Financial report

of the Alior Bank Spółka Akcyjna Group

for the third quarter of 2018

(in PLN '000)

Selected financial data

PLN	01.01.2018 - 30.09.2018 A	01.01.2017 - 31.12.2017 Restated	01.01.2017 - 30.09.2017 Restated B	% (A-B)/B C
Net interest income	2 281 221	2 856 141	2 113 796	7.9%
Net fee and commission income	320 799	430 751	320 557	0.1%
Trading result & other	347 849	385 940	279 663	24.4%
Net expected credit losses.impairment allowances and write-downs	-754 121	-929 617	-679 658	11.0%
General administrative expenses	-1 297 562	-1 853 575	-1 403 198	-7.5%
Gross profit	743 015	689 123	481 785	54.2%
Net profit	532 893	471 570	340 224	56.6%
Net cash flow	1 214 741	-94 877	627 526	93.6%
Loans and advances to customers	53 504 882	51 266 640	50 099 527	6.8%
Amounts due to customers	60 098 796	57 657 019	54 770 517	9.7%
Equity	6 494 177	6 690 983	6 548 668	-0.8%
Total assets	71 371 355	69 515 982	65 062 093	9.7%
Selected ratios				
Profit per ordinary share (PLN)	4.10	3.65	2.63	55.9%
Capital adequacy ratio	15.26%	15.21%	13.65%	11.8%
Tier 1	12.14%	12.10%	11.54%	5.2%

EUR	01.01.2018 - 30.09.2018 A	01.01.2017- 31.12.2017 Restated	01.01.2017 - 30.09.2017 Restated B	% (A-B)/B C
Net interest income	536 316	672 872	496 593	8.0%
Net fee and commission income	75 420	101 480	75 308	0.1%
Trading result & other	81 779	90 923	65 701	24.5%
Net expected credit losses.impairment allowances and write-downs	-177 294	-219 007	-159 672	11.0%
General administrative expenses	-305 057	-436 680	-329 652	-7.5%
Gross profit	174 683	162 349	113 185	54.3%
Net profit	125 283	111 096	79 929	56.7%
Net cash flow	285 586	-22 352	147 424	93.7%
Loans and advances to customers	12 526 310	12 291 505	11 626 448	7.7%
Amounts due to customers	14 070 046	13 823 640	12 710 431	10.7%
Equity	1 520 386	1 604 206	1 519 730	0.0%
Total assets	16 709 125	16 666 902	15 098 766	10.7%
Selected ratios				
Profit per ordinary share (PLN)	0.96	0.86	0.62	54.8%
Capital adequacy ratio	15.26%	15.21%	13.65%	11.8%
Tier 1	12.14%	12.10%	11.54%	5.2%

Selected items of the consolidated financial statements were translated into EUR at the following exchange rates	30.09.2018	31.12.2017	30.09.2017
NBP's average exchange rate as at the end of the period	4.2714	4.1709	4.3091
NBP's average exchange rates as at the last day of each month of the period	4.2535	4.2447	4.2566

Selected financial indicators

	30.09.2018 (A)	30.09.2017 Restated (B)	(A-B) [pp]	(A-B)/B [%]
ROE	11.5%	7.2%	4.4	60.9
ROA	1.0%	0.7%	0.3	41.0
C/I	-44.0%	-51.7%	7.7	-14.9
CoR	-1.8%	-1.7%	-0.1	3.6
L/D	89.0%	91.5%	-2.4	-2.7
NPL	11.1%	10.9%	0.2	1.8
NPL	52.9%	52.3%	0.6	1.2
TCR	15.3%	13.65%	1.6	11.8
TIER 1	12.1%	11.54%	0.6	5.2

Interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group

for the third quarter of 2018

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.

Contents

(in PLN '000)

Interim condensed consolidated income statement

	Note number	01.07.2018 - 30.09.2018	01.01.2018 - 30.09.2018	01.07.2017 - 30.09.2017 Restated*	01.01.2017 -30.09.2017 Restated*
Interest income		956 704	2 808 061	903 610	2 663 640
Income of a similar nature		38 463	125 716	n/a	n/a
Interest expense		-213 747	-652 556	-175 482	-549 844
Net interest income	4	781 420	2 281 221	728 128	2 113 796
Dividend income		49	143	25	27
Fee and commission income		211 495	607 627	201 424	593 787
Fee and commission expense		-104 905	-286 828	-104 094	-273 230
Net fee and commission income	5	106 590	320 799	97 330	320 557
The result on financial assets measured at fair value through profit or loss and trading result	6	99 944	285 101	88 864	244 510
Net gain (realized) on other financial instruments	7	n/a	n/a	814	1 980
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	7	9 674	44 728	n/a	n/a
measured at fair value through other comprehensive income		7 320	39 432	n/a	n/a
measured at amortized cost		2 354	5 296	n/a	n/a
Other operating income		20 489	99 895	27 635	88 009
Other operating expenses		-35 837	-82 018	-22 202	-54 863
Net other operating income and expenses	8	-15 348	17 877	5 433	33 146
General administrative expenses	9	-411 309	-1 297 562	-401 139	-1 403 198
Net expected credit losses, impairment allowances and write-downs	10	-271 190	-754 121	-211 959	-679 658
Banking tax		-52 270	-155 171	-50 647	-149 375
Gross profit		247 560	743 015	256 849	481 785
Income tax	11	-74 640	-210 122	-78 584	-141 561
Net profit		172 920	532 893	178 265	340 224
Net profit attributable to equity holders of the parent		172 920	532 893	178 175	340 061
Net profit attributable to non-controlling interests		0	0	90	163
Net profit		172 920	532 893	178 265	340 224
Weighted average number of ordinary shares		130 518 716	129 856 463	129 259 802	129 258 450
Net profit per ordinary share(PLN)	12	1.32	4.10	1.38	2.63
Diluted profit per ordinary share(PLN)	12	1.31	4.06	1.35	2.58

Interim condensed consolidated statement of comprehensive income

	01.07.2018 - 30.09.2018	01.01.2018 - 30.09.2018	01.07.2017 - 30.09.2017 Restated*	01.01.2017 – 30.09.2017 Restated*
Net profit	172 920	532 893	178 265	340 224
Items that may be reclassified to the income statement after certain conditions are satisfied	-17 111	21 940	34 853	75 206
Foreign currency translation differences	224	-600	-52	25
Results of the measurement of financial assets (net)	-11 402	9 458	30 912	65 495
Profit/loss on fair valuation of available for sale financial assets	n/a	n/a	37 517	79 887
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	-14 076	12 054	n/a	n/a
Deferred tax	2 674	-2 596	-6 605	-14 392
Results on the measurement of hedging instruments (net)	-5 933	13 082	3 993	9 686
Gains/losses on hedging instruments	-7 325	16 150	4 767	11 411
Deferred tax	1 392	-3 068	-774	-1 725
Total comprehensive income, net	155 809	554 833	213 118	415 430
- attributable to shareholders of the parent company	155 809	554 833	213 028	415 267
- attributable to non-controlling interests	0	0	90	163

details in note 2.3

The notes presented on pages 10-54 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated statement of financial position

ASSETS	Note number	30.09.2018	31.12.2017 Restated*	01.01.2017 Restated*
Cash and balances with the Central Bank	13	2 189 297	965 391	1 082 991
Amounts due from banks	14	844 168	901 629	1 366 316
Financial assets:	15	12 121 684	13 642 769	9 796 151
measured at fair value through other comprehensive income		6 743 698	n/a	n/a
measured at fair value through profit or loss		655 410	n/a	n/a
measured at amortized cost		4 722 576	n/a	n/a
available-for-sale		n/a	12 072 324	9 374 646
held to maturity		n/a	1 117 894	1 954
held for trading		n/a	452 551	419 551
Derivative hedging instruments		51 940	87 785	71 684
Loans and advances to customers	16	53 504 882	51 266 640	46 247 188
Assets pledged as collateral	18	341 511	408 911	366 984
Property, plant and equipment		452 435	475 691	485 796
Intangible assets		545 896	548 587	516 444
Non-current assets held for sale		181	357	679
Income tax asset	12	919 065	591 782	548 442
deferred		919 065	591 782	548 442
Other assets	17	400 296	626 440	685 996
TOTAL ASSETS		71 371 355	69 515 982	61 168 671

LIABILITIES AND EQUITY	Note number	30.09.2018	31.12.2017 Restated*	01.01.2017 Restated*
Amounts due to banks	19	645 909	891 645	428 640
Amounts due to customers	20	60 098 796	57 657 019	51 384 128
Financial liabilities	23	514 831	435 878	298 314
held for trading		n/a	435 878	298 314
measured at fair value through profit or loss		514 831	n/a	n/a
Derivative hedging instruments		4 064	5 419	6 119
Provisions	21	196 708	90 457	286 815
Other liabilities	22	1 300 059	1 693 915	1 433 301
Income tax liabilities		190 701	135 690	33 517
current		190 175	135 204	32 762
deferred		526	486	755
Subordinated liabilities	24	1 926 110	1 914 976	1 164 794
Total liabilities		64 877 178	62 824 999	55 035 628
Share capital		1 305 187	1 292 636	1 292 578
Supplementary capital		5 385 004	4 820 048	4 185 843
Revaluation reserve		47 113	13 944	-71 615
Other reserves		174 429	183 824	183 957
Foreign currency translation differences		-6	594	-22
Accumulated losses		-950 443	-92 579	-33 904
Profit for the period		532 893	471 194	575 227
Non-controlling interests		0	1 322	979
Equity		6 494 177	6 690 983	6 133 043
TOTAL LIABILITIES AND EQUITY		71 371 355	69 515 982	61 168 671

**details at note 2.3*

The notes presented on pages 10-54 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed statement of changes in consolidated equity

01.01.2018- 30.09.2018	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Non-controlling interests	Total equity
1 January 2018	1 292 636	4 820 048	183 824	13 944	594	378 615	1 322	6 690 983
IFRS 9 impact and other changes*	0	0	0	10 629	0	-832 155	0	-821 526
Transfer of last year's profit	0	497 136	0	0	0	-497 136	0	0
Comprehensive income	0	0	0	22 540	-600	532 893	0	554 833
net profit	0	0	0	0	0	532 893	0	532 893
other comprehensive income – valuations	0	0	0	22 540	-600	0	0	21 940
inc. measured at fair value through other comprehensive income	0	0	0	9 458	0	0	0	9 458
inc. hedging derivatives	0	0	0	13 082	0	0	0	13 082
inc. currency translation differences	0	0	0	0	-600	0	0	-600
Share issue	12 551	67 820	2 190	0	0	0	0	82 561
Other changes	0	0	-11 585	0	0	233	-1 322	-12 674
30 September 2018	1 305 187	5 385 004	174 429	47 113	-6	-417 550	0	6 494 177

*details in Note 2.2

01.01.2017- 31.12.2017 Restated*	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Non-controlling interests	Total equity
1 January 2017	1 292 578	4 185 843	183 957	-71 615	-22	568 142	979	6 159 862
Adjustment of the opening balance	0	0	0	0	0	-26 819	0	-26 819
1 January 2017 after restatment	1 292 578	4 185 843	183 957	-71 615	-22	541 323	979	6 133 043
Transfer of last year's profit	0	633 902	0	0	0	-633 902	0	0
Comprehensive income	0	0	0	85 559	616	471 194	376	557 745
net profit	0	0	0	0	0	471 194	376	471 570
other comprehensive income – valuations	0	0	0	85 559	616	0	0	86 175
inc. available-for-sale financial assets	0	0	0	85 861	0	0	0	85 861
inc. hedging derivatives	0	0	0	-302	0	0	0	-302
inc. currency translation differences	0	0	0	0	616	0	0	616
Share issue	58	303	0	0	0	0	0	361
Other changes	0	0	-133	0	0	0	-33	-166
31 December 2017	1 292 636	4 820 048	183 824	13 944	594	378 615	1 322	6 690 983

01.01.2017- 30.09.2017 Rstated*	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Non-controlling interests	Total equity
1 January 2017	1 292 578	4 185 843	183 957	-71 615	-22	568 142	979	6 159 862
Adjustment of the opening balance	0	0	0	0	0	-26 819	0	-26 819
1 January 2017 after restatment	1 292 578	4 185 843	183 957	-71 615	-22	541 323	979	6 133 043
Transfer of last year's profit	0	633 902	0	0	0	-633 902	0	0
Comprehensive income	0	0	0	75 181	25	340 061	163	415 430
net profit	0	0	0	0	0	340 061	163	340 224
other comprehensive income – valuations	0	0	0	75 181	25	0	0	75 206
inc. available-for-sale financial assets	0	0	0	65 495	0	0	0	65 495
inc. hedging derivatives	0	0	0	9 686	0	0	0	9 686
inc. currency translation differences	0	0	0	0	25	0	0	25
Other changes	0		-133	0	0	0	-33	-166
Share issue	0	303	58	0	0	0	0	361
30 September 2017	1 292 578	4 820 048	183 882	3 566	3	247 482	1 109	6 548 668

*details at note 2.3

The notes presented on pages 10-54 constitute an integral part of these interim condensed consolidated financial statements

(in PLN '000)

Interim condensed consolidated statement of cash flows

	01.01.2018 - 30.09.2018	01.01.2017 - 30.09.2017 Restated*
Operating activities		
Profit before tax for the year	743 015	481 785
Adjustments:	126 161	167 047
Unrealized foreign exchange gains/losses	1 544	4 991
Amortization/depreciation of property, plant and equipment and intangible assets	130 845	146 511
Change in property, plant and equipment and intangible assets impairment write-down	3 167	15 620
Share-based payments	-9 395	-75
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	869 176	648 832
Change in loans and receivables	-3 014 778	-3 445 970
Change in financial assets measured at fair value through other comprehensive income	2 906 158	n/a
Change in financial assets measured at fair value through profit or loss	-164 290	n/a
Change in financial assets measured at amortised cost	-1 219 104	n/a
Change in financial assets available for sale	n/a	494 538
Change in financial assets held in maturity	n/a	1 954
Change in financial assets held for trading	n/a	-61 153
Change in assets pledged as collateral	67 400	-194 831
Change in derivative hedging assets	35 845	-3 439
Change in non-current assets held for sale	176	245
Change in other assets	226 144	-216 702
Change in deposits	2 271 435	3 047 698
Change in own issue	-156 809	371 375
Change in financial liabilities	78 953	105 681
Change in hedging liabilities derivative	-1 355	-1 406
Change in other liabilities and other comprehensive income	-336 091	191 799
Change in provisions	106 251	-164 405
Cash from operating activities before income tax	1 669 111	774 216
Income tax paid	-287 312	31 606
Net cash flow from operating activities	1 381 799	805 822
Investing activities		
Outflows:	-109 996	-173 264
Purchase of property, plant and equipment	-53 358	-100 785
Purchase of intangible assets	-56 638	-72 479
Inflows:	571	38 877
Dividends received	143	27
Disposal of property, plant and equipment	428	38 850
Net cash flow from investing activities	-109 425	-134 387
Financing activities		
Outflows:	-70 184	-43 909
Interest expense – subordinated liabilities	-70 184	-43 909
Inflows:	12 551	0
Inflows from share issue	12 551	0
Net cash flow from financing activities	-57 633	-43 909
Total net cash flow	1 214 741	627 526
incl. exchange gains/(losses)	19 841	-60 813
Balance sheet change in cash and cash equivalents	1 214 741	627 526
Cash and cash equivalents, opening balance	1 614 366	1 709 243
Cash and cash equivalents, closing balance	2 829 107	2 336 769
Additional disclosures on operating cash flows		
Interests received	3 132 112	2 415 118
Interests paid	-686 717	-509 493

**details at note 2.3*

The notes presented on pages 10-54 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Notes to the interim condensed consolidated financial statements

1. Information on the Bank and the Group

1.1 Overview

Alior Bank Spółka Akcyjna ("the Bank", "the Parent Company") is the parent company of the Alior Bank Spółka Akcyjna Group ("the Group"). The Bank with its registered office in Warsaw at ul. Łopuszańska 38D is entered in the register of businesses maintained by the District Court for the Capital City of Warsaw, 13th Business Department of the National Court Register under the number KRS 0000305178. The parent company was assigned a 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: PLALIOR00045).

1.2 Duration and scope of business activities

On 18 April 2008, the Polish Financial Supervision Authority (the "PFSA") granted permission for the incorporation of a the bank under the name Alior Bank SA. On 1 September 2008, the PFSA issued a license for the Bank to commence its business activities. On 5 September 2008, the PFSA granted the Bank permission to conduct brokerage activities. The duration of the Bank's and the Group companies' operations is indefinite. Alior Bank SA is a universal lending and deposit-taking bank which renders services to individuals, legal persons and other entities which are Polish and foreign persons. The Bank's core activities include maintaining bank accounts, granting loans and advances, issuing banking securities and the purchase and sale of foreign currency. The Group also conducts brokerage activities, advosory and financial agency services and renders other financial services. The information on entities comprising the Group is presented in Note 1.5. As stated in the Articles of Association, Alior Bank operates on the territory of the Republic of Poland and the European Economic Area. However, the Bank mainly provides services to customers from Poland. The share of foreign customers in the total number of the Bank's customers is negligible.

