



Consolidated quarterly report  
of the Alior Bank  
Spółka Akcyjna Group

for the first quarter of 2014

## Selected financial data in the consolidated financial statements

	in PLN'000			
	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount	%% (A-B)/B	1.01.2013 - 31.12.2013
	A	B	C	B
Net interest income	271 054	221 851	22.2%	998 561
Net fee and commission income	83 569	55 495	50.6%	275 178
Trading result & other	62 717	51 121	22.7%	266 288
Net operating income*	417 340	328 467	27.1%	1 540 027
General administrative expenses	-214 949	-197 773	8.7%	-847 358
Gross profit	85 110	57 158	48.9%	287 688
Net profit attributable to equity holders of the parent	68 402	44 595	53.4%	227 902
Total net cash flow	3 733	-572 943	0.0%	-90 015
Loans and advances to customers	20 935 596	15 619 367	34.0%	19 657 900
Customer deposits	21 882 948	17 236 278	27.0%	20 842 462
Equity attributable to equity holders of the parent	2 715 331	2 009 951	35.1%	2 184 732
Total assets	26 517 620	20 875 108	27.0%	25 549 871

### Ratios

Earnings/losses per share (PLN)	0.98	0.70	39.4%	3.58
ROE	11.2%	9.0%	24.6%	11.0%
ROA	1.1%	0.8%	23.9%	1.0%
C/I	51.5%	60.2%	-14.5%	55.0%
CoR	2.2%	1.9%	16.9%	2.2%
L/D	0.96	0.91	5.6%	94.3%
NPL ratio	8.1%	5.9%	35.7%	6.9%
NPL coverage ratio	52.3%	59.2%	-11.8%	57.3%
Capital adequacy ratio**	12.4%	13.4%	-7.0%	12.1%
Tier 1**	10.8%	11.2%	-3.9%	10.3%
Book value per ordinary share (PLN)	38.82	31.61	22.8%	34.36

### Other data

Number of shares (in thousand)	69 941	63 583	10.0%	63 583
Number of employees	6 500	5 189	25.3%	6 512

\*) net operating income means the sum of following: (i) net interest income, (ii) dividend income, (iii) net fee and commission income, (iv) trading result, (v) net gain (realized) on other financial instruments and (vi) net other operating income

\*\*) In connection with the fact that by the date of publication of these financial statements the Ordinary General Shareholders Meeting which is to approve the results for 2013 had not taken place, the Group has not included the financial result for the prior year in its equity. Should the prior year's result be included in equity, the Tier 1 ratio and the capital adequacy ratio would amount to 11.9% and 13.5% respectively.

Tier 1 ratio and capital adequacy ratio on 31 March 2014 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"). The both ratios at the end of December 2013 and March 2013 were calculated in accordance with the requirements of Article 128 of the Polish Banking Law dated August 29, 1997 with further amendments.

	in EUR'000			
	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount	%/ (A-B)/B	1.01.2013 - 31.12.2013
	A	B	C	B
Net interest income	64 700	53 153	21.7%	237 132
Net fee and commission income	19 948	13 296	50.0%	65 347
Trading result & other	14 970	12 248	22.2%	63 236
Net operating income*	99 618	78 697	26.6%	365 715
General administrative expenses	-51 308	-47 384	8.3%	-201 225
Gross profit	20 316	13 694	48.4%	68 318
Net profit attributable to equity holders of the parent	16 327	10 685	52.8%	54 121
Total net cash flow	891	-137 271	0.0%	-21 376
Loans and advances to customers	5 018 962	3 739 016	34.2%	4 740 041
Customer deposits	5 246 074	4 126 078	27.1%	5 025 671
Equity attributable to equity holders of the parent	650 956	481 149	35.3%	526 797
Total assets	6 357 160	4 997 153	27.2%	6 160 752

#### Ratios

Earnings/losses per share (EUR)	0.23	0.17	38.9%	0.85
ROE	11.17%	8.96%	24.61%	11.0%
ROA	1.05%	0.85%	23.9%	1.0%
C/I	51.5%	60.2%	-14.5%	55.0%
CoR	2.21%	1.89%	16.9%	2.2%
L/D	0.96	0.91	5.6%	94.3%
NPL ratio	8.1%	5.93%	35.7%	6.9%
NPL coverage ratio	52.3%	59.22%	-11.8%	57.3%
Capital adequacy ratio**	12.4%	13.36%	-7.0%	12.1%
Tier 1**	10.8%	11.22%	-3.9%	10.3%
Book value per ordinary share (EUR)	9.31	7.57	23.0%	8.29

#### Other data

Number of shares (in thousand)	69 941	63 583	10.0%	63 583
Number of employees	6 500	5 189	25.3%	6 512

\*) net operating income means the sum of following: (i) net interest income, (ii) dividend income, (iii) net fee and commission income, (iv) trading result, (v) net gain (realized) on other financial instruments and (vi) net other operating income

\*\*) In connection with the fact that by the date of publication of these financial statements the Ordinary General Shareholders Meeting which is to approve the results for 2013 had not taken place, the Group has not included the financial result for the prior year in its equity. Should the prior year's result be included in equity, the Tier 1 ratio and the capital adequacy ratio would amount to 11.9% and 13.5% respectively.

Tier 1 ratio and capital adequacy ratio on 31 March 2014 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"). The both ratios at the end of December 2013 and March 2013 were calculated in accordance with the requirements of Article 128 of the Polish Banking Law dated August 29, 1997 with further amendments.

The selected items of the Financial Statements have been converted into EUR at the following rates:

a) as at 31.03.2014

- balance sheet items – at the average EUR exchange rate expressed in PLN, announced by the NBP as at 31.03.2014 – 4.1713;

- income statement and the cash flow statement items – at the average EUR exchange rate expressed in PLN, constituting the arithmetic mean of the average exchange rates announced by the NBP, valid at the end of each month – 4.1894.

b) as at 31.12.2013

- balance sheet items – at the average EUR exchange rate expressed in PLN, announced by the NBP as at 31.12.2013 – 4.1472;

- income statement and the cash flow statement items – at the average EUR exchange rate expressed in PLN, constituting the arithmetic mean of the average exchange rates announced by the NBP, valid at the end of each month – 4.2210;

c) as at 31.03.2013

- balance sheet items – at the average EUR exchange rate expressed in PLN, announced by the NBP as at 31.03.2013 – 4.1774.

- income statement and the cash flow statement items – at the average EUR exchange rate expressed in PLN, constituting the arithmetic mean of the average exchange rates announced by the NBP, valid at the end of each month – 4.1738.

## Contents

Selected financial data in the consolidated financial statements.....	2
Consolidated statement of comprehensive income.....	7
Consolidated statement of financial position .....	8
Consolidated statement of changes in equity .....	9
Consolidated cash flow statement.....	10
Additional information to the consolidated quarterly report.....	11
1. Information about the Bank and the Group.....	11
2. Accounting policies.....	17
3. Operating segments .....	22
Notes to the income statement .....	25
4. Net interest income .....	25
5. Net commission income .....	26
6. Trading result .....	26
7. Net gain realized on other financial instruments.....	27
8. Net other operating income and expense .....	27
9. General administrative expenses.....	28
10. Impairment losses.....	28
11. Income tax.....	29
12. Earnings per share .....	30
Notes to the statement of financial position .....	31
13. Financial assets available for sale .....	31
14. Loans and advances to customers .....	33
15. Amounts due from banks .....	36
16. Other assets.....	37
17. Financial liabilities measured at amortized cost .....	38
18. Provisions .....	42
19. Other liabilities .....	43
20. Financial assets and financial liabilities held for trading .....	43
21. Hedge accounting .....	46
22. Subordinated liabilities.....	47
23. Capital adequacy ratio and Tier 1 ratio.....	48
24. Off-balance sheet items .....	48
25. Assets pledged as collateral.....	49
26. Related-party transactions .....	50
27. Management option plan.....	51
28. Disputed claims .....	53
29. Notes relating to the Brokerage Office .....	53
30. Information on the decision not to pay out dividend .....	54
31. Events and agreements significant for the Group's and the Bank's operations .....	55
32. Significant non-adjusting events after the balance sheet date.....	58
33. Financial forecasts.....	58

34.	Plan to sell a significant portion of shares.....	58
35.	Rating .....	59
36.	Factors affecting the Bank's results in the six-month perspective .....	59
	Interim condensed separate financial statements .....	61
	Separate income statement .....	61
	Separate statement of comprehensive income .....	62
	Separate statement of financial situation.....	63
	Separate statement of changes in equity.....	64
	Separate cash flow statement.....	65
1.	Basis of preparation .....	66
2.	Accounting policies.....	68
3.	Off-balance sheet items .....	69
4.	Related-party transactions .....	69
5.	Significant non-adjusting events after the balance sheet date.....	69

## Consolidated income statement

	Note	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
Interest income		392 011	376 470
Interest expense		-120 957	-154 619
<b>Net interest income</b>	<b>4</b>	<b>271 054</b>	<b>221 851</b>
Fee and commission income		125 281	104 150
Fee and commission expense		-41 712	-48 655
<b>Net fee and commission income</b>	<b>5</b>	<b>83 569</b>	<b>55 495</b>
<b>Trading result</b>	<b>6</b>	<b>55 798</b>	<b>48 913</b>
<b>Net gain (realized) on other financial instruments</b>	<b>7</b>	<b>-11</b>	<b>1 372</b>
Other operating income		11 565	9 387
Other operating costs		-4 635	-8 551
<b>Net other operating income</b>	<b>8</b>	<b>6 930</b>	<b>836</b>
<b>General administrative expenses</b>	<b>9</b>	<b>-214 949</b>	<b>-197 773</b>
<b>Impairment losses</b>	<b>10</b>	<b>-117 281</b>	<b>-73 536</b>
<b>Gross profit</b>		<b>85 110</b>	<b>57 158</b>
Income tax	<b>11</b>	-16 810	-12 563
<b>Net profit from continuing operations</b>		<b>68 300</b>	<b>44 595</b>
<i>attributable to equity holders of the parent</i>		68 402	44 595
<i>attributable to non-controlling interests</i>		-102	0
<b>Net profit attributable to equity holders of the parent</b>		<b>68 402</b>	<b>44 595</b>
<b>Weighted average number of ordinary shares</b>		<b>69 941 261</b>	<b>63 582 965</b>
<b>Net profit per share (in PLN)</b>	<b>12</b>	<b>0.98</b>	<b>0.70</b>
<b>Diluted earnings per share (in PLN)</b>	<b>12</b>	<b>0.93</b>	<b>0.67</b>

## Consolidated statement of comprehensive income

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
<b>Net profit</b>	<b>68 300</b>	<b>44 595</b>
<b>Other taxable comprehensive income</b>	2 514	-8 764
Net gains/losses on financial assets available for sale	2 228	-8 764
Profit/loss on valuation of financial assets available for sale	2 750	-10 820
Deferred tax	-522	2 056
Net gains/losses on hedging instruments	286	0
Profit/loss on valuation of hedging instruments	353	0
Deferred tax	-67	0
<b>Total comprehensive income, net</b>	<b>70 814</b>	<b>35 831</b>
holders of the parent	70 916	35 831
non-controlling shareholders	-102	0

## Consolidated statement of financial position

<b>ASSETS</b>	<b>Note</b>	<b>As at 31.03.2014</b>	<b>As at 31.12.2013</b>	<b>As at 31.03.2013 Adjusted amount</b>
Cash and balances with the Central Bank		1 077 576	1 067 227	728 540
Financial assets held for trading	20	207 564	243 291	214 952
Financial assets available for sale	13	3 172 488	3 388 525	3 259 304
Hedging derivatives	21	20 553	12 099	0
Amounts due from banks	15	278 448	254 199	137 511
Loans and advances to customers	14	20 935 596	19 657 900	15 619 367
Property, plant and equipment		208 322	215 121	207 915
Intangible assets		187 784	188 050	157 627
Non-current asset held for sale		38 335	38 335	62 298
Income tax asset		146 951	143 793	138 063
<i>Current</i>		2 787	0	4 120
<i>Deferred</i>		144 164	143 793	133 943
Other assets	16	244 003	341 331	349 531
<b>TOTAL ASSETS</b>		<b>26 517 620</b>	<b>25 549 871</b>	<b>20 875 108</b>

<b>LIABILITIES AND EQUITY</b>	<b>Note</b>	<b>As at 31.03.2014</b>	<b>As at 31.12.2013</b>	<b>As at 31.03.2013 Adjusted amount</b>
Financial liabilities held for trading	20	177 527	184 090	146 274
Financial liabilities measured at amortized cost	17	22 527 684	21 660 435	17 642 932
Provisions	18	3 568	10 574	9 229
Other liabilities	19	747 559	1 129 270	722 516
Income tax liabilities		0	31 949	269
<i>Current</i>		0	31 949	269
Subordinated loans	22	343 490	348 821	343 937
<b>Total liabilities</b>		<b>23 799 828</b>	<b>23 365 139</b>	<b>18 865 157</b>
<b>Equity</b>		<b>2 717 792</b>	<b>2 184 732</b>	<b>2 009 951</b>
<b>Equity attributable to equity holders of the parent</b>		<b>2 715 331</b>	<b>2 184 732</b>	<b>2 009 951</b>
Share capital		699 413	635 830	635 830
Supplementary capital		1 829 125	1 434 713	1 276 611
Revaluation reserve		-14 263	-16 777	2 012
Other capital		178 480	176 792	166 527
Undistributed result from previous years		-45 826	-273 728	-115 624
Current year profit/loss		68 402	227 902	44 595
<b>Non-controlling interests</b>		<b>2 461</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>26 517 620</b>	<b>25 549 871</b>	<b>20 875 108</b>





(in PLN thousand)

## Consolidated statement of changes in equity

1.01.2014 - 31.03.2014	Share capital	Supplementary capital	Other capital	Revaluation reserve	Undistributed result from previous years	Current year profit/loss	Non-controlling interests	Total equity
As at 1 January 2014	635 830	1 649 406	176 792	-16 777	-260 519	-	0	2 184 732
Comprehensive income	-	-	-	2 514	-	68 402	-102	70 814
Share-based payments	-	-	1 855	-	-	-	-	1 855
Share issue	63 583	394 412	-	-	-	-	-	457 995
Non-controlling interest arising on business combination	-	-	-	-	-	-	2 993	2 993
Acquisition of non-controlling interest	-	-	-167	-	-	-	-430	-597
As at 31 March 2014	699 413	2 043 818	178 480	-14 263	-260 519	68 402	2 461	2 717 792

1.01.2013 - 31.12.2013	Share capital	Supplementary capital	Other capital	Revaluation reserve	Undistributed result from previous years	Current year profit/loss	Total equity
As at 1 January 2013 - validated data	635 830	1 276 611	163 377	10 776	159 758	-	2 246 352
As at 1 January 2013 - adjusted amount	635 830	1 276 611	163 377	10 776	-115 624	-	1 970 970
Comprehensive income	-	-	-	-	-27 553	227 902	200 349
Share-based payments	-	-	13 415	-	-	-	13 415
Distribution of prior year result	-	158 102	-	-	-158 102	-	0
Other changes in equity	-	-	-	-	-	-2	-2
As at 31 December 2013	635 830	1 434 713	176 792	-16 777	-273 728	227 902	2 184 732

1.01.2013 - 31.03.2013	Share capital	Supplementary capital	Other capital	Revaluation reserve	Undistributed result from previous years	Current year profit/loss	Total equity
As at 1 January 2013 - validated data	635 830	1 649 406	163 377	10 776	-213 037	-	2 246 352
As at 1 January 2013 - adjusted amount	635 830	1 649 406	163 377	10 776	-488 419	-	1 970 970
Comprehensive income	-	-	-	-8 764	-	44 595	35 831
Share-based payments	-	-	3 150	-	-	-	3 150
As at 31 March 2013	635 830	1 649 406	166 527	2 012	-488 419	44 595	2 009 951

## Consolidated cash flow statement

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
<b>Operating activities</b>		
<b>Net profit</b>	<b>68 300</b>	<b>44 595</b>
<b>Adjustments:</b>	<b>-499 210</b>	<b>-586 769</b>
Unrealized foreign exchange gains/losses	724	2 646
Income tax presented in the income statement	16 810	12 563
Amortization/depreciation of tangible and intangible assets	18 856	17 836
Change in tangible and intangible assets impairment write-down	7	8
Change in provisions	-7 006	-3 320
Gains (loss) on disposal of subsidiaries	-13	0
Interest (financial activity)	6 306	7 459
Share-based payments	1 855	3 150
Change in loans and receivables	-1 307 930	-1 315 284
Change in financial assets available for sale	216 037	1 061 443
Change in financial assets held for trading	35 727	-41 246
Change in hedging asset derivatives	-8 454	0
Change in other assets	97 560	15 556
Change in deposits	903 815	-245 052
Change in issued debt	84 566	-5 902
Change in financial liabilities held for trading	-6 563	17 167
Change in other liabilities	-499 001	-77 379
Income tax paid	-52 506	-36 414
<b>Net cash flow from operating activities</b>	<b>-430 910</b>	<b>-542 174</b>
<b>Investing activities</b>		
<b>Outflows:</b>	<b>-10 769</b>	<b>-15 361</b>
Purchase of property, plant and equipment	-4 686	-7 574
Purchase of intangible assets	-6 083	-7 787
<b>Inflows:</b>	<b>13</b>	<b>0</b>
Disposal of subsidiaries	13	0
<b>Net cash flow from investing activities</b>	<b>-10 756</b>	<b>-15 361</b>
<b>Financing activities</b>		
<b>Outflows:</b>	<b>-11 999</b>	<b>-15 408</b>
Repayment of long-term liabilities	-11 999	-15 408
<b>Inflows:</b>	<b>457 398</b>	<b>0</b>
Inflows from share issue	457 995	0
Acquisition of non-controlling interest	-597	0
<b>Net cash flow from financing activities</b>	<b>445 399</b>	<b>-15 408</b>
<b>Total net cash flow</b>	<b>3 733</b>	<b>-572 943</b>
<b>Balance sheet change in cash and cash equivalents</b>	<b>3 733</b>	<b>-572 943</b>
Cash and cash equivalents, opening balance	<b>1 251 673</b>	<b>1 352 685</b>
Cash and cash equivalents, closing balance	<b>1 255 406</b>	<b>779 742</b>
<b>Additional disclosures on operating cash flows</b>		
Interest income received	<b>402 547</b>	<b>281 429</b>
Interest expense paid	<b>-117 814</b>	<b>-195 260</b>

## Additional information to the consolidated quarterly report

### 1. Information about the Bank and the Group

#### 1.1 General information

Alior Bank Spółka Akcyjna ("the Bank", "the Parent Company") is the parent company of the Alior Bank Spółka Akcyjna Group ("the Group"). The Bank, with its seat in Warsaw, ul. Łopuszańska 38D, was entered in the register of businesses maintained by the District Court for the Capital City of Warsaw, 13th Business Department of the National Court Register under the number KRS 0000305178. The parent company was assigned a 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.

