Consolidated quarterly report of the Alior Bank Spółka Akcyjna Group

for the 1st quarter of 2015

Selected financial data in the consolidated financial statements

	in PLN'000			
	1.01.2015 - 31.03.2015	1.01.2014 - 31.12.2014	1.01.2014 - 31.03.2014	%% (A-B)/B
	A		B	C
Net interest income	343 168	1 215 758	273 967	25,3%
Net fee and commission income	92 783	348 140	83 569	11,0%
Trading result & other	83 789	309 090	59 804	40,1%
Net operating income*	519 740	1 872 988	417 340	24,5%
General administrative expenses	-257 858	-925 271	-214 949	20,0%
Impairment losses	-144 656	-546 590	-117 281	23,3%
Gross profit	117 226	401 127	85 110	37,7%
Net profit attributable to equity holders of the parent	91 224	322 047	68 402	33,4%
Total net cash flow	101 022	206 986	-710	-
Loans and advances to customers	27 410 671	23 647 990	20 931 532	31,0%
Customer deposits	27 799 851	24 427 988	21 872 846	27,1%
Total equity	3 322 002	3 015 076	2 717 792	22,2%
Total assets	34 886 136	30 167 568	26 517 620	31,6%

Ratios

ROE	11,5%	12,4%	11,2%	3,2%
ROA	1,1%	1,2%	1,1%	6,7%
C/I	49,6%	49,4%	51,5%	-3,7%
L/D	0,99	0,97	0,96	3,0%
NPL ratio	9,8%	8,9%	8,1%	21,4%
NPL coverage ratio	58,5%	53,5%	52,3%	11,9%
Capital adequacy ratio	13,0%	12,8%	12,4%	4,7%
Tier I	10,4%	11,2%	10,8%	-3,4%
Book value per ordinary share (PLN)	45,81	43,09	38,86	17,9%

Other data

Number of shares (in thousand)	*72 521*	*69 978*	*69 941*	3,7%
Number of employees	*6 448*	*6 834*	*6 500*	-0,8%

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

	in EUR'000			
	1.01.2015 - 31.03.2015	1.01.2014 - 31.12.2014	1.01.2014 - 31.03.2014	%% (A-B)/B
	A		B	C
Net interest income	82 713	290 206	65 395	26,5%
Net fee and commission income	22 363	83 102	19 948	12,1%
Trading result & other	20 195	73 781	14 275	41,5%
Net operating income*	125 272	447 089	99 618	25,8%
General administrative expenses	-62 151	-220 865	-51 308	21,1%
Impairment losses	-34 866	-130 473	-27 995	24,5%
Gross profit	28 255	95 750	20 316	39,1%
Net profit attributable to equity holders of the parent	21 988	76 874	16 327	34,7%
Total net cash flow	24 349	49 408	-169	-
Loans and advances to customers	6 703 515	5 548 176	5 017 988	33,6%
Customer deposits	6 798 692	5 731 175	5 243 652	29,7%
Total equity	812 424	707 382	651 546	24,7%
Total assets	8 531 704	7 077 767	6 357 160	34,2%
Ratios				
ROE	11,5%	12,4%	11,2%	3,2%
ROA	1,1%	1,2%	1,1%	6,7%
C/I	49,6%	49,4%	51,5%	-3,7%
L/D	98,6%	96,8%	95,7%	3,0%
NPL ratio	9,8%	8,9%	8,1%	21,4%
NPL coverage ratio	58,5%	53,5%	52,3%	11,9%
Capital adequacy ratio	13,0%	12,8%	12,4%	4,7%
Tier I	10,4%	11,2%	10,8%	-3,4%
Book value per ordinary share (PLN)	11,20	10,11	9,32	20,3%
Other data				
Number of shares (in thousand)	*72 521*	*69 978*	*69 941*	3,7%
Number of employees	*6 448*	*6 834*	*6 500*	-0,8%

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

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

a) as at 31.03.2015

- balance sheet items – at the average EUR exchange rate expressed in PLN, announced by the NBP as at 31.03.2015 – 4.0890;
- income statement and the cash flow statement items – at the average EUR exchange rate expressed in PLN, constituting the arithmetic mean of the average exchange rates announced by the NBP, valid at the end of each month – 4.1489.

b) as at 31.12.2014

- balance sheet items – at the average EUR exchange rate expressed in PLN, announced by the NBP as at 31.12.2014 – 4.2623; - income statement and the cash flow statement items – at the average EUR exchange rate expressed in PLN, constituting the arithmetic mean of the average exchange rates announced by the NBP, valid at the end of each month – 4.1893;

c) as at 31.03.2014

- balance sheet items – at the average EUR exchange rate expressed in PLN, announced by the NBP as at 31.03.2014 – 4.1713; - income statement and the cash flow statement items – at the average EUR exchange rate expressed in PLN, constituting the arithmetic mean of the average exchange rates announced by the NBP, valid at the end of each month – 4.1894;

Contents

(in PLN'000)

Consolidated income statement

	Note	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Interest income		480 841	399 011
Interest expense		-137 673	-125 044
Net interest income	**4**	**343 168**	**273 967**
Fee and commission income		135 582	125 281
Fee and commission expense		-42 799	-41 712
Net fee and commission income	**5**	**92 783**	**83 569**
Trading result	**6**	**65 528**	**52 885**
Net gain (realized) on other financial instruments	**7**	**4 848**	**-11**
Other operating income		19 226	11 565
Other operating costs		-5 813	-4 635
Net other operating income	**8**	**13 413**	**6 930**
General administrative expenses	**9**	**-257 858**	**-214 949**
Impairment losses & provisions	**10**	**-144 656**	**-117 281**
Gross profit		**117 226**	**85 110**
Income tax	**11**	-25 747	-16 810
Net profit from continuing operations		**91 479**	**68 300**
Net profit attributable to equity holders of the parent		*91 224*	*68 402*
Net profit attributable to non-controlling interests		*255*	*-102*
Net profit		**91 479**	**68 300**
Weighted average number of ordinary shares		**70 401 293**	**69 941 261**
Net profit per share (in PLN)	**12**	**1,30**	**0,98**
Diluted earnings per share (in PLN)	**12**	**1,24**	**0,93**

(in PLN'000)

Consolidated statement of comprehensive income

	Note	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Net profit		**91 479**	**68 300**
Other taxable comprehensive income		12 592	2 514
Net gains/losses on financial assets available for sale		5 365	2 228
Profit/loss on valuation of financial assets available for sale	14	6 597	2 750
Deferred tax		-1 232	-522
Net gains/losses on hedging instruments		7 227	286
Profit/loss on valuation of hedging instruments	26	8 922	353
Deferred tax		-1 695	-67
Total comprehensive income, net		**104 071**	**70 814**
- holders of the parent		103 816	70 814
- non-controlling shareholders		255	-102

(in PLN'000)

Consolidated statement of financial position

ASSETS	Note	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Cash and balances with the Central Bank	13	1 377 659	1 158 440	1 077 576
Financial assets held for trading	24	525 101	476 821	207 564
Financial assets available for sale	14	2 494 144	2 652 126	2 722 980
Hedging derivatives	25	119 971	80 205	20 553
Amounts due from banks	16	319 822	449 378	271 291
Loans and advances to customers	15	27 410 671	23 647 990	20 931 532
Assets pledged as collateral		1 579 434	927 191	460 729
Property, plant and equipment	17	187 521	191 835	208 322
Intangible assets	18	354 399	215 564	187 784
Non-current asset held for sale		2 394	908	38 335
Income tax asset	11	204 514	147 849	146 951
Current		0	0	2 787
Deferred		*204 514*	*147 849*	*144 164*
Other assets	19	310 506	219 261	244 003
TOTAL ASSETS		**34 886 136**	**30 167 568**	**26 517 620**

LIABILITIES AND EQUITY	Note	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Financial liabilities held for trading	24	390 026	349 033	177 527
Financial liabilities measured at amortized cost due to banks	21	1 853 647	1 049 162	654 838
Financial liabilities measured at amortized cost due to customers	20	27 799 851	24 427 988	21 872 846
Hedging derivatives	25	0	4 777	0
Provisions	22	9 525	8 311	6 035
Other liabilities	23	786 188	747 073	745 092
Income tax liabilities		18 633	24 553	0
Current		18 633	24 553	0
Subordinated loans	26	706 264	541 595	343 490
Total liabilities		**31 564 134**	**27 152 492**	**23 799 828**
Equity	27	**3 322 002**	**3 015 076**	**2 717 792**
Equity attributable to equity holders of the parent		**3 306 922**	**3 013 163**	**2 715 331**
Share capital		725 216	699 784	699 413
Supplementary capital		1 934 025	1 775 397	1 829 125
Revaluation reserve		34 018	21 426	-14 263
Other reserves		184 917	184 008	178 480
Share-based payments – equity component		*184 917*	*184 008*	*178 480*
Undistributed result from previous years		337 522	9 804	-45 826
Current year profit/loss		91 224	322 744	68 402
Non-controlling interests		15 080	1 913	2 461
TOTAL LIABILITIES AND EQUITY		**34 886 136**	**30 167 568**	**26 517 620**

(in PLN'000)

Consolidated statement of changes in equity

1.01.2015- 31.03.2015	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Current year profit	Non-controlling interests	Total equity
As at 1 January 2015	**699 784**	**1 775 397**	**184 008**	**21 426**	**9 804**	**322 744**	**1 913**	**3 015 076**
Transfer of the previous year result	-	-	-	-	**322 744**	**-322 744**	-	**0**
Comprehensive income	-	-	-	**12 592**	-	**91 224**	**255**	**104 071**
net profit	-	-	-	-	-	91 224	255	91 479
other comprehensive income	-	-	-	12 592	-	-	-	12 592
Share-based payments	-	-	**909**	-	-	-	-	**909**
Share issue	**25 432**	**158 628**	-	-	-	-	-	**184 060**
Covering of losses	-	-	-	-	-	-	-	**0**
Sale of subsidiary	-	-	-	-	-	-	-	**0**
Non-controlling interest arising on business combination	-	-	-	-	**4 974**	-	**12 912**	**17 886**
As at 31 March 2015	**725 216**	**1 934 025**	**184 917**	**34 018**	**337 522**	**91 224**	**15 080**	**3 322 002**

1.01.2014 - 31.12.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Current year profit	Non-controlling interests	Total equity
As at 1 January 204	**635 830**	**1 434 713**	**176 792**	**-16 777**	**-273 728**	**227 902**	-	**2 184 732**
Transfer of the previous year result	-	-	-	-	**227 902**	**-227 902**	-	**0**
Comprehensive income	-	-	-	**38 203**	-	**322 744**	**-697**	**360 250**
net profit	-	-	-		-	322 744	-697	322 047
other comprehensive income	-	-	-	38 203	-	-	-	38 203
Share-based payments	-	-	**7 376**	-	-	-	-	**7 376**
Share issue	**63 954**	**396 315**	-	-	-	-	-	**460 269**
Covering of losses	-	**-55 630**	-	-	**55 630**	-	-	**0**
Sale of subsidiary	-	**-1**	**-1**	-	-	-	-	**-2**
Non-controlling interest arising on business combination	-	-	-	-	-	-	**3 204**	**3 204**
Acquisition of non-controlling interest	-	-	**-159**	-	-	-	**-594**	**-753**
As at 31 December 2014	**699 784**	**1 775 397**	**184 008**	**21 426**	**9 804**	**322 744**	**1 913**	**3 015 076**

(in PLN'000)

1.01.2014 - 31.03.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Current year profit	Non-controlling interests	Total equity
As at 1 January 2014	**635 830**	**1 434 713**	**176 792**	**-16 777**	**-273 728**	**227 902**	**-**	**2 184 732**
Transfer of the previous year result	**-**	**-**	**-**		**227 902**	**-227 902**	**-**	**0**
Comprehensive income	**-**	**-**	**-**	**2 514**	**-**	**68 402**	**-102**	**70 814**
net profit	**-**	**-**	**-**		**-**	68 402	**-102**	**68 300**
other comprehensive income	**-**	**-**	**-**	2 514	**-**	**-**	**-**	**2 514**
Share-based payments	**-**	**-**	**1 855**	**-**	**-**	**-**	**-**	**1 855**
Share issue	**63 583**	**394 412**	**-**	**-**	**-**	**-**	**-**	**457 995**
Non-controlling interest arising on business combination	**-**	**-**	**-**	**-**	**-**	**-**	**2 993**	**2 993**
Acquisition of non-controlling interest	**-**	**-**	**-167**	**-**	**-**	**-**	**-430**	**-597**
As at 31 March 2014	**699 413**	**1 829 125**	**178 480**	**-14 263**	**-45 826**	**68 402**	**2 461**	**2 717 792**

(in PLN'000)

Consolidated cash flow statement

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Operating activities		
Gross profit	**117 226**	**85 110**
Adjustments:	**-662 581**	**-522 710**
Unrealized foreign exchange gains/losses	-2 314	723
Amortization/depreciation of tangible and intangible assets	66 507	18 856
Change in tangible and intangible assets impairment write-down	2 201	7
Change in provisions	1 214	1 164
Share-based payments	909	1 855
Change in loans and receivables	-4 050 868	-1 301 879
Change in financial assets available for sale	157 982	-17 652
Change in financial assets held for trading	-48 280	35 727
Change in assets pledged as collateral	-652 243	227 007
Change in hedging asset derivatives	-39 766	-8 454
Change in non-current assets held for sale	-1 486	0
Change in other assets	-91 245	94 944
Change in deposits	3 152 398	1 021 303
Change in issued debt	216 640	84 467
Change in financial liabilities held for trading	40 993	-6 563
Change in hedging liabilities derivatives	-4 777	0
Change in other liabilities	680 813	-616 359
Income tax paid	-91 259	-57 856
Net cash flow from operating activities	**-545 355**	**-437 600**
Investing activities		
Outflows:	**251 865**	**-15 413**
Purchase of property, plant and equipment	-28 817	-4 686
Purchase of intangible assets	-85 246	-6 083
Purchase of subsidiaries	365 928	-4 644
Inflows:	**4**	**1**
Disposal of property, plant and equipment	4	0
Disposal of shares in subordinated companies	0	1
Net cash flow from investing activities	**251 869**	**-15 412**
Financing activities		
Outflows:	**-176 249**	**-5 693**
Repayment of long-term liabilities	-183 700	-11 999
Interest expense - loan received	0	360
Interest expense - subordinated loan	7 451	5 946
Inflows:	**570 757**	**457 995**
Long-term liabilities incurred	193 719	0
Inflows from share issue	184 060	457 995
Acquisition of non-controlling interest	192 978	0
Net cash flow from financing activities	**394 508**	**452 302**
Total net cash flow	**101 022**	**-710**
Balance sheet change in cash and cash equivalents	**101 022**	**-710**
Cash and cash equivalents, opening balance	**1 456 273**	**1 251 673**
Cash and cash equivalents, closing balance	**1 557 295**	**1 250 963**
Additional disclosures on operating cash flows		
Interest income received	**448 773**	**397 022**
Interest expense paid	**-133 420**	**-117 941**

Additional information to the consolidated quarterly report

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 seat in Warsaw, ul. Łopuszańska 38D, was entered in the register of businesses maintained by the District Court for the Capital City of Warsaw, 13th Business Department of the National Court Register under the number KRS 0000305178. The parent company was assigned a tax identification number NIP: 107-001-07-31 and a statistical number REGON: 141387142.

Since 14 December 2012, the Bank has been listed on the Warsaw Stock Exchange.

1.2 Duration and scope of business activities

On 18 April 2008 the Polish Financial Supervision Authority (the "PFSA") granted permission for the incorporation of a bank under the name Alior Bank S.A. On 1 September 2008, the PFSA issued a licence 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 purchasing and selling foreign currency. The Group also conducts brokerage activities, consulting and financial agency services and renders other financial services. The information on companies belonging to the Group is presented in point 1.4. of this 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

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

- Alior Lux S.a r.l. & Co S.C.A. together with Alior Polska Sp. z o.o.;
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK
- Genesis Asset Managers LLP

(in PLN'000)

Shareholders holding more than 5% of the Bank's shares as at 15 May 2015

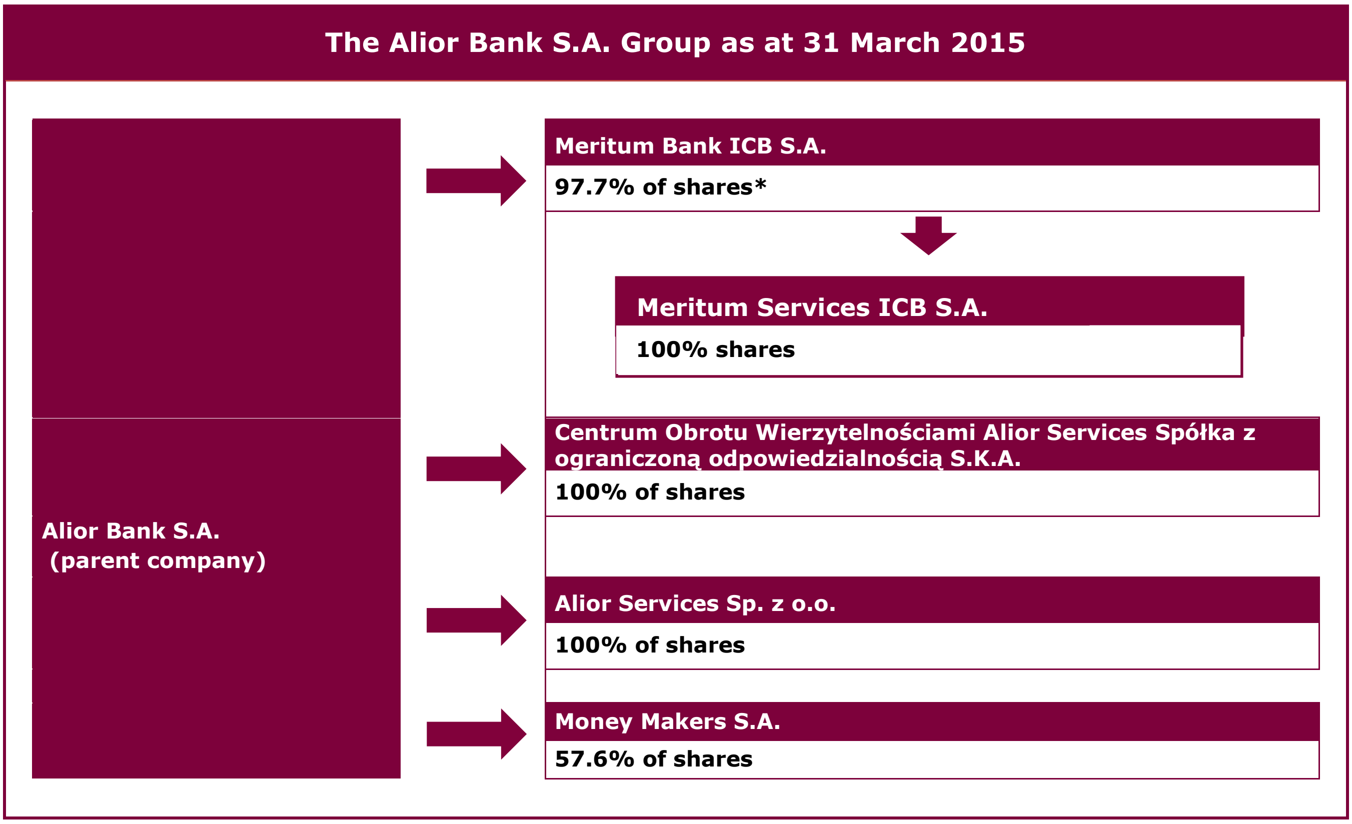
Shareholder	Number of shares /votes	Par value of shares [PLN]	% share in share capital	Share in total number of votes
Alior Lux S.a r.l. & Co. S.C.A. (including Alior Polska sp. z o.o.)	18 318 473	183 184 730	25.26%	25.26%
Genesis Asset Managers LLP	5 093 922	50 939 220	7.02%	4.80%
Aviva OFE Aviva BZ WBK	3 806 451	38 064 510	5.25%	5.25%
Other shares	45 302 762	453 027 620	62.47%	64.69%
Total	72 521 608	725 216 080	100%	100%

On 2 April 2015, the Bank's Management Board received notifications pursuant to Art. 69 of the Public Offering Act of 29 July 2005 of changes in the share in the total number of votes at the General Shareholders' Meeting of Alior Bank from Genesis Asset Managers, LLP ("Genesis"). On 5 February 2015 the customers of Genesis sold 12,942 of the Bank's shares on the Warsaw Stock Exchange. After the said transaction, the shares held by Genesis (5,093,922 shares in the Bank) represent 7.02% of the Bank's share capital and carry 3,483,391 votes, which represent 4.80% of the total number of votes at the Bank's General Shareholders' Meeting.

