Financial report
of Alior Bank Spółka Akcyjna Group

for the 1st quarter of 2017

Selected financial data relating to the consolidated financial statements

	in PLN"000			
	1.01.2017 - 31.03.2017	1.01.2016- 31.12.2016	1.01.2016 - 31.03.2016	% (A-B)/B
	A		B	C
Net interest income	640 385	1 946 049	412 494	55,2%
Net fee and commission income	137 258	331 134	87 261	57,3%
Trading result & other	90 293	403 515	79 538	13,5%
Net impairment allowance and write-downs	-211 616	-799 887	-175 745	20,4%
General administrative expenses	-489 266	-1 566 560	-276 614	76,9%
Profit before tax	117 527	691 414	106 261	10,6%
Net profit	82 405	618 077	80 102	2,9%
Total net cash flow	406 394	-492 969	-1 224 681	-133,2
Loans and advances to customers	48 402 943	46 278 414	32 738 033	47,8%
Amounts due to customers	50 516 894	51 368 701	35 802 241	41,1%
Total equity	6 312 724	6 202 913	3 601 592	75,3%
Total assets	60 419 868	61 209 545	42 025 695	43,8%
Ratios				
Earnings/losses per share (PLN)	0,64	6,05	1,11	-42,6%
Capital adequacy ratio	14,40%	13,65%	13,51%	6,6%
Tier 1	12,15%	11,29%	10,57%	14,9%

	in EUR'000			
	1.01.2017 - 31.03.2017	1.01.2016- 31.12.2016	1.01.2016 - 31.03.2016	% (A-B)/B
	A		B	C
Net interest income	149 305	444 740	94 698	57,7%
Net fee and commission income	32 002	75 676	20 033	59,7%
Trading result & other	21 052	92 217	18 260	15,3%
Net impairment allowance and write-downs	-49 338	-182 802	-40 346	22,3%
General administrative expenses	-114 072	-358 014	-63 503	79,6%
Profit before tax	27 401	158 012	24 395	12,3%
Net profit	19 213	141 252	18 389	4,5%
Total net cash flow	94 750	-112 661	-281 155	-133,7%
Loans and advances to customers	11 470 435	10 460 763	7 669 861	49,6%
Amounts due to customers	11 971 395	11 611 370	8 387 743	42,7%
Total equity	1 495 977	1 402 105	843 780	77,3%
Total assets	14 318 183	13 835 792	9 845 772	45,4%
Ratios				
Earnings/losses per share (PLN)	0,15	1,38	0,26	-42,8%
Capital adequacy ratio	14,40%	13,65%	13,51%	6,6%
Tier 1	12,15%	11,29%	10,57%	14,9%

The following exchange rates were applied to translate the selected items of the interim condensed consolidated financial statements into EUR:

a) as at 31.03.2017 r.

- balance sheet items - at the average EUR exchange rate expressed in PLN, announced by the NBP as at 31.03.2017 – 4.2198;
- income statement and 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 as at the end of each month - 4,2891;

b) as at 31.12.2016 r.

- balance sheet items - at the average EUR exchange rate expressed in PLN, announced by the NBP as at 31.12.2016 – 4.4240;
- income statement and 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 as at the end of each month - 4,3747;

c) as at 31.03.2016 r.

- balance sheet items - at the average EUR exchange rate expressed in PLN, announced by the NBP as at 31.03.2016 – 4.2684;
- income statement and 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 as at the end of each month - 4,3559;

Interim condensed consolidated financial statements of Alior Bank Spółka Akcyjna Group

for the 1st quarter 2017

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

Contents

(in PLN'000)

Interim condensed consolidated financial statements

Interim condensed consolidated income statement

	Note	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Interest income		893 381	663 242
Interest expense		-252 996	-250 748
Net interest income	**4**	**640 385**	**412 494**
Dividend income		**0**	**0**
Fee and commission income		215 317	137 970
Fee and commission expense		-78 059	-50 709
Net fee and commission income	**5**	**137 258**	**87 261**
Trading result	6	**72 899**	**58 317**
Net gain (realized) on other financial instruments	**7**	**454**	**10 610**
Other operating income		32 319	15 215
Other operating costs		-15 379	-4 604
Net other operating income	**8**	**16 940**	**10 611**
General administrative expenses	**9**	**-489 266**	**-276 614**
Net impairment charges and write-downs	**10**	**-211 616**	**-175 745**
Banking tax		**-49 527**	**-20 673**
Profit before tax		**117 527**	**106 261**
Income tax	11	-35 122	-26 159
Net profit		**82 405**	**80 102**
Net profit attributable to equity holders of the parent		*82 361*	*80 227*
Net loss attributable to non-controlling interests		*44*	*-125*
Net profit		**82 405**	**80 102**
Weighted average number of ordinary shares		**129 257 763**	**72 088 316**
Basic earnings per share (in PLN)		**0,64**	**1,11**
Diluted earnings per share (in PLN)		**0,63**	**1,07**

Interim condensed consolidated statement of comprehensive income

	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Net profit	**82 405**	**80 102**
Items that may be reclassified to the income statement after certain conditions are satisfied	**27 406**	**7 391**
Foreign operations currency translation differences	72	
Fair valuation of financial assets available for sale (net)	22 655	9 087
Profit/loss on fair valuation of financial assets available for sale	27 528	11 218
Deferred tax	-4 873	-2 131
Net gains/losses on hedging instruments	4 679	-1 696
Gains/losses on hedging instruments	5 588	-2 093
Deferred tax	-909	397
Total comprehensive income, net	**109 811**	**87 493**
- attributable to shareholders of the parent company	109 767	87 618
- attributable to non-controlling interests	44	-125

The notes presented on pages 10-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN'000)

Interim condensed consolidated statement of financial position

ASSETS	Note	As at 31.03.2017	As at 31.12.2016
Cash and balances with the Central Bank	13	1 781 276	1 082 991
Financial assets held for trading	22	386 509	419 551
Available-for-sale financial assets	14	6 516 511	9 357 734
Investment securities held to maturity	14	1 966	1 954
Derivative hedging instruments	23	61 477	71 684
Amounts due from banks	16	516 907	1 366 316
Loans and advances to customers	15	48 402 943	46 278 414
Assets pledged as collateral	29	493 387	366 984
including: pledged assets		157 175	29 783
Property, plant and equipment		483 779	485 796
Intangible assets		531 100	516 444
Asset held for sale		455	679
Income tax asset	11	565 473	531 063
Deferred		565 473	531 063
Other assets	17	678 085	729 935
TOTAL ASSETS		**60 419 868**	**61 209 545**

LIABILITIES AND EQUITY	Note	As at 31.03.2017	As at 31.12.2016
Financial liabilities held for trading	22	294 142	298 314
Amounts due to banks	19	536 952	428 640
Amounts due to customers	18	50 516 894	51 368 701
Derivative hedging instruments	23	12 252	6 119
Provisions	20	268 299	286 815
Other liabilities	21	1 271 460	1 439 304
Income tax liabilities		46 175	13 945
Current		45 190	13 190
Deferred		985	755
Subordinated loans	24	1 160 970	1 164 794
Total liabilities		**54 107 144**	**55 006 632**
Equity	**25**	**6 312 724**	**6 202 913**
Equity attributable to equity holders of the parent		**6 311 701**	**6 201 934**
Share capital		1 292 578	1 292 578
Supplementary capital		4 185 843	4 185 843
Revaluation reserve		-44 281	-71 615
Other reserves		183 957	183 957
Foreign operations currency translation differences		50	-22
Retained earnings / (accumulated losses)		611 193	-7 085
Profit for the year		82 361	618 278
Non-controlling interests		1 023	979
TOTAL LIABILITIES AND EQUITY		**60 419 868**	**61 209 545**

The notes presented on pages 10-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN'000)

Interim condensed statement of changes in consolidated equity

Okres 1.01.2017 - 31.03.2017	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings/ accumulated losses	Net profit	Non-controlling interests	Total equity
As at 1 January 2017	**1 292 578**	**4 185 843**	**183 957**	**-71 615**	**-22**	**-7 085**	**618 278**	**979**	**6 202 913**
Transfer of the previous year result	**-**	**-**	**-**	**-**	**-**	**618 278**	**-618 278**	**-**	**-**
Comprehensive income	**-**	**-**	**-**	**27 334**	**72**	**-**	**82 361**	**44**	**109 811**
net profit	-	-	-	-	-	-	82 361	44	82 405
other comprehensive income	-	-	-	27 334	72	-	-	-	**27 406**
As at 31 March 2017	**1 292 578**	**4 185 843**	**183 957**	**-44 281**	**50**	**611 193**	**82 361**	**1 023**	**6 312 724**

Okres 1.01.2016 - 31.03.2016	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Retained earnings/ accumulated losses	Net profit	Non-controlling interests	Total equity
As at 1 January 2016	**727 075**	**2 279 843**	**184 735**	**15 215**	**-3 657**	**309 648**	**1 240**	**3 514 099**
Transfer of the previous year result	**-**	**-**	**-**	**-**	**309 648**	**-309 648**	**-**	**-**
Comprehensive income	**-**	**-**	**-**	**7 391**	**-**	**80 227**	**-125**	**87 493**
net profit	-	-	-	-	-	80 227	-125	80 102
other comprehensive income	-	-	-	7 391	-	-	-	7 391
Transfer from undistributed profits	**-**	**311 415**	**-**	**-**	**-311 415**	**-**	**-**	**-**
As at 31 March 2016	**727 075**	**2 591 258**	**184 735**	**22 606**	**-5 424**	**80 227**	**1 115**	**3 601 592**

The notes presented on pages 10-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN'000)

Interim condensed consolidated statement of cash flows

	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Operating activities		
Profit before tax for the year	**117 527**	**106 261**
Adjustments:	**26 104**	**30 747**
Unrealized foreign exchange gains/losses	-2 871	-1 317
Dividends	0	74
Amortization/depreciation of tangible and intangible assets	43 873	24 342
Change in tangible and intangible assets impairment write-down	3 618	3 451
Change in provisions	-18 516	4 197
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	**143 631**	**137 008**
Change in loans and receivables	-1 567 011	-1 849 578
Change in financial assets available for sale	2 841 223	-1 754 968
Change in financial assets held in maturity	-12	0
Change in financial assets held for trading	33 042	30 771
Change in assets pledged as collateral	-126 403	402 207
Change in derivative hedging assets	10 207	-21 863
Change in non-current assets held for sale	224	206
Change in other assets	16 728	-17 379
Change in deposits	-856 487	1 910 171
Change in issued debt	32 444	0
Change in financial liabilities held for trading	-4 172	28 806
Change in derivative hedging liabilities	6 133	507
Change in other liabilities and other comprehensive income	-49 637	-6 801
Cash from operating activities before income tax	**479 909**	**-1 140 913**
Income tax paid	-2 180	-55 505
Net cash flow from operating activities	**477 729**	**-1 196 418**
Investing activities		
Outflows:	**-78 281**	**-72 383**
Purchase of property, plant and equipment	-48 603	-15 802
Purchase of intangible assets	-29 678	-56 581
Inflows:	**20 619**	**1 362**
Disposal of property, plant and equipment	20 619	1362
Net cash flow from investing activities	**-57 662**	**-71 021**
Financing activities		
Outflows:	**-13 673**	**-1 320**
Repayment of long-term liabilities	0	-13 619
Interest expense – subordinated loan	-13 673	12 299
Inflows:	**0**	**44 078**
Subordinated liabilities incurred	0	44 078
Net cash flow from financing activities	**-13 673**	**42 758**
Total net cash flow	**406 394**	**-1 224 681**
incl. exchange gains/(losses)	**-27 925**	**-5 161**
Balance sheet change in cash and cash equivalents	**406 394**	**-1 224 681**
Cash and cash equivalents, opening balance	1 709 243	2 202 212
Cash and cash equivalents, closing balance	2 115 637	977 531
Additional disclosures on operating cash flows		
Interests received	884 313	780 426
Interests paid	-284 454	-193 091

The notes presented on pages 10-60 constitute an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

1. Information about the Bank and the Group

1.1 Overview

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 registered office in Warsaw, at ul. Łopuszańska 38D, is 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 (ISIN: PLALIOR00045

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 SA 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 SA 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 the purchase and sale of 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 1.5. of this section. As stated in the Articles of Association, Alior Bank operates on the territory of the Republic of Poland and the European Economic Area. However, the Bank mainly provides services to customers from Poland. The share of foreign customers in the total number of the Bank's customers is negligible

1.3 Shareholders of Alior Bank Spółka Akcyjna

Due to Alior Bank's status of a public company within the meaning of the Public Offering Act and the fact that the Bank's shares are listed on a regulated market (the main market) of the WSE, the Bank does not have detailed information on all its shareholders in its possession. Alior Bank has information on some of its shareholders, whose shares represent at least 5% of the total number of votes at the General Shareholders' Meeting and the share capital of Alior Bank, in accordance with the notifications received by Alior Bank under Art. 69 of the Public Offering Act.
The following table contains information on significant shareholders, who as at 9 May 2017 directly held shares representing at least 5% of the total number of votes at the General

(in PLN'000)

Shareholders' Meeting and the share capital of Alior Bank, in accordance with the notifications received by Alior Bank under Art. 69 of the Public Offering Act.

Shareholder	Number of shares	Nominal value of shares [PLN]	Interest in share capital	Number of votes	Share in total number of votes
PZU S.A.[1]	37 898 265	378 982 650	29,32%	37 898 265	29,32%
Aviva OFE Aviva BZ WBK[2]	11 562 000	115 620 000	8,94 %	11 562 000	8,94 %
Other shareholders	79 797 498	797 974 980	61,74%	79 797 498	61,74%
Total	129 257 763	1 292 577 630	100%	129 257 763	100%

1) In accordance with an agreement dated 27 April 2016, PZU Życie, together with PZU Specjalistyczny Fundusz Inwestycyjny Otwarty Universum, and PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2, PZU Fundusz Inwestycyjny Otwarty Parasolowy Subfundusz PZU Akcji Krakowiak based on the number of shares registered at the Extraordinary General Meeting held on 21 April 2017.
(2) Based on the number of shares registered at the Extraordinary General Meeting held on 21 April 2017.

In accordance with the Management Board's best knowledge, in the period from submitting the previous periodic report there were no changes in the structure of shareholdings with at least 5% of the total number of voting rights apart from those referred to above.

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

As at 31 March 2017 and 31 December 2016, the composition of the Bank's Management Board was as follows:

Wojciech Sobieraj	**President of the Management Board**
Małgorzata Bartler	Vice-President of the Management Board
Krzysztof Czuba	Vice-President of the Management Board
Joanna Krzyżanowska	Vice-President of the Management Board
Witold Skrok	Vice-President of the Management Board
Barbara Smalska	Vice-President of the Management Board
Katarzyna Sułkowska	Vice-President of the Management Board

In the reporting period, there were no changes in the composition of the Bank's Management Board.

Members of the Management Board of the Alior Bank being shareholders for 9 May 2017

Shareholder	Number of shares/votes	Nominal value of shares [PLN]	Interest in share capital	Share in total number of votes
Wojciech Sobieraj	435 296	4 352 960	0,34%	0,34%
Witold Skrok	178 421	1 784 210	0,14%	0,14%
Katarzyna Sułkowska	47 612	476 120	0,04%	0,04%

(in PLN'000)

Krzysztof Czuba	298	2 980	0,00%	0,00%

In the period from the publication of the previous financial report, the percentage of share in the share capital of the Bank held by the Management Board Members indicated in the above table did not change.

