Financial report
of the Alior Bank Spółka Akcyjna Group
for the third quarter of 2022

(in PLN '000)

Selected financial data concerning the financial statements

PLN	01.01.2022 - 30.09.2022	01.01.2021 - 31.12.2021	01.01.2021 - 30.09.2021	% (A-B)/B
	A		B	C
Net interest income	2 420 787	2 798 234	2 040 357	18.6%
Net fee and commission income	612 863	766 748	550 676	11.3%
Trading result & other	25 845	72 139	111 275	-76.8%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans*	-782 045	-1 038 531	-766 151	2.1%
General administrative expenses*	-1 540 810	-1 582 544	-1 188 392	29.7%
Gross profit	539 564	779 211	573 465	-5.9%
Net profit	322 823	481 925	382 287	-15.6%
Net cash flow	1 665 549	1 303 490	-814 585	-304.5%
Loans and advances to customers	58 453 689	58 228 178	57 831 250	1.1%
Amounts due to customers*	72 363 011	72 005 715	66 953 853	8.1%
Equity	5 445 731	5 919 202	6 600 662	-17.5%
Total assets	84 070 674	83 048 372	78 199 939	7.5%
Selected ratios				
Profit per ordinary share (PLN)	2.47	3.69	2.93	-15.6%
Capital adequacy ratio	13.70%	14.16%	15.30%	-10.5%
Tier 1	12.43%	12.55%	13.48%	-7.8%

EUR	01.01.2022 - 30.09.2022	01.01.2021 - 31.12.2021	01.01.2021 - 30.09.2021	% (A-B)/B
	A		B	C
Net interest income	516 379	611 302	447 594	15.4%
Net fee and commission income	130 730	167 504	120 802	8.2%
Trading result & other	5 513	15 759	24 410	-77.4%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans*	-166 818	-226 877	-168 071	-0.7%
General administrative expenses	-328 671	-345 722	-260 698	26.1%
Gross profit	115 095	170 226	125 801	-8.5%
Net profit	68 862	105 281	83 862	-17.9%
Net cash flow	355 279	284 760	-178 696	-298.8%
Loans and advances to customers	12 003 304	12 659 951	12 482 732	-3.8%
Amounts due to customers	14 859 545	15 655 458	14 451 823	2.8%
Equity	1 118 266	1 286 951	1 424 737	-21.5%
Total assets	17 263 681	18 056 349	16 879 263	2.3%
Selected ratios				
Profit per ordinary share (PLN)	0.53	0.81	0.64	-17.2%
Capital adequacy ratio	13.70%	14.16%	15.30%	-10.5%
Tier 1	12.43%	12.55%	13.48%	-7.8%

**Restated – Note 2.3*

Selected items of the financial statements were translated into EUR at the following exchange rates	30.09.2022	31.12.2021	30.09.2021
NBP's avarage exchange rate as at the end of the period	4.8698	4.5994	4.6329
NBP's avarage exchange rates as at the last day of each month	4.6880	4.5775	4.5585

(in PLN '000)

Selected financial indicators

	30.09.2022	30.09.2021	(A-B) [p.p]	(A-B)/B [%]
	A	B		
ROE	7.6%	7.8%	-0.20	-2.56%
ROA	0.5%	0.7%	-0.20	-28.57%
C/I	50.4%	44.0%	6.40	14.55%
CoR	1.47%	1.61%	-0.14	-8.70%
L/D	80.8%	86.4%	-5.60	-6.48%
NPL	10.98%	12.75%	-1.77	-13.88%
NPL coverage	57.27%	55.87%	1.40	2.51%
TCR	13.70%	15.30%	-1.60	-10.46%
TIER 1	12.43%	13.48%	-1.05	-7.79%

Interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for 9-month period ended 30 September 2022

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

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(in PLN '000)

Interim condensed consolidated income statement

	Note	01.07.2022-30.09.2022	01.01.2022-30.09.2022	01.07.2021 -30.09.2021	01.01.2021-30.09.2021
Interest income calculated using the effective interest method		1 155 451	3 518 060	697 571	2 049 239
Income of a similar nature		27 763	60 408	52 444	163 361
Interest expense		-596 539	-1 157 681	-46 495	-172 243
Net interest income	4	**586 675**	**2 420 787**	**703 520**	**2 040 357**
Fee and commission income		430 599	1 234 434	380 365	1 041 963
Fee and commission expense		-229 013	-621 571	-190 777	-491 287
Net fee and commission income	5	**201 586**	**612 863**	**189 588**	**550 676**
Dividend income		157	448	120	397
The result on financial assets measured at fair value through profit or loss and FX result	6	-19 247	14 647	28 061	81 230
The result on derecognition of financial instruments not measured at fair value through profit or loss	7	**171**	**1 655**	**3 499**	**5 793**
measured at fair value through other comprehensive income		6	1 218	3 471	3 789
measured at amortized cost		165	437	28	2 004
Other operating income		24 663	86 655	34 892	112 145
Other operating expenses		-27 469	-77 560	-41 423	-88 290
Net other operating income and expenses	8	**-2 806**	**9 095**	**-6 531**	**23 855**
General administrative expenses*	9	-456 351	-1 540 810	-391 121	-1 188 392
Net expected credit losses	10	-262 792	-701 285	-251 729	-760 194
The result on impairment of non-financial assets	11	-975	-41 198	-1 330	-3 206
Cost of legal risk of FX mortgage loans*	12	-15 124	-39 562	-2 751	-2 751
Banking tax	13	-66 995	-197 076	-58 031	-174 300
Gross profit		**-35 701**	**539 564**	**213 295**	**573 465**
Income tax	14	-26 860	-216 741	-62 913	-191 178
Net profit		**-62 561**	**322 823**	**150 382**	**382 287**
Net profit attributable to equity holders of the parent		-62 561	322 823	150 382	382 287
Weighted average number of ordinary shares		130 553 991	130 553 991	130 553 991	130 553 991
Net profit per share (PLN)	15	-0.48	2.47	1.15	2.93

Restated – Note 2.3

Interim condensed consolidated statement of comprehensive income

	01.07.2022-30.09.2022	01.01.2022-30.09.2022	01.07.2021 -30.09.2021	01.01.2021-30.09.2021
Net profit	**-62 561**	**322 823**	**150 382**	**382 287**
Items that may be reclassified to the income statement after certain conditions are satisfied	**187 275**	**-796 294**	**-131 865**	**-341 312**
Foreign currency translation differences	**-1 405**	**-1 597**	**-698**	**1 206**
Results of the measurement of financial assets (net)	**5 806**	**-166 517**	**519**	**-21 356**
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	7 151	-207 604	647	-26 371
Deferred tax	-1 345	41 087	-128	5 015
Results on the measurement of hedging instruments (net)	**182 874**	**-628 180**	**-131 686**	**-321 162**
Gains/losses on hedging instruments	225 770	-775 531	-162 576	-396 497
Deferred tax	-42 896	147 351	30 890	75 335
Total comprehensive income. net	**124 714**	**-473 471**	**18 517**	**40 975**
- attributable to shareholders of the parent company	124 714	-473 471	18 517	40 975

The notes presented on pages 10-56 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated statement of financial position

ASSETS	Note	30.09.2022	31.12.2021
Cash and cash equivalents	16	5 428 940	3 763 391
Amounts due from banks	17	2 605 751	1 689 779
Investment financial assets	18	14 035 276	16 099 658
measured at fair value through other comprehensive income		8 307 663	9 265 445
measured at fair value through profit or loss		626 479	382 900
measured at amortized cost		5 101 134	6 451 313
Derivative hedging instruments		107 836	38 810
Loans and advances to customers	19	58 453 689	58 228 178
Assets pledged as collateral	21	240 168	130 921
Property. plant and equipment		722 815	755 209
Intangible assets		391 158	426 643
Income tax asset	14	1 503 344	1 302 329
deferred income tax asset		0	27
current income tax asset		1 503 344	1 302 302
Other assets	20	581 697	613 454
TOTAL ASSETS		**84 070 674**	**83 048 372**

LIABILITIES AND EQUITY	Note	30.09.2022	31.12.2021
Amounts due to banks	22	294 023	529 617
Amounts due to customers	23	72 363 011	72 005 715
Financial liabilities	26	386 489	188 088
Derivative hedging instruments		2 091 087	1 081 996
Provisions	24	258 735	290 213
Other liabilities	25	1 913 903	1 649 540
Income tax liabilities		146 427	36 560
current income tax liabilities		145 512	35 671
deferred income tax liabilities		915	889
Subordinated liabilities	27	1 171 268	1 347 441
Total liabilities		**78 624 943**	**77 129 170**
Share capital		1 305 540	1 305 540
Supplementary capital		5 407 101	5 403 849
Revaluation reserve		-1 701 356	-906 659
Other reserves		161 792	161 788
Foreign currency translation differences		-1 640	-43
Accumulated losses		-48 529	-527 198
Profit for the period		322 823	481 925
Equity		**5 445 731**	**5 919 202**
TOTAL LIABILITIES AND EQUITY		**84 070 674**	**83 048 372**

The notes presented on pages 10-56 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated statement of changes in consolidated equity

01.01.2022 - 30.09.2022	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2022	**1 305 540**	**5 403 849**	**161 788**	**-906 659**	**-43**	**-45 273**	**5 919 202**
Transfer of last year's profit	0	3 252	0	0	0	-3 252	0
Comprehensive income	**0**	**0**	**0**	**-794 697**	**-1 597**	**322 823**	**-473 471**
net profit	0	0	0	0	0	322 823	322 823
other comprehensive income – valuations	0	0	0	-794 697	-1 597	0	-796 294
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-166 517	0	0	-166 517
incl. hedging instruments	0	0	0	-628 180	0	0	-628 180
incl. currency translation differences	0	0	0	0	-1 597	0	-1 597
Other changes in equity	**0**	**0**	**4**	**0**	**0**	**-4**	**0**
At 30 September 2022	**1 305 540**	**5 407 101**	**161 792**	**-1 701 356**	**-1 640**	**274 294**	**5 445 731**

01.01.2021 - 31.12.2021	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2021	**1 305 540**	**5 399 627**	**161 792**	**217 330**	**-1 620**	**-523 067**	**6 559 602**
Transfer of last year's profit	0	4 222	0	0	0	-4 222	0
Comprehensive income	**0**	**0**	**0**	**-1 123 989**	**1 577**	**481 925**	**-640 487**
net profit	0	0	0	0	0	481 925	481 925
other comprehensive income – valuations	0	0	0	-1 123 989	1 577	0	-1 122 412
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-63 611	0	0	-63 611
incl. hedging instruments	0	0	0	-1 060 378	0	0	-1 060 378
incl. currency translation differences	0	0	0	0	1 577	0	1 577
Other changes in equity	**0**	**0**	**-4**	**0**	**0**	**91**	**87**
At 31 December 2021	**1 305 540**	**5 403 849**	**161 788**	**-906 659**	**-43**	**-45 273**	**5 919 202**

01.01.2021 - 30.09.2021	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2021	**1 305 540**	**5 399 627**	**161 792**	**217 330**	**-1 620**	**-523 067**	**6 559 602**
Transfer of last year's profit	0	4 034	0	0	0	-4 034	0
Comprehensive income	**0**	**0**	**0**	**-342 518**	**1 206**	**382 287**	**40 975**
net profit	0	0	0	0	0	382 287	382 287
other comprehensive income – valuations	0	0	0	-342 518	1 206	0	-341 312
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-21 356	0	0	-21 356
incl. hedging instruments	0	0	0	-321 162	0	0	-321 162
incl. currency translation differences	0	0	0	0	1 206	0	1 206
Other changes in equity	**0**	**0**	**-4**	**0**	**0**	**89**	**85**
At 30 September 2021	**1 305 540**	**5 403 661**	**161 788**	**-125 188**	**-414**	**-144 725**	**6 600 662**

The notes presented on pages 10-56 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated statement of cash flows

	01.01.2022 - 30.09.2022	01.01.2021- 30.09.2021*
Operating activities		
Profit before tax for the year	**539 564**	**573 465**
Adjustments:	**215 512**	**178 767**
Unrealized foreign exchange gains/losses	-1 597	1 721
Amortization/depreciation of property. plant and equipment and intangible assets	176 218	173 836
Change in property. plant and equipment and intangible assets impairment write-down	41 198	3 206
Dividends	-448	-397
Short-term lease contracts	141	401
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	**755 076**	**752 232**
Change in loans and receivables	-1 141 483	-1 736 482
Change in financial assets measured at fair value through other comprehensive income	957 782	-400 593
Change in financial assets measured at fair value through profit or loss	-243 579	221 164
Change in financial assets measured at amortised cost	1 350 179	1 451 614
Change in assets pledged as collateral	-109 247	-155 646
Change in derivative hedging assets	-69 026	203 075
Change in non-current assets held for sale	0	-1 686
Change in other assets	31 757	27 777
Change in deposits	-114 754	260 299
Change in own issue	-30 173	-630 526
Change in financial liabilities	198 401	-369 327
Change in hedging liabilities derivative	1 009 091	170 591
Change in other liabilities and other comprehensive income	-395 490	28 723
Change in provisions	-31 478	-53 096
Cash from operating activities before income tax	**2 167 056**	**-231 881**
Income tax paid	**-110 977**	**-96 468**
Net cash flow from operating activities	**2 056 079**	**-328 348**
Investing activities		
Outflows:	**-103 007**	**-129 057**
Purchase of property. plant and equipment	-70 580	-92 083
Purchase of intangible assets	-32 426	-36 974
Inflows:	**17 893**	**10 101**
Disposal of property. plant and equipment	17 893	4 768
Disposal of shares in subsidiaries / associates, net of acquired cash	0	5 333
Net cash flow from investing activities	**-85 113**	**-118 956**
Financing activities		
Outflows:	**-305 417**	**-367 280**
Prniciple payments – subordinated lliabilities	-195 459	-260 150
Interest payments – subordinated lliabilities	-39 710	-37 335
Prniciple payments - lease liabilities	-66 644	-68 604
Interest payments - lease liabilities	-3 603	-1 191
Inflows:	**0**	**0**
Inflows from share issue	0	0
Net cash flow from financing activities	**-305 417**	**-367 280**
Total net cash flow	**1 665 549**	**-814 585**
incl. exchange gains/(losses)	**196 912**	**41 774**
Balance sheet change in cash and cash equivalents	**1 665 549**	**-814 585**
Cash and cash equivalents. opening balance	3 763 391	2 459 901
Cash and cash equivalents. closing balance	5 428 940	1 645 316
Additional disclosures on operating cash flows		
Interests received	3 050 057	2 232 037
Interests paid	-735 676	-255 807

**Restated – Note 2.3*

The notes presented on pages 10-56 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Notes to the interim condensed consolidated financial statements

1 Information about the Bank and the Group

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

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

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

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 1.4 of this chapter. In accordance with the provisions of its Articles of Association. Alior Bank has been operating in the territory of the Republic of Poland and the European Economic Area. The Bank provides its services primarily to customers from Poland. The number of foreign customers in the overall number of the Bank's customers is negligible. As part of its retail banking, in 2016 a foreign branch of Alior Bank was opened in Romania.

1.2 Shareholders of Alior Bank Spółka Akcyjna

There was no change in the ownership structure of significant shareholdings in Bank starting from the of submission date of the previous periodic report, i.e. from 3 August 2022.

As at 30 September 2022, the shareholders holding 5% or more of the overall numer of votes at the General Meeting were as follows:

Shareholder	Number of shares	Nominal value of shares [PLN]	Percentage in the share capital	Number of votes	Number of votes in the total number of votes
30.09.2022					
PZU Group*	41 658 850	416 588 500	31.91%	41 658 850	31.91%
Aviva OFE Aviva Santander**	8 677 162	86 771 620	6.65%	8 677 162	6.65%
Nationale-Nederlanden OFE**	12 394 509	123 945 090	9.49%	12 394 509	9.49%
Other shareholders	67 823 470	678 234 700	51.95%	67 823 470	51.95%
Total	**130 553 991**	**1 305 539 910**	**100.00%**	**130 553 991**	**100.00%**

**The PZU Group consists of entities that have concluded a written agreement regarding the purchase or sale of the Bank's shares and the consistent exercise of voting rights at the Bank's general meetings, i.e.: Powszechny Zakład Ubezpieczeń SA, Powszechny Zakład Ubezpieczeń Na Życie SA, PZU Specjalistyczny Fundusz Inwestycyjny Otwarty UNIVERSUM, PZU Fundusz Inwestycyjny Zamknięty Assets of Niepublicznych BIS 1 and PZU Fundusz Inwestycyjny Zamknięty Assets Niepublicznych BIS 2. the agreement was announced by the Bank in Current Report No. 21/2017.*
*** Based on the published report for 2021 on the composition of the OFE portfolio.*

As at the preparation date of this report, i.e. on 3 November 2022, according to the information available to Alior Bank SA, the shareholders holding 5% or more of the total number of votes at the General Meeting remained unchanged.

