



Financial report
of the Alior Bank Spółka Akcyjna Group

for the first quarter of 2019



Selected financial data

PLN	01.01.2019 - 01.03.2019	01.01.2018 - 31.12.2018	01.01.2018 - 31.03.2018 Restated	% (A-B)/B
	A		B	C
Net interest income	803 807	3 084 524	737 652	9.0%
Net fee and commission income	169 864	709 999*	176 874	-4.0%
Trading result & other	52 474	161 026*	50 193	4.5%
Net expected credit losses impairment allowances and write-downs	-274 606	-1 054 069	-244 748	12.2%
General administrative expenses	-512 397	-1 705 003	-456 093	12.3%
Gross profit	184 910	988 291	213 988	-13.6%
Net profit	103 489	713 373	157 335	-34.2%
Net cash flow	-435 965	464 272	521 692	-183.6%
Loans and advances to customers	55 393 764	54 245 924	51 326 001	7.9%
Amounts due to customers	62 326 563	62 435 585	59 074 569	5.5%
Equity	6 540 760	6 485 923	5 896 496	10.9%
Total assets	74 638 883	73 419 887	70 355 779	6.1%
Selected ratios				
Profit per ordinary share (PLN)	0.79	5.49	1.22	-34.9%
Capital adequacy ratio	15.40%	15.85%	15.48%	-0.5%
Tier 1	12.42%	12.81%	12.15%	2.2%

EUR	01.01.2019 - 31.03.2019	01.01.2018 - 31.12.2018	01.01.2018 - 31.03.2018 Restated	% (A-B)/B
	A		B	C
Net interest income	187 028	722 896	176 539	5.9%
Net fee and commission income	39 523	166 397*	42 331	-6.6%
Trading result & other	12 210	37 738*	12 012	1.6%
Net expected credit losses impairment allowances and write-downs	-63 895	-247 034	-58 575	9.1%
General administrative expenses	-119 223	-399 588	-109 155	9.2%
Gross profit	43 024	231 618	51 213	-16.0%
Net profit	24 079	167 188	37 654	-36.1%
Net cash flow	-101 439	108 808	124 854	-181.2%
Loans and advances to customers	12 878 377	12 615 331	12 195 794	5.6%
Amounts due to customers	14 490 169	14 519 903	14 036 965	3.2%
Equity	1 520 647	1 508 354	1 401 092	8.5%
Total assets	17 352 634	17 074 392	16 717 543	3.8%
Selected ratios				
Profit per ordinary share (PLN)	0.18	1.29	0.29	-37.9%
Capital adequacy ratio	15.40%	15.85%	15.48%	-0.5%
Tier 1	12.42%	12.81%	12.15%	2.2%

* clarification in note 2.3 as a presentation change V -annual impact on Net fee and commission income / Net trading income +/-273 906 PLN

Selected items of the consolidated financial statements were translated into EUR at the following exchange rates	31.03.2019	31.12.2018	31.03.2018
NBP's average exchange rate as at the end of the period	4.3013	4.3000	4.2085
NBP's average exchange rates as at the last day of each month of the period	4.2978	4.2669	4.1784



Selected financial indicators

	31.03.2018 (A)	31.03.2018 Restated (B)	(A-B) [p.p]	(A-B)/B [%]
ROE	6.4%	10.8%	-4.4	-40.7%
ROA	0.6%	0.9%	-0.3	-33.3%
C/I	49.9%	47.3%	2.6	5.5%
CoR	-1.86%	-1.79%	-0.07	3.91%
L/D	88.9%	87.3%	1.6	1.8%
NPL	11.4%	10.7%	0.7	6.5%
NPL	54.5%	53.3%	1.2	2.3%
TCR	15.40%	15.48%	-0.08	-0.52%
TIER 1	12.42%	12.15%	0.27	2.22%



Interim condensed consolidated
financial statements
of the Alior Bank Spółka Akcyjna Group
for the first quarter of 2019

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 number	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated*
Interest income		983 618	912 897
Income of a similar nature		36 468	35 078
Interest expense		-216 279	-210 323
Net interest income	4	803 807	737 652
Fee and commission income		266 948	264 369
Fee and commission expense		-97 084	-87 495
Net fee and commission income	5	169 864	176 874
Dividend income		0	0
The result on financial assets measured at fair value through profit or loss and FX result	6	22 686	9 990
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	7	17 295	11 545
measured at fair value through other comprehensive income		10 423	11 185
measured at amortized cost		6 872	360
Other operating income		33 437	48 955
Other operating expenses		-20 944	-20 297
Net other operating income and expenses	8	12 493	28 658
General administrative expenses	9	-512 397	-456 093
Net expected credit losses, impairment allowances and write-downs	10	-274 606	-244 748
Banking tax		-54 232	-49 890
Gross profit		184 910	213 988
Income tax	11	-81 421	-56 653
Net profit		103 489	157 335
Net profit attributable to equity holders of the parent		103 489	157 333
Net profit attributable to non-controlling interests		0	2
Net profit		103 489	157 335
Weighted average number of ordinary shares		130 553 991	129 276 474
Net profit per ordinary share(PLN)	12	0.79	1.22
Diluted profit per ordinary share(PLN)	12	0.79	1.20

Interim condensed consolidated statement of comprehensive income

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated*
Net profit	103 489	157 335
Items that may be reclassified to the income statement after certain conditions are satisfied	-48 499	65 057
Foreign currency translation differences	240	-615
Results of the measurement of financial assets (net)	-59 145	50 731
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	-73 019	63 007
Deferred tax	13 874	-12 276
Results on the measurement of hedging instruments (net)	10 406	14 941
Gains/losses on hedging instruments	12 847	18 446
Deferred tax	-2 441	-3 505
Total comprehensive income, net	54 990	222 392
- attributable to shareholders of the parent company	54 990	222 390
- attributable to non-controlling interests	0	2

*clarification in note 2.3

The notes presented on pages 10-43 constitute an integral part of these interim condensed separate financial statements

Interim condensed consolidated statement of financial position

ASSETS	Note number	31.03.2019	31.12.2018
Cash and balances with the Central Bank	13	1 337 436	1 639 033
Amounts due from banks	14	508 103	612 444
Financial assets:	15	14 030 865	13 727 570
measured at fair value through other comprehensive income		7 727 692	7 280 080
measured at fair value through profit or loss		614 547	515 138
measured at amortized cost		5 688 626	5 932 352
Derivative hedging instruments		106 674	112 400
Loans and advances to customers	16	55 393 764	54 245 924
Assets pledged as collateral	18	344 921	333 286
Property, plant and equipment		807 830	460 659
Intangible assets		572 372	572 320
Investments in associates		4 000	4 000
Non-current assets held for sale		71	146
Income tax asset	11	1 059 503	1 035 624
current		18	0
deferred		1 059 485	1 035 624
Other assets	17	473 344	676 481
TOTAL ASSETS		74 638 883	73 419 887

LIABILITIES AND EQUITY	Numer noty	31.03.2019	31.12.2018
Amounts due to banks	19	1 028 504	593 327
Amounts due to customers	20	62 326 563	62 435 585
Financial liabilities measured at fair value through profit or loss	23	470 948	416 407
Derivative hedging instruments		14 714	9 381
Provisions	21	122 703	126 199
Other liabilities	22	2 095 875	1 167 111
Income tax liabilities		106 986	267 861
current		106 545	267 429
deferred		441	432
Subordinated liabilities	24	1 931 830	1 918 093
Total liabilities		68 098 123	66 933 964
Share capital		1 305 540	1 305 540
Supplementary capital		5 386 828	5 386 828
Revaluation reserve		3 425	52 164
Other reserves		171 629	171 629
Foreign currency translation differences		38	-202
Accumulated losses		-430 189	-1 143 409
Profit for the period		103 489	713 373
Equity		6 540 760	6 485 923
TOTAL LIABILITIES AND EQUITY		74 638 883	73 419 887

The notes presented on pages 10-43 constitute an integral part of these interim condensed separate financial statements.

Interim condensed statement of changes in consolidated equity

01.01.2019- 31.03.2019	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Non-controlling interests	Total equity
1 January 2019	1 305 540	5 386 828	171 629	52 164	-202	-430 036	0	6 485 923
Comprehensive income	0	0	0	-48 739	240	103 489	0	54 990
net profit	0	0	0	0	0	103 489	0	103 489
other comprehensive income – valuations	0	0	0	-48 739	240	0	0	-48 499
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-59 145	0	0	0	-59 145
incl.hedging instruments	0	0	0	10 406	0	0	0	10 406
incl.currency translation differences	0	0	0	0	240	0	0	240
Other changes in equity	0	0	0	0	0	-153	0	-153
31 March 2019	1 305 540	5 386 828	171 629	3 425	38	-326 700	0	6 540 760

01.01.2018- 31.12.2018	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Non-controlling interests	Total equity
1 January 2018	1 292 636	4 820 048	183 824	13 944	594	378 615	1 322	6 690 983
IFRS 9 impact and other changes*	0	0	0	10 629	0	-1 029 837	0	-1 019 208
Transfer of last year's profit	0	497 136	0	0	0	-497 136	0	0
Comprehensive income	0	0	0	27 591	-796	713 373	0	740 168
net profit	0	0	0	0	0	713 373	0	713 373
other comprehensive income – valuations	0	0	0	27 591	-796	0	0	26 795
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-6 658	0	0	0	-6 658
incl.hedging instruments	0	0	0	34 249	0	0	0	34 249
incl.currency translation differences	0	0	0	0	-796	0	0	-796
Share issue	12 904	69 644	0	0	0	0	0	82 548
Other changes in equity	0	0	-12 195	0	0	4 949	-1 322	-8 568
31 December 2018	1 305 540	5 386 828	171 629	52 164	-202	-430 036	0	6 485 923

01.01.2018- 31.03.2018 Restated *	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Non-controlling interests	Total equity
1 January 2018	1 292 636	4 820 048	183 824	13 944	594	449 481	1 322	6 761 849
Impact of correction of errors	0	0	0	0	0	-70 866	0	-70 866
1 January 2018 after adjustments	1 292 636	4 820 048	183 824	13 944	594	378 615	1 322	6 690 983
IFRS 9 impact	0	0	0	10 629	0	-1 029 837	0	-1 019 208
Comprehensive income	0	0	0	65 672	-615	157 333	2	222 392
net profit	0	0	0	0	0	157 333	2	157 335
other comprehensive income – valuations	0	0	0	65 672	-615	0	0	65 057
incl. financial assets measured at fair value through other comprehensive income	0	0	0	50 731	0	0	0	50 731
incl.hedging instruments	0	0	0	14 941	0	0	0	14 941
incl.currency translation differences	0	0	0	0	-615	0	0	-615
Share issue	152	789	11 798	0	0	0	0	12 739
Other changes in equity	0	0	-9 304	0	0	-45	-1 061	-10 410
31 March 2018	1 292 788	4 820 837	186 318	90 245	-21	-493 934	263	5 896 496

*clarification in note 2.3

The notes presented on pages 10-43 constitute an integral part of these interim condensed separate financial statements.

Interim condensed consolidated statement of cash flows

	01.01.2019- 31.03.2019	01.01.2018 - 31.03.2018 Restated*
Operating activities		
Profit before tax for the year	184 910	213 988
Adjustments:	40 701	57 228
Unrealized foreign exchange gains/losses	1 632	9 743
Amortization/depreciation of property, plant and equipment and intangible assets	37 501	43 235
Change in property, plant and equipment and intangible assets impairment write-down	1 568	1 756
Share-based payments	0	2 494
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	225 611	271 216
Change in loans and receivables	-1 177 867	-1 063 232
Change in financial assets measured at fair value through other comprehensive income	-447 612	789 634
Change in financial assets measured at fair value through profit or loss	-99 409	-167 196
Change in financial assets measured at amortised cost	243 726	-388 155
Change in assets pledged as collateral	-11 635	-151 782
Change in derivative hedging assets	5 726	31 125
Change in non-current assets held for sale	75	32
Change in other assets	203 137	99 316
Change in deposits	359 484	1 378 943
Change in own issue	-165 912	60 092
Change in financial liabilities	54 541	207 579
Change in hedging liabilities derivative	5 333	4 649
Change in other liabilities and other comprehensive income	480 347	-454 640
Change in provisions	-3 496	92 460
Cash from operating activities before income tax	-327 951	710 041
Income tax paid	-61 450	-153 931
Net cash flow from operating activities	-389 401	556 110
Investing activities		
Outflows:	-36 951	-50 306
Purchase of property, plant and equipment	-6 267	-36 347
Purchase of intangible assets	-30 684	-13 959
Inflows:	3 797	34 295
Disposal of property, plant and equipment	3 797	34 295
Net cash flow from investing activities	-33 154	-16 011
Financing activities		
Outflows:	-13 410	-18 559
Interest expense – subordinated loan	-13 410	-18 559
Inflows:	0	152
Inflows from share issue	0	152
Net cash flow from financing activities	-13 410	-18 407
Total net cash flow	-435 965	521 692
incl. exchange gains/(losses)	10 358	1 926
Balance sheet change in cash and cash equivalents	-435 965	521 692
Cash and cash equivalents, opening balance	2 078 638	1 614 366
Cash and cash equivalents, closing balance	1 642 673	2 136 058
Additional disclosures on operating cash flows		
Interests received	1 193 414	908 257
Interests paid	-184 552	-199 346

*clarification in note 2.3

The notes presented on pages 10-43 constitute an integral part of these interim condensed separate financial statements.

