



**Financial report
of the Alior Bank Spółka Akcyjna Group
for the first half of 2023**

Selected financial data concerning the financial statements

PLN	01.01.2023 - 30.06.2023	01.01.2022 - 31.12.2022	01.01.2022 - 30.06.2022	%
				(A-B)/B
	A		B	C
Net interest income	2 263 941	3 559 871	1 834 112	23.4%
Net fee and commission income	424 712	796 069	411 277	3.3%
Trading result & other	26 078	25 639	47 570	-45.2%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans	-400 798	-1 085 324	-503 154	-20.3%
General administrative expenses	-996 448	-1 997 508	-1 084 459	-8.1%
Gross profit	1 186 370	1 036 024	575 265	106.2%
Net profit	871 851	683 111	385 384	126.2%
Net cash flow	583 458	-1 179 248	1 176 833	-50.4%
Loans and advances to customers	58 390 232	57 609 876	58 271 811	0.2%
Amounts due to customers	70 706 437	70 776 809	70 741 117	0.0%
Equity	7 685 383	6 169 865	5 321 017	44.4%
Total assets	83 527 488	82 877 172	84 223 458	-0.8%
Selected ratios				
Profit per ordinary share (PLN)	6.68	5.23	2.95	126.2%
Capital adequacy ratio*	15.11%	16.23%	13.99%	8.0%
Tier 1*	14.16%	15.01%	12.63%	12.1%

EUR	01.01.2023 - 30.06.2023	01.01.2022 - 31.12.2022	01.01.2022 - 30.06.2022	%
				(A-B)/B
	A		B	C
Net interest income	490 774	759 310	395 053	24.2%
Net fee and commission income	92 069	169 799	88 586	3.9%
Trading result & other	5 653	5 469	10 246	-44.8%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans	-86 884	-231 496	-108 375	-19.8%
General administrative expenses	-216 009	-426 062	-233 584	-7.5%
Gross profit	257 180	220 981	123 907	107.6%
Net profit	188 999	145 705	83 009	127.7%
Net cash flow	126 481	-251 530	253 480	-50.1%
Loans and advances to customers	13 120 516	12 283 818	12 449 646	5.4%
Amounts due to customers	15 888 016	15 091 326	15 113 686	5.1%
Equity	1 726 936	1 315 564	1 136 824	51.9%
Total assets	18 768 957	17 671 416	17 994 158	4.3%
Selected ratios				
Profit per ordinary share (PLN)	1.45	1.12	0.64	126.6%
Capital adequacy ratio*	15.11%	16.23%	13.99%	8.0%
Tier 1*	14.16%	15.01%	12.63%	12.1%

*Restated - Note 33

Selected items of the financial statements were translated into EUR at the following exchange rates	30.06.2023	31.12.2022	30.06.2022
NBP's average exchange rate as at the end of the period	4.4503	4.6899	4.6806
NBP's average exchange rates as at the last day of each month	4.6130	4.6883	4.6427

Selected financial indicators

	30.06.2023	30.06.2022	(A-B) [pp]	(A-B)/B [%]
	A	B		
ROE	25.4%	13.8%	11.60	84.06%
ROA	2.1%	0.9%	1.18	128.26%
C/I	36.7%	47.3%	-10.60	-22.41%
CoR	1.28%	1.39%	-0.11	-7.91%
L/D	82.6%	82.4%	0.20	0.24%
NPL	9.45%	10.70%	-1.25	-11.68%
NPL coverage	53.08%	55.81%	-2.73	-4.89%
TCR	15.11%	13.99%	1.12	8.01%
TIER 1	14.16%	12.63%	1.53	12.11%



**Interim condensed consolidated
financial statements
of the Alior Bank Spółka Akcyjna Group
for 6-month period ended 30 June 2023**

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

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Interim condensed consolidated income statement

	Note	01.04.2023- 30.06.2023	01.01.2023- 30.06.2023	01.04.2022- 30.06.2022	01.01.2022- 30.06.2022*
Interest income calculated using the effective interest method		1 689 055	3 350 534	1 265 009	2 232 154
Income of a similar nature		145 571	293 892	84 482	163 100
Interest expense		-673 747	-1 380 485	-377 730	-561 142
Net interest income	4	1 160 879	2 263 941	971 761	1 834 112
Fee and commission income		466 660	887 019	432 416	803 835
Fee and commission expense		-250 499	-462 307	-211 816	-392 558
Net fee and commission income	5	216 161	424 712	220 600	411 277
Dividend income		46	93	152	291
The result on financial assets measured at fair value through profit or loss and FX result	6	6 253	19 577	-3 901	33 894
The result on derecognition of financial instruments not measured at fair value through profit or loss	7	1 544	3 765	1 194	1 484
measured at fair value through other comprehensive income		1 439	3 507	994	1 212
measured at amortized cost		105	258	200	272
Other operating income		31 556	60 259	30 456	61 992
Other operating expenses		-31 315	-57 616	-20 470	-50 091
Net other operating income and expenses	8	241	2 643	9 986	11 901
General administrative expenses	9	-489 598	-996 448	-591 445	-1 084 459
Net expected credit losses	10	-147 672	-394 813	-229 937	-438 493
The result on impairment of non-financial assets	11	-2 951	-3 199	-9 322	-40 223
Cost of legal risk of FX mortgage loans	12	-2 280	-2 786	-1 241	-24 438
Banking tax	13	-65 128	-131 115	-65 966	-130 081
Gross profit		677 495	1 186 370	301 881	575 265
Income tax	14	-171 428	-314 519	-85 667	-189 881
Net profit		506 067	871 851	216 214	385 384
Net profit attributable to equity holders of the parent		506 067	871 851	216 214	385 384
Weighted average number of ordinary shares		130 553 991	130 553 991	130 553 991	130 553 991
Basic/diluted net profit per share (PLN)	15	3.88	6.68	1.66	2.95

*Restated - Note 2.3

Interim condensed consolidated statement of comprehensive income

	01.04.2023- 30.06.2023	01.01.2023- 30.06.2023	01.04.2022- 30.06.2022	01.01.2022- 30.06.2022
Net profit	506 067	871 851	216 214	385 384
Items that may be reclassified to the income statement after certain conditions are satisfied	270 803	644 030	-474 872	-983 569
Foreign currency translation differences	1 329	1 085	-257	-192
Results of the measurement of financial assets (net)	17 138	109 782	-93 270	-172 323
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	21 153	135 546	-115 145	-214 755
Deferred tax	-4 015	-25 764	21 875	42 432
Results on the measurement of hedging instruments (net)	252 336	533 163	-381 345	-811 054
Gains/losses on hedging instruments	311 526	658 226	-470 796	-1 001 301
Deferred tax	-59 190	-125 063	89 451	190 247
Total comprehensive income. net	776 870	1 515 881	-258 658	-598 185
- attributable to shareholders of the parent company	776 870	1 515 881	-258 658	-598 185

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

Interim condensed consolidated statement of financial position

ASSETS	Note	30.06.2023	31.12.2022
Cash and cash equivalents	16	3 167 601	2 584 143
Amounts due from banks	17	1 452 772	2 373 663
Investment financial assets	18	17 203 728	17 015 100
measured at fair value through other comprehensive income		12 534 412	9 895 998
measured at fair value through profit or loss		443 725	437 260
measured at amortized cost		4 225 591	6 681 842
Derivative hedging instruments		260 544	178 139
Loans and advances to customers	19	58 390 232	57 609 876
Assets pledged as collateral	21	46 530	40 992
Property, plant and equipment		712 885	744 443
Intangible assets		388 363	391 058
Non-current assets held for sale		0	1 611
Income tax asset	14	1 188 923	1 417 183
deferred income tax asset		1 955	1 205
current income tax asset		1 186 968	1 415 978
Other assets	20	715 910	520 964
TOTAL ASSETS		83 527 488	82 877 172

LIABILITIES AND EQUITY	Note	30.06.2023	31.12.2022
Amounts due to banks	22	229 922	270 431
Amounts due to customers	23	70 706 437	70 776 809
Financial liabilities	26	251 975	255 994
Derivative hedging instruments		1 083 976	1 678 933
Provisions	24	228 891	267 947
Other liabilities	25	2 017 029	2 044 232
Income tax liabilities		161 158	249 086
current income tax liabilities		159 054	246 997
deferred income tax liabilities		2 104	2 089
Subordinated liabilities	27	1 162 717	1 163 875
Total liabilities		75 842 105	76 707 307
Share capital		1 305 540	1 305 540
Supplementary capital		6 026 336	5 407 101
Revaluation reserve		-696 488	-1 339 433
Other reserves		161 792	161 792
Foreign currency translation differences		1 368	283
Accumulated losses		14 984	-48 529
Profit for the period		871 851	683 111
Equity		7 685 383	6 169 865
TOTAL LIABILITIES AND EQUITY		83 527 488	82 877 172

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

Interim condensed consolidated statement of changes in consolidated equity

01.01.2023 - 30.06.2023	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2023	1 305 540	5 407 101	161 792	-1 339 433	283	634 582	6 169 865
Transfer of last year's profit	0	619 235	0	0	0	-619 235	0
Comprehensive income	0	0	0	642 945	1 085	871 851	1 515 881
net profit	0	0	0	0	0	871 851	871 851
other comprehensive income – valuations	0	0	0	642 945	1 085	0	644 030
incl. financial assets measured at fair value through other comprehensive income	0	0	0	109 782	0	0	109 782
incl. hedging instruments	0	0	0	533 163	0	0	533 163
incl. currency translation differences	0	0	0	0	1 085	0	1 085
Other changes in equity	0	0	0	0	0	-363	-363
At 31 June 2023	1 305 540	6 026 336	161 792	-696 488	1 368	886 835	7 685 383

01.01.2022 - 31.12.2022	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2022	1 305 540	5 403 849	161 788	-906 659	-43	-45 273	5 919 202
Transfer of last year's profit	0	3 252	0	0	0	-3 252	0
Comprehensive income	0	0	0	-432 774	326	683 111	250 663
net profit	0	0	0	0	0	683 111	683 111
other comprehensive income – valuations	0	0	0	-432 774	326	0	-432 448
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-141 372	0	0	-141 372
incl. hedging instruments	0	0	0	-291 402	0	0	-291 402
incl. currency translation differences	0	0	0	0	326	0	326
Other changes in equity	0	0	4	0	0	-4	0
At 31 December 2022	1 305 540	5 407 101	161 792	-1 339 433	283	634 582	6 169 865

01.01.2022 - 30.06.2022	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2022	1 305 540	5 403 849	161 788	-906 659	-43	-45 273	5 919 202
Transfer of last year's profit	0	3 029	0	0	0	-3 029	0
Comprehensive income	0	0	0	-983 377	-192	385 384	-598 185
net profit	0	0	0	0	0	385 384	385 384
other comprehensive income – valuations	0	0	0	-983 377	-192	0	-983 569
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-172 323	0	0	-172 323
incl. hedging instruments	0	0	0	-811 054	0	0	-811 054
incl. currency translation differences	0	0	0	0	-192	0	-192
Other changes in equity	0	0	4	0	0	-4	0
At 31 June 2022	1 305 540	5 406 878	161 792	-1 890 036	-235	337 078	5 321 017

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

Interim condensed consolidated statement of cash flows

	01.01.2023- 30.06.2023	01.01.2022- 30.06.2022*
Operating activities		
Profit before tax for the period	1 186 370	575 265
Adjustments:	136 538	156 134
Unrealized foreign exchange gains/losses	1 085	-192
Amortization/depreciation of property, plant and equipment and intangible assets	132 272	116 312
Change in property, plant and equipment and intangible assets impairment write-down	3 199	40 223
Dividends	-93	-291
Short-term lease contracts	75	82
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	1 322 908	731 399
Change in loans and receivables	140 535	-1 228 044
Change in financial assets measured at fair value through other comprehensive income	-2 512 940	1 556 346
Change in financial assets measured at fair value through profit or loss	-6 465	-202 515
Change in assets pledged as collateral	-46 530	-588 211
Change in non-current assets held for sale	1 611	0
Change in other assets	-194 946	-67 454
Change in deposits	-904 696	-2 048 313
Change in own issue	784 914	-43 547
Change in financial liabilities	-4 019	259 955
Change in hedging derivative	-19 136	112 657
Change in other liabilities	108 107	2 593 290
Change in provisions	-39 056	-24 307
Cash from operating activities before income tax	-1 369 713	1 051 256
Income tax paid	-295 171	-53 105
Net cash flow from operating activities	-1 664 884	998 150
Investing activities		
Outflows:	-104 947	-80 291
Purchase of property, plant and equipment	-42 769	-52 288
Purchase of intangible assets	-35 339	-19 067
Purchase of assets measured at amortized cost	-26 839	-8 936
Inflows:	2 461 092	527 864
Disposal of property, plant and equipment	14 075	14 002
Disposal of assets measured at amortized cost	2 447 017	513 862
Net cash flow from investing activities	2 356 145	447 574
Financing activities		
Outflows:	-107 803	-268 891
Principle payments - subordinated liabilities	0	-195 459
Interest payments - subordinated liabilities	-58 131	-26 849
Principle payments - lease liabilities	-45 067	-44 639
Interest payments - lease liabilities	-4 605	-1 945
Inflows:	0	0
Net cash flow from financing activities	-107 803	-268 891
Total net cash flow	583 458	1 176 833
incl. exchange gains/(losses)	-76 179	59 146
Balance sheet change in cash and cash equivalents	583 458	1 176 833
Cash and cash equivalents, opening balance	2 584 143	3 763 391
Cash and cash equivalents, closing balance	3 167 601	4 940 224
Additional disclosures on operating cash flows		
Interests received	3 458 919	2 130 620
Interests paid	-1 328 334	-359 847

*Restated - Note 2.3

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

Notes to the interim condensed consolidated financial statements

1 Information about the Bank and the Group

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

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

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

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

1.2 Shareholders of Alior Bank Spółka Akcyjna

There was change in the ownership structure of significant shareholdings in Bank starting from the of submission date of the previous periodic report, i.e. from 26 April 2023.

As at 30 June 2023, the shareholders holding 5% or more of the overall number of votes at the General Meeting were as follows:

Shareholder	Number of shares	Nominal value of shares [PLN]	Percentage in the share capital	Number of votes	Number of votes in the total number of votes
30.06.2023					
PZU SA Group*	41 658 850	416 588 500	31.91%	41 658 850	31.91%
Nationale-Nederlanden OFE**	12 358 517	123 585 170	9.47%	12 358 517	9.47%
Allianz OFE**	11 526 440	115 264 400	8.83%	11 526 440	8.83%
Generali OFE**	7 297 721	72 977 210	5.59%	7 297 721	5.59%
Other shareholders	57 712 463	577 124 630	44.20%	57 712 463	44.20%
Total	130 553 991	1 305 539 910	100%	130 553 991	100%

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

** Based on the published reports as at 30 June 2023 on the composition of OFE portfolios and reports for 2022 on the composition of DFE portfolios

As at the preparation date of this report, i.e. on 1 August 2023, according to the information available to Alior Bank SA, the shareholders holding 5% or more of the overall number of votes at the General Meeting were as follows:

Shareholder	Number of shares	Nominal value of shares [PLN]	Percentage in the share capital	Number of votes	Number of votes in the total number of votes
01.08.2023					

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
PZU SA Group*	41 658 850	416 588 500	31.91%	41 658 850	31.91%
Nationale-Nederlanden OFE**	12 358 517	123 585 170	9.47%	12 358 517	9.47%
Allianz OFE**	11 526 440	115 264 400	8.83%	11 526 440	8.83%
Generali OFE***	7 253 721	72 537 210	5.56%	7 253 721	5.56%
Other shareholders	57 756 463	577 564 630	44.23%	57 756 463	44.23%
Total	130 553 991	1 305 539 910	100%	130 553 991	100%

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

** Based on the published reports as at 30 June 2023 on the composition of OFE portfolios and reports for 2022 on the composition of DFE portfolios

*** Based on notification received.

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

As at the day of preparing this financial statement in comparison to the annual reporting period ended on 31 December 2022, there were changes in the composition of the Bank's Management Board changed.

