



**Financial report
of the Alior Bank Spółka Akcyjna Group
for the third quarter of 2021**

Selected financial data concerning the financial statements

| PLN | 01.01.2021 - 30.09.2021 | 01.01.2020 - 31.12.2020 | 01.01.2020- 30.09.2020 | % |
|---|----------------------------|----------------------------|---------------------------|----------|
| | A | | B | (A-B)/B |
| Net interest income | 2 040 357 | 2 848 726 | 2 181 980 | -6.5% |
| Net fee and commission income | 550 676 | 635 846 | 458 857 | 20.0% |
| Trading result & other | 111 275 | 60 916 | -6 797 | -1737.1% |
| Net expected credit losses, impairment allowances and write-downs | -763 400 | -1 866 293 | -1 571 034 | -51.4% |
| General administrative expenses | -1 191 143 | -1 664 842 | -1 284 371 | -7.3% |
| Gross profit/loss | 573 465 | -206 450 | -386 583 | -248.3% |
| Net profit/loss | 382 287 | -311 233 | -431 581 | -188.6% |
| Net cash flow | -814 585 | 1 080 774 | 257 792 | -416.0% |
| Loans and advances to customers | 57 833 253 | 56 215 422 | 55 995 884 | 3.3% |
| Amounts due to customers | 66 953 853 | 66 875 907 | 65 868 133 | 1.6% |
| Equity | 6 600 662 | 6 559 602 | 6 465 676 | 2.1% |
| Total assets | 78 201 942 | 78 642 032 | 77 717 339 | 0.6% |
| Selected ratios | | | | |
| Profit/loss per ordinary share (PLN) | 2.93 | -2.38 | -3.21 | -191.1% |
| Capital adequacy ratio | 15.30% | 15.85% | 15.41% | -0.7% |
| Tier 1 | 13.48% | 13.55% | 12.98% | 3.8% |

| EUR | 01.01.2021 - 30.09.2021 | 01.01.2020 - 31.12.2020 | 01.01.2020- 30.09.2020 | % |
|---|----------------------------|----------------------------|---------------------------|----------|
| | A | | B | (A-B)/B |
| Net interest income | 447 594 | 636 701 | 491 216 | -8.9% |
| Net fee and commission income | 120 802 | 142 114 | 103 300 | 16.9% |
| Trading result & other | 24 410 | 13 615 | -1 530 | -1695.4% |
| Net expected credit losses, impairment allowances and write-downs | -167 467 | -417 123 | -353 677 | -52.6% |
| General administrative expenses | -261 302 | -372 098 | -289 143 | -9.6% |
| Gross profit/loss | 125 801 | -46 142 | -87 029 | -244.6% |
| Net profit/loss | 83 862 | -69 562 | -97 159 | -186.3% |
| Net cash flow | -178 696 | 241 557 | 58 035 | -407.9% |
| Loans and advances to customers | 12 483 165 | 12 181 551 | 12 369 860 | 0.9% |
| Amounts due to customers | 14 451 823 | 14 491 615 | 14 550 705 | -0.7% |
| Equity | 1 424 737 | 1 421 427 | 1 428 311 | -0.3% |
| Total assets | 16 879 696 | 17 041 265 | 17 168 273 | -1.7% |
| Selected ratios | | | | |
| Profit/loss per ordinary share (PLN) | 0.64 | -0.53 | -0.72 | -188.9% |
| Capital adequacy ratio | 15.30% | 15.85% | 15.41% | -0.7% |
| Tier 1 | 13.48% | 13.55% | 12.98% | 3.8% |

| Selected items of the financial statements were translated into EUR at the following exchange rates | 30.09.2021 | 31.12.2020 | 30.09.2020 |
|---|------------|------------|------------|
| NBP's average exchange rate as at the end of the period | 4.6329 | 4.6148 | 4.5268 |
| NBP's average exchange rates as at the last day of each month | 4.5585 | 4.4742 | 4.4420 |

Selected financial indicators

| | 30.09.2021 | 30.09.2020 | (A-B) [p.p] | (A-B)/B [%] |
|--------------|------------|------------|-------------|-------------|
| | A | B | | |
| ROE | 7.8% | -8.7% | 16.50 | -189.66% |
| ROA | 0.7% | -0.7% | 1.40 | -200.00% |
| C/I | 44.1% | 48.8% | -4.70 | -9.63% |
| CoR | 1.61% | 3.24% | -1.63 | -50.31% |
| L/D | 86.4% | 85.0% | 1.40 | 1.65% |
| NPL | 12.75% | 15.15% | -2.40 | -15.84% |
| NPL coverage | 55.87% | 53.55% | 2.32 | 4.33% |
| TCR | 15.30% | 15.41% | -0.11 | -0.71% |
| TIER 1 | 13.48% | 12.98% | 0.50 | 3.85% |



**Interim condensed consolidated
financial statements
of the Alior Bank Spółka Akcyjna Group
for 9-month period ended 30 September 2021**

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

Table of Contents

| | |
|---|----|
| Interim condensed consolidated statement of comprehensive income..... | 6 |
| Interim condensed consolidated statement of financial position | 7 |
| Interim condensed consolidated statement of changes in consolidated equity..... | 8 |
| Interim condensed consolidated statement of cash flows | 9 |
| Notes to the interim condensed consolidated financial statements..... | 10 |
| 1 Information about the Bank and the Group | 10 |
| 2 Accounting principles | 13 |
| 3 Operating segments | 17 |
| Notes to the interim condensed consolidated income statement..... | 19 |
| 4 Net interest income..... | 19 |
| 5 Net fee and commission income..... | 20 |
| 6 The result on financial assets measured at fair value through profit or loss and FX result..... | 21 |
| 7 The result on derecognition of financial instruments not measured at fair value through profit or loss..... | 22 |
| 8 Result on other operating income and expense | 22 |
| 9 General administrative expenses | 22 |
| 10 Net expected credit losses..... | 23 |
| 11 The result on impairment of non-financial assets..... | 23 |
| 12 Banking Tax..... | 23 |
| 13 Income tax..... | 24 |
| 14 Profit per share..... | 24 |
| Notes to the interim condensed consolidated statement of financial position..... | 25 |
| 15 Cash and cash equivalents..... | 25 |
| 16 Amounts due from banks..... | 25 |
| 17 Investment financial assets..... | 25 |
| 18 Loans and advances to customers..... | 26 |
| 19 Other assets | 33 |
| 20 Assets pledged as collateral..... | 34 |
| 21 Amounts due to banks..... | 34 |
| 22 Amounts due to customers..... | 34 |
| 23 Provisions..... | 35 |
| 24 Other liabilities | 36 |
| 25 Financial liabilities..... | 36 |
| 26 Subordinated liabilities..... | 37 |
| 27 Off-balance sheet items..... | 37 |
| 28 Fair value hierarchy | 37 |
| 29 Transactions with related entities..... | 43 |
| 30 Benefits for the for senior executives..... | 46 |
| 31 Legal claims..... | 47 |
| 32 Total capital adequacy ratio and Tier 1 ratio..... | 48 |
| 33 Purchases and disposals of property, plant and equipment and intangible assets..... | 49 |
| 34 Coverage of loss for 2020 | 50 |
| 35 Risk management..... | 50 |
| 36 Events significant to the business operations of the Group..... | 52 |
| 37 Significant events after the end of the reporting period..... | 52 |
| 38 Financial forecast..... | 52 |

Interim condensed consolidated income statement

| | Note number | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|---|-------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Interest income calculated using the effective interest method | | 697 571 | 2 049 239 | 726 585 | 2 483 553 |
| Income of a similar nature | | 52 444 | 163 361 | 54 324 | 115 114 |
| Interest expense | | -46 495 | -172 243 | -97 794 | -416 687 |
| Net interest income | 4 | 703 520 | 2 040 357 | 683 115 | 2 181 980 |
| Fee and commission income | | 380 365 | 1 041 963 | 329 428 | 893 025 |
| Fee and commission expense | | -190 777 | -491 287 | -160 326 | -434 168 |
| Net fee and commission income | 5 | 189 588 | 550 676 | 169 102 | 458 857 |
| Dividend income | | 120 | 397 | 373 | 594 |
| The result on financial assets measured at fair value through profit or loss and FX result | 6 | 28 061 | 81 230 | 19 743 | 36 086 |
| The result on derecognition of financial instruments not measured at fair value through profit or loss | 7 | 3 499 | 5 793 | 9 472 | 36 090 |
| measured at fair value through other comprehensive income | | 3 471 | 3 789 | 9 409 | 12 216 |
| measured at amortized cost | | 28 | 2 004 | 63 | 23 874 |
| Other operating income | | 34 892 | 112 145 | 31 438 | 99 654 |
| Other operating expenses | | -41 423 | -88 290 | -20 573 | -179 221 |
| Net other operating income and expenses | 8 | -6 531 | 23 855 | 10 865 | -79 567 |
| General administrative expenses | 9 | -393 872 | -1 191 143 | -407 800 | -1 284 371 |
| Net expected credit losses | 10 | -251 729 | -760 194 | -289 343 | -1 500 642 |
| The result on impairment of non-financial assets | 11 | -1 330 | -3 206 | -1 802 | -70 392 |
| Banking tax | 12 | -58 031 | -174 300 | -55 329 | -165 218 |
| Gross profit/loss | | 213 295 | 573 465 | 138 396 | -386 583 |
| Income tax | 13 | -62 913 | -191 178 | -47 735 | -33 071 |
| Net profit/loss continued operations | | 150 382 | 382 287 | 90 661 | -419 654 |
| Profit/loss from discontinued operations | | 0 | 0 | -8 875 | -11 927 |
| Net profit/loss attributable to equity holders of the parent | | 150 382 | 382 287 | 81 786 | -431 581 |
| Net profit/loss attributable to non-controlling interests | | 0 | 0 | 0 | 0 |
| Weighted average number of ordinary shares | 14 | 130 553 991 | 130 553 991 | 130 553 991 | 130 553 991 |
| Net profit/loss per share (PLN) | 14 | 1.15 | 2.93 | 0.69 | -3.21 |
| Diluted profit per ordinary share (PLN) | | 1.15 | 2.93 | 0.69 | -3.20 |

Interim condensed consolidated statement of comprehensive income

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Net profit/loss continued operations | 150 382 | 382 287 | 90 661 | -419 654 |
| Profit/loss from discontinued operations | 0 | 0 | -8 875 | -11 927 |
| Net profit/loss total | 150 382 | 382 287 | 81 786 | -431 581 |
| Items that may be reclassified to the income statement after certain conditions are satisfied | -131 865 | -341 312 | 16 539 | 160 065 |
| Foreign currency translation differences | -698 | 1 206 | -350 | -1 113 |
| Results of the measurement of financial assets (net) | 519 | -21 356 | 21 591 | 19 272 |
| Profit/loss on valuation of financial assets measured at fair value through other comprehensive income | 647 | -26 371 | 26 657 | 23 788 |
| Deferred tax | -128 | 5 015 | -5 066 | -4 516 |
| Results on the measurement of hedging instruments (net) | -131 686 | -321 162 | -4 702 | 141 906 |
| Gains/losses on hedging instruments | -162 576 | -396 497 | -5 806 | 175 192 |
| Deferred tax | 30 890 | 75 335 | 1 104 | -33 286 |
| Total comprehensive income. net | 18 517 | 40 975 | 98 325 | -271 516 |
| - attributable to shareholders of the parent company | 18 517 | 40 975 | 98 325 | -271 516 |

The notes presented on pages 10-52 constitute an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of financial position

| ASSETS | Note number | 30.09.2021 | 31.12.2020 |
|---|-------------|-------------------|-------------------|
| Cash and cash equivalents | 15 | 1 645 316 | 2 459 901 |
| Amounts due from banks | 16 | 629 025 | 508 371 |
| Investment financial assets | 17 | 14 472 487 | 15 744 672 |
| measured at fair value through other comprehensive income | | 7 384 497 | 6 983 904 |
| measured at fair value through profit or loss | | 373 762 | 594 926 |
| measured at amortized cost | | 6 714 228 | 8 165 842 |
| Derivative hedging instruments | | 131 902 | 334 977 |
| Loans and advances to customers | 18 | 57 833 253 | 56 215 422 |
| Assets pledged as collateral | 20 | 602 101 | 446 455 |
| Property, plant and equipment | | 733 987 | 702 381 |
| Intangible assets | | 422 576 | 425 109 |
| Investments in associates | | 0 | 5 333 |
| Non-current assets held for sale | | 1 689 | 3 |
| Income tax asset | 13 | 1 176 257 | 1 218 282 |
| deferred income tax asset | | 16 | 59 572 |
| current income tax asset | | 1 176 241 | 1 158 710 |
| Other assets | 19 | 553 349 | 581 126 |
| TOTAL ASSETS | | 78 201 942 | 78 642 032 |

| LIABILITIES AND EQUITY | Note number | 30.09.2021 | 31.12.2020 |
|--|-------------|-------------------|-------------------|
| Amounts due to banks | 21 | 617 593 | 912 407 |
| Amounts due to customers | 22 | 66 953 853 | 66 875 907 |
| Financial liabilities | 25 | 132 553 | 501 880 |
| Derivative hedging instruments | | 256 753 | 86 162 |
| Provisions | 23 | 285 467 | 336 560 |
| Other liabilities | 24 | 1 801 406 | 1 569 867 |
| Income tax liabilities | | 17 600 | 6 685 |
| current income tax liabilities | | 16 855 | 6 046 |
| deferred income tax liabilities | | 745 | 639 |
| Subordinated liabilities | 26 | 1 536 055 | 1 792 962 |
| Total liabilities | | 71 601 280 | 72 082 430 |
| Share capital | | 1 305 540 | 1 305 540 |
| Supplementary capital | | 5 403 661 | 5 399 627 |
| Revaluation reserve | | -125 188 | 217 330 |
| Other reserves | | 161 788 | 161 792 |
| Foreign currency translation differences | | -414 | -1 620 |
| Accumulated losses | | -527 012 | -211 834 |
| Profit/loss for the period | | 382 287 | -311 233 |
| Equity | | 6 600 662 | 6 559 602 |
| TOTAL LIABILITIES AND EQUITY | | 78 201 942 | 78 642 032 |

The notes presented on pages 10-52 constitute an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in consolidated equity

| 01.01.2021 - 30.09.2021 | Share capital | Supplementary capital | Other reserves | Revaluation reserve | Exchange differences on revaluation of foreign units | Retained earnings | Total equity |
|--|------------------|-----------------------|----------------|---------------------|--|-------------------|------------------|
| 1 January 2021 | 1 305 540 | 5 399 627 | 161 792 | 217 330 | -1 620 | -523 067 | 6 559 602 |
| Transfer of last year's profit | 0 | 4 034 | 0 | 0 | 0 | -4 034 | 0 |
| Comprehensive income | 0 | 0 | 0 | -342 518 | 1 206 | 382 287 | 40 975 |
| net profit | 0 | 0 | 0 | 0 | 0 | 382 287 | 382 287 |
| other comprehensive income: | 0 | 0 | 0 | -342 518 | 1 206 | 0 | -341 312 |
| incl. financial assets measured at fair value through other comprehensive income | 0 | 0 | 0 | -21 356 | 0 | 0 | -21 356 |
| incl. hedging instruments | 0 | 0 | 0 | -321 162 | 0 | 0 | -321 162 |
| incl. currency translation differences | 0 | 0 | 0 | 0 | 1 206 | 0 | 1 206 |
| Other changes in equity | 0 | 0 | -4 | 0 | 0 | 89 | 85 |
| 30 September 2021 | 1 305 540 | 5 403 661 | 161 788 | -125 188 | -414 | -144 725 | 6 600 662 |

| 01.01.2020 - 31.12.2020 | Share capital | Supplementary capital | Other reserves | Revaluation reserve | Exchange differences on revaluation of foreign units | Retained earnings | Total equity |
|--|------------------|-----------------------|----------------|---------------------|--|-------------------|------------------|
| 1 January 2020 | 1 305 540 | 5 393 358 | 166 850 | 76 404 | 605 | -205 389 | 6 737 368 |
| Transfer of last year's profit | 0 | 6 269 | 0 | 0 | 0 | -6 269 | 0 |
| Comprehensive income | 0 | 0 | 0 | 140 926 | -2 225 | -311 233 | -172 532 |
| net loss | 0 | 0 | 0 | 0 | 0 | -311 233 | -311 233 |
| other comprehensive income: | 0 | 0 | 0 | 140 926 | -2 225 | 0 | 138 701 |
| incl. financial assets measured at fair value through other comprehensive income | 0 | 0 | 0 | 25 755 | 0 | 0 | 25 755 |
| incl. hedging instruments | 0 | 0 | 0 | 115 171 | 0 | 0 | 115 171 |
| incl. currency translation differences | 0 | 0 | 0 | 0 | -2 225 | 0 | -2 225 |
| Other changes in equity | 0 | 0 | -5 058 | 0 | 0 | -176 | -5 234 |
| 31 December 2020 | 1 305 540 | 5 399 627 | 161 792 | 217 330 | -1 620 | -523 067 | 6 559 602 |

| 01.01.2020 - 30.09.2020 | Share capital | Supplementary capital | Other reserves | Revaluation reserve | Exchange differences on revaluation of foreign units | Retained earnings | Total equity |
|--|------------------|-----------------------|----------------|---------------------|--|-------------------|------------------|
| 1 January 2020 | 1 305 540 | 5 393 358 | 166 850 | 76 404 | 605 | -205 389 | 6 737 368 |
| Transfer of last year's profit | 0 | 6 269 | 0 | 0 | 0 | -6 269 | 0 |
| Comprehensive income | 0 | 0 | 0 | 161 178 | -1 113 | -431 581 | -271 516 |
| net profit | 0 | 0 | 0 | 0 | 0 | -431 581 | -431 581 |
| other comprehensive income: | 0 | 0 | 0 | 161 178 | -1 113 | 0 | 160 065 |
| inc. measured at fair value through other comprehensive income | 0 | 0 | 0 | 19 272 | 0 | 0 | 19 272 |
| incl. hedging instruments | 0 | 0 | 0 | 141 906 | 0 | 0 | 141 906 |
| incl. currency translation differences | 0 | 0 | 0 | 0 | -1 113 | 0 | -1 113 |
| Other changes in equity | 0 | 0 | 0 | 0 | 0 | -176 | -176 |
| 30 September 2020 | 1 305 540 | 5 399 627 | 166 850 | 237 582 | -508 | -643 415 | 6 465 676 |

The notes presented on pages 10-52 constitute an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows

| | 01.01.2021 - 30.09.2021 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|
| Operating activities | | |
| Profit/loss before tax for the year | 573 465 | -386 583 |
| Adjustments: | 178 767 | 306 316 |
| Unrealized foreign exchange gains/losses | 1 721 | 962 |
| Amortization/depreciation of property, plant and equipment and intangible assets | 173 836 | 228 994 |
| Change in property, plant and equipment and intangible assets impairment write-down | 3 206 | 70 392 |
| Dividends | -397 | -594 |
| Short-term lease contracts | 401 | 6 562 |
| The gross profit after adjustments but before increase/decrease in operating assets/liabilities | 752 232 | -80 267 |
| Change in loans and receivables | -1 738 485 | -269 018 |
| Change in financial assets measured at fair value through other comprehensive income | -400 593 | 4 625 620 |
| Change in financial assets measured at fair value through profit or loss | 221 164 | -185 679 |
| Change in financial assets measured at amortised cost | 1 451 614 | -3 703 414 |
| Change in assets pledged as collateral | -155 646 | -935 065 |
| Change in derivative hedging assets | 203 075 | -232 185 |
| Change in non-current assets held for sale | -1 686 | -140 054 |
| Change in other assets | 27 777 | -39 857 |
| Change in deposits | 260 299 | 823 438 |
| Change in own issue | -630 526 | -947 107 |
| Change in financial liabilities | -369 327 | 56 468 |
| Change in hedging liabilities derivative | 170 591 | 48 141 |
| Change in other liabilities and other comprehensive income | 28 723 | 1 628 564 |
| Change in provisions | -51 093 | -2 146 |
| Cash from operating activities before income tax | -231 881 | 647 439 |
| Income tax paid | -96 468 | -165 207 |
| Net cash flow from operating activities | -328 348 | 482 232 |
| Investing activities | | |
| Outflows: | -129 057 | -104 793 |
| Purchase of property, plant and equipment | -92 083 | -63 895 |
| Purchase of intangible assets | -36 974 | -40 898 |
| Inflows: | 10 101 | 1 827 |
| Disposal of property, plant and equipment | 4 768 | 1 827 |
| Disposal of shares in subsidiaries / associates, net of acquired cash | 5 333 | 0 |
| Net cash flow from investing activities | -118 956 | -102 966 |
| Financing activities | | |
| Outflows: | -367 280 | -121 474 |
| Principle payments – subordinated liabilities | -260 150 | 0 |
| Interest payments – subordinated liabilities | -37 335 | -56 838 |
| Principle payments - lease liabilities | -68 604 | -62 328 |
| Interest payments - lease liabilities | -1 191 | -2 307 |
| Inflows: | 0 | 0 |
| Inflows from share issue | 0 | 0 |
| Net cash flow from financing activities | -367 280 | -121 474 |
| Total net cash flow | -814 585 | 257 792 |
| incl. exchange gains/(losses) | 41 774 | 20 193 |
| Balance sheet change in cash and cash equivalents | -814 585 | 257 792 |
| Cash and cash equivalents, opening balance | 2 459 901 | 1 379 127 |
| Cash and cash equivalents, closing balance | 1 645 316 | 1 636 919 |
| Additional disclosures on operating cash flows | | |
| Interests received | 2 232 037 | 2 531 762 |
| Interests paid | -255 807 | -522 835 |

The notes presented on pages 10-52 constitute an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

1 Information about the Bank and the Group

1.1 General information, duration and the scope of business of Alior Bank SA

Alior Bank Spółka Akcyjna is the parent company of the Alior Bank Capital Group with its registered office in Warsaw, Poland, ul. Łopuszańska 38D, was entered to the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register under KRS number: 0000305178. The Bank was assigned the tax identification number NIP: 107-001-07-31 and the statistical number REGON: 141387142.