Notes to the interim condensed consolidated financial statements

1. Information on the Bank and the Group

1.1 Overview

Alior Bank Spółka Akcyjna ("the Bank", "the Parent Company") is the parent company of the Alior Bank Spółka Akcyjna Group ("the Group"). The Bank with its registered office in Warsaw at ul. Łopuszańska 38D is entered in the register of businesses maintained by the District Court for the Capital City of Warsaw, 13th Business Department of the National Court Register under the number KRS 0000305178. The parent company was assigned a tax identification number NIP: 107-001-07-31 and the statistical number REGON: 141387142. Since 14 December 2012, the Bank has been listed on the Warsaw Stock Exchange (ISIN: PLALIOR00045).

1.2 Duration and scope of business activities

On 18 April the Polish Financial Supervision Authority ("PFSA") issued its licence to establish the bank under the name of Alior Bank SA, and on 1 September 2008 it issued a licence to the Bank to commence operations. On 5 September 2008, PFSA granted a licence to the Bank to perform stock broking activities. The duration of business of the Bank is unrestricted.

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 1.5 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.

1.3 Shareholders of Alior Bank Spółka Akcyjna

There was no change in the ownership structure of significant shareholdings in Bank starting from the publication date of the previous interim report, ie from 28 February 2019.

As at 31 March 2019, the shareholders holding 5% or more of the overall number of votes at the General Meeting were as follows:

Shareholders	Number of shares	Nominal value of shares (PLN)	Percentage in the share capital	Number of votes	Number of votes in the total number of votes
31.03.2019					
PZU SA	41 658 850	416 588 500	31.91%	41 658 850	31.91%
Aviva OFE Aviva BZ WBK	9 467 000	94 670 000	7.25%	9 467 000	7.25%
Nationale-Nederlanden PTE SA	7 600 000	76 000 000	5.82%	7 600 000	5.82%
BlackRock, Inc.	7 392 649	73 926 490	5.66%	7 392 649	5.66%
Other shareholders	64 435 492	644 354 920	49.36%	64 435 492	49.36%
Total	130 553 991	1 305 539 910	100.00%	130 553 991	100.00%

*The number of shares according to registered in KRS on 31 March 2019

As at the publication date of this report, i.e. 7 May 2019, the shareholders holding 5% or more of the overall number of votes at the General Meeting were as follows:

Shareholders	Number od shares	Nominal value od shares (PLN)	Percentage in the share capital	Number od votes	Number of votes in the total number of votes
07.05.2019					
PZU SA	41 658 850	416 588 500	31.91%	41 658 850	31.91%
Aviva OFE Aviva BZ WBK	9 467 000	94 670 000	7.25%	9 467 000	7.25%
Nationale-Nederlanden PTE SA	7 600 000	76 000 000	5.82%	7 600 000	5.82%
BlackRock, Inc.	7 392 649	73 926 490	5.66%	7 392 649	5.66%
Oher shareholders	64 435 492	644 354 920	49.36%	64 435 492	49.36%
Total	130 553 991	1 305 539 910	100.00%	130 553 991	100.00%

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

In comparison to the previous reporting period ended on 31 December 2018, the composition of the Bank's Management Board no changes.

The composition of the Bank's Management Board as at 31 March 2019 and as at the publication date of this report:

First and last name	Function
Krzysztof Bachta*	President of the Management Board
Tomasz Biłous	Vice President of the Management Board
Marcin Jaszczuk	Vice President of the Management Board
Seweryn Kowalczyk	Vice President of the Management Board
Mateusz Poznański	Vice President of the Management Board
Agata Strzelecka	Vice President of the Management Board
Maciej Surdyk	Vice President of the Management Board
Marek Szcześniak	Vice President of the Management Board
Dariusz Szwed	Vice President of the Management Board

*On 27 February 2019, the Supervisory Board appointed Mr. Krzysztof Bachta to the position of the President of the Management Board of Alior Bank SA.

Members of the Bank's Management Board who held shares in the Bank as at 31 March 2019 and as at the publication date of this report:

Number of shares	07.05.2019	31.03.2019	31.12.2018
Krzysztof Bachta	2 168	2 168	2 168
Total	2 168	2 168	2 168

Members of the Bank's Management Board who held shares in the Bank

In comparison to the previous reporting period ended on 31 December 2018, the composition of the Bank's Supervisory Board changed

On 31 January 2019 professor Małgorzata Iwanicz-Drozdowska informed about her resignation from the position of the Member of the Bank's Supervisory Board effective on the same day.

Composition of the Bank's Supervisory Board as at 31 March 2019:

First and last name	Function
Tomasz Kulik	Chairman of the Supervisory Board
Marcin Eckert	Deputy Chairperson of the Supervisory Board
Dariusz Gątarek	Member of the Supervisory Board
Mikołaj Handschke	Member of the Supervisory Board

First and last name	Function
Artur Kucharski	Member of the Supervisory Board
Wojciech Myślecki	Member of the Supervisory Board
Maciej Rapkiewicz	Member of the Supervisory Board

In accordance with the Bank's best knowledge there was no change in the Bank's shareholding status hold by the Members of Supervisory Board starting from the publication date of the previous interim report, ie from 28 February 2019. As at 31 March 2019 and as at the date of publication of the financial statements, Members of the Supervisory Board of Alior Bank SA did not hold any shares in the Bank.

1.5 Information about the Alior Bank Group

Alior Bank SA is the parent company of Alior Bank Group. The composition of the Group as at 31 March 2019 was as follows:

Company's name - subsidiaries	31.03.2019	31.12.2018
Alior Services sp. z o.o.	100%	100%
Alior Leasing sp. z o.o.	100%	100%
- <i>Serwis Ubezpieczeniowy sp. z o.o.</i>	100%	100%
Meritum Services ICB SA	100%	100%
NewCommerce Services sp. z o.o.	100%	100%
Alior TFI SA	100%	100%
Absource sp. z o.o.	100%	100%
Corsham sp.z o.o.*	100%	-
- PayPo sp. z o.o.**	20%	-

*On 4 February 2019, Alior Bank SA acquired 100% shares in Corsham sp. z o.o. with a nominal value of PLN 50 each. The purchase price of the company was of PLN 11 696.30. On 28 March 2019, Corsham sp. z o.o. acquired shares in the company PayPo sp. o.o.

Company name - associate	31.03.2019	31.12.2018
PayPo sp. z o.o./ GTR Finance sp. z o.o.	-	20%

**On 4 January 2019 year the Management Board of GTR Finance sp. z o.o. informed about registration in the National Court Register of amendments to the Company Statute made pursuant to the resolution of the Extraordinary General Meeting of the Shareholders of 7 November 2018. Changes included the Company's name from GRT Finance spółka z ograniczoną odpowiedzialnością to PayPo spółka z ograniczoną odpowiedzialnością.

1.6 Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved by the bank's Management Board on 26 April 2019.

1.7 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 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 first quarter of 2019 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should therefore be read together with the consolidated financial statements of the Alior Bank Group for 2018.

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 2019 to 31 March 2019, and interim condensed consolidated statement of financial position as at 31 March 2019 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 2019. This is the first set of the Group's financial statements where IFRS 16 have been applied. Changes to accounting policies are described in Note 2.2.

Scope and reporting currency

The interim condensed consolidated financial statements of the Alior Bank SA Group comprise the data of the Bank and its subsidiaries. The interim condensed consolidated financial statements have been prepared in Polish zlotys. Unless otherwise stated, all amounts are presented in PLN thousands.

Going concern

The interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group have been prepared on the assumption that the Group will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 31 March 2019.

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

2.2 Accounting principles – changes in standards

Significant accounting policies

Detailed accounting policies were presented in the annual consolidated financial statements of the Alior Bank Group for the year ended 31 December 2018 published on Alior Bank's website on 28 February 2019.

Changes in accounting standards

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

These interim condensed consolidated financial statements do not take into account amendments, standards and interpretations that are awaiting approval by the European Union or have been approved by the European Union but have entered into or will enter into force after the balance sheet date. The scope of these amendments, standards and interpretations has been presented in the Group's consolidated financial statements for 2018.

- **IFRS 16 Leasing**

It was published by the International Accounting Standards Board on 13 January 2016, approved by the European Union on 31 October 2017 and is effective for annual periods beginning on 1 January 2019 or later. The new standard establishes principles for the recognition, valuation, presentation and disclosures about

leasing. All lease transactions result in the lessee obtaining the right to use the asset and liability for the obligation to pay. Thus, IFRS 16 abolishes the classification of operating leases and finance leases in accordance with IAS 17 and introduces one model for the accounting treatment of leasing by the lessee.

Alior Bank finalized works related to the opening balance as of 1 January 2019. The following assumptions have been adopted as at the date of the first application of IFRS 16, ie as at 1 January 2019:

- The Bank applied the simplified approach in accordance with par. C5 (b) IFRS 16, i.e. no comparative data transformation, no adjustment to the opening balance of retained earnings on the date of the first application (the balance of assets recognized in the balance sheet is equal to the liability item);
- in the case of leases previously classified as operating leases in accordance with IAS 17, assets and lease liabilities are measured at the current value of other lease payments discounted at the marginal borrower rate;
- The Bank, in accordance with paragraph 5 of IFRS 16, used the exemption for short-term leases and for leases for which the underlying asset is of low value (value of the new asset regardless of the age of the leased asset);
- according to par. C10 (c) IFRS 16 for operating leases with a lease term expiring within 12 months from the first application of IFRS 16. The Bank applies rules for short-term leasing, the lease may be treated as short-term if it complies with the definition of short-term leasing under IFRS16;
- in accordance with par. 4 of IFRS 16, Alior Bank has decided not to apply IFRS16 for intangible assets.

The impact of applying the principles of IFRS 16 as at 1 January 2019 is presented in the table below:

	Impact of IFRS 16 as at 01.01.2019
Assets due to lease agreements	378 076
- premises	330 274
- perpetual usufruct fees / annual fees	18 542
- parking	26 167
- facades	1 016
- transport means	2 077
Liabilities due to lease agreements	378 076

- Amendments to IFRS 9 Prepayment features with negative compensations

They were published by the International Accounting Standards Board on 12 October 2017, approved by the European Union on 22 March 2018 and are effective for annual periods beginning on 1 January 2019 or after that date.

Amendments to IFRS 9 introduce provisions with respect to contracts with a prepayment option, in which the lender may be forced to accept a prepayment amount, which is significantly lower than the unpaid amounts of capital and interest. Such amount of prepayment could be a payment to the borrower from the lender and not to the borrower's compensation to the lender. Such a financial asset will be eligible for measurement at amortized cost or at fair value through other comprehensive income (depending on the business model of the company), although negative compensation must constitute a justified compensation for early repayment of the contract.

The Bank believes that the application of the amended standard will not have a significant impact on the financial statements during the period of its initial application.

- IFRIC 23 Interpretation, Inclusion of uncertainty over tax treatments

It was published by the International Accounting Standards Board on 7 June 2017 and is effective for annual periods beginning on 1 January 2019 or after that date. IFRIC 23 clarifies in particular if there is uncertainty in recognizing income tax, if and when an entity should analyze uncertain tax positions separately, what are the entity's assumptions regarding the possibility of control by tax authorities, the manner in which the entity determines taxable income, tax loss, the basis tax, unused tax losses, tax rates, and how the entity recognizes changes in facts and circumstances.

The Bank believes that the application of the interpretation will not have a significant impact on the financial statements during its initial application.

Standards and interpretations that have not been approved by the European Union yet:

- Other changes

Amendments to IAS 28 concerning the valuation of long-term investments, the annual program of amendments 2015-2017 (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23) and amendments to IAS 19, Employee benefits, the Bank believes that the application of the amended standards will not have a significant impact on the financial statements in the period of their initial application.

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

In relation to the published interim condensed consolidated financial statements as of 31 March 2018 in this report the presentation of the result on sales of receivables was changed in order to better reflect the economic character of those transactions (change I).

The presentation of recoveries from loans and advances to customers transferred to off-balance sheet has been changed too. The recoveries will be presented in line Net expected credit losses, impairment allowances and write-downs, due to the fact that the transfers to off-balance are made regularly and they are a part of the Bank's operation for the management of non-performing receivables (change II).