Additionally, in the period from the submission of the previous interim report, 187,744 ordinary D-series bearer shares with a total nominal value of PLN 1,877,440 were issued, based on the partial settlement of the Incentive Scheme. Therefore, the percentage shareholdings in the Bank's share capital changed.

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

1.4 Information about the Alior Bank S.A. Group



** as a result of the squeeze out on April 22, 2015 the Bank became of 100% shareholder of Meritum Bank ICB S.A.*

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

As at 31 March 2015, the Alior Bank S.A. Group is composed of the following companies: Alior Bank S.A. as the parent company and the subsidiaries in which the Bank holds majority interests. In the reporting period, changes were introduced in the structure of the Alior Bank S.A. Group.

On 19 February 2015, after the conditions precedent have been met, the transaction for the purchase of Meritum Bank ICB S.A. ("Meritum") shares was closed. As part of the closure of the Transaction the Bank concluded the final sale agreement with Innova Financial Holdings S.à r.l, WCP Coöperatief U.A. and the European Bank for Reconstruction and Development ("the Seller") for the sale of Meritum shares, on the basis of which the Bank acquired: from EBRD – 3,026,886 shares in Meritum with a nominal value of PLN 30 each (representing 23.9% of the share capital of Meritum and 23.9% voting rights at the General Shareholders' Meeting of Meritum), from WCP – 3,048,471 shares in Meritum with a nominal value of PLN 30 each (representing 24.1% of the share capital of Meritum and 24.1% voting rights at the General Shareholders' Meeting of Meritum) and from IFH – 6,307,389 shares in Meritum with a nominal value of PLN 30 each (representing 49.9% of the share capital of Meritum and 47.0% voting rights at the General Shareholders' Meeting of Meritum). In total, the Bank acquired 12,382,746 shares in Meritum with a nominal value of PLN 30 each, representing 97.9% of the share capital of Meritum and 95.0% of the total number of voting rights at the General Shareholders' Meeting of Meritum, for a consideration of PLN 352,541,731.72.

Additionally, on 12 February 2015 the court issued a resolution on reducing the share capital of Centrum Obrotu Wierzytelnościami Alior Services Spółka z ograniczoną odpowiedzialnością S.K.A. and on the redemption of shares which caused the Bank to once again become the Company's sole shareholder.

The consolidated financial statements comprise the financial statements of the Bank and the financial statements of the following entities. 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. Meritum Bank ICB S.A. (previously Bank Współpracy Europejskiej S.A.) has been operating on the Polish market since mid 1990. In November 2007 the investment fund Innova/4 L.P., whose advisor was Innova Capital, became the majority shareholder of the Bank. In 2009 the Bank's name was changed to Meritum Bank, at the same time, the Bank's seat was moved from Wrocław to Gdańsk. In February 2015 Alior Bank SA became the Bank's majority shareholder. Until obtaining the consent of the Polish Financial Supervision Authority for the business combination and legal merger Meritum Bank remains a separate company within the Alior Bank Group.

   a) Meritum Services ICB S.A. is a subsidiary of Meritum Bank ICB S.A. The Company engages in preparing business plans and applications for entities wishing to obtain EU subsidies, and preparing business plans and completing documentation of companies which apply for bank loans. The Company provides IT services to Meritum Bank.

2. Centrum Obrotu Wierzytelnościami Alior Services Spółka z ograniczoną odpowiedzialnością S.K.A. is a company whose main aim is to trade in receivables purchased from the Bank. The Company was established to optimize the process of selling the Bank's receivables.

3. Alior Services Sp. z o.o. (formerly Alior Raty sp. z o.o. - the change in the Company's name entered on 23 May 2014 by the District Court for Kraków-Śródmieście in Kraków, 11th Business Department of the National Court Register) is a Company formed on 3 February 2012. As of 31 October 2013, the Company discontinued its operations within the scope of providing financial intermediation services. In January 2014, the Management Board of Alior Bank S.A made a decision that the Company would continue in operation in business areas other than those before.
   - The Company's objectives:
     a. using sales opportunities for products and non-financial services;
     b. extending and making more attractive the offer for Private Banking customers in order to strengthen the competitive position.
   - The Company's operations:

(in PLN'000)

a. seeking out and gaining external partners for cooperation in offering non-banking services;
b. arranging business relationships for clients and external partners.

- The Company's planned revenues comprise commission for intermediation in non-banking services.

The Company also continues operations within the scope of meeting the obligations towards customers under the contract with TU Ergo Hestia.

4. Money Makers S.A. is a Company whose activities focus on services related to asset management. The Bank's cooperation with the subsidiary Money Makers relates to three areas: asset management (managing portfolios of retail customers / private banking), insurance offers of equity funds, and managing Alior SFIO subfunds.

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

Composition of the Company's Management Board:

Composition of the Bank's Management Board as at 31 March 2015	Composition of the Bank's Management Board as at 31 December 2014
Wojciech Sobieraj – CEO	Wojciech Sobieraj – CEO
Krzysztof Czuba – Deputy CEO	Krzysztof Czuba – Deputy CEO
Michał Hucał – Deputy CEO	Michał Hucał – Deputy CEO
Witold Skrok – Deputy CEO	Witold Skrok – Deputy CEO
Katarzyna Sułkowska – Deputy CEO	Katarzyna Sułkowska – Deputy CEO

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

Members of the Bank's Management Board who held shares in the Bank as at 15 May 2015

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

As a result of the partial settlement of the Incentive Plan as at 30 March 2015:

- Krzysztof Czuba – Deputy CEO – took up 17,731 of the Bank's shares, which were sold on the same day as a result of a transaction on the regulated market;
- Katarzyna Sułkowska – Deputy CEO – took up 26,596 of the Bank's shares, which were sold on the same day as a result of a transaction on the regulated market;

(in PLN'000)

- Michał Hucał – Deputy CEO – took up 13,298 of the Bank's shares. Those shares, together with the 70 shares which had been in his possession earlier, were sold on the same day as a result of a transaction on the regulated market.

Composition of the Bank's Supervisory Board

Composition of the Bank's Supervisory Board as at 31.03.2015		Composition of the Bank's Supervisory Board as at 31.12.2014	
Helene Zaleski	Chair of the Supervisory Board	Helene Zaleski	Chair of the Supervisory Board
Małgorzata Iwanicz - Drozdowska	Deputy Chair of the Supervisory Board	Małgorzata Iwanicz - Drozdowska	Deputy Chair of the Supervisory Board
Sławomir Dudzik	Member of the Supervisory Board	Sławomir Dudzik	Member of the Supervisory Board
Niels Lundorff	Member of the Supervisory Board	Niels Lundorff	Member of the Supervisory Board
Marek Michalski	Member of the Supervisory Board	Marek Michalski	Member of the Supervisory Board
Krzysztof Obłój	Member of the Supervisory Board	Krzysztof Obłój	Member of the Supervisory Board
Stanisław Popów	Member of the Supervisory Board	Stanisław Popów	Member of the Supervisory Board

In the reporting period, there were no changes in the composition of Alior Bank S.A.'s Supervisory Board.

Members of the Bank's Supervisory Board who held shares in the Bank as at 15 May 2015

Shareholder	Number of shares /votes	Nominal value of shares held	% share in share capital	Share in total number of votes
Helene Zaleski	210 774	2 107 740	0.29%	0.29%
Małgorzata Iwanicz-Drozdowska	1 465	14 650	0.00%	0.00%
Niels Lundorff	90 000	900 000	0.12%	0.12%

In the period from the date of the last interim report, there were no changes in the number of the Bank's shares held by the Bank's Supervisory Board Members. As a result of increases in the Bank's share capital, the percentage shareholdings in the Bank's share capital changed.

1.6 Approval of the consolidated financial statements

The consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the financial year ended 31 December 2014 were approved for publication by the Bank's Management Board on 26 February 2015.

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved by the Bank's Management Board on 14 May 2015.

2. Accounting policies

2.1 Basis of preparation

Scope and comparatives

The condensed interim 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 2015 and the comparatives for the 3-month period ended 31 March 2014 (in the scope of consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statement) and the comparatives as at 31 December 2014 (in the scope of consolidated statement of financial position and consolidated statement of changes in equity). The condensed interim consolidated financial statements have been prepared in Polish zloties. Unless otherwise stated, the amounts are presented in PLN thousands

In the first quarter of 2015 the Group decided to change the presentation of net interest income of CIRS transactions. From January 2015 interest income and interest expense associated with deposits' submission within the CIRS transactions are presented in net interest income, while in 2014 were presented in trading result. The purpose of the amendment is to ensure the compatibility of the presented result with its economic substance.

Below we present the changes introduced to increase clarity of the presented data (in accordance with the Group's annual consolidated financial statement for the period from 1 January 2014 to 31 December 2014). In the Note to the statement of financial position:
- hedging assets were separated which led to changes in amounts due from customers, banks and available-for-sale financial assets;
- financial liabilities to customers and banks, measured at amortized cost, were separated;
- provisions for off-balance sheet liabilities were transferred from other liabilities to provisions;
- provisions for holiday pay and bonuses were transferred from provisions to other liabilities.

Consolidated income statement

Notes to the income statement	Data from the financial statements as at 31.03.2014	Change	Restated data 31.03.2014
Interest income	392 011	7 000	399 011
Interest expense	-120 957	-4 087	-125 044
Net interest income	**271 054**	**2 913**	**273 967**
Trading result	**55 798**	**-2 913**	**148 923**

(in PLN'000)

Consolidated statement of financial position

Notes to the statement of financial position	Data from the financial statements as at 31.03.2014	Change	Restated data 31.03.2014
Available-for-sale financial assets	3 172 488	-449 508	2 722 980
Amounts due from banks	278 448	-7 157	271 291
Amounts due from customers	20 935 596	-4 064	20 931 532
Assets pledged as collateral	0	460 729	460 729
TOTAL ASSETS	**24 386 532**	**0**	**24 386 532**
Financial liabilities measured at amortized cost	22 527 684	-22 527 684	0
Amounts due to banks	0	654 838	654 838
Amounts due to customers	0	21 872 846	21 872 846
Provisions	3 568	2 467	6 035
Other liabilities	747 559	-2 467	745 092
TOTAL LIABILITIES AND EQUITY	**23 278 811**	**0**	**23 278 811**

Statement of compliance

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the first quarter of 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as of 31 March 2015, and in accordance with the requirements of the Decree of 19 February 2009 on current and periodic information to be prepared by issuers of securities and conditions for considering as equivalent the information required by the provisions of the law of a non-EU state (Journal of Laws of 2009 No. 33, item 259), as amended.

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

The interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the financial period from 1 January 2015 to 31 March 2015, and interim condensed statement of financial position as at 31 March 2015, including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the last annual financial statements, with the exception of amendments to standards which are binding from 1 January 2015.

Due to the purchase of Meritum Bank's shares on 19 February 2015, the Alior Bank Spółka Akcyjna Group applied the provisions of IFRS 3 'Business Combinations' (IFRS 3).

The purchase is accounted for the acquisition method in accordance with IFRS 3, which application requires:

- identifying the acquirer,
- determining the acquisition date
- recognising and measuring the identifiable assets acquired, the liabilities assumed measured at fair value and any non-controlling
- interest in the acquiree,
- recognising and measuring goodwill or a gain from a bargain purchase, which are measured as a difference between:

- the aggregate of: the consideration transferred and the amount of any non-controlling interest in the acquiree,
- and the net amount of the identifiable assets acquired and liabilities assumed measured in accordance with IFRS.

For each business combination, one of the combining entities shall be identified as the acquirer.

The acquirer shall identify the acquisition date, which is the date on which it obtains control of the acquiree.
As of the acquisition date, the acquirer shall recognise, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

At the acquisition date, the acquirer shall classify or designate the identifiable assets acquired and liabilities assumed as necessary to apply other IFRSs subsequently. The acquirer shall make those classifications or designations on the basis of the contractual terms, economic conditions, its
operating or accounting policies and other pertinent conditions as they exist at the acquisition date.

The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The requirements in IAS 37 'Provisions, contingent liabilities and contingent assets' do not apply in determining which contingent liabilities to recognise as of the acquisition date. Instead, the acquirer shall recognise as of the acquisition date a contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably. The acquirer recognizes a contingent liability assumed in a business combination at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The seller in a business combination may contractually indemnify the acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability. As a result, the acquirer obtains an indemnification asset. The acquirer shall recognise an indemnification asset at the
same time that it recognises the indemnified item measured on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts.

The acquirer shall identify any items that are not part of what the acquirer and the acquiree (or its former owner) exchanged in the business combination, i.e. items that are not part of the consideration transferred for the acquiree. When applying the acquisition method the acquirer recognises only the consideration transferred for the acquiree and the assets acquired and liabilities assumed under the acquisition transaction of the acquiree.

Due to the fcat that the acquisition of Meritum Bank took place on 19 February 2015, the settlement of the transaction was based on the data as at 18 February 2015.

In accordance with IFRS 3, the acquirer must complete the allocation of the purchase price within 12 monthes from the date of the purchase, which means that the process should be completed by 18 February 2016.

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 over a period of at least 12 months as of the balance sheet date, i.e. as of 31 March 2015.

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

2.2 Accounting policies

The detailed accounting policies have been presented in the annual consolidated financial statements of the Alior Bank S.A. Group for the financial year from 1 January 2015 to 31 March 2015, published on 27 February 2015, and available of Alior Bank S.A.'s website.

Changes in accounting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the financial statements for the financial year ended 31 December 2014, except for the following amendments to standards and new interpretations binding for the annual periods starting on or after 1 January 2015:

- IFRS 10 "Consolidated Financial Statements" – applicable to annual periods starting on or after 1 January 2015;
- IFRS 11 "Joint Arrangements" – applicable to annual periods starting on or after 1 January 2015;
- IFRS 12 "Disclosures of Interests in Other Entities" – applicable to annual periods starting on or after 1 January 2015;
- IAS 27 (amended in 2011) "Separate Financial Statements" – applicable to annual periods starting on or after 1 January 2015;
- IAS 28 (amended in 2011) "Associated Entities and Joint Ventures" – applicable to annual periods starting on or after 1 January 2015;
- Amendments to IAS 10, 11 and 12, relating to interim regulations – applicable to annual periods starting on or after 1 January 2015;
- Amendments to IFRS 10, IFRS 12 and IAS 27, relating to the consolidation of investment entities – applicable to annual periods starting on or after 1 January 2015;
- Amendments to IAS 32 "Financial Instruments: Offsetting of Financial Assets and Financial Liabilities" – applicable to annual periods starting on or after 1 January 2015;
- Amendment to IAS 36 "Impairment of Assets" relating to recoverable amount disclosures – applicable to annual periods starting on or after 1 January 2015;

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" relating to reclassification of derivatives and hedge accounting applicable to annual periods starting on or after 1 January 2015;

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

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

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

- IFRS 9, "Financial Instruments" – applicable to annual periods starting on or after 1 January 2018 - by the date of approving these financial statements, not adopted by the EU;
- Amendment to IAS 1, "Presentation of Financial Statements" – applicable to the annual periods starting after 1 January 2016 – until the date of these financial statements not adopted by the EU;
- IFRS 14 "Regulatory Deferral Accounts" – applicable to annual periods starting on or after 1 January 2016 – until the date of approving these financial statements, not adopted by the EU;
- IFRS 15 "Revenue from Contracts with Customers" – applicable to annual periods starting on or after 1 January 2017 – until the date of approving these financial statements not adopted by the EU;
- Amendment to IFRS 11 "Joint Arrangements" relating to acquisition of an interest in a joint operation, applicable to annual periods starting on or after 1 January 2016 – until the date of approving these financial statements not adopted by the EU;
- Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" relating to amortization and depreciation, applicable to annual periods starting on or after 1 January 2016 – until the date of approving these financial statements not adopted by the EU;
- Amendment to IFRS 9 "Financial Instruments", relating to overall hedge accounting – applicable to annual periods starting on or after 1 January 2018 – until the date of approving these financial statements not adopted by the EU;
- Amendment to IAS 27 "Separate Financial Statements' relating to the equity accounting method, applicable to annual periods starting on or after 1 January 2016 – until the date of approving these financial statements not adopted by the EU;
- Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Associates and Joint Ventures", relating to sale or contribution of assets, applicable to annual periods starting on or after 1 January 2016 – until the date of approving these financial statements not adopted by the EU;
- Amendments arising from the IFRS 2012-2014 improvement project – applicable to annual periods starting on or after 1 July 2016 – until the date of approving these financial statements not adopted by the EU;
- Amendments to IFRS 10, IFRS 12 and IAS 28 relating to the manner of applying exceptions to consolidating investment entities and their subsidiaries.

