



**Financial report
of the Alior Bank Spółka Akcyjna Group
for the first quarter of 2021**

Selected financial data concerning the financial statements

PLN	01.01.2021 - 31.03.2021	01.01.2020 - 31.12.2020	01.01.2020- 31.03.2020 Restated	% (A-B)/B
	A		B	C
Net interest income	670 178	2 848 726	776 884	-13.7%
Net fee and commission income	177 710	635 846	135 171	31.5%
Trading result & other	43 474	60 916	38 135	14.0%
Net expected credit losses, impairment allowances and write-downs	-243 962	-1 866 293	-294 846	-17.3%
General administrative expenses	-417 941	-1 664 842	-481 591	-13.2%
Gross profit/loss	170 844	-206 450	119 635	42.8%
Net profit/loss	108 094	-311 233	72 131	49.9%
Net cash flow	-296 335	1 080 774	581 822	-150.9%
Loans and advances to customers	56 272 609	56 215 422	56 489 977	-0.4%
Amounts due to customers	68 621 716	66 875 907	64 596 016	6.2%
Equity	6 546 108	6 559 602	6 799 511	-3.7%
Total assets	79 880 618	78 642 032	76 489 432	4.4%
Selected ratios				
Profit/loss per ordinary share (PLN)	0.83	-2.38	0.55	49.9%
Capital adequacy ratio	15.27%	15.85%	15.52%	-1.6%
Tier 1	13.14%	13.55%	12.94%	1.5%

EUR	01.01.2021 - 31.03.2021	01.01.2020 - 31.12.2020	01.01.2020- 31.03.2020 Restated	% (A-B)/B
	A		B	C
Net interest income	146 580	636 701	176 713	-17.1%
Net fee and commission income	38 868	142 114	30 747	26.4%
Trading result & other	9 509	13 615	8 674	9.6%
Net expected credit losses, impairment allowances and write-downs	-53 359	-417 123	-67 067	-20.4%
General administrative expenses	-91 411	-372 098	-109 545	-16.6%
Gross profit/loss	37 367	-46 142	27 213	37.3%
Net profit/loss	23 642	-69 562	16 407	44.1%
Net cash flow	-64 814	241 557	132 344	-149.0%
Loans and advances to customers	12 074 890	12 181 551	12 409 107	-2.7%
Amounts due to customers	14 724 742	14 491 615	14 189 754	3.8%
Equity	1 404 654	1 421 427	1 493 643	-6.0%
Total assets	17 140 660	17 041 265	16 802 371	2.0%
Selected ratios				
Profit/loss per ordinary share (PLN)	0.18	-0.53	0.13	38.5%
Capital adequacy ratio	15.27%	15.85%	15.52%	-1.6%
Tier 1	13.14%	13.55%	12.94%	1.5%

Selected items of the financial statements were translated into EUR at the following exchange rates	31.03.2021	31.12.2020	31.03.2020
NBP's average exchange rate as at the end of the period	4.6603	4.6148	4.5523
NBP's average exchange rates as at the last day of each month	4.5721	4.4742	4.3963

Selected financial indicators

	31.03.2021	31.03.2020*	(A-B) [p.p]	(A-B)/B [%]
	A	B		
ROE	6.69%	4.29%	2.40	56.08%
ROA	0.55%	0.38%	0.17	46.04%
C/I	46.89%	50.68%	-3.80	-7.49%
CoR	1.59%	1.93%	-0.34	-17.80%
L/D	82.00%	87.45%	-5.45	-6.23%
NPL	13.81%	13.67%	0.14	1.02%
NPL coverage	54.45%	53.31%	1.14	2.14%
TCR	15.27%	15.52%	-0.25	-1.61%
TIER 1	13.14%	12.94%	0.20	1.55%

*restated data except TCR and TIER 1



**Interim condensed consolidated
financial statements
of the Alior Bank Spółka Akcyjna Group
for 3-month period ended 31 March 2021**

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

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Interim condensed consolidated income statement

	Note number	01.01.2021- 31.03.2021	01.01.2020 - 31.03.2020 Restated*
Interest income calculated using the effective interest method		682 536	937 951
Income of a similar nature		62 130	22 486
Interest expense		-74 488	-183 553
Net interest income	4	670 178	776 884
Fee and commission income		316 398	269 347
Fee and commission expense		-138 688	-134 176
Net fee and commission income	5	177 710	135 171
Dividend income		106	114
The result on financial assets measured at fair value through profit or loss and FX result	6	18 731	1 339
The result on derecognition of financial instruments not measured at fair value through profit or loss	7	174	29 261
measured at fair value through other comprehensive income		61	5 547
measured at amortized cost		113	23 714
Other operating income		47 087	41 615
Other operating expenses		-22 624	-34 194
Net other operating income and expenses	8	24 463	7 421
General administrative expenses	9	-417 941	-481 591
Net expected credit losses	10	-243 485	-296 153
The result on impairment of non-financial assets	11	-477	1 307
Banking tax	12	-58 615	-54 118
Gross profit/loss		170 844	119 635
Income tax	13	-62 750	-47 504
Net profit/loss		108 094	72 131
Net profit/loss attributable to equity holders of the parent		108 094	72 131
Net profit/loss attributable to non-controlling interests		0	0
Weighted average number of ordinary shares	14	130 553 991	130 553 991
Net profit/loss per share (PLN)	14	0.83	0.55
Diluted profit per ordinary share (PLN)		0.83	0.55

Interim condensed consolidated statement of comprehensive income

	01.01.2021- 31.03.2021	01.01.2020 - 31.03.2020 Restated*
Net profit/loss	108 094	72 131
Items that may be reclassified to the income statement after certain conditions are satisfied	-121 974	-9 684
Foreign currency translation differences	1 448	-1 232
Results of the measurement of financial assets (net)	7 545	-107 550
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	9 317	-132 777
Deferred tax	-1 772	25 227
Results on the measurement of hedging instruments (net)	-130 967	99 098
Gains/losses on hedging instruments	-161 688	122 343
Deferred tax	30 721	-23 245
Total comprehensive income. net	-13 880	62 447
- attributable to shareholders of the parent company	-13 880	62 447

*Details – Note 2.3

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

Interim condensed consolidated statement of financial position

ASSETS	Note number	31.03.2021	31.12.2020
Cash and cash equivalents	15	2 163 566	2 459 901
Amounts due from banks	16	400 453	508 371
Investment financial assets	17	17 367 267	15 744 672
measured at fair value through other comprehensive income		8 957 455	6 983 904
measured at fair value through profit or loss		474 097	594 926
measured at amortized cost		7 935 715	8 165 842
Derivative hedging instruments		217 660	334 977
Loans and advances to customers	18	56 272 609	56 215 422
Assets pledged as collateral	20	558 864	446 455
Property, plant and equipment		693 720	702 381
Intangible assets		420 568	425 109
Investments in associates		0	5 333
Non-current assets held for sale		28	3
Income tax asset	13	1 232 264	1 218 282
deferred income tax asset		85 562	59 572
current income tax asset		1 146 702	1 158 710
Other assets	19	553 619	581 126
TOTAL ASSETS		79 880 618	78 642 032

LIABILITIES AND EQUITY	Note number	31.03.2021	31.12.2020
Amounts due to banks	21	827 283	912 407
Amounts due to customers	22	68 621 716	66 875 907
Financial liabilities	25	256 596	501 880
Derivative hedging instruments		137 665	86 162
Provisions	23	310 779	336 560
Other liabilities	24	1 572 238	1 569 867
Income tax liabilities		3 091	6 685
current income tax liabilities		2 357	6 046
deferred income tax liabilities		734	639
Subordinated liabilities	26	1 605 142	1 792 962
Total liabilities		73 334 510	72 082 430
Share capital		1 305 540	1 305 540
Supplementary capital		5 399 627	5 399 627
Revaluation reserve		93 908	217 330
Other reserves		161 792	161 792
Foreign currency translation differences		-172	-1 620
Accumulated losses		-522 681	-211 834
Profit/loss for the period		108 094	-311 233
Equity		6 546 108	6 559 602
TOTAL LIABILITIES AND EQUITY		79 880 618	78 642 032

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

Interim condensed consolidated statement of changes in consolidated equity

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
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:	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
31 March 2021	1 305 540	5 399 627	161 792	93 908	-172	-414 587	6 546 108

01.01.2020 - 31.12.2020	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
1 January 2020	1 305 540	5 393 358	166 850	76 404	605	-205 389	6 737 368
Transfer of last year's profit	0	6 269	0	0	0	-6 269	0
Comprehensive income	0	0	0	140 926	-2 225	-311 233	-172 532
net loss	0	0	0	0	0	-311 233	-311 233
other comprehensive income:	0	0	0	140 926	-2 225	0	138 701
incl. financial assets measured at fair value through other comprehensive income	0	0	0	25 755	0	0	25 755
incl. hedging instruments	0	0	0	115 171	0	0	115 171
incl. currency translation differences	0	0	0	0	-2 225	0	-2 225
Other changes in equity	0	0	-5 058	0	0	-176	-5 234
31 December 2020	1 305 540	5 399 627	161 792	217 330	-1 620	-523 067	6 559 602

01.01.2020 - 31.03.2020 Restated*	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
1 January 2020 (Presented)	1 305 540	5 393 358	166 850	76 404	605	-183 692	6 759 065
Impact of error's correction	0	0	0	0	0	-21 697	-21 697
1 January 2020 (Restated)	1 305 540	5 393 358	166 850	76 404	605	-205 389	6 737 368
Comprehensive income	0	0	0	-8 452	-1 232	72 131	62 447
net profit	0	0	0	0	0	72 131	72 131
other comprehensive income:	0	0	0	-8 452	-1 232	0	-9 684
inc. measured at fair value through other comprehensive income	0	0	0	-107 550	0	0	-107 550
incl. hedging instruments	0	0	0	99 098	0	0	99 098
incl. currency translation differences	0	0	0	0	-1 232	0	-1 232
Other changes in equity	0	0	0	0	0	-304	-304
31 March 2020 (Restated)	1 305 540	5 393 358	166 850	67 952	-627	-133 562	6 799 511

*Details – Note 2.3

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

Interim condensed consolidated statement of cash flows

	01.01.2021- 31.03.2021	01.01.2020 -31.03.2020 Restated*
Operating activities		
Profit/loss before tax for the year	170 844	119 635
Adjustments:	58 560	62 126
Unrealized foreign exchange gains/losses	1 702	656
Amortization/depreciation of property, plant and equipment and intangible assets	55 717	60 867
Change in property, plant and equipment and intangible assets impairment write-down	477	-1 307
Dividends	-106	-114
Short-term lease contracts	770	2 024
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	229 404	181 761
Change in loans and receivables	50 731	-708 651
Change in financial assets measured at fair value through other comprehensive income	-1 973 551	1 315 547
Change in financial assets measured at fair value through profit or loss	120 829	-87 241
Change in financial assets measured at amortised cost	230 127	372 862
Change in assets pledged as collateral	-112 409	-2 923
Change in derivative hedging assets	117 317	-158 090
Change in non-current assets held for sale	-25	-7
Change in other assets	27 507	20 927
Change in deposits	1 478 053	-307 341
Change in own issue	-110 268	-135 372
Change in financial liabilities	-245 284	-5 094
Change in hedging liabilities derivative	51 503	36 869
Change in other liabilities and other comprehensive income	159 163	254 895
Change in provisions	-25 781	-105 584
Cash from operating activities before income tax	-2 684	672 558
Income tax paid	-39 489	-21 003
Net cash flow from operating activities	-42 172	651 555
Investing activities		
Outflows:	-32 321	-34 986
Purchase of property, plant and equipment	-19 756	-16 769
Purchase of intangible assets	-12 565	-18 217
Inflows:	5 624	308
Disposal of property, plant and equipment	291	308
Disposal of shares in subsidiaries / associates, net of acquired cash	5 333	0
Net cash flow from investing activities	-26 697	-34 679
Financing activities		
Outflows:	-227 465	-35 054
Principle payments – subordinated liabilities	-192 950	0
Interest payments – subordinated liabilities	-10 334	-14 311
Principle payments - lease liabilities	-23 782	-19 942
Interest payments - lease liabilities	-400	-801
Inflows:	0	0
Inflows from share issue	0	0
Net cash flow from financing activities	-227 465	-35 054
Total net cash flow	-296 335	581 822
incl. exchange gains/(losses)	36 280	39 066
Balance sheet change in cash and cash equivalents	-296 335	581 822
Cash and cash equivalents, opening balance	2 459 901	1 379 127
Cash and cash equivalents, closing balance	2 163 566	1 960 949
Additional disclosures on operating cash flows		
Interests received	791 537	879 829
Interests paid	-113 539	-189 740

*Details – Note 2.3

The notes presented on pages 10-54 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 preparation date of the annual financial report. ie from 25 February 2021.