On 3 April 2023, the Bank's Supervisory Board appointed with effect from 4 April 2023, Mr. Paweł Broniewski to the composition of the Management Board of the Bank for the current three-year joint V-term of the office of the Bank's Management Board, which started as of 30 June 2020, to the function of Vice-Presidents of the Bank's Management Board.

On 28 April 2023, the Polish Financial Supervision Authority expressed unanimously consent to entrust Mr. Tomasz Miklas the function of the Member of the Management Board of Alior Bank S.A. supervising the management of significant risk in Alior Bank's activity.

As at 30 June 2023 and as at the date of preparation of this financial statements the composition of the Bank's Management Board was as follows:

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

At the end of the reporting period, i.e. 30 June 2023 and as at the date of publication of the report, Mr. Tomasz Miklas - Member of the Management Board of the Bank holds 147 shares of the Bank, other members of the Management Board did not hold shares of Alior Bank.

In comparison to the annual reporting period ended on 31 December 2022, there were no changes in the composition of the Bank's Supervisory Board.

As at 30 June 2023 and as at the date of preparation of this financial statements the composition of the Bank's Supervisory Board was as follows:

First and last name	Function
Filip Majdowski	Chairman of the Supervisory Board

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

In accordance with the Bank's best knowledge there was no change in the number of shares held by the Members of Supervisory Board starting from the date of preparation of the annual financial statements, ie from 2 March 2023. As of 30 June 2023, and as at the date of preparation of financial statements, Members of the Supervisory Board of Alior Bank SA did not hold any shares in the Bank.

1.4 Information about the Alior Bank Group

Alior Bank SA is the parent company of the Alior Bank Spółka Akcyjna Group. The composition of the Group as at 30 June 2023 and as at the date of preparation date of financial statements was as follows:

Company's name - subsidiaries	01.08.2023	30.06.2023	31.12.2022
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- AL Finance sp. z o.o.	100%	100%	100%
Meritum Services ICB SA	100%	100%	100%
Alior TFI SA	100%	100%	100%
Absource sp. z o.o.	100%	100%	100%
Corsham sp. z o.o.	100%	100%	100%
RBL_VC sp. z o.o.	100%	100%	100%
RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna	100%	100%	100%

1.5 Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved by the Bank's Management Board on 1 August 2023.

1.6 Seasonal or cyclical nature of operations

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

2 Accounting principles

2.1 Basis for preparation

Statement of compliance

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the 6-month period ended 30 June 2023 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and in accordance with the requirements set out in the Regulation of the Minister of Finance of 29 of March 2018 on current and

periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should therefore be read together with the consolidated financial statements of the Alior Bank Spółka Akcyjna Group for 2022.

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 2023 to 30 June 2023 and interim condensed consolidated statement of financial position as at 30 June 2023 including the comparatives have been prepared in accordance with the same accounting policies as those applied in the preparation of the annual financial statements ended 31 December 2022, except for the changes in the standards that entered into force on 1 January 2023 and changes in accounting policies described in Note 2.2.

Scope and reporting currency

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

Going concern

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group have been prepared on the assumption that the entities within the Group will continue as going concerns in the foreseeable future, not less than 12 months from the balance sheet date i.e. after 30 June 2023.

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

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

2.2 Accounting principles

2.2.1 Relevant estimates

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

Recognition of bancassurance income

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

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

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

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

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

Impairment of loans, expected credit losses

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

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

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

The estimated losses expected are based on:

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

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

Non-current assets impairment

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

Investment financial assets

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

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

The Group constantly monitors the value of the estimated amount of expected payments resulting from prepayments of consumer loans made before the judgment date of Court of Justice of the European Union ('CJEU') of 11 September 2019 in case C-383/18 (so-called Lexitor case). The basis for updating the value of the estimate is the inclusion in the calculation of the historically observed trend of the amount of loan cost reimbursements from the customers' instructions incoming to the Bank.

Provision for legal risk related to the FX indexed loan portfolio

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

The costs of legal risk constituting an adjustment to the gross carrying amount were estimated taking into account a number of assumptions, including the Group's assumption of an increase in the market scale of claims, e.g. in connection with the position of the Advocate General of the CJEU published on 16 February 2023 and the judgment of the CJEU of 15 June 2023. The costs of legal risk as at 31.12.2022 took into account the position of the Advocate General of the CJEU published on 16.02.2023, therefore the judgment of the CJEU of 15.06.2023 did not change the Bank's estimate as at 30.06.2023.

These costs were estimated on the basis of:

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

Credit vacation

On 14 July 2022, the act of 7 July 2022 on crowdfunding for business ventures and assistance to borrowers was signed by the President of the Republic of Poland. This law regulates the three main issues outlined below. Pursuant to Art. 73 of this Act, the Bank is obliged, at the borrower's request, to suspend the repayment of the mortgage loan granted in the Polish currency, with the exception of loans indexed or denominated in a currency other than the Polish currency. The suspension of loan repayment applies only to one agreement concluded to satisfy one's own housing needs.

During the period of suspension of the loan repayment, the borrower is not obliged to make payments under the loan agreement, except for insurance fees related to this agreement.

In connection with the above, as at the date of signing the Act, based on IFRS 9 5.4.3, Alior Bank recalculated the gross carrying amount of loan exposures based on the present value of expected cash flows modified based on the provisions of the Act (i.e. taking into account the possibility of suspending the repayment of loan installments in time frame while extending the loan period), discounted at the original effective interest rate. The modification loss was recognized in the financial result as a reduction of interest income.

As at 31 December 2022, the Group recognized a loss on modification in the amount of PLN 502 million.

At each balance sheet date, the Group updates the estimate of future cash flows, taking into account the estimated size of the loan portfolio that may benefit from the holidays and the number of installments that can be used.

During the first half of 2023, the Group verified the previous estimates and recognized an additional cost related to the modification of loan agreements in the amount of PLN 11 million (for an additional approx. 6% of the portfolio, which will benefit from an average of approx. 2 months of credit holidays). Thus, the total loss on modification estimated on the basis of the participation ratio - the portfolio using credit vacation in the amount of 75%, amounts to PLN 513 million in total.

Actuarial provision

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

Fair value measurement rules

The principles for the fair value measurement of derivatives and non-quoted debt securities measured at fair value are presented in Note 29 – Fair value and have not changed from the principles presented in the financial statements prepared as at 31 December 2022.

Hedge accounting

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

2.2.2 Significant accounting policies

Detailed accounting policies were presented in the annual consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the year ended 31 December 2022 published on Alior Bank's website on 3 March 2023.

2.2.3 Changes in accounting standards

In these interim condensed consolidated financial statements, the same accounting standards have been applied as in the case of annual consolidated financial statements for the year 2022 and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 1 January 2023 mentioned below:

Change	Impact on the Group's report
IFRS 17 Insurance contracts and amendments to IFRS 17- first application and IFRS 9 - comparative information	It replaces IFRS 4 "Insurance Agreements" which enabled the continuation of recognition of insurance contracts in accordance with the accounting principles in force in national standards, and as a result meant the use of many different solutions. IFRS 17 introduces a requirement for consistent recognition of all insurance contracts. Contractual obligations will be recognized in current values instead of historical cost. IFRS 17 and amendments to IFRS 17 will not have a significant impact on the Group's financial statements.
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting	Clarify how accounting policies and accounting estimates relate to each other, by explaining that accounting estimates are used in applying accounting policies. The change will not have a significant impact on the Group's financial statements.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	Require entities to disclose their material accounting policies rather than their significant accounting policies. The change will not have a significant impact on the Group's financial statements.
Amendments to IAS 12 Income Taxes: Deferred Tax relating to assets and liabilities arising from a single transaction	The amendments clarifies the accounting rules for income tax and the possible exclusion from the recognition of deferred tax. The introduced amendment specifies that this exclusion does not apply to lease transactions and the recognition of a liability resulting from the liquidation of an asset, i.e. transactions for which an asset and a liability are recognized simultaneously. The change will not have a significant impact on the Group's financial statements.

Standards and interpretations that have been issued but are not yet effective because they have not been approved by the European Union or have been approved by the European Union but have not been previously applied by the Group, were presented in the annual consolidated financial statements of the Group for 2022. In the first half of 2023, below changes to the accounting standards were published.

Change	Impact on the Group's report
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)	<p>The Amendments aims at enhancing the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.</p> <p>The Amendments complement the disclosure requirements set out in the Agenda Decision Supply Chain Financing Arrangements - Reverse Factoring published in December 2020 by the IFRS Interpretations Committee and require a company to disclose:</p> <ul style="list-style-type: none"> • the terms and conditions; • the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet: • range of payment due dates; and • liquidity risk information. <p>The Amendments will become effective for annual reporting periods beginning on or after 1 January 2024 and will not have a significant impact on the Group's financial statements.</p>
Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules	<p>The proposals in ED introduced a temporary exception to the requirements in IAS 12 to recognise and disclose information about deferred tax assets and liabilities arising from the Organisation for Economic Co-operation and Development's (OECD) Pillar Two Model Rules. The change will not have a significant impact on the Group's financial statements.</p>

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

Compared to the consolidated financial statements prepared as at 30 June 2022, the Group changed:

1. the way of presenting certain items of the cash flow statement:

Change 1

Changes in derivatives hedging both assets and liabilities are presented jointly.

Change 2

Changes in fair value measurements recognized in other comprehensive income were excluded from changes in individual assets and liabilities.

Change 3

Change in assets measured at amortized cost was transferred to investing activities.

Position	Published 30.06.2022	chnage 1	change 2	change 3	Total changes	Restated 31.06.2022
Change in financial assets measured at fair value through other comprehensive income	1 777 009	0	-220 663	0	-220 663	1 556 346
Change in financial assets measured at amortised cost	1 954 006	0	0	-1 954 006	-1 954 006	0
Change in derivative hedging assets	-69 324	69 324	0	0	69 324	0
Change in hedging liabilities derivative	1 183 282	-1 183 282	0	0	-1 183 282	0
Change in hedging derivatives	0	1 113 958	-1 001 301	0	112 657	112 657
Change in assets pledged as collateral	-2 009 536	0	0	1 421 325	1 421 325	-588 211
Change in other liabilities	1 343 571	0	1 221 964	27 755	1 249 719	2 593 290
Total net cash flows from operating activities - decrease	4 179 008	0	0	-504 926	-504 926	3 674 082

Position	Published 30.06.2022	change 1	change 2	change 3	Total changes	Restated 31.06.2022
Acquisition of assets measured at amortized cost	0	0	0	-8 936	-8 936	-8 936
Disposal of assets measured at amortized cost	0	0	0	513 862	513 862	513 862
Total net cash flows from investing activities - increase	0	0	0	504 926	504 926	504 926

2. the place of presenting interest on leases:

Group moved them from position Interest income calculated using the effective interest method to position Income of a similar nature

	Published 30.06.2022	Change	Restated 30.06.2022
Interest income calculated using the effective interest method	2 362 609	-130 455	2 232 154
Income of a similar nature	32 645	130 455	163 100

3 Operating segments

Segment description

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

Banking operations cover three core business segments:

- retail segment,
- corporate segment,
- treasury activities.

The core products for retail client segment are as follows:

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

The core products for corporate customers are as follows:

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

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

- net interest income including internal transfer rates of funds between the bank's units and the Bank's Treasury Department,
- fee and commission income,

- income from treasury transactions and FX transactions by customers,
- other operating income and expenses.

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

The income from the corporate segment also covers income from a car loan portfolio.

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

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

	Retail customers	Corporate customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	1 281 164	870 037	112 740	2 263 941	0	2 263 941
external income	1 824 776	841 806	683 952	3 350 534	0	3 350 534
income of a similar nature	0	211 918	81 974	293 892	0	293 892
external expense	-543 612	-183 687	-653 186	-1 380 485	0	-1 380 485
Internal interest income	94 074	-266 167	172 093	0	0	0
internal income	1 305 114	493 561	1 970 768	3 769 443	0	3 769 443
internal expense	-1 211 040	-759 728	-1 798 675	-3 769 443	0	-3 769 443
Net interest income	1 375 238	603 870	284 833	2 263 941	0	2 263 941
Fee and commission income	229 677	637 782	19 560	887 019	0	887 019
Fee and commission expense	-98 397	-359 881	-4 029	-462 307	0	-462 307
Net fee and commission income	131 280	277 901	15 531	424 712	0	424 712
Dividend income	0	0	93	93	0	93
The result on financial assets measured at fair value through profit or loss and FX result	5	16 170	3 402	19 577	0	19 577
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	3 765	3 765	0	3 765
measured at fair value through other comprehensive income	0	0	3 507	3 507	0	3 507
measured at amortized cost	0	0	258	258	0	258
Other operating income	39 974	20 285	0	60 259	0	60 259
Other operating expenses	-44 202	-13 414	0	-57 616	0	-57 616
Net other operating income	-4 228	6 871	0	2 643	0	2 643
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	1 502 295	904 812	307 624	2 714 731	0	2 714 731
Net expected credit losses	-233 566	-161 247	0	-394 813	0	-394 813
The result on impairment of non-financial assets	-733	-2 466	0	-3 199	0	-3 199
Cost of legal risk of FX mortgage loans	-2 786	0	0	-2 786	0	-2 786
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	1 265 210	741 099	307 624	2 313 933	0	2 313 933
General administrative expenses	-802 842	-324 721	0	-1 127 563	0	-1 127 563
Gross profit	462 368	416 378	307 624	1 186 370	0	1 186 370
Income tax	0	0	0	0	-314 519	-314 519
Net profit	462 368	416 378	307 624	1 186 370	-314 519	871 851
Assets	52 888 700	29 449 865	0	82 338 565	1 188 923	83 527 488
Liabilities	52 929 194	22 751 753	0	75 680 947	161 158	75 842 105

