Financial report

of the Alior Bank Spółka Akcyjna Group

for the first half of 2024

Selected financial data concerning the financial statements

PLN	01.01.2024 - 30.06.2024	01.01.2023 - 31.12.2023	01.01.2023 - 30.06.2023*	% (A-B)/B
	A		B	C
Net interest income	2 513 674	4 772 370	2 263 941	11.0%
Net fee and commission income	422 504	837 503	424 712	-0.5%
Trading result & other	2 221	22 321	-2 401	-192.5%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans	-179 172	-684 187	-400 798	-55.3%
General administrative expenses	-1 059 193	-1 977 199	-967 969	9.4%
Gross profit	1 560 306	2 707 055	1 186 370	31.5%
Net profit	1 164 037	2 030 125	871 851	33.5%
Net cash flow	-462 368	-44 884	583 383	-179.3%
Loans and advances to customers	64 180 578	60 965 097	58 390 232	9.9%
Amounts due to customers	75 831 749	75 187 251	70 706 437	7.2%
Equity	9 863 726	9 249 590	7 685 383	28.3%
Total assets	90 146 846	90 134 134	83 527 488	7.9%
Selected ratios				
Profit per ordinary share (PLN)	8.92	15.55	6.68	33.5%
Capital adequacy ratio	17.53%	17.83%	15.11%	16.02%
Tier 1	17.12%	17.15%	14.16%	20.90%

EUR	01.01.2024 - 30.06.2024	01.01.2023 - 31.12.2023	01.01.2023 - 30.06.2023*	01.01.2024 - 30.06.2024
	A		B	C
Net interest income	583 097	1 053 876	490 774	18.8%
Net fee and commission income	98 008	184 945	92 069	6.5%
Trading result & other	515	4 929	-520	-199.0%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans	-41 563	-151 088	-86 884	-52.2%
General administrative expenses	-245 701	-436 622	-209 835	17.1%
Gross profit	361 944	597 795	257 180	40.7%
Net profit	270 022	448 310	188 999	42.9%
Net cash flow	-107 256	-9 912	126 465	-184.8%
Loans and advances to customers	14 880 728	14 021 411	13 120 516	13.4%
Amounts due to customers	17 582 135	17 292 376	15 888 016	10.7%
Equity	2 286 976	2 127 321	1 726 936	32.4%
Total assets	20 901 193	20 730 022	18 768 957	11.4%
Selected ratios				
Profit per ordinary share (PLN)	2.07	3.43	1.45	42.8%
Capital adequacy ratio	17.53%	17.83%	15.11%	16.0%
Tier 1	17.12%	17.15%	14.16%	20.9%

**Restated – note 2.3*

Selected items of the financial statements were translated into EUR at the following exchange rates	30.06.2024	31.12.2023	30.06.2023
NBP's avarage exchange rate as at the end of the period	4.3130	4.3480	4.4503
NBP's avarage exchange rates as at the last day of each month	4.3109	4.5284	4.6130

Selected financial indicators

	30.06.2024	30.06.2023	(A-B) [p.p]	(A-B)/B [%]
	A	B		
ROE	24.5%	25.4%	-0.9	-3.5%
ROA	2.6%	2.1%	0.5	23.8%
C/I*	36.0%	36.0%	0.0	0.0%
CoR	0.46%	1.28%	-0.82	-64.06%
L/D	84.6%	82.6%	2.0	2.4%
NPL	6.78%	9.45%	-2.67	-28.25%
NPL coverage	51.05%	53.08%	-2.03	-3.82%
TCR	17.53%	15.11%	2.42	16.02%
TIER 1	17.12%	14.16%	2.96	20.90%

**Restated – note 2.3*

Interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for 6-month period ended 30 June 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 consolidated income statement

	Note	01.04.2024-30.06.2024	01.01.2024-30.06.2024	01.04.2023-30.06.2023	01.01.2023-30.06.2023*
Interest income calculated using the effective interest method		1 603 928	3 285 492	1 689 055	3 350 534
Income of a similar nature		140 695	282 837	145 571	293 892
Interest expense		-500 358	-1 054 655	-673 747	-1 380 485
Net interest income	4	**1 244 265**	**2 513 674**	**1 160 879**	**2 263 941**
Fee and commission income		299 380	750 072	466 660	887 019
Fee and commission expense		-88 215	-327 568	-250 499	-462 307
Net fee and commission income	5	**211 165**	**422 504**	**216 161**	**424 712**
Dividend income		199	247	46	93
The result on financial assets measured at fair value through profit or loss and FX result	6	5 007	15 983	6 253	19 577
The result on derecognition of financial instruments not measured at fair value through profit or loss	7	**3 708**	**4 605**	**1 544**	**3 765**
measured at fair value through other comprehensive income		3 329	4 041	1 439	3 507
measured at amortized cost		379	564	105	258
Other operating income		32 608	67 237	31 556	60 259
Other operating expenses		-56 976	-85 851	-58 398	-86 095
The result on other operating income and expenses	8	**-24 368**	**-18 614**	**-26 842**	**-25 836**
General administrative expenses	9	-513 865	-1 059 193	-462 515	-967 969
Net expected credit losses	10	-38 918	-150 161	-147 672	-394 813
The result on impairment of non-financial assets	11	-1 219	-1 321	-2 951	-3 199
Cost of legal risk of FX mortgage loans	12	-25 896	-27 690	-2 280	-2 786
Banking tax	13	-68 530	-139 728	-65 128	-131 115
Gross profit		**791 548**	**1 560 306**	**677 495**	**1 186 370**
Income tax	14	-205 636	-396 269	-171 428	-314 519
Net profit		**585 912**	**1 164 037**	**506 067**	**871 851**
Net profit attributable to equity holders of the parent		585 912	1 164 037	506 067	871 851
Weighted average number of ordinary shares		130 553 991	130 553 991	130 553 991	130 553 991
Basic/diluted net profit per share (PLN)	15	4.49	8.92	3.88	6.68

**Restated – note 2.3*

Interim consolidated statement of comprehensive income

	01.04.2024-30.06.2024	01.01.2024-30.06.2024	01.04.2023-30.06.2023	01.01.2023-30.06.2023
Net profit	**585 912**	**1 164 037**	**506 067**	**871 851**
Items that may be reclassified to the income statement after certain conditions are satisfied	**39 891**	**30 180**	**270 803**	**644 030**
Foreign currency translation differences	**-6**	**-2 242**	**1 329**	**1 085**
Results of the measurement of financial assets (net)	**-15 670**	**38 422**	**17 138**	**109 782**
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	-19 346	47 434	21 153	135 546
Deferred tax	3 676	-9 012	-4 015	-25 764
Results on the measurement of hedging instruments (net)	**55 567**	**-6 000**	**252 336**	**533 163**
Gains/losses on hedging instruments	68 600	-7 408	311 526	658 226
Deferred tax	-13 033	1 408	-59 190	-125 063
Total comprehensive income. net	**625 803**	**1 194 217**	**776 870**	**1 515 881**
- attributable to shareholders of the parent company	625 803	1 194 217	776 870	1 515 881

The notes presented on pages 7-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim consolidated statement of financial position

ASSETS	Note	30.06.2024	31.12.2023
Cash and cash equivalents	16	2 077 904	2 539 259
Amounts due from banks	17	1 854 966	4 615 420
Investment financial assets and derivatives	18	19 186 648	18 820 432
measured at fair value through other comprehensive income		17 623 881	15 471 615
measured at fair value through profit or loss		273 352	423 139
measured at amortized cost		1 289 415	2 925 678
Derivative hedging instruments		212 544	336 122
Loans and advances to customers	19	64 180 578	60 965 097
Assets pledged as collateral	21	76 991	46 894
Property, plant and equipment		739 615	743 497
Intangible assets		427 819	412 070
Income tax assets	14	901 293	983 992
current income tax assets		0	1 340
deferred income tax assets		901 293	982 652
Other assets	20	488 488	671 351
TOTAL ASSETS		**90 146 846**	**90 134 134**

LIABILITIES AND EQUITY	Note	30.06.2024	31.12.2023
Amounts due to banks	22	339 382	288 318
Amounts due to customers	23	75 831 749	75 187 251
Financial liabilities	26	184 634	276 463
Derivative hedging instruments		566 082	682 631
Change in fair value measurement of hedged items in hedged portfolio against interest rate risk	24	-1 061	-229
Provisins		334 310	309 976
Other liabilities	25	2 089 502	2 653 900
Income tax liabilities		171 897	326 235
current income tax liabilities		169 873	324 207
deferred income tax liabilities		2 024	2 028
Subordinated liabilities	27	766 625	1 159 999
Total liabilities		**80 283 120**	**80 884 544**
Share capital		1 305 540	1 305 540
Supplementary capital		7 438 105	6 027 552
Revaluation reserve		-259 017	-291 439
Other reserves		161 792	161 792
Foreign currency translation differences		10	2 252
Retained earnings		53 259	13 768
Profit for the period		1 164 037	2 030 125
Equity		**9 863 726**	**9 249 590**
TOTAL LIABILITIES AND EQUITY		**90 146 846**	**90 134 134**

The notes presented on pages 7-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim consolidated statement of changes in consolidated equity

01.01.2024 - 30.06.2024	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**
Dividend payment	0	0	0	0	0	-577 048	-577 048
Transfer of last year's profit	0	1 410 553	0	0	0	-1 410 553	0
Comprehensive income	**0**	**0**	**0**	**32 422**	**-2 242**	**1 164 037**	**1 194 217**
net profit	0	0	0	0	0	1 164 037	1 164 037
other comprehensive income – valuations	0	0	0	32 422	-2 242	0	30 180
incl. financial assets measured at fair value through other comprehensive income	0	0	0	38 422	0	0	38 422
incl. hedging instruments	0	0	0	-6 000	0	0	-6 000
incl. currency translation differences	0	0	0	0	-2 242	0	-2 242
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**-3 033**	**-3 033**
As at 30 June 2024	**1 305 540**	**7 438 105**	**161 792**	**-259 017**	**10**	**1 217 296**	**9 863 726**

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 - 30.06.2023	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	619 235	0	0	0	-619 235	0
Comprehensive income	**0**	**0**	**0**	**642 945**	**1 085**	**871 851**	**1 515 881**
net profit	0	0	0	0	0	871 851	871 851
other comprehensive income – valuations	0	0	0	642 945	1 085	0	644 030
incl. financial assets measured at fair value through other comprehensive income	0	0	0	109 782	0	0	109 782
incl. hedging instruments	0	0	0	533 163	0	0	533 163
incl. currency translation differences	0	0	0	0	1 085	0	1 085
Other changes in equity	**0**	**0**		**0**	**0**	**-363**	**-363**
As at 30 June 2023	**1 305 540**	**6 026 336**	**161 792**	**-696 488**	**1 368**	**886 835**	**7 685 383**

The notes presented on pages 7-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim consolidated statement of cash flows

