



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

Selected financial data concerning the financial statements

PLN	01.01.2022 -	01.01.2021 -	01.01.2021 -	%
	31.03.2022	31.12.2021	31.03.2021	(A-B)/B
	A		B	C
Net interest income	862 351	2 798 234	670 178	28.7%
Net fee and commission income	190 677	766 748	177 710	7.3%
Trading result & other	40 139	72 139	43 474	-7.7%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans*	-262 654	-1 038 531	-243 962	7.7%
General administrative expenses	-493 014	-1 582 544	-417 941	18.0%
Gross profit	273 384	779 211	170 844	60.0%
Net profit	169 170	481 925	108 094	56.5%
Net cash flow	1 226 466	1 303 490	-296 335	-506.6%
Loans and advances to customers	58 150 633	58 228 178	56 272 609	3.3%
Amounts due to customers	70 779 749	72 005 715	68 621 716	3.1%
Equity	5 579 675	5 919 202	6 546 108	-14.8%
Total assets	84 649 724	83 048 372	79 880 618	6.0%
Selected ratios				
Profit per ordinary share (PLN)	1.30	3.69	0.83	56.5%
Capital adequacy ratio	14.56%	14.16%	15.27%	-4.6%
Tier 1	13.06%	12.55%	13.14%	-0.6%

EUR	01.01.2022 -	01.01.2021 -	01.01.2021 -	%
	31.03.2022	31.12.2021	31.03.2021	(A-B)/B
	A		B	C
Net interest income	185 564	611 302	146 580	26.6%
Net fee and commission income	41 031	167 504	38 868	5.6%
Trading result & other	8 637	15 759	9 509	-9.2%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans*	-56 519	-226 877	-53 359	5.9%
General administrative expenses	-106 088	-345 722	-91 411	16.1%
Gross profit	58 828	170 226	37 367	57.4%
Net profit	36 403	105 281	23 642	54.0%
Net cash flow	263 915	284 760	-64 814	-507.2%
Loans and advances to customers	12 498 793	12 659 951	12 074 802	3.5%
Amounts due to customers	15 213 272	15 655 458	14 724 742	3.3%
Equity	1 199 285	1 286 951	1 404 654	-14.6%
Total assets	18 194 460	18 056 349	17 140 572	6.1%
Selected ratios				
Profit per ordinary share (PLN)	0.28	0.81	0.18	55.6%
Capital adequacy ratio	14.56%	14.16%	15.27%	-4.6%
Tier 1	13.06%	12.55%	13.14%	-0.6%

*Restated - Note 2.3

Selected items of the financial statements were translated into EUR at the following exchange rates	31.03.2022	31.12.2021	31.03.2021
NBP's average exchange rate as at the end of the period	4.6525	4.5994	4.6603
NBP's average exchange rates as at the last day of each month	4.6472	4.5775	4.5721

Selected financial indicators

	31.03.2022	31.03.2021	(A-B) [p.p]	(A-B)/B [%]
	A	B		
ROE	11.9%	6.7%	5.2	77.61%
ROA	0.8%	0.6%	0.2	33.33%
C/I	45.1%	46.9%	-1.8	-3.84%
CoR	1.33%	1.59%	-0.26	-16.14%
L/D	82,2%	82,0%	0,2	0,24%
NPL	11.31%	13.81%	-2.50	-18.10%
NPL coverage	56.25%	54.45%	1.80	3.31%
TCR	14.56%	15.27%	-0.71	-4.65%
TIER 1	13.06%	13.14%	-0.08	-0.61%



**Interim condensed consolidated
financial statements
of the Alior Bank Spółka Akcyjna Group
for 3-month period ended 31 March 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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Interim condensed consolidated income statement

	Note	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021*
Interest income calculated using the effective interest method		1 023 103	682 536
Income of a similar nature		22 660	62 130
Interest expense		-183 412	-74 488
Net interest income	4	862 351	670 178
Fee and commission income		371 419	316 398
Fee and commission expense		-180 742	-138 688
Net fee and commission income	5	190 677	177 710
Dividend income		139	106
The result on financial assets measured at fair value through profit or loss and FX result	6	37 795	18 731
The result on derecognition of financial instruments not measured at fair value through profit or loss	7	290	174
measured at fair value through other comprehensive income		218	61
measured at amortized cost		72	113
Other operating income		31 536	47 087
Other operating expenses		-29 621	-22 624
Net other operating income and expenses	8	1 915	24 463
General administrative expenses	9	-493 014	-417 941
Net expected credit losses	10	-208 556	-243 485
The result on impairment of non-financial assets	11	-30 901	-477
Cost of legal risk of FX mortgage loans	12	-23 197	0
Banking tax	13	-64 115	-58 615
Gross profit		273 384	170 844
Income tax	14	-104 214	-62 750
Net profit		169 170	108 094
Net profit attributable to equity holders of the parent		169 170	108 094
Weighted average number of ordinary shares		130 553 991	130 553 991
Net profit per share (PLN)	15	1.30	0.83

*Restated - Note 2.3

Interim condensed consolidated statement of comprehensive income

	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
Net profit	169 170	108 094
Items that may be reclassified to the income statement after certain conditions are satisfied	-508 697	-121 974
Foreign currency translation differences	65	1 448
Results of the measurement of financial assets (net)	-79 053	7 545
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	-99 610	9 317
Deferred tax	20 557	-1 772
Results on the measurement of hedging instruments (net)	-429 709	-130 967
Gains/losses on hedging instruments	-530 505	-161 688
Deferred tax	100 796	30 721
Total comprehensive income, net	-339 527	-13 880
- attributable to shareholders of the parent company	-339 527	-13 880

The notes presented on pages 10-50 constitute an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of financial position

ASSETS	Note	31.03.2022	31.12.2021
Cash and cash equivalents	16	4 989 857	3 763 391
Amounts due from banks	17	2 244 628	1 689 779
Investment financial assets	18	12 325 102	16 099 658
measured at fair value through other comprehensive income		7 195 661	9 265 445
measured at fair value through profit or loss		669 954	382 900
measured at amortized cost		4 459 487	6 451 313
Derivative hedging instruments		76 171	38 810
Loans and advances to customers	19	58 150 633	58 228 178
Assets pledged as collateral	21	3 752 896	130 921
Property, plant and equipment		746 914	755 209
Intangible assets		395 724	426 643
Income tax asset	14	1 410 983	1 302 329
deferred income tax asset		26	27
current income tax asset		1 410 957	1 302 302
Other assets	20	556 816	613 454
TOTAL ASSETS		84 649 724	83 048 372

LIABILITIES AND EQUITY	Note	31.03.2022	31.12.2021
Amounts due to banks	22	2 687 384	529 617
Amounts due to customers	23	70 779 749	72 005 715
Financial liabilities	26	374 143	188 088
Derivative hedging instruments		1 674 163	1 081 996
Provisions	24	288 627	290 213
Other liabilities	25	1 886 528	1 649 540
Income tax liabilities		71 751	36 560
current income tax liabilities		70 859	35 671
deferred income tax liabilities		892	889
Subordinated liabilities	27	1 307 704	1 347 441
Total liabilities		79 070 049	77 129 170
Share capital		1 305 540	1 305 540
Supplementary capital		5 403 849	5 403 849
Revaluation reserve		-1 415 421	-906 659
Other reserves		161 792	161 788
Foreign currency translation differences		22	-43
Accumulated losses		-45 277	-527 198
Profit for the period		169 170	481 925
Equity		5 579 675	5 919 202
TOTAL LIABILITIES AND EQUITY		84 649 724	83 048 372

The notes presented on pages 10-50 constitute an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in consolidated equity

01.01.2022 - 31.03.2022	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
Comprehensive income	0	0	0	-508 762	65	169 170	-339 527
net profit	0	0	0	0	0	169 170	169 170
other comprehensive income – valuations	0	0	0	-508 762	65	0	-508 697
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-79 053	0	0	-79 053
incl. hedging instruments	0	0	0	-429 709	0	0	-429 709
incl. currency translation differences	0	0	0	0	65	0	65
Other changes in equity	0	0	4	0	0	-4	0
At 31 March 2022	1 305 540	5 403 849	161 792	-1 415 421	22	123 893	5 579 675

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 - 31.03.2021	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
Comprehensive income	0	0	0	-123 422	1 448	108 094	-13 880
net profit	0	0	0	0	0	108 094	108 094
other comprehensive income – valuations	0	0	0	-123 422	1 448	0	-121 974
incl. financial assets measured at fair value through other comprehensive income	0	0	0	7 545	0	0	7 545
incl. hedging instruments	0	0	0	-130 967	0	0	-130 967
incl. currency translation differences	0	0	0	0	1 448	0	1 448
Other changes in equity	0	0	0	0	0	386	386
At 31 March 2021	1 305 540	5 399 627	161 792	93 908	-172	-414 587	6 546 108