Since 14 December 2012 the Bank has been listed on the Warsaw Stock Exchange (ISIN number: PLALIOR00045).

On 18 April the Polish Financial Supervision Authority ("PFSA") issued its licence to establish the bank under the name of Alior Bank SA and on 1 September 2008 it issued a licence to the Bank to commence operations. On 5 September 2008 PFSA granted a licence to the Bank to perform stock broking activities. The duration of business of the Bank is unrestricted.

Alior Bank is a universal deposit and credit bank providing services to natural and legal persons and other entities that are domestic and foreign persons. The Bank's core business covers maintenance of bank accounts, granting loans, issue of bank securities, and purchase and sale of foreign currencies. The Bank is also involved in stock broking activity, financial advisory, and intermediation services, and provides other financial services. Information on the companies in the Group is detailed in Note 1.4 of this chapter. In accordance with the provisions of its Articles of Association. Alior Bank has been operating in the territory of the Republic of Poland and the European Economic Area. The Bank provides its services primarily to customers from Poland. The number of foreign customers in the overall number of the Bank's customers is negligible. As part of its retail banking, in 2016 a foreign branch of Alior Bank was opened in Romania.

1.2 Shareholders of Alior Bank Spółka Akcyjna

There was no change in the ownership structure of significant shareholdings in Bank starting from the date of submission of the previous periodic report, i.e., from 4 August 2021.

As of 30 September 2021, the shareholders holding 5% or more of the overall number of votes at the General Meeting were as follows:

| Shareholder | Number of shares | Nominal value of shares [PLN] | Percentage in the share capital | Number of votes | Number of votes in the total number of votes |
|---------------------------|--------------------|-------------------------------|---------------------------------|--------------------|--|
| 30.09.2021 | | | | | |
| PZU Group* | 41 658 850 | 416 588 500 | 31.91% | 41 658 850 | 31.91% |
| Aviva OFE Aviva Santander | 9 467 180 | 94 671 800 | 7.25% | 9 467 180 | 7.25% |
| Nationale-Nederlanden OFE | 12 656 361 | 126 563 610 | 9.69% | 12 656 361 | 9.69% |
| Others | 66 771 600 | 667 716 000 | 51.15% | 66 771 600 | 51.15% |
| Total | 130 553 991 | 1 305 539 910 | 100% | 130 553 991 | 100% |

*The PZU Group consists of entities that have concluded a written agreement regarding the purchase or sale of the Bank's shares and the consistent exercise of voting rights at the Bank's general meetings, i.e.: Powszechny Zakład Ubezpieczeń SA, Powszechny Zakład Ubezpieczeń Na Życie SA, PZU Specjalistyczny Fundusz Inwestycyjny Otwarty UNIVERSUM, PZU Fundusz Inwestycyjny Zamknięty Assets of Niepublicznych BIS 1 and PZU Fundusz Inwestycyjny Zamknięty Assets Niepublicznych BIS 2. the agreement was announced by the Bank in Current Report No. 21/2017.

As at the preparation date of this report i.e., on 26 October 2021, according to the information available to Alior Bank SA, the shareholders holding 5% or more of the total number of votes at the General Meeting remained unchanged.

1.3 The composition of the Bank's Management Board and the Bank's Supervisory Board together with information about number of shares of Alior Bank held by Bank Management Board and Supervisory Board members

As at the day of preparing this financial statement in comparison to the annual reporting period ended on 31 December 2020, there were changes in the composition of the Bank's Management Board.

On 4 March 2021, the Supervisory Board of the Bank adopted a resolution on the appointment of Ms. Iwona Duda, the current Vice-President of the Management Board, to the position of the President of the Bank's Management Board of the 5th joint term of office, which began on 30 June 2020.

On 17 March 2021, the Supervisory Board of the Bank adopted a resolution on delegating Mr. Mikołaj Jerzy Handschke, Member of the Bank's Supervisory Board, for the period from 21 March 2021 to 20 June 2021 - subject to the possibility of early termination of the delegation - the activities of the Vice-President of the Management Board responsible for the area of finance.

On 17 May 2021, the Supervisory Board of the Bank adopted the following resolutions regarding changes in the composition of the Bank's Management Board of the three-year 5th joint term of office, which began on 30 June 2020:

- on 14 June 2021, to the position of the Vice President of the Management Board responsible for the area of finance has been appointed Mr Radomir Gibała,
- on 17 May 2021, to the position of the Vice President of the Management Board has been appointing Mr Jacek Polańczyk.

Simultaneously, pursuant to the resolution of the Bank's Supervisory Board, on 13 June 2021, the delegation of Mr. Mikołaj Jerzy Handschke, Member of the Bank's Supervisory Board, to performing activities of the Vice-President of the Bank's Management Board responsible for the area of finance expired.

On 14 October 2021, Ms Iwona Duda resigned from the position of the President of the Bank's Management Board and the membership in the Bank's Management Board. In accordance with the received Ms Iwona Duda statement, the resignation from the function and mandate is effective for the following moment: on 22 October 2021, at 24:00 (end of the day). Ms Iwona Duda also resigned from her mandate as a member of the Bank's Management Board with effect at the above-mentioned moment.

On 22 October 2021, the Bank's Supervisory Board adopted a resolution on entrusting the managing of the work of the Management Board to Mr. Maciej Brzozowski - Vice-President of the Bank's Management Board in the period from 23 October 2021 until the appointment of a person indicated by the Bank's Supervisory Board, for the position of the President of the Bank's Management Board.

As of 30 September 2021, the composition of the Bank's Management Board was as follows:

| First and last name | Function |
|---------------------|--|
| Iwona Duda | President of the Management Board |
| Maciej Brzozowski | Vice President of the Management Board |
| Radomir Gibała | Vice President of the Management Board |
| Seweryn Kowalczyk | Vice President of the Management Board |
| Jacek Polańczyk | Vice President of the Management Board |
| Agata Strzelecka | Vice President of the Management Board |
| Dariusz Szwed | Vice President of the Management Board |

As at the date of this financial statements the composition of the Bank's Management Board was as follows :

| First and last name | Function |
|---------------------|---|
| Maciej Brzozowski | Vice President of the Management Board directing the operations of the Management Board |
| Radomir Gibała | Vice President of the Management Board |

| First and last name | Function |
|---------------------|--|
| Seweryn Kowalczyk | Vice President of the Management Board |
| Jacek Polańczyk | Vice President of the Management Board |
| Agata Strzelecka | Vice President of the Management Board |
| Dariusz Szwed | Vice President of the Management Board |

Members of the Bank's Management Board who held shares in the Bank as of 30 September 2021 and as at the date of preparation date of financial statements:

| Number of shares | 26.10.2021 | 30.09.2021 | 31.12.2020 |
|------------------|--------------|--------------|--------------|
| Agata Strzelecka | 1 500 | 1 500 | 1 500 |
| Dariusz Szwed | 4 600 | 4 600 | 4 600 |
| Total | 6 100 | 6 100 | 6 100 |

In comparison to the annual reporting period ended on 31 December 2020, there were changes in the composition of the Bank's Supervisory Board.

On 26 May 2021 r., Mr Robert Pusz, Member of the Supervisory Board, resigned from the position of a Member of the Supervisory Board of Alior Bank with effect on 26 May 2021.

Moreover, the Annual General Meeting convened on 28 May 2021, after resuming the meeting on 7 June 2021, appointed the following persons to the Supervisory Board of the Bank:

- Mr. Filip Majdowski
- Mr. Dominik Witek.

On 9 August 2021, Professor Wojciech Myślecki, Member of the Bank's Supervisory Board, resigned from the position of a Member of Bank's Supervisory Board with effect on 9 August 2021.

As of 30 September 2021, and the date of this report the composition of the Bank's Supervisory Board was as follows:

| First and last name | Function |
|----------------------|---|
| Aleksandra Agatowska | Chairman of the Supervisory Board |
| Ernest Bejda | Deputy Chairperson of the Supervisory Board |
| Mikołaj Handschke | Member of the Supervisory Board |
| Artur Kucharski | Member of the Supervisory Board |
| Filip Majdowski | Member of the Supervisory Board |
| Marek Pietrzak | Member of the Supervisory Board |
| Dominik Witek | Member of the Supervisory Board |

In accordance with the Bank's best knowledge there was no change in the number of shares hold by the Members of Supervisory Board starting from the date of preparation of the annual financial statements i.e., from 25 February 2021. As of 30 September 2021, and as at the date of these financial statements, Members of the Supervisory Board of Alior Bank SA did not hold any shares in the Bank.

1.4 Information about the Alior Bank Group

Alior Bank SA is the parent company of the Alior Bank SA Group.

The composition of the Group as of 30 September 2021 and as at the date of preparation date of financial statements was as follows:

| Company's name | 26.10.2021 | 30.09.2021 | 31.12.2020 |
|---|------------|------------|------------|
| Alior Services sp. z o.o. | 100% | 100% | 100% |
| Alior Leasing sp. z o.o. | 100% | 100% | 100% |
| - AL Finance sp. z o.o.**** | 100% | 100% | 100% |
| - NewCommerce Services sp. z o.o.*** | - | - | 100% |
| Meritum Services ICB SA | 100% | 100% | 100% |
| Alior TFI SA | 100% | 100% | 100% |
| Absource sp. z o.o. | 100% | 100% | 100% |
| Corsham sp. z o.o. | 100% | 100% | 100% |
| - PayPo sp. z o.o.** | - | - | 20% |
| RBL_VC sp. z o.o. | 100% | 100% | 100% |
| RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna | 100% | 100% | 100% |
| Harberton sp. z o.o. in liquidation* | - | - | 100% |

*On 1 February 2021, the Extraordinary General Meeting of shareholders adopted a resolution to dissolve Harberton sp. z o.o. based in Warsaw and commencement of liquidation. The opening of the liquidation was registered with the National Court Register on 25 February 2021. On 29 September 2021, Harberton sp. z o.o. was deleted from the National Court Register.

**On 7 January 2021 Corsham sp. z o.o. has sold its shares in PayPo sp. z o.o. to the other shareholders of PayPo sp. z o.o.

*** On 25 May 2021, the Extraordinary General Meeting of Serwis Ubezpieczeniowy sp. z o.o. and the Extraordinary Meeting of Shareholders of NewCommerce Services sp. z o.o. adopted resolutions on the merger of Serwis Ubezpieczeniowy sp. z o.o. (acquiring company) with NewCommerce Services sp. z o.o. (acquired company). On 1 July 2021, a merger of the above-mentioned companies was registered in the National Court Register pursuant to Art. 492 §1 point 1 of the Code of Commercial Companies, i.e., by transferring all assets of the acquired company NewCommerce Services sp. z o.o. on the acquiring company of Serwis Ubezpieczeniowy sp. z o.o. (merger by acquisition).

****On 6 August 2021, the company Serwis Ubezpieczeniowy sp. z o.o. changed name to AL Finance sp. z o.o.

1.5 Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved by the Bank's Management Board on 26 October 2021.

1.6 Seasonal or cyclical nature of operations

The Group's operations are not affected by any material events of seasonal or cyclical nature within the meaning of §21 IAS 34.

2 Accounting principles

2.1 Basis for preparation

Statement of compliance

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the 9-month period ended 30 September 2021 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should therefore be read together with the consolidated financial statements of the Alior Bank Group for 2020.

The interim condensed consolidated financial statements including the comparatives have been prepared in accordance with the same accounting policies as those applied in the preparation of the annual financial statements ended 31 December 2020, except for the changes in the standards that entered into force on 1 January 2021 and changes in accounting policies described in Note 2.2.

Scope and reporting currency

The interim condensed consolidated financial statements of the Alior Bank SA Group comprise the data of the Bank and its subsidiaries. These interim condensed consolidated financial statements have been prepared in Polish zloty ("PLN"). All figures, unless otherwise indicated, are rounded to the nearest thousand.

Going concern

These interim condensed consolidated financial statements of the Alior Bank SA Group have been prepared on the assumption that the entities within the Group will continue as going concerns in the foreseeable future, not less than 12 months from the balance sheet date i.e., after 30 September 2021.

As at the date of approval of this report by the Bank's Management Board, there are no circumstances indicating a threat to the continued operation of the Capital Group. Taking this assumption, the Management Board took into account in its assessment the impact of factors subject to uncertainty, in particular the COVID-19 pandemic, on the macroeconomic situation and its own operations. Financial plans prepared by the Management Board, taking into account the indicated factors, ruled out that the Bank would experience resource shortages and, consequently, would have to consider discontinuing or significantly limiting its operations.

In the Management Board's opinion, the measures taken against the outbreak of the COVID-19 pandemic and other risks are adequate and sufficient to continue the operations of the Alior Bank SA Group in the foreseeable future.

2.2 Accounting principles

2.2.1 Relevant estimates

The Group makes estimates and makes assumptions that affect the values of assets and liabilities presented in this and the next reporting period. Estimates and assumptions that are subject to continuous evaluation are based on historical experience and other factors, including expectations as to future events that seem justified in a given situation.

Recognition of bancassurance income

The Group allocates the received remuneration for distribution of insurance products related to the sale of loans – in accordance with the economic content of the transaction – as remuneration constituting:

- an integral part of the remuneration received for the offered financial instruments;
- remuneration for agency services;
- remuneration for the provision of additional activities performed during the insurance contract (recognised by the Group over a period when the services are provided).

The economic title of the received remuneration determines the way it is disclosed in the Bank's books.

The model of "relative fair value" is applied to determine the split of the remuneration related to insurance offered in connection with cash and mortgage loans and insurance sold without any relationship to financial instruments.

The "relative fair value" model approved by the Group consists in estimating the fair value of each element of the overall service of loan sale with insurance in order to determine the proportion of fair value of both services. In accordance with such proportion of fair value, remuneration under the joint loan and insurance transaction is allocated to each component.

Impairment of loans, expected credit losses

At each reporting date, the Group assesses the credit quality of the receivables and assesses whether there are objective triggers for impairment of credit exposures and whether the credit exposure has impaired.

The Group accepts that a financial asset or a group of financial assets are impaired and such impairment loss is incurred only when there are objective indications resulting from one or more events that have occurred

after the initial recognition of such asset and the event (or events) causing trigger has a negative impact on the expected future cash flows of a given exposure, leading to the recognition of a loss. Therefore, for all impaired credit exposures, the Group determines an allowance representing the difference between the gross exposure value and the expected recoveries after taking into account the default status / probability in a given time horizon.

Exposures with no identified impairment indications are grouped in homogeneous groups in terms of the risk profile and a provision is recognised for such group of exposures to cover expected losses (ECL).

The estimated losses expected are based on:

- estimated exposure value at the time of default (EAD model);
- estimated distribution of risk of default within the lifetime of the exposure (life-time PD model);
- estimated level of loss in case of default of the client (LGD model).

Information on the adopted assumptions affecting the amount of expected losses is presented in Note 18 – Loans and advances to customers.

Non-current assets impairment

In accordance with IAS 36, the Group assesses non-current assets in terms of the existence of premises indicating their impairment. If there is such evidence, the Group estimates the asset's recoverable amount. When the carrying amount of a given asset exceeds its recoverable amount, its impairment is recognized, and a write-off is made to adjust its value to the level of its recoverable amount.

Investment financial assets

For the purposes of disclosures in accordance with IFRS 7, the Group estimates changes to measurements of debt instruments measured at fair value through other comprehensive income and derivative instruments with a linear risk profile not covered with hedge accounting assuming a parallel shift of profitability curves by 50pb. To this end, the Group constructs profitability curves on the basis of market data. The Group analyses the impact on transaction measurement of changes to profitability curves with the assumed scenarios.

Provisions for the reimbursement of commissions in the event of early repayment

The Group constantly monitors the value of the estimated amount of expected payments resulting from prepayments of consumer loans made before the judgment date of Court of Justice of the European Union ('TSUE') of 11 September 2019 in case C-383/18 (so-called Lexitor case). The basis for updating the value of the estimate is the inclusion in the calculation of the most recent data on the complaints coming to the Bank regarding the reimbursement of credit costs, as well as the amount of the refund. Therefore, in the third quarter of 2021, the Alior Bank SA Group updated the value of the estimated amount of expected payments resulting from prepayments of consumer loans.

Actuarial provision

Provisions for employee benefits are measured with actuarial techniques and assumptions. The calculation covers all retirement benefits potentially disburseable in the future. The provision has been established on the basis of a list of persons with all the required personal data, including seniority, age, and gender. The accrued provisions are equal to the discounted payments to be made in the future subject to staff rotation and apply to the period until the end of the reporting period.

Fair value measurement rules

The principles for the fair value measurement of derivatives and non-quoted debt securities measured at fair value are presented in Note 28 – Fair value hierarchy and have not changed from the principles presented in the financial statements prepared as of 31 December 2020.

Hedge accounting

For the purposes of disclosures in accordance with IFRS 7, the Group estimates changes to measurements of the derivative instruments with a linear risk profile assuming a parallel shift of profitability curves by 50 pb. To this end, the Group constructs profitability curves on the basis of market data. The Group analyses the impact on transaction profitability of a change of profitability curves for the portfolio of derivative instruments with a linear risk profile, covered with hedge accounting.

2.2.2 Significant accounting policies

Detailed accounting policies were presented in the annual consolidated financial statements of the Alior Bank Group for the year ended 31 December 2020 published on Alior Bank's website on 26 February 2021.

2.2.3 Changes in accounting standards

In these interim condensed consolidated financial statements, the same accounting standards have been applied as in the case of annual consolidated financial statements for the year 2020 and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 1 January 2021 mentioned below:

| Change | Impact on the Group's report |
|---|--|
| Reform of interest rate benchmarks - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | The impact of the changes is described in notes 21 and 41 presented in the annual consolidated financial statements of the Group for 2020. The amendment extends the period of exemption from the application of IFRS 9 to annual reporting periods beginning on 1 January 2023. The implementation of the amendment will not have an impact on the financial statements of the Group. |
| Amendments to IFRS 4 Insurance Contracts - deferral of IFRS19 | |

Standards and interpretations that have been issued but are not yet effective because they have not been approved by the European Union or have been approved by the European Union but have not been previously applied by the Group, were presented in the annual consolidated financial statements of the Group for 2020. In the first half of 2021, the following changes to the accounting standards were published:

| Change | Impact on the Group's report |
|--|---|
| Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting | Clarify how accounting policies and accounting estimates relate to each other, by explaining that accounting estimates are used in applying accounting policies. The implementation of the amendment will not have a significant impact on the financial statements of the Group. |
| Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies | Require entities to disclose their material accounting policies rather than their significant accounting policies. The implementation of the amendment will not have an impact on the financial statements of the Group. |
| Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (the financial year starting on or after 1 April 2021) | Change in the scope of leasing modification, the purpose of which is to extend by 1 year the period of withdrawal from the evaluation of leasing modification, in a situation where the change in leasing payments is a direct consequence of the Covid-19 pandemic. The application of the amendment will not have an impact on the financial statements of the Group. |
| Amendments to IAS 12 Income Taxes: Deferred Tax relating to assets and liabilities arising from a single transaction | The objective of the amendments is to reduce the diversity that exists in practice on whether the recognition exemption in paragraphs 15 and 24 of IAS 12 apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The application of the amendment will not have an impact on the financial statements of the Group. |

3 Operating segments

Segment description

Alior Bank SA Group pursues its business activity within segments offering specific products and services addressed to specified customer groups. The split of business segments provides for consistency with the sale management model and for providing customers with a comprehensive product offer, covering both traditional banking products and more complex investment products.

Banking operations cover three core business segments:

- retail segment;
- business segment;
- treasury activities;

The core products for natural persons are as follows:

- credit products: cash loans, credit cards, current account overdraft facilities, mortgage loans;
- deposit products: term deposits, savings deposits;
- brokerage products and investment funds;
- personal accounts;
- transactional services: cash deposits and withdrawals, transfers;
- currency exchange transactions.

