Financial report
of the Alior Bank Spółka Akcyjna Group
for the first quarter of 2024

(in PLN '000)

Selected financial data concerning the financial statements

PLN	01.01.2024 - 31.03.2024	01.01.2023 - 31.12.2023	01.01.2023 - 31.03.2023*	% (A-B)/B
	A		B	C
Net interest income	1 269 409	4 772 370	1 103 062	15.1%
Net fee and commission income	211 339	837 503	208 551	1.3%
Trading result & other	17 675	22 321	16 598	6.5%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans	-113 139	-684 187	-247 895	-54.4%
General administrative expenses	-545 328	-1 977 199	-505 454	7.9%
Gross profit	768 758	2 707 055	508 875	51.1%
Net profit	578 125	2 030 125	365 784	58.1%
Net cash flow	-359 082	-44 884	1 993 898	-118.0%
Loans and advances to customers	62 625 845	60 965 097	57 799 484	8.4%
Amounts due to customers	76 834 304	75 187 251	71 856 210	6.9%
Equity	9 818 001	9 249 590	6 908 501	42.1%
Total assets	91 379 464	90 134 134	84 325 176	8.4%
Selected ratios				
Profit per ordinary share (PLN)	4.43	15.55	2.80	58.1%
Capital adequacy ratio*	17.46%	17.83%	15.36%	13.67%
Tier 1*	16.97%	17.15%	14.26%	19.00%

EUR	01.01.2024 - 31.03.2024	01.01.2023 - 31.12.2023	01.01.2023 - 31.03.2023*	% (A-B)/B
	A		B	C
Net interest income	293 770	1 053 876	234 669	25.2%
Net fee and commission income	48 909	184 945	44 368	10.2%
Trading result & other	4 090	4 929	3 531	15.8%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans*	-26 183	-151 088	-52 738	-50.4%
General administrative expenses	-126 201	-436 622	-107 532	17.4%
Gross profit	177 908	597 795	108 260	64.3%
Net profit	133 791	448 310	77 818	71.9%
Net cash flow	-83 100	-9 912	424 188	-119.6%
Loans and advances to customers	14 561 102	14 021 411	12 362 204	17.8%
Amounts due to customers	17 864 704	17 292 376	15 368 669	16.2%
Equity	2 282 778	2 127 321	1 477 596	54.5%
Total assets	21 246 591	20 730 022	18 035 542	17.8%
Selected ratios				
Profit per ordinary share (PLN)	1.02	3.43	0.60	70.0%
Capital adequacy ratio*	17.46%	17.83%	15.36%	13.7%
Tier 1*	16.97%	17.15%	14.26%	19.0%

**Restated – Note 2.3*

Selected items of the financial statements were translated into EUR at the following exchange rates	31.03.2024	31.12.2023	31.03.2023
NBP's avarage exchange rate as at the end of the period	4.3009	4.3480	4.6755
NBP's avarage exchange rates as at the last day of each month	4.3211	4.5284	4.7005

(in PLN '000)

Selected financial indicators

	31.03.2024	31.03.2023	(A-B) [p.p]	(A-B)/B [%]
	A	B		
ROE	24.4%	22.7%	1.7	7.5%
ROA	2.6%	1.8%	0.8	44.4%
C/I*	36.4%	38.1%	-1.7	-4.5%
CoR	0.68%	1.61%	-0.93	-57.76%
L/D	81.5%	80.4%	1.1	1.4%
NPL	7.65%	9.80%	-2.15	-21.94%
NPL coverage	51.20%	53.65%	-2.45	-4.57%
TCR	17.46%	15.36%	2.10	13.67%
TIER 1	16.97%	14.26%	2.71	19.00%

**Restated – Note 2.3*

Interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for 3-month period ended 31 March 2024

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

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(in PLN '000)

Interim condensed consolidated income statement

	Note	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023*
Interest income calculated using the effective interest method		1 681 564	1 661 479
Income of a similar nature		142 142	148 321
Interest expense		-554 297	-706 738
Net interest income	**4**	**1 269 409**	**1 103 062**
Fee and commission income		450 692	420 359
Fee and commission expense		-239 353	-211 808
Net fee and commission income	**5**	**211 339**	**208 551**
Dividend income		48	47
The result on financial assets measured at fair value through profit or loss and FX result	6	10 976	13 324
The result on derecognition of financial instruments not measured at fair value through profit or loss	**7**	**897**	**2 221**
measured at fair value through other comprehensive income		712	2 068
measured at amortized cost		185	153
Other operating income		34 629	28 703
Other operating expenses		-28 875	-27 697
The result on other operating income and expenses	**8**	**5 754**	**1 006**
General administrative expenses	9	-545 328	-505 454
Net expected credit losses	10	-111 243	-247 141
The result on impairment of non-financial assets	11	-102	-248
Cost of legal risk of FX mortgage loans	12	-1 794	-506
Banking tax	13	-71 198	-65 987
Gross profit		**768 758**	**508 875**
Income tax	14	-190 633	-143 091
Net profit		**578 125**	**365 784**
Net profit attributable to equity holders of the parent		578 125	365 784
Weighted average number of ordinary shares		130 553 991	130 553 991
Basic/diluted net profit per share (PLN)	15	4.43	2.80

**Restated – Note 2.3*

Interim condensed consolidated statement of comprehensive income

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Net profit	**578 125**	**365 784**
Items that may be reclassified to the income statement after certain conditions are satisfied	**-9 711**	**373 227**
Foreign currency translation differences	**-2 236**	**-244**
Results of the measurement of financial assets (net)	**54 092**	**92 644**
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	66 780	114 393
Deferred tax	-12 688	-21 749
Results on the measurement of hedging instruments (net)	**-61 567**	**280 827**
Gains/losses on hedging instruments	-76 008	346 700
Deferred tax	14 441	-65 873
Total comprehensive income. net	**568 414**	**739 011**
- attributable to shareholders of the parent company	568 414	739 011

The notes presented on pages 10-59 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated statement of financial position

ASSETS	Note	31.03.2024	31.12.2023
Cash and cash equivalents	16	2 180 177	2 539 259
Amounts due from banks	17	1 516 379	4 615 420
Investment financial assets	18	22 100 752	18 820 432
measured at fair value through other comprehensive income		19 942 958	15 471 615
measured at fair value through profit or loss		333 442	423 139
measured at amortized cost		1 824 352	2 925 678
Derivative hedging instruments		268 793	336 122
Loans and advances to customers	19	62 625 845	60 965 097
Assets pledged as collateral	21	16 411	46 894
Property. plant and equipment		743 297	743 497
Intangible assets		419 510	412 070
Income tax assets	14	928 216	983 992
current income tax assets		977	1 340
deferred income tax assets		927 239	982 652
Other assets	20	580 084	671 351
TOTAL ASSETS		**91 379 464**	**90 134 134**

LIABILITIES AND EQUITY	Note	31.03.2024	31.12.2023
Amounts due to banks	22	269 018	288 318
Amounts due to customers	23	76 834 304	75 187 251
Financial liabilities	26	266 317	276 463
Derivative hedging instruments		660 777	682 631
Change in fair value measurement of hedged items in hedged portfolio against interest rate risk	24	-589	-229
Provisins		294 374	309 976
Other liabilities	25	2 386 095	2 653 900
Income tax liabilities		75 579	326 235
current income tax liabilities		73 551	324 207
deferred income tax liabilities		2 028	2 028
Subordinated liabilities	27	775 588	1 159 999
Total liabilities		**81 561 463**	**80 884 544**
Share capital		1 305 540	1 305 540
Supplementary capital		6 027 552	6 027 552
Revaluation reserve		-298 914	-291 439
Other reserves		161 792	161 792
Foreign currency translation differences		16	2 252
Accumulated losses		2 043 890	13 768
Profit for the period		578 125	2 030 125
Equity		**9 818 001**	**9 249 590**
TOTAL LIABILITIES AND EQUITY		**91 379 464**	**90 134 134**

The notes presented on pages 10-59 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated statement of changes in consolidated equity

01.01.2024 - 31.03.2024	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
As at 1 January 2024	**1 305 540**	**6 027 552**	**161 792**	**-291 439**	**2 252**	**2 043 893**	**9 249 590**
Comprehensive income	**0**	**0**	**0**	**-7 475**	**-2 236**	**578 125**	**568 414**
net profit	0	0	0	0	0	578 125	578 125
other comprehensive income – valuations	0	0	0	-7 475	-2 236	0	-9 711
incl. financial assets measured at fair value through other comprehensive income	0	0	0	54 092	0	0	54 092
incl. hedging instruments	0	0	0	-61 567	0	0	-61 567
incl. currency translation differences	0	0	0	0	-2 236	0	-2 236
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**-3**	**-3**
As at 31 March 2024	**1 305 540**	**6 027 552**	**161 792**	**-298 914**	**16**	**2 622 015**	**9 818 001**

01.01.2023 - 31.12.2023	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
As at 1 January 2023	**1 305 540**	**5 407 101**	**161 792**	**-1 339 433**	**283**	**634 582**	**6 169 865**
Transfer of last year's profit	0	620 451	0	0	0	-620 451	0
Comprehensive income	**0**	**0**	**0**	**1 047 994**	**1 969**	**2 030 125**	**3 080 088**
net profit	0	0	0	0	0	2 030 125	2 030 125
other comprehensive income – valuations	0	0	0	1 047 994	1 969	0	1 049 963
incl. financial assets measured at fair value through other comprehensive income	0	0	0	187 254	0	0	187 254
incl. hedging instruments	0	0	0	860 740	0	0	860 740
incl. currency translation differences	0	0	0	0	1 969	0	1 969
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**-363**	**-363**
As at 31 December 2023	**1 305 540**	**6 027 552**	**161 792**	**-291 439**	**2 252**	**2 043 893**	**9 249 590**

01.01.2023 - 31.03.2023	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
As at 1 January 2023	**1 305 540**	**5 407 101**	**161 792**	**-1 339 433**	**283**	**634 582**	**6 169 865**
Comprehensive income	**0**	**0**	**0**	**373 471**	**-244**	**365 784**	**739 011**
net profit	0	0	0	0	0	365 784	365 784
other comprehensive income – valuations	0	0	0	373 471	-244	0	373 227
incl. financial assets measured at fair value through other comprehensive income	0	0	0	92 644	0	0	92 644
incl. hedging instruments	0	0	0	280 827	0	0	280 827
incl. currency translation differences	0	0	0	0	-244	0	-244
Other changes in equity	**0**	**0**		**0**	**0**	**-375**	**-375**
As at 31 March 2023	**1 305 540**	**5 407 101**	**161 792**	**-965 962**	**39**	**999 991**	**6 908 501**

The notes presented on pages 10-59 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated statement of cash flows

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Operating activities		
Profit before tax for the period	**768 758**	**508 875**
Adjustments:	**61 969**	**64 638**
Unrealized foreign exchange gains/losses	-2 236	-244
Amortization/depreciation of property, plant and equipment and intangible assets	64 151	64 681
Change in property, plant and equipment and intangible assets impairment write-down	102	248
Dividends	-48	-47
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	**830 727**	**573 513**
Change in loans and receivables	1 438 293	417 443
Change in financial assets measured at fair value through other comprehensive income	-4 405 343	-1 922 165
Change in financial assets measured at fair value through profit or loss	89 697	69 526
Change in assets pledged as collateral	30 483	-47 519
Change in non-current assets held for sale	0	1 611
Change in other assets	91 267	-145 188
Change in deposits	1 890 009	874 030
Change in own issue	-221 548	246 764
Change in financial liabilities	-10 146	34 232
Change in hedging derivative	-30 893	-18 171
Change in other liabilities	-328 569	-97 455
Change in provisions	-15 602	-63 900
Short-term lease contracts	164	42
Cash from operating activities before income tax	**-641 461**	**-77 237**
Income tax paid	**-337 271**	**-33 814**
Net cash flow from operating activities	**-978 732**	**-111 050**
Investing activities		
Outflows:	**-62 165**	**-52 247**
Purchase of property, plant and equipment	-29 095	-29 377
Purchase of intangible assets	-32 092	-21 869
Purchase of assets measured at amortized cost	-978	-1 001
Inflows:	**1 105 078**	**2 200 601**
Disposal of property, plant and equipment	142	3 133
Redemption of assets valued at amortized cost	1 104 936	2 197 468
Net cash flow from investing activities	**1 042 914**	**2 148 354**
Financing activities		
Outflows:	**-423 263**	**-43 405**
Prniciple payments - subordinated lliabilities	-391 700	0
Interest payments – subordinated lliabilities	-11 008	-16 687
Prniciple payments - lease liabilities	-17 989	-24 543
Interest payments - lease liabilities	-2 567	-2 176
Inflows:	**0**	**0**
Net cash flow from financing activities	**-423 263**	**-43 405**
Total net cash flow	**-359 082**	**1 993 898**
incl. exchange gains/(losses)	**-10 786**	**-19 309**
Balance sheet change in cash and cash equivalents	**-359 082**	**1 993 898**
Cash and cash equivalents, opening balance	2 539 259	2 584 143
Cash and cash equivalents, closing balance	2 180 177	4 578 041
Additional disclosures on operating cash flows		
Interests received	1 593 667	1 498 170
Interests paid	-538 483	-555 262

The notes presented on pages 10-59 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Notes to the interim condensed consolidated financial statements

1 Information about the Bank and the Group

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

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

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

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

1.2 Shareholders of Alior Bank Spółka Akcyjna

There was no change in the ownership structure of significant shareholdings in Bank starting from the of submission date of the previous periodic report, i.e. from 28 February 2024.

As at 31 March 2024, the shareholders holding 5% or more of the overall numer of votes at the General Meeting were as follows:

Shareholder	Number of shares	Nominal value of shares [PLN]	Percentage in the share capital	Number of votes	Number of votes in the total number of votes
31.03.2024					
PZU SA Group*	41 658 850	416 588 500	31.91%	41 658 850	31.91%
Nationale-Nederlanden OFE**	12 270 004	122 700 040	9.40%	12 270 004	9.40%
Allianz OFE**	11 526 440	115 264 400	8.83%	11 526 440	8.83%
Generali OFE**	7 154 708	71 547 080	5.48%	7 154 708	5.48%
Other shareholders	57 943 989	579 439 890	44.38%	57 943 989	44.38%
Total	**130 553 991**	**1 305 539 910**	**100%**	**130 553 991**	**100%**

**The PZU Group includes entities that have concluded a written agreement regarding the purchase or sale of the Bank's shares and the consistent exercise of voting rights at the Bank's general meetings, i.e.: Powszechny Zakład Ubezpieczeń SA, Powszechny Zakład Ubezpieczeń Na Życie SA, PZU Specjalistyczny Fundusz Inwestycyjny Otwarty UNIVERSUM, PZU Fundusz Inwestycyjny Closed Non-Public Assets BIS 1 and PZU Closed-End Investment Fund for Non-Public Assets BIS 2. On the conclusion of the above-mentioned agreement, the Bank informed in current report no. 21/2017.*
*** Based on published reports at the end of 2023 on the composition of OFE and DFE portfolios managed by PTE.*

As at the date of publication of this report, according to information available to Alior Bank SA, shareholders holding 5 % or more of the total number of votes at the General Meeting remained unchanged.

(in PLN '000)

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

As at the day of preparing this financial statement in comparison to the annual reporting period ended on 31 December 2023, there were no changes in the composition of the Bank's Management Board.

As at 31 March 2024 and as at the date of preparation of this financial statements the composition of the Bank's Management Board was as follows:

First and last name	Function
Grzegorz Olszewski	President of the Management Board
Paweł Broniewski	Vice President of the Management Board
Radomir Gibała	Vice President of the Management Board
Szymon Kamiński	Vice President of the Management Board
Rafał Litwińczuk	Vice President of the Management Board
Tomasz Miklas	Vice President of the Management Board
Jacek Polańczyk	Vice President of the Management Board
Paweł Tymczyszyn	Vice President of the Management Board

At the end of the reporting period, i.e.31 March 2024 and as at the date of publication of the report, Mr. Tomasz Miklas - member of the Management Board of the Bank holds 147 shares of the Bank, other members of the Management Board did not hold shares of Alior Bank.

In comparison to the annual reporting period ended on 31 December 2023, there were changes in the composition of the Bank's Supervisory Board.

On 7 March 2024 Mr. Filip Majdowski, resigned from the position of member of the Supervisory Board of the Bank and all related functions, i.e. chairman of the Supervisory Board of the Bank and committees of the Supervisory Board of the Bank, effective 8 March 2024.

As at 31 March 2024 and as at the date of preparation of this financial statements the composition of the Bank's Supervisory Board was as follows:

First and last name	Function
Ernest Bejda	Chairperson of the Supervisory Board
Paweł Wojciech Knop	Deputy Chairperson of the Supervisory Board
Małgorzata Erlich – Smurzyńska	Member of the Supervisory Board
Jacek Kij	Member of the Supervisory Board
Marek Pietrzak	Member of the Supervisory Board
Dominik Witek	Member of the Supervisory Board

In accordance with the Bank's best knowledge there was no change in the number of shares hold by the members of Supervisory Board starting from the date of preparation of the annual financial statements, ie from 28 February 2024. As at 31 March 2024, and as at the date of publication of financial statements, members of the Supervisory Board of Alior Bank SA did not hold any shares in the Bank.