In addition, in 2018 the Bank made the following adjustments:

- corporate income tax for the years 2012-2017,
- change in accounting approach in relation to the valuation of options embedded in structured products,
- correction of the recognition BFG's cost in the form of liability to pay as a blockage of securities in previous year,

which influenced the data published in the first quarter of 2018 (change III). The aforementioned changes are described in the annual financial statement of Alior Bank published on 28 February 2019, in Note 4.2.

Alior Bank made changes in level of expected credit losses on assets measured at amortized cost due to the development of the methodology of considering future macroeconomic and economic factors (so-called forward-looking-information, FLI). These changes were made in 2018 and are related to the implementation of IFRS 9 (change IV).

The changes concern:

- expansion in the portfolio definition methodology with a significant deterioration of the credit quality from the initial recognition (ie Transfer Logic for Stage 2) of component depended on losses expected from macroeconomic changes expected in the future; this component, in a situation of expected economic

slowdown in the future, results in maintaining an increased level of Stage 2 participation ensuring its anticyclical character;

- taking account in LGD models (expected level of assets in default losses): macroeconomic scenarios affecting the collateral recovery component (regarding real estate prices and recovery structures), the cure rate component of retail customers and the regulatory minimum loss level for assets in default.

In this report the Bank changed the presentation regarding the realized margin on foreign exchange transactions in earlier periods was presented in the Result on instruments measured at fair value through profit and loss and trading result currently in the Net fee and commission income (change V).

Income statement	01.01.2018 – 31.03.2018	change I	change II	change III	change IV	change V	01.01.2018 – 31.03.2018 Restated
Net interest income	731 222	0	0	6 430	0	0	737 652
Net fee and commission income	113 827	0	0	-4 597	0	67 644	176 874
The result on financial assets measured at fair value through profit or loss and FX result (trading)	90 139	0	0	-12 505	0	-67 644	9 990
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	14 632	-3 087	0	0	0	0	11 545
Net other operating income and expenses	30 034	0	-1 376	0	0	0	28 658
General administrative expenses	-458 411	0	0	2 318	0	0	-456 093
Net expected credit losses, impairment allowances and write-downs	-240 527	3 087	1 376	0	-8 684	0	-244 748
Gross profit	231 026	0	0	-8 354	-8 684	0	213 988
Income tax	-59 890	0	0	1 587	1 650	0	-56 653
Net profit	171 136	0	0	-6 767	-7 034	0	157 335

Statement of cash flows	01.01.2018 – 31.03.2018	change I	change II	change III	change IV	change V	01.01.2018 – 31.03.2018 Restated
Profit before tax	231 026	0	0	-8 354	-8 684	0	213 988
Change in loans and receivables	-1 306 577	0	0	0	243 345	0	-1 063 232
Change in issued debt	9 212	0	0	50 880	0	0	60 092
Change in other liabilities and other comprehensive income	-170 731	0	0	-42 526	-241 383	0	-454 640
Change in provisions	85 738	0	0	0	6 722	0	92 460

Statement of changes in equity	31.03.2018	change I	change II	change III	change VI	change V	31.03.2018 Restated
Equity at the beginning of the period	6 761 849	0	0	-70 866	0	0	6 690 983
IFRS 9 impact and other changes	-840 790	0	0	19 265	-197 683	0	-1 019 208
Profit for the period	171 136	0	0	-6 767	-7 034	0	157 335
Equity at the end of the period	6 159 581	0	0	-58 368	-204 717	0	5 896 496

3. Operating segments

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

- retail segment;
- business segment;
- treasury activity.

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

The basic products for retail customers comprise:

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

The basic products for business customers comprise:

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

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

The profitability includes:

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

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

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

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

Results and volumes split by segment for the three months ended 31 March 2019

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	485 209	280 165	38 433	803 807	0	803 807
external income	607 621	309 933	66 064	983 618	0	983 618
income of a similar nature	0	0	36 468	36 468	0	36 468
external expense	-122 412	-29 768	-64 099	-216 279	0	-216 279
Internal interest income	28 460	-65 432	36 972	0	0	0
internal income	251 703	90 225	378 900	720 828	0	720 828
internal expense	-223 243	-155 657	-341 928	-720 828	0	-720 828
Net interest income	513 669	214 733	75 405	803 807	0	803 807
Fee and commission income	100 655	162 585	3 708	266 948	0	266 948
Fee and commission expense	-41 223	-54 223	-1 638	-97 084	0	-97 084
Net fee and commission income	59 432	108 362	2 070	169 864	0	169 864
Dividend income	0	0	0	0	0	0
The result on financial assets measured at fair value through profit or loss and FX result	1 481	14 138	7 067	22 686	0	22 686
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	17 295	17 295	0	17 295

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
measured at fair value through other comprehensive income	0	0	10 423	10 423	0	10 423
measured at amortized cost	0	0	6 872	6 872	0	6 872
Other operating income	30 071	3 341	25	33 437	0	33 437
Other operating expenses	-15 727	-5 217	0	-20 944	0	-20 944
Net other operating income	14 344	-1 876	25	12 493	0	12 493
Total result before expected credit losses	588 926	335 357	101 862	1 026 145	0	1 026 145
Net expected credit losses	-99 164	-173 798	0	-272 962	-1 644	-274 606
Total result after expected credit losses	489 762	161 559	101 862	753 183	-1 644	751 539
General administrative expenses	-390 657	-175 972	0	-566 629	0	-566 629
Gross profit	99 105	-14 413	101 862	186 554	-1 644	184 910
Income tax	0	0	0	0	-81 421	-81 421
Net profit	99 105	-14 413	101 862	186 554	-83 065	103 489
Depreciation						-59 139
Assets	42 388 747	31 190 633	0	73 579 380	1 059 503	74 638 883
Liabilities	49 030 071	18 961 066	0	67 991 137	106 986	68 098 123

Results and volumes split by segment for the three months ended 31 March 2018

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	453 799	251 882	31 971	737 652	0	737 652
external income	552 693	297 159	63 045	912 897	0	912 897
income of a similar nature	0	0	35 078	35 078	0	35 078
external expense	-98 894	-45 277	-66 152	-210 323	0	-210 323
Internal interest income	29 306	-19 956	-9 350	0	0	0
internal income	255 913	101 867	471 237	829 017	0	829 017
internal expense	-226 607	-121 823	-480 587	-829 017	0	-829 017
Net interest income	483 105	231 926	22 621	737 652	0	737 652
Fee and commission income	115 214	147 218	1 937	264 369	0	264 369
Fee and commission expense	-40 658	-44 881	-1 956	-87 495	0	-87 495
Net fee and commission income	74 557	102 337	-19	176 874	0	176 874
Dividend income	0	0	0	0	0	0
The result on financial assets measured at fair value through profit or loss and FX result	1 122	15 279	-6 411	9 990	0	9 990
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	11 545	11 545	0	11 545
measured at fair value through other comprehensive income	0	0	11 185	11 185	0	11 185
measured at amortized cost	0	0	360	360	0	360
Other operating income	34 910	14 045	0	48 955	0	48 955
Other operating expenses	-15 555	-4 742	0	-20 297	0	-20 297
Net other operating income	19 355	9 303	0	28 658	0	28 658
Total result before expected credit losses	578 139	358 845	27 736	964 720	0	964 720
Net expected credit losses	-136 789	-106 203	0	-242 992	-1 756	-244 748
Total result after expected credit losses	441 350	252 642	27 736	721 728	-1 756	719 972
General administrative expenses	-371 916	-132 750	-1 317	-505 983	0	-505 983
Gross profit	69 434	119 892	26 419	215 745	-1 756	213 989
Income tax					-56 653	-56 653
Net profit	69 434	119 892	26 419	215 745	-58 409	157 336
Depreciation						-43 235

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
Assets	41 278 975	28 118 098	46 944	69 444 017	911 762	70 355 779
Liabilities	41 946 920	22 265 699	13 347	64 225 966	233 317	64 459 283

Notes to the interim condensed consolidated income statement

4. Net interest income

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
Interest income	983 618	912 897
term deposits	105	151
loans	864 254	810 757
financial assets measured at amortized cost	32 225	22 974
financial assets measured at fair value through other comprehensive income	33 665	44 757
receivables acquired	12 906	14 660
repo transactions in securities	514	1 125
leasing	39 429	18 026
other	520	447
Income of a similar nature	36 468	35 078
current accounts	2 753	2 717
overnight deposits	241	490
derivatives instruments	33 474	31 871
Interest expense	-216 279	-210 323
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-126 710	-139 201
term deposits	-86 329	-94 796
own issue	-32 117	-37 135
repo transactions in securities	-3 559	-4 286
cash deposits	-767	-825
leasing	-932	0
other	-3 006	-2 159
Other interest expense	-89 569	-71 122
current deposits	-66 053	-45 110
derivatives	-23 516	-26 012
Net interest income	803 807	737 652

5. Net fee and commission income

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
Fee and commission income	266 948	264 369
payment and credit cards service	65 133	56 686
transaction margin on currency exchange transactions	68 435	67 644
maintaining bank accounts	26 815	30 218
brokerage commissions	7 141	20 065
revenue from bancassurance activity	23 703	20 862
loans and advances	26 064	25 607
transfers	13 259	15 446
cash operations	9 412	10 313
guarantees, letters of credit, collection, commitments	3 187	3 633
receivables acquired	2 612	2 906
for custody services	2 530	2 592

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
repayment of seizure	1 469	1 259
other commissions	17 188	7 138
Fee and commission expenses	-97 084	-87 495
costs of card and ATM transactions, including costs of cards issued	-50 251	-43 856
commissions paid to agents	-12 719	-6 536
insurance of bank products	-3 707	-4 247
costs of awards for customers	-3 936	-3 302
commissions for access to ATMs	-5 521	-6 671
commissions paid under contracts for performing specific operations	-7 156	-7 719
brokerage commissions	-670	-879
for custody services	-369	-385
transfers and remittances	-4 416	-3 863
other commissions	-8 339	-10 037
Net fee and commission income	169 864	176 874

01.01.2019–31.03.2019	Retail customers	Business customers	Treasury	Total
Fee and commission income	100 655	162 585	3 708	266 948
payment and credit cards service	24 345	40 788	0	65 133
transaction margin on currency exchange transactions	32 380	33 298	2 757	68 435
maintaining bank accounts	12 170	14 645	0	26 815
brokerage commissions	7 141	0	0	7 141
revenue from bancassurance activity	12 416	11 287	0	23 703
loans and advances	3 552	22 512	0	26 064
Transfers	3 065	10 194	0	13 259
cash operations	4 734	4 678	0	9 412
guarantees, letters of credit, collection, commitments	5	3 182	0	3 187
receivables acquired	0	2 612	0	2 612
custody services	0	2 530	0	2 530
repayment of seizure	0	1 470	0	1 470
other commissions	847	15 389	952	17 188

01.01.2018 - 31.03.2018 Restated	Retail customers	Business customers	Treasury	Total
Fee and commission income	115 214	147 218	1 937	264 369
payment and credit cards service	25 633	31 053	0	56 686
transaction margin on currency exchange transactions	27 558	38 443	1 643	67 645
maintaining bank accounts	11 763	18 455	0	30 218
brokerage commissions	20 065	0	0	20 065
revenue from bancassurance activity	15 474	5 388	0	20 862
loans and advances	3 423	22 184	0	25 607
Transfers	3 630	11 816	0	15 446
cash operations	5 877	4 436	0	10 313
guarantees, letters of credit, collection, commitments	0	3 633	0	3 633
receivables acquired	0	2 906	0	2 906
custody services	0	2 592	0	2 592
repayment of seizure	0	1 259	0	1 259
other commissions	1 791	5 053	294	7 138

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

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
FX result and net income on currency derivatives, including :	17 178	13 626
FX result	-74 894	52 448
currency derivatives	92 072	-38 822
Interest rate transactions	-3 781	1 673
Ineffective part of hedge accounting	242	-2 145
The result on other instruments (includes the result on trading in debt securities classified as assets measured at fair value through profit and loss with interest)	9 047	-3 164
The result on financial assets measured at fair value through profit or loss and FX result	22 686	9 990

7. The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
Financial assets measured at fair value through other comprehensive income	10 423	11 185
Financial assets measured at amortized cost	6 872	360
own issue	230	359
other	6 642	1
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	17 295	11 545