The notes presented on pages 10-50 constitute an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows

	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021*
Operating activities		
Profit before tax for the year	273 384	170 844
Adjustments:	88 294	58 560
Unrealized foreign exchange gains/losses	65	1 702
Amortization/depreciation of property, plant and equipment and intangible assets	57 419	55 717
Change in property, plant and equipment and intangible assets impairment write-down	30 901	477
Dividends	-139	-106
Short-term lease contracts	48	770
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	361 678	229 404
Change in loans and receivables	-477 304	51 140
Change in financial assets measured at fair value through other comprehensive income	2 069 784	-1 973 551
Change in financial assets measured at fair value through profit or loss	-287 054	120 829
Change in financial assets measured at amortised cost	1 991 826	230 127
Change in assets pledged as collateral	-3 621 975	-112 409
Change in derivative hedging assets	-37 361	117 317
Change in non-current assets held for sale	0	-25
Change in other assets	56 638	27 507
Change in deposits	-2 692 631	1 478 053
Change in own issue	-4 717	-110 268
Change in financial liabilities	186 055	-245 284
Change in hedging liabilities derivative	592 167	51 503
Change in other liabilities and other comprehensive income	3 266 344	159 163
Change in provisions	-1 586	-26 190
Cash from operating activities before income tax	1 401 864	-2 684
Income tax paid	-53 105	-39 489
Net cash flow from operating activities	1 348 759	-42 172
Investing activities		
Outflows:	-45 684	-32 321
Purchase of property, plant and equipment	-37 822	-19 756
Purchase of intangible assets	-7 862	-12 565
Inflows:	253	5 624
Disposal of property, plant and equipment	253	291
Disposal of shares in subsidiaries / associates, net of acquired cash	0	5 333
Net cash flow from investing activities	-45 430	-26 697
Financing activities		
Outflows:	-76 863	-227 465
Principle payments – subordinated liabilities	-45 459	-192 950
Interest payments – subordinated liabilities	-6 847	-10 334
Principle payments - lease liabilities	-23 610	-23 782
Interest payments - lease liabilities	-947	-400
Inflows:	0	0
Inflows from share issue	0	0
Net cash flow from financing activities	-76 863	-227 465
Total net cash flow	1 226 466	-296 335
incl. exchange gains/(losses)	26 209	36 280
Balance sheet change in cash and cash equivalents	1 226 466	-296 335
Cash and cash equivalents, opening balance	3 763 391	2 459 901
Cash and cash equivalents, closing balance	4 989 857	2 163 566
Additional disclosures on operating cash flows		
Interests received	896 833	791 537
Interests paid	-108 211	-113 539

*Restated – Note 2.3

The notes presented on pages 10-50 constitute an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

1 Information about the Bank and the Group

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

Alior Bank Spółka Akcyjna is the parent company of the Alior 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 2 March 2022.

As at 31 March 2022, the shareholders holding 5% or more of the overall number of votes at the General Meeting were as follows:

Shareholder	Number of shares	Nominal value of shares [PLN]	Percentage in the share capital	Number of votes	Number of votes in the total number of votes
31.03.2022					
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 26 April 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.

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.

As at 31 March 2022 and as at the date of this financial statements the composition of the Bank's Management Board was as follows:

First and last name	Function
Grzegorz Olszewski	Vice President of the Management Board directing the operations 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
Jacek Polańczyk	Vice President of the Management Board
Paweł Tymczyszyn	Vice President of the Management Board

As at 31 March 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 the date of this report the composition of the Bank's Supervisory Board was as follows:

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 31 March 2022, and as at the date of these 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 31 March 2022 and as at the date of preparation date of financial statements was as follows:

Company's name - subsidiaries	26.04.2022	31.03.2022	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 26 April 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 meaning of §21 IAS 34.

2 Accounting principles

2.1 Basis for preparation

Statement of compliance

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the 3-month period ended 31 March 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 condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the financial period from 1 January 2022 to 31 March 2022 and interim condensed consolidated statement of financial position as at 31 March 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 months from the balance sheet date i.e. after 31 March 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 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.

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.

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.

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

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.

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 the first quarter of 2022, no changes to the accounting standards were published.

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 31 March 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 operating 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:

Cash flows	Presented 01.01.2021 - 31.03.2021	change	Restated 01.01.2021 - 31.03.2021
Change in loans and receivables	50 731	409	51 140
Change in provisions	-25 781	-409	-26 190

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;
- 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 three months ended 31 March 2022

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	582 288	281 445	-1 382	862 351	0	862 351
external income	631 639	300 849	90 615	1 023 103	0	1 023 103
income of a similar nature	0	0	22 660	22 660	0	22 660
external expense	-49 351	-19 404	-114 657	-183 412	0	-183 412
Internal interest income	39 666	-30 810	-8 856	0	0	0

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
internal income	311 796	124 856	427 796	864 448	0	864 448
internal expense	-272 130	-155 666	-436 652	-864 448	0	-864 448
Net interest income	621 954	250 635	-10 238	862 351	0	862 351
Fee and commission income	118 871	268 456	-15 908	371 419	0	371 419
Fee and commission expense	-48 059	-130 856	-1 827	-180 742	0	-180 742
Net fee and commission income	70 812	137 600	-17 735	190 677	0	190 677
Dividend income	0	0	139	139	0	139
The result on financial assets measured at fair value through profit or loss and FX result	72	12 489	25 234	37 795	0	37 795
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	290	290	0	290
measured at fair value through other comprehensive income	0	0	218	218	0	218
measured at amortized cost	0	0	72	72	0	72
Other operating income	25 882	5 654	0	31 536	0	31 536
Other operating expenses	-23 741	-5 880	0	-29 621	0	-29 621
Net other operating income	2 141	-226	0	1 915	0	1 915
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	694 979	400 498	-2 310	1 093 167	0	1 093 167
Net expected credit losses	-110 499	-98 057	0	-208 556	0	-208 556
The result on impairment of non-financial assets	-30 901	0	0	-30 901	0	-30 901
Cost of legal risk of FX mortgage loans	-23 197	0	0	-23 197	0	-23 197
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	530 382	302 441	-2 310	830 513	0	830 513
General administrative expenses	-395 505	-161 624	0	-557 129	0	-557 129
Gross profit	134 877	140 817	-2 310	273 384	0	273 384
Income tax	0	0	0	0	-104 214	-104 214
Net profit	134 877	140 817	-2 310	273 384	-104 214	169 170
Depreciation	0	0	0	0	0	-57 419
Assets	54 629 051	28 609 690	0	83 238 741	1 410 983	84 649 724
Liabilities	55 271 113	23 727 185	0	78 998 298	71 751	79 070 049

Results and volumes split by segment for the three months ended 31 March 2021

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total
External interest income	420 645	221 788	27 745	670 178	0	670 178
external income	435 640	226 932	19 964	682 536	0	682 536
income of a similar nature	0	0	62 130	62 130	0	62 130
external expense	-14 995	-5 144	-54 349	-74 488	0	-74 488
Internal interest income	2 428	-12 717	10 289	0	0	0
internal income	108 307	39 825	158 421	306 553	0	306 553
internal expense	-105 879	-52 542	-148 132	-306 553	0	-306 553
Net interest income	423 073	209 071	38 034	670 178	0	670 178
Fee and commission income	110 007	215 137	-8 746	316 398	0	316 398
Fee and commission expense	-47 133	-90 171	-1 384	-138 688	0	-138 688

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total
Net fee and commission income	62 874	124 966	-10 130	177 710	0	177 710
Dividend income	0	0	106	106	0	106
The result on financial assets measured at fair value through profit or loss and FX result	369	4 778	13 584	18 731	0	18 731
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	174	174	0	174
measured at fair value through other comprehensive income	0	0	61	61	0	61
measured at amortized cost	0	0	113	113	0	113
Other operating income	35 510	11 577	0	47 087	0	47 087
Other operating expenses	-15 993	-6 631	0	-22 624	0	-22 624
Net other operating income	19 517	4 946	0	24 463	0	24 463
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	505 833	343 761	41 768	891 362	0	891 362
Net expected credit losses	-103 082	-140 403	0	-243 485	0	-243 485
The result on impairment of non-financial assets	0	0	0	0	-477	-477
Cost of legal risk of FX mortgage loans	0	0	0	0	0	0
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	402 751	203 358	41 768	647 877	-477	647 400
General administrative expenses	-326 496	-150 060	0	-476 556	0	-476 556
Gross profit/loss	76 255	53 298	41 768	171 321	-477	170 844
Income tax	0	0	0	0	-62 750	-62 750
Net profit/loss	76 255	53 298	41 768	171 321	-63 227	108 094
Depreciation	0	0	0	0	0	-55 717
Assets	49 973 384	28 674 561	0	78 647 945	1 232 264	79 880 209
Liabilities	49 992 329	23 338 681	0	73 331 010	3 091	73 334 101

