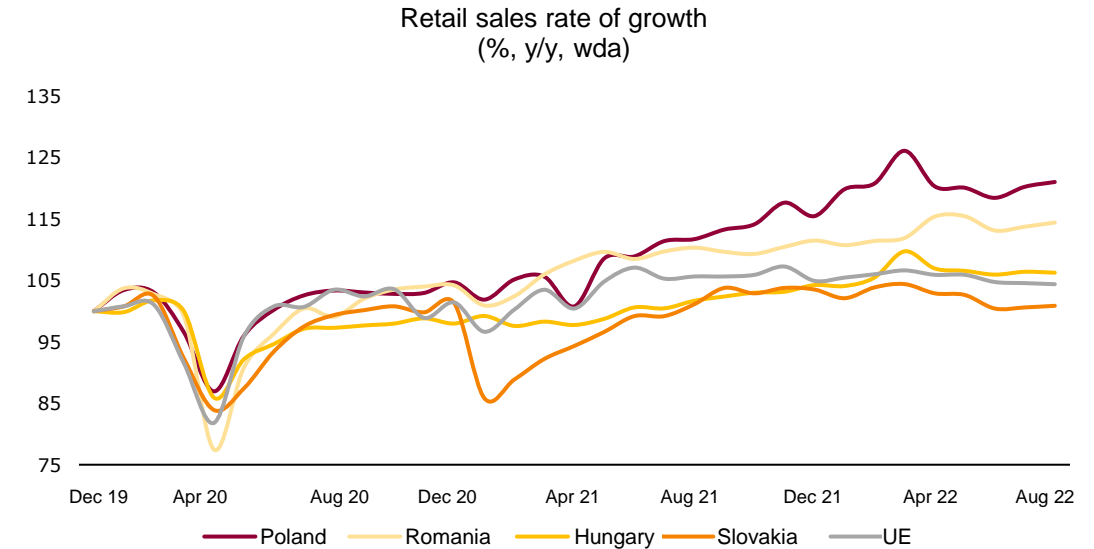


# The Polish economy remains the leader in Europe

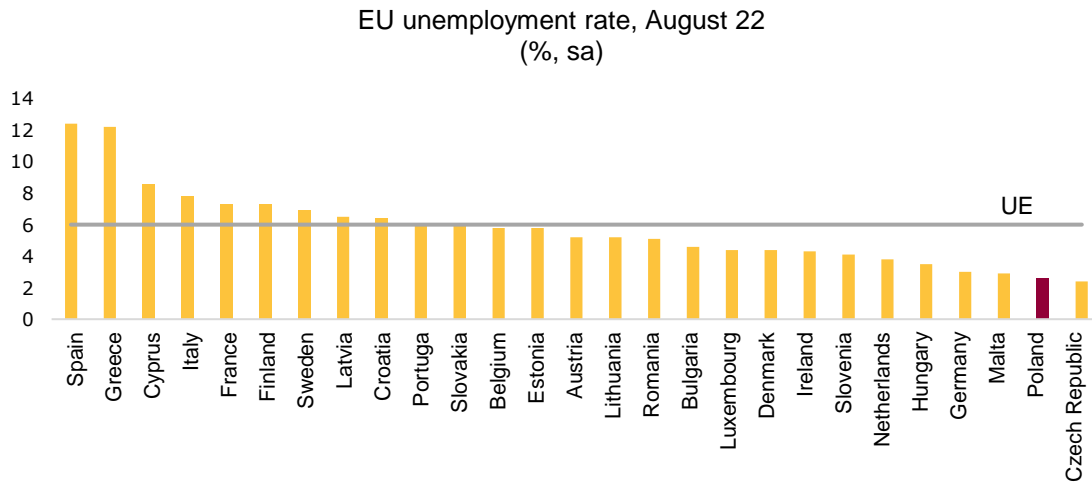
## Polish industry despite braking of the vanguard of the EU



## Amid consumption supported by the influx of immigrants



## ... and the labour market situation

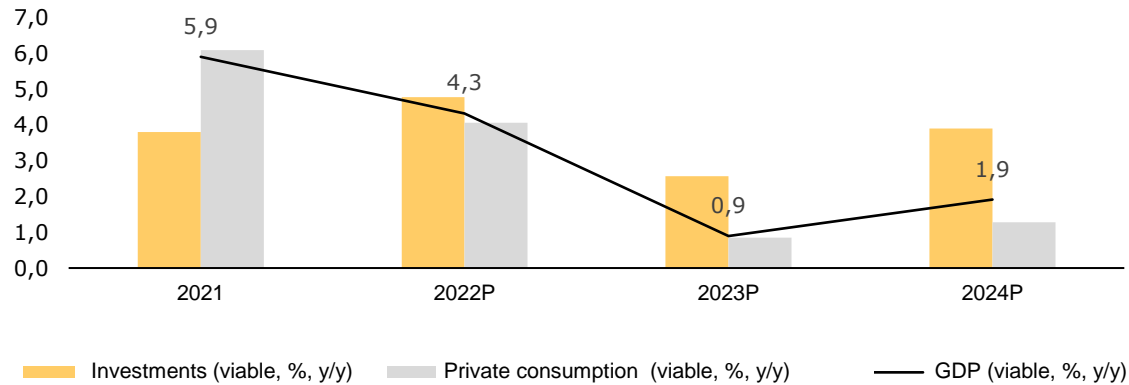


- The Polish economy is still in the lead among the economies of the region, both in the group of CEE countries and in comparison to the Eurozone. Poland's unemployment rate in August was one of the lowest in the EU
- In the euro area, the economic outlook has deteriorated significantly. High inflation, reducing the available income of households', clearly limited retail sales, and consequently, slowed down production in the industry.
- HICP inflation in the Eurozone in September hit new historical highs at 9.9% y/y. The key element of price pressures is the crisis in the energy sector, which, given the EU is cut off from Russian gas supplies, will make it more and more likely that Germany, Poland's main trading partner, will face a recession.
- In Q3, amid increasing inflationary pressures, the ECB continued monetary tightening. In September, the main interest rate increased to 0.75%. Concurrently, the ECB lays emphasis on the need to continue the cycle until the inflation has been dealt with.

# Prospects burdened by high inflation, rising interest rates and worsening global economic conditions

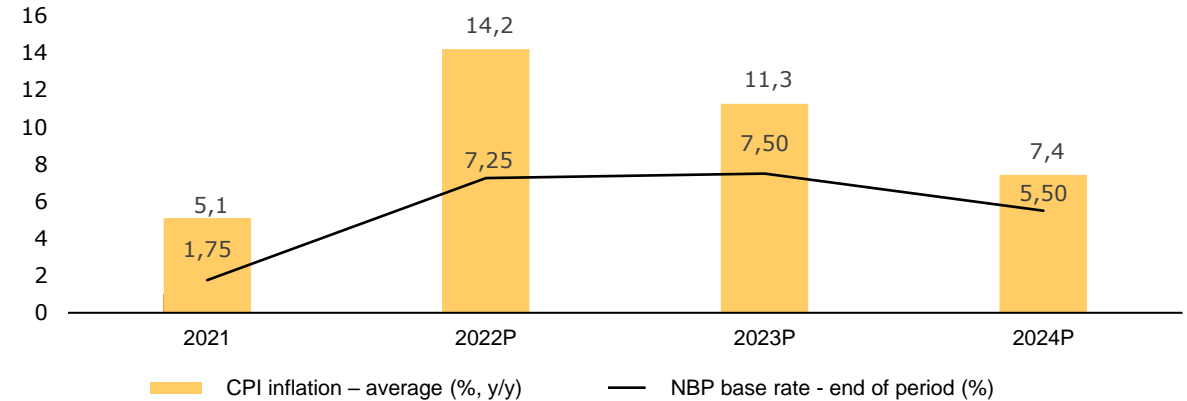
## The economic situation is slowing down

