



**Financial report
of the Alior Bank Spółka Akcyjna Group
for the first quarter of 2020**

Selected financial data concerning the financial statements

PLN	01.01.2020 - 31.03.2020	01.01.2019 – 31.12.2019	01.01.2019– 31.03.2019	%
				(A-B)/B
	A		B	C
Net interest income	776 024	3 181 448	803 807	-3.46%
Net fee and commission income	137 394	666 574	169 864	-19.12%
Trading result & other	38 135	-53 549	52 474	-27.33%
Net expected credit losses impairment allowances and write-downs	-294 846	-1 437 158	-274 606	7.37%
General administrative expenses	-481 591	-1 630 104	-512 397	-6.01%
Gross profit	120 998	495 291	184 910	-34.56%
Net profit	73 235	252 832	103 489	-29.23%
Net cash flow	581 822	-699 511	-435 965	-233.46%
Loans and advances to customers	56 518 126	55 871 308	55 393 764	2.03%
Amounts due to customers	64 596 016	64 999 259	62 326 563	3.64%
Equity	6 822 312	6 759 065	6 540 760	4.30%
Total assets	76 512 233	76 735 834	74 638 883	2.51%
Selected ratios				
Profit per ordinary share (PLN)	0.56	1.94	0.79	-0.29
Capital adequacy ratio	15.52%	16.20%	15.40%	0.78%
Tier 1	12.94%	13.48%	12.42%	4.19%

EUR	01.01.2020 - 31.03.2020	01.01.2019 – 31.12.2019	01.01.2019– 31.03.2019	%
				(A-B)/B
	A		B	C
Net interest income	176 518	739 562	187 028	-5.62%
Net fee and commission income	31 252	154 952	39 523	-20.93%
Trading result & other	8 674	-12 448	12 210	-28.96%
Net expected credit losses impairment allowances and write-downs	-67 067	-334 083	-63 895	4.96%
General administrative expenses	-109 545	-378 935	-119 223	-8.12%
Gross profit	27 523	115 136	43 024	-36.03%
Net profit	16 658	58 774	24 080	-30.82%
Net cash flow	132 344	-162 609	-101 439	-230.47%
Loans and advances to customers	12 415 290	13 119 950	12 878 377	-3.60%
Amounts due to customers	14 189 754	15 263 416	14 490 169	-2.07%
Equity	1 498 652	1 587 194	1 520 647	-1.45%
Total assets	16 807 379	18 019 451	17 352 634	-3.14%
Selected ratios				
Profit per ordinary share (PLN)	0.13	0.45	0.18	-0.28
Capital adequacy ratio	15.52%	16.20%	15.40%	0.78%
Tier 1	12.94%	13.48%	12.42%	4.19%

Selected items of the financial statements were translated into EUR at the following exchange rates	31.03.2020	31.12.2019	31.03.2019
NBP's average exchange rate as at the end of the period	4.5523	4.2585	4.3013
NBP's average exchange rates as at the last day of each month	4.3963	4.3018	4.2978



Selected financial indicators

	31.03.2020	31.03.2019	(A-B)[p.p]	(A-B)/B[%]
	A	B		
ROE	4.3%	6.4%	-2.1	-32.81%
ROA	0.4%	0.6%	-0.2	-33.33%
C/I	50.6%	49.9%	0.7	1.40%
CoR	1.93%	1.86%	0.07	3.76%
L/D	87.5%	88.9%	-1.4	-1.57%
NPL	13.7%	11.4%	2.3	19.91%
NPL	53.3%	54.5%	-1.2	-2.18%
TCR	15.52%	15.40%	0.12	0.78%
TIER 1	12.94%	12.42%	0.52	4.19%



**Interim condensed consolidated
financial statements
of the Alior Bank Spółka Akcyjna Group
for the first quarter of 2020**

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	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Interest income calculated using the effective interest method		937 091	986 612
Income of a similar nature		22 486	33 474
Interest expense		-183 553	-216 279
Net interest income	4	776 024	803 807
Fee and commission income		271 570	266 948
Fee and commission expense		-134 176	-97 084
Net fee and commission income	5	137 394	169 864
Dividend income		114	0
The result on financial assets measured at fair value through profit or loss and FX result	6	1 339	22 686
The result on derecognition of financial instruments not measured at fair value through profit or loss	7	29 261	17 295
measured at fair value through other comprehensive income		5 547	10 423
measured at amortized cost		23 714	6 872
Other operating income		41 615	33 437
Other operating expenses		-34 194	-20 944
Net other operating income and expenses	8	7 421	12 493
General administrative expenses	9	-481 591	-512 397
Net expected credit losses	10	-296 153	-272 962
The result on impairment of non-financial assets	11	1 307	-1 644
Banking tax	12	-54 118	-54 232
Gross profit		120 998	184 910
Income tax	13	-47 763	-81 421
Net profit		73 235	103 489
Net profit attributable to equity holders of the parent		73 235	103 489
Net profit attributable to non-controlling interests		0	0
Weighted average number of ordinary shares		130 553 991	130 553 991
Net profit per share (PLN)	14	0.56	0.79
Diluted profit per ordinary share (PLN)	14	0.56	0.79

Interim condensed consolidated statement of comprehensive income

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Net profit	73 235	103 489
Items that may be reclassified to the income statement after certain conditions are satisfied	-9 684	-48 499
Foreign currency translation differences	-1 232	240
Results of the measurement of financial assets (net)	-107 550	-59 145
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	-132 777	-73 019
Deferred tax	25 227	13 874
Results on the measurement of hedging instruments (net)	99 098	10 406
Gains/losses on hedging instruments	122 343	12 847
Deferred tax	-23 245	-2 441
Total comprehensive income. net	63 551	54 990
- attributable to shareholders of the parent company	63 551	54 990
- attributable to non-controlling interests	0	0

The notes presented on pages 10-49 constitute an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of financial position

ASSETS	Note number	31.03.2020	31.12.2019
Cash and cash equivalents	15	1 960 949	1 379 127
Amounts due from banks	16	276 081	212 885
Investment financial assets:	17	14 197 506	15 798 674
measured at fair value through other comprehensive income		9 123 148	10 438 695
measured at fair value through profit or loss		631 166	543 925
measured at amortized cost		4 443 192	4 816 054
Derivative hedging instruments		292 922	134 832
Loans and advances to customers	18	56 518 126	55 871 308
Assets pledged as collateral	20	338 412	335 489
Property, plant and equipment		741 526	763 585
Intangible assets		577 898	580 352
Investments in associates		5 333	9 822
Non-current assets held for sale		110	103
Income tax asset	13	1 139 404	1 164 764
deferred income tax asset		16 196	20 468
current income tax asset		1 123 208	1 144 296
Other assets	19	463 966	484 893
TOTAL ASSETS		76 512 233	76 735 834

LIABILITIES AND EQUITY	Note number	31.03.2020	31.12.2019
Amounts due to banks	21	939 965	822 543
Amounts due to customers	22	64 596 016	64 999 259
Financial liabilities	25	431 762	436 856
Derivative hedging instruments		77 545	40 676
Provisions	23	257 105	358 869
Other liabilities	24	1 572 872	1 429 676
Income tax liabilities		10 167	94 905
current income tax liabilities		9 658	94 404
deferred income tax liabilities		509	501
Subordinated liabilities	26	1 804 489	1 793 985
Total liabilities		69 689 921	69 976 769
Share capital		1 305 540	1 305 540
Supplementary capital		5 393 358	5 393 358
Revaluation reserve		67 952	76 404
Other reserves		166 850	166 850
Foreign currency translation differences		-627	605
Accumulated losses		-183 996	-436 524
Profit for the period		73 235	252 832
Equity		6 822 312	6 759 065
TOTAL LIABILITIES AND EQUITY		76 512 233	76 735 834

The notes presented on pages 10-49 constitute an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in consolidated equity

01.01.2020 - 31.03.2020	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Non-controlling interests	Total equity
01 January 2020	1 305 540	5 393 358	166 850	76 404	605	-183 692	0	6 759 065
Comprehensive income	0	0	0	-8 452	-1 232	73 235	0	63 551
net profit	0	0	0	0	0	73 235	0	73 235
other comprehensive income – valuations	0	0	0	-8 452	-1 232	0	0	-9 684
incl. financial assets measured at fair value through other comprehensive income	0	0	0	-107 550	0	0	0	-107 550
incl.hedging instruments	0	0	0	99 098	0	0	0	99 098
incl.currency translation differences	0	0	0	0	-1 232	0	0	-1 232
Other changes in equity	0	0	0	0	0	-304	0	-304
31 March 2020	1 305 540	5 393 358	166 850	67 952	-627	-110 761	0	6 822 312

01.01.2019 - 31.12.2019	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Non-controlling interests	Total equity
01 January 2019	1 305 540	5 386 828	171 629	52 164	-202	-430 036	0	6 485 923
Transfer of last year's profit	0	6 530	0	0	0	-6 530	0	0
Comprehensive income	0	0	0	24 240	807	252 832	0	277 879
net profit	0	0	0	0	0	252 832	0	252 832
other comprehensive income – valuations	0	0	0	24 240	807	0	0	25 047
incl. financial assets measured at fair value through other comprehensive income	0	0	0	8 888	0	0	0	8 888
incl.hedging instruments	0	0	0	15 352	0	0	0	15 352
incl.currency translation differences	0	0	0	0	807	0	0	807
Other changes in equity	0	0	-4 779	0	0	42	0	-4 737
31 December 2019	1 305 540	5 393 358	166 850	76 404	605	-183 692	0	6 759 065

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

The notes presented on pages 10-49 constitute an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019*
Operating activities		
Profit before tax for the year	120 998	184 910
Adjustments:	58 306	60 445
Unrealized foreign exchange gains/losses	656	1 632
Dividends	114	0
Amortization/depreciation of property, plant and equipment and intangible assets	60 867	59 139
Change in property, plant and equipment and intangible assets impairment write-down	-1 307	1 568
Short-term lease contracts	-2 024	-1 894
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	179 304	245 355
Change in loans and receivables	-710 014	-1 178 001
Change in financial assets measured at fair value through other comprehensive income	1 315 547	-447 612
Change in financial assets measured at fair value through profit or loss	-87 241	-99 409
Change in financial assets measured at amortised cost	372 862	243 726
Change in assets pledged as collateral	-2 923	-11 501
Change in derivative hedging assets	-158 090	5 726
Change in non-current assets held for sale	-7	75
Change in other assets	20 927	203 137
Change in deposits	-307 341	359 484
Change in own issue	-135 372	-162 557
Change in financial liabilities	-5 094	54 541
Change in hedging liabilities derivative	36 869	5 333
Change in other liabilities and other comprehensive income	250 406	461 653
Change in provisions	-101 764	-3 496
Cash from operating activities before income tax	668 069	-323 546
Income tax paid	-21 003	-61 450
Net cash flow from operating activities	647 066	-384 996
Investing activities		
Outflows:	-30 497	-35 390
Purchase of property, plant and equipment	-16 769	-24 690
Purchase of intangible assets	-18 217	-10 700
Investments in subsidiaries	4 489	0
Inflows:	308	3 797
Disposal of property, plant and equipment	308	3 797
Net cash flow from investing activities	-30 190	-31 593
Financing activities		
Outflows:	-35 054	-19 376
Interest payments – subordinated liabilities	-14 311	-13 410
Principle payments - lease liabilities	-19 942	-5 034
Interest payments - lease liabilities	-801	-932
Inflows:	0	0
Inflows from share issue	0	0
Net cash flow from financing activities	-35 054	-19 376
Total net cash flow	581 822	-435 965
incl. exchange gains/(losses)	39 066	10 358
Balance sheet change in cash and cash equivalents	581 822	-435 965
Cash and cash equivalents, opening balance	1 379 127	2 078 638
Cash and cash equivalents, closing balance	1 960 949	1 642 673
Additional disclosures on operating cash flows		
Interests received	879 829	1 193 414
Interests paid	-189 740	-184 552

*Restated – Note 2.3

The notes presented on pages 10-49 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 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, 13th 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 Composition of the Group and its scope of business

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 27 February 2020.