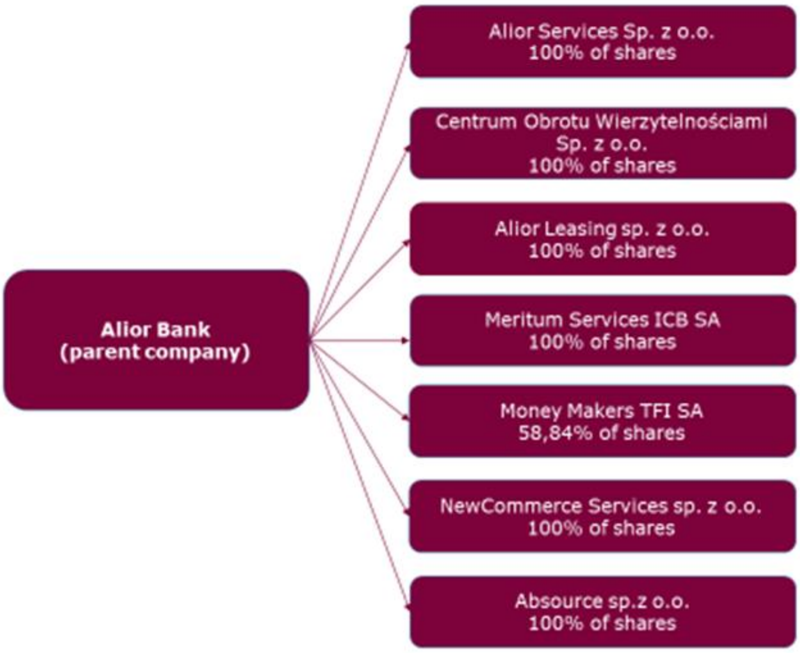
The composition of the Bank's Supervisory Board as at 31 March 2017 and December 2016 was as follows:

Michał Krupiński	**- Chairman of the Supervisory Board**
Małgorzata Iwanicz-Drozdowska	-Deputy Chairman of the Supervisory Board
Dariusz Gątarek	- Supervisory Board Member
Stanisław Ryszard Kaczoruk	- Supervisory Board Member
Marek Michalski	- Supervisory Board Member
Sławomir Niemierka	- Supervisory Board Member
Maciej Rapkiewicz	- Supervisory Board Member
Paweł Szymański	- Supervisory Board Member

In the reporting period, there were no changes in the composition of the Bank's Supervisory Board.
Thus, in accordance with the Bank's Management Board's best knowledge, Members of the Supervisory Board of Alior Bank S.A. no longer hold any of the Bank's shares.

1.5 Information about the Alior Bank S.A. Group

The Alior Bank S.A. Group as at 31 March 2017



As at 31 March 2017 the Alior Bank SA Group is composed of the following companies: Alior Bank SA as the parent company and subsidiaries in which the Bank holds majority interests. In the reporting period, the were no changes in the structure of the Alior Bank SA Group.
The condensed consolidated financial statements comprise the financial statements of the Bank and the financial statements of the following companies. The Bank evaluated its exercise of control in accordance with the provisions of IFRS 10 and defined its status as a parent company towards the companies listed below. All subsidiaries are consolidated under the acquisition accounting method.

1. Alior Services Sp. z o.o. its objectives are : (i)using sales opportunities for products and non-financial services; (ii)extending the offer for Private Banking customers and making it more attractive in order to strengthen the competitive position.
   The Company's operations: (i) seeking out and gaining external partners for cooperation in offering non-banking services; (ii) arranging business relationships for customers and external partners. Alior Services Sp. z o.o. is also dealing with the debt collection.

2. The core business activities of Centrum Obrotu Wierzytelnościami Sp. z o.o. comprise trading in receivables purchased from the Bank. The Company was established for the purpose of optimizing the process of sale of receivables by the Bank. In the first quarter of 2017, the Company began work on project of activity in debt collection sector.

3. The core business operations of Alior Leasing Sp. z o.o. comprise financing fixed assets in the form of operating and finance lease and lease loans. On 30 January 2017 Alior Leasing sp. Z o.o. Has acquired 100% of shares of the entity: Serwis Ubezpieczeniowy sp. z o.o. On March 1, 2017, the District Court for Kraków-Śródmieście in Cracow, IX Business Department, entered into the register of entrepreneurs the change of the owner of this company.

4. The business activities of Meritum Services ICB S.A. comprise providing IT and computer services and other activities in the area of IT. In 2015, the Company's operations were extended to include the activities of insurance agents and brokers, activities associated with risk assessment and loss adjustment, and other activities auxiliary to insurance and pension funding.

5. NewCommerce Services Sp. z o.o. will perform tasks associated with MyWallet (on the Polish market and potentially on other markets on which the Deutsche Telekom Group operates) and conduct activities in respect of selling non-bank products, including granting access to a new generation shopping platform in cooperation with retail partners.

6. Money Makers S.A., established in 2010, is a Company whose activities focus on services related to asset management. The Bank cooperates with its subsidiary Money Makers in three areas: asset management (managing individual customer portfolios / private banking), offers of insurance equity funds, and Alior SFIO subfund management. As part of its development plans, the Company transformed from a brokerage house into an investment fund company at the beginning of July 2015. On 23 June 2015, the Polish Financial Supervision Authority unanimously granted Money Makers S.A. consent to conduct

business activities comprising the establishment and management of investment funds or foreign funds, including intermediation in disposal and purchase of participation units, representing the funds before third parties and managing the collective portfolio of securities and portfolios containing financial instruments. At the same time, at the Company's request, the PFSA revoked its permit for conducting brokerage activities granted to Money Makers S.A. After its transformation, in July 2015, Money Makers commenced operations as an Investment Fund Company. From 5 January 2017 Money Makers TFI S.A. is quoted on the alternative market of the Warsaw stock exchange (NewConect).

7. Absource Sp. z o.o. its objectives are: (i) service activity in IT technologies and computer technologies; (ii) activity connected with the consulting in the computer science; (iii) activity associated with the software. Absource sp. z o.o. is concentrating on the service delivery of making the computer software available.

1.6 Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved by the Bank's Management Board on 8 May 2017.

1.7 Seasonal or cyclical nature of operations

The Group's operations are not affected by any material events of a seasonal or cyclical nature.

2. Accounting policies

2.1 Basis for preparation

Scope and comparatives
The interim condensed consolidated financial statements of the Alior Bank S.A. Group comprise the data of the Bank and its subsidiaries and cover the 3-month period ended 31 March 2017 and the comparatives for the 3-month period ended 31 March 2016 (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 cash flow statement) and the comparatives as at 31 December 2016 (in the scope of consolidated statement of financial position). The interim condensed consolidated financial statements have been prepared in the Polish zlotys. Unless otherwise stated, the amounts are presented in PLN thousands.

Statement of compliance
These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the first quarter of 2017 have been prepared in accordance with the International

Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union as at 30 September 2016.

These financial statements have been prepared in a condensed form and do not include all disclosures required in the annual financial statements therefore the condensed consolidated financial statements for the first quarter of 2017 should be read together with the consolidated financial statements of the Alior Bank Group for 2016 prepared in accordance with International Financial Reporting Standards adopted by the European Union which were approved by the Bank's Management Board on 28 February 2017.

The interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the financial period from 1 January 2017 to 31 March 2017, and interim condensed consolidated statement of financial position as at 31 March 2017 including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the preparation of the last annual financial statements, except for the changes in the standards that entered into force on 1 January 2017 describing in Note 2.2.

Annual data for 2016 presented in this condensed consolidated financial statements of the Alior Bank Group were audited by a statutory auditor. Comparative data for the first quarter of 2017 were not subject to review or audit by an auditor.

Going concern

The interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group have been prepared on the assumption that the Group will continue in operation as a going concern for a period of at least 12 months after the balance sheet date, i.e. after 31 March 2017.

As at the date of approval of these interim condensed financial statements, the Bank's Management Board is not aware of any circumstances that would have an adverse effect on the Group's operations for any reasons.

2.2 Accounting principles

Changes in accounting standards

These financial statements include the requirements of all International Accounting Standards, International Financial Reporting Standards as adopted by the European Union and related interpretations that have been issued and effective for annual periods beginning on after 1 January 2017.

These interim condensed consolidated financial statements do not take into account amendments, standards and interpretations that are awaiting approval by the European Union or have been approved by the European Union, but have entered or will enter into force after the balance sheet date. The scope of these amendments, standards and interpretations has been presented in the consolidated financial statements of the Alior Bank Group for 2016.

With respect to standards and interpretations that have been endorsed by the European Union but entered into or will become effective only after the balance sheet date, the Group has not applied the possibility of their early application.

Published Standards and Interpretations, which have been issued but not yet in force and have not been applied previously

Standards approved by the EU have not yet entered into force:

- IFRS 9, Financial Instruments

On 24 July 2014, the International Accounting Standards Board (IASB) published a new International Financial Reporting Standard – IFRS 9, Financial Instruments, binding for annual periods starting on or after 1 January 2018, which will replace the existing International Accounting Standard 39, Financial Instruments: Recognition and Measurement. By Regulation no. 2016/2067 of 22 November 2016, the European Commission adopted the International Financial Reporting Standard 9, Financial Instruments (IFRS 9) in the version published by IASB on 24 July 2014.

IFRS 9 introduces a new financial asset impairment model based on the "expected loss" concept, changes in the principles of classification and measurement of financial instruments (in particular financial assets) and a new approach to hedge accounting.

In March 2016, the Group began the project of implementing IFRS 9, actively involving the Bank's business units responsible for the areas of accounting, financial reporting and risk management, and business, IT and organizational departments.

The Group is at the stage of designing necessary solutions for the individual requirements based on the results of a gap analysis and general methodological assumptions adopted.

The Group plans to complete the design works by the end of the third quarter of 2017. Information on the impact of applying the standard for presentation and measurement of financial instruments were presented in Note 2.4 of the consolidated financial statements of Alior Bank Group for 2017, made public on March 9, 2017.

- IFRS 15, Revenue from Contracts with Customers

The standard applies to annual periods starting on or after 1 January 2018 – by the date of approving these financial statements, not endorsed by the EU.
The principles set out in IFRS 15 will apply to all contracts resulting in revenue. The new standard introduces the core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the transaction price must generally be allocated to the separate elements. When the value of revenues varies for any reason, under the new standard the variable amounts must be recognized as revenues providing that it is highly probable that the recognition of the revenues will not be reversed in the future as a result of remeasurement. Additionally, according to IFRS 15 costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed.

The above amendments may result in changes in accounting for deferred revenue and will require additional disclosures in the financial statements.

Standards and interpretations that are not yet endorsed by the European Union:

- Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealized Losses

They were published by the International Accounting Standards Board on 19 January 2016 and are effective for annual periods starting on or after 1 January 2017. The amendments to IAS 12 clarify the requirements for recognizing deferred tax assets on unrealized losses on debt instruments measured at fair value. The amendments introduce guidance on the identification of deductible temporary differences. In particular, the standard confirms that a decrease below cost in the carrying amount of debt instruments with a fixed interest rate measured at fair value the tax base of which remains on the level of their cost, results in deductible temporary differences arising regardless of whether the instrument holder intends to hold it or sell it.

The Group believes that the application of this amended standard will not have a significant effect on the financial statements in the period of its first application.

- Amendments to IAS 7: Disclosure Initiative

They were published by the International Accounting Standards Board on 29 January 2016 and are effective for annual periods starting on or after 1 January 2017. The amendments to IAS 7 introduce the requirement of disclosing changes in liabilities arising from financing activities in the statement of cash flows, including both changes arising from cash flows and non-cash changes. To satisfy the requirement, the standard prescribes reconciliation of the opening and closing balances of the individual liabilities presented in the statement of financial position which qualify as financing activities in the statement of cash flows.

The Group believes that the application of this amended standard will not have a significant effect on the financial statements in the period of its first application.

- IFRS Improvements 2014 – 2016

They apply to annual periods starting on 1 January 2018. Amendments are introduced to 3 standards: IFRS 1 as regards specifying short-term exemption for first-time adopters of IFRS within the scope of IFRS 7, IAS 19 and IFRS 10; IFRS 12 as regards clarifying the objective of the standard. The amendments shall apply retrospectively to annual periods starting on or after 1 January 2017; IAS 28 as regards measuring associates or joint ventures at effective fair value.

The Group believes that the application of this amended standard will not have a significant effect on the financial statements in the period of its first application.

- Amendments to IFRS 15, Revenue from Contracts with Customers

The amendments were published by the International Accounting Standards Board on April 12, 2016 and are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 15 clarify guidelines for the identification of performance obligations, intellectual property licensing accounting and the "principal or agent" assessment in the context of presenting gross or net income. Practical solutions have also been added to facilitate the implementation of the new standard.

The Group believes that applying the standard will not have a significant impact on the financial statements during its initial application.

- Amendments to IFRS 2, Share-based Payment

  The amendment introduces, among other things, guidance on the fair value measurement of liabilities related to share-based payments settled in cash, guidance on changing the classification of share-based transactions settled in cash to share-based transactions settled in equity instruments and guidance on recognizing employees' taxation liabilities in respect of share-based transactions. The amendment will apply to financial statements prepared after 1 January 2018.

  In the Group's opinion, applying amendments to IFRS 2 will not have a significant impact on the financial statements during its initial application.

- IFRS 16, Leases

  The standard applies to annual periods starting on or after 1 January 2019 – by the date of approving these financial statements, not endorsed by the EU. The new standard sets the principles for recognition, measurement, presentation and disclosures concerning leases. All lease transactions result in the lessee obtaining the right to use an asset and a liability arising from the obligation to pay. Thus, IFRS 16 cancels the classification into operating and finance leases in accordance with IAS 17 and introduces one accounting model for leases on the part of the lessee. The lessee will be obliged to recognize: (a) assets and liabilities for all lease transactions concluded for a period of more than 12 months, except for situations when a given asset is of low value; and (b) depreciation of the leased asset separately from interest on the lease liability in the statement of profit or loss.

  In the Group's opinion, applying the new standard will not affect the recognition, presentation, measurement or disclosure of assets under operating leases and the corresponding liabilities in the financial statements of the Bank as a lessee.

- Amendments to IFRS 4, Insurance Contracts in the context of applying IFRS 9

  The amendments apply to annual periods starting on 1 January 2018. The amendments address the issue of applying the new standard IFRS 9, Financial Instruments, before implementing the new standard concerning insurance operations on which the IASB is currently working. In order to prevent temporary fluctuations of results in connection with implementing IFRS 9, amendments to IFRS 4 introduce two acceptable approaches: overlay approach and deferral approach.
  The amended standard allows:
  - companies that issue insurance contracts to recognize in OCI rather than profit or loss, the volatility that may arise when IFRS 9 is applied before the forthcoming insurance contracts Standard is issued;

- temporary exemption from IFRS 9 until 2021 for companies whose predominant activity is related to insurance.
The companies which defer application of IFRS 9 will apply the currently binding IAS 39.

- Amendments to IAS 40, Investment Property

  Applies to annual periods starting on 1 January 2018. The amendments clarify that transferring an asset to or from investment property requires change in use. The conclusion that there was a change in use must be based on evidence.

- IFRIC 22, Foreign Currency Transactions

  This applies to annual periods starting on 1 January 2018. The IFRIC applies to foreign currency transactions or a part of these transactions when they are denominated or measured in foreign currencies. The interpretation provides guidance both for a single payment and for multiple payments made. The objective of the guidance is to reduce diversity in practice.

3. Operating segments

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

- retail segment;
- business segment;
- treasury activity;
- reconciliation items

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

The basic products for retail customers comprise:
- loan products: cash loans, credit cards, overdraft facilities, mortgage loans;
- deposit products: term deposits, savings accounts;
- brokerage products and investment funds;
- personal accounts;
- transaction services: cash deposits and withdrawals, transfers;
- FX transactions.

The basic products for business customers comprise:
- loan products: overdraft facilities, working capital loans, investment loans, credit cards;
- deposit products: term deposits;
- current and auxiliary accounts;

(in PLN'000)

- transaction services: cash deposits and withdrawals, transfers;
- treasury products: FX transactions (also at set date), derivatives.

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 (a rate at which a branch makes settlements with the Interbank Transactions Office);
- commission income;
- income from treasury and foreign exchange exchange transactions concluded 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 investment fund units).

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

The Treasury Activity segment covers the results on managing the global position – the liquidity and currency positions – arising from the activities of the Bank.
Reconciliation items include:

- internal net interest income/(expenses) calculated on net impairment losses;
- 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 business segments.