GDP dynamics y/y with main components y/y in the years



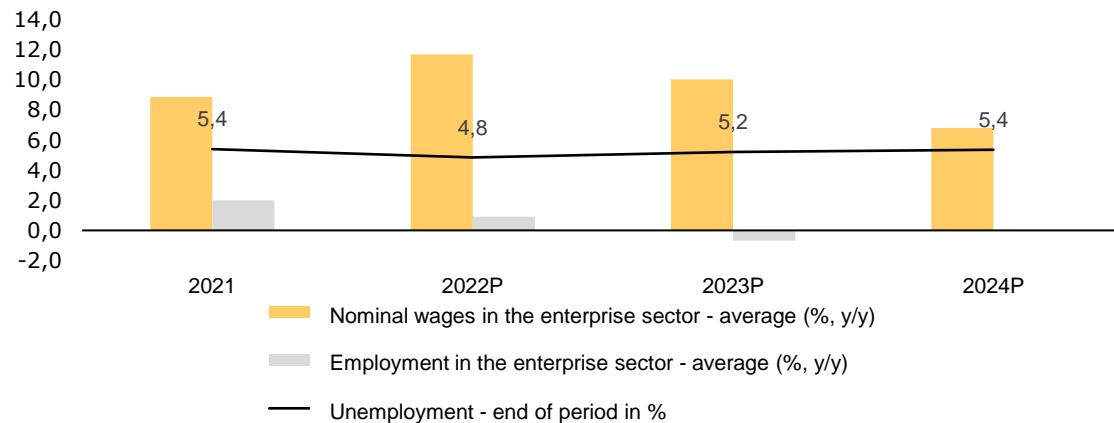
## Inflation will slow down only in 2025

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



## The labour market is moderately optimistic

Wage and employment dynamics y/y/ and unemployment rate in the years

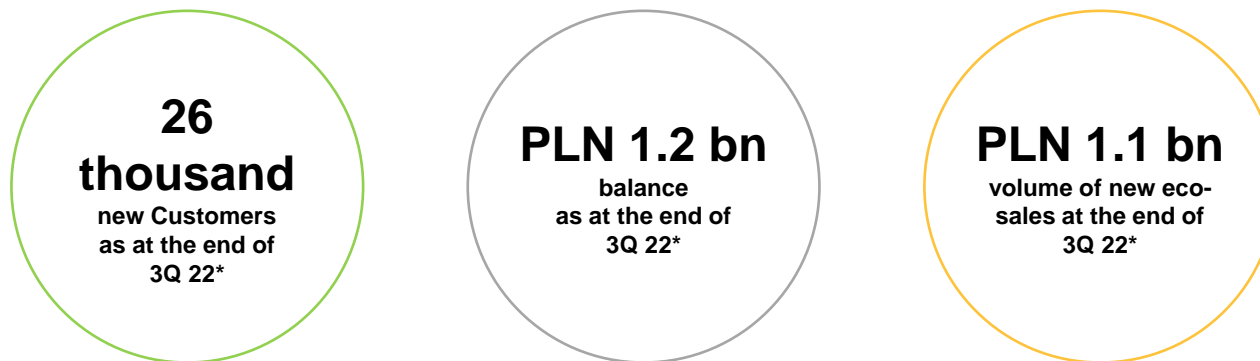


- The worldwide slowdown in economic recovery, due to the monetary policy pursued and the persistently high inflation, also pose a great challenge to the domestic economic situation.
- We assume that the domestic economy will avoid a hard landing and that GDP will continue to record positive growth in the following years. Nevertheless, economic growth could slow down to around 1% in 2023 and, excluding 2020 (pandemic), will probably be the slowest since the eurozone crisis in the first years of the previous decade
- The main challenge in the macroeconomic environment is likely to remain high inflation. The prospect of it returning to levels acceptable to the NBP (1.5%-3.5%) is a distant time horizon, probably not until 2025.
- In the lowest quarters, rising costs of living amid limited availability and higher costs of credit will limit household available income, which will significantly slow down private consumption. The decline in internal and external demand will also be felt by companies, which will, among other things, result in a reduction in investment plans
- We assume that the MPC is already approaching the end of the interest rate hike cycle. This can be inferred, among other things, from NBP communications. Although a halt of the NBP's main rate at the current level (6.75%) is not out of the question, we expect, inter alia due to external pressure (rate hikes by major central banks), that the NBP rate will still rise to around 7.5%.

# We have been successfully addressing climate-related challenges



We cooperate with:

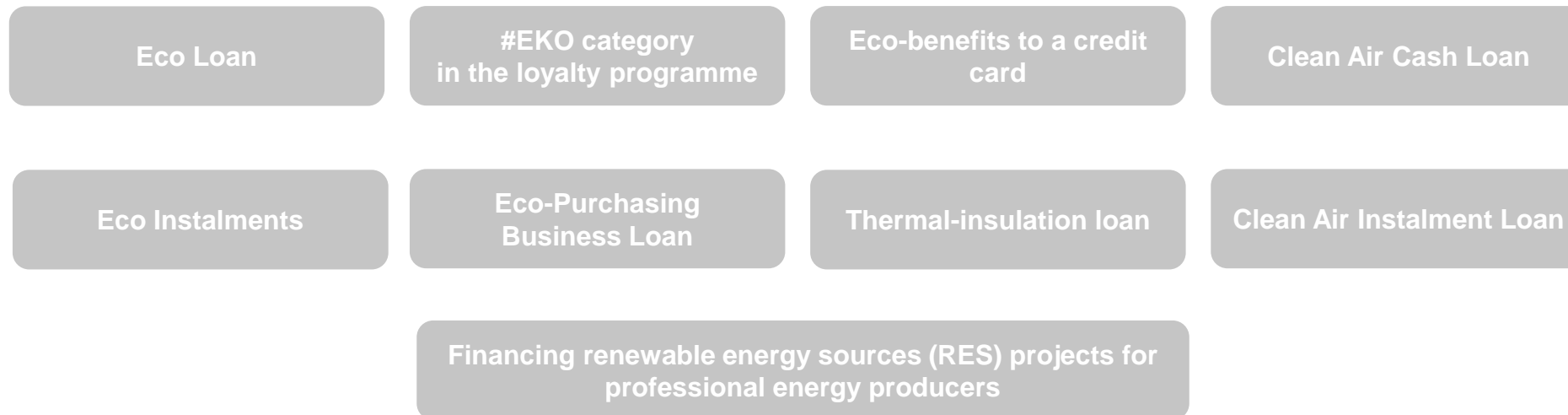


Ministerstwo Klimatu i Środowiska



WORLD BANK GROUP

## ECO OFFER in 3Q 22



# Awards and promotion of Alior Bank's offer

## Alior Bank regularly implements promotions, amenities and novelties for retails and business Customers

### Retail Customers:

- We introduced a new mortgage loan offer called *Light start*.
- We made it possible to submit applications under the *Dobry start* support scheme.
- PLN 300 start bonus with a Mastercard OK credit card.
- We provided mortgage loan simulators.
- We started using iPads to service our retail Customers.
- We introduced IKE (Individual Retirement Account)/IKZE (Individual Pension Security Account) brokerage accounts.
- We joined the group of identity providers under the *mojeID* service provided by KIR.
- We raised the interest rate on deposits by offering 7% on an annual deposit for new funds.
- *Moje PZU* Shares made available to Alior Bank Customers.

### Business Customers

- We provided entrepreneurs from Ukraine with the 4x4 business account offer.
- Persons with a corporate debit card at Alior Bank can take advantage of a 10% discount on petrol by the end of 2022.
- We provided companies with a factoring limit of up to PLN 3 million in a fast automatic process.
- We provided companies with overdraft financing for up to 3 years.
- We extended the offer addressed to companies to include local government factoring.
- We provided a quick process of financing medium and large companies – Fast Track.



For the second time in a row, Alior Bank Exchange Office was arded the **Customer's Golden Laurel** | the **“Bank Currency Exchange”** category.

