



**ALIOR  
BANK**

# REPORT OF THE MANAGEMENT BOARD

ON THE ACTIVITIES OF  
THE CAPITAL GROUP  
OF ALIOR BANK S.A. IN H1  
2024

*This version of our report is a translation from 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 our report takes precedence over this translation.*

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# I. Summary of activities of Alior Bank in H1 2024

Driven by the improvement in the underlying macroeconomic parameters (decline in inflation, GDP growth, decline in the unemployment rate) followed by the maintenance of the NBP reference rate at a relatively high level, notwithstanding the pending war in Ukraine:



- In H1 2024, Alior Bank improved its financial results. The net profit of the Alior Bank Capital Group was PLN 1 164 million, with a return on equity (ROE) of 24.5 %.
- Alior Bank has a secure capital position. The Tier1 and TCR capital ratio levels at the end of June 2024 significantly exceed the regulatory minimums by: 845 bps. (4.2 billion) and 686 bps. (PLN 3.4 billion),
- credit risk parameters continue to improve – Cost of Risk (CoR) in H1 2024 amounted to 0.46 %. The share of non-performing loans also decreased – NPL ratio dropped from 9.45% at the end of June 2023 to 6.78% at the end of June 2024.
- operating expenses of the Bank' Capital Group in H1 2024 increased by PLN91 million compared to the same period of the previous year, namely to PLN 1 059 million. The increase in operating costs stemmed primarily from an increase in personnel costs (up by PLN 94 million, to PLN 628 million in H1 2024) as well as higher costs for IT and marketing services and of general inflationary cost rises. The Bank's initiatives led to a PLN 14 million reduction in rent and building maintenance costs in H1 2024. Contributions paid to the BFG (Bank Guarantee Fund) totalled PLN 41 million in H1 2024, i.e. a decrease of PLN 18 million compared to the previous year.
- during H1 2024, the Bank continued the process towards enhancing the stability and safety of the Bank's loan portfolio by increasing our exposure to housing loans, which, despite a slowdown in mortgage demand in Q2 2024, grew from 28.3% at the end of 2023 to 29.3% at the end of H1 2024 in the structure of the loan portfolio (on a gross basis).



## Summary of strategic activities in the first half of 2024

In 2024 Alior Bank continued to implement, the adopted business strategy “Bank for Everyday Life, Bank for the Future” (2023-2024), focusing on key aspects within the defined pillars. The work organisation has remained unchanged since the strategy was announced in 2023 – the 3 strategic pillars remain in force: Higher Mobility Culture, Enterprise Support and Modern Bank, developed in 8 strategic directions.

### Pillars and directions of the strategy



Alior Bank is a modern, agile organisation that quickly adapts to the changing environment and sets new standards in the financial services market. The announced strategy focuses on everyday banking, providing convenience to the Customers and supporting business development. Despite the challenges in the market, the Bank is developing dynamically, capitalising on a distinctive brand and high customer satisfaction, confirmed by surveys.

### In the Higher Mobility Culture Pillar

We focus on building a core digital relationship through:

- Alior Pay ecosystem and maintaining its position as a leader in financing purchases,
- development of a new and inclusive mobile application (Alior Mobile),
- personalised communication based on knowing our customers and hyper-personalising their experience.

### In the Enterprise Support Pillar

We have a solid foundation for growth in the business customer segment based on:

- development of technology to strengthen the acquisition of micro businesses in remote and traditional channels,
- implementation of a high-tech system for all lending processes,
- improvement of speed and quality of service in higher business customer segments using automated remote systems,
- development of a new ecosystem of electronic banking and product platforms in the process of digital transformation.

## *In the Modern Bank Pillar*

We consistently continue to develop technology, competence, and responsibility in order to be a modern bank. This is achieved through measures focusing on:

- development of information technology focused around the efficiency and security of processes built on agile methodologies - the potential of cloud computing (both private and public), and the development of cyber security as an effective basis for innovative and digital transformation,
- greater use of artificial intelligence, process automation and further robotisation to improve the customer experience,
- development of employee competence and engagement through a personalised approach to employees, an engaging working environment and a distinctive culture,
- further strengthening the capital base and reducing credit risk,
- responding to today's environmental and climate challenges – sustainability has been firmly embedded in our strategic objectives and the Bank's organisational structure.

## Strategy Implementation

*We remain a universal bank, focused on building a core digital relationship with the customer. We want to maintain our position as a leader in financing purchases by providing and developing a new payment method called Alior Pay.*

Following its strategy, the Bank is focusing on strengthening remote customer service channels. One of the steps towards maximum personalisation of solutions for individual customers is updating the Alior Mobile application. The application is constantly being developed so that it becomes more and more user-friendly, which is why new components are successively added to it, e.g. widgets that allow customers to operate it more intuitively. With PUSH functionality, the Bank is also increasingly communicating with customers in Real-Time mode (when the customer needs us). The measures taken mean that the popularity of the mobile app continues to grow, with an average of 1.3 million customers logging in per month.

In the wide range of products and solutions offered by Alior Bank, there are also currency platforms that allow the Bank's customers to exchange currencies on their own, without having to visit a branch or contact a currency dealer. The flagship currency exchange platform is Kantor Walutowy [Currency Exchange], which in March this year was awarded the Golden Customer Laurel for the fourth time in a row.

Alior is developing an innovative credit product called Alior Pay. At the beginning of 2024, a new functionality called "Fund your Account" was implemented, which allows customers to fund their account with funds from the Alior Pay credit limit from PLN 500 up to the limit. The customer can use it for free for a period of 30 days, after which time it is possible to spread the commitment into 11 instalments.

In order to reward those who decide to establish a longer relationship with the Bank, Alior prepared a new version of the Mega-savings Account promotion, with a favourable interest rate of 7% for customers meeting certain conditions. The promotion was accompanied by a TV campaign in the period from January to February.

To comply with the changes to the law on support for borrowers who have taken out a home loan and are in a difficult financial situation, Alior has made it possible to apply for a loan repayment holidays and to use the Borrower Support Fund (BSF). Customers can apply using Alior Online banking and at the Bank's branches.

Alior Bank continues to deepen long-term customer relationships and improve digital products so that customers can manage their finances conveniently and securely. The digitisation of the loan origination process in fixed and remote channels by reducing paper printouts was successfully carried out. The measures taken are also in line with ESG issues.

In order to ensure the security of our customers and to comply with the statutory obligation, in June the Bank implemented a service to verify the reservation of the PESEL number in the register kept by the Ministry of Digitalisation. The PESEL reservation is designed to protect against its unauthorised use and improve the security of customer data.

***We are focused on developing a digital relationship with business customers, through the introduction of a new online and mobile banking platform, as well as sustainable growth of the credit portfolio and support for the energy transition.***

In the business segment, Alior focuses on deepening relationships with its customers and actively acquiring new ones by adapting its range of products and transaction services to changing needs. The main actions taken in this stream include: the implementation of an online account opening process for sole proprietors (the fastest account opening by a customer lasted 4 minutes), an online application for opening a business in CEIDG together with a company account and the possibility to confirm identity in online processes through the mObywatel [mCitizen] system. The measures taken and implemented in this area translate into an increase in the number of accounts opened (over 100% more accounts opened in Q1 2024 vs Q1 2023). Numerous promotions were prepared for customers opening iKonto Biznes in the online channel, including the possibility of receiving a PLN 400 bonus for making a transfer to ZUS/US, or the promotion “PLN 1,500 for companies”, in which for the first 12 months from the day of opening the account the customer can receive PLN 125 per month.

The Bank is continuously developing the functionalities of its credit system for business customers. Among other things, the development of this system has contributed to a reduction in the time taken to process applications and more efficient handling of applications. These measures have made it possible to make available a loan in the automatic process for an amount of PLN 5 million, a global limit for medium and large companies, a treasury limit, a debt limit and the possibility to sign an applicant's statement via SMS.

Thanks to the cooperation with Bank Gospodarstwa Krajowego, with which the Bank has signed a portfolio agreement, two new products for entrepreneurs have been implemented. They will support customers in obtaining capital for development and environmentally-friendly investments. The Biznesmax Plus and Ekamax guarantees, provided with funds from the FENG Guarantee Fund, are free-of-charge instruments to secure loan repayment. Both guarantees are aimed at entrepreneurs in the SME sector, small and mid-cap companies.

Alior Bank is continuing to work towards the implementation of new digital banking for businesses – Alior Business and Alior Business Mobile. The project aims to provide customers with new solutions to replace the existing BusinessPro online banking, which is currently used mainly by small and medium businesses and corporations. The new electronic banking for Business Customers will be based on four pillars: self-service, mobile application, modern online banking service, and integrated ERP tools. The goal is to create a comprehensive, multi-channel and flexible ecosystem that will provide entrepreneurs with professional support to build and grow their businesses. The migration of the first customers to the new banking and the subsequent launch of the Friends&Family phase is planned by the Bank at the beginning of the fourth quarter of 2024. In consideration of the current customers using BusinessPro, the Bank is addressing the main customer expectations until the new solution is implemented.

By entering into a partnership with a business software provider, customers have gained the opportunity to integrate with Businessbank. The service allows entrepreneurs who use the BankConnect service and the new Businessbank service to automate their company's financial and accounting services. The BankConnect service is very popular with customers, as evidenced by the growing number of customers using it.

KB Remote Relationship Centres have been set up in the Bank for remote after-sales service for companies. As a result, business customers of all corporate banking centres have gained the ability to quickly and conveniently carry out instructions by telephone, e-mail and online banking. Currently, 80 per cent of customer instructions are carried out remotely – without the involvement of an advisor.

Thanks to its product offering and close cooperation with entities in the property development industry, Alior Bank won second place in the Ranking of Banks conducted by the Association of Developer Companies. The Association of Development Companies is an employers' organisation that works to improve the legal and financial environment for investors in the development industry and rewards best practices in this area. The Banks' Ranking is a cyclical initiative and aims to recognise the institutions that offered the most favourable financial conditions for housing investments in a given year.

*We strive to achieve organisational effectiveness through agile technologies, competencies and organisational culture. We provide stability through risk and capital management. We are socially responsible.*

The customer is at the centre of our attention, so in order to serve him or her as efficiently as possible and with the right quality, Alior puts emphasis on the development of an intelligent virtual assistant – InfoNina – expanding the range of services made available for implementation through chatbots. The service is available in electronic banking (Alior Online), on the portal ([www.aliorbank.pl](http://www.aliorbank.pl)) and, since the first half of the year, also in Alior Mobile. With the help of a chatbot, the customer can find an issue of interest, find out how to execute a specific instruction or learn about a product offer. On the other hand, with the help of the Voicebot, customers, in addition to receiving information on their credit products, can repay an instalment or generate a repayment schedule.

The bots handle more than 12,000 customer enquiries per day. Alior has also implemented so-called outbound bots, which now make more than 2 million calls a year investigating customer satisfaction, reminding them of an instalment repayment or asking them to clear an outstanding balance. The bots also make calls to update marketing consents (to support later sales activities), or to inform customers of an upcoming ID card expiry date and ask them to update it.

Thanks to the solutions being implemented, customers are gaining more and more opportunities to handle cases themselves. Currently, the catalogue of matters includes 117 forms for after-sales instructions, including, among others: adding and revoking a proxy for accounts, ordering a recording of telephone calls and e-mail correspondence (treasury transactions), requesting a change in the terms and conditions of the support agreement from the Borrower Support Fund, requesting a 2024 loan repayment holidays, closing an IKE/IKZE account. The effect of the presented implementations is the systematic automation of handling processes. Currently, 47% of the instructions sent in the after-sales system do not require any manual action on the Bank's part.

Alior Bank continues to automate processes on the backoffice side. In the first half of 2024, 13 new robots and automation were commissioned for various units in the Bank, mainly in operations and the business customer service area. The robots have completed 2.7 million tasks since the beginning of the year, performing the



equivalent work of more than 100 employees each month. Process automation is also being developed in HR, credit analysis (including mortgage processes), debt collection in the Individual Customer segment and Business Customer product areas.

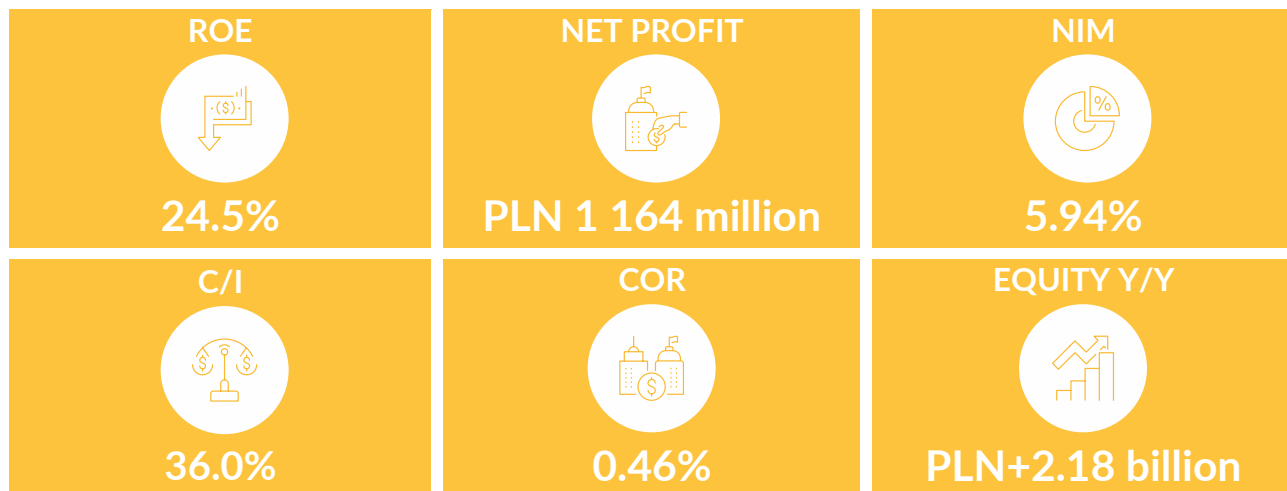
Work organisation is one of the areas that the Bank is focusing on in its strategy. An Agile approach is being developed, which creates a customer-focused organisation and builds committed teams. We are successively improving competences in this area and undertaking employee reskilling activities. The main benefits of these activities are the delivery of valuable solutions to customers, a modern workplace and the development of competence and interesting business challenges.

The public cloud, as a source of innovative services and scalable, automated IT infrastructure, is one of the pillars of the IT strategy. The Bank is intensifying its efforts to maximise the use of this technology. A successful migration of the Data Warehouse to the public cloud was carried out – this was the first such large-scale project implemented in Poland. The amount of data processed in the cloud is gradually increasing and the cost of storing long-term backups is decreasing. In addition, the Bank is taking steps to introduce multi-cloud architecture, i.e. to expand Alior Bank's cloud environment with the services of other public cloud providers in order to diversify.

In the area of HR, the Bank continued the #Tomorrow's Leadership Programme launched in 2023, which includes mentoring processes, internal training for future leaders and Action Learning workshops. Alior does not cease its activities stemming from its concern for healthy lifestyles and employee well-being. Particularly noteworthy during this period is the organisation of a charity sports challenge, recreational picnics and the "2h for the Family" action, an additional two free hours for employees, as well as the "Mum, Dad, and where do you work?" – a day with your child in the office as part of Children's Day.

In the area of risk, in January Alior Bank finalised a transaction concerning the sale of receivables – the "Marco Polo" project. "Marco Polo" is a unique portfolio sale of non-working corporate exposures that were secured on corporate real estate. The nominal value of the receivables sold amounted to PLN 2.1 billion. One of the key achievements of the project is the estimated cumulative reduction of Alior Bank Group's non-performing loan (NPL) ratio by 52 basis points and the NPL of the Group's business customers by 130 basis points. In addition, the Bank is implementing a long-term project to change the calculation of capital requirements for credit risk from the standardised approach (SA approach) to the internal ratings approach (IRB approach). The implementation of the advanced method allows the calculation of the capital requirement to reflect the actual level of risk present in the Bank and also allows the quality of risk management to be improved. Work on advanced analytics continues, in terms of implementing new components to be used by existing and new models. The quality of the loan portfolio is improving (successive decrease in the NPL ratio), which reduces the cost of risk.

## Basic financial data for H1 2024



An increase of net profit generated by the Alior Bank Capital Group y/y (PLN 1 164 million in net profit in H1 2024 compared to a net profit of PLN 872 million in H1 2023) was possible due to several key factors:

- improvement of the quality of the credit portfolio and behaviour of the customers of the Bank that resulted in marked decrease in allowances for expected credit losses,
- keeping the NBP reference rate at a relatively high level. Throughout H1 2024, the NBP reference rate was 5.75%, thus directly affecting the level of the WIBOR3M rate (the basic interest rate used by the Bank to price its loans), which averaged 5.86% in H1 2024 compared to 6.92% a year earlier. Nevertheless, the decline in WIBOR was offset by a reduction in the average cost of financing (from 2.39% in H1 2023 to 2.04% in H1 2024) as well as a reduction in the cost of hedging interest rate risk, thereby allowing the Bank's interest margin (NIM) to increase slightly from 5.91% in H1 2023 to 5.94% in H1 2024.
- increase in the gross loan portfolio from PLN 62.7 billion at the end of H1 2023 to PLN 67.6 billion at the end of H1 2024, i.e. by 8% y/y,
- reduction in the burden of the Bank's interest income over the cost of hedging the interest rate risk. The net cost of the said hedging (result on derivative transactions) decreased from PLN 442.7 million in H1 2023 to PLN 206.5 million in H1 2024, i.e. by PLN 236.2 million.

In the first half of 2024, a one-off event that had a significant impact on the Bank's results was the creation of a PLN 86 million provision for the cost of "credit holidays".

Tier1 and TCR ratios of the Alior Bank Capital Group remained high at the end of June 2024 (17.12% and 17.53% respectively), leaving a safe buffer above the regulatory requirements (845 bps and 686 bps, respectively). The Alior Bank Capital Group has a surplus of Tier 1 capital in the amount of approx. PLN 4.2 billion above regulatory minimum.

In H1 2024, the Bank's liquidity situation remained at a secure level. Liquidity was closely monitored and maintained as needed by adjusting the deposit base level and mobilising funding, depending on the development of lending activity and other liquidity needs. The LCR liquidity ratio of the Alior Bank Group amounted to 181% as at the end of June 2024. On the other hand, the NSFR liquidity ratio amounted to 144% as at the end of June 2024. The regulatory minimum for both of the aforementioned liquidity ratios is 100%.

## Distribution network and headcount



### Distribution network

At the end of June 2024, we had 522 outlets (158 traditional branches, 7 Private Banking branches, 13 Corporate Banking Centres, 9 Microenterprise Centres and 335 partner outlets).

We also distributed our products through 10 Mortgage Centres and a network of approx. 3,000 intermediaries.

The Bank also operates through the Branch in Romania, where customer service is provided via remote channels.

By end of June 2024, we modernised 91 branches to a “new format”. The role of the new outlets is, above all, to digitise customers and outlet processes, ensure convenience and privacy to our customers, as well as to improve the comfort of work for bankers. The branches in the new format are characterised by innovative design and utilise new technologies.

At the time of modernisation, we focused on the potential of local suppliers. We used recycled raw materials (e.g. table tops were manufactured from processed yoghurt cups, upholstery and ceilings - from recycled PET bottles). Part of the equipment is made up of wood of fast-growing plants.



We also use distribution channels based on a modern IT platform (including online banking, mobile banking, telephone service centres and DRONN technology).

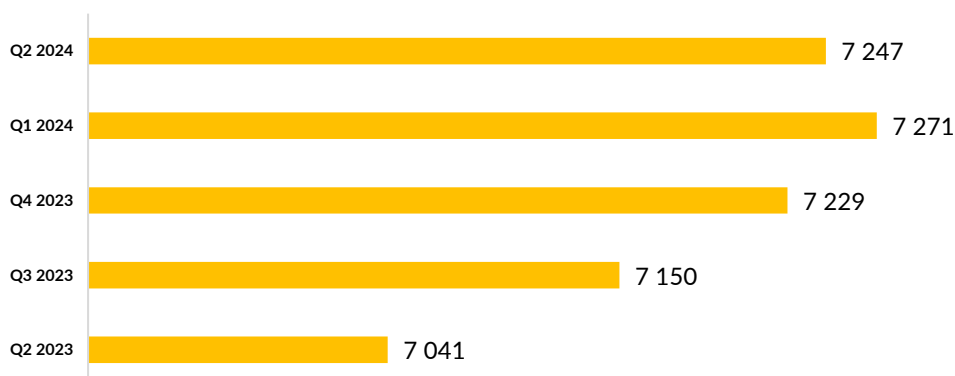
## Headcount



As at June 30, 2024, employment in the Alior Bank Capital Group (understood as the number of full-time equivalents, including maternity leaves, parental leaves and other long-term absences), was 7 247 FTEs, compared to 7 229 FTEs as at December, 2023.

The increase in employment occurred mainly as a result of the implementation of strategic projects and regulatory requirements.

## Full-Time Equivalents (FTEs)



## Assessment of activities pursued by the Alior Bank Capital Group

Operations of the Alior Bank Capital Group were most affected by the interest rate changes. The interest rate hikes, starting in Q4 2021 and continuing until Q3 2022, followed by the interest rate cuts, starting in Q3 2023.

Following a number of measures taken between 2020 and 2022 aimed at reducing the operating expenses, tightening the credit policy, and developing the Bank's range of products, including the accession to the government's 'First Home' Programme (the '2% Safe Loan' offer), as well as in effect of the increase in market interest rates, the Alior Bank Capital Group generated a net profit of PLN 1 164 million in H1 2024 and achieved a return on equity (ROE) of 24.5%.

The cost/income basic efficiency ratio levelled off – in H1 2024 and reached 36.0%, which was identical to H1 2023. The increase in the Bank's operating costs was offset by a similar growth rate in revenue.

In 2020, the Bank reviewed and optimised the credit portfolio, focusing primarily on reducing credit risk (including by reducing exposure to the industries most affected by the pandemic and tightening the lending policy). This had a positive impact on the Bank's financial result in H1 2024. The improvement of the overall financial situation of customers also contributed to the reduction of the costs of risk.

By improving financial performance, the Bank maintains capital adequacy ratios at safe levels, well above the minimum regulatory levels. They permit stable operation and a further increase in lending activity. The range of products was adapted to the current level of interest rates and the effects of the CJEU judgement

(concerning the partial return a commission in the event of early repayment of a consumer loan by the customer). In addition, despite the growing inflationary pressure, the Bank continues to continuously improve efficiency.

The Management Board of the Bank is positive about the operations of the Alior Bank S.A. Group in H1 2024 and its financial performance.

### **Impact of war in Ukraine on the operations of Alior Bank**

In view of the pending armed conflict in Ukraine, which has been on-going since 24 February 2022, the Bank constantly reviews its impact on the Bank's macroeconomic environment. The Alior Bank Capital Group intensively monitors the impact of the geopolitical situation related to the war in Ukraine on its operations and the quality of the credit portfolio and does not identify any significant threats in that regard.

## II. External environment of the Bank's operations



### War in Ukraine

The outbreak of war in Ukraine in 2022 significantly shook the stability of financial markets at the time. Russia's aggression caused an increase in risk aversion in the region, disrupted supply chains and threatened the stability of the energy system, which was dependent on raw material supplies from Russia. This resulted in sharp increases in energy commodity prices in 2022, which partially stabilised in 2023, though at increased levels. Despite the ongoing conflict, the Polish zloty strengthened in 2023 against both the euro and the dollar, and the Warsaw Stock

Exchange Index (WIG20) recorded an impressive increase of more than 30% year-on-year.

Market risk related to the war in Ukraine remained elevated in 2023. However, the share of assets from Russia, Belarus and Ukraine in the balance sheets of Polish banks is small. The lack of escalation of the conflict and the non-execution of extreme war scenarios mitigated the potential negative impact of the war on financial markets.

In the first half of 2024, very negative war scenarios did not materialise. Financial markets have not been affected by the increased impact of the war in Ukraine, although market risks associated with the war persist.

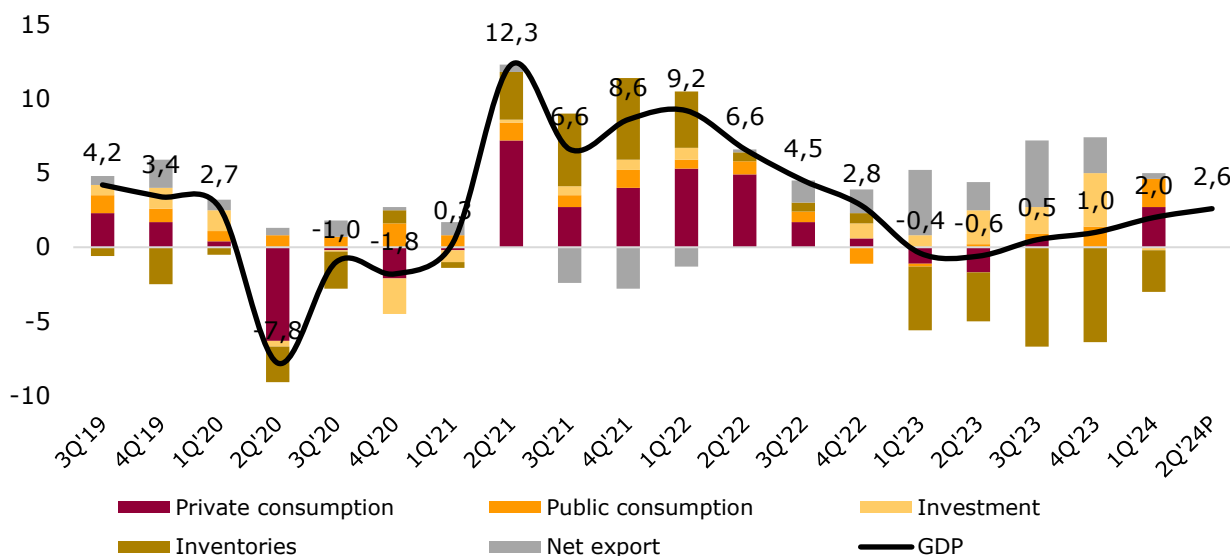
### Poland's economic growth

Preliminary data from the Central Statistical Office (CSO) on Poland's GDP for the first quarter of 2024 confirmed the expected change in the growth structure of the Polish economy this year relative to 2023. In 2023, we observed strong investment growth (13.1%) with shrinking private consumption (-1.0%). In 2024, the role of these two components was set to reverse, as already seen in Q1. Private consumption grew by a solid 4.6% y/y and 2.1% q/q on a seasonally adjusted basis. However, looking at solid real wage growth y/y, the recovery in consumption in early 2024 can be judged to have been only moderate. The main reason is the recovery in savings supported by a positive real interest rate. Investment in Q1 2024 fell by 1.8% y/y and 3% q/q on a seasonally adjusted basis, due to the recurrent nature of EU spending. In 2023, projects from the "old" 2014-2020 financial perspective were being finalised, and a new impetus was still missing at the beginning of 2024. In addition, data for medium and large companies show a decline in investment in buildings. The delay of the NIP has exacerbated this deficit in spending from the EU budget. Of note in the detailed data is the normalisation of the contribution of inventories and net exports to annual GDP growth. This amounted to -2.8 p.p. and +0.4 p.p. respectively in Q1 2024. In addition, government consumption added a solid 1.9 p.p. to GDP growth in Q1 2024.

We expect the economic recovery to continue in the coming quarters. We expect GDP growth in 2024 to be slightly above 3%. The main driver of growth will be a rebound in private consumption after a decline in 2023. The second half of the year may bring an additional demand boost in investment (KPO) and exports (recovery

in global manufacturing, ECB rate cuts). Nevertheless, both investment and external demand will remain weak throughout the year. This will, combined with continued restrictive monetary policy, limit the growth rate of the Polish economy. With GDP stagnating in 2023, the expected growth of slightly above 3% in 2024 can be considered moderate.

### GDP growth



\*/Source: GUS, Alior forecast

## Situation on the labour market

In the first half of 2024, the situation on the labour market remained favourable amid a recovery in economic activity. The registered unemployment rate fell to 4.9% in June compared to 5.1% in December 2023 and was 0.2 p.p. lower than a year earlier. It remains at historically low levels. Compared to the European Union countries, Poland remained in the group of countries with the lowest unemployment.

In the first half of 2024, upward pressure on wages continued despite falling inflation, only reviving domestic demand and still weak external demand, resulting in continued optimisation of employment in the corporate sector. Between January and June 2024, average corporate employment contracted by 10,000 and annual employment growth declined, reaching -0.4% y/y in May. In Q1 2024, employment in the national economy still increased, by 0.2% y/y, although its growth rate is the lowest in three years. Foreigners continued to provide important support to the Polish labour market. According to ZUS data, at the end of Q1 2024, the number of insured foreigners amounted to 1 million 138 thousand, 10 thousand more than at the end of 2023.

Between January and June 2024, the growth rate of average monthly wages in the corporate sector remained above 10%, reaching 11.0% y/y in June, which, together with low inflation readings in the first half of 2024, provided a significant boost to working people's households. This translated into an increase in consumption, although this was held back by a simultaneous increase in the propensity to save. The payroll fund in the corporate sector, despite some job cuts, grew by more than 8% y/y in real terms, the best result in around five years. In Q1, nominal wage growth in the national economy accelerated to 14.6% y/y.

In the second half of 2024, we expect wage dynamics to slowly weaken, although maintaining a solid pace, above 10% y/y, and employment may still slightly contract. Under these conditions, the unemployment rate

should remain fairly stable in view of the additionally shrinking labour supply in Poland due to demographic processes. Higher inflation resulting largely from the withdrawal of the anti-inflationary shield will not hold back the rebound in consumption.

### GDP growth and unemployment rates



\*/Source: GUS, MRPIPS, Alior Bank forecast

## Inflation and Interest Rates

Accelerating economic growth in the first half of 2024 was accompanied by declining inflation. In February, the CPI was within the inflation target (2.5% +/- 1 p.p.) for the first time in three years, reaching 2.8% y/y. In March, inflation reached a minimum (2.0% y/y), rebounding the following month to 2.6% y/y in June. The disinflation process was supported by the unloading of pressures in supply chains, declines in producer prices, energy and food commodity prices on global markets and a decline in external demand in the face of ongoing weakness in the global economy. The slight rebound in inflation (since April) was driven by, among other things, increasing domestic demand and the return of the 5% VAT on food. Core inflation (after excluding food and energy prices) has been declining over the period, to 3.6% y/y in June, which is still above the NBP target, however.

Since the 0.75 p.p. rate cut in September 2023, which was described by the NBP President as an adjustment but overdue, and the subsequent rate cut in October (by 0.25 p.p.), interest rates have remained unchanged. At the end of June 2024, the reference interest rate was 5.75%. MPC members made decisions on the basis of current data. In July this year, interest rates remained unchanged.

In the second half of 2024, we expect inflation to rise to 4.7% y/y on average, which will be linked to the further extinguishment of the anti-inflation dials through the gradual release of end-user energy prices (from July 2024). We estimate that these changes will raise inflation by around 1.8 p.p. on balance, we expect inflation in the first half of 2024 to be markedly lower (2.7% y/y on average) than in the second half (4.7% y/y on average), when the effects of the partial extinction of the anti-inflationary dials become apparent. The MPC is likely to keep interest rates unchanged until the end of 2024, as confirmed by the Council's rhetoric. The announced



pace of the withdrawal of the anti-inflationary shield and the high rate of wage growth according to the President of the NBP reinforce the scenario of rate stabilisation.

## Global economy

By 2023/2024, the slowdown in global growth had bottomed out, although differences in GDP growth between countries persisted. In Q1 2024, the euro area economy showed some signs of recovery, with growth rates still very weak and fragile fundamentals. According to Eurostat, GDP in the euro area grew by 0.4% y/y in Q1 2024, compared to 0.1% y/y a quarter earlier and 0.3% q/q after seasonal adjustment. After five consecutive quarters of stagnation, this was the first time there had been some recovery. GDP growth is expected to continue in Q2 2024. According to the US Bureau of Economic Analysis (BEA), an agency of the Department of Commerce, US GDP in Q1 2024 grew by 1.4% q/q annualised (2.9% y/y). This marks a marked slowdown in the pace of the recovery from the 3.4% q/q annualised in the final quarter of 2023. The reading was also lower than expectations, placed above 2% q/q<sup>1</sup> annualised. According to the Atlanta Fed's 17 July estimate, GDP in Q2 2024 will be around 2.7% q/q annualised. China's Q1 2024 GDP posted a slightly stronger-than-expected growth of 5.3% y/y compared with 5.2% y/y a quarter earlier.

In the first half of 2024, in an environment of still weak demand and stabilisation of energy commodity prices at elevated levels, the disinflation process has been halted. Inflation rates are still above the targets of the main central banks (2.0%), the ECB and the Fed. Core inflation (including especially the services sector) remains stubborn in both the euro area and the US. In the euro area, HICP inflation, after peaking at 10.6% in October 2022, has been declining, reaching a minimum of 2.4% y/y in March and April 2024 and 2.5% y/y in June. In the US, CPI inflation has been on a downward trend since its peak (9.1% y/y) in June 2022, until it reached a minimum of 3.0% y/y in June 2023 since it remained in the range of 3.1-3.7% y/y and was 3.0% y/y in June 2024.<sup>2</sup> At the same time, the labour market in both economies remained quite resilient to the slowdown, which delayed the monetary policy transmission of the main central banks. Under these conditions, central banks kept interest rates at elevated levels. At the turn of 2023/2024, the first announcements of possible rate cuts were made. However, central banks' communication during the first half of 2024 postponed expectations for the first cuts. In June 2024 the ECB cut interest rates for the first time in five years, by 0.25 p.p. The deposit rate stood at 3.75% in June. However, the ECB regards this cut as a cautious adjustment rather than the start of a monetary easing cycle. The first Fed cuts are pushing back. Fed interest rates are unchanged from July 2023 (5.25%-5.50%) and the rhetoric of bank officials remains aggressive.