1.3 Shareholders of Alior Bank Spółka Akcyjna

According to currently available information, as at 30 September 2018, the following shareholders held 5% or more of the total number of votes at the General Shareholders' Meeting:

Shareholder	Number of shares	Nominal value of shares [PLN]	Percentage in the share capital	Number of votes	Number of votes in the total number of votes
30.09.2018					
PZU SA	41 658 850	416 588 500	31.92%	41 658 850	31.92%
Aviva OFE Aviva BZ WBK	9 467 000	94 670 000	7.25%	9 467 000	7.25%
Nationale-Nederlanden PTE SA	7 630 000	76 300 000	5.85%	7 630 000	5.85%
BlackRock, Inc.	7 392 649	73 926 490	5.66%	7 392 649	5.66%
Others	64 370 217	643 702 170	49.32%	64 370 217	49.32%
Total	130 518 716*	1 305 187 160	100.00%	130 518 716	100.00%

* *The number of shares according to registered in KRS on 30 September 2018.*

(in PLN '000)

According to currently available information, as at 8 November 2018, the following shareholders held 5% or more of the total number of votes at the General Shareholders' Meeting (information based on the number of shares being traded on the stock exchange - description in note 35):

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
08.11.2018					
PZU SA	41 658 850	416 588 500	31.91%	41 658 850	31.91%
Aviva OFE Aviva BZ WBK	9 467 000	94 670 000	7.25%	9 467 000	7.25%
Nationale-Nederlanden PTE SA	7 630 000	76 300 000	5.85%	7 630 000	5.85%
BlackRock, Inc.	7 392 649	73 926 490	5.66%	7 392 649	5.66%
Others	64 405 492	644 054 920	49.33%	64 405 492	49.33%
Total	130 553 991	1 305 539 910	100.00%	130 553 991	100.00%

1.4 Information on the composition of the Bank's Management and Supervisory Boards together with information on the ownership of Alior Bank shares by members of the Management and Supervisory Boards

There were no changes in the composition of the Bank's Management Board compared to the previous reporting period ended 30 June 2018.
Composition of the Bank's Management Board as at 30 September 2018:

Name	Position
Katarzyna Sułkowska	President of the Management Board
Filip Gorczyca	Vice-President of the Management Board
Marcin Jaszczuk	Vice-President of the Management Board
Mateusz Poznański	Vice-President of the Management Board
Agata Strzelecka	Vice-President of the Management Board
Maciej Surdyk	Vice-President of the Management Board

On 17 October 2018, Ms. Katarzyna Sułkowska resigned from the position of President of the Management Board of Alior Bank SA.
On 17 October 2018, the Supervisory Board appointed, as of 17 October 2018, Mr. Krzysztof Bachta to the Bank's Management Board, entrusting him with the position of Vice-President of the Bank's Management Board. The Supervisory Board entrusted the management duties to Mr. Krzysztof Bachta until the approval of the Polish Financial Supervision Authority to appoint him as the President of the Bank's Management Board.
Composition of the Bank's Management Board as at 8 November 2018:

Name	Position
Krzysztof Bachta	acting President of the Management Board
Filip Gorczyca	Vice-President of the Management Board
Marcin Jaszczuk	Vice-President of the Management Board
Mateusz Poznański	Vice-President of the Management Board
Agata Strzelecka	Vice-President of the Management Board
Maciej Surdyk	Vice-President of the Management Board

.Members of the Bank's Management Board who held shares in the Bank as at 30 September 2018:

(in PLN '000)

Number of shares	30.09.2018	30.06.2018
Katarzyna Sułkowska	28 612	28 612
Total	28 612	28 612

Members of the Bank's Management Board who held shares in the Bank on 8 November 2018:

Number of shares	08.11.2018
Krzysztof Bachta	168
Total	168

There were na changes in the composition of the Bank's Supervisory Board compared to the previous reporting period ended 30 June 2018.

Composition of the Bank's Supervisory Board as at 30 September 2018:

Name	Position
Tomasz Kulik	Chairman of the Supervisory Board
Małgorzata Iwanicz-Drozdowska	Deputy Chairman of the Supervisory Board
Dariusz Gątarek	Member of the Supervisory Board
Mikołaj Handschke	Member of the Supervisory Board
Artur Kucharski	Member of the Supervisory Board
Maciej Rapkiewicz	Member of the Supervisory Board
Marcin Eckert	Member of the Supervisory Board
Wojciech Myślecki	Member of the Supervisory Board

In accordance with the Bank's best knowledge, Members of the Supervisory Board of Alior Bank did not hold any of the Bank's shares as at 30 September 2018 and 8 November 2018.

1.5 Information about the Alior Bank Group

Alior Bank SA is the parent company of Alior Bank Group. The composition of the Group as at 30 September 2018 was as follows:

Name of company	30.09.2018	31.12.2017
Alior Services sp. z o.o.	100%	100%
Centrum Obrotu Wierzytelnościami sp. z o.o. in liquidation	100%	100%
Alior Leasing sp. z o.o.	100%	100%
- Serwis Ubezpieczeniowy sp. z o.o.	*100%*	*100%*
Meritum Services ICB SA	100%	100%
NewCommerce Services sp. z o.o.	100%	100%
Money Makers TFI SA/Alior TFI SA**	100%*	60.16%
Absource sp. z o.o.	100%	100%

**On 19 March 2018 a conditional agreement for the sale of Money Makers TFI SA'shares ("Conditional Agreement") was signed based on witch (in the case of meeting the condition precedent, i.e. in the case Alior Bank acquired the Money Makers TFI' s shares representing at least 70% of its share capital) Alior Bank would acquire all shares from the Money Makers TFI 's shareholders who are also members of its Management Board held by them on the day of concluding a Conditional Agreement, which may result in Alior Bank exceeding 90% of the Money Makers TFI 's total number of shares. On 19 and 20 March Alior Bank sold and acquired Money Makers TFI SA's shares. These transactions were concluded as the first stage of the acquisition of shares in accordance with the conditions described above. On 22 March 2018, the Bank made another acquisition of Money Makers TFI SA's shares as part of block transactions concluded in the NewConnect alternative trading system. These transactions were concluded as the last stage of the acquisition of shares in accordance with the conditions described in the conditional share purchase agreement. On 7 May 2018, KDPW made settlement of share's purchase as part of squeeze out of minority shareholders of Money Makers TFI SA announced on 30 April 2018. Thus, Alior Bank holds 100% shares in MoneyMakers TFI SA as at date of publication of this*

report. The Management Board of the Warsaw Stock Exchange decided to suspend trading in the shares of MoneyMakers TFI SA - marked with the code - PLMNMRS00015 - from 3 April 2018.

*** On 14 June the Management Board of Money Makers TFI SA informed about registration in the National Court Register of amendments to the Company Statute made pursuant to the resolution of the Ordinary General Meeting of the Company of 25 April 2018. Changes included the Company's name from Money Makers Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna to Alior Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna.*

1.6 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 7 November 2018.

1.7 Seasonal or cyclical nature of operations

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

2. Accounting principles

2.1 Basis for preparation

Statement of compliance

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the third quarter of 2018 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The 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 2017.

The interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the financial period from 1 January 2018 to 30 September 2018, and interim condensed consolidated statement of financial position as at 30 September 2018 including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the preparation of the last annual financial statements, except for the changes in the standards that entered into force on 1 January 2018. This is the first set of the Group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are 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. The interim condensed consolidated financial statements have been prepared in Polish zlotys. Unless otherwise stated, all amounts are presented in PLN thousands.

Going concern

The interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group have been prepared on the assumption that the Group will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 30 September 2018.

As at the date of approval of these interim condensed consolidated financial statements, the Bank's Management Board is not aware of any circumstances that would have a material adverse effect on the Group's operations for any reasons.

2.2 Accounting principles – changes in standards

Significant accounting policies

The detailed accounting policies have been presented in the annual consolidated financial statements of the Alior Bank Group for the year ended 31 December 2017 published on Alior Bank's website on 8 March 2018.

Changes in accounting standards

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

These interim condensed consolidated financial statements do not take into account amendments, standards and interpretations that are awaiting approval by the European Union or have been approved by the European Union but have entered into or will enter into force after the balance sheet date. The scope of these amendments, standards and interpretations has been presented in the Group's consolidated financial statements for 2017.

IFRS 9 Financial Instruments

On 24 July 2014, the International Accounting Standards Board (IASB) published a new International Financial Reporting Standard – IFRS 9, Financial Instruments, binding for annual periods starting on or after 1 January 2018, which will replace the existing International Accounting Standard 39, Financial Instruments: Recognition and Measurement. By Regulation no. 2016/2067 of 22 November 2016, the European Commission adopted the International Financial Reporting Standard 9, Financial Instruments (IFRS 9) in the version published by IASB on 24 July 2014.

IFRS 9 introduces new accounting principles regarding financial instruments in the following areas:

- classification and measurement,
- impairment (expected credit losses),
- hedge accounting.

Classification and measurement of financial instruments

Financial assets

According to IFRS 9, upon initial recognition, financial assets are classified to the following measurement categories:

- financial assets measured at amortized cost;
- financial assets measured at fair value through other comprehensive income;
- financial assets measured at fair value through profit or loss.

Financial assets are classified to one of the above measurement categories based on: the Bank's business model for financial asset management and contractual cash flows characteristics.

Then new standard eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Business model

The business model is the method for financial assets management. Its assessment depends on the intentions as to how the cash flows arising from these financial assets will be realized, i.e. whether they will be realized by obtaining cash flows in accordance with contractual terms, whether through the sale of these assets or from both sources.

For the assessment of the business model it relevent why the decision on realising the cash flows through sale has been made. There is a distinction between the sale of financial assets with a deteriorated credit quality due to credit risk management, the sale of assets for the purposes of managing financial liquidity risk and financial risk, and sales undertaken to generate financial profits. Other factors are also important in identifying the business model, in particular the criteria for assessing the financial results of a given assets portfolio, eg interest margin, changes in fair value, realized sales results.

Contractual cash flows

The purpose of the contractual cash flow characteristics assessment of a financial asset is to determine whether the terms of the contract give rise on specified detals to cash flows which are solely payments of principal and interest on the principal amount outstanding (the so-called SPPI criterion - solely payments of principal and interest).

The principal amount for the purposes of the SPPI test is the fair value of the financial asset at the moment of initial recognition.

The interest on the principal is the payment for the value of money in time, remuneration for credit risk and other risks, administrative costs and profit margin.

Classification principles

Financial assets whose cash flows have the characteristics of solely the repayment of principal and interest on the principal are classified to the following categories of measurement:

- at amortized cost, if they are maintained in a business model whose purpose is to realize cash flows in accordance with contractual terms,
- at fair value through other comprehensive income if they are maintained in a business model whose purpose is to realize cash flows in accordance with contractual terms or through sale.

Financial assets whose cash flows are modified in such a way that they have features other than solely repayment of the principal and interest on the principal are classified to the category of measurement at fair value through profit and loss regardless of the business model. This category also includes financial assets managed in accordance with the business model which involves the sale of assets to generate financial profits, assessment of results based on changes in fair value and sales results.

This category also always includes derivative instruments that are not hedging instruments.

Classification

As at 1 January 2018, Alior Bank reviewed the portfolio of financial assets from the perspective of the IFRS 9 classification principles. The review included:

- identification of business models used by the Bank based on the method of reporting and assessment of financial results, the method of remuneration of the management staff,
- assigning individual portfolios of financial assets to relevant business models,
- assessment of contractual cash flow characteristics for particular financial assets,
- analysis of sales of financial assets along with the business case for sales and its frequency
- analysis of contractual clauses used by the Bank that may affect cash flows,

In addition, the Bank identified the purchased financial assets with impairment due to credit risk. These types of financial assets have been recognized in connection with the acquisition of the demerged business of Bank BPH in 2016 and of Meritum Bank in 2015.

As a result, loans and advances to customers and debt securities (governent bonds) of an investment nature have been designated to amortized cost measurement category. In accordance with the principles of IAS 39 applied until 31 December 2017, those items were classified to the categories of loans and receivables and financial assets available for sale and held to maturity.

Debt securities, which until 31 December 2017 were classified as available-for-sale financial assets, have been designated to the category measured at fair value through other comprehensive income. These items mainly include a portfolio of securities that secures financial liquidity (mainly government bonds, corporate bonds).

The measurement category at fair value through profit and loss includes derivative instruments that are not hedging instruments in accordance with hedge accounting principles, trading securities portfolio (Treasury bonds and corporate bonds) and shares that do not meet the definition of a an equity instrument. Until 31 December 2017, in line with IAS 39, these items were classified as financial assets held for trading, and shares that do not meet the definition of an equity instrument were classified as available-for-sale financial assets.

As at 1 January 2018, i.e. the date of first application of IFRS 9, Alior Bank maintaines a portfolio of financial assets resulting from credit cards and used overdraft facilities whose interest rate is based on the formula of a specific multiplier of the NBP reference rate. For the purpose of preparing the opening balance as at 1 January 2018, these financial assets were classified to the category of measurement at amortized cost. Alior Bank is in the process of determining the type, scope and timing of actions in the field of, changes of doubts from the point of view of the classification according to IFRS 9. These actions including the renouncement of the multiplier formula for new contracts, the introduction of the maximum declared interest rate on contracts and the successive annexation of interest rate agreements, which will allow meeting the requirements of the contractual cash flow test to classify these loans to the category of financial assets measured at amortized cost. As at 30 September 2018, this portfolio amounted to about PLN 603 M equal 1.04% of total receivables from customers.

Financial liabilities

The application of IFRS 9 does not have a material impact on the classification of financial liabilities. Derivatives and financial liabilities due to short sales as at 1 January 2018 are measured at fair value through profit or loss. Other items of financial liabilities are measured at amortized cost.

In addition, financial guarantees are valued at the higher of the allowance for expected credit losses and the amount initially recognized less the accumulated amount of income.

Impairment

In accordance with IFRS 9, the Bank estimates impairment losses for expected credit losses for all financial assets measured at amortized cost or at fair value through other comprehensive income.

IFRS 9 replaces the impairment model which was based on the "incurred loss" concept, and introduces a new model based on the expected credit loss (ECL) concept.

Loss Identification Period

Expected losses are estimated at a 12-month or in a life-time, according to the following rule:

- Stage 1 - assets for which there was no significant increase in credit risk from the initial recognition => 12 months;
- Stage 2 - assets for which there was a significant increase in credit risk, however, there are no indicators of impairment => life-time;
- Stage 3 - assets for which there are premises for impairment => life-time.

Identification of the credit risk deterioration

The principles of recognizing impairment triggers remain unchanged versus the principles applied in IAS 39. The Bank applies the full cross-default principle, ie the identification of the premise on any customer exposure results in the classification to the portfolio with indications of impairment of all exposures of the given client.The

(in PLN '000)

rules for identifying a significant increase in credit risk from the initial recognition are based on a combination of:
• qualitative criterias and
• quantitative criterias.
The Bank includes as qualitative criteria:
• occurrence of overdue exceeding 30 days,
• classification of the client on the higher risk list ("watch list"),
• forbearance (ie customer staying in the post-restructuring period probation).
The Bank includes as quantitative criteria:
• increase above defined thresholds, of the cumulative probability of default in the period to maturity determined between the date of the engagement and measurement date.
• materiality thresholds are defined at the level of homogeneous segments, taking into account the credit quality of individual populations.
Identification of criteria of significant credit risk deterioration is performed at the single exposure level.
Estimation of expected losses
The estimated losses expected for exposures designated for Stage 1 or Stage 2 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).
The estimate horizon covers the period of the next 12 months (or the maturity if shorter) for Stage 1 and the estimated horizon covers the period up to the expected maturity for Stage 2.
The EAD model shows the expected distribution of exposure of a given financial assets in the period to maturity. The model for products with repayment schedules is based on contractual cash flows adjusted for the effects of prepayment / underpayment. The model for products without repayment schedules is based on the average expected use of the credit limit granted.
The life-time PD model used to estimate credit losses is the same as the model used to assess the occurrence of a significant deterioration in credit quality.
The LGD model illustrates the expected level of loss from the exposure where the customer defaults. It includes all possible recovery paths / scenarios, including the pricing of individual colleteral for each transaction.
The expected losses in the life-time horizon are estimated taking into account future macroeconomic conditions in a multi-scenario analysis.
The impact of the new impairment model is presented below:

Loss allowance and write-downs at 31 December 2017 under IAS 39	3 403 675
Additional impairment recognised at 1 January 2018 on:	589 433
Impairment losses on impaired loans and advances to customers	886 017
Change in presentation in impairment's interest	193 757
Impact of the classification part of loans and advances to customers as POCI	-609 121
Debt securities – available-for-sale financial assets	1 946
Investment securities held to maturity	1 018
Off balance provision	115 816
Loss allowance at 1 January 2018 under IFRS 9	3 993 108
Incl impairment losses on impaired loans and advances to customers	3 874 328

Exposures acquired in impairment (POCI)

(in PLN '000)

The Bank estimates the expected credit losses over the life-time horizon for purchased or originated credit impaired financial assets, irrespective of current credit quality. The measurment of these exposures is carried out using standardized models, including credit risk adjusted effective interest rates (so-called CEIR). The CEIR rate is the rate used to measure the exposure at fair value at the acquisition date.

For POCI exposures, a write-off is the cumulative change in expected credit losses between their current estimate and the level set at the date of acquisition of the exposure. In the case of a drop in the estimated credit losses, the write-down takes the form of a correction increasing the gross value of the exposure (the so-called over-write).

Hedge accounting

Pursuant to the provisions of IFRS 9 7.2.21, Alior Bank has decided to continue to apply the hedge accounting principles in accordance with IAS 39. Therefore, in the area of hedge accounting, the accounting policies have not been changed.

Comparative data

In accordance with IFRS 9, Alior Bank decided to use the exemption of the obligation to restate comparative data for previous periods presented in financial statements for periods beginning on 1 January 2018 or later due to the first application of IFRS 9. Changes in the carrying amounts of financial assets and liabilities resulting from the application of IFRS 9 are recognized in equity as at 1 January 2018.