#### 1.2 Duration and scope of business activities

On 18 April 2008, the Polish Financial Supervision Authority (the "PFSA") granted permission for the incorporation of a bank under the name Alior Bank S.A. On 1 September 2008, the PFSA issued a license for the Bank to commence its business activities. On 5 September 2008, the PFSA granted the Bank permission to conduct brokerage activities. The duration of the Bank's and the Group companies' operations is indefinite.

Alior Bank S.A. is a universal lending and deposit-taking bank which renders services to individuals, legal persons and other entities which are Polish and foreign persons. The Bank's core activities include maintaining bank accounts, granting loans and advances, issuing banking securities and purchasing and selling foreign currency. The Group also conducts brokerage activities, consulting and financial agency services and renders other financial services. The information on companies belonging to the Group is presented in point 1.4. of this Note. In accordance with its Articles of Association, the Bank operates in the territory of the Republic of Poland and the European Economic Area. The Bank provides services mainly to Polish customers. The share of foreign customers in the total number of the Bank's customers is minor.

#### 1.3 Shareholders of Alior Bank Spółka Akcyjna

The following shareholders of Alior Bank had more than a 5% interest in the share capital as at publication day:

- Alior Lux S.a r. l. & Co S.C.A.;
- European Bank for Reconstruction and Development;
- Wellington Management Company LLP.

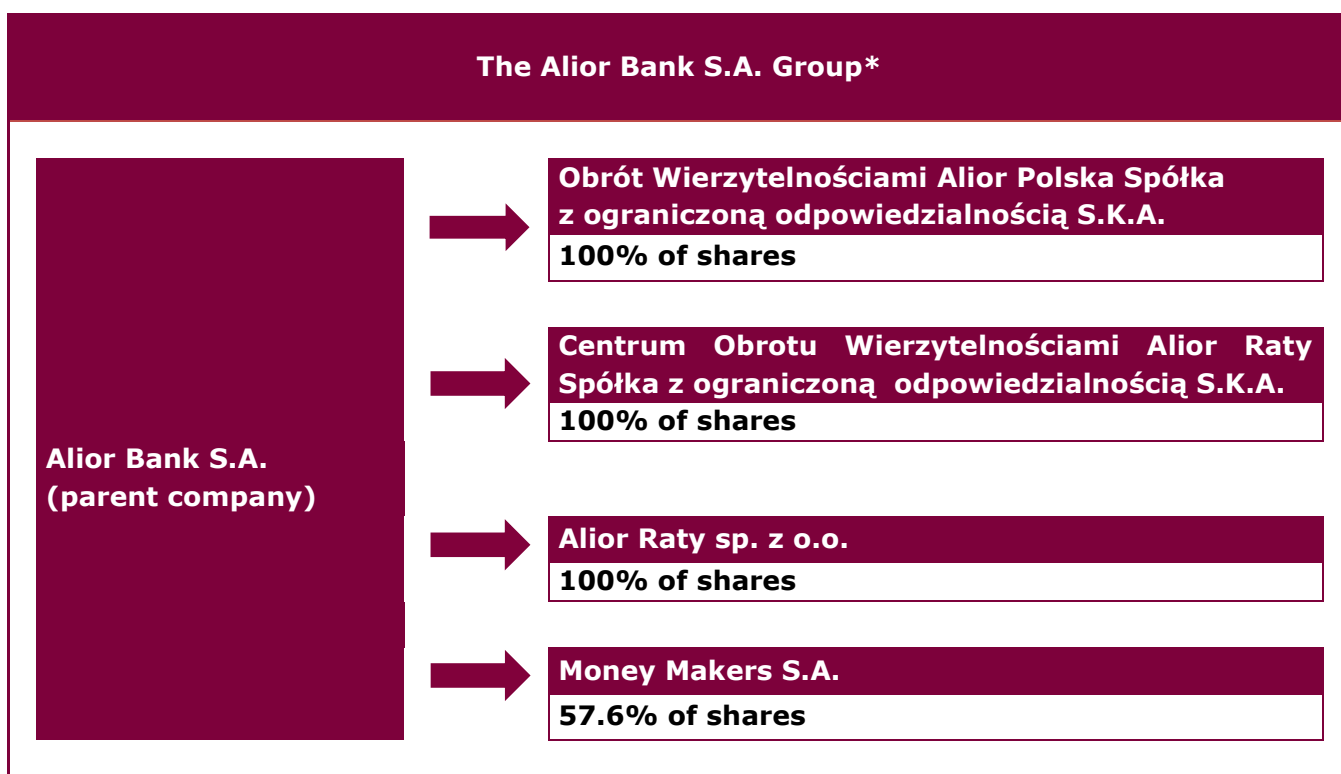
### Shareholders holding more than 5% of the Bank's shares as at 08.05.2014

Shareholder	Number of shares/Number of votes	Par value of shares[PLN]	% share in share capital	Share in total number of votes
<b>Alior Lux S.a r.l. &amp; Co. S.C.A. (including Alior Polska sp. z o.o.)</b>	19 618 382	196 183 820	28.050%	28.050%
<b>European Bank for Reconstruction and Development</b>	5 614 035	56 140 350	8.027%	8.027%
<b>Wellington Management Company LLP.</b>	3 921 526	39 215 260	5.607%	5.607%
<b>Other shares</b>	40 787 318	407 873 180	58.316%	58.316%
<b>Total</b>	69 941 261	699 412 610	100%	100%

On 24 April 2014 the Bank's Management Board received notifications of the following entities under Art. 69 of the Polish Act on Public Offering of 29 July 2005 about a change in the total number of votes at the General Shareholders' Meeting of Alior Bank:

- Alior Lux S a.r.l. & Co. S.C.A. informed of disposal of 3.300.000 Alior Bank's shares at a price of PLN 79 per share on 23 April 2014. After transaction the shareholder holds directly and indirectly 19,618,382 shares, which currently represents 28.05% of Alior Bank's share capital and provides 19,618,382 votes, which constitutes 28.05% of the total number of votes.
- Wellington Management Company LLP informed of exceeding the 5% threshold in the total number of voting rights at the General Shareholders' Meeting of Alior Bank as a result of the purchase of 926.079 Alior Bank's shares on 23 April 2014.

## 1.4 Information about the Alior Bank S.A. Group



- structure as at 31 March 2014

### 1.4.1 Business overview of the Alior Bank S.A. Group companies

As at 31 March 2014, the Alior Bank S.A. Group is composed of the following companies: Alior Bank S.A. as the parent company, and 4 subsidiaries in which the Bank holds majority interests. In the reporting period, there were two changes in the structure of the Alior Bank S.A. Group.

After obtaining the consent of the PFSA for the direct purchase of Money Makers S.A. shares by Alior Bank S.A. in February 2014 in a number which caused the Bank to exceed 50% of the number of votes at the General Shareholders' Meeting:

- on 26.02.2014 Alior Bank S.A. concluded an agreement with Money Makers S.A. to take up 3,550,000 new registered F-series shares at the same time paying the issue price for them;
- on 13.03.2014 the increase in Money Makers S.A. share capital by issuing registered F-series shares was registered with the National Court Register;
- on 14.03.2014 the conditions for purchasing shares from one of the former shareholders were met;
- on 6.05.2014 Money Makers S.A. has taken over a sub funds management linked with Ipopema Asset Management until now.

As a result of completing the above-mentioned actions Alior Bank achieved 57.6% of the total number of voting rights at the General Shareholders' Meeting of Money Makers S.A.,

and on 1.04.2014 Alior Bank appointed two of its representatives to the three-person Supervisory Board of Money Makers SA, obtaining the majority of votes.

Moreover, in previous reporting the Bank consolidated the results of Alior Instytut Szkoleń Sp. z o.o. On 5 March 2014 an agreement for the sale of shares in Alior Instytut Szkoleń Sp. z o.o. (currently Alior Instytut Biznesu Sp. z o.o.) was concluded.

The consolidated financial statements comprise the financial statements of the Bank and the financial statements of the following entities. The Bank assessed control over the following entities in the light of the requirements of IFRS 10 and determined its status as the parent company. All subsidiaries are consolidated under the acquisition method.

1. Obrót Wierzytelnościami Alior Polska spółka z ograniczoną odpowiedzialnością S.K.A. is an entity whose core business activities include trading in receivables purchased from the Bank. The entity was formed for the purpose of optimizing the Bank's receivables sales process.
2. Centrum Obrotu Wierzytelnościami Alior Raty spółka z ograniczoną odpowiedzialnością S.K.A. is an entity whose core business activities include trading in receivables purchased from the Bank.
3. Alior Raty Sp. z o.o. is an entity which was established on 03.02.2012. As of 31.10.2013 it discontinued operations in the area of financial intermediation services. In January 2014 the Management Board of Alior Bank S.A. decided that the Company would continue in operation in different business areas.
  - The Company's objectives:
    1. availing itself of opportunities to sell non-financial products and services;
    2. expanding the offer for Private Banking customers and making it more attractive to reinforce its competitive position.
  - The Company's operations:
    1. finding and gaining external partners for cooperation in offering non-banking services;
    2. arranging business relationships for clients and external partners.
  - The Company's planned revenues constitute commission for intermediation in non-banking services.

The Company is also continuing operations in the area of meeting obligations to customers under the agreement with TU Ergo Hestia.

4. Money Makers Spółka akcyjna, which focuses on asset management services. The value of the company's assets as at 31 March 2014 and its financial result amounted to 6 144 PLN thousand and - 482 PLN thousand respectively. Non-controlling interests were measured at the non-controlling interests proportionate share of net assets of the acquire.

As at 31 March 2014 Alior Bank holds shares in a joint venture, i.e. a company engaged in retail trading – Polbita Spółka z ograniczoną odpowiedzialnością. Due to the planned sale of the shares, the Bank classified them as assets held for sale and recorded them in accordance with the requirements of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

## 1.5 Information on the composition of the Bank's Management and Supervisory Boards

Composition of the Bank's Management Board:

<b>Composition of the Bank's Management Board as at 8.05.2014</b>	<b>Composition of the Bank's Management Board as at 31.03.2014</b>	<b>Composition of the Bank's Management Board as at 31.12.2013</b>
<b>Wojciech Sobieraj</b> - CEO	Wojciech Sobieraj - CEO	Wojciech Sobieraj - CEO
<b>Krzysztof Czuba</b> - Deputy CEO	Krzysztof Czuba - Deputy CEO	Krzysztof Czuba - Deputy CEO
<b>Michał Hucal</b> - Deputy CEO	Michał Hucal - Deputy CEO	Michał Hucal - Deputy CEO
<b>Witold Skrok</b> - Deputy CEO	Niels Lundorff - Deputy CEO	Niels Lundorff - Deputy CEO
<b>Katarzyna Sułkowska</b> - Deputy CEO	Artur Maliszewski - Deputy CEO	Artur Maliszewski - Deputy CEO
	Witold Skrok - Deputy CEO	Witold Skrok - Deputy CEO
	Katarzyna Sułkowska - Deputy CEO	Katarzyna Sułkowska - Deputy CEO

In the period from the date of the last interim report, there were changes in the composition of the Bank's Management Board. On 9 April 2014 Mr Niels Lundorff and Mr Artur Maliszewski submitted a resignation from applying for the election for further 3 year term of office of the Management Board of the Bank, beginning 21 April 2014. At the same time on 9 April 2014, the Bank's Supervisory Board adopted a resolution on appointment of the Members of Management Board of the Bank for the next term of office:

Mr Wojciech Sobieraj for the post of CEO,  
 Mr Krzysztof Czuba for the post of Deputy CEO,  
 Mr Michał Hucal for the post of Deputy CEO,  
 Mr Witold Skrok for the post of Deputy CEO,  
 Mrs Katarzyna Sułkowska for the post of Deputy CEO.

### Members of the Bank's Management Board who held shares in the Bank as at 8 May 2014

<b>Shareholder</b>	<b>Number of shares/Number of votes</b>	<b>Nominal value of shares</b>	<b>% share in share capital</b>	<b>Share in total number of votes</b>
<b>Wojciech Sobieraj</b>	71,322	713,220	0.10%	0.10%
<b>Katarzyna Sułkowska</b>	2,851	28,510	0.00%	0.00%
<b>Krzysztof Czuba</b>	168	1,680	0.00%	0.00%
<b>Witold Skrok</b>	168	1,680	0.00%	0.00%
<b>Michał Hucal</b>	70	700	0.00%	0.00%

In the period since the date of the last interim report, there were no changes in the number of Bank shares held by Members of the Bank's Management Board.

### Composition of the Bank's Supervisory Board:

Composition of the Bank's Supervisory Board as at 31.03.2014		Composition of the Bank's Supervisory Board as at 31.12.2013	
<b>Helene Zaleski</b>	- Chair of the Supervisory Board	Helene Zaleski	- Chair of the Supervisory Board
<b>Małgorzata Iwanicz-Drozdowska</b>	- Deputy Chair of the Supervisory Board	Małgorzata Iwanicz-Drozdowska	- Deputy Chair of the Supervisory Board
<b>Marek Michalski</b>	- Member of the Supervisory Board	Marek Michalski	- Member of the Supervisory Board
<b>Krzysztof Obłój</b>	- Member of the Supervisory Board	Krzysztof Obłój	- Member of the Supervisory Board
<b>Lucyna Stańczak – Wuczyńska</b>	- Member of the Supervisory Board	Lucyna Stańczak – Wuczyńska	- Member of the Supervisory Board
<b>Sławomir Dudzik</b>	- Member of the Supervisory Board		

On 23 January 2014 the Extraordinary General Shareholders Meeting of the Bank changed the composition of the Bank's Supervisory Board and appointed Mr Sławomir Dudzik Member of the Supervisory Board.

### Members of the Bank's Supervisory Board who held shares in the Bank as at 8 May 2014

Shareholder	Number of shares/Number of votes	Nominal value of shares	% share in share capital	Share in total number of votes
<b>Helene Zaleski</b>	210,774	2,107,740	0.30%	0.30%
<b>Małgorzata Iwanicz - Drozdowska</b>	1,465	14,650	0.00%	0.00%

In the period since the date of the last interim report, there were one change in the number of Bank shares held by Members of the Bank's Supervisory Board. Ms. Helene Zaleski acquired 6,000 the Bank's shares for a price of PLN 79 per share, on 23 April 2014. The acquisition has occurred as a result of a transaction outside the regulated market.

## 1.6 Approval of the consolidated financial statements

The consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the year ended 31 December 2013 were approved for publication by the Bank's Management Board on 5 March 2014.

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved for publication by the Bank's Management Board on 7 May 2014



## 2. Accounting policies

### 2.1 Basis of preparation

#### Scope and comparatives

The interim condensed consolidated financial statements of the Alior Bank S.A. Group contain data relating to the Bank and its subsidiaries and cover the 3-month period ended 31 March 2014 (in the scope of consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows) and comprise comparatives as at 31 March 2013 (in the scope of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows) and comparatives as at 31 December 2013 (in the scope of the consolidated statement of financial position and consolidated statement of changes in equity). The consolidated financial statements have been prepared in Polish zloty (PLN) and all amounts are presented in PLN thousand, unless otherwise stated.

Due to the change in bancassurance revenue recognition method (described in the annual consolidated financial statements of the Alior Bank S.A. Group for the period from 1 January 2013 to 31 December 2013) comparative amounts disclosed in the condensed interim consolidated financial statements of the Alior Bank S.A. Group were adjusted for comparability purposes.

Presented below is the effect of the changes resulting from bringing the data to comparability on the individual income statement and statement of financial position items.

#### Consolidated income statement

	Financial statement as at 31.03.2013	Amount of adjustments	Adjusted amount as at 31.03.2013
Interest income	354 800	21 670	376 470
<b>Net interest income</b>	<b>200 181</b>	<b>21 670</b>	<b>221 851</b>
Fee and commission income	192 945	-88 795	104 150
Fee and commission expense	-55 095	6 440	-48 655
<b>Net fee and commission income</b>	<b>137 850</b>	<b>-82 355</b>	<b>55 495</b>
<b>Net other operating income</b>	<b>5 917</b>	<b>-5 081</b>	<b>836</b>
<b>General administrative expenses</b>	<b>-201 609</b>	<b>3 836</b>	<b>-197 773</b>
<b>Impairment losses</b>	<b>-78 784</b>	<b>5 248</b>	<b>-73 536</b>
<b>Gross profit</b>	<b>113 840</b>	<b>-56 682</b>	<b>57 158</b>
<b>Income tax</b>	<b>-23 333</b>	<b>10 770</b>	<b>-12 563</b>
<b>Net profit</b>	<b>90 507</b>	<b>-45 912</b>	<b>44 595</b>
<b>Total comprehensive income, net</b>	<b>81 743</b>	<b>-45 912</b>	<b>35 831</b>

## Consolidated statement of financial position

Statement of financial position line	Financial statement as at 31.03.2013	Amount of adjustments	Adjusted amount as at 31.03.2013
Loans and advances to customers	15 887 393	-268 026	15 619 367
Income tax asset	62 698	75 365	138 063
Deferred	58 578	75 365	133 943
<b>TOTAL ASSETS</b>	<b>21 067 769</b>	<b>-192 661</b>	<b>20 875 108</b>
Other liabilities	593 883	128 633	722 516
<b>Total liabilities</b>	<b>18 736 524</b>	<b>128 633</b>	<b>18 865 157</b>
<b>Equity</b>	<b>2 331 245</b>	<b>-321 294</b>	<b>2 009 951</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>21 067 769</b>	<b>-192 661</b>	<b>20 875 108</b>

## Consolidated cash flow statement

1.01.2013 - 31.03.2013	Financial statement as at 31.03.2013	Amount of adjustments	Adjusted amount as at 31.03.2013
<b>Net profit</b>	<b>90 507</b>	<b>-45 912</b>	<b>44 595</b>
Income tax presented in the income statement	-13 082	25 645	12 563
Change in loans and receivables	-1 347 459	32 175	-1 315 284
Change in other liabilities	-101 885	24 506	-77 379
Income tax paid	0	-36 414	-36 414
<b>Net cash flow from operating activities</b>	<b>-542 174</b>	<b>0</b>	<b>-542 174</b>
<b>Total net cash flow</b>	<b>-572 943</b>	<b>0</b>	<b>-572 943</b>

### **Statement of compliance**

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the first quarter of 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as at 31 March 2014, and in accordance with the requirements of the Decree of the Minister of Finance of 19 February 2009 on current and periodic information to be prepared by issuers of securities and conditions for considering equivalent the information required by the provisions of the law of a non-EU state (Journal of Laws No. 33, item 259, as amended).