Results and volumes split by segment for the six months ended 30 June 2022

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	1 270 294	638 047	-74 229	1 834 112	0	1 834 112
external income	1 411 723	567 248	253 183	2 232 154	0	2 232 154
income of a similar nature	0	130 455	32 645	163 100	0	163 100
external expense	-141 429	-59 656	-360 057	-561 142	0	-561 142
Internal interest income	135 569	-89 158	-46 411	0	0	0
internal income	865 796	340 065	1 159 450	2 365 311	0	2 365 311
internal expense	-730 227	-429 223	-1 205 861	-2 365 311	0	-2 365 311
Net interest income	1 405 863	548 889	-120 640	1 834 112	0	1 834 112
Fee and commission income	239 811	575 348	-11 324	803 835	0	803 835
Fee and commission expense	-95 182	-293 510	-3 866	-392 558	0	-392 558
Net fee and commission income	144 629	281 838	-15 190	411 277	0	411 277
Dividend income	0	0	291	291	0	291
The result on financial assets measured at fair value through profit or loss and FX result	278	17 493	16 123	33 894	0	33 894
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	1 484	1 484	0	1 484
measured at fair value through other comprehensive income	0	0	1 212	1 212	0	1 212
measured at amortized cost	0	0	272	272	0	272
Other operating income	47 952	14 040	0	61 992	0	61 992
Other operating expenses	-39 101	-10 990	0	-50 091	0	-50 091
Net other operating income	8 851	3 050	0	11 901	0	11 901
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	1 559 621	851 270	-117 932	2 292 959	0	2 292 959
Net expected credit losses	-230 591	-207 902	0	-438 493	0	-438 493
The result on impairment of non-financial assets	-30 901	0	0	-30 901	-9 322	-40 223
Cost of legal risk of FX mortgage loans	-24 438	0	0	-24 438	0	-24 438
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	1 273 691	643 368	-117 932	1 799 127	-9 322	1 789 805
General administrative expenses	-875 303	-339 237	0	-1 214 540	0	-1 214 540
Gross profit	398 388	304 131	-117 932	584 587	-9 322	575 265
Income tax	0	0	0	0	-189 881	-189 881
Net profit	398 388	304 131	-117 932	584 587	-199 203	385 384
Assets	54 182 803	28 517 099	0	82 699 902	1 523 556	84 223 458
Liabilities	55 495 277	23 279 599	0	78 774 876	127 565	78 902 441

Notes to the interim condensed consolidated income statement

4 Net interest income

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
Interest income calculated using the effective interest method	1 689 055	3 350 534	1 265 009	2 232 154
term deposits	5 376	7 271	356	418
Loans, incl:	1 320 428	2 609 054	1 082 449	1 942 227

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
<i>modification of a financial asset deemed not significant</i>	-2 116	-15 596	-1 702	-2 527
financial assets measured at amortized cost	47 129	100 519	24 894	41 851
financial assets measured at fair value through other comprehensive income	197 655	407 819	78 960	135 099
receivables acquired	7 914	14 996	5 217	8 810
repo transactions in securities	21 289	31 780	6 616	9 272
current accounts	50 237	98 294	30 422	39 625
overnight deposits	2 253	5 138	1 288	1 650
other	36 774	75 663	34 807	53 202
Income of a similar nature	145 571	293 892	84 482	163 100
leasing	105 334	211 918	74 497	130 455
derivatives instruments	40 237	81 974	9 985	32 645
Interest expense	-673 747	-1 380 485	-377 730	-561 142
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-325 276	-650 434	-122 042	-174 460
term deposits	-258 235	-523 936	-67 509	-94 095
own issue	-36 771	-71 202	-22 574	-36 816
repo transactions in securities	-24 186	-43 447	-28 475	-37 088
cash deposits	-960	-1 834	-1 483	-2 699
leasing	-2 429	-4 605	-998	-1 945
other	-2 695	-5 410	-1 003	-1 817
Other interest expense	-348 471	-730 051	-255 688	-386 682
current deposits	-93 501	-205 411	-67 037	-108 779
derivatives	-254 970	-524 640	-188 651	-277 903
Net interest income	1 160 879	2 263 941	971 761	1 834 112

5 Net fee and commission income

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
Fee and commission income	466 660	887 019	432 416	803 835
payment and credit cards service	197 690	367 529	167 863	300 952
transaction margin on currency exchange transactions	100 470	183 621	88 089	155 018
maintaining bank accounts	24 325	48 049	31 414	60 685
brokerage commissions	12 510	25 337	14 370	30 420
revenue from bancassurance activity	27 104	51 925	24 656	49 948
loans and advances	40 203	78 500	40 415	78 179
transfers	14 582	28 858	14 086	27 459
cash operations	8 764	17 001	8 959	16 970
guarantees, letters of credit, collection, commitments	2 788	5 388	3 949	6 754
receivables acquired	1 395	2 569	1 007	1 918
for custody services	2 238	4 089	2 076	4 235
repayment of seizure	1 908	3 794	1 733	3 288
from leasing activities	21 672	43 597	19 442	39 617
other commissions	11 011	26 762	14 357	28 392
Fee and commission expenses	-250 499	-462 307	-211 816	-392 558
costs of card and ATM transactions, including costs of cards issued	-198 446	-360 368	-160 030	-286 743
commissions paid to agents	-13 088	-25 213	-15 992	-31 695
insurance of bank products	-3 121	-6 302	-3 339	-6 868
costs of awards for customers	-5 659	-12 571	-4 374	-8 663
commissions for access to ATMs	-6 623	-13 374	-6 901	-12 588
commissions paid under contracts for performing specific operations	-6 080	-11 747	-4 468	-12 962

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
brokerage commissions	-1 325	-2 260	-1 887	-3 396
for custody services	-847	-2 125	-714	-1 449
transfers and remittances	-6 802	-12 481	-5 802	-11 801
other commissions	-8 508	-15 866	-8 309	-16 393
Net fee and commission income	216 161	424 712	220 600	411 277

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

01.01.2022 - 30.06.2022	Retail customers	Business customers	Treasury	Total
Fee and commission income	239 811	575 348	-11 324	803 835
payment and credit cards service	50 578	250 374	0	300 952
transaction margin on currency exchange transactions	81 516	87 234	-13 732	155 018
maintaining bank accounts	21 940	38 731	14	60 685
brokerage commissions	30 420	0	0	30 420
revenue from bancassurance activity	21 609	28 339	0	49 948
loans and advances	12 053	66 126	0	78 179
transfers	8 527	18 919	13	27 459
cash operations	7 675	9 295	0	16 970
guarantees, letters of credit, collection, commitments	0	6 754	0	6 754
receivables acquired	0	1 918	0	1 918
custody services	0	4 235	0	4 235
repayment of seizure	0	3 288	0	3 288
from leasing activities	0	39 617	0	39 617
other commissions	5 493	20 518	2 381	28 392

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

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
FX result and net income on currency derivatives, including;	-3 536	-632	-5 745	18 249
fx result	-15 784	48 089	-229 306	-399 709
currency derivatives	12 248	-48 721	223 561	417 958
Interest rate transactions	2 266	7 139	7 920	21 148
Ineffective part of hedge accounting	3 097	4 253	2 551	38
The result on other instruments (includes the result on trading in securities classified as assets measured at fair value through profit and loss with interest)	4 426	8 817	-8 627	-5 541
The result on financial assets measured at fair value through profit or loss and FX result	6 253	19 577	-3 901	33 894

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

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
Financial assets measured at fair value through other comprehensive income	1 439	3 507	994	1 212
Financial assets measured at amortized cost	105	258	200	272
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	1 544	3 765	1 194	1 484

8 Result on other operating income and expense

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
Other operating income from:	31 556	60 259	30 456	61 992
income from contracts with business partners	1 674	3 774	5 758	15 777
reimbursement of costs of claim enforcement	10 886	19 866	10 131	15 908
received compensations, recoveries, penalties and fines	381	650	290	589
management of third-party assets	7 096	12 576	5 999	11 307
from license fees from Partners	758	1 541	1 009	2 003
due to VAT settlement	1	653	0	1 786
reversal of impairment losses on other assets	1 118	2 058	226	1 119
other	9 642	19 141	7 043	13 503
Other operating expenses due to:	-31 315	-57 616	-20 470	-50 091
reimbursement of credit cost (TSUE provision)	-126	-126	1 053	-7 639
fees and costs of claim enforcement	-12 571	-26 618	-11 312	-24 776
paid compensations, fines, and penalties	-1 487	-2 057	-603	-1 231
management of third-party assets	-299	-599	-314	-636
recognition of complaints	-632	-1 553	-626	-1 142
impairment losses on other assets	-2 337	-6 686	-4 784	-6 390
due to VAT settlement	1	-58	0	-4
other	-13 864	-19 919	-3 884	-8 273
Net other operating income and expense	241	2 643	9 986	11 901

9 General administrative expenses

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
Payroll costs	-272 607	-533 884	-234 898	-471 376
remuneration due to employment contracts	-224 308	-438 325	-190 687	-389 031
remuneration surcharges	-43 449	-86 619	-41 214	-76 645
costs of bonus for senior executives settled in phantom shares	-1 508	-2 009	-339	-1 006
other	-3 342	-6 931	-2 658	-4 694
General and administrative costs	-142 025	-315 333	-290 483	-482 855
lease and building maintenance expenses	-25 535	-53 172	-18 486	-36 422
costs of Banking Guarantee Fund	-1 372	-58 872	0	-96 955
costs of the protection scheme – assistance fund	0	0	-195 486	-195 486
IT costs	-40 649	-76 970	-34 199	-66 282
marketing costs	-16 493	-30 745	-18 524	-29 511
cost of advisory services	-4 611	-7 669	-3 446	-6 814
external services	-7 198	-14 732	-6 538	-13 123
training costs	-2 853	-6 644	-2 496	-2 810
costs of telecommunications services	-6 185	-11 301	-7 092	-13 072
costs of lease of property, plant and equipment and intangible assets	-33	-75	-23	-82
other	-37 096	-55 153	-4 193	-22 298
Amortization and depreciation	-67 591	-132 272	-58 893	-116 312
property, plant and equipment	-21 908	-42 847	-17 259	-35 007
intangible assets	-21 889	-41 496	-18 666	-35 256
right to use the asset	-23 794	-47 929	-22 968	-46 049
Taxes and fees	-7 375	-14 959	-7 171	-13 916
Total general administrative expenses	-489 598	-996 448	-591 445	-1 084 459

10 Net expected credit losses

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
Expected credit losses Stage 3	-202 810	-512 491	-272 146	-485 892
retail customers	-121 946	-281 982	-110 731	-218 998
business customers	-80 864	-230 509	-161 415	-266 894
Expected credit losses Stage 1 and 2(ECL)	27 121	28 458	-5 128	-14 336
Stage 2	44 190	50 473	-10 872	-24 615
retail customers	22 025	24 536	-24 064	-32 108
business customers	22 165	25 937	13 192	7 493
Stage 1	-17 069	-22 015	5 744	10 279
retail customers	-6 374	-10 728	6 668	8 186
business customers	-10 695	-11 287	-924	2 093
POCI	-43 978	-58 295	-50	-3 128
Recoveries from off-balance sheet	69 543	89 661	39 300	56 641
Investment securities	7 468	7 065	88	387
Off-balance provisions	-5 016	50 789	7 999	7 835
Net expected credit losses	-147 672	-394 813	-229 937	-438 493

11 The result on impairment of non-financial assets

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
Property, plant and equipment and intangible assets	-2 951	-3 199	-9 322	-40 223
Total	-2 951	-3 199	-9 322	-40 223

12 Cost of legal risk of FX mortgage loans

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	-2 280	-2 431	-426	-22 209
Provisions	0	-355	-814	-2 228
Total	-2 280	-2 786	-1 241	-24 438

13 Banking Tax

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

14 Income tax

14.1 Tax charge disclosed in the profit and loss account

	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Current tax	236 564	178 454
Deferred income tax	77 955	11 427
Accounting tax recognized in the income statement	314 519	189 881

14.2 Effective tax rate calculation

	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Gross profit	1 186 370	575 265
Income tax at 19%	225 410	109 300
Non-tax-deductible expenses (tax effect)	84 188	76 304
Impairment losses on loans not deductible for tax purposes	30 890	19 212
Prudential fee to BGF	11 186	18 421
Tax on Certain Financial Institutions	24 912	24 715
Cost of legal risk of FX mortgage loans	529	4 643

	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Other	16 671	9 313
Non-taxable income (tax effect)	58	-2 635
Recognition of tax loss	0	-260
Other	4 863	7 172
Accounting tax recognized in the income statement	314 519	189 881
Effective tax rate	26.51%	33.01%

15 Profit per share

	01.04.2023 - 30.06.2023	01.01.2023 - 30.06.2023	01.04.2022 - 30.06.2022	01.01.2022 - 30.06.2022
Net profit	506 067	871 851	216 214	385 384
Weighted average number of ordinary shares	130 553 991	130 553 991	130 553 991	130 553 991
Basic/diluted net profit per share (PLN)	3.88	6.68	1.66	2.95

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

Pursuant to IAS 33, diluted earnings per share are calculated based on the ratio of the profit attributable to the Bank's shareholders to the weighted average number of ordinary shares, adjusted as if all dilutive potential ordinary shares were converted into shares. As at 30 June 2023 and 30 June 2022, the Group did not have dilutive instruments.

Notes to the interim condensed consolidated statement of financial position

16 Cash and cash equivalents

16.1 Financial data

	30.06.2023	31.12.2022
Current account with the central bank	885 047	865 742
Overnight	51 569	128 468
Cash	502 902	849 575
Current accounts in other banks	1 482 020	706 796
Term deposits in other banks	246 063	33 562
Cash and balances with central bank	3 167 601	2 584 143

17 Amounts due from banks

17.1 Financial data

Structure by type	30.06.2023	31.12.2022
Reverse Repo	21 774	184 097
Deposits as derivative transactions (ISDA) collateral	1 341 595	2 057 094
Other	89 403	132 472
Amounts due from banks	1 452 772	2 373 663

18 Investment financial assets

18.1 Financial data

	30.06.2023	31.12.2022
Financial assets	17 203 728	17 015 100
measured at fair value through other comprehensive income	12 534 412	9 895 998
measured at fair value through profit or loss	443 725	437 260
measured at amortized cost	4 225 591	6 681 842

18.2 Investment financial assets by type

measured at fair value through other comprehensive income	30.06.2023	31.12.2022
Debt instruments	12 431 179	9 802 840
issued by the State Treasury	11 859 100	7 864 154
T-bonds	9 242 151	7 806 138
T-bills	2 616 949	58 016
issued by monetary institutions	572 030	1 889 093
eurobonds	17 784	18 728
money bills	0	1 349 494
bonds	554 246	520 871
issued by companies	49	49 593
bonds	49	49 593
Equity instruments	103 233	93 158
Total	12 534 412	9 895 998

measured at fair value through profit or loss	30.06.2023	31.12.2022
Debt instruments	88 583	12 597
issued by the State Treasury	88 561	4 590
T-bonds	88 561	4 590
issued by other financial institutions	4	4
bonds	4	4
issued by companies	18	8 003
bonds	18	8 003
Equity instruments	41 255	58 846
Derivative financial instruments	313 887	365 817
Interest rate transactions	194 631	242 925
SWAP	189 406	240 228
Cap Floor Options	3 649	2 697
FRA	1 576	0
Foreign exchange transactions	114 340	117 460
FX Swap	33 105	3 837
FX forward	45 157	50 762
CIRS	30 018	56 550
FX options	6 060	6 311
Other options	2 853	529
Other instruments	2 063	4 903
Total	443 725	437 260

measured at amortized cost	30.06.2023	31.12.2022
Debt instruments	4 225 591	6 681 842
issued by the State Treasury	3 697 093	6 158 857
T-bonds	2 981 017	5 180 926
T-bills	716 076	977 931
issued by other financial companies	528 498	522 985
bonds	528 498	522 985
Total	4 225 591	6 681 842

19 Loans and advances to customers

19.1 Accounting principles

During 2023, the Group did not change the rules and methodology for classifying loan exposures and estimating provisions for expected credit losses. The applied rules are the same as those described in the annual financial statements.