The core products for business customers are as follows:

- credit products: overdraft limits in current accounts, working capital loans, investment loans, credit cards;
- deposit products: term deposits;
- current and subsidiary accounts;
- transactional services: cash deposits and withdrawals, transfers;
- treasury products: FX exchange transactions (also term FX transactions), derivative instruments;
- leasing.

The analysis covers the profitability of the retail and business segments. Profitability covers:

- margin income decreased by the funding costs;
- fee and commission income;
- income from treasury transactions and FX transactions by customers;
- other operating income and expenses.

Income of the retail segment cover also income from sales of brokerage products (e.g., income for the maintenance of brokerage accounts, brokerage services in securities trading and income from distribution of investment fund units).

The item Treasury activity covers management effects of the global position – liquidity and FX position, resulting from the activity of the Bank's units.

Results and volumes split by segment for the nine months ended 30 September 2021

| | Retail customers | Business customers | Treasury | Total operating segments | Unallocated items | Total |
|---------------------------------|------------------|--------------------|---------------|--------------------------|-------------------|------------------|
| External interest income | 1 301 396 | 652 880 | 86 081 | 2 040 357 | 0 | 2 040 357 |
| external income | 1 330 546 | 665 573 | 53 120 | 2 049 239 | 0 | 2 049 239 |
| income of a similar nature | 0 | 0 | 163 361 | 163 361 | 0 | 163 361 |
| external expense | -29 150 | -12 693 | -130 400 | -172 243 | 0 | -172 243 |
| Internal interest income | 23 678 | -26 037 | 2 359 | 0 | 0 | 0 |
| internal income | 281 431 | 80 249 | 364 039 | 725 719 | 0 | 725 719 |
| internal expense | -257 753 | -106 286 | -361 680 | -725 719 | 0 | -725 719 |

| | Retail customers | Business customers | Treasury | Total operating segments | Unallocated items | Total |
|--|------------------|--------------------|----------------|--------------------------|-------------------|------------------|
| Net interest income | 1 325 074 | 626 843 | 88 440 | 2 040 357 | 0 | 2 040 357 |
| Fee and commission income | 341 813 | 732 618 | -32 468 | 1 041 963 | 0 | 1 041 963 |
| Fee and commission expense | -145 396 | -341 086 | -4 805 | -491 287 | 0 | -491 287 |
| Net fee and commission income | 196 417 | 391 532 | -37 273 | 550 676 | 0 | 550 676 |
| Dividend income | 0 | 0 | 397 | 397 | 0 | 397 |
| The result on financial assets measured at fair value through profit or loss and FX result | 2 196 | 9 222 | 69 812 | 81 230 | 0 | 81 230 |
| The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss | 0 | 0 | 5 793 | 5 793 | 0 | 5 793 |
| measured at fair value through other comprehensive income | 0 | 0 | 3 789 | 3 789 | 0 | 3 789 |
| measured at amortized cost | 0 | 0 | 2 004 | 2 004 | 0 | 2 004 |
| Other operating income | 84 113 | 28 032 | 0 | 112 145 | 0 | 112 145 |
| Other operating expenses | -68 769 | -19 521 | 0 | -88 290 | 0 | -88 290 |
| Net other operating income | 15 344 | 8 511 | 0 | 23 855 | 0 | 23 855 |
| Total result before expected credit losses | 1 539 031 | 1 036 108 | 127 169 | 2 702 308 | 0 | 2 702 308 |
| Net expected credit losses | -273 871 | -486 323 | 0 | -760 194 | 0 | -760 194 |
| The result on impairment of non-financial assets | 0 | 0 | 0 | 0 | -3 206 | -3 206 |
| Total result after expected credit losses and impairment | 1 265 160 | 549 785 | 127 169 | 1 942 114 | -3 206 | 1 938 908 |
| General administrative expenses | -981 600 | -383 843 | 0 | -1 365 443 | 0 | -1 365 443 |
| Gross profit/loss | 283 560 | 165 942 | 127 169 | 576 671 | -3 206 | 573 465 |
| Income tax | 0 | 0 | 0 | 0 | -191 178 | -191 178 |
| Net profit/loss | 283 560 | 165 942 | 127 169 | 576 671 | -194 384 | 382 287 |
| Depreciation | 0 | 0 | 0 | 0 | 0 | -173 836 |
| Assets | 49 727 319 | 27 298 366 | 0 | 77 025 685 | 1 176 257 | 78 201 942 |
| Liabilities | 49 509 468 | 22 074 212 | 0 | 71 583 680 | 17 600 | 71 601 280 |

Results and volumes split by segment for the nine months ended 30 September 2020

| | Retail customers | Business customers | Treasury | Total operating segments | Unallocated items | Total Group |
|--|------------------|--------------------|----------------|--------------------------|-------------------|------------------|
| External interest income | 1 268 211 | 726 673 | 187 096 | 2 181 980 | 0 | 2 181 980 |
| external income | 1 498 562 | 774 339 | 210 652 | 2 483 553 | 0 | 2 483 553 |
| income of a similar nature | 0 | 0 | 115 114 | 115 114 | 0 | 115 114 |
| external expense | -230 351 | -47 666 | -138 670 | -416 687 | 0 | -416 687 |
| Internal interest income | 32 845 | -125 529 | 92 684 | 0 | 0 | 0 |
| internal income | 544 104 | 169 768 | 806 556 | 1 520 428 | 0 | 1 520 428 |
| internal expense | -511 259 | -295 297 | -713 872 | -1 520 428 | 0 | -1 520 428 |
| Net interest income | 1 301 056 | 601 144 | 279 780 | 2 181 980 | 0 | 2 181 980 |
| Fee and commission income | 333 487 | 588 473 | -28 935 | 893 025 | 0 | 893 025 |
| Fee and commission expense | -159 666 | -270 133 | -4 369 | -434 168 | 0 | -434 168 |
| Net fee and commission income | 173 821 | 318 340 | -33 304 | 458 857 | 0 | 458 857 |
| Dividend income | 0 | 0 | 594 | 594 | 0 | 594 |
| The result on financial assets measured at fair value through profit or loss and FX result | 914 | 18 466 | 16 706 | 36 086 | 0 | 36 086 |
| The result on derecognition of financial assets and liabilities not | 0 | 0 | 36 090 | 36 090 | 0 | 36 090 |

| | Retail customers | Business customers | Treasury | Total operating segments | Unallocated items | Total Group |
|---|------------------|--------------------|----------------|--------------------------|-------------------|------------------|
| measured at fair value through profit or loss | | | | | | |
| measured at fair value through other comprehensive income | 0 | 0 | 12 216 | 12 216 | 0 | 12 216 |
| measured at amortized cost | 0 | 0 | 23 874 | 23 874 | 0 | 23 874 |
| Other operating income | 73 267 | 26 387 | 0 | 99 654 | 0 | 99 654 |
| Other operating expenses | -144 478 | -34 743 | 0 | -179 221 | 0 | -179 221 |
| Net other operating income | -71 211 | -8 356 | 0 | -79 567 | 0 | -79 567 |
| Total result before expected credit losses | 1 404 580 | 929 594 | 299 866 | 2 634 040 | 0 | 2 634 040 |
| Net expected credit losses | -573 455 | -927 187 | 0 | -1 500 642 | 0 | -1 500 642 |
| The result on impairment of non-financial assets | -64 400 | 0 | 0 | -64 400 | -5 992 | -70 392 |
| Total result after expected credit losses and impairment | 766 725 | 2 407 | 299 866 | 1 068 998 | -5 992 | 1 063 006 |
| General administrative expenses | -963 223 | -486 366 | 0 | -1 449 589 | 0 | -1 449 589 |
| Gross profit | -196 498 | -483 959 | 299 866 | -380 591 | -5 992 | -386 583 |
| Income tax | 0 | 0 | 0 | 0 | -33 071 | -33 071 |
| Net profit/loss continued operations | -196 498 | -483 959 | 299 866 | -380 591 | -39 063 | -419 654 |
| Profit/loss from discontinued operations | 0 | 0 | 0 | 0 | -11 927 | -11 927 |
| Net profit/loss attributable to equity holders of the parent | -196 498 | -483 959 | 299 866 | -380 591 | -50 990 | -431 581 |
| Depreciation | 0 | 0 | 0 | 0 | 0 | -228 994 |
| Assets | 47 173 807 | 29 195 350 | 0 | 76 369 157 | 1 348 182 | 77 717 339 |
| Liabilities | 48 834 206 | 22 277 942 | 0 | 71 112 148 | 139 515 | 71 251 663 |

Notes to the interim condensed consolidated income statement

4 Net interest income

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Interest income calculated using the effective interest method | 697 571 | 2 049 239 | 726 585 | 2 483 553 |
| term deposits | 54 | 74 | 45 | 358 |
| Loans, incl: | 627 120 | 1 829 931 | 634 812 | 2 146 664 |
| <i>reimbursement of credit cost (TSUE provision)</i> | -50 709 | -182 075 | -40 249 | -133 855 |
| <i>modification of a financial asset deemed not significant</i> | -1 039 | -4 871 | -4 345 | -19 871 |
| financial assets measured at amortized cost | 12 552 | 42 434 | 18 706 | 69 298 |
| financial assets measured at fair value through other comprehensive income | 3 367 | 13 644 | 16 561 | 97 357 |
| receivables acquired | 2 764 | 11 658 | 5 221 | 12 272 |
| repo transactions in securities | 22 | 98 | 27 | 1 289 |
| current accounts | 300 | 374 | -7 | 3 649 |
| overnight deposits | 26 | 113 | 9 | 247 |
| leasing | 40 074 | 116 642 | 39 730 | 118 885 |
| other | 11 292 | 34 271 | 11 481 | 33 534 |
| Income of a similar nature | 52 444 | 163 361 | 54 324 | 115 114 |
| derivatives instruments | 52 444 | 163 361 | 54 324 | 115 114 |
| Interest expense | -46 495 | -172 243 | -97 794 | -416 687 |
| Interest expense from financial instruments measured at amortized cost including the effective interest rate method | -21 664 | -78 400 | -61 558 | -250 594 |

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| term deposits | -5 186 | -23 381 | -29 069 | -144 509 |
| own issue | -14 686 | -49 987 | -29 793 | -91 989 |
| repo transactions in securities | -40 | -89 | -78 | -5 487 |
| cash deposits | -835 | -2 064 | -383 | -1 643 |
| leasing | -397 | -1 191 | -684 | -2 215 |
| other | -520 | -1 688 | -1 551 | -4 751 |
| Other interest expense | -24 831 | -93 843 | -36 236 | -166 093 |
| current deposits | -3 686 | -14 310 | -14 695 | -118 880 |
| derivatives | -21 145 | -79 533 | -21 541 | -47 213 |
| Net interest income | 703 520 | 2 040 357 | 683 115 | 2 181 980 |

5 Net fee and commission income

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Fee and commission income | 380 365 | 1 041 963 | 329 428 | 893 025 |
| payment and credit cards service | 140 005 | 362 924 | 110 226 | 290 101 |
| transaction margin on currency exchange transactions | 70 756 | 178 571 | 69 259 | 175 008 |
| maintaining bank accounts | 29 675 | 84 373 | 26 211 | 76 179 |
| brokerage commissions | 12 526 | 40 441 | 13 883 | 37 992 |
| revenue from bancassurance activity | 28 239 | 82 249 | 31 298 | 77 883 |
| loans and advances | 37 614 | 111 456 | 28 808 | 90 045 |
| transfers | 13 437 | 39 581 | 12 287 | 34 688 |
| cash operations | 9 486 | 27 017 | 9 187 | 24 680 |
| guarantees, letters of credit, collection, commitments | 3 266 | 9 545 | 2 459 | 7 792 |
| receivables acquired | 867 | 2 762 | 1 032 | 3 437 |
| for custody services | 1 749 | 6 366 | 2 006 | 6 731 |
| repayment of seizure | 1 477 | 4 462 | 1 163 | 3 451 |
| from leasing activities | 18 337 | 52 908 | 12 866 | 37 179 |
| other commissions | 12 931 | 39 308 | 8 743 | 27 859 |
| Fee and commission expenses | -190 777 | -491 287 | -160 326 | -434 168 |
| costs of card and ATM transactions, including costs of cards issued | -140 799 | -342 254 | -105 309 | -272 459 |
| commissions paid to agents | -15 912 | -45 386 | -15 497 | -51 363 |
| insurance of bank products | -3 551 | -9 967 | -2 895 | -10 327 |
| costs of awards for customers | -3 920 | -11 787 | -4 030 | -12 623 |
| commissions for access to ATMs | -6 442 | -17 866 | -7 578 | -18 312 |
| commissions paid under contracts for performing specific operations | -5 189 | -17 264 | -6 554 | -19 313 |
| brokerage commissions | -1 188 | -4 729 | -1 693 | -4 265 |
| for custody services | -811 | -2 965 | -70 | -136 |
| transfers and remittances | -4 870 | -14 676 | -4 600 | -12 801 |
| other commissions | -8 095 | -24 393 | -12 100 | -32 569 |
| Net fee and commission income | 189 588 | 550 676 | 169 102 | 458 857 |

| 01.01.2021 - 30.09.2021 | Retail customers | Business customers | Treasury | Total |
|----------------------------------|------------------|--------------------|----------------|------------------|
| Fee and commission income | 341 813 | 732 618 | -32 468 | 1 041 963 |
| payment and credit cards service | 71 572 | 291 352 | 0 | 362 924 |

| 01.01.2021 - 30.09.2021 | Retail customers | Business customers | Treasury | Total |
|--|------------------|--------------------|----------|---------|
| transaction margin on currency exchange transactions | 110 519 | 103 662 | -35 610 | 178 571 |
| maintaining bank accounts | 33 168 | 51 191 | 14 | 84 373 |
| brokerage commissions | 40 441 | 0 | 0 | 40 441 |
| revenue from bancassurance activity | 39 502 | 42 747 | 0 | 82 249 |
| loans and advances | 14 897 | 96 559 | 0 | 111 456 |
| transfers | 10 774 | 28 796 | 11 | 39 581 |
| cash operations | 11 259 | 15 758 | 0 | 27 017 |
| guarantees, letters of credit, collection, commitments | 0 | 9 545 | 0 | 9 545 |
| receivables acquired | 0 | 2 762 | 0 | 2 762 |
| custody services | 0 | 6 366 | 0 | 6 366 |
| repayment of seizure | 0 | 4 462 | 0 | 4 462 |
| from leasing activities | 0 | 52 908 | 0 | 52 908 |
| other commissions | 9 681 | 26 510 | 3 117 | 39 308 |

| 01.01.2020 - 30.09.2020 | Retail customers | Business customers | Treasury | Total |
|--|------------------|--------------------|----------------|----------------|
| Fee and commission income | 333 487 | 588 473 | -28 935 | 893 025 |
| payment and credit cards service | 68 909 | 221 192 | 0 | 290 101 |
| transaction margin on currency exchange transactions | 106 461 | 100 233 | -31 686 | 175 008 |
| maintaining bank accounts | 33 136 | 43 043 | 0 | 76 179 |
| brokerage commissions | 37 992 | 0 | 0 | 37 992 |
| revenue from bancassurance activity | 44 727 | 33 156 | 0 | 77 883 |
| loans and advances | 11 840 | 78 205 | 0 | 90 045 |
| transfers | 9 313 | 25 375 | 0 | 34 688 |
| cash operations | 11 623 | 13 057 | 0 | 24 680 |
| guarantees, letters of credit, collection, commitments | 0 | 7 792 | 0 | 7 792 |
| receivables acquired | 0 | 3 437 | 0 | 3 437 |
| custody services | 0 | 6 731 | 0 | 6 731 |
| repayment of seizure | 0 | 3 451 | 0 | 3 451 |
| from leasing activities | 0 | 37 179 | 0 | 37 179 |
| other commissions | 9 486 | 15 622 | 2 751 | 27 859 |

6 The result on financial assets measured at fair value through profit or loss and FX result

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| FX result and net income on currency derivatives, including; | 30 331 | 72 790 | 20 275 | 43 338 |
| fx result | -133 775 | -248 635 | 70 669 | -36 368 |
| currency derivatives | 164 106 | 321 425 | -50 394 | 79 706 |
| Interest rate transactions | 4 041 | 9 458 | -7 329 | -11 164 |
| Ineffective part of hedge accounting | -1 351 | -2 134 | 5 191 | 2 568 |
| The result on other instruments (includes the result on trading in securities classified as assets measured at fair value through profit and loss with interest) | -4 960 | 1 116 | 1 606 | 1 344 |
| The result on financial assets measured at fair value through profit or loss and FX result | 28 061 | 81 230 | 19 743 | 36 086 |

7 The result on derecognition of financial instruments not measured at fair value through profit or loss

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Financial assets measured at fair value through other comprehensive income | 3 471 | 3 789 | 9 409 | 12 216 |
| Financial assets measured at amortized cost | 28 | 2 004 | 63 | 23 874 |
| The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss | 3 499 | 5 793 | 9 472 | 36 090 |

8 Result on other operating income and expense

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Other operating income from: | 34 892 | 112 145 | 31 438 | 99 654 |
| income from contracts with business partners | 11 522 | 32 649 | 12 039 | 33 247 |
| reimbursement of costs of claim enforcement | 5 403 | 17 343 | 5 286 | 23 194 |
| received compensations, recoveries, penalties and fines | 692 | 1 150 | 1 025 | 1 879 |
| management of third-party assets | 6 231 | 17 469 | 3 956 | 11 889 |
| from license fees from Partners | 944 | 1 937 | 353 | 1 147 |
| reversal of impairment losses on other assets | 891 | 7 607 | 5 244 | 6 566 |
| other | 9 209 | 33 990 | 3 535 | 21 732 |
| Other operating expenses due to: | -41 423 | -88 290 | -20 573 | -179 221 |
| reimbursement of credit cost (TSUE provision) | -16 800 | -16 800 | 0 | -98 528 |
| fees and costs of claim enforcement | -17 662 | -49 935 | -13 511 | -48 113 |
| paid compensations, fines, and penalties | -912 | -1 464 | -537 | -1 664 |
| management of third-party assets | -290 | -770 | -1 036 | -1 740 |
| recognition of complaints | -537 | -1 553 | -665 | -3 380 |
| impairment losses on other assets | -2 152 | -6 418 | -1 981 | -9 015 |
| due to VAT settlement | 226 | -1 517 | 0 | -1 832 |
| other | -3 296 | -9 833 | -2 843 | -14 949 |
| Net other operating income and expense | -6 531 | 23 855 | 10 865 | -79 567 |

9 General administrative expenses

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Payroll costs | -208 544 | -648 316 | -184 435 | -638 058 |
| remuneration due to employment contracts | -177 631 | -537 032 | -150 542 | -520 276 |
| remuneration surcharges | -28 089 | -103 281 | -33 315 | -111 605 |
| costs of bonus for senior executives settled in phantom shares | -593 | -1 668 | 1 948 | 741 |
| other | -2 231 | -6 335 | -2 526 | -6 918 |
| General and administrative costs | -117 690 | -349 360 | -107 977 | -398 643 |
| lease and building maintenance expenses | -14 479 | -45 047 | -15 158 | -45 423 |
| costs of Banking Guarantee Fund | -14 331 | -91 907 | -23 724 | -136 387 |
| IT costs | -32 619 | -93 693 | -30 301 | -80 308 |
| marketing costs | -14 177 | -28 134 | -8 111 | -35 880 |
| cost of advisory services | -5 352 | -11 030 | -2 661 | -14 333 |
| external services | -7 946 | -20 481 | -6 628 | -20 777 |

| | 01.07.2021 - 30.09.2021 | 01.01.2021- 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020- 30.09.2020 |
|---|----------------------------|---------------------------|----------------------------|---------------------------|
| training costs | -1 093 | -2 755 | -1 100 | -4 530 |
| costs of telecommunications services | -5 938 | -18 837 | -7 253 | -19 314 |
| costs of lease of property, plant and equipment and intangible assets | -75 | -401 | -2 347 | -6 562 |
| other | -21 680 | -37 075 | -10 694 | -35 129 |
| Amortization and depreciation | -60 992 | -173 836 | -109 172 | -228 994 |
| property, plant and equipment | -18 197 | -55 181 | -22 904 | -62 122 |
| intangible assets | -16 296 | -46 610 | -63 578 | -97 135 |
| right to use the asset | -26 499 | -72 045 | -22 690 | -69 737 |
| Taxes and fees | -6 646 | -19 631 | -6 216 | -18 676 |
| Total general administrative expenses | -393 872 | -1 191 143 | -407 800 | -1 284 371 |

10 Net expected credit losses

| | 01.07.2021 - 30.09.2021 | 01.01.2021- 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020- 30.09.2020 |
|--|----------------------------|---------------------------|----------------------------|---------------------------|
| Expected credit losses Stage 3 | -304 669 | -986 694 | -243 493 | -1 265 661 |
| retail customers | -82 238 | -385 757 | -129 115 | -521 371 |
| business customers | -222 431 | -600 937 | -114 378 | -744 290 |
| Expected credit losses Stage 1 and 2(ECL) | 36 236 | 166 388 | -54 159 | -112 963 |
| Stage 2 | 27 823 | 134 611 | -18 590 | -77 832 |
| retail customers | -4 020 | 61 967 | -12 834 | -9 352 |
| business customers | 31 843 | 72 644 | -5 756 | -68 480 |
| Stage 1 | 8 413 | 31 777 | -35 569 | -35 131 |
| retail customers | -14 453 | 13 251 | -25 763 | -60 529 |
| business customers | 22 866 | 18 526 | -9 806 | 25 398 |
| POCI | -5 801 | -6 133 | -7 455 | -19 219 |
| Recoveries from off-balance sheet | 13 065 | 58 513 | 10 170 | 35 132 |
| Investment securities | -5 281 | -5 264 | 312 | -10 032 |
| Off-balance provisions | 14 721 | 12 996 | 5 282 | -127 899 |
| Net expected credit losses | -251 729 | -760 194 | -289 343 | -1 500 642 |

11 The result on impairment of non-financial assets

| | 01.07.2021 - 30.09.2021 | 01.01.2021- 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020- 30.09.2020 |
|--|----------------------------|---------------------------|----------------------------|---------------------------|
| Property, plant and equipment and intangible assets, incl: | -1 330 | -3 231 | -1 803 | -70 347 |
| goodwill | 0 | 0 | 0 | -64 400 |
| Non-current assets held for sale | 0 | 25 | 1 | -45 |
| Total | -1 330 | -3 206 | -1 802 | -70 392 |

12 Banking Tax

The Act on Tax from Certain Financial Institutions of 15 January 2016 became effective on 1 February 2016 – the Act applies to banks and insurance companies. The tax accrues on the surplus of assets in excess of PLN 4 billion as detailed in trial balances as at the end of each month. Banks are entitled to reduce the taxation base by their equity, as well as the amounts of Treasury securities and assets acquired from NBP, constituting collateral for the refinancing loan granted by NBP. The tax is payable monthly (the monthly rate

is 0.0366%) by the 25th day of the month following the month to which it applies and is recognised in the profit and loss account in the period to which it applies.