These interim condensed consolidated financial statements comply with the requirements of the International Accounting Standard (IAS) 34 as regards interim financial reporting. These consolidated financial statements have been prepared in a condensed form and do not include all disclosures required in the annual financial statements.

The interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed statement of changes in consolidated equity and interim condensed consolidated statement of cash flows for the financial period from 01 January 2014 to 31 March 2014, and interim condensed statement of financial position as at 31 March 2014, including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the last annual financial statements, with the exception of the amendments to the Standards which became binding as of 1 January 2014.

### **Going concern**

The consolidated financial statements of the Alior Bank Spółka Akcyjna Group have been prepared on the assumption that the Group will continue as a going concern for a period of at least 12 months after the balance sheet date, i.e. after 31 March 2014.

As of the date of approval of these financial statements, the Bank's Management Board is not aware of any circumstances which would have a negative effect on the Group's operations for any reasons.

## **2.2 Accounting policies**

The detailed accounting policies have been presented in the annual consolidated financial statements of the Alior Bank S.A. Group for the financial year from 1 January 2013 to 31 December 2013, published on 6 March 2014 and available on Alior Bank S.A.'s website.

Below we present the accounting policies relating to the periods of depreciation and amortization, which have changed in 2014 as a result of the assessment of the current status and expected future rewards. The estimated impact of the changes in periods of depreciation and amortization in the first quarter of 2014 is PLN 1.5 million.

### Property, plant and equipment

The following table shows estimated useful lives of property, plant and equipment after introducing the changes described above:

Description	Useful lives in years
Leasehold improvements (buildings and constructions)	5-10
Plant and machinery	1-10
Fixtures and fittings	2-10
Vehicles	2.5-5

### Intangible assets

The following table shows estimated useful lives of intangible assets after introducing the changes described above:

Description	Useful lives in years
Licences	2-15
IT software	2-15
Costs of development projects	2-5
Copyrights and other intangible assets	2-10

### Changes in accounting standards

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with the accounting policies applied in the preparation of the financial statements for the financial year ended 31 December 2013, except for the following amendments to standards and new interpretations binding for annual periods starting on or after 1 January 2014.

- IFRS 10 *Consolidated financial statements* – binding for annual periods beginning on or after 1 January 2013 – applicable in the EU to annual periods beginning on or after 1 January 2014;
- IFRS 11 *Joint arrangements* – binding for annual periods beginning on or after 1 January 2013 – applicable in the EU to annual periods beginning on or after 1 January 2014 at the latest;
- IFRS 12 *Disclosure of Interests in Other Entities* – applicable to annual periods starting on or after 1 January 2013 – in the EU applicable at the latest to annual periods starting on or after 1 January 2014 at the latest;
- Amendments to IFRS 10, IFRS 11 and IFRS 12, *Transitional provisions* – applicable to annual periods starting on or after 1 January 2013 – in the EU applicable to annual periods starting on or after 1 January 2014 at the latest;
- IAS 27 *Separate financial statements* – binding for annual periods beginning on or after 1 January 2013 – applicable in the EU to annual periods beginning on or after 1 January 2014 at the latest;

- IAS 28 *Investments in associates* – binding for annual periods beginning on or after 1 January 2013 – applicable in the EU to annual periods beginning on or after 1 January 2014 at the latest;
- Amendments to IAS 32, *Financial Instruments: Offsetting of Financial Assets and Financial Liabilities* – applicable to annual periods starting on or after 1 January 2014;
- IFRIC 21 *Levies* – applicable to annual periods starting on or after 1 January 2014;
- Amendments to IAS 39 *Novation of derivatives and continuation of hedge accounting* (published on 27 June 2013) – applicable to annual periods beginning on or after 1 January 2014;

The Group concluded that the above changes did not have a significant effect on its financial position or results of operations.

### **New standards and interpretations, which have been published but are not yet effective**

The following standards and interpretations have been published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but are not yet effective:

- Phase 1 of IFRS 9, *Financial Instruments* – applicable to annual periods starting on or after 1 January 2015, by the date of approving these financial statements not endorsed by the EU;
- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment Entities* (published in October 2012) – applicable to annual periods starting on 1 January 2014 – by the date of approving these financial statements not endorsed by the EU;
- Amendments to IAS 19 *Defined benefit plans: employee contributions* (published on 21 November 2013) – applicable to annual periods beginning on or after 1 January 2014 – not adopted by the EU until the date of approving these financial statements;
- Amendments following from the *Annual improvements to IFRSs 2010-2012* – some of the changes apply to annual periods beginning on or after 1 July 2014, and some prospectively to transactions effected on or after 1 July 2014 – not adopted by the EU until the date of approving the financial statements;
- Amendments following from the *Annual improvements to IFRSs 2011-2013* – applicable to annual periods beginning on or after 1 July 2014 – not adopted by the EU until the date of approving the financial statements;- applicable to annual periods beginning on or after 1 January 2014 – not adopted by the EU until the date of approving these financial statements;
- IFRS 14 *Regulatory Deferral Accounts* – applicable to financial years beginning on or after 1 January 2016 – not adopted by the EU until the date of approving these financial statements.

The Bank does not expect that implementing those standards and interpretations should have a significant effect on the accounting policies adopted by the Bank, except for the amendments which would result from implementing IFRS 9.

### 3. Operating segments

The Group divides its operations into the following reporting segments for the purpose of management accounting:

- retail segment;
- business segment;
- treasury activity;
- other.

The Group provides services to retail (individual) and business customers, by offering them a full range of banking services.

The basic products for individual customers cover:

- loan products: cash loans, credit cards, overdraft facilities, housing loans;
- deposit products: term deposits, savings accounts;
- brokerage products and investment funds;
- personal accounts;
- transaction services: cash deposits and withdrawals, transfers;
- FX transactions.

Basic products for business customers include:

- loan products: overdraft facilities, working capital loans, investment loans, credit cards;
- deposit products: term deposits;
- current and auxiliary accounts;
- transaction services: cash deposits and withdrawals, transfers;
- treasury products: FX transactions (also forward transactions), derivative products.

The basic element of segment analysis is the profitability of the retail segment and business segment. The profitability includes:

- margin revenue decreased by financing costs (the rate at which a branch makes settlements with the Interbank Transactions Office);
- commission income;
- income from treasury transactions and FX exchange made by customers;
- other operating income and expenses.

Revenues of the retail segment also include revenues from the sale of brokerage products (such as revenues from maintaining brokerage accounts, agency services in trading in securities and revenue from distribution of units in investment funds).

Revenues of the business segment also include revenues from the car loans portfolio.

The Treasury Activity segment covers the results from managing the global position – the liquidity and currency positions – arising from the activities of the Bank's entities.

The segment Other includes:

- internal net interest income/expense calculated on net impairment losses;
- reconciliation of the presentation of incremental costs for management reporting purposes by deducting the amount relating to incremental costs from the commission income presented in business segments;
- commission costs not allocated to business units (including cash management fees, ATM sharing commission, domestic and foreign transfers);
- other operating income and expenses not related directly to operating segments.

## Results and volumes by segments for the quarter ended 31 March 2014

Segment report	Retail customers	Corporate customers	Treasury	Other	Total Bank
<b>External interest income</b>	<b>145 005</b>	<b>91 424</b>	<b>28 967</b>	<b>5 658</b>	<b>271 054</b>
external income	220 916	125 858	39 705	5 532	392 011
external expense	-75 911	-34 434	-10 738	126	-120 957
<b>Internal interest income</b>	<b>33 469</b>	<b>-7 605</b>	<b>-1 619</b>	<b>-24 245</b>	<b>0</b>
internal income	127 533	60 402	244 317	-23 214	409 038
internal expense	-94 064	-68 007	-245 936	-1 031	-409 038
<b>Net interest income</b>	<b>178 474</b>	<b>83 819</b>	<b>27 348</b>	<b>-18 587</b>	<b>271 054</b>
Fee and commission income	57 679	41 362	0	26 240	125 281
Fee and commission expense	-16 585	-98	-77	-24 952	-41 712
<b>Net fee and commission income</b>	<b>41 094</b>	<b>41 264</b>	<b>-77</b>	<b>1 288</b>	<b>83 569</b>
<b>Trading result</b>	<b>244</b>	<b>6 877</b>	<b>48 655</b>	<b>22</b>	<b>55 798</b>
<b>Net gain (realized) on other financial instruments</b>	<b>14 346</b>	<b>30 056</b>	<b>-44 321</b>	<b>-92</b>	<b>-11</b>
Other operating income	27 951	730	2	-17 118	11 565
Other operating expenses	-2 966	-151	0	-1 518	-4 635
<b>Net other operating income</b>	<b>24 985</b>	<b>579</b>	<b>2</b>	<b>-18 636</b>	<b>6 930</b>
<b>Total result before impairment losses</b>	<b>259 143</b>	<b>162 595</b>	<b>31 607</b>	<b>-36 005</b>	<b>417 340</b>
<b>Impairment losses</b>	<b>-74 341</b>	<b>-42 927</b>	<b>0</b>	<b>-13</b>	<b>-117 281</b>
<b>Total result after impairment losses</b>	<b>184 802</b>	<b>119 668</b>	<b>31 607</b>	<b>-36 018</b>	<b>300 059</b>
<b>General administrative expenses</b>	<b>-158 256</b>	<b>-56 137</b>	<b>-556</b>	<b>0</b>	<b>-214 949</b>
<b>Gross profit (loss)</b>	<b>26 546</b>	<b>63 531</b>	<b>31 051</b>	<b>-36 018</b>	<b>85 110</b>
Income tax	0	0	0	-16 810	-16 810
<b>Net profit (loss)</b>	<b>26 546</b>	<b>63 531</b>	<b>31 051</b>	<b>-52 828</b>	<b>68 300</b>
Investment expenditure (asset purchase costs)	0	0	0	10 764	<b>10 764</b>
Amortization/ depreciation	0	0	0	-18 856	<b>-18 856</b>
Assets	11 291 305	9 644 291	5 582 024	0	<b>26 517 620</b>
Liabilities and equity	15 198 568	6 684 380	4 634 672	0	<b>26 517 620</b>

Total result before impairment losses by products	Retail customers	Corporate customers
Term deposits and current accounts	54 055	37 033
Loan products	167 684	83 977
Brokerage products, investment funds, structured products	25 016	0
Treasury products	13 832	36 928
Other	-1 444	4 657
<b>Total</b>	<b>259 143</b>	<b>162 595</b>

## Results and volumes by segments for the quarter ended 31 March 2013 – adjusted amounts

Segment report	Retail customers	Corporate customers	Treasury	Other	Total Bank
<b>External interest income</b>	<b>91 758</b>	<b>94 358</b>	<b>35 735</b>	<b>0</b>	<b>221 851</b>
external income	205 488	128 988	41 994	0	376 470
external expense	-113 730	-34 630	-6 259	0	-154 619
<b>Internal interest income</b>	<b>52 547</b>	<b>-27 019</b>	<b>-29 027</b>	<b>3 499</b>	<b>0</b>
internal income	131 114	62 355	269 881	3 611	466 961
internal expense	-78 567	-89 374	-298 908	-112	-466 961
<b>Net interest income</b>	<b>144 305</b>	<b>67 339</b>	<b>6 708</b>	<b>3 499</b>	<b>221 851</b>
Fee and commission income	47 409	36 030	0	20 711	104 150
Fee and commission expense	-11 801	-839	-78	-35 937	-48 655
<b>Net fee and commission income</b>	<b>35 608</b>	<b>35 191</b>	<b>-78</b>	<b>-15 226</b>	<b>55 495</b>
<b>Trading result</b>	<b>203</b>	<b>6 276</b>	<b>42 424</b>	<b>10</b>	<b>48 913</b>
<b>Net gain (realized) on other financial instruments</b>	<b>12 231</b>	<b>26 183</b>	<b>-37 049</b>	<b>7</b>	<b>1 372</b>
Other operating income	7 027	39	0	2 321	9 387
Other operating expenses	-1 248	-63	-2	-7 238	-8 551
<b>Net other operating income</b>	<b>5 779</b>	<b>-24</b>	<b>-2</b>	<b>-4 917</b>	<b>836</b>
<b>Total result before impairment losses</b>	<b>198 126</b>	<b>134 965</b>	<b>12 003</b>	<b>-16 627</b>	<b>328 467</b>
<b>Impairment losses</b>	<b>-42 973</b>	<b>-30 072</b>	<b>0</b>	<b>-491</b>	<b>-73 536</b>
<b>Total result after impairment losses</b>	<b>155 153</b>	<b>104 893</b>	<b>12 003</b>	<b>-17 118</b>	<b>254 931</b>
<b>General administrative expenses</b>	<b>-146 066</b>	<b>-51 229</b>	<b>-478</b>	<b>0</b>	<b>-197 773</b>
<b>Gross profit (loss)</b>	<b>9 087</b>	<b>53 664</b>	<b>11 525</b>	<b>-17 118</b>	<b>57 158</b>
Income tax	0	0	0	-12 563	-12 563
<b>Net profit (loss)</b>	<b>9 087</b>	<b>53 664</b>	<b>11 525</b>	<b>-29 681</b>	<b>44 595</b>
Investment expenditure (asset purchase costs)	0	0	0	10 293	<b>10 293</b>
Amortization/ depreciation	0	0	0	-17 836	<b>-17 836</b>
Assets	8 271 015	7 348 352	5 255 741	0	<b>20 875 108</b>
Liabilities and equity	11 985 858	5 250 420	3 638 830	0	<b>20 875 108</b>

Total result before impairment losses by products	Retail customers	Corporate customers
Term deposits and current accounts	48 356	32 432
Loan products	119 478	60 887
Brokerage products, investment funds, structured products	16 189	186
Treasury products	12 286	32 699
Other	1 817	8 761
<b>Total</b>	<b>198 126</b>	<b>134 965</b>



## Notes to the income statement

### 4. Net interest income

<b>4.1 Net interest income by entity</b>	<b>1.01.2014 - 31.03.2014</b>	<b>1.01.2013 - 31.03.2013 Adjusted amount</b>
<b>Interest income</b>	<b>392 011</b>	<b>376 470</b>
financial sector	24 920	26 589
non-financial sector	351 366	326 830
central and local government institutions	15 725	23 051
<b>Interest expense</b>	<b>-120 957</b>	<b>-154 619</b>
financial sector	-31 672	-24 905
non-financial sector	-89 027	-129 348
central and local government institutions	-258	-366
<b>Net interest income</b>	<b>271 054</b>	<b>221 851</b>

<b>4.2 Net interest income by product</b>	<b>1.01.2014 - 31.03.2014</b>	<b>1.01.2013 - 31.03.2013 Adjusted amount</b>
<b>Interest income</b>	<b>392 011</b>	<b>376 470</b>
current accounts	4 452	5 483
overnight deposits	163	259
term deposits	28	944
loans	346 535	324 827
debt instruments	24 976	35 212
receivables acquired	7 616	9 466
hedging derivatives	7 907	0
other	334	279
<b>Interest expense</b>	<b>-120 957</b>	<b>-154 619</b>
current deposits	-15 512	-14 302
term deposits	-76 486	-117 931
repo transactions in securities	-1 911	-5 251
cash deposits	-1 294	-1 836
own issue	-17 310	-14 471
hedging derivatives	-7 586	0
other	-858	-828
<b>Net interest income</b>	<b>271 054</b>	<b>221 851</b>

Interest income comprises mainly interest on loans and interest and discount on bonds. Interest expense relates mainly to term deposits for retail banking customers.

## 5. Net commission income

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
<b>Fee and commission income</b>	<b>125 281</b>	<b>104 150</b>
granted loans	14 076	10 212
revenue from bancassurance activity	33 980	29 162
settlements	21 244	18 325
guarantee liabilities	2 758	2 150
other banking activities	23 806	21 311
customer accounts maintenance	10 357	9 610
brokerage commissions	14 376	9 046
acquired receivables (factoring)	3 495	2 116
other commissions	1 189	2 218
<b>Fee and commission expense</b>	<b>-41 712</b>	<b>-48 655</b>
commissions paid to agents	-3 428	-6 064
custody services	-43	-21
settlements	-13 777	-11 226
compensation and awards to customers	-5 451	-6 700
payment card issue	-2 727	-2 282
costs of customers acquisition	-302	-146
commissions for ATM sharing	-4 192	-4 918
fees for reports (BIK, KRS, KRD)	-142	-280
assistance services	-1 030	-3 117
fees paid under service agreements	-4 024	-7 085
brokerage commissions	-1 436	-1 234
other commissions	-5 160	-5 582
<b>Net fee and commission income</b>	<b>83 569</b>	<b>55 495</b>

## 6. Trading result

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013
Foreign exchange transactions result	45 243	31 978
Interest rate transactions result	9 537	15 171
Other financial instruments result	1 018	1 764
<b>Trading result</b>	<b>55 798</b>	<b>48 913</b>

The result on foreign exchange transactions includes the results on: forex, swap (FX swap and CIRS with capital exchange), FX forward, currency options and revaluation of assets and liabilities expressed in foreign currencies.