The table below presents the net impact of changes of accounting principles resulting from IFRS 9 and other changes on the opening balances.

ASSETS	Classification according to IAS 39	Classification according to IFRS 9	Carrying amount in as at 31.12.2017 Restated	Iimpact of implementing IFRS 9 on 01.01.2018			New carrying amount as at 01.01.2018
				impact of changing classification and valuation (1)	impact of impairment (2)	Total impact (1)+(2)	
Cash and balances with the Central Bank	Loans and advances to customers	Financial assets measured at amortized cost	965 391	0	0	0	965 391
Financial assets held for trading	Financial assets held for trading	Financial assets measured at fair value through profit or loss	452 551	0	0	0	452 551
Available-for-sale financial assets	Available-for-sale financial assets	Financial assets measured at fair value through other comprehensive income	9 649 751	105		105	9 649 856
		Financial assets measured at amortized cost	2 384 004	4 538	-1 946	2 592	2 386 596
		Financial assets measured at fair value through profit or loss	38 569	0	0	0	38 569
Investment securities held to maturity	Financial assets held to maturity	Financial assets measured at amortized cost	1 117 894	0	-1 018	-1 018	1 116 876
Derivative hedging instruments	Financial assets held for trading	Financial liabilities measured at fair value through other comprehensive income	87 785	0	0	0	87 785
Amounts due from banks	Loans and advances to customers	Financial assets measured at amortized cost	901 629	0	-4	-4	901 625
Loans and advances to customers	Loans and advances to customers	Financial assets measured at amortized cost	51 266 640	0	-902 661	-902 661	50 363 979
Assets pledged as collateral	Available-for-sale financial assets/ Financial assets held to maturity	Financial assets measured at amortized cost /	408 911	0	0	0	408 911

(in PLN '000)

		Financial assets measured at fair value through other comprehensive income					
Income tax asset			591 782	0	0	263 734	855 516
Other assets			626 440	0	564	564	627 004
TOTAL ASSETS			68 491 347	4 643	-905 065	-636 688	67 854 659

LIABILITIES	Classification according to IAS 39	Classification according to IFRS 9	Carrying amount as at 31.12.2017 Restated	Impact of implementing IFRS 9 on 01.01.2018			New carrying amount as at 01.01.2018
				impact of changing classification and valuation (1)	impact of impairment (2)	Total impact (1)+(2)	
Financial liabilities held for trading	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at fair value through profit or loss	435 878	0	0	0	435 878
Amounts due to banks	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost	891 645	0	0	0	891 645
Amounts due to customers	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost	57 657 019	0	0	0	57 657 019
Derivative hedging instruments	Financial liabilities measured at fair value through other comprehensive income	Financial liabilities measured at fair value through other comprehensive income	5 419	0	0	0	5 419
Provisions			90 457	0	115 816	115 816	206 273
Income tax liabilities			1 693 915	0	0	0	1 693 915
Other liabilities			135 690	0	0	68 576	204 266
Total liabilities			60 910 022	0	115 816	184 392	61 094 414
Share capital			1 292 636	0	0	0	1 292 636
Supplementary capital			4 820 048	0	0	0	4 820 048
Revaluation reserve			13 944	0	0	10 629	24 573
Other reserves			183 824	0	0	0	183 824
Foreign currency translation differences			594	0	0	0	594
Accumulated losses			378 615	0	0	-832 155	-453 540
Non-controlling interests			1 322	0	0	0	1 322
Totak equity			6 690 983	0	0	-821 526	5 869 457
TOTAL LIABILITIES AND EQUITY			67 601 005	0	115 816	-637 134	66 963 871

Changes to the classification are described in the notes listed in the table below:

statement of financial position	Note number	Impact of IFRS 9*
Cash and balances with Central Bank	13	Y
Amounts due from banks	14	Y
Financial assets	15	Y
Loans and advances to customers	16	Y
Assets pledged as collateral	18	Y

* The letter Y means that the note presents the change in the classification method related to the implementation of IFRS 9

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. The scope of IFRS 15 covers all contracts with customers, with the exception of those contracts that are covered by other standards, in particular IFRS 9 (Financial Instruments).

The core principle of IFRS 15 is the recognition of revenue at the moment of transfer of goods or services to customers, in an amount that reflets the consideration to which the Bank expects to be entitled in exchange for those goods or services.

In accordance with the new standard, separate obligations to perform the service, ie obligations to provide the customer with separate goods or services are identified in customer contracts. A transaction price is allocated to each separate obligation to provide a service (to a separate good or service). Where the remuneration is variable, the transaction price includes all or part of the amount of the variable remuneration, only to the extent that it is highly probable that there will be no reversal of a significant part of the amount of previously recognized accumulated revenue. Revenue equal to the transaction price is recognized when the benefit is fulfilled or when it is met by providing the promised good or service to the client. In addition, in accordance with IFRS 15, the costs incurred to obtain or fulfil a contract should be recognized as an asset and amortised on a systematic basis that is consistent with the pattern of transfer of goods or services to which the asset relates. The Bank conducted an analysis of contracts with clients in accordance with the model defined in IFRS 15. Compared to the requirements specified in IAS 18 effective until the end of 2017, implementation of the new standard did not have a material impact on the Bank's result.

New standards that can be applicable to the Alior Bank Group which are not yet binding and which were not previously introduced

IFRS 16 Leases

The new standard establishes principles for the recognition, measurement, presentation and disclosure of leases. All lease transactions result in the lessee's right to use the assets and the obligation to make a payment. Accordingly, the classification of leases into operating lease and finance lease as per IAS 17 no longer applies under IFRS 16, as the new standard introduces a single model for accounting for leases by the lessee. The lessee will be required to present the following: (a) assets and liabilities in respect of all leases executed for more than 12 months, except where the underlying asset has low value; and (b) depreciation charge for the leased asset separately from the interest expense on the lease liability in the statement of profit or loss. The principles of accounting for leases by the lessor established in IFRS 16 are largely the same as in IAS 17. As a consequence, the lessor continues to use the classification into operating lease and finance lease and accounts for them accordingly.

The Group has already started implementation of the new standard involving reporting, tax, accounting and IT departments, as well as operational units responsible for concluding lease, rental and lease agreements.

2.3 Restatement of comparative data and explanation of differences in relation to previously published financial statements

- Correction of the error regarding Corporate Tax for years 2012-2017

In 2018, the Bank corrected its Corporate Income Tax returns for years 2012-2017 due to mistakenly excluding of the accrued not-received interest as of the day of writing-off from its tax reconciliation for these years, which resulted in the understatement of the tax base. Simultaneously, the part of interest on off-balance sheet receivables was incorrectly recognized as positive temporary difference and included in the deferred tax liability. In consequence, an adjustment to the Bank's financial statements was recognized as the difference to retained earnings as of 31 December 2017 and by restating the comparative data. The below table presents the breakdown of the correction impact together with penalty interest in the respective years:

(in PLN '000)

Corrected period	Correction of income tax	Amount of interest on tax arrears
2012	2 190	0
2013	3 644	128
2014	1 270	350
2015	5 517	407
2016	60	758
2017	1 645	1 186
Total	14 326	2 829

The impact of the correction described above on the comparative data is:
Equity as at 31.12.2017 PLN -17 155 thousand
Net profit for 3Q of 2017 PLN +2 716 thousand

- Change in accounting approach in relation to the valuation of options embedded in structured products

The Bank changed the method of fair value measurement of options embedded in the structured products issued by the bank (Bank Securities – BS). Previously, embedded options were measured based on parameters not derived from an active market. Currently, the Bank uses parameters from the interbank market, on which the bank concludes reverse transactions, securing options built into BS. The Bank also changed the method of recognizing costs and revenues related to the distribution of BS. Under the previous methodolody, the incremental costs were similar in amount to the distribution fee and therefore the costs and the fee were recognized at the time the transaction was concluded. The Bank reviewed the incremental costs, as a result of which their level was reduced, therefore the Bank is currently gecognising both revenues from the distribution fee and incremental costs over time up to the maturity date of the BS.
The impact of the correction described above on the comparative data is:
Equity as at 31.12.2017 PLN -34 446 thousand
Net profit for 3Q of 2017 PLN -19 084 thousand

- Correction of the recognition BFG's cost in the form of liability to pay as a blockage of securities in previous year

In connection with the amendment of the Bank Guarantee Fund Act from 2017 and the regulation of the Minister of Development and Finance of 10 March 2017 on the transfer in the form of liability to pay contributions to the Bank Guarantee Fund, Alior Bank using §4 of this Regulation, settles (30% of due fee) with BFG in the form of a liability to pay, as a blockage of securities.
After receiving, on 2 March 2017 and 20 April 2017, letters from the BFG specifying the amount of contributions to the Deposit Guarantee Fund and the Forced Restructuring Fund, the Bank used incorrectly accounted for that part using current principles of blocking securities related to the Fund for the Protection of Guaranteed Funds and therefore did not recognize it as a liability in the profit and loss statement. Pursuant to IAS 37 and IFRIC 21, the obligation to pay in the form of blocking securities, like the remaining part of the BFG contribution, should be recognized as a cost of the current period. Therefore, the Bank made a retrospective adjustment by recognizing the obligation to pay in the form of blocking securities for 2017 as the cost of 2017 and by redtating the comparative data.

(in PLN '000)

	Total Contribution	Fee paid	Liability to pay
1Q 2017	41 500	28 805	12 345
2 Q 2017	11 373	7 961	3 412
3 Q 2017	11 218	11 218	0
4 Q 2017	11 691	8 184	3 508
Total	75 433	56 168	19 265

The impact of the correction described above on the comparative data is:
Equity as at 31.12.2017 PLN -19 265 thousand
Net profit for 3Q of 2017 PLN -15 757 thousand
The impact of the above adjustments on the comparative data presented in these financial statements is presented in the tables below.

Statement of financial position	01.01.2017	Adjustments	01.01.2017 Restated
Income tax asset	540 262	8 180	548 442
Total assets	61 160 491	8 180	61 168 671
Amounts due to customers	51 368 701	15 427	51 384 128
Income tax liabilities	13 945	19 572	33 517
Total liabilities	55 000 629	34 999	55 035 628
Accumulated losses	-7 085	-26 819	-33 904
Total equity	6 159 862	-26 819	6 133 043

Statement of financial position	31.12.2017	Adjustments	31.12.2017 Restated
Income tax asset	569 580	22 202	591 782
Total assets	69 493 780	22 202	69 515 982
Amounts due to customers	57 614 493	42 526	57 657 019
Other liabilities	1 674 650	19 265	1 693 915
Income tax liabilities	104 413	31 277	135 690
Total liabilities	62 731 931	93 068	62 824 999
Accumulated losses	-65 760	-26 819	-92 579
Profit for the period	515 241	-44 047	471 194
Total equity	6 761 849	-70 866	6 690 983

Income statement	01.01.2017 - 30.09.2017	Adjustments	01.01.2017 – 30.09.2017 Restated
Net interest income	2 104 158	9 638	2 113 796
Net fee and commission income	338 136	-17 579	320 557
The result on financial assets measured at fair value through profit or loss and trading result	268 800	-24 290	244 510
General administrative expenses	-1 396 112	-7 086	-1 403 198
Net other operating income and expenses	34 010	-864	33 146
Gross profit	521 966	-40 181	481 785
Income tax	-149 617	8 056	-141 561
Net profit	372 349	-32 125	340 224

(in PLN '000)

Statement of cash flows	01.01.2017-30.09.2017	Adjustments	01.01.2017 – 30.09.2017 Restated
Profit before tax	521 966	-40 181	481 785
Change in other liabilities and other comprehensive income	151 618	40 181	191 799

Statement of changes in equity	30.09.2017	Adjustments	30.09.2017 Restated
Equity at the beginning of the period	6 159 862	-26 819	6 133 043
Accumulated losses	-65 760	-26 819	-92 579
Profit for the period	372 186	-32 125	340 061
Equity at the end of the period	6 607 612	-58 944	6 548 668

Statement of changes in equity	31.12.2017	Adjustments	31.12.2017 Restated
Equity at the beginning of the period	6 159 862	-26 819	6 133 043
Accumulated losses	-65 760	-26 819	-92 579
Profit for the period	515 241	-44 047	471 194
Equity at the end of the period	6 761 849	-70 866	6 690 983

Earnings per share	30.09.2017	Adjustments	30.09.2017 Restated
Net profit	372 349	-32 125	340 224
Net profit per ordinary share	2,88	-0,25	2,63
Diluted profit per ordinary share	2,82	-0,24	2,58

2.4 Changes in presentation

In relation to the published interim consolidated financial statements as of 30 June 2018 in this report the presentation of the result on sales of receivables in income statement was changed in order to better reflect the economic character of those transactions.

Income statement	01.01.2018 - 30.06.2018 Presented	Change	01.01.2018 – 30.06.2018 Restated
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	61 368	-26 314	35 054
measured at amortized cost	29 256	-26 314	2 942
Net expected credit losses ,impairment allowances and write-downs	-509 245	26 314	-482 931

(in PLN '000)

3. Operating segments

The Group divides its operations into the following operating segments for the purpose of management accounting:

- Retail Segment;
- Business Segment;
- Treasury Activity.

The Group provides services to retail (individual) and business customers, offering them a full range of banking services.

The basic products for retail customers comprise:

- lending products: cash loans, credit cards, overdraft facilities, housing loans;
- deposit products: term deposits, savings accounts;
- brokerage products and investment funds;
- personal accounts;
- transaction services: cash deposits and withdrawals, transfers;
- FX transactions.

The basic products for business customers comprise:

- lending products: overdraft facilities, working capital loans, investment loans, credit cards;
- deposit products: term deposits;
- current and auxiliary accounts;
- transaction services: cash deposits and withdrawals, transfers;
- treasury products: FX transactions (also at set date), derivatives.

The basic element of segment analysis is the profitability of the Retail Segment and the Business Segment. The profitability includes:

- margin revenue decreased by financing costs;
- commission income;
- income from treasury and foreign exchange transactions concluded by customers;
- other operating income and expenses.

Revenues of the Retail Segment also include revenues from the sale of brokerage products (such as revenues from maintaining brokerage accounts, agency services in trading in securities and revenue from distribution of investment fund units).

Revenues of the Business Segment also include revenues from the car loans portfolio.

The Treasury Activity segment covers the results on managing the global position – the liquidity and currency positions – arising from the activities of the Bank.

Results and volumes by segments for the nine months ended 30 September 2018

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	1 369 324	708 071	203 826	2 281 221	0	2 281 221
external income	1 708 086	878 239	221 736	2 808 061	0	2 808 061
income of a similar nature	0	31 593	94 123	125 716	0	125 716
external expense	-338 762	-201 761	-112 033	-652 556	0	-652 556
Internal interest income	113 708	-68 522	-45 186	0	0	0
internal income	813 312	310 989	1 435 146	2 559 447	0	2 559 447
internal expense	-699 604	-379 511	-1 480 332	-2 559 447	0	-2 559 447
Net interest income	1 483 032	639 549	158 640	2 281 221	0	2 281 221
Fee and commission income	249 867	356 708	1 052	607 627	0	607 627
Fee and commission expense	-130 450	-150 133	-6 245	-286 828	0	-286 828

(in PLN '000)

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
Net fee and commission income	119 417	206 575	-5 193	320 799	0	320 799
Dividend income	0	0	143	143	0	143
The result on financial assets measured at fair value through profit or loss and trading result	97 555	166 141	21 405	285 101	0	285 101
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	2 122	2 154	40 452	44 728	0	44 728
measured at fair value through other comprehensive income	0	0	39 432	39 432	0	39 432
measured at amortized cost	2 122	2 154	1 020	5 296	0	5 296
Other operating income	77 499	22 396	0	99 895	0	99 895
Other operating expenses	-64 714	-17 304	0	-82 018	0	-82 018
Net other operating income	12 785	5 092	0	17 877	0	17 877
Total result before expected credit losses	1 714 911	1 019 511	215 447	2 949 869	0	2 949 869
Net expected credit losses	-353 713	-397 142	0	-750 855	-3 266	-754 121
Total result after expected credit losses	1 361 198	622 369	215 447	2 199 014	-3 266	2 195 748
General administrative expenses	-1 069 568	-379 400	-3 765	-1 452 733	0	-1 452 733
Gross profit	291 630	242 969	211 682	746 281	-3 266	743 015
Income tax	0	0	0	0	-210 122	-210 122
Net profit	291 630	242 969	211 682	746 281	-213 388	532 893
Depreciation						-130 845
Assets	41 391 237	29 017 143	43 910	70 452 290	919 065	71 371 355
Liabilities	44 320 063	20 354 527	11 887	64 686 477	190 701	64 877 178