(in PLN '000)

1.4 Information about the Alior Bank Group

Alior Bank SA is the parent company of the Alior Bank SA Group. The composition of the Group as at 31 March 2024 and as at the date of preparation date of financial statements was as follows:

Company's name - subsidaries	24.04.2024	31.03.2024	31.12.2023
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- AL Finance sp. z o.o.	*100%*	*100%*	*100%*
- Alior Leasing Individual sp. z o.o.	*90% - Alior Leasing sp.z o.o.* *10% - AL Finance sp. z o.o.*	*90% - Alior Leasing sp.z o.o.* *10% - AL Finance sp. z o.o.*	*90% - Alior Leasing sp.z o.o.* *10% - AL Finance sp. z o.o.*
Meritum Services ICB SA	100%	100%	100%
Alior TFI SA	100%	100%	100%
Corsham sp. z o.o.	100%	100%	100%
RBL_VC sp. z o.o.	100%	100%	100%
RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna	100%	100%	100%

1.5 Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved by the Bank's Management Board on 24 April 2024.

1.6 Seasonal or cyclical nature of operations

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

2 Accounting principles

2.1 Basis for preparation

Statement of compliance

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the 3-month period ended 31 March 2024 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and in accordance with the requirements set out in the Regulation of the Minister of Finance of 29 of March 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should therefore be read together with the consolidated financial statements of the Alior Bank Group for 2023.

The interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the financial period from 1 January 2024 to 31 March 2024 and interim condensed consolidated statement of financial position as at 31 March 2024 including the comparatives have been prepared in accordance with the same accounting policies as those applied in the preparation of the annual financial statements ended 31 December 2023, except for the changes in the standards that entered into force on 1 January 2024 and changes in accounting policies described in Note 2.2.

Scope and reporting currency

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

Going concern

These interim condensed consolidated financial statements of the Alior Bank SA Group have been prepared on the assumption that the entities within the Group will continue as going concerns in the foreseeable future, not less than 12 moths from the balance sheet date i.e. after 31 March 2024.

As at the date of approval of this report by the Bank's Management Board, there are no circumstances indicating a threat to the continued operation of the Capital Group. Taking this assumption, the Management Board took into account in its assessment the impact of factors subject to uncertainty, in particular the armed conflict in Ukraine lasting from 24 February 2022, on the macroeconomic situation and its own operations.

Based on the analyses, the Group does not identify the negative impact of the circumstances on the assessment of the validity of the preparation of the financial statements, assuming no threat to the Group's going concern in the foreseeable future.

2.2 Accounting principles

2.2.1 Relevant estimates

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

Recognition of bancassurance income

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

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

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

The model of "relative fair value" is applied to determine the split of the remuneration related to insurance offered in connection with cash and mortgage loans and insurance sold without any relationship to financial instruments (in terms of provision for customer resigns and administrative costs).

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

Impairment of loans, expected credit losses

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

The Group accepts that a financial asset or a group of financial assets are impaired and such impairment loss is incurred only when there are objective indications resulting from one or more events that have occurred after the initial recognition of such asset and the event (or events) causing trigger has a negative impact on the expected future cash flows of a given exposure, leading to the recognition of a loss. Therefore, for all impaired credit exposures, the Group determines an allowance representing the difference between the gross exposure value and the expected recoveries after taking into account the default status / probability in a given time horizon.

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

The estimated losses expected are based on:

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

Information on the adopted assumptions affecting the amount of expected losses are presented in Note 19 – Loans and advances to customers.

Non-current assets impairment

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

Investment financial assets

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

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

The Group constantly monitors the value of the estimated amount of expected payments resulting from prepayments of consumer loans made before the judgment date of Court of Justice of the European Union ('CJEU') of 11 September 2019 in case C-383/18 (so-called Lexitor case). The basis for updating the value of the estimate is the inclusion in the calculation of the historically observed trend of the amount of loan cost reimbursements resulting from the customer complaints submitted to the Bank and taking into account the scenario of a change in the Group's approach to communication with customers as a result of the evolution of market practice or the position of the regulator.

Provision for legal risk related to the FX indexed loan portfolio

The Group estimated the costs of legal risk related to the FX indexed loan portfolio and applied the provisions of IFRS 9B.5.4.6 to its recognition - it treated this estimate as an adjustment to the gross carrying amount of the portfolio of mortgage loans indexed with foreign currencies or created provisions in accordance with the requirements of IAS 37 (where the amount of the estimated legal risk costs exceeds the gross carrying amount of the credit exposure or the amount of the estimate relates to repaid foreign currency mortgage loans or when the estimated amount relates to expected legal claims).

The costs of legal risk constituting an adjustment to the gross carrying amount were estimated taking into account a number of assumptions, including the Group's assumption of an increase in the market scale of claims, e.g. in connection with the position of the Advocate General of the CJEU published on 16 February 2023 and the judgment of the CJEU of 15 June 2023.

(in PLN '000)

These costs were estimated on the basis of:

- the pace of the inflow of disputes regarding the legal risk of mortgage loans in foreign currencies and the estimated percentage of the portfolio of FX mortgage loans that will be the subject of litigation, observed so far and forecast by the Group in future periods,
- statistics of the value of the subject matter of the dispute in previous lawsuits,
- the percentage of litigations lost by banks, reported by the Polish Bank Association, including the percentage of cases ended with the cancellation of the contract and the percentage of cases ended with the conversion of contracts into PLN.

Actuarial provision

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

Fair value measurement rules

The principles for the fair value measurement of derivatives and non-quoted debt securities measured at fair value are presented in Note 29 – Fair value and have not changed from the principles presented in the financial statements prepared as at 31 December 2023.

Hedge accounting

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

2.2.2 Significant accounting policies

Detailed accounting policies were presented in the annual consolidated financial statements of the Alior Bank Group for the year ended 31 December 2023 published on Alior Bank's website on 28 February 2024.

2.2.3 Changes in accounting standards

In these interim condensed consolidated financial statements, the same accounting standards have been applied as in the case of annual consolidated financial statements for the year 2023 and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 1 January 2024 mentioned below:

Change	Impact on the Group's report
Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities	The amendments affect the requirements of IAS 1 regarding the presentation of liabilities. In particular, they explain one of the criteria for classifying a liability as long-term. The implementation of the change havn't any impact on the financial statements of the Group.
Amendment to IFRS 16 Leases	The amendment specifies the requirements that a seller-lessee is obliged to apply when measuring the lease liability arising from a sale and leaseback transaction so as not to recognize a gain or loss related to the right of use that it retains.The implementation of the change havn't any impact on the financial statements of the Group.
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	The amendments require an entity to disclose information on the impact of agreements to finance liabilities to suppliers on its liabilities and cash flows, including:

(in PLN '000)

Change	Impact on the Group's report
	• the terms of these contracts, • quantitative information on the obligations related to these contracts at the beginning and end of the reporting period, • the type and impact of non-monetary changes in the carrying amounts of financial liabilities arising from these contracts. The amendments have any impact on the Group's financial statements.

Standards and interpretations that have been issued but are not yet effective because they have not been approved by the European Union or have been approved by the European Union but have not been previously applied by the Group, were presented in the annual consolidated financial statements of the Group for 2023. On 9 April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements.

	Impact on the Group's report
IFRS 18 Presentation and Disclosure in Financial Statements	The standard is intended to replace IAS 1 – Presentation of Financial Statements. The new standard will be effective from 1 January 2027. The new standard includes: the result of taking into account the voice of investors in the work, who indicated that financial statements still do not have a uniform form and often do not present significant information needed to make investment decisions. In connection with the new IFRS 18 standard, changes to other standards are also planned to harmonize disclosure requirements. The Group will analyze the impact of the standard on the financial statements.

2.3 Changes to presentation and explanation of differences in relation to previously published financial statements

Compared to the financial statements prepared as at 31 March 2023, the Group has changed the method of presenting the costs of provisions for legal claims. After the change, the costs of provisions for legal claims are presented in the item " Other operating expenses ". Previously, the Group presented these costs in the item " General administrative expenses ". The above change had no impact on the net result.

Income statement	01.01.2023-31.03.2023 Presented	Change	01.01.2023-31.03.2023 Restated
General administrative expenses	-506 850	1 396	-505 454
Other operating expenses	-26 301	-1 396	-27 697

3 Operating segments

Segment description

The Alior Bank SA Group conducts business activities within segments offering specific products and services addressed to natural and legal persons (including foreign ones). The split of business segments provides for consistency with the sale management model and for providing customers with a comprehensive product offer.

The operations of the Alior Bank Group include three basic business segments:

- retail segment,
- business segment,
- treasury activities.

(in PLN '000)

The core products for retail client segment are as follows:

- credit products: cash loans, credit cards, revolving limits in the current account, mortgage loans, installment loans, deferred payments,
- deposit products: savings and checking accounts, term deposits, savings deposits,
- brokerage house products,
- transactional services: cash deposits and withdrawals, transfers,
- currency exchange transactions,
- bancassurance products.

The core products for business customers are as follows:

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

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

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

- net interest income including internal transfer rates of funds between the bank's units and the Bank's Treasury Department,
- commission income,
- income from treasury transactions and FX transactions by customers,
- other operating income and expenses.

Results and volumes split by segment for the three months ended 31 March 2024

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
External interest income	**691 342**	**389 081**	**188 986**	**1 269 409**	**0**	**1 269 409**
external income	918 606	376 118	386 840	1 681 564	0	1 681 564
income of a similar nature	0	106 822	35 320	142 142	0	142 142
external expense	-227 264	-93 859	-233 174	-554 297	0	-554 297
Internal interest income	**70 013**	**-61 004**	**-9 009**	**0**	**0**	**0**
internal income	653 861	273 929	918 782	1 846 572	0	1 846 572
internal expense	-583 848	-334 933	-927 791	-1 846 572	0	-1 846 572
Net interest income	**761 355**	**328 077**	**179 977**	**1 269 409**	**0**	**1 269 409**
Fee and commission income	120 579	328 151	1 962	450 692	0	450 692
Fee and commission expense	-50 592	-187 046	-1 715	-239 353	0	-239 353
Net fee and commission income	**69 987**	**141 105**	**247**	**211 339**	**0**	**211 339**
Dividend income	0	0	48	48	0	48
The result on financial assets measured at fair value through profit or loss and FX result	48	4 599	6 329	10 976	0	10 976
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**0**	**0**	**897**	**897**	**0**	**897**
measured at fair value through other comprehensive income	0	0	712	712	0	712
measured at amortized cost	0	0	185	185	0	185

(in PLN '000)

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
Other operating income	25 818	8 811	0	34 629	0	34 629
Other operating expenses	-22 896	-5 979	0	-28 875	0	-28 875
The result on other operating income	**2 922**	**2 832**	**0**	**5 754**	**0**	**5 754**
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**834 312**	**476 613**	**187 498**	**1 498 423**	**0**	**1 498 423**
Net expected credit losses	-79 367	-31 876	0	-111 243	0	-111 243
The result on impairment of non-financial assets	-75	-27	0	-102	0	-102
Cost of legal risk of FX mortgage loans	-1 794	0	0	-1 794	0	-1 794
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**753 076**	**444 710**	**187 498**	**1 385 284**	**0**	**1 385 284**
General administrative expenses	-433 550	-182 976	0	-616 526	0	-616 526
Gross profit	**319 526**	**261 734**	**187 498**	**768 758**	**0**	**768 758**
Income tax	0	0	0	0	-190 633	-190 633
Net profit	**319 526**	**261 734**	**187 498**	**768 758**	**-190 633**	**578 125**
Assets	59 630 843	30 820 405	0	90 451 248	928 216	91 379 464
Liabilities	55 999 383	25 486 501	0	81 485 884	75 579	81 561 463

Results and volumes split by segment for the three months ended 31 March 2023*

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
External interest income	**614 666**	**433 872**	**54 524**	**1 103 062**	**0**	**1 103 062**
external income	898 170	420 300	343 009	1 661 479	0	1 661 479
income of a similar nature	0	106 584	41 737	148 321	0	148 321
external expense	-283 504	-93 012	-330 222	-706 738	0	-706 738
Internal interest income	**25 905**	**-138 328**	**112 423**	**0**	**0**	**0**
internal income	632 309	235 846	980 578	1 848 733	0	1 848 733
internal expense	-606 404	-374 174	-868 155	-1 848 733	0	-1 848 733
Net interest income	**640 571**	**295 544**	**166 947**	**1 103 062**	**0**	**1 103 062**
Fee and commission income	111 389	305 881	3 089	420 359	0	420 359
Fee and commission expense	-46 297	-163 517	-1 994	-211 808	0	-211 808
Net fee and commission income	**65 092**	**142 364**	**1 095**	**208 551**	**0**	**208 551**
Dividend income	0	0	47	47	0	47
The result on financial assets measured at fair value through profit or loss and FX result	162	8 666	4 496	13 324	0	13 324
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**0**	**0**	**2 221**	**2 221**	**0**	**2 221**
measured at fair value through other comprehensive income	0	0	2 068	2 068	0	2 068
measured at amortized cost	0	0	153	153	0	153
Other operating income	20 003	8 700	0	28 703	0	28 703
Other operating expenses	-22 186	-5 511	0	-27 697	0	-27 697
The result on other operating income	**-2 183**	**3 189**	**0**	**1 006**	**0**	**1 006**
Total result before expected credit losses, the result on impairment of	**703 642**	**449 763**	**174 806**	**1 328 211**	**0**	**1 328 211**

(in PLN '000)

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
non-financial assets and cost of legal risk of FX mortgage loans						
Net expected credit losses	-156 500	-90 641	0	-247 141	0	-247 141
The result on impairment of non-financial assets	-182	-66	0	-248	0	-248
Cost of legal risk of FX mortgage loans	-506	0	0	-506	0	-506
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**546 454**	**359 056**	**174 806**	**1 080 316**	**0**	**1 080 316**
General administrative expenses	-401 568	-169 873	0	-571 441	0	-571 441
Gross profit	**144 886**	**189 183**	**174 806**	**508 875**	**0**	**508 875**
Income tax	0	0	0	0	-143 091	-143 091
Net profit	**144 886**	**189 183**	**174 806**	**508 875**	**-143 091**	**365 784**
Assets	53 327 341	29 707 847	0	83 035 188	1 289 988	84 325 176
Liabilities	54 296 423	23 028 294	0	77 324 717	91 958	77 416 675

**Restated – Note 2.3*

Notes to the interim condensed consolidated income statement

4 Net interest income

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Interest income calculated using the effective interest method	**1 681 564**	**1 661 479**
term deposits	4 388	1 895
Loans, incl:	1 267 477	1 288 626
modification of a financial asset deemed not significant	*-1 759*	*-13 480*
financial assets measured at amortized cost	26 125	53 390
financial assets measured at fair value through other comprehensive income	281 734	210 164
receivables acquired	7 475	7 082
repo transactions in securities	20 875	10 491
current accounts	43 630	48 057
overnight deposits	3 434	2 885
other	26 426	38 889
Income of a similar nature	**142 142**	**148 321**
leasing	106 822	106 584
derivatives instruments	35 320	41 737
Interest expense	**-554 297**	**-706 738**
term deposits	-228 297	-265 701
own issue	-47 753	-34 431
repo transactions in securities	-34 984	-19 261
cash deposits	-1 197	-874
leasing	-2 567	-2 176
other	-2 996	-2 715
current deposits	-94 826	-111 910
derivatives	-141 677	-269 670
Net interest income	**1 269 409**	**1 103 062**

(in PLN '000)

5 Net fee and commission income

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Fee and commission income	**450 692**	**420 359**
payment and credit cards service	192 047	169 839
transaction margin on currency exchange transactions	85 321	83 151
maintaining bank accounts	27 213	23 724
brokerage commissions	15 089	12 827
revenue from bancassurance activity	25 372	24 821
loans and advances	38 465	38 297
transfers	14 308	14 276
cash operations	8 304	8 237
guarantees, letters of credit, collection, commitments	3 105	2 600
receivables acquired	1 129	1 174
for custody services	1 945	1 851
repayment of seizure	2 162	1 886
from leasing activities	22 842	21 925
other commissions	13 390	15 751
Fee and commission expenses	**-239 353**	**-211 808**
costs of card and ATM transactions, including costs of cards issued	-186 592	-161 922
commissions paid to agents	-12 333	-12 125
insurance of bank products	-4 951	-3 181
costs of awards for customers	-6 044	-6 912
commissions for access to ATMs	-6 406	-6 751
commissions paid under contracts for performing specific operations	-7 012	-5 667
brokerage commissions	-1 254	-935
for custody services	-1 054	-1 278
transfers and remittances	-6 450	-5 679
other commissions	-7 257	-7 358
Net fee and commission income	**211 339**	**208 551**

01.01.2024 - 31.03.2024	Retail segment	Business segment	Treasury activities	Total
Fee and commission income	**120 579**	**328 151**	**1 962**	**450 692**
payment and credit cards service	28 546	163 501	0	192 047
transaction margin on currency exchange transactions	38 643	45 946	732	85 321
maintaining bank accounts	12 606	14 605	2	27 213
brokerage commissions	15 089	0	0	15 089
revenue from bancassurance activity	11 089	14 283	0	25 372
loans and advances	5 520	32 945	0	38 465
transfers	4 815	9 473	20	14 308
cash operations	3 825	4 479	0	8 304
guarantees, letters of credit, collection, commitments	0	3 105	0	3 105
receivables acquired	0	1 129	0	1 129
custody services	0	1 945	0	1 945
repayment of seizure	0	2 162	0	2 162
from leasing activities	0	22 842	0	22 842
other commissions	446	11 736	1 208	13 390

(in PLN '000)