Economic activity in the main economies will remain subdued in the second half of 2024. According to the June inflation and GDP growth projection published by the ECB, forecasts have been raised slightly for both economic growth (from 0.6% to 0.9% in 2024) and HICP inflation (from 2.3% to 2.5% on average in 2024). The ECB's rhetoric remains cautious, suggesting that the ECB's June decision was an adjustment rather than the start of an easing cycle. Given the decision, the market was anticipating 2-3 interest rate cuts of 0.25 p.p. each by the end of the year. Compared to March, according to the Fed's June projection, the median forecasts for GDP and the unemployment rate for 2024 remained unchanged at 2.1% and 4.0% respectively. In contrast, inflation and interest rate forecasts were revised up. The Fed is now forecasting 0.2 p.p. higher inflation (2.6%)

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<sup>1</sup> Bloomberg consensus

<sup>2</sup> Source: Bloomberg

than in March this year, and the median for interest rates has increased by 0.5 p.p., to 5.1% (range 4.9-5.4% vs 5.25-5.5% now). This means that one rate cut of 0.25 p.p. is possible by the end of 2024.

## Exchange rate

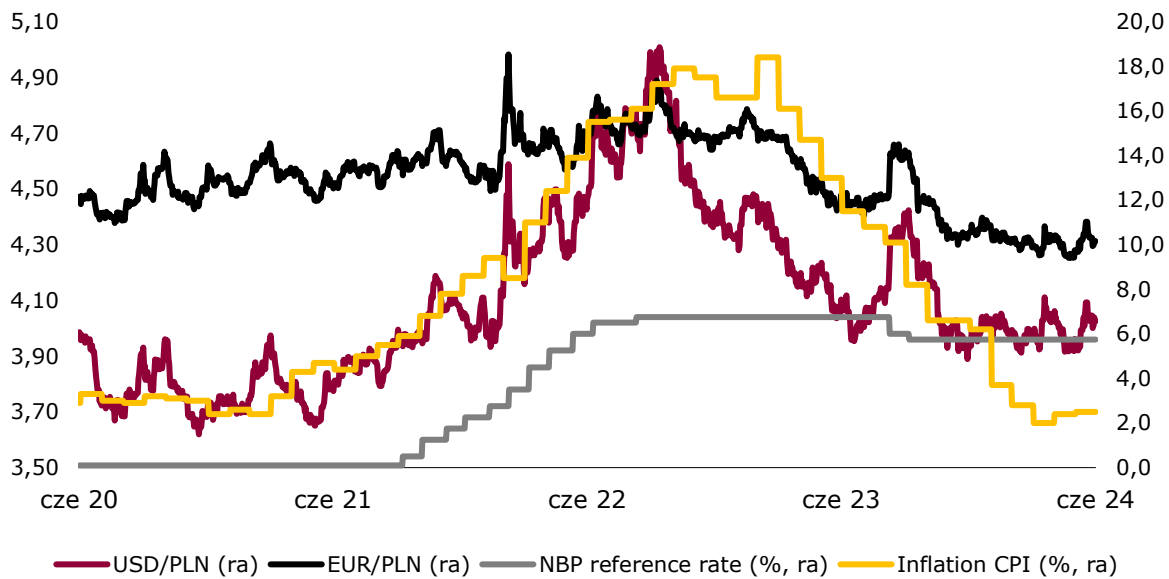
In the first half of 2024, the volatility of the main currency pair, like 2023, was moderate. The EUR-USD exchange rate remained in a range of 1.06-1.10, with the half-year ending in favour of the dollar. Financial markets were mainly influenced by the monetary policy of the major central banks, the start of the global economic recovery and geopolitical factors, with the war in Ukraine having little impact on market fluctuations. By mid-February, the dollar was strengthening, supported by good macroeconomic data from the US and more hawkish communication from the Fed than the ECB about the possibility of interest rate cuts, as well as risk aversion due to the escalation of the situation in the Middle East, including attacks on container ships by Yemeni Huti rebels, which also affected oil prices. For the following month, the euro recovered until mid-March. Then, by mid-April, the dollar was gaining again, mainly influenced by the escalation of the Iran-Israel conflict and the postponement of expectations of US interest rate cuts in the face of the ECB's announcement of cuts in June. From mid-May onwards, the euro rose in strength, boosted by the de-escalation of the Iran-Israel conflict and further postponement of the possibility of the first US rate cuts. Ultimately, in the first half of 2024 EUR-USD declined by 3.0%. In the second half of the year, the exchange rate of the main currency pair will depend mainly on monetary policy, geopolitical and political factors (political situation in France, presidential elections in the US in the autumn).

The Polish zloty remained fairly resilient to the external situation and strengthened slightly against the euro and weakened slightly against the US dollar in the first half of 2024. The zloty was supported by the release of NIP funds, an improving macroeconomic situation and a trade balance surplus along with the non-realisation of a negative war scenario. In addition, the central bank's communication dismissing the possibility of rate cuts this year favoured the zloty. At the end of the first half of 2024, the EUR/PLN exchange rate was 0.7% lower and the USD/PLN exchange rate was 2.3% higher compared to the end of 2023, reaching, respectively: 4.31/EUR and 4.02/USD.<sup>3</sup>

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<sup>3</sup> Source: Bloomberg

## EUR/PLN and USD/PLN rates against CPI and reference rate inflation



\*/Source: Bloomberg



## Banking Sector

In the first half of 2024, the performance of the banking sector continued to be supported by high interest rates, although resurgent demand for credit as a result of the improving economy also started to become apparent. The largest increase in lending activity was seen in the household sector with an improvement, albeit still quite moderate, on the corporate side. Despite the sustained growth in interest income, banks' profitability continued to be limited by provisions for legal risk. The banking sector's total capital ratio stood at 20.9% at the end of March 2024, lower than at the end of 2023, with a core Tier 1 capital ratio of 19.45%.

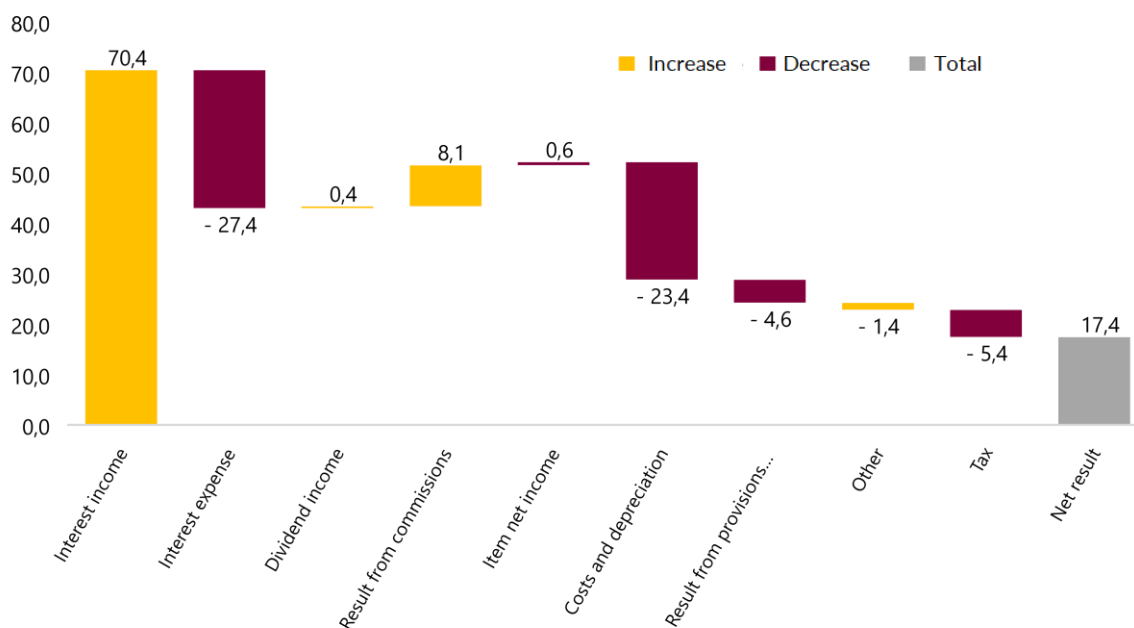
### Key income statement items<sup>4</sup>

In January-May 2024, the banking sector generated a net profit of PLN 17.4 billion, compared with PLN 17.0 billion in the same period of the previous year, an increase of 2.4% y/y. In the analysed period, the banking sector's total interest income amounted to PLN 70.4 billion against interest income of PLN 68.8 billion in the corresponding period of the previous year (up 2.4% y/y). Net income was also positively impacted by net fee and commission income (up 5.5% y/y to PLN 8.1 billion). The banking sector's net profit in January-May 2024 was most negatively impacted by interest expenses – which, however, were 8.6% lower y/y and amounted to

<sup>4</sup> Source: Monthly data for the banking sector, Polish Financial Supervision Authority

PLN 27.4 billion, as well as bank operating expenses and depreciation, which in turn increased by 10.5% y/y to PLN 23.4 billion. Net profit was also negatively impacted by the result of provisions and write-downs (4.6 billion – no year-on-year growth), which includes, among others, provisions for legal risk of housing loans denominated in foreign currencies. The banks' operating expenses were significantly impacted in the first half of 2024 by wage pressures. In addition, in the first half of the year, the banking sector's result since the beginning of June has been burdened by the cost of loan repayment holidays, which are more limited this year than a year ago, but this will not be insignificant for the banking sector's profitability.<sup>5</sup>

### Financial result of the banking sector in the period from January to May 2024 (PLN billion)



Source: Own elaboration based on data of the Polish Financial Supervision Authority

Between January and May 2024, margins at banks increased marginally. In an environment of increased interest rates, the interest margin reached 3.58% at the end of May, compared to 3.57% at the end of 2023. Profitability, as measured by ROA and ROE ratios,<sup>6</sup> was stable in the first five months of 2024. Return on equity at the end of May 2024 was 11.09% against 11.72% at the end of December 2023, and ROA was 0.94% at the end of May 2024 against 0.97% at the end of December 2023. The R/I7 ratio fell to 14.5% in the period under review from 15.0% at the end of December 2023. Growing operating income and costs kept in check caused the C/I8 ratio increased slightly to 47.53% at the end of May, compared to 47.26% at the end of December 2023.

<sup>5</sup> In the current year, borrowers will be able to suspend credit and interest instalments for 2 months between 01.06.24-31.08.24 and for 2 months between 01.09.24-31.12.2024

<sup>6</sup> ROA and ROE – the ratio of the sum of the financial result from 12 consecutive months to accordingly: average assets and average equity in the same period

<sup>7</sup> R/I – the ratio of provisions and impairment allowances for 12 consecutive months to total net operating income for the same period

<sup>8</sup> C/I ratio – the ratio of expenses for 12 consecutive months to total net operating income for the same period

## Loans and Deposits<sup>9</sup>

Non-financial sector deposits remained the main source of bank funding in January-May 2024. At the end of May, non-financial sector deposits amounted to PLN 1,845 billion (+7.9% y/y). Household deposits grew at a faster rate: by 10.1% y/y to PLN 1,302 billion, while corporate deposits in May 2024 grew by only 2.2% y/y. The higher growth rate of household deposits was due to the relatively favourable labour market situation and a positive real interest rate favourable for savings. However, the value of corporate deposits in May is lower than at the end of last year, when they amounted to PLN 520 billion and are currently at PLN 502 billion. On the corporate side, the decline in the growth rate of deposits indicates a shrinking liquidity cushion from previous years. The assets of the banking sector at the end of May 2024 amount to PLN 3 102 billion (up 8.83% y/y).

Credit activity grew slowly in the first half of 2024, although the annualised growth rate of loans to the non-financial<sup>10</sup> sector in the first five months of the year was almost stood (0.03% y/y) at PLN 1,115 billion. Loans to businesses in this period decreased by 1.7% y/y to PLN 396.9 billion, while loans to households increased slightly to PLN 710.2 billion (+1.6% y/y). However, a significant improvement in lending on the consumer credit side was evident, as well as continued stable dynamics for mortgages, which in the first quarter were still supported by the “2% safe credit” programme. On the corporate side, lending for operating loans continued to be weak, but we can see an increasingly strong recovery from last year’s hole. Investment loans grew slightly, but the rate of growth in this area remains slow, in view of the depressed investments this year.

The liquidity situation in the banking sector remained stable in the first half of 2024. From January to May 2024, the LCR ratio remained above the required minimum of 100%. At the end of May 2024, the LCR ratio of commercial banks (excluding association banks) was 219% compared to 215% at the end of December 2023. The NSFR stable funding ratio also remained above the required standard (100%), at 163% at the end of March 2024 against 162% at the end of 2023.

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<sup>9</sup> Source: Monthly data for the banking sector, Polish Financial Supervision Authority

<sup>10</sup> Gross receivables from non-financial sector – portfolio B, KNF data

## III. Financial results of the Alior Bank Capital Group

### Income statement

Detailed items of the income statement of Alior Bank Capital Group are presented in the table below:

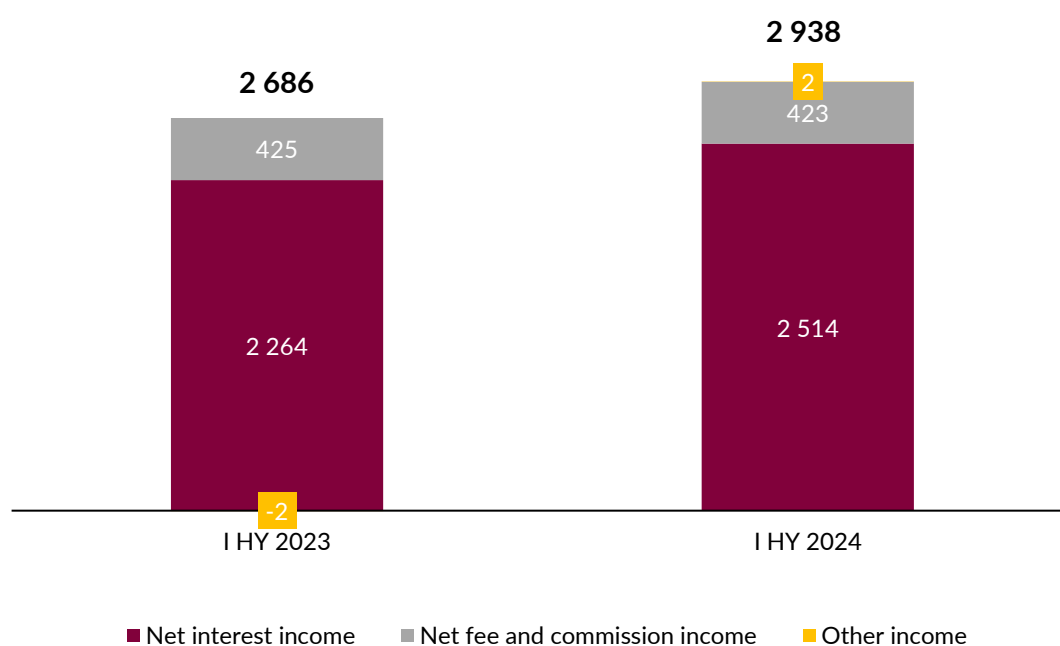
	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023	Change	Change
	(in PLN '000)	(in PLN '000)	(in PLN '000)	(%)
Interest income calculated using the effective interest method	3 285 492	3 350 534	-65 042	-1.9%
Income of a similar nature	282 837	293 892	-11 055	-3.8%
Interest expense	-1 054 655	-1 380 485	325 830	-23.6%
<b>Net interest income</b>	<b>2 513 674</b>	<b>2 263 941</b>	<b>249 733</b>	<b>11.0%</b>
Fee and commission income	750 072	887 019	-136 947	-15.4%
Fee and commission expense	-327 568	-462 307	134 739	-29.1%
<b>Net fee and commission income</b>	<b>422 504</b>	<b>424 712</b>	<b>-2 208</b>	<b>-0.5%</b>
Dividend income	247	93	154	165.6%
The result on financial assets measured at fair value through profit or loss and FX result	15 983	19 577	-3 594	-18.4%
<b>The result on derecognition of financial instruments not measured at fair value through profit or loss</b>	<b>4 605</b>	<b>3 765</b>	<b>840</b>	<b>22.3%</b>
measured at fair value through other comprehensive income	4 041	3 507	534	15.2%
measured at amortized cost	564	258	306	118.6%
Other operating income	67 237	60 259	6 978	11.6%
Other operating expenses	-85 851	-86 095	244	-0.3%
<b>Net other operating income and expenses</b>	<b>-18 614</b>	<b>-25 836</b>	<b>7 222</b>	<b>-28.0%</b>
General administrative expenses	-1 059 193	-967 969	-91 224	9.4%
Net expected credit losses	-150 161	-394 813	244 652	-62.0%
The result on impairment of non-financial assets	-1 321	-3 199	1 878	-58.7%

Cost of legal risk of FX mortgage loans	-27 690	-2 786	-24 904	893.9%
Banking tax	-139 728	-131 115	-8 613	6.6%
<b>Gross profit</b>	<b>1 560 306</b>	<b>1 186 370</b>	<b>373 936</b>	<b>31.5%</b>
Income tax	-396 269	-314 519	-81 750	26.0%
Net profit	1 164 037	871 851	292 186	33.5%
<b>Net profit attributable to equity holders of the parent</b>	<b>1 164 037</b>	<b>871 851</b>	<b>292 186</b>	<b>33.5%</b>

\*Compared to the financial statements prepared as at June 30, 2023, the Group has adjusted the method of presenting the costs of provisions for disputes. After the change, the costs of provisions for disputes are presented in the item "Other operating costs". Previously, the Group presented these costs in the item "Group operating costs". The above change did not affect the net result and was described in the Consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the first half of 2024 (note no. 2.3).

The gross profit in H1 2024 totalled PLN 1,560.3 million, meaning an increase compared to H1 2023 by PLN 373.9 million, i.e. by 31.5%. Income tax in the 2024 period under review increased by 26.0% to 396.3 million. The net profit of the Alior Bank Capital Group (attributable to shareholders of parent company) for H1 2024 amounted to PLN 1,164.0 million and was higher than the result achieved in the same period of 2023 by PLN 292,2 million, thus marking an increase of 33.5% y/y. Return on equity (ROE) was 24.5%, while return on assets (ROA) was 2.6%.

#### Total income (in PLN million) – consolidated data



Net interest income reached PLN 2,514 million and was the main component of the Alior Bank Capital Group's revenues at the level of approx. 85.5% of total revenues in H1 2024. Compared to H1 2023, it grew by 11.0%, and this was mainly determined by the tapering off of the monetary easing cycle commenced in September 2023, the reduction in the cost of financing and the growth of the Bank's loan portfolio. The Monetary Policy Council did not opt for a continuation of the monetary easing initiated in September 2023 and decided to keep NBP interest rates unchanged at six consecutive meetings in H1 2024. The NBP reference rate reached 5.75% at the end of June 2024, as against 6.75% at the end of June 2023. This led to a decrease in the average WIBOR3M rate, which is the main rate used by the Bank to determine the cost of its loans. The aforementioned rate in H1 2024 reached an average level of 5.86%, compared to 6.92% on average in the same period of 2023. The decrease in the average level of WIBOR3M allowed the cost of financing to decrease to 2.04% from 2.39% in H1 2023. The Bank's net interest margin (NIM) increased to 5.94% in H1 2024, compared to 5.91% in H1 2023.

Interest rates used by the Bank, broken down by individual credit products and the average interest rate on deposits, has been presented in the table below:

	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
	(%)	(%)
<b>LOANS</b>		
<b>Retail segment, including:</b>		
<i>Consumer loans</i>	10.13	10.76
<i>Housing loans</i>	7.99	7.51
<b>Business segment, including:</b>		
<i>Investment loans</i>	8.31	9.66
<i>Operating loans</i>	8.60	9.89
<b>DEPOSITS</b>		
<b>Retail segment, including:</b>		
<i>Current deposits</i>	1.15	1.38
<i>Term deposits</i>	4.20	5.55
<b>Business segment, including:</b>		
<i>Current deposits</i>	0.94	1.10
<i>Term deposits</i>	4.50	5.85

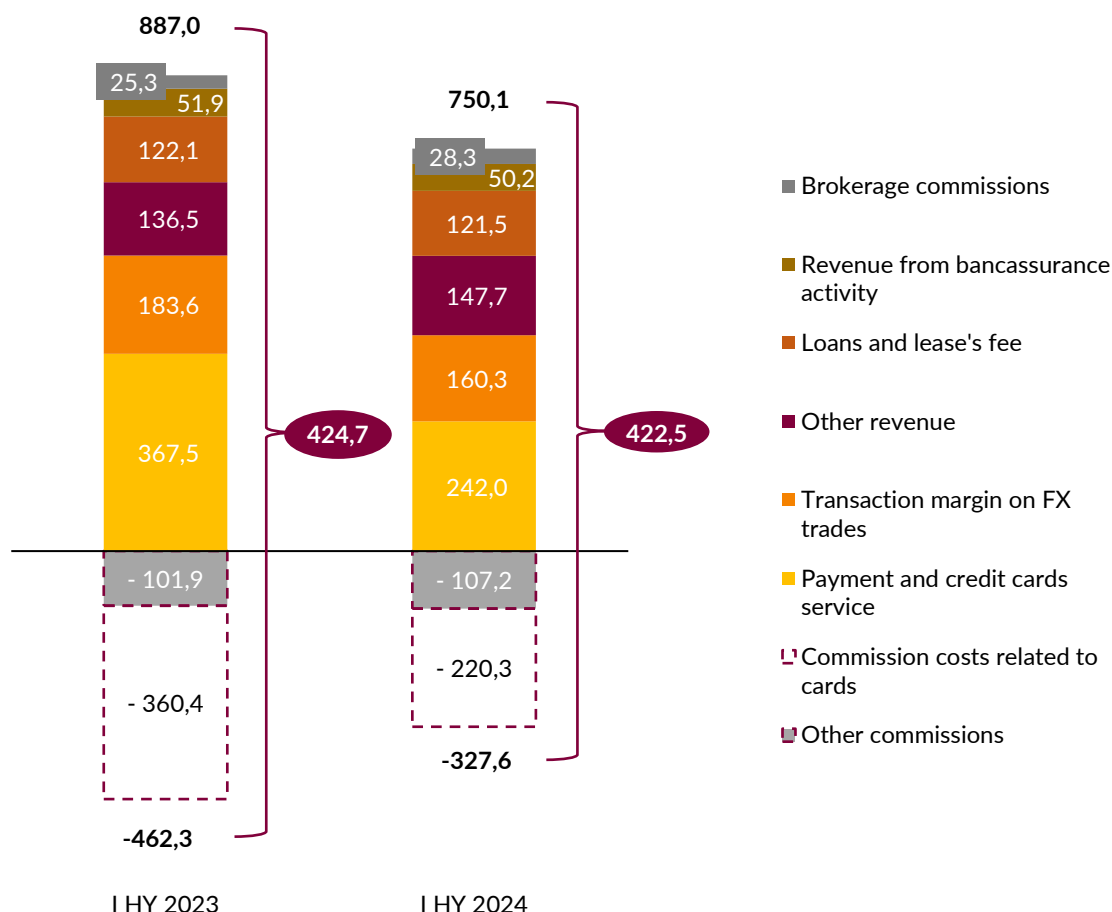
The result on fees and commissions in H1 2024 decreased slightly by 0.5% compared to H1 2023, to PLN 422.5 million. The result was made up of PLN 750.1 million in commission income (down by 15.4% compared to H1 2023) and PLN 327.6 million in commission expenses (down by 29.1% compared to the same period in 2023).

The main component of fee and commission income is commissions related to payment and credit card processing, which amounted to PLN 242.0 million in H1 2024. A significant component of net fee and commission income was commissions on foreign exchange (fx) transactions, which decreased by 12.7% compared to H1 2023 to PLN 160.3 million. Yet another significant component of fee and commission income is commissions related to accounts, transfers, deposits and other, which increased by 8.2% to PLN 147.7 million



compared to H1 2023. Commission income from lending and leasing activities remained on a par with last year, amounting to PLN 121.5 million in the reported period, i.e. 0.5% less than in H1 2023. From a commission expenses perspective, there was a significant decrease in card-related commission expenses (card and ATM transaction costs, including costs of issued cards) from PLN 360.4 million in H1 2023 to PLN 220.3 million in the corresponding period of 2024, i.e. by 38.9%. Other commission costs (comprising i.a. commissions paid to agents, insurance of banking products, commissions for providing ATMs and brokerage commissions) increased by PLN 5.3 million to PLN 107.2 million.

**Net fee and commission income (in PLN million) – consolidated data**

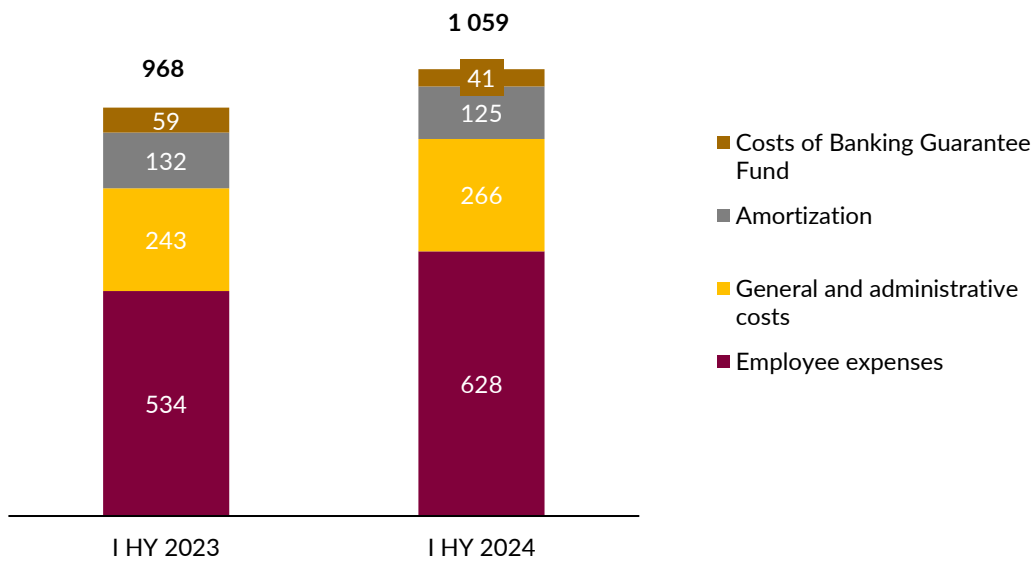


Result on other activities of the Bank (sum of the following items in the income statement: dividend income, result on instruments measured at fair value through the income statement and result on the exchange position, result on derecognition of assets and liabilities not valued at fair value through the profit and loss account, result on other operating income and expenses) amounted to PLN 2.2 million in the period under review in 2024, compared with PLN -2.4 million in H1 2023. The predominant reason for the improvement in the Bank's result on other operations in the period under review was the higher result on other operating income, which increased from PLN 60.3 million in H1 2023 to PLN 67.2 million in the same period of 2024.

In H1 2024, operating expenses amounted to PLN 1,059 million and were higher than operating expenses incurred in H1 2023 by PLN 91 million, i.e. by 9.4%. The increase in costs was most influenced by personnel costs, which in the period under review increased by 17.7% from PLN 534 million to PLN 628 million, which

was the result of a general increase in prices in the economy and increase in wage pressure. General and administrative expenses, adjusted by Bank Guarantee Fund expenses, but including taxes and levies, amounted to PLN 266 million in H1 2024 and were 9.3% higher than expenses borne in the same period of previous year. The rise in general and administrative expenses was driven by, among other things, IT costs, which were higher by PLN 13.0 million, as well as marketing costs, which were higher by PLN 9.8 million. The category of other expenses grew by PLN 8.3 million in the period under review, reaching PLN 35.3 million. The Cost/Income ratio stood at 36.0%, the same as in H1 2023.

**Operating expenses (in PLN million) – consolidated data**



## Net expected credit losses

Net expected credit losses amounted to PLN -150.2 million in H1 2024, compared to PLN -394.8 million in H1 2023, which is a 62.0% improvement. The CoR (cost of risk) ratio in the reporting period was 0.46%. For comparison, the CoR ratio in H1 2023 was 1.28%.

### Net expected credit losses (in PLN thous.) – consolidated data

	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023	Change y/y (%)
<b>Expected credit losses Stage 3</b>	<b>-299 045</b>	<b>-512 491</b>	<b>-41.6%</b>
retail customers	-191 736	-281 982	-32.0%
business customers	-107 309	-230 509	-53.4%
<b>Expected credit losses 1 and 2 (ECL)</b>	<b>27 650</b>	<b>28 458</b>	<b>-</b>
<b>Stage 2</b>	<b>38 121</b>	<b>50 473</b>	<b>-</b>
retail customers	29 708	24 536	-
business customers	8 413	25 937	-67.6%
<b>Stage 1</b>	<b>-10 471</b>	<b>-22 015</b>	<b>-52.4%</b>
retail customers	9 256	-10 728	-186.3%
business customers	-19 727	-11 287	74.8%
<b>POCI</b>	<b>-33 851</b>	<b>-58 295</b>	<b>-41.9%</b>
<b>Recoveries from off-balance sheet</b>	<b>150 528</b>	<b>89 661</b>	<b>67.9%</b>
<b>Investment securities</b>	<b>-1 467</b>	<b>7 065</b>	<b>-120.8%</b>
<b>Off-balance provisions</b>	<b>6 024</b>	<b>50 789</b>	<b>-88.1%</b>
<b>Net expected credit losses</b>	<b>-150 161</b>	<b>-394 813</b>	<b>-62.0%</b>

## Net impairment charges on non-financial assets

Net impairment charges on non-financial assets amounted to PLN -1.3 million in H1 2024.

## Balance Sheet

As at 30 June 2024, the balance sheet total of the Alior Bank Capital Group reached the value of PLN 90.1 billion and was the same as at the end of December 2023. The largest asset component is receivables from customers of the Alior Bank Capital Group (PLN 64.2 billion). Their share in the balance sheet total as at the end of H1 2024 was 71.2%, i.e. it increased by 3.6 percentage points compared to the end of December 2023. The second largest asset item as at 30 June 2024 were financial investment assets, which amounted to PLN 19.2 billion and represented 21.3% of all assets (compared to PLN 18.8 billion and a 20.9% share in assets as at the end of December 2023).

The primary source of financing of operations conducted by the Alior Bank Group are funds deposited by customers with the Bank. As at the end of June 2024, amounts due to customers totalled PLN 75.8 billion, i.e., 84.1% of the Bank's consolidated balance sheet total. Amounts due to customers increased by PLN 0.6 billion (0.9%) compared to the end of December 2023. The second largest source of financing, i.e. equity, amounted to PLN 9.9 billion as at the end of June 2024 and accounted for 10.9% of the balance sheet total of the Bank.

In the structure of amounts due to customers, the main item were amounts due to the retail segment, which as at the end of June 2024 accounted for 69.9% of all liabilities towards customers. Compared to the status as at 31 December 2023, this share increased by 0.8 p.p.

The tables below present detailed items of assets, liabilities and equity as at 30 June 2024 along with comparable data.