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

3. Operating segments

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

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

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

The basic products for retail customers are as follows:

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

The basic products for business customers are as follows:

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

The basic element of segment analysis is the profitability of the Retail and Business Segment. The profitability includes:

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

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

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

(in PLN'000)

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

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

Results and volumes by segments for the quarter ended 31 March 2015

Segment report	Retail customers	Corporate customers	Treasury	Total corporate segments	Other	Total Bank
External interest income	**226 279**	**86 058**	**29 347**	**341 684**	**1 484**	**343 168**
external income	300 641	129 168	49 556	479 365	1 476	480 841
external expense	-74 362	-43 110	-20 209	-137 681	8	-137 673
Internal interest income	**-2 919**	**5 614**	**-452**	**2 243**	**-2 243**	**0**
internal income	96 369	60 869	231 413	388 651	-1 738	386 913
internal expense	-99 288	-55 255	-231 865	-386 408	-505	-386 913
Net interest income	**223 360**	**91 672**	**28 895**	**343 927**	**-759**	**343 168**
Fee and commission income	49 294	57 339	377	107 010	28 572	135 582
Fee and commission expense	-16 992	-174	-76	-17 242	-25 557	-42 799
Net fee and commission income	**32 302**	**57 165**	**301**	**89 768**	**3 015**	**92 783**
Dividend income	**0**	**0**	**0**	**0**	**0**	**0**
Trading result	**-450**	**13 614**	**52 364**	**65 528**	**0**	**65 528**
Net gain (realized) on other financial instruments	**21 603**	**32 313**	**-49 072**	**4 844**	**4**	**4 848**
Other operating income	38 987	674	0	39 661	-20 435	19 226
Other operating expenses	-1 936	0	-430	-2 366	-3 447	-5 813
Net other operating income	**37 051**	**674**	**-430**	**37 295**	**-23 882**	**13 413**
Total result before impairment losses	**313 866**	**195 438**	**32 058**	**541 362**	**-21 622**	**519 740**
Impairment losses	**-97 201**	**-45 073**	**0**	**-142 274**	**-2 382**	**-144 656**
Total result after impairment losses	**216 665**	**150 365**	**32 058**	**399 088**	**-24 004**	**375 084**
General administrative expenses	**-194 503**	**-62 733**	**-622**	**-257 858**	**0**	**-257 858**
Gross profit (loss)	**22 162**	**87 632**	**31 436**	**141 230**	**-24 004**	**117 226**
Income tax	0	0	0	0	-25 747	-25 747
Net profit (loss)	**22 162**	**87 632**	**31 436**	**141 230**	**-49 751**	**91 479**

Amortization/ depreciation						**-18 954**
Assets	15 726 981	11 683 690	7 475 465	34 886 136	0	**34 886 136**
Liabilities	18 602 544	9 197 307	3 764 283	31 564 134	0	**31 564 134**

(in PLN'000)

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

Segment report	Retail customers	Corporate customers	Treasury	Total corporate segments	Other	Total Bank
External interest income	**145 005**	**91 424**	**31 880**	**268 309**	**5 658**	**273 967**
external income	220 916	125 858	46 705	393 479	5 532	399 011
external expense	-75 911	-34 434	-14 825	-125 170	126	-125 044
Internal interest income	**33 469**	**-7 605**	**-1 619**	**24 245**	**-24 245**	**0**
internal income	127 533	60 402	244 317	432 252	-23 214	409 038
internal expense	-94 064	-68 007	-245 936	-408 007	-1 031	-409 038
Net interest income	**178 474**	**83 819**	**30 261**	**292 554**	**-18 587**	**273 967**
Fee and commission income	57 679	41 362	0	99 041	26 240	125 281
Fee and commission expense	-16 585	-98	-77	-16 760	-24 952	-41 712
Net fee and commission income	**41 094**	**41 264**	**-77**	**82 281**	**1 288**	**83 569**
Dividend income	**0**	**0**	**0**	**0**	**0**	**0**
Trading result	**244**	**6 877**	**45 742**	**52 863**	**22**	**52 885**
Net gain (realized) on other financial instruments	**14 346**	**30 056**	**-44 321**	**81**	**-92**	**-11**
Other operating income	27 951	730	2	28 683	-17 118	11 565
Other operating expenses	-2 966	-151	0	-3 117	-1 518	-4 635
Net other operating income	**24 985**	**579**	**2**	**25 566**	**-18 636**	**6 930**
Total result before impairment losses	**259 143**	**162 595**	**31 607**	**453 345**	**-36 005**	**417 340**
Impairment losses	**-74 341**	**-42 927**	**0**	**-117 268**	**-13**	**-117 281**
Total result after impairment losses	**184 802**	**119 668**	**31 607**	**336 077**	**-36 018**	**300 059**
General administrative expenses	**-158 256**	**-56 137**	**-556**	**-214 949**	**0**	**-214 949**
Gross profit (loss)	**26 546**	**63 531**	**31 051**	**121 128**	**-36 018**	**85 110**
Income tax	0	0	0	0	-16 810	-16 810
Net profit (loss)	**26 546**	**63 531**	**31 051**	**121 128**	**-52 828**	**68 300**

Amortization/ depreciation						**-18 856**
Assets	11 291 305	9 644 291	5 582 024	26 517 620	0	26 517 620
Liabilities	15 198 568	6 684 380	1 916 880	23 799 828	0	23 799 828

(in PLN'000)

Notes to the income statement

4. Net interest income

4.1 Net interest income by entity	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Interest income	**480 841**	**399 011**
financial sector	32 481	29 878
non-financial sector	432 404	353 408
central and local government institutions	15 956	15 725
Interest expense	**-137 673**	**-125 044**
financial sector	-45 366	-33 055
non-financial sector	-91 670	-91 731
central and local government institutions	-637	-258
Net interest income	**343 168**	**273 967**

4.2 Net interest income by product	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Interest income	**480 841**	**399 011**
Interest income from financial instruments measured at amortized cost including the effective interest rate method	454 746	379 489
term deposits	101	28
loans	424 926	346 535
financial assets available for sale	22 190	24 976
receivables acquired	7 029	7 616
other	500	334
Other interest income	26 095	19 522
current accounts	3 992	4 452
overnight deposits	136	163
derivatives	21 967	14 907
Interest expense	**-137 673**	**-125 044**
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-112 865	-97 859
term deposits	-83 108	-76 486
repo transactions in securities	-5 380	-1 911
cash deposits	-910	-1 294
own issue	-22 949	-17 310
other	-518	-858
Other interest expense	-24 808	-27 185
current deposits	-10 964	-15 512
derivatives	-13 844	-11 673
Net interest income	**343 168**	**273 967**

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

(in PLN'000)

5. Net fee and commission income

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Fee and commission income	**135 582**	**125 281**
brokerage commissions	15 738	14 376
payment cards	20 404	28 612
revenue from bancassurance activity	34 673	33 980
loans and advances	16 505	14 084
accounts maintenance	18 796	11 384
transfers	8 806	7 238
remittances and withdrawals services	4 908	4 658
acquired receivables	2 637	3 495
guarantees, letters of credit, collections, promises	3 590	3 015
other commissions	9 525	4 439
Fee and commission expense	**-42 799**	**-41 712**
brokerage commissions	-837	-1 436
costs of card transactions and ATM , including costs of payment card issue	-13 457	-13 999
insurance of bank products	-4 984	-2 885
commissions for ATM sharing	-5 136	-4 192
fees paid under service agreements	-2 013	-4 024
compensation and awards to customers	-3 861	-5 451
commissions paid to agents	-2 979	-3 428
assistance services	-1 356	-1 030
costs of customers acquisition	-1 832	-302
other commissions	-6 344	-4 965
Net fee and commission income	**92 783**	**83 569**

The Group does not engage in trust activities.

6. Trading result

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Foreign exchange transactions result	46 942	45 243
Interest rate transactions result	16 605	6 409
Over hedge	990	215
Other financial instruments result	991	1 018
Trading result	**65 528**	**52 885**

The result on foreign exchange transactions includes the results on: forex, swap (FX swap and CIRS with capital exchange), FX forward, currency options and revaluation of assets and liabilities expressed in foreign currencies.
The result on interest rate transactions includes the results on: interest rate swaps, FRA, net interest income on CIRS transactions and result on interest rate options (CAP/FLOOR).
The result on other financial instruments is the result on trading in equity securities, the result on commodity derivatives (including forwards and futures), the result on options for exchange indices, index baskets and commodities.

(in PLN'000)

7. Net gain realized on other financial instruments

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Financial assets available for sale	4 925	1
Own issue	-77	-12
income from re-purchase	131	27
losses on repurchase	-208	-39
Net gain realized on other financial instruments	**4 848**	**-11**

8. Net other operating income

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Other operating income from:	**19 226**	**11 565**
management of third party assets	1 386	4 845
received compensations, fines and penalties	38	46
fees paid by counterparts	4 616	1 541
acquisition of receivables	2 093	8
reimbursement of litigation costs	5 164	2 998
refunding costs of Banking Guarantee Fund	3 952	0
other	1 977	2 127
Other operating expenses due to:	**-5 813**	**-4 635**
management of third party assets	-588	-1 606
paid compensations, fines and penalties	-256	-5
awards given to customers	-94	-240
operating risk	-1 948	-460
litigation costs	-2 206	-1 375
other	-721	-949
Net other operating income and expense	**13 413**	**6 930**

9. General administrative expenses

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Payroll costs	**-146 137**	**-118 031**
remuneration due to employment contracts	-120 697	-94 573
remuneration surcharges	-23 224	-18 992
share-based payments	-909	-1 855
other	-1 307	-2 611
General and administrative costs	**-90 595**	**-75 818**
IT costs	-9 141	-9 381
lease and building maintenance expenses	-37 282	-34 279
marketing costs	-7 939	-4 559
training costs	-2 170	-2 502
cost of advisory services	-3 923	-5 091
costs of Banking Guarantee Fund	-14 488	-8 332
lease of property, plant and equipment and intangible assets	-805	-1 342
costs of telecommunications services	-3 999	-3 810
external services	-7 819	-3 482
other	-3 029	-3 040
Amortization and depreciation	**-18 954**	**-18 856**
property, plant and equipment	-11 480	-11 479

(in PLN'000)

intangible assets	-7 474	-7 377
Taxes and fees	**-2 172**	**-2 244**
Total general administrative expenses	**-257 858**	**-214 949**

10. Net impairment losses

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Impairment losses on impaired loans and advances to customers	-139 411	-116 006
financial sector	-1 927	-246
non-financial sector	-137 484	-115 760
retail customers	-91 063	-73 344
business customers	-46 421	-42 416
IBNR for customers without impairment losses	-2 303	-1 406
financial sector	165	-99
non-financial sector	-2 468	-1 307
retail customers	-1 177	-628
business customers	-1 291	-679
Off-balance reserve	-741	138
Property, plant and equipment and intangible assets	-2 201	-7
Net impairment losses & provisions	**-144 656**	**-117 281**

11. Income tax

11.1 Presented in the income statement	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Current tax	36 916	17 770
current year	36 937	17 770
prior year tax adjustment	-21	0
Deferred tax	-11 169	-960
origination and reversal of temporary differences	-11 169	-960
Accounting tax recognized in the income statement	**25 747**	**16 810**

11.2 Effective tax rate calculation	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Profit before tax	**117 226**	**85 110**
Income tax at 19%	**22 273**	**16 170**
Non-tax deductible expenses	**4 289**	**2 238**
Representation costs	**44**	**22**
State Fund for Rehabilitation of Persons with Disabilities	**345**	**284**
Impairment losses on loans in the part not covered with deferred tax	**220**	**1 388**
Prudential fee to BFG	**2 340**	**0**
Costs of provisions for management options	**173**	**353**
Other	**1 167**	**191**
Non-taxable revenues	**-315**	**-19**
Release of loan impairment allowances in the part not covered with the deferred tax	**-1**	**-2**
Other	**-314**	**-17**
Recognition of tax loss	**-500**	**40**
Recognition of assets related to contribution of receivables to Obrót Wierzytelnościami Alior Polska sp. z o.o. S.K.A.	**0**	**-1 619**
Accounting tax recognized in the income statement	**25 747**	**16 810**
Effective tax rate	**21,96%**	**19,75%**

(in PLN'000)

12. Earnings per share

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Net profit	91 479	68 300
Weighted average number of ordinary shares	70 401 293	69 941 261
Share options (number) - adjusting instrument	3 196 587	3 331 250
Adjusted weighted average number of shares	73 597 880	73 272 511
Net earnings per ordinary share (PLN)	**1,30**	**0,98**
Dilluted earnings per one share	**1,24**	**0,93**

Notes to the statement of financial position

13. Cash and balances with Central Bank

	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Current account with the Central Bank	1 184 326	932 357	886 715
Cash	193 333	226 083	190 861
Cash and balances with the central bank	**1 377 659**	**1 158 440**	**1 077 576**

As of 31.12.2008 r. the Group has maintained the mandatory reserve in a current account with the National Bank of Poland, in an amount compliant with the decisions of the Monetary Policy Board. As of 31 December 2010 the rate of the mandatory reserve is 3.5%.

14. Available-for-sale financial assets

14.1 By type	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Debt instruments	**2 491 199**	**2 649 121**	**2 722 301**
issued by the State Treasury	1 520 026	2 062 300	1 942 808
T-bonds	1 520 026	2 062 300	1 942 808
issued by monetary institutions	569 928	149 967	250 971
bonds	0	0	101 044
money bills	569 928	149 967	149 927
issued by other financial institutions	123 476	125 725	176 007
bonds	103 022	104 633	154 624
Eurobonds	20 454	21 092	21 383
issued by companies	277 769	311 129	352 515
bonds	277 769	311 129	352 515
Equity instruments	**2 945**	**3 005**	**679**
Available-for-sale financial assets	**2 494 144**	**2 652 126**	**2 722 980**

(in PLN'000)

14.2 By maturity	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
without set maturity date	2 945	3 006	679
≤ 1M	569 928	149 967	199 793
> 1M ≤ 3M	0	0	12 205
≤ 6M> 3M ≤ 6M	0	0	25 504
> 6M ≤ 1Y	49 882	775 059	181 674
> 1Y ≤ 2Y	657 999	303 091	363 239
> 2Y ≤ 5Y	565 209	1 141 518	1 371 175
> 5Y ≤ 10Y	648 181	279 485	568 711
Available-for-sale financial assets	**2 494 144**	**2 652 126**	**2 722 980**

14.3 Impairment allowance on debt instruments	As at 31.03.2015		As at 31.12.2014		As at 31.03.2014	
	Gross amount	Impairmant allowance	Gross amount	Impairmant allowance	Gross amount	Impairmant allowance
Bonds issued by companies	111 916	6 491	111 852	6 491	4 316	4 316

14.4 Change in the balance of debt instruments impairment allowances	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Opening balance	6 491	4 316	4 316
Changes during the year:	0	2 175	0
Increases	0	2 175	0
Impairment allowances at the end of the period	**6 491**	**6 491**	**4 316**

The following statements show the hierarchy of valuation methods for financial assets available for sale, measured at fair value as at 31.03.2015 and the comparatives as at 31.12.2014 and 31.03.2014.

In accordance with IFRS 13, the Group introduced the following classification:
• level 1 – all securities for which quotations are available from active financial markets;
The group includes mainly treasury debt securities. Fair value is determined based on the buying price from the quotations on the interbank market, brokerage quotations and BondSpot quotations.

• 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.
Fair value is determined based on the discounted cash flows method which assumes the structure of yield curves based on quotations of profitabilities of securities from the interbank market.
Debt commercial securities are measured based on profitability curves adjusted by the credit spread, provided that such spread can be determined based on observable market quotations, e.g. quotations of credit swap transactions.
This level also includes debt commercial securities quoted on the stock markets and characterized by low trading volumes on the stock market.

• level 3 – instruments for which at least one of the factors which impact its 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

(in PLN'000)

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 first quarter of 2015, the sensitivity of the valuation of such assets to credit spread increases of 1 base point amounted to PLN 100 thousand.

Transfers of instruments between valuation levels are performed as at the end of a reporting period.
Such transfers are performed in the situations described in the International Financial Reporting Standards, in connection with such factors as e.g. the availability of quotations of a given instrument on an active market, the availability of quotations of valuation factors, or impact of unobservable factors on the fair value.

14.5 Fair value	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Level 1	**1 583 028**	**2 127 558**	**1 987 002**
T-bonds	1 520 026	2 062 300	1 942 807
Other bonds	63 002	65 258	44 195
Level 2	**569 928**	**149 967**	**149 927**
Money bills	569 928	149 967	149 927
Level 3	**341 188**	**374 601**	**586 051**
Equity instruments	2 945	3 005	679
Other bonds	338 243	371 596	585 372
Valuation of available for sale financial assets by level	**2 494 144**	**2 652 126**	**2 722 980**

14.6 Movements on financial assets available for sale classified as level 3	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Opening balance	**374 601**	**291 037**	**291 037**
Reclassification	0	151 275	151 275
Increases, including	**9 147**	**221 065**	**160 951**
Acquisition	7 000	221 058	154 818
Other changes recognised in income statement	1 990	0	2 362
Fair value adjustment	157	0	3 770
Foreign exchange differences	0	7	1
Decreases, including	**-42 560**	**-288 776**	**-17 212**
Sale	-42 550	-280 518	-17 000
Other changes recognised in income statement	0	0	-212
Foreign exchange differences	-10	0	0
Financial assets available for sale classified as level 3 at the end of the period	**341 188**	**374 601**	**586 051**

Valuation of available-for-sale financial assets is presented in the revaluation reserve, interest income and discount in interest income, and income from the sale in the net gain on other financial instruments.

(in PLN'000)

15. Amounts due from customers

15.1 By type	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Retail segment	**15 726 981**	**13 300 919**	**11 287 241**
Working capital facility	148 540	142 530	127 497
Consumer loans	8 015 772	6 217 208	5 500 455
Consumer finance loans	677 601	704 834	673 578
Loans for purchase of securities	149 220	142 921	160 638
Credit card borrowings loans	232 856	204 619	185 915
Loans for residential real estate	5 396 225	4 991 141	3 688 595
Other mortgage loans	883 800	877 230	812 232
Other receivables	222 967	20 436	138 331
Corporate segment	**11 683 690**	**10 347 071**	**9 644 291**
Working capital facility	6 649 023	5 527 749	5 455 833
Car loans	120 102	141 299	214 379
Investment loans	4 330 886	4 134 162	3 380 402
Acquired receivables	555 105	517 347	536 204
Other receivables	28 574	26 514	57 473
Amounts due from customers	**27 410 671**	**23 647 990**	**20 931 532**

15.2 By gross amounts and carrying amounts	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Retail segment	**15 726 981**	**13 300 919**	**11 287 241**
Loans for residential real estate	5 396 225	4 991 141	3 688 595
unimpaired	5 299 176	4 908 611	3 617 698
impaired	128 720	112 240	86 408
IBNR	-7 047	-6 531	-2 740
Impairment allowance	-24 624	-23 179	-12 771
Consumer finance loans	677 601	704 834	673 578
unimpaired	663 715	691 187	665 001
impaired	51 342	49 064	33 587
IBNR	-2 105	-2 392	-2 982
Impairment allowance	-35 351	-33 025	-22 028
Other retail loans	9 653 155	7 604 944	6 925 068
unimpaired	9 249 763	7 274 942	6 658 931
impaired	1 461 225	1 034 794	795 198
IBNR	-118 054	-71 927	-46 007
Impairment allowance	-939 779	-632 865	-483 054
Corporate segment	**11 683 690**	**10 347 071**	**9 644 291**
unimpaired	11 176 514	9 838 275	9 215 397
impaired	1 219 163	1 028 647	850 226
IBNR	-39 175	-18 130	-16 573
Impairment allowance	-672 812	-501 721	-404 759
Amounts due from customers	**27 410 671**	**23 647 990**	**20 931 532**

(in PLN'000)

The provision for losses incurred but not reported (IBNR) amounted to: PLN 166,381 thousand as at 31 March 2015, PLN 98,980 thousand as at 31 December 2014 and PLN 68,302 thousand as at 31 March 2014.

15.3 Receivables from customers impaired	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Receivables from customers individually assessed	**719 767**	**801 399**	**697 738**
Retail segment	**259 700**	**309 349**	**273 404**
Amounts due from customers	451 641	595 598	527 221
Impairment allowance	-191 941	-286 249	-253 817
Corporate segment	**460 067**	**492 050**	**424 334**
Amounts due from customers	912 348	908 514	757 276
Impairment allowance	-452 281	-416 464	-332 942
Receivables from customers collectively assessed	**468 116**	**232 556**	**145 069**
Retail segment	**381 832**	**197 680**	**123 936**
Amounts due from customers	1 189 645	600 500	387 972
Impairment allowance	-807 813	-402 820	-264 036
Corporate segment	**86 284**	**34 876**	**21 133**
Amounts due from customers	306 815	120 133	92 950
Impairment allowance	-220 531	-85 257	-71 817
Receivables from customers impaired	**1 187 883**	**1 033 955**	**842 807**

15.4 Change in the balance of receivables impairment allowances and IBNR	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Opening balance	1 289 770	873 374	873 374
Changes due to the acquisition of a subsidiary	414 852	0	0
Changes during the year:	134 325	416 396	117 539
Increases	404 435	1 001 224	233 446
Retail segment	297 231	622 589	125 704
Corporate segment	107 204	378 635	107 742
Decreases	-262 721	-500 959	-116 034
Retail segment	-204 991	-303 500	-51 732
Corporate segment	-57 730	-197 459	-64 302
Transfer to costs	-46	-105 583	-226
Other changes	-7 343	21 714	353
Impairment allowances and IBNR at the end of the period	**1 838 947**	**1 289 770**	**990 913**

15.5 By maturity (as at the balance sheet date)	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Retail segment	**15 726 981**	**13 300 919**	**11 287 241**
≤ 1M	2 012 654	2 048 850	1 906 228
> 1M ≤ 3M	348 212	267 977	225 447
> 3M ≤ 6M	540 429	389 449	319 723
> 6M ≤ 1Y	852 246	741 573	621 602
>1Y ≤ 2Y	1 409 031	1 101 573	932 179

(in PLN'000)

>2Y ≤ 5Y	3 241 823	2 474 771	2 186 688
>5Y ≤ 10Y	3 171 920	2 444 547	2 145 343
>10Y ≤ 20Y	2 278 752	2 076 617	1 571 404
>20Y	1 871 914	1 755 562	1 378 627
Corporate segment	**11 683 690**	**10 347 071**	**9 644 291**
≤ 1M	4 764 474	3 561 340	4 051 869
> 1M ≤ 3M	737 119	622 870	693 593
> 3M ≤ 6M	575 247	587 109	535 985
> 6M ≤ 1Y	667 679	870 559	502 370
>1Y ≤ 2Y	1 261 198	1 339 352	881 721
>2Y ≤ 5Y	1 797 515	1 766 626	1 673 804
>5Y ≤ 10Y	1 469 336	1 212 647	1 035 316
>10Y ≤ 20Y	411 121	386 568	269 633
Amounts due from customers	**27 410 671**	**23 647 990**	**20 931 532**

15.6 By currency	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Retail segment	**15 726 981**	**13 300 919**	**11 287 241**
PLN	14 679 353	12 277 759	10 282 149
Other	1 047 628	1 023 160	1 005 092
Corporate segment	**11 683 690**	**10 347 071**	**9 644 291**
PLN	9 320 730	8 056 697	7 418 899
Other	2 362 960	2 290 374	2 225 392
Total receivables	**27 410 671**	**23 647 990**	**20 931 532**

15.7 Ten largest credit exposures	Currency	As at 31.03.2015
Company 1	EUR	240 250
Company 2	EUR	232 636
Company 3	EUR, GBP, PLN	148 769
Company 4	PLN	145 018
Company 5	PLN	140 015
Company 6	EUR	139 906
Company 7	PLN	135 442
Company 8	EUR	111 604
Company 9	PLN	107 192
Company 10	PLN	87 431

15.8 Ten largest credit exposures	Currency	As at 31.12.2014
Company 1	EUR	253 097
Company 2	EUR	240 205
Company 3	PLN	160 019
Company 4	EUR,GBP,PLN	148 310
Company 5	EUR	147 857
Company 6	PLN	145 020
Company 7	PLN	136 047
Company 8	EUR	117 356
Company 9	PLN	90 239
Company 10	PLN	86 332

(in PLN'000)

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

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

16. Amounts due from banks

16.1 By type	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Current accounts	162 020	291 440	49 447
Overnight deposits (O/N)	50 002	6 394	108 159
Term deposits	19 335	2 385	20 230
Kaucje będące zabezpieczeniem transakcji pochodnych (ISDA)	80 442	143 427	83 318
Other	8 023	5 732	10 137
Amounts due from banks	**319 822**	**449 378**	**271 291**

16.2 By maturity (as at the balance sheet date)	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
≤ 1M	318 594	446 993	267 231
> 1M ≤ 3M	1 228	2 385	2 610
> 3M ≤ 6M	0	0	1 450
Amounts due from banks	**319 822**	**449 378**	**271 291**

16.3 By currency	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
PLN	163 915	18 778	9 236
EUR	85 360	188 227	99 956
GBP	44 726	27 844	4 682
USD	66 143	153 248	94 473
CHF	3 166	5 608	30 776
Other currencies	41 165	55 673	32 169
Amounts due from banks	**319 822**	**449 378**	**271 291**

Forward repo/reverse repo transactions are concluded by the Group to optimize current liquidity management; therefore, they are classified exclusively to the banking portfolio. Occasional transactions appearing in the trading book result from risk-free arbitrage. Repo and reverse repo transactions are short-term and mature no later than within one month, they are concluded mainly in PLN, decidedly less frequently in EUR and USD. Net balances of repo and reverse repo transactions which mature within one month are included in the Group's liquidity buffer (liquid assets). At the end of March 2015, the Group did not have any reverse repo transactions.