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Operating activities		
Profit before tax for the period	**1 560 306**	**1 186 370**
Adjustments:	**123 513**	**136 463**
Unrealized foreign exchange gains/losses	-2 242	1 085
Amortization/depreciation of property, plant and equipment and intangible assets	124 681	132 272
Change in property, plant and equipment and intangible assets impairment write-down	1 321	3 199
Dividends	-247	-93
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	**1 683 819**	**1 322 833**
Change in loans and receivables	-455 027	140 535
Change in financial assets measured at fair value through other comprehensive income	-2 107 708	-2 512 940
Change in financial assets measured at fair value through profit or loss	149 787	-6 465
Change in assets pledged as collateral	-30 097	-46 530
Change in non-current assets held for sale	0	1 611
Change in other assets	182 863	-194 946
Change in deposits	543 920	-904 696
Change in own issue	-490 631	784 914
Change in financial liabilities	-91 829	-4 019
Change in hedging derivative	-1 211	-19 136
Change in other liabilities	-1 034 381	108 107
Change in provisions	24 334	-39 056
Short-term lease contracts	1 013	75
Cash from operating activities before income tax	**-1 626 161**	**-1 369 788**
Income tax paid	**-423 272**	**-295 171**
Net cash flow from operating activities	**-2 049 434**	**-1 664 959**
Investing activities		
Outflows:	**-105 381**	**-104 947**
Purchase of property, plant and equipment	-45 661	-42 769
Purchase of intangible assets	-54 801	-35 339
Purchase of assets measured at amortized cost	-4 919	-26 839
Inflows:	**1 648 641**	**2 461 092**
Disposal of property, plant and equipment	6 319	14 075
Redemption of assets valued at amortized cost	1 642 322	2 447 017
Net cash flow from investing activities	**1 543 260**	**2 356 145**
Financing activities		
Outflows:	**-506 194**	**-107 803**
Prniciple payments - subordinated lliabilities	-391 700	0
Interest payments – subordinated and long- term lliabilities	-72 670	-58 131
Prniciple payments - lease liabilities	-36 709	-45 067
Interest payments - lease liabilities	-5 115	-4 605
Inflows:	**550 000**	**0**
Incurring long-term liabilities	550 000	**0**
Net cash flow from financing activities	**43 806**	**-107 803**
Total net cash flow	**-462 368**	**583 383**
incl. exchange gains/(losses)	**-3 735**	**-76 179**
Balance sheet change in cash and cash equivalents	**-461 355**	**583 458**
Cash and cash equivalents, opening balance	2 539 259	2 584 143
Cash and cash equivalents, closing balance	2 077 904	3 167 601
Additional disclosures on operating cash flows		
Interests received	3 580 116	3 458 919
Interests paid	-1 133 249	-1 328 334

The notes presented on pages 7-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Notes to the interim 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

In the period from the date of submission of the previous periodic report, i.e. from 25 April 2024, there were changes in the ownership structure of significant shareholdings of the Bank.

As at 30 June 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
30.06.2024					
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**	7 018 816	70 188 160	5.38%	7 018 816	5.38%
Other shareholders	58 079 881	580 798 810	44.48%	58 079 881	44.48%
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 reports published as at 30 June 2024 on the composition of OFE portfolios and reports for 2023 on the composition of DFE portfolios..*

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 changes in the composition of the Bank's Management Board.

On May 15, 2024, the Supervisory Board of the Bank adopted the resolutions to recall the following persons from the Management Board:

- Mr. Grzegorz Olszewski,
- Mr. Paweł Broniewski,
- Mr. Szymon Kamiński,
- Mr. Rafał Litwińczuk,
- Mr. Jacek Polańczyk,
- Mr. Paweł Tymczyszyn.

Moreover, the Bank's Supervisory Board delegated Supervisory Board Member Mr. Artur Chołody to perform the duties of Vice President of the Management Board in charge of leading the Management Board, from 15 May 2024 to 14 August 2024, subject to the possibility of an early termination of the delegation.

On 1 August 2024, the Bank's Supervisory Board, adopted resolutions on appointing to the Bank's Management Board :

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

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

As at 30 June 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
Artur Chołody	Member of the Bank's Supervisory Board delegated to temporarily perform the duties of the Vice-President of the Bank's Management Board, managing the work of the Bank's Management Board
Radomir Gibała	Vice President of the Management Board
Tomasz Miklas	Vice President of the Management Board

At the end of the reporting period, i.e.30 June 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.

(in PLN '000)

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.

Annual General Meeting convened on 26 April 2024, dismissed from the Bank's Supervisory Board:

- Mr. Ernest Gerard Bejda,
- Mr. Paweł Wojciech Knop,
- Ms. Małgorzata Erlich – Smurzyńska,
- Mr. Jacek Kij,
- Mr. Marek Pietrzak,
- Mr. Dominik Mikołaj Witek.

In addition, the Annual General Meeting of the Bank, taking into account the assessment of compliance with the requirements of adequacy, appointed the following Members of the Supervisory Board of the Bank for a joint term of office covering the 4 (four) full financial years 2025-2028, specifying that the first full financial year of the term is 2025:

- Mr. Artur Chołody from 27 April 2024, on the condition of effective resignation from the functions listed in the statement made by him on 25 April 2024.
- Mr. Radosław Grabowski,
- Mr. Maciej Gutowski,
- Mr. Artur Kucharski,
- Mr. Jarosław Mastalerz,
- Mr. Jan Zimowicz.

The Extraordinary General Meeting of the Bank on 17 July 2024, taking into account the assessment of compliance with suitability requirements, appointed the following members of the Supervisory Board of the Bank:

- Mr. Rafał Janczura,
- Mr. Robert Pusz.

The resolutions of the Extraordinary General Meeting of the Bank regarding changes in the composition of the Supervisory Board of the Bank came into force upon adoption.

As at 30 June 2024 the composition of the Bank's Supervisory Board was as follows:

First and last name	Function
Jarosław Mastalerz	Chairperson of the Supervisory Board
Jan Zimowicz	Deputy Chairperson of the Supervisory Board
Artur Chołody	Member of the Supervisory Board
Radosław Grabowski	Member of the Supervisory Board
Maciej Gutowski	Member of the Supervisory Board
Artur Kucharski	Member of the Supervisory Board

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
Jarosław Mastalerz	Chairperson of the Supervisory Board
Jan Zimowicz	Deputy Chairperson of the Supervisory Board
Artur Chołody	Member of the Supervisory Board
Radosław Grabowski	Member of the Supervisory Board
Maciej Gutowski	Member of the Supervisory Board
Robert Janczura	Member of the Supervisory Board

First and last name	Function
Artur Kucharski	Member of the Supervisory Board
Robert Pusz	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 30 June 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.

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 30 June 2024 and as at the date of preparation date of financial statements was as follows:

Company's name - subsidaries	01.08.2024	30.06.2024	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 1 August 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 6-month period ended 30 June 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 consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the financial period from 1 January 2024 to 30 June 2024 and interim consolidated statement of financial position as at 30 June 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 30 June 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.

2.2 Accounting principles

2.2.1 Significant 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 and derivatives

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.

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, including statutory interest).

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 that the expected scale of lawsuits would increase to market averages, among others in connection with the position of the Advocate General of the European Court of Justice published on 16 February 2023 and the judgment of the European Court of Justice of the European Union of 15 June 2023.

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.

Credit vacation

On 7 May 2024, the Act of 12 April 2024 amending the Act on support for borrowers who took out a housing loan and are in a difficult financial situation and the Act on crowdfunding for business ventures and assistance to borrowers was published. 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. In addition, the loan agreement must be concluded before 1 July 2022, it is not possible to suspend installments, even if there are less than 6 months left to the end of the mortgage repayment period. You will be able to take the vacation twice in the period from 1 June to 31 August 2024 and twice in the period from 1 September to 31 December 2024. The income criterion is also important. You will be able to take advantage of credit holidays 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).

In connection with the above, as at the date of signing the Act, based on IFRS 9 5.4.3, Alior Bank recalculated the gross carrying amount of credit exposures based on the present value of expected cash flows modified based on the provisions of the Act (i.e. taking into account the possibility of suspending the repayment of loan installments in time frame while extending the loan period), discounted at the original effective interest rate. The modification loss was recognized in the financial result as a reduction of interest income in total amount PLN 117 mln. The above cost was estimated based on the assumption that borrowers representing 31% of the value of the Bank's mortgage loan portfolio in PLN are eligible and will decide to use it.

As at 30 June 2024, the Group revised its current estimates, taking into account the lower than observed rate of inflow of applications for credit holidays. The Group assumed that the trend of applications submitted from the last week of observations would continue, reducing the average assumed number of months of vacation that customers will benefit from to 3 from a maximum of 4 months.

In connection with the above, the Group made a correction to the increase in interest income related to the modification of credit agreements by PLN 31 million. Therefore, the total loss on modification, estimated on the basis of the participation rate - the portfolio taking advantage of vacation in the amount of 31% and an average of 3 months of vacation, amounts to a total of PLN 86 million.

The above estimate will be subject to further periodic verification, and its update will be included in the Group's current financial results.

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.

(in PLN '000)

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: • 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. The following standards and amendments to the accounting standards was published in 2024:

(in PLN '000)

	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.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible entities to elect to apply IFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. An entity may elect to apply this Standard in its consolidated, separate or individual financial statements if, and only if, at the end of the reporting period: (a) it is a subsidiary, (b) it does not have public accountability, and (c) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. The Group will analyze the impact of the standard on the financial statements.
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through OCI. 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 30 June 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 change introduced in the Group's assessment is a better place for presentation due to the fact that the costs of provisions for disputes are indirectly related to the Group's operating activities. The above change had no impact on the net result.

Income statement	01.01.2023-30.06.2023 Presented	Change	01.01.2023-30.06.2023 Restated
General administrative expenses	-996 448	28 479	-967 969
Other operating expenses	-57 616	-28 479	-86 095

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,

(in PLN '000)

- treasury activities.

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.

The measure of the profit of a given segment is the gross profit.