ASSETS	30.06.2024	31.12.2023	Change	Change
			(in PLN '000)	(%)
Cash and cash equivalents	2 077 904	2 539 259	-461 355	-18.2%
Amounts due from banks	1 854 966	4 615 420	-2 760 454	-59.8%
<b>Investment financial assets:</b>	<b>19 186 648</b>	<b>18 820 432</b>	<b>366 216</b>	<b>1.9%</b>
measured at fair value through other comprehensive income	17 623 881	15 471 615	2 152 266	13.9%
measured at fair value through profit or loss	273 352	423 139	-149 787	-35.4%
measured at amortized cost	1 289 415	2 925 678	-1 636 263	-55.9%
Derivative hedging instruments	212 544	336 122	-123 578	-36.8%
Loans and advances to customers	64 180 578	60 965 097	3 215 481	5.3%
Assets pledged as collateral	76 991	46 894	30 097	64.2%
Property, plant and equipment	739 615	743 497	-3 882	-0.5%
Intangible assets	427 819	412 070	15 749	3.8%
Non-current assets held for sale	0	0	0	-
<b>Income tax asset</b>	<b>901 293</b>	<b>983 992</b>	<b>-82 699</b>	<b>-8.4%</b>
current income tax asset	0	1 340	-1 340	-100.0%
deferred income tax asset	901 293	982 652	-81 359	-8.3%
Other assets	488 488	671 351	-182 863	-27.2%
<b>TOTAL ASSETS</b>	<b>90 146 846</b>	<b>90 134 134</b>	<b>12 712</b>	<b>0.0%</b>

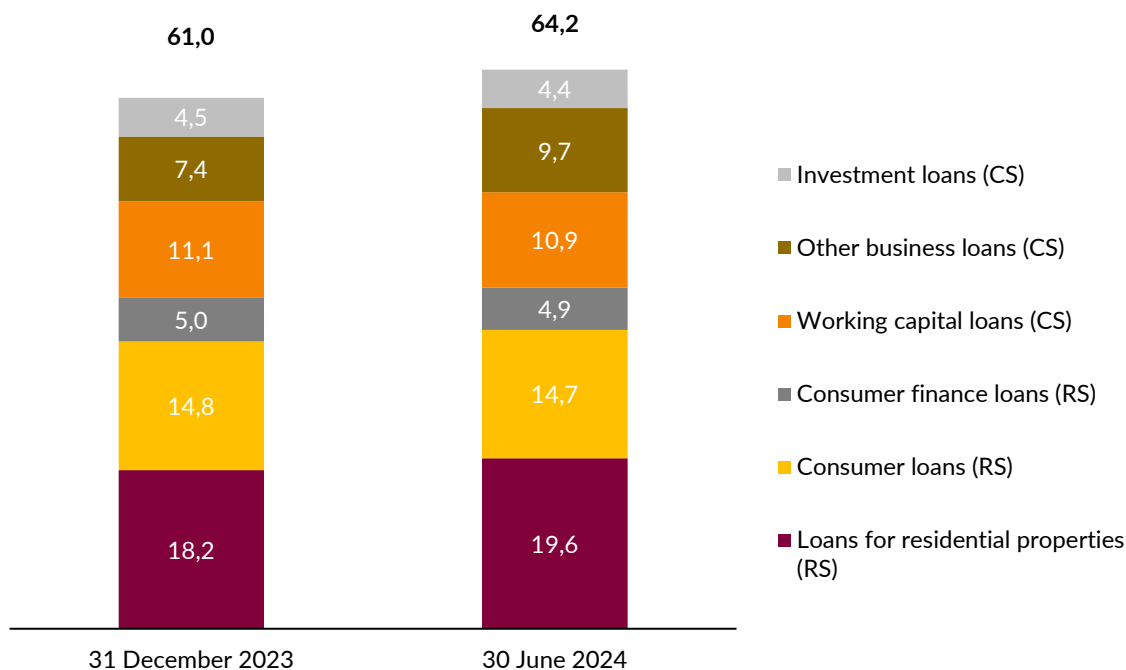
LIABILITIES AND EQUITY	30.06.2024	31.12.2023	Change	Change
			(in PLN '000)	(%)
Amounts due to banks	339 382	288 318	51 064	17.7%
Amounts due to customers	75 831 749	75 187 251	644 498	0.9%
Financial liabilities	184 634	276 463	-91 829	-33.2%
Derivative hedging instruments	566 082	682 631	-116 549	-17.1%
Change in fair value measurement for hedged risk	-1 061	-229	-832	363.3%
Provisions	334 310	309 976	24 334	7.9%
Other liabilities	2 089 502	2 653 900	-564 398	-21.3%
<b>Income tax liabilities</b>	<b>171 897</b>	<b>326 235</b>	<b>-154 338</b>	<b>-47.3%</b>
current income tax liabilities	169 873	324 207	-154 334	-47.6%
deferred income tax liabilities	2 024	2 028	-4	-0.2%
Subordinated liabilities	766 625	1 159 999	-393 374	-33.9%
<b>Total liabilities</b>	<b>80 283 120</b>	<b>80 884 544</b>	<b>-601 424</b>	<b>-0.7%</b>
Share capital	1 305 540	1 305 540	0	0.0%
Supplementary capital	7 438 105	6 027 552	1 410 553	23.4%
Revaluation reserve	-259 017	-291 439	32 422	-11.1%
Other reserves	161 792	161 792	0	0.0%
Foreign currency translation differences	10	2 252	-2 242	-99.6%
Accumulated losses	53 259	13 768	39 491	286.8%
Profit for the period	1 164 037	2 030 125	-866 088	-42.7%
<b>Equity</b>	<b>9 863 726</b>	<b>9 249 590</b>	<b>614 136</b>	<b>6.6%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>90 146 846</b>	<b>90 134 134</b>	<b>12 712</b>	<b>0.0%</b>

Loans granted in the retail segment (RC – Retail Customer) were consumer loans, mortgage loans (for housing purposes) and Consumer Finance. Their total net volume amounted to PLN 39.2 billion as at 30 June 2024 (3.1% increase compared to the end of 2023). In H1 2024, the balance of mortgage loans increased (by 7.6% compared to 31 December 2023). There was a drop of 2.7% in the balance of Consumer Finance loans; on the other hand, consumer loans suffered a drop of 0.5% compared to the net volume at the end of 2023 and reached a net volume of 14.7 billion.

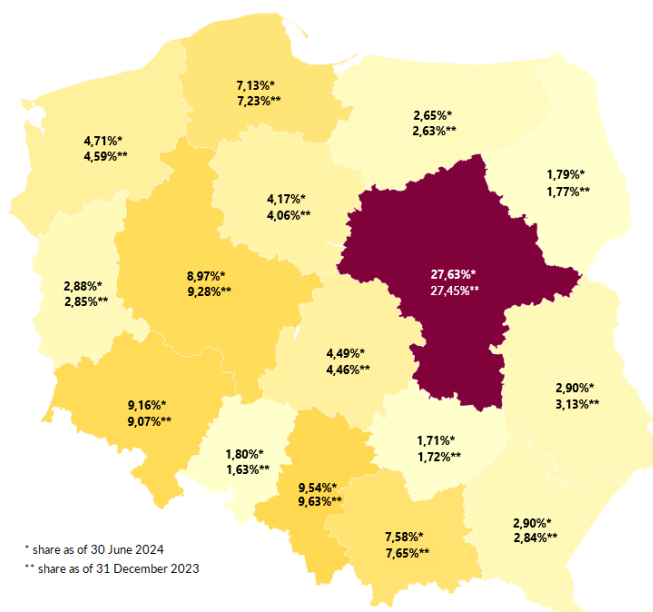
Operating loans for enterprises, the value of which at the end of June 2024 amounted to PLN 10.9 billion (1.1% decrease since the end of the prior year) were the most significant component of the business segment credit portfolio (BC – Business Customer), representing 43.7% of its value. Investment loans for business customers accounted for 17.6% in the structure of the portfolio of business customers as at 30 June 2024, which means that their share dropped by 1.8 percentage points. Other loans offered to business customers increased by PLN 2.2 billion in terms of volume, and their share in the structure of the business customer portfolio was 38.6%. The value of net loans granted as part of the business segment amounted to PLN 25.0 billion as at 30 June 2024 and was 8.9% higher than at the end of 2023.

The total net value of the Bank's loan portfolio amounted to PLN 64.2 billion at the end of June 2024, compared to PLN 61.0 billion at the end of 2023.

### Receivables from customers (in PLN billion)



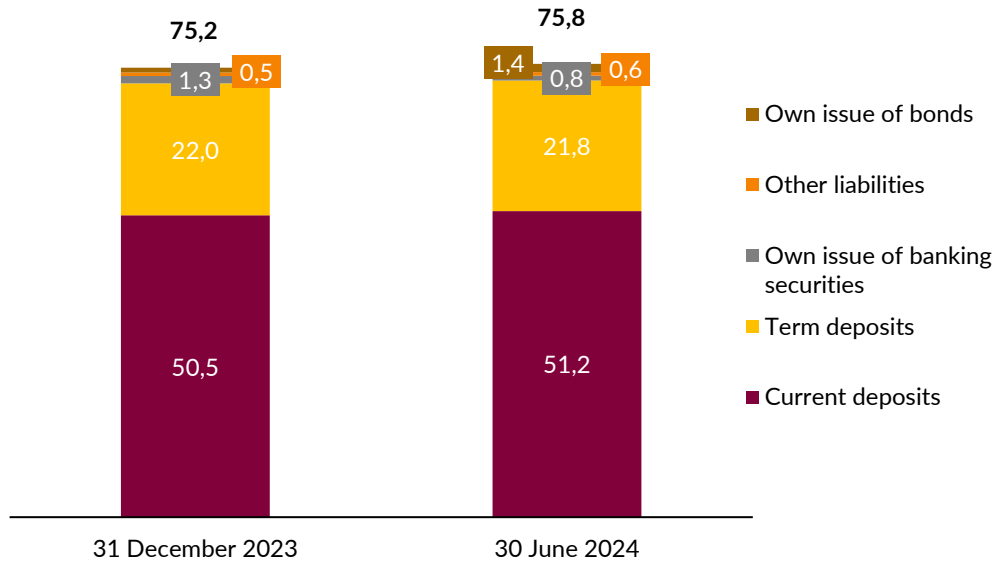
### Territorial structure of receivables from customers as at 30 June 2024 and 31 December 2023



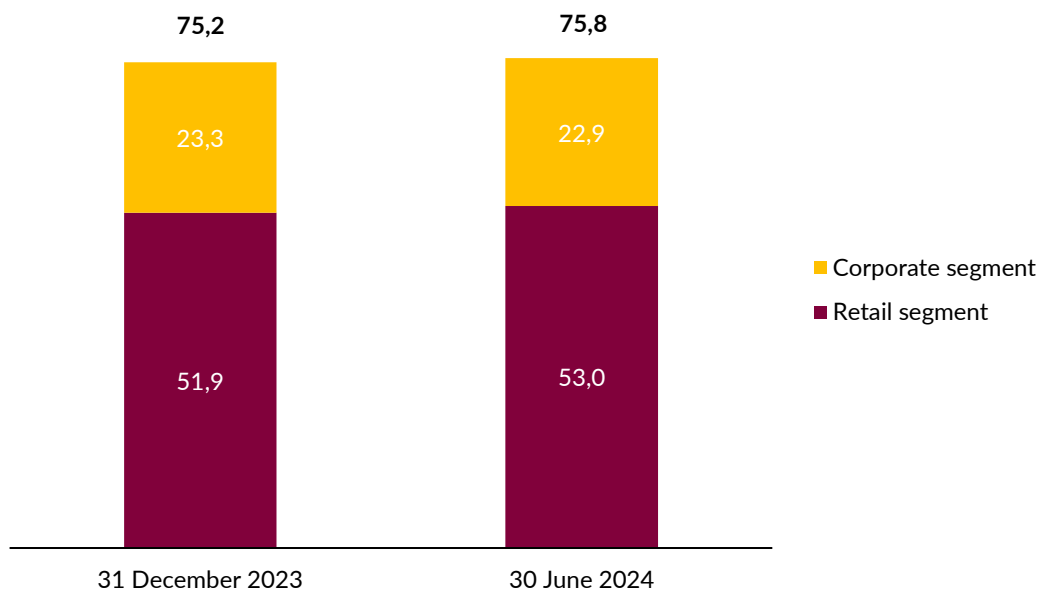
Current deposits are the main component of amounts due to customers. They accounted for 67.5% of all amounts due to customers as at the end of 2024 (up by 0.3 p.p. compared to the share as the end of the year 2023). Term deposits were the second largest item of amounts due to customers, which accounted for 28.8% of all amounts due to customers as at the end of June 2024 (down in the share by 0.5 p.p. compared to the end of 2023). The remaining 3.7% of the amounts due to customers item consisted of funds raised through the issue of bank securities, the issue of own bonds and other liabilities.

As at 30 June 2024, the recoverable amount of collaterals established on borrowers' accounts and assets in Alior Bank totalled PLN 26,872 million (of which retail customers: 11,819 and business customers: 15,053).

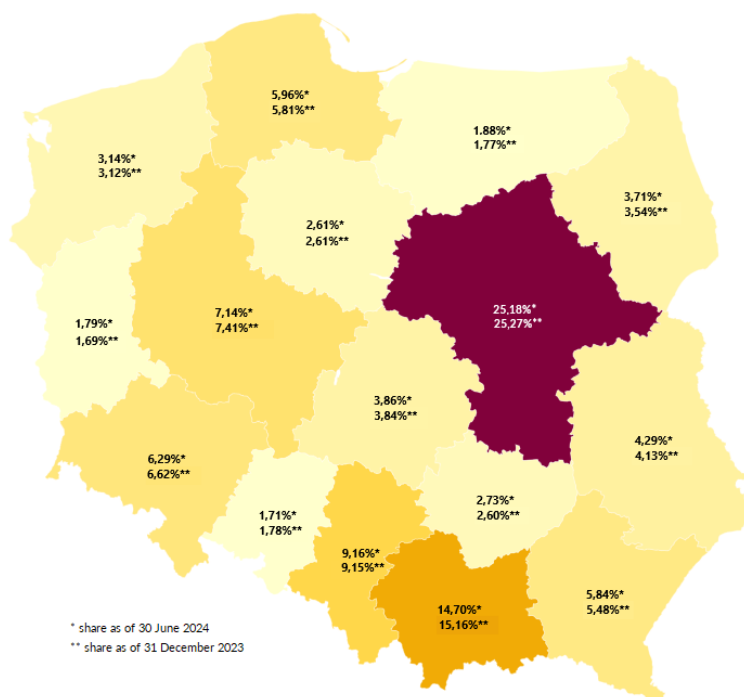
**Structure of amounts due to customers (in PLN billion)**



**Structure of amounts due to customers (in PLN billion) – by segments**



## Territorial structure of deposits as at 30 June 2024 and 31 December 2023



## Off-balance sheet liabilities

In this area, the Bank presents financing and guarantee liabilities.

In the item of liabilities of a financial nature, the Bank has commitments to grant loans, which include: approved loans, credit card limits, overdraft limits, and letters of credit.

Guarantees are presented in the guarantee position, which constitute a collateral for the fulfilment of the Bank's customers' obligations towards third parties. The guarantee values reflect the maximum possible loss that would be disclosed on the

balance sheet date if all customers did not satisfy their obligations.

The total value of off-balance-sheet liabilities granted to customers as at 30 June 2024 amounted to PLN 12,743,700,000. This amount consisted of PLN 11,741,429,000 off-balance-sheet contingent liabilities related to financing and PLN 1,002,271,000 off-balance-sheet guarantee liabilities.

As at 30 June 2024, Alior Bank granted 1035 active guarantees for a total amount of PLN 1,002,271,000. As at 31 December 2023, this number amounted to 1024 for a total amount of PLN 823,433,000.

The Bank makes sure that the time structure of the guarantees is appropriate. Active guarantees with less than two years to maturity (813 items) amounted to PLN 644,830,000.

The total value of off-balance-sheet liabilities granted to customers as at 31 December 2023 amounted to PLN 12,447,700,000. This amount consisted of PLN 11,624,267,000 off-balance-sheet contingent liabilities related to financing and PLN 823,433,000 off-balance-sheet guarantee liabilities.



**Off-balance-sheet liabilities granted (in PLN '000)**

Off-balance-sheet contingent liabilities granted to customers	30.06.2024	31.12.2023
<b>Off-balance-sheet liabilities granted</b>	12 743 700	12 447 700
Financing	11 741 429	11 624 267
Guarantee	1 002 271	823 433

**Off-balance-sheet liabilities granted to customers – guarantees – by entity (in PLN '000)**

Breakdown by entity	30.06.2024	31.12.2023
Entity 1	104 099	60 000
Entity 2	90 000	60 000
Entity 3	60 000	50 000
Entity 4	50 000	50 000
Entity 5	50 000	46 862
Entity 6	45 942	35 547
Entity 7	43 615	35 000
Entity 8	35 547	33 970
Entity 9	35 000	27 620
Entity 10	33 343	24 000
Other	454 725	400 434

**Off-balance-sheet liabilities granted to customers – by product (in PLN '000)**

Broken down by product	30.06.2024	31.12.2023
Lines of credit	11 689 872	11 486 522
Import letters of credit	0	0
Credit commitments	51 557	137 745
Guarantees	1 002 271	823 433
<b>Total</b>	<b>12 743 700</b>	<b>12 447 700</b>

## Financial projections

Alior Bank did not publish any projections of financial results.



### Factors that may have an impact on Alior Bank's activities in the perspective of subsequent quarters

The Bank identifies the following factors which may have an impact on the financial results in the horizon of the next 12 months:

- the scale of demand reported for banking services by customers,
- the ability of customers to repay their financial obligations on time,
- the general macroeconomic situation of the country as determined by key indicators, such as: inflation, unemployment rate, GDP growth rate,
- the Monetary Policy Council policy on interest rates,
- geopolitical events, in particular the on-going armed conflict in Ukraine,
- growth of banking services offered by non-regulated entities,
- introduction of a government program supporting the housing market,
- progressing consolidation and restructuring processes in the banking sector,
- potential decisions of the Court of Justice of the European Union, the Supreme Court or other state institutions, in particular regarding foreign currency mortgage loans, free credit sanctions and cash loans,
- regulatory changes, in particular regarding the introduction of the Long-Term Financing Index, increasing the countercyclical buffer, reform of Regulation No. 575/2013 and Directive 2013/36/EU (so-called CRR 3 and CRD 6), introduction of new regulatory indicators SOT-NII and SOT-EVE ,
- reform of the reference ratio, i.e. replacing WIBOR with the new ratio.

## IV. Business activities of Alior Bank

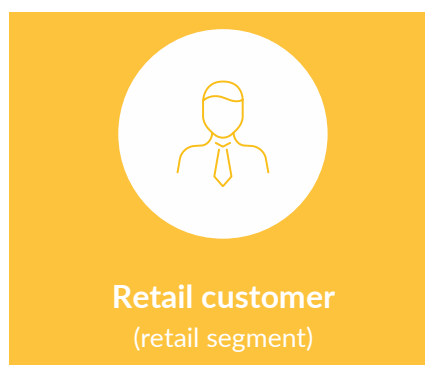


### Activities pursued by Alior Bank

Alior Bank is a universal credit and deposit bank providing services to natural persons and legal entities (including foreign persons and entities). Our core activities include maintaining bank accounts, providing loans and advances, issuing bank securities, and buying and selling foreign exchange. We also pursue brokerage, financial advisory and intermediation services, organise the issuance of corporate bonds, and provide other financial services.

We operate in Poland and since 2017 we have also been operating in Romania (through our branch office).

We have segmented the market as follows:



**Retail customer**  
(retail segment)



**Business customer**  
(business segment)



**Treasury activity**

Detailed information on the Bank's business segments is presented in the Interim condensed consolidated financial statements of the Alior Bank SA Capital Group for the 6-month period ended 30 June 2024 (Note No. 3).



### Retail segment

As of June 2024, we handled 4.4 million individual customers.

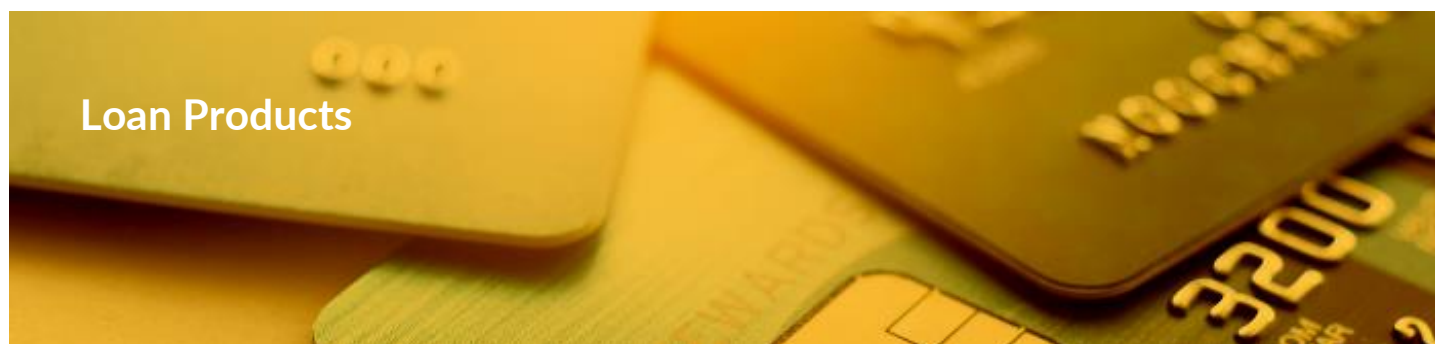
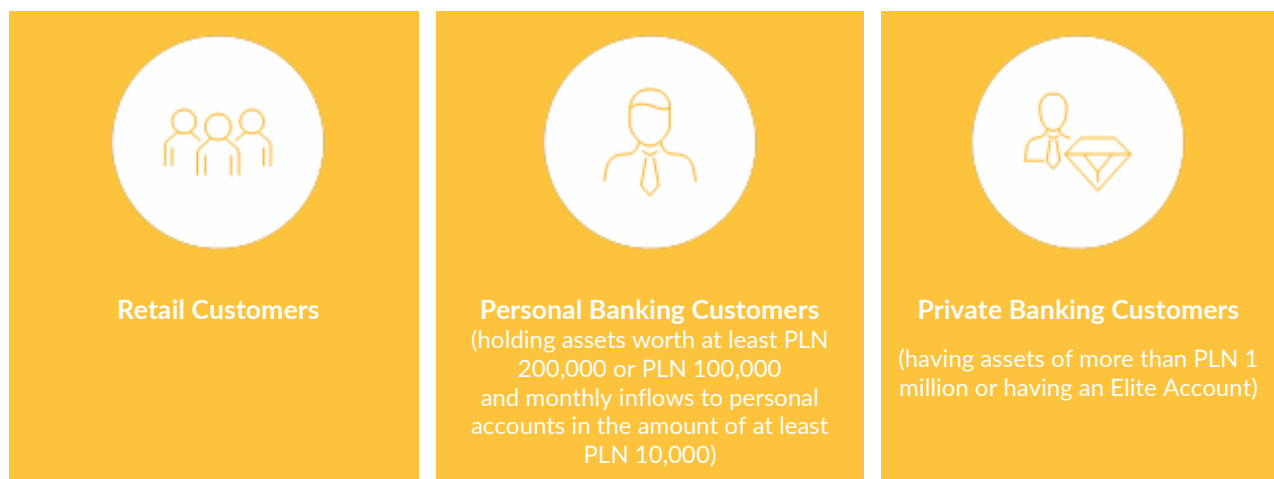
The Bank has a modern behavioural segmentation in place, describing the portfolio of two groups of retail customers:

- customers who actively use our banking services,
- customers who finance their instalment purchase thanks to us (but Alior Bank is not a first-choice bank for them).

In addition to segmentation, the Bank identifies the so-called groups of “lifestyle” customers based on the analysis of their transactability and shopping baskets. They talk about the values, expectations, attitudes and service and product needs of specific customer groups.

Segmentations make it possible to tailor appropriate communications, contact channels, product packages and personalised Value Added Services. It complements traditional functionalities of products and services offered by the Bank. Segmentation allows us to enhance the quality and effectiveness of sales communication aimed at Consumer Finance customers and offer instalment customers other professional banking products.

In addition to behavioural segmentation, we distinguish the following operating segments among our retail customers:



## Cash Loans

The cash loan is the main product for the individual customer, available comprehensively through the following distribution channels: own branches, partner branches, telephone sales, online and mobile sales, online and offline intermediaries. Cash loans may be spent for any purpose or for the repayment of financial liabilities (consolidation loan).

In the first half of 2024, we successively adjusted the price offer of the loan taking care of its profitability, but also its competitiveness in relation to other offers available on the market. Same as last year, fixed-rate products continued to be the most popular, giving consumers the comfort of predictability of costs associated with their

loan agreements. Responding to market demand, the Bank offered mainly fixed-rate products; however, customers still had the option of choosing variable-rate offerings.

In May 2024, we launched a multi-channel marketing campaign for the new “for me” loan offer. Our activities included communication in various outreach channels such as TV, VOD, Internet, social media and media in sales networks. Additionally, we used internal communication channels such as Alior Online, Alior Mobile, emails, SMS and push notifications. The offer attracted a lot of interest, thanks to which we acquired new customers.

At the same time, the Bank’s attention was focused on the processes and offers available online. We continued to sell the “Cancellation” offer for people who did not complete the loan application process. For customers using mobile banking, we enabled them to take advantage of a dedicated Mobile Loan offer. In an effort to maintain good customer relations, we offered an attractively priced “Birthday Loan” in online channels.

Also noteworthy is the fact that the Bank’s flagship offer “for me” loan was available in Alior Online and Alior Mobile banking in a full, efficient remote process.

The focus on the continuous development of online processes and products was reflected in the growing interest of Customers in the loan sales processes available online, resulting in excellent sales results. In the first half of 2024, we recorded a 24.3% increase in online loan sales compared to the previous six months.

## **Alior Pay**

As part of the Alior Pay credit limit, a service is available which involves postponing and dividing into installments debit transactions that have already been made on the personal account and spreading them out into instalments. We made the service available to customers as the first financial institution in Poland in December 2022. Alior Pay is being successively improved.

The logo for Alior Pay, with "Alior" in purple and "Pay" in yellow.

In March 2024, we made available a new functionality within the Alior Pay credit limit. Thanks to the “Fund your Account” option, customers can fund their Alior Bank savings and checking account free of charge with funds from their Alior Pay credit limit and use them for 30 days for free. If they do not repay the entire amount within this time, it will automatically be spread over 11 interest-bearing instalments. The minimum amount to be credited to the account is PLN 500 and the maximum cannot exceed the amount of the granted credit limit, i.e. PLN 3000.

On average, 19% of Alior Pay customers took advantage of the possibility to spread the repayment into instalments. We also recorded a 14% increase in transaction volume on the accounts of customers who launched Alior Pay.

In the first half of 2024, we launched several attractive promotions that were offered to customers depending on their purchasing and transactional behaviour. These were aimed at increasing sales of Alior Pay credit limits. In January, we made available a promotion run jointly with our business partner Mastercard. Customers who activated an Alior Pay credit limit could receive 16,000 points in the Mastercard Priceless Moments Programme, worth up to PLN 200. The promotion was a huge success, with more than 1,800 Alior Pay credit limits activated.

Since mid-March, customers who received an invitation from the Bank to participate in the promotion “Spring with Alior Pay” and activated their Alior Pay limit received an electronic voucher to Biedronka worth PLN 100.

Whereas in May we returned to the promotion with points in the Mastercard Programme, this time offering 8,000 points, equivalent to PLN 100, for activating Alior Pay.

We regularly measure customer satisfaction and conduct NPS surveys, in which we record a positive perception of over 70%.



## Credit Cards

A credit card with a credit limit for any purpose is a product for an individual customer available in all distribution channels: landline channels, telephone channels and at Alior Mobile and Alior Online.

In the first half of 2024, we continued to promote credit cards: Mastercard OK! and Mastercard TU and TAM [HERE and THERE], which have the main benefit of cards payment reimbursement:

- Mastercard OK! in selected retail and service outlets (universal credit card product),
- Mastercard *TU i TAM* – accrued for transactions in a currency other than PLN.

In addition, the Mastercard TU i TAM credit card provides access to favourable currency exchange terms, i.e. settlement in more than 150 currencies without currency conversion costs on the Bank's side .

Private Banking customers are offered the World Elite card with a higher limit and a package of concierge services (assistance from a specialised helpline), travel insurance and Priority Pass – an opportunity to use the airport lounges during your trip. In addition, the World Elite card is available with no issuance fee thanks to the introduced “No card issuance fee at launch” promotion.

The possibility of making contactless credit card payments with Apple Pay, Google Pay™, Garmin Pay, Fitbit Pay™, SwatchPAY! or Xiaomi Pay is also a great convenience for cardholders. In addition, we have enabled customers to activate their credit card for mobile payments by tokenising the card “on the go”, i.e. immediately after signing the agreement but before receiving the plastic card, which is a very convenient solution popular among Customers.

The Bank offers credit cards in close cooperation with its key partner, the Mastercard payment system, which offers customers the very attractive Priceless Moments loyalty programme. Management of the Mastercard Priceless Moments programme for customer convenience is available from the Bank's mobile application, and enrolment in the programme itself is available on Alior Mobile, Alior Online and at Bank outlets.

Customers were also able to take advantage of additional promotions under the Mastercard Priceless Moments Programme, which include:

- “Carrefour in the Mastercard® Programme for Alior Bank cards” – a promotion lasting until 31.01.2024, during which Customers could receive vouchers to Carrefour up to the amount of PLN 120;
- “Shopping with Alior” – a promotion running from 15.05.2024 to 31.07.2024 directed to Customers who sign up for the Priceless Moments programme and make a transaction of min. PLN 200, thanks to which they will receive a reward of 16,000 points, equivalent to the value of PLN 200.

At the same time, we focused on active communication of the #EKO rewards category in the Mastercard® Priceless® Moments programme and the second “green” offer, which is the promotional benefit for the credit card “Reimbursement for eco-shopping with the Credit Card – second edition.”

In the first half of 2024, we continued to develop credit card sales in electronic banking and mobile banking (Alior Online and Mobile), where customers receive personalised limit offers with the possibility of taking advantage of the “extra PLN 150 with a credit card for a click” promotion. Within these platforms, there is also the possibility of launching an instalment plan using the credit card held, which we remind customers of as part of the communication with the proposal to spread the transactions made into convenient instalments conducted in real time.



### **Overdraft facilities**

A renewable overdraft is a frequently selected product by customers who hold a personal account with the Bank. The product allows customers to repeatedly overdraw their account, with each payment into the account reducing or eliminating the debt.

Customers may receive overdraft facilities for an amount ranging from PLN 500 up to PLN 150,000.

When promoting *Konto Jakże Osobiste* [Highly Personal Account], we offer customers to activate benefits assigned to that account (10 days without interest up to the amount PLN 1,000). At the same time, we continued to develop the sales of the revolving limit in all sales channels by communicating personalised offers at an attractive price of PLN 0 for granting the limit.

### **Mortgage loans**

The first half of 2024 was yet another period in which the Bank achieved very good results in mortgage sales.

Despite the end of the “First Housing” programme, lending in the first quarter exceeded the expected increases and ultimately reached almost double the level at the end of the first half of 2024 compared to the same period in 2023.

With the end of the “First Housing” programme and the uncertainty about the future of the “Start Housing” programme, compounded by the aspect of high interest rates, the first half of the year was a period in which there was, successively in the following months, a decline in mortgage sales. In this market situation, the Bank focused on measures to ensure that sales plans were met. One such action is the relaunch of the flagship special offer “Own your own M in a big city” extended to other large urban centres.

The Bank’s offer includes mortgage loans in both the variable rate and periodically fixed rate variants with a term of 5 years. In the structure of sales in the first half of 2024, the share of the periodically fixed rate reached a level close to 90%.

## Savings accounts

One of the basic acquisition products in the area of savings in the first half of 2024 was the Mega Savings Account. We continued to acquire deposit volumes by introducing further editions of this offer. Upon depositing new funds and meeting the conditions set out in the terms and conditions of a given edition, customers receive a promotional interest rate. Holders of these accounts have the opportunity to save flexibly, with the option of free and unlimited transfers via Alior Online and Alior Mobile to their personal account at Alior Bank. In March 2024, we introduced a new version of the Mega Savings Account, with an attractive interest rate compared to the market for new holders of the Highly Personal Account, which contributed to an increase in the acquisition of these accounts.



Furthermore, customers with the Highly Personal Account were still able to activate a benefit in the form of a higher interest rate on a savings account.

The range of savings accounts with a promotional interest rate also included:

- the “Family 800+” option, intended for customers who have applied for a child benefit via Alior Online or whose personal account at the Bank has been credited with a benefit from the “Family 800+” programme;
- the “Bonus for Youth” option intended for Highly Personal Account holders who are at least 13 years old, but under 18 years old.

## Housing Account

The bank offers a Housing Account. The account is a long-term savings option for customers that allows them to save for own housing purposes and obtain an own housing bonus from the Government Housing Fund, managed by Bank Gospodarstwa Krajowego.

## Term Deposits

In the first half of 2024, we offered term deposits with fixed interest rates in PLN, USD and EUR to individual customers. Customers could choose the optimal savings period and open a deposit in distribution channel of their choice (including Alior Online and Alior Mobile). Customers were primarily interested in the offer of deposits for new funds in PLN with a promotional interest rate. In continuation of our efforts to introduce customers to digital channels, the Bank offered a mobile deposit available exclusively in Alior Mobile to new users of that application.

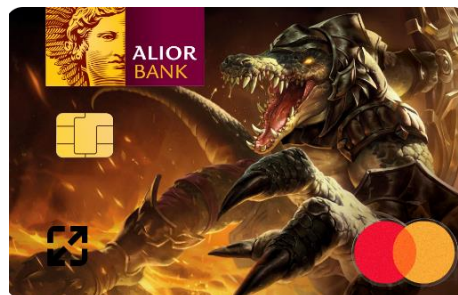
## Current and savings accounts

Personal Account was the main personal account available in the Bank’s offer in the first half of 2024. The Highly Personal Account was distinguished by market experts and was placed on the podium (3<sup>rd</sup> place) in the ranking of the “Golden Banker” plebiscite organised by Puls Biznesu and the bankier.pl portal, in the “Personal Account” category.



There are 11 benefits (including free ATM withdrawals domestically or internationally, reimbursement for mobile payments, and a package of free instant transfers) available as part of the Highly Personal Account offer, from which customers can create their own unique account by tailoring services to their needs.

The Highly Personal Account is available in several variants targeting different segments, including a standard version aimed at the mass customer; The Highly Personal Account – for Premium customers who invest assets in excess of PLN 100,000 in the Bank; Highly Personal Account for Youth – aimed at teenagers aged 13-17; Highly Personal Account with benefits for gamers aimed at fans of computer games – with a Mastercard debit card with the image of Renekton, Lulu or Ashe – heroes from the game League of Legends.



Other products in the range of current and savings accounts include: the Elite Account (for Private Banking customers), Online Account, Primary Payment Account, and Currency Account (kept in four primary currencies: USD, EUR, CHF, GBP). Currency accounts holders can also use the multi-currency service which enables them to link their currency accounts kept in USD, EUR, GBP to their debit card issued for the Highly Personal Account or the Elite Account.

### Transaction Services

The Bank offers a wide range of transaction services. In the Alior Online mobile app, we offer innovative mobile payment methods (BLIK, Contactless BLIK, Android Pay and Apple Pay), and smartwatch payments (Fitbit Pay, Garmin Pay, Swatch PAY!).

### Foreign Exchange Transactions

Currency conversion services are available at our outlets for currencies such as PLN, EUR, USD, GBP and CHF. You can use them via online banking, when making foreign transfers or card transactions abroad.

For our Retail Customers, we also offer the option to exchange currencies independently through currency exchange platforms – *Kantor Walutowy* [Currency Exchange] or Autodealing. Currency Exchange offers 21 currencies, and the platform itself is free of charge and operates 24 hours a day, 7 days a week. Autodealing, on the other hand, is built directly into the Customer's banking and allows to execute currency exchange transactions in 5 currencies.

Customers with a debit card issued for the Highly Personal Account may additionally use a multi-currency service that enables them to link their currency accounts (kept in USD, EUR, GBP), whereas Currency Exchange users may use the assigned multi-currency card, one for all accounts with Currency Exchange, which recognises the payment currency on its own and collects funds from an appropriate account.