(in PLN '000)

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

As at the day of preparing this financial statement in comparison to the annual reporting period ended on 31 December 2021, there were changes in the composition of the Bank's Management Board changed.

On 24 March 2022, Mr. Maciej Brzozowski resigned from the position of Vice President of the Management Board of the Bank and from the mandate of a member of the Management Board of the Bank with effect on 24 March 2022, 6:00 p.m.

On 14 July 2022, the Polish Financial Supervision Authority approved the appointment of Mr. Grzegorz Olszewski as the President of the Management Board of Bank.

On 13 October 2022, the Supervisory Board of the Bank appointed Mr. Tomasz Miklas to the Management Board of the Bank for a three-year joint V-term of office, which began on 30 June 2020, to the position of the Vice-President of the Management Board of the Bank. Moreover, the Supervisory Board of the Bank, subject to the approval of the Polish Financial Supervision Authority and on the day of obtaining such approval, entrusted Mr. Tomasz Miklas with the function of the Vice-President of the Management Board of the Bank overseeing the management of risks relevant to the Bank's operations.

On 3 November 2022, the Supervisory Board of the Bank appointed, with effect on 7 November 2022, Mr. Szymon Kamiński to the Management Board of the Bank for a three-year joint V-term of office, which began on 30 June 2020, to the position of Vice-President of the Bank's Management Board.
On 3 November 2022, Mr. Marek Majsak resigned from the position of Vice President of the Bank's Management Board and from the mandate of a member of the Bank's Management Board with effect on at the end of 4 November 2022.

As at 30 September 2022 and as at the date of preparation of financial statements the composition of the Bank's Management Board was as follows:

First and last name	Function
Grzegorz Olszewski	President of the Management Board
Radomir Gibała	Vice President of the Management Board
Rafał Litwińczuk	Vice President of the Management Board
Marek Majsak	Vice President of the Management Board
Tomasz Miklas*	Vice President of the Management Board
Jacek Polańczyk	Vice President of the Management Board
Paweł Tymczyszyn	Vice President of the Management Board

** did not perform the function of a member of the Management Board as at 30 September 2022*

As at 30 September 2022, the members of the Management Board did not hold any shares of Alior Bank.

In comparison to the annual reporting period ended on 31 December 2021, there were changes in the composition of the Bank's Supervisory Board.

On 12 April 2022, Mrs. Aleksandra Agatowska, resigned from the mandate in the Bank's Supervisory Board and the position of Chairwoman of the Bank's Supervisory Board of the IV-th term of office, with effect on 12 April 2022 at 13.30.

The Extraordinary General Meeting convened on 12 April 2022, in accordance with the resolution no. 3/2022 appointed Mr. Paweł Śliwa to the Supervisory Board of the Bank.

As at 30 September 2022 and as at the date of preparation of financial statements the composition of the Bank's Supervisory Board was as follows:

(in PLN '000)

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

In accordance with the Bank's best knowledge there was no change in the number of shares hold by the Members of Supervisory Board starting from the date of preparation of the annual financial statements, ie from 1 March 2022. As of 30 September 2022 and as at the date of preparation of financial statements, Members of the Supervisory Board of Alior Bank SA did not hold any shares in the Bank.

1.4 Information about the Alior Bank Group

Alior Bank SA is the parent company of the Alior Bank SA Group.

The composition of the Group as at 30 September 2022 and as at the date of preparation of financial statements was as follows:

Company's name - subsidaries	03.11.2022	30.09.2022	31.12.2021
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- AL Finance sp. z o.o.	*100%*	*100%*	*100%*
Meritum Services ICB SA	100%	100%	100%
Alior TFI SA	100%	100%	100%
Absource sp. z o.o.	100%	100%	100%
Corsham sp. z o.o.	100%	100%	100%
RBL_VC sp. z o.o.	100%	100%	100%
RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna	100%	100%	100%

1.5 Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved by the Bank's Management Board on 3 November 2022.

1.6 Seasonal or cyclical nature of operations

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

2 Accounting principles

2.1 Basis for preparation

Statement of compliance

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the 9-month period ended 30 September 2022 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 2021.

The interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the financial period from 1 January 2022 to 30 September 2022 and interim consolidated statement of financial position as at 30 September 2022 including the comparatives have been prepared in accordance with the same accounting policies as those applied in the preparation of the annual financial statements ended 31 December 2021, except for the changes in the standards that entered into force on 1 January 2022 and changes in accounting policies described in Note 2.2.

Scope and reporting currency

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

Going concern

These interim condensed consolidated financial statements of the Alior Bank SA Group have been prepared on the assumption that the entities within the Group will continue as going concerns in the foreseeable future, not less than 12 moths from the balance sheet date i.e. after 30 September 2022.
As at the date of approval of this report by the Bank's Management Board, there are no circumstances indicating a threat to the continued operation of the Capital Group. Taking this assumption, the Management Board took into account in its assessment the impact of factors subject to uncertainty, in particular the the armed conflict in Ukraine lasting from 24 February 2022, on the macroeconomic situation and its own operations.
Based on the analyzes, the Group does not identify the negative impact of the circumstances on the assessment of the validity of the preparation of the financial statements, assuming no threat to the Group's going concern in the foreseeable future.

2.2 Accounting principles

2.2.1 Relevant estimates

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

Recognition of bancassurance income

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

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

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

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

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

Impairment of loans, expected credit losses

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

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

The estimated losses expected are based on:

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

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

Non-current assets impairment

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

Investment financial assets

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

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

The Group constantly monitors the value of the estimated amount of expected payments resulting from prepayments of consumer loans made before the judgment date of Court of Justice of the European Union ('TSUE') of 11 September 2019 in case C-383/18 (so-called Lexitor case). The basis for updating the value of the estimate is the inclusion in the calculation of the historically observed trend of the amount of loan cost reimbursements resulting from the customer complaints submitted to the Bank and taking into account the scenario of a change in the Group's approach to communication with customers as a result of the evolution of market practice or the position of the regulator. During 2022, the Alior Bank SA Group updated the value of the estimated amount of expected payments resulting from prepayments of consumer loans.

Provision for legal risk related to the FX indexed loan portfolio

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

The costs of legal risk constituting the adjustment to the gross carrying amount were estimated taking into account a number of assumptions that significantly influenced the amount of the current estimate disclosed in the Group's financial statements.

These costs were estimated on the basis of:

- the pace of the inflow of disputes regarding the legal risk of mortgage loans in foreign currencies and the estimated percentage of the portfolio of FX mortgage loans that will be the subject of litigation, observed so far and forecast by the Group in future periods,
- the financial impact of the cancellation or conversion into PLN scenarios estimated by the Group in a hypothetical scenario, if, as at the current balance sheet date, an effective claim against the Group was filed by all clients for whom the financial result of the dispute won by the clients would be positive,
- the percentage of litigations lost by banks, reported by the Polish Bank Association, including the percentage of cases ended with the cancellation of the contract and the percentage of cases ended with the conversion of contracts into PLN.

Therefore, during 2022, the Alior Bank SA Group updated the value of the estimated costs of legal risk related to the FX indexed loan portfolio.

Credit vacation

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

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

In connection with the above, Alior Bank, as at the date of signing the Act, estimated the changes in cash flows in accordance with IFRS 9 5.4.3 and recognized the loss on this modification in the financial result as a reduction in interest income calculated using the effective interest rate method. Adjustments to the carrying amount of financial assets due to modifications are settled in net interest income over the duration of the credit holidays.

An important assumption that requires the Bank's judgment on the amount of this loss is the number of customers applying for credit holidays. According to the Bank's estimates, assuming that 60% of customers take advantage of credit holidays, the recognized loss amounted to PLN 466 million and was recognized in the Bank's books in the third quarter of 2022.

As at 30 September 2022, the Bank verified the existing estimates and decided to recognize an additional cost related to the modification of loan agreements in this respect in the amount of PLN 36 million. Therefore, the total cost estimated on the basis of 69% participation of borrowers entitled to take advantage of the loan repayment suspension amounts to a total of PLN 502 million.

Actuarial provision

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

(in PLN '000)

Fair value measurement rules

The principles for the fair value measurement of derivatives and non-quoted debt securities measured at fair value are presented in Note 29 – Fair value hierarchy and have not changed from the principles presented in the financial statements prepared as at 31 December 2021.

Hedge accounting

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

2.2.2 Significant accounting policies

Detailed accounting policies were presented in the annual consolidated financial statements of the Alior Bank Group for the year ended 31 December 2021 published on Alior Bank's website on 2 March 2022.

2.2.3 Changes in accounting standards

In these interim condensed consolidated financial statements, the same accounting standards have been applied as in the case of annual consolidated financial statements for the year 2021 and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 1 January 2022 mentioned below:

Change	Impact on the Group's report
Reference to the Framework - Amendments to IFRS 3	The amendments introduce an exception to the recognition principle under IFRS 3 to avoid the issue of potential "day two" gains and losses with respect to contingent liabilities and liabilities that would be the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Fees, if separately. The exception requires entities to use the criteria in IAS 37 or IFRIC 21 (instead of the Framework requirements), as appropriate, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments introduce a new paragraph to IFRS 3 explaining that contingent assets do not qualify for recognition as at the acquisition date. The change will not have a significant impact on the Group's financial statements.
Amendment to IAS 16 Tangible fixed assets	The amendment excludes the possibility of deducting from the manufacturing costs of property, plant and equipment amounts received from the sale of products manufactured at the pre-implementation test stage. This type of sales revenues and the corresponding costs should be included in the income statement. The implementation of the change will not have any impact on the financial statements of the Group.
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	The amendment clarifies the concept of the costs of meeting obligations under contracts where the costs exceed the resulting economic benefits. The implementation of the change will not have any impact on the financial statements of the Group.
Amendments resulting from the review of IFRS 2018-2020: IFRS 9 Financial Instruments - Fees under the 10% test on derecognition of financial liabilities	The amendment specifies the fees that an entity takes into account when assessing whether the terms of a new or modified financial liability differ significantly from the terms of the original financial liability. These fees only cover fees paid or received between the borrower and the lender, including fees paid or received by the borrower or lender on behalf of the other party. The implementation of the change will not have any impact on the financial statements of the Group.

Standards and interpretations that have been issued but are not yet effective because they have not been approved by the European Union or have been approved by the European Union but have not been previously applied by the Group, were presented in the annual consolidated financial statements of the Group for 2021. In 2022, the following amendment to the accounting standards was published:

(in PLN '000)

Change	Impact on the Group's report
Amendment to IFRS 16 Leases	The objective of this narrow-scope amendment is to specify how an entity measures the lease liability after it has sold an asset and leases that same asset back from the new owner. The implementation of the change will not have any impact on the financial statements of the Group.

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

Compared to the interim condensed consolidated financial statements as of 30 September 2021, the Group introduced an additional line in the income statement, Legal risk costs of foreign currency mortgage loans. In earlier periods, the costs of provisions for disputes regarding mortgage loans in foreign currencies were presented in the Bank's general administrative expenses. The presentation in the statement of financial position also changed, which resulted in changes in the statement of cash flows. Legal risk costs are generally recognized as an adjustment to the gross carrying amount of the portfolio of foreign currency indexed mortgage loans and not under Provisions (only if the estimated amount of legal risk costs exceeds the gross carrying amount of the credit exposure or the amount of the estimate relates to paid foreign currency mortgage loans).

The restated data taking into account the above-mentioned change are presented below:

Income statement	Presented 01.01.2021- 30.09.2021	change	Restated 01.01.2021- 30.09.2021
General administrative expenses	-1 191 143	2 751	-1 188 392
Cost of legal risk of FX mortgage loans	0	-2 751	-2 751

Cash flows	Presented 01.01.2021- 30.09.2021	change	Restated 01.01.2021- 30.09.2021
Change in loans and receivables	-1 738 485	2 003	-1 736 482
Change in provisions	-51 093	-2 003	-53 096

3 Operating segments

Segment description

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

Banking operations cover three core business segments:

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

The core products for retail client segment are as follows:

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

(in PLN '000)

- currency exchange transactions.

The core products for corporate customers are as follows:

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

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

- margin income decreased by the funding costs,
- fee and commission income,
- income from treasury transactions and FX transactions by customers,
- other operating income and expenses.

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

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

Results and volumes split by segment for the 9 months ended 30 September 2022

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	**1 448 896**	**1 054 163**	**-82 272**	**2 420 787**	**0**	**2 420 787**
external income	1 795 179	1 189 927	532 954	3 518 060	0	3 518 060
income of a similar nature	0	0	60 408	60 408	0	60 408
external expense	-346 283	-135 764	-675 634	-1 157 681	0	-1 157 681
Internal interest income	**257 385**	**-170 830**	**-86 555**	**0**	**0**	**0**
internal income	1 600 185	629 970	2 143 600	4 373 755	0	4 373 755
internal expense	-1 342 800	-800 800	-2 230 155	-4 373 755	0	-4 373 755
Net interest income	**1 706 281**	**883 333**	**-168 827**	**2 420 787**	**0**	**2 420 787**
Fee and commission income	357 705	891 595	-14 866	1 234 434	0	1 234 434
Fee and commission expense	-143 860	-471 861	-5 850	-621 571	0	-621 571
Net fee and commission income	**213 845**	**419 734**	**-20 716**	**612 863**	**0**	**612 863**
Dividend income	0	0	448	448	0	448
The result on financial assets measured at fair value through profit or loss and FX result	460	28 577	-14 390	14 647	0	14 647
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**0**	**0**	**1 655**	**1 655**	**0**	**1655**
measured at fair value through other comprehensive income	0	0	1 218	1 218	0	1 218
measured at amortized cost	0	0	437	437	0	437
Other operating income	65 821	20 834	0	86 655	0	86 655
Other operating expenses	-56 859	-20 701	0	-77 560	0	-77 560
Net other operating income	**8 962**	**133**	**0**	**9 095**	**0**	**9 095**
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**1 929 548**	**1 331 777**	**-201 830**	**3 059 495**	**0**	**3 059 495**
Net expected credit losses	-415 087	-286 198	0	-701 285	0	-701 285

(in PLN '000)

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
The result on impairment of non-financial assets	-30 901	0	0	-30 901	-10 297	-41 198
Cost of legal risk of FX mortgage loans	-39 562	0	0	-39 562	0	-39 562
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**1 443 998**	**1 045 579**	**-201 830**	**2 287 747**	**-10 297**	**2 277 450**
General administrative expenses	-1 251 296	-486 590	0	-1 737 886	0	-1 737 886
Gross profit	**192 702**	**558 989**	**-201 830**	**549 861**	**-10 297**	**539 564**
Income tax	0	0	0	0	-216 741	-216 741
Net profit	**192 702**	**558 989**	**-201 830**	**549 861**	**-227 038**	**322 823**
Depreciation	0	0	0	0	0	-176 218
Assets	53 328 409	29 238 921	0	82 567 330	1 503 344	84 070 674
Liabilities	56 174 431	22 304 085	0	78 478 516	146 427	78 624 943