8. Result on other operating income and expenses

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
Other operating income from:	33 437	48 955
income from contracts with business partners	9 840	10 253
reimbursement of costs of claim enforcement	7 833	3 745
received compensations, recoveries, penalties and fines	7 201	1 939
management of third party assets	4 676	5 640
acquisition of receivables	0	9 782
from license fees from Partners	1 183	1 178
other	2 704	16 418
Other operating expenses due to:	-20 944	-20 297
fees and costs of claim enforcement	-12 735	-8 776
paid compensations, fines and penalties	-4 495	-5 239
management of third party assets	-695	-617
recognition of complaints	-864	-619
other	-2 155	-5 046
Net other operating income and expense	12 493	28 658

9. General administrative expenses

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
Payroll costs	-224 154	-239 902
remuneration due to employment contracts	-180 171	-194 020
remuneration surcharges	-38 596	-41 644
revaluation of management option plan – part settled in cash	-972	-2 315
costs of bonus for senior executives settled in phantom shares	-865	0
other	-3 550	-1 923
General and administrative costs	-223 052	-171 117

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
lease and building maintenance expenses	-16 661	-37 739
costs of Banking Guarantee Fund	-121 732	-54 675
IT costs	-22 610	-22 904
marketing costs	-20 602	-19 122
cost of advisory services	-9 794	-8 587
external services	-6 756	-6 529
training costs	-4 223	-5 601
costs of telecommunications services	-5 901	-6 022
costs of lease of property, plant and equipment and intangible assets	-1 894	-1 940
other	-12 879	-7 998
Amortization and depreciation	-59 139	-43 235
property, plant and equipment	-22 767	-24 172
intangible assets	-14 734	-19 063
leasing	-21 638	0
Taxes and fees	-6 052	-1 839
Total general administrative expenses	-512 397	-456 093

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

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
Stage 3/ Impaired loans	-308 885	-289 904
Impairment losses on impaired loans and advances to customers	-308 885	-289 904
retail customers	-129 922	-150 043
business customers	-178 963	-139 861
Investment securities	3 538	532
Expected credit loss (ECL)	29 925	20 321
Stage 2	-2 078	-3 965
retail customers	2 967	6 413
business customers	-5 045	-10 378
Stage 1	32 003	24 286
retail customers	25 333	7 806
business customers	6 670	16 480
POCI	-7 900	2 328
Recoveries from off-balance sheet	5 456	1 376
Off-balance provisions	4 904	22 355
Property, plant and equipment and intangible assets	-1 569	-1 756
Non-current assets held for sale	-75	0
Net expected credit losses, impairment allowances and write-downs	-274 606	-244 748

11. IncomeTax

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
Current tax	92 315	159 318
current year	92 315	159 318
Deferred income tax	-10 894	-102 665
origination and reversal of temporary differences	-10 894	-102 665
Accounting tax recognized in the income statement	81 421	56 653

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
Gross profit	184 910	213 988
Income tax at 19%	35 133	40 658
Non-tax deductible expenses	45 830	27 746
Entertainment costs	154	75
PFRON (State Fund for the Rehabilitation of Disabled People)	20	45
Impairment losses on loans in the part not covered with deferred tax	10 561	6 544
Prudency fee for BGF	23 129	10 388
Tax on Certain Financial Institutions	10 304	9 479
Donations	0	2
Other	1 662	1 213
Non-taxable income	-553	-2 940
Release of loan impairment allowances in the part not covered with the deferred tax	-4	-13
Other	-549	-2 927
Recognition of tax loss	119	-396
Other	892	-8 415
Accounting tax recognized in the income statement	81 421	56 653
Effective tax rate	44.03%	26.47%

12. Profit per share

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated
Net profit	103 489	157 335
Weighted average number of ordinary shares	130 553 991	129 276 474
Share options (number) - adjusting instrument	1 160 412	1 367 611
Adjusted weighted average number of shares	131 714 403	130 644 085
Net profit per ordinary share (PLN)	0.79	1.22
Diluted profit per share (PLN)	0.79	1.20

In compliance with IAS 33, the Bank calculates diluted profit per share, including shares issued conditionally within incentive programmes described in Note 30. The calculations do not include those elements of incentive programmes that acted against dilution in the reporting periods and which, in the future, may potentially dilute profit per share.

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.

Diluted profit per share is calculated as a ratio of profit attributable to the Bank's shareholders and the weighted average number of ordinary shares adjusted by potential ordinary convertible shares. The Bank has one category that may result in dilution of potential ordinary shares: share options.

The number of warrants as at 31 March 2019:

Series of warrants	The number of warrants as at 31.12. 2018	The number of warrants executed during 2019	Warrants expired in 2019	The number of warrants as at 31.03. 2019 incl:	The number of warrants that can be realised	Number of deferred warrants to be issued in 2019
A	0	0	0	0	0	0
B	528 612	0	0	528 612	520 263	8 349
C	631 800	0	0	631 800	490 956	140 844
	1 160 412	0	0	1 160 412	1 011 219	149 193

Notes to the interim condensed consolidated statement of financial position

13. Cash and balances with the central bank

13.1 Financial data

	31.03.2019	31.12.2018
Current account with the central bank	721 997	706 079
Term deposit with the central bank	101 004	0
Cash	514 435	932 954
Cash and balances with central bank	1 337 436	1 639 033

14. Amounts due from banks

14.1 Financial data

	31.03.2019	31.12.2018
Current accounts	216 365	429 498
Overnight deposits (O/N)	80 450	60
Term deposits	8 422	10 047
Deposits as derivative transactions (ISDA) collateral	129 529	124 998
Other	73 337	47 841
Amounts due from banks	508 103	612 444

15. Financial assets

15.1 Financial data

	31.03.2019	31.12.2018
Financial assets	14 030 865	13 727 570
measured at fair value through other comprehensive income	7 727 692	7 280 080
measured at fair value through profit or loss	614 547	515 138
measured at amortized cost	5 688 626	5 932 352

Financial assets by type

measured at fair value through other comprehensive income	31.03.2019	31.12.2018
Debt instruments	7 704 705	7 257 145
issued by the State Treasury	7 154 072	7 109 317
T-bonds	7 154 072	7 109 317
issued by monetary institutions	476 503	74 304
Eurobonds	76 554	74 304
Money bills	399 949	0
issued by companies	74 130	73 524
Bonds	74 130	73 524
Equity instruments	22 987	22 935
Total	7 727 692	7 280 080

measured at fair value through profit or loss	31.03.2019	31.12.2018
Investments securities	119 079	48 874
Debt instruments	86 432	21 814
issued by the State Treasury	69 199	5 254
T-bonds	69 199	5 254

measured at fair value through profit or loss	31.03.2019	31.12.2018
issued by companies	17 233	16 560
Bonds	17 233	16 560
Equity instruments	32 647	27 060
Derivative financial instruments	495 468	466 264
Interest rate transactions	284 967	286 917
SWAP	284 346	286 014
Cap Floor Options	621	903
Foreign exchange transactions	116 284	108 205
FX Swap	45 053	40 353
FX forward	34 842	32 310
CIRS	11 982	11 723
FX options	24 407	23 819
Other options	68 131	36 028
Other instruments	26 086	35 114
Total	614 547	515 138

measured at amortized cost	31.03.2019	31.12.2018
Debt instruments	5 688 626	5 932 352
issued by the State Treasury	5 688 581	5 932 352
T-bonds	5 688 581	5 932 352
issued by companies	45	0
Bonds	45	0
Total	5 688 626	5 932 352

16. Loans and advances to customers

16.1 Financial data

Loans granted to customers	31.03.2019			31.12.2018		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	32 490 619	-2 637 032	29 853 587	32 048 060	-2 604 564	29 443 496
Consumer loans	19 343 258	-2 454 105	16 889 153	18 948 266	-2 419 791	16 528 475
Loans for residential properties	10 669 593	-137 514	10 532 079	10 490 966	-138 830	10 352 136
Consumer finance loans	2 477 768	-45 413	2 432 355	2 608 828	-45 943	2 562 885
Corporate segment	27 788 176	-2 247 999	25 540 177	26 869 349	-2 066 921	24 802 428
Working capital loans	13 549 699	-1 510 921	12 038 778	13 034 649	-1 421 812	11 612 837
Investment loans	8 407 285	-472 097	7 935 188	8 728 597	-418 269	8 310 328
Other business loans	5 831 192	-264 981	5 566 211	5 106 103	-226 840	4 879 263
Total	60 278 795	-4 885 031	55 393 764	58 917 409	-4 671 485	54 245 924

Loans and advances to customers by method of allowance calculation	31.03.2019			31.12.2018		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	7 233 760	-3 595 302	3 638 458	6 919 170	-3 371 568	3 547 602
individualised method, including:	3 206 402	-1 057 212	2 149 190	3 021 790	-930 486	2 091 304
with identified impairment	2 587 044	-1 049 480	1 537 564	2 419 201	-927 494	1 491 707
without identified impairment	619 358	-7 732	611 626	602 589	-2 992	599 597

Loans and advances to customers by method of allowance calculation	31.03.2019			31.12.2018		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
group method	4 027 358	-2 538 090	1 489 268	3 897 380	-2 441 082	1 456 298
with identified impairment	3 960 783	-2 530 669	1 430 114	3 828 021	-2 433 496	1 394 525
without identified impairment	66 575	-7 421	59 154	69 359	-7 586	61 773
portfolio method (IBNR)	6 690 541	-775 914	5 914 627	6 356 390	-771 136	5 585 254
Stage 2	45 964 808	-433 776	45 531 032	45 243 037	-467 542	44 775 495
Stage 1	389 686	-80 039	309 647	398 812	-61 239	337 573
POCI	60 278 795	-4 885 031	55 393 764	58 917 409	-4 671 485	54 245 924

Loans and advances to customers – exposure of the Bank to the credit risk	31.03.2019			31.12.2018		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3 (with identified impairment, of which):	6 547 827	-3 580 149	2 967 678	6 247 222	-3 360 990	2 886 232
assessed with individualised method	2 591 693	-1 052 370	1 537 564	2 419 201	-927 494	1 491 707
without identified impairment, of which:	53 341 282	-1 224 843	52 116 439	52 271 375	-1 249 256	51 022 119
Stage 3 (with recognised individual indication)	685 933	-15 153	670 780	671 948	-10 578	661 370
not overdue	250 308	-3 100	247 208	136 184	-3 513	132 671
overdue	435 625	-12 053	423 572	535 764	-7 065	528 699
Stage 1 and Stage 2 /IBNR	52 655 349	-1 209 690	51 445 659	51 599 427	-1 238 678	50 360 749
not overdue	49 047 454	-841 971	48 205 483	46 670 992	-828 768	45 842 224
overdue	3 607 895	-367 719	3 240 176	4 928 435	-409 910	4 518 525
POCI	389 686	-80 039	309 647	398 812	-61 239	337 573
Total	60 278 795	-4 885 031	55 393 764	58 917 409	-4 671 485	54 245 924

Expected credit losses – reconciled transfers in the first quarter 2019	As at 01.01.2019	Impact on P&L	Established in the period	Reversed in the period	Non-recoverable receivables recovered from off-balance	Migrations between stages	Assets written-off	Other	Value at the end of period
Stage 1	467 542	-32 003	64 862	-182 174	0	85 309	0	-1 764	433 775
Stage 2	771 136	2 078	339 571	-188 435	0	-149 058	-9	2 709	775 914
Stage 3	3 356 437	303 429	421 677	-176 542	-5 455	63 749	-113 164	43 145	3 595 302
POCI	61 239	7 900	25 371	-17 471	0	0	-656	11 556	80 039
Total	4 656 354	281 404	851 481	-564 622	-5 455	0	-113 829	55 646	4 885 030

In the first quarter of 2019, the Group sold loans with a total gross value amounting to PLN 139 561 thousand, while the impairment allowance recorded for this portfolio amounted to PLN 103 340 thousand. The impact of debt sales on the cost of risk in the first quarter of 2019 amounted to PLN 7 201 thousand.