As at 31 March 2020, 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 ⁴	Number of votes	Number of votes in the total number of votes
31.03.2020					
Grupa PZU SA	41 689 286	416 892 860	31.93%	41 689 286	31.93%
Aviva OFE Aviva Santander	9 467 000	94 670 000	7.25%	9 467 000	7.25%
Nationale-Nederlanden OFE	9 300 000	93 000 000	7.12%	9 300 000	7.12%
Others	70 097 705	700 977 050	53.70%	70 097 705	53.70%
Total	130 553 991	1 305 539 910	100.00%	130 553 991	100.00%

As at the preparation date of this report, i.e. 5 May 2020, 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 ⁴	Number of votes	Number of votes in the total number of votes
05.05.2020					
Grupa PZU SA	41 689 286	416 892 860	31.93%	41 689 286	31.93%
Aviva OFE Aviva Santander	9 467 000	94 670 000	7.25%	9 467 000	7.25%
Nationale-Nederlanden OFE	9 300 000	93 000 000	7.12%	9 300 000	7.12%
Others	70 097 705	700 977 050	53.70%	70 097 705	53.70%
Total	130 553 991	1 305 539 910	100.00%	130 553 991	100.00%

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 statements in comparison to the annual reporting period ended on 31 December 2019, the composition of the Bank's Management Board changed.

On 17 January 2020, Mr Mateusz Poznański informed about his resignation from the position of the Member of the Bank's Management Board effective on 29 February 2020.

As at 31 March 2020 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
Krzysztof Bachta	President of the Management Board
Tomasz Biłous	Vice President of the Management Board
Marcin Jaszczuk	Vice President of the Management Board
Seweryn Kowalczyk	Vice President of the Management Board
Agata Strzelecka	Vice President of the Management Board
Marek Szcześniak	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 2020 and as at the date of preparation date of financial statements:

Number of shares	05.05.2020	31.03.2020	31.12.2019
Krzysztof Bachta	10 000	10 000	5 000
Tomasz Biłous	2 500	2 500	-
Marcin Jaszczuk	4 820	4 820	-
Agata Strzelecka	1 500	1 500	-
Marek Szcześniak	1 000	1 000	-
Dariusz Szwed	4 600	4 600	-
Total	24 420	24 420	5 000

In comparison to the annual reporting period ended on 31 December 2019, there were no changes in the composition of the Bank's Supervisory Board.

As of 31 March 2020 and the date of this report the composition of the Bank's Supervisory Board was as follows:

First and last name	Function
Tomasz Kulik	- Chairman of the Supervisory Board
Marcin Eckert	- Deputy Chairperson of the Supervisory Board
Dariusz Gątarek	- Member of the Supervisory Board
Mikołaj Handschke	- Member of the Supervisory Board
Artur Kucharski	- Member of the Supervisory Board
Wojciech Myślecki	- Member of the Supervisory Board
Maciej Rapkiewicz	- Member of the Supervisory Board

In accordance with the Bank's best knowledge there was no change in the number of shares held by the Members of Supervisory Board starting from the date of preparation of the annual financial statements, ie from 27 February 2020. As of 31 March 2020 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 2020 and as at the date of preparation date of financial statements was as follows:

Company's name - subsidiaries	05.05.2020	31.03.2020	31.12.2019
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%
Meritum Services ICB SA	100%	100%	100%
NewCommerce Services sp. z o.o.	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%	20%	20%
RBL_VC sp. z o.o.	100%	100%	100%
Harberton sp. z o.o.*	100%	100%	-

* On 19 February 2020, Alior Bank SA acquired 100 shares in Harberton sp.z o.o. with a nominal value of PLN 50.00 each, all constituting 100% of the Company's share capital. The purchase price of the company was PLN 12 000.00.

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 5 May 2020.

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 first quarter of 2020 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 2019.

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 2020 to 31 March 2020 and interim condensed consolidated statement of financial position as at 31 March 2020 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 2019, except for the changes in the standards that entered into force on 1 January 2020. Changes to accounting policies are described in Note 2.2.

Scope and reporting currency

The interim condensed consolidated financial statements of the Alior Bank SA Group comprise the data of the Bank and its subsidiaries. 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, i.e. for a period of at least 1 year from the balance sheet date i.e. after 31 March 2020. 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.

2.2 Accounting principles – changes in standards

Significant accounting policies

Detailed accounting policies were presented in the annual consolidated financial statements of the Alior Bank Group for the year ended 31 December 2019 published on Alior Bank's website on 28 February 2020.

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 2019 and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 1 January 2020.

Changes in the reference to the Conceptual Framework in IFRS published in March 2018

They regulate the areas of recognizing and excluding assets and liabilities from the balance sheet. the basis for valuation, presentation and disclosure as well as updating selected definitions they will apply for periods beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8

They harmonize and clarify the definition of the concept of "significant" and provide guidelines to increase consistency in the application of this concept in International Financial Reporting Standards. Amendments will apply for periods beginning on or after 1 January 2020.

The application of the above amendments did not affect the financial statements in the period of its initial application.

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

Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of the IBOR

The introduced changes provide for temporary and narrow deviations from the hedge accounting requirements contained in IAS 39 and IFRS 9, thanks to which enterprises will be able to continue to meet the applicable requirements, assuming that the existing interest rate reference indicators do not change as a result of the reform of interbank deposit interest rates.

The Bank is currently assessing the impact of the changes on the financial statements

Amendments to IFRS 3

Amendments narrow down and explain the definition of an enterprise. They also make it possible to carry out a simplified assessment of whether a set of assets and activities is an asset group and not an enterprise. Amendments will apply for periods beginning on or after 1 January 2020.

IFRS 17 Insurance contracts

It replaces IFRS 4 "Insurance Agreements" which enabled the continuation of recognition of insurance contracts in accordance with the accounting principles in force in national standards, and as a result meant the use of many different solutions. IFRS 17 introduces a requirement for consistent recognition of all insurance contracts. Contractual obligations will be recognized in current values instead of historical cost. The new standard will apply to periods beginning on 1 January 2021 however, it will not apply to the Bank.

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

In relation to the published interim condensed consolidated financial statements as of 31 March 2019 the Group changed the presentation of the deposit at Alior Tradera by transferring receivables from positions covered by Assets pledged as collateral to the position Loans and advances to customers. This change caused a change in the statement of cash flow, below are restated data:

	31.03.2019 Presented	Change	31.03.2019 Restated
Change in assets pledged as collateral	-11 635	134	-11 501
Change in loans and receivables	-1 177 867	-134	-1 178 001

3 Operating segments

Segment description

Alior Bank SA 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;

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

- margin income decreased by the funding costs (a rate at which the branch acquires funding from the Treasury Department);
- 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 2020

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total
External interest income	441 754	283 052	51 218	776 024	0	776 024
external income	554 586	303 852	78 653	937 091	0	937 091
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	468 188	214 268	93 568	776 024	0	776 024
Fee and commission income	110 276	186 091	-24 797	271 570	0	271 570
Fee and commission expense	-51 458	-81 401	-1 317	-134 176	0	-134 176
Net fee and commission income	58 818	104 690	-26 114	137 394	0	137 394
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	542 841	321 713	86 999	951 553	0	951 553
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	397 863	170 538	86 999	655 400	1 307	656 707
General administrative expenses	-348 012	-187 697	0	-535 709	0	-535 709
Gross profit	49 851	-17 159	86 999	119 691	1 307	120 998
Income tax	0	0	0	0	-47 763	-47 763
Net profit	49 851	-17 159	86 999	119 691	-46 456	73 235
Depreciation						-60 867
Assets	44 916 758	30 456 071	0	75 372 829	1 139 404	76 512 233
Liabilities	50 326 241	19 353 513	0	69 679 754	10 167	69 689 921

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

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
External interest income	485 209	280 165	38 433	803 807	0	803 807
external income	607 621	309 933	69 058	986 612	0	986 612
income of a similar nature	0	0	33 474	33 474	0	33 474
external expense	-122 412	-29 768	-64 099	-216 279	0	-216 279
Internal interest income	28 460	-65 432	36 972	0	0	0
internal income	251 703	90 225	378 900	720 828	0	720 828

	Retail customers	Business customers	Treasury	Total operating segments	Unallocated items	Total Group
internal expense	-223 243	-155 657	-341 928	-720 828	0	-720 828
Net interest income	513 669	214 733	75 405	803 807	0	803 807
Fee and commission income*	100 655	162 585	3 708	266 948	0	266 948
Fee and commission expense	-41 223	-54 223	-1 638	-97 084	0	-97 084
Net fee and commission income	59 432	108 362	2 070	169 864	0	169 864
Dividend income	0	0	0	0	0	0
The result on financial assets measured at fair value through profit or loss and FX result*	1 481	14 138	7 067	22 686	0	22 686
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	17 295	17 295	0	17 295
measured at fair value through other comprehensive income	0	0	10 423	10 423	0	10 423
measured at amortized cost	0	0	6 872	6 872	0	6 872
Other operating income	30 071	3 341	25	33 437	0	33 437
Other operating expenses	-15 727	-5 217	0	-20 944	0	-20 944
Net other operating income	14 344	-1 876	25	12 493	0	12 493
Total result before expected credit losses	588 926	335 357	101 862	1 026 145	0	1 026 145
Net expected credit losses	-99 164	-173 798	0	-272 962	0	-272 962
The result on impairment of non-financial assets	0	0	0	0	-1 644	-1 644
Total result after expected credit losses and impairment	489 762	161 559	101 862	753 183	-1 644	751 539
General administrative expenses	-390 657	-175 972	0	-566 629	0	-566 629
Gross profit	99 105	-14 413	101 862	186 554	-1 644	184 910
Income tax	0	0	0	0	-81 421	-81 421
Net profit	99 105	-14 413	101 862	186 554	-83 065	103 489
Depreciation						-59 139
Assets	42 388 747	31 190 633	0	73 579 380	1 059 503	74 638 883
Liabilities	49 030 071	18 961 066	0	67 991 137	106 986	68 098 123