Results and volumes by segments for the first quarter ended 31 March 2017

Segment report	Retail customers	Corporate customers	Treasury	Total corporate segments	Other	Total Bank
External interest income	**530 644**	**73 905**	**35 836**	**640 385**	**0**	**640 385**
external income	613 043	242 774	37 565	893 381	0	893 381
external expense	-82 399	-168 869	-1 729	-252 996	0	-252 996
Internal interest income	**-81 630**	**98 923**	**-17 293**	**0**	**0**	**0**
internal income	39 850	160 780	526 318	726 948	0	726 948
internal expense	-121 480	-61 857	-543 611	-726 948	0	-726 948
Net interest income	**449 014**	**172 828**	**18 543**	**640 385**	**0**	**640 385**
Fee and commission income	77 796	92 167	324	170 287	45 030	215 317
Fee and commission expense	-36 838	-21 233	-4 992	-63 063	-14 996	-78 059
Net fee and commission income	**40 957**	**70 934**	**-4 668**	**107 224**	**30 034**	**137 258**
Dividend income	**0**	**0**	**0**	**0**	**0**	**0**
Trading result	**1 226**	**9 893**	**61 780**	**72 899**	**0**	**72 899**
Net gain (realized) on other financial instruments	**27 801**	**40 770**	**-68 116**	**454**	**0**	**454**
Other operating income	45 454	2 109	-107	47 457	-15 138	32 319
Other operating expenses	-3 315	-3	-3	-3 321	-12 058	-15 379
Net other operating income	**42 139**	**2 106**	**-110**	**44 135**	**-27 195**	**16 940**
Total result before impairment losses	**561 137**	**296 532**	**7 428**	**865 097**	**2 839**	**867 936**

(in PLN'000)

Impairment losses	**-127 019**	**-82 852**	**0**	**-209 871**	**-1 745**	**-211 616**
Total result after impairment losses	**434 118**	**213 680**	**7 428**	**655 226**	**1 094**	**656 320**
General administrative expenses	**-396 684**	**-140 713**	**-1 396**	**-538 793**	**0**	**-538 793**
Gross profit (loss)	**37 434**	**72 967**	**6 032**	**116 433**	**1 094**	**117 527**
Income tax	0	0	0	0	-35 122	-35 122
Net profit (loss)	**37 434**	**72 967**	**6 032**	**116 433**	**-34 028**	**82 405**
Amortization/ depreciation						**-45 105**
Assets	34 859 455	24 965 270	29 671	59 854 395	565 474	**60 419 869**
Liabilities	34 825 469	19 226 318	9 183	54 060 969	46 176	**54 107 145**

Results and volumes by segments for the first quarter ended 31 March 2016

Segment report	Retail customers	Corporate customers	Treasury	Total corporate segments	Other	Total Bank
External interest income	**255 914**	**125 637**	**30 617**	**412 168**	**326**	**412 494**
external income	343 153	190 441	129 305	662 899	343	663 242
external expense	-87 239	-64 804	-98 688	-250 731	-17	-250 748
Internal interest income	**7 833**	**-687**	**-2 436**	**4 710**	**-4 710**	**0**
internal income	136 140	60 135	271 320	467 595	-3 567	464 028
internal expense	-128 307	-60 822	-273 756	-462 885	-1 143	-464 028
Net interest income	**263 747**	**124 950**	**28 181**	**416 878**	**-4 384**	**412 494**
Fee and commission income	56 077	65 751	32	121 860	16 110	137 970
Fee and commission expense	-25 299	-10 703	-6 917	-42 918	-7 791	-50 709
Net fee and commission income	**30 778**	**55 049**	**-6 885**	**78 942**	**8 319**	**87 261**
Dividend income	**0**	**0**	**0**	**0**	**0**	**0**
Trading result	**6**	**10 623**	**47 688**	**58 317**	**0**	**58 317**
Net gain (realized) on other financial instruments	**22 995**	**25 410**	**-37 795**	**10 610**	**0**	**10 610**
Other operating income	25 853	1 095	-8	26 940	-11 725	15 215
Other operating expenses	-1 995	-8	-43	-2 046	-2 558	-4 604
Net other operating income	**23 858**	**1 088**	**-51**	**24 895**	**-14 284**	**10 611**
Total result before impairment losses	**341 383**	**217 120**	**31 138**	**589 641**	**-10 348**	**579 293**
Impairment losses	**-115 503**	**-64 578**	**0**	**-180 081**	**4 336**	**-175 745**
Total result after impairment losses	**225 880**	**152 542**	**31 138**	**409 560**	**-6 012**	**403 548**
General administrative expenses	**-218 878**	**-77 640**	**-769**	**-297 287**	**0**	**-297 287**
Gross profit (loss)	**7 002**	**74 902**	**30 369**	**112 273**	**-6 012**	**106 261**
Income tax	0	0	0	0	-26 159	-26 159
Net profit (loss)	**7 002**	**74 902**	**30 369**	**112 273**	**-32 171**	**80 102**
Amortization/ depreciation						**-24 977**
Assets	25 151 197	16 537 884	23 252	41 712 333	313 362	**42 025 695**
Liabilities	25 200 977	13 185 524	6 713	38 393 214	30 889	**38 424 103**

(in PLN'000)

Notes to the interim condensed consolidated income statement

4. Net interest income

4.1 Net interest income by entity	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Interest income	**893 381**	**663 242**
financial sector	112 116	109 573
non-financial sector	752 024	530 969
central and local government institutions	29 241	22 700
Interest expense	**-252 996**	**-250 748**
financial sector	-115 582	-130 052
non-financial sector	-135 876	-118 806
central and local government institutions	-1 538	-1 890
Net interest income	**640 385**	**412 494**

4.2 Net interest income by product	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Interest income	**893 381**	**663 242**
Interest income on financial instruments by category at amortized cost taking into account the effective interest rate	776 011	545 075
term deposits	277	347
loans	725 125	509 437
financial assets available for sale	38 711	27 358
debt purchased	4 896	6 009
other	7 002	1 924
Other interest income	117 370	118 167
current accounts	5 963	4 142
overnight deposits	283	113
derivatives	111 124	113 912
Interest expense	**-252 996**	**-250 748**
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-123 260	-139 447
term deposits	-84 885	-106 815
repo transactions in securities	-4 096	-2 384
cash deposits	-1 017	-1 081
own issue	-31 547	-28 597
other	-1 715	-570
Other interest expense	-129 736	-111 301
current deposits	-24 479	-7 621
derivatives	-105 257	-103 680
Net interest income	**640 385**	**412 494**

Interest income comprises mainly interest on loans , interest and discount on bonds and interest from transactions IRS/ CIRS. Interest expenses relate mainly to term deposits for retail banking customers and interest expenses from transactions IRS/ CIRS.

(in PLN'000)

5. Net fee and commission income

	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Fee and commission income	**215 317**	**137 970**
brokerage commissions	30 599	17 457
payment and credit cards service	54 587	24 484
revenue from bancassurance activity	17 558	21 338
loans and advances	22 900	13 637
maintaining bank accounts	43 210	25 362
Transfers	17 740	8 903
cash operations	10 296	5 070
debt purchased	4 299	1 923
guarantees, letters of credit, collection, commitments	3 154	3 635
other commissions	10 974	16 161
Fee and commission expenses	**-78 059**	**-50 709**
brokerage commissions	-983	-688
costs of card and ATM transactions, including costs of cards issued	-31 889	-15 056
insurance of bank products	-4 281	-5 915
commissions for access to ATMs	-5 135	-5 259
commissions paid under contracts for performing specific operations	-4 382	-2 259
costs of compensation, awards for customers	-6 737	-5 143
commissions paid to agents	-6 284	-4 787
assistance services for customers	-794	-1 279
costs of attracting customers	-888	-1 951
other commissions	-16 686	-8 372
Net fee and commission income	**137 258**	**87 261**

Due to the acquisition of the demerged business of Bank BPH SA, the acquired assets included custody operations which are currently being continued.

6. Trading result

	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
FX transactions	83 820	48 559
Interest rate transactions	-4 713	7 588
Ineffective portion of hedge accounting	-1 812	610
Other instruments	-4 396	1 560
Trading result	**72 899**	**58 317**

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, 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 and the result on short sale.

(in PLN'000)

7. Net result realized on other financial instruments

	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Available-for-sale financial assets	72	10 361
Own issues	382	248
repurchase income	384	279
repurchase losses	-2	-31
Investment certificates	0	1
Net result realized on other financial instruments	**454**	**10 610**

8. Net other operating income

	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Other operating income from:	**32 319**	**15 215**
management of third party assets	4 432	2 996
fees paid by counterparts	9 488	218
acquisition of receivables	0	0
reimbursement of litigation costs	9 130	5 082
refunding costs of Banking Guarantee Fund	22	3 980
operating risk	396	880
other	8 851	2 059
Other operating expenses due to:	**-15 379**	**-4 604**
management of third party assets	-683	-487
paid compensations, fines and penalties	-1 238	-31
awards given to customers	-254	-258
operating risk	-3 575	-1 031
litigation costs	-7 571	-1 862
other	-2 058	-935
Net other operating income and expense	**16 940**	**10 611**

9. General administrative expenses

	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Employee expenses	**-265 971**	**-149 621**
remuneration due to employment contracts	-217 608	-124 839
remuneration surcharges *	-46 731	-23 279
other	-1 632	-1 503
General and administrative costs	**-175 900**	**-99 192**
IT costs	-44 284	-12 932
lease and building maintenance expenses	-54 218	-34 345
marketing costs	-9 415	-9 162
training costs	-3 290	-5 250
cost of advisory services	-13 337	-4 598
costs of Banking Guarantee Fund	-21 712	-18 908
costs of lease of property, plant and equipment and intangible assets	-1 522	-947
costs of telecommunications services	-4 645	-2 949
external services	-13 221	-6 918
other	-10 256	-3 183

(in PLN'000)

Amortization and depreciation	**-45 105**	**-24 977**
property, plant and equipment	-28 454	-15 439
intangible assets	-16 651	-9 538
Taxes and fees	-2 290	**-2 824**
Total general administrative expenses	**-489 266**	**-276 614**

10. Net impairment allowance and write-downs

	1.01.2017 – 31.03.2017	1.01.2016 - 31.03.2016
Impairment losses on impaired loans and advances to customers	**-191 815**	**-161 366**
financial sector	-608	-496
non-financial sector	-191 207	-160 870
retail customers	-119 944	-111 289
business customers	-71 263	-49 581
Debt securities – available-for-sale financial assets	0	-6 974
IBNR for customers without impairment losses	-17 267	890
financial sector	-1 600	628
non-financial sector	-15 667	262
retail customers	-5 437	-2 229
business customers	-10 230	2 491
Off-balance reserve	1 087	-4 843
Property, plant and equipment and intangible assets	-3 621	-3 452
Net impairment allowance and write-downs	**-211 616**	**-175 745**

11. Corporate income tax

11.1 Presented in the income statement	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Current tax	75 030	65 461
current year	75 030	65 461
Deferred tax	-39 908	-39 302
origination and reversal of temporary differences	-39 908	-39 302
Accounting tax recognized in the income statement	**35 122**	**26 159**

11.2 Effective tax rate calculation	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Profit before tax	**117 527**	**106 261**
Income tax at 19%	**22 331**	**20 190**
Non-tax deductible expenses	**14 810**	**6 042**
Representation costs	40	49
State Fund for Rehabilitation of Persons with Disabilities	427	271
Impairment losses on loans in the part not covered with deferred tax	1	60
Prudential fee to Bank Guarantee Fund	3 271	1 154
The tax on certain financial institutions	9 410	3 914
Other	1 661	594
Non-taxable revenues	**-1 845**	**-153**
Release of loan impairment allowances in the part not covered with the deferred tax	-417	-1
Other	-1 428	-152
Recognition of tax loss	**62**	**81**
Recognition of assets due to the contribution of receivables to a debt collection company	**33**	**0**

(in PLN'000)

Other	**-269**	**0**
Accounting tax recognized in the income statement	**35 122**	**26 159**
Effective tax rate	**29,88%**	**24,62%**

12. Earnings per share

	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Net profit	82 405	80 102
Weighted average number of ordinary shares	129 257 763	72 088 316
Share options (number) - adjusting instrument	2 568 564	2 568 564
Adjusted weighted average number of shares	131 826 327	74 656 880
Net earnings per ordinary share (PLN)	**0,64**	**1,11**
Diluted earnings per one share (PLN)	**0,63**	**1,07**

Notes to the interim condensed consolidated statement of financial position

13. Cash and balances with the central bank

	As at 31.03.2017	As at 31.12.2016
Current account with the Central Bank	1 160 785	16 959
Timely operations with the central bank	0	344 009
Cash	620 491	722 023
Cash and balances with the central bank	**1 781 276**	**1 082 991**

14. Available-for-sale financial assets

14.1 By type	As at 31.03.2017	As at 31.12.2016
Debt instruments	**6 497 824**	**9 339 005**
issued by the State Treasury	6 043 975	6 197 981
T-bills	596 625	0
T-bonds	5 447 350	6 197 981
issued by monetary institutions	87 145	2 691 128
bonds	87 145	91 590
money bills	0	2 599 538
issued by other financial institutions	92 987	156 746
bonds	0	59 880
Eurobonds	92 987	96 866
issued by companies	273 717	293 150
bonds	273 717	293 150
Equity instruments	18 687	18 729
Available-for-sale financial assets	**6 516 511**	**9 357 734**

14.2 By maturity	As at 31.03.2017	As at 31.12.2016
without set maturity date	18 687	18 729
≤ 1M	566 892	3 031 043
> 1M ≤ 3M	7	16 922
≤ 6M> 3M ≤ 6M	658 327	578 434
> 6M ≤ 1Y	516 391	196 645

(in PLN'000)

> 1Y ≤ 2Y	835 953	1 331 405
> 2Y ≤ 5Y	3 397 665	3 496 332
> 5Y ≤ 10Y	522 589	688 224
Available-for-sale financial assets	**6 516 511**	**9 357 734**

14.3 Impairment allowance on debt instruments	**As at 31.03.2017**		**As at 31.12.2016**	
	Gross amount	**Impairment allowance**	**Gross amount**	**Impairment allowance**
Bonds issued by companies	90 584	21 446	94 861	21 446

14.4 Change in the balance of debt instruments impairment allowances	**As at 31.03.2017**	**As at 31.03.2016**
Opening balance	21 447	14 472
Changes during the year:	0	6 974
Increases	0	6 974
Impairment allowances at the end of the period	**21 447**	**21 446**

The schedules below show the hierarchy of the measurement methods of available-for-sale financial assets measured at fair value as at 31 March 2017 and comparative data as at 31 December 2016.

In accordance with IFRS 13, 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 market quotations.
The group includes NBP bills and commercial debt 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. Debt commercial securities are measured based on profitability curves adjusted by the credit spread, if the spread can be determined on the basis of observable market quotations, e.g. based on quotations of credit swaps. This level also includes debt commercial securities quoted on the stock markets and characterized by low trading volumes on the stock market.

• to level 3 – instruments for which at least one of the factors which impact the price is not observable on the market.
This group shows the Bank's position in debt commercial securities whose fair value is impacted not only by the parameters resulting from market quotations, but also by the credit spread amount, which is not observable. Spread is determined based on the primary market price or the price at the moment of concluding the transaction. It is subject to periodical revaluation in the periods when reliable market quotations occur or prices are obtained from transactions that are comparable in terms of volume. The amount of spread also changes on the basis of information about changes in the issuer's financial standing. As at the end of the

(in PLN'000)

first quarter of 2017, sensitivity of valuation of such assets to credit spread increases of 1 base point amounted to PLN - 90 thousand.
In reporting period the Group did not reclassify financial instruments between the levels.

14.5 Fair value	As at 31.03.2017	As at 31.12.2016
Level 1	**6 224 538**	**6 386 868**
T-bills	596 625	0
Instrumenty kapitałowe	431	431
T-bonds	5 447 350	6 197 981
Other bonds	180 132	188 456
Level 2	**0**	**2 599 538**
Money bills	0	2 599 538
Level 3	**291 973**	**371 328**
Equity instruments	18 256	18 298
Other bonds	273 717	353 030
Valuation of available for sale financial assets by level	**6 516 511**	**9 357 734**

14.6 Movements on financial assets available for sale classified as level 3	As at 31.03.2017	As at 31.03.2016
Opening balance	**371 328**	**363 230**
Increases, including	**2 157**	**42 209**
Acquisition	0	42 029
Revenue recognised in income statement	1 403	170
Fair value adjustment	754	10
Foreign exchange differences	0	0
Decreases, including	**-81 512**	**-34 111**
Sale	-77 833	-20 888
Other changes recognised in income statement	-673	-7 252
Fair value adjustment	-3 006	-5 971
Financial assets available for sale classified as level 3 at the end of the period	**291 973**	**371 328**

The measurement of available-for-sale assets is presented in the revaluation reserve, interest and discount income is presented in interest income, and profit/(loss) from sales is presented in the result on other financial instruments.