The result on interest rate transactions includes the results on: interest rate swaps, FRA, net interest income on CIRS transactions and result on interest rate options (cap/floor).

The result on other financial instruments is the result on trading in equity securities, the result on commodity derivatives (including forwards and futures), the result on options for exchange indices, index baskets and commodities.

## 7. Net gain realized on other financial instruments

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013
Financial assets available for sale	1	1 434
Own issue	-12	-62
income from re-purchase	27	23
losses on repurchase	-39	-85
<b>Net gain realized on other financial instruments</b>	<b>-11</b>	<b>1 372</b>

## 8. Net other operating income and expense

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
<b>Other operating income from:</b>	<b>11 565</b>	<b>9 387</b>
management of third party assets	4 845	2 470
received compensations, fines and penalties	46	28
fees paid by counterparts	1 541	1 217
acquisition of receivables	8	1 230
reimbursement of litigation costs	2 998	3 777
income from sales of services	3	0
other	2 124	665
<b>Other operating expenses due to:</b>	<b>-4 635</b>	<b>-8 551</b>
management of third party assets	-1 606	-627
paid compensations, fines and penalties	-5	-206
awards given to customers	-240	-377
operating risk	-460	-338
litigation costs	-1 375	-2 252
lump sum reimbursement of costs incurred by the insurer in connection with the Bank exercising insurance actions	0	-887
acquisition of receivables	0	-2 825
other	-949	-1 039
<b>Net other operating income and expense</b>	<b>6 930</b>	<b>836</b>

## 9. General administrative expenses

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
<b>Payroll costs</b>	<b>-118 031</b>	<b>-103 106</b>
remuneration due to employment contracts	-94 573	-83 313
remuneration surcharges	-18 992	-15 682
share-based payments	-1 855	-3 150
other	-2 611	-961
<b>General and administrative costs</b>	<b>-75 818</b>	<b>-74 465</b>
IT costs	-9 381	-7 516
lease and building maintenance expenses	-34 277	-36 279
marketing costs	-4 561	-9 634
training costs	-2 502	-2 681
cost of advisory services	-5 091	-2 472
costs of Banking Guarantee Fund	-8 332	-3 570
lease of property, plant and equipment and intangible assets	-1 342	-2 072
costs of telecommunications services	-3 810	-3 215
external services	-3 482	-3 557
other	-3 040	-3 469
<b>Amortization and depreciation</b>	<b>-18 856</b>	<b>-17 836</b>
property, plant and equipment	-11 479	-12 234
intangible assets	-7 377	-5 602
<b>Taxes and fees</b>	<b>-2 244</b>	<b>-2 366</b>
<b>Total general administrative expenses</b>	<b>-214 949</b>	<b>-197 773</b>

## 10. Impairment losses

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
Impairment losses on impaired loans and advances to customers	-116 006	-74 207
financial sector	-246	-250
non-financial sector	-115 760	-73 957
retail customers	-73 344	-45 832
business customers	-42 416	-28 125
Debt securities	0	0
IBNR for customers without impairment losses	-1 503	1 238
financial sector	-135	9
non-financial sector	-1 364	1 229
retail customers	-678	2 545
business customers	-686	-1 316
central and local government institutions	-4	0
Off-balance reserve	235	-559
Property, plant and equipment and intangible assets	-7	-8
Impairment losses on non-current asset held for sale	0	0
<b>Net impairment losses</b>	<b>-117 281</b>	<b>-73 536</b>

In connection with the letter received from PFSA on 20 September 2013, in which the expectations relating to the Bank's impairment review process were detailed, the Bank

started working on implementing changes. One of the changes is to implement a waiting period mechanism for impairment resulting from the "exceeded 90 DPD" premise as of 1 January 2014. This mechanism consists of waiting 90 days from the latest manifestation of the premise. These changes led to an impairment allowance which was PLN 7.9 million higher in the first quarter of 2014. Due to the fact that the full cycle of the waiting period lasts one quarter of the year, the Bank does not stipulate any negative effects of the change in consecutive quarters.

## 11. Income tax

<b>11.1 Presented in the income statement</b>	<b>1.01.2014 - 31.03.2014</b>	<b>1.01.2013 - 31.03.2013 Adjusted amount</b>
Current tax	17 770	1 100
current year	17 770	1 100
Deferred tax	-960	11 463
origination and reversal of temporary differences	-960	11 463
<b>Accounting tax recognized in the income statement</b>	<b>16 810</b>	<b>12 563</b>

<b>11.2 Effective tax rate calculation</b>	<b>1.01.2014 - 31.03.2014</b>	<b>1.01.2013 - 31.03.2013 Adjusted amount</b>
<b>Profit before tax</b>	<b>85 110</b>	<b>57 158</b>
<b>Income tax at 19%</b>	<b>16 170</b>	<b>10 861</b>
<b>Non-tax deductible expenses</b>	<b>2 238</b>	<b>1 522</b>
Representation costs	22	211
State Fund for Rehabilitation of Persons with Disabilities	284	199
Impairment losses on loans in the part not covered with deferred tax	1 388	0
Costs of provisions for management options	353	598
Other	191	514
<b>Non-taxable revenues</b>	<b>-19</b>	<b>-47</b>
Release of loan impairment allowances in the part not covered with the deferred tax	-2	-45
Other	-17	-2
<b>Tax deductible expenses not being accounting expenses</b>	<b>0</b>	<b>-298</b>
Amortization of goodwill for tax purposes	0	-298
<b>Recognition of tax loss</b>	<b>40</b>	<b>8</b>
<b>Recognition of assets related to contribution of receivables to Obrót Wierzytelnościami Alior Polska sp. z o.o. S.K.A.</b>	<b>-1 619</b>	<b>0</b>
<b>Relief for new technologies</b>	<b>0</b>	<b>517</b>
<b>Accounting tax recognized in the income statement</b>	<b>16 810</b>	<b>12 563</b>
<b>Effective tax rate</b>	<b>19.75%</b>	<b>21.98%</b>

## 12. Earnings per share

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
Net profit attributable to equity holders of the parent	68 402	44 595
Weighted average number of ordinary shares	69 941 261	63 582 965
Share options (number) - adjusting instrument	3 331 250	3 331 250
Adjusted weighted average number of shares	73 272 511	66 914 215
<b>Net earnings per ordinary share (PLN)</b>	<b>0.98</b>	<b>0.70</b>
<b>Dilluted earnings per one share</b>	<b>0.93</b>	<b>0.67</b>

## Notes to the statement of financial position

### 13. Financial assets available for sale

13.1 By type	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Debt instruments</b>	<b>3 171 809</b>	<b>3 388 218</b>	<b>3 259 056</b>
issued by the State Treasury	2 392 316	2 441 675	2 378 182
T-bills	0	0	0
T-bonds	2 392 316	2 441 675	2 378 182
issued by monetary institutions	250 971	539 075	755 683
bonds	101 044	139 270	165 991
deposit certificates	0	0	9 982
money bills	149 927	399 805	579 710
issued by other financial institutions	176 007	64 627	115 950
bonds	154 624	43 743	94 678
Eurobonds	21 383	20 884	21 272
issued by companies	352 515	342 841	9 241
bonds	352 515	342 841	9 241
<b>Equity instruments</b>	<b>679</b>	<b>307</b>	<b>248</b>
<b>Available-for-sale financial assets</b>	<b>3 172 488</b>	<b>3 388 525</b>	<b>3 259 304</b>

13.2 By maturity	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
without set maturity date	679	307	248
≤ 1M	387 756	477 226	639 520
> 1M ≤ 3M	12 205	57 248	32 999
≤ 6M > 3M ≤ 6M	34 436	199 230	279
> 6M ≤ 1Y	352 585	109 031	127 219
> 1Y ≤ 2Y	399 568	616 796	554 836
> 2Y ≤ 5Y	1 390 963	1 334 376	1 412 784
> 5Y ≤ 10Y	594 296	594 311	491 419
<b>Available-for-sale financial assets</b>	<b>3 172 488</b>	<b>3 388 525</b>	<b>3 259 304</b>

13.3 Impairment allowance on debt instruments	As at 31.03.2014		As at 31.12.2013		As at 31.03.2013	
	Gross amount	Impairment allowance	Gross amount	Impairment allowance	Gross amount	Impairment allowance
Bonds issued by companies	4 316	4 316	4 316	4 316	4 316	4 135

The schedules below show the prioritization of the measurement methods of available-for-sale financial assets measured at fair value as at 31.03.2014 and comparative data as at 31.12.2013 and 31.03.2013.

In accordance with IFRS 7, the Group classified:

- to level 1 – all securities for which quotations are available from active financial markets;

This group includes mainly debt Treasury securities. The fair value is determined based on the purchase price from the quotations on the interbank market, brokers' quotations and BondSpot quotations.

- to level 2 – instruments for which prices are not directly observable, but the prices used for measurement are based on quotations from active transaction markets;

This group includes NBP bills and debt commercial securities.

The fair value is determined based on the discounted future cash flows method which assumes that the profitability curves will be based on quotations of profitability of securities on the interbank market.

In the case of commercial debt securities, valuation is determined based on spread-adjusted yield curves, if the difference may be determined on the basis of observable market quotations, e.g. on the basis of quotations of credit swaps.

Additionally, debt commercial securities quoted on exchange markets with low trading volumes were included in this level.

- to level 3 – instruments for which at least one factor affecting the price is not based on observable market data.

This group includes the Bank's position in debt commercial securities, where apart from parameters based on market quotations also observable lending spread has an impact on the fair values. The spread is determined based on the prices on the primary market or as at the moment of concluding the transaction. The spread is periodically updated in periods when reliable market quotations are available or when prices from similar volume transactions are acquired. The amount of the spread also changes on the basis of information on changes in the financial standing of the security issuer.

Transfers of instruments between the valuation levels are effected as at the end of the reporting period. The conditions described in international financial reporting standards, i.e., among other things, availability of quotations of the instrument from an active market, availability of quotations of measurement factors or the impact of non-observable factors on the fair values are premises for the transfer.

<b>13.4 Fair value</b>	<b>As at 31.03.2014</b>	<b>As at 31.12.2013</b>	<b>As at 31.03.2013</b>
<b>Level 1</b>	<b>2 436 510</b>	<b>2 506 302</b>	<b>2 399 454</b>
T-bonds	2 392 315	2 441 675	2 378 182
Other bonds	44 195	64 627	21 272
<b>Level 2</b>	<b>303 302</b>	<b>591 186</b>	<b>859 602</b>
Money bills	149 927	399 805	579 710
Other bonds	153 375	191 381	269 910
Deposit certificates	0	0	9 982
<b>Level 3</b>	<b>432 676</b>	<b>291 037</b>	<b>248</b>
Equity instruments	679	307	248
Other bonds	431 997	290 730	0
<b>Valuation of available for sale financial assets by level</b>	<b>3 172 488</b>	<b>3 388 525</b>	<b>3 259 304</b>



## 14. Loans and advances to customers

14.1 By type	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013 Adjusted amount
<b>Retail segment</b>	<b>11 291 305</b>	<b>10 585 360</b>	<b>8 271 015</b>
Working capital facility	127 497	118 342	90 517
Consumer loans	5 500 455	5 240 515	4 347 619
Consumer finance loans	673 578	650 741	145 434
Loans for purchase of securities	160 638	160 678	213 737
Credit card borrowings loans	185 915	193 157	167 194
Loans for residential real estate	3 688 595	3 393 901	2 514 569
Other mortgage loans	812 232	797 964	761 882
Other receivables	142 395	30 062	30 063
<b>Corporate segment</b>	<b>9 644 291</b>	<b>9 072 540</b>	<b>7 348 352</b>
Working capital facility	5 455 833	4 854 894	4 347 710
Car loans	214 379	239 497	340 278
Investment loans	3 380 402	3 366 771	2 002 901
Acquired receivables	536 204	561 826	610 880
Other receivables	57 473	49 552	46 583
<b>Amounts due from customers</b>	<b>20 935 596</b>	<b>19 657 900</b>	<b>15 619 367</b>

14.2 By gross amounts and carrying amounts	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013 Adjusted amount
<b>Retail segment</b>	<b>11 291 305</b>	<b>10 585 360</b>	<b>8 271 015</b>
Loans for residential real estate	3 688 595	3 393 901	2 514 569
unimpaired	3 617 698	3 336 934	2 495 451
impaired	86 408	68 766	30 096
IBNR	-2 740	-2 380	-5 018
Impairment allowance	-12 771	-9 419	-5 960
Consumer finance loans	673 578	650 741	145 635
unimpaired	665 001	645 989	146 627
impaired	33 587	21 014	678
IBNR	-2 982	-2 793	-1 229
Impairment allowance	-22 028	-13 469	-441
Other retail loans	6 929 132	6 540 718	5 610 811
unimpaired	6 662 995	6 303 837	5 502 357
impaired	795 198	704 269	453 426
IBNR	-46 007	-45 921	-41 197
Impairment allowance	-483 054	-421 467	-303 775
<b>Corporate segment</b>	<b>9 644 291</b>	<b>9 072 540</b>	<b>7 348 352</b>
unimpaired	9 215 397	8 838 080	7 151 991
impaired	850 226	612 385	480 840
IBNR	-16 573	-15 789	-23 116
Impairment allowance	-404 759	-362 136	-261 363
<b>Amounts due from customers</b>	<b>20 935 596</b>	<b>19 657 900</b>	<b>15 619 367</b>

The provision for losses incurred but not reported (IBNR) amounted to: PLN 68 302 thousand as at 31 March 2014, PLN 66 883 thousand as at 31 December 2013 and PLN 70 560 thousand as at 31 March 2013.

<b>14.3 Receivables from customers impaired</b>	<b>As at 31.03.2014</b>	<b>As at 31.12.2013</b>	<b>As at 31.03.2013 Adjusted amount</b>
<b>Receivables from customers individually assessed</b>	<b>697 738</b>	<b>482 847</b>	<b>338 193</b>
<b>Retail segment</b>	<b>273 404</b>	<b>251 106</b>	<b>132 848</b>
Amounts due from customers	527 221	473 440	274 869
Impairment allowance	-253 817	-222 334	-142 021
<b>Corporate segment</b>	<b>424 334</b>	<b>231 741</b>	<b>205 345</b>
Amounts due from customers	757 276	556 406	410 972
Impairment allowance	-332 942	-324 665	-205 627
<b>Receivables from customers collectively assessed</b>	<b>145 069</b>	<b>117 096</b>	<b>55 308</b>
<b>Retail segment</b>	<b>123 936</b>	<b>98 588</b>	<b>41 176</b>
Amounts due from customers	387 972	320 609	209 331
Impairment allowance	-264 036	-222 021	-168 155
<b>Corporate segment</b>	<b>21 133</b>	<b>18 508</b>	<b>14 132</b>
Amounts due from customers	92 950	55 979	69 868
Impairment allowance	-71 817	-37 471	-55 736
<b>Receivables from customers impaired</b>	<b>842 807</b>	<b>599 943</b>	<b>393 501</b>

<b>14.4 Change in the balance of receivables impairment allowances (net of IBNR)</b>	<b>As at 31.03.2014</b>	<b>As at 31.12.2013</b>	<b>As at 31.03.2013 Adjusted amount</b>
Opening balance	806 491	495 983	495 983
Changes during the year:	116 121	310 508	75 556
Increases	203 873	721 490	130 182
Retail segment	109 535	419 494	84 388
Loans for residential real estate	6 347	14 759	2 861
Other loans	103 188	404 735	81 527
Corporate segment	94 338	301 996	45 794
Other loans	80 208	284 157	44 925
Acquired receivables	13 304	12 611	530
Other receivables	826	5 228	339
Decreases	-87 867	-332 973	-55 975
Retail segment	-36 191	-217 832	-38 556
Loans for residential real estate	-2 999	-9 966	-1 566
Other loans	-33 192	-207 866	-36 990
Corporate segment	-51 676	-115 141	-17 419
Other loans	-50 149	-108 369	-14 629
Acquired receivables	-1 503	-5 089	-1 927
Other receivables	-24	-1 683	-863
Other changes	0	-23 775	1 515
Transfer to costs	-226	-53 966	-124
Foreign exchange differences	341	-268	-42
<b>Impairment allowances at the end of the period</b>	<b>922 612</b>	<b>806 491</b>	<b>571 539</b>

14.5 By maturity (as at the balance sheet date)	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013 Adjusted amount
<b>Retail segment</b>	<b>11 291 305</b>	<b>10 585 360</b>	<b>8 271 015</b>
≤ 1M	1 910 292	1 703 657	979 549
> 1M ≤ 3M	225 447	520 859	113 756
> 3M ≤ 6M	319 723	300 675	314 036
> 6M ≤ 1Y	621 602	281 584	389 906
>1Y ≤ 2Y	932 179	891 093	657 647
>2Y ≤ 5Y	2 186 688	2 078 983	1 729 579
>5Y ≤ 10Y	2 145 343	2 044 339	1 809 242
>10Y ≤ 20Y	1 571 404	1 470 208	1 161 887
>20Y	1 378 627	1 293 962	1 115 413
<b>Corporate segment</b>	<b>9 644 291</b>	<b>9 072 540</b>	<b>7 348 352</b>
≤ 1M	4 051 869	3 600 406	2 825 697
> 1M ≤ 3M	693 593	972 840	577 284
> 3M ≤ 6M	535 985	494 160	600 482
> 6M ≤ 1Y	502 370	373 558	819 113
>1Y ≤ 2Y	881 721	860 571	673 928
>2Y ≤ 5Y	1 673 804	1 635 095	967 674
>5Y ≤ 10Y	1 035 316	888 140	708 562
>10Y ≤ 20Y	269 633	247 770	175 612
<b>Amounts due from customers</b>	<b>20 935 596</b>	<b>19 657 900</b>	<b>15 619 367</b>

14.6 By currency	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013 Adjusted amount
<b>Retail segment</b>	<b>11 291 305</b>	<b>10 585 360</b>	<b>8 271 015</b>
PLN	10 286 213	9 564 603	7 180 461
Other	1 005 092	1 020 757	1 090 554
<b>Corporate segment</b>	<b>9 644 291</b>	<b>9 072 540</b>	<b>7 348 352</b>
PLN	7 418 899	7 275 394	6 443 668
Other	2 225 392	1 797 146	904 684
<b>Total receivables</b>	<b>20 935 596</b>	<b>19 657 900</b>	<b>15 619 367</b>

14.7 Ten largest credit exposures	Currency	As at 31.03.2014
Company 1	EUR	241 959
Company 2	PLN	192 020
Company 3	EUR	179 723
Company 4	PLN	158 021
Company 5	EUR	150 395
Company 6	PLN	148 501
Company 7	PLN	148 414
Company 8	EUR,GBP,PLN	147 751
Company 9	EUR	117 723
Company 10	PLN	103 590

14.8 Ten largest credit exposures	Currency	As at 31.12.2013
Company 1	PLN	395 506
Company 2	EUR,GBP,PLN	190 975
Company 3	PLN	164 467
Company 4	EUR	151 387
Company 5	PLN	148 853
Company 6	EUR	141 604
Company 7	PLN	140 864
Company 8	PLN	120 016
Company 9	EUR	118 000
Company 10	PLN	102 140

14.9 Ten largest credit exposures	Currency	As at 31.03.2013
Company 1	PLN	152 890
Company 2	PLN,EUR	149 901
Company 3	PLN	131 244
Company 4	PLN	121 268
Company 5	PLN	113 335
Company 6	PLN	110 464
Company 7	PLN,EUR	80 414
Company 8	PLN,EUR	80 370
Company 9	PLN	65 801
Company 10	PLN	65 528

The three tables above present the loan balance at nominal value.