Results and volumes by segments for the nine months ended 30 September 2017

Restated	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	1 467 390	650 776	-4 370	2 113 796	0	2 113 796
external income	1 697 895	862 409	103 336	2 663 640	0	2 663 640
external expense	-230 505	-211 633	-107 706	-549 844	0	-549 844
Internal interest income	-134 971	-21 848	156 819	0	0	0
internal income	499 576	315 992	2 109 725	2 925 293	0	2 925 293
internal expense	-634 547	-337 840	-1 952 906	-2 925 293	0	-2 925 293
Net interest income	1 332 419	628 928	152 449	2 113 796	0	2 113 796
Fee and commission income	278 040	314 744	1 003	593 787	0	593 787
Fee and commission expense	-140 290	-122 238	-10 702	-273 230	0	-273 230
Net fee and commission income	137 750	192 506	-9 699	320 557	0	320 557
Dividend income	0	0	27	27	0	27
Trading and revaluation result	3 830	29 817	210 863	244 510	0	244 510
Net gain (realized) on other financial instruments	89 749	126 048	-213 817	1 980	0	1 980
Other operating income	82 410	5 413	186	88 009	0	88 009
Other operating expenses	-52 315	-2 540	-8	-54 863	0	-54 863
Net other operating income	30 095	2 873	178	33 146	0	33 146
Total result before impairment losses	1 593 843	980 172	140 001	2 714 016	0	2 714 016
Net impairment allowances and write-downs	-344 589	-319 476	0	-664 065	-15 593	-679 658
Total result after impairment losses	1 249 254	660 696	140 001	2 049 951	-15 593	2 034 358
General administrative expenses	-1 140 789	-407 739	-4 045	-1 552 573	0	-1 552 573
Gross profit	108 465	252 957	135 956	497 378	-15 593	481 785
Income tax	0	0	0	0	-141 561	-141 561
Net profit	108 465	252 957	135 956	497 378	-157 154	340 224

(in PLN '000)

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
Depreciation						-146 511
Assets	38 098 265	26 360 214	37 300	64 495 779	566 314	65 062 093
Liabilities	36 380 570	22 047 551	9 501	58 437 622	75 803	58 513 425

Notes to the interim condensed consolidated income statement

4. Net interest income

	01.07.2018 – 30.09.2018	01.01.2018 – 30.09.2018	01.07.2017 – 30.09.2017 Restated	01.01.2017 – 30.09.2017 Restated
Interest income	956 704	2 808 061	903 610	2 663 640
term deposits	163	454	274	823
loans	855 017	2 515 474	810 003	2 353 216
available for sale financial assets	n/a	n/a	41 290	113 084
financial assets measured at amortized cost	25 016	71 601	n/a	n/a
financial assets measured at fair value through other comprehensive income	39 835	125 969	n/a	n/a
receivables acquired	6 288	19 421	8 275	21 889
repo transactions in securities	1 301	4 049	1 531	6 415
other	29 084	71 093	11 905	27 091
Other interest ncome	n/a	n/a	30 332	141 122
current accounts	n/a	n/a	6 472	18 575
overnight deposits	n/a	n/a	264	1 113
derivatives instruments	n/a	n/a	23 596	121 434
Income of a similar nature*	38 463	125 716	n/a	n/a
current accounts	2 644	7 925	n/a	n/a
overnight deposits	572	1 686	n/a	n/a
derivatives instruments	35 247	116 105	n/a	n/a
Interest expense	-213 747	-652 556	-175 482	-549 844
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-127 879	-407 074	-127 339	-363 266
term deposits	-88 316	-278 495	-88 967	-252 472
own issue	-32 792	-106 174	-30 506	-89 138
repo transactions in securities	-3 245	-11 774	-4 612	-12 478
cash deposits	-732	-2 292	-779	-2 633
other	-2 794	-8 339	-2 475	-6 545
Other interest expense	-85 868	-245 482	-48 143	-186 578
current deposits	-58 092	-149 681	-28 681	-79 268
derivatives	-27 776	-95 801	-19 462	-107 310
Net interest income	781 420	2 281 221	728 128	2 113 796

Those items were a components of other interest income in the reports for 2017

(in PLN '000)

5. Net fee and commission income

	01.07.2018 – 30.09.2018	01.01.2018 – 30.09.2018	01.07.2017 – 30.09.2017 Restated	01.01.2017 – 30.09.2017 Restated
Fee and commission income	211 495	607 627	201 424	593 787
payment and credit cards service	65 619	184 740	55 660	154 239
maintaining bank accounts	29 420	85 692	32 473	104 526
brokerage commissions	17 481	56 814	24 925	72 262
revenue from bancassurance activity	22 817	59 005	21 266	63 521
loans and advances	28 568	84 117	21 005	63 855
transfers	14 692	45 279	15 591	47 494
cash operations	10 717	31 787	12 209	33 513
guarantees, letters of credit, collection, commitments	3 797	10 972	3 839	9 880
receivables acquired	2 721	8 525	2 725	9 883
custody services	3 460	9 193	2 664	7 615
other commissions	12 203	31 503	9 067	26 999
Fee and commission expenses	-104 905	-286 828	-104 094	-273 230
costs of card and ATM transactions, including costs of cards issued	-59 775	-148 002	-51 575	-115 143
commissions paid to agents	-13 817	-34 723	-9 765	-27 835
insurance of bank products	-3 944	-12 475	-5 415	-15 148
costs of awards for customers	-3 981	-11 211	-3 613	-15 230
commissions for access to ATMs	-7 158	-19 553	-7 301	-18 554
commissions paid under contracts for performing specific operations	-6 573	-20 205	-7 893	-23 115
brokerage commissions	-878	-2 860	-1 264	-3 750
custody services	-847	-1 905	-545	-1 899
other commissions	-7 932	-35 894	-16 723	-52 556
Net fee and commission income	106 590	320 799	97 330	320 557

01.01.2018 – 30.09.2018	Retail customers	Business customers	Treasury	Total
Fee and commission income	249 867	356 708	1 052	607 627
payment and credit cards service	76 389	108 351	0	184 740
maintaining bank accounts	33 929	51 763	0	85 692
brokerage commissions	56 814	0	0	56 814
revenue from bancassurance activity	39 544	19 461	0	59 005
loans and advances	10 235	73 882	0	84 117
transfers	10 856	34 423	0	45 279
cash operations	18 247	13 540	0	31 787
guarantees, letters of credit, collection, commitments	0	10 972	0	10 972
receivables acquired	0	8 525	0	8 525
custody services	0	9 193	0	9 193
other commissions	3 853	26 598	1 052	31 503

(in PLN '000)

01.01.2017 – 30.09.2017 Restated	Retail customers	Business customers	Treasury	Total
Fee and commission income	278 040	314 744	1 003	593 787
payment and credit cards service	66 249	87 990	0	154 239
maintaining bank accounts	36 863	67 663	0	104 526
brokerage commissions	72 262	0	0	72 262
revenue from bancassurance activity	53 380	10 141	0	63 521
loans and advances	10 392	53 463	0	63 855
transfers	13 040	34 454	0	47 494
cash operations	15 504	18 009	0	33 513
guarantees, letters of credit, collection, commitments	0	9 880	0	9 880
receivables acquired	0	9 883	0	9 883
custody services	0	7 615	0	7 615
other commissions	10 350	15 646	1 003	26 999

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

	01.07.2018 – 30.09.2018	01.01.2018 – 30.09.2018	01.07.2017 – 30.09.2017 Restated	01.01.2017 – 30.09.2017 Restated
Foreign exchange transactions	75 356	427 789	38 202	21 074
Revaluation result	23 604	-161 879	41 594	215 417
Interest rate transacions	347	10 804	10 669	23 501
Ineffective part of hedge accounting	-431	-2 219	-680	-2 503
The result on other instruments (includes the result on trading in debt securities classified as assets measured at fair value through profit and loss/held for trading with interest)	1 068	10 606	-921	-12 979
The result on financial assets measured at fair value through profit or loss and trading result	99 944	285 101	88 864	244 510

7. The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss / Net result realized on other financial instruments (till 31.12.2017)

	01.07.2018 – 30.09.2018	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017
Financial assets measured at fair value through other comprehensive income	7 320	39 432	n/a
Financial assets measured at amortized cost	2 354	5 296	n/a
own issue	337	1 019	n/a
investment certificates	1	1	n/a
result on significant modification	2 016	4 276	n/a
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	9 674	44 728	n/a

	01.01.2018 – 30.09.2018	01.07.2017 – 30.09.2017	01.01.2017 – 30.09.2017
Available-for-sale financial assets	n/a	731	1 103
Own issue	n/a	324	1 118
repurchase income	n/a	324	1 120
repurchase losses	n/a	0	-2
Investment certificates	n/a	-241	-241
Net gain (realized) on other financial instruments	n/a	814	1 980

(in PLN '000)

8. Net other operating income

	01.07.2018 – 30.09.2018	01.01.2018 – 30.09.2018	01.07.2017 – 30.09.2017 Restated	01.01.2017 – 30.09.2017 Restated
Other operating income from:	20 489	99 895	27 635	88 009
income from contracts with business partners	12 861	36 450	10 819	31 390
reimbursement of costs of claim enforcement	7 354	15 302	2 498	21 436
received compensations	1 152	5 397	783	1 891
management of third party assets	4 979	14 471	6 629	16 399
reimbursement of fees by customers	0	0	0	22
sale of receivables	0	8 831	0	0
other	-5 857	19 444	6 906	16 871
Other operating expenses due to:	-35 837	-82 018	-22 202	-54 863
fees and costs of claim enforcement	-12 871	-38 365	-5 267	-19 766
paid compensations, settlements, complaints	-13 480	-21 252	-9 078	-15 605
paid compensations, fines and penalties	-5 330	-7 197	-5 799	-11 520
management of third party assets	-418	-1 416	-512	-1 655
awards given to customers	-561	-2 032	-894	-1 413
other	-3 177	-11 756	-652	-4 904
Net other operating income and expense	-15 348	17 877	5 433	33 146

9. General administrative expenses

	01.07.2018 – 30.09.2018	01.01.2018 – 30.09.2018	01.07.2017 – 30.09.2017 Restated	01.01.2017 – 30.09.2017 Restated
Payroll costs	-216 744	-690 641	-203 310	-758 232
remuneration due to employment contracts	-178 324	-559 972	-180 743	-613 537
remuneration surcharges	-32 527	-110 173	-30 131	-127 909
revaluation of managment option plan – part settled in cash	-2 998	-10 971	9 295	-11 509
other	-2 895	-9 525	-1 731	-5 277
General and administrative costs	-141 007	-463 783	-137 699	-492 418
lease and building maintenance expenses	-34 281	-109 249	-42 868	-120 789
costs of Bank Guarantee Fund*	-17 093	-88 809	-11 218	-63 737
IT costs	-24 749	-72 441	-31 708	-124 042
marketing costs	-15 105	-56 351	-16 227	-42 830
cost of advisory services	-4 354	-19 669	-4 326	-31 685
external services	-12 596	-29 562	-7 082	-31 086
training costs	-1 520	-13 837	-3 650	-14 933
costs of telecommunications services	-6 238	-18 181	-6 033	-20 540
costs of lease of property, plant and equipment and intangible assets	-1 794	-5 603	-1 879	-5 184
other	-23 277	-50 081	-12 708	-37 592
Amortization and depreciation	-44 800	-130 845	-57 976	-146 511
property, plant and equipment	-24 610	-72 668	-28 583	-82 555
intangible assets	-20 190	-58 177	-29 393	-63 956
Taxes and fees	-8 758	-12 293	-2 154	-6 037
Total general administrative expenses	-411 309	-1 297 562	-401 139	-1 403 198

(in PLN '000)

10. Net expected credit losses, impairment allowances and write-downs

	01.07.2018 – 30.09.2018	01.01.2018– 30.09.2018	01.07.2017– 30.09.2017	01.01.2017– 30.09.2017
Stage 3/ Impaired loans	-299 608	-847 050	-189 063	-621 981
Impairment losses on impaired loans and advances to customers	-299 608	-847 050	-189 063	-621 981
retail customers	-140 613	-415 118	-74 684	-343 848
business customers	-158 995	-431 932	-114 379	-278 133
Financial assets	25	3 519	n/a	n/a
IBNR for customers without impairment losses	n/a	n/a	-13 343	-30 505
retail customers	n/a	n/a	1 600	29 728
business customers	n/a	n/a	-14 943	-60 233
Expected credit loss (ECL)	41 383	100 313	n/a	n/a
Stage 2	40 082	86 295	n/a	n/a
retail customers	36 727	64 911	n/a	n/a
business customers	3 355	21 384	n/a	n/a
Stage 1	1 301	14 018	n/a	n/a
retail customers	-9 812	-7 494	n/a	n/a
business customers	11 113	21 512	n/a	n/a
POCI	-4 318	-6 730	n/a	n/a
Off-balance provisions	-7 639	-907	-4 947	-11 579
Property, plant and equipment and intangible assets	-1 033	-3 266	-4 606	-15 593
Net expected credit losses, impairment allowances and write-downs	-271 190	-754 121	-211 959	-679 658

11. Corporate income tax

	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017 Restated
Current tax	347 303	174 445
current year	347 303	174 445
Deferred tax	-137 181	-32 884
origination and reversal of temporary differences	-137 181	-32 884
Accounting tax recognized in the income statement	210 122	141 561

	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017 Restated
Gross profit	743 015	481 785
Income tax at 19%	141 173	91 539
Non-tax deductible expenses	76 602	49 524
Representation costs	120	318
PFRON (State Fund for Rehabilitation of Persons with Disabilities)	59	1 212
Impairment losses on loans in the part not covered with deferred tax	21 738	2
Prudential fee to Bank Guarantee Fund	16 874	12 111
The tax financial institutions	29 483	28 382
Donations	12	0
Other	8 316	7 499
Non-taxable revenues	-3 099	-7 798
Release of loan impairment allowances in the part not covered with the deferred tax	-13	-360
Other	-3 086	-7 438
Recognition of tax loss	673	173
Other	-5 227	8 123
Accounting tax recognized in the income statement	210 122	141 561
Effective tax rate	28,28%	29,38%

(in PLN '000)

12. Earnings per share

	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017 Restated
Net profit	532 893	340 224
Weighted average number of ordinary shares	129 856 463	129 258 450
Share options (number) - adjusting instrument	1 272 336	2 562 703
Adjusted weighted average number of shares	131 128 799	131 821 153
Net earnings per ordinary share (PLN)	4,10	2,63
Dilluted earnings per one share	4,06	2,58

In compliance with IAS 33, the Bank calculates diluted earnings per share. Diluted earnings per share is calculated as a ratio of profit attributable to the Bank's shareholders and the weighted average number of ordinary shares adjusted by potential ordinary convertible shares. The Bank has one category that may result in dilution of potential ordinary shares: share options. Under the Management Option Scheme in the three quarters of 2018:

- the participants of the program executed 1 275 150 warrants acquiring at the issue price, in accordance with the program assumptions 439 442 series D shares, 517 307 series E shares and 318 401 series F shares;

The number of warrants as at 30 September 2018

Series of warrants	The number of warrants as at 31 December 2017	The number of warrants executed in the third quarter of 2018	The number of warrants as at 30 September 2018 incl:	The number of warrants that can be realised	Number of deferred warrants to be issued in 2018-2019
A	551 366	439 442	111 924	111 924	0
B	1 045 919	517 307	528 612	520 263	8 349
C	950 201	318 401	631 800	490 956	140 844
	2 547 486	1 275 150	1 272 336	1 123 143	149 193

Notes to the interim condensed consolidated statement of financial position

13. Cash and balances with the central bank

13.1 Accounting principles - IFRS 9

The table below presents the original measurement categories under IAS 39 and the new measurement categories under IFRS 9.

	Original classification under IAS 39	New classification under IFRS 9
Cash and balances with the central bank	Loans and receivables	Financial asset measured at amortised cost;

13.2 Financial data

	30.09.2018	31.12.2017
Current account with the central bank	1 401 212	253 092
Term deposit with the central bank	409 017	255 010
Cash	379 068	457 289
Cash and balances with the Central Bank	2 189 297	965 391

(in PLN '000)

14. Amounts due from banks

14.1 Accounting principles- IFRS 9

The table below presents the original measurement categories under IAS 39 and the new measurement categories under IFRS 9

	Original classification under IAS 39	New classification under IFRS 9
Amounts due from banks	Loans and receivables	Financial assets measured at amortized cost

14.2 Financial data

Structure by type	30.09.2018	31.12.2017
Current accounts	366 953	627 645
Overnight deposits (O/N)	261 813	10 268
Term deposits	11 044	11 062
Reverse Repo	27 710	58 397
Deposits as derivative transactions (ISDA) collateral	104 119	163 770
Other	72 529	30 487
Amounts due from banks	844 168	901 629

15. Financial assets

15.1 Accounting principles- IFRS 9

The table below presents the original measurement categories under IAS 39 and the new measurement categories under IFRS 9

	Original classification under IAS 39	New classification under IFRS 9
Financial assets	Financial assets held for trading	Financial assets measured at fair value through profit or loss
Financial assets	Available-for-sale financial assets	Financial assets measured at fair value through profit or loss
Financial assets	Available-for-sale financial assets	Financial assets measured at amortized cost
Financial assets	Available-for-sale financial assets	Financial assets measured at fair value through other comprehensive income
Financial assets	Financial assets held to maturity	Financial assets measured at fair value through profit or loss

15.2 Financial data

	30.09.2018	31.12.2017
Financial assets	12 121 684	13 642 769
measured at fair value through other comprehensive income	6 743 698	n/a
measured at fair value through profit or loss	655 410	n/a
measured at amortized cost	4 722 576	n/a
available-for-sale	n/a	12 072 324
held to maturity	n/a	1 117 894
held for trading	n/a	452 551

(in PLN '000)