Expected credit losses – reconciled transfers in the first quarter 2018	As at 01.01.2018	Impact on P&L	Established in the period	Reversed in the period	Non-recoverable receivables recovered from off-balance	Migrations between stages	Assets written-off	Other	Value at the end of period
Stage 1	531 428	-23 880	175 043	-268 631	0	69 708	0	251	507 799
Stage 2	830 959	3 333	336 489	-197 769	-7	-135 380	-21	-9 540	824 738
Stage 3	2 729 663	288 754	321 404	-96 953	-1 369	65 672	4 741	53 084	3 077 611
POCI	22 990	-2 328	80 267	-82 595	0	0	0	0	20 662
Total	4 115 040	265 879	913 203	-645 948	-1 376	0	4 720	43 795	4 430 810

17. Other assets

	31.03.2019	31.12.2018
Sundry debtors	349 025	566 357
Other settlements	225 172	331 127
Receivables related to sales of services (including insurance)	35 871	36 905
Guarantee deposits	16 384	16 962
Settlements of payment cards	71 598	181 363
Costs recognised over time	60 490	34 517
Settlements of rental charges and utilities	609	617
Maintenance and support of systems, servicing of plant and equipment	23 195	18 167
Other deferred costs	36 686	15 733
Other receivables	217	57
VAT settlements	130 236	145 385
Other assets (gross)	539 968	746 316
Write-down	-66 624	-69 835
Other assets (net)	473 344	676 481
including financial assets (gross)	349 025	566 357

18. Assets pledged as collateral

18.1 Financial data

	31.03.2019	31.12.2018
Treasury bonds blocked for REPO transactions	9 619	0
Deposit as collateral of transactions performed in Alior Trader	222	88
Financial assets measured at amortised cost securing a loan in the EIB	335 080	333 198
Total	344 921	333 286

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

	31.03.2019	31.12.2018
Treasury bonds blocked with BGF	335 165	351 896
Deposits as derivative transactions (ISDA) collateral	129 529	124 998
Total	464 694	476 894

19. Amounts due to banks

Structure by type	31.03.2019	31.12.2018
Current deposits	3 392	4 991
Term deposits	343 871	2 770
Own bond issues	22 590	22 761
Received loan	222 586	230 830
Other liabilities	426 434	331 975
Repo	9 631	0
Total amounts due to banks	1 028 504	593 327

20. Amounts due to customers

Structure by type and customer segment	31.03.2019	31.12.2018
Retail segment	45 124 679	43 944 874

Structure by type and customer segment	31.03.2019	31.12.2018
Current deposits	29 142 048	28 546 686
Term deposits	13 358 433	12 777 384
Own issue of banking securities	2 352 307	2 380 331
Own bond issues	80 872	81 484
Other liabilities	191 019	158 989
Corporate segment	17 201 884	18 490 711
Current deposits	9 136 707	10 130 389
Term deposits	7 326 379	7 489 126
Issue of the Bank's securities	284 089	429 148
Own bond issues	162 847	163 883
Other liabilities	291 862	278 165
Total amounts due to customers	62 326 563	62 435 585

In the first quarter 2019 the Bank issued own securities amounted to PLN 153 532 thousand (BPW) and securities purchased before maturity amounted to PLN 58 617 thousand.

In 2018 the Bank issued own securities amounted to PLN 1 111 576 thousand (BPW) and securities purchased before maturity amounted to PLN 123 966 thousand.

21. Provisions

	Provisions for disputes	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Total provisions
As at 01 January 2019	35 064	7 242	74 365	9 528	126 199
Established provisions	4 740	0	39 126	0	43 866
Reversal of provisions	-361	0	-44 031	0	-44 392
Utilized provisions	-223	-149	0	-2 602	-2 974
Other changes	0	0	4	0	4
As at 31 March 2019	39 220	7 093	69 464	6 926	122 703

	Provisions for disputes	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Total provisions
As at 01 January 2018	16 024	13 338	23 677	37 418	90 457
Impact of MSSF 9	0	0	121 628	0	121 628
Established provisions	35 484	7 207	237 131	0	279 822
Reversal of provisions	-7 750	-12 892	-308 079	-6 800	-335 521
Utilized provisions	-8 698	-427	0	-21 090	-30 215
Other changes	4	16	8	0	28
As at 31 December 2018	35 064	7 242	74 365	9 528	126 199

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

Split of the restructuring provision as at 31.03.2019 is presented below :

	31.12.2018	utilisation	reversal	31.03.2019
Severance pay for employees	0	0	0	0

	31.12.2018	utilisation	reversal	31.03.2019
Reorganisation of the branch network	9 528	-2 602	0	6 926
Total	9 528	-2 602	0	6 926

22. Other liabilities

	31.03.2019	31.12.2018
Interbank settlements	484 406	354 356
Taxes, customs duty, social and health insurance payables and other public settlements	226 914	39 057
Settlements of payment cards	173 956	117 620
Other settlements, including settlements with insurers	170 901	123 600
	12 680	20 118
Settlements of issues of bank certificates of deposits	95 795	42 902
Accrued expenses	244 131	166 377
Income received in advance	69 949	70 509
Provision for bancassurance resignations	27 754	28 300
Provision for bonuses	114 298	102 469
Provision for unutilised annual leaves	24 084	24 298
Provision for bonuse settled in phantom shares	16 220	15 355
Provision for retention programs	6 326	6 326
Revaluation of management option plan – part settled in cash	6 345	5 373
Other employee provisions	1 969	2 893
Leasing	372 879	0
Other liabilities	59 948	67 676
Other liabilities	2 095 875	1 167 111
including financial liabilities	829 263	595 576

23. Financial liabilities

23.1 Financial data

	31.03.2019	31.12.2018
Short sale of T-bonds	43 487	0
Interest rate transactions	299 106	290 875
SWAP	298 486	289 975
Cap Floor Options	620	900
Foreign exchange transactions	43 582	55 226
FX Swap	13 660	12 170
FX forward	4 402	13 117
CIRS	2 830	5 586
FX options	22 690	24 353
Other options	68 131	36 028
Other instruments	16 642	34 278
Total	470 948	416 407

24. Subordinated liabilities

	Nominal value in the currency (PLN '000)	Currency	Term	Specific conditions	Status of liabilities	
					31.03.2019	31.12.2018
Subordinated loan	10 000	EUR	12.10.2011-12.10.2019	The loan may be prepaid subject to a written notification 30 days before the planned repayment.	43 215	43 189
Series F bonds	321 700	PLN	26.09.2014-26.09.2024		321 961	325 914

	Nominal value in the currency (PLN '000)	Currency	Term	Specific conditions	Status of liabilities	
					31.03.2019	31.12.2018
Series G bonds	192 950	PLN	31.03.2015-31.03.2021		198 067	195 551
Series I bonds	150 000	PLN	04.12.2015-06.12.2021		152 493	150 591
Series I1 bonds	33 350	PLN	04.12.2015-06.12.2021		33 904	33 482
Series B bonds (Meritum Bank)	67 200	PLN	29.04.2013-29.04.2021		69 164	67 885
Meritum Bank bonds – series C	80 000	PLN	21.10.2014-21.10.2022		81 766	80 582
Series EUR001 bonds	10 000	EUR	04.02.2016-04.02.2022		43 409	44 060
Series P1A bonds	150 000	PLN	14.04.2016-16.05.2022		152 821	150 957
Series P1B bonds	70 000	PLN	21.04.2016-16.05.2024		71 251	70 424
Series K bonds	400 000	PLN	20.10.2017-20.10.2025		408 040	403 600
Series K1 bonds	200 000	PLN	20.10.2017-20.10.2025		204 020	201 800
Series P2A bonds	150 000	PLN	27.11.2017-29.12.2025		151 719	150 058
Subordinated liabilities					1 931 830	1 918 093

25. Fair value hierarchy

25.1 Accounting principles

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

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

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

Financial assets and liabilities with fair value measured directly on the basis of quoted prices (not adjusted) from active markets for identical assets or liabilities, like :

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

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

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

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

Instruments from this level are included options embedded in structured instruments issued by the Bank and options in the interbank market to hedge positions of the embedded options. The fair value is determined on

the basis of market prices of those options or an internal model subject to both observable parameters (e.g. price of the base instrument, secondary quotations of options) and non-observable (e.g. variability, correlations between base instruments in options based on a basket). Model parameters are determined on the basis of a statistical analysis. At the end of the reporting period, the position in the above-mentioned instruments was closed on back-to-back basis, which means that the change in valuation of options embedded in structured instruments is offset by changes in the valuation of options concluded on the interbank market. The group also contains the Bank's position in commercial debt securities where apart from the parameters coming from market quotations are affected by non-observable volume of credit spread.

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.

The carrying amounts of financial assets and liabilities by categories (levels) of valuation are presented below. There were no movements between valuation levels.

31.03.2019	Level 1	Level 2	Level 3	Total
Financial assets				
Measured at fair value through profit and loss	72 403	424 588	117 556	614 547
SWAP	0	284 346	0	284 346
Cap Floor Options	0	621	0	621
FX Swap	0	45 053	0	45 053
FX forward	0	34 842	0	34 842
CIRS	0	11 982	0	11 982
FX options	0	24 407	0	24 407
Other options	0	0	68 131	68 131
Other instruments	2 749	23 337	0	26 086
Financial derivatives	2 749	424 588	68 131	495 468
Equity instruments	298	0	32 349	32 647
Treasury bonds	69 199	0	0	69 199
Other bonds	157	0	17 076	17 233
Investments securities	69 654	0	49 425	119 079
Measured at fair value through other comprehensive income	7 230 626	399 949	97 117	7 727 692
Money bills	0	399 949	0	399 949
Equity instruments	0	0	22 987	22 987
Treasury bonds	7 154 072	0	0	7 154 072
Other bonds	76 554	0	74 130	150 684
Derivative hedging instruments	0	106 674	0	106 674
Interest rate transactions – SWAP	0	106 674	0	106 674

31.12.2018	Level 1	Level 2	Level 3	Total
Financial assets				
Measured at fair value through profit and loss	24 724	411 197	79 217	515 138
SWAP	0	286 014	0	286 014
Cap Floor Options	0	903	0	903
FX Swap	0	40 353	0	40 353
FX forward	0	32 310	0	32 310
CIRS	0	11 723	0	11 723
FX options	0	23 819	0	23 819
Other options	0	0	36 028	36 028

31.12.2018	Level 1	Level 2	Level 3	Total
Other instruments	19 039	16 075	0	35 114
Financial derivatives	19 039	411 197	36 028	466 264
Equity instruments	248	0	26 812	27 060
Treasury bonds	5 254	0	0	5 254
Other bonds	183	0	16 377	16 560
Investments securities	5 685	0	43 189	48 874
Measured at fair value through other comprehensive income	7 183 621	0	96 459	7 280 080
Equity instruments	0	0	22 935	22 935
Treasury bonds	7 109 317	0	0	7 109 317
Other bonds	74 304	0	73 524	147 828
Derivative hedging instruments	0	112 400	0	112 400
Interest rate transactions – SWAP	0	112 400	0	112 400

31.03.2019	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	46 306	356 511	68 131	470 948
Bonds	43 487	0	0	43 487
SWAP	0	298 487	0	298 487
Cap Floor Options	0	620	0	620
FX Swap	0	13 660	0	13 660
FX forward	0	4 402	0	4 402
CIRS	0	2 830	0	2 830
FX options	0	22 690	0	22 690
Other options	0	0	68 131	68 131
Other instruments	2 819	13 822	0	16 641
Derivative hedging instruments	0	14 714	0	14 714
Interest rate swaps - IRS	0	14 714	0	14 714

31.12.2018	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	17 709	362 670	36 028	416 407
SWAP	0	289 975	0	289 975
Cap Floor Options	0	900	0	900
FX Swap	0	12 170	0	12 170
FX forward	0	13 117	0	13 117
CIRS	0	5 586	0	5 586
FX options	0	24 353	0	24 353
Other options	0	0	36 028	36 028
Other instruments	17 709	16 569	0	34 278
Derivative hedging instruments	0	9 381	0	9 381
Interest rate swaps - IRS	0	9 381	0	9 381

Reconciliation of changes at level 3 of fair value hierarchy

	Assets		Liabilities	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Opening balance	175 676	293 967	36 028	51 719
Increases, of which:	46 222	11 839	39 318	7 772
Valuation recognised in other comprehensive income	5 602	2 959	0	0
Interest recognised in other comprehensive income	750	1 432	0	0
Valuation recognised in income statement	37 241	3 829	36 820	4 139
Interest recognised in income statement	113	0	0	0
Purchases	2 516	3 619	2 498	3 633
Decreases, of which:	-7 225	-12 855	-7 215	-12 051
Interest recognised in other comprehensive income	489	0	0	0
Valuation recognised in income statement	-742	-11 667	-731	-11544
Interest recognised in income statement	0	-4	0	0
Sale/redemption	-6 972	-1 184	-6 484	-507
Total	214 673	292 951	68 131	47 440

At the end of the first quarter of 2019, 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 9.98 million and for debt instruments measured at fair value through profit and loss account approx. amounted to PLN 2.07 million.