Results and volumes split by segment for the 9 months ended 30 September 2021

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total
External interest income	**1 301 396**	**652 880**	**86 081**	**2 040 357**	**0**	**2 040 357**
external income	1 330 546	665 573	53 120	2 049 239	0	2 049 239
income of a similar nature	0	0	163 361	163 361	0	163 361
external expense	-29 150	-12 693	-130 400	-172 243	0	-172 243
Internal interest income	**23 678**	**-26 037**	**2 359**	**0**	**0**	**0**
internal income	281 431	80 249	364 039	725 719	0	725 719
internal expense	-257 753	-106 286	-361 680	-725 719	0	-725 719
Net interest income	**1 325 074**	**626 843**	**88 440**	**2 040 357**	**0**	**2 040 357**
Fee and commission income	341 813	732 618	-32 468	1 041 963	0	1 041 963
Fee and commission expense	-145 396	-341 086	-4 805	-491 287	0	-491 287
Net fee and commission income	**196 417**	**391 532**	**-37 273**	**550 676**	**0**	**550 676**
Dividend income	0	0	397	397	0	397
The result on financial assets measured at fair value through profit or loss and FX result	2 196	9 222	69 812	81 230	0	81 230
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**0**	**0**	**5 793**	**5 793**	**0**	**5 793**
measured at fair value through other comprehensive income	0	0	3 789	3 789	0	3 789
measured at amortized cost	0	0	2 004	2 004	0	2 004
Other operating income	84 113	28 032	0	112 145	0	112 145
Other operating expenses	-68 769	-19 521	0	-88 290	0	-88 290
Net other operating income	**15 344**	**8 511**	**0**	**23 855**	**0**	**23 855**
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**1 539 031**	**1 036 108**	**127 169**	**2 702 308**	**0**	**2 702 308**
Net expected credit losses	-273 871	-486 323	0	-760 194	0	-760 194
The result on impairment of non-financial assets	0	0	0	0	-3 206	-3 206
Cost of legal risk of FX mortgage loans	-2 751	0	0	-2 751	0	-2 751
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**1 262 409**	**549 785**	**127 169**	**1 939 363**	**-3 206**	**1 936 157**
General administrative expenses	-978 849	-383 843	0	-1 362 692	0	-1 362 692

(in PLN '000)

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total
Gross profit/loss	**283 560**	**165 942**	**127 169**	**576 671**	**-3 206**	**573 465**
Income tax	0	0	0	0	-191 178	-191 178
Net profit/loss	**283 560**	**165 942**	**127 169**	**576 671**	**-194 384**	**382 287**
Depreciation	0	0	0	0	0	-173 836
Assets	49 725 316	27 298 366	0	77 023 682	1 176 257	78 199 939
Liabilities	49 507 465	22 074 212	0	71 581 677	17 600	71 599 277

Notes to the interim condensed consolidated income statement

4 Net interest income

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
Interest income calculated using the effective interest method	**1 155 451**	**3 518 060**	**697 571**	**2 049 239**
term deposits	1 786	2 204	54	74
Loans, incl:	749 222	2 691 449	627 120	1 829 931
reimbursement of credit cost (TSUE provision)	-71 109	-191 920	*-50 709*	*-182 075*
modification of a financial asset deemed not significant	-505 872	-508 399	*-1 039*	*-4 871*
financial assets measured at amortized cost	41 834	83 685	12 552	42 434
financial assets measured at fair value through other comprehensive income	158 557	293 656	3 367	13 644
receivables acquired	7 187	15 997	2 764	11 658
repo transactions in securities	11 965	21 237	22	98
current accounts	40 062	79 687	300	374
overnight deposits	1 268	2 918	26	113
leasing	98 276	228 731	40 074	116 642
other	45 294	98 496	11 292	34 271
Income of a similar nature	**27 763**	**60 408**	**52 444**	**163 361**
derivatives instruments	27 763	60 408	52 444	163 361
Interest expense	**-596 539**	**-1 157 681**	**-46 495**	**-172 243**
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	**-256 350**	**-430 810**	**-21 664**	**-78 400**
term deposits	-204 929	-299 024	-5 186	-23 381
own issue	-25 857	-62 673	-14 686	-49 987
repo transactions in securities	-20 890	-57 978	-40	-89
cash deposits	-1 295	-3 994	-835	-2 064
leasing	-1 658	-3 603	-397	-1 191
other	-1 721	-3 538	-520	-1 688
Other interest expense	**-340 189**	**-726 871**	**-24 831**	**-93 843**
current deposits	-77 710	-186 489	-3 686	-14 310
derivatives	-262 479	-540 382	-21 145	-79 533
Net interest income	**586 675**	**2 420 787**	**703 520**	**2 040 357**

** including PLN 502 million is the result on the modification due to credit vacation*

5 Net fee and commission income

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
Fee and commission income	**430 599**	**1 234 434**	**380 365**	**1 041 963**
payment and credit cards service	177 666	478 618	140 005	362 924
transaction margin on currency exchange transactions	86 975	241 993	70 756	178 571
maintaining bank accounts	24 733	85 418	29 675	84 373
brokerage commissions	12 752	43 172	12 526	40 441

(in PLN '000)

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
revenue from bancassurance activity	23 346	73 294	28 239	82 249
loans and advances	38 860	117 039	37 614	111 456
transfers	14 168	41 627	13 437	39 581
cash operations	9 115	26 085	9 486	27 017
guarantees, letters of credit, collection, commitments	2 912	9 666	3 266	9 545
receivables acquired	1 023	2 941	867	2 762
for custody services	1 777	6 012	1 749	6 366
repayment of seizure	1 823	5 111	1 477	4 462
from leasing activities	20 505	60 122	18 337	52 908
other commissions	14 944	43 336	12 931	39 308
Fee and commission expenses	**-229 013**	**-621 571**	**-190 777**	**-491 287**
costs of card and ATM transactions, including costs of cards issued	-176 961	-463 704	-140 799	-342 254
commissions paid to agents	-13 522	-45 217	-15 912	-45 386
insurance of bank products	-3 539	-10 407	-3 551	-9 967
costs of awards for customers	-4 671	-13 334	-3 920	-11 787
commissions for access to ATMs	-6 938	-19 526	-6 442	-17 866
commissions paid under contracts for performing specific operations	-6 573	-19 535	-5 189	-17 264
brokerage commissions	-1 265	-4 661	-1 188	-4 729
for custody services	-681	-2 130	-811	-2 965
transfers and remittances	-5 361	-17 162	-4 870	-14 676
other commissions	-9 502	-25 895	-8 095	-24 393
Net fee and commission income	**201 586**	**612 863**	**189 588**	**550 676**

01.01.2022 - 30.09.2022	Retail customers	Business customers	Treasury	Total
Fee and commission income	**357 705**	**891 595**	**-14 866**	**1 234 434**
payment and credit cards service	77 913	400 705	0	478 618
transaction margin on currency exchange transactions	121 842	138 709	-18 558	241 993
maintaining bank accounts	32 967	52 430	21	85 418
brokerage commissions	43 172	0	0	43 172
revenue from bancassurance activity	30 778	42 516	0	73 294
loans and advances	18 547	98 492	0	117 039
transfers	12 828	28 767	32	41 627
cash operations	12 018	14 067	0	26 085
guarantees, letters of credit, collection, commitments	0	9 666	0	9 666
receivables acquired	0	2 941	0	2 941
custody services	0	6 012	0	6 012
repayment of seizure	0	5 111	0	5 111
from leasing activities	0	60 122	0	60 122
other commissions	7 640	32 057	3 639	43 336

01.01.2021 - 30.09.2021	Retail customers	Business customers	Treasury	Total
Fee and commission income	**341 813**	**732 618**	**-32 468**	**1 041 963**
payment and credit cards service	71 572	291 352	0	362 924
transaction margin on currency exchange transactions	110 519	103 662	-35 610	178 571
maintaining bank accounts	33 168	51 191	14	84 373
brokerage commissions	40 441	0	0	40 441
revenue from bancassurance activity	39 502	42 747	0	82 249

(in PLN '000)

01.01.2021 - 30.09.2021	Retail customers	Business customers	Treasury	Total
loans and advances	14 897	96 559	0	111 456
transfers	10 774	28 796	11	39 581
cash operations	11 259	15 758	0	27 017
guarantees, letters of credit, collection, commitments	0	9 545	0	9 545
receivables acquired	0	2 762	0	2 762
custody services	0	6 366	0	6 366
repayment of seizure	0	4 462	0	4 462
from leasing activities	0	52 908	0	52 908
other commissions	9 681	26 510	3 117	39 308

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

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
FX result and net income on currency derivatives, including;	**-17 278**	**971**	**30 331**	**72 790**
fx result	-302 985	-702 694	-133 775	-248 635
currency derivatives	285 707	703 665	164 106	321 425
Interest rate transacions	**6 121**	**27 269**	**4 041**	**9 458**
Ineffective part of hedge accounting	**-2 515**	**-2 477**	**-1 351**	**-2 134**
The result on other instruments (includes the result on trading in securities classified as assets measured at fair value through profit and loss with interest	**-5 575**	**-11 116**	**-4 960**	**1 116**
The result on financial assets measured at fair value through profit or loss and FX result	**-19 247**	**14 647**	**28 061**	**81 230**

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

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
Financial assets measured at fair value through other comprehensive income	6	1 218	3 471	3 789
Financial assets measured at amortized cost	165	437	28	2 004
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**171**	**1 655**	**3 499**	**5 793**

8 Result on other operating income and expense

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
Other operating income from:	**24 663**	**86 655**	**34 892**	**112 145**
income from contracts with business partners	2 877	18 654	11 522	32 649
reimbursement of costs of claim enforcement	6 906	22 814	5 403	17 343
received compensations, recoveries, penalties and fines	257	846	692	1 150
management of third-party assets	4 795	16 102	6 231	17 469
from license fees from Partners	839	2 842	944	1 937
due to VAT settlement	0	1 786	0	0
reversal of impairment losses on other assets	2 379	3 498	891	7 607
Other	6 610	20 113	9 209	33 990
Other operating expenses due to:	**-27 469**	**-77 560**	**-41 423**	**-88 290**

(in PLN '000)

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
reimbursement of credit cost (TSUE provision)	549	-7 090	-16 800	-16 800
fees and costs of claim enforcement	-11 362	-36 138	-17 662	-49 935
paid compensations, fines, and penalties	-2 523	-3 754	-912	-1 464
management of third-party assets	-343	-979	-290	-770
recognition of complaints	-478	-1 620	-537	-1 553
impairment losses on other assets	-4 199	-10 589	-2 152	-6 418
due to VAT settlement	0	-4	226	-1 517
Other	-9 113	-17 386	-3 296	-9 833
Net other operating income and expense	**-2 806**	**9 095**	**-6 531**	**23 855**

9 General administrative expenses

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
Payroll costs	**-225 383**	**-696 759**	**-208 544**	**-648 316**
remuneration due to employment contracts	-186 858	-575 889	-177 631	-537 032
remuneration surcharges	-34 784	-111 429	-28 089	-103 281
costs of bonus for senior executives settled in phantom shares	-523	-1 529	-593	-1 668
other	-3 218	-7 912	-2 231	-6 335
General and administrative costs	**-163 989**	**-646 844**	**-114 939**	**-346 609**
lease and building maintenance expenses	-14 050	-50 472	-14 479	-45 047
costs of Banking Guarantee Fund	0	-96 955	-14 331	-91 907
costs of the protection scheme – assistance fund*	-18 608	-214 094	0	0
costs of the contribution to the Borrowers Support Fund *	-53 479	-53 479	0	0
IT costs	-36 176	-102 458	-32 619	-93 693
marketing costs	-9 876	-39 387	-14 177	-28 134
cost of advisory services	-5 203	-12 017	-5 352	-11 030
external services	-6 711	-19 834	-7 946	-20 481
training costs	-1 787	-4 597	-1 093	-2 755
costs of telecommunications services	-6 314	-19 386	-5 938	-18 837
costs of lease of property, plant and equipment and intangible assets	-59	-141	-75	-401
other	-11 726	-34 024	-18 929	-34 324
Amortization and depreciation	**-59 906**	**-176 218**	**-60 992**	**-173 836**
property, plant and equipment	-17 399	-52 406	-18 197	-55 181
intangible assets	-19 132	-54 388	-16 296	-46 610
right to use the asset	-23 375	-69 424	-26 499	-72 045
Taxes and fees	**-7 073**	**-20 989**	**-6 646**	**-19 631**
Total general administrative expenses	**-456 351**	**-1 540 810**	**-391 121**	**-1 188 392**

**Details at Note 37*

10 Net expected credit losses

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
Expected credit losses Stage 3	**-252 223**	**-738 115**	**-304 669**	**-986 694**
retail customers	-149 688	-368 686	-82 238	-385 757
business customers	-102 535	-369 429	-222 431	-600 937
Expected credit losses Stage 1 and 2(ECL)	**-33 634**	**-47 970**	**36 236**	**166 388**
Stage 2	**-38 906**	**-63 521**	**27 823**	**134 611**
retail customers	-42 800	-74 908	-4 020	61 967
business customers	3 894	11 387	31 843	72 644
Stage 1	**5 272**	**15 551**	**8 413**	**31 777**

(in PLN '000)

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
retail customers	5 509	13 695	-14 453	13 251
business customers	-237	1 856	22 866	18 526
POCI	**-64**	**-3 192**	**-5 801**	**-6 133**
Recoveries from off-balance sheet	**17 728**	**74 369**	**13 065**	**58 513**
Investment securities	**5 326**	**5 713**	**-5 281**	**-5 264**
Off-balance provisions	**75**	**7 910**	**14 721**	**12 996**
Net expected credit losses	**-262 792**	**-701 285**	**-251 729**	**-760 194**

11 The result on impairment of non-financial assets

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
Property, plant and equipment and intangible assets	-975	-41 198	-1 330	-3 231
Non-current assets held for sale	0	0	0	25
Total	**-975**	**-41 198**	**-1 330**	**-3 206**

** The Bank recognized impairment for non-current assets in the amount of approximately PLN 31 million in connection with the reorganization of the branch in Romania.*

12 Cost of legal risk of FX mortgage loans

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	-13 855	-36 065	-1 593	-1 593
Provisions	-1 269	-3 497	-1 158	-1 158
Total	**-15 124**	**-39 562**	**-2 751**	**-2 751**

13 Banking Tax

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

14 Income tax

14.1 Tax charge disclosed in the profit and loss account

	01.01.2022 - 30.09.2022	01.01.2021 - 30.09.2021
Current tax	229 393	128 115
Deferred income tax	-12 652	63 063
Accounting tax recognized in the income statement	**216 741**	**191 178**

(in PLN '000)

14.2 Effective tax rate calculation

	01.01.2022 - 30.09.2022	01.01.2021 - 30.09.2021
Gross profit	**539 564**	**573 465**
Income tax at 19%	102 517	108 958
Non-tax-deductible expenses (tax effect)	**109 885**	**83 642**
Representations costs	113	75
Impairment losses on loans not deductible for tax purposes	23 692	22 998
Prudential fee to BGF	18 421	17 462
Tax on Certain Financial Institutions	37 445	33 117
Donations	295	4
Cost of legal risk of FX mortgage loans	7 517	523
Borrowers Support Fund	10 161	0
Other	12 241	9 463
Non-taxable income (tax effect)	**-3 721**	**-2 013**
Recognition of tax loss	**0**	**7 206**
Other	**8 060**	**-6 615**
Accounting tax recognized in the income statement	**216 741**	**191 178**
Effective tax rate	**40.17%**	**33.34%**

15 Profit per share

	01.07.2022 - 30.09.2022	01.01.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021
Net profit	**-62 561**	**322 823**	**150 382**	**382 287**
Weighted average number of ordinary shares	130 553 991	130 553 991	130 553 991	130 553 991
Net profit per ordinary share (PLN)	**-0.48**	**2.47**	**1.15**	**2.93**

Core profit per share is calculated as the quotient of profit attributable to the Bank's shareholders and the weighted average number of ordinary shares in the year.
Pursuant to IAS 33, diluted earnings per share are calculated based on the ratio of the profit attributable to the Bank's shareholders to the weighted average number of ordinary shares, adjusted as if all dilutive potential ordinary shares were converted into shares. As at 30 September 2022 and as at 30 September 2021, the Group did not have dilutive instruments.