15.2.1 Financial assets under IFRS 9

Structure by type as at 30.09.2018	measured at fair value through other comprehensive income	measured at fair value through profit or loss	measured at amortized cost
Investments securities	6 743 698	103 167	4 722 576
Debt instruments	6 721 940	73 050	4 722 576
issued by the State Treasury	6 573 996	56 409	4 722 576
T-bonds	6 573 996	56 409	4 722 576
issued by monetary institutions	73 916	0	0
Eurobonds	73 916	0	0
Money bills	0	0	0
issued by other financial institutions	0	0	0
Bonds	0	0	0
Eurobonds	0	0	0
issued by companies	74 028	16 641	0
Bonds	74 028	16 641	0
Equity instruments	21 758	30 117	0
Derivative financial instruments	0	552 243	0
Interest rate transactions	0	344 324	0
SWAP	0	342 879	0
Cap Floor Options	0	1 445	0
Foreign exchange transactions	0	119 417	0
FX Swap	0	57 230	0
FX forward	0	35 093	0
CIRS	0	10 174	0
FX options	0	16 920	0
Other options	0	67 512	0
Other instruments	0	20 990	0
Total	6 743 698	655 410	4 722 576

15.2.2 Financial assets under IAS 39

Structure by type as at 31.12.2017	held for trading	available-for-sale	held to maturity
Investments securities	86 118	12 072 324	1 117 894
Debt instruments	85 735	12 030 778	1 117 894
issued by the State Treasury	85 459	9 651 360	1 117 894
T-bonds	85 459	9 651 360	1 117 894
issued by monetary institutions	0	2 087 331	0
Eurobonds	0	87 665	0
Money bills	0	1 999 666	0
issued by other financial institutions	122	91 387	0
Bonds	122	0	0
Eurobonds	0	91 387	0
issued by companies	154	200 700	0
Bonds	154	200 700	0
Equity instruments	383	41 546	0
Derivative financial instruments	366 433	0	0

(in PLN '000)

Structure by type as at 31.12.2017	held for trading	available-for-sale	held to maturity
Interest rate transactions	189 794	0	0
SWAP	187 694	0	0
Cap Floor Options	2 100	0	0
Foreign exchange transactions	95 660	0	0
FX Swap	18 059	0	0
FX forward	44 851	0	0
CIRS	15 984	0	0
FX options	16 766	0	0
Other options	52 450	0	0
Other instruments	28 529	0	0
Total	452 551	12 072 324	1 117 894

16. Loans and advances to customers

16.1 Accounting principles - IFRS 9

The table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9

	Original classification under IAS 39	New classification under IFRS 9
Loans and advances to customers	Loans and receivables	Financial assets measured at amortized cost

16.2 Financial data

Loans and advances to customers	30.09.2018			31.12.2107		
	Gross value	Impairment allowance	Net value	Gross value	Impairment allowance	Net value
Retail segment	31 397 061	-2 483 283	28 913 778	30 146 687	-1 911 961	28 234 726
Consumer loans	18 730 070	-2 330 019	16 400 051	18 337 260	-1 795 399	16 541 861
Loans for residential real estate	10 267 379	-110 334	10 157 045	9 631 679	-83 893	9 547 786
Consumer finance loans	2 399 612	-42 930	2 356 682	2 177 748	-32 669	2 145 079
Business segment	26 518 343	-1 927 239	24 591 104	24 523 628	-1 491 714	23 031 914
Working capital facility	13 148 183	-1 248 475	11 899 708	12 812 843	-908 147	11 904 696
Investment loans	8 787 915	-459 828	8 328 087	8 992 528	-371 922	8 620 606
Other	4 582 245	-218 936	4 363 309	2 718 257	-211 645	2 506 612
Total	57 915 404	-4 410 522	53 504 882	54 670 315	-3 403 675	51 266 640

Loans and advances to customers by method of allowance calculation	30.09.2018			31.12.2017		
	Gross value	Impairment allowance	Net value	Gross value	Impairment allowance	Net value
Stage 3	7 149 924	-3 281 601	3 868 323	n/a	n/a	n/a
individualised method, including:	3 387 265	-985 378	2 401 887	3 033 329	-778 471	2 254 858
with identified impairment	2 469 038	-974 091	1 494 947	2 348 052	-778 471	1 569 581
without identified impairment	918 227	-11 287	906 940	685 277	0	685 277
group method	3 762 659	-2 296 223	1 466 436	3 694 718	-2 297 232	1 397 486
with identified impairment	3 640 017	-2 283 916	1 356 101	3 566 585	-2 297 232	1 269 353
without identified impairment	122 642	-12 307	110 335	128 133	0	128 133
portfolio method (IBNR)	n/a	n/a	n/a	47 942 268	-327 972	47 614 296
Stage 2	5 311 119	-541 441	4 769 678	n/a	n/a	n/a

(in PLN '000)

	Gross value	Impairment allowance	Net value	Gross value	Impairment allowance	Net value
Stage 1	45 028 276	-540 494	44 487 782	n/a	n/a	n/a
POCI	426 085	-46 986	379 099	n/a	n/a	n/a
Total	57 915 404	-4 410 522	53 504 882	54 670 315	-3 403 675	51 266 640

On 1 January 2018 changes were introduced in the definition of the gross carrying amount with respect to interest for the credit exposure in default, which symmetrically increased the value of the gross exposures and the impairment allowance

Loans and advances to customers – exposure of the Group to the credit risk	30.09.2018			31.12.2017		
	Gross value	Impairment allowance	Net value	Gross value	Impairment allowance	Net value
Stage 3 (with identified impairment, of which):	6 109 055	-3 258 007	2 851 048	5 914 637	-3 075 703	2 838 934
assessed with individualised method	2 469 038	-974 091	1 494 947	2 348 052	-778 471	1 569 581
without identified impairment, of which:	51 380 264	-1 105 529	50 274 735	48 755 678	-327 972	48 427 706
Stage 3 (with recognised individual indication)	1 040 869	-23 594	1 017 275	1 664 804	-8 390	1 656 414
not overdue	557 757	-5 253	552 504	1 010 890	-4 283	1 006 607
overdue	483 112	-18 341	464 771	653 914	-4 107	649 807
Stage 1 and Stage 2 /IBNR	50 339 395	-1 081 935	49 257 460	47 090 874	-319 582	46 771 292
not overdue	46 183 674	-746 414	45 437 260	44 204 061	-162 462	44 041 599
overdue	4 155 721	-335 521	3 820 200	2 886 813	-157 120	2 729 693
POCI	426 085	-46 986	379 099	n/a	n/a	n/a
Total	57 915 404	-4 410 522	53 504 882	54 670 315	-3 403 675	51 266 640

Impairment allowances to loans granted to customers – reconciled transfers in third quarter of 2018	As at 01.01.2018	Impact on P&L	Established in the period	Reversed in the period	Migrations beetwen stages	Assets written-off	Other	Value at the end of period
Stage 1	549 978	-14 018	568 712	-609 457	26 727	0	4 534	540 494
Stage 2	605 901	-86 295	1 025 760	-752 796	-359 259	-121	21 956	541 441
Stage 3	2 701 412	847 050	1 055 241	-540 723	332 532	-354 071	87 210	3 281 601
POCI	17 037	6 730	147 512	-140 782	0	-7 595	30 814	46 986
Total	3 874 328*	753 467	2 797 225	-2 043 758	0	-361 787	144 514	4 410 522

*detailes on page 16

In the first three quarters of 2018, the Group sold loans with a total gross value amounting to PLN 376 461 thousand, while the impairment allowance recorded for this portfolio amounted to PLN 298 610 thousand. The impact of debt sales on the cost of risk in the three quarters of 2018 amounted to PLN 32 632 thousand.

Impairment allowances to loans granted to customers – reconciled transfers in third quarter of 2017	Value at the beginning of period	Established in the period	Reversed in the period	Assets written-off	Other	Value at the end of period
Retail segment	1 792 905	1 375 778	-1 061 660	-382 800	72 554	1 796 777
Business segment	1 268 988	1 169 139	-830 773	-14 705	13 638	1 606 287
Total	3 061 893	2 544 917	-1 892 433	-397 505	86 192	3 403 064

(in PLN '000)

17. Other assets

	30.09.2018	31.12.2017
Sundry debtors	355 167	588 506
Other settlements	209 786	205 999
Receivables from the sale of receivables	2 451	64 979
Receivables related to the sale of services (including insurance)	45 628	61 784
Guarantee deposits	18 067	18 928
Settlments of payment cards	79 235	142 468
Receivables due to settlement of acquisition of the demerged part of BPH	0	94 348
Costs recognised over time	35 510	31 218
Settlements of rental charges and utilities	1 494	1 338
Maintenance and support of systems, servicing of plant and equipment	17 668	14 105
Other deferred costs	16 348	15 775
Other assets	73	5 238
VAT settlements	79 915	75 013
Other assets(gross)	470 665	699 975
Write-down	-70 369	-73 535
Other assets (net)	400 296	626 440
including financial assets (gross)	355 167	588 506

18. Assets pledged as collateral

18.1 Accounting principles - IFRS 9 impact

The table below presents the original measurement categories under IAS 39 and the new measurement categories under IFRS 9

	Original classification under IAS 39	New classification under IFRS 9
Assets pledged as collateral	Available-for-sale financial assets / Financial assets held to maturity	Financial assets measured at amortized cost/ Financial assets measured at fair value through other comprehensive income

18.2 Financial data

	30.09.2018	31.12.2017
Treasury bonds blocked for REPO transactions	9 816	77 431
Deposit as collateral of transactions performed in Alior Trader	152	723
Available-for-sale financial assets for sale securing a loan in the EIB	n/a	109 466
Investment securities held to maturity securing a loan in the EIB	n/a	221 291
Financial assets measured at amortised cost	331 543	n/a
Total	341 511	408 911

In addition to assets pledged as collateral, which are presented in the statement of financial position separately and which the recipient may sell or exchange for another security, the Bank held the following other assets pledged as collateral which did not meet this criterion:

(in PLN '000)

	30.09.2018	31.12.2017
Treasury bonds blocked for Bank Guaranteed Fund	351 795	605 719
Deposit as collateral of derivative transactions (ISDA)	104 119	163 770
Total	455 914	769 489

19. Amounts due to banks

Structure by type	30.09.2018	31.12.2017
Current deposits	4 094	673
Overnights	0	1 949
Term deposits	0	300 044
Bonds issued	22 592	22 766
Received loan	249 963	266 817
Other liabilities	359 422	221 860
Repo	9 838	77 536
Total amounts due to banks	645 909	891 645

20. Amounts due to customers

Structure by type and customer segment	30.09.2018	31.12.2017 Restated
Retail segment	40 942 402	36 572 276
Current deposits	26 864 801	22 584 687
Term deposits	11 550 259	12 134 722
Banking securities issued	2 269 996	1 615 605
Bonds issued	80 880	81 500
Other liabilities	176 466	155 762
Business segment	19 156 394	21 084 743
Current deposits	9 196 028	9 495 558
Term deposits	8 914 238	9 740 352
Banking securities issued	637 058	1 455 323
Bonds issued	147 553	148 684
Other liabilities	261 517	244 826
Total amounts due to customers	60 098 796	57 657 019

In the third quarter of 2018 the Group issued banking securities amounting to PLN 893 603 thousand; securities purchased before maturity amounted to PLN 93 637 thousand.
In 2017 the Group issued banking securities amounting to PLN 2 035 195 thousand; securities purchased before maturity amounted to PLN 112 682 thousand.

(in PLN '000)

21. Provisions

	Provisions for disputes	Provisions for retirement benefits	Provisions for off-balance-sheet liabilities	Restructuring provision	Total provisions
As at 1 January 2018	16 024	13 338	23 677	37 418	90 457
IFRS 9 impact*	0	0	115 816	0	115 816
Established provisions	23 811	0	212 557	0	236 368
Reversal of provisions	-2 729	-6 146	-211 650	-2 000	-222 525
Utilisation of provisions	-8 699	-427	0	-15 455	-24 581
Other changes	5	999	169	0	1 173
As at 30 September 2018	28 412	7 764	140 569	19 963	196 708

Details at note 2.2

	Provisions for disputes	Provisions for retirement benefits	Provisions for off-balance-sheet liabilities	Restructuring provision	Total provisions
As at 01 January 2017	8 700	10 754	17 586	249 775	286 815
Established provisions	8 254	10 453	41 130	0	59 837
Reversal of provisions	-636	-7 825	-34 823	-28 143	-71 427
Utilized of provisions	-1 337	-44	0	-184 214	-185 595
Other changes	1 043	0	-216	0	827
As at 31 December 2017	16 024	13 338	23 677	37 418	90 457

In the financial statements as at 31.12.2016, the Bank informed about the establishment of a restructuring provision for payments of statutory severance bonuses in connection with employment terminations under group redundancies for the so-called additional compensation arising from the arrangement concluded with the trade unions and the provision for costs related to the restructuring of the branch network and abandoning franchise facilities in too close proximity (it includes the costs of compensation and expenses related to the physical abandonment of the facility and returning it to its original state).
Split of the restructuring provision as at 30.09.2018 is presented below:

	31.12.2017	utilisation	reversal	30.09.2018
Severance pay for employees	815	-815	0	0
Reorganisation of the branch network	36 603	-14 640	-2 000	19 963
Total	37 418	-15 455	-2 000	19 963

22. Other liabilities

	30.09.2018	31.12.2017* Restated
Interbank settlements	438 432	723 937
Taxation, customs duty, social and health insurance payables and other public settlements	34 748	36 705
Settlements of payment cards	162 340	150 699
Other settlements, including	131 032	190 799
Settlements with insurers	15 416	16 668
Settlements of banking certificates of deposits	84 348	91 048
Accrued	123 624	146 188
Income received in advance	76 939	79 704
Provision for bancassurance resignations	32 317	38 679

	30.09.2018	31.12.2017* Restated
Provision for bonuses	94 097	110 523
Provision for unused holiday	26 290	29 375
Provision for bonuses settled in phantom shares	16 294	16 885
Provision for retention programs	11 308	18 118
Revaluation of managment option plan – part settled in cash	16 071	9 881
Other staff provisions	511	1 663
Other liabilities	51 708	49 711
Other liabilities	1 300 059	1 693 915
including financial liabilities	731 804	1 065 435

23. Financial liabilities

23.1 Accounting principles IFRS 9

The table below presents the original measurement categories under IAS 39 and the new measurement categories under IFRS 9

	Original classification under IAS 39	New classification under IFRS 9
Financial liabilities	Financial liabilities held for trading	Financial liabilities measured at fair value through profit or loss

23.2 Financial data

	30.09.2018	31.12.2017
Bonds	52 211	58 333
Interest rate transactions	333 035	164 276
SWAP	331 596	162 185
Cap Floor Options	1 439	2 091
Foreign exchange transactions	48 424	133 598
FX Swap	7 322	63 816
FX forward	15 858	37 675
CIRS	8 682	16 601
FX options	16 562	15 506
Other options	67 510	52 448
Other instruments	13 651	27 223
Total measured at fair value through profit or loss/ held for trading	514 831	435 878

24. Subordinated liabilities

	Nominal value in the currency ('000)	Currency	Term	Specific conditions	Status of liabilities 30.09.2018	Status of liabilities 31.12.2017
Subordinated loan	10,000	EUR	12.10.2011-12.10.2019	The loan may be prepaid subject to a written notification 30 days before the planned repayment.	42 897	41 892
Series F bonds	321,700	PLN	26.09.2014-26.09.2024		321 919	325 930
Series G bonds	192,950	PLN	31.03.2015-31.03.2021		192 977	195 560
Series I bonds	150,000	PLN	06.12.2015-06.12.2021		152 510	150 594
Series II bonds	33,350	PLN	06.12.2015-06.12.2021		33 908	33 482
Series B bonds (Meritum Bank)	67,200	PLN	29.04.2013-29.04.2021		69 130	67 796

(in PLN '000)

	Nominal	Currency	Term	Specific conditions	30.09.2018	31.12.2017
Series C bonds (Meritum Bank)	80,000	PLN	21.10.2014-21.10.2022		81 730	80 494
Series EUR001 bonds	10,000	EUR	04.02.2016-04.02.2022		43 121	42 738
Series P1A bonds	150,000	PLN	27.04.2016-16.05.2022		152 858	150 006
Series P1B bonds	70,000	PLN	29.04.2016-16.05.2024		71 266	70 427
Series K bonds	400,000	PLN	20.10.2017-20.10.2025		408 040	403 600
Series K1 bonds	200,000	PLN	20.10.2017-20.10.2025		204 020	201 800
Series P2A bonds	150,000	PLN	14.12.2017-29.12.2025		151 734	150 657
Subordinated liabilities					1 926 110	1 914 976

25. Fair value hierarchy

25.1 Accounting principles

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, like :

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

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

There are included derivative financial instruments based on the discounted future cash flows based on profitability curves obtained from the interbank money market, NBP's money bills based on profitability curve method which are developed on the basis of money market data and FX options and interest rate options measured with the use of specific valuation models characteristic for a specific option.

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

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

The group also contains the Bank's position in commercial debt securities where apart from the parameters coming from market quotations are affected by non-observable volume of credit spread.

(in PLN '000)

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. There were no movements between valuation levels.