Fair value measurement for the purposes of disclosures

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

31.03.2019	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Assets					
Cash and balance with Central Bank	1 337 436	1 337 436	0	0	1 337 436
Amount due from banks	508 103	0	508 103	0	508 103
Loans and advances to customers	55 393 764	0	0	58 818 041	58 818 041
Retail segment	29 853 587	0	0	28 724 904	28 724 904
Consumer loans	16 889 153	0	0	16 425 677	16 425 677
Loans for residential real estate	10 532 079	0	0	9 871 102	9 871 102
Consumer finance loans	2 432 355	0	0	2 428 125	2 428 125
Corporate segment	25 540 177	0	0	30 093 137	30 093 137
Working capital facility	12 038 778	0	0	13 567 274	13 567 274
Investment loans	7 935 188	0	0	7 989 568	7 989 568
Other	5 566 211	0	0	8 536 295	8 536 295
Assets pledged as collateral	335 080	336 888	0	0	336 888
Investment securities measured at amortized cost	5 688 626	5 719 322	0	0	5 719 322
Other assets	349 025	0	0	349 025	349 025
Liabilities					
Amounts due to banks	1 028 504	0	1 028 504	0	1 028 504
Current deposits	3 392	0	3 392	0	3 392
Term deposits	343 871	0	343 871	0	343 871
Bonds issued	22 590	0	22 590	0	22 590

31.03.2019	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Credit received	222 586	0	222 586	0	222 586
Other liabilities	426 434	0	426 434	0	426 434
Amounts due to customers	62 326 563	0	0	62 380 853	62 380 853
Current deposits	38 278 755	0	0	38 278 755	38 278 755
Term deposits	20 684 812	0	0	20 684 812	20 684 812
Banking securities issued	2 636 396	0	0	2 690 686	2 690 686
Bonds issued	243 719	0	0	243 719	243 719
Other liabilities	482 881	0	0	482 881	482 881
Other liabilities	829 263	0	0	829 263	829 263
Subordinated liabilities	1 931 830	0	0	1 931 830	1 931 830

31.12.2018	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Assets					
Cash and balance with Central Bank	1 639 033	1 639 033	0	0	1 639 033
Amount due from banks	612 444	0	612 444	0	612 444
Loans and advances to customers	54 245 924	0	0	53 664 354	53 664 354
Retail segment	29 443 496	0	0	28 967 837	28 967 837
Consumer loans	16 528 475	0	0	16 696 138	16 696 138
Loans for residential real estate	10 352 136	0	0	9 705 977	9 705 977
Consumer finance loans	2 562 885	0	0	2 565 722	2 565 722
Corporate segment	24 802 428	0	0	24 696 517	24 696 517
Working capital facility	11 612 837	0	0	11 634 279	11 634 279
Investment loans	8 310 328	0	0	8 182 976	8 182 976
Other	4 879 263	0	0	4 879 262	4 879 262
Asstes pledged as collateral	333 286	336 665	0	0	336 665
Investment securities measured at amortized cost	5 932 352	5 994 085	0	0	5 994 085
Other assets	566 357	0	0	566 357	566 357
Liabilities					
Amounts due to banks	593 327	0	593 327	0	593 327
Current deposits	4 991	0	4 991	0	4 991
Term deposits	2 770	0	2 770	0	2 770
Bonds issued	22 761	0	22 761	0	22 761
Credit received	230 830	0	230 830	0	230 830
Other liabilities	331 975	0	331 975	0	331 975
Amounts due to customers	62 435 585	0	0	62 476 305	62 476 305
Current deposits	38 677 075	0	0	38 677 075	38 677 075
Term deposits	20 266 510	0	0	20 266 510	20 266 510
Banking securities issued	2 809 479	0	0	2 850 199	2 850 199
Bonds issued	245 367	0	0	245 367	245 367
Other liabilities	437 154	0	0	437 154	437 154
Other liabilities	595 576	0	0	595 576	595 576
Subordinated liabilities	1 918 093	0	0	1 918 093	1 918 093

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

Receivables from customers

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

Financial liabilities measured at amortised cost

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

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

26. Capital adequacy ratio and Tier 1 ratio

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

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

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

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

	01.01.2019 - 31.03.2019
Interest income	983 654
Income of a similar nature	36 468
Interest expense	-216 314
Net interest income	803 808
Fee and commission income	264 005
Fee and commission expense	-95 928
Net fee and commission income	168 077
Dividend income	0
The result on financial assets measured at fair value through profit or loss and FX result	22 689
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss including:	17 295
measured at fair value through other comprehensive income	10 423
measured at amortized cost	6 872
Other operating income	30 527
Other operating costs	-20 928
Net other operating income and expenses	9 599
General administrative expenses	-506 386
Net expected credit losses	-274 605
Banking tax	-54 232
Gross profit	186 245
Income tax	-81 715
Net profit	104 530

Equity for the purposes of the capital adequacy

	31.03.2019	31.12.2018
Total equity for the capital adequacy ratio	7 874 487	8 156 980
Tier I core capital (CET1)	6 349 213	6 594 281
Supplementary Tier II capital	1 525 274	1 562 699
Paid-up capital	1 305 540	1 305 187
Supplementary capital	5 382 819	5 380 995
Other reserves	184 284	184 284
Current year's reviewed by auditor	539 099	539 099
Accumulated losses	-1 160 237	-1 151 445
Revaluation reserve – unrealised losses	-55 714	-5 937
Intangible assets measured at carrying value	-535 897	-539 273
Revaluation reserve – unrealised profit	15 954	39 196
Subordinated liabilities	1 525 274	1 562 699
Additional value adjustments	673 366	842 174
Capital requirements	4 089 577	4 117 481
Total capital requirements for the credit, counterparty risk, adjustment to credit measurement, dilution and deliver of instruments to be settled at a later date	3 743 158	3 662 124
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk.	5 106	3 497
Capital requirement relating to the general interest rate risk	26 588	36 991
Total capital requirements for the operational risk	314 725	414 870
Tier 1 ratio	12.42%	12.81%
Total capital adequacy ratio	15.40%	15.85%

The Bank, decided to apply the transitional provisions provided in Regulation No. 2017/2395, which means that the full impact of implementing IFRS 9 will not be taken into account for the purpose of assessing the Bank's capital adequacy.

The table below presents the impact of the application of IFRS 9 as at 31 March 2019 on capital adequacy including and without taking into account the transition period:

	Impact of IFRS 9 including the transition period	Impact of IFRS 9 without considering the transition period
Total capital (TIER 1, TIER 2)	7 874 487	6 702 023
The total capital requirement	4 089 577	40 021 560
Total capital ratio	15.40%	13.33%
Financial leverage ratio	8.04%	6.58%

27. Off – balance sheet items

Off-balance contingent liabilities granted to customers	31.03.2019	31.12.2018
Granted off-balance liabilities	10 407 046	10 902 052
Concerning financing	9 525 758	9 996 156
Guarantees	881 288	905 896
Performance guarantees	226 389	215 724
Financial guarantees	654 899	690 172

28. Transactions with related entities

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

The related parties of the Group are PZU SA and its related entities and entities related to members of the Management and Supervisory Boards. Through PZU, Alior Bank is indirectly controlled by the State Treasury. The following tables present the type and value of transactions with related parties. Transactions between the Bank and its subsidiaries which are related parties of the Bank have been eliminated in consolidation and are not disclosed in this note.

Parent company	31.03.2019	31.12.2018
Liabilities		
Amounts due to customers	154	78
Provisions	4	4
Total liabilities	158	82

Subsidiaries of the parent company	31.03.2019	31.12.2018
Financial assets	227 507	199 700
measured at amortized cost	150 010	149 289
measured at fair value through other comprehensive income	76 763	50 180
measured at fair value through profit or loss	734	231
Derivative hedging instruments	587	476
Amounts due from banks	368	224
Total assets	228 462	200 400
Financial liabilities measured at fair value through profit or loss	234	178
Derivative hedging instruments	91	205
Amounts due to customers	344 377	313 933
Provisions	6	5
Other liabilities	4 130	3 757
Revaluation reserve	-105	-1 348
Total liabilities and equity	348 733	316 730

Parent company	31.03.2019	31.12.2018
Off-balance liabilities granted to customers	0	116
Guarantees	0	116

Subsidiary of the parent entity	31.03.2019	31.12.2018
Off-balance liabilities granted to customers	6	31 277
Guarantees	6	31 277

Parent company	01.01.2018 – 31.03.2019	01.01.2018 – 31.03.2018 Restated
Fee and commission income	201	1
Fee and commission expense	-257	0
Net other operating income and expenses	-266	0
General administrative expenses	0	-543
Total	-322	-542

Subsidiaries of the parent company	01.01.2018 – 31.03.2019	01.01.2018 – 31.03.2018 Restated
Interest income	5	30
Interest expense	-2 242	-1 627
Fee and commission income	116	2 204
Fee and commission expense	-1	-1
The result on financial assets measured at fair value through profit or loss and FX result	-95	-935
General administrative expenses	13	0
Total	-2 204	-329

Subsidiary of the parent entity	01.01.2018 – 31.03.2019	01.01.2018 – 31.03.2018 Dane przekształcone
Interest expense	0	-85
Fee and commission income	0	4
Total	0	-81

Nature of transactions with related parties

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

Interest rates on deposit granted to related entities ranged from 0 % to 2.7%.

Transactions with the State Treasury and related entities

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

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

State Treasury and related entities	31.03.2019	31.12.2018
Financial assets	13 419 865	13 537 573
measured at fair value through other comprehensive income	7 310 007	7 250 424
measured at fair value through profit or loss	86 196	21 631
measured at amortized cost	6 023 662	6 265 518
Amounts due from banks	765	628
Loans and advances to customers	26 996	23 416
Total assets	13 447 626	13 561 617
Financial liabilities measured at fair value through profit or loss	43 487	0
Amounts due to banks	427 461	127 772
Amounts due to customers	838 805	934 724
Total liabilities	1 309 753	1 062 496

Transactions with the State Treasury and related entities	01.01.2018 – 31.03.2019	01.01.2018 – 31.03.2018 Dane przekształcone
Interest income	64 873	27 427
Interest expense	-5 951	-6 075
Costs of tax paid	-146 547	-209 208

Transactions with the State Treasury and related entities	01.01.2018 – 31.03.2019	01.01.2018 – 31.03.2018 Dane przekształcone
Total	-87 625	-187 856

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

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

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

31.03.2019	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	23	0	23
Total assets	23	0	23
Amounts due to customers	2 296	62	2 234
Total liabilities	2 296	62	2 234

31.03.2019	Supervising, managing persons	Supervisory Board	Bank's Management Board
Off-balance sheet liabilities granted to customers	36	0	36
Relating to financing	36	0	36

The total remuneration of the Bank's Supervisory Board members and Management Board members performing their duties from 1 January to 31 March 2019 recognized in the Group's profit and loss account for this period amounted to PLN 2 216 thousand (in the period from 1 January to 31 March 2018 it amounted to PLN 2 885 thousand).

For the members of the Bank's Management Board the cost of remuneration also includes variable remunerations paid in cash.

30. Incentive program for senior executives

Alior Bank SA operates the following incentive programs:

- management option scheme, valid for 2013-2015, in accordance with the Compensation Policy of Variable Remuneration of Persons Holding Management Positions at Alior Bank, this program will be settled by 2020;
- bonus scheme for the Management Board, valid from 2016;
- 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;
- share subscription program as part of the management option scheme at Alior Leasing sp. o.o.

These programs are a continuation of the programs described in Alior Bank's consolidated financial statements dated on 31 December 2018.

31. Legal claims

In the Bank's opinion, no single court, arbitration court or public administration body proceedings in progress during the 2019 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 - limited company for a payment of PLN 102 738 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;

- case claimed by a client - limited company for a payment of PLN 17 843 thousand for clearing currency option contracts. The claim dated 10 February 2015 was brought originally against BPH SA. In the Bank's opinion, the claim has no valid factual and legal basis;
- case claimed by a client - a private individual - a representative of a group of 84 private individuals and corporate clients to determine the Bank's liability for damage. On 5 March 2018 class actions was filed against Alior Bank in determining the Bank's liability for damage caused by improper performance of information obligations by the Bank towards clients and improper performance of contracts for the provision of services for the receipt and transfer of purchase or sale orders investment's certificates of investment funds previously managed by Fincrea TFI SA, and currently Raiffeisen Bank International AG (Joint Stock Company) Branch in Poland. In the claimant's view Bank did not provide clients with information about the real risk of investing in investment products, thus exposing the clients to damage resulting from the impairment of investment certificates and the loss of guaranteed profits. In the Bank's opinion, a class action lawsuit has no valid factual or legal basis and therefore should not be resolved in favor of customers. As at the date of financial statements, the court to which a class action was filed did not issue a decision on the admissibility of considering a class action. In addition, Alior Bank assumes that the risk of a disadvantageous settlement of the suit and a significant loss in this respect is estimated at a lower than medium level, thus as at 31 March 2019, the Bank did not create any provisions in respect of this claim. At the present stage, it is not possible to estimate the financial consequences for the Bank in the event of a different settlement by the court than assumed by the Bank.

In addition, on 14 September 2018, the Polish Financial Supervision Authority initiated administrative proceedings regarding the imposition of a financial penalty on the basis of art. 167 para. 2 point 1 in conjunction from art. 167 para. 1 point 1 of the Act on Trading in Financial Instruments in connection with irregularities. The proceeding is related to the inspection carried out by the Polish Financial Supervision Authority from November 2017 to May 2018, which concerned the correct operation of Alior Bank and the Brokerage Office in the scope of distribution of investment certificates of funds previously managed by Fincrea TFI SA, and currently Raiffeisen Bank International AG (Joint Stock Company) Branch in Poland. As at the date of the report, the Polish Financial Supervision Authority did not complete the proceedings regarding the imposition of a forfeit.