13 Income tax

13.1 Tax charge disclosed in the profit and loss account

| | 01.01.2021 - 30.09.2021 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|
| Current tax | 128 115 | 77 932 |
| Deferred income tax | 63 063 | -44 861 |
| Accounting tax recognized in the income statement | 191 178 | 33 071 |

13.2 Effective tax rate calculation

| | 01.01.2021 - 30.09.2021 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|
| Gross profit | 573 465 | -386 583 |
| Income tax at 19% | 108 958 | -73 451 |
| Non-tax-deductible expenses (tax effect) | 83 642 | 112 426 |
| Representations costs | 75 | 93 |
| Impairment losses on loans not deductible for tax purposes | 22 998 | 36 561 |
| Prudential fee to BGF | 17 462 | 25 913 |
| Tax on Certain Financial Institutions | 33 117 | 31 391 |
| Donations | 4 | 326 |
| Goodwill impairment | 0 | 12 236 |
| Other | 9 986 | 5 906 |
| Non-taxable income (tax effect) | -2 013 | -365 |
| Recognition of tax loss | 7 206 | -43 |
| Other | -6 615 | -5 496 |
| Accounting tax recognized in the income statement | 191 178 | 33 071 |
| Effective tax rate | 33.34% | n/a |

14 Profit per share

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Net profit/loss from continuing operations | 150 382 | 382 287 | 90 661 | -419 654 |
| Weighted average number of ordinary shares | 130 553 991 | 130 553 991 | 130 553 991 | 130 553 991 |
| Share options (number) - adjusting instrument | 0 | 0 | 543 725 | 543 725 |
| Adjusted weighted average number of shares | 130 553 991 | 130 553 991 | 131 097 716 | 131 097 716 |
| Net profit per ordinary share (PLN) | 1.15 | 2.93 | 0.69 | -3.21 |
| Diluted profit per share (PLN) | 1.15 | 2.93 | 0.69 | -3.20 |
| Profit or loss from discontinued operations | 0 | 0 | -8 875 | -11 927 |
| Net profit per ordinary share (PLN) | 0.00 | 0.00 | -0.07 | -0.09 |
| Diluted profit per share (PLN) | 0.00 | 0.00 | -0.07 | -0.09 |

Core profit per share is calculated as the quotient of profit attributable to the Bank's shareholders and the weighted average number of ordinary shares in the year.

Pursuant to IAS 33, diluted earnings per share are calculated based on the ratio of the profit attributable to the Bank's shareholders to the weighted average number of ordinary shares, adjusted as if all dilutive

potential ordinary shares were converted into shares. As of 30 September 2021, the Group did not have dilutive instruments.

The number of warrants as of 30 September 2020:

| Series of warrants | The number of warrants as of 31.12.2019 | The number of warrants executed during 2020 | Warrants expired in 2020 | The number of warrants as of 30.09.2020 |
|--------------------|---|---|--------------------------|---|
| C | 543 725 | 0 | 0 | 543 725 |

Notes to the interim condensed consolidated statement of financial position

15 Cash and cash equivalents

15.1 Financial data

| | 30.09.2021 | 31.12.2020 |
|--|------------------|------------------|
| Current account with the central bank | 141 399 | 892 836 |
| Overnight | 0 | 54 980 |
| Cash | 603 118 | 627 327 |
| Current accounts in other banks | 676 901 | 784 071 |
| Term deposits in other banks | 223 898 | 100 687 |
| Cash and balances with central bank | 1 645 316 | 2 459 901 |

16 Amounts due from banks

16.1 Financial data

| Structure by type | 30.09.2021 | 31.12.2020 |
|---|----------------|----------------|
| Deposits as derivative transactions (ISDA) collateral | 547 029 | 421 255 |
| Other | 81 996 | 87 116 |
| Amounts due from banks | 629 025 | 508 371 |

17 Investment financial assets

17.1 Financial data

| | 30.09.2021 | 31.12.2020 |
|---|-------------------|-------------------|
| Financial assets | 14 472 487 | 15 744 672 |
| measured at fair value through other comprehensive income | 7 384 497 | 6 983 904 |
| measured at fair value through profit or loss | 373 762 | 594 926 |
| measured at amortized cost | 6 714 228 | 8 165 842 |

17.2 Investment financial assets by type

| measured at fair value through other comprehensive income | 30.09.2021 | 31.12.2020 |
|---|------------------|------------------|
| Debt instruments | 7 314 634 | 6 908 521 |
| issued by the State Treasury | 6 677 478 | 5 545 235 |
| T-bonds | 6 677 478 | 5 545 235 |
| issued by monetary institutions | 596 221 | 1 307 294 |

| measured at fair value through other comprehensive income | 30.09.2021 | 31.12.2020 |
|---|------------------|------------------|
| eurobonds | 21 606 | 21 786 |
| money bills | 0 | 1 199 973 |
| bonds | 574 615 | 85 535 |
| issued by companies | 40 935 | 55 992 |
| bonds | 40 935 | 55 992 |
| Equity instruments | 69 863 | 75 383 |
| Total | 7 384 497 | 6 983 904 |

| measured at fair value through profit or loss | 30.09.2021 | 31.12.2020 |
|---|----------------|----------------|
| Debt instruments | 45 301 | 138 729 |
| issued by the State Treasury | 32 000 | 123 480 |
| T-bonds | 32 000 | 123 480 |
| issued by other financial institutions | 4 | 4 |
| bonds | 4 | 4 |
| issued by companies | 13 297 | 15 245 |
| bonds | 13 297 | 15 245 |
| Equity instruments | 79 669 | 73 717 |
| Derivative financial instruments | 248 792 | 382 480 |
| Interest rate transactions | 77 635 | 171 719 |
| SWAP | 77 477 | 171 705 |
| Cap Floor Options | 158 | 14 |
| Foreign exchange transactions | 151 163 | 148 135 |
| FX Swap | 59 121 | 22 702 |
| FX forward | 65 949 | 82 590 |
| CIRS | 13 586 | 12 720 |
| FX options | 12 507 | 30 123 |
| Other options | 15 676 | 59 711 |
| Other instruments | 4 318 | 2 915 |
| Total | 373 762 | 594 926 |

| measured at amortized cost | 30.09.2021 | 31.12.2020 |
|--|------------------|------------------|
| Debt instruments | 6 714 228 | 8 165 842 |
| issued by the State Treasury | 6 191 248 | 7 637 306 |
| T-bonds | 6 191 248 | 7 637 306 |
| issued by other financial companies | 522 980 | 528 536 |
| bonds | 522 980 | 528 536 |
| Total | 6 714 228 | 8 165 842 |

18 Loans and advances to customers

18.1 Quality and valuation of the loan portfolio in the post- COVID-19 environment

18.1.1 Actions taken by the Bank in relation to credit portfolio management due to the COVID-19 pandemic

Changes applied to credit policies

The Group adapts its credit policies and processes to the current macroeconomic situation and the risks arising from it. The changes are aimed at supporting clients (including business activities by clients) while focusing on minimising the Bank's credit losses.

In the area of corporate loans, during 2021, the Bank consistently continued its strategy of optimizing its lending policy, focusing on precisely reducing the most harmful customer profiles. In particular, in the field of micro and small entrepreneurs, the following have been maintained:

- limited amounts available for high-risk customers,
- shortened loan periods for higher risk classes,
- stricter credit rejection criteria based on new data sources (external databases).

The new lending activity is characterized by better quality and a higher level of collateral, thanks to which it will be more resilient in times of deteriorating macroeconomic environment.

In 2021, in the corporate client segment, the Bank continued its financing strategy focused on making the policy parameters dependent on the client's industry risk group, implemented in 2020 to respond to the increased financing risk resulting from the effects of the COVID-19 pandemic. Based on the review of the situation of individual sectors of the economy, the Bank updated the assignment of industry risk having a direct impact on the parameters of the lending policy. The process simplifications introduced in 2020, aimed at limiting contacts with the customer and ensuring the continuity of processes with a limited number of employees, have been verified and mostly maintained.

In the area of credit risk management in the retail client segment, the Bank continued to optimize its lending policy during 2021, maintaining conservatism in assessing the impact of the systemic environment and signals of economic recovery on the situation and future behavior of current and potential borrowers, including through:

- maintaining an insurance product to the offer to protect the Bank and customers against the negative effects of changes in their financial situation,
- tightening the policy of accepting collateral,
- optimization of the amount of available commitment to a single client depending on the assessment of that client,
- continuation of payment moratoria (credit holidays),
- stricter lending conditions for those employed or running a business in high-risk industries,
- restrictive approach to crediting clients whose source of repayment is income from civil law contracts.

18.1.2 Loan portfolio quality

Key credit portfolio quality indicators as of 30 September 2021

As of 30 September 2021, the Bank does not observe negative impact of the environment on the quality of the loan portfolio. The share of 30-day overdue loans in regular portfolio as of 30 September 2021 was 0.68% compared to 1.26% observed as of 30 September 2020 (with an improvement of over 58 bps, ca. 30 bps will result from the implementation of new principles of default identification and reclassification of credit exposures).

In the Bank's opinion, this situation is largely due to the scale of support that clients received both in terms of payment moratoria and public-legal aid, which turned out to be effective tools for counteracting the effects of the pandemic. The low interest rates environment was also significant for the quality of the loan portfolio.

Industry structure of commercial customers

An important limiting aspect the pandemic's impact on the quality of the Bank's commercial portfolio is its industry structure. The Bank conducts regular analyses on the exposure of specific industries to the current situation. These analyses essentially include the impact and results of lock-down, observations of customer business activity, prospects in the expected macroeconomic environment, the impact of changes in consumer sentiment, the impact of changes in global supply chains as well as the scale of public-legal-fiscal support and its fundamental impact on business support.

As a result of the above analyses, the Bank distinguishes the categories of industries in terms of exposure to the effects of COVID-19, which have a direct impact on the parameters of credit policy.

Retail client portfolio sensitivity to job loss risk

In its portfolio of retail clients, the Bank pays key attention to the risk of losing job by clients in light of the exposure to the effects of the pandemic. The key aspects to be taken into account are:

- source of income
- employment sector
- age
- utilization of payment moratoria.

18.1.3 Methodology for calculating the impact of the COVID-19 pandemic on expected credit losses impairment measurement methodology

In the 2021, the Bank did not make any changes to the methodology of quantification of impairment losses (apart from the implementation of the new rules for identifying defaults described below).

The applied methodology adequately reflected the expected effects of the economic environment affecting both the classification and valuation of the loan portfolio.

Macroeconomic scenarios

In order to take into account changes in the business environment, the Bank uses macroeconomic scenarios showing possible trajectories of the economic situation. The scenarios used by the Bank are developed internally by the Macroeconomic Analysis Department and consistent with those taken into account in the financing planning process. The Bank adopts 3 scenarios for the future macroeconomic situation:

- base, with a probability of 60%
- pessimistic, with a probability of 25%
- optimistic, with a probability of 15%.

The dynamics of GDP change and the unemployment rate are used as the main macroeconomic indicators. The selection of ratios is justified by the analyzes carried out by the Bank regarding the impact of changes in the economic environment on the parameters of credit risk.

The scale of expert judgement

In determining the expected credit losses, the Bank aims to make the fullest possible use of statistical solutions that objectify the impact of current and future conditions on the values of credit risk parameters. Expert judgment is used as a tool supporting model management in situations of increased market volatility. In view of the extinction of the effects of the COVID-19 pandemic on the loan portfolio, the Bank systematically reduces the dose of expert judgment by returning to solutions based to a greater extent on dependencies estimated using statistical methods. Regardless of the scale of application of expert judgment, it is managed in a standardized manner in accordance with the Model Management Policy adopted by the Bank and subject to independent validation. Decisions based on expert judgment are approved at dedicated decision-making levels in the form of the Model Risk Committee and the Bank's Management Board.

Impairment indicators

Due to the COVID-19 pandemic, the Bank has not made any changes to the impairment recognition rules. A full catalogue of indicators is maintained and used, together with the materiality thresholds applied to date.

Classification forbearance

As regards the classification of forbearance, the Bank applies dedicated rules for the payment moratoria (credit holidays) offered to retail and business customers related to liquidity problems for customers.

As of 30 September 2021, approx. 0.03% of sector moratoria and approx. 6.6% of statutory moratoria, respectively, remained active.

Regarding the statutory moratoria offered to clients who have lost their source of income, the Bank reclassifies to the portfolio with evidence of impairment of the part of the portfolio for which irregular service is observed after the holiday ends or the risk of default is estimated. The methodology for assessing this risk is based on the observation of irregular payments of the exposure population that ended the moratoria period, which is the benchmark for determining the risk profile of this portfolio.

Forward-looking factors

The Group carries out comprehensive analyses of the impact of the COVID-19 pandemic on key risk parameters in the scenarios envisaged. The analyses cover both quantitative and qualitative aspects and address legal, macroeconomic and social issues.

- **Probability of default**

As regards the PD parameter estimation, the Group conducts in-depth analyzes of the scale of sensitivity of the quality of loan portfolios to the adopted macroeconomic scenarios. In terms of the corporate segment, the Group:

- assesses changes in the economic and financial situation of enterprises due to the belonging of a given group of clients to a specific industry and the expected changes in macroeconomic parameters in individual scenarios,

With regard to the individual retail segment, the Group performs:

- segmentation of the portfolio according to the degree of sensitivity of clients' credit quality to changes in the economic environment,
- quantification of changes in the unemployment rate to PD increase, taking into account the sensitivity levels of the identified segments.

- **Collaterals/LGD**

In the respect of collateral included in the valuation of impairments of credit exposures, the Group carried out a legal risk analysis (including legislative changes, court procedures) and other risks (including factors such as demand, economic environment, changes in investment and consumption trends) of the COVID-19 pandemic both in the short- and long-term horizon affecting both expected amounts and recovery times. Subsequently, on the basis of the available benchmarks and expert judgement, the Group estimated the expected decrease in the market value of collateral in the individual impairment scenarios used in the valuation. As a result, the Group confirmed that the forward-looking component used so far for the fall in collateral values for portfolio valuations fully safeguards the estimated risks arising from the COVID-19 pandemic for the entire loan portfolio.

For the remaining components that shape the level of loss, i.e., the recovery rate, the price conditions for the sale of debt, the recoverability component of the unsecured part, the Group carried out analyses including:

- an assessment of the sensitivity of the recovery rate in the cash loan portfolio to changes in the pace of GDP growth and the unemployment rate,
- a comparative analysis based on sectoral data on the extent to which companies/individual customers deteriorated as a result of the COVID-19 epidemic.

- **Utilization/EAD**

The Group conducts close monitoring and in-depth analyses of trends in the utilization of credit limits by retail and business customers during the pandemic period. The Group did not observe negative trends in terms of increased use of limits by customers. Despite this, the Group maintained in the valuation process a dedicated FLI component in the field of EAD for which an expert assumption was made to increase utilization in the period of economic downturn.

18.1.4 New definition of default

As of 1 January 2021, the Group will introduce changes to the identification of impairment triggers (default) by meeting the requirements of the European Banking Authority (EBA) no. EBA / GL / 2016/07.

The Group, in accordance with Art. 178 sec. 1, second paragraph of Regulation (EU) No 575/2013:

- in the case of retail exposures, it will use the definition of default j at the level of individual credit instruments rather than for the total liabilities of the borrower (excluding arrears material for the entire relationship),
- for commercial exposures, it will use the default definition at obligor level.

The process of identifying defaults will be conducted in a centralized system and will cover all debtors of the Capital Group, whose assessment will be carried out according to uniform criteria.

The key change is the Group perceives the different rules for determining the overdue liability, where the continuity of material overdue (both in relative and absolute terms) is of fundamental importance.

For banking operations, as at the date of introducing the change, the Bank recognized an increase in the value of the portfolio with impairment triggers by approx. 1.4%.

The Group estimates that this change will not result in an additional long-term burden on the Group's financial result in the following reporting periods.

18.1.5 Expected credit losses as of 30 September 2021

As of 30 September 2021, despite the fact that, the Bank does not observe a negative impact of the environment on the quality of the loan portfolio, which is constantly improving, due to possible uncertainty regarding the final crystallization of the effects of the pandemic, the above-mentioned components supporting the level of impairment losses were maintained.

The level of loss allowances for exposures classified to Stage 1 and Stage 2 as of 30 September 2021 is approx. PLN 1.1 billion and represents a decrease by approx. 17% compared to the level maintained as of 30 September 2020.