The carrying amounts of financial assets and liabilities by categories (levels) of valuation are presented below:

30.09.2018	Level 1	Level 2	Level 3	Total
Financial assets				
Measured at fair value through profit and loss	66 587	475 033	113 790	655 410
SWAP	0	342 879	0	342 879
Cap Floor Ooptions	0	1 445	0	1 445
FX Swap	0	57 230	0	57 230
FX forward	0	35 093	0	35 093
CIRS	0	10 174	0	10 174
FX options	0	16 920	0	16 920
Other options	0	0	67 512	67 512
Other instruments	9 698	11 292	0	20 990
Financial derivatives	9 698	475 033	67 512	552 243
Money bills	0	0		0
Equity instruments	302	0	29 815	30 117
Treasury bonds	56 409	0		56 409
Other bonds	178	0	16 463	16 641
Investments securities	56 889	0	46 278	103 167
Measured at fair value through other comprehensive income	6 647 912	0	95 786	6 743 698
Money bills	0	0	0	0
Equity instruments	0	0	21 758	21 758
Treasury bonds	6 573 996	0	0	6 573 996
Other bonds	73 916	0	74 028	147 944
Derivative hedging instruments	0	51 940	0	51 940
Interest rate transactions – SWAP	0	51 940	0	51 940

31.12.2017	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading	95 992	304 839	51 720	452 551
Shares	294	0	0	294
Bonds	85 735	0	0	85 735
Certificates	89	0	0	89
SWAP	0	187 694	0	187 694
Cap Floor Ooptions	0	2 100	0	2 100
FX Swap	0	18 059	0	18 059
FX forward	0	44 851	0	44 851
CIRS	0	15 984	0	15 984
FX options	0	16 766	0	16 766
Other options	0	730	51 720	52 450
Other instruments	9 874	18 655	0	28 529
Available for sale financial assets	9 830 411	1 999 666	242 247	12 072 324
Money bills	0	1 999 666	0	1 999 666
Equity instruments	0	0	41 546	41 546
Treasury bonds	9 651 360	0	0	9 651 360
Other bonds	179 051	0	200 701	379 752
Derivative hedging instruments	0	87 785	0	87 785
Interest rate transactions – SWAP	0	87 785	0	87 785

(in PLN '000)

30.09.2018	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	59 178	388 143	67 510	514 831
Bonds	52 211	0	0	52 211
SWAP	0	331 596	0	331 596
Cap Floor Ooptions	0	1 439	0	1 439
FX Swap	0	7 322	0	7 322
FX forward	0	15 858	0	15 858
CIRS	0	8 682	0	8 682
FX options	0	16 562	0	16 562
Other options	0	0	67 510	67 510
Other instruments	6 967	6 684	0	13 651
Derivative hedging instruments	0	4 064	0	4 064
Interest rate swaps - IRS	0	4 064	0	4 064

31.12.2017	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held for trading	79 004	305 155	51 719	435 878
Bonds	58 333	0	0	58 333
SWAP	0	162 185	0	162 185
Cap Floor Ooptions	0	2 091	0	2 091
FX Swap	0	63 816	0	63 816
FX forward	0	37 675	0	37 675
CIRS	0	16 601	0	16 601
FX options	0	15 506	0	15 506
Other options	0	729	51 719	52 448
Other instruments	20 671	6 552	0	27 223
Derivative hedging instruments	0	5 419	0	5 419
Interest rate swaps - IRS	0	5 419	0	5 419

Reconciliation of changes at level 3 of the fair value hierarchy

	Assets		Liabilities	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Opening balance	293 967	401 012	51 719	25 492
Increases, of which:	49 927	43 658	35 774	34 965
Valuation recognised in other comprehensive income	15 358	3 948	0	0
Interest recognised in other comprehensive income	0	710	0	0
Valuation recognised in income statement	15 407	15 110	16 538	15 167
Interest recognised in income statement	0	0	0	0
Purchases	19 162	23 890	19 236	19 798
Decreases, of which:	-134 318	-189 649	-19 983	-17 554
Valuation recognised in other comprehensive income	0	-3 925	0	0
Interest recognised in other comprehensive income	-866	0	0	0
Valuation recognised in income statement	-7 935	-2 497	-6 957	-2 308
Interest recognised in income statement	-2	0	0	0
Sale/redemption	-125 515	-183 227	-13 026	-15 246
Total	209 576	255 021	67 510	42 903

(in PLN '000)

At the end of the third quarter of 2018, the impact of the credit spread on the valuation of debt instruments measured at fair value through other comprehensive income (FVOCI) was approx. amounted to PLN 12,9 million and for debt instruments measured at fair value through profit and loss account approx. amounted to PLN 2,6 million.

Fair value measurement for the purposes of disclosures

The carrying amounts and fair values of assets and liabilities which are not measured at fair value in the balance sheet are presented below.

30.09.2018	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and balance with Central Bank	2 189 297	2 189 297	0	0	2 189 297
Amount due from banks	844 168	0	844 168	0	844 168
Loans and advances to customers	53 504 882	0	0	52 366 287	52 366 287
Retail segment	28 913 778	0	0	28 108 584	28 108 584
Consumer loans	16 400 051	0	0	16 220 829	16 220 829
Loans for residential real estate	10 157 045	0	0	9 521 325	9 521 325
Consumer finance loans	2 356 682	0	0	2 366 430	2 366 430
Corporate segment	24 591 104	0	0	24 257 703	24 257 703
Working capital facility	11 899 708	0	0	11 812 861	11 812 861
Investment loans	8 328 087	0	0	8 081 533	8 081 533
Other	4 363 309	0	0	4 363 309	4 363 309
Asstes pledged as collateral	341 511	339 029	0	0	339 029
Investment securities measured at amortized cost	4 722 576	4 763 167	0	0	4 763 167
Other assets	355 167	0	0	355 167	355 167
Liabilities					
Amounts due to banks	645 909	0	645 909	0	645 909
Current deposits	4 094	0	4 094	0	4 094
Bonds issued	22 592	0	22 592	0	22 592
Credit received	249 963	0	249 963	0	249 963
Other liabilities	359 422	0	359 422	0	359 422
Repo	9 838	0	9 838	0	9 838
Amounts due to customers	60 098 796	0	0	60 127 454	60 127 454
Current deposits	36 060 829	0	0	36 060 829	36 060 829
Term deposits	20 464 497	0	0	20 464 497	20 464 497
Banking securities issued	2 907 054	0	0	2 935 712	2 935 712
Bonds issued	228 433	0	0	228 433	228 433
Other liabilities	437 983	0	0	437 983	437 983
Other liabilities	731 804	0	0	731 804	731 804
Subordinated liabilities	1 926 110	0	0	1 926 110	1 926 110

31.12.2017 Restated	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and balance with Central Bank	965 391	965 391	0	0	965 391
Amount due from banks	901 629	0	901 629	0	901 629
Loans and advances to customers	51 266 640	0	0	50 226 263	50 226 263
Retail segment	28 234 726	0	0	27 253 218	27 253 218
Consumer loans	16 541 861	0	0	16 145 458	16 145 458
Loans for residential real estate	9 547 786	0	0	8 942 186	8 942 186
Consumer finance loans	2 145 079	0	0	2 165 574	2 165 574

(in PLN '000)

	Carrying value	Level 1	Level 2	Level 3	Total
Corporate segment	23 031 914	0	0	22 973 045	22 973 045
Working capital facility	11 904 696	0	0	12 862 858	12 862 858
Investment loans	8 620 606	0	0	8 561 212	8 561 212
Other	2 506 612	0	0	1 548 975	1 548 975
Asstes pledged as collateral	408 911	408 911	0	0	408 911
Investment securities held to maturity	1 117 894	1 122 170	0	0	1 122 170
Other assets	588 506			588 506	588 506
Liabilities					
Amounts due to banks	891 645	0	891 645	0	891 645
Current deposits	673	0	673	0	673
Overnights	1 949	0	1 949	0	1 949
Term deposits	300 044		300 044	0	300 044
Bonds issued	22 766	0	22 766	0	22 766
Credit received	266 817	0	266 817	0	266 817
Other liabilities	221 860	0	221 860	0	221 860
Repo	77 536	0	77 536	0	77 536
Amounts due to customers	57 657 019	0	0	57 657 809	57 657 809
Current deposits	32 080 245	0	0	32 080 245	32 080 245
Term deposits	21 875 074	0	0	21 875 074	21 875 074
Banking securities issued	3 070 928	0	0	3 071 718	3 071 718
Bonds issued	230 184	0	0	230 184	230 184
Other liabilities	400 588	0	0	400 588	400 588
Other liabilities	1 065 435	0	0	1 065 435	1 065 435
Subordinated liabilities	1 914 976	0	0	1 914 976	1 914 976

The following methods and assumptions were used to estimate the fair value of these instruments.

Receivables from customers

In the method applied by the Bank to calculate the fair value of receivables from customers (without overdraft facilities), the Bank 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 loan fair value is lower than its carrying value.

Financial liabilities measured at amortised cost

The Bank assumes that the fair value of customer and bank deposits and other financial liabilities maturing within 1 year is approximately equal to their carrying value.

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

26. Capital adequacy ratio and Tier 1 ratio

For the purpose of including the consolidated financial result into own founds and calculating the capital adequacy ratio in 2018, prudential consolidation was applied in accordance with art. 26 (2) of CRR - Alior Bank SA and Alior Leasing sp. z o.o. are the entities being consolidated.

In the opinion of the Bank's Management Board, the other subsidiaries, which are not consolidated, are of marginal importance for the Bank's core operations from the point of view of the monitoring of credit institutions.

(in PLN '000)

The consolidated prudent profit for the current period may be included in consolidated Tier 1 capital in the calculation of the consolidated Tier 1 capital ratio and the consolidated total capital ratio after prior approval of the Financial Supervision Authority (KNF).

The income statement prepared using the prudential consolidation method, which is presented below, has been prepared in accordance with the accounting principles adopted by the Group, apart from including in the consolidation only Alior Bank SA and Alior Leasing sp. z o.o. in accordance with the statement above.

	01.01.2018 - 30.09.2018
Interest income	2 808 196
Income of a similar nature	125 716
Interest expense	-652 629
Net interest income	2 281 283
Dividend income	7 465
Fee and commission income	602 030
Fee and commission expense	-282 124
Net fee and commission income	319 906
The result on financial assets measured at fair value through profit or loss and trading result	285 109
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss including:	44 728
measured at fair value through other comprehensive income	39 432
measured at amortized cost	5 296
Other operating income	90 130
Other operating costs	-81 963
Net other operating income and expenses	8 167
General administrative expenses	-1 288 544
Net expected credit losses	-754 098
Banking tax	-155 171
Gross profit	748 845
Income tax	-209 747
Net profit	539 098

Equity for the purposes of the capital adequacy

	30.09.2018	31.12.2017
Total own funds for the capital adequacy ratio	7 830 864	7 651 277
Common equity Tier I capital	6 230 149	6 088 277
Tier II capital	1 600 715	1 563 000
Share paid	1 292 578	1 292 636
Supplementary capital components	5 312 872	4 817 483
Other capital	184 894	184 894
Profit verified by auditor	169 656	366 348
Accumulated losses	-956 433	-63 514
Revaluation reserve – unrealized losses	-8 364	-14 357
Intangible assets at carrying amount	-514 195	-516 122
Revaluation reserve – unrealized gains	61 520	42 337
Subordinated liabilities	1 600 715	1 563 000
Additional value adjustments	687 621	-21 428
Capital requirements	4 106 542	4 024 070
Total capital requirements for the following risks: credit, counterparty, adjustment to credit measurement, dilution and for delivery of instruments to be settled at a later date	3 659 344	3 535 517
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX.	8 203	4 826
Capital requirement relating to the general interest rate risk	37 166	46 612
Total capital requirements for the operational risk	401 829	437 115
Tier 1 ratio	12.14%	12.10%
Total capital adequacy ratio	15.26%	15.21%

(in PLN '000)

Alior Bank SA, decided to apply the transitional provisions provided for in this Regulation No. 2017/2395, which means that the full impact of implementing the IFRS will not be taken into account for the purpose of assessing the Bank's capital adequacy.

The table below presents the impact of the application of IFRS 9 as at 30 September 2018 on capital adequacy including and without taking into account the transition period:

	Impact of IFRS 9 including the transition period	Impact of IFRS 9 without considering the t ransition period
Total capital (TIER 1, TIER 2)	7 830 864	6 959 061
The total capital requirement	4 106 543	4 070 782
Total capital ratio	15.26%	13.68%
Financial leverage	8.20%	7.06%

27. Off-balance-sheet items

Off-balance sheet liabilities granted	30.09.2018	31.12.2017
Off-balance sheet liabilities granted	11 267 870	12 498 037
Relating to financing	10 237 712	11 253 862
Guarantees	1 030 158	1 244 175
Performance guarantees	241 184	277 904
Financial guarantees	788 974	966 271

28. Transactions with related parties

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

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

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

Parent company	30.09.2018	31.12.2017
Liabilities		
Amounts due to customers	76	76
Provisions	6	6
Total liabilities	82	82

Subsidiaries of the parent company	30.09.2018	31.12.2017
Assets		
Financial assets	598	81 656
measured at fair value through other comprehensive income	0	n/a
measured at fair value through profit or loss	598	n/a
held for trading	0	1 382
available-for-sale	0	80 274
Derivative hedging instruments	362	483
Amounts due from banks	514	247
Loans and advances to customers	0	44
Other assets	0	38
Total assets	1 474	82 468

(in PLN '000)

Subsidiaries of the parent company	30.09.2018	31.12.2017
Liabilities and equity		
Financial liabilities held for trading	374	458
Financial liabilities measured at fair value through profit or loss	374	n/a
Derivative hedging instruments	93	0
Amounts due to customers	278 567	183 763
Provisions	4	4
Other liabilities	651	41
IFRS 9 impact	-1 348	0
Revaluation reserve	478	1 306
Total liabilities	278 819	185 572

Parent company	30.09.2018	31.12.2017
Off-balance sheet liabilities granted to customers	116	15 000
guarantees	116	15 000

Subsidiaries of the parent company	30.09.2018	31.12.2017
Off-balance sheet liabilities granted to customers	0	10 000
guarantees	0	10 000

Joint control by persons related to the Group	30.09.2018	31.12.2017
Assets		
Loans and advances to customers	0	7
Total assets	0	7
Liabilities		
Amounts due to customers	30 840	24 386
Total liabilities	30 840	24 386

Joint control by persons related to the Group	30.09.2018	31.12.2017
Off-balance sheet liabilities granted to customers	0	0
Relating to financing	0	0

Parent company	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017
Interest expense	0	-8
Fee and commission income	9	8 391
Fee and commission expense	-15	0
Net other operating income and expenses	-900	0
General administrative expenses	-2	0
Total	-908	8 383

Subsidiaries of the parent company	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017
Interest income	44	636
Interest expense	-5 389	-3 238
Fee and commission income	4 692	61
Fee and commission expense	-5	-6
The result on financial assets measured at fair value through profit or loss and trading result	-1 142	-2 593
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	1 351	33
Total	-449	-5 107

(in PLN '000)

Subsidiaries of the parent company	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017
Interest expense	-240	-516
Fee and commission income	1	13
Total	-239	-503

Nature of transactions with related parties

All transactions with related parties are conducted in accordance with the regulations relating to banking products, on an arm's length basis.

The interest rates on deposits were within the range of 0% to 2.00%.

Transactions with the State Treasury and related entities

The Financial Supervision Authority in its communication of 6 December 2016 point 5 unanimously recognized the State Treasury of the Republic of Poland as a parent entity of Alior Bank SA within the meaning of art. 4 paragraph 1 point 8 b and Section 14 of the Banking Act stating that it has significant influence over Alior Bank SA through PZU SA.

The table below presents significant transactions with the Treasury and its related entities in accordance with the exception in IAS 24.25.

State Treasury and related entities	30.09.2018	31.12.2017
Financial assets	11 851 991	11 447 187
held for trading	n/a	85 459
available-for-sale	n/a	10 022 542
held to maturity	n/a	1 339 186
measured at fair value through other comprehensive income	72 872	n/a
measured at fair value through profit or loss	6 725 000	n/a
measured at amortized cost	5 054 119	n/a
Amounts due from banks	795	293
Loans and advances to customers	32 500	33 241
Total assets	11 885 286	11 480 721
Financial liabilities	52 211	58 333
held for trading	n/a	58 333
measured at fair value through profit or loss	52 211	n/a
Amounts due to banks	115 200	339 798
Amounts due to customers	1 772 272	1 248 970
Total liabilities	1 939 683	1 647 101

Transactions with the State Treasury and related entities	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017
Interest income	190 034	101 871
Interest expense	-29 615	-12 209
Costs of tax paid	-502 474	-317 176
Total	-342 055	-227 514

29. Transactions and remuneration of members of the management and supervisory bodies

All transactions with members of the management and supervisory bodies were concluded in accordance with the rules and regulations relating to bank products on an arm's length basis.

The table below presents transactions with the members of the management and supervisory bodies

30.09.2018	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	46	0	46
Total assets	46	0	46
Amounts due to customers	4 493	43	4 450
Total liabilities	4 493	43	4 450

(in PLN '000)

30.09.2018	Supervising, managing persons	Supervisory Board	Bank's Management Board
Off-balance sheet liabilities granted to customers	10	0	10
Relating to financing	10	0	10

The total remuneration of the Bank's Supervisory Board members and Management Board members performing their duties from 1 January to 30 September 2018 recognized in the Group's profit and loss account for this period amounted to PLN 6 961 thousand (in the period from 1 January to 30 September 2017 it amounted to PLN 15 931 thousand).
For the members of the Bank's Management Board the cost of remuneration also includes variable remunerations paid in cash.

30. Incentive program for senior executives

Alior Bank SA operates the following incentive programs:
- management option scheme, valid for 2013-2015, in accordance with the Compensation Policy of Variable Remuneration of Persons Holding Management Positions at Alior Bank, this program will be settled by 2020;
- bonus scheme for the Management Board, valid from 2016;
- the annual variable remuneration paid in financial instruments (phantom shares) to managers.
- share subscription program as part of the management option schame at Alior Leasing sp. o.o.

These programs are a continuation of the programs described in Alior Bank's consolidated financial statements dated on 31 December 2017.