Notes to the interim condensed consolidated statement of financial position

16 Cash and ash equivalents

16.1 Financial data

	30.09.2022	31.12.2021
Current account with the central bank	2 586 500	1 482 741
Cash	917 385	619 445
Current accounts in other banks	1 723 165	1 646 275
Term deposits in other banks	201 890	14 930
Cash and balances with central bank	**5 428 940**	**3 763 391**

(in PLN '000)

17 Amounts due from banks

17.1 Financial data

Structure by type	30.09.2022	31.12.2021
Reverse Repo	0	49 206
Deposits as derivative transactions (ISDA) collateral	2 482 736	1 567 971
Other	123 015	72 602
Amounts due from banks	**2 605 751**	**1 689 779**

18 Investment financial assets

18.1 Financial data

	30.09.2022	31.12.2021
Financial assets	**14 035 276**	**16 099 658**
measured at fair value through other comprehensive income	8 307 663	9 265 445
measured at fair value through profit or loss	626 479	382 900
measured at amortized cost	5 101 134	6 451 313

18.2 Investment financial assets by type

measured at fair value through other comprehensive income	30.09.2022	31.12.2021
Debt instruments	**8 194 252**	**9 159 716**
issued by the State Treasury	**7 602 786**	**6 695 287**
T-bonds	7 602 786	6 695 287
issued by monetary institutions	**546 157**	**2 429 450**
eurobonds	19 142	21 193
money bills	0	1 849 371
bonds	527 015	558 886
issued by companies	**45 309**	**34 979**
bonds	45 309	34 979
Equity instruments	**113 411**	**105 729**
Total	**8 307 663**	**9 265 445**

measured at fair value through profit or loss	30.09.2022	31.12.2021
Debt instruments	**9 526**	**64 801**
issued by the State Treasury	**4 047**	**53 381**
T-bonds	4 047	53 381
issued by other financial institutions	**4**	**4**
bonds	4	4
issued by companies	**5 475**	**11 416**
bonds	5 475	11 416
Equity instruments	**90 478**	**84 494**
Derivative financial instruments	**526 475**	**233 605**
Interest rate transactions	**237 151**	**82 564**
SWAP	234 312	80 570
Cap Floor Options	2 839	1 994

(in PLN '000)

measured at fair value through profit or loss	30.09.2022	31.12.2021
Foreign exchange transactions	**286 178**	**127 823**
FX Swap	32 590	24 453
FX forward	141 554	62 491
CIRS	98 047	31 175
FX options	13 987	9 704
Other options	**24**	**10 845**
Other instruments	**3 122**	**12 373**
Total	**626 479**	**382 900**

measured at amortized cost	30.09.2022	31.12.2021
Debt instruments	**5 101 134**	**6 451 313**
issued by the State Treasury	**4 587 861**	**5 936 348**
T-bonds	4 587 861	5 936 348
issued by other financial companies	**513 273**	**514 965**
bonds	513 273	514 965
Total	**5 101 134**	**6 451 313**

19 Loans and advances to customers

19.1 Accounting principles

During 2022, the Group did not change the rules and methodology for classifying credit exposures and estimating provisions for expected losses. The applied rules are the same as those described in the annual financial statements.
From 31 December 2021, the Group applies the requirements of Recommendation R of the Polish Financial Supervision Authority with regard to the classification and measurement of impairment. The key change in the scope of changes introduced in December 2021 (adjustment to the requirements of Recommendation R) is the Group perceives changes in the methodology for determining the significance of the deterioration of the chalk risk resulting in classification to Stage 2. So far, the Group has used a methodology characterized by an approach based on the cyclical recalculation of relative thresholds based on o the default rate of the portfolio expected in the given horizons, where the horizons depended on the forecasted future economic situation. The new methodology is based on the definition of fixed thresholds at the time of commitment (the level of which is diversified according to the original credit quality). After the introduction of the new rules, the Group did not observe any increased volatility in the identification of portfolios with a significant deterioration of credit risk

Rules for the classification of exposures covered by the key statutory customer support instruments

The key statutory customer support tools available, inter alia, due to the macroeconomic situation, include the Borrowers Support Fund and moratoria for PLN mortgage portfolios.

Exposures covered by the Borrowers Support Fund are classified by the Group into Stage 2 (unless they meet the premises for impairment / default)
Mortgage exposures subject to payment moratoria are subject to the general classification rules where the use of moratoria does not qualify for the benefit offered due to financial deterioration as it is not a criterion for the use of the facility.

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

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

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

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

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

In terms of the of the retail client segment, the share in the portfolio of clients with the citizenship of Ukrainian, Russian, Belarusian fluctuates around 1.6%. These are clients living and earning income in Poland. The Group continues intensive portfolio monitoring, but does not identify any significant threats in this respect.

In terms of the corporate customer segment, the Group identifies a portfolio exposed to the effects of escalation of military operations in Ukraine based on addresses (headquarters, correspondence, residences), information from individual monitoring, and a significant share of inflows / transfers from / to countries involved in the armed conflict. In this population, the Group identifies approximately 60 clients with an exposure of approximately PLN 113 million. The monitoring results indicate that the deterioration of the quality and the increase in the risk of debt servicing is insignificant.

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

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

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

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

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

- the scale of support that clients receive in terms of payment moratoria and the borrower support fund,
- the transmission of the rising interest rates to the deterioration of clients' debt servicing capacity was much lower than originally assumed.

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

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

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

In the area of the LGD parameter for individual clients, a solution is applied which makes the level of heal dependent on the dynamics of changes in the Gross Domestic Product. The current form of the FLI solution for business clients takes into account changes in the legal, regulatory and business environment to the expected value of total recovery from the client's assets.

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

As at 30 September 2022, the effects of the high interest rate environment and the war in Ukraine had no significant impact on the deterioration of the quality of loan portfolios. The Group believes that it adequately takes into account in the FLI component the expected development trajectory of the above-mentioned phenomena and the target impact on the portfolio quality. At the same time, the Group assesses the risk of uncertainty and volatility in terms of both phenomena as significant and has a conservative approach to adjustments of risk parameters.

19.3 Quality and and structure of the loan portfolio

Key credit portfolio quality indicators as at 30 September 2022

As at 30 September 2022, despite the negative macroeconomic environment and geopolitical situation, the Group did not observe a significant negative impact on the quality of the loan portfolio. The share of 30-day overdue loans in the regular portfolio as at 30 September 2022 was 0.65% compared to 0.5% as at 31 December 2021.

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

- slight in the first period of the environment of increasing interest rates, negative transmission to debt servicing capacity,
- negligible impact on the quality of the loan portfolio of the initial phase of the armed conflict in Ukraine,
- the scale of support that clients received both in terms of payment moratoria and public-legal aid, which turned out to be effective tools for counteracting the effects of the pandemic.

The Group adjusts its credit policies and processes to the current macroeconomic situation and the threats resulting from it (both in terms of adapting the policy and credit processes to the pandemic environment, high interest rates environment and geopolitical and economic consequences of the armed conflict in Ukraine).

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

The level of write-offs for exposures classified to Stage 1 and Stage 2 as at 30 September 2022 amounts to approx. PLN 1.21 billion and represents an increase of approx. 4.7 % compared to the level maintained as at 31 December 2021. The key credit parameters of the regular portfolio are presented below:

Date	DPD 30+*	PD	LGD	Stage 2 share in he regular portfolio	Coverage of regular portfolio write-offs
30.09.2022	0.65%	3.55%	31.5%	12.1%	1.93%
31.12.2021	0.5%	3.67%	31.1%	11.7%	1.90%

**according EBA*

As at 30 September 2022 and 31 December 2021, the structure of the portfolio with evidence of impairment, together with the structure of the recoverable amount of collateral, was as follows (in PLN M):

Date	individual portfolio			collective portfolio		
	exposure value	% of collateral coverage*	% coverage with write-offs	exposure value	% of collateral coverage*	% coverage with write-offs
30.09.2022	2 792	47%	53%	3 756	19%	62%
31.12.2021	3 207	50%	49%	3 836	18%	64%

expressed at the economic recoverable amount

The processes of selling and writing off the impaired loan portfolio carried out by the Bank had a significant contribution to the significant decrease in the value of impaired exposures.

Sensitivity of results to macroeconomic assumptions

The Group adopts 3 scenarios for the future macroeconomic situation:

- base, with a probability of 50% (where the GDP growth rate at the end of subsequent years in the period 2022-2024 is 4.5% y / y, 1.1% y / y and 2.5% respectively, and the NBP base rate is respectively 7.5%, 7.00% and 5%),
- negative, with a probability of 25% implementation (where the GDP growth rate at the end of subsequent years in the period 2022-2024 amounts to 2.5% y / y, -0.7% y / y and 1.8%, respectively, and the NBP base rate 9.0%, 9.0% and 7.5% respectively),
- optimistic, with a probability of 25% implementation (where the GDP growth rate at the end of subsequent years in the period 2022-2024 amounts to 5.7% y / y, 3.5% y / y and 4.3%, respectively, and the NBP base rate is respectively 6.50%, 4.00% and 4.00%).

developed internally by the Macroeconomic Analysis Department.

Below is presented the sensitivity of the estimated losses expected for the portfolio of regular exposures, in the case of assuming the implementation of stress scenarios (in PLN M):

Changing the probability of scenarios	Total amount*
Change in expected losses in the case of the negative scenario with 100% probability	43
Change in expected losses in the case of the positive scenario with 100% probability	-46

** as estimated as at 30.06.2022*

The impact of increased/decreased PD parameter on the ECL in particular stage is presented in the table below (PLN M):

	30.09.2022	31.12.2021
	Change	Change
	-/+10%	-/+10%
Estimated change in the impairment allowance of loans and advances due to a change in the probability of default by +/- 10% or LGD by +/- 10% - Stage 1	+/-44	+/-46
Estimated change in the impairment allowance of loans and advances due to a change in the probability of default by +/- 10% or LGD by +/- 10% - Stage 2	+/-78	+ /-72

Sensitivity of results to assumptions / estimates

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

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

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

	30.09.2022	31.12.2021
	Change	Change
	-/+10%	-/+10%
The estimated change to the impairment of loans as a result of a changed present value of the estimated cash flows under loans measured by the Group with the individual method	+148/-137	+179 /-155

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

	30.09.2022	31.12.2021
	Change	Change
	-/+10%	-/+10%
The estimated change to the impairment of loans as a result of a changed present value of the estimated cash flows under loans measured by the Group with the group method	+153/-142	+147 /-141

19.4 Financial data (gross value, expected credit losses)

Loans granted to customers	30.09.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	**37 932 648**	**-2 301 158**	**35 631 490**	**38 592 653**	**-2 200 622**	**36 392 031**
Consumer loans	17 718 315	-2 107 452	15 610 863	18 715 866	-2 041 628	16 674 238
Loans for residential properties	15 937 405	-146 976	15 790 429	15 548 816	-114 561	15 434 255
Consumer finance loans	4 276 928	-46 730	4 230 198	4 327 971	-44 433	4 283 538
Corporate segment	**25 743 288**	**-2 921 089**	**22 822 199**	**24 985 917**	**-3 149 770**	**21 836 147**
Working capital loans	12 628 623	-1 535 789	11 092 834	11 993 754	-1 877 301	10 116 453
Investment loans	5 896 975	-825 016	5 071 959	5 960 252	-742 422	5 217 830
Other business loans	7 217 690	-560 284	6 657 406	7 031 911	-530 047	6 501 864
Total	**63 675 936**	**-5 222 247**	**58 453 689**	**63 578 570**	**-5 350 392**	**58 228 178**

Loans granted to customers	30.09.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	**37 932 648**	**-2 301 158**	**35 631 490**	**38 592 653**	**-2 200 622**	**36 392 031**
Stage 1	32 971 987	-347 653	32 624 334	34 331 648	-360 401	33 971 247
Stage 2	2 620 991	-429 710	2 191 281	1 981 672	-353 745	1 627 927
Stage 3	2 313 479	-1 509 836	803 643	2 246 043	-1 468 530	777 513
POCI	26 191	-13 959	12 232	33 290	-17 946	15 344
Corporate segment	**25 743 288**	**-2 921 089**	**22 822 199**	**24 985 917**	**-3 149 770**	**21 836 147**
Stage 1	15 696 845	-82 838	15 614 007	14 277 156	-83 969	14 193 187
Stage 2	5 359 782	-367 598	4 992 184	5 469 150	-377 994	5 091 156
Stage 3	4 479 835	-2 422 271	2 057 564	5 002 900	-2 631 172	2 371 728
POCI	206 826	-48 382	158 444	236 711	-56 635	180 076
Total	**63 675 936**	**-5 222 247**	**58 453 689**	**63 578 570**	**-5 350 392**	**58 228 178**

Loans and advances to customers by method of allowance calculation	30.09.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	**6 793 314**	**-3 932 107**	**2 861 207**	**7 248 943**	**-4 099 702**	**3 149 241**
individual method	2 655 764	-1 416 321	1 239 443	3 082 356	-1 514 395	1 567 961
group method	4 137 550	-2 515 786	1 621 764	4 166 587	-2 585 307	1 581 280

(in PLN '000)

Loans and advances to customers by method of allowance calculation	30.09.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 2	7 980 773	-797 308	7 183 465	7 450 822	-731 739	6 719 083
Stage 1	48 668 832	-430 491	48 238 341	48 608 804	-444 370	48 164 434
POCI	233 017	-62 341	170 676	270 001	-74 581	195 420
Total	63 675 936	-5 222 247	58 453 689	63 578 570	-5 350 392	58 228 178

Loans and advances to customers – exposure of the Bank to the credit risk	30.09.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	6 793 314	-3 932 107	2 861 207	7 248 943	-4 099 702	3 149 241
not overdue	1 420 552	-568 913	851 639	1 619 899	-565 359	1 054 540
overdue	5 372 762	-3 363 194	2 009 568	5 629 044	-3 534 343	2 094 701
Stage 1 and Stage 2	56 649 605	-1 227 799	55 421 806	56 059 626	-1 176 109	54 883 517
not overdue	53 494 723	-860 682	52 634 041	53 188 876	-857 988	52 330 888
overdue	3 154 882	-367 117	2 787 765	2 870 750	-318 121	2 552 629
POCI	233 017	-62 341	170 676	270 001	-74 581	195 420
Total	63 675 936	-5 222 247	58 453 689	63 578 570	-5 350 392	58 228 178

From 1 January to 30 September 2022 the Group sold loans with a total gross value amounting to PLN 340 991 thousand, while the impairment allowance recorded for this portfolio amounted to PLN 243 938 thousand. The impact of debt sales on the cost of risk in this period amounted to PLN (+)23 655 thousand (gain).

From 1 January to 30 September 2022 the Group wrote off the financial assets amounted to PLN 941 927 thousand. The financial assets that are written off concerned both the loan portfolio of retail and corporate customers. The financial assets that are written off in 2022 in the amount of PLN 924 207 thousand may still be subject enforcement activity.

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Gross carrying amount as at 01.01.2022	48 608 804	7 450 822	7 248 943	270 001	63 578 570
New / purchased / granted financial assets	13 631 189	0	0	0	13 631 189
Changes in the level of credit risk. derecognition (other than write-offs): repayments. changes in the valuation. sale or expiry of an instrument	-10 514 402	-1 265 019	-784 382	-28 093	-12 591 896
Financial assets written down	0	0	-933 036	-8 891	-941 927
Transfer to Stage 1	784 620	-756 108	-28 512	0	0
Transfer to Stage 2	-3 250 890	3 344 321	-93 431	0	0
Transfer to Stage 3	-590 489	-793 243	1 383 732	0	0
Gross carrying amount as at 30.09.2022	48 668 832	7 980 773	6 793 314	233 017	63 675 936
Expected credit losses					
Expected credit losses as at 01.01.2022	444 370	731 739	4 099 702	74 581	5 350 392
New / purchased / granted financial assets	234 192	0	0	0	234 192
Changes in the level of credit risk. derecognition (other than write-offs): repayments. changes in the valuation. sale or expiry of an instrument	-315 168	199 453	698 654	-3 349	579 590
Financial assets written down	0	0	-933 036	-8 891	-941 927
Transfer to Stage 1	152 661	-102 228	-50 433	0	0
Transfer to Stage 2	-63 017	147 131	-84 114	0	0
Transfer to Stage 3	-22 547	-178 787	201 334	0	0
Expected credit lossesas at 30.09.2022	430 491	797 308	3 932 107	62 341	5 222 247
Net carrying amount as at 30.09.2022	48 238 341	7 183 465	2 861 207	170 676	58 453 689

(in PLN '000)

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Gross carrying amount as at 01.01.2021	**45 786 908**	**7 611 453**	**8 784 510**	**279 072**	**62 461 943**
New / purchased / granted financial assets	13 891 532	0	0	0	13 891 532
Changes in the level of credit risk. derecognition (other than write-offs): repayments. changes in the valuation. sale or expiry of an instrument	-9 728 172	-913 230	-1 242 568	-21 949	-11 905 919
Financial assets written down	0	0	-984 942	-28 767	-1 013 709
Transfer to Stage 1	1 268 720	-1 132 917	-135 803	0	0
Transfer to Stage 2	-2 062 737	2 225 873	-163 136	0	0
Transfer to Stage 3	-641 130	-1 002 820	1 643 950	0	0
Gross carrying amount as at 30.09.2021	**48 515 121**	**6 788 359**	**7 902 011**	**228 356**	**63 433 847**
Expected credit losses					
Expected credit losses as at 01.01.2021	**492 800**	**772 626**	**4 904 681**	**76 414**	**6 246 521**
New / purchased / granted financial assets	372 336	0	0	0	372 336
Changes in the level of credit risk. derecognition (other than write-offs): repayments. changes in the valuation. sale or expiry of an instrument	-559 855	90 498	462 014	4 792	-2 551
Financial assets written down	0	0	-984 942	-28 767	-1 013 709
Transfer to Stage 1	250 150	-156 500	-93 650	0	0
Transfer to Stage 2	-55 821	154 182	-98 361	0	0
Transfer to Stage 3	-38 674	-222 719	261 393	0	0
Expected credit lossesas at 30.09.2021	**460 936**	**638 087**	**4 451 135**	**52 439**	**5 602 597**
Net carrying amount as at 30.09.2021	**48 054 185**	**6 150 272**	**3 450 876**	**175 917**	**57 831 250**