Investment securities held to the maturity date

The Group in the position presented securities which are not collateral of loan in the European Investment Bank.

14.7 1 By type	As at 31.03.2017	As at 31.12.2016
Debt instruments	**1 966**	**1 954**
issued by the State Treasury	1 966	1 954
T-bonds	1 966	1 954
Hedging derivatives financial instruments	**1 966**	**1 954**

14.8 By maturity	As at 31.03.2017	As at 31.12.2016
> 2Y ≤ 5Y	1 966	1 954
Hedging derivatives financial instruments	**1 966**	**1 954**

(in PLN'000)

14.9 Fair value	As at 31.12.2017	As at 31.12.2016
Level 1	**1 946**	**1 919**
T-bonds	1 946	1 919
Valuation of available for sale financial assets by level	**1 946**	**1 919**

15. Loans and advances to customers

15.1 By type	As at 31.03.2017	As at 31.12.2016
Retail segment	**26 428 371**	**25 895 449**
Working capital facility	291 526	293 951
Consumer loans	14 413 245	13 957 120
Consumer finance loans	1 388 993	1 256 762
Loans for purchase of securities	139 284	125 117
Credit card borrowings loans	604 367	970 319
Loans for residential real estate	8 729 547	8 407 632
Other mortgage loans	836 081	833 485
Other receivables	25 328	51 063
Corporate segment	**21 974 572**	**20 382 965**
Working capital facility	11 305 891	10 749 077
Car loans	126 866	131 971
Investment loans	8 157 037	7 511 955
Acquired receivables	807 962	794 087
Reverse Repo/BSB	909 245	680 780
Lease receivables	411 447	280 808
Other receivables	256 124	234 287
Amounts due from customers	**48 402 943**	**46 278 414**

15.2 By gross amounts and carrying amounts	As at 31.03.2017	As at 31.12.2016
Retail segment	**26 428 371**	**25 895 449**
Loans for residential real estate	8 729 546	8 407 632
unimpaired	8 620 324	8 270 924
impaired	218 226	214 637
IBNR	-37 580	-3 572
Impairment allowance	-71 424	-74 357
Consumer finance loans	1 388 993	1 256 761
unimpaired	1 380 562	1 245 377
impaired	41 497	45 286
IBNR	-3 470	-3 457
Impairment allowance	-29 596	-30 445
Other retail loans	16 309 832	16 231 056
unimpaired	15 751 880	15 684 976
impaired	2 319 704	2 227 154
IBNR	-204 004	-196 949
Impairment allowance	-1 557 748	-1 484 125
Corporate segment	**21 974 572**	**20 382 965**
unimpaired	20 737 204	19 293 877

(in PLN'000)

impaired	2 539 627	2 332 875
IBNR	-79 013	-103 050
Impairment allowance	-1 223 246	-1 140 737
Amounts due from customers	**48 402 943**	**46 278 414**

15.3 Receivables from customers impaired	**As at 31.03.2017**	**As at 31.12.2016**
Receivables from customers individually assessed	**1 245 173**	**1 079 349**
Retail segment	**1 083**	**1 198**
Amounts due from customers	9 108	9 240
Impairment allowance	-8 025	-8 042
Corporate segment	**1 244 090**	**1 078 151**
Amounts due from customers	2 154 565	1 822 967
Impairment allowance	-910 475	-744 816
Receivables from customers collectively assessed	**991 867**	**1 010 939**
Retail segment	**919 575**	**896 952**
Amounts due from customers	2 570 318	2 477 837
Impairment allowance	-1 650 743	-1 580 885
Corporate segment	**72 292**	**113 987**
Amounts due from customers	385 063	509 908
Impairment allowance	-312 771	-395 921
Receivables from customers impaired	**2 237 040**	**2 090 288**

15.4 Change in the balance of receivables impairment allowances and IBNR	**As at 31.03.2017**	**As at 31.03.2016**
Opening balance	3 036 692	1 937 689
Changes during the year:	209 082	160 476
Increases	678 633	549 464
Retail segment	480 370	449 258
Corporate segment	198 263	102 206
Decreases	-469 551	-388 988
Retail segment	-354 989	-335 740
Corporate segment	-114 562	-53 248
Transfer to costs	-89 614	-275
Other changes	49 921	10 304
Impairment allowances and IBNR at the end of the period	**3 206 081**	**2 108 194**

The provision for losses incurred but not reported (IBNR) amounted to: PLN 324, 067 thousand as at 31 March 2017, PLN 307,028 thousand as at 31 December 2016.

15.5 By maturity (as at the balance sheet date)	**As at 31.03.2017**	**As at 31.12.2016**
Retail segment	**26 428 371**	**25 895 449**
≤ 1M	3 262 336	2 920 413
> 1M ≤ 3M	624 727	633 692
> 3M ≤ 6M	848 707	853 902
> 6M ≤ 1Y	1 624 024	1 616 066
>1Y ≤ 2Y	2 532 749	2 617 666

(in PLN'000)

>2Y ≤ 5Y	5 657 216	5 712 326
>5Y ≤ 10Y	5 491 177	5 418 912
>10Y ≤ 20Y	3 677 460	3 497 105
>20Y	2 709 975	2 625 367
Corporate segment	**21 974 572**	**20 382 965**
≤ 1M	7 250 578	5 555 587
> 1M ≤ 3M	1 213 268	1 142 171
> 3M ≤ 6M	1 126 913	1 195 566
> 6M ≤ 1Y	1 816 647	2 142 248
>1Y ≤ 2Y	2 196 684	2 179 209
>2Y ≤ 5Y	4 532 436	4 125 952
>5Y ≤ 10Y	3 073 235	3 240 173
>10Y ≤ 20Y	763 888	802 059
>20Y	923	0
Amounts due from customers	**48 402 943**	**46 278 414**

15.6 By currency	As at 31.03.2017	As at 31.12.2016
Retail segment	**26 428 371**	**25 895 449**
PLN	24 875 146	24 342 680
EUR	1 113 851	1 125 543
GBP	217 881	201 010
USD	42 854	41 047
CHF	178 329	184 298
Other	310	871
Corporate segment	**21 974 572**	**20 382 965**
PLN	17 985 196	16 362 596
EUR	3 787 769	3 756 078
GBP	5 379	3 778
USD	126 905	193 329
CHF	51 820	55 242
Other	17 503	11 942
Total receivables	**48 402 943**	**46 278 414**

Loans in CHF comprised 0.48% of the total amount of loan receivables as at 31 March 2017 and 0.52% as at 31 December 2016.

15.7 Ten largest credit exposures	Currency	As at 31.03.2017
Firma 1	EUR,PLN	226 681
Firma 2	PLN	220 964
Firma 3	PLN	197 955
Firma 4	PLN	149 953
Firma 5	EUR	138 388
Firma 6	EUR	132 832
Firma 7	PLN	123 369
Firma 8	EUR	115 221
Firma 9	PLN	113 785
Firma 10	PLN	113 103

(in PLN'000)

15.8 Ten largest credit exposures	Currency	As at 31.12.2016
Company 1	EUR,PLN	240 607
Company 2	EUR	145 992
Company 3	EUR	142 639
Company 4	PLN	124 800
Company 5	EUR	121 210
Company 6	PLN	115 853
Company 7	EUR	114 255
Company 8	PLN	106 047
Company 9	PLN	104 703
Company 10	EUR	101 665

The two tables above present the loan balance at its nominal value.
In the reporting period the Group sold receivables for a total gross amount of PLN 112,513 thousand, the provision recorded for the loans portfolio amounted to PLN 87, 565 thousand, and the result on sales amounted to PLN – 1, 713 thousand
In 2016, the Group sold loans for a total gross amount of PLN 506, 468 thousand, the provision recorded for the loans portfolio amounted to PLN 401, 196 thousand, and the result on sales amounted to PLN 1, 212 thousand. All the benefits and risks were transferred to the buyer.

16. Amounts due from banks

16.1 By type	As at 31.03.2017	As at 31.12.2016
Current accounts	209 429	387 334
Overnight deposits (O/N)	112 362	0
Term deposits	12 570	238 918
Reverse Repo	0	583 012
Deposits as derivative transactions (ISDA) collateral	154 920	145 141
Other	27 895	11 911
Amounts due from banks	**517 176**	**1 366 316**

16.2 By maturity (as at the balance sheet date)	As at 31.03.2017	As at 31.12.2016
≤ 1M	516 176	1 366 316
> 1M ≤ 3M	1 000	0
> 3M ≤ 6M	0	0
Amounts due from banks	**517 176**	**1 366 316**

16.3 By currency	As at 31.03.2017	As at 31.12.2016
PLN	9 999	602 314
EUR	191 949	286 143
GBP	75 883	29 238
USD	101 984	321 306
CHF	5 916	8 890
Other currencies	131 445	118 425
Amounts due from banks	**517 176**	**1 366 316**

(in PLN'000)

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

17. Other assets

17.1 Other assets	As at 31.03.2017	As at 31.12.2016
Sundry debtors	**624 192**	**697 791**
Other settlements	266 308	253 509
Receivables related to the sale of services (including insurance)	76 131	84 885
Guarantee deposits	15 836	12 434
Settlments of payment cards	120 961	202 007
Receivables in respect of the settlement of the purchase, demerged of Bank BPH	144 956	144 956
Deferred costs	**61 766**	**61 077**
Settlements of rental charges and utilities	2 888	1 803
Maintenance and support of systems, servicing of plant and equipment	21 300	14 207
Other deferred costs	37 578	45 067
Settlements of VAT	**55 692**	**32 911**
Other assets (gross)	**741 650**	**791 779**
Impairment allowances	-63 565	**-61 844**
Other assets (net)	**678 085**	**729 935**
including financial assets (gross)	624 192	697 791

17.2 Change in the balance of other assets impairment allowances	As at 31.03.2017	Stan 31.03.2016
Opening balance	61 844	28 689
Changes during the year:	984	-484
Increases	994	265
Decreases	-10	-749
Other changes	737	0
Impairment allowances at the end of the period	**63 565**	**28 205**

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

18. Amounts due to customers

18.1 By type	As at 31.03.2017	As at 31.12.2016
Current deposits	26 439 809	25 791 089
Term deposits	20 813 932	22 288 222
Own issue of Banking Securities	2 801 116	2 768 672
Other liabilities	462 037	520 718
Total amounts due to customers	**50 516 894**	**51 368 701**

18.2 By customer type and segment	As at 31.03.2017	As at 31.12.2016
Retail segment	**32 216 158**	**32 035 389**
Current deposits	18 189 512	17 264 837
Term deposits	12 919 108	13 908 933
Banking securities issued	893 242	628 246

(in PLN'000)

Other liabilities	214 296	233 373
Corporate segment	**18 300 736**	**19 333 312**
Current deposits	8 250 297	8 526 252
Term deposits	7 894 824	8 379 289
Banking securities issued	1 907 874	2 140 426
Other liabilities	247 741	287 345
Total amounts due to customers	**50 516 894**	**51 368 701**

18.3 By maturity (as at the balance sheet date)	As at 31.03.2017	As at 31.12.2016
Retail segment	**32 216 158**	**32 035 389**
≤ 1M	21 304 836	21 811 318
> 1M ≤ 3M	2 984 010	3 163 975
> 3M ≤ 1Y	5 875 142	5 878 511
> 1Y ≤ 5Y	2 043 027	1 017 041
>5Y	9 143	164 544
Corporate segment	**18 300 736**	**19 333 312**
≤ 1M	12 644 899	13 666 701
> 1M ≤ 3M	2 270 949	1 441 793
> 3M ≤ 1Y	1 820 184	2 187 734
> 1Y ≤ 5Y	1 523 057	2 013 363
>5Y	41 647	23 721
Total amounts due to customers	**50 516 894**	**51 368 701**

18.4 By currency	As at 31.03.2017	As at 31.12.2016
Retail segment	**32 216 158**	**32 035 389**
PLN	27 267 882	27 417 980
EUR	2 300 405	2 324 200
GBP	517 005	464 471
USD	1 842 874	1 592 740
CHF	140 858	104 991
Other	147 134	131 007
Corporate segment	**18 300 736**	**19 333 312**
PLN	14 929 393	16 313 817
EUR	2 332 776	2 011 482
GBP	94 099	82 434
USD	758 302	742 870
CHF	32 169	30 206
Other	153 997	152 503
Total amounts due to customers	**50 516 894**	**51 368 701**

18.5.1 Ten largest depositors (without banks)	Currency	As at 31.03.2017
Firma 1	PLN, USD	219 071
Firma 2	PLN, USD, EUR	215 643
Firma 3	PLN	200 418
Firma 4	PLN, EUR	188 863
Firma 5	PLN, USD, EUR	178 232
Firma 6	PLN, EUR	119 165
Firma 7	PLN	100 564
Firma 8	PLN, EUR, CZK	93 698
Firma 9	PLN	89 783
Firma 10	PLN	78 131

(in PLN'000)

18.5.2 Ten largest depositors (without banks)	Currency	As at 31.12.2016
Company 1	EUR, PLN, USD	375 748
Company 2	EUR, PLN, USD	221 481
Company 3	PLN, USD	156 883
Company 4	PLN	100 056
Company 5	PLN	100 053
Company 6	CZK, EUR, PLN	98 910
Company 7	EUR,PLN,USD	93 721
Company 8	PLN	91 909
Company 9	EUR, PLN	85 421
Company 10	PLN	79 992

In the first quarter of 2017, the Group issued own securities amounted to PLN 269, 994 thousand , securities purchased before maturity amounted to PLN 31,554 thousand.

In 2016 the Group issued own securities amounted to PLN 1,106,334 thousand; securities purchased before maturity amounted to PLN 148, 587 thousand.

19. Amounts due to banks

19.1 By type	As at 31.03.2017	As at 31.12.2016
Current deposits	2 243	32 304
Overnights	0	856
Term deposits	0	0
Banking securities issued	20 152	20 004
Credit received	181 502	180 954
Other liabilities	176 163	164 710
Repo	156 892	29 812
Total amounts due to banks	**536 952**	**428 640**

19.2 By maturity (as at the balance sheet date)	As at 31.03.2017	As at 31.12.2016
≤ 1M	337 605	228 043
> 1M ≤ 3M	1 954	2 089
> 3M ≤ 1Y	5 864	5 863
> 1Y ≤ 5Y	51 426	51 817
>5Y	140 103	140 828
Total amounts due to banks	**536 952**	**428 640**

19.3 By currency	As at 31.03.2017	As at 31.12.2016
PLN	468 532	351 503
EUR	37 982	41 548
USD	30 427	35 540
GBP	0	49
Other	11	0
Total amounts due to banks	**536 952**	**428 640**

(in PLN'000)

20. Provisions

	Provisions for disputed claims	Provisions for retirement and pension benefits	Provisions for off-balance sheet liabilities	The provision for restructuring	Total provisions
As at 1 January 2016	8 700	10 754	17 586	249 775	286 815
Provisions recorded	596	0	4 824	0	5 420
Provisions released	-434	-21	-5 951	0	-6 406
Provisions utilized	-317	0	0	-18 189	-18 506
Other changes	1 044	0	-68	0	976
As at 31 March 2016	**9 589**	**10 733**	**16 391**	**231 586**	**268 299**

	Provisions for disputed claims	Provisions for retirement and pension benefits	Provisions for off-balance sheet liabilities	Total provisions
As at 1 January 2016	3 219	2 082	5 512	10 813
Provisions recorded	171	0	7 293	7 464
Provisions released	-17	0	-2 450	-2 467
Provisions utilized	0	-18	0	-18
Other changes	0	-782	0	-782
As at 31 March 2016	**3 373**	**1 282**	**10 355**	**15 010**

The provision for old age 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 old age or disability allowance which the Group commits to paying based on the Remuneration Regulations.
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 Group's liabilities under employee benefits.
In the financial statements prepared as at 31.12.2016, the Alior Bank informed about the establishment of a restructuring provision for payments of statutory severance bonuses in connection with employment terminations under group redundancies for the so called Additional Compensation arising from the arrangement concluded with the trade unions and the provision for costs related to the restructuring of the branch network and leaving in too close proximity to franchise facilities(it includes the costs of compensation and expenses related to the physical leaving the facility and returning it to its original state).
The table below shows the details of restructuring provision:

	As at 01.01.2017	Utilization	As at 31.03.2017
Severance pay for employees	174 201	12 771	161 430
The reorganization of the distribution network	75 574	5 418	70 156
	249 775	**18 189**	**231 586**

21. Other liabilities

	As at 31.03.2017	As at 31.12.2016
Interbank settlements	378 709	592 835

(in PLN'000)

Taxation, customs duty, social and health insurance payables and other public settlements	40 785	39 139
Liabilities in respect of payment card settlements	115 778	65 006
Other settlements	101 582	111 188
including settlements with insurers	20 593	22 755
Settlements of banking certificates of deposits	103 089	112 858
Accruals	121 582	156 984
Income received in advance	80 603	78 286
Provision for bancassurance resignations	78 526	71 175
Provision for bonuses	105 485	74 563
Provision for employee benefits	27 635	32 753
Provision for bonuse settled in phantom shares	14 126	14 126
Provision for retention programs	55 623	56 378
Revaluation of managment option plan – part settled in cash	12 075	12 075
Other staff'provisions	376	870
Other liabilities	35 486	21 068
Total other liabilities	**1 271 460**	**1 439 304**
including financial liabilities	596 069	769 029

Settlements with insurers comprise insurance premiums relating to the cover granted by the Group to its Customers under insurance contracts (concluded by the Bank with insurers and offered to its Customers).
As of 31 March 2017 and 31 December 2016, there were no such liabilities in respect of which the Group did not settle its payment liabilities resulting from the contracts concluded.