(in PLN'000)

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

17. Property, plant and equipment

Stan 31.03.2015	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost at the beginning of the period	7 094	196 229	155 293	72 450	431 066
Changes due to the acquisition of a subsidiary	0	11 969	3 151	9 999	25 119
Changes due to:	-2 271	2 559	619	-5	902
Purchases in IQ 2015	669	2 280	676	73	3 698
Reclassifications in IQ 2015	-147	165	-13	-117	-112
Sales in IQ 2015	0	0	0	-4	-4
Other changes	-2 793	114	-44	43	-2 680
Value at cost at the end of the period	4 823	210 757	159 063	82 444	457 087
Accumulated depreciation as at the beginning of the period	0	121 777	68 785	46 067	236 629
Changes due to the acquisition of a subsidiary	0	9 137	2 045	5 296	16 478
Depreciation for IQ 2015	0	6 029	3 602	1 849	11 480
Other changes	0	0	0	176	176
Accumulated depreciation as at the end of the period	0	136 943	74 432	53 388	264 763
Impairment allowances as at the beginning of the period	0	577	2 006	19	2 602
Changes in impairment allowances in IQ 2015	0	267	1 934	0	2 201
Impairment allowances as at the end of the period	0	844	3 940	19	4 803
Net value as at the beginning of the period	**7 094**	**73 875**	**84 502**	**26 364**	**191 835**
Net value as at the end of the period	**4 823**	**72 970**	**80 691**	**29 037**	**187 521**

Stan 31.12.2014	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost at the beginning of the period	13 332	174 125	150 247	70 546	408 250
Changes due to:	-6 238	22 104	5 046	1 904	22 816
Purchases in 2014	3 653	18 477	3 507	895	26 532
Reclassifications in 2014	-9 891	3 578	1 539	4 774	0
Sales in 2014	0	49	0	0	49
Other changes	0	0	0	-3 765	-3 765
Value at cost at the end of the period	7 094	196 229	155 293	72 450	431 066
Accumulated depreciation as at the beginning of the period	0	100 163	53 308	39 264	192 735
Depreciation for 2014	0	21 614	15 477	9 366	46 457
Other changes	0	0	0	-2 563	-2 563
Accumulated depreciation as at the end of the period	0	121 777	68 785	46 067	236 629
Impairment allowances as at the beginning of the period	0	182	193	19	394
Changes in impairment allowances in 2014	0	395	1 813	0	2 208
Impairment allowances as at the end of the period	0	577	2 006	19	2 602
Net value as at the beginning of the period	**13 332**	**73 780**	**96 746**	**31 263**	**215 121**
Net value as at the end of the period	**7 094**	**73 875**	**84 502**	**26 364**	**191 835**

(in PLN'000)

Stan 31.03.2014	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost at the beginning of the period	13 332	174 125	150 247	70 546	408 250
Changes due to:	-6 048	6 586	3 362	788	4 688
Purchases in IQ 2014	231	465	3 273	719	4 688
Reclassifications in IQ 2014	-6 279	6 121	89	69	0
Value at cost at the end of the period	7 284	180 711	153 609	71 334	412 938
Accumulated depreciation as at the beginning of the period	0	100 163	53 308	39 264	192 735
Depreciation for IQ 2014	0	6 012	3 801	1 666	11 479
Accumulated depreciation as at the end of the period		106 175	57 109	40 930	204 214
Impairment allowances as at the beginning of the period	0	182	193	19	394
Changes in impairment allowances in IQ 2014	0	1	7	0	8
Impairment allowances as at the end of the period	0	183	200	19	402
Net value as at the beginning of the period	**13 332**	**73 780**	**96 746**	**31 263**	**215 121**
Net value as at the end of the period	**7 284**	**74 353**	**96 300**	**30 385**	**208 322**

18. Intangible assets

As at 31.03.2015	Goodwill	Capital expenditure	Computer software and licences		Trademark	Other	Total
		Acquired	Internally generated	Acquired			
Value at cost at the beginning of the period	3295	35 705	290 612	16 962	300	0	346 874
Changes due to the acquisition of a subsidiary	101872	0	23 418	43 178	3 996	4 075	172 464
Changes in intangible assets	0	-10 099	27 793	-15 048	0	0	2 646
Purchases in IQ 2015	0	2 450	0	11 408	0	0	13 858
Reclassifications in IQ 2015	0	105	26 456	-26 456	0	0	105
Capitalized costs of salaries	0	4 389	1 191	0	0	0	5 580
Other changes	0	-17 043	146	0	0	0	-16 897
Value at cost at the end of the period	105 167	25 606	341 823	45 092	4 296	4 075	526 059
Accumulated amortization as at the beginning of the period	0	0	118 935	9 685	0	0	128 620
Changes due to the acquisition of a subsidiary	0	0	5 348	25 214	512	0	31 074
Amortization for IQ 2015	0	0	2 894	4 576	4	0	7 474
Other changes	0	0	1 116	0	0	0	1 116
Accumulated amortization as at the end of the period	0	0	128 293	39 475	516	0	168 284
Impairment allowances as at the beginning of the period	2321	27	342	0	0	0	2 690
impairment changes	0	0	0	0	0	0	0
Impairment allowances as at the end of the period	2321	27	342	0	0	0	2 690
Net value as at the beginning of the period	**974**	**35 678**	**171 335**	**7 277**	**300**	**0**	**215 564**
Received grant	**0**	**0**	**0**	**686**	**0**	**0**	**686**
Net value as at the end of the period	**102 846**	**25 579**	**213 188**	**4 931**	**3 780**	**4 075**	**354 399**

(in PLN'000)

As at 31.12.2014	Goodwill	Capital expenditure	Computer software and licenses		Trademark	Total
		Acquired	Internally generated	Acquired		
Value at cost at the beginning of the period	0	53 762	216 564	16 950	300	287 576
Changes in intangible assets	3 295	-18 057	74 048	12	0	59 298
Purchases in 2014	0	28 004	9 765	12	0	37 781
Reclassifications in 2014	0	-54 164	54 164	0	0	0
Capitalized costs of salaries	0	8 103	10 119	0	0	18 222
Other changes	3 295	0	0	0	0	3 295
Value at cost at the end of the period	3 295	35 705	290 612	16 962	300	346 874
Accumulated amortization as at the beginning of the period	0	0	90 498	9 026	0	99 524
Amortization for 2014	0	0	28 340	659	0	28 999
Other changes	0	0	97	0	0	97
Accumulated amortization as at the end of the period	0		118 935	9 685	0	128 620
Impairment allowances as at the beginning of the period	0	0	2	0	0	2
impairment changes	2321	27	340	0	0	2 688
Impairment allowances as at the end of the period	2321	27	342	0	0	2 690
Net value as at the beginning of the period	**0**	**53 762**	**126 064**	**7 924**	**300**	**188 050**
Net value as at the end of the period	**974**	**35 678**	**171 335**	**7 277**	**300**	**215 564**

As at 31.03.2014	Goodwill	Capital expenditure	Computer software and licenses		Trademark	Total
		Acquired	Internally generated	Acquired		
Value at cost at the beginning of the period	0	53 762	216 564	16 950	300	287 576
Changes in intangible assets	974	-22 446	35 757	-7 174	0	7 111
Purchases in IQ 2014	0	1 745	0	0	0	1 745
Reclassifications in IQ 2014	0	-28 527	35 701	-7 174	0	0
Capitalized costs of salaries	0	4 336	0	0	0	4 336
Other changes	974	0	56	0	0	1 030
Value at cost at the end of the period	974	31 316	252 321	9 776	300	294 687
Accumulated amortization as at the beginning of the period	0	0	90 498	9 026	0	99 524
Amortization for IQ 2014	0	0	7 480	-103	0	7 377
Other changes	0	0	0	0	0	0
Accumulated amortization as at the end of the period	0		97 978	8 923	0	106 901
Impairment allowances as at the beginning of the period	0	0	2	0	0	2
impairment changes	0	0	0	0	0	0
Impairment allowances as at the end of the period	0	0	2	0	0	2
Net value as at the beginning of the period	**0**	**53 762**	**126 064**	**7 924**	**300**	**188 050**
Net value as at the end of the period	**974**	**31 316**	**154 341**	**853**	**300**	**187 784**

(in PLN'000)

19. Other assets

19.1 Other assets	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Sundry debtors	**231 196**	**181 153**	**187 426**
Other settlements	46 061	42 834	33 539
Receivables related to the sale of goods and services (including insurance)	100 106	10 894	61 349
Guarantee deposits	11 031	11 178	11 977
Settlements of payment cards	73 998	116 247	80 561
Deferred costs	**93 893**	**29 212**	**42 360**
Settlements of rental charges and utilities	1 359	379	232
Maintenance and support of systems, servicing of plant and equipment	8 082	6 692	6 052
Mandatory costs of Banking Guarantee Fund	45 703	0	19 819
Other deferred costs	38 749	22 141	16 257
Accrued income on PCC settlements with the Tax Office	**0**	**0**	**10 043**
Settlements of VAT	**5 745**	**16 100**	**4 174**
Other assets (brutto)	**330 834**	**226 465**	**244 003**
Impairment allowances	**-20 328**	**-7 204**	**-6 124**
Other assets (netto)	**310 506**	**219 261**	**244 003**
including financial assets	231 196	181 153	187 426

19.2 Change in the balance of other assets impairment allowances	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Opening balance	**7 204**	**5 996**	**5 996**
Changes due to the acquisition of a subsidiary	**8 210**	**0**	**0**
Changes during the year:	**4 914**	**1 208**	**128**
Increases	6 471	1 371	**229**
Decreases	1 549	-163	**-101**
Impairment allowances at the end of the period	**20 328**	**7 204**	**6 124**

Receivables related to sale of services and goods for resale comprise mainly the fee from Insurance Companies in respect of insurance handling.

20. Amounts due to customers

20.1 By type	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Current deposits	11 155 012	9 860 730	8 884 360
Term deposits	14 397 130	12 623 311	11 447 124
Own issue of Banking Securities	1 858 596	1 641 956	1 220 086
Other liabilities	389 113	301 991	321 276
Total amounts due to customers	**27 799 851**	**24 427 988**	**21 872 846**

20.2 By customer type and segment	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Retail segment	**18 602 544**	**14 849 410**	**15 198 568**
Current deposits	8 191 850	6 736 053	6 610 856

(in PLN'000)

Term deposits	9 996 333	7 796 845	8 262 744
Banking securities issued	154 229	156 769	170 847
Other liabilities	260 132	159 743	154 121
Corporate segment	**9 197 307**	**9 578 578**	**6 674 278**
Current deposits	2 963 162	3 124 677	2 273 505
Term deposits	4 400 797	4 826 466	3 184 380
Banking securities issued	1 704 367	1 485 187	1 049 239
Other liabilities	128 981	142 248	167 154
Total amounts due to customers	**27 799 851**	**24 427 988**	**21 872 846**

20.3 By maturity (as at the balance sheet date)	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Retail segment	**18 602 544**	**14 849 410**	**15 198 568**
≤ 1M	10 747 760	8 305 470	9 438 471
> 1M ≤ 3M	2 839 588	2 819 115	2 476 680
> 3M ≤ 1Y	4 180 181	2 974 459	2 972 291
> 1Y ≤ 5Y	826 462	742 513	305 733
>5Y	8 554	7 853	5 393
Corporate segment	**9 197 307**	**9 578 578**	**6 674 278**
≤ 1M	5 948 157	6 538 822	4 818 490
> 1M ≤ 3M	1 038 716	1 027 542	403 496
> 3M ≤ 1Y	943 196	962 364	566 696
> 1Y ≤ 5Y	1 267 238	1 042 498	878 503
>5Y	0	7 352	7 093
Total amounts due to customers	**27 799 851**	**24 427 988**	**21 872 846**

20.4 By currency	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Retail segment	**18 602 544**	**14 849 410**	**15 197 118**
PLN	16 077 025	12 810 749	13 209 613
Other	2 525 519	2 038 661	1 987 505
Corporate segment	**9 197 307**	**9 578 578**	**6 675 728**
PLN	6 267 743	8 627 707	5 603 542
Other	2 929 564	950 871	1 072 186
Total amounts due to customers	**27 799 851**	**24 427 988**	**21 872 846**

20.5.1 Ten largest depositors (without banks)	Currency	As at 31.03.2015
Company 1	PLN, EUR, USD	326 162
Company 2	PLN	170 038
Company 3	PLN	100 180
Company 4	PLN	85 213
Company 5	PLN	81 358
Company 6	PLN	81 309
Company 7	PLN	78 314
Osoba Fizyczna	PLN	60 510
Company 9	PLN	57 864
Company 10	PLN, CHF, EUR, USD	56 483

(in PLN'000)

20.5.2 Ten largest depositors (without banks)	Currency	As at 31.12.2014
Company 1	PLN, EUR, USD	369 372
Company 2	PLN	230 036
Company 3	PLN	151 816
Company 4	PLN	99 421
Company 5	PLN	84 708
Company 6	PLN	70 823
Company 7	PLN	67 488
Company 8	PLN, CHF, EUR, USD	66 583
Company 9	PLN, EUR	63 717
Company 10	PLN	61 824

20.5.3 Ten largest credit exposures	Waluta	As at 31.03.2014
Company 1	EUR,PLN	221 349
Company 2	PLN	181 851
Company 3	PLN	101 080
Company 4	EUR,PLN	75 341
Company 5	PLN	70 349
Company 6	EUR,PLN	64 774
Company 7	PLN	59 135
Company 8	EUR,PLN	54 006
Company 9	PLN	51 439
Company 10	PLN	50 345

21. Amounts due to banks

21.1 By type	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Current deposits	0	11 015	11 019
Overnights	95 312	0	107 007
Banking securities issued	22 871	22 676	10 102
Credit received	193 719	0	62 590
Other liabilities	11 015	131 550	14 497
Repo	1 530 730	883 921	449 623
Total amounts due to banks	**1 853 647**	**1 049 162**	**654 838**

21.2 By maturity (as at the balance sheet date)	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
≤ 1M	1 830 776	1 026 486	644 736
> 1M ≤ 3M	10 085	0	0
> 3M ≤ 1Y	0	10 003	0
> 1Y ≤ 5Y	12 786	12 673	10 102
Total amounts due to banks	**1 853 647**	**1 049 162**	**654 838**

21.3 By currency	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
PLN	1 573 887	926 887	588 568
EUR	129 092	86 568	66 270
USD	150 668	35 707	0
Total amounts due to banks	**1 853 647**	**1 049 162**	**654 838**

(in PLN'000)

22. Provisions

	Provisions for disputed claims	Provisions for employee benefits	Off-balance reserve	Total provisions
As at 1 January 2015	2 513	824	4 974	8 311
Changes due to the acquisition of a subsidiary	27	54	0	81
Provisions recorded	925	7	2 194	3 126
Provisions released	0	0	-1 506	-1 506
Provisions utilized	-487	0	0	-487
As at 31 March 2015	**2 978**	**885**	**5 662**	**9 525**

	Provisions for disputed claims	Provisions for employee benefits	Off-balance reserve	Total provisions
As at 1 January 2014	258	623	3 990	4 871
Provisions recorded	2 595	199	7 835	10 629
Provisions released	-127	-58	-6 878	-7 063
Provisions utilized	-213	0	0	-213
Other changes	0	60	27	87
As at 31 December 2014	**2 513**	**824**	**4 974**	**8 311**

	Rezerwy na sprawy sporne	Rezerwy na świadczenia pracownicze	Off-balance reserve	Total provisions
As at 1 January 2014	258	623	3 990	4 871
Provisions recorded	1 337	0	1 818	3 155
Provisions released	-23	0	-1 957	-1 980
Provisions utilized	-11	0	0	-11
As at 31 March 2014	**1 561**	**623**	**3 851**	**6 035**

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 discounting rate used to calculate provisions has been established based on market rates of return on T-bonds, whose currency and maturity are the same as those prevailing for the Bank's liabilities under employee benefits.

(in PLN'000)

23. Other liabilities

	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Interbank settlements	268 881	182 431	290 215
Taxation, customs duty, social and health insurance payables and other public settlements	27 912	22 014	24 597
Liabilities in respect of payment card settlements	7 571	3 890	10 018
Other settlements	61 773	37 875	57 109
including settlements with insurers	34 160	12 832	27 842
Settlements of banking certificates of deposits	116 968	121 904	64 986
Accruals	27 015	39 986	18 715
Income received in advance	185 192	269 248	175 334
Provision for bancassurance resignations	46 643	44 686	101 697
Provision for employee benefits	34 453	23 496	1 384
Other liabilities	9 780	1 543	1 037
Unregistred capital	0	0	0
Total other liabilities	**786 188**	**747 073**	**745 092**
including financial liabilities	338 225	224 196	357 342

Settlements with insurers comprise contributions for insurance cover which the Group grants to its Customers by entering into one of the group insurance contracts (concluded by the Group with insurers and offered to its Customers).
There were no such liabilities in respect of which the Group did not settle its payment liabilities following from the contracts concluded as at 31 March 2015, 31 December 2014 and 31 March 2014.

24. 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 2015, 31 December 2014 and 31 March 2014. 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. Apart from the transactions listed above, the Group 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).