As at 31 March 2021, 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
31.03.2021					
PZU Group	41 658 850	416 588 500	31,91%	41 658 850	31,91%
Aviva OFE Aviva Santander	9 467 180	94 671 800	7,25%	9 467 180	7,25%
Nationale-Nederlanden OFE	12 656 361	126 563 610	9,69%	12 656 361	9,69%
Others	66 771 600	667 716 000	51,15%	66 771 600	51,15%
Total	130 553 991	1 305 539 910	100%	130 553 991	100%

As at the preparation date of this report, i.e. on 27 April 2021, 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 2020, there were no changes in the composition of the Bank's Management Board.

On 4 March 2021, the Supervisory Board of the Bank adopted a resolution on the appointment of Ms. Iwona Duda, the current Vice-President of the Management Board, to the position of the President of the Bank's Management Board of the 5th joint term of office, which began on 30 June 2020.

On 17 March 2021, the Supervisory Board of the Bank adopted a resolution on delegating Mr. Mikołaj Jerzy Handschke, Member of the Bank's Supervisory Board, for the period from 21 March 2021 to 20 June 2021 - subject to the possibility of early termination of the delegation - the activities of the Vice-President of the Management Board responsible for the area of finance.

As at 31 March 2021 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
Iwona Duda	President of the Management Board
Maciej Brzozowski	Vice President of the Management Board
Mikołaj Handschke	delegated Member of the Supervisory Board, to perform the duties of the Vice-President of the Management Board responsible for financial area
Seweryn Kowalczyk	Vice President of the Management Board
Agata Strzelecka	Vice President of the Management Board
Dariusz Szwed	Vice President of the Management Board

Members of the Bank's Management Board who held shares in the Bank as at 31 March 2021 and as at the date of preparation date of financial statements:

Number of shares	27.04.2021	31.03.2021	31.12.2020
Agata Strzelecka	1 500	1 500	1 500
Dariusz Szwed	4 600	4 600	4 600
Total	6 100	6 100	6 100

In comparison to the annual reporting period ended on 31 December 2020, there were no changes in the composition of the Bank's Supervisory Board.

As of 31 March 2021, and the date of this report the composition of the Bank's Supervisory Board was as follows:

First and last name	Function
Aleksandra Agatowska	- Chairman of the Supervisory Board
Ernest Bejda	- Deputy Chairperson of the Supervisory Board
Mikołaj Handschke	- Member of the Supervisory Board
Artur Kucharski	- Member of the Supervisory Board
Wojciech Myślecki	- Member of the Supervisory Board

First and last name	Function
Marek Pietrzak	- Member of the Supervisory Board
Robert Pusz	- Member of the Supervisory Board

In accordance with the Bank's best knowledge there was no change in the number of shares held by the Members of Supervisory Board starting from the date of preparation of the annual financial statements, ie from 25 February 2021. As of 31 March 2021, 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 2021 and as at the date of preparation date of financial statements was as follows:

Company's name - subsidiaries	27.04.2021	31.03.2021	31.12.2020
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- <i>Serwis Ubezpieczeniowy sp. z o.o.</i>	100%	100%	100%
- <i>NewCommerce Services sp. z o.o.</i>	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%
- <i>PayPo sp. z o.o.**</i>	-	-	20%
RBL_VC sp. z o.o.	100%	100%	100%
RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna	100%	100%	100%
Harberton sp. z o.o. in liquidation*	100%	100%	100%

*On 1 February 2021, the extraordinary general meeting of shareholders adopted a resolution to dissolve Harberton sp. z o.o. based in Warsaw and commencement of liquidation. The opening of the liquidation was registered with the National Court Register on 25 February 2021. According to the adopted schedule, the liquidation of the company should be completed by the end of October 2021.

**On 7 January 2021, Corsham sp. z o.o. has sold its shares in PayPo sp. z o.o. to the other shareholders of PayPo sp. z o.o.

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 27 April 2021.

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 2021 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 2020.

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 2021 to 31 March 2021 and interim condensed consolidated statement of financial position as at 31 March 2021 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 2020, except for the changes in the standards that entered into force on 1 January 2021 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 2021.

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 COVID-19 pandemic, on the macroeconomic situation and its own operations. Financial plans prepared by the Management Board, taking into account the indicated factors, ruled out that the Bank would experience resource shortages and, consequently, would have to consider discontinuing or significantly limiting its operations.

In the Management Board's opinion, the measures taken against the outbreak of the COVID-19 pandemic and other risks are adequate and sufficient to continue the operations of the Alior Bank SA Group 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 18 – 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 most recent data on the complaints coming to the Bank regarding the reimbursement of credit costs, as well as the amount of the refund. Therefore, in the first quarter of 2021, the Alior Bank SA Group did not update the value of the estimated amount of expected payments resulting from prepayments of consumer loans.

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 28 – Fair value hierarchy and have not changed from the principles presented in the financial statements prepared as at 31 December 2020.

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 2020 published on Alior Bank's website on 26 February 2021.

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 2020 and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 1 January 2021 mentioned below:

Change	Impact on the Group's report
Reform of interest rate benchmarks - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	The impact of the changes is described in notes 21 and 41 presented in the annual consolidated financial statements of the Group for 2020.
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19	The amendment extends the period of exemption from the application of IFRS 9 to annual reporting periods beginning on 1 January 2023. The implementation of the amendment will not have an 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 2020. In the first quarter of 2021, the following changes to the accounting standards were published:

Change	Impact on the Group's report
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting	Clarify how accounting policies and accounting estimates relate to each other, by explaining that accounting estimates are used in applying accounting policies. The implementation of the amendment will not have an impact on the financial statements of the Group.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	Require entities to disclose their material accounting policies rather than their significant accounting policies. The implementation of the amendment will not have an impact on the financial statements of the Group.

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

As a result of the review of the operation of the "relative fair value" model, it was found that one of the model parameters was incorrectly calibrated since 2012. This error resulted in the incorrect allocation of remuneration from the distribution of insurance products offered in conjunction with mortgage loans, and as a result, incorrect and in an incorrect amount presentation of the results: interest, commission and fees, gross and net results and the Group's balance sheet totals.

The above-mentioned change is described in the annual consolidated financial statements of the Alior Bank Group published on 26 February 2021 in Note 4.2.

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

Income statement	01.01.2020 -31.03.2020 Presented	Change	01.01.2020 -31.03.2020 Restated
Interest income calculated using the effective interest method	937 091	860	937 951
Fee and commission income	271 570	-2 223	269 347
Gross profit	120 998	-1 363	119 635
Income tax	-47 763	259	-47 504
Net profit	73 235	-1 104	72 131

Comprehensive income	01.01.2020 -31.03.2020 Presented	Change	01.01.2020 -31.03.2020 Restated
Net profit	73 235	-1 104	72 131
Total comprehensive income, net	63 551	-1 104	62 447

Changes in equity	31.03.2020 Presented	Change	31.03.2020 Restated
Equity at the beginning of the period	6 759 065	-21 697	6 737 368
Profit for the year	73 235	-1 104	72 131
Equity at the end of the period	6 822 312	-22 801	6 799 511

Cash flow	01.01.2020 -31.03.2020 Presented	Change	01.01.2020 -31.03.2020 Restated
Profit before tax for the year	120 998	-1 363	119 635
Change in loans and receivables	-710 014	1 363	-708 651

Profit per share	01.01.2020 -31.03.2020 Presented	Change	01.01.2020 -31.03.2020 Restated
Net profit	73 235	-1 104	72 131
Net earnings per ordinary share (PLN)	0.56	-0.01	0.55
Diluted earnings per one share	0.56	-0.01	0.55

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;
- business segment;
- treasury activities;

The core products for natural persons 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 business 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 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
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	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

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total
Total result after expected credit losses and impairment	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						-55 717
Assets	49 973 793	28 674 561	0	78 648 354	1 232 264	79 880 618
Liabilities	49 992 738	23 338 681	0	73 331 419	3 091	73 334 510

Results and volumes split by segment for the three months ended 31 March 2020*

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	442 614	283 052	51 218	776 884	0	776 884
external income	555 446	303 852	78 653	937 951	0	937 951
income of a similar nature	0	0	22 486	22 486	0	22 486
external expense	-112 832	-20 800	-49 921	-183 553	0	-183 553
Internal interest income	26 434	-68 784	42 350	0	0	0
internal income	263 746	83 229	389 325	736 300	0	736 300
internal expense	-237 312	-152 013	-346 975	-736 300	0	-736 300
Net interest income	469 048	214 268	93 568	776 884	0	776 884
Fee and commission income	108 053	186 091	-24 797	269 347	0	269 347
Fee and commission expense	-51 458	-81 401	-1 317	-134 176	0	-134 176
Net fee and commission income	56 595	104 690	-26 114	135 171	0	135 171
Dividend income	0	0	114	114	0	114
The result on financial assets measured at fair value through profit or loss and FX result	1 058	10 111	-9 830	1 339	0	1 339
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	29 261	29 261	0	29 261
measured at fair value through other comprehensive income	0	0	5 547	5 547	0	5 547
measured at amortized cost	0	0	23 714	23 714	0	23 714
Other operating income	31 428	10 187	0	41 615	0	41 615
Other operating expenses	-16 651	-17 543	0	-34 194	0	-34 194
Net other operating income	14 777	-7 356	0	7 421	0	7 421
Total result before expected credit losses	541 478	321 713	86 999	950 190	0	950 190
Net expected credit losses	-144 978	-151 175	0	-296 153	0	-296 153
The result on impairment of non-financial assets	0	0	0	0	1 307	1 307
Total result after expected credit losses and impairment	396 500	170 538	86 999	654 037	1 307	655 344
General administrative expenses	-348 012	-187 697	0	-535 709	0	-535 709
Gross profit	48 488	-17 159	86 999	118 328	1 307	119 635
Income tax	0	0	0	0	-47 504	-47 504
Net profit	48 488	-17 159	86 999	118 328	-46 197	72 131
Depreciation	0	0	0	0	0	-60 867
Assets	44 888 609	30 456 071	0	75 344 680	1 144 752	76 489 432

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
Liabilities	50 326 241	19 353 513	0	69 679 754	10 167	69 689 921

*Details at Note 2.3

Notes to the interim condensed consolidated income statement

4 Net interest income

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020 Restated*
Interest income calculated using the effective interest method	682 536	937 951
term deposits	16	78
Loans, incl:	608 110	809 522
<i>reimbursement of credit cost (TSUE provision)</i>	-61 278	-63 574
<i>modification of a financial asset deemed not significant</i>	-2 143	45
financial assets measured at amortized cost	16 319	27 168
financial assets measured at fair value through other comprehensive income	3 906	43 401
receivables acquired	5 263	3 952
repo transactions in securities	32	877
current accounts	-93	2 772
overnight deposits	73	207
leasing	37 605	39 067
other	11 305	10 907
Income of a similar nature	62 130	22 486
derivatives instruments	62 130	22 486
Interest expense	-74 488	-183 553
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-31 824	-109 269
term deposits	-11 091	-68 715
own issue	-19 124	-30 307
repo transactions in securities	-20	-4 685
cash deposits	-574	-739
leasing	-400	-801
other	-615	-4 022
Other interest expense	-42 664	-74 284
current deposits	-6 461	-63 836
derivatives	-36 203	-10 448
Net interest income	670 178	776 884

*Details at Note 2.3

5 Net fee and commission income

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020 Restated*
Fee and commission income	316 398	269 347
payment and credit cards service	100 429	85 160
transaction margin on currency exchange transactions	53 270	48 546
maintaining bank accounts	26 981	24 217
brokerage commissions	16 160	10 758
revenue from bancassurance activity	25 421	22 480
loans and advances	35 434	29 690