01.01.2023 - 31.03.2023	Retail segment	Business segment	Treasury activities	Total
Fee and commission income	**111 389**	**305 881**	**3 089**	**420 359**
payment and credit cards service	26 771	143 068	0	169 839
transaction margin on currency exchange transactions	34 392	46 993	1 766	83 151
maintaining bank accounts	11 538	12 183	3	23 724
brokerage commissions	12 827	0	0	12 827
revenue from bancassurance activity	10 082	14 739	0	24 821
loans and advances	5 634	32 663	0	38 297
transfers	4 401	9 854	21	14 276
cash operations	3 755	4 482	0	8 237
guarantees, letters of credit, collection, commitments	0	2 600	0	2 600
receivables acquired	0	1 174	0	1 174
custody services	0	1 851	0	1 851
repayment of seizure	0	1 886	0	1 886
from leasing activities	0	21 925	0	21 925
other commissions	1 989	12 463	1 299	15 751

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

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
FX result and net income on currency derivatives, including:	**12 711**	**2 904**
FX result	-17 995	63 873
currency derivatives	30 706	-60 969
Interest rate transacions	**-3 738**	**4 873**
Ineffective part of hedge accounting	**334**	**-876**
Change in fair value measurement for the hedged risk	**269**	**2 032**
The result on other instruments (includes the result on trading in debt securities classified as assets measured at fair value through profit and loss with interest	**1 400**	**4 391**
The result on financial assets measured at fair value through profit or loss and FX result	**10 976**	**13 324**

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

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Financial assets measured at fair value through other comprehensive income	712	2 068
Financial assets measured at amortized cost	185	153
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**897**	**2 221**

8 The result on other operating income and expense

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023*
Other operating income from:	**34 629**	**28 703**
income from contracts with business partners	1 653	2 100

(in PLN '000)

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023*
reimbursement of costs of claim enforcement	8 729	8 980
received compensations, recoveries, penalties and fines	152	269
management of third-party assets	8 233	5 480
from license fees from Partners	810	783
due to VAT settlement	101	652
reversal of impairment losses on other assets	707	940
other	14 244	9 499
Other operating expenses due to:	**-28 875**	**-27 697**
fees and costs of claim enforcement	-12 233	-14 047
provision for legal claims	-8 389	-1 396
paid compensations, fines, and penalties	-604	-570
management of third-party assets	-404	-300
recognition of complaints	-630	-921
impairment losses on other assets	-921	-4 349
due to VAT settlement	-109	-59
other	-5 585	-6 055
The result on other operating income and expense	**5 754**	**1 006**

Restated – Note 2.3

9 General administrative expenses

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023*
Payroll costs	**-311 719**	**-260 847**
remuneration due to employment contracts	-252 391	-214 017
remuneration surcharges	-51 700	-43 170
costs of bonus for senior executives settled in phantom shares	-2 783	-501
other	-4 845	-3 159
General and administrative costs	**-161 790**	**-172 342**
lease and building maintenance expenses	-22 137	-27 637
costs of Banking Guarantee Fund	-40 644	-57 500
IT costs	-42 822	-36 321
marketing costs	-15 294	-14 252
cost of advisory services	-5 035	-3 058
external services	-7 751	-7 534
training costs	-2 134	-3 791
costs of telecommunications services	-5 977	-5 116
costs of lease of property, plant and equipment and intangible assets	-164	-42
other	-19 832	-17 091
Amortization and depreciation	**-64 151**	**-64 681**
property, plant and equipment	-21 830	-20 939
intangible assets	-21 771	-19 607
right to use the asset	-20 550	-24 135
Taxes and fees	**-7 668**	**-7 584**
General administrative expenses	**-545 328**	**-505 454**

Restated – Note 2.3

10 Net expected credit losses

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Expected credit losses Stage 3	**-165 594**	**-309 681**
retail customers	-95 415	-160 036
business customers	-70 179	-149 645

(in PLN '000)

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Expected credit losses Stage 1 and 2(ECL)	**-17 943**	**1 337**
Stage 2	**-9 550**	**6 283**
retail customers	10 548	2 511
business customers	-20 098	3 772
Stage 1	**-8 393**	**-4 946**
retail customers	4 467	-4 354
business customers	-12 860	-592
POCI	**-17 735**	**-14 317**
Recoveries from off-balance sheet	**78 747**	**20 118**
Investment securities	**-1 519**	**-403**
Off-balance provisions	**12 801**	**55 805**
Net expected credit losses	**-111 243**	**-247 141**

11 The result on impairment of non-financial assets

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Property, plant and equipment and intangible assets	-102	-248
The result on impairment of non-financial assets	**-102**	**-248**

12 Cost of legal risk of FX mortgage loans

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	-1 458	-151
Provisions	-336	-355
Cost of legal risk of FX mortgage loans	**-1 794**	**-506**

13 Banking Tax

The Act on Tax from Certain Financial Institutions of 15 January 2016 became effective on 1 February 2016 – the Act applies to banks and insurance companies. The tax accrues on the surplus of assets in excess of PLN 4 billion as detailed in trial balances as at the end of each month. Banks are entitled to reduce the taxation base by their equity, as well as the amounts of Treasury securities and assets acquired from NBP. constituting collateral for the refinancing loan granted by NBP. The tax is payable monthly (the monthly rate is 0.0366%) by the 25th day of the month following the month to which it applies and is recognised in the profit and loss account in the period to which it applies.

14 Income tax

14.1 Tax charge disclosed in the profit and loss account

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Current tax	133 816	103 457
Deferred income tax	56 817	39 634
Income tax	**190 633**	**143 091**

(in PLN '000)

14.2 Effective tax rate calculation

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Gross profit	**768 758**	**508 875**
Income tax at 19%	146 064	96 686
Non-tax-deductible expenses (tax effect)	**44 887**	**47 804**
Impairment losses on loans not deductible for tax purposes	20 125	17 651
Prudential fee to BGF	7 722	10 925
Tax on Certain Financial Institutions	13 517	12 538
Cost of legal risk of FX mortgage loans	341	96
Other	3 182	6 594
Non-taxable income (tax effect)	-1 331	**-1 187**
Other	**1 013**	**-212**
Accounting tax recognized in the income statement	**190 633**	**143 091**
Effective tax rate	**24.80%**	**28.12%**

15 Profit per share

	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Net profit	**578 125**	**365 784**
Weighted average number of ordinary shares	130 553 991	130 553 991
Basic/diluted net profit per share (PLN)	**4.43**	**2.80**

Core profit per share is calculated as the quotient of profit attributable to the Bank's shareholders and the weighted average number of ordinary shares in the year.
Pursuant to IAS 33, diluted earnings per share are calculated based on the ratio of the profit attributable to the Bank's shareholders to the weighted average number of ordinary shares, adjusted as if all dilutive potential ordinary shares were converted into shares. As at 31 March 2024 and 31 March 2023, the Group did not have dilutive instruments.

Notes to the interim condensed consolidated statement of financial position

16 Cash and ash equivalents

16.1 Financial data

	31.03.2024	31.12.2023
Current account with the central bank	816 182	667 654
Overnight	79 703	0
Cash	469 542	453 845
Current accounts in other banks	690 610	1 137 044
Term deposits in other banks	124 140	280 716
Total	**2 180 177**	**2 539 259**

(in PLN '000)

17 Amounts due from banks

17.1 Financial data

Structure by type	31.03.2024	31.12.2023
Reverse Repo	487 420	3 681 081
Deposits as derivative transactions (ISDA) collateral	944 372	847 887
Other	84 587	86 452
Total	**1 516 379**	**4 615 420**

18 Investment financial assets

18.1 Financial data

	31.03.2024	31.12.2023
Financial assets	**22 100 752**	**18 820 432**
measured at fair value through other comprehensive income	19 942 958	15 471 615
measured at fair value through profit or loss	333 442	423 139
measured at amortized cost	1 824 352	2 925 678

18.2 Investment financial assets by type

measured at fair value through other comprehensive income	31.03.2024	31.12.2023
Debt instruments	**19 823 020**	**15 352 460**
issued by the State Treasury	**16 100 304**	**13 818 749**
T-bonds	12 909 084	9 569 859
T-bills	3 191 220	4 248 890
issued by monetary institutions	**3 722 716**	**1 533 711**
eurobonds	52 719	18 139
money bills	3 089 067	950 000
bonds	580 930	565 572
Equity instruments	**119 938**	**119 155**
Total	**19 942 958**	**15 471 615**

measured at fair value through profit or loss	31.03.2024	31.12.2023
Debt instruments	**82 042**	**53 402**
issued by the State Treasury	**82 038**	**53 398**
T-bonds	82 038	53 398
issued by other financial institutions	**4**	**4**
bonds	4	4
Equity instruments	**44 214**	**42 521**
Derivative financial instruments	**207 186**	**327 216**
Interest rate transactions	**149 930**	**180 618**
SWAP	147 907	177 758
Cap Floor Options	2 023	1 804

(in PLN '000)

measured at fair value through profit or loss	31.03.2024	31.12.2023
FRA	0	1 056
Foreign exchange transactions	**47 738**	**139 434**
FX Swap	8 713	96 237
FX forward	14 259	21 953
CIRS	15 011	13 946
FX options	9 755	7 298
Other options	**5 876**	**3 179**
Other instruments	**3 642**	**3 985**
Total	**333 442**	**423 139**

measured at amortized cost	31.03.2024	31.12.2023
Debt instruments	**1 824 352**	**2 925 678**
issued by the State Treasury	**1 722 976**	**2 395 852**
T-bonds	1 722 976	2 395 852
issued by other financial companies	**101 376**	**529 826**
bonds	101 376	529 826
Total	**1 824 352**	**2 925 678**

19 Loans and advances to customers

19.1 Accounting principles

During 2024, the Group did not change the rules and methodology for classifying loan exposures and estimating provisions for expected credit losses. The applied rules are the same as those described in the annual financial statements.

Rules for classifying exposures covered by key statutory customer support instruments

The key statutory customer support tools available, inter alia, due to the macroeconomic situation, include:

- Borrowers Support Fund,
- moratoriums available to customers who have lost their source of income.

Exposures covered by the Borrowers Support Fund and exposures covered by moratoriums for customers who have lost their source of income are classified by the Bank to forbearance and, consequently, to Stage 2 (unless they meet the impairment / default criteria, which would result in classification to Stage 3).

19.2 Future macroeconomic factors in the assessment of credit quality and impairment allowances estimation

The Group ensures that future macroeconomic factors are included in all significant components of the estimated credit losses. Taking into account future macroeconomic factors ensures that the current valuation of ECL reflects the expected scale of deterioration in the credit quality of the portfolio due to the tough macroeconomic environment.

The Group considers the key areas of macroeconomic risk to be:

Direct impact and effects of the war in Ukraine on the loan portfolio associated with persons who are citizens of countries involved in the war / economic entities operating in the region

The Group intensively monitors and analyzes the impact of the geopolitical situation related to the war in Ukraine on the quality of the loan portfolio.

In terms of the of the retail client segment, the share in the portfolio of clients with the citizenship of Ukrainian, Russian, Belarusian fluctuates around 1.3%. These are clients living and earning income in Poland. The Group continues intensive portfolio monitoring, but does not identify any significant threats in this respect.

In terms of the corporate customer segment, the Group identifies a portfolio exposed to the effects of escalation of military operations in Ukraine based on addresses (headquarters, correspondence, residences), information from individual monitoring, and a significant share of inflows / transfers from / to countries involved in the armed conflict. In this population, the Group identifies clients with an exposure of approximately PLN 99 million. The monitoring results indicate that the deterioration of the quality and the increase in the risk of debt servicing is insignificant.

Effects of the pandemic

Although during the pandemic, the Bank did not experience a significant deterioration in the quality of the loan portfolio, it is recognized that the effects of the pandemic - in conjunction with other global and macroeconomic challenges - may still have a negative impact on selected areas of business activity.

A complex macroeconomic environment (caused among others by the above factors) and its impact on the loan portfolio

Due to significant - unprecedented - changes in the macroeconomic environment (changes in interest rates, inflation, exchange rates, energy prices), the FLI component in the portfolio valuation is important, reflecting the Group's expectations regarding the scenario development of macroeconomic factors.

In particular, in terms of the methodology used for the PD parameter, the Group uses:

- for the retail customer segment, econometric models making the evolution of the DR level dependent on macroeconomic factors in individual scenarios,
- for the corporate client segment that does not keep full accounting, an econometric model forecasting the level of DR depending on macro factors,
- for the corporate client segment maintaining full accounting, industry models enabling the simulation of the client's rating assessment, fed with current information on changes in the macroeconomic environment, taking into account the current levels of sales revenues and margin levels.

The experience of operation in an environment of rising interest rates shows that, the transmission of the rising interest rates to the deterioration of clients' debt servicing capacity was much lower than originally assumed.

Analyzing these phenomena, the Group designed a series of analyzes including:

- assessment of the sensitivity of the PD parameter value to changes in macroeconomic scenarios,
- verification of changes in the loss ratio/early risk measures to changes in the economic environment,
- backtesting of the assumed values of PD parameters taking into account the FLI component at different forecast horizons.

The work resulted in a decision on the value of PD parameters adequate for the macroeconomic scenarios adopted by the Group.

In the area of the LGD parameter, a solution is used that makes the level of healing dependent on the dynamics of changes in macroeconomic factors such as Gross Domestic Product and inflation (the scope and sensitivity to a given factor were adjusted depending on the model segment).

As regards the collateral included in the valuation of credit exposure impairment, the Group takes into account the risk of negative future macroeconomic factors affecting the collateral value and applies an additional haircut over the current market valuations and estimated recovery rates reflecting the economic recoverability of collateral.

(in PLN '000)

As at 31 March 2024, the effects of the high interest rate environment and the war in Ukraine had no significant impact on the deterioration of the quality of loan portfolios. In the FLI component, the Group takes into account the expected development trajectory of the above phenomena and the target impact on the quality of the portfolio. At the same time, the Group considers the risk of uncertainty and volatility in both phenomena to be significant.

19.3 Quality and structure of the loan portfolio

Key credit portfolio quality indicators as at 31 March 2023

As at 31 March 2024, despite the negative macroeconomic environment and geopolitical situation, the Group did not observe a significant negative impact on the quality of the loan portfolio. The share of 30-day overdue loans in the regular portfolio as at 31 March 2024 was 0.43% compared to 0.47 % as at 31 December 2023.

In the Group's opinion, this situation is largely due to:

- insignificant, negative transmission of the increased interest rates on the debt servicing capacity of the Bank's clients,
- insignificant impact on the quality of the loan portfolio of the armed conflict in Ukraine,
- the scale of support clients receive in terms of payment moratoriums and the borrowers' support fund.

The Group adapts its lending policies and processes to the current macroeconomic situation and the resulting threats (both in terms of adapting the lending policy and processes to the pandemic environment, high interest rate environment and the geopolitical and economic effects of the war in Ukraine). The changes are aimed at supporting customers (including in the scope of business activities conducted by corporate customers) while at the same time focusing on minimizing the Group's credit losses.

Thanks to all the above circumstances and actions, the quality of the loan portfolio has so far remained resilient to the effects of the current macroeconomic and geopolitical environment.

As at 31 March 2024, the level of write-downs for exposures classified to Stage 1 and Stage 2 is approx. PLN 1.1 billion and remains stable compared to the level maintained as at 31 December 2023. The key credit parameters of the regular portfolio are presented below (non-default):

Date	DPD 30+*	PD	LGD	Stage 2 share in he regular portfolio	Coverage of regular portfolio write-offs
31.12.2023	0.5%	2.89%	29.8%	12.9%	1.8%
31.03.2024	0.4%	2.77%	30.0%	12.7%	1.8%

according to the EBA definition

As at 31 March 2024 and 31 December 2023, the structure of the portfolio with evidence of impairment, together with the structure of the recoverable amount of collateral, was as follows (in MPLN):

Date	individual portfolio			collective portfolio		
	exposure value	% of collateral coverage*	% coverage with write-offs	exposure value	% of collateral coverage*	% coverage with write-offs
31.12.2023	1 719	45%	55%	3 581	27%	57%
31.03.2024	1 386	46%	49%	3 438	28%	56%

**expressed at the economic recoverable amount*

(in PLN '000)

Sensitivity of results to variability of assumptions

The Group assumes 3 scenarios of the future macroeconomic situation:

- base, with a probability of implementation of 50% (where the GDP growth rate at the end of the following years in the period 2024-2025 is 3.3% y/y and 4.1% y/y, respectively, and the NBP base rate is 5.00% and 4, respectively, 25%),
- negative, with a probability of implementation of 25% (where the GDP growth rate at the end of the following years in the period 2024-2025 is 0.8% y/y and 2.0%, respectively, and the NBP base rate is 7.0% and 5.5%, respectively %),
- optimistic, with a probability of implementation of 25% (where the GDP growth rate at the end of the following years in the period 2024-2025 is 5.1% y/y and 5.0%, respectively, and the NBP base rate is 3.0% and 3.0%, respectively %).

developed internally by the Macroeconomic Analysis Department.

