



**Interim condensed separate  
financial statements  
of Alior Bank Spółka Akcyjna  
for the 9-month period ended  
30 September 2024**

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## Separate income statement

	Note	01.07.2024- 30.09.2024	01.01.2024- 30.09.2024	01.07.2023- 30.09.2023	01.01.2023- 30.09.2023*
Interest income calculated using the effective interest method		1 798 554	5 239 392	1 818 375	5 323 118
Income of a similar nature		31 622	100 016	42 145	124 119
Interest expense		-497 142	-1 547 374	-666 067	-2 043 159
<b>Net interest income</b>	<b>4</b>	<b>1 333 034</b>	<b>3 792 034</b>	<b>1 194 453</b>	<b>3 404 078</b>
Fee and commission income		255 563	936 563	403 966	1 218 043
Fee and commission expense		-79 686	-403 789	-264 679	-721 988
<b>Net fee and commission income</b>	<b>5</b>	<b>175 877</b>	<b>532 774</b>	<b>139 287</b>	<b>496 055</b>
Dividend income		2 128	5 391	8 668	11 199
The result on financial assets measured at fair value through profit or loss and FX result		-11 792	3 681	49 509	68 260
<b>The result on derecognition of financial instruments not measured at fair value through profit or loss</b>		<b>10 461</b>	<b>15 066</b>	<b>2 925</b>	<b>6 690</b>
measured at fair value through other comprehensive income		10 443	14 484	2 674	6 181
measured at amortized cost		18	582	251	509
Other operating income		18 845	60 866	18 395	57 268
Other operating expenses		-17 350	-98 172	-61 301	-144 558
<b>The result on other operating income and expenses</b>		<b>1 495</b>	<b>-37 306</b>	<b>-42 906</b>	<b>-87 290</b>
General administrative expenses		-440 105	-1 433 211	-419 509	-1 329 637
Net expected credit losses	6	-137 597	-249 440	-143 968	-499 976
The result on impairment of non-financial assets		-82	-1 403	-199	-1 180
Cost of legal risk of FX mortgage loans	7	-13 463	-41 153	-5 389	-8 175
Banking tax		-69 782	-209 510	-64 997	-196 112
<b>Gross profit</b>		<b>850 174</b>	<b>2 376 923</b>	<b>717 874</b>	<b>1 863 912</b>
Income tax	8	-193 884	-554 534	-157 205	-454 603
<b>Net profit</b>		<b>656 290</b>	<b>1 822 389</b>	<b>560 669</b>	<b>1 409 309</b>
Weighted average number of ordinary shares		130 553 991	130 553 991	130 553 991	130 553 991
Basic/diluted net profit per share (PLN)		5.03	13.96	4.29	10.79

\*Restated - Note 3

## Separate statement of comprehensive income

	01.07.2024- 30.09.2024	01.01.2024- 30.09.2024	01.07.2023- 30.09.2023	01.01.2023- 30.09.2023
<b>Net profit</b>	<b>656 290</b>	<b>1 822 389</b>	<b>560 669</b>	<b>1 409 309</b>
<b>Items that may be reclassified to the income statement after certain conditions are satisfied</b>	<b>240 127</b>	<b>270 307</b>	<b>327 328</b>	<b>971 385</b>
Foreign currency translation differences	149	-2 093	-1 262	-177
<b>Results of the measurement of financial assets (net)</b>	<b>55 234</b>	<b>93 656</b>	<b>995</b>	<b>110 804</b>
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	68 190	115 624	3 251	138 797
Deferred tax	-12 956	-21 968	-2 256	-27 993
<b>Results on the measurement of hedging instruments (net)</b>	<b>184 744</b>	<b>178 744</b>	<b>327 595</b>	<b>860 758</b>
Gains/losses on hedging instruments	228 080	220 672	404 438	1 062 664
Deferred tax	-43 336	-41 928	-76 843	-201 906
<b>Total comprehensive income, net</b>	<b>896 417</b>	<b>2 092 696</b>	<b>887 997</b>	<b>2 380 694</b>

The notes presented on pages 67-90 constitute an integral part of these interim condensed separate financial statements.

## Separate statement of financial position

ASSETS	Note	30.09.2024	31.12.2023
Cash and cash equivalents		3 247 916	2 521 555
Amounts due from banks		795 644	4 615 420
Investment financial assets and derivatives		21 340 572	18 803 661
measured at fair value through other comprehensive income		18 927 947	15 469 101
measured at fair value through profit or loss		220 279	408 882
measured at amortized cost		2 192 346	2 925 678
Derivative hedging instruments		317 678	336 122
Loans and advances to customers	9	62 821 888	60 822 737
Assets pledged as collateral		18 328	46 894
Property, plant and equipment		686 264	722 346
Intangible assets		418 497	389 028
Investments in subsidiaries	10	222 252	222 252
Income tax assets		572 614	765 912
deferred income tax assets		572 614	765 912
Other assets		477 984	600 909
<b>TOTAL ASSETS</b>		<b>90 919 637</b>	<b>89 846 836</b>

LIABILITIES AND EQUITY	Note	30.09.2024	31.12.2023
Amounts due to banks		118 845	144 991
Amounts due to customers	11	76 480 577	75 216 392
Financial liabilities		157 787	276 463
Derivative hedging instruments		469 683	682 631
Change in fair value measurement of hedged items in hedged portfolio against interest rate risk		25 282	-229
Provisions	13	288 982	307 838
Other liabilities		1 689 106	2 577 203
Income tax liabilities		198 474	282 708
current income tax liabilities		198 474	282 708
Subordinated liabilities	12	776 413	1 159 999
<b>Total liabilities</b>		<b>80 205 149</b>	<b>80 647 996</b>
Share capital		1 305 540	1 305 540
Supplementary capital		7 431 101	6 020 705
Revaluation reserve		-19 148	-291 548
Other reserves		174 447	174 447
Foreign currency translation differences		159	2 252
Profit for the period		1 822 389	1 987 444
<b>Equity</b>		<b>10 714 488</b>	<b>9 198 840</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>90 919 637</b>	<b>89 846 836</b>

The notes presented on pages 67-90 constitute an integral part of these interim condensed separate financial statements.

## Separate statement of changes in equity

01.01.2024 - 30.09.2024	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
<b>As at 1 January 2024</b>	<b>1 305 540</b>	<b>6 020 705</b>	<b>174 447</b>	<b>-291 548</b>	<b>2 252</b>	<b>1 987 444</b>	<b>9 198 840</b>
Dividend payment	0	0	0	0	0	-577 048	-577 048
Transfer of last year's profit	0	1 410 396	0	0	0	-1 410 396	0
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>272 400</b>	<b>-2 093</b>	<b>1 822 389</b>	<b>2 092 696</b>
net profit	0	0	0	0	0	1 822 389	1 822 389
other comprehensive income:	0	0	0	272 400	-2 093	0	270 307
incl. financial assets measured at fair value through other comprehensive income	0	0	0	93 656	0	0	93 656
incl. hedging instruments	0	0	0	178 744	0	0	178 744
incl. currency translation differences	0	0	0	0	-2 093	0	-2 093
<b>As at 30 September 2024</b>	<b>1 305 540</b>	<b>7 431 101</b>	<b>174 447</b>	<b>-19 148</b>	<b>159</b>	<b>1 822 389</b>	<b>10 714 488</b>

01.01.2023 - 31.12.2023	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
<b>As at 1 January 2023</b>	<b>1 305 540</b>	<b>5 401 470</b>	<b>174 447</b>	<b>-1 339 576</b>	<b>283</b>	<b>619 235</b>	<b>6 161 399</b>
Transfer of last year's profit	0	619 235	0	0	0	-619 235	0
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 048 028</b>	<b>1 969</b>	<b>1 987 444</b>	<b>3 037 441</b>
net profit	0	0	0	0	0	1 987 444	1 987 444
other comprehensive income:	0	0	0	1 048 028	1 969	0	1 049 997
incl. financial assets measured at fair value through other comprehensive income	0	0	0	187 288	0	0	187 288
incl. hedging instruments	0	0	0	860 740	0	0	860 740
incl. currency translation differences	0	0	0	0	1 969	0	1 969
<b>As at 31 December 2023</b>	<b>1 305 540</b>	<b>6 020 705</b>	<b>174 447</b>	<b>-291 548</b>	<b>2 252</b>	<b>1 987 444</b>	<b>9 198 840</b>

01.01.2023 - 30.09.2023	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
<b>As at 1 January 2023</b>	<b>1 305 540</b>	<b>5 401 470</b>	<b>174 447</b>	<b>-1 339 576</b>	<b>283</b>	<b>619 235</b>	<b>6 161 399</b>
Transfer of last year's profit	0	619 235	0	0	0	-619 235	0
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>971 562</b>	<b>-177</b>	<b>1 409 309</b>	<b>2 380 694</b>
net profit	0	0	0	0	0	1 409 309	1 409 309
other comprehensive income:	0	0	0	971 562	-177	0	971 385
incl. financial assets measured at fair value through other comprehensive income	0	0	0	110 804	0	0	110 804
incl. hedging instruments	0	0	0	860 758	0	0	860 758
incl. currency translation differences	0	0	0	0	-177	0	-177
<b>As at 30 September 2023</b>	<b>1 305 540</b>	<b>6 020 705</b>	<b>174 447</b>	<b>-368 014</b>	<b>106</b>	<b>1 409 309</b>	<b>8 542 093</b>

The notes presented on pages 67-90 constitute an integral part of these interim condensed separate financial statements.