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020 Restated*
transfers	12 787	11 582
cash operations	8 539	7 581
guarantees, letters of credit, collection, commitments	3 079	2 673
receivables acquired	892	1 214
for custody services	2 386	2 375
repayment of seizure	1 453	1 404
from leasing activities	16 864	13 261
other commissions	12 703	8 406
Fee and commission expenses	-138 688	-134 176
costs of card and ATM transactions, including costs of cards issued	-90 729	-81 459
commissions paid to agents	-14 194	-16 150
insurance of bank products	-3 270	-3 789
costs of awards for customers	-4 012	-4 748
commissions for access to ATMs	-3 767	-5 994
commissions paid under contracts for performing specific operations	-4 948	-6 324
brokerage commissions	-1 980	-945
for custody services	-45	-25
transfers and remittances	-5 303	-5 416
other commissions	-10 440	-9 326
Net fee and commission income	177 710	135 171

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

01.01.2020 - 31.03.2020 Restated*	Retail customers	Business customers	Treasury	Total
Fee and commission income	108 053	186 091	-24 797	269 347
payment and credit cards service	23 192	61 968	0	85 160
transaction margin on currency exchange transactions	37 850	36 391	-25 695	48 546
maintaining bank accounts	11 047	13 170	0	24 217
brokerage commissions	10 758	0	0	10 758

01.01.2020 - 31.03.2020 Restated*	Retail customers	Business customers	Treasury	Total
revenue from bancassurance activity	10 642	11 838	0	22 480
loans and advances	4 183	25 507	0	29 690
transfers	3 073	8 509	0	11 582
cash operations	3 945	3 636	0	7 581
guarantees, letters of credit, collection, commitments	2	2 671	0	2 673
receivables acquired	0	1 214	0	1 214
custody services	0	2 375	0	2 375
repayment of seizure	0	1 404	0	1 404
from leasing activities	0	13 261	0	13 261
other commissions	3 361	4 147	898	8 406

*Details at Note 2.3

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

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
FX result and net income on currency derivatives, including;	19 406	18 966
fx result	-180 572	-151 372
currency derivatives	199 978	170 338
Interest rate transacions	3 773	-10 889
Ineffective part of hedge accounting	-2 898	997
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)	-1 550	-7 735
The result on financial assets measured at fair value through profit or loss and FX result	18 731	1 339

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

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Financial assets measured at fair value through other comprehensive income	61	5 547
Financial assets measured at amortized cost	113	23 714
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	174	29 261

8 Result on other operating income and expense

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Other operating income from:	47 087	41 615
income from contracts with business partners	12 320	11 526
reimbursement of costs of claim enforcement	6 104	8 462
received compensations, recoveries, penalties and fines	177	499
management of third-party assets	5 117	4 908
from license fees from Partners	0	794
reversal of impairment losses on other assets	5 790	0
other	17 579	15 426
Other operating expenses due to:	-22 624	-34 194

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
fees and costs of claim enforcement	-15 797	-22 008
paid compensations, fines, and penalties	-531	-788
management of third-party assets	-481	-355
recognition of complaints	-559	-931
impairment losses on other assets	-1 971	-3 767
due to VAT settlement	-1 744	-1 832
other	-1 541	-4 513
Net other operating income and expense	24 463	7 421

9 General administrative expenses

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Payroll costs	-215 109	-233 928
remuneration due to employment contracts	-175 176	-190 851
remuneration surcharges	-37 073	-40 384
costs of bonus for senior executives settled in phantom shares	-780	-354
other	-2 080	-2 339
General and administrative costs	-140 775	-180 707
lease and building maintenance expenses	-16 787	-14 552
costs of Banking Guarantee Fund	-62 868	-88 599
IT costs	-29 840	-24 549
marketing costs	-4 312	-11 741
cost of advisory services	-2 017	-6 044
external services	-5 393	-7 922
training costs	-834	-2 407
costs of telecommunications services	-6 702	-5 826
costs of lease of property, plant and equipment and intangible assets	-770	-2 024
other	-11 252	-17 043
Amortization and depreciation	-55 717	-60 867
property, plant and equipment	-18 776	-19 966
intangible assets	-14 771	-17 169
right to use the asset	-22 170	-23 732
Taxes and fees	-6 340	-6 089
Total general administrative expenses	-417 941	-481 591

10 Net expected credit losses

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Expected credit losses Stage 3	-395 036	-264 994
retail customers	-213 412	-153 663
business customers	-181 624	-111 331
Expected credit losses Stage 1 and 2(ECL)	129 991	-13 704
Stage 2	97 755	2 023
retail customers	64 779	14 009
business customers	32 976	-11 986
Stage 1	32 236	-15 727
retail customers	30 729	-10 858

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
business customers	1 507	-4 869
POCI	3 205	-6 287
Recoveries from off-balance sheet	19 706	11 690
Investment securities	-381	-1 582
Off-balance provisions	-970	-21 276
Net expected credit losses	-243 485	-296 153

11 The result on impairment of non-financial assets

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Property, plant and equipment and intangible assets	-502	1 307
Non-current assets held for sale	25	0
Total	-477	1 307

12 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.

13 Income tax

13.1 Tax charge disclosed in the profit and loss account

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020 Restated*
Current tax	21 402	5 342
Deferred income tax	41 348	42 162
Accounting tax recognized in the income statement	62 750	47 504

13.2 Effective tax rate calculation

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020 Restated*
Gross profit	170 844	119 635
Income tax at 19%	32 460	22 731
Non-tax-deductible expenses (tax effect)	31 927	31 038
Representations costs	31	62
Impairment losses on loans not deductible for tax purposes	7 517	2 043
Prudential fee to BGF	11 945	16 834
Tax on Certain Financial Institutions	11 137	10 282

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020 Restated*
Donations	0	61
Other	1 297	1 756
Non-taxable income (tax effect)	-989	-32
Recognition of tax loss	-311	-283
Other	-337	-5 950
Accounting tax recognized in the income statement	62 750	47 504

*Details at Note 2.3

14 Profit per share

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020 Restated*
Net profit/loss	108 094	72 131
Weighted average number of ordinary shares	130 553 991	130 553 991
Share options (number) - adjusting instrument	0	543 725
Adjusted weighted average number of shares	130 553 991	131 097 716
Net profit per ordinary share (PLN)	0.83	0.55
Diluted profit per share (PLN)	0.83	0.55

*Details at Note 2.3

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 2021, the Group did not have dilutive instruments.

The number of warrants as at 31 March 2020:

Series of warrants	The number of warrants as at 31.12. 2019	The number of warrants executed during 2020	Warrants expired in 2020	The number of warrants as at 31.03.2020
C	543 725	0	0	543 725

Notes to the interim condensed consolidated statement of financial position

15 Cash and ash equivalents

15.1 Financial data

	31.03.2021	31.12.2020
Current account with the central bank	609 468	892 836
Overnight	0	54 980
Cash	719 148	627 327
Current accounts in other banks	834 201	784 071
Term deposits in other banks	749	100 687
Cash and balances with central bank	2 163 566	2 459 901

16 Amounts due from banks

16.1 Financial data

Structure by type	31.03.2021	31.12.2020
Deposits as derivative transactions (ISDA) collateral	320 773	421 255
Other	79 680	87 116
Amounts due from banks	400 453	508 371

17 Investment financial assets

17.1 Financial data

	31.03.2021	31.12.2020
Financial assets	17 367 267	15 744 672
measured at fair value through other comprehensive income	8 957 455	6 983 904
measured at fair value through profit or loss	474 097	594 926
measured at amortized cost	7 935 715	8 165 842

17.2 Investment financial assets by type

measured at fair value through other comprehensive income	31.03.2021	31.12.2020
Debt instruments	8 885 551	6 908 521
issued by the State Treasury	6 626 651	5 545 235
T-bonds	6 626 651	5 545 235
issued by monetary institutions	2 205 755	1 307 294
eurobonds	22 011	21 786
money bills	2 099 988	1 199 973
bonds	83 756	85 535
issued by companies	53 145	55 992
bonds	53 145	55 992
Equity instruments	71 904	75 383
Total	8 957 455	6 983 904

measured at fair value through profit or loss	31.03.2021	31.12.2020
Debt instruments	21 069	138 729
issued by the State Treasury	5 626	123 480
T-bonds	5 626	123 480
issued by other financial institutions	5	4
bonds	5	4
issued by companies	15 438	15 245
bonds	15 438	15 245
Equity instruments	75 608	73 717
Derivative financial instruments	377 420	382 480
Interest rate transactions	114 339	171 719
SWAP	114 299	171 705

measured at fair value through profit or loss	31.03.2021	31.12.2020
Cap Floor Options	40	14
Foreign exchange transactions	197 517	148 135
FX Swap	60 937	22 702
FX forward	83 856	82 590
CIRS	26 442	12 720
FX options	26 282	30 123
Other options	62 525	59 711
Other instruments	3 039	2 915
Total	474 097	594 926

measured at amortized cost	31.03.2021	31.12.2020
Debt instruments	7 935 715	8 165 842
issued by the State Treasury	7 407 189	7 637 306
T-bonds	7 407 189	7 637 306
issued by other financial companies	528 526	528 536
bonds	528 526	528 536
Total	7 935 715	8 165 842

18 Loans and advances to customers

18.1 Quality and valuation of the loan portfolio in relation to COVID-19

18.1.1 Actions taken by the Bank in relation to credit portfolio management due to the COVID-19 pandemic

Changes applied to credit policies

The Group adapts its credit policies and processes to the current macroeconomic situation and the risks arising from it. The changes are aimed at supporting clients (including business activities by clients) while focusing on minimising the Bank's credit losses.

The main changes to business client policy include:

- implementation of payment moratoria (credit holidays),
- adding to the product offering liquidity loans guaranteed by Liquidity Guarantee Fund BGK,
- extending the scope of BGK de minimis guarantees for SME companies,
- active management of segment policy – separation and differentiation of funding acceptance criteria depending on the degree of specific industry exposure to the risks arising from the COVID-19 pandemic,

The main changes to retail customers policy include:

- PD and LGD parameters' assessment adjusted by expected recession impact for new commitments in the framework of credibility assessment and updated cut-off points accordingly,
- implementation of payment moratoria (credit holidays),
- stricter credit conditions for employees or economic operators in high-risk industries,
- a restrictive approach to financing customers whose only source of cash remains income from civil law contracts.

Assistance tools offered by the Bank

The Bank actively supports clients' liquidity offering both lending assistance tools as well as by participation in government support programmes.

The Bank's assistance tools include:

- payment moratoria (both sectoral and statutory)
- offering financing secured by guarantees of Bank Gospodarstwa Krajowego (BGK),
- participation in the interest rate subsidy scheme offered under Shield 4.0 by BGK
- intermediating and servicing applications for financing made available to micro and SME companies on the basis of agreements concluded with Polski Fundusz Rozwoju (PFR).

18.1.2 Loan portfolio quality

Key credit portfolio quality indicators as at 31 March 2021

As at 31 March 2021, the Bank does not observe negative impact of the environment on the quality of the loan portfolio. The share of 30-day overdue loans in regular portfolio as at 31 March 2021 was 0.81% compared to 1.45% observed as at 31 March 2020 (with an improvement of over 60 bps, ca. 30 bps will result from the implementation of new principles of default identification and reclassification of credit exposures).

According to the Bank, this situation is largely due to the scale of support that customers receive both in terms of payment moratoria and public-law assistance, therefore, it is temporary, depending on the duration of the aid measures. In the coming months, in the Bank's opinion, the macroeconomic situation may worsen, which may affect the debt servicing capacity of the clients / some of the Bank's clients.

Industry structure of commercial customers

An important limiting aspect the pandemic's impact on the quality of the Bank's commercial portfolio is its industry structure. The Bank conducts regular analyses on the exposure of specific industries to the current situation. These analyses essentially include the impact and results of lock-down, observations of customer business activity, prospects in the expected macroeconomic environment, the impact of changes in consumer sentiment, the impact of changes in global supply chains as well as the scale of public-legal-fiscal support and its fundamental impact on business support.

As a result of the above analyses, the Bank distinguishes the categories of industries in terms of exposure to the effects of COVID-19, which have a direct impact on the parameters of credit policy:

- sectors most affected by the crisis (including, among others, shopping centers, passenger transport, hotels, restaurants, organisation of sporting and cultural events),
- industries at risk of crisis (including among others, goods transport, manufacture of clothing, textiles, wholesale and retail trade excluding the trade in necessities),
- industries affected to a slight extent or crisis resilient.