## Alior Bank's Brokerage House

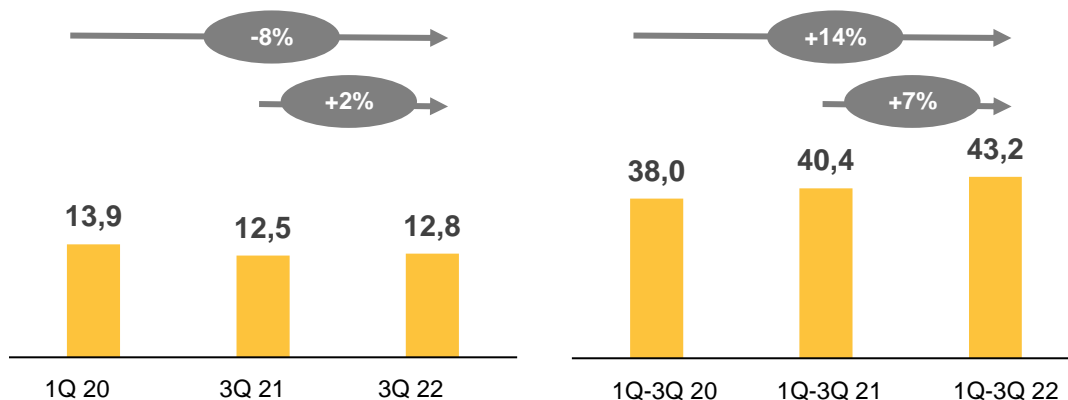


In 3Q 22, we observed significantly lower turnover on the WSE, but due to high volatility on the OTC market, we still record very positive results of the Brokerage House.

- The number of brokerage accounts amounted to **88.8 thousand** (+ 3% y/y)
- The number of Alior Trader accounts amounted to **7.2 thousand** (+11% y/y)
- Assets in Individual Consulting at **PLN 1bn** (+8% y/y)
- Sale of Structured Products 1Q-3Q 22 (gross) **PLN 530 million** (+40% y/y)
- Sale of Investment Funds in 1Q-3Q 22 (gross) **PLN 356 million** (-76% y/y)

July 2022 witnessed the introduction of the **IKE (Individual Retirement Account)/IKZE (Individual Pension Security Account) brokerage account**, and August 2022, a new partner programme, **Moje Akcje PZU**.

Brokerage House Fees and Commissions revenues (m PLN)



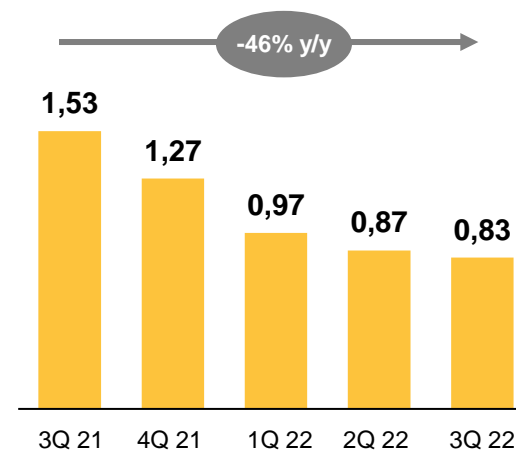
## Alior TFI



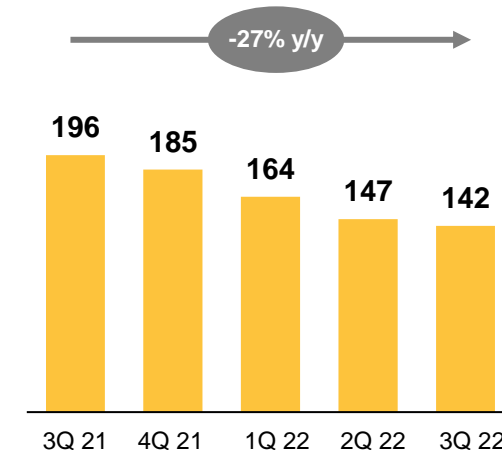
After the decrease in assets under management recorded in 4Q 21 and 1H 22, caused mainly by an increase in interest rates and, as a result, a decrease in the prices of treasury bonds, in 3Q 22 the AuM level stabilised.

In the period marked by increased outflows, the decrease in AuM recorded by Alior TFI was greater than on the market due to the dominant share of debt funds, which recorded the largest decreases. The market decline in short-term debt funds from 3Q 21 to 2Q 22 amounted to 33%, while AuM Alior TFI dropped by 43% in the corresponding period. In 3Q 22 the change of AuM in Alior TFI coincided with the change on the market – a decrease by approx. 4%.

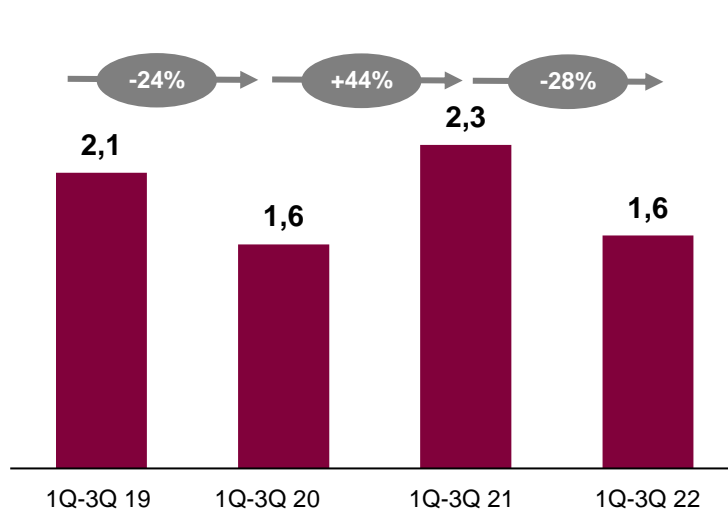
Assets under management in Alior TFI open funds (PLN billion)



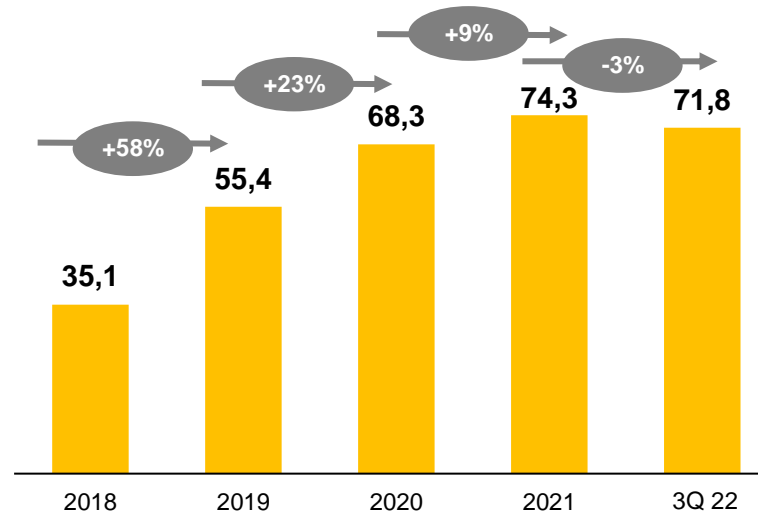
Assets under management in non-dedicated funds\* in Poland (PLN billion)