The parameters of the key credit parameters of the regular portfolio are presented below:

| Date | DPD 30+ | PD | LGD | Stage 2 share in the regular portfolio |
|------------|---------|-------|--------|--|
| 30.09.2020 | 1.26% | 4.69% | 30.30% | 13.40% |
| 30.09.2021 | 0.68% | 3.66% | 30.60% | 11.30% |

- Sensitivity of results to variability of assumptions

The Group considers the base scenario to be the dominant scenario. Below is presented the sensitivity of the expected loss estimates for individual risk parameters depending on the change in the probabilities assigned to individual macroeconomic scenarios:

| Changing the probability of scenarios | Total amount | PD | LGD (def) |
|--|--------------|----------|-----------|
| Increasing the probability of a pessimistic scenario by 5% | ca +17.0 | ca +16.0 | ca +1.0 |
| Increasing the probability of an optimistic scenario by 5% | ca -17.0 | ca -16.0 | ca -1.0 |

18.2 Financial data (gross value, expected credit losses)

| Loans granted to customers | 30.09.2021 | | | 31.12.2020 | | |
|----------------------------------|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|
| | Gross value | Expected credit losses | Net value | Gross value | Expected credit losses | Net value |
| Retail segment | 37 930 709 | -2 431 346 | 35 499 363 | 36 750 867 | -2 857 250 | 33 893 617 |
| Consumer loans | 19 118 477 | -2 265 979 | 16 852 498 | 19 459 830 | -2 631 996 | 16 827 834 |
| Loans for residential properties | 15 012 652 | -118 733 | 14 893 919 | 13 391 070 | -176 938 | 13 214 132 |
| Consumer finance loans | 3 799 580 | -46 634 | 3 752 946 | 3 899 967 | -48 316 | 3 851 651 |
| Corporate segment | 25 505 141 | -3 171 251 | 22 333 890 | 25 711 076 | -3 389 271 | 22 321 805 |
| Working capital loans | 14 896 549 | -1 869 046 | 13 027 503 | 11 929 897 | -2 211 179 | 9 718 718 |
| Investment loans | 6 184 419 | -682 239 | 5 502 180 | 7 178 009 | -603 303 | 6 574 706 |
| Other business loans | 4 424 173 | -619 966 | 3 804 207 | 6 603 170 | -574 789 | 6 028 381 |
| Total | 63 435 850 | -5 602 597 | 57 833 253 | 62 461 943 | -6 246 521 | 56 215 422 |

| Loans granted to customers | 30.09.2021 | | | 31.12.2020 | | |
|----------------------------|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|
| | Gross value | Expected credit losses | Net value | Gross value | Expected credit losses | Net value |
| Retail segment | 37 930 709 | -2 431 346 | 35 499 363 | 36 750 867 | -2 857 250 | 33 893 617 |
| Stage 1 | 32 975 625 | -350 978 | 32 624 647 | 31 012 809 | -364 336 | 30 648 473 |
| Stage 2 | 2 405 378 | -388 292 | 2 017 086 | 2 676 064 | -450 325 | 2 225 739 |
| Stage 3 | 2 503 373 | -1 668 232 | 835 141 | 2 996 225 | -2 013 430 | 982 795 |
| POCI | 46 333 | -23 844 | 22 489 | 65 769 | -29 159 | 36 610 |
| Corporate segment | 25 505 141 | -3 171 251 | 22 333 890 | 25 711 076 | -3 389 271 | 22 321 805 |
| Stage 1 | 15 541 499 | -109 958 | 15 431 541 | 14 774 099 | -128 464 | 14 645 635 |
| Stage 2 | 4 382 981 | -249 795 | 4 133 186 | 4 935 389 | -322 301 | 4 613 088 |
| Stage 3 | 5 398 638 | -2 782 903 | 2 615 735 | 5 788 285 | -2 891 251 | 2 897 034 |
| POCI | 182 023 | -28 595 | 153 428 | 213 303 | -47 255 | 166 048 |
| Total | 63 435 850 | -5 602 597 | 57 833 253 | 62 461 943 | -6 246 521 | 56 215 422 |

| Loans and advances to customers by method of allowance calculation | 30.09.2021 | | | 31.12.2020 | | |
|--|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|
| | Gross value | Expected credit losses | Net value | Gross value | Expected credit losses | Net value |
| Stage 3 | 7 902 011 | -4 451 135 | 3 450 876 | 8 784 510 | -4 904 681 | 3 879 829 |
| individualised method | 3 395 006 | -1 549 026 | 1 845 980 | 3 451 651 | -1 494 149 | 1 957 502 |
| group method | 4 507 005 | -2 902 109 | 1 604 896 | 5 332 859 | -3 410 532 | 1 922 327 |
| Stage 2 | 6 788 359 | -638 087 | 6 150 272 | 7 611 453 | -772 626 | 6 838 827 |
| Stage 1 | 48 517 124 | -460 936 | 48 056 188 | 45 786 908 | -492 800 | 45 294 108 |
| POCI | 228 356 | -52 439 | 175 917 | 279 072 | -76 414 | 202 658 |
| Total | 63 435 850 | -5 602 597 | 57 833 253 | 62 461 943 | -6 246 521 | 56 215 422 |

| Loans and advances to customers – exposure of the Group to the credit risk | 30.09.2021 | | | 31.12.2020 | | |
|--|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|
| | Gross value | Expected credit losses | Net value | Gross value | Expected credit losses | Net value |
| Stage 3 | 7 902 011 | -4 451 135 | 3 450 876 | 8 784 510 | -4 904 681 | 3 879 829 |
| not overdue | 1 529 502 | -490 469 | 1 039 033 | 1 447 092 | -383 715 | 1 063 377 |
| overdue | 6 372 509 | -3 960 666 | 2 411 843 | 7 337 418 | -4 520 966 | 2 816 452 |
| Stage 1 and Stage 2 | 55 305 483 | -1 099 023 | 54 206 460 | 53 398 361 | -1 265 426 | 52 132 935 |
| not overdue | 52 089 819 | -767 650 | 51 322 169 | 50 031 062 | -846 322 | 49 184 740 |
| overdue | 3 215 664 | -331 373 | 2 884 291 | 3 367 299 | -419 104 | 2 948 195 |
| POCI | 228 356 | -52 439 | 175 917 | 279 072 | -76 414 | 202 658 |
| Total | 63 435 850 | -5 602 597 | 57 833 253 | 62 461 943 | -6 246 521 | 56 215 422 |

From 1 January to 30 September 2021 the Group sold loans with a total gross value amounting to PLN 759 188 thousand, while the impairment allowance recorded for this portfolio amounted to PLN 582 308 thousand. The impact of debt sales on the cost of risk in the first quarter of 2021 amounted to PLN (-) 13 765 thousand (loss).

From 1 January to 30 September 2021 the Group wrote off the financial assets amounted to PLN 1 013 709 thousand. The financial assets that are written off concerned both the loan portfolio of individual and business customers. The financial assets that are written off in the first half of 2021 in the amount of PLN 1 003 340 thousand may still be subject enforcement activity.

| Loans and advances to customers | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|-------------------|------------------|------------------|----------------|-------------------|
| Gross carrying amount | | | | | |
| Gross carrying amount as at 01.01.2021 | 45 786 908 | 7 611 453 | 8 784 510 | 279 072 | 62 461 943 |
| New / purchased / granted financial assets | 13 891 532 | 0 | 0 | 0 | 13 891 532 |
| Changes in the level of credit risk, derecognition (other than write-offs): repayments, changes in the valuation, sale or expiry of an instrument | -9 726 169 | -913 230 | -1 242 568 | -21 949 | -11 903 916 |
| Financial assets written down | 0 | 0 | -984 942 | -28 767 | -1 013 709 |
| Transfer to Stage 1 | 1 268 720 | -1 132 917 | -135 803 | 0 | 0 |
| Transfer to Stage 2 | -2 062 737 | 2 225 873 | -163 136 | 0 | 0 |
| Transfer to Stage 3 | -641 130 | -1 002 820 | 1 643 950 | 0 | 0 |
| Gross carrying amount as at 30.09.2021 | 48 517 124 | 6 788 359 | 7 902 011 | 228 356 | 63 435 850 |
| Expected credit losses | | | | | |
| Expected credit losses as at 01.01.2021 | 492 800 | 772 626 | 4 904 681 | 76 414 | 6 246 521 |
| New / purchased / granted financial assets | 372 336 | 0 | 0 | 0 | 372 336 |
| Changes in the level of credit risk, derecognition (other than write-offs): repayments, changes in the valuation, sale or expiry of an instrument | -559 855 | 90 498 | 462 014 | 4 792 | -2 551 |
| Financial assets written down | 0 | 0 | -984 942 | -28 767 | -1 013 709 |
| Transfer to Stage 1 | 250 150 | -156 500 | -93 650 | 0 | 0 |
| Transfer to Stage 2 | -55 821 | 154 182 | -98 361 | 0 | 0 |
| Transfer to Stage 3 | -38 674 | -222 719 | 261 393 | 0 | 0 |
| Expected credit losses as at 30.09.2021 | 460 936 | 638 087 | 4 451 135 | 52 439 | 5 602 597 |
| Net carrying amount as at 30.09.2021 | 48 056 188 | 6 150 272 | 3 450 876 | 175 917 | 57 833 253 |

| Loans and advances to customers | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|-------------------|------------------|------------------|----------------|-------------------|
| Gross carrying amount | | | | | |
| Gross carrying amount as at 01.01.2020 | 46 359 985 | 6 025 882 | 8 572 241 | 335 419 | 61 293 527 |
| New / purchased / granted financial assets | 11 212 122 | 0 | 0 | 0 | 11 212 122 |

| Loans and advances to customers | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|-------------------|------------------|------------------|----------------|-------------------|
| Changes in the level of credit risk, derecognition (other than write-offs): repayments, changes in the valuation, sale or expiry of an instrument | -8 556 665 | -360 233 | -779 348 | -7 958 | -9 704 204 |
| Financial assets written down | 0 | 0 | -426 858 | -28 988 | -455 846 |
| Transfer to Stage 1 | 1 046 726 | -1 020 252 | -26 474 | 0 | 0 |
| Transfer to Stage 2 | -3 678 475 | 3 950 798 | -272 323 | 0 | 0 |
| Transfer to Stage 3 | -975 416 | -1 113 050 | 2 088 466 | 0 | 0 |
| Gross carrying amount as at 30.09.2020 | 45 408 277 | 7 483 145 | 9 155 704 | 298 473 | 62 345 599 |
| Expected credit losses | | | | | |
| Expected credit losses as at 01.01.2020 | 471 134 | 733 339 | 4 153 914 | 90 618 | 5 449 005 |
| New / purchased / granted financial assets | 528 144 | 0 | 0 | 0 | 528 144 |
| Changes in the level of credit risk, derecognition (other than write-offs): repayments, changes in the valuation, sale or expiry of an instrument | -574 626 | 300 790 | 1 078 307 | 23 941 | 828 412 |
| Financial assets written down | 0 | 0 | -426 858 | -28 988 | -455 846 |
| Transfer to Stage 1 | 157 290 | -142 937 | -14 353 | 0 | 0 |
| Transfer to Stage 2 | -48 700 | 121 027 | -72 327 | 0 | 0 |
| Transfer to Stage 3 | -30 626 | -199 832 | 230 458 | 0 | 0 |
| Expected credit losses as at 30.09.2020 | 502 616 | 812 387 | 4 949 141 | 85 571 | 6 349 715 |
| Net carrying amount as at 30.09.2020 | 44 905 661 | 6 670 758 | 4 206 563 | 212 902 | 55 995 884 |

19 Other assets

19.1 Financial data

| | 30.09.2021 | 31.12.2020 |
|--|----------------|----------------|
| Sundry debtors | 506 547 | 539 396 |
| Other settlements | 308 505 | 390 041 |
| Receivables related to sales of services (including insurance) | 20 212 | 12 538 |
| Guarantee deposits | 15 844 | 15 272 |
| Settlements due to cash in ATMs | 161 986 | 121 545 |
| Costs recognised over time | 38 720 | 43 854 |
| Maintenance and support of systems, servicing of plant and equipment | 23 089 | 27 125 |
| Other deferred costs | 15 631 | 16 729 |
| VAT settlements | 62 093 | 62 743 |
| Other assets (gross) | 607 360 | 645 993 |
| Write-down | -54 011 | -64 867 |
| Other assets (net) | 553 349 | 581 126 |
| including financial assets (gross) | 506 547 | 539 396 |

Change in write-downs

| | 30.09.2021 | 30.09.2020 |
|---|---------------|---------------|
| Open balance | 64 867 | 68 543 |
| Provisions recorded | 6 418 | 9 015 |
| Provisions released | -7 607 | -6 566 |
| Assets written off from the balance sheet | -8 571 | -1 645 |
| Other changes | -1 096 | 251 |
| Closing balance | 54 011 | 69 598 |

20 Assets pledged as collateral

20.1 Financial data

| | 30.09.2021 | 31.12.2020 |
|--|----------------|----------------|
| Treasury bonds blocked for REPO transactions | 471 157 | 108 915 |
| Financial assets measured at amortised cost in the EIB | 130 944 | 337 540 |
| Total | 602 101 | 446 455 |

Apart from assets that secure liabilities that are disclosed separately in the statement of financial position, the Bank additionally held the following collateral for the liabilities that did not meet the criterion of separate presentation in accordance with IFRS 9:

| | 30.09.2021 | 31.12.2020 |
|---|----------------|----------------|
| Treasury bonds blocked with BGF | 429 719 | 429 321 |
| Deposits as derivative transactions (ISDA) collatera | 547 029 | 421 255 |
| Deposit as collateral of transactions performed in Alior Trader | 93 | 238 |
| Total | 976 841 | 850 814 |

21 Amounts due to banks

21.1 Financial data

| Structure by type | 30.09.2021 | 31.12.2020 |
|-----------------------------------|----------------|----------------|
| Current deposits | 6 673 | 7 864 |
| Overnights | 250 000 | 184 592 |
| Term deposits | 51 906 | 9 751 |
| Own bond issues | 110 901 | 292 148 |
| Received loan | 100 413 | 121 196 |
| Other liabilities | 97 700 | 295 857 |
| Repo | 0 | 999 |
| Total amounts due to banks | 617 593 | 912 407 |

22 Amounts due to customers

22.1 Financial data

| Structure by type and customer segment | 30.09.2021 | 31.12.2020 |
|--|-------------------|-------------------|
| Retail segment | 46 216 622 | 45 702 199 |
| Current deposits | 39 839 464 | 37 173 915 |
| Term deposits | 5 509 313 | 7 222 055 |
| Own issue of banking securities | 636 592 | 1 085 210 |
| Other liabilities | 231 253 | 221 019 |
| Corporate segment | 20 737 231 | 21 173 708 |
| Current deposits | 16 902 137 | 16 424 096 |
| Term deposits | 3 059 226 | 4 336 147 |
| Issue of the Bank's securities | 1 789 | 2 450 |
| Other liabilities | 774 079 | 411 015 |
| Total amounts due to customers | 66 953 853 | 66 875 907 |

From 1 January to 30 September 2021 the Group issued own securities amounted to PLN 233 727 thousand and securities purchased before maturity amounted to PLN 216 203 thousand.

In 2020 the Group issued own securities amounted to PLN 188 963 thousand and securities purchased before maturity amounted to PLN 67 426 thousand.

23 Provisions

23.1 Financial data

| | Provisions for disputes | Provisions for retirement benefits | Provisions for off-balance sheet liabilities granted | Restructuring provision | Provision for reimbursement of credit costs (TSUE) | Total provisions |
|--------------------------------|-------------------------|------------------------------------|--|-------------------------|--|------------------|
| As of 1 January 2021 | 47 534 | 5 954 | 172 060 | 2 872 | 108 140 | 336 560 |
| Established provisions | 19 113 | 5 633 | 110 915 | 0 | 16 800 | 152 461 |
| Reversal of provisions | -2 213 | -146 | -123 911 | -312 | 0 | -126 582 |
| Utilized provisions | -15 891 | -5 777 | 0 | -385 | -55 020 | -77 073 |
| Other changes | -2 | 0 | 103 | 0 | 0 | 101 |
| As of 30 September 2021 | 48 541 | 5 664 | 159 167 | 2 175 | 69 920 | 285 467 |

| | Provisions for disputes | Provisions for retirement benefits | Provisions for off-balance sheet liabilities granted | Restructuring provision | Provision for reimbursement of credit costs (TSUE) | Total provisions |
|--------------------------------|-------------------------|------------------------------------|--|-------------------------|--|------------------|
| As of 1 January 2020 | 49 822 | 9 498 | 67 549 | 4 446 | 227 554 | 358 869 |
| Established provisions | 10 603 | 7 171 | 222 404 | 0 | 98 528 | 338 706 |
| Reversal of provisions | -1 055 | -9 271 | -94 505 | -374 | 0 | -105 205 |
| Utilized provisions | -11 761 | -274 | 0 | -1 086 | -222 999 | -236 120 |
| Other changes | -1 | 0 | 474 | 0 | 0 | 473 |
| As of 30 September 2020 | 47 608 | 7 124 | 195 922 | 2 986 | 103 083 | 356 723 |

The restructuring provision is dedicated for payments of statutory severance bonuses in connection with employment terminations under group redundancies for the so-called additional compensation arising from the arrangement concluded with the trade unions and the provision for costs related to the restructuring of the branch network and abandoning franchise facilities in too close proximity (it includes the costs of compensation and expenses related to the physical abandonment of the facility and returning it to its original state). The restructuring program was announced by the Bank and its implementation started in December 2016. Moreover, in connection with the acquisition of SKOK Jaworzno, the Bank recognized additional provisions for severance pay for employees and the expected costs of restructuring branches of the former SKOK.

Split of the restructuring provision as of 30.09.2021 is presented below:

| | 31.12.2020 | utilisation | reversal | 30.09.2021 |
|--------------------------------------|--------------|-------------|-------------|--------------|
| Severance pays for employees | 312 | 0 | -312 | 0 |
| Reorganisation of the branch network | 2 560 | -385 | 0 | 2 175 |
| Total | 2 872 | -385 | -312 | 2 175 |

24 Other liabilities

24.1 Financial data

| | 30.09.2021 | 31.12.2020 |
|--|------------------|------------------|
| Interbank settlements | 564 931 | 431 543 |
| Taxes, customs duty, social and health insurance payables and other public settlements | 31 187 | 33 379 |
| Settlements of payment cards | 1 203 | 20 021 |
| Other settlements, including | 235 650 | 197 127 |
| settlements with insurers | 40 478 | 21 365 |
| Liability for reimbursement of credit costs | 81 706 | 78 433 |
| Settlements of issues of bank certificates of deposits | 46 901 | 22 047 |
| Liabilities due to contributions to the Bank Guarantee Fund | 158 671 | 133 569 |
| Accrued expenses | 151 746 | 154 524 |
| Income received in advance | 53 305 | 57 643 |
| Provision for bancassurance resignations | 38 850 | 24 363 |
| Provision for bonuses | 69 389 | 27 406 |
| Provision for unutilised annual leaves | 24 835 | 20 630 |
| Provision for bonuse settled in phantom shares | 1 759 | 91 |
| Provision for retention programs | 85 | 265 |
| Other employee provisions | 1 091 | 1 447 |
| Liabilities due to lease agreements | 299 092 | 286 055 |
| Other liabilities | 41 005 | 81 324 |
| Other liabilities | 1 801 406 | 1 569 867 |
| including financial liabilities | 883 490 | 727 124 |

25 Financial liabilities

25.1 Financial data

| | 30.09.2021 | 31.12.2020 |
|--------------------------------------|----------------|----------------|
| Short sale of T-bonds | 0 | 108 639 |
| Interest rate transactions | 82 837 | 184 386 |
| SWAP | 82 701 | 184 372 |
| Opcje Cap Floor | 136 | 14 |
| Foreign exchange transactions | 28 550 | 141 929 |
| FX swap | 7 005 | 57 412 |
| FX forward | 3 450 | 12 283 |
| CIRS | 7 006 | 44 406 |
| Opcje FX | 11 089 | 27 828 |
| Other options | 15 676 | 59 711 |
| Other instruments | 5 490 | 7 215 |
| Financial liabilities | 132 553 | 501 880 |

26 Subordinated liabilities

26.1 Financial data

| | Nominal value in the currency | Currency | Term | Interest | Status of liabilities | |
|---------------------------------|-------------------------------|----------|-----------------------|----------------|-----------------------|------------------|
| | | | | | 30.09.2021 | 31.12.2020 |
| Series F bonds | 321 700 | PLN | 26.09.2014-26.09.2024 | WIBOR6M +3.14 | 321 851 | 324 608 |
| Series G bonds | 0 | PLN | 31.03.2015-31.03.2021 | WIBOR6M +3.50 | 0 | 194 798 |
| Series I and I1 bonds | 183 350 | PLN | 04.12.2015-06.12.2021 | WIBOR6M +3.35 | 185 503 | 183 857 |
| Series B bonds (Meritum Bank) | 0 | PLN | 29.04.2013-29.04.2021 | WIBOR6M +5.80 | 0 | 67 884 |
| Series EUR001 bonds | 10 000 | EUR | 04.02.2016-04.02.2022 | LIBOR6M + 6.00 | 46 771 | 47 286 |
| Series P1A bonds | 150 000 | PLN | 27.04.2016-16.05.2022 | WIBOR6M +3.25 | 151 981 | 150 663 |
| Series P1B bonds | 70 000 | PLN | 29.04.2016-16.05.2024 | WIBOR6M +3.00 | 70 858 | 70 288 |
| Series K and K1 bonds | 600 000 | PLN | 20.10.2017-20.10.2025 | WIBOR6M +2.70 | 607 950 | 603 540 |
| Series P2A bonds | 150 000 | PLN | 14.12.2017-29.12.2025 | WIBOR6M +2.70 | 151 141 | 150 038 |
| Subordinated liabilities | | | | | 1 536 055 | 1 792 962 |

27 Off-balance sheet items

27.1 Financial data

| | 30.09.2021 | 31.12.2020 |
|--|------------------|------------------|
| Granted off-balance liabilities | 9 143 581 | 9 321 791 |
| Concerning financing | 8 425 543 | 8 528 951 |
| Guarantees | 718 038 | 792 840 |
| Performance guarantees | 462 260 | 490 443 |
| Financial guarantees | 255 778 | 302 397 |

28 Fair value hierarchy

28.1 Accounting principles and estimates and assumptions

The fair value is a price receivable in the sale of an asset or payable for transfer of a liability in an arm's length transaction in the principal (or most advantageous) market as at the measurement date subject to prevailing market conditions (exit price), irrespective of the fact if such price is directly observable or estimated with another measurement technique.

Depending on the classification category of financial assets and liabilities to a specific hierarchy level, various methods to measure fair value are applied.

Level 1: On the basis of prices quoted in the principal (or most advantageous) market

Financial assets and liabilities with fair value measured directly on the basis of quoted prices (not adjusted) from active markets for identical assets or liabilities. This category includes financial and equity instruments measured at fair value through profit and loss for which there is an active market and for which the fair value is determined on the basis of market value being the purchase price:

- debt Treasury securities valued at fixing on the Bondspot platform or Bloomberg information services and Reuters.
- debt and equity securities traded in a regulated market, including in the portfolio of the Brokerage House.
- derivative instruments that are traded in a regulated market.