31. Legal claims

In the Bank's opinion, no single court, arbitration court or public administration body proceedings in progress during the third quarters of 2018,and none of the proceedings jointly, could pose a threat the Bank's financial liquidity. According to the opinion of the Management Board the significant proceedings are presented below:

- case claimed by a client - limited company for a payment of PLN 102 738 thousand. 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;
- case claimed by a client - limited company for a payment of PLN 17 843 thousand. The claim dated 10 February 2015 was brouhgt orginally against BPH SA. In the Bank's opinion, the claim has no valid factual and legal basis;
- case claimed by a client - a private individual - a representative of a group of 84 private individuals and legal persons to determine the Bank's liability for damage. The suit of 5 March 2018, filed against Alior Bank SA regarding brokerage by the Bank in previous years in offering investment certificates for Fundusz Inwestycje Rolne FIZAN, Lasy Polskie FIZAN, Vivante FIZAN and Inwestycje Selektywny FIZAN. In the Bank's opinion, as at the date of the financial statements, the risk of decisions unfavorable to the Bank and, consequently, material losses is lower than medium at this stage, therefore, as at 30 September 2018, the Bank did not create a provision for the above risk. At the same time, a reliable estimate of the amount of a potential loss in the case of unfavorable court decisions is not possible at this stage.

The value of disputed claims amounted to PLN 237 303 thousand as at the end of the third quarter of 2018 and PLN 220 598 thousand as at the end of 2017.
The value of provisions for disputed claims amounted to PLN 28 412 thousand as at the end of the third quarter of 2018 and PLN 16 024 thousand as at the end of 2017.

32. Purchases and disposals of property, plant and equipment and intangible assets

During the three quarters of 2018 there were no material purchases or disposals of property, plant and equipment or of intangible assets. There are no significant liability for the purchase of property, plant and equipment.

33. Appropriation of the profit for 2017 and information on no dividend payment

On 22 June 2017, the Annual General Shareholders' Meeting of Alior Bank Spółka Akcyjna passed a resolution on distribution of profit for 2017 in the total amount of PLN 538 894 624.58 in the following way:

- cover the undistributed result from previous years (loss), resulting from the final settlement of gain on bargain purchase of a demerged business of Bank BPH in the amount of PLN 43 051 209.19;
- allocate the remaining part of the profit in the amount of PLN 495 844 315.39 to supplementary capital.

None of the Group's entities paid dividends for 2017.

34. Risk management

Risk management is one of the key internal processes in the Alior Bank SA Group. The ultimate goal of the risk management policy is to ensure early recognition and appropriate management of all material risks in the Bank's operations. The Group isolated the following types of risks resulting from the operations conducted:
- market risk, also covering the banking book interest risk and 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 2017 published on 8 March 2018 and available on the Alior Bank SA website.
Since 1 January 2018, the Bank uses the advanced operational risk measurement method (AMA). In connection with the above, 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 concerned, among others property insurance, liability insurance, D&O insurance, third-party liability for agency services providers, public issue of securities, electronic equipment insurance - costs of data recovery, portable media, software, insurance against criminal offenses. 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 Bank's assets and liabilities as at 30 September 2018 (PLN M):

30.09.2018	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	3 516	1 063	2 655	3 820	6 357	9 140	21 238	40 403	88 192
Cash & Nostro	2 219	0	0	0	0	0	0	0	2 219
Amounts due from banks	671	38	0	0	0	104	0	0	813
Securities	1	70	44	32	810	906	5 297	6 017	13 177
Loans and advances to customers	625	955	2 611	3 788	5 547	8 130	15 941	31 900	69 497
Other assets	0	0	0	0	0	0	0	2 486	2 486
LIABILITIES AND EQUITY	-38 380	-6 345	-6 978	-4 583	-2 865	-2 739	-2 112	-8 095	-72 097
Amounts due to banks	-11	-255	-11	-467	-16	-234	-74	-122	-1 190
Amounts due to customers	-38 369	-4 499	-6 760	-3 779	-2 318	-1 066	-327	-50	-57 168
Own issues	0	-100	-207	-337	-531	-1 439	-1 711	-1 247	-5 572
Equity	0	0	0	0	0	0	0	-6 494	-6 494
Other liabilities	0	-1 491	0	0	0	0	0	-182	-1 673
Balance sheet gap	-34 864	-5 282	-4 323	-763	3 492	6 401	19 126	32 308	16 095
Cumulated balance sheet gap	-34 864	-40 146	-44 469	-45 232	-41 740	-35 339	-16 213	16 095	
Derivative instruments – inflows	1 862	5 186	2 130	1 168	396	536	344	43	11 665
Derivative instruments – outflows	-1 862	-5 141	-2 113	-1 168	-396	-538	-357	-43	-11 618
Derivative instruments – net	0	45	17	0	0	-2	-13	0	47
Guarantee and financing lines	11 271	0	0	0	0	0	0	3	11 274
Off-balance sheet gap	11 271	45	17	0	0	-2	-13	3	11 321
Total gap	-23 593	-5 237	-4 306	-763	3 492	6 399	19 113	32 311	27 416
Total cumulated gap	-23 593	-28 830	-33 136	-33 899	-30 407	-24 008	-4 895	27 416	

Specification of maturity/payment dates of contractual flows of the Bank's assets and liabilities as at 31 December 2017 (PLN M):

31.12.2017 Restated	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	6 589	3 561	2 251	2 842	5 595	8 980	22 353	33 330	85 501
Cash & Nostro	1 366	0	0	0	0	0	0	0	1 366
Amounts due from banks	0	332	0	0	0	164	0	0	496
Securities	0	2 045	1	59	208	1 289	6 480	4 898	14 980
Loans and advances to customers	5 223	1 184	2 250	2 783	5 387	7 527	15 873	27 227	67 454
Other assets	0	0	0	0	0	0	0	1 205	1 205
LIABILITIES AND EQUITY	-34 083	-8 250	-6 731	-5 140	-3 876	-1 789	-2 174	-8 192	-70 235
Amounts due to banks	-4	-136	-303	-9	-31	-268	-132	-66	-949
Amounts due to customers	-34 079	-5 594	-6 244	-4 760	-3 151	-303	-195	-65	-54 391
Own issues	0	-100	-184	-371	-694	-1 218	-1 847	-1 280	-5 694
Equity	0	0	0	0	0	0	0	-6 691	-6 691
Other liabilities	0	-2 420	0	0	0	0	0	-90	-2 510
Balance sheet gap	-27 494	-4 689	-4 480	-2 298	1 719	7 191	20 179	25 138	15 266
Cumulated balance sheet gap	-27 494	-32 183	-36 663	-38 961	-37 242	-30 051	-9 872	15 266	
Derivative instruments – inflows	0	5 029	1 593	1 600	701	364	307	43	9 637
Derivative instruments – outflows	0	-5 048	-1 618	-1 588	-707	-363	-324	-42	-9 690
Derivative instruments – net	0	-19	-25	12	-6	1	-17	1	-53
Guarantee and financing lines	-11 711	-8	-32	-108	-200	-113	-6	-321	-12 499
Off-balance sheet gap	-11 711	-27	-57	-96	-206	-112	-23	-320	-12 552
Total gap	-39 205	-4 716	-4 537	-2 394	1 513	7 079	20 156	24 818	2 714
Total cumulated gap	-39 205	-43 921	-48 458	-50 852	-49 339	-42 260	-22 104	2 714	

35. Events significant to the business operations of the Bank's Group

Execution of the 2013, 2014 and 2015 Managerial Options Scheme and increse of the Bank's share capital through a conditional share capital increase

As part of the Management Option Scheme for 2013, 2014 and 2015, in July 2017 the Bank began the process of increasing the share capital of the Bank trough conditional share capital increase by issuing new ordinary bearer shares of D, E and F series amounting to PLN 11 798 750 which are 39.6% of all possible exercisable rights granted to the participants of the Subscription Warrants (nominal value of the program is PLN 29 792 660.00). The new issue is addressed to managers and will be equal to 0.91% of currently issued shares.

On 29 March 2018, the following ordinary bearer shares of the Bank, with a nominal value of PLN 10 (ten zlotys) each and assigned ISIN code "PLNALIOR00045", were registered with the National Depository of Securities (Krajowy Depozyt Papierów Wartościowych SA) :

- 347 296 (three houndred forty seven thousand two hundred ninety six) series D shares;
- 514 178 (five houndred fourteen thousand one hundred seventy eight) series E shares;
- 318 401 (three houndred eighteen thousand four houndred one) series F shares.

On the same day, these shares were introduced by way of an ordinary procedure to trading on the main market.

On 25 May 2018, the District Court for the Capital City of Warsaw, 13th Business Departmen of the National Court Register in Warsaw, registered the increase in the share capital by issuing ordinary shares D, E and F and amending the Bank's Articles of Association.

On 1 June 2018, as part of the implementation of the same program, the Bank began next process of increasing the share capital of the Bank trough conditional share capital increase by issuing new ordinary bearer shares of D series amounting to PLN 600 000 which are 2% of all possible exercisable rights granted to the participants of the Subscription Warrants (nominal value of the program is PLN 29 792 660.00). The new issue is addressed to managers and will be equal to 0.05% of currently issued shares.

On 28 June 2018, the following ordinary bearer shares of the Bank, with a nominal value of PLN 10 each and assigned ISIN code "PLNALIOR00045", were registered with the National Depository of Securities (Krajowy Depozyt Papierów Wartościowych SA :

- 60 000 (sixty thousand) series D shares;

On the same day, these shares were introduced by way of an ordinary procedure to trading on the main market.

On 24 August 2018, the District Court for the Capital City of Warsaw, 13th Business Departmen of the National Court Register in Warsaw, registered the increase in the share capital by issuing ordinary shares D and amending the Bank's Articles of Association.

On 3 September 2018, as part of the implementation of the same program, the Bank began next process of increasing the share capital of the Bank trough conditional share capital increase by issuing new ordinary bearer shares of D and E series amounting to PLN 352 750 which are 1% of all possible exercisable rights granted to the participants of the Subscription Warrants (nominal value of the program is PLN 29 792 660.00). The new issue is addressed to managers and will be equal to 0.03% of currently issued shares.

On 27 September 2018, the following ordinary bearer shares of the Bank, with a nominal value of PLN 10 each and assigned ISIN code "PLNALIOR00045", were registered with the National Depository of Securities (Krajowy Depozyt Papierów Wartościowych SA):

- 32 146 (thirty two thousand one hundred forty six) series D shares;

- 3 129 (three thousand one hundred twenty nine) series E shares.

On the same day, these shares were introduced by way of an ordinary procedure to trading on the main market.

Payment of deferred variable remuneration for 2014 and 2015

On 28 March 2018, the Supervisory Board of Alior Bank SA adopted a resolution on the issue to the members of the Management Board of deferred financial instruments under the Management Options Scheme for 2014 and 2015. Pursuant to § 23 par. 2 point 11 of the Statute of the Bank, in relation to the Policy of variable components of remuneration of persons occupying managerial positions in Alior Bank SA and pursuant to Resolution No. 28/2012 of the Extraordinary General Meeting of Alior Bank SA of 19 October 2012 on the conditional increase of the Bank's share capital and the issue of subscription warrants, the Bank granted consent for the issuance of deferred warrants and the phantom shares assigned to them as a result of the adjustment of the Program in connection with the issue of pre-emptive shares:

- 5 935 series A subscription warrants with a par value of PLN 61.84 and 3 514 phantom shares with a par value of PLN 50.43;
- 17 616 series B subscription warrants with a par value of PLN 64.65 and 9 604 phantom shares with a par value of PLN 52.72;
- 18 175 series C subscription warrants with a par value of PLN 66.06 and 9 202 phantom shares with a par value of PLN 53.87.

Change in shares in the total number of votes

On 19 and 24 April 2018 the Management Board of the Bank received notifications from BlackRock, Inc. about a change in the share in the total number of votes at the General Meeting of the Bank prepared on the basis of ESMA / 2015/1597 standards. In accordance with the received notifications, BlackRock, Inc indirectly holds 7 392 649 votes at the General Meeting of the Bank in the form of 6 898 750 shares of the Bank entitling to 5.29% of votes at the General Meeting and other financial instruments giving a total of 0.38% of votes at the General Meeting of the Bank.

The transaction between entities from the Alior Bank SA's Group

On 26 April 2018, the Bank concluded with its subsidiary Alior Leasing Sp. z o.o. with its registered office in Wrocław, annexes to loan agreements in the current account concluded on 25 March 2016.
As a result of the annexes signed, the Bank's total exposure to Alior Leasing increased to PLN 1 624 830 thousand.

Termination of negotiations with Bank Polska Kasa Opieki SA

On 7 August 2018, the Management Board of the Bank has withdrawn from further negotiations with Pekao relating to the potential merger of both Banks. In the opinion of the Alior Bank's Management Board, the Banks did not reach the agreement on terms and conditions of their merger which would allow to generate potentially the largest additional value for Alior Bank's shareholders.

36. Significant events after the end of the reporting period

On 30 October 2018, the Management Board of Alior Bank convened the Extraordinary General Meeting of the Bank on 26 November 2018, at 10.00 a.m. The proposed agenda including adoption of the resolutions to change of the Articles of Association of Alior Bank SA and resolution on granting consent for the disposal and purchase by the Bank of financial assets classified as fixed assets and for the acquisition and disposal of shares in connection with the Bank's operating activities.

On 6 November 2018, the Management Board of Alior Bank adopted a resolution on the issuance not more than 10 000 L series ordinary bearer bonds of the nominal value of PLN 10 000 each and the total nominal value not higher than PLN 100 000 000. The bond issue date will be 30 November 2018.

37. Financial forecast

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

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

In addition to the current operating activities of the Bank and the Bank's Group companies, in the fourth quarter of 2018 no other events are expected that could significantly affect the result of this period.

Interim condensed separate
financial statements
of Alior Bank Spółka Akcyjna
for the third quarter of 2018

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.

Contents

Interim condensed separate financial statements (in PLN '000)

Interim condensed separate income statement

	01.07.2018 - 30.09.2018	01.01.2018 - 30.09.2018	01.07.2017 - 30.09.2017 Restated*	01.01.2017 -30.09.2017 Restated*
Interest income	953 555	2 809 028	901 022	2 656 265
Income of a similar nature	38 463	125 716	n/a	n/a
Interest expense	-213 047	-650 406	-174 675	-548 065
Net interest income	778 971	2 284 338	726 347	2 108 200
Dividend income	7 371	7 465	25	27
Fee and commission income	196 565	571 252	194 217	577 172
Fee and commission expense	-100 573	-276 478	-101 408	-266 715
Net fee and commission income	95 992	294 774	92 809	310 457
The result on financial assets measured at fair value through profit or loss and trading result	99 947	284 806	88 685	244 307
Net gain (realized) on other financial instruments	n/a	n/a	814	1 980
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	9 674	44 728	n/a	n/a
measured at fair value through other comprehensive income	7 320	39 432	n/a	n/a
measured at amortized cost	2 354	5 296	n/a	n/a
Other operating income	13 545	72 356	21 603	73 584
Other operating expenses	-35 645	-81 573	-22 217	-54 665
Net other operating income and expenses	-22 100	-9 217	-614	18 919
General administrative expenses	-387 668	-1 238 325	-385 995	-1 364 319
Net expected credit losses, impairment allowances and write-downs	-264 714	-743 298	-208 742	-673 272
Banking tax	-52 270	-155 171	-50 647	-149 375
Gross profit	265 203	770 100	262 682	496 924
Income tax	-76 314	-216 570	-79 562	-143 852
Net profit	188 889	553 530	183 120	353 072
Weighted average number of ordinary shares	130 518 716	129 856 463	129 259 802	129 258 450
Net profit per share	1,45	4,26	1,42	2,73
Diluted profit per ordinary share	1,43	4,22	1,39	2,68

. * *Details in note 3*

Interim condensed consolidated statement of comprehensive income

	01.07.2018 - 30.09.2018	01.01.2018 - 30.09.2018	01.07.2017 - 30.09.2017 Restated*	01.01.2017 – 30.09.2017 Restated*
Net profit	188 889	553 530	183 120	353 072
Items that may be reclassified to the income statement after certain conditions are satisfied	-17 111	21 940	34 853	75 206
Foreign currency translation differences	224	-600	-52	25
Results of the measurement of financial assets (net)	-11 402	9 458	30 912	65 495
Profit/loss on fair valuation of available for sale financial assets	n/a	n/a	37 517	79 887
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	-14 076	12 054	n/a	n/a
Deferred tax	2 674	-2 596	-6 605	-14 392
Results of the measurement of hedging instruments (net)	-5 933	13 082	3 993	9 686
Gains/losses on hedging instruments	-7 325	16 150	4 767	11 411
Deferred tax	1 392	-3 068	-774	-1 725
Total comprehensive income, net	171 778	575 470	217 973	428 278

. * *Details in note 3*

The notes presented on pages 61-66 constitute an integral part of these interim condensed separate financial statements

Interim condensed separate financial statements (in PLN '000)

Interim condensed separate statement of financial position

ASSETS	30.09.2018	31.12.2017 Restated*	01.01.2017 Restated*
Cash and balances with the Central Bank	2 189 297	965 391	1 082 991
Amounts due from banks	842 907	898 977	1 364 226
Financial assets:	12 121 684	13 642 769	9 796 151
measured at fair value through other comprehensive income	6 743 698	n/a	n/a
measured at fair value through profit or loss	655 410	n/a	n/a
measured at amortized cost	4 722 576	n/a	n/a
available-for-sale	n/a	12 072 324	9 374 646
held to maturity	n/a	1 117 894	1 954
held for trading	n/a	452 551	419 551
Derivative hedging instruments	51 940	87 785	71 684
Loans and advances to customers	53 472 457	51 244 093	46 248 623
Assets pledged as collateral	341 511	408 911	366 984
Property, plant and equipment	442 593	466 958	483 520
Intangible assets	504 779	510 106	480 913
Investments in subsidiaries	146 681	102 025	72 359
Non-current assets held for sale	181	357	679
Income tax asset	830 586	552 961	540 750
Deferred	830 586	552 961	540 750
Other assets	315 672	524 047	662 095
TOTAL ASSETS	71 260 288	69 404 380	61 170 975