### Bancassurance products

An important issue in the bancassurance area was the regulatory theme. In the first half of 2024, the Bank placed great emphasis on preparing for the changes resulting from the revised U Recommendation. These changes were implemented on 1 July 2024. A significant challenge during this period was the implementation

of a project involving the change of the IT system for insurance sales and servicing. With a system based on more modern technology, the Bank can more quickly implement the strategic directions of bancassurance development.

In the first half of 2024, insurance from the PZU Group's offering linked to a cash loan and a mortgage loan continued to play a dominant role in bancassurance. Premium written from these insurances remained at a stable, high level.

In the first half of 2024, sales of mortgage-linked life insurance were at a higher level than planned.

In the area of insurance investment products, due to the entry into force of the new Recommendations of the Financial Supervision Authority for Insurance Companies concerning the assessment of the suitability of life insurance with an investment element, the Bank, together with PZU Życie SA, implemented changes in March 2024 in the process of conducting a customer needs survey (suitability assessment) within the Individual Life Insurance with Insurance Capital Funds "Multi-Capital II" distributed in the Bank. In addition, the "Multi-Capital II" product has seen an upward trend in sales since the beginning of the year.

As regards stand-alone insurance, we were still developing the sale of products in digital channels from the PZU Group offer. These primarily include motor insurance and travel insurance, which customers can use in online and mobile banking. The sales of these insurance products were supported by marketing campaigns based on promotions and discounts, which translated into increases in premium volumes. The sale of policies purchased online is a strategic direction for the development of bancassurance offerings.

At the Bank, the dominant model for insurance sales is the individual model, in which the Bank acts as an insurance distributor.



### **Bank Securities and Structured Products**

Bank securities and structured products were available for customers seeking an alternative form of savings accumulation in the first half of 2024. The Bank organised its own issues of bank securities on the basis of the First Issuance Programme with protection of invested capital and a fixed coupon. Offers were available in PLN and EUR Structured products of third-party issuers with capital protection were also made available to retail customers. These products could be used both at an outlet and in online banking. Structured products with limited capital protection and/or conditional early redemption were available for selected Private Banking customers.

## Consumer Finance

The first half of 2024 was another period in which the Bank achieved very strong sales of instalment loans.

We responded dynamically to market changes and the growing expectations of our customers and partners cooperating with the bank. In the process of applying for an instalment loan online, we provided customers with the option of confirming their identity through the mObywatel [mCitizen] application. Thanks to this new method, customers can quickly finance their purchases. We also took measures in the area of customer security. We introduced changes in the content of correspondence sent electronically in favour of static information (which does not generate the risk of possible fraud) and in the way we secure documents sent to customers electronically. We also undertook a number of optimisation measures in both the online and stationary channels in line with the Bank's Strategy.



### Private Banking

The Private Banking programme is aimed at the most affluent retail customers who are willing to entrust the Bank with assets in excess of PLN 1 million. We provide services to Private Banking customers in 7 specialised branch offices located in Katowice, Poznań, Kraków, Gdańsk, Wrocław and two offices in Warsaw.

The flagship product to this segment is the Elite Account, kept free of charge for customers holding assets worth more than PLN 1 million. The account provides access to many benefits, such as individual assistance from a Private Banking banker, confidentiality of account balances, and a prestigious Mastercard World Elite debit card offered without any additional fees, with a rich package of additional services (e.g. travel insurance with coverage extended to include COVID-19). The Elite Account holders can also gain access to cultural and sports events available exclusively to that customer group.

Private Banking customers are offered an open architecture of investment products and a wide range of lending solutions tailored to their situation and needs.



### Brokerage activity

The Bank conducts brokerage activities through the Alior Bank Brokerage House – a separate organisational unit. We offer brokerage services through branches and via remote distribution channels: Brokerage House helpline, Alior Online banking system, Alior Giełda mobile app, and the Alior 4 Trader transaction platform.

The Brokerage House consistently placed great emphasis on technological development in the solutions it offers. In the first half of 2024, foreign shares, ETFs and CFDs tabs were separated in Alior Online's New Investment module. In addition, customers with an active investment questionnaire were given the option to display only the products that are suitable for them. The online banking also featured an option to change the default account for customers with more than one active brokerage account, the ability to export to a file the history of operations on investment funds or to view details of instruments in the portfolio of a deposit account. In May, new online applications (brokerage account, Alior Trader account, investment funds, investment advisory, brokerage retirement account) were also made available on aliorbank.pl for customers who do not yet have a file at Alior Bank.

In the first half of 2024, the Brokerage also carried out a number of communication, marketing and educational activities. Among other things, we became a partner in the "How to invest?" project created by the Atlas ETF

portal. As part of this initiative, a representative of the Bureau conducted a webinar on how to manage an investment portfolio including ETFs. Once again, we were the Main Partner of the largest meeting of individual investors in Poland, namely the WallStreet 28 conference organised by the Association of Individual Investors, which took place from 7 to 9 June in Karpacz. During the event, participants had the opportunity to take part in various lectures, panels, discussions and debates, including with representatives of the Alior Bank Brokerage House. At the end of May, we launched an extensive marketing campaign implemented in social media and on YouTube. The activities are aimed at people already using investment products, for whom the Brokerage House wants to introduce them to the wide range of instruments offered on the brokerage account and the Alior Trader account. The campaign will last until the end of July this year. The advertising spots show four different situations, e.g. in a hairdresser's or in a restaurant, in which the main character made a choice with which he was not satisfied. The video is accompanied by the slogan "Choose well. Invest with Alior Bank Brokerage and decide what you care about."



The last six months have also been full of numerous distinctions awarded to the Alior Bank Brokerage House offer. In February, we were awarded 2<sup>nd</sup> place in the ranking of the best brokerage accounts according to the Money.pl portal, while in June we were once again distinguished (2<sup>nd</sup> place) in the list of the best brokerage accounts 2024, prepared by the Puls Biznesu magazine.

## Investment Funds

The Brokerage House distributes units of 12 Investment Fund Companies (TFIs), both domestic and foreign. Full access to a wide range of over 540 sub-funds is provided to customers through Private Banking branches and using remote distribution channels: the Brokerage House's call centre and the internet banking system.

The other branches of the Bank allow customers to purchase units of sub-funds offered by group entities, namely: Alior TFI and PZU TFI. ALIOR Specjalistyczny Fundusz Inwestycyjny Otwarty (ALIOR Specialised Open Investment Fund) has 9 segregated sub-funds, and as far as PZU TFI is concerned, the bank's customers can purchase units of 19 FIO Umbrella sub-funds.

Among others, there are funds targeting investments in specific asset groups (debt securities, equities) as well as global regions (emerging markets, Asia, USA), or targeting activities related to specific industries (energy, medicine, biotechnology). Funds promoting an environmental or social aspect, investing in accordance with ESG principles, within the meaning of Article 8 or Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, on the disclosure of information related to sustainable development in the financial services sector (Sustainable Finance Disclosure Regulation "SFDR"), are also available. We offer over 260 sub-funds that meet the "green" criteria of the SFDR.

The Brokerage House also acts as an intermediary in the conclusion of agreements by customers with Alior TFI for keeping Individual Pension Accounts (IKE) and Individual Retirement Security Accounts (IKZE). A dedicated website is available to raise customer knowledge and awareness of retirement pension products.

### **Branch of Alior Bank in Romania**

In 2024, the Romanian Branch continued the analysis of strategic options started in 2023 for the following years. The analysis led to the decision to start looking for an investor interested in purchasing the Romanian loan portfolio. In the course of its work and discussions with interested parties, Alior Bank decided to sell its loan portfolio and extinguish its business activities in Romania.

In June 2024, the Bank concluded an agreement with Romanian Patria Bank S.A. for the sale of a portfolio of cash loans granted by the Bank's Romanian branch worth RON 97 million (balance as at 30 April 2024), or approximately PLN 84.5 million.

The portfolio to be sold comprises approximately 4,000 retail customers and consists of working unsecured consumer loans granted by the Bank's Romanian branch. According to estimates, the transaction will be completed in September 2024.

Until the transfer, the loan portfolio will continue to be serviced by Alior Bank, according to its standards and the transfer itself of the customers of Alior Bank's Romanian branch to Patria Bank SA has been planned to take place in a smooth and customer-friendly manner.

The sale of the loan portfolio by Alior Bank Romanian Branch is the next stage in the process of phasing out Alior Bank's activities in Romania.

## **Business Segment**



In line with the strategy of, "Bank for Everyday Life, Bank for the Future", we focus on long-term relationships with business customers and support entrepreneurship.

We provide companies with a broad package of financial solutions based on modern, advanced technologies.

We focus on the most profitable activities that have a positive impact on the risk profile and enable us to build Alior Bank's profitability in a safe and stable manner.

### **Small, medium enterprises and corporations**

According to data from BIK S.A. in the first half of 2024, we maintained the market share in sales at the level of 4.6% (+0.0% y/y). The share of the working portfolio in the market decreased from 3.0% at the end of 2023 to 2.8% at the end of June 2024.

At the end of the first half of 2024, we served 13.9 thousand small and medium-sized enterprises with a basic account with a total credit balance of PLN 5.2 billion and almost PLN 1.8 thousand corporate companies with a basic account with a total credit balance of PLN 7.3 billion.



At the end of H1 2024:

- Core Business new sales limits (excluding syndicated loans) increased by 8% y/y,
- non-performing assets decreased by 14.1%,

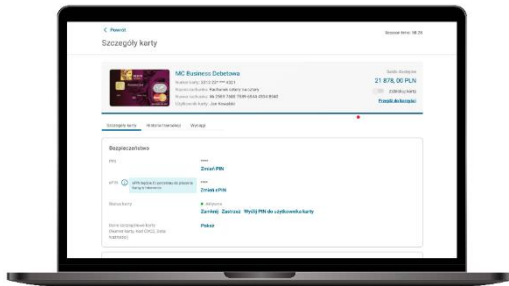
## Micro-enterprises

According to data from BIK S.A. in the first half of 2024, the market share in sales dropped to 7.0% (-1.1% y/y) while maintaining a high 9.3% (-0.1% y/y) share in the working portfolio.

At the end of the first half of 2024, we served almost 164,000 micro-enterprises with a basic account with a total credit exposure of PLN 4.9 billion. In the first half of 2024, the value of new credit limits amounted to PLN 631 million.

## Technology, process automation, remote service

### Online Banking System



Together with Comarch S.A., we are working intensively on a new digital banking project – Alior Business and Alior Business Mobile. In the first half of 2025, we plan to start migrating customers to Alior Business. The process will be preceded by a *family* and *friends* phase planned for October and November 2024 and a satisfaction survey of entrepreneurs to whom we will provide a test version of the new system. Alior Business internet banking will be based on a self-service module, a native mobile

application, a modern service and integrated ERP tools. We will create a comprehensive and flexible ecosystem that will provide entrepreneurs with professional support in building and developing their business. The project is scheduled to be completed by the end of 2025.

## BankConnect

In the area of transaction banking, we are seeing rapid growth in sales of the BankConnect service. At the end of June 2024, BankConnect had increased by 50 per cent compared to the same period last year. BankConnect enables online integration of a company's financial and accounting systems with BusinessPro's online banking system in real time. The service is intended for companies that process a large number of transactions and expect full automation of the process and up-to-date financial information.

In May 2024, we entered into cooperation with Asseco Business Solutions, one of Poland's largest producers of business software. As a result, entrepreneurs who use Alior Bank's BankConnect service and the new Businessbank service from Asseco Business Solutions will be able to automate the company's financial and accounting services. We have implemented the Businessbank solution to the first group of customers as a pilot. In Q4 2024, it will be available to all small, medium and large companies.

### **Centralisation of after-sales processes**

Thanks to the work of the specialists responsible for the remote after-sales service, customers of all corporate banking centres were able to place instructions quickly and conveniently by telephone, e-mail and in BusinessPro online banking. The list of orders that can be carried out without visiting a branch includes more than 50 items (e.g. ordering a debit card, a bank opinion, ordering the opening of an auxiliary account). At the end of June 2024, the number of cases carried out remotely increased to 81%, compared to 50% in the same period of 2023.

### **Automation of lending processes**

At the end of June 2024, the automation of credit processes covered:

- 86% of loans granted in the micro business segment,
- 55% of loans granted in the small business segment.

We have implemented new automated solutions. We enable entrepreneurs running a sole proprietorship to:

- quick online application for a loan for current activity from the Alior Bank website – after providing personal data and the company's NIP number, an automatic verification in CEIDG and REGON databases takes place. Further contact with the customer and handling of the loan process is handled by the Remote Service Team.
- remote signing of consents and declarations necessary to apply for a company loan - the module has been implanted in various sales channels and allows customers to sign these documents by SMS. At the end of June 2024 47% of micro-businesses applying for a loan at Alior Bank had used this form of transmission of consents and declarations.
- remote transmission of financial documents for the completed financial year. The process is fully automatic and available in Alior Online and Business Pro internet banking.

### **Automation of application for company accounts**

In the first half of 2024, 57% of accounts for sole traders were opened online. The process took three minutes from the moment the online application was completed. Such fast processing of instructions is possible thanks to the automatic transfer of company data from CEIDG/REGON, modern methods of confirming identity (via PayByLink transfer, bank profile (AIS PSD2), mObywatel [mCitizen] application), the possibility to sign a contract electronically and approve it via SMS.

We are automating and developing omnichannel deposit processes. Thanks to the new functionality, we can also open a corporate account in a branch from an application submitted online. This solution extends the possibility of acquiring business customers, also in cases where additional verification is required.

## Promotions

New customers from the micro-enterprise and small enterprise segments were also able to take advantage of attractive price promotions:



- 0% commission for granting an overdraft facility and BusinessLoan,
- margin lower by up to 50% and no front-end fee, if a micro-enterprise refinances a loan from another bank,
- starting bonus for enterprises that open an iBusiness Account and enter a promotional code,
- up to PLN 1,500 bonus per year for active banking,
- 10% discount on gas station purchases,
- no fee for using the Mastercard Plus debit card,
- no fee for accident and health insurance for one insured person,
- **PLN 700 to spend at Allegro** – for entrepreneurs who open an account with Alior Bank, register Konto Firma at Allegro.

Customers could receive discounts and rebates after meeting conditions specified in the terms and conditions of the promotion.

## New deposit offer for business customers

We have introduced the “New Funds Deposit”. Entrepreneurs who have or will open a current corporate account at Alior Bank and deposit new funds in PLN or USD at Alior Bank and deposit new funds in PLN or USD can count on an attractive fixed interest rate on deposits. Deposits can be opened remotely in BusinessPro internet banking or at an Alior Bank branch.

Within the new offer, the company gains 4 per cent on a 182-day deposit, 3.50 per cent on a 92-day deposit and 3 per cent on a 62-day deposit – in the case of PLN deposits.

For USD, the interest rate is 1.8 per cent on a 182-day deposit, 2 per cent on a 92-day deposit and 1 per cent on a 62-day deposit.



## Structured financing

We offer a wide range of financing transactions for Project Finance, commercial real estate projects, object/asset finance, leveraged financing and investment project financing, including for investments related to renewable energy sources.

Depending on the type and structure of financing, we support both corporate customers and special purpose vehicles established to implement a particular project.

Transactions are structured taking into account the individual needs of the customer, business and market conditions, and creditworthiness of the company or project.



Loan agreements are concluded both in the form of bilateral agreements and syndicated loans. We provide structured financing in PLN and in foreign currencies.

Structured transactions concluded in the first half of 2024 focused on commercial real estate, corporate and investment financing for the service, transport and financial sectors.

## ESG and Green Transformation

Green transformation and ESG are among the priorities of our strategy “Bank for Everyday Life. Bank for the Future”. We support customers’ sustainable development projects, enabling emission reductions and increasing electricity generation from renewable sources.

## Financing pro-ecological investments

We offer a wide range of financial instruments to support the energy transition of businesses and the housing sector. It includes financing for:

- infrastructure that enables companies to produce energy for the purposes of the business,
- projects of professional energy producers,
- solutions to improve energy efficiency in the housing sector.

We have extended our offer to housing associations and cooperatives with a new investment loan. It can be used by owners or managers of multi-family buildings who want to carry out renovation or thermo-modernisation and cannot use the preferential loans available from Alior Bank.

## Leasing

In the first half of 2024, total financed volume amounted to PLN 1.536 billion, up 20.1% on the corresponding period of 2023:



- PLN 1,387,130 thousand (operating and finance leases),
- PLN 148,423 thousand (lease loans).

The share of machinery and equipment financing in total business increased by a further 3 p.p. y/y (from 16% to 19%) – in the first half of 2024 compared to the first half of 2023.

Alior Leasing concluded the first half of 2024 with new sales volumes of PLN 1,759 million (after object net value) and PLN 1,447 million (after

financing value), up 24% and 21% y/y respectively.

Alior Leasing continued to implement a number of initiatives as part of its new Strategy 2023-2025, the main pillars of which are:

- universal asset financing and lease offer that meets the needs of every customer segment and covers all asset categories,
- cooperation with Alior Bank, asset providers and customers through digital channels,
- digitisation and automation of processes to guarantee cost efficiency for the organisation and the highest level of customer service.

Alior Leasing is developing its financing offer for machinery and equipment, including RES investments. It is also implementing pre-approved limit activities aimed at significantly increasing the number of Alior Bank's business customers using the leasing offer.

The company also met targets related to changing the asset sales structure. Well-planned initiatives undertaken within the framework of operationalisation and consistency in implementing the Strategy resulted in a significant increase in sales volume. All of the introduced measures have a positive effect on reducing credit risk.

At the end of the first half of 2024, Alior Leasing served 62.1 thousand customers and 92.2 thousand contracts.

### **Trade financing**

The factoring market in the first half of 2024 increased slightly y/y by approximately 1%. Alior Bank, despite a 3.6% y/y decline in factoring turnover, retained approximately 0.5% market share.

We are actively taking advantage of the opportunity to secure reverse factoring agreements with a repayment guarantee from the Export Credit Insurance Corporation. The solution is an alternative to Bank Gospodarstwa Krajowego's assistance programmes ending in 2023.

In order to meet the expectations of entrepreneurs, we offer universal multi-product solutions that enable convenient management of the granted financing limit and flexible use of funds. In terms of confirming and discounting letters of credit, we cooperate with KUKE and BGK.

### **European Funds and National Aid Programmes**

In the first half of 2024, we participated in public programmes funded by national and EU funds. This enabled us to develop the range of our products and provide loans to companies on favourable terms. During this period, we granted 3,677 loans with BGK guarantees under:

- National Guarantee Fund (it is a continuation of the de minimis programme),
- European Fund for the Modern Economy 2021-2027 FG FENG.

In Q1 2024, we implemented the Biznesmax Plus and Ekomax guarantee for the SME sector.

These are free guarantees of loan repayment with the possibility of receiving a **subsidy in the form of an interest or principal subsidy**. These guarantees are provided in the form of de minimis aid or regional investment aid and cover investment and working capital loans.

In addition, we participated in the 2<sup>nd</sup> green loan competition financed by the European Funds for a Modern Economy (FENG) programme for 2021-2027. The loan can be used for the modernisation of existing infrastructure (e.g. buildings, machinery, equipment). The effect of the modernisation must be a reduction in primary energy consumption in the modernised area by at least 30% compared to current consumption.

## We build relationships with entrepreneurs

### Business mornings with Alior Bank



We delivered the first series of business breakfasts for the bank's existing and new customers. Our experts discussed the macroeconomic situation and topics related to cyber security, taxonomy and ESG.

The meetings were an excellent form of building direct relationships, inspiring conversations and sharing experiences.

### Awards and honourable mentions

Second place in the 17<sup>th</sup> edition of the Ranking of Banks of the Polish Association of Developers' Companies

In April 2024, we were recognised for, among other things: speed of decision-making, high organisational culture and effective building of partnership relations with developers. The recognition confirms the highest quality of service we provide to demanding customers from the property development sector, which is an important sector in Alior Bank's financing structure.

The Polish Association of Development Companies is an employers' organisation working to improve the legal environment for investors in the development industry.



## Treasury activity

The Bank executes customers' orders in the telephone service channel and in digital channels by concluding transactions with them for its own account with regard to:

- spot foreign exchange (FX) and forward instruments – serving to mitigate foreign exchange risk,
- interest rate instruments – serving customers to stabilise financing costs and mitigate interest rate risk,
- derivatives to limit commodity price movements,
- forward instruments for the purchase of greenhouse gas emission allowances,
- investment instruments – used by customers to manage surplus cash.

The Bank also actively enters into transactions on the interbank market arising from its own initiative as dictated by the Bank's management of:

- Bank's liquidity
- currency risk and interest rate risk,
- currency options portfolio risk,

- trading activity on the OTC market in foreign exchange and interest rate instruments, including the portfolio of Treasury bonds or bonds guaranteed by the Treasury and government Eurobonds denominated in foreign currencies.

As part of liquidity management, the Bank's surplus liquid funds are invested primarily in treasury bonds – both Polish and foreign – and treasury bills denominated in PLN and foreign currencies. These investments also include short-term debt securities issued by the NBP, as well as debt securities with State Treasury guarantees. We managed the market risk position in such a way as to ensure that Alior Bank's capital levels remain at the current safe level and to protect the Bank from potential systemic risk associated with limited market liquidity. The Bank was an active participant in the interbank market. Liquidity was provided for foreign exchange transactions for other professional market players, thus maintaining the existing position in the interbank FX market. Alior participated in the provision of data for the quotation of POLONIA reference rates.

## Foreign exchange platforms

One of the primary channels of currency service available at Alior Bank are online currency platforms, which allow customers to exchange currencies on their own without leaving their homes or contacting a dealer. The bank provides customers with 3 platforms: Currency Exchange, Autodealing, and eFX Trader. Each of these platforms has distinct capabilities and is dedicated to a different type of customer.

The flagship platform available in Alior Bank's portfolio is Currency Exchange. Currency Exchange was established in 2012 and was the first fully online, bank-owned currency exchange office. Currency Exchange is dedicated to Individual Customers and all segments of Business Customers. The platform can be accessed via the website <https://kantor.aliorbank.pl> and the mobile app for iOS and Android. At Currency Exchange, customers can open and maintain accounts in 21 currencies (including PLN) free of charge, exchange funds at attractive exchange rates 24/7 and make domestic and foreign transfers. For individual customers, there is the possibility of issuing a free multi-currency card, which allows payments in almost 160 currencies and recognises the currency of payment itself, drawing funds from the correct account. Both Currency Exchange and the multi-currency card can also be used in Poland. This is because the card also allows payments in PLN, and the accounts in Currency Exchange have the full functionality of savings and checking accounts.



The Bank regularly improves the functionalities of Currency Exchange using user experience analyses. In 2023, we introduced a new functionality – the BLIK currency exchange transaction, which allows you to purchase currency using a BLIK code. The functionality is becoming increasingly popular, as evidenced by the steady increase in the use of the service and the positive reception from customers.

In order to appreciate our customers, every few months we organise competitions in which we reward the most active ones. In the first half of 2024, we rewarded the winners of the “Card Vertigo at Currency Exchange” competition with shopping vouchers with a total value of over PLN 160,000.

Although Currency Exchange has been on the market for 12 years it continues to set market trends and is recognised by both customers and experts. Currency Exchange is currently used by more than 580,000 customers. The beginning of 2024 also marks further awards for Currency Exchange – in March, the platform was awarded the Golden Customer Laurel for the fourth consecutive year.

The second platform offered at the Bank is Autodealing, which, although available to both Individual Customers and all Business Customers, is dedicated in particular to smaller businesses. Autodealing enables currency exchange with flexible settlement dates and the opening of deposits in PLN and foreign currencies with negotiated interest rates and flexible maturity dates. Autodealing is distinguished by its full integration with the customer's banking systems – transactions can be made directly in BusinessPro or NewAiB banking.

The most advanced currency exchange platform offered by the Bank is eFX Trader. It is a platform dedicated to Business Customers, which allows exchange within more than 60 currency pairs. eFX Trader allows customers to make transactions with flexible settlement dates, for today, tomorrow or so-called spot (in 2 working days), and for customers with a treasury limit, also forward, i.e. transactions for a future date, e.g. to reduce currency risk in planned business activities. Transactions on the platform are possible during the hours of operation of the interbank foreign exchange market (24 hours a day, 5 days a week), which is the direct source of quotes for the platform. Users of eFX Trader can also place currency conditional orders so that they do not have to keep track of exchange rates. Analyses of the currency market and macroeconomic situation are also published daily on the platform.

## Online and mobile banking

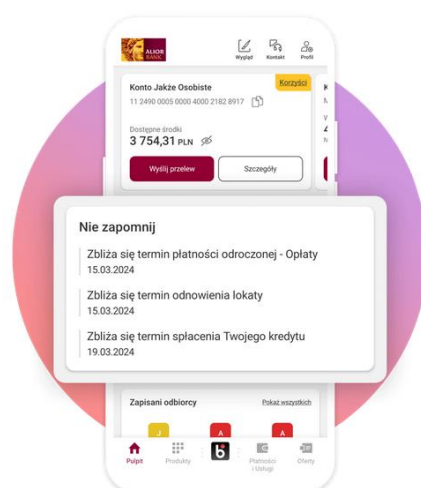
Work in the area of digital banking in the first half of 2024 focused on optimising existing and introducing new solutions in Alior Online and Alior Mobile. The activities contributed to the implementation of the Bank's strategy "Bank for Everyday Life, Bank for the Future".

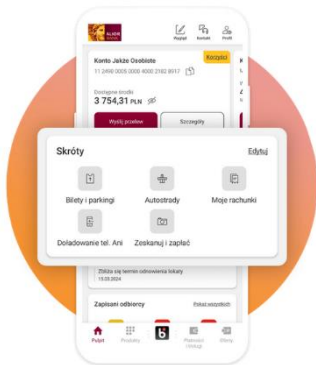
As a result, further new functions and changes to both online and mobile banking regarding the look and feel of products were implemented in the first half of 2024.

Alior Bank provides customers with state-of-the-art technological solutions that enable them to use the services offered in a simple, secure and functional way.

### Personalisation

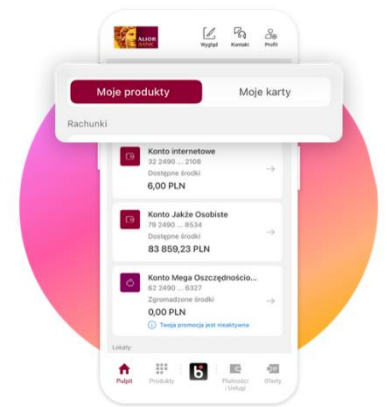
In line with the expectations of users of the Alior Mobile application, further possibilities for its personalisation have been added. Alior Mobile now features a new, refreshed start screen design. **Desktop personalisation** – thanks to it, customers have the possibility to add, remove and change the order of elements visible on the desktop. Another elements on the desktop are the product widgets. One of the personalisation elements of the mobile app is the new **"Don't forget"** widget visible on the desktop, which will remind customers of, for example, loan or credit card instalment repayments or upcoming standing orders.



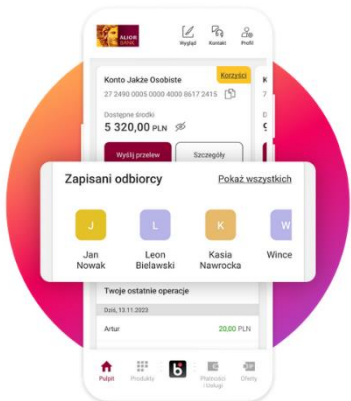


The “**Shortcuts**” section has been expanded to include more services. Now, on the desktop, customers can add, among others, “Motorways” or “Tickets and parking” and have even easier access to them. In addition, customers can find their products on the home screen. They can decide which products they see on the desktop – change their order and hide some of them.

Furthermore, the “**Products**” tab has been divided into 2 sections – “My products” and “My cards”. This allows users of the Alior Mobile application to conveniently view their products presented in the form of a list.

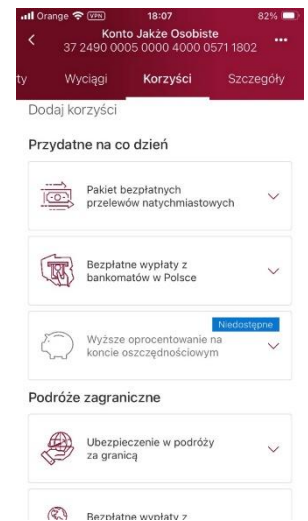


A new “**Saved Recipients**” function has been added to the “Payments and Services” tab. It allows customers to collect recipients of their choice in a single list. This allows them to quickly order a domestic transfer without entering the recipient’s details. A new widget provides the possibility to present the customers’ selected recipients on the desktop and quickly access the transfer from the desktop.



In addition, “**What’s new**” screens were added, thanks to which the customer, logging onto the latest version of the application for the first time, will see screens in the form of stories, presenting what has changed at Alior Mobile. The customer can navigate through the successive tabs. He or she can also close the preview at any time. The “What’s New” screens only present themselves **once** on first login.

“**Benefits**” for the Highly Personal Account have been reorganised and grouped into categories. The descriptions of these benefits have also been improved.



### Alior Pay – Innovative Ecosystem of Banking Services

In the first half of 2024, a new functionality was made available to customers within the Alior Pay credit limit – “**Fund your account**”. It allows customers to fund a savings and checking account at Alior Bank with an amount from PLN 500 up to the available balance of the Alior Pay limit. Funding of the Account is free of charge, and the amount credited to the customer’s account and charged to the allocated Alior Pay credit limit is an Alior Pay Transaction, for which the same repayment rules apply as for deferred transactions. The ability to declare 800+ social benefits on the Alior Pay application has also been added.



## Payments

The **“Saved Recipients”** option has been added to the Alior Mobile application. Users can check the list of their saved recipients for domestic transfer, tax transfer, fund and currency transfer. Customers can check the details or delete each payment type, and can also send a domestic transfer or fund from the recipient’s details.

Within the framework of the **Housing Account**, the possibility of transaction statements has been made available both a Alior Online and Alior Mobile.

## Security

From 1 June 2024, for security reasons, an obligation was introduced at Alior Bank to verify whether the PESEL of the person who wishes to sign a loan agreement or bank account is in the register of restricted PESEL numbers. If the PESEL is reserved, customers are not allowed to conclude a deposit/loan agreement or to withdraw cash in excess of the amount specified by law. This obligation stems from the Act of 7 July 2023 amending certain laws to limit some of the consequences of identity theft and the Act of 24 September 2010 on civil registration.

In addition, an **“Account Card Management”** section has been added to Alior Online banking. From the account details level, customers have the possibility to block the card.

## Sales in remote channels

Alior Bank is systematically expanding the offer in the field of online sales of products. The prepared solutions are designed to convey the necessary content to the customer in the simplest and understandable way. The possibility to declare 800+ social benefits on cash loan applications was made available to customers.

The best assessment of the prepared solutions is their growing popularity and noticeable increases in the first half of 2024. All measures, including changes to our systems and applications, have contributed to improved product sales results in digital channels.

## Strategic partnerships

The role of strategic partnerships is to provide customers as well as employees of Alior Bank with additional value and non-financial services. Attracting new partners from outside the banking sector offers many opportunities for unique customer approaches. We are introducing services or various types of benefits that are both complementary to banking products and create new quality resulting from the synergy of implementing benefits from other sectors.

Our focus is not only on partnerships that bring benefits in the classic sense, such as discounts, vouchers, special offers, but also benefits in the area of digital security, modification or development of processes to digitise customers.

Collaborating with external parties brings wide-ranging benefits to many different groups of internal and external stakeholders – from image-related benefits to financial benefits. Through partnerships, we can create and offer unique values that help us stand out on the market.

### Selected partnerships within the PZU Group in the first half of 2024 included:

- life insurance with cash loans,
- income protection insurance,
- life insurance as security for housing loans,
- PZU Wojażer travel insurance,
- accident insurance and healthcare for Business Customers,
- life insurance of an investment and savings nature,
- acquisition of units in investment funds.



In the first half of 2024, the dominant role in the bancassurance area was played by insurance from the PZU Group's offering linked to loans and mortgages.

The Bank together with PZU Życie SA implemented a guaranteed fund into the Individual Life Insurance with Unit-linked Insurance Funds "Multi Capital II", in which a guarantee was introduced to maintain or increase the value of the unit share.

### Examples of partnerships in the first half of 2024:

- **Mastercard** – as a result of regular cooperation, a number of joint marketing campaigns were carried out or planned with the aim of increasing the number of cardholders and the number and value of card transactions. We regularly run joint sales competitions, raffles for customers transacting with Mastercard, or communication of joint promotions with merchants.
- **Ministry of Digital Affairs / Chancellery of the Prime Minister** – in connection with the adopted "Act on the mObywatel [mCitizen] Application", on 1 September 2023, in cooperation with the Ministry of Digital Affairs, we implemented a new identity confirmation and verification method based on a new type of ID document – mDowód [mID].
- On the other hand, since 1 June 2024, Alior Bank has been integrated with the Registered PESEL Register. What does the possibility of reserving the PESEL number. This means additional protection for our customers.
- **Legimi** – we have already implemented several joint promotions which have resulted in the Bank's customers being able to take advantage of e-books, audiobooks and synchrobooks offered by our partner on the Legimi platform. Previous campaigns have shown that we have many readers among our customers who are particularly interested in benefits linked to their specific interests, and we as a Bank are keen to support reading. We plan to continue our cooperation with further promotions and thus promote book reading.
- **WeSub / RentUp** – we continue to actively develop cooperation with RentUp in the field of consumer rentals. The new form of purchasing products is becoming increasingly recognised among retail customers. Since 2023, the rental option was available in the Komputronik S.A. store chain, among others. We are also developing the service with partners from other industries.
- **Frisco** – we also carried out a joint action with a partner from the food industry operating in the online channel, which consisted of handing out shopping discounts to Alior Bank employees. This type of campaign was not only aimed at appreciating the loyalty of the people who work and bank with us, but also to support them in times of high inflation when it comes to grocery shopping.