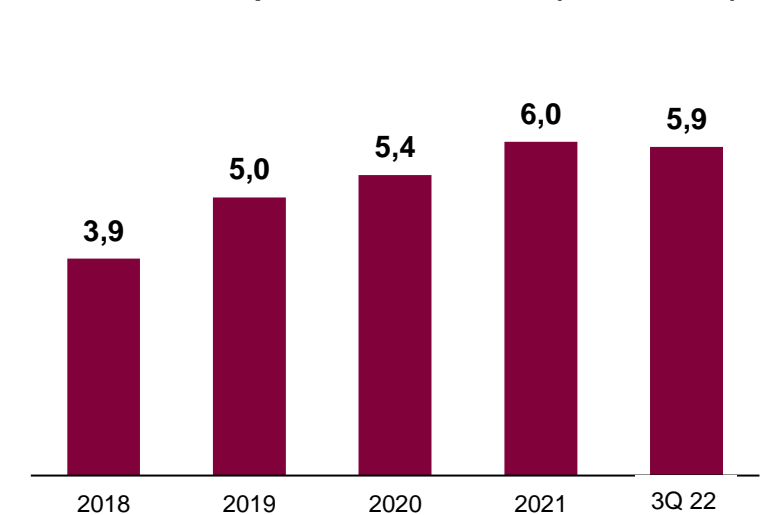
### Sale of lease and loans (PLN billion)



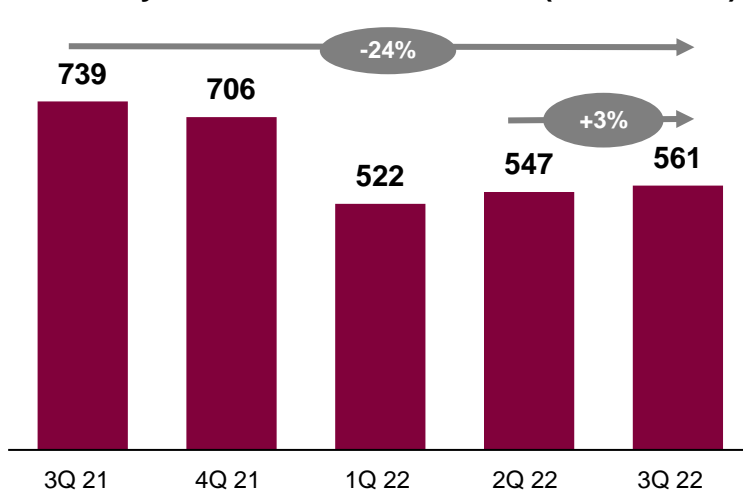
### Number of customers (in thousand)



### Lease portfolio and loans (PLN billion)



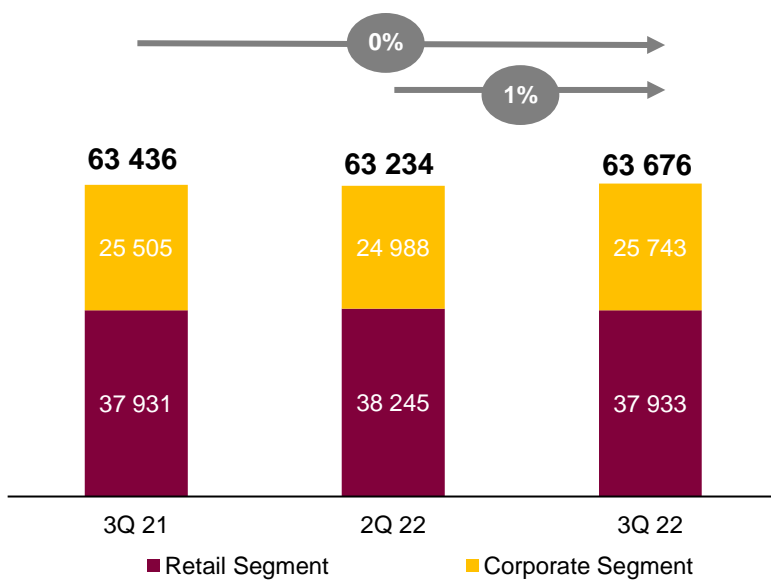
### Quarterly sale of leases and loans (PLN million)



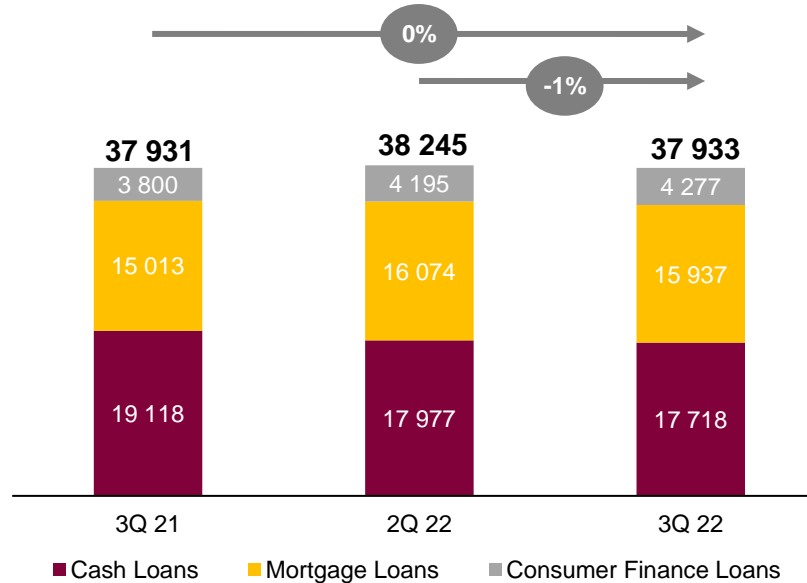
- Portfolio of leases and loans granted by Alior Leasing remains after 1Q 22 at PLN 5.9 billion
- The number of agreements concluded by Alior Leasing at the end of 3Q 22 amounted to **103 thousand (-3% y/y)**
- In 3Q 2022 Alior Leasing sales amounted to **PLN 561 million (+3% q/q)**
- The drop in sales in 3Q 22 y/y is caused, inter alia, by: (I) reduced availability of vehicles, (II) higher market interest rates, (III) reluctance of Customers to take on additional liabilities caused by the conflict in Ukraine
- The structure of financing granted was dominated by light vehicles (48%) and heavy vehicles (41%), the share of machinery and equipment was at 11%
- In 3Q 22, the Company started working on a new strategy that, starting in 2023, will allow it to be effective in addressing changes in the leasing market resulting from the pandemic and the economic consequences of the war in Ukraine. At the same time, initiatives are continued and undertaken in the field of digitisation and automation of processes and increasing the efficiency of the conducted activities. The Company also reorganised its sales structures and took steps to gain new markets.