Based on annually calibrated models of expected loss parameters, the Bank conducts sensitivity analyses. Below we present the sensitivity scale of estimated loss estimates for the portfolio of regular exposures, based on the current model of expected loss parameters (in MPLN):

Changing the probability of scenarios	Difference in the share of Stage 2 in the regular portfolio*	Impact on expected credit losses due to*:		
		PD	Regular Portfolio LGD	Default Portfolio LGD
Change in expected credit losses in the case of the negative scenario with 100% probability	0.34 pp	146.2	21.5	8.1
Change in expected credit losses in the case of the positive scenario with 100% probability	-0.19 pp	- 63.1	- 13.9	- 5.0

**As estimated as at 31 December 2023*

19.4 Financial data (gross value, expected credit losses)

Loans granted to customers	31.03.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	**40 875 531**	**-1 712 157**	**39 163 374**	**39 718 395**	**-1 722 645**	**37 995 750**
Consumer loans	16 241 778	-1 491 814	14 749 964	16 293 830	-1 504 909	14 788 921
Loans for residential properties	19 516 892	-181 922	19 334 970	18 385 184	-182 042	18 203 142
Consumer finance loans	5 116 861	-38 421	5 078 440	5 039 381	-35 694	5 003 687
Corporate segment	**25 443 487**	**-1 981 016**	**23 462 471**	**25 341 561**	**-2 372 214**	**22 969 347**
Working capital loans	12 271 858	-992 929	11 278 929	12 247 262	-1 181 640	11 065 622
Investment loans	5 120 388	-652 277	4 468 111	5 152 329	-681 233	4 471 096
Other business loans	8 051 241	-335 810	7 715 431	7 941 970	-509 341	7 432 629
Total	**66 319 018**	**-3 693 173**	**62 625 845**	**65 059 956**	**-4 094 859**	**60 965 097**

Loans granted to customers	31.03.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	**40 875 531**	**-1 712 157**	**39 163 374**	**39 718 395**	**-1 722 645**	**37 995 750**
Stage 1	36 363 867	-311 252	36 052 615	35 222 693	-315 786	34 906 907
Stage 2	2 763 408	-357 825	2 405 583	2 755 743	-368 491	2 387 252
Stage 3	1 715 346	-1 043 366	671 980	1 707 963	-1 037 412	670 551
POCI	32 910	286	33 196	31 996	-956	31 040
Corporate segment	**25 443 487**	**-1 981 016**	**23 462 471**	**25 341 561**	**-2 372 214**	**22 969 347**
Stage 1	17 102 767	-90 177	17 012 590	16 536 132	-77 399	16 458 733
Stage 2	4 982 511	-340 362	4 642 149	4 929 829	-320 453	4 609 376

(in PLN '000)

Loans granted to customers	31.03.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	3 108 175	-1 552 866	1 555 309	3 592 677	-1 960 171	1 632 506
POCI	250 034	2 389	252 423	282 923	-14 191	268 732
Total	**66 319 018**	**-3 693 173**	**62 625 845**	**65 059 956**	**-4 094 859**	**60 965 097**

Loans and advances to customers by method of allowance calculation	31.03.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	**4 823 521**	**-2 596 232**	**2 227 289**	**5 300 640**	**-2 997 583**	**2 303 057**
individual method	1 385 549	-683 582	701 967	1 719 344	-949 023	770 321
group method	3 437 972	-1 912 650	1 525 322	3 581 296	-2 048 560	1 532 736
Stage 2	**7 745 919**	**-698 187**	**7 047 732**	**7 685 572**	**-688 944**	**6 996 628**
Stage 1	**53 466 634**	**-401 429**	**53 065 205**	**51 758 825**	**-393 185**	**51 365 640**
POCI	**282 944**	**2 675**	**285 619**	**314 919**	**-15 147**	**299 772**
Total	**66 319 018**	**-3 693 173**	**62 625 845**	**65 059 956**	**-4 094 859**	**60 965 097**

Loans and advances to customers – exposure of the Bank to the credit risk	31.03.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	**4 823 521**	**-2 596 232**	**2 227 289**	**5 300 640**	**-2 997 583**	**2 303 057**
not overdue	1 191 033	-437 183	753 850	1 141 970	-428 345	713 625
overdue	3 632 488	-2 159 049	1 473 439	4 158 670	-2 569 238	1 589 432
Stage 1 and Stage 2	**61 212 553**	**-1 099 616**	**60 112 937**	**59 444 397**	**-1 082 129**	**58 362 268**
not overdue	58 426 265	-814 367	57 611 898	56 538 932	-783 305	55 755 627
overdue	2 786 288	-285 249	2 501 039	2 905 465	-298 824	2 606 641
POCI	**282 944**	**2 675**	**285 619**	**314 919**	**-15 147**	**299 772**
Total	**66 319 018**	**-3 693 173**	**62 625 845**	**65 059 956**	**-4 094 859**	**60 965 097**

In the first quarter of 2024, the Group sold loans with a total gross value amounting to PLN 135 079 thousand, while the impairment allowance recorded for this portfolio amounted to PLN 76 622 thousand. The impact of debt sales on the cost of risk in 2024 amounted to PLN (-) 11 669 thousand (loss).

From 1 January to 31 March 2024 the Group wrote off the financial assets amounted to PLN 533 645 thousand. The financial assets that are written off concerned both the loan portfolio of retail and business customers.

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
As at 01.01.2024	**51 758 824**	**7 685 575**	**5 300 640**	**314 919**	**65 059 958**
New / purchased / granted financial assets	6 905 952	0	0	9 849	6 915 801
Changes due to the sale or expiry of the instrument	-2 535 809	-169 119	-95 102	-8 256	-2 808 286
Transfer to Stage 1	692 325	-673 328	-18 997	0	0
Transfer to Stage 2	-1 460 345	1 533 962	-73 617	0	0
Transfer to Stage 3	-102 467	-338 722	441 189	0	0
Valuation changes	-1 736 501	-233 605	-185 879	-26 111	-2 182 096
Assets written off the balance sheet	0	0	-527 897	-5 748	-533 645
Other changes, including exchange differences	-55 345	-58 844	-16 816	-1 709	-132 714
As at 31.03.2024	**53 466 634**	**7 745 919**	**4 823 521**	**282 944**	**66 319 018**
Expected credit losses					
As at 01.01.2024	**393 186**	**688 943**	**2 997 583**	**15 147**	**4 094 859**

(in PLN '000)

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
New / purchased / granted financial assets	38 285	0	0	26 553	64 838
Changes due to the sale or expiry of the instrument	-19 319	-15 532	-82 786	-6 873	-124 510
Transfer to Stage 1	65 538	-63 020	-2 518	0	0
Transfer to Stage 2	-33 334	52 345	-19 011	0	0
Transfer to Stage 3	-5 012	-57 931	62 943	0	0
Change in the estimate of expected credit losses	-37 767	93 689	206 966	-1 945	260 943
Total allowances for expected credit losses in the income statement	**8 393**	**9 550**	**165 594**	**17 735**	**201 272**
Assets written off the balance sheet	0	0	-527 897	-5 748	-533 645
Measurement at fair value at the moment of initial recognition	0	0	0	-25 966	-25 966
Other changes, including exchange differences	-150	-306	-39 048	-3 843	-43 347
As at 31.03.2024	**401 429**	**698 187**	**2 596 232**	**-2 675**	**3 693 173**
Net carrying amount as at 31.03.2024	**53 065 205**	**7 047 732**	**2 227 289**	**285 619**	**62 625 845**

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
AS at 01.01.2023	**48 385 154**	**7 565 769**	**5 891 329**	**229 781**	**62 072 033**
New / purchased / granted financial assets	4 774 819	0	0	37 020	4 811 839
Changes due to the sale or expiry of the instrument	-2 026 245	-424 607	-19 978	-1 540	-2 472 370
Transfer to Stage 1	724 438	-701 064	-23 374	0	0
Transfer to Stage 2	-1 903 857	1 961 634	-57 777	0	0
Transfer to Stage 3	-134 676	-439 003	573 679	0	0
Valuation changes	-1 390 297	-185 642	-110 095	0	-1 686 034
Assets written off the balance sheet	0	0	-360 191	-1 163	-361 354
Other changes, including exchange differences	-18 869	-55 360	-16 761	-5 740	-96 730
As at 31.03.2023	**48 410 467**	**7 721 727**	**5 876 832**	**258 358**	**62 267 384**
Expected credit losses					
As at 01.01.2023	**429 952**	**773 922**	**3 217 249**	**41 034**	**4 462 157**
New / purchased / granted financial assets	53 292	0	0	21 470	74 762
Changes due to the sale or expiry of the instrument	-22 475	-14 518	-62 440	-202	-99 635
Transfer to Stage 1	64 433	-74 201	9 768	0	0
Transfer to Stage 2	-46 821	61 255	-14 434	0	0
Transfer to Stage 3	-18 491	-94 456	112 947	0	0
Change in the estimate of expected credit losses	-24 992	115 637	263 840	-6 951	347 534
Total allowances for expected credit losses in the income statement	**4 946**	**-6 283**	**309 681**	**14 317**	**322 661**
Assets written off the balance sheet	0	0	-360 191	-1 163	-361 354
Measurement at fair value at the moment of initial recognition	0	0	0	-15 961	-15 961
Other changes, including exchange differences	-85	-180	61 061	-399	60 397
As at 31.03.2023	**434 813**	**767 459**	**3 227 800**	**37 828**	**4 467 900**
Net carrying amount as at 31.03.2023	**47 975 654**	**6 954 268**	**2 649 032**	**220 530**	**57 799 484**

20 Other assets

20.1 Financial data

	31.03.2024	31.12.2023
Sundry debtors	**489 575**	**636 935**
Other settlements	345 786	466 820
Receivables related to sales of services (including insurance)	21 484	31 555

(in PLN '000)

	31.03.2024	31.12.2023
Guarantee deposits	17 217	17 364
Settlements due to cash in ATMs	105 088	121 196
Costs recognised over time	**109 581**	**63 735**
Maintenance and support of systems, servicing of plant and equipment	56 626	38 966
Other deferred costs	52 955	24 769
VAT settlements	**43 889**	**37 255**
Other assets (gross)	**643 045**	**737 925**
Write-down	-62 961	-66 574
Total	**580 084**	**671 351**
including financial assets (gross)	489 575	636 935

Change in write-downs

	31.03.2024	31.03.2023
Open balance	**66 574**	**58 978**
Established provisions	921	4 349
Reversal of provisions	-707	-940
Assets written off from the balance sheet	-3 819	-230
Other changes	-8	-79
Closing balance	**62 961**	**62 078**

21 Assets pledged as colleteral

21.1 Financial data

	31.03.2024	31.12.2023
Financial assets collateraling the EIB loan	16 411	46 894
Total	**16 411**	**46 894**

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

	31.03.2024	31.12.2023
Treasury bonds blocked with BGF	388 051	413 428
Deposits as derivative transactions (ISDA) collatera	944 373	847 886
Deposit as collateral of transactions performed in Alior Trader	18	16
Total	**1 332 442**	**1 261 330**

22 Amounts due to banks

22.1 Financial data

Structure by type	31.03.2024	31.12.2023
Current deposits	1 278	4 664
Term deposits	52 053	0
Received loan	149 725	157 909
Other liabilities	65 962	125 745

(in PLN '000)

Structure by type	31.03.2024	31.12.2023
Total	**269 018**	**288 318**

23 Amounts due to customers

23.1 Financial data

Structure by type and customer segment	31.03.2024	31.12.2023
Retail segment	**52 722 165**	**51 929 220**
Current deposits	37 179 835	36 284 917
Term deposits	14 243 968	14 128 620
Own issue of banking securities	1 012 152	1 252 656
Other liabilities	286 210	263 027
Corporate segment	**24 112 139**	**23 258 031**
Current deposits	13 418 644	14 223 309
Term deposits	9 536 705	7 900 964
Own issue of banking securities	5 063	4 665
Own issue of bonds	870 416	851 858
Other liabilities	281 311	277 235
Total	**76 834 304**	**75 187 251**

From 1 January to 31 March 2024 the Group issued own securities amounted to PLN 71 212 thousand and securities purchased before maturity amounted to PLN 4 973 thousand.

In 2023 the Group issued own securities amounted to PLN 1 464 568 thousand and securities purchased before maturity amounted to PLN 17 934 thousand.

24 Provisions

24.1 Financial data

	Provisions for legal claims*	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Provision for reimbursement of credit costs (TSUE)	Total provisions
As at 1 January 2024	**157 197**	**8 362**	**73 878**	**894**	**69 645**	**309 976**
Established provisions	9 284	0	24 712	0	39	34 035
Reversal of provisions	-559	-69	-37 513	0	-4 969	-43 110
Utilized provisions	-1 358	0	0	-393	-4 788	-6 539
Other changes	-7	0	19	0	0	12
As at 31 March 2024	**164 557**	**8 293**	**61 096**	**501**	**59 927**	**294 374**

** provision for legal risk related to the FX indexed loan portfolio amount to PLN 36 million*

	Provisions for legal claims*	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Provision for reimbursement of credit costs (TSUE)	Total provisions
As at 1 January 2023	**52 371**	**5 479**	**116 823**	**1 718**	**91 556**	**267 947**
Established provisions	5 477	0	17 705	0	0	23 182
Reversal of provisions	-3 726	-328	-73 510	0	0	-77 564
Utilized provisions	-2 294	0	0	-226	-6 946	-9 466
Other changes	-1	0	-51	0	0	-52
As at 31 March 2023	**51 827**	**5 151**	**60 967**	**1 492**	**84 610**	**204 047**

** provision for legal risk related to the FX indexed loan portfolio amount to PLN 5.9 million*

(in PLN '000)

Split of the restructuring provision as at 31.03.2024 is presented below:

	31.12.2023	utilisation	31.03.2024
Reorganisation of the branch network	894	-393	501
Total	**894**	**-393**	**501**

25 Other liabilities

25.1 Financial data

	31.03.2024	31.12.2023
Other financial liabilities	1 011 303	1 558 024
Interbank settlements	541 637	1 086 303
Settlements of payment cards	173 292	137 558
Other settlements, including	260 087	297 913
settlements with insurers	*10 604*	27 465
Liability for reimbursement of credit costs	36 287	36 250
Other non financiali liabilities	1 374 792	1 095 876
Taxes, customs duty, social and health insurance payables and other public settlements	332 088	62 171
Settlements of issues of bank certificates of deposits	231	13 510
Liabilities due to contributions to the Bank Guarantee Fund	232 710	192 066
Accrued expenses	174 719	249 601
Income received in advance	53 441	53 298
Provision for bancassurance resignations	60 004	58 389
Provision for bonuses	145 398	119 976
Provision for unutilised annual leaves	39 373	26 603
Provision for bonuse settled in phantom shares	14 096	11 313
Provision for retention programs	37	37
Other employee provisions	11 813	10 138
Liabilities due to lease agreements	267 017	252 938
Other liabilities	43 865	45 836
Total	**2 386 095**	**2 653 900**

26 Financial liabilities

26.1 Financial data

	31.03.2024	31.12.2023
Short sale of T-bonds	**75 850**	**55 814**
Interest rate transactions	**121 295**	**142 243**
SWAP	119 272	138 861
Cap Floor Options	2 023	1 804
FRA	0	1 578
Foreign exchange transactions	**59 762**	**71 441**
FX Swap	32 576	44 658
FX forward	10 200	13 846
CIRS	1 830	2 936
FX options	15 156	10 001

(in PLN '000)

	31.03.2024	31.12.2023
Other options	**5 876**	**3 179**
Other instruments	**3 534**	**3 786**
Total	**266 317**	**276 463**

27 Subordinated liabilities

27.1 Financial data

Liabilities classified as the Bank's own funds	Nominal value in the currency	Currency	Term	Interest	Status of liabilities 31.03.2024	Status of liabilities 31.12.2023
Series F bonds*	-	PLN	26.09.2014-26.09.2024	WIBOR6M +3.14	0	329 215
Series P1B bonds*	-	PLN	29.04.2016-16.05.2024	WIBOR6M +3.00	0	70 754
Series K and K1 bonds	600 000	PLN	20.10.2017-20.10.2025	WIBOR6M +2.70	622 296	609 924
Series P2A bonds	150 000	PLN	14.12.2017-29.12.2025	WIBOR6M +2.70	153 292	150 106
Total					**775 588**	**1 159 999**

*Details in Note 38

28 Off-balance sheet items

28.1 Financial data

Off-balance sheet contingent liabilities granted to customers	31.03.2024	31.12.2023
Granted off-balance liabilities	**12 353 887**	**12 447 700**
Concerning financing	**11 375 642**	**11 624 267**
Guarantees	**978 245**	**823 433**
Performance guarantees	369 094	307 737
Financial guarantees	609 151	515 696

31.03.2024	Nominal amount			Provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Concerning financing	10 060 384	1 103 024	212 234	13 477	11 498	1 798
Guarantees	775 662	148 508	54 075	186	297	33 840
Total	**10 836 046**	**1 251 532**	**266 309**	**13 663**	**11 795**	**35 638**

31.12.2023	Nominal amount			Provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Concerning financing	10 203 297	1 268 205	152 765	13 246	25 700	1 825
Guarantees	621 161	148 711	53 561	192	324	32 591
Total	**10 824 458**	**1 416 916**	**206 326**	**13 438**	**26 024**	**34 416**

Reconciliations between the opening balance and the closing balance of off-balance sheet contingent liabilities granted to customers and arrangements regarding the value of provisions created in this respect are presented below.