20 Other assets

20.1 Financial data

	30.09.2022	31.12.2021
Sundry debtors	**564 655**	**590 850**
Other settlements	350 324	338 086
Receivables related to sales of services (including insurance)	14 700	14 990
Guarantee deposits	15 571	15 760
Settlements due to cash in ATMs	184 060	222 014
Costs recognised over time	**54 153**	**39 206**
Maintenance and support of systems, servicing of plant and equipment	34 439	20 904
Other deferred costs	19 714	18 302
VAT settlements	**22 151**	**36 170**
Other assets (gross)	**640 959**	**666 226**
Write-down	-59 262	-52 772
Other assets (net)	**581 697**	**613 454**
including financial assets (gross)	564 655	590 850

Change in write-downs

	30.09.2022	30.09.2021
Open balance	**52 772**	**64 867**
Provisions recorded	10 589	6 418

(in PLN '000)

	30.09.2022	30.09.2021
Provisions released	-3 498	-7 607
Assets written off from the balance sheet	-1 371	-8 571
Other changes	770	-1 096
Closing balance	**59 262**	**54 011**

21 Assets pledged as colleteral

21.1 Financial data

	30.09.2022	31.12.2021
Treasury bonds blocked for REPO transactions	112 142	0
Financial assets measured at amortised cost in the EIB	128 026	130 921
Total	**240 168**	**130 921**

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

	30.09.2022	31.12.2021
Treasury bonds blocked with BGF	451 911	434 973
Deposits as derivative transactions (ISDA) collatera	2 482 736	1 567 971
Deposit as collateral of transactions performed in Alior Trader	17	65
Total	**2 934 664**	**2 003 009**

22 Amounts due to banks

22.1 Financial data

Structure by type	30.09.2022	31.12.2021
Current deposits	11 134	8 441
Overnight	28 005	0
Term deposits	0	307 379
Own bond issues	0	67 557
Received loan	59 709	80 071
Other liabilities	195 175	66 169
Total amounts due to banks	**294 023**	**529 617**

23 Amounts due to customers

23.1 Financial data

Structure by type and customer segment	30.09.2022	31.12.2021
Retail segment	**51 733 227**	**49 020 278**
Current deposits	35 369 020	42 610 912
Term deposits	15 505 467	5 654 614
Own issue of banking securities	550 642	514 433
Other liabilities	308 098	240 319
Corporate segment	**20 629 784**	**22 985 437**
Current deposits	13 881 953	17 264 882

(in PLN '000)

Structure by type and customer segment	30.09.2022	31.12.2021
Term deposits	6 351 862	5 415 967
Own issue of banking securities	3 013	1 838
Other liabilities	392 956	302 750
Total amounts due to customers	**72 363 011**	**72 005 715**

From 1 January to 30 September 2022 the Group issued own securities amounted to PLN 216 715 thousand and securities purchased before maturity amounted to PLN 72 890 thousand.

In 2021 the Group issued own securities amounted to PLN 345 892 thousand and securities purchased before maturity amounted to PLN 263 306 thousand.

24 Provisions

24.1 Financial data

	Provisions for disputes	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Provision for reimbursement of credit costs (TSUE)	Total provisions
As at 1 January 2022	**41 530**	**6 459**	**136 743**	**2 050**	**103 431**	**290 213**
Established provisions	17 648	4 533	56 839	0	7 090	86 110
Reversal of provisions	-10 645	-402	-64 749	0	0	-75 796
Utilized provisions	-9 422	-6 078	0	-378	-26 555	-42 433
Other changes	84	0	557	0	0	641
As at 30 September 2022	**39 195**	**4 512**	**129 390**	**1 672**	**83 966**	**258 735**

	Provisions for disputes	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Provision for reimbursement of credit costs (TSUE)	Total provisions
As at 1 January 2021	**47 534**	**5 954**	**172 060**	**2 872**	**108 140**	**336 560**
Established provisions	17 110	5 633	110 915	0	16 800	150 458
Reversal of provisions	-2 213	-146	-123 911	-312	0	-126 582
Utilized provisions	-15 891	-5 777	0	-385	-55 020	-77 073
Other changes	-2	0	103	0	0	101
As at 30 September 2021	**46 538**	**5 664**	**159 167**	**2 175**	**69 920**	**283 464**

The restructuring program was announced by the Bank and its implementation started in December 2016 in connection with the merger of Bank BPH demerged business.

Split of the restructuring provision as at 30.09.2022 is presented below:

	31.12.2021	utilisation	reversal	30.09.2022
Reorganisation of the branch network	2 050	-378	0	1 672
Total	**2 050**	**-378**	**0**	**1 672**

25 Other liabilities

25.1 Financial data

	30.09.2022	31.12.2021
Interbank settlements	654 488	429 510
Taxes, customs duty, social and health insurance payables and other public settlements	38 138	30 533
Settlements of payment cards	2 180	10 941

(in PLN '000)

	30.09.2022	31.12.2021
Other settlements, including	159 688	189 624
settlements with insurers	*16 265*	*28 105*
Liability for reimbursement of credit costs	86 146	81 814
Settlements of issues of bank certificates of deposits	58 910	39 692
Liabilities due to contributions to the Bank Guarantee Fund	192 066	162 979
Liabilities due to contributions to the Borrowers Support Fund	38 199	0
Accrued expenses	166 940	186 421
Income received in advance	58 100	47 460
Provision for bancassurance resignations	34 702	42 362
Provision for bonuses	73 062	81 027
Provision for unutilised annual leaves	21 647	19 666
Provision for bonuse settled in phantom shares	3 948	2 419
Provision for retention programs	37	85
Other employee provisions	1 184	1 167
Liabilities due to lease agreements	264 981	286 881
Other liabilities	59 487	36 959
Other liabilities	**1 913 903**	**1 649 540**
including financial liabilities	902 502	711 889

**Details at Note 37*

26 Financial liabilities

26.1 Financial data

	30.09.2022	31.12.2021
Short sale of T-bonds	**109 818**	**46 423**
Interest rate transactions	**201 607**	**103 939**
SWAP	198 768	101 948
Cap Floor Options	2 839	1 991
Foreign exchange transactions	**66 723**	**20 153**
FX Swap	43 526	4 489
FX forward	2 176	1 013
CIRS	5 851	5 545
FX options	15 170	9 106
Other options	**24**	**10 845**
Other instruments	**8 317**	**6 728**
Total measured at fair value through profit or loss/ held for trading	**386 489**	**188 088**

27 Subordinated liabilities

27.1 Financial data

					Status of liabilities	
Liabilities classified as the Bank's own funds	Nominal value in the currency	Currency	Term	Interest	30.09.2022	31.12.2021
Series F bonds	321 700	PLN	26.09.2014-26.09.2024	WIBOR6M +3,14	322 160	324 634
Series EUR001 bonds	0	EUR	04.02.2016-04.02.2022	LIBOR6M + 6,00	0	47 128
Series P1A bonds	0	PLN	27.04.2016-16.05.2022	WIBOR6M +3,25	0	150 960
Series P1B bonds	70 000	PLN	29.04.2016-16.05.2024	WIBOR6M +3,00	72 539	70 427
Series K and K1 bonds	600 000	PLN	20.10.2017-20.10.2025	WIBOR6M +2,70	622 728	604 224

(in PLN '000)

					Status of liabilities	
Liabilities classified as the Bank's own funds	Nominal value in the currency	Currency	Term	Interest	30.09.2022	31.12.2021
Series P2A bonds	150 000	PLN	14.12.2017-29.12.2025	WIBOR6M +2,70	153 841	150 068
Subordinated liabilities					**1 171 268**	**1 347 441**

28 Off-balance sheet items

28.1 Financial data

	30.09.2022	31.12.2021
Granted off-balance liabilities	**10 136 376**	**9 945 348**
Concerning financing	**9 494 717**	**9 294 619**
Guarantees	**641 659**	**650 729**
Performance guarantees	365 907	427 093
Financial guarantees	275 752	223 636

29 Fair value hierarchy

29.1 Accounting principles and estimates and assumptions

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

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

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

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

- debt 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;

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

	Measurement method (techniques)	Material observable input data
DERIVATIVE FINANCIAL INSTRUMENTS – CIRS, IRS, FRA, FX FORWARD, FX SWAP TRANSACTIONS	The model of discounted future cash flows based on profitability curves	Profitability curves are built on the basis of market rates. market data of the money market. FRA. IRS. OIS basis swap transaction market. FX instruments are measured using NBP's fixing rates and market rates of swap points

	Measurement method (techniques)	Material observable input data
FX OPTIONS, INTEREST RATE OPTIONS	FX options and interest rate options are measured with the use of specific valuation models characteristic for a specific option	For option instruments additionally market quotations are used for market variability quotations of currency pairs and interest rates
NBP MONEY BILLS	Profitability curve method	Profitability curves are developed on the basis of money market data
COMMODITY FORWARD/SWAP	Commodity instruments are measured on the basis of future cash flows calculated on the basis of profitability curves characteristic for specific commodities	Profitability curves are built on the basis of quoted commodity futures contracts

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

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

Such instruments include options embedded in certificates of deposit issued by the 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. The spread is based on the primary market price or at transaction execution. It is updated when reliable market quotations occur or when prices are obtained from transactions of comparable volume. The spread is also changed on the basis of information of a changed credit standing of the security issuer. At the end of the third quarter of 2022, the sensitivity of changed measurement of those assets in the case of an increase of the credit spread by 1 basis point was PLN 1.54 thousand.

	Measurement method (techniques)	Material observable input data
CORPORATE BONDS	Profitability curve model and risk margin	Profitability curves are developed on the basis of bond market data
EXOTIC OPTIONS	The prices of exotic options embedded in structured products are determined on the basis of market prices or measured with the internal model subject to both observable parameters (e.g. price of the base instrument. secondary quotations of options) and non-observable (e.g. variability. correlations between base instruments)	The prices of exotic options embedded in structured products are acquired from the market
SHARES VISA INC A SERIES PRIVILEGED	The current market value of listed Visa Inc. common stock including the haircut taking into account changes in the share price of Visa Inc	Market value of the listed ordinary shares of Visa Inc.
SHARES VISA INC C SERIES PRIVILEGED	The current market value of listed ordinary shares of Visa Inc. subject to the conversion ratio and discount. considering changing prices of the shares of Visa Inc.	Market value of the listed ordinary shares of Visa Inc.
SHARES PSP sp. z o.o.	Fair value estimation is based on the current value of the company's forecast results	Risk free rate
SHARES RUCH SA	Fair value estimation is based on the current value of the company's forecast results	Risk free rate

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.

(in PLN '000)

29.2 Financial data

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

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

30.09.2022	Level 1	Level 2	Level 3	Total
Investment financial assets				
Measured at fair value through profit and loss	**4 873**	**525 625**	**95 981**	**626 479**
SWAP	0	234 312	0	234 312
Cap Floor Ooptions	0	2 839	0	2 839
FX Swap	0	32 590	0	32 590
FX forward	0	141 554	0	141 554
CIRS	0	98 047	0	98 047
FX options	0	13 987	0	13 987
Other options	0	0	24	24
Other instruments	826	2 296	0	3 122
Financial derivatives	**826**	**525 625**	**24**	**526 475**
Treasury bonds	4 047	0	0	4 047
Other bonds	0	0	5 479	5 479
Equity instruments	0	0	90 478	90 478
Investments securities	**4 047**	**0**	**95 957**	**100 004**
Measured at fair value through other comprehensive income	**8 148 943**	**0**	**158 720**	**8 307 663**
Treasury bonds	7 602 786	0	0	7 602 786
Other bonds	546 157	0	45 309	591 466
Equity instruments	0	0	113 411	113 411
Derivative hedging instruments	**0**	**107 836**	**0**	**107 836**
Interest rate transactions – SWAP	0	107 836	0	107 836

31.12.2021	Level 1	Level 2	Level 3	Total
Investment financial assets				
Measured at fair value through profit and loss	**54 409**	**221 732**	**106 759**	**382 900**
SWAP	0	80 570	0	80 570
Cap Floor Ooptions	0	1 994	0	1 994
FX Swap	0	24 453	0	24 453
FX forward	0	62 491	0	62 491
CIRS	0	31 175	0	31 175
FX options	0	9 704	0	9 704
Other options	0	0	10 845	10 845
Other instruments	1 028	11 345	0	12 373
Financial derivatives	**1 028**	**221 732**	**10 845**	**233 605**
Treasury bonds	53 381	0	0	53 381
Other bonds	0	0	11 420	11 420
Equity instruments	0	0	84 494	84 494
Investments securities	**53 381**	**0**	**95 914**	**149 295**
Measured at fair value through other comprehensive income	**7 275 366**	**1 849 371**	**140 708**	**9 265 445**
Money bills	0	1 849 371	0	1 849 371
Treasury bonds	6 695 287	0	0	6 695 287
Other bonds	580 079	0	34 979	615 058

(in PLN '000)

31.12.2021	Level 1	Level 2	Level 3	Total
Equity instruments	0	0	105 729	105 729
Derivative hedging instruments	**0**	**38 810**	**0**	**38 810**
Interest rate transactions – SWAP	0	38 810	0	38 810

30.09.2022	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	**109 874**	**276 591**	**24**	**386 489**
Bonds	109 818	0	0	109 818
SWAP	0	198 768	0	198 768
Cap Floor Ooptions	0	2 839	0	2 839
FX Swap	0	43 526	0	43 526
FX forward	0	2 176	0	2 176
CIRS	0	5 851	0	5 851
FX options	0	15 170	0	15 170
Other options	0	0	24	24
Other instruments	56	8 261	0	8 317
Derivative hedging instruments	**0**	**2 091 087**	**0**	**2 091 087**
Interest rate swaps - IRS	0	2 091 087	0	2 091 087

31.12.2021	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	**46 430**	**130 813**	**10 845**	**188 088**
Bonds	46 423	0	0	46 423
SWAP	0	101 948	0	101 948
Cap Floor Ooptions	0	1 991	0	1 991
FX Swap	0	4 489	0	4 489
FX forward	0	1 013	0	1 013
CIRS	0	5 545	0	5 545
FX options	0	9 106	0	9 106
Other options	0	0	10 845	10 845
Other instruments	7	6 721	0	6 728
Derivative hedging instruments	**0**	**1 081 996**	**0**	**1 081 996**
Interest rate swaps - IRS	0	1 081 996	0	1 081 996

Reconciliation of changes at level 3 of fair value hierarchry

	Assets		Liabilities	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Opening balance	**247 467**	**280 052**	**10 845**	**59 711**
Acquisitions	2 638	1 835	24	1 365
Net changes recognized in other comprehensive income	25 283	-6 008	0	0
Net changes recognized in other comprehensive income	-14 698	-49	-1 464	660
Currency differences	15 269	4 255	0	0
Settlement / redemption	-21 258	-60 641	-9 381	-46 060
Total	**254 701**	**219 444**	**24**	**15 676**

At the end of the third quarter of 2022 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 0.32

(in PLN '000)

MM and for debt instruments measured at fair value through profit and loss account approx. amounted to PLN 0.05 MM.