# Gross structure of the loan portfolio – noticeable increase in the share of housing loans (PLN M)

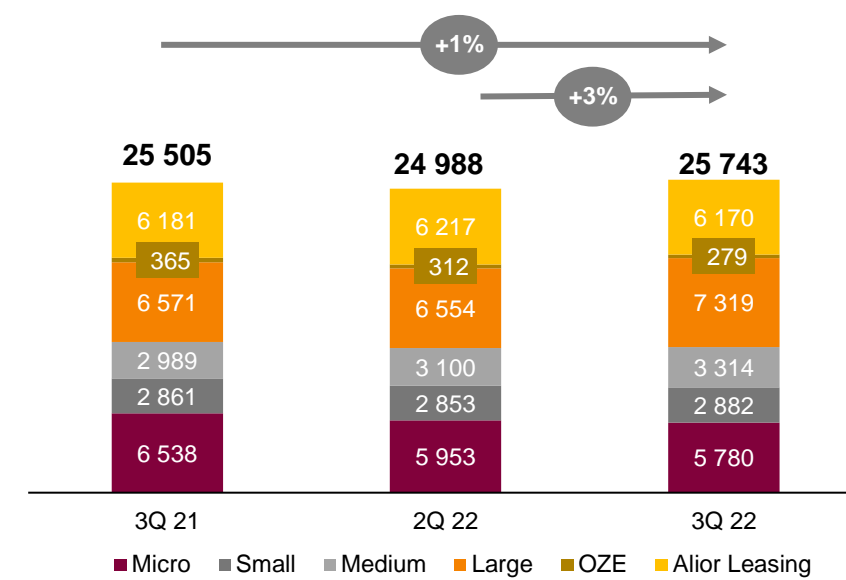
### Loan portfolio in total



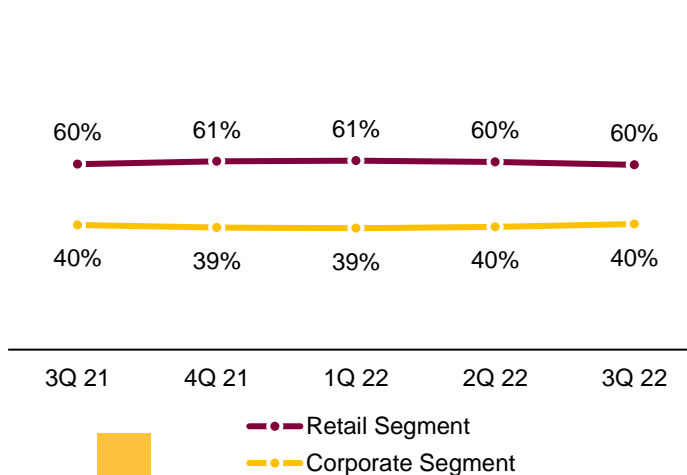
### Retail Customer Segment



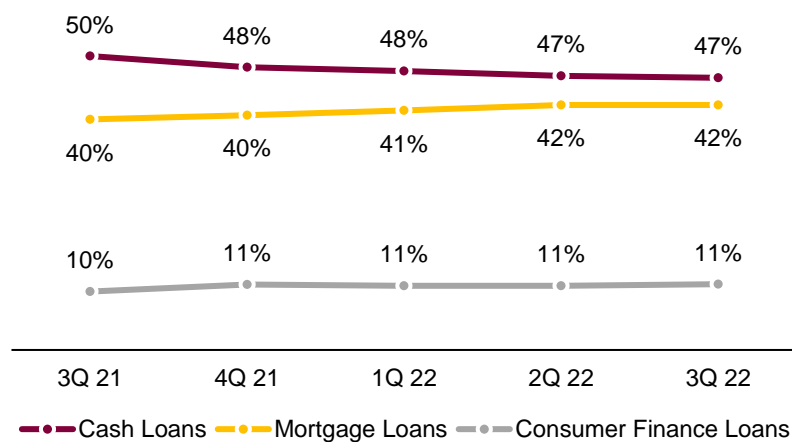
### Business Customer Segment\*



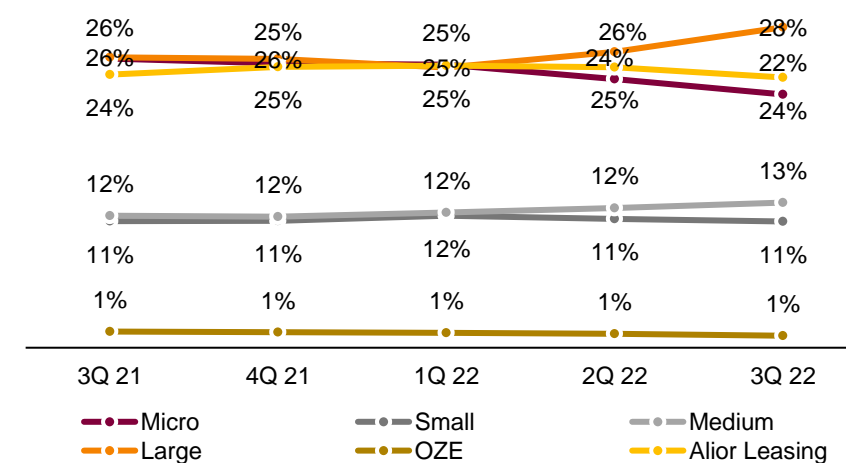
### Loan portfolio structure in total



### Structure of the Retail Customer segment



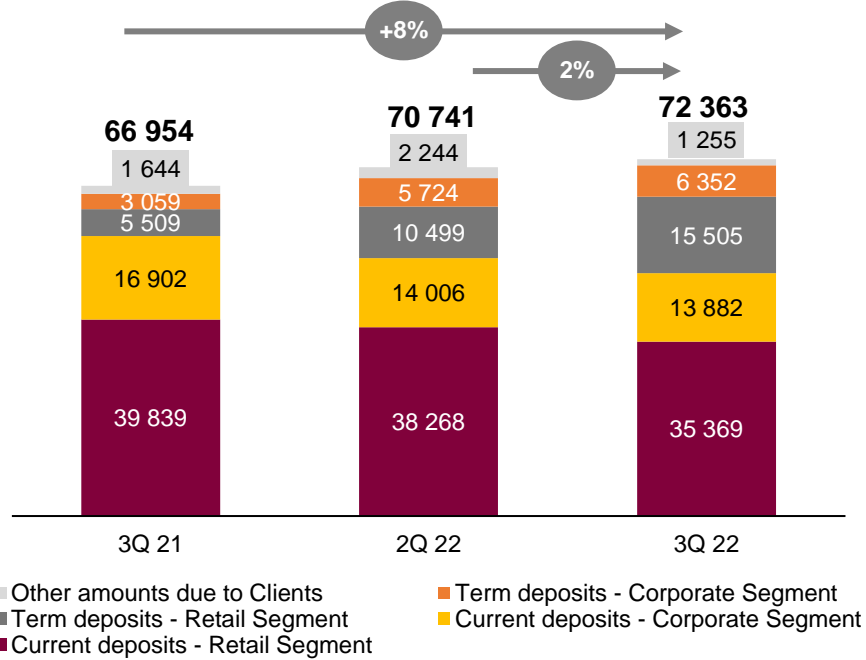
### Structure of the Business Customer segment\*



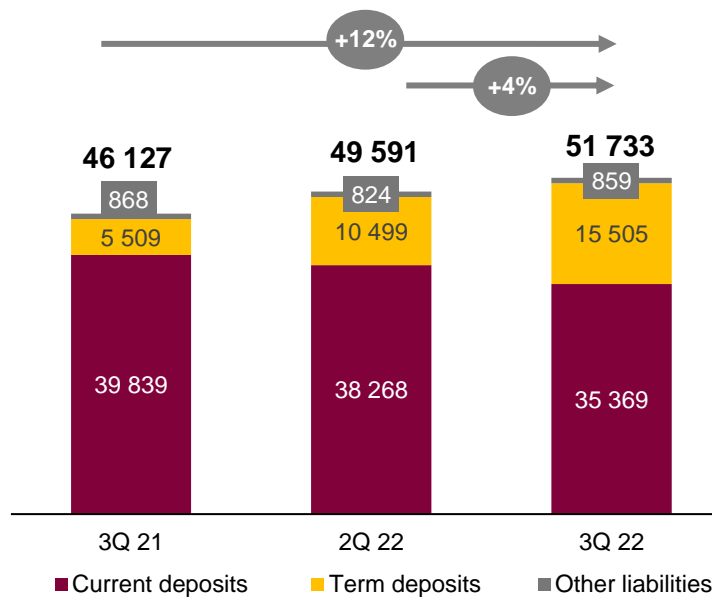
\*Managerial pattern.