## Separate statement of cash flows

	01.01.2024- 30.09.2024	01.01.2023- 30.09.2023
<b>Operating activities</b>		
<b>Profit before tax for the period</b>	<b>2 376 923</b>	<b>1 863 912</b>
<b>Adjustments:</b>	<b>170 336</b>	<b>172 446</b>
Unrealized foreign exchange gains/losses	-2 093	-177
Amortization/depreciation of property, plant and equipment and intangible assets	176 417	182 642
Change in property, plant and equipment and intangible assets impairment write-down	1 403	1 180
Dividends received	-5 391	-11 199
<b>The gross profit after adjustments but before increase/decrease in operating assets/liabilities</b>	<b>2 547 259</b>	<b>2 036 358</b>
Change in loans and receivables	1 820 625	-1 061 172
Change in financial assets measured at fair value through other comprehensive income	-3 367 924	-4 288 743
Change in financial assets measured at fair value through profit or loss	188 603	22 753
Change in assets pledged as collateral	28 566	-47 413
Change in non-current assets held for sale	0	1 611
Change in other assets	122 925	-34 717
Change in deposits	1 493 226	1 239 262
Change in own issue	-811 246	872 066
Change in financial liabilities	-118 676	-17 516
Change in hedging derivative	51 679	-3 738
Change in other liabilities	-1 330 793	-70 552
Change in provisions	-18 856	-3 098
Short-term lease contracts	652	50
<b>Cash from operating activities before income tax</b>	<b>606 040</b>	<b>-1 354 849</b>
<b>Income tax paid</b>	<b>-509 365</b>	<b>-332 170</b>
<b>Net cash flow from operating activities</b>	<b>96 675</b>	<b>-1 687 019</b>
<b>Investing activities</b>		
<b>Outflows:</b>	<b>-1 127 089</b>	<b>-136 546</b>
Purchase of property, plant and equipment	-57 771	-55 788
Purchase of intangible assets	-75 325	-49 969
Purchase of assets measured at amortized cost	-993 993	-30 789
<b>Inflows:</b>	<b>1 739 821</b>	<b>3 200 546</b>
Disposal of property, plant and equipment	6 510	16 671
Redemption of assets measured at amortized cost	1 733 311	3 183 875
<b>Net cash flow from investing activities</b>	<b>612 732</b>	<b>3 064 000</b>
<b>Financing activities</b>		
<b>Outflows:</b>	<b>-533 046</b>	<b>-143 361</b>
Principle payments - subordinated liabilities	-391 700	0
Interest payments - subordinated and long-term liabilities	-79 077	-74 513
Principle payments - lease liabilities	-55 278	-61 809
Interest payments - lease liabilities	-6 991	-7 039
<b>Inflows:</b>	<b>550 000</b>	<b>0</b>
Incurring long-term liabilities	550 000	0
<b>Net cash flow from financing activities</b>	<b>16 954</b>	<b>-143 361</b>
<b>Total net cash flow</b>	<b>726 361</b>	<b>1 233 620</b>
<b>incl. exchange gains/(losses)</b>	<b>-32 962</b>	<b>-16 591</b>
<b>Balance sheet change in cash and cash equivalents</b>	<b>726 361</b>	<b>1 233 620</b>
Cash and cash equivalents, opening balance	2 521 555	2 565 406
Cash and cash equivalents, closing balance	3 247 916	3 799 026
<b>Additional disclosures on operating cash flows</b>		
Interests received	5 054 930	5 059 168
Interests paid	-1 535 886	-1 981 963

The notes presented on pages 67-90 constitute an integral part of these interim condensed separate financial statements.

## **1 Basis for preparation**

### **Statement of compliance**

These interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the 9-month period ended 30 September 2024 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and in accordance with the requirements set out in the Regulation of the Minister of Finance of 29 of March 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state.

The separate income statement, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the financial period from 1 January 2024 to 30 September 2024 and separate statement of financial position as at 30 September 2024 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 2024.

### **Scope and reporting currency**

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

### **Going concern**

The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 30 September 2024.

## **2 Accounting principles**

### **2.1 Significant accounting policies**

The accounting principles are presented in detail in the annual financial statements of Alior Bank SA ended 31 December 2023, published on 28 February 2024 and available on the Alior Bank website.

### **2.2 Changes in accounting standards**

Changes in accounting principles effective from 1 January 2024 and standards and interpretations that have been issued but are not yet in force because they have not been approved by the European Union are presented in the interim condensed consolidated financial statements in note 2.2.3.

### **2.3 Significant estimates**

Significant estimates, including: recognition of income from bancassurance, impairment of loans and advances, expected credit losses, impairment of fixed assets, recognition of investment financial assets and derivatives, provisions for the return of commission in the event of early repayment, provision for legal risk related to the FX portfolio, actuarial provisions, principles of fair value measurement and hedge accounting, and which affect the values of assets and liabilities reported in this and the next reporting period are presented in detail in the interim condensed consolidated financial statements in note 2.2.1. These estimates have not changed in relation to the previous reporting period. A description of the significant estimate regarding credit holidays is presented below.

## Credit vacation

On 7 May 2024, the Act of 12 April 2024 amending the Act on support for borrowers who took out a housing loan and are in a difficult financial situation and the Act on crowdfunding for business ventures and assistance to borrowers was published. The amendment to the Act provides that only persons with a mortgage loan in PLN for a maximum amount of PLN 1.2 million can apply for suspension of installments. In addition, the loan agreement must be concluded before 1 July 2022, it is not possible to suspend installments, even if there are less than 6 months left to the end of the mortgage repayment period. The vacation can be used twice in the period from 1 June to 31 August 2024 and twice in the period from 1 September to 31 December 2024. The credit vacation can be used if the installment exceeds 30% of the household income, calculated as an average for the previous three months or if the borrower has at least three children to support (on the date of submission of the application).

In connection with the above, as at the date of signing the Act, based on IFRS 9 5.4.3, Alior Bank recalculated the gross carrying amount of credit exposures based on the present value of expected cash flows modified based on the provisions of the Act (i.e. taking into account the possibility of suspending the repayment of loan installments in time frame while extending the loan period), discounted at the original effective interest rate. The modification loss was recognized in the financial result as a reduction of interest income in total amount PLN 117 million.

Due to the lower than originally expected inflow of applications for credit holidays, the Bank has revised the original estimates by adjusting the provision by PLN 31 million as at 30 June 2024, and then by another PLN 24 million as at 30 September 2024.

Therefore, as at 30 September 2024, the total loss on modification estimated on the basis of the participation rate - portfolio using holidays at 14%, amounts to a total of PLN 62 million.

The above estimate will be subject to further periodic verification, and its update will be included in the Bank's current financial results.

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

Compared to the financial statements prepared as at 30 September 2023, the Bank has changed the method of presenting the costs of provisions for legal claims. After the change, the costs of provisions for legal claims are presented in the item " Other operating expenses ". Previously, the Bank presented these costs in the item " General administrative expenses ". The change introduced in the Bank's assessment is a better place for presentation due to the fact that the costs of provisions for disputes are indirectly related to the Bank's operating activities. The above change had no impact on the net result:

Income statement	01.01.2023-30.09.2023 Presented	Change	01.01.2023-30.09.2023 Restated
General administrative expenses	-1 394 327	64 690	-1 329 637
Other operating expenses	-79 868	-64 690	-144 558

## Notes to the separate income statement

### 4 Net interest income

	01.07.2024- 30.09.2024	01.01.2024- 30.09.2024	01.07.2023- 30.09.2023	01.01.2023- 30.09.2023
<b>Interest income calculated using the effective interest method</b>	<b>1 798 554</b>	<b>5 239 392</b>	<b>1 818 375</b>	<b>5 323 118</b>
term deposits	4 854	12 564	4 278	11 524
loans and advances to customers measured at amortized cost*	1 411 787	4 068 649	1 436 812	4 208 831



	01.07.2024- 30.09.2024	01.01.2024- 30.09.2024	01.07.2023- 30.09.2023	01.01.2023- 30.09.2023
investment financial assets measured at amortized cost	18 002	62 768	45 151	145 670
investment financial assets measured at fair value through other comprehensive income	278 955	827 998	221 869	629 688
receivables acquired	11 008	37 300	17 638	57 577
repo transactions in securities	18 745	62 921	24 213	55 993
current accounts	45 480	134 339	50 413	148 703
overnight deposits	1 786	6 318	3 651	8 801
other	7 937	26 535	14 350	56 331
<b>Income of a similar nature</b>	<b>31 622</b>	<b>100 016</b>	<b>42 145</b>	<b>124 119</b>
derivatives instruments	31 433	99 827	42 145	124 119
loans and advances to customers measured at at fair value through profit and loss	189	189	0	0
<b>Interest expense</b>	<b>-497 142</b>	<b>-1 547 374</b>	<b>-666 067</b>	<b>-2 043 159</b>
term deposits	-190 402	-623 238	-240 521	-765 503
own issue	-51 663	-142 426	-48 073	-119 275
repo transactions in securities	-22 083	-83 766	-29 384	-72 831
cash deposits	-1 498	-4 425	-1 131	-2 965
leasing	-2 278	-6 991	-2 627	-7 039
other	-249	-846	-563	-1 727
current deposits	-94 336	-276 197	-102 039	-307 450
derivatives	-134 633	-409 485	-241 729	-766 369
<b>Net interest income</b>	<b>1 333 034</b>	<b>3 792 034</b>	<b>1 194 453</b>	<b>3 404 078</b>

\*including the result on modification due to credit vacation in the amount of PLN 62 million