Retail client portfolio sensitivity to job loss risk

In its portfolio of retail clients, the Bank pays key attention to the risk of losing job by clients in light of the exposure to the effects of the pandemic. The key aspects to be taken into account are:

- source of income
- employment sector

- age
- credit holidays (conservatively transferred entirely to the category "Very Sensitive")

18.1.3 Methodology for calculating the impact of the COVID-19 pandemic on expected credit losses

Impairment measurement methodology

The Bank does not make any changes to the methodology for quantifying impairment.

The methodology used adequately reflects the deterioration expected in connection with the COVID-19 pandemic, both in terms of asset classification and recognition of expected losses for stage1 (over the next 12 months) and stages 2 and 3 (life-time horizon).

The adjustments, due to the unique nature of the situation, origins and expected course of the crisis, require key parameters of credit risk in terms of the expected impact of forward-looking factors, including the probability of default of portfolio in the life-time horizon that affects the shape of the portfolio with a significant deterioration in credit quality since initial recognition, the risk of increased use of credit limits and the potential for recoverability, including the value of client repayment collateral and the sale of debt.

Macroeconomic scenarios

In order to estimate the impairment of credit exposures under COVID-19 pandemic environment, the Bank adopts 3 scenarios for the future macroeconomic situation.

- base, with a probability of 60%
- pessimistic, with a probability of 25%
- optimistic, with a probability of 15%

GDP and unemployment rates were selected as the main macroeconomic indicators. The choice of indicators was dictated by ensuring an adequate predictive capacity for the impact of the macroeconomic situation on risk parameters.

The scale of expert judgement

According to the Bank, the COVID-19 pandemic represents an unprecedented event and therefore there are significant restrictions on the appropriate benchmark for quantifying the expected deterioration of the macroeconomic situation and its impact on customer behaviour. Consequently, in the process of assessing the impairment, the Bank applies an increased, in comparison to previous periods, scale of expert judgement. Expert judgement used in the model is objectively applied by the use in the process, in accordance with the policy of management of models, of independent validation and dedicated decision levels in the form of the Models Risk Committee and the Management Board of the Bank.

Impairment indicators

Due to the COVID-19 pandemic, the Bank has not made any changes to the impairment recognition rules. A full catalogue of indicators is maintained and used, together with the materiality thresholds applied to date.

Classification forbearance

As regards the classification of forbearance, the Bank applies dedicated rules for the payment moratoria (credit holidays) offered to retail and business customers related to liquidity problems for customers.

As at 31 March 2021, the share of active payment moratoria in the regular loan portfolio amounts to approximately 0.8%.

With regard to moratoria offered under the sectoral consensus, the Bank applies the principles defined by the EBA in the document "Guidelines on statutory and non-statutory loan repayment moratoria applied in the face of the crisis caused by COVID-19" (EBA / GL / 2020/02) of 2 April 2020 (as amended). Pursuant to the guidelines, the Bank does not reclassify forbearance exposures for which sectoral or statutory payment moratoria have been applied, provided that the rules and requirements of these arrangements / regulations are met. For these exposures, however, all standard premises for the loss of value are used.

Additionally, with regard to the statutory moratoria offered to clients who have lost their source of income, the Bank reclassifies to the portfolio with evidence of impairment of the part of the portfolio for which irregular service is observed after the holiday ends or the risk of default is estimated. The methodology for assessing this risk is based on the observation of irregular payments of the exposure population that ended the moratoria period and correlating these observations with the behavioral assessment of customers before the pandemic period and setting an adequate cut-off point for this assessment, indicating the risk of irregular service. As a result, as at 31 March 2021, the Bank classified approximately 30% of the portfolio subject to statutory moratoria in the portfolio with indications.

Forward-looking factors

The Group carries out comprehensive analyses of the impact of the COVID-19 pandemic on key risk parameters in the scenarios envisaged. The analyses cover both quantitative and qualitative aspects and address legal, macroeconomic and social issues.

- **Probability of default**

As regards the estimation of the PD parameter, the Group carried out an in-depth analysis of the sensitivity of the quality of credit portfolios to the macroeconomic scenarios under consideration. In the scope of the Corporate segment, the Group:

- estimated the annual change in customer revenues across industries at an assumed GDP growth rate in 2020 and 2021,
- based on the received scale of revenue changes, simulated ratings of Business Clients were prepared, which is the basis for determining the scale of the growth of the PD parameter in the given macroeconomic scenario.

The adjustment process for the Corporate segment used a macro-economic model to determine annual changes in customer revenues across industries and internal PD rating models.

Within the scope of the Individual Retail segment, the sensitivity of individual groups of clients to the risk of losing their job was assessed taking into account the employment sector, the credit holiday granted, the type of employment and the age of the borrower. On the basis of an expert methodology identifying the vulnerability of groups of clients identified using the above dimensions and a statistical analysis showing the impact of changes in the unemployment rate in the national economy on the increase in portfolio risk, the scale of changes in the PD parameter for the retail portfolio was estimated.

- **Collaterals/LGD**

In the respect of collateral included in the valuation of impairments of credit exposures, the Group carried out a legal risk analysis (including legislative changes, court procedures) and other risks (including factors such as demand, economic environment, changes in investment and consumption trends) of the COVID-19 pandemic both in the short and long term horizon affecting both expected amounts and recovery times. Subsequently, on the basis of the available benchmarks and expert judgement, the Group estimated the expected decrease in the market value of collateral in the individual impairment scenarios used in the valuation. As a result, the Group confirmed that the forward-looking component used so far for the fall in collateral values for portfolio valuations fully safeguards the estimated risks arising from the COVID-19 pandemic for the entire loan portfolio.

For the remaining components that shape the level of loss, i.e. the recovery rate, the price conditions for the sale of debt, the recoverability component of the unsecured part, the Group carried out analyses including:

- an assessment of the sensitivity of the recovery rate in the cash loan portfolio to changes in the pace of GDP growth and the unemployment rate,
- a comparative analysis based on sectoral data on the extent to which companies/individual customers deteriorated as a result of the COVID-19 epidemic.

The above analyses led to the conclusion that:

- for a portfolio with a high cyclicity, which is a cash loan, a material adjustment of the recovery rate depending on the macroeconomic scenarios is needed and recognition of reduced liquidity and market depth in expected recoveries through disposal as well,
- for other portfolios with a lower cyclicity and an extended recovery process, we can expect a temporary decrease in recoveries resulting from the deterioration of debtors' situation, the materiality of this impact being dependent on the macroeconomic path adopted. In a situation of rapid return of macroeconomic values to the pre-epidemic state of COVID-19, this impact will only materialise through a different allocation of recoveries over time.

- **Utilization/EAD**

The Group conducts close monitoring and in-depth analyses of trends in the utilization of credit limits by retail and business customers during the pandemic period. Until 31 March 2021, the Group did not observe negative trends in terms of increased use of limits by customers. This counterintuitive trend for the downturn, according to the Group, is explained by: a lock-down period significantly affecting the reduction in the activity of both retail and economic clients, the use of payment moratoria by the financial sector and a wide stream of public-legal assistance positively affecting the liquidity situation of clients. In view of the risk of a negative trend after the period of cessation of aid tools, the Bank introduced in the valuation process a dedicated FLI component in terms of EAD for which an expert assumption of an increase in utilization during the deepest downturn phase was assumed.

18.1.4 New definition of default

As of 1 January 2021, the Group will introduce changes to the identification of impairment triggers (default) by meeting the requirements of the European Banking Authority (EBA) no. EBA / GL / 2016/07.

The Group, in accordance with Art. 178 sec. 1, second paragraph of Regulation (EU) No 575/2013:

- in the case of retail exposures, it will use the definition of default j at the level of individual credit instruments rather than for the total liabilities of the borrower (excluding arrears material for the entire relationship),
- for commercial exposures, it will use the default definition at obligor level.

The process of identifying defaults will be conducted in a centralized system and will cover all debtors of the Capital Group, whose assessment will be carried out according to uniform criteria.

The key change is the Group perceives the different rules for determining the overdue liability, where the continuity of material overdue (both in relative and absolute terms) is of fundamental importance.

For banking operations, as at the date of introducing the change, the Bank recognized an increase in the value of the portfolio with impairment triggers by approx. 1.4%.

The Group estimates that this change will not result in an additional long-term burden on the Group's financial result in the following reporting periods. In the transitional period, the reconstruction / recalibration of the valuation models to the new default definition, the Group allows for the application of expert adjustments to mitigate possible mismatch of risk measures.

18.1.5 Increase in expected credit losses as at 31 March 2021

As of 31 March 2021, due to the COVID-19 pandemic and as a result of the expected deterioration in the quality of the loan portfolio, the Bank maintains an increased level of expected loss provisions compared to the levels recognized in the period before COVID-19.

The level of loss allowances for exposures classified to Stage 1 and Stage 2 as at 31 March 2021 is approx. PLN 1.17 billion and is an increase of approx. 5% compared to the level maintained as at 31 March 2020.

The parameters of the key credit parameters of the regular portfolio are presented below:

Date	DPD 30+	PD	LGD	Stage 2 share in the regular portfolio
31.03.2020	1.45%	4.15%	29.30%	11.10%
31.03.2021	0.81%	4.41%	30.20%	12.70%

- Sensitivity of results to variability of assumptions

The Group considers the base scenario to be the dominant scenario. Below is presented the sensitivity of the expected loss estimates for individual risk parameters depending on the change in the probabilities assigned to individual macroeconomic scenarios (as estimated as at 31 December 2020):

Changing the probability of scenarios	Total amount	PD	LGD (def)
Increasing the probability of a pessimistic scenario by 5%	+5.9	+4.5	+1.4
Increasing the probability of an optimistic scenario by 5%	-4.6	-3.2	-1.4

18.2 Financial data (gross value, expected credit losses)

Loans granted to customers	31.03.2021			31.12.2020		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	36 702 350	-2 499 418	34 202 932	36 750 867	-2 857 250	33 893 617
Consumer loans	18 933 447	-2 328 879	16 604 568	19 459 830	-2 631 996	16 827 834
Loans for residential properties	13 866 219	-124 944	13 741 275	13 391 070	-176 938	13 214 132

Loans granted to customers	31.03.2021			31.12.2020		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Consumer finance loans	3 902 684	-45 595	3 857 089	3 899 967	-48 316	3 851 651
Corporate segment	25 353 111	-3 283 434	22 069 677	25 711 076	-3 389 271	22 321 805
Working capital loans	13 189 461	-2 094 616	11 094 845	11 929 897	-2 211 179	9 718 718
Investment loans	5 251 169	-606 171	4 644 998	7 178 009	-603 303	6 574 706
Other business loans	6 912 481	-582 647	6 329 834	6 603 170	-574 789	6 028 381
Total	62 055 461	-5 782 852	56 272 609	62 461 943	-6 246 521	56 215 422

Loans granted to customers	31.03.2021			31.12.2020		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	36 702 350	-2 499 418	34 202 932	36 750 867	-2 857 250	33 893 617
Stage 1	31 484 511	-333 647	31 150 864	31 012 809	-364 336	30 648 473
Stage 2	2 494 331	-385 618	2 108 713	2 676 064	-450 325	2 225 739
Stage 3	2 670 665	-1 758 827	911 838	2 996 225	-2 013 430	982 795
POCI	52 843	-21 326	31 517	65 769	-29 159	36 610
Corporate segment	25 353 111	-3 283 434	22 069 677	25 711 076	-3 389 271	22 321 805
Stage 1	14 715 703	-126 993	14 588 710	14 774 099	-128 464	14 645 635
Stage 2	4 759 101	-289 483	4 469 618	4 935 389	-322 301	4 613 088
Stage 3	5 687 050	-2 840 020	2 847 030	5 788 285	-2 891 251	2 897 034
POCI	191 257	-26 938	164 319	213 303	-47 255	166 048
Total	62 055 461	-5 782 852	56 272 609	62 461 943	-6 246 521	56 215 422

Loans and advances to customers by method of allowance calculation	31.03.2021			31.12.2020		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	8 357 715	-4 598 847	3 758 868	8 784 510	-4 904 681	3 879 829
individualised method	3 376 460	-1 481 300	1 895 160	3 451 651	-1 494 149	1 957 502
group method	4 981 255	-3 117 547	1 863 708	5 332 859	-3 410 532	1 922 327
Stage 2	7 253 432	-675 101	6 578 331	7 611 453	-772 626	6 838 827
Stage 1	46 200 214	-460 640	45 739 574	45 786 908	-492 800	45 294 108
POCI	244 100	-48 264	195 836	279 072	-76 414	202 658
Total	62 055 461	-5 782 852	56 272 609	62 461 943	-6 246 521	56 215 422

Loans and advances to customers – exposure of the Group to the credit risk	31.03.2021			31.12.2020		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	8 357 715	-4 598 847	3 758 868	8 784 510	-4 904 681	3 879 829
not overdue	1 492 285	-509 955	982 330	1 447 092	-383 715	1 063 377
overdue	6 865 430	-4 088 892	2 776 538	7 337 418	-4 520 966	2 816 452
Stage 1 and Stage 2	53 453 646	-1 135 741	52 317 905	53 398 361	-1 265 426	52 132 935
not overdue	50 198 177	-802 079	49 396 098	50 031 062	-846 322	49 184 740
overdue	3 255 469	-333 662	2 921 807	3 367 299	-419 104	2 948 195
POCI	244 100	-48 264	195 836	279 072	-76 414	202 658
Total	62 055 461	-5 782 852	56 272 609	62 461 943	-6 246 521	56 215 422

From 1 January to 31 March 2021 the Group sold loans with a total gross value amounting to PLN 402 511 thousand, while the impairment allowance recorded for this portfolio amounted to PLN 316 440 thousand. The impact of debt sales on the cost of risk in the first quarter of 2021 amounted to PLN (-) 7 556 thousand (loss).