# Bank adjusts its deposit portfolio to the current market situation (PLN M)

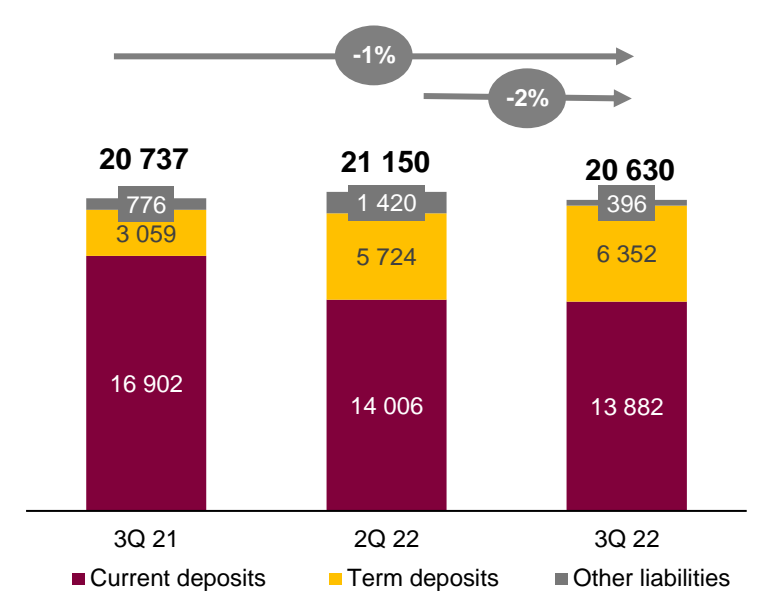
## Structure of net liabilities to Customers



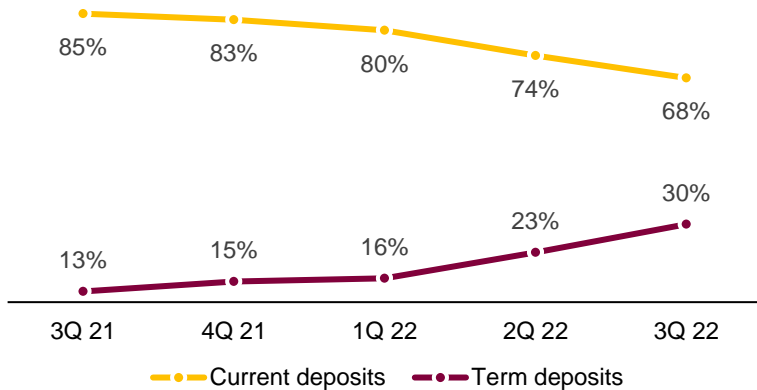
## Net liabilities structure - Retail Segment



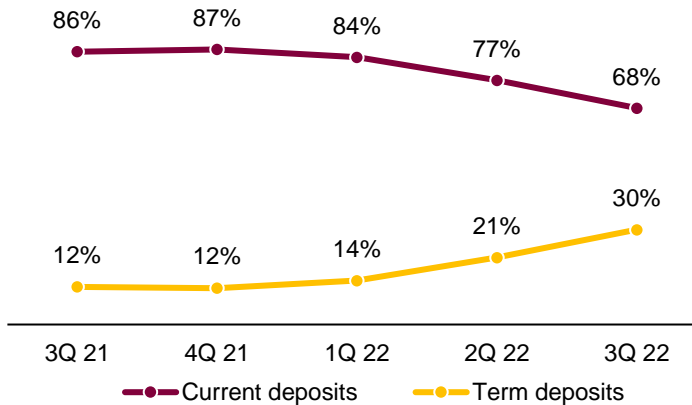
## Net liabilities structure - Business Segment



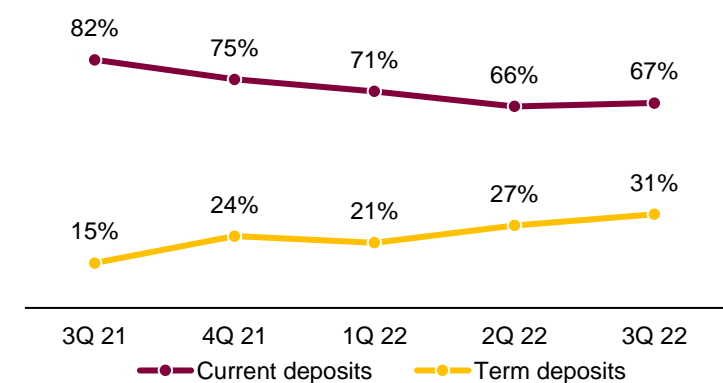
## Structure of main liabilities



## Structure of main liabilities - Retail Segment



## Structure of main liabilities - Business Segment





## One-off events affecting reported results of Alior Bank Group

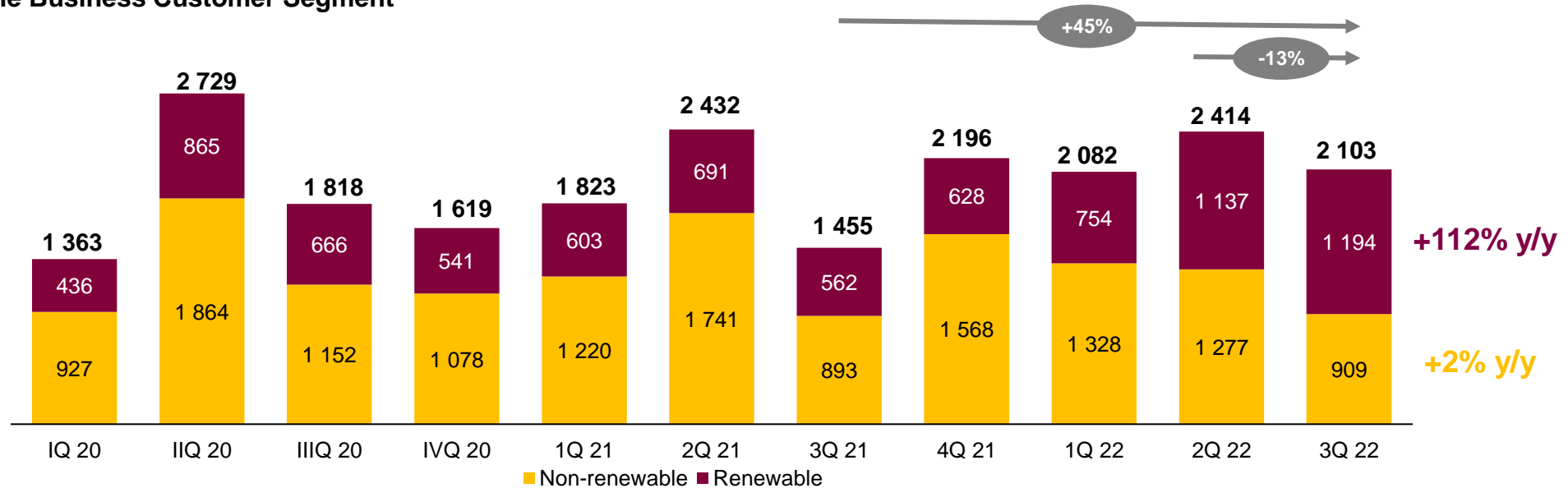
2021 (PLN M)		Impact on gross profit		Impact on net profit	
1Q					
2Q					
3Q					
4Q	Tax asset write-off related to the operations of the Bank's branch in Romania	-25	<b>-25</b>	-25	<b>-25</b>
<b>TOTAL 2021</b>			<b>-25</b>		<b>-25</b>
2022 (PLN M)		Impact on gross profit		Impact on net profit	
1Q	Non-financial assets write-off related to the operations of Bank's branch in Romania	-31	<b>-31</b>	-27	<b>-27</b>
2Q	Joining to the Protection Scheme (IPS)	-195	<b>-195</b>	-158	<b>-158</b>
3Q	Provision for cost of credit moratotia (69% participation)	-502		-407	
	Provision for refund of additional margin related to the mortgage loans	-23		-19	
	Additional payment to the Protection Scheme (IPS)	-19	<b>-597</b>	-15	<b>-494</b>
	Borrowers Support Fund contribution	-53		-53	
<b>TOTAL 1-3Q 22</b>			<b>-824</b>		<b>-679</b>