Rules for classifying exposures covered by key statutory customer support instruments

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

- Borrowers Support Fund,
- moratoriums available to customers who have lost their source of income,
- payment moratoria for PLN mortgage portfolios.

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

Mortgage exposures covered by payment moratoriums are subject to general classification rules, where the use of moratoriums does not meet the conditions of the facility offered due to the worsened financial situation, as it is not a criterion for using the instrument. During periods of suspension of maturity, the Group suspends the calculation of arrears/overdue, returning to the continuation of the calculation at the end of the suspension period.

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

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

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

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

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

In terms of the of the retail client segment, the share in the portfolio of clients with the citizenship of Ukrainian, Russian, Belarusian fluctuates around 2.1%. These are clients living and earning income in Poland. The Group continues intensive portfolio monitoring, but does not identify any significant threats in this respect.

In terms of the corporate customer segment, the Group identifies a portfolio exposed to the effects of escalation of military operations in Ukraine based on addresses (headquarters, correspondence, residences), information from individual monitoring, and a significant share of inflows / transfers from / to countries involved in the armed conflict. In this population, the Group identifies clients with an exposure of approximately PLN 76 million. The monitoring results indicate that the deterioration of the quality and the increase in the risk of debt servicing is insignificant.

Effects of the pandemic

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

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

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

In particular, with regard to the methodology used for the PD parameter the Group continues:

- for the retail client segment, the use of the methodology for assessing the impact of changes in financial burdens as a result of an increase interest rates at risk of default,
- for the corporate client segment, the use of industry models enabling the simulation of the client's rating, supplemented with up-to-date information on changes in the macroeconomic environment, taking into account the increase in financing costs and energy prices.

The experience of the first months of operation in an environment of rising interest rates shows that:

- the dynamics and pace of changes (increases) in interest rates were higher than the Group's original projections, at the same time,
- the transmission of the rising interest rates to the deterioration of clients' debt servicing capacity was much lower than originally assumed.

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

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

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

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

As regards the collateral included in the valuation of credit exposure impairment, the Group takes into account the risk of negative future macroeconomic factors affecting the collateral value and applies an

additional haircut over the current market valuations and estimated recovery rates reflecting the economic recoverability of collateral.

As at 30 June 2023, the effects of the high interest rate environment and the war in Ukraine had no significant impact on the deterioration of the quality of loan portfolios. In the FLI component, the Group takes into account the expected development trajectory of the above phenomena and the target impact on the quality of the portfolio. At the same time, the Group considers the risk of uncertainty and volatility in both phenomena to be significant.

19.3 Quality and structure of the loan portfolio

Key credit portfolio quality indicators as at 30 June 2023

As at 30 June 2023, despite the negative macroeconomic environment and geopolitical situation, the Group did not observe a negative impact on the quality of the loan portfolio. The share of 30-day overdue loans in the regular portfolio as at 30 June 2023 was 0.57% compared to 0.63 % as at 31 December 2022.

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

- insignificant, in the first period of the environment of rising interest rates, a negative transmission on the ability to service debt,
- insignificant impact on the quality of the loan portfolio of the initial phase of the armed conflict in Ukraine,
- the scale of support clients receive in terms of payment moratoriums and the borrowers' support fund.

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

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

As at 30 June 2023, the level of write-downs for exposures classified to Stage 1 and Stage 2 is approx. PLN 1.2 billion and remains stable compared to the level maintained as at 31 December 2022. The key credit parameters of the regular portfolio are presented below (non-default):

Date	DPD 30+*	PD	LGD	Stage 2 share in the regular portfolio	Coverage of regular portfolio write-offs
31.12.2022	0.6%	3.87%	31.3%	13.5%	2.2%
30.06.2023	0.6%	3.77%	31.10%	13.5%	2.1%

*according to the EBA definition

As at 30 June 2023 and 31 December 2022, the structure of the portfolio with evidence of impairment, together with the structure of the recoverable amount of collateral, was as follows (in MPLN):

Date	Individual portfolio			collective portfolio		
	exposure value	% of collateral coverage*	% coverage with write-offs	exposure value	% of collateral coverage*	% coverage with write-offs
31.12.2022	2 270	49%	50%	3 622	25%	59%
30.06.2023	2 024	48%	52%	3 666	27%	56%

*expressed at the economic recoverable amount

Sensitivity of results to variability of assumptions

The Group assumes 3 scenarios of the future macroeconomic situation:

- base, with the probability of 50% implementation (where the GDP growth rate at the end of subsequent years is 0.5% y/y, 2.6% y/y and 3.9% respectively in the period 2023-2025, and the NBP base rate is respectively 6.75%, 5.25% and 4.25%),
- negative, with the probability of 25% implementation (where the GDP growth rate at the end of subsequent years in the period 2023-2025 is -1.5% y/y, 1.1% y/y and 2.3%, respectively, and the NBP base rate respectively 8.0%, 6.5% and 6.25%),
- optimistic, with the probability of 25% implementation (where the GDP growth rate at the end of subsequent years is 2.3% y/y, 3.9% y/y and 4.9% respectively in the period 2023-2025, and the NBP base rate is respectively 5.0%, 3.5% and 3.5%).

developed internally by the Macroeconomic Analysis Department.

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

Changing the probability of scenarios	Difference in the share of Stage 2 in the regular portfolio	Impact on expected credit losses due to*		
		PD	Regular Portfolio LGD	Default Portfolio LGD
Change in expected credit losses in the case of the negative scenario with 100% probability	0.13 pp	+29.3	+16.3	+10.1
Change in expected credit losses in the case of the positive scenario with 100% probability	-0.02 pp	-29.9	-46.3	-12.3

Sensitivity of results to assumptions / estimates

Estimation of expected credit losses reflecting the future behavior of credit portfolios (both in terms of customer behavior and the potential of recoverability processes) is subject to uncertainty resulting from the limitations of future modeling.

The sensitivity of the expected credit losses estimates for individual components / parameters based on a hypothetical 10% change/deviation in assumptions is presented below.

Impact of increasing/decreasing the ECL level in the event of a hypothetical change in PD or LGD risk parameters for the regular portfolio, taking into account the impact on individual stages (in MPLN):

	30.06.2023	31.12.2022
	Change	Change
	-/+10%	-/+10%
Estimated change in the impairment of loans and advances due to a change in the probability of default by +/- 10% or LGD by +/- 10% - Stage 1	+/-44	+/-44
Estimated change in the impairment of loans and advances due to a change in the probability of default by +/- 10% or LGD by +/- 10% - Stage 2	+ /-68	+ /-75

The impact of increased/decreased cash flows (including flows from execution of collateral) on impairment of the loan portfolio classified into Stage 3 and measured by the Group with the individual method is presented in the table below (in MPLN):

	30.06.2023	31.12.2022
	Change	Change
	-/+10%	-/+10%
The estimated change to the impairment of loans as a result of a changed present value of the estimated cash flows under loans measured by the Group with the individual method	+115/-106	+134 /-121

The impact of increased/decreased cash flows (including flows from execution of collateral) on impairment of the loan portfolio classified into Stage 3 and measured by the Group with the portfolio method is presented in the table below (in MPLN):

	30.06.2023	31.12.2022
	Change	Change
	-/+10%	-/+10%
The estimated change to the impairment of loans as a result of a changed present value of the estimated cash flows under loans measured by the Group with the group method	+168/-153	+162 /-147

19.4 Financial data (gross value, expected credit losses)

Loans granted to customers	30.06.2023			31.12.2022		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	36 912 951	-1 831 539	35 081 412	37 229 755	-1 999 906	35 229 849
Consumer loans	16 578 888	-1 607 387	14 971 501	16 916 888	-1 801 353	15 115 535
Loans for residential properties	16 245 013	-185 267	16 059 746	15 984 608	-161 575	15 823 033
Consumer finance loans	4 089 050	-38 885	4 050 165	4 328 259	-36 978	4 291 281
Corporate segment	25 783 625	-2 474 805	23 308 820	24 842 278	-2 462 251	22 380 027
Working capital loans	12 415 239	-1 197 809	11 217 430	12 034 812	-1 160 900	10 873 912
Investment loans	5 638 059	-733 107	4 904 952	5 650 837	-765 205	4 885 632
Other business loans	7 730 327	-543 889	7 186 438	7 156 629	-536 146	6 620 483
Total	62 696 576	-4 306 344	58 390 232	62 072 033	-4 462 157	57 609 876

Loans granted to customers	30.06.2023			31.12.2022		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	36 912 951	-1 831 539	35 081 412	37 229 755	-1 999 906	35 229 849
Stage 1	32 477 310	-359 792	32 117 518	32 691 404	-349 690	32 341 714
Stage 2	2 658 065	-412 696	2 245 369	2 591 086	-437 966	2 153 120
Stage 3	1 762 378	-1 058 122	704 256	1 933 672	-1 211 105	722 567
POCI	15 198	-929	14 269	13 593	-1 145	12 448
Corporate segment	25 783 625	-2 474 805	23 308 820	24 842 278	-2 462 251	22 380 027
Stage 1	16 626 707	-84 978	16 541 729	15 693 750	-80 262	15 613 488
Stage 2	4 975 103	-309 387	4 665 716	4 974 683	-335 956	4 638 727
Stage 3	3 927 587	-2 045 127	1 882 460	3 957 657	-2 006 144	1 951 513
POCI	254 228	-35 313	218 915	216 188	-39 889	176 299
Total	62 696 576	-4 306 344	58 390 232	62 072 033	-4 462 157	57 609 876

Loans and advances to customers by method of allowance calculation	30.06.2023			31.12.2022		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	5 689 965	-3 103 249	2 586 716	5 891 329	-3 217 249	2 674 080
individual method	2 023 594	-1 060 796	962 798	2 269 720	-1 145 221	1 124 499
group method	3 666 371	-2 042 453	1 623 918	3 621 609	-2 072 028	1 549 581

Loans and advances to customers by method of allowance calculation	30.06.2023			31.12.2022		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 2	7 633 168	-722 083	6 911 085	7 565 769	-773 922	6 791 847
Stage 1	49 104 017	-444 770	48 659 247	48 385 154	-429 952	47 955 202
POCI	269 426	-36 242	233 184	229 781	-41 034	188 747
Total	62 696 576	-4 306 344	58 390 232	62 072 033	-4 462 157	57 609 876

Loans and advances to customers – exposure of the Bank to the credit risk	30.06.2023			31.12.2022		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	5 689 965	-3 103 249	2 586 716	5 891 329	-3 217 249	2 674 080
not overdue	1 083 832	-365 212	718 620	1 587 680	-582 624	1 005 056
overdue	4 606 133	-2 738 037	1 868 096	4 303 649	-2 634 625	1 669 024
Stage 1 and Stage 2	56 737 185	-1 166 853	55 570 332	55 950 923	-1 203 874	54 747 049
not overdue	53 684 186	-817 850	52 866 336	52 964 293	-834 924	52 129 369
overdue	3 052 999	-349 003	2 703 996	2 986 630	-368 950	2 617 680
POCI	269 426	-36 242	233 184	229 781	-41 034	188 747
Total	62 696 576	-4 306 344	58 390 232	62 072 033	-4 462 157	57 609 876

From 1 January to 30 June 2023 the Group sold loans with a total gross value amounting to PLN 288 546 thousand, while the impairment allowance recorded for this portfolio amounted to PLN 207 212 thousand. The impact of debt sales on the cost of risk in the first half of 2023 amounted to PLN (+) 10 031 thousand (gain).

From 1 January to 30 June 2023 the Group wrote off the financial assets amounted to PLN 544 437 thousand. The financial assets that are written off concerned both the loan portfolio of retail and corporate customers. The financial assets that are written off in 2023 in the amount of PLN 533 263 thousand may still be subject enforcement activity.

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Gross carrying amount as at 01.01.2023	48 385 154	7 565 769	5 891 329	229 781	62 072 033
New / purchased / granted financial assets	9 432 985	0	0	62 641	9 495 626
Changes due to the sale or expiry of the instrument	-3 805 681	-697 285	-396 821	-1 177	-4 900 964
Transfer to Stage 1	941 233	-911 360	-29 873	0	0
Transfer to Stage 2	-2 778 798	2 866 978	-88 180	0	0
Transfer to Stage 3	-435 242	-696 700	1 131 942	0	0
Valuation changes	-2 614 850	-355 580	-218 769	-25 028	-3 214 227
Assets written off the balance sheet	0	0	-542 638	-1 799	-544 437
Other changes, including exchange differences	-20 784	-138 654	-57 025	5 008	-211 455
Gross carrying amount as at 30.06.2023	49 104 017	7 633 168	5 689 965	269 426	62 696 576
Expected credit losses					
Expected credit losses as at 01.01.2023	429 952	773 922	3 217 249	41 034	4 462 157
New / purchased / granted financial assets	134 945	0	0	50 206	185 151
Changes due to the sale or expiry of the instrument	-56 194	-34 358	-200 962	-461	-291 975
Transfer to Stage 1	57 240	-75 057	17 817	0	0
Transfer to Stage 2	-68 478	95 158	-26 680	0	0
Transfer to Stage 3	-37 684	-150 205	187 889	0	0
Change in the estimate of expected credit losses	-7 814	113 989	534 427	8 550	649 152
Total allowances for expected credit losses in the income statement	22 015	-50 473	512 491	58 295	542 328
Assets written off the balance sheet	0	0	-542 638	-1 799	-544 437

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Valuation of Fair Value at the initial moment	0	0	0	-58 551	-58 551
Other changes, including exchange differences	-7 197	-1 366	-83 853	-2 737	-95 153
Expected credit losses as at 30.06.2023	444 770	722 083	3 103 249	36 242	4 306 344
Net carrying amount as at 30.06.2023	48 659 247	6 911 085	2 586 716	233 184	58 390 232