The value of disputed claims amounted to PLN 268 951 thousand as at the end of first quarter 2019 and PLN 258 700 thousand as at the end of 2018.

The value of provisions for disputed claims amounted to PLN 39 220 thousand as at the end of first quarter 2019 and PLN 35 064 thousand as at the end of 2018.

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

During the first quarter of 2019 there were no material purchases or disposals of property, plant and equipment or of intangible assets. There are no significant liability for the purchase of property, plant and equipment.

33. Appropriation of the profit for 2018 and information on no dividend payment

Until the date of publication of this report, the Annual General Shareholder's Meeting of Alior Bank did not pass a resolution on the distribution of profit for 2018. The Bank's Management Board is going to recommend to the General Shareholders Meeting of the Bank no dividend payment for 2018 which is in line with the Bank's

strategy and individual recommendations of the Polish Financial Supervision Authority to increase the Bank's own funds by retaining all profits from 1 January to 31 December 2018.

None of the Group's entities paid dividends for 2018.

34. Risk management

Risk management is one of the key internal processes in the Alior Bank SA Group. The ultimate goal of the risk management policy is to ensure early recognition and appropriate management of all material risks in the Bank's operations. The Group isolated the following types of risks resulting from the operations conducted:

- market risk, also covering the banking book interest risk and liquidity risk;
- credit risk;
- operational risk.

The detailed risk management policies have been presented in the annual consolidated financial statements of the Alior Bank SA Group for the year ended 31 December 2018 published on 28 February 2019 and available on the Alior Bank SA website.

Since 1 January 2018, the Bank uses the advanced operational risk measurement method (AMA). In connection with the above, in accordance with the requirements of CRR Article 454, the Bank, seeking to limit the risk of materializing the effects of rare but potentially severe operational events, has bought a number of insurance policies. Mentioned policies concerned, among others property insurance, liability insurance, D&O insurance, third-party liability for agency services providers, public issue of securities, electronic equipment insurance - costs of data recovery, portable media, software, insurance against criminal offenses. The terms of individual policies were adapted to the scale and scope of the risk incurred. Those policies are not used as a mechanism limiting the amount of own funds requirements for operational risk or as a mitigating factor for the amount of internal capital for operational risk.

Liquidity risk

Specification of maturity/payment dates of contractual flows of the Bank's assets and liabilities as at 31 March 2019 (PLN M):

31.03.2019	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	2 735	1 416	2 258	3 865	6 456	10 473	22 603	42 593	92 399
Cash & Nostro	1 526	0	0	0	0	0	0	0	1 526
Amounts due from banks	181	7	0	0	0	130	0	0	318
Loans and advances to customers	627	1 182	2 211	3 317	6 054	8 861	17 129	32 427	71 808
Securities	401	227	47	548	402	1 482	5 474	6 594	15 175
Other assets	0	0	0	0	0	0	0	3 572	3 572
LIABILITIES AND EQUITY	-43 687	-5 105	-5 487	-4 061	-3 404	-3 773	-1 797	-8 065	-75 379
Amounts due to banks	-428	-354	-10	-49	-54	-19	-50	-109	-1 073
Amounts due to customers	-40 606	-4 533	-5 315	-3 860	-2 800	-2 203	-330	-55	-59 702
Own issues	-5	-218	-162	-152	-550	-1 551	-1 417	-1 237	-5 292
Equity	0	0	0	0	0	0	0	-6 541	-6 541
Other liabilities	-2 648	0	0	0	0	0	0	-123	-2 771
Balance sheet gap	-40 952	-3 689	-3 229	-196	3 052	6 700	20 806	34 528	17 020
Cumulated balance sheet gap	-40 952	-44 641	-47 870	-48 066	-45 014	-38 314	-17 508	17 020	
Derivative instruments – inflows	1 408	5 315	1 254	789	1 148	448	343	43	10 748
Derivative instruments – outflows	-1 409	-5 238	-1 240	-781	-1 146	-448	-349	-43	-10 654

Derivative instruments – net	-1	77	14	8	2	0	-6	0	94
Guarantee and financing lines	-10 407	0	0	0	0	0	0	0	-10 407
Off-balance sheet gap	-10 408	77	14	8	2	0	-6	0	-10 313
Total gap	-51 360	-3 612	-3 215	-188	3 054	6 700	20 800	34 528	6 707
Total cumulated gap	-51 360	-54 972	-58 187	-58 375	-55 321	-48 621	-27 821	6 707	

Specification of maturity/payment dates of contractual flows of the Bank's assets and liabilities as at 31 December 2018 (PLN M):

31.12.2018	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	2 395	946	2 701	3 330	7 024	10 019	21 829	42 445	90 689
Cash & Nostro	2 116	0	0	0	0	0	0	0	2 116
Amounts due from banks	0	10	0	0	0	125	0	0	135
Loans and advances to customers	279	895	2 699	3 058	6 105	8 427	16 235	32 791	70 489
Securities	0	41	2	272	919	1 467	5 594	6 603	14 898
Other assets	0	0	0	0	0	0	0	3 051	3 051
LIABILITIES AND EQUITY	-43 104	-4 747	-6 221	-3 583	-3 530	-3 046	-1 913	-8 006	-74 150
Amounts due to banks	-342	-7	-5	-10	-61	-40	-76	-109	-650
Amounts due to customers	-40 937	-4 631	-5 995	-3 189	-2 957	-1 536	-306	-54	-59 605
Own issues	0	-108	-221	-384	-512	-1 470	-1 531	-1 240	-5 466
Equity	0	0	0	0	0	0	0	-6 486	-6 486
Other liabilities	-1 825	-1	0	0	0	0	0	-117	-1 943
Balance sheet gap	-40 709	-3 801	-3 520	-253	3 494	6 973	19 916	34 439	16 539
Cumulated balance sheet gap	-40 709	-44 510	-48 030	-48 283	-44 789	-37 816	-17 900	16 539	
Derivative instruments – inflows	0	6 884	2 394	327	832	485	351	43	11 316
Derivative instruments – outflows	0	-6 867	-2 375	-327	-831	-485	-361	-43	-11 289
Derivative instruments – net	0	17	19	0	1	0	-10	0	27
Guarantee and financing lines	-10 902	0	0	0	0	0	0	0	-10 902
Off-balance sheet gap	-10 902	17	19	0	1	0	-10	0	-10 875
Total gap	-51 611	-3 784	-3 501	-253	3 495	6 973	19 906	34 439	5 664
Total cumulated gap	-51 611	-55 395	-58 896	-59 149	-55 654	-48 681	-28 775	5 664	

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

Extension of the authorization to use the AMA application by the Bank

On 14 February 2019 the Bank received clearance from the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) for the material extension and joint application of:

- AMA (Advanced Measurement Approach) – with respect to the activities of Alior Bank SA, taking into account the historical effects of Bank BPH SA's operations in the scope of the acquired part (BPH Core) excluding the branch in Romania;
- Standardized approach for the branch in Romania;

for the purpose of calculating the requirements with respect to own funds from operational risk effective from 14 February 2019.

36. Significant events after the end of the reporting period

The acquisition of Spółdzielcza Kasa Oszczędnościowo-Kredytowa Jaworzno

On 1 April 2019 SKOK Jaworzno was taken over by Alior Bank SA. The acquisition is the result of the decision of the Polish Financial Supervision Authority as of 31 January 2019. The process of taking over SKOK Jaworzno will take place with the financial support provided by the Bank Guarantee Fund (BGF), pursuant to art. 264 of the BFG Act, which means support for restructuring by public funds in the amount lower than the amount of deposits accumulated at SKOK Jaworzno.

Signing of the agreement regarding the terms of transaction concerning RUCH SA in restructuring

On 11 April 2019 the agreement regarding the terms of transaction between the Alior Bank, Polski Koncern Naftowy Orlen SA and Powszechny Zakład Ubezpieczeń SA concerning RUCH SA in restructuring was signed. Pursuant to the provisions of the agreement, the Bank intends (in a manner agreed between the Bank and PKN Orlen upon final validation of the arrangement under accelerated arrangement proceedings) to acquire 100% of shares in the share capital of the RUCH SA, and then sell the shares to PKN Orlen.

The Bank intends to acquire ownership of the Shares in a manner agreed between the Bank and PKN Orlen, while the takeover will take place. The acquisition of the RUCH SA shares by PKN Orlen will take place after the conditions provided in the agreement have been met, i.e., among others:

1. final confirmation of execution of the arrangements under accelerated arrangement proceedings of the RUCH SA,
2. obtaining by the parties to the Agreement corporate approvals and
3. issuing by the President of the Office of Competition and Consumer Protection or by the European Commission a consent for purchase of shares by PKN Orlen.

37. Financial forecast

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

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

In addition to the current operating activities of the Bank and the Bank's Group companies, in the first quarter of 2019 no other events are expected that could significantly affect the result of this period.



Interim condensed separate
financial statements
of Alior Bank Spółka Akcyjna
for the first quarter of 2019

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 separate income statement

	01.03.2019- 31.03.2019	01.03.2018- 31.03.2018 Restated*
Interest income	987 986	911 308
Income of a similar nature	36 468	35 078
Interest expense	-215 516	-209 548
Net interest income	808 938	736 838
Fee and commission income	242 321	255 019
Fee and commission expense	-93 715	-84 467
Net fee and commission income	148 606	170 552
Dividend income	0	0
The result on financial assets measured at fair value through profit or loss and FX result	22 586	10 190
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	17 295	11 545
measured at fair value through other comprehensive income	10 423	11 185
measured at amortized cost	6 872	360
Other operating income	28 420	32 838
Other operating expenses	-20 422	-20 105
Net other operating income and expenses	7 998	12 733
General administrative expenses	-487 854	-442 493
Net expected credit losses, impairment allowances and write-downs	-265 397	-254 587
Banking tax	-54 232	-49 890
Gross profit	197 940	194 888
Income tax	-84 127	-58 120
Net profit	113 813	136 768
Weighted average number of ordinary shares	130 553 991	129 276 474
Net profit per share (PLN)	0,87	1,06
Diluted profit per ordinary share (PLN)	0,86	1,05

*clarification in note 3

Interim condensed consolidated statement of comprehensive income

	01.03.2019- 31.03.2019	01.03.2018- 31.03.2018 Restated*
Net profit	113 813	136 768
Items that may be reclassified to the income statement after certain conditions are satisfied	-48 499	65 057
Foreign currency translation differences	240	-615
Results of the measurement of financial assets (net)	-59 145	50 731
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	-73 019	63 007
Deferred tax	13 874	-12 276
Results on the measurement of hedging instruments (net)	10 406	14 941
Gains/losses on hedging instruments	12 847	18 446
Deferred tax	-2 441	-3 505
Total comprehensive income, net	65 314	201 825

*clarification in note 3

The notes presented on pages 50-53 constitute an integral part of these interim condensed separate financial statements

Interim condensed separate statement of financial position

ASSETS	31.03.2019	31.12.2018
Cash and balances with the Central Bank	1 337 436	1 639 033
Amounts due from banks	506 502	611 436
Financial assets:	14 030 865	13 727 570
measured at fair value through other comprehensive income	7 727 692	7 280 080
measured at fair value through profit or loss	614 547	515 138
measured at amortized cost	5 688 626	5 932 352
Derivative hedging instruments	106 674	112 400
Loans and advances to customers	55 398 157	54 239 172
Assets pledged as collateral	344 921	333 286
Property, plant and equipment	797 904	450 404
Intangible assets	524 164	528 501
Investments in subsidiaries and associates	181 888	158 681
Non-current assets held for sale	71	146
Income tax asset	936 181	924 383
deferred	936 181	924 383
Other assets	310 097	517 883
TOTAL ASSETS	74 474 860	73 242 895
LIABILITIES AND EQUITY	31.03.2019	31.12.2018
Amounts due to banks	911 956	473 842
Amounts due to customers	62 322 647	62 427 865
Financial liabilities measured at fair value through profit or loss	470 948	416 407
Derivative hedging instruments	14 714	9 381
Provisions	122 748	126 172
Other liabilities	2 040 194	1 111 457
Income tax liabilities	43 685	208 854
current	43 685	208 854
Subordinated liabilities	1 931 830	1 918 093
Total liabilities	67 858 722	66 692 071
Share capital	1 305 540	1 305 540
Supplementary capital	5 382 819	5 382 819
Revaluation reserve	3 425	52 164
Other reserves	184 284	184 284
Foreign currency translation differences	38	-202
Accumulated losses	-373 781	-1 104 855
Profit for the period	113 813	731 074
Equity	6 616 138	6 550 824
TOTAL LIABILITIES AND EQUITY	74 474 860	73 242 895