Change in off-balance sheet liabilities (nominal value)	Stage 1	Stage 2	Stage 3	Total
As at 01.01.2024	**10 824 458**	**1 416 916**	**206 326**	**12 447 700**
New / purchased / granted financial assets	2 170 789	147 232	2 087	2 320 108

(in PLN '000)

Change in off-balance sheet liabilities (nominal value)	Stage 1	Stage 2	Stage 3	Total
Changes due to the sale or expiry of the instrument	-1 272 922	-190 178	-5 023	-1 468 123
Transfer to Stage 1	147 306	-146 382	-924	0
Transfer to Stage 2	-144 837	151 024	-6 187	0
Transfer to Stage 3	-1 582	-5 585	7 167	0
Changing commitment	-882 331	-120 779	63 171	-939 939
Other changes, including exchange rate differences	-4 835	-716	-308	-5 859
As at 31.03.2024	**10 836 046**	**1 251 532**	**266 309**	**12 353 887**

Change in off-balance sheet liabilities (nominal value)	Stage 1	Stage 2	Stage 3	Total
As at 01.01.2023	**8 727 782**	**1 128 403**	**348 191**	**10 204 376**
New / purchased / granted financial assets	1 615 396	205 427	2 845	1 823 668
Changes due to the sale or expiry of the instrument	-765 063	-241 659	-87 877	-1 094 599
Transfer to Stage 1	120 751	-120 379	-372	0
Transfer to Stage 2	-163 454	165 022	-1 568	0
Transfer to Stage 3	-2 062	-1 362	3 424	0
Change in the estimate od the provision for off-balanse sheet liabilities	-165 617	-37 795	16 309	-187 103
Other changes, including exchange rate differences	-4 411	-159	-91	-4 661
As at 31.03.2023	**9 363 322**	**1 097 498**	**280 861**	**10 741 681**

Change in the provision for off-balance sheet liabilities	Stage 1	Stage 2	Stage 3	Total
As at 01.01.2024	**13 438**	**26 024**	**34 416**	**73 878**
New / purchased / granted financial assets	3 314	2 498	328	6 140
Changes due to the sale or expiry of the instrument	-1 705	-12 540	-150	-14 395
Transfer to Stage 1	566	-566	0	0
Transfer to Stage 2	-798	798	0	0
Transfer to Stage 3	0	-106	106	0
Change in the estimate od the provision for off-balanse sheet liabilities	-1 133	-4 283	970	-4 446
Other changes, including exchange rate differences	-19	-30	-32	-81
As at 31.03.2024	**13 663**	**11 795**	**35 638**	**61 096**

Change in the provision for off-balance sheet liabilities	Stage 1	Stage 2	Stage 3	Total
As at 01.01.2023	**12 837**	**9 702**	**94 284**	**116 823**
New / purchased / granted financial assets	3 831	2 290	28	6 149
Changes due to the sale or expiry of the instrument	-1 675	-1 481	-59 003	-62 159
Transfer to Stage 1	1 084	-1 084	0	0
Transfer to Stage 2	-390	390	0	0
Transfer to Stage 3	0	0	0	0
Changing commitment	-1 759	552	1 407	200
Other changes, including exchange rate differences	-27	-3	-16	-46
As at 31.03.2023	**13 901**	**10 366**	**36 700**	**60 967**

29 Fair value

29.1 Accounting principles and estimates and assumptions

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

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

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

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

- debt securities listed on active, liquid financial markets,
- debt and equity securities traded in a regulated market, including in the portfolio of the Brokerage House,
- derivative instruments that are traded in a regulated market.

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

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

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

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

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

Such instruments include options embedded in certificates of deposit issued by the Group and options in the interbank market to hedge positions of the embedded options. The fair value is determined on the basis of market prices of those options or an internal model subject to both observable parameters (e.g. price of the base instrument, secondary quotations of options) and non-observable (e.g. variability, correlations between base instruments in options based on a basket). Model parameters are determined on the basis of a statistical analysis. At the end of the reporting period, the position in the above-mentioned instruments was closed on back-to-back basis, which means that the change in valuation of options embedded in structured instruments is offset by changes in the valuation of options concluded on the interbank market.

(in PLN '000)

	Measurement method (techniques)	Material observable input data	Factor unobservable	Range of unobservable factors	Impact on valuation
EXOTIC OPTIONS	The prices of exotic options embedded in structured products are determined on the basis of market prices or measured with the internal model subject to both observable parameters (e.g. price of the base instrument, secondary quotations of options) and non-observable (e.g. variability, correlations between base instruments).	The prices of exotic options embedded in structured products are acquired from the market.	Volatility of prices of underlying instruments, correlations of prices of underlying instruments	Back-to-back closed options, changes in unobservable factors without affecting the total portfolio valuation	none
SHARES VISA INC C SERIES	The current market value of listed ordinary shares of Visa Inc. subject to the conversion ratio and discount, considering changing prices of the shares of Visa Inc.	Market value of the listed ordinary shares of Visa Inc.	Discount due to the illiquid nature of the securities, common stock conversion factor	Discount +/-19% ; conversion rate <-0.009;0>	+23.5%/-23.6%
SHARES PSP sp. z o.o.	Fair value estimation is based on the current value of the company's forecast results	Risk free rate	Risk premium, financial performance forecast	Risk premium +/- 25bps. ; Financial forecasts +/- 10%	+14.0%/-13.9%
SHARES RUCH SA	Estimating the fair value based on the present value of the company's forecast results	Risk-free rate	Risk premium, financial performance forecast	Risk premium +/- 25bps. ; Financial forecasts +/- 10%	none

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

29.2 Financial data

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

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

31.03.2024	Level 1	Level 2	Level 3	Total
Financial assets	**14 947 420**	**5 427 735**	**170 038**	**20 545 193**
Measured at fair value through profit and loss	**82 038**	**201 304**	**50 100**	**333 442**
SWAP	0	147 907	0	147 907
Cap Floor Ooptions	0	2 023	0	2 023
FX Swap	0	8 713	0	8 713
FX forward	0	14 259	0	14 259
CIRS	0	15 011	0	15 011
FX options	0	9 749	6	9 755
Other options	0	0	5 876	5 876
Other instruments	0	3 642	0	3 642
Financial derivatives	**0**	**201 304**	**5 882**	**207 186**
T- bonds	82 038	0	0	82 038
Other bonds	0	0	4	4
Equity instruments	0	0	44 214	44 214
Investments securities	**82 038**	**0**	**44 218**	**126 256**
Measured at fair value through other comprehensive income	**14 865 382**	**4 957 638**	**119 938**	**19 942 958**
Money bills	0	3 089 067	0	3 089 067
T- bonds	12 909 084	0	0	12 909 084
T-bills	1 322 649	1 868 571	0	3 191 220

(in PLN '000)

31.03.2024	Level 1	Level 2	Level 3	Total
Other bonds	633 649	0	0	633 649
Equity instruments	0	0	119 938	119 938
Derivative hedging instruments	**0**	**268 793**	**0**	**268 793**
Interest rate transactions – SWAP	0	268 793	0	268 793

31.12.2023	Level 1	Level 2	Level 3	Total
Financial assets	**12 510 332**	**3 555 685**	**164 859**	**16 230 876**
Measured at fair value through profit and loss	**53 398**	**324 037**	**45 704**	**423 139**
SWAP	0	177 758	0	177 758
Cap Floor Ooptions	0	1 804	0	1 804
FRA	0	1 056	0	1 056
FX Swap	0	96 237	0	96 237
FX forward	0	21 953	0	21 953
CIRS	0	13 946	0	13 946
FX options	0	7 298	0	7 298
Other options	0	0	3 179	3 179
Other instruments	0	3 985	0	3 985
Financial deriatives	**0**	**324 037**	**3 179**	**327 216**
Treasury bonds	53 398	0	0	53 398
Other bonds	0	0	4	4
Equity instruments	0	0	42 521	42 521
Investments securities	**53 398**	**0**	**42 525**	**95 923**
Measured at fair value through other comprehensive income	**12 456 934**	**2 895 526**	**119 155**	**15 471 615**
Money bills	0	950 000	0	950 000
Treasury bonds	9 569 859	0	0	9 569 859
Treasury bills	2 303 364	1 945 526	0	4 248 890
Other bonds	583 711	0	0	583 711
Equity instruments	0	0	119 155	119 155
Derivative hedging instruments	**0**	**336 122**	**0**	**336 122**
Interest rate transactions – SWAP	0	336 122	0	336 122

31.03.2024	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	**75 882**	**184 489**	**5 946**	**266 317**
Bonds	75 850	0	0	75 850
SWAP	0	119 272	0	119 272
Cap Floor Ooptions	0	2 023	0	2 023
FX Swap	0	32 576	0	32 576
FX forward	0	10 200	0	10 200
CIRS	0	1 830	0	1 830
FX options	0	15 086	70	15 156
Other options	0	0	5 876	5 876
Other instruments	32	3 502	0	3 534
Derivative hedging instruments	**0**	**660 777**	**0**	**660 777**
Interest rate swaps - SWAP	0	660 777	0	660 777

(in PLN '000)

31.12.2023	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	**55 814**	**217 470**	**3 179**	**276 463**
Bonds	55 814	0	0	55 814
SWAP	0	138 861	0	138 861
Cap Floor Ooptions	0	1 804	0	1 804
FRA	0	1 578	0	1 578
FX Swap	0	44 658	0	44 658
FX forward	0	13 846	0	13 846
CIRS	0	2 936	0	2 936
FX options	0	10 001	0	10 001
Other options	0	0	3 179	3 179
Other instruments	0	3 786	0	3 786
Derivative hedging instruments	**0**	**682 631**	**0**	**682 631**
Interest rate swaps - SWAP	0	682 631	0	682 631

Reconciliation of changes at level 3 of fair value hierarchry

	Assets		Liabilities	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Opening balance	**164 859**	**210 133**	**3 179**	**529**
Acquisitions	36	2	101	2
Net changes recognized in other comprehensive income	793	-3 117	0	0
Net changes recognized in other comprehensive income	4 456	3 524	3 015	280
Currency differences	250	9	0	0
Settlement / redemption	-356	-35 121	-349	0
Closing balance	**170 038**	**175 430**	**5 946**	**811**

In 2024, the Bank did not reclassify financial instruments between levels of the fair value hierarchy.

Fair value measurement for disclosure purposes

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

31.03.2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	**2 180 177**	**1 365 427**	**814 750**	**0**	**2 180 177**
Amount due from banks	**1 516 379**	**0**	**1 516 379**	**0**	**1 516 379**
Loans and advances to customers	**62 625 845**	**0**	**0**	**59 799 104**	**59 799 104**
Retail segment	**39 163 374**	**0**	**0**	**36 509 491**	**36 509 491**
Consumer loans	14 749 964	0	0	13 842 221	13 842 221
Loans for residential real estate*	19 334 970	0	0	17 529 930	17 529 930
Consumer finance loans	5 078 440	0	0	5 137 340	5 137 340
Corporate segment	**23 462 471**	**0**	**0**	**23 289 613**	**23 289 613**
Working capital facility	11 278 929	0	0	11 329 211	11 329 211
Investment loans	4 468 111	0	0	4 574 121	4 574 121
Other	7 715 431	0	0	7 386 281	7 386 281
Asstes pledged as collateral	**16 411**	**16 411**	0	0	**16 411**

(in PLN '000)

31.03.2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities measured at amortized cost	**1 824 352**	**1 826 965**	**0**	**61**	**1 827 026**
Other financial assets	**489 575**	0	0	**489 575**	**489 575**
Liabilities					
Amounts due to banks	**269 018**	**0**	**269 018**	**0**	**269 018**
Current deposits	1 278	0	1 278	0	1 278
Term deposits	52 053	0	52 053	0	52 053
Credit received	149 725	0	149 725	0	149 725
Other liabilities	65 962	0	65 962	0	65 962
Amounts due to customers	**76 834 304**	**0**	**0**	**76 954 384**	**76 954 384**
Current deposits	50 598 479	0	0	50 598 479	50 598 479
Term deposits	23 780 673	0	0	23 780 673	23 780 673
Bank securities issued	1 017 215	0	0	1 137 295	1 137 295
Bonds issued	870 416	0	0	870 416	870 416
Other liabilities	567 521	0	0	567 521	567 521
Other financial liabilities	**1 011 303**	**0**	**0**	**1 011 303**	**1 011 303**
Subordinated liabilities	**775 588**	**0**	**0**	**775 588**	**775 588**

31.12.2023	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	**2 539 259**	**1 121 499**	**1 417 760**	**0**	**2 539 259**
Amount due from banks	**4 615 420**	**0**	**4 615 420**	**0**	**4 615 420**
Loans and advances to customers	**60 965 097**	**0**	**0**	**58 183 628**	**58 183 628**
Retail segment	**37 995 750**	**0**	**0**	**35 364 992**	**35 364 992**
Consumer loans	14 788 921	0	0	13 509 739	13 509 739
Loans for residential real estate*	18 203 142	0	0	16 760 914	16 760 914
Consumer finance loans	5 003 687	0	0	5 094 339	5 094 339
Corporate segment	**22 969 347**	**0**	**0**	**22 818 636**	**22 818 636**
Working capital facility	11 065 622	0	0	11 196 714	11 196 714
Investment loans	4 471 096	0	0	4 520 102	4 520 102
Other	7 432 629	0	0	7 101 820	7 101 820
Asstes pledged as collateral	**46 894**	**46 894**	**0**	**0**	**46 894**
Investment securities measured at amortized cost	**2 925 678**	**2 923 603**	**0**	**61**	**2 923 664**
Other financial assets	**636 935**	**0**	**0**	**636 935**	**636 935**
Liabilities					
Amounts due to banks	**288 318**	**0**	**288 318**	**0**	**288 318**
Current deposits	4 664	0	4 664	0	4 664
Credit received	157 909	0	157 909	0	157 909
Other liabilities	125 745	0	125 745	0	125 745
Amounts due to customers	**75 187 251**	**0**	**0**	**75 323 377**	**75 323 377**
Current deposits	50 508 226	0	0	50 508 226	50 508 226
Term deposits	22 029 584	0	0	22 029 584	22 029 584
Own issue of banking securities	1 257 321	0	0	1 393 447	1 393 447
Own issue of bonds	851 858	0	0	851 858	851 858
Other liabilities	540 262	0	0	540 262	540 262
Other financial liabilities	**1 558 024**	**0**	**0**	**1 558 024**	**1 558 024**
Subordinated liabilities	**1 159 999**	**0**	**0**	**1 159 999**	**1 159 999**

** the evaluation includes future credit vacation - details in note 39*

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

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

Loans and advances to customers:

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

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

Financial liabilities measured at amortised cost

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

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

Other financial assets and liabilities

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

30 Transactions with related entities

The ultimate parent company of the Group is Powszechny Zakład Ubezpieczeń SA.

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

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

(in PLN '000)

Nature of transactions with related entities

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

Parent company	31.03.2024	31.12.2023
Other assets	5 489	5 994
Total assets	**5 489**	**5 994**
Amounts due to customers	2 211	2 387
Other liabilities	643	521
Total liabilities	**2 854**	**2 908**

Subsidiaries of the parent company	31.03.2024	31.12.2023
Cash and cash equivalents	555	632
Loans and advances to customers	57 186	53 905
Other assets	1 117	1 150
Total assets	**58 858**	**55 687**
Amounts due to customers	126 019	156 617
Provisins	5	6
Other liabilities	3 954	3 753
Total liabilities	**129 978**	**160 376**

Subsidiaries of the parent company	31.03.2024	31.12.2023
Off-balance liabilities granted to customers	**30 062**	**28 577**
Relating to financing	30 062	28 577

Joint control by persons related to the Group	31.03.2024	31.12.2023
Loans and advances to customers	0	5
Total assets	**0**	**5**
Amounts due to customers	13 745	2 720
Amounts due to customers	**13 745**	**2 720**

Joint control by persons related to the Group	31.03.2024	31.12.2023
Off-balance liabilities granted to customers	**0**	**1**
Relating to financing	0	1

Parent company	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Interest income calculated using the effective interest method	5 307	5 306
Interest expences	-18	0
Fee and commission income	9 823	11 258
Fee and commission expense	-3 619	-1 642
Net other operating income and expenses	44	9
General administrative expenses	-1 444	-1 088

(in PLN '000)

Parent company	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Total	**10 093**	**13 843**

Subsidiaries of the parent company	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Interest income calculated using the effective interest method	17 842	19 603
Interest expences	-1 076	-1 346
Fee and commission income	7 353	3 788
Fee and commission expense	-189	-1
The result on financial assets measured at fair value through profit or loss and FX result	-214	0
Net other operating income and expenses	13	1
General administrative expenses	-3 926	-2 624
Net expected credit losses	-96	3
Total	**19 707**	**19 424**

Joint control by persons related to the Group	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Interest expences	-22	-20
Fee and commission income	9	29
The result on financial assets measured at fair value through profit or loss and FX result	12	0
Net expected credit losses	2	0
Total	**1**	**9**

Transactions with the State Treasury and related entities

Below there are material transactions with the State Treasury and its related entities with the exception of IAS 24.25. The transactions with the State Treasury mainly concern operations on treasury securities. The remaining transactions presented in the note below concern operations with selected entities with the highest exposure.

State Treasury and related entities	31.03.2024	31.12.2023
Investment financial assets	15 465 472	**12 654 638**
measured at fair value through other comprehensive income	13 559 143	10 200 464
measured at fair value through profit or loss	82 038	53 398
measured at amortized cost	1 824 291	2 400 776
Loans and advances to customers	706 232	731 145
Total assets	**16 171 704**	**13 385 783**
Financial Liabilities	75 850	55 814
Amounts due to banks	911	9 286
Amounts due to customers	588 627	578 378
Total liabilities	**665 388**	**643 478**

State Treasury and related entities	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Interest income calculated using the effective interest method	202 191	230 666
Interest expense	-9 007	-13 628
Total	**193 184**	**217 038**

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

(in PLN '000)

31 Benefits for the for senior executives

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

The Bank has a Remuneration Policy which covers all employees with its provisions. The Remuneration Policy is reviewed by the Appointment and Remuneration Committee of the Supervisory Board and adopted by the Management Board and approved by the Supervisory Board. As regards persons holding managerial positions, who have a significant impact on the risk profile, the principles of the Policy have been established based on the provisions of the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system as well as the remuneration policy in banks.

Persons having an impact on the Risk Profile (MRT) are members of the Management Board and Supervisory Board, managing directors and other persons identified on the basis of the criteria defined in the Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36 / EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for determining management responsibilities, control functions, significant business units and the significant impact on the risk profile of a significant business unit, and specifying criteria for identifying employees or categories of staff whose professional activities affect the risk profile of these institutions in a comparable manner as important as in the case of employees or categories of employees referred to in art. 92 sec. 3 of this directive.