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Gross carrying amount as at 01.01.2022	48 608 804	7 450 822	7 248 943	270 001	63 578 570
New / purchased / granted financial assets	9 777 488	0	0	10 052	9 787 540
Changes due to the sale or expiry of the instrument	-5 286 435	-440 630	-377 472	-5 089	-6 109 626
Transfer to Stage 1	823 345	-784 653	-38 692	0	0
Transfer to Stage 2	-2 453 506	2 550 650	-97 144	0	0
Transfer to Stage 3	-290 119	-581 751	871 870	0	0
Valuation changes	-2 470 983	-345 979	-221 562	-3 077	-3 041 601
Assets written off the balance sheet	0	0	-817 213	-6 422	-823 635
Other changes, including exchange differences	-53 475	-71 627	-32 871	243	-157 730
Gross carrying amount as at 30.06.2022	48 655 119	7 776 832	6 535 859	265 708	63 233 518
Expected credit losses					
Expected credit losses as at 01.01.2022	444 370	731 739	4 099 702	74 581	5 350 392
New / purchased / granted financial assets	124 291	0	0	3 770	128 061
Changes due to the sale or expiry of the instrument	-25 027	-28 706	-163 689	-2 387	-219 809
Transfer to Stage 1	54 737	-78 141	23 404	0	0
Transfer to Stage 2	-64 966	101 655	-36 689	0	0
Transfer to Stage 3	-42 887	-7 967	50 854	0	0
Change in the estimate of expected credit losses	-32 045	37 774	612 012	1 745	619 486
Total allowances for expected credit losses in the income statement	-10 279	24 615	485 892	3 128	503 356
Assets written off the balance sheet	0	0	-822 227	-6 774	-829 001
Valuation of Fair Value at the initial moment	0	0	0	-4 150	-4 150
Other changes, including exchange differences	2 810	637	-66 008	3 671	-58 890
Expected credit losses as at 30.06.2022	436 901	756 991	3 697 359	70 456	4 961 707
Net carrying amount as at 30.06.2022	48 218 218	7 019 841	2 838 500	195 252	58 271 811

20 Other assets

20.1 Financial data

	30.06.2023	31.12.2022
Sundry debtors	657 147	511 756
Other settlements	419 497	365 427
Receivables related to sales of services (including insurance)	25 496	15 624
Guarantee deposits	17 432	17 216
Settlements due to cash in ATMs	194 722	113 489
Costs recognised over time	89 088	47 764
Maintenance and support of systems, servicing of plant and equipment	52 184	27 979
Other deferred costs	36 904	19 785
VAT settlements	32 375	20 422
Other assets (gross)	778 610	579 942
Write-down	-62 700	-58 978

	30.06.2023	31.12.2022
Other assets (net)	715 910	520 964
including financial assets (gross)	657 147	511 756

Change in write-downs

	30.06.2023	30.06.2022
Open balance	58 978	52 772
Provisions recorded	6 686	6 390
Provisions released	-2 058	-1 119
Assets written off from the balance sheet	-535	-545
Other changes	-371	329
Closing balance	62 700	57 827

21 Assets pledged as collateral

21.1 Financial data

	30.06.2023	31.12.2022
Financial assets collateralizing the EIB loan	46 530	40 992
Total	46 530	40 992

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

	30.06.2023	31.12.2022
Treasury bonds blocked with BGF	435 110	446 881
Deposits as derivative transactions (ISDA) collatera	1 341 595	2 057 094
Deposit as collateral of transactions performed in Alior Trader	16	14
Total	1 776 721	2 503 989

22 Amounts due to banks

22.1 Financial data

Structure by type	30.06.2023	31.12.2022
Current deposits	6 576	28 022
Received loan	133 836	115 467
Other liabilities	89 510	126 942
Total amounts due to banks	229 922	270 431

23 Amounts due to customers

23.1 Financial data

Structure by type and customer segment	30.06.2023	31.12.2022
Retail segment	49 344 161	51 071 189

Structure by type and customer segment	30.06.2023	31.12.2022
Current deposits	34 330 858	35 084 419
Term deposits	13 603 740	14 971 308
Own issue of banking securities	1 131 679	747 601
Other liabilities	277 884	267 861
Corporate segment	21 362 276	19 705 620
Current deposits	13 091 184	13 947 793
Term deposits	7 578 904	5 484 416
Own issue of banking securities	4 646	4 361
Own issue of bonds	400 551	0
Other liabilities	286 991	269 050
Total amounts due to customers	70 706 437	70 776 809

From 1 January to 30 June 2023 the Group issued own securities amounted to PLN 790 218 thousand and securities purchased before maturity amounted to PLN 6 862 thousand.

In 2022 the Group issued own securities amounted to PLN 418 353 thousand and securities purchased before maturity amounted to PLN 76 573 thousand.

24 Provisions

24.1 Financial data

	Provisions for legal claims*	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Provision for reimbursement of credit costs (TSUE)	Total provisions
As at 1 January 2023	52 371	5 479	116 823	1 718	91 556	267 947
Established provisions	33 583	6 477	47 173	0	126	87 359
Reversal of provisions	-4 656	-560	-97 962	0	0	-103 178
Utilized provisions	-5 492	-4 805	0	-464	-11 963	-22 724
Other changes	-19	0	-486	-8	0	-513
As at 30 June 2023	75 787	6 591	65 548	1 246	79 719	228 891

*the share of the provision for legal risk related to the FX indexed loan portfolio amounted 7.77%

	Provisions for legal claims*	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Provision for reimbursement of credit costs (TSUE)	Total provisions
As at 1 January 2022	41 530	6 459	136 743	2 050	103 431	290 213
Established provisions	12 347	4 533	42 023	0	7 639	66 542
Reversal of provisions	-9 085	-288	-49 858	0	0	-59 231
Utilized provisions	-6 411	-6 078	0	-270	-19 158	-31 917
Other changes	87	0	212	0	0	299
As at 30 June 2022	38 468	4 626	129 120	1 780	91 912	265 906

*the share of the provision for legal risk related to the FX indexed loan portfolio amounted 9.17%

Split of the restructuring provision as at 30.06.2023 is presented below:

	31.12.2022	utilisation	other changes	30.06.2023
Employee briefings	154	0	-8	146
Reorganisation of the branch network	1 564	-464	0	1 100
Total	1 718	-464	-8	1 246

25 Other liabilities

25.1 Financial data

	30.06.2023	31.12.2022
Other financial liabilities	936 284	994 741
Interbank settlements	659 601	737 556
Settlements of payment cards	2 287	7 234
Other settlements, including <i>settlements with insurers</i>	218 319	189 312
Liability for reimbursement of credit costs	25 775	14 120
Liability for reimbursement of credit costs	56 077	60 639
Other non financial liabilities	1 080 745	1 049 491
Taxes, customs duty, social and health insurance payables and other public settlements	69 798	47 677
Settlements of issues of bank certificates of deposits	47 759	51 787
Liabilities due to contributions to the Bank Guarantee Fund	250 938	192 066
Accrued expenses	178 682	211 885
Income received in advance	57 427	55 763
Provision for bancassurance resignations	64 119	62 790
Provision for bonuses	64 437	91 731
Provision for unutilised annual leaves	36 184	23 021
Provision for bonuse settled in phantom shares	6 833	4 824
Provision for retention programs	37	37
Other employee provisions	6 753	1 203
Liabilities due to lease agreements	251 974	255 196
Other liabilities	45 804	51 511
Total other liabilities	2 017 029	2 044 232

26 Financial liabilities

26.1 Financial data

	30.06.2023	31.12.2022
Short sale of T-bonds	44 851	0
Interest rate transactions	148 492	190 306
SWAP	143 900	187 609
Cap Floor Options	3 649	2 697
FRA	943	0
Foreign exchange transactions	53 808	62 128
FX Swap	25 736	44 282
FX forward	16 200	5 383
CIRS	4 910	6 705
FX options	6 962	5 758
Other options	2 853	529
Other instruments	1 971	3 031
Total measured at fair value through profit or loss/ held for trading	251 975	255 994

27 Subordinated liabilities

27.1 Financial data

Liabilities classified as the Bank's own funds	Nominal value in the currency	Currency	Term	Interest	Status of liabilities	
					30.06.2023	31.12.2022
Series F bonds	321 700	PLN	26.09.2014-26.09.2024	WIBOR6M +3.14	330 335	330 643
Series P1B bonds	70 000	PLN	29.04.2016-16.05.2024	WIBOR6M +3.00	70 878	70 953
Series K and K1 bonds	600 000	PLN	20.10.2017-20.10.2025	WIBOR6M +2.70	611 424	612 156
Series P2A bonds	150 000	PLN	14.12.2017-29.12.2025	WIBOR6M +2.70	150 080	150 123
Subordinated liabilities					1 162 717	1 163 875

28 Off-balance sheet items

28.1 Financial data

Off-balance sheet contingent liabilities granted to customers	30.06.2023	31.12.2022
Granted off-balance liabilities	11 294 780	10 204 376
Concerning financing	10 537 901	9 557 856
Guarantees	756 879	646 520
Performance guarantees	278 746	341 408
Financial guarantees	478 133	305 112

29 Fair value

29.1 Accounting principles and estimates and assumptions

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

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

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

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

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

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

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

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

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

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

Such instruments include options embedded in certificates of deposit issued by the Group and options in the interbank market to hedge positions of the embedded options. The fair value is determined on the basis of market prices of those options or an internal model subject to both observable parameters (e.g. price of the base instrument, secondary quotations of options) and non-observable (e.g. variability, correlations between base instruments in options based on a basket). Model parameters are determined on the basis of a statistical analysis. At the end of the reporting period, the position in the above-mentioned instruments was closed on back-to-back basis, which means that the change in valuation of options embedded in structured instruments is offset by changes in the valuation of options concluded on the interbank market. The group also contains the Group's position in commercial debt securities where apart from the parameters coming from market quotations are affected by non-observable volume of credit spread. The spread is based on the primary market price or at transaction execution. It is updated when reliable market quotations occur or when prices are obtained from transactions of comparable volume. The spread is also changed on the basis of information of a changed credit standing of the security issuer. At the end of the first half of 2023, the sensitivity of changed measurement of those assets in the case of an increase of the credit spread by 1 basis point was PLN 0.03 thousand.

	Measurement method (techniques)	Material observable input data	Factor unobservable
CORPORATE BONDS	Profitability curve model and risk margin	Profitability curves are developed on the basis of bond market data.	Credit spread, credit spread volatility
EXOTIC OPTIONS	The prices of exotic options embedded in structured products are determined on the basis of market prices or measured with the internal model subject to both observable parameters (e.g. price of the base instrument, secondary quotations of options) and non-observable (e.g. variability, correlations between base instruments).	The prices of exotic options embedded in structured products are acquired from the market.	Volatility of prices of underlying instruments, correlations of prices of underlying instruments

	Measurement method (techniques)	Material observable input data	Factor unobservable
SHARES VISA INC C SERIES	The current market value of listed ordinary shares of Visa Inc. subject to the conversion ratio and discount, considering changing prices of the shares of Visa Inc.	Market value of the listed ordinary shares of Visa Inc.	Discount due to the illiquid nature of the securities, common stock conversion factor
SHARES PSP sp. z o.o.	Fair value estimation is based on the current value of the company's forecast results	Risk free rate	Risk premium, financial performance forecast
SHARES RUCH SA	Estimating the fair value based on the present value of the company's forecast results	Risk-free rate	Risk premium, financial performance forecast

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

29.2 Financial data

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

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

30.06.2023	Level 1	Level 2	Level 3	Total
Financial assets	10 785 305	2 305 957	147 419	13 238 681
Measured at fair value through profit and loss	88 561	311 028	44 136	443 725
SWAP	0	189 406	0	189 406
Cap Floor Ooptions	0	3 649	0	3 649
FRA	0	1 576	0	1 576
FX Swap	0	33 105	0	33 105
FX forward	0	45 157	0	45 157
CIRS	0	30 018	0	30 018
FX options	0	6 054	6	6 060
Other options	0	0	2 853	2 853
Other instruments	0	2 063	0	2 063
Financial derivatives	0	311 028	2 859	313 887
T- bonds	88 561	0	0	88 561
Other bonds	0	0	22	22
Equity instruments	0	0	41 255	41 255
Investments securities	88 561	0	41 277	129 838
Measured at fair value through other comprehensive income	10 696 744	1 734 385	103 283	12 534 412
T- bonds	9 242 151	0	0	9 242 151
T-bills	882 564	1 734 385	0	2 616 949
Other bonds	572 029	0	50	572 079
Equity instruments	0	0	103 233	103 233
Derivative hedging instruments	0	260 544	0	260 544
Interest rate transactions – SWAP	0	260 544	0	260 544

31.12.2022	Level 1	Level 2	Level 3	Total
Financial assets	8 408 381	1 892 883	210 133	10 511 397
Measured at fair value through profit and loss	4 628	365 250	67 382	437 260
SWAP	0	240 228	0	240 228
Cap Floor Ooptions	0	2 697	0	2 697

31.12.2022	Level 1	Level 2	Level 3	Total
FX Swap	0	3 837	0	3 837
FX forward	0	50 762	0	50 762
CIRS	0	56 550	0	56 550
FX options	0	6 311	0	6 311
Other options	0	0	529	529
Other instruments	38	4 865	0	4 903
Financial derivatives	38	365 250	529	365 817
T- bonds	4 590	0	0	4 590
Other bonds	0	0	8 007	8 007
Equity instruments	0	0	58 846	58 846
Investments securities	4 590	0	66 853	71 443
Measured at fair value through other comprehensive income	8 403 753	1 349 494	142 751	9 895 998
Money bills	0	1 349 494	0	1 349 494
T- bonds	7 806 138	0	0	7 806 138
T-bills	58 016	0	0	58 016
Other bonds	539 599	0	49 593	589 192
Equity instruments	0	0	93 158	93 158
Derivative hedging instruments	0	178 139	0	178 139
Interest rate transactions - SWAP	0	178 139	0	178 139

30.06.2023	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	44 851	204 245	2 879	251 975
Bonds	44 851	0	0	44 851
SWAP	0	143 900	0	143 900
Cap Floor Ooptions	0	3 649	0	3 649
FRA	0	943	0	943
FX Swap	0	25 736	0	25 736
FX forward	0	16 200	0	16 200
CIRS	0	4 910	0	4 910
FX options	0	6 936	26	6 962
Other options	0	0	2 853	2 853
Other instruments	0	1 971	0	1 971
Derivative hedging instruments	0	1 083 976	0	1 083 976
Interest rate swaps - IRS	0	1 083 976	0	1 083 976

31.12.2022	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	9	255 456	529	255 994
Bonds	0	0	0	0
SWAP	0	187 609	0	187 609
Cap Floor Ooptions	0	2 697	0	2 697
FX Swap	0	44 282	0	44 282
FX forward	0	5 383	0	5 383
CIRS	0	6 705	0	6 705
FX options	0	5 758	0	5 758

31.12.2022	Level 1	Level 2	Level 3	Total
Other options	0	0	529	529
Other instruments	9	3 022	0	3 031
Derivative hedging instruments	0	1 678 933	0	1 678 933
Interest rate swaps - IRS	0	1 678 933	0	1 678 933

Reconciliation of changes at level 3 of fair value hierarchy

	Assets		Liabilities	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Opening balance	210 133	247 467	529	10 845
Acquisitions	322	321	342	86
Net changes recognized in other comprehensive income	-15 615	587	0	0
Net changes recognized in other comprehensive income	6 776	-1 055	24	-1 459
Currency differences	-814	-1 398	0	0
Settlement / redemption	-53 383	-18 175	1 984	-9 381
Total	147 419	227 747	2 879	91

At the end of the first half of 2023 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 6.6 thousand and for debt instruments measured at fair value through profit and loss account approx. amounted to PLN 1.1 thousand.