## 5 Net fee and commission income

	01.07.2024- 30.09.2024	01.01.2024- 30.09.2024	01.07.2023- 30.09.2023	01.01.2023- 30.09.2023
<b>Fee and commission income</b>	<b>255 563</b>	<b>936 563</b>	<b>403 966</b>	<b>1 218 043</b>
payment and credit cards service	42 425	284 382	208 072	575 606
transaction margin on currency exchange transactions	74 988	235 321	62 606	246 227
maintaining bank accounts	25 939	79 961	26 003	74 060
brokerage commissions	16 467	48 889	12 590	39 050
revenue from bancassurance activity	9 010	29 995	10 528	31 090
loans and advances	36 000	112 640	40 617	119 117
transfers	15 767	45 262	14 296	43 174
cash operations	8 604	25 429	8 973	25 974
guarantees, letters of credit, collection, commitments	3 697	10 621	3 100	8 979
receivables acquired	976	3 294	1 278	3 847
for custody services	1 795	5 954	2 034	6 123
repayment of seizure	2 638	7 355	2 003	5 799
other commissions	17 257	47 460	11 866	38 997
<b>Fee and commission expenses</b>	<b>-79 686</b>	<b>-403 789</b>	<b>-264 679</b>	<b>-721 988</b>
costs of card and ATM transactions, including costs of cards issued	-26 388	-246 733	-214 108	-574 476
commissions paid to agents	-11 998	-34 509	-11 096	-32 514
insurance of bank products	-5 245	-15 430	-3 156	-9 458
costs of awards for customers	-6 911	-19 414	-5 935	-18 506
commissions for access to ATMs	-6 417	-20 709	-7 005	-20 379
commissions paid under contracts for performing specific operations	-6 703	-20 556	-6 560	-18 307
brokerage commissions	-1 257	-3 819	-1 183	-3 443
for custody services	-1 330	-3 045	-996	-3 121
transfers and remittances	-6 155	-18 959	-5 923	-18 404

	01.07.2024- 30.09.2024	01.01.2024- 30.09.2024	01.07.2023- 30.09.2023	01.01.2023- 30.09.2023
other commissions	-7 282	-20 615	-8 717	-23 380
<b>Net fee and commission income</b>	<b>175 877</b>	<b>532 774</b>	<b>139 287</b>	<b>496 055</b>

## 6 Net expected credit losses

	01.07.2024- 30.09.2024	01.01.2024- 30.09.2024	01.07.2023- 30.09.2023	01.01.2023- 30.09.2023
<b>Expected credit losses Stage 3</b>	<b>-254 528</b>	<b>-517 507</b>	<b>-110 379</b>	<b>-586 012</b>
retail customers	-78 823	-270 559	-71 382	-353 364
business customers	-175 705	-246 948	-38 997	-232 648
<b>Expected credit losses Stage 1 and 2(ECL)</b>	<b>71 822</b>	<b>102 620</b>	<b>9 533</b>	<b>41 746</b>
<b>Stage 2</b>	<b>88 245</b>	<b>126 100</b>	<b>10 838</b>	<b>62 832</b>
retail customers	9 286	38 994	-1 994	22 542
business customers	78 959	87 106	12 832	40 290
<b>Stage 1</b>	<b>-16 423</b>	<b>-23 480</b>	<b>-1 305</b>	<b>-21 086</b>
retail customers	-17 016	-7 760	-5 575	-16 303
business customers	593	-15 720	4 270	-4 783
<b>POCI</b>	<b>-14 339</b>	<b>-48 190</b>	<b>-70 617</b>	<b>-128 912</b>
<b>Recoveries from off-balance sheet</b>	<b>21 719</b>	<b>171 119</b>	<b>31 106</b>	<b>120 767</b>
<b>Investment securities</b>	<b>-757</b>	<b>-2 224</b>	<b>-534</b>	<b>6 531</b>
<b>Off-balance provisions</b>	<b>38 486</b>	<b>44 742</b>	<b>-3 077</b>	<b>45 904</b>
<b>Net expected credit losses</b>	<b>-137 597</b>	<b>-249 440</b>	<b>-143 968</b>	<b>-499 976</b>

The result on expected credit losses as at 30 September 2024 was significantly lower compared to 30 September 2023. This is due to a series of positive events implemented by the Bank in 2024, including: the sale of the NPL portfolio, the completion of effective restructuring processes and the recording of significantly lower costs related to migration to default, due to the stabilized resilience of customers to the demanding macroeconomic environment (including generally high interest rates).

## 7 Cost of legal risk of FX mortgage loans

	01.07.2024- 30.09.2024	01.01.2024- 30.09.2024	01.07.2023- 30.09.2023	01.01.2023- 30.09.2023
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	-11 852	-24 884	-4 146	-6 577
Provisions	-1 611	-16 260	-1 243	-1 598
Other	0	-9	0	0
<b>Cost of legal risk of FX mortgage loans</b>	<b>-13 463</b>	<b>-41 153</b>	<b>-5 389</b>	<b>-8 175</b>

## 8 Income tax

In accordance with IAS 34, the Bank took into account the principle of recognizing income tax charges on the financial result based on the management's best possible estimate of the weighted average annual income tax rate that the Bank expects in 2024. The projected annual effective tax rate is approximately 25%.

## 8.1 Tax charge disclosed in the profit and loss account

	01.01.2024 - 30.09.2024	01.01.2023 - 30.09.2023
Current tax	425 131	304 586
Deferred income tax	129 403	150 017
<b>Income tax</b>	<b>554 534</b>	<b>454 603</b>

## 8.2 Effective tax rate calculation

	01.01.2024 - 30.09.2024	01.01.2023 - 30.09.2023
<b>Gross profit</b>	<b>2 376 923</b>	<b>1 863 912</b>
Income tax at 19%	451 615	354 143
<b>Non-tax-deductible expenses (tax effect)</b>	<b>112 395</b>	<b>100 586</b>
Impairment losses on loans not deductible for tax purposes	42 124	31 986
Prudential fee to BGF	7 722	11 186
Tax on certain financial institutions	39 788	37 261
Cost of legal risk of FX mortgage loans	7 819	1 553
Other	14 942	18 600
<b>Non-taxable income (tax effect)</b>	<b>-5 203</b>	<b>-4 502</b>
<b>Other</b>	<b>-4 273</b>	<b>4 376</b>
<b>Accounting tax recognized in the income statement</b>	<b>554 534</b>	<b>454 603</b>
<b>Effective tax rate</b>	<b>23,33%</b>	<b>24,39%</b>

## Notes to the separate statement of financial position

### 9 Loans and advances to customers

The accounting principles are presented in the interim condensed consolidated financial statements in note 19.

#### 9.1 Financial data

Loans granted to customers measured at amortized cost	30.09.2024			31.12.2023		
	Gross value	Expected credit losses	Wartość netto	Gross value	Expected credit losses	Wartość netto
<b>Retail segment</b>	<b>40 591 213</b>	<b>-1 497 898</b>	<b>39 093 315</b>	<b>39 718 395</b>	<b>-1 722 645</b>	<b>37 995 750</b>
Consumer loans	15 854 320	-1 249 846	14 604 474	16 293 830	-1 504 909	14 788 921
Loans for residential properties	20 074 773	-212 577	19 862 196	18 385 184	-182 042	18 203 142
Consumer finance loans	4 662 120	-35 475	4 626 645	5 039 381	-35 694	5 003 687
<b>Corporate segment</b>	<b>25 400 558</b>	<b>-1 673 415</b>	<b>23 727 143</b>	<b>25 107 505</b>	<b>-2 280 518</b>	<b>22 826 987</b>
Working capital loans	17 666 988	-985 482	16 681 506	17 350 294	-1 190 472	16 159 822
Investment loans	5 013 286	-551 401	4 461 885	5 152 329	-681 233	4 471 096
Other business loans	2 720 284	-136 532	2 583 752	2 604 882	-408 813	2 196 069
<b>Total</b>	<b>65 991 771</b>	<b>-3 171 313</b>	<b>62 820 458</b>	<b>64 825 900</b>	<b>-4 003 163</b>	<b>60 822 737</b>

Loans granted to customers measured at amortized cost	30.09.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
<b>Retail segment</b>	<b>40 591 213</b>	<b>-1 497 898</b>	<b>39 093 315</b>	<b>39 718 395</b>	<b>-1 722 645</b>	<b>37 995 750</b>
Stage 1	36 617 017	-321 148	36 295 869	35 222 693	-315 786	34 906 907
Stage 2	2 533 191	-325 078	2 208 113	2 755 743	-368 491	2 387 252
Stage 3	1 410 956	-853 216	557 740	1 707 963	-1 037 412	670 551
POCI	30 049	1 544	31 593	31 996	-956	31 040
<b>Corporate segment</b>	<b>25 400 558</b>	<b>-1 673 415</b>	<b>23 727 143</b>	<b>25 107 505</b>	<b>-2 280 518</b>	<b>22 826 987</b>
Stage 1	18 100 561	-75 499	18 025 062	17 150 310	-59 902	17 090 408
Stage 2	4 317 442	-220 997	4 096 445	4 345 174	-310 340	4 034 834
Stage 3	2 708 274	-1 375 017	1 333 257	3 329 098	-1 896 085	1 433 013
POCI	274 281	-1 902	272 379	282 923	-14 191	268 732
<b>Total</b>	<b>65 991 771</b>	<b>-3 171 313</b>	<b>62 820 458</b>	<b>64 825 900</b>	<b>-4 003 163</b>	<b>60 822 737</b>

Loans and advances to customers measured at amortized cost by method of expected credit losses calculation	30.09.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
<b>Stage 3</b>	<b>4 119 230</b>	<b>-2 228 233</b>	<b>1 890 997</b>	<b>5 037 061</b>	<b>-2 933 497</b>	<b>2 103 564</b>
individual method	1 238 133	-655 196	582 937	1 797 438	-1 065 495	731 943
group method	2 881 097	-1 573 037	1 308 060	3 239 623	-1 868 002	1 371 621
<b>Stage 2</b>	<b>6 850 633</b>	<b>-546 075</b>	<b>6 304 558</b>	<b>7 100 917</b>	<b>-678 831</b>	<b>6 422 086</b>
<b>Stage 1</b>	<b>54 717 578</b>	<b>-396 647</b>	<b>54 320 931</b>	<b>52 373 003</b>	<b>-375 688</b>	<b>51 997 315</b>
POCI	304 330	-358	303 972	314 919	-15 147	299 772
<b>Total</b>	<b>65 991 771</b>	<b>-3 171 313</b>	<b>62 820 458</b>	<b>64 825 900</b>	<b>-4 003 163</b>	<b>60 822 737</b>