24.1 Derivative financial instruments (nominal value)	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Interest rate transactions	41 214 572	16 130 395	14 278 887
SWAP	34 440 808	12 336 676	12 190 510
FRA	800 000	400 000	0
Cap Floor Options	5 973 764	3 393 719	2 088 377
Foreign exchange transactions	11 151 500	6 169 370	4 859 957

(in PLN'000)

FX swap	2 995 830	1 906 986	1 554 231
FX forward	4 014 560	2 169 979	1 421 290
CIRS	3 355 098	1 750 256	1 545 564
FX options	786 012	342 149	338 872
Other options	7 053 950	2 996 972	2 105 620
Other instruments	1 326 820	573 411	500 741
Derivative financial instruments (nominal value)	**60 746 842**	**25 870 148**	**21 745 205**

24.2 Financial assets held for trading	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Shares	2 358	2 729	2 209
Bonds	831	946	592
Interest rate transactions	259 274	260 481	81 713
SWAP	244 788	246 522	74 689
FRA	1 932	1 790	0
Cap Floor Options	12 554	12 169	7 024
Foreign exchange transactions	140 248	110 794	58 251
FX swap	39 490	14 133	12 418
FX forward	46 686	42 485	19 151
CIRS	51 500	51 641	26 140
FX options	2 572	2 535	542
Other options	105 915	81 198	45 011
Other instruments	16 475	20 673	19 788
Financial assets held for trading	**525 101**	**476 821**	**207 564**

24.3 By maturity	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Without specified maturity date	2 359	2 730	2 209
≤ 1W	23 474	12 190	24 501
> 1W ≤ 1M	41 895	59 687	16 521
> 1M ≤ 3M	54 233	47 440	10 117
> 3M ≤ 6M	61 989	46 079	27 272
> 6M ≤ 1Y	26 443	44 121	23 018
> 1Y ≤ 2Y	115 283	67 607	36 053
> 2Y ≤ 5Y	170 316	173 918	52 481
> 5Y ≤ 10Y	29 109	23 049	15 392
Financial assets held for trading	**525 101**	**476 821**	**207 564**

24.4 Financial liabilities held for trading	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Interest rate transactions	193 981	201 221	82 433
SWAP	181 408	189 017	75 376
Cap Floor Options	12 573	12 204	7 057
Foreign exchange transactions	74 443	45 414	37 517
FX swap	6 790	6 886	4 471
FX forward	27 379	8 410	8 892
CIRS	37 686	27 585	23 273

(in PLN'000)

FX options	2 588	2 533	881
Other options	105 915	81 198	45 011
Other instruments	15 687	21 200	12 566
Financial liabilities held for trading	**390 026**	**349 033**	**177 527**

24.5 By maturity	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
≤ 1W	13 997	9 000	24 081
> 1W ≤ 1M	19 096	15 805	14 862
> 1M ≤ 3M	17 491	35 914	6 659
> 3M ≤ 6M	42 687	15 688	5 627
> 6M ≤ 1Y	22 215	30 949	20 452
> 1Y ≤ 2Y	107 145	70 095	35 074
> 2Y ≤ 5Y	150 016	154 772	61 111
> 5Y ≤ 10Y	17 379	16 810	9 661
Financial liabilities held for trading	**390 026**	**349 033**	**177 527**

The listing below shows the hierarchy of valuation methods of financial instruments held for trading re-measured to fair value as at 31 March 2015, and comparative data as at 31 December 2014 and as at 31 March 2014.

In accordance with IFRS 13, the Group introduced the following classification:

- level 1 – all instruments for which price quotations on active financial markets are available;

- 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 profitability 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 its price is not observable on the market.

Instruments of this level include options embedded in deposit certificates issued by the Bank and options concluded on the interbank market to hedge embedded option positions. The fair value is determined on the basis of an internal model in consideration of both observable parameters (e.g. price of the base instrument, quotations from the secondary option market), and non-observable parameters (e.g. fluctuations, correlations between base instruments in options based on baskets of instruments). Model parameters are set based on statistical analyses. As the market risk position in respect of the specified options is in exact opposition, changes in the adopted model assumptions have no impact on changes in the fair value of the Bank's position in respect of level 3 option transactions. As at 31 March 2015 change in the valuation of an option on the financial assets side due to a 1% increase in the price of the base instrument will amount to PLN 5.4M and will be offset exactly by the change in the valuation of the option on the financial liabilities side.

(in PLN'000)

24.6 Valuation of financial assets	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Level 1	13 003	17 268	13 222
Shares	2 358	2 729	2 209
Bonds	831	116	592
Other instruments	9 814	13 593	10 421
Level 2	406 183	378 355	149 331
SWAP	244 788	246 522	74 689
FRA	1 932	0	0
Cap Floor Options	12 554	12 169	7 024
FX swap	39 490	14 133	12 418
FX forward	46 686	42 485	19 151
CIRS	51 500	51 641	26 140
FX options	2 572	2 535	542
Other instruments	6 661	7 080	9 367
Level 3	105 915	81 198	45 011
Other options	105 915	81 198	45 011
Total financial assets	**525 101**	**476 821**	**207 564**

24.7 Movements on financial assets classified as level 3	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Opening balance	81 198	46 618	46 618
Increases, including	79 844	91 893	37 882
Derivatives revaluation of previous year	13 852	16 778	16 778
Derivatives transactions	12 947	36 845	3 092
Positive valuation of derivatives	53 045	38 270	18 012
Decreases, including	-55 127	-57 313	-39 489
Derivatives revaluation of previous year	-38 270	-18 673	-18 673
Settlement/redemption	-8 195	-24 788	-2 648
Negative valuation of derivatives	-8 662	-13 852	-18 168
Financial assets classified as level 3 at the end of the period	**105 915**	**81 198**	**45 011**

24.8 Valuation of financial liabilities	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Level 1	10 755	16 624	8 591
Other instruments	10 755	16 624	8 591
Level 2	273 356	251 211	123 925
SWAP	181 408	189 017	75 376
Cap Floor Options	12 573	12 204	7 057
FX swap	6 790	6 886	4 471
FX forward	27 379	8 410	8 892
CIRS	37 686	27 585	23 273
FX options	2 588	2 533	881
Other instruments	4 932	4 576	3 975
Level 3	105 915	81 198	45 011
Other options	105 915	81 198	45 011
Total financial liabilities	**390 026**	**349 033**	**177 527**

(in PLN'000)

24.9 Movements on financial liabilities classified as level 3	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Opening balance	81 198	46 618	46 618
Increases, including	79 839	91 888	37 882
Derivatives revaluation of previous year	13 847	16 778	16 778
Derivatives transactions	12 947	36 845	3 092
Positive valuation of derivatives	53 045	38 265	18 012
Decreases, including	-55 122	-57 308	-39 489
Derivatives revaluation of previous year	-38 265	-18 673	-18 673
Settlement/redemption	-8 195	-24 788	-2 648
Negative valuation of derivatives	-8 662	-13 847	-18 168
Financial liabilities classified as level 3 at the end of the period	**105 915**	**81 198**	**45 011**

The valuation and net gain/loss realized on derivative financial instruments is presented in the trading result.

25. Hedge accounting

The Group applies cash flow hedge accounting. The objective of the hedging strategy is to hedge against interest rate risk arising from the volatility of cash flows from floating interest rate assets, using IRS transactions in PLN. 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.

25.1 Hedging instruments (nominal value)	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Interest rate transactions	9 535 000	5 835 000	1 150 000
SWAP	9 535 000	5 835 000	1 150 000
Hedging instruments (nominal value)	**9 535 000**	**5 835 000**	**1 150 000**

25.2 Hedging derivatives - assets	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Level 2	119 971	80 205	20 553
Interest rate transactions	119 971	80 205	20 553
SWAP	119 971	80 205	20 553
Hedging derivatives - assets	**119 971**	**80 205**	**20 553**

25.3 By maturity	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
> 1M ≤ 3M	11 422	0	2 862
> 3M ≤ 6M	0	8 896	0
> 6M ≤ 1Y	2 643	49	0
> 1Y ≤ 2Y	69 869	47 856	10 729
> 2Y ≤ 5Y	36 037	23 404	6 962
Hedging derivatives - assets	**119 971**	**80 205**	**20 553**

(in PLN'000)

25.4 Hedging derivatives - liabilities	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Level 2	0	4 777	0
Interest rate transactions	0	4 777	0
SWAP	0	4 777	0
Hedging derivatives - liabilities	**0**	**4 777**	**0**

25.5 By maturity	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
> 6M ≤ 1Y	0	875	0
> 1Y ≤ 2Y	0	2 221	0
> 2Y ≤ 5Y	0	1 681	0
Hedging derivatives - liabilities	**0**	**4 777**	**0**

26. Subordinated liabilities

On 15 November 2011, the Polish Financial Supervision Authority granted its permission to include the subordinated loan of EUR 10 million, concluded on 12 October 2011 by and between Alior Bank S.A. and Erste Group Bank AG in the supplementary funds of Alior Bank S.A. The loan was taken out for a period of 8 years, and the interest rate is based on 3M EURIBOR. The loan can be repaid early provided that a written notice is submitted 30 days before the planned payment. As at 30 September 2014, 31 December 2013 and 30 September 2013, the carrying amount of the loan was PLN 42,018 thousand, PLN 41,657 thousand and PLN 42,351 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 (the redemption date is 26 September 2024) and the interest rate is based on 6M WIBOR. Pursuant to the CRR Regulation, the bonds meet the conditions for including them in Tier 2 capital. As at 30 September 2014, the carrying value of the bonds was PLN 321,944 thousand. On 28 October 2014, PFSA gave its consent for including the bonds in Tier 2 capital.

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. Pursuant to the CRR Regulation, the bonds meet the conditions for including them in Tier 2 capital. As at 31 March, the carrying amount of the bonds was PLN 192,977 thousand.

	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Liabilities recognized in equity	**556 010**	**369 273**	**343 490**
Subordinated borrowings	41 079	42 828	41 891
B-series bonds	0	0	18 967
C-series bonds	0	0	282 632
F-series bonds	321 954	326 445	0
G-series bonds	192 977	0	0
Liabilities not recognized in equity	**0**	**172 322**	**0**
B-series bonds	0	19 687	0
C-series bonds	0	152 635	0
Subordinated liabilities	**556 010**	**541 595**	**343 0**

(in PLN'000)

27. Equity

27.1 Equity	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Equity attributable to equity holders of the parent	3 306 922	3 013 163	2 500 638
Share capital	725 216	699 784	699 413
Supplementary capital	1 934 025	1 775 397	1 829 125
Other reserves	184 917	184 008	178 480
Share-based payments – equity component	184 917	184 008	178 480
Retained earnings / (accumulated losses)	337 522	9 804	-260 519
Revaluation reserve	34 018	21 426	-14 263
On measurement of available for sale assets	-963	-6 198	-11 529
On measurement of hedging derivatives	34 981	27 624	-2 734
Profit/(loss) for the year	91 224	322 744	68 402
Non-controlling interests	15 080	1 913	2 461
Total equity	**3 322 002**	**3 015 076**	**2 503 099**

27.2 Revaluation reserve	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Valuation of financial assets available for sale	-833	-6 198	-11 529
treasury bills	0	-25	0
treasury bonds	-1 314	-7 601	-15 514
other bonds	259	-26	1 281
Deferred tax	222	1 454	2 704
Valuation of hedging derivatives	34 851	27 624	-2 734
IRS	43 026	34 104	-3 375
Deferred tax	-8 175	-6 480	641
Revaluation reserve	**34 018**	**21 426**	**-14 263**

28. 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.

(in PLN'000)

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 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 fair value

Financial instrument	Frequency	Recognition/presentation
Available-for-sale financial assets, Hedging derivatives	Every day	Other comprehensive income
Fx forward, fx swap, fx options	Every day	Income statement
CIRS, FRA, IRS	Every day	Income statement
Other derivative instruments	Every day	Income statement
Shares	Every day	Income statement

The fair values of the financial instruments presented in the balance sheet at fair value as at 31 March 2015, 31 December 2014 and 31 March 2014 were equal to their carrying amounts.

Since 2013, Alior Bank SA has adjusted the value of derivatives for counterparty credit risk. The amount of such adjustment is equal to the change in the valuation of derivatives resulting from the insolvency of each of the parties to the transaction (Bilateral Credit Value Adjustment). The BCVA adjustment as at 31 March 2015 amounted to PLN - 1,203 thousand. The total amount of BCVA adjustment comprises the CVA adjustment (reflecting counterparty insolvency risk only) in the amount of PLN -1,268 thousand, and the DVA adjustment (reflecting the risk of the Bank's insolvency) in the amount of PLN +65 thousand. 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 the mutual liabilities of the parties to the transaction resulting from hedging agreements.

Fair value measurement for disclosure purposes

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

(in PLN'000)

Financial instrument	Fair value hierarchy level	As at 31.03.2015		As at 31.12.2014		As at 31.03.2014	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and balances with the Central Bank	na	1 377 659	1 377 659	1 158 440	1 158 440	1 077 576	1 077 576
Loans and advances to customers:	level 3	27 410 671	26 925 037	23 647 990	23 317 007	20 931 532	21 133 250
Retail segment (carrying amount)							
Working capital facility		148 540	148 540	142 530	142 530	127 497	127 497
Consumer loans		8 015 772	7 785 803	6 217 208	6 132 524	5 500 455	5 598 855
Consumer finance loans		677 601	675 748	704 834	706 709	673 578	671 840
Loans for purchase of securities		149 220	144 460	142 921	139 791	160 638	162 839
Credit card borrowings loans		232 856	226 746	204 619	199 866	185 915	188 176
Loans for residential real estate		5 396 225	5 235 812	4 991 141	4 846 854	3 688 595	3 745 614
Other mortgage loans		883 800	854 498	877 230	849 874	812 232	823 424
Other receivables		222 967	222 922	20 436	20 428	138 331	138 334
Corporate segment (carrying amount)							
Working capital facility		6 649 023	6 614 897	5 527 749	5 491 586	5 455 833	5 481 279
Car loans		120 102	120 098	141 299	141 288	214 379	214 380
Investment loans		4 330 886	4 312 357	4 134 162	4 102 105	3 380 402	3 386 767
Acquired receivables		555 105	555 105	517 347	517 347	536 204	536 204
Other receivables		28 574	28 050	26 514	26 105	57 473	58 041
Amounts due from banks	level 3	319 822	319 822	449 378	449 378	271 291	271 291
Non-current asset held for sale	level 3	2 394	2 394	908	908	38 335	38 335
Assets pledged as collateral	level 2	1 579 434	1 579 434	927 191	927 191	460 729	460 729
Other assets	level 3	310 506	310 506	219 261	219 261	244 003	244 003
Financial liabilities measured at amortized cost:	level 3	29 653 498	29 662 496	25 477 150	25 492 681	22 527 684	22 530 564
Due to banks							
Current deposits		0	0	11 015	11 015	11 019	11 019
Overnights		95 312	95 312	0	0	107 007	107 007
Banking securities issued		22 871	22 871	22 676	22 676	10 102	10 102
Credit received		193 719	193 719	0	0	62 590	62 590
Other liabilities		11 015	11 015	131 550	131 550	14 497	14 497
Repo		1 530 730	1 530 730	883 921	883 921	449 623	449 623
Due to customers							
Current deposits		11 155 012	11 155 012	9 860 730	9 860 730	8 884 360	8 884 360
Term deposits		14 397 130	14 397 130	12 623 311	12 623 311	11 447 124	11 447 124
Banking securities issued		1 858 596	1 867 594	1 641 956	1 657 487	1 220 086	1 222 966
Other liabilities		389 113	389 113	301 991	301 991	321 276	321 276
Subordinated liabilities	level 3	706 264	706 264	541 595	541 595	343 490	343 490
Management option plan	level 3	21 698	80 170	20 789	64 940	15 268	75 040
Other liabilities	level 3	786 188	786 188	747 073	747 073	745 092	745 092
Guarantees	level 3	1 728 611	2 464	1 539 975	2 245	1 343 119	1 132

Loans and advances to customers:

In the method for calculating the fair value of Loans and advances to 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 in 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.
Loans and advances to customers are entirely classified to level 3 of fair value hierarchy due to the use of a valuation model with unobservable input data, that is current margins earned on newly granted loans.

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 are equal to their carrying amounts. Deposits are accepted daily as part of the Group's ongoing operations; therefore, their terms are similar to the current market terms of identical transactions. The maturities of such items are short, so both values do not differ significantly.
For the purposes of disclosure, the Group determines the fair values of financial liabilities with maturities above 1 year. This group 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 are entirely classified to the level 3 of fair value hierarchy due to the use of a valuation model with unobservable input data, including the original issue spread above the market curve. With respect to own issues and subordinated loans with residual maturities (or restatement of the rate) below 1 year the carrying amount appropriately reflects their fair value.

Option plan
The fair value of warrants on shares is determined based on a simulation model of stock prices and the value of WIG-Banki index. It is assumed that both the share prices and index prices change over time in accordance with the Geometric Brownian Motion process, assuming: long-term volatility of the Group's share prices, long-term volatility of the value of WIG-Banki index, the correlation between the share price and the value of the index during the simulation period, the dividend rate of the shares, and the risk-free rate. The estimates of volatility and correlation were based on historical data and comparable data (in the absence of historical data). The model takes into account the right to exercise the warrants of series A, B and C for a period of five years from 1,2 and 3 years from the date of issue, respectively. As at the reporting date the Group performs a valuation based on updated estimates of observable input data: the Group's share prices, the value of the WIG-Banki index, and the level of interest rate, as well as unobservable input data: volatility of the Group's share prices, value of the WIG-Banki index and correlation between the Group's share prices and the value of the WIG-Banki index.

For the remaining financial instruments, the Group adopts a fair value equal to their carrying amounts. This relates to the following items: cash and balances with the Central Bank, non-current assets held for sale, other financial assets and other financial liabilities.

(in PLN'000)

Valuation for the purpose of disclosure	As at 31.03.2015	Method (valuation techniques)	Significant unobservable input data
Loans and advances to customers	26 925 037	comparative valuation	margins on newly granted loans
Amounts due to banks and customers	29 662 496	discounted cash flows	issue spread over market curve
Management option plan	80 170	simulation model	volatility of the Bank's share prices, volatility of the value of WIG-Banki index, correlation between the Group's share prices and the value of WIG-Banki index

29. Capital adequacy ratio and Tier 1 ratio

Calculation of funds and capital adequacy ratio	As at 31.03.2015	As at 31.12.2014	Stan 31.03.2014
Total own funds for the capital adequacy ratio	**3 504 481**	**2 951 908**	**2 571 843**
Common equity Tier I capital	2 805 570	2 589 476	2 230 371
Tier II capital	698 911	362 432	341 472
Capital requirements	**2 154 537**	**1 844 857**	**1 654 972**
Capital requirements for the following risks: credit, counterparty, credit valuation adjustment, dilution and delivery of instruments to be settled at a later date	1 882 739	1 658 381	1 468 546
Total capital requirements for the following risks: equity instrument price risk, debt instrument price risk, commodity prices and FX risk	1 733	1 657	2 378
Capital requirement for general interest rate risks	27 727	26 207	25 436
Capital requirements for operating risk	242 338	158 612	158 612
Tier I	**10,4%**	**11,2%**	**10,8%**
Capital adequacy ratio	**13,0%**	**12,8%**	**12,4%**

As at 31 March 2015, 31 December 2014 and 31 March 2014 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 ("CRR Regulation").

30. Off-balance sheet items

30.1 Off-balance sheet contingent liabilities granted to customers	As at 31.03.2015	As at 31.12.2014	Stan 31.03.2014
Off-balance sheet liabilities granted	8 613 513	7 786 373	7 512 934
Relating to financing	6 884 902	6 246 398	6 112 634
Guarantees	1 728 611	1 539 975	1 400 300

30.2 By maturity	As at 31.03.2015	As at 31.12.2014	Stan 31.03.2014
≤ 1W	2 856	760	4 485
> 1W ≤ 1M	43 011	57 610	24 965
> 1M ≤ 3M	143 382	90 459	146 872
> 3M ≤ 6M	106 874	141 211	130 794

(in PLN'000)

> 6M ≤ 1Y	396 935	222 121	201 470
> 1Y ≤ 2Y	250 939	299 870	223 994
> 2Y ≤ 5Y	270 575	273 794	216 942
> 5Y ≤ 10Y	504 785	447 268	433 737
> 10Y ≤ 20Y	9 254	6 882	17 041
Off-balance sheet liabilities granted in respect of guarantees	**1 728 611**	**1 539 975**	**1 400 300**

The Group offers its individual customers contingent liabilities in respect of renewable overdraft facilities These liabilities are granted for an unspecified period, but at the same time, the adequacy of inflows of funds to the accounts is monitored.
Contingent liabilities in respect of credit cards are granted to individual customers for a period of three years.
Contingent liabilities for business customers include:
- 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;
- tranche loans for a period of up to 2 years.