Fair value measurement for disclosure purposes

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

30.06.2023	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	3 167 601	1 439 518	1 728 083	0	3 167 601
Amount due from banks	1 452 772	0	1 452 772	0	1 452 772
Loans and advances to customers	58 390 232	0	0	56 468 006	56 468 006
Retail segment	35 081 412	0	0	33 069 763	33 069 763
Consumer loans	14 971 501	0	0	14 036 331	14 036 331
Loans for residential real estate	16 059 746	0	0	14 880 398	14 880 398
Consumer finance loans	4 050 165	0	0	4 153 034	4 153 034
Corporate segment	23 308 820	0	0	23 398 243	23 398 243
Working capital facility	11 217 430	0	0	11 394 461	11 394 461
Investment loans	4 904 952	0	0	5 103 725	5 103 725
Other	7 186 438	0	0	6 900 057	6 900 057
Assets pledged as collateral	46 530	46 530	0	0	46 530
Investment securities measured at amortized cost	4 225 591	4 192 129	0	60	4 192 189
Other financial assets	657 147	0	0	657 147	657 147
Liabilities					
Amounts due to banks	229 922	0	229 922	0	229 922
Current deposits	6 576	0	6 576	0	6 576
Credit received	133 836	0	133 836	0	133 836
Other liabilities	89 510	0	89 510	0	89 510
Amounts due to customers	70 706 437	0	0	70 820 895	70 820 895

30.06.2023	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Current deposits	47 422 042	0	0	47 422 042	47 422 042
Term deposits	21 182 644	0	0	21 182 644	21 182 644
Own issue of banking securities	1 136 325	0	0	1 250 783	1 250 783
Own issue of bonds	400 551	0	0	400 551	400 551
Other liabilities	564 875	0	0	564 875	564 875
Other financial liabilities	936 284	0	0	936 284	936 284
Subordinated liabilities	1 162 717	0	0	1 162 717	1 162 717

31.12.2022	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	2 584 143	1 843 785	740 358	0	2 584 143
Amount due from banks	2 373 663	0	2 373 663	0	2 373 663
Loans and advances to customers	57 609 876	0	0	56 259 686	56 259 686
Retail segment	35 229 849	0	0	33 296 691	33 296 691
Consumer loans	15 115 535	0	0	14 397 150	14 397 150
Loans for residential real estate	15 823 033	0	0	14 630 196	14 630 196
Consumer finance loans	4 291 281	0	0	4 269 345	4 269 345
Corporate segment	22 380 027	0	0	22 962 995	22 962 995
Working capital facility	10 873 912	0	0	11 581 084	11 581 084
Investment loans	4 885 632	0	0	5 061 388	5 061 388
Other	6 620 483	0	0	6 320 523	6 320 523
Assets pledged as collateral	40 992	40 820	0	0	40 820
Investment securities measured at amortized cost	6 681 842	6 608 409	0	55	6 608 464
Other financial assets	511 756	0	0	511 756	511 756
Liabilities					
Amounts due to banks	270 431	0	270 431	0	270 431
Current deposits	28 022	0	28 022	0	28 022
Credit received	115 467	0	115 467	0	115 467
Other liabilities	126 942	0	126 942	0	126 942
Amounts due to customers	70 776 809	0	0	70 845 734	70 845 734
Current deposits	49 032 212	0	0	49 032 212	49 032 212
Term deposits	20 455 724	0	0	20 455 724	20 455 724
Own issue of banking securities	751 962	0	0	820 887	820 887
Other liabilities	536 911	0	0	536 911	536 911
Other financial liabilities	994 741	0	0	994 741	994 741
Subordinated liabilities	1 163 875	0	0	1 163 875	1 163 875

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

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

Loans and advances to customers:

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

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

Financial liabilities measured at amortised cost

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

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

Other financial assets and liabilities

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

30 Transactions with related entities

Powszechny Zakład Ubezpieczeń SA is the parent entity for the Bank. Related entities include: PZU SA and entities related to it and entities related to members of the Bank's Management Board and Supervisory Board. Via PZU SA, the Bank is indirectly controlled by the State Treasury.

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

Nature of transactions with related entities

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

Parent company	30.06.2023	31.12.2022
Other assets	1 768	4 797
Total assets	1 768	4 797
Amounts due to customers	1 860	26
Other liabilities	337	365
Total liabilities	2 197	391

Subsidiaries of the parent company	30.06.2023	31.12.2022
Cash and cash equivalents	649	540
Investment financial assets measured at fair value through profit or loss	0	71
Loans and advances to customers	73 890	77 363
Other assets	365	51
Total assets	74 904	78 025
Amounts due to customers	193 022	249 368
Other liabilities	3 849	3 699
Total liabilities	196 871	253 067

Joint control by persons related to the Group	30.06.2023	31.12.2022
Loans and advances to customers	0	1
Total assets	0	1
Amounts due to customers	928	3 575
Provisions	112	0
Other liabilities	651	0
Amounts due to customers	1 691	3 575

Subsidiaries of the parent company	30.06.2023	31.12.2022
Off-balance liabilities granted to customers	10 786	7 598
Relating to financing	10 786	7 598

Joint control by persons related to the Group	30.06.2023	31.12.2022
Off-balance liabilities granted to customers	200 000	0
Relating to financing	200 000	0

Parent company	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Interest income calculated using the effective interest method	10 374	8 337
Interest expense	-8	0
Fee and commission income	21 994	26 326
Fee and commission expense	-3 290	-3 676
Net other operating income and expenses	9	65
General administrative expenses	-2 394	-2 447
Total	26 685	28 605

Subsidiaries of the parent company	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Interest income calculated using the effective interest method	36 570	34 481
Interest expenses	-2 527	-3 792
Fee and commission income	9 940	10 350
Fee and commission expense	-3	-2
The result on financial assets measured at fair value through profit or loss and FX result	0	3
Net other operating income and expenses	8	521
General administrative expenses	-5 411	-3 611

Subsidiaries of the parent company	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Net expected credit losses	7	-3
Total	38 584	37 947

Joint control by persons related to the Group	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Interest expenses	-39	0
Fee and commission income	286	0
Net expected credit losses	-112	0
Total	135	0

Transactions with the State Treasury and related entities

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

State Treasury and related entities	30.06.2023	31.12.2022
Investment financial assets	13 458 794	14 152 771
measured at fair value through other comprehensive income	9 860 760	8 395 330
measured at fair value through profit or loss	88 579	12 593
measured at amortized cost	3 509 455	5 744 848
Amounts due from banks	740	197
Loans and advances to customers	540 737	188 506
Total assets	14 000 271	14 341 474
Financial Liabilities	44 851	0
Amounts due to banks	12 108	12 971
Amounts due to customers	599 688	618 995
Total liabilities	656 647	631 966

State Treasury and related entities	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Interest income calculated using the effective interest method	455 524	167 112
Interest expense	-23 005	-11 767
The costs of paid tax	-367 679	-308 535
Total	64 840	-153 190

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

31 Benefits for the for senior executives

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

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

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

31.2 Financial data

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

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

30.06.2022	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	419	0	419
Total assets	419	0	419
Amounts due to customers	1 226	11	1 215
Total liabilities	1 226	11	1 215

The total cost of remuneration of Members of the Bank's Supervisory Board and Members of the Bank's Management Board from 1 January to 30 June 2023 recognized in the profit and loss account of the Group in this period amounted to PLN 11 749 thousand (in the period from 1 January to 30 June 2022 - PLN 8 316.5 thousand).

31.3 Incentive program for senior executives

The following incentive programs operate in the Alior Bank Spółka Akcyjna Group:

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

32 Legal claims

In the Bank's opinion, no single court, arbitration court or public administration body proceedings in progress during the first half of 2023, and none of the proceedings jointly, could pose a threat to the Bank's financial liquidity. The proceedings which according to the opinion of the Management Board are significant are presented below.

Case claimed by a client

Case claimed by a limited company for a payment of PLN 109 967 thousand in respect of compensation for damage incurred in connection with the conclusion and settlement of treasury transactions. The claim dated 27 April 2017 was brought against Alior Bank SA and Bank BPH SA. In the Bank's opinion, the claim has no valid factual and legal basis and probability of an outflow of funds is negligible.

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

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

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

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

Claims for payment

As at 30.06.2023, the Bank is defendant in 132 cases brought by the buyers of the Fund's investment certificates for payment (compensation for damage). The total value of the dispute in these cases is PLN 44.8 million.

In the Bank's opinion, each claims for payment requires an individual approach. The final value of the investment certificates of the Funds will be determined after the completion of the liquidation. However, the Bank conducted a thorough analysis, selected cases and singled out those with specific risk factors, which the Bank took into account in its approach to the provision created on this account. In the calculation of the provision, the Bank also took into account the possible increase in the scale of lawsuits and the higher probability of obtaining unfavorable judgments. The total amount of the provision as at 30 June 2023 amounted PLN 42.7 million.

Liability claims

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

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

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

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

Polish Financial Supervision Authority (PFSA) by decision of 6 August 2019 issued on the basis of art. 167 section 2 point 1 in connection with art. 167 section 1 point 1 of the Act on trading in financial instruments, imposed a fine on the Bank in the amount of PLN 10 000 000. The proceedings concerned the correct operation of Alior Bank and the Bank's Brokerage House in the scope of distribution of investment certificates of funds previously managed by Fincrea TFI S.A. and now Raiffeisen Bank International AG (Joint Stock Company) Branch in Poland. The bank requested the PFSA to reconsider the case. The Polish Financial Supervision Authority, after re-examining the case with a decision of 3 December 2019, upheld the original decision. On 3 January 2020, the Bank appealed against this decision to the Provincial Administrative Court in Warsaw.

On 17 June 2020, the Provincial Administrative Court in Warsaw issued a judgment in which it revoked the decision of the Polish Financial Supervision Authority (PFSA) of 3 December 2019, upholding the earlier decision of the Polish Financial Supervision Authority of 6 August 2019 on the imposition of two fines on the Bank in the total amount of PLN 10 million and discontinued the proceedings conducted by the Polish Financial Supervision Authority in this case. The Polish Financial Supervision Authority (PFSA) filed a cassation complaint with the Supreme Administrative Court. As at the date of publication of this report, the Supreme Administrative Court has not considered the complaint.

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

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

On 27 September 2019, the President of the Office of Competition and Consumer Protection (UOKiK) initiated ex officio proceedings against Alior Bank SA to recognize a standard contract as illegal (reference number RPZ.611.4.2019.PG) the subject of which is 11 clauses (the so-called modification clauses) included in contract templates used by the Bank, on the basis of which the Bank made unilateral changes to contracts concluded with consumers. The President of UOKiK questioned the wording of the provisions in question, among others as imprecise and not allowing consumers to verify the occurrence of premises for the change being made. The Bank corresponds with the President of the Office of Competition and Consumer Protection in this case. The Bank presented to the Office of Competition and Consumer Protection a plan to remove the ongoing effects of the breach from contracts with customers. If it is approved by the President of UOKiK, it will be possible to conduct further discussions on adjusting the questioned modification clauses to the expectations of the President of UOKiK. As at 30 June 2023, the Group has not identified any rationale for making provisions on this account.

Proceedings on unauthorized payment transactions

UOKiK conducts explanatory proceedings (reference number: RWR.405.4.2021.ET) in order to initially determine whether the Bank's actions taken after consumers reported unauthorized payment transactions referred to in the Act of 19 January 2011 on payment services (Journal U. 2020, item 794, as amended, hereinafter: "uup"), may justify the initiation of proceedings on practices infringing collective consumer interests or proceedings on declaring the provisions of standard contracts illegal. These proceedings are conducted "in the case", the Bank is not a party to them. In it, the Bank provided the documents and information requested by UOKiK. Currently, UOKiK is most likely analyzing the material obtained from the Bank, which describes the practice applied by the Bank covered by the scope of the proceedings. At the moment, the Bank has not received correspondence from UOKiK in which the authority would express

reservations to the Bank in connection with the applied practice. Nevertheless, messages appeared on the UOKiK website informing about the initiation of proceedings regarding practices infringing collective consumer interests against 9 other banks whose practice was verified in explanatory proceedings analogous to those conducted against the Bank. Since the Bank applies a similar practice to the questioned one in the case of these 9 banks, it should be expected that the Bank will also receive a decision to initiate proceedings regarding practices infringing collective consumer interests. At the moment, however, it is not possible to estimate how the proceedings, which are currently not instituted, would have developed. In particular, what would UOKiK expect from the manner in which the Bank would remove the effects of the breach, and whether a fine would be imposed on the Bank. In order to make such estimates, it would be necessary to become acquainted with the justification for the decision to initiate the proceedings, which the Bank has not received (so far) and to initiate further correspondence with UOKiK in the case. In addition, the allegations of UOKiK raise doubts in the entire banking sector as to their compliance with European law. The provisions of the Payment Services Act, which UOKiK refers to in the context of these allegations, do not fully reflect the directive implemented therein. This resulted in numerous requests to UOKiK by the Polish Bank Association, as well as the introduction by the Ministry of Finance of a proposal to adapt these provisions to the indicated directive in the draft amendment to the Payment Services Act. In the Group's opinion, the complaints submitted so far in the event of a negative position of UOKiK will be recovered by the Group in court. For the remaining part, as at 30.06.2023, the Group had a provision in the amount of PLN 2.1 million.

The value of disputed claims amounted to PLN 585 043 thousand as at 30.06.2023 and PLN 533 587 thousand as at the end of 2022.

The value of provisions for disputed claims amounted to PLN 75 787 thousand as at 30.06.2023 and PLN 52 371 thousand as at the end of 2022.

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

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

In December 2021, the Bank and the leasing company received another (new) summons from the former members of the Management Board of Alior Leasing to an ad hoc arbitration court under the management program; the summons was based on the same factual and legal circumstances as the previous ones. In the opinion of the Company and the Bank, the probability that the dismissed members of the Management Board will successfully obtain benefits under the management program in court is less than 50%. The position of the Company was based on legal opinions obtained by the Management Board of the Company. The above circumstances justify the lack of recognition of such provisions in the Group's financial statements.

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

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

33 Total capital adequacy ratio and Tier 1 ratio

As at 30 June 2023, total capital adequacy ratio and Tier 1 ratio were calculated in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR Regulation) and other regulations implementing “national options”, among other, the Banking Act of 29 August 1997 (as amended) and Regulation of the Minister of Development and Finance of 25 May 2017 on a higher risk weight for exposures secured by mortgages on real estate (as amended).

In order to calculate the capital adequacy ratio, in first half of 2023 prudential consolidation was applied – the consolidation covered Alior Bank SA and Alior Leasing sp. z o.o. In the opinion of the Bank's Management Board, the other subsidiary entities, not subject to prudential consolidation are marginal for the Bank's core activity from the viewpoint of monitoring of credit institutions.