From 1 January to 31 March 2021 the Group wrote off the financial assets amounted to PLN 482 770 thousand. The financial assets that are written off concerned both the loan portfolio of individual and business customers. The financial assets that are written off in 2021 in the amount of PLN 482 642 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 01.01.2021	45 786 908	7 611 453	8 784 510	279 072	62 461 943
New / purchased / granted financial assets	4 428 711	0	0	0	4 428 711
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	46 200 214	7 253 432	8 357 715	244 100	62 055 461
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	45 739 574	6 578 331	3 758 868	195 836	56 272 609

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Gross carrying amount as at 01.01.2020	46 359 985	6 025 882	8 572 241	335 419	61 293 527
New / purchased / granted financial assets	4 036 161	0	0	0	4 036 161
Changes in the level of credit risk, derecognition (other than write-offs): repayments, changes in the valuation, sale or expiry of an instrument	-2 634 152	-319 354	-67 456	-1 907	-3 022 870
Financial assets written down	0	-4	-133 033	-3 551	-136 588
Transfer to Stage 1	1 048 976	-1 028 748	-20 228	0	0
Transfer to Stage 2	-2 017 087	2 223 840	-206 753	0	0
Transfer to Stage 3	-202 091	-647 384	849 475	0	0
Gross carrying amount as at 31.03.2020	46 591 792	6 254 232	8 994 246	329 961	62 170 230
Expected credit losses					
Expected credit losses as at 01.01.2020	471 134	733 339	4 153 914	90 618	5 449 005
New / purchased / granted financial assets	77 649	0	0	0	77 649

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Changes in the level of credit risk, derecognition (other than write-offs); repayments, changes in the valuation, sale or expiry of an instrument	-150 996	134 341	298 772	8 070	290 187
Financial assets written down	0	-4	-133 033	-3 551	-136 588
Transfer to Stage 1	131 246	-124 931	-6 315	0	0
Transfer to Stage 2	-37 891	91 745	-53 854	0	0
Transfer to Stage 3	-6 121	-131 709	137 830	0	0
Expected credit losses as at 31.03.2020	485 021	702 781	4 397 314	95 137	5 680 253
Net carrying amount as at 31.03.2020	46 106 771	5 551 451	4 596 932	234 824	56 489 977

19 Other assets

19.1 Financial data

	31.03.2021	31.12.2020
Sundry debtors	466 453	539 396
Other settlements	357 507	390 041
Receivables related to sales of services (including insurance)	17 957	12 538
Guarantee deposits	15 287	15 272
Settlements due to cash in ATMs	75 702	121 545
Costs recognised over time	71 079	43 854
Maintenance and support of systems, servicing of plant and equipment	35 512	27 125
Other deferred costs	35 567	16 729
VAT settlements	74 610	62 743
Other assets (gross)	612 142	645 993
Write-down	-58 523	-64 867
Other assets (net)	553 619	581 126
including financial assets (gross)	466 453	539 396

Change in write-downs

	31.03.2021	31.03.2020
Open balance	64 867	68 543
Provisions recorded	1 971	3 767
Provisions released	-5 790	0
Assets written off from the balance sheet	-1 433	-1 338
Closing balance	-1 092	466
Closing balance	58 523	71 438

20 Assets pledged as collateral

20.1 Financial data

	31.03.2021	31.12.2020
Treasury bonds blocked for REPO transactions	428 016	108 915
Financial assets measured at amortised cost in the EIB	130 848	337 540
Total	558 864	446 455

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:

	31.03.2021	31.12.2020
Treasury bonds blocked with BGF	397 262	429 321
Deposits as derivative transactions (ISDA) collatera	320 778	421 255
Deposit as collateral of transactions performed in Alior Trader	551	238
Total	718 591	850 814

21 Amounts due to banks

21.1 Financial data

Structure by type	31.03.2021	31.12.2020
Current deposits	9 921	7 864
Overnights	200 000	184 592
Term deposits	9 295	9 751
Own bond issues	227 183	292 148
Received loan	114 317	121 196
Other liabilities	266 567	295 857
Repo	0	999
Total amounts due to banks	827 283	912 407

22 Amounts due to customers

22.1 Financial data

Structure by type and customer segment	31.03.2021	31.12.2020
Retail segment	46 903 018	45 702 199
Current deposits	38 781 717	37 173 915
Term deposits	6 851 821	7 222 055
Own issue of banking securities	1 039 805	1 085 210
Other liabilities	229 675	221 019
Corporate segment	21 718 698	21 173 708
Current deposits	16 944 259	16 424 096
Term deposits	4 039 460	4 336 147
Issue of the Bank's securities	2 552	2 450
Other liabilities	732 427	411 015
Total amounts due to customers	68 621 716	66 875 907

From 1 January to 31 March 2021 the Group issued own securities amounted to PLN 51 287 thousand and securities purchased before maturity amounted to PLN 81 953 thousand.

In 2020 the Group issued own securities amounted to PLN 188 963 thousand and securities purchased before maturity amounted to PLN 67 426 thousand.

23 Provisions

23.1 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 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	-2	0	154	0	0	152
As at 31 March 2021	44 942	5 822	173 184	2 747	84 084	310 779

	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 2020	49 822	9 498	67 549	4 446	227 554	358 869
Established provisions	1 510	33	43 788	0	0	45 331
Reversal of provisions	-1	0	-22 512	0	0	-22 513
Utilized provisions	-10 866	-157	0	-765	-113 368	-125 156
Other changes	-2	0	576	0	0	574
As at 31 March 2020	40 463	9 374	89 401	3 681	114 186	257 105

The restructuring provision is dedicated for payments of statutory severance bonuses in connection with employment terminations under group redundancies for the so-called additional compensation arising from the arrangement concluded with the trade unions and the provision for costs related to the restructuring of the branch network and abandoning franchise facilities in too close proximity (it includes the costs of compensation and expenses related to the physical abandonment of the facility and returning it to its original state).

The restructuring program was announced by the Bank and its implementation started in December 2016. Moreover, in connection with the acquisition of SKOK Jaworzno, the Bank recognized additional provisions for severance pay for employees and the expected costs of restructuring branches of the former SKOK.

Split of the restructuring provision as at 31.03.2021 is presented below:

	31.12.2020	utilisation	reversal	31.03.2021
Severance pay for employees	312	0	0	312
Reorganisation of the branch network	2 560	-125	0	2 435
Total	2 872	-125	0	2 747

24 Other liabilities

24.1 Financial data

	31.03.2021	31.12.2020
Interbank settlements	434 776	431 543
Taxes, customs duty, social and health insurance payables and other public settlements	41 212	33 379

	31.03.2021	31.12.2020
Settlements of payment cards	12 255	20 021
Other settlements, including <i>settlements with insurers</i>	224 609	214 237
Liability for reimbursement of credit costs	43 379	21 365
Settlements of issues of bank certificates of deposits	77 679	78 433
Liabilities due to contributions to the Bank Guarantee Fund	11 112	22 047
Accrued expenses	169 200	116 459
Income received in advance	125 645	154 524
Provision for bancassurance resignations	58 484	57 643
Provision for bonuses	28 869	24 363
Provision for unutilised annual leaves	41 633	27 406
Provision for bonuses settled in phantom shares	21 036	20 630
Provision for retention programs	871	91
Other employee provisions	265	265
Liabilities due to lease agreements	286	1 447
Other liabilities	285 878	286 055
Other liabilities	38 428	81 324
including financial liabilities	1 572 238	1 569 867
	749 319	744 234

25 Financial liabilities

25.1 Financial data

	31.03.2021	31.12.2020
Short sale of T-bonds	9 040	108 639
Interest rate transactions	125 677	184 386
SWAP	125 637	184 372
Opcje Cap Floor	40	14
Foreign exchange transactions	57 029	141 929
FX swap	3 560	57 412
FX forward	14 660	12 283
CIRS	15 815	44 406
Opcje FX	22 994	27 828
Other options	62 525	59 711
Other instruments	2 325	7 215
Financial liabilities	256 596	501 880

26 Subordinated liabilities

26.1 Financial data

	Nominal value in the currency (PLN '000)	Currency	Term	Interest	Status of liabilities	
					31.03.2021	31.12.2020
Series F bonds	321 700	PLN	26.09.2014-26.09.2024	WIBOR6M +3,14	321 880	324 608
Series G bonds	0	PLN	31.03.2015-31.03.2021	WIBOR6M +3,50	0	194 798
Series I and I1 bonds	183 350	PLN	04.12.2015-06.12.2021	WIBOR6M +3,35	185 484	183 857
Series B bonds (Meritum Bank)	67 200	PLN	29.04.2013-29.04.2021	WIBOR6M +5,80	68 909	67 884

	Nominal value in the currency (PLN '000)	Currency	Term	Interest	Status of liabilities	
					31.03.2021	31.12.2020
Series EUR001 bonds	10 000	EUR	04.02.2016-04.02.2022	LIBOR6M + 6,00	47 032	47 286
Series P1A bonds	150 000	PLN	27.04.2016-16.05.2022	WIBOR6M +3,25	151 957	150 663
Series P1B bonds	70 000	PLN	29.04.2016-16.05.2024	WIBOR6M +3,00	70 849	70 288
Series K and K1 bonds	600 000	PLN	20.10.2017-20.10.2025	WIBOR6M +2,70	607 902	603 540
Series P2A bonds	150 000	PLN	14.12.2017-29.12.2025	WIBOR6M +2,70	151 129	150 038
Subordinated liabilities					1 605 142	1 792 962

27 Off-balance sheet items

27.1 Financial data

	31.03.2021	31.12.2020
Granted off-balance liabilities	9 710 026	9 321 791
Concerning financing	8 941 236	8 528 951
Guarantees	768 790	792 840
Performance guarantees	472 649	490 443
Financial guarantees	296 141	302 397

28 Fair value hierarchy

28.1 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 2021, the sensitivity of changed measurement of those assets in the case of an increase of the credit spread by 1 basis point was PLN 25.8 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.

	Measurement method (techniques)	Material observable input data
SHARES VISA INC A SERIES PRIVILEGED	The current market value of listed Visa Inc. common stock including the haircut taking into account changes in the share price of Visa Inc	Market value of the listed ordinary shares of Visa Inc.
SHARES VISA INC C SERIES PRIVILEGED	The current market value of listed ordinary shares of Visa Inc. subject to the conversion ratio and discount, considering changing prices of the shares of Visa Inc.	Market value of the listed ordinary shares of Visa Inc.
SHARES PSP sp. z o.o.	Fair value estimation is based on the current value of the company's forecast results	Risk free rate
SHARES RUCH SA	Fair value estimation is based on the current value of the company's forecast results	Risk free rate

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

28.2 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.