Loans and advances to customers measured at amortized cost – exposure of the Bank to the credit risk	30.09.2024			31.12.2023		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
<b>Stage 3</b>	<b>4 119 230</b>	<b>-2 228 233</b>	<b>1 890 997</b>	<b>5 037 061</b>	<b>-2 933 497</b>	<b>2 103 564</b>
not overdue	1 154 140	-470 013	684 127	1 139 961	-434 105	705 856
overdue	2 965 090	-1 758 220	1 206 870	3 897 100	-2 499 392	1 397 708
<b>Stage 1 and Stage 2</b>	<b>61 568 211</b>	<b>-942 722</b>	<b>60 625 489</b>	<b>59 473 920</b>	<b>-1 054 519</b>	<b>58 419 401</b>
not overdue	59 400 885	-684 897	58 715 988	57 352 469	-772 851	56 579 618
overdue	2 167 326	-257 825	1 909 501	2 121 451	-281 668	1 839 783
POCI	304 330	-358	303 972	314 919	-15 147	299 772
<b>Total</b>	<b>65 991 771</b>	<b>-3 171 313</b>	<b>62 820 458</b>	<b>64 825 900</b>	<b>-4 003 163</b>	<b>60 822 737</b>

Loans and advances to customers measured at amortized cost	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
<b>As at 01.01.2024</b>	<b>52 373 003</b>	<b>7 100 919</b>	<b>5 037 061</b>	<b>314 919</b>	<b>64 825 902</b>
New / purchased / granted financial assets	18 315 797	0	0	62 348	18 378 145
Changes due to the sale or expiry of the instrument	-10 230 385	-652 009	-444 106	-12 561	-11 339 061
Transfer to Stage 1	845 431	-813 600	-31 831	0	0
Transfer to Stage 2	-2 263 077	2 440 737	-177 660	0	0
Transfer to Stage 3	-457 510	-714 152	1 171 662	0	0
Valuation changes	-3 885 891	-508 257	-282 268	-44 155	-4 720 571
Assets written off the balance sheet	0	0	-1 149 344	-13 978	-1 163 322
Other changes, including exchange differences	20 210	-3 005	-4 284	-2 243	10 678
<b>As at 30.09.2024</b>	<b>54 717 578</b>	<b>6 850 633</b>	<b>4 119 230</b>	<b>304 330</b>	<b>65 991 771</b>
<b>Expected credit losses</b>					

Loans and advances to customers measured at amortized cost	Stage 1	Stage 2	Stage 3	POCI	Total
<b>As at 01.01.2024</b>	<b>375 688</b>	<b>678 831</b>	<b>2 933 497</b>	<b>15 147</b>	<b>4 003 163</b>
New / purchased / granted financial assets	178 842	0	0	48 360	227 202
Changes due to the sale or expiry of the instrument	-77 290	-77 203	-382 171	-13 113	-549 777
Transfer to Stage 1	88 630	-79 913	-8 717	0	0
Transfer to Stage 2	-65 702	143 716	-78 014	0	0
Transfer to Stage 3	-40 406	-123 421	163 827	0	0
Change in the estimate of expected credit losses	-60 594	10 721	822 582	12 943	785 652
<b>Total allowances for expected credit losses in the income statement</b>	<b>23 480</b>	<b>-126 100</b>	<b>517 507</b>	<b>48 190</b>	<b>463 077</b>
Assets written off the balance sheet	0	0	-1 149 344	-13 978	-1 163 322
Measurement at fair value at the moment of initial recognition	0	0	0	-39 629	-39 629
Other changes, including exchange differences	-2 521	-6 656	-73 427	-9 372	-91 976
<b>As at 30.09.2024</b>	<b>396 647</b>	<b>546 075</b>	<b>2 228 233</b>	<b>358</b>	<b>3 171 313</b>
<b>Net carrying amount as at 30.09.2024</b>	<b>54 320 931</b>	<b>6 304 558</b>	<b>1 890 997</b>	<b>303 972</b>	<b>62 820 458</b>

Loans and advances to customers measured at amortized cost	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
<b>AS at 01.01.2023</b>	<b>48 805 244</b>	<b>7 162 811</b>	<b>5 643 628</b>	<b>229 781</b>	<b>61 841 464</b>
New / purchased / granted financial assets	13 807 499	0	0	124 822	13 932 321
Changes due to the sale or expiry of the instrument	-5 384 908	-942 716	-518 983	-1 243	-6 847 850
Transfer to Stage 1	825 512	-796 371	-29 141	0	0
Transfer to Stage 2	-2 938 235	3 120 187	-181 952	0	0
Transfer to Stage 3	-603 931	-735 719	1 339 650	0	0
Valuation changes	-3 319 802	-593 817	-247 232	-25 701	-4 186 552
Assets written off the balance sheet	0	0	-570 488	-1 910	-572 398
Other changes, including exchange differences	-5 359	-307	3 151	655	-1 860
<b>As at 30.09.2023</b>	<b>51 186 020</b>	<b>7 214 068</b>	<b>5 438 633</b>	<b>326 404</b>	<b>64 165 125</b>
<b>Expected credit losses</b>					
<b>As at 01.01.2023</b>	<b>419 267</b>	<b>767 903</b>	<b>3 103 295</b>	<b>41 034</b>	<b>4 331 499</b>
New / purchased / granted financial assets	217 394	0	0	117 592	334 986
Changes due to the sale or expiry of the instrument	-62 024	-53 761	-246 681	-1 355	-363 821
Transfer to Stage 1	98 994	-90 806	-8 188	0	0
Transfer to Stage 2	-91 556	139 948	-48 392	0	0
Transfer to Stage 3	-58 849	-172 911	231 760	0	0
Change in the estimate of expected credit losses	-82 873	114 698	657 513	12 675	702 013
<b>Total allowances for expected credit losses in the income statement</b>	<b>21 086</b>	<b>-62 832</b>	<b>586 012</b>	<b>128 912</b>	<b>673 178</b>
Assets written off the balance sheet	0	0	-570 488	-1 910	-572 398
Measurement at fair value at the moment of initial recognition	0	0	0	-127 364	-127 364
Other changes, including exchange differences	-580	152	7 519	-8 045	-954
<b>As at 30.09.2023</b>	<b>439 773</b>	<b>705 223</b>	<b>3 126 338</b>	<b>32 627</b>	<b>4 303 961</b>
<b>Net carrying amount as at 30.09.2023</b>	<b>50 746 247</b>	<b>6 508 845</b>	<b>2 312 295</b>	<b>293 777</b>	<b>59 861 164</b>

### Sale of a portfolio of cash loans granted by the Bank's branch in Romania

In June 2024, the Bank concluded an agreement with Romanian Patria Bank S.A. for the sale of a portfolio of cash loans granted by the Bank's branch in Romania. In connection with the above, the Bank reclassified the above assets in accordance with the provisions of IFRS 9 4.4.1. On 7 September 2024, the branch of Alior Bank in Romania transferred the loan portfolio to Patria Bank S.A. in accordance with the agreement. The final settlement with the buyer took place on 7 October 2024. On the loan portfolio sale transaction, the Bank recognized a loss of PLN 13.4 million, which was charged to the result of Q3 2024.

Loans and advances to customers measured at fair value through profit or loss	30.09.2024	31.12.2023
<b>Retail segment</b>	<b>1 430</b>	<b>0</b>
Consumer loans	1 430	0
<b>Total</b>	<b>1 430</b>	<b>0</b>

## 10 Investments in subsidiaries

### 10.1 Financial data

Company's name - subsidiaries	30.09.2024	31.12.2023
Alior Services sp. z o.o.	5 357	5 357
Alior Leasing sp. z o.o.	146 895	146 895
Meritum Services ICB SA	32 185	32 185
Alior TFI SA	21 453	21 453
Corsham sp. z o.o.	10 205	10 205
RBL_VC sp. z o.o.	30	30
RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna	6 127	6 127
<b>Total</b>	<b>222 252</b>	<b>222 252</b>

## 11 Amounts due to customers

### 11.1 Financial data

Structure by type and customer segment	30.09.2024	31.12.2023
<b>Retail segment</b>	<b>52 948 199</b>	<b>51 929 220</b>
Current deposits	38 437 936	36 284 917
Term deposits	13 816 886	14 128 620
Own issue of banking securities	413 288	1 252 656
Other liabilities	280 089	263 027
<b>Corporate segment</b>	<b>23 532 378</b>	<b>23 287 172</b>
Current deposits	13 491 428	14 248 110
Term deposits	8 359 531	7 997 937
Own issue of banking securities	2 221	4 665
Own issue of bonds	1 432 424	851 858
Other liabilities	246 774	184 602
<b>Total</b>	<b>76 480 577</b>	<b>75 216 392</b>

	Nominal value in the currency	Currency	Term	Interest	Status of liabilities	
					30.09.2024	31.12.2023
Series M Bonds	400 000	PLN	26.06.2023-26.06.2026	WIBOR6M +3.10	409 524	400 584
Series N Bonds	450 000	PLN	20.12.2023-15.06.2027	WIBOR6M +2.81	461 543	451 274
Series O Bonds	550 000	PLN	27.06.2024-09.06.2028	WIBOR6M +1.99	561 357	0
BPW	14 414	EUR	12.2022 – 02.2025	The interest rate is calculated by the BPW Issuer according to the formula described in the final terms and conditions of a given series. The payment and interest rate may be fixed, variable or dependent on the conditions of the valuation of the underlying instrument, such as a stock	62 343	62 777
BPW	301 208	PLN	07.2021-04.2025		314 289	1 068 216
BPW	9 885	USD	07.2021-04.2025		38 877	126 328