Results and volumes split by segment for the six months ended 30 June 2024

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
External interest income	**1 343 987**	**792 475**	**377 212**	**2 513 674**	**0**	**2 513 674**
external income	1 777 311	754 992	753 189	3 285 492	0	3 285 492
income of a similar nature	0	214 443	68 394	282 837	0	282 837
external expense	-433 324	-176 960	-444 371	-1 054 655	0	-1 054 655
Internal interest income	**139 229**	**-132 039**	**-7 190**	**0**	**0**	**0**
internal income	1 313 759	536 392	1 842 961	3 693 112	0	3 693 112
internal expense	-1 174 530	-668 431	-1 850 151	-3 693 112	0	-3 693 112
Net interest income	**1 483 216**	**660 436**	**370 022**	**2 513 674**	**0**	**2 513 674**
Fee and commission income	247 064	504 559	-1 551	750 072	0	750 072
Fee and commission expense	-129 991	-194 615	-2 962	-327 568	0	-327 568
Net fee and commission income	**117 073**	**309 944**	**-4 513**	**422 504**	**0**	**422 504**
Dividend income	0	0	247	247	0	247
The result on financial assets measured at fair value through profit or loss and FX result	245	10 686	5 052	15 983	0	15 983
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**0**	**0**	**4 605**	**4 605**	**0**	**4 605**

(in PLN '000)

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
measured at fair value through other comprehensive income	0	0	4 041	4 041	0	4 041
measured at amortized cost	0	0	564	564	0	564
Other operating income	49 582	17 655	0	67 237	0	67 237
Other operating expenses	-68 330	-17 521	0	-85 851	0	-85 851
The result on other operating income	**-18 748**	**134**	**0**	**-18 614**	**0**	**-18 614**
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**1 581 786**	**981 200**	**375 413**	**2 938 399**	**0**	**2 938 399**
Net expected credit losses	-108 647	-41 514	0	-150 161	0	-150 161
The result on impairment of non-financial assets	-965	-356	0	-1 321	0	-1 321
Cost of legal risk of FX mortgage loans	-27 690		0	-27 690	0	-27 690
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**1 444 484**	**939 330**	**375 413**	**2 759 227**	**0**	**2 759 227**
General administrative expenses	-831 670	-367 251	0	-1 198 921	0	-1 198 921
Gross profit	**612 814**	**572 079**	**375 413**	**1 560 306**	**0**	**1 560 306**
Income tax	0	0	0	0	-396 269	-396 269
Net profit	**612 814**	**572 079**	**375 413**	**1 560 306**	**-396 269**	**1 164 037**
Assets	57 394 616	31 850 937	0	89 245 553	901 293	90 146 846
Liabilities	55 945 605	24 165 618	0	80 111 223	171 897	80 283 120

Results and volumes split by segment for the six months ended 30 June 2023*

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
External interest income	**1 281 164**	**870 037**	**112 740**	**2 263 941**	**0**	**2 263 941**
external income	1 824 776	841 806	683 952	3 350 534	0	3 350 534
income of a similar nature	0	211 918	81 974	293 892	0	293 892
external expense	-543 612	-183 687	-653 186	-1 380 485	0	-1 380 485
Internal interest income	**94 074**	**-266 167**	**172 093**	**0**	**0**	**0**
internal income	1 305 114	493 561	1 970 768	3 769 443	0	3 769 443
internal expense	-1 211 040	-759 728	-1 798 675	-3 769 443	0	-3 769 443
Net interest income	**1 375 238**	**603 870**	**284 833**	**2 263 941**	**0**	**2 263 941**
Fee and commission income	229 677	637 782	19 560	887 019	0	887 019
Fee and commission expense	-98 397	-359 881	-4 029	-462 307	0	-462 307
Net fee and commission income	**131 280**	**277 901**	**15 531**	**424 712**	**0**	**424 712**
Dividend income	0	0	93	93	0	93
The result on financial assets measured at fair value through profit or loss and FX result	5	16 170	3 402	19 577	0	19 577
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**0**	**0**	**3 765**	**3 765**	**0**	**3 765**
measured at fair value through other comprehensive income	0	0	3 507	3 507	0	3 507
measured at amortized cost	0	0	258	258	0	258
Other operating income	39 974	20 285	0	60 259	0	60 259
Other operating expenses	-65 480	-20 615	0	-86 095	0	-86 095

(in PLN '000)

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
The result on other operating income	**-25 506**	**-330**	**0**	**-25 836**	**0**	**-25 836**
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**1 481 017**	**897 611**	**307 624**	**2 686 252**	**0**	**2 686 252**
Net expected credit losses	-233 566	-161 247	0	-394 813	0	-394 813
The result on impairment of non-financial assets	-733	-2 466	0	-3 199	0	-3 199
Cost of legal risk of FX mortgage loans	-2 786	0	0	-2 786	0	-2 786
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**1 243 932**	**733 898**	**307 624**	**2 285 454**	**0**	**2 285 454**
General administrative expenses	-781 564	-317 520	0	-1 099 084	0	-1 099 084
Gross profit	**462 368**	**416 378**	**307 624**	**1 186 370**	**0**	**1 186 370**
Income tax	0	0	0	0	-314 519	-314 519
Net profit	**462 368**	**416 378**	**307 624**	**1 186 370**	**-314 519**	**871 851**
Assets	52 888 700	29 449 865	0	82 338 565	1 188 923	83 527 488
Liabilities	52 929 194	22 751 753	0	75 680 947	161 158	75 842 105

**Restated – note 2.3*

Notes to the interim consolidated income statement

4 Net interest income

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023
Interest income calculated using the effective interest method	**1 603 928**	**3 285 492**	**1 689 055**	**3 350 534**
term deposits	3 400	7 788	5 376	7 271
Loans, incl:	1 212 296	2 479 773	1 320 428	2 609 054
*modification of a financial asset deemed not significant **	*-87 925*	*-89 684*	*-2 116*	*-15 596*
investment financial assets measured at amortized cost	18 641	44 766	47 129	100 519
investment financial assets measured at fair value through other comprehensive income	267 309	549 043	197 655	407 819
receivables acquired	7 933	15 408	7 914	14 996
repo transactions in securities	23 301	44 176	21 289	31 780
current accounts	45 229	88 859	50 237	98 294
overnight deposits	1 098	4 532	2 253	5 138
other	24 721	51 147	36 774	75 663
Income of a similar nature	**140 695**	**282 837**	**145 571**	**293 892**
leasing	107 621	214 443	105 334	211 918
derivatives instruments	33 074	68 394	40 237	81 974
Interest expense	**-500 358**	**-1 054 655**	**-673 747**	**-1 380 485**
term deposits	-203 592	-431 889	-258 235	-523 936
own issue	-43 010	-90 763	-36 771	-71 202
repo transactions in securities	-26 699	-61 683	-24 186	-43 447
cash deposits	-1 730	-2 927	-960	-1 834
leasing	-2 548	-5 115	-2 429	-4 605
other	-2 569	-5 565	-2 695	-5 410
current deposits	-87 035	-181 861	-93 501	-205 411
derivatives	-133 175	-274 852	-254 970	-524 640
Net interest income	**1 244 265**	**2 513 674**	**1 160 879**	**2 263 941**

**including the result on modification due to credit vacation in the amount of PLN 86 million*

(in PLN '000)

5 Net fee and commission income

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023
Fee and commission income	**299 380**	**750 072**	**466 660**	**887 019**
payment and credit cards service	49 905	241 952	197 690	367 529
transaction margin on currency exchange transactions	75 012	160 333	100 470	183 621
maintaining bank accounts	26 801	54 014	24 325	48 049
brokerage commissions	13 224	28 313	12 510	25 337
revenue from bancassurance activity	24 867	50 239	27 104	51 925
loans and advances	38 168	76 633	40 203	78 500
transfers	15 130	29 438	14 582	28 858
cash operations	8 521	16 825	8 764	17 001
guarantees, letters of credit, collection, commitments	3 819	6 924	2 788	5 388
receivables acquired	1 187	2 316	1 395	2 569
for custody services	2 214	4 159	2 238	4 089
repayment of seizure	2 551	4 713	1 908	3 794
from leasing activities	22 012	44 854	21 672	43 597
other commissions	15 969	29 359	11 011	26 762
Fee and commission expenses	**-88 215**	**-327 568**	**-250 499**	**-462 307**
costs of card and ATM transactions, including costs of cards issued	-33 753	-220 345	-198 446	-360 368
commissions paid to agents	-13 022	-25 355	-13 088	-25 213
insurance of bank products	-5 234	-10 185	-3 121	-6 302
costs of awards for customers	-6 459	-12 503	-5 659	-12 571
commissions for access to ATMs	-7 886	-14 292	-6 623	-13 374
commissions paid under contracts for performing specific operations	-6 841	-13 853	-6 080	-11 747
brokerage commissions	-1 308	-2 562	-1 325	-2 260
for custody services	-661	-1 715	-847	-2 125
transfers and remittances	-6 354	-12 804	-6 802	-12 481
other commissions	-6 697	-13 954	-8 508	-15 866
Net fee and commission income	**211 165**	**422 504**	**216 161**	**424 712**

01.01.2024 - 30.06.2024	Retail segment	Business segment	Treasury activities	Total
Fee and commission income	**247 064**	**504 559**	**-1 551**	**750 072**
payment and credit cards service	58 556	183 396	0	241 952
transaction margin on currency exchange transactions	81 107	80 777	-1 551	160 333
maintaining bank accounts	25 543	28 471	0	54 014
brokerage commissions	28 313	0	0	28 313
revenue from bancassurance activity	22 488	27 751	0	50 239
loans and advances	9 729	66 904	0	76 633
transfers	9 739	19 699	0	29 438
cash operations	7 788	9 037	0	16 825
guarantees, letters of credit, collection, commitments	0	6 924	0	6 924
receivables acquired	0	2 316	0	2 316
custody services	0	4 159	0	4 159
repayment of seizure	0	4 713	0	4 713
from leasing activities	0	44 854	0	44 854
other commissions	3 801	25 558	0	29 359

(in PLN '000)

01.01.2023 - 30.06.2023	Retail segment	Business segment	Treasury activities	Total
Fee and commission income	**229 677**	**637 782**	**19 560**	**887 019**
payment and credit cards service	54 774	312 755	0	367 529
transaction margin on currency exchange transactions	72 796	93 881	16 944	183 621
maintaining bank accounts	23 218	24 825	6	48 049
brokerage commissions	25 337	0	0	25 337
revenue from bancassurance activity	22 407	29 518	0	51 925
loans and advances	11 592	66 908	0	78 500
transfers	9 074	19 745	39	28 858
cash operations	7 904	9 097	0	17 001
guarantees, letters of credit, collection, commitments	0	5 388	0	5 388
receivables acquired	0	2 569	0	2 569
custody services	0	4 089	0	4 089
repayment of seizure	0	3 794	0	3 794
from leasing activities	0	43 597	0	43 597
other commissions	2 575	21 616	2 571	26 762

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

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023
FX result and net income on currency derivatives, including:	**13 452**	**26 163**	**-3 536**	**-632**
FX result	-38 564	-56 559	-15 784	48 089
currency derivatives	52 016	82 722	12 248	-48 721
Interest rate transacions	**-3 254**	**-6 992**	**2 266**	**7 139**
Ineffective part of hedge accounting	**-127**	**207**	**4 626**	**3 750**
Change in fair value measurement for the hedged risk	**-7 191**	**-6 922**	**-1 529**	**503**
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	**2 127**	**3 527**	**4 426**	**8 817**
The result on financial assets measured at fair value through profit or loss and FX result	**5 007**	**15 983**	**6 253**	**19 577**

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

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023
Financial assets measured at fair value through other comprehensive income	3 329	4 041	1 439	3 507
Financial assets measured at amortized cost	379	564	105	258
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**3 708**	**4 605**	**1 544**	**3 765**

8 The result on other operating income and expense

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023*
Other operating income from:	**32 608**	**67 237**	**31 556**	**60 259**
income from contracts with business partners	1 514	3 167	1 674	3 774
reimbursement of costs of claim enforcement	9 471	18 200	10 886	19 866
received compensations, recoveries, penalties and fines	293	445	381	650