22. 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 2017 and 31 December 2016. 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).

22.1 Derivative financial instruments (nominal value)	As at 31.03.2017	As at 31.12.2016
Interest rate transactions	23 199 422	21 843 663
SWAP	21 254 980	20 209 412
Cap Floor Options	1 944 442	1 634 251
Foreign exchange transactions	10 483 758	9 808 111
FX swap	4 130 984	3 655 450
FX forward	2 444 623	2 630 344
CIRS	1 098 451	1 351 094
FX options	2 809 700	2 171 223

(in PLN'000)

Other options	5 689 203	5 857 380
Other instruments	649 191	725 823
Derivative financial instruments (nominal value)	**40 021 574**	**38 234 977**

22.2 Financial assets held for trading	As at 31.03.2017	As at 31.12.2016
Shares	3 232	6 312
Bonds	29 419	294
Certificates	565	557
Interest rate transactions	173 666	189 703
SWAP	170 750	186 532
Cap Floor Options	2 916	3 171
Foreign exchange transactions	134 679	174 953
FX swap	45 859	32 156
FX forward	28 893	60 051
CIRS	35 758	60 669
FX options	24 169	22 077
Other options	25 692	28 736
Other instruments	19 255	18 996
Financial assets held for trading	**386 508**	**419 551**

22.3 By maturity	As at 31.03.2017	As at 31.12.2016
Without specified maturity date	3 797	7 163
≤ 1W	18 246	8 696
> 1W ≤ 1M	25 387	33 550
> 1M ≤ 3M	31 240	44 602
> 3M ≤ 6M	46 174	22 729
> 6M ≤ 1Y	67 030	67 523
> 1Y ≤ 2Y	54 138	52 458
> 2Y ≤ 5Y	103 132	134 378
> 5Y ≤ 10Y	37 364	48 452
Financial assets held for trading	**386 508**	**419 551**

22.4 Financial liabilities held for trading	As at 31.03.2017	As at 31.12.2016
Interest rate transactions	143 821	159 056
SWAP	140 933	155 885
Cap Floor Options	2 888	3 171
Foreign exchange transactions	102 801	92 169
FX swap	32 629	22 999
FX forward	39 287	25 276
CIRS	5 976	20 948
FX options	24 909	22 946
Other options	25 653	28 693
Other instruments	21 867	18 396
Financial liabilities held for trading	**294 142**	**298 314**

22.5 By maturity	As at 31.03.2017	As at 31.12.2016
≤ 1W	22 170	4 542
> 1W ≤ 1M	27 709	30 133
> 1M ≤ 3M	34 189	36 112

(in PLN'000)

> 3M ≤ 6M	34 595	25 424
> 6M ≤ 1Y	31 647	34 911
> 1Y ≤ 2Y	62 798	54 208
> 2Y ≤ 5Y	49 831	79 381
> 5Y ≤ 10Y	31 203	33 603
Financial liabilities held for trading	**294 142**	**298 314**

The schedule below shows the hierarchy of measurement methods of financial instruments held for trading measured at fair value as at 31 March 2017 and comparative data as at 31 December 2016.
In accordance with IFRS 13, the Group classified:

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

- to level 2 – instruments for which prices are not directly observable, but the prices used for measurement are based on market quotations.

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

- to level 3 – instruments for which at least one of the factors which impact the price is not observable on the market.

Instruments at this level include option instruments, including options embedded in certificates issued by the Bank as well as options in the interbank market to secure positions under embedded options. Fair value is determined on the basis of an internal model, including both observable (e.g. base price, second option quotes) and unobservable (eg volatility, correlation between underlying instruments in stock options). Model parameters are determined by statistical analysis. As of March 31, 2017, a negative change in the valuation of option instruments as a result of a change in the price of underlying instruments by 1% amounted to PLN 90 thousand. zł
In the period from 1 January to 31 March 2017, there were no movements of financial instruments between the fair value hierarchy levels.

22.6 Valuation of financial assets	**As at 31.03.2017**	**As at 31.12.2016**
Level 1	**39 316**	**14 625**
Shares	3 232	6 312
Bonds	29 419	294
Certificates	565	557
Other instruments	6 100	7 462
Level 2	**321 008**	**375 242**
SWAP	170 751	186 531
Cap Floor Options	2 916	3 171
FX swap	45 859	32 156
FX forward	28 893	60 051
CIRS	35 758	60 669
FX options	23 677	21 130
Other instruments	13 154	11 534
Level 3	**26 184**	**29 684**
FX options	492	948
Other options	25 692	28 736

(in PLN'000)

Total financial assets	**386 508**	**419 551**

22.7 Movements on financial assets classified as level 3	**As at 31.03.2017**	**As at 31.03.2016**
Opening balance	29 684	34 555
Increases, including	**16 627**	**54 127**
Valuation of derivatives	7 367	50 356
Derivatives transactions	9 260	3 771
Decreases, including	**-20 127**	**-63 944**
Valuation of derivatives	-1 943	-62 212
Settlement/redemption	-18 184	-1 732
Financial assets classified as level 3 at the end of the period	**26 184**	**24 738**

22.8 Valuation of financial liabilities	**As at 31.03.2017**	**As at 31.12.2016**
Level 1	**15 437**	**12 289**
Other instruments	15 437	12 289
Level 2	**252 294**	260 533
SWAP	140 932	155 885
Cap Floor Options	2 888	3 171
FX swap	32 629	22 999
FX forward	39 287	25 276
CIRS	5 976	20 948
FX options	24 151	21 848
Other instruments	6 431	10 406
Level 3	**26 411**	25 492
FX options	758	1 098
Other options	25 653	24 394
Total financial liabilities	**294 142**	**298 314**

22.9 Movements on financial liabilities classified as level 3	**As at 31.03.2017**	**Stan 31.03.2016**
Opening balance	25 492	**34 555**
Increases, including	**16 760**	**53 935**
Valuation of derivatives	7 377	50 164
Derivatives transactions	9 383	3 771
Decreases, including	**-15 841**	**-63 752**
Valuation of derivatives	-1 794	-62 020
Settlement/redemption	-14 047	-1 732
Financial liabilities classified as level 3 at the end of the period	**26 411**	**24 738**

The valuation and result realized on derivative transactions are presented in the trading result.

23. Hedge accounting

The Group uses 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. Under the established hedge relationships, the hedged items are cash flows from the portfolio of PLN loans bearing floating interest rates, and the hedging items are IRS transactions under which the Group receives fixed rate interest and pays floating rate interest. The hedged items are measured under amortized cost and the hedging items are measured at fair value.

(in PLN'000)

23.1 Hedging instruments (nominal value)	As at 31.03.2017	As at 31.12.2016
Interest rate transactions	8 869 200	6 969 200
SWAP	8 869 200	6 969 200
Hedging instruments (nominal value)	**8 869 200**	**6 969 200**

23.2 Hedging derivatives - assets	As at 31.03.2017	As at 31.12.2016
Level 2	61 477	71 684
Interest rate transactions	61 477	71 684
Hedging derivatives - assets	**61 477**	**71 684**

23.3 By maturity	As at 31.03.2017	As at 31.12.2016
> 1W ≤ 1M	13 880	0
> 1M ≤ 3M	13 425	13 866
> 3M ≤ 6M	1 016	21 139
> 6M ≤ 1Y	5 135	865
> 1Y ≤ 2Y	15 624	20 462
> 2Y ≤ 5Y	12 397	15 352
Hedging derivatives - assets	**61 477**	**71 684**

23.4 Hedging derivatives - liabilities	As at 31.03.2017	As at 31.12.2016
Level 2	12 252	6 119
Interest rate transactions	12 252	6 119
Hedging derivatives - liabilities	**12 252**	**6 119**

23.5 By maturity	As at 31.03.2017	As at 31.12.2016
> 6M ≤ 1Y	709	39
> 1Y ≤ 2Y	3 654	0
> 2Y ≤ 5Y	4 262	3 705
> 5Y ≤ 10Y	3 627	2 375
Hedging derivatives - liabilities	**12 252**	**6 119**

24. Subordinated liabilities

On 12 October 2011, the Bank signed a subordinated loan agreement with Erste Group Bank AG for EUR 10,000 thousand. The loan agreement was concluded for a period of 8 years, and the interest rate is based on 3M EURIBOR. The loan may be repaid early with 30 days prior written notice. On 15 November 2011, the Polish Financial Supervision Authority granted its permission to include the subordinated loan in Tier 2 capital. As at 31 March 2017 and 31 December 2016, the carrying amount of the loan was PLN 42, 378 thousand, and PLN 42,428 thousand respectively.

On 26 September 2014, the Bank issued F-series bonds with a total nominal value of PLN 321, 700 thousand. The bonds were issued for a period of 10 years (redemption date: 26 September 2024), and they bear interest based on 6M WIBOR. In accordance with the CRR Regulation, the bonds satisfy the conditions for being included in Tier 2 capital. On 28 October 2014, the Bank received the PFSA's consent to include the bonds in the Tier 2 capital calculation. As at 31 March 2017 and 31 December 2016, the carrying amount of the bonds was PLN 321,961 thousand, and PLN 325,915 thousand respectively.

On 31 March 2015, the Bank issued G-series bonds with a total nominal value of PLN 192,950 thousand. The bonds were issued for a period of 6 years (the redemption date is 31 March 2021) and the interest rate is based on 6M WIBOR. In accordance with the CRR Regulation, the bonds satisfy the conditions for being included in Tier 2 capital. The carrying amount of the bonds as at 31 March 2017 and 31 December 2016 was 192,979 and PLN 195,551 thousand respectively.

On 4 December 2015, the Bank issued I- and I1-series bonds with a total nominal value of PLN 183,350 thousand. The bonds were issued for a period of 6 years (the redemption date is 6 December 2021) and the interest rate is based on 6M WIBOR. In accordance with the CRR Regulation, the bonds satisfy the conditions for being included in Tier 2 capital. The carrying amount of the bonds as at 31 March 2017 and 31 December 2016 was 186,408and PLN 184, 076 thousand respectively.

On 30 June 2015, in connection with the business combination with Meritum Bank, Alior Bank entered into the rights and obligations arising from the subordinated bonds issued by Meritum Bank:
- B-series bonds (with the code ISIN PLMRTMB00026) with a total nominal value of PLN 67, 200 thousand issued on 29 April 2013 under the Program of Issuing Subordinated Bonds of Meritum Bank for a period of 8 years (the redemption date is 29 April 2021). The interest rate on the bonds is based on 6M Wibor. On 28 June 2013, the PFSA gave its consent to including the bonds in the Bank's Tier 2 capital. As at 31 March 2017, the carrying value of the bonds was PLN 68,987 and as at 31 December 2016 was PLN 67,706 thousand respectively,
- C-series bonds (marked with the code ISIN PLMRTMB00034) with a total nominal value of PLN 80,000 thousand issued on 21 October 2014 for a period of 8 years (the redemption date is 21 October 2022). The interest rate on the bonds is based on 6M Wibor. In accordance with the CRR Regulation, the bonds satisfy the conditions for being included in Tier 2 capital. As at 31 March 2017, the carrying value of the bonds was PLN 81,588 thousand and as at 31 December 2016 was PLN 80,401 thousand respectively.

On 4 February 2016, the Bank issued EUR001-series bonds with a total nominal value of EUR 10 million. The bonds were issued for a period of 6 years (the redemption date is 4 February 2022) and the interest rate is based on 6M LIBOR. In accordance with the CRR Regulation, the bonds satisfy the conditions for being included in Tier 2 capital. As at 31 March 2017, the carrying value of the bonds was PLN 42,587 thousand and as at 31 December 2016 was PLN 45,331 thousand respectively.

On 27 April 2016, the Bank issued P1A-series subordinated bonds with a total nominal value of PLN 150,000 thousand. The bonds were issued for a period of 6 years (the redemption date is 16 May 2022) and the interest rate is based on 6M WIBOR. In accordance with the CRR Regulation, the bonds satisfy the conditions for being included in Tier 2 capital. As at 31 March 2017, the carrying value of the bonds was PLN 152,829 thousand and as at 31 December 2016 was PLN 150,961 thousand respectively.

(in PLN'000)

On 29 April 2016, the Bank issued, P1B-series subordinated bonds with a total nominal value of PLN 70,000 thousand. The bonds were issued for a period of 8 years (the redemption date is 16 May 2024) and the interest rate is based on 6M WIBOR. In accordance with the CRR Regulation, the bonds satisfy the conditions for being included in Tier 2 capital. As at 31 March 2017, the carrying value of the bonds was PLN 71,253 thousand and as at 31 December 2016 was PLN 70,425 thousand respectively.

	As at 31.03.2017	As at 31.12.2016
Liabilities included in own funds	**1 160 970**	**1 164 794**
Subordinated loan	42 378	44 428
F-series bonds	321 961	325 915
G-series bonds	192 979	195 551
I-series bonds	152 502	150 594
I1-series bonds	33 906	33 482
B-series bonds (Meritum Bank)	68 987	67 706
C-series bonds (Meritum Bank)	81 588	80 401
EUR001-series bonds	42 587	45 331
P1A-series bonds	152 829	150 961
P1B-series bonds	71 253	70 425
Subordinated liabilities	**1 160 970**	**1 164 794**

25. Equity

25.1 Equity	As at 31.03.2017	As at 31.12.2016
Equity attributable to equity holders of the parent	6 311 701	6 201 934
Share capital	1 292 578	1 292 578
Supplementary capital	4 185 843	4 185 843
Other reserves	183 957	183 957
Retained earnings / (accumulated losses)	611 193	-7 085
Revaluation reserve	-44 281	-71 615
On measurement of available for sale assets	-40 237	-62 892
On measurement of hedging derivatives	-4 044	-8 723
Exchange differences on translation of foreign operations	50	-22
Profit/(loss) for the year	82 361	618 278
Non-controlling interests	1 023	979
Total equity	**6 312 724**	**6 202 913**

25.2 Revaluation reserve	As at 31.03.2017	As at 31.12.2016
Valuation of financial assets available for sale	-40 663	-62 892
treasury bills	426	0
treasury bonds	-45 952	-75 156
other bonds	-4 591	-2 489
Deferred tax	9 880	14 753
Valuation of hedging derivatives	-4 044	-8 723
IRS	-5 181	-10 769
Deferred tax	1 137	2 046
Revaluation reserve	**-44 281**	**-71 615**

(in PLN'000)

26. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal (or the most advantageous) market as at the measurement date under the current market conditions (i.e. the exit price), irrespective of whether such price is directly observable or estimated with the use of another measurement technique.
The fair value of financial instruments is based on prices quoted on the principal (or the most advantageous) active market, without deducting the transaction costs. If the market price is unavailable, the fair value of an instrument is estimated using the measurement models or techniques for discounting future cash flows.
The measurement techniques are based on:

- recent market transactions concluded directly between informed interested parties, provided that such information is available;
- a reference to the present fair value of another instrument with almost identical characteristics;
- the discounted cash flow method.