Notes to the interim condensed consolidated income statement

4 Net interest income

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Interest income calculated using the effective interest method	937 091	986 612
term deposits	78	105
Loans, incl:	808 662	864 254
<i>reimbursement of credit cost (TSUE provision)</i>	-63 574	0
financial assets measured at amortized cost	27 168	32 225
financial assets measured at fair value through other comprehensive income	43 401	33 665
receivables acquired	3 952	12 906
repo transactions in securities	877	514
current accounts	2 772	2 753
overnight deposits	207	241
leasing	39 067	30 941

other	10 907	9 008
Income of a similar nature	22 486	33 474
derivatives instruments	22 486	33 474
Interest expense	-183 553	-216 279
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-109 269	-126 710
term deposits	-68 715	-86 329
own issue	-30 307	-32 117
repo transactions in securities	-4 685	-3 559
cash deposits	-739	-767
leasing	-801	-932
other	-4 022	-3 006
Other interest expense	-74 284	-89 569
current deposits	-63 836	-66 053
derivatives	-10 448	-23 516
Net interest income	776 024	803 807

5 Net fee and commission income

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Fee and commission income	271 570	266 948
payment and credit cards service	85 160	65 133
transaction margin on currency exchange transactions	48 546	68 435
maintaining bank accounts	24 217	26 815
brokerage commissions	10 758	7 141
revenue from bancassurance activity	24 703	23 703
loans and advances	29 690	26 064
transfers	11 582	13 259
cash operations	7 581	9 412
guarantees, letters of credit, collection, commitments	2 673	3 187
receivables acquired	1 214	2 612
for custody services	2 375	2 530
repayment of seizure	1 404	1 469
from leasing activities	13 261	10 495
other commissions	8 406	6 693
Fee and commission expenses	-134 176	-97 084
costs of card and ATM transactions, including costs of cards issued	-81 459	-50 251
commissions paid to agents	-16 150	-12 719
insurance of bank products	-3 789	-3 707
costs of awards for customers	-4 748	-3 936
commissions for access to ATMs	-5 994	-5 521
commissions paid under contracts for performing specific operations	-6 324	-7 156
brokerage commissions	-945	-670
for custody services	-25	-369
transfers and remittances	-5 416	-4 416
other commissions	-9 326	-8 339
Net fee and commission income	137 394	169 864

01.01.2020 - 31.03.2020	Retail customers	Business customers	Treasury	Total
Fee and commission income	110 276	186 091	-24 797	271 570
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
revenue from bancassurance activity	12 865	11 838	0	24 703
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

01.01.2019-31.03.2019	Retail customers	Business customers	Treasury	Total
Fee and commission income	100 655	162 584	3 709	266 948
payment and credit cards service	24 345	40 788	0	65 133
transaction margin on currency exchange transactions	32 380	33 298	2 757	68 435
maintaining bank accounts	12 170	14 645	0	26 815
brokerage commissions	7 141	0	0	7 141
revenue from bancassurance activity	12 416	11 287	0	23 703
loans and advances	3 552	22 512	0	26 064
Transfers	3 065	10 194	0	13 259
cash operations	4 734	4 678	0	9 412
guarantees, letters of credit, collection, commitments	5	3 182	0	3 187
receivables acquired	0	2 612	0	2 612
custody services	0	2 530	0	2 530
repayment of seizure	0	1 469	0	1 469
from leasing activities	0	10 495	0	10 495
other commissions	847	4 894	952	6 693

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

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
FX result and net income on currency derivatives, including :	18 966	17 178
fx result	-151 372	-74 894
currency derivatives	170 338	92 072
Interest rate transacions	-10 889	-3 781
Ineffective part of hedge accounting	997	242
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	-7 735	9 047

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
The result on financial assets measured at fair value through profit or loss and FX result	1 339	22 686

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

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Financial assets measured at fair value through other comprehensive income	5 547	10 423
Financial assets measured at amortized cost	23 714	6 872
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	29 261	17 295

8 Result on other operating income and expenses

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Other operating income from:	41 615	33 437
income from contracts with business partners	11 526	9 840
reimbursement of costs of claim enforcement	8 462	7 833
received compensations, recoveries, penalties and fines	499	7 201
management of third party assets	4 908	4 676
from license fees from Partners	794	1 183
other	15 426	2 704
Other operating expenses due to:	-34 194	-20 944
reimbursement of credit cost (TSUE provision)	-22 008	-12 735
fees and costs of claim enforcement	-4 544	-4 495
paid compensations, fines and penalties	-355	-695
management of third party assets	-931	-864
recognition of complaints	-1 832	0
other	-4 524	-2 155
Net other operating income and expense	7 421	12 493

9 General administrative expenses

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Payroll costs	-233 928	-224 154
remuneration due to employment contracts	-190 851	-182 046
remuneration surcharges	-40 384	-38 596
revaluation of management option plan – part settled in cash	0	-972
costs of bonus for senior executives settled in phantom shares	-354	-865
other	-2 339	-1 675
General and administrative costs	-180 707	-225 345
lease and building maintenance expenses	-14 552	-16 661
costs of Banking Guarantee Fund	-88 599	-121 732
IT costs	-24 549	-22 610
marketing costs	-11 741	-20 602
cost of advisory services	-6 044	-9 794
external services	-7 922	-6 756

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
training costs	-2 407	-4 223
costs of telecommunications services	-5 826	-5 901
costs of lease of property, plant and equipment and intangible assets	-2 024	-1 894
other	-17 043	-15 172
Amortization and depreciation	-60 867	-59 139
property, plant and equipment	-19 966	-22 767
intangible assets	-17 169	-14 734
right to use the asset	-23 732	-21 638
Taxes and fees	-6 089	-3 759
Total general administrative expenses	-481 591	-512 397

10 Net expected credit losses

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Expected credit losses Stage 3	-264 994	-308 885
retail customers	-153 663	-129 922
business customers	-111 331	-178 963
Investment securities	-1 582	3 538
Expected credit losses Stage 1 and 2(ECL)	-13 704	29 925
Stage 2	2 023	-2 078
retail customers	14 009	2 967
business customers	-11 986	-5 045
Stage 1	-15 727	32 003
retail customers	-10 858	25 333
business customers	-4 869	6 670
POCI	-6 287	-17 598
Recoveries from off-balance sheet	11 690	15 154
Off-balance provisions	-21 276	4 904
Net expected credit losses	-296 153	-272 962

11 The result on impairment of non-financial assets

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Property, plant and equipment and intangible assets	1 307	-1 569
Non-current assets held for sale	0	-75
Total	1 307	-1 644

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

The income tax charge is recognized by the Group based on estimates of the weighted average effective annual income tax rate expected at the end of the financial year. However, in 2020, due to the coronavirus pandemic, expected economic slowdown or even an global economic crisis, according to the Group, the possibility of making reliable estimates of the effective tax rate is excluded. Accordingly, the income tax burden in this report was determined based on the statutory tax rate and actual tax base as well as the value of temporary differences as at 31 March 2020.

13.1 Tax charge disclosed in the profit and loss account

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Current tax	5 342	92 315
current year	5 342	92 315
Deferred income tax	42 421	-10 894
origination and reversal of temporary differences	42 421	-10 894
Accounting tax recognized in the income statement	47 763	81 421

13.2 Effective tax rate calculation

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Gross profit	120 998	184 910
Income tax at 19%	22 990	35 133
Non-tax deductible expenses	31 390	45 830
Entertainment costs	62	154
Impairment losses on loans not deductible for tax purposes	2 395	10 561
Prudency fee for BGF	16 834	23 129
Tax on Certain Financial Institutions	10 282	10 304
Donations	61	0
Other	1 756	1 682
Non-taxable income	-384	-553
Release of loan impairment allowances in the part not covered with the deferred tax	-2	-4
Other	-382	-549
Recognition of tax loss	130	119
Other	-6 363	892
Accounting tax recognized in the income statement	47 763	81 421
Effective tax rate	39.47%	44.03%

14 Profit per share

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019
Net profit	73 235	103 489
Weighted average number of ordinary shares	130 553 991	130 553 991
Share options (number) - adjusting instrument	543 725	1 160 412
Adjusted weighted average number of shares	131 097 716	131 714 403
Net profit per ordinary share (PLN)	0.56	0.79
Diluted profit per share (PLN)	0.56	0.79

In compliance with IAS 33, the Bank calculates diluted profit per share, including shares issued conditionally within incentive programmes described in Note 30.

Core profit per share is calculated as the quotient of profit attributable to the Bank's shareholders and the weighted average number of ordinary shares in the year.

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

The number of warrants as at 31 March 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 a 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

	31.03.2020	31.12.2019
Current account with the central bank	763 305	553 598
Cash	683 279	444 371
Current accounts in other banks	496 074	320 712
Term deposits in other banks	18 291	60 446
Cash and balances with central bank	1 960 949	1 379 127

16 Amounts due from banks

16.1 Financial data

Structure by type	31.03.2020	31.12.2019
Reverse Repo	0	15 959
Deposits as derivative transactions (ISDA) collateral	213 310	135 157
Other	62 771	61 769
Amounts due from banks	276 081	212 885

17 Investment financial assets

17.1 Financial data

	31.03.2020	31.12.2019
Financial assets	14 197 506	15 798 674
measured at fair value through other comprehensive income	9 123 148	10 438 695
measured at fair value through profit or loss	631 166	543 925
measured at amortized cost	4 443 192	4 816 054

17.2 Investment financial assets by type

measured at fair value through other comprehensive income	31.03.2020	31.12.2019
Debt instruments	9 067 365	10 387 477
issued by the State Treasury	8 979 115	8 548 971
T-bonds	8 979 115	8 548 971
issued by monetary institutions	21 424	1 769 963
Eurobonds	21 424	20 182
Money bills	0	1 749 781
issued by companies	66 826	68 543
Bonds	66 826	68 543
Equity instruments	55 783	51 218
Total	9 123 148	10 438 695

measured at fair value through profit or loss	31.03.2020	31.12.2019
Debt instruments	64 968	111 786
issued by the State Treasury	47 302	94 074
T-bonds	47 302	94 074
issued by other financial institutions	32	0
Bonds	32	0
issued by companies	17 634	17 712
Bonds	17 634	17 712
Equity instruments	55 688	58 802
Derivative financial instruments	510 510	373 337
Interest rate transactions	198 332	213 601
SWAP	198 271	213 550
Cap Floor Options	61	51
Foreign exchange transactions	268 048	84 460
FX Swap	88 655	33 281
FX forward	77 833	16 522
CIRS	28 880	13 244
FX options	72 680	21 413
Other options	33 781	68 289
Other instruments	10 349	6 987
Total	631 166	543 925

measured at amortized cost	31.03.2020	31.12.2019
Debt instruments	4 443 192	4 816 054

issued by the State Treasury	4 443 147	4 816 009
T-bonds	4 443 147	4 816 009
issued by other financial companies	45	45
Bonds	45	45
Total	4 443 192	4 816 054