Notes to the interim condensed consolidated income statement

4 Net interest income

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Interest income calculated using the effective interest method	1 023 103	682 536
term deposits	62	16
Loans, incl:	859 778	608 110
<i>reimbursement of credit cost (TSUE provision)</i>	<i>-52 614</i>	<i>-61 278</i>
<i>modification of a financial asset deemed not significant</i>	<i>-825</i>	<i>-2 143</i>
financial assets measured at amortized cost	16 957	16 319
financial assets measured at fair value through other comprehensive income	56 139	3 906
receivables acquired	3 593	5 263
repo transactions in securities	2 656	32
current accounts	9 203	-93
overnight deposits	362	73
leasing	55 958	37 605
other	18 395	11 305
Income of a similar nature	22 660	62 130

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
derivatives instruments	22 660	62 130
Interest expense	-183 412	-74 488
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-52 418	-31 824
term deposits	-26 586	-11 091
own issue	-14 242	-19 124
repo transactions in securities	-8 613	-20
cash deposits	-1 216	-574
leasing	-947	-400
other	-814	-615
Other interest expense	-130 994	-42 664
current deposits	-41 742	-6 461
derivatives	-89 252	-36 203
Net interest income	862 351	670 178

5 Net fee and commission income

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Fee and commission income	371 419	316 398
payment and credit cards service	133 089	100 429
transaction margin on currency exchange transactions	66 929	53 270
maintaining bank accounts	29 271	26 981
brokerage commissions	16 050	16 160
revenue from bancassurance activity	25 292	25 421
loans and advances	37 764	35 434
transfers	13 373	12 787
cash operations	8 011	8 539
guarantees, letters of credit, collection, commitments	2 805	3 079
receivables acquired	911	892
for custody services	2 159	2 386
repayment of seizure	1 555	1 453
from leasing activities	20 175	16 864
other commissions	14 035	12 703
Fee and commission expenses	-180 742	-138 688
costs of card and ATM transactions, including costs of cards issued	-126 713	-90 729
commissions paid to agents	-15 703	-14 194
insurance of bank products	-3 529	-3 270
costs of awards for customers	-4 289	-4 012
commissions for access to ATMs	-5 687	-3 767
commissions paid under contracts for performing specific operations	-8 494	-4 948
brokerage commissions	-1 509	-1 980
for custody services	-735	-45
transfers and remittances	-5 999	-5 303
other commissions	-8 084	-10 440
Net fee and commission income	190 677	177 710

01.01.2022 - 31.03.2022	Retail customers	Business customers	Treasury	Total
Fee and commission income	118 871	268 456	-15 908	371 419
payment and credit cards service	24 236	108 853	0	133 089

01.01.2022 - 31.03.2022	Retail customers	Business customers	Treasury	Total
transaction margin on currency exchange transactions	42 411	41 637	-17 119	66 929
maintaining bank accounts	11 084	18 180	7	29 271
brokerage commissions	16 050	0	0	16 050
revenue from bancassurance activity	10 939	14 353	0	25 292
loans and advances	5 017	32 747	0	37 764
transfers	4 055	9 314	4	13 373
cash operations	3 561	4 450	0	8 011
guarantees, letters of credit, collection, commitments	0	2 805	0	2 805
receivables acquired	0	911	0	911
custody services	0	2 159	0	2 159
repayment of seizure	0	1 555	0	1 555
from leasing activities	0	20 175	0	20 175
other commissions	1 518	11 317	1 200	14 035

01.01.2021 - 31.03.2021	Retail customers	Business customers	Treasury	Total
Fee and commission income	110 007	215 137	-8 746	316 398
payment and credit cards service	22 681	77 748	0	100 429
transaction margin on currency exchange transactions	33 560	29 439	-9 729	53 270
maintaining bank accounts	11 180	15 801	0	26 981
brokerage commissions	16 160	0	0	16 160
revenue from bancassurance activity	11 616	13 805	0	25 421
loans and advances	4 791	30 643	0	35 434
transfers	3 291	9 496	0	12 787
cash operations	3 347	5 192	0	8 539
guarantees, letters of credit, collection, commitments	0	3 079	0	3 079
receivables acquired	0	892	0	892
custody services	0	2 386	0	2 386
repayment of seizure	0	1 453	0	1 453
from leasing activities	0	16 864	0	16 864
other commissions	3 381	8 339	983	12 703

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

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
FX result and net income on currency derivatives, including;	23 994	19 406
fx result	-170 403	-180 572
currency derivatives	194 397	199 978
Interest rate transacions	13 228	3 773
Ineffective part of hedge accounting	-2 513	-2 898
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	3 086	-1 550
The result on financial assets measured at fair value through profit or loss and FX result	37 795	18 731

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

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Financial assets measured at fair value through other comprehensive income	218	61
Financial assets measured at amortized cost	72	113
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	290	174

8 Result on other operating income and expense

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Other operating income from:	31 536	47 087
income from contracts with business partners	10 019	12 320
reimbursement of costs of claim enforcement	5 777	6 104
received compensations, recoveries, penalties and fines	299	177
management of third-party assets	5 308	5 117
from license fees from Partners	994	0
due to VAT settlement	1 786	0
reversal of impairment losses on other assets	893	5 790
other	6 460	17 579
Other operating expenses due to:	-29 621	-22 624
reimbursement of credit cost (TSUE provision)	-8 692	0
fees and costs of claim enforcement	-13 464	-15 797
paid compensations, fines, and penalties	-628	-531
management of third-party assets	-322	-481
recognition of complaints	-516	-559
impairment losses on other assets	-1 606	-1 971
due to VAT settlement	-4	-1 744
other	-4 389	-1 541
Net other operating income and expense	1 915	24 463

9 General administrative expenses

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Payroll costs	-236 478	-215 109
remuneration due to employment contracts	-198 344	-175 176
remuneration surcharges	-35 431	-37 073
costs of bonus for senior executives settled in phantom shares	-667	-780
other	-2 036	-2 080
General and administrative costs	-192 372	-140 775
lease and building maintenance expenses	-17 936	-16 787
costs of Banking Guarantee Fund	-96 955	-62 868
IT costs	-32 083	-29 840
marketing costs	-10 987	-4 312
cost of advisory services	-3 368	-2 017
external services	-6 585	-5 393
training costs	-314	-834
costs of telecommunications services	-5 980	-6 702
costs of lease of property, plant and equipment and intangible assets	-59	-770
other	-18 105	-11 252

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Amortization and depreciation	-57 419	-55 717
property, plant and equipment	-17 748	-18 776
intangible assets	-16 590	-14 771
right to use the asset	-23 081	-22 170
Taxes and fees	-6 745	-6 340
Total general administrative expenses	-493 014	-417 941

10 Net expected credit losses

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Expected credit losses Stage 3	-213 746	-395 036
retail customers	-108 267	-213 412
business customers	-105 479	-181 624
Expected credit losses Stage 1 and 2(ECL)	-9 208	129 991
Stage 2	-13 743	97 755
retail customers	-8 044	64 779
business customers	-5 699	32 976
Stage 1	4 535	32 236
retail customers	1 518	30 729
business customers	3 017	1 507
POCI	-3 078	3 205
Recoveries from off-balance sheet	17 341	19 706
Investment securities	299	-381
Off-balance provisions	-164	-970
Net expected credit losses	-208 556	-243 485

11 The result on impairment of non-financial assets

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Property, plant and equipment and intangible assets	-30 901	-502
Non-current assets held for sale	0	25
Total	-30 901	-477

12 Cost of legal risk of FX mortgage loans

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	-21 783	0
Provisions	-1 414	0
Total	-23 197	0

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 - 31.03.2022	01.01.2021 - 31.03.2021
Current tax	91 530	21 402
Deferred income tax	12 684	41 348
Accounting tax recognized in the income statement	104 214	62 750