(in PLN '000)

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023*
management of third-party assets	9 849	18 082	7 096	12 576
from license fees from Partners	761	1 571	758	1 541
due to VAT settlement	0	101	1	653
reversal of impairment losses on other assets	245	952	1 118	2 058
other	10 475	24 719	9 642	19 141
Other operating expenses due to:	**-56 976**	**-85 851**	**-58 398**	**-86 095**
fees and costs of claim enforcement	-12 713	-24 946	-12 571	-26 618
provision for legal claims	-31 494	-39 883	-27 176	-28 572
paid compensations, fines, and penalties	-443	-1 047	-1 487	-2 057
management of third-party assets	-411	-815	-299	-599
recognition of complaints	-1 354	-1 984	-632	-1 553
impairment losses on other assets	-1 593	-2 514	-2 337	-6 686
due to VAT settlement	0	-109	1	-58
other	-8 968	-14 553	-13 897	-19 952
The result on other operating income and expense	**-24 368**	**-18 614**	**-26 842**	**-25 836**

Restated – note 2.3

9 General administrative expenses

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023*
Payroll costs	**-316 169**	**-627 888**	**-272 696**	**-533 543**
remuneration due to employment contracts	-261 126	-513 517	-224 308	-438 325
remuneration surcharges	-50 853	-102 553	-43 449	-86 619
costs of bonus for senior executives settled in phantom shares	933	-1 850	-1 508	-2 009
other	-5 123	-9 968	-3 431	-6 590
General and administrative costs	**-129 173**	**-290 963**	**-114 853**	**-287 195**
lease and building maintenance expenses	-16 757	-38 894	-25 535	-53 172
costs of Banking Guarantee Fund	0	-40 644	-1 372	-58 872
IT costs	-47 196	-90 018	-40 649	-76 970
marketing costs	-25 232	-40 526	-16 493	-30 745
cost of advisory services	-5 269	-10 304	-4 611	-7 669
external services	-8 854	-16 605	-7 198	-14 732
training costs	-3 607	-5 741	-2 853	-6 644
costs of telecommunications services	-5 975	-11 952	-6 185	-11 301
costs of lease of property, plant and equipment and intangible assets	-849	-1 013	-33	-75
other	-15 434	-35 266	-9 924	-27 015
Amortization and depreciation	**-60 530**	**-124 681**	**-67 591**	**-132 272**
property, plant and equipment	-20 822	-42 652	-21 908	-42 847
intangible assets	-19 024	-40 795	-21 889	-41 496
right to use the asset	-20 684	-41 234	-23 794	-47 929
Taxes and fees	**-7 993**	**-15 661**	**-7 375**	**-14 959**
General administrative expenses	**-513 865**	**-1 059 193**	**-462 515**	**-967 969**

Restated – note 2.3

10 Net expected credit losses

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023
Expected credit losses Stage 3	**-133 451**	**-299 045**	**-202 810**	**-512 491**
retail customers	-96 321	-191 736	-121 946	-281 982
business customers	-37 130	-107 309	-80 864	-230 509
Expected credit losses Stage 1 and 2(ECL)	**45 593**	**27 650**	**27 121**	**28 458**

(in PLN '000)

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023
Stage 2	**47 671**	**38 121**	**44 190**	**50 473**
retail customers	19 160	29 708	22 025	24 536
business customers	28 511	8 413	22 165	25 937
Stage 1	**-2 078**	**-10 471**	**-17 069**	**-22 015**
retail customers	4 789	9 256	-6 374	-10 728
business customers	-6 867	-19 727	-10 695	-11 287
POCI	**-16 116**	**-33 851**	**-43 978**	**-58 295**
Recoveries from off-balance sheet	**71 781**	**150 528**	**69 543**	**89 661**
Investment securities	**52**	**-1 467**	**7 468**	**7 065**
Off-balance provisions	**-6 777**	**6 024**	**-5 016**	**50 789**
Net expected credit losses	**-38 918**	**-150 161**	**-147 672**	**-394 813**

The result on expected credit losses in the first half of 2024 was significantly lower compared to the first half of 2023. This is due to a series of positive events implemented by the Bank in 2024, including: the sale of the NPL portfolio, the completion of effective restructuring processes and the recording of significantly lower costs related to migration to default, due to the stabilized resilience of customers to the demanding macroeconomic environment (including generally high interest rates).

11 The result on impairment of non-financial assets

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023
Property, plant and equipment and intangible assets	-1 219	-1 321	-2 951	-3 199
The result on impairment of non-financial assets	**-1 219**	**-1 321**	**-2 951**	**-3 199**

12 Cost of legal risk of FX mortgage loans

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	-11 574	-13 032	-2 280	-2 431
Provisions	-14 313	-14 649	0	-355
Other	-9	-9	0	0
Cost of legal risk of FX mortgage loans	**-25 896**	**-27 690**	**-2 280**	**-2 786**

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

In accordance with IAS 34, the Capital Group took into account the principle of recognizing income tax charges on the financial result based on the management's best possible estimate of the weighted average annual income tax rate that the Capital Group expects in 2024. The projected annual effective tax rate is approximately 25%.

(in PLN '000)

14.1 Tax charge disclosed in the profit and loss account

	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Current tax	322 156	236 564
Deferred income tax	74 113	77 955
Income tax	**396 269**	**314 519**

14.2 Effective tax rate calculation

	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Gross profit	**1 560 306**	**1 186 370**
Income tax at 19%	296 458	225 410
Non-tax-deductible expenses (tax effect)	**103 210**	**84 188**
Impairment losses on loans not deductible for tax purposes	51 841	30 890
Prudential fee to BGF	7 722	11 186
Tax on Certain Financial Institutions	26 530	24 912
Cost of legal risk of FX mortgage loans	5 261	529
Other	11 856	16 671
Non-taxable income (tax effect)	**-1 551**	**58**
Other	**-1 848**	**4 863**
Accounting tax recognized in the income statement	**396 269**	**314 519**
Effective tax rate	**25.40%**	**26.51%**

15 Profit per share

	01.04.2024 - 30.06.2024	01.01.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023
Net profit	**585 912**	**1 164 037**	**506 067**	**871 851**
Weighted average number of ordinary shares	130 553 991	130 553 991	130 553 991	130 553 991
Basic/diluted net profit per share (PLN)	**4.49**	**8.92**	**3.88**	**6.68**

Basic 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 30 June 2024 and 30 June 2023, the Group did not have dilutive instruments.

Notes to the interim consolidated statement of financial position

16 Cash and cash equivalents

16.1 Financial data

	30.06.2024	31.12.2023
Current account with the central bank	880 269	667 654

(in PLN '000)

	30.06.2024	31.12.2023
Overnight	305 296	0
Cash	446 127	453 845
Current accounts in other banks	442 081	1 137 044
Term deposits in other banks	4 131	280 716
Total	**2 077 904**	**2 539 259**

17 Amounts due from banks

17.1 Financial data

Structure by type	30.06.2024	31.12.2023
Reverse Repo	905 242	3 681 081
Deposits as derivative transactions (ISDA) collateral	859 933	847 887
Other	89 791	86 452
Total	**1 854 966**	**4 615 420**

18 Investment financial assets and derivatives

18.1 Financial data

	31.03.2024	31.12.2023
Financial assets and derivatives	**19 186 648**	**18 820 432**
measured at fair value through other comprehensive income	17 623 881	15 471 615
measured at fair value through profit or loss	273 352	423 139
measured at amortized cost	1 289 415	2 925 678

18.2 Investment financial assets and derivatives by type

measured at fair value through other comprehensive income	30.06.2024	31.12.2023
Debt instruments	**17 501 009**	**15 352 460**
issued by the State Treasury	**16 327 995**	**13 818 749**
T-bonds	12 804 102	9 569 859
T-bills	3 523 893	4 248 890
issued by monetary institutions	**1 173 014**	**1 533 711**
eurobonds	52 752	18 139
money bills	549 912	950 000
bonds	570 350	565 572
Equity instruments	**122 872**	**119 155**
Total	**17 623 881**	**15 471 615**

measured at fair value through profit or loss	30.06.2024	31.12.2023
Debt instruments	**38 862**	**53 402**
issued by the State Treasury	**38 858**	**53 398**
T-bonds	38 858	53 398
issued by other financial institutions	**4**	**4**
bonds	4	4
Equity instruments	**42 195**	**42 521**

(in PLN '000)

measured at fair value through profit or loss	30.06.2024	31.12.2023
Derivative financial instruments	**192 295**	**327 216**
Interest rate transactions	**123 601**	**180 618**
SWAP	121 464	177 758
Cap Floor Options	2 137	1 804
FRA	0	1 056
Foreign exchange transactions	**60 851**	**139 434**
FX Swap	28 178	96 237
FX forward	11 862	21 953
CIRS	8 627	13 946
FX options	12 184	7 298
Other options	**1 857**	**3 179**
Other instruments	**5 986**	**3 985**
Total	**273 352**	**423 139**

measured at amortized cost	30.06.2024	31.12.2023
Debt instruments	**1 289 415**	**2 925 678**
issued by the State Treasury	**1 189 223**	**2 395 852**
T-bonds	1 189 223	2 395 852
issued by other financial companies	**100 192**	**529 826**
bonds	100 192	529 826
Total	**1 289 415**	**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 Group 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 3.4%. 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 Group 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).

(in PLN '000)

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.

As at 30 June 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 30 June 2024

As at 30 June 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 30 June 2024 was 0.42% 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 30 June 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%
30.06.2024	0.4%	2.70%	28.9%	12.2%	1.7%

according to the EBA definition

As at 30 June 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%
30.06.2024	1 229	46%	52%	3 089	33%	55%

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 4.25% ,respectively %),
- 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.