Level 2: On the basis of measurement techniques based on assumptions using information coming from the principal (or most advantageous) market

Financial assets and liabilities whose fair value is measured with measurement models where all material input data is observable in the market directly (as prices) or indirectly (relying on prices). In that category the Bank classifies financial instruments for which no active market exists:

| | Measurement method (techniques) | Material observable input data |
|--|---|--|
| DERIVATIVE FINANCIAL INSTRUMENTS – CIRS. IRS. FRA. FX. FORWARD. FX SWAP TRANSACTIONS | The model of discounted future cash flows based on profitability curves. | Profitability curves are built on the basis of market rates. market data of the money market. FRA. IRS. OIS basis swap transaction market. FX instruments are measured using NBP's fixing rates and market rates of swap points. |
| FX OPTIONS. INTEREST RATE OPTIONS | FX options and interest rate options are measured with the use of specific valuation models characteristic for a specific option. | For option instruments additionally market quotations are used for market variability quotations of currency pairs and interest rates. |
| NBP MONEY BILLS | Profitability curve method | Profitability curves are developed on the basis of money market data. |
| COMMODITY FORWARD/SWAP | Commodity instruments are measured on the basis of future cash flows calculated on the basis of profitability curves characteristic for specific commodities. | Profitability curves are built on the basis of quoted commodity futures contracts. |

Level 3: For which minimum one factor affecting the price is not observable in the market

Financial assets and liabilities with the fair value measured with the measurement models where input data is not based on observable market data (non-observable input data).

Such instruments include options embedded in certificates of deposit issued by the Bank and options in the interbank market to hedge positions of the embedded options. The fair value is determined on the basis of market prices of those options or an internal model subject to both observable parameters (e.g., price of the base instrument, secondary quotations of options) and non-observable (e.g., variability, correlations between base instruments in options based on a basket). Model parameters are determined on the basis of a statistical analysis. At the end of the reporting period, the position in the above-mentioned instruments was closed on back-to-back basis, which means that the change in valuation of options embedded in structured instruments is offset by changes in the valuation of options concluded on the interbank market. The group also contains the Bank's position in commercial debt securities where apart from the parameters coming from market quotations are affected by non-observable volume of credit spread. The spread is based on the primary market price or at transaction execution. It is updated when reliable market quotations occur or when prices are obtained from transactions of comparable volume. The spread is also changed on the basis of information of a changed credit standing of the security issuer. At the end of the third quarter of 2021, the sensitivity of changed measurement of those assets in the case of an increase of the credit spread by 1 basis point was PLN 23.34 thousand.

| | Measurement method (techniques) | Material observable input data |
|------------------------------------|--|--|
| CORPORATE BONDS | Profitability curve model and risk margin | Profitability curves are developed on the basis of bond market data. |
| EXOTIC OPTIONS | The prices of exotic options embedded in structured products are determined on the basis of market prices or measured with the internal model subject to both observable parameters (e.g., price of the base instrument, secondary quotations of options) and non-observable (e.g., variability, correlations between base instruments). | The prices of exotic options embedded in structured products are acquired from the market. |
| SHARES VISA INCA SERIES PRIVILEGED | The current market value of listed ordinary shares of Visa Inc. | Market value of the listed ordinary shares of Visa Inc. |

| | Measurement method (techniques) | Material observable input data |
|--|--|---|
| SHARES VISA INCC SERIES PRIVILEGED | The current market value of listed ordinary shares of Visa Inc. subject to the conversion ratio and discount, considering changing prices of the shares of Visa Inc. | Market value of the listed ordinary shares of Visa Inc. |
| SHARES PSP sp. z o.o. | Fair value estimation is based on the current value of the company's forecast results | Risk free rate |
| SHARES RUCH SA | Fair value estimation is based on the current value of the company's forecast results | Risk free rate |

Transfers of instruments between measurement levels as at the end of the reporting period. Transfers are made subject to conditions set forth in the international financial reporting standards, for instance, quotation availability of instruments from an active market, availability of quotations of pricing factors, or impact of non-observable data on the fair value.

28.2 Financial data

Below there are carrying values of financial assets and liabilities split into measurement categories (levels).

Compared to the previous reporting period, there was no change to the classification and measurement principles of the hierarchy levels of the fair value.

| 30.09.2021 | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|----------------|----------------|------------------|
| Investment financial assets | | | | |
| Measured at fair value through profit and loss | 32 043 | 233 073 | 108 646 | 373 762 |
| SWAP | 0 | 77 477 | 0 | 77 477 |
| Cap Floor Ooptions | 0 | 158 | 0 | 158 |
| FX Swap | 0 | 59 121 | 0 | 59 121 |
| FX forward | 0 | 65 949 | 0 | 65 949 |
| CIRS | 0 | 13 586 | 0 | 13 586 |
| FX options | 0 | 12 507 | 0 | 12 507 |
| Other options | 0 | 0 | 15 676 | 15 676 |
| Other instruments | 43 | 4 275 | 0 | 4 318 |
| Financial derivatives | 43 | 233 073 | 15 676 | 248 792 |
| Treasury bonds | 32 000 | 0 | 0 | 32 000 |
| Other bonds | 0 | 0 | 13 301 | 13 301 |
| Equity instruments | 0 | 0 | 79 669 | 79 669 |
| Investment's securities | 32 000 | 0 | 92 970 | 124 970 |
| Measured at fair value through other comprehensive income | 7 273 699 | 0 | 110 798 | 7 384 497 |
| Treasury bonds | 6 677 478 | 0 | 0 | 6 677 478 |
| Other bonds | 596 221 | 0 | 40 935 | 637 156 |
| Equity instruments | 0 | 0 | 69 863 | 69 863 |
| Derivative hedging instruments | 0 | 131 902 | 0 | 131 902 |
| Interest rate transactions - SWAP | 0 | 131 902 | 0 | 131 902 |

| 31.12.2020 | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|----------------|
| Investment financial assets | | | | |
| Measured at fair value through profit and loss | 123 710 | 322 539 | 148 677 | 594 926 |
| SWAP | 0 | 171 705 | 0 | 171 705 |
| Cap Floor Ooptions | 0 | 14 | 0 | 14 |
| FX Swap | 0 | 22 702 | 0 | 22 702 |
| FX forward | 0 | 82 590 | 0 | 82 590 |

| 31.12.2020 | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|------------------|----------------|------------------|
| CIRS | 0 | 12 720 | 0 | 12 720 |
| FX options | 0 | 30 123 | 0 | 30 123 |
| Other options | 0 | 0 | 59 711 | 59 711 |
| Other instruments | 230 | 2 685 | 0 | 2 915 |
| Financial derivatives | 230 | 322 539 | 59 711 | 382 480 |
| Treasury bonds | 123 480 | 0 | 0 | 123 480 |
| Other bonds | 0 | 0 | 15 249 | 15 249 |
| Equity instruments | 0 | 0 | 73 717 | 73 717 |
| Investment's securities | 123 480 | 0 | 88 966 | 212 446 |
| Measured at fair value through other comprehensive income | 5 652 556 | 1 199 973 | 131 375 | 6 983 904 |
| Money bills | 0 | 1 199 973 | 0 | 1 199 973 |
| Treasury bonds | 5 545 235 | 0 | 0 | 5 545 235 |
| Other bonds | 107 321 | 0 | 55 992 | 163 313 |
| Equity instruments | 0 | 0 | 75 383 | 75 383 |
| Derivative hedging instruments | 0 | 334 977 | 0 | 334 977 |
| Interest rate transactions - SWAP | 0 | 334 977 | 0 | 334 977 |

| 30.09.2021 | Level 1 | Level 2 | Level 3 | Total |
|--|----------|----------------|---------------|----------------|
| Financial liabilities | | | | |
| Financial liabilities measured at fair value through profit or loss | 9 | 116 868 | 15 676 | 132 553 |
| Bonds | 0 | 0 | 0 | 0 |
| SWAP | 0 | 82 701 | 0 | 82 701 |
| Cap Floor Ooptions | 0 | 136 | 0 | 136 |
| FX Swap | 0 | 7 005 | 0 | 7 005 |
| FX forward | 0 | 3 450 | 0 | 3 450 |
| CIRS | 0 | 7 006 | 0 | 7 006 |
| FX options | 0 | 11 089 | 0 | 11 089 |
| Other options | 0 | 0 | 15 676 | 15 676 |
| Other instruments | 9 | 5 481 | 0 | 5 490 |
| Derivative hedging instruments | 0 | 256 753 | 0 | 256 753 |
| Interest rate swaps - IRS | 0 | 256 753 | 0 | 256 753 |

| 31.12.2020 | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|---------------|----------------|
| Financial liabilities | | | | |
| Financial liabilities measured at fair value through profit or loss | 108 651 | 333 518 | 59 711 | 501 880 |
| Bonds | 108 639 | 0 | 0 | 108 639 |
| SWAP | 0 | 184 372 | 0 | 184 372 |
| Cap Floor Ooptions | 0 | 14 | 0 | 14 |
| FX Swap | 0 | 57 412 | 0 | 57 412 |
| FX forward | 0 | 12 283 | 0 | 12 283 |
| CIRS | 0 | 44 406 | 0 | 44 406 |
| FX options | 0 | 27 828 | 0 | 27 828 |
| Other options | 0 | 0 | 59 711 | 59 711 |
| Other instruments | 12 | 7 203 | 0 | 7 215 |
| Derivative hedging instruments | 0 | 86 162 | 0 | 86 162 |
| Interest rate swaps - IRS | 0 | 86 162 | 0 | 86 162 |

Reconciliation of changes at level 3 of fair value hierarchy

| | Assets | | Liabilities | |
|--|----------------|----------------|---------------|---------------|
| | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 |
| Opening balance | 280 052 | 264 337 | 59 711 | 68 289 |
| Acquisitions | 1 835 | 38 619 | 1 365 | 5 301 |
| Net changes recognized in other comprehensive income | -6 008 | -5 142 | 0 | 0 |
| Net changes recognized in other comprehensive income | -49 | -9 815 | 660 | 14 332 |
| Currency differences | 4 255 | 1 175 | 0 | 0 |
| Settlement / redemption | -60 641 | -29 648 | -46 060 | -20 496 |
| Total | 219 444 | 259 526 | 15 676 | 67 426 |

At the end of the third quarter of 2021 the impact of the credit spread on the valuation of debt instruments measured at fair value through other comprehensive income (FVOCI) was approx. amounted to PLN 4.17 MM and for debt instruments measured at fair value through profit and loss account approx. amounted to PLN 1.08 MM.

Fair value measurement for disclosure purposes

Below is presented the carrying value and fair value of assets and liabilities that are not disclosed in the statement of financial position at fair value.

| 30.09.2021 | Carrying value | Fair value | | | |
|--|-------------------|----------------|----------------|-------------------|-------------------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | | |
| Cash and cash equivalents | 1 645 316 | 744 517 | 900 799 | 0 | 1 645 316 |
| Amount due from banks | 629 025 | 0 | 629 025 | 0 | 629 025 |
| Loans and advances to customers | 57 833 253 | 0 | 0 | 56 211 840 | 56 211 840 |
| Retail segment | 35 499 363 | 0 | 0 | 34 309 026 | 34 309 026 |
| Consumer loans | 16 852 498 | 0 | 0 | 16 603 461 | 16 603 461 |
| Loans for residential real estate | 14 893 919 | 0 | 0 | 13 968 043 | 13 968 043 |
| Consumer finance loans | 3 752 946 | 0 | 0 | 3 737 522 | 3 737 522 |
| Corporate segment | 22 333 890 | 0 | 0 | 21 902 814 | 21 902 814 |
| Working capital facility | 13 027 503 | 0 | 0 | 13 005 637 | 13 005 637 |
| Investment loans | 5 502 180 | 0 | 0 | 5 428 197 | 5 428 197 |
| Other | 3 804 207 | 0 | 0 | 3 468 980 | 3 468 980 |
| Assets pledged as collateral | 602 101 | 602 714 | 0 | 0 | 602 714 |
| Investment securities measured at amortized cost | 6 714 228 | 6 726 597 | 0 | 0 | 6 726 597 |
| Other financial assets | 506 547 | 0 | 0 | 506 547 | 506 547 |
| Liabilities | | | | | |
| Amounts due to banks | 617 593 | 0 | 617 593 | 0 | 617 593 |
| Current deposits | 6 673 | 0 | 6 673 | 0 | 6 673 |
| Overnights | 250 000 | 0 | 250 000 | 0 | 250 000 |
| Term deposits | 51 906 | 0 | 51 906 | 0 | 51 906 |
| Bonds issued | 110 901 | 0 | 110 901 | 0 | 110 901 |
| Credit received | 100 413 | 0 | 100 413 | 0 | 100 413 |
| Other liabilities | 97 700 | 0 | 97 700 | 0 | 97 700 |
| Amounts due to customers | 66 953 853 | 0 | 0 | 66 972 100 | 66 972 100 |
| Current deposits | 56 741 601 | 0 | 0 | 56 741 601 | 56 741 601 |
| Term deposits | 8 568 539 | 0 | 0 | 8 568 539 | 8 568 539 |
| Banking securities issued | 638 381 | 0 | 0 | 656 628 | 656 628 |

| 30.09.2021 | Carrying value | Fair value | | | |
|------------------------------------|------------------|------------|----------|------------------|------------------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Other liabilities | 1 005 332 | 0 | 0 | 1 005 332 | 1 005 332 |
| Other financial liabilities | 883 490 | 0 | 0 | 883 490 | 883 490 |
| Subordinated liabilities | 1 536 055 | 0 | 0 | 1 536 055 | 1 536 055 |

| 31.12.2020 | Carrying value | Fair value | | | |
|--|-------------------|----------------|----------------|-------------------|-------------------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | | |
| Cash and cash equivalents | 2 459 901 | 1 575 143 | 884 758 | 0 | 2 459 901 |
| Amount due from banks | 508 371 | 0 | 508 371 | 0 | 508 371 |
| Loans and advances to customers | 56 215 422 | 0 | 0 | 53 951 333 | 53 951 333 |
| Retail segment | 33 893 617 | 0 | 0 | 32 261 809 | 32 261 809 |
| Consumer loans | 16 827 834 | 0 | 0 | 16 021 777 | 16 021 777 |
| Loans for residential real estate | 13 214 132 | 0 | 0 | 12 400 139 | 12 400 139 |
| Consumer finance loans | 3 851 651 | 0 | 0 | 3 839 893 | 3 839 893 |
| Corporate segment | 22 321 805 | 0 | 0 | 21 689 524 | 21 689 524 |
| Working capital facility | 9 718 718 | 0 | 0 | 9 500 493 | 9 500 493 |
| Investment loans | 6 574 706 | 0 | 0 | 6 463 405 | 6 463 405 |
| Other | 6 028 381 | 0 | 0 | 5 725 626 | 5 725 626 |
| Assets pledged as collateral | 446 455 | 450 625 | 0 | 0 | 450 625 |
| Investment securities measured at amortized cost | 8 165 842 | 8 219 082 | 0 | 0 | 8 219 082 |
| Other financial assets | 539 396 | 0 | 0 | 539 396 | 539 396 |
| Liabilities | | | | | |
| Amounts due to banks | 912 407 | 0 | 912 407 | 0 | 912 407 |
| Current deposits | 7 864 | 0 | 7 864 | 0 | 7 864 |
| Overnights | 184 592 | 0 | 184 592 | 0 | 184 592 |
| Term deposits | 9 751 | 0 | 9 751 | 0 | 9 751 |
| Bonds issued | 292 148 | 0 | 292 148 | 0 | 292 148 |
| Credit received | 121 196 | 0 | 121 196 | 0 | 121 196 |
| Other liabilities | 295 857 | 0 | 295 857 | 0 | 295 857 |
| Repo | 999 | 0 | 999 | 0 | 999 |
| Amounts due to customers | 66 875 907 | 0 | 0 | 66 918 629 | 66 918 629 |
| Current deposits | 53 598 011 | 0 | 0 | 53 598 011 | 53 598 011 |
| Term deposits | 11 558 202 | 0 | 0 | 11 558 202 | 11 558 202 |
| Banking securities issued | 1 087 660 | 0 | 0 | 1 130 382 | 1 130 382 |
| Other liabilities | 632 034 | 0 | 0 | 632 034 | 632 034 |
| Other financial liabilities | 727 124 | 0 | 0 | 727 124 | 727 124 |
| Subordinated liabilities | 1 792 962 | 0 | 0 | 1 792 962 | 1 792 962 |

For many instruments, market values are not available; therefore, the fair value is estimated with a number of measurement techniques. Measurement of the fair value of financial instruments has been made with a model based on estimates of the present value of future cash flows by discounting cash flows at appropriate discount rates.

All model calculations contain certain simplifications and are sensitive to the underlying assumptions. Below there is a summary of core methods and assumptions used to estimate the fair value of financial instruments that are not measured at fair value.

Loans and advances to customers:

In the method applied by the Group to calculate the fair value of receivables from customers (without overdraft facilities), the Group compares the margins generated on newly granted loans (in the month preceding the reporting date) with the margin on the total loan portfolio. If the margins on newly granted loans are higher than the margins on the portfolio, the fair value of the loan is lower than its carrying value.

Loans and advances to customers were fully classified to level 3 of the fair value hierarchy due to the application of a measurement model with material non-observable input data or current margins generated on newly granted loans.

Financial liabilities measured at amortised cost:

The Bank assumes that the fair value of customer and bank deposits and other financial liabilities maturing within 1 year is approximately equal to their carrying value. Deposits are accepted on a daily basis and thus their terms and conditions are similar to the prevailing market terms and conditions of identical transactions. The maturities of those items are short and therefore there is no major difference between the carrying value and fair value.

For disclosure purposes, the Group determines the fair value of financial liabilities with residual maturities (or repricing of the variable rate) in excess of 1 year. That group of liabilities includes the Bank's own issues and subordinated loans. Determining the fair value of that group of liabilities, the Bank determines the present value on anticipated payments on the basis of present percentage curves and the original spread of the issue.

The Bank's own issues and subordinated loans have been fully classified as level 3 of fair value hierarchy due to the application of a measurement model with material non-observable input data, including the original spread of the issue above the market curve. With reference to issues and subordinated loans with residual maturities (or interest rate repricing) under 1 year, the carrying value adequately reflects the fair value of the instrument.

For other financial instruments, the Bank assumes that the carrying value is close to fair value. This applies to the following items: cash and cash equivalents, assets available for sale, other financial assets, and other financial liabilities.

29 Transactions with related entities

The ultimate parent company of the Group is Powszechny Zakład Ubezpieczeń SA. The related parties of the Group are PZU SA, and its related entities and entities related to members of the Management and Supervisory Boards. Through PZU, Alior Bank is indirectly controlled by the State Treasury.

The following tables present the type and value of transactions with related parties. Transactions between the Bank and its subsidiaries which are related parties of the Bank have been eliminated in consolidation and are not disclosed in this note.

Nature of transactions with related entities

All transactions with related entities are performed in line with relevant regulations concerning banking products and at market rates.

| Parent company | 30.09.2021 | 31.12.2020 |
|--------------------------|------------|--------------|
| Other assets | 353 | 3 955 |
| Total assets | 353 | 3 955 |
| Amounts due to customers | 24 | 39 |
| Other liabilities | 497 | 288 |
| Total liabilities | 521 | 327 |

| Subsidiaries of the parent company | 30.09.2021 | 31.12.2020 |
|------------------------------------|----------------|----------------|
| Cash and cash equivalents | 31 467 | 45 788 |
| Amounts due to customers | 70 452 | 61 894 |
| Other assets | 595 | 430 |
| Total assets | 102 514 | 108 112 |
| Amounts due to customers | 342 316 | 368 980 |
| Provisions | 6 | 40 |
| Other liabilities | 1 152 | 3 384 |
| Total liabilities | 343 474 | 372 404 |

| Joint control by persons related to the Group | 30.09.2021 | 31.12.2020 |
|---|---------------|---------------|
| Loans and advances to customers | 0 | 3 |
| Total assets | 0 | 3 |
| Amounts due to customers | 17 215 | 33 316 |
| Provisions | 12 | 0 |
| Other liabilities | 231 | 636 |
| Total liabilities | 17 458 | 33 952 |

| Subsidiaries of the parent company | 30.09.2021 | 31.12.2020 |
|---|---------------|---------------|
| Off-balance liabilities granted to customers | 15 410 | 25 496 |
| Relating to financing | 15 410 | 25 496 |

| Joint control by persons related to the Group | 30.09.2021 | 31.12.2020 |
|---|------------|---------------|
| Off-balance liabilities granted to customers | 12 | 41 839 |
| Relating to financing | 0 | 2 267 |
| Guarantees | 12 | 39 572 |

| Parent company | 01.01.2021 - 30.09.2021 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|
| Interest income calculated using the effective interest method | 4 013 | 501 |
| Fee and commission income | 49 742 | 25 898 |
| Fee and commission expense | -4 491 | -2 518 |
| Net other operating income and expenses | 137 | 86 |
| General administrative expenses | -3 417 | -2 517 |
| Net expected credit losses | 0 | -127 |
| Total | 45 984 | 21 323 |

| Subsidiaries of the parent company | 01.01.2021 - 30.09.2021 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|
| Interest income calculated using the effective interest method | 40 820 | 18 021 |
| Interest expenses | -7 443 | -7 664 |
| Fee and commission income | 21 839 | 13 916 |

| Subsidiaries of the parent company | 01.01.2021 - 30.09.2021 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|
| Fee and commission expense | -2 | -3 |
| The result on financial assets measured at fair value through profit or loss and FX result | -81 | -63 |
| Net other operating income and expenses | 608 | 1 071 |
| General administrative expenses | -4 840 | -3 266 |
| Net expected credit losses | 100 | -85 |
| Total | 51 001 | 21 927 |

| Joint control by persons related to the Group | 01.01.2021 - 30.09.2021 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|
| Interest income calculated using the effective interest method | 24 | 18 |
| Interest expense | -1 | -13 |
| Fee and commission income | 576 | 13 |
| Net expected credit losses | -11 | -10 |
| Total | 588 | 8 |

Transactions with the State Treasury and related entities

The Polish Financial Supervision Authority in its communication of 6 December 2016, item 5 univocally accepted Poland's State Treasury as the parent entity vis-a-vis Alior Bank SA within the meaning of Art. 4.1.8.b and Art. 4.1.14 of the Banking Act, stating that it was able to exert material impact on Alior Bank SA via Powszechny Zakład Ubezpieczeń SA.