The notes presented on pages 50-53 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of changes in equity

01.01.2019 - 31.03.2019	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
01 January 2019	1 305 540	5 382 819	184 284	52 164	-202	-373 781	6 550 824
Comprehensive income	0	0	0	-48 739	240	113 813	65 314
net profit	0	0	0	0	0	113 813	113 813
other comprehensive income – valuations	0	0	0	-48 739	240	0	-48 499
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-59 145	0	0	-59 145
incl. hedging instruments	0	0	0	10 406	0	0	10 406
incl. currency translation differences	0	0	0	0	240	0	240
31 March 2019	1 305 540	5 382 819	184 284	3 425	38	-259 968	6 616 138

01.01.2018- 31.12.2018	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
01 January 2018	1 292 636	4 817 331	184 894	13 944	594	424 978	6 734 377
IFRS 9 impact and other changes*	0	0	0	10 629	0	-1 033 989	-1 023 360
Transfer of last year's profit	0	495 844	0	0	0	-495 844	0
Comprehensive income	0	0	0	27 591	-796	731 074	757 869
net profit	0	0	0	0	0	731 074	731 074
other comprehensive income – valuations	0	0	0	27 591	-796	0	26 795
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-6 658	0	0	-6 658
incl. hedging instruments	0	0	0	34 249	0	0	34 249
incl. currency translation differences	0	0	0	0	-796	0	-796
Share issue	12 904	69 644	0	0	0	0	82 548
Other changes in equity	0	0	-610	0	0	0	-610
31 December 2018	1 305 540	5 382 819	184 284	52 164	-202	-373 781	6 550 824

01.01.2018- 30.03.2018 Restated*	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
01 January 2018	1 292 636	4 817 331	184 894	13 944	594	495 844	6 805 243
Impact of correction of errors	0	0	0	0	0	-70 866	-70 866
01 January 2018 after adjustments	1 292 636	4 817 331	184 894	13 944	594	424 978	6 734 377
IFRS 9 impact	0	0	0	10 629	0	-1 033 989	-1 023 360
Comprehensive income	0	0	0	65 672	-615	136 768	201 825
net profit	0	0	0	0	0	136 768	136 768
other comprehensive income – valuations	0	0	0	65 672	-615	0	65 057
incl. financial assets measured at fair value through other comprehensive income	0	0	0	50 731	0	0	50 731
incl. hedging instruments	0	0	0	14 941	0	0	14 941
incl. currency translation differences	0	0	0	0	-615	0	-615
Share issue	152	788	11 798	0	0	0	12 738
31 March 2018	1 292 788	4 818 119	196 692	90 245	-21	-472 243	5 925 580

*clarification in note 3

The notes presented on pages 50-53 constitute an integral part of these interim condensed separate financial statements

Interim condensed separate statement of cash flows

	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018 Restated*
Operating activities		
Profit before tax for the year	197 940	194 888
Adjustments:	17 958	53 508
Unrealized foreign exchange gains/losses	1 632	9 743
Amortization/depreciation of tangible and intangible assets and lease	14 682	42 009
Change in impairment loss of tangible fixed and intangible assets	1 644	1 756
Gross profit after adjustments and before changing balances	215 898	248 396
Change in loans and receivables	-1 189 012	-1 036 128
Change in financial assets measured at fair value through other comprehensive income	-447 612	789 634
Change in financial assets measured at fair value through profit or loss	-99 409	-167 196
Change in financial assets measured at amortized cost	243 726	-388 155
Change in assets pledged as collateral	-11 635	-151 782
Change in hedging asset derivatives	5 726	31 125
Change in non-current assets held for sale	75	32
Change in other assets	207 786	95 419
Change in deposits	353 511	1 348 688
Change in issued debt	-174 902	60 092
Change in financial liabilities held for trading	54 541	207 579
Change in hedging liabilities derivative	5 333	4 649
Change in other liabilities and other comprehensive income	537 080	-382 836
Change in provisions	-3 424	91 819
Net cash flow from operating activities before income tax	-302 318	751 336
Income tax paid	-61 450	-153 931
Net cash flow from operating activities	-363 768	597 405
Investing activities		
Outflows:	-60 158	-90 779
Purchase of property, plant and equipment	-6 267	-35 992
Purchase of intangible assets	-30 684	-12 522
Investments in subsidiaries	-23 207	-42 265
Inflows:	778	34 295
Disposal of tangible fixed assets	778	34 295
Net cash flow from investing activities	-59 380	-56 484
Financing activities		
Outflows:	-13 410	-18 559
Interest expense – subordinated loan	-13 410	-18 559
Inflows:	0	152
Inflows from share issue	0	152
Net cash flow from financing activities	-13 410	-18 407
Total net cash flow	-436 558	522 514
incl. exchange gains/(losses)	10 358	1 926
Balance sheet change in cash and cash equivalents	-436 558	522 514
Cash and cash equivalents, opening balance	2 077 630	1 611 714
Cash and cash equivalents, closing balance	1 641 072	2 134 228
Interests received	1 193 414	908 257
Interests paid	-184 552	-199 346

*clarification in note 3

The notes presented on pages 50-53 constitute an integral part of these interim condensed consolidated financial statements.

1. Basis for preparation

Statement of compliance

These interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the first quarter of 2019 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate statement of changes in equity and interim condensed separate statement of cash flows for the financial period from 1 January 2019 to 31 March 2019, and interim condensed separate statement of financial position as at 31 March 2019 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 2019.

Scope and reporting currency

The interim condensed separate financial statements of Alior Bank SA comprise data concerning the Bank and cover the period of nine months ended on 31 March 2019 and contain comparative data for the period of nine months ended 31 March 2018 (with respect to the separate income statement, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows) and comparative data as at 31 December 2018 (with respect to the separate statement of financial position). The condensed interim separate financial statements have been prepared in Polish zlotys. Unless otherwise stated, amounts are presented in thousands of zlotys.

Going concern

The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 31 March 2019.

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

2. Accounting principles

The accounting principles are presented in detail in the annual financial statements of Alior Bank SA for the period from 1 January to 31 December 2018, published on 28 February 2019 and available on the Alior Banku SA website. Changes in accounting principles effective from 1 January 2019 were presented in the interim condensed consolidated financial statements in Note 2.2.

3. Changes in presentation and restatement of comparative data and explanation of differences in relation to previously published financial statements

In relation to the published interim separate financial statements as of 31 March 2018 in this report the presentation of the result on sales of receivables was changed in order to better reflect the economic character of those transactions (change I).

The presentation of recoveries from loans and advances to customers transferred to off-balance sheet has been changed too. The recoveries will be presented in line Net expected credit losses, impairment allowances and write-downs, due to the fact that the transfers to off-balance are made regularly and they are a part of the Bank's operation for the management of non-performing receivables (change II).

In addition, in 2018 the Bank made the following adjustments:

- corporate income tax for the years 2012-2017,
- change in accounting approach in relation to the valuation of options embedded in structured products,
- correction of the recognition BFG's cost in the form of liability to pay as a blockage of securities in previous year,

which influenced the data published in the first quarter of 2018 (change III). The aforementioned changes are described in the annual financial statement of Alior Bank published on 28 February 2019, in Note 4.2.

Alior Bank made changes in level of expected credit losses on assets measured at amortized cost due to the development of the methodology of considering future macroeconomic and economic factors (so-called forward-looking-information, FLI). These changes were made in 2018 and are related to the implementation of IFRS 9 (change IV).

The changes concern:

- expansion in the portfolio definition methodology with a significant deterioration of the credit quality from the initial recognition (ie Transfer Logic for Stage 2) of component depended on losses expected from macroeconomic changes expected in the future; this component, in a situation of expected economic slowdown in the future, results in maintaining an increased level of Stage 2 participation ensuring its anticyclical character;
- taking account in LGD models (expected level of assets in default losses): macroeconomic scenarios affecting the collateral recovery component (regarding real estate prices and recovery structures), the cure rate component of retail customers and the regulatory minimum loss level for assets in default.

In this report the Bank changed the presentation regarding the realized margin on foreign exchange transactions in earlier periods was presented in the Result on instruments measured at fair value through profit and loss and trading result currently in the Net fee and commission income (change V).

Income statement	01.01.2018 – 31.03.2018	change I	change II	change III	change IV	change V	01.01.2018 – 31.03.2018 Restated
Net interest income	730 408	0	0	6 430	0	0	736 838
Net fee and commission income	107 505	0	0	-4 597	0	67 644	170 552
The result on financial assets measured at fair value through profit or loss and FX result (trading)	90 339	0	0	-12 505	0	-67 644	10 190
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	14 632	-3 087	0	0	0	0	11 545
Net other operating income and expenses	14 109	0	-1 376	0	0	0	12 733
General administrative expenses	-444 811	0	0	2 318	0	0	-442 493
Net expected credit losses, impairment allowances and write- downs	-250 366	3 087	1 376	0	-8 684	0	-254 587
Gross profit	211 926	0	0	-8 354	-8 684	0	194 888
Income tax	-61 357	0	0	1 587	1 650	0	-58 120
Net profit	150 569	0	0	-6 767	-7 034	0	136 768

Statement of cash flows	01.01.2018- 31.03.2018	change I	change II	change III	change IV	change V	01.01.2018 - 31.03.2018 Restated
Profit before tax	211 926	0	0	-8 354	-8 684	0	194 888
Change in loans and receivables	-1 282 147	0	0	0	246 019	0	-1 036 128
Change in issued debt	9 212	0	0	50 880	0	0	60 092
Change in other liabilities and other comprehensive income	-96 253	0	0	-42 526	-244 057	0	-382 836
Change in provisions	85 097	0	0	0	6 722	0	91 819

Statement of changes in equity	31.03.2018	change I	change II	change III	change IV	change V	01.01.2018 - 31.03.2018 Restated
Equity at the beginning of the period	6 805 243	0	0	-70 866	0	0	6 734 377
IFRS 9 impact and other changes	-853 526	0	0	19 265	-199 728	0	-1 033 989
Profit for the period	150 569	0	0	-6 767	-7 034	0	136 768
Equity at the end of the period	6 190 710	0	0	-58 368	-206 762	0	5 925 580

4. Off-balance-sheet items

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

5. Transactions with related parties

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

Bank's subsidiaries and associate are:

Company's name – subsidiaries	31.03.2019	31.12.2018
Alior Services sp. z o.o.	100%	100%
Alior Leasing sp. z o.o.	100%	100%
- <i>Serwis Ubezpieczeniowy sp. z o.o.</i>	100%	100%
Meritum Services ICB SA	100%	100%
NewCommerce Services sp. z o.o.	100%	100%
Alior TFI SA	100%	100%
Absource sp. z o.o.	100%	100%
Corsham sp. z o.o.*	100%	-
- <i>PayPo sp. z o.o.**</i>	20%	-

*On 4 February 2019, Alior Bank SA acquired 100% shares in Corsham sp. z o.o. with a nominal value of PLN 50 each. The purchase price of the company was of PLN 11 696.30. On 28 March 2019, Corsham sp. z o.o. acquired shares in the company PayPo sp. o.o.

Company's name – associate	31.03.2019	31.12.2018
PayPo sp. z o.o. / GTR Finance sp. z o.o. *	-	20%

**On 4 January 2019 year the Management Board of GTR Finance sp. z o.o. informed about registration in the National Court Register of amendments to the Company Agreement made pursuant to the resolution of the Extraordinary General Meeting of the Shareholders of 7 November 2018. Changes included the Company's name from GRT Finance spółka z ograniczoną odpowiedzialnością to PayPo spółka z ograniczoną odpowiedzialnością.

Subsidiaries	31.03.2019	31.12.2018
Assets		
Loans and advances to customers	1 552 390	1 540 046
Other assets	1 500	1 484

Total assets	1 553 890	1 541 530
Liabilities		
Amounts due to customers	51 250	57 427
Provisions	99	27
Other liabilities	5 363	3 723
Total liabilities	56 712	61 177

Subsidiaries	31.03.2019	31.12.2018
Off-balance sheet liabilities granted to customers	341 698	270 537
Relating to financing	163 302	92 194
Guarantees	178 396	178 343

Subsidiaries	01.01.2019 – 31.03.2019	01.01.2018 – 31.03.2018
Interest income	13 288	8 244
Interest expense	-59	-11
Fee and commission income	721	1 641
Fee and commission expense	-99	0
Other operating income	227	72
Other operating costs	-1	-6
General administrative expenses	-1 698	-1 538
Net impairment charges and write-downs	468	-10 759
Total	12 847	-2 357

6. Significant events after the end of the reporting period

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