31.2 Financial data

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

31.03.2024	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	379	4	375
Total assets	**379**	**4**	**375**
Amounts due to customers	305	0	305
Total liabilities	**305**	**0**	**305**

31.03.2023	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	413	0	413
Total assets	**413**	**0**	**413**
Amounts due to customers	1 743	0	1 743
Total liabilities	**1 743**	**0**	**1 743**

The total cost of remuneration of Members of the Bank's Supervisory Board and Members of the Bank's Management Board from 1 January to 31 March 2024 recognized in the profit and loss account of the Group in this period amounted to PLN 5 912 thousand (in the period from 1 January to 31 March 2023 - PLN 5 676 thousand).

31.3 Incentive program for senior executives

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

- bonus scheme for the Management Board, valid from 2016;
- annual variable remuneration granted partly in financial instruments (phantom shares) for persons having an impact on the risk profile; the settlement of phantom shares takes place in cash.

32 Legal claims

In the Bank's opinion, no single court, arbitration court or public administration body proceedings in progress during the first quarter of 2024, and none of the proceedings jointly, could pose a threat to the Bank's financial liquidity. The proceedings which according to the opinion of the Management Board are significant are presented below.

Cases related to the distribution of certificates of participation in investment funds

The Bank, as part of its activities as part of a separate organizational unit - Biuro Maklerskie Alior Bank SA, in the years 2012 - 2016 conducted activities in the field of distribution of certificates of participation in investment funds: Inwestycje Rolne Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Inwestycje Selektywne Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Lasy Polskie Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych and Vivante Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (hereinafter collectively referred to as "Funds"). The bank distributed over 250 thousand investment certificates of the Funds.

On 21 November 2017, the Polish Financial Supervision Authority ("PFSA") issued a decision to withdraw the permit to operate by FinCrea TFI SA, which is the managing body of the Funds. The Polish Financial Supervision Authority justified the issuance of a decision found in the course of administrative proceedings for gross violations of the provisions of the Act on investment funds and management of alternative investment funds. The decision was immediately enforceable. No society has decided to take over the management of the Funds, which, pursuant to Art. 68 sec. 2 in connection with joke. 246 paragraph. 1 point 2 of the Act on Investment Funds and Management of Alternative Investment Funds was the reason for the dissolution of the Funds. The dissolution of an investment fund takes place after liquidation.

The Funds are currently being liquidated by the custodian, Raiffeisen Bank International AG, based in Vienna. The liquidation of an investment fund consists in selling its assets, collecting the fund's receivables, satisfying the fund's creditors and redeeming participation units or investment certificates by paying the funds obtained to fund participants, in proportion to the number of participation units or investment certificates they have (Article 249 (1) of the Act. on investment funds and management of alternative investment funds). From the day of commencement of liquidation, the investment fund may not sell units or issue investment certificates, as well as buy back participation units or redeem investment certificates and pay out the fund's income or revenues (Article 246 (3) of the aforementioned Act).

Claims for payment
As at 31.04.2024, the Bank is defendant in 167 cases brought by the buyers of the Fund's investment certificates for payment (compensation for damage). The total value of the dispute in these cases is PLN 55.7 million.

In the Bank's opinion, each claims for payment requires an individual approach. The final value of the investment certificates of the Funds will be determined after the completion of the liquidation. However, the Bank conducted a thorough analysis, selected cases and singled out those with specific risk factors, which the Bank took into account in its approach to the provision created on this account. In the calculation of the provision, the Bank also took into account the possible increase in the scale of lawsuits. The total amount of the provision as at 31 March 2024 amounted PLN 83.1 million.

Liability claims
The Bank is the defendant in 1 collective action brought by a natural person - a representative of a group of 320 natural and legal persons, for determination of the Bank's liability for damage and in 4 individual cases for establishing the Bank's liability for damage.

The class action was filed on 5 March 2018 against the Bank to determine the Bank's liability for damage caused by the Bank's improper performance of disclosure obligations towards customers and the improper performance of contracts for the provision of services for accepting and transmitting orders to purchase or sell Fund investment certificates. The court decided to hear the case in group proceedings.

On 8 March 2023, the District Court in Warsaw issued a decision to determine the composition of the group. As at the date of this report, this decision is invalid. The value of the subject of the extended claim amounts to approx. PLN 103.9 million.

The lawsuits were filed to establish liability (not for payment, i.e. compensation for damage), therefore the Bank does not anticipate any outflow of cash from these proceedings, other than litigation costs, the amount of which the Bank estimates at PLN 600 thousand.

In accordance with IAS 37, the Group each time assesses whether a past event gave rise to a present obligation. In legal claims, the Group additionally uses expert opinions. If, based on expert judgment and taking into account all circumstances, the Group assesses that the existence of a present obligation as at the balance sheet date is more likely than not and the Group is able to reliably estimate the amount of the obligation in this respect, then it creates a provision. As at 31 March 2024, the Group created provisions for legal claims brought against the Group's entities, which, according to the legal opinion, involve the risk of outflow of funds due to fulfillment of the obligation in the amount of PLN 164 557 thousand and as at 31 December 2023 in the amount of PLN 157 197 thousand

33 Contigent liability

The Group presents below a description of the most important proceedings conducted against the Group as of 31 March 2024, which constitute contingent liabilities.

The total value of the subject matter of the disputed claims as at 31 March 2024 in court proceedings conducted against the Group is PLN 661 873 thousand and as at 31 December 2023, PLN 624 602 thousand.

Case claimed by a client

Case claimed by a limited company for a payment of PLN 109 967 thousand in respect of compensation for damage incurred in connection with the conclusion and settlement of treasury transactions. The claim dated 27 April 2017 was brouhgt against Alior Bank SA and Bank BPH SA. In the Bank's opinion, the claim has no valid factual and legal basis therefore, the Bank did not create a provision as at 31 March 2024.

Proceedings before the President of the Office of Competition and Consumer Protection (UOKiK)

Proceeding on provisions of recognizing a standard contract as illegal, the so-called modification clauses

On 27 September 2019, the President of the Office of Competition and Consumer Protection (UOKiK) initiated ex officio proceeding against Alior Bank SA to recognize a standard contract as illegal (reference number RPZ.611.4.2019.PG) the subject of which is 11 clauses (the so-called modification clauses) included in contract templates used by the Bank, on the basis of which the Bank made unilateral changes to contracts concluded with consumers. The President of UOKiK questioned the wording of the provisions in question, among others as imprecise and not allowing consumers to verify the occurrence of premises for the change being made. The Bank corresponds with the President of the Office of Competition and Consumer Protection in this case. The Bank presented to the Office of Competition and Consumer Protection a plan to remove the ongoing effects of the breach from contracts with customers. In a letter dated 20 March 2024, the Bank presented the Office of Competition and Consumer Protection with a proposal for the new content of modification clauses. As at 31 March 2024, the Group did not identify any reasons to create a provision because, in the Group's opinion, an outflow of cash in this respect is unlikely. At the same time, the Group is unable to make a reliable estimate of the value of the contingent liability in this respect due to the inability to estimate the potential consequences of the violation and the amount of the potential penalty that may be imposed by the Office of Competition and Consumer Protection. The maximum amount of the financial penalty is 10% of the Bank's turnover achieved in the financial year preceding the year in which the penalty was imposed.

Proceeding regarding practices violating the collective interests of consumers regarding unauthorized payment transactions

On 13 February 2024, the President of the Office of Competition and Consumer Protection initiated proceedings against the Bank regarding practices violating the collective interests of consumers (reference number: RWR.610.3.2024.KŚ) consisting of:

- failure - after the consumer reports the transaction as unauthorized - to refund the amount of the unauthorized payment transaction or restore the debited payment account to the state that would have existed if the unauthorized payment transaction had not taken place in the manner and within the time limit specified in art. 46 section 1 of the Act on Payment Services, despite the absence of any grounds entitling the Bank not to perform the above-mentioned. activities,
- making a conditional refund to a consumer who is a client of the Bank of the payment transaction amount reported by the consumer as unauthorized, only for the time the Bank considers the complaint, and then, if the Bank finds in the complaint procedure that the transaction was authorized by the consumer or, that the consumer is liable for an unauthorized payment transaction, withdrawing a conditional refund and withdrawing this amount from the consumer's savings and current account or credit card account, excluding situations in which this amount was simultaneously returned to the consumer as part of a chargeback or the consumer withdrawn the claim,
- providing consumers - in responses to their reports regarding the occurrence of unauthorized payment transactions - with information about the correct authorization of the transaction, which was confirmed only after the payment service provider verified the correct use of the payment instrument, by using individual authentication data in a way that suggests that the Bank's demonstration that correct authentication has occurred excludes the Bank's obligation to refund the amount of the unauthorized transaction, which may mislead consumers regarding the Bank's obligations under art. 46 section 1 of the Payment Services Act, as well as regarding the distribution of the burden of proving that the payment transaction has been authorized,
- providing consumers - in responses to their reports regarding unauthorized payment transactions - with information about the correct authentication of the transaction by the user and the Bank's lack of responsibility for its execution, as it occurred as a result of the consumer's breach of the terms of the contract with the Bank, which may mislead consumers into error regarding the Bank's obligations under art. 46 section 1 of the Payment Services Act, including the distribution of the burden of proof to the extent that the Bank should demonstrate that the consumer led to the disputed transaction as a result of an intentional or grossly negligent breach of at least one of the obligations referred to in art. 42 of the Payment Services Act,
- providing consumers - in responses to their reports regarding the occurrence of unauthorized payment transactions - with information about the inability to consider card transactions reported after 120 days from the date of the transaction as unauthorized payment transactions and the inability to complain about more than 15 transactions,

- which, in the opinion of the President of the Office of Competition and Consumer Protection, may harm the collective interests of consumers and, consequently, constitute practices violating the collective interests of consumers referred to in the Act on Competition and Consumer Protection.

Proceedings regarding practices violating collective consumer interests are currently pending against 15 banks whose practices were verified in explanatory proceedings similar to those conducted against the Bank.

The allegations of the Office of Competition and Consumer Protection raise doubts in the entire banking sector as to their compliance with European law. The provisions of the Payment Services Act, which the Office of Competition and Consumer Protection refers to in the context of these allegations, do not, in the Bank's opinion, fully reflect the directive implemented therein. This resulted in numerous submissions to the President of the Office of Competition and Consumer Protection from the Polish Bank Association. In a letter of 29 March 2024, the Bank responded to the allegations of the President of the Office of Competition and Consumer Protection.

As at 31 March 2024 the value of complaints related to unauthorized transactions is PLN 48 million. The maximum amount of the financial penalty is 10% of the Bank's turnover achieved in the financial year preceding the year in which the penalty was imposed.

As at 31 Match 2024, the Group did not identify any reasons to create provisions in this respect.

Polish Financial Supervision Authority proceedings

Proceedings regarding insurance distribution

On 6 July 2021, the Polish Financial Supervision Authority initiated administrative proceedings regarding the application of the sanction measure specified in art. 84 section 1-2 of the Act of insurance distribution dated on 15 December 2017 in connection with the identification of irregularities indicating a violation by Alior Bank SA of art. 7 section 1 in connection with art. 4 section 6 of this Act, i.e. in the scope of determining the customer's requirements and needs in the process of offering insurance contracts in the period from 1 October 2018 to 26 October 2021. The Bank took a number of actions regarding the area of the Bank's activities as an insurance distributor, the aim of which was removal of irregularities questioned by the Polish Financial Supervision Authority, and also implemented solutions aimed at preventing violations of the law in this area in the future. Moreover, the Bank asked the Polish Financial Supervision Authority to apply the administrative institution provided for in art. 189f §1 point 1 of the Code of Administrative Procedure (issuing a decision waiving the imposition of a penalty and issuing a warning to Alior Bank). On 1 March 2024, the Bank submitted an application to conclude an arrangement including waiving the imposition of sanctions or, alternatively, reducing the potential fine by 90%, i.e. the Bank asked the Polish Financial Supervision Authority to issue the decision referred to in art. 18k section 1 of the act of financial market supervision dated on 21 July 2006. On 22 March 2024, the Polish Financial Supervision Authority issued a decision on the possibility of concluding an agreement on the conditions for extraordinary relaxation of sanctions and set a deadline of 3 months for concluding this agreement. Currently, Alior Bank SA is in dialogue to work out the terms of the above-mentioned arrangement.

The Group is unable to make a reliable estimate of the value of the contingent liability in this respect due to the inability to estimate the potential consequences of the violation and the amount of the potential penalty that may be imposed by the Polish Financial Supervision Authority. If the Polish Financial Supervision Authority issues a decision imposing a fine on the Bank, it is difficult to determine its probable amount due to the lack of practice in this area. Pursuant to art. 84 section 1 of the Act of insurance distribution dated on 15 December 2017, the Polish Financial Supervision Authority may impose a fine in the amount not exceeding:

a) PLN 21 827 500 or
b) 5% of the annual net revenues from the sale of goods and services and from financial operations, disclosed in the last financial report for the financial year, approved by the approval body of the insurance distributor, or
c) twice the amount of profits obtained or losses avoided as a result of the infringement, if they can be determined.

As at 31 March 2024, the Group did not identify any reasons to create provisions in this respect.

(in PLN '000)

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

On 26 June 2019, to Alior Leasing sp. z o.o. a class action was filed for severance pay, filed by four former members of the company's Management Board who were dismissed by the Supervisory Board on 20 December 2018. The amount of the claimed claim is PLN 645 thousand. On 14 March 2022, the Court of Appeal in Wrocław changed the appealed judgment of the District Court in Wrocław of 11 August 2021 and ordered Alior Leasing to pay the plaintiffs the amount of the claimed claim together with interest for delay from 3 January 2019 to the day of payment. On 12 July 2022, the company filed a cassation appeal to the Court of Appeal in Wrocław, challenging the judgment issued by that court.

In December 2021, the Bank and the leasing company received another (new) summons from the former members of the Management Board of Alior Leasing to an ad hoc arbitration court under the management program; the summons was based on the same factual and legal circumstances as the previous ones. On 1 March 2024, the Bank received a partial award in an ad hoc arbitration case between former members of the Management Board of Alior Leasing and the Bank and the leasing company, dismissing claims under the management program in full. The partial judgment ends the substantive proceedings.

Alior Leasing sp. z o.o identifies the possibility of claims by external entities in connection with the activities of some former employees and associates of the company. As at the date of this financial statements, claims in this respect were not reported. In the Group's opinion, there are no circumstances justifying the creation of a provision on this account.
The Group will not reveal further information regarding the above-indicated possible claims, in order not to weaken his future position in a potential dispute or administrative proceeding.

34 Total capital adequacy ratio and Tier 1 ratio

As at 31 March 2024, total capital adequacy ratio and Tier 1 ratio were calculated in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR Regulation) and other regulations implementing “national options”, among other, the Banking Act of 29 August 1997 (as amended) and Regulation of the Minister of Development and Finance of 25 May 2017 on a higher risk weight for exposures secured by mortgages on real estate (as amended).

In order to calculate the capital adequacy ratio, in first quarter of 2024 prudential consolidation was applied – the consolidation covered Alior Bank SA and Alior Leasing sp. z o.o. In the opinion of the Bank's Management Board, the other subsidiary entities, not subject to prudential consolidation are marginal for the Bank's core activity from the viewpoint of monitoring of credit institutions.

Equity for the purposes of the capital adequacy

	31.03.2024	31.12.2023
Total equity for the capital adequacy ratio	**8 837 093**	**8 855 047**
Tier I core capital (CET1)	8 589 960	8 521 012
Paid-up capital	1 305 540	1 305 540
Supplementary capital	6 020 705	6 020 705
Other reserves	174 447	174 447
Current year's reviewed by auditor	1 451 099	1 451 099
Accumulated losses	5 006	5 006
Revaluation reserve – unrealised losses	-130 247	-163 231
Intangible assets measured at carrying value	-365 962	-345 707
Revaluation reserve – unrealised profit	228 100	209 227
Additional value adjustments - AVA	-21 552	-17 300
Other adjustments items (adjustments for IFRS 9, non-performing exposures coverage gap)	-77 176	-118 774

(in PLN '000)

	31.03.2024	31.12.2023
Tier II capital	247 133	334 035
Subordinated liabilities	247 133	334 035
Capital requirements	**4 048 542**	**3 974 036**
Total capital requirements for the credit, counterparty risk, adjustment to credit measurement, dilution and deliver of instruments to be settled at a later date	3 657 570	3 610 069
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk.	4 717	3 831
Capital requirement relating to the general interest rate risk	11 889	17 388
Total capital requirements for the operational risk	374 366	342 748
Tier 1 ratio	**16.97%**	**17.15%**
Total capital adequacy ratio	**17.46%**	**17.83%**
Leverage ratio	**9.02%**	**9.07%**

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

The Alior Bank SA Group decided to apply the transitional provisions provided for in Regulation 2020/873 with regard to certain adjustments in response to the COVID-19 pandemic, which means that for the purposes of assessing the Group's capital adequacy, the full impact related to the created COVID-19 provisions will not be taken into account.

MREL

The minimum requirements set by the Bank Guarantee Fund regarding own funds and liabilities subject to write-down or conversion ("MREL") applicable to the Group from 31.12.2023 are as follows:

- in relation to TREA 15.36% (of the total risk exposure)
- in relation to TEM 5.91% (of total exposure measure)

As at 31 March 2024, the Group met the MREL requirements set out by the Bank Guarantee Fund.