Fair value measurement for disclosure purposes

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

30.09.2022	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	**5 428 940**	**3 503 885**	**1 925 055**	**0**	**5 428 940**
Amount due from banks	**2 605 751**	**0**	**2 605 751**	**0**	**2 605 751**
Loans and advances to customers	**58 453 689**	**0**	**0**	**62 847 033**	**62 847 033**
Retail segment	**35 631 490**	**0**	**0**	**36 395 052**	**36 395 052**
Consumer loans	15 610 863	0	0	17 253 112	17 253 112
Loans for residential real estate	15 790 429	0	0	14 611 596	14 611 596
Consumer finance loans	4 230 198	0	0	4 530 344	4 530 344
Corporate segment	**22 822 199**	**0**	**0**	**26 451 981**	**26 451 981**
Working capital facility	11 092 834	0	0	13 811 889	13 811 889
Investment loans	5 071 959	0	0	6 272 408	6 272 408
Other	6 657 406	0	0	6 367 684	6 367 684
Asstes pledged as collateral	**240 168**	**234 984**	0	0	**234 984**
Investment securities measured at amortized cost	**5 101 134**	**4 977 208**	0	0	**4 977 208**
Other financial assets	**564 655**	0	0	**564 655**	**564 655**
Liabilities					
Amounts due to banks	**294 023**	**0**	**294 023**	**0**	**294 023**
Current deposits	11 134	0	11 134	0	11 134
Overnight	28 005	0	28 005	0	28 005
Credit received	59 709	0	59 709	0	59 709
Other liabilities	195 175	0	195 175	0	195 175
Amounts due to customers	**72 363 011**	**0**	**0**	**72 418 507**	**72 418 507**
Current deposits	49 250 973	0	0	49 250 973	49 250 973
Term deposits	21 857 329	0	0	21 857 329	21 857 329
Bonds issued	553 655	0	0	609 151	609 151
Other liabilities	701 054	0	0	701 054	701 054
Other financial liabilities	**902 502**	**0**	**0**	**902 502**	**902 502**
Subordinated liabilities	**1 171 268**	**0**	**0**	**1 171 268**	**1 171 268**

31.12.2021	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	**3 763 391**	**2 102 186**	**1 661 205**	**0**	**3 763 391**
Amount due from banks	**1 689 779**	**0**	**1 689 779**	**0**	**1 689 779**
Loans and advances to customers	**58 228 178**	**0**	**0**	**59 005 293**	**59 005 293**
Retail segment	**36 392 031**	**0**	**0**	**36 917 074**	**36 917 074**
Consumer loans	16 674 238	0	0	17 998 027	17 998 027
Loans for residential real estate	15 434 255	0	0	14 457 438	14 457 438
Consumer finance loans	4 283 538	0	0	4 461 609	4 461 609
Corporate segment	**21 836 147**	**0**	**0**	**22 088 219**	**22 088 219**
Working capital facility	10 116 453	0	0	10 574 835	10 574 835
Investment loans	5 217 830	0	0	5 328 685	5 328 685
Other	6 501 864	0	0	6 184 699	6 184 699

(in PLN '000)

31.12.2021	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Asstes pledged as collateral	**130 921**	**126 691**	**0**	**0**	**126 691**
Investment securities measured at amortized cost	**6 451 313**	**6 347 777**	**0**	**0**	**6 347 777**
Other financial assets	**590 850**	**0**	**0**	**590 850**	**590 850**
Liabilities					
Amounts due to banks	**529 617**	**0**	**529 617**	**0**	**529 617**
Current deposits	8 441	0	8 441	0	8 441
Term deposits	307 379	0	307 379	0	307 379
Bonds issued	67 557	0	67 557	0	67 557
Credit received	80 071	0	80 071	0	80 071
Other liabilities	66 169	0	66 169	0	66 169
Amounts due to customers	**72 005 715**	**0**	**0**	**72 028 800**	**72 028 800**
Current deposits	59 875 794	0	0	59 875 794	59 875 794
Term deposits	11 070 581	0	0	11 070 581	11 070 581
Bonds issued	516 271	0	0	539 356	539 356
Other liabilities	543 069	0	0	543 069	543 069
Other financial liabilities	**711 889**	**0**	**0**	**711 889**	**711 889**
Subordinated liabilities	**1 347 441**	**0**	**0**	**1 347 441**	**1 347 441**

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

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

Loans and advances to customers:

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

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

Financial liabilities measured at amortised cost

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

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

(in PLN '000)

Other financial assets and liabilities

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

30 Transactions with related entities

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

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

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

Nature of transactions with related entities

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

Parent company	30.09.2022	31.12.2021
Other assets	744	4 255
Total assets	**744**	**4 255**
Amounts due to customers	23	23
Other liabilities	267	445
Total liabilities	**290**	**468**

Subsidiaries of the parent company	30.09.2022	31.12.2021
Cash and cash equivalents	566	31 710
Investment financial assets measured at fair value through profit or loss	0	39
Loans and advances to customers	75 111	70 323
Other assets	176	866
Total assets	**75 853**	**102 938**
Amounts due to customers	257 635	298 046
Provisins	4	0
Other liabilities	2 307	1 246
Total liabilities	**259 946**	**299 292**

Subsidiary of the parent entity	30.09.2022	31.12.2021
Off-balance liabilities granted to customers	**11 240**	**8 375**
Relating to financing	11 240	8 375

Joint control by persons related to the Group	30.09.2022	31.12.2021
Loans and advances to customers	2	0
Total assets	**2**	**0**
Amounts due to customers	2	0
Total liabilities	**2**	**0**

(in PLN '000)

Parent company	01.01.2022 - 30.09.2022	01.01.2021 - 30.09.2021
Interest income calculated using the effective interest method	13 341	4 013
Fee and commission income	39 316	49 742
Fee and commission expense	-5 525	-4 491
Net other operating income and expenses	69	137
General administrative expenses	-3 712	-3 417
Total	**43 489**	**45 984**

Subsidiaries of the parent company	01.01.2022 - 30.09.2022	01.01.2021 - 30.09.2021
Interest income calculated using the effective interest method	55 455	40 820
Interest expences	-5 562	-7 443
Fee and commission income	19 111	21 839
Fee and commission expense	-3	-2
The result on financial assets measured at fair value through profit or loss and FX result	3	-81
Net other operating income and expenses	810	608
General administrative expenses	-6 185	-4 840
Net expected credit losses	-17	100
Total	**63 612**	**51 001**

Joint control by persons related to the Group	01.01.2022 - 30.09.2022	01.01.2021 - 30.09.2021
Interest income calculated using the effective interest method	0	24
Interest expences	0	-1
Fee and commission income	0	576
Net expected credit losses	0	-11
Total	**0**	**588**

Transactions with the State Treasury and related entities

The Polish Financial Supervision Authority in its communication of 6 December 2016, item 5 univocally accepted Poland's State Treasury as the parent entity vis-a-vis Alior Bank SA within the meaning of Art. 4.1.8.b and Art. 4.1.14 of the Banking Act, stating that it was able to exert material impact on Alior Bank SA via Powszechny Zakład Ubezpieczeń SA.

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

State Treasury and related entities	30.09.2022	31.12.2021
Investment financial assets	**13 545 020**	**13 957 321**
measured at fair value through other comprehensive income	8 194 252	7 310 345
measured at fair value through profit or loss	9 522	64 797
measured at amortized cost	5 341 246	6 582 179
Amounts due from banks	611	49 496
Loans and advances to customers	592 307	165 554
Total assets	**14 137 938**	**14 172 371**
Financial Liabilities	109 818	46 423
Amounts due to banks	19 498	70 703
Amounts due to customers	611 839	781 589

(in PLN '000)

State Treasury and related entities	30.09.2022	31.12.2021
Total liabilities	**741 155**	**898 715**

State Treasury and related entities	01.01.2022 - 30.09.2022	01.01.2021 - 30.09.2021
Interest income calculated using the effective interest method	346 009	56 954
Interest expense	-19 126	-137
The costs of paid tax	-426 469	-302 415
Total	**-99 586**	**-245 598**

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

31 Benefits for the for senior executives

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

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

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

31.2 Financial data

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

30.09.2022	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	435	0	435
Total assets	**435**	**0**	**435**
Amounts due to customers	2 395	11	2 384
Total liabilities	**2 395**	**11**	**2 384**

30.09.2021	Supervising. managing persons	Supervisory Board	Bank's Management Board
Amounts due to customers	1 050	11	1 039
Total liabilities	**1 050**	**11**	**1 039**

(in PLN '000)

30.09.2022	Supervising. managing persons	Supervisory Board	Bank's Management Board
Off-balance liabilities granted to customers	**0**	**0**	**0**
concerning financing	0	0	0

30.09.2021	Supervising. managing persons	Supervisory Board	Bank's Management Board
Off-balance liabilities granted to customers	**10**	**0**	**10**
concerning financing	10	0	10

The total cost of remuneration of Members of the Bank's Supervisory Board and Members of the Bank's Management Board from 1 January to 30 September 2022 recognized in the profit and loss account of the Group in this period amounted to PLN 12 342.6 thousand (in the period from 1 January to 30 September 2021 - PLN 9 205 thousand).

31.3 Incentive program for senior executives

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

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

32 Legal claims

In the Bank's opinion, no single court, arbitration court or public administration body proceedings in progress the three quarters of 2022, 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 109 967 thousand in respect of compensation for damage incurred in connection with the conclusion and settlement of treasury transactions. The claim dated 27 April 2017 was brought against Alior Bank SA and Bank BPH SA. In the Bank's opinion, the claim has no valid factual and legal basis and probability of an outflow of funds is negligible.
- The Bank, as part of its activities as part of a separate organizational unit - Biuro Maklerskie Alior Bank SA, in the years 2012 - 2016 conducted activities in the field of distribution of certificates of participation in investment funds: Inwestycje Rolne Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Inwestycje Selektywne Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Lasy Polskie Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych and Vivante Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (hereinafter collectively referred to as "Funds"). The bank distributed over 250 thousand investment certificates of the Funds.

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

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

Claims for payment

The Bank is defendant in 104 cases brought by the buyers of the Fund's investment certificates for payment (compensation for damage). The total value of the dispute in these cases is PLN 70 537 thousand.

The final value of the investment certificates of the Funds will be determined after the completion of the liquidation. Due to the above, in the opinion of the Bank, until the liquidation of the funds is completed, all (existing and future) claims for payment are groundless. The Bank assumes that the probability of the outflow of funds due to the above-mentioned lawsuits is estimated at less than 50%, therefore, as at 30 September 2022, the Bank did not create provisions with respect to these lawsuits.

Liability claims

The Bank is the defendant in 1 collective action brought by a natural person - a representative of a group of 84 natural and legal persons, for determination of the Bank's liability for damage and in 3 individual cases for establishing the Bank's liability for damage.

The class action was filed on 5 March 2018 against the Bank to determine the Bank's liability for damage caused by the Bank's improper performance of disclosure obligations towards customers and the improper performance of contracts for the provision of services for accepting and transmitting orders to purchase or sell Fund investment certificates. The court decided to hear the case in class proceedings. By letter of 15 July 2021, the claim was extended to a group of another 283 people. At the same time, 14 people declared their withdrawal from the group. The court did not issue a decision on the composition of the group.

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

- Polish Financial Supervision Authority (PFSA) by decision of 6 August 2019 issued on the basis of art. 167 section 2 point 1 in connection with art. 167 section 1 point 1 of the Act on trading in financial instruments, imposed a fine on the Bank in the amount of PLN 10 000 000. The proceedings concerned the correct operation of Alior Bank and the Bank's Brokerage House in the scope of distribution of investment certificates of funds previously managed by Fincrea TFI S.A. and now Raiffeisen Bank International AG (Joint Stock Company) Branch in Poland. The bank requested the PFSA to reconsider the case. The Polish Financial Supervision Authority, after re-examining the case with a decision of 3 December 2019, upheld the original decision. On 3 January 2020, the Bank appealed against this decision to the Provincial Administrative Court in Warsaw. On 17 June 2020, the Provincial Administrative Court in Warsaw issued a judgment in which it revoked the decision of the Polish Financial Supervision Authority (PFSA) of 3 December 2019, upholding the earlier decision of the Polish Financial Supervision Authority of 6 August 2019 on the imposition of two fines on the Bank in the total amount of PLN 10 M and discontinued the proceedings conducted by the Polish Financial Supervision Authority in this case. The Polish Financial Supervision Authority (PFSA) filed a cassation complaint with the Supreme Administrative Court. As at the date of publication of this report, the Supreme Administrative Court has not considered the complaint.

The value of disputed claims amounted to PLN 463 744 thousand as at 30.09.2022 and PLN 359 873 thousand as at 31.12.2021. The value of provisions for disputed claims amounted to PLN 39 195 thousand as at the end of third quarter of 2022 and PLN 41 530 thousand as at the end of 2021.

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

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

On 27 September 2019, the President of the Office of Competition and Consumer Protection (UOKiK) initiated ex officio proceedings against Alior Bank SA to recognize a standard contract as illegal (reference number RPZ.611.4.2019.PG) the subject of which is 11 clauses (the so-called modification clauses) included in contract templates used by the Bank, on the basis of which the Bank made unilateral changes to contracts concluded with consumers. The President of UOKiK questioned the wording of the provisions in question, among others as imprecise and not allowing consumers to verify the occurrence of premises for the change being made. The Bank corresponds with the President of the Office of Competition and Consumer Protection in this case. The Bank presented to the Office of Competition and Consumer Protection a plan to remove the ongoing effects of the breach from contracts with customers. If it is approved by the President of UOKiK, it will be possible to conduct further discussions on adjusting the questioned modification clauses to the expectations of the President of UOKiK. As at 30 September 2022, the Group has not identified any rationale for making provisions on this account.

Proceedings on provisions of recognizing a standard contract as illegal - OTC regulations

On 21 November 2019, the President of the Office of Competition and Consumer Protection (UOKiK) initiated ex officio proceedings against Alior Bank SA to recognize a standard contract as illegal (reference number DOIK-611-1/19/ARO) the subject of which is 3 clauses included in the application used by Alior Bank through the Alior Bank's Brokerage House in the contractual template entitled "Regulations for the execution of orders in trading in financial instruments on OTC markets and the maintenance of accounts and registers related to this trading by Alior Bank SA Brokerage House" regarding the reasons for suspending the presentation of financial instrument offers, procedures in the event of incorrect quotation, quotation sources that may be referred to consumer. The President of UOKiK questioned the wording of the provisions in question, among others as imprecise. The Bank corresponded with the President of the Office of Competition and Consumer Protection in this case. In a letter of 13 May 2022, he submitted a commitment proposal pursuant to art. 23c paragraph 1 in conjunction art. 23b paragraph 1 of the act on competition and consumer protection. In view of the conclusion of the evidence proceedings in the case, the decision by the President of the Office of Competition and Consumer Protection is awaiting. On 17 October 2022, the Bank received the decision of the President of the Office of Competition and Consumer Protection - reference number DOZIK-14/2022, ending the proceedings in this case. In this decision, the President of UOKiK found illegal and forbidden the use of the above-mentioned clauses contained in the above-mentioned regulations and imposed on the Bank the obligation to remove the ongoing effects of violating the prohibition of using prohibited contractual provisions referred to in Art. 385 [1] § 1 of the Act of 23 April 1964 - Civil Code. The obligation to remove the ongoing effects of the violation of the above-mentioned the prohibition is consistent with the Bank's obligation submitted in the course of the proceedings.

(in PLN '000)

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

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

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

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

33 Total capital adequacy ratio and Tier 1 ratio

As at 30 September 2022, total capital adequacy ratio and Tier 1 ratio were calculated in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR Regulation) and other regulations implementing “national options”, among other, the Banking Act of 29 August 1997 (as amended) and Regulation of the Minister of Development and Finance of 25 May 2017 on a higher risk weight for exposures secured by mortgages on real estate (as amended).

In order to calculate the capital adequacy ratio, in the third quarter of 2022 prudential consolidation was applied – the consolidation covered Alior Bank SA and Alior Leasing sp. z o.o. In the opinion of the Bank's Management Board, the other subsidiary entities, not subject to prudential consolidation are marginal for the Bank's core activity from the viewpoint of monitoring of credit institutions.