The amounts of guarantees shown in the table below reflect the maximum loss which may be incurred and which would be disclosed as at the balance sheet date if the customers defaulted on all of their liabilities.

31. Acquisition of Meritum Bank ICB S.A. by Alior Bank SA

31.1. Description of the transaction

On 20 October 2014 Alior Bank SA concluded a preliminary agreement with Innova Financial Holdings S.a r.l, WCP Coöperatief U.A. and the European Bank for Reconstruction and Development for the sale of Meritum Bank ICB SA shares. The performance of the preliminary agreement for the sale of Meritum Bank shares depended on meeting the conditions precedent, which among other things include obtaining the consent of the Office for Competition and Consumer Protection (UOKiK) and the decision of the Polish Financial Supervision Authority (PFSA).

UOKiK issued its consent to the concentration, consisting of Alior Bank SA taking control over Meritum Bank ICB SA, on 16 December 2014.

On 10 February 2015, the PFSA issued a decision determining that there was no basis for any objection to the Bank acquiring shares in Meritum Bank ICB S.A. in a number ensuring that 50% interest in the share capital and the total number of votes at the General Shareholders' Meeting of Meritum would be exceeded.

On 19 February 2015, Alior Bank concluded the final share sale agreement with Innova Financial Holdings S.a r.l, WCP Coöperatief U.A. and the European Bank for Reconstruction and Development, concerning the shares of Meritum, pursuant to which Alior Bank purchased 12,382,746 shares in Meritum with a total nominal value of PLN 30 each representing 97.9% of the share capital of Meritum and 95.0% of the total number of votes at the General Shareholders' Meeting of Meritum, for an aggregate price of PLN 352,541,731.72.

The purchase price was paid in full in cash and did not contain any elements of contingencies.

In connection with the conclusion of the Meritum Bank Shares Sale Agreement, Alior entered into agreements on the acquisition of D-series subscription warrants of the Bank with the following Investors: Innova Financial Holdings S.a r.l and WCP Coöperatief U.A., following which the Bank offered the D-Series Subscription Warrants of the Bank to the Investors, and each of the Investors accepted the Bank's offer and took up, free of charge, the Bank's D-Series Subscription Warrants. The D-Series Subscription Warrants of the Bank entitle the holders to take up H-Series Shares in the Bank issued under the conditional share capital increase pursuant to the Resolution of the Extraordinary General Shareholders' Meeting of the Bank. Exercising their rights arising from the D-Series Subscription Warrants of the Bank, on 19 February 2015 the Investors filed representations relating to the acquisition of the Bank's H-series ordinary bearer shares and paid for the H-Series Shares of the Bank with a cash contribution in the aggregate amount of PLN 172,658,003.40 (the issue price of one H-series share paid for in this manner was PLN 73.30).

Moreover on 19 February 2015 the Bank informed of its intention to merge the Bank with its subsidiary – Meritum. The merger will take place pursuant to Article 492 § 1 Item 1 of the Commercial Companies Code through the transfer of all the assets of Meritum as the acquiree to the Bank as the acquirer (merger by acquisition). The completion of the merger will be contingent on: obtaining the consents and permits required by law and relating to the merger, including the permit of the Polish Financial Supervision Authority for the merger and the adoption of resolutions by the Bank's General Shareholders' Meeting and the Meritum General Shareholders' Meeting concerning the merger, and in particular resolutions voicing consent to the merger plan.

The purpose of the Bank's purchasing shares in Meritum Bank SA was to achieve economic benefits by increasing its customer base and strengthening its competitive position.
By merging with Meritum Bank Alior Bank intends to achieve several income, cost and net provision synergies. The Bank is planning to complete the process of the organizational merger combined with achieving synergies in the third and fourth quarter of 2015. The Bank intends to pursue the key cost synergies in the area of optimization of the business processes and cost savings. The Bank will achieve savings by reducing the doubled positions in the Banks' head offices and getting rid of the doubled systems and licences currently used by Alior Bank and Meritum Bank, and coordinating the marketing policy. The Bank also intends to optimize the sales network.

31.2. Settlement of the acquisition transaction
The transaction will be settled under the acquisition method, pursuant to IFRS 3 "Business combinations", which requires – among other things – recognizing and measuring identifiable acquired assets and liabilities measured at fair value as at the acquisition date, and all non-controlling interests in the acquired entity, as well as recognizing and measuring goodwill or gain on bargain purchase.

The table below presents the identifiable acquired assets and liabilities:

PLN'000

ASSETS	Meritum Bank	Adjustments and eliminations	Identifiable acquired assets at fair value
Cash and balances with Central Bank	96 568	0	96 568
Financial assets held for trading	0	0	0
Available-for-sale financial assets	458 806	0	458 806
Derivative hedging instruments	0	0	0
Amounts due from banks	61 418	0	61 418
Loans and advances to customers	2 722 185	-37 058	2 685 127
Property, plant and equipment	8 228	0	8 228
Intangible assets	33 296	9 103	42 399
Investments in subsidiaries	1 254	-1 254	0
Assets held for sale	0	0	0
Income tax assets	44 069	1 720	45 789
Current	*0*	712	712
Deferred	*44 069*	*1 008*	45 077
Other assets	39 778	-15 253	24 525
TOTAL ASSETS	**3 465 602**	**-42 742**	**3 422 860**

LIABILITIES	Meritum Bank	Adjustments and eliminations	Identifiable acquired liabilities at fair value
Financial liabilities held for trading	0	718	718
Amounts due to banks	0	0	0
Amounts due to customers	2 944 644	31 945	2 976 589
Derivative hedging instruments	0	0	0
Provisions	0	-506	-506
Other liabilities	91 573	-55 513	36 060
Income tax liabilities	2 667	0	2 667
Current	2 667	0	2 667
Subordinated liabilities	149 102	0	149 102
TOTAL LIABILITIES:	**3 187 986**	**-23 356**	**3 164 630**

	Meritum Bank	Adjustments and eliminations	Identifiable acquired liabilities at fair value
Fair value of net assets acquired	**31**	**-19 386**	**258 230**

31.3. Description of the methodology of fair value measurement

31.3.1 Loans and advances to customers

The portfolio of loans and advances granted to customers acquired as part of the Transaction involving the acquisition of Meritum Bank, measured at fair value as at the acquisition date, has been presented in the financial statements showing separately the gross values (which include fair value adjustments) and write-downs. Such presentation is more useful to financial statement users and reflects the market practice followed by the banks.

The portfolio of loans and advances to customers acquired as part of the acquisition of Meritum Bank ICB SA valued at the acquisition date fair value was presented in the financial statements of assets and liabilities - gross value (In which it was recognized the adjustment to fair value) and impairment - due to the fact that it presented information includes higher utility value and reflects market practice applied by banks.

Fair value measurement of the loan portfolio was carried out using the income method based on the discounted future cash flows. In order to estimate the fair value of the portfolio by this method it is necessary to create a pricing model based on discounted cash flows resulting from the contracts, adjusted for future expected cost of risk, the additional revenue generated by the portfolio and the costs required to support a given portfolio.

The most common, and at the same time the most precise method of estimating the value of assets such as credit portfolios is the discounted cash flow method.
To assess the fair value of a portfolio using this method, a valuation model has to be constructed based on discounted cash flows following from the contracts concluded, adjusted for the expected future costs of risk, additional income generated by the portfolio and costs necessary to service the portfolio.
One of the possible approaches to developing a credit portfolio valuation model is cohort analysis – analysis of sub-portfolios of credit contracts classified based on their characteristics. Sub-portfolios may be classified based on, e.g. their vintage or type of product.
Cohort analysis enables modelling cash flows resulting from particular sub-portfolios (cohorts) separately, and aggregating them later.
Key stages of the process of estimating the fair value of cash flows using the discounted cash flow method:

- The first step is an appropriate classification of the portfolio into particular sub-portfolios with similar risk profiles. Further analysis is performed in a break-down by sub-portfolios defined at this stage. It is important to ensure that the division enables specifying a homogenous group of contracts and maintaining an identical classification of historical portfolios.

- Contractual monthly cash flows following from principal instalments and interest payments are the basis for estimating the present value of the credit portfolio, resulting from the sub-portfolios.

- Contractual flows of principal are then adjusted by the rate of prepayments based on historical prepayments made by customers to a given sub-portfolio, and sector knowledge about prepayments with similar characteristics.

- Interest margins for particular portfolios are determined based on WIBOR/EURIBOR/LIBOR base rates and contractual flows of interest. This information is then compared with the forecast changes in base rates. If particular credit contracts bear fixed interest rates determined by way of a decision of the Management Board, future interest rates have to be analyzed based on the historical decisions of the Management Board, current market conditions and considered changes.

- Future flows of interest are estimated based on adjusted contractual balances in consecutive periods, estimated interest margins and expected future interest rates.

- The cost of risk is estimated based on historical data for the given portfolio or for similar portfolios. Analysis of expected loss is based on the expected risk parameters determined depending on the period which lapsed since the date of originating the contract. The key risk parameters are: DR (Default Rate), CR (Cure Rate) and LGD (Loss Given Default).

- The estimated cost of risk is used to adjust future expected cash flows.
- The value of the cash flows resulting from the above elements is additionally adjusted by the amount of other costs and revenues related to the portfolio(such as fees and commissions, and costs of servicing the portfolio).
- The sum of the above cash flows is then discounted using the appropriate discount rate. The discount rate accounts for: the current and expected risk-free rate, the cost of financing a portfolio in a given currency, and the market cost of the necessary capital related to the portfolio held, which determine the expected market rate of return on investing in such a portfolio.
- The sum of discounted cash flows determines the fair value of the credit portfolio as at a given date.

Such estimation of fair value is in consideration of the specific nature of the portfolio, future potential risk-related losses and sensitivity to expected changes in market conditions.

31.3.2 Financial liabilities measured at amortized cost due to customers

To assess the fair value of the deposit portfolio it was divided into:

- Current accounts
- Term deposits

Despite the current accounts being a vista, an assumption was adopted that their fair value is equal to their book value.
The fair value of term deposits was assessed broken down into two sub-groups by type of customer:

- Deposits of individuals
- Deposits of businesses

The next step was to prepare data relating to market interest on deposits. The analysis was conducted on the basis of three sources:

- Interest on deposits in comparable banks
- The NBP report (published on the official site nbp.gov.pl, for deposits of individuals and businesses in PLN and EUR)
- Market quotations of WIBOR, LIBOR (USD) and EURIBOR

Due to the fact that the financial terms associated with the acquired commitments to customers were set at the level close to the current market conditions, the fair value adjustments of these obligations were not recognized.

31.3.3 Intangible assets

Relationships with customers in the area of deposits
The core deposits analysis was used to measure relations with customers.

- Core deposits represent the Bank's hypothetical savings which are the result of the fact that the Bank's customers keep their funds in low interest-earning current accounts instead of higher interest-earning term deposits. This enables the Bank to limit the scope of market financing and, effectively, reduce interest expense.

- The spread between the interest rates on particular current and term products was next compared with the balances of core deposits in particular periods from the measurement date to the assumed maturity of the core deposit.
- The hypothetical savings calculated in this manner were then discounted using the discount rate representing the market cost of acquiring an analogous deposit portfolio.

IT systems

The IT systems of Meritum Bank may be divided into those purchased and developed internally.

Internally developed systems

- Internally developed systems include Feniks, IS, Gandalf systems and the Data Warehouse
- The assessment of the fair value of the systems consists of determining, each time, the degree of operational use of the functionalities of the systems in the event of their migration to IT systems of a typical market purchaser.
- The degree of the assumed operational use of the functionalities of the systems was the basis for the adjustment of their gross values which is the sum of the capitalized expenditure incurred on their development. Gross expenditure thus adjusted constituted the fair value of the systems internally developed as at the measurement date.

External systems

- The second group of the Bank's systems were acquired systems. In respect of the Def3000 system the gross value was adjusted for the adopted economic useful life. Then the value was reduced by the assumed level of operational wear and tear of the system, just as in respect of internally developed systems. Gross expenditure thus adjusted constituted the fair value of the systems internally developed as at the measurement date. For other systems it was decided that the current book value well reflects their fair value.

Brand

- The basic method for measuring the value of the Bank's brand is the method of exemption from hypothetical licence fees. In accordance with this method the measured brand has fair value equal to the present value of revenues from hypothetical respective licence fees. Revenues from hypothetical respective licence fees represent the savings resulting from owning the brand, in the form of fees which an entity that does not own the brand would have to pay for its use. The approach to the measurement covered determining the correct value of the licence fee and calculating the amount of exemption from the fee, in order to calculate the discounted cash flows generated by the brand.

- The market rate of the licence fee should be understood as the value which the licensor and licensee are able to accept by way of negotiation for the use of the brand. The determination of a justified licence fee reflects the successful completion of negotiations of two parties during which each of the parties acts in good faith and in its own interests.

- The amount of market rates of licence fees varies and depends on many factors which include returns on the products sold under the brand, or the conditions on the market and in the sector where the brand is present. The rates also depend on whether it is well protected and how its attractiveness is perceived.
- The selection of an appropriate rate of licence fee consisted of analyzing the available information relating to similar brands and rates of licence fees related to their use. Selected rates are understood as market levels of licence fees which an independent entity would be inclined to pay for the ability to use the brand.

31.3.4 Goodwill

As a result of the business combination the Group recognized goodwill of PLN 101,872 thousand determined as follows:

Calculation of goodwill	**in PLN'000**
+ the fair value of the consideration	352 542
+ the fair value of the shares previously held in the acquiree	7 560
- the fair value of net assets of the acquired entity	258 230
Total goodwill	**101 872**

Goodwill on acquisition comprises mainly the expected synergies resulting from the combination of operations. The planned combination is aimed at ensuring further dynamic growth, increasing the market share, scale of operations, and thus also the possibility of becoming one of the key players on the Polish banking market, optimizing the revenue strategy, strengthening the product offer and enhancing sales processes, including the IT solutions which support them, improving innovation and technology, and ensuring the presence of strategic products in all key distribution channels.

As the business combination took place during the reporting period, the tables below present the income statement of Meritum Bank from the date of the business combination to 31.03.2015 and its income statement had the business combination taken place as at 01.01.2015.

Income statement of Meritum Bank from the acquisition date to 31.03.2015

in PLN'000

	19.02.2015-31.03.2015
Interest income	45 504
Interest expense	-10 397
Net interest income	**35 107**
Fee and commission income	1 805
Fee and commission expense	-1 607
Net fee and commission income	**198**
Trading result	**-20**
Net gain / loss realized on other financial instruments	**277**
Other operating income	5 277
Other operating expenses	-272
Other operating income, net	**5 005**
General administrative expenses	**-17 653**
Net impairment losses and allowances	**-12 585**
Profit before tax	**10 329**
Income tax	-2 050
Net profit	**8 279**

Income statement of Meritum Bank from 1.01.2015 to 31.03.2015

	in PLN'000
	1.01.2015-31.03.2015
Interest income	97 208
Interest expense	-23 093
Net interest income	**74 115**
Fee and commission income	3 818
Fee and commission expense	-3 465
Net fee and commission income	**353**
Trading result	**290**
Net gain / loss realized on other financial instruments	**476**
Other operating income	6 245
Other operating expenses	-1 552
Other operating income, net	**4 693**
General administrative expenses	**-32 711**
Net impairment losses and allowances	**-38 005**
Profit before tax	**9 211**
Income tax	-1 833
Net profit	**7 378**

32. Related party transactions

The following tables present the type and value of transactions with related entities.

In the first quarter of 2015 and 2014 the Group did not conclude any transactions with the Parent Company or with its subsidiaries.

On 31 March 2015 the following entities were subsidiaries:

- Alior Services Sp. z o.o. (previously Alior Raty Sp. z o.o.)– a direct subsidiary (100% interest in share capital);
- Money Makers S.A.– a direct subsidiary (57.6% interest in share capital);
- Meritum Bank – a subsidiary;
- Centrum Obrotu Wierzytelnościami – a direct subsidiary (100% interest in share capital);

On 31 March 2014 the following entities were subsidiaries:

- Alior Services Sp. z o.o. (previously Alior Raty Sp. z o.o.)– a direct subsidiary (100% interest in share capital);
- Money Makers S.A.– a direct subsidiary (57.6% interest in share capital).

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

(in PLN'000)

Affiliates	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Assets			
Loans and advances to customers	2 315	59 753	59 059
Non-current asset held for sale	0	0	38 298
Total assets	**2 315**	**59 753**	**97 357**
Liabilities and equity			
Financial liabilities measured at amortized cost	103 840	142 997	120 216
Provisions	8	9	0
Other liabilities	29	161	84
Total liabilties and equity	**103 877**	**143 167**	**120 300**

Affiliates	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Off-balance sheet liabilities granted to customers	**6 577**	**31 999**	**25 969**
Relating to financing	4 909	22 763	9 711
Guarantees	1 668	9 236	16 258

Affiliates	1.01.2015 - 31.03.2015	1.01.2014 - 31.12.2014	1.01.2014 - 31.03.2014
Interest income	15	3 000	778
Interest expense	-403	-2 710	-401
Fee and commission income	19	919	71
Other operating income	20	150	68
General administrative expenses	-13 519	-56 565	-14 838
Impairment losses*	0	-38 298	0
Total	**-13 868**	**-93 504**	**-14 322**

Nature of related party transactions
All transactions with related entities are concluded under the bank product rules and regulations, on an arm's length basis.
In the reporting period covered by these financial statements, the agreements between the Group and Alior Polska Sp. z o.o. relating to the sublease of office space were in force.
Ms. Helene Zaleski, Chair of the Alior Bank S.A. Supervisory Board, also holds the position of President of the Management Board of Alior Polska Sp. z o.o.

33. Management option plan

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

(in PLN'000)

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

Detailed data related to the warrants awarded to the Members of the Management Board are presented in the table below:

Name and surname	Number of A-series warrants granted*	Number** of deferred A-series warrants as at 31.03.2015	Number of B and C-series warrants initially allocated as at 31.03.2015	Number of B-series warrants granted as at 30.04.2015
Sobieraj Wojciech	177 669	44 417	444 172	222 086
Czuba Krzysztof	35 533	53 300	177 666	88 833
Hucał Michał	26 650	26 650	133 250	66 625
Lundorff Niels	122 146	-	244 292	122 146
Maliszewski Artur	17 767	35 533	-	-
Skrok Witold	35 533	35 533	177 666	88 833
Sułkowska Katarzyna	53 300	35 533	177 666	88 833
Total	468 598	230 967	1 354 712	677 356

**The awarded warrants are transferred in 4 tranches following from the provisions of the "Policy for Variable Remuneration Components for Management at Alior Bank S.A." The amount of the tranches constitute: 49.9%, 16.7%, 16.7%, 16.7% respectively.*

***The deferred warrants awarded depend on the achievement of individual goals in 2014 by the authorized persons. On 30 April 2015, warrants were granted to Management Board Members in the Resolution of the Bank's Supervisory Board.*

The new incentive scheme is also addressed to a group of the Bank's key managers who are not Management Board members.
Principles of performance of the Incentive Scheme have been determined in the Incentive Scheme Program adopted with a Resolution of the Supervisory Board of Alior Bank S.A.
Under the new incentive scheme it is anticipated that three tranches of subscription warrants (A, B and C series) and the corresponding three tranches of new shares of the Bank (D, E and F series) with a total nominal value of up to PLN 33,312,500 will be issued, including:

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

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

The eligible persons will be able to take up subscription warrants on the condition that the change in the price of the Bank's shares on the WSE in the reference period (calculated as the difference between the final price of the shares offered and the average closing price from 30 trading session days preceding the first (for A series subscription warrants), second (for B series subscription warrants) or third (for C series subscription warrants) anniversary of the first quotation of the Bank's shares on the WSE) exceeds the change in the WIG-Banki index in the same period (calculated as the difference between the WIG-Banki index as at the day of the first quotation of the Bank's shares on the WSE and the average closing value of the WIG-Banki index from 30 trading session days preceding the day of the first, second or third anniversary of the first quotation of the Bank's shares at the WSE (as appropriate)).
The issue price of the shares will amount to the average price of the Bank's shares in the Public Offering calculated by dividing the net proceeds from the public offering by the total number of offered shares allocated in the public offering, increased by 10% (in the case of D series shares), 15% (in the case of E series shares) or 17.5% (in the case of F series shares).
The new management option scheme will be settled in the same way as the original incentive plan (which is described below), i.e. it will affect the Bank's financial result as a component of employee costs and will be recognized, in the same amount, as an increase in equity under other capital – share -based payment – equity component. At the day of start of the plan its value amounted to PLN 24,692 thousand. In Q1 2015 cost in the amount of PLN 909 thousand was recognized.
The value of the scheme was determined based on the fair value model. The fair value of share warrants was determined based on the simulation model of the share prices and the value of the WIG-Banki index. It is assumed that both the share prices and index prices change over time in accordance with the Geometric Brownian Motion process, assuming: long-term volatility of the Bank's share prices, long-term volatility of the value of WIG-Banki index, the correlation between the share price and the value of the index during the simulation period, the dividend rate of the shares, and the risk-free rate. The estimates of volatility and correlation were based on historical data and comparable data (in the absence of historical data). The model takes into account the right to exercise the series A, B and C warrants for a period of five years from 1, 2 and 3 years from the date of issue, respectively.