Below there are material transactions with the State Treasury and its related entities with the exception of IAS 24.25.

| State Treasury and related entities | 30.09.2021 | 31.12.2020 |
|---|-------------------|-------------------|
| Investment financial assets | 14 676 205 | 14 459 524 |
| measured at fair value through other comprehensive income | 7 314 634 | 5 796 987 |
| measured at fair value through profit or loss | 45 297 | 138 725 |
| measured at amortized cost | 7 316 274 | 8 523 812 |
| Amounts due from banks | 254 | 44 |
| Loans and advances to customers | 131 820 | 97 989 |
| Total assets | 14 808 279 | 14 557 557 |
| Financial liabilities | 0 | 108 639 |
| Amounts due to banks | 262 947 | 38 004 |
| Amounts due to customers | 801 698 | 552 749 |
| Total liabilities | 1 064 645 | 699 392 |

| State Treasury and related entities | 01.01.2021 - 30.09.2021 | 01.01.2020 - 30.09.2020 |
|--|-------------------------|-------------------------|
| Interest income calculated using the effective interest method | 56 954 | 167 456 |
| Interest expense | -137 | -6 744 |
| The costs of paid tax | -302 415 | -243 150 |
| Total | -245 598 | -82 438 |

All transactions with the State Treasury and its related entities were concluded at arm's length.

30 Benefits for the for senior executives

30.1 Principles applicable to the remuneration of persons in managerial positions at the Bank

The Bank has a Remuneration Policy covering all employees. The Remuneration Policy is reviewed by the Nomination and Remuneration Committee and adopted by the Management Board and approved by the Supervisory Board. With respect to people in managerial positions who affect the risk profile, the Policy has been determined on the basis of the regulation of the Minister of Development and Finance of 6 March 2017 on the risk management and internal control system, the remuneration policy, and a detailed manner of internal capital estimation at banks.

Persons who influence the Risk Profile (MRT) are members of the Management Board, managing directors and persons identified on the basis of criteria defined in Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36 of the European Parliament and of the Council The EU with regard to regulatory technical standards in relation to qualitative and appropriate quantitative criteria for determining the categories of employees whose professional activities have a material impact on the institution's risk profile.

30.2 Financial data

All transactions with supervising and managing persons are performed in line with the relevant regulations concerning banking products and at market rates.

| 30.09.2021 | Supervising, managing persons | Supervisory Board | Bank's Management Board |
|--------------------------|-------------------------------|-------------------|-------------------------|
| Amounts due to customers | 1 050 | 11 | 1 039 |
| Total liabilities | 1 050 | 11 | 1 039 |

| 30.09.2020 | Supervising, managing persons | Supervisory Board | Bank's Management Board |
|--------------------------|-------------------------------|-------------------|-------------------------|
| Amounts due to customers | 1 248 | 11 | 1 237 |
| Total liabilities | 1 248 | 11 | 1 237 |

| 30.09.2021 | Supervising, managing persons | Supervisory Board | Bank's Management Board |
|---|-------------------------------|-------------------|-------------------------|
| Off-balance liabilities granted to customers | | | |
| concerning financing | 10 | 0 | 10 |

| 30.09.2020 | Supervising, managing persons | Supervisory Board | Bank's Management Board |
|---|-------------------------------|-------------------|-------------------------|
| Off-balance liabilities granted to customers | | | |
| concerning financing | 10 | 0 | 10 |

The total cost of remuneration of Members of the Bank's Supervisory Board and Members of the Bank's Management Board from 1 January to 30 September 2021 recognized in the profit and loss account of the Group in this period amounted to PLN 9 205 thousand (in the period from 1 January to 30 September 2020 - PLN 7 559 thousand).

30.3 Incentive program for senior executives

The following incentive programs operate in the Alior Bank SA Group:

- bonus scheme for the Management Board, valid from 2016;
- annual variable remuneration granted partly in financial instruments (phantom shares) for persons having an impact on the risk profile; the settlement of phantom shares takes place in cash;
- share subscription program as part of the management option scheme at Alior Leasing sp. o.o.

31 Legal claims

In the Bank's opinion, no single court, arbitration court or public administration body proceedings in progress during the three quarters of 2021, and none of the proceedings jointly, could pose a threat to the Bank's financial liquidity. The proceedings which according to the opinion of the Management Board are significant are presented below:

- case claimed by a client - limited company for a payment of PLN 109 967 thousand in respect of compensation for damage incurred in connection with the conclusion and settlement of treasury transactions. The claim dated 27 April 2017 was brought against Alior Bank SA and Bank BPH SA. In the Bank's opinion, the claim has no valid factual and legal basis and probability of an outflow of funds is negligible;
- case claimed by a client - a private individual - a representative of a group of 84 private individuals and corporate clients to determine the Bank's liability for damage. On 5 March 2018 class actions was filed against Alior Bank in determining the Bank's liability for damage caused by improper performance of information obligations by the Bank towards clients and improper performance of contracts for the provision of services for the receipt and transfer of purchase or sale orders investment's certificates of investment funds previously managed by Fincrea TFI SA, and currently Raiffeisen Bank International AG (Joint Stock Company) Branch in Poland. The court decided to hear the case in collective proceedings. Alior Bank assumes that the probability of an outflow of funds under this lawsuit is estimated at less than 50%, thus as of 30 September 2021, the Bank did not create any provisions in respect of this claim. At the present stage, it is not possible to estimate the financial consequences for the Bank in the event of a different settlement by the court than assumed by the Bank.

Polish Financial Supervision Authority (PFSA) by decision of 6 August 2019 issued on the basis of art. 167 section 2 point 1 in connection with art. 167 section 1 point 1 of the Act on trading in financial instruments, imposed a fine on the Bank in the amount of PLN 10 000 000. The proceedings concerned the correct operation of Alior Bank and the Bank's Brokerage House in the scope of distribution of investment certificates of funds previously managed by Fincrea TFI SA and now Raiffeisen Bank International AG (Joint Stock Company) Branch in Poland. The bank requested the PFSA to reconsider the case. The Polish Financial Supervision Authority, after re-examining the case with a decision of 3 December 2019, upheld the original decision. On 3 January 2020 the Bank appealed against this decision to the Provincial Administrative Court in Warsaw. On 17 June 2020, the Provincial Administrative Court in Warsaw (WSA) issued a judgment in which it revoked the decision of the Polish Financial Supervision Authority (KNF) of 3 December 2019, upholding the earlier decision of the Polish Financial Supervision Authority of 6 August 2019 on the imposition of two fines on the Bank in the total amount of PLN 10 million and discontinued the proceedings conducted by the Polish Financial Supervision Authority in this case. The Polish Financial Supervision Authority (KNF) filed a cassation complaint with the Supreme Administrative Court. As at the date of publication of this report, the Supreme Administrative Court has not considered the complaint.

The value of disputed claims amounted to PLN 357 608 thousand as of 30.09.2021 and PLN 354 899 thousand as of 31.12.2020. The value of provisions for disputed claims amounted to PLN 48 541 thousand as at the end of the third quarter of 2021 and PLN 47 534 thousand as at the end of 2020.

Affairs related to the operation of Alior Bank SA's subsidiaries

On 26 June 2019, Alior Leasing sp. z o.o. received a lawsuit in which the dismissed by Supervisory Board on 20 December 2018 members of the Management Board claim for payment of compensation in the amount of PLN 0.6 MM. On 11 August 2021, the District Court in Wrocław dismissed the claim for severance pay. The judgment is not final.

In December 2020, the Bank and the leasing company received a summons from the former members of the Management Board of Alior Leasing sp. z o.o. to an ad hoc arbitration court at the Polish Chamber of Commerce in Warsaw for a management option scheme. On 30 June 2021, the arbitration court issued a decision on the discontinuation of ad hoc arbitration proceedings regarding this claim. The decision on redemption is final.

Alior Leasing sp. z o.o identifies the possibility of claims by external entities in connection with the activities of some former employees and associates of the company. As at the date of this financial statements, claims in this respect were not reported. In the Group's opinion, there are no circumstances justifying the creation of a provision on this account.

The Group will not reveal further information regarding the above-indicated possible claims, in order not to weaken his future position in a potential dispute or administrative proceeding.

32 Total capital adequacy ratio and Tier 1 ratio

As of 30 September 2021, total capital adequacy ratio and Tier 1 ratio were calculated in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR Regulation) and other regulations implementing "national options", among other, the Banking Act of 29 August 1997 (as amended) and Regulation of the Minister of Development and Finance of 25 May 2017 on a higher risk weight for exposures secured by mortgages on real estate (as amended).

In order to calculate the capital adequacy ratio, in the third quarter of 2021 prudential consolidation was applied – the consolidation covered Alior Bank SA and Alior Leasing sp. z o.o. In the opinion of the Bank's Management Board, the other subsidiary entities, not subject to prudential consolidation are marginal for the Bank's core activity from the viewpoint of monitoring of credit institutions.

Equity for the purposes of the capital adequacy

| | 30.09.2021 | 31.12.2020 |
|---|------------------|------------------|
| Total equity for the capital adequacy ratio | 7 297 459 | 7 658 399 |
| Tier I core capital (CET1) | 6 425 584 | 6 545 217 |
| Paid-up capital | 1 305 540 | 1 305 540 |
| Supplementary capital | 5 399 229 | 5 395 195 |
| Other reserves | 174 448 | 174 448 |
| Current year's reviewed by auditor | 229 523 | -318 975 |
| Accumulated losses | -530 645 | -192 483 |
| Revaluation reserve – unrealised losses | -36 783 | -12 553 |
| Intangible assets measured at carrying value | -309 278 | -304 819 |
| Revaluation reserve – unrealised profit | 76 213 | 72 517 |
| Additional value adjustments – AVA | -8 349 | -8 679 |
| Other adjustments items (adjustments for IFRS 9, securitization, deferred tax assets) | 125 686 | 435 026 |

| | 30.09.2021 | 31.12.2020 |
|--|------------------|------------------|
| Tier II capital | 871 875 | 1 113 182 |
| Subordinated liabilities | 871 875 | 1 113 182 |
| Capital requirements | 3 814 538 | 3 865 246 |
| Total capital requirements for the credit counterparty risk, adjustment to credit measurement, dilution and deliver of instruments to be settled at a later date | 3 494 458 | 3 535 303 |
| Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk. | 3 306 | 8 552 |
| Capital requirement relating to the general interest rate risk | 11 362 | 24 728 |
| Total capital requirements for the operational risk | 305 412 | 296 663 |
| Tier 1 ratio | 13.48% | 13.55% |
| Total capital adequacy ratio | 15.30% | 15.85% |

Alior Bank Group, decided to apply the transitional provisions provided for by Regulation No. 2017/2395 to mitigate the impact of introducing IFRS 9 and Regulation No. 2020/873 with regard to certain adjustments in response to the COVID-19 pandemic, which means that for the purposes of assessing the Group's capital adequacy the full impact of IFRS 9 implementation will be ignored, including those related to the created COVID-19 write-offs.

The table below presents the impact of the application of IFRS 9 and regulations regarding COVID-19 as of 30 September 2021 on capital adequacy including and without taking into account the transition period:

| | Data including the transition period | Data without considering the transition period |
|--------------------------------|--------------------------------------|--|
| Total capital (TIER 1, TIER 2) | 7 297 459 | 6 607 774 |
| The total capital requirement | 3 814 538 | 3 766 481 |
| Total capital ratio | 15.30% | 14.03% |
| Financial leverage ratio | 7.97% | 7.17% |

In order to limit the impact of the coronavirus pandemic on the economy, market regulators have adopted a number of modifications to regulations. They mainly include:

- Amendments to the Regulation No. 575/2013 of 26 June 2013 on prudential requirements for credit and financial institutions (with subsequent amendments) - CRR;
- Amendments to the Prudential Regulation 101/2016 (AVA);
- EBA guidelines for dealing with deferral programs;
- Additional measures taken by Polish financial market regulators to reduce the capital burden on banks and the regulatory burden - abolishing the systemic risk buffer and loosening regulatory requirements regarding the ratio. Minimum regulatory Tier 1 and TCR consolidated ratios for Alior Bank, after buffer abolition, are 8.5% and 10.5%, respectively, therefore the surplus of capital ratios over the regulatory minimum levels is 4.98 percentage points, respectively (approximately PLN 2.4 billion) and 4.8 percentage points (approximately PLN 2.3 billion).

The Group's capital and liquidity ratios remain at levels significantly exceeding the minimum regulatory requirements and allow the Group to operate safely.

33 Purchases and disposals of property, plant and equipment and intangible assets

During the third quarter of 2021, significant transactions regarding the acquisition of property, plant and equipment took place in the Group. Acquisitions of tangible fixed assets are mainly related to the activities implemented in the Bank since 2019 regarding the modernization of the KI branch network - New Format Branches. A new business, functional and architectural concept is being implemented. The purpose of the change is to increase sales efficiency, create a customer and employee-friendly place and implement the "Green Me" strategy.

During the third quarter of 2021, there were no significant transactions regarding the acquisition of intangible assets in the Group.

There is no significant liability for the purchase of property, plant and equipment and intangible assets.

During the third quarter of 2021, there were no significant transactions in the Group regarding the sale of tangible fixed assets and intangible assets.

34 Coverage of loss for 2020

On 28 May 2021, the Ordinary General Meeting of Shareholders of the Bank decided to cover the net loss of Bank in the amount of PLN 316 388 134.06 (say: three hundred sixteen million three hundred eighty-eight thousand one hundred thirty-four zlotys 06/100) in the following manner:

- the loss of the Bank to be covered for the financial year 2020 in the amount of PLN 320 421 822.47 (say: three hundred twenty million four hundred twenty-one thousand eight hundred twenty-two zlotys 47/100) shall be covered from profits from future periods,
- the non-distributable profit of the Bank's Housing Fund in the amount of PLN 4 033 688.41 (say: four million thirty-three thousand six hundred eighty-eight zlotys 41/100) shall be allocated to reserve capital.

35 Risk management

Risk management is one of the major processes in Alior Bank SA. Risk management supports Bank's strategy and proper level of business profitability and safety of activities while assuring control of the risk level and its maintenance within the accepted risk appetite and limit system in the changing macroeconomic and legal environment. The supreme objective of the risk management policy is to ensure early detection and adequate management of all kinds of risk inherent to the pursued activity.

The Group isolated the following types of risks resulting from the operations conducted:

- market risk including interest rate risk and the FX risk
- liquidity risk
- credit risk
- operational risk

The detailed risk management policies have been presented in the annual consolidated financial statements of the Alior Bank SA Group for the year ended 31 December 2020 published on 26 February 2021 and available on the Alior Bank SA website.

In connection with the application of the advanced operational risk measurement method (AMA), in accordance with the requirements of CRR Article 454, the Bank, seeking to limit the risk of materializing the effects of rare but potentially severe operational events, has bought a number of insurance policies. Mentioned policies included insurance in the scope of property (including electronic equipment), civil liability, fiscal liability and professional liability.

The terms of individual policies were adapted to the scale and scope of the risk incurred. Those policies are not used as a mechanism limiting the amount of own funds requirements for operational risk or as a mitigating factor for the amount of internal capital for operational risk.

Liquidity risk

Specification of maturity/payment dates of contractual flows of the Alior Bank Group assets and liabilities as of 30 September 2021 and as of 31 December 2020 (PLN MM):

| 30.09.2021 | 1D | 1M | 3M | 6M | 1Y | 2Y | 5Y | 5Y+ | Total |
|------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| ASSETS | 2 210 | 2 095 | 2 003 | 3 234 | 7 387 | 12 809 | 19 886 | 42 466 | 92 090 |
| Cash & Nostro | 1 496 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 496 |
| Amounts due from banks | 200 | 23 | 0 | 0 | 0 | 0 | 0 | 547 | 770 |

| 30.09.2021 | 1D | 1M | 3M | 6M | 1Y | 2Y | 5Y | 5Y+ | Total |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| Loans and advances to customers | 514 | 1 262 | 1 992 | 3 105 | 5 234 | 8 725 | 15 728 | 34 901 | 71 461 |
| Securities | 0 | 810 | 11 | 129 | 2 153 | 4 084 | 4 158 | 3 734 | 15 079 |
| Other assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 284 | 3 284 |
| LIABILITIES AND EQUITY | -61 267 | -2 623 | -2 955 | -1 172 | -1 191 | -534 | -1 725 | -6 915 | -78 382 |
| Amounts due to banks | -354 | 0 | -58 | -6 | -13 | -22 | -31 | -21 | -505 |
| Amounts due to customers | -58 940 | -2 598 | -2 509 | -968 | -865 | -298 | -167 | -2 | -66 347 |
| Own issues | -64 | -13 | -372 | -174 | -265 | -118 | -1 427 | -1 | -2 434 |
| Equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -6 601 | -6 601 |
| Other liabilities | -1 909 | -12 | -16 | -24 | -48 | -96 | -100 | -290 | -2 495 |
| Balance sheet gap | -59 057 | -528 | -952 | 2 062 | 6 196 | 12 275 | 18 161 | 35 551 | 13 708 |
| Cumulated balance sheet gap | -59 057 | -59 585 | -60 537 | -58 475 | -52 279 | -40 004 | -21 843 | 13 708 | |
| Derivative instruments – inflows | 1 651 | 4 516 | 1 080 | 815 | 287 | 233 | 250 | 0 | 8 832 |
| Derivative instruments – outflows | -1 650 | -4 458 | -1 056 | -790 | -277 | -228 | -249 | 0 | -8 708 |
| Derivative instruments – net | 1 | 58 | 24 | 25 | 10 | 5 | 1 | 0 | 124 |
| Guarantee and financing lines | -9 144 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -9 144 |
| Off-balance sheet gap | -9 143 | 58 | 24 | 25 | 10 | 5 | 1 | 0 | -9 020 |
| Total gap | -68 200 | -470 | -928 | 2 087 | 6 206 | 12 280 | 18 162 | 35 551 | 4 688 |
| Total cumulated gap | -68 200 | -68 670 | -69 598 | -67 511 | -61 305 | -49 025 | -30 863 | 4 688 | |

| 31.12.2020 | 1D | 1M | 3M | 6M | 1Y | 2Y | 5Y | 5Y+ | Total |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| ASSETS | 2 937 | 2 333 | 2 042 | 3 806 | 7 107 | 13 713 | 20 359 | 39 600 | 91 897 |
| Cash & Nostro | 2 387 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 387 |
| Amounts due from banks | 55 | 100 | 0 | 0 | 0 | 0 | 0 | 421 | 576 |
| Loans and advances to customers | 491 | 981 | 1 999 | 3 125 | 5 455 | 8 103 | 15 306 | 33 714 | 69 174 |
| Securities | 0 | 1 249 | 38 | 675 | 1 640 | 5 590 | 5 026 | 1 864 | 16 082 |
| Other assets | 4 | 3 | 5 | 6 | 12 | 20 | 27 | 3 601 | 3 678 |
| LIABILITIES AND EQUITY | -58 771 | -2 981 | -3 270 | -2 009 | -2 140 | -1 125 | -1 670 | -6 853 | -78 819 |
| Amounts due to banks | -303 | -308 | -15 | -5 | -15 | -23 | -64 | 0 | -733 |
| Amounts due to customers | -56 623 | -2 621 | -2 970 | -1 618 | -1 235 | -504 | -271 | -2 | -65 844 |
| Own issues | 0 | -50 | -268 | -360 | -839 | -496 | -1 264 | -5 | -3 282 |
| Equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -6 560 | -6 560 |
| Other liabilities | -1 845 | -2 | -17 | -26 | -51 | -102 | -71 | -286 | -2 400 |
| Balance sheet gap | -55 834 | -648 | -1 228 | 1 797 | 4 967 | 12 588 | 18 689 | 32 747 | 13 078 |
| Cumulated balance sheet gap | -55 834 | -56 482 | -57 710 | -55 913 | -50 946 | -38 358 | -19 669 | 13 078 | |
| Derivative instruments – inflows | 0 | 7 368 | 1 913 | 436 | 414 | 493 | 277 | 0 | 10 901 |
| Derivative instruments – outflows | 0 | -7 358 | -1 897 | -434 | -412 | -469 | -291 | 0 | -10 861 |
| Derivative instruments – net | 0 | 10 | 16 | 2 | 2 | 24 | -14 | 0 | 40 |
| Guarantee and financing lines | -9 322 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -9 322 |
| Off-balance sheet gap | -9 322 | 10 | 16 | 2 | 2 | 24 | -14 | 0 | -9 282 |
| Total gap | -65 156 | -638 | -1 212 | 1 799 | 4 969 | 12 612 | 18 675 | 32 747 | 3 796 |
| Total cumulated gap | -65 156 | -65 794 | -67 006 | -65 207 | -60 238 | -47 626 | -28 951 | 3 796 | |

36 Events significant to the business operations of the Group

Information on the Alior Bank rating given by Standard & Poor's Global Ratings

On 21 January 2021, the Agency announced that all the Bank's ratings had been confirmed at the current level.