35 Tangible fixed assets and intangible assets

Tangible assets	31.03.2024	31.12.2023	31.03.2023
Plant and machinery (including IT hardware)	167 554	170 238	149 165
Means of transport	18 490	8 049	157
Fixed assets under construction	24 598	40 313	39 895
Owned buildings	128 386	129 348	133 179
Leasehold improvements	122 131	127 112	134 021
Other fixed assets	38 413	40 018	38 267
Right-of-use assets	243 725	228 419	228 796
Total	**743 297**	**743 497**	**723 480**

Intagible assets	31.03.2024	31.12.2023	31.03.2023
Goodwill	976	976	976
Capital expenditure	160 019	132 707	97 041
Software, licences, R&D works	257 360	277 218	291 212

(in PLN '000)

Intagible assets	31.03.2024	31.12.2023	31.03.2023
Trademark	300	300	301
Other	855	869	897
Total	**419 510**	**412 070**	**390 427**

36 Distribution of profit for 2023

Until the date of publication of this report, the General Meeting of Alior Bank Spółka Akcyjna has not adopted a resolution on the distribution of profit for 2023. The Management Board of Alior Bank SA acting pursuant to Article 399 § 1 and Article 402[1] § 1 and 2 of the Code of Commercial Companies hereby convenes the Annual General Meeting of the Bank on 26 April 2024 at 12.00 p.m.

The Bank's Management Board recommended that the Ordinary General Meeting of the Bank adopt a resolution on the distribution of the Bank's net profit from operations in the financial year 2023, in the total amount of PLN 1 987 444 136.08, as follows:

- allocating part of the profit in the amount of PLN 577 048 640.22 to the payment of dividend,
- allocation of the remaining part of the profit in the amount of PLN 1 410 395 495.86 to supplementary capital, including the non-distributable profit achieved on the activities of the Housing Fund in the amount of PLN 17 427 487.36.

37 Risk management

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

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

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

The detailed risk management policies have been presented in the annual consolidated financial statements of the Alior Bank SA Group for the year ended 31 December 2022 published on 3 March 2023 and available on the Alior Bank SA website.

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

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

Liquidity risk

Specification of maturity/payment dates of contractual flows of the Alior Bank Group assets and liabilities as at 31 March 2024 and as at 31 December 2023 (MPLN):

(in PLN '000)

31.03.2024	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	**2 134**	**7 866**	**4 932**	**4 508**	**8 142**	**13 810**	**31 844**	**53 958**	**127 194**
Cash & Nostro	1 981	0	0	0	0	0	0	0	1 981
Amounts due from banks	48	251	412	0	0	0	0	1 006	1 717
Loans and advances to customers	105	2 440	2 976	4 008	7 117	11 452	21 899	45 101	95 098
Securities	0	5 154	1 516	485	1 003	2 249	9 692	5 162	25 261
Other assets	0	21	28	15	22	109	253	2 689	3 137
LIABILITIES AND EQUITY	**-55 597**	**-8 340**	**-7 005**	**-5 613**	**-2 229**	**-1 469**	**-1 439**	**-10 146**	**-91 838**
Amounts due to banks	-67	-128	-2	-3	-2	-20	0	0	-222
Amounts due to customers	-53 376	-8 039	-6 758	-5 217	-1 701	-114	-7	-1	-75 213
Own issues	0	-119	-206	-351	-418	-981	-946	0	-3 021
Equity	0	0	0	0	0	0	0	-9 818	-9 818
Other liabilities	-2 154	-54	-39	-42	-108	-354	-486	-327	-3 564
Balance sheet gap	**-53 463**	**-474**	**-2 073**	**-1 105**	**5 913**	**12 341**	**30 405**	**43 812**	**35 356**
Cumulated balance sheet gap	**-53 463**	**-53 937**	**-56 010**	**-57 115**	**-51 202**	**-38 861**	**-8 456**	**35 356**	
Derivative instruments – inflows	0	4 433	1 080	635	118	54	13	0	6 333
Derivative instruments – outflows	0	-4 446	-1 081	-633	-122	-52	-12	0	-6 346
Derivative instruments – net	**0**	**-13**	**-1**	**2**	**-4**	**2**	**1**	**0**	**-13**
Guarantee and financing lines	-12 354	0	0	0	0	0	0	0	-12 354
Off-balance sheet gap	-12 354	**-13**	**-1**	**2**	**-4**	**2**	**1**	**0**	-12 367
Total gap	**-65 817**	**-487**	**-2 074**	**-1 103**	**5 909**	**12 343**	**30 406**	**43 812**	**22 989**
Total cumulated gap	**-65 817**	**-66 304**	**-68 378**	**-69 481**	**-63 572**	**-51 229**	**-20 823**	**22 989**	

31.12.2023	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	**2 396**	**9 040**	**4 427**	**6 997**	**7 952**	**12 584**	**32 285**	**49 830**	**125 511**
Cash & Nostro	2 259	0	0	0	0	0	0	0	2 259
Amounts due from banks	24	3 962	0	0	0	0	0	910	4 896
Loans and advances to customers	113	2 259	2 780	4 167	7 236	11 096	21 937	44 259	93 847
Securities	0	2 703	1 618	2 813	692	1 370	10 010	1 823	21 029
Other assets	0	116	29	17	24	118	338	2 838	3 480
LIABILITIES AND EQUITY	**-55 836**	**-6 760**	**-6 887**	**-4 564**	**-3 989**	**-1 557**	**-1 506**	**-9 551**	**-90 650**
Amounts due to banks	-130	-56	-1	-2	-4	-21	0	0	-214
Amounts due to customers	-52 991	-6 594	-6 545	-4 116	-2 938	-170	-8	-1	-73 363
Own issues	0	-30	-301	-399	-904	-1 099	-928	0	-3 661
Equity	0	0	0	0	0	0	0	-9 250	-9 250
Other liabilities	-2 715	-80	-40	-47	-143	-267	-570	-300	-4 162
Balance sheet gap	**-53 440**	**2 280**	**-2 460**	**2 433**	**3 963**	**11 027**	**30 779**	**40 279**	**34 861**
Cumulated balance sheet gap	**-53 440**	**-51 160**	**-53 620**	**-51 187**	**-47 224**	**-36 197**	**-5 418**	**34 861**	
Derivative instruments – inflows	0	5 064	909	191	38	109	1	0	6 312
Derivative instruments – outflows	0	-4 985	-915	-191	-42	-108	-1	0	-6 242
Derivative instruments – net	**0**	**79**	**-6**	**0**	**-4**	**1**	**0**	**0**	**70**
Guarantee and financing lines	-12 448	0	0	0	0	0	0	0	-12 448
Off-balance sheet gap	-12 448	**79**	**-6**	**0**	**-4**	**1**	**0**	**0**	-12 378
Total gap	**-65 888**	**2 359**	**-2 466**	**2 433**	**3 959**	**11 028**	**30 779**	**40 279**	**22 483**
Total cumulated gap	**-65 888**	**-63 529**	**-65 995**	**-63 562**	**-59 603**	**-48 575**	**-17 796**	**22 483**	

38 Events significant to the business operations of the Group

Decision on early redemption of bonds by Alior Bank

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

Assessment of the impact of the IBOR reform on the Bank's situation

As at 1 January 2018, a new standard for the provision of benchmarks applies in the European Union, the legal basis of which is Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or for measuring the performance of investment funds (hereinafter: BMR regulation, IBOR reform). The main goal of the EU bodies during the work on the IBOR reform was the need to increase consumer protection. In accordance with the IBOR reform, all benchmarks that are the basis for determining interest on loans or the interest rate for various financial instruments must be calculated and applied according to strictly defined rules, so as to avoid suspicion of any fraud. The benchmark according to the IBOR reform, in particular:

- is to be based primarily on transaction data,
- is to faithfully reflect the underlying market, the measurement of which is the purpose of the indicator,
- is to be verifiable by the administrator,
- is to be resistant to manipulation,
- it is to be transparent for the recipients of benchmarks.

The Group has undertaken and implemented a number of activities to implement IBOR, i.e .:

- the contingency plan was amended, which in particular includes a scheme of actions in the event of a significant change or discontinuation of the development of a given benchmark and a list of benchmarks used with their alternatives,
- priorities for annexing contracts to replace expired indicators were adopted,
- templates of annexes were prepared and introduced for contracts to which the IBOR relates,
- the process of annexing the contracts was carried out,
- an information and reminding campaign aimed at clients was conducted,
- employee training in the field of IBOR was conducted,
- the first OIS transactions based on new reference indicators (ESTR, SOFR) were concluded.

The Group monitors the activities of regulators and benchmark administrators, both at the national, European and global level, in terms of benchmarks. The Bank is involved in the work of the National Working Group for WIBOR reform.

In connection with the IBOR reform, the Bank is exposed to the following types of risk:

Legal events

In particular, this applies to the possibility of questioning the applicable provisions in the client's contract with the Bank and the lack of agreement on the application of fallback provisions regarding benchmarks. Fallback clauses define the action plan that the Bank intends to launch in the event of discontinuation of publication or a significant change in the benchmark.

The reason for questioning the contractual provisions may be, in particular, the difference between the values of the benchmarks. The Bank manages the risks resulting from the IBOR reform by actively annexing the agreements with the Bank's customers. The difference in the levels of reference ratios is mitigated by the bank by applying appropriate adjustment adjustments, eliminating the economic impact of changing the ratio on the contract with the customer.

(in PLN '000)

Interest rate risk

It relates to the mismatch of benchmarks between assets, liabilities and derivatives. The Bank manages these risks using the same solutions in individual products, leading to the greatest possible methodological convergence between them.

Additionally, the interest rate risk may materialize, especially with regard to the LIBOR EUR rate, in the form of unsuccessful annexes to contracts with customers. As a result, the rate in the customer contract from the last day of LIBOR EUR validity, from the last revaluation date or at zero is maintained. The Bank reduces this risk by actively encouraging clients to add amendments to their contracts and as part of the ongoing management of exposure to interest rate risk in the banking book.

As at 31 March 2024, the IBOR reform in relation to the currencies to which the Bank has exposures was largely completed; in the sense that, apart from the continuation of the annexation processes, no additional activities are envisaged. It should also be taken into account that for objective reasons (each client would have to agree to the annex), it will never be possible to annex every contract covered by this process. The table below presents the status of transition to new benchmarks according to the IBOR reform.

Currency	Benchmark before reform	Benchmark status at 01.01.2024	Benchmark used by the Bank after reform	31.03.2024	31.12.2023
PLN	WIBOR	Compatible with BMR	WIRON	Portfolio annexation in progress (in terms of fallback clauses)	Portfolio annexation in progress (in terms of fallback clauses)
EUR	LIBOR EUR	liquidated	EURIBOR	Portfolio annexation in progress - index change from LIBOR EUR to EURIBOR (currently single cases)	Portfolio annexation in progress - index change from LIBOR EUR to EURIBOR (currently single cases)
EUR	EURIBOR	Compatible with BMR	EURIBOR	Portfolio was not annexed	Portfolio was not annexed
USD	LIBOR USD	In liquidation scheduled for the end of September 2024* from 07.2023 developed as a synthetic indicator	SOFR	The process of annexing the LIBOR USD portfolio started in June 2023. The annexation concerns the change of the index from LIBOR USD to SOFR	The process of annexing the LIBOR USD portfolio started in June 2023. The annexation concerns the change of the index from LIBOR USD to SOFR
CHF	LIBOR CHF	liquidated	SARON	Portfolio annexation completed. The index change was made in accordance with Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021	Portfolio annexation completed. The index change was made in accordance with Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021
GBP	LIBOR GBP	In the process of liquidation scheduled for the end of March 2024; developed as a synthetic indicator	SONIA	Portfolio annexation in progress - index change from LIBOR GBP to SONIA	Portfolio annexation in progress - index change from LIBOR GBP to SONIA (currently single cases)

**On 23 November 2022, the FCA (Financial Conduct Authority - British supervisory authority) launched public consultations on, among others, future of USD LIBOR. The USD LIBOR for 1M, 3M and 6M tenors will be published after 30 June, 2023 in a synthetic form, until 30 September 2024.*

All new contracts concluded after 31 December 2021 contain appropriate fallback clauses, mitigating the risk related to the discontinuation of publication of benchmarks.

Benchmarks compliant with the BMR are benchmarks that have been approved by the relevant entity defined under the BMR (ESMA register - European Securities and Markets Authority - https://www.esma.europa.eu/policy-rules/benchmarks).

As at 31 December 2021, the publication of LIBOR EUR, LIBOR CHF and LIBOR GBP (for most tenors) was suspended.

(in PLN '000)

GBP LIBOR synthetic indices will be published by the end of March 2024, allowing for a smooth transition to SONIA-based indices. In terms of the synthetic LIBOR USD indicator, the indicator will be published until the end of September 2024.As regards the substitute for CHF LIBOR, the Bank relies on the Implementing Regulation of the European Commission of 14 October 2021, according to which the replacement for CHF LIBOR are appropriately constructed indicators based on the SARON index.

WIBOR (https://gpwbenchmark.pl/dokumentacja) and EURIBOR (https://www.emmi-benchmarks.eu/benchmarks/euribor/) are compliant with the BMR Regulation, the Bank will annex contracts based on the WIBOR index due to the need to include fallback clauses in the contracts.

The Steering Committee of the National Working Group (SC NWG), established in connection with the planned reform of benchmarks choose the WIRON index as an alternative reference rate indicator, whose input data is information representing ON (overnight) transactions. The administrator of WIRON within the meaning of the BMR Regulation is GPW Benchmark, entered in the register of the European Securities and Markets Authority (ESMA).

The next step of SC NWG was the adoption of the so-called a road map specifying the schedule of activities aimed at replacing the WIBOR reference indicator with the WIRON indicator. From December 2022 WIRON can be used on the Polish market in new financial instruments. The Steering Committee of the National Working Group for the Reform of Reference Indicators has postponed the deadline for converting existing contracts and instruments using WIBOR to the new WIRON index until the end of 2027.

On 11 April 2024, the Ministry of Finance asked the members of the Steering Committee to re-conduct the review and analysis of alternative indicators for WIBOR, taking into account both WIRON and other possible indicators. Due to the above, changes to the roadmap for transitioning to the new indicator are possible. Work on the reform will continue until the process of replacing the WIBOR index with a new RFR-type reference index is completed in the most effective and safe manner.

The Bank's exposure by individual IBOR reference ratios

31.03.2024 Reference indicator	Assets (gross arrying amount)	Liabilities (gross carrying amount)	Off-balance sheet liabilities - granted (nominal value)	Derivatives (nominal value)
WIBOR	49 928 344	10 264 489	5 239	16 569 468
LIBOR EUR	15 575	0	0	0
LIBOR USD	78 917	0	0	0
LIBOR CHF	24 992	0	0	0
EURIBOR	5 619 087	2 613	2 580	450 390
LIBOR GBP	261 159	0	0	0
Total	**55 928 074**	**10 267 102**	**7 819**	**17 019 858**

31.12.2023 Reference indicator	Assets (gross carrying amount)	Liabilities (gross carrying amount)	Off-balance sheet liabilities – granted (nominal value)	Derivatives (nominal value)
WIBOR	47 673 934	10 566 283	5 032	16 805 827
LIBOR EUR	15 846	0	0	0
LIBOR USD	79 257	0	0	0
LIBOR CHF	26 554	0	0	0
EURIBOR	5 609 694	2 373	2 561	558 978
LIBOR GBP	268 727	0	0	0
Total	**53 674 012**	**10 568 656**	**7 593**	**17 364 805**

(in PLN '000)

Bank's exposure of transactions concluded under hedge accounting broken down by reference ratios

31.03.2024 Reference indicator	Derivatives (nominal value)
WIBOR	16 353 000
EURIBOR	217 195
Total	**16 570 195**

31.12.2023 Reference indicator	Derivatives (nominal value)
WIBOR	16 623 000
EURIBOR	658 287
Total	**17 281 287**

39 Significant events after the end of the reporting period

New credit vacation

On 12 April 2024, the Sejm passed the regulations on credit vacation in 2024. The regulations will most likely come into force on 1 June 2024. The amendment to the Act provides that only persons with a mortgage loan in PLN for a maximum amount of PLN 1.2 million can apply for suspension of installments. You will be able to take vacation twice in the period from 1 June to 31 August and twice in the period from 1 September to 31 December. The income criterion is also important. You will be able to take advantage of credit vacation if the installment exceeds 30% household income, calculated as the average for the previous three months or if the borrower has at least three children to support (as of the date of submitting the application).

Apart from those described in the content of the report and the event mentioned above, no other significant events occurred after the end of the reporting period.

40 Financial forecast

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

41 Factors which could have an impact on the results in the perspective of the following quarter of the year

The ongoing armed conflict in Ukraine in the context of geopolitical tensions and volatility in financial markets remains one of the most important uncertainty factors in the coming periods. However, last year the armed conflict in Ukraine did not escalate and extreme scenarios regarding military operations did not materialize, which is why financial markets did not experience any increased effects of the war in Ukraine. Although over the last few months the situation has changed to a slightly more unfavorable one for Ukraine. Economically, the main effects of the war relate to trade disruptions related to both the conflict itself and the sanctions imposed. Another element is the stability of the energy system, especially in relation to the European Union and Poland, which on the one hand depend on the supply of raw materials such as oil and gas. On the other hand, the share of imports of these raw materials from Russia systematically decreased in 2023. It is also worth emphasizing the issue of security in the region. As a result, the risks related to the war in Ukraine for the global and domestic economy materialized to the greatest extent through a significant acceleration of inflation due to more expensive raw materials, food and disruptions in supply chains. The consequence was increased prices of energy raw materials in 2022. In 2023, their prices decreased, but remained at historically increased levels. The above-mentioned factors may still be important in 2024, especially in the context of a significant reduction in supplies of energy raw materials from Russia to the European Union, reduction of oil supply by OPEC+ countries and escalation of geopolitical tensions in the Middle East (the effect of attacks by Yemen's Houthi rebels, supported by Iran, on container ships sailing towards Israel in the Red Sea and the increase in tensions between the Iran-Israel conflict).