14.2 Effective tax rate calculation

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Gross profit	273 384	170 844
Income tax at 19%	51 943	32 460
Non-tax-deductible expenses (tax effect)	44 128	31 927
Representations costs	31	31
Impairment losses on loans not deductible for tax purposes	3 673	7 517
Prudential fee to BGF	18 421	11 945
Tax on Certain Financial Institutions	12 182	11 137
Donations	0	0
Cost of legal risk of FX mortgage loans	4 407	0
Other	5 414	1 297
Non-taxable income (tax effect)	-454	-989
Recognition of tax loss	-124	-311
Other	8 721	-337
Accounting tax recognized in the income statement	104 214	62 750
Effective tax rate	38.12%	36.73%

15 Profit per share

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Net profit	169 170	108 094
Weighted average number of ordinary shares	130 553 991	130 553 991
Net profit per ordinary share (PLN)	1.30	0.83

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 31 March 2022, 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

	31.03.2022	31.12.2021
Current account with the central bank	2 561 272	1 482 741
Cash	955 693	619 445
Current accounts in other banks	1 471 839	1 646 275
Term deposits in other banks	1 053	14 930
Cash and balances with central bank	4 989 857	3 763 391

17 Amounts due from banks

17.1 Financial data

Structure by type	31.03.2022	31.12.2021
Reverse Repo	52 686	49 206
Deposits as derivative transactions (ISDA) collateral	2 105 719	1 567 971
Other	86 223	72 602
Amounts due from banks	2 244 628	1 689 779

18 Investment financial assets

18.1 Financial data

	31.03.2022	31.12.2021
Financial assets	12 325 102	16 099 658
measured at fair value through other comprehensive income	7 195 661	9 265 445
measured at fair value through profit or loss	669 954	382 900
measured at amortized cost	4 459 487	6 451 313

18.2 Investment financial assets by type

measured at fair value through other comprehensive income	31.03.2022	31.12.2021
Debt instruments	7 047 936	9 159 716
issued by the State Treasury	6 453 361	6 695 287
T-bonds	6 453 361	6 695 287
issued by monetary institutions	563 836	2 429 450
eurobonds	20 580	21 193
money bills	0	1 849 371
bonds	543 256	558 886
issued by companies	30 739	34 979
bonds	30 739	34 979
Equity instruments	147 725	105 729
Total	7 195 661	9 265 445

measured at fair value through profit or loss	31.03.2022	31.12.2021
Debt instruments	242 990	64 801
issued by the State Treasury	232 409	53 381
T-bonds	232 409	53 381
issued by other financial institutions	4	4
bonds	4	4
issued by companies	10 577	11 416
bonds	10 577	11 416
Equity instruments	88 347	84 494
Derivative financial instruments	338 617	233 605
Interest rate transactions	148 297	82 564
SWAP	145 890	80 570
Cap Floor Options	2 407	1 994
Foreign exchange transactions	141 858	127 823
FX Swap	11 413	24 453
FX forward	76 027	62 491
CIRS	43 382	31 175
FX options	11 036	9 704
Other options	3 170	10 845
Other instruments	45 292	12 373
Total	669 954	382 900

measured at amortized cost	31.03.2022	31.12.2021
Debt instruments	4 459 487	6 451 313
issued by the State Treasury	3 945 074	5 936 348
T-bonds	3 945 074	5 936 348
issued by other financial companies	514 413	514 965
bonds	514 413	514 965
Total	4 459 487	6 451 313

19 Loans and advances to customers

19.1 Accounting principles

In the first quarter of 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 credit 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 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

Due to the COVID-19 pandemic as well as the geopolitical situation and the armed conflict in Ukraine, the Group has not introduced any changes to the rules for recognizing impairment triggers. Regarding the statutory moratoria offered to clients who have lost their source of income, the Group reclassifies to the portfolio with evidence of impairment in accordance with the general principles of forbearance / restructuring identification.

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.

As at 31 December 2021, due to the lack of materialization of the previously identified threats and the significant adaptation of the economy to operating in the conditions of restrictions, as well as lower expectations as to future restrictions as a result of lower mortality of subsequent variants of the virus, as well as a higher level of vaccination of the Polish population, the Group decided not to apply FLI adjustments limited only to modeling the impact of the COVID-19 pandemic.

Due to significant - unprecedented - changes in the interest rate environment, it was decided to apply the FLI methodology, making the PD parameter dependent on the expected changes in the level of interest rates.

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

- for the retail client segment, it was decided to apply 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, it was decided to apply industry models enabling the simulation of the client's rating, supplemented with up-to-date information on changes in the macroeconomic environment, taking into account the increase in financing costs and energy prices.

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

- the dynamics and pace of changes (increases) in rates are higher than the Group's projections,
- the transmission of the rising interest rates to the deterioration of clients' debt servicing capacity is much lower than assumed.

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, with the simultaneous resignation from expert adjustments for other components of the recovery parameter. 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.

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

As regards the segment of individual clients, the share in the portfolio of clients with the citizenship of UA, RU, BY fluctuates around 1.5%. These are clients living and earning income in Poland. All portfolio quality indicators remain below the alert thresholds. The Group continues its intensive portfolio monitoring, but does not identify any significant threats in this respect.

In terms of the business client 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, a significant share of inflows / transfers from / to countries involved in the armed conflict. In this population, the Group identifies approximately 40 customers with an exposure of approximately PLN 107 M. The monitoring results indicate that the deterioration of the quality and the

increase in the risk of debt service is negligible. In terms of the leasing portfolio, only around 1% of late-payment customers cite the effects of an armed conflict as the cause.

As at 31 March 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 significant uncertainty and volatility in terms of both phenomena.

19.3 Quality and structure of the loan portfolio

Key credit portfolio quality indicators as at 31 March 2022

As at 31 March 2022, despite the negative external environment resulting from the COVID-19 pandemic and the geopolitical situation, the Group did not see a negative impact on the quality of the loan portfolio. The share of 30-day overdue loans in the regular portfolio as at 31 March 2022 was 0.80% compared to 0.81% observed as at 31 March 2021.

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

- 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,
- 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 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 remains immune to the effects of the pandemic and the current macroeconomic and geopolitical environment.

The level of write-offs for exposures classified to Stage 1 and Stage 2 as at 31 March 2022 amounts to approx. PLN 1.19 billion and represents an increase of approx. 2.7% compared to the level maintained as at 31 March 2021. The key credit parameters of the regular portfolio are presented below:

Date	DPD 30+	PD	LGD	Stage 2 share in the regular portfolio	Coverage of regular portfolio write-offs
31.03.2021	0.81%	4.28%	30.2%	12.7%	2.2%
31.03.2022	0.80%	3.60%	31.0%	11.8%	1.9%

As at 31 March 2022 and 31 March 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
31.03.2021	3 624	52.1%	44.4%	4 702	16.3%	62.1%
31.03.2022	3 041	50.3%	48.2%	3 869	17.3%	62.7%

*expressed at the economic recoverable amount

Sensitivity of results to variability of assumptions

The Group adopts 2 scenarios for the future macroeconomic situation:

- base, with a probability of 85% implementation,
- alternative, with a probability of 15%,

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 baseline scenario with 100% probability	-2.4
Change in expected losses in the event of the counterfactual with 100% probability	+13.6

*As estimated as at 31 December 2021

19.4 Financial data (gross value, expected credit losses)

Loans granted to customers	31.03.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	38 571 309	-2 277 554	36 293 755	38 592 653	-2 200 622	36 392 031
Consumer loans	18 462 410	-2 109 596	16 352 814	18 715 866	-2 041 628	16 674 238
Loans for residential properties	15 859 367	-120 572	15 738 795	15 548 816	-114 561	15 434 255
Consumer finance loans	4 249 532	-47 386	4 202 146	4 327 971	-44 433	4 283 538
Corporate segment	24 786 096	-2 929 218	21 856 878	24 985 917	-3 149 770	21 836 147
Working capital loans	12 045 881	-1 657 227	10 388 654	11 993 754	-1 877 301	10 116 453
Investment loans	5 683 102	-744 730	4 938 372	5 960 252	-742 422	5 217 830
Other business loans	7 057 113	-527 261	6 529 852	7 031 911	-530 047	6 501 864
Total	63 357 405	-5 206 772	58 150 633	63 578 570	-5 350 392	58 228 178