Work is currently underway on new projects intended to increase transaction volume, make services mobile or expand the benefit product offerings for both customers and other internal and external stakeholders of the Bank.

### **Development of innovation in the Bank and cooperation with the FinTech ecosystem**

Alior Bank is constantly creating and implementing innovative solutions that contribute to increasing customer satisfaction and the efficiency of processes within the organisation. The Innovation Lab (Department of Innovation and FinTech Partnerships) supports the business units in the implementation of modern projects, thanks to its broad competence in UX/UI design, user research, cooperation with fintechs, open banking and digital process development.

Among the important elements that enable the organisation to meet its business goals are monitoring trends, analysing modern solutions and establishing partnerships with promising start-ups that can support the Bank in developing innovations.

In Q2 of this year, Alior Bank, through the Innovation Lab and the Business Customer Products Department, established cooperation with Envirly, a Polish startup operating in the field of ESG. Thanks to this cooperation, the Bank's business customers will be able to benefit from a special offer that will support them in reporting their emitted carbon footprint and implementing their sustainability strategy. In recent months, a pilot of a solution to support increased conversions in remote sales channels has also been launched. The initiative's partner is Hiya, a US-based provider of tools to improve customer contact over the phone.

The Bank actively engages with the FinTech community, including through initiatives such as:

- Cooperation with Huge Thing, which has become the official operator of the Startup Booster accelerator programme using funds from the Polish Agency for Enterprise Development. Thanks to the cooperation, the Bank supports the development of the startup ecosystem in Poland and gains opportunities to implement further cutting-edge solutions.
- Partnership with FinTech Poland, in which the Bank actively supports the dynamic development of the Polish FinTech ecosystem by participating in working groups and industry events.
- Cooperation with Wrocław University of Economics and the University Business Incubator inQUBE, through which the Bank supports the development of innovative initiatives among students.
- Active scouting of cutting-edge solutions and market trends, including at industry events.

The Innovation Lab's competencies were also used to support projects conducted at the Bank in the first half of 2024. The UX and Product Research team conducted market research with consumers, which verified key aspects of issues relevant to 8 strategic projects conducted by Alior Bank's business units.

In the first half of 2024, the User Experience team supported the Bank with the implementation of new solutions, design and prototyping of processes and interfaces. The team created designs for new functionalities and supported the redesign of existing processes. Design activities focused on increasing the inclusiveness, accessibility and usability of the Bank's processes and responding to current market trends.

Among the key areas of the Bank's activities supported by the Innovation Lab unit was the further development of digital sales channels and improved customer service. One of the initiatives implemented in the first half of 2024 was the development of an automated customer satisfaction survey process.

The Bank continued to develop its Identity Identification Centre. In Q1 of 2024, a new identity verification method was implemented using the mObywatel [mCitizen] application in remote sales processes, which is now being successfully used in the online instalment process and when micro-businesses open accounts.

The Department of Innovation and Fintech Partnerships supports the Bank's employees on an ongoing basis in developing innovative approaches to the implementation of new products and services. In the second quarter of 2024, Innovation Lab teams conducted a series of inspiring webinars at the Bank as part of the ongoing "Innovation Month" in June, presenting the latest social and technological trends and examples of inspiring market solutions.

## Equity investments



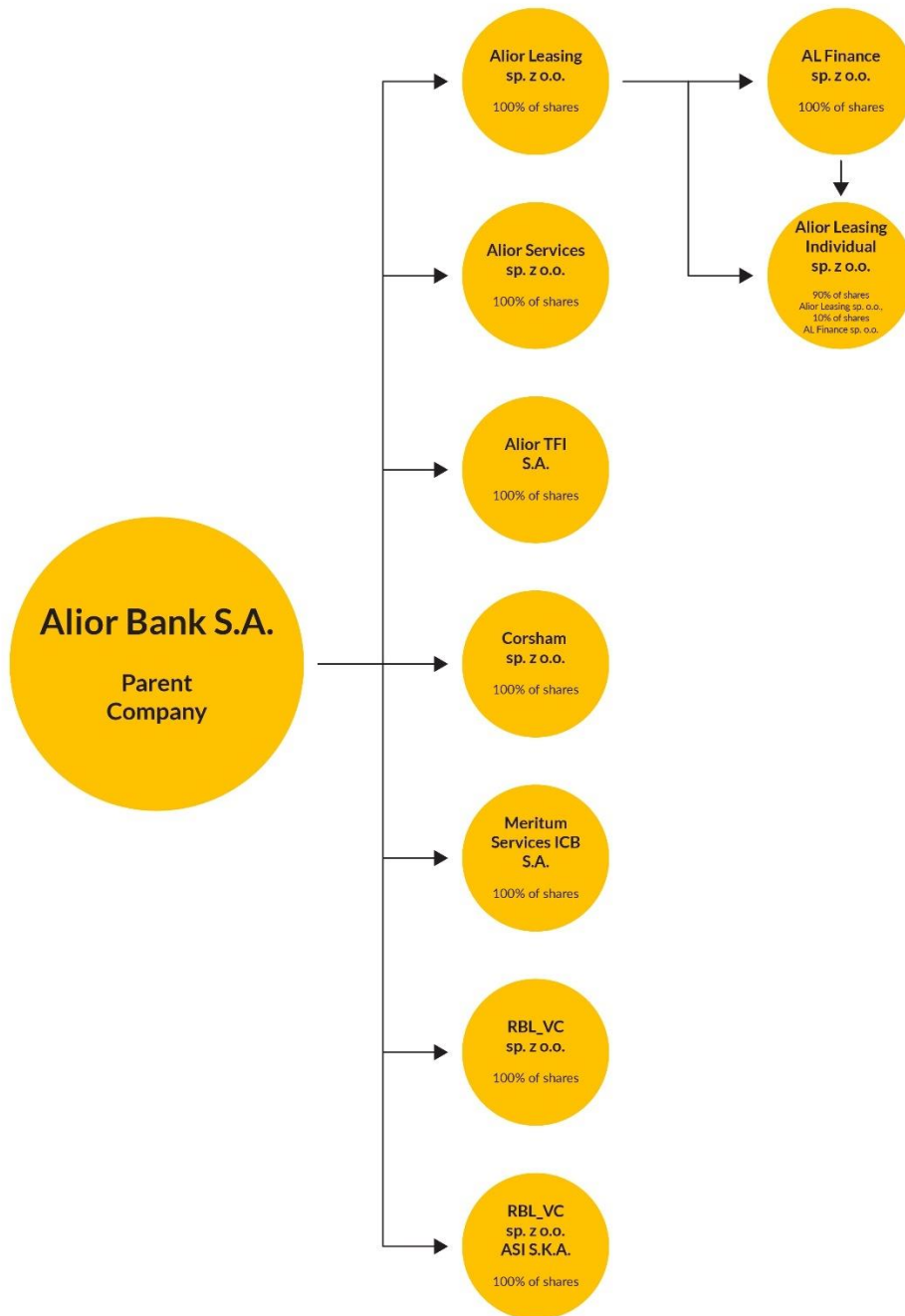
They are presented in the table below. All securities were purchased using the Bank's own funds.

- The shares/stocks comprise :
  - trading securities bearing equity rights, admitted to public trading on WSE and NYSE,
  - trading securities bearing equity rights, not admitted to public trading.
- Bonds: corporate bonds issued by domestic and foreign issuers.
- Investment certificates: certificates of a "private equity" closed-end investment fund, and units of an open-ended investment fund.

	30.06.2024		31.12.2023	
	Volume	Market/ nominal value (in PLN thousand)	Volume	Market/ nominal value (in PLN thousand)
<b>Stocks</b>	7 343 588	155 930	7 343 596	151 682
<b>Quoted</b>	252 922	19 991	252 922	19 460
<b>Non-quoted</b>	7 090 666	135 939	7 090 674	132 222
<b>Bonds</b>	594 252	623 106	586 252	583 715
<b>Investment certificates</b>	24 714	9 137	32 034	9 994

# V. Operations of companies from the Alior Bank Capital Group

Structure of the Alior Bank Capital Group as at 30 June 2024



In the reporting period, there were no changes in the structure of the Capital Group of the Bank.



### Alior Leasing Sp. z o.o.

It has been operating since October 2015. It offers operational and financial leases as well as lease loans. Entrepreneurs have easy and quick access to means of transport as well machines and equipment. Alior Leasing has an extensive sales network and collaborates with a broad network of business partners, dealers and vendors, as well as with the sales network of Alior Bank.

The company mainly targets sole traders and SME companies. The company plans to gradually develop new sales to business customers in the higher segments and in the industrial processing and healthcare sectors.

On the basis of the Alior Leasing decision-making engine, Alior Leasing launched the function of automatic lease decision, which allowed to optimize the transaction risk assessment process and introduce new functionalities in the Customer Portal.

The new strategy for the years 2023 – 2025, which is new and consistent with the Strategy of Alior Bank, is currently being continuously implement and its core pillars are:

- universal offer of financing and leasing of fixed assets, meeting the needs of any customer, including consumers, and covering all types of assets;
- multi-channel distribution, including the use of synergies within the Group, cooperation with Alior Bank and cooperation with asset providers, and distribution in digital channels with customers;
- digitization and automation of processes, ensuring cost efficiency of the organization and the highest level of customer experience when working with Alior Bank.

Alior Leasing is also capitalizing on the potential of its existing customer portfolio, pursuing pre-approved actions and expanding its machinery and equipment lease offer.

## AL Finance Sp. z o.o.

### AL Finance

The Company established in 2021 from the merger of NewCommerce Services Sp. z o.o. ("Bancovo" brand) and Serwis Ubezpieczeniowy Sp. z o.o. and it is a subsidiary of Alior Leasing Sp. z o.o.

AL Finance specializes in offering insurance to customers with financing agreements and loans. The offer concerns mainly motor and property insurance. It cooperates with leading Insurance Companies, such as: PZU, ERGO Hestia, Warta, InterRisk, AXA IPA. The service focuses on current financing agreements, providing policy renewal options and selling additional products available through the leasing channel. If the leasing agreement is terminated, the Company focuses on flexible conditions and customer retention. It offers comprehensive insurance coverage through its fully digitized insurance sales platform of its own creation. This way, it may reach new segments of customers who do not have signed lease contracts.

The operations of AL Finance are based primarily on:

- sales of insurance for financing agreements in Alior Leasing,
- renewals of policies from the contract/agreement portfolio and negotiating with customers in the renewal process,
- remote sales of insurance to Alior Leasing's customer portfolio and negotiations with customers in the renewal process,
- remote insurance sales in the multi-agency channel (outside the financing agreement in Alior Leasing) to customers and assets not covered by financing.

The company is continuously expanding its range of insurance products in terms of Insurance Companies with which it cooperates and insurance products.

## Alior Leasing Individual Sp. z o.o.

The company was established in third quarter 2023 by Alior Leasing Sp. z o.o., which holds 90% of the shares, and AL Finance Sp. z o.o., which holds the remaining 10%.

Alior Leasing Individual Sp. z o.o. was established in order to implement the Strategy of Alior Leasing regarding consumer-oriented products. Its core activity will be the rental of cars (so-called Car Subscription). The core object of activity will also be the rental of electronic household appliances (gaming sets, smartphones, etc.). Distribution will take place through both remote sales channels and with the help of Alior Bank's Business Partners. Test implementation of the offer for sale is planned in the second half of 2024. Full implementation is planned for the second quarter of 2025. This will be carried out in close cooperation with Alior Leasing and Alior Bank. The launch of these products will be an important addition to the product portfolio of Alior Leasing and the Bank.

## Alior TFI S.A.



The company was established in 2010, originally as a brokerage house, and focused primarily on asset management services. In 2015, the Company was transformed into an investment fund company, at the same time taking over the ALIOR SFIO investment fund, which was under its management. The company was also listed on the NewConnect market. ALIOR Bank had been gradually increasing its capital involvement in the Company, eventually taking over 100% of the Company's shares and removing it from public trading.

Currently, the Company's primary activity is the management of the ALIOR SFIO investment fund, with the distribution of its units being carried out through ALIOR Bank S.A., however, the Company still holds a license to manage portfolios that include one or more financial instruments.

In the first half of 2024, the trend of increasing the assets under management of the Company's ALIOR SFIO fund continued – both through an increase in their value as a result of the investment activities of individual sub-funds and through an inflow of new funds. Currently, these assets have exceeded PLN 2 billion and have reached the highest level in the history of this fund's operation.

## Alior Services Sp. z o.o.

It operates as an insurance agent for seven insurance companies and manages insurance contracts on behalf of and for the benefit of insurers.

## Meritum Services ICB S.A.

Provides information and computer technology services and other information technology activities.

In the first half of 2024, the Company generated revenue from the provision of software for Alior Bank S.A. provided in the Software as a Service model and in the sub-licence model (approximately 99% of revenue). On 9 November 2023 The Extraordinary General Meeting adopted a resolution to merge the Company with Absource Sp. z o.o. (the acquired company). The merger was registered with the National Court Register on 8 December 2023; following the merger, the Company will continue its existing operations and carry on the business carried out by Absource Sp. z o.o.

## Corsham Sp. z o.o.

Alior Bank has been the owner of the Company since February 2019, when it acquired 100% of its shares. Through that Company, the Bank completed two investments: in PayPo Sp. z o. o. and Autenti sp. z o.o. In January 2021, Corsham divested all its PayPo shares.

In December 2019, the Company acceded to the Autenti Sp. z o.o., which is a comprehensive platform for authorizing documents and concluding contracts online. So far, the company has acquired the following key customers: BNP Paribas, Vienna Life, Credit Agricole, PGE Lumi, and Medicover. The Company intends to strengthen its competitive advantage by acquiring customers on the domestic market and expanding into European markets, especially in the DACH and BNL region. The current share of Alior Bank Group companies in the share capital of Autenti Sp. z o.o. is 9.2%.

## **RBL\_VC Sp. z o.o.**

Established in 2019, in 2020 it was entered into the register of managers of alternative investment companies kept by the Polish Financial Supervision Authority.

It is a general partner of RBL\_VC Spółka z ograniczoną odpowiedzialnością ASI S.K.A., entrusted with its management.

## **RBL\_VC Spółka z ograniczoną odpowiedzialnością ASI S.K.A.**

Created in 2019, it is an externally managed alternative investment company, as defined in the Act on Investment Funds and Alternative Investment Fund Management (Ustawa o funduszach inwestycyjnych i zarządzaniu alternatywnymi funduszami inwestycyjnymi).

Together with RBL\_VC Sp. z o.o., being the General Partner of the Company, they form a target investment vehicle through which Alior Bank intends to conduct venture capital (VC) investments.

## VI. Major events in the activity of the Alior Bank S.A. Capital Group

### **Early redemption of bonds**

On 10 January 2024, the Management Board of the Bank adopted resolutions on the early redemption of the Bank's own bonds: series P1B issued on 29 April 2016, and series F issued on 26 September 2014, which had a final redemption date of 16 May 2024 and 26 September 2024, respectively. The early redemption of the aforementioned bonds took place on 30 January 2024.

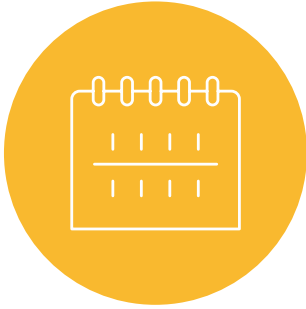
### **Loan repayment holidays**

In connection with the entry into force of the Act of 12 April 2024 amending the Act on support for borrowers who have taken out a home loan and are in financial difficulty and the Act on community financing for economic undertakings and assistance to borrowers (Journal of Laws 2024, item 696 and the resulting possibility for consumers to suspend the execution of mortgage loan agreements vested in them in relation to the agreements already concluded in order to meet their own housing needs, the Bank recognised an expense related to the modification of loan agreements on this account in the amount of PLN 86 million, which was recognised as a reduction of the Bank's pre-tax result in Q2 2024.

### **Payment of dividend**

On 26 April 2024, the Bank's Annual General Meeting adopted a resolution on the manner of distribution of the Bank's profit for the financial year 2023, based on which, on 24 May 2024, the Bank paid the first dividend in its history in the amount of PLN 577,048,640.22. The amount of dividend per share is PLN 4.42.





## Major events post balance-sheet date

### Changes in the composition of the Bank's Management Board

On August 1, 2024, the Bank's Supervisory Board, as part of an open qualification procedure and after assessing suitability, adopted resolutions on appointing to the Bank's Management Board for three-year to the sixth joint term of office, which began on January 1, 2024:

- Mr. Piotr Żabski: (i) as of January 1, 2025, as Vice-President of the Bank's Management Board, (ii) as President of the Bank's Management Board, subject to the relevant consent of the Polish Financial Supervision Authority and as of the date of such consent (iii) entrusting him with the management of the Bank's Management Board with effect from January 1, 2025, until the approval of the Polish Financial Supervision Authority to appoint him to the position of the President of the Bank's Management Board,
- Mr. Jacek Iljin as of August 15, 2024, as Vice President of the Bank's Management Board,
- Mr. Zdzisław Wojtera as of September 1, 2024, as Vice President of the Bank's Management Board,
- Mr. Wojciech Przybył as of October 1, 2024, as Vice President of the Bank's Management Board,
- Mr. Marcin Ciszewski as of November 1, 2024, as Vice President of the Bank's Management Board.

From August 15, 2024, until Mr. Piotr Żabski takes up his position, the Bank's Management Board will be managed by Mr. Jacek Iljin - Vice President of the Bank's Management Board.

## VII. Issuance of own bonds, Alior Bank Securities and Structured products



### Bonds issued by the Bank

Pursuant to the resolution of the Supervisory Board of 5 August 2019, the Bank established the Multiannual Bond Issue Programme up to the total maximum nominal value of PLN 5,000,000,000.

In October 2023, the terms of this programme were amended. The duration of the Multi-Year Bond Issuance Programme was changed, i.e. the period was extended to 31 December 2028 (previously, bonds could be issued within five years from the effective date of the resolution opening this Programme, i.e. until 5 August 2024). At the same time, the requirement to conduct bond offerings in the territory Poland exclusively on the basis of base prospectuses prepared by the Bank in accordance with the Prospectus Regulation was waived.

On 27 June 2024, under the above programme, the Bank issued 1,100 series O bearer bonds with a nominal value of PLN 500,000 each and a total nominal value of PLN 550,000,000. The issue was carried out by way of a public offering in accordance with Article 33 (1) of the Bond Act and in conjunction with Article 1 (4) (a) of the Prospectus Ordinance and on the basis of the resolution of the Bank's Board of Directors of 11 June 2024 on the decision to issue series O bonds and to establish the terms and conditions of the issue for these bonds.

The O series bonds bear interest at a variable rate which is the sum of WIBOR 6M and a margin of 1.99% per annum. The redemption date for these bonds is 9 June 2028, with the Bank having the right of early redemption starting from 9 June 2027.

The series O bonds have been registered with the NDS and designated with the ISIN code PLALIOR00276. The Board of the WSE on 20 June 2024 adopted a resolution to introduce these bonds to the alternative trading system on Catalyst, and on 2 July 2024 adopted a resolution to set the first day of trading as of 4 July 2024 and to list them in the continuous trading system under the abbreviated name ALR0628.

Pursuant to Article 97a (1) (2) of the Bank Guarantee Fund, Deposit Guarantee Scheme and Forced Restructuring Act of 10 June 2016, the O Series Bonds constitute eligible liabilities of the Bank (so-called MREL bonds). In addition, the Series O Bonds were issued as Senior Preferred Bonds (i.e. obligations of the Bank of which the nominal value of the Bonds will constitute a liability belonging to category three, subcategory four, referred to in Article 440 (2) (3) (d) of the Bankruptcy Act, and of which the interest on the Bonds will constitute a liability belonging to category four, subcategory one, referred to in Article 440 (2) (4) (a) of the Bankruptcy Act).

There were no redemptions of the Bank's own bonds in the first half of 2024.

On 30 January 2024, the Bank carried out an early redemption of:

- 321,700 subordinated bearer bonds, with a total nominal value of PLN 321,700,000, series F issued by the Bank on 26 September 2014 and assigned ISIN code PLALIOR00094,
- 70,000 subordinated bearer bonds with a total nominal value of PLN 70,000,000, series P1B issued by the Bank on 29 April 2016 and designated with ISIN code PLALIOR00169.

## Bank Securities, Bank Derivative Rights and structured products

Alior Bank issues Bank Securities on the basis of the 1st Bank Securities Issue Programme on a prospectus-free basis. In August 2023, the base prospectus approved by the Polish Financial Supervision Authority in connection with the open Second Issue Programme expired. As of November 2023, Alior Bank is in the process of approving a new prospectus for Bank Derivative Rights under the open 1st Bank Derivative Rights Programme. In the same time, structured products issued by third-party issuers are offered.

### Issues of Bank Securities and Structured Products

In the first half of 2024, Alior Bank carried out issues of three series of Bank Securities (BPW) under the First Bank Securities Issue Programme with a total volume of PLN 28.3 million, and EUR 10 million. Seven subscriptions were organised for structured products of external issuers with capital protection with a total nominal value of PLN 127.27 million.

At the same time, offers of structured products with limited capital guarantee and/or conditional early redemption were dedicated to selected Private Banking customers. In the first half of 2024, the Bank offered seven subscriptions for this type of product in the formula of autocall certificates. The total nominal value of the offered structured certificates of this type amounted to PLN 216.14 million.

## VIII. Report concerning the risk of Alior Bank

Risk management is one of the most important internal processes. The overarching goal of the risk management policy is to ensure early recognition and adequate management of all material risks related to the Bank's activities. The risk management system supports the delivery of the strategy and is aimed at ensuring an adequate level of profitability and security of business activity by effectively controlling the risk level and keeping it within the boundaries of the adopted risk appetite.

ESG risks are included in the risk management framework, as cross-cutting risks, and they affect the individual risks recognized in the Bank.

The Bank identifies the following risks as significant:



The risk management system in force at Alior Bank S.A is based on three independent lines of defence:

**First:** implemented in the Bank's operating units and by process owners who, among other things, design and ensure compliance with control mechanisms in the processes.

**Second:** operates in organisational units responsible for managing particular risks (including measurement, monitoring, control, and reporting of risks). It fulfils a managerial function whereby risk management is delivered at dedicated stations or organisational units independently from the first line.

**Third:** provide the senior management and the Supervisory Board with assurances that the activities of the first and second lines are in line with their expectations. The third line of defence is the activities of the Internal Audit Unit.

The Bank supervises the risk management related to the activities of subsidiaries and foreign branches, which have commenced deposit and credit activities and takes into account the risk level of activities of specific subsidiaries and foreign branches as part of the risk monitoring and reporting system at the level of the Group.

The following types of risk are of particular importance in the Bank's operations:

- credit risk,
- operational risk,
- liquidity risk,
- market risk, including interest rate risk in the banking book and market risk in the trading book,
- model risk,
- capital risk.



## Credit risk

The management of credit risk and maintaining it at a secure level defined by the risk appetite is fundamental for stable operation and growth of the Bank. Credit risk control is delivered by our comprehensive credit risk management system which is integrated into the Bank's operational processes.

The description of how the risk control system operates is reflected in the regulations applicable at the Bank, in particular, in the procedures for analysing loan applications, credit methodologies and in the risk valuation models adapted to the customer segment, type of product and transaction, the rules for monitoring customers and the loan portfolio, the rules for establishing and monitoring legal securities for loans, and by debt monitoring and collection processes.

The Bank, when managing risk (both at the exposure level, portfolio level and taking into account stress testing), takes measures that lead to:

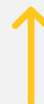
minimising the level of credit risk of a single loan at the adopted profitability level,



As part of measures to minimise the risk level of a single exposure, the Bank assesses each time when originating a new loan product:

- the customer's credibility and creditworthiness taking into account, among other things, a detailed analysis of the source of repayment, assessment with scoring/rating models of the exposure and the level of ESG risks (environmental, social and governance risks), based on the Bank's assumptions,
- the reliability of the collateral accepted, including verification of their formal, legal and economic status, taking into account their adequacy,
- takes effective monitoring and collection measures adequately defined on the level of a single customer based on the segmentation models applied.

reduction of the total credit risk resulting from the Bank's holding of a specific credit portfolio



To keep credit risk on the level defined in its risk appetite, the Bank has applied the following measures:

- establishes and controls concentration limits,
- monitors the structure and quality of a new credit exposure in relation to defined objectives and EWS signals,
- analyses the evolution of internal and market factors and the sensitivity of the loan portfolio, in particular with regard to negative events identified as potential risks,
- regularly monitors the loan portfolio, by controlling all major parameters of credit risk (including PD, LGD, LTV, DTI, COR, NPE, NPL, Coverage, loss rate of particular generations),
- regularly conducts stress tests.

In terms of credit risk management in the individual customer segment, the Bank continued its policy of building a portfolio that is resilient to economic downturns. In the previous reporting periods, the Bank thoroughly optimized the criteria and conditions for granting housing and consumer loans, which, with the stabilization of the macroeconomic environment in the 2023, enabled further development of the individual customer portfolio, including through products of a relational nature and with a low credit risk profile, such as the housing loan and a new product on the Bank's map - the Alior Pay Credit Limit. The scale of improvement in the Bank's credit risk profile over recent quarters contributed to the upgrade of the Bank's long-term rating to BB+ by Standard & Poor's Global Ratings on 27 June 2023.

In the area of cash loan, the Bank continues to maintain a stable market share in new sales and the market quality of these sales. In the first half of 2024, the Bank carried out a slight tightening of the lending policy envisaged for this product, aimed at maintaining the long-term profitability of selected segments of it.

In terms of residential loans (characterised by low loss rates), despite the suspension of the 2% Safe Loan offer, the Bank still recorded an increase in lending of 171% in January-May 2024 compared to the same period of 2023.

In addition, the Bank continued to implement changes to the lending process which resulted in its increased automation and efficiency.

In the area of instalment loans, the Bank continued its strategy of optimising its lending policy by, inter alia, adjusting the parameters, the granting process and the approval strategy to the dynamically changing market environment. The Bank recorded a 45% increase in lending in January-May 2024 compared to the same period in 2023.

In the retail customer area, further functionalities and optimisations have been implemented in a new product, the Alior Pay Credit Limit, which is dedicated to the Bank's own customers. The product's design is intended to encourage customers to build an ongoing relationship with the bank and to transfer their salary to Alior Bank (the preferred customer profile due to low loss ratio).

In addition, the Bank systematically seeks to develop technologies and methodologies related to the development of scoring models, aimed at better predicting the risk of the granted products.

In the area of corporate lending, in the first half of 2024 the Bank mainly continued to implement the Bank's Strategy on the digitisation and transformation of the KB lending process aimed at automating and increasing the efficiency of the lending process supporting the granting of credit commitments. Among other things, automatic calculation of the level of ESG risks in the system decision process was implemented, and a set of credit policy optimisation changes were introduced to ensure high quality of the loan portfolio in the long term.

### **Risk assessment in the loan origination process**

The Bank takes decisions to award credit products in accordance with:

- applicable legislation and KNF Board recommendations,
- credit risk management policies,
- loan origination methodologies appropriate for the respective customer and type of product,
- operational procedures defining the appropriate activities to be carried out under the loan origination process, the Bank's units responsible for them, and the tools to be used,
- loan responsibility rules whereby responsibility levels are adapted to the level of risk involved in the customer and transaction.

Customer credit rating prior to issuing a decision to award a credit product is conducted using our loan support system, rating tools, external information (including databases of CBD DZ, CBD BR, BIK, economic information bureaus) and the Bank's in-house databases.

With regard to a business customer, the Bank, as a rule, does not finance projects that may have a negative impact on the climate and the natural environment or are prohibited by Polish legislation or international conventions.

In its relations with customers, the Bank adheres to standards of professional ethics and uses solutions to ensure the protection and security of data provided during the lending process.

Main areas of exclusion include:

- the financing of projects involving harmful or exploitative forms of forced labor, child labor, direct discrimination or practices that prevent the workforce from exercising their legal rights of affiliation and collective bargaining,

- enterprises operating in breach of the applicable regulations of the Polish law or of the law of the country where activities are pursued, or holding no licenses, authorizations, permits or rights which are required to operate the respective business,
- activities with a negative impact on areas protected under national law and international conventions, habitats of rare/endangered species, or such as would have adverse effect on places of cultural or archaeological significance.

Environmental (including climate), social or governance risks means risks of negative consequences for the Bank arising from the current or future impact of environmental factors, social policy or corporate governance on the situation of clients or accepted collateral for loans. When analyzing the above factors, the Bank also takes into account their possible positive impact on customers' business. In accordance with the dual materiality principle, the Bank also analyzes the impact of customers' activities on ESG factors.

- Environmental (including climate) risk is understood as the risk of deterioration of the Customer's creditworthiness due to the fact that environmental (including climate) factors have or may have a significant negative impact on the business activity pursued by the Customer or the proposed loan collateral, and the business activity pursued by the Customer has or may have a negative impact on the environment. Environmental risk includes both physical risk and transition risk. Climate change risk is considered as the borrower's risk from the physical effects of climate change and the borrower's risk from the transition to a low-carbon climate-resilient economy.
- caused by the current or future impact of social factors on the situation of customers or accepted collateral. These factors can be measured by the impact of customers on the environment – employees, contractors, suppliers and the local community. Social risks may also be associated with the activities pursued by the customer in violation of the labor law, human rights or other laws that may give rise to legal disputes.
- Governance (corporate governance) risk means the possibility of losses resulting from any negative financial consequences for the Bank caused by the current or future impact of governance factors on the situation of customers or accepted collateral. The activities pursued by the customer may be identified as a corporate governance risk, if they entail: ineffective management, failure to comply with laws, failure to comply with ethical standards, corrupt activities, failure to protect privacy and data security.

The results of the analysis of risk factors (ESG) are entered on the forms used in the lending process and in systems supporting that process.

The level of environmental, social and governance risk is determined based on assumptions adopted by the Bank. A high level of any of the risks determines additional requirements and specific activities in the lending process, in particular the need for an in-depth analysis of ESG risk factors.

The verification of ESG risk factors takes also place in the process of individual monitoring.

### **Separation of responsibilities**

The Bank implements a policy consisting in the separation of functions related to Customer acquisition and sale of credit products from functions related to the assessment of credit risk, making loan decisions, and monitoring loan exposures.



## Concentration risk management

Concentration risk is analysed at the Bank with regard to credit activity and is defined as a threat resulting from the Bank's excessive exposures in:

- exposures to single customers or groups of related customers,
- exposures subject to common or correlated risk factors (including high ESG risk), having a potential to generate losses to the extent that may pose threats to the Bank's financial condition.

The Bank identifies and assesses concentration risk by analysing the portfolio structure against various factors (exposure features) important for credit risks, and on this basis defines exposure groups, the excessive concentration of which is undesirable and in extreme conditions may generate losses that exceed the Bank's credit risk appetite. The awareness of the scale of potential threats related to exposure concentration allows us to create a secure structure of the credit portfolio.

In order to prevent unfavourable events resulting from excessive concentration, the Bank restricts this risk by complying with concentration limits under laws and regulations and by applying in-house limits and standards.

## Impairment and provisions

The Bank assesses all on-balance-sheet and off-balance-sheet credit exposures to identify objective evidence of impairment, according to information most current as at the value adjustment date.

If there is no objective evidence of impairment of the carrying amount of credit exposures, they are aggregated to a group of assets with a similar credit risk profile and assessed in terms of material deterioration of credit quality since initial recognition. The assessment of deteriorated credit quality is based on a set of qualitative and quantitative evidence. Qualitative prerequisites include: achievement by the exposure of material overdue exceeding 30 days, classification of the customer into the Watch List category, exposures remaining in the forborne category, occurrence of other risks (e.g. industry, regional risks). Quantitative evidence is the material deterioration of the current aggregate probabilities of default in the period leading to expected maturity against aggregate probabilities of default for that period at the time of exposure generation (i.e., release or major modification). For exposures for which there is no evidence of impairment, the Bank uses impairment estimation models for the following horizons:

- the model of expected losses estimated within 12 months for exposures classified as Bucket/Stage 1 (or LCR [*Low Credit Risk*]) and
- the model of expected losses estimated at the time maturity horizon for exposures classified as Bucket/Stage 2 (including POCl [*Purchased or Originated with Credit Impairment*]).

When valuating expected losses, the Bank takes into account future macroeconomic factors using multi-scenario models.

In 2024, the Bank did not identify the need nor did it implement changes in the principles of credit portfolio valuation, while the Bank actively adjusted the FLI (forward-looking-information) component in order to optimally include the current and future macroeconomic environment in the valuation.

## Impairment evidence

The Bank assesses impairment evidence by classifying and differentiating events related to:



Impairment is identified automatically in a central system that covers the customer's way of conduct towards all entities of the Bank's Capital Group.

The assessment covers a wide range of features assessing the payment regime, the customer's behavioural and procedural features and their financial standing.

Exposures for which evidence of impairment has been established are divided into individually measured exposures and valued collectively. Individual valuation is valid for exposures of business customers at risk of impairment exceeding the following materiality thresholds (calculated at the level of total customer exposure):

Materiality thresholds qualifying customer exposures for individual valuation (as at 30 June 2024):

Customer segment	Threshold value in PLN
Business customer	3,000,000

Individual valuation is based on the analysis of potential scenarios (business customers). Each scenario is assigned a probability of implementation and expected recoveries. The assumptions adopted for individual valuations are described in detail by those conducting the analysis. The values of recoveries expected under individual valuations are compared to the realised recoveries on a quarterly basis.

Group valuation is based on a wide range of characteristics tailored to the different populations, including essentially behavioural features of recoveries and recovery processes, as well as the duration of the exposure in default. Security is incorporated on the exposure level.