Despite the inhibition of inflation, it remains at an elevated level in developed countries (above the inflation target), and bringing it into line with the goals of central banks will be a long-term process. This determines monetary policy in many countries, including the United States and the euro zone, and leads to relatively high interest rates for a longer period of time. This makes the risks of prolonged low global economic activity persist. The first interest rate cuts by the Fed and the ECB are announced and expected in June this year at the earliest, but the pace of reductions may be slow. In Poland, among others The faster-than-expected pace of inflation decline gave the green light to the Monetary Policy Council (MPC) to start the monetary policy easing cycle in 2023. In September, interest rates in Poland were reduced by 0.75 percentage points, including the reference rate to 6.00%. In October 2023, inflation was already single-digit, and the Monetary Policy Council reduced interest rates by 0.25 percentage points. In March 2024, the CPI inflation rate was 2.0% y/y and this was the second month in a row within the fluctuation range for the NBP inflation target (2.5% +/- 1 p.p.). However, a rebound in inflation and economic conditions is widely expected later in the year, and the Monetary Policy Council announces stabilization of rates. As a result, the domestic economy will continue to face elevated inflation and increased debt costs in 2024. In the coming months, CPI inflation should remain within the inflation target, and its growth will be driven by the restoration of VAT rates on food from April 2024. Moreover, from the middle of the year, the government plans to partially unfreeze the prices of energy carriers, especially electricity, which will further increase the dynamics of consumer prices.

For the banking sector, on the one hand, the prolongation of the period of increased inflation and interest rates in Poland may still have a negative impact on the valuation of assets held on the balance sheet. On the other hand, the current rhetoric of the Monetary Policy Council members indicates that interest rates will most likely remain unchanged until the end of 2024, which will support maintaining a high interest income of the banking sector for the second year in a row. The credit policy of banks may hamper the growth in demand for loans in 2024. We assume that it will remain unchanged (tightened) or slightly relaxed in 2024 due to the improvement of the macroeconomic situation in 2024, which should have a positive impact on the demand for credit. This will also be strengthened by the new version of the "Safe 2% Credit" (BK2) program in the form of the "Mieszkanie na start" program and investments related to the "National Reconstruction Plan" (KPO). The entry into force of the BK2 program in the second half of 2023 increased lending in the housing loan segment. Currently, the government is working on the "Mieszkanie na start" program, which would support borrowers and may also support demand for consumer loans as part of the purchase of durable goods. According to the draft act of the Ministry of Development and Technology, the program is to be launched in the third quarter of 2024. The improvement in the economic situation, together with the still relatively good situation on the labor market and the recovery of the purchasing power of households (positive dynamics of real wages) will contribute to the improvement of the condition of borrowers and a decrease in credit risk.

Legal risks related to FX mortgage loans remain a challenge in the banking sector. The CJEU judgment regarding remuneration for the use of capital in invalidated loans indexed in foreign currencies was unfavorable for the banking sector. In mid-June 2023, the opinion of the CJEU Advocate General from February 2023 was upheld. On the one hand, as a result, the banking sector was burdened with establishing further provisions for legal risk, which contributed to the weakening of banks' capital positions. On the other hand, the banking sector was prepared for such a judgment and remained stable and resistant to its effects, although, in the opinion of the Polish Financial Supervision Authority, the judgment had a negative impact on the banks' ability to finance the economy. Recent judgments of the CJEU, in particular those from

September and December 2023, where the tribunal indicated that the consumer does not have to submit a declaration on the consequences of the invalidity of the contract, should accelerate court proceedings regarding Swiss franc loans. Court cases brought by a client take on average 24-26 months to obtain a final judgment. 2024 promises to be a record year in terms of the number of judgments, there may be several dozen percent more than in 2023. The case law has already become quite clear, unfortunately in a very unfavorable direction for banks. Only less than 3% of cases are won by banks.

After the symptoms of the banking sector crisis in the second quarter of 2023 in the United States and, to a lesser extent, in Europe, given the easing of monetary policy in the United States and the euro zone announced for mid-2024, the risk of financial sector instability should decrease. The situation is monitored on an ongoing basis by central banks. According to the assurances of European central bankers and supervisory authorities, the financial system in Europe is more stable than in the United States.

Interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the 3-month period ended 31 March 2024

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(in PLN '000)

Interim condensed separate income statement

	01.01.2024-31.03.2024	01.01.2023-31.03.2023*
Interest income calculated using the effective interest method	1 757 202	1 737 738
Income of a similar nature	35 320	41 737
Interest expense	-551 878	-705 055
Net interest income	**1 240 644**	**1 074 420**
Fee and commission income	415 113	384 199
Fee and commission expense	-237 576	-209 956
Net fee and commission income	**177 537**	**174 243**
Dividend income	48	47
The result on financial assets measured at fair value through profit or loss and FX result	10 658	12 903
The result on derecognition of financial instruments not measured at fair value through profit or loss	**897**	**2 221**
measured at fair value through other comprehensive income	712	2 068
measured at amortized cost	185	153
Other operating income	23 067	19 707
Other operating expenses	-27 119	-26 400
Net other operating income and expenses	**-4 052**	**-6 693**
General administrative expenses	-512 788	-477 508
Net expected credit losses	-91 137	-231 506
The result on impairment of non-financial assets	-102	-248
Cost of legal risk of FX mortgage loans	-1 794	-506
Banking tax	-71 198	-65 987
Gross profit	**748 713**	**481 386**
Income tax	-184 253	-135 044
Net profit	**564 460**	**346 342**
Weighted average number of ordinary shares	130 553 991	130 553 991
Basic/diluted net profit per ordinary share (in PLN)	4.32	2.65

Restated - Note 3

Interim condensed separate statement of comprehensive income

	01.01.2024-31.03.2024	01.01.2023-31.03.2023
Net profit	**564 460**	**346 342**
Items that may be reclassified to the income statement after certain conditions are satisfied	**-9 711**	**373 254**
Foreign currency translation differences	**-2 236**	**-244**
Results of the measurement of financial assets (net)	**54 092**	**92 671**
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	66 780	114 393
Deferred tax	-12 688	-21 722
Results on the measurement of hedging instruments (net)	**-61 567**	**280 827**
Gains/losses on hedging instruments	-76 008	346 700
Deferred tax	14 441	-65 873
Total comprehensive income, net	**554 749**	**719 596**

The notes presented on pages 66-68 constitute an integral part of these interim condensed separate financial statements.

(in PLN '000)

Interim condensed separate statement of financial position

ASSETS	31.03.2024	31.12.2023
Cash and cash equivalents	2 159 156	2 521 555
Amounts due from banks	1 516 379	4 615 420
Investment financial assets	22 083 964	18 803 661
measured at fair value through other comprehensive income	19 940 444	15 469 101
measured at fair value through profit or loss	319 168	408 882
measured at amortized cost	1 824 352	2 925 678
Derivative hedging instruments	268 793	336 122
Loans and advances to customers	62 537 396	60 822 737
Assets pledged as collateral	16 411	46 894
Property, plant and equipment	707 351	722 346
Intangible assets	396 710	389 028
Inwestments in associates	222 252	222 252
Income tax assets	695 050	765 912
deferred income tax assets	695 050	765 912
Other assets	497 394	600 909
TOTAL ASSETS	**91 100 856**	**89 846 836**

LIABILITIES AND EQUITY	31.03.2024	31.12.2023
Amounts due to banks	134 096	144 991
Amounts due to customers	76 863 960	75 216 392
Financial liabilities	266 317	276 463
Derivative hedging instruments	660 777	682 631
Change in fair value measurement of hedged items in hedged portfolio against interest rate risk	-589	-229
Provisions	292 434	307 838
Other liabilities	2 297 610	2 577 203
Income tax liabilities	57 074	282 708
current income tax liabilities	57 074	282 708
Subordinated liabilities	775 588	1 159 999
Total liabilities	**81 347 267**	**80 647 996**
Share capital	1 305 540	1 305 540
Supplementary capital	6 020 705	6 020 705
Revaluation reserve	-299 023	-291 548
Other reserves	174 447	174 447
Foreign currency translation differences	16	2 252
Accumulated losses	1 987 444	0
Profit for the period	564 460	1 987 444
Equity	**9 753 589**	**9 198 840**
TOTAL LIABILITIES AND EQUITY	**91 100 856**	**89 846 836**

The notes presented on pages 66-68 constitute an integral part of these interim condensed separate financial statements.

(in PLN '000)

Interim condensed separate statement of changes in equity

01.01.2024 - 31.03.2024	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2024	**1 305 540**	**6 020 705**	**174 447**	**-291 548**	**2 252**	**1 987 444**	**9 198 840**
Comprehensive income	**0**	**0**	**0**	**-7 475**	**-2 236**	**564 460**	**554 749**
net profit	0	0	0	0	0	564 460	564 460
other comprehensive income:	0	0	0	-7 475	-2 236	0	-9 711
incl. financial assets measured at fair value through other comprehensive income	0	0	0	54 092	0	0	54 092
incl. hedging instruments	0	0	0	-61 567	0	0	-61 567
incl. currency translation differences	0	0	0	0	-2 236	0	-2 236
At 31 March 2024	**1 305 540**	**6 020 705**	**174 447**	**-299 023**	**16**	**2 551 904**	**9 753 589**

01.01.2023 - 31.12.2023	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2023	**1 305 540**	**5 401 470**	**174 447**	**-1 339 576**	**283**	**619 235**	**6 161 399**
Transfer of last year's profit	0	619 235	0	0	0	-619 235	0
Comprehensive income	**0**	**0**	**0**	**1 048 028**	**1 969**	**1 987 444**	**3 037 441**
net profit	0	0	0	0	0	1 987 444	1 987 444
other comprehensive income – valuations	0	0	0	1 048 028	1 969	0	1 049 997
incl. financial assets measured at fair value through other comprehensive income	0	0	0	187 288	0	0	187 288
incl. hedging instruments	0	0	0	860 740	0	0	860 740
incl. currency translation differences	0	0	0	0	1 969	0	1 969
At 31 December 2023	**1 305 540**	**6 020 705**	**174 447**	**-291 548**	**2 252**	**1 987 444**	**9 198 840**

01.01.2023 - 31.03.2023	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2023	**1 305 540**	**5 401 470**	**174 447**	**-1 339 576**	**283**	**619 235**	**6 161 399**
Comprehensive income	**0**	**0**	**0**	**373 498**	**-244**	**346 342**	**719 596**
net profit	0	0	0	0	0	346 342	346 342
other comprehensive income:	0	0	0	373 498	-244	0	373 254
incl. financial assets measured at fair value through other comprehensive income	0	0	0	92 671	0	0	92 671
incl. hedging instruments	0	0	0	280 827	0	0	280 827
incl. currency translation differences	0	0	0	0	-244	0	-244
At 31 March 2023	**1 305 540**	**5 401 470**	**174 447**	**-966 078**	**39**	**965 577**	**6 880 995**

The notes presented on pages 66-68 constitute an integral part of these interim condensed separate financial statements.

(in PLN '000)

Interim condensed separate statement of cash flows

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Operating activities		
Profit before tax for the period	**748 713**	**481 386**
Adjustments:	**57 524**	**61 023**
Unrealized foreign exchange gains/losses	-2 236	-244
Amortization/depreciation of property, plant and equipment and intangible assets	59 706	61 066
Change in property, plant and equipment and intangible assets impairment write-down	102	248
Dividends received	-48	-47
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	**806 237**	**542 409**
Change in loans and receivables	1 384 382	427 562
Change in financial assets measured at fair value through other comprehensive income	-4 405 343	-1 922 165
Change in financial assets measured at fair value through profit or loss	89 714	69 539
Change in assets pledged as collateral	30 483	-47 519
Change in non-current assets held for sale	0	1 611
Change in other assets	103 515	-116 844
Change in deposits	1 884 429	882 383
Change in own issue	-221 548	246 764
Change in financial liabilities	-10 146	34 232
Change in hedging derivative	-30 893	-18 171
Change in other liabilities	-273 891	-121 270
Change in provisions	-15 404	-62 016
Short-term lease contracts	146	16
Cash from operating activities before income tax	**-658 319**	**-83 469**
Income tax paid	**-337 271**	**-33 814**
Net cash flow from operating activities	**-995 590**	**-117 283**
Investing activities		
Outflows:	**-48 486**	**-50 996**
Purchase of property, plant and equipment	-17 952	-29 073
Purchase of intangible assets	-29 556	-20 922
Purchase of assets measured at amortized cost	-978	-1 001
Inflows:	**1 104 940**	**2 200 148**
Disposal of property, plant and equipment	4	2 680
Redemption of assets measured at amortized cost	1 104 936	2 197 468
Net cash flow from investing activities	**1 056 454**	**2 149 152**
Financing activities		
Outflows:	**-423 263**	**-43 405**
Prniciple payments - subordinated lliabilities	-391 700	0
Interest payments – subordinated lliabilities	-11 008	-16 687
Prniciple payments - lease liabilities	-18 191	-24 640
Interest payments - lease liabilities	-2 365	-2 079
Inflows:	**0**	**0**
Net cash flow from financing activities	**-423 263**	**-43 405**
Total net cash flow	**-362 399**	**1 988 464**
incl. exchange gains/(losses)	**-10 783**	**-19 303**
Balance sheet change in cash and cash equivalents	**-362 399**	**1 988 464**
Cash and cash equivalents, opening balance	2 521 555	2 565 406
Cash and cash equivalents, closing balance	2 159 156	4 553 870
Additional disclosures on operating cash flows		
Interests received	1 562 483	1 467 845
Interests paid	-536 064	-553 579

The notes presented on pages 66-68 constitute an integral part of these interim condensed separate financial statements.

1 Basis for preparation

Statement of compliance

These interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the 3-moth period ended 31 March 2024 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and in accordance with the requirements set out in the Regulation of the Minister of Finance of 29 of March 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state.

The interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate statement of changes in equity and interim condensed separate statement of cash flows for the financial period from 1 January 2024 to 31 March 2024 and interim condensed separate statement of financial position as at 31 March 2024 including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the preparation of the last annual financial statements, except for the changes in the standards that entered into force on 1 January 2024.

Scope and reporting currency

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

Going concern

The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 31 March 2024.

2 Accounting principles

The accounting principles are presented in detail in the annual financial statements of Alior Bank SA ended 31 December 2023, published on 28 February 2024 and available on the Alior Bank website. Changes in accounting principles effective from 1 January 2024 were presented in the interim condensed consolidated financial statements in Note 2.2.

3 Changes to presentation and explanation of differences in relation to previously published financial statements

Compared to the financial statements prepared as at 31 March 2023, the Bank has changed the method of presenting the costs of provisions for legal claims. After the change, the costs of provisions for legal claims are presented in the item " Other operating expenses ". Previously, the Bnak presented these costs in the item " General administrative expenses ". The above change had no impact on the net result:

Income statement	01.01.2023-31.03.2023 Presented	Change	01.01.2023-31.03.2023 Restated
General administrative expenses	-478 904	1 396	-477 508
Other operating expenses	-25 004	-1 396	-26 400

(in PLN '000)

4 Off - balance-sheet items

Off-balance sheet items are described in Note 28 to the interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group.

5 Transactions with related entities

Related-party transactions are described in Note 30 to the interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group, with the exception of transactions with subsidiaries presented below.

Bank's subsidiaries as at 31 March 2024 and the date of this report was as follows:

Company's name - subsidaries	24.04.2024	31.03.2024	31.12.2023
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- AL Finance sp. z o.o.	*100%*	*100%*	*100%*
- Alior Leasing Individual sp. z o.o.*	*90% - Alior Leasing sp.z o.o.* *10% - AL Finance sp. z o.o*	*90% - Alior Leasing sp.z o.o.* *10% - AL Finance sp. z o.o*	*90% - Alior Leasing sp.z o.o.* *10% - AL Finance sp. z o.o*
Meritum Services ICB SA	100%	100%	100%
Alior TFI SA	100%	100%	100%
Corsham sp. z o.o.	100%	100%	100%
RBL_VC sp. z o.o.	100%	100%	100%
RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna	100%	100%	100%

Subsidiaries	31.03.2024	31.12.2023
Loans and advances to customers	5 431 077	5 094 201
Other assets	30	250
Total assets	**5 431 107**	**5 094 451**
Amounts due to customers	116 199	121 778
Provisions	1 582	1 571
Other liabilities	4 058	2 896
Total liabilities	**121 839**	**126 245**

Subsidiaries	31.03.2024	31.12.2023
Off-balance liabilities granted to customers	**380 231**	**458 904**
relating to financing	380 231	458 904

Subsidiaries	01.01.2024 -31.03.2024	01.01.2023 -31.03.2023
Interest income calculated using the effective interest method	85 817	79 567
Interest expences	-504	-568
Fee and commission income	2 328	1 517
Fee and commission expense	-116	-108
The result on financial assets measured at fair value through profit or loss and FX result	18	2
Other operating income	809	1 001

(in PLN '000)

Subsidiaries	01.01.2024 -31.03.2024	01.01.2023 -31.03.2023
General administrative expense	-2 843	-2 547
Net expected credit losses	-1 349	-3 483
Total	**84 160**	**75 381**

6 Significant events after the end of the reporting period

Significant events after the end of the reporting period are described in Note 39 to the interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group.