	Nominal value in the currency	Currency	Term	Interest	Status of liabilities	
					30.09.2024	31.12.2023
				exchange index or the valuation of company shares.		
<b>Total</b>					<b>1 847 933</b>	<b>2 109 179</b>

from 1 January to 30 September 2024	Currency	Issues - original currency	Issues - in PLN	Redemptions - original currency	Redemptions - in PLN
Series O Bonds	PLN	550 000	550 000	0	0
BPW	EUR	9 950	42 956	0	0
BPW	PLN	28 256	28 256	7 961	7 961
BPW	USD	0	0	114	449
<b>Total</b>			<b>621 212</b>		<b>8 410</b>

from 1 January to 31 December 2023	Currency	Issues - original currency	Issues - in PLN	Redemptions - original currency	Redemptions - in PLN
Series M Bonds	PLN	400 000	400 000	0	0
Series N Bonds	PLN	450 000	450 000	0	0
BPW	EUR	4 464	20 153	32	146
BPW	PLN	462 450	462 450	17 788	17 788
BPW	USD	29 956	131 965	0	0
<b>Total</b>			<b>1 464 568</b>		<b>17 934</b>

## 12 Subordinated liabilities

### 12.1 Financial data

Liabilities classified as the Bank's own funds	Nominal value in the currency	Currency	Term	Interest	Status of liabilities	
					30.09.2024	31.12.2023
Series F bonds*	-	PLN	26.09.2014-26.09.2024	WIBOR6M +3.14	0	329 215
Series P1B bonds*	-	PLN	29.04.2016-16.05.2024	WIBOR6M +3.00	0	70 754
Series K and K1 bonds	600 000	PLN	20.10.2017-20.10.2025	WIBOR6M +2.70	623 106	609 924
Series P2A bonds	150 000	PLN	14.12.2017-29.12.2025	WIBOR6M +2.70	153 307	150 106
<b>Total</b>					<b>776 413</b>	<b>1 159 999</b>

\*Details in note 21

## 13 Provisions

### 13.1 Financial data

	Provisions for legal claims*	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Provision for reimbursement of credit costs (TSUE)	Total provisions
<b>As at 01.01.2024</b>	<b>153 629</b>	<b>8 221</b>	<b>75 449</b>	<b>894</b>	<b>69 645</b>	<b>307 838</b>
Established provisions	71 157	8 588	73 213	3 207	2 452	158 617
Reversal of provisions	-16 475	-663	-117 955	0	-5 005	-140 098
Utilized provisions	-14 222	-7 903	0	-769	-14 327	-37 221
Other changes	3	0	-136	-21	0	-154
<b>As at 30.09.2024</b>	<b>194 092</b>	<b>8 243</b>	<b>30 571</b>	<b>3 311</b>	<b>52 765</b>	<b>288 982</b>

\* provisions for legal risk related to the FX indexed loan portfolio amount to PLN 51 million

	Provisions for legal claims*	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Provision for reimbursement of credit costs (TSUE)	Total provisions
<b>As at 01.01.2023</b>	<b>51 344</b>	<b>5 365</b>	<b>117 791</b>	<b>1 718</b>	<b>91 556</b>	<b>267 774</b>
Established provisions	72 078	6 477	82 290	0	234	161 079
Reversal of provisions	-5 790	-689	-128 194	0	0	-134 673
Utilized provisions	-6 805	-4 805	0	-577	-17 325	-29 512
Other changes	-11	0	21	-2	0	8
<b>As at 30.09.2023</b>	<b>110 816</b>	<b>6 348</b>	<b>71 908</b>	<b>1 139</b>	<b>74 465</b>	<b>264 676</b>

\* provisions for legal risk related to the FX indexed loan portfolio amount to PLN 7 million

## 14 Off-balance sheet items

### 14.1 Financial data

	30.09.2024	31.12.2023
<b>Granted off-balance liabilities</b>	<b>13 536 189</b>	<b>12 906 604</b>
Concerning financing	12 606 267	12 083 171
Guarantees	929 922	823 433
Performance guarantees	355 349	307 737
Financial guarantees	574 573	515 696

30.09.2024	Nominal amount			Provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Concerning financing	11 442 250	1 064 779	99 238	16 004	7 541	1 931
Guarantees	752 936	160 621	16 365	222	277	4 596
<b>Total</b>	<b>12 195 186</b>	<b>1 225 400</b>	<b>115 603</b>	<b>16 226</b>	<b>7 818</b>	<b>6 527</b>

31.12.2023	Nominal amount			Provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Concerning financing	10 662 201	1 268 205	152 765	14 817	25 700	1 825
Guarantees	621 161	148 711	53 561	192	324	32 591
<b>Total</b>	<b>11 283 362</b>	<b>1 416 916</b>	<b>206 326</b>	<b>15 009</b>	<b>26 024</b>	<b>34 416</b>



Reconciliations between the opening balance and the closing balance of off-balance sheet contingent liabilities granted to customers and arrangements regarding the value of provisions created in this respect are presented below.

Change in off-balance sheet liabilities (nominal value)	Stage 1	Stage 2	Stage 3	Total
<b>As at 01.01.2024</b>	<b>11 283 362</b>	<b>1 416 916</b>	<b>206 326</b>	<b>12 906 604</b>
New / purchased / granted financial assets	4 902 031	196 981	5 469	5 104 481
Changes due to the sale or expiry of the instrument	-2 844 159	-432 563	-130 540	-3 407 262
Transfer to Stage 1	137 881	-109 661	-28 220	0
Transfer to Stage 2	-408 799	410 391	-1 592	0
Transfer to Stage 3	-4 580	-53 704	58 284	0
Changing commitment	-865 977	-201 696	7 442	-1 060 231
Other changes, including exchange rate differences	-4 573	-1 264	-1 566	-7 403
<b>As at 30.09.2024</b>	<b>12 195 186</b>	<b>1 225 400</b>	<b>115 603</b>	<b>13 536 189</b>

Change in off-balance sheet liabilities (nominal value)	Stage 1	Stage 2	Stage 3	Total
<b>As at 01.01.2023</b>	<b>9 304 615</b>	<b>1 128 403</b>	<b>348 191</b>	<b>10 781 209</b>
New / purchased / granted financial assets	4 298 133	185 018	38 615	4 521 766
Changes due to the sale or expiry of the instrument	-2 028 772	-349 136	-198 482	-2 576 390
Transfer to Stage 1	225 606	-225 203	-403	0
Transfer to Stage 2	-469 195	469 851	-656	0
Transfer to Stage 3	-7 767	-5 101	12 868	0
Change in the estimate of the provision for off-balance sheet liabilities	-623 931	-1 934	10 180	-615 685
Other changes, including exchange rate differences	-2 347	-1 549	-276	-4 172
<b>As at 30.09.2023</b>	<b>10 696 342</b>	<b>1 200 349</b>	<b>210 037</b>	<b>12 106 728</b>

Change in the provision for off-balance sheet liabilities	Stage 1	Stage 2	Stage 3	Total
<b>As at 01.01.2024</b>	<b>15 009</b>	<b>26 024</b>	<b>34 416</b>	<b>75 449</b>
New / purchased / granted financial assets	10 130	6 058	334	16 522
Changes due to the sale or expiry of the instrument	-8 069	-12 220	-30 168	-50 457
Transfer to Stage 1	2 270	-2 060	-210	0
Transfer to Stage 2	-3 439	3 825	-386	0
Transfer to Stage 3	-43	-19 200	19 243	0
Change in the estimate of the provision for off-balance sheet liabilities	-1 094	-1 630	-8 083	-10 807
Other changes, including exchange rate differences	1 462	7 021	-8 619	-136
<b>As at 30.09.2024</b>	<b>16 226</b>	<b>7 818</b>	<b>6 527</b>	<b>30 571</b>

Change in the provision for off-balance sheet liabilities	Stage 1	Stage 2	Stage 3	Total
<b>As at 01.01.2023</b>	<b>13 805</b>	<b>9 702</b>	<b>94 284</b>	<b>117 791</b>
New / purchased / granted financial assets	13 419	6 931	8 950	29 300
Changes due to the sale or expiry of the instrument	-4 571	-4 883	-60 932	-70 386
Transfer to Stage 1	2 299	-2 299	0	0
Transfer to Stage 2	-4 338	4 338	0	0
Transfer to Stage 3	0	0	0	0
Changing commitment	-5 363	1 438	-893	-4 818
Other changes, including exchange rate differences	1 723	-1 587	-115	21
<b>As at 30.09.2023</b>	<b>16 974</b>	<b>13 640</b>	<b>41 294</b>	<b>71 908</b>

## 15 Fair value

The principles of fair value measurement of derivative instruments and unquoted debt securities measured at fair value were presented in the interim condensed consolidated financial statements, note 29 - Fair value, and have not changed in relation to the principles presented in the financial statements prepared as at 31 December 2023.