If there is a technique that is commonly used by market participants to measure a financial instrument and it has been demonstrated to provide reliable estimates of prices paid in actual market transactions, the Group uses such a method. The selected measurement techniques are primarily based on market data. They use Group-specific data to a very limited extent. The measurement technique comprises all factors that the market participants would take into account when determining the price and it is consistent with the accepted methods of measurement of financial instruments. The Group verifies the correctness of measurement using the available prices paid for the same instrument in recent market transactions or other available market data.

Balance sheet items measured at the fair value

Financial instrument	Frequency	Recognition/presentation
Available-for-sale financial assets	Daily	other comprehensive income
Fx forward, fx swap, fx options	Daily	income statement
CIRS, FRA, IRS	Daily	income statement
Other derivatives	Daily	income statement
Shares listed on the Warsaw Stock Exchange	Daily	income statement

Alior Bank SA adjusts the measurement of its derivative instruments by counterparty credit risk. The amount of the adjustment is equivalent to the change in the measurement of derivatives resulting from any party's default (the Bilateral Credit Value Adjustment). The BCVA adjustment as at 31 March 2017 amounted to PLN -. -26,876 thousand. The total amount of the BCVA adjustment comprises the CVA adjustment (reflecting counterparty insolvency risk only) in the amount of PLN – 29,650 thousand, and the DVA adjustment (reflecting the risk of the Bank's insolvency) in the amount of PLN + 2,733 thousand. The BCVA adjustment as at 31 December 2016 amounted to PLN -12,558 thousand. The total amount of the BCVA adjustment comprises the CVA adjustment (reflecting counterparty insolvency risk only) in the amount of PLN -13,001 thousand, and the DVA adjustment (reflecting the risk of the Bank's insolvency) in the amount of PLN +413 thousand.

(in PLN'000)

The amount of such adjustment is calculated based on the estimates of the following parameters: PD (Probability of Default), LGD (Loss Given Default), Expected Exposure (EE) and Expected Negative Exposure (NEE).PD and LGD are estimated by the Bank using internal models based on market quotations of credit risk. Counterparty exposures are calculated taking into account the current valuation and its projection calculated based on the expected changes in market conditions. Additionally, the estimations of credit risk adjustments take into account mutual liabilities of the parties to the transaction resulting from hedging agreements.

Fair value measurement for the purposes of disclosures

The carrying amounts and fair values of assets and liabilities which are not shown in the balance sheet at fair value are presented below.

Financial Instrument		As at 31.03.2017		As at 31.12.2016	
	hierarchy level	Carrying amount	Fair value	Carrying amount	Fair value
Cash and balances with the Central Bank	level 1	1 781 276	1 781 276	1 082 991	1 082 991
Loans and advances to customers:	**level 3**	48 402 943	47 390 621	46 278 414	45 577 846
Retail segment (carrying amount)					
Loans for the purchase of securities		139 284	136 856	125 117	125 165
Consumer loans		14 413 245	14 127 299	13 957 120	14 016 117
Consumer finance loans		1 388 993	1 361 436	1 256 762	1 246 010
Working capital loans		291 526	291 526	293 951	294 734
Credit card loans		604 367	604 368	970 319	985 514
Housing loans		8 729 547	8 173 201	8 407 632	7 874 080
Other mortgage loans		836 081	829 922	833 485	791 519
Other receivables		25 328	25 328	51 063	51 096
Corporate segment (carrying amount)					
Working capital loans		11 305 891	11 232 908	10 749 077	10 682 290
Car loans		126 866	126 866	131 971	135 064
Investment loans		8 157 037	8 096 134	7 511 955	7 391 158
Acquired receivables (factoring)		807 962	807 962	794 087	794 975
Reverse Repo/ BSB		909 245	909 244	680 780	680 780
Lease receivables		411 447	411 447	280 808	280 808
Other receivables		256 124	256 123	234 287	228 536
Amounts due from Banks	level 2	516 907	516 907	1 366 316	1 366 316
Assets pledged as collateral	level 1	493 387	493 387	366 984	366 984
Other assets	level 3	624 193	624 193	697 791	697 791
Amounts due to		51 053 846	51 051 362	51 797 341	51 792 302
Banks	level 2				
Current deposits		2 243	2 243	32 304	32 304
Overnight deposits (O/N)		0	0	856	856
Own issue of banking securities		20 152	20 152	20 004	20 004

(in PLN'000)

Received Loan		181 502	181 502	180 954	180 954
Other liabilities		176 163	176 163	164 710	164 710
Repo		156 892	156 892	29 812	29 812
Customers	level 3				
Current deposits		26 439 809	26 439 809	25 791 089	25 791 089
Term deposits		20 813 932	20 813 932	22 288 222	22 288 222
Own issue of banking securities		2 801 116	2 798 632	2 768 672	2 763 633
Other liabilities	level 3	462 037	462 037	520 718	520 718
Subordinated liabilities	level 3	1 160 970	1 160 970	1 164 794	1 164 794
Other liabilities	level 3	596 069	596 069	769 029	769 029
Financial guarantees	level 3	7 309	7 309	3 413	3 413

Amounts due from customers:
In the method for calculating the fair value of amounts due from customers (with the exception of overdraft facilities) the Group compares the margins earned on newly extended loans (in the month preceding the reporting date) with the margins on the whole loan portfolio. If the margins on newly extended loans are higher than the margins on the current portfolio, the fair value of the loan is lower than its carrying amount.
All amounts due from customers were classified to level 3 in the fair value hierarchy due to the fact that the valuation model with material unobservable input data, i.e. current margins obtained on newly extended loans, was applied.

Financial liabilities measured at amortized cost:
The Group has assumed that the fair values of deposits of customers and other banks and other financial liabilities with maturities below 1 year approximate their carrying amounts. Deposits are accepted daily as part of the Bank's ongoing operations; therefore, their terms are similar to the current market terms of identical transactions. Their time to maturity is short, therefore, there is no significant difference between their carrying amount and fair value.
For the purposes of disclosure, the Group determines the fair values of financial liabilities with residual maturities (or reassessment of variable rate) above 1 year. This group of liabilities includes own issues and subordinated loans. When determining the fair value of this group of liabilities, the Group assesses the present value of expected payments based on the current percentage curves and the original issue spread.
Own issues and subordinated loans were all classified to level 3 in the fair value hierarchy due to the fact that the valuation model with material unobservable input data was applied, including the original issue spread over the market curve. With respect to issues and subordinated loans with residual maturities (or rate reassessment) below 1 year, the carrying amount appropriately reflected the fair value of the instrument.

For the remaining financial instruments, the Group assumes that the fair value approximates the carrying amount. This applies to the following items: cash and balances with the Central Bank, assets held for sale, other financial assets and other financial liabilities.

Financial assets and liabilities measured based on unobservable input data

(in PLN'000)

	As at 31.03.2017	Measurement method (techniques)	Material unobservable input data
Loans and advances to customers	47 390 621	comparative valuation, discounted cash flow	margins on newly granted loans
Amounts due to customers and banks	51 051 362	discounted cash flows	issue spread above market curve
Guarantees	7 309	cash flows	future flows taking into account the amount of security

	As at 31.12.2016	Measurement method (techniques)	Material unobservable input data
Loans and advances to customers	45 577 846	comparative valuation, discounted cash flow	margins on newly granted loans
Amounts due to customers and banks	51 792 302	discounted cash flows	issue spread above market curve
Guarantees	3 413	cash flows	future flows taking into account the amount of security

Financial assets and liabilities measured based on observable input data

	Measurement method (techniques)	Material observable input data
Derivative financial instruments - instruments held for trading	Instruments are measured using the discounted cash flow method, which is based on the assumption that profitability curves are based on interbank market quotations (including: deposit rates, rates from: FRA, OIS, IRS transactions, fx swap points, fx basis swap points).	FX forward transactions: NBP fixing rates, profitability curves based on money market deposit rates and quotations of: FRA, OIS, IRS transactions; FX swap points CIRS transactions: NBP fixing rates, profitability curves based on money market deposit rates and quotations of: FRA, OIS, IRS transactions; FX basis swap points FX options: profitability curves, fx rate variability curves. OIS, IRS, FRA transactions: profitability curves based on money market deposit rates and quotations of: FRA, OIS, IRS transactions, Cap/Floor options: profitability curves, interest rate variability curves. Commodity forward transactions: futures quotation curves
Derivative financial instruments - hedging instruments	Instruments are measured using the discounted cash flow method, which is based on the assumption that profitability curves are based on interbank market quotations (including: deposit rates, rates from FRA, OIS, IRS transactions).	IRS transactions: profitability curves based on money market deposit rates and quotations of: FRA, OIS, IRS transactions
NBP bills	Fair value is determined based on the discounted cash flow method with the assumption of profitability curves	money market deposit rates

27. Capital adequacy ratio and Tier 1 ratio

As at 31 March 2017 and 31 December 2016 , the capital adequacy ratio and Tier 1 ratio were calculated in accordance with the Regulation of the European Parliament and Council (EU) No. 575/2013 dated 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No. 648/2012 ("CRR Regulation").

Calculation of funds and capital adequacy ratio	As at 31.03.2017	As at 31.12.2016
Total own funds for the capital adequacy ratio	**6 800 704**	**6 346 932**
Common equity Tier I capital	**5 735 705**	**5 253 547**
Tier II capital	**1 064 999**	**1 093 385**

(in PLN'000)

Share paid	1 292 578	1 292 578
Supplementary capital components	4 184 953	4 184 953
Other capital	184 894	184 894
Current year's reviewed by auditor	617 218	161 466
Revaluation reserve – unrealized losses	-53 607	-80 043
Intangible assets at carrying amount	-497 613	-482 024
Revaluation reserve – unrealized gains	14 690	1 867
Subordinated liabilities	1 064 999	1 093 385
Additional valuation adjustments	-7 408	-10 144
Non-controlling interests	0	0
Capital requirements	**3 777 491**	**3 720 992**
Capital requirements for the following risks: credit, counterparty, credit valuation adjustment, dilution and delivery of instruments to be settled at a later date	3 267 350	3 238 125
Total capital requirements for the following risks: equity instrument price risk, debt instrument price risk, commodity prices and FX risk	3 675	2 687
Capital requirement for general interest rate risks	69 351	65 760
Capital requirements for operating risk	437 115	414 420
Tier 1	**12,15%**	**11,29%**
Capital adequacy ratio	**14,40%**	**13,65%**

Following the recommendation of the PFSA for the sector in 2017, the Bank is obliged to keep the capital requirement ratio CET1 of at least 10.25% and a total of at least 13.25% of the TCR.

Balance sheet and off balance sheet exposures in credit risks, by classes

	As at 31.03.2017		As at 31.12.2016	
Exposure class in the standard method	Exposure value	Risk weighted exposure value	Exposure value	Risk weighted exposure value
Governments and central banks	8 247 032	1 385 682	10 045 408	1 317 479
Institutions	1 580 548	579 695	1 751 428	657 698
Enterprises	12 720 783	7 646 543	13 488 650	7 128 295
Retail	26 888 924	14 854 550	25 159 847	14 297 952
Secured on real estates	19 357 279	11 262 697	19 017 656	11 872 068
Other	7 335 807	5 020 052	7 705 293	5 101 728
Total	**76 130 373**	**40 749 219**	**77 168 282**	**40 375 220**

Primary balance sheet exposure value in credit risks, by exposure types

Exposure type	As at 31.03.2017	As at 31.12.2016
Cash in hand and equivalent items	621 298	206 416
Securities	6 989 331	9 702 042
Loans	49 759 302	47 739 504
Property, plant and equipment	483 162	248 294
Intangible assets	497 613	482 024
Other	2 102 958	3 197 420
Total	**60 453 663**	**61 575 700**

(in PLN'000)

28. Off-balance-sheet items

28.1 Off-balance sheet contingent liabilities granted to customers	As at 31.03.2017	As at 31.12.2016
Off-balance sheet liabilities granted	15 248 805	14 483 652
Relating to financing	13 819 306	12 979 086
Guarantees	1 429 499	1 504 566
Performance guarantees	406 147	457 515
Financial guarantees	1 023 352	1 047 051

28.2 By maturity - Guarantees	As at 31.03.2017	As at 31.12.2016
≤ 1W	42 585	14 869
> 1W ≤ 1M	11 730	217 173
> 1M ≤ 3M	97 462	93 300
> 3M ≤ 6M	176 496	60 988
> 6M ≤ 1Y	265 182	233 649
> 1Y ≤ 2Y	299 304	365 396
> 2Y ≤ 5Y	214 522	182 922
> 5Y ≤ 10Y	284 174	304 378
> 10Y ≤ 20Y	18 316	31 891
> 20Y	19 728	0
Off-balance sheet liabilities granted in respect of guarantees	**1 429 499**	**1 504 566**

28.3 By maturity - Relating to financing	As at 31.03.2017	As at 31.12.2016
≤ 1W	4 499 917	2 337 689
> 1W ≤ 1M	157 766	731 965
> 1M ≤ 3M	605 707	423 456
> 3M ≤ 6M	922 597	682 732
> 6M ≤ 1Y	1 725 704	2 143 218
> 1Y ≤ 2Y	1 997 742	1 948 494
> 2Y ≤ 5Y	1 776 433	2 735 338
> 5Y ≤ 10Y	1 394 357	1 232 111
> 10Y ≤ 20Y	458 619	534 040
> 20Y	280 464	210 043
Off-balance sheet liabilities granted in respect of guarantees	**13 819 306**	**12 979 086**

The Group offers to its individual customers contingent liabilities in respect of renewable checking account overdraft facilities, which are granted for an indefinite period; at the same time, close monitoring of cash inflows to the account is conducted.
Contingent liabilities in respect of credit cards are granted to individual customers for a period of three years.
The Group grants contingent liabilities to business 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.

(in PLN'000)

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.

29. Assets pledged as collateral

29.1 Balance sheet value	As at 31.03.2017	As at 31.12.2016
Treasury bonds blocked with REPO transactions	157 175	29 783
Registered pledge on Treasury bonds	115 645	118 048
Deposit as collateral of transactions performed in Alior Trader	1 353	1 252
Financial assets held to maturity	219 214	217 901
Total	**493 387**	**366 984**

In addition to assets pledged as collateral, which are presented in the statement of financial position separately and which the recipient may sell or exchange for another security, the Bank held the following other assets pledged as collateral which did not meet this criterion:

	As at 31.03.2017	As at 31.12.2016
Treasury bonds blocked with BFG	214 736	204 411
Deposits as derivative transactions (ISDA) collateral	154 920	145 141
Total	**369 656**	**349 552**

30. Transactions with related entities

The parent company of the Group is Powszechny Zakład Ubezpieczeń SA.
The related parties of the Group is PZU SA and its related companies and entities related to members of the Management and Supervisory Board. By PZU the Alior Bank is indirectly controlled by the Treasury
In the following tables show the type and value of transactions with related parties. Transactions between the Bank and its subsidiaries which are related parties of the Bank have been eliminated in consolidation and are not disclosed in this note.

Parent company	As at 31.03.2017	As at 31.12.2016
Liabilities		
Amounts due to customers	89	24
Provisions	4	4
	93	**28**

Subsidiaries of the parent company	As at 31.03.2017	As at 31.12.2016
Assets		
Available- for-sale financial assets	81 778	84 961
Loans and advances to customers	4 949	41
Total assets	**86 727**	**85 002**
Liabilities		
Amounts due to customers	119 544	128 703
Provisions	3	3
Total liabilties	**119 547**	**128 706**

(in PLN'000)

Parent company	As at 31.03.2017	As at 31.12.2016
Off-balance sheet liabilities granted to customers	**15 000**	**15 000**
Guarantees	15 000	15 000

Subsidiaries of the parent company	As at 31.03.2017	As at 31.12.2016
Off-balance sheet liabilities granted to customers	**10 220**	**9 900**
Relating to financing	220	0
Guarantees	10 000	9 900

Joint control by persons related to the Group	As at 31.03.2017	As at 31.12.2016
Assets		
Loans and advances to customers	22	0
Total assets	**22**	**0**
Liabilities		
Financial liabilities held for trading	2	0
Amounts due to customers	36 441	56 176
Total liabilties	**36 443**	**65 041**

Joint control by persons related to the Group	As at 31.03.2017	As at 31.12.2016
Off-balance sheet liabilities granted to customers	**14**	**90 410**
Relating to financing	14	20
Derivatives (nominal value)	**151**	**150**
Other transactionss	151	150

Parent company	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Fee and commission income	3	0
Total	**3**	**0**

Subsidiaries of the parent company	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Interest income	85	0
Interest expense	-842	-154
Fee and commission income	31	7
Total	**-726**	**-147**

Joint control by persons related to the Group	1.01.2017 - 31.03.2017	1.01.2016 - 31.03.2016
Interest expense	-209	-1 425
Fee and commission income	2	10
Total	**-207**	**-1 415**

(in PLN'000)

Nature of transactions with related entities

All transactions with related entities are conducted in accordance with the regulations relating to banking products, on an arm's length basis.
The interest rates on loans granted to related entities fell within the range of 9,9 % to 14%, and the interest rates on deposits were within the range of from 0% to 2,1%.