18 Loans and advances to customers

18.1 Financial data (gross value, expected credit losses)

Loans granted to customers	31.03.2020			31.12.2019		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	35 063 271	-2 717 019	32 346 252	34 519 004	-2 649 663	31 869 341
Consumer loans	20 337 901	-2 540 381	17 797 520	20 296 824	-2 477 209	17 819 615
Loans for residential properties	11 747 332	-133 929	11 613 403	11 402 108	-130 782	11 271 326
Consumer finance loans	2 978 038	-42 709	2 935 329	2 820 072	-41 672	2 778 400
Corporate segment	27 135 108	-2 963 234	24 171 874	26 801 309	-2 799 342	24 001 967
Working capital loans	12 918 168	-2 008 609	10 909 559	12 885 641	-1 861 749	11 023 892
Investment loans	7 744 471	-434 911	7 309 560	7 638 934	-449 052	7 189 882
Other business loans	6 472 469	-519 714	5 952 755	6 276 734	-488 541	5 788 193
Total	62 198 379	-5 680 253	56 518 126	61 320 313	-5 449 005	55 871 308

Loans granted to customers	31.03.2020			31.12.2019		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Retail segment	35 063 271	-2 717 019	32 346 252	34 519 004	-2 649 663	31 869 341
Stage 1	29 524 088	-316 453	29 207 635	29 084 087	-305 168	28 778 919
Stage 2	2 597 104	-455 457	2 141 647	2 576 933	-468 820	2 108 113
Stage 3	2 835 657	-1 886 281	949 376	2 742 152	-1 816 378	925 774
POCI	106 422	-58 828	47 594	115 832	-59 297	56 535
Corporate segment	27 135 108	-2 963 234	24 171 874	26 801 309	-2 799 342	24 001 967
Stage 1	17 095 853	-168 568	16 927 285	17 302 684	-165 966	17 136 718
Stage 2	3 657 128	-247 324	3 409 804	3 448 949	-264 519	3 184 430
Stage 3	6 158 588	-2 511 033	3 647 555	5 830 089	-2 337 536	3 492 553
POCI	223 539	-36 309	187 230	219 587	-31 321	188 266
Total	62 198 379	-5 680 253	56 518 126	61 320 313	-5 449 005	55 871 308

Loans and advances to customers by method of allowance calculation	31.03.2020			31.12.2019		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	8 994 245	-4 397 314	4 596 931	8 572 241	-4 153 914	4 418 327
individualised method	3 730 871	-1 272 138	2 458 733	3 543 689	-1 223 708	2 319 981
with identified impairment	3 130 874	-1 266 407	1 864 467	2 921 713	-1 216 197	1 705 516
without identified impairment	599 997	-5 731	594 266	621 976	-7 511	614 465
group method	5 263 374	-3 125 176	2 138 198	5 028 552	-2 930 206	2 098 346
with identified impairment	5 095 146	-3 117 295	1 977 851	4 868 892	-2 922 563	1 946 329
without identified impairment	168 228	-7 881	160 347	159 660	-7 643	152 017
Stage 2	6 254 232	-702 781	5 551 451	6 025 882	-733 339	5 292 543
Stage 1	46 619 941	-485 021	46 134 920	46 386 771	-471 134	45 915 637
POCI	329 961	-95 137	234 824	335 419	-90 618	244 801

Loans and advances to customers by method of allowance calculation	31.03.2020			31.12.2019		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Total	62 198 379	-5 680 253	56 518 126	61 320 313	-5 449 005	55 871 308

Loans and advances to customers – exposure of the Group to the credit risk	31.03.2020			31.12.2019		
	Gross value	Expected credit losses	Net value	Gross value	Expected credit losses	Net value
Stage 3	8 994 245	-4 397 314	4 596 931	8 572 241	-4 153 914	4 418 327
not overdue	1 787 167	-440 768	1 346 399	1 933 200	-438 855	1 494 345
overdue	7 207 078	-3 956 546	3 250 532	6 639 041	-3 715 059	2 923 982
Stage 1 and Stage 2	52 874 173	-1 187 802	51 686 371	52 412 653	-1 204 473	51 208 180
not overdue	47 257 757	-736 859	46 520 898	48 410 468	-796 843	47 613 625
Overdue	5 616 416	-450 943	5 165 473	4 002 185	-407 630	3 594 555
POCI	329 961	-95 137	234 824	335 419	-90 618	244 801
Total	62 198 379	-5 680 253	56 518 126	61 320 313	-5 449 005	55 871 308

In the first quarter 2020 the Bank sold loans with a total gross value amounting to PLN 138 593 thousand, while the impairment allowance recorded for this portfolio amounted to PLN 112 465 thousand. The impact of debt sales on the cost of risk in the first quarter 2020 amounted to PLN 1 238 thousand (gain).

In the first quarter 2020 Bank wrote off the financial assets amounted to PLN 136 588 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 are still the subject enforcement activity.

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Gross carrying amount as at 01.01.2020	46 386 771	6 025 882	8 572 241	335 419	61 320 313
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	-2 632 789	-319 354	-67 456	-1 907	-3 021 507
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	46 619 941	6 254 232	8 994 246	329 961	62 198 379
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
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	46 134 920	5 551 451	4 596 932	234 824	56 518 126

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Gross carrying amount as at 01.01.2019	45 243 037	6 356 390	6 919 170	398 812	58 917 409
New / purchased / granted financial assets	5 401 125	20 611	22 462	0	5 444 198
Changes in the level of credit risk. derecognition (other than write-offs): repayments. changes in the valuation. sale or expiry of an instrument	-3 249 385	-531 875	-268 115	-9 097	-4 058 472
Financial assets written down	0	-7	-24 304	-29	-24 340
Transfer to Stage 1	1 082 808	-1 070 801	-12 007	0	0
Transfer to Stage 2	-2 276 447	2 379 594	-103 147	0	0
Transfer to Stage 3	-236 330	-463 371	699 701	0	0
Gross carrying amount as at 31.03.2019	45 964 808	6 690 541	7 233 760	389 686	60 278 795
Expected credit losses					
Expected credit losses as at 01.01.2019	467 542	771 136	3 371 569	61 239	4 671 486
New / purchased / granted financial assets	78 171	767	1 586	0	80 524
Changes in the level of credit risk. derecognition (other than write-offs): repayments. changes in the valuation. sale or expiry of an instrument	-196 512	152 289	182 754	18 829	157 360
Financial assets written down	0	-7	-24 304	-29	-24 340
Transfer to Stage 1	136 666	-130 982	-5 684	0	0
Transfer to Stage 2	-46 421	64 566	-18 145	0	0
Transfer to Stage 3	-5 671	-81 855	87 526	0	0
Expected credit losses as at 31.03.2019	433 775	775 914	3 595 302	80 039	4 885 030
Net carrying amount as at 31.03.2019	45 531 033	5 914 627	3 638 458	309 647	55 393 765

19 Other assets

19.1 Financial data

	31.03.2020	31.12.2019
Sundry debtors	430 849	466 583
Other settlements	262 793	305 371
Receivables related to sales of services (including insurance)	24 476	26 490
Guarantee deposits	15 547	15 756
Settlements due to cash in ATMs	128 033	118 966
Costs recognised over time	57 792	35 098
Maintenance and support of systems. servicing of plant and equipment	22 751	15 715
Other deferred costs	35 041	19 383
Other receivables	2 217	185
VAT settlements	44 546	51 570
Other assets (gross)	535 404	553 436
Write-down	-71 438	-68 543
Other assets (net)	463 966	484 893
including financial assets (gross)	430 849	466 583

20 Assets pledged as collateral

20.1 Financial data

	31.03.2020	31.12.2019
Treasury bonds blocked for REPO transactions	0	499
Financial assets measured at amortised cost in the EIB	338 412	334 990
Total	338 412	335 489

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:

	31.03.2020	31.12.2019
Treasury bonds blocked with BGF	384 626	386 927
Deposits as derivative transactions (ISDA) collatera	213 310	135 157
Deposit as collateral of transactions performed in Alior Trader	354	608
Total	598 290	522 692

21 Amounts due to banks

21.1 Financial data

Structure by type	31.03.2020	31.12.2019
Current deposits	3 484	4 333
Term deposits	18 568	0
Own bond issues	385 011	384 998
Received loan	155 678	162 295
Other liabilities	377 224	270 418
Repo	0	499
Total amounts due to banks	939 965	822 543

22 Amounts due to customers

22.1 Financial data

Structure by type and customer segment	31.03.2020	31.12.2019
Retail segment	47 261 859	46 603 066
Current deposits	32 402 580	30 700 187
Term deposits	12 419 062	13 333 981
Own issue of banking securities	2 191 868	2 318 064
Own bond issues	80 880	81 492
Other liabilities	167 469	169 342
Corporate segment	17 334 157	18 396 193
Current deposits	11 080 166	11 153 883
Term deposits	5 815 928	6 854 745
Issue of the Bank's securities	10 312	17 773
Own bond issues	147 553	148 669
Other liabilities	280 198	221 123
Total amounts due to customers	64 596 016	64 999 259

In the first quarter 2020 the Bank issued own securities amounted to PLN 49 165 thousand and securities purchased before maturity amounted to PLN 15 839 thousand.

In 2019 the Bank issued own securities amounted to PLN 1 046 553 thousand and securities purchased before maturity amounted to PLN 158 417 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 01 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

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

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 31.03.2020 is presented below:

	31.12.2019	utilisation	reversal	31.03.2020
Severance pay for employees	739	0	0	739
Reorganisation of the branch network	3 707	-765	0	2 942
	4 446	-765	0	3 681

24 Other liabilities

24.1 Financial data

	31.03.2020	31.12.2019
Interbank settlements	383 227	344 832
Taxes, customs duty, social and health insurance payables and other public settlements	113 527	40 431
Settlements of payment cards	16 189	46 565
Other settlements, including	153 241	141 311
<i>settlements with insurers</i>	<i>13 845</i>	<i>12 446</i>
Liability for reimbursement of credit costs	96 049	94 871
Settlements of issues of bank certificates of deposits	11 752	19 256
Accrued expenses	252 881	219 786
Income received in advance	62 110	60 950
Provision for bancassurance resignations	22 468	24 168
Provision for bonuses**	46 456	32 138
Provision for unutilised annual leaves	19 318	19 164
Provision for bonuse settled in phantom shares	1 167	813
Provision for retention programs	921	1 448
Revaluation of management option plan – part settled in cash	180	180
Other employee provisions	1 440	2 249
Liabilities due to lease agreements	336 607	339 770
Other liabilities	55 339	41 744
Other liabilities	1 572 872	1 429 676
including financial liabilities	648 706	627 579