## 15. Amounts due from banks

15.1 By type	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Current accounts	49 447	99 822	36 891
Overnight deposits (O/N)	108 159	82 157	14 312
Term deposits	20 230	2 468	0
Security deposits granted	83 318	57 280	59 863
Other	17 294	12 472	26 445
<b>Amounts due from banks</b>	<b>278 448</b>	<b>254 199</b>	<b>137 511</b>

15.2 By maturity (as at the balance sheet date)	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
≤ 1M	274 388	254 199	137 511
> 1M ≤ 3M	2 610	0	0
<b>Amounts due from banks</b>	<b>276 998</b>	<b>254 199</b>	<b>137 511</b>

15.3 By currency	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
PLN	9 236	7 323	2 408
EUR	99 956	94 043	17 270
GBP	4 682	30 779	1 097
USD	101 630	76 164	93 401
CHF	30 776	20 430	2 171
Other currencies	32 169	25 460	21 164
<b>Amounts due from banks</b>	<b>278 448</b>	<b>254 199</b>	<b>137 511</b>

Forward repo/reverse repo transactions are concluded by the Group to optimize current liquidity management; therefore, they are classified exclusively to the banking portfolio. Sporadic transactions appearing in the trading book result from risk-free arbitrage. Repo and reverse repo transactions are short-term and mature no later than within one month, they are concluded mainly in PLN, decidedly less frequently in EUR and USD. Net balances of repo and reverse repo transactions which mature within one month are included in the Group's liquidity buffer (liquid assets). As at the end of March 2014, the Group did not have any reverse repo transactions.

Security deposits granted relate to security transferred to other banks under the settlements related to CSA (Credit Support Annex).

## 16. Other assets

	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Sundry debtors</b>	<b>187 426</b>	<b>307 808</b>	<b>299 686</b>
Other settlements	33 539	37 011	60 121
Receivables related to the sale of goods and services (including insurance)	61 349	172 244	164 923
Guarantee deposits	11 977	12 025	13 723
Settlements of payment cards	80 561	86 528	60 919
<b>Deferred costs</b>	<b>56 577</b>	<b>33 523</b>	<b>49 845</b>
Settlements of rental charges and utilities	232	832	1 885
Reimbursement of lump sum costs incurred by the insurer in connection with the Bank's insurance activities	0	0	1 062
Maintenance and support of systems, servicing of plant and equipment	6 052	5 236	6 678
Mandatory costs of Banking Guarantee Fund	19 819	0	10 711
Accrued income on PCC settlements with the Tax Office	10 043	10 043	5 557
Settlements of VAT	4 174	4 174	0
Other deferred costs	16 257	13 238	23 951
<b>Other assets</b>	<b>244 003</b>	<b>341 331</b>	<b>349 531</b>

The receivables related to the sale of goods and services cover mainly fees from insurance companies for servicing insurance.

## 17. Financial liabilities measured at amortized cost

17.1 By type	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Due to banks</b>	<b>644 736</b>	<b>817 973</b>	<b>406 654</b>
Current deposits	11 019	11 023	0
Overnights	107 007	27 002	18 004
Credit received	62 590	62 228	62 680
Other liabilities	14 497	33 796	15 350
Repo	449 623	683 924	310 620
<b>Due to customers</b>	<b>21 882 948</b>	<b>20 842 462</b>	<b>17 236 278</b>
Current deposits	8 884 360	8 164 630	5 380 799
Term deposits	11 447 124	11 226 464	10 945 469
Own issue of Banking Securities	1 230 188	1 145 622	650 153
Other liabilities	321 276	305 746	259 857
<b>Total liabilities</b>	<b>22 527 684</b>	<b>21 660 435</b>	<b>17 642 932</b>

17.2 By customer type and segment	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Retail segment</b>	<b>15 198 568</b>	<b>14 223 512</b>	<b>11 985 858</b>
Current deposits	6 610 856	5 864 001	3 848 283
Term deposits	8 262 744	8 134 966	7 946 985
Banking securities issued	170 847	96 814	89 919
Other liabilities	154 121	127 731	100 671
<b>Corporate segment</b>	<b>6 684 380</b>	<b>6 618 950</b>	<b>5 250 420</b>
Current deposits	2 273 505	2 300 629	1 532 516
Term deposits	3 184 380	3 091 498	2 998 484
Banking securities issued	1 059 341	1 048 808	560 234
Other liabilities	167 154	178 015	159 186
<b>Total amounts due to customers</b>	<b>21 882 948</b>	<b>20 842 462</b>	<b>17 236 278</b>

17.3 By maturity (as at the balance sheet date)	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Retail segment</b>	<b>15 198 568</b>	<b>14 223 512</b>	<b>11 985 858</b>
≤ 1M	9 438 471	7 529 896	7 450 741
> 1M ≤ 3M	2 476 680	2 672 427	1 295 754
> 3M ≤ 1Y	2 972 291	3 895 267	3 130 793
> 1Y ≤ 5Y	305 733	121 184	105 876
>5Y	5 393	4 738	2 694
<b>Corporate segment</b>	<b>6 684 380</b>	<b>6 618 950</b>	<b>5 250 420</b>
≤ 1M	4 818 490	4 693 057	3 373 625
> 1M ≤ 3M	403 496	464 113	1 045 628
> 3M ≤ 1Y	566 696	608 319	252 854
> 1Y ≤ 5Y	888 605	846 247	576 214
>5Y	7 093	7 214	2 099
<b>Total amounts due to customers</b>	<b>21 882 948</b>	<b>20 842 462</b>	<b>17 236 278</b>

17.4 By currency	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Retail segment</b>	<b>15 169 107</b>	<b>14 223 512</b>	<b>11 985 858</b>
PLN	13 181 602	12 328 403	10 442 043
Other	1 987 505	1 895 109	1 543 815
<b>Corporate segment</b>	<b>6 685 830</b>	<b>6 618 950</b>	<b>5 250 420</b>
PLN	5 613 644	5 513 957	4 162 560
Other	1 072 186	1 104 993	1 087 860
<b>Total amounts due to customers</b>	<b>21 854 937</b>	<b>20 842 462</b>	<b>17 236 278</b>

17.5 Ten largest depositors (without banks)	Currency	As at 31.03.2014
Company 1	EUR, PLN	221 349
Company 2	PLN	181 851
Company 3	PLN	101 080
Company 4	EUR, PLN	75 341
Company 5	PLN	70 349
Company 6	EUR, PLN	64 774
Natural person 1	PLN	59 135
Company 7	EUR, PLN	54 006
Company 8	PLN	51 439
Company 9	PLN	50 345

17.6 Ten largest depositors (without banks)	Currency	As at 31.12.2013
Company 1	PLN	131 875
Company 2	PLN	129 096
Natural person 1	PLN	58 630
Company 3	EUR, PLN	55 336
Company 4	EUR, PLN	55 232
Company 5	PLN	50 955
Company 6	PLN	50 459
Company 7	EUR, PLN, USD	47 680
Natural person 2	EUR, PLN	39 745
Company 8	EUR, GBP, PLN	35 100

17.7 Ten largest depositors (without banks)	Currency	As at 31.03.2013
Company 1	PLN, EUR, USD	373 348
Company 2	PLN, EUR, USD	164 312
Company 3	PLN	127 818
Company 4	PLN	102 131
Natural person 1	PLN	57 285
Company 5	PLN, EUR	55 253
Company 6	PLN	53 250
Company 7	PLN	50 983
Natural person 2	PLN, EUR	38 811
Company 8	PLN, EUR, GBP	35 531

In 2009, the Group issued banking securities for the first time. This activity was continued to the date of these financial statements. The following note presents basic information on each issue of those securities.

<b>17.8 Own issues /type of security (nominal value)</b>	<b>Currency</b>	<b>Maturity date</b>	<b>As at 31.03.2014</b>	<b>As at 31.12.2013</b>	<b>As at 31.03.2013</b>
PGLDTV130425	PLN	25.04.2013	0	0	21 298
UP345U130517	USD	17.05.2013	0	0	2 076
UP330F130516	USD	16.05.2013	0	0	1 112
P4EQIN130605	PLN	05.06.2013	0	0	48 305
P4EQUP130605	PLN	05.06.2013	0	0	425
PGLDTV130612	PLN	12.06.2013	0	0	22 329
P5EQIN130621	PLN	21.06.2013	0	0	21 163
P5EQUP130621	PLN	21.06.2013	0	0	1 820
PF3M65130624	PLN	24.06.2013	0	0	7 660
PLN100FIX6M675K20130624	PLN	24.06.2013	0	0	9 710
PU6MWB130624	PLN	24.06.2013	0	0	15 580
P4EQIN130703	PLN	03.07.2013	0	0	29 336
P4EQUP130703	PLN	03.07.2013	0	0	293
EP425F130821	EUR	21.08.2013	0	0	835
PAGRUP130828	PLN	28.08.2013	0	0	37 100
EP43UP130923	EUR	23.09.2013	0	0	9 636
EMIXPB130924	EUR	24.09.2013	0	0	4 132
PAGRUP130924	PLN	24.09.2013	0	0	33 592
PUP3MK130924	PLN	24.09.2013	0	0	480
PUPK3M130924	PLN	24.09.2013	0	0	1 750
UP35UP130927	USD	27.09.2013	0	0	5 622
UP325U140109	USD	09.01.2014	0	982	0
PE416U140116	PLN	16.01.2014	0	404	0
UP325U140116	USD	16.01.2014	0	843	0
UP340U140123A	USD	23.01.2014	0	1506	1 630
PCRUIIN140203	PLN	03.02.2014	0	12686	13340
PCRUIUP140203	PLN	03.02.2014	0	43	43
PE425U140220	EUR	20.02.2014	0	3954	0
UP325U140220	USD	20.02.2014	0	358	0
EP431F140224	EUR	24.02.2014	0	829	0
PCRUIIN140310	PLN	10.03.2014	0	25 001	25 464
PCRUIUP140310	PLN	10.03.2014	0	138	138
EP421U140313	EUR	13.03.2014	0	415	0
PF6M60140322	PLN	22.03.2014	0	15 864	15 864
EP431U140325	EUR	25.03.2014	0	1 298	0
EP435U140325	EUR	25.03.2014	0	6 978	0
UP325U140327	USD	27.03.2014	0	2 291	0
PPEQIN140402	PLN	02.04.2014	18 849	18 889	22 562
PPEQUP140402	PLN	02.04.2014	102	102	152
UP36UP140403	USD	03.04.2014	1 517	1 506	0
PGLDIN140407	PLN	07.04.2014	44 026	46 008	57 039
PGLDTV140407	PLN	07.04.2014	227	227	227
UP36UP140409	USD	09.04.2014	1 517	1 506	0
UP316U140411	USD	11.04.2014	3 034	3 012	0
UP321U140422	USD	22.04.2014	1 403	0	0
UP330U140422	USD	22.04.2014	607	0	0
PPEQIN140430	PLN	30.04.2014	18 969	19 034	20 034
PPEQUP140430	PLN	30.04.2014	30	30	30
UP324U140605	USD	05.06.2014	2 408	2 390	0
UP329U140605	USD	05.06.2014	975	968	0
PCOMIN140618	PLN	18.06.2014	24 527	24 782	25 453
PCOMUP140618	PLN	18.06.2014	499	499	499
EP436U140620	EUR	20.06.2014	344	0	0
EP427U140630	EUR	30.06.2014	763	0	0
EP421U140717	EUR	17.07.2014	200	0	0



EP426U140717	EUR	17.07.2014	500	0	0
UP319U140717	USD	17.07.2014	694	0	0
PAUTIN140725	PLN	25.07.2014	31 870	32 151	33 246
PAUTUP140725	PLN	25.07.2014	291	291	291
PSILIN140825	PLN	25.08.2014	18 353	18 464	18 773
PSILUP140825	PLN	25.08.2014	118	118	118
EP423U140827	EUR	27.08.2014	834	0	0
UP320U140908	USD	08.09.2014	243	0	0
PPLAIN140915	PLN	15.09.2014	23 085	23 623	24 706
PPLAUP140915	PLN	15.09.2014	285	285	285
EMIXPB140922	EUR	22.09.2014	1 043	1 037	1 044
EP426U140929	EUR	29.09.2014	834	0	0
PBWEIN141008	PLN	08.10.2014	24 623	25 428	26 700
PBWEUP141008	PLN	08.10.2014	301	301	301
PBWEIN141105	PLN	05.11.2014	16 983	17 077	17 875
PBWEUP141105	PLN	05.11.2014	407	407	407
UP350U141107	USD	07.11.2014	1 517	1 506	0
P4EQIN141204	PLN	04.12.2014	88 434	89 097	0
P4EQUP141204	PLN	04.12.2014	917	917	0
PGOLIN141205	PLN	05.12.2014	15 895	15 979	16 394
PGOLUP141205	PLN	05.12.2014	75	75	75
PWEQIN141205	PLN	05.12.2014	4 959	5 219	5 400
PWEQUP141205	PLN	05.12.2014	10	10	10
PGOLIN141219	PLN	19.12.2014	14 493	14 611	14 820
PGOLUP141219	PLN	19.12.2014	305	305	305
PU290U150123	PLN	23.01.2015	2 500	0	0
PSMAIN150225	PLN	25.02.2015	48 869	53 032	56 100
PSMAUP150225	PLN	25.02.2015	264	283	283
PSTXIN150410	PLN	10.04.2015	33 553	35 833	0
PSTXUP150410	PLN	10.04.2015	114	114	0
PETHIN150416	PLN	16.04.2015	8 376	8 476	0
PETHUP150416	PLN	16.04.2015	50	50	0
PETHIN150618	PLN	18.06.2015	9 621	9 671	0
ALIOR150629	PLN	29.06.2015	146 700	146 700	0
PD10IN150805	PLN	05.08.2015	89 422	91 649	0
PD10UP150805	PLN	05.08.2015	282	282	0
PD95IN150805	PLN	05.08.2015	8 577	8 587	0
PD95UP150805	PLN	05.08.2015	450	450	0
PSMAIN150826	PLN	26.08.2015	53 867	54 100	0
PSMAUP150826	PLN	26.08.2015	49	49	0
PF6M40150922	PLN	22.09.2015	12 079	12 079	0
PF6M41150922	PLN	22.09.2015	4 060	4 060	0
PE10IN150930	PLN	30.09.2015	75 070	75 439	0
PE10UP150930	PLN	30.09.2015	95	95	0
PBCOIN151006	PLN	06.10.2015	3 799	3 799	0
P4EQIN151119	PLN	19.11.2015	89 515	89 784	0
P4EQUP151119	PLN	19.11.2015	234	234	0
PCOMIN151124	PLN	24.11.2015	66 438	66 813	0
PCOMUP151124	PLN	24.11.2015	61	66	0
PISHIN151217	PLN	17.12.2015	53 596	53 729	0
PISHUP151217	PLN	17.12.2015	949	949	0
P2Y15F151222	PLN	22.12.2015	5 271	5 271	0
P2YF15151222	PLN	22.12.2015	91 485	0	0
PMEQIN160317	PLN	17.03.2016	10 220	0	0
POEQIN160412	PLN	12.04.2016	52 536	0	0
PMIX3M160622	PLN	22.06.2016	3 280	3 280	3 280
PF1Y40161222	PLN	22.12.2016	25 000	25 000	0
P4Y20F171222	PLN	22.12.2017	283	283	0
P4YF20171222	PLN	22.12.2017	3 311	0	0
<b>Total own issues (nominal value)</b>			<b>1 267 042</b>	<b>1 189 601</b>	<b>677 142</b>

## 18. Provisions

	Provisions for disputed claims	Provisions for employee benefits	Total provisions
As at 1 January 2014	258	10 316	10 574
Provisions recorded	1 337	23 185	24 522
Provisions released	-23	0	-23
Provisions utilized	-11	-31 494	-31 505
Other changes	0	0	0
<b>As at 31 March 2014</b>	<b>1 561</b>	<b>2 007</b>	<b>3 568</b>

	Provisions for disputed claims	Provisions for employee benefits	Total provisions
As at 1 January 2013	840	11 709	12 549
Provisions recorded	1 221	104 940	106 161
Provisions released	-818	-4 978	-5 796
Provisions utilized	-985	-101 431	-102 416
Other changes	0	76	76
<b>As at 31 December 2013</b>	<b>258</b>	<b>10 316</b>	<b>10 574</b>

	Provisions for disputed claims	Provisions for employee benefits	Total provisions
As at 1 January 2013	840	11 709	12 549
Provisions recorded	81	12 240	12 321
Provisions released	-379	-3	-382
Provisions utilized	-193	-15 143	-15 336
Other changes	0	77	77
<b>As at 31 March 2013</b>	<b>349</b>	<b>8 880</b>	<b>9 229</b>

The provision for retirement benefits and disability allowance is recognized for each employee based on an actuarial valuation prepared by an independent actuarial company. The basis for determining the value of the provision is the expected value of the retirement benefits or disability allowance which the Group commits to paying based on the Remuneration Regulations. The provision for unused holidays is recognized individually for each employee based on the number of days of unused leave attributable to the employee.