19.4 Financial data (gross value, expected credit losses)

Loans granted to customers	30.06.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	**40 639 491**	**-1 470 658**	**39 168 833**	**39 718 395**	**-1 722 645**	**37 995 750**
Consumer loans	15 943 480	-1 228 011	14 715 469	16 293 830	-1 504 909	14 788 921
Loans for residential properties	19 793 596	-207 400	19 586 196	18 385 184	-182 042	18 203 142
Consumer finance loans	4 902 415	-35 247	4 867 168	5 039 381	-35 694	5 003 687
Corporate segment	**26 920 917**	**-1 909 172**	**25 011 745**	**25 341 561**	**-2 372 214**	**22 969 347**
Working capital loans	11 931 102	-989 429	10 941 673	12 247 262	-1 181 640	11 065 622
Investment loans	5 025 326	-612 618	4 412 708	5 152 329	-681 233	4 471 096
Other business loans	9 964 489	-307 125	9 657 364	7 941 970	-509 341	7 432 629
Total	**67 560 408**	**-3 379 830**	**64 180 578**	**65 059 956**	**-4 094 859**	**60 965 097**

Loans granted to customers	30.06.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	**40 639 491**	**-1 470 658**	**39 168 833**	**39 718 395**	**-1 722 645**	**37 995 750**
Stage 1	36 589 310	-306 472	36 282 838	35 222 693	-315 786	34 906 907
Stage 2	2 640 327	-338 683	2 301 644	2 755 743	-368 491	2 387 252
Stage 3	1 379 618	-827 727	551 891	1 707 963	-1 037 412	670 551
POCI	30 236	2 224	32 460	31 996	-956	31 040
Corporate segment	**26 920 917**	**-1 909 172**	**25 011 745**	**25 341 561**	**-2 372 214**	**22 969 347**
Stage 1	18 658 921	-97 117	18 561 804	16 536 132	-77 399	16 458 733
Stage 2	5 040 403	-312 562	4 727 841	4 929 829	-320 453	4 609 376
Stage 3	2 937 738	-1 498 224	1 439 514	3 592 677	-1 960 171	1 632 506
POCI	283 855	-1 269	282 586	282 923	-14 191	268 732
Total	**67 560 408**	**-3 379 830**	**64 180 578**	**65 059 956**	**-4 094 859**	**60 965 097**

Loans and advances to customers by method of expected credit losses	30.06.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	**4 317 356**	**-2 325 951**	**1 991 405**	**5 300 640**	**-2 997 583**	**2 303 057**
individual method	1 228 830	-633 342	595 488	1 719 344	-949 023	770 321
group method	3 088 526	-1 692 609	1 395 917	3 581 296	-2 048 560	1 532 736

(in PLN '000)

Loans and advances to customers by method of expected credit losses	30.06.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 2	**7 680 730**	**-651 245**	**7 029 485**	**7 685 572**	**-688 944**	**6 996 628**
Stage 1	**55 248 231**	**-403 589**	**54 844 642**	**51 758 825**	**-393 185**	**51 365 640**
POCI	**314 091**	**955**	**315 046**	**314 919**	**-15 147**	**299 772**
Total	**67 560 408**	**-3 379 830**	**64 180 578**	**65 059 956**	**-4 094 859**	**60 965 097**

Loans and advances to customers – exposure of the Bank to the credit risk	30.06.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	**4 317 356**	**-2 325 951**	**1 991 405**	**5 300 640**	**-2 997 583**	**2 303 057**
not overdue	1 022 902	-380 651	642 251	1 141 970	-428 345	713 625
overdue	3 294 454	-1 945 300	1 349 154	4 158 670	-2 569 238	1 589 432
Stage 1 and Stage 2	**62 928 961**	**-1 054 834**	**61 874 127**	**59 444 397**	**-1 082 129**	**58 362 268**
not overdue	59 966 250	-768 130	59 198 120	56 538 932	-783 305	55 755 627
overdue	2 962 711	-286 704	2 676 007	2 905 465	-298 824	2 606 641
POCI	**314 091**	**955**	**315 046**	**314 919**	**-15 147**	**299 772**
Total	**67 560 408**	**-3 379 830**	**64 180 578**	**65 059 956**	**-4 094 859**	**60 965 097**

In the first half of 2024, the Group sold loans with a total gross value amounting to PLN 356 103 thousand, while the allowance for expected credit losses for this portfolio amounted to PLN 236 917 thousand. The impact of debt sales on the cost of risk in 2024 amounted to PLN (+) 25 529 thousand (profit).

From 1 January to 30 June 2024 the Group wrote off the financial assets amounted to PLN 860 027 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	13 241 592	0	0	60 338	13 301 930
Changes due to the sale or expiry of the instrument	-4 782 054	-445 800	-382 431	-11 479	-5 621 764
Transfer to Stage 1	868 164	-833 940	-34 224	0	0
Transfer to Stage 2	-2 083 080	2 296 118	-213 038	0	0
Transfer to Stage 3	-341 691	-526 809	868 500	0	0
Valuation changes	-3 381 021	-402 667	-331 634	-38 728	-4 154 050
Assets written off the balance sheet	0	0	-850 337	-9 690	-860 027
Other changes, including exchange differences	-32 503	-91 747	-40 120	-1 269	-165 639
As at 30.06.2024	**55 248 231**	**7 680 730**	**4 317 356**	**314 091**	**67 560 408**
Expected credit losses					
As at 01.01.2024	**393 186**	**688 943**	**2 997 583**	**15 147**	**4 094 859**
New / purchased / granted financial assets	96 026	0	0	42 129	138 155
Changes due to the sale or expiry of the instrument	-44 055	-45 734	-304 683	-11 187	-405 659
Transfer to Stage 1	83 877	-77 193	-6 684	0	0
Transfer to Stage 2	-45 548	115 667	-70 119	0	0
Transfer to Stage 3	-23 130	-80 787	103 917	0	0
Change in the estimate of expected credit losses	-56 699	49 926	576 614	2 909	572 750
Total allowances for expected credit losses in the income statement	**10 471**	**-38 121**	**299 045**	**33 851**	**305 246**
Assets written off the balance sheet	0	0	-850 337	-9 690	-860 027
Measurement at fair value at the moment of initial recognition	0	0	0	-34 323	-34 323
Other changes, including exchange differences	-68	423	-120 340	-5 940	-125 925
As at 30.06.2024	**403 589**	**651 245**	**2 325 951**	**-955**	**3 379 830**

(in PLN '000)

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Net carrying amount as at 30.06.2024	**54 844 642**	**7 029 485**	**1 991 405**	**315 046**	**64 180 578**

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	9 432 985	0	0	62 641	9 495 626
Changes due to the sale or expiry of the instrument	-3 805 681	-697 285	-396 821	-1 177	-4 900 964
Transfer to Stage 1	941 233	-911 360	-29 873	0	0
Transfer to Stage 2	-2 778 798	2 866 978	-88 180	0	0
Transfer to Stage 3	-435 242	-696 700	1 131 942	0	0
Valuation changes	-2 614 850	-355 580	-218 769	-25 028	-3 214 227
Assets written off the balance sheet	0	0	-542 638	-1 799	-544 437
Other changes, including exchange differences	-20 784	-138 654	-57 025	5 008	-211 455
As at 30.06.2023	**49 104 017**	**7 633 168**	**5 689 965**	**269 426**	**62 696 576**
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	134 945	0	0	50 206	185 151
Changes due to the sale or expiry of the instrument	-56 194	-34 358	-200 962	-461	-291 975
Transfer to Stage 1	57 240	-75 057	17 817	0	0
Transfer to Stage 2	-68 478	95 158	-26 680	0	0
Transfer to Stage 3	-37 684	-150 205	187 889	0	0
Change in the estimate of expected credit losses	-7 814	113 989	534 427	8 550	649 152
Total allowances for expected credit losses in the income statement	**22 015**	**-50 473**	**512 491**	**58 295**	**542 328**
Assets written off the balance sheet	0	0	-542 638	-1 799	-544 437
Measurement at fair value at the moment of initial recognition	0	0	0	-58 551	-58 551
Other changes, including exchange differences	-7 197	-1 366	-83 853	-2 737	-95 153
As at 30.06.2023	**444 770**	**722 083**	**3 103 249**	**36 242**	**4 306 344**
Net carrying amount as at 30.06.2023	**48 659 247**	**6 911 085**	**2 586 716**	**233 184**	**58 390 232**

20 Other assets

20.1 Financial data

	30.06.2024	31.12.2023
Sundry debtors	**425 606**	**636 935**
Other settlements	286 359	466 820
Receivables related to sales of services (including insurance)	26 126	31 555
Guarantee deposits	17 257	17 364
Settlements due to cash in ATMs	95 864	121 196
Costs recognised over time	**95 281**	**63 735**
Maintenance and support of systems, servicing of plant and equipment	51 656	38 966
Other deferred costs	43 625	24 769
VAT settlements	**31 595**	**37 255**
Other assets (gross)	**552 482**	**737 925**
Write-down	-63 994	-66 574
Total	**488 488**	**671 351**
including financial assets (gross)	425 606	636 935

(in PLN '000)

Change in write-downs

	30.06.2024	30.06.2023
Open balance	**66 574**	**58 978**
Established provisions	2 514	6 686
Reversal of provisions	-952	-2 058
Assets written off from the balance sheet	-4 174	-535
Other changes	32	-371
Closing balance	**63 994**	**62 700**

21 Assets pledged as colleteral

21.1 Financial data

	30.06.2024	31.12.2023
Treasury bonds blocked with REPO transactions	60 801	0
Financial assets collateraling the EIB loan	16 190	46 894
Total	**76 991**	**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:

	30.06.2024	31.12.2023
Treasury bonds blocked with BGF	383 494	413 428
Deposits as derivative transactions (ISDA) collatera	859 934	847 886
Deposit as collateral of transactions performed in Alior Trader	6	16
Total	**1 243 434**	**1 261 330**

22 Amounts due to banks

22.1 Financial data

Structure by type	30.06.2024	31.12.2023
Current deposits	1 445	4 664
Term deposits	52 604	0
Received loan	133 440	157 909
Other liabilities	91 094	125 745
Repo	60 799	0
Total	**339 382**	**288 318**

23 Amounts due to customers

23.1 Financial data

Structure by type and customer segment	30.06.2024	31.12.2023
Retail segment	**52 970 640**	**51 929 220**
Current deposits	37 767 032	36 284 917
Term deposits	14 150 256	14 128 620
Own issue of banking securities	763 125	1 252 656

(in PLN '000)

Structure by type and customer segment	30.06.2024	31.12.2023
Other liabilities	290 227	263 027
Corporate segment	**22 861 109**	**23 258 031**
Current deposits	13 426 311	14 223 309
Term deposits	7 688 746	7 900 964
Own issue of banking securities	2 748	4 665
Own issue of bonds	1 402 675	851 858
Other liabilities	340 629	277 235
Total	**75 831 749**	**75 187 251**

	Nominal value in the currency	Currency	Term	Interest	Status of liabilities	
					30.06.2024	31.12.2023
Series M Bonds	400 000	PLN	26.06.2023-26.06.2026	WIBOR6M +3.10	400 492	400 584
Series N Bonds	450 000	PLN	20.12.2023-15.06.2027	WIBOR6M +2.81	451 710	451 274
Series O Bonds	550 000	PLN	27.06.2024-09.06.2028	WIBOR6M +1.99	550 473	0
BPW	24 344	EUR	12.2022 – 02.2025	The interest rate is calculated by the BPW Issuer according to the formula described in the final terms and conditions of a given series. The payment and interest rate may be fixed, variable or dependent on the conditions of the valuation of the underlying instrument, such as a stock exchange index or the valuation of company shares.	105 695	62 777
BPW	596 334	PLN	07.2021-04.2025		619 022	1 068 216
BPW	9 985	USD	07.2021-04.2025		41 156	126 328
Total					**2 168 548**	**2 109 179**

from 1 January to 30 June 2024	Currency	Issues - original currency	Issues - in PLN	Redemptions - original currency	Redemptions – in PLN
Series O Bonds	PLN	550 000	550 000	0	0
BPW	EUR	9 950	42 956	0	0
BPW	PLN	28 256	28 256	7 346	7 346
BPW	USD	0	0	14	54
Total			**621 212**		**7 400**

from 1 January to 31 December 2023	Currency	Issues - original currency	Issues - in PLN	Redemptions - original currency	Redemptions – in PLN
Series M Bonds	PLN	400 000	400 000	0	0
Series N Bonds	PLN	450 000	450 000	0	0
BPW	EUR	4 464	20 153	32	146
BPW	PLN	462 450	462 450	17 788	17 788
BPW	USD	29 956	131 965	0	0
Total			**1 464 568**		**17 934**