25 Financial liabilities

25.1 Financial data

	31.03.2020	31.12.2019
Short sale of T-bonds	32 772	108 498
Interest rate transactions	192 335	191 989
SWAP	192 281	191 939
Opcje Cap Floor	54	50
Foreign exchange transactions	154 913	63 389
FX swap	64 622	24 297
FX forward	11 629	8 790
CIRS	14 751	10 289
Opcje FX	63 911	20 013
Other options	33 781	68 289
Other instruments	17 961	4 691
Financial liabilities	431 762	436 856

26 Subordinated liabilities

26.1 Financial data

Liabilities classified as the Bank's own funds	Nominal value in the currency (PLN '000)	Currency	Term	Interest	Status of liabilities	
					31.03.2020	31.12.2019
Liabilities included in own funds						
Series F bonds	321 700	PLN	26.09.2014-26.09.2024	WIBOR6M +3.14	321 932	325 914
Series G bonds	192 950	PLN	31.03.2015-31.03.2021	WIBOR6M +3.50	192 975	195 551
Series I bonds	150 000	PLN	04.12.2015-06.12.2021	WIBOR6M +3.35	152 514	150 591
Series II bonds	33 350	PLN	04.12.2015-06.12.2021	WIBOR6M +3.35	33 909	33 482
Series B bonds (Meritum Bank)	67 200	PLN	29.04.2013-29.04.2021	WIBOR6M +5.80	69 269	67 975
Series EUR001 bonds	10 000	EUR	04.02.2016-04.02.2022	LIBOR6M + 6.00	45 949	43 635
Series P1A bonds	150 000	PLN	27.04.2016-16.05.2022	WIBOR6M +3.25	152 840	150 955
Series P1B bonds	70 000	PLN	29.04.2016-16.05.2024	WIBOR6M +3.00	71 260	70 424
Series K bonds	400 000	PLN	20.10.2017-20.10.2025	WIBOR6M +2.70	408 070	403 600
Series K1 bonds	200 000	PLN	20.10.2017-20.10.2025	WIBOR6M +2.70	204 034	201 800
Series P2A bonds	150 000	PLN	14.12.2017-29.12.2025	WIBOR6M +2.70	151 737	150 058
Subordinated liabilities					1 804 489	1 793 985

27 Off-balance sheet items

27.1 Financial data

	31.03.2020	31.12.2019
Granted off-balance liabilities	8 085 527	8 626 829
Concerning financing	7 252 429	7 784 830
Guarantees	833 098	841 999
Performance guarantees	218 347	211 369
Financial guarantees	614 751	630 630

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 2020, the sensitivity of changed measurement of those assets in the case of an increase of the credit spread by 1 basis point was PLN 31.9 thousand.

	Measurement method (techniques)	Material observable input data
CORPORATE BONDS	Profitability curve model and risk margin	Profitability curves are developed on the basis of bond market data.
EXOTIC OPTIONS	The prices of exotic options embedded in structured products are determined on the basis of market prices or measured with the internal model subject to both observable parameters (e.g. price of the base instrument, secondary quotations of options) and non-observable (e.g. variability, correlations between base instruments).	The prices of exotic options embedded in structured products are acquired from the market.
SHARES VISA INC 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

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.

31.03.2020	Level 1	Level 2	Level 3	Total
Investment financial assets				
Measured at fair value through profit and loss	55 066	469 025	107 075	631 166
SWAP	0	198 271	0	198 271
Cap Floor Ooptions	0	61	0	61
FX Swap	0	88 655	0	88 655
FX forward	0	77 833	0	77 833
CIRS	0	28 880	0	28 880
FX options	0	72 680	0	72 680
Other options	0	0	33 781	33 781
Other instruments	7 704	2 645	0	10 349
Financial derivatives	7 704	469 025	33 781	510 510
Equity instruments	28	0	55 660	55 688
Treasury bonds	47 302	0	0	47 302
Other bonds	32	0	17 634	17 666
Investments securities	47 362	0	73 294	120 656
Measured at fair value through other comprehensive income	9 000 539	0	122 609	9 123 148
Equity instruments	0	0	55 783	55 783
Treasury bonds	8 979 115	0	0	8 979 115
Other bonds	21 424	0	66 826	88 250
Derivative hedging instruments	0	292 922	0	292 922
Interest rate transactions – SWAP	0	292 922	0	292 922

31.12.2019	Level 1	Level 2	Level 3	Total
Investment financial assets				
Measured at fair value through profit and loss	97 715	301 634	144 576	543 925
SWAP	0	213 550	0	213 550
Cap Floor Ooptions	0	51	0	51
FX Swap	0	33 281	0	33 281
FX forward	0	16 522	0	16 522
CIRS	0	13 244	0	13 244
FX options	0	21 413	0	21 413
Other options	0	0	68 289	68 289
Other instruments	3 414	3 573	0	6 987
Financial derivatives	3 414	301 634	68 289	373 337
Equity instruments	167	0	58 635	58 802
Treasury bonds	94 074	0	0	94 074
Other bonds	60	0	17 652	17 712
Investments securities	94 301	0	76 287	170 588
Measured at fair value through other comprehensive income	8 569 153	1 749 781	119 761	10 438 695
Money bills	0	1 749 781	0	1 749 781
Equity instruments	0	0	51 218	51 218
Treasury bonds	8 548 971	0	0	8 548 971
Other bonds	20 182	0	68 543	88 725
Derivative hedging instruments	0	134 832	0	134 832
Interest rate transactions – SWAP	0	134 832	0	134 832

31.03.2020	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	43 327	354 654	33 781	431 762
Bonds	32 772	0	0	32 772
SWAP	0	192 281	0	192 281
Cap Floor Ooptions	0	54	0	54
FX Swap	0	64 622	0	64 622
FX forward	0	11 629	0	11 629
CIRS	0	14 751	0	14 751
FX options	0	63 911	0	63 911
Other options	0	0	33 781	33 781
Other instruments	10 555	7 406	0	17 961
Derivative hedging instruments	0	77 545	0	77 545
Interest rate swaps - IRS	0	77 545	0	77 545

31.12.2019	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	112 278	256 289	68 289	436 856
Bonds	108 498	0	0	108 498
SWAP	0	191 939	0	191 939
Cap Floor Ooptions	0	50	0	50
FX Swap	0	24 297	0	24 297
FX forward	0	8 790	0	8 790

31.12.2019	Level 1	Level 2	Level 3	Total
CIRS	0	10 289	0	10 289
FX options	0	20 013	0	20 013
Other options	0	0	68 289	68 289
Other instruments	3 780	911	0	4 691
Derivative hedging instruments	0	40 676	0	40 676
Interest rate swaps - IRS	0	40 676	0	40 676

Reconciliation of changes at level 3 of fair value hierarchy

	Assets		Liabilities	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Opening balance	264 337	175 676	68 289	36 028
Acquisitions	6 010	2 516	728	2 498
Net changes recognized in other comprehensive income	-34	6 841	0	0
Net changes recognized in other comprehensive income	-37 208	36 612	-28 724	36 089
Currency differences	4 815	0	0	0
Settlement / redemption	-8 236	-6 972	-6 512	-6 484
Total	229 684	214 673	33 781	68 131

At the end of the first quarter of 2020 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 6.04 million and for debt instruments measured at fair value through profit and loss account approx. amounted to PLN 1.2 million.

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.

31.03.2020	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	1 960 949	1 446 584	514 365	0	1 960 949
Amount due from banks	276 081	0	276 081	0	276 081
Loans and advances to customers	56 518 126	0	0	54 794 772	54 794 772
Retail segment	32 346 252	0	0	30 848 458	30 848 458
Consumer loans	17 797 520	0	0	17 038 537	17 038 537
Loans for residential real estate	11 613 403	0	0	10 900 715	10 900 715
Consumer finance loans	2 935 329	0	0	2 909 206	2 909 206
Corporate segment	24 171 874	0	0	23 946 314	23 946 314
Working capital facility	10 909 559	0	0	10 801 598	10 801 598
Investment loans	7 309 560	0	0	7 192 076	7 192 076
Other	5 952 755	0	0	5 952 639	5 952 639
Assets pledged as collateral	338 412	341 934	0	0	341 934
Investment securities measured at amortized cost	4 443 192	4 489 429	0	0	4 489 429
Other financial assets	430 849	0	0	430 849	430 849
Liabilities					
Amounts due to banks	939 965	0	939 965	0	939 965
Current deposits	3 484	0	3 484	0	3 484
Term deposits	18 568	0	18 568	0	18 568
Bonds issued	385 011	0	385 011	0	385 011
Credit received	155 678	0	155 678	0	155 678
Other liabilities	377 224	0	377 224	0	377 224

31.03.2020	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Amounts due to customers	64 596 016	0	0	64 681 947	64 681 947
Current deposits	43 482 746	0	0	43 482 746	43 482 746
Term deposits	18 234 990	0	0	18 234 990	18 234 990
Banking securities issued	2 202 180	0	0	2 288 111	2 288 111
Bonds issued	228 433	0	0	228 433	228 433
Other liabilities	447 667	0	0	447 667	447 667
Other financial liabilities	648 706	0	0	648 706	648 706
Subordinated liabilities	1 804 489	0	0	1 804 489	1 804 489

31.12.2019	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	1 379 127	997 969	381 158	0	1 379 127
Amount due from banks	212 885	0	212 885	0	212 885
Loans and advances to customers	55 871 308	0	0	54 022 599	54 022 599
Retail segment	31 869 341	0	0	30 530 648	30 530 648
Consumer loans	17 819 615	0	0	17 210 745	17 210 745
Loans for residential real estate	11 271 326	0	0	10 568 044	10 568 044
Consumer finance loans	2 778 400	0	0	2 751 859	2 751 859
Corporate segment	24 001 967	0	0	23 491 951	23 491 951
Working capital facility	11 023 892	0	0	10 986 884	10 986 884
Investment loans	7 189 882	0	0	7 037 957	7 037 957
Other	5 788 193	0	0	5 467 109	5 467 109
Asstes pledged as collateral	335 489	338 980	0	0	338 980
Investment securities measured at amortized cost	4 816 054	4 863 579	0	0	4 863 579
Other financial assets	466 583	0	0	466 583	466 583
Liabilities					
Amounts due to banks	822 543	0	822 543	0	822 543
Current deposits	4 333	0	4 333	0	4 333
Bonds issued	384 998	0	384 998	0	384 998
Credit received	162 295	0	162 295	0	162 295
Other liabilities	270 418	0	270 418	0	270 418
Repo	499	0	499	0	499
Amounts due to customers	64 999 259	0	0	65 100 237	65 100 237
Current deposits	41 854 070	0	0	41 854 070	41 854 070
Term deposits	20 188 726	0	0	20 188 726	20 188 726
Banking securities issued	2 335 837	0	0	2 436 815	2 436 815
Bonds issued	230 161	0	0	230 161	230 161
Other liabilities	390 465	0	0	390 465	390 465
Other financial liabilities	627 579	0	0	627 579	627 579
Subordinated liabilities	1 793 985	0	0	1 793 985	1 793 985

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.