### 15.1 Financial data

30.09.2024	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>	<b>15 412 294</b>	<b>3 908 125</b>	<b>165 243</b>	<b>19 485 662</b>
<b>Measured at fair value through profit and loss</b>	<b>10 373</b>	<b>187 440</b>	<b>23 896</b>	<b>221 709</b>
SWAP	0	126 451	0	126 451
Cap Floor Options	0	844	0	844
FRA	0	44	0	44
FX Swap	0	15 961	0	15 961
FX forward	0	19 680	0	19 680
CIRS	0	5 407	0	5 407
FX options	0	10 883	68	10 951
Other options	0	0	232	232
Other instruments	1	8 170	0	8 171
<b>Financial derivatives</b>	<b>1</b>	<b>187 440</b>	<b>300</b>	<b>187 741</b>
T- bonds	10 372	0	0	10 372
Other bonds	0	0	4	4
Equity instruments	0	0	22 162	22 162
<b>Investments securities</b>	<b>10 372</b>	<b>0</b>	<b>22 166</b>	<b>32 538</b>
<b>Loans and advances to customers</b>	<b>0</b>	<b>0</b>	<b>1 430</b>	<b>1 430</b>
<b>Measured at fair value through other comprehensive income</b>	<b>15 401 921</b>	<b>3 403 007</b>	<b>141 347</b>	<b>18 946 275</b>
Money bills	0	1 499 042	0	1 499 042
T- bonds	14 325 763	0	0	14 325 763
T-bills	426 199	1 903 965	0	2 330 164
Other bonds	631 631	0	0	631 631
Equity instruments	0	0	141 347	141 347
Asstes pledged as collateral	18 328	0	0	18 328
<b>Derivative hedging instruments</b>	<b>0</b>	<b>317 678</b>	<b>0</b>	<b>317 678</b>
Interest rate transactions	0	317 678	0	317 678

31.12.2023	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>	<b>12 510 332</b>	<b>3 555 685</b>	<b>148 088</b>	<b>16 214 105</b>
<b>Measured at fair value through profit and loss</b>	<b>53 398</b>	<b>324 037</b>	<b>31 447</b>	<b>408 882</b>
SWAP	0	177 758	0	177 758
Cap Floor Options	0	1 804	0	1 804
FRA	0	1 056	0	1 056
FX Swap	0	96 237	0	96 237
FX forward	0	21 953	0	21 953
CIRS	0	13 946	0	13 946
FX options	0	7 298	0	7 298
Other options	0	0	3 179	3 179
Other instruments	0	3 985	0	3 985

31.12.2023	Level 1	Level 2	Level 3	Total
<b>Financial derivatives</b>	<b>0</b>	<b>324 037</b>	<b>3 179</b>	<b>327 216</b>
T- bonds	53 398	0	0	53 398
Other bonds	0	0	4	4
Equity instruments	0	0	28 264	28 264
<b>Investments securities</b>	<b>53 398</b>	<b>0</b>	<b>28 268</b>	<b>81 666</b>
<b>Measured at fair value through other comprehensive income</b>	<b>12 456 934</b>	<b>2 895 526</b>	<b>116 641</b>	<b>15 469 101</b>
Money bills	0	950 000	0	950 000
T- bonds	9 569 859	0	0	9 569 859
T-bills	2 303 364	1 945 526	0	4 248 890
Other bonds	583 711	0	0	583 711
Equity instruments	0	0	116 641	116 641
<b>Derivative hedging instruments</b>	<b>0</b>	<b>336 122</b>	<b>0</b>	<b>336 122</b>
Interest rate transactions	0	336 122	0	336 122

30.09.2024	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>				
<b>Financial liabilities measured at fair value through profit or loss</b>	<b>196</b>	<b>157 156</b>	<b>435</b>	<b>157 787</b>
SWAP	0	119 924	0	119 924
Cap Floor Options	0	844	0	844
FRA	0	183	0	183
FX Swap	0	4 271	0	4 271
FX forward	0	15 296	0	15 296
CIRS	0	1 048	0	1 048
FX options	0	11 057	202	11 259
Other options	0	0	233	233
Other instruments	196	4 533	0	4 729
<b>Derivative hedging instruments</b>	<b>0</b>	<b>469 683</b>	<b>0</b>	<b>469 683</b>
Interest rate transactions	0	469 683	0	469 683

31.12.2023	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>				
<b>Financial liabilities measured at fair value through profit or loss</b>	<b>55 814</b>	<b>217 470</b>	<b>3 179</b>	<b>276 463</b>
Bonds	55 814	0	0	55 814
SWAP	0	138 861	0	138 861
Cap Floor Options	0	1 804	0	1 804
FRA	0	1 578	0	1 578
FX Swap	0	44 658	0	44 658
FX forward	0	13 846	0	13 846
CIRS	0	2 936	0	2 936
FX options	0	10 001	0	10 001
Other options	0	0	3 179	3 179
Other instruments	0	3 786	0	3 786
<b>Derivative hedging instruments</b>	<b>0</b>	<b>682 631</b>	<b>0</b>	<b>682 631</b>
Interest rate transactions	0	682 631	0	682 631

## Reconciliation of changes at level 3 of fair value hierarchy

30.09.2024	Assets				Liabilities
Changes in financial assets and liabilities	Equity instruments	Debt instruments	Derivatives	Loans and advances to customers	Derivatives
<b>Opening balance</b>	144 905	4	3 179	0	3 179
Acquisitions	0	0	69	1 430	204
Net changes recognized in other comprehensive income	24 834	0	0	0	0
Net changes recognized in profit and loss	2 979	0	-1 220	0	-1 220
Currency differences	-748	0	0	0	0
Settlement / redemption	-8 461	0	-1 728	0	-1 728
<b>Total</b>	<b>163 509</b>	<b>4</b>	<b>300</b>	<b>1 430</b>	<b>435</b>

30.09.2023	Assets			Liabilities
Changes in financial assets and liabilities	Equity instruments	Debt instruments	Derivatives	Derivatives
<b>Opening balance</b>	135 260	57 600	529	529
Acquisitions	0	0	29	29
Net changes recognized in other comprehensive income	16 033	0	0	0
Net changes recognized in profit and loss	3 914	0	798	798
Currency differences	453	0	0	0
Settlement / redemption	-21 184	-57 596	0	0
<b>Total</b>	<b>134 476</b>	<b>4</b>	<b>1 356</b>	<b>1 356</b>

During the three quarters of 2024, the Bank did not reclassify financial instruments between levels of the fair value hierarchy.

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

30.09.2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Assets</b>					
Cash and cash equivalents	3 247 916	1 961 671	1 286 245	0	3 247 916
Amount due from banks	795 644	0	795 644	0	795 644
<b>Loans and advances to customers</b>	<b>62 820 458</b>	<b>0</b>	<b>0</b>	<b>60 077 799</b>	<b>60 077 799</b>
<b>Retail segment</b>	<b>39 093 315</b>	<b>0</b>	<b>0</b>	<b>36 283 694</b>	<b>36 283 694</b>
Consumer loans	14 604 474	0	0	13 621 490	13 621 490
Loans for residential real estate	19 862 196	0	0	17 992 184	17 992 184
Consumer finance loans	4 626 645	0	0	4 670 020	4 670 020
<b>Corporate segment</b>	<b>23 727 143</b>	<b>0</b>	<b>0</b>	<b>23 794 105</b>	<b>23 794 105</b>
Working capital facility	16 681 506	0	0	16 613 878	16 613 878
Investment loans	4 461 885	0	0	4 596 476	4 596 476
Other	2 583 752	0	0	2 583 751	2 583 751
Investment securities measured at amortized cost	2 192 346	2 212 990	0	61	2 213 051
Other financial assets	472 554	0	0	472 554	472 554
<b>Liabilities</b>					
<b>Amounts due to banks</b>	<b>118 845</b>	<b>0</b>	<b>118 845</b>	<b>0</b>	<b>118 845</b>
Current deposits	1 868	0	1 868	0	1 868
Term deposits	49 825	0	49 825	0	49 825
Credit received	14 805	0	14 805	0	14 805

30.09.2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Other liabilities	52 347	0	52 347	0	52 347
<b>Amounts due to customers</b>	<b>76 480 577</b>	<b>0</b>	<b>0</b>	<b>76 480 133</b>	<b>76 480 133</b>
Current deposits	51 929 364	0	0	51 929 364	51 929 364
Term deposits	22 176 417	0	0	22 176 417	22 176 417
Bank securities issued	415 509	0	0	415 065	415 065
Bonds issued	1 432 424	0	0	1 432 424	1 432 424
Other liabilities	526 863	0	0	526 863	526 863
<b>Other financial liabilities</b>	<b>819 798</b>	<b>0</b>	<b>0</b>	<b>819 798</b>	<b>819 798</b>
<b>Subordinated liabilities</b>	<b>776 413</b>	<b>0</b>	<b>0</b>	<b>776 413</b>	<b>776 413</b>

31.12.2023	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Assets</b>					
Cash and cash equivalents	2 521 555	1 121 499	1 400 056	0	2 521 555
Amount due from banks	4 615 420	0	4 615 420	0	4 615 420
<b>Loans and advances to customers</b>	<b>60 822 737</b>	<b>0</b>	<b>0</b>	<b>58 372 077</b>	<b>58 372 077</b>
<b>Retail segment</b>	<b>37 995 750</b>	<b>0</b>	<b>0</b>	<b>35 364 992</b>	<b>35 364 992</b>
Consumer loans	14 788 921	0	0	13 509 739	13 509 739
Loans for residential real estate	18 203 142	0	0	16 760 914	16 760 914
Consumer finance loans	5 003 687	0	0	5 094 339	5 094 339
<b>Corporate segment</b>	<b>22 826 987</b>	<b>0</b>	<b>0</b>	<b>23 007 085</b>	<b>23 007 085</b>
Working capital facility	16 159 822	0	0	16 290 914	16 290 914
Investment loans	4 471 096	0	0	4 520 102	4 520 102
Other	2 196 069	0	0	2 196 069	2 196 069
Asstes pledged as collateral	46 894	46 894	0	0	46 894
Investment securities measured at amortized cost	2 925 678	2 923 603	0	61	2 923 664
<b>Other financial assets</b>	<b>603 188</b>	<b>0</b>	<b>0</b>	<b>603 188</b>	<b>603 188</b>
<b>Liabilities</b>					
<b>Amounts due to banks</b>	<b>144 991</b>	<b>0</b>	<b>144 991</b>	<b>0</b>	<b>144 991</b>
Current deposits	4 664	0	4 664	0	4 664
Credit received	14 582	0	14 582	0	14 582
Other liabilities	125 745	0	125 745	0	125 745
<b>Amounts due to customers</b>	<b>75 216 392</b>	<b>0</b>	<b>0</b>	<b>75 352 518</b>	<b>75 352 518</b>
Current deposits	50 533 027	0	0	50 533 027	50 533 027
Term deposits	22 126 557	0	0	22 126 557	22 126 557
Own issue of banking securities	1 257 321	0	0	1 393 447	1 393 447
Own issue of bonds	851 858	0	0	851 858	851 858
Other liabilities	447 629	0	0	447 629	447 629
<b>Other financial liabilities</b>	<b>1 552 904</b>	<b>0</b>	<b>0</b>	<b>1 552 904</b>	<b>1 552 904</b>
<b>Subordinated liabilities</b>	<b>1 159 999</b>	<b>0</b>	<b>0</b>	<b>1 159 999</b>	<b>1 159 999</b>