31.03.2021	Level 1	Level 2	Level 3	Total
Investment financial assets				
Measured at fair value through profit and loss	5 626	314 895	153 576	474 097
SWAP	0	114 299	0	114 299
Cap Floor Ooptions	0	40	0	40
FX Swap	0	60 937	0	60 937
FX forward	0	83 856	0	83 856
CIRS	0	26 442	0	26 442
FX options	0	26 282	0	26 282
Other options	0	0	62 525	62 525
Other instruments	0	3 039	0	3 039
Financial derivatives	0	314 895	62 525	377 420
Treasury bonds	5 626	0	0	5 626
Other bonds	0	0	15 443	15 443
Equity instruments	0	0	75 608	75 608
Investments securities	5 626	0	91 051	96 677
Measured at fair value through other comprehensive income	6 732 418	2 099 988	125 049	8 957 455
Money bills	0	2 099 988	0	2 099 988
Treasury bonds	6 626 651	0	0	6 626 651
Other bonds	105 767	0	53 145	158 912
Equity instruments	0	0	71 904	71 904
Derivative hedging instruments	0	217 660	0	217 660
Interest rate transactions – SWAP	0	217 660	0	217 660

31.12.2020	Level 1	Level 2	Level 3	Total
Investment financial assets				
Measured at fair value through profit and loss	123 710	322 539	148 677	594 926

31.12.2020	Level 1	Level 2	Level 3	Total
SWAP	0	171 705	0	171 705
Cap Floor Ooptions	0	14	0	14
FX Swap	0	22 702	0	22 702
FX forward	0	82 590	0	82 590
CIRS	0	12 720	0	12 720
FX options	0	30 123	0	30 123
Other options	0	0	59 711	59 711
Other instruments	230	2 685	0	2 915
Financial derivatives	230	322 539	59 711	382 480
Treasury bonds	123 480	0	0	123 480
Other bonds	0	0	15 249	15 249
Equity instruments	0	0	73 717	73 717
Investments securities	123 480	0	88 966	212 446
Measured at fair value through other comprehensive income	5 652 556	1 199 973	131 375	6 983 904
Money bills	0	1 199 973	0	1 199 973
Treasury bonds	5 545 235	0	0	5 545 235
Other bonds	107 321	0	55 992	163 313
Equity instruments	0	0	75 383	75 383
Derivative hedging instruments	0	334 977	0	334 977
Interest rate transactions – SWAP	0	334 977	0	334 977

31.03.2021	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	9 360	184 711	62 525	256 596
Bonds	9 040	0	0	9 040
SWAP	0	125 637	0	125 637
Cap Floor Ooptions	0	40	0	40
FX Swap	0	3 560	0	3 560
FX forward	0	14 660	0	14 660
CIRS	0	15 815	0	15 815
FX options	0	22 994	0	22 994
Other options	0	0	62 525	62 525
Other instruments	320	2 005	0	2 325
Derivative hedging instruments	0	137 665	0	137 665
Interest rate swaps - IRS		137 665		137 665

31.12.2020	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	108 651	333 518	59 711	501 880
Bonds	108 639	0	0	108 639
SWAP	0	184 372	0	184 372
Cap Floor Ooptions	0	14	0	14
FX Swap	0	57 412	0	57 412
FX forward	0	12 283	0	12 283

31.12.2020	Level 1	Level 2	Level 3	Total
CIRS	0	44 406	0	44 406
FX options	0	27 828	0	27 828
Other options	0	0	59 711	59 711
Other instruments	12	7 203	0	7 215
Derivative hedging instruments	0	86 162	0	86 162
Interest rate swaps - IRS	0	86 162	0	86 162

Reconciliation of changes at level 3 of fair value hierarchy

	Assets		Liabilities	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Opening balance	280 052	264 337	59 711	68 289
Acquisitions	1 790	6 010	1 330	728
Net changes recognized in other comprehensive income	-3 559	-34	0	0
Net changes recognized in other comprehensive income	166	-37 208	2 107	-28 724
Currency differences	3 590	4 815	0	0
Settlement / redemption	-3 414	-8 236	-623	-6 512
Total	278 625	229 684	62 525	33 781

At the end of the first quarter of 2021 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 5 MM and for debt instruments measured at fair value through profit and loss account approx. amounted to PLN 1.2 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.

31.03.2021	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	2 163 566	1 328 616	834 950	0	2 163 566
Amount due from banks	400 453	0	400 453	0	400 453
Loans and advances to customers	56 272 609	0	0	54 205 597	54 205 597
Retail segment	34 202 932	0	0	32 768 103	32 768 103
Consumer loans	16 604 568	0	0	16 018 051	16 018 051
Loans for residential real estate	13 741 275	0	0	12 893 473	12 893 473
Consumer finance loans	3 857 089	0	0	3 856 579	3 856 579
Corporate segment	22 069 677	0	0	21 437 494	21 437 494
Working capital facility	11 094 845	0	0	10 943 523	10 943 523
Investment loans	4 644 998	0	0	4 480 136	4 480 136
Other	6 329 834	0	0	6 013 835	6 013 835
Assets pledged as collateral	558 864	560 679	0	0	560 679
Investment securities measured at amortized cost	7 935 715	7 985 232	0	0	7 985 232
Other financial assets	466 453	0	0	466 453	466 453
Liabilities					
Amounts due to banks	827 283	0	827 283	0	827 283
Current deposits	9 921	0	9 921	0	9 921

31.03.2021	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Overnights	200 000	0	200 000	0	200 000
Term deposits	9 295	0	9 295	0	9 295
Bonds issued	227 183	0	227 183	0	227 183
Credit received	114 317	0	114 317	0	114 317
Other liabilities	266 567	0	266 567	0	266 567
Amounts due to customers	68 621 716	0	0	68 663 157	68 663 157
Current deposits	55 725 976	0	0	55 725 976	55 725 976
Term deposits	10 891 281	0	0	10 891 281	10 891 281
Banking securities issued	1 042 357	0	0	1 083 798	1 083 798
Other liabilities	962 102	0	0	962 102	962 102
Other financial liabilities	749 319	0	0	749 319	749 319
Subordinated liabilities	1 605 142	0	0	1 605 142	1 605 142

31.12.2020	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	2 459 901	1 575 143	884 758	0	2 459 901
Amount due from banks	508 371	0	508 371	0	508 371
Loans and advances to customers	56 215 422	0	0	53 951 333	53 951 333
Retail segment	33 893 617	0	0	32 261 809	32 261 809
Consumer loans	16 827 834	0	0	16 021 777	16 021 777
Loans for residential real estate	13 214 132	0	0	12 400 139	12 400 139
Consumer finance loans	3 851 651	0	0	3 839 893	3 839 893
Corporate segment	22 321 805	0	0	21 689 524	21 689 524
Working capital facility	9 718 718	0	0	9 500 493	9 500 493
Investment loans	6 574 706	0	0	6 463 405	6 463 405
Other	6 028 381	0	0	5 725 626	5 725 626
Asstes pledged as collateral	446 455	450 625	0	0	450 625
Investment securities measured at amortized cost	8 165 842	8 219 082	0	0	8 219 082
Other financial assets	539 396	0	0	539 396	539 396
Liabilities					
Amounts due to banks	912 407	0	912 407	0	912 407
Current deposits	7 864	0	7 864	0	7 864
Overnights	184 592	0	184 592	0	184 592
Term deposits	9 751	0	9 751	0	9 751
Bonds issued	292 148	0	292 148	0	292 148
Credit received	121 196	0	121 196	0	121 196
Other liabilities	295 857	0	295 857	0	295 857
Repo	999	0	999	0	999
Amounts due to customers	66 875 907	0	0	66 918 629	66 918 629
Current deposits	53 598 011	0	0	53 598 011	53 598 011
Term deposits	11 558 202	0	0	11 558 202	11 558 202
Banking securities issued	1 087 660	0	0	1 130 382	1 130 382
Other liabilities	632 034	0	0	632 034	632 034
Other financial liabilities	744 234	0	0	744 234	744 234
Subordinated liabilities	1 792 962	0	0	1 792 962	1 792 962

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 Bank assumes that the fair value of customer and bank deposits and other financial liabilities maturing within 1 year is approximately equal to their carrying value. 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 Bank's own issues and subordinated loans. Determining the fair value of that group of liabilities, the Bank determines the present value on anticipated payments on the basis of present percentage curves and the original spread of the issue.

The Bank's own issues and subordinated loans have been fully classified as level 3 of fair value hierarchy due to the application of a measurement model with material non-observable input data, including the original spread of the issue above the market curve. With reference to issues and subordinated loans with residual maturities (or interest rate repricing) under 1 year, the carrying value adequately reflects the fair value of the instrument.

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.

29 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	31.03.2021	31.12.2020
Other assets	2 439	3 955
Total assets	2 439	3 955
Amounts due to customers	35	39
Other liabilities	1 641	288
Total liabilities	1 676	327

Subsidiaries of the parent company	31.03.2021	31.12.2020
Cash and cash equivalents	39 740	45 788
Amounts due to customers	76 360	61 894
Other assets	865	430
Total assets	116 965	108 112
Amounts due to customers	371 376	368 980
Provisions	8	40
Other liabilities	1 526	3 384
Total liabilities	372 910	372 404

Joint control by persons related to the Group	31.03.2021	31.12.2020
Loans and advances to customers	4 925	3
Total assets	4 925	3
Amounts due to customers	61 872	33 316
Provisions	12	0
Other liabilities	605	636
Total liabilities	62 489	33 952

Subsidiaries of the parent company	31.03.2021	31.12.2020
Off-balance liabilities granted to customers	11 872	25 496
Relating to financing	11 872	25 496

Joint control by persons related to the Group	31.03.2021	31.12.2020
Off-balance liabilities granted to customers	42 128	41 839
Relating to financing	42 068	2 267
Guarantees	60	39 572

Parent company	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Interest income calculated using the effective interest method	254	0
Fee and commission income	14 961	7
Fee and commission expense	-1 375	-700
Net other operating income and expenses	58	0
General administrative expenses	-1 058	-799
Total	12 840	-1 492

Subsidiaries of the parent company	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Interest income calculated using the effective interest method	13 287	8 745
Interest expenses	-2 492	-2 596
Fee and commission income	9 410	9 816
Fee and commission expense	-1	-1
The result on financial assets measured at fair value through profit or loss and FX result	0	-4
Net other operating income and expenses	171	0
General administrative expenses	-1 235	13
Net expected credit losses	31	0
Total	19 171	15 973

Joint control by persons related to the Group	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Interest income calculated using the effective interest method	24	0
Interest expense	0	-13
Fee and commission income	273	5
The result on financial assets measured at fair value through profit or loss and FX result	337	0
Net expected credit losses	-22	0
Total	612	-8

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	31.03.2021	31.12.2020
Investment financial assets	15 301 162	14 459 524

State Treasury and related entities	31.03.2021	31.12.2020
measured at fair value through other comprehensive income	6 785 563	5 796 987
measured at fair value through profit or loss	21 065	138 725
measured at amortized cost	8 494 534	8 523 812
Amounts due from banks	600	44
Loans and advances to customers	106 775	97 989
Total assets	15 408 537	14 557 557
Financial liabilities	9 040	108 639
Amounts due to banks	13 666	38 004
Amounts due to customers	680 068	552 749
Total liabilities	702 774	699 392

State Treasury and related entities	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Interest income calculated using the effective interest method	20 274	29 566
Interest expense	-48	-3 863
The costs of paid tax	-80 017	-59 460
Total	-59 791	-33 757

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

30 Benefits for the for senior executives

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

The Bank has a Remuneration Policy covering all employees. The Remuneration Policy is reviewed by the Nomination and Remuneration Committee and adopted by the Management Board and approved by the Supervisory Board. With respect to people in managerial positions who affect the risk profile, the Policy has been determined on the basis of the regulation of the Minister of Development and Finance of 6 March 2017 on the risk management and internal control system, the remuneration policy, and a detailed manner of internal capital estimation at banks.

Persons who influence the Risk Profile (MRT) are members of the Management Board, managing directors and persons identified on the basis of criteria defined in Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36 of the European Parliament and of the Council The EU with regard to regulatory technical standards in relation to qualitative and appropriate quantitative criteria for determining the categories of employees whose professional activities have a material impact on the institution's risk profile.