Equity for the purposes of the capital adequacy

	30.09.2022	31.12.2021
Total equity for the capital adequacy ratio	**6 829 946**	**6 997 724**
Tier I core capital (CET1)	6 197 571	6 199 997
Paid-up capital	1 305 540	1 305 540
Supplementary capital	5 401 470	5 399 229
Other reserves	174 448	174 448
Current year's reviewed by auditor	0	229 523
Accumulated losses	-59 270	-530 645
Revaluation reserve – unrealised losses	-306 944	-99 774
Intangible assets measured at carrying value	-312 428	-307 806
Revaluation reserve – unrealised profit	136 759	97 703

(in PLN '000)

	30.09.2022	31.12.2021
Additional value adjustments - AVA	-11 591	-11 024
Other adjustments items (adjustments for IFRS 9, non-performing exposures coverage gap, deferred tax assets)	-130 413	-57 197
Tier II capital	632 375	797 727
Subordinated liabilities	632 375	797 727
Capital requirements	**3 988 145**	**3 952 896**
Total capital requirements for the credit, counterparty risk, adjustment to credit measurement, dilution and deliver of instruments to be settled at a later date	3 639 953	3 622 321
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk.	5 130	9 275
Capital requirement relating to the general interest rate risk	13 731	11 631
Total capital requirements for the operational risk	329 331	309 669
Tier 1 ratio	**12.43%**	**12.55%**
Total capital adequacy ratio	**13.70%**	**14.16%**

Alior Bank Group, decided to apply the transitional provisions provided for by Regulation No. 2017/2395 to mitigate the impact of introducing IFRS 9 and Regulation No. 2020/873 with regard to certain adjustments in response to the COVID-19 pandemic, which means that for the purposes of assessing the Group's capital adequacy the full impact of IFRS 9 implementation will be ignored, including those related to the created COVID-19 write-offs.

In particular, on 1 January 2022, the next, penultimate, tranche of Art. 473a of CRR as part of the timely settlement of IFRS9 accounting regulations, affecting the reduction of the total capital ratio.

The table below presents the impact of the application of IFRS 9 and regulations regarding COVID-19 as of 30 September 2022 on capital adequacy including and without taking into account the transition period:

	Data including the transition period	Data without considering the transition period
Total capital (TIER 1, TIER 2)	6 829 946	6 474 850
The total capital requirement	3 988 145	3 969 948
Total capital ratio	13.70%	13.05%
Financial leverage ratio	7.13%	6.74%

In February 2022, the Polish Financial Supervision Authority recommended the Bank to maintain its own funds at the individual and consolidated level to cover the additional capital charge at the level of 1.47 percentage points. in order to absorb potential losses resulting from the occurrence of stresses. The minimum regulatory value of Tier 1 and TCR ratios for Alior Bank, taking this buffer into account, is 9.97% and 11.97%, therefore the surplus of capital ratios above the regulatory minimum levels is 2.46 percentage points, respectively. (approx. PLN 1.2 billion) and 1.73 percentage points (approx. PLN 0.9 billion).

From 31 March 2022 to the extent unrealized gains and loss measured at fair value through other comprehensive income, the Bank applies the regulations temporary defined in Art. 468 of CRR.

MREL

In December 2021, the Bank received a letter from the BFG concerning the establishment of the minimum requirement for own funds and liabilities subject to redemption or conversion ("MREL").

In line with the above letter, the MRELtrea requirement (calculated as a percentage of the total amount at risk) for the Bank at the consolidated level was set at 15.36% of TREA.

The MREL requirement (calculated as a percentage of the total exposure measure) for the Bank at the consolidated level was set at 5.91% TEM. According to the above letter, the requirements must be met by 31 December 2023.

In addition, a path to achieve the target MREL level has been set, specifying the mid-term goals that the Bank should meet by the end of each calendar year in the period of reaching the target level. These targets in relation to TREA were respectively 11.68% by 31 December 2021 and 13.52% by 31 December 2022, however, according to the BFG communiqué of September 22, 2022, the MRELtrea target was frozen for the mid-term year. The calculation of the MRELtrea requirement from 31.12.2022 to 30.12.2023 will be based on the same formula as the MRELtrea value as of 01.01.2022 and will still be 11.68%. Thus, the minimum interim target for the TREA compliance requirement is 11.68% by 31 December 2021 as well as 31 December 2022.

The mid-term targets for the TEM are 3% by 31 December 2021 and 4.46% by 31 December 2022. The minimum mid-term targets for the compliance requirement against the TEM are 3% by 31 December 2021 and respectively 4.45% by 31 December 2022

As at 30 September 2022, the Bank met the MREL requirements indicated as the mid-term objectives for this period.

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

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

In the three quarters of 2022, significant purchases of property, plant and equipment were related to the replacement of mobile phones at the Bank and the continuation of the Bank's ongoing activities since 2019 to modernize the KI branch network - New Branches Format. A new business, functional and architectural concept is being implemented. The purpose of the change is to increase sales efficiency, create a customer and employee-friendly place and implement the "Green Me" strategy.

During the three quarter of 2022, there were no significant transactions in the Group regarding the acquisition of intangible assets.

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

During the three quarter of 2022, there were no significant transactions in the Group regarding the sale of tangible fixed assets and intangible assets.

35 Distribution of profit for 2021

On 31 May 2022, the Bank's Annual General Meeting decides that the Bank's net profit for 2021, totalling PLN 439 292 863.06 shall be allocated as follows:

- coverage of accumulated losses in the amount of 437 052 248.79,
- allocation to supplementary capital of non-distributable profit on the activity of the Housing Fund in the amount of PLN 2 240 614.27.

36 Risk management

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

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

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

The rules for managing the above-mentioned risks have not changed during the three quarters of 2022. The detailed risks management policies have been presented in the annual consolidated financial statements of the Alior Bank SA Group for the year ended 31 December 2021 published on 2 March 2022 and available on the Alior Bank SA website.

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

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

Liquidity risk

Specification of maturity/payment dates of contractual flows of the Alior Bank Group assets and liabilities as at 30 September 2022 and as at 31 December 2021 (PLN M):

30.09.2022	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	**5 449**	**1 537**	**3 549**	**5 983**	**7 533**	**15 413**	**28 160**	**56 223**	**123 847**
Cash & Nostro	5 227	0	0	0	0	0	0	0	5 227
Amounts due from banks	52	202	0	0	0	0	0	2 554	2 808
Loans and advances to customers	170	1 283	2 674	3 891	6 994	11 513	21 754	47 221	95 500
Securities	0	4	817	2 016	464	3 769	6 201	3 205	16 476
Other assets	0	48	58	76	75	131	205	3 243	3 836
LIABILITIES AND EQUITY	**-53 234**	**-5 396**	**-6 542**	**-3 650**	**-5 137**	**-2 380**	**-2 686**	**-5 769**	**-84 794**
Amounts due to banks	-206	-138	-7	-5	-5	0	-35	-7	-403
Amounts due to customers	-51 223	-5 197	-6 471	-3 583	-4 801	-873	-73	-2	-72 223
Own issues	0	-25	-11	-17	-103	-1 005	-875	0	-2 036
Equity	0	0	0	0	0	0	0	-5 446	-5 446
Other liabilities	-1 805	-36	-53	-45	-228	-502	-1 703	-314	-4 686
Balance sheet gap	**-47 785**	**-3 859**	**-2 993**	**2 333**	**2 396**	**13 033**	**25 474**	**50 454**	**39 053**
Cumulated balance sheet gap	**-47 785**	**-51 644**	**-54 637**	**-52 304**	**-49 908**	**-36 875**	**-11 401**	**39 053**	
Derivative instruments – inflows	0	4 445	2 881	502	389	200	130	0	8 547
Derivative instruments – outflows	0	-4 414	-2 871	-461	-347	-177	-122	0	-8 392
Derivative instruments – net	**0**	**31**	**10**	**41**	**42**	**23**	**8**	**0**	**155**
Guarantee and financing lines	-10 136	0	0	0	0	0	0	0	-10 136
Off-balance sheet gap	-10 136	**31**	**10**	**41**	**42**	**23**	**8**	**0**	-9 981
Total gap	**-57 921**	**-3 828**	**-2 983**	**2 374**	**2 438**	**13 056**	**25 482**	**50 454**	**29 072**
Total cumulated gap	**-57 921**	**-61 749**	**-64 732**	**-62 358**	**-59 920**	**-46 864**	**-21 382**	**29 072**	

31.12.2021	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	**3 917**	**3 073**	**2 724**	**3 986**	**9 620**	**11 701**	**24 159**	**42 207**	**101 387**
Cash & Nostro	3 749	0	0	0	0	0	0	0	3 749

(in PLN '000)

31.12.2021	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
Amounts due from banks	32	63	0	0	0	0	0	1 608	1 703
Loans and advances to customers	136	1 074	2 681	3 382	5 942	9 698	18 093	34 775	75 781
Securities	0	1 936	43	604	3 678	2 003	6 066	2 457	16 787
Other assets	0	0	0	0	0	0	0	3 367	3 367
LIABILITIES AND EQUITY	**-64 681**	**-2 683**	**-4 392**	**-1 631**	**-1 420**	**-486**	**-1 719**	**-6 241**	**-83 253**
Amounts due to banks	-75	-46	-315	-7	-14	-10	-13	-28	-508
Amounts due to customers	-61 968	-2 607	-3 919	-1 409	-1 264	-214	-148	-2	-71 531
Own issues	0	-27	-142	-191	-94	-166	-1 475	-1	-2 096
Equity	0	0	0	0	0	0	0	-5 919	-5 919
Other liabilities	-2 638	-3	-16	-24	-48	-96	-83	-291	-3 199
Balance sheet gap	**-60 764**	**390**	**-1 668**	**2 355**	**8 200**	**11 215**	**22 440**	**35 966**	**18 134**
Cumulated balance sheet gap	**-60 764**	**-60 374**	**-62 042**	**-59 687**	**-51 487**	**-40 272**	**-17 832**	**18 134**	
Derivative instruments – inflows	0	4 926	689	213	210	220	212	0	6 470
Derivative instruments – outflows	0	-4 887	-667	-206	-204	-213	-208	0	-6 385
Derivative instruments – net	**0**	**39**	**22**	**7**	**6**	**7**	**4**	**0**	**85**
Guarantee and financing lines	-9 945	0	0	0	0	0	0	0	-9 945
Off-balance sheet gap	-9 945	**39**	**22**	**7**	**6**	**7**	**4**	**0**	-9 860
Total gap	**-70 709**	**429**	**-1 646**	**2 362**	**8 206**	**11 222**	**22 444**	**35 966**	**8 274**
Total cumulated gap	**-70 709**	**-70 280**	**-71 926**	**-69 564**	**-61 358**	**-50 136**	**-27 692**	**8 274**	

37 Events significant to the business operations of the Group

Withdrawal of the book building process of the bonds of Alior Bank SA

On 16 March 2022, the Bank's Management Board, after analyzing the current market conditions, adopted a resolution to withdraw from the book-building process of own bonds, which, after obtaining the approval of the Polish Financial Supervision Authority, would have been classified as Tier II instruments.The decision is motivated by the extraordinary situation caused by the armed conflict in Ukraine, which had a negative impact on the financial markets, which could have a significant negative effect on the book building process. The Bank's intention is to return to the plan to conduct the Bonds offering when the situation on the financial market will be more favourable.

Joining the Protection Scheme

The possibility of creating a Protection Scheme was introduced to the Polish legal system under the Act of 7 April 2022 amending the Act on covered bonds and mortgage banks and certain other acts (Journal of Laws of 2022, item 872 of 22 April 2022).

The Protection Scheme may be created voluntarily by Banks operating as joint-stock companies, on the basis of a protection scheme agreement, which will regulate the scope of liability of a protection scheme participant for obligations resulting from participation in the scheme. The purpose of the Protection Scheme is:

- ensuring the liquidity and solvency of Participant Banks on the terms and to the extent specified in the Protection Scheme Agreement;
- supporting:
  - forced restructuring of a bank which is a joint stock company carried out by the BGF;
  - takeover of a bank being a joint stock company pursuant to Art. 146b sec. 1 of the Banking Law.

On 14 June 2022 Banks (participants of the protection scheme): Powszechna Kasa Oszczędności Bank Polski SA, Bank Polska Kasa Opieki SA, Bank Millennium SA, BNP Paribas Bank Polska SA, ING Bank Śląski SA, mBank SA, Santander Bank Polska SA and Alior Bank SA, concluded a Protection Scheme Agreement and created a protection scheme. The established company called System Ochrony Banków Komercyjnych SA is a company that manages the protection scheme.

The share capital of the Company amounts to PLN 1 000 000 and is divided into 1 million series A ordinary bearer shares, from numbers 1 to 1 000 000, with a nominal value of PLN 1 each. Alior Bank SA acquired 8.1% of the issued shares.

The accession by Alior Bank as a shareholder to the unit managing the protection scheme and incurring obligations related to joining this protection scheme was preceded by obtaining appropriate corporate approvals (resolutions of the Management Board and Supervisory Board of 30 May 2022). Therefore, on 1 August 2022, Alior Bank made a contribution to the assistance fund established in the unit managing the protection scheme, in the amount of 0.4% of the amount of the guaranteed funds of the participant of the protection scheme covered by the obligatory deposit guarantee system referred to in Art. 2 point 34 of the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee system and resolution, calculated at the end of the last calendar quarter before the date of signing the protection system agreement (i.e. at the end of the 1st quarter of 2022), i.e. amounted of PLN 195 486 thousand.

On 14 September 2022, a resolution of the Extraordinary General Meeting of SOBK was adopted on the banks' participants of the protection system managed by SOBK to make additional contributions to the assistance fund in the amount of 0.038% of the guaranteed funds of each Participant's Bank, as of the last day of the second quarter of 2022, in within 2 working days from the date of adopting the resolution. Alior Bank contributed the amount of PLN 18 608 thousand.

Borrowers Support Fund

On 29 September 2022, Alior Bank received a letter from the Council of the Borrowers Support Fund informing about the amount of payments to the BSF for the second quarter of 2022.

The Council of the Borrowers Support Fund, based on the data on the size of housing loan portfolios with delays in repayment of principal or interest exceeding 90 days, determined the amount of the premium for Alior Bank at PLN 15.3 million. Moreover, on the basis of information received from the Council of the BSF, the Bank estimated the amount of the premium due for the third quarter of 2022 at approximately PLN 38 million. Both amounts were included in the Bank's costs in the third quarter of 2022.

Change in the WIBOR reference rate

The Steering Committee of the National Working Group (SC NWG), established in connection with the planned reform of benchmarks, at its meetings on 25 August 2022 and 1 September 2022, held a discussion and decided to choose the WIRON index as an alternative reference rate indicator, whose input data is information representing ON (overnight) transactions. Ultimately, WIRON is to become a key interest rate benchmark within the meaning of the BMR Regulation, which is used in financial contracts (e.g. loan agreements), financial instruments (e.g. debt securities or derivatives) and by investment funds (e.g. in setting fees for management). The administrator of WIRON within the meaning of the BMR Regulation is GPW Benchmark, entered in the register of the European Securities and Markets Authority (ESMA).

The next step of SC NWG was the adoption of the so-called a road map specifying the schedule of activities aimed at replacing the WIBOR reference indicator with the WIRON indicator. The roadmap announced by the Polish Financial Supervision Authority shows that from December 2022 it will be possible to start using WIRON in new financial instruments on the Polish market. In turn, the discontinuation of the development and publication of the WIBOR reference index (and the second of the currently used - WIBID) is to take place from the beginning of 2025.

At the moment, the Bank has not estimated the potential impact on the Bank's result on this account.

Approval of the base prospectus relating to up to PLN 2 000 000 000 bonds offering program

On 24 August 2022, the Polish Financial Supervision Authority approved the Bank's base prospectus drawn up in connection with:

- the offering program for the bearer bonds in the maximum nominal value of PLN 2 000 000 000 (the "Bonds") that the Bank established under the long-term issue program for the Bank's bonds in the maximum nominal value of PLN 5 000 000 000 and the Bank's intention to carry out the public offerings of the Bonds in the territory of the Republic of Poland; and
- the Bank's intention to ask for submission and introduction of the individual series of the Bonds to trading on a regulated market (a main or parallel market) for the debt securities operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange).

Approval of the base prospectus relating to up to PLN 5 000 000 000 bank securities issue program

On 24 August 2022 the Polish Financial Supervision Authority approved the Bank's base prospectus drawn up in connection with:

- the bank securities issue program established by the Bank, under which the Bank's maximum indebtedness for the issued and unredeemed BPW may not exceed PLN 5 000 000 000 and the intention to conduct public offerings of the BPW in the territory of Poland,
- in the case of BPW series selected by the Bank, the intention to apply for their admission and introduction to trading on the regulated market operated by the Warsaw Stock Exchange.

Branch in Romania

On 17 October 2022, the agreement concluded with the strategic partner of the Alior Bank branch in Romania - Telecom Romania Mobile Communications SA, expired. Therefore, the branch in Romania continues its operations under the Alior Bank brand. The Bank is currently working on optimizing the business model for the branch in Romania.