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

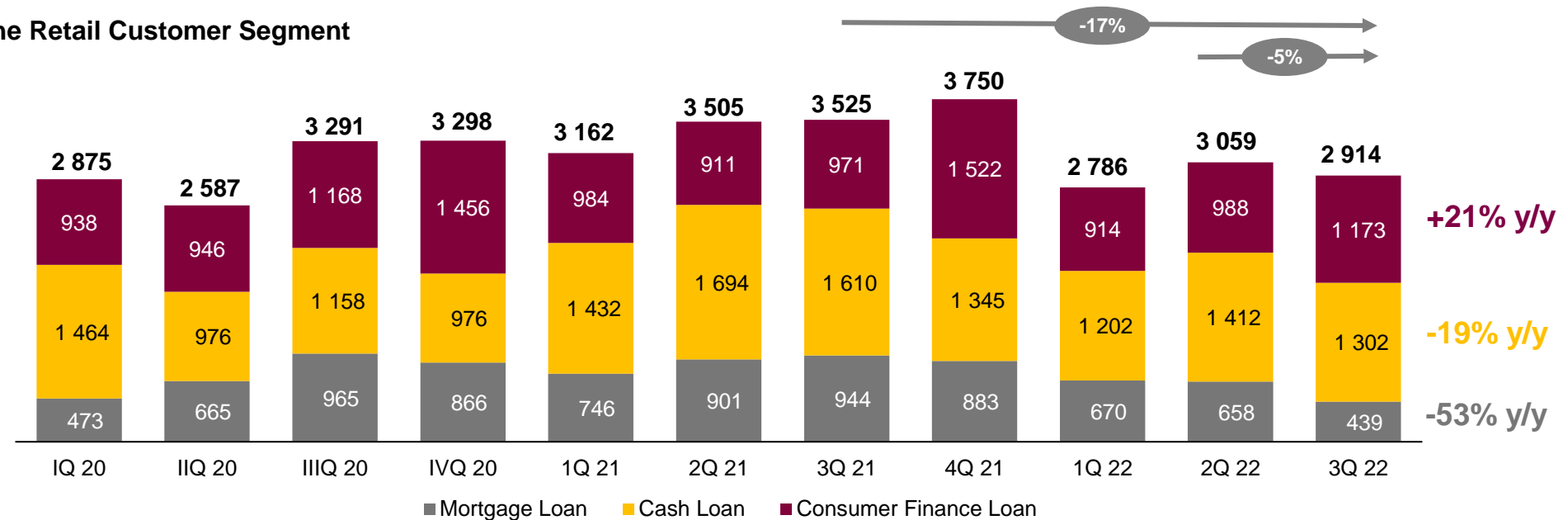
	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22	% q/q	q/q	% y/y	y/y
<b>Total assets</b>	<b>78 201,9</b>	<b>83 048,4</b>	<b>84 649,7</b>	<b>84 223,5</b>	<b>84 070,7</b>	<b>0%</b>	<b>-152,8</b>	<b>8%</b>	<b>5 868,7</b>
Cash and cash equivalents	1 645,3	3 763,4	4 989,9	4 940,2	5 428,9	10%	488,7	230%	3 783,6
Amounts due from banks	629,0	1 689,8	2 244,6	2 874,2	2 605,8	-9%	-268,4	314%	1 976,7
Investment financial assets	14 472,5	16 099,7	12 325,1	12 571,2	14 035,3	12%	1 464,1	-3%	-437,2
Derivative hedging instruments	131,9	38,8	76,2	108,1	107,8	0%	-0,3	-18%	-24,1
Loans and advances to customers	57 833,3	58 228,2	58 150,6	58 271,8	58 453,7	0%	181,9	1%	620,4
Assets pledged as collateral	602,1	130,9	3 752,9	2 140,5	240,2	-89%	-1 900,3	-60%	-361,9
Property, plant and equipment	734,0	755,2	746,9	723,6	722,8	0%	-0,8	-2%	-11,2
Intangible assets	422,6	426,6	395,7	389,4	391,2	0%	1,8	-7%	-31,4
Asset held for sale	1,7	0,0	0,0	0,0	0,0	-	0,0	-100%	-1,7
Income tax asset	1 176,3	1 302,3	1 411,0	1 523,6	1 503,3	-1%	-20,2	28%	327,1
Other assets	553,3	613,5	556,8	680,9	581,7	-15%	-99,2	5%	28,3
<b>Total liabilities and equity</b>	<b>71 601,3</b>	<b>77 129,2</b>	<b>79 070,0</b>	<b>78 902,4</b>	<b>78 624,9</b>	<b>0%</b>	<b>-277,5</b>	<b>10%</b>	<b>7 023,7</b>
Amounts due to banks	617,6	529,6	2 687,4	1 755,7	294,0	-83%	-1 461,7	-52%	-323,6
Amounts due to customers	66 953,9	72 005,7	70 779,7	70 741,1	72 363,0	2%	1 621,9	8%	5 409,2
Financial liabilities	132,6	188,1	374,1	448,0	386,5	-14%	-61,6	192%	253,9
Derivative hedging instruments	256,8	1 082,0	1 674,2	2 265,3	2 091,1	-8%	-174,2	714%	1 834,3
Provisions	285,5	290,2	288,6	265,9	258,7	-3%	-7,2	-9%	-26,7
Other liabilities	1 801,4	1 649,5	1 886,5	2 139,4	1 913,9	-11%	-225,5	6%	112,5
Income tax liabilities	17,6	36,6	71,8	127,6	146,4	15%	18,9	732%	128,8
Subordinated loans	1 536,1	1 347,4	1 307,7	1 159,4	1 171,3	1%	11,9	-24%	-364,8
<b>Equity</b>	<b>6 600,7</b>	<b>5 919,2</b>	<b>5 579,7</b>	<b>5 321,0</b>	<b>5 445,7</b>	<b>2%</b>	<b>124,7</b>	<b>-17%</b>	<b>-1 154,9</b>
Share capital	1 305,5	1 305,5	1 305,5	1 305,5	1 305,5	0%	0,0	0%	0,0
Supplementary capital	5 403,7	5 403,8	5 403,8	5 406,9	5 407,1	0%	0,2	0%	3,4
Revaluation reserve	-125,2	-906,7	-1 415,4	-1 890,0	-1 701,4	-10%	188,7	-	-1 576,2
Other reserves	161,8	161,8	161,8	161,8	161,8	0%	0,0	0%	0,0
Foreign currency translation differences	-0,4	0,0	0,0	-0,2	-1,6	598%	-1,4	296%	-1,2
Accumulated losses	-527,0	-527,2	-45,3	-48,3	-48,5	0%	-0,2	-91%	478,5
Profit for the period	382,3	481,9	169,2	385,4	322,8	-16%	-62,6	-16%	-59,5
<b>Total liabilities and equity</b>	<b>78 201,9</b>	<b>83 048,4</b>	<b>84 649,7</b>	<b>84 223,5</b>	<b>84 070,7</b>	<b>0%</b>	<b>-152,8</b>	<b>8%</b>	<b>5 868,7</b>