30.2 Financial data

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

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

31.03.2020	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	3	0	3
Total assets	3	0	3
Amounts due to customers	2 888	12	2 876
Total liabilities	2 888	12	2 876

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

31.03.2020	Supervising, managing persons	Supervisory Board	Bank's Management Board
Off-balance liabilities granted to customers	38	0	38
concerning financing	38	0	38

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 2021 recognized in the profit and loss account of the Group in this period amounted to PLN 3 590 thousand (in the period from 1 January to 31 March 2020 - PLN 3 859 thousand).

30.3 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;
- share subscription program as part of the management option scheme at Alior Leasing sp. o.o.

31 Legal claims

In the Bank's opinion, no single court, arbitration court or public administration body proceedings in progress during the first quarter of 2021, 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;
- case claimed by a client - a private individual - a representative of a group of 84 private individuals and corporate clients to determine the Bank's liability for damage. On 5 March 2018 class actions was filed against Alior Bank in determining the Bank's liability for damage caused by improper performance of information obligations by the Bank towards clients and improper performance of contracts for the

provision of services for the receipt and transfer of purchase or sale orders investment's certificates of investment funds previously managed by Fincrea TFI SA, and currently Raiffeisen Bank International AG (Joint Stock Company) Branch in Poland. The court decided to hear the case in collective proceedings. Alior Bank assumes that the probability of an outflow of funds under this lawsuit is estimated at less than 50%, thus as at 31 March 2021, the Bank did not create any provisions in respect of this claim. At the present stage, it is not possible to estimate the financial consequences for the Bank in the event of a different settlement by the court than assumed by the Bank.

Polish Financial Supervision Authority (PFSA) by decision of 6 August 2019 issued on the basis of art. 167 section 2 point 1 in connection with art. 167 section 1 point 1 of the Act on trading in financial instruments, imposed a fine on the Bank in the amount of PLN 10 000 000. The proceedings concerned the correct operation of Alior Bank and the Bank's Brokerage House in the scope of distribution of investment certificates of funds previously managed by Fincrea TFI SA 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 (WSA) issued a judgment in which it revoked the decision of the Polish Financial Supervision Authority (KNF) of 3 December 2019, upholding the earlier decision of the Polish Financial Supervision Authority of 6 August 2019 on the imposition of two fines on the Bank in the total amount of PLN 10 million and discontinued the proceedings conducted by the Polish Financial Supervision Authority in this case. The Polish Financial Supervision Authority (KNF) 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 359 931 thousand as at 31.03.2021 and PLN 354 899 thousand as at 31.12.2020. The value of provisions for disputed claims amounted to PLN 44 942 thousand as at the end of first quarter of 2021 and PLN 47 534 thousand as at the end of 2020.

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

On 26 June 2019, Alior Leasing sp. z o.o. received a lawsuit in which the dismissed by Supervisory Board on 20 December 2018 members of the Management Board claim for payment of compensation in the amount of PLN 0.6 MM.

The Management Board of Alior Leasing sp. o.o. is of the opinion that the above claim is unfounded and that there is a low risk being recognized it by the court.

In December 2020, the Bank and the leasing company received a summons from the former members of the Management Board of Alior Leasing sp. z o.o. to an ad hoc arbitration court at the Polish Chamber of Commerce in Warsaw for a management option scheme. As at the date of publication of this report, the Bank and the leasing company have not received a claim under the above-mentioned arbitration proceedings. In the opinion of the Bank and the leasing company, the probability of successfully obtaining a ruling obliging the claimants to pay compensation under the management option scheme is low. Due to the above circumstances justify not creating provisions in this respect 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.

32 Total capital adequacy ratio and Tier 1 ratio

As at 31 March 2021, 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 2021 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

	31.03.2021	31.12.2020
Total equity for the capital adequacy ratio	7 355 076	7 658 399
Tier I core capital (CET1)	6 329 616	6 545 217
Paid-up capital	1 305 540	1 305 540
Supplementary capital	5 395 195	5 395 195
Other reserves	174 448	174 448
Current year's reviewed by auditor	0	-318 975
Accumulated losses	-510 969	-192 483
Revaluation reserve – unrealised losses	-12 355	-12 553
Intangible assets measured at carrying value	-288 047	-304 819
Revaluation reserve – unrealised profit	80 928	72 517
Additional value adjustments - AVA	-10 111	-8 679
Other adjustments items (adjustments for IFRS 9, securitization, deferred tax assets)	194 987	435 026
Tier II capital	1 025 460	1 113 182
Subordinated liabilities	1 025 460	1 113 182
Capital requirements	3 852 458	3 865 246
Total capital requirements for the credit, counterparty risk, adjustment to credit measurement, dilution and deliver of instruments to be settled at a later date	3 531 048	3 535 303
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk	6 007	8 552
Capital requirement relating to the general interest rate risk	21 271	24 728
Total capital requirements for the operational risk	294 132	296 663
Tier 1 ratio	13.14%	13.55%
Total capital adequacy ratio	15.27%	15.85%

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 2021 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)	7 355 076	6 615 307
The total capital requirement	3 852 458	3 810 875
Total capital ratio	15.27%	13.89%
Financial leverage ratio	7.53%	6.70%

In order to limit the impact of the coronavirus pandemic on the economy, market regulators have adopted a number of modifications to regulations. They mainly include:

- Amendments to the Regulation No. 575/2013 of 26 June 2013 on prudential requirements for credit and financial institutions (with subsequent amendments) - CRR;
- Amendments to the Prudential Regulation 101/2016 (AVA);
- EBA guidelines for dealing with deferral programs;
- Additional measures taken by Polish financial market regulators to reduce the capital burden on banks and the regulatory burden - abolishing the systemic risk buffer and loosening regulatory requirements regarding the ratio. Minimum regulatory Tier 1 and TCR consolidated ratios for Alior Bank, after buffer abolition, are 8.5% and 10.5%, respectively, therefore the surplus of capital ratios over the regulatory minimum levels is 4.64 percentage points, respectively (approximately PLN 2.2 billion) and 4.77 percentage points (approximately PLN 2.3 billion).

On 28 April 2020, the European Commission proposed changes to the CRR, aimed at releasing additional capital to finance the crisis-affected economy. After consultations with the government and the financial sector as well as work in the European Parliament, the amendment was published on 26 June. It includes, among others:

- transitional period as regards risk weights for government and central bank exposures denominated in the currency of any EU Member State;
- transition for the recognition of unrealized gains and losses on securities valued through other comprehensive income issued by central governments and central banks;
- accelerating the implementation of the SME supporting factor;
- accelerate the implementation of the correction factor 0.75 to the risk weight for infrastructure exposures;
- modification of the transition period related to the implementation of IFRS 9. The changes include the possibility of applying a transition period and separating the dynamic part related to provisions established after 31 December 2019;
- changes to the treatment of software intangible assets.

The above changes have a positive effect on the values of the Group's capital ratios as at 31 March 2021.

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

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

During the first quarter of 2021 there were no material purchases or disposals of property, plant and equipment or of intangible assets. There is no significant liability for the purchase of property, plant and equipment.

34 Coverage of loss for 2020

Until the date of publication of this report, the General Meeting of Alior Bank Spółka Akcyjna has not adopted a resolution on the coverage of the loss for 2020.

35 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 2020 published on 26 February 2021 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 2021 and as at 31 December 2020 (PLN MM):

31.03.2021	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	3 009	3 599	2 229	4 131	6 200	15 374	19 629	39 028	93 199
Cash & Nostro	2 238	0	0	0	0	0	0	0	2 238
Amounts due from banks	0	0	0	0	0	0	0	321	321
Loans and advances to customers	765	830	2 213	3 318	5 226	8 122	15 055	33 794	69 323
Securities	0	2 766	10	805	959	7 227	4 540	1 505	17 812
Other assets	6	3	6	8	15	25	34	3 408	3 505
LIABILITIES AND EQUITY	-60 605	-3 128	-3 440	-1 454	-2 182	-1 060	-1 746	-6 486	-80 101
Amounts due to banks	-477	-17	-7	-4	-387	-20	-69	376	-605
Amounts due to customers	-58 434	-3 007	-3 169	-1 061	-1 101	-622	-228	-2	-67 624

31.03.2021	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
Own issues	0	-102	-249	-366	-649	-328	-1 353	-3	-3 050
Equity	0	0	0	0	0	0	0	-6 546	-6 546
Other liabilities	-1 694	-2	-15	-23	-45	-90	-96	-311	-2 276
Balance sheet gap	-57 596	471	-1 211	2 677	4 018	14 314	17 883	32 542	13 098
Cumulated balance sheet gap	-57 596	-57 125	-58 336	-55 659	-51 641	-37 327	-19 444	13 098	
Derivative instruments – inflows	1 805	4 805	425	384	589	188	334	0	8 530
Derivative instruments – outflows	-1 805	-4 723	-415	-369	-559	-177	-335	0	-8 383
Derivative instruments – net	0	82	10	15	30	11	-1	0	147
Guarantee and financing lines	-9 710	0	0	0	0	0	0	0	-9 710
Off-balance sheet gap	-9 710	82	10	15	30	11	-1	0	-9 563
Total gap	-67 306	553	-1 201	2 692	4 048	14 325	17 882	32 542	3 535
Total cumulated gap	-67 306	-66 753	-67 954	-65 262	-61 214	-46 889	-29 007	3 535	

31.12.2020	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	2 937	2 333	2 042	3 806	7 107	13 713	20 359	39 600	91 897
Cash & Nostro	2 387	0	0	0	0	0	0	0	2 387
Amounts due from banks	55	100	0	0	0	0	0	421	576
Loans and advances to customers	491	981	1 999	3 125	5 455	8 103	15 306	33 714	69 174
Securities	0	1 249	38	675	1 640	5 590	5 026	1 864	16 082
Other assets	4	3	5	6	12	20	27	3 601	3 678
LIABILITIES AND EQUITY	-58 771	-2 981	-3 270	-2 009	-2 140	-1 125	-1 670	-6 853	-78 819
Amounts due to banks	-303	-308	-15	-5	-15	-23	-64	0	-733
Amounts due to customers	-56 623	-2 621	-2 970	-1 618	-1 235	-504	-271	-2	-65 844
Own issues	0	-50	-268	-360	-839	-496	-1 264	-5	-3 282
Equity	0	0	0	0	0	0	0	-6 560	-6 560
Other liabilities	-1 845	-2	-17	-26	-51	-102	-71	-286	-2 400
Balance sheet gap	-55 834	-648	-1 228	1 797	4 967	12 588	18 689	32 747	13 078
Cumulated balance sheet gap	-55 834	-56 482	-57 710	-55 913	-50 946	-38 358	-19 669	13 078	
Derivative instruments – inflows	0	7 368	1 913	436	414	493	277	0	10 901
Derivative instruments – outflows	0	-7 358	-1 897	-434	-412	-469	-291	0	-10 861
Derivative instruments – net	0	10	16	2	2	24	-14	0	40
Guarantee and financing lines	-9 322	0	0	0	0	0	0	0	-9 322
Off-balance sheet gap	-9 322	10	16	2	2	24	-14	0	-9 282
Total gap	-65 156	-638	-1 212	1 799	4 969	12 612	18 675	32 747	3 796
Total cumulated gap	-65 156	-65 794	-67 006	-65 207	-60 238	-47 626	-28 951	3 796	

36 Events significant to the business operations of the Group

Information on the Alior Bank rating given by Standard & Poor's Global Ratings

On 21 January 2021, the Agency announced that all the Bank's ratings had been confirmed at the current level.

The Bank rating as at the date of publication this report is as follows:

- Long-Term Issuer Credit Rating at 'BB' level with negative outlook,

- Short-Term Issuer Credit Rating at 'B' level.

Adoption and approval of the Alior Bank Strategy update for the years 2020-2022 in the period 2021-2022

On 29 March 2021 the Management of the Board of the Bank adopted a resolution on adopting an update of the Bank's strategy, "More than a Bank" for the years 2020-2022 in the period 2021-2022. The Strategy update was approved by the Bank's Supervisory Board on 29 March 2021.

37 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.

38 Financial forecast

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

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

Apart from the current operating activities of the Bank and the Group's companies and the factors described in Note 18, no other events are expected in the second quarter of 2021 that could materially affect the result of this period.