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

	01.01.2023-30.06.2023
Interest income calculated using the effective interest method	3 350 529
Income of a similar nature	293 892
Interest expense	-1 381 067
Net interest income	2 263 354
Fee and commission income	886 315
Fee and commission expense	-461 012
Net fee and commission income	425 303
Dividend income	2 531
The result on financial assets measured at fair value through profit or loss and FX result	19 556
The result on derecognition of financial instruments not measured at fair value through profit or loss	3 765
measured at fair value through other comprehensive income	3 507
measured at amortized cost	258
Other operating income	54 398
Other operating expenses	-57 539
Net other operating income and expenses	-3 141
General administrative expenses	-992 852
Net expected credit losses	-394 813
The result on impairment of non-financial assets	-3 199
Cost of legal risk of FX mortgage loans	-2 786
Banking tax	-131 115
Gross profit/loss	1 186 603
Income tax	-314 235
Net profit/loss	872 368

Equity for the purposes of the capital adequacy

	30.06.2023	31.12.2022*	31.12.2022
Total equity for the capital adequacy ratio	7 233 052	7 555 807	6 796 637
Tier I core capital (CET1)	6 781 148	6 988 086	6 228 916
Paid-up capital	1 305 540	1 305 540	1 305 540

	30.06.2023	31.12.2022*	31.12.2022
Supplementary capital	6 020 705	5 401 470	5 401 470
Other reserves	174 447	174 447	174 448
Current year's reviewed by auditor	0	683 512	0
Accumulated losses	5 006	-59 270	-59 270
Revaluation reserve – unrealised losses	-194 306	-291 830	-291 830
Intangible assets measured at carrying value	-305 031	-305 826	-305 826
Revaluation reserve – unrealised profit	161 940	148 570	148 570
Additional value adjustments - AVA	-14 686	-12 502	-12 502
Other adjustments items (adjustments for IFRS 9 and Art.468 CRR , non-performing exposures coverage gap, deferred tax assets)	-372 467	-56 025	-131 684
Tier II capital	451 904	567 721	567 721
Subordinated liabilities	451 904	567 721	567 721
Capital requirements	3 830 165	3 723 849	3 832 108
Total capital requirements for the credit, counterparty risk, adjustment to credit measurement, dilution and deliver of instruments to be settled at a later date	3 431 808	3 362 968	3 471 227
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk.	3 632	2 781	2 781
Capital requirement relating to the general interest rate risk	15 574	9 980	9 980
Total capital requirements for the operational risk	379 151	348 120	348 120
Tier 1 ratio	14.16%	15.01%	13.00%
Total capital adequacy ratio	15.11%	16.23%	14.19%
Leverage ratio	7.79%	8.19%	7.21%

*On 16 March 2023, the Polish Financial Supervision Authority approved the inclusion of the consolidated profit for 2022 in the Alior Bank Spółka Akcyjna Group's own funds. Including the net profit generated in 2022 as at 31 Decembe, 2022 resulted in an increase in own funds to PLN 7.5 billion and a change in the ratios, as presented in the table above.

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

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

MREL

The minimum requirements set by the Bank Guarantee Fund regarding own funds and liabilities subject to write-down or conversion ("MREL") applicable to the Group as at 30.06.2023 and untill 30.12.2023 are as follows:

- in relation to TREA 11.68% (of the total risk exposure)
- in relation to TEM 4.46% (total exposure measure).

and from 31 December 2023:

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

As at 30 June 2023, the Group met the MREL requirements set by the Bank Guarantee Fund.

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

In the first half of 2023, significant acquisitions of tangible fixed assets were related to purchase of IT equipment, equipment for the new head office of the Bank in Gdańsk and the continuation of the Bank's

activities related to the modernization of the KI branch network - Nowy Format Branches, which had been ongoing since 2019.

In the first half of 2023, purchase transactions of intangible assets in the Group were related to IT projects planned and implemented at the Bank.

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

In the first half of 2023, there were no significant transactions in the Group regarding the sale of tangible fixed assets and intangible assets.

35 Distribution of profit for 2022

On 10 May 2023, the Bank's Annual General Meeting decides that the Bank's net profit for 2022, totalling PLN 621 852 413.37 shall be allocated as follows:

- coverage of accumulated losses in the amount of 2 616 575.19,
- allocating the remaining part of the profit in the amount of PLN 619 235 838.18 to supplementary capital, including the non-distributable profit earned on the activities of the Housing Association in the amount of PLN 10 501 106.89.

36 Risk management

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

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

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

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

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

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

Liquidity risk

Specification of maturity/payment dates of contractual flows of the Alior Bank Spółka Akcyjna Group assets and liabilities as at 30 June 2023 and as at 31 December 2022 (MPLN):

30.06.2023	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	3 065	3 379	5 214	4 884	10 266	12 701	30 974	53 261	123 744
Cash & Nostro	2 870	0	0	0	0	0	0	0	2 870
Amounts due from banks	24	319	0	0	0	0	0	1 405	1 748
Loans and advances to customers	171	2 014	2 908	4 012	7 142	10 945	21 925	46 494	95 611
Securities	0	978	2 280	836	3 091	1 668	8 755	2 333	19 941
Other assets	0	68	26	36	33	88	294	3 029	3 574
LIABILITIES AND EQUITY	-51 694	-6 953	-7 128	-3 284	-3 454	-1 457	-2 155	-7 946	-84 071
Amounts due to banks	-96	-49	-8	-12	-23	95	-53	0	-146
Amounts due to customers	-49 681	-6 815	-7 033	-3 063	-2 580	-285	-14	-2	-69 473
Own issues	0	-21	-45	-112	-718	-925	-1 246	0	-3 067
Equity	0	0	0	0	0	0	0	-7 685	-7 685
Other liabilities	-1 917	-68	-42	-97	-133	-342	-842	-259	-3 700
Balance sheet gap	-48 629	-3 574	-1 914	1 600	6 812	11 244	28 819	45 315	39 673
Cumulated balance sheet gap	-48 629	-52 203	-54 117	-52 517	-45 705	-34 461	-5 642	39 673	
Derivative instruments – inflows	0	5 305	1 397	396	164	100	49	0	7 411
Derivative instruments – outflows	0	-5 271	-1 387	-395	-163	-104	-48	0	-7 368
Derivative instruments – net	0	34	10	1	1	-4	1	0	43
Guarantee and financing lines	-11 295	0	0	0	0	0	0	0	-11 295
Off-balance sheet gap	-11 295	34	10	1	1	-4	1	0	-11 252
Total gap	-59 924	-3 540	-1 904	1 601	6 813	11 240	28 820	45 315	28 421
Total cumulated gap	-59 924	-63 464	-65 368	-63 767	-56 954	-45 714	-16 894	28 421	

31.12.2022	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	2 661	5 016	3 856	4 439	8 375	15 636	28 652	55 182	123 817
Cash & Nostro	2 422	0	0	0	0	0	0	0	2 422
Amounts due from banks	69	346	0	0	0	0	0	2 120	2 535
Loans and advances to customers	170	1 466	3 239	3 785	6 847	11 402	21 742	47 034	95 685
Securities	0	3 187	558	618	1 482	4 146	6 647	2 910	19 548
Other assets	0	17	59	36	46	88	263	3 118	3 627
LIABILITIES AND EQUITY	-53 341	-4 701	-5 796	-4 259	-4 362	-2 417	-2 227	-6 461	-83 564
Amounts due to banks	-155	-3	-10	-13	-15	-28	-54	0	-278
Amounts due to customers	-51 129	-4 645	-5 730	-4 148	-3 892	-805	-36	-3	-70 388
Own issues	0	0	-17	-41	-160	-1 146	-861	0	-2 225
Equity	0	0	0	0	0	0	0	-6 170	-6 170
Other liabilities	-2 057	-53	-39	-57	-295	-438	-1 276	-288	-4 503
Balance sheet gap	-50 680	315	-1 940	180	4 013	13 219	26 425	48 721	40 253
Cumulated balance sheet gap	-50 680	-50 365	-52 305	-52 125	-48 112	-34 893	-8 468	40 253	
Derivative instruments – inflows	0	4 716	1 491	307	1 406	140	124	0	8 184
Derivative instruments – outflows	0	-4 738	-1 470	-295	-1 388	-133	-121	0	-8 145
Derivative instruments – net	0	-22	21	12	18	7	3	0	39
Guarantee and financing lines	-10 204	0	0	0	0	0	0	0	-10 204
Off-balance sheet gap	-10 204	-22	21	12	18	7	3	0	-10 165
Total gap	-60 884	293	-1 919	192	4 031	13 226	26 428	48 721	30 088
Total cumulated gap	-60 884	-60 591	-62 510	-62 318	-58 287	-45 061	-18 633	30 088	

37 Events significant to the business operations of the Group

Adoption of the Strategy of Alior Bank Spółka Akcyjna Group for 2023-2024

On 6 February 2023, the Bank's Management Board provided assistance and the Bank's Supervisory Board approved the Strategy of the Alior Bank Spółka Akcyjna Group for 2023-2024 **"Your Bank of everyday life, your Bank for the future"**.

Introduction of series M bonds to trading on the main market

On 28 June 2023 the Management Board of the Warsaw Stock Exchange adopted resolution No. 688/2023 pursuant to which it decided to introduce to trading on the main market (Catalyst) as of 30 June 2023, up to 1 000 series M bearer bonds issued by the Alior Bank SA, with a nominal value of PLN 400 000 each, redemption date of 26 June 2026 and registered by the National Depository for Securities S.A. under the ISIN code: PLALIOR00250 and to list these bonds in the continuous trading system under the abbreviated name "ALR0626".

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

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

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

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

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

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

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

Legal events

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

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

Interest rate risk

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

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

As at 30 June 2023, the IBOR reform in relation to the currencies to which the Bank has exposures was largely completed; in the sense that, apart from the continuation of the annexation processes, no additional activities are envisaged. It should also be taken into account that for objective reasons (each client would have to agree to the annex), it will never be possible to annex every contract covered by this process. The table below presents the status of transition to new benchmarks according to the IBOR reform.

Currency	Benchmark before reform	Benchmark status at 01.01.2023	Benchmark used by the Bank after reform	30.06.2023	31.12.2022
PLN	WIBOR	Compatible with BMR	WIRON	Portfolio annexation in progress (in terms of fallback clauses)	Portfolio annexation in progress (in terms of fallback clauses)
EUR	LIBOR EUR	Liquidated	EURIBOR	Portfolio annexation in progress - index change from EUR LIBOR to EURIBOR (currently isolated cases)	Portfolio annexation in progress - index change from EUR LIBOR to EURIBOR (currently isolated cases)
EUR	EURIBOR	Compatible with BMR	EURIBOR	Portfolio was not annexed	Portfolio was not annexed
USD	LIBOR USD	In liquidation scheduled for the end of September 2024* from 07.2023 developed as a synthetic indicator	SOFR	The process of annexing the LIBOR USD portfolio started in June 2023. The annexation concerns the change of the index from LIBOR USD to SOFR.	Portfolio annexing not started**
CHF	LIBOR CHF	Liquidated	SARON	Portfolio annexing completed. The change of the index took place in accordance with the Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021.	Portfolio annexing completed
GBP	LIBOR GBP	In the process of liquidation scheduled for the end of March 2024; developed as a synthetic indicator	SONIA	Portfolio annexation in progress - index change from LIBOR GBP to SONIA (currently isolated cases)	Portfolio annexation in progress - index change from LIBOR GBP to SONIA (currently isolated cases)

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

**Due to the regulation of LIBOR CHF liquidation by the European Commission Implementing Regulation of 14 October 2021 (according to which LIBOR CHF is replaced by properly constructed indicators based on the SARON indicator), customers are practically not interested in concluding an annex aimed at simply supplementing in the contract of emergency clauses (to secure the contract for a similar event in the future). Nevertheless, the Bank never formally withdrew from its offer to conclude such an annex.

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

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

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

GBP LIBOR synthetic indices will be published by the end of March 2024, allowing for a smooth transition to SONIA-based indices.

As regards USD LIBOR, the British supervisory authority stopped publishing indicators as of 30 June 2023. As regards the substitute for CHF LIBOR, the Bank relies on the Implementing Regulation of the European Commission of 14 October 2021, according to which the replacement for CHF LIBOR are appropriately constructed indicators based on the SARON index.

For EUR LIBOR, the Bank continues to annex loan contracts.

For GBP LIBOR, the Bank also conducts an annexation campaign. In the case of contracts that have not been annexed, the Bank will use the GBP LIBOR index developed in synthetic indicator (<https://www.theice.com/ibs/libor>).

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

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

The next step of SC NWG was the adoption of the so-called a road map specifying the schedule of activities aimed at replacing the WIBOR reference indicator with the WIRON indicator. From December 2022 WIRON can be used on the Polish market in new financial instruments. In turn, the discontinuation of the development and publication of the WIBOR reference index is to take place from the beginning of 2025.

The Bank's exposure by individual IBOR reference ratios

Reference indicator	Assets (gross carrying amount)	Liabilities (gross carrying amount)	Off-balance sheet liabilities - granted (nominal value)	Derivatives (nominal value)
WIBOR	47 792 065	10 637 353	4 933	20 215 713
LIBOR EUR	9 125	0	0	0
LIBOR USD	246 784	0	3	304 601
LIBOR CHF	5 318	0	0	0
EURIBOR	5 453 255	4 834	2 298	436 407
LIBOR GBP	302 283	0	0	0
Total	53 808 830	10 642 187	7 234	20 956 722

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

Reference indicator	Derivatives (nominal value)
WIBOR	20 088 000
EURIBOR	525 135
Total	20 613 135

38 Significant events after the end of the reporting period

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

39 Financial forecast

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

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

One of the most important factors of uncertainty in the coming periods remains the ongoing armed conflict in Ukraine in the context of geopolitical tensions and volatility in financial markets. In economic terms, the main effects of the war concern trade disruptions related to both the conflict itself and the imposed sanctions. Another important element is the stability of the energy system, especially in relation to the European Union and Poland, which depend on the supply of raw materials, such as oil and gas. It is also worth highlighting the security issues in the region. As a result, the risks associated with the war in Ukraine for the global and domestic economy materialized to the greatest extent through a significant acceleration of inflation against more expensive raw materials, food and disruptions in supply chains and may still be significant in 2HY of 2023, especially in the context of a significant reduction in gas supplies from Russia to the European Union.

High inflation in the world determines the cycle of monetary tightening in many countries, including the United States and the euro area, which means that the risk of prolonging low global economic activity has significantly increased. Double-digit consumer inflation in Poland in 1 HY of 2023 favors the stabilization of the NBP reference rate at the level of 6.75%. In 2HY of 2023, the domestic economy will continue to face increased inflation and high debt costs, with still weak consumer and business sentiment in Poland and abroad, which is a significant element of risk for the outlook for the domestic economic situation. In addition, a significant reduction in gas supplies from Russia still poses a certain risk of unbalancing the demand for this raw material both in Poland and our main trading partner, Germany, although the efforts made in 2022 to diversify energy supplies reduce this risk.