The Bank rating as at the date of publication this report is as follows:

- Long-Term Issuer Credit Rating at 'BB' level with negative outlook,
- Short-Term Issuer Credit Rating at 'B' level.

On 24 June 2021, rating agency Standard & Poor's Global Ratings ("S&P", "Agency") informed the Bank that it has affirmed the long-term and short-term ratings of the Bank at the current level and revised the outlook for the Bank from "Negative" to "Stable".

Issuer Credit Rating as at the date of publication this report is as follows:

- Long-Term Issuer Credit Rating at 'BB' level with stable outlook,
- Short-Term Issuer Credit Rating at 'B' level.

Adoption and approval of the Alior Bank Strategy update for the years 2020-2022 in the period 2021-2022

On 29 March 2021, the Management of the Board of the Bank adopted a resolution on adopting an update of the Bank's strategy, "More than a Bank" for the years 2020-2022 in the period 2021-2022. The Strategy update was approved by the Bank's Supervisory Board on 29 March 2021.

37 Significant events after the end of the reporting period

There were no significant events after the end of the reporting period, except for those described in these financial statements.

38 Financial forecast

The Alior Bank SA Group did not publish any forecasts of its results.



**Interim condensed separate
financial statements
of Alior Bank Spółka Akcyjna
for the 9-month period ended
30 September 2021**

Table of Contents

| | |
|---|----|
| Interim condensed separate income statement..... | 55 |
| Interim condensed separate statement of comprehensive income..... | 55 |
| Interim condensed separate statement of financial position..... | 56 |
| Interim condensed separate statement of changes in equity..... | 57 |
| Interim condensed separate statement of cash flows..... | 58 |
| 1 Basis for preparation..... | 59 |
| 2 Accounting principles..... | 59 |
| 3 Off - balance-sheet items..... | 59 |
| 4 Transactions with related entities..... | 59 |
| 5 Significant events after the end of the reporting period..... | 60 |

Interim condensed separate income statement

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Interest income calculated using the effective interest method | 689 590 | 2 028 556 | 720 861 | 2 478 287 |
| Income of a similar nature | 52 444 | 163 361 | 54 324 | 115 114 |
| Interest expense | -45 639 | -168 888 | -90 749 | -402 560 |
| Net interest income | 696 395 | 2 023 029 | 684 436 | 2 190 841 |
| Fee and commission income | 345 642 | 940 185 | 302 499 | 815 955 |
| Fee and commission expense | -188 032 | -486 292 | -158 873 | -429 814 |
| Net fee and commission income | 157 610 | 453 893 | 143 626 | 386 141 |
| Dividend income | 2 112 | 7 210 | 373 | 8 056 |
| The result on financial assets measured at fair value through profit or loss and FX result | 27 489 | 81 219 | 19 829 | 34 970 |
| The result on derecognition of financial instruments not measured at fair value through profit or loss | 3 499 | 5 793 | 9 472 | 36 090 |
| measured at fair value through other comprehensive income | 3 471 | 3 789 | 9 409 | 12 216 |
| measured at amortized cost | 28 | 2 004 | 63 | 23 874 |
| Other operating income | 26 381 | 82 845 | 27 568 | 86 989 |
| Other operating expenses | -41 081 | -85 431 | -19 806 | -198 566 |
| Net other operating income and expenses | -14 700 | -2 586 | 7 762 | -111 577 |
| General administrative expenses | -372 980 | -1 126 575 | -387 167 | -1 218 129 |
| Net expected credit losses | -249 443 | -752 116 | -263 269 | -1 456 261 |
| The result on impairment of non-financial assets | -1 330 | -3 206 | -1 802 | -65 878 |
| Banking tax | -58 031 | -174 300 | -55 329 | -165 218 |
| Gross profit/loss | 190 621 | 512 361 | 157 931 | -360 965 |
| Income tax | -58 529 | -182 710 | -47 622 | -41 787 |
| Net profit/loss | 132 092 | 329 651 | 110 309 | -402 752 |
| Weighted average number of ordinary shares | 130 553 991 | 130 553 991 | 130 553 991 | 130 553 991 |
| Net profit/loss per share (PLN) | 1,01 | 2,53 | 0,84 | -3,08 |
| Diluted profit/loss per ordinary share (PLN) | 1,01 | 2,53 | 0,84 | -3,07 |

Interim condensed separate statement of comprehensive income

| | 01.07.2021 - 30.09.2021 | 01.01.2021 - 30.09.2021 | 01.07.2020 - 30.09.2020 | 01.01.2020 - 30.09.2020 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Net profit/loss | 132 092 | 329 651 | 110 309 | -402 752 |
| Items that may be reclassified to the income statement after certain conditions are satisfied | -131 865 | -341 696 | 16 539 | 160 065 |
| Foreign currency translation differences | -698 | 1 206 | -350 | -1 113 |
| Results of the measurement of financial assets (net) | 519 | -21 740 | 21 591 | 19 272 |
| Profit/loss on valuation of financial assets measured at fair value through other comprehensive income | 647 | -26 845 | 26 657 | 23 788 |
| Deferred tax | -128 | 5 105 | -5 066 | -4 516 |
| Results on the measurement of hedging instruments (net) | -131 686 | -321 162 | -4 702 | 141 906 |
| Gains/losses on hedging instruments | -162 576 | -396 497 | -5 806 | 175 192 |
| Deferred tax | 30 890 | 75 335 | 1 104 | -33 286 |
| Total comprehensive income, net | 227 | -12 045 | 126 848 | -242 687 |

The notes presented on pages 59-60 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of financial position

| ASSETS | 30.09.2021 | 31.12.2020 |
|---|-------------------|-------------------|
| Cash and cash equivalents | 1 606 532 | 2 409 077 |
| Amounts due from banks | 629 025 | 508 371 |
| Investment financial assets | 14 467 524 | 15 742 078 |
| measured at fair value through other comprehensive income | 7 379 534 | 6 979 415 |
| measured at fair value through profit or loss | 373 762 | 596 821 |
| measured at amortized cost | 6 714 228 | 8 165 842 |
| Derivative hedging instruments | 131 902 | 334 977 |
| Loans and advances to customers | 57 847 160 | 56 040 799 |
| Assets pledged as collateral | 602 101 | 446 455 |
| Property, plant and equipment | 726 189 | 692 076 |
| Intangible assets | 379 311 | 381 450 |
| Investments in associates | 216 238 | 214 605 |
| Non-current assets held for sale | 1 689 | 3 |
| Income tax asset | 986 636 | 992 800 |
| deferred income tax asset | 986 636 | 992 800 |
| Other assets | 465 557 | 500 856 |
| TOTAL ASSETS | 78 059 864 | 78 263 547 |

| LIABILITIES AND EQUITY | 30.09.2021 | 31.12.2020 |
|--|-------------------|-------------------|
| Amounts due to banks | 460 946 | 553 657 |
| Amounts due to customers | 67 002 565 | 66 824 581 |
| Financial liabilities | 132 553 | 501 880 |
| Derivative hedging instruments | 256 753 | 86 162 |
| Provisions | 285 903 | 336 871 |
| Other liabilities | 1 737 511 | 1 507 746 |
| Income tax liabilities | 4 366 | 4 431 |
| current income tax liabilities | 4 366 | 4 431 |
| Subordinated liabilities | 1 536 055 | 1 792 962 |
| Total liabilities | 71 416 652 | 71 608 290 |
| Share capital | 1 305 540 | 1 305 540 |
| Supplementary capital | 5 399 229 | 5 395 195 |
| Revaluation reserve | -125 572 | 217 330 |
| Other reserves | 174 447 | 174 447 |
| Foreign currency translation differences | -414 | -1 620 |
| Accumulated losses | -439 669 | -119 247 |
| Profit/loss for the period | 329 651 | -316 388 |
| Equity | 6 643 212 | 6 655 257 |
| TOTAL LIABILITIES AND EQUITY | 78 059 864 | 78 263 547 |

The notes presented on pages 59-60 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of changes in equity

| 01.01.2021 - 30.09.2021 | Share capital | Supplementary capital | Other reserves | Revaluation reserve | Exchange differences on revaluation of foreign units | Retained earnings | Total equity |
|--|------------------|-----------------------|----------------|---------------------|--|-------------------|------------------|
| 1 January 2021 | 1 305 540 | 5 395 195 | 174 447 | 217 330 | -1 620 | -435 635 | 6 655 257 |
| Transfer of last year's profit | 0 | 4 034 | 0 | 0 | 0 | -4 034 | 0 |
| Comprehensive income | 0 | 0 | 0 | -342 902 | 1 206 | 329 651 | -12 045 |
| net profit | 0 | 0 | 0 | 0 | 0 | 329 651 | 329 651 |
| other comprehensive income: | 0 | 0 | 0 | -342 902 | 1 206 | 0 | -341 696 |
| incl. financial assets measured at fair value through other comprehensive income | 0 | 0 | 0 | -21 740 | 0 | 0 | -21 740 |
| incl. hedging instruments | 0 | 0 | 0 | -321 162 | 0 | 0 | -321 162 |
| incl. currency translation differences | 0 | 0 | 0 | 0 | 1 206 | 0 | 1 206 |
| 30 September 2021 | 1 305 540 | 5 399 229 | 174 447 | -125 572 | -414 | -110 018 | 6 643 212 |

| 01.01.2020 - 31.12.2020 | Share capital | Supplementary capital | Other reserves | Revaluation reserve | Exchange differences on revaluation of foreign units | Retained earnings | Total equity |
|--|------------------|-----------------------|----------------|---------------------|--|-------------------|------------------|
| 1 January 2020 | 1 305 540 | 5 388 926 | 179 505 | 76 404 | 605 | -112 978 | 6 838 002 |
| Transfer of last year's profit | 0 | 6 269 | 0 | 0 | 0 | -6 269 | 0 |
| Comprehensive income | 0 | 0 | 0 | 140 926 | -2 225 | -316 388 | -177 687 |
| net loss | 0 | 0 | 0 | 0 | 0 | -316 388 | -316 388 |
| other comprehensive income: | 0 | 0 | 0 | 140 926 | -2 225 | 0 | 138 701 |
| incl. financial assets measured at fair value through other comprehensive income | 0 | 0 | 0 | 25 755 | 0 | 0 | 25 755 |
| incl. hedging instruments | 0 | 0 | 0 | 115 171 | 0 | 0 | 115 171 |
| incl. currency translation differences | 0 | 0 | 0 | 0 | -2 225 | 0 | -2 225 |
| Other changes in equity | 0 | 0 | -5 058 | 0 | 0 | 0 | -5 058 |
| 31 December 2020 | 1 305 540 | 5 395 195 | 174 447 | 217 330 | -1 620 | -435 635 | 6 655 257 |

| 01.01.2020 - 30.09.2020 | Share capital | Supplementary capital | Other reserves | Revaluation reserve | Exchange differences on revaluation of foreign units | Retained earnings | Total equity |
|--|------------------|-----------------------|----------------|---------------------|--|-------------------|------------------|
| 1 January 2020 | 1 305 540 | 5 388 926 | 179 505 | 76 404 | 605 | -112 978 | 6 838 002 |
| Transfer of last year's profit | 0 | 6 269 | 0 | 0 | 0 | -6 269 | 0 |
| Comprehensive income | 0 | 0 | 0 | 161 178 | -1 113 | -402 752 | -242 687 |
| net profit | 0 | 0 | 0 | 0 | 0 | -402 752 | -402 752 |
| other comprehensive income: | 0 | 0 | 0 | 161 178 | -1 113 | 0 | 160 065 |
| inc. measured at fair value through other comprehensive income | 0 | 0 | 0 | 19 272 | 0 | 0 | 19 272 |
| incl. hedging instruments | 0 | 0 | 0 | 141 906 | 0 | 0 | 141 906 |
| incl. currency translation differences | 0 | 0 | 0 | 0 | -1 113 | 0 | -1 113 |
| 30 September 2020 | 1 305 540 | 5 395 195 | 179 505 | 237 582 | -508 | -521 999 | 6 595 315 |

The notes presented on pages 59-60 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of cash flows

| | 01.01.2021- 30.09.2021 | 01.01.2020 - 30.09.2020 |
|--|------------------------|-------------------------|
| Operating activities | | |
| Profit/loss before tax for the year | 512 361 | -360 965 |
| Adjustments: | 164 789 | 286 729 |
| Unrealized foreign exchange gains/losses | 1 721 | 962 |
| Amortization/depreciation of property, plant and equipment and intangible assets | 166 710 | 221 438 |
| Change in property, plant and equipment and intangible assets impairment write-down | 3 206 | 65 878 |
| Dividends | -7 210 | -8 056 |
| Short-term lease contracts | 362 | 6 507 |
| The gross profit after adjustments but before increase/decrease in operating assets/liabilities | 677 150 | -74 236 |
| Change in loans and receivables | -1 927 015 | -369 378 |
| Change in financial assets measured at fair value through other comprehensive income | -400 119 | 4 630 109 |
| Change in financial assets measured at fair value through profit or loss | 223 059 | -185 879 |
| Change in financial assets measured at amortised cost | 1 451 614 | -3 703 414 |
| Change in assets pledged as collateral | -155 646 | -935 065 |
| Change in derivative hedging assets | 203 075 | -232 185 |
| Change in non-current assets held for sale | -1 686 | 100 |
| Change in other assets | 35 299 | -31 001 |
| Change in deposits | 352 717 | 862 286 |
| Change in own issue | -449 279 | -953 038 |
| Change in financial liabilities | -369 327 | 56 468 |
| Change in hedging liabilities derivative | 170 591 | 48 141 |
| Change in other liabilities and other comprehensive income | 24 332 | 1 529 439 |
| Change in provisions | -50 968 | -1 326 |
| Cash from operating activities before income tax | -216 203 | 641 021 |
| Income tax paid | -96 468 | -165 207 |
| Net cash flow from operating activities | -312 671 | 475 814 |
| Investing activities | | |
| Outflows: | -126 379 | -123 297 |
| Purchase of property, plant and equipment | -91 637 | -63 701 |
| Purchase of intangible assets | -34 742 | -39 682 |
| Investments in subsidiaries | 0 | -19 914 |
| Inflows: | 3 785 | 1 751 |
| Disposal of property, plant and equipment | 3 785 | 1 751 |
| Net cash flow from investing activities | -122 594 | -121 546 |
| Financing activities | | |
| Outflows: | -367 280 | -120 025 |
| Principle payments - subordinated liabilities | -260 150 | 0 |
| Interest payments - subordinated liabilities | -37 335 | -56 838 |
| Principle payments - lease liabilities | -68 851 | -61 332 |
| Interest payments - lease liabilities | -944 | -1 855 |
| Inflows: | 0 | 0 |
| Inflows from share issue | 0 | 0 |
| Net cash flow from financing activities | -367 280 | -120 025 |
| Total net cash flow | -802 545 | 234 243 |
| incl. exchange gains/(losses) | 41 774 | 20 193 |
| Balance sheet change in cash and cash equivalents | -802 545 | 234 243 |
| Cash and cash equivalents, opening balance | 2 409 077 | 1 352 604 |
| Cash and cash equivalents, closing balance | 1 606 532 | 1 586 847 |
| Additional disclosures on operating cash flows | | |
| Interests received | 1 521 764 | 2 246 249 |
| Interests paid | -252 452 | -504 528 |

The notes presented on pages 59-60 constitute an integral part of these interim condensed separate financial statements.

1 Basis for preparation

Statement of compliance

These interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the 9-month period ended 30 September 2021 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The interim condensed separate financial statements including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the preparation of the last annual financial statements, except for the changes in the standards that entered into force on 1 January 2021.

Scope and reporting currency

The interim condensed separate financial statements of Alior Bank SA comprise the data concerning the Bank. The condensed interim separate financial statements have been prepared in Polish zlotys. Unless otherwise stated, amounts are presented in thousands of zlotys.

Going concern

The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 30 September 2021.

2 Accounting principles

The accounting principles are presented in detail in the annual financial statements of Alior Bank SA for the period from 1 January to 31 December 2020, published on 26 February 2021 and available on the Alior Bank SA website. Changes in accounting principles effective from 1 January 2021 were presented in the interim condensed consolidated financial statements in Note 2.2.

3 Off - balance-sheet items

Off-balance sheet items are described in Note 27 to the interim condensed consolidated financial statements.

4 Transactions with related entities

Related-party transactions are described in Note 29 to the interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group, with the exception of transactions with subsidiaries presented below.

Bank's subsidiaries as of 30 September 2021 and the date of this report was as follows:

| Company's name - subsidiaries | 26.10.2021 | 30.09.2021 | 31.12.2020 |
|---|------------|------------|------------|
| Alior Services sp. z o.o. | 100% | 100% | 100% |
| Alior Leasing sp. z o.o. | 100% | 100% | 100% |
| - AL Finance sp. z o.o.*** | 100% | 100% | 100% |
| - NewCommerce Services sp. z o.o.** | - | - | 100% |
| Meritum Services ICB SA | 100% | 100% | 100% |
| Alior TFI SA | 100% | 100% | 100% |
| Absource sp. z o.o. | 100% | 100% | 100% |
| Corsham sp. z o.o. | 100% | 100% | 100% |
| RBL_VC sp. z o.o. | 100% | 100% | 100% |
| RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna | 100% | 100% | 100% |
| Harberton sp. z o.o. in liquidation* | - | - | 100% |

*On 1 February 2021, the Extraordinary General Meeting of shareholders adopted a resolution to dissolve Harberton sp.z o.o. based in Warsaw and commencement of liquidation. The opening of the liquidation was registered with the National Court Register on 25 February 2021. On 29 September 2021, Harberton sp.z o.o. was deleted from the National Court Register.

** On 25 May, 2021, the Extraordinary General Meeting of Serwis Ubezpieczeniowy sp.z o.o. and the Extraordinary Meeting of Shareholders of NewCommerce Services sp.z o.o. adopted resolutions on the merger of Serwis Ubezpieczeniowy sp.z o.o. (acquiring company) with NewCommerce Services sp.z o.o. (acquired company). On 1 July 2021, a merger of the above-mentioned companies was registered in the National Court Register pursuant to Art. 492 §1 point 1 of the Code of Commercial Companies, i.e. by transferring all assets of the acquired company NewCommerce Services sp.z o.o. on the acquiring company of Serwis Ubezpieczeniowy sp.z o.o. (merger by acquisition).

***On 6 August 2021, the company Serwis Ubezpieczeniowy sp. z o.o. changed name to AL Finance sp. z o.o.

| Subsidiaries | 30.09.2021 | 31.12.2020 |
|---------------------------------|------------------|------------------|
| Loans and advances to customers | 2 652 257 | 1 632 626 |
| Other assets | 769 | 963 |
| Total assets | 2 653 026 | 1 633 589 |
| Amounts due to customers | 147 366 | 55 006 |
| Provisions | 651 | 525 |
| Other liabilities | 1 625 | 1 742 |
| Total liabilities | 149 642 | 57 273 |

| Subsidiaries | 30.09.2021 | 31.12.2020 |
|---|----------------|----------------|
| Off-balance liabilities granted to customers | 414 158 | 298 101 |
| relating to financing | 293 755 | 177 698 |
| guarantees | 120 403 | 120 403 |

| Subsidiaries | 01.01.2021 -30.09.2021 | 01.01.2020 -30.09.2020 |
|--|------------------------|------------------------|
| Interest income calculated using the effective interest method | 32 093 | 32 010 |
| Interest expenses | -9 | -121 |
| Fee and commission income | 2 694 | 2 259 |
| Fee and commission expense | -333 | -547 |
| Dividend income | 6 814 | 7 463 |
| The result on financial assets measured at fair value through profit or loss and FX result | -1 | 0 |
| Other operating income | 2 695 | 1 383 |
| Other operating costs | -283 | -21 000 |
| General administrative expenses | -4 471 | -5 221 |
| Net expected credit losses | -2 653 | -5 635 |
| Total | 36 546 | 10 591 |

5 Significant events after the end of the reporting period

Significant events after the end of the reporting period are described in Note 37 to the interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group.