Since December 2021, in the scope of credit portfolio classification and valuation processes, the Bank implemented the requirements of Recommendation R of the KNF Board concerning the principles of classification of credit exposures, estimation and recognition of expected credit losses and credit risk management.

## Security

Legal security is a secondary source of repayment of a secured debt (if unfavourable circumstances occur within the lifetime of a credit product). Credit security also increases the probability of Borrowers meeting their obligations. If the Borrower fails to pay the debt by the dates defined in the loan agreement and restructuring

measures fail to bring the expected result, the security is to enable the Bank to get reimbursed for the loan along with any interest and costs.

The Bank establishes the security method taking into account:

- expected workload of the Bank and the cost of establishing the security,
- type and amount of the secured debt and the lending period,
- viable possibility of meeting the Bank's claims in the shortest time possible from the adopted security,
- any pre-existing charges on the security, for security in kind,
- financial and business circumstances of the person providing guarantees to the customer, and their personal and ownership relationships with other entities (in the event of personal securities),
- estimated cost of potential materialisation of the security.

### **Management of the assets taken over due to debt**

In justified cases, the Bank takes over any assets providing a security in order to satisfy the debt. Such operations are conducted based on an approved plan of management of the asset to be taken over.

### **Scoring/rating**

The Bank strives to systematically develop credit risk management methods and tools. A priority area of work is the management of credit risk models used in the risk acceptance process. The Bank is developing both credit scoring methods to support credit decisions for individual customers and credit rating as an instrument to support decision-making in the micro, small, medium and large enterprise segments. Segments important to the Bank from the perspective of credit development have models built using statistical methods. They are based on the sources of information available in the lending processes.

Model development is carried out by conducting processes to build new models tailored to the changing risk profile of the Bank's customers. In order to ensure the adequacy of the models, a process of monitoring them is carried out by the entity that owns the solutions. Its purpose is to determine whether the models used appropriately differentiate risk among individual borrowers, and the estimates of risk parameters reflect current and expected changes in the risk level of loan portfolios. In addition, the quality of the data used in determining risk parameters is verified during dedicated studies.

The credit risk models currently in use were built internally at the Bank. In order to strengthen the risk management process of models used at the Bank, there is a team acting as an independent validation unit.

### **Monitoring of credit risk for consumers and businesses**

All credit exposures of consumers and business customers are subject to monitoring and current classification to adequate processing paths. To streamline the monitoring and control of the operational risk, adequate solutions in the Bank's lending systems were implemented. The system tools were consolidated to conduct the monitoring procedures effectively, and covers all accounts. At the same time, the Bank intensively develops the use of early warning signals in the on-going monitoring of credit exposures. They are based both on internal/transaction data and on external information. In 2023, the Bank implemented the new Heron system, which enables faster and more accurate analysis of applications in the EWS process.

Continuous control of the quality of the credit portfolio is ensured by:

on-going monitoring of the timely handling of loans and early warning signals (EWS),

periodic reviews, in particular the economic and financial situation of customers, transaction risk and values of accepted collaterals,

Monitoring of business customers is also carried out:

- individual monitoring, which is carried out on a quarterly basis. The analysis includes both an assessment of the economic and financial situation of the business and all aspects related to the structure of products, collateral or contractual clauses. In Q1 of 2024, the Bank implemented the individual monitoring process in the new Heron system, which enables faster and more accurate analysis and provides a wider range of data than before for reporting and managing the monitoring process.



The result of the review is an update of the customer's economic and financial assessment classification, as well as the preparation and implementation of recommendations regarding further development of relations with the customer in order to mitigate the identified risks and improve the quality of the credit portfolio.

- automatic monitoring, which is carried out once a year and covers periodical risk analysis of credit exposures on the basis of financial documentation, taking into account: the customer's financial situation, behavioural assessment and timeliness of repayments. The review results in an update of the customer's economic and financial assessment.

### Forbearance practices

The Bank uses the following tools in the process of restructuring of individual customers:

- extension of the lending period resulting in lower amounts of monthly principal and interest to be repaid. If the lending period is extended, any restrictions resulting from the product characteristics are taken into account, for instance, the age of the borrower.
- grace periods for repayment (applied to a part of or the entire instalment depending on the risk assessment on the single exposure level). During the period of complete grace period for the repayment of principle and interest, the borrower is not required to make any payments under the agreement concluded. The period of loan repayment may be extended to adapt the amount of the instalment to the borrower's payment capacity (in accordance with the restrictions resulting from the product's metrics),
- replacement of the limit in the LOR account/unauthorised overdraft in the ROR/KK account into a loan repayable in instalments; parameters of the product launched as a result of applying the respective tool are consistent with the products metrics: cash advance,

- agreement by rescheduling matured exposures (after maturity or termination). It consists in transferring debt from one exposure to a non-renewable account with possible schedule variants: settling the entire debt,
- statutory repayment holidays of up to 3 months (in this period, the entire instalment is subject to a grace period and no interest is charged).

Tools can be combined if such a solution increases the likelihood that the restructuring will be effective. In particularly justified circumstances, there is a possibility of applying other tools.

In the business customer segment, the Bank applies the following main solutions:

- extension of the lending period resulting in lower amounts of monthly principal and interest to be repaid.
- change of the repayment schedule in order to adjust payments to the current financial standing of the customer,
- granting consent to sell (in consultation with the customer) a part of securities and adequately reduce the customer's liabilities,
- changing the nature of the product to a non-renewable product, while establishing a repayment schedule (with partial reduction of non-renewable product),
- lowering the interest rate,
- change in the priority of repayments (crediting repayments to principal first),
- changing the loan currency in connection with the change of currency exposure.

### **Monitoring of Risks Involved in Forbearance Practices**

As part of reporting activities concerning the portfolio of restructured loans, the following is subject to detailed analysis:

- application process (number of applications, number of decisions issued, types of decision, time to decision, time to decision implementation, tools),
- quality of the portfolio of restructured lending (by particular form of arrears, forms of restructuring, restructuring tools, according to DPD as at the date of submitting the application), with particular attention to delayed loss ratios.

### **Assessment of impairment for exposures subject to forbearance practices**

All such exposures are subject to impairment over the life-time horizon.

Forbearance practices:

- affecting the asset value reduction; or
- where the repayment plan used is not based on reliable assumptions (macroeconomic and/or customer standardisation); or
- where the amended agreement contains significant deferrals as regards the commencement of repayment; or
- where the amended agreement provides for a large lump sum (balloon) payment at the end of the revised repayment schedule

are evidence of impairment and are classified under "Stage 3".

An exposure for which an impairment has been identified (as a result of it being classified as forbearance) (default) maintains such status for at least 12 months.

Following that period, the exposure may leave the default status if there are no major delays or any other impairment evidence. Such exposure remains under the forbearance status for another 24 months. After that period, the identification of impairment evidence is conducted against the stricter criteria.

### **Risk control in loan origination processes**

As part of the 2nd line of defence in Risk, the operational activity is conducted by a dedicated unit (Risk Control Department), performing control functions based on automated control mechanisms in key areas and credit processes. The scope of control covers the stages of the credit process from granting financing, through monitoring to debt collection activities.

The results of the inspections carried out, along with the relevant recommendations, are regularly reported to the Heads of Units, and owing to the adequate placement of individual control mechanisms in processes, the identified errors are corrected on an on-going basis, thus minimising the lack of compliance of the operational processes performed with internal and external regulations.



## **Operational risk**

Operational risk means the possibility of a loss resulting from an incongruity or failure of internal processes, people, systems, or from external events, it shall be identified as a material risk. Operational risk includes legal risk, but does not include reputation and strategic risks.

The purpose of managing operational risk connected with the Bank and the Alior Bank S.A. Capital Group is to maintain operational risk at a safe and adequate level in relation to the activities, objectives, strategies and development of the Bank, approved by the Management Board and the Supervisory Board of the Bank, as well as to develop quantitative methods and expand the extent to which they are used in managing the organisation using the Advanced Management Approach (AMA). The Bank has in place a formalised operational risk management system within which it prevents operating events and incidents and minimises loss in case of risk materialization. The operational risk management system and the internal control system at the Bank and the Capital Group are based on three lines of defence.

Since 2016, the Bank has been actively using the Advanced Measurement Approach (AMA method) tools to calculate both supervisory requirements and operational risk management. Since the beginning of 2024, the Bank has been preparing for the implementation of the SMA (Standardised Measurement Approach) method for the calculation of the operational risk capital requirement, which will come into effect from 2025.

For the calculation of own funds requirements for operational risk, the Group uses:

- AMA method (with regard to the activity of Alior Bank, without taking into account the activity of the branch in Romania),
- standard method (for the branch in Romania and Alior Leasing Sp. z o.o.)

In January 2024, a new IT system was implemented for, among other things, the collection of data on operational incidents and losses and the monitoring of key operational risk indicators.

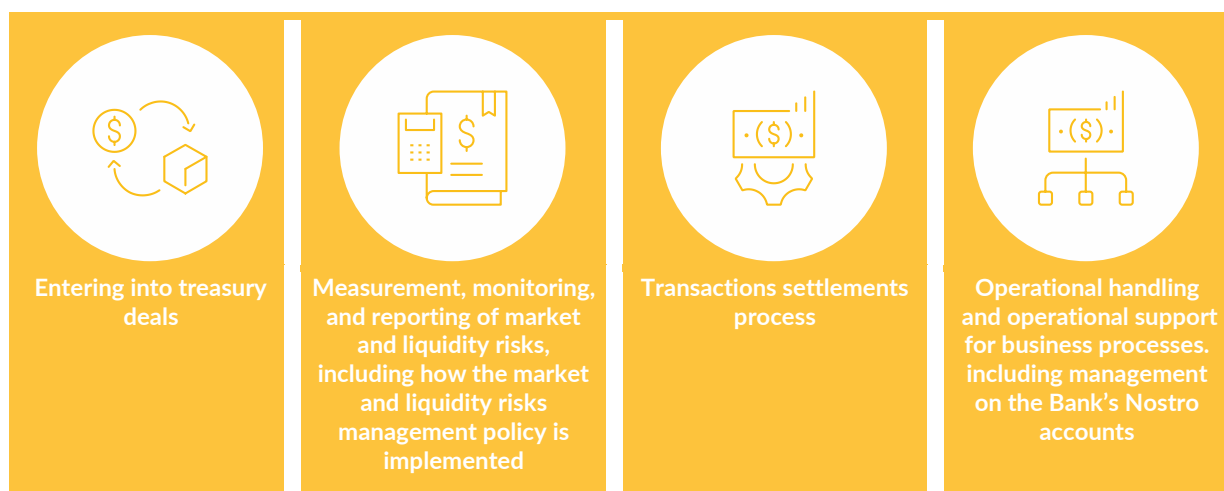
The operational risk management structure in place at the Bank includes: Supervisory Board, Risk Committee of the Supervisory Board, Management Board of the Bank, Operational Risk Committee, Operational Risk Management Department and Operational Risk Coordinators.

The level of operational risk costs in the first half of 2024 was within the adopted target and limit for the Bank.

## Market and liquidity risks

The main principles of managing these risks are defined in the Assets and Liabilities Management Policy.

The Bank has a clear division of competencies in place in regard to the management of market and liquidity risks, which includes:



Supervision of these activities connected with transactions and independent measurement activities and risk reporting has been distributed at the Bank to the level of the Member of the Management Board (this guarantees full independence of their operation).

Apart from individual organisational units, an active role in the market risk and liquidity risk management process is played by the Supervisory Board, the Management Board of the Bank and the Capital, Assets and Liabilities Management Committee (CALCO).

Exposure to market and liquidity risk is limited by the system of limits (periodically updated, introduced by a resolution of the Supervisory Board or CALCO), covering all risk measures the level of which is monitored and reported by organisational units of the Bank independent of business.

Three types of limits exist in the Bank, differing in scope and mode of operation:

- basic limits (determined at the level of the Supervisory Board),
- supplementary limits - determined by the Management Board of the Bank or CALCO (when the process of setting limits has been delegated to CALCO),
- additional limits.



## Liquidity risk

Means the risk of inability to meet payment obligations arising from balance sheet and off-balance sheet items held by the Bank. This risk distinguishes the risk of financing (there is a risk of losing the sources of funding held) and the risk of inability to renew the funds due or to lose access to new sources of funding.

### Purpose of liquidity risk management

It is intended to provide the necessary financial resources to meet the current and future (including potential) liabilities, taking into account the specific features of the activity and the needs that may emerge as a result of changing market or macroeconomic conditions.

### Liquidity risk management process

The Bank has in place an internal liquidity adequacy assessment process (ILAAP) consisting in effective management of liquidity risk (to ensure that the Bank holds stable funding and adequate liquidity buffers to meet obligations on time), including in stress conditions, and to ensure the compliance with regulatory requirements for liquidity. Through ILAAP elements, the Bank defines the liquidity risk tolerance (i.e. the liquidity risk level) it intends to bear. It is consistent with the risk appetite and the overall strategy of the Bank.

### Organisation of the liquidity risk management process

The Bank has appointed a CALCO (committee to manage capital, assets and liabilities). The liquidity risk strategy (acceptable level of risk, assumed balance sheet structure, financing plan) is approved by the Management Board of the Bank and then accepted by the Supervisory Board. Concluding treasury interbank transactions rest with the Treasury Department. Settlement and posting of transactions takes place in the Operations Settlements Division. Liquidity risk is monitored and measured at the Financial Risk Management Department. The allocation of liquidity risk management competences is transparent and ensures that they are separated to the level of the Member of the Management Board (which guarantees full independence of their operation).

### Management of liquidity risk at the Bank's foreign branch

At the end of first half of 2024, the Bank had a single foreign branch in Romania. It carried out deposit and credit operations. The Branch's liquidity level is monitored on an ongoing basis by dedicated organisational units of the Branch and of the Bank's Head Office.

### Liquidity risk management in subsidiaries

At the end of the first half of 2024, Alior Leasing was considered an important company in the Group's liquidity risk management.

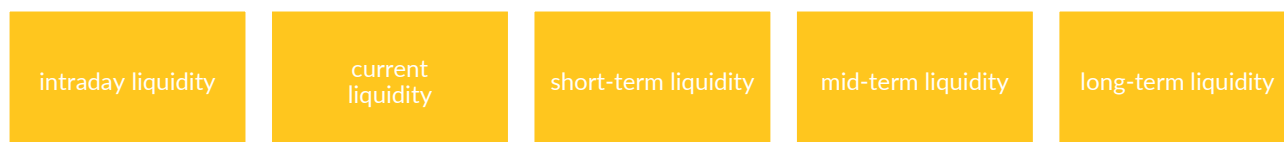
Liquidity risk in the company is monitored, controlled and reported on the basis of internal liquidity risk management principles (liquidity risk appetite, liquidity contingency plans, regular reports are prepared). The



reports prepared by Alior Leasing concerning the liquidity risk in the company constitute, a starting point for making decisions on liquidity management of the company and are used to consolidate the liquidity risk at the level of the Capital Group.

### Measurement and assessment of liquidity risk

Liquidity risk is measured at the Bank taking into account all significant positions – both on and off balance sheet (including, in particular, derivatives). The liquidity management metrics at the Bank include ratios and the related limits of the following liquidity types:



### Liquidity risk monitoring and reporting

The Bank regularly monitors, reports the level of liquidity risk measures and the degree of use of supervisory and internal limits and thresholds.

As part of liquidity risk management, the Bank conducts a number of analyses (including analysis of maturity/maturity profile in the long term, depending to a large extent on the assumptions made in terms of the development of future cash flows related to asset, liability and off-balance-sheet items). These assumptions are subject to approval by the CALCO Committee and the Bank’s Management Board.

### Summary of maturity/maturity dates of contractual flows of assets and liabilities on a consolidated basis as at 30 June 2024 (in millions of PLN):

30.06.2024	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	TOTAL
<b>Assets</b>	4 099	5 287	3 042	6 756	8 170	13 733	31 724	53 592	126 403
<b>Equity and liabilities</b>	-57 351	-5 773	-7 709	-4 087	-2 242	-1 932	-1 324	-10 277	-90 695
<b>Balance sheet gap</b>	-53 252	-486	-4 667	2 669	5 928	11 801	30 400	43 315	35 708
<b>Accumulated balance sheet gap</b>	-53 252	-53 738	-58 405	-55 736	-49 808	-38 007	-7 607	35 708	
<b>Derivatives – net</b>	1	14	12	-5	-3	2	1	0	22
<b>Guarantee and financial lines</b>	-12 744	0	0	0	0	0	0	0	-12 744
<b>Off-balance sheet gap</b>	-12 743	14	12	-5	-3	2	1	0	-12 722
<b>Total gap</b>	-65 995	-472	-4 655	2 664	5 925	11 803	30 401	43 315	22 986
<b>Total accumulated gap</b>	-65 995	-66 467	-71 122	-68 458	-62 533	-50 730	-20 329	22 986	

Comparable data as at 31 December 2023 (in PLN million):

31.12.2023	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	TOTAL
<b>Assets</b>	2 396	9 040	4 427	6 997	7 952	12 584	32 285	49 830	125 511
<b>Equity and liabilities</b>	-55 836	-6 760	-6 887	-4 564	-3 989	-1 557	-1 506	-9 551	-90 650
<b>Balance sheet gap</b>	-53 440	2 280	-2 460	2 433	3 963	11 027	30 779	40 279	34 861
<b>Accumulated balance sheet gap</b>	-53 440	-51 160	-53 620	-51 187	-47 224	-36 197	-5 418	34 861	
<b>Derivatives – net</b>	0	79	-6	0	-4	1	0	0	70
<b>Guarantee and financial lines</b>	-12 448	0	0	0	0	0	0	0	-12 448
<b>Off-balance sheet gap</b>	-12 448	79	-6	0	-4	1	0	0	-12 378
<b>Total gap</b>	-65 888	2 359	-2 466	2 433	3 959	11 028	30 779	40 279	22 483
<b>Total accumulated gap</b>	-65 888	-63 529	-65 995	-63 562	-59 603	-48 575	-17 796	22 483	

The Bank maintains a liquidity buffer at a high level by investing in government debt securities and enterprises with the highest ratings (characterised by quick liquidation), maintaining funds on the current account with NBP and other banks (nostro accounts). It also maintains cash at the Bank's cash desks and invests funds as part of interbank deposits (within the limits set). The adequacy of the liquidity buffer is controlled by comparing it with the established minimum liquidity buffer (necessary to survive a stress scenario for up to and including 7 days and for 30 days).

As at the end of June 2024, the total liquidity buffer was PLN 20 901 million as compared to a minimum level of PLN 10 961 million under the shock scenario. To calculate the liquidity buffer, the Bank uses appropriate reductions of particular components of that buffer to take into account market liquidity risk (product).

The main source of financing of the Bank's operations, including the portfolio of liquid assets, is the funds acquired as part of the deposit base (the level of which as at 30 June 2024 was approx. 79% of liabilities).

In addition, the Bank conducts liquidity stress tests taking into account an internal, external, and mixed crisis (including it prepares a plan of acquisition of funds in emergency situations, as well as it defines and verifies the rules for the sale of liquid assets, taking into account the cost of maintaining liquidity). The results of stress tests are used, in particular, to assess the extent to which the Bank is prepared to settle liabilities in a stress situation, to assess the adequacy of excess liquidity, as well as to verify the adjustment of the Bank's liquidity profile to the adopted liquidity risk tolerance.

The comparison of the demand for liquid funds for each scenario (with the values that can be obtained on the basis of the tests of contingency plans) allows to check whether the Bank is able to settle liabilities in longer horizons (beyond the horizon of survival) using emergency actions. Moreover, the results of stress tests serve to establish internal limits, adjust and improve internal regulations, everyday practice in managing liquidity risk through using the results of stress tests to assess the Bank's day-to-day liquidity situation, as well as to shape a liquidity emergency plan.

In the first half of 2024, the liquidity of the Capital Group was at a safe level, which was reflected by levels of liquidity ratios significantly above the limits. As at 30 June 2024, the LCR was 181%, whereas NSFR was 144% compared to the required level of 100% for both measurements.



## Market risk

The Bank has identified the following market risks to be managed:

- interest rate risk in the banking book,
- market risk in the trading book.



## Interest rate risk in the banking book

It is defined as the risk of negative impact of the level of market interest rates on the current result or net present value of the Bank's capital. Due to its policy of limiting risks in the trading book, the Bank has attached special importance to specific aspects of interest rate risk related to the banking book, such as:

- mismatch risk,
- basis risk,
- customer option risk.
- credit spread risk (CSRBB).

In addition, for interest rate risk, the Bank pays special attention to the modelling of prepayments of fixed-rate loans and products with undefined maturity and the amount of interest determined by the Bank (e.g., for current deposits), and the effect of non-interest items risk (e.g., equity, fixed assets).

The purpose of interest rate risk management is to limit potential losses due to changes in market interest rates (to an acceptable level) by adequate composition of balance sheet and off-balance sheet items.

Interest rate risk is measured and mitigated by monitoring the volatility of net interest income (NII) and changes in economic value of equity (EVE) of the Bank. Apart from NII and EVE the Bank measures interest rate risk using BPV, VaR, Expected Shortfall measures, overestimation gap, and stress tests.

The Bank conducts scenario analysis which covers, among other things, the effect of specific interest rate changes on the future net interest income and economic value of equity. Under these scenarios, it maintains internal limits whose use is measured daily.

As at the end June, 2024, and December, 2023 the interest rate risk measures for the Capital Group are presented below (in PLN thousand):

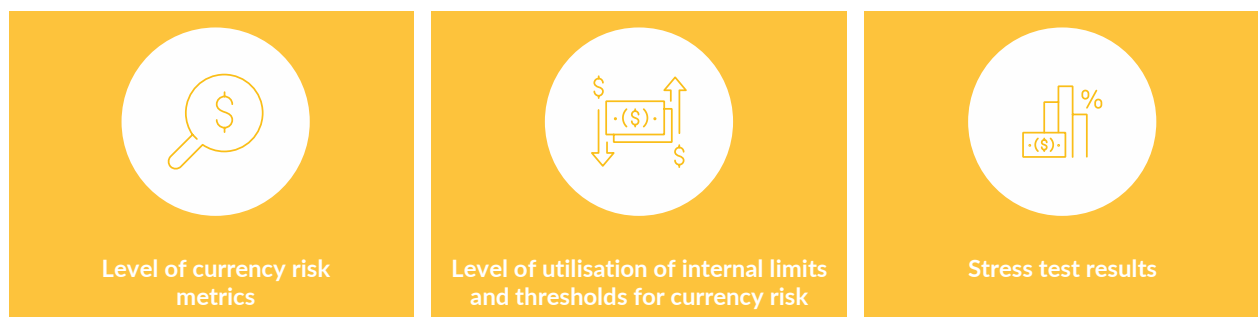
Scenario	30.06.2024	31.12.2023
The most unfavourable scenario for changes in the economic value of capital (EVE)	-332 009	-156 916
The most unfavourable scenario for changes in the economic value of capital (EVE) as % of Tier 1	-3.86%	-1.84%
Supervisory test result for net interest income (SOT NII, negative scenario)	-556 250	-475 948
Supervisory test result for net interest income (SOT NII, negative scenario) as % of Tier 1	-6.47%	-5.58%



## Market risk in the trading book

Currency risk is a particularly significant risk in the trading book. Defined as the risk of loss due to exchange rate changes. Additionally, the Bank distinguishes the impact of the exchange rate on its results in the long term, as a result of the conversion of future foreign exchange revenues and costs at potentially unfavourable exchange rates. The primary purpose of currency risk management is to identify the areas of activity of the Bank that can be exposed to that risk and take measures to limit as far as possible any losses occurring out of it. The Bank's Management Board defines the currency risk profile which must be characterised by compliance with the applicable financial plan of the Bank.

Alior Bank regularly monitors and reports on:



Currency risk limits are determined in such a way as to keep the risk at a limited level.

The Bank's main currency risk management tools include:

- internal procedures for currency risk management,
- internal models and metrics of currency risk,
- limits and warning thresholds for currency risk,
- restrictions on admissible currency transactions,
- stress tests.

Currency risk is measured and assessed by limiting currency positions taken by the Bank.

For measurement, the Bank uses Expected Shortfall, and stress tests.

The ES measure determines the average loss on foreign exchange positions held related to changes in exchange rates, maintaining the assumed confidence level and the retention period. The metric is established on a daily basis for each area responsible for risk taking and management, individually and collectively.

As at the end of June, 2024 and December, 2023, the maximum loss on the currency portfolio held by the Bank (managed in the trading book), determined on the basis of ES within a time horizon of 10 days (in PLN thousand) has been presented below:

	30.06.2024	31.12.2023
ES	684.7	186.2

In measuring the exposure of the Capital Group to the risk of changes in exchange rates, the Bank carries out stress tests. Presented below are the results of stress tests examining the impact of changes in exchange rates relative to PLN by +/- 30% (in PLN thousand)

	30.06.2024	31.12.2023
rates +30%	17 416	56 511
rates -30%	-3 158	10 854



## Model risk

The purpose of model risk management is to make it possible to achieve business goals with at least an acceptable level of uncertainty resulting from the application of models in the Bank's activities. The Bank strives for the widest possible use of models in its processes with the simultaneous development of modelling methods and applied technologies. The actions taken result in high automation of the decision-making process, adequate valuation of assets, objectification of estimates of key risk measures, and minimisation of the role of the human factor. The model

risk management process assesses compliance of the model risk level with the adopted risk appetite, and measures are taken in order to limit this level. The stages of the process are: identification, measurement, monitoring, control and reporting of the model risk. The model risk management process is carried out at the level of individual models as well as at the level of the model portfolio. The actions and techniques used are adjusted to the importance of the model in the bank's operations. Each model is subject to strict monitoring

and data quality tests, whereas models recognised as significant are additionally regularly validated by an independent unit. These actions ensure control and continuous measurement of model risk.



## Capital risk

Alior Bank manages its capital in such a way as to ensure safe and effective operations.

In order to ensure safe operation, the Bank determines (as part of the risk appetite) appropriate levels of coverage by own funds (as well as Tier1 capital) of potential unexpected loss due to material risks determined as part of the ICAAP process, as well as risks identified as part of the regulatory capital calculation process.

Under the ICAAP process, the Bank identifies and evaluates the materiality of all risks it is exposed to in doing its business.

For particular risks identified as material risks, the Bank estimates internal capital requirement using its in-house risk estimation models. Internal capital is estimated for the following risks:

- credit risk based on the VaR portfolio method,
- operational risk based on AMA approach,
- liquidity risk based on liquidity gap models taking into account a stress scenario,
- market risk based on the Expected Shortfall method,
- interest rate risk in the banking book based on EVE method,
- reputation risk based on VaR method,
- business risk based on the outcome of stress tests,
- model risk based on the outcome of stress tests,
- collateral concentration risk based on the results of stress tests.

The total internal capital so determined (and the calculated regulatory capital) is secured with the amount of own funds (as well as Tier1) taking into account appropriate security buffers.

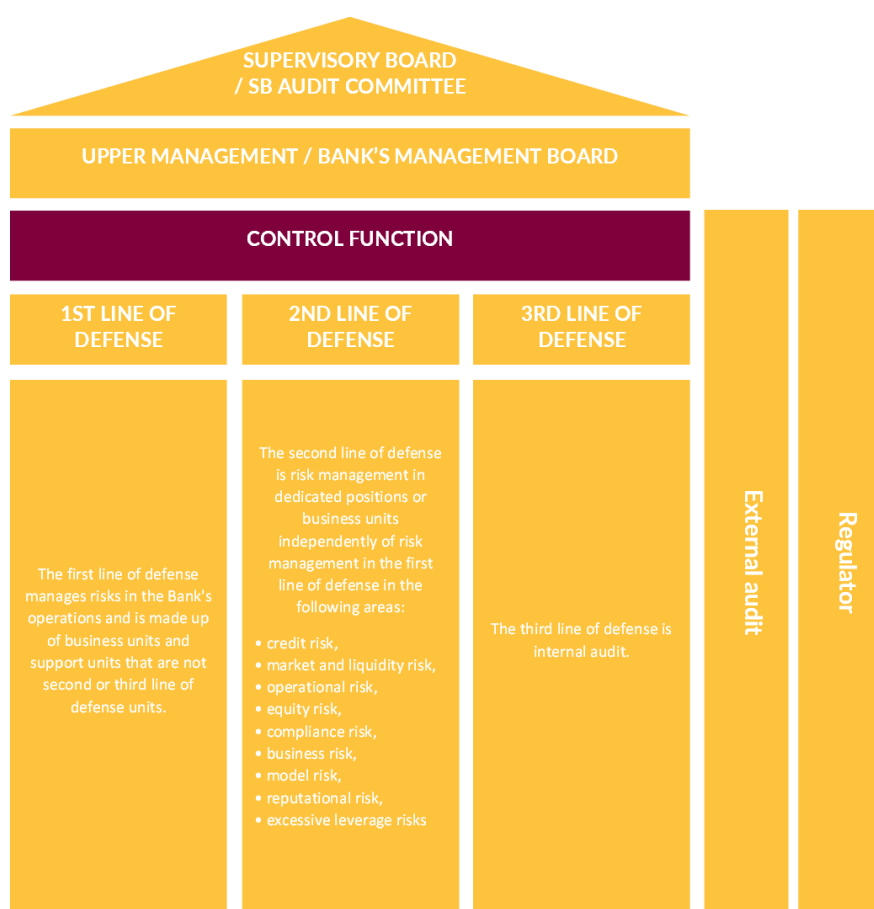
### Capital ratios of the Capital Group:

	30.06.2024	31.12.2023	30.06.2023
<b>Total capital ratio</b>	17.53%	17.83%	15.11%
<b>Tier 1</b>	17.12%	17.15%	14.16%
<b>Ratio of internal capital coverage by available capital</b>	2.73	2.66	1.80

## IX. Internal control system

The internal control system in place at Alior Bank is the entirety of solutions and measures to ensure that the internal control system objectives defined by law are met, and at the same time to support Bank management, contribute to effective performance of tasks, and ensure the security and stable operations of the Bank. The Bank's internal control system comprises: control function, compliance unit, and independent internal audit unit.

The internal control system operated at the Bank is built around the model of three lines of defence:



On all three lines of defense, the Bank's employees, to the extent of their assigned job duties, carry out relevant tasks related to ensuring the achievement of internal control system targets, including the application of control mechanisms or independent monitoring of compliance through on-going verification and testing. The scope of control activities performed by an employee shall be adequate to the function performed in the Bank by that employee, the experience and qualifications they possess, and the duties and responsibilities assigned to them.

The Bank's authorities attach special importance to ensuring the quality and correctness of operation of the internal control system.

The Bank's Management Board is responsible for designing, introducing and ensuring the operation of an adequate and effective internal control system, in particular, it approves the criteria for separation of material processes, the list of material processes, and their connection to the goals of the internal control system, and defines and oversees any corrective action taken to remove the most significant inadequacies.

The Supervisory Board's Audit Committee deals with, among other things, current monitoring and annual review of the quality and effectiveness of the internal control system.

The Supervisory Board in particular approves the rules of operation of the internal control system and evaluates the adequacy and effectiveness of that system.

In the first half of 2024, the Bank carried out activities to further increase the effectiveness of the internal control system, in particular through training activities aimed at improving employees' knowledge of the implementation of the control function. The Bank also continued to develop its own IT solution that automates some of the activities of the Bank's control function.



## Control system in the process of preparing the financial statement

It is implemented through:

- Group-wide application of standardised accounting policies for valuation, recognition and disclosures, in accordance with International Financial Reporting Standards,
- use of internal control mechanisms (allocation of responsibilities within the reporting department, at least two-stage authorisation of data, verification of correctness of data received),
- definition of responsibilities and formalising the financial statement preparation process,
- definition of the roles and control of compliance with the circulation of financial and accounting documents, and verification in the substantive, formal and accounting terms,
- keeping a record of business events in an integrated financial and accounting system, the configuration of which corresponds to the accounting policies applicable at the Bank and which contains instructions and controls to ensure the coherence and integrity of data,
- independent assessment of financial statements conducted by an independent external auditor.

The process of financial reporting is subject to ongoing verification. The integrated financial and accounting system plays an important role in the control process for accounting and financial reporting. It not only allows for checking the correctness of the recorded operations, but also allows for the identification of persons entering into and accepting individual transactions. Access to financial information is restricted by the privilege system. System access privileges are provided depending on the assigned role and scope of responsibility of the individual. They are subject to strict control.

The Bank's Accounting Principles contain provisions aimed at ensuring compliance of accounting and prepared financial statements with the applicable regulations, including in particular: overriding principles and quality



features of financial statements, correctness of valuation and classification of events, mechanisms for securing data sets. To ensure the compliance of our Accounting Principles with updated regulations, including, in particular, with International Financial Reporting Standards, they are regularly updated. The last update took place in March 2024.

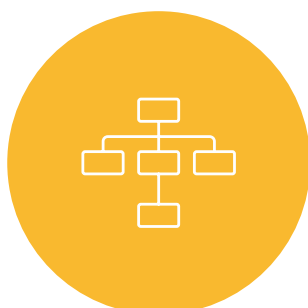
The risk of preparation of the financial statements is mitigated by the Accounting Department (e.g. through supervision over the quarterly process of monitoring the reconciliation of balances on accounts in the Bank's general ledger, by assigning these accounts to relevant substantive units). In addition, the process of entering into contracts and launching new products by individual organisational units of the Bank has been tightened up by introducing mandatory review by the Accounting Policy Team.

In addition, risk connected with the preparation of financial statements is limited by subjecting the financial statements to a semi-annual review and an annual audit by an independent auditor. The procedure for the selection of the independent auditor as applied by the Bank ensures its independence in delivery of the tasks entrusted to them (the selection is made by the Supervisory Board) and high standard of service. The outcomes of reviews and audits are presented by the auditor to the Supervisory Board's Audit Committee.