In accordance with IAS 19, the financial discount rate to calculate the provision was determined based on the market rate of return on Treasury bonds, whose currency and maturity dates are similar to those prevailing for the Bank's liabilities under employee benefits.

## 19. Other liabilities

	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013 Adjusted amount
Interbank settlements	290 215	181 057	257 426
Taxation, customs duty, social and health insurance payables and other public settlements	24 597	20 577	27 569
Liabilities in respect of payment card settlements	10 018	5 310	42 580
Other settlements	122 095	163 759	223 754
including settlements with insurers	27 842	127 581	141 336
Accruals	194 049	174 649	50 772
Provision related to bancassurance withdrawals	101 697	114 638	109 842
Other liabilities	4 888	5 124	10 573
Unregistered capital	0	464 156	0
<b>Total other liabilities</b>	<b>747 559</b>	<b>1 129 270</b>	<b>722 516</b>

Settlements with insurers comprise insurance premiums relating to the cover granted by the Group to its Customers under one of the group insurance contracts (concluded by the Group with insurers and offered to its Customers).

As at 31 December 2013 unregistered capital is presented in other liabilities in cause of booking on Escrow accounts at the balance sheet date. The capital was registered as at 2 January 2014.

## 20. Financial assets and financial liabilities held for trading

The Group classified derivative instruments and securities (shares, bonds) to financial assets and financial liabilities held for trading as at 31 March 2014, 31 December 2013 and 31 March 2013. Derivative transactions are concluded for trading purposes and for the purpose of managing market risk. The Group concludes the following types of derivative transactions: FX-Forward, FX-Swap, IRS, CIRS, FRA, Commodity Futures, Commodity Forwards and Forward security transactions. Derivative financial instruments are measured on a daily basis using the discounted cash flow method. The Group also enters into option transactions. In accordance with the binding laws, in concluding option transactions, the Group executes them in a manner ensuring the simultaneous (each time and immediate) conclusion of an opposite option transaction with the same transaction parameters (back to back).

20.1 Derivative financial instruments (nominal value)	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Interest rate transactions	14 278 887	14 702 308	14 383 161
SWAP	12 190 510	13 534 516	12 795 211
Cap Floor Options	2 088 377	1 167 792	1 587 950
Foreign exchange transactions	4 859 957	4 966 064	4 322 736
FX swap	1 554 231	2 490 943	938 445
FX forward	1 421 290	966 688	1 505 186
CIRS	1 545 564	1 219 714	1 152 159

FX options	338 872	288 719	726 946
Other options	2 105 620	2 091 796	1 459 490
Other instruments	500 741	353 894	526 768
<b>Derivative financial instruments (nominal value)</b>	<b>21 745 205</b>	<b>22 114 062</b>	<b>20 692 155</b>

20.2 Financial assets held for trading	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Shares	2 209	1 971	1 378
Bonds	592	418	279
Interest rate transactions	81 713	120 294	81 015
SWAP	74 689	116 229	76 773
Cap Floor Options	7 024	4 065	4 242
Foreign exchange transactions	58 251	57 842	66 668
FX swap	12 418	13 121	14 979
FX forward	19 151	20 294	24 414
CIRS	26 140	23 883	25 032
FX options	542	544	2 243
Other options	45 011	46 618	35 759
Other instruments	19 788	16 148	29 853
<b>Financial assets held for trading</b>	<b>207 564</b>	<b>243 291</b>	<b>214 952</b>

20.3 By maturity	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Without specified maturity date	2 209	1 971	1 378
≤ 1W	24 501	10 783	5 870
> 1W ≤ 1M	16 521	20 221	41 197
> 1M ≤ 3M	10 117	57 215	42 812
> 3M ≤ 6M	27 272	20 757	20 780
> 6M ≤ 1Y	23 018	28 281	21 314
> 1Y ≤ 2Y	36 053	43 088	19 007
> 2Y ≤ 5Y	52 481	46 895	50 271
> 5Y ≤ 10Y	15 392	14 080	12 323
<b>Financial assets held for trading</b>	<b>207 564</b>	<b>243 291</b>	<b>214 952</b>

20.4 Financial liabilities held for trading	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Interest rate transactions	82 433	78 002	57 355
SWAP	75 376	73 937	53 114
Cap Floor Options	7 057	4 065	4 241
Foreign exchange transactions	37 517	49 499	33 603
FX swap	4 471	20 997	2 558
FX forward	8 892	8 137	11 203
CIRS	23 273	19 377	17 600
FX options	881	988	2 242
Other options	45 011	46 618	35 759
Other instruments	12 566	9 971	19 557
<b>Financial liabilities held for trading</b>	<b>177 527</b>	<b>184 090</b>	<b>146 274</b>

<b>20.5 By maturity</b>	<b>As at 31.03.2014</b>	<b>As at 31.12.2013</b>	<b>As at 31.03.2013</b>
≤ 1W	24 081	5 017	4 623
> 1W ≤ 1M	14 862	15 550	15 719
> 1M ≤ 3M	6 659	16 477	33 730
> 3M ≤ 6M	5 627	31 756	8 861
> 6M ≤ 1Y	20 452	10 739	4 441
> 1Y ≤ 2Y	35 074	45 855	20 973
> 2Y ≤ 5Y	61 111	53 900	52 354
> 5Y ≤ 10Y	9 661	4 796	5 573
<b>Financial liabilities held for trading</b>	<b>177 527</b>	<b>184 090</b>	<b>146 274</b>

The listing below shows the hierarchy of valuation methods of financial instruments held for trading re-measured to fair value as at 31.03.2014, 31.12.2013 and as at 31.03.2013.

In accordance with IFRS 7, the Group introduced the following classification:

- to level 1 – all instruments for which price quotations on active financial markets are available;
- to level 2 – instruments whose prices cannot be observed directly, but the valuation is based on market quotations;

To instruments of this level the discounted cash flows method is used, on the assumption that profitability curves are based on interbank market quotations (including: deposit rates, rates from: FRA, OIS, IRS, basis swap, fx swap; forex transactions).

- to level 3 – instruments for which at least one factor affecting the price is not based on observable market data.

Instruments of this level include options embedded in deposit certificates issued by the Group and options concluded on the interbank market to hedge embedded option positions. The fair value is determined on the basis of an internal model in consideration of both observable parameters (e.g. price of the base instrument, quotations from the secondary option market), and non-observable parameters (e.g. fluctuations, correlations between base instruments in options based on baskets of instruments). Model parameters are set on the basis of statistical analysis. Due to the fact that the market risk position in respect of the said options is exactly opposite, changing the model assumptions adopted does not result in fair value change of the Bank's position in respect of options classified to level 3.

20.6 Valuation of financial assets	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Level 1</b>	13 222	10 976	1 657
Shares	2 209	1 971	1 378
Bonds	592	418	279
Other instruments	10 421	8 587	0
<b>Level 2</b>	149 331	185 697	177 536
SWAP	74 689	116 229	76 773
Cap Floor Options	7 024	4 065	4 242
FX swap	12 418	13 121	14 979
FX forward	19 151	20 294	24 414
CIRS	26 140	23 883	25 032
FX options	542	544	2 243
Other instruments	9 367	7 561	29 853
<b>Level 3</b>	45 011	46 618	35 759
Other options	45 011	46 618	35 759
<b>Total financial assets</b>	<b>207 564</b>	<b>243 291</b>	<b>214 952</b>

20.7 Valuation of financial liabilities	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Level 1</b>	8 591	7 064	0
Other instruments	8 591	7 064	0
<b>Level 2</b>	123 925	130 408	110 515
SWAP	75 376	73 937	53 114
Cap Floor Options	7 057	4 065	4 241
FX swap	4 471	20 997	2 558
FX forward	8 892	8 137	11 203
CIRS	23 273	19 377	17 600
FX options	881	988	2 242
Other instruments	3 975	2 907	19 557
<b>Level 3</b>	45 011	46 618	35 759
Other options	45 011	46 618	35 759
<b>Total financial liabilities</b>	<b>177 527</b>	<b>184 090</b>	<b>146 274</b>

## 21. Hedge accounting

Starting from 2013, the Group applies cash flow hedge accounting. The hedging strategy is aimed at securing interest rate risk resulting from fluctuations in cash flows from assets with a variable interest rate, using PLN IRS transactions. In the hedge relationships set up hedged items constitute cash flows on the PLN loans and advances portfolio bearing a fluctuating interest rate, and hedging instruments are IRS transactions, where the Group receives interest based on a fixed interest rate and pays interest based on a variable interest rate. Hedged items are measured at amortized cost, and hedging instruments at fair value.

21.1 Hedging instruments (nominal value)	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Interest rate transactions	1 150 000	1 150 000	0
SWAP	1 150 000	1 150 000	0
<b>Hedging instruments (nominal value)</b>	<b>1 150 000</b>	<b>1 150 000</b>	<b>0</b>

21.2 Hedging derivatives - assets	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Level 2	20 553	12 099	0
Interest rate transactions	20 553	12 099	0
SWAP	20 553	12 099	0
<b>Hedging derivatives - assets</b>	<b>20 553</b>	<b>12 099</b>	<b>0</b>

21.3 By maturity	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
> 1M ≤ 3M	2 862	0	0
> 3M ≤ 6M	0	1 868	0
> 1Y ≤ 2Y	10 729	7 579	0
> 2Y ≤ 5Y	6 962	2 652	0
<b>Hedging derivatives - assets</b>	<b>20 553</b>	<b>12 099</b>	<b>0</b>

## 22. Subordinated liabilities

On 15 November 2011, the Polish Financial Supervision Authority gave permission to include the subordinated loan of EUR 10 million, concluded on 12 October 2011 by and between Alior Bank S.A. and Erste Group Bank AG in the supplementary own funds of Alior Bank S.A. The loan was taken out for a period of 8 years, and the interest rate is based on 3M EURIBOR. The loan can be repaid early provided that a written notice is submitted 30 days before the planned payment. As at 31.03.2014, 31.12.2013 and 31.03.2013 the carrying amount of the loan was PLN 41,891 thousand, PLN 41,657 thousand and PLN 41,949 thousand respectively. On 3 February 2012 the subscription period for C-series bonds issued by Alior Bank S.A. ended. The total nominal value of the bonds is PLN 280 million. The bonds were purchased by open pension funds (OFE), investment fund management companies (TFI) and insurance companies. The bonds were issued for a period of 8 years (the redemption date is 14 February 2020) and the interest rate is based on 6M WIBOR. On 20 March 2012, PFSA gave its consent to including the bonds in supplementary own funds. From 14 February 2015, the Issuer will be entitled to early redemption of the C-series bonds on obtaining consent from the Polish Financial Supervision Authority. As at 31.03.2014, the carrying amount of the bonds was PLN 282,632 thousand, as at 31.12.2013 it was PLN 288,008 thousand and as at 31.03.2013 it was PLN 282,996 thousand.

On 28 March 2012, PFSA gave its consent to include the subordinated bonds issued for a period of 8 years (to be redeemed on 31 January 2020), in the amount of EUR 4,500,000, bearing an interest rate of 6M LIBOR for 6-month EUR deposits, in the Bank's own supplementary funds. As of 31 January 2015 the Issuer is entitled to early redemption of the B-series bonds after obtaining the consent of the Polish Financial Supervision Authority. As at 31.03.2014 the carrying amount of the bonds was PLN 18,967 thousand, as at 31.12.2013 it was PLN 19,156 thousand and as at 31.03.2013 it was PLN 18,992 thousand.

## 23. Capital adequacy ratio and Tier 1 ratio

Calculation of funds and capital adequacy ratio	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013 Adjusted amount
<b>Total own funds for the capital adequacy ratio</b>	<b>2 571 843</b>	<b>2 336 315</b>	<b>2 147 857</b>
<b>Capital requirements</b>	<b>1 654 972</b>	<b>1 543 375</b>	<b>1 285 915</b>
<b>Tier 1*</b>	<b>10.78%</b>	<b>10.34%</b>	<b>11.22%</b>
<b>Capital adequacy ratio*</b>	<b>12.43%</b>	<b>12.11%</b>	<b>13.36%</b>

*In accordance with art. 26. 2 of the CRR, the Group may include the annual profit in Tier 1 capital after the institution officially confirms the financial result by way of decision. In connection with the fact that by the date of publication of these financial statements the Ordinary General Shareholders Meeting which is to approve the results for 2013 had not taken place, the Group has not included the financial result for the prior year in its equity. Should the prior year's result be included in equity, the Tier 1 ratio and the capital adequacy ratio would amount to 11.9% and 13.5% respectively.*

As at 31 March 2014 the capital adequacy ratio and the Tier 1 ratio were calculated in accordance with the Regulation of the European Parliament and of the Council (EU) No. 575/2013 dated 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 ("CRR Regulation"). Until the date of these financial statements, part of the regulations relating to the determination of own funds and capital requirements (so-called national options) have not been used or published by a Polish authority or public entity authorized to supervise credit institutions and investment companies. A conservative approach was adopted in calculating the capital adequacy ratio in the unregulated scope, which related – among other things – to percentage amounts in the transitional period and to risk weights in respect of mortgage-secured foreign currency exposures for which this assumption was recommended by the PFSA as potentially "national". It should be emphasized that with reference to the determination and publication of "national options" the Group's capital adequacy ratio as at 31 March 2014 could differ from that published in these financial statements.

As at 31 December 2013 and as at 31 March 2013 equity and capital requirements were calculated in accordance with Art. 128 of the Banking Law of 29 August 1997, as amended.

## 24. Off-balance sheet items

24.1 Off-balance sheet contingent liabilities granted to customers	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Off-balance sheet liabilities granted	7 512 934	7 078 830	6 319 071
Relating to financing	6 112 634	5 735 711	5 146 748
Guarantees	1 400 300	1 343 119	1 172 323



24.2 By maturity	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
≤ 1W	4 485	1 570	11 989
> 1W ≤ 1M	24 965	43 322	50 267
> 1M ≤ 3M	146 872	71 822	128 695
> 3M ≤ 6M	130 794	166 456	135 306
> 6M ≤ 1Y	201 470	231 507	194 753
> 1Y ≤ 2Y	223 994	162 171	213 107
> 2Y ≤ 5Y	216 942	299 313	170 880
> 5Y ≤ 10Y	433 737	362 684	266 910
> 10Y ≤ 20Y	17 041	4 274	416
<b>Off-balance sheet liabilities granted in respect of guarantees</b>	<b>1 400 300</b>	<b>1 343 119</b>	<b>1 172 323</b>

The Group grants contingent liabilities to its retail customers in respect of renewable limits in checking (ROR) accounts. These liabilities are granted for an unspecified period, but at the same time, the adequacy of inflows of funds to the accounts is monitored.

Contingent liabilities in respect of credit cards are granted to retail customers for a period of three years.

The Group grants contingent liabilities to corporate customers in respect of:

- current account limits for a period of 12 months;
- guarantees, for a maximum period of 6 years;
- credit cards for a period of up to 3 years;
- loans launched in tranches for a period of up to 2 years.

The guarantee amounts shown in the table above reflect the maximum possible loss which would be disclosed as at the reporting date had all customers defaulted.

## 25. Assets pledged as collateral

25.1 Nominal value	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Treasury bonds blocked with BFG	114 327	97 724	85 570
Treasury bonds blocked with REPO transactions	449 508	683 197	310 658

25.2 Balance sheet value	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Deposit as collateral of transactions performed in Alior Trader	11 221	4 539	18 064
Deposits as derivative transactions (ISDA) collateral	83 318	57 280	59 863

## 26. Related-party transactions

The following tables present the type and value of transactions with related entities. Transactions between the Bank and its subsidiaries which are the Bank's related entities were eliminated in the course of consolidation and are not shown in this Note.

	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Assets</b>			
Financial assets held for trading	0	0	403
Loans and advances to customers	59 059	58 697	35 166
Non-current asset held for sale	38 298	38 298	62 298
<b>Total assets</b>	<b>97 357</b>	<b>96 995</b>	<b>97 867</b>
<b>Liabilities and equity</b>			
Financial liabilities measured at amortized cost	120 216	130 471	105 835
Other liabilities	84	65	27
<b>Total liabilities and equity</b>	<b>120 300</b>	<b>130 536</b>	<b>105 862</b>

	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
<b>Off-balance sheet liabilities granted to customers</b>			
Relating to financing	9 711	10 363	10 000
Guarantees	16 258	9 676	8 402
<b>Derivatives(nominal value)</b>	<b>0</b>	<b>0</b>	<b>11 880</b>
Interest rate transactions	0	0	11 880
SWAP	0	0	11 880

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013
Interest income	778	606
Interest expense	-401	-514
Fee and commission income	71	66
Trading result	0	4
Other operating income	68	16
General administrative expenses	-14 838	-14 875
Impairment losses	0	2 578
<b>Total</b>	<b>-14 322</b>	<b>-12 119</b>

## Nature of related party transactions

All transactions with related entities are conducted in accordance with the regulations relating to the use of banking products, on an arm's length basis.

In the reporting period, agreements between the Group and Alior Polska Sp. z o.o. relating to the sublease of office space were in force.

Ms. Helene Zaleski, Chair of Alior Bank S.A.'s Supervisory Board, also holds the position of Chair of the Management Board of Alior Polska Sp. z o.o.