For the banking sector, in subsequent periods, the risk of increased volatility and an increase in the risk premium due to the ongoing armed conflict in Ukraine and the possibility of extending the period of increased inflation in Poland may continue to negatively affect the valuation of assets held in the balance sheets. What's more, the deterioration of the economic outlook, persistently elevated inflation and the likely maintenance of interest rates at the current level may continue to cool down the demand for loans, which would limit acquisitions in particular on the mortgage market. Poor economic conditions will also contribute to the deterioration of the condition of borrowers, which may contribute to an increase in credit risk and a tightening of lending policies in banks. Legal risks related to the portfolio of FX indexed loan also remain a challenge in the sector.

The judgment of the CJEU regarding the remuneration for the use of capital in invalidated FX indexed loan is unfavorable for the banking sector. The opinion of the Advocate General of the CJEU from February 2023 was upheld. On the one hand, as a consequence, the banking sector will be burdened with establishing further provisions for legal risk, which will contribute to the weakening of their capital positions. On the other hand, the banking sector was prepared for such a verdict and should remain stable and resilient to its

effects. However, in the opinion of the Polish Financial Supervision Authority, the verdict will have a negative impact on the banks' ability to finance the economy. The KNF expects the banks to take into account the CJEU ruling in their models of creating provisions for legal risk related to the portfolio of FX indexed loan and still expects the banks to take an active approach to solving this problem in a systemic way by offering settlements to clients. Settlement of disputes through amicable settlement is also recommended by the legal party, taking into account the time and financial costs of court proceedings.

After the symptoms of the banking sector crisis in 2Q of 2023 in the United States and, to a lesser extent, in Europe, in the face of announcements of further monetary policy tightening by major central banks, there is still a risk to the stability of the financial sector, although the situation is monitored by central banks on an ongoing basis. According to the assurances of European central bankers and supervisory authorities, the financial system in Europe is more stable than in the United States.



**Interim condensed separate
financial statements
of Alior Bank Spółka Akcyjna
for the 6-month period ended
30 June 2023**

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Interim condensed separate income statement

	01.04.2023- 30.06.2023	0.01.2023- 30.06.2023	01.04.2022- 30.06.2022	0.01.2022- 30.06.2022
Interest income calculated using the effective interest method	1 767 005	3 504 743	1 329 859	2 342 157
Income of a similar nature	40 237	81 974	9 985	32 645
Interest expense	-672 037	-1 377 092	-377 262	-559 851
Net interest income	1 135 205	2 209 625	962 582	1 814 951
Fee and commission income	429 878	814 077	397 313	733 159
Fee and commission expense	-247 353	-457 309	-210 307	-389 685
Net fee and commission income	182 525	356 768	187 006	343 474
Dividend income	2 484	2 531	6 569	6 708
The result on financial assets measured at fair value through profit or loss and FX result	5 848	18 751	-3 921	33 675
The result on derecognition of financial instruments not measured at fair value through profit or loss	1 544	3 765	1 194	1 484
measured at fair value through other comprehensive income	1 439	3 507	994	1 212
measured at amortized cost	105	258	200	272
Other operating income	19 166	38 873	21 378	45 352
Other operating expenses	-29 774	-54 778	-19 869	-48 147
Net other operating income and expenses	-10 608	-15 905	1 509	-2 795
General administrative expenses	-459 703	-938 607	-566 382	-1 036 044
Net expected credit losses	-124 502	-356 008	-224 568	-408 347
The result on impairment of non-financial assets	-733	-981	-4 980	-35 881
Cost of legal risk of FX mortgage loans	-2 280	-2 786	-1 241	-24 438
Banking tax	-65 128	-131 115	-65 966	-130 081
Gross profit	664 652	1 146 038	291 802	562 706
Income tax	-162 354	-297 398	-85 066	-186 061
Net profit	502 298	848 640	206 736	376 645
Weighted average number of ordinary shares	130 553 991	130 553 991	130 553 991	130 553 991
Basic/diluted net profit per ordinary share (in PLN)	3.85	6.50	1.58	2.88

Interim condensed separate statement of comprehensive income

	01.04.2023- 30.06.2023	0.01.2023- 30.06.2023	01.04.2022- 30.06.2022	0.01.2022- 30.06.2022
Net profit	502 298	848 640	206 736	376 645
Items that may be reclassified to the income statement after certain conditions are satisfied	270 803	644 057	-474 872	-983 569
Foreign currency translation differences	1 329	1 085	-257	-192
Results of the measurement of financial assets (net)	17 138	109 809	-93 270	-172 323
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	21 153	135 546	-115 145	-214 755
Deferred tax	-4 015	-25 737	21 875	42 432
Results on the measurement of hedging instruments (net)	252 336	533 163	-381 345	-811 054
Gains/losses on hedging instruments	311 526	658 226	-470 796	-1 001 301
Deferred tax	-59 190	-125 063	89 451	190 247
Total comprehensive income, net	773 101	1 492 697	-268 136	-606 924

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

Interim condensed separate statement of financial position

ASSETS	30.06.2023	31.12.2022
Cash and cash equivalents	3 145 506	2 565 406
Amounts due from banks	1 452 772	2 373 663
Investment financial assets	17 186 956	16 998 356
measured at fair value through other comprehensive income	12 531 890	9 893 476
measured at fair value through profit or loss	429 475	423 038
measured at amortized cost	4 225 591	6 681 842
Derivative hedging instruments	260 544	178 139
Loans and advances to customers	58 289 136	57 509 965
Assets pledged as collateral	46 530	40 992
Property, plant and equipment	701 361	732 404
Intangible assets	365 028	362 198
Investments in associates	221 238	221 238
Non-current assets held for sale	0	1 611
Income tax asset	978 329	1 222 958
deferred income tax asset	978 329	1 222 958
Other assets	636 697	478 334
TOTAL ASSETS	83 284 097	82 685 264

LIABILITIES AND EQUITY	30.06.2023	31.12.2022
Amounts due to banks	124 047	182 934
Amounts due to customers	70 699 639	70 763 793
Financial liabilities	251 975	255 994
Derivative hedging instruments	1 083 976	1 678 933
Provisions	230 376	267 774
Other liabilities	1 939 908	1 980 207
Income tax liabilities	137 363	230 355
current income tax liabilities	137 363	230 355
Subordinated liabilities	1 162 717	1 163 875
Total liabilities	75 630 001	76 523 865
Share capital	1 305 540	1 305 540
Supplementary capital	6 020 705	5 401 470
Revaluation reserve	-696 604	-1 339 576
Other reserves	174 447	174 447
Foreign currency translation differences	1 368	283
Accumulated losses	0	-2 617
Profit for the period	848 640	621 852
Equity	7 654 096	6 161 399
TOTAL LIABILITIES AND EQUITY	83 284 097	82 685 264

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

Interim condensed separate statement of changes in equity

01.01.2023 - 30.06.2023	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2023	1 305 540	5 401 470	174 447	-1 339 576	283	619 235	6 161 399
Transfer of last year's profit	0	619 235	0	0	0	-619 235	0
Comprehensive income	0	0	0	642 972	1 085	848 640	1 492 697
net profit	0	0	0	0	0	848 640	848 640
other comprehensive income:	0	0	0	642 972	1 085	0	644 057
incl. financial assets measured at fair value through other comprehensive income	0	0	0	109 809	0	0	109 809
incl. hedging instruments	0	0	0	533 163	0	0	533 163
incl. currency translation differences	0	0	0	0	1 085	0	1 085
At 31 June 2023	1 305 540	6 020 705	174 447	-696 604	1 368	848 640	7 654 096

01.01.2022 - 31.12.2022	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2022	1 305 540	5 399 229	174 447	-906 659	-43	-376	5 972 138
Transfer of last year's profit	0	2 241	0	0	0	-2 241	0
Comprehensive income	0	0	0	-432 917	326	621 852	189 261
net profit	0	0	0	0	0	621 852	621 852
other comprehensive income – valuations	0	0	0	-432 917	326	0	-432 591
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-141 515	0	0	-141 515
incl. hedging instruments	0	0	0	-291 402	0	0	-291 402
incl. currency translation differences	0	0	0	0	326	0	326
At 31 December 2022	1 305 540	5 401 470	174 447	-1 339 576	283	619 235	6 161 399

01.01.2022 - 30.06.2022	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2022	1 305 540	5 399 229	174 447	-906 659	-43	-376	5 972 138
Transfer of last year's profit	0	2 241	0	0	0	-2 241	0
Comprehensive income	0	0	0	-983 377	-192	376 645	-606 924
net profit	0	0	0	0	0	376 645	376 645
other comprehensive income:	0	0	0	-983 377	-192	0	-983 569
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-172 323	0	0	-172 323
incl. hedging instruments	0	0	0	-811 054	0	0	-811 054
incl. currency translation differences	0	0	0	0	-192	0	-192
At 30 June 2022	1 305 540	5 401 470	174 447	-1 890 036	-235	374 028	5 365 214

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

Interim condensed separate statement of cash flows

	01.01.2023- 30.06.2023	01.01.2022- 30.06.2022*
Operating activities		
Profit before tax for the period	1 146 038	562 706
Adjustments:	124 549	139 657
Unrealized foreign exchange gains/losses	1 085	-192
Amortization/depreciation of property, plant and equipment and intangible assets	124 983	110 656
Change in property, plant and equipment and intangible assets impairment write-down	981	35 881
Dividends received	-2 531	-6 708
Short-term lease contracts	31	20
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	1 270 587	702 363
Change in loans and receivables	141 720	-1 305 527
Change in financial assets measured at fair value through other comprehensive income	-2 512 940	1 556 346
Change in financial assets measured at fair value through profit or loss	-6 437	-202 414
Change in assets pledged as collateral	-46 530	-588 211
Change in non-current assets held for sale	1 611	0
Change in other assets	-158 363	-58 052
Change in deposits	-899 924	-2 017 736
Change in own issue	784 914	24 010
Change in financial liabilities	-4 019	259 955
Change in hedging derivative	-19 136	112 657
Change in other liabilities	110 954	2 646 099
Change in provisions	-37 398	-23 586
Cash from operating activities before income tax	-1 374 961	1 105 903
Income tax paid	-295 171	-80 555
Net cash flow from operating activities	-1 670 132	1 025 348
Investing activities		
Outflows:	-102 604	-77 886
Purchase of property, plant and equipment	-42 060	-51 874
Purchase of intangible assets	-33 705	-17 076
Purchase of assets measured at amortized cost	-26 839	-8 936
Inflows:	2 460 639	527 614
Disposal of property, plant and equipment	13 622	13 752
Disposal of assets measured at amortized cost	2 447 017	513 862
Net cash flow from investing activities	2 358 035	449 728
Financing activities		
Outflows:	-107 803	-268 891
Principle payments - subordinated liabilities	0	-195 459
Interest payments - subordinated liabilities	-58 131	-26 849
Principle payments - lease liabilities	-45 260	-44 818
Interest payments - lease liabilities	-4 412	-1 766
Inflows:	0	0
Net cash flow from financing activities	-107 803	-268 891
Total net cash flow	580 100	1 206 185
incl. exchange gains/(losses)	-76 161	59 146
Balance sheet change in cash and cash equivalents	580 100	1 206 185
Cash and cash equivalents, opening balance	2 565 406	3 723 577
Cash and cash equivalents, closing balance	3 145 506	4 929 762
Additional disclosures on operating cash flows		
Interests received	3 401 210	2 110 168
Interests paid	-1 324 941	-358 556

*Details in note 3

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

1 Basis for preparation

Statement of compliance

These interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the 6-month period ended 30 June 2023 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and in accordance with the requirements set out in the Regulation of the Minister of Finance of 29 of March 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state.

The interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate statement of changes in equity and interim condensed separate statement of cash flows for the financial period from 1 January 2023 to 30 June 2023, and interim condensed separate statement of financial position as at 30 June 2023 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 2023.

Scope and reporting currency

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

Going concern

The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 30 June 2023.

2 Accounting principles

The accounting principles are presented in detail in the annual financial statements of Alior Bank SA ended 31 December 2022, published on 3 March 2023 and available on the Alior Bank SA website. Changes in accounting principles effective from 1 January 2023 were presented in the interim condensed consolidated financial statements in Note 2.2.

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

Compared to the consolidated financial statements prepared as at 30 June 2022, the Bank changed the way of presenting certain items of the cash flow statement:

Change 1

Changes in derivatives hedging both assets and liabilities are presented jointly.

Change 2

Changes in fair value measurements recognized in other comprehensive income were excluded from changes in individual assets and liabilities.

Change 3

The change in assets measured at amortized cost was transferred to investing activities.

Position	Published 30.06.2022	chnage 1	change 2	change 3	Total changes	Restated 30.06.2022
Change in financial assets measured at fair value through other comprehensive income	1 777 009	0	-220 663	0	-220 663	1 556 346
Change in financial assets measured at amortised cost	1 954 006	0	0	-1 954 006	-1 954 006	0
Change in derivative hedging assets	-69 324	69 324	0	0	69 324	0
Change in hedging liabilities derivative	1 183 282	-1 183 282	0	0	-1 183 282	0
Change in hedging derivatives	0	1 113 958	-1 001 301	0	112 657	112 657
Change in assets pledged as collateral	-2 009 536	0	0	1 421 325	1 421 325	-588 211
Change in other liabilities	1 396 380	0	1 221 964	27 755	1 249 719	2 646 099
Total net cash flows from operating activities - decrease	4 231 817	0	0	-504 926	-504 926	3 726 890
Acquisition of assets measured at amortized cost	0	0	0	-8 936	-8 936	-8 936
Disposal of assets measured at amortized cost	0	0	0	513 862	513 862	513 862
Total net cash flows from investing activities - increase	0	0	0	504 926	504 926	504 926

4 Off - balance-sheet items

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

5 Transactions with related entities

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

Bank's subsidiaries as at 30 June 2023 and the date of this report was as follows:

Company's name - subsidiaries	01.08.2023	30.06.2023	31.12.2022
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- AL Finance sp. z o.o.	100%	100%	100%
Meritum Services ICB SA	100%	100%	100%
Alior TFI SA	100%	100%	100%
Absource sp. z o.o.	100%	100%	100%
Corsham sp. z o.o.	100%	100%	100%
RBL_VC sp. z o.o.	100%	100%	100%
RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna	100%	100%	100%

Subsidiaries	30.06.2023	31.12.2022
Loans and advances to customers	4 473 414	4 020 455
Other assets	308	411
Total assets	4 473 722	4 020 866
Amounts due to customers	92 872	87 945
Provisions	2 719	968
Other liabilities	1 905	1 267
Total liabilities	97 496	90 180

Subsidiaries	30.06.2023	31.12.2022
Off-balance liabilities granted to customers	463 580	576 833
relating to financing	343 177	456 430
guarantees	120 403	120 403

Subsidiaries	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Interest income calculated using the effective interest method	162 965	89 420
Interest expenses	-1 057	-202
Fee and commission income	2 157	2 060
Fee and commission expense	-180	-221
Dividend income	2 439	6 417
The result on financial assets measured at fair value through profit or loss and FX result	-17	8
Other operating income	1 882	1 410
Other operating expenses	-1	-1
General administrative expense	-5 170	-3 030
Net expected credit losses	-3 759	-3 832
Total	159 259	92 029

6 Significant events after the end of the reporting period

Significant events after the end of the reporting period are described in Note 38 to the interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group.