Transactions with the State Treasury and related entities
Financial Supervisory Commission in its communication of 6 December 2016 Pts. 5 unanimously recognized the State Treasury of the Republic of Poland as a parent entity of Alior Bank SA within the meaning of art. 4 paragraph. 1 point 8 b and Section 14 of the Banking Act, stating that it has the ability to significant influence over Alior Bank SA by means of PZU SA

The table below presents significant transactions with the Treasury and its related entities in accordance with the exception contained in IAS 24.25.

Treasury and related entities	As at 31.03.2017	As at 31.12.2016
Assets		
Financial assets held for trading	29 151	0
Available-for-sale financial assets	6 532 059	6 586 920
Investment securities held to maturity	221 180	219 855
Amounts due from banks	2 284	1 605
Loans and advances to customers	37 284	47 203
Total assets	**6 821 958**	**6 806 775**
Amounts due to banks	720	0
Amounts due to customers	677 634	478 789
Total liabilties	**678 354**	**478 789**

Treasury and related entities	1.01.2017 - 31.03.2017
Interest income	32 547
Interest expense	-2 721
Tax	-124 557
Total	**-94 731**

31. Transactions and remuneration of members of the management and supervisory bodies

All transactions with members of the management and supervisory bodies were concluded in accordance with the rules and regulations relating to bank products on an arm's length basis.

31.1 Transactions with members of the management and supervisory bodies

(in PLN'000)

As at 31.03.2017	Suprvisory and Board members	Supervisory Board	Management Borad
Assets			
Loans and advances to customers	7 286	2	7 284
Total assets	**7 286**	**2**	**7 284**
Liabilities			
Amounts due to customers	10 144	999	9 145
Provisions	5	3	2
Total liabilties	**10 149**	**1 002**	**9 147**

As at 31.03.2017	Suprvisory and Board members	Supervisory Board	Management Borad
Off-balance sheet liabilities granted to customers			
Relating to financing	275	51	224

As at 31.12.2016	Suprvisory and Board members	Supervisory Board	Management Borad
Assets			
Loans and advances to customers	7 341	3	7 338
Total assets	**7 341**	**3**	**7 338**
Liabilities			
Amounts due to customers	7 564	842	6 722
Provisions	5	5	0
Total liabilties	**7 569**	**847**	**6 722**

As at 31.12.2016	Suprvisory and Board members	Supervisory Board	Management Borad
Off-balance sheet liabilities granted to customers			
Relating to financing	47	47	0

The total remuneration of the Bank's Supervisory Board members and Management Board members performing their duties from 1 January to 31 March 2017, recognized in the Bank Group's profit and loss account for this period amounted to PLN 8,885 thousand (in the period from 1 January to 31 March 2016 amounted to PLN 3,873 thousand).
For the members of the Bank's Management Board, the cost of remuneration also includes variable remunerations paid in cash.

32. Incentive program for senior executives

Alior Bank SA operates the following incentive programs:
- Management option scheme, valid for 2013-2015. In accordance with the Compensation Policy of Remuneration of Persons Holding Management positions at Alior Bank, this program will be settled by 2020.
- Bonus Scheme for the Management Board, valid from 2016.
- The annual variable remuneration paid in financial instruments (phantom shares) of managers.

These programs are a continuation of the programs described in Alior Bank's financial statement as at 31.12.2016.

33. Legal claims

The value of proceedings relating to liabilities or receivables of the Bank in progress in the first quarter of 2017 did not exceed 10% of the Bank's equity. In the Bank's opinion, no single court, arbitration court or public administration body proceeding in progress in the first quarter of 2017, and none of the proceedings jointly, could threaten the Bank's financial liquidity.
The total value of debt collection proceedings brought by the Bank, which were in progress in the first quarter of 2017, amounted to PLN 137,831.4 thousand (with respect to corporate customers) and PLN 737,875 thousand (with respect to retail customers).
The total value of debt collection proceedings brought by the Bank, which were in progress in 2016, amounted to PLN 113,060.3 thousand (with respect to corporate customers) and PLN 536,003.9 thousand (with respect to retail customers).
The value of disputed claims amounted to PLN 168,119.5 thousand as at the end of the first quarter of 2017 and PLN 167,566.5 thousand as at the end of 2016. The value of provisions for disputed claims amounted to PLN 9,589 thousand as at the end of the first quarter of 2017 and PLN 8,700 thousand as at the end of 2016.

34. Purchases and disposals of property, plant and equipment and intangible assets

During the first quarter of 2017, there were no material purchases or disposals of property, plant and equipment or of intangible assets.

35. Appropriation of the profit for 2016 and information on no payment of the dividend

Until the date of publication of this report, the Annual General Shareholder's Meeting of Alior Bank did not pass a resolution on the distribution of profit for 2016. The Supervisory Board considered the request of the Management Board contained in the Resolution of the Management Board dated on 28 February 2017 concerning the proposal of distributing the Bank's net profit for the year ended 31 of December 2016 amounted to PLN 632,075,412.74 and decided to recommend to the General Shareholder's Meeting to allocate total profit for 2016 to supplementary capital.
The Group did not pay dividend for the year 2016.

36. Risk management

Risk management is one of the key internal processes in Alior Bank S.A. The ultimate goal of the risk management policy is to ensure early recognition and appropriate management of all material risks in the Bank's operations. The Bank isolated the following types of risks resulting from the operations conducted:

- market risk, also covering the banking book interest risk, liquidity risk, foreign exchange risk and risk of commodity prices;
- credit risk;
- operational risk.

The detailed risk management policies have been presented in the annual consolidated financial statements of the Alior Bank S.A. Group for the financial year from 1 January to 31 December 2016, published on 9 March 2017 and available on the Alior Bank S.A. website.

Liquidity risk

The maturity analysis of assets and liabilities as at the end of first quarter of 2017 by contractual dates is presented in the table below (amounts in PLN millions).

2017-03-31	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
Assets	**9 798**	**827**	**2 092**	**6 182**	**6 757**	**8 414**	**17 820**	**23 115**	**75 006**
Cash and Nostro	1 991	0	0	0	0	0	0	0	1 991
Amounts due from banks	115	11	0	0	155	0	0	28	308
Loans and advances to customers	7 692	813	2 075	2 933	4 960	7 190	15 510	20 170	61 345
Securities	0	4	17	3 249	1 642	1 224	2 310	208	8 654
Other assets	0	0	0	0	0	0	0	2 708	2 708
Liabilities and Equity	**-28 954**	**-7 074**	**-4 720**	**-4 431**	**-3 792**	**-1 876**	**-1 876**	**-7 188**	**-61 092**
Amounts due to banks	-159	-154	-2	-1	-16	-172	-89	-140	-733
Amounts due to customers	-28 795	-5 027	-4718	-4284	-3256	-1 510	-229	-57	-47 876
Own issues	0	0	0	-147	-520	-1 376	-1 558	-677	-4 278
Equity	0	0	0	0	0	0	0	-6 313	-6 313
Other liabilities	0	-1 892	0	0	0	0	0	0	-1 892
Balance-sheet gap	**-19 156**	**-6 726**	**-2 627**	**1 751**	**2 965**	**5 356**	**15 944**	**15 927**	**13 914**
Accumulated balance-sheet gap	**-19 156**	**-25 402**	**-28 029**	**-26 278**	**-23 313**	**-17 957**	**-2 013**	**13 914**	
Derivative instruments - inflows	0	5 564	1 266	921	875	676	377	62	9 741
Derivative instruments - outflows	0	-5 563	-1 267	-914	-871	-673	-369	-60	-9 717
Derivative instruments - net	**0**	**1**	**-1**	**7**	**4**	**4**	**7**	**1**	**24**
Guarantee and financial lines	14 172	2	9	59	245	161	22	172	14 843
Off-balance sheet gap	**14 172**	**3**	**9**	**67**	**249**	**164**	**30**	**173**	**14 867**
Total gap	**-4 983**	**-6 244**	**-2 619**	**1 818**	**3 214**	**5 520**	**15 974**	**16 100**	**28 781**
Total accumulated gap	**-4 983**	**-11 227**	**-13 845**	**-12 028**	**-8 814**	**-3 293**	**12 681**	**28 781**	

The maturity analysis of assets and liabilities as at the end of 2016 by contractual dates is presented in the table below (amounts in PLN millions).

2016-12-31	1D	1M	3M	6M	1Y	2Y	5Y	5Y+	Total
Assets	**11 582**	**3 860**	**1 662**	**2 804**	**4 739**	**7 958**	**18 107**	**26 056**	**76 768**
Cash and Nostro	1 470	0	0	0	0	0	0	0	1 470
Amounts due from banks	1 503	0	0	0	145	0	0	0	1 648
Loans and advances to customers	8 609	805	1 643	2 154	4 186	6 376	14 378	22 402	60 553
Securities	0	3 055	19	650	408	1 582	3 729	901	10 344

(in PLN'000)

Other assets	0	0	0	0	0	0	0	2 753	2 753
Liabilities and Equity	**-29 558**	**-7 407**	**-4 911**	**-4 179**	**-3 527**	**-3 353**	**-1 550**	**-7 005**	**-61 490**
Amounts due to banks	-63	0	-1	-2	-16	-182	-92	-118	-474
Amounts due to customers	-29 495	-5 287	-4 771	-4 026	-3 004	-1 870	-219	-7	-48 679
Own issues	0	-76	-139	-151	-507	-1 301	-1 239	-677	-4 090
Equity	0	0	0	0	0	0	0	-6 203	-6 203
Other liabilities	0	-2 044	0	0	0	0	0	0	-2 044
Balance-sheet gap	**-17 976**	**-3 547**	**-3 249**	**-1 375**	**1 212**	**4 605**	**16 557**	**19 051**	**15 278**
Accumulated balance-sheet gap	**-17 976**	**-21 523**	**-24 772**	**-26 147**	**-24 935**	**-20 330**	**-3 773**	**15 278**	
Derivative instruments - inflows	0	5 473	1 894	671	1 215	740	423	63	10 479
Derivative instruments - outflows	0	-5 474	-1 875	-669	-1 181	-735	-411	-62	-10 407
Derivative instruments - net	**0**	**-1**	**19**	**2**	**34**	**5**	**12**	**1**	**72**
Guarantee and financial lines	13 745	7	12	19	119	107	13	8	14 029
Off-balance sheet gap	**13 745**	**5**	**31**	**20**	**153**	**113**	**25**	**9**	**14 101**
Total gap	**-4 230**	**-3 543**	**-3 217**	**-1 354**	**1 366**	**4 717**	**16 582**	**19 061**	**29 381**
Total accumulated gap	**-4 230**	**-7 773**	**-10 990**	**-12 345**	**-10 979**	**-6 261**	**10 320**	**29 381**	

Credit risk

Receivables not overdue	As at 31.03.2017	As at 31.12.2016
Amounts due, not impaired	**41 788 878**	**41 210 883**
Retail segment	23 424 875	23 026 091
Business segment	18 364 003	18 184 792
Amounts due, impaired	**467 073**	**522 533**
Retail segment	81 339	107 021
Business segment	385 734	415 512
Receivables not overdue	**42 255 951**	**41 733 416**

Overdue loans and advances to customers

As at 31.12.2016	Up to 1 month	from 1 to 3 months	from 3 months to 1 year	from 1 year to 5 years	more than 5 years	Total
Amounts due from customers not impaired	**3 438 191**	**678 195**	**123 723**	**122 210**	**14 706**	**4 377 025**
Retail segment	1 580 729	450 354	16 649	34 255	850	2 082 837
Corporate segment	1 857 462	227 841	107 074	87 955	13 856	2 294 188
Amounts due from customers impaired	**232 692**	**203 988**	**503 287**	**794 932**	**35 067**	**1 769 966**
Retail segment	60 407	80 626	284 694	406 091	7 501	839 319
Corporate segment	172 285	123 362	218 593	388 841	27 566	930 647
Total amount due from customers	**3 670 883**	**882 183**	**627 010**	**917 142**	**49 773**	**6 146 991**

(in PLN'000)

As at 31.12.2016	Up to 1 month	from 1 to 3 months	from 3 months to 1 year	from 1 year to 5 years	more than 5 years	Total
Amounts due from customers not impaired	**2 187 184**	**537 232**	**119 213**	**130 302**	**3 250**	**2 977 180**
Retail segment	1 519 443	404 861	12 907	33 458	539	1 971 208
Corporate segment	667 741	132 370	106 305	96 844	2 711	1 005 972
Amounts due from customers impaired	**172 927**	**137 080**	**521 604**	**722 184**	**14 023**	**1 567 817**
Retail segment	51 155	81 415	289 363	364 528	4 668	791 129
Corporate segment	121 772	55 665	232 240	357 656	9 355	776 688
Total amount due from customers	**2 360 111**	**674 312**	**640 817**	**852 486**	**17 273**	**4 544 998**

37. Events significant for the business of the Bank's Group

Operational merger

Alior Bank has completed the process of taking over the assets of demerged business of Bank BPH. The last phase of the merger was completed - an operational merger involving the transfer of over 2,700,000 data of clients of acquired part of Bank BPH to Alior Bank's IT systems took place during 24 to 26 March of 2017.
The process was completed less than five months after the legal merger and thus it is the fastest merger in Poland.
The operational merger, ending integration process, means full unification of customer service in access to outlets and transaction systems by transferring data and product handling to Alior Bank's IT systems.

Transaction between entities from Alior Bank SA Capital Group - conclusion of a significant agreement

On March 10, 2017, an agreement was signed between Alior Bank SA and its subsidiary Alior Leasing Sp. z o.o. concerning the package of agreements for financing current operations As a result of this agreement, the Bank's total exposure to Alior Leasing increased to PLN 869,000 thousand.

Adoption and approval of Alior Bank SA Capital Group strategy. For the years 2017-2020

On March 13, 2017, the Management Board of Alior Bank SA decided to publish the main assumptions of "Alior Bank Strategy for 2017-2020" approved by the Bank's Supervisory Board.

Payment of deferred variable remuneration for 2013, 2014 and 2015

On March 14, 2017 the Supervisory Board of Alior Bank SA adopted a resolution on the issue to the members of the Management Board of deferred financial instruments under the Management Options Scheme for 2013, 2014 and 2015 . Pursuant to § 23 par. 2 point 11 of the Statute of the Bank, in relation to the Policy of variable components of remuneration of persons occupying managerial positions in Alior Bank SA And pursuant to Resolution No. 28/2012 of the Extraordinary General Meeting of Alior Bank SA Of 19 October 2012 on the conditional increase of the Bank's share capital and the issue of subscription warrants, the Company granted consent for the issuance of deferred warrants and the phantom shares assigned to them as a result of the adjustment of the Program in connection with the issue of pre-emptive shares:

- 78,626 series A subscription warrants with a par value of PLN 61.84 and 46,542 phantom shares with a par value of PLN 50.43.
- 84,374 series B subscription warrants with a par value of PLN 64.65 and 46,000 phantom shares with a par value of PLN 52.72.
- 94,060 C series subscription warrants with a par value of PLN 66,06 and 47,63 phantom shares with a par value of PLN 53.87.

Information about final settlement of purchase price between Alior Bank and Bank BPH Bank

Transaction parties have not reached agreement on final settlement of purchase price. The Share Purchase Agreement provides for the resolution of the discrepancy between Alior Bank and the Sellers of Bank BPH by an expert which is an audit firm appointed in accordance with the provisions of the Share Purchase Agreement.

Individual recommendation of the Polish Financial Supervision Authority concerning the dividend for 2016

On March 23, 2017, Alior Bank SA received a letter from the FSA on an individual recommendation to increase its own funds by retaining the entire profit reached by the Bank in the period from January 1, 2016 to December 31, 2016.