## 16 Transactions with subsidiaries

Bank's subsidiaries as at 30 September 2024 and the date of this report was as follows:

Company's name - subsidiaries	23.10.2024	30.09.2024	31.12.2023
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- AL Finance sp. z o.o.	100%	100%	100%
- Alior Leasing Individual sp. z o.o.	90% - Alior Leasing sp.z o.o. 10% - AL Finance sp. z o.o	90% - Alior Leasing sp.z o.o. 10% - AL Finance sp. z o.o	90% - Alior Leasing sp.z o.o. 10% - AL Finance sp. z o.o
Meritum Services ICB SA	100%	100%	100%
Alior TFI SA	100%	100%	100%
Corsham sp. z o.o.	100%	100%	100%
RBL_VC sp. z o.o.	100%	100%	100%
RBL_VC sp z o.o. ASI spółka komandytowo-akcyjna	100%	100%	100%

Subsidiaries	30.09.2024	31.12.2023
Loans and advances to customers	5 762 298	5 094 201
Other assets	147	250
<b>Total assets</b>	<b>5 762 445</b>	<b>5 094 451</b>
Amounts due to customers	119 991	121 778
Provisions	951	1 571
Other liabilities	4 477	2 896
<b>Total liabilities</b>	<b>125 419</b>	<b>126 245</b>

Subsidiaries	30.09.2024	31.12.2023
<b>Off-balance liabilities granted to customers</b>	<b>725 426</b>	<b>458 904</b>
relating to financing	725 426	458 904

Subsidiaries	01.01.2024 - 30.09.2024	01.01.2023 - 30.09.2023
Interest income calculated using the effective interest method	271 505	251 731
Interest expenses	-1 497	-1 554
Fee and commission income	7 998	5 074
Fee and commission expense	-338	-292
Dividend income	5 097	11 064
The result on financial assets measured at fair value through profit or loss and FX result	89	-25
Other operating income	2 242	2 656
Other operating expenses	0	-1
General administrative expense	-7 045	-7 773
Net expected credit losses	645	3 643
<b>Total</b>	<b>278 696</b>	<b>264 523</b>

## 17 Transactions with the State Treasury and related entities

Below there are material transactions with the State Treasury and its related entities with the exception of IAS 24.25. The transactions with the State Treasury mainly concern operations on treasury securities. The remaining transactions presented in the note below concern operations with selected entities with the highest exposure.

State Treasury and related entities	30.09.2024	31.12.2023
<b>Investment financial assets and derivatives</b>	<b>17 208 189</b>	<b>12 654 638</b>
measured at fair value through other comprehensive income	15 483 347	10 200 464
measured at fair value through profit or loss	10 371	53 398
measured at amortized cost	1 714 471	2 400 776
Amounts due from banks	3 259	0
Loans and advances to customers	516 447	731 145
<b>Total assets</b>	<b>17 727 895</b>	<b>13 385 783</b>
Financial Liabilities	0	55 814
Amounts due to banks	4 257	9 286
Amounts due to customers	682 332	578 378
<b>Total liabilities</b>	<b>686 589</b>	<b>643 478</b>

State Treasury and related entities	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023
Interest income calculated using the effective interest method	1 007 129	657 133
Interest expense	-30 964	-36 958
<b>Total</b>	<b>976 165</b>	<b>620 175</b>

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

## 18 Transactions with the supervising and managing persons

### 18.1 Financial data

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

30.09.2024	Supervising, managing persons	Supervisory Board	Bank's Management Board
Amounts due to customers	443	327	116
<b>Total liabilities</b>	<b>443</b>	<b>327</b>	<b>116</b>

30.09.2023	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	408	0	408
<b>Total assets</b>	<b>408</b>	<b>0</b>	<b>408</b>
Amounts due to customers	273	0	273
<b>Total liabilities</b>	<b>273</b>	<b>0</b>	<b>273</b>

## 19 Legal claims

None of the individual proceedings pending during the during three quarters of 2024 before a court, a body competent for arbitration proceedings or a public administration body, as well as all proceedings taken together, pose a threat to the Bank's financial liquidity.

In accordance with IAS 37, the Bank each time assesses whether a past event gave rise to a present obligation. In legal claims, the Bank additionally uses expert opinions. If, based on expert judgment and taking into account all circumstances, the Bank assesses that the existence of a present obligation as at the balance sheet date is more likely than not and the Bank is able to reliably estimate the amount of the obligation in this respect, then it creates a provision. As at 30 September 2024, the Bank created provisions for legal claims brought against the Bank, which, according to the legal opinion, involve the risk of outflow of funds due to fulfillment of the obligation in the amount of PLN 194 092 thousand and as at 31 December 2023 in the amount of PLN 153 629 thousand.

The proceedings which according to the opinion of the Management Board are significant are presented below.

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

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

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

On 5 June 2024, Raiffeisen Bank International AG with its registered office in Vienna - liquidator of the funds Vivante FIZAN in liquidation and Inwestycje Selective FIZAN in liquidation paid out the funds obtained from the liquidation in proportion to the number of investment certificates held by the fund participants. Ultimately, PLN 158.39 was paid for one certificate of the Vivante FIZAN fund in liquidation (compared to PLN 95.22 at the opening of the liquidation), and for the Inwestycje Selective FIZAN fund in liquidation - PLN 927.99 (compared to PLN 641.15), respectively. This payment means the remission of investment certificates held by fund participants.

On 31 July 2024, Raiffeisen Bank International AG with its registered office in Vienna - liquidator of the fund Inwestycje Rolne FIZAN in liquidation paid out the funds obtained from the liquidation in proportion to the number of investment certificates held by the fund participants. Ultimately, PLN 980.39 was paid out for one certificate of the Inwestycje Rolne FIZAN fund in liquidation (compared to PLN 789.86 at the opening of liquidation). This payment means the remission of investment certificates held by fund participants.



On 21 August 2024, Raiffeisen Bank International AG with its registered office in Vienna - the liquidator of the fund Lasy Polskie FIZAN in liquidation made a payment of the funds obtained from the liquidation in proportion to the number of investment certificates held by the fund participants. Ultimately, PLN 444.16 was paid out for one certificate of the fund Lasy Polskie FIZAN in liquidation (compared to PLN 324.76 at the opening of the liquidation). This payment means the remission of investment certificates held by the fund participants.

The Bank, has changed the estimate of its provisions as at the balance sheet date in connection with cases brought against the Bank by purchasers of the Funds' investment certificates for payment or for determining liability. The Bank will analyse the judgments issued on an ongoing basis, taking into account the impact of liquidation and related payments on court judgments, and will shape the amount of provisions accordingly.

#### Claims for payment

As at 30.09.2024, the Bank is defendant in 170 cases brought by the buyers of the Fund's investment certificates for payment (compensation for damage). The total value of the dispute in these cases is PLN 57 million.

In the Bank's opinion, each claims for payment requires an individual approach. However, the Bank conducted a thorough analysis, selected cases and singled out those with specific risk factors, which the Bank took into account in its approach to the provision created on this account. In the calculation of the provision, the Bank also took into account the possible increase in the scale of lawsuits. The total amount of the provision as at 30 September 2024 amounted PLN 74.3 million.

#### Liability claims

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

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

On 8 March 2023, the District Court in Warsaw issued a decision to determine the composition of the group. As at the date of this report, this decision is invalid. The value of the subject of the extended claim amounts to approx. PLN 103.9 million. The lawsuits were filed to establish liability (not for payment, i.e. compensation for damage), therefore the Bank does not anticipate any outflow of cash from these proceedings, other than litigation costs, the amount of which the Bank estimates at PLN 600 thousand.

#### Court proceedings of FX mortgage loans

As at 30 September 2024, there were 148 court proceedings pending against the Bank (as at 31 December 2023: 86) concerning mortgage loans granted in previous years in foreign currencies with a total value of the subject matter of the dispute of PLN 141.9 million (as of 31 December 2023: PLN 92.1 million).

The main cause of the dispute indicated by the plaintiffs concerns the questioning of the provisions of the loan agreement regarding the Bank's use of conversion rates and results in claims for the partial or total invalidity of the loan agreements.

The Bank monitors the state of court decisions on an ongoing basis in cases of loans indexed or denominated in a foreign currency in terms of the formation and possible changes in the lines of case law.

The table below presents the cumulative costs of legal risk of FX mortgage loans (in MPLN).