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

(in PLN '000)

	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
Established provisions	57 789	8 588	53 718	0	1 884	121 979
Reversal of provisions	-3 257	-318	-59 742	0	-4 969	-68 286
Utilized provisions	-11 215	-7 903	0	-642	-9 631	-29 391
Other changes	5	0	27	0	0	32
As at 30 June 2024	**200 519**	**8 729**	**67 881**	**252**	**56 929**	**334 310**

** provision for legal risk related to the FX indexed loan portfolio amount to PLN 50 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	33 583	6 477	47 173	0	126	87 359
Reversal of provisions	-4 656	-560	-97 962	0	0	-103 178
Utilized provisions	-5 492	-4 805	0	-464	-11 963	-22 724
Other changes	-19	0	-486	-8	0	-513
As at 30 June 2023	**75 787**	**6 591**	**65 548**	**1 246**	**79 719**	**228 891**

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

Split of the restructuring provision as at 30.06.2024 is presented below:

	31.12.2023	utilisation	30.06.2024
Reorganisation of the branch network	894	-642	252
Total	**894**	**-642**	**252**

25 Other liabilities

25.1 Financial data

	30.06.2024	31.12.2023
Other financial liabilities	1 077 656	1 558 024
Interbank settlements	592 355	1 086 303
Settlements of payment cards	139 819	137 558
Other settlements, including	307 817	297 913
settlements with insurers	*21 775*	*27 465*
Liability for reimbursement of credit costs	37 665	36 250
Other non financiali liabilities	1 011 846	1 095 876
Taxes, customs duty, social and health insurance payables and other public settlements	71 792	62 171
Settlements of issues of bank certificates of deposits	463	13 510
Liabilities due to contributions to the Bank Guarantee Fund	232 710	192 066
Accrued expenses	137 697	249 601
Income received in advance	51 994	53 298
Provision for bancassurance resignations	49 901	58 389
Provision for bonuses	84 803	119 976
Provision for unutilised annual leaves	41 843	26 603
Provision for bonuse settled in phantom shares	13 163	11 313
Provision for retention programs	37	37
Other employee provisions	12 547	10 138
Liabilities due to lease agreements	259 682	252 938
Other liabilities	55 214	45 836

(in PLN '000)

	30.06.2024	31.12.2023
Total	**2 089 502**	**2 653 900**

26 Financial liabilities

26.1 Financial data

	30.06.2024	31.12.2023
Short sale of T-bonds	**46 728**	**55 814**
Interest rate transactions	**93 018**	**142 243**
SWAP	90 881	138 861
Cap Floor Options	2 137	1 804
FRA	0	1 578
Foreign exchange transactions	**37 129**	**71 441**
FX Swap	5 562	44 658
FX forward	13 831	13 846
CIRS	1 774	2 936
FX options	15 962	10 001
Other options	**1 857**	**3 179**
Other instruments	**5 902**	**3 786**
Total	**184 634**	**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	
					30.06.2024	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	610 146	609 924
Series P2A bonds	150 000	PLN	14.12.2017-29.12.2025	WIBOR6M +2.70	156 479	150 106
Total					**766 625**	**1 159 999**

**Details in note 38*

28 Off-balance sheet items

28.1 Financial data

	30.06.2024	31.12.2023
Granted off-balance liabilities	**12 743 700**	**12 447 700**
Concerning financing	**11 741 429**	**11 624 267**
Guarantees	**1 002 271**	**823 433**
Performance guarantees	388 239	307 737
Financial guarantees	614 032	515 696

30.06.2024	Nominal amount			Provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Concerning financing	10 504 812	1 185 400	51 217	14 199	19 002	2 011
Guarantees	806 268	143 637	52 366	203	180	32 286

(in PLN '000)

30.06.2024	Nominal amount			Provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Total	**11 311 080**	**1 329 037**	**103 583**	**14 402**	**19 182**	**34 297**

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	3 789 688	124 840	1 639	3 916 167
Changes due to the sale or expiry of the instrument	-2 172 778	-229 713	-90 060	-2 492 551
Transfer to Stage 1	121 130	-119 168	-1 962	0
Transfer to Stage 2	-308 135	334 270	-26 135	0
Transfer to Stage 3	-4 956	-8 328	13 284	0
Changing commitment	-935 587	-189 498	552	-1 124 533
Other changes, including exchange rate differences	-2 740	-282	-61	-3 083
As at 30.06.2024	**11 311 080**	**1 329 037**	**103 583**	**12 743 700**

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	3 247 538	154 759	10 311	3 412 608
Changes due to the sale or expiry of the instrument	-1 263 756	-295 320	-196 801	-1 755 877
Transfer to Stage 1	191 782	-191 366	-416	0
Transfer to Stage 2	-389 069	389 601	-532	0
Transfer to Stage 3	-4 151	-4 435	8 586	0
Change in the estimate od the provision for off-balanse sheet liabilities	-480 780	-70 464	8 889	-542 355
Other changes, including exchange rate differences	-11 484	-11 250	-1 238	-23 972
As at 30.06.2023	**10 017 862**	**1 099 928**	**176 990**	**11 294 780**

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	6 298	4 813	327	11 438
Changes due to the sale or expiry of the instrument	-4 228	-5 795	-739	-10 762
Transfer to Stage 1	1 943	-1 934	-9	0
Transfer to Stage 2	-3 520	3 900	-380	0
Transfer to Stage 3	-28	-225	253	0
Change in the estimate od the provision for off-balanse sheet liabilities	-1 673	-5 616	589	-6 700
Other changes, including exchange rate differences	2 172	-1 985	-160	27
As at 30.06.2024	**14 402**	**19 182**	**34 297**	**67 881**

(in PLN '000)

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	11 045	3 968	1 541	16 554
Changes due to the sale or expiry of the instrument	-4 171	-2 249	-59 565	-65 985
Transfer to Stage 1	2 108	-2 108	0	0
Transfer to Stage 2	-2 665	2 665	0	0
Transfer to Stage 3	0	0	0	0
Changing commitment	-4 805	1 267	2 194	-1 344
Other changes, including exchange rate differences	222	-538	-184	-500
As at 30.06.2023	**14 571**	**12 707**	**38 270**	**65 548**

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.

	Measurement method (techniques)	Material observable input 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.

	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%/-24%
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%	+14.1%/-14.0%
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.

(in PLN '000)

30.06.2024	Level 1	Level 2	Level 3	Total
Financial assets	**14 364 785**	**3 578 045**	**166 947**	**18 109 777**
Measured at fair value through profit and loss	**38 860**	**190 417**	**44 075**	**273 352**
SWAP	0	121 464	0	121 464
Cap Floor Options	0	2 137	0	2 137
FX Swap	0	28 178	0	28 178
FX forward	0	11 862	0	11 862
CIRS	0	8 627	0	8 627
FX options	0	12 165	19	12 184
Other options	0	0	1 857	1 857
Other instruments	2	5 984	0	5 986
Financial deriatives	**2**	**190 417**	**1 876**	**192 295**
T- bonds	38 858	0	0	38 858
Other bonds	0	0	4	4
Equity instruments	0	0	42 195	42 195
Investments securities	**38 858**	**0**	**42 199**	**81 057**
Measured at fair value through other comprehensive income	**14 325 925**	**3 175 084**	**122 872**	**17 623 881**
Money bills	0	549 912	0	549 912
T- bonds	12 804 102	0	0	12 804 102
T-bills	898 721	2 625 172	0	3 523 893
Other bonds	623 102	0	0	623 102
Equity instruments	0	0	122 872	122 872
Derivative hedging instruments	**0**	**212 544**	**0**	**212 544**
Interest rate transactions – SWAP	0	212 544	0	212 544

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 Options	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**
T- 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
T- bonds	9 569 859	0	0	9 569 859
T- 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

(in PLN '000)

30.06.2024	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	**46 866**	**135 802**	**1 966**	**184 634**
Bonds	46 728	0	0	46 728
SWAP	0	90 881	0	90 881
Cap Floor Options	0	2 137	0	2 137
FX Swap	0	5 562	0	5 562
FX forward	0	13 831	0	13 831
CIRS	0	1 774	0	1 774
FX options	0	15 853	109	15 962
Other options	0	0	1 857	1 857
Other instruments	138	5 764	0	5 902
Derivative hedging instruments	**0**	**566 082**	**0**	**566 082**
Interest rate swaps - SWAP	0	566 082	0	566 082

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 Options	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

30.06.2024	Assets			Liabilities
Changes in financial assets and liabilities	Equity instruments	Debt instruments	Derivatives	Derivatives
Opening balance	**161 676**	**4**	**3 179**	**3 179**
Acquisitions	0	0	34	124
Net changes recognized in other comprehensive income	3 838	0	0	0
Net changes recognized in profit and loss	1 250	0	263	263
Currency differences	491	0	0	0
Settlement / redemption	-2 188	0	-1 600	-1 600
Total	**165 067**	**4**	**1 876**	**1 966**

30.06.2023	Assets			Liabilities
Changes in financial assets and liabilities	Equity instruments	Debt instruments	Derivatives	Derivatives
Opening balance	**152 004**	**57 600**	**529**	**529**
Acquisitions	0	0	322	342

(in PLN '000)

30.06.2023	Assets			Liabilities
Changes in financial assets and liabilities	Equity instruments	Debt instruments	Derivatives	Derivatives
Net changes recognized in other comprehensive income	10 125	-25 740	0	0
Net changes recognized in profit and loss	4 358	2 394	2 008	2 008
Currency differences	-814	0	0	0
Settlement / redemption	-21 185	-34 182	0	0
Total	**144 488**	**72**	**2 859**	**2 879**

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

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

30.06.2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	**2 077 904**	**1 631 692**	**446 212**	**0**	**2 077 904**
Amount due from banks	**1 854 966**	**0**	**1 854 966**	**0**	**1 854 966**
Loans and advances to customers	**64 180 578**	**0**	**0**	**61 713 333**	**61 713 333**
Retail segment	**39 168 833**	**0**	**0**	**36 563 934**	**36 563 934**
Consumer loans	14 715 469	0	0	13 915 713	13 915 713
Loans for residential real estate*	19 586 196	0	0	17 737 906	17 737 906
Consumer finance loans	4 867 168	0	0	4 910 315	4 910 315
Corporate segment	**25 011 745**	**0**	**0**	**25 149 399**	**25 149 399**
Working capital facility	10 941 673	0	0	11 363 290	11 363 290
Investment loans	4 412 708	0	0	4 434 145	4 434 145
Other	9 657 364	0	0	9 351 964	9 351 964
Asstes pledged as collateral	**76 991**	**76 991**	0	0	**76 991**
Investment securities measured at amortized cost	**1 289 415**	**1 293 624**	**0**	**61**	**1 293 685**
Other financial assets	**425 606**	**0**	**0**	**425 606**	**425 606**
Liabilities					
Amounts due to banks	**339 382**	**0**	**339 382**	**0**	**339 382**
Current deposits	1 445	0	1 445	0	1 445
Term deposits	52 604	0	52 604	0	52 604
Credit received	133 440	0	133 440	0	133 440
Other liabilities	91 094	0	91 094	0	91 094
Repo	60 799	0	60 799	0	60 799
Amounts due to customers	**75 831 749**	**0**	**0**	**75 829 876**	**75 829 876**
Current deposits	51 193 343	0	0	51 193 343	51 193 343
Term deposits	21 839 002	0	0	21 839 002	21 839 002
Bank securities issued	765 873	0	0	764 000	764 000
Bonds issued	1 402 675	0	0	1 402 675	1 402 675
Other liabilities	630 856	0	0	630 856	630 856
Other financial liabilities	**1 077 656**	**0**	**0**	**1 077 656**	**1 077 656**
Subordinated liabilities	**766 625**	**0**	**0**	**766 625**	**766 625**

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**

(in PLN '000)

31.12.2023	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
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**

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.