Receivables from customers:

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

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

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 operations with the Central Bank, 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	31.03.2020	31.12.2019
Assets		
Other assets	2 238	3 078
Total assets	2 238	3 078
Liabilities		
Amounts due to customers	52	52
Provisions	79	79
Total liabilities	131	131

Subsidiaries of the parent company	31.03.2020	31.12.2019
Assets		
Cash and cash equivalents	23 057	23 072
Other assets	394	84
Total assets	23 451	23 156
Liabilities		
Financial liabilities	0	707
Amounts due to customers	368 501	362 084
Provisions	53	53
Other liabilities	25 847	22 510
Total liabilities	394 401	385 354

Parent company	31.03.2020	31.12.2019
Off-balance liabilities granted to customers	0	0
Guarantees	0	0

Subsidiary of the parent entity	31.03.2020	31.12.2019
Off-balance liabilities granted to customers	0	0
Guarantees	0	0

Joint control by persons related to the Group	31.03.2020	31.12.2019
Assets		
Loans and advances to customers	3	3
Total assets	3	3
Liabilities		
Amounts due to customers	2 724	9 981
Total liabilities	2 724	9 981

Parent company	01.01.2020 - 31.03.2020	01.01.2019-31.03.2019
Fee and commission income	7	6
Fee and commission expense	-700	-131
Net other operating income and expenses	0	314
General administrative expenses	-799	-3 202
Total	-1 492	-3 013

Subsidiaries of the parent company	01.01.2020 - 31.03.2020	01.01.2019-31.03.2019
Interest income	8 745	9 173
Interest expenses	-2 596	-2 225
Fee and commission income	9 816	7 062
Fee and commission expense	-1	-1
The result on financial assets measured at fair value through profit or loss and FX result	-4	-95
Net other operating income and expenses	0	180
General administrative expenses	13	0
Total	15 973	14 094

Joint control by persons related to the Group	01.01.2020 - 31.03.2020	01.01.2019-31.03.2019
Interest expense	-13	0
Fee and commission income	5	0
Total	-8	0

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	31.03.2020	31.12.2019
Investment financial assets	13 916 670	13 900 920
measured at fair value through other comprehensive income	9 067 364	8 638 195
measured at fair value through profit or loss	64 935	111 726
measured at amortized cost	4 784 371	5 150 999
Amounts due from banks	11	427
Loans and advances to customers	94 415	100 871
Total assets	14 011 096	14 002 218
Financial liabilities	32 772	108 496
Amounts due to banks	86 644	89 220
Amounts due to customers	471 326	737 275
Total liabilities	590 742	934 991

State Treasury and related entities	01.01.2020 - 31.03.2020	01.01.2019-31.03.2019
Interest income	29 566	64 873
Interest expense	-3 863	-5 951
The costs of paid tax	-59 460	-146 547
Total	-33 757	-87 625

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.

	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

	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 performing functions from 1 January to 31 March 2020 recognized in the profit and loss account of the Group in this period amounted to PLN 3 859 thousand (in the period from 1 January to 31 March 2019 - PLN 9 363 thousand).

30.3 Incentive program for senior executives

Alior Bank SA operates the following incentive programs:

- 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;
- management option scheme, valid for 2013-2015, in accordance with the Compensation Policy of Variable Remuneration of Persons Holding Management Positions at Alior Bank;
- 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 in the first quarter 2020, 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 - limited company for a payment of PLN 17 843 thousand for clearing currency option contracts. The claim dated 10 February 2015 was brought originally against BPH SA. In the Bank's opinion, the claim has no valid factual and legal basis and probability of an outflow of funds is negligible. The claim was dismissed unlawfully in its entirety;
- case claimed by a client - a private individual - a representative of a group of 84 private individuals and corporate clients to determine the Bank's liability for damage. On 5 March 2018 class actions was filed against Alior Bank in determining the Bank's liability for damage caused by improper performance of information obligations by the Bank towards clients and improper performance of contracts for the provision of services for the receipt and transfer of purchase or sale orders investment's certificates of investment funds previously managed by Fincrea TFI SA. and currently Raiffeisen Bank International AG (Joint Stock Company) Branch in Poland. In the claimant's view Bank did not provide clients with information about the real risk of investing in investment products, thus exposing the clients to damage resulting from the impairment of investment certificates and the loss of guaranteed profits. In the Bank's opinion, a class action lawsuit has no valid factual or legal basis and therefore should not be resolved in favor of customers. However, by a decision of 27 September 2019, to which a collective claim was lodged, the court decided to hear the case in collective proceedings. The court's decision is final. 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 2020, 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.

The value of disputed claims amounted to PLN 345 217 thousand as at 31.03.2020 and PLN 332 526 thousand as at 31.12.2019. The value of provisions for disputed claims amounted to PLN 40 463 thousand as at the end of first quarter 2020 and PLN 49 822 thousand as at the end of 2019.

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 M.

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.

Since the beginning of the year 2019, Alior Leasing sp. o.o. received from the four former members of the company's Management Board several a written proposal for an amicable termination of cooperation and contracts of management, which was based on payment of compensation of the some value of the management option scheme. The management option scheme included former members of the company's Management Board and some employess.

In addition, by letter of 28 January 2020, dismissed members of the Management Board of Alior Leasing sp. z o.o. extended the claim for severance payments to the payment of benefits under the management option scheme referred to above (in the extension of the claim it was indicated that the amount of the extended claim does not exhaust all claims of the management option scheme).

Bearing in mind the legal opinions issued in this case, the Group is of the opinion that the chances effective recovery of their rights under the management option scheme by the dismissed Management Board members are low. The company's position is based on legal opinions obtained by the Company's Management Board. 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 Capital adequacy ratio

As at 31 March 2020, the 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 and the Regulation of the Minister of Development and Finance on higher weight risk for mortgage-backed exposures.

In order to calculate the capital adequacy ratio, in first quarter 2020 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

	31.03.2020	31.12.2019
Total equity for the capital adequacy ratio	7 768 695	7 998 975
Tier I core capital (CET1)	6 476 598	6 656 743
Paid-up capital	1 305 540	1 305 540
Supplementary capital	5 388 926	5 388 926
Other reserves	179 505	179 505
Current year's reviewed by auditor	273 533	169 889
Accumulated losses	-453 252	-435 075
Revaluation reserve – unrealised losses	-115 994	-6 105
Intangible assets measured at carrying value	-542 025	-544 348
Revaluation reserve – unrealised profit	43 646	42 538
Additional value adjustments - AVA	-10 684	-11 727
Other adjustments items (adjustments for IFRS 9, securitization, deferred tax assets)	407 403	567 600
Tier II capital	1 292 097	1 342 232
Subordinated liabilities	1 292 097	1 342 232
Capital requirements	4 003 588	3 950 360
Total capital requirements for the credit, counterparty risk, adjustment to credit measurement, dilution and deliver of instruments to be settled at a later date	3 669 605	3 618 145
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk.	4 101	5 253
Capital requirement relating to the general interest rate risk	27 739	20 602
Total capital requirements for the operational risk	302 143	306 360
Tier 1 ratio	12.94%	13.48%
Total capital adequacy ratio	15.52%	16.20%

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

The table below presents the impact of the application of IFRS 9 as at 31 March 2020 on capital adequacy including and without taking into account the transition period:

	Impact of IFRS 9 including the transition period	Impact of IFRS 9 without considering the transition period
Total capital (TIER 1, TIER 2)	7 768 696	6 835 003
The total capital requirement	4 003 588	3 939 986
Total capital ratio	15.52%	13.88%
Financial leverage ratio	8.15%	7.03%

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

During the first quarter of 2020 there were no material purchases or disposals of property, plant and equipment or of intangible assets. There are no significant liability for the purchase of property, plant and equipment.

34 Appropriation of the profit for 2019 and information on no dividend payment

Until the date of publication of this report, the Annual General Shareholder's Meeting of Alior Bank did not pass a resolution on the distribution of profit for 2019. The Bank's Management Board recommended to the General Shareholders Meeting of the Bank no dividend payment for 2019 which is in line with the Bank's strategy and individual recommendations of the Polish Financial Supervision Authority to increase the Bank's own funds by retaining all profits from 1 January to 31 December 2019.

None of the Group's entities paid dividends for 2019.

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 2019 published on 28 February 2020 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 2020 and as at 31 December 2019 (PLN M):

31.03.2020	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	2 600	1 543	2 674	3 071	6 440	11 879	21 196	44 902	94 305
Cash & Nostro	2 061	0	0	0	0	0	0	0	2 061
Amounts due from banks	14	0	0	0	0	213	0	0	227
Loans and advances to customers	525	1 106	2 601	3 031	5 921	9 162	16 333	34 473	73 152
Securities	0	437	73	40	519	2 504	4 863	6 751	15 187
Other assets	0	0	0	0	0	0	0	3 678	3 678
LIABILITIES AND EQUITY	-48 083	-4 547	-4 273	-4 169	-4 355	-2 272	-1 366	-7 900	-76 965
Amounts due to banks	-383	-51	-9	-6	-76	-132	-192	-90	-939
Amounts due to customers	-46 087	-4 429	-4 013	-3 425	-3 327	-767	-359	-4	-62 411
Own issues	0	-61	-222	-694	-864	-1 268	-702	-798	-4 609
Equity	0	-6	-12	-18	-36	0	0	-6 750	-6 822
Other liabilities	-1 613	0	-17	-26	-52	-105	-113	-258	-2 184
Balance sheet gap	-45 483	-3 004	-1 599	-1 098	2 085	9 607	19 830	37 002	17 340
Cumulated balance sheet gap	-45 483	-48 487	-50 086	-51 184	-49 099	-39 492	-19 662	17 340	
Derivative instruments – inflows	2 630	6 522	3 059	527	737	742	312	43	14 572
Derivative instruments – outflows	-2 622	-6 461	-3 062	-532	-717	-718	-302	-45	-14 459
Derivative instruments – net	8	61	-3	-5	20	24	10	-2	113
Guarantee and financing lines	-8 085	0	0	0	0	0	0	0	-8 085
Off-balance sheet gap	-8 077	61	-3	-5	20	24	10	-2	-7 972
Total gap	-53 560	-2 943	-1 602	-1 103	2 105	9 631	19 840	37 000	9 368
Total cumulated gap	-53 560	-56 503	-58 105	-59 208	-57 103	-47 472	-27 632	9 368	

31.12.2019	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
ASSETS	1 730	3 270	2 505	3 846	6 343	11 947	22 759	42 698	95 098
Cash & Nostro	1 357	0	0	0	0	0	0	0	1 357
Amounts due from banks	0	73	0	0	0	135	0	0	208
Loans and advances to customers	373	1 424	2 502	3 336	5 871	9 298	16 898	33 381	73 083
Securities	0	1 773	3	510	472	2 514	5 861	5 816	16 949
Other assets	0	0	0	0	0	0	0	3 501	3 501
LIABILITIES AND EQUITY	-46 201	-5 111	-4 742	-3 939	-5 436	-2 720	-1 457	-7 717	-77 323
Amounts due to banks	-278	-117	-31	-41	-65	-116	-172	-79	-899
Amounts due to customers	-44 122	-4 921	-4 556	-3 569	-4 011	-1 106	-342	-26	-62 653
Own issues	0	-67	-126	-285	-1 272	-1 394	-826	-793	-4 763
Equity	0	-6	-12	-18	-36	0	0	-6 687	-6 759
Other liabilities	-1 801	0	-17	-26	-52	-104	-117	-132	-2 249
Balance sheet gap	-44 471	-1 841	-2 237	-93	907	9 227	21 302	34 981	17 775
Cumulated balance sheet gap	-44 471	-46 312	-48 549	-48 642	-47 735	-38 508	-17 206	17 775	

31.12.2019	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
Derivative instruments – inflows	0	7 978	2 077	748	344	761	285	43	12 236
Derivative instruments – outflows	0	-7 956	-2 084	- 744	- 344	- 774	- 289	- 42	-12 233
Derivative instruments – net	0	22	- 7	4	0	- 13	- 4	1	3
Guarantee and financing lines	-8 627	0	0	0	0	0	0	0	-8 627
Off-balance sheet gap	-8 627	22	- 7	4	0	- 13	- 4	1	-8 624
Total gap	-53 098	-1 819	-2 244	- 89	907	9 214	21 298	34 982	9 151
Total cumulated gap	-53 098	-54 917	-57 161	-57 250	-56 343	-47 129	-25 831	9 151	

36 Events significant to the business operations of the Bank's Group

Information on the Alior Bank rating given by Fitch Ratings Ltd.