**Interim condensed separate
financial statements
of Alior Bank Spółka Akcyjna
for the 3-month period ended
31 March 2021**

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Interim condensed separate income statement

	01.01.2021-31.03.2021	01.01.2020- 31.03.2020 Restated*
Interest income calculated using the effective interest method	676 721	938 523
Income of a similar nature	62 130	22 486
Interest expense	-73 110	-182 182
Net interest income	665 741	778 827
Fee and commission income	283 363	241 651
Fee and commission expense	-137 675	-132 059
Net fee and commission income	145 688	109 592
Dividend income	106	114
The result on financial assets measured at fair value through profit or loss and FX result	18 805	155
The result on derecognition of financial instruments not measured at fair value through profit or loss	174	29 261
measured at fair value through other comprehensive income	61	5 547
measured at amortized cost	113	23 714
Other operating income	33 942	35 945
Other operating expenses	-21 282	-33 686
Net other operating income and expenses	12 660	2 259
General administrative expenses	-396 934	-455 219
Net expected credit losses	-234 296	-290 391
The result on impairment of non-financial assets	-477	1 307
Banking tax	-58 615	-54 118
Gross profit/loss	152 852	121 787
Income tax	-60 607	-49 875
Net profit/loss	92 245	71 912
Weighted average number of ordinary shares	130 553 991	130 553 991
Net profit/loss per share (PLN)	0.71	0.55
Diluted profit/loss per ordinary share (PLN)	0.71	0.55

Interim condensed separate statement of comprehensive income

	01.01.2021-31.03.2021	01.01.2020- 31.03.2020 Restated*
Net profit/loss	92 245	71 912
Items that may be reclassified to the income statement after certain conditions are satisfied	-122 358	-9 684
Foreign currency translation differences	1 448	-1 232
Results of the measurement of financial assets (net)	7 161	-107 550
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	8 843	-132 777
Deferred tax	-1 682	25 227
Results on the measurement of hedging instruments (net)	-130 967	99 098
Gains/losses on hedging instruments	-161 688	122 343
Deferred tax	30 721	-23 245
Total comprehensive income, net	-30 113	62 228

*Details in note 3

The notes presented on pages 61-63 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of financial position

ASSETS	31.03.2021	31.12.2020
Cash and cash equivalents	2 118 804	2 409 077
Amounts due from banks	400 453	508 371
Investment financial assets	17 362 304	15 742 078
measured at fair value through other comprehensive income	8 952 492	6 979 415
measured at fair value through profit or loss	474 097	596 821
measured at amortized cost	7 935 715	8 165 842
Derivative hedging instruments	217 660	334 977
Loans and advances to customers	56 190 959	56 040 799
Assets pledged as collateral	558 864	446 455
Property, plant and equipment	684 027	692 076
Intangible assets	376 628	381 450
Investments in associates	216 500	214 605
Non-current assets held for sale	28	3
Income tax asset	997 094	992 800
current income tax asset	22 978	0
deferred income tax asset	974 116	992 800
Other assets	446 908	500 856
TOTAL ASSETS	79 570 229	78 263 547

LIABILITIES AND EQUITY	31.03.2021	31.12.2020
Amounts due to banks	540 449	553 657
Amounts due to customers	68 593 807	66 824 581
Financial liabilities	256 596	501 880
Derivative hedging instruments	137 665	86 162
Provisions	310 725	336 871
Other liabilities	1 500 701	1 507 746
Income tax liabilities	0	4 431
current income tax liabilities	0	4 431
Subordinated liabilities	1 605 142	1 792 962
Total liabilities	72 945 085	71 608 290
Share capital	1 305 540	1 305 540
Supplementary capital	5 395 195	5 395 195
Revaluation reserve	93 524	217 330
Other reserves	174 447	174 447
Foreign currency translation differences	-172	-1 620
Accumulated losses	-435 635	-119 247
Profit/loss for the period	92 245	-316 388
Equity	6 625 144	6 655 257
TOTAL LIABILITIES AND EQUITY	79 570 229	78 263 547

The notes presented on pages 61-63 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of changes in equity

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
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
31 March 2021	1 305 540	5 395 195	174 447	93 524	-172	-343 390	6 625 144

01.01.2020 - 31.12.2020	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
1 January 2020	1 305 540	5 388 926	179 505	76 404	605	-112 978	6 838 002
Transfer of last year's profit	0	6 269	0	0	0	-6 269	0
Comprehensive income	0	0	0	140 926	-2 225	-316 388	-177 687
net loss	0	0	0	0	0	-316 388	-316 388
other comprehensive income:	0	0	0	140 926	-2 225	0	138 701
incl. financial assets measured at fair value through other comprehensive income	0	0	0	25 755	0	0	25 755
incl. hedging instruments	0	0	0	115 171	0	0	115 171
incl. currency translation differences	0	0	0	0	-2 225	0	-2 225
Other changes in equity	0	0	-5 058	0	0	0	-5 058
31 December 2020	1 305 540	5 395 195	174 447	217 330	-1 620	-435 635	6 655 257

01.01.2020 - 31.03.2020 Restated*	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
1 January 2020 (Presented)	1 305 540	5 388 926	179 505	76 404	605	-91 281	6 859 699
Impact of error's correction	0	0	0	0	0	-21 697	-21 697
1 January 2020 (Restated)	1 305 540	5 388 926	179 505	76 404	605	-112 978	6 838 002
Comprehensive income	0	0	0	-8 452	-1 232	71 912	62 228
net profit	0	0	0	0	0	71 912	71 912
other comprehensive income:	0	0	0	-8 452	-1 232	0	-9 684
inc. measured at fair value through other comprehensive income	0	0	0	-107 550	0	0	-107 550
incl. hedging instruments	0	0	0	99 098	0	0	99 098
incl. currency translation differences	0	0	0	0	-1 232	0	-1 232
31 March 2020 (Restated)	1 305 540	5 388 926	179 505	67 952	-627	-41 066	6 900 230

*Details in note 3

The notes presented on pages 61-63 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of cash flows

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020 Restated*
Operating activities		
Profit/loss before tax for the year	152 852	121 787
Adjustments:	56 280	59 217
Unrealized foreign exchange gains/losses	1 702	656
Amortization/depreciation of property, plant and equipment and intangible assets	53 481	57 976
Change in property, plant and equipment and intangible assets impairment write-down	477	-1 307
Dividends	-106	-114
Short-term lease contracts	726	2 006
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	209 132	181 004
Change in loans and receivables	-42 242	-739 154
Change in financial assets measured at fair value through other comprehensive income	-1 973 077	1 320 036
Change in financial assets measured at fair value through profit or loss	122 724	-87 253
Change in financial assets measured at amortised cost	230 127	372 862
Change in assets pledged as collateral	-112 409	-2 923
Change in derivative hedging assets	117 317	-158 090
Change in non-current assets held for sale	-25	-7
Change in other assets	53 948	25 670
Change in deposits	1 485 239	-285 591
Change in own issue	-45 303	-135 556
Change in financial liabilities	-245 284	-5 094
Change in hedging liabilities derivative	51 503	36 869
Change in other liabilities and other comprehensive income	182 021	257 112
Change in provisions	-26 146	-105 362
Cash from operating activities before income tax	7 525	674 523
Income tax paid	-39 489	-21 003
Net cash flow from operating activities	-31 964	653 519
Investing activities		
Outflows:	-31 135	-37 928
Purchase of property, plant and equipment	-19 501	-16 463
Purchase of intangible assets	-11 634	-16 428
Investments in subsidiaries	0	-5 037
Inflows:	291	135
Disposal of property, plant and equipment	291	135
Net cash flow from investing activities	-30 844	-37 793
Financing activities		
Outflows:	-227 465	-35 055
Principle payments - subordinated liabilities	-192 950	0
Interest payments – subordinated liabilities	-10 334	-14 312
Principle payments - lease liabilities	-23 900	-20 079
Interest payments - lease liabilities	-282	-664
Inflows:	0	0
Inflows from share issue	0	0
Net cash flow from financing activities	-227 465	-35 055
Total net cash flow	-290 273	580 671
incl. exchange gains/(losses)	36 280	39 066
Balance sheet change in cash and cash equivalents	-290 273	580 671
Cash and cash equivalents, opening balance	2 409 077	1 352 604
Cash and cash equivalents, closing balance	2 118 804	1 933 275
Additional disclosures on operating cash flows		
Interests received	785 722	880 401
Interests paid	-112 161	-188 369

*Details in note 3

The notes presented on pages 61-63 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 2021 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 2021 to 31 March 2021, and interim condensed separate statement of financial position as at 31 March 2021 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 2021.

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 2021.

2 Accounting principles

The accounting principles are presented in detail in the annual financial statements of Alior Bank SA for the period from 1 January to 31 December 2020, published on 26 February 2021 and available on the Alior Bank SA website. Changes in accounting principles effective from 1 January 2020 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

As a result of the review of the operation of the "relative fair value" model, it was found that one of the model parameters was incorrectly calibrated since 2012. This error resulted in the incorrect allocation of remuneration from the distribution of insurance products offered in conjunction with mortgage loans, and as a result, incorrect and in an incorrect amount presentation of the results: interest, commission and fees, gross and net results and the Bank's balance sheet totals.

The above-mentioned change is described in the annual financial statement of Alior Bank published on 26 February 2021, in Note 4.2.

The restated data taking into account the changes described above are presented below:

Income statement	01.01.2020 - 31.03.2020 Presented	Change	01.01.2020 - 31.03.2020 Restated
Interest income calculated using the effective interest method	937 663	860	938 523
Fee and commission income	243 874	-2 223	241 651
Gross profit	123 150	-1 363	121 787
Income tax	-50 134	259	-49 875
Net profit	73 016	-1 104	71 912

Comprehensive income	01.01.2020 - 31.03.2020 Presented	Change	01.01.2020 - 31.03.2020 Restated
Net profit	73 016	-1 104	71 912
Total comprehensive income, net	63 332	-1 104	62 228

Changes in equity	31.03.2020 Presented	Change	31.03.2020 Restated
Equity at the beginning of the period	6 859 699	-21 697	6 838 002
Profit for the year	73 016	-1 104	71 912
Equity at the end of the period	6 923 031	-22 801	6 900 230

Cash flow	01.01.2020 - 31.03.2020 Presented	Change	01.01.2020 - 31.03.2020 Restated
Profit before tax for the year	123 150	-1 363	121 787
Change in loans and receivables	-740 517	1 363	-739 154

Net earnings per ordinary share	01.01.2020 - 31.03.2020 Presented	Change	01.01.2020 - 31.03.2020 Restated
Net profit	73 016	-1 104	71 912
Net earnings per ordinary share (PLN)	0.56	-0.01	0.55
Diluted earnings per one share	0.56	-0.01	0.55

4 Off - balance-sheet items

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

5 Transactions with related entities

Related-party transactions are described in Note 29 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 2021 and the date of this report was as follows:

Company's name - subsidiaries	27.04.2021	31.03.2021	31.12.2020
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- <i>Serwis Ubezpieczeniowy sp. z o.o.</i>	100%	100%	100%
- <i>NewCommerce Services sp. z o.o.</i>	100%	100%	100%

Company's name - subsidiaries	27.04.2021	31.03.2021	31.12.2020
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%
Harberton sp. z o.o. in liquidation*	100%	100%	100%

*On 1 February 2021, the extraordinary general meeting of shareholders adopted a resolution to dissolve Harberton sp.z o.o. based in Warsaw and commencement of liquidation. The opening of the liquidation was registered with the National Court Register on 25 February 2021. According to the adopted schedule, the liquidation of the company should be completed by the end of October 2021.

Subsidiaries	31.03.2021	31.12.2020
Loans and advances to customers	1 750 493	1 632 626
Other assets	1 151	963
Total assets	1 751 644	1 633 589
Amounts due to customers	62 234	55 006
Provisions	160	525
Other liabilities	1 584	1 742
Total liabilities	63 978	57 273

Subsidiaries	31.03.2021	31.12.2020
Off-balance liabilities granted to customers	216 938	298 101
relating to financing	96 535	177 698
guarantees	120 403	120 403

Subsidiaries	01.01.2021 -31.03.2021	01.01.2020 -31.03.2020
Interest income calculated using the effective interest method	9 111	12 136
Interest expenses	-7	-64
Fee and commission income	926	639
Fee and commission expense	-109	0
The result on financial assets measured at fair value through profit or loss and FX result	1	0
Other operating income	1 043	448
General administrative expenses	-1 507	-1 664
Net expected credit losses	727	-2 502
Total	10 185	8 993

6 Significant events after the end of the reporting period

Significant events after the end of the reporting period are described in Note 37 to the interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group.