Loans granted to customers	31.03.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	38 571 309	-2 277 554	36 293 755	38 592 653	-2 200 622	36 392 031
Stage 1	34 192 697	-359 101	33 833 596	34 331 648	-360 401	33 971 247
Stage 2	2 045 398	-361 976	1 683 422	1 981 672	-353 745	1 627 927
Stage 3	2 301 711	-1 538 339	763 372	2 246 043	-1 468 530	777 513
POCI	31 503	-18 138	13 365	33 290	-17 946	15 344
Corporate segment	24 786 096	-2 929 218	21 856 878	24 985 917	-3 149 770	21 836 147
Stage 1	14 355 426	-81 060	14 274 366	14 277 156	-83 969	14 193 187
Stage 2	5 563 537	-383 901	5 179 636	5 469 150	-377 994	5 091 156
Stage 3	4 634 569	-2 408 655	2 225 914	5 002 900	-2 631 172	2 371 728
POCI	232 564	-55 602	176 962	236 711	-56 635	180 076
Total	63 357 405	-5 206 772	58 150 633	63 578 570	-5 350 392	58 228 178

Loans and advances to customers by method of allowance calculation	31.03.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	6 936 280	-3 946 994	2 989 286	7 248 943	-4 099 702	3 149 241
individual method	2 756 875	-1 315 137	1 441 738	3 082 356	-1 514 395	1 567 961
group method	4 179 405	-2 631 857	1 547 548	4 166 587	-2 585 307	1 581 280
Stage 2	7 608 935	-745 877	6 863 058	7 450 822	-731 739	6 719 083

Loans and advances to customers by method of allowance calculation	31.03.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 1	48 548 123	-440 161	48 107 962	48 608 804	-444 370	48 164 434
POCI	264 067	-73 740	190 327	270 001	-74 581	195 420
Total	63 357 405	-5 206 772	58 150 633	63 578 570	-5 350 392	58 228 178

Loans and advances to customers - exposure of the Bank to the credit risk	31.03.2022			31.12.2021		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	6 936 280	-3 946 994	2 989 286	7 248 943	-4 099 702	3 149 241
not overdue	1 450 668	-539 276	911 392	1 619 899	-565 359	1 054 540
overdue	5 485 612	-3 407 718	2 077 894	5 629 044	-3 534 343	2 094 701
Stage 1 and Stage 2	56 157 058	-1 186 038	54 971 020	56 059 626	-1 176 109	54 883 517
not overdue	53 088 575	-845 200	52 243 375	53 188 876	-857 988	52 330 888
overdue	3 068 483	-340 838	2 727 645	2 870 750	-318 121	2 552 629
POCI	264 067	-73 740	190 327	270 001	-74 581	195 420
Total	63 357 405	-5 206 772	58 150 633	63 578 570	-5 350 392	58 228 178

In the first quarter of 2022, the Group did not sell any receivables.

From 1 January to 31 March 2022 the Group wrote off the financial assets amounted to PLN 446 405 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 431 998 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	3 965 796	0	0	0	3 965 796
Changes in the level of credit risk, derecognition (other than write-offs): repayments, changes in the valuation, sale or expiry of an instrument	-3 028 857	-497 256	-212 524	-1 919	-3 740 556
Financial assets written down	0	0	-442 390	-4 015	-446 405
Transfer to Stage 1	655 182	-633 131	-22 051	0	0
Transfer to Stage 2	-1 574 284	1 635 059	-60 775	0	0
Transfer to Stage 3	-78 518	-346 559	425 077	0	0
Gross carrying amount as at 31.03.2022	48 548 123	7 608 935	6 936 280	264 067	63 357 405
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	48 317	0	0	0	48 317
Changes in the level of credit risk, derecognition (other than write-offs): repayments, changes in the valuation, sale or expiry of an instrument	-100 291	87 833	263 752	3 174	254 468
Financial assets written down	0	0	-442 390	-4 015	-446 405
Transfer to Stage 1	87 753	-82 942	-4 811	0	0
Transfer to Stage 2	-36 671	100 570	-63 899	0	0
Transfer to Stage 3	-3 317	-91 323	94 640	0	0
Expected credit losses as at 31.03.2022	440 161	745 877	3 946 994	73 740	5 206 772
Net carrying amount as at 31.03.2022	48 107 962	6 863 058	2 989 286	190 327	58 150 633

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	4 428 302	0	0	0	4 428 302
Changes in the level of credit risk, derecognition (other than write-offs): repayments, changes in the valuation, sale or expiry of an instrument	-3 485 929	-441 715	-413 868	-10 911	-4 352 423
Financial assets written down	0	0	-458 709	-24 061	-482 770
Transfer to Stage 1	1 088 483	-832 117	-256 366	0	0
Transfer to Stage 2	-1 434 743	1 615 770	-181 027	0	0
Transfer to Stage 3	-183 216	-699 959	883 175	0	0
Gross carrying amount as at 31.03.2021	46 199 805	7 253 432	8 357 715	244 100	62 055 052
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	153 618	0	0	0	153 618
Changes in the level of credit risk, derecognition (other than write-offs): repayments, changes in the valuation, sale or expiry of an instrument	-266 155	176 193	-40 466	-4 089	-134 517
Financial assets written down	0	0	-458 709	-24 061	-482 770
Transfer to Stage 1	173 055	-144 399	-28 656	0	0
Transfer to Stage 2	-42 243	114 609	-72 366	0	0
Transfer to Stage 3	-50 435	-243 928	294 363	0	0
Expected credit losses as at 31.03.2021	460 640	675 101	4 598 847	48 264	5 782 852
Net carrying amount as at 31.03.2021	45 739 165	6 578 331	3 758 868	195 836	56 272 200

20 Other assets

20.1 Financial data

	31.03.2022	31.12.2021
Sundry debtors	507 436	590 850
Other settlements	281 550	338 086
Receivables related to sales of services (including insurance)	22 424	14 990
Guarantee deposits	15 534	15 760
Settlements due to cash in ATMs	187 928	222 014
Costs recognised over time	76 338	39 206
Maintenance and support of systems, servicing of plant and equipment	37 134	20 904
Other deferred costs	39 204	18 302
VAT settlements	26 548	36 170
Other assets (gross)	610 322	666 226
Write-down	-53 506	-52 772
Other assets (net)	556 816	613 454
including financial assets (gross)	507 436	590 850

Change in write-downs

	31.03.2022	31.03.2021
Open balance	52 772	64 867
Provisions recorded	1 606	1 971
Provisions released	-893	-5 790

	31.03.2022	31.03.2021
Assets written off from the balance sheet	-95	-1 433
Other changes	116	-1 092
Closing balance	53 506	58 523

21 Assets pledged as collateral

21.1 Financial data

	31.03.2022	31.12.2021
Treasury bonds blocked for REPO transactions	3 625 023	0
Financial assets measured at amortised cost in the EIB	127 873	130 921
Total	3 752 896	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:

	31.03.2022	31.12.2021
Treasury bonds blocked with BGF	410 443	434 973
Deposits as derivative transactions (ISDA) collatera	2 105 719	1 567 971
Deposit as collateral of transactions performed in Alior Trader	62	65
Total	2 516 224	2 003 009

22 Amounts due to banks

22.1 Financial data

Structure by type	31.03.2022	31.12.2021
Current deposits	8 670	8 441
Term deposits	200 053	307 379
Own bond issues	27 074	67 557
Received loan	73 317	80 071
Other liabilities	74 036	66 169
Repo	2 304 234	0
Total amounts due to banks	2 687 384	529 617

23 Amounts due to customers

23.1 Financial data

Structure by type and customer segment	31.03.2022	31.12.2021
Retail segment	49 334 784	49 020 278
Current deposits	41 674 924	42 610 912
Term deposits	6 846 720	5 654 614
Own issue of banking securities	549 993	514 433
Other liabilities	263 147	240 319
Corporate segment	21 444 965	22 985 437
Current deposits	15 251 919	17 264 882
Term deposits	4 587 278	5 415 967

Structure by type and customer segment	31.03.2022	31.12.2021
Own issue of banking securities	2 044	1 838
Other liabilities	1 603 724	302 750
Total amounts due to customers	70 779 749	72 005 715

From 1 January to 31 March 2022 the Group issued own securities amounted to PLN 144 013 thousand and securities purchased before maturity amounted to PLN 41 964 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	5 720	0	18 387	0	8 692	32 799
Reversal of provisions	-1 439	-216	-18 223	0	0	-19 878
Utilized provisions	-3 883	0	0	-140	-10 628	-14 651
Other changes	39	0	105	0	0	144
As at 31 March 2022	41 967	6 243	137 012	1 910	101 495	288 627

	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	18	0	55 344	0	0	55 362
Reversal of provisions	0	-7	-54 374	0	0	-54 381
Utilized provisions	-2 608	-125	0	-125	-24 056	-26 914
Other changes	-411	0	154	0	0	-257
As at 31 March 2021	44 533	5 822	173 184	2 747	84 084	310 370

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 31.03.2022 is presented below:

	31.12.2021	utilisation	reversal	31.03.2022
Reorganisation of the branch network	2 050	-140	0	1 910
Total	2 050	-140	0	1 910

25 Other liabilities

25.1 Financial data

	31.03.2022	31.12.2021
Interbank settlements	600 983	429 510
Taxes, customs duty, social and health insurance payables and other public settlements	42 838	30 533
Settlements of payment cards	9 972	10 941
Other settlements, including	222 176	189 624
<i>settlements with insurers</i>	<i>33 674</i>	<i>28 105</i>
Liability for reimbursement of credit costs	83 757	81 814
Settlements of issues of bank certificates of deposits	243	39 692
Liabilities due to contributions to the Bank Guarantee Fund	238 630	162 979
Accrued expenses	146 012	186 421
Income received in advance	48 704	47 460
Provision for bancassurance resignations	41 492	42 362
Provision for bonuses	99 002	81 027
Provision for unutilised annual leaves	27 639	19 666
Provision for bonuse settled in phantom shares	3 086	2 419
Provision for retention programs	85	85
Other employee provisions	1 190	1 167
Liabilities due to lease agreements	286 162	286 881
Other liabilities	34 557	36 959
Other liabilities	1 886 528	1 649 540
including financial liabilities	916 888	711 889

26 Financial liabilities

26.1 Financial data

	31.03.2022	31.12.2021
Short sale of T-bonds	148 511	46 423
Interest rate transactions	145 613	103 939
SWAP	143 232	101 948
Cap Floor Options	2 381	1 991
Foreign exchange transactions	62 499	20 153
FX Swap	40 237	4 489
FX forward	5 254	1 013
CIRS	6 131	5 545
FX options	10 877	9 106
Other options	3 170	10 845
Other instruments	14 350	6 728
Total measured at fair value through profit or loss/ held for trading	374 143	188 088

27 Subordinated liabilities

27.1 Financial data

Liabilities classified as the Bank's own funds	Nominal value in the currency	Currency	Term	Interest	Status of liabilities	
					31.03.2022	31.12.2021
Series F bonds	321 700	PLN	26.09.2014-26.09.2024	WIBOR6M +3.14	322 118	324 634
Series EUR001 bonds	0	EUR	04.02.2016-04.02.2022	LIBOR6M + 6.00	0	47 128
Series P1A bonds	150 000	PLN	27.04.2016-16.05.2022	WIBOR6M +3.25	152 840	150 960
Series P1B bonds	70 000	PLN	29.04.2016-16.05.2024	WIBOR6M +3.00	71 260	70 427
Series K and K1 bonds	600 000	PLN	20.10.2017-20.10.2025	WIBOR6M +2.70	609 432	604 224
Series P2A bonds	150 000	PLN	14.12.2017-29.12.2025	WIBOR6M +2.70	152 054	150 068
Subordinated liabilities					1 307 704	1 347 441

28 Off-balance sheet items

28.1 Financial data

	31.03.2022	31.12.2021
Granted off-balance liabilities	10 231 345	9 945 348
Concerning financing	9 604 255	9 294 619
Guarantees	627 090	650 729
Performance guarantees	390 859	427 093
Financial guarantees	236 231	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.
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 first 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 17.31 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.

	Measurement method (techniques)	Material observable input data
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.

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.

31.03.2022	Level 1	Level 2	Level 3	Total
Investment financial assets				
Measured at fair value through profit and loss	235 673	332 183	102 098	669 954
SWAP	0	145 890	0	145 890
Cap Floor Ooptions	0	2 407	0	2 407
FX Swap	0	11 413	0	11 413
FX forward	0	76 027	0	76 027
CIRS	0	43 382	0	43 382
FX options	0	11 036	0	11 036
Other options	0	0	3 170	3 170
Other instruments	3 264	42 028	0	45 292
Financial derivatives	3 264	332 183	3 170	338 617
Treasury bonds	232 409	0	0	232 409
Other bonds	0	0	10 581	10 581
Equity instruments	0	0	88 347	88 347
Investments securities	232 409	0	98 928	331 337
Measured at fair value through other comprehensive income	7 017 197	0	178 464	7 195 661
Treasury bonds	6 453 361	0	0	6 453 361
Other bonds	563 836	0	30 739	594 575
Equity instruments	0	0	147 725	147 725
Derivative hedging instruments	0	76 171	0	76 171
Interest rate transactions – SWAP	0	76 171	0	76 171

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

31.12.2021	Level 1	Level 2	Level 3	Total
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
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

31.03.2022	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	151 508	219 465	3 170	374 143
Bonds	148 511	0	0	148 511
SWAP	0	143 232	0	143 232
Cap Floor Ooptions	0	2 381	0	2 381
FX Swap	0	40 237	0	40 237
FX forward	0	5 254	0	5 254
CIRS	0	6 131	0	6 131
FX options	0	10 877	0	10 877
Other options	0	0	3 170	3 170
Other instruments	2 997	11 353	0	14 350
Derivative hedging instruments	0	1 674 163	0	1 674 163
Interest rate swaps - IRS	0	1 674 163	0	1 674 163

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 hierarchy

	Assets		Liabilities	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Opening balance	247 467	280 052	10 845	59 711
Acquisitions	503	1 790	403	1 330
Net changes recognized in other comprehensive income	40 047	-3 559	0	0
Net changes recognized in other comprehensive income	712	166	-59	2 107
Currency differences	2 159	3 590	0	0
Settlement / redemption	-10 326	-3 414	-8 019	-623
Total	280 562	278 625	3 170	62 525

At the end of the first 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 3.21 MM and for debt instruments measured at fair value through profit and loss account approx. amounted to PLN 0.86 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.

31.03.2022	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	4 989 857	3 516 965	1 472 892	0	4 989 857
Amount due from banks	2 244 628	0	2 244 628	0	2 244 628
Loans and advances to customers	58 150 633	0	0	60 715 554	60 715 554
Retail segment	36 293 755	0	0	37 799 230	37 799 230
Consumer loans	16 352 814	0	0	18 689 869	18 689 869
Loans for residential real estate	15 738 795	0	0	14 680 544	14 680 544
Consumer finance loans	4 202 146	0	0	4 428 817	4 428 817
Corporate segment	21 856 878	0	0	22 916 324	22 916 324
Working capital facility	10 388 654	0	0	11 384 315	11 384 315
Investment loans	4 938 372	0	0	5 314 234	5 314 234
Other	6 529 852	0	0	6 217 775	6 217 775
Asstes pledged as collateral	3 752 896	3 727 478	0	0	3 727 478
Investment securities measured at amortized cost	4 459 487	4 328 053	0	0	4 328 053
Other financial assets	507 436	0	0	507 436	507 436
Liabilities					
Amounts due to banks	2 687 384	0	2 687 384	0	2 687 384
Current deposits	8 670	0	8 670	0	8 670
Term deposits	200 053	0	200 053	0	200 053
Bonds issued	27 074	0	27 074	0	27 074
Credit received	73 317	0	73 317	0	73 317
Other liabilities	74 036	0	74 036	0	74 036
Repo	2 304 234	0	2 304 234	0	2 304 234
Amounts due to customers	70 779 749	0	0	70 802 657	70 802 657
Current deposits	56 926 843	0	0	56 926 843	56 926 843
Term deposits	11 433 998	0	0	11 433 998	11 433 998
Bonds issued	552 037	0	0	574 945	574 945
Other liabilities	1 866 871	0	0	1 866 871	1 866 871
Other financial liabilities	916 888	0	0	916 888	916 888
Subordinated liabilities	1 307 704	0	0	1 307 704	1 307 704

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
Assets 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.