On 9 April 2014 and on 16 December 2014 the Bank's Supervisory Board passed resolutions on approving the vesting of subscription warrants for the first period of assessment under the Alior Bank S.A. Incentive Scheme. Pursuant to the provisions of the resolution, 713,140 A series subscription warrants were allotted, and the vesting of 262,614 was deferred and conditioned on achievement of goals by those vested in 2014.

In order not to change the valuation of the management option scheme, 134,663 A-series warrants have not been allocated.
Moreover, on 30 April 201r the Bank's Supervisory Board passed a resolution on vesting of B-series warrants.
According to the Policy of Variable Remuneration Components in force at Alior Bank S.A. and with respect to persons holding managerial positions at the Bank – the offering and the issuance of each pool of the Warrants shall be allocated in four tranches (the first tranche of the Subscription Warrants amounts to 49.95% and the other three tranches amount to 16.7% of the number of warrants granted for the period).

With respect to Eligible Persons the offering and issuance of the B-series and C-series Subscription Warrants will take place: immediately after 30 June 2016 or after the sale of the Bank's shares held by the Group Carlo Tassara S.p.A.– depending on which of the circumstances occur first.

As at the date of publication of this report the Bank's Management Board completed the procedures for increasing the Bank's share capital by three issues of new D-series ordinary bearer shares with a nominal value of PLN 2,248,490 constituting 6.75% of all exercisable rights vested in the participants of the Subscription Warrant Scheme. The new issues constitute 0.31% of the currently issued shares. Representations on exercising the rights vested in them by the Bank in respect of A-Series Subscription Warrants and taking up a total of 224,849 (two hundred and twenty-four thousand eight hundred and forty-nine zloties) ordinary D-Series bearer shares with a nominal value of PLN 10.00 (ten zloties) each, with a total nominal value of PLN 2,248,490 at an issue price of PLN 61.84 per one D-Series share, were submitted on 29 August 2014, 28 November 2014 and 27 February 2015. On 15 October 2014, 5 February 2015 and 7 May 2015, the District Court for the capital city of Warsaw, 13th Business Department of the National Court Register in Warsaw registered the share capital increase through the issue of D series ordinary bearer shares and the amendments to the Bank's Articles of Association.

The original incentive scheme
On 14 December 2012, as a result of the settlement of the original incentive scheme (established based on the contract dated 25 August 2008), managers of Alior Bank, including the Management Board Members received (indirectly via LuxCo 82 s.a.r.l.) 2,414,118 shares of Alior Bank. The remaining 1,299,909 shares of the Bank resulting from the settlement of the existing incentive plan were transferred by the Carlo Tassara Group to Lux- Co 82 s.a.r.l. on 30 June 2014. LuxCo 82 S.a.r.l. is a company operating under the Luxembourg law, controlled by the management of Alior Bank and representing the interests of the participants of the incentive scheme. The whole incentive scheme exercised through Luxco 82 covered 3,714,027 Alior Bank S.A. shares.
The Alior Bank S.A. Management Board Members were bound by a lock-up in respect of 30% of the incentive shares over a period of 9 months and in respect of 70% of the incentive shares over 24 months counted from 14 December 2012. The incentive shares vested in remaining plan participants who are not Management Board Members were covered by a lock-up until the end of January 2013 in respect of 30% of the shares; and over 12 months counted from 14 December 2012 in respect of 70% of the shares.

(in PLN'000)

In connection with the partial expiry of the lock-ups, on 14 May 2013, LuxCo 82 s.a.r.l. sold 405,683 of the Bank's shares, on 1 October 2013 – a block of 678,856 shares and on 31 March 2014 –1,171,474 of the Bank's shares.
As at 31 March 2015 LuxCo 82 s.a.r.l. held 1,458,012 shares, which represents 2.01% of all votes at the General Shareholders' Meeting.

34. Disputed claims

As at 31 March 2015, the Bank was not party to any court, arbitration or public administration proceedings relating to the Bank's liabilities or receivables, or to the liabilities or receivables of any of its subsidiaries, the value of which would amount to at least 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 2015, and none of the proceedings jointly, could threaten the Bank's financial liquidity.

35. Notes relating to the Brokerage Office

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

Cash and cash equivalents	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Cash and cash equivalents deposited in cash accounts with the brokerage office and paid in for purchasing securities in Initial Public Offerings or in public trading in the primary market	170 194	147 475	204 430
Total	**170 194**	**147 475**	**204 430**

Amounts due from banks conducting brokerage activities, brokerage houses and commodity brokerage houses	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Receivables in respect of transactions concluded on the securities exchange:	410	176	110 219
WSE	0	176	110 219
Total	**410**	**176**	**110 219**

Amounts due from the National Deposit and securities exchange clearing houses	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Amounts due from the settlement fund	23 461	18 879	27 155
Amounts due from the compensation fund	58	56	39
Total	**23 519**	**18 935**	**27 194**

Amounts due to the National Deposit and securities exchange clearing houses	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Amounts due to the settlement fund	5	6	188
Total	**5**	**6**	**188**

(in PLN'000)

Amounts due to banks conducting brokerage activities, brokerage houses and commodity brokerage houses	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Liabilities in respect of transactions concluded on the securities exchange:	15 924	608	1 280
WSE	0	608	1 280
Total	**15 924**	**608**	**1 280**

Customers' financial instruments recorded in securities accounts	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Dematerialized financial instruments:	7 724 952	6 908 065	6 940 114
including those admitted to trading on the regulated market	6 070 991	5 493 790	5 794 289
Financial instruments other than dematerialized	28 581	11 295	36 861
Total	**7 753 533**	**6 919 360**	**6 976 975**

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

During the three quarters of 2014 there were no purchase or disposal transactions of property, plant and equipment or of intangible assets.

37. Events and contracts significant to the business operations of the Bank's Group

- On 8 January 2015, pursuant to the decision of the Polish Financial Supervision Authority, Carlo Tassara S.p.A. was considered to be the Parent Company of Alior Bank within the meaning of Art. 4 clause 1 item 8 letter a of the Banking Law.

- On 9 January 2015, the European Bank for Reconstruction and Development reduced its capital exposure to the Bank. Pursuant to the EBRS communiqué, it is very pleased with Alior Bank's achievements over the last two years, especially in respect of its growth, innovation and strong position on the banking market. As a shareholder, EBRD is convinced that the Bank's prospects and possibilities will allow it to reinforce its profitability and market position. Despite reducing its shareholdings in the Bank, EBRD intends to continue supporting the Bank's strategy and its initiatives.

- On 16 January 2015, the Management Board of Alior Bank S.A. received a notification from Genesis Asset Managers, LPP. Pursuant to the notification, on 9 January the customers of Genesis took up 100,000 of the Bank's shares, which constituted a 0.14% increase in the number of shares held, to 5,113,021 shares, which constitutes 7.30% of the Bank's share capital and entitles Genesis to 3,502,490 votes at the Bank's General Shareholders' Meeting, which represents 5.03% of the total number of votes.

- On 16 January 2015, the Management Board of Alior Bank S.A. received a notification according to which the open pension fund Aviva Otwarty Fundusz

Emerytalny Aviva BZ WBK informed that as a result of the purchase transactions of shares in Alior Bank S.A. concluded on 9 January 2015 it increased its share in the total number of votes in the Company to over 5%. After concluding and settling the transaction referred to above, as at 13 January 2015 Aviva OFE holds 3,806,451 of the Company's shares which constitute 5.44% of the share capital (issued shares) of Alior Bank S.A. which entitle to exercising 3,806,451 votes at the General Shareholders' Meeting, i.e. 5.44% of the total number of votes.

- On 10 February 2015, the Polish Financial Supervision Authority issued a decision determining that there is no basis for objection to the Bank's acquiring shares in Meritum Bank ICB S.A. in a number which ensures exceeding a 50% interest in the share capital and the total number of votes at the General Shareholders' Meeting of Meritum. Moreover, on 11 February 2015, the Polish Financial Supervision Authority issued its permission to change the Bank's status on the basis of Resolution No. 3/2014: on conditionally increasing the Bank's share capital by issuing new H-series ordinary bearer shares, simultaneously depriving the current shareholders of all pre-emptive rights to shares, and issuing D-series subscription warrants, at the same time depriving the current shareholders of all pre-emptive rights, and on changing the Bank's Articles of Association, passed by the Bank's Extraordinary General Shareholders' Meeting on 2 December 2014.

- On 12 February 2015 the court issued a resolution on reducing the share capital of Centrum Obrotu Wierzytelnościami Alior Services Spółka z ograniczoną odpowiedzialnością S.K.A. and on the redemption of shares which caused the Bank to once again become the Company's sole shareholder.

- On 16 February 2015, the District Court for the capital city of Warsaw, 13th Business Department of the National Court Register, registered: (i) a conditional share capital increase of the Bank by no more than PLN 23,554,980, through the issuance of no more than 2,355,498 of H-series ordinary bearer shares with a nominal value of PLN 10 each, with a total nominal value of no more than PLN 23,554,980 and (ii) amendments to the Bank's Articles of Association. Moreover on 16 February 2015 the Management of the National Depository for Securities resolved to register with the NDS up to 2,355,498 H-series ordinary bearer shares of the Bank with a nominal value of PLN 10 each and to assign the code of "PLALIOR00045" thereto, on the condition that the company operating the regulated market decides to introduce those shares to trading on the same regulated market on which the Bank's other shares assigned with the code of "PLALIOR00045" are traded, no later than on the day of each registration of the H-Series Shares with the NDS.

- On 18 February 2015 the Management Board of the Bank informed that it will exercise the right for the early buyout of all remaining C-series bonds, issued on 14 February 2012, marked with the ISIN code PLALIOR00011. The number of bonds covered by the (early) buyout amounts to 148,400, and their total nominal value amounts to the equivalent of PLN 148,400,000. The date at which the early buyout may be requested and the date of determining rights to benefits from the Bonds were determined to be 25 February 2015, and date of the early buyout - 11

March 2015. Trading of C-series bearer bonds was suspended starting from 20 February 2015.

- On 19 February 2015, Alior Bank concluded the final share sales agreement with Innova Financial Holdings S.à r.l, WCP Coöperatief U.A. and the European Bank for Reconstruction and Development, concerning the shares of Meritum, pursuant to which Alior Bank purchased 12,382,746 shares in Meritum with a total nominal value of PLN 30 each representing 97.9% of the share capital of Meritum and 95.0% of the total number of votes at the General Shareholders' Meeting of Meritum for an aggregate price of PLN 352,541,731.72 In connection with the conclusion of the Meritum Bank Shares Sale Agreement Alior entered into agreements on the acquisition of D-series subscription warrants of the Bank with the following Investors: Innova Financial Holdings S.à r.l and WCP Coöperatief U.A., following which the Bank offered to the Investors the D-Series Subscription Warrants of the Bank, and each of the Investors accepted the Bank's offer and took up, free of charge, the D-Series Subscription Warrants of the Bank. The D-Series Subscription Warrants of the Bank entitle the holders to take up H-Series Shares in the Bank issued under the conditional share capital increase pursuant to Resolution No. 3/2014 of the Extraordinary General Meeting of the Bank of 2 December 2014. Exercising their rights arising from the D-Series Subscription Warrants of the Bank, on 19 February 2015 the Investors filed representations on the acquisition of the Bank's H-series ordinary bearer shares and paid for the H-Series Shares of the Bank with a cash contribution in the aggregate amount of PLN 172,658,003.40 (the issue price of one H-series share paid for in this manner was PLN 73.30).

- Moreover on 19 February 2015 the Bank informed of its intention to merge with the Bank's subsidiary – Meritum, in which the Bank holds shares representing 97.9% of the Meritum share capital and 95.0% of the total number of votes at the Meritum General Shareholders' Meeting. The merger will take place pursuant to Article 492 § 1 Item 1 of the Commercial Companies Code through the transfer of all the assets of Meritum as the acquiree to the Bank as the acquirer (merger by acquisition). The completion of the merger will be contingent on: obtaining the consents and permits required by law and connected with the merger, including the permit of the Polish Financial Supervision Authority for the merger and the adoption of resolutions by the Bank's General Shareholders' Meeting and the Meritum General Shareholders' Meeting concerning the merger, and in particular resolutions voicing consent to the merger plan.

- On 23 February 2015, the Management Board of the Warsaw Stock Exchange passed Resolution No. 181/2015, in which it stated that pursuant to § 19 sections 1 and 2 of the WSE Regulations, 2,355,498 H-series ordinary bearer shares of the Bank, with a nominal value of PLN 10 each are admitted to trading on the main market of the WSE. In addition, pursuant to § 38 sections 1 and 3 of the WSE Regulations, the Management Board of the WSE resolved to introduce as of 25 February 2015, under the ordinary procedure, the H-Series Shares to trading on the main market, on condition that on 25 February 2015 those shares are registered by the National Depository for Securities and assigned the code "PLALIOR00045".

- On 25 February 2015 the National Depository for Securities registered 2,355,498 H-series ordinary bearer shares of the Bank, with a nominal value of PLN 10 each and assigned them the ISIN code "PLALIOR00045". At the same time the condition of registration of the H-Series Shares with the NDS on 25 February 2015, was fulfilled. At the same time the share capital of the Bank was increased to PLN 723,338,640.

- On 25 February 2015, The Bank's Management Board applied for the (early) buy-out of C-series Bonds. The number of Bonds covered by (early) redemption amounted to 148,400 pieces. The nominal value of Bonds covered by (early) buy-out amounted to PLN 148,400,000. The date at which the early buyout may be requested and the date of determining rights to benefits from the Bonds is 25 February 2015, and date of the early buyout - 11 March 2015.

- On 27 February, the Management Board of the Bank informed that under the Incentive Scheme it plans to start the procedure for increasing the Bank's share capital by issuing new ordinary D-Series shares in the total nominal value of PLN 1,877,440 constituting 5.6% of all exercisable rights vested in the participants of the Subscription Warrant Scheme (the nominal value of the scheme is PLN 33,312,500). The new issue will constitute 0.3% of the currently issued shares and relates to managers and the Bank's Management Board Members. Representations on exercising the rights vested in them by the Bank in respect of A-Series Subscription Warrants and taking up a total of 187,744 ordinary D-Series bearer shares with a nominal value of PLN 10.00 each, with a total nominal value of PLN 1,877,440, at an issue price of PLN 61.84 per one D-Series share, were submitted on 27 February 2014. The said shares were registered with the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.) on 30 March 2015. Therefore, on 30 March 2015 the share capital of the Bank was increased to PLN 725,216,080.

- On 4 March 2015, in its current report No. 17/2015 (supplemented by report no. 36/2015 dated 16 April 2015) the Bank's Management Board informed of completing the subscription procedure for H-series shares. The representations on taking up H-series shares as a result of exercising rights from D-series warrants were filed on 19 February 2015. The number of securities covered by the subscription amounted to 2,355,498. The issue price of each H-series share amounted to PLN 73.30. The value of the subscription was PLN 172,658,003.40. The cost of preparing and carrying out the offering for the H-series shares amounted to PLN 197,733.95, including the estimated costs of advisory services of PLN 30,929.00. The amount of expenses incurred is approx. 0.11% of the value of the subscription. The average cost of the subscription per one security covered by the subscription is approx. PLN 0.80.

- On 17 March 2015, the Bank conducted an (early) buy-out of all (i.e. 4,500) B-series bonds with a total nominal value of EUR 4,500,000. The early buy-out of the bonds was performed by paying the nominal monetary amount for each of the bonds, i.e. EUR 1,000 plus the accrued interest to the date of the early buy-out. The early buy-out was performed to reduce the interest expense. The early buy-out is conducted pursuant to the Terms of Issue. In connection with the (early) buy-out of all (i.e. 4,500) bonds, on 17 March 2015 the Bank redeemed the said bonds.

- On 24 March 2015 the Bank's Management Board informed of starting preparations for the merger with Meritum Bank ICB S.A. In connection with the planned merger Alior Bank initiated the process for rationalizing employment and changing the current distribution model. The new model will account for both the achievement of cost synergies related to the overlapping network of both banks' outlets and the changing requirements of the banks' customers resulting from the dynamic increase in popularity of internet and mobile banking. The related plan for the reduction in the number of employees will be carried out in the form of group layoffs which will last from April to the end of December 2015 and will cover up to 1000 full-time positions in both banks. The intention of the Bank's Management Board is to ensure additional severance packages reflecting the number of years with the Bank to all employees covered by the group layoffs. Under the new distribution model Alior Bank will, among other things, isolate several dozen large, flagship branches in which it offer its customers the highest service standards and private banking products which to-date have been available mainly to affluent customers. The decisions taken will contribute to a significant improvement in the Bank's effectiveness and will constitute a significant component of activities aimed at the fullest use of Alior Bank's and Meritum Bank's potential.

- On 31 March 2015 the Bank issued 192,950 subordinated, unsecured, dematerialized G-series coupon bearer bonds with a nominal value of PLN 1,000 each, with a total nominal value of PLN 192,950,000. The issue price of each G-series bond corresponded to its nominal value. The bonds, denominated in PLN, were issued under the Own Bonds Issuance Scheme, of which the Bank informed in its current report No. 16/2013 dated 19 March 2013. The issue was performed pursuant to art. 9 clause 3 of the Act on Bonds. The interest on the Bonds was set at 6M WIBOR plus a fixed 3.50% margin, and will be payable semi-annually. The bonds will be redeemed at nominal value on 31 March 2021. The Bank intends to introduce the Bonds to quotations in the Alternative Trading System on the Catalyst operated in accordance with the Act on Trading in Financial Instruments by BondSpot S.A. or the Warsaw Stock Exchange. In accordance with the Bank's consolidated financial statements for the period from 1 January 2014 to 31 December 2014, the value of liabilities incurred as at 31 December 2014 amounted to PLN 27,152,492 thousand. Prospects relating to liabilities until the final redemption of the Bonds: the Issuer's total liabilities until redemption date will not exceed PLN 49,000,000 thousand.

In the reporting period, the Bank had liabilities resulting from debt securities issued, in particular subordinated bonds, Banking Securities and other financial instruments.
In the 1st quarter of 2015, the Bank did not grant or terminate any lending agreements outside the scope of the Bank's normal business activities.
The Group companies did not grant any loan guarantees or warranties to a single entity or its subsidiaries, whose combined value would exceed 10% of the Bank's equity.