27.2 Number of shares held by the Supervisory Board	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Helene Zaleski	204 774	186 159	139 665
Józef Wancer*	0	0	53
Małgorzata Iwanicz- Drozdowska	1 465	1 465	1 465
<b>Total</b>	<b>206 239</b>	<b>187 624</b>	<b>141 183</b>

\*On 5 September 2013, Mr Józef Wancer resigned as Member of the Bank's Supervisory Board

27.3 Number of shares held by the Management Board	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Wojciech Sobieraj	71 322	71 322	70 865
Krzysztof Czuba	168	168	168
Michał Hucal	70	70	0
Niels Lunderoff	83 021	83 021	83 021
Artur Maliszewski	3 042	3 042	3 042
Witold Skrok	168	168	168
Katarzyna Sułkowska	2 851	2 851	2 851
<b>Total</b>	<b>160 642</b>	<b>160 642</b>	<b>160 115</b>

## 27. Management option plan

On 13 December 2012, based on a power of attorney granted in the Resolution of the Supervisory Board of Alior Bank S.A. of 10 December 2012, preliminary allocation of A, B and C series Subscription Warrants was performed. The said Subscription Warrants entitle their holders to acquire the Bank's shares, in accordance with a Resolution of the General Shareholders' Meeting of Alior Bank S.A. no. 28/2012 of 19 October 2012 on the conditional increase of the Bank's share capital and issue of subscription warrants. The Warrants were allocated as follows:

- Wojciech Sobieraj – 666,257 Warrants;
- Niels Lunderoff – 366,437 Warrants;
- Krzysztof Czuba – 266,500 Warrants;
- Artur Maliszewski – 266,500 Warrants;
- Katarzyna Sułkowska – 266,500 Warrants;
- Witold Skrok – 266,500 Warrants.

The new incentive plan is also addressed to a group of the Bank's key managers who are not Management Board members.

Principles of Incentive scheme performance plan have been determined in the Incentive Scheme Program adopted with a Resolution of the Supervisory Board of Alior Bank S.A.

Under the new incentive plan it is anticipated that three tranches of subscription warrants (A, B and C series) and the corresponding three tranches of new shares of the Bank (D, E and F series) with a total nominal value of up to PLN 33,312,500 will be issued, including:

- up to 1,110,417 A series subscription warrants, which shall entitle their holders to acquire up to 1,110,417 D series shares of the Bank starting in the period of five years from the first anniversary of the first quotation of the Bank's shares on the WSE;
- up to 1,110,416 B series subscription warrants, which shall entitle their holders to acquire up to 1,110,416 E series shares of the Bank starting in the period of five years from the second anniversary of the first quotation of the Bank's shares on the WSE;
- up to 1,110,417 C series subscription warrants, which shall entitle their holders to acquire up to 1,110,417 F series shares of the Bank starting in the period of five years from the third anniversary of the first quotation of the Bank's shares on the WSE.

The eligible persons will be able to take up subscription warrants on the condition that the change in the price of the Bank's shares at the WSE in the reference period (calculated as the difference between the Final Price of the Shares Offered and the average closing price from 30 trading session days preceding the first (for A series subscription warrants), second (for B series subscription warrants) or third (for C series subscription warrants) anniversary of the first quotation of the Bank's shares on the WSE) exceeds the change in the WIG-Banki index in the same period (calculated as the difference between the WIG-Banki index as at the day of the first quotation of the Bank's shares at the WSE and the average closing value of the WIG-Banki index from 30 trading session days preceding the day of the first, second or third anniversary of the first quotation of the Bank's shares at the WSE (as appropriate)).

The issue price of the shares shall amount to the average price of the Bank's shares in the Public Offering calculated by dividing the net proceeds from the Public Offering by the total number of Offered Shares allocated in the Public Offering, increased by 10% (in the case of D series Shares), 15% (in the case of E series shares) or 17.5% (in the case of F series shares).

The new management option plan will be settled in the same way as the original incentive plan (which is described below), i.e. it will affect the Bank's financial result as a component of employee costs and will be recognized, in the same amount, as an increase in equity under other capital – share-based payment – equity component. At the day of start of the plan its value amounted to PLN 24,692 thousand. In the first quarter of 2014 the cost in the amount of PLN 1,855 thousand was recognised.

As at 9 April, 2014 the Supervisory Board of the Bank adopted a resolution on approval of the final allocation of subscription warrants for the first period of evaluation within Incentive Scheme Program of Alior Bank S.A. Pursuant with the resolution 677,607 warrants A series was allocated, and granting of 298,147 has been deferred and shall depend entitled persons objectives being accomplished in the current year.

## Original incentive plan

As a result of the settlement of the original incentive plan (established based on the agreement of 25 August 2008), 105 Alior Bank managers, including Management Board members, received (indirectly, through LuxCo 82 s.a.r.l.) on 14 December 2012 2,414,118 Alior Bank shares. The remaining 1,299,909 shares of the Bank resulting from the settlement of the existing incentive plan will be transferred by the Carlo Tassara Group to LuxCo 82 s.a.r.l. upon the sale by the Carlo Tassara Group of at least 30% of the Bank's shares or on 30 June 2014, whichever is earlier. LuxCo 82 S.a.r.l. is a company operating under the Luxembourg law, controlled by the management of Alior Bank and representing the interests of the participants of the incentive plan.

Members of the Management Board of Alior Bank S.A. were bound by a contractual lock-up in respect of up to 30% of the incentive shares over a period of 9 months, and in respect of 70% of the incentive shares by contractual lock-up over a period of 24 months from 14 December 2012. Incentive shares vested in other plan participants who were not members of the Management Board, were subject to contractual lock-up, in respect of 30% of the incentive shares, until the end of January 2013, and to contractual lock-up over a period of 12 months from 14 December 2012 in respect of 70% of the incentive shares.

Due to the partial expiry of the lock-ups, LuxCo 82 s.a.r.l. sold 405,683 shares of the Bank on 14 May 2013, another block of 678,856 shares on 1 October 2013 and 1,171,474 shares on 31 March 2014. After the said transactions, the number of shares held is 158,103. The Bank's Management Board informed of the said transactions in its current reports no. 22/2013, 40/2013 and 22/2014.

## 28. Disputed claims

As at 31 March 2014, the Bank had no pending court proceedings, proceedings before competent arbitration or public administration authorities in respect of the Bank's or its subsidiaries' liabilities or receivables with a value no lower than 10% of the Bank's equity. In the Bank's opinion, no single court, arbitration court or public administration body proceeding in progress in Q1 2014, and no proceedings jointly could threaten the Bank's financial liquidity.

## 29. Notes relating to the Brokerage Office

In accordance with the Decree of the Minister of Finance dated 1 October 2010 on the detailed principles of reporting for banks, the notes below relate to the operations of the Brokerage Office of Alior Bank S.A.

Cash and cash equivalents	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Cash and cash equivalents deposited in cash accounts with the brokerage office and paid in for purchasing securities in Initial Public Offerings or in public trading in the primary market	204 430	140 493	106 986
<b>Total</b>	<b>204 430</b>	<b>140 493</b>	<b>106 986</b>

Amounts due from banks conducting brokerage activities, brokerage houses and commodity brokerage houses	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Receivables in respect of transactions concluded on the securities exchange:	110 219	819	718
WSE	110 219	819	718
<b>Total</b>	<b>110 219</b>	<b>819</b>	<b>718</b>

Amounts due from the National Deposit and securities exchange clearing houses	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Amounts due from the settlement fund	27 155	24 663	26 512
Amounts due from the compensation fund	39	35	25
<b>Total</b>	<b>27 194</b>	<b>24 698</b>	<b>26 537</b>

Amounts due to the National Deposit and securities exchange clearing houses	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Amounts due to the settlement fund	188	12	408
<b>Total</b>	<b>188</b>	<b>12</b>	<b>408</b>

Amounts due to banks conducting brokerage activities, brokerage houses and commodity brokerage houses	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Liabilities in respect of transactions concluded on the securities exchange:	1 280	4 569	3 369
WSE	1 280	4 569	3 369
<b>Total</b>	<b>1 280</b>	<b>4 569</b>	<b>3 369</b>

Customers' financial instruments recorded in securities accounts	As at 31.03.2014	As at 31.12.2013	As at 31.03.2013
Dematerialized financial instruments:	6 940 114	6 757 613	5 147 839
including those admitted to trading on the regulated market	5 794 289	5 685 514	4 464 979
Financial instruments other than dematerialized	36 861	35 659	56 370
<b>Total</b>	<b>6 976 975</b>	<b>6 793 272</b>	<b>5 204 209</b>

### 30. Information on the decision not to pay out dividend

After obtaining a positive opinion from the Supervisory Board on 9 April 2014, the Management Board of Alior Bank S.A decided to recommend to the General Shareholders' Meeting passing a resolution on earmarking the net profit for the financial year 2013 of PLN 219,751,608.89 for offsetting prior year losses and to offset the remaining prior years' losses of PLN 55,630,381.71 with the Bank's supplementary capital. The Management Board informed about these recommendation in current report no. 25/2014 from 10 April 2014.

## 31. Events and agreements significant for the Group's and the Bank's operations

### 31.1 Significant events

- On 2 January 2014 the District Court for the capital city of Warsaw, the 13th Business Department of the National Court Register in Warsaw registered an increase in share capital by way of issuing ordinary bearer G-series shares and amending the Company's Articles of Association. After the registration of the new issue, the Bank's share capital is PLN 699,412,610.00 and is made up of 69,941,261 shares of PLN 10 par value each. The purpose of the increase in the Bank's share capital by way of issuing G-series Shares was to enable the Bank to pursue its strategic goals while observing the recommendation of the Polish Financial Supervision Commission relating to the bancassurance while maintaining the capital adequacy ratio at a level higher than that stipulated in the Banking Law. In the opinion of the Management Board, depriving the Bank's current shareholders of the right to pre-emptive purchase of all the G-series Shares was justified and compliant with the Bank's interests due to the fact that the issue of shares in a private subscription was the quickest and most favourable way of raising capital. Funds from the issue were used to finance the Bank's overall operations and for diversifying the sources of financing.
- On 23 January 2014 the Bank's Extraordinary General Shareholders Meeting took place. Apart from the order issues, the Bank's Extraordinary General Shareholders Meeting passed a resolution on granting its consent to potentially selling an organized portion of the enterprise in connection with the terms and conditions of the cooperation agreement concluded by and between the Bank and T-Mobile Polska S.A. with its registered office in Warsaw on 11 December 2013. Additionally the Extraordinary General Shareholders Meeting decided on changes in the composition of the Bank's Supervisory Board and appointed Prof. Sławomir Dudzik Member of the Board. Resolutions have been linked with conclusion of a Cooperation Agreement with T-Mobile Polska S.A.
- On 26 February 2014 the Bank's Management Board informed in its current report no. 16/2014 of taking the decision on changing the organizational structure of the Head Office relating to employment cuts and determining the principles for conducting the respective group layoffs.  
Automation and improvements in processes and consistently pursued cost optimisation strategy require adapting the employment level to the organizational structures of the Head Office in force as of 1 March 2014 and the Bank's current needs. Therefore, the Bank's Management Board decided to reduce employment in the support units.

The group layoff program (including the costs related to severance packages) is part of the Bank's cost optimization program, pursuant to which the scale of savings in the years 2014-2015 will reach ca. PLN 50 million.

Restructuring of the support units which will last from the end of February to June 2014 will cover up to 260 positions in the Head Office, which is 4% of the employment level at the Bank as at 24.02.2014. The intention of the Bank's Management Board is to ensure severance packages adequate to the years in service to the employees covered by group layoffs.

The restructuring costs will not have a significant impact on the business model and results of the Bank. They will be recorded on a percentage of completion of the employment optimization process basis and will be accounted for in the Bank's financial statements for the first and second quarter of 2014.

The actions undertaken will contribute to a significant improvement in the Bank's effectiveness and to lowering the C/I ratio to a level below 45% in 2016. Optimization of the organizational structure and employment at the Head Office does not mean a change or slowing down of the rate of the Bank's development. Since the beginning of 2014 Alior Bank employed over 340 people and it plans to employ more staff, in particular at positions related to offering banking products and services.

- On 26 February 2014 the Bank's Management Board in its current report no. 17/2014, supplemented by the current report no. 18/2014 dated 6 March 2014 announced publicly about the decisions taken which have a material impact on the Bank's results in 2013.

As a result of determinations made with the Polish Financial Supervision Authority ("PFSA") relating to the manner of complying with the PFSA recommendations relating to the accounting treatment of sales of insurance, the Bank's Management Board decided to modify the accounting approach introduced in the 3rd quarter of 2013 to bancassurance revenues related to lending products.

As a result of the determinations with PFSA the Bank's Management Board decided to account for 12% to 15% of all bancassurance revenues related to cash loans on a one-off basis. In the 4th quarter of 2013 the amount of bancassurance related to cash loans revenues recognized on a one-off basis amounted to 13%.

The concept for changes in the assumptions for the fair value model for cash loans is consistent with the PFSA guidelines. The correctness of the "input data" presented by the Bank was verified by the Bank's auditor.

Moreover, the Bank's Management Board decided to account for 18% to 22% of all bancassurance revenues related to mortgage loans on a one-off basis. In the 4th quarter of 2013 the amount of bancassurance revenues related to mortgage loans recognized on a one-off basis amounted to 20%.

In the opinion of the Bank's Management Board this change had a positive impact on the Bank's results in 2013, i.e.

- the net result will increase by ca. PLN 18 million;
- the Bank's equity as at 31.12.2012 will increase by ca. PLN 34 million.

The Bank's Management Board emphasized that the above-mentioned change in the method of accounting for bancassurance revenues will not have an impact on the business model pursued by the Bank and its growth potential.

The Bank's Management Board decided to record an impairment allowance for the measurement of non-current assets held for sale of PLN 24 million, gross. The amount



of the allowance was determined based on a conservative valuation of the assets referred to above.

- In its communique the Management Board of the Warsaw Stock Exchange of 10 February 2014 informed that on 21 March 2014 after the end of the session, a revision of the annual WIG20 index took place. Almost a year and a half after its début on the exchange Alior Bank became part of the WIG20 index - the index of the twenty largest and most liquid joint-stock companies listed on the Warsaw exchange.

## 31.2 Significant contracts

- In its current report no. 15/2014 the Bank's Management Board informed of taking up bonds issued by an entity which is member of the group of one of the Bank's customers on 31 January 2014. The Bank purchased 120 5-year secured bonds with a nominal value of PLN 500,000 each, in the total amount of PLN 60,000,000. As a result of the said taking up of the bonds the Bank's total exposure to the customer's group will increase to PLN 260,000,000. The contract of the largest value signed with the Bank's customer is the conditional Multi - currency Revolving Facility Agreement concluded on 24 January 2014 for a period of 4 years. Its total value is PLN 400,000,000, and the Bank's participation in financing is PLN 200,000,000 (50% of total financing). Pursuant to the Agreement financing is granted in the form of a renewable facility with highest repayment priority. The facility is secured with a full security package with the highest ranking on shares, enterprises (including bank accounts, trademarks and other assets) of the key companies which are members of the customer's group. The Agreement includes conditions precedent which must be met to enable the customer to avail itself of the financing under the Agreement. One of the conditions precedent is the repayment of the full amount of debt under the Agreement by the customer, of which the Bank informed in its current report no. 18/2013 dated 29 March 2013. The customer met the above-mentioned condition precedent on 31 January 2014 and repaid all its dues to the Bank. The Agreement is based on the LMA standard. Other terms of the Agreement do not vary from those universally used in this type of contract. The total amount of the Bank's exposure to the Bank customer's group exceeds 10% of the Bank's equity.
- In its current report no. 21/2014 dated 28 March 2014 the Bank's Management Board informed of concluding, on 27 March 2014, a loan agreement for a non-renewable loan with one of the Bank's customers for EUR 60,000,000, i.e. ca. PLN 250,956,000. The loan is non-renewable and is earmarked for the repayment of the existing debt and for financing the Customer's current operations. The Agreement was concluded for a period of 29 months with the possibility of extension. The deadline for repayment of the loan is 20 December 2019. The loan bears an interest rate of 3M Euribor + the Bank's margin. Dues in respect of the financing granted were secured with, among other things, a highest priority mortgage on real estate and a registered pledge on shares. Other terms of the Agreement do not vary from those universally used in this type of contract.

In the reporting period the Bank had liabilities resulting from the debt securities issued, including in particular subordinated bonds and Bank Securities, as well as other financial instruments.

In the thirist quarter of 2014 the Bank did not conclude or terminate any loan or borrowing agreements outside its usual scope of business.

The Bank's Group entities did not grant any loan warranties or guarantees jointly to one entity or subsidiary of the entity, the value of which would exceed 10% of the Bank's equity.

## 32. Significant non-adjusting events after the balance sheet date

- On 11 April 2014 Alior Bank S.A. issued 180,000 E-series unsecured, dematerialized coupon bearer bonds with a nominal value of PLN 1,000 each ("the Bonds"), in the total nominal amount of PLN 180,000,000. The bonds were issued in accordance with the respective legal regulations and provisions in force in the Republic of Poland. The Bonds bear an interest rate of WIBOR 6M plus a fixed margin and interest will be payable semi-annually. The Bonds will be redeemed at par, on 11 April 2016. In accordance to resolution no. 90/2014 Management Board of BondSpot S.A. introduced the bonds to the Alternative Trading System on Catalyst. The Bonds were issued under the Bond Issue Scheme of Alior Bank S.A., denominated in PLN, about which the Bank gave information in its current report no. 16/2013 of 19 March 2013.

As part of the Bond Issue Scheme, on 28 June 2013, Alior Bank issued 146,700 unsecured, dematerialized, coupon bearer D-series bonds with a nominal value of PLN 1 000 each, and a total nominal value of PLN 146,700,000. The bond issuance proceeds were used for financing the Bank's operating activity as well as to diversify sources of financing.

- On 18 April 2014, the Management Board of the Bank acting pursuant to Article 399 § 1 in conjunction with Article 402<sup>1</sup> § 1 of the CCC convened the Bank's Annual General Meeting on 15 May 2014. The subject of the AGM in addition to regular resolutions, it pass resolutions approval of the Bank's statements for 2013, adoption of a resolution to distribution of the Bank's profits for 2013, disposition of the supplementary capital and resolutions of approval for the Bank's Members for performance of their duties in 2013.

## 33. Financial forecasts

Alior Bank's Group did not publish forecasts relating to financial results.

## 34. Plan to sell a significant portion of shares

The start-up meeting on the planned sale of the Bank's shares held by the Carlo Tassara Group was held in the second half of March 2013.