On 14 April 2020, rating agency Fitch Ratings Ltd. informed the Bank that it has affirmed the long-term and short-term ratings of the Bank at the current level and revised the outlook for the Bank from "Stable" to "Negative". In accordance with the justification provided by Fitch, the decision to change the Bank's rating outlook is due to the economic situation related to the coronavirus and its potential effects on the sector, economy and clients of Alior Bank.

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

On 27 April 2020, rating agency Standard and Poor's Global Ratings informed the Bank that it has affirmed the long-term and short-term ratings of the Bank at the current level and revised the outlook for the Bank from "Stable" to "Negative". In accordance with the justification provided by S&P, the decision to change the Bank's rating outlook is due to the economic situation related to the coronavirus and its potential effects on the sector, economy and clients of Alior Bank.

Convening the Annual General Meeting of Alior Bank SA

The Management Board of Alior Bank SA, acting pursuant to Article 399 § 1 in conjunction with Article 402¹⁵ 1 of the Code of Commercial Companies, hereby convenes the Bank's Annual General Meeting to be held on 21 May 2020 at 10.00 a.m.

Approval of the base prospectus of the bond offer program up to PLN 1 500 000 000

On 4 May 2020, the Polish Financial Supervision Authority approved the Bank's base prospectus that has been drawn up in connection with:

- offer programme on the territory of the Republic of Poland of unsecured bearer bonds with a nominal value of at least PLN 100 each and up to a total maximum nominal value of PLN 1 500 000 000 established by the Bank under the Bank's Long-Term Bonds Issuance Programme up to a total maximum nominal value of PLN 5 000 000 000; and
- intention to apply for admission and introduction of the individual series of Bonds to trading on regulated market (main or parallel) for debt securities operated by the Warsaw Stock Exchange or regulated market for debt securities operated by the BondSpot SA.

37 Financial forecast

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

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

The Bank identifies the following factors that may affect the Bank's financial results in the perspective of the following quarters:

- the Monetary Policy Council's policy on interest rates

As a consequence of the decisions of the Monetary Policy Council as of 14 March 2020 and 8 April 2020, on reduction of the National Bank of Poland (further the NBP) reference rate by 1.0%, in total, i.e. down to 0.50% and in relation to the decision of the NBP to reduce the required reserve rate from 3.5% to 0.5%, the net result of Bank's Group quarterly will go down by circa PLN 75 – 85 million and NIM ratio by 0.51 – 0.58% p.a.

- mandatory reserve

As from 30 April 2020 reserve requirement ratio has been reduced to 0.5%. The lowering of the required reserve ratio from 3.5 percent down to 0.5 percent was decided by the Monetary Policy Council. The other decision, to increase the interest rate on funds held in the form of required reserves from 0.5% to the level of the NBP's reference rate, was also made. This action neutralized the negative effect of lowering interest rates on the required reserve and created the possibility of effective management of liquidity due to the reduced reserve requirement in the amount of PLN 1,8 billion.

- abolishing the systemic risk buffer and loosening regulatory requirements regarding the ratio

On 18 March 2020, the Minister of Finance signed an ordinance on the abolition of the systemic risk buffer. The abolition of the buffer has previously been recommended by the Financial Stability Committee. The abolition will release the capital accumulated by banks on this account. On the one hand it allows to reduce the risk of restraining credit flow to the economy (credit-crunch phenomenon) through the use of funds by banks for lending, and on the other hand it allows to absorb greater losses mitigating the risk of bankruptcy. As a result, this action will have a positive impact on the entire financial system. Minimum regulatory Tier 1 and TCR consolidated ratios for Alior Bank, after buffer abolition, are 5.02% (approx. PLN 2.5 billion) and 4.44% (approx. PLN 2.2 billion) respectively. As at 31 March 2020, the value of the systemic risk buffer is approx. PLN 1.5 billion (consolidated data).

- SARS-CoV-2 and COVID-19 pandemic

Due to the already observed and further forecasted business activity reduction in Poland, the Bank expects the customers to limit their activity, deterioration of their financial situation, and thus lower sales of financial products. The Bank is undertaking further actions in order to limit the impact of the above mentioned factors on its financial results, continuing the strategy "More than a bank". The Bank maintains full operational continuity, and all key processes and functions are run smoothly. Implemented were solutions

for reducing epidemiological risk in relation to employees and customers using the branch network. At present, a significant part of the Bank's employees perform their duties remotely or in conditions of dispersion within the Bank's office space, which allows them to maintain safe working conditions. In addition to the above the Bank is actively encouraging clients to use mobile applications and online banking.

In the Bank's opinion, taking into account a number of external circumstances, including the dynamics of events related to, inter alia, the growth of coronavirus and its impact on the economy, the occurrence of legislative changes, changes in regulations and the support offered in the area of customer solutions, the precise estimation of impact they have on Bank Group's activities and financial results is very difficult

- support programs limiting the effects of slowdown in the Polish economy and contributing to the return of Polish companies on the path of development:

Bank Gospodarstwa Krajowego

Thanks to the contract signed with Bank Gospodarstwa Krajowego, Alior Bank launched the Portfolio Guarantee Line from the Liquidity Guarantee Fund. The new guarantee makes it easier for entrepreneurs to maintain business liquidity. The guarantee for medium and large companies is granted to secure revolving loans, ensuring financial liquidity of enterprises. It is addressed mainly to those entrepreneurs whose business situation deteriorated due to the pandemic outbreak. Guarantee covers new loans as well as revolving overdrafts and lines of credits. It secures as much as 80% of the financing and large loans - the minimum value of guarantee is PLN 3.5 million, and the maximum value is PLN 200 million. The guarantee period will be up to 27 months. Thanks to the agreement with BGK Alior Bank has been granted a limit of PLN 5.5 billion, which allows us to secure for the businesses of our clients a capital at value of PLN 6.8 billion.

Polish Development Fund

On 28 April 2020, Alior Bank signed a cooperation agreement with the Polish Development Fund under the "PFR Financial Shield for companies and employees" program. The program will be a new important part of the business support package, called the Anti-Crisis Shield.

The basic goal of the program is to ensure the stability of enterprises and the economy and to maintain the security and well-being of citizens. The Financial Shield is directed to micro, small and medium enterprises that generate a significant part of Polish GDP. The program aims to reduce the risk of mass bankruptcy of enterprises and dismissals of employees due to significant disruptions in the functioning of the economy as a result of the COVID-19 epidemic. The total pool of support under the PFR Financial Shield for micro, small and medium-sized enterprises is PLN 75 billion, including the estimated amount of non-returnable funds PLN 48 billion. The role of the bank will be to make available in its online banking systems an electronic application for a subsidy under the PFR Financial Shield, to business clients employing from 1 to 249 employees.

- credit holidays

The introduction in Poland of the state of the epidemic caused by the spread of the SARS-Cov-2 virus is associated, among others with the deterioration of the financial situation of a large group of consumers, including those who are customers of the Bank, which may cause difficulties in paying off their credit obligations. Understanding this special situation and responding to the appeal of the authorities, as well as

acting in accordance with the declaration made on behalf of a significant part of the banking sector by the Polish Bank Association in the 16 March 2020, published in the "the Polish Bank Association communication on assistance activities undertaken by the banks with regard to the COVID 19 pandemic", the Bank, like other representatives of the banking sector, met the needs of its clients, including consumers, and decided to allow them to take advantage of the deferred repayment of consumer loans and mortgage loans under an accelerated, simplified procedure. In the absence of an appropriate legal regulation that would specify the detailed rules for granting such deferrals, the Bank, taking into account the current possibilities associated with a pandemic, based the solutions introduced in this respect on applicable law, in particular the Act of 23 April 1964. - Civil Code (Journal of Laws of 2019, item 1145), the Act of 12 May 2011 on consumer credit (Journal of Laws of 2019, item 1083) and the Act of 23 March 2017 on mortgage loan and on the supervision of mortgage brokers and agents (Journal of Laws of 2017, item 819). The Bank's target is to extend this solution to the widest possible range of clients, including consumers.

In accordance with general market practice, the Bank offers its clients the possibility of using the so-called credit holidays in the form of deferrals in the repayment of consumer loans, mortgages and loans to enterprises in two options (customer choice):

option A: deferral of principal and interest installments for a period of 3 months (3 successive installments of the loan obligation). This means that the Bank during the deferral period does not require repayment of either principal or interest. During the deferral, the Bank charges interest on the current capital at the rate specified in the contract underlying the loan commitment. At the same time, the Bank calculates the outstanding capital, interest accrued during the deferral period and interest falling after the deferral period, setting a new repayment schedule and a new principal and interest installments due after the deferral period. The original period for which the loan commitment was granted is extended by 3 months (3 installments);

option B: deferment of capital installments for a period of six months (six successive installments of the loan obligation). This means that in the deferral period, the Bank requires repayment of the interest installment on the current capital calculated according to the interest rate specified in the contract, but does not require repayment of principal. During the deferral period (six successive installments), the Customer is obliged to repay the interest installment calculated according to the interest rate specified in the contract constituting the basis of the loan obligation. The initial period for which the loan commitment was granted will be extended by 6 months (6 principal and interest installments).

The credit vacation process started at the end of March 2020. As at 31 March 2020, the Bank accepted 7 539 applications, which corresponded to a loan volume of PLN 1.3 billion. Credit holidays are associated with a change in the maturity period for financial assets - extension of the loan period. This event recognizes the modification of flows from a financial asset within the meaning of IFRS 9 paragraph 5.4.3. In the Bank's opinion, the event affecting the change in cash flows in the form of a three-month or six-month grace period - deferral of capital repayments, indicates that the modification will not cause the derecognition of the assets. In such a case, the Bank is required to assess the credit risk of the modified asset (IFRS 9, paragraph 5.5.12). In view of the above, the Bank adapts current practices regarding exposure classifications for which financing facilities are offered to dedicated regulatory / supervisory guidelines and sector practices.