LIABILITIES AND EQUITY	30.09.2018	31.12.2017 Restated*	01.01.2017 Restated*
Amounts due to banks	516 768	743 911	381 235
Amounts due to customers	60 121 297	57 698 144	51 420 275
Financial liabilities	514 831	435 878	298 314
held for trading	n/a	435 878	298 314
measured at fair value through profit or loss	514 831	n/a	n/a
Derivative hedging instruments	4 064	5 419	6 119
Provisions	195 801	90 433	286 791
Other liabilities	1 260 790	1 647 583	1 427 757
Income tax liabilities	151 851	133 659	32 697
Current	151 851	133 659	32 697
Subordinated loans	1 926 110	1 914 976	1 164 794
Total liabilities	64 691 512	62 670 003	55 017 982
Share capital	1 305 187	1 292 636	1 292 578
Supplementary capital	5 380 995	4 817 331	4 184 953
Revaluation reserve	47 113	13 944	-71 615
Other reserves	187 084	184 894	184 894
Foreign currency translation differences	-6	594	-22
Accumulated losses	-905 127	-69 870	-26 819
Profit for the year	553 530	494 848	589 024
Equity	6 568 776	6 734 377	6 152 993
TOTAL LIABILITIES AND EQUITY	71 260 288	69 404 380	61 170 975

. ** Details in note 3*

The notes presented on pages 61-66 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate financial statements (in PLN '000)

Interim condensed separate statement of changes in equity

01.01.2018 - 30.09.2018	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
01 January 2018 **	1 292 636	4 817 331	184 894	13 944	594	424 978	6 734 377
Impact of IFRS 9 and other changes*	0	0	0	10 629	0	-834 261	-823 632
Transfer of the previous year result	0	495 844	0	0	0	-495 844	0
Comprehensive income	0	0	0	22 540	-600	553 530	575 470
net profit	0	0	0	0	0	553 530	553 530
other comprehensive income – valuations	0	0	0	22 540	-600	0	21 940
inc. measured at fair value through other comprehensive income	0	0	0	9 458	0	0	9 458
inc. hedging derivatives	0	0	0	13 082	0	0	13 082
inc. currency translation differences	0	0	0	0	-600	0	-600
Share issue	12 551	67 820	2 190	0	0	0	82 561
30 September 2018	1 305 187	5 380 995	187 084	47 113	-6	-351 597	6 568 776

Details in Note 2.2

01.01.2017- 31.12.2017 Restated**	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
1 January 2017	1 292 578	4 184 953	184 894	-71 615	-22	589 024	6 179 812
Impact of correction of errors	0	0	0	0	0	-26 819	-26 819
1 January 2017 after adjustments	1 292 578	4 184 953	184 894	-71 615	-22	562 205	6 152 993
Transfer of the previous year result	0	632 075	0	0	0	-632 075	0
Comprehensive income	0	0	0	85 559	616	494 848	581 023
net profit	0	0	0	0	0	494 848	494 848
other comprehensive income-valuation	0	0	0	85 559	616	0	86 175
incl. assets available to sale	0	0	0	85 861	0	0	85 861
incl.hedging instruments	0	0	0	-302	0	0	-302
incl.currency translation differences	0	0	0	0	616	0	616
Share issue	58	303	0	0	0	0	361
31 December 2017	1 292 636	4 817 331	184 894	13 944	594	424 978	6 734 377

01.01.2017- 30.09.2017 Restated **	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
1 January 2017	1 292 578	4 184 953	184 894	-71 615	-22	589 024	6 179 812
Impact of correction of errors	0	0	0	0	0	-26 819	-26 819
1 January 2017 after adjustments	1 292 578	4 184 953	184 894	-71 615	-22	562 205	6 152 993
Transfer of the previous year result	0	632 075	0	0	0	-632 075	0
Comprehensive income	0	0	0	75 181	25	353 072	428 278
net profit	0	0	0	0	0	353 072	353 072
other comprehensive income-valuation	0	0	0	75 181	25	0	75 206
incl. assets available to sale	0	0	0	65 495	0	0	65 495
incl.hedging instruments	0	0	0	9 686	0	0	9 686
incl.currency translation differences	0	0	0	0	25	0	25
Share issue	0	303	58	0	0	0	361
30 September 2017	1 292 578	4 817 331	184 952	3 566	3	283 202	6 581 632

*** Details in note 3*

The notes presented on pages 61-66 constitute an integral part of these interim condensed separate financial statements

Interim condensed separate financial statements (in PLN '000)

Interim condensed separate statement of cash flows

	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017 Restated*
Operating activities		
Profit before tax for the year	770 100	496 924
Adjustments:	135 556	167 180
Unrealized foreign exchange gains/losses	1 544	4 991
Amortization/depreciation of tangible and intangible assets	130 845	146 511
Change in impairment loss of tangible fixed and intangible assets	3 167	15 620
Share-based payments	0	58
Gross profit after adjustments and before changing balances	905 656	664 104
Change in loans and receivables	-3 006 291	-3 423 854
Change in financial assets measured at fair value through other comprehensive income	2 906 158	n/a
Change in financial assets measured at fair value through profit or loss	-164 290	n/a
Change in financial assets measured at amortized cost	-1 219 104	n/a
Change in financial assets available for sale	n/a	494 538
Change in investment securities held to maturity	n/a	1 954
Change in financial assets held for trading	n/a	-61 153
Change in assets pledged as collateral	67 400	-194 831
Change in hedging asset derivatives	35 845	-3 439
Change in non-current assets held for sale	176	245
Change in other assets	208 375	-100 449
Change in deposits	2 264 356	3 034 614
Change in issued debt	-123 273	371 375
Change in financial liabilities held for trading	78 953	105 681
Change in hedging liabilities derivative	-1 355	-1 406
Change in other liabilities and other comprehensive income	-352 622	58 857
Change in provisions	105 368	-164 405
Net cash flow from operating activities before income tax	1 705 352	781 831
Income tax paid	-287 312	52 191
Net cash flow from operating activities	1 418 040	834 022
Investing activities		
Outflows:	-150 907	-201 896
Purchase of property, plant and equipment	-52 249	-100 345
Purchase of intangible assets	-54 002	-71 885
Investments in subsidiaries	-44 656	-29 666
Inflows:	7 893	38 877
Dividend received	7 465	27
Disposal of tangible fixed assets	428	38 850
Net cash flow from investing activities	-143 014	-163 019
Financing activities		
Outflows:	-70 184	-43 909
Interest expense – subordinated loan	-70 184	-43 909
Inflows:	12 551	0
Inflows from share issue	12 551	0
Net cash flow from financing activities	-57 633	-43 909
Total net cash flow	1 217 393	627 094
incl. exchange gains/(losses)	19 841	-60 813
Balance sheet change in cash and cash equivalents	1 217 393	627 094
Cash and cash equivalents, opening balance	1 611 714	1 707 153
Cash and cash equivalents, closing balance	2 829 107	2 334 247
Additional disclosures on operating cash flows		
Interests received	3 132 113	2 415 118
Interests paid	-686 718	-509 493

** Details in note 3*

The notes presented on pages 61-66 constitute an integral part of these interim condensed consolidated financial statements.

1. Basis for preparation

Scope and reporting currency

The interim condensed separate financial statements of Alior Bank SA compise data concerning the Bank and cover the period of nine months ended on 30 September 2018 and contain comparative data for the period of nine months ended 30 Septembe 2017 (with respect to the separate income statement, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows) and comparative data as at 31 December 2017 (with respect to the separate statement of financial position). The condensed interim separate financial statements have been prepared in Polish zlotys. Unless otherwise stated, amounts are presented in thousands of zlotys.

Statement of compliance

These interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the third quarter of 2018 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate statement of changes in equity and interim condensed separate statement of cash flows for the financial period from 1 January 2018 to 30 September 2018, and interim condensed separate statement of financial position as at 30 September 2018 including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the preparation of the last annual financial statements, except for the changes in the standards that entered into force on 1 January 2018.

Going concern

The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 30 September 2018.

As at the date of approval of these interim condensed consolidated financial statements, the Bank's Management Board is not aware of any circumstances that would have a material adverse effect on the Bank's operations for any reasons.

2. Accounting principles

The accounting principles are presented in detail in the annual financial statements of Alior Bank SA for the period from 1 January to 31 December 2017, published on 8 March 2018 and available on the Alior Banku SA website. Changes in accounting principles effective from 1 January 2018 were presented in the interim condensed consolidated financial statements in Note 2.2.

3. Restatement of comparative data and explanation of differences in relation to previously published financial statements

- Correction of the error regarding Corporate Tax for years 2012-2017

In 2018, the Bank corrected its Corporate Income Tax returns for years 2012-2017 due to mistakenly excluding of the accrued not-received interest as of the day of writing-off from its tax reconciliation for these years, which resulted in the understatement of the tax base. Simultaneously, the part of interest on off-balance sheet receivables was incorrectly recognized as positive temporary difference and included in the deferred tax liability. In consequence, an adjustment to the Bank's financial statements was recognized as the difference to retained earnings as of 31 December 2017 and by restating the comparative data. The below table presents the breakdown of the correction impact together with penalty interest in the respective years:

Interim condensed separate financial statements (in PLN '000)

Corrected period	Correction of income tax	Amount of interest on tax arrears
2012	2 190	0
2013	3 644	128
2014	1 270	350
2015	5 517	407
2016	60	758
2017	1 645	1 186
Total	14 326	2 829

The impact of the correction described above on the comparative data is:
Equity as at 31.12.2017 r. -17 155 thousand PLN
Net profit for 3Q of 2017 +2 716 thousand PLN

- Correction of the recognition of the result on structured products

The Bank changed the method of fair value measurement of options embedded in the structured products issued by the bank (Bank Securities – BS). Previously, embedded options were measured based on parameters not derived from an active market. Currently, the Bank uses parameters from the interbank market, on which the bank concludes reverse transactions, securing options built into BS. The Bank also changed the method of recognizing costs and revenues related to the distribution of BS. Under the previous methodolody, the incremental costs were similar in amount to the distribution fee and therefore the costs and the fee were recognized at the time the transaction was concluded. The Bank reviewed the incremental costs, as a result of which their level was reduced, therefore the Bank is currently gecognising both revenues from the distribution fee and incremental costs over time up to the maturity date of the BS.
The impact of the correction described above on the comparative data is:
Equity as at 31.12.2017 PLN -34 446 thousand
Net profit for 3Q of 2017 PLN -19 084 thousand

- Correction of the recognition BFG's cost in the form of liability to pay as a blockage of securities in previous year

In connection with the amendment of the Bank Guarantee Fund Act from 2017 and the regulation of the Minister of Development and Finance of 10 March 2017 on the transfer in the form of liability to pay contributions to the Bank Guarantee Fund, Alior Bank using §4 of this Regulation, settles (30% of due fee) with BFG in the form of a liability to pay, as a blockage of securities.
After receiving, on 2 March 2017 and 20 April 2017, letters from the BFG specifying the amount of contributions to the Deposit Guarantee Fund and the Forced Restructuring Fund, the Bank used incorrectly accounted for that part using current principles of blocking securities related to the Fund for the Protection of Guaranteed Funds and therefore did not recognize it as a liability in the profit and loss statement. Pursuant to IAS 37 and IFRIC 21, the obligation to pay in the form of blocking securities, like the remaining part of the BFG contribution, should be recognized as a cost of the current period. Therefore, the Bank made a retrospective adjustment by recognizing the obligation to pay in the form of blocking securities for 2017 as the cost of 2017 and by redtating the comparative data.

Interim condensed separate financial statements (in PLN '000)

	Due fee	Fee paid	Liability to pay
1Q 2017	41 150	28 805	12 345
2Q 2017	11 373	7 961	3 412
3Q 2017	11 218	11 218	0
4Q 2017	11 692	8 184	3 508
Total	75 433	56 168	19 265

The impact of the correction described above on the comparative data is:

Equity as at 31.12.2017 PLN -19 265 thousand

Net profit for 3Q of 2017 PLN -15 757 thousand

The impact of the above adjustments on the comparative data presented in these financial statements is presented in the tables below.

Statement of financial position	01.01.2017	Adjustments	01.01.2017 Restated
Income tax asset	532 570	8 180	540 750
Total assets	61 162 795	8 180	61 170 975
Amounts due to customers	51 404 848	15 427	51 420 275
Income tax liabilities	13 125	19 572	32 697
Total liabilities	54 982 983	34 999	55 017 982
Accumulated losses	0	-26 819	-26 819
Total equity	6 179 812	-26 819	6 152 993

Statement of financial position	31.12.2017	Adjustments	31.12.2017 Restated
Income tax asset	530 759	22 202	552 961
Total assets	69 382 178	22 202	69 404 380
Amounts due to customers	57 655 618	42 526	57 698 144
Other liabilities	1 628 318	19 265	1 647 583
Income tax liabilities	102 382	31 277	133 659
Total liabilities	62 576 935	93 068	62 670 003
Accumulated losses	-43 051	-26 819	-69 870
Profit for the period	538 895	-44 047	494 848
Total equity	6 805 243	-70 866	6 734 377

Income statement	01.01.2017 - 30.09.2017	Adjustments	01.01.2017 -30.09.2017 Restated
Net interest income	2 098 562	9 638	2 108 200
Net fee and commission income	328 036	-17 579	310 457
The result on financial assets measured at fair value through profit or loss and trading result	268 597	-24 290	244 307
General administrative expenses	-1 357 233	-7 086	-1 364 319
Net other operating income and expenses	19 783	-864	18 919
Gross profit	537 105	-40 181	496 924
Income tax	-151 908	8 056	-143 852
Net profit	385 197	-32 125	353 072

Interim condensed separate financial statements (in PLN '000)

Statement of cash flows	01.01.2017-30.09.2017	Adjustments	01.01.2017 –30.09.2017 Restated
Profit before tax	537 105	-40 181	496 924
Change in other liabilities and other comprehensive income	18 676	40 181	58 857

Statement of changes in equity	30.09.2017	Adjustments	30.09.2017 Restated
Equity at the beginning of the period	6 179 812	-26 819	6 152 993
Accumulated losses	-43 051	-26 819	-69 870
Profit for the period	385 197	-32 125	353 072
Equity at the end of the period	6 640 576	-58 944	6 581 632

Statement of changes in equity	31.12.2017	Adjustments	31.12.2017 Restated
Equity at the beginning of the period	6 179 812	-26 819	6 152 993
Accumulated losses	-43 051	-26 819	-69 870
Profit for the period	538 895	-44 047	494 848
Equity at the end of the period	6 805 243	-70 866	6 734 377

Profit per share	30.09.2017	Adjustments	30.09.2017 Restated
Net profit	385 197	-32 125	353 072
Net profit per share	2,98	-0,25	2,73
Diluted profit per ordinary share	2,92	-0,24	2,68

4. Changes in presentation

In relation to the published interim separate financial statements as of 30 June 2018 in this report the presentation of the result on sales of receivables was changed in order to better reflect the economic character of those transactions.

Income statement	01.01.2018 - 30.06.2018 Presented	Change	01.01.2018 – 30.06.2018 Restated
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	61 368	-26 314	35 054
measured at amortized cost	29 256	-26 314	2 942
Net expected credit losses ,impairment allowances and write-downs	-504 898	26 314	-478 584

5. Off-balance-sheet items

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

Interim condensed separate financial statements (in PLN '000)

6. Transactions with related parties

Related-party transactions are described in Note 28 to the interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group, with the exception of transactions with subsidiaries presented below:

Name of company	30.09.2018	31.12.2017
Alior Services sp. z o.o.	100%	100%
Centrum Obrotu Wierzytelnościami sp. z o.o.in liquidation	100%	100%
Alior Leasing sp. z o.o.	100%	100%
- Serwis Ubezpieczeniowy sp. z o.o.	*100%*	*100%*
Meritum Services ICB SA	100%	100%
NewCommerce Services sp. z o.o.	100%	100%
Money Makers TFI SA/Alior TFI SA	100%	60.16%
Absource sp. z o.o.	100%	100%

Subsidiaries	30.09.2018	31.12.2017
Assets		
Loans and advances to customers	1 388 389	1 025 491
Other assets	11 552	4 540
Total assets	1 399 941	1 030 031
Liabilities		
Amounts due to customers	50 706	55 778
Provisions	111	212
Other liabilities	7 175	2 426
Total liabilties	57 992	58 416

Subsidiaries	30.09.2018	31.12.2017
Off-balance sheet liabilities granted to customers	328 004	248 789
Relating to financing	150 848	75 801
Guarantees	177 156	172 988

Subsidiaries	01.01.2018 – 30.09.2018	01.01.2017 – 30.09.2017
Interest income	30 333	14 661
Interest expense	-78	-20
Dividend income	7 322	0
Fee and commission income	2 978	5 172
Fee and commission expense	-258	0
Other operating income	381	83
Other operating expenses	0	-1
General administrative expenses	-4 522	-4 146
Net expected credit losses, impairment charges and write-downs	6 782	-131
Total	42 938	15 618

7. Significant events after the end of the reporting period

Significant events after the end of the reporting period are described in Note 36 to the interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group.