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	31.03.2022	31.12.2021
Other assets	3 083	4 255
Total assets	3 083	4 255
Amounts due to customers	23	23
Other liabilities	375	445
Total liabilities	398	468

Subsidiaries of the parent company	31.03.2022	31.12.2021
Cash and cash equivalents	26 841	31 710
Investment financial assets measured at fair value through profit or loss	0	39
Loans and advances to customers	72 746	70 323
Other assets	659	866
Total assets	100 246	102 938
Amounts due to customers	300 521	298 046
Other liabilities	1 720	1 246
Total liabilities	302 241	299 292

Subsidiary of the parent entity	31.03.2022	31.12.2021
Off-balance liabilities granted to customers	6 505	8 375
Relating to financing	6 505	8 375

Parent company	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Interest income calculated using the effective interest method	3 508	254
Fee and commission income	14 808	14 961
Fee and commission expense	-1 834	-1 375
Net other operating income and expenses	52	58
General administrative expenses	-1 175	-1 058
Total	15 359	12 840

Subsidiaries of the parent company	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Interest income calculated using the effective interest method	15 774	13 287
Interest expenses	-1 885	-2 492
Fee and commission income	6 783	9 410
Fee and commission expense	-1	-1
The result on financial assets measured at fair value through profit or loss and FX result	3	0
Net other operating income and expenses	251	171
General administrative expenses	-1 519	-1 235
Net expected credit losses	2	31
Total	19 408	19 171

Joint control by persons related to the Group	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Interest income calculated using the effective interest method	0	24
Fee and commission income	0	273
The result on financial assets measured at fair value through profit or loss and FX result	0	337
Net expected credit losses	0	-22
Total	0	612

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	31.03.2022	31.12.2021
Investment financial assets	15 503 250	13 957 321
measured at fair value through other comprehensive income	8 706 565	7 310 345
measured at fair value through profit or loss	242 986	64 797
measured at amortized cost	6 553 699	6 582 179

State Treasury and related entities	31.03.2022	31.12.2021
Amounts due from banks	380	49 496
Loans and advances to customers	203 540	165 554
Total assets	15 707 170	14 172 371
Financial Liabilities	148 511	46 423
Amounts due to banks	1 003 237	70 703
Amounts due to customers	695 041	781 589
Total liabilities	1 846 789	898 715

State Treasury and related entities	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Interest income calculated using the effective interest method	62 594	20 274
Interest expense	-3 035	-48
The costs of paid tax	-155 645	-80 017
Total	-96 086	-59 791

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.

31.03.2022	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	419	1	418
Total assets	419	1	418
Amounts due to customers	798	11	787
Total liabilities	798	11	787

31.03.2021	Supervising, managing persons	Supervisory Board	Bank's Management Board
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Amounts due to customers	1 043	11	1 032
Total liabilities	1 043	11	1 032

31.03.2022	Supervising, managing persons	Supervisory Board	Bank's Management Board
Off-balance liabilities granted to customers	0	0	0
concerning financing	0	0	0

31.03.2021	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 31 March 2022 recognized in the profit and loss account of the Group in this period amounted to PLN 3 919 thousand (in the period from 1 January to 31 March 2021 - PLN 3 590 thousand).

31.3 Incentive program for senior executives

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

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

32 Legal claims

In the Bank's opinion, no single court, arbitration court or public administration body proceedings in progress during the first quarter 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 75 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 28 570 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 31 March 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 6 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 356 429 thousand as at 31.03.2022 and PLN 359 873 thousand as at 31.12.2021. The value of provisions for disputed claims amounted to PLN 41 967 thousand as at the end of first quarter of 2022 and PLN 41 530 thousand as at the end of 2021.

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.

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 31 March 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 first 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

	31.03.2022	31.12.2021
Total equity for the capital adequacy ratio	7 083 833	6 997 724
Tier I core capital (CET1)	6 350 653	6 199 997
Paid-up capital	1 305 540	1 305 540
Supplementary capital	5 399 229	5 399 229

	31.03.2022	31.12.2021
Other reserves	174 448	174 448
Current year's reviewed by auditor	473 616	229 523
Accumulated losses	-496 322	-530 645
Revaluation reserve - unrealised losses	-206 649	-99 774
Intangible assets measured at carrying value	-292 358	-307 806
Revaluation reserve - unrealised profit	125 590	97 703
Additional value adjustments - AVA	-11 717	-11 024
Other adjustments items (adjustments for IFRS 9, non-performing exposures coverage gap, deferred tax assets)	-120 724	-57 197
Tier II capital	733 180	797 727
Subordinated liabilities	733 180	797 727
Capital requirements	3 891 625	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	3 555 681	3 622 321
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk.	3 972	9 275
Capital requirement relating to the general interest rate risk	20 687	11 631
Total capital requirements for the operational risk	311 285	309 669
Tier 1 ratio	13.06%	12.55%
Total capital adequacy ratio	14.56%	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.

The table below presents the impact of the application of IFRS 9 and regulations regarding COVID-19 as at 31 March 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)	7 083 833	6 713 143
The total capital requirement	3 891 625	3 868 315
Total capital ratio	14.56%	13.88%
Financial leverage ratio	7.29%	6.89%

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 3.09 percentage points, respectively. (approx. PLN 1.5 billion) and 2.59 percentage points (approx. PLN 1.3 billion).

On 1 January 2022, the next, penultimate, tranche of Art. 473a of CRR as part of the timely settlement of IFRS9 accounting regulations, which reduces the total capital ratio. 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 are respectively 11.68% by 31 December 2021 and 13.52% by 31 December 2022. The minimum mid-term targets for the compliance requirement in relation to TREA are 11.68% by 31 December, respectively. December 2021 and 13.52% until 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 31 March 2021, 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 significantly 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 first quarter of 2022, significant acquisitions of property, plant and equipment were related to the continuation of the Bank's activities related to the modernization of the KI branch network - Nowy Format Branches, which had been ongoing since 2019. 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.

In the first 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.

In the first 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

Until the date of publication of this report, the General Meeting of Alior Bank Spółka Akcyjna has not adopted a resolution on the distribution of profit for 2021.

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 detailed risk management policies have been presented in the annual consolidated financial statements of the Alior Bank SA Group for the year ended 31 December 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 31 March 2022 and as at 31 December 2021 (PLN M):

31.03.2022	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	5 241	1 747	2 645	5 111	9 698	12 274	25 403	47 513	109 632
Cash & Nostro	4 990	0	0	0	0	0	0	0	4 990
Amounts due from banks	60	19	0	0	0	0	0	2 166	2 245
Loans and advances to customers	191	1 103	2 557	3 513	6 410	10 126	19 250	38 885	82 035
Securities	0	625	88	1 598	3 288	2 148	6 153	2 946	16 846
Other assets	0	0	0	0	0	0	0	3 516	3 516
LIABILITIES AND EQUITY	-65 358	-3 390	-3 843	-1 899	-2 242	-568	-1 712	-5 896	-84 908
Amounts due to banks	-2 048	-487	-7	-210	-12	-5	-18	-24	-2 811
Amounts due to customers	-59 721	-2 877	-3 655	-1 591	-2 147	-177	-119	-3	-70 290
Own issues	0	-23	-165	-74	-35	-290	-1 492	0	-2 079
Equity	0	0	0	0	0	0	0	-5 580	-5 580
Other liabilities	-3 589	-3	-16	-24	-48	-96	-83	-289	-4 148
Balance sheet gap	-60 117	-1 643	-1 198	3 212	7 456	11 706	23 691	41 617	24 724
Cumulated balance sheet gap	-60 117	-61 760	-62 958	-59 746	-52 290	-40 584	-16 893	24 724	
Derivative instruments – inflows	2 354	5 872	1 287	437	434	367	187	0	10 938
Derivative instruments – outflows	-2 355	-5 886	-1 291	-423	-411	-354	-181	0	-10 901
Derivative instruments – net	-1	-14	-4	14	23	13	6	0	37
Guarantee and financing lines	-10 231	0	0	0	0	0	0	0	-10 231
Off-balance sheet gap	-10 232	-14	-4	14	23	13	6	0	-10 194
Total gap	-70 349	-1 657	-1 202	3 226	7 479	11 719	23 697	41 617	14 530
Total cumulated gap	-70 349	-72 006	-73 208	-69 982	-62 503	-50 784	-27 087	14 530	

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
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

31.12.2021	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
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.

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

Armed conflict in Ukraine

The ongoing armed conflict in Ukraine has a negative effect on the prospects of the domestic economy. In the medium term, the operating costs of companies and households are expected to increase as a result of increased inflation (mainly due to rising fuel energy prices), deterioration in trade with conflict-affected

countries, and lower business and consumer sentiment. As a result, economic forecasts will be revised and higher inflation will entail stronger monetary policy tightening. Of course, the assessment of the war's consequences is subject to great uncertainty and will depend not only on its further course, but also on further relations between Russia and the West.