**Interim condensed separate
financial statements
of Alior Bank Spółka Akcyjna
for the first quarter of 2020**

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Interim condensed separate income statement

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019*
Interest income calculated using the effective interest method	937 663	987 986
Income of a similar nature	22 486	36 468
Interest expense	-182 182	-215 516
Net interest income	777 967	808 938
Fee and commission income	243 874	242 321
Fee and commission expense	-132 059	-93 715
Net fee and commission income	111 815	148 606
Dividend income	114	0
The result on financial assets measured at fair value through profit or loss and FX result	155	22 586
The result on derecognition of financial instruments not measured at fair value through profit or loss	29 261	17 295
measured at fair value through other comprehensive income	5 547	10 423
measured at amortized cost	23 714	6 872
Other operating income	35 945	28 420
Other operating expenses	-33 686	-20 422
Net other operating income and expenses	2 259	7 998
General administrative expenses	-455 219	-487 854
Net expected credit losses	-290 391	-263 753
The result on impairment of non-financial assets	1 307	-1 644
Banking tax	-54 118	-54 232
Gross profit	123 150	197 940
Income tax	-50 134	-84 127
Net profit	73 016	113 813
Weighted average number of ordinary shares	130 553 991	130 553 991
Net profit per share (PLN)	0,56	0,87
Diluted profit per ordinary share (PLN)	0,56	0,86

Interim condensed separate statement of comprehensive income

	01.01.2020 – 31.03.2020	01.01.2019 – 31.03.2019*
Net profit	73 016	113 813
Items that may be reclassified to the income statement after certain conditions are satisfied	-9 684	-48 499
Foreign currency translation differences	-1 232	240
Results of the measurement of financial assets (net)	-107 550	-59 145
Profit/loss on valuation of financial assets measured at fair value through other comprehensive income	-132 777	-73 019
Deferred tax	25 227	13 874
Results on the measurement of hedging instruments (net)	99 098	10 406
Gains/losses on hedging instruments	122 343	12 847
Deferred tax	-23 245	-2 441
Total comprehensive income, net	63 332	65 314

The notes presented on pages 56-58 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of financial position

ASSETS	31.03.2020	31.12.2019
Cash and cash equivalents	1 933 275	1 352 604
Amounts due from banks	276 081	212 885
Investment financial assets:	14 192 829	15 798 474
measured at fair value through other comprehensive income	9 118 659	10 438 695
measured at fair value through profit or loss	630 978	543 725
measured at amortized cost	4 443 192	4 816 054
Derivative hedging instruments	292 922	134 832
Loans and advances to customers	56 257 833	55 580 512
Assets pledged as collateral	338 412	335 489
Property, plant and equipment	727 405	748 671
Intangible assets	529 290	531 796
Investments in associates	221 623	216 586
Non-current assets held for sale	110	103
Income tax asset	962 679	1 006 785
deferred income tax asset	962 679	1 006 785
Other assets	390 106	415 776
TOTAL ASSETS	76 122 565	76 334 513

LIABILITIES AND EQUITY	31.03.2020	31.12.2019
Amounts due to banks	490 204	365 993
Amounts due to customers	64 628 309	65 012 760
Financial liabilities	431 762	436 856
Derivative hedging instruments	77 545	40 676
Provisions	257 322	358 900
Other liabilities	1 505 414	1 375 865
Income tax liabilities	4 489	89 779
current income tax liabilities	4 489	89 779
Subordinated liabilities	1 804 489	1 793 985
Total liabilities	69 199 534	69 474 814
Share capital	1 305 540	1 305 540
Supplementary capital	5 388 926	5 388 926
Revaluation reserve	67 952	76 404
Other reserves	179 505	179 505
Foreign currency translation differences	-627	605
Accumulated losses	-91 281	-379 888
Profit for the period	73 016	288 607
Equity	6 923 031	6 859 699
TOTAL LIABILITIES AND EQUITY	76 122 565	76 334 513

The notes presented on pages 56-58 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of changes in equity

01.01.2020 - 31.03.2020	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
01 January 2020	1 305 540	5 388 926	179 505	76 404	605	-91 281	6 859 699
Comprehensive income	0	0	0	-8 452	-1 232	73 016	63 332
net profit	0	0	0	0	0	73 016	73 016
other comprehensive income – valuations	0	0	0	-8 452	-1 232	0	-9 684
incl. financial assets 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	1 305 540	5 388 926	179 505	67 952	-627	-18 265	6 923 031

01.01.2019 - 31.12.2019	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
01 January 2019	1 305 540	5 382 819	184 284	52 164	-202	-373 781	6 550 824
Transfer of last year's profit	0	6 107	0	0	0	-6 107	0
Comprehensive income	0	0	0	24 240	807	288 607	313 654
net profit	0	0	0	0	0	288 607	288 607
other comprehensive income – valuations	0	0	0	24 240	807	0	25 047
incl. financial assets measured at fair value through other comprehensive income	0	0	0	8 888	0	0	8 888
incl.hedging instruments	0	0	0	15 352	0	0	15 352
incl.currency translation differences	0	0	0	0	807	0	807
Other changes in equity	0	0	-4 779	0	0	0	-4 779
31 December 2019	1 305 540	5 388 926	179 505	76 404	605	-91 281	6 859 699

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

The notes presented on pages 56-58 constitute an integral part of these interim condensed separate financial statements.

Interim condensed separate statement of cash flows

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019*
Operating activities		
Profit before tax for the year	123 150	197 940
Adjustments:	55 433	58 806
Unrealized foreign exchange gains/losses	656	1 632
Amortization/depreciation of property, plant and equipment and intangible assets	57 976	57 478
Change in property, plant and equipment and intangible assets impairment write-down	-1 307	1 568
Dividends	114	0
Short-term lease contracts	-2 006	-1 872
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	178 583	256 746
Change in loans and receivables	-740 517	-1 189 146
Change in financial assets measured at fair value through other comprehensive income	1 320 036	-447 612
Change in financial assets measured at fair value through profit or loss	-87 253	-99 409
Change in financial assets measured at amortised cost	372 862	243 726
Change in assets pledged as collateral	-2 923	-11 501
Change in derivative hedging assets	-158 090	5 726
Change in non-current assets held for sale	-7	75
Change in other assets	25 670	207 786
Change in deposits	-285 591	353 511
Change in own issue	-135 556	-162 557
Change in financial liabilities	-5 094	54 541
Change in hedging liabilities derivative	36 869	5 333
Change in other liabilities and other comprehensive income	257 112	485 273
Change in provisions	-101 578	-3 424
Cash from operating activities before income tax	674 523	-300 932
Income tax paid	-21 003	-61 450
Net cash flow from operating activities	653 519	-362 382
Investing activities		
Outflows:	-37 928	-58 597
Purchase of property, plant and equipment	-16 463	-24 690
Purchase of intangible assets	-16 428	-10 700
Investments in subsidiaries	-5 037	-23 207
Disposal of property, plant and equipment	135	3 797
Net cash flow from investing activities	135	3 797
Financing activities	-37 793	-54 800
Outflows:		
Disposal of property, plant and equipment	-35 055	-19 376
Principle payments - subordinated liabilities	0	0
Interest payments - subordinated liabilities	-14 312	-13 410
Principle payments - lease liabilities	-20 079	-5 034
Interest payments - lease liabilities	-664	-932
Inflows:	0	0
Inflows from share issue	0	0
Net cash flow from financing activities	-35 055	-19 376
Total net cash flow	580 671	-436 558
incl. exchange gains/(losses)	39 066	10 358
Balance sheet change in cash and cash equivalents	580 671	-436 558
Cash and cash equivalents, opening balance	1 352 604	2 077 630
Cash and cash equivalents, closing balance	1 933 275	1 641 072
Additional disclosures on operating cash flows		
Interests received	880 401	1 193 414
Interests paid	-188 369	-184 552

*clarification in note 3

The notes presented on pages 56-58 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 first quarter of 2020 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 2020 to 31 March 2020, and interim condensed separate statement of financial position as at 31 March 2020 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 2020.

Scope and reporting currency

The interim condensed separate financial statements of Alior Bank SA comprise the data concerning the Bank and cover the period of three months ended on 31 March 2020 and contain comparative data for the period of three months ended 31 March 2019 (with respect to the separate income statement, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows) and comparative data as at 31 December 2019 (with respect to the separate statement of financial position). The condensed interim separate financial statements have been prepared in Polish zlotys. Unless otherwise stated, amounts are presented in thousands of zlotys.

Going concern

The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue in operation as a going concern for a period of at least 12 months after the balance sheet date i.e. after 31 March 2020.

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 2019, published on 28 February 2020 and available on the Alior Banku 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

In relation to the published interim condensed consolidated financial statements as of 31 March 2019, the Bank changed the presentation of the deposit at Alior Tradera by transferring receivables from positions covered by Assets pledged as collateral to the position Loans and advances to customers. This change caused a change in the statement of cash flow, below are restated data:

	31.03.2019 Presented	Change	31.03.2019 Restated
Change in assets pledged as collateral	-11 635	134	-11 501
Change in loans and receivables	-1 189 012	-134	-1 189 146

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 2020 and the date of this report was as follows:

Company's name - subsidiaries	05.05.2020	31.03.2020	31.12.2019
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%
Meritum Services ICB SA	100%	100%	100%
NewCommerce Services sp. z o.o.	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%	20%	20%
RBL_VC sp. z o.o.	100%	100%	100%
Harberton sp. z o.o.*	100%	100%	0%

* On 19 February 2020, Alior Bank SA acquired 100 shares in Harberton sp.z o.o. with a nominal value of PLN 50.00 each, all constituting 100% of the Company's share capital. The purchase price of the company was PLN 12 000.00.

Subsidiaries	31.03.2020	31.12.2019
Assets		
Loans and advances to customers	1 382 784	1 340 939
Other assets	830	643
Total assets	1 383 614	1 341 582
Liabilities		
Amounts due to customers	89 224	66 537
Provisions	473	116
Other liabilities	2 052	2 099
Total liabilities	91 749	68 752

Subsidiaries	31.03.2020	31.12.2019
Off-balance liabilities granted to customers	334 100	252 975
relating to financing	213 697	132 572
guarantees	120 403	120 403

Subsidiaries	01.01.2020 - 31.03.2020	01.01.2019-31.03.2019
Interest income	12 136	13 288
Interest expences	-64	-59
Fee and commission income	639	721
Fee and commission expense	0	-99
Other operating income	448	227
Other operating expenses	0	-1
General administrative expenses	-1 664	-1 698
Net expected credit losses	-2 502	468
Total	8 993	12 847

6 Significant events after the end of the reporting period

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