On 3 November 2022, the Supervisory Board of Alior Bank S.A. selected PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. as the auditor of the annual and semi-annual financial statements of the Bank and the Bank Group for the three fiscal years: 2024-2026, with an option to extend the agreement for two two-year consecutive periods: fiscal years 2027-2028 and fiscal years 2029-2030.



## X. Information for investors



### Structure of share capital

The Bank's share capital is PLN 1,305,539,910 and is divided into 130,553,991 ordinary shares with nominal value of PLN 10.00 each.

All shares of the Bank are bearer ordinary shares to which equal rights and obligations attach. The Articles of Alior Bank do not restrict the shareholders' rights for exercising voting rights and disposal of shares. One share gives the right to one vote at the Bank's General Meeting. The increase or reduction of the share capital,

as well as the redemption of shares and the determination of the detailed terms and conditions of such redemption require, pursuant to § 17.2 (5) and (7) of the Articles of Association of Alior Bank, a resolution of the Bank's General Meeting.

There was no change in the structure of the Bank's share capital in the reporting period.

Structure of the Bank's share capital according to a series of issued shares (as at 30 June 2024):

Share series	Number of shares	Value of the series as per nominal price (PLN)
A	50,000,000	500,000,000
B	1,250,000	12,500,000
C	12,332,965	123,329,650
D	863,827	8,638,270
E	524,404	5,244,040
F	318,701	3,187,010
G	6,358,296	63,582,960
H	2,355,498	23,554,980
I	56,550,249	565,502,490
J	51	510
<b>Total</b>	<b>130,553,991</b>	<b>1,305,539,910</b>



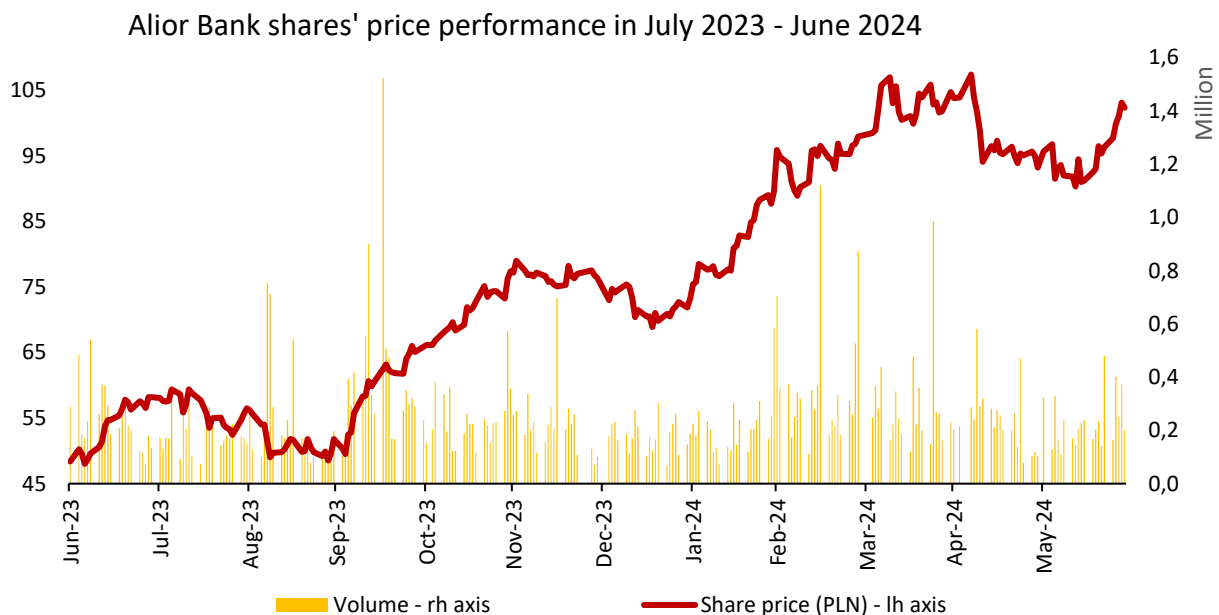
## Alior Bank Share Prices on the Warsaw Stock Exchange in the first half of 2024

Alior Bank was first listed on the Warsaw Stock Exchange on 14 December 2012. In March 2023, Alior Bank's shares were included in the WIG20 index when the composition of indices was revised. At present, the Bank's shares are included in the following WSE indices: WIG, WIG-BANKI, WIG20, WIG20TR, WIG.MS-FIN, WIG30, WIG30TR, WIG-Poland, WIG-ESG, CEEplus.

In the first half of 2024, more than 422 thousand transactions were concluded in the Bank's shares, an increase of 65% compared to almost 256 thousand transactions concluded in the first half of 2023. Trading volume (the number of shares that changed hands) was almost 32 million shares in the first half of 2024, down 7% from 34 million shares in the first half of 2024. In turn, the total value of trading in the Bank's shares in the first half of 2024 amounted to PLN 2.94 billion compared with PLN 1.4 billion in the first half of 2023 (a 111% y/y increase in trading).

The increase in trading was mainly due to an increase in the average share price. The average price of one Bank share at the close of the trading session in the first half of 2024 was PLN 90.43, 118% higher than in the first half of 2023 (PLN 41.47). In the first half of 2024, trading in Alior Bank shares accounted for 1.72% of trading in shares of companies listed on the Warsaw Stock Exchange (1.04% in the first half of 2023).

On 28 June 2024, the Bank's share price was PLN 102.35, an increase of 111.6% compared to the end of June 2023, with a C/WK ratio of 1.4x. The share price development and trading volume of the Bank's shares between July 2023 and June 2024 are shown in the chart below.





## Investor Relations

The Bank is actively working to meet the information needs of capital market participants. As a public and supervised company, it cares about universal and equal access to information. Communication with shareholders, investors, and other capital market participants is based on corporate governance principles and is carried out in accordance with the Bank's Information Policy and in compliance with the highest market standards and applicable laws.

Members of the Management Board and representatives of the Bank's executives participate in regular meetings with capital market participants, including investors and analysts, organized by the investor relations team and by Polish and foreign brokerage houses. During the meetings the current financial and operational situation of the Bank is discussed, the operating strategy is presented and plans for the direction of further development are made. In addition, these meetings address topics related to the current macroeconomic situation, general condition of the financial sector, and the Bank's competitive environment.

In the first half of 2024, meetings took place with about 70 foreign and domestic investors, which took place both by teleconference and on-site. Furthermore, there were almost 30 talks with analysts from brokerage houses. These talks addressed trends in the banking sector in individual quarters and the current financial standing of the Bank.

Moreover, on the day of publication of interim reports, result conferences are held for journalists, investors, and stock market analysts, during which members of the Bank's Management Board present financial results and discuss the most significant events that took place during the period. A transcript of the conference is made available on the Bank's website.

In the first half of 2024, meeting was also held between Bank representatives and analysts from rating agency S&P Global Ratings.

## Current Bank Ratings

Agency	Award date	Long-term rating	Short-term rating	Outlook
<b>FitchRatings</b>	14 November 2023	BB	B	positive
<b>S&amp;P Global Ratings</b>	17 May 2024	BB+	B	positive

### Ocena Fitch Ratings Ltd

On 14 November 2023, Fitch Ratings published a report in which it changed the Bank's outlook from stable to positive and affirmed the Bank's 'BB' long-term IDR rating. The decision to improve the outlook was influenced by such factors as Alior Bank's improved financial profile, which is characterized by increased capital buffers, and improved asset quality.

Full rating of the Bank awarded by Fitch Ratings is as follows:

- Long-Term IDR: BB with positive outlook,
- Short-Term IDR: B,
- National Long-Term Rating: BBB+(pol) with positive outlook,
- National Short-Term Rating: F1(pol),
- Viability Rating (VR): bb,
- Government support rating: ns.

Definitions of Fitch ratings are available on the agency's website at [www.fitchratings.com](http://www.fitchratings.com), which also publishes rating scales, criteria and credit rating methodologies.

### **Standard & Poor's Global Ratings Assessment**

On May 17, 2024, the Standard & Poor's Global Ratings rating agency informed the Bank about the confirmation of the Bank's long-term and short-term rating at the current level and about the improvement of the Bank's rating outlook from "Stable" to "Positive".

The Agency indicated that the change in the outlook is related to the improvement of the structure of the Bank's loan portfolio, tightening of lending standards and active reduction of the share of non-performing loans. In addition, the Agency emphasized the Bank's high ability to generate capital on its own, which will support the possibility of distributing profits to shareholders and facilitate further growth of lending.

Full rating assessment of the Bank awarded by Standard & Poor's Global Ratings is as follows:

- Long-Term Issuer Credit Rating of 'BB+' with a positive outlook,
- Short-Term Issuer Credit Rating of 'B',
- Resolution Counterparty Rating of BBB/A-2.

Definitions of S&P ratings are available on the agency's website at [www.standardandpoors.com](http://www.standardandpoors.com), which also publishes rating scales, criteria, and credit rating methodologies

## **Alior Bank Shareholders**

Due to the Bank's status as a public company within the meaning of the Public Offering Act (Ustawa o ofercie publicznej) and the fact that the Bank's shares are listed on a regulated market (primary market) operated by the Warsaw Stock Exchange, the Bank according to the best of knowledge, provides the following information on the shareholders who hold at least 5% of the share capital of the Bank and the overall number of votes at the General Meeting as at the date of 30 June 2024 and the date of submission of the periodic report.

From the date of submission of the previous periodic report to the date of the publication of this report, the Bank's Management Board did not received notifications pursuant to Art. 69 of the Act of 29 July 2005 on Public Offering and Conditions for Introducing Financial Instruments to Organized Trading and on Public Companies.

According to the published reports as at 30 June 2024 on the composition of OFE portfolios and the reports for 2023 on the composition of DFE portfolios managed by PTE Generali, Generali Otwarty Fundusz Emerytalny (including Generali Dobrowolny Fundusz Emerytalny) reduced the number of shares held and votes at the Bank's General Meeting from 7 154 708, representing 5.48% of the shares held and votes at the General

Meeting, to 7,018,816 at the end of June 2024, which currently represents 5.38% of the shares and votes at the General Meeting of the Bank.

**Ownership structure of the Bank's share capital as at 30 June 2024 and the date of submission of the periodic report:**

Shareholder	Number of shares	Nominal value of shares (PLN)	Percentage of share capital	Number of votes	Votes as proportion of overall votes
<b>Grupa PZU*</b>	41 658 850	416 588 500	31.91%	41 658 850	31.91%
<b>Nationale-Nederlanden OFE**</b>	12 270 004	122 700 040	9.40%	12 270 004	9.40%
<b>Allianz OFE**</b>	11 526 440	115 264 400	8.83%	11 526 440	8.83%
<b>Generali OFE**</b>	7 018 816	70 188 160	5.38%	7 018 816	5.38%
<b>Other shareholders</b>	58 079 881	580 798 810	44.49%	58 079 881	44.49%
<b>Total</b>	<b>130 553 991</b>	<b>1 305 539 910</b>	<b>100%</b>	<b>130 553 991</b>	<b>100%</b>

\*PZU Group is comprised of entities which have entered into a written agreement concerning the acquisition or disposal of Bank shares and the consistent exercise of voting rights at the General Meetings of the Bank, i.e.: Powszechny Zakład Ubezpieczeń SA, Powszechny Zakład Ubezpieczeń Na Życie SA, PZU Specjalistyczny Fundusz Inwestycyjny Otwarty UNIVERSUM, PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, and PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2. Conclusion of the above-mentioned agreement was announced by the Bank in Current Report No. 21/2017.

\*\* Based on reports published as of June 30, 2024 on the composition of OFE portfolios and reports for 2023 on the composition of DFE portfolios.

## Alior Bank shares held by the Bank's governing body

Mr. Tomasz Miklas – Member of the Bank's Management Board holds 147 shares of the Bank. At the end of the reporting period and as at the date of publication of the report, the Members of the Supervisory Board and other members of the Management Board of Alior Bank did not hold shares of the Bank. Since the date of publication of the last periodic report, there have been no transactions in the Bank's shares to which Members of the Management Board or the Supervisory Board of the Bank would be a party.

## Significant agreements and obligations

As at June 30, 2024, Alior Bank did not hold:



- obligations towards the central bank,
- significant agreements on loans, sureties and guarantees not related to operational activities, apart from the annex to the agreement on periodical provision of insurance guarantees constituting unfunded credit protection concluded with the Powszechny Zakład Ubezpieczeń SA
- financial support agreements referred to in Art. 141t section 1 of the Banking Law.

In the reporting period, the Bank had obligations resulting from the securities issued, including, in particular, subordinated bonds and Banking Securities, and other financial instruments.

The Bank did not enter into and did not terminate any loan and advance agreements outside of the normal scope of the Bank's business activity.

The entities comprising the Bank's Capital Group did not grant loans or guarantees together to a single entity or to a subsidiary of that entity, the value of which would exceed 10% of the Bank's equity outside of normal business activity.

The total value of off-balance-sheet liabilities granted to customers as at 30 June 2024 amounted to PLN 12,743,700,000. This amount consisted of PLN 11,741,429,000 off-balance-sheet contingent liabilities related to financing and PLN 1,002,271,000 off-balance-sheet guarantee liabilities.

As at 30 June 2024, Alior Bank granted 1035 active guarantees for a total amount of PLN 1,002,271,000. As at 31 December 2023, this number amounted to 1024 for a total amount of PLN 823,433,000. The Bank makes sure that the time structure of the guarantees is appropriate. Active guarantees with less than two years to maturity (813 items) amounted to PLN 644,830,000.

During the reporting period, no significant transactions were made as part of the Bank's Capital Group with affiliates otherwise than on arm's length principles.

The Bank holds no information about any contracts whereby changes to the proportion of shares or bond held by the existing shareholders and bond holders would be made.

Alior Bank did not issue any securities to provide special control rights towards the Bank. There are also no limitations regarding the exercise of voting rights from the Bank's shares and restrictions concerning the transfer of ownership rights to the Bank's securities.

No single court, arbitration court or public administration body proceedings in progress during the 2023, and none of the proceedings jointly, could pose a threat to the Group's financial liquidity. The proceedings which according to the opinion of the Management Board are significant are presented in the Interim condensed consolidated financial statements of the Alior Bank SA Capital Group for the 6-month period ended 30 June 2023 (Note No. 32 and 33).

## Governing bodies of Alior Bank

### General Meeting of the Bank

#### General Meetings of the Bank in the first half of 2024

The Annual General Meeting of the Bank was convened on 26 April 2024.

During the first part of the meeting, in addition to resolutions of a procedural nature, the Annual General Meeting passed resolutions on 26 April 2024 on matters relating to the closure of the 2023 financial year, concerning:

- approval of the report on the operations of the Supervisory Board of the Bank,
- consideration and approval of the financial statements of the Bank and the Bank Group,
- consideration and approval of the Management Report on the activities of the Bank Group, comprising the Management Report on the Bank's activities and the Bank Group Report on non-financial information,

- distribution of profit for the financial year 2023.

In addition, during the first part of the meeting, the General Meeting of the Bank adopted resolutions on:

- adoption of a position on the assessment of the functioning of the remuneration policy in force at the Bank,
- adoption of an updated “Policy for the Selection and Suitability Assessment of Members of the Supervisory Board of Alior Bank S.A.”,
- assessment of the collective suitability of the Bank’s Supervisory Board,
- expressing an opinion on the “Report on the remuneration of the members of the Management and Supervisory Boards of Alior Bank S.A. for 2023” submitted by the Bank’s Supervisory Board,
- assessment of the adequacy of internal regulations concerning the functioning of the Bank’s Supervisory Board and the effectiveness of its operation,
- amendments to the Bank’s Articles of Association,
- changes in the composition of the Supervisory Board of the Bank.

Subsequently, after a break, during the second part of the meeting, the General Meeting on 24 May 2024 adopted resolutions on:

- granting discharge to the members of the Bank’s Management Board for the performance of their duties in the financial year 2023,
- granting discharge to the members of the Bank’s Supervisory Board for the performance of their duties in the financial year 2023.

#### **Principles for amending the Bank’s Articles of Association and amendments to the Articles of Association made in the first half of 2024**

Pursuant to Article 415 § 1 of the Act of 15 September 2000 - Commercial Companies Code (consolidated text: Journal of Laws of 2024, item 18, 96), an amendment to the Bank’s Articles of Association requires the General Meeting of the Bank to adopt an appropriate resolution by a qualified majority of three-quarters of votes. The amendment of the Articles of Association also requires the authorisation of the Polish Financial Supervision Authority and the registration of the adopted amendment in the register of entrepreneurs of the National Court Register.

#### **Amendments to the Bank’s Articles of Association in the first half of 2024**

On 26 April 2024, the Ordinary General Meeting of the Bank adopted Resolution No. 14/2024 on amending the Articles of Association of the Bank, consisting in giving paragraph 7 (2) (5) of the Articles of Association the following new wording:

“5) conducting brokerage activity, including:

- a) accepting and transferring orders to purchase or sell financial instruments,
- b) completing orders referred to in item a) above for the account of the party placing that order,
- c) purchasing and selling financial instruments for its own account,
- d) investment advisory,
- e) offering financial instruments,
- f) safekeeping or recording of financial instruments, including maintaining securities accounts, derivatives accounts and omnibus accounts, and maintaining cash accounts.”



The amendment of the Bank's Articles of Association results from the amendment of Article 31 of the Banking Law of 29 August 1997 imposing an obligation on banks to specify in detail in their Articles of Association the subject of the bank's activity and its scope, including a detailed specification of brokerage activities referred to in Article 69 (2) or Article 69 (4) of the Act on Trading in Financial Instruments of 29 July 2005.

Alior Bank obtained the consent of the Polish Financial Supervision Authority to make the above amendment to the Articles of Association by way of a decision of 7 March 2024.

The amendment to the Articles of Association resulting from Resolution no. 14/2024 of the Annual General Meeting of the Bank entered into force with effect from the moment of entry in the National Court Register i.e. on July 29, 2024..

## Supervisory Board of the Bank

Composition of the Supervisory Board of the Board as at 30.06.2024		Composition of the Supervisory Board of the Board as at 31.12.2023	
<b>Jarosław Mastalerz</b>	Chair of the Supervisory Board	<b>Filip Majdowski</b>	Chair of the Supervisory Board
<b>Jan Zimowicz</b>	Deputy Chair of the Supervisory Board	<b>Ernest Bejda</b>	Deputy Chair of the Supervisory Board
<b>Artur Chołody</b>	Bank's Supervisory Board Member delegated to temporarily perform the duties of the Bank's Management Board Vice-President in charge of the work of the Bank's Management Board	<b>Małgorzata Erlich-Smurzyńska</b>	Supervisory Board Member
<b>Radosław Grabowski</b>	Supervisory Board Member	<b>Jacek Kij</b>	Supervisory Board Member
<b>Maciej Gutowski</b>	Supervisory Board Member	<b>Paweł Knop</b>	Supervisory Board Member
<b>Artur Kucharski</b>	Supervisory Board Member	<b>Marek Pietrzak</b>	Supervisory Board Member
		<b>Dominik Witek</b>	Supervisory Board Member

During the reporting period, i.e. from 1 January 2024 to 30 June 2024, the following changes had taken place in the Bank's Supervisory Board.

- On 7 March 2024, Mr Filip Majdowski resigned from his position as a member of the Bank's Supervisory Board and all related functions, i.e. Chairman of the Bank's Supervisory Board and the committees of the Bank's Supervisory Board, with effect from 8 March 2024 inclusive.
- On 18 March 2024, the Bank's Supervisory Board adopted resolutions on the election of the Chairman and Deputy Chairman of the Bank's Supervisory Board, electing Mr Ernest Bejda as Chairman of the Bank's Supervisory Board and Mr Paweł Knop as Deputy Chairman of the Bank's Supervisory Board.

- On 26 April 2024, of the Bank the following members were dismissed from the Bank's Supervisory Board by the Annual General Meeting:
  - Mr Ernest Bejda,
  - Mr Paweł Knop,
  - Mrs Małgorzata Erlich-Smurzyńska,
  - Mr Jacek Kij,
  - Mr Marek Pietrzak,
  - Mr Dominik Witek.
- On 26 April 2024, the Bank's Annual General Meeting, taking into account the assessment of the fulfilment of the suitability requirements, appointed the following members of the Bank's Supervisory Board for a joint term of office covering 4 (four) full financial years 2025-2028, indicating that the first full financial year of the term of office is 2025:
  - Mr Artur Chołody with effect from 27 April 2024 (subject to his effective resignation from the functions listed in his declaration made on 25 April 2024),
  - Mr Radosław Grabowski,
  - Mr Maciej Gutowski,
  - Mr Artur Kucharski,
  - Mr Jarosław Mastalerz,
  - Mr Jan Zimowicz.
- On 7 May 2024, the Bank's Supervisory Board passed resolutions on the election of the Chairman and Deputy Chairman of the Bank's Supervisory Board, electing Mr Jarosław Mastalerz as Chairman of the Bank's Supervisory Board and Mr Jan Zimowicz as Deputy Chairman of the Bank's Supervisory Board.
- On 15 May 2024, the Bank's Supervisory Board passed a resolution to delegate a member of the Bank's Supervisory Board, Mr Artur Chołody, to temporarily perform the duties of Vice-Chairman of the Bank's Management Board directing the work of the Bank's Management Board.

In addition, on 17 July 2024, the Extraordinary General Meeting of the Bank adopted resolutions to appoint Rafał Janczura and Robert Pusz as members of the Supervisory Board of the Bank. Accordingly, the composition of the Supervisory Board of the Bank as at the date of the Report is as follows:

First name and last name	Function
<b>Jarosław Mastalerz</b>	Chair of the Supervisory Board
<b>Jan Zimowicz</b>	Deputy Chair of the Supervisory Board
<b>Artur Chołody</b>	Bank's Supervisory Board Member delegated to temporarily perform the duties of the Bank's Management Board Vice-President in charge of the work of the Bank's Management Board
<b>Radosław Grabowski</b>	Supervisory Board Member
<b>Maciej Gutowski</b>	Supervisory Board Member
<b>Rafał Janczura</b>	Supervisory Board Member

<b>Artur Kucharski</b>	Supervisory Board Member
<b>Robert Pusz</b>	Supervisory Board Member

Members of the Supervisory Board are not engaged in any competitive activity towards the Bank and do not participate in competitive partnerships as their members, or as members of the authorities of companies, or other, competitive legal persons.

Information on how Members of the Supervisory Board of the Bank comply with the requirements provided for in Article 22aa of the Banking Law is available on the Bank's website: <https://www.aliorbank.pl/dodatkowe-informacje/o-banku/rada-nadzorcza.html>.

## Committees of the Supervisory Board

### Audit Committee of the Supervisory Board

Composition of the Committee as at 30.06.2024		Composition of the Committee as at 31.12.2023	
<b>Artur Kucharski</b>	Committee Chair	<b>Paweł Knop</b>	Committee Chair
<b>Radosław Grabowski</b>	Committee Member	<b>Ernest Bejda</b>	Committee Member
<b>Jan Zimowicz</b>	Committee Member	<b>Marek Pietrzak</b>	Committee Member
		<b>Filip Majdowski</b>	Committee Member
		<b>Jacek Kij</b>	Committee Member

The following changes in the composition of the Audit Committee of the Supervisory Board of Alior Bank S.A. took place during the reporting period:

- In connection with the changes in the composition of the Bank's Supervisory Board due to the resignation of Mr Filip Majdowski and taking into account the recommendation of the Nomination and Remuneration Committee, the Supervisory Board, by resolution dated 18 March 2024, determined that the Audit Committee will be composed of the following persons: Mr Paweł Knop – Committee Chairman, Mr Ernest Bejda – Committee Member, Mr Marek Pietrzak – Committee Member, and Mr Jacek Kija – Committee Member.
- In connection with the changes in the composition of the Bank's Supervisory Board adopted at the Annual General Meeting of the Bank on 26 April 2024, the Bank's Supervisory Board, taking into account the recommendation of the Nomination and Remuneration Committee, determined on 7 May 2024 that the Audit Committee would consist of the following persons: Mr Artur Kucharski – Committee Chairman, Mr Jarosław Mastalerz – Committee Member, Mr Radosław Grabowski – Committee Member.

- Subsequently, the Bank's Supervisory Board, taking into account the recommendation of the Nomination and Remuneration Committee, determined on 4 June 2024 that the Audit Committee would consist of the following persons: Mr Artur Kucharski - Committee Chairman, Mr Radosław Grabowski - Committee Member, Mr Jan Zimowicz - Committee Member.

The individuals meeting the independence criteria in accordance with the submitted statements are: Mr Artur Kucharski and Mr Radosław Grabowski.

The individuals with knowledge and skills in the area of accounting or auditing the financial statements are: Mr Artur Kucharski, Mr Radosław Grabowski and Mr Jan Zimowicz.

Persons with knowledge and skills in accounting or auditing are: Mr Artur Kucharski, Mr Radosław Grabowski and Mr Jan Zimowicz.

### Activities of the Audit Committee

Pursuant to the Rules of Procedure of the Audit Committee, adopted by a resolution of the Bank's Supervisory Board, the Committee's activities are advisory and consultative with the Supervisory Board.

During the reporting period, 6 meetings of the Audit Committee were held (including 1 combined meeting with the Risk Committee and 1 combined meeting with the Supervisory Board), during which the following issues were discussed: the financial reporting process, the internal control system, risk management systems, internal audit and the performance of auditing activities. The Audit Committee was kept informed on material topics concerning accounting and financial reporting, controlled and monitored the independence of the statutory auditor and the entity authorised to audit financial statements. In terms of monitoring the effectiveness of the internal control and risk management systems and internal audit, the Committee received reports from the Audit Department, including, inter alia, information on the results of audits carried out, progress on the implementation of recommendations, reports on the implementation of the audit plan, a report on the assessment of the adequacy and effectiveness of the internal control system and the risk management system. On the basis of reports from the Compliance Department, it monitored the compliance risk management system and the control function.

### Nomination and Remuneration Committee of the Supervisory Board:

Composition of the Committee as at 30.06.2024		Composition of the Committee as at 31.12.2023	
Jarosław Mastalerz	Committee Chair	Małgorzata Erlich – Smurzyńska	Committee Chair
Jan Zimowicz	Committee Member	Marek Pietrzak	Committee Member
Maciej Gutowski	Committee Member	Dominik Witek	Committee Member
		Filip Majdowski	Committee Member
		Jacek Kij	Committee Member

The following changes in the composition of the Nomination and Remuneration Committee of the Supervisory Board of Alior Bank S.A. took place during the reporting period:

- Due to changes in the composition of the Supervisory Board of the Bank related to the resignation of Mr. Filip Majdowski on March 7, 2024, the Supervisory Board of the Bank decided on March 18, 2024 that the Nomination and Remuneration Committee will consist of the following persons: Mrs Małgorzata Erlich-Smurzyńska – Committee Chairwoman, Mr Marek Pietrzak – Committee Member, Mr Dominik Witek – Committee Member, Mr Jacek Kij – Committee Member.
- On 26 April 2024, the Annual General Meeting of Alior Bank S.A. adopted resolutions on changes in the composition of the Supervisory Board. Dismissed from the Supervisory Board and thus from the Nomination and Remuneration Committee were: Mrs Małgorzata Erlich-Smurzyńska, Mr Jacek Kij, Mr Marek Pietrzak, Mr Dominik Witek.

Following the decisions of the Annual General Meeting of 26 April 2024 regarding appointments to the Supervisory Board, the Bank's Supervisory Board determined on 7 May 2024 that the composition of the Nomination and Remuneration Committee will be as follows: Mr Jarosław Mastalerz – Committee Chairman, Mr Maciej Gutowski – Committee Member, Mr Jan Zimowicz – Committee Member.

### **Activities of the Nomination and Remuneration Committee**

In the first half of 2024, 7 meetings of the Nomination and Remuneration Committee took place, during which the Committee, among other things, gave its opinion on the update of the Bank's internal regulations: "Policy for the Selection and Suitability Assessment of Members of the Supervisory Board of Alior Bank S.A.", "Remuneration Policy of Alior Bank S.A." and the "Instruction on the Process for Identifying Persons with Significant Influence on the Bank's Risk Profile"; conducted secondary suitability assessments of individual members of the Bank's Management Board and collective suitability assessments of the Bank's Management Board, secondary (annual) suitability assessments of individual members of the Supervisory Board and collective suitability assessments of the Supervisory Board, individual suitability assessments of candidates for the Audit Committee of the Supervisory Board and collective suitability assessments of the Audit Committee of the Bank's Supervisory Board; recommended the composition of the various advisory committees of the Supervisory Board; adopted the Report on the Activities of the Nomination and Remuneration Committee of the Supervisory Board in 2023, expressed opinions on the Report on the evaluation of the functioning of the remuneration policy at Alior Bank S.A. in 2023 and the Report on the remuneration of the members of the Management Board and of the Supervisory Board of Alior Bank S.A. for 2023; summarised the implementation of the Development Plan 2023 for the members of the Management Board and of the Supervisory Board and developed a recommendation of the Development Plan for 2024; gave an opinion on the results of the MRT identification carried out by Alior Bank. The Nomination and Remuneration Committee recommended to the Supervisory Board the Management Objectives for the members of the Management Board for 2024 and approved the Management Objectives for the persons identified as MRTs for 2024; analysed the settlement of the MBO objectives and the variable remuneration of the MRTs for 2021-2023; recommended the initiation and conduct of the qualification procedure for the positions of the members of the Management Board of Alior Bank and started work in the said process of obtaining candidates for the Bank for these positions.

### Risk Committee of the Supervisory Board:

Composition of the Committee as at 30.06.2024		Composition of the Committee as at 31.12.2023	
Jan Zimowicz	Committee Chair	Ernest Bejda	Committee Chair
Jarosław Mastalerz	Committee Member	Jacek Kij	Committee Member
Artur Kucharski	Committee Member	Dominik Witek	Committee Member
		Małgorzata Erlich – Smurzyńska	Committee Member
		Paweł Knop	Committee Member

The following changes in the composition of the Risk Committee of the Supervisory Board of Alior Bank S.A. took place during the reporting period:

- In connection with the changes in the composition of the Bank's Supervisory Board, the Bank's Supervisory Board decided that the Risk Committee of the Bank's Supervisory Board from 7 May 2024 will be composed of the following persons, Mr Jan Zimowicz – Committee Chairman, Mr Jarosław Mastalerz – Committee Member, Mr Artur Chołody – Committee Member.
- In connection with the delegation of Mr Artur Chołody – Supervisory Board Member and Risk Committee of the Bank's Supervisory Board Member – to temporarily perform the duties of the Vice-President of the Bank's Management Board in charge of the work of the Bank's Management Board, the Bank's Supervisory Board decided that the Risk Committee of the Bank's Supervisory Board from 24 May 2024 will consist of the following persons: Mr Jan Zimowicz – Committee Chairman, Mr Jarosław Mastalerz – Committee Member, Mr Artur Kucharski – Committee Member.

### Activities of the Risk Committee of the Supervisory Board

During the reporting period, the Risk Committee of the Supervisory Board held 4 meetings and additionally 1 meeting combined with the Audit Committee of the Supervisory Board.

As part of the 2023 year-end performance review, the Committee issued opinions on the risk management system material for the Bank's Supervisory Board to assess the adequacy and effectiveness of the internal control system and the risk management system.

As part of its ongoing supervision of the Bank's risk management and capital adequacy area, the Committee received reports and analyses presenting the situation of the Bank and significant subsidiaries. The Committee recommended key draft regulations in the risk area to the Bank's Supervisory Board. The Committee also reviewed the Annual Assessment of the Bank's investment policy.

The Committee monitored issues related to the implementation of the audit plan and to the recommendations made by the Audit Department.

During its meetings, the Risk Committee of the Supervisory Board discussed key issues related to the risk management process, which in particular included: accounting for risk appetite and achievement of key risk

indicators, analysis of the Bank's capital position, analysis of the quality of the credit portfolio and the largest credit exposures. The Committee also analysed key risks identified by the Bank.

The Committee received, on an ongoing basis, results from the areas of market risk, liquidity risk, operational risk, model technology risk and credit risk, including the results of the analysis of the adequacy of the level of write-downs and provisions for on- and off-balance sheet exposures that were impaired. Furthermore, the Committee was also focused on issues related to credit concentration risk, treasury portfolio risk, reputation risk, compliance risk, and risk related to the portfolio of counterparty credit limits. The results of the Bank's stress tests were also discussed, as well as the results of scenario analyses of the impact on the Bank's financial results and capital ratios.

The Committee also reviewed the risk assessment of the mortgage-backed portfolio covered by Recommendation S, retail exposures covered by Recommendation T.

On the basis of received periodical reports, the Committee regularly monitored the effectiveness of the risk management system of the Bank.

#### Strategy and Development Committee of the Bank's Supervisory Board:

Composition of the Committee as at 30.06.2024		Composition of the Committee as at 31.12.2023	
<b>Jan Zimowicz</b>	Committee Chair	<b>Filip Majdowski</b>	Committee Chair
<b>Jarosław Mastalerz</b>	Committee Member	<b>Małgorzata Erlich-Smurzyńska</b>	Committee Member
		<b>Dominik Witek</b>	Committee Member
		<b>Paweł Knop</b>	Committee Member

The following changes in the composition of the Bank Strategy and Development Committee of the Supervisory Board took place during the reporting period:



- In connection with the changes in the composition of the Supervisory Board, Mr Filip Majdowski ceased to perform the functions of the Supervisory Board Chairman and Member of the Strategy and Development Committee of the Bank Supervisory Board as of 8 March 2024. Mr Dominik Witek took over as Chairman as of 18 March 2024.
- On 26 April 2024, the Annual General Meeting of Alior Bank S.A. adopted resolutions on changes in the composition of the Supervisory Board. Dismissed from the Supervisory Board and thus from the Committee were: Ms Małgorzata Erlich-Smurzyńska, Mr Wojciech Knop, Mr Dominik Witek.
- As of 7 May 2024, Mr Jan Zimowicz was appointed Chairman of the Committee. Mr Jarosław Mastalerz - Committee Member was also appointed to the Committee.