**Interim condensed separate
financial statements
of Alior Bank Spółka Akcyjna
for the 3-month period ended
31 March 2022**

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Interim condensed separate income statement

	01.01.2022-31.03.2022	01.01.2021-31.03.2021*
Interest income calculated using the effective interest method	1 012 298	676 721
Income of a similar nature	22 660	62 130
Interest expense	-182 589	-73 110
Net interest income	852 369	665 741
Fee and commission income	335 846	283 363
Fee and commission expense	-179 378	-137 675
Net fee and commission income	156 468	145 688
Dividend income	139	106
The result on financial assets measured at fair value through profit or loss and FX result	37 596	18 805
The result on derecognition of financial instruments not measured at fair value through profit or loss	290	174
measured at fair value through other comprehensive income	218	61
measured at amortized cost	72	113
Other operating income	23 974	33 942
Other operating expenses	-28 278	-21 282
Net other operating income and expenses	-4 304	12 660
General administrative expenses	-469 662	-396 934
Net expected credit losses	-183 779	-234 296
The result on impairment of non-financial assets	-30 901	-477
Cost of legal risk of FX mortgage loans	-23 197	0
Banking tax	-64 115	-58 615
Gross profit	270 904	152 852
Income tax	-100 995	-60 607
Net profit	169 909	92 245
Weighted average number of ordinary shares	130 553 991	130 553 991
Net profit per share (PLN)	1.30	0.71

*Details in note 3

Interim condensed separate statement of comprehensive income

	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Net profit	169 909	92 245
Items that may be reclassified to the income statement after certain conditions are satisfied	-508 697	-122 358
Foreign currency translation differences	65	1 448
Results of the measurement of financial assets (net)	-79 053	7 161
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	-99 610	8 843
Deferred tax	20 557	-1 682
Results on the measurement of hedging instruments (net)	-429 709	-130 967
Gains/losses on hedging instruments	-530 505	-161 688
Deferred tax	100 796	30 721
Total comprehensive income, net	-338 788	-30 113

The notes presented on pages 57-59 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of financial position

ASSETS	31.03.2022	31.12.2021
Cash and cash equivalents	4 957 613	3 723 577
Amounts due from banks	2 244 628	1 689 779
Investment financial assets	12 319 295	16 093 951
measured at fair value through other comprehensive income	7 195 661	9 265 445
measured at fair value through profit or loss	664 147	377 193
measured at amortized cost	4 459 487	6 451 313
Derivative hedging instruments	76 171	38 810
Loans and advances to customers	58 176 664	58 234 447
Assets pledged as collateral	3 752 896	130 921
Property, plant and equipment	735 236	743 576
Intangible assets	351 498	383 597
Investments in associates	216 238	216 238
Non-current assets held for sale	0	0
Income tax asset	1 224 123	1 115 760
deferred income tax asset	1 224 123	1 115 760
Other assets	496 779	560 031
TOTAL ASSETS	84 551 141	82 930 687

LIABILITIES AND EQUITY	31.03.2022	31.12.2021
Amounts due to banks	2 628 567	423 268
Amounts due to customers	70 768 038	72 012 350
Financial liabilities	374 143	188 088
Derivative hedging instruments	1 674 163	1 081 996
Provisions	288 589	291 096
Other liabilities	1 808 709	1 581 720
Income tax liabilities	67 878	32 590
current income tax liabilities	67 878	32 590
Subordinated liabilities	1 307 704	1 347 441
Total liabilities	78 917 791	76 958 549
Share capital	1 305 540	1 305 540
Supplementary capital	5 399 229	5 399 229
Revaluation reserve	-1 415 421	-906 659
Other reserves	174 447	174 447
Foreign currency translation differences	22	-43
Accumulated losses	-376	-439 669
Profit for the period	169 909	439 293
Equity	5 633 350	5 972 138
TOTAL LIABILITIES AND EQUITY	84 551 141	82 930 687

The notes presented on pages 57-59 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of changes in equity

01.01.2022 - 31.03.2022	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
Comprehensive income	0	0	0	-508 762	65	169 909	-338 788
net profit	0	0	0	0	0	169 909	169 909
other comprehensive income:	0	0	0	-508 762	65	0	-508 697
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-79 053	0	0	-79 053
incl. hedging instruments	0	0	0	-429 709	0	0	-429 709
incl. currency translation differences	0	0	0	0	65	0	65
At 31 March 2022	1 305 540	5 399 229	174 447	-1 415 421	22	169 533	5 633 350

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 - 31.03.2021	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
Comprehensive income	0	0	0	-123 806	1 448	92 245	-30 113
net profit	0	0	0	0	0	92 245	92 245
other comprehensive income:	0	0	0	-123 806	1 448	0	-122 358
incl. financial assets measured at fair value through other comprehensive income	0	0	0	7 161	0	0	7 161
incl. hedging instruments	0	0	0	-130 967	0	0	-130 967
incl. currency translation differences	0	0	0	0	1 448	0	1 448
At 31 March 2021	1 305 540	5 395 195	174 447	93 524	-172	-343 390	6 625 144

The notes presented on pages 57-59 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of cash flows

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Operating activities		
Profit before tax for the year	270 904	152 852
Adjustments:	85 928	56 280
Unrealized foreign exchange gains/losses	65	1 702
Amortization/depreciation of property, plant and equipment and intangible assets	55 073	53 481
Change in property, plant and equipment and intangible assets impairment write-down	30 901	477
Dividends	-139	-106
Short-term lease contracts	28	726
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	356 832	209 132
Change in loans and receivables	-497 066	-41 833
Change in financial assets measured at fair value through other comprehensive income	2 069 784	-1 973 077
Change in financial assets measured at fair value through profit or loss	-286 954	122 724
Change in financial assets measured at amortised cost	1 991 826	230 127
Change in assets pledged as collateral	-3 621 975	-112 409
Change in derivative hedging assets	-37 361	117 317
Change in non-current assets held for sale	0	-25
Change in other assets	63 252	53 948
Change in deposits	-2 717 577	1 485 239
Change in own issue	35 766	-45 303
Change in financial liabilities	186 055	-245 284
Change in hedging liabilities derivative	592 167	51 503
Change in other liabilities and other comprehensive income	3 276 233	182 021
Change in provisions	-2 507	-26 555
Cash from operating activities before income tax	1 408 475	7 525
Income tax paid	-53 105	-39 489
Net cash flow from operating activities	1 355 370	-31 964
Investing activities		
Outflows:	-44 474	-31 135
Purchase of property, plant and equipment	-37 767	-19 501
Purchase of intangible assets	-6 707	-11 634
Investments in subsidiaries	0	0
Inflows:	3	291
Disposal of property, plant and equipment	3	291
Net cash flow from investing activities	-44 471	-30 844
Financing activities		
Outflows:	-76 863	-227 465
Principle payments - subordinated liabilities	-45 459	-192 950
Interest payments - subordinated liabilities	-6 847	-10 334
Principle payments - lease liabilities	-23 699	-23 900
Interest payments - lease liabilities	-858	-282
Inflows:	0	0
Inflows from share issue	0	0
Net cash flow from financing activities	-76 863	-227 465
Total net cash flow	1 234 036	-290 273
incl. exchange gains/(losses)	26 209	36 280
Balance sheet change in cash and cash equivalents	1 234 036	-290 273
Cash and cash equivalents, opening balance	3 723 577	2 409 077
Cash and cash equivalents, closing balance	4 957 613	2 118 804
Additional disclosures on operating cash flows		
Interests received	886 028	785 722
Interests paid	-107 388	-112 161

*Details in note 3

The notes presented on pages 57-59 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 3-month period ended 31 March 2022 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate statement of changes in equity and interim condensed separate statement of cash flows for the financial period from 1 January 2022 to 31 March 2022, and interim condensed separate statement of financial position as at 31 March 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 31 March 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 31 March 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 operating 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:

Cash flows	Presented 01.01.2021 - 31.03.2021	change	Restated 01.01.2021 - 31.03.2021
Change in loans and receivables	-42 242	409	-41 833
Change in provisions	-26 146	-409	-26 555

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 31 March 2022 and the date of this report was as follows:

Company's name - subsidiaries	26.04.2022	31.03.2022	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	31.03.2022	31.12.2021
Loans and advances to customers	3 353 311	3 060 686
Other assets	414	808
Total assets	3 353 725	3 061 494
Amounts due to customers	84 722	109 666
Provisions	261	1 096
Other liabilities	1 616	1 886
Total liabilities	86 599	112 648

Subsidiaries	31.03.2022	31.12.2021
Off-balance liabilities granted to customers	201 575	420 288
relating to financing	81 172	299 885
guarantees	120 403	120 403

Subsidiaries	01.01.2022 -31.03.2022	01.01.2021 -31.03.2021
Interest income calculated using the effective interest method	33 298	9 111
Interest expenses	-20	-7
Fee and commission income	1 183	926
Fee and commission expense	-111	-109
The result on financial assets measured at fair value through profit or loss and FX result	0	1
Other operating income	600	1 043
Other operating expenses	-1	0
General administrative expense	-1 723	-1 507

Subsidiaries	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Net expected credit losses	728	727
Total	33 954	10 185

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.