38 Significant events after the end of the reporting period

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

39 Financial forecast

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

40 Factors that may affect the results by the end of 2022

One of the most important factors of uncertainty in the coming periods remains the armed aggression of Russia against Ukraine in the context of geopolitical tensions and volatility in the financial markets. In the economic dimension, the greatest consequences of the war concern trade disturbances related to the war itself and the sanctions introduced in connection with it. Another aspect is related to the stability of the energy system, an important element of which in the case of the EU and Poland are the supplies of raw materials such as oil and gas from Russia. There is also the issue of security in the region. As a consequence, the risks associated with the war in Ukraine for the global and domestic economy have materialized to the greatest extent by a significant acceleration of inflation in the face of more expensive raw materials, food and disruptions in the supply chains, and may still prevail in the second half of the year, especially in the face of the complete shutdown of gas supplies from Russia to the EU.

Rising inflation fueled by the post-pandemic economic recovery in the world, additionally strengthened by the war in Ukraine, initiated the monetary tightening cycle in many countries, including the US and the euro area, which made the risks of a global recession rise significantly. Accelerating inflation in Poland required a decisive reaction from the NBP, which by September raised interest rates eleven times, and at the end of the year further increases are quite likely. In the fourth quarter of this year. the domestic economy will continue to face high inflation and rising costs of debt amid weakening consumer and business sentiment at home and abroad, which is a significant risk factor for the domestic economic outlook. Moreover, the suspension of gas supplies from Russia poses certain risks of imbalance in the demand for this raw material both in Poland and in our main trading partner - Germany. In such a scenario, temporary downtimes in the industrial sector are possible, which may significantly reduce the potential of the national economy and the entire euro area.

For the banking sector in subsequent periods, increased volatility and an increase in risk premium due to the ongoing armed conflict in Ukraine and the possibility of an extension of the period of increased inflation in Poland may continue to adversely affect the valuation of assets held in balance sheets. Moreover, deteriorating economic outlook, intensification of inflation and acceleration of the monetary tightening path may still dampen demand for loans, which would limit acquisitions, in particular in the mortgage market. The slowing economic situation will also contribute to the deterioration of the condition of borrowers, which may contribute to an increase in credit risk and a tightening of lending policy at banks. Legal risks related to the portfolio of foreign currency housing loans also remain a challenge in the sector.

Interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the 9-month period ended 30 September 2022

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(in PLN '000)

Interim condensed separate income statement

	01.07.2022-30.09.2022	0.01.2022-30.09.2022	01.07.2021-30.09.2021	01.01.2021-30.09.2021*
Interest income calculated using the effective interest method	1 132 642	3 474 799	689 590	2 028 556
Income of a similar nature	27 763	60 408	52 444	163 361
Interest expense	-596 375	-1 156 226	-45 639	-168 888
Net interest income	**564 030**	**2 378 981**	**696 395**	**2 023 029**
Fee and commission income	394 758	1 127 917	345 642	940 185
Fee and commission expense	-226 759	-616 444	-188 032	-486 292
Net fee and commission income	**167 999**	**511 473**	**157 610**	**453 893**
Dividend income	5 001	11 709	2 112	7 210
The result on financial assets measured at fair value through profit or loss and FX result	-20 407	13 268	27 489	81 219
The result on derecognition of financial instruments not measured at fair value through profit or loss	**171**	**1 655**	**3 499**	**5 793**
measured at fair value through other comprehensive income	6	1 218	3 471	3 789
measured at amortized cost	165	437	28	2 004
Other operating income	17 272	62 624	26 381	82 845
Other operating expenses	-24 933	-73 080	-41 081	-85 431
Net other operating income and expenses	**-7 661**	**-10 456**	**-14 700**	**-2 586**
General administrative expenses	-431 418	-1 467 462	-370 229	-1 123 824
Net expected credit losses	-250 566	-658 913	-249 443	-752 116
The result on impairment of non-financial assets	-930	-36 811	-1 330	-3 206
Cost of legal risk of FX mortgage loans	-15 124	-39 562	-2 751	-2 751
Banking tax	-66 995	-197 076	-58 031	-174 300
Gross profit	**-55 900**	**506 806**	**190 621**	**512 361**
Income tax	-22 863	-208 924	-58 529	-182 710
Net profit	**-78 763**	**297 882**	**132 092**	**329 651**
Weighted average number of ordinary shares	130 553 991	130 553 991	130 553 991	130 553 991
Net profit per share (PLN)	-0.60	2.28	1.01	2.53

Interim condensed separate statement of comprehensive income

	01.07.2022-30.09.2022	0.01.2022-30.09.2022	01.07.2021-30.09.2021	01.01.2021-30.09.2021
Net profit	**-78 763**	**297 882**	**132 092**	**329 651**
Items that may be reclassified to the income statement after certain conditions are satisfied	**187 275**	**-796 294**	**-131 865**	**-341 696**
Foreign currency translation differences	**-1 405**	**-1 597**	**-698**	**1 206**
Results of the measurement of financial assets (net)	**5 806**	**-166 517**	**519**	**-21 740**
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	7 151	-207 604	647	-26 845
Deferred tax	-1 345	41 087	-128	5 105
Results on the measurement of hedging instruments (net)	**182 874**	**-628 180**	**-131 686**	**-321 162**
Gains/losses on hedging instruments	225 770	-775 531	-162 576	-396 497
Deferred tax	-42 896	147 351	30 890	75 335
Total comprehensive income, net	**108 512**	**-498 412**	**227**	**-12 045**

**Restated-Note 3*

The notes presented on pages 63-65 constitute an integral part of these interim condensed separate financial statements.

(in PLN '000)

Interim condensed separate statement of financial position

ASSETS	30.09.2022	31.12.2021
Cash and cash equivalents	5 426 432	3 723 577
Amounts due from banks	2 605 751	1 689 779
Investment financial assets	14 027 088	16 093 951
measured at fair value through other comprehensive income	8 307 663	9 265 445
measured at fair value through profit or loss	618 291	377 193
measured at amortized cost	5 101 134	6 451 313
Derivative hedging instruments	107 836	38 810
Loans and advances to customers	58 497 291	58 234 447
Assets pledged as collateral	240 168	130 921
Property, plant and equipment	710 862	743 576
Intangible assets	353 058	383 597
Inwestments in associates	221 238	216 238
Income tax asset	1 314 604	1 115 760
deferred income tax asset	1 314 604	1 115 760
Other assets	537 879	560 031
TOTAL ASSETS	**84 042 207**	**82 930 687**

LIABILITIES AND EQUITY	30.09.2022	31.12.2021
Amounts due to banks	276 415	423 268
Amounts due to customers	72 397 650	72 012 350
Financial liabilities	386 489	188 088
Derivative hedging instruments	2 091 087	1 081 996
Provisions	260 012	291 096
Other liabilities	1 844 548	1 581 720
Income tax liabilities	141 012	32 590
current income tax liabilities	141 012	32 590
Subordinated liabilities	1 171 268	1 347 441
Total liabilities	**78 568 481**	**76 958 549**
Share capital	1 305 540	1 305 540
Supplementary capital	5 401 470	5 399 229
Revaluation reserve	-1 701 356	-906 659
Other reserves	174 447	174 447
Foreign currency translation differences	-1 640	-43
Accumulated losses	-2 617	-439 669
Profit for the period	297 882	439 293
Equity	**5 473 726**	**5 972 138**
TOTAL LIABILITIES AND EQUITY	**84 042 207**	**82 930 687**

The notes presented on pages 63-65 constitute an integral part of these interim condensed separate financial statements.

(in PLN '000)

Interim condensed separate statement of changes in equity

01.01.2022 - 30.09.2022	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2022	**1 305 540**	**5 399 229**	**174 447**	**-906 659**	**-43**	**-376**	**5 972 138**
Transfer of last year's profit	0	2 241	0	0	0	-2 241	0
Comprehensive income	**0**	**0**	**0**	**-794 697**	**-1 597**	**297 882**	**-498 412**
net profit	0	0	0	0	0	297 882	297 882
other comprehensive income:	0	0	0	-794 697	-1 597	0	-796 294
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-166 517	0	0	-166 517
incl. hedging instruments	0	0	0	-628 180	0	0	-628 180
incl. currency translation differences	0	0	0	0	-1 597	0	-1 597
At 30 September 2022	**1 305 540**	**5 401 470**	**174 447**	**-1 701 356**	**-1 640**	**295 265**	**5 473 726**

01.01.2021 - 31.12.2021	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2021	**1 305 540**	**5 395 195**	**174 447**	**217 330**	**-1 620**	**-435 635**	**6 655 257**
Transfer of last year's profit	0	4 034	0	0	0	-4 034	0
Comprehensive income	**0**	**0**	**0**	**-1 123 989**	**1 577**	**439 293**	**-683 119**
net profit	0	0	0	0	0	439 293	439 293
other comprehensive income – valuations	0	0	0	-1 123 989	1 577	0	-1 122 412
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-63 611	0	0	-63 611
incl. hedging instruments	0	0	0	-1 060 378	0	0	-1 060 378
incl. currency translation differences	0	0	0	0	1 577	0	1 577
At 31 December 2021	**1 305 540**	**5 399 229**	**174 447**	**-906 659**	**-43**	**-376**	**5 972 138**

01.01.2021 - 30.09.2021	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
At 1 January 2021	**1 305 540**	**5 395 195**	**174 447**	**217 330**	**-1 620**	**-435 635**	**6 655 257**
Transfer of last year's profit	0	4 034	0	0	0	-4 034	0
Comprehensive income	**0**	**0**	**0**	**-342 902**	**1 206**	**329 651**	**-12 045**
net profit	0	0	0	0	0	329 651	329 651
other comprehensive income:	0	0	0	-342 902	1 206	0	-341 696
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-21 740	0	0	-21 740
incl. hedging instruments	0	0	0	-321 162	0	0	-321 162
incl. currency translation differences	0	0	0	0	1 206	0	1 206
At 30 September 2021	**1 305 540**	**5 399 229**	**174 447**	**-125 572**	**-414**	**-110 018**	**6 643 212**

The notes presented on pages 63-65 constitute an integral part of these interim condensed separate financial statements.

(in PLN '000)

Interim condensed separate statement of cash flows

	01.01.2022- 30.09.2022	01.01.2021- 30.09.2021*
Operating activities		
Profit before tax for the year	**506 806**	**512 361**
Adjustments:	**190 890**	**164 789**
Unrealized foreign exchange gains/losses	-1 597	1 721
Amortization/depreciation of property, plant and equipment and intangible assets	167 336	166 710
Change in property, plant and equipment and intangible assets impairment write-down	36 811	3 206
Dividends	-11 709	-7 210
Short-term lease contracts	49	362
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	**697 696**	**677 150**
Change in loans and receivables	-1 178 816	-1 925 012
Change in financial assets measured at fair value through other comprehensive income	957 782	-400 119
Change in financial assets measured at fair value through profit or loss	-241 098	223 059
Change in financial assets measured at amortised cost	1 350 179	1 451 614
Change in assets pledged as collateral	-109 247	-155 646
Change in derivative hedging assets	-69 026	203 075
Change in non-current assets held for sale	0	-1 686
Change in other assets	22 152	35 299
Change in deposits	-88 405	352 717
Change in own issue	37 384	-449 279
Change in financial liabilities	198 401	-369 327
Change in hedging liabilities derivative	1 009 091	170 591
Change in other liabilities and other comprehensive income	-348 523	24 332
Change in provisions	-31 084	-52 971
Cash from operating activities before income tax	**2 206 486**	**-216 203**
Income tax paid	**-110 977**	**-96 468**
Net cash flow from operating activities	**2 095 509**	**-312 671**
Investing activities		
Outflows:	**-99 880**	**-126 379**
Purchase of property, plant and equipment	-70 021	-91 637
Purchase of intangible assets	-29 859	-34 742
Acquisition of shares in subsidiaries, net of acquired cash	-5 000	0
Inflows:	**17 643**	**3 785**
Disposal of property, plant and equipment	17 643	3 785
Net cash flow from investing activities	**-82 237**	**-122 594**
Financing activities		
Outflows:	**-305 417**	**-367 280**
Prniciple payments - subordinated lliabilities	-195 459	-260 150
Interest payments – subordinated lliabilities	-39 710	-37 335
Prniciple payments - lease liabilities	-66 920	-68 851
Interest payments - lease liabilities	-3 327	-944
Inflows:	**0**	**0**
Inflows from share issue	0	0
Net cash flow from financing activities	**-305 417**	**-367 280**
Total net cash flow	**1 707 855**	**-802 545**
incl. exchange gains/(losses)	**196 912**	**41 774**
Balance sheet change in cash and cash equivalents	**1 702 855**	**-802 545**
Cash and cash equivalents, opening balance	3 723 577	2 409 077
Cash and cash equivalents, closing balance	5 426 432	1 606 532
Additional disclosures on operating cash flows		
Interests received	3 006 797	1 521 764
Interests paid	-734 221	-252 452

**Restated-Note 3*

The notes presented on pages 63-65 constitute an integral part of these interim condensed separate financial statements.

1 Basis for preparation

Statement of compliance

These interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the 9-month period ended 30 September 2022 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The interim separate income statement, interim separate statement of comprehensive income, interim separate statement of changes in equity and interim separate statement of cash flows for the financial period from 1 January 2022 to 30 September 2022, and interim separate statement of financial position as at 30 September 2022 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 2022.

Scope and reporting currency

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

Going concern

The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 30 September 2022.

2 Accounting principles

The accounting principles are presented in detail in the annual financial statements of Alior Bank SA ended 31 December 2021, published on 2 March 2022 and available on the Alior Bank SA website. Changes in accounting principles effective from 1 January 2022 were presented in the interim condensed consolidated financial statements in Note 2.2.

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

Compared to the interim condensed separate financial statements as of 30 September 2021, the Bank introduced an additional line in the income statement, Legal risk costs of foreign currency mortgage loans. In earlier periods, the costs of provisions for disputes regarding mortgage loans in foreign currencies were presented in the Bank's general administrative expenses. The presentation in the statement of financial position also changed, which resulted in changes in the statement of cash flows. Legal risk costs are generally recognized as an adjustment to the gross carrying amount of the portfolio of foreign currency indexed mortgage loans and not under Provisions (only if the estimated amount of legal risk costs exceeds the gross carrying amount of the credit exposure or the amount of the estimate relates to paid foreign currency mortgage loans).

The restated data taking into account the above-mentioned change are presented below:

Income Statement	Presented 01.01.2021- 30.09.2021	change	Restated 01.01.2021- 30.09.2021
General administrative expenses	-1 126 575	2 751	-1 123 824
Cost of legal risk of FX mortgage loans	0	-2 751	-2 751

(in PLN '000)

Cash flows	Presented 01.01.2021- 30.09.2021	change	Restated 01.01.2021- 30.09.2021
Change in loans and receivables	-1 927 015	2 003	-1 925 012
Change in provisions	-50 968	-2 003	-52 971

4 Off - balance-sheet items

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

5 Transactions with related entities

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

Bank's subsidiaries as at 30 September 2022 and the date of this report was as follows:

Company's name - subsidaries	03.11.2022	30.09.2022	31.12.2021
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- AL Finance sp. z o.o.	*100%*	*100%*	*100%*
Meritum Services ICB SA	100%	100%	100%
Alior TFI SA	100%	100%	100%
Absource sp. z o.o.	100%	100%	100%
Corsham sp. z o.o.	100%	100%	100%
RBL_VC sp. z o.o.	100%	100%	100%
RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna	100%	100%	100%

Subsidiaries	30.09.2022	31.12.2021
Loans and advances to customers	3 932 401	3 060 686
Other assets	173	808
Total assets	**3 932 574**	**3 061 494**
Amounts due to customers	136 031	109 666
Provisions	1 709	1 096
Other liabilities	1 336	1 886
Total liabilities	**139 076**	**112 648**

Subsidiaries	30.09.2022	31.12.2021
Off-balance liabilities granted to customers	**492 330**	**420 288**
relating to financing	371 927	299 885
guarantees	120 403	120 403

Subsidiaries	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021
Interest income calculated using the effective interest method	163 179	32 093
Interest expences	-1 006	-9

(in PLN '000)

Subsidiaries	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021
Fee and commission income	3 458	2 694
Fee and commission expense	-332	-333
Dividend income	11 261	6 814
The result on financial assets measured at fair value through profit or loss and FX result	17	-1
Other operating income	2 432	2 695
Other operating expenses	-1	-283
General administrative expense	-6 262	-4 471
Net expected credit losses	-3 118	-2 653
Total	**169 628**	**36 546**

6 Significant events after the end of the reporting period

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