38. Significant events after the balance sheet date

- On 2 April 2015, the Bank's Management Board received notifications pursuant to Art. 69 of the Public Offering Act of 29 July 2005 of changes in the share in the total number of votes at the General Shareholders' Meeting of Alior Bank from Genesis Asset Managers, LLP ("Genesis"). On 5 February 2015 the customers of Genesis sold 12,942 of the Bank's shares on the Warsaw Stock Exchange. After the said transaction, the shares held by Genesis (5,093,922 shares of the Bank) represent 7.02% of the Bank's share capital and carry 3,483,391 votes, which represent 4.80% of the total number of votes at the Bank's General Shareholders' Meeting.

- On 22 April 2015 the Management Board of the Bank informed of agreed and executed a merger plan of the Bank and Meritum Bank ICB S.A., prepared pursuant to Articles 498 and 499 of the Act of 15 September 2000 – the Commercial Companies Code (consolidated text: Journal of Laws of 2013, item 1030) (the "CCC"). The Merger will be effected pursuant to Article 492 § 1 Item 1 of the CCC by way of transferring all property (all assets, equity and liabilities) of Meritum, as the target company, to the Bank, as the bidding company.
  As a result of the Merger, the Bank will assume all rights and obligations of Meritum, and Meritum will be dissolved without liquidation proceedings, as of the date of registration of the Merger in the register relevant for the registered office of the Bank. The Bank after the Merger will operate as "Alior Bank Spółka Akcyjna".
  As the Bank (the bidding company) is the sole shareholder of Meritum (the target company):
  - pursuant to Article 515 § 1 of the CCC the Merger will be effected without increasing the share capital of the Bank;
  - pursuant to Article 516 § 6 of the CCC in conjunction with Article 516 § 5 of the CCC, the management boards of the Bank and Meritum will not prepare the written reports referred to in Article 501 of the CCC; and
  - pursuant to Article 516 § 6 of the CCC in conjunction with Article 516 § 5 of the CCC, the Merger Plan will not be reviewed by an auditor, as referred to in Article 502 of the CCC.

  The completion of the merger will be contingent on:
  - obtaining the permits and consents required by law in relation to the Merger, including a permit of the Polish Financial Supervision Authority for the Merger;
  - the adoption by the General Meeting of the Bank and by the General Meeting of Meritum of resolutions regarding the Merger, in particular the resolutions (i) approving the Merger Plan.

  The Management Board announced of the intended merger twice in current reports of 22 April 2015 and 7 May 2015 .

- On 23 April 2015 by current report no. 39/2015 the Bank's Management Board convened the Bank's Annual General Meeting on 25 May 2015. Apart of resolutions relating to closing a financial year 2014 the Bank's Management Board announced draft resolutions on:
  - determination of remuneration of the Supervisory Board Members participating in the Supervisory Board Committees.

- adoption of the Rules on corporate governance for the financial institutions.
- the merger of Alior Bank Spółka Akcyjna and Meritum Bank ICB Spółka Akcyjna
- granting consent for the acquisition of real estate by the Bank.

39. Financial forecasts

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

40. Plan to sell a significant block of shares

The meeting initiating the project of selling the Bank's shares belonging to the Carlo Tassara Group was held in the second half of March 2013.
Carlo Tassara started efforts to sell its block of shares to a regulated entity (a bank or an insurance company) which meets the criteria specified in art. 25h of the Banking Law. Carlo Tassara was informed by the PFSA that an assessment of such a new investor by the PFSA will take into account, among other things, its financial standing and stability as well as the long-term credit rating of both the investor and its country of origin.
The final exit of Carlo Tassara from its investment in the Bank will be carried out within the time frame which takes into account the time necessary to find a new investor and the time for the investor to obtain the PFSA approval. Carlo Tassara will make every effort to sell the shares to an appropriate investor before the end of 2013.
On 15 September 2014, the Bank's Management Board received notice from Carlo Tassara S.p.A. in which it was indicated that the Polish Financial Supervision Authority expressed its approval of extending the deadline indicated in the Bank's issuing prospectus concerning the shareholder's obligation to sell the Bank's shares held by 30 June 2016. In that period the percentage shareholding of the Bank's shares by Carlo Tassara cannot be lower than 25%.

41. Rating

As part of the preparations for the initial public offering, Alior Bank S.A. promised the Polish Financial Supervision Authority to take immediate action from the start of 2013 to obtain a rating awarded by a renowned international rating agency.
On 5 September 2013, Fitch Ratings Ltd. granted a BB rating with a stable perspective to Alior Bank S.A. The rating remained unchanged in accordance with the assessment made on 19 May 2014 and 5 March 2015.

The Bank's full rating by Fitch
1. Long-Term Foreign Currency IDR: BB stable perspective.
2. Short-Term Foreign Currency IDR: B.
3. National Long-Term Rating: BBB+(pol), stable perspective
4. National Short-Term Rating: F2(pol).
5. Viability Rating (VR): bb.
6. Support Rating: 5.
7. Support Rating Floor: 'No Floor'.

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

42. Factors affecting the Bank's results in the next quarter's perspective

Basic factors which may have an impact on the results achieved in the following months, include:

- Continuation of the positive trends in the economy. Gross domestic product growth, low inflation, increase of employment and wage levels, as well as growth of households real income.
  Potential possibility of introduction of changes in the legal environment by the regulators, which could result in an increased costs of conducting of banking activity.

- Operating in the low interest rates environment. Another cut of the lombard rate, which took place on March 5th, 2015. resulted in a significant decrease in the maximum interest rates which may be applied to e loans - from 12% to 10%. It is estimated that the said decrease of interest rates will negatively affect the level of interest income in the second Q2'15 as well, resulting from the decline in revenues from customer loan portfolio. At the same time low costs of financing of households and enterprises may cause an increased interest in financing based on banking loans.
  The Management Board undertakes comprehensive measures aiming at protection of the level of generated interest margin, both through price offer of the consumer lending optimization and constant analysis and optimization of costs of the funding sources obtained.

- The process leading to operational merger with Meritum Bank which in effect increase the Bank's scale of activity and its ability to generate operating income. Efficient implementation of the merger process will ensure achievement of assumed synergies in the area of: revenues, costs as well as risk management, while allowing for the maintenance of integration costs at the desired level.

43. Risk management

Risk management is one of the key internal processes in the Alior Bank S.A. Group. 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 Group isolated the following types of risks resulting from the operations conducted:

- market risk, also covering the banking book interest risk and liquidity risk;
- 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

(in PLN'000)

2014 to 31 December 2014, published on 27 February 2015 and available on Alior Bank S.A. website.
In March 2015 Alior Bank has risen level for qualifying loans to individual assessment, for private individuals, from PLN 100,000 to PLN 130,000.

in PLN

Client segment	Limit level	
	IQ 2015	**2014**
Individual client	130 000	100 000
Business client	500 000	500 000

Reason for change was optimization of assessment process and grow of available historical data. Change has impacted 3 906 loans and resulted in growth of impairment allowances by PLN 12,6 MLN.

(in PLN'000)

Interim condensed separate financial statements

Separate income statement

	1.01.2015-31.03.2015	1.01.2014-31.03.2014
Interest income	437 009	393 486
Interest expense	-127 659	-125 171
Net interest income	**309 350**	**268 315**
Dividend income	**0**	**0**
Fee and commission income	134 159	125 169
Fee and commission expense	-41 601	-41 710
Net fee and commission income	**92 558**	**83 459**
Trading result	**65 551**	**52 886**
Net gain (realized) on other financial instruments	**4 571**	**-11**
Other operating income	13 392	11 575
Other operating costs	-5 537	-4 560
Net other operating income	**7 855**	**7 015**
General administrative expenses	**-239 241**	**-214 623**
Impairment losses & provisions	**-132 071**	**-117 281**
Gross profit	**108 573**	**79 760**
Income tax	-23 943	-15 744
Net profit	**84 630**	**64 016**

Net profit	**84 630**	**64 016**
Weighted average number of ordinary shares	**70 401 293**	**63 582 965**
Net profit per share (in PLN)	**1,20**	**1,01**
Diluted earnings per share (in PLN)	**1,15**	**0,96**

(in PLN'000)

Separate statement of comprehensive income

	1.01.2015-31.03.2015	1.01.2014-31.03.2014
Net profit	**84 630**	**64 016**
Other taxable comprehensive income	**12 479**	**2 514**
Net gains/losses on financial assets available for sale	5 251	2 228
Profit/loss on valuation of financial assets available for sale	6 483	2 750
Deferred tax	-1 232	-522
Net gain on hedging derivatives	7 228	286
Net gain on valuation of hedging derivatives	8 923	353
Deferred tax	-1 695	-67
Total comprehensive income, net	**97 109**	**66 530**

(in PLN'000)

Separate statement of financial position

ASSETS	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Cash and balances with the Central Bank	1 281 720	1 158 440	1 077 576
Financial assets held for trading	525 101	476 821	207 564
Financial assets available for sale	2 013 234	2 652 125	2 722 980
Hedging derivatives financial instruments	119 971	80 205	20 553
Amounts due from banks	373 095	446 993	266 848
Loans and advances to customers	24 627 687	23 647 990	20 931 532
Assets pledged as collateral	1 579 434	927 191	460 729
Property, plant and equipment	179 586	191 835	208 322
Intangible assets	208 653	214 589	186 753
Investments in subsidiaries	358 236	5 644	6 853
Non-current assets held for sale	2 394	908	38 335
Income tax asset	150 521	146 939	144 023
Current	*0*	*0*	2 787
Deferred	*150 521*	*146 939*	141 236
Other assets	280 280	218 398	243 083
TOTAL ASSETS	**31 699 912**	**30 168 078**	**26 515 151**

LIABILITIES AND EQUITY	As at 31.03.2015	As at 31.12.2014	As at 31.03.2014
Financial liabilities held for trading	389 580	349 033	177 527
Financial liabilities measured at amortized cost due to banks	1 853 647	1 049 162	644 736
Financial liabilities measured at amortized cost due to customers	24 832 317	24 430 968	21 912 409
Hedging derivatives financial instruments	0	4 777	0
Provisions	8 765	8 311	6 035
Other liabilities	745 093	741 875	729 647
Income tax liabilities	14 619	24 553	0
Current	14 619	24 553	0
Subordinated loans	556 010	541 595	343 490
Total liabilities	**28 400 031**	**27 150 274**	**23 813 844**
Equity	**3 299 881**	**3 017 804**	**2 701 307**
Share capital	725 216	699 784	699 413
Supplementary capital	1 934 025	1 775 397	1 829 124
Revaluation reserve	33 904	21 426	-14 263
Other reserves	185 076	184 167	178 647
Accumulated losses	337 030	0	-55 630
Current year profit/loss	84 630	337 030	64 016
TOTAL LIABILITIES AND EQUITY	**31 699 912**	**30 168 078**	**26 515 151**

(in PLN'000)

Separate statement of changes in equity

Okres 1.01.2015 - 31.03.2015	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Current year profit	Total equity
As at 1 January 2015	**699 784**	**1 775 397**	**184 167**	**21 426**	**0**	**337 030**	**3 017 804**
Transfer of the previous year result	-	-	-		**337 030**	**-337 030**	**0**
Comprehensive income	-	-	-	**12 478**	-	**84 630**	**97 108**
Net profit	-	-	-	-	-	84 630	**84 630**
Other comprehensive income	-	-	-	12 478	-	-	**12 478**
Share-based payments	-	-	**909**	-	-	-	**909**
Share issue	**25 432**	**158 628**	-	-	-	-	**184 060**
Distribution of prior year result	-	-	-	-	-	-	**0**
As at 31 March 2015	**725 216**	**1 934 025**	**185 076**	**33 904**	**337 030**	**84 630**	**3 299 881**

1.01.2014 - 31.12.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Current year profit	Total equity
As at 1 January 2014	**635 830**	**1 434 712**	**176 792**	**-16 777**	**-275 382**	**219 752**	**2 174 927**
Transfer of the previous year result	-	-	-	-	**219 752**	**-219 752**	**0**
Comprehensive income	-	-	-	**38 203**	-	**337 030**	**375 233**
Net profit	-	-	-	-	-	337 030	337 030
Other comprehensive income	-	-	-	38 203	-	-	38 203
Share-based payments	-	-	**7 375**	-	-	-	**7 375**
Share issue	**63 954**	**396 315**	-	-	-	-	**460 269**
Distribution of prior year result	-	**-55 630**	-	-	**55 630**	-	**0**
As at 31 December 2014	**699 784**	**1 775 397**	**184 167**	**21 426**	**0**	**337 030**	**3 017 804**

1.01.2013 - 31.12.2013	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Current year profit	Total equity
As at 1 January 2013	**635 830**	**1 434 712**	**176 792**	**-16 777**	**-275 382**	**219 752**	**2 174 927**
Transfer of the previous year result	-	-	-	-	**219 752**	**-219 752**	**0**
Comprehensive income	-	-	-	**2 514**	-	**64 016**	**66 530**
Net profit	-	-	-	-	-	64 016	**64 016**
Other comprehensive income	-	-	-	2 514	-	-	**2 514**
Share-based payments	-	-	**1 855**	-	-	-	**1 855**
Share issue	**63 583**	**394 412**	-	-	-	-	**457 995**
Distribution of prior year result	-	-	-	-	-	-	**0**
As at 31 December 2013	**699 413**	**1 829 124**	**178 647**	**-14 263**	**-55 630**	**64 016**	**2 701 307**

(in PLN'000)

Separate cash flow statement

	1.01.2015-31.03.2015	1.01.2014-31.03.2014
Operating activities		
Gross profit	**108 573**	**79 760**
Adjustments:	**-142 161**	**-517 360**
Unrealized foreign exchange gains/losses	-2 314	723
Amortization/depreciation of tangible and intangible assets	18 018	18 856
Change in tangible and intangible assets impairment write-down	2 201	7
Profit/loss on investment net sale	99	0
Change in provisions	454	1 164
Share-based payments and IPO costs	909	1 855
Change in loans and receivables	-1 023 996	-1 301 879
Change in financial assets available for sale	638 891	-17 652
Change in financial assets held for trading	-48 280	35 727
Changes in assets pledged as collateral	-652 243	227 007
Change in hedging asset derivatives	-39 766	-8 454
Change in non-current assets held for sale	-1 486	0
Change in other assets	-60 613	94 944
Change in deposits	215 653	1 021 303
Change in issued debt	216 640	84 467
Change in financial liabilities held for trading	40 547	-6 563
Change in hedging liabilities derivatives	-4 777	0
Change in other liabilities	598 288	-616 359
Income tax paid	-40 386	-52 506
Net cash flow from operating activities	**-33 588**	**-437 600**
Investing activities		
Outflows:	**-354 473**	**-15 413**
Purchase of property, plant and equipment	-636	-4 686
Purchase of intangible assets	-1 245	-6 083
Purchase of shares in subordinated companies	-352 592	-4 644
Inflows:	**-1 364**	**1**
Disposal of property, plant and equipment	4	0
Disposal of shares in subordinated companies	-1 368	1
Net cash flow from investing activities	**-355 837**	**-15 412**
Financing activities		
Outflows:	**-176 249**	**-5 693**
Repayment of long-term liabilities	-183 700	-11 999
Interest expense – loan received	0	360
Interest expense – subordinated loan	7 451	5 946
Inflows:	**570 757**	**457 995**
Long-term liabilities incurred	193 719	0
Inflows from share issue	184 060	457 995
Inflows from the issuance of subordinated liabilities	192 978	0
Net cash flow from financing activities	**394 508**	**452 302**
Total net cash flow	**5 083**	**-710**
Balance sheet change in cash and cash equivalents	**5 083**	**-710**
Cash and cash equivalents, opening balance	**1 456 273**	**1 251 673**
Cash and cash equivalents, closing balance	**1 461 356**	**1 250 963**

Additional disclosures on operating cash flows		
Interest income received	448 773	397 022
Interest expense paid	-133 420	-117 941

1. Basis of preparation

Scope and comparatives

The condensed interim financial statements of Alior Bank S.A. cover the 3-month period ended 31 March 2015 and comprise the comparatives for the 3-month period ended 31 March 2014 (as regards the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and cash flow statement) and the comparatives as at 31 December 2014 (as regards the statement of financial position and statement of changes in equity). The condensed interim financial statements have been prepared in Polish zloties. Unless otherwise stated, the amounts are presented in PLN thousands.

In the first quarter of 2015 the Bank decided to change the presentation of net interest income of CIRS transactions. From January 2015 interest income and interest expense associated with deposits' submission within the CIRS transactions are presented in net interest income, while in 2014 were presented in trading result. The purpose of the amendment is to ensure the compatibility of the presented result with its economic substance.

Below we present the changes introduced to increase the clarity of the presented data. In the Note to the statement of financial position:
- hedging assets were separated which led to changes in amounts due from customers, banks and available-for-sale financial assets;
- financial liabilities to customers and banks, measured at amortized cost, were separated;
- provisions for off-balance sheet liabilities were transferred from other liabilities to provisions;
- provisions for unused holiday pay and bonuses were transferred from provisions to other liabilities.

Consolidated income statement

Notes to the income statement	Data from the financial statements as at 31.03.2014	Change	Restated data 31.03.2014
Interest income	386 486	7 000	393 486
Interest expense	-121 084	-4 087	-125 171
Net interest income	**265 402**	**2 913**	**268 315**
Trading result	**55 799**	**-2 913**	**52 886**

Separate statement of financial position

Item of the statement of financial position	Data from the financial statements as at 31.03.2014	Change	Restated data 31.03.2014
Available-for-sale financial assets	3 172 488	520 363	2 652 125
Amounts due from banks	274 005	-172 988	446 993
Loans and advances to customers	20 935 596	-2 712 394	23 647 990
Assets pledged as collateral	0	-927 191	927 191
TOTAL ASSETS	**24 382 089**	**0**	**27 674 299**

(in PLN'000)

Financial liabilities stated at amortized cost	22 557 145	-22 557 145	0
Amounts due to banks	0	1 049 162	1 049 162
Amounts due to customers	0	24 430 968	24 430 968
Provisions	3 568	4 743	8 311
Other liabilities	732 114	9 761	741 875
TOTAL LIABILITIES AND EQUITY	**23 292 827**	**2 937 489**	**26 230 316**

Statement of compliance

These interim condensed financial statements of the Alior Bank Spółka Akcyjna for the first quarter of 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as of 30 June 2014, and in accordance with the requirements of the Decree of 19 February 2009 on current and periodic information to be prepared by issuers of securities and conditions for considering as equivalent the information required by the provisions of the law of a non-EU state (Journal of Laws of 2009 No. 33, item 259) as amended.

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

The interim condensed income statement, interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the financial period from 1 January 2015 to 31 March 2015, and the interim condensed statement of financial position as at 31 March 2015, including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the last annual financial statements, with the exception of amendments which are binding from 1 January 2015.

Going concern

The interim condensed financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue as a going concern for a period of at least 12 months after the balance sheet date, i.e. after 31 March 2015.
As of the date of approval of these financial statements, the Bank's Management Board is not aware of any circumstances that would have a negative effect on the Bank's operations for any reasons.

2. Accounting policies

The detailed accounting policies have been presented in the annual financial statements of Alior Bank S.A. for the financial period from 1 January 2014 to 31 December 2014, published on 27 February 2015 and available on the Alior Bank S.A. website.

Changes in accounting standards

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with the accounting policies applied in the preparation of the financial statements for the financial year ended 31 December 2014, except for adopting amendments to standards and new interpretations binding for the annual periods starting on or after 1 January 2015, as discussed in the interim condensed consolidated financial statements of the Alior Bank S.A. Group, in Note 2.2.

3. Off-balance sheet items

Off-balance sheet items have been discussed in Note 30 of the interim condensed consolidated financial statements.

4. Related party transactions

Related party transactions have been discussed in Note 32 of the interim condensed consolidated financial statements.

5. Significant events after the balance sheet date

Significant events after the balance sheet date have been discussed in Note 38 to the interim condensed consolidated financial statements.

Signatures of all Members of the Management Board

14.05.2015	Wojciech Sobieraj President	.... Signature
14.05.2015	Krzysztof Czuba Vice-President	.... Signature
14.05.2015	Michał Hucał Vice-President	.... Signature
14.05.2015	Witold Skrok Vice-President	.... Signature
14.05.2015	Katarzyna Sułkowska Vice-President	.... Signature