(in PLN '000)

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 Group 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.

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

Nature of transactions with related entities

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

Parent company	30.06.2024	31.12.2023
Other assets	5 328	5 994
Total assets	**5 328**	**5 994**
Amounts due to customers	2 725	2 387
Other liabilities	377	521
Total liabilities	**3 102**	**2 908**

Subsidiaries of the parent company	30.06.2024	31.12.2023
Cash and cash equivalents	1 836	632
Loans and advances to customers	60 605	53 905
Other assets	1 075	1 150
Total assets	**63 516**	**55 687**
Amounts due to customers	109 243	156 617
Provisins	2	6
Other liabilities	4 547	3 753
Total liabilities	**113 792**	**160 376**

Subsidiaries of the parent company	30.06.2024	31.12.2023
Off-balance liabilities granted to customers	**25 926**	**28 577**

(in PLN '000)

Subsidiaries of the parent company	30.06.2024	31.12.2023
Relating to financing	25 926	28 577

Joint control by persons related to the Group	30.06.2024	31.12.2023
Loans and advances to customers	0	5
Total assets	**0**	**5**
Amounts due to customers	31	2 720
Amounts due to customers	**31**	**2 720**

Joint control by persons related to the Group	30.06.2024	31.12.2023
Off-balance liabilities granted to customers	**0**	**1**
Relating to financing	0	1

Parent company	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Interest income calculated using the effective interest method	10 770	10 374
Interest expences	-35	-8
Fee and commission income	18 759	21 994
Fee and commission expense	-7 569	-3 290
Net other operating income and expenses	85	9
General administrative expenses	-2 961	-2 394
Total	**19 049**	**26 685**

Subsidiaries of the parent company	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Interest income calculated using the effective interest method	35 977	36 570
Income of a similar nature	98	0
Interest expences	-1 702	-2 527
Fee and commission income	12 414	9 940
Fee and commission expense	-503	-3
The result on financial assets measured at fair value through profit or loss and FX result	-72	0
Net other operating income and expenses	27	8
General administrative expenses	-8 401	-5 411
Net expected credit losses	-96	7
Total	**37 742**	**38 584**

Joint control by persons related to the Group	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Interest expences	0	-39
Fee and commission income	0	286
Net expected credit losses	0	-112
Total	**0**	**135**

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.

(in PLN '000)

State Treasury and related entities	30.06.2024	31.12.2023
Investment financial assets and derivatives	**14 832 406**	**12 654 638**
measured at fair value through other comprehensive income	13 504 195	10 200 464
measured at fair value through profit or loss	38 858	53 398
measured at amortized cost	1 289 353	2 400 776
Amounts due from banks	655	0
Loans and advances to customers	508 610	731 145
Total assets	**15 341 671**	**13 385 783**
Financial Liabilities	46 728	55 814
Amounts due to banks	15 258	9 286
Amounts due to customers	597 466	578 378
Total liabilities	**659 452**	**643 478**

State Treasury and related entities	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Interest income calculated using the effective interest method	484 980	455 524
Interest expense	-20 956	-23 005
Total	**464 024**	**432 519**

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

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.

30.06.2024	Supervising, managing persons	Supervisory Board	Bank's Management Board
Amounts due to customers	29	0	29

(in PLN '000)

30.06.2024	Supervising, managing persons	Supervisory Board	Bank's Management Board
Total liabilities	**29**	**0**	**29**

30.06.2023	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	392	0	392
Total assets	**392**	**0**	**392**
Amounts due to customers	1 093	0	1 093
Total liabilities	**1 093**	**0**	**1 093**

The total cost of remuneration of Members of the Bank's Supervisory Board and Members of the Bank's Management Board from 1 January to 30 June 2024 recognized in the profit and loss account of the Group in this period amounted to PLN 12 466 thousand (in the period from 1 January to 30 June 2023 - PLN 11 749 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 half of 2024, and none of the proceedings jointly, could pose a threat to the Bank's financial liquidity.

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 30 June 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 200 519 thousand and as at 31 December 2023 in the amount of PLN 157 197 thousand.

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).

On 5 June 2024, Raiffeisen Bank International AG with its registered office in Vienna - liquidator of the funds Vivante FIZAN in liquidation and Inwestycje Selective FIZAN in liquidation paid out the funds obtained from the liquidation in proportion to the number of investment certificates held by the fund participants. Ultimately, PLN 158.39 was paid for one certificate of the Vivante FIZAN fund in liquidation (compared to PLN 95.22 at the opening of the liquidation), and for the Inwestycje Selective FIZAN fund in liquidation - PLN 927.99 (compared to PLN 641.15, respectively). This payment means the remission of investment certificates held by fund participants.

On 31 July 2024, Raiffeisen Bank International AG with its registered office in Vienna - liquidator of the fund Inwestycje Rolne FIZAN in liquidation paid out the funds obtained from the liquidation in proportion to the number of investment certificates held by the fund participants. Ultimately, PLN 980.39 was paid out for one certificate of the Inwestycje Rolne FIZAN fund in liquidation (compared to PLN 789.86 at the opening of liquidation). This payment means the remission of investment certificates held by fund participants.

The Bank, did not change the estimate of its reserves as at the balance sheet date in connection with cases brought against the Bank by purchasers of the Funds' investment certificates for payment or for determining liability. The Bank will analyse the judgments issued on an ongoing basis, taking into account the impact of liquidation and related payments on court judgments, and will shape the amount of provisions accordingly.

Claims for payment
As at 30.06.2024, the Bank is defendant in 172 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 56 million.

In the Bank's opinion, each claims for payment requires an individual approach. 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 30 June 2024 amounted PLN 85.3 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.

(in PLN '000)

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.

Court proceedings of FX mortgage loans

As at 30 June 2024, there were 132 court proceedings pending against the Bank (as at 31 December 2023: 86) concerning mortgage loans granted in previous years in foreign currencies with a total value of the subject matter of the dispute of PLN 131.1 million (as of 31 December 2023: PLN 92.1 million).

The main cause of the dispute indicated by the plaintiffs concerns the questioning of the provisions of the loan agreement regarding the Bank's use of conversion rates and results in claims for the partial or total invalidity of the loan agreements.

The Bank monitors the state of court decisions on an ongoing basis in cases of loans indexed or denominated in a foreign currency in terms of the formation and possible changes in the lines of case law.

The table below presents the cumulative costs of legal risk of FX mortgage loans (in MPLN).

	30.06.2024	31.12.2023
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	123	114
Provisins	50	36
Total	**173**	**150**

Court proceedings regarding free credit sanction

As at 30 June 2024, there were pending 1703 court proceedings against the Bank regarding the sanction of a free loan with the value of the subject matter of the dispute amounting PLN 65.7 million (as at 31 December 2023, 1219 proceedings with the value of the subject matter of the dispute amounting PLN 44.1 million). These proceedings are mainly initiated by customers or entities that have purchased receivables from customers and concern the provisions of cash loan agreements. The Bank's position is that lending costs the loan, in particular the commission, is permissible, consistent with national and European regulations, is not abusive, and all this provided that the credited costs are correctly included in the loan agreement in the total loan amount, the total cost of the loan and in the annual real interest rate.The Bank questions the validity of the claims raised in these cases. The total amount of the provision in this respect as at 30 June 2024 is PLN 28 million.

33 Contigent liability

The Group presents below a description of the most important proceedings conducted against the Group as of 30 June 2024, which constitute contingent liabilities.

The total value of the subject matter of the disputed claims as at 30 June 2024 in court proceedings conducted against the Group amounted in PLN 869 892 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 30 June 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. In a letter dated 22 April 2024, the Office of Competition and Consumer Protection decided to extend the deadline for completing the proceedings until 31 August 2024. In a letter dated 1 July 2024, the Bank, at the request of the President of the Office of Competition and Consumer Protection, updated the facts in the case. As at 30 June 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. The Bank also participates in the work carried out within the Polish Bank Association on good practices regarding handling reports on unauthorized transactions, which are subject to consultations with the President of the Office of Competition and Consumer Protection and the Polish Financial Supervision Authority.

As at 30 June 2024 the value of complaints related to unauthorized transactions is PLN 53 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 30 June 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. Due to the above, on 3 April 2024, the law firm representing the Bank sent a letter on behalf of the Bank initiating a dialogue with the Polish Financial Supervision Authority regarding the terms of the arrangement.The current deadline set by the Polish Financial Supervision Authority for its conclusion is 22 September 2024.

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 30 June 2024, the Group did not identify any reasons to create provisions in this respect.

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. The judgment is final and has been implemented by the Bank.

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. Final judgment awarding in favor of the Bank and Alior Leasing Sp. z o. o. from the plaintiffs, the refund was due on 29 April 2024. On 10 June 2024, the Bank and Alior Leasing Sp. z o. o. received information from the Court of Appeal in Warsaw that a complaint was registered to set aside the arbitration award, filed by former members of the Management Board of Alior Leasing Sp. z o. o.

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.

(in PLN '000)

34 Total capital adequacy ratio and Tier 1 ratio

As at 30 June 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 half 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.

The prudentially consolidated profit and loss account is prepared in compliance with the accounting principles applied by the Bank, with the exception of consolidating solely Alior Bank S.A. and Alior Leasing sp. z o.o., as stated above.