# New sale of loans (PLN M)

## Sales in the Business Customer Segment\*



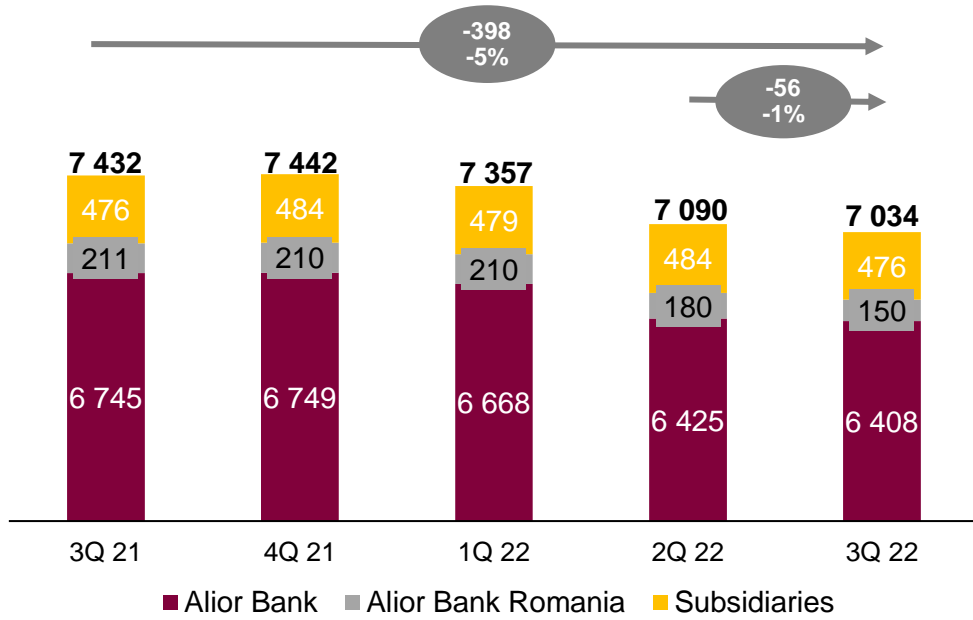
## Sales in the Retail Customer Segment



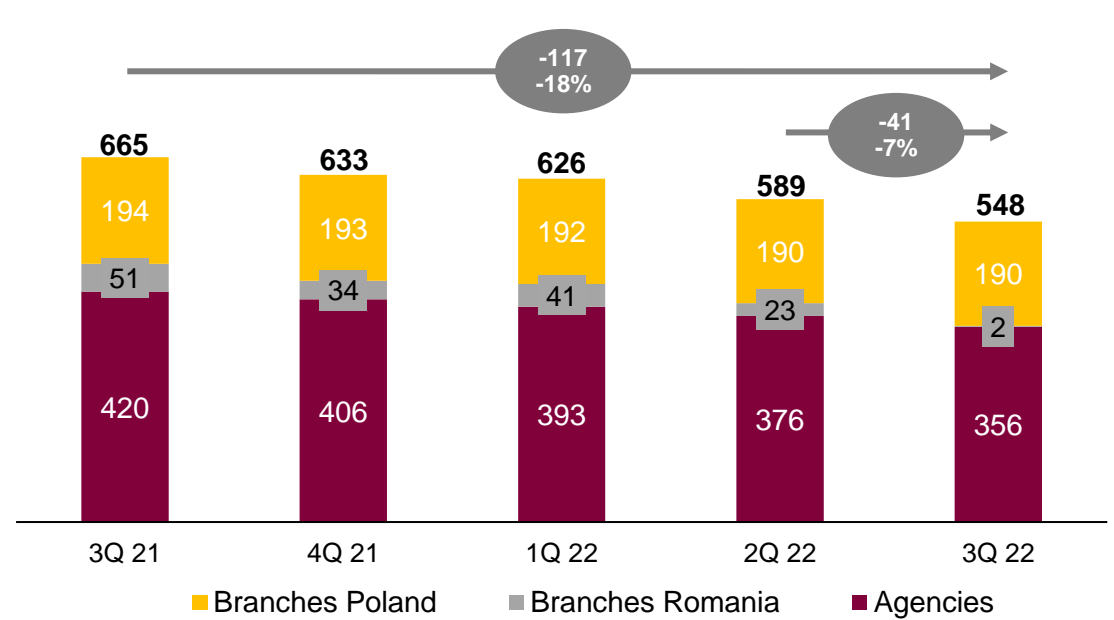
\*New sales limit (new sales + increases) for Customers in the Micro- / Small- / Medium- / Large-Sized categories

# Additional information

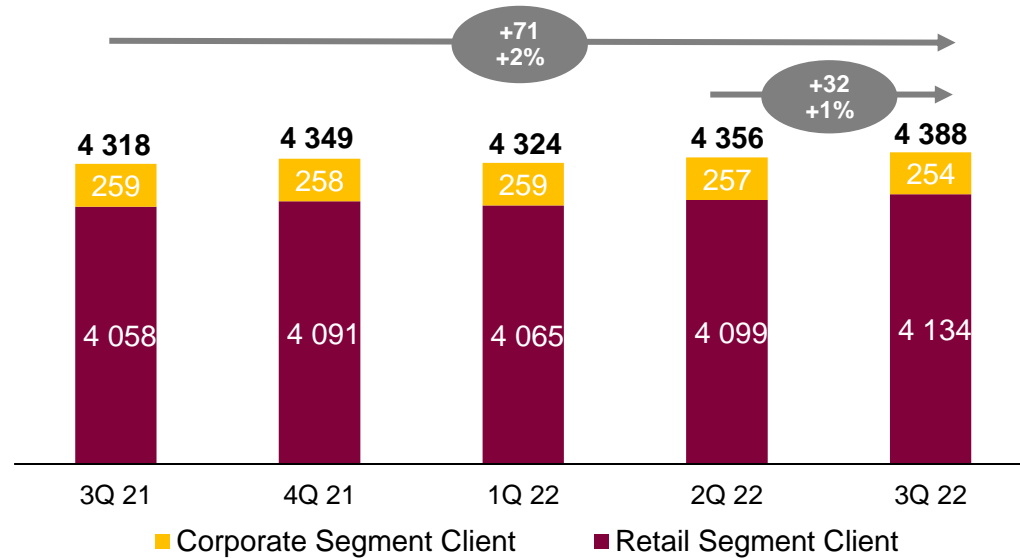
## Employment (FTEs)



## Alior Bank's branches



## Number of customers (thousand)



# Alior Bank S.A. - quotations, shareholding structure, ratings

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



**-46,2% y/y**

**WIG banki**

**-40,3% y/y**

**WIG**

**-34,6% y/y**

Alior Bank share price : **23.12 PLN**  
 (data as at September 30, 2022)  
 Capitalisation : **3.0 PLN bn**  
 Value of shares in free trade : **1.6 PLN bn**  
 P/BV<sup>\*\*</sup>: **0.6x**  
 P/E<sup>\*\*\*</sup>: **7.1x**

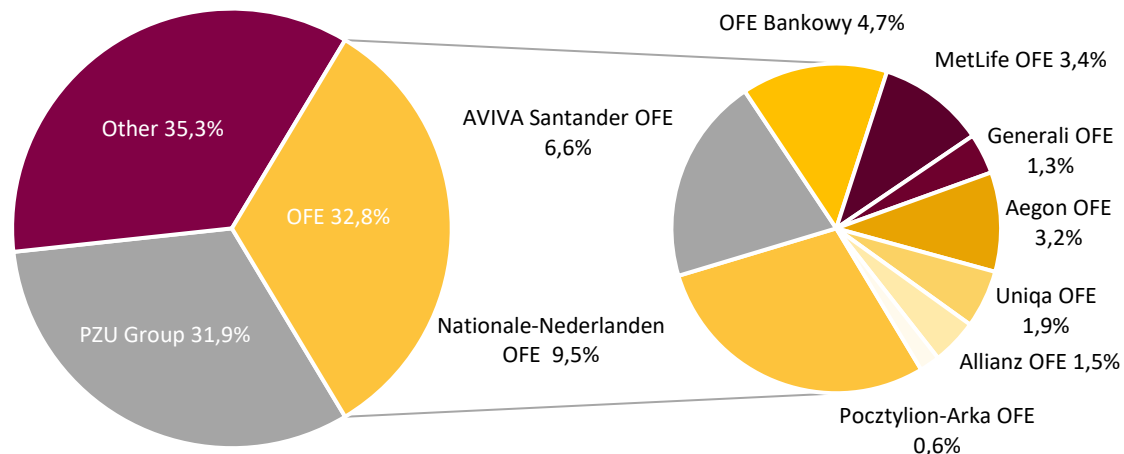
**ISIN code:** PLALIOR00045  
**WSE:** ALR  
**Bloomberg:** ALR PW  
**Reuters:** ALRR.WA

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

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

Shareholding structure\*



\*Based on the annual structure of OFE [Open Pension Fund] assets as at December 30, 2021

\*\*Equity for 3Q 22

\*\*\*Net profit for 4Q 21 and 1-3Q 22

## Contact data

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**Investor Relations and Subsidiaries**  
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02-232 Warsaw  
Poland



## More information



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## Following events:

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