## Activities of the Strategy and Development Committee of the Bank's Supervisory Board

The Bank Strategy and Development Committee of the Supervisory Board held one meeting in the first half of 2024. The Committee's meeting included a cyclical review of the progress of the Bank's strategy for 2023-2024 and a management summary of the work carried out in the strategy pillars – status after the fourth quarter of 2023. The subject of the Committee's meeting was also the topic of the Operationalisation of the Bank's Strategy in the ESG area including KPIs supporting the ESG area. In addition, the Committee meeting discussed the status of the implementation of the technology project for mortgage process work.

## Management Board of the Bank


Composition of the Management Board of the Bank as at 30 June 2024\*

	<p><b>Bank's Supervisory Board Member delegated to temporarily perform the duties of the Bank's Management Board Vice-President in charge of the work of the Bank's Management Board</b></p>	<p>Responsible for managing the organisational units of the Bank's Head Office responsible for: Legal area, personal data protection, HR and CSR, communication, service of the Bank's bodies, strategy, marketing and customer relations, logistics and purchasing, cybersecurity and safety, products and sales in the area of retail customer (individual customer, including partner outlets), business customer and micro-enterprises, as well as coordinating the work of the organisational unit of the Bank's Head Office responsible for internal<sup>11</sup> audit, with the exclusion of the right to make individual decisions regarding the scope of competence relevant to this area.</p> <p>Artur Chołody is also responsible for the day-to-day functioning of the procedures for reporting violations of the law, the Bank's procedures and rules of business ethics, as well as accepting reports in this regard in accordance with the provisions of the Bank's internal regulations, and is designated as the person responsible for implementing the obligations set out in the Anti-Money Laundering and Terrorist Financing Act of 1 March 2018.</p>
	<p><b>Bank's Management Board Vice-President</b></p>	<p>Manages the organisational units of the Bank's Head Office responsible for finance, accounting and financial reporting, controlling, and performs supervision over the Bank's subsidiaries, operations in other countries, the IT area, treasury activities, as well as coordinates the work of the organisational unit of the Bank's Head Office responsible for brokerage activities, with<sup>12</sup> the exclusion of the right to make individual decisions on the scope of competence specific to this area.</p>

<sup>11</sup> Until the appointment of the President of the Bank's Management Board, decisions on the area of responsibility specific to the internal audit area are taken collectively by the Bank's Management Board.

<sup>12</sup> Until the appointment of a Vice-President of the Bank's Management Board or a member of the Bank's Management Board responsible for the brokerage business area, decisions concerning the scope of competence specific to the brokerage business area are taken collectively by the Bank's Management Board



	<b>Bank's Management Board Vice- President</b>	Manages the organisational units of the Bank's Head Office responsible for the management of risks relevant to the Bank's activities, the management of ESG risks, the operational area, including business continuity management, and coordinates the work of the organisational unit of the Bank's Head Office responsible for the management of compliance risk, <sup>13</sup> with the exclusion of the right to make individual decisions on the scope of competence relevant to this area.
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\* an up-to-date internal division of powers in the Management Board of Alior Bank S.A. was established by Resolution no. 164/2024 of the Bank's Management Board of 23 May 2024, approved by Resolution no. 113/2024 of the Bank's Supervisory Board of 24 May 2024.

#### Bank's Management Board of the Bank as of 31 December 2023

<b>Grzegorz Olszewski Management Board President</b>	Areas of responsibility: internal audit, compliance risk management, HR, communication and CSR, handling of the Bank's bodies and strategy. He is also responsible for the day-to-day functioning of procedures for reporting breaches of law, procedures and principles of business ethics in effect at the Bank, and accepts reports in this regard in accordance with the provisions of internal regulations of the Bank.
<b>Paweł Broniewski Management Board Vice- President</b>	Areas of responsibility: operational area, including business continuity management, cybersecurity and safety
<b>Radomir Gibała Management Board Vice- President</b>	Areas of responsibility: finance, accounting and financial reporting, controlling, supervision of the Bank's subsidiaries and the Bank's activities in other countries
<b>Szymon Kamiński Management Board Vice- President</b>	Areas of responsibility: business customer and micro-enterprise products and sales
<b>Rafał Litwińczuk Management Board Vice- President</b>	Areas of responsibility: products and sales in the field of retail customer (individual customer) and brokerage and treasury activities
<b>Tomasz Miklas Management Board Vice- President</b>	Areas of responsibility: management of risks that are material to the Bank's business and management of ESG risks
<b>Jacek Polańczyk Management Board Vice- President</b>	Areas of responsibility: marketing, logistics and procurement
<b>Paweł Tymczyszyn Management Board Vice- President</b>	Areas of responsibility: legal area, IT and data protection

<sup>13</sup> Until the appointment of the President of the Bank's Management Board, decisions on the scope of competence specific to the area of compliance risk management are taken collectively by the Bank's Management Board.

During the reporting period, i.e. from 1 January 2024 to 30 June 2024, the following changes had taken place in the Bank's Management Board:

- On 15 May 2024, the Bank's Supervisory Board passed a resolution to dismiss from the Bank's Management Board:
  - Mr Grzegorz Olszewski,
  - Mr Paweł Broniewski,
  - Mr Szymon Kamiński,
  - Mr Rafał Litwińczuk,
  - Mr Jacek Polańczyk,
  - Mr Paweł Tymczyszyn.

The Bank's Supervisory Board also passed a resolution on the initiation and conduct of open recruitment proceedings for the position of President and Members of the Bank's Management Board.

In addition, the Bank's Supervisory Board passed a resolution to delegate a member of the Bank's Supervisory Board, Mr Artur Chołody, to temporarily perform the duties of the Bank's Management Board Vice-President in charge of the work of the Bank's Management Board.

Members of the Management Board of the Bank are not engaged in any competitive activity towards the Bank and do not participate in competitive partnerships as partners or members of governing bodies of limited companies or other competitive legal persons.

Information on how Members of the Management Board of the Bank comply with the requirements provided for in Article 22aa of the Banking Law is available on the Bank's website: <https://www.aliorbank.pl/dodatkowe-informacje/o-banku/zarząd.html>.

# XI. Principles of social liability

The Bank's Strategy, adopted in early 2023, also includes ESG topics. It lists the areas of social responsibility, environmental and climate challenges, and the application of the highest management standards. Among the planned activities are: concern for the health of employees and customers and assistance for Ukrainian citizens, support for the climate transformation of our customers and reduction of the Bank's negative impact on the environment as well as raising the ESG rating score and expanding ESG competence in key areas of the Bank.

## Implementation of ESG issues in the Bank's strategy

### Actions realised in the first half of 2024

- We significantly improved our rating in Sustainalytics' ESG rating,
- We presented indicators of compliance with the EU Taxonomy for the first time ever, including the GAR indicator,
- All of our reported practices were adopted into the Responsible Business Forum Report,
- We introduced ESG requirements into the Code for suppliers based on OECD and UN guidelines,
- We have conducted ESG training for ZB and RNs as well as managers and analysts in cooperation with EY (approximately 300 people),
- Our employees implemented charitable activities for Earth Day, including local forest litter clean-ups.

### Activities launched in the first half of 2024

- We started the process of preparing our first ever sustainability report – a dual materiality analysis and gap analysis of the organisation,
- We started the development of the Sustainable Finance Framework,
- We started the creation of the Bank's portfolio decarbonisation strategy and the process of measuring the carbon footprint of the Bank's loan portfolio.

## Customer relations

The quality of our customer service is taken care of by the Customer Relations Department. This department continuously cooperates with the key units of our bank, which are responsible for direct on-site and remote services. Strong cooperation between teams and departments is fundamental. However, there is no success without listening to the valuable voice of the customer, i.e. NPS surveys, ranking reports, customer feedback, Mystery Shopper surveys, customer queries and complaints.

### Customer Experience

One of Alior Bank's four values is "Customer orientation". For us, it is first and foremost an orientation towards the quality of service in remote and fixed channels. The voice of customers shows us the pain-points that are analysed by Customer Experience. These are the basis for recommendations and implemented changes. This lets our customers know that the quality of service is very important to us.

### **Customer experience – looking from the customer’s perspective**

We regularly conduct internal mystery shopper studies. We test the quality of service on our helpline. We look at the service provided to customers who use our products and services, as well as those who ask about our offering (new to bank and new to product). In addition, we care about the quality of written communication with the customer.

We carry out Mystery Shopper surveys with external research agencies. We check the level of service quality at our own and partner branches. This gives us information on what is our strength and what still needs to be improved. Recommendations that we can pass on to the sales network are very valuable to us.

In Q1 2024, we conducted wave I of the Mystery Shopper survey in the area of KI service quality standards and the Mystery Shopper survey in the area of KB (micro) service quality standards. IV waves of the Mystery Shopper survey are planned for this year (one wave in each quarter).

In Q2 2024, we conducted wave II of the Mystery Shopper survey in the area of KI and KB (micro) service quality standards. We also carried out wave I of the Mystery Shopper survey in the area of investments (survey carried out exclusively in branches of our own network).

We also conducted a Mystery Shopper survey in the voicebot area with an external research agency. We presented the results of the survey and our recommendations to the relevant business units. Based on these recommendations, improvements have been implemented to make it easier for customers to contact Alior Bank’s call centre.

### **Customer Experience – market analysis**

Market benchmarks are an invariable part of our work. In the first half of 2024, we checked the position of Alior Bank’s mobile application against the competition. We evaluated it in terms of selected functions (e.g. the ability to analyse one’s own spending, search for the nearest branches). We examined the text chat that is available on Alior Bank’s electronic banking and website. We checked the scope of content, the content of answers, the standards of service, and whether it is a convenient channel of communication with the bank.

### **Customer Experience – internal improvements**

We continuously monitor the quality of self-service processes in remote channels and the effectiveness of such contacts. As soon as we see the need, we make a proposal for a new scope of disposition.

In addition, we verified and modified the service paths in voicebot that a customer has to go through in order to contact the bank’s call centre at 19 502. We focused on the service paths for a potential customer, i.e. one who is interested in a new product offer (e.g. a savings and checking account, credit card, savings products, loans).

We prepare process maps that are sensitive for new Alior Bank customers, e.g. the process of opening a savings and checking account in the Alior Mobile application (VideoSelfie).

We make sure that the information in the “Contact” tab on the Bank’s website is up-to-date. This provides customers with reliable information on the working hours of the helpline and the range of services offered.

### **Customer Experience – support of other Bank units**

On the basis of information from operational processes, we prepare factual materials that improve the work of consultants. We emphasise that the basis of good business relations is the right attitude of the account manager – both in the service process and during after-sales support.

We also listen to the voice of sales network employees and respond to their needs (surveys, feedback). We carry out motivational activities, prepare materials to support employees, organise quality workshops and support employee education. In addition to this, we participate in the implementation of initiatives to improve the quality of service (e.g. the customer needs survey tool – ANKa (Survey of Our Customers)).

We also supported a bank unit in taking over sales processes for a micro business customer. We ensured that a high standard of service quality was maintained and analysed bankers' calls. In addition, we supported the staff with the implementation of a technical solution that made it possible to send automatic emails with a summary of the telephone call. We identified the need to contact customers who contacted our bank outside of the bank units working hours.

### **Customer Experience – informed customer**

We have ensured that our customers are educated and comfortable with regard to the widely understood banking on holiday abroad. We have prepared a bookmark on Alior Bank's website "Finances during holidays". It contains information on how to use banking products that are designed for customers going abroad. We showed what to pay attention to in order to avoid additional costs and what services will be useful during foreign trips. We also prepared an extensive education and information campaign, and the information was also available on our social media.

### **Customer Zone**

We are developing the tab "Customer Zone" on Alior Bank's website. It is a place where customers can find out what has changed over the last year and what new products we have prepared to meet their needs even better. We also present market opinions about us and show the results of rankings. We also introduce you to our key projects, such as "Simplifying Communication".

We regularly gather feedback from our customers on our products, processes and services. This allows us to tailor them to the expectations of Alior Bank's customers. "Customer Zone" is a regular part of our process of collecting feedback on processes, products and services. We are pleased that more and more customers are using this form of communication. We are proud of every positive opinion left.

### **Recommendation process**

We continue our activities as part of the Recommendation Group. We create recommendations and carry out corrective actions that will reduce the number of complaints, contacts and image reports on processes, products or services.

We constantly analyse the reported topics and then (with the support of the sales and business units that are responsible for the quality of service, processes and products) work together to develop recommendations for changes, modifications and improvements.

As part of the recommendation process, we have made it easier for bankers at branches to confirm the identity of customers who have remotely opened savings and checking accounts (e.g. via courier or VideoSelfie). As a result, customers can make full use of all the additional services that Alior Bank makes available in Alior Online banking, e.g. Trusted Profile, Alior ID.

## Simplifying communication

In the first half of 2024, we continued our work on building simple, friendly and effective communication at Alior Bank, which is the basis for the trust and loyalty of many customers. We received distinctions for our efforts, namely three certificates from the Polish Language Foundation. These were the Language Quality Mark certificates for the offer emails about Alior Pay and Highly Personal Account (KJO). The messages were appreciated for:

- organisation and design of the content,
- principles of linguistic correctness,
- principles of plain language,
- effectiveness, relationality, and friendliness of communication.

In addition to this, we received the Language Quality Mark distinction – “people path”. So far, important entities from the financial market, such as the PZU Group and mBank, among others, have received such a distinction. The Polish Language Foundation appreciated Alior Bank’s system of plain language ambassadors. There are 33 ambassadors and 7 plain language ambassadors from the KB and KI areas. The ambassadors are part of teams that respond directly to customers (CC, HD, ZOR and others) and prepare, among other things, legal documents, UX content, marketing content, from the area of treasury documents. Each ambassador received classroom training on the principles of simple and friendly communication, and passed a final test and received an individual certificate. We conducted the last training in Q1 2024.

In the first half of 2024, we held regular meetings with groups of our ambassadors, during which, among other things, we edited more difficult content, shared our knowledge, and planned solutions to improve content for Alior Bank customers.

In the first half of the year, we simplified and gave feedback on the content that is addressed to our recipients on a daily basis (letters, emails, text messages, instructions, bot messages). During departmental feedback, we checked approximately 720 pieces of content (Q1) and 900 (Q2). In addition, we monitor the level of content simplification in, among other things, responses to complaints, chats, emails. Together with business representatives and experts from the Mobile Commerce Team, we refreshed the Alior Bank website tab that shows Alior Mobile.

In the first half of the year, we also ensured that our staff were trained and developed in how to create simple and user-friendly communication. We organised a second training session with an external linguist for ZOR staff who prepare content for regulators. During the training, we not only edited the content together, but also created common rules for these letters. We have also organised new training sessions with our in-house trainers, and connected e-trainings from the “Simple Writing Handbook” to employees who need to supplement their basic knowledge in this area.

In addition, we participate in meetings of working groups for plain language at the Polish Bank Association. These were meetings that dealt, among other things, with debt collection communication and communication accessibility. The initiative to create good communication practices by the working groups met with a positive opinion from the KNF. In a letter dated February 2021, the KNF indicated that “all cooperation initiatives at the level of bank associations that are aimed at improving banks’ communication with customers have a positive dimension”. It added that “the involvement of professional resources and forms of cooperation is a good prognosis for the participants in this project to develop optimal solutions”.

In the first half of 2024, we were also active in the area of simple spoken communication. We held training sessions with leaders and trainers, led by an external linguist. We also started a series of workshops where we work together with the CEX team and representatives of key business units on common service standards.

## **NPS surveys**

Customer surveys according to the NPS (Net Promoter Score) methodology show cyclical information about the general level of customer satisfaction with cooperation with Alior Bank. They also tell us to what extent customers are willing to recommend Alior Bank. In the key question we ask customers to tell us how likely they are to recommend Alior Bank (a specific service, product) to their friends or family. Customers indicate a rating on a scale of 0-10, where 10 is the highest rating and 0 is the lowest. We carry out such surveys in the form of telephone and online surveys.

We currently carry out two types of NPS surveys – relational surveys and transactional surveys. Relational surveys are the largest group of surveys we conduct. This type of research checks whether customers are willing to recommend Alior Bank to their relatives and family. The research covers both individual and corporate customers, who assess their overall cooperation with Alior Bank.

Transactional research, on the other hand, focuses on individual channels or processes involving Alior Bank customers. Based on findings with the business, we examine, among others, branches and outlets, Alior Online and Alior Mobile, the Infoline, the InfoNina bot, ROR, instalment loans, the area of debt collection and the complaints process.

We analyse the research results, then report on them on a monthly or quarterly basis – as agreed with the business. We publish the results on dashboards or provide them to the relevant departments in the form of presentations. Working closely with the business allows us to carry out activities that have a significant impact on customer satisfaction and loyalty.

We carry out NPS surveys on a continuous basis. In addition to cyclical research activities, we also carry out ad hoc research activities – in line with the needs that the organisation reports. We perform these surveys when implementing new products or services and changes to distribution channels. In this way, we get information that helps to fix problems that are occurring and to develop those aspects that gather positive feedback and are indicated as important for the customer.

In the first half of 2024, we conducted telephone surveys (CATI – Computer Assisted Telephone Interview) and online surveys (CAWI Computer Assisted Web Interview) in the form of more than 38,000 questionnaires.

## **Customer Ombudsman**

Alior Bank's Customer Ombudsman has a very important function, as he or she is the Bank's last resort. He or she deals with customers' applications if the previous answers to complaints and possible appeals have not met their expectations. The Ombudsman efficiently and objectively verifies customers' problems and therefore has a great impact on their sense of security.

The Alior Bank Customer Ombudsman actively participates in meetings of working groups at the Polish Bank Association. Members of the groups, together with representatives of other financial institutions, create important recommendations – both for many customers and for banks. The solutions worked out improve the quality of service. In addition, they are valuable inspiration to create better processes or banking products. The Customer Ombudsman also participates in important workshops within the organisation. He or she is then the valuable voice of the customer – he or she knows the customer's perspective very well. He or she attends meetings of the Operational Risk Committee.

In the first half of 2024, there were 310 appeals and interventions referred to the Customer Ombudsman at Alior Bank. This is a decrease in registered cases of approximately 5% year-on-year (in the first half of 2023 there were 327 cases). 90% of the appeals were in the individual customer context, only 10% in the business

customer context. The average percentage of recognised appeals combined for all resolved cases (the sum of recognised, partially recognised and business recognised) was 26%. This is a decrease of 3% y/y.

## Employee relations

Alior Bank is a Poland-wide universal bank and one of the most modern and innovative financial institutions in Poland. It is a place for people with ideas and business courage to set new banking standards. Social responsibility is a permanent operating principle of Alior Bank. The Bank builds relations with its environment, having regard to the needs of all stakeholders: customers, investors, employees, business partners and local communities.

The Strategy “Bank for Everyday Life, Bank for the Future” is a focus on the everyday, where every employee has the conditions to develop his or her competences. We build personalisation by, among other things, strengthening employee potential and programmes to develop individual talents, generation management, activities that promote healthy lifestyles, and concern for the mental and physical well-being of not only the employee, but also his or her family.

Alior Bank has a regulated Diversity Policy. The Bank’s authorities believe that the values deriving from differences add to the organisation’s strength and influence its effectiveness, and that a diversity policy emphasising equal treatment is a fundamental value of society. For Alior Bank, diversity is one of the key resources of the organisation, and its effective management and the creation of inclusive conditions for development can positively affect the results achieved and the competitiveness of the company in the market. As an employer, Alior Bank makes sure that everyone feels part of the Alior Bank team, feels accepted and is treated with dignity and respect. To this end, the Bank is taking a number of measures to provide employees with a safe and comfortable environment to work in and an environment for individual development. The regulation introduced is the culmination of diversity efforts over the past years.



One of the diversity measures already in place at the Bank is “ONa” – an initiative that enables women to build a distinctive organisation with the support of strategy implementation, including, in particular, the leading slogans #YouAreIMPORTANT.

The Bank has had a **Work Environment Policy free of undesirable behaviour** in force since 2018. This policy is an expression of the employer’s obligation to prevent and counteract undesirable behaviour in business relations. It supports efforts to build positive working relations based on compliance with the law and principles of social coexistence. Any actions and/or behaviour bearing the hallmarks of bullying, discrimination, harassment and any other undesirable behaviour in violation of the law are unacceptable at Alior Bank.

Alior Bank, with particular emphasis on the role of managers and HR, supports actions aimed at building positive business relationships based on compliance with the law and principles of social coexistence. The above applies to relations between the employer and employees, relations between employees, and relations between employees and the employer’s counterparties and customers.

The organisational units responsible for the substantive areas of HR and Compliance provide educational activities aimed at preventing the occurrence of undesirable behaviour in the workplace and carry out continuous, ongoing monitoring of employee relations in the Bank’s various units.



Educational activities concerning the Policy of a working environment free of undesirable behaviour are also performed by trade union organisations operating at Alior Bank, within the scope and procedure adopted by them, in agreement and in coordination with the Bank.

Alior Bank acts with respect for freedom of association and does not violate the freedom of employees to become members of trade union organisations. The Bank has six trade unions, including two company-based and four inter-company trade union organisations. The implemented strategy of relations with the social partner complies with applicable law. The Bank applies procedures and time limits specified in the provisions of the Labour Code and specific acts, including the act on trade unions.

The social dialogue at the Bank is conducted in good faith and with due respect for the principles of social coexistence, and its participants are equal before the law. The parties are guided by the principles of mutual trust, and in the negotiation processes they try to reach a compromise, whereas in the event of a large divergence of stances, they strive for a consensus at least on core issues. The conducted dialogue is a process of constant interaction between the trade unions and the Bank as the Employer, with the aim of reaching an agreement on matters that are important both economically and socially, on a macro and micro level.

Despite the initiatives taken to ensure strong cooperation between the employer and the trade unions, in April 2024 a dispute was reported on the increase of basic remuneration of Alior Bank S.A. employees by 4 out of 6 trade unions operating at Alior Bank. Nevertheless, it should be emphasised that, despite being in a collective dispute, the social dialogue continues to be conducted and all actions taken within the framework of the dispute are performed in compliance with the applicable legislation.

By July 2024, more than 7 meetings have already been held with the Trade Union Organisations and 12 meetings as part of the social commission.

The Bank respects the freedom of association. As of 30 June 2024, we have approximately 35% unionisation at Alior Bank.

## Development and training

### Development and training programmes

Development activities support the implementation of the strategy adopted by the Bank and set business goals. They cover all employees taking into account the specific positions and locations in the organisation. The Bank places great emphasis on the development of employees with the aim to acquire expected skills, constantly improve them and foster personal growth. Webinar tools have improved access to offered opportunities to use internal and external training and development resources. In the first half of 2024, a total of 19,880 employees took advantage of the development activities offered by the Bank, including 3,442 employees in electronic training (e-learning) and 468 employees in external development activities.

### Onboarding

Newly hired Alior Bank employees participate in onboarding programmes – “Welcome to Alior Bank”. They are profiled both in terms of business lines and contact channel used for communication with the customer. They are carried out in the form of blended-learning, which enables the effective use of available electronic tools and consolidates the knowledge acquired in the training room.



The onboarding process is supported by a dedicated platform, Kompas, in which tasks are programmed for the employee and the supervisor, which improves the efficiency of the implementation activities.

## Development activities



Last year, the Alior University was established. The main purpose of its establishment is to strengthen learning processes and continuous improvement of one's own skills and competencies. Alior University is a substantive, encouraging learning space (the Bank's dedicated sharepoint website) where employees can broaden their knowledge, both business and technical. Alior University's activities are based on blended-learning principles. Time and again, Alior University materials are prepared in cooperation with external specialists in various fields.

At Alior University you can find, among other things:

- information about the purpose and mission of Alior University,
- guidance on active learning with the promotion of the 60/30/10 model as a development model applicable to the Bank,
- information on current development programmes, including Mindgram, English language learning carried out jointly with Berlitz, technology training, Relationship Academy,
- training to develop and strengthen the competencies of the future,
- development activities for leaders, including: materials for new leaders,
- inspiration in the form of recorded webinars with experts,
- zone of specialised competencies, where internal experts describe development initiatives carried out inside the Bank (such as Alior Risk Academy, Robotisation Academy, Bet on Agile),
- calendar of development events that collects in one place the available events for which those willing to attend can sign up.

Development activities are not limited to the Alior University operation. Additional activities are also carried out for selected groups of employees.

One of the elements of the "tailor-made" employee development work was the continuation of activities under the "Development Pool" project, in which it is the supervisor who decides on the way and form of raising and/or acquiring competences by enrolling the employee in development/specialisation activities, e.g. participation in conferences, external training, purchase of professional literature.

### E-learning training

In the first half of 2024, a total of 45 training courses and 49 tests were made available to employees, which were delivered via e-learning of which: 18% were completely new training courses created from scratch, 65% were completely new tests created from scratch.

E-learning supported the Bank's employees in the implementation of statutory requirements (e.g. IDD in-service training, training related to tax schemes), employee onboarding and further development.

Development e-training provided content both to support leaders (e.g. updated Employment Law training package for managers) and to develop employee competencies for specialised training (e.g. NPS, Brokerage training).

As a complement to e-learning training, Alior Bank has a TV studio where video materials are produced, used both within Alior University – interviews and development materials with external experts and interviews with employees to support the organisation in visual communication. In addition, since the beginning of 2024, an

Event Zone has been set up in the Training and Recruitment Centre, which allows us to realise internal events with live streaming (e.g. the Bank's Result Conferences, AI MEET, an event for trainees or strategy workshops).

### **Development activities for leaders in Alior Bank**

The #leadershipTomorrow programme is aimed at a group of over 700 managers managing teams. It is based on Alior Bank's values (innovation, customer focus, responsibility, openness).

With the help of the "Design your development" tool, each leader could create his or her individual development path tailored to his or her own needs and competences (7 paths). Trainings within the programme are conducted both by an external company, House of Skills ("Manager Motivation", "Managing people in change", "SLII Blanchard", "Entrepreneurship") and by internal trainers ("Personality Typology according to Insights Discovery", "Managing Generations", Action Learning). In addition to classroom training, leaders also have access to e-training and webinars.

As part of building managerial competencies, with a special focus on remote working conditions, leaders at Alior Bank were given access to dedicated e-learning courses: "Dispersed team management" and "Labour law for managers".

All new managers attend the "ABCs of a Manager" training course, during which they have the opportunity to familiarise themselves with the expectations of their new role and develop their leadership competences.

In the first half of 2024, we launched:

- Leader Index, where leaders can mark their attendance at training courses.
- The 1<sup>st</sup> edition of the Mentoring Programme, for which 25 mentoring pairs qualified. Alior Bank leaders who manage teams became Mentors and Mentees. They were prepared for this role by trainers from Kingmakers.

## **Social responsibility of Alior Bank and its employees**

### **Corporate volunteering**

Considering the positive effects and effectiveness of the measures taken so far by the Bank's employees and aimed in particular at:

- preventing social exclusion,
- supporting people in particularly difficult financial or living situations,
- protecting the natural environment,
- helping animals in need,

as well as other socially useful activities, in 2022 Alior Bank has introduced the Alior Bank Spółka Akcyjna Employee Volunteering Regulations, aimed at enabling further involvement of the Bank's employees. Among the activities are those of a voluntary nature, for the benefit of public benefit organisations or other entities operating in the area of social involvement, cooperating with Alior Bank or the Foundation, including those submitted by employees.

An employee undertaking voluntary activities is entitled to an exemption from the obligation to provide work with remuneration to the extent of 16 hours in a given calendar year. The list of organisations supported by the Bank's employees includes nearly 100 items and is constantly updated. Employees can also engage in volunteer activities offered by the Bank – specific actions about which they receive information in internal communications.

Since January 2024, more than 330 employees have taken advantage of the opportunity to use their time to volunteer. They worked for organisations that support children, adults, animals and the environment.

### **Goodness at hand**

At the end of last year with the Alior Bank Foundation, the "Bank of Goodness" grant competition was launched. Bank employees could submit initiatives they would like to undertake for the benefit of selected organisations, involving volunteering for people, animals or the environment, or other activities to take care of social or environmental issues. At the beginning of 2024, the Competition Committee selected 11 ideas (out of 32 submitted), for the implementation of which Alior Bank and the Alior Bank Foundation donated a total of PLN 75,000.

Thanks to the financial support of the Alior Bank Foundation, volunteers were able to undergo a fairy tale therapy course organised by the Zacztyani.org Foundation. They later realised activities for children from hospitals, among others.

In the first half of 2024, the Bank organised a blood donation event in which Alior Bank employees could participate. 23 employees donated more than 10 litres of blood. The organisation of the action was supported by the Alior Bank Foundation. There is a Circle of Honorary Blood Donors in the Bank. Employees can, for example, exchange information about blood donation campaigns organised in their region.

Thanks to the commitment survey questionnaires completed by Alior Bank employees at the end of last year, we made donations to two foundations: Seniors in the Crown and Heart for a Pupil. Alior Bank donated PLN 5 per completed survey, which, thanks to the high turnout in the survey, resulted in as much as PLN 14,135 for each of the foundations. The selection of the organisation was helped by a vote conducted among all Bank employees, who will also be able to volunteer for the foundation's pupils.

At the beginning of 2024, the Alior Bank Volunteer Club was established. The Bank's employees can, for example, exchange stories about their voluntary actions or announce their need for volunteers for a specific action. On the occasion of Easter, a group of Alior Bank volunteers supported the action of Caritas Polska. They packed parcels with, among other things, food, for senior citizens and participated in the distribution of meals to the needy. In the first half of 2024, the Bank announced two further editions of the action of sewing monkeys from colourful socks. A total of around 1,500 cuddly monkeys, prepared by our employees, were given to the wards of the Dr Clown Foundation. The monkeys soothed the stress of children who, for example, would end up in an ambulance or medical helicopter after an accident and then in the ED.

In addition, two editions of the charity sports challenge "Let's go together" were organised in the first half of 2024 in cooperation with the Alior Bank Foundation. Bank employees got involved by spending their free time actively, and their kilometres and steps were counted by an app. Thanks to their joint effort, they achieved their goal – the Alior Bank Foundation made a donation to the Foundation for Psychological Help and Social Education Together. At this event, on the occasion of Earth Day, we organised a world cleaning action in which the bank's employees participated together with their loved ones and friends.

## Alior Bank recognised by the market and the customers

Alior Bank consistently implements its business strategy, which focuses on the maximum personalisation of services, the progressive digitalisation of its offering and ESG activities aimed at the well-being of its employees and the business environment.

Our initiatives in these areas are regularly recognised by the market and customers, as evidenced by numerous awards and distinctions in industry rankings and competitions. For us, this is a source of pride and satisfaction in the day-to-day work of our team, as well as motivation for further commitment and new innovative projects.

In the first half of 2024, we received 42 awards, distinctions and nominations. Our approach to employees, Alior Bank's stationary branches and the high quality of service in these branches, as well as innovative products, such as the InfoNina voicebot or the Alior Pay credit limit, were appreciated.



During the Institution of the Year competition, the jury awarded Alior Bank the prize in as many as five categories: "Best Private Banking", "Best Service in Remote Channels", "Best Service in an Outlet", "Best Internet Banking", "Best Bank for Companies". In addition, as many as 26 branches of the bank were awarded the title "Best Banking Outlet in Poland".



Alior Bank has been recognised with the prestigious Top Employer award for the best employers in Poland. For applying best practices in the area of human capital management, the bank was awarded the "HR of the Highest Quality" certificate by the Polish Human Resources Management Association.

We were also ranked second in the 17<sup>th</sup> edition of the Bank Ranking conducted by the Polish Association of Developer Companies. The chapter appreciated both good market practices and the bank's partnership approach to cooperation with investors and flexibility.



Voice assistant InfoNina was awarded a distinction in the competition "Powers of Inspiration of HyperAutomation & AI. 2024 Edition".



The Brokerage House, Currency Exchange and the Alior Pay service were nominated for the Invest Cuffs award in the categories Brokerage 2023, Online Currency Exchange 2023 and FinTech 2023. Currency Exchange won the Silver Laurel in the Kantor Online category.



The Alior Bank Brokerage House also came second in the ranking of brokerage accounts of Puls Biznesu, and in the competition for the best macroeconomic analyst of the Gazeta Giełdy i Inwestorów "Parkiet" daily, we won third place.



Alior Bank Currency Exchange, for the fourth time in a row, was the winner of the Golden Customer Laurel award in the category "Bank Currency Exchanges".



## XII. Representations of the Management Board

The Management Board of Alior Bank S.A. hereby represents that:

- to the best of its knowledge, the Interim condensed consolidated financial statements of the Alior Bank S.A. Capital Group for 6-months period ended 30 June 2024 and the Interim separate financial statements of the Alior Bank S.A. Capital Group for 6-months period ended 30 June 2024 and the comparative data were prepared in compliance with the applicable accounting policies and provide a true, fair and clear view of the assets and financial standing of the Bank and the Alior Bank S.A. Capital Group and their financial result,
- the Report of the Management Board on the activities of the Capital Group of Alior Bank S.A. in H1 2024 presents a true image of growth, achievements and circumstances (along with a description of primary threats and risks) related to the Alior Bank Capital Group in H1 2024.
- internal policies, procedures, and regulations adopted at the Bank are developed, adopted and implemented in accordance with adopted internal legislation rules and monitor their compliance.

## Signatures of all Members of the Management Board

Date		Signature
01.08.2024	Artur Chołody – Bank’s Supervisory Board Member delegated to temporarily perform the duties of the Bank’s Management Board Vice-President in charge of the work of the Bank’s Management Board	Signed with a qualified electronic signature
01.08.2024	Radomir Gibała – Vice-President of the Management Board	Signed with a qualified electronic signature
01.08.2024	Tomasz Miklas – Vice-President of the Management Board	Signed with a qualified electronic signature