Change in the composition of the Supervisory Board of Alior Bank SA

The Extraordinary General Meeting of Shareholders, convened for April 21, 2017, continued after adjournment on May 8, 2017 apart from resolutions of order nature, it passed resolutions of changes in Alior Bank’s Supervisory Board, ie the resolution of the dismissal of Mr.Stanisław Ryszard Kaczoruk from the composition of Alior Bank’s Supervisory Board and the resolution of the appointment to the Supervisory Board of Alior Bank Mr. Roman Pałac. In addition, the Extraordinary General Meeting decided to order a break in the session until May 19, 2017.

38. Financial forecasts

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

39. Establishment of the Bond Issue Schemes

Since December,28 2015 Alior Bank has an approved by Supervisory Board the Public Subordinated Bonds Issue Scheme which could be issued, in series, up to PLN 800,000,000 with terms of redemption from 5 to 10 years according to Art. 33.1 of the Bonds Act and on the basis of the base issue prospectus. ,

(in PLN'000)

The Public Issue Scheme allows the issuance of bonds to ensure a safe level of capital ratio (TCR).
The terms and conditions of issue of each Bond series will contain provisions regarding their classification as equity components in accordance with the provisions of 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 (O. J. EU L 176 of 27.6.2013, p. 1).

At the same time, the Supervisory Board authorized the Bank's Management Board to determine the final terms and conditions for issuing particular Bond series issued under the Issue Scheme, allotting the Bonds to investors and taking all other necessary actions aimed at carrying out the Issue Scheme.

On 12 April 2016, the Polish Financial Supervision Authority approved the Bank's prospectus prepared in connection with: (i) public offerings on the territory of the Republic of Poland of up to 800,000 unsecured, subordinated bearer bonds with PLN 1,000 par value each, issued under the Public Issue Scheme of Alior Bank S.A. Subordinated Bonds; and (ii) the intention to seek the admission and introduction of up to 800 000 Bonds to trading on the regulated market maintained by Giełda Papierów Wartościowych w Warszawie S.A. in the Catalyst system.

On 16 September 2016, the Bank's Management Board passed a resolution on discontinuing, as of 16 September 2016, further public offerings of bonds under the above-mentioned basic prospectus and seeking the admission of further bonds issued under the Public Issue Scheme to trading on a regulated market. As at the date of passing that resolution, such a decision was made due to the fact that the Bank had no intention of issuing any more subordinated bonds as part of public offerings on the basis of the said prospectus. To avoid any doubts, the Bank's Management Board confirmed in its announcement that its decision did not render the Public Issue Scheme invalid; it was aimed at terminating the validity of the prospectus, which pursuant to Art. 49. 1b (a) of the Act on Public Offering, took place on the date of the publication of the said announcement, i.e. on 16 September 2016.
By 31 December 2016, the Bank carried out the issues of two series of subordinated bonds under the Public Issue Scheme:

Name of series	Short name	ISIN	Value of series9(zł)	Issue Date	Redemption Date	Market quotations
P1A	ALR0522	PLALIOR00151	150 000 000	2016-04-27	2022-05-16	RR GPW
P1B	ALR0524	PLALIOR00169	70 000 000	2016-04-29	2024-05-16	RR GPW

In the first quarter of 2017 there were no subordinated bonds issued under the Public Issue Scheme.

40. Rating

On 16 February 2017 Fitch Ratings Ltd. has maintained issuer rating assigned to Alior Bank SA on 5 September 2013 unchanged at BB with a stable outlook.
In its report, Fitch indicated that the evaluation of the profitability of Alior Bank at the level of "BB" reflects the rapid credit expansion and a higher appetite for credit risk than the competitions.

The Bank's full rating 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 outlook;
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, where ratings, criteria and methodologies are also published.

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

Below are presented the following events, which may affect in the perspective of subsequent reporting periods of 2017:

1.Alior Bank will be continue achieving high sales volumes of cash loans and mortgages (for individuals) and operating and investment loans (for business clients) while maintaining the desired high net interest margins and acceptable and manageable risk costs

2.the predicted value of the synergies that Alior Bank intends to achieve in connection with the acquisition of the demerged business of Bank BPH during 2017 will amount to about PLN 167 million, while the estimated cost of integration incurred by the Bank within this period amount to PLN 195 million approximately.

3.the scale of demand for banking services, as well as the Bank's ability to meet its financial obligations in a timely manner, depends to a large extent on their financial condition. Apart from the macroeconomic situation of the country, the economic situation of many customer groups also depends on the economic policy pursued. Both the slowdown of growth of the Polish economy and the change in the legal regulations of the functioning of enterprises may have a negative impact on the financial standing of selected Bank clients. The Bank's loan portfolio includes the exposure related to the financing of several projects implemented by companies operating on the market of renewable energy sources. The Bank follows up the financial situation of the aforementioned entities, regulatory changes and the market situation of the Thanks to the conservative funding structures applied by Bank, most projects have a prospective repayment capacity. The total value of the write-offs created for the above exposures amounted to PLN 46.7 million as at 31 March 2017.
The deterioration of the condition of the borrowers operating on the aforementioned market may required to create additional write-offs in the future

42. Registered audit company

Until the date of publication of this report, the Supervisory Board of Alior Bank SA did not adopt a resolution concerning the election of the entity authorized to audit the financial statements of Alior Bank Group.

Interim condensed seperate financial statements of the Alior Bank Spółka Akcyjna

for the 1th quarter of 2017

Contents

(in PLN'000)

Interim condensed separate financial statements

Interim condensed separate income statement

	1.01.2017-31.03.2017	1.01.2016-31.03.2016
Interest income	891 414	662 899
Interest expense	-252 500	-250 731
Net interest income	**638 914**	**412 168**
Dividend income		0
Fee and commission income	211 925	137 942
Fee and commission expense	-76 619	-50 425
Net fee and commission income	**135 306**	**87 517**
Trading result	**72 975**	**58 165**
Net gain (realized) on other financial instruments	**454**	**10 610**
Other operating income	28 589	13 871
Other operating costs	-15 320	-4 583
Net other operating income	**13 269**	**9 288**
General administrative expenses	**-478 761**	**-271 556**
Net impairment charges and write-downs	**-211 191**	**-175 123**
Banking tax	**-49 527**	**-20 673**
Profit before tax	**121 439**	**110 396**
Income tax	**-35 632**	**-26750**
Net profit	**85 807**	**83 646**

Net profit	**85 807**	**83 646**
Weighted average number of ordinary shares	**129 257 763**	**72 088 316**
Basic earnings per share (in PLN)	**0,66**	**1,16**
Diluted earnings per share (in PLN)	**0,65**	**1,12**

Interim condensed separate statement of comprehensive income

	1.01.2017-31.03.2017	1.01.2016-31.03.2016
Net profit	**85 807**	**83 646**
Items that may be reclassified to the income statement after certain conditions are satisfied	**38 873**	**7 391**
Foreign operations currency translation differences	72	0
Fair valuation of financial assets available for sale (net)	34 122	9 087
Profit/loss on fair valuation of financial assets available for sale	41 685	11 218
Deferred tax	-7 563	-2 131
Net gains/losses on hedging instruments	4 679	-1 696
Gains/losses on hedging instruments	5 588	-2 093
Deferred tax	-909	397
Total comprehensive income, net	**124 680**	**91 037**

The notes presented on pages 66-67 constitute an integral part of these interim condensed financial statements.

(in PLN'000)

Interim condensed separate statement of financial position

ASSETS	As at 31.03.2017	As at 31.12.2016
Cash and balances with the Central Bank	1 781 276	1 082 991
Financial assets held for trading	386 509	419 551
Available-for-sale financial assets	6 516 511	9 357 734
Investment securities held to maturity	1 966	1 954
Derivative hedging instruments	61 477	71 684
Amounts due from banks	514 409	1 364 226
Loans and advances to customers	48 359 376	46 279 849
Assets pledged as collateral	493 387	366 984
including: pledged assets	157 175	29 783
Property, plant and equipment	480 702	483 520
Intangible assets	496 282	480 913
Investments in subsidiaries	101 515	72 359
Non-current assets held for sale	455	679
Income tax asset	550 944	523 371
Current	0	0
Deferred	550 944	523 371
Other assets	607 972	706 034
TOTAL ASSETS	**60 352 781**	**61 211 849**

LIABILITIES AND EQUITY	As at 31.03.2017	As at 31.12.2016
Financial liabilities held for trading	294 142	298 314
Amounts due to banks	467 618	381 235
Amounts due to customers	50 520 878	51 404 848
Derivative hedging instruments	12 252	6 119
Provisions	268 275	286 791
Other liabilities	1 237 808	1 433 760
Income tax liabilities	43 295	13 125
Current	43 295	13 125
Subordinated loans	1 160 970	1 164 794
Total liabilities	**54 005 238**	**54 988 986**
Equity	**6 347 543**	**6 222 863**
Share capital	1 292 578	1 292 578
Supplementary capital	4 184 953	4 184 953
Revaluation reserve	-32 814	-71 615
Other reserves	184 894	184 894
Foreign currency translation differences	50	-22
Accumulated losses	632 075	0
Profit for the year	85 807	632 075
TOTAL LIABILITIES AND EQUITY	**60 352 781**	**61 211 849**

The notes presented on pages 66-67 constitute an integral part of these interim condensed financial statements.

(in PLN'000)

Interim condensed separate statement of changes in equity

1.01.2017 - 31.03.2017	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign unit	Retained earnings/ accumulated losses	Net profit	Total equity
As at 1 January 2017	**1 292 578**	**4 184 953**	**184 894**	**-71 615**	**-22**	**632 075**	**632 075**	**6 854 938**
Transfer of the previous year result	**-**	**-**	**-**	**-**	**-**	**-632 075**	**-632 075**	**-1 264 150**
Comprehensive income	**-**	**-**	**-**	**38 801**	**72**	**0**	**85 807**	**124 680**
Net profit	-	-	-	-	-	-	85 807	85 807
Other comprehensive income	-	-	-	38 801	72	-		38 873
Share issue	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**0**
As at 31 March 2017	**1 292 578**	**4 184 953**	**184 894**	**-32 814**	**50**	**632 075**	**85 807**	**6 347 543**

1.01.2016- 31.03.2016	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Retained earnings/ accumulated losses	Net profit	Total equity
As at 1 January 2016	**727 075**	**2 280 668**	**184 894**	**15 215**	**0**	**311 415**	**3 519 267**
Transfer of the previous year result	**-**	**311 415**	**-**	**-**	**-**	**-311 415**	**0**
Comprehensive income	**-**	**-**	**-**	**7 391**	**-**	**83 646**	**91 037**
Net profit	-	-	-	**-**		83 646	**83 646**
Gains and losses from business	-	-	-	7 391			**7 391**
As at 31 March 2016	**727 075**	**2 592 083**	**184 894**	**22 606**	**0**	**83 646**	**3 610 304**

The notes presented on pages 66-67 constitute an integral part of these interim condensed financial statements.

(in PLN'000)

Interim condensed separate statement of cash flows

	1.01.2017-31.03.2017	1.01.2016-31.03.2016
Operating activities		
Profit before tax for the year	**121 439**	**110 396**
Adjustments:	**26 104**	**31 672**
Unrealized foreign exchange gains/losses	-2 871	-1 317
Amortization/depreciation of tangible and intangible assets	43 873	24 342
Change in tangible and intangible assets impairment write-down	3 618	3 451
Change in provisions	-18 516	5 196
Gross profit after adjustments and before changing balances	**147 543**	**142 068**
Change in loans and receivables	-1 521 601	-1 849 306
Change in financial assets available for sale	2 841 223	-1 754 968
Change in investment securities held to maturity	-12	0
Change in financial assets held for trading	33 042	30 771
Change in assets pledged as collateral	-126 403	402 207
Change in hedging asset derivatives	10 207	-21 863
Change in non-current assets held for sale	224	206
Change in other assets	62 430	-9 012
Change in deposits	-910 579	1 828 861
Change in issued debt	32 444	89 501
Change in financial liabilities held for trading	-4 172	28 806
Change in hedging liabilities derivative	6 133	507
Change in other liabilities and other comprehensive income	-66 101	1 422
Net cash flow from operating activities before income tax	504 378	-1 110 800
Income tax paid	2 597	-55 505
Net cash flow from operating activities	**506 975**	**-1 166 305**
Investing activities		
Outflows:	-107 437	-102 496
Purchase of property, plant and equipment	-48 603	-15 357
Purchase of intangible assets	-29 678	-55 967
Investments in subsidiaries	-29 156	-31 172
Inflows:	20 619	1 362
Disposal of property, plant and equipment	20 619	1 362
Net cash flow from investing activities	**-86 818**	**-101 134**
Financing activities		
Outflows:	-13 673	-1 320
Repayment of long-term liabilities	0	-13 619
Interest expense – subordinated loan	-13 673	12 299
Inflows:	0	44 078
Inflows from the issuance of subordinated liabilities	0	44 078
Net cash flow from financing activities	**-13 673**	**42 758**
Total net cash flow	**406 484**	**-1 224 681**
incl. exchange gains/(losses)	-27 925	-5 161
Balance sheet change in cash and cash equivalents	**406 484**	**-1 224 681**
Cash and cash equivalents, opening balance	1 707 153	2 202 212
Cash and cash equivalents, closing balance	2 113 637	977 531
Additional disclosures on operating cash flows		
Interests received	844 313	780 426
Interests paid	-284 454	-193 092

The notes presented on pages 66-67 constitute an integral part of these interim condensed financial statements.

1. Basis for preparation

Scope and comparatives

The condensed interim separate financial statements of Alior Bank S.A. comprise the data of the Bank and cover the 3-month period ended 31 March 2017 and the comparatives for the 3-month period ended 31 March 2016 (in the scope of separate income statement, separate statement of comprehensive income, separate statement of financial position, separate statement of changes in equity and separate statement of cash flows) and the comparatives as at 31 December 2016 (in the scope of separate statement of financial position). The condensed interim consolidated financial statements have been prepared in Polish zlotys. Unless otherwise stated, the amounts are presented in PLN thousands.

Statement of compliance

These interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the first quarter of 2017 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union as of 30 September 2016.

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

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 period from 01.01.2017 to 31.03.2017 and Interim Condensed The standalone statement of financial position as at March 31, 2017, together with comparative data, was prepared using the same accounting policies as in the most recent annual financial statements and except for changes in standards that are effective as of January 1, 2017.

Going concern

The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared based on the assumption that the Bank will continue in operation as a going concern for a period of at least 12 months after the balance sheet date, i.e. after 31 March 2017.

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

2. Accounting principles

The accounting principles are presented in detail in the annual financial statements of Alior Bank S.A. for the period from 1 January to 31 December 2016, published on 9 March 2017 and available on the Alior Banku S.A. website, except for the changes described in Note 2.2 to the interim condensed consolidated financial statements.

(in PLN'000)

3. Off-balace sheet items

Off-balance sheet items are described in Note 28 to the Interim Condensed Condolisted Financial Statements.

4. Transactions with related entities

Related-party transactions are described in Note 30 to the Interim Condensed Consolidated Financial Statements of the Alior Bank Spółka Akcyjna Group, with the exception of transactions with subsidiaries presented below:

Subsidiaries	As at 31.03.2017	As at 31.03.2016
Assets		
Loans and advances to customers	479 877	370 250
Other assets	3 487	4 760
Total assets	**483 364**	**375 010**
Liabilities		
Amounts due to customers	11 788	40 267
Financial liabilities held for trading	931	125
Financial liabilities measured at amortized cost due to customers	1 171	854
Total liabilties	**13 890**	**41 246**

Subsidiaries	1.01.2017-31.03.2017	1.01.2016-31.03.2016
Interest income	2 548	631
Interest expense	-27	-21
Fee and commission income	1 340	376
Other operating income	28	46
General administrative expenses	-345	49
Total	**3 544**	**1 081**

Subsidiaries	As at 31.03.2017	As at 31.03.2016
Off-balance sheet liabilities granted to customers	**620 851**	**130 972**
Relating to financing	567 682	75 230
Guarantees	53 169	55 742

5. Events significant for the Bank's operations after the balance sheet date

Significant events after the end of the reporting period are described in Note 37 to the Interim Condensed Consolidated Financial Report of the Alior Bank Spółka Akcyjna Group.