Carlo Tassara began making efforts to sell its block of shares to a regulated entity (a bank or an insurance company) which meets the criteria specified in art. 25h of the Banking Law. Carlo Tassara was informed by PFSA that PFSA will evaluate such a new investor, among other things, in terms of its financial and stability, as well as long-term credit rating, both of the investor and of its country of origin.

Ultimately, Carlo Tassara's exit from the investment in the Bank will take into consideration the timeframe necessary to find a new investor and gain its approval by PFSA. Carlo Tassara will make all efforts to sell the shares to an appropriate investor before the end of 2013.

On 9 January 2014 the Bank's Management Board received notification from Carlo Tassara S.p.A. which stated that the Polish Financial Supervision Authority gave its consent to extending the deadline indicated in the Bank's prospectus for obliging the shareholder to sell the Bank's share it holds to 31 December 2014.

## 35. Rating

As part of preparing the Initial Public Offering Alior Bank S.A. committed itself, vis-à-vis the Polish Financial Supervision Authority, to immediately undertake actions aimed at acquiring a rating from a renowned international rating agency at the beginning of 2013. In the 1st quarter of 2013, the Bank took action to obtain such rating. On 27 March 2013 an agreement was concluded by and between Alior Bank S.A. and Fitch Polska S.A. On 5 September 2013, Fitch Ratings Ltd. granted a BB rating with a stable perspective to Alior Bank S.A.

### **The Bank's full rating granted by Fitch is as follows:**

1. Long-term Foreign Currency IDR: BB stable outlook;
2. Short-Term Foreign Currency IDR: B.
3. National Long-Term Rating: BBB+(pol), stable perspective.
4. National Short-Term Rating: F2(pol);
5. *Viability Rating* (VR): bb.
6. Support Rating: 5.
7. Support Rating Floor: 'No Floor'

Definitions of the Fitch ratings are available on the Agency's website: [www.fitchratings.com](http://www.fitchratings.com), where the ratings, criteria and methodologies are also published.

## 36. Factors affecting the Bank's results in the six-month perspective

The factors which may affect Alior Bank's results in the coming months include:

- Acceleration of the Polish economy recovery measured by an increase in the GDP ratio. In the fourth quarter of 2013, the Gross Domestic Product (according to the Central Statistical Office of Poland estimates) increased by 2.7% y/y vs. 1.9% growth in previous quarter. Moreover, preliminary estimates of Ministry of Economy point out

the increase of GDP ratio at the level of 3.1% in the first quarter of 2014. Coming out of low GDP increases may have a positive impact on the level of demand for banking products and services, with regard to both retail and business customers.

- The risk of economic slowdown both in Poland and other European countries in case of further escalation of the conflict in Ukraine, arising in particular as a result of the imposition of the Russian import restrictions on goods from European Union countries.
- The low level of inflation and maintaining low interest rates by the Monetary Policy Council, which accompanied by the increase of private consumption level have a positive impact on the growing interest in bank loans by retail customers.
- Low interest rates environment also affects the persistence of credit margins low level, creating together with deposit price competition between banks, the pressure on the level of net interest margin.
- Despite the long-term downward trend, the level of unemployment remains high. The registered unemployment rate at the end of March 2014 amounted to 13.5% and in comparison with the end of 2013 increased by 0.1 percentage points. (with a decrease by 0,8% y/y). The slowdown in the pace of decline in the unemployment rate may be a factor negatively affecting demand for consumer loans by retail customers in the coming months.
- Limited impact of the improving economic conditions on the financial standing of companies in certain industries, which in the coming months may increase the probability of creating impairment write-offs necessity by the Bank.

## Interim condensed separate financial statements

### Separate income statement

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
Interest income	386 486	376 256
Interest expense	-121 084	-154 673
<b>Net interest income</b>	<b>265 402</b>	<b>221 583</b>
Fee and commission income	125 169	101 961
Fee and commission expense	-41 710	-48 654
<b>Net fee and commission income</b>	<b>83 459</b>	<b>53 307</b>
<b>Trading result</b>	<b>55 799</b>	<b>48 879</b>
<b>Net gain (realized) on other financial instruments</b>	<b>-11</b>	<b>1 372</b>
Other operating income	11 575	10 326
Other operating costs	-4 560	-8 551
<b>Net other operating income</b>	<b>7 015</b>	<b>1 775</b>
<b>General administrative expenses</b>	<b>-214 623</b>	<b>-195 620</b>
<b>Impairment losses</b>	<b>-117 281</b>	<b>-73 535</b>
<b>Gross profit</b>	<b>79 760</b>	<b>57 761</b>
Income tax	-15 744	-12 640
<b>Net profit</b>	<b>64 016</b>	<b>45 121</b>
<b>Net profit</b>	<b>64 016</b>	<b>45 121</b>
<b>Weighted average number of ordinary shares</b>	<b>63 582 965</b>	<b>63 582 965</b>
<b>Net profit per share (in PLN)</b>	<b>1.01</b>	<b>0.71</b>
<b>Diluted earnings per share (in PLN)</b>	<b>0.96</b>	<b>0.67</b>

## Separate statement of comprehensive income

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
<b>Net profit</b>	<b>64 016</b>	<b>45 121</b>
<b>Other taxable comprehensive income</b>	<b>2 514</b>	<b>-8 764</b>
Net gains/losses on financial assets available for sale	2 228	-8 764
Profit/loss on valuation of financial assets available for sale	2 750	-10 820
Deferred tax	-522	2 056
Net gain on hedging derivatives	286	0
Net gain on valuation of hedging derivatives	353	0
Deferred tax	-67	0
<b>Total comprehensive income, net</b>	<b>66 530</b>	<b>36 357</b>

## Separate statement of financial situation

<b>ASSETS</b>	<b>As at 31.03.2014</b>	<b>As at 31.12.2013</b>	<b>As at 31.03.2013 Adjusted amount</b>
Cash and balances with the Central Bank	1 077 576	1 067 227	728 540
Financial assets held for trading	207 564	243 291	214 952
Financial assets available for sale	3 172 488	3 388 525	3 259 304
Hedging derivatives financial instruments	20 553	12 099	0
Amounts due from banks	274 005	254 199	136 999
Loans and advances to customers	20 935 596	19 657 900	15 619 367
Property, plant and equipment	208 322	215 121	207 915
Intangible assets	186 753	188 048	157 625
Investments in subsidiaries	6 853	2 459	6 224
Non-current assets held for sale	38 335	38 335	62 298
Income tax asset	144 023	139 799	136 799
<i>Current</i>	2 787	0	4 120
<i>Deferred</i>	141 236	139 799	132 679
Other assets	243 083	337 777	344 705
<b>TOTAL ASSETS</b>	<b>26 515 151</b>	<b>25 544 780</b>	<b>20 874 728</b>

<b>LIABILITIES AND EQUITY</b>	<b>As at 31.03.2014</b>	<b>As at 31.12.2013</b>	<b>As at 31.03.2013 Adjusted amount</b>
Financial liabilities held for trading	177 527	184 090	146 274
Financial liabilities measured at amortized cost	22 557 145	21 688 985	17 654 222
Provisions	3 568	10 574	9 140
Other liabilities	732 114	1 105 434	712 335
Income tax liabilities	0	31 949	0
<i>Current</i>	0	31 949	0
Subordinated loans	343 490	348 821	343 937
<b>Total liabilities</b>	<b>23 813 844</b>	<b>23 369 853</b>	<b>18 865 908</b>
<b>Equity</b>	<b>2 701 307</b>	<b>2 174 927</b>	<b>2 008 820</b>
Share capital	699 413	635 830	635 830
Supplementary capital	1 829 124	1 434 712	1 276 610
Revaluation reserve	-14 263	-16 777	2 012
Other reserves	178 647	176 792	166 527
Undistributed result from previous years	-55 630	-275 382	-117 280
Current year profit/loss	64 016	219 752	45 121
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>26 515 151</b>	<b>25 544 780</b>	<b>20 874 728</b>

## Separate statement of changes in equity

1.01.2014 - 31.03.2014	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Undistributed result from previous years	Current year profit/loss	Total equity
As at 1 January 2014	635 830	1 649 405	176 792	-16 777	-270 323	-	2 174 927
Comprehensive income	-	-	-	2 514	-	64 016	66 530
Share-based payments	-	-	1 855	-	-	-	1 855
Share issue	63 583	394 412	-	-	-	-	457 995
As at 31 March 2014	699 413	2 043 817	178 647	-14 263	-270 323	64 016	2 701 307

1.01.2013 - 31.12.2013	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Undistributed result from previous years	Current year profit/loss	Total equity
As at 1 January 2013 - validated data	635 830	1 276 610	163 377	10 776	158 102	-	2 244 695
As at 1 January 2013 - adjusted amount	635 830	1 276 610	163 377	10 776	-117 280	-	1 969 313
Comprehensive income	-	-	-	-27 553	-	219 752	192 199
Share-based payments	-	-	13 415	-	-	-	13 415
Distribution of prior year result	-	158 102	-	-	-158 102	-	0
As at 31 December 2013	635 830	1 434 712	176 792	-16 777	-275 382	219 752	2 174 927

1.01.2013 - 31.03.2013	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Undistributed result from previous years	Current year profit/loss	Total equity
As at 1 January 2013 - validated data	635 830	1 276 610	163 377	10 776	158 102	-	2 244 695
As at 1 January 2013 - adjusted amount	635 830	1 276 610	163 377	10 776	-117 280	-	1 969 313
Comprehensive income	-	-	-	-8 764	-	45 121	36 357
Share-based payments	-	-	3 150	-	-	-	3 150
As at 31 March 2013	635 830	1 276 610	166 527	2 012	-117 280	45 121	2 008 820



## Separate cash flow statement

	1.01.2014 - 31.03.2014	1.01.2013 - 31.03.2013 Adjusted amount
<b>Operating activities</b>		
<b>Net profit</b>	<b>64 016</b>	<b>45 121</b>
<b>Adjustments:</b>	<b>-495 310</b>	<b>-545 587</b>
Unrealized foreign exchange gains/losses	724	2 646
Income tax presented in the income statement	15 744	12 640
Amortization/depreciation of tangible and intangible assets	18 856	17 836
Change in tangible and intangible assets impairment write-down	7	8
Change in provisions	-7 006	-3 409
Profit/loss on investments sale	-1	0
Interest (financial activity)	6 306	7 459
Share-based payments and IPO costs	1 855	3 150
Change in loans and receivables	-1 308 561	-1 315 284
Change in financial assets available for sale	216 037	1 061 443
Change in financial assets held for trading	35 727	-41 246
Change in hedging derivatives - assets	-8 454	0
Change in other assets	94 944	60 039
Change in deposits	903 276	-242 603
Change in issued debt	84 566	-5 902
Change in financial liabilities held for trading	-6 563	17 167
Change in other liabilities	-490 261	-84 277
Income tax paid	-52 506	-35 254
<b>Net cash flow from operating activities</b>	<b>-431 294</b>	<b>-500 466</b>
<b>Investing activities</b>		
<b>Outflows:</b>	<b>-15 413</b>	<b>-15 329</b>
Purchase of property, plant and equipment	-4 686	-7 574
Purchase of intangible assets	-6 083	-7 788
Purchase of shares in subordinated companies	-4 644	33
<b>Inflows:</b>	<b>1</b>	<b>0</b>
Disposal of property, subordinated companies	1	0
<b>Net cash flow from investing activities</b>	<b>-15 412</b>	<b>-15 329</b>
<b>Financing activities</b>		
<b>Outflows:</b>	<b>-11 999</b>	<b>-15 408</b>
Repayment of long-term liabilities	-11 999	-15 408
<b>Inflows:</b>	<b>457 995</b>	<b>0</b>
Inflows from share issue	457 995	0
<b>Net cash flow from financing activities</b>	<b>445 996</b>	<b>-15 408</b>
<b>Total net cash flow</b>	<b>-710</b>	<b>-531 202</b>
<b>Balance sheet change in cash and cash equivalents</b>	<b>-710</b>	<b>-531 202</b>
Cash and cash equivalents, opening balance	<b>1 251 673</b>	<b>1 310 432</b>
Cash and cash equivalents, closing balance	<b>1 250 963</b>	<b>779 230</b>
<b>Additional disclosures on operating cash flows</b>		
Interest income received	<b>397 022</b>	<b>281 429</b>
Interest expense paid	<b>-117 941</b>	<b>-195 260</b>

## 1. Basis of preparation

### Scope and comparatives

The condensed interim financial statements of Alior Bank S.A. cover the 3-month period ended 31 March 2014 and comprise the comparatives for the 3-month period ended 31 March 2013 (as regards the separate income statement, separate statement of comprehensive income, separate statement of financial position, separate statement of changes in equity and separate cash flow statement) and the comparatives as at 31 December 2013 (as regards the separate statement of financial position and separate statement of changes in equity). The separate financial statements have been prepared in Polish zloty (PLN) and all amounts are presented in PLN thousand, unless otherwise stated.

Due to the change in bancassurance revenue recognition method (described in the annual separate financial statements of Alior Bank S.A. for the period from 1 January 2013 to 31 December 2013) comparative amounts disclosed in the condensed interim separate financial statements of Alior Bank S.A. were adjusted for comparability purposes.

Presented below is the effect of the changes resulting from bringing the data to comparability on the individual income statement and statement of financial position items.

### Separate income statement

1.01.2013 - 31.03.2013	Financial statement as at 31.03.2013	Amount of adjustments	Adjusted amount for 31.03.2013
Interest income	354 748	21 508	376 256
<b>Net interest income</b>	<b>200 075</b>	<b>21 508</b>	<b>221 583</b>
Fee and commission income	192 945	-90 984	101 961
Fee and commission expense	-55 094	6 440	-48 654
<b>Net fee and commission income</b>	<b>137 851</b>	<b>-84 544</b>	<b>53 307</b>
<b>General administrative expenses</b>	<b>-199 456</b>	<b>3 836</b>	<b>-195 620</b>
<b>Impairment losses</b>	<b>-78 784</b>	<b>5 249</b>	<b>-73 535</b>
<b>Gross profit</b>	<b>111 712</b>	<b>-53 951</b>	<b>57 761</b>
Income tax	-22 891	10 251	-12 640
<b>Net profit</b>	<b>88 821</b>	<b>-43 700</b>	<b>45 121</b>
<b>Total comprehensive income, net</b>	<b>80 057</b>	<b>-43 700</b>	<b>36 357</b>

## Separate statement of financial position

Statement of financial position line item	Financial statement as at 31.03.2013	Amount of adjustments	Adjusted amount for 31.03.2013
Loans and advances to customers	15 887 393	-268 026	15 619 367
Income tax asset	61 953	74 846	136 799
Deferred	57 833	74 846	132 679
<b>TOTAL ASSETS</b>	<b>21 067 908</b>	<b>-193 180</b>	<b>20 874 728</b>
Other liabilities	586 433	125 902	712 335
<b>Total liabilities</b>	<b>18 740 006</b>	<b>125 902</b>	<b>18 865 908</b>
<b>Equity</b>	<b>2 327 902</b>	<b>-319 082</b>	<b>2 008 820</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>21 067 908</b>	<b>-193 180</b>	<b>20 874 728</b>

## Separate statement of cash flow

1.01.2013 - 31.03.2013	Financial statement as at 31.03.2013	Amount of adjustments	Adjusted amount for 31.03.2013
<b>Net profit</b>	<b>88 821</b>	<b>-43 700</b>	<b>45 121</b>
Income tax presented in the income statement	-12 364	25 004	12 640
Change in loans and receivables	-1 347 459	32 175	-1 315 284
Change in other liabilities	-106 052	21 775	-84 277
Income tax paid	0	-35 254	-35 254
<b>Net cash flow from operating activities</b>	<b>-500 466</b>	<b>0</b>	<b>-500 466</b>
<b>Total net cash flow</b>	<b>-531 202</b>	<b>0</b>	<b>-531 202</b>

### **Statement of compliance**

These interim condensed separate financial statements of Alior Bank S.A. for the third quarter of 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as at 31 March 2014, and in accordance with the requirements of the Decree of the Minister of Finance of 19 February 2009 on current and periodic information to be prepared by issuers of securities and conditions for considering equivalent the information required by the provisions of the law of a non-EU state (Journal of Laws of 2009, No. 33, item 259, as amended).

These interim condensed separate financial statements comply with the requirements of International Accounting Standard (IAS) 34 as regards interim financial reporting. These financial statements have been prepared in condensed form and do not include all disclosures required in the annual financial statements.

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 01.01.2014 to 31.03.2014, and the interim condensed separate statement of financial position as at 31.03.2014, including the comparatives, have been prepared in accordance with the same accounting policies for each period, which have been in force as of 1 January 2014.

### **Going concern**

The separate financial statements of Alior Bank S.A. have been prepared on the assumption that the Bank will continue as a going concern for a period of at least 12 months after the balance sheet date, i.e. after 31 March 2014.

As of the date of approval of these financial statements, the Bank's Management Board is not aware of any circumstances that would have a negative effect on the Bank's operations for any reasons.

## **2. Accounting policies**

The detailed accounting policies have been presented in the annual separate financial statements of Alior Bank S.A. for the financial period from 1 January 2013 to 31 December 2013, published on 6 March 2014 and available on Alior Bank S.A. website.

The adoption of new accounting policies was discussed in the interim condensed consolidated financial statements of the Alior Bank S.A. Group for the first quarter of 2014, in Note 2.2.

### **Changes in accounting standards**

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with the accounting policies applied in the preparation of the financial statements for the financial year ended 31 December 2013, except for the following amendments to standards and new interpretations binding for annual

periods starting on or after 1 January 2014, described in the interim condensed consolidated financial statements of the Alior Bank S.A. Group, in Note 2.2.

### 3. Off-balance sheet items

Off-balance sheet items were discussed in Note 24 of the interim condensed consolidated financial statements.

### 4. Related-party transactions

Related party transactions were discussed in Note 26 of the interim condensed consolidated financial statements.

### 5. Significant non-adjusting events after the balance sheet date

Significant events after the balance sheet date were discussed in Note 32 of the interim condensed consolidated financial statements.