	01.01.2024-30.06.2024
Interest income calculated using the effective interest method	3 285 414
Income of a similar nature	282 837
Interest expense	-1 054 989
Net interest income	**2 513 262**
Fee and commission income	752 672
Fee and commission expense	-326 806
Net fee and commission income	**425 866**
Dividend income	3 263
The result on financial assets measured at fair value through profit or loss and FX result	15 955
The result on derecognition of financial instruments not measured at fair value through profit or loss	**4 605**
measured at fair value through other comprehensive income	4 041
measured at amortized cost	564
Other operating income	57 037
Other operating expenses	-85 787
Net other operating income and expenses	**-28 750**
General administrative expenses	-1 055 416
Net expected credit losses	-150 161
The result on impairment of non-financial assets	-1 321
Cost of legal risk of FX mortgage loans	-27 690
Banking tax	-139 728
Gross profit	**1 559 885**
Income tax	-395 370
Net profit	**1 164 515**

Equity for the purposes of the capital adequacy

	30.06.2024	31.12.2023
Total equity for the capital adequacy ratio	**8 797 669**	**8 855 047**
Tier I core capital (CET1)	8 591 408	8 521 012
Paid-up capital	1 305 540	1 305 540

(in PLN '000)

	30.06.2024	31.12.2023
Supplementary capital	7 431 101	6 020 705
Other reserves	174 447	174 447
Current year's reviewed by auditor	0	1 451 099
Accumulated losses	48 421	5 006
Revaluation reserve – unrealised losses	-128 223	-163 231
Intangible assets measured at carrying value	-383 111	-345 707
Revaluation reserve – unrealised profit	210 401	209 227
Additional value adjustments - AVA	-19 001	-17 300
Other adjustments items (adjustments for IFRS 9, non-performing exposures coverage gap)	-48 167	-118 774
Tier II capital	206 261	334 035
Subordinated liabilities	206 261	334 035
Capital requirements	**4 015 703**	**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	3 593 657	3 610 069
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk.	9 154	3 831
Capital requirement relating to the general interest rate risk	12 675	17 388
Total capital requirements for the operational risk	400 217	342 748
Tier 1 ratio	**17.12%**	**17.15%**
Total capital adequacy ratio	**17.53%**	**17.83%**
Leverage ratio	**9.11%**	**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 30 June 2024, the Group met the MREL requirements set out by the Bank Guarantee Fund.

35 Tangible fixed assets and intangible assets

Tangible assets	30.06.2024	31.12.2023	30.06.2023
Plant and machinery (including IT hardware)	161 335	170 238	160 368
Means of transport	11 059	8 049	0
Fixed assets under construction	32 373	40 313	31 076
Owned buildings	126 794	129 348	130 062
Leasehold improvements	125 729	127 112	127 469
Other fixed assets	37 058	40 018	37 382
Right-of-use assets	245 268	228 419	226 528
Total	**739 615**	**743 497**	**712 884**

(in PLN '000)

Intagible assets	30.06.2024	31.12.2023	30.06.2023
Goodwill	976	976	976
Capital expenditure	182 645	132 707	86 399
Software, licences, R&D works	243 313	277 218	299 806
Trademark	42	300	301
Other	842	869	880
Total	**427 819**	**412 070**	**388 363**

36 Distribution of profit for 2023

On 26 April 26, 2024, the Ordinary General Meeting of the Bank adopted resolution No. 8/2024 on the method of dividing the Bank's profit for the financial year 2023.

In accordance with the resolution, the Bank's net profit from operations in the financial year 2023, in the total amount of PLN 1 987 444 136.08, will be allocated as follows:

- part of the profit in the amount of PLN 577 048 640.22 to the payment of dividend,
- 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 2023 published on 28 February 2024 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 30 June 2024 and as at 31 December 2023 (MPLN):

(in PLN '000)

30.06.2024	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	**4 099**	**5 287**	**3 042**	**6 756**	**8 170**	**13 733**	**31 724**	**53 592**	**126 403**
Cash & Nostro	1 773	0	0	0	0	0	0	0	1 773
Amounts due from banks	326	905	0	0	0	0	0	929	2 160
Loans and advances to customers	1 450	3 036	3 011	3 974	7 309	11 731	21 596	45 045	97 152
Securities	550	1 315	1	2 764	828	1 928	9 944	5 028	22 358
Other assets	0	31	30	18	33	74	184	2 590	2 960
LIABILITIES AND EQUITY	**-57 351**	**-5 773**	**-7 709**	**-4 087**	**-2 242**	**-1 932**	**-1 324**	**-10 277**	**-90 695**
Amounts due to banks	-93	-100	-2	-3	-3	-15	0	-61	-277
Amounts due to customers	-55 306	-5 547	-7 404	-3 806	-1 766	-67	-6	-1	-73 903
Own issues	0	-90	-262	-232	-368	-1 317	-1 128	0	-3 397
Equity	0	0	0	0	0	0	0	-9 864	-9 864
Other liabilities	-1 952	-36	-41	-46	-105	-533	-190	-351	-3 254
Balance sheet gap	**-53 252**	**-486**	**-4 667**	**2 669**	**5 928**	**11 801**	**30 400**	**43 315**	**35 708**
Cumulated balance sheet gap	**-53 252**	**-53 738**	**-58 405**	**-55 736**	**-49 808**	**-38 007**	**-7 607**	**35 708**	
Derivative instruments – inflows	344	2 484	1 964	520	120	51	13	0	5 496
Derivative instruments – outflows	-343	-2 470	-1 952	-525	-123	-49	-12	0	-5 474
Derivative instruments – net	**1**	**14**	**12**	**-5**	**-3**	**2**	**1**	**0**	**22**
Guarantee and financing lines	-12 744	0	0	0	0	0	0	0	-12 744
Off-balance sheet gap	-12 743	**14**	**12**	**-5**	**-3**	**2**	**1**	**0**	-12 722
Total gap	**-65 995**	**-472**	**-4 655**	**2 664**	**5 925**	**11 803**	**30 401**	**43 315**	**22 986**
Total cumulated gap	**-65 995**	**-66 467**	**-71 122**	**-68 458**	**-62 533**	**-50 730**	**-20 329**	**22 986**	

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**	

(in PLN '000)

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.

The redemption amounts were as follows:

	Nominal value
Series F bonds	321 700
Series P1B bonds	70 000

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.

The Steering Committee of the National Working Group (KS NGR), established in connection with the reform of benchmarks, is working on developing an alternative interest rate benchmark whose input data is information representing ON (overnight) transactions.

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.

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.

Interest rate risk

It relates to the mismatch of benchmarks between assets, liabilities and derivatives. The Group 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 30 June 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	30.06.2024	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	Portfolio annexation completed. The index change was made in accordance with Commission Implementing Regulation

(in PLN '000)

Currency	Benchmark before reform	Benchmark status at 01.01.2024	Benchmark used by the Bank after reform	30.06.2024	31.12.2023
				(EU) 2021/1847 of 14 October 2021	(EU) 2021/1847 of 14 October 2021
GBP	LIBOR GBP	Liquidated	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 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 Group 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 Group will annex contracts based on the WIBOR index due to the need to include fallback clauses in the contracts.

The Bank's exposure by individual IBOR reference ratios

30.06.2024 Reference indicator	Assets (gross arrying amount)	Liabilities (gross carrying amount)	Off-balance sheet liabilities - granted (nominal value)	Derivatives (nominal value)
WIBOR	48 324 158	10 101 364	6 138	16 652 533
LIBOR EUR	15 238	0	0	0
LIBOR USD	76 647	0	0	0
LIBOR CHF	24 695	0	0	0
EURIBOR	5 753 690	3 057	2 467	857 583
LIBOR GBP	2 276	0	0	0
Total	**54 196 704**	**10 104 421**	**8 605**	**17 510 116**

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

30.06.2024 Reference indicator	Derivatives (nominal value)
WIBOR	17 247 000
EURIBOR	1 110 166
Total	**18 357 166**

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

Sale of a portfolio of cash loans granted by the Bank's branch in Romania

In June 2024, the Bank concluded a contract with the Romanian Patria Bank S.A. an agreement on the sale of a portfolio of cash loans granted by the Bank's branch in Romania worth 97 million Romanian leu (balance as of 30 April 2024), i.e. approx. PLN 84.5 million. The portfolio being sold includes approximately 4 thousand retail clients and consists of working unsecured consumer loans granted by the Bank's branch in Romania. This transaction should be completed in September 2024. Until the transfer, the loan portfolio will continue to be serviced by Alior Bank, in accordance with its standards, and the transfer of clients of the Romanian branch of Alior Bank to Patria Bank SA has been planned so that it takes place efficiently and in a way that is convenient for them. friendly.

The sale of the loan portfolio by Alior Bank Branch in Romania is the next stage in the process of gradual termination of Alior Bank's operations in Romania.

In accordance with the provisions of IFRS 9 4.4.1, the Bank reclassified the above assets.

CRR changes

On 19 June 2024, Regulation 2024/1623 of 31 May 2024 (so-called CRR3) was announced, introducing changes to the methods of calculating the Bank's capital requirements. The changes resulting from the Regulation will enter into force on 1 January 2025, and will affect the increase in the Group's RWA, in particular by introducing the discontinuation of the AMA method in the scope of calculating the capital requirement for operational risk, as well as a number of changes in the calculation of the capital requirement for credit risk, including the introduction of exposure categories related to the purchase, development and development of land, designation of exposures constituting contractual arrangements offered by the Group but not yet accepted by the Client, introduction of changes in the method of determining CCF and changes in the process of valuation and monitoring of real estate value.

The Group is currently working on implementing the changes resulting from CRR3 into its own systems.

39 Significant events after the end of the reporting period

No significant events occurred after the end of the reporting period, except those described in these financial statements.

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. 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 has decreased significantly since the outbreak of the war. 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. 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.

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. In Europe, inflation readings are lower than in the USA, therefore the ECB slightly reduced interest rates in the euro zone at its June meeting (25 bps) and in the coming months we can expect further reductions, but rather slow and cautious ones. The first interest rate cuts by the Fed are announced and expected in September this year at the earliest, but the pace of reductions may also be slow. In Poland, after the reference rate was reduced by 100 b.p. in 2023, the Monetary Policy Council currently stabilizes the rate at 5.75% in anticipation of a rebound in inflation and economic conditions in the second half of 2024. As a result, the domestic economy will continue to face increased inflation and debt costs this year. In the coming months, CPI inflation in Poland may increase due to the partial unfreezing of energy prices, 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 may be strengthened by a new version of the program to support borrowers on the mortgage market and investments related to the "National Reconstruction Plan" (KPO). Currently, the government is working on the "Kredyt mieszkaniowy #naStart" program, which would support borrowers and may also support the demand for consumer loans for purchases of durable goods, but its launch is delayed. 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 the portfolio of loans indexed in foreign currencies 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. 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.

Another challenge for the banking sector in Poland is the one announced in June this year. change regarding the countercyclical buffer. At the meeting of the Financial Stability Committee, a resolution was adopted regarding the recommendation to set the countercyclical buffer rate at the level of: 1% after 12 months and 2% after 24 months from the date of announcement of the regulation on this matter by the Minister of Finance. Currently, the representative of the Ministry of Finance has accepted the recommendation and declared to take appropriate legislative actions.

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.