	30.09.2024	31.12.2023
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	128	114
Provisins	51	36
<b>Total</b>	<b>179</b>	<b>150</b>

### Court proceedings regarding free credit sanction

As at 30 September 2024, there were pending 2171 court proceedings against the Bank regarding the sanction of a free loan with the value of the subject matter of the dispute amounting PLN 86.8 million (as at 31 December 2023, 1219 proceedings with the value of the subject matter of the dispute amounting PLN 44.1 million). These proceedings are mainly initiated by customers or entities that have purchased receivables from customers and concern the provisions of cash loan agreements. The Bank's position is that lending costs the loan, in particular the commission, is permissible, consistent with national and European regulations, is not abusive, and all this provided that the credited costs are correctly included in the loan agreement in the total loan amount, the total cost of the loan and in the annual real interest rate. The Bank questions the validity of the claims raised in these cases. The total amount of the provision in this respect as at 30 September 2024 is PLN 35 million.

## 20 Contingent liability

The Bank presented a description of the most significant proceedings conducted as at 30 September 2024 against the Bank, which constitute contingent liabilities in the interim condensed consolidated financial statements in note 33.

The total value of the subject matter of the dispute as at 30 September 2024 in court proceedings conducted against the Bank amounted in PLN 918 709 thousand and as at 31 December 2023 in PLN 621 150 thousand.

## 21 Events significant to the business operations of the Bank

### Decision on early redemption of bonds by Alior Bank

On 10 January 2024, the Bank's Management Board adopted resolutions on the early redemption of its own bonds: series P1B issued on 29 April 2016, and series F issued on 26 September 2014, the final redemption date of which was respectively on 16 May 2024 and on 26 September 2024. Early redemption of the above-mentioned bonds took place on 30 January 2024.

The redemption amounts were as follows:

	Nominal value
Series F bonds	321 700
Series P1B bonds	70 000

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

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

financial instruments must be calculated and applied according to strictly defined rules, so as to avoid suspicion of any fraud. The benchmark according to the IBOR reform, in particular:

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

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

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

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

The Steering Committee of the National Working Group (KS NGR), established in connection with the reform of benchmarks, is working on developing an alternative interest rate benchmark whose input data is information representing ON (overnight) transactions.

On 11 April 2024, the Ministry of Finance asked the members of the Steering Committee to re-conduct the review and analysis of alternative indicators for WIBOR, taking into account both WIRON and other possible indicators. Due to the above, changes to the roadmap for transitioning to the new indicator are possible. Work on the reform will continue until the process of replacing the WIBOR index with a new RFR-type reference index is completed in the most effective and safe manner.

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

### **Legal events**

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

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

### **Interest rate risk**

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

Additionally, the interest rate risk may materialize, especially with regard to the LIBOR EUR rate, in the form of unsuccessful annexes to contracts with customers. As a result, the rate in the customer contract from the last day of LIBOR EUR validity, from the last revaluation date or at zero is maintained. The Bank reduces this

risk by actively encouraging clients to add amendments to their contracts and as part of the ongoing management of exposure to interest rate risk in the banking book.

As at 30 September 2024, the IBOR reform in relation to the currencies to which the Bank has exposures was largely completed; in the sense that, apart from the continuation of the annexation processes, no additional activities are envisaged. It should also be taken into account that for objective reasons (each client would have to agree to the annex), it will never be possible to annex every contract covered by this process. The table below presents the status of transition to new benchmarks according to the IBOR reform.

Currency	Benchmark before reform	Benchmark status at 01.01.2024	Benchmark used by the Bank after reform	30.09.2024	31.12.2023
PLN	WIBOR	Compatible with BMR	WIRON	Portfolio annexation in progress (in terms of fallback clauses)	Portfolio annexation in progress (in terms of fallback clauses)
EUR	LIBOR EUR	Liquidated	EURIBOR	Portfolio annexation in progress - index change from LIBOR EUR to EURIBOR (currently single cases)	Portfolio annexation in progress - index change from LIBOR EUR to EURIBOR (currently single cases)
EUR	EURIBOR	Compatible with BMR	EURIBOR	Portfolio was not annexed	Portfolio was not annexed
USD	LIBOR USD	Liquidated	SOFR	The process of annexing the LIBOR USD portfolio started in June 2023. The annexation concerns the change of the index from LIBOR USD to SOFR	The process of annexing the LIBOR USD portfolio started in June 2023. The annexation concerns the change of the index from LIBOR USD to SOFR
CHF	LIBOR CHF	Liquidated	SARON	Portfolio annexation completed. The index change was made in accordance with Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021	Portfolio annexation completed. The index change was made in accordance with Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021
GBP	LIBOR GBP	Liquidated	SONIA	Portfolio annexation in progress - index change from LIBOR GBP to SONIA	Portfolio annexation in progress - index change from LIBOR GBP to SONIA (currently single cases)

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

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

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

In terms of the synthetic LIBOR USD indicator, the indicator will be published until the end of September 2024. As regards the substitute for CHF LIBOR, the Bank relies on the Implementing Regulation of the European Commission of 14 October 2021, according to which the replacement for CHF LIBOR are appropriately constructed indicators based on the SARON index.

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

#### The Bank's exposure by individual IBOR reference ratios

30.09.2024 Reference indicator	Assets (gross carrying amount)	Liabilities (gross carrying amount)	Off-balance sheet liabilities - granted (nominal value)	Derivatives (nominal value)
WIBOR	46 740 940	10 132 865	6 020	19 799 647
LIBOR EUR	14 716	0	0	0
LIBOR USD	70 332	0	0	0
LIBOR CHF	24 896	0	0	0
EURIBOR	5 914 667	3 009	1 892	743 623
LIBOR GBP	1 802	0	0	0
<b>Total</b>	<b>52 767 353</b>	<b>10 135 874</b>	<b>7 912</b>	<b>20 543 270</b>

31.12.2023 Reference indicator	Assets (gross carrying amount)	Liabilities (gross carrying amount)	Off-balance sheet liabilities - granted (nominal value)	Derivatives (nominal value)
WIBOR	47 673 934	10 566 283	5 032	16 805 827
LIBOR EUR	15 846	0	0	0
LIBOR USD	79 257	0	0	0
LIBOR CHF	26 554	0	0	0
EURIBOR	5 609 694	2 373	2 561	558 978
LIBOR GBP	268 727	0	0	0
<b>Total</b>	<b>53 674 012</b>	<b>10 568 656</b>	<b>7 593</b>	<b>17 364 805</b>

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

30.09.2024 Reference indicator	Derivatives (nominal value)
WIBOR	22 062 000
EURIBOR	1 028 696
<b>Total</b>	<b>23 090 696</b>

31.12.2023 Reference indicator	Derivatives (nominal value)
WIBOR	16 623 000
EURIBOR	658 287
<b>Total</b>	<b>17 281 287</b>

#### CRR changes

On 19 June 2024, Regulation 2024/1623 of 31 May 2024 (so-called CRR3) was announced, introducing changes to the methods of calculating the Bank's capital requirements. The changes resulting from the Regulation will enter into force on 1 January 2025, and will affect the increase in the Bank's RWA, in particular by introducing the discontinuation of the AMA method in the scope of calculating the capital requirement for operational risk, as well as a number of changes in the calculation of the capital requirement for credit risk, including the introduction of exposure categories related to the purchase, development and development of land, designation of exposures constituting contractual arrangements offered by the Bank but not yet accepted by the Client, introduction of changes in the method of determining CCF and changes in the process of valuation and monitoring of real estate value.

The Bank is currently working on implementing the changes resulting from CRR3 into its own systems.

## **Non-statutory banking sector moratorium for flood victims**

In connection with the natural disaster that hit the south-western region of Poland in Q3 2024, the banking sector has taken steps to develop a non-statutory moratorium providing for the deferral of loan repayment upon request for clients affected by the effects of the flood. The entry into force of the moratorium must be preceded by formal approval by the EBA.

The aid measures will be available to borrowers who are: individual clients or entrepreneurs belonging to the following segments: micro, small or medium-sized, including entities conducting agricultural and agritourism activities.

The basic aid for borrowers affected by the effects of the flood is the deferral of repayments of capital or capital and interest installments in automatic or simplified mode by a maximum of 3 months. In the Bank's opinion, the use by clients of the non-statutory banking sector moratorium for flood victims will not have a significant impact on the Bank's financial results.

## **Support for flood victims from the Borrower Support Fund (FWK)**

The amended Act of 1 October 2024 on special solutions related to the removal of the effects of floods and certain other acts provides for support for borrowers affected by floods from the Borrower Support Fund. The non-refundable support consists of repayment of up to 12 monthly full installments of capital and interest on a housing loan.

Depending on the number and value of applications, it may be necessary to supplement the FWK funds. Alior Bank's share in a possible additional payment to the FWK should be similar to the Bank's share in the value of mortgage loans granted, i.e. approx. 4%, and the additional payment should not significantly disturb the Bank's results.

## **PFSA Recommendation regarding the Long-Term Financing Ratio (WFD Recommendation)**

On 15 July 2024, the Polish Financial Supervision Authority adopted a resolution on issuing a Recommendation regarding the Long-Term Financing Ratio ("WFD Recommendation").

The purpose of introducing the WFD Recommendation is to reduce the risk associated with the current structure of mortgage financing and to change this structure by increasing the share of long-term debt instruments in banks' liabilities in relation to the value of mortgage loans granted. The introduction of the WFD Recommendation is to ensure an increase in the financing of long-term mortgage loans primarily with long-term debt instruments that cannot be redeemed within a period of at least one year. In accordance with the WFD Recommendation, starting from 31 December 2026, the Bank should maintain the Long-Term Financing Ratio at a level of at least 40%.

In the Bank's opinion, the introduction of the WFD Recommendation will result in a significant increase in the value of debt instrument issues by banks covered by this recommendation in the coming years, which may translate into the price and availability of mortgage loans offered to customers. The increase in the value of debt instrument issues may also affect the structure of banks' deposit offer and increase exposure to currency risk (in the event that the scale of debt instrument issues exceeds the financial capabilities of the domestic market).

## **22 Significant events after the end of the reporting period**

There were no significant events after the end of the reporting period that are not included in this report.